

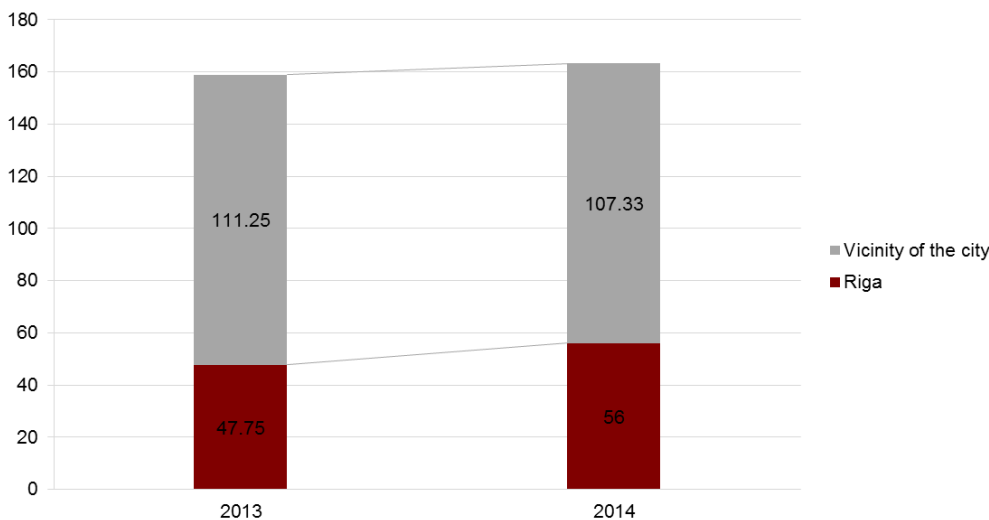
**SINGLE-FAMILY DETACHED HOMES
RIGA | 2014**

Single-family detached homes

Private house sector activity increased in 2014. The number of transactions with single family detached homes in Riga and its vicinity increased by 2.7%. The increase was mainly on account of the City of Riga, where the number of transactions increased by 17.3%, while in the vicinity of Riga number of transactions compared to year 2013, was even slightly reduced- by 3.5%. Similarly, the number of building permits issued for building of new single-family detached homes in the first three quarters of this year was by 3.5% higher than in the previous year.

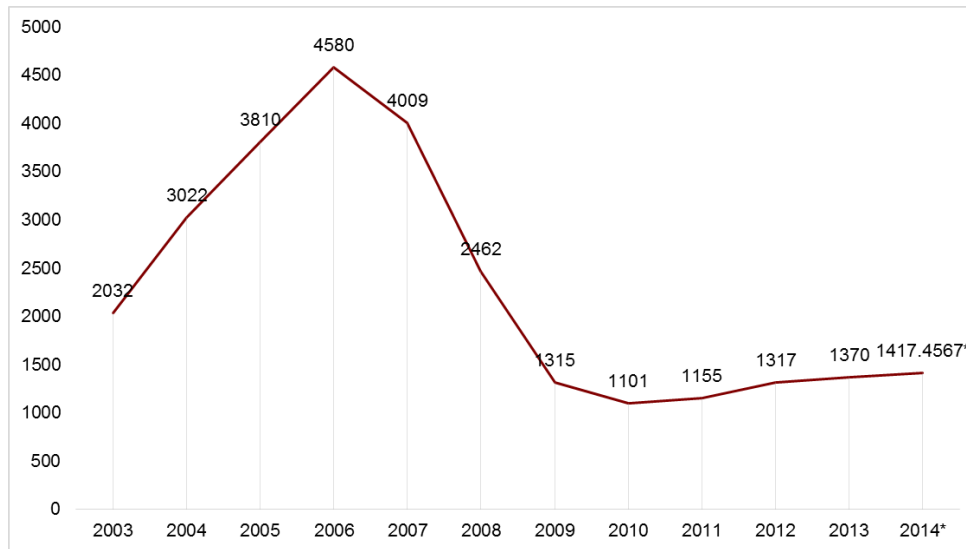
The increase of activity was not reflected in significant price changes, since the price level in whole remained at the level of the previous year. The only segment, which in 2014 experienced significant changes, was the segment of exclusive private houses: in Riga and the vicinity of the city the interest in and, consequently, the number of transactions with such properties decreased, which resulted in fall in this segment prices. By contrast, a small increase in prices was observed in the segment of high-quality private houses in Riga, built in the last two decades, with an optimum space area (150 - 250m²) and developed neighbouring infrastructure. Just these houses were most demanded in the market; however, the supply in this sector was limited.

