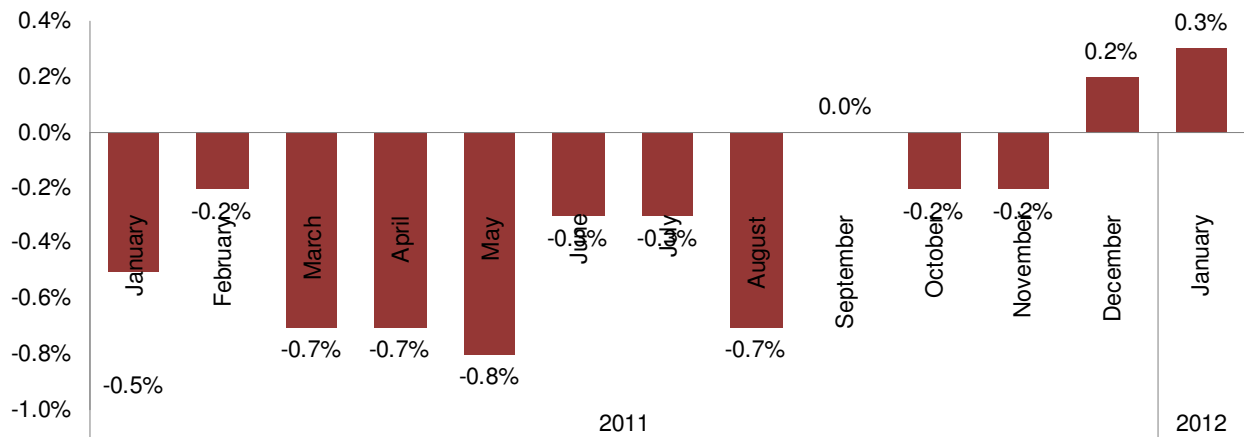


Standard-type apartments, February 1, 2012

In January 2012, the price drop in the standard-type apartment market has stopped. The average price of standard-type apartments in January 2012 amounted to **585 EUR/m²**. Thus, the price level in January has slightly increased – by 0.3%.

Changes in standard-type apartment prices since beginning of 2011, in %

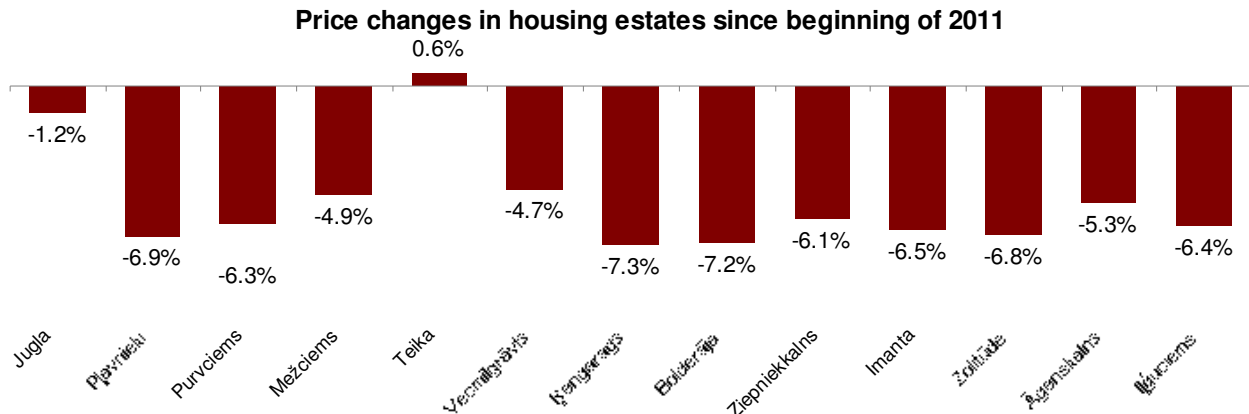


Source: ARCO REAL ESTATE

Despite the small positive price movements at the turn of the year, standard-type apartment prices in residential areas can be assessed as stable. The small price increase has been caused by the offer level that is lower than usual, and reduction of cheap apartments offered. Thus, in all major housing districts of Riga the most demanded apartments - mostly one-room and two-room apartments have become slightly more expensive.

