

STANDART TYPE APARTMENT MARKET OVERVIEW DECEMBER

Standard-type apartments, January 1, 2014

In December 2013, the prices of standard-type apartments located in Riga housing estates increased by 0.3%. The average standard-type apartment price in December has increased till 613 EUR/m². In 2013, the prices increased by 3% in total. Prices are at the same level as at the end of 2010; thus it can be concluded that during the last three years only price fluctuations have taken place.

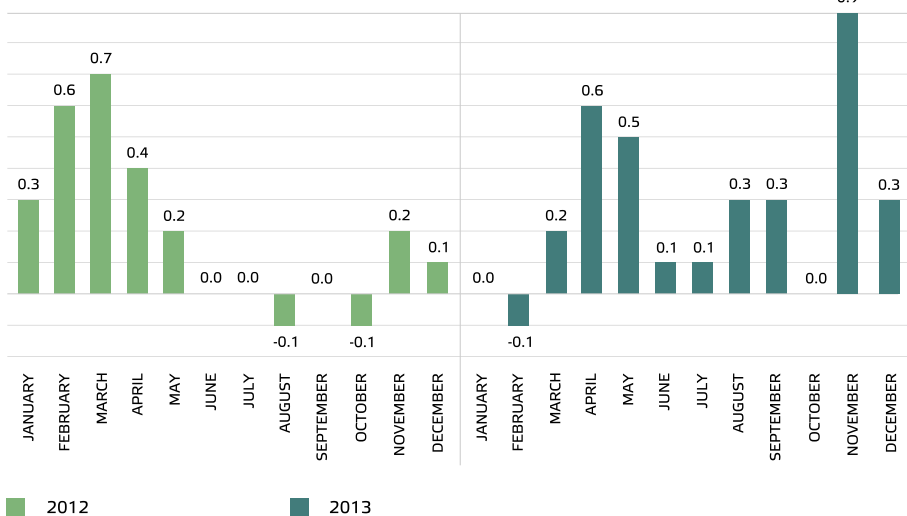
As it has been already before in December month, apartment market activity had been reduced in connection with the holidays at the end of the year. The total supply of apartments fell by 16.6%. Also a small increase in standard type apartment prices in December was observed - the prices slightly increased in almost all major housing estates of Riga. Only in Ķengarags there were no price changes and in Bollderāja the price decline continued so that the price has decreased by another 0.7%.

The largest growth of the average 1m² price in the housing estates of Riga City since the beginning of 2013 was observed in Ķengarags: +4.8%. But, in turn, solely in Bollderāja the prices have decreased this year - by 4.7 % on average. In other housing estates the prices tend to increase slightly.

In December 2013 the average price has climbed to position of 613 EUR/m². The prices on average are by 62.2% 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 in total decreased by 33.5%. 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%. In 2013, the apartment prices have increased by 3%.

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



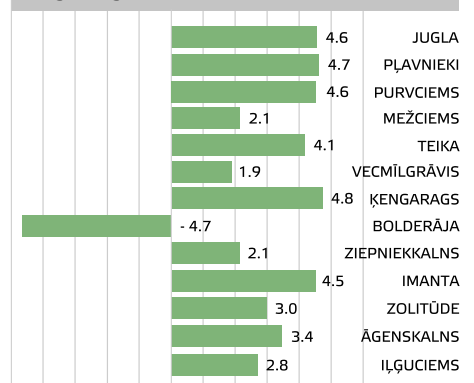
Source: ARCO REAL ESTATE

In December 2013, the average price of 1m² of apartments if categorized by number of rooms has increased for one-room apartments (+0.3%), two-room (+0.3%), three-room (+0.2%) and four-room apartments (+0.4%).



Source: ARCO REAL ESTATE

Price changes in housing estates since beginning of 2013, %



Source: ARCO REAL ESTATE



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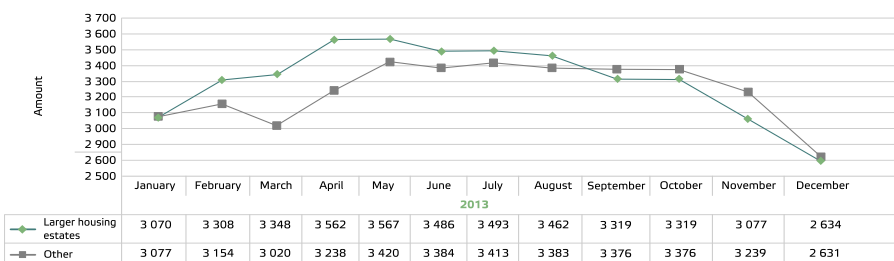
Average prices of standard-type apartments in Riga housing estates: breakdown by number of rooms, EUR/m²

| | 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 | 1st December | 1st January |
|----------------|-------------|--------------|-----------|-----------|---------|----------|----------|------------|---------------|-------------|--------------|--------------|-------------|--------------|-----------|-----------|---------|----------|----------|------------|---------------|-------------|--------------|--------------|-------------|--------------|-----------|-----------|---------|----------|----------|------------|---------------|-------------|--------------|--------------|-------------|
| 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 | 664 | 666 |
| 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 | 623 | 625 |
| 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 | 583 | 583 | 587 | 588 |
| 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 | 567 | 568 | 571 | 573 |

Source: ARCO REAL ESTATE

In December 2013, the supply of apartments has in total decreased. The number of apartments supplied has decreased by 14.4 % in the largest housing estates analyzed by ARCO REAL ESTATE. Also the overall supply in Riga has slightly decreased (-16.6%). The decrease in supply of apartments in the central part of Riga (city centre, Old Town) in December was even bigger (-20.6%).

