

**As follows from the real estate market overview prepared by the company “Arco Real Estate”, the prices of standard-type apartments decreased by 2.5% at the end of 2007.**

In December of 2007 the price reduction was bigger than in November, and the prices of standard-type apartments decreased by 2.5%. The average standard-type apartment price as per January 1, 2008 has reached **1405 EUR/m<sup>2</sup>** (the average standard-type apartment price as per December 1 was 1433 EUR/m<sup>3</sup>); thus, the present prices are by 3% lower than in the beginning of 2007 when the price of an average non-renovated apartment was 1450 EUR/m<sup>2</sup>.

Traditionally, the highest price level in December was observed at Teika, where the average price of 1 m<sup>2</sup> was 1602 EUR, at Mežciems, where the average price of 1 m<sup>2</sup> was 1493 EUR, and at Purvciems, where the average price of 1 m<sup>2</sup> was 1490 EUR. But the lowest prices in December were traditionally observed at Bolderāja, where the average price of 1 m<sup>2</sup> was 1264 EUR, at Ķengarags and Jugla, where the average price of 1 m<sup>2</sup> was 1383 and 1385 EUR, respectively.

At the end of the past year, the most expensive apartments still were the so-called 119<sup>th</sup> series apartments (price of two-room apartments varied from 77 to 83 thousand EUR depending on the housing area) and the so-called 104<sup>th</sup> series apartments (price of a two-room apartment varied from 70 to 85 thousand EUR depending on the housing area). But the cheapest houses were the so-called Khrushchev-time houses, where the price of a two-room apartment varied from 54 to 68 thousand EUR and the so-called Lithuanian design houses, where the price of a two-room apartment varied from 55 to 67 thousand EUR depending on the housing area.

In the second week of December buying activities in the apartment market increased slightly and the number of apartments registered in the Land Register increased by 16%; however, the total number of apartments registered in the Land Register still is low.

In the result of selling difficulties, more and more apartments are offered for rent with redemption right or exchange possibilities. The tendency to entrust sale of an apartment to professionals instead of doing it with own efforts is still remaining.

Outside Riga – in Ogre, Jelgava, Kauguri and Salaspils – the price reduction in December was not so rapid and the prices decreased only by 1-1.5% in average. For example, in Ogre, the average price of a standard-type apartment was 1321 EUR/m<sup>2</sup> at the end of December. Since the price reduction of standard-type apartments in Ogre has not been significant during the recent months, in comparison with Riga, the price level existing in Ogre might reach the level of Riga in the nearest future.