

MARKET OVERVIEW

Standard-Type Apartments MAY



RIGA
2016

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Certification

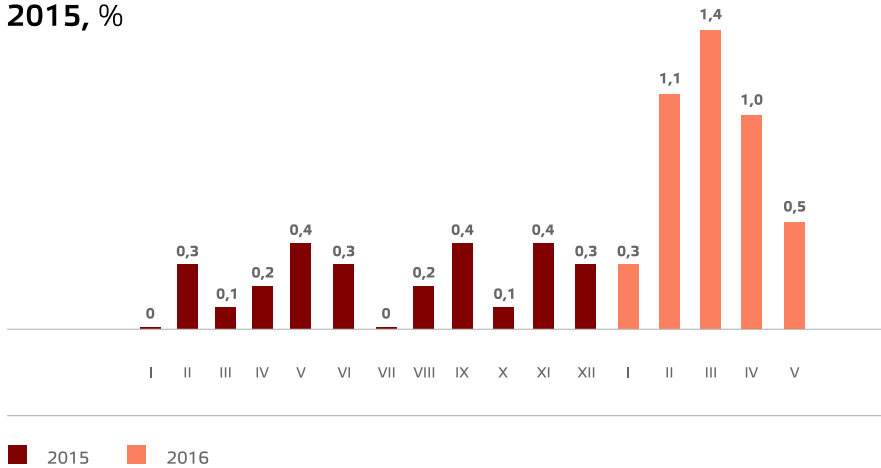


N° LVRIG86613A

Standard-Type Apartments, May 1, 2016

In May 2016, the prices of standard-type apartments located in Riga housing estates increased by 0.5 %. The average standard-type apartment price in May increased to 683 EUR/m². Since the beginning of 2016, the standard-type apartment prices have grown by 4.3 %.

Standard-type apartment price changes since beginning of 2015, %



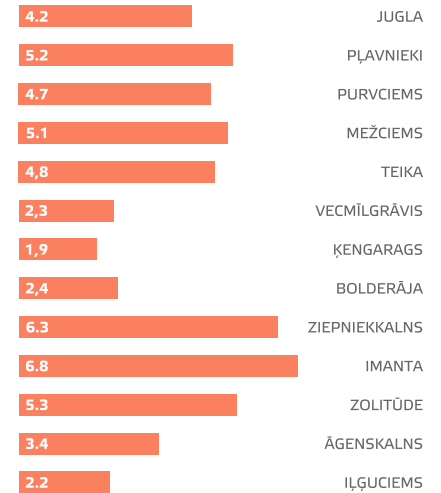
Source: ARCO REAL ESTATE

Although the monthly price growth slowed, apartment prices continued to increase in the largest housing estates of Riga in May 2016, and the price growth this year has achieved the position of 4.3 %.

Thus, in May this year there was reported the highest standard-type apartment price increase in the last six years. In May, the largest price growth was observed in the best housing estates of Pārdaugava, such as Imanta, Zolitūde and Ziepniekkalns. The apartment supply has not significantly changed: the level compared with previous years, is still low, and no tendency of an increase has been observed.

