

Standart type apartment market overview

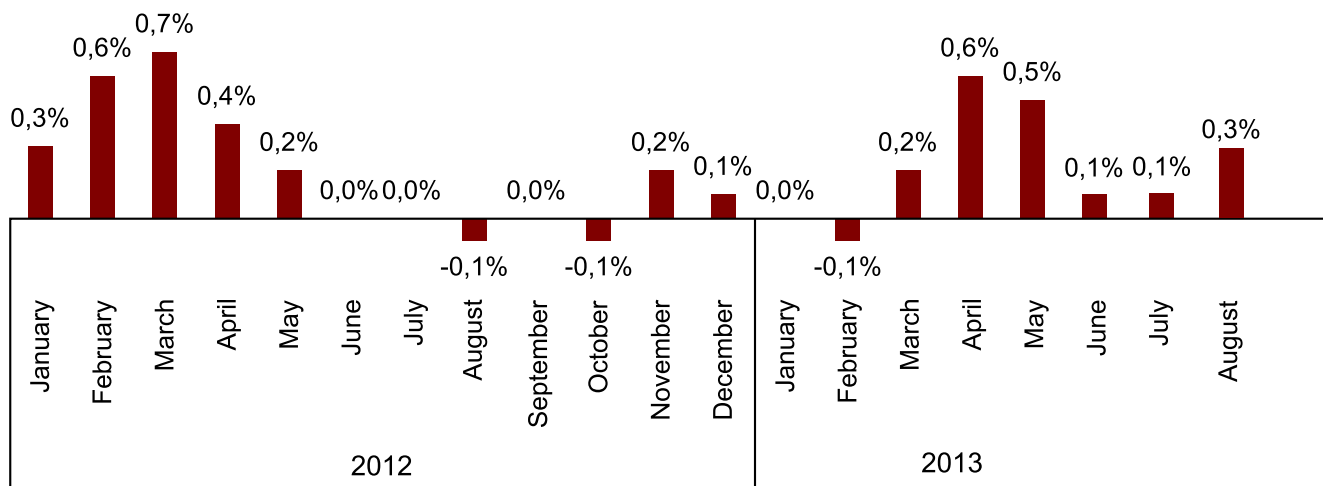
AUGUST

Riga
2013

Standard-type apartments, September 1, 2013

In August 2013, the prices of standard-type apartments located in Riga housing estates had the trend of a slight growth. A slight price increase was found in almost all the largest Riga housing estates. The average standard-type apartment price has reached the level of 604 EUR/m² in August, and the average price growth was 0.3%.

Standard-type apartment price changes since beginning of 2012 (%)

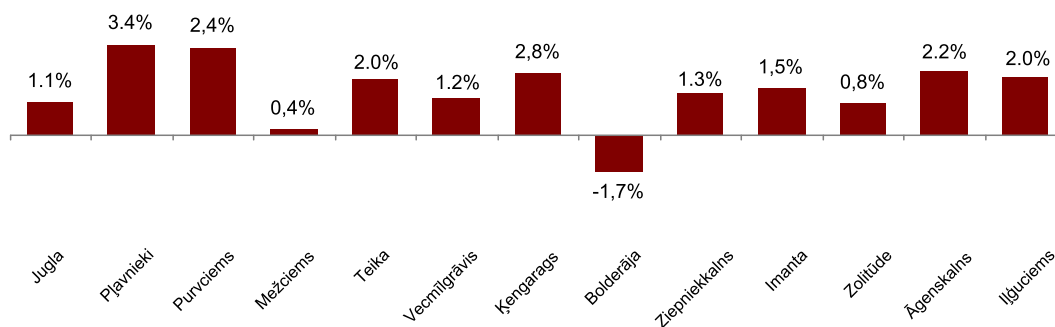


Source: ARCO REAL ESTATE

In despite of a slight increase in prices, the situation in the apartment market is stable. One of the reasons of the small price increase is the lack of adequate apartment supply. Apartments are often purchased above their real market value. Another factor for positive price movements is shrinking of the rental market and rise of the apartment rent level. People are choosing purchase of real estates, which in turn contributes to an increase in the demand. Total standard-type apartment price growth has reached 1.5% this year and is likely to be similar to that in 2012 - about 2%.

