

MARKET OVERVIEW

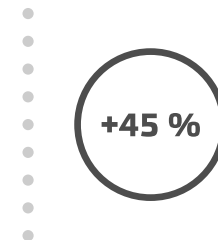
Apartments in new housing projects 2nd quarter of 2023

Apartments in new housing projects

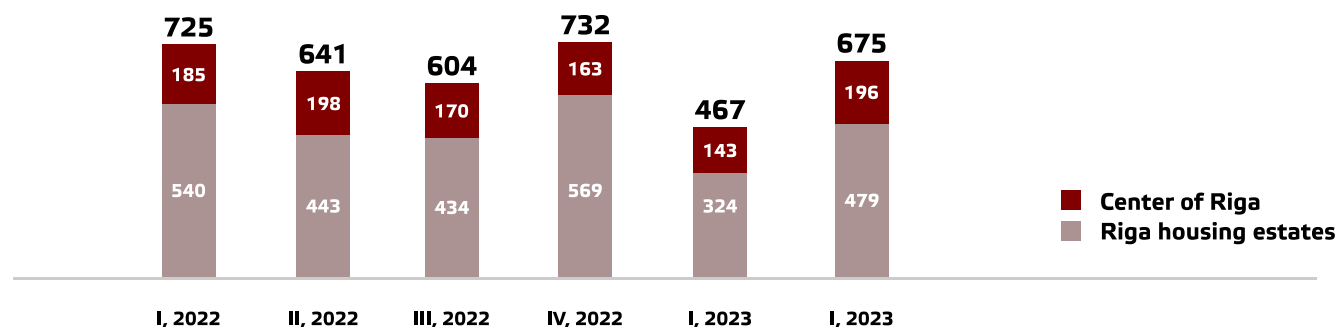
2nd quarter of 2023

Analysis of apartment transactions in the new housing projects in Riga

Activity increased in the market of new housing projects in the 2nd quarter of 2023: compared to the 1st quarter of 2023, the number of transactions had increased by 45 %, and the increase in the number of transactions was found both in Riga housing estates (+48 %) and in the Riga city centre (+37 %). But compared to the 2nd quarter of 2022, this year in this time period the number of transactions in housing estates was only slightly higher (+8 %). The number of transactions in the centre of Riga in the 2nd quarter was 1 % less than in the same period last year, and most of the transactions took place in the housing estates of Riga (71 %).



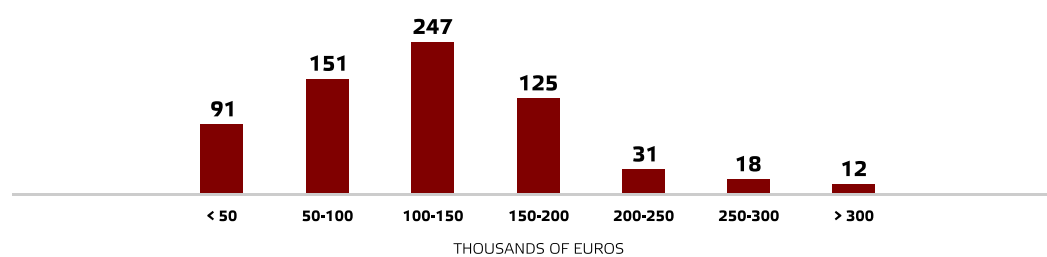
Breakdown of number of apartment transactions in the new housing projects in Riga



