

Market overview

**Private houses in Riga and
its surroundings**
1st half of 2022

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Single-family private houses

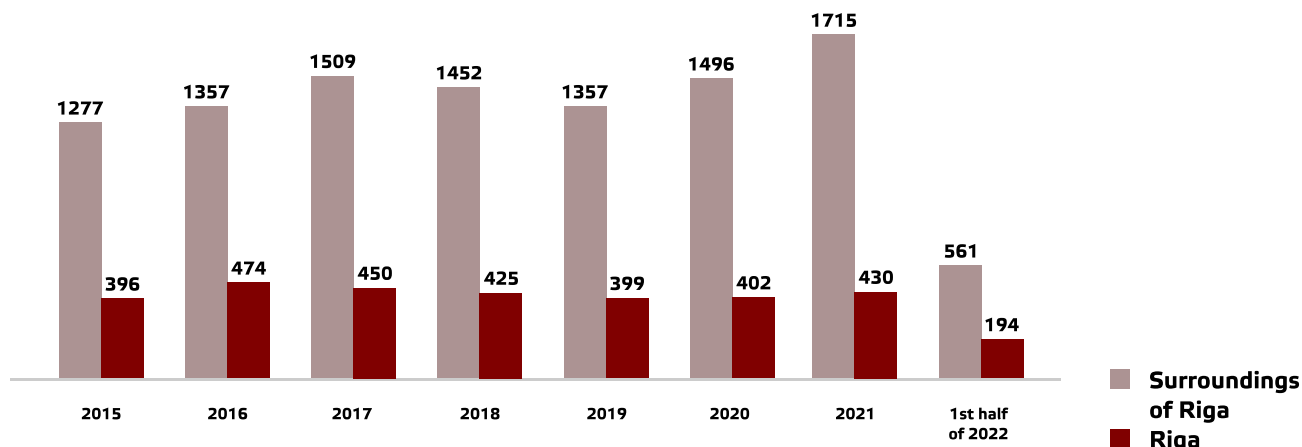
In the first half of 2022, the activity in the private house market in Riga and its surroundings decreased: compared to the second half of 2021, the total number of private house transactions decreased by 21 % (in 2021, the number of transactions increased by 13 %). On the other hand, compared to the first half of 2021, 37 % fewer private house transactions were registered in the first half of this year. The number of transactions decreased the most in the vicinity of Riga.

In Riga, private house prices increased - in the first half of the year, transaction prices increased by an average of 7 %. The prices of private houses in the vicinity of Riga also showed an upward trend. In the first half of the year, the prices of private houses in the vicinity of Riga increased by an average of 20 %. In 2022, the demand for all types of private houses in the surroundings of Riga increased in all price ranges. The exception was expensive and exclusive private houses priced above 300,000 euros. Compared to the year 2021, the number of such building transactions both in Riga and in the vicinity of Riga decreased. The highest price of private house transactions in the first half of 2022 also decreased in Riga and its surroundings.

-21 %

+7 %

Number of transactions of one-apartment private houses in Riga and its surroundings



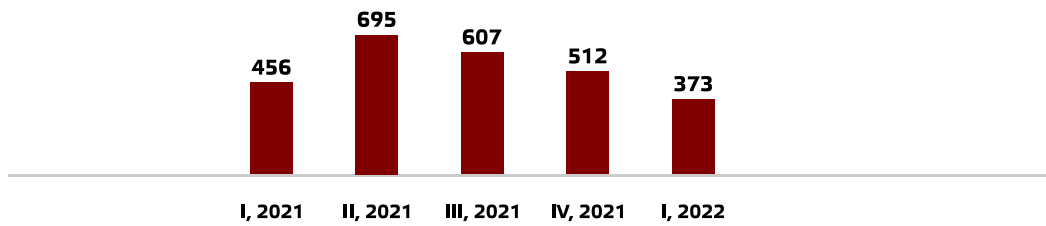
Source: STATE LAND SERVICE

Compared to 2021, the activity in the construction of new private houses decreased this year. The number of building permits issued last year was significantly higher than in previous years. Compared to the 1st quarter of 2021, the number of building permits issued in the 1st quarter of this year for new constructions of single-apartment private houses was 18 % lower.

In 2022, single-family residential houses were mostly built for own needs, and the construction of private houses with the aim of selling them later this year decreased significantly due to the increase in construction costs.

