



ARCO REAL ESTATE



APARTMENTS IN THE NEW PROJECTS
1st quarter | 2015

RIGA | 2015

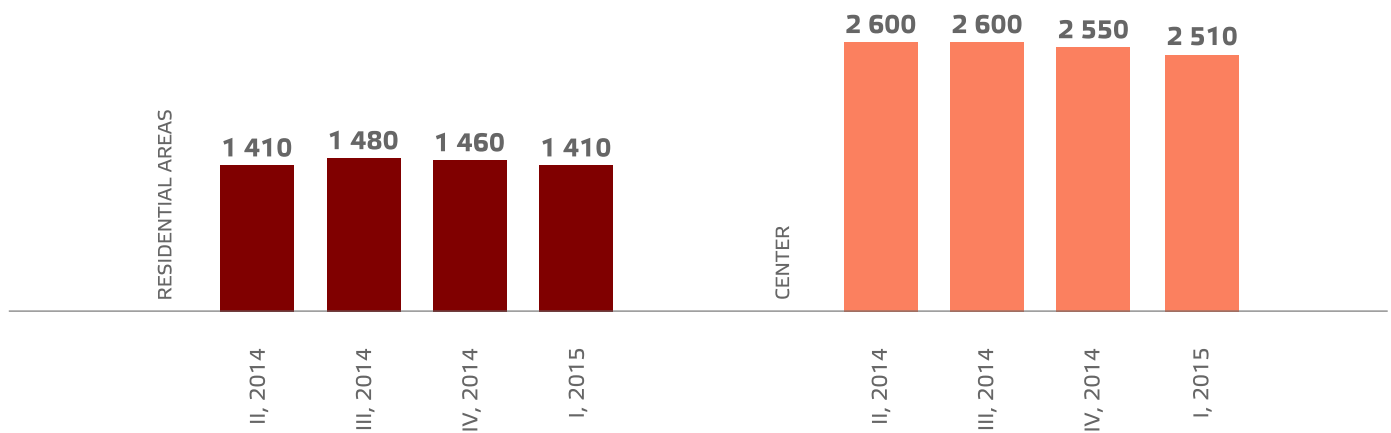
Apartments in the new projects

The price index of Riga residential areas` new project apartments in the first quarter of 2015 was at the position of 1 410 EUR/m², while in Riga center, as well as the districts close to it, such as Ķīpsala and Klīversala, the new project price index decreased to the position of 2 510 EUR/m², which was per 1,6 % lower in comparison with the previous quarter.

The average transaction price decrease was even bigger, however it would rather be explained with the transaction structure change, not the common price level decrease. Correspondingly, exactly the cheaper segment apartments kept comprising increasingly bigger proportion of the transaction amount.

Also the market activity in the new project segment continued its decrease at the beginning of 2015. In comparison with the indicators of the corresponding period last year, the transaction amount in Riga center and residential areas` new project apartments almost halved.

