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# Today's office market and future locations for shared service centers in Riga

March 10, 2017

Part of ABLV Group

# New Hanza City!

# Office market today

Total A and B grade office stock in Riga 620 000 $m^2$

Low vacancy. Below 5%

Annual rental activity ~30 000 $m^2$, but real take up below 10 000 $m^2$

Real take up is equal to ~1 000 new working places per year

During last 5 years only two speculative office buildings has been built – Place 11 and business center Mukusala latest stage development

Approx. 27 000 $m^2$ of office buildings under construction

Arround 350 000 $m^2$ of new office projects «on paper»

# Several reasons – bureaucracy and caution

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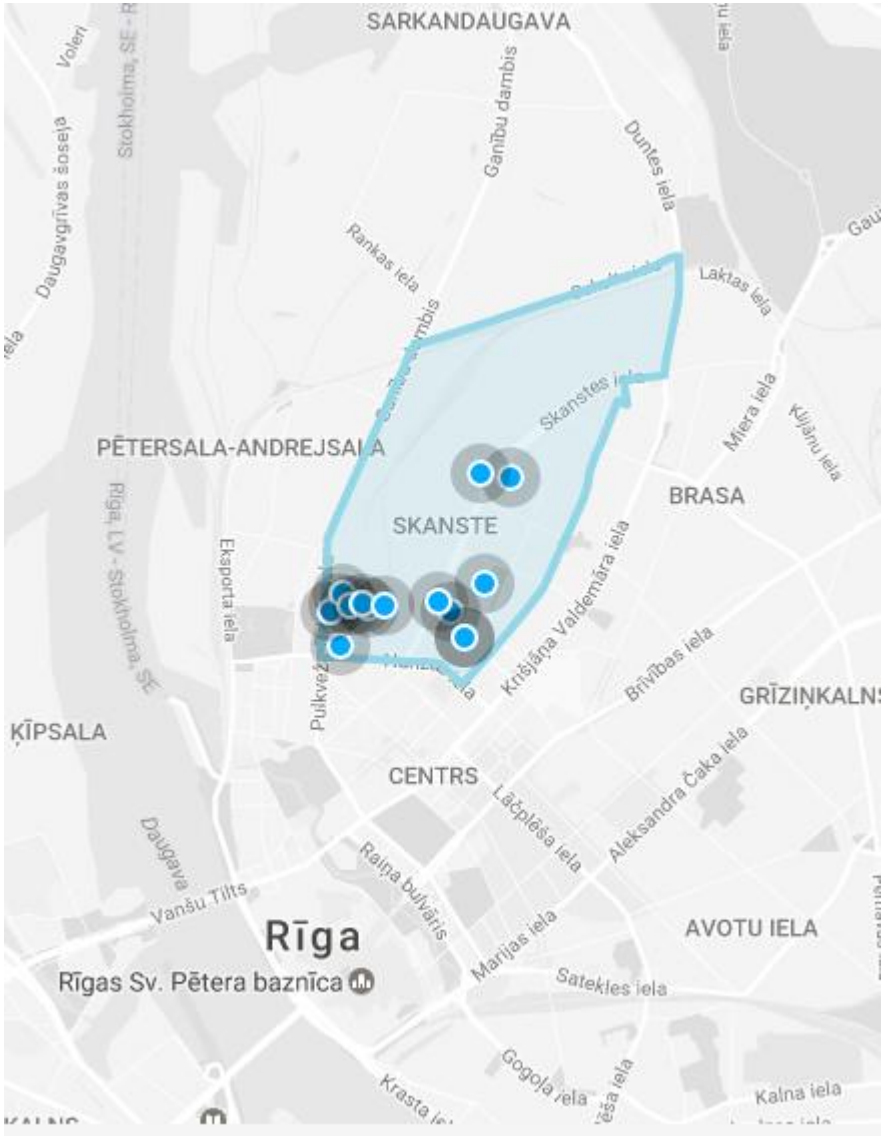
# Several reasons – uncertainty