The number of apartments offered in January has slightly increased after the significant drop (-11.2%) in December. The total number of apartments offered in Riga has grown by 11.2 %, in the largest housing estates - by 2.8%, and in the central part of Riga - by 12.2%.

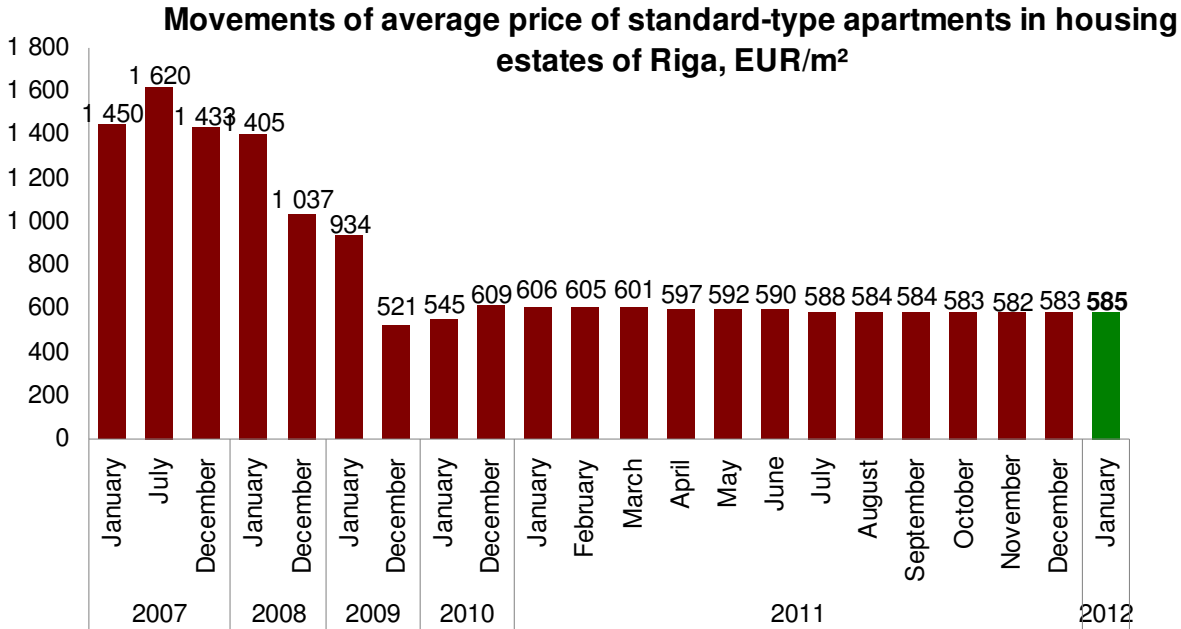
Since January 1, 2011, the average price of 1 m² of a standard-type apartment has decreased by 3.5%. The biggest price drop was observed at Ķengarags – by -7.3%. But at Teika, in despite of a slight decrease in prices in certain months of 2011, the prices have shown a very slight increase – by 0.6%. This is explained by the fact that the demand is focused on good quality apartments with good location, placement, and good interior decoration. In 2011, positive price changes were observed in the central part of Riga; however, the same is attributable also to the Teika area, which is considered a good alternative to the centre of Riga. This could explain the fact that the prices remained at a sufficiently high level at Teika.



Source: ARCO REAL ESTATE

In January 2012 the average standard-apartment price has returned to the level of August 2011 - **585 EUR/m²**. The prices on average were by **63.9%** 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 average price of a non-renovated standard-type apartment has decreased by 3.5% 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. In 2011, the prices of standard-type apartments decreased by 3.5%.



Source: ARCO REAL ESTATE

In the housing estates analyzed by the ARCO REAL ESTATE in January 2012, the average price of a 1-room apartment was 626 EUR/m², and compared with the price of the previous month, this price has increased by 0.6%; average price of a 2-room standard-type apartment was 592 EUR/m², and compared with the average price of the previous month, this price has increased by 0.3%; average price of a 3-room apartment was 565 EUR/m², and compared with the prices of the previous month, this price has remained unchanged; average price of a 4-room apartment was 557 EUR/m², and compared with the average price of the previous month, this price has remained unchanged.

