# LATVIAN
# REAL ESTATE MARKET
# OVERVIEW

# 2007

## CONTENTS



## 1. INTRODUCTION

The market analysis overview prepared by SIA „Arco Real Estate" provides concentrated information on the Latvian real estate market in the year 2007. The overview provides a brief report on the main sectors of the real estate market:

- sale and purchase of apartments;
- building of new multi-apartment houses;
- ofhiring residential premises;
- one-family private houses;
- land estates (for building of one-family houses);
- agricultural land;
- land estates (for construction of industrial and public buildings);
- sales space market;
- office space rental market;
- real estate market in the regions of Latvia.

The overview of the real estate market analysis shows the values of the estates of the respective market sectors at the end of the reporting year and also provides information on the events in the sector in the year 2007.

Sources of information used for the analysis performed are the real estate transactions data base of SIA „Arco Real Estate", the information provided by cooperation partners and publicly available information sources, as well as information aggregated by the Central Statistics Bureau, the Land Register and the Bank of Latvia.

The market analysis overview is intended for a broad target audience, whose activities or interests are connected with the Latvian real estate market, including private persons, investment funds, real estate companies, commercial banks and governmental institutions.

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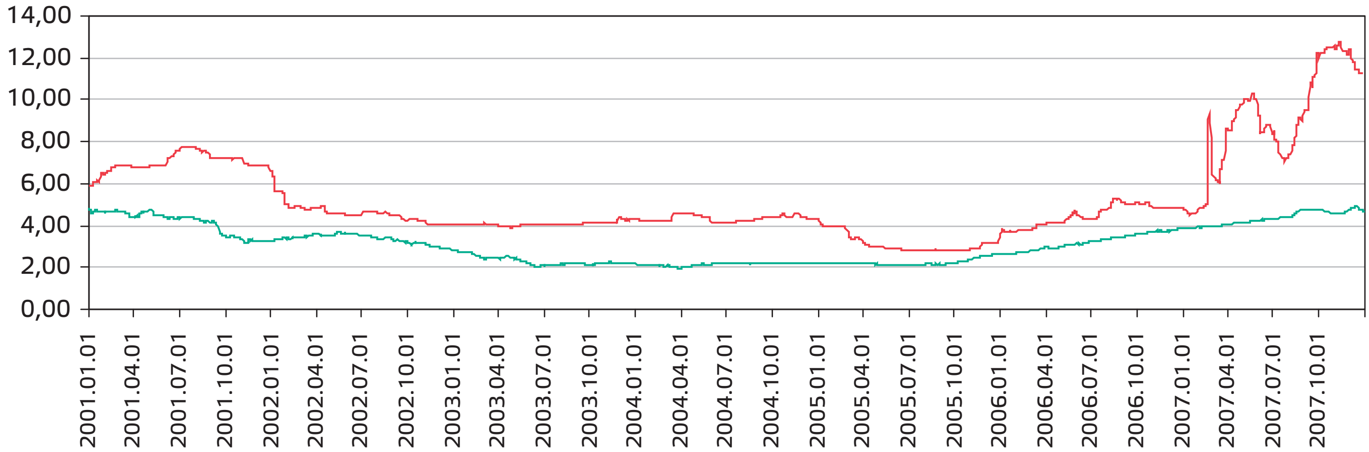
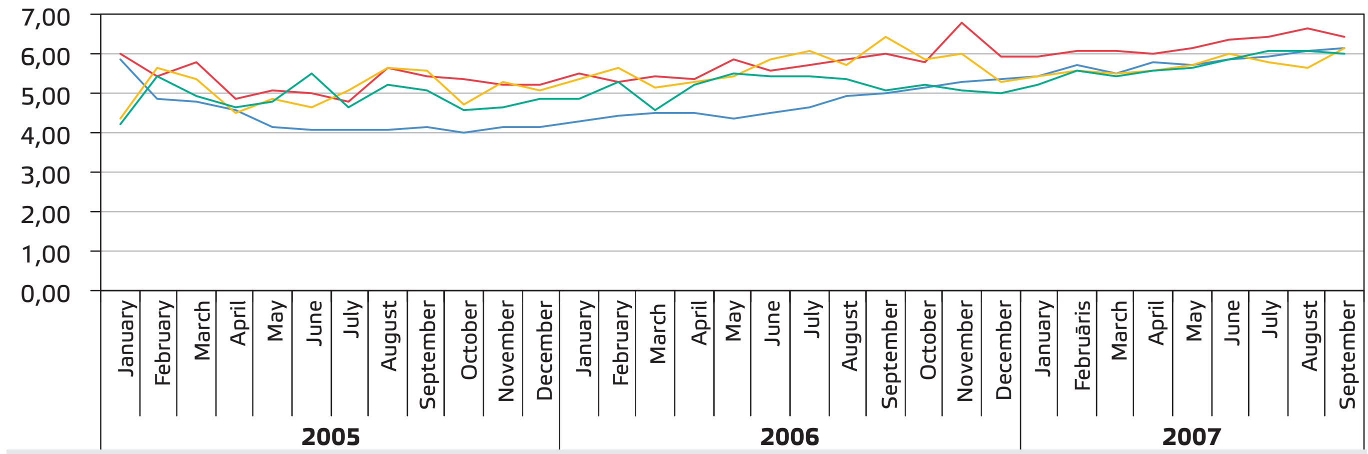
## RIGIBOR and EURIBOR 6 month rates, years 2001 - 2007



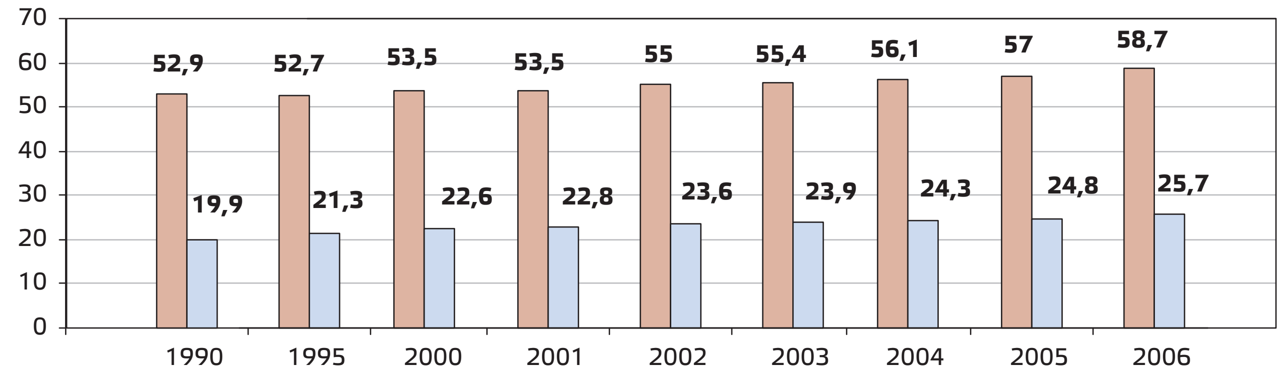

*Source: Bank of Latvia — Rigibor 6 M — Euribor 6 M

## Weighted average interest rates of credits served out for households (EUR) for dwelling purchase at the beginning of period in Latvia



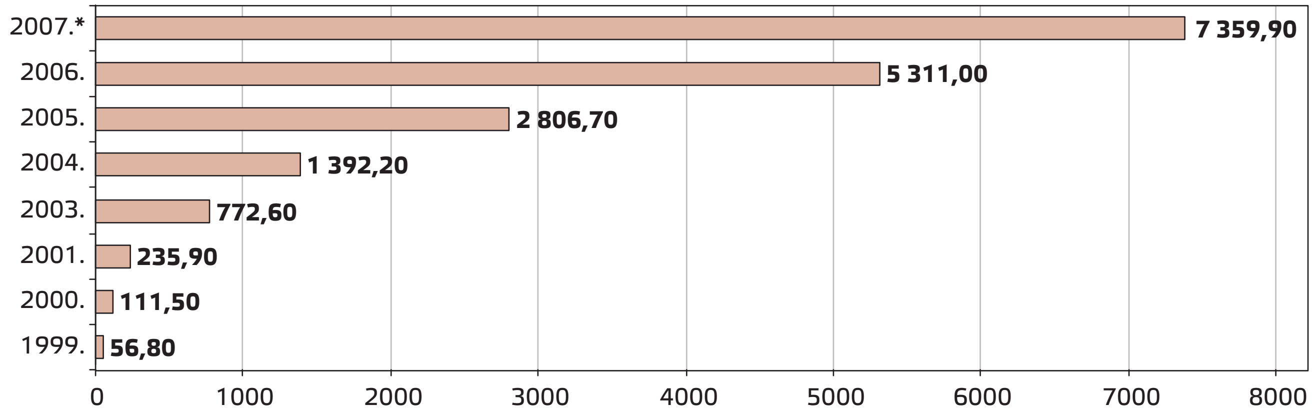

*Source: Bank of Latvia — Till 1 year — 1–5 years — 5–10 years — More than 10 years

## Available housing at the end of the year (total area in million m²)




*Avots: CSB — Housing fund — Average per one resident, m²

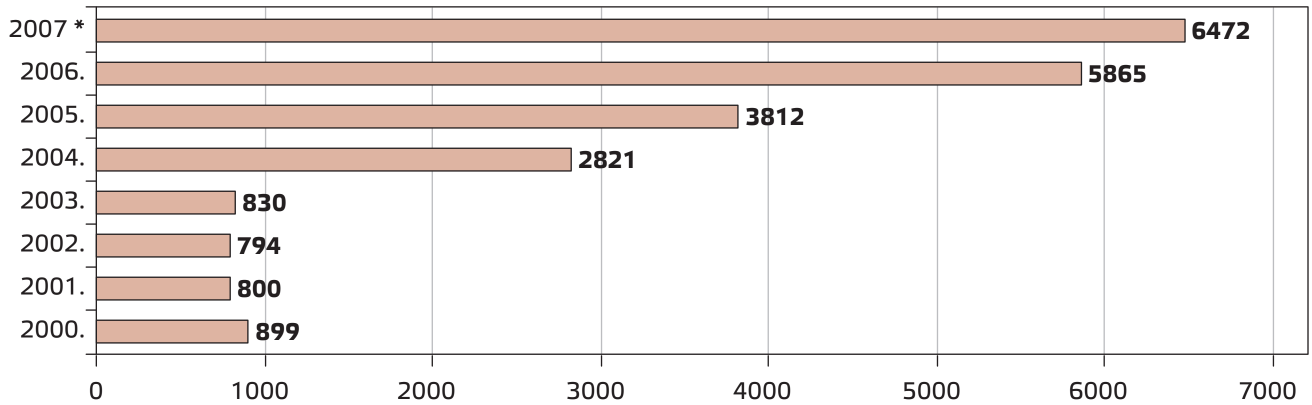
## Mortgage loans granted by Latvian commercial banks (in million LVL at the end of period)




*Till september of 2007

**Source: Bank of Latvia

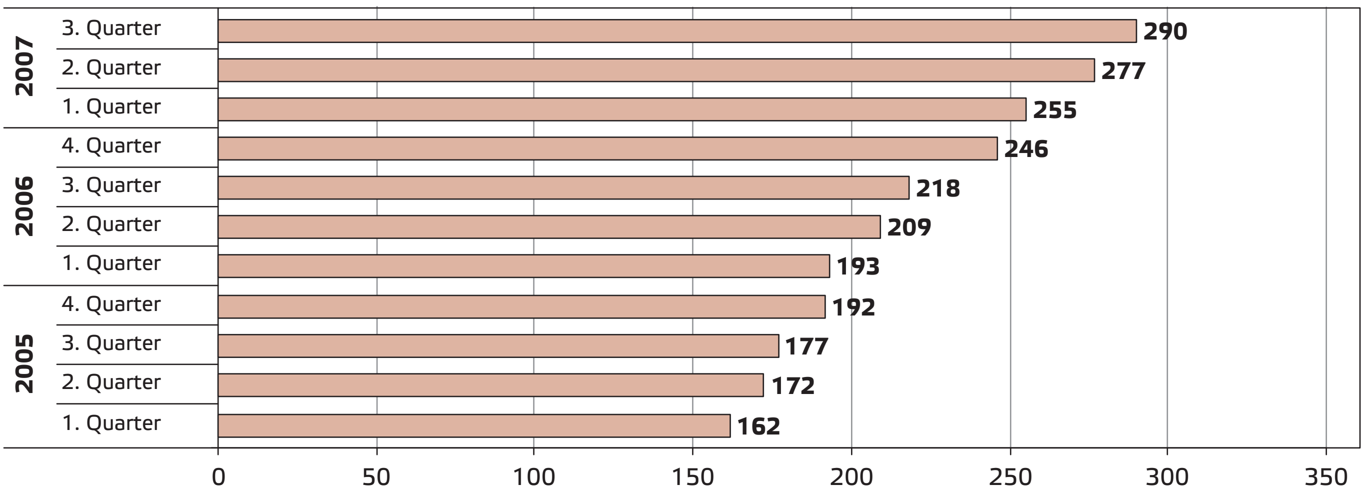
## Number of apartments built (commisioned) in Latvia




*Including III quarter of 2007

**Source: CSB

## Monthly average official work remuneration of an employed person (net, at the end of the quarter)




*Avots: CSB

## 1.1. GENERAL OVERVIEW

2.1. General Overview

During the first half of 2007 (till middle April) apartment prices increased relatively rapidly but after this period the rapid decrease of demand was observed, which resulted in price fall in all sectors of real estate market, including apartments. General apartment price decrease since April 2007 was on average 15-20%.

Thus, as the result of demand and price decrease:

- prices have decreased in the centre of Riga and in Old Riga (10-15%);
- standard-type apartment prices have decreased by 20%, and prices were 3% lower at the end of 2007 compared to the beginning of the year;
- apartment price decrease outside Riga (regional cities) has been irregular. Price decrease in regions which are located near to Riga (like Jelgava and Salaspils), also in Liepaja, has been similar to Riga prices have regained the level of the beginning of 2007, but the price decrease in ulterior region centers of Latvia has been insignificant.

Main reasons for price increase till April 2007 were:

- deficiency of new dwellings;
- rapid increase of GDP and high inflation rates;
- reduction of interest rates of credit resources;
- number of speculative transactions;
- good availability of credit resources;
- concerns about future changes in legislation, i.e., the inability to purchase real estate objects later.

After this period, the most significant impact to real estate market was made by amendments to laws adopted by LR Saeima, which enforced relevant changes in transactions of real estate:

- Front money of credit

According to Consumer rights protection law, front money should contain at least 10% of credit aggregate amount. In the year 2007, this has been the main obstacle for purchasing real estate objects, because residents of Latvia do not usually have spare money resources.

- Reference from State Revenue Centre about legal income

Receiving credit over 100 minimal monthly salaries, which was over 12 000 LVL in 2007 and over 16 000 LVL as of January 1, 2008, credit receiver compulsory should produce reference about legal income. As every fourth resident of Latvia (by the data of Ministry of Welfare) receives salary unofficially, this consideration has significantly reduced the number of transactions of real estate. Besides, after these amendments in laws relatively high monthly salary increase was observed, which most likely is related to legalization of monthly salaries.

- Limiting instruments of speculative transactions:
- Increase of Land Register fee and mortgage registration fee

As of April 2007, larger fee for extra registration of real estate has been collected. This amendment mainly precluded speculators from purchasing new real estate objects. For example, fee for property or legal lien consolidation in Land Register is 2% of aggregate value for first and second property and 4% of aggregate value for third and others. For fist two mortgages 0.1% of aggregate credit amount (but not more than 1000 LVL), for third and every forthcoming 3% of credit aggregate amount.

- Amendments to the Law on Resident Income Tax

Changes establish that Income Tax in an amount of 25% should be paid form purchase and alienability sum difference, if property is not in person's property for at least five years and has not been used as regular residence for at least one year.

These two factors and also decrease of buyers' activity influenced the number of speculative transactions.

Nonetheless, apartment market after April 2007 was influenced not only by LR Saeima but also other factors:

- Situation of real estate market in the world

Recession of real estate market occurred not only in Latvia, but also in other countries. It started in USA in 2006, when serving out high-risk credits with high interest rates, borrowers could not repay, creating financial difficulties to USA credit institutions. As European and Asian financial institutions also purchased financial instruments having credit of such type in great amount, crisis in USA financial market in wavy way left impact to the financial market of the entire world.

Real estate price decrease, according to data of Global Property Guide, has occurred in many European counties in Ireland, Portugal, Norway and Spain, and in other countries of Europe the decrease of dwelling price increment rate was observed. In Asia, dwelling prices decreased in countries like Japan, Indonesia, Israel and Thailand.

As banks of Latvia had not purchased high-risk credit securities in USA, the crisis in USA dwelling market influenced them in an indirect way from mother enterprises which had purchased aforementioned securities. In that way, credit policy of banks of Latvia was influenced not only by LR Saeima's accepted anti-inflation plan modifications, but also by the existing situation in world, when banks are willing to take less risk and want to get greater compensation and guarantees when lending money. With existing situation, purchasers have also taken temporizing position and are waiting for stabilization of world real estate market.

- Increase of interest rates

At the end of 2007, interest rates also increased. For example, RIGIBOR rates at the end of 2007 had increased up to 10.53% (3 month) and 11.24% (6 month), which is very high indicator. As a result, borrowers changed their credit currency, because, although EURIBOR interest rates continued to increase during the year, their increment rates were slower. Furthermore, credits become more expensive because increase of bank additional interest rates. In that way, the burden of repayment for borrowers is becoming heavier.

- Level of inflation

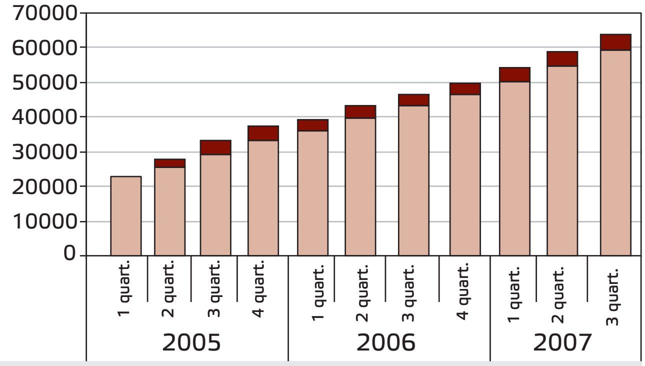
High inflation rates that remained during entire year, implementation of government economy plan and talks about decline of economics and crisis made purchasers revalue their solvency and their expenditures. For example, decrease was observed not only in the number of served out mortgage credits (increment rates at the beginning of 2007 in comparison with the same period in 2006 were within 80-90%, but in October 2007 – 55%), decrease was observed also in the number of served out consumer credit (increment rates at the beginning of 2007 in comparison with the same period in 2006 were within 60-65%, but in October 2007 – 50%), decrease was observed also in new car registration number – it decreased by 6%, and also the decrease of retail turnover increment rates was observed. These indices show that in 2007 free money resources and purchasing capacity of residents have decreased.

Besides, the increase of the number of debtors and the number of liabilities are indicatives of the decrease of residents' money resources and also revaluation of household budget possibilities.

- ***Subjective factors***

With the uncertainty in real estate market and also with uncertain economical situation in the country, all participants of market have taken temporizing position. Large part of purchasers is waiting for greater price decrease; sellers are waiting for reiterative price increase but new project developers freeze or even cancel planned projects until spring and are waiting for the situation in real estate market to become stable.

**Number and increment of debtors (physical persons) in Latvia**

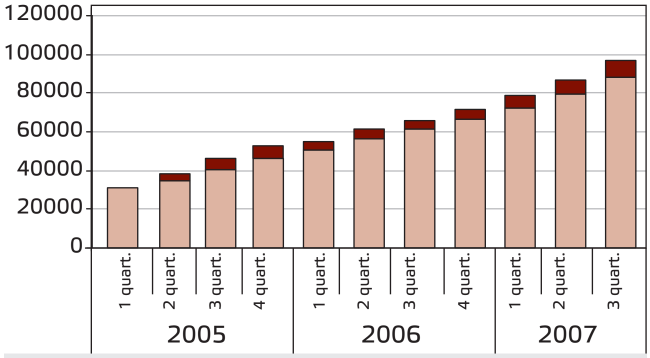



Increment of debtors (against previous quarters)

Debtors (physical persons)

*Source: Register of debtors

**Number and increment of liabilities in Latvia**

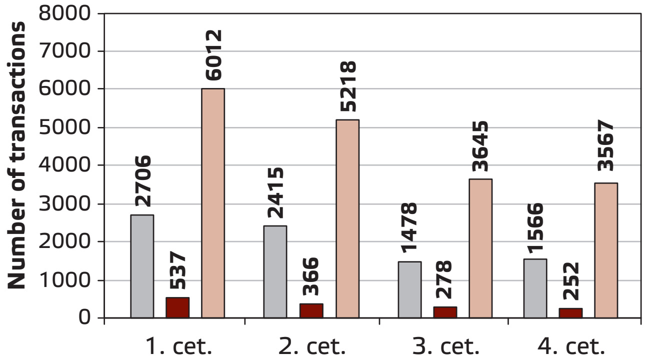



Increments of liabilities (against previous quarter)

Liabilities

*Source: Register of debtors

**Number of transactions with apartments in 2007**

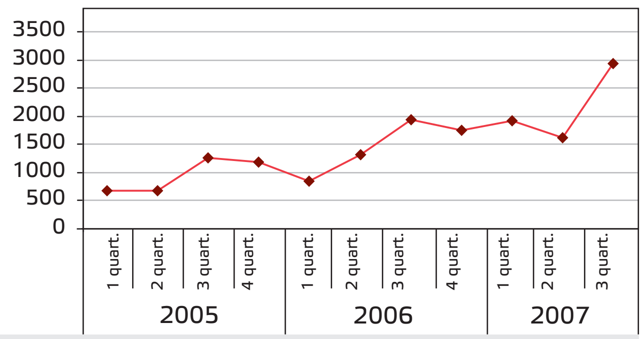



*Source: SLS Riga District of Riga Latvia

Because of all mentioned factors, the number of transactions with apartments has decreased significantly. For example, according to State Land Service of the Republic of Latvia (SLS), the number of transactions in Riga in the third quarter of 2007 in comparison with second quarter of 2007 has decreased by 63%. From this data we can conclude that rapid decrease of transactions has been observed since the inflation limitation plan provisions came into effect.

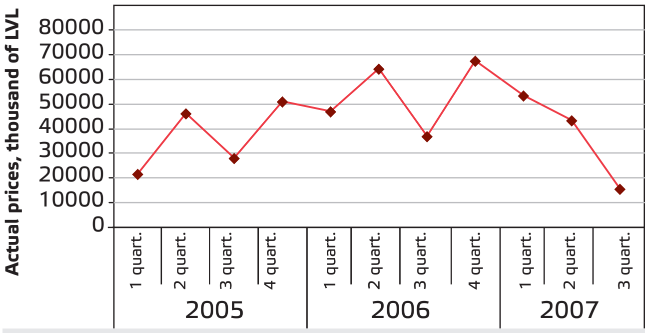
New tendency in the year 2007 was the decrease of the number of speculative transactions, which can be explained with increased expenditures in purchasing real estate and also with its decreased profitability. In addition, with decrement of purchaser activity and difficulties to sell property, operation risk of speculators increases.In the first three quarters of 2007, 6472 apartments have been built in Latvia, and it is by 57% more than in the same period in the year 2006. Although there is still deficit of qualitative apartments in market, and also housing fond on average per one resident in Latvia is significantly smaller than in old EU counties, we should consider negative demographic situation of Latvia, number of emigrating residents, as well as the fact that majority of residents of Latvia already have real estate property which means that although residents will always tend to improve their life quality, if economical situation in country becomes worse, they will not be able to live over their budget borders and buy new apartment.

**Number of constructed apartments in Latvia, in year 2005 - 2007**




*Source: CSB

**Orders of construction of new dwelling houses in Latvia**



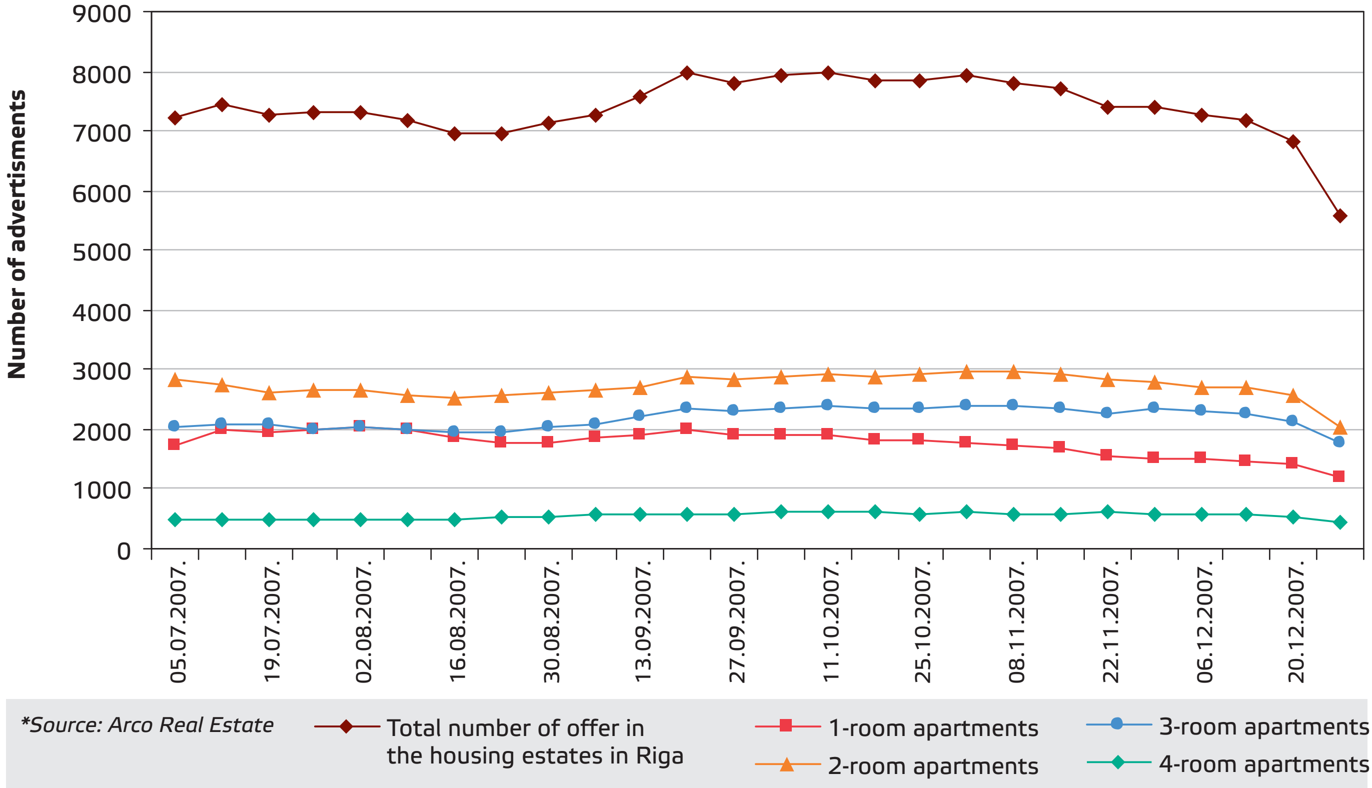

*Source: CSB

Analyzing data about announced new orders in dwellings buildings, we can see the careful attitude of developers starting from the year 2007, the number of new orders has decreased significantly.

