

STANDART TYPE APARTMENT MARKET OVERVIEW JANUARY

Standard-type apartments, February 1, 2014

In January 2014, the prices of standard-type apartments located in Riga housing estates increased by 0.6%. The average standard-type apartment price in January has increased till 617 EUR/m². In whole since the beginning of 2013, the prices have grown by 3,7%. Prices are in the highest position during the last four years.

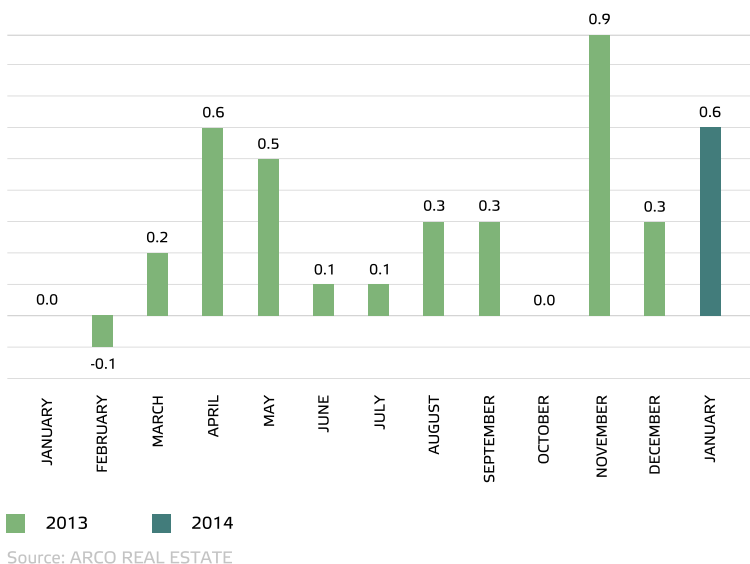
In January, there have been observed changes in the apartment market. At the beginning of 2014, the supply of apartments is recovering fast after the fall at the end of 2013. The prices of standard type apartments in all major housing estates has a tendency to increase. In a number of housing estates, the price increase exceeded 1% in January. Most likely, many owners, along with the introduction of euro in Latvia, have increased prices of their properties. At the same time, the demand for apartments in the most expensive standard-type buildings is increasing, mainly in the best residential areas of Riga. Average prices in Teika are approaching 800 EUR/m², while the average price in Bolderājā has dropped below 450 EUR/m².

The largest growth of the average 1m² price in the housing estates of Riga City since the beginning of 2013 was observed in Purvciems: - +6%. But, in turn, solely in Bolderāja the prices have decreased – by 4.9% on average. In other housing estates the prices tend to increase slightly.

In January 2014 the average price of an average standard-type apartment has climbed to position of 617 EUR/m². The prices on average are by 61,9% 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.

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%. At the beginning of 2014, prices continue to rise – in January there was an increase of 0.6%

Standard-type apartment price changes since beginning of 2013, %

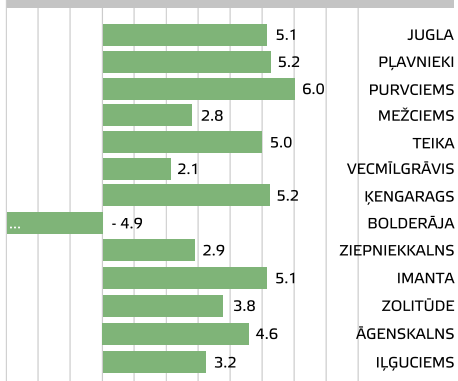


In January 2014, the average price of 1m² of apartments if categorized by number of rooms has increased for one-room apartments (+0.8%), two-room (+0.5%), three-room (+0.7%) and four-room apartments (+0.7%).

