

MARKET OVERVIEW

Apartments
in new housing projects
3rd quarter of 2022

Apartments in new housing projects

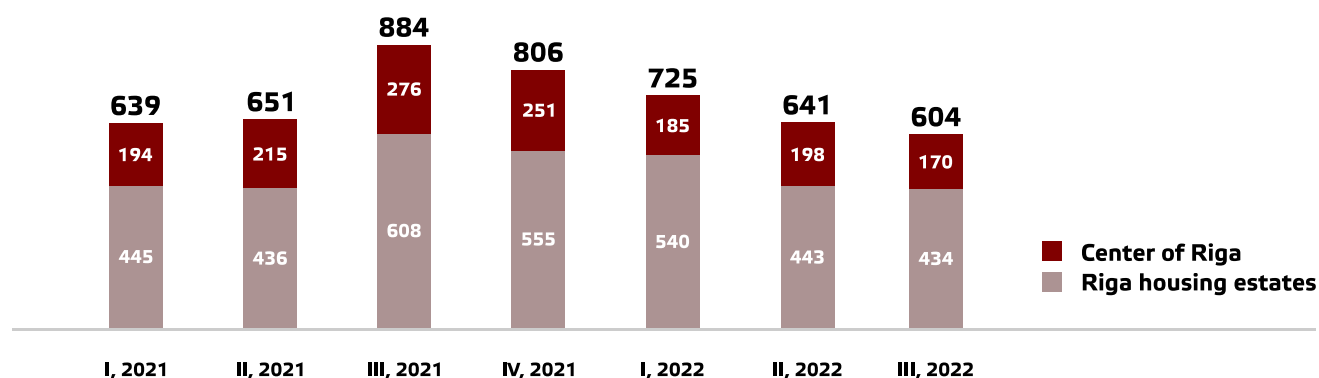
3rd quarter of 2022

Analysis of apartment transactions in the new housing projects in Riga

In the new housing projects market, activity decreased in the 3rd quarter of 2022 - compared to the 2nd quarter of 2022, the number of transactions decreased by 6 %. A decrease in the number of transactions was observed both in the housing estates of Riga (-2%) and in the centre of Riga (-14 %). Compared to the 3rd quarter of 2021, in the same period of this year the number of transactions in the housing estates was significantly lower (-29 %). There were 38 % fewer transactions in the centre of Riga in the 3rd quarter than in the same period last year. In the 3rd quarter of 2022, most transactions took place in the housing estates of Riga (72 %).

-6 %

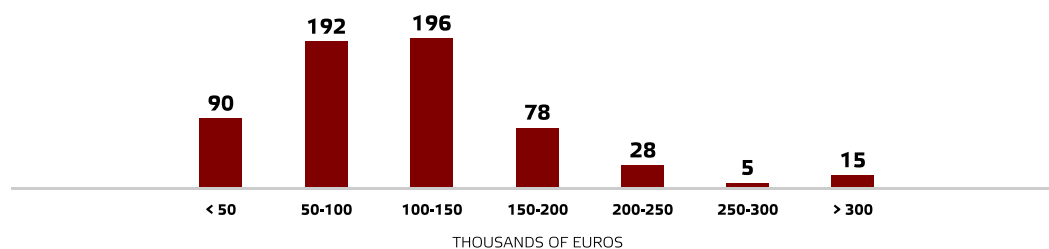
Breakdown of number of apartment transactions in the new housing projects in Riga



Source: STATE LAND SERVICE, ARCO REAL ESTATE

Looking at the number of transactions with apartments in new projects in Riga in the 3rd quarter of 2022, it can be concluded that the majority of transactions (64 %) took place in the price range from 50,000 to 150,000 euro. These were mainly two-room apartments with an average area of 58 m² in Riga's housing estates and in the centre of Riga.

