

MARKET OVERVIEW

**Apartments**  
**in new housing projects**  
2nd quarter of 2022

# Apartments in new housing projects

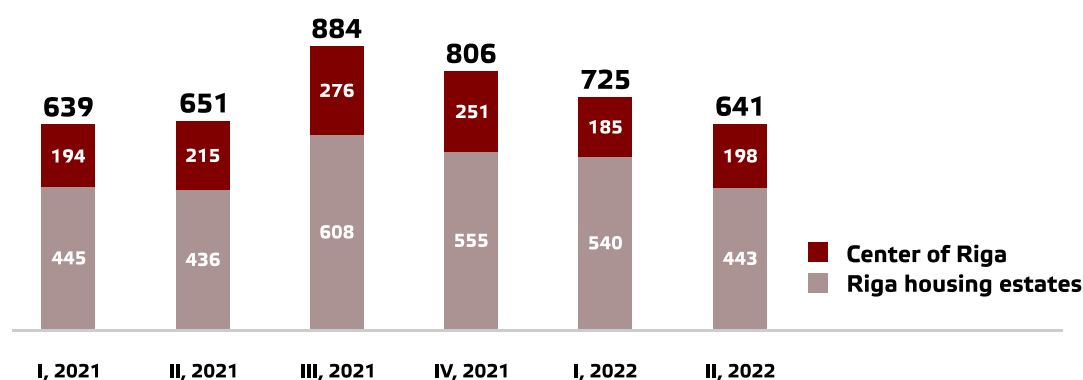
2nd quarter of 2022

## Analysis of apartment transactions in the new housing projects in Riga

In the new housing projects market, activity decreased in the 2nd quarter of 2022 - compared to the 1st quarter of 2022, the number of transactions decreased by 12 %. A decrease in the number of transactions was observed in the housing estates of Riga (-18 %) but in the centre of Riga this number increased (+7 %). Compared to the 2nd quarter of 2021, in the same period of this year the number of transactions was slightly higher in housing estates (+2 %). In turn, the number of transactions in the centre of Riga this year was 8 % lower than in the same period last year. In the 2nd quarter of 2022, most transactions took place in the housing estates of Riga (69 %).

-12 %

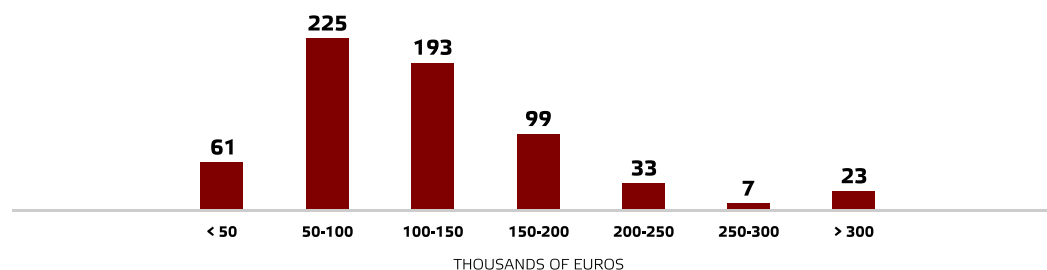
### Breakdown of number of apartment transactions in the new housing projects in Riga



Source: STATE LAND SERVICE, ARCO REAL ESTATE

Looking at the number of transactions with apartments in new projects in Riga in the 2nd quarter of 2022, it can be concluded that the majority of transactions (35 %) took place in the price range from 50,000 to 100,000 euro. These were mainly two-room apartments with an average area of 52 m<sup>2</sup> in Riga's housing estates.

