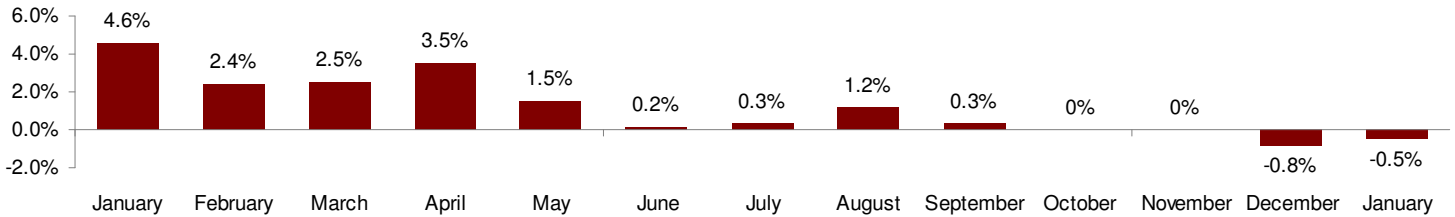


Standard-type apartments, February 1, 2011

In January 2011, a minimum price change was observed in the market of standard-type apartments. In January, the standard-type apartment prices decreased by **0.5%** on average. The average price of 1 m² of a standard-type apartment was **606 EUR**. In the first nine months of 2010 a constant price growth was observed but this growth stopped in October and November, and in December there was observed a minor price drop. A price drop was observed also in the beginning of 2011.

Price change since the beginning of 2010, in %



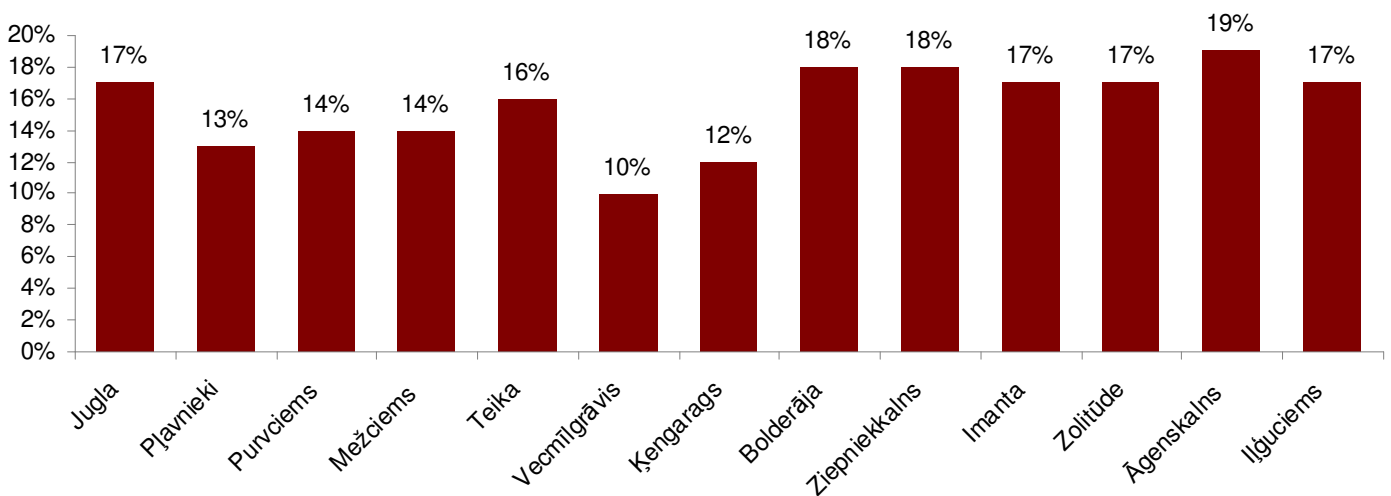
Source: ARCO REAL ESTATE

At the end of 2010, the overall activity of the real estate market declined. As in other years, at the beginning of the year any significant activities and price changes are not expected. Also the average price decrease (0.5%) observed in January should be considered as minor and does not reflect any market trends. Also the apartment supply growth in January (+9%) reflected only a balancing of supply, taking into account the significant decline of number of apartments offered in the market in December 2010 (-17,8%).

