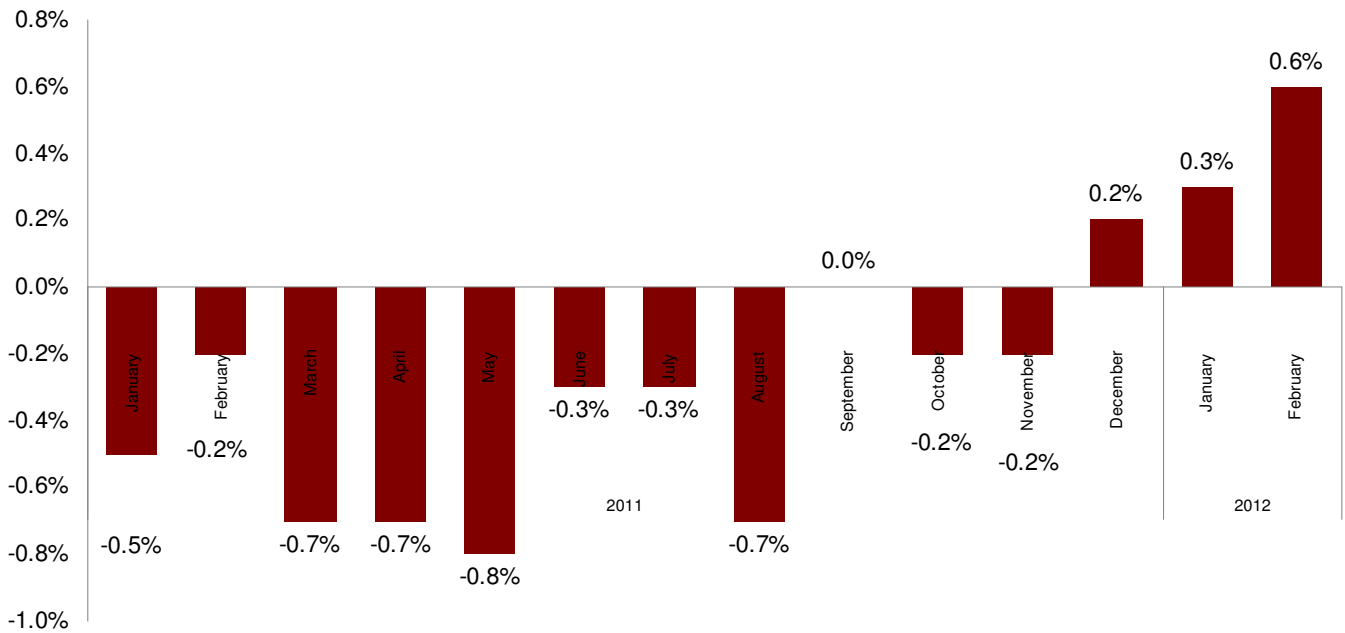


Standard-type apartments, 1 March 2012

Positive price fluctuations have been observed in the housing market at the beginning of 2012. The average price of standard-type apartments has increased by 0.6% in February. Thus, the average standard-type apartment price has reached **588 EUR/m²**.

