

Baltic Focus Briefing

5-11 October 2026

Baltic investment divides between delivery and delay

A Lithuania-built satellite reached orbit, the Vilnius-Klaipėda railway completed electrification testing, and several acquisitions moved through approval or closing. Elsewhere, a property fund cancelled its public offering, two solar developers sought more time to repay bonds, and Estonia's VKG postponed a major investment decision.

The week's dividing line was the stage of investment: projects reached delivery milestones while others waited for finance, infrastructure or competitive operating terms. Retail data offered another reason to look beyond the headline: Estonia led annual growth, but Lithuania led the accumulated increase over two years.

NUMBERS OF THE WEEK

13.5% and 12%

annual interest proposed by Sun Investment Group and Eternia Solar during requested six-month bond extensions. Bondholder approval is required.

363 km

the Vilnius-Klaipėda electrification project, where dynamic testing is complete. Certification and regular electric operation are next.

€200 million

the planned Ozas shopping-centre acquisition in Vilnius, now cleared by the competition regulator. Other closing conditions remain.

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Finance & Transport

FINANCE

Property deals advance; solar issuers seek more time

Lords LB Asset Management cancelled Baltic Core Property Fund's public offering after insufficient investor demand. Up to 35 million units had been offered at €1 each across the Baltic states. No units will be allocated.

Capitalica attracted €2.015 million from 141 investors in the third bond tranche supporting the Verde office expansion in Riga. The admission of another €2 million brought the outstanding issue to €10 million. Buildings C and D are planned to add about 22,500 square metres of leasable space.

Prosperus Retail Property Fund received Lithuanian competition clearance to acquire Vilnius's Ozas shopping centre. The €200 million transaction is expected to use fund equity and a €135 million syndicated loan from SEB and OP. Completion remains subject to other conditions.

Sun Investment Group proposes moving repayment from 29 November 2026 to 29 May 2027, with annual interest of 13.5% during the extension. **Eternia Solar** seeks to move its deadline from 23 December 2026 to 23 June 2027, offering 12% and proposing to remove the requirement to accumulate repayment funds gradually.

The solar issuers attribute delayed receipts to project financing, equipment deliveries, construction and grid readiness. Both expect the necessary funds in May 2027; bondholders are due to consider the proposals on **30 October**.

These outcomes point to differences between individual issuers and projects. The solar disclosures show delays reaching repayment calendars, but do not establish a sector-wide crisis.

READ THE FULL COVERAGE

[The cancelled property offering](#) · [Solar bond extensions](#)

TRANSPORT

Airlines revisit costs; Lithuania prepares electric rail service

airBaltic says changes to its business model could affect 500-700 positions across Riga, Vilnius and Tallinn - roughly 17-23% of its approximately 3,000 employees. This is not a redundancy total: consultations include lower workloads for pilots and cabin crew as well as organisational changes.

The new structure is expected by mid-October. The airline plans a smaller Airbus A220-300 fleet and more year-round ACMI operations. It says the current flight schedule is unaffected.

Ryanair linked potential Baltic expansion to lower airport charges, speaking of doubling its Lithuania-based fleet from four to eight aircraft and investing about €1.6 billion across the region. These remain conditional proposals.

Vilnius-Klaipėda electrification completed dynamic testing, including the final Radviliškis-Klaipėda section. The 363 km project was previously valued at about €457 million. Following certification, the electrified share of Lithuania's railway network is expected to rise from approximately 8% to 28%.

Lithuania halved domestic train fares from 9 October through the end of 2026 in response to higher fuel prices. A planned 50% intercity bus discount from 1 November requires parliamentary approval. Additional funding is estimated at €2.8 million for rail and €3.15 million for buses.

READ THE FULL COVERAGE

[airBaltic's workforce changes](#) · [Ryanair's proposal](#) · [Railway testing](#)

Industry & Technology

Space companies advance; VKG delays its investment decision

NanoAvionics' First Customer Link satellite, developed and tested in Vilnius, reached orbit and established contact after launch aboard SpaceX's Transporter-18 mission. It is a demonstration stage in the company's 2025 agreement with Meridian Space, worth €122.5 million, to develop and manufacture the first 280 satellites for a planned broadband constellation.

Space financing

Blackswan Space raised €2.5 million, bringing total funding to €3.2 million. The Lithuanian company will use the money for US sales and autonomous spacecraft navigation technology. Its RPO Kit orbital test is scheduled for Q4 2027.

VKG investment timetable

VKG moved the investment decision for its Lūganuse bioproducts complex to Q1 2028. Without an investor, the Estonian group will reassess the project. Operations are now envisaged for 2030, four years later than originally planned.

