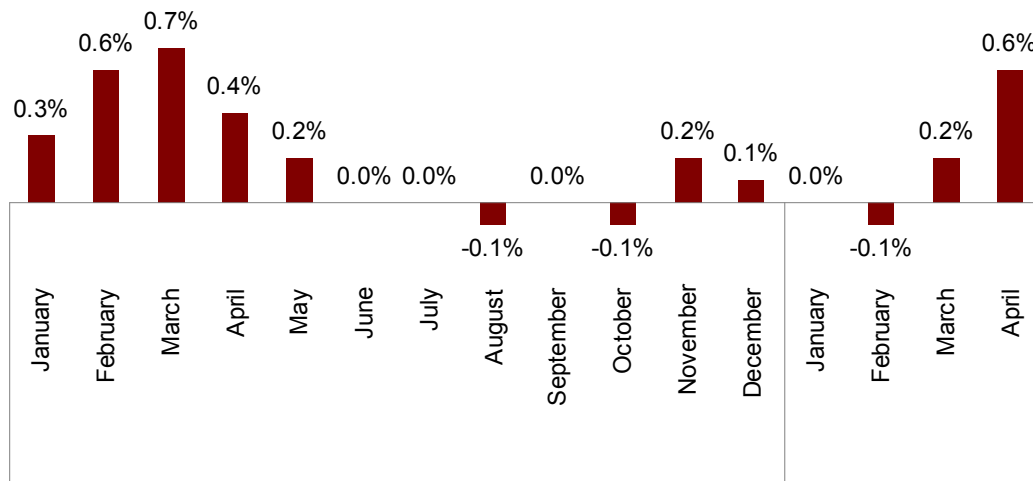


### Standard-type apartments, May 1, 2013

In April 2013, there were observed certain changes in the standard-type apartment market of the Riga housing estates. There was observed an increase of activity and prices practically in all the largest housing estates. The average price of a standard-type apartment increased to 598 EUR/m<sup>2</sup> in April, and the prices increased by 0.6% on average. The average price of 1 m<sup>2</sup> of a standard-type apartment reached the highest level in the past two years – in April 2011 the average price of 1 m<sup>2</sup> was 597 EUR.

Price changes in housing estates since beginning of 2012, %

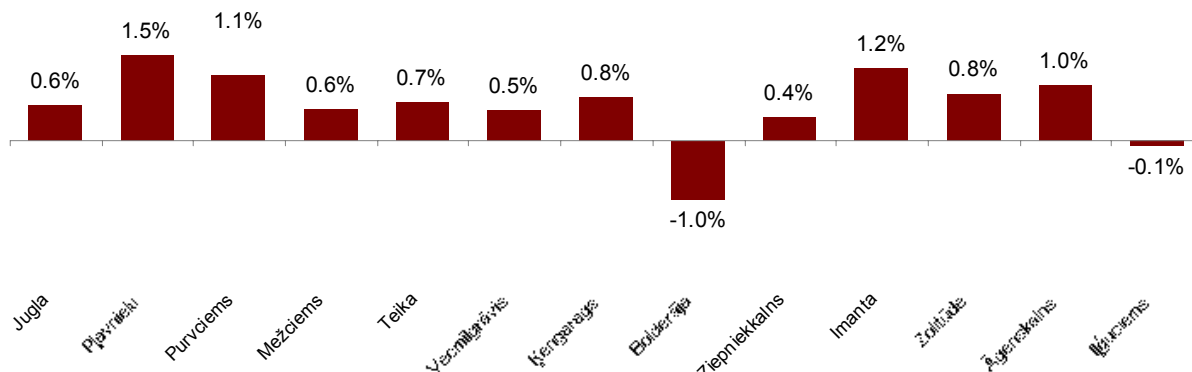


Source: ARCO REAL ESTATE

The first signs of price increase, probably, show that the standard-type apartment market begins to recover from the two years of stagnation. Also the overall supply of apartments has increased both in the largest housing estates and in Riga in general, and is higher than last year during the same period. However, the still passive position of credit institutions as to granting loans for purchase of standard-type apartment, as well as technical wear of building structures and engineering systems prevents thinking about rapid development of this segment.

The largest average price increase of 1 m<sup>2</sup> in the housing estates of Riga since the beginning of 2013 was observed at Pļavnieki – +1.5%. But solely in Bolderāja the prices have decreased by 1% on average. A very small price decrease was observed also in Iļģuciems – by -0.1%.