Movements of average price of standard-type apartments in the largest housing estates of Riga, EUR			
1450	January	2007	
1620	July		
1433	December	2008	
1405	January		
1037	December	2009	
934	January		
521	December	2010	
545	January		
609	December	2011	
606	January		
605	February		
601	March		
597	April		
592	May		
590	June		
588	July		
584	August		
584	September		
583	October		
582	November		
583	December	2012	
585	January		
588	February		
592	March		
594	April		
595	May		
595	June		
595	July		
594	August		
594	September		
593	October		
594	November		
595	December	2013	
595	January		
594	February		
595	March		
598	April		
600	May		
601	June		
602	July		
604	August		
606	September		
606	October		
611	November		
613	December	2014	
617	January		

Source: ARCO REAL ESTATE

Price changes in housing estates since beginning of 2013, %



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

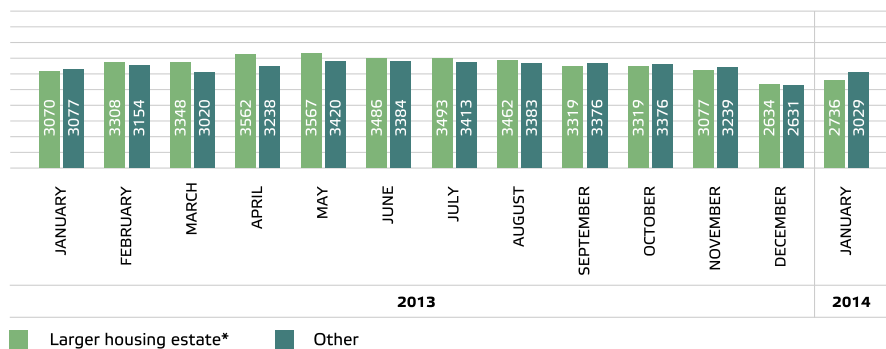
Number of rooms	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February	1st March	1st April	1st May	1st June	1st July	1st August	1st September	1st October	1st November	1st December	1st January	1st February												
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	671
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	628
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	592
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	577
	2011												2012												2013												2014	

Source: ARCO REAL ESTATE

In January 2014, the supply of apartments has in total increased. The number of apartments supplied has decreased by 3.9% in the largest housing estates analyzed by ARCO REAL ESTATE. Also the overall supply in Riga has increased (+9.5%). The supply of apartments in the central part of Riga (city centre, Old Town) in January has increased (+18.4%) – this increase is approximately equivalent to the decrease observed in December 2013.

Having summarized the number of apartments supplied, it can be concluded that the largest supply of apartments in January was in Purvciems, Ķengarags, Imanta and Ziepniekkalna. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmīlgrāvis. In January, the supply of apartments has increased in most housing estates of Riga. The largest increase of the supply was observed in Mežciems, where the supply increased by 20.7%.

Apartment supply dynamics in Riga



* Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmīlgrāvis, Ķengarags, Bolderāja, Ziepniekkalna, Imanta, Zolitūde, Āgenskalns, Ilģuciems

Source: ARCO REAL ESTATE

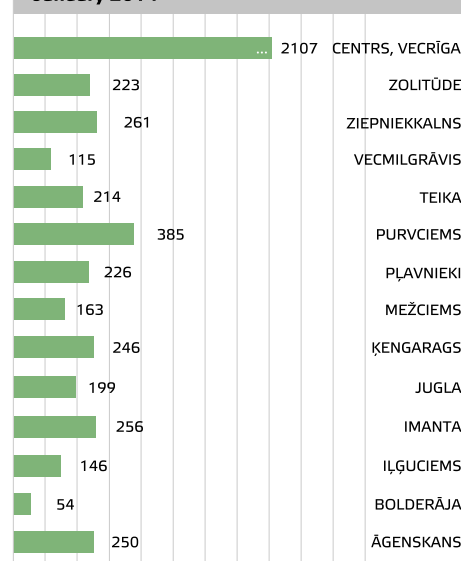
In January 2014, the standard-type apartment market showed a price growth in all of the largest Riga housing estates, except Bolderāja. The largest growth of the average price of 1m² in January was observed in Purvciems (+1,3%) and Āgenskalns (+1,1%). In turn, in Bolderāja the apartment prices continue to decrease: the average price of 1m² has dropped by 0.2%.

