

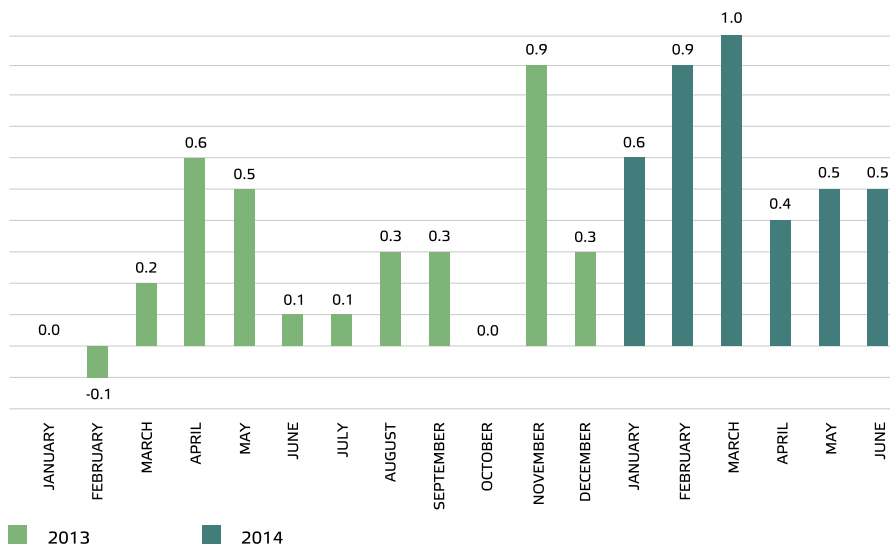
STANDART TYPE APARTMENT MARKET OVERVIEW

JUNE

Standard-type apartments, July 1, 2014

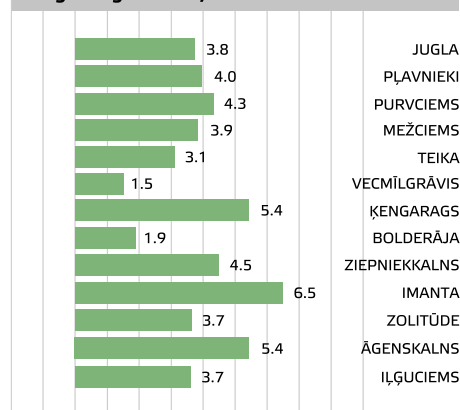
In June 2014, the prices of standard-type apartments located in Riga housing estates increased by 0.5%. The average standard-type apartment price in June has increased to 637 EUR/m². In whole, in the first half of 2014, the prices have grown by 4%.

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



Source: ARCO REAL ESTATE

Price changes in housing estates since beginning of 2014, %



Source: ARCO REAL ESTATE

The standard-type apartment price growth in the first half of 2014 exceeded the total increase of 2013. The price increase was more pronounced in the first quarter; in the second quarter the growth remained moderately stable, and did not exceed 0.5% per month. However, standard-type apartment prices continue to rise inexorably – a minimum price increase is seen in almost all housing estates of Riga. Currently on the market there are no visible signals that the price growth could stop. More and more often we see transactions when a standard-type apartment m² price exceeds 1000 EUR/m².

In these cases, they are generally small-sized apartments with high quality interior decoration, in the best standard-type houses and located in the most popular residential areas of Riga. Often people choose apartments with high-quality interior decoration, even though they cost more than their real market value. Such selection is based on the desire to buy a ready-made and habitable housing, rather than investing time and money in carrying out repairs, which can be both time-consuming and problematic process if labour force must be engaged.

In June 2014, the average one-room apartment 1m². value in standard-type houses exceeded 700 EUR/m².

The largest growth of the average 1m² price in the housing estates of Riga City in the first half of 2014 was observed in Imanta: +6.5%, and the prices continue to grow. Also in other major housing estates of Riga City in this year the prices tend to increase.

In June 2014, the average price of a standard-type apartment has climbed to position of 637 EUR/m². The prices on average are by 60.7% 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 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 2013, the apartment prices grew by 3%. At the beginning of 2014, prices continue to rise – this year there was an increase of 4%.

In June 2014, the average price of 1m² of apartments if categorized by number of rooms has increased for one-room apartments (+0.6%), two-room (+0.6%), three-room (+0.8%) and four-room apartments (+0.3%).

Movements of average price of standard-type apartments in the largest housing estates of Riga, EUR



Source: ARCO REAL ESTATE

In June 2014, the total supply of apartments in Riga has increased minimally – by 1.3%. The number of apartments supplied in the largest housing estates analyzed by ARCO REAL ESTATE has remained practically unchanged; the supply grew only by 0.7%. In the central part of Riga (city centre, Old Town) the supply of apartments in June continues to increase (+1.3%).

