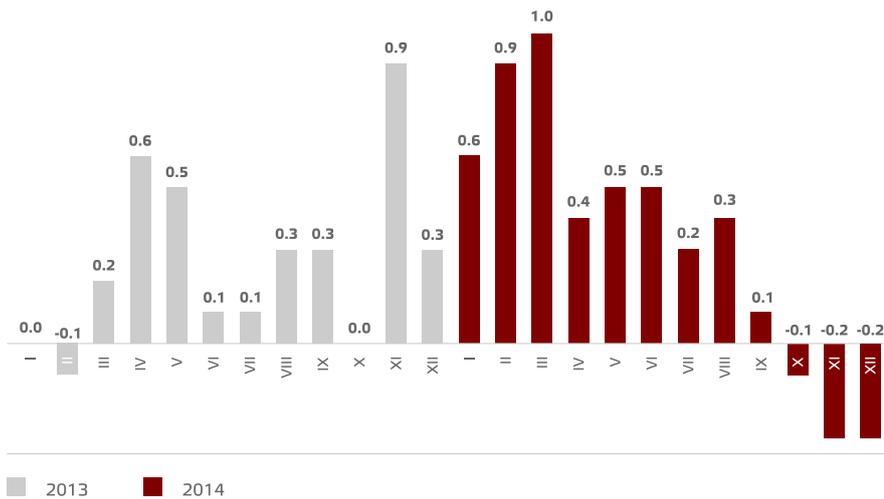


**STANDARD-TYPE APARTMENT MARKET OVERVIEW  
DECEMBER**

## Standard-type apartments, January 1, 2015

In December 2014, the prices of standard-type apartments located in Riga housing estates decreased by 0.2%. The average standard-type apartment price in December has decreased to 637 EUR/m<sup>2</sup>. Since the beginning of 2014, standard-type apartment prices have grown by 3.9%.

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



Source: ARCO REAL ESTATE

The number of apartments offered for sale decreased significantly in December. The total number of apartments offered for sale in Riga decreased by 12.1 %, in the major housing estates - by 8.8 %, but in the central part of Riga – by 19.7 %. The significant reduction of supply in December is an annual phenomenon that can be explained by the existing holidays at the end of the year, when the real estate market activity generally decreases.

The decline of prices of standard-type apartments in Riga continued in December for the third consecutive month. Despite the fact that such a situation last time was seen only three years ago, yet the decrease in prices is to be considered as low because in the 4<sup>th</sup> quarter the price level as a whole has decreased only by 0.5 % or 4 EUR/m<sup>2</sup>.

In most of the housing estates of Riga the prices in 2014 rose within the range of 2 - 5 %. A smaller increase was observed in Teika, Vecmīlgrāvis and Bolderājā. In Vecmīlgrāvis and Bolderājā it can be explained by lower demand for apartments located in these areas because they are relatively farther from the city centre, while the price in Teika already was significantly higher than in other districts of Riga.

The largest growth of the average 1 m<sup>2</sup> price in the housing estates of Riga City since the beginning of 2014 was observed in Ķengarags (+9.3 %) and Imanta (+6.8 %). Also in other housing estates of Riga City in this year the prices have increased.

In December 2014, the average price of a standard-type apartment decreased to position of 637 EUR/m<sup>2</sup>. The prices on average are by 60.7 % lower than on July 1, 2007, when the average price of a non-renovated standard-type apartment reached the highest ever value- 1620 EUR/m<sup>2</sup>.