Average quarterly number of transactions with single family detached homes in Riga and vicinity of the city



Source: State Land Service

Number of issued building permits for construction of new single family detached homes

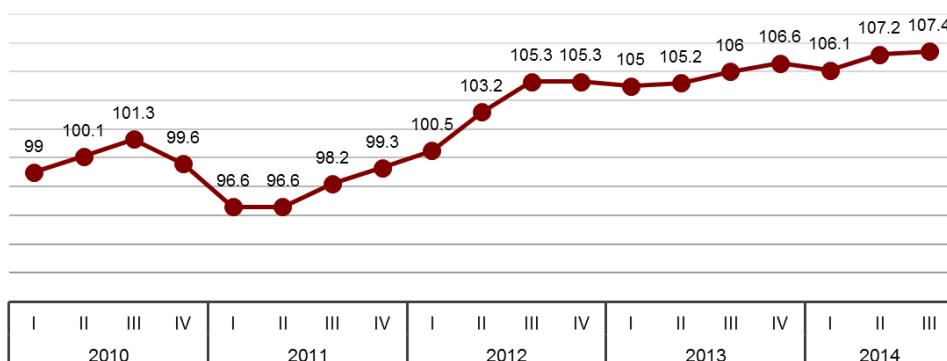


Source: Central Statistics Office

According to the data of the Central Statistical Office, the costs of housing construction since the 3rd quarter of 2012 have moderately increased. In the three quarters of this year, the construction costs rose by 0.8%, which approximately the same as in 2013, when the total annual increase was 1.2%. Notwithstanding the fact that the increase of the construction costs was not big, it still exceeded the private house price growth. Due to this, development of new private houses and villages has become even less attractive.

New private house have been built for own needs, as it was possible to adapt them to own requirements, for example to select desirable room space, design, finishing and quality of engineering systems.

Index of residential house construction costs



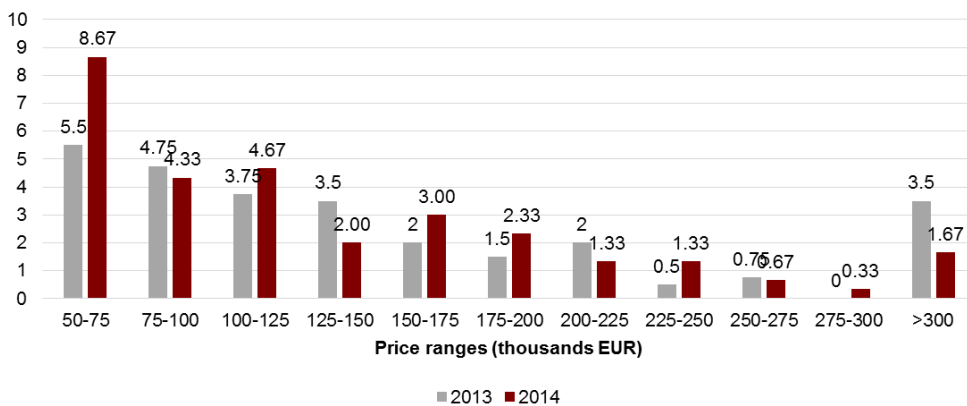
Source: Central Statistics Office

Riga

Despite the fact that in 2014 the average amount of transactions with private houses in Riga was by 16.6% lower than in the previous year, it did not show a fall of private house prices in general. The fall of the average amount can be explained by the fact that this year, the number of transactions with exclusive private homes significantly decreased. For example, in Riga this year, the number of transactions exceeding 300 000 EUR on average was by 52% less than a year before. The leaders in terms of the transaction amount were two transactions in Mežaparks-one transaction amounting to 550 000 EUR and the second – to 350 000 EUR, while in 2013 the largest amounts of the transactions were considerably higher –790 000 EUR and 750 000 EUR, respectively.