Source: STATE LAND SERVICE

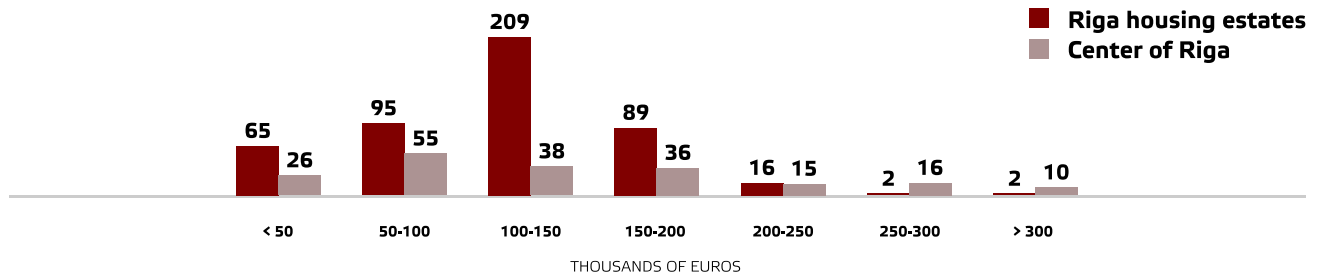
Looking at the number of transactions with apartments in new projects in Riga in the 2nd quarter, it can be concluded that most transactions (37 %) took place in the price range from 100,000 to 150,000 euro. They were mainly two-room apartments with an average area of 60 m² both in the housing estates of Riga and also in the centre of Riga.

Breakdown of number of apartment transactions in the new housing projects in Riga in the 2nd quarter of 2023 by price ranges



Source: STATE LAND SERVICE

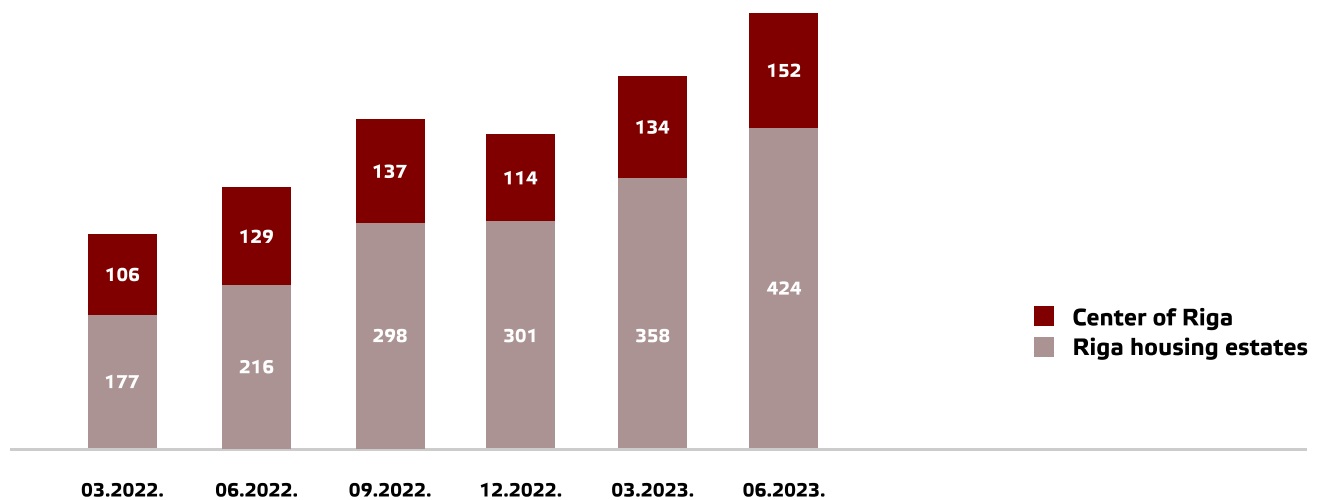
Breakdown of number of apartment transactions in the new housing projects in Riga in the 2nd quarter of 2023 by price ranges



Source: STATE LAND SERVICE

Compared to the 1st quarter of 2023, in the 2nd quarter, the supply of apartments in new housing projects in the largest housing estates and in the centre of Riga increased - the number of apartments offered for sale was 17 % higher. In the centre of Riga, the supply increased by 13 %, while in the housing estates of Riga, the number of apartments offered for sale in June was 18 % higher than at the end of the 1st quarter. Compared to the middle of last year, the total number of apartments offered for sale in June this year had increased by 67 %.