In general, in first half of 2007 there has been price increase within 3-5% from January to April, and also price decrease from April to June to the tune of 5%; from June to October the fall of prices every month was within 2.5-3% on average, but in final months within 1.5-2.5%. However, at the second half of 2007, the tendency for seller to decrease price by 15-20% was observed in order to stimulate purchasers to buy apartment. Therefore, considering this fact and high inflation level, price decrease could be even higher.

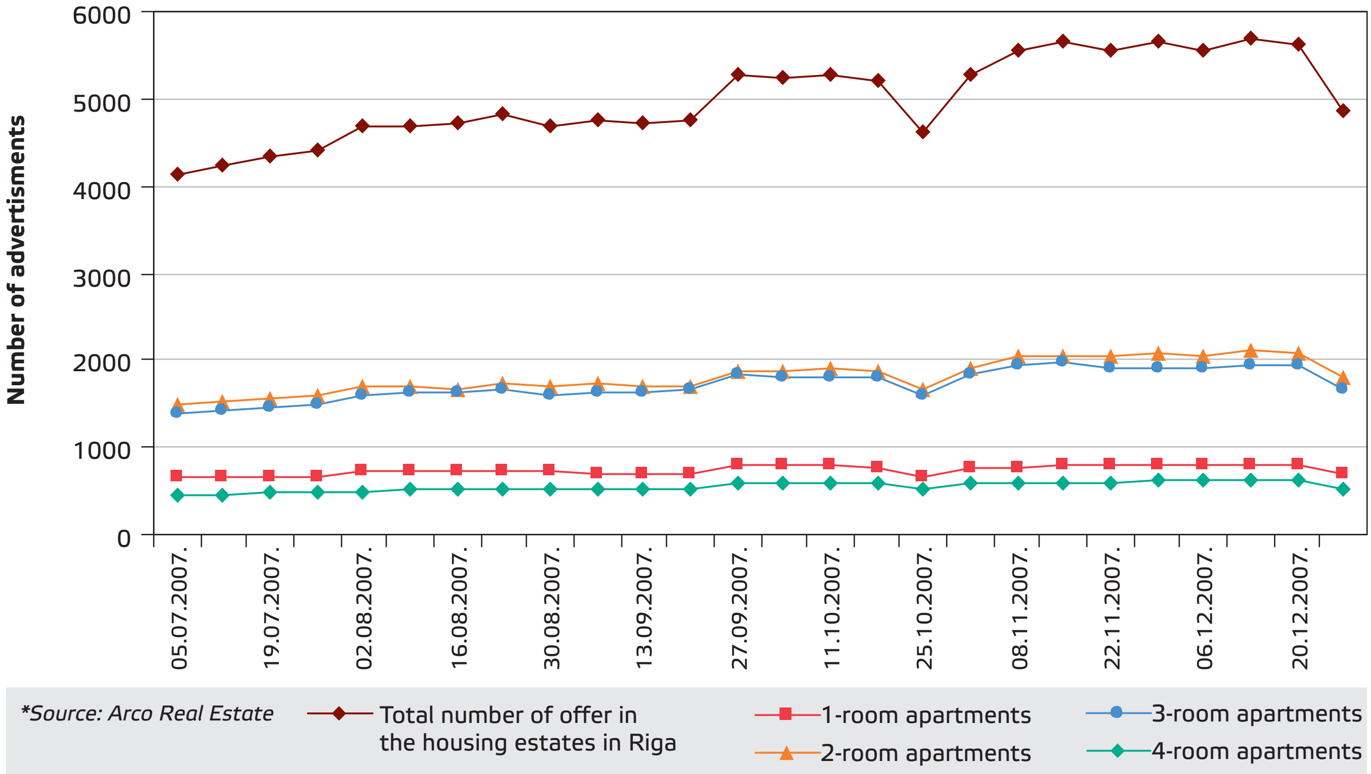
The number of offers has significantly increased both in Riga and in districts of Riga. At the end of 2006, about 6000 apartments were in offer, at the end of the first half of 2007 about 9000 apartments, but at the end of 2007 about 10500 apartments. Besides, new tendency was observed in the second half of the year the number of offers mostly increased in real estate Internet portals, where announcements were usually put in by representatives of real estate companies, but decreased in advertisement portals, where announcements were usually put in by private persons. Such situation is due to difficulties in selling apartment, therefore if previously everyone could sell apartment without strains, now flat selling is assigned to professional salespeople, in hope that they will be able to sell apartment faster. In the last weeks of the year 2007, small decrease of offer in both categories of portals was observed, which mainly can be explained with Christmas-tide.

## Dynamics of apartment supply in the advertisment portals in Riga in the second half of the year




*Source: Arco Real Estate*

## Dynamics of apartment offer in the real estate portals in Riga in the second half of the year




*Source: Arco Real Estate*

In the first three quarters of 2007, 6472 apartments have been built in Latvia, and it is by 57% more than in the same period in the year 2006.

- Greatest apartment offer in housing estates of Riga in the second half of 2007 traditionally remained in:
- Purvciems – 14-15% from aggregate amount, 3-room (40%), 2-room (31%) and 1-room (22%) apartments being the mostly offered;
- Plavnieki – 9-10% from aggregate amount, 1-room (35%), 3-room (30%) and 2-room (25%) apartments being the mostly offered;
- Imanta – 7% from aggregate amount, 2-room (42%), 3-room (40%) and 1-room (11%) apartments being the mostly offered.

At the end of 2006 there was a tendency when in offer mostly were 1-room flats, but at the end of 2007 in offer mostly were 2-room (on average 35% from aggregate amount) and 3-room (on average 30% from aggregate amount) apartments.

In the year 2007, the difference between housing estates of Riga has increased, which mainly can be explained with increased requirements of buyers when buying an apartment, more often various personal factors such as development of infrastructure, public transport traffic and accessibility, closeness of parks and others are considered. For example, price difference between cheapest housing estate in Riga, Bolderaja, and the most expensive housing estate in Riga, Teika, is 28%.

With increased requirements of buyers, demand for non-renovated apartments is decreasing at least minimal improvements have been performed in almost all offers. Net weight of completely renovated apartments is increasing, in particular in the housing estates with higher price level such as Purvciems, Plavnieki, Teika, Mezciems. The number of offers with fully furnished apartments is also increasing. Such tendency can be explained mainly with the fact that purchasers sell the old apartment when buying a new one instead of keeping it in the property as it was till now; therefore it is of their interest to start living in new apartment instantly after conclusion of transaction and not making repair work.

*Apartments in Plavnieki*

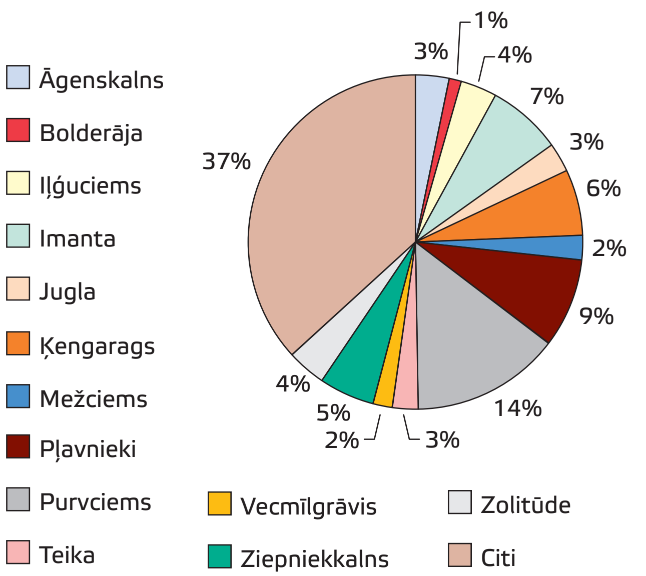
The average prices for seriated apartments in Riga have reached about 1405 EUR/m² at the end of 2007 with the following price range:

- One-room apartments – 42 000 - 68 000 EUR (on average 52 500 EUR, 1550 EUR/m²);
- Two-room apartments – 54 000 - 86 000 EUR (on average 70 200 EUR, 1450 EUR/m²);
- Three-room apartments – 69 000 - 97 000 EUR (on average 83 800 EUR, 1335 EUR/m²);
- Four-room apartments – 90 000 - 106 000 EUR (on average 96 500 EUR, 1280 EUR/m²).

At the end of 2007, the following categories can be established by apartment price level in Riga:

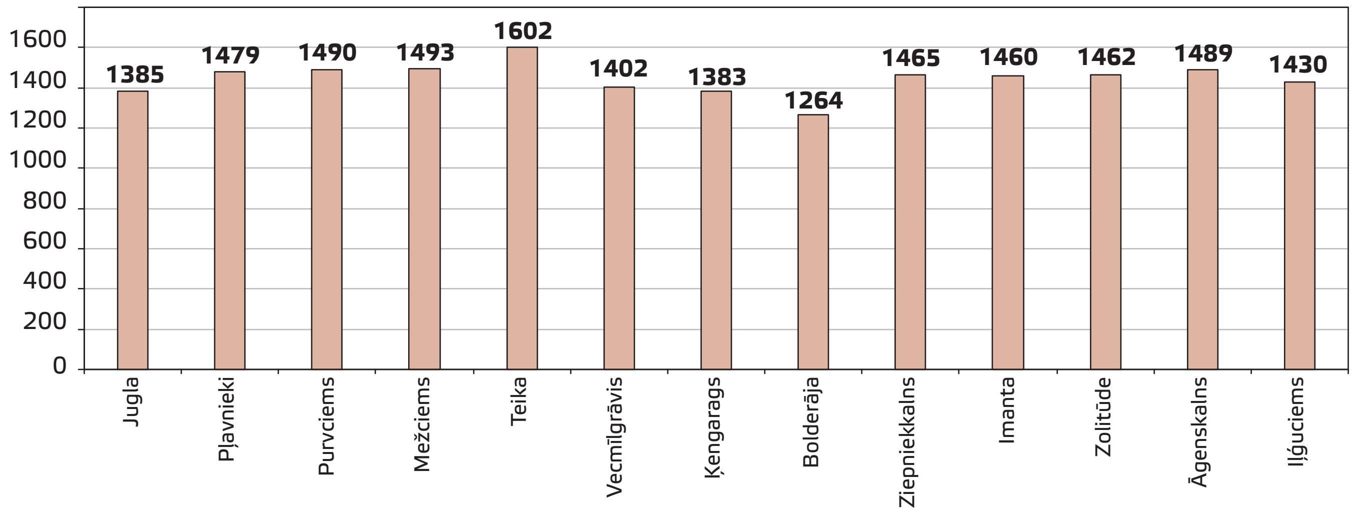
- High prices – Teika, Mezciems, Purvciems, Agenskalns, Plavnieki;
- Average prices – Zolitude, Imanta, Ziepniekkalns, Ilguciems;
- Low prices – Bolderaja, Vecmilgravis, Kengarags, Jugla.

**Structure of offer in Riga by the housing estates at the end of year 2007**




*Source: Arco Real Estate*

**Standart-type apartment prices in the housing estates of Riga on 1st January (EUR/m²)**




**Source: Arco Real Estate*

## 1.2. LOW-STORIED WOODEN BUILDINGS

Increase of the prices of apartments located in wooden buildings was observed during the first half of 2007 (till April), despite the fact that apartments of this category belong to the cheapest offers. Price increase of this category can be explained with rapid price increase of other apartments thus limiting the number of apartments which are sold considerably cheaper.

After April, decrease of demand of apartments in this category was observed and therefore apartment prices became stable. The overall average decrease of prices was within 15-20%, with particularly rapid decrease for flats in poor technical condition, non-renovated flats and flats with partial amenities.

In offer were mostly small 1-room (20-25 m²) flats (except Centre) and also average 2-room flats (35-45 m²), however, in general, offer of flats in this category was small at the end of 2007.

Price categories at the end of 2007 depending on the location in the Riga city:

- Central part of the Riga city wooden houses in courtyards – 1000 - 1800 EUR/m²..

Apartments located in houses situated in wide and sunny courtyards with sparse housing are highly demanded. This category includes also well planned and architecturally expressive dwelling houses having all amenities. Prices in this category may be up to 2000 EUR/m².

- Apartments in the central part of Riga city (Grizinkalns, Ciekurkalns) – 900 - 1500 EUR/m².

The offer includes relatively small 1-2-room apartments mainly with partial amenities without central heating and without a separate toilet and bathroom. In 2007 small offer for these category apartments was observed.

- Apartments in wooden houses at Pardaugava (Agenskalns, Tornakalns) – 750 - 1600 EUR/m².

The demand is determined by accessibility of the central part of Riga, relatively good technical position, architecture of the houses and size and number of the "green zones" in the dwelling areas. In offer there are mostly 20-25 m² small 1-room flats and average flats with area 40-45 m².

- Apartments in wooden houses at Sarkandaugava, Bolderaja, Ilguciems – 700 - 1200 EUR/m².

The offer mainly contains small 1-room (20-25 m²) flats with partial amenities. Apartments mainly are purchased by insolvent persons to move from houses in the central part of the city. The price depends on the level of amenities and the technical conditions.

- Apartments in the Latgales suburb – 500 - 1000 EUR/m².

Apartments situated in the low-storied wooden housing of Latgale suburb are characterized with very bad technical condition, small floor areas and low level of amenities, as well as rather bad demand, notwithstanding the close location to the city centre.

## 1.3. APARTMENTS IN THE CENTRAL PART OF RIGA

Price decrease of the housing estates of Riga and small activity of purchasers created conditions for the price decrease also in the centre of Riga, particularly at the second half of 2007. Lower bound of price range of apartments in the centre of Riga has decreased mostly by 15-17% on average. The main reason for such situation can be explained with wants of speculators to sell apartments as soon as possible, because the activity of purchasers has decreased.

In the peripheral part of the centre of Riga, apartment prices continued to grow until April of 2007, but after this period stabilized at 1700-2200 EUR/m²; the price for renovated apartments stabilized at the level of 1900-2400 EUR/m².

In the central part of Riga prices for some offers exceeded 6000 EUR/m² (exclusive, fully furnished apartments in architecturally valuable buildings), however, such offers were of rare occurrence. Average apartment sales prices at the end of 2007 were within 2400-3000 EUR/m². Apartment sales prices in Quiet Center in 2007 decreased insignificantly, reaching the price level of 3300-4200 EUR/m².

Price level in Old City has not changed significantly in 2007, but the range of sales prices has increased. In general, transactions involve apartments in price level 3500-4000 EUR/m², but transactions which involved apartments with disadvantageous planning or non-renovated apartments are completed at price level of 3000 to 3500 EUR/m².

In the city center in the block between Brivibas-Dzirnavu-Barona-Bruninieku streets average sell prices ranged from 2200 to 2800 EUR/m², but in the block between Valdemara-Kalpaka boulevard-Elizabetes-Eksporta-Hanzas-Dzirnavu streets average price level ranged from 3200-4100 EUR/m².

In 2007, there was observed a great offer of apartments in Center, which can be explained with entrance of many new projects in market.

Demand for apartments in the center of Riga has remained stable, which is because there are many advantages of living in the center, such as distances that are reachable on foot, constantly high value of apartment, development of infrastructure, closeness of socially important objects, prestige of residence and other factors. However, realization of expensive apartments requires considerably longer period.

Purchase of apartment in the center of Riga is considered as good and significant investment object. Such situation has remained as centre of Riga is limited in its area and, despite price fluctuation in the housing estates of Riga, price level in the center of Riga will remain high.

- ***Old City***

A significant price growth has not been observed since the year 2006 lower bound of price range has decreased slightly. It can be explained with relatively high price level and limited demand (the number of residents that are able to purchase elitist apartment in Old City is not increasing).

Purchasers of apartments can be divided into three categories:

foreigners who purchase apartments for vacation or in case of work related trips, but mostly this category of purchasers choose to rent apartments instead of buying;

residents of Latvia, whose basic residence is in vicinity of elitist private house and who purchase such apartments as long-term reserve apartments;

purchasers who place their free money assets, considering apartments as safe investment objects and after purchase renting them out.

*Renovated apartments:*
*price range – 4100-5500 EUR/m²;*

*Non-renovated apartments:*
*price range – 3300-4500 EUR/m².*

- ***Boulevard Ring***

***(Aspazijas, Raina etc., including Elizabetes (Ausekla-Rupniecibas-Vidus streets), Antonijas and Alberta streets)***

The demand has remained stable, especially in the category of apartments having area up to 100 m2. Price level has not changed significantly during 2007, but the price range has increased and the lower bound of price range has decreased. Also, there were observed some transactions and offers, prices of which reached 6000 EUR/m².

In 2007, offer of non-renovated apartments in reconstructed houses has decreased significantly, which mainly can be explained with the increased demand of purchasers.

In case of apartment purchase, possibilities to park automobile are important, which is topical problem in all areas of center. Another drawback is the lack of “green zone”.

*Renovated apartments:*
*price range – 3300-5000 EUR/m²;*

*Non-renovated apartments:*
*price range – 2600-4200 EUR/m².*

- ***Valdemara-Dzirnavu-Brivibas-Bruninieku streets***

In 2007, offer and demand in this category of apartments has remained stable; nonetheless, price level changes were observed prices have returned in the price level of the beginning of 2007.

*Renovated apartments:*
*price range – 2500-3500 EUR/m²;*

*Non-renovated apartments:*
*price range – 2200-3000 EUR/m².*

- ***Barona-Dzirnavu-Brivibas-Bruninieku streets***

In 2007, the demand and offer remained stable; however, demand had a tendency to decrease after April. As a result, prices decreased a little.

A significant drawback of apartments located in this part is the high traffic intensity, which determines lower price level.

*Renovated apartments:*
*price range – 2300-3500 EUR/m²;*

*Non-renovated apartments:*
*price range – 1900-2800 EUR/m².*

- ***Separate locations at Pardaugava (Kugu, Balasta dambis, neighborhood of the Radisson SAS hotel)***

*Renovated apartments and apartments in new houses: price range – 2300-4800 EUR/m²;*

*Non-renovated apartments: price range – 1800-2400 EUR/m².*

- ***Nearby Pardaugava (Slokas street, neighborhood of the Maritim hotel)***

*Apartments in new houses:*
*price range – 2400-3300 EUR/m²;*

*Renovated apartments:*
*price range – 1900-2600 EUR/m²;*

*Standard-type apartments:*
*price range – 1700-2100 EUR/m².*

- ***Other apartments located in the city centre***

After April of 2007, apartment prices decreased in the peripheral parts of centre, returning to the price level of the beginning of the year. Nonetheless, the tendency to approach prices of apartments located in the very center has remained.

*Elizabetes street*

When purchasing apartment, relation between price and quality (both house and apartment technical condition) becomes more substantial. Thereby prices of many non-renovated apartments are inconsequentially higher in the peripheral part of centre than the expensive housing estates prices.

*Renovated apartments:*
*price range – 1800-2500 EUR/m²;*

*Non-renovated apartments:*
*price range – 1500-2200 EUR/m².*

## 2.4. New dwelling houses

In the second half of 2007, demand for standard-type apartments decreased, but demand for apartments in new projects was still high. However, as a result of bank credit policy change and decline of general state of economics, possibilities of residents to purchase new apartment are limited. For example, number of transactions with new apartments started to decrease in May and reached record-low number of transactions in September. Although the number of transactions with new apartments increased in the last months of 2007, it still remained low.

As the result of these factors, both developers and purchasers have become more careful; developers analyze and evaluate more scrupulously the possibilities of market, demand and profitability of new projects. For example, many small developers resigned from their initial plans to build dwelling houses in the housing estates of Riga. That can be concluded from growing number of announcements with already drawn up projects for construction of dwelling houses. But large developers, considering existing situation in market, decided to suspend construction of new projects.

In 2007, a new tendency was the increased demands of residents. For example, some factors are becoming more important for buyers, such as quality, quiet and "green" environment, good infrastructure of vicinity, favorable environment for children and other personal factors.

As the result of resident demand increase in 2007, new tendency arose in new project market  apartments are mostly sold with full finish. For example, in the last six months there were announced 11 new projects without finish and 18 new projects with full finish. When analyzing advertisements of new projects, the same tendency can be seen  apartments with full finish are of the greater offer. Purchase of an apartment with full finish simplifies mortgage loan receipt, because buying an apartment without full finish should be renovated but residents of Latvia usually do not have spare cash, which is why they are forced to take another lean for covering the expenses of renovation, which is bothersome in present circumstances.

Another group of buyers who willingly purchase apartments with full finish is people who sell their old apartment to buy a new one. Therefore this group of buyers is interested to move to the new apartment as quickly as possible, in order not to rent apartment while the new one is being renovated.

With the increase of quality and offer in new project market buyers more and more infrequently want to buy an apartment in virtual reality stage. As a result, apartment reservation in new projects has decreased almost by a half. Mostly that can also be explained with rapid decrease of the number of speculative transactions.

Developers of new projects strive to avoid speculative transactions because their offered price level in existing market situation is on average by 20-30% lower than developers and so they create competition in such way. For example, starting from September there were observed advertisements in which the price was even lower than non-renovated seriated flat average price in Riga housing estates. The lowest prices were recorded in Purvciems, in new project at Puces street, where it was even possible to purchase apartments without finish for 1300 EUR/m². Such advertisements are most likely placed by speculators who, in order to earn money, some time ago signed before-contracts for apartment purchase, possibly, with juridical burdens for before-contracts selling, and now they are forced to sell them for very low price because of inability to execute liabilities of banks, juridical burdens and decrease of buyers' activity.

But, in order to stimulate buyers to purchase new apartment, developers of new projects continue to offer various gifts and discounts such as parking place, kitchen unit, journey, new car and other things whose value is measurable in several thousands of EUR. For some new projects in the second half of 2007, developers were forced to decrease prices insignificantly, but price decrease was not observed in large quantities and developers continue to maintain prices at previous level. Besides, purchasers sometimes ask for discount to the tune by 8-10% when purchasing apartment without any special reason.

Banks have become more careful in handing out credits not only for private persons but also for developers of new projects. For example, banks finance only qualitatively developed new projects for enterprises which already have large experience in new project construction, which have clear and certain plans of infrastructure development improvement works, greening works, establishment of area for children etc. Thereby developers should pay more attention to their new project positioning in market and should promote various measures of marketing. Furthermore, banks have decreased portion of financing of credit, for example, while dwelling prices continued to increase, banks mostly financed 90% of credit aggregate sum, but in these circumstances on average 80% or even 70%. Such credit policy of banks has stimulated disappearance of small developers from market and strengthened market positions of professional developers.

At the second half of 2007, 1174 apartments were announced in Riga and, with the decrease of the number of buyers, prudence of developers in construction of large scale projects was observed. For example, at the second half of 2007 there were observed announcements of new projects in market, in which the number of apartments did not exceed 30 units of apartments. Accordingly, at the second half of 2007 there were announced only two large scale new projects with the number of apartments exceeding 100 units dwelling house in 23 Spilves Street and NCC dwelling house in 162 Bikernieku Street.

In the year 2007, the demand has remained for apartments of area 50-90 m². In comparison with previous periods, relatively many apartments with appropriate floor space are also offered, although relatively many new projects of area from 120 to 200 m² are offered.

In 2007, all housing estates of Riga except Bolderaja and Vecmilgravis were developed. Admittedly, most of all new projects are developed in the most popular housing estates, such as Plavnieki, Purvciems and the centre of Riga. In 2007, most of all new projects were announced in the housing estates of Riga (approximately 60% from the total number of new projects in Riga).

Basing upon the new projects, the dwellings existing in the Riga City at the end of 2007 may be divided in the following categories:

- Individual low-rise buildings (up to four floors Ezermeži, Nordeķu house, Equilibrium, 84 Slokas Street etc.);
- Low-rise building blocks (up to five floors NCC dwelling houses in 162 Biķernieku Street etc.);
- Separate 5-7 floor buildings (located mainly in the centre, Old City but also in individual housing estates of Riga 27 Lidoņu Street, Jurta, 38 Matisa Street, Park Side etc.);
- Separate multi-storey buildings (Astra Lux, 86 Krasta Street, 23 Spilves Street etc.);
- Multi-storey building complexes (Skanstes virsotnes, Solaris, Panorama Plaza).

The growing supply of new dwellings escalates competition between existing housing (including seriated apartments) and the new housing units. With the price decrease of seriated apartments, the difference between new apartment (without finish) and non-renovated standard-type flat has increased. For example, at the first half of the year this difference was 20-30%, whereas at the end of the year it was 30-35%.

The average price growth at the first half of the year was 5-20% (the greatest price growth was in the housing estates of Riga, but the least in the centre of Riga and in the peripheral part of centre). The main reasons for price growth were the increase of construction costs and the deficit of qualitative dwellings. But at the second part of the year apartment price decrease was observed by 10% on average. The greatest price decrease was for apartments without finish in the housing estates of Riga.

