

STANDART-TYPE APARTMENT MARKET OVERVIEW SEPTEMBER

Standard-type apartments, October 1, 2014

In September 2014, the prices of standard-type apartments located in Riga housing estates increased by 0.1%. The average standard-type apartment price in September has increased to 641 EUR/m². In the first three quarters of 2014, standard-type apartment prices have grown by 4.5%, but since September of the last year by 5.8%.

Along with the stop of the standard-type apartment supply decrease, also the price growth rates in September had decreased, and a minimal price increase was observed. In the third quarter of this year there was observed a slight price increase (+ 0.6%) on the background of the first and second quarter when it was 2.5% and 1.4%, respectively.

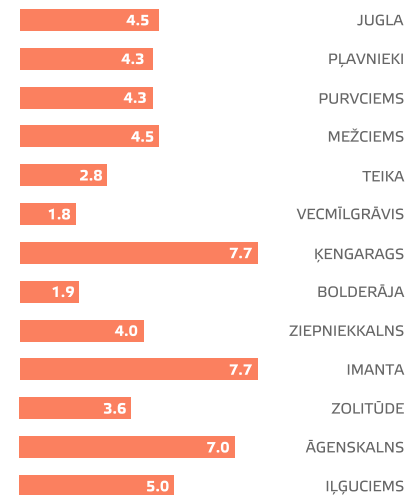
More and more often we see not only a price growth, but also a slight price decline on a monthly basis in certain residential areas. In previous months such changes were observed in Teika, where the prices stabilized in September, in contrast to Purvciems where there was observed a price decline in September, and where prices decreased by 0.4% reaching the position of 690 EUR/m².

The largest growth of the average 1m² price in the housing estates of Riga City since the beginning of 2014 was observed in Imanta (+7.7%) and Ķengarags (+7.7%). Also in other housing estates of Riga City in this year the prices tended to increase.

In September 2014 the average price of standard-type apartments has climbed to position of 641 EUR/m². The prices on average were 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/m².

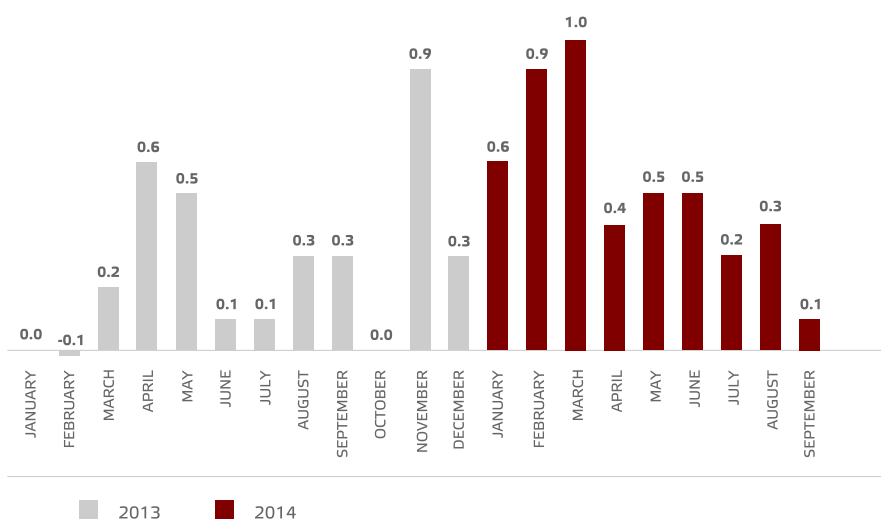
In 2008, the average prices of standard-type apartments in Riga in total decreased by 33.5%. In 2009, the average prices decreased by another 44.2%. But in 2010 the prices grew by 16.9% in total. In 2011, the prices of standard-type apartments decreased by 3.5%. In 2012, the apartment prices grew by 2%. In 2013, the apartment prices increased by 3%. In 2014, the prices continue to rise – this year the prices have increased by 4.5%