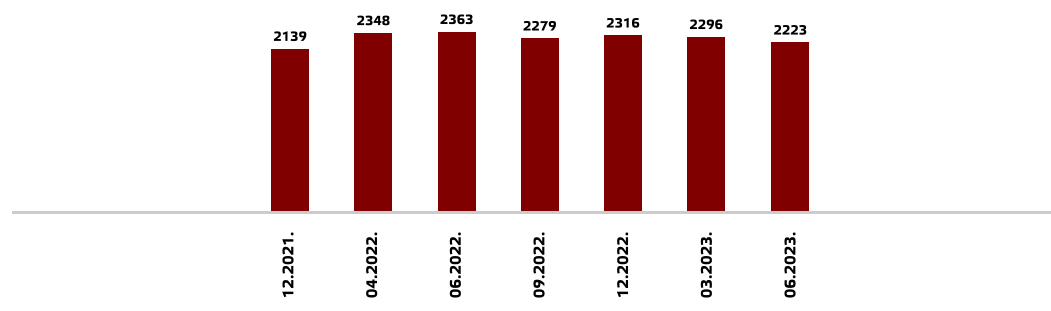
Breakdown of the number of new project apartments offered for sale in Riga



Source: ARCO REAL ESTATE

In general, at the end of June 2023, there were around 580 apartments offered for sale in new projects in Riga (415 at the beginning of the year), but the average price of an apartment offered for sale was 2,223 EUR/m², which was 3 % lower than in the 1st quarter.

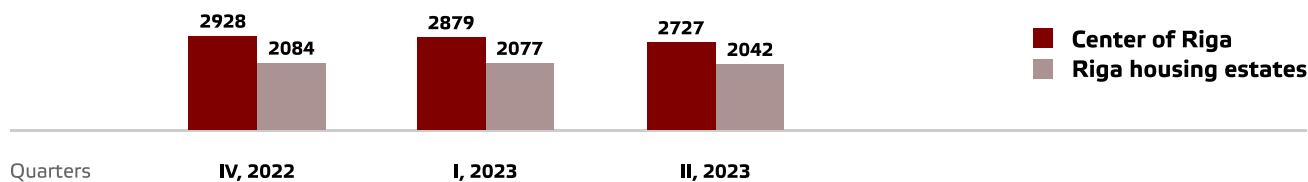
The average offer price of new project apartments, EUR/m²



Source: ARCO REAL ESTATE

At the end of June, the average price of apartment offers in housing districts of Riga fell to 2,042 EUR/m², while in the city centre, the average price fell to 2,727 EUR/m². Thus, during the last quarter, the offer price decreased by 2 % in housing estate, and by 5 % in the Riga city centre.

The average price of apartments offered for sale in new projects in the Riga city centre and housing estates, EUR/m²



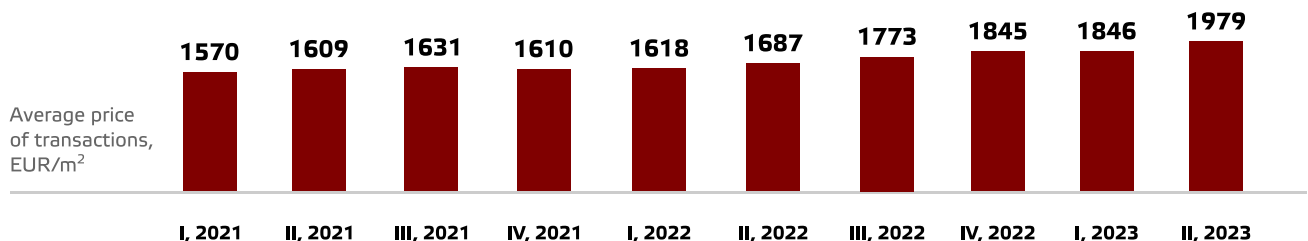
Source: ARCO REAL ESTATE

New housing project apartment market in Riga housing estates

In the second quarter of 2023, the average price of a new project apartment transaction in Riga housing estates was 1,979 EUR/m². Thus, apartment prices increased by 7 % in the 2nd quarter compared to the 1st quarter. On the other hand, compared to the 2nd quarter of 2022, the average price of apartment transactions was 17 % higher. Unlike the Soviet era standard-type apartment market, where a slight decline in prices was observed in the 1st half of the year, apartment prices in the segment of new projects had the opposite trend. Compared to the beginning of 2015, apartment prices in new projects are 71 % higher.

