

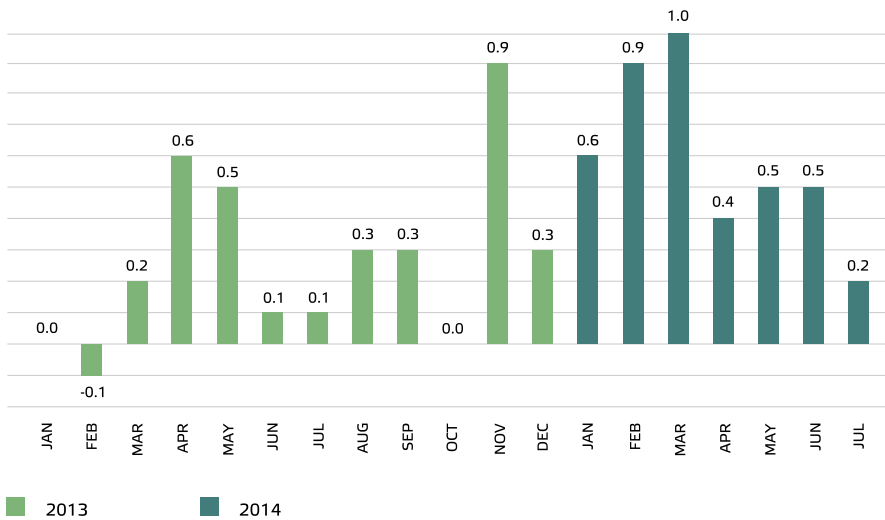
STANDART TYPE APARTMENT MARKET OVERVIEW

JULY

Standard-type apartments, August 1, 2014

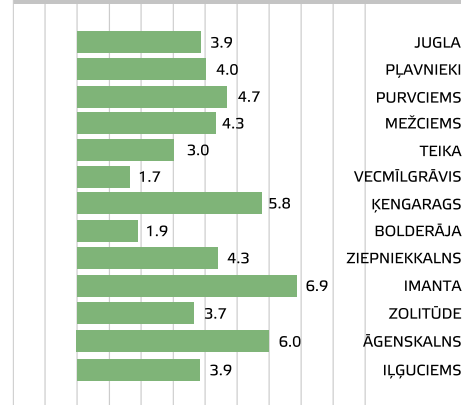
In July 2014, the prices of standard-type apartments located in Riga housing estates increased by 0.2%. The average standard-type apartment price in July has increased to 638 EUR/m². Since the beginning of 2014, the prices have grown by 4.2%.

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



Source: ARCO REAL ESTATE

Price changes in housing estates since beginning of 2014, %



Source: ARCO REAL ESTATE

Characteristic feature of the development of the standard-type apartment market in July was price stabilization. Price growth rates observed during the first quarter, have become lower, and the current development may be characterized as very moderate. During this period, the demand is being adjusted to the price growth that was seen in the beginning of the year. This trend is also confirmed by a decline in the number of transactions with standard-type apartments, which was recorded in the second quarter of the year.

Despite the slowdown, there is no reason to believe that the price increase could really stop, because the demand for standard-type apartment is still quite high and stable.

In July 2014, there was a tendency that the price increase was more pronounced for larger (three-room and four-room) apartments, which is more in line with the needs of a family.