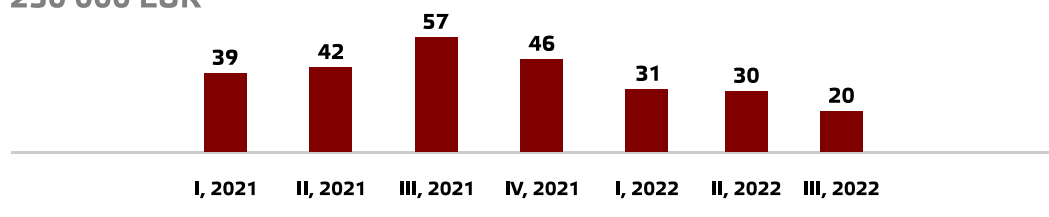
Breakdown of number of apartment transactions in the new housing projects in Riga in the 3rd quarter of 2022 by price ranges



Source: STATE LAND SERVICE

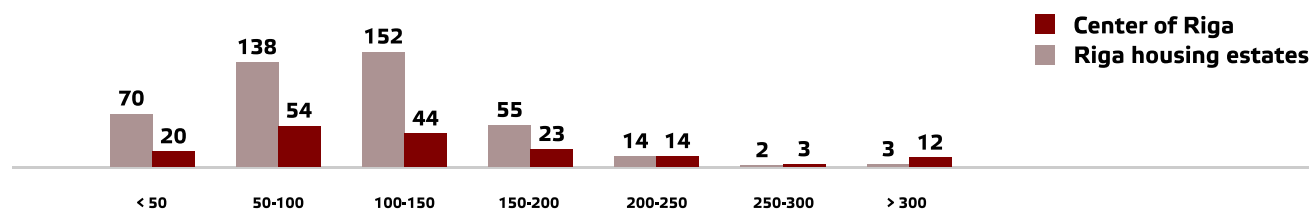
In the 3rd quarter, a total of 20 transactions with apartments were registered in new projects in Riga, the price of which exceeded the minimum threshold for receiving a temporary residence permit (250,000 euro). This was 65 % less than in the same period of 2021, when 42 transactions were registered. It should be noted that this spring, with amendments to the Immigration Law, the issuing of first-time temporary residence permits to citizens of Russia and Belarus until June 30, 2023 has been suspended.

Number of apartment transactions in the new housing projects at a price exceeding 250 000 EUR



Source: STATE LAND SERVICE

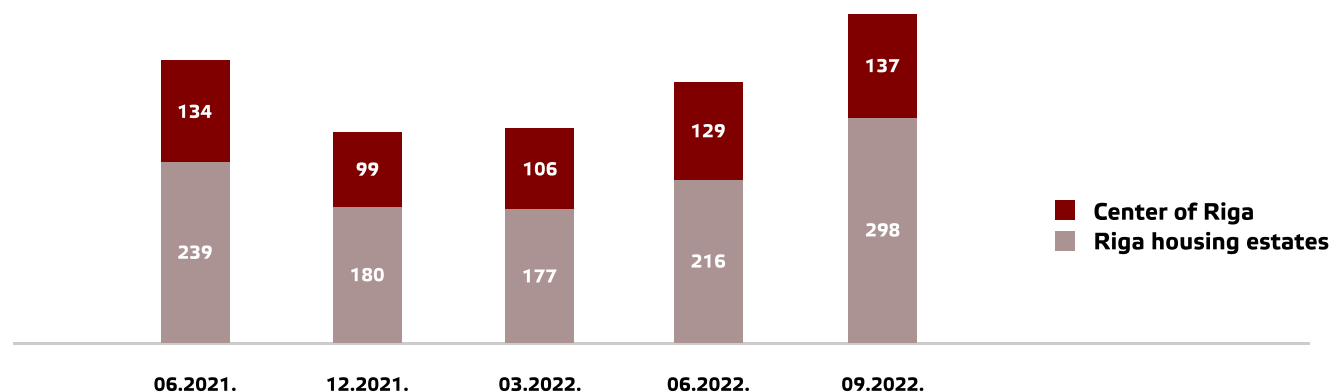
Breakdown of number of apartment transactions in the new housing projects in Riga in the 3rd quarter of 2022 by price ranges



Source: STATE LAND SERVICE

Compared to the beginning of 2022, at the end of September, the supply of new project apartments in the largest housing estates and the centre of Riga increased significantly - the number of offers was 56 % higher. In the centre of Riga, the supply increased by 38 %, while in the housing estates of Riga, the number of apartments offered for sale in September was 60 % higher than at the beginning of the year. Compared to June of this year, the total number of apartments offered for sale in September was 26 % higher.