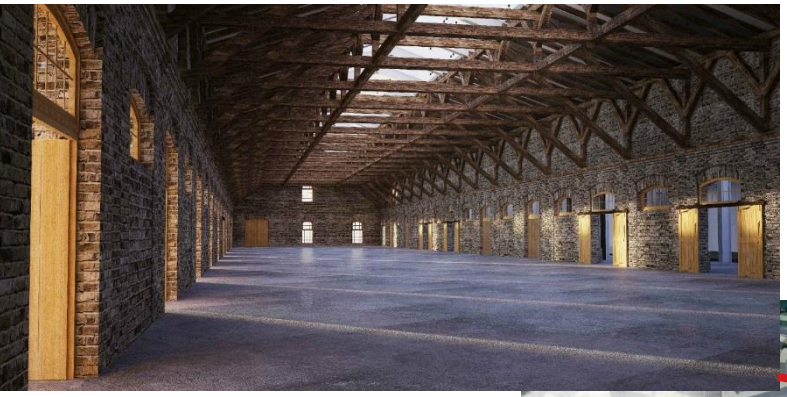

# Skanste – new CBD

More than 20 large scale property or infrastructure development projects including:

- Office buildings;
- Residential buildings;
- Shopping center;
- Museum of Contemporary Art;
- Public parks;
- Multifunctional cultural center and conference / concert hall;
- Elite football education center etc.

Number of population and jobs: Today 8 300. In year 2024 more than 36 000

# New Hanza City



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# Sleeping beauty – shared service and business process outsourcing companies!

We have

In CEE

# Working places in SSC / BPO sector

Latvia (Riga)
7 000

~0,35%

Lithuania (Vilnius, Kaunas) 21 000

~0,72%

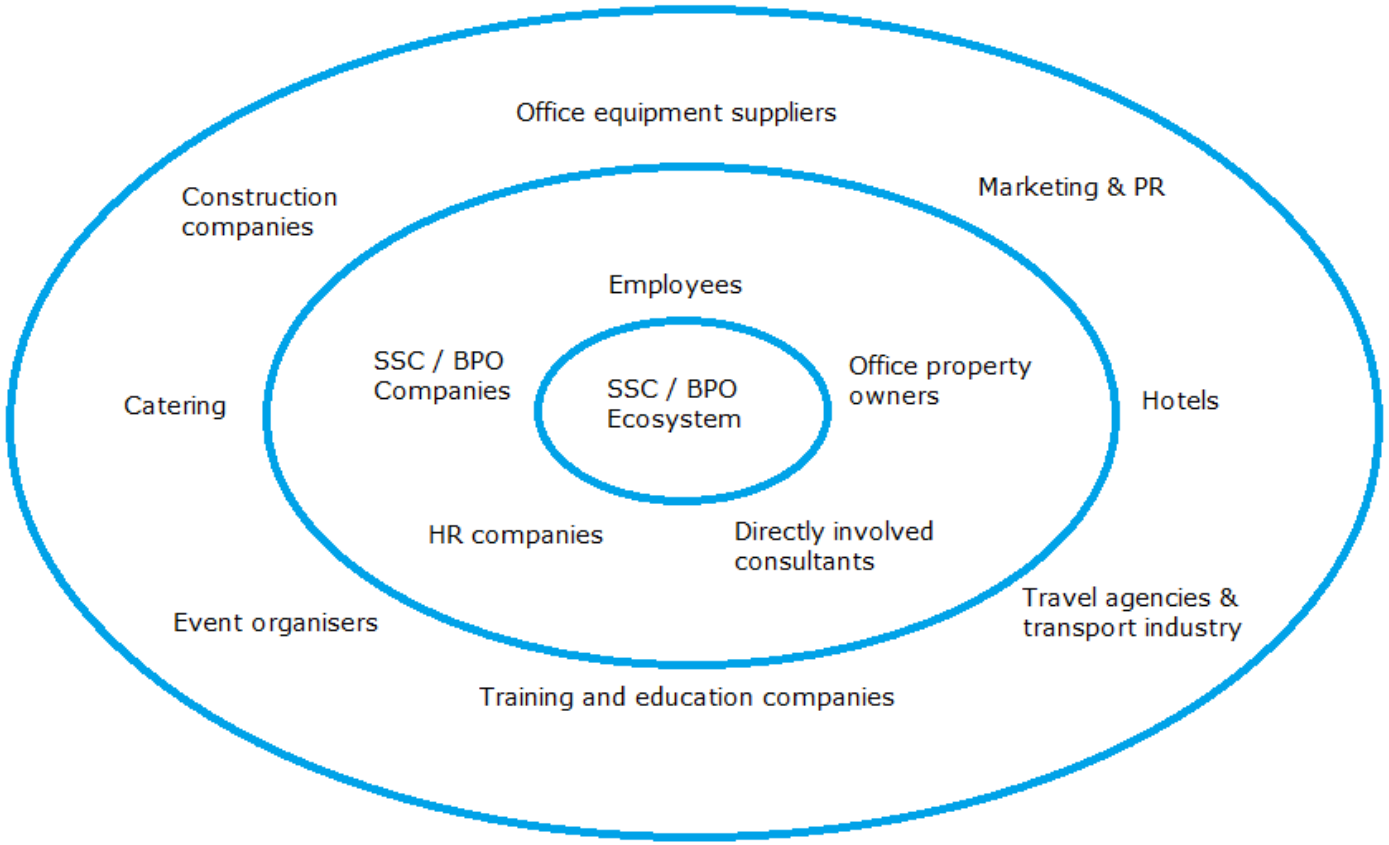
Poland (Warsaw, Krakow, Wroclaw, Poznan, Gdansk, Katowice, Lodz) 212 000

