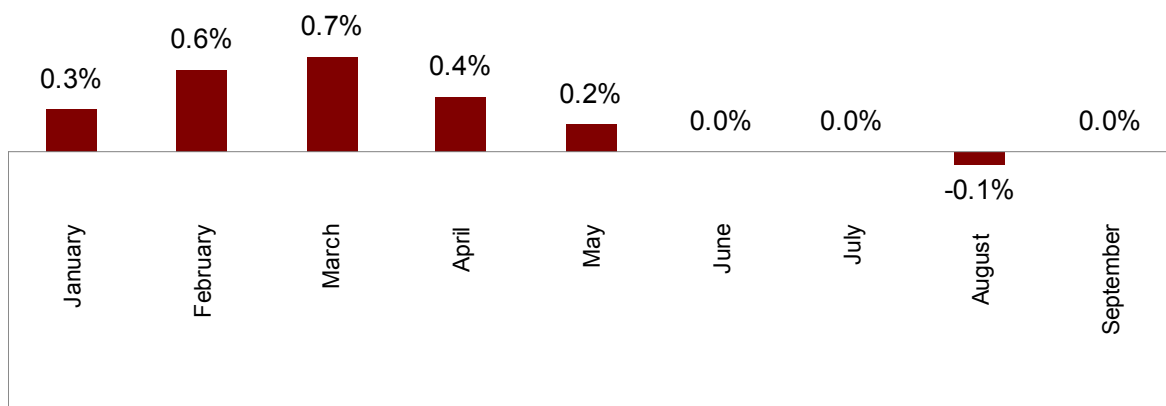


### Standard-type apartments, October 1, 2012

In September 2012, the changes in the standart-type apartment prices observed in the largest housing estates of Riga were minimal, within the range of 0.3%. Therefore, we can assume that the standard-type apartment prices in September remained unchanged. The average standard-type apartment price, like in summer months, has remained unchanged – 594 EUR/m<sup>2</sup>.

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

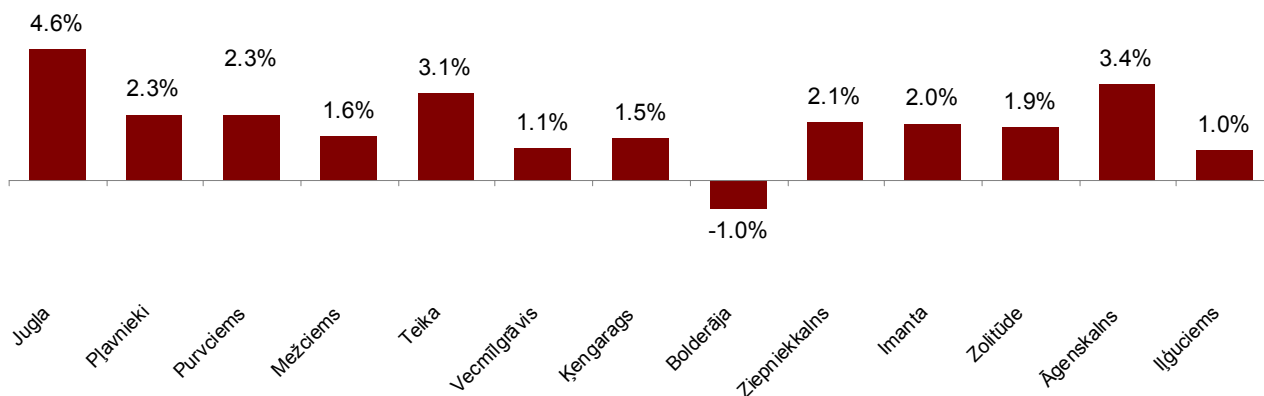


Source: ARCO REAL ESTATE

Standard-type apartment prices also remained stable in September. Housing vendors are often forced to slightly reduce the sales price to sell the property. Thus, in many places, more frequently in the cheapest and less demanded residential areas, it is possible to find offers at increasingly lower prices. The price reductions for apartments offered are mostly observed in the case of dwellings in satisfactory condition, sometimes with partial improvement of the interior decoration. These are the apartments, for which the demand is lowest in the current market situation. At the same time, the number of housing supply is not growing, and in September, it remained unchanged from the previous month's level.