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

Housing estate	Average 1m ² price on 1st of February, 2014	Average 1m ² price on 1st of January, 2014	Price changes, %
Jugla	613	610	0.5 ↑
Pļavnieki	654	651	0.4 ↑
Purvciems	670	662	1.3 ↑
Mežciems	642	637	0.7 ↑
Teika	795	787	0.9 ↑
Vecmīlgrāvis	525	524	0.1 ↑
Ķengarags	545	543	0.4 ↑
Bolderāja	449	450	-0.2 ↓
Ziepniekkalna	631	626	0.8 ↑
Imanta	637	633	0.6 ↑
Zolitūde	668	663	0.7 ↑
Āgenskalns	652	644	1.1 ↑
Ilģuciems	588	586	0.6 ↑

Source: ARCO REAL ESTATE

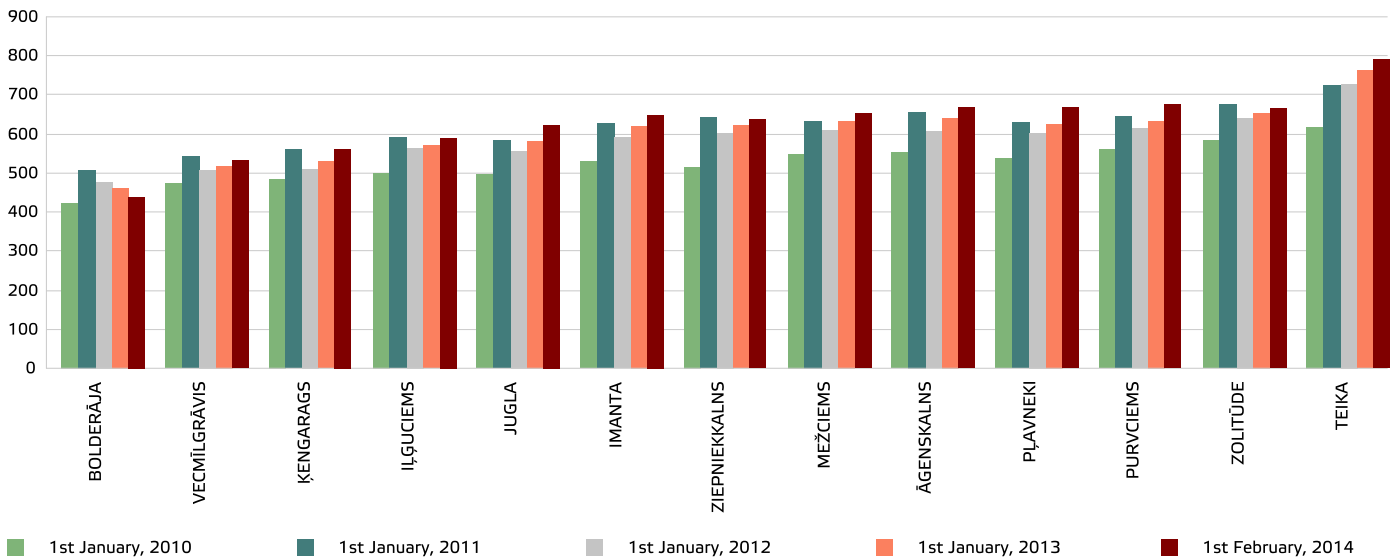
Number of apartments offered in Riga, January 2014



Source: ARCO REAL ESTATE

Since the beginning of 2010, prices have increased by 17.6%. Since the beginning of 2011, the prices are higher 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 February 2014, the standard-type apartment prices in the housing estates of Riga were by 3.7% higher.