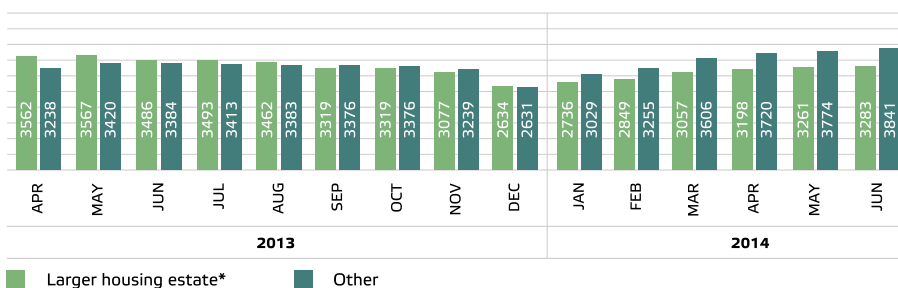
Having summarized the number of apartments supplied, it can be concluded that the largest supply of apartments in June was in Purvciems, Āgenskalns and Imanta. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmilgrāvis. In June, the number of apartments supplied in the largest housing estates of Riga has slightly increased. The largest increase of the supply in June was observed in Purvciems, where supply increased by 6.2%. In turn, the largest decrease of the supply was observed in Zolitūde, where the supply decreased by 7.9%.

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

Number of rooms	2012	2013	2014
1 room	622	651	701
2 rooms	590	650	649
3 rooms	563	562	609
4 rooms	557	563	592

Source: ARCO REAL ESTATE

Apartment supply dynamics in Riga

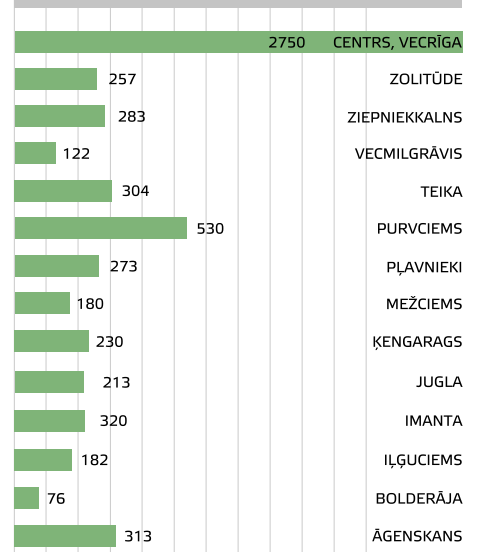


* Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmilgrāvis, Ķengarags, Bolderāja, Ziepniekkalns, Imanta, Zolitūde, Āgenskalns, Ilģuciems

Source: ARCO REAL ESTATE

In June 2014, the prices have grown in almost all major Riga housing estates. The largest growth of the average price of 1m² in June was observed in Jugla (+1.2%). In turn, no changes in the price level were observed in Vecmilgrāvis where the prices have remained at the level of the previous month.

Number of apartments offered in Riga, June 2014



Source: ARCO REAL ESTATE

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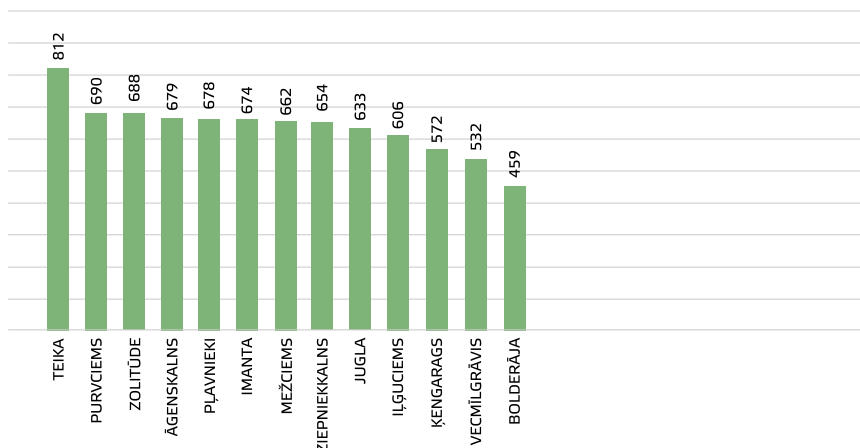
Change of average standart-type apartment prices in Riga housing estates, %

	Average 1m ² price on 1st of July, 2014	Average 1m ² price on 1st of June, 2014	Izmaiņas, %
Jugla	633	626	1.2 ↑
Pļavnieki	678	672	0.8 ↑
Purvciems	690	684	0.9 ↑
Mežciems	662	659	0.5 ↑
Teika	812	811	0.2 ↑
Vecmīlgrāvis	532	532	0.0 →
Ķengarags	572	570	1.1 ↑
Bolderāja	459	454	1.0 ↑
Ziepniekkalns	654	652	0.3 ↑
Imanta	674	671	0.4 ↑
Zolitūde	688	682	0.9 ↑
Āgenskalns	679	673	0.9 ↑
Iļģuciems	606	605	0.2 ↑

Source: ARCO REAL ESTATE

The highest standard-type apartment prices in June 2014 were in Teika, where average price of 1m² is has reached the level of 812 EUR. But the lowest average price of 1m² has remained in Bolderāja – in June it has increased up to 459 EUR.