The largest average price increase of 1 m<sup>2</sup> in the housing estates of Riga since the beginning of 2012 was observed at Jugla – +4.6%. The smallest price fluctuations were observed at Bolderāja -1%, and Ilģuciems - +1%.

Price changes in housing estates since beginning of 2012, in %

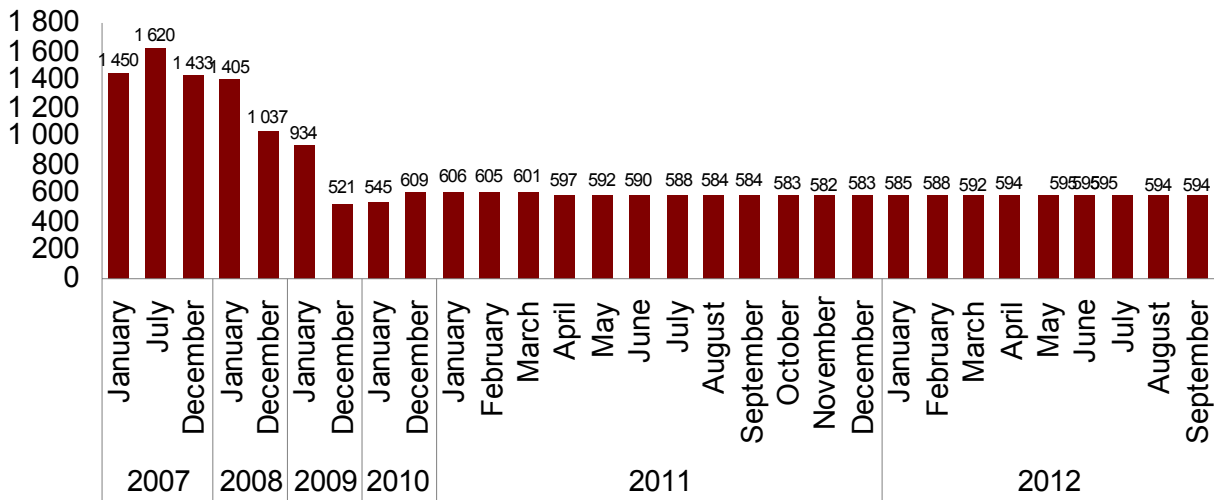


Source: ARCO REAL ESTATE

In September 2012 the average standard-apartment price was almost the same as in April. In September 2012 this price was the same as in the previous month, or **594 EUR/m<sup>2</sup>**. The prices on average were by 63.3% 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>.

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. In the first six months of 2012, the apartment prices grew by 2%.

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



Source: ARCO REAL ESTATE

In September 2012, the price of 1 square metre had increased slightly only in the case of 1-room apartments in standard-type houses; prices of other apartment types remained unchanged. In the housing estates analyzed by the ARCO REAL ESTATE in September 2012, the average price of a 1-room apartment has increased by 0.2% and is amounting to 639 EUR/m<sup>2</sup>.

