

STANDART TYPE APARTMENT MARKET OVERVIEW
OCTOBER

Standard-type apartments, November 1, 2013

In October 2013, the prices of standard-type apartments located in Riga housing estates had the trend of a slight growth. A slight price increase was observed in almost all the largest Riga housing estates. The slight increase in prices in October was offset by the price reductions in Bolderāja. Thus, the average standard-type apartment prices in October remained at the level of 606 EUR/m². Thus it can be assumed that in general the standard-type apartment prices have not changed.

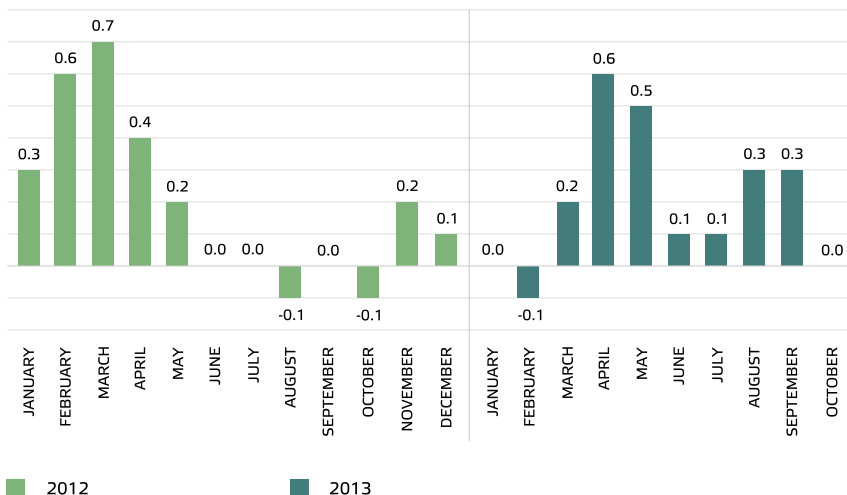
In October, as in other months of this year, it appears that prices of the most expensive apartment series and of apartments located in the centre of Riga and in the surrounding neighborhoods are rising. At the same time, in Bolderāja, a significant price decline has been observed this year – the price drop has already reached -3.7%. A similar decline in prices this year has been observed in the vicinity of Riga, in Salaspils and Kauguri (Jūrmala). This shows that the demand in the housing market focuses on good quality apartments, and the most important factor is the location of the apartment. Despite the fact that in the outermost suburbs and around Riga the apartment price level is relatively very low, it still does not serve as a reason for an increase of interest in these apartments.

The largest growth of the average one square metre price in the housing estates of Riga City since the beginning of 2013 was observed in Pļavnieki and Ķengarags - +3.9%. But, in turn, solely in Bolderāja the prices have decreased this year - by 3.7% on average. In other housing estates the prices tend to increase slightly.

In October 2013 the average standard-apartment price is still at the level of 606 EUR/m². The prices on average are by 62.6% 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.