New project price dynamics, EUR/m²

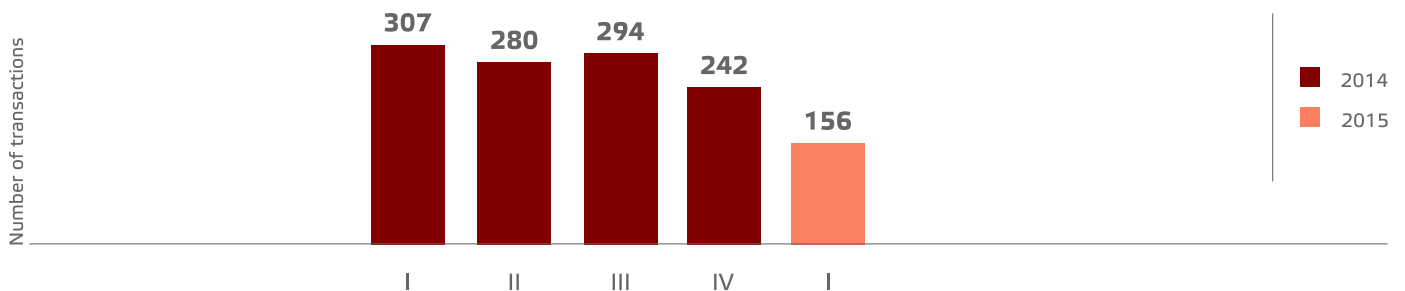


Source: ARCO REAL ESTATE

Rīga residential areas

The activity in Riga residential areas` new project segment continued its decrease at the beginning of 2015. Transaction amount decreased per 36 % in comparison with the fourth quarter last year, but the amount of transactions in this segment almost halved (- 49 %) in comparison with the first quarter of 2014.

Rīga residential areas` new project transaction dynamics



Source: STATE LAND SERVICE

The typical price range of Riga residential areas` new projects was from 600 to 1 600 EUR/m² at the beginning of 2015. In accordance with data from the State Land Service, 78 % of this segment apartment transactions that took place in the first quarter of 2015 were in this range.

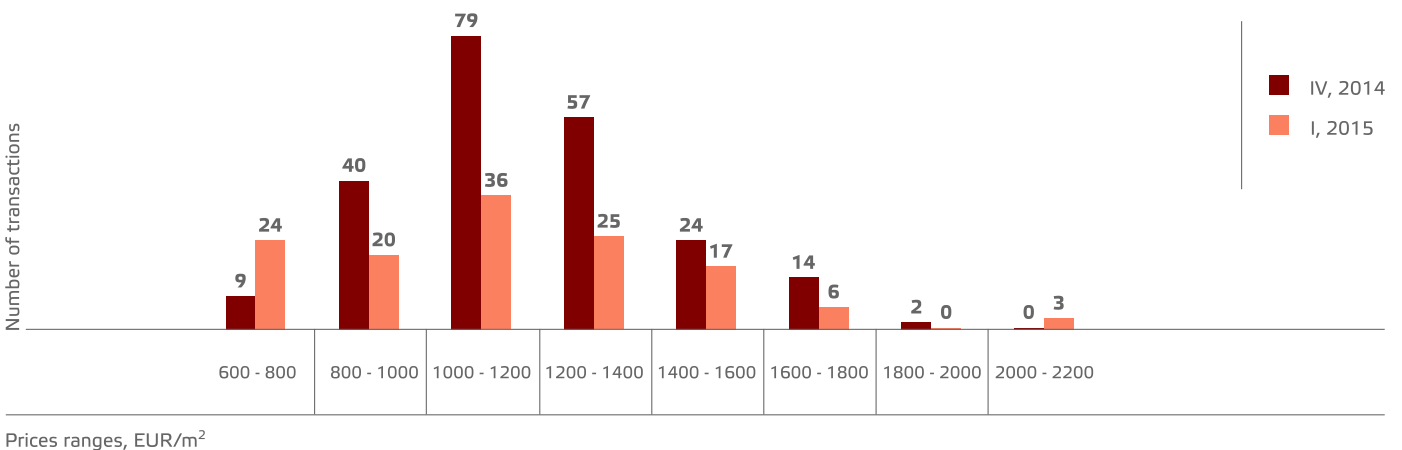
Transactions for lower prices took place for the apartments with no full interior decoration (where extra investments are required), or with apartments that are located in completely renovated buildings and are not to be considered dwellings in the new projects, for example, Čiekurkalns project apartments that was the most marketable project in terms of transaction amount.

In its turn, the highest prices were found for those apartments where the highest quality materials are used in their inner decoration, as well as for the apartments that are located in the highest storeys of teh buildings, for example, in apartments of the project *Panorama Plaza*. The same way, the highest prices are found for the apartments in a convenient location, for example, in Mežaparks with its beautiful scenery, from where one can quickly and comfortably reach the center of the city. Only few transactions of this kind of apartments took place in the first quarter of 2015.