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

	2011												2012												1st October
	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September				
<b>1 room</b>	654	649	644	636	633	628	626	624	623	622	621	622	626	632	639	639	640	641	640	638	<b>639</b>				
<b>2 rooms</b>	621	615	613	609	604	599	596	594	590	591	589	589	590	592	594	598	600	602	602	602	<b>602</b>				
<b>3 rooms</b>	587	584	584	581	578	573	571	567	564	564	563	563	563	565	568	571	573	574	575	575	<b>575</b>				
<b>4 rooms</b>	577	575	578	576	572	569	567	566	561	560	558	556	557	557	560	561	565	565	562	562	<b>562</b>				

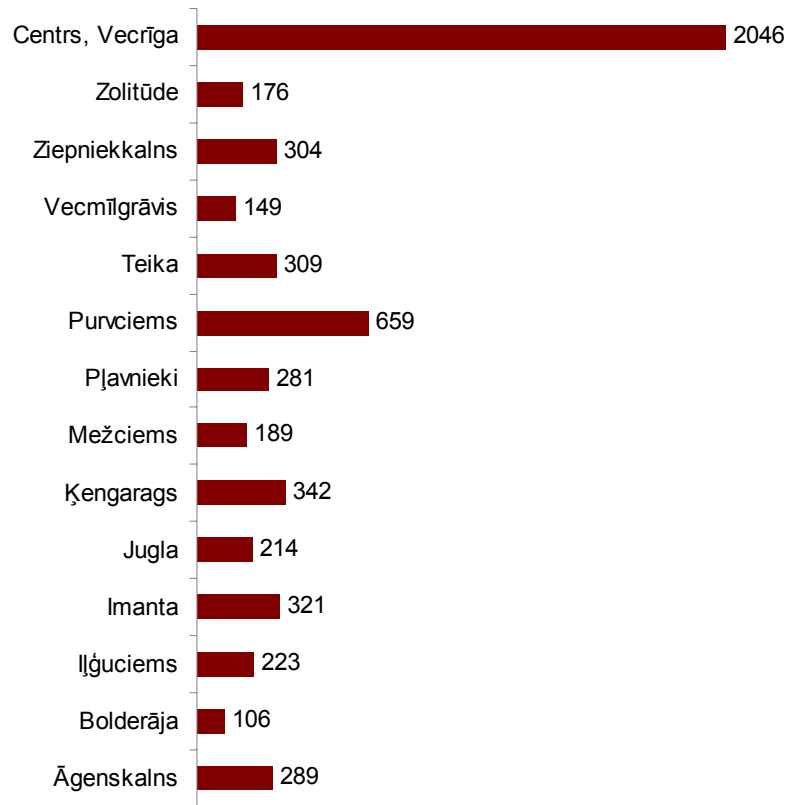
Source: ARCO REAL ESTATE

Changes in the number of apartments offered for sale in September 2012, compared with the level of August, are insignificant. The number of apartments supplied has slightly decreased both in the largest housing estates analyzed by the ARCO REAL ESTATE (0.4%) and in the Riga City in general (1.2%). The number of apartments offered and located in the central part of Riga (city centre, Old Town) has decreased by 4%.

Having analyzed the supply of the apartments we can see that Purvciems, Pļavnieki, Ķengarags and Āgenskalns are locations where the most of the apartments offered are situated. In contrast, the smallest number of apartment offers came from Bolderāja and Zolitūde. In September