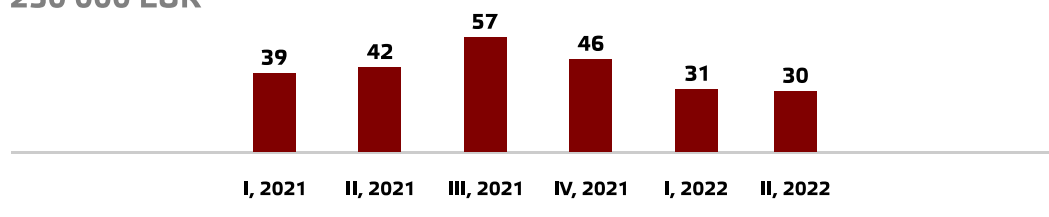
### Breakdown of number of apartment transactions in the new housing projects in Riga in the 2nd quarter of 2022 by price ranges



Source: STATE LAND SERVICE

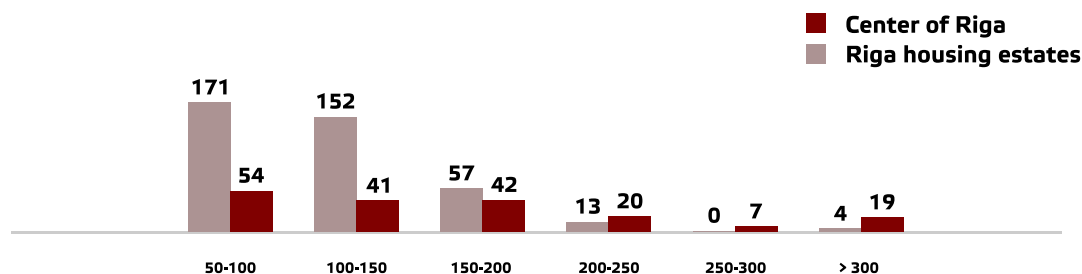
In the 2nd quarter, a total of 30 transactions with apartments were registered in new projects in Riga, the price of which exceeded the minimum threshold for receiving a temporary residence permit (250,000 euro). This was 29 % less than in the same period of 2021, when 42 transactions were registered.

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



Source: STATE LAND SERVICE

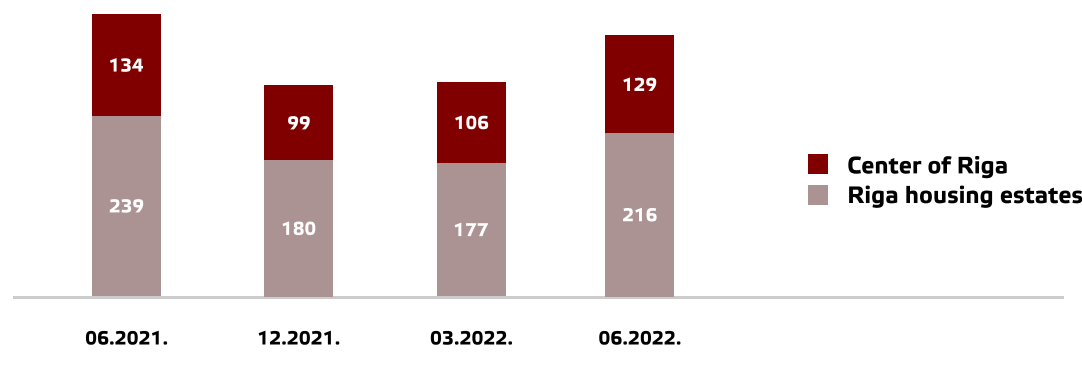
## Breakdown of number of apartment transactions in the new housing projects in Riga in the 2nd quarter of 2022 by price ranges



Source: STATE LAND SERVICE

Compared to the beginning of 2022, at the end of June, the supply of new project apartments in the largest housing estates and the centre of Riga increased significantly - the number of offers was 24 % higher. In the centre of Riga, the supply increased by 30 %, while in the housing estates of Riga, the number of apartments offered for sale in the middle of the year was 20 % higher than at the beginning of the year. Compared to April of this year, the total number of apartments offered for sale in June was 22 % higher.