-18 %

Number of issued building permits for new constructions of one-apartment houses in Latvia



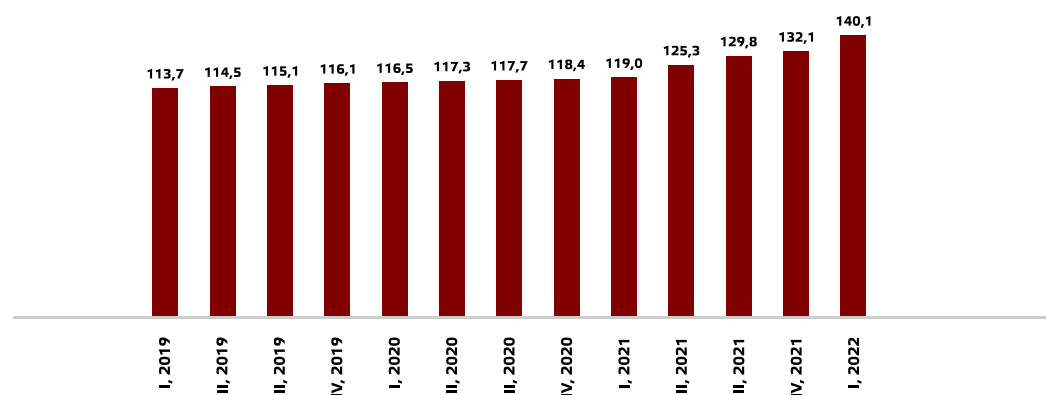
Source: CENTRAL STATISTICAL OFFICE

According to the data of the Central Statistical Office, the construction costs of residential buildings continued to increase in 2022 as well. Compared to Q1 2021, construction costs increased by 18 % during this period this year.

Taking into account the increase in construction costs, the prices of private houses increased. This could be clearly observed in the Riga region. The increase in the prices of private houses in the vicinity of Riga in 2021 and 2022 exceeded the increase in the prices of construction costs.

+18 %

Index of construction costs of new residential buildings (2015=100)



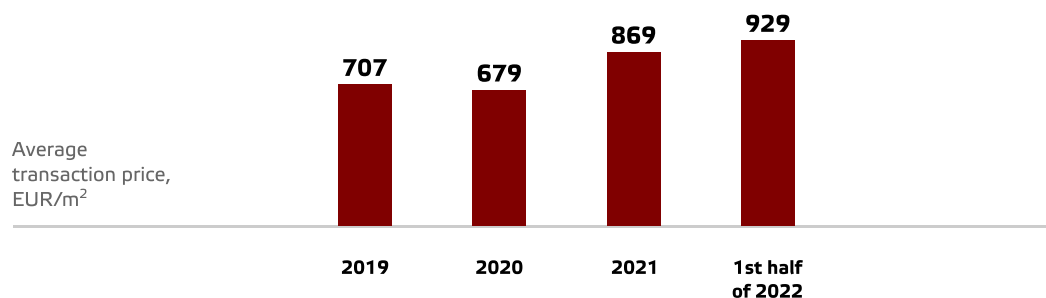
Source: CENTRAL STATISTICAL OFFICE

Private houses in Riga

In the 1st half of 2022, changes were observed in the Riga private house market: compared to the 2nd half of 2021, the number of transactions decreased by 5 %, while compared to the 1st half of last year, the number of transactions was 14 % lower. Meanwhile, private house prices rose in the first half of 2022. In the first half of this year, private house prices in Riga increased by an average of 7 %.

-5 %

Average price per square meter of private house transactions in Riga



Source: STATE LAND SERVICE

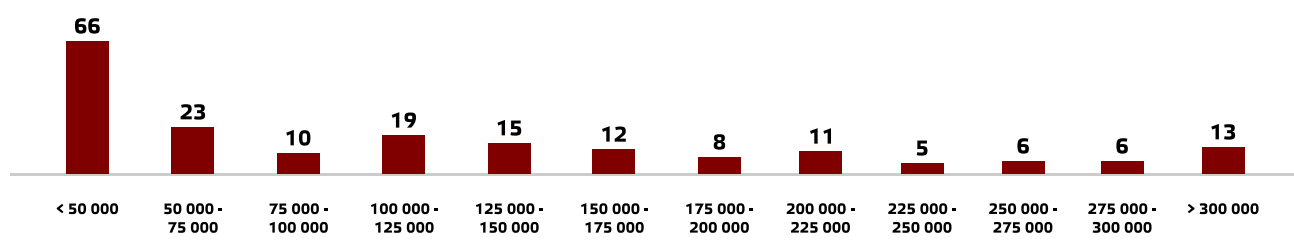
In recent years, the number of newly built private house transactions in Riga was still relatively small - approximately 24 % of the total number of registered transactions. Compared to 2021, the number of newly built private house transactions in Riga slightly increased. New houses in Riga were built mainly for family own needs and they were rarely offered for sale.

