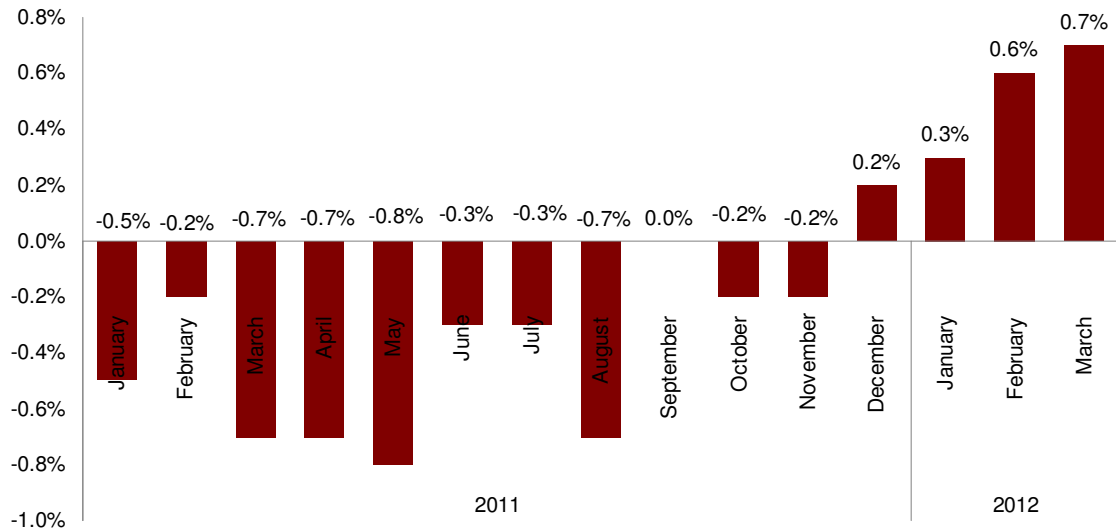


## Standard-type apartments, 1 April 2012

Positive price fluctuations have been observed in the housing market at the beginning of 2012. The average price of standard-type apartments has increased by 0.7% in March 2012. Thus, the average standard-type apartment price is **592 EUR/m<sup>2</sup>** now.

### Changes in standard-type apartment prices since beginning of 2011, in %



Source: ARCO REAL ESTATE

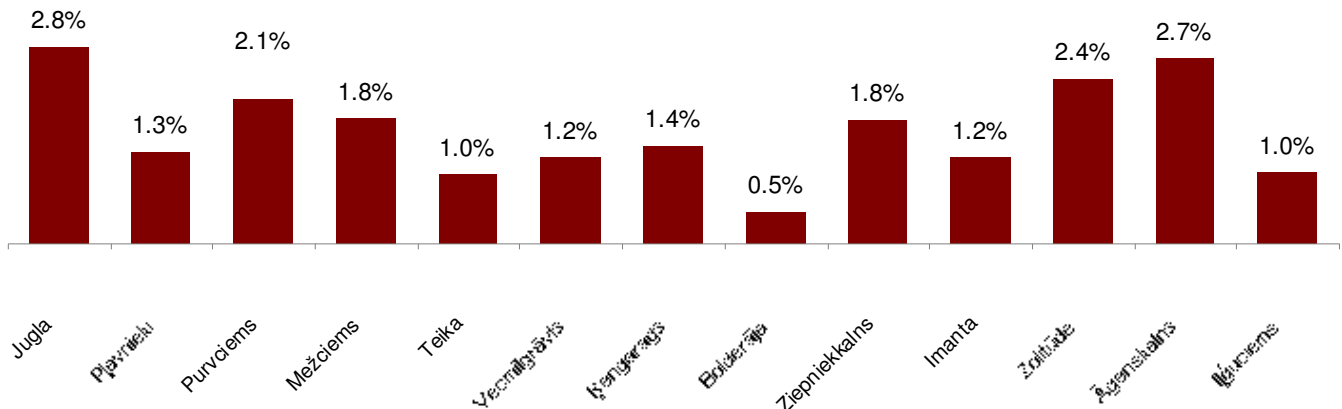
In the first quarter of 2012, standard-type apartment prices have increased by 1.6%. In the near future greater price volatility than at present is not expected. Many potential buyers still opt for house to rent, not purchase. In many cases, this is caused by lack of sense of stability, uncertainty about future income and increase of expenditures. At the same time, in the event of growing demand and rental prices, purchase of apartment quite soon might be able to once again become popular. Already now, in many housing districts, purchase of apartment makes more sense than renting it, because in the case of a loan, the monthly payment is less than the rent. Of course, provided that the person concerned has money enough to pay the first installment when purchasing an apartment on credit.