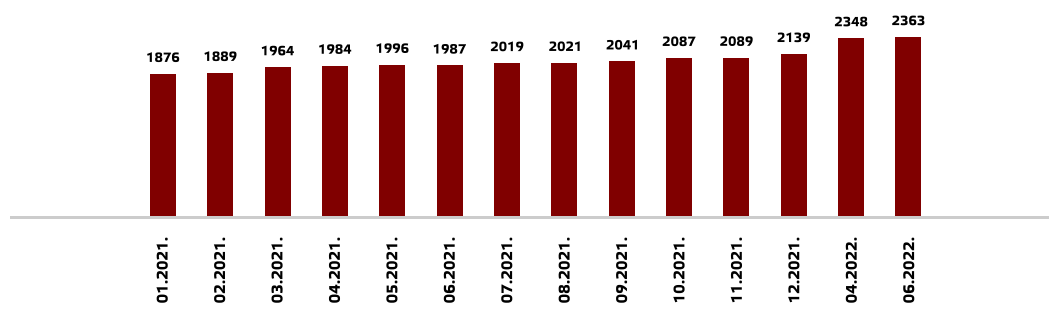
## Breakdown of the number of new project apartments offered for sale in Riga



Source: ARCO REAL ESTATE

In total, there were around 345 apartment offers in new projects in Riga at the end of June (280 at the end of March 2022). The average price of an apartment offer was 2,363 EUR/m<sup>2</sup>, which was 1 % higher than in April. At the end of June, the average price of apartment offers in housing estates of Riga was 2,071 EUR/m<sup>2</sup>, while the average price in the central part of the city reached 2,853 EUR/m<sup>2</sup>.

## The average offer price of new project apartments, EUR/m<sup>2</sup>



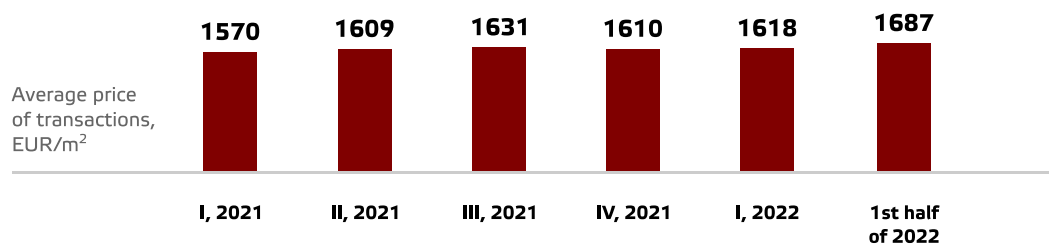
Source: ARCO REAL ESTATE

## New housing project apartment market in Riga housing estates

The average price of new project apartment transactions in Riga housing estates in the 2nd quarter of 2022 was 1,687 EUR/m<sup>2</sup>. Thus, apartment prices in the 2nd quarter of 2022 were 4 % higher than in the 1st quarter. Compared to the 2nd quarter of 2021, the average price of apartment transactions was 5 % higher. The changes in the segment of new projects were greater than in the Soviet-era standard-type apartment market, where a smaller price increase was observed in the 2nd quarter of 2022. Standard-type apartment prices increased by 2 % in the 2nd quarter. Since the beginning of 2015, apartment prices in new housing projects have increased by 45 %.

1 687  
€/m<sup>2</sup>

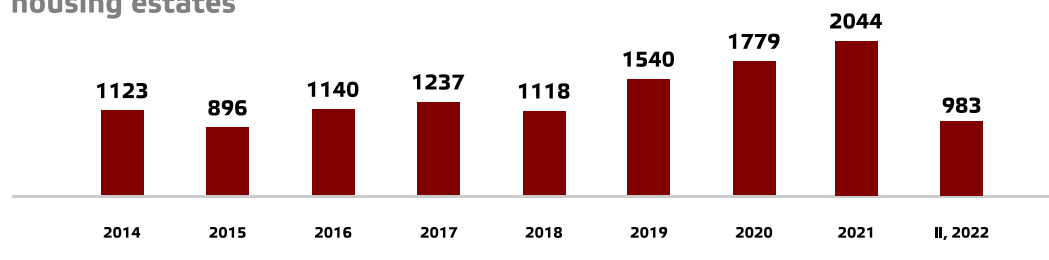
## Price dynamics of new housing project apartments, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