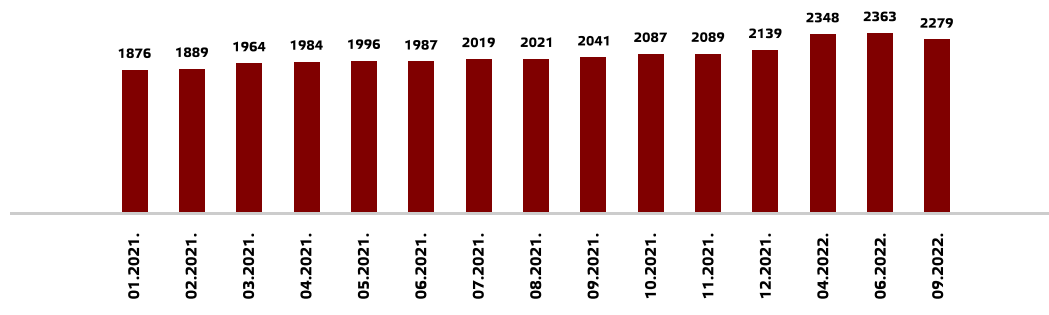
Breakdown of the number of new project apartments offered for sale in Riga



Source: ARCO REAL ESTATE

In total, there were around 435 apartment offers in new projects in Riga at the end of September 2022 (345 at the end of June). The average price of an apartment offer was 2,279 EUR/m², which was 4 % higher than in June. At the end of September, the average price of apartment offers in Riga's housing estates was 2,046 EUR/m², while in the central part of the city the average price reached 2,785 EUR/m².

The average offer price of new project apartments, EUR/m²



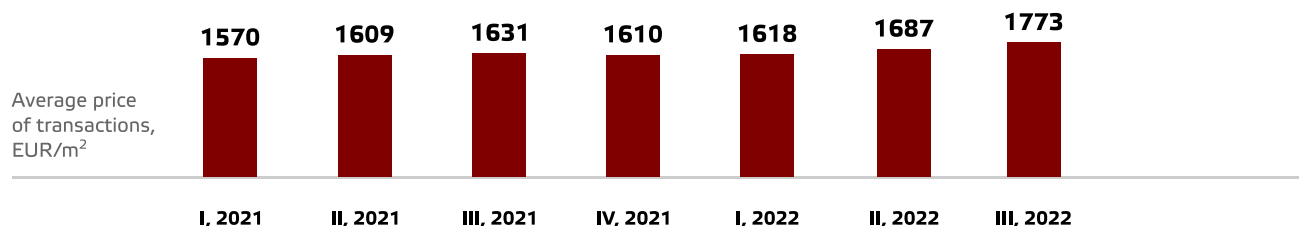
Source: ARCO REAL ESTATE

New housing project apartment market in Riga housing estates

The average price of new project apartment transactions in Riga housing estates in the 3rd quarter of 2022 was 1,773 EUR/m². Thus, apartment prices in the 3rd quarter were 5 % higher than in the 2nd quarter. On the other hand, compared to the 3rd quarter of 2021, the average price of apartment transactions was 9 % higher. The changes in the segment of new projects were more positive than in the Soviet-era standard-type apartment market, where a decline in prices was observed in the 3rd quarter. Standard-type apartment prices decreased by 3 % in the 3rd quarter. Since the beginning of 2015, apartment prices in new projects have increased by 53 %.

1 773
€/m²

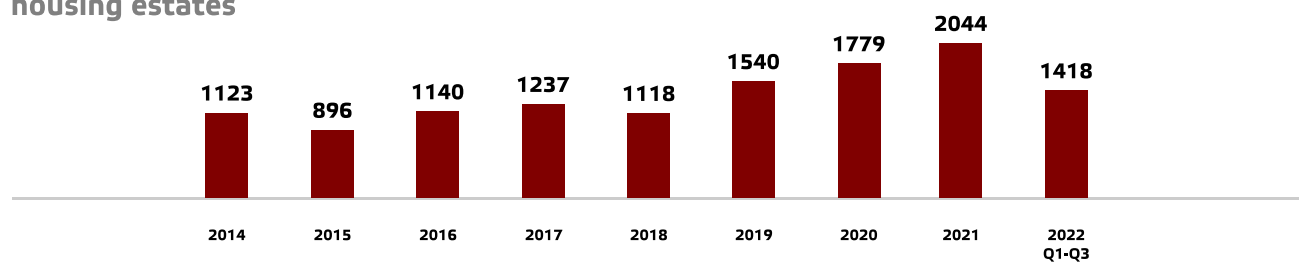
Price dynamics of new housing project apartments, EUR/m²