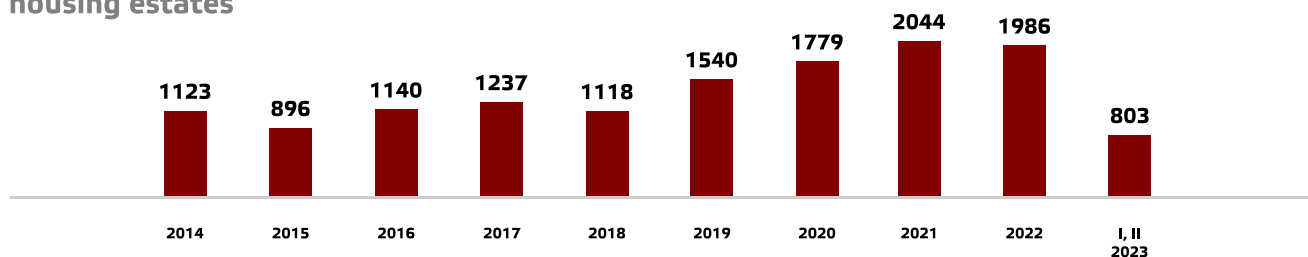
1 979
EUR/m²

Price dynamics of new housing project apartments, EUR/m²



Source: ARCO REAL ESTATE

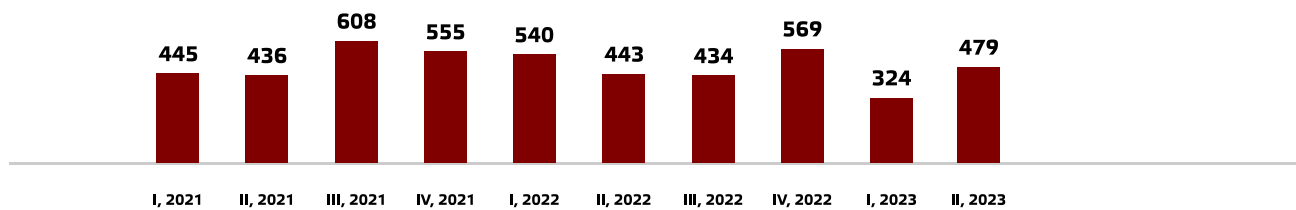
Dynamics of number of apartment transactions in the new housing projects in Riga's housing estates



Source: STATE LAND SERVICE

In the 2nd quarter of 2023, an increase in activity was observed in the apartment market of new projects in Riga housing estates - the number of transactions was 48 % higher than in the 1st quarter. On the other hand, compared to the 2nd quarter of 2022, the number of apartment transactions in the 2nd quarter of this year was 8 % higher.

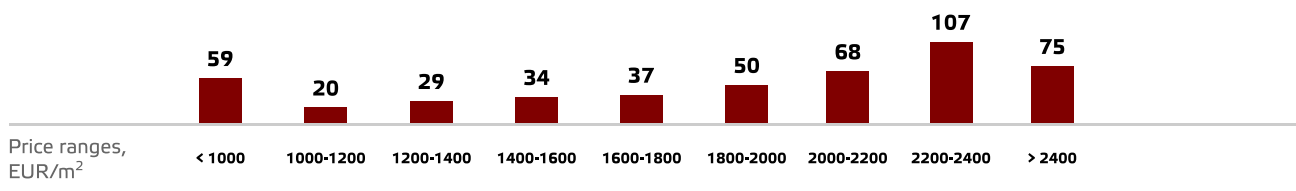
Dynamics of the number of new project apartment transactions in Riga housing estates



Source: STATE LAND SERVICE

In the 2nd quarter of this year, in the transactions with apartments in new projects in Riga housing estates, the prices mostly exceeded 1,800 EUR/m². According to the data of the State Land Service, in the 2nd quarter more than half or 63 % of all transactions exceeded this price limit.

Breakdown of number of transactions by square metre price ranges in the new housing projects in Riga housing estates, 2nd quarter of 2023



Source: STATE LAND SERVICE

In the 2nd quarter of 2023, the most transactions with new project apartments in Riga housing estates took place in the price range from 2,200 to 2,400 EUR/m². The proportion of such transactions was 22 % of the total number of transactions. Changes have been observed in this regard - in the previous three years, most transactions took place in the price range from 1,600 to 1,800 EUR/m².