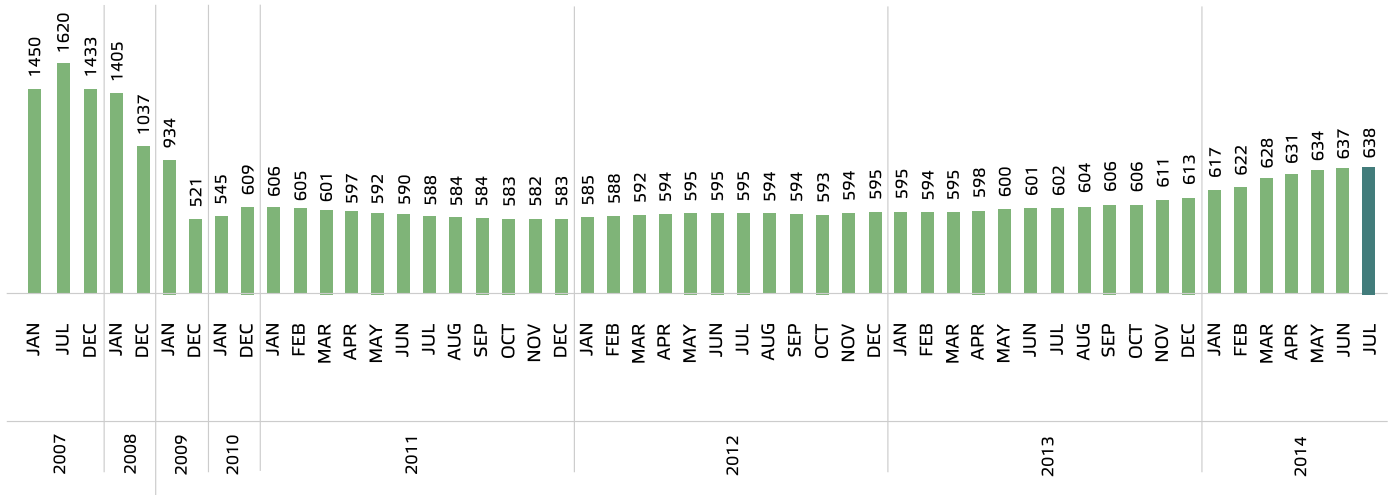
The largest growth of the average 1m² price in the housing estates of Riga City in the first half of 2014 was observed in Imanta: +6.9%. Also in other major housing estates of Riga City in this year the prices tend to increase.

In July 2014, the average price of a standard-type apartment has increased to position of 638 EUR/m². The prices on average are by 60.6% 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/m².

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 2013, the apartment prices grew by 3%. At the beginning of 2014, prices continue to rise – this year the apartment prices have increased by 4.2%.

In July 2014, the average price of one square metre of apartments if categorized by number of rooms has increased for two-room (+0.2%), three-room (+0.2%) and four-room apartments (+0.3%) apartments but as to one-room apartments (-0.2%) the price has slightly decreased.

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



Source: ARCO REAL ESTATE

In July 2014, the total supply of apartments in Riga has decreased by 2.7%. The number of apartments supplied in the largest housing estates analyzed by ARCO REAL ESTATE has decreased even more - by 4.2%. Also in the central part of Riga (city centre, Old Town) the supply of apartments in July has decreased (-2.2%).

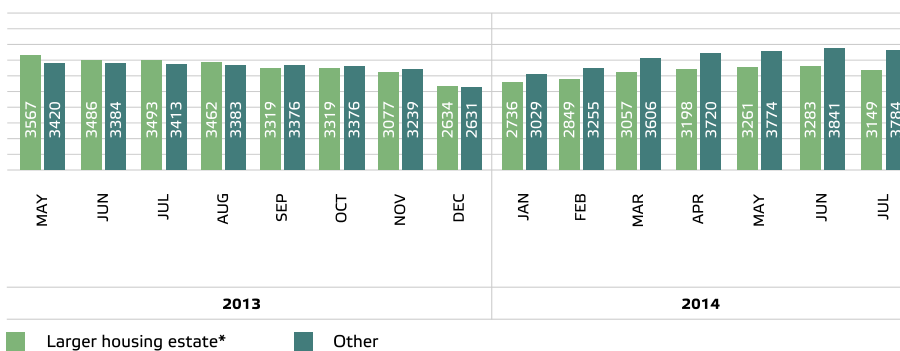
Having summarized the number of apartments supplied, it can be concluded that the largest supply of apartments in July was in Purvciems, Āgenskalns and Imanta. But the housing estates where the number of apartments supplied was the smallest were Bolderāja and Vecmīlgrāvis. In July, the number of apartments supplied increased only in such housing estates of Riga as Mežciems (+10.6%) and Imanta (+1.9%). In other housing estates a decrease of the supplied apartments was observed. The largest decrease of the supply in July was observed in Zolitūde, where the supply decreased by 13.2%.