Currently, no signs of rapid development have been observed in the real estate market, so the possible price growth can be slow and gradual.

The number of apartments offered in March continued to increase. The total number of apartments offered in Riga has grown by 6.8%, in the largest housing estates - by 11.5%, and in the central part of Riga - by 4.2%.

The largest average price increase of 1 m<sup>2</sup> in the first quarter of 2012 was observed at Jugla – +2.8%. The smallest increase in the first months of the year was observed at Bolderāja - +0.5%. This is explained by the fact that also in 2012 the demand is mainly focused on good quality apartments with good location and placement. Thus, the price increase is less in the housing estates which are distant from the city center and where the prices are lower.

## Price changes in housing estates since beginning of 2012

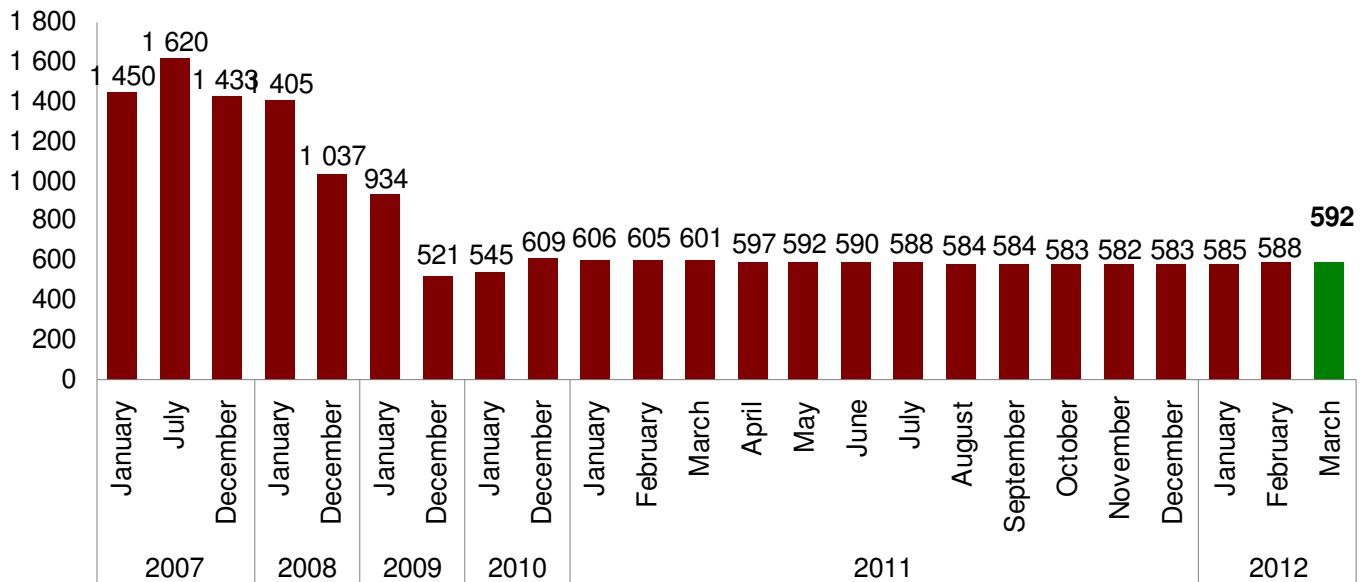


Source: ARCO REAL ESTATE

In March 2012 the average standard-apartment price has returned to the level of May 2011 - **592 EUR/m<sup>2</sup>**. The prices on average are by 63.4% lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment reached the highest ever value of 1620 EUR/m<sup>2</sup>. But the average price of a non-renovated standard-type apartment in March has increased by 1.6% if compared with the price level of the end of 2011.

In 2008, the average prices of standard-type apartments in Riga decreased by 33.5% on average. In 2009, the average prices decreased by another 44.2%. But in 2010 the prices grew by 16.9% in total. In 2011, the prices of standard-type apartments decreased by 3.5%.

