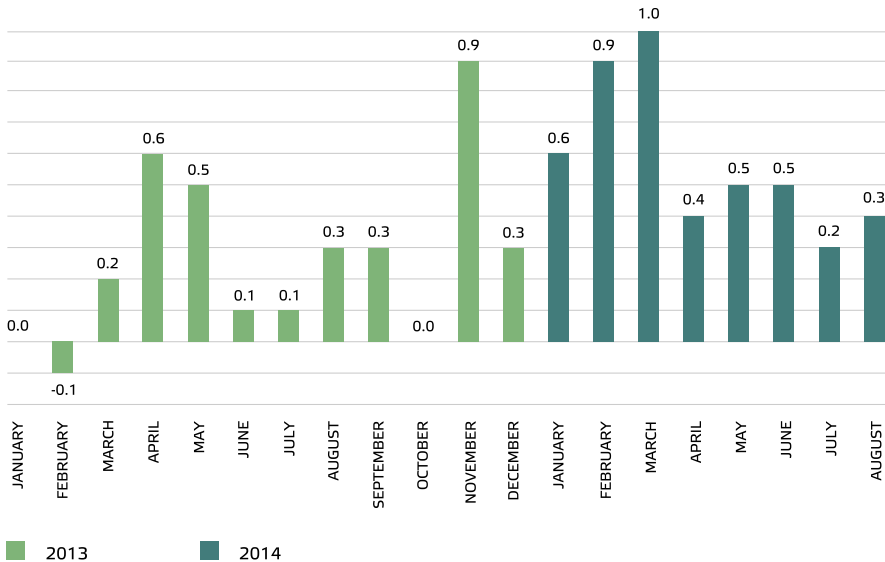


# STANDART-TYPE APARTMENT MARKET OVERVIEW AUGUST

## Standard-type apartments, September 1, 2014

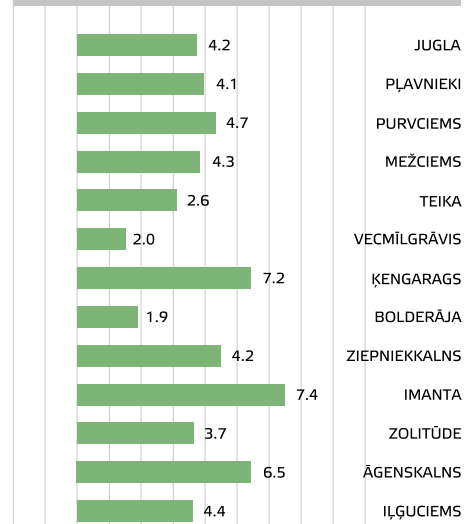
In August 2014, the prices of standard-type apartments located in Riga housing estates increased by 0.3%. The average standard-type apartment price in August has increased to 640 EUR/m<sup>2</sup>. Since the beginning of 2014, standard-type apartment prices have grown by 4.4%.

### Standard-type apartment price changes since beginning of 2013, %



Source: ARCO REAL ESTATE

### Price changes in housing estates since beginning of 2014, %



Source: ARCO REAL ESTATE

Standard-type apartment market development in August continued at the same level as during the previous months when the price growth rates were moderate, fluctuating in the range of 0,2 - 0,5%. In some of the largest housing estates of Riga there was no evidence of price fluctuations in August. In contrast, in some housing estates, such as Imanta and Ķengarags, the prices continue to rise, notwithstanding that these Riga housing estates even before August were typical price growth leaders. Prices in these both housing estates in August were more than 7% higher than at the beginning of the year, and the average price in Imanta in August has become higher than in Pļavnieki.