The highest prices in the year 2007 traditionally remained in such housing estates of Riga as Mezaparks, Purvciems, Teika and Vecaki.

Price level of new apartments at the end of 2007:

- Without finish in the dwelling houses of Riga (cosmetic renovation needed) 1350 (speculators price) 2100 EUR/m²; on average – 1850 EUR/m²;

Price level of new apartments at the end of 2007:

- Without finish in the dwelling houses of Riga (cosmetic renovation needed) – 1350 (speculators price) 2100 EUR/m²; on average – 1850 EUR/m²;
- With finish in the dwelling houses of Riga (including installed plumbing devices) 2000-2700 EUR/m²; on average – 2300 EUR/m²;
- With finish in the centre of Riga – 2600 - 4300 EUR/m²; on average – 3500 EUR/m²;
- Apartments in exclusive projects (Old City, historical centre of Riga). Prices depend mainly on the location, project infrastructure and architectural solutions, and, to a lesser extend on the interior decoration degree. Prices – 3000 - 7000 EUR/m².

**New projects announced in Riga in the second half of the year 2007:**

| Name | Housing estate | Address | Finishing quality | Price EUR/m² | Price EUR/m² for typical apartment** | Number of objects |
|---|---|---|---|---|---|---|
| *Spilves 23* | Iļģuciems | Spilves 23 | Without finish | 1700 - 2000 | 1850 | 120 |
| *Artilērijas 15* | Centre | Artilērijas 15 | Full finish | 3500 - 3800 | 3600 | 20 |
| *Lāču 5* | Centre | Lāču 5 | Full finish | 2500 - 3650 | 3400 | 31 |
| *Lidoņu 27* | Iļģuciems | Lidoņu 27 | Without finish | no 2000 | - | 62 |
| *Ezermeži* | Jugla | Mazā Juglas 3a | Without finish | no 2600 | 3500 | 18 |
| *Nordeķu nams* | Iļģuciems | Lilijas / Buļļu street crossing | Without finish | no 1800 | 2000 | 22 |
| *Nometņu iela 3* | Pārdaugava | Nometņu 3 | Full finish | no 3100 | 3200 | 13 |
| *Dārza 20* | Purvciems | Dārza 20 | Full finish | no 2029 | 3200 | 24 |
| *Senču ielas nami* | Centre | Senču | Full finish | 2100 - 2200 | 2200 | 9 |
| *Zaubes 9* | Centre | Zaubes 9 | Full finish | no 3800 | 4100 | 28 |
| *Equilibrium* | Jugla | Brīvības 446 | Full finish | no 2800 | 3129 | 23 |
| *Ozolu iela* | Pļavnieki | Ozolu 1 | Full finish | no 1300 | Available only in the 1st floor | 12 |
| *Jurta* | Purvciems | Rumbulas 9a | Full finish | 2500-2700 | 2600 | 26 |
| *Matīsa 38* | Centrs | Matīsa 38 | Full finish | no 2360 | 2600 | 45 |
| *Saules ieleja* | Centrs | Čiekurkalna 2. šķērslīnija b/n | Without finish | 1778 - 2063 | 1900 | 30 |
| *Blaumaņa iela* | Centrs | Blaumaņa 12a | Without finish | no 5177 | 5177 | 14 |
| *Slokas 84* | Iļģuciems | Slokas 84 | Full finish | 2400 - 2600 | 2500 | 28 |
| *Ozolnams* | Pļavnieki | Ozolu 1a | Full finish | - | 2090 | 27 |

**New projects announced in Riga in the second half of the year 2007:**

| Name | Housing estate | Address | Finishing quality | Price EUR/m² | Price EUR/m² for typical apartment** | Number of objects |
|---|---|---|---|---|---|---|
| *Amber apartaments* | Vecāķi | Pludmales 9 | Without finish | no 2000 | 2351 | 14 |
| *Kuldīgas 37/39* | Pārdaugava | Kuldīgas 37/39 | Full finish | 2500 - 2600 | 2560 | 79 |
| *Krasta 86* | Krasta masīvs | Krasta 86 | Without finish | 3500 - 4500 | 3500 | 30 |
| *Meijas* | Dārzciems | Stopiņu 8k1 | Without finish | 1700 - 1990 | 1725 | 24 |
| *Pirmais īpašums* | Imanta | Ķiburgas | Full finish | 1850 - 1900 | 1900 | 36 |
| *NCC mājas Biķernieku ielā 162* | Mežciems | Biķernieku 162 | Full finish | no 1882 | - | 322 |
| *Park Side* | Centre | Rūpniecības 34a | Full finish | no 3200 | - | 24 |
| *Pludmales 9* | Vecāķi | Pludmales 9 | Without finish | 2200 - 2500 | 2350 | 14 |
| *Caramel* | Centre | Tallinas 1 | Full finish | no 2400 | 2500 | 42 |
| *Fitinghofa nams* | Centre | Vāgnera 2 | Full finish | no 5000 | - | 12 |
| *Upīša Galerija* | | E. Birznieka Upīša 20a | Without finish | 3000 - 4500 | 3000 | 25 |

**Source: Arco Real Estate*　　***Typical apartment apartment in new project, on 2nd or 3rd floor, with area range 70-80 m².*

## 2.5. APARTMENT MARKET IN THE VICINITY OF RIGA

Tendency of purchaser activity decrease after April of 2007 was observed also in the vicinity of Riga. Until April prices of apartments continued to increase (average price increase was 10-15%), but after this period the decrease of demand was observed (demand is formed mainly by persons working in Riga, who due to financial considerations do not purchase an apartment in Riga and search for one that lies further from Riga) and also average price level decrease was observed, although it was lesser than in Riga. And with the price decrease in Riga, potential purchasers took expectant position and delayed their purchases in order to wait for greater price decrease so they could afford to buy an apartment in Riga.

In the vicinity of Riga, average price decrease starting from April was 10-12%; the most rapid price decrease was experienced during the time period from July until September, but in the last three months of a year prices of apartments stabilized.

With the price stabilization in the vicinity of Riga in the last months, but continuous recession of prices in Riga, the situation when prices in some regions of the vicinity of Riga approach price level of Riga city was created. For example, an average price in Ogre in comparison with average prices in Riga makes price difference in tune of only 6%, but in Salaspils in tune of 10-12%. Such small price difference in Ogre mainly can be explained with deficit of dwellings and so prices maintain such high level. In general, however, price level difference between Riga and the vicinity of Riga is 18-20% on average.

At the end of 2007, price level in soviet and prewar constructed houses ranged from 850-1330 EUR/m², depending on availability of infrastructure, distance from Riga and technical condition.

The most active regions of the secondary dwelling market in the vicinity of Riga are Ādaži, Salaspils, Mārupe, Ķekava and Baloži. These also are the regions with greatest concentration of residents.

*Apartments nearby Riga, Līči.*

## 2.6. MARKET OF NEW DWELLINGS LOCATED IN THE VICINITY OF RIGA

The main development centers of new dwellings outside Riga city have been those that border with Riga Ādaži, Baloži, Garkane, Salaspils and Mārupe. In the second half of 2007, offer in Salaspils increased significantly, but it has been irregular in other regions.

Prices of dwellings without finish have been comparable with non-renovated seriated apartments in the housing estates of Riga, but with full finish  with renovated standard-type apartment prices. Outside Riga the price level of new dwellings is proportional to the distance from Riga  with greater growth in the centers of regions and bigger cities. However, the location in the center of the region cannot always provide rapid sell.

Because of activity decrease of residents and developers in Riga and in the vicinity of Riga, the capital, although in lesser scale, is starting to flow also to the economically developed city centers of Latvia  Valmiera, Bauska, Jelgava, Venstpils, Tukums, Ogre etc. Selling price level for apartments in the regions of Latvia was in the range of 600-1600 EUR/m². Increase of activity in the regions mainly can be explained with the increase of income level of residents because of activation of entrepreneurship and also because of lower risk level dwellings constructed in the soviet period in the regional cities of Latvia are almost in the same price level as apartments in new projects. However, consequences of the passage of "inflation limitation plan" was tangible also in the regions of Latvia, because price level decreased for both new and standard-type apartments and also development suspension of some new projects was observed.

At the end of 2007 the dwelling prices in the new multi-apartment houses located in the vicinity of Riga (except Jūrmala) reached the following level in separate categories:

- Without finish (cosmetic renovation needed) 1100 - 1600 EUR/m²; 1400 EUR/m² on average;
- With finish (including installed plumbing devices) 1300 - 2100 EUR/m²; 1700 EUR/m² on average.

**New projects announced in Riga in the second half of the year 2007:**

| Name | Housing estate | Address | Finishing quality | Price EUR/m² | Price EUR/m² for typical apartment** | Number of objects |
|---|---|---|---|---|---|---|
| *Ādažu ielas nams* | Baltezers, Rīgas raj. | Ādažu iela | Without finish<br>Full finish | 2100 - 2300 | - | 6 |
| *Atpūtas 2* | Inčukalns | Atpūtas 2 | Full finish | 1300 - 1500 | 1500 | 22 |
| *Priežvidi* | Salas pagasts | Spuņņciems | Full finish | 1400 - 1600 | 1600 | 25 |
| *Smilšu iela 9* | Baloži | Smilšu iela 9 | Without finish | no 1422 | 1992 | 90 |
| *Baldones nams* | Baldone | Pasta iela 4 | Full finish | 1000 - 1250 | | 45 |
| *Sēļi* | Mārupes pag. | Sēļu 22/24 | Witfout finish | - | | 93 |
| *Griezes iela 19* | Salaspils | Griezes 19 | Witfout finish | 1300 - 1450 | 1445 | 60 |
| *Nometņu 38* | Salaspils | Nometņu 38 | Witfout finish | 1300 - 1550 | 1420 | 60 |
| *Silmaļu iela 27* | Salaspils | Silmaļu 27 | Full finish | 1280 - 1422 | 1422 | 37 |
| *Pilskalnu nami* | Mārupe | Daugavas/Tēriņu ielas tuvumā | Full finish | - | 2140 | 8 |
| *Kokles iela 28* | Mārupes pag. | Kokles 28 | Full finish | 2700 | 2700 | 4 |
| *Vītiņu ielas nams* | Mārupe | Vītiņu iela 4 | - | 1958 - 2187 | 1964 | 12 |
| *Debeskalni* | Stopiņi | Saulrieši | Full finish | 1500 - 1600 | - | 61 |
| *Silakroga nams* | Ropažu pag. | Silakrogs | | 1400 | 1400 | 62 |

**Source: Arco Real Estate*  ***Typical apartment  apartment in new project, on 2nd or 3rd floor, with area range 70-80 m².*

## 2.7. SUMMARY OF APARTMENT MARKET

In the year 2007, prices continued to increase rapidly (3-5% every month) until April, but after this period there was a decrease of demand and also selling price level. The main reason for such situation was the accepted law amendments which changed credit policy of banks in the country and increased tax burden of real estate registration. Also, recession of real estate market in world, significant increase of interest rates, high rates of inflation, talks about cooling and recession of economics and expectations of price stabilization has promoted decrease of market activity.

Because of decrease of demand in the year 2007 the increase of offer was observed in Riga, as well as other regions of Latvia. Such growth of supply has stimulated sellers to offer their properties for price which is by 15-20% lower than average market price.

The greatest demand has been for 2-3 room apartments with area of 50-90 m². Due to standard-type apartment price decrease starting from May of 2007 (prices decreased on average by 15-20%), prices at the end of the year, in comparison with the end of the year 2006, were lower by 3%. Other apartment price level decrease (outside Riga) has been in the tune of 10%.

Because of activity decrease in the real estate market:

- rapid decrease of speculative transactions was observed;
- developers suspended construction of new projects or gave up initial plans;
- small developers slowly leave real estate market while professional developers strengthen their positions;
- because of offer increase, quality demand increment of purchasers was observed and also personally important factors became more significant;
- rapid decrease of transactions was observed;
- decrease of the number of transactions with standard-type apartments was observed.

**The prices of apartments at the end of 2007 in certain most important areas**

| Location | Price |
|---|---|
| ***The Old Riga*** | |
| *Renovated apartments* | *4100-5500 EUR/m²* |
| *Non-renovated apartments* | *3300-4500 EUR/m²* |
| ***The Boulevard Circle*** | |
| *Renovated apartments, apartments in restored buildings* | *3300-5000 EUR/m²* |
| *Non-renovated apartments* | *2600-4200 EUR/m²* |
| ***Valdemāra-Dzirnavu-Brīvības-Bruņinieku Streets*** | |
| *Renovated apartments* | *2500-3500 EUR/m²* |
| *Non-renovated apartments* | *2200-3000 EUR/m²* |
| ***Barona-Dzirnavu-Brīvības-Bruņinieku Streets*** | |
| *Renovated apartments* | *2300-3500 EUR/m²* |
| *Non-renovated apartments* | *1900-2800 EUR/m²* |
| ***Locations in Pārdaugava (Kuģu street, Balasta dambis, area adjacent to Radisson SAS)*** | |
| *Renovated apartments, apartments in new houses* | *2300-4800 EUR/m²* |
| *Non-renovated apartments* | *1800-2400 EUR/m²* |
| ***Nearby Pārdaugava (Slokas Street, area adjacent to hotel Maritim)*** | |
| *Apartments in new houses* | *2400-3300 EUR/m²* |
| *Renovated apartments* | *1900-2600 EUR/m²* |
| *Standard-type apartments* | *1700-2100 EUR/m²* |
| ***Other part of Center of Riga*** | |
| *Renovated apartments* | *1800-2500 EUR/m²* |
| *Non-renovated apartments* | *1500-2200 EUR/m²* |
| ***New apartment buildings*** | |
| *Without finish in the housing estates of Riga* | *1350-2100 EURm²* |
| *With full finish in the housing estates of Riga* | *2000-2700 EUR/m²* |
| *With full finish in the center of Riga* | *2600-4300 EUR/m²* |
| *Buildings in exclusive locations* | *3000-7000 EUR/m²* |
| ***Standard-type apartments*** | *1260-1600 EUR/m²* |
| ***Wooden buildings in the Center*** | *1000-1800 EUR/m²* |
| ***Wooden buildings*** | *500-1600 EUR/m²* |

**Source: Arco Real Estate*

## Prices of standard-type apartments in Riga and near regions (1st January, 2007; prices in EUR)

### Jugla

| | 103. | Spec. proj. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **50 000** | **50 000** | | | | **48 000** | **46 000** | **47 000** | **48 200** |
| *Dec. 2006* | *52 000* | *51 000* | | | | *50 000* | *49 000* | *44 000* | *49 000* |
| **2-room** | **68 000** | **65 000** | | | | **60 000** | **59 000** | | **63 000** |
| *Dec. 2006* | *69 000* | *71 000* | | | | *67 000* | *65 000* | | *68 000* |
| **3-room** | **86 000** | **85 000** | | | | **76 000** | **75 000** | | **80 500** |
| *Dec.2006* | *89 000* | *91 000* | | | | *81 000* | *79 000* | | *85 000* |
| **4-room** | | | | | | | | | |
| *Dec. 2006* | | | | | | | | | |

### Pļavnieki

| | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **57 000** | **63 000** | **50 000** | **60 000** | **53 000** | | | **49 000** | **55 333** |
| *Dec. 2006* | *56 000* | *63 000* | *55 000* | *68 000* | *55 000* | | | *53 000* | *58 000* |
| **2-room** | **74 000** | **78 000** | **70 000** | **83 000** | **73 000** | | | | **75 600** |
| *Dec. 2006* | *82 000* | *86 000* | *77 000* | *88 000* | *77 000* | | | | *80 000* |
| **3-room** | **91 000** | **94 000** | **79 000** | **93 000** | **85 000** | | | | **88 400** |
| *Dec. 2006* | *94 000* | *96 000* | *88 000* | *98 000* | *88 000* | | | | *91 000* |
| **4-room** | | | **97 000** | **104 000** | **95 000** | | | | **98 667** |
| *Dec. 2006* | | | *101 000* | *108 000* | *102 000* | | | | *104 000* |

### Purvciems

| | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **53 000** | **65 000** | **52 000** | **62 000** | **54 000** | **48 000** | **47 000** | **48 000** | **53 625** |
| *Dec. 2006* | *57 000* | *65 000* | *56 000* | *69 000* | *56 000* | *55 000* | *54 000* | *51 000* | *58 000* |
| **2-room** | **76 000** | **85 000** | **71 000** | **83 000** | **75 000** | **63 000** | **62 000** | | **73 571** |
| *Dec. 2006* | *84 000* | *88 000* | *80 000* | *91 000* | *81 000* | *74 000* | *73 000* | | *81 500* |
| **3-room** | **90 000** | **95 000** | **82 000** | **94 000** | **85 000** | **78 000** | **77 000** | | **85 857** |
| *Dec. 2006* | *96 000* | *100 000* | *91 000* | *104 000* | *92 000* | *85 000* | *83 000* | | *93 000* |
| **4-room** | | | **94 000** | **104 000** | **96 000** | | | | **98 000** |
| *Dec. 2006* | | | *103 000* | *110 000* | *104 000* | | | | *104 000* |

### Mežciems

| | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | | **66 000** | **50 000** | | | **50 000** | | | **55 333** |
| *Dec. 2006* | | *64 000* | *55 000* | | | *53 000* | | | *57 000* |
| **2-room** | | **85 000** | **69 000** | | | **67 000** | | | **73 667** |
| *Dec. 2006* | | *86 000* | *77 000* | | | *73 000* | | | *78 000* |
| **3-room** | | **97 000** | **81 000** | | | **81 000** | | | **86 333** |
| *Dec. 2006* | | *99 000* | *89 000* | | | *83 000* | | | *90 000* |
| **4-room** | | | **94 000** | | | | | | **94 000** |
| *Dec. 2006* | | | *101 000* | | | | | | *101 000* |

### Teika

| | 103. | 104. | Spec. proj. | Stalin | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **59 000** | | **54 000** | **63 000** | | | **51 000** | | **56 750** |
| *Dec. 2006* | *59 000* | | *62 000* | *63 000* | | | *56 000* | | *60 000* |
| **2-room** | **81 000** | | **76 000** | **86 000** | | | **68 000** | | **77 750** |
| *Dec. 2006* | *86 000* | | *87 000* | *88 000* | | | *77 000* | | *84 000* |
| **3-room** | **94 000** | | **90 000** | **110 000** | | | **83 000** | | **94 250** |
| *Dec. 2006* | *98 000* | | *93 000* | *116 000* | | | *84 000* | | *98 000* |
| **4-room** | | | | | | | | | |
| *Dec. 2006* | | | | | | | | | |

## Standard-type apartments in the vicinity of Riga (1st January, 2007; prices in EUR)

| **Vecmilgrāvis** | 103. | 104. | 602. | Stalin | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **48 000** | | **50 000** | **54 000** | **49 000** | **47 000** | **44 000** | **47 000** | **48 429** |
| *Dec. 2006* | *50 000* | | *49 000* | *51 000* | *49 000* | *47 000* | *46 000* | *45 000* | *48 000* |
| **2-room** | **67 000** | | **68 000** | **73 000** | **68 000** | **60 000** | **58 000** | | **65 667** |
| *Dec. 2006* | *67 000* | | *66 000* | *67 000* | *67 000* | *63 000* | *61 000* | | *68 500* |
| **3-room** | **83 000** | | **80 000** | **87 000** | **80 000** | **74 000** | **75 000** | | **79 833** |
| *Dec. 2006* | *81 000* | | *78 000* | *82 000* | *78 000* | *76 000* | *75 000* | | *78 000* |
| **4-room** | | | **95 000** | | **94 000** | | | | **94 500** |
| *Dec. 2006* | | | *85 000* | | *86 000* | | | | *85 500* |

| **Ķengarags** | 103. | 104. | 602. | Spec. proj. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | | **51 000** | **49 000** | | **50 000** | **46 000** | **45 000** | **47 000** | **48 000** |
| *Dec. 2006* | | | *52 000* | | *52 000* | *49 000* | *48 000* | *50 000* | *50 000* |
| **2-room** | | **70 000** | **68 000** | | **68 000** | **61 000** | **61 000** | | **65 600** |
| *Dec. 2006* | | | *69 000* | | *68 000* | *62 000* | *62 000* | | *65 000* |
| **3-room** | | **89 000** | **80 000** | | **78 000** | **71 000** | **71 000** | | **77 800** |
| *Dec. 2006* | | | *82 000* | | *81 000* | *76 000* | *75 000* | | *78 500* |
| **4-room** | | | **90 000** | | **90 000** | | | | **90 000** |
| *Dec. 2006* | | | *85 000* | | *86 000* | | | | *85 500* |

| **Bolderāja** | 103. | 104. | 602. | Spec. proj. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **44 000** | | | **49 000** | | **43 000** | **42 000** | **45 000** | **44 600** |
| *Dec. 2006* | *49 000* | | | *50 000* | | *46 000* | *45 000* | *45 000* | *47 000* |
| **2-room** | **64 000** | | | **66 000** | | **55 000** | **54 000** | | **59 750** |
| *Dec. 2006* | *65 000* | | | *66 000* | | *60 000* | *59 000* | | *62 000* |
| **3-room** | **76 000** | | | **80 000** | | **69 000** | **69 000** | | **73 500** |
| *Dec. 2006* | *78 000* | | | *79 000* | | *72 000* | *70 000* | | *74 500* |
| **4-room** | | | | | | | | | |
| *Dec. 2006* | | | | | | | | | |

| **Ziepniekkalns** | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **54 000** | **68 000** | **51 000** | **64 000** | | **49 000** | **48 000** | **50 000** | **54 857** |
| *Dec. 2006* | *55 000* | *63 000* | *54 000* | *66 000* | | *50 000* | *49 000* | *50 000* | *55 000* |
| **2-room** | **71 000** | **84 000** | **70 000** | **79 000** | | **62 000** | **62 000** | | **71 333** |
| *Dec. 2006* | *75 000* | *76 000* | *73 000* | *81 000* | | *66 000* | *64 000* | | *72 000* |
| **3-room** | **86 000** | **95 000** | **84 000** | **92 000** | | **77 000** | **76 000** | | **85 000** |
| *Dec. 2006* | *86 000* | *88 000* | *85 000* | *96 000* | | *80 000* | *78 000* | | *85 000* |
| **4-room** | | | **95 000** | **102 000** | | | | | **98 500** |
| *Dec. 2006* | | | *96 000* | *102 000* | | | | | *98 000* |

| **Imanta** | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | | **64 000** | **50 000** | | **49 000** | **47 000** | | | **52 500** |
| *Dec. 2006* | | *63 000* | *55 000* | | *55 000* | *53 000* | | | *54 000* |
| **2-room** | | **81 000** | **69 000** | | **70 000** | **63 000** | | | **70 750** |
| *Dec. 2006* | | *77 000* | *74 000* | | *74 000* | *67 000* | | | *72 000* |
| **3-room** | | **92 000** | **80 000** | | **82 000** | **79 000** | | | **83 250** |
| *Dec. 2006* | | *90 000* | *85 000* | | *85 000* | *81 000* | | | *84 000* |
| **4-room** | | | **93 000** | | **96 000** | | | | **94 500** |
| *Dec. 2006* | | | *96 000* | | *97 000* | | | | *96 000* |

## Prices of standard-type apartments in Riga and near regions (1st January, 2007; prices in EUR)

| | | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|---|
| **Zolitūde** | **1-room** | | **66 000** | | **63 000** | | | | | **64 500** |
| | *Dec. 2006* | | *65 000* | | *64 000* | | | | | *64 000* |
| | **2-room** | | **84 000** | | **77 000** | | | | | **80 500** |
| | *Dec. 2006* | | *81 000* | | *80 000* | | | | | *80 000* |
| | **3-room** | | **95 000** | | **90 000** | | | | | **92 500** |
| | *Dec. 2006* | | *98 000* | | *97 000* | | | | | *97 000* |
| | **4-room** | | | | **106 000** | | | | | **106 000** |
| | *Dec. 2006* | | | | *109 000* | | | | | *109 000* |

| | | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|---|
| **Āgenskalns** | **1-room** | **55 000** | | | | **54 000** | **48 000** | **47 000** | **47 000** | **50 200** |
| | *Dec. 2006* | *55 000* | | | | *54 000* | *52 000* | *51 000* | *51 000* | *52 500* |
| | **2-room** | **74 000** | | | | **72 000** | **66 000** | **65 000** | | **69 250** |
| | *Dec. 2006* | *71 000* | | | | *70 000* | *64 000* | *63 000* | | *67 000* |
| | **3-room** | **89 000** | | | | **85 000** | **78 000** | **79 000** | | **82 750** |
| | *Dec. 2006* | *86 000* | | | | *82 000* | *74 000* | *75 000* | | *79 000* |
| | **4-room** | | | | | | | | | |
| | *Dec. 2006* | | | | | | | | | |

| | | 103. | 104. | 602. | Spec. proj. | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|---|
| **Iļģuciems** | **1-room** | **52 000** | | | **53 000** | **51 000** | **47 000** | **46 000** | **47 000** | **49 333** |
| | *Dec. 2006* | *51 000* | | | *53 000* | *52 000* | *50 000* | *49 000* | *47 000* | *50 000* |
| | **2-room** | **70 000** | | | **67 000** | **69 000** | **63 000** | **62 000** | | **66 200** |
| | *Dec. 2006* | *65 000* | | | *75 000* | *68 000* | *63 000* | *63 000* | | *67 000* |
| | **3-room** | **85 000** | | | **83 000** | **82 000** | **75 000** | **75 000** | | **80 000** |
| | *Dec. 2006* | *81 000* | | | *88 000* | *80 000* | *74 000* | *73 000* | | *79 000* |
| | **4-room** | | | | | **94 000** | | | | **94 000** |
| | *Dec. 2006* | | | | | *94 000* | | | | *94 000* |