34% of private house transactions in Riga still took place within the price range of up to 50,000 EUR - in this price category, a large share was made up of small private houses and garden houses in Dārziņi. The majority of transactions (85 %) with private houses in Riga took place in the price range of up to 225,000 EUR. For larger amounts, the number of transactions was significantly lower.

The number of transactions with private houses whose sale amount was over 250,000 EUR (the minimum purchase amount for obtaining a residence permit) did not increase in 2022: if there were 49 such transactions in 2021, then 25 were registered in the first half of 2022. On the other hand, compared to 2021, the number of private house transactions for the amount over 300,000 EUR decreased this year.

During the first half of the year, only one private house transaction over 700,000 EUR was registered (in previous years, two to six transactions per year). The highest price of private house transactions in Riga in the first half of the year was found in Mežaparks (830,000 EUR). It should be noted that in 2021, the highest transaction amount was 1,473,650 EUR, and in 2020 - 1,000,000 EUR.

Number of transactions of one-apartment houses, by price ranges



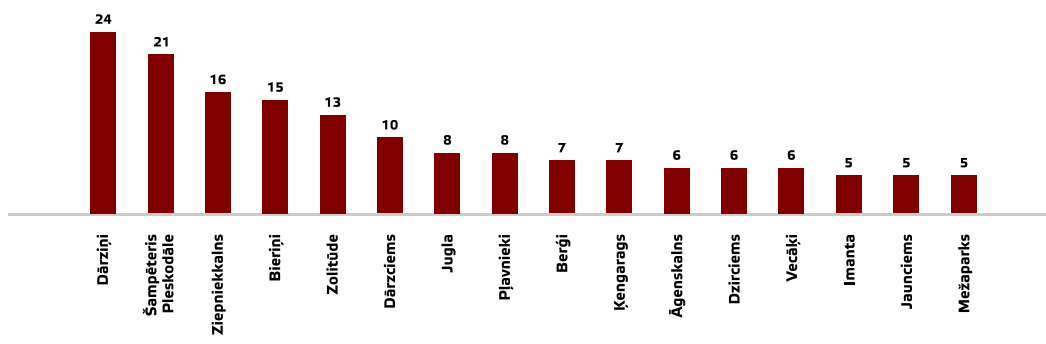
Source: STATE LAND SERVICE

The most popular private house districts in Riga in terms of the number of transactions in the first half of 2022 were Dārziņi (24), Šampēteris – Pleskodāle (21), Ziepniekkalns (16) and Bierīni (15). 39 % of the total number of transactions took place in these districts. In other areas of Riga, there were less than 15 transactions during the year.

The cheapest and in terms of number of transactions the richest district of private houses in Riga, similar to other years, was Dārziņi. In this area, many deals were for summer or garden homes, and the transaction amounts were relatively low. In the first half of 2022, the average price of transactions in Dārziņi increased significantly (+ 121 %). The number of transactions of private houses in Dārziņi, in which the selling price exceeded 100,000 EUR, also increased. If in 2021 there were a total of six such transactions, then in 2022 the same number was reached already in the first half of the year. In the middle of 2022, the cheapest private houses in Dārziņi cost from 40,000 EUR, while the prices of private houses on offer exceeded 200,000 EUR.

Average prices of transactions in the most popular private house districts of Riga in terms of transactions, such as Šampēteris - Pleskodalē, Ziepniekkalns and Imanta, were between 90,000 and 165,000 EUR.