Price changes in largest housing estates since January 01, 2013

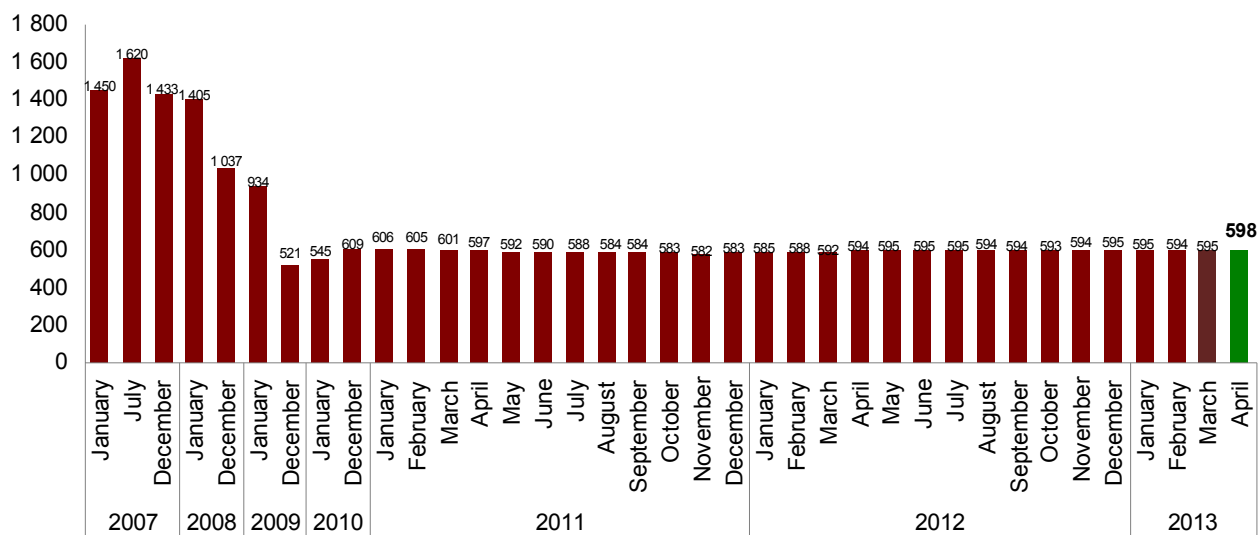


Source: ARCO REAL ESTATE

In April 2013, the average price increased to **598 EUR/m<sup>2</sup>**. The prices on average are by 63.1% 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/m<sup>2</sup>.

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. In 2012, the apartment prices grew by 2%. Since the beginning of 2013, the apartment prices have increased by 0.6%.

### Movements of average price of standard-type apartments in housing estates of Riga, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

In April 2013, the average price of 1 square metre of apartments if categorized by number of rooms has increased for all apartment types. Average price of 1 m<sup>2</sup> of a one-room apartment increased by 0.8%, average price of 1 m<sup>2</sup> of a two-room apartment increased by 1.2%, three-room apartment - by 0.3%, and four-room apartment - by 0.2%.

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

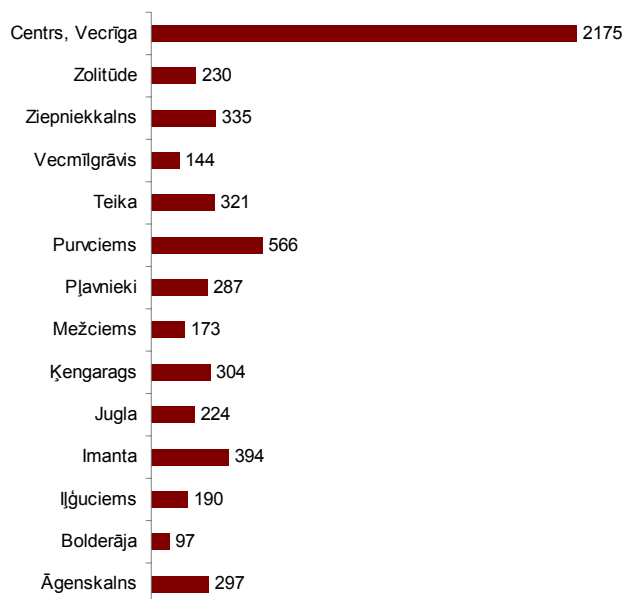
	2011												2012												2013				1st May
	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	
<b>1 room</b>	654	649	644	636	633	628	626	624	623	622	622	621	622	626	632	639	639	640	641	640	638	639	639	642	643	643	643	643	<b>648</b>
<b>2 rooms</b>	621	615	613	609	604	599	596	594	590	591	589	589	590	592	594	598	600	602	602	602	602	601	601	602	602	602	602	603	<b>610</b>
<b>3 rooms</b>	587	584	584	581	578	573	571	567	564	564	563	563	563	565	568	571	573	574	575	575	575	575	574	574	574	574	574	<b>576</b>	
<b>4 rooms</b>	577	575	578	576	572	569	567	566	561	560	558	556	557	557	560	561	565	565	562	562	562	562	560	560	560	560	560	<b>561</b>	