Source: ARCO REAL ESTATE

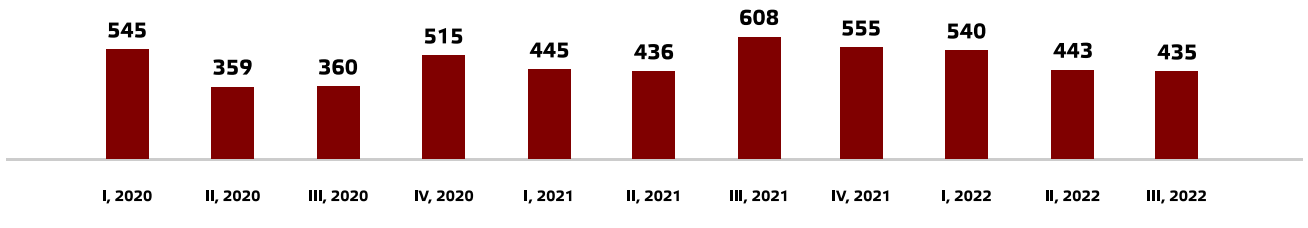
In the 3rd quarter, a slight drop in the activity was observed in the apartment market of new projects in the housing estates of Riga - the number of transactions in the 3rd quarter of the year was 2 % lower than in the 2nd quarter. On the other hand, compared to the 3rd quarter of 2021, the number of apartment transactions in the 3rd quarter of this year was 28 % lower. The number of transactions in the 3rd quarter was the lowest this year.

Dynamics of number of apartment transactions in the new housing projects in Riga's housing estates



Source: STATE LAND SERVICE

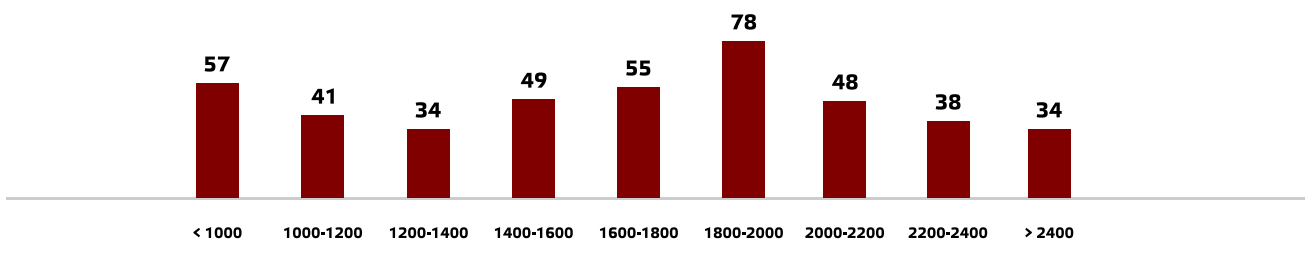
Dynamics of the number of new project apartment transactions in Riga's housing estates



Source: STATE LAND SERVICE

In the 3rd quarter, the typical price range of new project transactions in Riga's housing estates was 1,400 – 2,200 EUR/m². According to the data of the State Land Service, more than half or 53 % of the apartment transactions of this segment fell within this range in the 3rd quarter. For comparison: in the 3rd quarter, the number of transactions at a price above 2,000 EUR/m² increased (62 % more transactions were registered than in the 2nd quarter).

Breakdown of number of transactions by square metre price ranges in the new housing projects in Riga housing estates, 3rd quarter of 2022



Source: STATE LAND SERVICE

In the 3rd quarter, the most transactions with new project apartments in Riga's housing estates took place in the price range from 1,800 to 2,000 EUR/m². The proportion of such transactions was 18 % of the total number of transactions.

In this price category, the most transactions took place in the project Merks Dantes Ziles, Riga, Pededzes Street 1. Transactions in this project were mainly with two-room and three-room apartments (the average area of the apartment is 58m²).

Meanwhile, changes were observed in the most popular price category - in the previous two years, most transactions took place in the price range from 1,600 to 1,800 EUR/m².