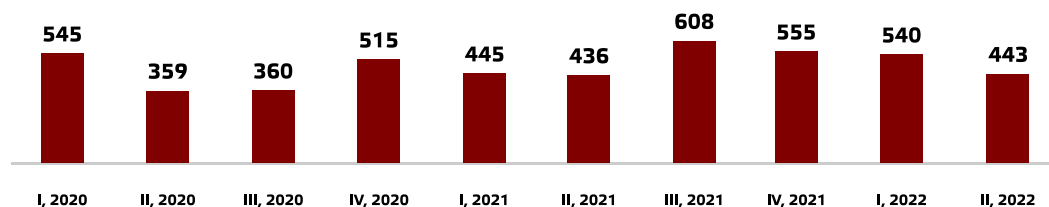
In the 2nd quarter of 2022, a slight drop in activity was observed in the apartment market of new projects in the housing estates of Riga - the number of transactions in the 2nd quarter was 18 % less than in the 1st quarter. On the other hand, compared to the 2nd quarter of 2021, the number of apartment transactions in the 2nd quarter of this year was 2 % higher. The number of transactions in the 2nd quarter of this year was similar to the 1st quarter of 2021.

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



Source: STATE LAND SERVICE

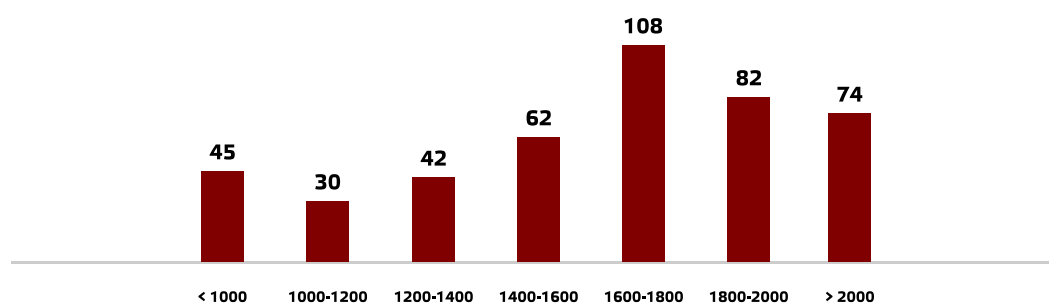
## Dynamics of the number of new project apartment transactions in Riga's housing estates



Source: STATE LAND SERVICE

In the 2nd quarter, the typical price range of new project transactions in Riga's housing estates was 1,600 – 2,000 EUR/m<sup>2</sup>. According to the data of the State Land Service, in the 2nd quarter, in total, 43 % of the apartment transactions of this segment fell within this range. By comparison, in 2021, 44 % of transactions fell within this range. In the 2nd quarter of this year, the number of transactions at a price above 2,000 EUR/m<sup>2</sup> increased (61 % more transactions were registered than in the 1st quarter).

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



Source: STATE LAND SERVICE

In the 1st quarter of 2022, most transactions with new project apartments in Riga's housing estates took place in the price range from 1,600 to 1,800 EUR/m<sup>2</sup>. There were no significant changes in this price category in 2022. It should be noted that a similar number of transactions was observed in the previous two years. The share of such transactions accounted for 24 % of the total number of new project apartment transactions.