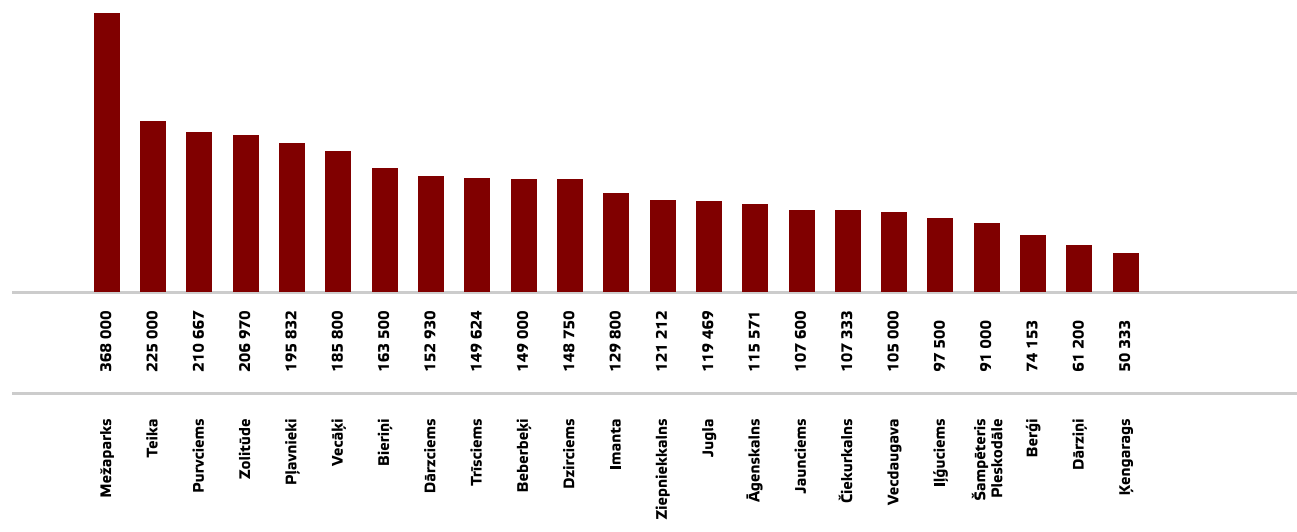
Number of private house transactions in the vicinity of Riga, 1st half of 2022



Source: STATE LAND SERVICE

In 2022, the highest (average) price of private house transactions was observed in Mežaparks (368,000 EUR). The average price of private house transactions was relatively high in Teika, Purvciems and Zolitūde. In other districts of private houses in Riga, the average transaction price was below 200,000 euros. In several relatively expensive private house areas such as Bergī, the registered transaction prices were low, and the average transaction price did not reflect the true price level in these neighbourhoods. The average price of transactions in the richest in terms of the number of transactions residential district of Riga - Dārziņi - was one of the lowest (61,200 EUR).

Average price of private house transactions in Riga neighbourhoods, EUR

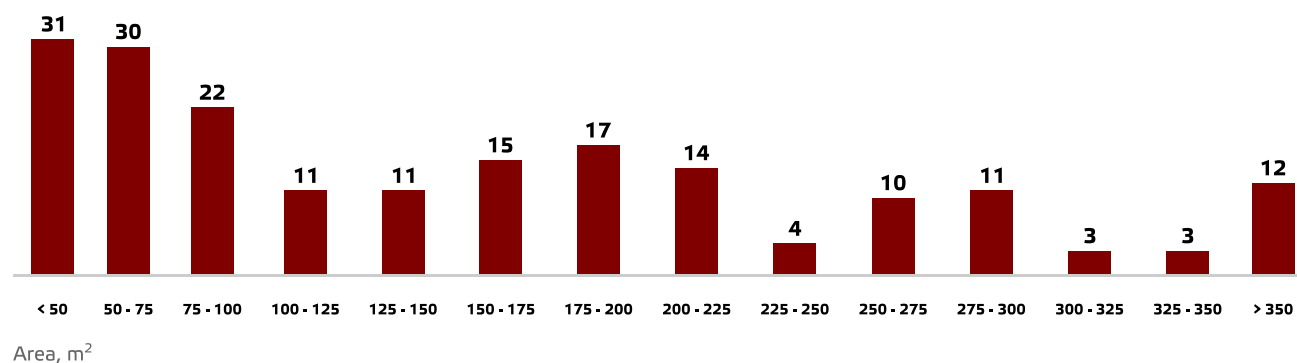


Source: STATE LAND SERVICE

Analyzing the structure of transactions by the area of private houses, it can be concluded that private houses with an area of up to 75 m² were still the most popular. A large part of those houses were small buildings in Dārziņi, used only in the summer season. The number of private house transactions in the category of an area from 75 to 100 m² was also high (11 % of the total number of transactions). These were mainly houses built in the Soviet times in Dārziņi, Dārzciems, as well as in other private house districts of Riga. A relatively large number of private house transactions also took place in the area category between 175 and 200 m². In this area category, the most transactions took place in Ziepniekalns and Zolitūde.