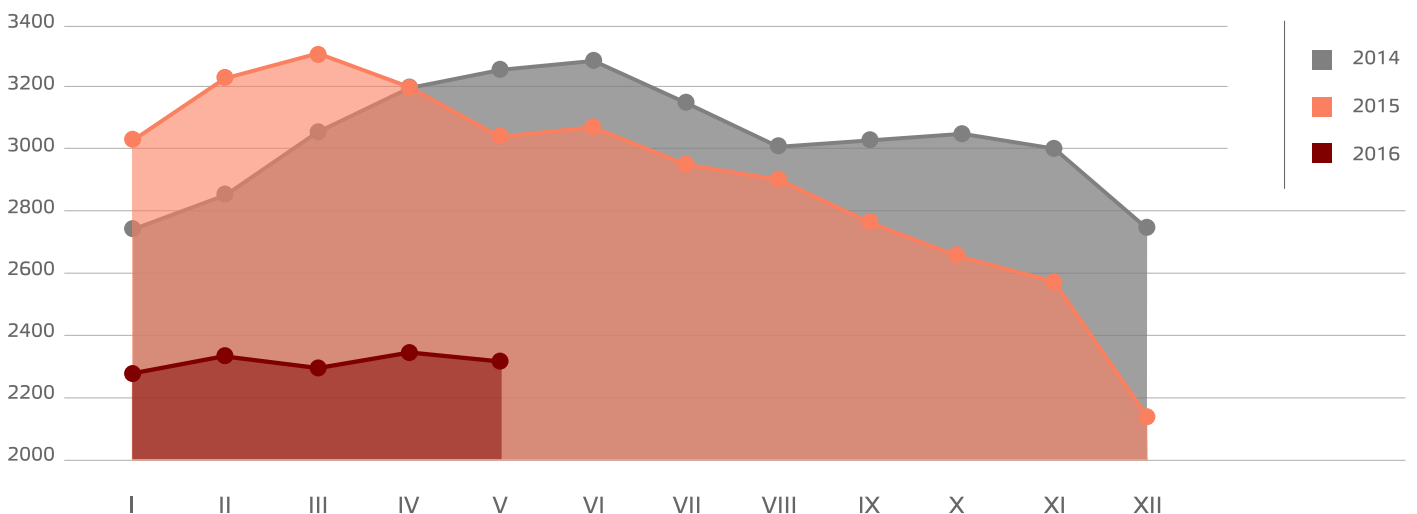
The largest growth of the average one square meter price of an apartment in the housing estates of Riga since the beginning of 2016 was observed in Imanta (+ 6.8 %). Also in other biggest housing estates of Riga the prices tended to increase this year. The slowest apartment price growth since the beginning of the year was observed in Ķengarags (+ 1.9 %).