The number of transactions in price range from 75 000 EUR to 200 000 EUR increased by 5.4%. An increase was also observed in transactions with private houses, the price of which does not exceed 75 000 EUR. Mostly they were houses in poor technical condition, and often buyers bought the house due to the adjacent land, with an aim to demolish the house later.

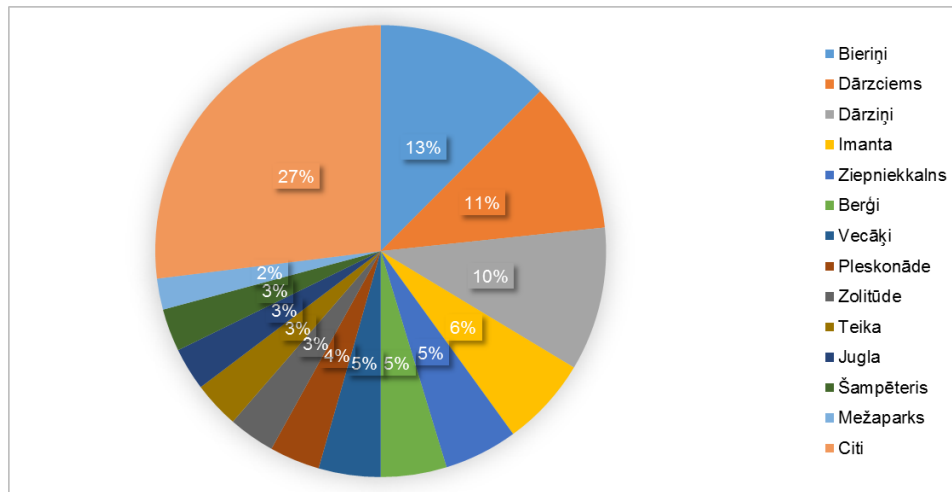
Breakdown by price ranges of average quarterly number of transactions with single family detached houses in Riga



Source: State Land Service

The most popular private housing areas in Riga by the number of transactions were Bieriņi (13%), Dārzciems (11%), Dārziņi (10%), Imanta (6%), Berģi (5%) and Vecāķi (5%). One half of the transactions with private houses in Riga were entered into regarding properties located in these six housing areas.

Breakdown of number of transactions by Riga housing estates, %

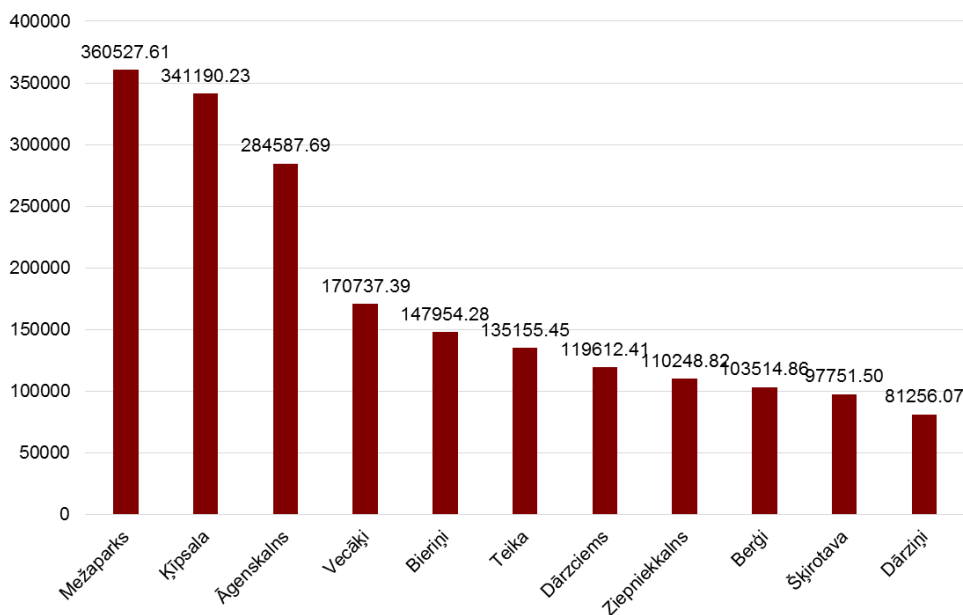


Source: State Land Service

In 2013 and 2014, housing estates, in which the most expensive private houses were located, were Mežaparks (up to 790 000 EUR), Ķīpsala (up to 540 000 EUR), Āgenskalns (up to 380 000 EUR), Vecāķi (up to 310 000 EUR) and Bieriņi (up to 400 000 EUR).