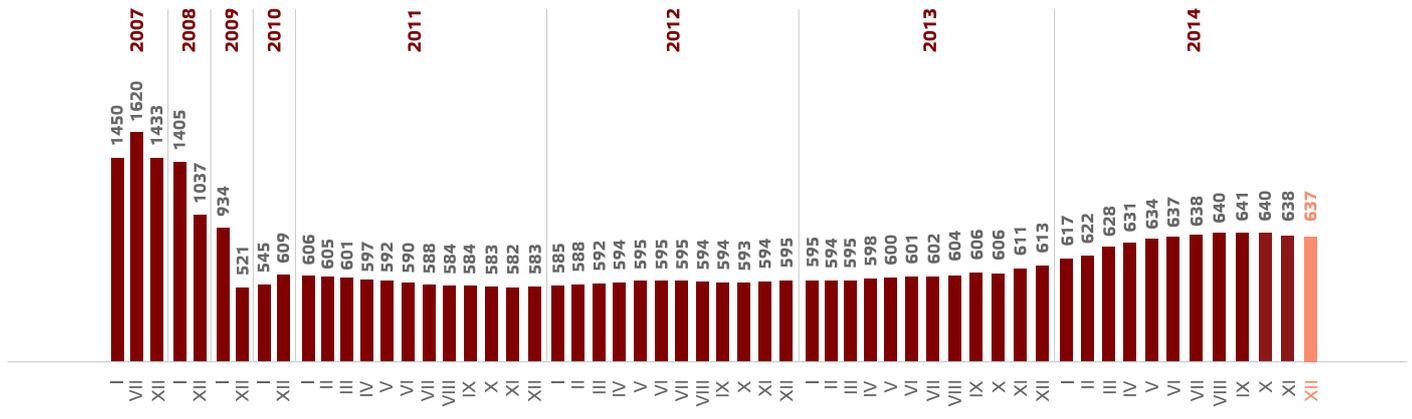
In 2008, the average prices of standard-type apartments in Riga in total decreased by 33.5 %. In 2009, the average prices decreased by another 44.2 %. But in 2010 the prices grew by 16.9 % in total. In 2011, the prices of standard-type apartments decreased by 3.5 %. In 2012, the apartment prices grew by 2 %. In 2013, the apartment prices grew by 3 %. In 2014, the prices continued to rise – last year the apartment prices increased by 3.9 %.

### Movements of average price of standard-type apartments in the largest housing estates of Riga since January 1, 2014



Source: ARCO REAL ESTATE

## Dynamic of average price of standard-type apartments in the largest housing estates of Riga, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

In December 2014, the average price of 1 m<sup>2</sup> of apartments if categorized by number of rooms increased for one-room apartments (+0.1 %) but in turn for two-room apartments (-0.5 %), three-room apartments (-0.7 %) and four-room apartments (-0.3 %) the price decreased in December.

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

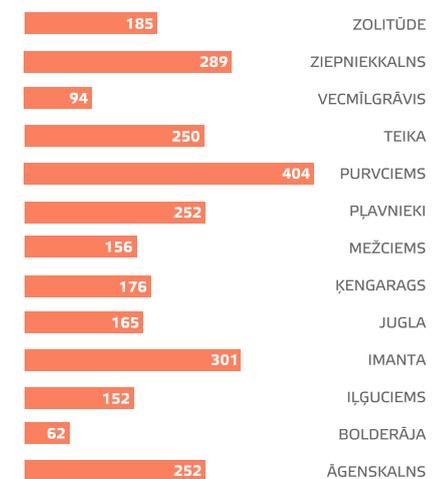
	2013												2014												2015	
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	
1 room	643	643	643	643	648	648	650	651	652	654	655	664	666	671	681	689	692	697	701	699	703	704	702	702	703	703
2 rooms	602	602	602	603	610	612	612	614	616	619	618	623	625	628	631	638	641	645	649	650	652	654	651	647	644	644
3 rooms	574	574	574	574	576	577	578	579	582	583	583	587	588	592	596	600	602	604	609	610	611	612	613	611	607	607
4 rooms	560	560	560	560	561	562	562	563	564	567	568	571	573	577	581	586	588	590	592	594	594	592	594	595	593	593
	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.	01.07.	01.08.	01.09.	01.10.	01.11.	01.12.	01.01.	

Source: ARCO REAL ESTATE

In December 2014, the total supply of apartments in Riga decreased by 12.1 %. The number of apartments supplied in the largest housing estates analyzed by ARCO REAL ESTATE also decreased by 8,8 %.

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

## Number of apartments offered in Riga in December, 2014



Source: ARCO REAL ESTATE

In December, a drop in supply of apartments was observed in almost all major housing estates. The only housing estate where a supply growth was seen in December, was Iļģuciems (+1.3 %). On the other hand, a significant decline in the supply of apartments was observed in Ķengarags in December (-18.5 %) and Bolderāja (-18,4 %).

In December 2014, a decrease of standard-type apartment prices was observed in most housing estates of Riga. The largest decrease of the average price of 1 m<sup>2</sup> in December was observed in Bolderāja (-0.8 %), Mežciems (-0.5 %) and Ķengarags (-0.5 %). In Vecmīlgrāvis, the price level remained unchanged in December. In turn, the prices grew in Zolitūde (+0.4 %) in December.