Price changes in the largest housing estates of Riga since January 1, 2016, %



Source: ARCO REAL ESTATE

Dynamics of apartment supply in the largest housing estates of Riga, 2014 - 2016



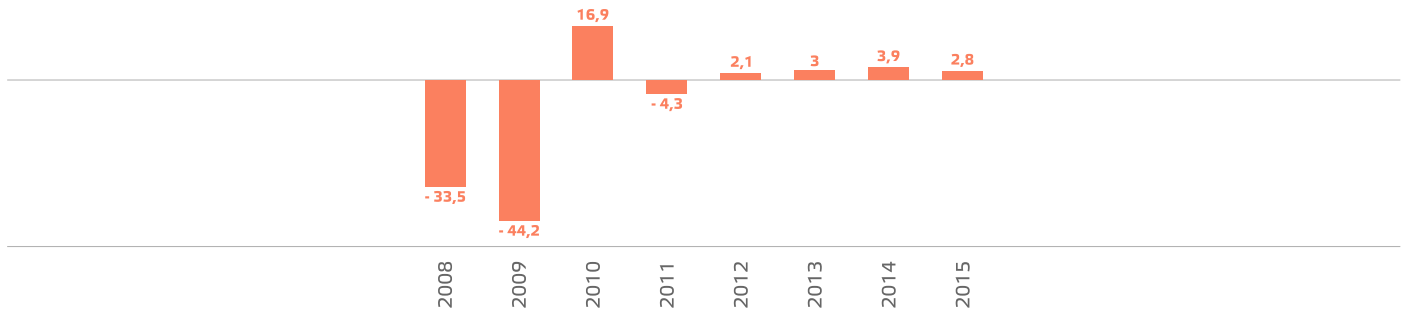
Source: ARCO REAL ESTATE



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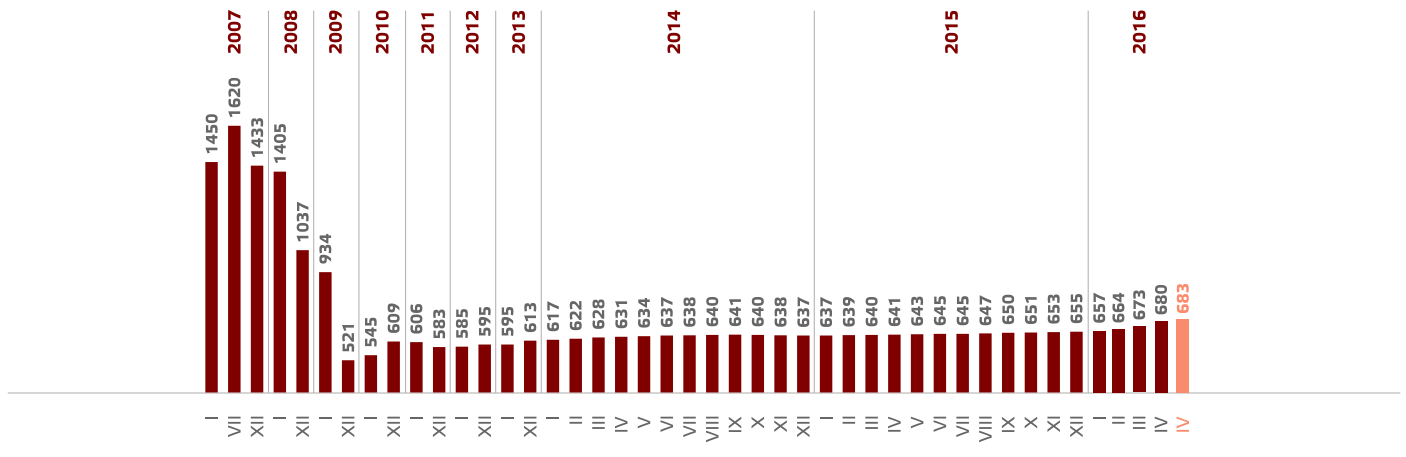
In May 2016, the average price of a standard-type apartment increased to position of 683 EUR/m². The prices on average are by 57.8 % lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment reached the highest ever value - 1 620 EUR/m².

Standard-type apartment price changes, 2008 - 2015



Source: ARCO REAL ESTATE

Dynamics of average price of standard-type apartments in the largest housing estates of Riga, EUR/m²



Source: ARCO REAL ESTATE

In May 2016, the prices rated by number of rooms in apartment grew comparatively steady. The average price of one square meter of apartment if categorized by number of rooms, increased for one-room apartments (+ 0.3 %), two-room apartments (+ 0.4 %), three-room apartments (+ 0.6 %) and four-room apartments (+ 1 %).

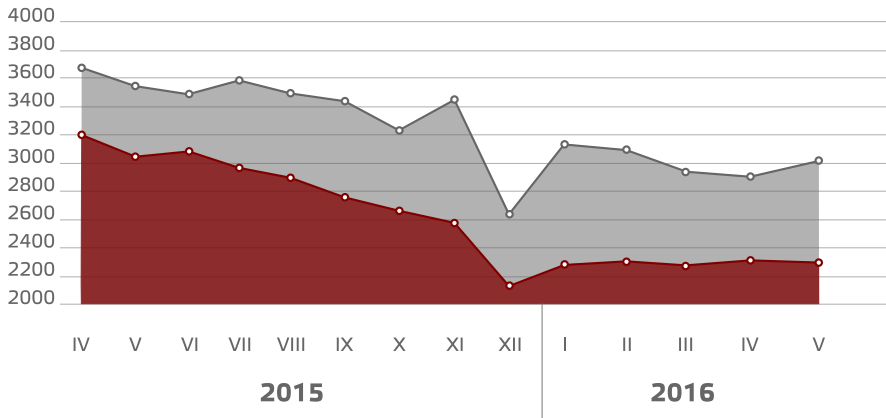
Average prices of standard-type apartments in Riga housing estates: breakdown by number of rooms, EUR/m²

	2014										2015										2016							
1 room	681	689	692	697	701	699	703	704	702	702	703	698	700	702	703	708	708	710	712	718	718	722	722	728	738	744	752	754
2 rooms	631	638	641	645	649	650	652	654	651	647	644	644	645	647	650	652	656	656	659	663	664	667	667	673	681	693	699	702
3 rooms	596	600	602	604	609	610	611	612	613	611	607	609	612	614	615	616	617	618	619	621	621	622	622	626	631	641	647	651
4 rooms	581	586	588	590	592	594	594	592	594	595	593	596	597	596	597	598	598	596	596	598	599	602	602	603	607	614	620	626
	01.03.	01.04.	01.05.	01.06.	01.07.	01.08.	01.09.	01.10.	01.11.	01.12.	01.01.	01.02.	01.03.	01.04.	01.05.	01.06.	01.07.	01.08.	01.09.	01.10.	01.11.	01.12.	01.01.	01.02.	01.03.	01.04.	01.05.	01.06.