The biggest price drop in January was observed at Zolitūde (-1,5%) and Jugla (-1,4%). But the smallest price drop was observed at Pļavnieki and Teika (-0,2%). At Mežciems and Ķengarags no price changes were observed in January. In general, the apartment prices have grown since the lowest point thereof in September 2009, and the prices during this period have grown by **24,4%** on average.

Since the beginning of 2011, the standard-type apartment prices have grown by **16,3%** on average. The biggest price growth has been observed at Āgenskalns – by 19%. But the smallest price growth was observed at Vecmīlgrāvis – by 10%.

Price changes since January 01, 2011



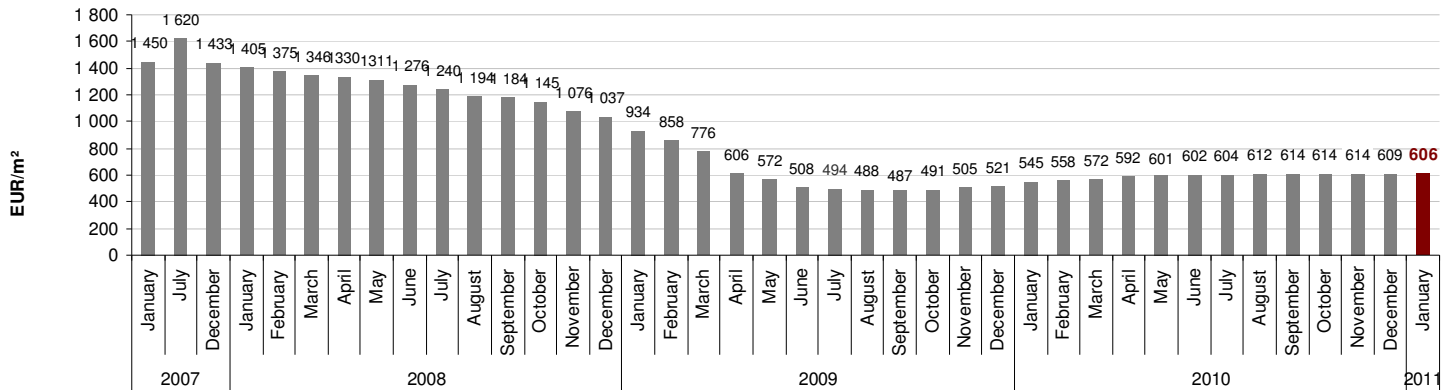
Source: ARCO REAL ESTATE

In January 2011 the average price of 1 m² in housing estates is exactly the same as in April 2009. Since September 2009 when the price level was the lowest the prices have grown by 24,4%.

In January 2011 the average standard-apartment price has decreased to **606 EUR/m²**. The prices on average are by 62.6% lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment had reached the highest ever value of 1620 EUR/m². But the current average price of a non-renovated standard-type apartment in general is lower by 35,1% if compared with the price level of January 1, 2009.

In 2008, the average prices of standard-type apartments in Riga decreased by 33.5% on average. In 2008, the average prices decreased another 44,2%. In 2010 the prices grew by 16,9% in total.

Movements of average price of standard-type apartments in housing estates of Riga



Source: ARCO REAL ESTATE

In the housing estates analyzed by the ARCO REAL ESTATE in January 2011 the average price of a 1-room apartment was 649 EUR/m², and compared with the prices of the previous month, this price has decreased by 0.8%; Average price of a 2-room standard-type apartment was 615 EUR/m², and compared with the average price of the previous month, this price has decreased by 1%; average price of a 3-room apartment was 584 EUR/m², and compared with the prices of the previous month, this price has decreased by 0.5%; average price of a 4-room apartment was 575 EUR/m², and compared with the average price of the previous month, this price has decreased by 0.3%.

