

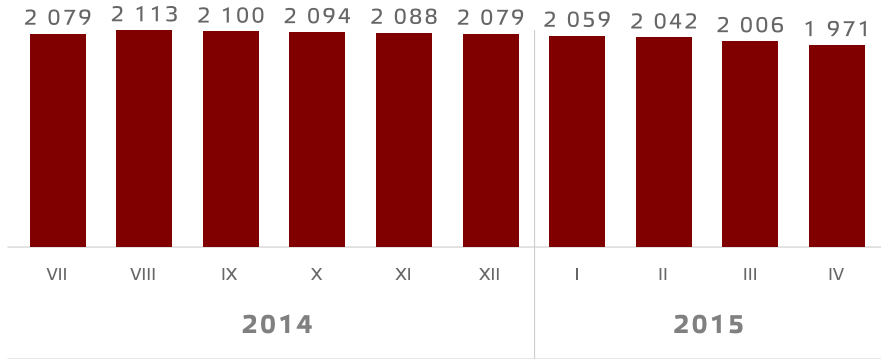
APARTMENTS IN RIGA CENTER APRIL



Apartments in Riga center

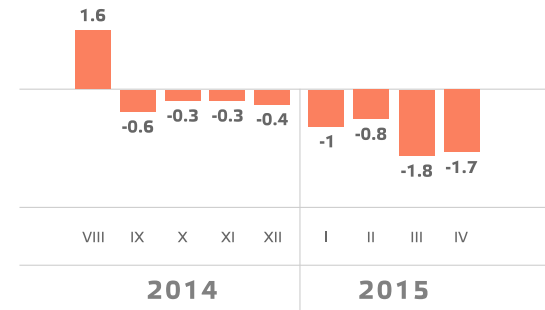
The prices of apartments in Riga center decreased per 1,7 %, but the total price decrease was 5,2 % in 2015. ARCO REAL ESTATE Riga center apartment price index in April decreased up to the position of 1 971 EUR/m².

Riga center apartment average price dynamics, EUR/m²



Source: ARCO REAL ESTATE

Riga center apartment price changes, %



Source: ARCO REAL ESTATE

Riga center apartment price decrease that started in last September continued in March and April. It was observed that the price decrease was more rapid during the last months, which can be explained by a fact that it was possible to observe the price correction in the offer, where the apartments for lowered prices kept appearing increasingly.

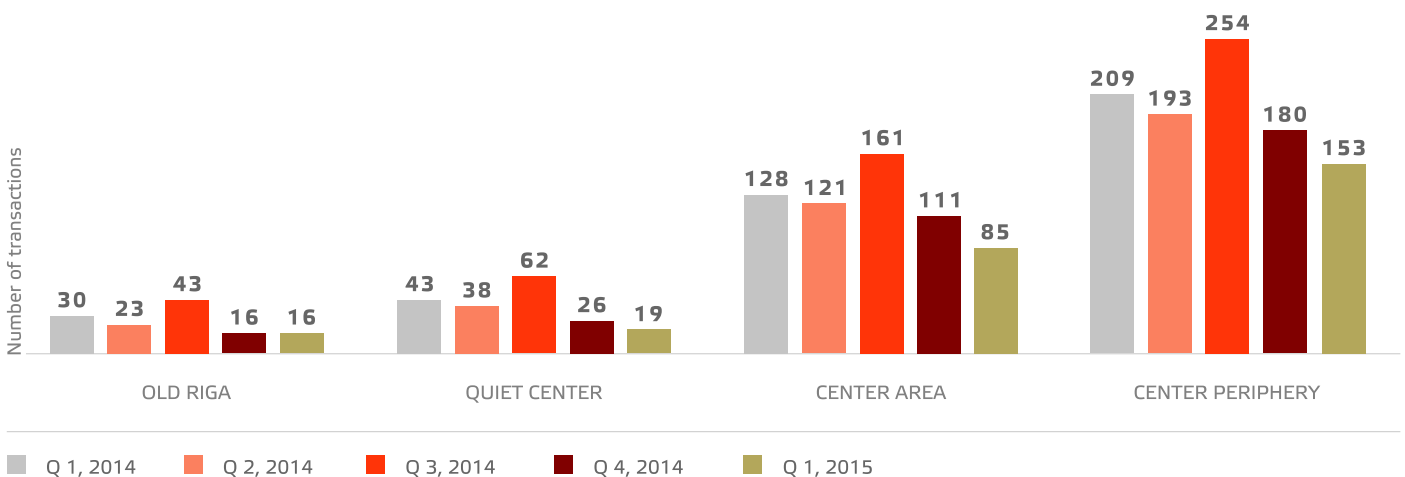
Even though the price correction started in last September, its amount was harder to be defined at the end of the year, because the transaction amount decreased considerably, whereas the offer had not yet reacted to the changes in the market yet, and the prices still remained stable at the summer level.