Not taking into account the essential transaction amount decrease, the price range per square meter where the most transactions took place, remained the same. At the beginning of 2015 the biggest part of Riga new project apartment transactions still took place in the price range from 1 000 to 1 200 EUR/m².

Transaction amount above the price of 800 EUR/m² decreased per 51 % in comparison with the last quarter of 2014. The only price ranges where the price increase is registered were from 600 to 800 EUR/m², as well as from 2 000 to 2 200 EUR/m², where the amount of transactions increased from 0 to 3.

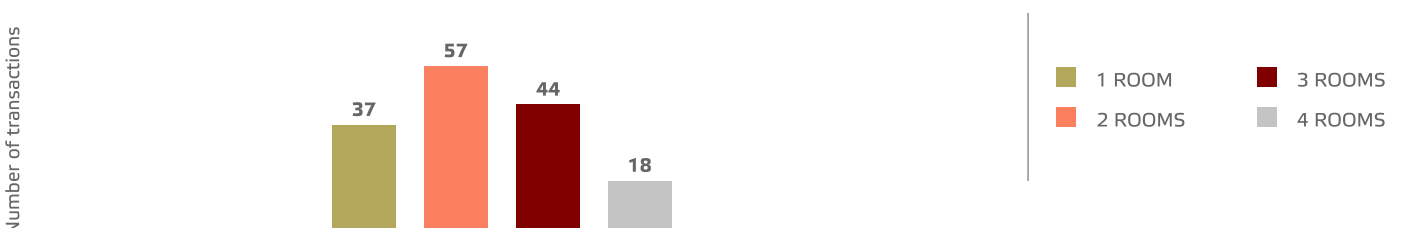
Transaction amount division per square meter price ranges in Riga residential areas` new projects



Source: STATE LAND SERVICE

Analyzing the transaction amount proportion per amount of rooms in an apartment it can be concluded, that mostly transactions of two-room (37 %) and three-room (28 %) apartments took place in the city residential areas. The transaction amount of one-room (24 %) and four-room (11 %) apartments was comparatively smaller.

Riga residential areas` new project amount division per amount of rooms in an apartment, Q 1, 2015



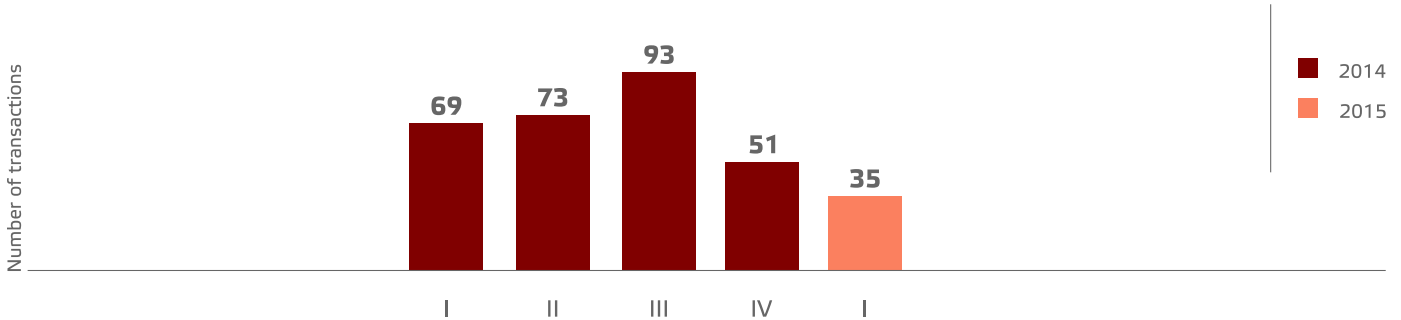
Source: STATE LAND SERVICE



Rīga center

Also in Rīga center and the districts near to it, such as Ķīpsala and Klīversala, the new project market activity continued its decrease at the beginning of 2015. Transaction amount fell per 31 % in comparison with the fourth quarter last year, but in comparison with the first quarter last year - even by 49 %. During the first quarter of this year only 35 transactions took place in this segment.