In turn, the cheapest housing estates were Šķīrotava and Dārziņi. In these housing estates, transaction amount rarely exceeded 100 000 EUR, since there are mainly houses with an area of up to 150m², which were built more than 25 years ago. Private houses being in satisfactory or partially satisfactory condition and located in these areas can be bought for a price of up to 50 000 EUR. Despite the fact that Berģi is showing one of the lowest average transaction amounts, it cannot be considered as the cheapest residential area as also more expensive private houses are often found in this area.

Average transaction amount (private houses, in Riga housing estates), EUR

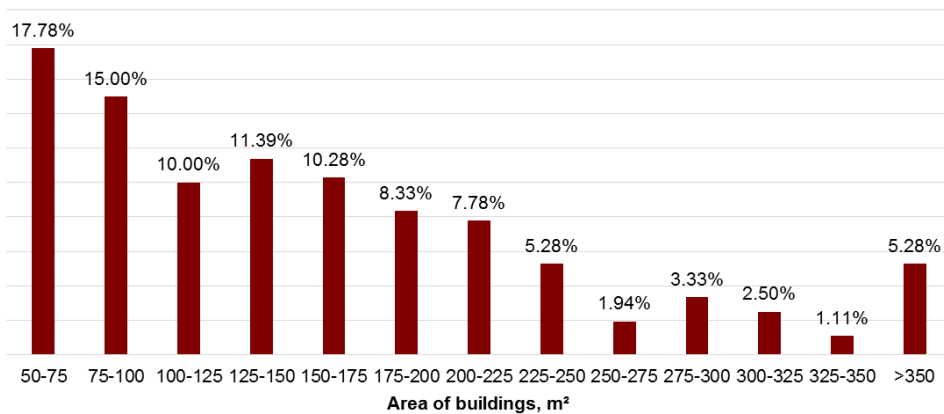


Source: State Land Service

Looking at the transaction structure by residential area of a private house, it is evident that the greatest proportion was occupied by private houses with an area of up to 100m². Mostly, it concerns the above-mentioned Soviet-time houses located in Dārziņi, Dārzciems and Imanta.

Private houses with an area of 100 - 250m² which were the most demanded in the market in general, occupied 53.1% of the number of transactions. In turn, the houses with an area over 250m² occupied a considerably smaller proportion - 14.1%. Mostly they were exclusive private houses, as well as houses with irrational planning built either in the nineties of the previous century, or at the times of the "economic boom" around 2005 – 2008. It is observed that the local population has shown a minimal interest in such houses, as they are characterized by low quality and low energy efficiency.

Breakdown by building area of number of transactions with single family detached houses in Riga, %