Price changes in housing estates since beginning of 2014, %



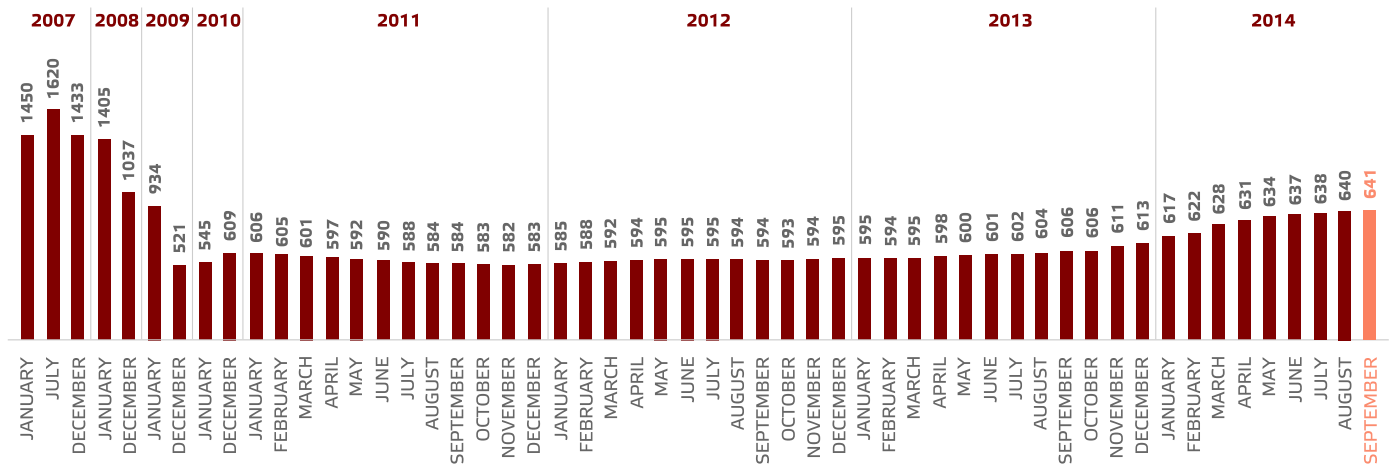
Source: ARCO REAL ESTATE

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



Source: ARCO REAL ESTATE

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



Source: ARCO REAL ESTATE

In September 2014, the average price of 1m² of apartments, if categorized by number of rooms, has increased for one-room apartments (+0.2%), two-room (+0.3%) and for three-room apartments (+0.1%) apartments but as to four-room apartments the price has decreased (-0,3%).

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

	2013												2014									
1 room	643	643	643	643	648	648	650	651	652	654	655	664	666	671	681	689	692	697	701	699	703	704
2 rooms	602	602	602	603	610	612	612	614	616	619	618	623	625	628	631	638	641	645	649	650	652	654
3 rooms	574	574	574	574	576	577	578	579	582	583	583	587	588	592	596	600	602	604	609	610	611	612
4 rooms	560	560	560	560	561	562	562	563	564	567	568	571	573	577	581	586	588	590	592	594	594	592
	1st of Jan	1st of Feb	1st of Mar	1st of Apr	1st of May	1st of Jun	1st of Jul	1st of Aug	1st of Sep	1st of Oct	1st of Nov	1st of Dec	1st of Jan	1st of Feb	1st of Mar	1st of Apr	1st of May	1st of Jun	1st of Jul	1st of Aug	1st of Sep	1st of Oct

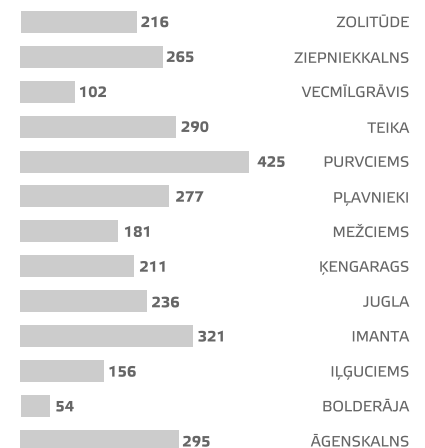
Source: ARCO REAL ESTATE

In September 2014, the total supply of apartments in Riga has decreased by 1.0%. The number of apartments supplied in the largest housing estates analyzed by ARCO REAL ESTATE has minimally grown - by 0.8%.

