



GLOBAL CITIES

RETAIL GUIDE

2024 EDITION

Better never settles

LITHUANIA OVERVIEW

After regaining independence in 1990, Lithuania was the retail redevelopment leader among the three Baltic countries. Gariunai market near Vilnius was a retail phenomenon even under soviet rule – retail pilgrims all over the region boarded special busses to be at the market place at dawn.

Opening borders to the rest of Europe brought experience. The reaction was the creation of the AKROPOLIS group, who developed four very large retail schemes with the same name in Vilnius, Kaunas, Klaipeda and Siauliai. Retail real estate development was facilitated by the fact that in Lithuania four cities have more than 100,000 inhabitants (this is a benchmarking the Baltics, as in Latvia and Estonia only capital cities have populations in excess of this figure). Not to forget the “two capitals” factor: between WWI and WWII the capital of Lithuania was Kaunas as Vilnius was taken by Poland during the regional war in 1920.

Today there are many shopping centres in Lithuania, developed by different companies, however the 4 AKROPOLIS schemes are dominant.

Also, Gariunai market has not ceased to exist, just the opposite: one may say it is under permanent development and improvement. URMAS is a very large scheme in Kaunas – this market is a retail must in Lithuania’s second capital. Grocery chain MAXIMA operate all over the Baltics, plus the IKI, RIMI, LIDL and NORFA grocery chains make food retail a challenging and competitive business in Lithuania.

APRANGA is a pan-Baltic franchise operator for the INDITEX group plus many other brands such as Armani, Boss, Burberry and many others. In addition they operate their own chains of casualwear under the names of Apranga and Apranga Galleria. This operator also has their own more up-market chain of CITY MEN & WOMEN stores.



LITHUANIA

Economic Overview

ECONOMIC SUMMARY

Economic Indicators	2023	2024F	2025F	2026F	2027F
GDP (% y/y change)	-0.3	2.1	2.1	3.1	3.0
Consumer spending (% y/y change)	-1.0	5.3	6.8	2.8	1.8
Industrial production (% y/y change)	-6.4	3.6	3.0	2.6	2.8
Investment (% y/y change)	10.6	-2.9	2.8	5.1	2.5
Unemployment rate (%)	6.8	8.0	9.0	8.9	8.2
Inflation rate (%)	9.2	0.7	2.4	2.5	2.1
Exchange rate vs USD	1.1	1.1	1.1	1.2	1.2
Interest rates short-term (%)	3.8	4.1	2.8	2.4	2.4
Interest rates 10-year (%)	2.9	2.9	3.0	2.9	2.9

RETAIL SALES GROWTH: % CHANGE ON PREVIOUS YEAR

Indicator	2019	2020	2021	2022	2023
Retail sales growth volume (%)	5.2	3.0	12.6	0.5	-1.3

ECONOMIC BREAKDOWN (2023)

Population (million)	2.9	Parliament	Coalition of the Homeland Union-Lithuanian Christian Democrats (TS-LKD), Liberal Movement, and Freedom Party
GDP nominal (bil. USD)	112.8		
Public sector balance (% of GDP)	-0.8		
Public sector debt (% of GDP)	37.2	President	Gitanas Nausėda
Current account balance (% of GDP)	-0.3	Prime minister	Ingrida Šimonytė
		Election date	2028 (Parliamentary)