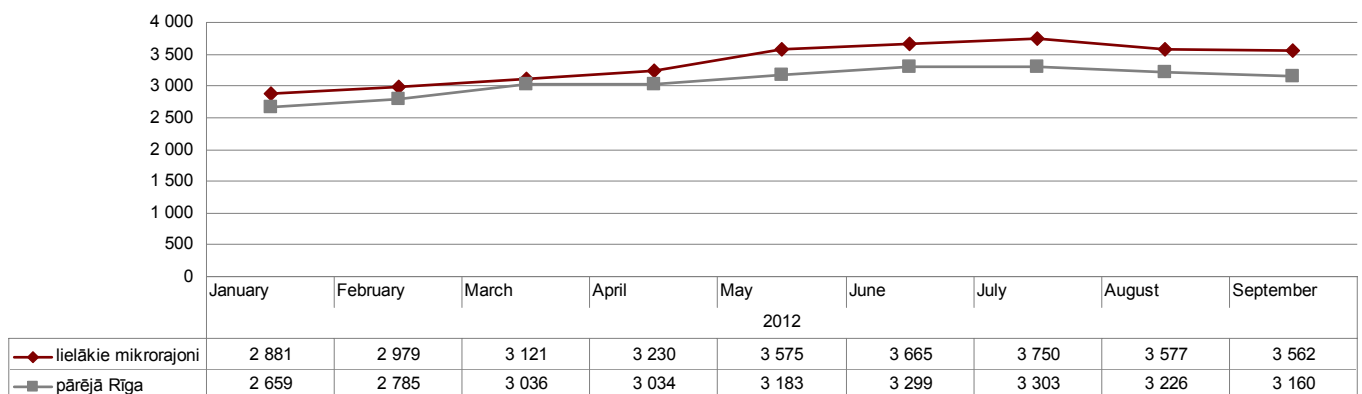
the number of apartments offered has decreased, and in certain housing estates this decrease was significant. The largest decrease of number of apartments offered was observed at Zolitūde – by 5.9%. The largest increase of the number of apartments offered was observed at Vecmīlgrāvis where the number of offers increased by 12.9%. The most popular apartments in the housing estates of Riga were 1-room and 2-room apartments, as well as apartments with good interior condition. But non-renovated apartments have been least popular.

**Number of apartments offered in the market in Riga in July 2012**



Source: ARCO REAL ESTATE

**Supply dynamics in Riga**



Source: ARCO REAL ESTATE

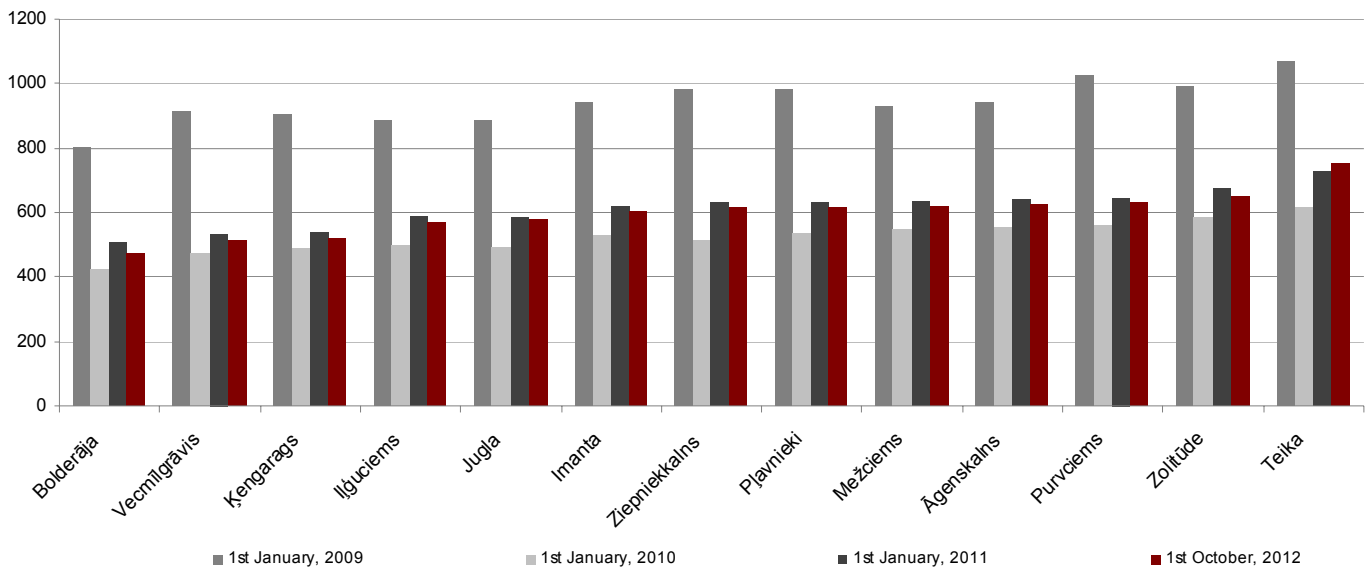
In September 2012, minimum price fluctuations characterized the standard-type apartment market. The average price of 1 m<sup>2</sup> has increased in some places, and decreased in other places. The largest price drop was observed at Bolderāja where the prices decreased by 0.3% on average. But at Teika the prices increased in September by 0.3% on average.