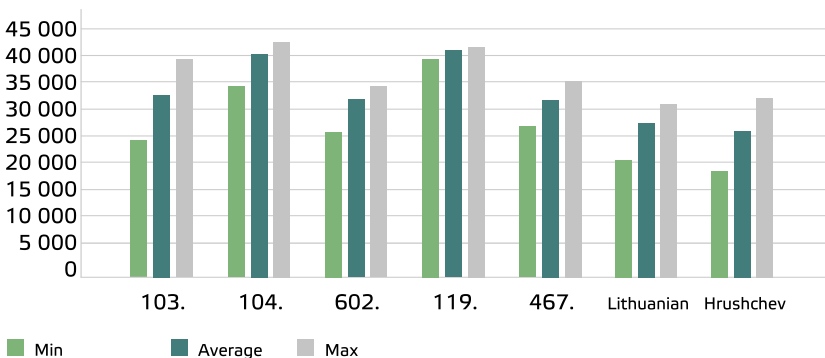
Average standard-type apartment prices in Riga housing estates in June 2014, EUR/m²



Source: ARCO REAL ESTATE

In June 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 34 to 42 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 31 thousand EUR, and the so-called Khrushchev-time houses, where the price of 2-room apartments varied from 19 to 32 thousand EUR, depending on the housing estate.

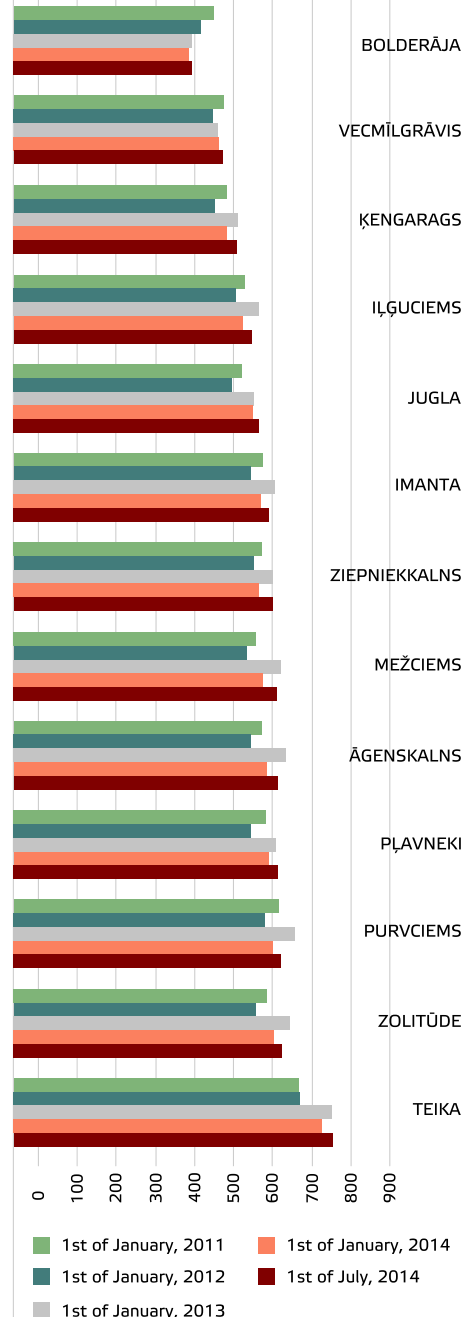
Standard-type apartment prices by series in Riga housing estates in June 2014, EUR (2-room apartments)



Source: ARCO REAL ESTATE

Since the beginning of 2011, prices have increased by 4.7%. Compared with the beginning of 2012, the prices are higher by 9.3%. Since the beginning of 2013, prices of the standard-type apartments have increased by 7.1%. Compared with the beginning of 2014, in June 2014, the standard-type apartment prices in the housing estates of Riga were by 4% higher.

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



Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

Ogre

Any changes in the prices of standard type apartments in Ogre in June 2014 were not observed. The average price has remained to be 432 EUR/m². Since the beginning of 2014, the prices have increased by 1.1% in Ogre. Apartment prices in Ogre grew only at the beginning of the year. During the last months price level has remained unchanged- no price fluctuations have been observed.

Kauguri, Jūrmala

In June 2014, the apartment prices in Kauguri have grown by 0.3%. The average price of an apartment has grown to 403 EUR/m². Since the beginning of 2014, the prices of apartments have grown by 2% in Kauguri, Jūrmala. In the first half of 2014, price stagnation was still a characteristic feature of the apartment market in Kauguri; positive price changes have been observed only in the two last months.

Salaspils

In June 2014, the apartment prices in Salaspils have grown by 1.2%. The average price of an apartment has grown to 471 EUR/m². In total, during the first half of 2014, the prices in Salaspils have increased by 1.9%. Positive price changes in Salaspils were observed only in the second quarter.

Jelgava

In June 2014, the apartment prices in Jelgava have increased by 0.3%. In the first quarter of 2014 the price growth was very high, but in the second quarter a price stabilization was observed. Average price of an apartment has grown to 341 EUR/m². Since the beginning of 2014, the prices of apartments in Jelgava have increased by 9.1%.

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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 70 highly-qualified employees work in the company.

ARCO REAL ESTATE

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