The most demanded private houses with an area of up to 225 m² accounted for 78 % of the total number of transactions. Residential houses with an area over 225 m² made up a significantly smaller proportion, namely 22 %, which was roughly similar to previous years. On the other hand, the volume of transactions with houses whose area exceeded 350 m² was similar compared to 2021 (a total of 30 such transactions were registered in 2021). Transactions with buildings of such a large area took place in Mežaparks, Zolitūde, Pļavnieki, as well as in other neighbourhoods. In the 1st half of the year, only one private house was sold, the area of which exceeded 500 m² (Bieriņi). For comparison: 11 such transactions were registered in 2021.

Number of transactions of one-apartment houses in Riga by building area, 1st half of 2022



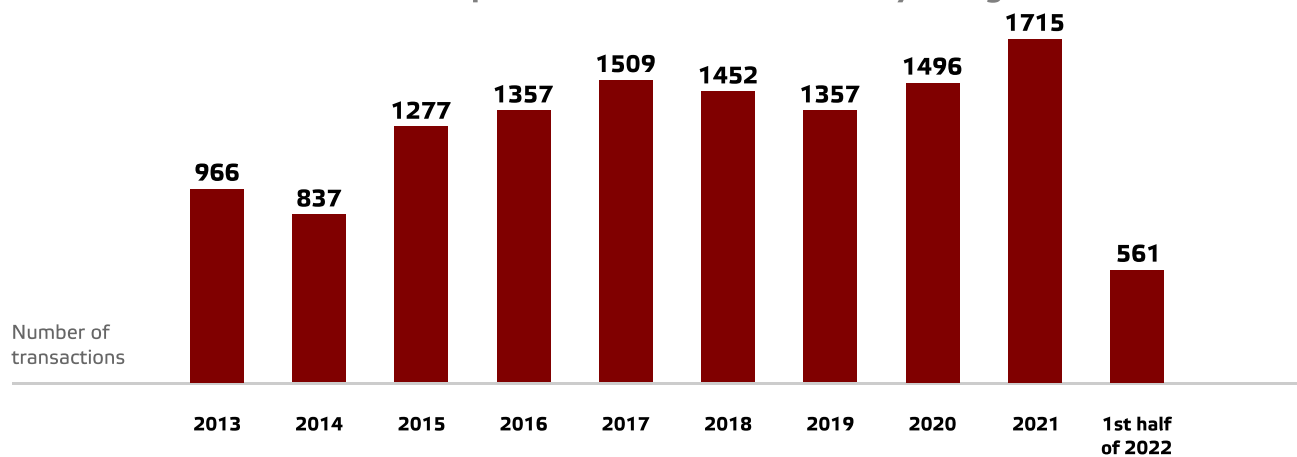
Source: STATE LAND SERVICE

Private houses in the vicinity of Riga

In 2022, the activity of the private house market in the vicinity of Riga decreased. According to the transaction data of the State Land Service, the number of transactions in the 1st half of 2022 was 25 % less than in the 2nd half of 2021, but 42 % less than in the 1st half of last year. As a result, the number of private house transactions this year will probably be the lowest in recent years.

-25 %

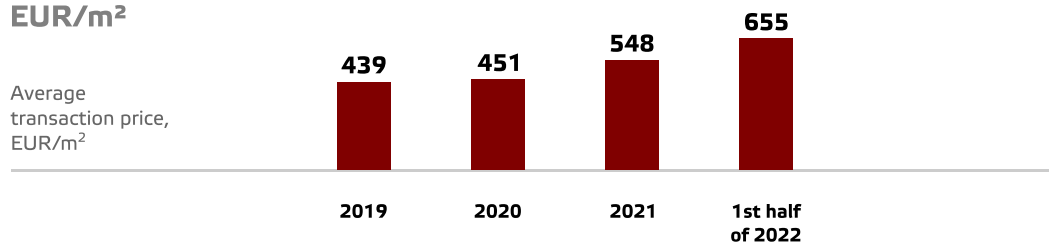
Number of transactions of one-apartment houses in the vicinity of Riga



Source: STATE LAND SERVICE

The main factors affecting the price of private houses were location, utilities, public transport availability, used building materials and interior decoration. Due to the rapidly growing demand, the prices of private houses tended to increase in the first half of the year. Both inflation and rising construction costs had an impact. In the first half of 2022, private house prices increased by an average of 20 %. The average price of transactions increased to 655 EUR/m².