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

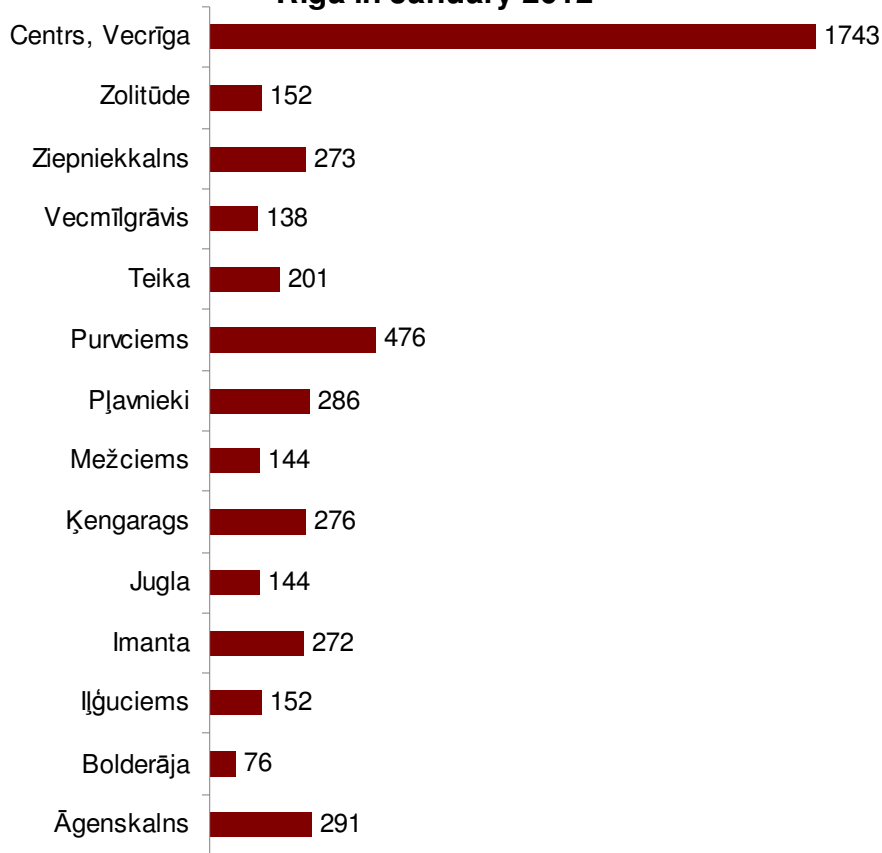
	2010												2011												2012	
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	1st January	1st February
1 room	568	598	614	629	654	660	658	656	663	662	661	659	654	649	644	636	633	628	626	624	623	622	622	621	622	626
2 rooms	541	566	574	587	606	617	617	617	624	628	626	627	621	615	613	609	604	599	596	594	590	591	589	589	590	592
3 rooms	496	519	532	544	561	571	573	577	588	590	590	590	587	584	584	581	578	573	571	567	564	564	563	563	563	565
4 rooms	480	498	515	528	548	556	562	566	575	578	578	578	577	575	578	576	572	569	567	566	561	560	558	556	557	557

Source: ARCO REAL ESTATE

Number of apartments offered for sale in January 2012, compared with the level of the previous month, has increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (2.8%) and in the Riga City in total (4.5%). The number of apartments offered and located in the central part of Riga has increased by 12.2%.

