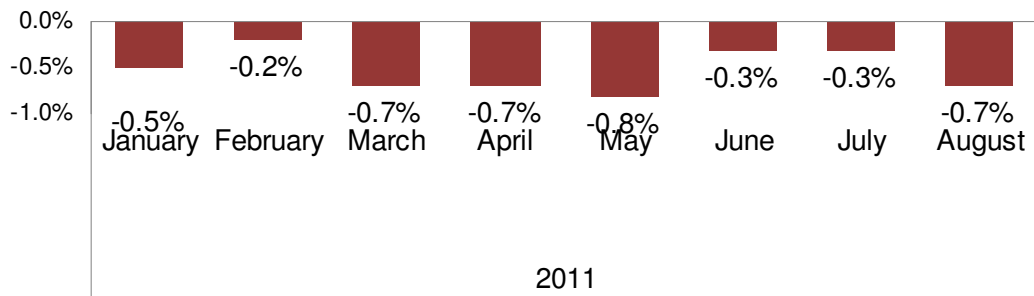


## Standard-type apartments, September 1, 2011

In August of 2011, certain price changes were observed in the standard-type apartment market - the prices were still decreasing a bit, by **0.7%** on average. The price drop was similar to that observed in the spring months, and is to be considered as insignificant in total. The average price of standard-type apartments in August 2011 was **584 EUR/m<sup>2</sup>**. Since the beginning of 2011, the average prices of standard-type apartments have decreased by **3.4%** in total.

### Changes in standard-type apartment prices



Source: ARCO REAL ESTATE

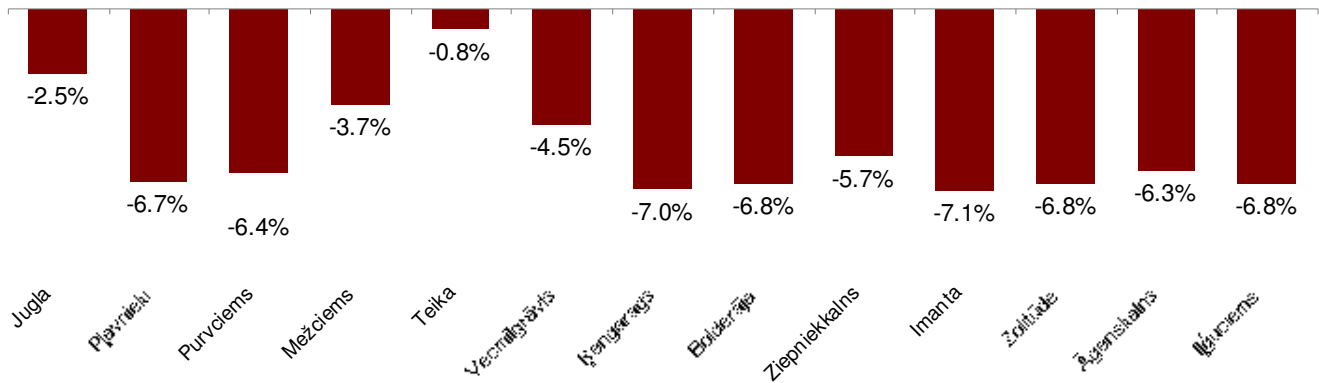
In the beginning of 2011 the overall activity on the real estate market declined. Since the beginning of 2011 the standard-type apartment prices have declined slightly each month. However, the price reduction for each month does not exceed 1% limit. At the same time, taking into account the economic recovery, the interest of the population in housing loans and purchase of dwellings is increasing.

The number of apartments offered in the market has increased slightly in August. In Riga the total the number of apartments offered in the market has grown by 1.1 %, and in the largest housing estates - by 1%. This number has grown also in the central part of Riga – by 3.9%.

The biggest price drop in August, like in July, was observed at Bolderāja (-1.2%). But at Jugla and Teika no price changes were observed in August.