## Movements of average price of standard-type apartments in housing estates of Riga, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

The largest price growth in March, like in previous months, was observed in relation to one-room standard-type apartments. In the housing estates analyzed by the ARCO REAL ESTATE in March 2012, the average price of a 1-room apartment has reached 639 EUR/m<sup>2</sup>, and compared with the average price of the previous month, this price has increased by 1.1%; average price of a 2-room standard-type apartment was 598 EUR/m<sup>2</sup>, and compared with the average price of the previous month, this price has increased by 0.7%; average price of a 3-room apartment was 571 EUR/m<sup>2</sup>, and

compared with the prices of the previous month, this price has increased by 0.5%; average price of a 4-room apartment was 561 EUR/m<sup>2</sup>, and compared with the average price of the previous month, this price has increased by 0.2%.

### Average prices of standard-type apartments in Riga housing estates: breakdown by number of rooms (EUR/m<sup>2</sup>)

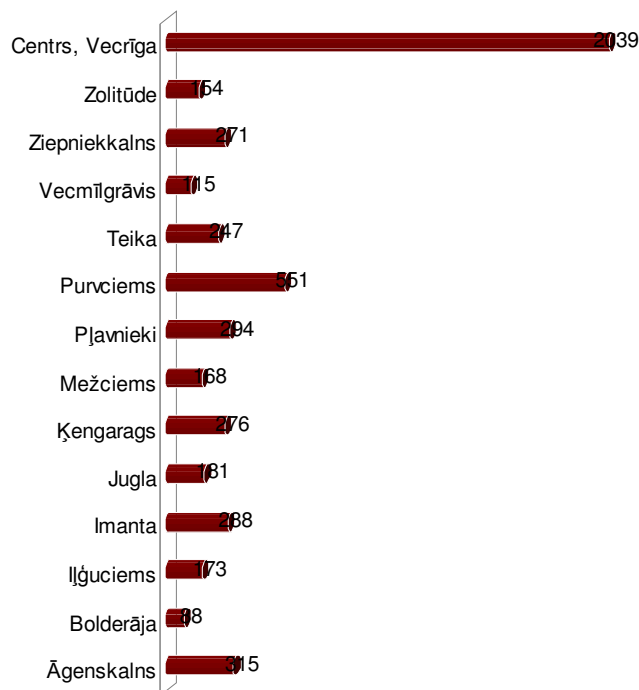
	2011												2012			
	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	1st April
<b>1-room</b>	654	649	644	636	633	628	626	624	623	622	622	621	622	626	632	<b>639</b>
<b>2-rooms</b>	621	615	613	609	604	599	596	594	590	591	589	589	590	592	594	<b>598</b>
<b>3-rooms</b>	587	584	584	581	578	573	571	567	564	564	563	563	563	565	568	<b>571</b>
<b>4-rooms</b>	577	575	578	576	572	569	567	566	561	560	558	556	557	557	560	<b>561</b>

Source: ARCO REAL ESTATE

Number of apartments offered for sale in March 2012, compared with the level of the previous month, has increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (4.8%) and in the Riga City in general (6.8%). The number of apartments offered and located in the central part of Riga has increased by 11.5%.

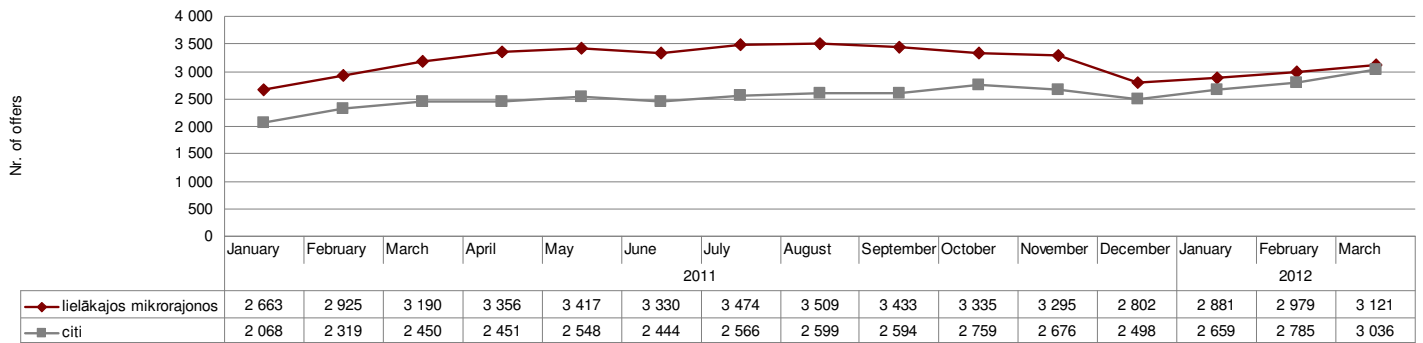
Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in March was observed at Purvciems, Pļavnieki, Ķengarags and Āgenskalns. In contrast, the smallest number of apartments offered was observed at Bolderāja and Zolitūde. In March, like in January, the number of apartments offered increased in most housing estates. The largest increase of number of apartments offered was observed at Jugla – by 29.3%. Like in February, the largest reduction of the number of apartments offered was observed at Vecmīlgrāvis – by 8%. The most popular apartments in the housing estates of Riga were 1-room and 2-room apartments. But 4-room apartments were the less demanded ones.