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



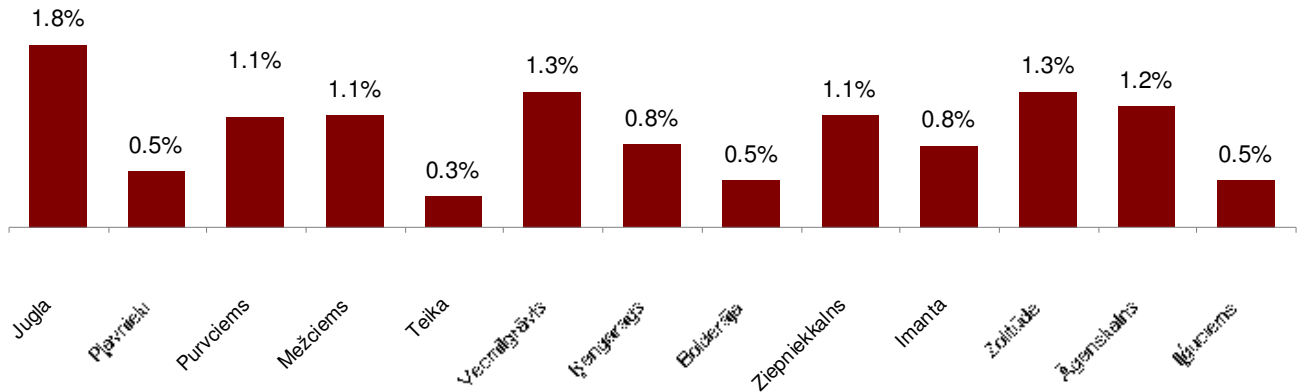
Source: ARCO REAL ESTATE

Standard-type apartment prices in housing estates are generally assessed as stable. The price changes are to be considered price fluctuations within 1%, and the prices in such a way tend to stabilize after the long recession during the whole 2011. The reason of the moderate price increase is the fact that the supply level is lower than usual, as well as the reduction of number of cheap apartments offered for sale. In all major housing districts of Riga the most demanded apartments - mostly one-room apartments - have become a little more expensive. One-room apartment prices in standard-type houses in February increased on average by 1%.

The number of apartments offered in Riga has continued to increase, like in January. The total number of apartments offered in Riga has grown by 4%, in the largest housing estates - by 3.4%, and in the central part of Riga - by 4.5%.

Since January 1, 2012, the average price of 1 m² of a standard-type apartment has increased by 0.9%. The largest growth of the average price of 1 m² was observed at Jugla – by +1.8%. The most insignificant price growth during the first months of the year was observed at Teika - by +0.3%. This is explained by the fact that the prices have continued to grow at Teika already since the beginning of 2011 and the price level is high enough. While in other larger housing estates the prices are slightly growing after the price drop that was observed throughout 2011.