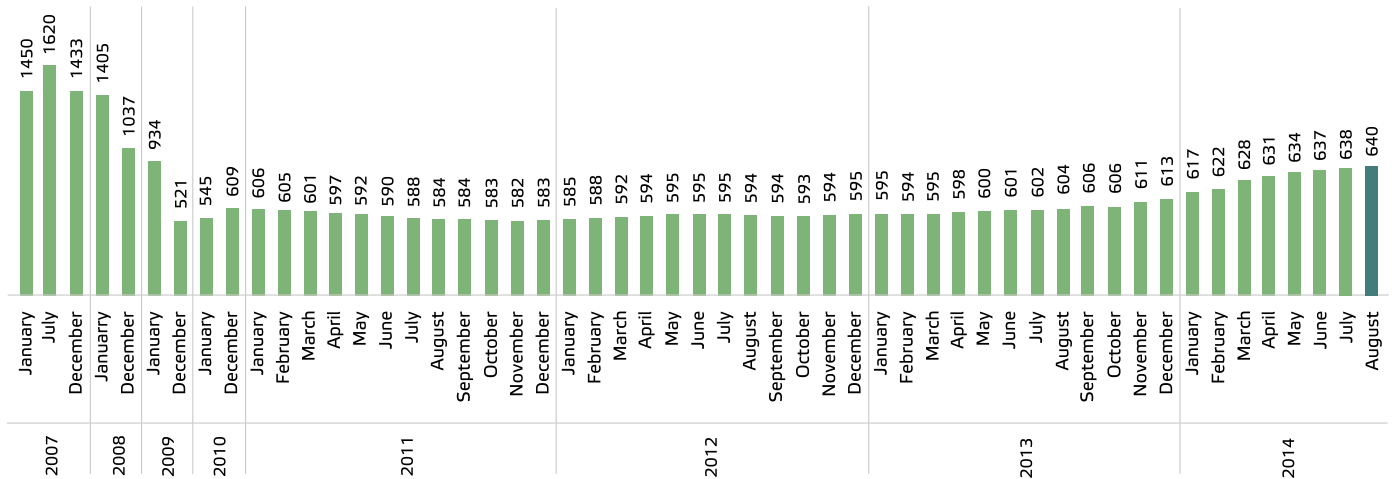
Almost all the viewed housing estates have already exceeded the total price growth indicators of 2013. Jugla and Pļavnieki, most likely, will achieve the said growth indicators in the upcoming months, but Teika is the only housing estate which stays far behind them. This is due to the fact that the average price in Teika has been significantly higher than in other housing estates, and more and more potential buyers come to conclusion that the benefits of this housing estate do not outweigh the significant price difference with other housing estates, preferring purchase of an apartment elsewhere as a better option.

The largest growth of the average 1m<sup>2</sup> price in the housing estates of Riga City since the beginning of 2014 was observed in Imanta:(+7.4%) and Ķengarags (+7.2%). Also in other housing estates of Riga City the prices tend to increase slightly this year.

In August 2014, the average price of a standard-type apartment has increased to position of 640 EUR/m<sup>2</sup>. The prices on average are by 60.5% lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment reached the highest ever value of 1620 EUR/m<sup>2</sup>.

In 2008, the average prices of standard-type apartments in Riga in total decreased by 33.5%. In 2009, the average prices decreased by another 44.2%. But in 2010 the prices grew by 16.9% in total. In 2011, the prices of standard-type apartments decreased by 3.5%. In 2012, the apartment prices grew by 2%. In 2013, the apartment prices grew by 3%. In 2014, prices continue to rise – this year the apartment prices have increased by 4.4%.

**Movements of average price of standard-type apartments in the largest housing estates of Riga, EUR**



Source: ARCO REAL ESTATE

In August 2014, the average price of 1m<sup>2</sup> of apartments if categorized by number of rooms has increased for one-room apartments (+0.6%), two-room (+0.3%) and for three-room apartments (+0.2%) apartments but as to four-room apartments the price has stayed the same in August.

**Average prices of standard-type apartments in Riga housing estates, EUR/m<sup>2</sup> (breakdown by number of rooms)**

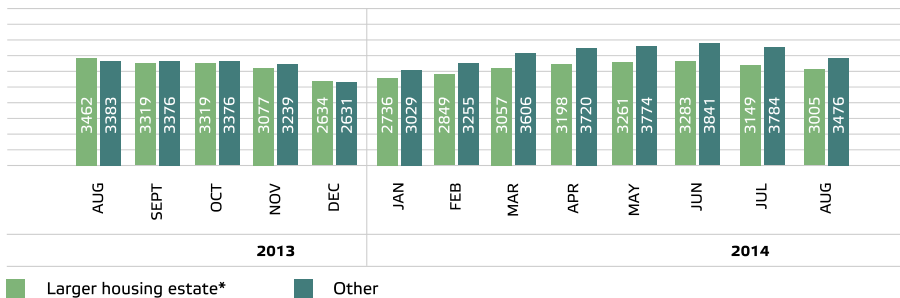
Number of rooms	2012	2013	2014
1 room	622	626	632
2 rooms	590	592	594
3 rooms	563	565	568
4 rooms	557	557	560

Source: ARCO REAL ESTATE

In August 2014, the total supply of apartments in Riga has decreased by 6.5%. The number of apartments supplied in the largest housing estates analyzed by ARCO REAL ESTATE has decreased lesser - by 4.6%.