Average prices of standard-type apartments in Riga housing estates: breakdown by number of rooms (EUR/m²)

	2009												2010												2011	
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	1st February
1 room	949	876	795	597	562	525	513	507	499	498	517	546	568	598	614	629	654	660	658	656	663	662	661	659	654	649
2 rooms	943	859	768	598	567	525	512	503	496	485	496	521	541	566	574	587	606	617	617	617	624	628	626	627	621	615
3 rooms	941	858	781	616	579	536	518	483	479	478	478	481	496	519	532	544	561	571	573	577	588	590	590	590	587	584
4 rooms	901	837	759	613	592	530	487	483	479	479	471	474	480	498	515	528	548	556	562	566	575	578	578	578	577	575

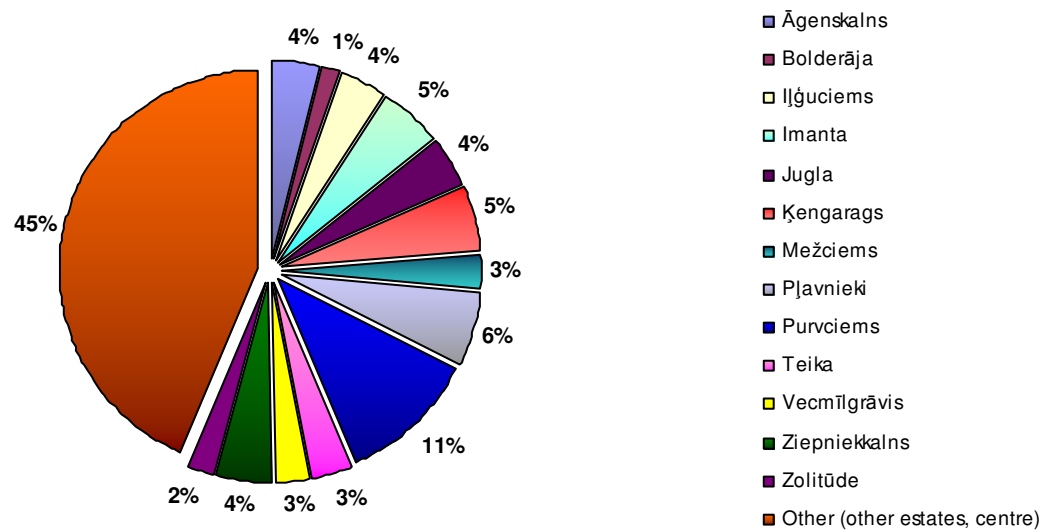
Source: ARCO REAL ESTATE

Number of apartments offered for sale in January 2011, compared with the level of the previous month, has increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (9,1%), and in other areas of Riga City (8,7%). The total number of offers has increased by 9% in January.

Having analyzed the apartments offered we can see that the biggest number of apartments offered is located at Purvciems, Pļavnieki, Imanta and Ķengarags. In contrast, the smallest numbers of apartments offered are located at Bolderāja and Zolitūde. In all largest housing estates, except Vecmīlgrāvis, the number of apartments offered for sale grew in January. The largest growth in January was observed at Teika – by 23,7%. But at Vecmīlgrāvis this offer decreased by 4,4%.

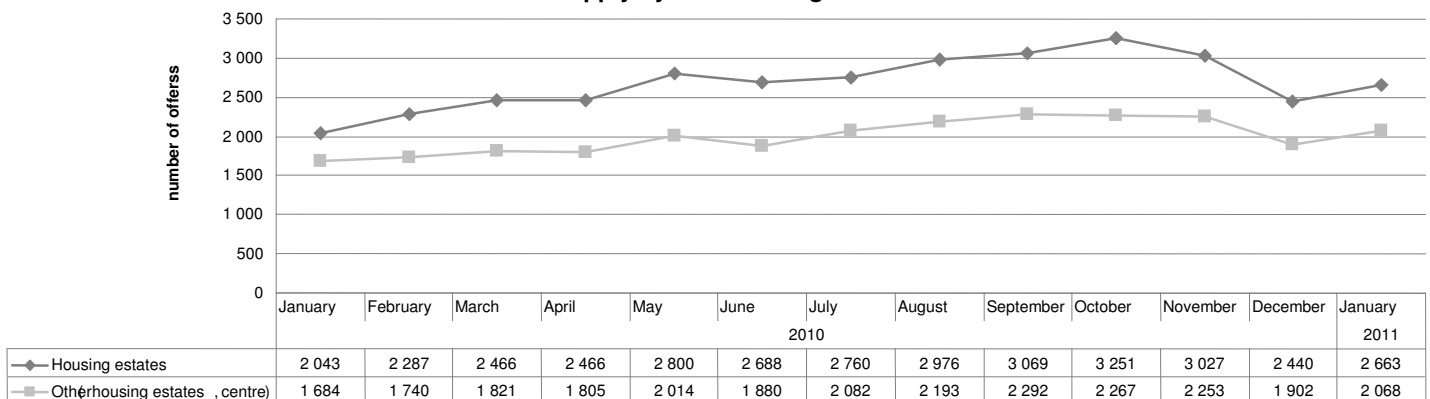
The most popular apartments in the housing estates of Riga were 1-room and 2-room apartments. But 4-room apartments were the less popular ones.