Not taking into account the price level decrease, the transaction amount of Riga center apartments kept decreasing. The low market activity indicated that the price level for the potential purchasers was still too high, which led to the conclusion that the price correction is most probably going to continue during the next months.

In comparison with the corresponding period last year, the transaction amount in the first quarter of 2015 decreased per one third (- 33 %), but in comparison with the most active quarter last year (the third quarter) transaction amount with Riga center apartments almost halved (- 48 %).

The most essential transaction amount decrease was found in Riga quiet center: the transaction amount decreased per 56 % (from 43 to 19) in comparison with 2014. Also, the transaction amount of apartments located in Old Riga almost halved (from 30 to 16), i. e., (- 47 %), whereas the amount decrease in Riga center periphery was smaller (- 27 %).

Riga center apartment transaction amount changes since the beginning of 2014



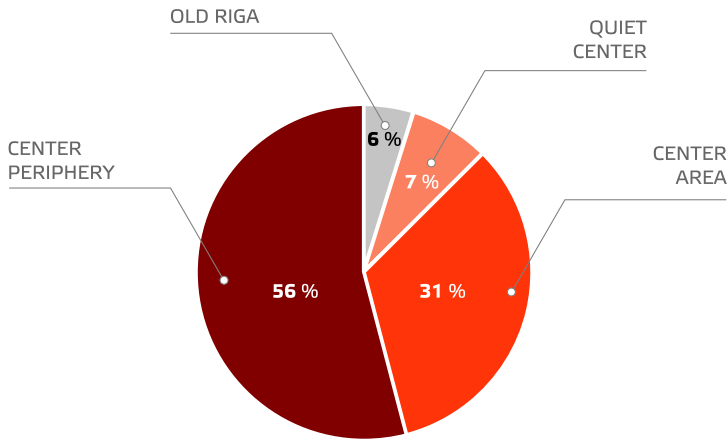
Source: STATE LAND SERVICE



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The above mentioned reasons changed the total structure of Riga center apartment market transactions: during the first quarter of 2015, in comparison with the corresponding period last year, the center periphery transaction proportion increased (from 51 % to 56 %), while it remained stable in the center area at the amount of 31 %. On the contrary, the transaction amount proportion decreased in the quiet center (from 10 % to 7 %) and Old Riga (from 7 % to 6%).

