

MARKET OVERVIEW

**Apartments in new  
housing projects**  
1st quarter of 2023

# Apartments in new housing projects

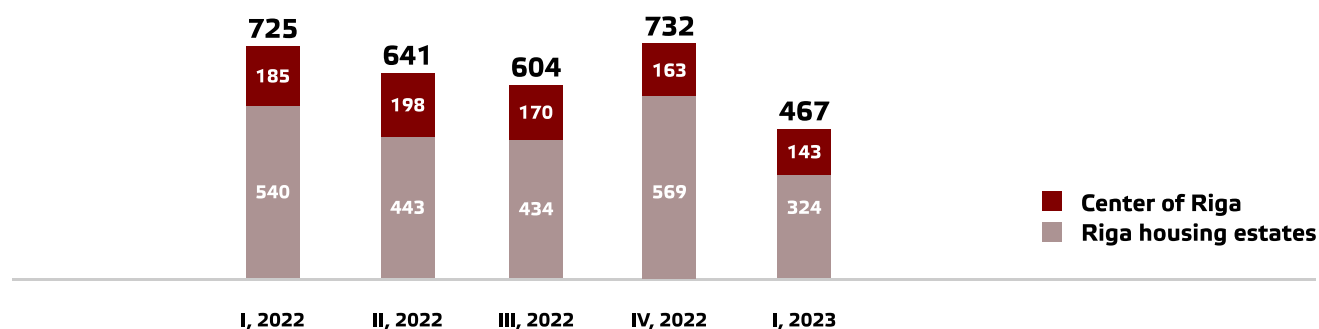
1st quarter of 2023

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

In the market of new housing projects in 2023, the activity decreased significantly in the 1st quarter. Compared to the 4th quarter of 2022, the number of transactions was 36 % lower. A decrease in the number of transactions was found both in the housing estates of Riga (-43 %) and in the centre of Riga (-12 %). Compared to the 1st quarter of 2022, the number of transactions in housing estates was significantly lower (-40 %) in this period this year. 23 % fewer transactions took place in the centre of Riga in the 1st quarter than in the same period last year. In 2023, in the 1st quarter, the majority of transactions took place in Riga housing estates (69 %).

-36 %

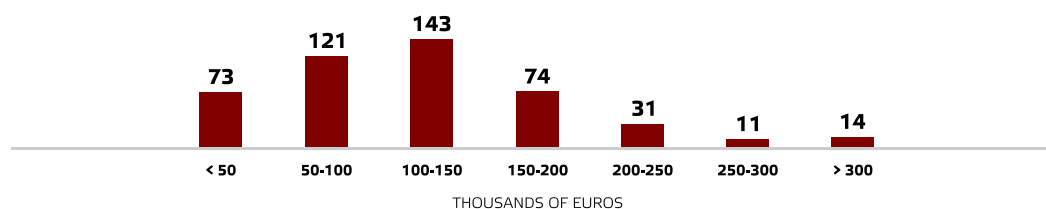
### Breakdown of number of apartment transactions in the new housing projects in Riga



Source: STATE LAND SERVICE

Looking at the number of transactions with apartments in new projects in Riga in the 1st quarter, it can be concluded that most transactions (57 %) took place in the price range from 50,000 to 150,000 euro. They were mainly two-room apartments in the housing estates of Riga and also in the centre of Riga with an average area of 61 m<sup>2</sup>.

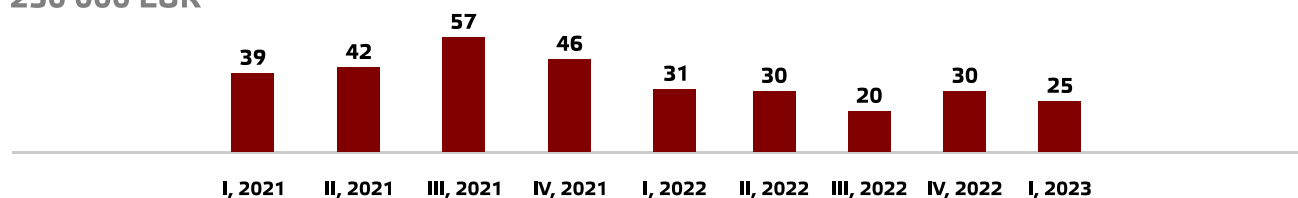
### Breakdown of number of apartment transactions in the new housing projects in Riga in the 1st quarter of 2023 by price ranges