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

	Average 1m <sup>2</sup> price 01.01.2015.	Average 1m <sup>2</sup> price 01.12.2014.	Changes, %
Jugla	<b>639</b>	641	-0.4 ↓
Pļavnieki	<b>664</b>	668	-0.5 ↓
Purvciems	<b>682</b>	683	-0.2 ↓
Mežciems	<b>662</b>	666	-0.5 ↓
Teika	<b>798</b>	799	-0.1 ↓
Vecmīlgrāvis	<b>531</b>	531	0.0 →
Ķengarags	<b>594</b>	597	-0.5 ↓
Bolderāja	<b>454</b>	458	-0.8 ↓
Ziepniekkalns	<b>643</b>	645	-0.3 ↓
Imanta	<b>676</b>	678	-0.3 ↓
Zolitūde	<b>697</b>	695	0.4 ↑
Āgenskalns	<b>677</b>	680	-0.5 ↓
Iļģuciems	<b>609</b>	610	-0.2 ↓

Source: ARCO REAL ESTATE

Since the beginning of 2011, the prices have increased by 4.5 %. Since the beginning of 2012, the prices have grown by 9.2 %. Since the beginning of 2013 the prices of the standard-type apartments have increased by 7.0 %. Compared with the beginning of 2014, in December 2014, the standard-type apartment prices in the housing estates of Riga were by 3.9 % higher.

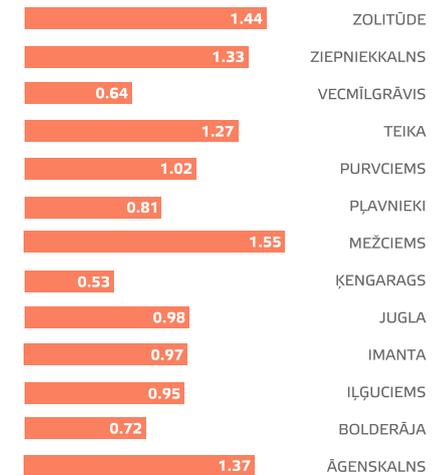
## Average apartment prices in housing estates, EUR/m<sup>2</sup>

Housing estate	01.01.2011.	01.01.2012.	01.01.2013.	01.01.2014.	01.01.2015.
Bolderāja	508	477	473	450	<b>454</b>
Vecmīlgrāvis	534	508	514	524	<b>531</b>
Ķengarags	541	510	518	543	<b>594</b>
Iļģuciems	590	566	570	586	<b>609</b>
Jugla	583	556	583	610	<b>639</b>
Ziepniekkalns	633	602	613	626	<b>643</b>
Mežciems	634	612	624	637	<b>662</b>
Pļavnieki	630	603	622	651	<b>664</b>
Imanta	618	592	605	633	<b>676</b>
Āgenskalns	643	606	623	644	<b>677</b>
Purvciems	645	615	633	662	<b>682</b>
Zolitūde	675	640	644	663	<b>697</b>
Teika	725	728	757	787	<b>798</b>

Source: ARCO REAL ESTATE

The highest standard-type apartment prices in December 2014 still were in Teika, where the average price of 1 m<sup>2</sup> decreased in December, reaching the level of 798 EUR. But the lowest average price of 1 m<sup>2</sup> has remained in Bolderāja where in December it dropped to 454 EUR/m<sup>2</sup>.

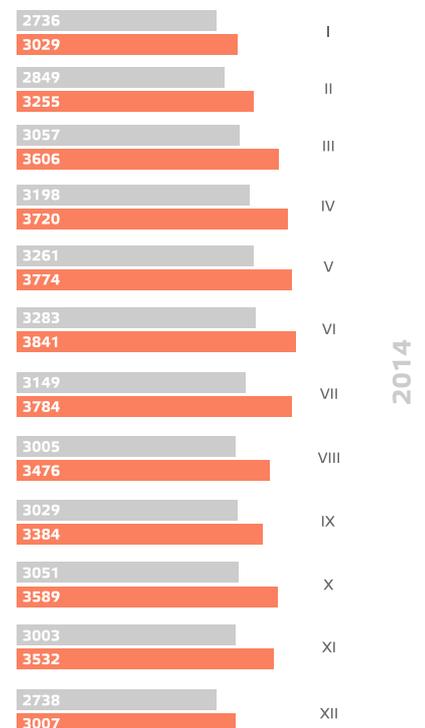
## Apartments offered for sale in proportion to the size of the housing estates in Riga in December, 2014