Amount dynamics of transactions of the new project apartments in Rīga centre



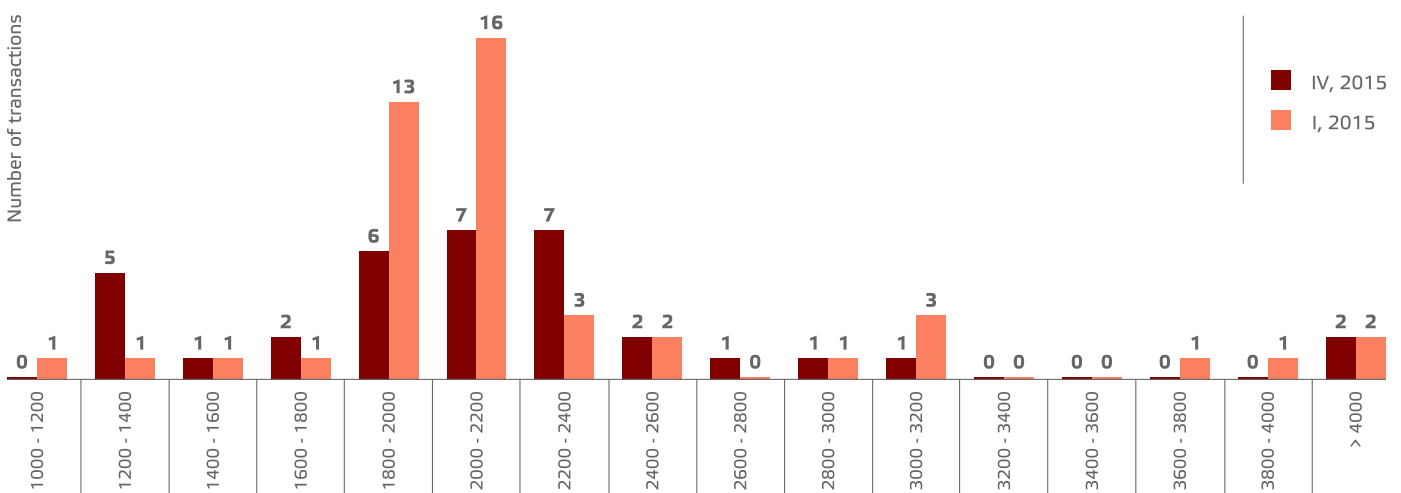
Source: STATE LAND SERVICE

The typical price range of Rīga center new projects was from 1 600 to 3 400 EUR/m² in 2014. As it can be seen, this range was essentially larger than the one for the apartments of new projects in Rīga residential areas. It can be explained with the fact that the material quality used in the decoration of Rīga center apartments substantially differed, as well as the location had a comparatively bigger impact on the price, unlike the projects in the city residential areas.

Taking into consideration the small transaction amount, it is hard to highlight the typical price range at the beginning of 2015. A little bigger transaction amount on a different price range background took place in the range from 1 800 to 2 400 EUR/m². Those were mostly transactions in such projects as *Skanstes nami*, *Midtown Apartments*, as well as the Klīversala project *Riverpark* that is located near center.

Transactions for lower prices took place with apartments that are located in the furthest parts of Rīga center, that were sold without full interior decoration. However, in such exclusive places of Rīga as the Old town, the new project apartment price exceeded also the mark of 4 000 EUR/m², and in separate cases reached even 5 000 EUR/m². Two such transactions took place in the first quarter of 2015.