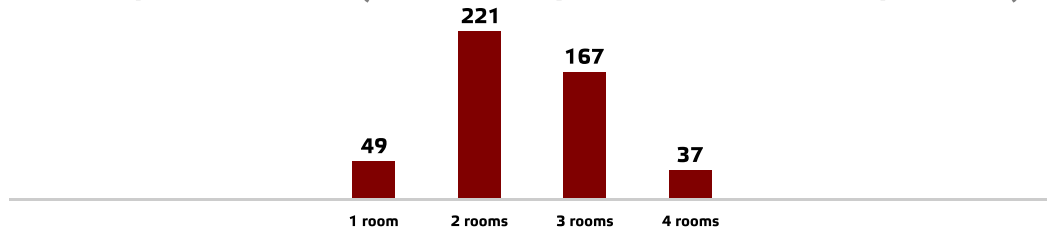
In terms of the number of transactions, in the richest price category in the 2nd quarter of 2023, the most transactions took place in the project *Silvas nami 3*, Riga, Dzelzavas Street 108. Transactions in this project were mainly with three-room apartments (the average area of the apartment is 58 m²).

In the 2nd quarter, prices in the new projects in Riga housing estates exceeded 2,400 EUR/m² in many places, and the number of transactions in this price category doubled compared to the previous quarter. One of the highest apartment prices was in the new apartment project *Ropažu 16*, Ropažu Street 16B, where prices reached almost 3,000 EUR/m², and this was the most popular new project in this price category. A total of 75 transactions over 2,400 EUR/m² were registered in the 2nd quarter. The most expensive transaction in a new project in a housing estate in the 2nd quarter took place in the project *Ropažu 16*, Ropažu Street 16B for 2,980 EUR/m². One of the highest transaction prices was also registered in the *Vertikāles* project, Dumbrāja Street 29.

Transactions within the price range of up to 1,000 EUR/m² took place with apartments whose registered prices probably did not fully reflect the total amount of the transaction. The proportion of such transactions in the 1st quarter was 12% of the total number of apartment transactions in new projects in Riga micro-districts. In the previous quarter, the proportion of such transactions was 14 %. The number of these transactions does not tend to decrease and fluctuates within 10-15 %. In new or completely renovated buildings, apartments for a price below 1,000 EUR/m² have not been offered 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, the most transactions in Riga housing estates took place with two-room apartments (46 %). The share of two-room apartments this year is similar to the one observed last year. Relatively fewer transactions took place with three-room (35 %) and one-room apartments (10 %), while very few transactions were registered with four-room apartments (8 %).

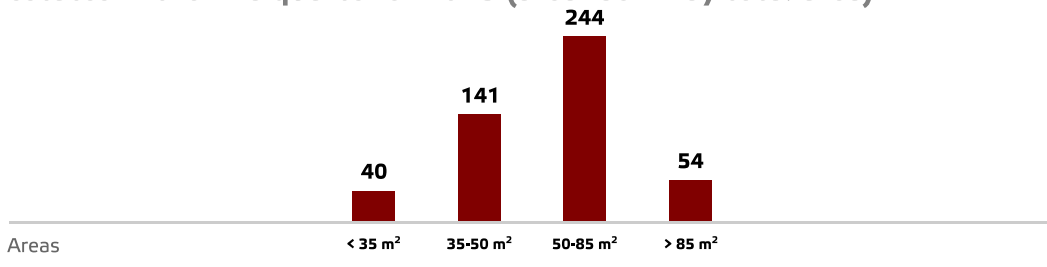
Number of transactions with apartments in new housing projects in Riga housing estates in the 2nd quarter of 2023 (breakdown by number of rooms in apartment)



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 2nd quarter of this year, apartments with an area of 50 to 85 m² were sold the most (244 transactions or 51 % of the total number of apartment transactions 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 m² and with large apartments over 85 m². 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 2nd quarter of 2023 (breakdown by total area)