Having summarized the number of apartments supplied, it can be concluded that the largest supply of apartments in December 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 December, the number of apartments supplied in the largest housing estates of Riga has decreased. The largest reduction of the supply was observed in Bolderāja, where the supply decreased by 21.8%.

Apartment supply dynamics in Riga


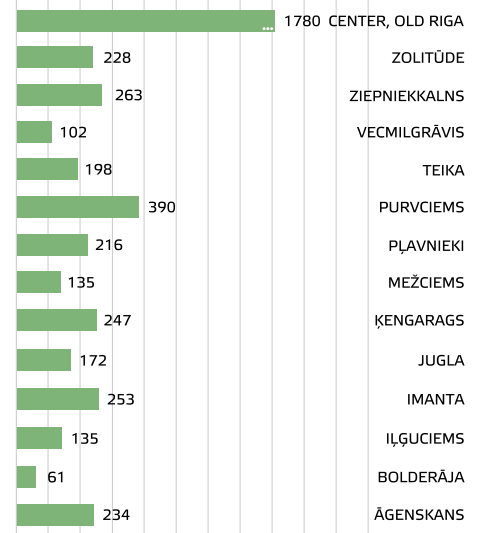
Source: ARCO REAL ESTATE

In December 2013, the standard-type apartment market was characterized by a slight price growth in almost all of the largest Riga housing estates. The largest growth of the average price of 1m² in December was observed in Zolitūde and Āgenskalns (+0.7%). In turn, in Bolderāja the apartment prices continue to decrease: the average price of 1m² has dropped by 0.7%.

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

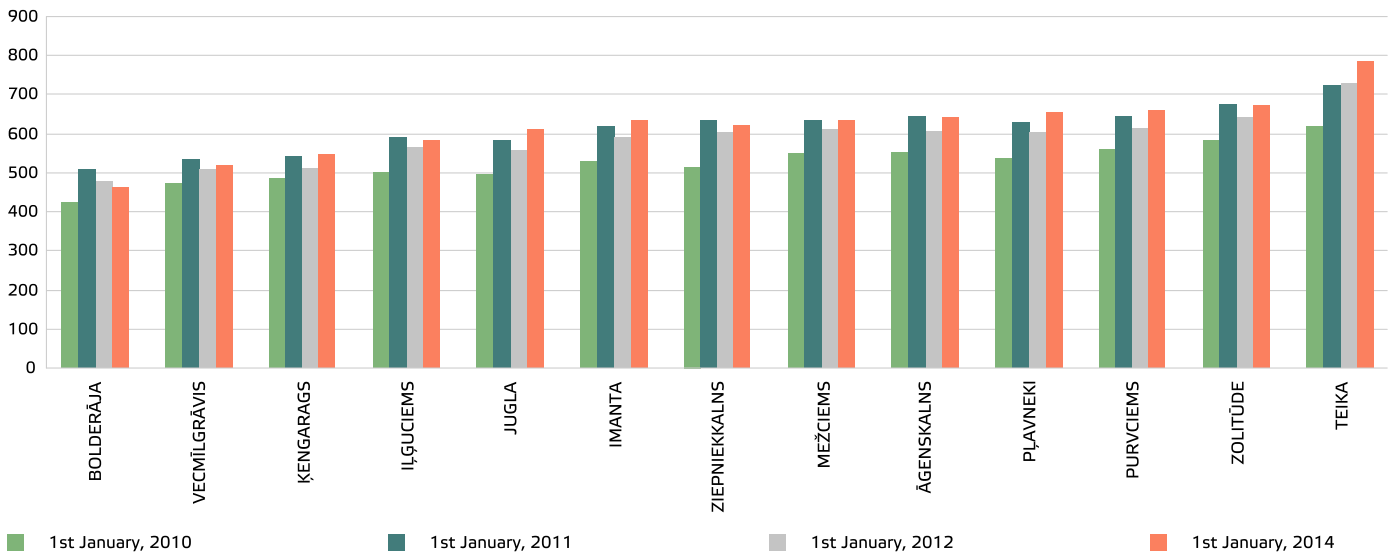
| | Average 1m ² price on 1st of January, 2014 | Average 1m ² price on 1st of December, 2013 | Price changes, % |
|---------------|---|--|------------------|
| Jugla | 610 | 608 | 0.3 ↑ |
| Pļavnieki | 651 | 649 | 0.3 ↑ |
| Purvciems | 662 | 661 | 0.2 ↑ |
| Mežciems | 637 | 636 | 0.3 ↑ |
| Teika | 787 | 784 | 0.4 ↑ |
| Vecmīlgrāvis | 524 | 523 | 0.2 ↑ |
| Ķengarags | 543 | 543 | 0.0 → |
| Bolderāja | 450 | 453 | -0.7 ↓ |
| Ziepniekkalns | 626 | 625 | 0.2 ↑ |
| Imanta | 633 | 632 | 0.2 ↑ |
| Zolitūde | 663 | 659 | 0.7 ↑ |
| Āgenskalns | 644 | 640 | 0.7 ↑ |
| Iļģuciems | 586 | 584 | 0.4 ↑ |