The Riga center apartment transaction division, Q 1, 2015

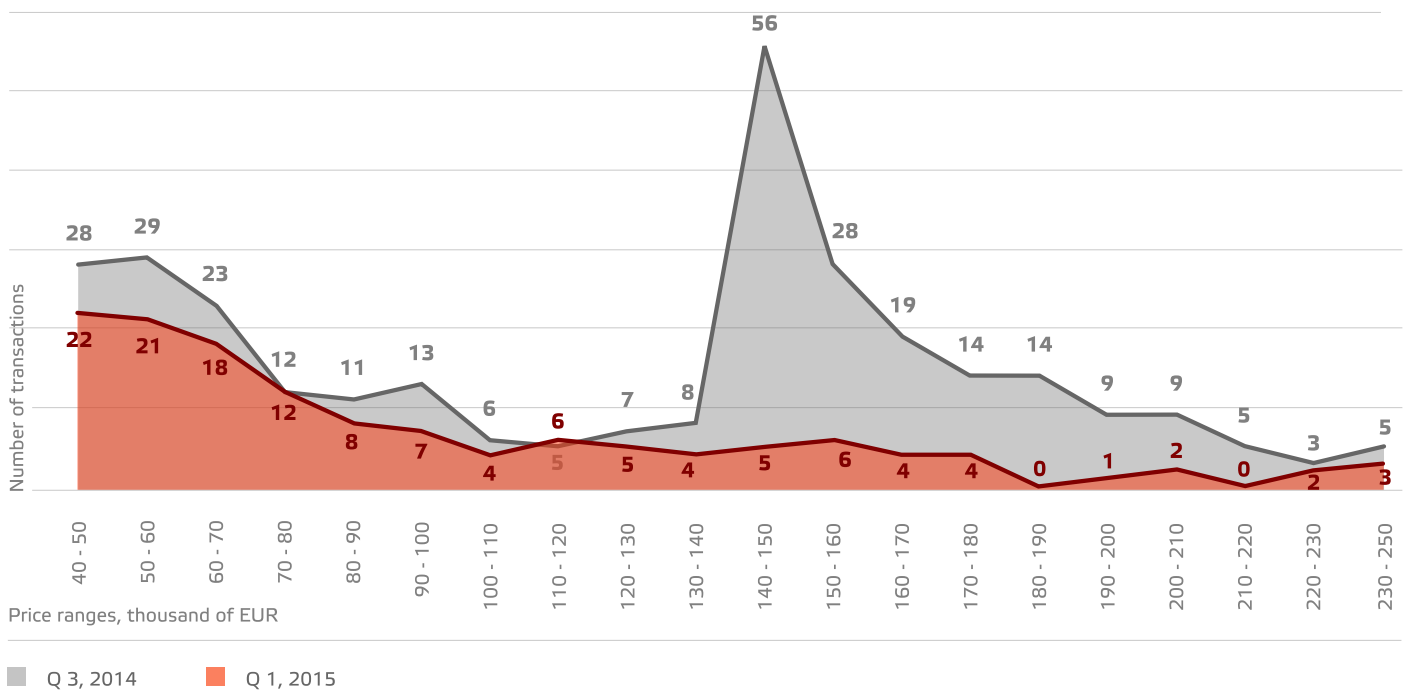


Source: STATE LAND SERVICE

Since August 2014 when Riga center apartment price was at its highest point, the price level had decreased per 6,7 %. The transaction average price reduction was even bigger, which can be explained with the price level decrease, as well as the transaction structure change. Correspondingly, the exclusive segment transaction amount decreased, but increased the proportion of smaller and cheaper apartments that were more corresponding to the purchasing power of the local inhabitants.

This connection was observed during the examination of the transaction amount changes by the transaction sum to the third quarter last year. Transaction amount with the Riga center apartments up to 140 000 EUR decreased only per 25 %. The transaction amount decrease was considerably bigger (- 83 %) for the sum within the borders from 140 000 - 250 000 EUR.

Transaction amount division per price ranges



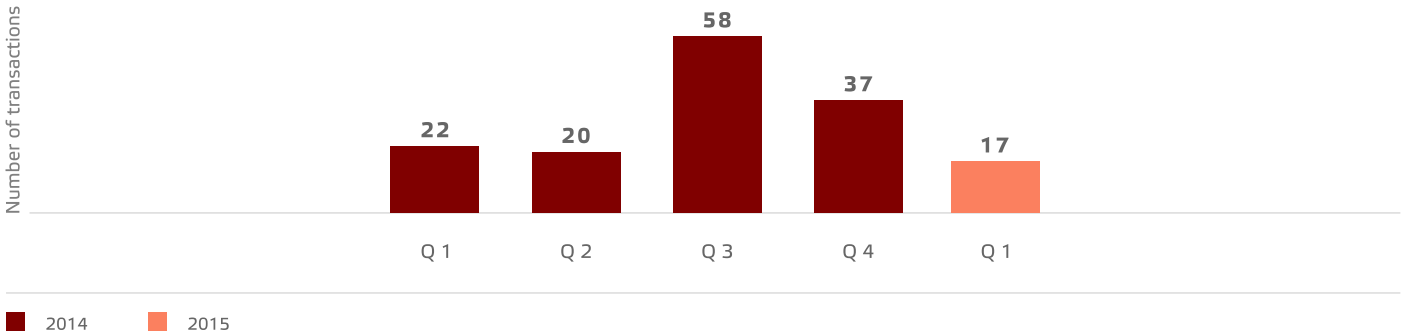
Source: STATE LAND SERVICE



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Taking a look at the situation change in transactions in Riga center apartments for the sum exceeding 250 000 EUR, which is the threshold for receiving the temporary residency permit, it can be seen that in the first quarter of 2015 the amount of such transactions decreased, and it was lower than in all quarters last year.