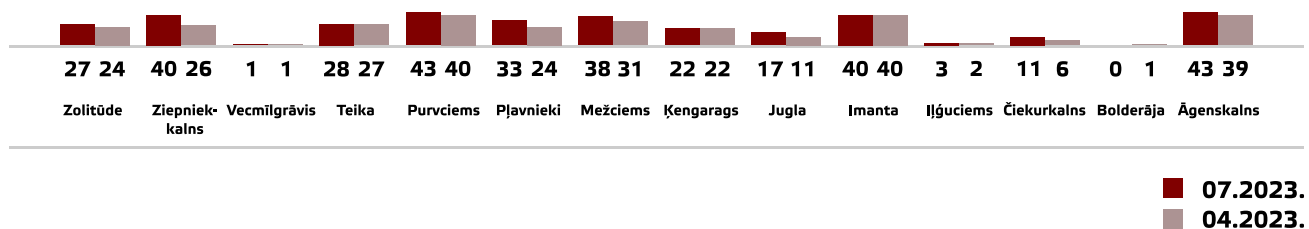


Source: STATE LAND SERVICE

Supply of new project apartments in Riga housing estates

Summarizing the number of apartments offered for sale, it was found that the largest supply of new project apartments in July 2023 was in Āgenskalns and Purvciems (in the 1st quarter of 2023 – in Purvciems and Imantā). There were relatively many apartments offered for sale in Imantā as well. On the other hand, in Bolderāja, no new project offers were found at the end of the 2nd quarter. Compared to the first quarter of 2023, the number of apartments offered for sale in housing estates increased significantly in June - by 18 %. On the other hand, compared to July 2022, the number of apartments offered for sale in Riga housing estates doubled.

Supply of new project apartments in Riga housing estates, July 2023



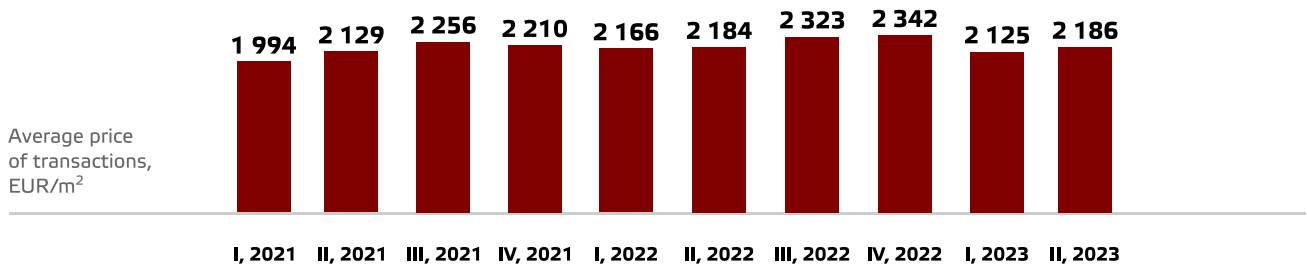
Source: ARCO REAL ESTATE

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 2nd quarter of 2023 was 2,186 EUR/m². The average price was 3 % higher than in the 1st quarter of 2023. On the other hand, compared to the 2nd quarter of 2022, the average price of apartments in new projects in the centre of Riga was similar.

2 186
EUR/m²

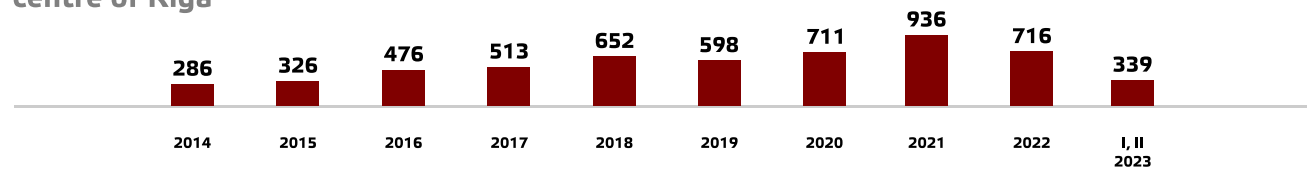
Dynamics of new housing project apartment prices, EUR/m²



Source: ARCO REAL ESTATE

In the centre of Riga and in districts close to the centre, such as Ķīpsala and Klīversala, an increase in activity was observed in the segment of new projects in the 2nd quarter of 2023.