Average price per square meter of private house transactions in the vicinity of Riga, EUR/m²



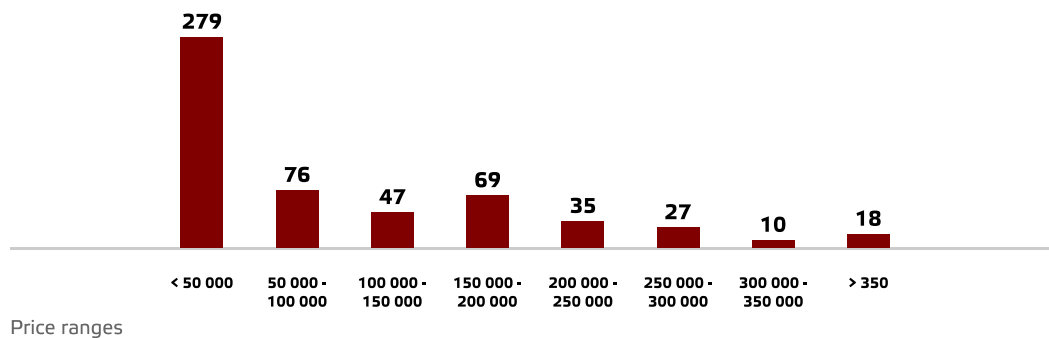
Avots: VALSTS ZEMES DIENESTS

Still, the majority of private house transactions in the vicinity of Riga took place for an amount of up to 50,000 EUR. In the first half of 2022, they made 50 % of the total number of transactions. In 2021, about half of transactions also fell into this price category. They were mainly small private houses and garden houses in former horticulture cooperatives in Olaine, Ropaži, Ķekava and Saulkrasti municipalities. The number of private house transactions was also relatively high in the price range from 50,000 to 100,000 EUR. In this price range, the most transactions took place in Salaspils municipality.

Relatively many transactions were registered in the price range from 150,000 to 200,000 EUR. In this price category, the most transactions took place in Ropaži and Olaines municipalities. Changes in the number of transactions were observed for private houses whose purchase amount corresponded to the minimum threshold for obtaining a residence permit, that is, 250,000 EUR and more. In the first half of 2022, there were 55 such private house transactions, which was less than in 2021. On the other hand, the number of transactions of private houses, the amount of which exceeded 350,000 EUR, increased in 2022. In this price category, 18 transactions were registered in the vicinity of Riga. At such high prices, there were many houses on offer, and it was during the last year that such houses were bought more and more often.

The number of transactions of exclusive private houses (price over 500,000 EUR) decreased in the first half of the year. Last year, 12 such transactions were registered, but only three in the first half of this year. On the other hand, only one transaction this year exceeded the limit of 700,000 EUR.

Distribution of the number of transactions of one-apartment houses in the vicinity of Riga by price amplitudes, 1st half of 2022



Source: STATE LAND SERVICE

The highest price for the sale of private houses in the vicinity of Riga in the first half of 2022 reached 725,000 EUR. The transaction took place in Ropaži municipality, Garkalne civil parish, Bukulti, however, it was a rather low price when compared to 2020 and 2021 (previously it exceeded one million euros). In the last decade, the highest price of a private house transaction was recorded in 2020 (1,950,000 EUR). Other most expensive transactions of private houses in 2022 took place mostly in Babīte civil parish of Mārupe municipality. Exclusive private houses built in recent years with high-quality interior decoration prevailed in transactions above 400,000 EUR.

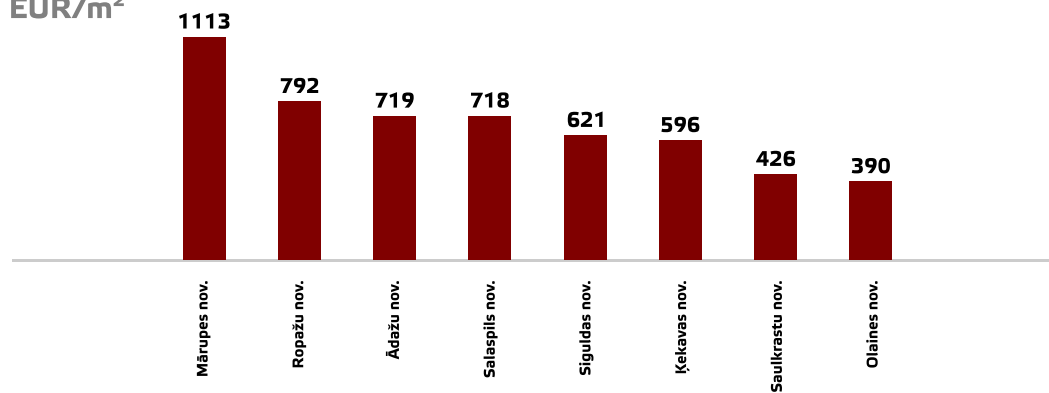
The highest prices of private houses in 2022 were in Mārupe municipality, where transaction prices reached 600,000 EUR. In terms of transactions, the second most expensive place in the vicinity of Riga was Ropaži municipality, where the prices of private houses reached 470,000 EUR. On the other hand, the lowest prices were in Saulkrasti municipality, where they reached 175,000 EUR.

