

HOUSING MARKET OVERVIEW

November 2011

New apartment buildings

In the segment of new apartment buildings, the activity of buyers, as well as the price level, remained at the previous month's level.

Foreign nationals who express interest in purchasing property due to the possibility of receiving a residence permit usually wish to purchase apartments in new buildings in the center of Riga; however, the offer is rather limited. Some of these buyers are also interested in new apartments in other neighborhoods. They must be fully finished, as it is planned to offer them on the rental market after the purchase. Overall, interest in purchasing apartments in new buildings in neighborhoods is mainly shown by local buyers.

The price range is rather wide and depends on the type of finish, the project of the building, the location, and other factors. The price of new apartments in November in the neighborhoods of Riga was 900–1400 euros; in downtown Riga – 1100–1600 euros, reaching 2500–5000 euros in good locations in the city center.

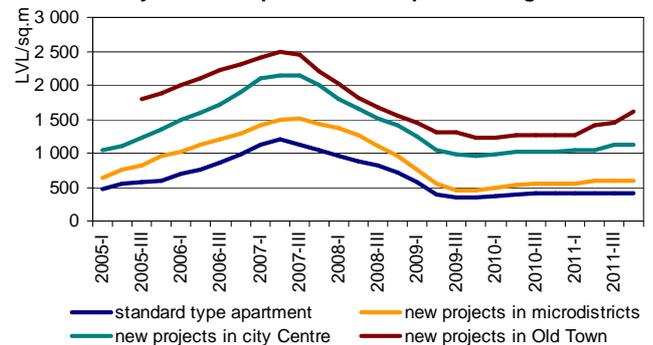
Apartments in downtown Riga

In the downtown Riga apartment segment in November, like in previous months, demand was mostly generated by foreign buyers, some of which are purchasing property to apply for a residence permit. This category of buyers is mostly interested in good apartments at a price slightly exceeding the minimum investment for the residence permit – 100 000 lats or 143,000 euros. All foreign buyers wish their apartment in Old Riga, quiet center or inner center to be located in a renovated building with an elevator. Some buyers wish to have a garage under the building, and are not satisfied with the possibility of parking the car in the courtyard.

The prices of downtown apartments in November have remained at the previous month's level, but overall this year they have changed depending on the demand – increasing in categories that satisfy the demands of foreign buyers, but staying at the existing level or even falling in categories with low activity, such as apartments in the outer center or non-renovated apartments.

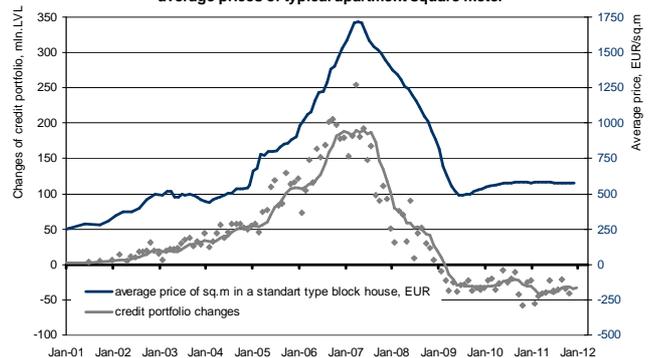
The price range in different apartment segments in November: apartments in average condition in the inner center – 900–1200 euros per square meter; renovated apartments – 1200–1500 euros; apartments in average condition in the quiet center – 1200–1400 euros; renovated apartments 1600–1800 euros. The prices of very good apartments in renovated buildings in the city center start at 2000 euros per square meter, reaching and exceeding even 5000 euros in some buildings. In the outer center, the price of apartments in average condition in pre-war buildings in November was 650–900 euros per square meter; renovated apartments – 900–1100 euros per square meter.

Dynamics of apartment sales prices in Riga



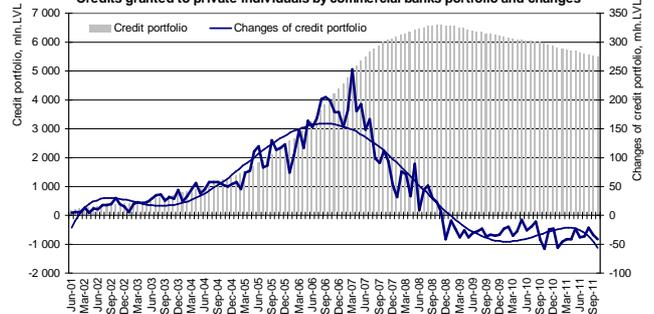
Source: LATIO

Credits granted to private individuals by commercial banks changes, average prices of typical apartment square meter



Source: the Finance and Capital Market Commission, LATIO

Credits granted to private individuals by commercial banks portfolio and changes



Source: the Finance and Capital Market Commission, LATIO

HOUSING MARKET OVERVIEW

November 2011

Standard type apartments

The average price of standard type apartments in Riga in November has stayed at the level of the previous months – 576 euros per square meter. The price of standard type apartments has declined by 1% since January.

The price of standard one-bedroom apartments in good technical condition in neighborhoods such as Purvciems, Pļavnieki, Zolitūde, Imanta, and Ziepniekkalns in November was 20,000–30,000 euros; two-bedroom apartments – 28,000–38,000 euros; three-bedroom apartments – 35,000–45,000 euros; four-bedroom apartments – 40,000–51,000 euros.