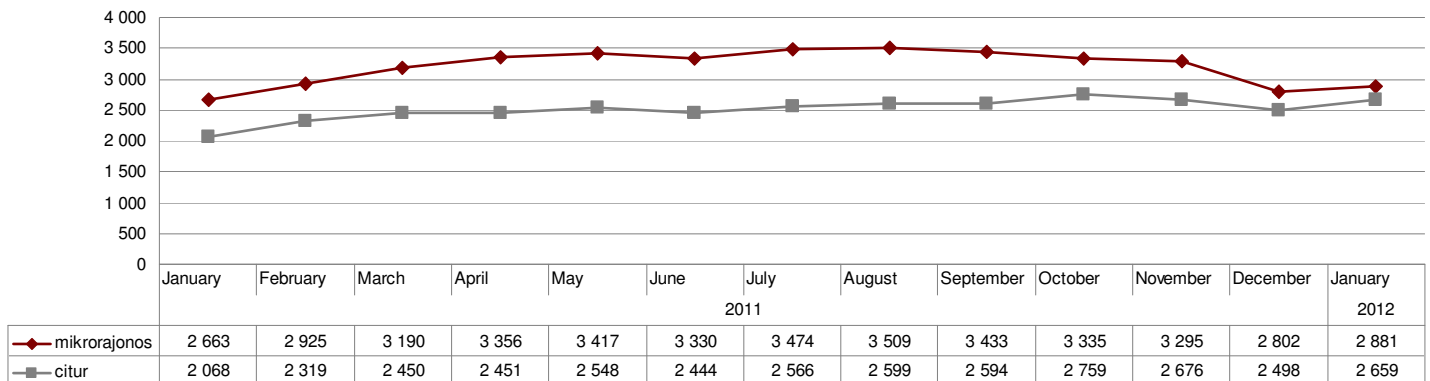
Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in January was observed at Purvciems, Pļavnieki, Ķengarags and Āgenskalns. In contrast, the smallest number of apartments offered was observed at Bolderāja and Zolitūde. In January, the number of apartments offered increased in most housing estates. The largest increase of number of apartments offered was observed at Zolitūde – by 17.8%. The lowest reduction of the number of apartments offered was observed at Mežciems – by 9.4%. 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.

Number of apartments offered in the market in Riga in January 2012



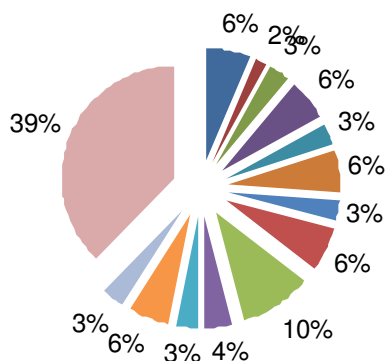
Source: ARCO REAL ESTATE

Dynamics of supply in Riga



Source: ARCO REAL ESTATE

Apartment supply structure by Riga housing estates End of 2011



Source: ARCO REAL ESTATE

In January 2012, the average price of 1 m² has slightly increased in most housing estates. Average price of 1 m² has increased by 0.2-1.1%. The biggest price growth was observed at Jugla, where the prices increased by 1.1% on average. Only at Pļavnieki the prices remained unchanged in January. In other housing estates positive price fluctuations were observed.

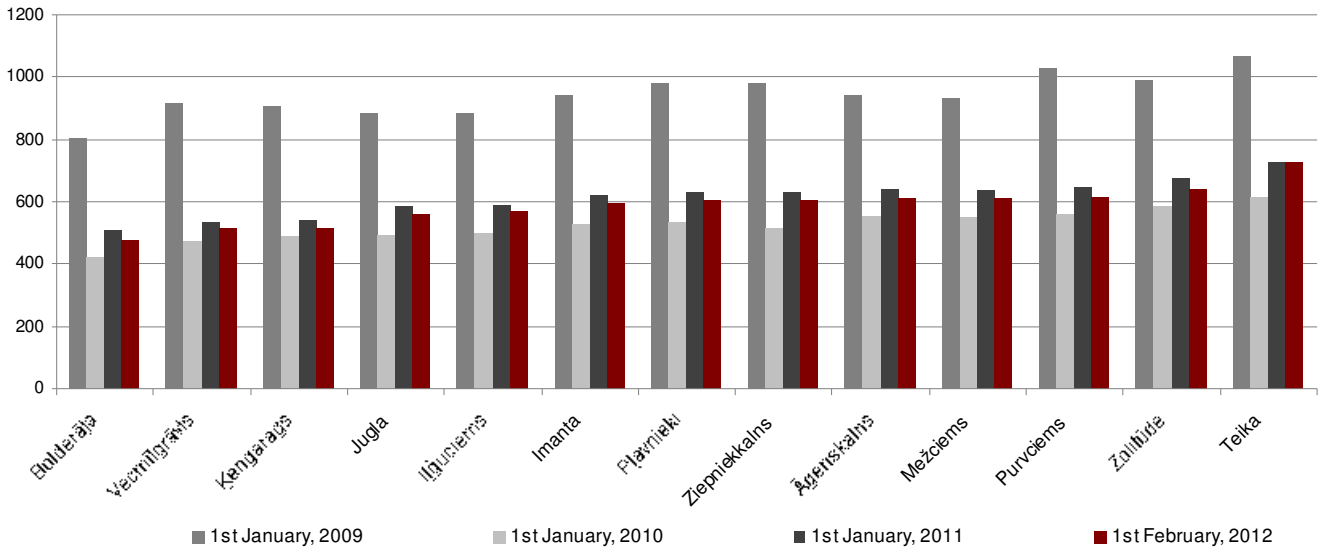
Change of average standard-type apartment prices in Riga housing estates (%)