Source: STATE LAND SERVICE

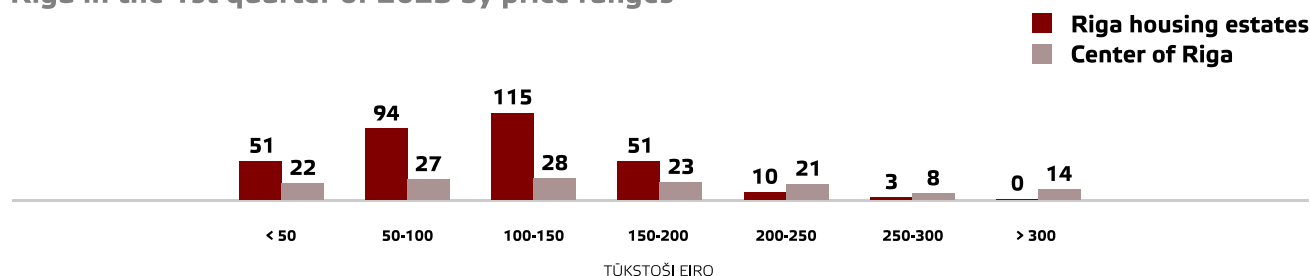
In the 1st quarter, a total of 25 apartment transactions were registered in Riga's new housing projects, the price of which exceeded the minimum threshold for obtaining a temporary residence permit (250,000 euros). This was 19 % less than in 2022 during the same time period, when 31 transactions were recorded. It should be noted that with the amendments to the Immigration Law, the issuance 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

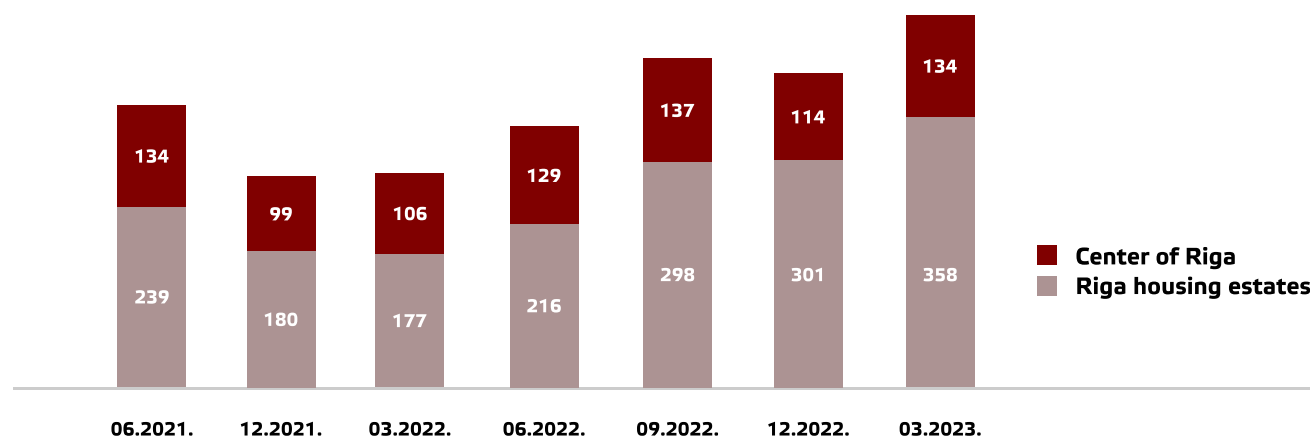
## Breakdown of number of apartment transactions in the new housing projects in Riga in the 1st quarter of 2023 by price ranges



Source: STATE LAND SERVICE

Compared to the beginning of 2023, at the end of March, the supply of new project apartments in the largest housing estates and the centre of Riga increased significantly - the number of apartments offered for sale was 19 % higher. In the centre of Riga, the supply increased by 18 %, while the supply in Riga housing estates was 19 % higher in March than at the beginning of the year. Compared to March of last year, the total number of apartments offered for sale in March this year was 74 % higher.