Source: ARCO REAL ESTATE

The number of apartments supplied grew in April 2013. The number of apartments supplied has grown in largest housing estates analyzed by the ARCO REAL ESTATE (+6.4%); and in the Riga City in general (+6.8%). The supply has grown even more in the the central part of Riga (city centre, Old Town) (+8.3%).

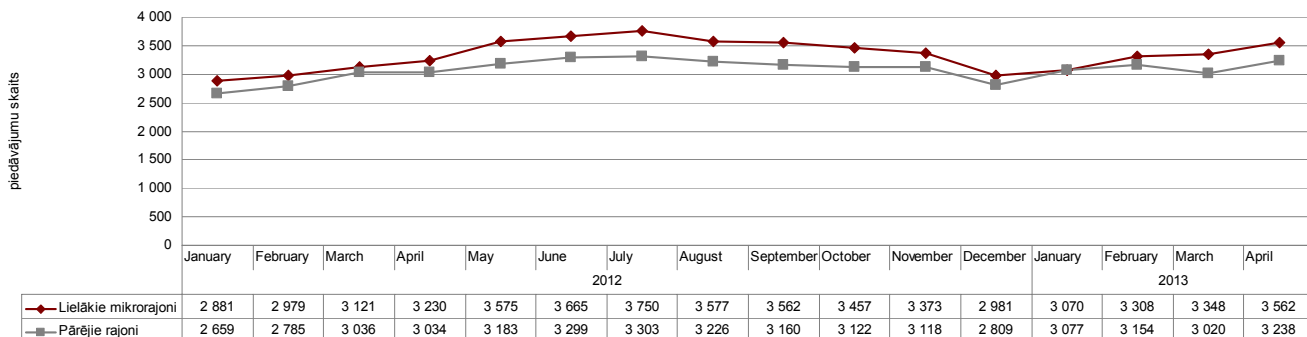
Having summarized the number of apartments supplied, we can conclude that the largest supply of apartments in April was in Purvciems, Pļavnieki, Ķengarags and Imanta. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmīlgrāvis. In April, the number of apartments supplied has grown in almost all the largest Riga housing estates, except Ziepniekkalns where the supply decreased by 5.1%. The largest growth of the supply was observed in Ķengarags and Vecmīlgrāvis where the supply grew by 15.2%. In April of the last year the total number of apartments supplied was much lower.

### Number of apartments supplied in Riga, April 2013



Source: ARCO REAL ESTATE

### Apartment supply dynamics in Riga



Source: ARCO REAL ESTATE

In April 2013, the standard-type apartment market was characterized by price changes in all the largest Riga housing estates except Bolderāja – the prices had increased. The largest growth of the average price of 1 m<sup>2</sup> was observed in Pļavnieki (+1.2%). But in Bolderāja no price changes were observed, and the prices in Bolderāja should be considered as low.