Since the beginning of 2011, the average price of 1 m<sup>2</sup> of a standard-type apartment has decreased by 3.4%. The biggest price drop as per September 1, 2011 was observed at Imanta – - 7.1%. But at Teika the price drop was the smallest – only by 0,8%. At Teika, like the central part of Riga, no price changes have been observed in recent months. This indicates only the fact that people are more inclined to acquire high-quality apartments with good location and position. It is also evidenced by the fact that the price decline mainly occurs in the so-called cheapest apartment house types - Lithuanian design and Khrushchev's time houses. Consequently, the price differences between apartments in different house types are increasing.

## Price changes since January 1, 2011



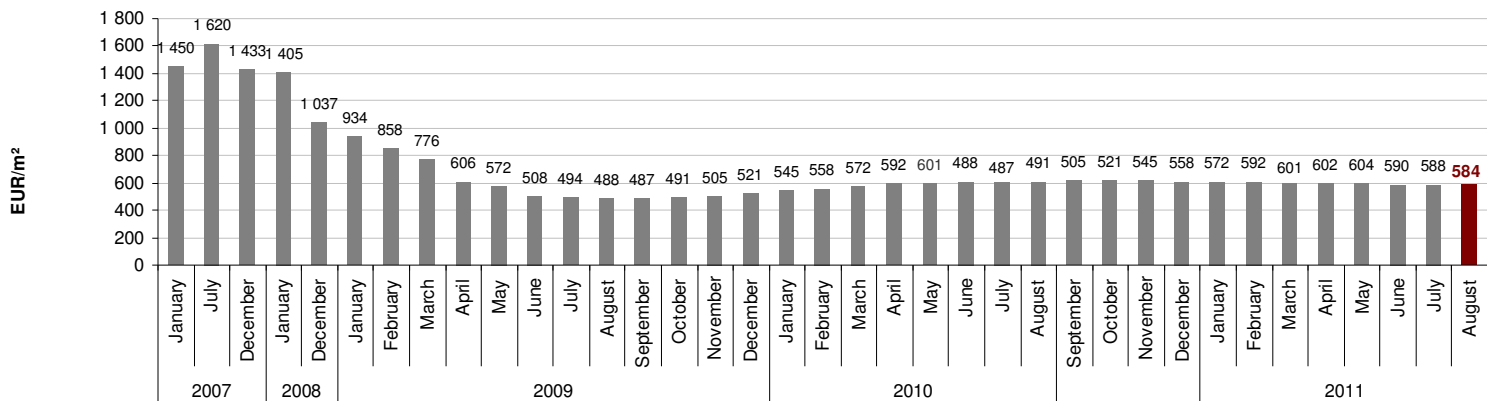
Source: ARCO REAL ESTATE

In August 2011 the apartment prices in housing estates were at the level of April 2010. Since September 2009 when the price level was the lowest, the prices have grown by 19.9%.

In August 2011 the average standard-apartment price decreased to **584 EUR/m<sup>2</sup>**. The prices on average were by 64% 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/m<sup>2</sup>. But the average price of a non-renovated standard-type apartment has decreased by 4.1% if compared with the price level of January 1, 2011.

In 2008, the average prices of standard-type apartments in Riga decreased by 33.5% on average. In 2009, the average prices decreased by another 44.2%. But 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 August 2011, the average price of a 1-room apartment was 623 EUR/m<sup>2</sup>, and compared with the price of the previous month, this price has decreased by 0.2%; Average price of a 2-room standard-type apartment was 590 EUR/m<sup>2</sup>, and compared with the average price of the previous month, this price has decreased by 0.7%; average price of a 3-room apartment was 564 EUR/m<sup>2</sup>, and compared with the prices of the previous month, this price has decreased by 0.5%; average price of a 4-room apartment was 561 EUR/m<sup>2</sup>, and compared with the average price of the previous month, this price has decreased by 0.9%.