### Number of apartments offered in the market in Riga in March 2012



Source: ARCO REAL ESTATE

## Dynamics of supply in Riga



Source: ARCO REAL ESTATE

In March 2012, the average price of 1 m<sup>2</sup> has slightly increased in almost all housing estates. Average price of 1 m<sup>2</sup> has increased by 0.4-1.5%. The biggest price growth in March was observed at Āgenskalns, where the prices increased by 1.5% on average. The smallest price growth was observed at Imanta where the prices increased only by 0.4%. At the same time, in the more distant housing estates of Riga, such as Vecmīlgrāvis Bolderāja, in contrast to other major housing estates, no positive price movements were observed in March. At Bolderāja, no price changes were detected, while at Vecmīlgrāvis the prices dropped only slightly – by 0.2%.

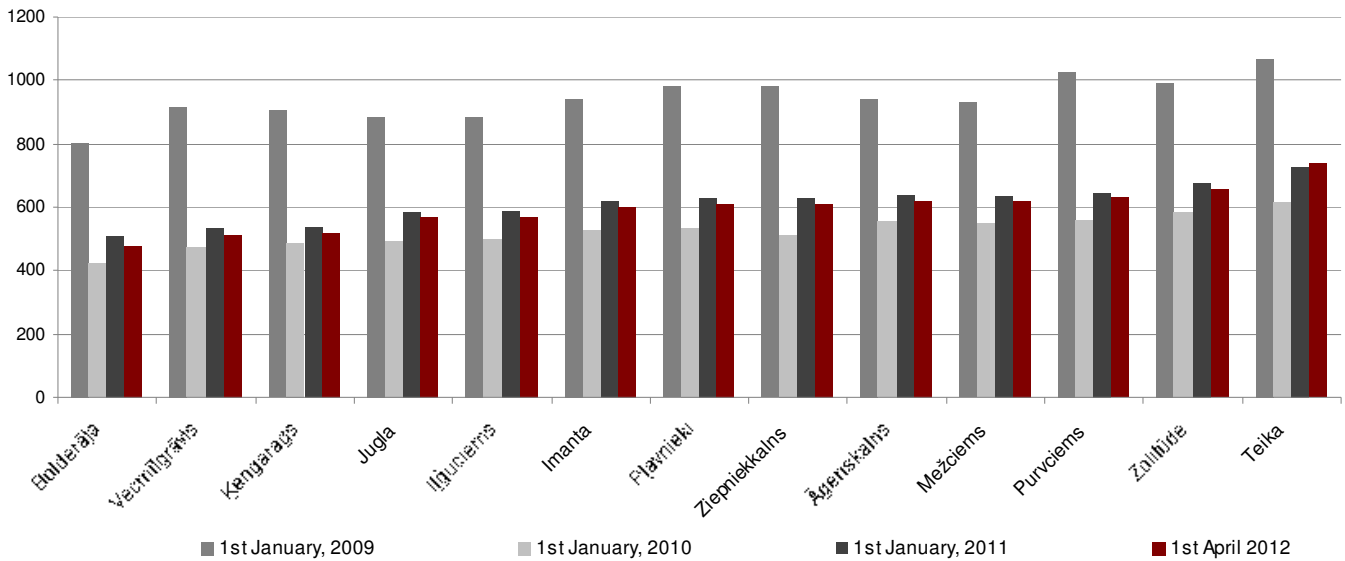
## Change of average standard-type apartment prices in Riga housing estates (%)