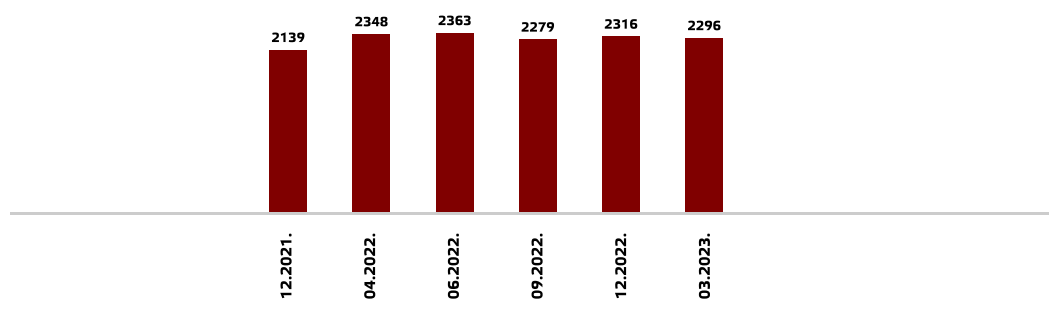
## Breakdown of the number of new project apartments offered for sale in Riga



Source: ARCO REAL ESTATE

In total, there were around 490 apartments offered for sale in new projects in Riga at the end of March (415 at the beginning of the year). The average price of apartment offers was 2,296 EUR/m<sup>2</sup>, which was 1 % lower than at the beginning of the year. At the end of March, the average price of apartment offers in the housing estates of Riga was 2,077 EUR/m<sup>2</sup>, while the average price in the city centre reached 2,879 EUR/m<sup>2</sup>.

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



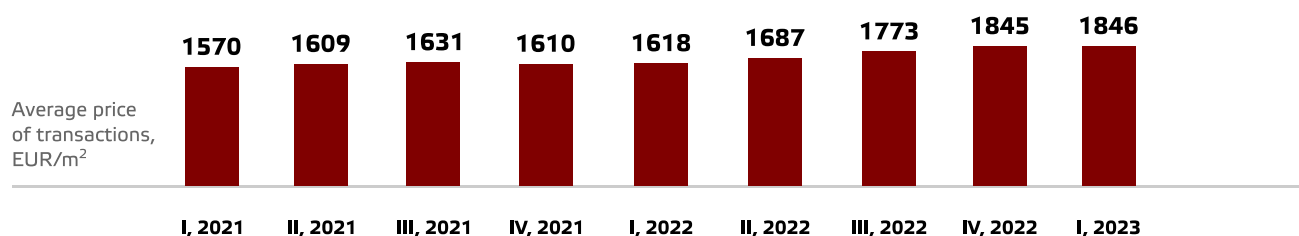
Source: ARCO REAL ESTATE

## New housing project apartment market in Riga housing estates

The average price of new project apartment transactions in Riga housing estates in the 1st quarter of 2023 was 1,846 EUR/m<sup>2</sup>. Thus, compared to the 4th quarter of 2022, apartment prices did not actually change in the 1st quarter. On the other hand, compared to the 1st quarter of 2022, the average price of apartment transactions was 14 % higher. In the segment of new projects, apartment prices remained stable, in contrast to the Soviet-era standard-type apartment market, where a slight decline in prices was observed in the 1st quarter. Standard-type apartment prices decreased by 1 % in the 1st quarter. Since the beginning of 2015, apartment prices in new projects have increased by 59 %.