## Average prices of standard-type apartments in Riga housing estates: breakdown by number of rooms (EUR/m<sup>2</sup>)

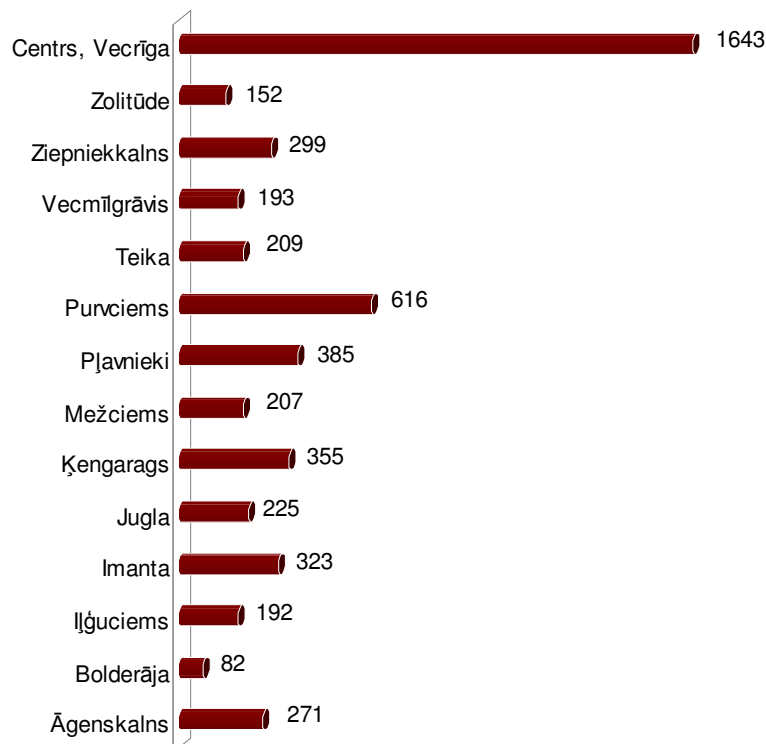
	2010												2011								
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	1st September
<b>1 room</b>	568	598	614	629	654	660	658	656	663	662	661	659	654	649	644	636	633	628	626	624	<b>623</b>
<b>2 rooms</b>	541	566	574	587	606	617	617	617	624	628	626	627	621	615	613	609	604	599	596	594	<b>590</b>
<b>3 rooms</b>	496	519	532	544	561	571	573	577	588	590	590	590	587	584	584	581	578	573	571	567	<b>564</b>
<b>4 rooms</b>	480	498	515	528	548	556	562	566	575	578	578	578	577	575	578	576	572	569	567	566	<b>561</b>

Source: ARCO REAL ESTATE

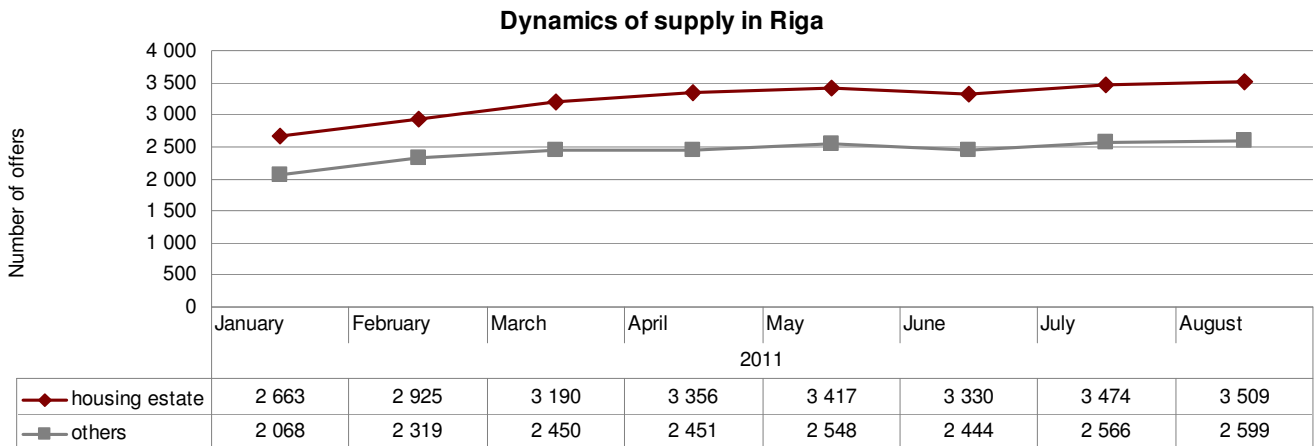
Number of apartments offered for sale in August 2011, compared with the level of the previous month, has slightly increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (+1%), and in the Riga City in total (+1.1%). The number of apartments offered and located in the central part of Riga has also increased - by 3.9%.

Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in August were located at Purvciems, Pļavnieki, Imanta and Ķengarags. In contrast, the smallest number of apartments offered was at Bolderāja and Zolitūde. In approximately half-part of housing estates the number of apartments offered for sale grew in August but in the another half-part this number has decreased. The largest growth of number of apartments offered in August was observed at Vecmīlgrāvis – by 10.3%. The largest drop of supply of apartments was observed at Bolderāja – by 17.2%. 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.

## Number of apartments offered in the market in Riga in August 2011



Source: ARCO REAL ESTATE



Source: ARCO REAL ESTATE

In August 2011, the average price of 1 m<sup>2</sup> remained unchanged only at Jugla and Teika. In the other housing estates a slight price decline was observed. Average price of 1 m<sup>2</sup> has decreased by 0.2-1.2%. The biggest price drop in August was observed at Bolderāja, where the prices decreased by 1.2% on average.

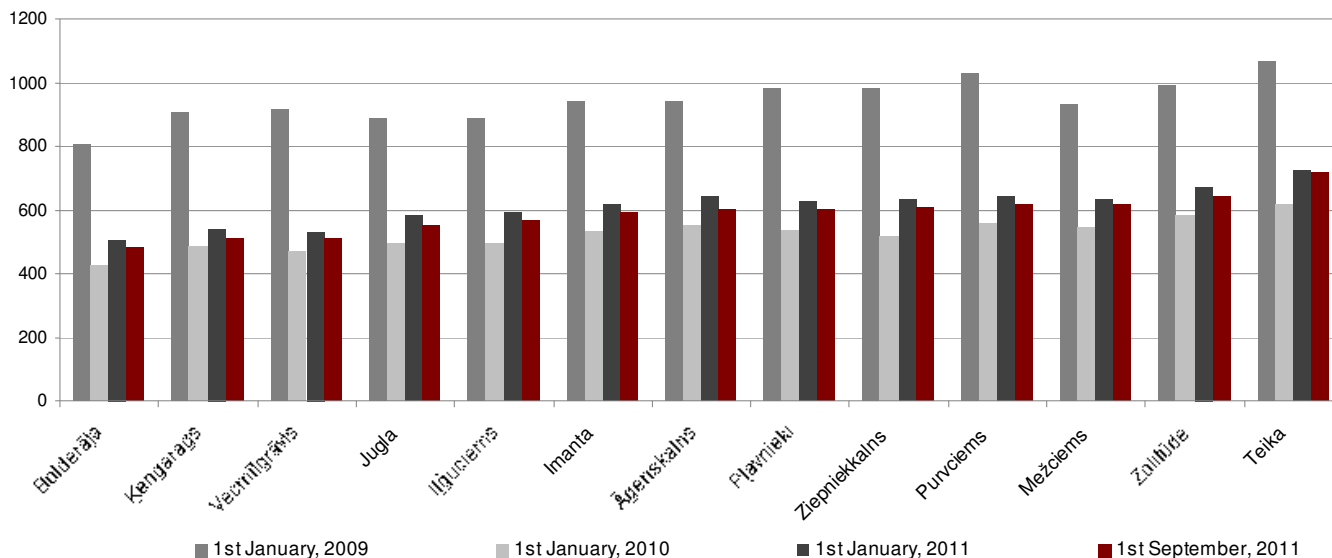
### Change of average standard-type apartment prices in Riga housing estates (%)