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

In September, in the most housing estates, the number of apartments offered for sale had increased. The biggest increase of offers was observed in Jugla (+18.6%), Ķengarags (+15.9%) and Teika (+9.8%). While in such residential areas as Bolderāja, Purvciems, Vecmīlgrāvis and Zolitūde the number of apartments offered for sale had decreased. The largest apartment supply decrease was observed in Bolderāja – it was decreased by 28.9%.

Number of apartments offered in Riga, September, 2014



Source: ARCO REAL ESTATE

In September 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 1m² in September was observed in Ķengarags (+0.5%). No price changes were seen in Bolderāja where the prices have remained to be at the same level as in the previous month. In contrast, the price drop in Purvciems (-0.4%), Vecmīlgrāvis (-0.2%), Ziepniekkalns (-0.2%) and Zolitūde (-0.1%) in September was minimal.

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

	Average 1m ² price on 1st of October	Average 1m ² price on 1st of September	Changes, %
Jugla	637	635	0.3 ↑
Pļavnieki	679	678	0.2 ↑
Purvciems	690	693	-0.4 ↓
Mežciems	666	665	0.2 ↑
Teika	809	808	0.1 ↑
Vecmīlgrāvis	533	534	-0.2 ↓
Ķengarags	586	583	0.5 ↑
Bolderāja	459	459	0.0 →
Ziepniekkalns	651	652	-0.2 ↓
Imanta	681	679	0.3 ↑
Zolitūde	687	688	-0.1 ↓
Āgenskalns	689	686	0.5 ↑
Iļģuciems	614	611	0.6 ↑

Source: ARCO REAL ESTATE

Since the beginning of 2011, prices in September were higher by 5.2%. Since the beginning of 2012, the prices were higher by 9.9%. Since the beginning of 2013, prices of the standard-type apartments have increased by 7.7%. Compared with the beginning of 2014, in September 2014, the standard-type apartment prices in the housing estates of Riga were by 4.5% higher.

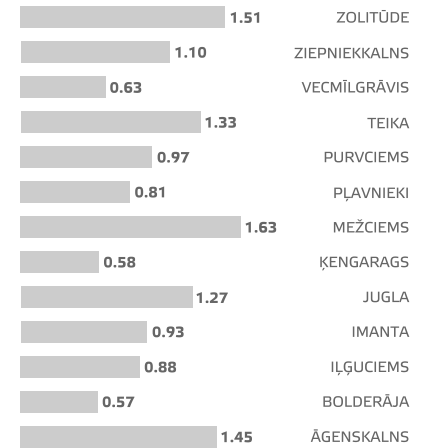
Average standard-type apartment prices in Riga housing estate, EUR/m²

	1st Jan, 2011	1st Jan, 2012	1st Jan, 2013	1st Jan, 2014	1st Oct, 2011
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

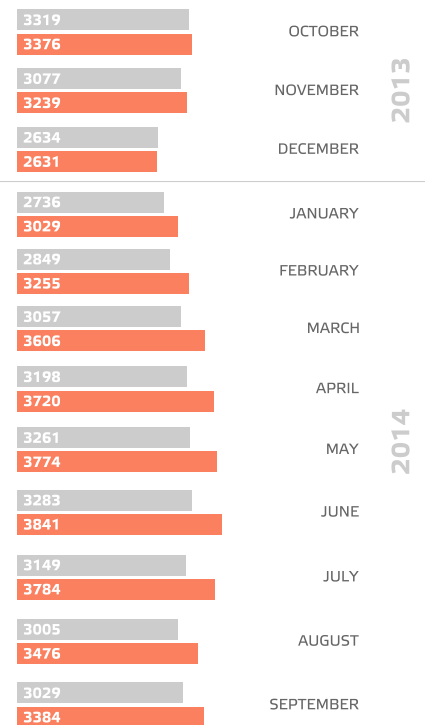
The highest standard-type apartment prices in September 2014 still were in Teika, where the average price of 1m² has slightly increased in September, reaching the level of 809 EUR. But the lowest average price of 1m² has remained in Bolderāja – in September it remained to be 459 EUR.