Demand in the standard type apartments segment is not high, so the prices remain stagnant. Buyers are mostly interested in one- or two-bedroom apartments.

Jūrmala

In Jūrmala, interest of foreigners, mainly nationals of Russia and other CIS states, in purchasing apartments in new buildings remained high in the fall. Most of these buyers are interested in buildings near the sea in the area from Lielupe to Dubulti.

The significant demand of foreigners for apartments in Jūrmala is stimulating a price increase of these properties. In the prestigious part of the city near the sea, apartments with interior finishing in new buildings range from 3,800 to 4,500 euros per square meter, without finishing – from 1,800 to 3,000 euros. Even more expensive apartments are offered, e.g., at 6,000 euros per square meter. New apartments farther from the sea, across the railway, range from 1,600 to 1,900 euros per square meter.

Some foreign nationals are also interested in purchasing a private house. Interest in purchasing houses in Jūrmala has also been shown by local buyers.

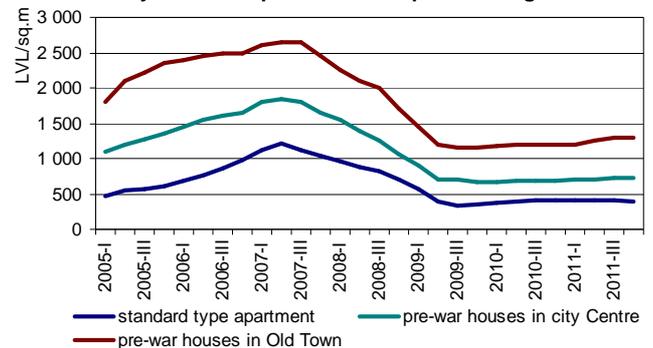
Rental market

The activity of tenants in the apartment rental market of Riga remained at the previous month's level and was high in the city center. Demand was generated by both locals and foreign nationals.

In downtown Riga, the demand is greatest for high-quality, furnished apartments with one, two or three bedrooms, up to 80 square meters, at a monthly rent of 350–600, without utilities. The offer of such apartments is still limited, and apartments that are made available are quickly rented out.

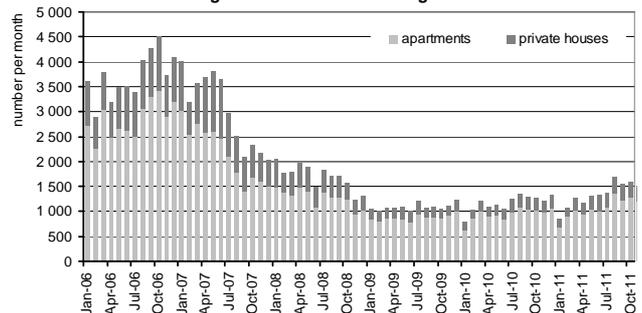
As a reaction to the interest shown by foreign buyers in apartments in downtown Riga, some of the rented apartments have been put up for sale.

Dynamics of apartment sales prices in Riga



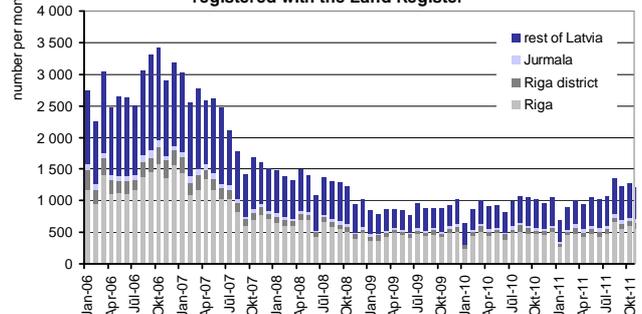
Source: LATIO

Housing transactions in Latvia registered with the Land Register



Source: Land Register, LATIO

Apartment transactions in Latvia registered with the Land Register



Source: Land Register, LATIO

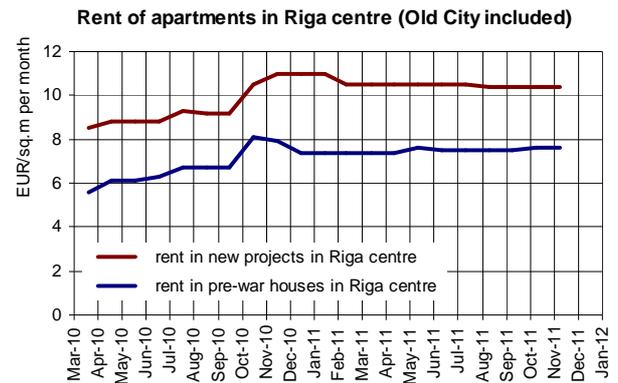
HOUSING MARKET OVERVIEW

November 2011

The average monthly rent for apartments in new buildings in the inner center of Riga in November was 10 euros per square meter; in the outer center – 7–8 euros; in the quiet center – 11–12 euros.

The average monthly rent for apartments in pre-war stone buildings in Old Riga in November was 8 euros per square meter; in the inner center – 7–9 euros; in the outer center – 6–7 euros; in the quiet center – 7–9 euros.

The average monthly rent for standard type apartments in average condition, without utilities, was 3.3 euros per square meter in November, the same as last month.



Source: LATIO