Having summarized the number of apartments supplied, it can be concluded that the largest supply of apartments in August was in Purvciems, Āgenskalns and Imanta. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmīlgrāvis. Evaluating number of offers in proportion to the size of the housing estate (by number of population), the largest supply was observed in Zolitūde Mežciems and Āgenskalns. In contrast, in Ķengarags, Vecmīlgrāvis and Pļavnieki the proportion between the number of the apartments offered and the population was the lowest.

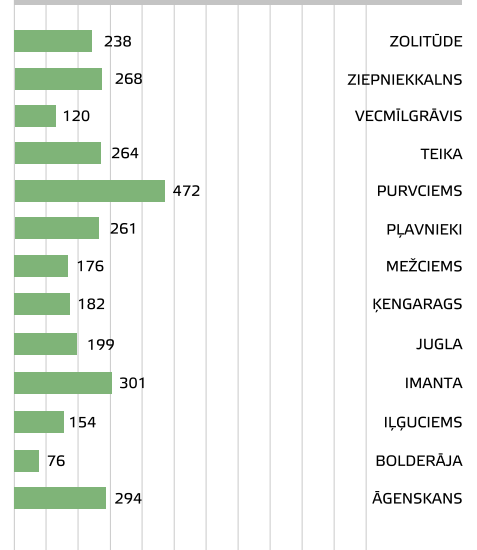
**Apartment supply dynamics in Riga**



\* Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmīlgrāvis, Ķengarags, Bolderāja, Ziepniekkalns, Imanta, Zolitūde, Āgenskalns, Ilģuciems

Source: ARCO REAL ESTATE

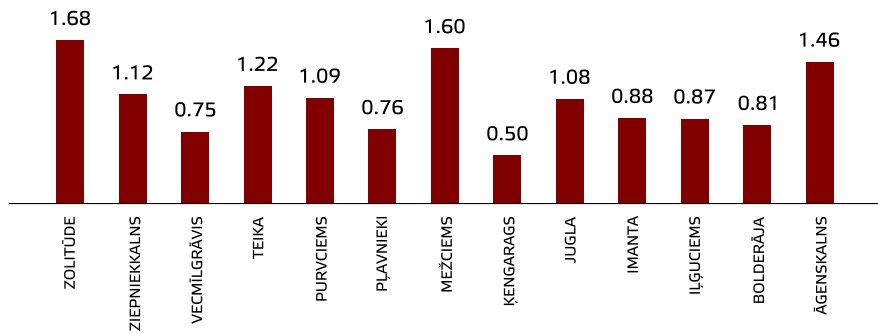
**Number of apartments offered in Riga, August, 2014**



Source: ARCO REAL ESTATE

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**Supply of apartments in proportion to the size of Riga City housing estates in August 2014**


Source: ARCO REAL ESTATE

In August, the only housing estates in which the number of apartments offered increased, were Bolderāja (+7.0%), Zolitūde (+6.7%) and Pļavnieki (+2.7%), while it remained unchanged in Vecmīlgrāvis. In other residential areas, a reduction of the number of apartments offered was observed. The largest decline in the supply of apartments in August was observed in Mežciems - the supply had decreased by 11.6%.

In August 2014, a slight increase of standard-type apartment prices was observed in most housing estates of Riga. The largest growth of the average price of 1m<sup>2</sup> in August was observed in Ķengarags (+0,9%). No price changes were seen in Purvciems, Mežciems, Bolderāja and Zolitūde; the prices in those housing estates have remained at the same level as in the previous month. But in Teika (-0.3%) and Ziepniekkalns (-0.1%) the prices slightly decreased in August.