Price changes in housing estates since beginning of 2012

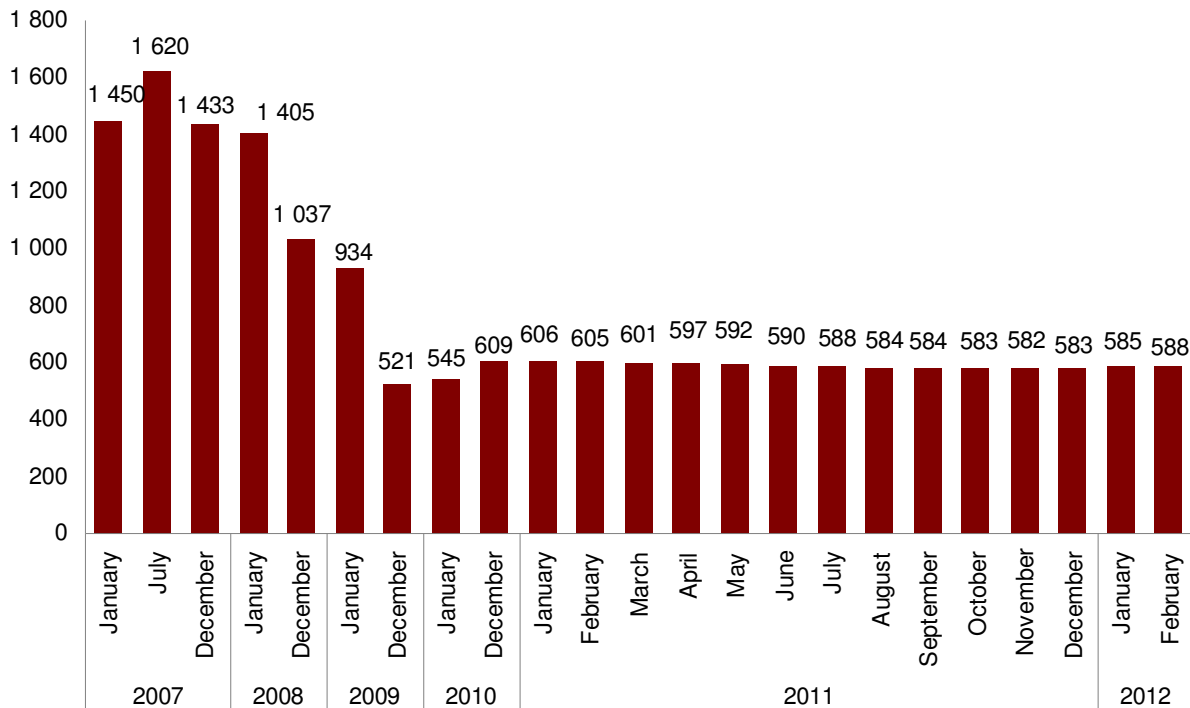


Source: ARCO REAL ESTATE

In February 2012 the average standard-apartment price has returned to the level of July 2011 - **585 EUR/m²**. The prices on average are by 63.9% lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment reached the highest ever value of 1620 EUR/m². But the average price of a non-renovated standard-type apartment in February has decreased by 3.4% if compared with the price level of the end of 2010.

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%.

Movements of average price of standard-type apartments in housing estates of Riga, EUR/m²



Source: ARCO REAL ESTATE

The largest price growth in February was observed in relation to one-room standard-type apartments. In the housing estates analyzed by the ARCO REAL ESTATE in February 2012, the average price of a 1-room apartment was 632 EUR/m², and compared with the average price of the previous month, this price has increased by 1%; average price of a 2-room standard-type apartment was 594 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 568 EUR/m², and compared with the prices of the previous month, this price has increased by 0,5%; average price of a 4-room apartment was 560 EUR/m², and compared with the average price of the previous month, this price has increased by 0,5%.

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

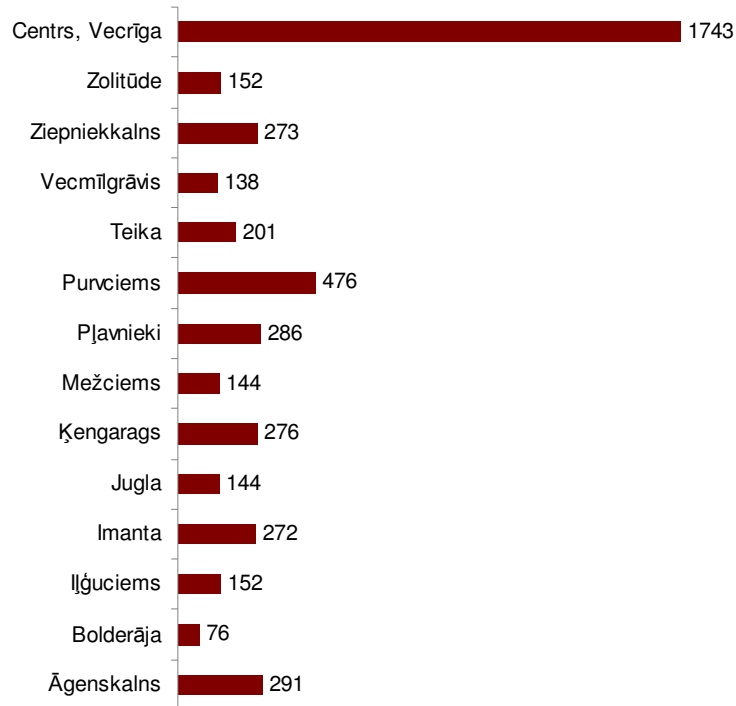
	2010												2011												2012		
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	1st January	1st February	1st March
1 room	568	598	614	629	654	660	658	656	663	662	661	659	654	649	644	636	633	628	626	624	623	622	622	621	622	626	632
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	594
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	568
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	560

Source: ARCO REAL ESTATE

Number of apartments offered for sale in February 2012, compared with the level of the previous month, has increased both in the largest housing estates analyzed by the ARCO REAL ESTATE (3.4%) and in the Riga City in general (4%). The number of apartments offered and located in the central part of Riga has increased by 4.9%.