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

	Average 1m <sup>2</sup> price on 1st October, 2012	Average 1m <sup>2</sup> price on 1st September, 2012	Price changes, %
Jugla	581	581	0.0%
Pļavnieki	617	615	0.2%
Purvciems	630	630	0.0%
Mežciems	621	620	0.3%
Teika	750	750	0.0%
Vecmīlgrāvis	514	515	-0.2%
Ķengarags	518	518	0.0%
Bolderāja	472	473	-0.3%
Ziepniekkalns	614	615	-0.1%
Imanta	604	604	0.0%
Zolitūde	652	652	0.0%
Āgenskalns	626	626	0.0%
Iļģuciems	572	573	-0.2%

Source: ARCO REAL ESTATE

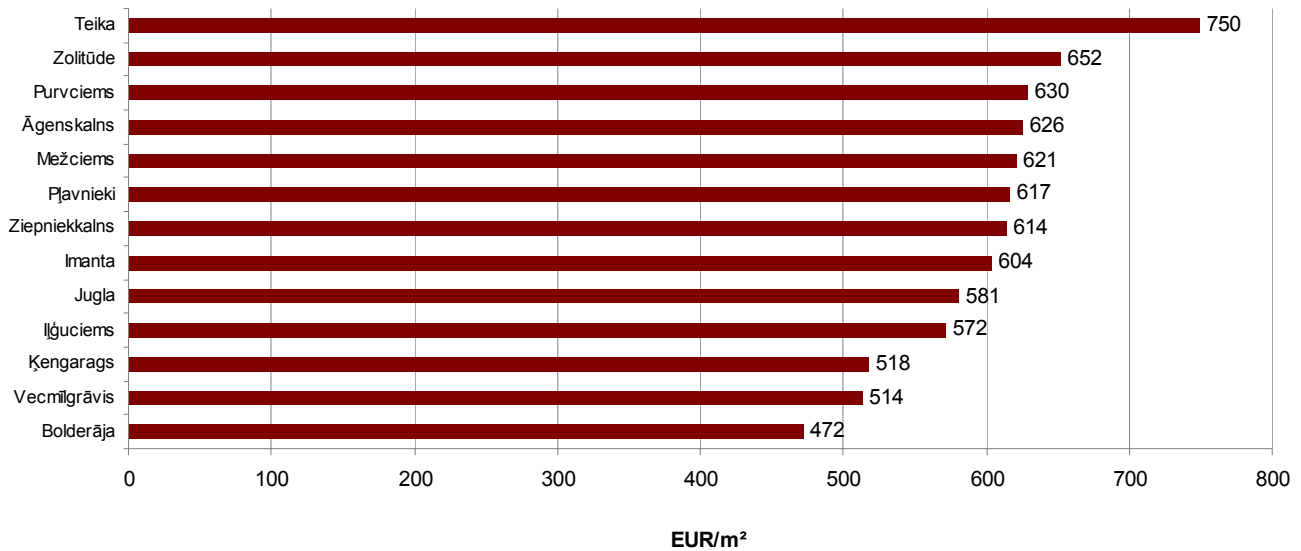
Since the beginning of 2012, the standard-type apartment prices have increased by 1.9%. Since the beginning of 2011, the prices have decreased by 2.4%. Compared with the beginning of 2010, in September 2012 the standard-type apartment prices in the housing estates of Riga were by 14.1% higher. Since 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 22% on average.