1 846  
€/m<sup>2</sup>

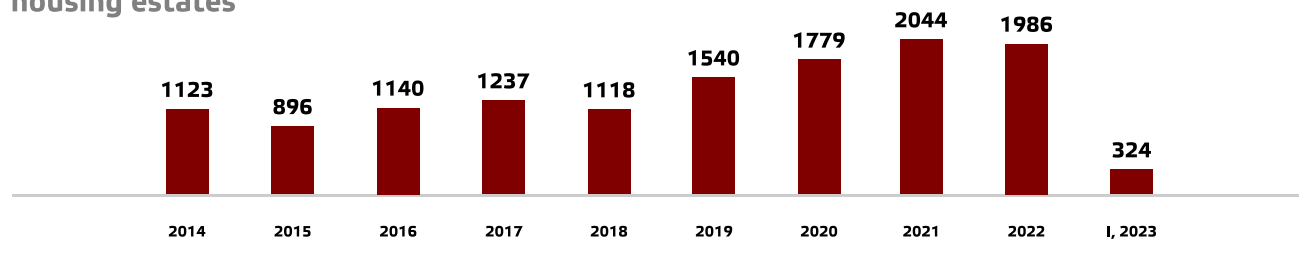
## Price dynamics of new housing project apartments, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

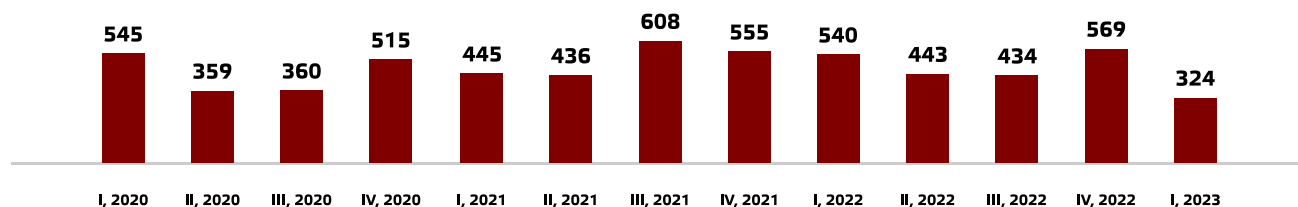
In the 1st quarter, a drop in activity was observed in the apartment market of new projects in the housing estates of Riga - the number of transactions was 43 % less than in the 4th quarter of 2022. On the other hand, compared to the 1st quarter of 2022, the number of apartment transactions in the 1st quarter of this year was 40 % lower. The number of transactions in the 1st quarter was the lowest in the last three years.

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



Source: STATE LAND SERVICE

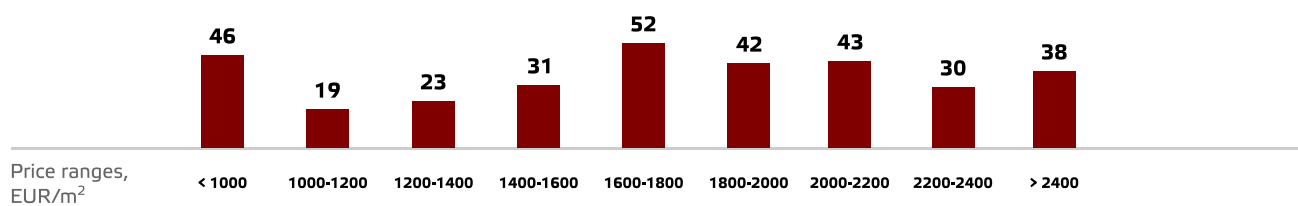
## Dynamics of the number of new project apartment transactions in Riga housing estates



Source: STATE LAND SERVICE

In the 1st quarter, the typical price range of new project transactions in Riga housing estates was 1,600 – 2,200 EUR/m<sup>2</sup>. According to the data of the State Land Service, less than half or 42 % of the apartment transactions of this segment fell within this range 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, the most transactions with new project apartments in Riga housing estates took place in the price range from 1,600 to 1,800 EUR/m<sup>2</sup>. The proportion of such transactions was 16 % of the total number of transactions. In this regard, no changes were observed - in the previous three years, most transactions took place in the price range from 1,600 to 1,800 EUR/m<sup>2</sup>.