Breakdown of apartments offered for sale by housing estates of Riga



Source: ARCO REAL ESTATE

Supply dynamics in Riga



Source: ARCO REAL ESTATE

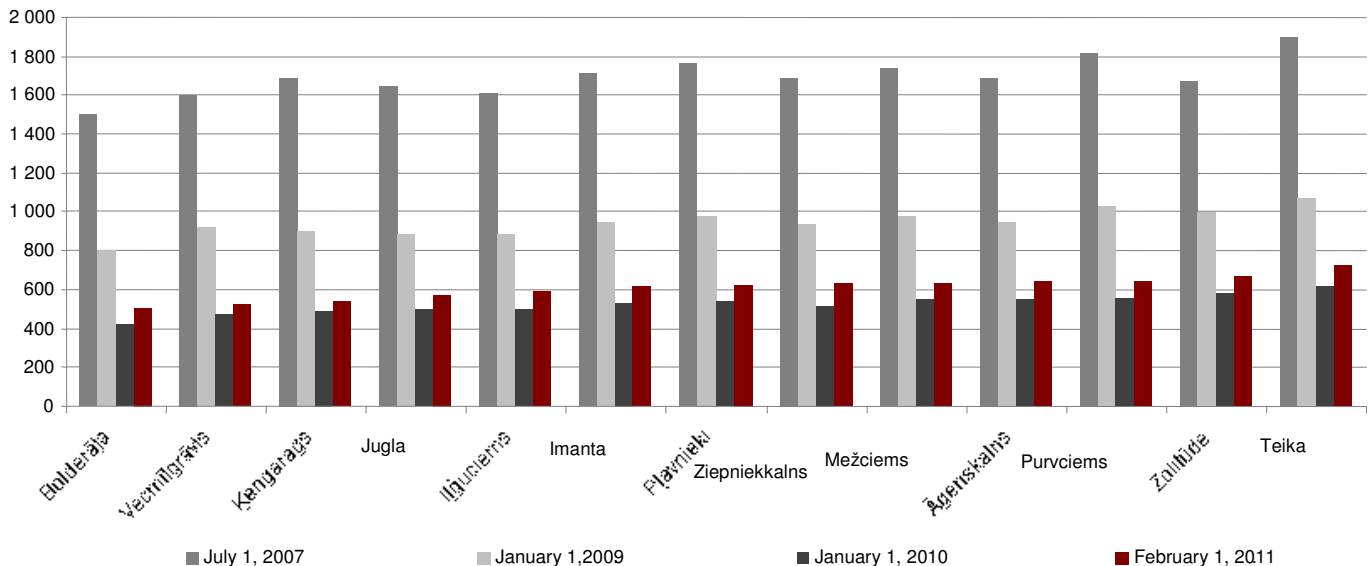
In all largest housing estates of Riga, except Mežciems and Ķengarags, the average price of 1 m² decreased in January 2011. The average prices of 1 m² has decreased by 0,2 - 1,5%. The biggest price decline in January was observed at Zolitūde, where the prices decreased by 1,5% on average, and at Jugla – by 1,4%. In contrast, the prices decreased insignificantly at Teika and Pļavnieki – by 0,2%. But at Mežciems and Ķengarags no price change was observed.