	Average 1m ² price on 1st February, 2012	Average 1m ² price on 1st January, 2012	Price changes, %
Jugla	561	556	1.1%
Pļavnieki	603	603	0.0%
Purvciems	617	615	0.3%
Mežciems	612	612	0.0%
Teika	729	728	0.2%
Vecmīlgrāvis	512	508	0.8%
Ķengarags	511	510	0.2%
Bolderāja	479	477	0.4%
Ziepniekkalns	604	602	0.3%
Imanta	595	592	0.4%
Zolitūde	642	640	0.3%
Āgenskalns	608	606	0.4%
Ilģuciems	567	566	0.3%

Source: ARCO REAL ESTATE

Since the beginning of 2012, the standard-type apartment prices have increased by 0.5%. During 2011, the prices decreased by 3.5%. Compared with the beginning of 2010, in January 2012 the standard-type apartment prices in the housing estates of Riga were by 12.3% higher. 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 20.1% on average.

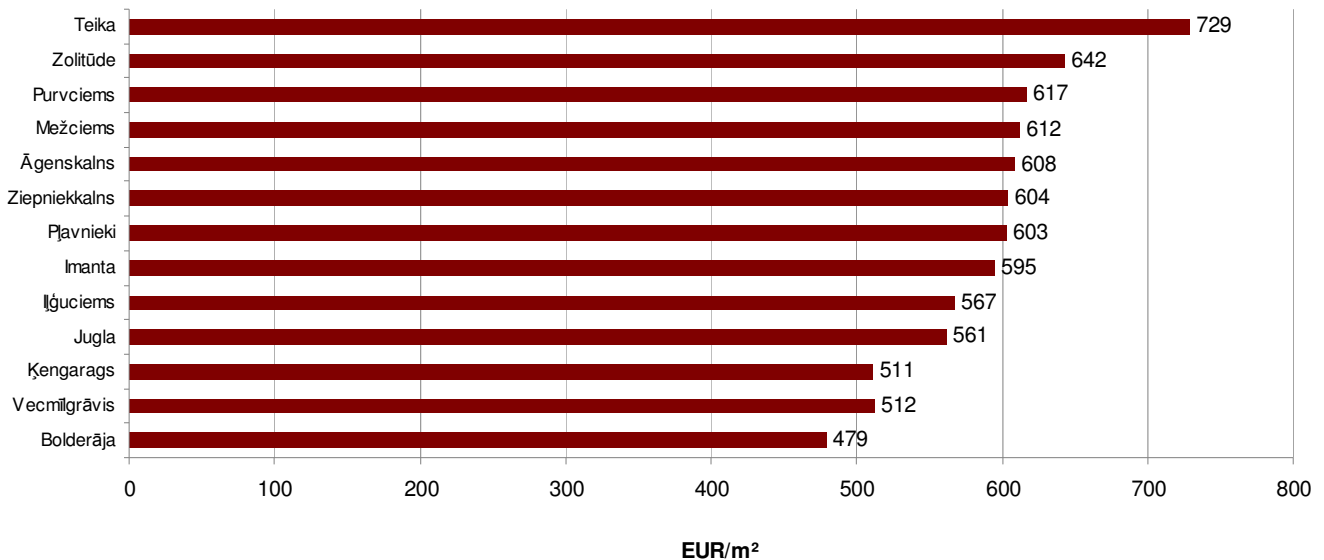
Average standard-type apartment prices in Riga housing estates (EUR/m²)



Source: ARCO REAL ESTATE

The highest prices in January 2012 were still observed at *Teika*, where the average price of 1m² has increased by 0.2% and is amounting to 729 EUR. In turn, the lowest prices in January were observed at *Bolderāja*, where the average price of 1m² has slightly increased - to 479 EUR.