The largest growth of the average 1 m² price in the housing estates of Riga City since the beginning of 2013 was observed in Pļavnieki: +3.4%. But, in turn, solely in Bolderāja the prices have decreased this year - by 1.7% on average. In other housing estates the prices tend to increase slightly.

Price changes in housing estates since beginning of 2013



Source: ARCO REAL ESTATE

In August 2013 the average standard-apartment price has reached the level of 604 EUR/m². The prices on average are by 62.7% 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.

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 1.5%.

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



Source: ARCO REAL ESTATE

In August 2013, the average price of 1m² of apartments if categorized by number of rooms has increased for one-room apartments (+0.2%), two-room apartments (+0.3%), three-room apartments (+0.5%) and four-room apartments (+0.2%).

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

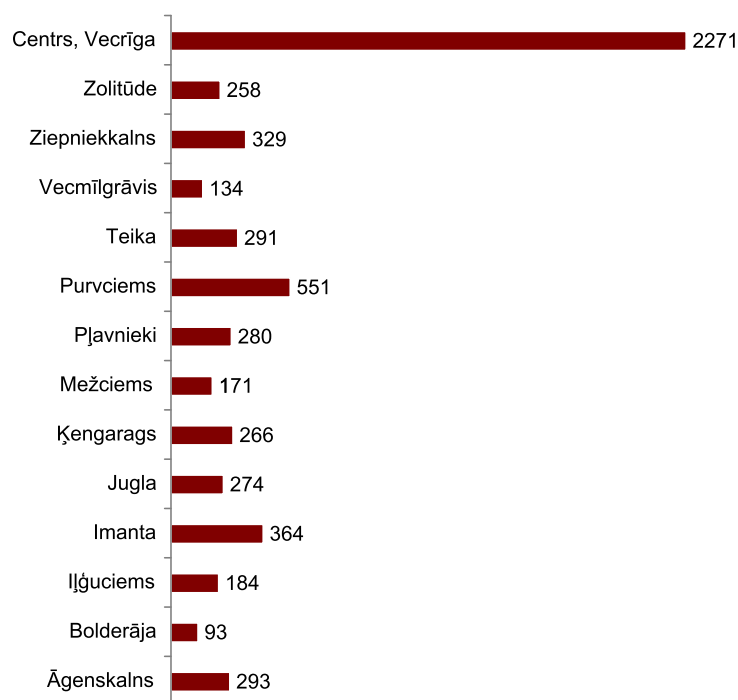
	2011												2012												2013								
	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September
1 room	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	648	648	650	651	652
2 rooms	621	615	613	609	604	599	596	594	590	591	589	589	590	592	594	598	600	602	602	602	602	602	601	601	602	602	602	603	610	612	612	614	616
3 rooms	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	574	576	577	578	579	582
4 rooms	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	560	561	562	562	563	564

Avots: ARCO REAL ESTATE

In August 2013, the supply of apartments has in total remained unchanged. The number of apartments supplied has slightly decreased (-0.9%) in the largest housing estates analyzed by ARCO REAL ESTATE. Also the overall supply in Riga has slightly decreased (-0.9%). The supply of apartments in the central part of Riga (city centre, Old Town) has decreased in August (-2.3%).

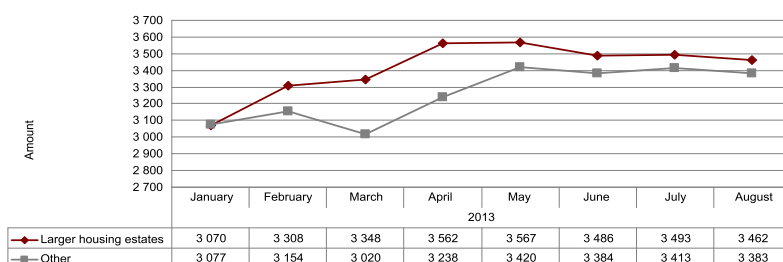
Having summarized the number of apartments supplied, it can be concluded that the largest supply of apartments in August was in Purvciems, Pļavnieki, Imanta and Ziepniekkalns. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmīlgrāvis. In August, the number of apartments supplied in the largest housing estates of Riga mainly decreased. The largest reduction of the supply was observed in Bolderāja, where the supply decreased by 17.7%. But the largest increase was observed in Zolitūde - by 8.4%.