## Standard-type apartments in the vicinity of Riga (1st January, 2007; prices in EUR)

| Ogre | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **51 000** | | **50 000** | | | | **40 000** | | **47 000** |
| *Dec. 2006* | *44 000* | | *43 000* | | | | *40 000* | | *42 000* |
| **2-room** | **63 000** | | **61 000** | | | | **55 000** | | **59 667** |
| *Dec. 2006* | *58 000* | | *57 000* | | | | *54 000* | | *56 000* |
| **3-room** | **76 000** | | **71 000** | | | | **70 000** | | **72 333** |
| *Dec. 2006* | *68 000* | | *66 000* | | | | *64 000* | | *66 000* |
| **4-room** | | | **84 000** | | | | | | **84 000** |
| *Dec. 2006* | | | *71 000* | | | | | | *71 000* |

| Jūrmala Kauguri | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **50 000** | | **46 000** | | **46 000** | | **43 000** | **46 000** | **46 200** |
| *Dec. 2006* | *45 000* | | *45 000* | | *45 000* | | *43 000* | *41 000* | *44 000* |
| **2-room** | **62 000** | | **64 000** | | **61 000** | | **55 000** | | **60 500** |
| *Dec. 2006* | *65 000* | | *63 000* | | *62 000* | | *59 000* | | *62 000* |
| **3-room** | **77 000** | | **75 000** | | **72 000** | | **70 000** | | **73 500** |
| *Dec. 2006* | *75 000* | | *72 000* | | *71 000* | | *68 000* | | *71 000* |
| **4-room** | | | **86 000** | | **84 000** | | | | **85 000** |
| *Dec. 2006* | | | *81 000* | | *80 000* | | | | *82 000* |

| Salaspils | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **44 000** | | **46 000** | | **42 000** | **44 000** | **43 000** | **37 000** | **42 667** |
| *Dec. 2006* | *44 000* | | *44 500* | | *44 000* | *43 000* | *42 000* | *43 000* | *43 500* |
| **2-room** | **62 000** | | **61 500** | | **59 000** | **55 000** | **54 000** | | **58 300** |
| *Dec. 2006* | *59 000* | | *58 000* | | *58 000* | *54 000* | *53 000* | | *56 500* |
| **3-room** | **80 000** | | **73 000** | | **73 000** | **72 000** | | | **74 500** |
| *Dec. 2006* | *67 000* | | *66 000* | | *63 000* | *62 000* | | | *64 500* |
| **4-room** | | | | | | | | | |
| *Dec. 2006* | | | | | | | | | |

| Jelgava | 103. | 104. | 602. | 119. | 467. | Lithuanian | Hruschev | Sm. Family | Average |
|---|---|---|---|---|---|---|---|---|---|
| **1-room** | **38 000** | **43 000** | **37 000** | | **36 000** | | **36 000** | **32 000** | **37 000** |
| *Dec. 2006* | *35 000* | | *34 000* | | *33 000* | | *32 000* | *33 000* | *33 500* |
| **2-room** | **52 000** | **55 000** | **51 000** | | **53 000** | | **47 000** | | **51 600** |
| *Dec. 2006* | *49 000* | | *48 000* | | *48 000* | | *47 000* | | *48 000* |
| **3-room** | **68 000** | **68 000** | **64 000** | | **64 000** | | **60 000** | | **64 800** |
| *Dec. 2006* | *55 000* | | *54 000* | | *54 000* | | *53 000* | | *54 000* |
| **4-room** | | | **75 000** | | | | | | **75 000** |
| *Dec. 2006* | | | *62 000* | | | | | | *62 000* |

## Prices of standard-type apartments (1st January, 2008; prices in EUR)

| | 103. serie | | | 104. serie | | | 602. serie | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| District/serie | 1room | 2room | 3room | 1room | 2room | 3room | 1room | 2room | 3room | 4room |
| **Jugla** | 50 000 | 68 000 | 86 000 | | | | | | | |
| **Pļavnieki** | 57 000 | 74 000 | 91 000 | 63 000 | 78 000 | 94 000 | 50 000 | 70 000 | 79 000 | 97 000 |
| **Purvciems** | 53 000 | 76 000 | 90 000 | 65 000 | 85 000 | 95 000 | 52 000 | 71 000 | 82 000 | 94 000 |
| **Mežciems** | | | | 66 000 | 85 000 | 97 000 | 50 000 | 69 000 | 81 000 | 94 000 |
| **Teika** | 59 000 | 81 000 | 94 000 | | | | | | | |
| **Vecmīlgrāvis** | 48 000 | 67 000 | 83 000 | | | | 50 000 | 68 000 | 80 000 | 95 000 |
| **Ķengarags** | | | | 51 000 | 70 000 | 89 000 | 49 000 | 68 000 | 80 000 | 90 000 |
| **Bolderāja** | 44 000 | 64 000 | 76 000 | | | | | | | |
| **Ziepniekkalns** | 54 000 | 71 000 | 86 000 | 68 000 | 84 000 | 95 000 | 51 000 | 70 000 | 84 000 | 95 000 |
| **Imanta** | | | | 64 000 | 81 000 | 92 000 | 50 000 | 69 000 | 80 000 | 93 000 |
| **Zolitūde** | | | | 66 000 | 84 000 | 95 000 | | | | |
| **Āgenskalns** | 55 000 | 74 000 | 89 000 | | | | | | | |
| **Iļģuciems** | 52 000 | 70 000 | 85 000 | | | | | | | |
| **Ogre** | 51 000 | 63 000 | 76 000 | | | | 50 000 | 61 000 | 71 000 | 84 000 |
| **Kauguri** | 50 000 | 62 000 | 77 000 | | | | 46 000 | 64 000 | 75 000 | 86 000 |
| **Salaspils** | 44 000 | 62 000 | 80 000 | | | | 46 000 | 61 500 | 73 000 | |
| **Jelgava** | 38 000 | 52 000 | 68 000 | 43 000 | 55 000 | 68 000 | 37 000 | 51 000 | 64 000 | 75 000 |

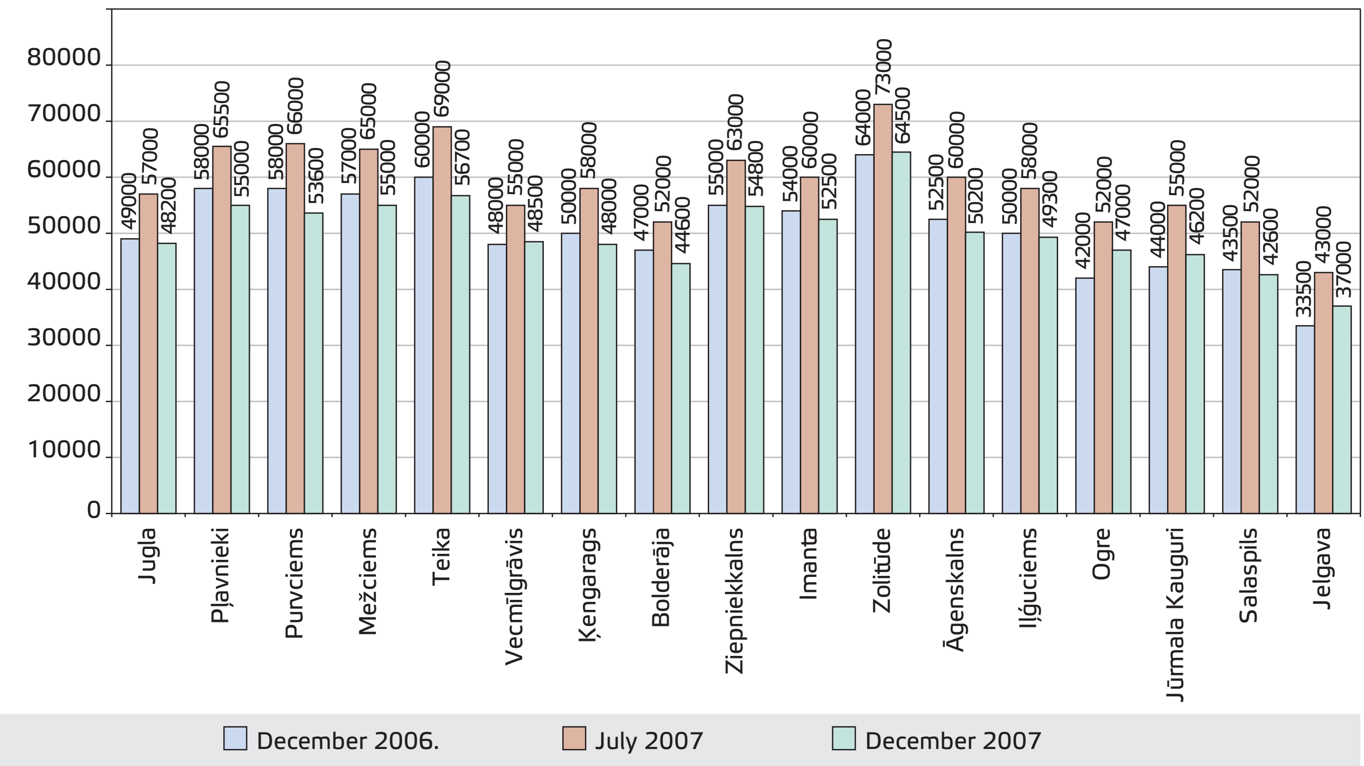
| | 119. serie | | | | 467. serie | | | |
|---|---|---|---|---|---|---|---|---|
| District/serie | 1room | 2room | 3room | 4room | 1room | 2room | 3room | 4room |
| **Jugla** | | | | | | | | |
| **Pļavnieki** | 60 000 | 83 000 | 93 000 | 104 000 | 53 000 | 73 000 | 85 000 | 95 000 |
| **Purvciems** | 62 000 | 83 000 | 94 000 | 104 000 | 54 000 | 75 000 | 85 000 | 96 000 |
| **Mežciems** | | | | | | | | |
| **Teika** | | | | | | | | |
| **Vecmīlgrāvis** | | | | | 49 000 | 68 000 | 80 000 | 94 000 |
| **Ķengarags** | | | | | 50 000 | 68 000 | 78 000 | 90 000 |
| **Bolderāja** | | | | | | | | |
| **Ziepniekkalns** | 64 000 | 79 000 | 92 000 | 102 000 | | | | |
| **Imanta** | | | | | | | | |
| **Zolitūde** | 63 000 | 77 000 | 90 000 | 106 000 | | | | |
| **Āgenskalns** | | | | | 54 000 | 72 000 | 85 000 | |
| **Iļģuciems** | | | | | 51 000 | 69 000 | 82 000 | 94 000 |
| **Ogre** | | | | | | | | |
| **Kauguri** | | | | | 46 000 | 61 000 | 72 000 | 84 000 |
| **Salaspils** | | | | | 42 000 | 59 000 | 73 000 | |
| **Jelgava** | | | | | 36 000 | 53 000 | 64 000 | |

## Prices of standard-type apartments (1st January, 2008; prices in EUR)

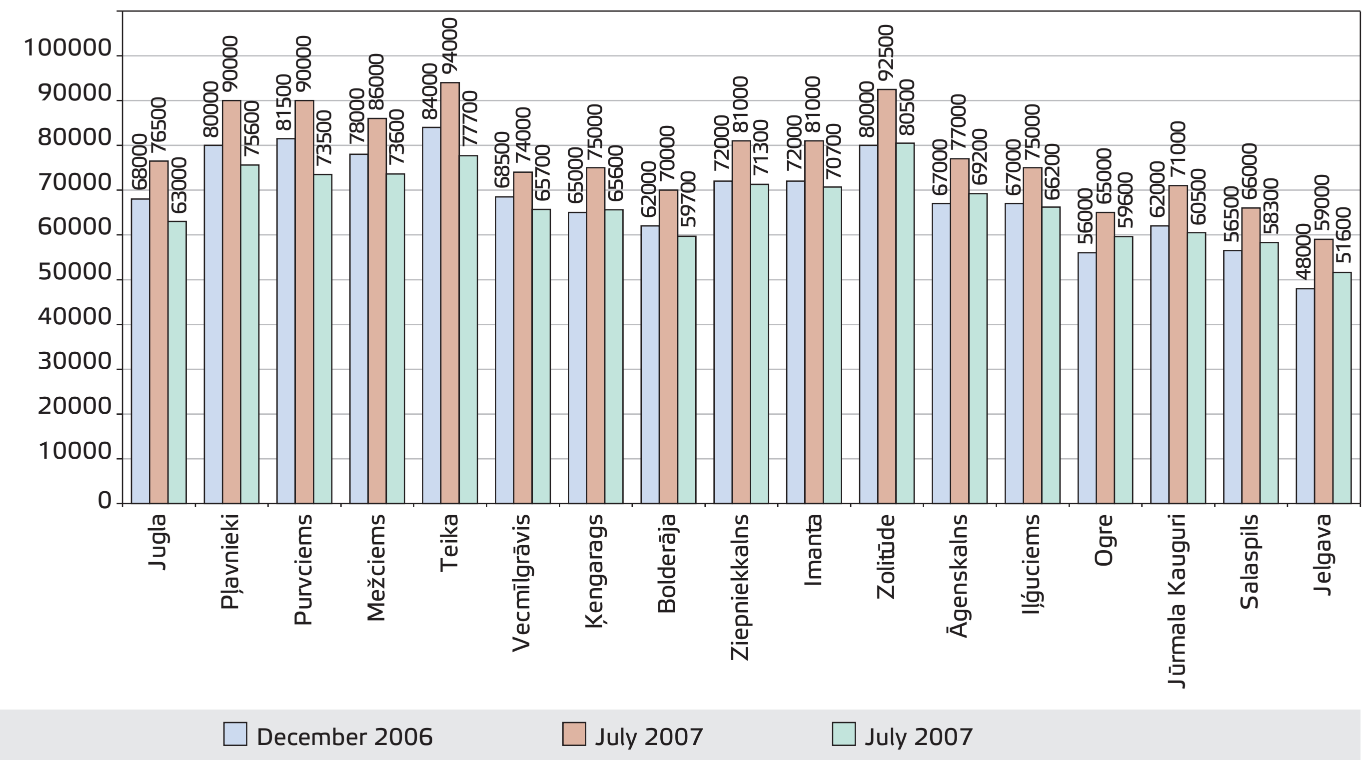
| | Lithuanian | | | Hruschev | | | |
|---|---|---|---|---|---|---|---|
| District/serie | 1room | 2room | 3room | 1room | 2room | 3room | |
| **Jugla** | 48 000 | 60 000 | 76 000 | 46 000 | 59 000 | 75 000 | |
| **Pļavnieki** | | | | | | | |
| **Purvciems** | 48 000 | 63 000 | 78 000 | 47 000 | 62 000 | 77 000 | |
| **Mežciems** | 50 000 | 67 000 | 81 000 | | | | |
| **Teika** | | | | 51 000 | 68 000 | 83 000 | |
| **Vecmīlgrāvis** | 47 000 | 60 000 | 74 000 | 44 000 | 58 000 | 75 000 | |
| **Ķengarags** | 46 000 | 61 000 | 71 000 | 45 000 | 61 000 | 71 000 | |
| **Bolderāja** | 43 000 | 55 000 | 69 000 | 42 000 | 54 000 | 69 000 | |
| **Ziepniekkalns** | 49 000 | 62 000 | 77 000 | 48 000 | 62 000 | 76 000 | |
| **Imanta** | 47 000 | 63 000 | 79 000 | | | | |
| **Zolitūde** | | | | | | | |
| **Āgenskalns** | 48 000 | 66 000 | 78 000 | 47 000 | 65 000 | 79 000 | |
| **Iļģuciems** | 47 000 | 63 000 | 75 000 | 46 000 | 62 000 | 75 000 | |
| **Ogre** | | | | 40 000 | 55 000 | 70 000 | |
| **Kauguri** | | | | 43 000 | 55 000 | 70 000 | |
| **Salaspils** | 44 000 | 55 000 | 72 000 | 43 000 | 54 000 | | |
| **Jelgava** | | | | 36 000 | 47 000 | 60 000 | |

| | Stalin | | | Special project | | | Small family project |
|---|---|---|---|---|---|---|---|
| District/serie | 1room | 2room | 3room | 1room | 2room | 3room | 1room |
| **Jugla** | | | | 50 000 | 65 000 | 85 000 | 47 000 |
| **Pļavnieki** | | | | | | | 49 000 |
| **Purvciems** | | | | | | | 48 000 |
| **Mežciems** | | | | | | | |
| **Teika** | 63 000 | 86 000 | 110 000 | 54 000 | 76 000 | 90 000 | |
| **Vecmīlgrāvis** | 54 000 | 73 000 | 87 000 | | | | 47 000 |
| **Ķengarags** | | | | | | | 47 000 |
| **Bolderāja** | | | | 49 000 | 66 000 | 80 000 | 45 000 |
| **Ziepniekkalns** | | | | | | | 50 000 |
| **Imanta** | | | | | | | |
| **Zolitūde** | | | | | | | |
| **Āgenskalns** | | | | | | | 47 000 |
| **Iļģuciems** | | | | 53 000 | 67 000 | 83 000 | 47 000 |
| **Ogre** | | | | | | | |
| **Kauguri** | | | | | | | 46 000 |
| **Salaspils** | | | | | | | 37 000 |
| **Jelgava** | | | | | | | 32 000 |

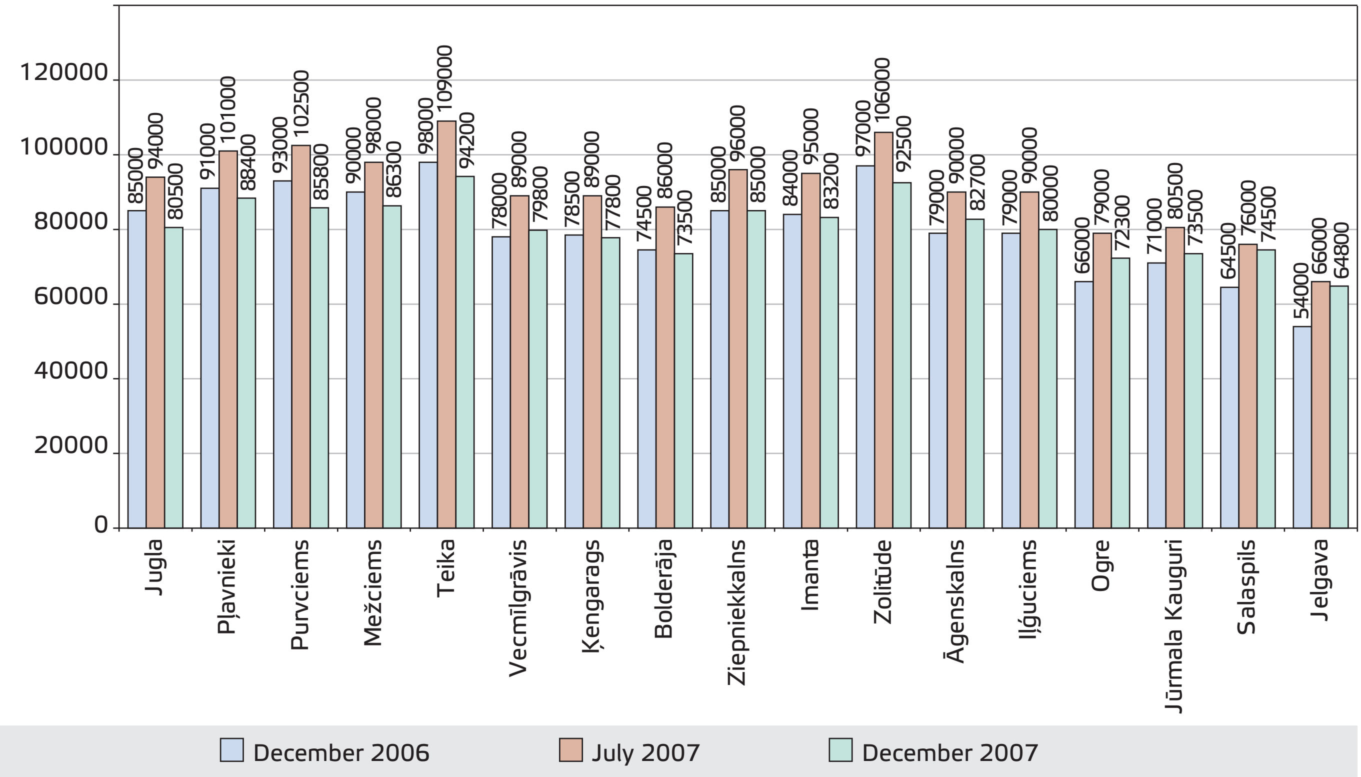
## Average prices of one-room apartments, EUR (average price of all standard-type series in the district)



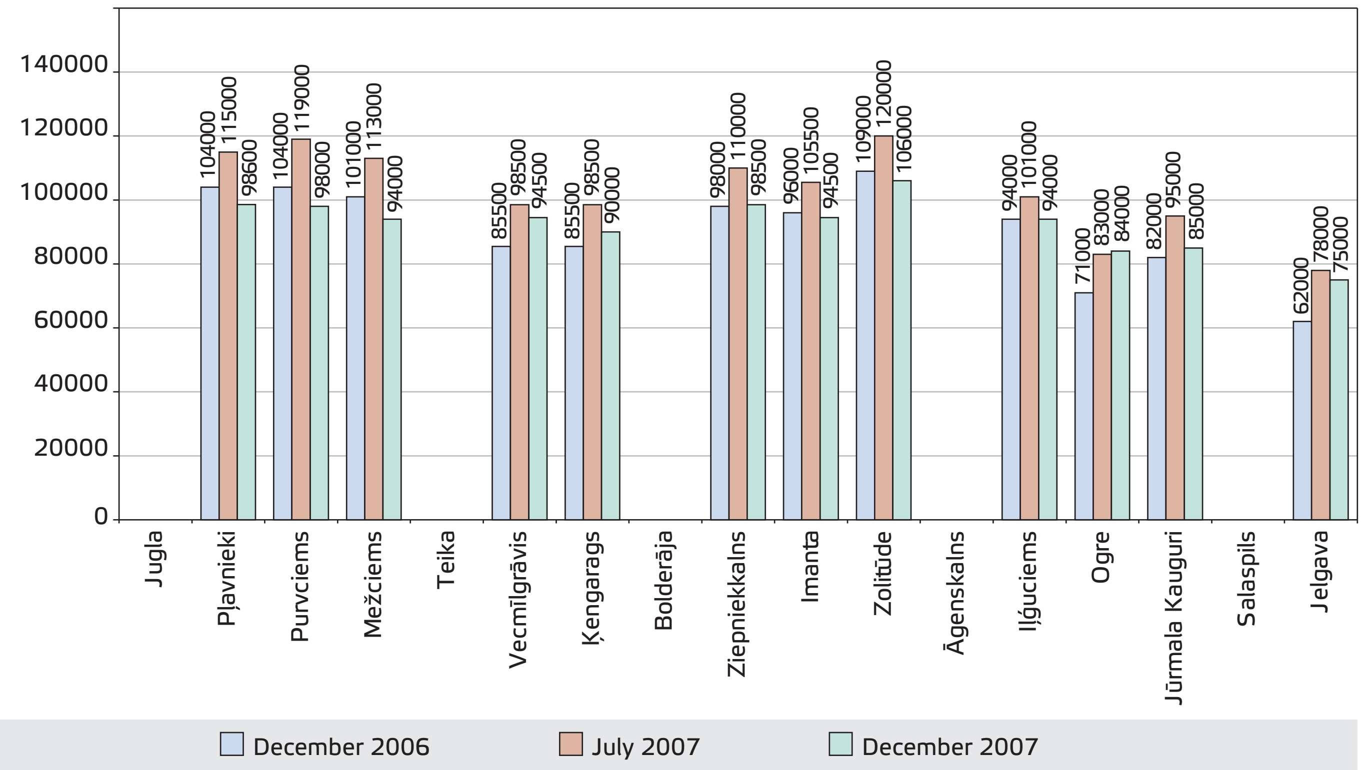

## Average prices of two-room apartments, EUR (average price of all standard-type series in the district)



**Average prices of three room apartments, EUR (average price of all standard-type series in the district)**




**Average prices of four-room apartments, EUR (average price of all standard-type series in the district)**



### 3.1. RENT OF APARTMENTS

In the year 2007, rapid increase of rent costs continued, but the reasons for that in the first and second half of year were different. For example, in the first half of 2007 (approximately until May), rent costs increased in accordance with the rapid increase of apartment sell prices, but in the second half of the year prices increased mainly because of implementation of severe credit policy and instability in the real estate market, as the result of which the potential purchasers of apartments took temporizing position. Because of these factors, demand for rent of apartments increased and owners of apartments could adjust higher rent fees.

However, in the last months of 2007 (in November and December) stabilization of rent fees was observed because of balanced position of demand and offer and seasonal factors  with burden moving in winter and during Christmas time. Stabilization of rent fees can be explained also with preservation of high inflation rates, decrease of purchase capacity and increase of public service fees. For example, in October of 2007, rates of thermal energy were increased by 18% on average; in January of 2008 it is planned to increase rates of electricity by 25% on average, in May of 2008 it is planned to increase rates of natural gas by 40-50% on average, and, as the result, in autumn of 2008 it is planned to repeatedly increase rates of thermal energy (on average by 30%); all these changes in prices will significantly increase the burden of fees of public services to tenants.

The rent prices in Riga in the year 2007 in comparison with year 2006 have increased on average by 25-30% for apartments of economical class, but in the central part of Riga and in Old City rent prices have increased not so rapidly  by 10%. The lower bound of rent price range has increased relatively rapidly, for example, at the end of the year 2006, the lowest rent price for apartment was on average 160 EUR in month, but at the end of the year 2007 it had increased for 78% and reached 285 EUR in month. Below such rent price level it is possible to rent separate room in the flat or small, non-renovated flat with partial amenities. In the market demand is for apartments whose price is by 25% lower than average offer price (demand is for apartments whose average rent price are 7.3 EUR/m²).

With the growth of rent prices and the decrement of sell prices of apartments, rent price has come closer to monthly payment of credit, besides, if purchasing non-renovated standard-type apartment in some of the housing estates of Riga, monthly credit payment could be even smaller than rent price (if credit was taken for 20 years on average). Such paradoxical situation can be explained with unavailable credits; besides, great obstacle in apartment purchase is lack of savings of cash for the first credit payment.

In the year 2007, new tendency was renting of new projects. Such tendency can be explained with the difficulties of realization of new projects in market for preferable prices of sellers, as the result of which owners (both developers and speculators) delivered their apartments for rent. Monthly payment in such apartments ranged from 200 to 1000 EUR. Demand for such type of apartments is in relatively high level, which can be explained with the wish of residents to live in apartments with better quality and smaller fees of public services.