~0,55%

# Potential

10 000 new working places in 3-4 years?

# Who will benefit?



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# 10 000 working places in SSC / BPO sector

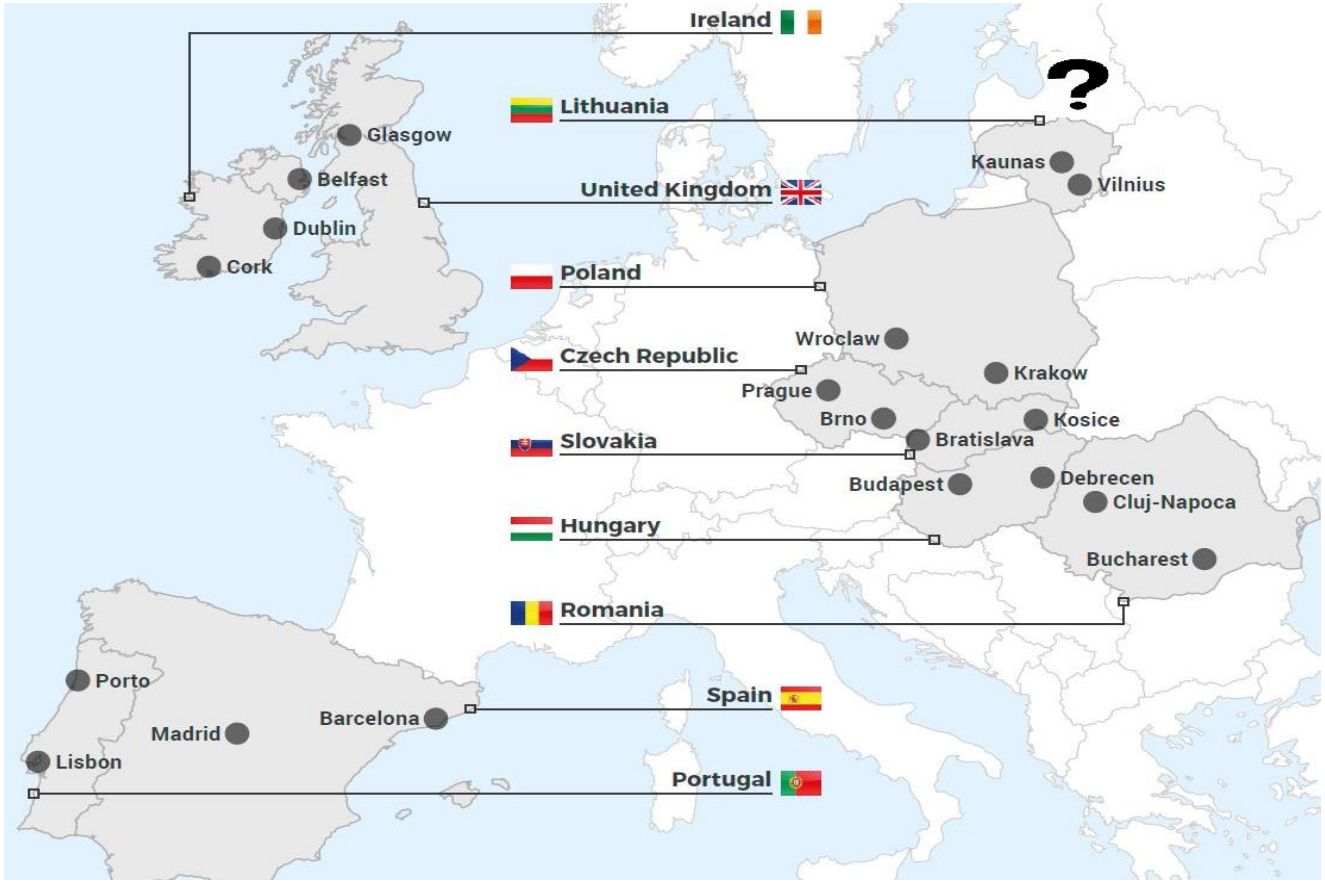
- Approximate anual net salary budget 110-120 m EUR
- Approximate anual employment tax budget 85-95 m EUR
- Anual property related payments including office rent, VAT and service charges 20-25 m EUR
- Other costs (office running, outsource consulting, events, business travels etc.) 25-30 m EUR
- Initial investment (office buildings and equipment) 150-200 m EUR

