

HOUSING MARKET OVERVIEW

March, 2011

Standard type apartments

The average price of standard type apartment in Riga in March has remained at previous level of 581 euro per square meter, which is one euro less than in February. Average standard type apartment prices are staying at this level for already more than 6 months.

During one year period the average price of standard type apartments in Riga has increased by 3.4% - in March 2010, the average price per square meter was 562 euro. On the other hand, since the beginning of price increase in September 2009 when average price of a square meter in standard type apartment reached 500 euro, it has increased by 16.2% until March 2011.

The prices of standard type apartments in good technical condition at city parts Purvciems, Plavnieki, Zolitude, Imanta and Ziepniekkals in March were 21 000–29 000 euro for one room apartments, 29 000–37 000 euro for two room apartments, 35 000–46 000 euro for three room apartments, 40 000–50 000 euro for four room apartments. In city parts further away from the center such as Vecmilgravis and Bolderaja apartment prices are 20% lower in average.

The activity of buyers of standard type apartments has not changed comparing to previous months. Most popular apartments are those in good condition ready for living.

New projects

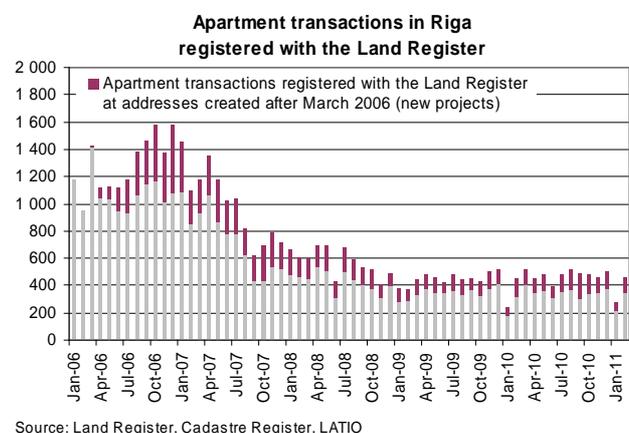
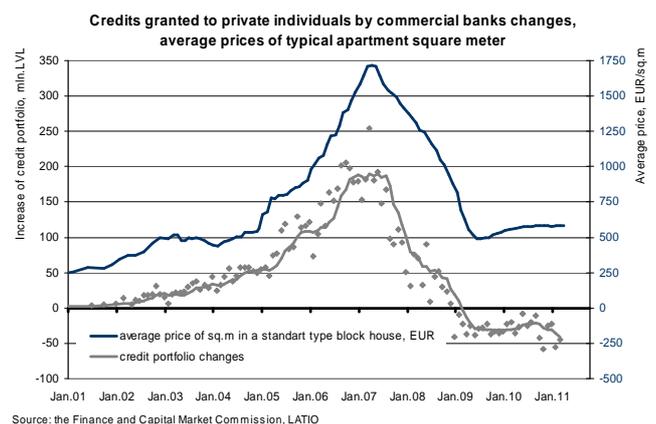
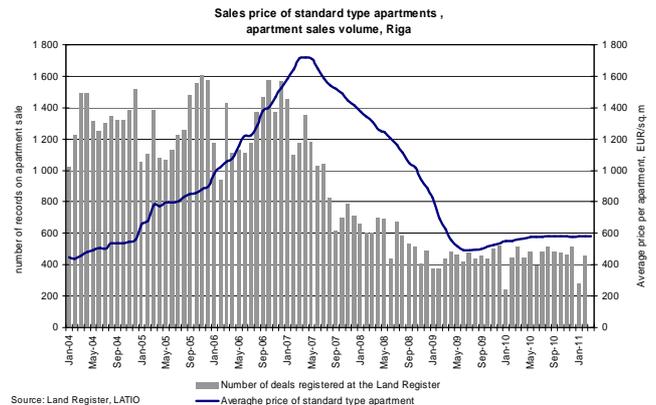
As in previous months, the largest activity at the new project apartment segment is observed in Riga center and Jurmala where foreign buyers ensure the demand. Increase in demand encourages the raise in prices as well. Several developers intend to increase the offer of apartments in Riga and Jurmala suitable for the needs of foreign buyers.

Most interest of apartments outside Riga center is coming from local inhabitants, but it is also possible that foreign buyers are looking at this segment of new project housing market in order to buy apartments as investment objects or to receive residence permit by buying and offering these apartments in rent market.

In March the prices in new project apartments of Riga city blocks depending of decoration, project and location were 900-1400 euro per square meter, 900-1400 euro per square meter in Riga center and 2000-3000 euro per square meter in projects with good location.

Apartments in Riga center

Due to high demand from foreign buyers for apartments in Old Riga, silent center and close center of Riga, an increase in offer was observed in March. However not all the apartments on offer correspond to the requirements of potential buyers as they are situated, for example, in old buildings. Foreign buyers are interested in quality apartments in good, renovated buildings with spruce environment and the offer of this type of objects is not sufficient.



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The demand of local inhabitants for housing at the center of capital city in march has remained at the level of previous months.

Prices of apartments in the center have not changed in March. Prices of apartments in pre-war houses at the center are 650-900 euro per square meter and 900-1100 euro per square meter for renovated apartments. Prices at the closest center are 900-1200 euro per square meter for medium condition apartments and 1200-1500 euro per square meter for renovated apartments. Prices at the silent center are 1200-1400 euro per square meter of medium condition apartments and 1600-1800 euro per square meter of renovated apartments. Prices for very good apartments at renovated houses in the center are 2000 euro per square meter reaching even 5000 euro per square meter in separate houses.