The rental is mainly determined by the level of amenities available, location of the apartments, development of infrastructure and availability of public traffic, and not as much by prestige of the housing estate, because the main target group who rent apartments in Riga are students, new families and youth (young specialists) who comes form other regions of Latvia, but have not accumulated enough financial resources in order to buy an apartment.

- **Small size apartments in dwelling areas, 1-2 room apartments with partial amenities in pre-war period buildings, also unfurnished.**

Such type of apartments is mostly in offer in the peripheral part of the centre and also in the cheapest and less developed housing estates as Vecmilgravis and Bolderaja.

*Rent amount from 150 -250 EUR per month, on average 4-8 EUR/m².*

- **1-3 room furnished apartments in good condition located in dwelling areas**

The most demanded areas were dwelling areas with relatively high estate prices, good infrastructure and traffic, for example, Purvciems, Plavienieki, Teika, Imanta, Aganskalns, Ziepniekkalns.

*Rent amount from 300  850 EUR per month, on average 6.5 -14 EUR/m².*

- **Furnished and qualitatively renovated apartments in partly renewed or renovated buildings in the centre of Riga**

The demand exists for furnished apartments of area up to 100 m², for a short or middling long period of time.

*Rent amount from 700  2000 EUR per month, on average 8 -16 EUR/m².*

- **Furnished apartments in the Riga centre houses of special architectural value or special location (art nouveau buildings, houses in the Quiet Centre)**

Characteristic feature of apartments is presence of special design and historical elements, special architectural solutions of the buildings. As apartments in this category have high rent amounts beyond compare higher than average salary in Riga, the main tenants of these apartments are foreigners.

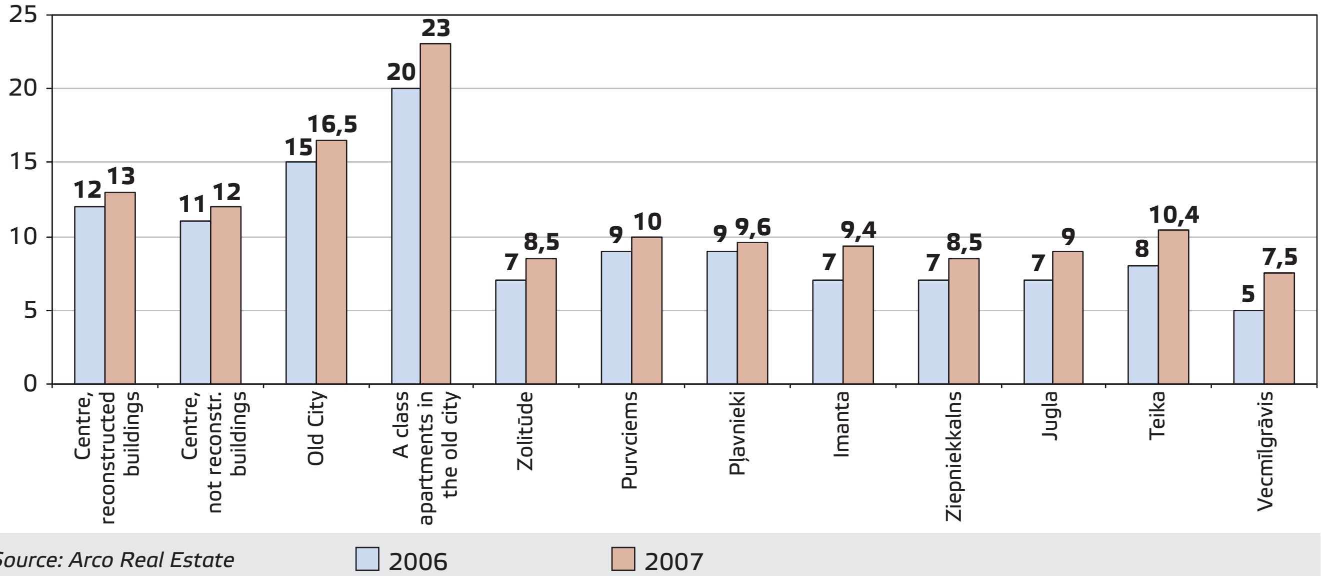
*Rent amount from 1000 2200 EUR per month, on average 13 -23 EUR/m².*

- **Apartments in the Old City**

The offer mainly consists of apartments of relatively small floor areas 50-70 m². The demand is influenced by the limit of car parking, lack of green zone, pollution and the wide entertainment possibilities in Old City, which are associated with noise problems in the apartments. In contradistinction to preceding periods, non-renovated apartments were offered relatively rarely.

*Rent amount from 550 2200 EUR per month, on average 11-22 EUR/m².*

**Average rent prices for apartments, year 2006 - 2007**




**Source: Arco Real Estate*

## 3.2. RENT OF PRIVATE HOUSES

Although renting sector of private houses in Latvia is underdeveloped, in the year 2007 insignificant increase of demand and supply was observed. Supply of private houses can be divided into three categories:

1) Small private houses in satisfactory technical condition or new private houses in Riga for constant living for long period of time up to one year or longer;

2) Private houses and summer cottages in Jūrmala, which are usually rented for one season or non-seasonal period (also supply of these categories have seasonal character);

3) Private houses and summer cottages in farmsteads and provincial towns, often close to water bodies; houses of this category are mainly rented for rest for short period of time (often for the time of vacation); daily fee is often calculated for such houses.

- **Jūrmala**

Summer cottages (wooden houses of area up to 100 m²) 500-700 EUR per month;

New and reconstructed houses 1200-5000 EUR per month.

- **Riga**

New and reconstructed houses 850-3500 EUR per month;

Soviet and pre-war time houses, non-renovated 500-1000 EUR per month.

- **Houses close to the sea (outside towns and cities)** 350-700 EUR per month.

- **Farms, private houses in small towns** 150-700 EUR per month.

The average rent of one square meter in a reconstructed or newly erected furnished house at the end of the year 2007 in comparison with the end of the year 2006 has increased by 0.5-2 EUR/m², average cost 6-18 EUR/m² per month.

## 4.1. GENERAL OVERVIEW

In the beginning of 2007 until April price growth for one-family private houses was observed, which was related to high activity of real estate market, increase of construction costs, deficit of qualitative dwellings, so the transactions were concluded for the price determined by the seller, but after this period demand for one-family houses decreased significantly while the offer increased, thus sellers were forced to decrease offer prices and transactions were concluded for the price which the purchaser accepted.

Activity decrease of purchasers can be explained with unavailability of credits, instability of the market, increase of purchaser demands and price decrease expectations.

As mentioned, as the result of purchaser activity decrease, sellers were forced not only to decrease private house prices (for example, private house prices at the end of 2007 in comparison with summer period had decreased by 15%), but also stimulate buyers by offering them various gifts. Such tendency was more typical of developers of living house villages.

At the end of reviewing period, the regional structure of offer was the following: the greatest offer of private houses was in the district of Riga 60%, including 15% in the city of Riga and 12% in Jūrmala. The small number of new-built houses in Riga and Jūrmala can be explained with very high prices of land and the deficit of land for private construction; so the number of residents which chose to live in the vicinity of Riga city is increasing.

In the area of private houses in offer were mostly 200-300 m² spacious houses, houses with floor space from 150-200 m² were offered more rarely in the market. In 2007, marketable were the private houses with full finish and with floor space of about 200 m² and with land area from 1200-2000 m². A new tendency in 2007 was the increase of demand for private houses with full finish. It can be explained with the deficit of qualified interior workers, problem solving with dwelling space when the new house is being renovated. Besides, private house purchase with full finish also makes easier conditions of crediting only mortgage should be taken, instead of taking also consumer credit for house renovation.

## 4.2. ONE-FAMILY PRIVATE HOUSES IN THE VICINITY OF RIGA

In the beginning of the year 2007, there was observed 15-20% price growth for private houses which were close to the border of Riga city, but average price growth was 10%. But since April correction of prices within 15-20% was also observed in this segment of real estate.

The offer in 2007 mainly consisted of newly erected private houses, although in the territories which are farther from Riga private houses which were built at the years of 1950-1990 or small houses in the gardening societies are also offered.

The greatest offer of private houses was in places like Mārupe, Ķekava, Salaspils, Babīte and Garkalne, however, in the year 2007 the tendency of regional scattering was also observed, as the result of which the private houses are being built practically in all places of the region of Riga where such construction is allowed and possible.

Demand in the vicinity of Riga consists mainly of private houses with floor space of about 200 m² and land area of about 1500 m². Average marketable floor spaces of private houses continue to decrease, which can be explained with high prices of real estate, price growth of energy resources (electricity, natural gas, thermal energy etc.), and increase of real estate tax.

At the end of 2007 in the vicinity of Riga average offer prices ranged from 200 000 - 285 000 EUR, but purchasers were mainly interested in buying those houses on average by 15-20% lower price, therefore sellers, due to the market inactivity were forced to adjust discounts.

The average price level in the main private house categories in the vicinity of Riga (except Saulkrasti, Jūrmala and Sigulda) at the end of 2007:

- Existing private houses in the vicinity of Riga (outside gardening societies) – 60 000 - 200 000 EUR (the lowest price range for private houses in the rural areas of civil parishes with partial communications in bad technical condition);
- New private houses outside village territories – 200 000 - 300 000 EUR;
- Private houses in new villages – 140 000 - 450 000 EUR.

**Most actively demanded areas in the private house market in the vicinity of Riga:**

| | Lowest price (EUR) | | Higher price (EUR) | |
|---|---|---|---|---|
| | First half of 2007 | The end of 2007 | First half of 2007 | The end of 2007 |
| Mārupe | 210 000 | 180 000 | 650 000 | 600 000 |
| Babīte, Piņķi | 210 000 | 170 000 | 520 000 | 500 000 |
| Stopiņu pagasts | 230 000 | 175 000 | 500 000 | 520 000 |
| Ķekava, Baldone | 180 000 | 150 000 | 430 000 | 450 000 |
| Ādaži | 225 000 | 160 000 | 700 000 | 470 000 |
| Rāmava, Baloži | 220 000 | 160 000 | 520 000 | 350 000 |
| Garkalne, Baltezera apkārtne | 270 000 | 185 000 | 2 100 000 | 2 000 000 |

**Source: Arco Real Estate*

## 4.3. ONE-FAMILY PRIVATE HOUSES IN RIGA

In the beginning of 2007 in Riga insignificant price increase for private houses was observed, which can be explained with the increase of construction costs and land price, but after this period general price decrease in real estate market influenced also the market of private houses in Riga, declining the lower bound of price.

Number of transactions in the year 2007 was the lowest in last three years, since the number of transactions decreased on average by 5% every month. It can be explained both with general economical situation in the country and the small proportion of private houses in the city of Riga. In addition, as the development of apartment houses progresses, large part of land is used for building apartment houses. Decrease of transactions can also be explained with higher land prices in the housing estates of Riga, therefore limiting the number of residents which can afford such type of accommodation.

In the year 2007 the main directions of private house development were Vecāķi, Jugla and Mārupe. Highest prices for private houses remained in such housing estates as Mežciems and Vecāķi (high prices in this housing estate are related to high price level in Jūrmala).

*Private-house village Marsili*

**Private house prices in the Riga City depending on structural type and condition (EUR):**

| | The end of 2007 | 1st half of 2007 | The end of 2006 |
|---|---|---|---|
| Pre-war period wooden and brick houses in bad technical condition (to be reconstructed or demolished) | 100 000 - 200 000 EUR | 140 000 - 210 000 EUR | 115 000 - 185 000 EUR |
| Small houses up to 100 m² (mainly in Purvciems, Pļavnieki, Mežciems, Zolitūde) | 130 000 - 280 000 EUR | 155 000 - 285 000 EUR | 125 000 - 2 50 000 EUR |
| Newly erected private houses up to 200 m² | 205 000 - 500 000 EUR | 215 000 - 500 000 EUR | 185 000 - 425 000 EUR |
| Exclusive design houses with large floor areas and good location (most expensive dwelling areas) | 430 000 - 2 500 000 EUR | 580 000 - 2 500 000 EUR | 500 000 - 2 200 000 EUR |

**Source: Arco Real Estate*

## 4.4. NEW LIVING HOUSE VILLAGES AND ROW HOUSES

In the first half of 2007 (until April) the increase of average prices of private houses in the living house villages continued and also the level of activity was comparatively high, but after this period development of new living house villages, as well as demand for such category of private houses decreased rapidly; average prices also decreased and so recession of this segment of real estate was observed.

The reasons for such situation are various:

- prudent credit policy of banks both to developers and buyers of private houses  banks do not finance agricultural land purchase and very carefully evaluate ability of developers to construct planned objects in time, and also strictly evaluate solvency of residents;
- increase of construction costs;
- passing more strict requirements for developers of house villages  they should provide development of roads and communications, they should landscape territory, so the developers need great investments for developing such projects;
- decrease of purchasers interest for dwellings of such type.

The market of living house villages is saturated, because in the last two years relatively many living house villages with great amount of private houses were delivered in exploitation. Target group which can afford to purchase private house in living house villages is families with averagely high incomes, which is a small group in Latvia, besides, this group of residents are choosier, they more and more evaluate the quality of new houses, liquidity, architecture and other personal factors, and they can also afford individually constructed private house. As the market is fragmented  there are only few companies which are professionally occupied with the development of new living house villages  other developers are individuals or companies that are founded to develop only one project and whose primary goal is to win fast and maximal profit. Such companies also do not have enough money resources to instantly invest in the development of living house village infrastructure. Therefore the large part of private houses in the living house villages is not marketed those houses that do not correspond to the demands of mentioned target group. And with the difficulties of private house selling the interest of developers for this segment of real estate has decreased.

Decrease of small developers of living house villages can be explained with the new tendency of 2007  the decrease of buyers' interest for projects in the virtual reality. Buyers more often choose to buy a house that is already finished, because if buying only building plot, buyers do not have guaranties that infrastructure will be developed as planned, that all engineering technological communications will be drawn and house will be built on planned time.

Because of decrease of purchasers' activity, sellers were forced to decrease price or offer various gifts, for example, if buying house, as a gift purchaser received new auto or journey to the Canary Islands or was offered significant discounts (even of amount of 60%) and other goods worth several thousand EUR.

The living house villages are constructed not more than 50 km away from Riga (usually 30 km on average) with easy access to main-roads. Main directions of living house villages in 2007 traditionally remained Ādaži, Garkalne, Babīte, Mārupe, Stopiņi and Ķekava, and also Olaine, Daugmale and Salaspils. In Riga and Jūrmala proportion of developed living house villages is small, which can be explained with the high price level and deficit of suitable plots.

As a new tendency of review period has emerged the development of living house villages also in other regions of Latvia. For example, in the second half of 2007 according to Arco Real Estate data 10 new living house village projects were announced in the economically developed districts: in Cēsis (1), Jelgava (3), Liepāja (3), Ogre (2) and Tukums (1). The vicinity of Valmiera and Sigulda is also popular. Such tendency can be explained with capital drain from the capital city and also with development of entrepreneurial activities in the regions of Latvia, with the creation of new work places, creating a social layer of residents who can afford to buy new dwelling.

The most marketable in the living house villages are building plots with area from 1000 to 1500 m², but private houses with floor space from 200 to 250 m².

At the end of 2007 there were the following categories of house construction concepts:

- finished houses (Ezerrozes, Dolce Vita, Zirņusala, Rondo);
- complete house designs (Jaunsapņi, Priežsili);
- free design choice (Pļavas Street, PriVillage Athletic Club).

**Announced new living house villages and row-houses in Riga and in the vicinity of Riga in the second half of 2007**

| Name | Locality | Address | Finishing quality | Price EUR | Price EUR/m² | Category |
|---|---|---|---|---|---|---|
| *Jaunsapņi* | Babīte | | Complete designs | 85 000-160 000 | - | Village |
| *Ezerrozes* | Garkalne | Sunīši | Finished houses | 370 000-436 000 | no 2000 | Village |
| *Dolce Vita* | Mārupe | | Finished houses | - | no 1400 | Village |
| *PriVillage Athletic Club* | Mārupe | Ziedleju iela | Free design choice | - | zemes cenas no 80 | Village |
| *Zirņusala* | Salaspils | | Finished houses | no 219 130 | | Village |
| *Rondo* | Jūrmala | Zaļā iela 3 | Finished houses | - | 1800 - 1900 | Village |
| *Pļavas iela* | Saulkrasti | Pabaži | Free design choice | 146 460 - 190 200 | - | Village |
| *Brīvlauki* | Salaspils novads | Brīvlauku 16 | Full finish | 267 000 - 291 000 | - | Row-houses |
| *Solarium* | Vaivari | Spīdolas iela 3 | Full finish | | no 2600 | Row-houses |
| *Ošu iela 3a* | Jaunmārupe | Ošu iela 3a | Without finish | - | 1400 - 1600 | Row-houses |
| *Saliena 5. kārta* | Babīte | Piņķi | Full finish | 250 000 - 375 000 | 2001 - 2532 | Row-houses |
| *Māliņu iela 11a* | Mārupe | Māliņu iela 11a | Full finish | - | 1547 - 1708 | Row-houses |
| *Pie egles* | Mārupes pag. | Dikļu iela 94a | Full/without finish | - | 2100 - 2300 | Row-houses |
| *Beberi 2* | Babīte | | Full finish | 302 500 - 399 200 | 2022 - 3079 | Row-houses |
| *Ilūkstes 53a* | Pļavnieki | Ilūkstes 53a | Without finish | - | 1800 - 2050 | Row-houses |
| *Gāles nams* | Sigulda | Gāles 19 | Full finish | - | 1770 | Row-houses |

**Source: Arco Real Estate*

## 5.1. GENERAL OVERVIEW

Until May of 2007 price increase for land properties for one-family house construction was observed, but afterwards until the end of 2007 correction of prices for such building plots was observed.

The reasons for price growth in the beginning of 2007 were the limited offer of building plots with available infrastructure and engineering technical communications, high inflation rates and easily available credits. The period of price stabilization can be explained with acceptance of inflation limitation plan, which adopted credit policy change in whole country, uncertainty in real estate market, decrease of apartment prices and other factors.

In general, five main factors which influenced land market starting from May of this year can be marked out:

- *Credit policy of banks*

Stabilization of land market can mainly be explained with caution of banks in land crediting, resp., banks carefully evaluate transactions with any vacant land that is planned to be transformed for construction in the future. Credit institutions unwillingly serve out credits for land purchase when the house project there is not coordinated and finished. In addition, banks carefully evaluate existence of all necessary communications or guarantees that they will be in the future. Prudence of banks is related to such heightened risks as possible project coordination and development stoppage or inability to receive construction permission, or relatively long realization time of the project. In addition, when serving out a credit for land purchase, banks evaluate not only purchaser's solvency to repay the credit for the land, but also purchaser's solvency to build a house. As any vacant purchase of land is considered a risky transaction, credits usually do not exceed 60% of the value of plot. Only some banks offer credits till 75% of the value of the pledge. Therefore, purchaser can get credit with favorable provisions if the land is with buildings, even in bad technical condition.

In addition, in the year 2007 significant increase of interest rates was observed, which makes purchaser to reevaluate his/her solvency.

- *Reassessment of cadastre values*

Obstructive factor of land purchase is also the new cadastral value bases confirmed by cabinet, which will significantly increase starting from January 1st, 2008 in the entire country. Increment of real estate tax is smaller in territories where previous values were determined recently and market prices are not so high, but in other territories the increase will even be 500-600%. For example, average increase of cadastral value for agricultural lands is forecasted to be two times, for land with individual dwelling house construction 5.6 times, for land with commercial object construction 5.5 times, for land with manufacturing object construction 5.1 times. Although government has confirmed the rule to limit the increase of real estate tax by 25% in a year, the role of tax in land purchase will increase. Tax increase makes purchasers not only evaluate their ability to pay credit back, but also the ability to pay real estate tax. In that way purchasers may delay their idea for land purchase and construction of private house, or buy land in less prestige regions.

- *Increase of registration fee*

Another obstructive factor for land purchase is the increase of registration fee for additionally bought real estate, which mainly precludes speculators from real estate purchase. Because of this factor and also because of activity decrease of purchasers, transactions of land for speculative purposes decreased significantly.

- *Construction costs*

Activity of purchasers in the land market has also decreased because of an ongoing increase of construction costs; the main reasons for such situation are increase of labor costs, increase of machines exploitation and maintenance costs and increase of building material costs. Such rapid increase of costs makes potential buyers reevaluate their solvency.

But in the last months of 2007, construction cost decrease was observed, which can be explained with the decrease of intensity of construction.

- *Subjective factors*

With the fall of apartment prices in May also the uncertainty for further possibilities of development was observed in the land market. Therefore, many buyers took temporizing position and waited for larger price fall or stabilization.

Mostly because of these factors the activity of purchasers decreased. For example, according to the data of Land Register, the number of land transactions starting from June decreased on average by 10% each month.

Starting from May 2007, the price growth for lands stopped and prices became steady. Until that period, sellers, when offering their property for the first time in the market, adjusted significantly higher price than average market price and after some time corrected that if the property was not sold. But at the end of 2007 many sellers offered price which was by 10-20% lower than average offer price in order to sell their property faster.

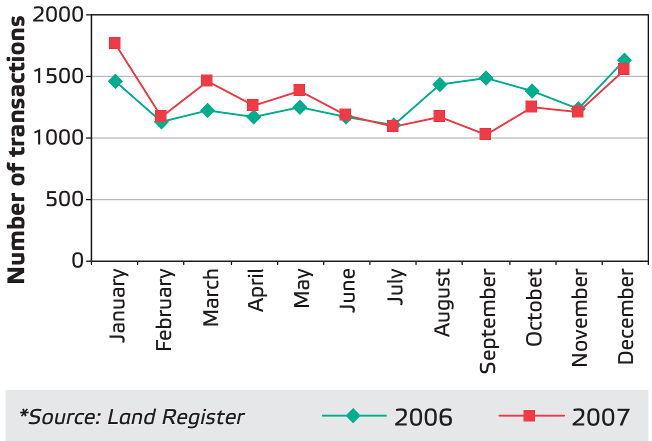
At the end of 2007, previous period tendencies have retained, resp., in Jūrmala and in the districts of Riga and other districts of Latvia the demand was for land with possibility to construct private houses, mostly with area from 1200 to 2000 m², but in Riga for land with possibility to construct multi-apartment houses.

The main factors when purchasing land for one-family house construction and the main factors which determine prices are:

- existence of utilities;
- existence of driveways, their covering and quality;
- distance of the plot from Riga or centre of the city;
- availability and distance from different objects of infrastructure (schools, kindergartens, hospitals, trade centers etc.);
- nearness of parks, reservoirs and forests;
- purpose of use of the plot.

Less significant factors for purchase of land are intensity of construction, area of land and shape of the plot.

**Dynamics of transaction with land plots in Latvia, year 2006-2007**




**Source: Land Register*

## 5.2. LAND PLOTS IN THE RIGA CITY

Analyzing land prices for private construction in Riga, we can conclude that in the year 2007 the prices remained at high level, because offer of lands for one-family house construction is small, besides, lands are mainly sold for multi-apartment construction.

Despite the high price level and high demand level retention, in the year 2007 the number of transactions in Riga decreased relatively significantly every month on average by 22%.

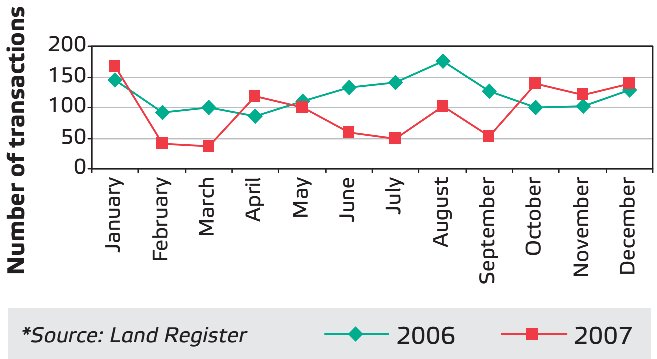
But decrease of land transactions in Riga can mainly be explained with the deficit of building plots but not with the decrease of purchasers' activity.

The greatest activity in the review period in the housing estates of Riga was observed in Dārziņi, Ziepniekklans and Zolitūde, because in these housing estates there are comparatively more free parcels for private house construction. Besides, because of the deficit of lands, the interest for earlier underdeveloped housing estates (for example, Jaunciems) has increased.

Land prices for private house construction at the end of the year 2007 in comparison with prices at the beginning of the year were on average by 20% higher, but, in comparison with prices on the 1st July price growth rates have been slow and prices remained at the same level or in separate places decreased by 5-8%.

When comparing land prices in the housing estate level of Riga, it can concluded that the highest prices have remained in Mežaparks, Ķīpsala, Pļavnieki, Purvciems,

**Dynamics of transaction with land plots in Riga, year 2006-2007**

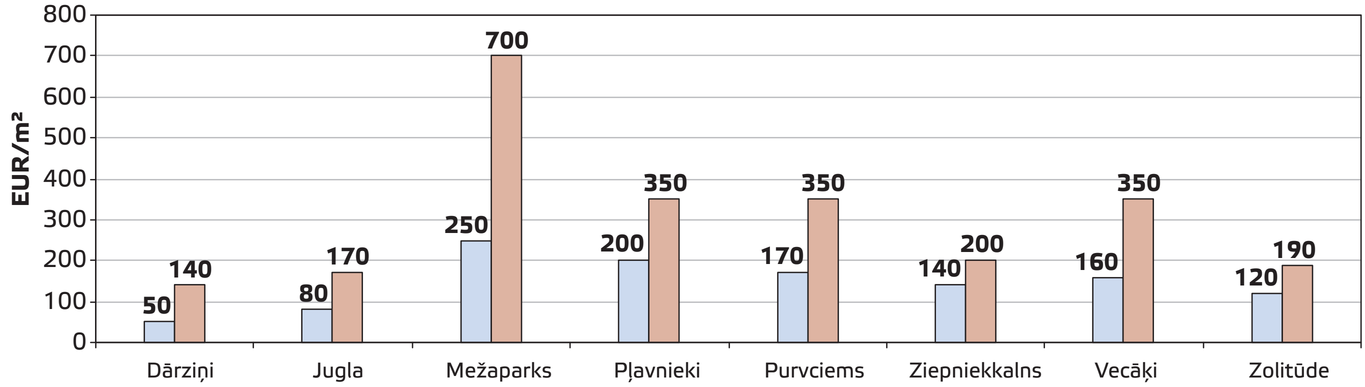



**Source: Land Register*

Vecāķi and Buļļu island. The high price level and increase of interest for land in Vecāķi can be explained with the rapid price increase and land deficit in Jūrmala, thereby purchasers choose an alternative to buy a land nearby sea in this housing estate. Besides, advantage of Vecāķi is not only the nearness of the sea, but also nearness of the centre of Riga.