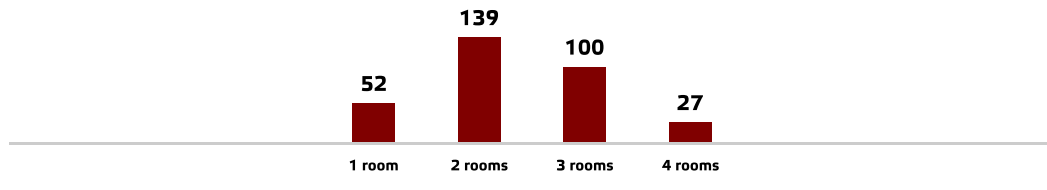
In this price category, in the 1st quarter of 2023, the most transactions took place in the project Deglava Gleznotāju rezidence, Riga, Dravnieku Street 1. Transactions in this project took place mainly with two-room apartments (the average area of the apartment is 54 m<sup>2</sup>).

In the 1st quarter, the prices in the new projects of Riga housing estates exceeded 2,400 EUR/m<sup>2</sup> in many places, and no significant changes in the number of transactions were observed in this price category. One of the highest apartment prices was in Rakstnieka Parka rezidence, Ļermontova Street 4, a new apartment project, where prices reached 2,800 EUR/m<sup>2</sup>, and this was the most popular new project in this price category. A total of 38 transactions over 2,400 EUR/m<sup>2</sup> were registered in the 1st quarter. The most expensive transaction in a new micro-district project in the 1st quarter took place in a fully renovated building at Baložu Street 11 for 2,900 EUR/m<sup>2</sup>. In this project, there were also other transactions, the prices of which were among the highest in Riga housing estates.

Transactions within 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 1st quarter was 14 % of the total number of apartment transactions of new projects in Riga housing estates. In the previous quarter, the proportion of such transactions was 13 %. The number of these transactions did not tend to decrease and fluctuated between 10-15 %. In new or completely renovated buildings, apartments for a price below 1,000 EUR/m<sup>2</sup> have not been offered for sale for several years.

Analysing the proportion of the number of transactions by the number of rooms in the apartment, it can be concluded that in the 1st quarter, the most transactions in Riga housing estates took place with two-room apartments (43 %). The proportion of two-room apartments was similar to the previous year. Relatively fewer transactions took place with three-room (31 %) and one-room apartments (16 %). On the other hand, very few transactions were registered with four-room apartments (8 %).

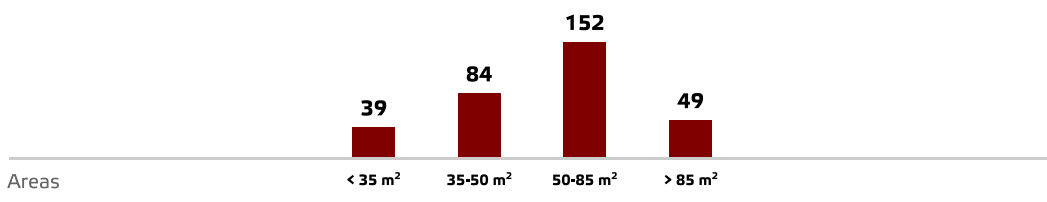
## Number of transactions with apartments in new housing projects in Riga housing estates in the 1st quarter of 2023 (breakdown by number of rooms in apartment)



Source: STATE LAND SERVICE

Analysing the apartment transactions in the new projects in Riga housing estates by total area, it can be concluded that, as in previous years, the most transactions took place with medium-sized apartments. In the 1st quarter, apartments with an area of 50 to 85 m<sup>2</sup> were sold the most (152 transactions or 47 % of the total number of transactions of apartments in new projects in Riga housing estates). There was a significantly lower number of transactions with small apartments with an area between 35 and 50 m<sup>2</sup> and large apartments over 85 m<sup>2</sup>. On the other hand, apartments of small area up to 35 m<sup>2</sup> were sold the least (39 transactions).