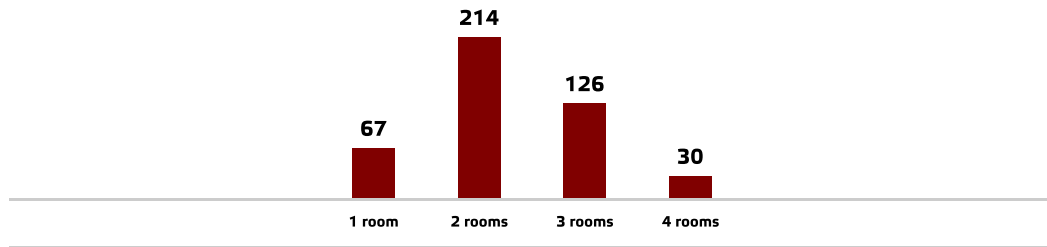
In this price category, most transactions took place in the housing project *Trebū HOME*, Riga, Kupriču Street 1E. Transactions in this project took place mainly with two-room apartments (average area of the apartment – 62 m<sup>2</sup>).

At the beginning of 2022, prices in many places exceeded 2,000 EUR/m<sup>2</sup> in apartment transactions of new housing projects in Riga housing estates, 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 *Baložu 9*, Baložu Street 9, where prices exceeded 2,000 EUR/m<sup>2</sup>, and this was the most popular new project in this price category. In total, 74 transactions over 2,000 EUR/m<sup>2</sup> were registered in the 2nd quarter, and their number continued to grow. The most expensive transaction in a new project in a housing estate in 2022 took place in the previously mentioned *Baložu 9* project for almost 2,800 EUR/m<sup>2</sup>.

Transactions in the price range of up to 1,000 EUR/m<sup>2</sup> 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 2nd quarter was 10 % of the total number of apartment transactions of new projects in Riga housing estates. In the previous quarter, the proportion of such transactions was 12 %. Apartments in new or completely renovated buildings at a price below 1,000 EUR/m<sup>2</sup> have not been on offer for several years.

Analysing the proportion of the number of transactions by the number of rooms in an apartment, it can be concluded that in the 2nd quarter, most transactions in the housing estates of Riga took place with two-room apartments (48 %). Compared to the 1st quarter, the demand for two-room apartments decreased. The share of two-room apartments has generally increased over the past two years. Significantly fewer transactions took place with three-room (28 %) and one-room apartments (15 %). On the other hand, very few transactions were registered with four-room apartments (7 %).

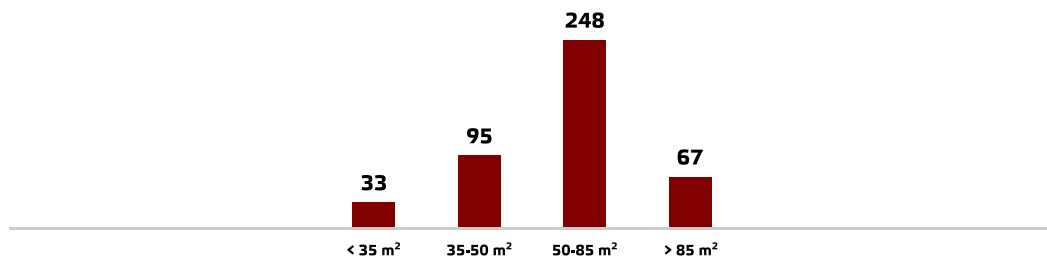
## Number of transactions with apartments in new housing projects in Riga housing estates in the 2nd quarter of 2022 (breakdown by number of rooms in apartment)



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 2nd quarter, the most sold apartments were with an area from 50 to 85 m<sup>2</sup> (248 transactions or 56 % 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 m<sup>2</sup> and 50 m<sup>2</sup> and with large apartments over 85 m<sup>2</sup> was significantly lower. On the other hand, apartments of small area up to 35 m<sup>2</sup> were sold the least (33 transactions).