Private house prices in the vicinity of Riga

Vicinity	Lowest price, EUR	Highest price, EUR
Ādažu novads	100 000	340 000
Ķekavas novads	30 000	300 000
Mārupes novads	150 000	600 000
Olaines novads	12 000	220 000
Ropažu novads	40 000	470 000
Salaspils novads	40 000	250 000
Saulkrastu novads	30 000	175 000
Siguldas novads	25 000	235 000

Source: STATE LAND SERVICE; ARCO REAL ESTATE

Average price per square meter of private houses (with land plots) in the Riga region, EUR/m²

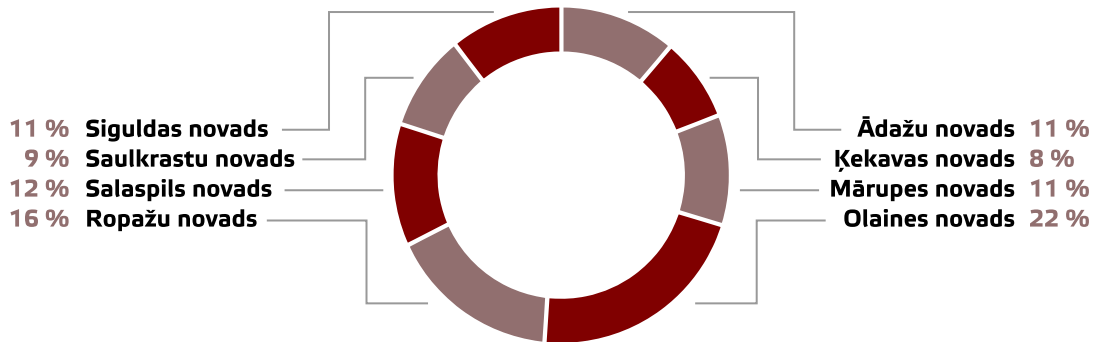


Source: STATE LAND SERVICE

The number of transactions in the largest municipalities around Riga in the first half of 2022 was different. Proportionally, the largest number of transactions took place in Olaine municipality (22 %), where transactions mostly took place with residential houses in former horticulture cooperatives.

Relatively many transactions took place in Ropaži municipality (16 %). This municipality has a smaller share of garden and summer houses, and several transactions were registered in Garkalne civil parish. In the most expensive municipality in the vicinity of Riga - Mārupe municipality – 11 % of transactions took place. On the other hand, proportionately, the fewest transactions among the largest municipalities in the Riga area took place in Ķekava municipality – 8 % of the total number of transactions.

Ratio of private house transactions in the largest municipalities in the vicinity of Riga

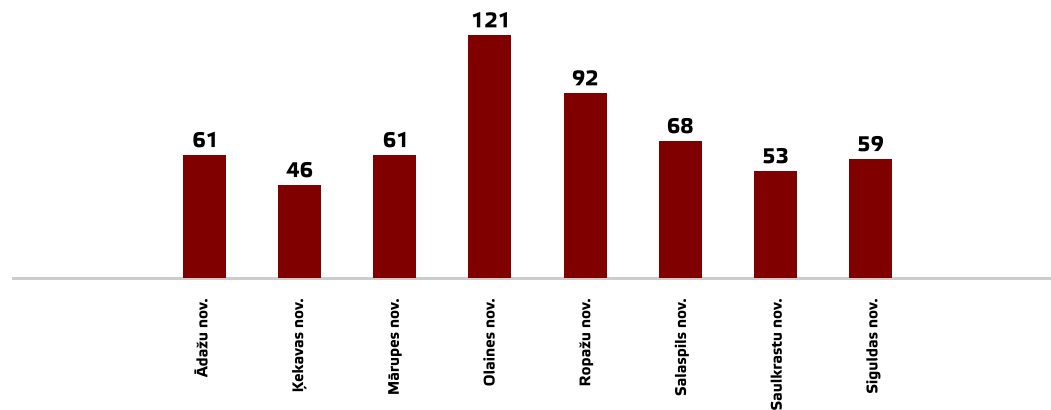


Source: STATE LAND SERVICE

In the first half of 2022, the number of private house transactions decreased in general. Compared to 2021, the number of transactions decreased in all municipalities around Riga, except Salaspils municipality.