## Number of transactions with apartments in new housing projects in Riga housing estates in the 1st quarter of 2023 (breakdown by total area)

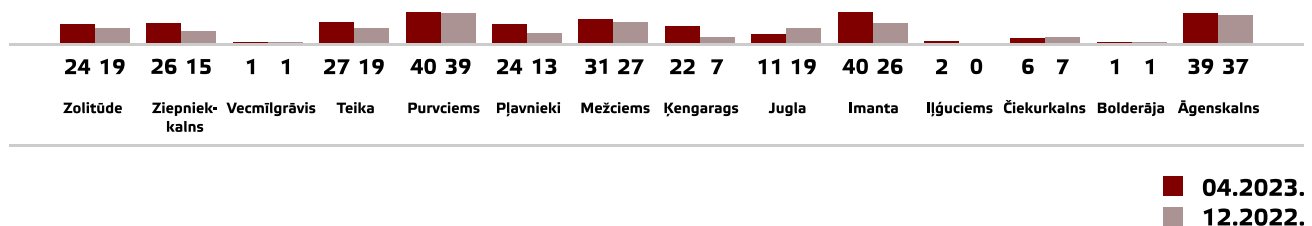


Source: STATE LAND SERVICE

## Supply of new housing projects in housing estates of Riga

Summarizing the number of apartments offered for sale, it was found that the largest supply of new project apartments in April 2023 was in Imanta and Purvciems (at the beginning of 2022 - in Imanta). There were also relatively many apartments offered for sale in Āgenskalns. On the other hand, in Ilģuciemis, no new project offers were found at the end of the 1st quarter. Compared to the 4th quarter of 2022, the number of apartments offered for sale in housing estates increased significantly - by 28 %. On the other hand, compared to April 2022, the number of apartments offered for sale in Riga housing estates has doubled.

## Supply of new project apartments in Riga housing estates, April 2023



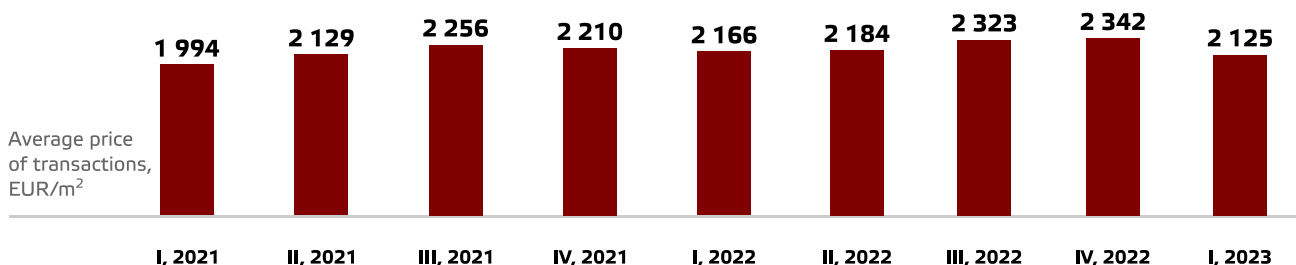
Source: ARCO REAL ESTATE

# New housing project apartment market in the centre of Riga

In the centre of Riga, as well as in districts close to the centre, such as Ķīpsala and Klīversala, the average price of new project transactions in the 1st quarter of 2023 was 2,125 EUR/m<sup>2</sup>. The average price was 9 % lower than in Q4 2022. On the other hand, compared to the 1st quarter of 2022, the average price of apartments in new projects in the centre of Riga was 2 % lower.

2 125  
EUR/m<sup>2</sup>

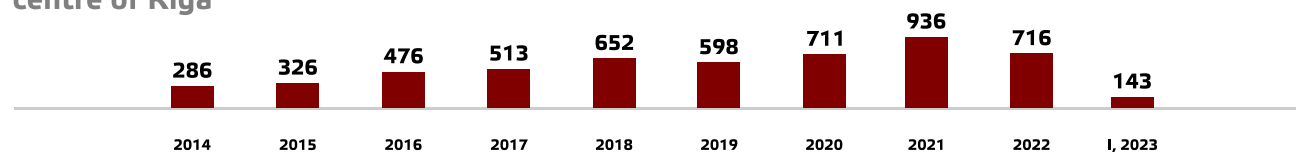
## Dynamics of new housing project apartment prices, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

In the centre of Riga and in districts close to the centre, such as Ķīpsala and Klīversala, a decrease in activity was observed in the segment of new projects in the 1st quarter of 2023.