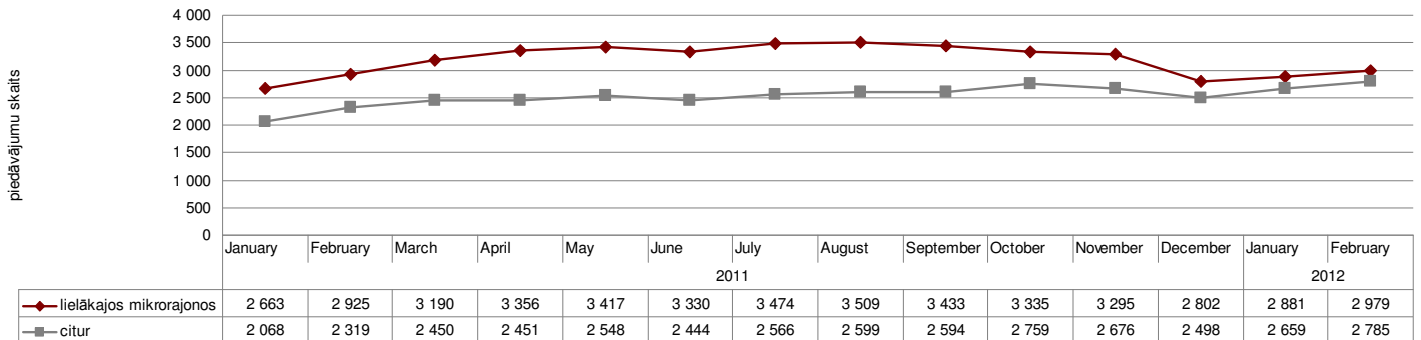
Having analyzed the number of apartments offered we can see that the biggest number of apartments offered in February was observed at Purvciems, Pļavnieki, Ķengarags and Āgenskalns. In contrast, the smallest number of apartments offered was observed at Bolderāja and Zolitūde. In February, like in January, the number of apartments offered increased in most housing estates. The largest increase of number of apartments offered was observed at Iļģuciems – by 17.1%. The largest reduction of the number of apartments offered was observed at Vecmīlgrāvis – 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

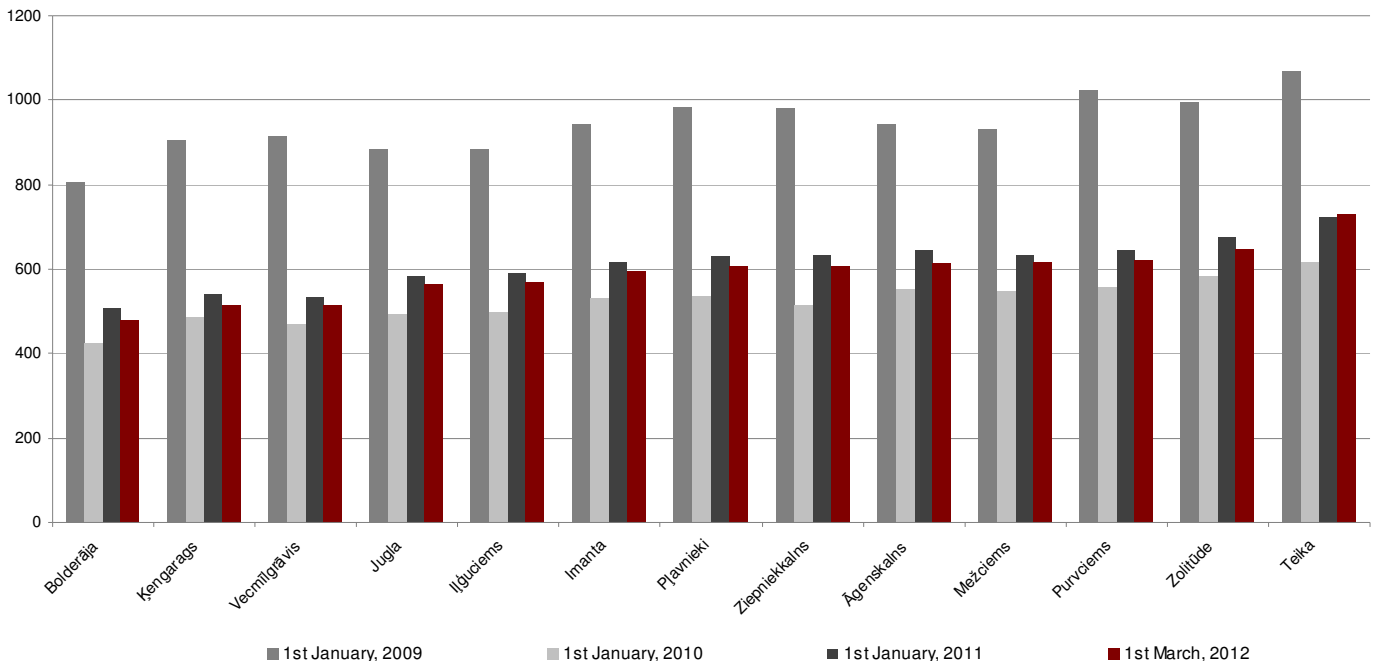
In February 2012, the average price of 1 m² has slightly increased in most housing estates. Average price of 1 m² has increased by 0.1-1.1%. The biggest price growth in February was observed at Mežciems, where the prices increased by 1.1% on average. Very insignificant change was observed at Bolderāja where the prices increased only by 0.1%.