Source: ARCO REAL ESTATE

In May 2016, the total supply of apartments in Riga compared to the previous month increased. The number of apartments offered for sale in the largest housing estates analyzed by ARCO REAL ESTATE decreased only by 0.6 % so that no changes have taken place in general. Compared to May 2015, the apartment supply was significantly lower: the total number of apartments offered for sale in May was by 19 % lower, but the number of apartments offered for sale in the largest housing estates was by 24 % lower.

Apartment supply movements in Riga, 2015 - 2016



- THE BIGGEST RESIDENTIAL AREAS (Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmīlgrāvis, Ķengarags, Bolderāja, Ziepniekkalns, Imanta, Zolitūde, Āgenskalns, Ilģuciems).
- THE REST OF RIGA (center and other areas).

Source: ARCO REAL ESTATE

Having summarized the number of apartments offered in the housing estates of Riga, it can be concluded that the largest offer of apartments in May was in Purvciems, Āgenskalns and Pļavnieki. But the lowest apartment supply was in Bolderāja and Vecmīlgrāvis.

Number of apartments offered for sale in the largest housing estates of Riga both increased and decreased. In May, the most significant increase of supply of apartments was seen in Teika (+ 18.7 %). But the most significant decrease of supply of apartments was seen in Bolderāja (- 17.7 %).

When analyzing the number of apartments offered for sale in proportion to the size of the housing estates, i. e., by population, the highest number was recorded in Āgenskalns and Mežciems. By contrast, the number of apartments offered for sale was lowest in Vecmīlgrāvis and Ķengarags.

In May 2016, the standard-apartment prices grew almost in all of the largest housing estates of Riga. The largest apartment price increase was seen in Ziepniekkalns, where the prices grew by 1.2 %. Only in Ķengarags and Bolderāja during the last month the prices remained stable, changes were not observed in those housing estates.

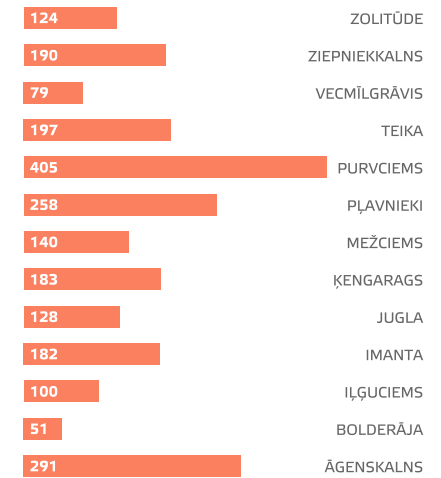
Changes in average standard-type apartment prices in Riga housing estates, %

	The average value per 1 m ² on 01.06.2016.	The average value per 1 m ² on 01.05.2016.	Changes, %
Jugla	692	690	0.3 ↑
Pļavnieki	721	717	0.5 ↑
Purvciems	741	734	0.9 ↑
Mežciems	712	710	0.2 ↑
Teika	845	843	0.2 ↑
Vecmīlgrāvis	549	548	0.2 ↑
Ķengarags	627	627	0 →
Bolderāja	478	478	0 →
Ziepniekkalns	714	705	1.2 ↑
Imanta	735	729	0.9 ↑
Zolitūde	752	745	0.9 ↑
Āgenskalns	729	725	0.5 ↑
Ilģuciems	647	645	0.3 ↑

Source: ARCO REAL ESTATE

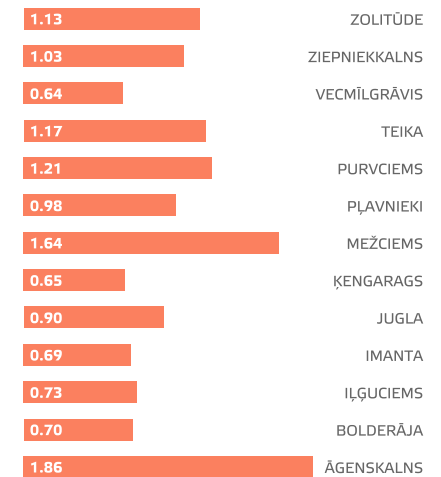


Number of apartments offered for sale in Riga in May 2016



Source: ARCO REAL ESTATE

Number of apartments offered for sale in proportion to the size of the housing estates in Riga in May 2016



* If the coefficient is greater than 1, the relation of the supply of apartments in the specific housing estate to the number of population in that housing estate is higher. If the coefficient is less than 1, the relation of the supply of apartments in the specific housing estate to the number of population in that housing estate is lower.