## Number of transactions with apartments in new housing projects in Riga housing estates in the 2nd quarter of 2022 (breakdown by total area)

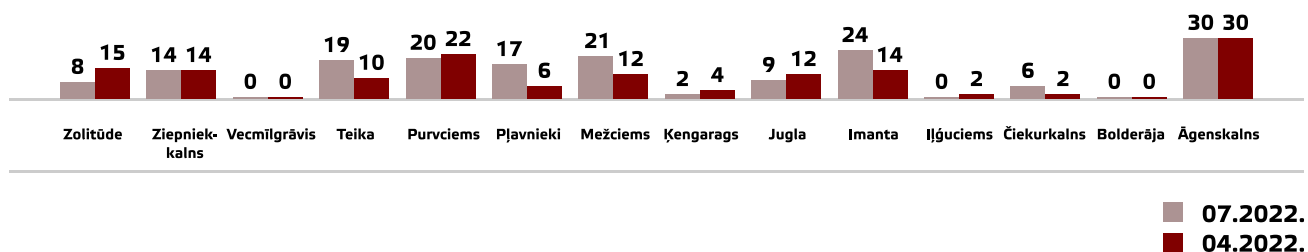


Source: STATE LAND SERVICE

## 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 July 2022 was in Āgenskalns (at the beginning of 2022 - in Imanta). There were also a relatively large number of apartments offered for sale in Imanta. On the other hand, in Vecmīlgrāvis, Bolderāja and Iļģuciems, no apartments offered for sale in new projects were found at the end of the 2nd quarter. Compared to the 1st quarter of 2022, the number of apartments offered for sale in housing estates increased significantly in July 2022 (+19 %).

## Supply of apartments in new housing projects in Riga housing estates, July 2022



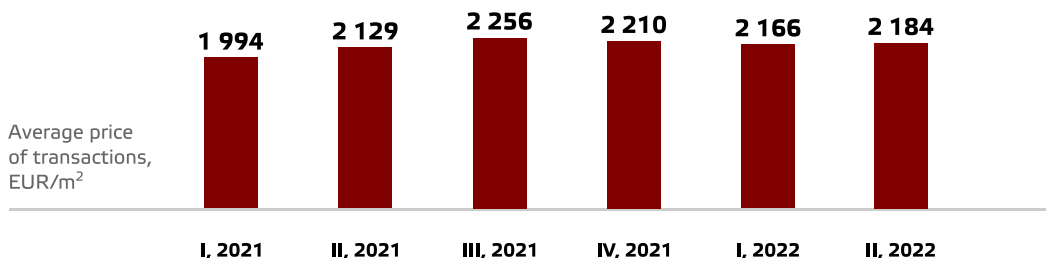
Source: ARCO REAL ESTATE

## New housing project apartment market in the centre of Riga

In the 2nd 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 2,184 EUR/m<sup>2</sup>. The average price was 1 % higher than in the 1st quarter. On the other hand, compared to the 2nd quarter of 2021, the average price of apartments in new projects in the centre of Riga was 3 % higher.

2 184  
EUR/m<sup>2</sup>

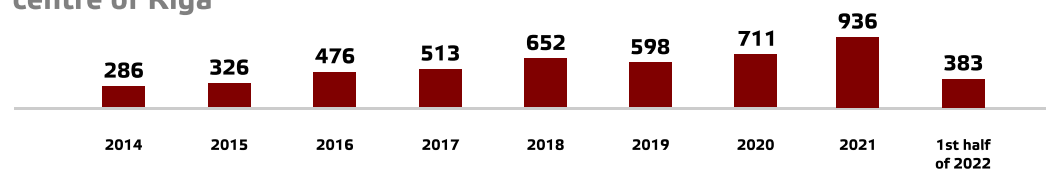
### Dynamics of new housing project apartment prices, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

In the 1st half 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 6 % fewer transactions than last year during this time period.