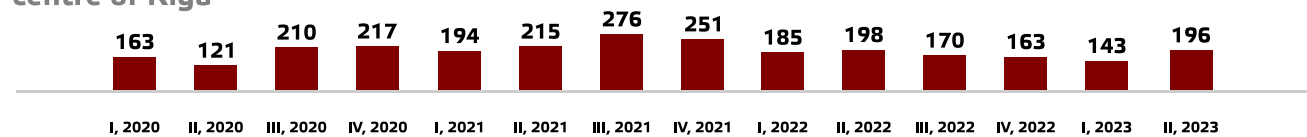
Dynamics of the number of transactions with apartments in new housing projects in the centre of Riga



Source: STATE LAND SERVICE

In the 2nd quarter of 2023, 196 transactions took place in new projects in the centre of Riga. Compared to the 1st quarter of 2023, the number of transactions was 37 % higher, while compared to the 2nd quarter of last year, the number of transactions was 1 % 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 2023, several transactions were registered below 1,000 EUR/m² (6 % of the total), which is not a typical price for the centre of Riga. Most likely, these transactions did not reflect the total amount of the transaction. The proportion of these transactions has decreased compared to previous years (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 3,400 EUR/m². Most of the transactions, or 81 %, took place in this price range typical for the centre of Riga.

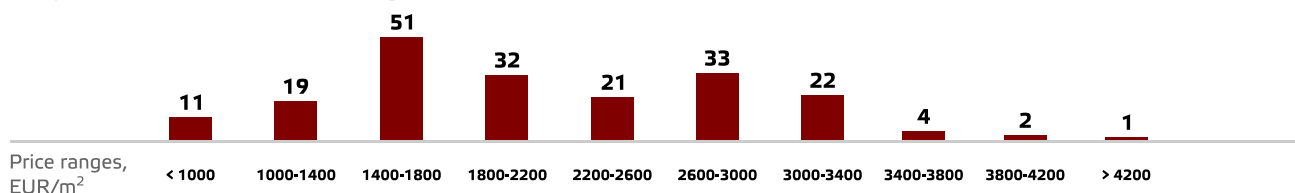
In the 2nd quarter of 2023, the most transactions were registered in the price range from 1,400 to 1,800 EUR/m² (in 2022, the most transactions took place in the price category from 2,200 to 2,600 EUR/m²). In this price category, the most transactions took place in a fully renovated pre-war building located at Krāsotāju Street 13. The average transaction price in this project is 1,555 EUR/m². The relatively low price was determined by the fact that the apartments were sold without interior decoration.

Relatively many transactions and the second most popular price category in the 2nd quarter was in the range of 2,600 to 3,000 EUR/m². This price range included 17 % of all apartment transactions in the city centre. The most popular project in this price range was the new project at Dainas Street 10A, where the relatively largest number of transactions (19) was registered. The average transaction price in this project is 2,800 EUR/m². Transactions took place mainly with three-room apartments (the average area of the apartment is 65 m²).

In the price range from 1,800 to 2,200 EUR/m² there were also relatively many transactions. 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 16 % of all apartment transactions in the city centre.

The number of expensive and exclusive apartment transactions in new projects in the centre of Riga has remained low. For the price above 4,000 EUR/m², only three transactions were registered in the 2nd quarter of 2023. A similar number of transactions was also registered in the 1st quarter. For comparison: 12 such transactions were registered in 2022, and 18 transactions in 2021. The most expensive transaction was registered at Strēlnieku Street 8 in the LOFTS&ROSEGOLD project for more than 4,500 EUR/m².