Source: ARCO REAL ESTATE

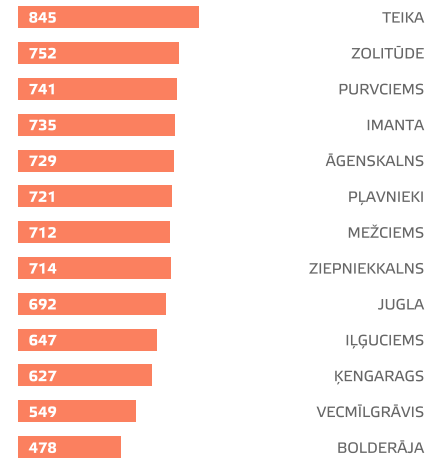
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In May 2016, the standard-type apartment prices were by 11.4 % higher than the prices recorded in the beginning of 2014. But compared to the beginning of 2015, the prices have grown by 7.2 %. During 2016, the prices have increased by 4.3 %.

Average standard-type apartment prices in housing estates of Riga, EUR/m²

	01.01.2013.	01.01.2014.	01.01.2015.	01.01.2016.	01.06.2016.
Bolderāja	473	450	454	467	478
Vecmīlgrāvis	514	524	531	536	549
Ķengarags	518	543	594	615	627
Iļģuciems	570	586	609	633	647
Ziepniekkalns	613	626	643	664	692
Jugla	583	610	639	671	714
Pļavnieki	622	651	664	677	712
Imanta	605	633	676	685	721
Mežciems	624	637	662	705	729
Purvciems	633	662	682	688	735
Āgenskalns	623	644	677	707	741
Zolitūde	644	663	697	714	752
Teika	757	787	798	806	845

Average standard-type apartment prices in housing estates of Riga as per June 1



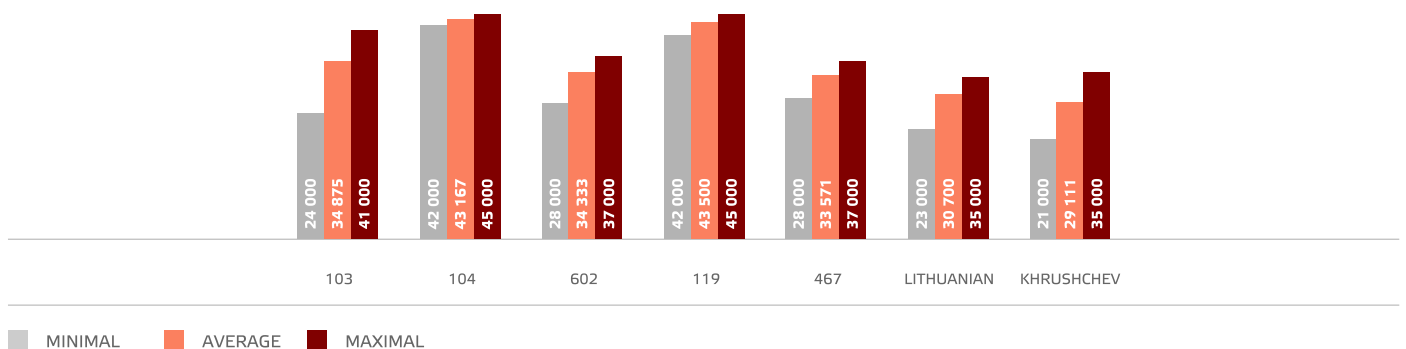
Source: ARCO REAL ESTATE

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The highest standard-type apartment prices in May 2016 still were in Teika, where the average price of one square meter increased to 845 EUR/m². But the lowest average price of one square meter remained in Bolderāja - 478 EUR/m².

In May 2016, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the price of 2-room apartments in satisfactory condition varied from 42 000 to 45 000 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 23 000 to 35 000 EUR, and the so-called Khrushchev-time houses, where the price of 2-room apartments varied from 21 000 to 35 000 EUR, depending on the housing estate.