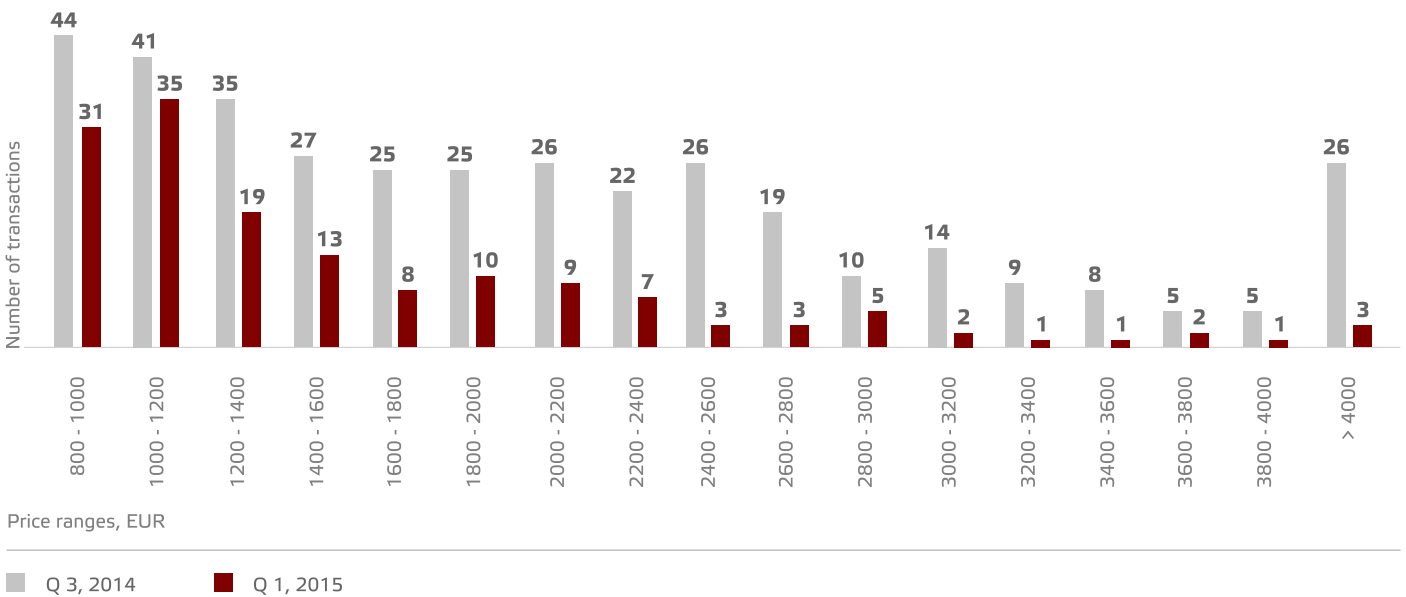
Riga center apartment transaction amount changes for the sum over 250 000 EUR, 2014 - 2015



Source: STATE LAND SERVICE

A similar situation was observed taking a look at the transaction amount changes in a price division per a square meter: a more essential transaction amount decrease was a characteristics of more expensive apartments. Transaction amount in the price range from 800 to 1 800 EUR/m² decreased per 38 %, in the price range from 1 800 to 3 000 EUR/m² - per 71 %, while in the price range from 3 000 - 4 000 EUR/m² - per 83 %. In its turn, the transaction amount with Riga center apartments exceeding the price of 4 000 EUR/m² decreased per 88 %, decreasing from 26 to 3 transactions in the first quarter of 2015.

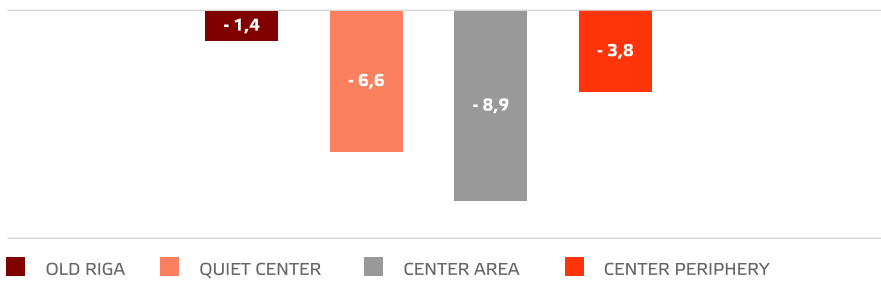
Transaction amount division per 1 m² price ranges, 2014 - 2015



Source: STATE LAND SERVICE

The biggest price level decrease since the beginning of the year was observed in the center area (- 8,9 %), which corresponds to the previously stated prognoses. In its turn, the price level in Old Riga decreased only per 1,4 %. That can be explained with a fact that historically a more stable demand for apartments can be observed in this center part. Taking into consideration the fact that the offer regarding dwellings with a historical value was limited, the Old Riga prices were comparatively less subjected to several market condition influence.