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

Number of rooms	2012	2013	2014
1 room	622, 626, 632, 639, 639, 640, 641, 640, 638, 639, 639, 642	643, 643, 643, 643, 648, 648, 650, 651, 652, 654, 655, 664	666, 671, 681, 689, 692, 697, 701, 699
2 rooms	590, 592, 594, 598, 600, 602, 602, 601, 601, 602, 610, 612, 612, 614, 616, 619, 618, 623	602, 602, 602, 603, 610, 612, 612, 614, 616, 619, 618, 623	625, 628, 631, 638, 641, 645, 649, 650
3 rooms	563, 565, 568, 571, 573, 574, 575, 575, 575, 574, 574, 574, 574, 576, 577, 578, 579, 582, 583, 587	574, 574, 574, 574, 576, 576, 577, 578, 579, 582, 583, 587	588, 592, 596, 600, 602, 604, 609, 610
4 rooms	557, 557, 560, 561, 565, 565, 562, 562, 562, 560, 560, 560	560, 560, 560, 560, 561, 562, 562, 563, 564, 567, 568, 571	573, 577, 581, 586, 588, 590, 592, 594

Source: ARCO REAL ESTATE

Apartment supply dynamics in Riga

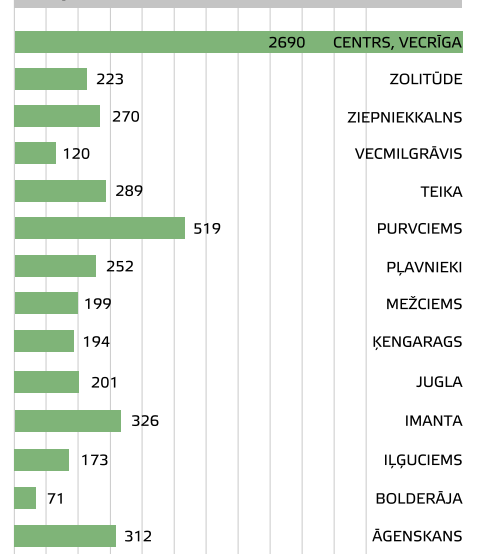


* Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmīlgrāvis, Ķengarags, Bolderāja, Ziepniekkalns, Imanta, Zolitūde, Āgenskalns, Ilģuciems

Source: ARCO REAL ESTATE

In July 2014, a slight increase of standard-type apartment prices was observed in most largest housing estates of Riga. The largest growth of the average price of 1m² in July was observed in Āgenskalns (+0,6%). No price changes were seen in Pļavnieki, Bolderāja and Zolitūde; the prices in those housing estates have remained at the same level as in June. But in Teika (-0,1%) and Ziepniekkalns (-0,2%) the prices slightly decreased in July.

Number of apartments offered in Riga, July 2014



Source: ARCO REAL ESTATE



In case of quoting or republishing, consent of ARCO REAL ESTATE is mandatory

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

	Average 1m ² price on 1st of August, 2014	Average 1m ² price on 1st of July, 2014	Price changes, %
Jugla	634	633	0.1 ↑
Pļavnieki	677	678	0.0 →
Purvciems	693	690	0.3 ↑
Mežciems	665	662	0.4 ↑
Teika	811	812	-0.1 ↓
Vecmīlgrāvis	533	532	0.2 ↑
Ķengarags	574	572	0.3 ↑
Bolderāja	459	459	0.0 →
Ziepniekkalns	653	654	-0.2 ↓
Imanta	676	674	0.3 ↑
Zolitūde	688	688	0.0 →
Āgenskalns	683	679	0.6 ↑
Iļģuciems	608	606	0.2 ↑

Source: ARCO REAL ESTATE

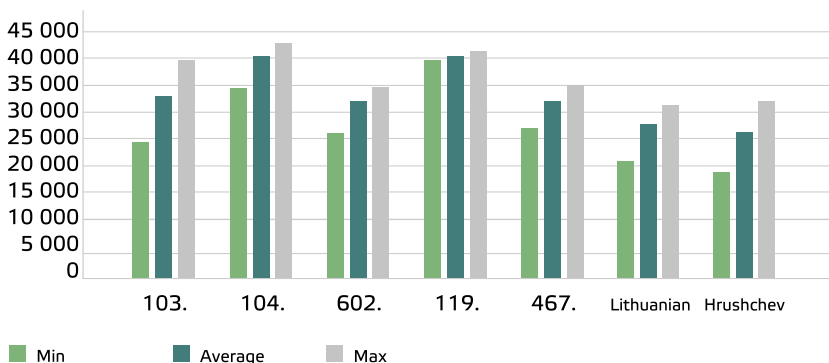
The highest standard-type apartment prices in July 2014 still were in Teika, where the average price of 1m² has slightly decreased in July, reaching the level of 811 EUR. But the lowest average price of 1m² has remained in Bolderāja – in July it remained to be 459 EUR.