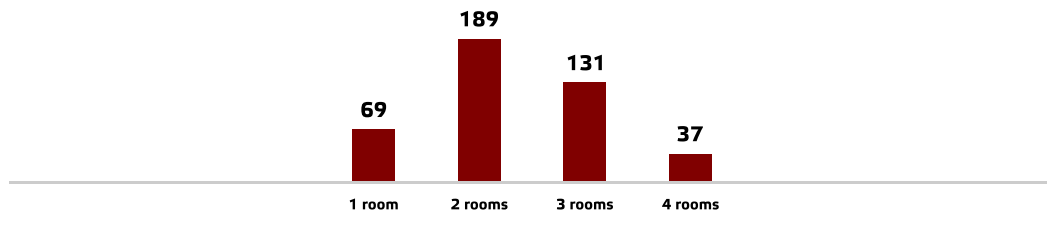
In the 3rd quarter, in the new projects of in the housing estates of Riga, prices in many places exceeded 2,400 EUR/m², and a significant increase in the number of transactions was observed in this price category. One of the highest apartment prices was in the new apartment project *Ernestine*, Ernestines Street 6A, where prices exceeded 2,400 EUR/m², and this was the most popular new project in this price category.

A total of 34 transactions over 2,400 EUR/m² were registered in the 3rd quarter. The most expensive transaction in a new housing estate project in the 3rd quarter took place in the *Baložu 9* project for almost 3,200 EUR/m².

Transactions within the price range of up to 1,000 EUR/m² took place with apartments, where the prices fixed in the transactions most likely did not fully reflect the total amount of the transaction. The proportion of such transactions in the 3rd quarter was 13 % of the total number of apartment transactions of new projects in Riga's housing estates. In the previous quarter, the proportion of such transactions was 10%. In new or completely renovated buildings, apartments for a price below 1,000 EUR/m² have not been offered for several years.

Analyzing the proportion of the number of transactions by the number of rooms in the apartment, it can be concluded that in the 3rd quarter, the most transactions in Riga's housing estates took place with two-room apartments (44 %). The share of two-room apartments is decreasing for the second quarter in a row. Relatively fewer transactions took place with three-room (30 %) and one-room apartments (16 %). On the other hand, very few transactions were registered with four-room apartments (9 %).

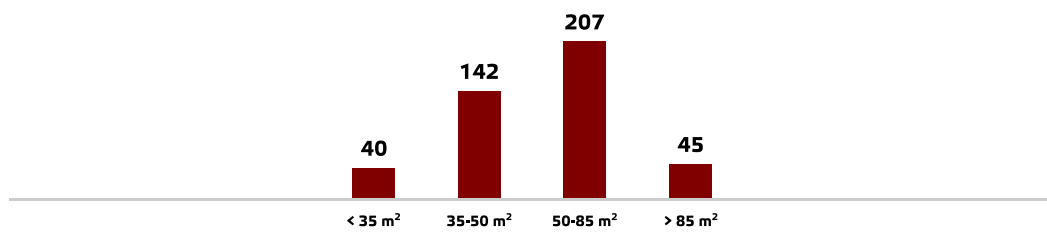
Number of transactions with apartments in new housing projects in Riga housing estates in the 3rd quarter of 2022 (breakdown by number of rooms in apartment)



Source: STATE LAND SERVICE

Analysing the transactions of new project apartments in Riga's housing estates by total area, it can be concluded that, as in previous years, most transactions took place with medium-sized apartments. In the 3rd quarter, the most sold apartments were with an area from 50 to 85 m² (207 transactions or 48 % of the total number of apartment transactions in new projects in Riga housing districts). The number of transactions with small apartments with an area between 35 m² and 50 m² and with large apartments over 85 m² was significantly lower. On the other hand, apartments of small area up to 35 m² were sold the least (40 transactions).