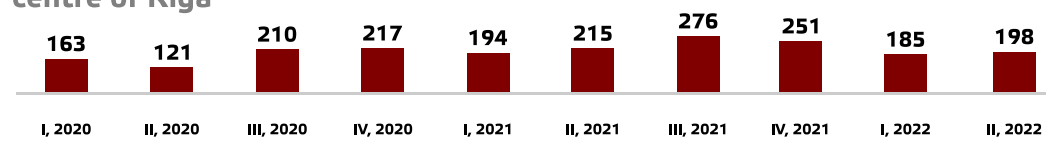
### Dynamics of the number of transactions with apartments in new housing projects in the centre of Riga



Source: STATE LAND SERVICE

In the 2nd quarter of 2022, 198 transactions took place in new housing projects in the centre of Riga. Compared to the 1st quarter of 2022, the number of transactions was 7 % higher. On the other hand, compared to the 2nd quarter of last year, the number of transactions was 8 % 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 2nd quarter of 2022, several transactions were registered at a price below 1,000 EUR/m<sup>2</sup> (6 % 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).

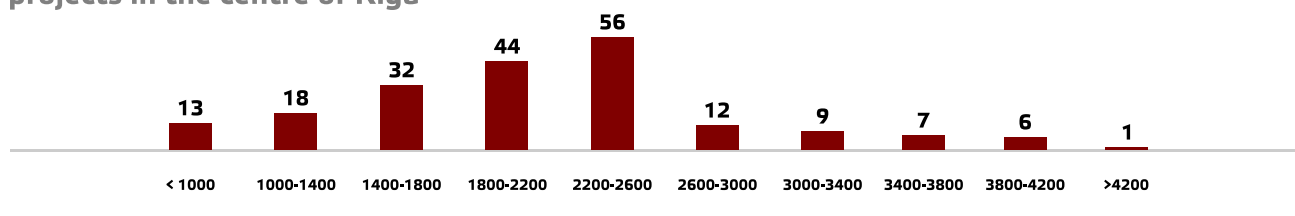
The typical range of prices for new housing projects in the centre of Riga in the 2nd quarter of 2022 was from 1,400 to 2,600 EUR/m<sup>2</sup>. Most or 67 % of transactions took place in this most characteristic price range of the centre of Riga. The most popular project in this price range was the new project *City Home*, Miera Street 103, where the largest number of transactions was registered (29). The average transaction price in this project is 2,242 EUR/m<sup>2</sup>. Transactions took place mainly with two- and three-room apartments, and the average area of an apartment was 48 m<sup>2</sup>.

In the 2nd quarter of 2022, the most transactions were registered in the price range from 2,200 to 2,600 EUR/m<sup>2</sup> (in the 1st quarter, the most transactions took place in the price range from 1,800 to 2,200 EUR/m<sup>2</sup>). Relatively many transactions and the second most popular price category in the 2nd quarter was the range from 1,800 to 2,200 EUR/m<sup>2</sup>. In both price categories, the most transactions took place in the already mentioned new project *City Home*, Miera Street 103.

There was also a relatively large number of transactions in the price range from 1,400 to 1,800 EUR/m<sup>2</sup>. 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 16 % of all apartment transactions in the city centre.

In turn, the number of transactions in the price category above 2,600 EUR/m<sup>2</sup> has decreased significantly. For the price above 4,000 EUR/m<sup>2</sup>, only two transactions were registered in the 2nd 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 Strēlnieku Street 5, in the project *HOFT*, in a newly built apartment building, for more than 4,800 EUR/m<sup>2</sup>.