Source: State Land Service

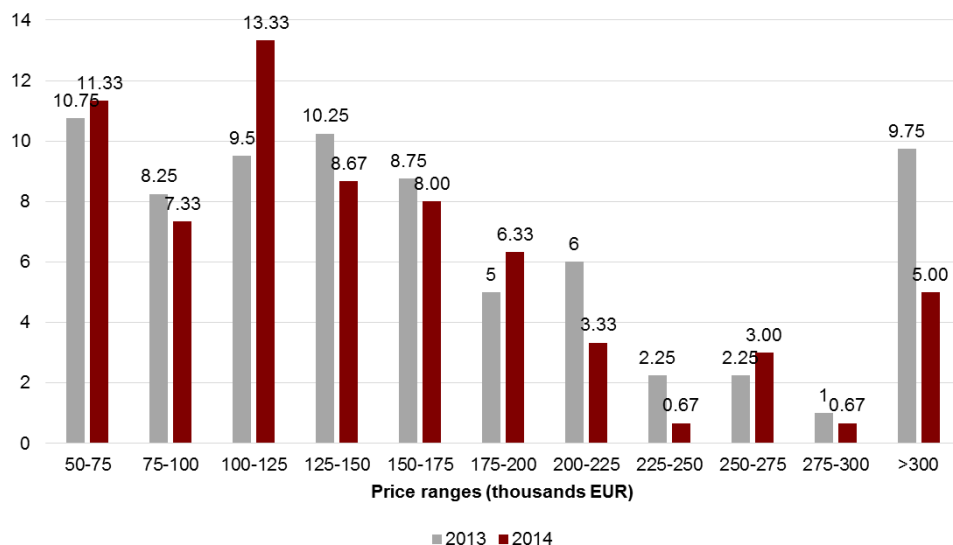
Vicinity of Riga City

Situation in the vicinity of the City of Riga in the terms of price changes was similar to Riga: although the average transaction amount was by 15.2% lower in 2014 than in 2013, this is explained by the decrease in the number of expensive transactions not with total fall of the private houses price. Total price level in 2014 for private houses in the vicinity of the City of Riga remained unchanged.

In the surrounding areas of Riga, the number of transactions with private houses amounting to EUR 100 000 has not significantly changed this year. In contrast, in the price range from 100,000 to 200,000 EUR, the number of transactions increased by 8.4%. This was the most typical price range of transactions with private houses in the vicinity of Riga. The main factors that influenced the price of private houses in this range were the location, public utilities and public transport availability, building materials used and interior decoration.

The number of transactions with expensive private houses in the vicinity of Riga decreased more significantly than in Riga. For example, in the vicinity of the City of Riga, the number of transactions exceeding 200 000 EUR, decreased by 42%, while the number of transactions exceeding 300 000 EUR, decreased by as much as 49%. During the last year, there were entered into 39 such transactions, but in this year's first three quarters there were only 15 transactions. Typical features of such private houses were high-quality finish, good neighbouring infrastructure, and frequently also location near water bodies.

Breakdown by price ranges of average quarterly number of transactions with single family detached houses in the vicinity of Riga



Source: State Land Service

The most expensive private houses in the vicinity of Riga remained to be in Garkalne municipality, near the Baltezers Lake. The amount of the largest transaction which was closed there in 2014 exceeded 800 000 EUR; however, this amount was less than in 2013, when the largest transaction amounted to 1,330,000 EUR.

Babīte and Mārupe municipalities followed as the next locations with the highest private house prices. This year's highest transaction record was closed in Dzilnuciems, Babīte municipality, where a private house with area of 465m² was sold for 730 000 EUR. In other municipalities, any transactions exceeding 300 000 EUR amount were not closed during this year.

Prices of private houses in the vicinity of Riga

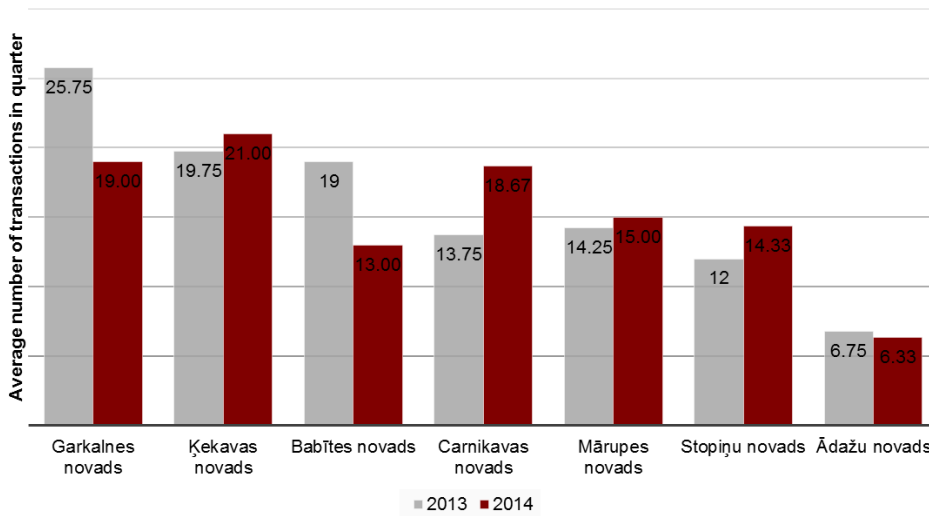
	2013. gads		2014. gads	
	Zemākā cena	Augstākā cena	Zemākā cena	Augstākā cena
Stopiņu novads	€ 45 000	€ 210 000	€ 50 000	€ 240 000
Ādaži	€ 65 000	€ 260 000	€ 65 000	€ 180 000
Ķekava, Baldone	€ 50 000	€ 210 000	€ 50 000	€ 200 000
Rāmava, Baloži	€ 75 000	€ 230 000	€ 65 000	€ 170 000
Carnikavas novads	€ 45 000	€ 290 000	€ 45 000	€ 260 000
Mārupe	€ 85 000	€ 450 000	€ 75 000	€ 400 000
Babīte, Piņķi	€ 90 000	€ 500 000	€ 90 000	€ 730 000
Garkalne, Baltezers apkārte	€ 80 000	€ 1 300 000	€ 75 000	€ 800 000