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

	1st of Jan, 2011	1st of Jan, 2012	1st of Jan, 2013	1st of Jan, 2014	1st of Aug, 2014
Bolderāja	508	477	473	450	459
Vecmīlgrāvis	534	508	514	524	533
Ķengarags	541	510	518	543	574
Iļģuciems	590	566	570	586	608
Jugla	583	556	583	610	634
Ziepniekkalns	633	602	613	626	653
Mežciems	634	612	624	637	665
Imanta	618	592	605	633	676
Pļavnieki	630	603	622	651	677
Āgenskalns	643	606	623	644	683
Zolitūde	675	640	644	663	688
Purvciems	645	615	633	662	693
Teika	725	728	757	787	811

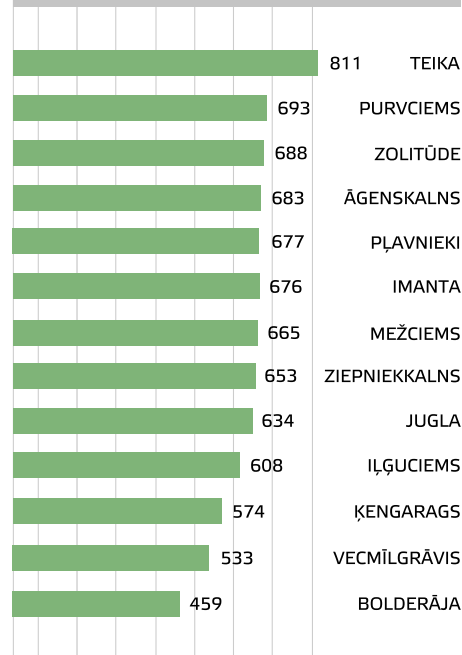
Source: ARCO REAL ESTATE

In July 2014, the most expensive apartments still were apartments in the houses of the 119th series and 104th series, where the price of 2-room apartments varied from 34 to 432 thousand 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 to 31 thousand EUR, and the so-called Khrushchev-time houses, where the price of 2-room apartments varied from 19 to 32 thousand EUR, depending on the housing estate.

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


Source: ARCO REAL ESTATE

Since the beginning of 2011, prices have increased by 4.8%. Compared with the beginning of 2012, the prices are higher by 9.5%. Since the beginning of 2013, prices of the standard-type apartments have increased by 7.3%. Compared with the beginning of 2014, in July 2014, the standard-type apartment prices in the housing estates of Riga were by 4.2% higher.

Average standard-type apartment prices in Riga housing estates in July 2014, EUR/m²


Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

OGRE

In July 2014, the standard-type apartment prices increased by 0.3%. The average price has reached 433 EUR/m². In Ogre, a price increase was observed for the first time since the beginning of the year, because in the last few months the prices remained unchanged in Ogre.

KAUGURI, JŪRMALA

In July 2014, the apartment prices in Kauguri (Jūrmala) have remained unchanged. The average price of an apartment has remained to be 403 EUR/m². Since the beginning of 2014, the prices of apartments have grown by 2% in Kauguri, Jūrmala. In July, there was observed price stabilization in Kauguri after a price growth that was observed in the two previous months.

SALASPILS

The price growth that was observed in Salaspils in the second quarter of 2014, has stopped. The average price of an apartment has remained to be 471 EUR/m². In total, during the first half of 2014, the prices in Salaspils have increased by 1.9%. Also the situation in Salaspils regarding the standard-type apartments may be characterized as price stabilization that followed the price growth that was observed in the three previous months.

JELGAVA

In July 2014, the apartment prices in Jelgava have increased by 0.8%. Average price of an apartment has grown to 344 EUR/m². The apartment prices in Jelgava are still growing and since the beginning of 2014, the prices of apartments in Jelgava have already increased by 9.9% 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 17 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.

ARCO REAL ESTATE Latvia is founded in 1997 and today we are able to offer services in Riga, Saulkrasti, Jelgava, Limbazi, as well as in Liepaja and Jurmala. About 60 highly-qualified employees work in the company.

ARCO REAL ESTATE

Māris Laukalējs

Member of the Board

Head of Valuation Department No. 1

maris.laukalejs@arcoreal.lv

39 Brivibas Street, Riga

LV-1010, Latvia

Phone +371 6736 5555

Fax +371 6728 4423

www.arcoreal.lv



/arcoreal



/arcorealestate



/arcorealestate