The number of transactions decreased the most in Ādaži municipality. On the other hand, positive changes in the number of transactions were found in the Salaspils municipality, where the number of transactions this year already exceeded the indicators for the half of 2021. In 2022, the richest in terms of the number of transactions was Olaine municipality, where 121 transactions took place during the first half of the year. The fewest transactions took place in the Ķekava municipality - 46 private house transactions were registered there during half a year.

Number of private house transactions in the largest municipalities around Riga

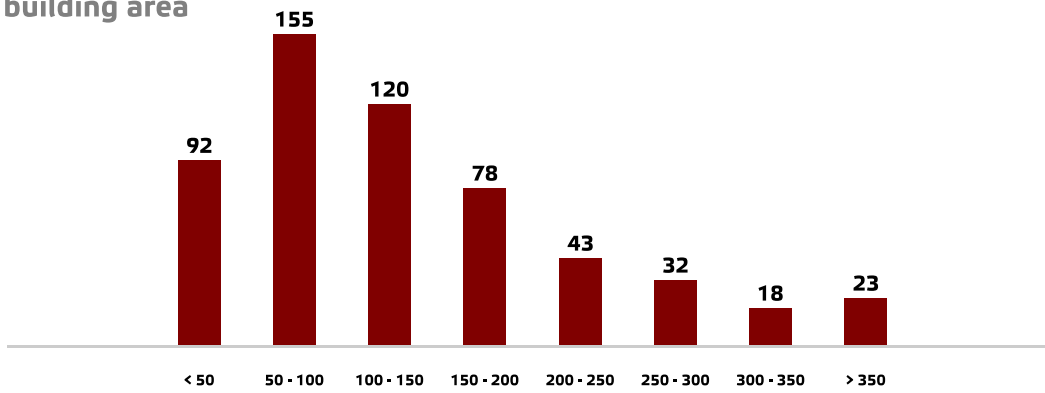


Source: STATE LAND SERVICE

In 2022, the most transactions took place with private houses of a small area (50 - 100 m²) - the number of transactions made up 28% of the total number. The largest number of transactions with houses of this area took place in Olaine municipality, in the territories of garden house cooperatives established in Soviet times. In the vicinity of Riga, private houses with an area of 100 to 150 m² also made up a large part (21%) of the total number of transactions. Therefore, it can be concluded that the most popular private houses in the Riga area were still between 50 and 150 m².

The number of transactions with private houses over 200 m² decreased rapidly. Exclusive area (over 350 m²) private houses in the vicinity of Riga were sold less than in 2021. The share of such house transactions in 2022 was around 4 % of the total number of transactions (last year – 6 %). In the 1st half of the year, the most transactions with private houses of this area took place in Ropaži municipality.

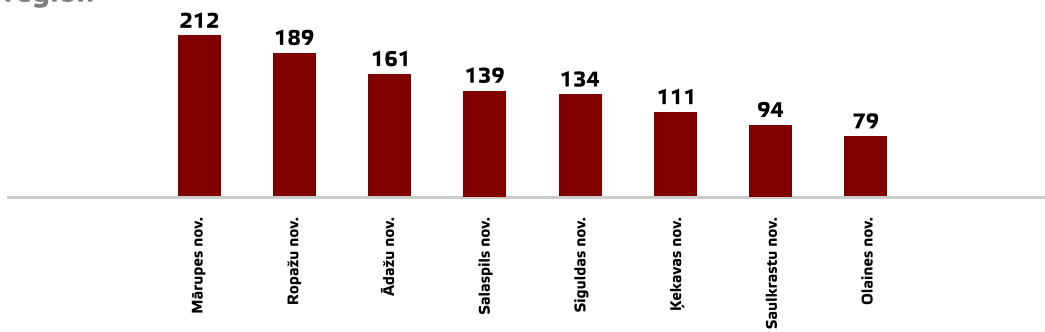
Number of transactions of one-apartment houses in the vicinity of Riga broken down by building area



Area, m²

Source: STATE LAND SERVICE

Average building area in transactions with private houses (with a plot of land) in the Riga region



Source: STATE LAND SERVICE

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Māris Laukalējs | Member of the Board, Head of Valuation Department No. 1

maris.laukalejs@arcoreal.lv
5a Blaumaņa Street, Rīga
LV-1011, Latvia
Phone +371 6736 5555
www.arcoreal.lv