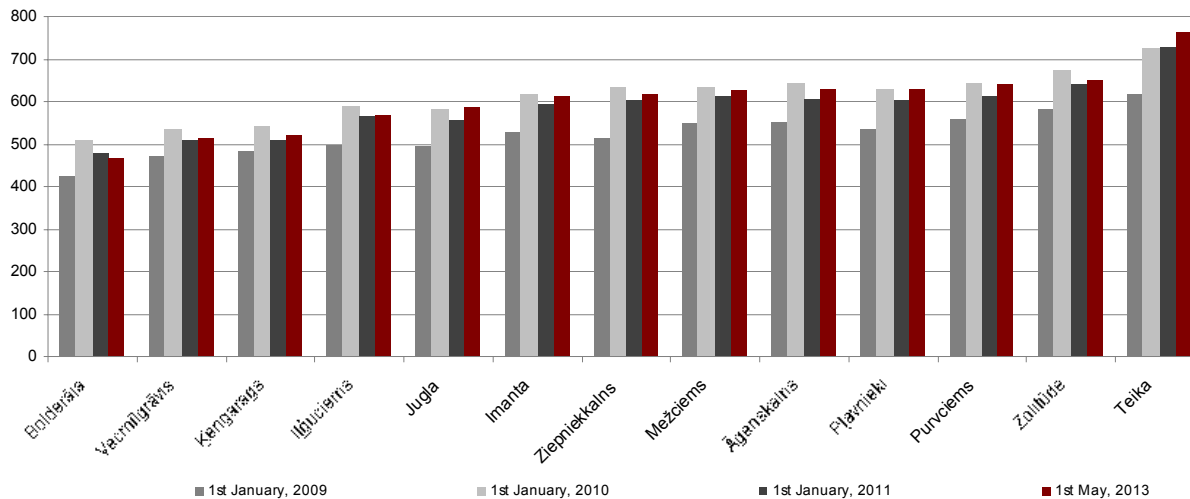
**Change of average standard-type apartment prices in Riga housing estates (%)**

	Average 1m <sup>2</sup> price on 1st May, 2013	Average 1m <sup>2</sup> price on 1st April, 2013	Price changes, %
Jugla	587	585	0.3%
Pļavnieki	631	624	1.2%
Purvciems	640	635	0.8%
Mežciems	628	624	0.6%
Teika	762	758	0.5%
Vecmīlgrāvis	517	515	0.4%
Kengarags	522	519	0.5%
Bolderāja	468	468	0.0%
Ziepniekkalns	616	613	0.4%
Imanta	613	609	0.7%
Zolitūde	649	644	0.8%
Āgenskalns	629	625	0.6%
Iļģuciems	570	569	0.2%

Source: ARCO REAL ESTATE

Since the beginning of 2012, the standard-type apartment prices have increased by 2.6%. Since the beginning of 2011, the prices have decreased by 1.7%. Compared with the beginning of 2010, in April 2013 the standard-type apartment prices in the housing estates of Riga were by 14.9% higher.

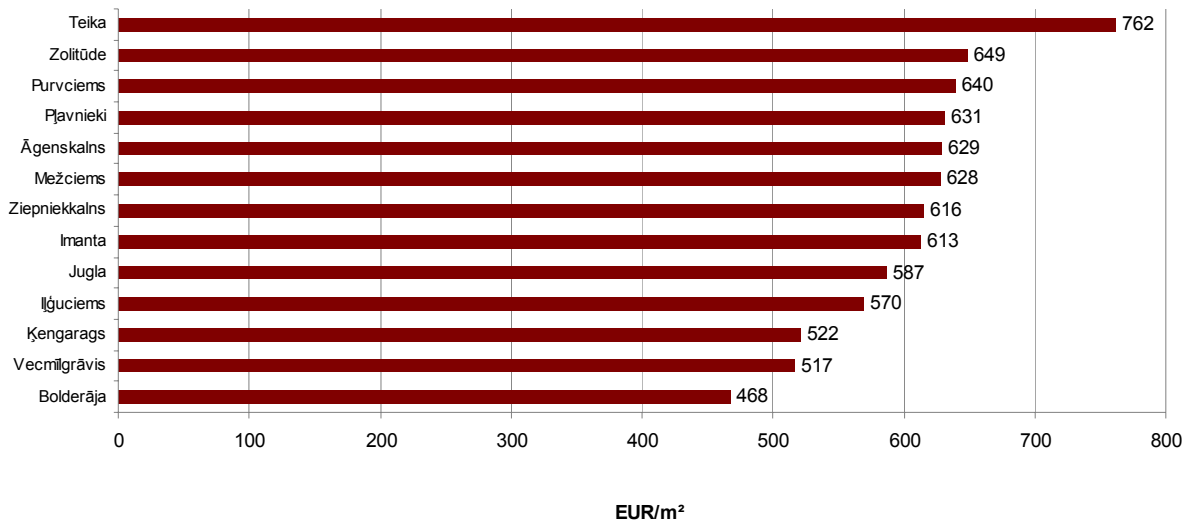
**Average standard-type apartment prices in Riga housing estates (EUR/m<sup>2</sup>)**



Source: ARCO REAL ESTATE

The highest prices in April 2013 were observed at *Teika*, where the average price of 1m<sup>2</sup> has increased to 762 EUR. In turn, the lowest prices in April were observed at *Bolderāja*, where the average price of 1m<sup>2</sup> has remained to be 468 EUR.