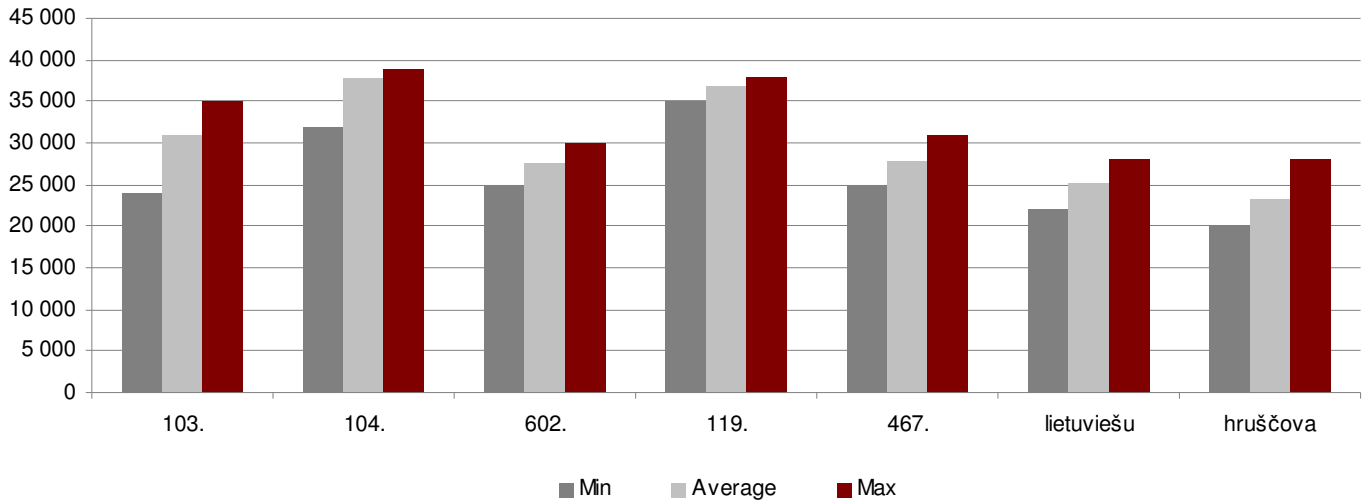
Average standard-type apartment prices in Riga housing estates in January 2012 (EUR/m²)



Source: ARCO REAL ESTATE

In January 2012, the most expensive apartments still were apartments in the houses of the 119th series and 104th 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 22 to 28 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 20 to 28 thousand EUR, depending on the housing estate.

**Standard-type apartment prices by series in Riga housing estates in January 2012
(prices of 2-room apartments, in EUR)**



Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

Ogre

The average prices in Ogre in January 2012 **remained unchanged**. The average apartment price in January was **420 EUR/m²**. The prices have decreased by 2.1% in Ogre in 2011. Compared to other towns in the vicinity of Riga, apartment prices in Ogre have remained stable and the price drop has not been high. At the same time, activity in the apartment market of Ogre is to be assessed as low.

Jūrmala, Kauguri

In January 2012 the apartment prices at Kauguri **remained unchanged**. The average price in January remained to be **421 EUR/m²**. During 2011 the prices at Kauguri have decreased by 6.2%. The price reduction was higher than the average for housing estates of Riga. Prices have fallen due to decrease of demand for apartments located in such places.

Salaspils

In January 2012, the apartment prices in Salaspils **remained unchanged**. The average price in January was **481 EUR/m²**. In 2011 the apartment prices in Salaspils have decreased by 6% on average.

Jelgava

In January 2012 the apartment prices in Jelgava **remained unchanged**. The average price in January like in December was **291 EUR/m²**. 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 12.9% on average, which is to be considered as a significant price fall. In January 2012 the price drop stopped and no price changes have been observed.