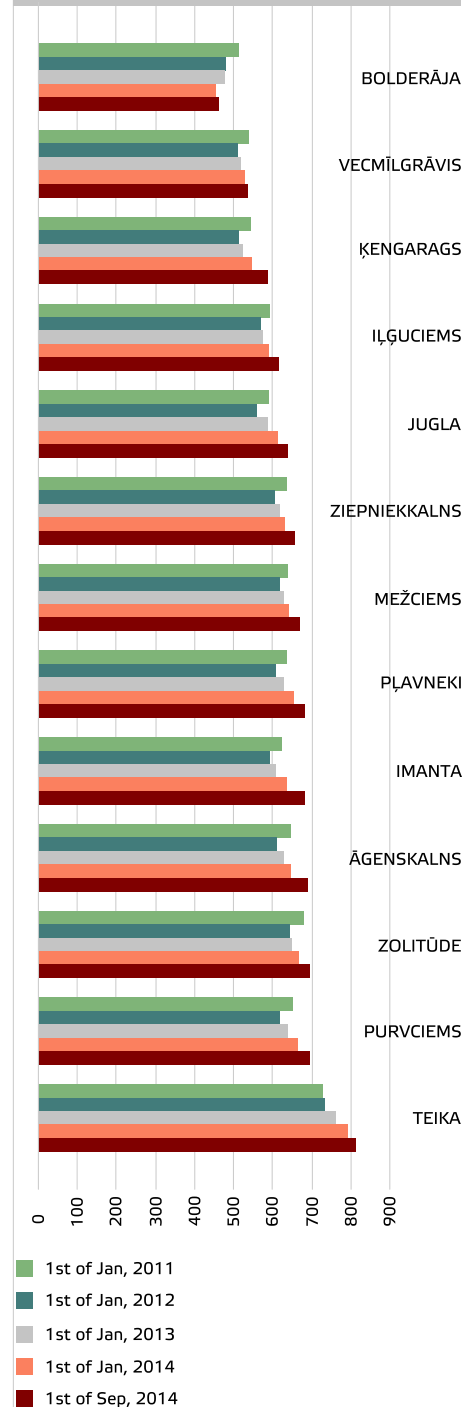
**Change of average standard-type apartment prices in Riga housing estates, %**

	Average 1m <sup>2</sup> price on 1st of September	Average 1m <sup>2</sup> price on 1st of August	Price changes, %
Jugla	635	634	0.3 ↑
Pļavnieki	678	677	0.1 ↑
Purvciems	693	693	0.0 →
Mežciems	665	665	0.0 →
Teika	808	811	-0.3 ↓
Vecmīlgrāvis	534	533	0.3 ↑
Ķengarags	583	578	0.9 ↑
Bolderāja	459	459	0.0 →
Ziepniekkalns	652	653	-0.1 ↓
Imanta	679	676	0.5 ↑
Zolitūde	688	688	0.0 ↑
Āgenskalns	686	683	0.4 ↑
Ilģuciems	611	608	0.6 ↑

Source: ARCO REAL ESTATE

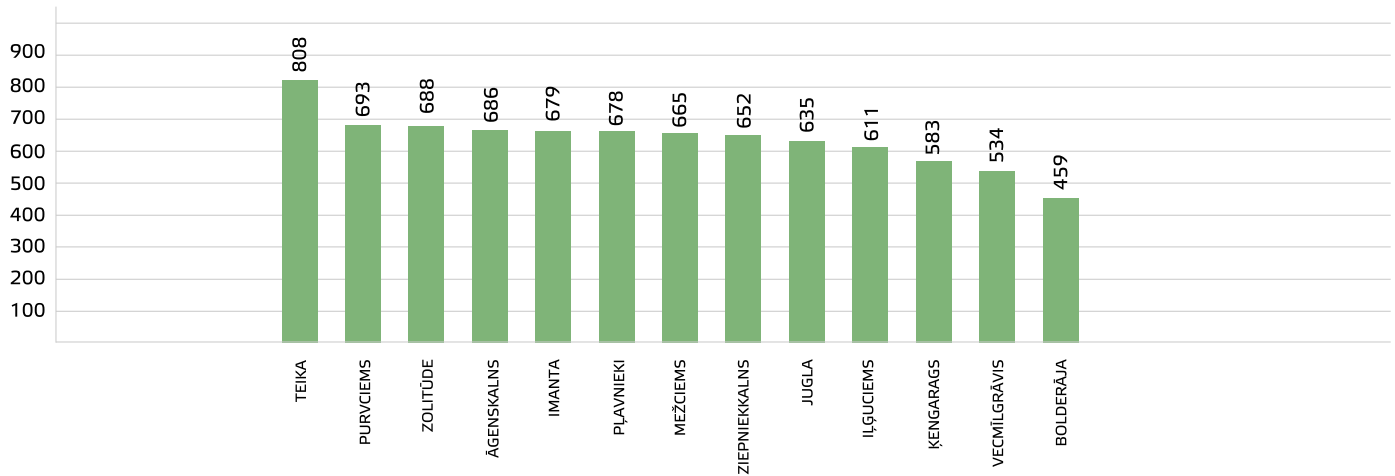
Since the beginning of 2011, prices have increased by 5.1%. Since the beginning of 2012, the prices have increased by 9.8%. Comparing with the beginning of 2013, prices of the standard-type apartments have increased by 7.6%. Compared with the beginning of 2014, in August 2014 the standard-type apartment prices in the housing estates of Riga were by 4.4% higher.