**Average standard-type apartment prices in Riga housing estates**


Source: ARCO REAL ESTATE

The highest prices in September 2012 were observed at *Teika*, where the average price of 1m<sup>2</sup> has remained to be 750 EUR. In turn, the lowest prices in September were observed at *Bolderāja*, where the average price of 1m<sup>2</sup> has dropped to 472 EUR.

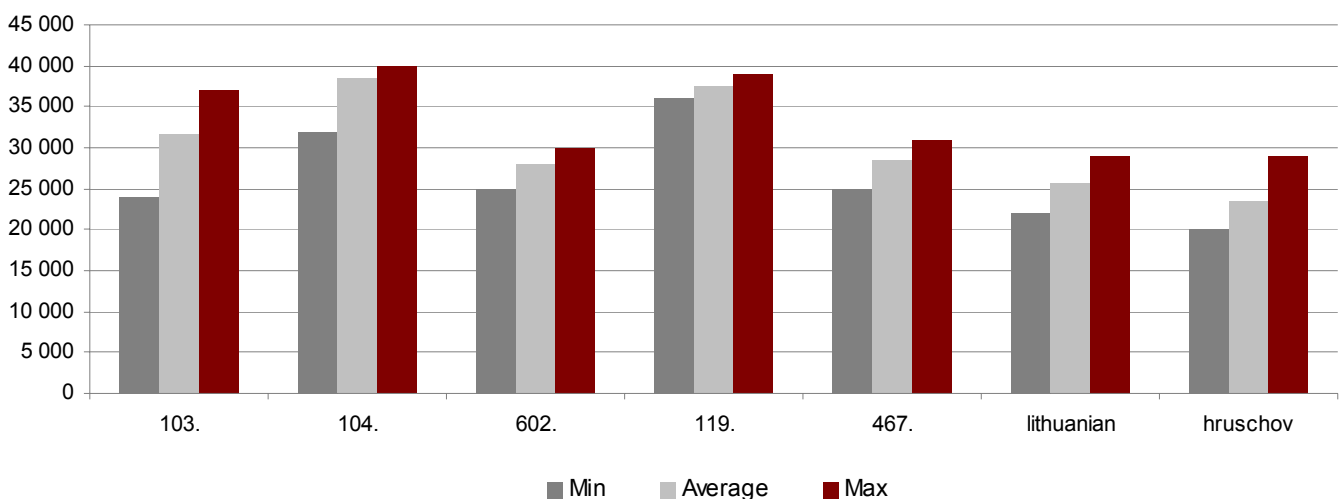
**Average standard-type apartment prices in Riga housing estates in September 2012 (EUR/m<sup>2</sup>)**



Source: ARCO REAL ESTATE

In September 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 40 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 29 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 20 to 29 thousand EUR, depending on the housing estate.

**Standard-type apartment prices by series in Riga housing estates in September 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 September 2012 **remained unchanged**. The average apartment price in September was **417 EUR/m<sup>2</sup>**. The prices have decreased by 2.8% in Ogre in the first six months 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 September 2012 the apartment prices at Kauguri **remained unchanged**. The average price of an apartment remained to be **414 EUR/m<sup>2</sup>**. The prices have decreased by 2.8% at Kauguri in the first six months of 2012. Apartment prices at Kauguri remain at low level and often transactions are made at even lower prices than requested in the offer.

### *Salaspils*

In September 2012, the apartment prices in Salaspils **decreased by 0.6%**. The average price has dropped to **472 EUR/m<sup>2</sup>**. The prices have decreased by 2.2% in Salaspils in the first six months of 2012 on average.

### *Jelgava*

In September 2012 the apartment prices in Jelgava **decreased by 0.5%**. The average price in September dropped to **288 EUR/m<sup>2</sup>**. The prices have decreased by 1.7% in Jelgava in the first six months of 2012 on average. The market activity in Jelgava is still low.