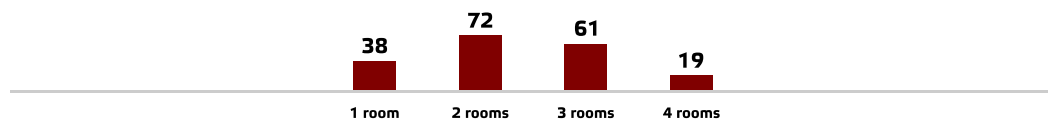
### Breakdown of number of transactions by square metre price ranges in the new housing projects in the centre of Riga



Source: STATE LAND SERVICE

Analysing the proportion of the number of transactions by the number of rooms, it can be seen that two-room apartments dominated in the centre of Riga in the 2nd quarter of 2022 (36 %). For comparison: in the 1st quarter, three-room apartments were more popular. Quite a lot of transactions also took place with three-room apartments (31 %). On the other hand, four-room apartments were the least sold – 10 % of the total number of apartments sold in the centre. In the period from 2018 to 2021, most transactions registered were transactions with two-room apartments.

### Number of transactions with apartments in new housing projects in the centre of Riga in the 2nd quarter of 2022 (breakdown by number of rooms in apartment)



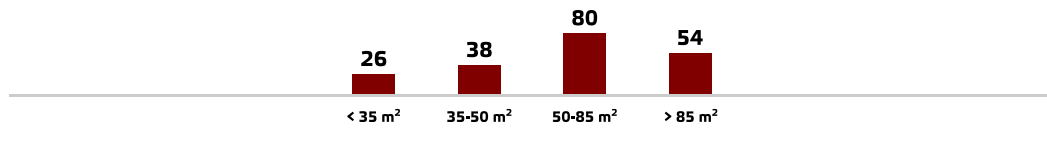
Source: STATE LAND SERVICE

Analysing the transactions with new project apartments in the centre of Riga by total area, it can be concluded that in the 1st quarter of 2022, most transactions that took place were with apartments of medium and large area. Also, in 2020 and 2021, the most sold apartments were apartments with an area from 50 to 85 m<sup>2</sup>. In the 2nd quarter, 80 transactions were registered with apartments of this area, or 40% of the transactions of apartments in new projects in the centre of Riga. Fewer transactions also took place with apartments with an area over 85 m<sup>2</sup> (54 transactions or 27 %). In the last quarter, significantly fewer transactions took place with small-sized apartments (35-50 m<sup>2</sup>). There were 38 transactions (19 %) in this range.

Apartments with an area of up to 35 m<sup>2</sup> were sold the least - only 13 % of the total number. On the other hand, the number of transactions with large-area exclusive apartments (over 200 m<sup>2</sup>) decreased in 2022. Only three transactions took place in the 1st quarter, and one in the 2nd quarter.



## Number of transactions with apartments in new housing projects in the centre of Riga in the 2nd quarter of 2022 (breakdown by total area)

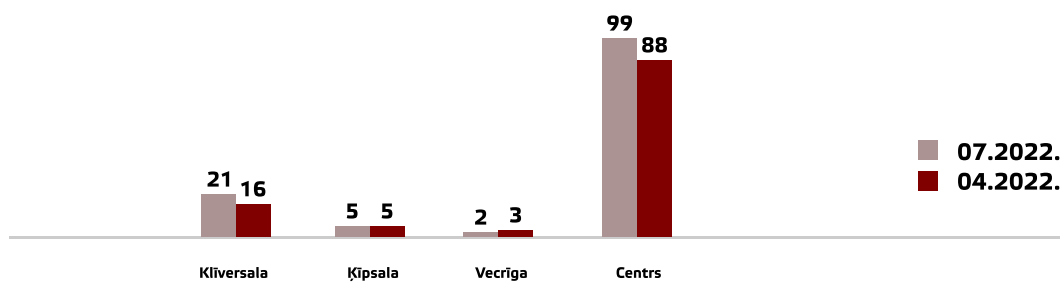


Source: STATE LAND SERVICE

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

In July 2022, there were about 130 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 1st quarter of 2022, the volume of supply has increased by 13 %. In July, the lowest number of apartments offered for sale was in Old Riga. The level of supply in Ķīpsala was also low, and it has remained unchanged.

### Supply of apartments in new housing projects in the centre of Riga, July 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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