But the lowest prices in the year of 2007 in Riga remained in Dārziņi, where economical class houses are constructed small houses on small parcels of area 550-700 m².

**Prices of land plots for one-family house construction in the housing estates of Riga on 1st January, 2008**




**Source: Arco Real Estate* Min Max

## 5.3. LAND PLOTS IN THE VICINITY OF RIGA

At the beginning of the year 2007, average price level for land for private construction in the vicinity of Riga increased. Price increase was related with the deficit of lands with existing or prospective communications in the vicinity of Riga, deficit of parcels and high land prices in Riga, increase of purchasers' interest for private house construction in the vicinity of Riga.

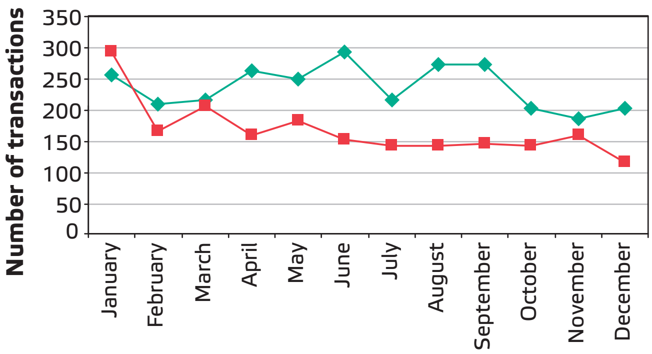
There are many reasons why residents choose to construct private houses in the vicinity or Riga such as favorable ecological environment, landscape view, possibility to purchase larger parcel for acceptable price, low noise level, nearness of parks, forests, sea or watercourses etc.

Starting from April, the decrease of purchasers' activity and decrease of the number of transactions with land properties was observed (for example, starting from April the number of transactions decreased every month on average by 27%), and also after this period prices become stable.

Although at the beginning of year until April the price increase was observed, land prices in the vicinity of Riga at the end of the year in comparison with the price level at the beginning of year remained at the same level on average, because of the increased range of prices, but average price indicators even lowered, because transactions were mostly concluded at the lower price level.

The increase of the higher bound of price range can be explained with the deficit of suitable building plots, because there is limited number of land in offer with important factors for purchasers, such as existence of utilities, driveways, location nearby Riga, availability of

**Dynamics of transactions with land plots in the district of Riga, year 2006-2007**




**Source: Land Register* 2006 2007

*Land in the vicinity of Riga*

various objects of infrastructure etc. As such building plots in market are offered rarely, demand for such objects is high and for that reason sellers can adjust higher prices. Besides, building plots without utilities are harder to sell, and for that reason for such kind of building plots sellers were forced to decrease price by 15-20%.

The greatest activity in the vicinity of Riga was observed in Mārupe, Babīte, Salaspils and also in Sigulda, but the highest prices among the regions that were observed by Arco Real Estate at the end of 2007 remained in Baltezers, Rāmava, Katlakalns and Garklane. The lowest prices at the end of 2007 were observed in Ķekava and Olaine.

*Land in Jaunolaine*

**Land plot prices for private building depending on location and plot area (prices are given in EUR/m²)**

| | until 1800 m² large land plots | | | from 1800 to 3000 m² large land plots | | |
|---|---|---|---|---|---|---|
| | Min value | Typical price | Max value | Min value | Typical price | Max value |
| Jaunmārupe | 45 | 55 | 65 | 30 | 45 | 60 |
| Babīte, Kleisti | 45 | 60 | 85 | 35 | 50 | 75 |
| Stopiņi | 25 | 40 | 55 | 20 | 38 | 50 |
| Olaine, Jaunolaine | 28 | 45 | 60 | 22 | 33 | 50 |
| Rāmava, Katlakalns | 55 | 70 | 90 | 45 | 55 | 75 |
| Ulbroka | 40 | 55 | 80 | 35 | 50 | 70 |
| Ādaži | 40 | 65 | 90 | 30 | 55 | 85 |
| Garkalne | 35 | 70 | 100 | 25 | 60 | 95 |
| Lielais un Mazais Baltezers | 85 | 140 | 175 | 75 | 110 | 155 |
| Mārupe | 40 | 75 | 90 | 30 | 65 | 80 |
| Ķekava | 25 | 50 | 60 | 20 | 45 | 55 |
| Piņķi | 50 | 70 | 95 | 40 | 65 | 90 |
| Salaspils | 30 | 40 | 60 | 25 | 35 | 50 |
| Baloži, Titurga | 30 | 55 | 90 | 25 | 50 | 85 |

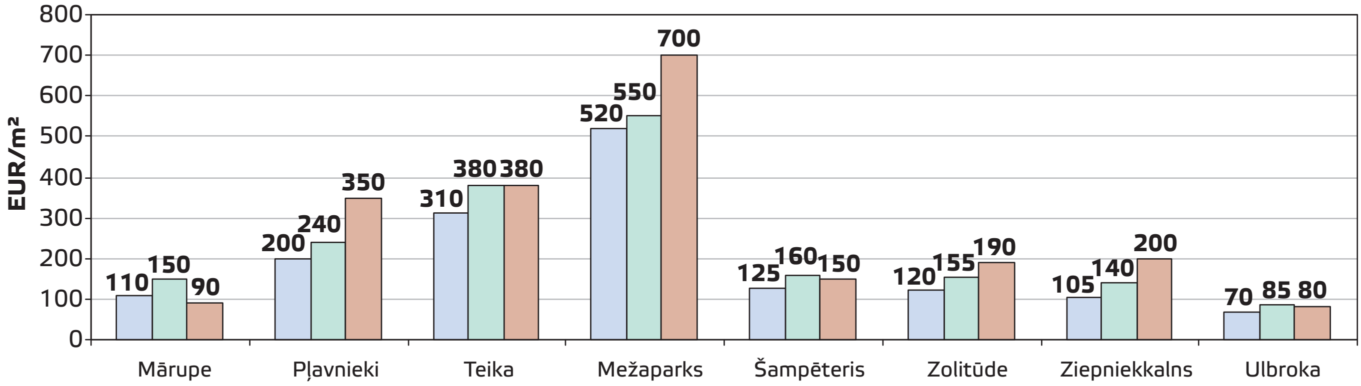
**Source: Arco Real Estate*

In the second part of the year 2007, with the decrease of purchasers' activity, the new tendency came in sight the demand for larger land plots which can be parceled and on which living house villages can be built has decreased significantly. As a result, prices for such properties have also decreased. Such tendency can be explained with developers' disinclination to take risk during the time of real estate market recession, for that reason in the new living house villages is often offered only the land with utilities and possibility to choose house project. But such situation prolongs house transference in exploitation, in that way restraining purchasers from land purchase and construction of private house.

Prices of land plots of area from 3-10 ha (agricultural and forest lands where parceling is permitted or is already done) in the main categories in the Riga region for development of private building villages:

- close to existing housing and utilities networks connection place. At the end of 2007 prices of this category were 20 -55 EUR/m²;
- divided agricultural or other purpose land with poorly developed infrastructure and badly maintained environment. Price category: 1.5 -25 EUR/m².

**Highest prices for one-family house construction**




*Source: Arco Real Estate

At the end of 2006 | First half of 2007 | At the end of 2007

## 5.4. AGRICULTURAL LAND IN LATVIA

In 2007 the agricultural land market was relatively active, both demand and supply remained stable.

In the review period the previous tendencies continued the number of agricultural land transactions decreased. For example, according to the data of State Land Service of the Republic of Latvia in the year 2006 number of transactions decreased by 18.5%, but in the first half of year 2007 in comparison with the same period of year 2006, the number of transactions decreased by 16%. Such tendency can be explained with the decrease of the number of transactions of the land for recreational purposes.

According to the data of State Land Service of the Republic of Latvia, the most agricultural land transactions have been concluded in the most active districts of Latvia, such as Liepaja, Bauska, Tukums, Kuldiga and Jekabpils, but the least number of transactions has been concluded in such districts as Rezekne and Balvi.

### 5.4.1. Land for recreational needs

The demand was high for plots located in places of beautiful landscape and close to water bodies or for chaste places with land areas. Land plots of this category were purchased for establishment of farmsteads and summer recreational places for personal needs. The demand was high for plots that are close to the biggest lakes and rivers irrespective of distance to Riga. The main characteristic features  a beautiful landscape, access possibilities and electric power supply.

The lands of this category may be divided in sub-categories:

- cheaper land plots of big area (0.6-10 ha), which may be used for recreation, 300 -6000 EUR/ha;
- price level of small land (up to 0.6 ha) plots, 10 -25 EUR/m²;
- price of the most expensive land plots at water bodies (rivers, lakes, the sea), 35 000 -120 000 EUR/ha.

**4.4.2. Land for agricultural needs**The main factors when purchasing land for agricultural needs and the main factors which create prices for this category are the following:

- level of economical development of district and the centre of district;
- fertility and amelioration of agricultural land;
- binding of the plot area;
- accessibility of driveways;
- distance and availability from Riga or district centre.

In general, the number of agricultural land transactions has decreased, but prices have significantly increased in the whole country.

The highest prices were in such districts as Liepaja, Jelgava, Bauska, Ventspils and Tukums, but the lowest prices  in the region of Latgale.  A characteristic feature of this land is lack of engineering system networks, therefore the land plots of this type are still being used just for agricultural needs.

**Price level of agricultural land in various regions of Latvia (prices given in EUR/ha):**

| | At the end of 2006 | First half of 2007 | At the end 2007 |
|---|---|---|---|
| Surroundings of Riga | 1000 - 3500 | 1500 - 4300 | 1600 - 4500 |
| Latgale | 700 - 1300 | 700 - 1300 | 650 - 1300 |
| Vidzeme | 850 - 2800 | 1000 - 3000 | 950 - 3000 |
| Kurzeme | 800 - 2500 | 900 - 3000 | 900 - 3100 |
| Zemgale | - | - | 1700 - 3300 |

**Source: Arco Real Estate*

**4.4.3. Land for timber cutting purposes**The main factors when purchasing lands of this category and also the main factors which determine the price of these lands are forest stand volume and quality, in a lesser degree location and access possibilities.

The prices of the land plots of this category in the year of 2007 decreased insignificantly: prices at the end of 2007 ranged from 600 to 3200 EUR/ha, but the prices of forest land after completion of timber cutting ranged from 180 to 450 EUR/ha.

According to the data of Land State Service of the Republic of Latvia, the greatest number of transactions was in such districts as Madona, Cēsis, Jēkabpils and Limbaži.

*A wood in Ogre district*

**4.4.4. Land purchase for resale**

Formerly, land plots were often objects of speculations and investments, but in the review period the number of transactions for speculative purposes decreased significantly. Such situation can be explained with the activity decrease of purchasers and cautious credit policy of banks. In general, four factors of speculative transaction decrease can be marked out:

- *Credit policy of banks*

In the previous periods of review, speculators often purchased cheap category lands, resp., plots with burden accessibility, with not provided utilities or not ameliorated plots, not paying attention to land location and condition. But as banks changed their credit policy in the second half of the year and started to very carefully analyze purchasers' solvency, availability of utilities etc., it made the process of credit receiving harder and thus decreasing the number of speculative transactions.

- *Limitations of local government*

Also some local governments try to limit actions of speculators, and order to build roads and utilities and while these demands are not fulfilled, do not allow register the property in the Land Register, but in other districts it is determined that the utilities must be built before approval of detail design.

- *Increase of purchaser demands*

When choosing land plot, purchasers carefully evaluate location, existence of utilities, development of infrastructure and other personally important factors, in that way not buying land plots which are offered by speculators.

- *Amendments in laws*

Possibilities of speculations were burdened by amendments in laws, which were adopted by LR Saiema. According to these amendments there are limited possibilities to purchase many properties in a small time period, and there is a material factor as well greater fees for additional purchased property registration.

Because of all these reasons, speculators are selling their plots that were purchased earlier, but do not purchase new ones. And with slow leaving of speculators from the market, rapid price increase for land plots is not observed.

Significantly has decreased also the number of speculative transactions with agricultural land and land for construction of living house villages, which can be explained with small demand and the decrease of popularity of living house villages.

## 6.1. LAND FOR COMMERCIAL BUILDINGS

Price level of land for commercial construction in Riga has remained high and irregular, which can be explained with the deficit of appropriate land plots, location of land and other criteria, but demand for commercial land has decreased insignificantly demanded are land plots for various stores, warehouses, but entrepreneurs choose to rent rather than construct offices.

Besides, in the year 2007, purchasers have very specific demands when buying land there should be separate utilities, location, and there should be planning of the land. Important is also the nearness of main natural gas wires, which mainly is referred to lands for manufacturing purposes.

In the year 2007, there was observed great demand for commercially advantageous land plots, which are located:

- in main street facade houses, crossings;
- nearby intense traffic and massive people flow;
- nearby newly-built business centers;
- in an easily accessible place;
- in a place with good visibility;
- nearby important public objects and also nearby places where similar buildings already exist.

Land plots which match up with mentioned factors are mostly owned by people who wanted to develop some projects on these lands.

In 2007, prices for commercial land have increased insignificantly, resp., the higher bound has increased, increasing average price indicators as well.

The greatest interest for commercial land purchase in the year 2007 traditionally remained in Riga and entrepreneurs unwillingly consider purchasing land in the vicinity of Riga. The most active districts of Latvia were Bauska, Liepaja and Valmiera.

For commercial construction in Riga were mainly used such street areas as Krasta, Maskavas, K. Ulmaņa gatve, Mūkusalas and Lielirbes.

*Land for commercial purposes, Salaspils*

**Prices of land for commercial construction at the end of 2007 (prices are given in EUR/m$^2$)**

| | Min value | Typical price | Max value |
|---|---|---|---|
| K. Ulmaņa gatve | 170 | 320 | 500 |
| Lielirbes iela | 170 | 320 | 500 |
| Vienības gatve | 125 | 200 | 300 |
| Ganību dambis | 250 | 300 | 550 |
| Maskavas iela | 70 | 150 | 320 |
| Dzelzavas iela | 350 | 380 | 420 |
| Bauskas iela | 150 | 350 | 450 |
| Krustpils/Granīta iela | 60 | 100 | 140 |
| Teika | 180 | 220 | 250 |
| Āgenskalns | 280 | 290 | 300 |
| Rīgas centrs | 350 | - | 700 |
| Vecrīga | 2500 | | 3000 |

**Source: Arco Real Estate*

The high price level and also the deficit of land is the reason why purchasers search for possibilities to realize commercial construction in the vicinity of Riga or in the housing estates of Riga, for example, interest about such housing estates as Jugla, Teika and Pārdaugava increased.

Highest prices for land for commercial purposes remained in Mārupe (at the end of the year prices ranged from 10-75 EUR/m$^2$) and in Olaine (at the end of the year prices ranged from 15-55 EUR/m$^2$), but the lowest price level in the district of Riga was in Ķekava  prices ranged from 10 to 68 EUR/m$^2$.

On average, prices for land for commercial purposes in the vicinity of Riga ranged from 10 to 75 EUR/m$^2$.

In the second half of the year 2007 a new tendency came in sight  with purchasers' activity decrease, small developers of new projects started to sell land plots with already confirmed projects, declining from their initial plans.

On average, prices for land plots in the housing estates of Riga without confirmed multi-apartment house projects ranged from 200  400 EUR/m$^2$, but with confirmed projects  from 310 to 550 EUR/m$^2$.

## 6.2. LAND PROPERTIES FOR CONSTRUCTION OF PRODUCTION AND LOGISTICS OR INDUSTRIAL PARK AREAS

In the year 2007 high and stable demand for new and modern premises for logistics and manufacturing retained. Many new projects were delivered in exploitation, thus increasing the total area of operating industrial parks (according to the data of LTICA there are 23 operating industrial parks with total area 460 ha in Latvia) and also insignificantly satisfying demand.

For example, in the year 2007 in exploitation were delivered such industrial parks as:

- Business center of PBLC;
- 1st stage of Dominante Park;
- 1st stage of Eirkel Business Park;
- 1st stage of centre Rītausma;
- 1st stage of logistic centre Wellman;
- 1st stage of Dommo Business Park etc.

With the new industrial parks delivery in exploitation, a new tendency has emerged in the review period  in previous periods owners/developers of industrial parks chose larger tenants and rented them about 10 000 m$^2$ large areas, whereas in this year, with offer increase, wide range of premise areas is also offered to small and medium-sized enterprises, resp., smaller areas starting from 140 m$^2$ are rented as well, which are also the most demanded in market (500  1000 m$^2$ large premises).

Although the high demand has remained, many projects which were started in previous years remained at previous stages of development. The main factors which delay development of new projects are the increase of construction costs, underdeveloped infrastructure of transport, inflation and also real estate tax. As a result, the development of industrial parks has become prospectless. Besides, new developers of industrial parks should consider the high competition level, which can be explained with the fact that in the year 2008 it is planned to deliver in exploitation and continue already started industrial and logistical parks, and also start to construct the new ones, in that way satisfying the demand for such areas. We should consider also shrinkage of trade with the decrease of internal consumption, which delays creation of new enterprises in industry trading enterprises are the main tenants of logistic premises.

Rent prices of business and industrial parks depend on location, quality and the number of offered services, for example, accounting, juridical, translation, staff selection, marketing services, consultations etc.

Lands of this category are demanded in locations which match up with following criteria:

- easy access;
- developed infrastructure;
- accessibility of utilities;
- strategically favorable location, which can be different depending on the objective and type of business;
- nearness to the airport and harbor of Riga.

In the year 2007, interest about land purchase for manufacturing needs has increased both in Riga and in the vicinity of Riga.

Demanded mainly are lands with area from 1.0 3.0 ha and up to 5.0 ha, mainly on average 25 km away from Riga; besides, offer of such lands is relatively large. There are not many industrial territories within Riga City borders; more popular areas traditionally have remained in Ķengarags (areas of Katlakalna, Granīta, Krustpils, Rencēnu streets), vicinity of VEF (Braslas street), area of Ganību dambis and also in Bolderāja.

But the areas of industrial lands in Riga are small and lands are expensive, therefore the interest for land plots outside capital is increasing. Thereby not only Riga, but also regions of Latvia are being developed district of Riga (Olaine, Ķekava, Salaspils, territory of airport of Riga), Zemgale (Jelgava), Kurzeme (Ventspils, Liepaja) and Latgale (Rēzekne, Daugavpils). Such tendency can be explained with benefits of investors and enterprises lower costs of staff and manufacturing, not so tense competition and yield on investments.

In the year 2007, high offer has remained for warehouses and industrial premises that are non-renovated or not meeting contemporary requirements. Often offered are also warehouses which are partly renovated.

Average rent amounts for production and logistics premises during the review period:

- new buildings: from 5-9 EUR/m², in the vicinity of Riga on average 5-7 EUR/m²;
- partly renovated buildings – 4-6 EUR/m²;
- worn-out, non-renovated buildings, which do not meet the requirements of modern manufacturers/logistic companies: 2-3.5 EUR/m².

Prices of land for industrial purposes in Riga and in the vicinity of Riga:

- Land for industrial needs in the Riga city – 40 -115 EUR/m²;
- Land with industrial buildings in bad technical condition outside the centre – 115-600 EUR/m²;
- Land for industrial needs in the district of Riga (connected to engineering networks) – 25-85 EUR/m²;
- Land for industrial need in the district of Riga (not connected to engineering networks) – 10-40 EUR/m².

***Arco Real Estate values:***
***commited,***
***trustworthy,***
***confident,***
***comprehensive,***
***vital***

## 6. MARKET OF RETAIL PREMISES

The main event in the market of retail premises was the new shopping center Sky&More delivery in exploitation, which is the first elite class shopping center in Latvia. Extension works in shopping centers Alfa and Spice were continued as planned.

Despite the opening of the new shopping center, there was still observed deficit of new and modern retail premises in Riga, which is mainly explained with the increase of standard of living and purchasing power of residents, and so many retail sales companies show interest for trade possibilities in Riga. The high demand and relatively low offer of retail premises, and also the low level of tenant change allowed the owners of shopping centers adjust higher rent prices.

As price level for retail premises is high, many companies search for possibilities to realize sales in the housing estates of Riga or in the peripheral parts of center. Because of the increase of demand, appropriate supply also appears and so favoring development of new retail shops in the various housing estates of Riga. Such tendency positively influences the level of rent prices and a little bit helps to balance the demand and supply. As the total space of retail premises is growing, the criteria for premises quality is rising by conscientious analyses of the relation between rental price, the premises quality, location and other criteria.

But in general, segment of trading shops cannot develop as fast as necessary, therefore rent prices retain high level in all marketable places.

The demand for retail premises could be partly fulfilled in the year 2009, when two shopping centers are planned to be delivered in exploitation Cube City and Riga Plaza.

As a result of high inflation rates, cooling of economy and decrease of residents' purchase power, in the autumn of 2007 the turnover of retail sales decreased. Supposedly this will leave impact also to the further development of retail enterprises and rent price level of retail premises. As a result of aggravation of competition, the shopping centers are searching for methods which would allow differentiating and diversification of their offers, for example, some are planning to change marketing strategy or tenants and some will offer larger entertainment possibilities – cinema, bowling centers etc.

Interesting changes have been noticed in the regions where there is still space and new opportunities for shopping centers. With the growing purchase ability of people living in the regions, the potential cash-flow becomes more stable and also makes the region more interesting for shopping centers. This allows saying that in future typical regional trade centers will be seen in Latvia.

- In the large shopping centers 30-35 EUR/m²;
- Central part of the city:

  High intensity of pedestrians 60-75 EUR/m²;

  Cross-streets 30-40 EUR/m²;

  Peripheral part of the center 10-25 EUR/m².
- Old city:

  Central streets 50-80 EUR/m²;

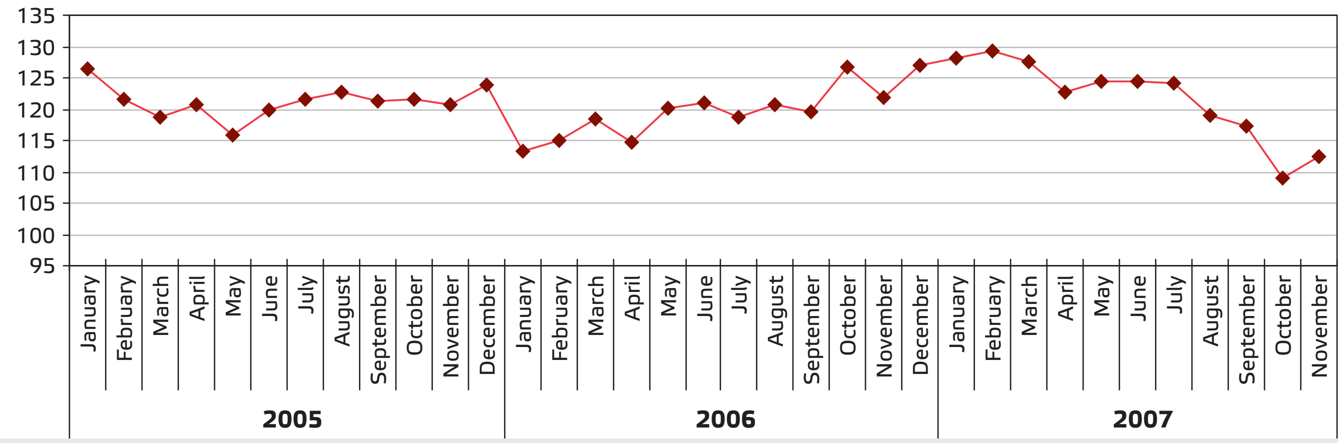
  Cross-streets 15-35 EUR/m².
- Dwelling areas:

  Dwelling area center 15-20 EUR/m²;

  Outside dwelling area center 7-15 EUR/m².