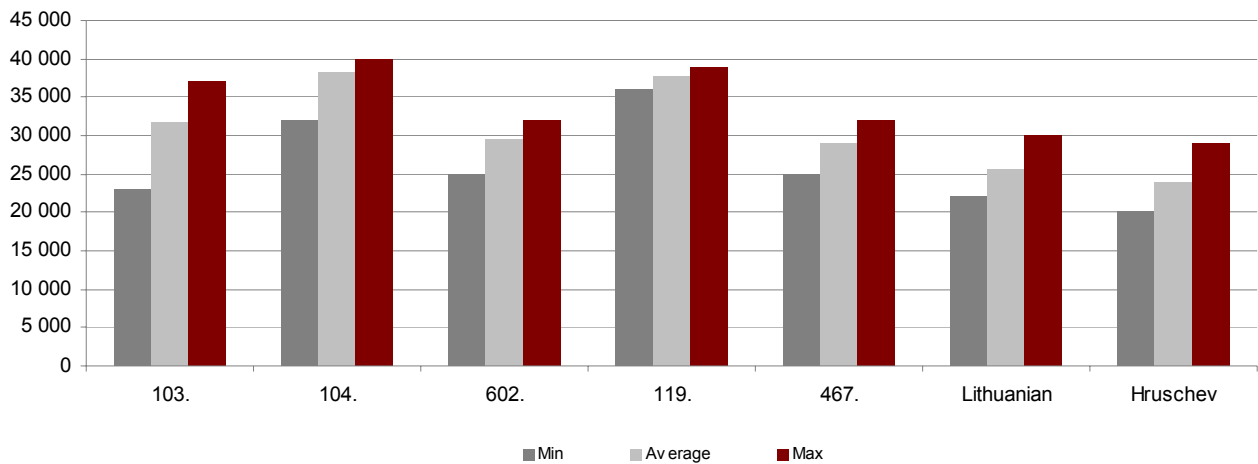
**Average standard-type apartment prices in Riga housing estates in April 2013, EUR/m<sup>2</sup>**



Source: ARCO REAL ESTATE

In April 2013, 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 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 30 thousand EUR, and the so-called *Khrushchev-time houses*, where the price of 2-room apartments varied from 20 to 29 thousand EUR, depending on the housing estate.

**Standard-type apartment prices by series in Riga housing estates in April 2013 (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 April 2013 **remained unchanged**. The average apartment price has remained to be **426 EUR/m<sup>2</sup>**. In 2012, the prices of standart-type apartments decreased by 1.3% in Ogre. Also in the first quarter of 2013, the apartment prices in Ogre have been stable.

### *Jūrmala, Kauguri*

In April 2013 the apartment prices in Kauguri **decreased by 0.5%**. The average price of an apartment has dropped to **404 EUR/m<sup>2</sup>**. In 2012, the prices of standart-type apartments decreased by 3.5% in Kauguri. Apartment prices at Kauguri still remain at low level and often transactions are made at even lower prices than requested in the offer. The price decline observed in 2012 indicates a diminished interest in apartments located in this region, and the prices observed in the first quarter of 2013 show the trend to decrease.

### *Salaspils*

In April 2013, the apartment prices in Salaspils **decreased by 0.3%**. The average price has dropped to **471 EUR/m<sup>2</sup>**. In 2012, the prices of standart-type apartments decreased by 3.1% in Salaspils. Apartment price changes in Salaspils usually are connected with changes in Riga housing estates where the prices are stable today. No apartment price fluctuations have been observed in Salaspils in the first quarter of 2013.

### *Jelgava*

In April 2013, the apartment prices in Jelgava **remained unchanged**. The average price remained to be **289 EUR/m<sup>2</sup>**. In 2012, the prices of standart-type apartments decreased by 2.6% in Jelgava. The apartment prices observed in the first quarter of 2013 in Jelgava should be considered stable and the price fluctuations were small.