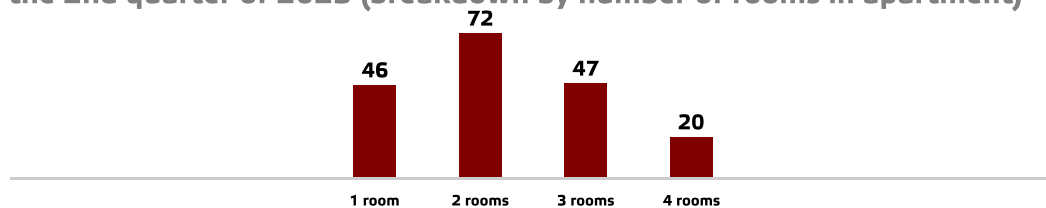
Breakdown of number of transactions by square metre price ranges in the new housing projects in the centre of Riga, 2nd quarter of 2023



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 (37 %). If compared with the 1st quarter of 2023, two-room apartments were also the most popular then. Likewise, in 2022, two-room apartments were the most bought in the city centre. Significantly fewer transactions took place this year with three-room apartments (24 %) and one-room apartments (23 %). On the other hand, four-room apartments were the least sold - 10 % 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 2nd quarter of 2023 (breakdown by number of rooms in apartment)

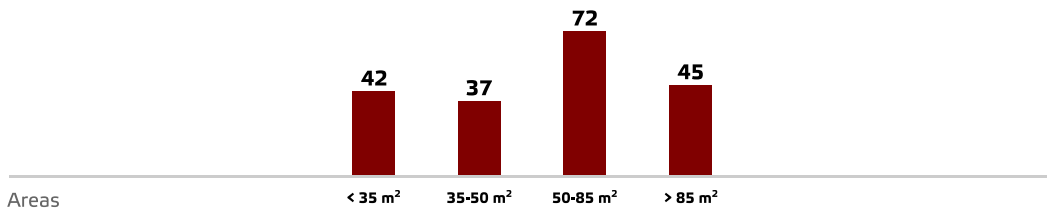


Source: STATE LAND SERVICE

From 2020 to 2023, the most transactions in the centre of Riga were with apartments with an area of 50-85 m². Analysing the transactions of apartments in the new projects in the centre of Riga according to the total price, in the 2nd quarter of this year the most transactions were still made with apartments of medium size. In the 2nd quarter, 72 apartment transactions with an area of 35-85 m² were registered, or 37 % of the apartment transactions of new projects in the centre of Riga. Fewer transactions took place with large apartments, the area of which exceeded 85 m² (45 transactions or 23% of the transactions of apartments in new projects in the centre of Riga). On the other hand, apartments with an area of 35 to 50 m² were sold the least - only 19 % of the total number of apartments sold in new buildings.

In 2023, the number of transactions with exclusive large-area apartments exceeding 200 m² was small. In the 2nd quarter of this year, three such transactions took place (in 2023, a total of 8 transactions with apartments of this area were registered).

Number of transactions with apartments in new housing projects in the centre of Riga in the 2nd quarter of 2023 (breakdown by total area)

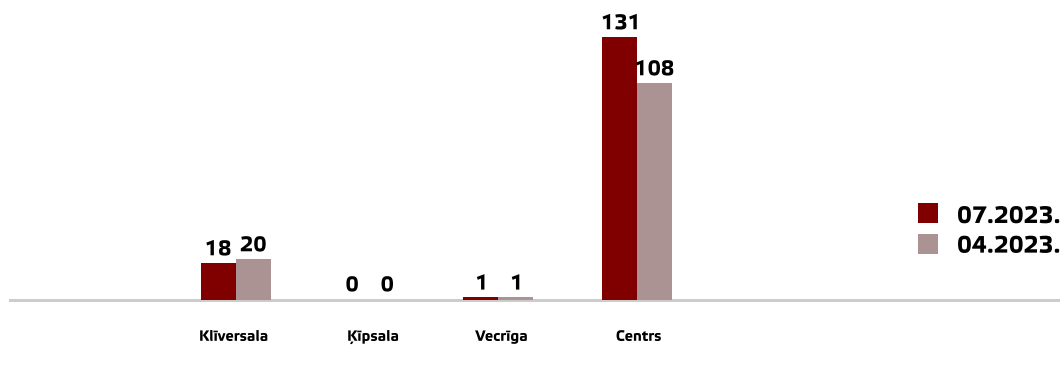


Source: STATE LAND SERVICE

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

In July 2023, there were about 150 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 1st quarter of 2023, the supply volume increased by 16 %. In July, 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, July 2023



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.

Māris Laukalējs | Member of the Board, Head of Valuation Department

maris.laukalejs@arcoreal.lv

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