*Streets with high intensity of pedestrians: Kr. Barona, Kaļķu, Vaļņu, Brīvības, Tērbatas, Blaumaņa, Krasta

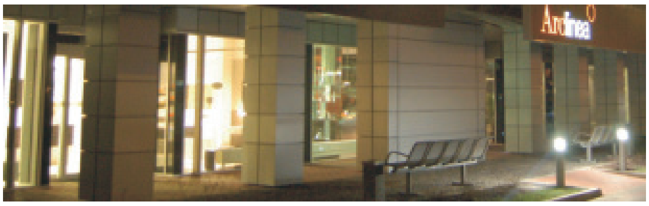
**Turnover of retail sales in Latvia (comparable prices (%) against previous year appropriate period)**



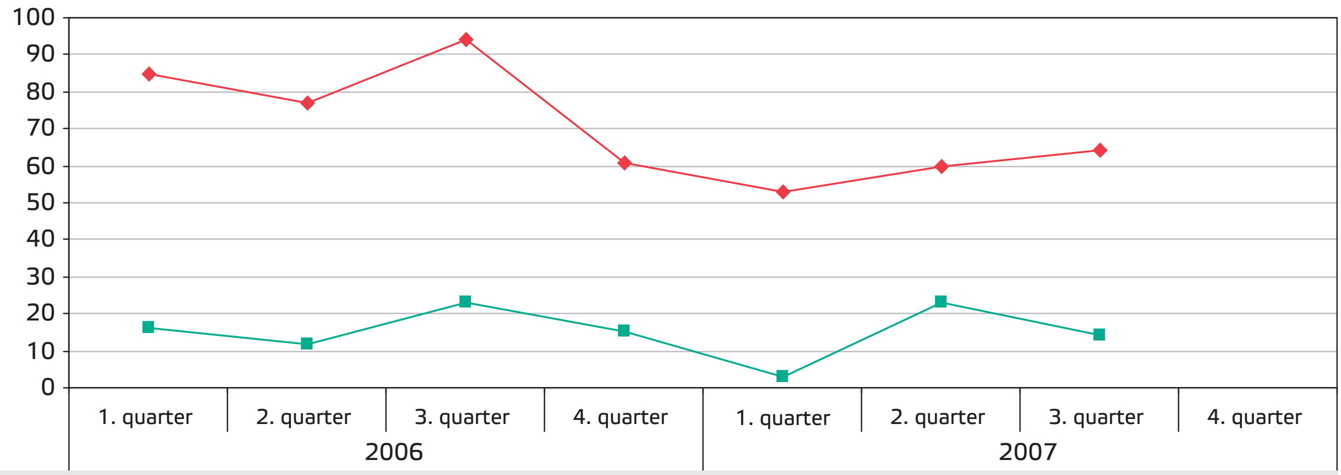

*Source: CSB*

## 7. OFFICE PREMISES

In the year 2007, the market of office premises has been one of the most active segments of the real estate market, but still not as active in comparison with the year 2006. For example, according to the data of Central Statistical Bureau, in the first three quarters of 2006 51 permissions of new office building construction have been served out, but in respective period of the year 2007 - 40



**Number of served out permissions for office building construction in Latvia, year 2006-2007**




**Source: CSB*

The construction of office buildings has become very popular in the capital city of Latvia, which was influenced by the following circumstances:

- the office premises sector in Latvia is not as saturated and as a result of that the competition is smaller; it is easier to realize the buildings in the market. With the not as big competition in this segment and more and more growing demand for office space the risk for realization is smaller;
- by giving an office building to realization, a higher yield is possible;
- the possibility to go out of the project directly after finishing it.

The demand in the year 2007 was still unbalanced: the demand was higher than the supply. The demand was especially high for high-class office premises, but, for example, C class premises are still available for rent.

The demand could be satisfied only in the year 2008 when a lot of office buildings will be put into commissioning, like Unity Business Centre, SWH business centre, Upmalas biroji etc.

Also in the year 2007 there were companies which constructed office buildings for particular needs due to the lack of appropriate office premises in market. Such organizations were Parex bank, Kesko Agro administrative center, Rietumu bank, new building of Department of Interior etc.

As the new tendency in the market emerged the desire of enterprises to buy (not to rent) office premises, but the number of such companies is relatively small.

As dwelling market experienced difficulties starting from May of 2007, some developers decided to make reorientation from apartment to office market. Such reorientation is relatively cheap and characteristic mainly to the regions of Latvia. More often multifunctional office buildings are announced in the market; it is possible because many building plots are provided for mixed construction use, besides, in such ways developers attach more tenants with different needs and decrease risk.

In the year 2007, demand retained for 20 - 150 m² large offices, but in offer mostly were the office premises with area from 100 m². Such situation from owners of office premises is understandable bigger number of tenants makes difficult to manage property, besides, there is a bigger possibility that more tenants will not elongate lease agreement.

**In 2007, demand remained for office premises located in the center of Riga and nearby Pārdaugava in the area**

adjacent to hotel Radisson SAS and in Ķīpsala, but developers mostly choose to construct new projects in the housing estates of Riga or close to the center of Riga, which can be explained with the deficit of land plots, smaller land prices and smaller investments, besides, when constructing office buildings in the housing estates of Riga, parking problems are solved, which is one of the main criteria when constructing office buildings.

Still, in the regions the infrastructure is not so developed and the supply is insufficient, therefore many potential tenants wait and delay moving to new office premises and continue to work in the existing ones. Because of availability of public traffic, many tenants are forced to choose office premises in the center or subordinate their office location near to the locations of main business partners and residences of their personnel.

Some of the most important projects announced in the market are as follows:

- Duntes nami  6 storey the class A office building at 11 Duntes Street. Building is with modern equipment, well-developed environment, wide parking space and free layout of premises; rent prices  16  20 EUR/m²;
- Rietumu Capital Centre  the class A 14 storey office building at 7 Vestas Street; rent price  22 EUR/m²;
- Tomo Business Center  the class A office centre at 44 Raunas Street.

Some of the most important projects which are planned to commission in the year 2008:

- Unity Business Center  the class A business centre at 109 Vienības street, 6 storey building with conference rooms, comfortable traffic and good infrastructure. Rent prices  from 15 EUR/m²;
- SWH Business Center  the class A office building at 13 Skanstes street, 6 storey building with free layout of premises and comfortable traffic; rent price  14 EUR/m²;
- Upmalas biroji  the B class office building at 114 Bauskas street, rent price  14 EUR/m².

**Average rental prices, EUR/m²/month in different areas of Riga city:**

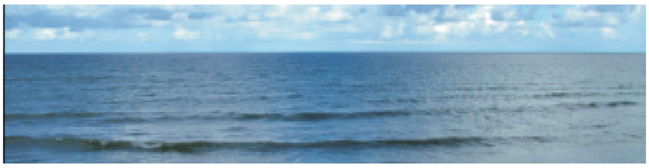
| | Class A | | Class B | | Class C |
|---|---|---|---|---|---|
| | Riga city center | Peripheral part of Riga | Riga city center | Peripheral part of Riga | Riga (office premises outside the city center) |
| At the end of 2006 | 16 - 26 | 15 - 20 | 9 - 18 | 6 - 13 | 3 - 6 |
| First half of 2007 | 17 - 25 | 15 - 20 | 12 - 18 | 8 - 14 | 7 - 10 |
| At the end of 2007 | 18 - 23 | 14 - 20 | 14 - 20 | 8 - 16 | 7 - 12 |

**Source: Arco Real Estate*

**Duntes nami**

***Duntes Nami is a new Class A office building in the business centre of Riga, at the intersection of Duntes and Skanstes Streets, which offer not only a perfect and comfortable work environment but is notable also for its advantageous location, technical features, services and diversity of solutions of individual premises.***

## 8. JURMALA



### Apartments

At the beginning of the year 2007 relatively rapid growth of prices was observed, but overall processes in the real estate market influenced also apartment prices in Jūrmala  prices decreased on average by 5-7% in the summer but became stable starting from October.

**Secondary market apartment prices (given in EUR) in Jūrmala at the end of 2007:**

| | 1-room apartments | 2-room apartments | 3-room apartments |
|---|---|---|---|
| **On the sea side** | | | |
| Lielupe - Dubulti | 62 000 - 86 000 | 85 000 - 110 000 | 105 000 - 135 000 |
| Dubulti - Vaivari | 57 000 - 83 000 | 79 000 - 110 000 | 97 000 - 135 000 |
| Kauguri | 43 000 - 50 000 | 55 000 - 64 000 | 70 000 - 77 000 |
| **On the railway side:** | | | |
| Dzintari - Majori | 55 000 - 72 500 | 77 000 - 100 000 | 94 500 - 122 000 |
| Dubulti - Vaivari | 52 000 - 69 000 | 72 000 - 93 600 | 88 500 - 110 000 |
| Sloka | 36 000 - 52 000 | 50 000 - 70 000 | 58 000 - 84 000 |

**Source: Arco Real Estate*

**New multi-apartment projects in Jūrmala announced in the second half of the year 2007:**

| Name | Location | Address | Finish quality | Price EUR/m² | Price EUR/m² for typical apartment** | Number of objects |
|---|---|---|---|---|---|---|
| Dzintaru pērle | Dzintari | Dzintaru prospekts 42 | Baltā apdare | no 3700 | 4000 | 15 |
| Lielupes iela 18 | Jaundubulti | Lielupes iela 18 | Baltā apdare | no 2550 | 2800 | 17 |
| Kuldīgas iela 12 | Bulduri | Kuldīgas 12 | Pilna apdare/ Baltā apdare | no 3500 | - | 16 |
| Priežu nams | Bulduri | Rēzeknes pulka 5 | Pilna apdare | 3600 - 3900 | 3800 | 14 |
| Rivera | Lielupe | Tīklu iela | Pilna apdare/ Baltā apdare | 2400 - 5500 | 2500 | 80 |

**Source: Arco Real Estate* ***Typical apartment  apartment in new project, on 2nd or 3rd floor, area range from 70-80 m².*

The demand for apartments in Jurmala has remained stable, and the price level of apartments in Jūrmala (at Dubulti-Bulduri) has still been the highest in the country, but in the second half of the year decrease of purchasers' activity and insignificant decrease of prices was observed.

The number of new multi-apartment houses has increased and so increasing the offer and that is the reason why prices in the new projects have not changed significantly, ranging from 2200-5500 EUR/m². The largest project that was announced in the market was Sundays with 550 apartment units.

*Jurmala, Dzintaru prospekts 64*

**Private houses**

Market of private houses in the year 2007 was relatively inactive, which was determined by the high prices of private houses and land plots, as well as the small offer. Demanded mostly were small private houses with area from 100 to 150 m², which are mostly purchased as the second apartment.

In September of 2007 in Jūrmala one small project of row-houses (Rondo) with 16 living units was announced, prices for this project ranged from 1800 to 1900 EUR/m².

**Prices of one-family houses in Jūrmala (EUR):**

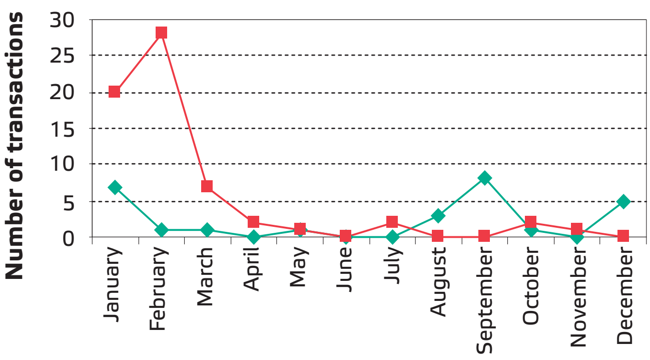
| Location | At the end of 2006 | First half of 2007 | At the end of 2007 |
|---|---|---|---|
| **On the sea side:** | | | |
| Lielupe - Dubulti | 420 000 - 3 500 000 | 440 000 - 3 500 000 | 400 000 - 2 500 000 |
| Dubulti - Asari | 350 000 - 1 500 000 | 400 000 - 1 500 000 | 350 000 - 1 500 000 |
| Vaivari - Kauguri | 250 000 - 700 000 | 300 000 - 850 000 | 290 000 - 800 000 |
| **On the railway side:** | | | |
| Lielupe - Majori | 320 000 - 1 300 000 | 310 000 - 2 000 000 | 285 000 - 950 000 |
| Dubulti - Asari | 280 000 - 600 000 | 280 000 - 850 000 | 250 000 - 700 000 |
| Vaivari | 270 000 - 600 000 | 280 000 - 750 000 | 240 000 - 700 000 |
| **Other locations:** | | | |
| Kauguri, Jaunķemeri | 215 000 - 500 000 | 295 000 - 650 000 | 200 000 - 600 000 |
| Sloka | 120 000 - 380 000 | 210 000 - 450 000 | 190 000 - 400 000 |
| Ķemeri | 105 000 - 260 000 | 165 000 - 280 000 | 160 000 - 250 000 |

**Source: Arco Real Estate*

**Land plots for private building**

High prices and deficit of land plots, small offer and general economical situation in country were the reasons for small activity of purchasers in Jūrmala. For example, according to the data of Land Register, in August, September and December no transactions were concluded. In the first half of 2007 the increase of prices of land for one-family house construction was observed in all places of Jūrmala, which can mainly be explained with the deficit of vacant land plots, therefore offer prices reached even 950 EUR/m² in the first half of the year 2007, but in the second half of the year insignificant decrease of prices was observed. But, considering the small activity of this market segment, the small number of transactions does not give an idea of the actual prices of lands in Jūrmala.

**Dynamics of transactions with land plots in Jūrmala, year 2006-2007**




**Source: Land Register*

**Prices of offered landplots in Jurmala on 31st of December, 2007 (seaside area outside Jurmala), prices given in EUR/m²:**

| Location | At the end of 2006 | | First half of 2007 | | At the end of 2007 | |
|---|---|---|---|---|---|---|
| | Min | Max | Min | Max | Min | Max |
| **Sea side:** | | | | | | |
| Lielupe - Pumpuri | 300 | 600 | 340 | 940 | 320 | 750 |
| Melluži - Asari | 260 | 500 | 200 | 500 | 170 | 500 |
| Asari - Vaivari | 130 | 350 | 200 | 500 | 75 | 310 |
| **Railway side:** | | | | | | |
| Lielupe - Dzintari | - | - | - | - | 200 | 420 |
| Dubulti - Asari | - | - | - | - | 65 | 250 |
| Asari - Vaivari | 50 | 100 | 65 | 400 | 45 | 280 |
| **Other:** | | | | | | |
| Kauguri | 30 | 75 | 150 | 300 | 120 | 250 |
| Sloka | 25 | 50 | 150 | 210 | 85 | 200 |
| Bigauņciems - Ragaciems (pie jūras) | 15 | 65 | 70 | 150 | 45 | 180 |
| Plieņciems - Kolka | - | 16 | 28 | 65 | 16 | 45 |

**Source: Arco Real Estate*

## 9. JELGAVA, REGION OF ZEMGALE

**Apartments**

Apartment prices in the first half of the year 2007 continued to increase, however, gradual decrease of apartment prices was observed during the summer period. Therefore, prices at the end of the year in Jelgava and in the region of Zemgale returned to the price level of the beginning of the year.

With the price decrease and fluctuations of market, offer in the second half of the year has been irregular, but has increased in general, while demand has decreased. Interest of purchasers about real estate objects has remained stable and relatively regular, but only at the cognitive level.

Purchasers who buy real estate objects in Jelgava are evenly divided one half is local residents, but another inhabitants of Riga.

Most demanded are well-organized apartments in the centre of the city or close to it.

In the market of new projects, relatively small number of new projects has been realized the multi-apartment houses at such streets as Tervete, Zirgu, Pasta and Atmodas have been renovated. Apartment prices for new projects at the end of 2007 ranged from 1280-1500 EUR/m².

Price level for apartments and private houses in Jelgava and in the region of Zemgale at the end of the year 2007:

Standard-type apartment prices in Jelgava – 1050-1280 EUR/m²

New project apartment prices in Jelgava – 1280-1500 EUR/m²

Apartment prices in the district of Bauska – 280-700 EUR/m²

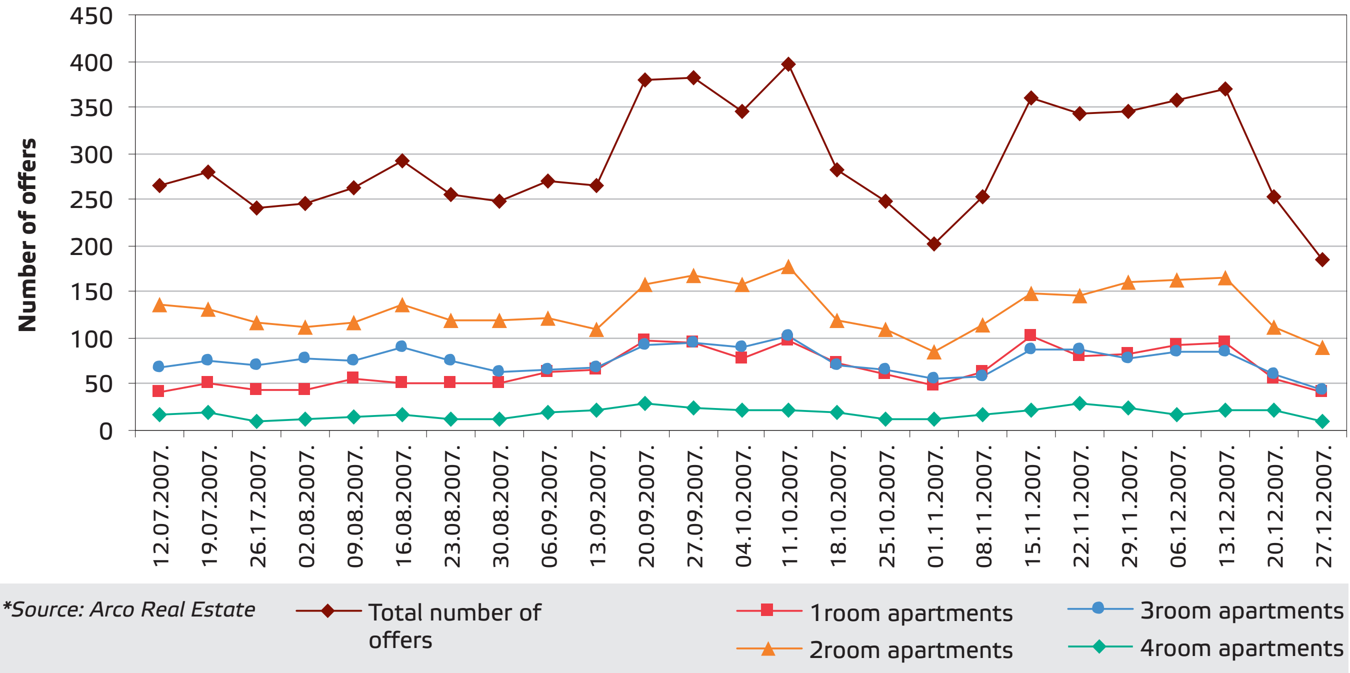
* Apartment prices in Iecava even up to 1060 EUR/m²

Apartment prices in Dobele and in the vicinity of Dobele– 420-700 EUR/m²

With difficulties to get credits, the interest about possibilities to rent apartments has increased also in Jelgava. Because of high rental prices in Riga, part of residents of Riga search for opportunities to rent an apartment further from Riga. But in general, rental prices in Jelgava are almost at the same level as in Riga.

- Apartment rent in Jelgava – 280-420 EUR/month;

## Dynamics of appartment offer in Jelgava in the second half of year 2007




**Source: Arco Real Estate*

- Fully furnished apartment rent in new projects – 420-560 EUR/month.

**Private houses**

The greatest offer in the year 2007 has remained for private houses whose price does not exceed 215 000 EUR. Dmanded are also the newly built private houses, but the interest for private house purchase in the secondary market has become comparatively smaller.

- One-family house prices in Jelgava – 85 000-170 000 EUR
- New private house prices in Jelgava – 140 000 240 000 EUR
*With floor area over 250 m² even up to 315 000 EUR

- Farmstead prices in the region of Zemgale – 42 000-85 000 EUR/ha

Land plots for private buildingRecession of real estate market in the second half of the year 2007 favored also the decrease of interest about land market, therefore the lower bound of price range has decreased on average by 20-25%, but land parcels with all city utilities, comfortable accessibility, good infrastructure and other personally significant factors prices can reach 50 EUR/m².

Price level for land plots in Jelgava and in region of Zemgale at the end of year 2007:

- Prices for land plots in Jelgava 20-40 EUR/m²

* Prices for land plots with all city utilities in Jelgava up to 50 EUR/m²

- Prices for land plots (over 3000 m²) in Jelgava – 7-20 EUR/m²
- Prices for one-family private house building in the region of Zemgale – 1.5-7 EUR/m²
- Prices for agricultural land – 1700-2800 EUR/ha

**Commercial premises**

Although the number of transactions in the dwelling market has decreased, interest about commercial premises still remains high, especially for premises with small areas in the center of the city. The interest is heightening also because of development of new industrial parks and continuation of the existing ones.

As a significant object in the market of commercial premises in the year 2007 should be mentioned the new office center Zemgales darījumu centrs, which will be soon delivered in exploitation.

- Rental price of commercial premises in Jelgava – 10-17 EUR/m².
- Rental prices of manufacturing of logistics premises – 2-6 EUR/m².

## 10. SIGULDA

### Apartments

At the end of 2007, the average apartment price was 950 LVL/m² and it remained stable since the beginning of the year decreasing of prices was observed only when seller wanted to sell his/her property quickly. Demanded apartments in Sigulda were in the price range from 700-800 LVL/m² (mostly non-renovated apartments for such price).

Prices of well-renovated and expensive apartments at the end of the year 2007 ranged from 1200-1500 LVL/m².

At the end of 2007 in Sigulda apartments in two new multi-apartment houses were offered in project at O.Kalpaka street, where house has already been delivered in exploitation; average price 1100 LVL/m², and also new houses at 84 Strēlnieku street are constructed, where it is planned to construct 131 apartments; average prices in this project about 1800 EUR/m².

With the stricter credit policy and with the increase of Sigulda's popularity as popular resting place, apartments for rent become more and more demanded. Apartment rent prices are high due to the small offer 3-5 LVL/m².

### Private houses

In Sigulda, qualitative private houses in good location and with beautiful landscape are demanded. Prices of houses in this category are relatively high and also the sales are larger. Most purchasers choose houses with all communications, with good driveways and nearby infrastructure. Prices for such private houses are about 100 000 LVL. But offer of such private houses is small.

Demanded are also renovated houses, whose prices range from 50000-80000 LVL.

Prices are high for private houses which were built with aim to sell, on average 350 000 LVL, thereby the demand for such houses is small.

### Land plots for private buildings

At the beginning of the year, the rapid increase of land plot prices continued and reached 50-70 LVL/m², but in the second half of 2007 the tendency of price decrease was observed, although some sellers tried to hold prices at the previous level. At the end of 2007, average prices of land plots for private building were about 40 LVL/m². The main factors which determined price for land plots were area, availability and existence of utilities, availability and development of infrastructure and nearness of center.

Prices for mostly demanded land plots ranged from 25-30 LVL/m², for such price land plots were offered by speculators or owners for quick realization price. Purchasers were interested to buy land plots whose total costs did not exceed 20 000 - 40 000 LVL and which are located on average 60 km away from Riga, have good driveways and supply of electricity power. For one-family house construction, demanded were land plots with area from 600-1200 m².

In Sigulda, the interest for land purchase for speculative purposes has decreased properties are mostly purchased for personal needs for construction of one-family houses and farmsteads.

Developers of new projects are prevented from decision making and land parceling, because the territorial planning is not accepted yet, which, as forecasted, will be ready in March 2008.

### Commercial properties

Of the commercial properties, the most demanded are cheap logistic premises, whose rental price is about 1 LVL/m², but the number of such premises in offer is small. Demanded are also retail premises. At the end of the year 2007, two shopping centers are being constructed with rental prices about 25 EUR/m².

Land prices for commercial construction ranged from 50-100 LVL/m².

*Sigulda, Ausekļa street.*

## 11. SAULKRASTI

**Apartments**

The poorly maintained environment and the inadequate market price of properties located in areas of several gardening societies are the factors that have stimulated the interest of customers in the secondary market apartments located close to the sea and in places with good infrastructure. The high demand and the lack of offer caused a rapid growth of market in this sector, therefore apartment prices at the end of the year 2007 ranged from 1280-2270 EUR/m²; and so the prices of apartments in the secondary market are approaching the prices of new project apartments.

The price decrease of apartments is observed when sellers want to sell property as soon as possible.

At the end of the year 2007, apartments in two new multi-apartment projects were offered, where prices ranged from 2150-4500 EUR/m².

Rent of residental premisesIn the summer period, the demand for rent of apartments close to the sea increased significantly. Rent prices in Saulkrasti range from 350 to 2100 EUR per month, but mainly low quality summer cottages and partly renovated apartments are rented.

In the second half of the year, apartments or parts of houses (also with wood heating) for rent with term of 1 year and with price range from 140-350 EUR/month were demanded.

In offer for rent were also houses, which were not yet sold, with condition that rent rights exist until the moment of selling. In Saulkrasti, rent prices of houses ranged from 560-1400 EUR per month.

At the end of the year 2007, the greater number of transactions was observed comparing to the beginning of the year, which mainly can be explained with territorial planning confirmation of Saulkrasti city, delivery in exploitation of beltway VIA Baltica and also the fact that starting from January 1st of 2008 the united data base of borrowers would be created.

Private houses and summer cottagesBecause of the small demand, sellers were forced to decrease prices for summer cottages and private houses in gardening societies which are located far away from public traffic and the sea. The tendency was observed to search for cheap summer cottages, which could be rebuilt into winter private houses using small investments. In the second half of the year, the decrease of the number of transactions was observed in this segment.

The largest part of purchasers choose modern private houses with all utilities, land area more than 1000 m², good driveways and nearby infrastructure, therefore, if the price is adequate, such property is sold quickly.

An exclusive private house village has been developed during the reporting period in Saulkrasti near the sea consisting of 19 modern houses with up-to-date architecture. Because of bank policy change, the developer changed his plans and is selling part of the land which was prescribed for construction. Interest in this project is forecasted to grow when the first house in the village is expected to be put in exploitation.

**Land**

Territorial planning of Saulkrasti city with rural territory was confirmed in the second half of 2007 and in autumn the beltway of VIA Baltica was put in exploitation, which has favored the demand for lands for construction in Saulkrasti and in the nearby vicinity, but has decreased the interest for land purchase for speculative purposes. Properties are mainly purchased for personal needs construction of private houses or farmsteads.

The interest of buyers for building land parcels with total costs not exceeding 56 000 - 70 000 EUR has increased. Important factors for such land purchase are the distance from Riga (up to 60 km), good driveways and supply of electricity power.

Land for building is purchased with the area ranging from 1200-1700 m², with prices not exceeding 100 000 EUR.

Market prices for building land in the city of Saulkrasti have ranged during the reporting period from 40 EUR/m² to several hundreds of EUR/m² price depends on land area, communications, infrastructure, nearness of the sea. The abovementioned aspects do not affect the market price for land parcels adjacent to sea because their price is determined by the exclusive location and prices are 100 EUR/m² and higher.

The market price level for land with permitted mixed commercial building has remained unchanged notwithstanding the relatively high interest, the price level has remained high  up to 350 EUR/m².

## 12. CĒSIS

**Apartments**

At the beginning of the year 2007, prices of apartments in the secondary market had reached the maximum selling price (700 LVL/m²), and continued to increase till April. After this period the price stabilization and small decrease of prices was observed, therefore the average price level ranged from 500 to 700 LVL/m².

Average apartment prices in Cēsis at the end of the year 2007 (for apartments in old houses in good condition):

- 1-room apartments  24 500 LVL;
- 2-room apartments  42 000 LVL;
- 3-room apartments  65 000 LVL.