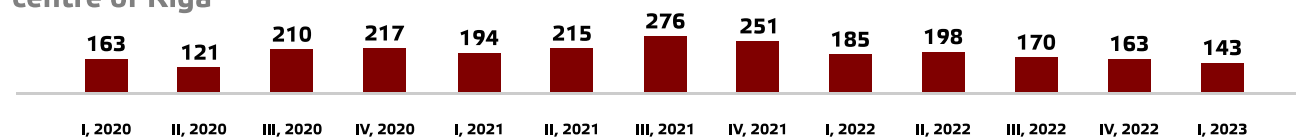
## Dynamics of the number of transactions with apartments in new housing projects in the centre of Riga



Source: STATE LAND SERVICE

In the 1st quarter, 143 transactions took place in new projects in the centre of Riga. Compared to the 4th quarter of 2022, the number of transactions was 12 % lower, while compared to the 1st quarter of last year, the number of transactions was 23 % 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 1st quarter of 2023, several transactions were registered below 1,000 EUR/m<sup>2</sup> (17 % of the total number), which is not a typical price for the centre of Riga. Most likely, these transactions did not reflect the total transaction amount. Compared to previous years, the share of these transactions has increased again (11 % in 2021 and 10 % in 2022).

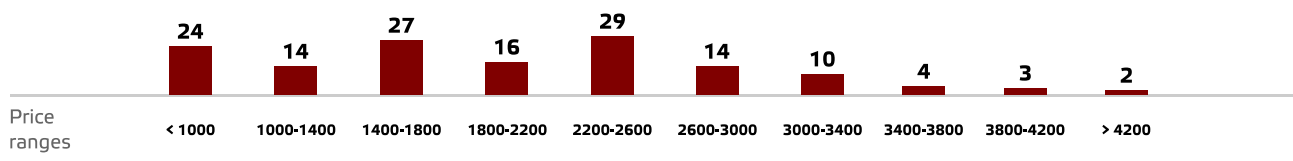
The typical range of prices for new projects in the centre of Riga in the 1st quarter was from 1,400 to 2,600 EUR/m<sup>2</sup>. Half or 50 % of transactions took place in the price range typical for the centre of Riga. The most popular project in this price range was the new project *Merks Viesturdārzs*, Rūpniecības Street 27, where the relatively largest number of transactions was registered (8). The average transaction price in this project was 2,392 EUR/m<sup>2</sup>. Transactions took place mainly with three-room apartments (average area of an apartment - 106 m<sup>2</sup>).

In the 1st quarter, the largest number of transactions was registered in the price range from 2,200 to 2,600 EUR/m<sup>2</sup> (in 2022, the most transactions also took place in this price category). Relatively many transactions and the second most popular price category in the 1st quarter was in the range of 1,400 to 1,800 EUR/m<sup>2</sup>. In this price category, the most transactions took place in the fully renovated wooden structure building, Miera Street 87.

Fewer transactions took place in the price range from 1,800 to 2,200 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 included 11 % of all apartment transactions in the city centre.

On the other hand, the number of transactions in the price category above 2,600 EUR/m<sup>2</sup> significantly decreased. For the price above 4,000 EUR/m<sup>2</sup>, only three transactions were registered in the 1st quarter. For comparison: 12 such transactions were registered in 2022, and 18 in 2021. The most expensive transaction was registered at 18 Antonijas Street, in a fully renovated apartment building, for almost 4,500 EUR/m<sup>2</sup>.