Source: State Land Service

The breakdown of the number of transactions by municipalities located in the vicinity of Riga shows a relatively even distribution as there was no clear leader among them. In Garkalne (21%) and Ķekava (19%) municipalities, the number of transactions was slightly higher than in Babīte, Carnikava, Mārupe and Stopiņu municipalities where the respective share was in the range from 12 to 15%. The smallest share of transactions was occupied by Ādaži municipality with 6%.

In this year, the number of transactions has decreased just in the most expensive municipalities. In Babīte municipality, the number of transactions in 2014 decreased by 31.6%, while in Garkalne municipality - by 26.2%. Also in Ādaži municipality, the average quarterly number of transactions has slightly decreased. In contrast, the largest increase in the number of transactions was observed in Carnikava municipality where the average quarterly number of transactions closed was by 35.8% bigger than in the previous year.

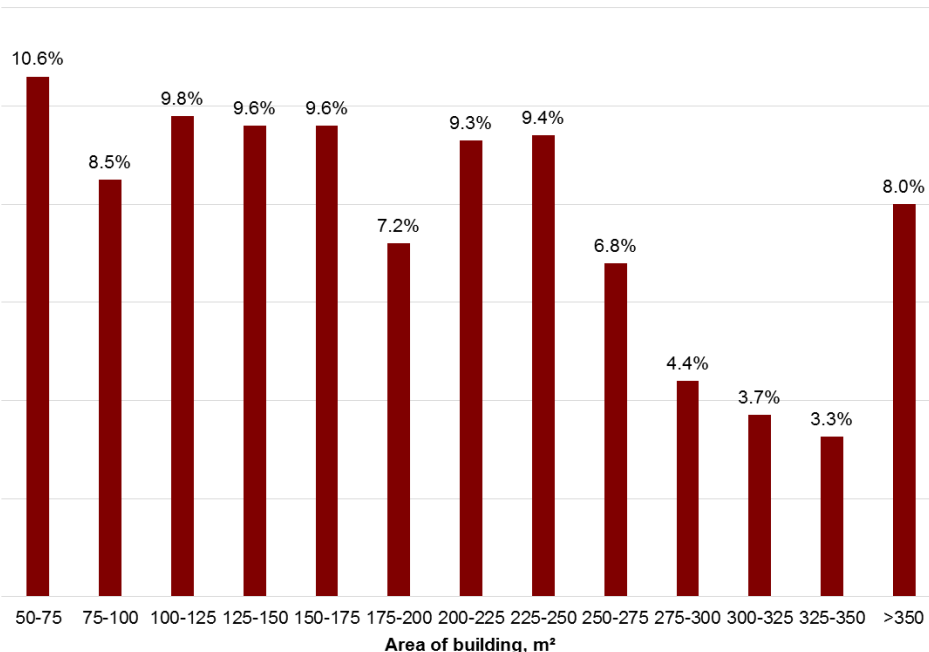
Breakdown of number of transactions by municipalities in the vicinity of Riga



Source: State Land Service

The supply in the vicinity of Riga contained a lesser number of small private houses (not exceeding 100 m²). Share of such houses in the number of transactions closed in the vicinity of Riga was only 19.1%, while in Riga this indicator was 32.8%. Share of medium-size houses (100 - 250m²) was the same as in Riga, and accounted for just over half of transactions (54.9%). By contrast, the share of large private houses, with area exceeding 250m², in the vicinity of Riga (26.2%) was higher than in Riga (14.1%).

Breakdown of number of transactions with single family detached houses in the vicinity of Riga by building area, %



Source: State Land Service