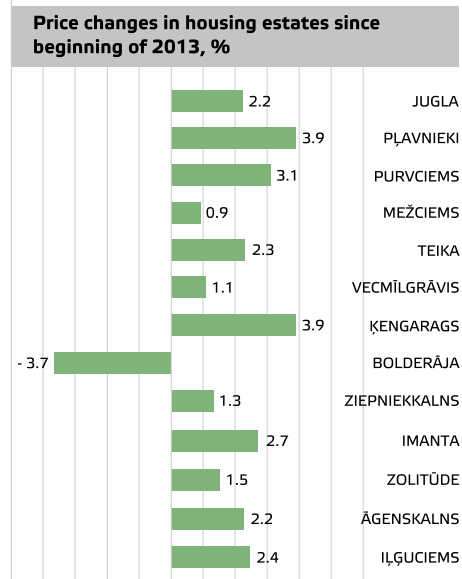
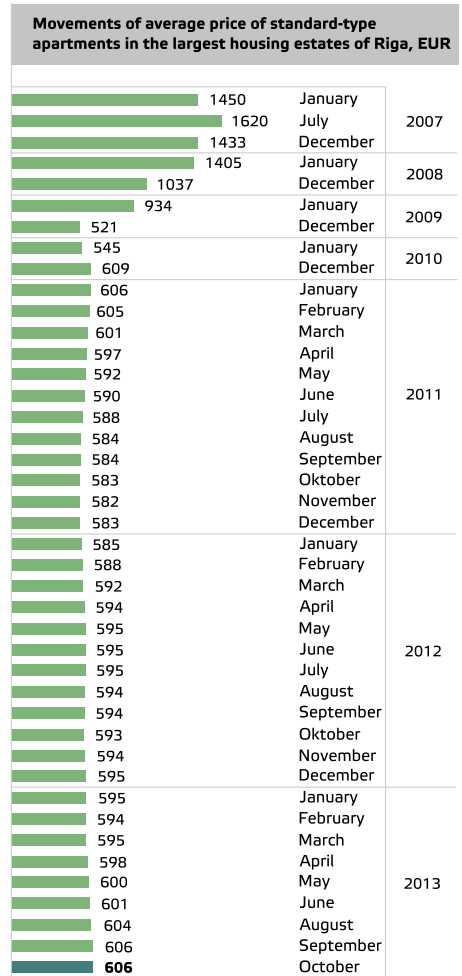
In 2008, the average prices of standard-type apartments in Riga decreased by 33.5% on average. In 2009, the average prices decreased by another 44.2%. But in 2010 the prices grew by 16.9% in total. In 2011, the prices of standard-type apartments decreased by 3.5%. In 2012, the apartment prices grew by 2%. Since the beginning of 2013, the apartment prices have increased by 1.9%.

Standard-type apartment price changes since beginning of 2012, %



Source: ARCO REAL ESTATE

In October 2013, the average price of one square metre of apartments if categorized by number of rooms has increased for one-room apartments (+0.2%) and four-room apartments (+0.2%). The average price of 1 square metre of two-room apartments has decreased (-0.2%), but average price of 1 m² of three-room apartments has not changed.



Source: ARCO REAL ESTATE



In case of quoting or republishing, consent of ARCO REAL ESTATE is mandatory

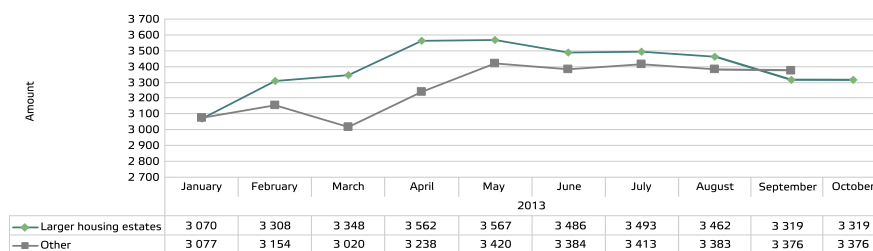
Average prices of standard-type apartments in Riga housing estates: breakdown by number of rooms, EUR/m²

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	654	655	
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	619	618	
3 rooms	587	584	584	581	578	573	571	567	564	564	563	563	563	563	565	568	571	573	574	575	575	575	574	574	574	574	574	576	577	578	579	582	583	583		
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	561	562	562	563	564	567	568		
	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	1st October	1st November	
	2011												2012												2013											

Source: ARCO REAL ESTATE

In October 2013, the supply of apartments has in total decreased. The number of apartments supplied has decreased by 5.1% in the largest housing estates analyzed by ARCO REAL ESTATE. Also the overall supply in Riga has slightly decreased (-4.1%). The supply of apartments in the central part of Riga (city centre, Old Town) has decreased in October (-1.3%).

Having summarized the number of apartments supplied, it can be concluded that the largest supply of apartments in October was in Purvciems, Ķengarags, Imanta and Ziepniekkalns. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmīlgrāvis. In October, the number of apartments supplied in the largest housing estates of Riga mainly decreased. The largest reduction of the supply was observed in Pļavnieki, where the supply decreased by 12.7%. But the largest increase was observed in Ķengarags - by 8.2%.