Standard-type apartment prices by series in Riga housing estates in May 2016 (2-room apartments), EUR



Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

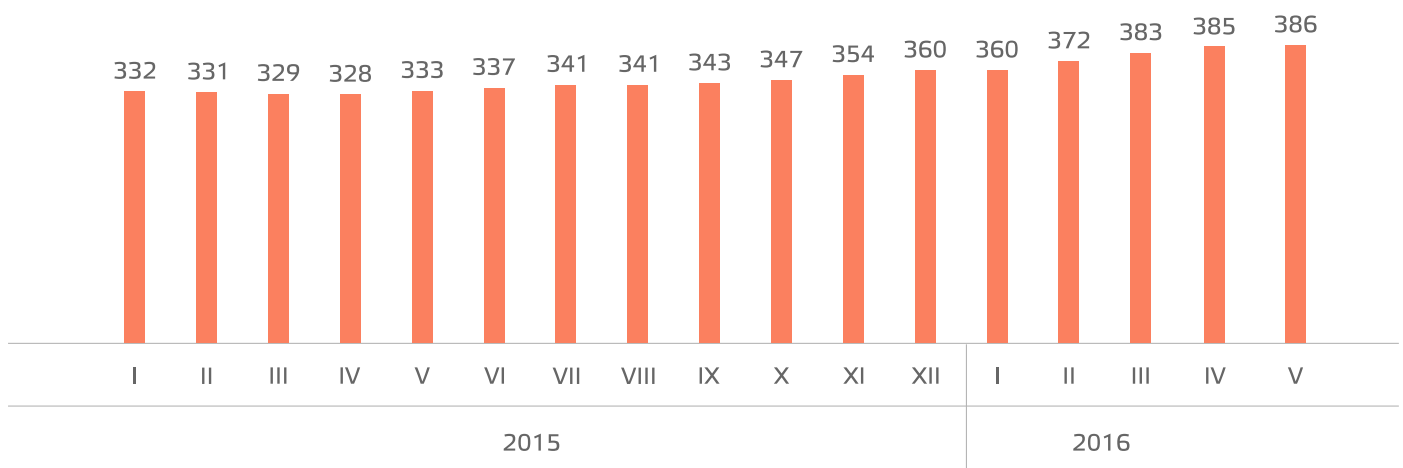
Ogre. In May 2016, the standard-type apartment prices in Ogre increased by 1 %, the average price reached 469 EUR/m². In 2015, the prices grew by 4.5 % in total. In 2016, apartment prices in Ogre continued to grow and since the beginning of the year have grown by 5.9 %.

Kauguri, Jūrmala. In May 2016, the standard-type apartment prices in Kauguri increased by 2.2 %. The average price of one square meter of apartment grew up to 448 EUR/m². Price rise has been recorded in Kauguri for the fourth consecutive month, and the price growth has remained to be relatively high. In 2016, the apartment prices in overall have grown by 7.2 %.

Salaspils. In May 2016, the standard-type apartment prices in Salaspils grew by 1.7 %. The average price of a standard-type apartment has increased slightly achieving the position of 488 EUR/m². Since the beginning of 2016, the average price of a standard-type apartment in Salaspils has grown by 3.6 %. In Salaspils, in the first quarter, the apartment prices were assessed as stable and no big changes were observed. In May, there was observed a more significant increase of apartment prices; such tendency in the Salaspils apartment market was expected, taking into consideration the monthly apartment price growth in housing estates of Riga.

Jelgava. Apartment prices continued to grow in Jelgava in May 2016, though the growth was not as rapid as during the previous months of the year. The average price of a standard-type apartment increased in May to 386 EUR/m², which is by 0.3 % higher than in April. Since beginning of 2016, the standard-type apartment prices in Jelgava have increased by 5.6 %. Since the beginning of 2015, the prices in Jelgava have increased by 14.9 %.

Movements of average price of standard-type apartments in Jelgava, EUR/m²



Source: ARCO REAL ESTATE

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. ARCO REAL ESTATE Latvia is founded in 1997 and today we are able to offer services in Rīga, Jūrmala, Saulkrasti, Daugavpils, Jelgava as well as in Limbaži and Liepāja. More than 80 highly-qualified employees work in the company.

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