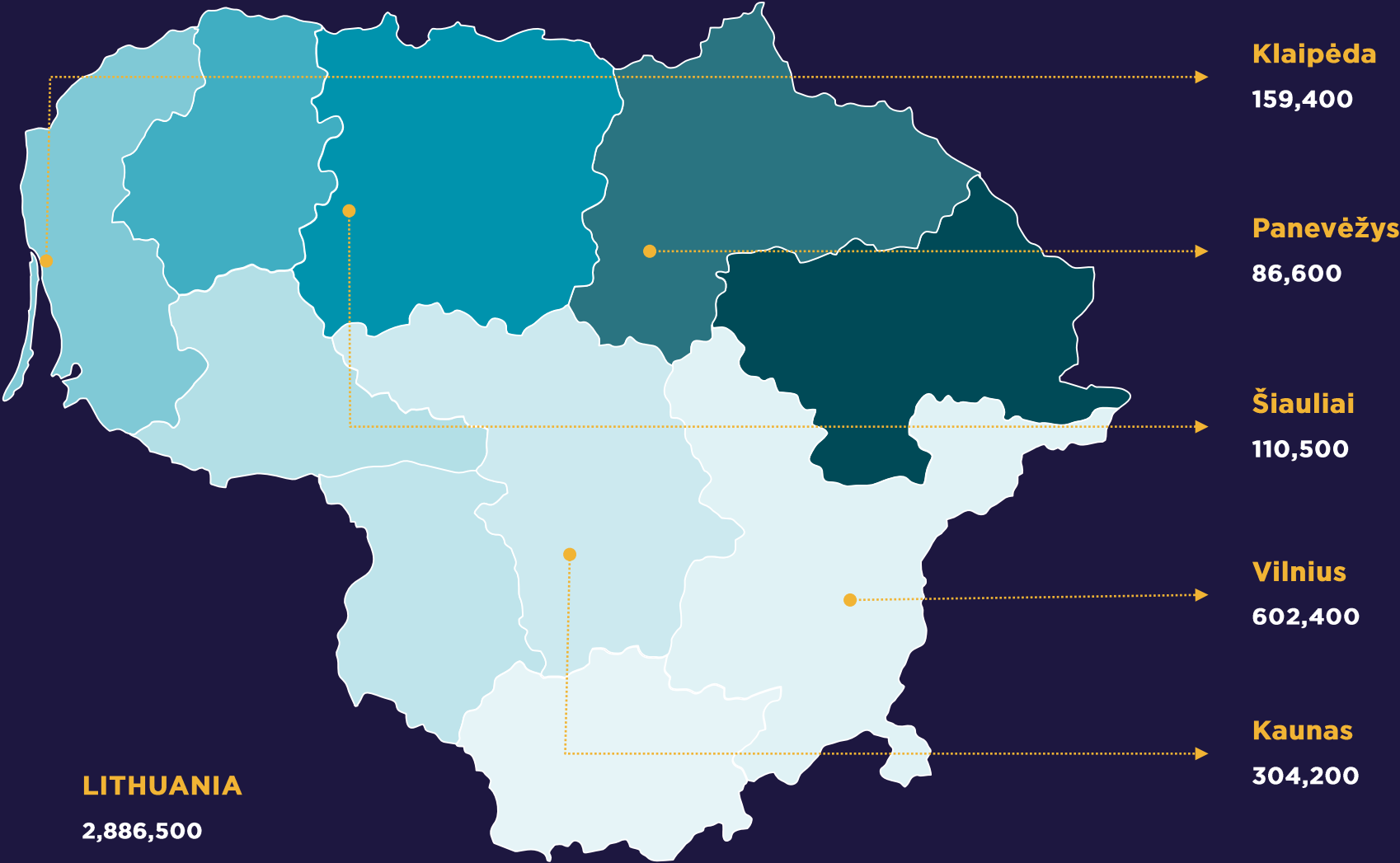
SOURCE: Moody’s Analytics, Inc.

LITHUANIA

Country Overview

GEOGRAPHY & SOCIAL	
Area	65,200 km2
Border countries	Belarus, Latvia, Poland, Russia
Capital	Vilnius
Ethnic groups	Lithuanians 84,6%, Poles 6,5%, Russians 5,0%, other 3,9%

CURRENCY	
Currency	Euro (EUR)
Since	January 1, 2015



LITHUANIA

Economic Overview

In 2023, the Lithuanian economy showed remarkable resilience against negative external shocks. Lithuania's real GDP decreased by 0.3% in 2023 in contrast to the 1.9% growth of 2022.

Essentially, the economic downturn was softened by the rapidly increasing public investment volumes and resilient domestic consumption. This was supported by the highest confidence indicator across the European Union, rapid wage growth, low unemployment levels, and significantly reduced inflation throughout the year. However, despite the buoyancy exhibited in various sectors of the economy, the real estate sector experienced another challenging year, characterised by a further decline in market activity and noticeably lower investment in new construction projects.