Apartment supply dynamics in Riga


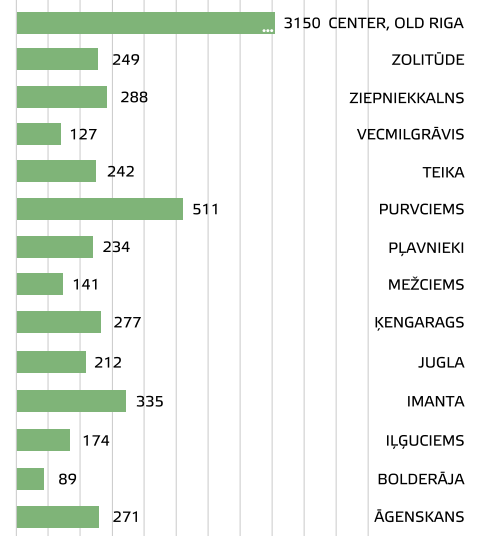
Source: ARCO REAL ESTATE

In October 2013, the standard-type apartment market was characterized mainly by a slight price growth in half-part of the largest Riga housing estates. The largest growth of the average price of 1 m² in October was observed in Teika (+0.6%). In turn, in Bolderāja the apartment prices continue to decrease: the average price of 1 square meter has dropped by 1.2%.

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

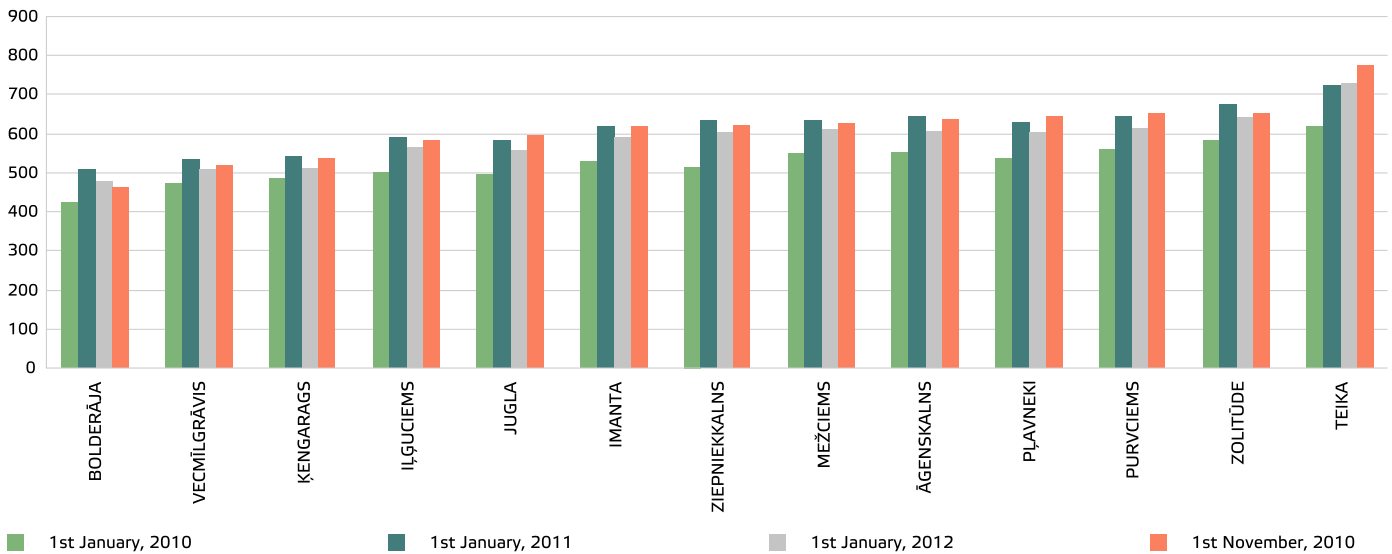
	Average 1m ² price on 1st of November, 2013	Average 1m ² price on 1st of October, 2013	Price changes, %
Jugla	596	594	0.4 ↑
Pļavnieki	646	646	0.0 →
Purvciems	652	651	0.3 ↑
Mežciems	630	627	0.5 ↑
Teika	774	769	0.6 ↑
Vecmīlgrāvis	520	520	0.0 →
Ķengarags	538	538	0.0 →
Bolderāja	455	461	-1.2 ↓
Ziepniekkalns	621	621	0.0 →
Imanta	622	618	0.5 ↑
Zolitūde	654	654	0.0 →
Āgenskalns	636	636	0.0 →
Iļģuciems	584	583	0.1 ↑