Total anual incoming cash flow for country 240-270 m EUR

+ initial investment 150-270 m EUR

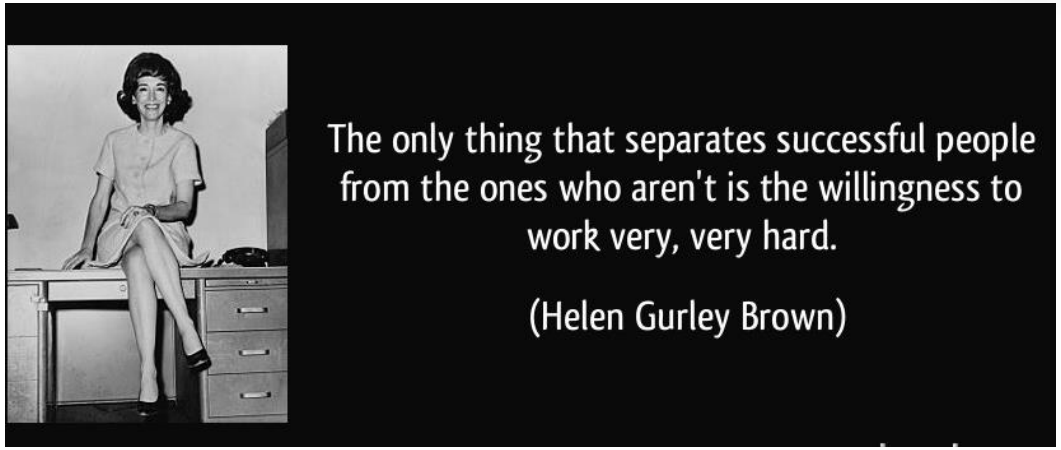
# Is it enough to work on it?

# Challenge Nr.1 – we are not on the map!



# Challenge Nr.2 – not enough info about SSC / BPO locally!

# Challenge Nr.3 – do we have capacity?



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# Thank you!