Number of transactions with apartments in new housing projects in Riga housing estates in the 3rd quarter of 2022 (breakdown by total area)

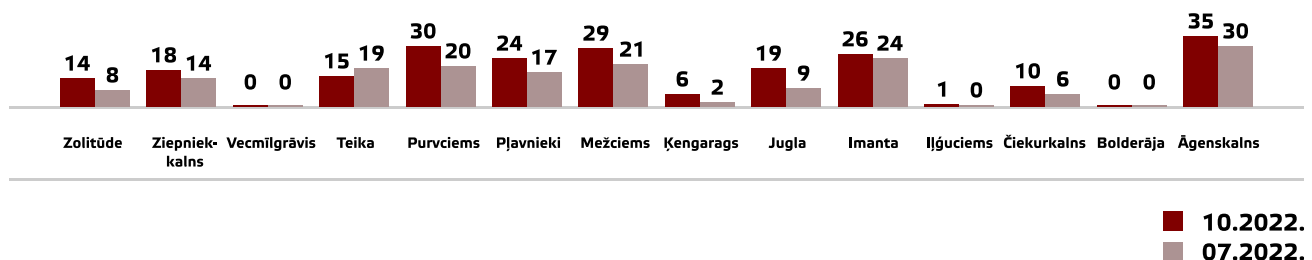


Source: STATE LAND SERVICE

Supply of new housing projects in housing estates of Riga

Summarizing the number of apartments offered for sale, it was found that the highest supply in the new project apartment segment in October 2022 was in Āgenskalns (at the beginning of 2022 - in Imanta). There were also a relatively large number of apartments offered for sale in Purvciems and Mežciems. On the other hand, in Vecmīlgrāvis and Bolderāja, no new project offers were found at the end of the 3rd quarter. Compared to the 2nd quarter of 2022, the number of apartment offers in housing estates increased significantly in October – by 34 %.

Supply of apartments in new housing projects in Riga housing estates



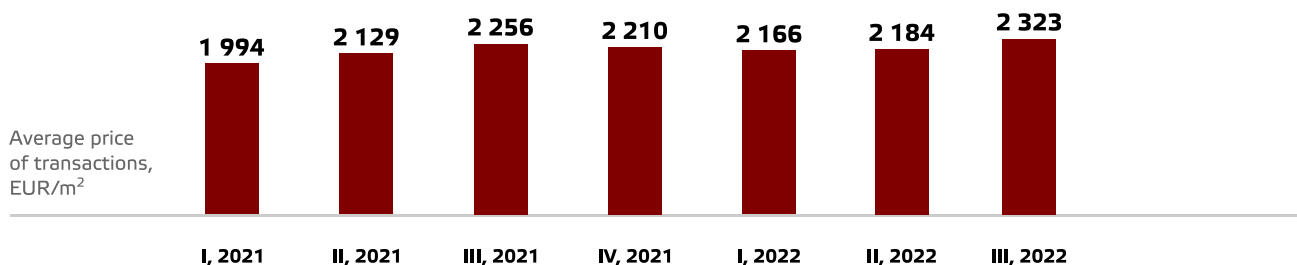
Source: ARCO REAL ESTATE

New housing project apartment market in the centre of Riga

In the 3rd quarter of 2022, the average transaction price in new housing projects in the centre of Riga, as well as in such areas close to the city centre, as Ķīpsala and Klīversala, was 2 323 EUR/m². The average price was 6 % higher than in the 2nd quarter. On the other hand, compared to the 3rd quarter of 2021, the average price of apartments in new projects in the centre of Riga was 3 % higher.

2 323
EUR/m²

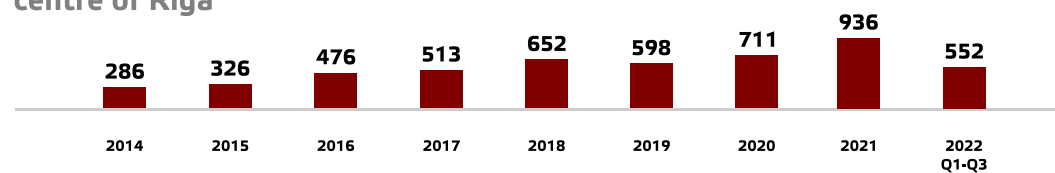
Dynamics of new housing project apartment prices, EUR/m²



Source: ARCO REAL ESTATE

In the first three quarters of 2022, a decrease in activity was observed in the segment of new housing projects in the centre of Riga and in areas close to the city centre, such as Ķīpsala and Klīversala. This year there were 19 % fewer transactions than last year during this time period.