Source: ARCO REAL ESTATE

Number of apartments offered in Riga, October 2013


Source: ARCO REAL ESTATE

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



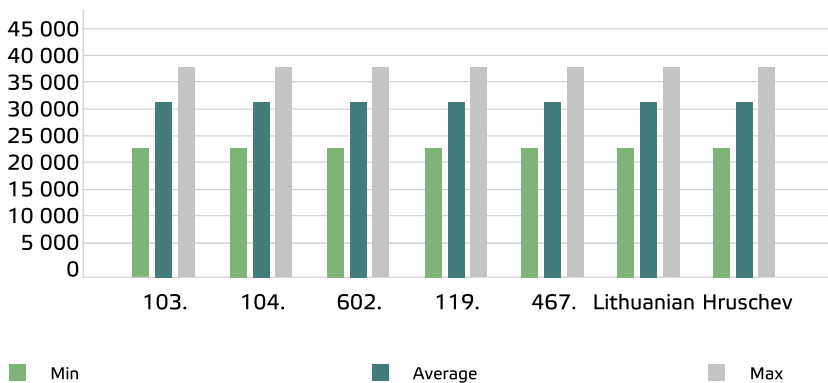
Source: ARCO REAL ESTATE

Since the beginning of 2011, the prices have decreased by 0.4%. Since the beginning of 2012, the standard-type apartment prices have increased by 4%. Compared with the beginning of 2013, in October 2013 the standard-type apartment prices in the housing estates of Riga were by 1.9% higher.

The highest standard-type apartment prices in October 2013 were in Teika, where the prices have increased during the recent months, and the average price of 1m² is 774 EUR. But the lowest average price of 1 m² in October was in Bolderāja where it has dropped to 455 EUR.

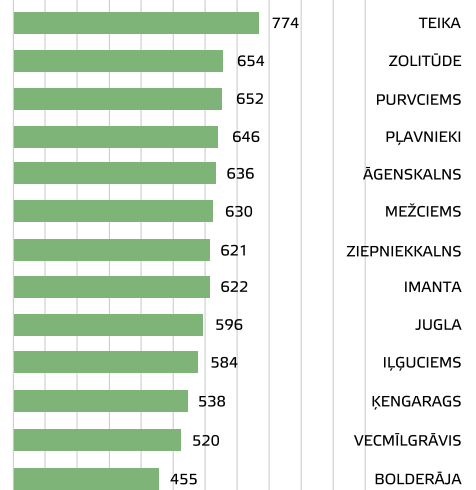
In October 2013, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the price of 2-room apartments varied from 33 to 41 thousand EUR, depending on the location. In turn, the so-called Lithuanian design houses have been the cheapest ones, where the price of 2-room apartments varied from 21 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 October 2013 (prices of 2-room apartments, EUR)



Source: ARCO REAL ESTATE

Average standard-type apartment prices in Riga housing estates in October 2013, EUR/m²



Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

OGRE

The average prices in Ogre in October 2013 have decreased by 0.8%. The average apartment price has dropped to 423 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 first price changes during the second half of the year were observed in October.

KAUGURI, JŪRMALA

In October 2013 the apartment prices in Kauguri remained unchanged. The average price of an apartment is 395 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 5.7%.

SALASPILS

In October 2013, the apartment prices in Salaspils have decreased by 0.6%. The average price has dropped to 462 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 3.4%. Price decrease in Salaspils has been observed already for several months and is continuing.

JELGAVA

In October 2013, the apartment prices in Jelgava have increased by 1.3%. The average price is 299 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 increased by 1.5% since the beginning of the year.

ARCO REAL ESTATE is the leading real estate company of the Baltic states, founded in 1992 in Estonia, the offices are today in 17 cities in Latvia, Estonia and Bulgaria. The Group team employs approx. 250 employees. **ARCO REAL ESTATE** is listed in Tallinn Stock Exchange since June, 2007.

ARCO REAL ESTATE Latvia is founded in 1997 and today we are able to offer services in Riga, Saulkrasti, Jelgava, Limbazi, as well as in Liepaja and Jurmala. About 60 highly-qualified employees work in the company.

ARCO REAL ESTATE

Māris Laukalējs

Member of the Board

Head of valuation department Nr. 1

maris.laukalejs@arcoreal.lv

39 Brivibas Street, Riga

LV-1010, Latvija

Phone +371 6736 5555

Fax +371 6728 4423

www.arcoreal.lv