Private houses

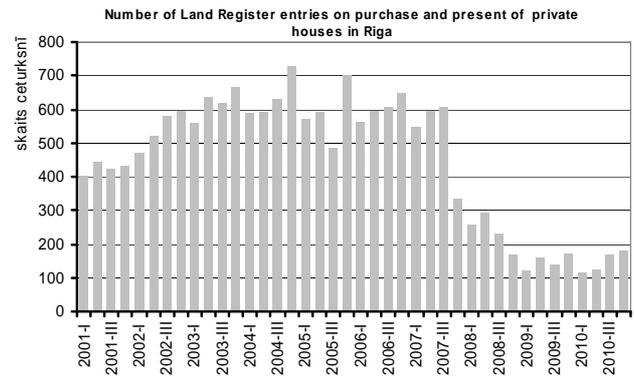
Segment of private houses during last months demonstrated alignment of sellers and buyers in the negotiations of property prices. Part of the sellers who had debts and other reasons forcing them to offer the house for high price not corresponding to its condition and location, withdrew the offer from the market due to very small interest of the buyers for such a price. Currently the situation has changed and potential buyers are aware that prices will not decrease considerably and in cases when the seller agrees to lower the price they are ready to pay higher price than initially planned. This tendency is observed for detached houses larger than 300 square meters.

In overall the largest interest of buyers in Riga and surroundings is observed for finished detached houses with area up to 200 square meters and price of 100 000–200 000 euro. The offer corresponding to buyer's needs for adequate price is still limited. Part of the sellers at this category of private houses previously offered for overcharge, are decreasing the price and thus attracting buyer's interest.

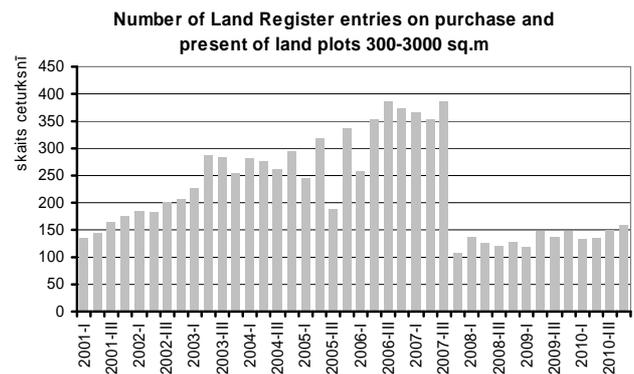
Housing rent market

In March Riga apartment rent market kept rather high demand level as observed during previous months. Most active segment of this market is center of the capital city and apartments at new project buildings where both local inhabitants and foreign citizens ensure the demand. Most of demand is observed for quality one or two room apartments with area up to 60 square meters for a rent price of 500 euro. The offer of this type of housing is limited therefore, good apartments are rented out in short term. Non-renovated apartments both in Riga Center and city blocks are not popular.

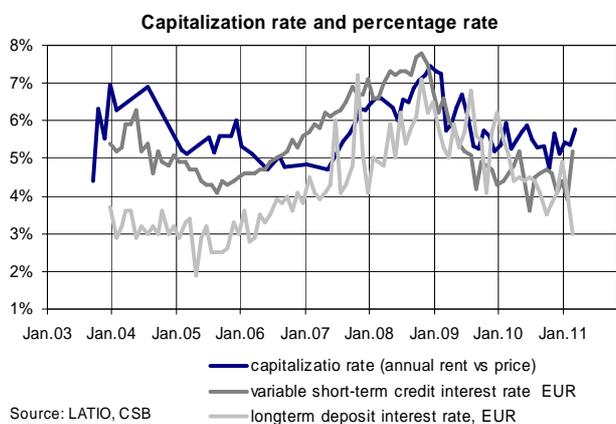
The interest in renting apartments at the center and new project buildings is based on local inhabitants who have sold their property purchased on loan and now willing to rent a good apartment with the same comfort level as they can afford it. March demonstrated a tendency of tenants previously occupying modest apartment to look for larger or better housing.



Source: Land Register, LATIO



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Source: LATIO, CSB

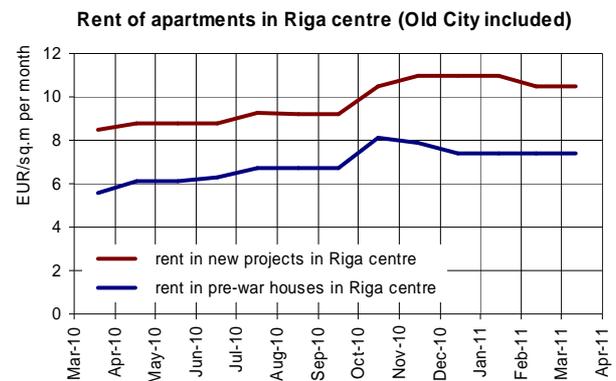
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The market continues to accept newly developed projects where most of the apartments are rented out. Demand for this type of apartments is high and Latio experience certifies this as apartments in the newly erected building in 61 Miera Street were rented out in a very short term.

The rent price for Riga center apartments in March has remained at the level of previous months. The average rent price for apartments in new project buildings at the closest center of Riga was 10-11 euro per square meter, 6-7 euro per square meter at the further center and 10-12 euro per square meter at the silent center.

The average rent price in March for apartments in pre-war stone buildings depending on their area were 7-8 euro in the Old Riga and closest center, 6-7 euro in the further center and 7-9 euro in the silent center. Average rent price for standard type apartments at the different blocks of Riga increased slightly in March comparing to February. Average rent price for medium condition apartments were 2,8 euro per square meter without public utility costs.



Source: LATIO