	Average 1m <sup>2</sup> price on 1st September, 2011	Average 1m <sup>2</sup> price on 1st August, 2011	Price changes, %
Jugla	554	554	0.0%
Pļavnieki	604	608	-0.7%
Purvciems	617	621	-0.7%
Mežciems	619	625	-0.8%
Teika	719	719	0.0%
Vecmīlgrāvis	513	515	-0.4%
Kengarags	513	515	-0.4%
Bolderāja	481	487	-1.2%
Ziepniekkalns	606	610	-0.7%
Imanta	591	593	-0.2%
Zolitūde	642	645	-0.4%
Āgenskalns	602	605	-0.5%
Iļģuciems	565	568	-0.5%

Source: ARCO REAL ESTATE

Compared with the beginning of 2009, in August 2011 the standard-type apartment prices in the housing estates of Riga were by 37.5% lower. From the beginning of 2010, the prices have grown by 12.1% on average. Since the beginning of 2011, the prices have decreased by 4.1%. Since the lowest price point in September 2009 when the average price of 1 m<sup>2</sup> in the Riga's housing estates had decreased to 487 EUR, the prices have grown by 19.9% on average.

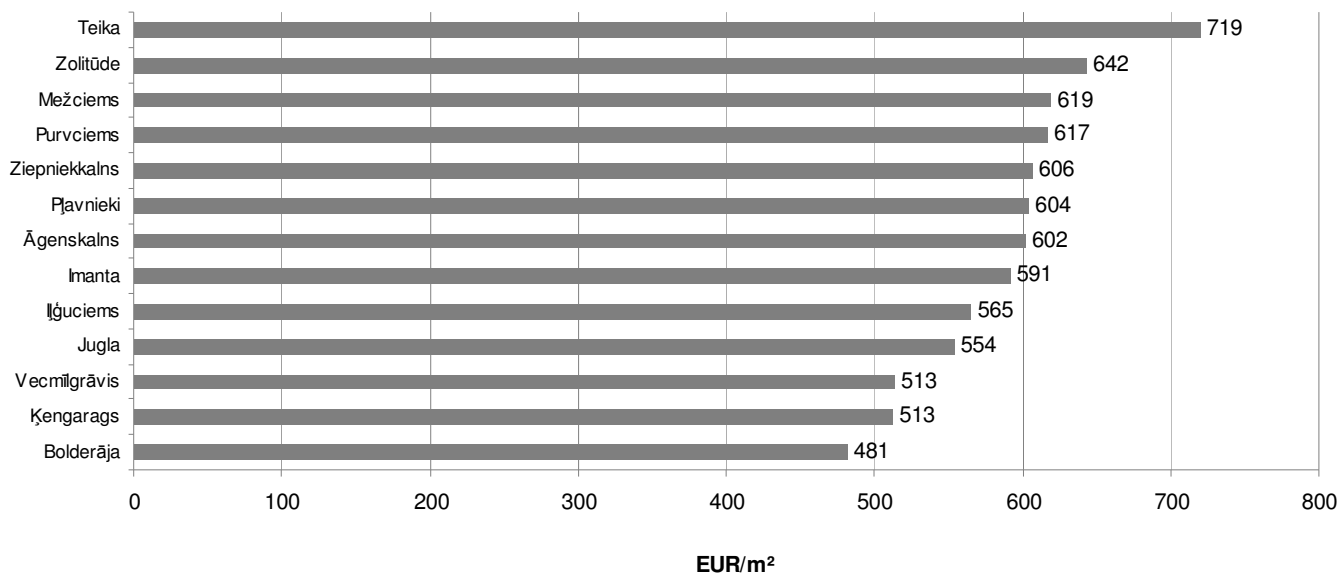
**Average standard-type apartment prices in Riga housing estates**



Source: ARCO REAL ESTATE

The highest prices in August 2011 were still observed at *Teika*, where the average price of 1m<sup>2</sup> has remained unchanged in amount of 719 EUR, followed by *Zolitūde*, where the average price of 1m<sup>2</sup> has dropped to 642 EUR. In turn, the lowest prices in August 2011 were observed at *Bolderāja*, where the average price of 1m<sup>2</sup> dropped to 481 EUR.