Transaction deal division per price ranges in Rīga center new projects

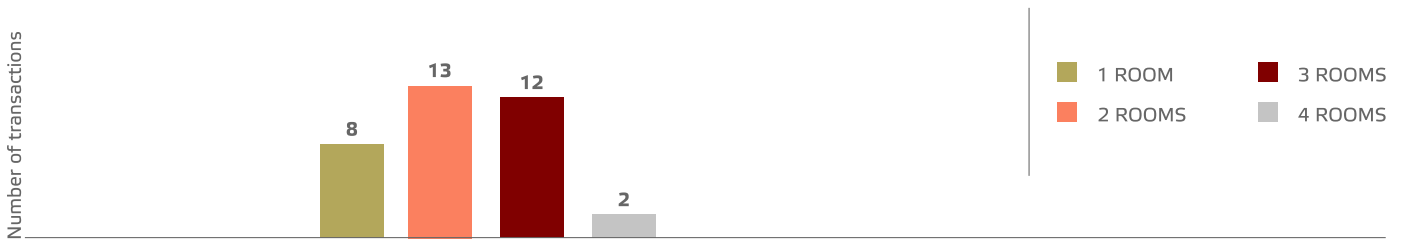


Price ranges, EUR/m²

Source: STATE LAND SERVICE

Analyzing the transaction amount proportion per amount of rooms, it can be seen that also in Riga center two-room (37 %) and three-room (34 %) apartments prevailed. One-room apartments comprised 23 %, but four-room apartments - 6 % of the transaction amount.

Riga residential areas` new project amount division per amount of rooms in an apartment, Q 1, 2015