LITHUANIA

Retail Overview

MAJOR DOMESTIC FOOD RETAILERS



MAXIMA, IKI, RIMI, LIDL, NORFA

MAJOR INTERNATIONAL FOOD RETAILERS



RIMI, LIDL

MAJOR DOMESTIC NON-FOOD RETAILERS



SENUKAI (DIY), MOKI VEŽI (DIY), ERMITAZAS (DIY), DEPO (DYI), Topocentras (electronics), Avitela (electronics), Elektromarkt (electronics)

FOOD AND BEVERAGE OPERATORS



McDonalds, Hesburger, KFC, Cili pica, Can Can Pizza, Amber Food, Fortas

INTERNATIONAL RETAILERS IN LITHUANIA (a selection)



Ikea, Inditex Group (Zara, Bershka, Pull & Bear Etc), Mango, Next, BALTICA, Stockman Group, Tommy Hilfiger, New Yorker, Reserved, Levi's, Benetton, Peek & Cloppenburg, Deichman

TYPICAL HOURS		
MONDAY – FRIDAY	SATURDAY	SUNDAY
08.00 - 22.00 (food stores)	08.00 - 22.00 (food stores)	08.00 - 22.00 (food stores)
10.00 - 22.00 (shopping centres)	10.00 - 22.00 (shopping centres)	10.00 - 22.00 (shopping centres)

LITHUANIA OVERVIEW

Retail Scene

Lithuania is one of Europe's smallest markets with a population just below 3 million and a below average retail spend per capita. Lithuania is not yet a mature retail market and consumers are not always receptive to new concepts and formats.

Lithuania is home to a rather developed retail warehouse market (ex-traditional markets) in Eastern Europe. The market is active and has seen an increasing number of retailers entering the market from sectors such as fashion, sports goods and pet products over recent years. The winning schemes are ones such as Gariunai in Vilnius and URMAS in Kaunas.

In Lithuania, the total retail sales, based on comparable prices, decreased by 1.4% in 2023, after a 0.5% increase in 2022. After a slight decrease during 2023, it is noticeable that retail sales began to grow at the start of 2024. It is expected that domestic consumption will recover in 2024, as significantly lower inflation and a strong labour market increase the purchasing power of the population.

Any new projects of shopping malls in Lithuania have not been introduced in 2024. The development of a second Akropolis shopping centre in Vilnius has been generating excitement in the market for many years, as it has the potential to rejuvenate the shopping centre market in the capital. The Akropolis Group is planning to build a second Akropolis shopping, entertainment, and business complex next to Vingis Park.

The new project concept was introduced at the end of 2021 and approved by the Vilnius city municipality in 2022. However, as of the end of 2023, construction had so far not commenced.

In general, the situation in 2023 favoured owners of retail premises, since total sales volumes remained at record highs. However, the economic challenges resulting from geopolitical tensions did not inspire confidence among small businesses, which are more sensitive to any negative changes. But in general, tenants were able to maintain stable operations, and the demand for retail premises remained steady. In the event of lease agreements for premises in shopping centres or main shopping streets expiring, finding a new tenant was generally not very difficult. In 2023, the occupancy rate in shopping centres and the main shopping streets in Vilnius remained at a record high.