Riga center apartment total price changes since the beginning of 2015 in accordance with location, %



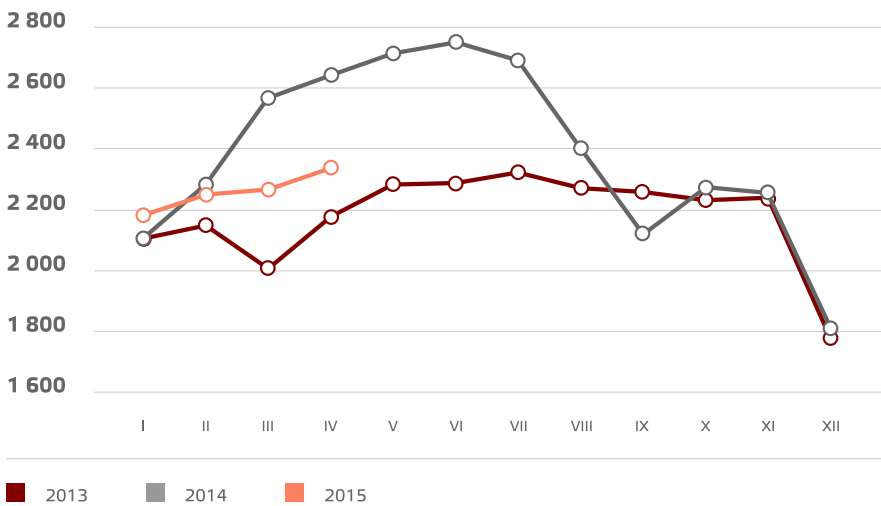
Source: ARCO REAL ESTATE

Residential districts of Riga on the map



Comparing the Riga center apartment offer with the corresponding period in the previous year, thus taking into account the seasonality, it can be seen that the Riga center offer dynamics this year developed similarly to the indicators of 2013, in accordance with the prognoses stated before. The offer amount increased reasonably each month (within the borders of 3 %), but such a rapid offer increase as in the first quarter of 2014 was not observed.

Riga center apartment offer dynamics, 2013 - 2015



Source: ARCO REAL ESTATE

Riga center apartment prices per 1 m² in April, EUR/m²



Source: ARCO REAL ESTATE



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The apartment prices in Riga center periphery that is comprised of such neighbourhoods as Grīziņkalns, Avoti, Brasa and Petersala, decreased per 2,5 % since February. The average prices in April were about 900 EUR/m² for the apartments in a satisfactory condition, approximately 1 200 EUR/m² for the apartments in a good condition, and about 1 750 EUR/m² for the apartments in a very good condition. Higher prices were a characteristics of fully renovated buildings, for example, on 18 Ernesta Birznieka – Upisa Street, 12 Eksporta Street, and 23 Cesu Street. It was observed that comparatively many transactions were made in this area for lower prices with apartments in a bad or even critical condition. Lower prices were a characteristics of wooden buildings as well.

The apartment prices in Riga center area (near center) had decreased per 5,9 % since February. The average prices in April were about 1 300 EUR/m² for the apartments in a satisfactory condition, approximately 1 750 EUR/m² for the apartments in a good condition, and about 2 550 EUR/m² for the apartments in a very good condition. Higher prices were a characteristics of apartments in Old Riga and near parks (e. g., in Raina Blvd. buildings) with a high-quality finishing.

The quiet center apartment prices decreased per 4,1 % since February. The average prices in April were about 1 600 EUR/m² for the apartments in a satisfactory condition, approximately 2 250 EUR/m² for the apartments in a good condition, and about 3 200 EUR/m² for the apartments in a very good condition. As far as the historical and architectural and historical value constantly influences the price in this center part, higher prices were a characteristics of renovated pre-war buildings with the aforementioned values, whereas lower prices in this area were observed for the buildings in a very bad condition, for example, the buildings located at the beginning of Dzirnava Street.

Old Riga apartment price level has decreased per 1,4 % since February. The average prices in April were about 1 700 EUR/m² for the apartments in a satisfactory condition, approximately 2 300 EUR/m² for the apartments in a good condition, and about 3 150 EUR/m² for the apartments in a very good condition.

It was observed that a characteristics of the apartments in Riga quiet center and Old town was the fact that the price for similar condition apartments could differ considerably depending on their location specifics. The highest prices in this center part were a characteristics of the apartments located in renovated and new buildings. There were no apartments in Old Riga offer with a simple premise condition. Taking into account the demand, the apartment market is oriented to high quality apartments.

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