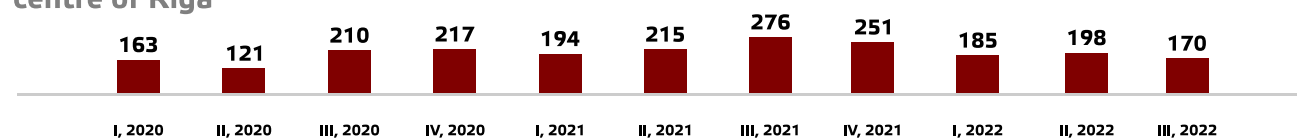
Dynamics of the number of transactions with apartments in new housing projects in the centre of Riga



Source: STATE LAND SERVICE

In the 3rd quarter, 170 transactions took place in new projects in the centre of Riga. Compared to Q2 2022, the number of transactions was 14 % lower, while compared to Q3 last year, the number of transactions was 39 % lower.

Dynamics of the number of transactions with apartments in new housing projects in the centre of Riga



Source: STATE LAND SERVICE

Also in the 3rd quarter of 2022, several transactions were registered at a price below 1,000 EUR/m² (10 % of the total number), which is not a typical price for the centre of Riga. Most likely, these transactions did not reflect the total amount of the transaction. However, the share of these transactions tended to decrease (from 14 % in 2020 to 11 % in 2021).

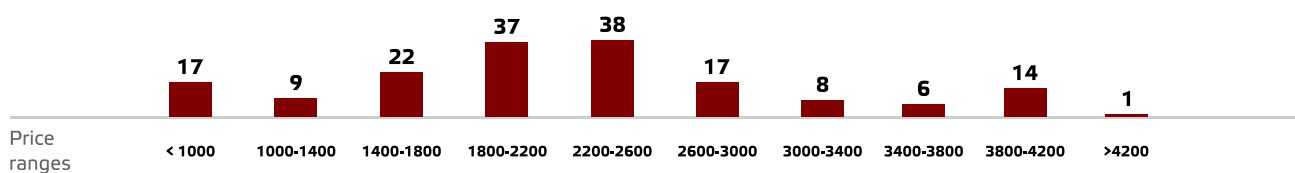
The typical range of prices for new housing projects in the centre of Riga in the 3rd quarter of 2022 was from 1,800 to 2,600 EUR/m². Almost one half or 44 % of transactions took place in this most characteristic price range of the centre of Riga. The most popular project in this price range was the new project *City Home*, Miera Street 103, where the largest number of transactions was registered (18). The average transaction price in this project is 2,239 EUR/m². Transactions took place mainly with two-room apartments, and the average area of an apartment was 44 m².

In the 3rd quarter of 2022, the most transactions were registered in the price range from 2,200 to 2,600 EUR/m² (in the 2nd quarter, most transactions also fell into this price category). Relatively many transactions and the second most popular price category in the 3rd quarter was the range from 1,800 to 2,200 EUR/m². In both price categories, the most transactions took place in the already mentioned new project *City Home*, Miera Street 103, as well as in the project *Katrīnas pagalms*, Piena Street 4.

Fewer transactions took place in the price range from 1,400 to 1,800 EUR/m². In this price category, transactions took place with apartments both in newly built houses and in lesser-known fully renovated buildings in the centre of Riga and its periphery. This price range accounted for 13% of all apartment transactions in the city centre.

In turn, the number of transactions in the price category above 2,600 EUR/m² has decreased significantly. For the price above 4,000 EUR/m², only five transactions were registered in the 3rd quarter. For comparison: in 2021, 18 such transactions were registered, but in previous years - around six transactions per year. The most expensive deal was registered at Vesetas Street 6, in the project *RENAISSANCE*, in a newly built apartment building, for more than 4,300 EUR/m².

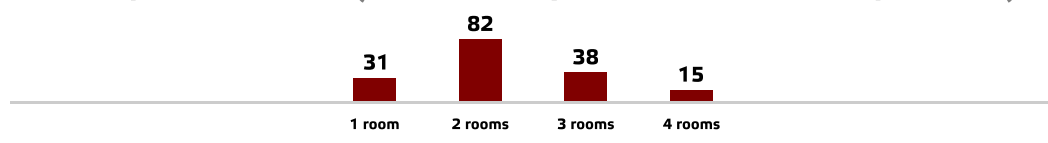
Breakdown of number of transactions by square metre price ranges in the new housing projects in the centre of Riga



Source: STATE LAND SERVICE

Analyzing the proportion of the number of transactions by the number of rooms, it can be seen that in the centre of Riga, as in the previous quarter, two-room apartments dominated in the 3rd quarter (49 %). For comparison: in the 1st quarter, three-room apartments were more popular. Significantly fewer transactions took place with three-room apartments (21 %) and one-room apartments (18 %). On the other hand, four-room apartments were the least sold - only 9 % of the total number of apartments sold in the centre of the city. In the period from 2018 to 2021, the most transactions took place with two-room apartments.