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



Source: ARCO REAL ESTATE

Apartment supply dynamics in Riga



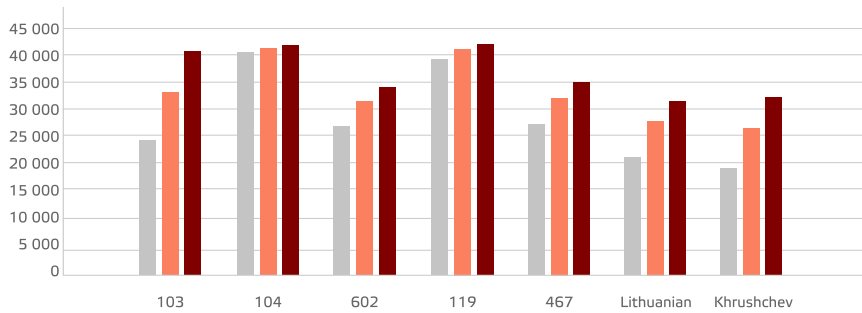
■ LARGER HOUSING ESTATE (Jugla, Pļavnieki, Purvciems, Mežciems, Teika, Vecmīlgrāvis, Ķengarags, Bolderāja, Ziepniekkalns, Imanta, Zolitūde, Āgenskalns, Iļģuciems)

■ OTHER

Source: ARCO REAL ESTATE

In September 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 39 000 to 42 000 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 32 000 EUR, depending on the housing estate.

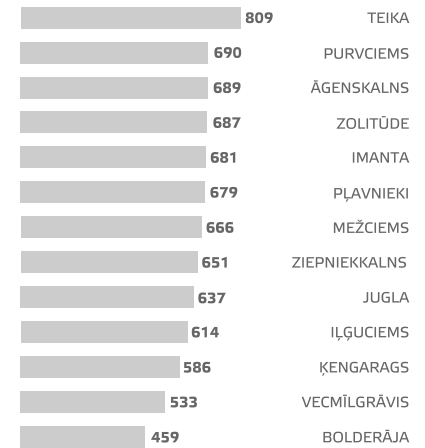
Standart-type apartment prices by series in Riga housing estates in September 2014, EUR (2-room apartments)



■ MIN
■ AVERAGE
■ MAX

Source: ARCO REAL ESTATE

Average standart-type apartment prices in Riga housing estates in September 2014, EUR/m²



Source: ARCO REAL ESTATE

Apartment market in the vicinity of Riga

Ogre

In September 2014, the standard-type apartment prices increased by 0.5%. The average price has reached 438 EUR/m². In Ogre, a slight price increase has been observed already for the third consecutive month. Before that the prices had been unchanged since the beginning of 2014. In whole, since the beginning of 2014, the prices in Ogre have grown by 2.7%.

Kauguri, Jūrmala

In September 2014, any changes in the apartment prices in Kauguri (Jūrmala) have not been observed. The average price of an apartment has remained to be 403 EUR/m². Since the beginning of 2014, the prices of apartments in whole have grown by 2% in Kauguri. September was the third consecutive month without price changes in Kauguri.

Salaspils

The price level in Salaspils did not change in September 2014. The average price of an apartment has remained to be 471 EUR/m². In total, during the first three quarters of 2014, the prices in Salaspils have increased by 1.9%. Also in Salaspils September was the third consecutive month without price changes.

Jelgava

In September 2014, the apartment prices in Jelgava have remained to be at the level of the previous month. Average price of an apartment is in position of 345 EUR/m². September in Jelgava was the first month after a long price growth period, when no price change was observed. Since the beginning of 2014, the prices have already increased by 10.3 % which is to be considered as a high indicator.

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