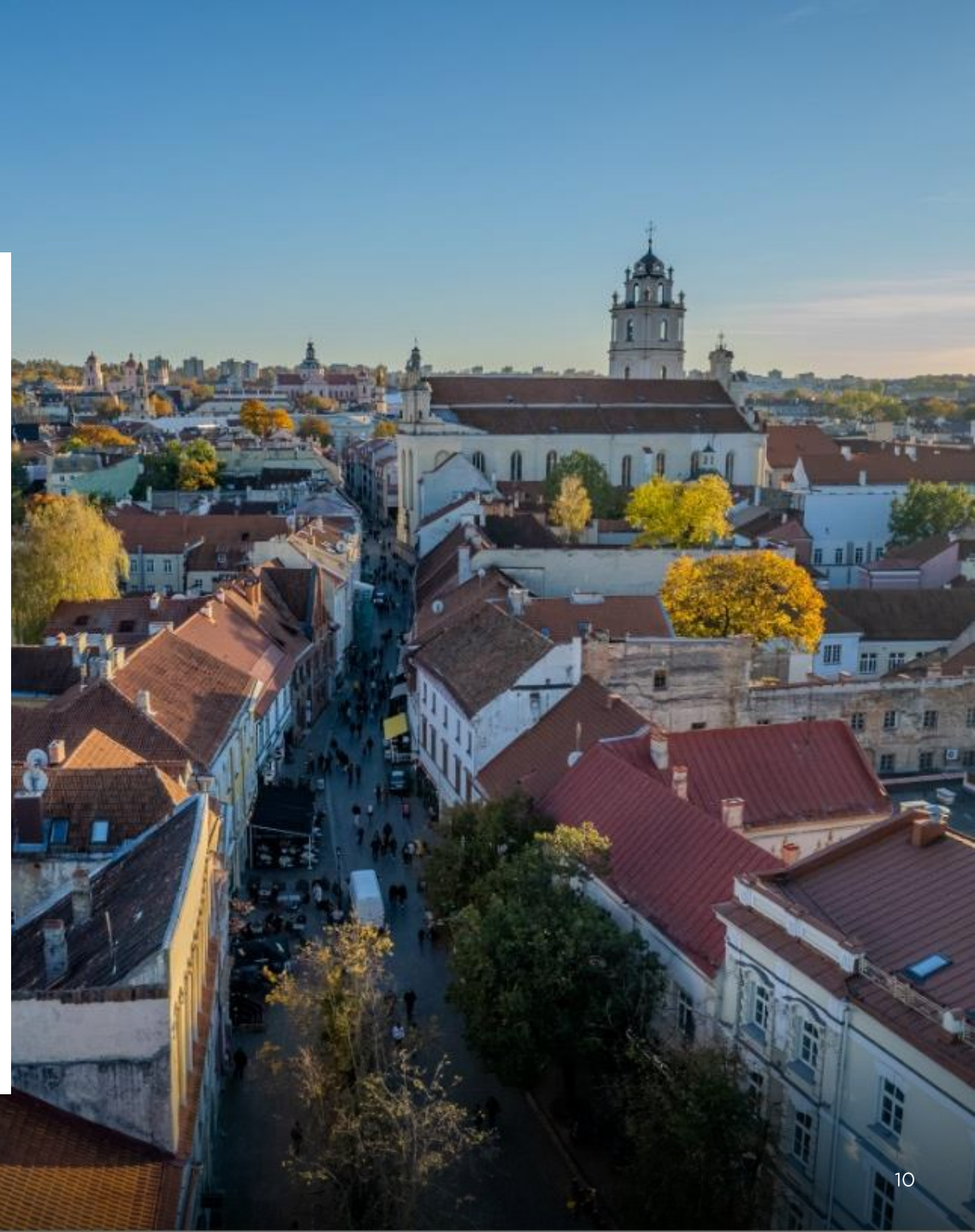
However, internet sales are becoming increasingly important in the retail market, reaching new heights each year, and posing a threat to in person sales. According to official statistics, in Lithuania during 2023, retail sales via the post and internet reached a record turnover of €1.62 billion, representing a 28% increase compared to 2022. Additionally, the share of internet retail sales rose to a record 8.7% of the total (up from 7.0% in 2022), indicating that this sales channel is becoming more significant. Notably, delivery companies have significantly expanded their parcel locker networks in recent years by securing prime locations in shopping centres and other key locations.