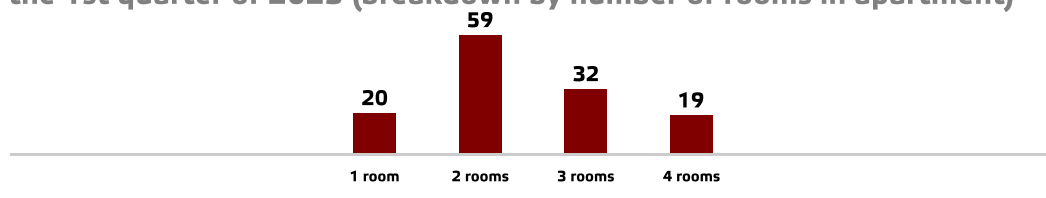
### Breakdown of number of transactions by square metre price ranges in the new housing projects in the centre of Riga



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 1st quarter (41 %). If compared with the 1st quarter of 2022, three-room apartments were more popular at that time. However, in general, in 2022, two-room apartments were bought the most in the city centre. Significantly fewer transactions took place this year with three-room apartments (22 %) and one-room apartments (14 %). On the other hand, four-room apartments were the least sold - only 13 % of the total number of apartments sold in the city centre. Also, 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 1st quarter of 2023 (breakdown by number of rooms in apartment)



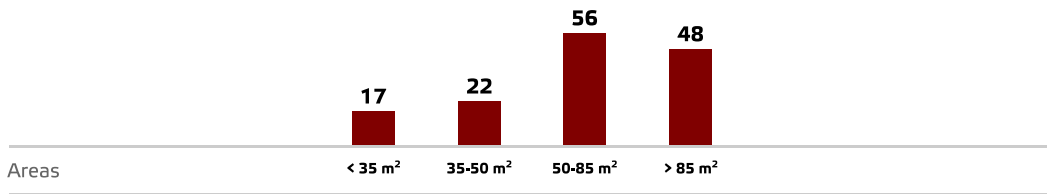
Source: STATE LAND SERVICE

From 2020 to 2022, apartments with an area of 50 - 85 m<sup>2</sup> have been sold the most in the centre of Riga. Analysing the apartment transactions in new projects in the centre of Riga according to the total price, in the 1st quarter the most transactions were still with apartments of medium size. In the 1st quarter, 56 apartment transactions with an area of 35 - 85 m<sup>2</sup> were registered, or 39 % of the total number of apartment transactions in new projects in the centre of Riga. A slightly smaller number of transactions took place with apartments whose area was over 85 m<sup>2</sup> (48 transactions or 34 %). Apartments up to 35 m<sup>2</sup> were sold the least - only 12 % of the total number of apartments sold in new buildings.

In 2023, the number of transactions with exclusive large-area apartments exceeding 200 m<sup>2</sup> was small. Five such transactions took place in the 1st quarter (a total of nine transactions were registered in 2022).



## Number of transactions with apartments in new housing projects in the centre of Riga in the 1st quarter of 2023 (breakdown by total area)

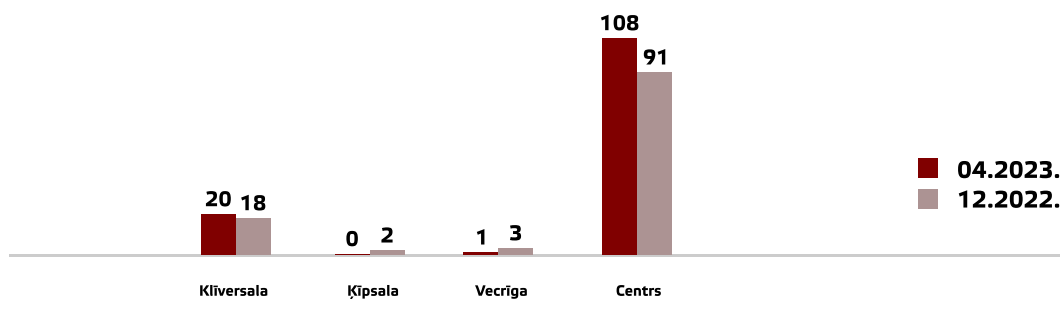


Source: STATE LAND SERVICE

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

In April 2023, there were about 130 new project apartments offered for sale in the centre of Riga and in districts close to the centre, such as Ķīpsala and Klīversala. Compared to the 4th quarter of 2022, the volume of supply had increased by 13 %. In April, there were no new project apartments offered for sale in Ķīpsala, but there was only one apartment offered for sale in Old Riga.

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



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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