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

	Average price of 1m ² on February 1, 2011	Average price of 1m ² on January 1, 2011	Change, in %
Jugla	575	583	-1.4%
Ļavnieki	628	630	-0.2%
Purvciems	639	645	-0.9%
Mežciems	633	633	0.0%
Teika	723	725	-0.2%
Vecmīlgrāvis	527	534	-1.3%
Kengarags	541	541	0.0%
Bolderāja	506	508	-0.3%
Ziepniekkalns	631	634	-0.5%
Imanta	616	620	-0.7%
Zolitūde	665	675	-1.5%
Āgenskalns	638	643	-0.7%
Ilģuciems	588	590	-0.4%

Source: ARCO REAL ESTATE

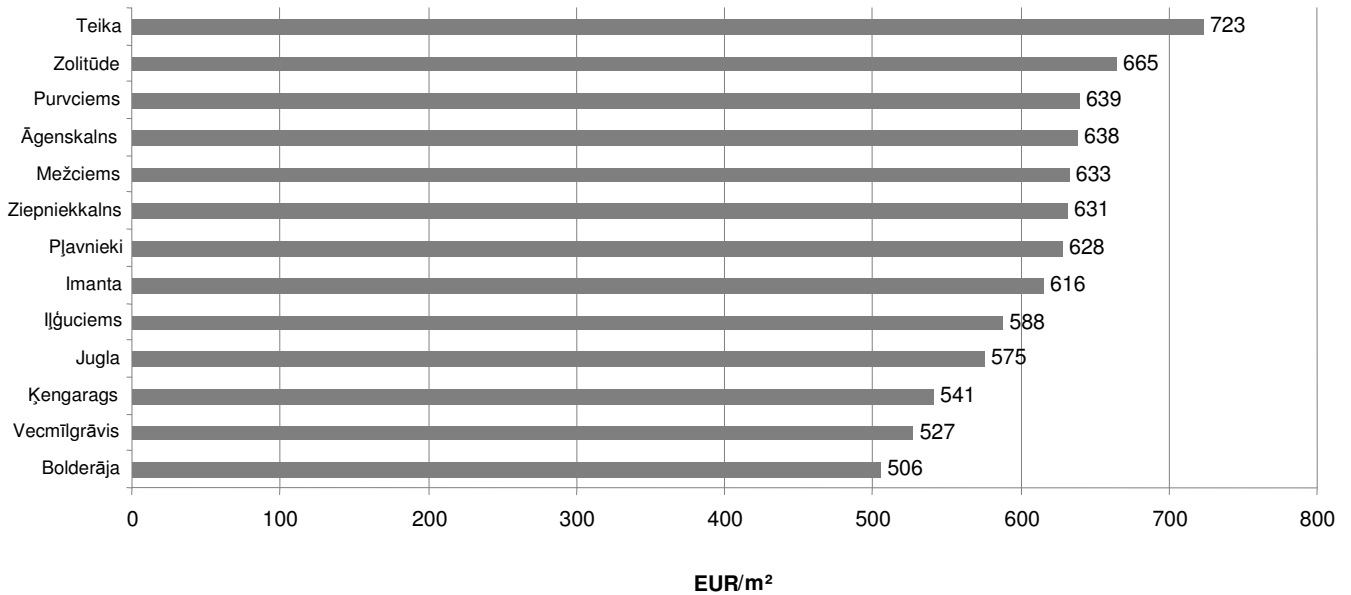
Compared with the middle of 2007 when the highest apartment price level was observed, in January 2011 the standard-type apartment prices in the housing estates of Riga were by 62,6% lower, and by 35,1% lower than in the beginning of 2009. But in comparison with the beginning of 2010, the prices have grown by 16,3% on average. Since the lowest price point in September 2009 when the average price of 1 m² in the Riga's housing estates had decreased to 487 EUR, the prices have grown by 24,4% on average.

Average standard-type apartment prices in Riga housing estates (EUR/m²)


Source: ARCO REAL ESTATE

The highest prices in January 2011 were still observed at *Teika*, where the average price of 1m² slightly decreased and reached 723 EUR, as well as at *Zolitūde*, where the average price of 1m² decreased to 665 EUR. In turn, the lowest prices in January 2011 were observed at *Bolderāja*, where the average price of 1m² was 506 EUR.