LITHUANIA

Shopping Centres

TOP TEN SHOPPING CENTRES BY SIZE

NAME	CITY	SIZE (GLA SQM)	YEAR OPENED	SHOPS
AKROPOLIS 2 (Projected)	Vilnius	110,000	nd	200 (apx)
Mega	Kaunas	102,000	2005	210+
Akropolis	Vilnius	89,200	2002	240+
Akropolis	Kaunas	80,342	2007	280+
Akropolis	Klaipeda	78,400	2005	240+
Vilnius Outlet	Vilnius	73,500	2021	150÷
Ozas	Vilnius	69,785	2009	170+
Akropolis	Siauliai	67,500	2009	150+
Panorama	Vilnius	65,000	2008	160+
Bruklinas	Siauliai	50,000	2007	130+



LITHUANIA

Key Features of Lease Structure

ITEM	COMMENT
Lease Terms	Traditionally, Lithuanian leases have been for a term of 5 years and could be higher – with 10 years often seen in parts of the retail market (usually for an anchor tenant or for tenant who requires significant additional investments into premises). Break options were rare in the past but now increasingly negotiable. Some rents are signed in a non-cancellable format on the basis that both lessee and lessor could feel surely about their partnership. Termination of that kind of contract would lead to fines or compensations. On the other hand, some rent agreements include a condition of termination, but early warning about that intent should be given (usually at least 3-6 months in advance). Moreover, contract may include a condition that lessee may terminate a contract only after a certain period of time (for example, only after 2 years if there is a 5 year contract).
Rental Payment	Rents are typically payable monthly in advance and usually they are fixed, turnover/percentage or combined rent payment methods. Combined payment method is common in Lithuania and under it the lessee has a fixed payment and extra percentage of turnover fee only if determined turnover level is exceeded. In that case, both lessee and lessor stay motivated to reinforce each other. A security deposit is not normally required for a tenant with a strong covenant or where a parent company or bank guarantee is provided. For weaker covenants, a deposit usually is required, by negotiation with 3-6 months’ rent equivalent common place.

ITEM	COMMENT
Rental Review	Usually once a year there is a rent payment adjustment to CPI recordings. It is a matter of negotiation if selected CPI should track Euro zone, Lithuania or other markets. In some cases, gradually growing rent payment (for example, some kind of percentage after each year) may be defined in the contract.
Service Charges, Repairs and Insurance	A service charge is usually payable in multi-tenanted buildings and covers management fees, security, cleaning, landscaping, internal maintenance of common parts, external maintenance and insurance, servicing of elevators, water, heating, air conditioning, management fees and property taxes. Different lessors adopt different methods of collecting service charges: some may use variable charge with a reference to services which were used by the lessee at a particular month, and some may use fixed rate per sq. m which is reviewed annually. Service charge excludes internal maintenance and insurance of rented accommodation. The landlord is responsible for external/structural matters in shopping centres (charged back via service charge). The tenant usually pays for internal insurance directly.

LITHUANIA

Key Features of Lease Structure

ITEM	COMMENT
Property Taxes and other costs	The local government authority charge the ‘rates’, the local property tax, which is payable on commercial property. Tax base is the average market value of the property, which is determined by mass valuation method. A property tax rate may vary from 0.3 to 3% on different municipalities and is applied to the tax base. Property tax is usually paid by the landlord and recovered through service charges. VAT at 21% is charged on rental payments.
Disposal of a Lease	Sub-letting is usually not possible under the terms of the lease, strictly subject to landlord’s approval. Assignment rights are normally barred in the lease, but will also be subject to consent – which theoretically should not be unreasonably withheld. Possibility and effect of early termination depends on the statements in the contract and negotiation. At lease end, the tenant is responsible for re-instating the premises to the same condition as at the start of the lease, subject to normal wear and tear. All tenant improvements must be approved by the landlord subject to the alteration covenant in the lease and the fact that approval should not be unreasonably withheld.

ITEM	COMMENT
Valuation Methods	Each landlord determines individual valuation method for its premises. The most valuable units are along the main customer flows: next to anchor tenants, near entrances, in front of hypermarket cash lines. Premises on the first floor of the shopping centres are the most valuable and valuation of upper floors depends on shopping centre layout and customer circulation.
Legislation	The Civil Code of Lithuania provides much of the framework for lease agreements. Leasing contracts must comply with the laws of the Republic of Lithuania and be in writing, one copy for each signing party.



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