Source: STATE LAND SERVICE

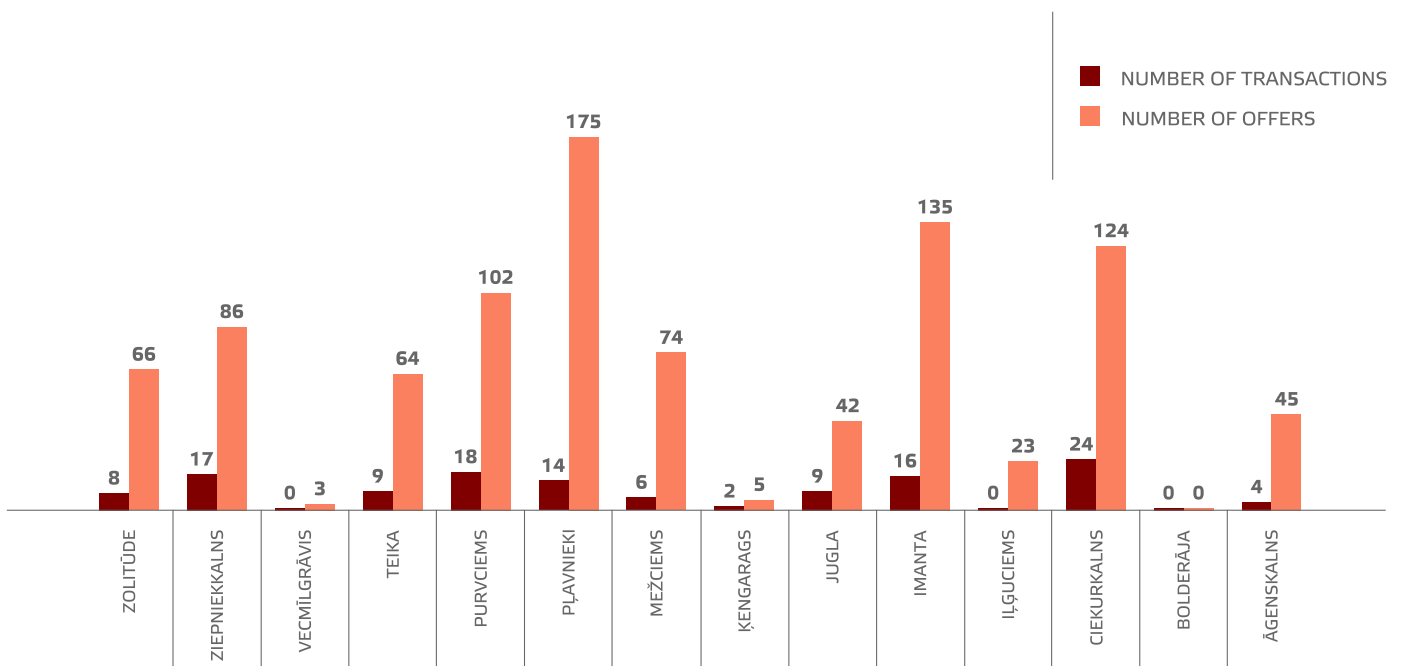
Offer and transactions analysis

Summarizing the amount of offers it is found that the biggest new project apartment amount was in such residential areas as Pļavnieki, Imanta and Čiekurkalns, but the smallest – in Ķengarags, Vecmīlgrāvis and Bolderāja. In the new project buildings of these residential areas there were three and five apartments on offer correspondingly, while in Bolderāja there was none.

The biggest transaction amount in the first quarter of 2015 was found in such residential areas as Čiekurkalns, Purvciems and Ziepniekkalns, while at the beginning of 2015 transactions with the new project apartments were not registered neither in Bolderāja, nor in Vecmīlgrāvis or Ilģuciemš.

In Riga center and the districts close to it, such as Ķīpsala and Klīversala, the new project apartment offer was comprised of 712 apartments overall, where 212 were offered in the secondary market, but approximately 500 free apartments were offered in the buildings under construction or the ones recently finished. This indicator is considered to be high, taking into account the context of real transactions (35) taking place during the quarter.

