

Standard-Type Apartment Price Decline Continues but Supply Is Reduced

As follows from the real estate market monthly overview prepared by the company “Arco Real Estate”, in November the prices of standard-type apartments decreased by 3.6%.

The average price of a standard-type apartment decreased in November to 1037 EUR/m², which is by 3.6 % lower than in previous months. It should be noted that in despite of the austerity measures being in effect in the country now and the relative instability of the financial market, individuals actively sell and purchase real estates.

In despite of the continuous price decline, the apartment supply in Riga in November decreased by 9% in average if compared with October. A part of potential sellers do not want to sell their apartments at so low prices, and this might be considered as a positive and real estate market stabilising factor. In the result of a reduced supply, the property price decline rate becomes slower, which, in its turn, may reduce the price decline in the nearest future. In general, the real estate supply is decreased in comparison with October, in despite of the fact that the supply announced in the real estate portals is increased by some 4% but the supply announced through the announcement portals is decreased significantly - by 13%. Therefore, we can draw conclusion that companies and mediators offering apartments through real property portals are more active.

The average price of a 1-room apartment in the housing areas reviewed by „Arco Real Estate” in November amounted to 1084 EUR/m², and this price compared with the price level of October had decreased by 4.5%. Average price of a 2-room standard-type apartment amounted to 1039 EUR/m² (decreased by 4.0% in comparison with the price of October); average price of a 3-room apartment amounted to 1039 EUR/m², (decreased by 2.9%); and the average price of a 4-room apartment amounted to 987 EUR/m² (decreased by 2.9% in comparison with the price October).

It should be noted that the price level reduction was even in all Riga housing estates: the prices at Pļavnieki, Mežciems, Teika, Vecmīlgrāvis, Bolderāja, Imanta, Zolitūde, Āgenskalns and Ilģuciems were reduced by 4%. Traditionally, the highest price level in November was observed at Teika, where the average price of 1 m² was 1200 EUR, at Purvciems where the average price of 1 m² was 1123 EUR, and at Mežciems where the average price of 1 m² was 1098 EUR. But the lowest prices in November were observed at Ķengarags where the average price of 1 m² was 992 EUR and at Bolderāja where the average price of 1 m² was 898 EUR.

Outside Riga, in largest cities and towns, the price decline has been even more rapid as in the capital – in Jelgava the standard-type apartment prices were reduced by 4.4%, and the average price of 1 m² was 859 EUR; in Ogre - by 4.2%, and the average price was 1009 EUR/m²; in Salaspils – by 3.9%, and the average price was 1014 EUR/m²; in Kauguri -by 3.6%, and the average price was 948 EUR/m².