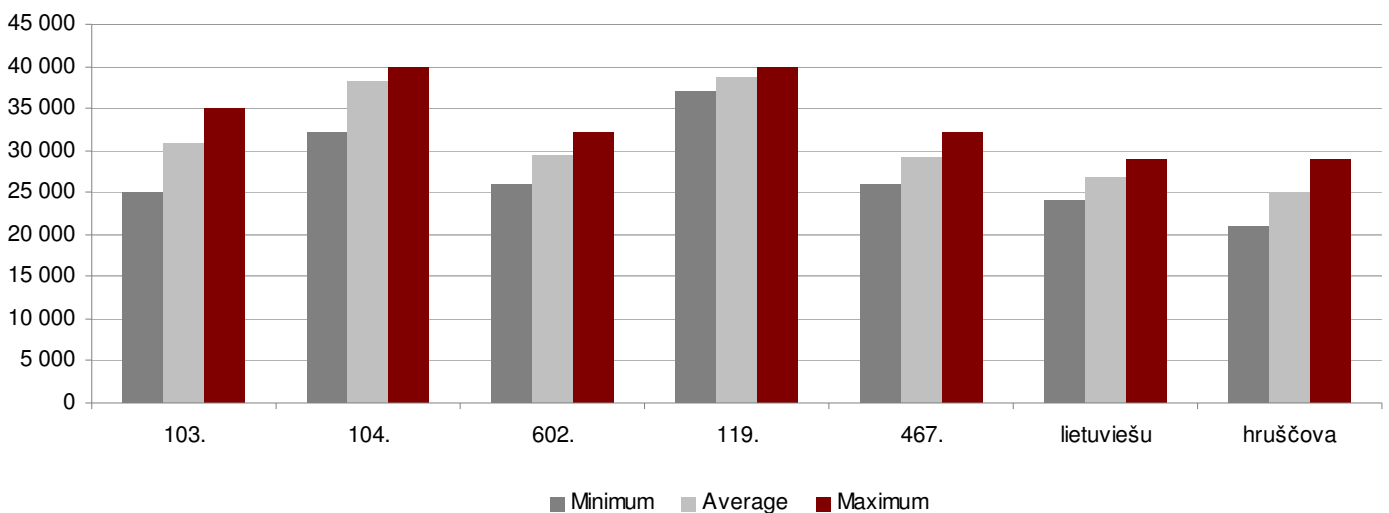
Average standard-type apartment prices in Riga housing estates in January 2011 (EUR/m²)



Source: ARCO REAL ESTATE

In January 2011, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the prices of 2-room apartments fluctuated from 32 to 40 thousand EUR, depending on location. But the so-called *Lithuanian design houses* have been the cheapest ones, where the prices of 2-room apartments fluctuated from 24 to 29 thousand EUR, and the so-called *Khrushchev-time houses*, where the prices of 2-room apartments fluctuated from 21 to 29 thousand EUR, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in January 2011 (prices of 2-room apartments, in EUR)



Source: ARCO REAL ESTATE

Jūrmala, Kauguri

In January 2011 the prices slightly decreased at Kauguri– **by 1,6% on average**. The average price fell to **449 EUR/m²** in January. In 2010 in total, the prices at Kauguri increased by 7%. The most expensive apartments in Kauguri still were the *103rd series* apartments, but the cheapest apartments were in the *Khrushchev-time houses* and *small-family houses*.

Jelgava

In January 2011 the apartment prices in Jelgava decreased by 3%. The market activity in Jelgava has not changed during the recent months and is still low. In 2010 the apartment prices in Jelgava tended to grow, and during the year the prices grew by 16% on average. The average price in January was **334 EUR/m²**. Like in Riga, apartments located in the central part of the city and having high-standard interior decoration are most demanded in Jelgava.

Salaspils

In January 2011, no price changes were observed in the apartment market of Salaspils. The average price in January remained to be **512 EUR/m²**. In 2010 in total, the apartment prices at Salaspils increased by **22%**.

In 2010 the apartment prices at Salaspils tended to grow, except in December when similarly as in the largest housing estates of Riga the prices decreased.

Ogre

The average prices at Ogre in January 2011 were unchanged if compared with the prices observed in December 2010. The average apartment price in January still was **429 EUR/m²**.

In 2010 the prices at Ogre fluctuated, and both a growth and a decline were observed. But in total the prices grew by 10% in 2010.

The most expensive apartments at Ogre were the *103rd* and the *602nd* series apartments, but the cheapest apartments were in the *Khrushchev-time houses*.