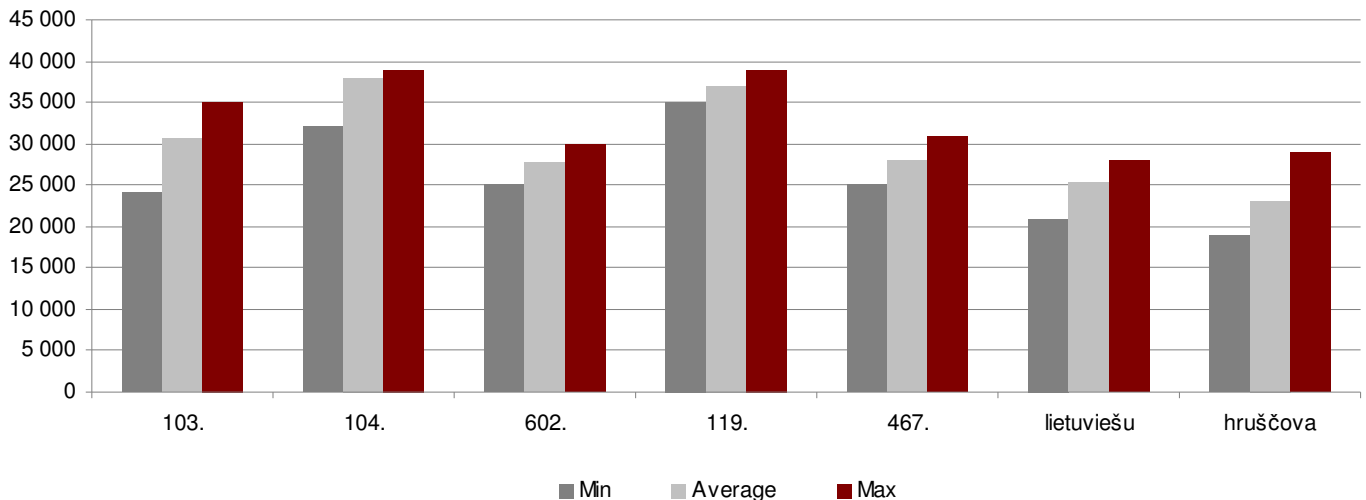
**Average standard-type apartment prices in Riga housing estates in August 2011**



Source: ARCO REAL ESTATE

In August 2011, the most expensive apartments still were apartments in the houses of the 119<sup>th</sup> series and 104<sup>th</sup> series, where the price of 2-room apartments varied from 32 to 39 thousand EUR, depending on location. But the so-called *Lithuanian design houses* have been the cheapest ones, where the price of 2-room apartments varied from 21 to 28 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 19 to 29 thousand EUR, depending on the housing estate.

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



Source: ARCO REAL ESTATE

### **Jūrmala, Kauguri**

In August 2011 the prices at Kauguri remained unchanged. The average price was **429 EUR/m<sup>2</sup>**. During 2011 the prices at Kauguri have decreased by 7.4%. The most expensive apartments at Kauguri still were the 103<sup>rd</sup> series apartments, but the cheapest apartments were in the *Khrushchev-time houses* and *small-family houses*.

### **Jelgava**

In August 2011 the apartment prices in Jelgava **decreased by 1.6% on average**. The market activity in Jelgava is still low. In 2011 the apartment prices in Jelgava tended to decline, and since the beginning of 2011 the prices have decreased by 13.2% on average. The average price in August was **303 EUR/m<sup>2</sup>**. Apartments located in the central part of the city with high-standard interior decoration are most demanded.

### **Salaspils**

In August 2011, the prices in the apartment market of Salaspils **decreased by 0.3% on average**. The average price in August was **490 EUR/m<sup>2</sup>**. In 2010 in total, the apartment prices at Salaspils increased by 22%. In 2011 the apartment prices in Salaspils have tended to decline, and since the beginning of the year the prices have decreased by 5.5% on average.

### **Ogre**

The average prices in Ogre in August 2011 **remained unchanged** if compared with the average prices of July 2011. The average apartment price in August was **426 EUR/m<sup>2</sup>**.

Since the beginning of 2011 the prices have decreased by 2.8% on average in Ogre. The activity in the apartment market of Ogre is assessed as low.