Demand has remained high for apartments in the new projects, which can explained with small price difference between apartments in the new projects and in the secondary houses. And development of new projects has favored price decrease of second market apartments.

In the year 2007, four new multi-apartment houses were put in exploitation with the total of 193 apartments. Because of this, at the beginning of the year, great number of new apartments was in offer  84, and approximately the same number of apartments was in offer also in the secondary market, but at the end of the year 61 apartments were in offer in the new projects (including apartments which were purchased for speculative purposes).

At the end of the year, apartment prices in Cēsis in new projects without finish were about 615 LVL/m², but with full finish  921 LVL/m².

Private houses
At the beginning of the year 2007, high level of demand and low supply was observed, therefore transactions in this segment were concluded for relatively high prices, but in the second half of the year the increase of offer and significant decrease of transactions was observed.

Demanded were the brick private houses in good condition and with all communications. But the offer of such private houses was poor.

At the end of the year, the average price of private house in Cēsis was 227 000 LVL.

**Land**

In the second half of the year, the offer of lands for one-family house construction increased.

Because of the decrease of speculative transactions, both the number of transactions and prices has decreased. For example, at the beginning of the year prices ranged from 15-25 LVL/m² but at the end of the year –
10 -15 LVL/m².

The offer of agricultural lands in the second half of the year also increased (the offer tripled) and therefore recession of prices was observed, which can mainly be explained with inadequately high prices  prices for agricultural lands were determined equivalent to the land prices in the city.

**Commercial spaces and land for commercial building**

This segment of market in Cēsis has been the most active; relatively many buildings were offered in the center of the city for social and commercial purposes, and also lands for construction of public and manufacturing objects.

Besides, in the year 2007 the new tendency emerged the superiority of offer over the demand was observed. Such market situation was created by the expected changes in laws, as well as the expectations of price fall. But there was not observed price decrease of the commercial segment.

Rent prices at the end of the year 2007 in Cēsis:

- retail premises  9-70 EUR/m²;
- office premises  7-16 EUR/m².

*Castle ruins in Cēsis.*

## 13. LIEPĀJA

**Apartments**

Price difference of apartments in Liepāja is very large in different housing estates, and the prices are fully determined by location.

Most demanded in the year 2007 were the 2-room and 1-room apartments in southwest region, region of Ezerkrasts and in central region. In general, prices at the end of the year 2007 have decreased because of bank policy change and the increase of offer.

Because of the increased demand for apartment rent, the segment of rent developed rapidly. For example, facilitated one-room apartment rent price (excluding fee for public services) is 80 LVL and up, but for facilitated two-room apartment  120 LVL and up.

During review period, construction of 8 new projects has been announced  Rietumu krasts, Mēness names, Ezermalas nami, Ezerkrasta nami, Kroņa nami, Baronsnams, Vītolu nams and Alejas dārzs. Prices in these apartments are 950 LVL/m² and up.

**Average standard-type apartment prices in Liepāja: (prices in LVL as per December 31, 2007)**

| Type of apartment/ community | Southwest community | Ezerkrasts | Centre, Vecliepāja | Jaunliepāja | Ziemeļu suburbs |
|---|---|---|---|---|---|
| 1-room apartments | 20 000 - 25 000 | 20 000 - 25 000 | 23 000 - 28 000 | 14 000 - 17 000 | 16 000 - 20 000 |
| 2-room apartments | 30 000 - 36 000 | 30 000 - 35 000 | 30 000 - 40 000 | 20 000 - 26 000 | 25 000 - 31 000 |
| 3-room apartments | 35 000 - 42 000 | 35 000 - 42 000 | 37 000 - 45 000 | 25 000 - 30 000 | 30 000 - 40 000 |
| **Type of apartment/ community** | **Zaļā birzs** | **Karosta, Tosmare** | | | |
| 1-room apartments | 10 000 - 17 000 | 9000 - 16 000 | | | |
| 2-room apartments | 17 000 - 24 000 | 14 000 - 21 000 | | | |
| 3-room apartments | 20 000 - 35 000 | 18 000 - 25 000 | | | |

**Source: Arco Real Estate*

**Land**

The major part of land parcels offered for sale is formed by the coastal land (prices ranging from 3 to 25 LVL/m²), as well as agricultural land (prices ranging from 0.09 to 1 LVL/m²). In the review period, the demand for large areas for agriculture has increased.

The price level in this category is determined by three factors: distance to the city, purpose of land usage and the possibility to change the purpose of usage.

**Prices of private houses in Liepāja: (prices in LVL as per December 31, 2007)**

| Land for building of private houses | Price LVL/m² |
|---|---|
| Southwest community | 70 - 110 |
| Ezerkrasts | 70 - 100 |
| Centre, Vecliepāja | 80 - 120 |
| Jaunliepāja | 50 - 60 |
| Ziemeļu suburbs | 30 - 60 |
| Zaļā birzs | 25 - 35 |
| Karosta, Tosmare | 20 - 60 |

**Source: Arco Real Estate*

**Private houses**

Rapid development in the market of private houses in Liepāja region was also observed in Grobiņa, where development of two new private house village projects is taking place. Selling price of the houses there is 1100 LVL/m² and up, but market for these projects is minimal.

**Commercial premises**

In comparison with year 2006 in year 2007, there was observed growth of rental prices in commercial segment.

High demand for commercial areas in the city centre and first floor areas remains, althought the offer is limited. In Liepaja employers mainly choose to rent areas.

Rent price at the end of year 2007 was 10 - 30 EUR/m², but average sales price – 1000 LVL/m².

**Prices of private houses in Liepāja: (prices in LVL as per December 31, 2007**

| Private houses non-renovated | Price LVL |
|---|---|
| DR rajons | 70 000 - 120 000 |
| Ezerkrasts | 70 000 - 120 000 |
| Centrs, Vecliepāja | 80 000 - 160 000 |
| Jaunliepāja | 50 000 - 80 000 |
| Ziemeļu priekšpilsēta | 60 000 - 115 000 |
| Zaļā birzs | 65 000 - 105 000 |
| Karosta, Tosmare | 50 000 - 95 000 |

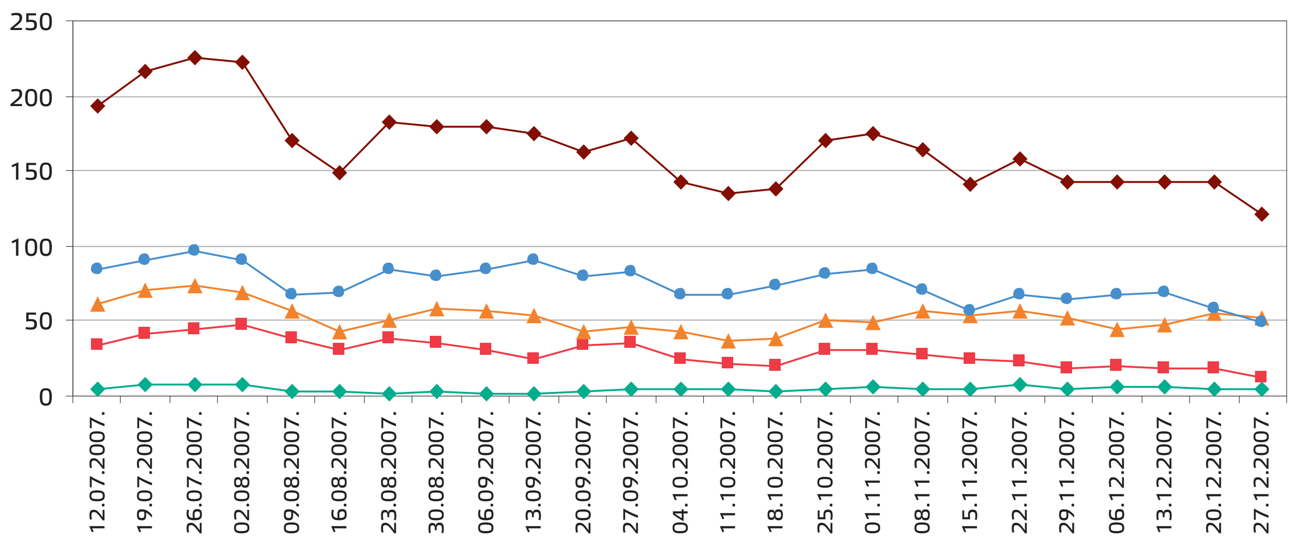
**Source: Arco Real Estate*

## 14. OGRE

**Apartments**

At the beginning of the year, rapid increase of apartment prices was observed in Ogre, which mainly was determined by the small offer of apartments, nearness of Riga and optimism of purchasers for price increase. But change of credit policy after April influenced also apartment prices in Ogre in the summer period, price decrease was observed (on average by 7%), but after this period prices became stable. Unlike Riga, where prices at the end of the year were lower than at the beginning, in Ogre average price level at the end of the year was still by 9% higher than in the beginning of the year. Also the decrease of offer was observed. As the decrease of prices has been lower than in Riga, the price difference has almost equalized average price level for standard-type apartments in the housing estates of Riga in comparison with apartments in Ogre was only by 6% higher and price level in Ogre had exceeded the average price level of cheapest housing estates of Riga. Standard-type apartment prices (given in EUR, as per January 1, 2008)

**Dynamics of apartment offer in Ogre in the second half of year**




**Source: Arco Real Estate*

## Standard-type apartment prices (given in EUR, as per January 1, 2008)

| Ogre | 103. Serie | 602. Serie | Hruschow | Average |
|---|---|---|---|---|
| **1-room** | **51 000** | **50 000** | **40 000** | **47 000** |
| *December 2006* | *44 000* | *43 000* | *40 000* | *42 000* |
| **2-room** | **63 000** | **61 000** | **55 000** | **59 667** |
| *December 2006* | *58 000* | *57 000* | *54 000* | *56 000* |
| **3-room** | **76 000** | **71 000** | **70 000** | **72 333** |
| *December 2006* | *68 000* | *66 000* | *64 000* | *66 000* |
| **4-room** | | **84 000** | | **84 000** |
| *December 2006* | | *71 000* | | *71 000* |

**Source: Arco Real Estate*

Price level of apartments in the district of Ogre on January 1st, 2008:

- 1-room apartments 34000-50000 EUR;
- 2-room apartments 25000-79000 EUR;
- 3-room apartments 35000-88000 EUR;
- 4-room apartments 35000-123000 EUR.

Small difference of prices between Ogre and Riga can be explained also with the small number of new projects. In the year 2007, in exploitation were put three five-storey multi-apartment houses (19 Mednieku Street with 95 apartments), and also the construction of four five-storey multi-apartment houses was started (6 Draudzības Street with 102 apartments). Sell prices for such apartments without finish range from 1450 to 1460 EUR/m².

But in the nearest future demand will be satisfied partly, because the technical projects for three five-storey houses and for one nine-storey house have been created.

**Private houses**

The small distance between Ogre and Riga has favored large activity in the private house market in Ogre.

In the year 2007, construction of three new row-houses and also 29 private houses at Zilie kalni has been started. In addition, in the region of Ogre, tendencies for twin-house construction are forming.

Price level of private houses at the end of the year 2007:

- Ikšķile- 90000- 475000 EUR;
- Ogre - 135000- 422000 EUR;
- Ķegums - 98000- 330000 EUR;
- Farmsteads in the region of Ogre - 64000- 640000 EUR.

**Land**

Because of price level decrease of lands and apartments in Riga and in the vicinity of Riga, insignificant price decrease of land plots in Ogre was observed as well.

Prices of land plots for private construction (for land plots with area up to 2500 m²) at the end of the year 2007:

- Ogre - 20-60 EUR/m²;
- Ikšķile - 25-60 EUR/m²;
- Ogresgals - 14-30 EUR/m²;
- Tīnūži - 10-15 EUR/m²;
- Lielvārde - 12-30 EUR/m²;
- Ķegums - 9-30 EUR/m².

Sell prices for agricultural lands in the region of Ogre depend on access possibilities, availability of utilities and landscape, which are determined by the fact that a smaller amount of such properties are bought for agricultural purposes. At the end of the year 2007, prices for agricultural lands ranged from 2 to 11 EUR/m².

**Market of commercial properties**

Rent prices of offices in Ogre ranged from 6 to 8 EUR/m² in the housing estates of Ogre, but in the center of Ogre rent prices ranged from 8.5 to 14 EUR/m².

The most demanded retail premises are in places with high flow of transport and people. Sell prices for retail premises in Ogre ranged from 220 - 300 EUR/m².

## 15. EASTERN VIDZEME (MADONA, GULBENE, ALŪKSNE)

### Apartments

The apartment market of the Eastern Vidzeme was relatively active in 2007, and due to this, apartment prices grew in the first half of the year, but in the second half of the year prices became stable at the level 200 - 600 LVL/m², the higher prices remaining in Madona. Price stabilization mainly can be explained with the decrease of demand, but price decrease in this region was not observed.

### Private houses

It is still more expensive to construct or reconstruct new private house in Eastern Vidzeme than to sell it, resp., construction costs are higher than selling prices. With the difficulties to get profit from selling, offer of new private houses was small and therefore the tendency to build new private houses for personal needs was observed.

Sell prices in Eastern Vidzeme at the end of 2007 ranged from 200 to 450 EUR/m², but outside cities, the farmsteads are sold starting from the value of land and up to 250 LVL/m².

Average sales prices of agricultural land, which partly are purchased for creation of farmsteads and recreation needs at the end of 2007:

- District of Gulbene. 500-700 LVL/ha;
- District of Madona. 600-1000 LVL/ha;
- District of Alūksne. 500-700 LVL/ha;
- District of Balvi. 300-500 LVL/ha.

### Market for commercial properties

Rental price level in Eastern Vidzeme has not changed significantly the highest rent prices reached 5 LVL/m².

Rental prices of retail premises ranged from 7 to 8.5 LVL/m².

Sales prices of manufacturing objects have increased; such premises were sold in wide range of prices (from 50 to 150 LVL/m²), which was determined by technical condition and location of objects.

In the year 2007, prices of land for commercial construction have also increased; at the end of the year, prices ranged from 10 to 25 LVL/m².

### Land

The market of land properties has developed in the same way as apartment market until the April of 2007, offer and sell prices for land parcels continued to increase, but afterwards became stable, and the price decrease was not observed.

Sell prices of land parcels for one-family house construction (for land parcels with area up to 2500 m²) at the end of 2007:

- Gulbene 2.5-12 LVL/m²;
- Madona 3-20 LVL/m²;
- Alūksne 2-12 LVL/m²;
- Balvi 2-12 LVL/m².

*Land in Madona*

**Apartment prices in Eastern Vidzeme at the end of the year 2007 (LVL):**

| | Gulbene | Madona | Alūksne |
|---|---|---|---|
| 1-room apartments | 7000 - 10 000 | 15 000 - 20 000 | 7000 - 10 000 |
| 2-room apartments | 8000 - 15 000 | 20 000 - 28 000 | 8000 - 15 000 |
| 3-room apartments | 15 000 - 25 000 | 25 000 - 40 000 | 15 000 - 25 000 |
| 4-room apartments | 20 000 - 30 000 | 30 000 - 45 000 | 20 000 - 30 000 |

**Source: Arco Real Estate*

BIŠUMUIŽA

ARCO REAL ESTATE

# *Reāliem estētiem*

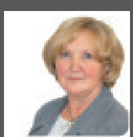
Pārdomājot iespēju iegādāties dzīvokli, jūs vispirms vadāties pēc estētiskiem kritērijiem – patīk piedāvājums vai nepatīk? Skaista, sakopta apkārtne, jauks skats pa logu, iedzīvotājiem draudzīga arhitektūra un patīkami kaimiņi ir obligāti priekšnosacījumi, lai sāktu dzīvi jaunā vietā.

Šodien ne mazāk svarīgi, cik jūsu vēlmes ir reālas, samērojot prasības pēc komforta un materiālās iespējas. Nekustamais īpašums ir arī finanšu ieguldījums, tādēļ būtiski, lai tā vērtība ar gadiem tikai palielinātos.

Bišumuiža – dzīvokļi ar pilnu apdari ēkās, kurām ir tikai četri stāvi un sakārtota teritorija. Jūs jutīsieties komfortablāk nekā daudzstāvu namos, bet iztērēsiet mazāk nekā par privātmāju!

Turklāt Bišumuiža atrodas blakus transporta maģistrālēm, netālu no pilsētas centra – izdevīgā vietā, kuras vērtība tikai palielināsies pēc Dienvidu tilta pabeigšanas.

**Skaisti un par pieņemamu cenu!**



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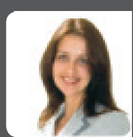

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## DUNTES NAMI

Duntes nami is a new class a office building in the business centre of riga, at the intersection of duntes and skanstes streets

*Jānis Plotnieks, 67079205, 26674558, janis.plotnieks@arcoreal.lv*

*Gunita Veide, 67365532, 28666687, gunita.veide@arcoreal.lv*

*Inese Kristapsone, 67079219, 26406161, inese.kristapsone@arcoreal.lv*

*Māris Pelēkzirnis, 67079210, 26455811, maris.pelekzirnis@arcoreal.lv*

## KELDIŠA IELA

A new 9-storey multi-apartment house in Akadēmiķa M. Keldiša Street, Riga. Apartment area: from 37 up to 192 m². You may select a level of completeness of interior decoration!

*Ludmila Aleksejeva, 67079212, 26557655, ludmila.aleksejeva@arcoreal.lv*

*Liene Rimšāne, 67102578, 28666683, liene.rimsane@arcoreal.lv*

## JŪRKALNES PĒRLE

4-storey apartment house, 53 apartments, 2-4 room. 38 - 124 m². Full and white interior decortation.

Ēka nodota ekspluatācijā!

*Elīna Plaude, 67079213, 28325557, elina.plaude@arcoreal.lv*

## MĀRTIŅA NAMS

6 storey newly built house in Slokas iela (street), 2 level apartments, balconies and terraces, high ceilings. 1 - 4 room apartments 40 - 150 m² areas, white furnishing. 10 minute walk to city downtown. Price from 89000 EUR.

*Arnolds Romeiko, 67365553, 26495599, arnolds.romeiko@arcoreal.lv*

## MĀRSILI 2

Mārsili 2 is the second turn of the private house village "Mārsili". Situated close to the water and a pine forest, in a beautiful and expressive landscape.

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*Jana Semerikova, 67821682, 28366397, jana.semerikova@arcoreal.lv*

## TRIJĀDĪBAS NAMS

New apartment house located on the corner of Trijādības and Staraja Rusas Street. 5 – 7 storey building, 13 apartments.

*Arnolds Romeiko, 67365553, 26495599, arnolds.romeiko@arcoreal.lv*

## TEKSTILIANA

Tekstiliana is located in the historical centre of Riga, at Torņakalns, within 10 minutes drive from the downtown of Riga!

*Māris Paeglis, 67079235, 28625933, maris.paeglis@arcoreal.lv*

## VĀCU KALNI

The best residential house village project of 2006. „Vācu kalni" [German Hills] is a project which is more complete and interesting than other residential house village projects because various type dwellings are offered in this village: both individual houses and apartments.

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## SUN DAYS

Residential complex in Vaivari, Kauguru Street 3, Jurmala. 7 residential buildings + hotel, together 550 apartments.

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*Māris Paeglis, 67079235, 28625933, maris.paeglis@arcoreal.lv*

## SAULES REPUBLIKA

New apartment house complex on the sea shore at Saulkrasti. 7 four-storey houses, in total 107 apartments with terraces.

*Jānis Krūmiņš, 67821679, 29392875, janis.krumins@arcoreal.lv*

## 365

365 days in movement, 365 unforgettable journeys, 365 days full of exciting expectations, 365 long-expected returns... The new apartment house "365" in Jūrmala, at Edinburgas prospekts 11. 32 apartments of the “white” interior decoration degree.

*Līga Kohtanena, 67146337, 26674654, liga.kohtanena@arcoreal.lv*


## AIZKULISES

7 storey apartment house with teatral charm. 53 appartments with individual, original planning. The house is located in 1534 m² territory on the corner of Čaka and Alauksta streets.

*Tatjana Korjagina 67079214, 26584764, tatjana.korjagina@arcoreal.lv*

## ALBERTA IELA 1

A renovated Art Nouveau and Eclectism-style house, originally built in 1901. 20 exclusive apartments of restored historical heritage.

The house is located in the historical part of Riga, at the Kronvalda Park.

*Līva Jaunozola, 67079216, 26424119, liva.jaunozola@arcoreal.lv*

## SAULES RASA

A new multi-apartment house located in a well-developed, green and illuminated area in Rasas Street, Riga.

*Mikus Silacērps, 67079217, 28660312, mikus.silacerps@arcoreal.lv*

## ELIPSE BLC

Elipse BLC Business and Logistics Centre in the territory of the Airport „Riga" Business Park.

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*Jānis Plotnieks, 67079205, 26674558, janis.plotnieks@arcoreal.lv*

## DZELZAVAS IELA

A new office building containing sales and warehouse premises, located at Purvciems, at the crossing of Dzelzavas and Ulbrokas Streets.

Commissioning of the building: December of 2007.

Ēkas nodošana ekspluatācijā – 2008.gada februārī.

*Jānis Plotnieks, 67079205, 26674558, janis.plotnieks@arcoreal.lv*

## APLOKCIEMA 3

Aplokciema 3 is a residential development that consists of 2 houses in which are 253 apartments and 214 parking spaces in the basement.

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*Liene Rimšāne, 67102578, 28666683, liene.rimsane@arcoreal.lv*

## REMARKA MĀJA CĒSĪS

63 new apartments in the green and quiet area of Cēsis Town. 14 of them are still available.

*Agnese Riekstiņa, 64127827, 28339548, agnese.riekstina@arcoreal.lv*

## AVENES

New apartment house of modern architectural design and convenient apartment layout, with balconies and a well-developed infrastructure. 18 apartments.

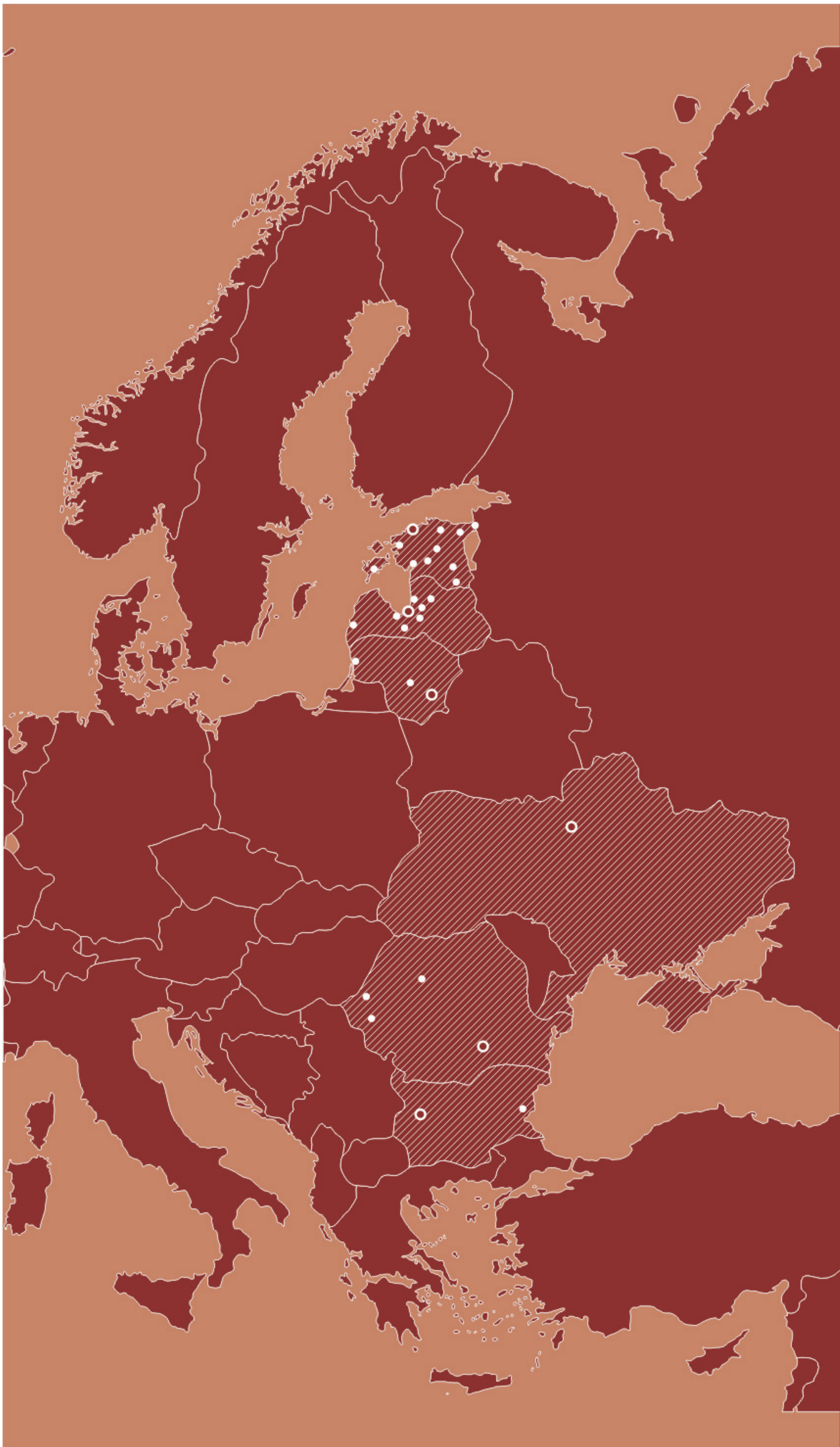
*Toms Grambergs, 64122388, 28632211, toms.grambergs@arcoreal.lv*

*Liene Rjabkova, 64127826, 28341513, liene.rjabkova@arcoreal.lv*

## AIZPUTE

A cosy home to return after a hard working days; peace, comfort and safety... It is the new multi-apartment residential house “Aizpute” located at Aizpute Town, Liepāja District. 32 apartments; interior decoration completion degree: white.

*Egmārs Žvagins, 63489730, 28396744, egmars.zvagins@arcoreal.lv25933,*



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