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

	Average 1m ² price on 1st March, 2012	Average 1m ² price on 1st February, 2012	Price changes, %
Jugla	566	561	0.7%
Pļavnieki	606	603	0.5%
Purvciems	622	617	0.8%
Mežciems	618	612	1.1%
Teika	730	729	0.2%
Vecmīlgrāvis	515	512	0.5%
Ķengarags	514	511	0.6%
Bolderāja	479	479	0.1%
Ziepniekkalns	608	604	0.8%
Imanta	597	595	0.4%
Zolitūde	649	642	1.0%
Āgenskalns	613	608	0.8%
Iļģuciems	568	567	0.2%

Source: ARCO REAL ESTATE

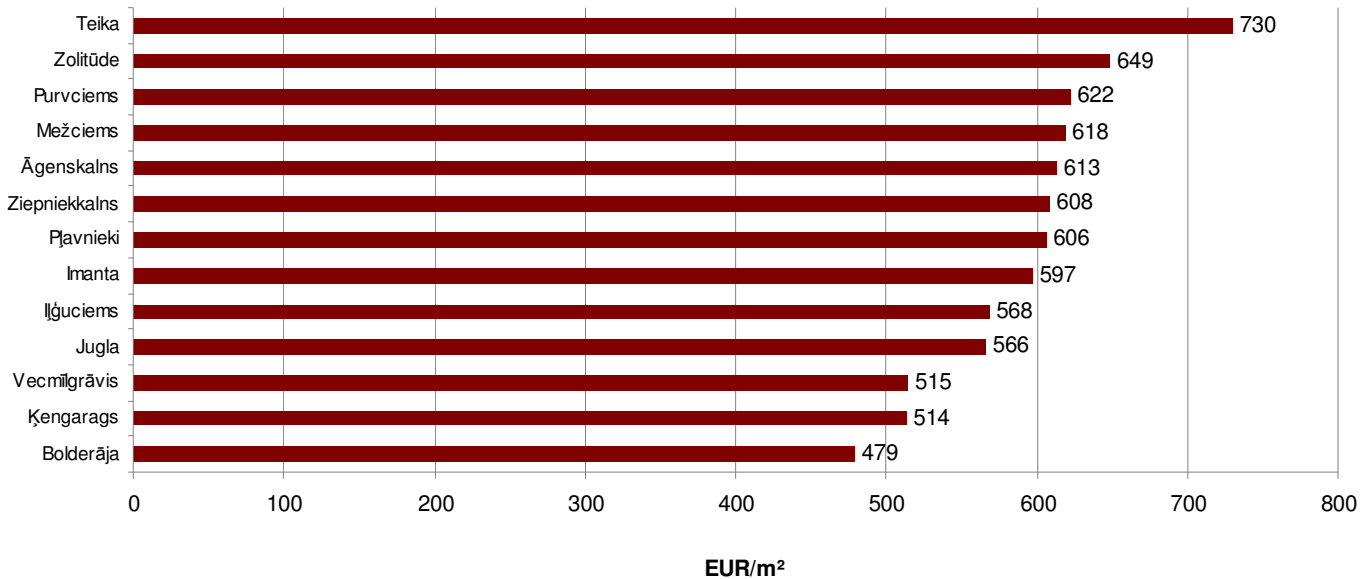
Since the beginning of 2012, the standard-type apartment prices have increased by 0.6%. During 2011, the prices decreased by 3.5%. Compared with the beginning of 2010, in February 2012 the standard-type apartment prices in the housing estates of Riga were by 12.9% higher. Since the lowest price point 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 20.8% on average.