Number of apartments offered in Riga, July 2013



Source: ARCO REAL ESTATE

Apartment supply dynamics in Riga



Source: ARCO REAL ESTATE

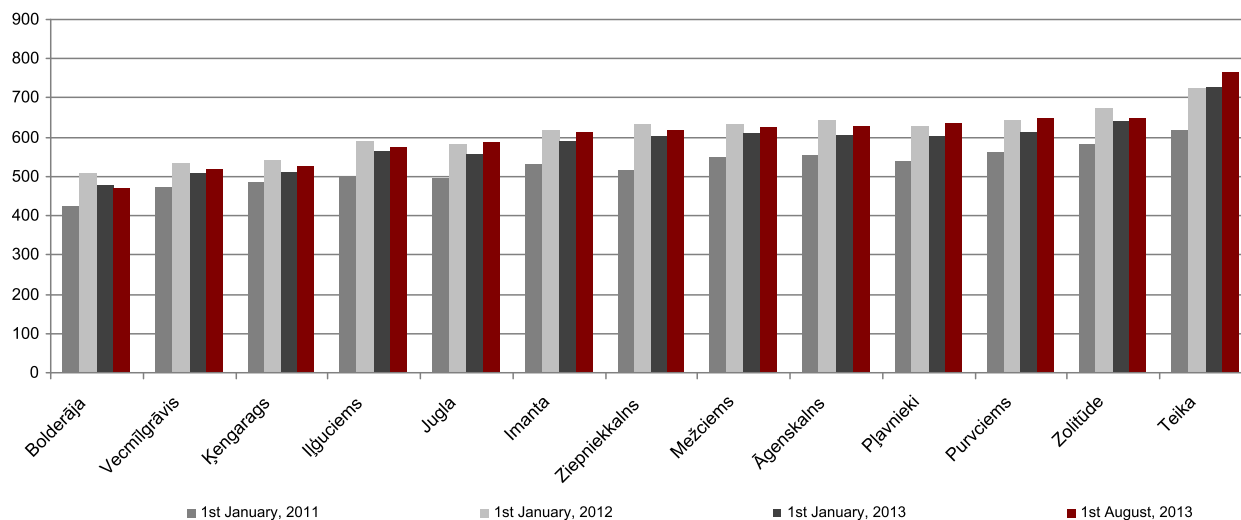
In August 2013, the standard-type apartment market was characterized mainly by a minimum price growth in the largest Riga housing estates. The largest growth of the average price of 1m² in August was observed in Ķengarags (+1%). In turn, the only housing estate where the apartment prices were reduced was Bolderāja: the average price of 1 sq.m dropped by 0.7%.

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

	Average 1m ² price on 1st of September, 2013	Average 1m ² price on 1st of August, 2013	Price changes, %
Jugla	589	589	0,0%
Pļavnieki	643	639	0,7%
Purvciems	648	647	0,1%
Mežciems	627	625	0,2%
Teika	772	767	0,6%
Vecmīlgrāvis	520	519	0,3%
Ķengarags	533	527	1,0%
Bolderāja	464	468	-0,7%
Ziepniekkalns	621	617	0,6%
Imanta	615	613	0,3%
Zolitūde	649	649	0,0%
Āgenskalns	636	632	0,7%
Ilģuciems	581	579	0,4%

Since the beginning of 2011, the prices have decreased by 0.9%. Since the beginning of 2012, the standard-type apartment prices have increased by 3.5%. Compared with the beginning of 2013, in August 2013 the standart-type apartment prices in the housing estates of Riga were by 1,5% higher.