	Average 1m <sup>2</sup> price on 1st April, 2012	Average 1m <sup>2</sup> price on 1st March, 2012	Price changes, %
Jugla	571	566	1.0%
Pļavnieki	611	606	0.8%
Purvciems	628	622	1.0%
Mežciems	623	618	0.7%
Teika	735	730	0.7%
Vecmīlgrāvis	514	515	-0.2%
Kengarags	517	514	0.6%
Bolderāja	479	479	0.0%
Ziepniekkalns	612	608	0.6%
Imanta	600	597	0.4%
Zolitūde	655	649	1.0%
Āgenskalns	622	613	1.5%
Iļģuciems	572	568	0.5%

Source: ARCO REAL ESTATE

Since the beginning of 2012, the standard-type apartment prices have increased by 1.6%. Since the beginning of 2011, the prices have decreased by 2.8%. Compared with the beginning of 2010, in March 2012 the standard-type apartment prices in the housing estates of Riga were by 13.7% higher. Since the lowest price point in September 2009 when the average price of 1 m<sup>2</sup> in the Riga's housing estates had decreased to 487 EUR, the prices have grown by 21.6% on average.

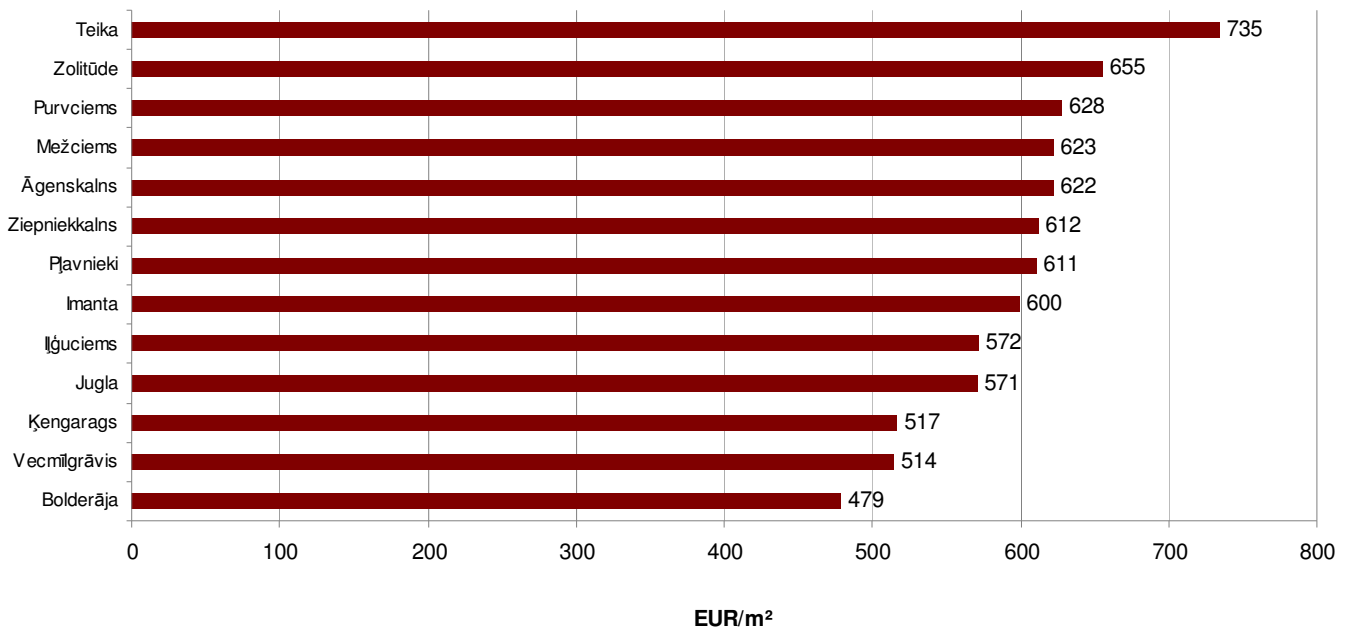
**Average standard-type apartment prices in Riga housing estates (EUR/m<sup>2</sup>)**



Source: ARCO REAL ESTATE

The highest prices in March 2012 were observed at *Teika*, where the average price of 1m<sup>2</sup> has increased by 0.7% reaching 735 EUR. In turn, the lowest prices in March were observed at *Bolderāja*, where the average price of 1m<sup>2</sup> has remained unchanged - 479 EUR.