Amount of the new project apartment offer and transactions in Riga, Q 1, 2015



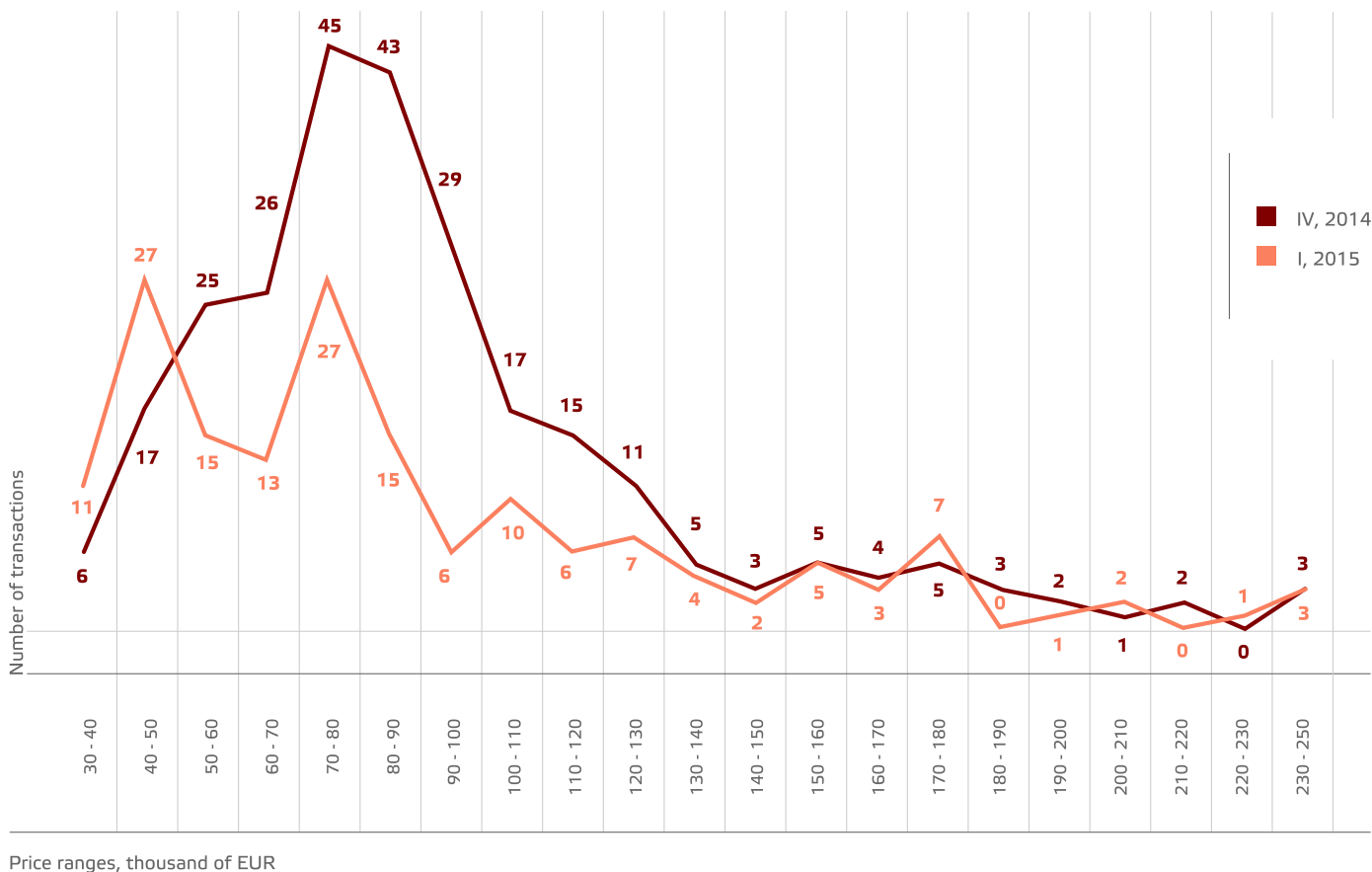
Residential areas

Source: ARCO REAL ESTATE

Taking a look at the transaction amount changes by the total transaction sum, it is found that in the range from 30 000 to 50 000 EUR transaction amount increased per 65 %. Those were mostly small one or two-room apartments in the residential areas of the city.

In its turn, in the range from 50 000 to 120 000 EUR, where the most transactions took place at the end of the last year, transaction amount decrease of 54 % was observed. Decrease is observed also in the range from 120 000 to 250 000 EUR, but it was not so essential (- 20 %).

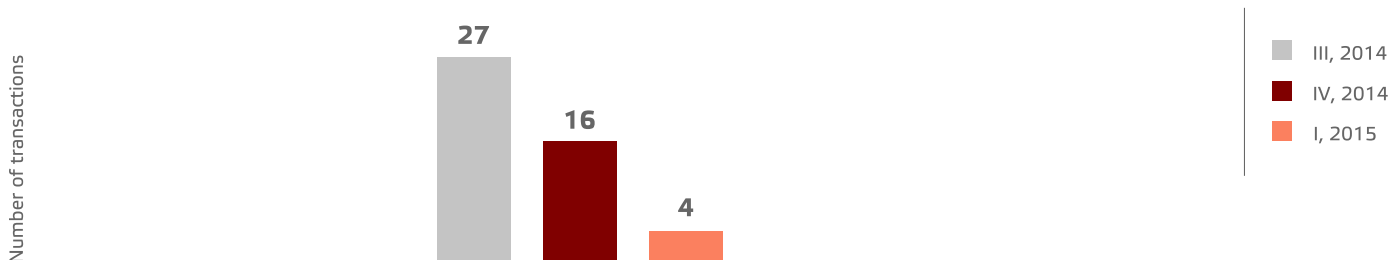
Transaction amount division per price ranges in the new projects in Rīga