The highest standard-type apartment prices in August 2014 still were in Teika, where the average price of 1m<sup>2</sup> has slightly decreased in August, reaching the level of 808 EUR. But the lowest average price of 1m<sup>2</sup> has remained in Bolderāja – in August it remained to be 459 EUR.

**Average standard-type apartment prices in Riga housing estate, EUR/m<sup>2</sup>**


Source: ARCO REAL ESTATE

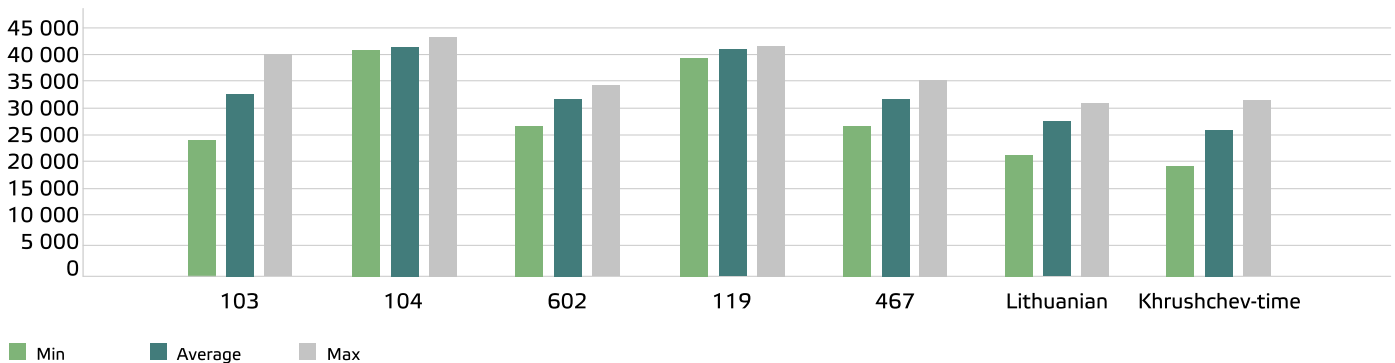
**Average standart-type apartment prices in Riga housing estates in August 2014, EUR/m<sup>2</sup>**



Source: ARCO REAL ESTATE

In August 2014, the most expensive apartments still were apartments in the houses of the 119<sup>th</sup> series and 104<sup>th</sup> series, where the price of 2-room apartments varied from 39 000 to 43 000 EUR, depending on the location. In turn, the so-called *Lithuanian* design houses have been the cheapest ones, where the price of 2-room apartments varied from 21 000 to 31 000 EUR, and the so-called *Khrushchev-time* houses, where the price of 2-room apartments varied from 19 000 to 31 000 EUR, depending on the housing estate.

**Standart-type apartment prices by series in Riga housing estates in July 2014, EUR (2-room apartments)**



Source: ARCO REAL ESTATE

## Apartment market in the vicinity of Riga

### Ogre

In August 2014, the standard-type apartment prices increased by 0.7%. The average price has reached 436 EUR/m<sup>2</sup>. In Ogre, a price increase has been observed already for two months in turn. Before that the prices had remained unchanged since the beginning of the year.

### Jūrmala, Kauguri

In August 2014, the apartment prices in Kauguri (Jūrmala) have not changed. The average price of an apartment has remained to be 403 EUR/m<sup>2</sup>. Since the beginning of 2014, the prices of apartments have grown by 2% in Kauguri, Jūrmala. In Kauguri, the price has not changed already for two months in turn.

### Salaspils

The price level in Salaspils in August 2014 has not changed. The average price of an apartment has remained to be 471 EUR/m<sup>2</sup>. In total, during the first half of 2014, the prices in Salaspils have increased by 1.9%. Also in Salaspils it is the second month without any price fluctuations.

### Jelgava

In August 2014, the apartment prices in Jelgava have increased by 0.3%. Average price of an apartment has grown to 345 EUR/m<sup>2</sup>. The apartment prices in Jelgava are still growing and since the beginning of 2014, the prices of apartments in Jelgava have already increased by 10.3 % which is to be considered as a high growth rate.

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