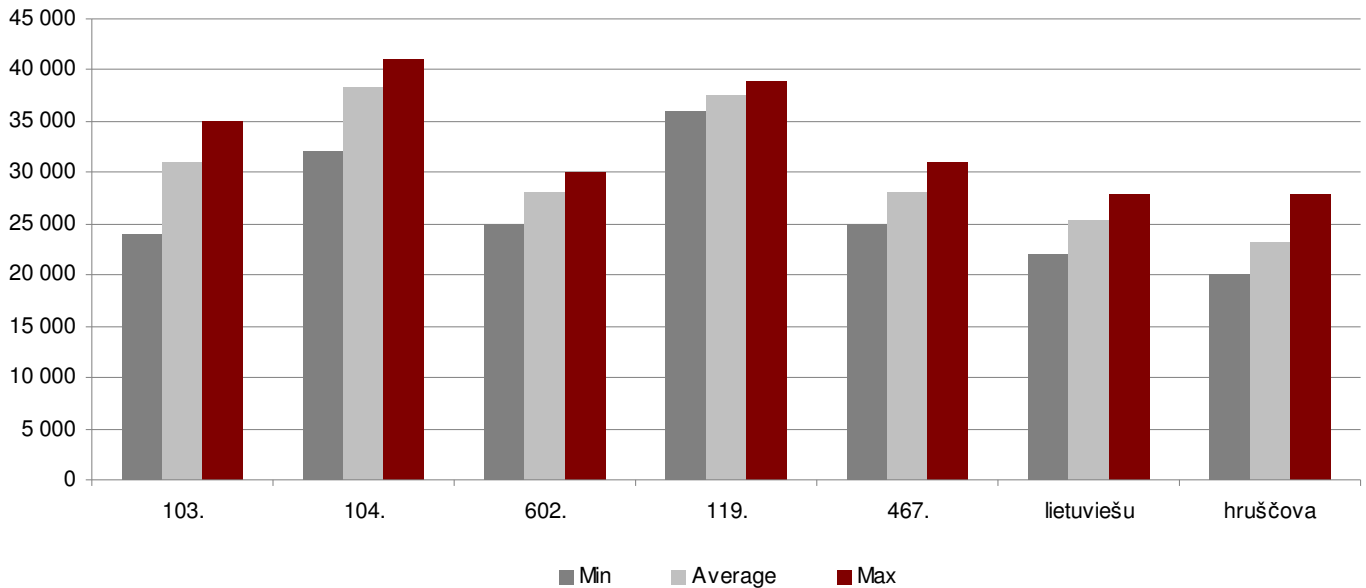
**Average standard-type apartment prices in Riga housing estates in March 2012 (EUR/m<sup>2</sup>)**



Source: ARCO REAL ESTATE

In March 2012, the most expensive apartments still were apartments in the houses of the 119<sup>th</sup> series and 104<sup>th</sup> series, where the price of 2-room apartments varied from 32 to 41 thousand EUR, depending on location. But the so-called *Lithuanian design houses* have been the cheapest ones, where the price of 2-room apartments varied from 22 to 28 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 20 to 28 thousand EUR, depending on the housing estate.

### Standard-type apartment prices by series in Riga housing estates in March 2012 (prices of 2-room apartments, in EUR)



Source: ARCO REAL ESTATE

### Apartment market in the vicinity of Riga

#### Ogre

The average prices in Ogre in March 2012 **remained unchanged**. The average apartment price in March was **420 EUR/m<sup>2</sup>**. The prices have decreased by 2.1% in Ogre in the first quarter of 2012. However, in general, apartment prices in Ogre have remained stable and the price fluctuations have not been high. The activity in the apartment market of Ogre is to be assessed as low.

#### Jūrmala, Kauguri

In March 2012 the apartment prices at Kauguri **decreased by 0.5%**. The average price in March was **416 EUR/m<sup>2</sup>**. The prices have decreased by 2.6% at Kauguri in the first quarter of 2012. The price reduction was higher than the average for housing estates of Riga. Prices have fallen due to decrease of demand for apartments located in such places.

#### Salaspils

In March 2012, the apartment prices in Salaspils **remained unchanged**. The average price in March was **481 EUR/m<sup>2</sup>**. The prices have decreased by 1.3% in Salaspils in the first quarter of 2012 on average.

#### Jelgava

In March 2012 the apartment prices in Jelgava **remained unchanged**. The average price in March was **291 EUR/m<sup>2</sup>**. The prices have decreased by 1.2% in Jelgava in the first quarter of 2012 on average. The market activity in Jelgava is still low.