Source: STATE LAND SERVICE

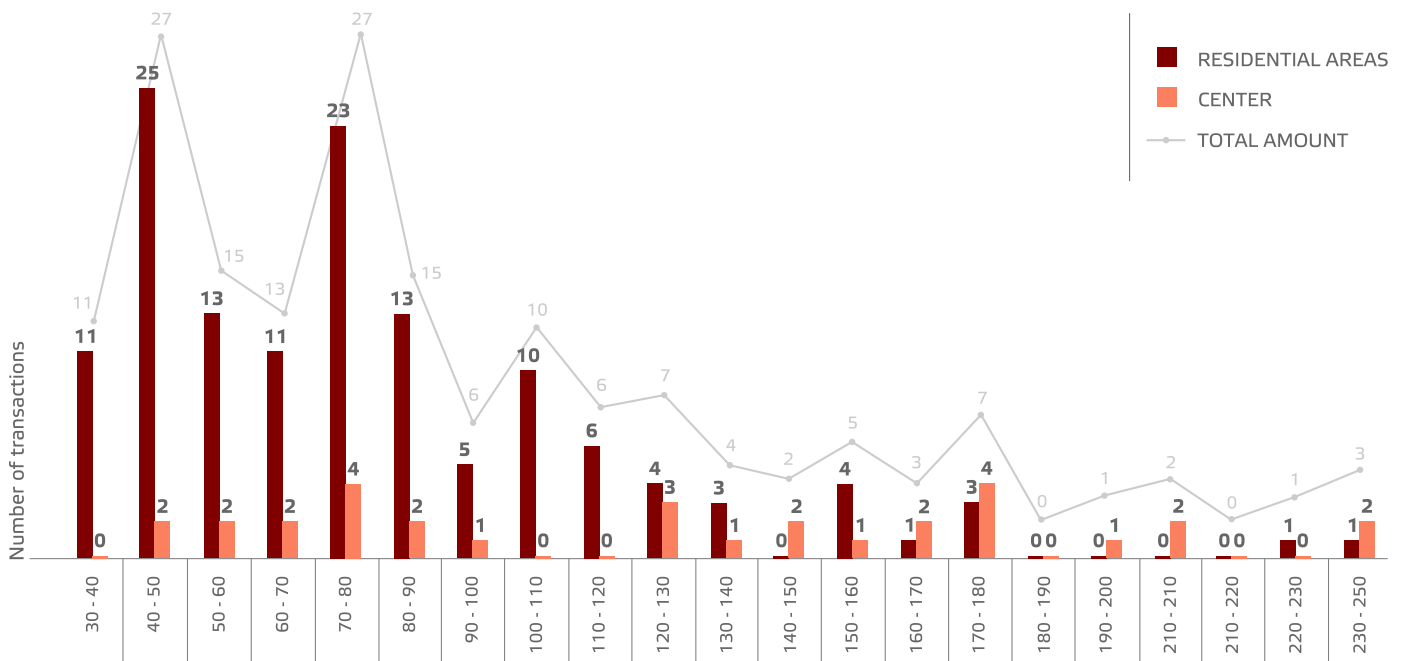
Also the amount of transactions where the apartment price exceeded the minimal threshold for receiving the temporary residence permit (250 000 EUR) decreased. At the beginning of 2015 only four such transactions took place, which was per 75 % less than in the previous quarter when sixteen such transactions took place. Therefore it can be concluded that the difference from the previous minimal threshold (142 300 EUR), untypically big transaction amount on sum that slightly exceeded the minimal threshold did not form anymore.

Transaction amount with the new project apartments over 250 000 EUR



Source: STATE LAND SERVICE

Transaction amount division per price ranges in the new projects in Riga, Q 1, 2015



Price ranges, thousand of EUR

Source: STATE LAND SERVICE

ARCO REAL ESTATE is the leading real estate company of the Baltic states, founded in 1992 in Estonia, the offices are today in cities in Latvia, Estonia and Bulgaria. ARCO REAL ESTATE is listed in Tallinn Stock Exchange since June, 2007.

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ARCO REAL ESTATE

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