Number of transactions with apartments in new housing projects in the centre of Riga in the 3rd quarter of 2022 (breakdown by number of rooms in apartment)

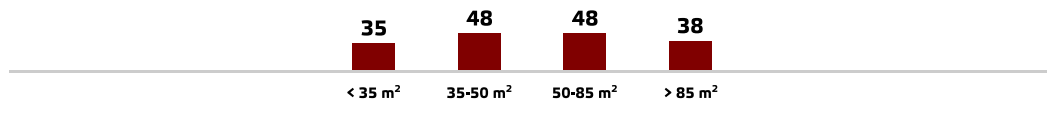


Source: STATE LAND SERVICE

In 2020 and 2021, the most sold apartments were apartments with an area of 50 - 85 m². Analyzing the transactions of apartments in the new projects in the centre of Riga according to the total price, in the 3rd quarter the most transactions took place with apartments of medium size. In the 3rd quarter, 96 apartment transactions with an area of 35-85 m² were registered, or 57 % of the apartment transactions in new projects in the centre of Riga. Fewer transactions took place with apartments with an area of over 85 m² (38 transactions or 22 % of the transactions of apartments in new projects in the centre of Riga). Apartments with an area of up to 35 m² were sold the least - only 21 % of the total number of apartments sold in new buildings.

The number of transactions with exclusive large-area apartments with an area exceeding 200 m² was small in 2022. There were three such transactions in the 1st quarter, one in the second quarter, and none in the third quarter.

Number of transactions with apartments in new housing projects in the centre of Riga in the 3rd quarter of 2022 (breakdown by total area)

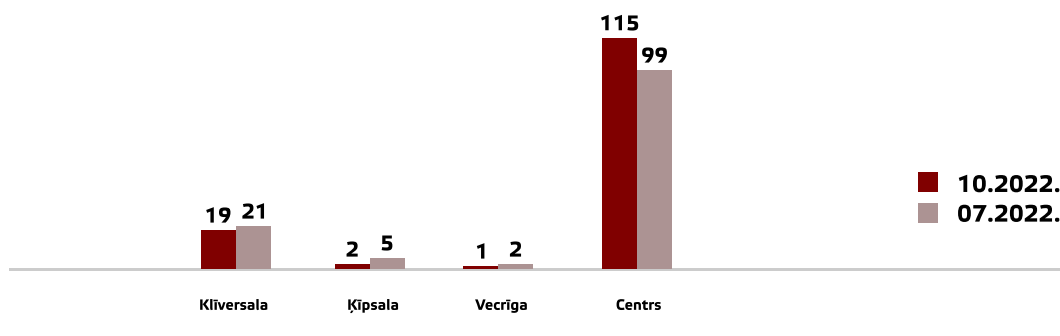


Source: STATE LAND SERVICE

Supply of apartments in new housing projects in the centre of Riga

In October 2022, there were about 137 new project apartments offered for sale in the centre of Riga and in areas close to the city centre, such as Ķīpsala and Klīversala. Compared to the 2nd quarter, the supply volume has increased by 8 %. In October, the lowest number of apartments offered for sale was in Old Riga. In Ķīpsala, the supply level was also low.

Supply of apartments in new housing projects in the centre of Riga, October 2022



Source: ARCO REAL ESTATE

ARCO REAL ESTATE is an international company with more than 25 years of experience in the Latvian real estate market. Since the establishment of the company in 1997, ARCO REAL ESTATE has been constantly developing and promoting the professional growth of its employees, thus increasing the quality of the services provided and becoming the leading service provider in the industry. Currently, the company, which employs more than 50 qualified specialists, provides services in Riga, Jūrmala, Saulkrasti, Daugavpils, Jelgava, as well as in Limbaži and elsewhere in Latvia, offering real estate brokerage, appraisal and consulting services to clients.

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