The current estimate is about €1.2 billion, compared with €800 million in 2021. VKG described it as a €1.3 billion project in December 2025, so the estimates do not show an uninterrupted rise. Financing and international competitiveness remain unresolved.

READ THE FULL COVERAGE

[The Lithuania-built satellite](#) · [VKG's deferred decision](#)

Latvian production

NorSAF and Nova Pangaea signed a memorandum to develop a Latvian plant converting local wood waste into ethanol for NorSAF's planned aviation-fuel facility. No cost, financing package or construction timetable has been disclosed.

Amber Latvijas balzams moved production of its Rīgas sparkling wine to Lithuania during the summer, Latvijas Radio reported. First-half revenue fell 30.4% to €24.6 million and sales volumes declined 38.2%. The destination plant, transferred volumes and employment effects remain undisclosed.

Consumer Demand

Retail growth looks different over two years

Estonia led August's annual retail growth. Compounding the 2025 and 2026 changes reverses the ranking: Lithuania leads the accumulated increase since August 2024.

Real retail volume	Annual	Two-year	Monthly
Estonia	+6%	About +4%	+1%
Latvia	+3.5%	+8.0%	−1.4%
Lithuania	+3.7%	+10.3%	+0.1%

August 2026. Annual: change from August 2025. Two-year: approximate change from August 2024. Monthly: seasonally adjusted change from July 2026.

Estonia combines a weak annual comparison base with monthly improvement. Latvia faces a stronger base and a monthly decline. The two-year calculation checks base effects; it does not establish a trend. Estonia's rounded annual rates make its compounded result approximate.

Lithuania revised its national accounts, putting 2025 GDP at €85.1 billion and real growth at 3.0%, up from €84.3 billion and 2.9%. Fixed capital formation rose 6.6%; household consumption increased 4.2%.

The larger revision concerns 2023, when estimated growth rose from 0.7% to 2.9%. The 2022 estimate fell from 2.5% to 1.2%; 2024 remained at 3.0%. These changes revise the historical starting point, rather than measure current-quarter momentum.

[Read more: The retail comparison · Lithuania's revised GDP](#)

Labour & Demographics

Migration policy meets an employment data gap

Latvia entered 2026 with **1.845 million residents**, down 15,469 in a year. Natural change was −14,178 and net migration −1,291.

In 2025, nearly 10,000 employment rights granted to third-country nationals concerned land transport, including roughly 8,000 for truck drivers. These are administrative permissions, not unique workers. A parliamentary inquiry found that no institution knows precisely how many granted rights are used.

The incoming parliament and government will inherit a proposed **71-measure immigration-control plan**. Many measures still require legislation or regulations. The economic question is how restrictions will affect industries recruiting abroad while actual employment remains imperfectly measured.

Latvia's negative national migration balance therefore tells only part of the story: foreign recruitment remains important in road transport and parts of construction and services.

[Read more: Who is coming to Latvia as its population shrinks?](#)

In Brief

Corporate consolidation. Ekspress Grupp completed its purchase of Lithuania's LT Advert, adding more than 400 advertising locations. ELEKS acquired control of Estonia's ADM Interactive. Neither transaction disclosed financial terms.

Industrial power. Litgrid signed an €8.97 million contract to reconstruct the Mažeikiai power plant's 110 kV switchyard, serving Orlen Lietuva and the transmission grid. Construction is scheduled for Q3 2027-Q2 2030.

Food manufacturing. Mantinga advanced design and environmental assessment for a preliminary €30 million chilled-food factory near Marijampolė. Construction is envisaged for 2028; the investment decision depends on economic circumstances.

Consumer assets. Tewox completed a roughly €6 million property leased to Iki in Vilnius. Hesburger opened a Riga drive-through restaurant after investing more than €2.1 million, creating 20 jobs.

Education. INVL and Tesonet completed the purchase of Šiaurės licėjus, serving almost 1,000 children. Vilnius started building a €26.44 million school. Nordecon subsidiary Embach Ehitus signed a €5.6 million university reconstruction contract in Tartu.

What to Watch

Mid-October - airBaltic: how the new structure translates into workloads and organisational changes.

30 October - solar bonds: whether bondholders approve the proposed maturity extensions and revised repayment terms.

Property - Ozas and Verde: the remaining acquisition conditions and progress from financing to construction.

Rail and fares - Lithuania: certification and regular electric service on Vilnius-Klaipėda; parliamentary consideration of the proposed bus discount from 1 November.

Politics and labour - Latvia: which immigration restrictions enter the coalition programme, and how employment data gaps are addressed.

Baltic Focus - business and economic developments in Latvia, Lithuania and Estonia.

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Based on Baltic Focus coverage for 5-11 October 2026, reviewed on 11 October.