Average standard-type apartment prices in Riga housing estates


Source: ARCO REAL ESTATE

The highest prices in February 2012 were still observed at *Teika*, where the average price of 1m² has increased by 0.2% reaching 730 EUR. In turn, the lowest prices in February were observed at *Bolderāja*, where the average price of 1m² has remained unchanged - 479 EUR.

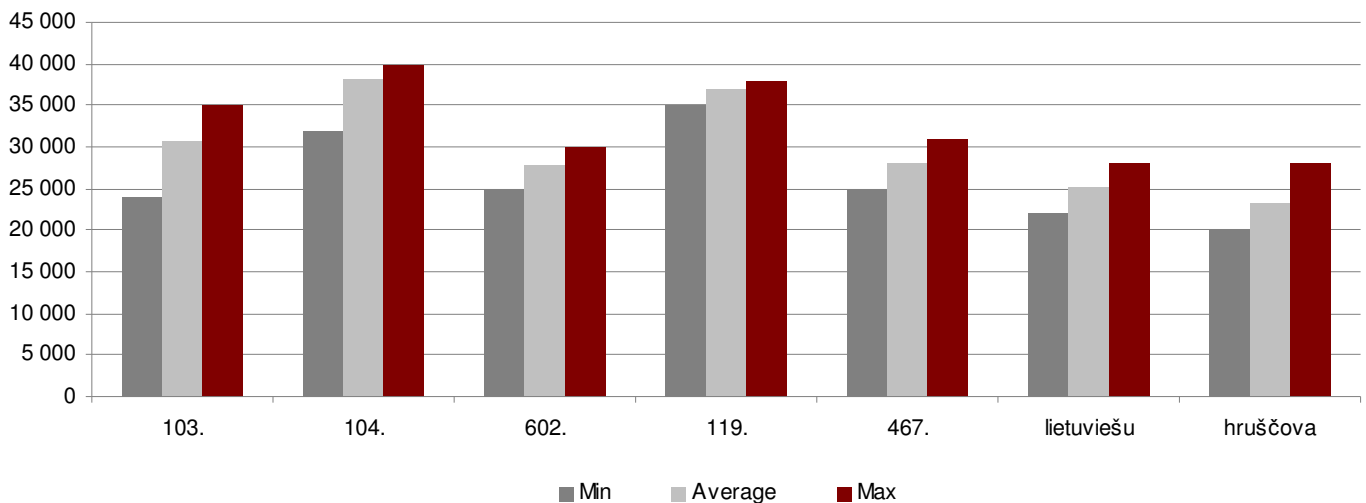
Average standard-type apartment prices in Riga housing estates in February 2012 (EUR/m²)



Source: ARCO REAL ESTATE

In February 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 40 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 February 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 February 2012 **remained unchanged**. The average apartment price in February was **420 EUR/m²**. The prices 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 February 2012 the apartment prices at Kauguri **decreased by 0.5%**. The average price in February was **418 EUR/m²**. During 2011 the prices at Kauguri 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 February 2012, the apartment prices in Salaspils **remained unchanged**. The average price in February was **481 EUR/m²**. In 2011 the apartment prices in Salaspils decreased by 6% on average.

Jelgava

In February 2012 the apartment prices in Jelgava **remained unchanged**. The average price in February **291 EUR/m²**. The apartment prices in Jelgava have remained unchanged already for three consecutive months. The market activity in Jelgava is still low.