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

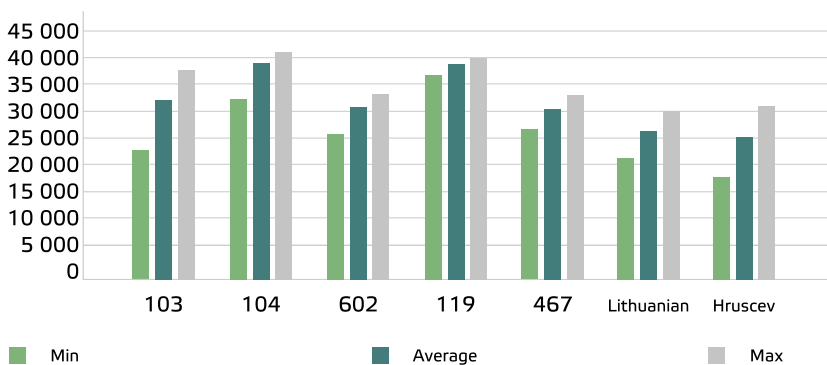


Source: ARCO REAL ESTATE

The highest standard-type apartment prices in January 2014 were in Teika, where average price of 1m² is keeping growing and has reached EUR 795. But the lowest average price of 1 m² in January was in Bolderāja where it has dropped to EUR 449.

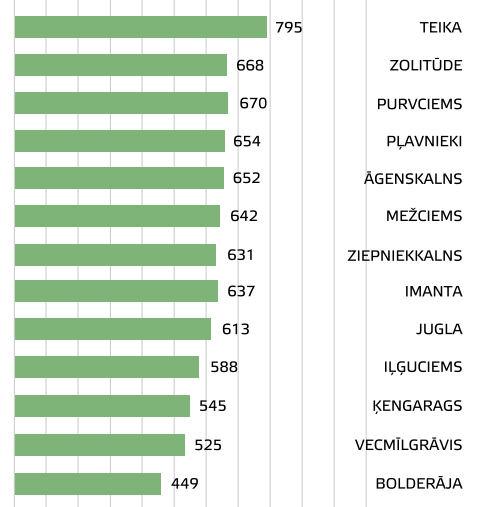
In January 2014, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the price of 2-room apartments varied from EUR 33 000 to EUR 41 000, depending on the location. In turn, the so-called Lithuanian design houses have been the cheapest ones, where the price of 2-room apartments varied from EUR 21 000 to EUR 30 000, and the so-called Khrushchev-time houses, where the price of 2-room apartments varied from EUR 18 000 to EUR 32 000, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in January 2014, EUR (2-room apartments)



Source: ARCO REAL ESTATE

Average standard-type apartment prices in Riga housing estates in January 2014, EUR/m²



Source: ARCO REAL ESTATE



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Apartment market in the vicinity of Riga

OGRE

The average prices of standard type apartments in Ogre in January 2014 have not changed. The average price has remained to be 427 EUR/m². In 2013, the prices of standard-type apartments decreased by 1.2% in Ogre. Apartment prices in Ogre can be valued as stable and without relevant changes. At the end of 2013 there was observed an increase of activities in the apartment market, but it did not change the price level.

KAUGURI, JŪRMALA

In January 2014 the apartment prices in Kauguri have remained unchanged. The average price of an apartment is 395 EUR/m². In 2013, the prices of apartments have decreased by 5.7% in Kauguri. The price was influenced by the numerous cases of forced sale of apartments, when prices were reduced below average in order to sell the apartment. In recent months, apartment prices in Kauguri are assessed as stable. At the beginning of 2014 there is not observed an increase of activities or any positive price change.

SALASPILS

In January 2014 the apartment prices in Salaspils have remained unchanged. The average price of an apartment still is 462 EUR/m². In 2013, the prices of apartments have decreased by 3.4% in Salaspils. The decrease of the prices in Salaspils stopped at the end of the previous year. At the beginning of 2014 there is not observed an increase of activities or any positive price change.

JELGAVA

In January 2014, the apartment prices increased by 22% in Jelgava. The average price of an apartment is 309 EUR/m² now. In 2013, the prices of apartments have decreased by 6.3%. Unlike other places in the vicinity of Riga, apartment prices in Jelgava continue to grow, and the price increase is assessed as relatively high. The only explanation is that the apartment prices from 2009 to 2012 had fallen to a very low level, thus at positive fluctuations, the price increase is greater.

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