Source: ARCO REAL ESTATE

Number of apartments offered in Riga, December 2013


Source: ARCO REAL ESTATE

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



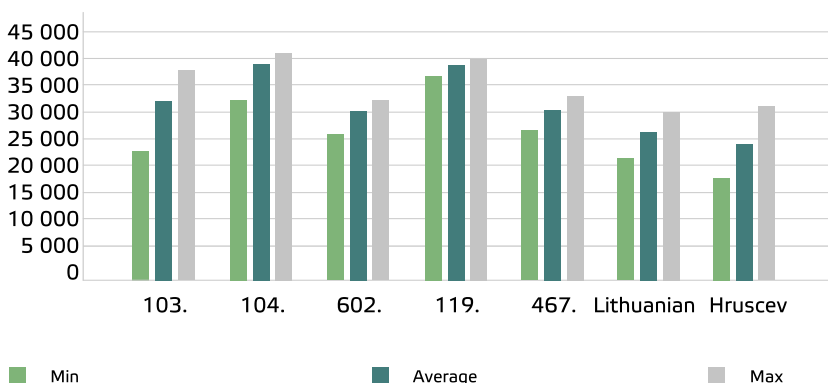
Source: ARCO REAL ESTATE

Since the beginning of 2010, prices have increased by 17.6%. Since the beginning of 2011, the prices have decreased by 0.6%. Since the beginning of 2012, prices of the standard-type apartments have increased by 5.1%. Compared with the beginning of 2013, in December 2013, the standard-type apartment prices in the housing estates of Riga were by 3% higher.

The highest standard-type apartment prices in December 2013 were in Teika, where average price of 1m² is keeping growing and has reached 787 EUR. But the lowest average price of 1m² in December was in Bolderāja where it has dropped to 450 EUR.

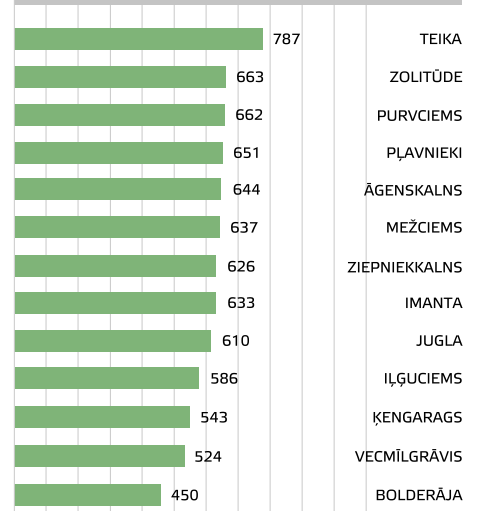
In December 2013, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the price of 2-room apartments varied from 33 to 41 thousand EUR, depending on the location. In turn, the so-called Lithuanian design houses have been the cheapest ones, where 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 18 to 30 thousand EUR, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in December 2013 (prices of 2-room apartments, EUR)



Source: ARCO REAL ESTATE

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



Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

OGRE

The average prices of standard type apartments in Ogre in December 2013 have not changed. The average price has remained to be 427 EUR/m². In 2012, the prices of standard-type apartments decreased by 1.3% in Ogre. In 2013, the apartment prices in Ogre decreased by 1.2%. During the first half of the year more expressed price reduction tendencies were observed, while during the second half of the year the prices can be valued as stable with minimal price fluctuations.

KAUGURI, JŪRMALA

In December 2013 the apartment prices in Kauguri have 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%. During the last months the apartment prices in Kauguri can be valued as stable.

SALASPILS

In December 2013, the apartment prices in Salaspils have decreased by 0.3%. The average price has increased to 462 EUR/m². In 2012, the prices of standard-type apartments in total decreased by 3.1% in Salaspils. In 2013, the apartment prices in Salaspils have decreased by 3.4%. Price decrease in Salaspils which was observed at the end of the year has stopped.

JELGAVA

In December 2013, the apartment prices in Jelgava have increased by 2%. The average apartment price is 309 EUR/m². In 2012, the prices of standard-type apartments decreased in total by 2.6% in Jelgava. In the first half of year 2013, the apartment prices in Jelgava have been stable and the price fluctuations have been insignificant. In the second half of the year an increase of the apartment prices has been observed and the overall prices have increased by 6.3% in 2013.

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

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