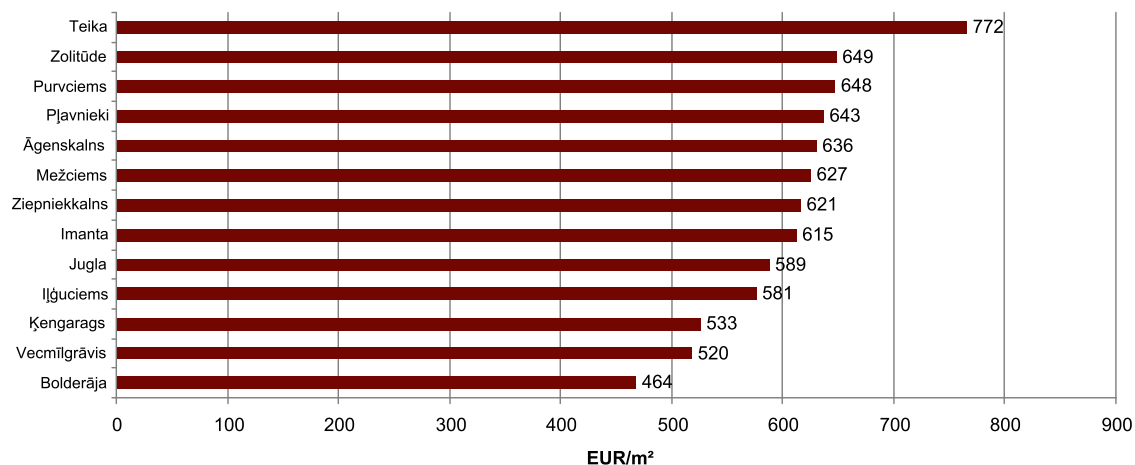
Average standard-type apartment prices in Riga housing estates (EUR/m²)



Source: ARCO REAL ESTATE

The highest standard-type apartment prices in August 2013 were in Teika, where the average price of 1m² has increased to 772 EUR. But the lowest average price of 1m² in August was in Bolderāja where it remained to be 464 EUR.

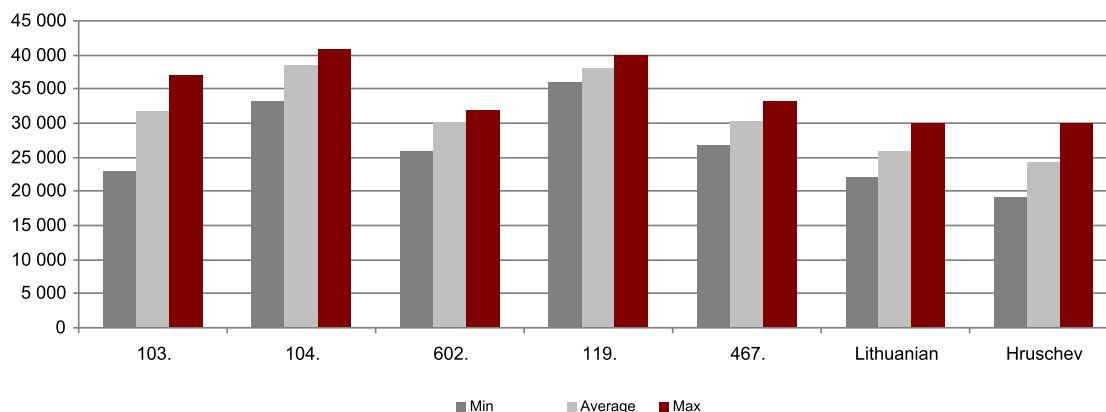
Average standard-type apartment prices in Riga housing estates in August 2013 (EUR/m²)



Source: ARCO REAL ESTATE

In August 2013, 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 33 to 41 thousand EUR, depending on the location. In turn, 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 19 to 30 thousand EUR, depending on the housing estate.

**Standard-type apartment prices by series in Riga housing estates in August 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 August 2013 remained unchanged. The average apartment price has remained to be 426 EUR/m². In 2012, the prices of standard-type apartments decreased by 1.3% in Ogre. In the first six months of 2013, the apartment prices in Ogre decreased by 1.3%. The prices observed in recent months in Ogre are to be considered stable, without any significant changes.

Kauguri, Jūrmala,

In August 2013 the apartment prices in Kauguri remained unchanged. The average price of an apartment has remained to be 400 EUR/m². In 2012, the prices of standard-type apartments decreased by 3.5% in Kauguri. Since the beginning of 2013, the apartment prices in Kauguri have decreased by 4.5%.

Salaspils

In August 2013, the apartment prices in Salaspils have decreased by 0.3%. The average price has dropped to 468 EUR/m². In 2012, the prices of standard-type apartments decreased by 3.1% in Salaspils. Since the beginning of 2013, the apartment prices in Salaspils have decreased by 2.3%.

Jelgava

In August 2013, the apartment prices in Jelgava remained unchanged. The average price remained to be 291 EUR/m². In 2012, the prices of standard-type apartments decreased by 2.6% in Jelgava. In the first six months of 2013, the apartment prices have been stable and the price fluctuations have been insignificant. In general, the prices have remained unchanged since the beginning of the year.

ARCO REAL ESTATE

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