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

## Dynamic of apartment supply in Riga



■ LARGER HOUSING ESTATE (Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmīlgrāvis, Ķengarags, Bolderāja, Ziepniekkalns, Imanta, Zolitūde, Āgenskalns, Iļģuciems)

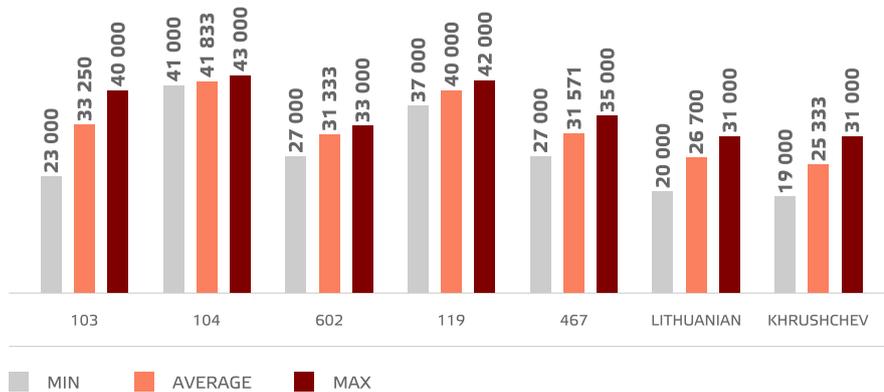
■ OTHER (Centre of Riga etc.)

Source: ARCO REAL ESTATE

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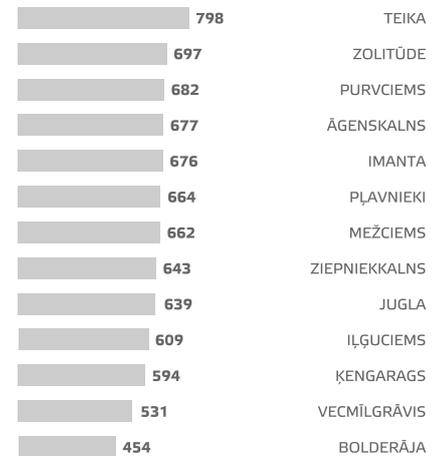
In December 2014, the most expensive apartments still were apartments in the houses of the 119<sup>th</sup> series and 104<sup>th</sup> series, where the price of 2-room apartments varied from 37 000 to 43 000 EUR, depending on the location. In turn, the so-called Lithuanian design houses have been the cheapest ones, where the price of 2-room apartments varied from 20 000 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.

## Standard-type apartment prices by series in Riga housing estates in December 2014 (two-room apartments), EUR



Source: ARCO REAL ESTATE

## Average apartment prices in housing estates in December, 2014, EUR/m<sup>2</sup>



Source: ARCO REAL ESTATE

## Apartment market in the vicinity of Riga

### Ogre

In December 2014, in Ogre, the standard-type apartment prices decreased by 1.1 %. The average price decreased to 424 EUR/m<sup>2</sup>. December was the third month in turn when a price reduction was observed in Ogre. This price decrease has already compensated the increase in prices at the beginning of the year. In total, since the beginning of 2014, the prices in Ogre have decreased by 0.7 %.

### Kauguri, Jūrmala

In December 2014, the apartment prices decreased in Kauguri by 1.2 %. The average price of an apartment in December decreased to 396 EUR/m<sup>2</sup>. In total, since the beginning of 2014, the prices of apartments in this part of Jūrmala have grown by 0,3 %.

### Salaspils

The price level in Salaspils in December 2014 decreased by 0.3 %. The average price of an apartment in December was 468 EUR/m<sup>2</sup>. In total, since the beginning of 2014, the prices in Salaspils have increased by 1.3 %. December in Salaspils was the second consecutive month of a price decrease which followed a long period of price increase in the beginning of the year.

### Jelgava

In December 2014, prices in Jelgava decreased by 0.9 %. Average price of an apartment in December was at the position of 336 EUR/m<sup>2</sup>. In spite of the fact that also in Jelgava December was the second consecutive month of a price decrease, this decrease was significantly lower than the rapid price increase observed in the beginning of the year. Since the beginning of 2014, the prices of apartments in Jelgava have increased by 7.3 % which is to be considered as a high value.

ARCO REAL ESTATE is the leading real estate company of the Baltic states, founded in 1992 in Estonia, the offices are today in 19 cities in Latvia, Estonia and Bulgaria. The Group team employs approx. 250 employees. ARCO REAL ESTATE is listed in Tallinn Stock Exchange since June, 2007.

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