

# HOUSING MARKET OVERVIEW

April 2011

## Standard type apartments

In April the average price of Riga standard type apartments has increased by two euro and was 583 euro per square meter, but in overall the price level is stable for already longer period.

The average price of standard type apartments in Riga has increased by 2.6% in one-year period; in April 2010 a square meter of standard type apartment cost 568 euro. Since the recrudescence of the price increase in September 2009 when the average price per square meter of standard type apartment reached 500 euro, it has increased by 16.6% till April 2011. The price jump was observed at the end of 2009 and at the beginning of 2010, but later on fluctuated at the level of 580 euro per square meter.

The prices of standard type apartments in good technical condition at city parts Purvciems, Plavnieki, Zolitude, Imanta and Ziepniekkals in April were 22 000–30 000 euro for one room apartments, 30 000–37 000 euro for two room apartments, 36 000–45 000 euro for three room apartments, 41 000–53 000 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 in Riga has slightly increased in April, however the overall demand has remained at the average level of previous months. Most popular apartments are those in good condition.

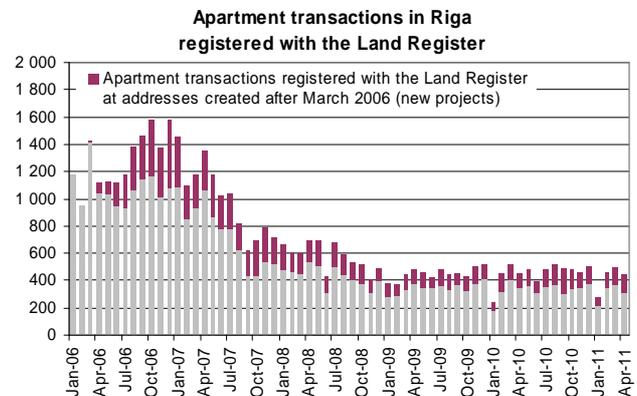
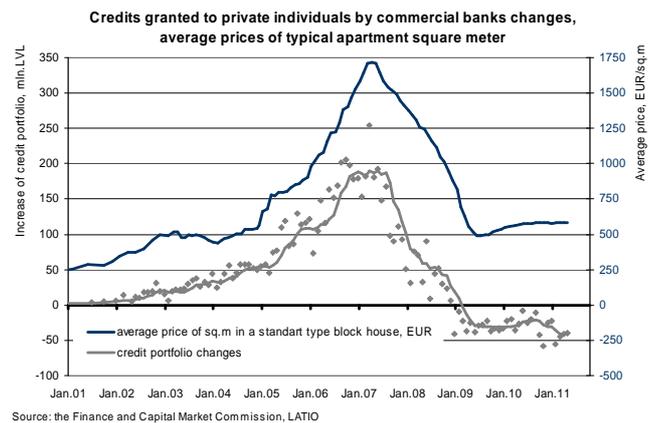
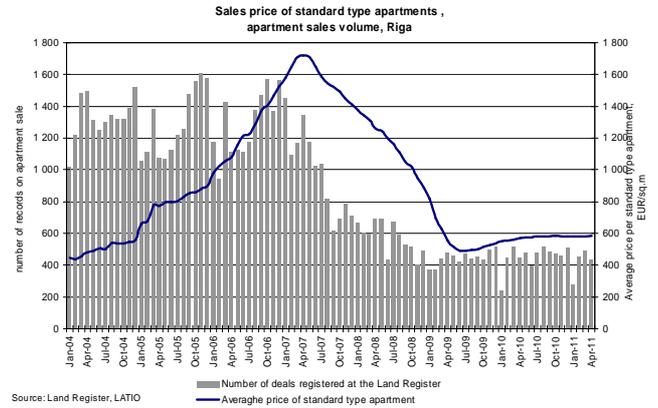
## New projects

As in previous months, the largest activity at the new project apartment segment is observed in Riga center and Jurmala where foreign buyers, mainly from Russia and other former CIS states, ensure the demand. Part of these buyers show interest in obtaining temporary residence permit along with the purchase of the property. Increase in demand encourages the raise in prices as well. Several developers intend to increase the offer of new project apartments in Riga center and Jurmala.

As the offer of new project apartments in Riga Center is limited, part of foreign buyers is showing interest also for projects outside Riga center.

Most interest of apartments outside Riga center is coming from local inhabitants and their activity has not changed comparing to previous months.

In April the prices in new project apartments depending of decoration, project and location were 700-850 euro per square meter in Riga suburbs, 900-1400 euro per square meter in Riga city blocks, 1100-1600 euro per square meter in Riga center and 2000-3000 euro at projects with good location in the center of Riga.



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### Apartments in Riga center

In April the interest of foreign buyers increased for purchasing good apartments in Old Riga and silent and close center of Riga. Comparing to second half of last year, the activity of persons from Russia and other former CIS states for this apartment segment has increased. It is related to the possibility to obtain temporary residence permit along with the purchase of the property and to other factors such as expected capital gains.

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.

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

Prices of apartments in the center have not changed in April. 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.

### Number of deals

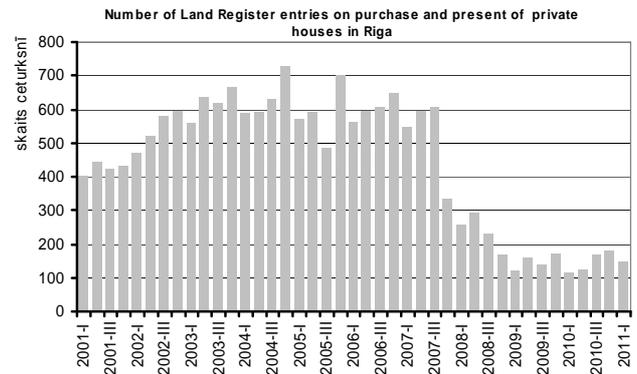
Latio analysis of data of the Land Register shows that number of deals with housing properties in Latvia during first quarter of 2011 had increased by 4,7% comparing to first three months of the last year. During four months the number of deals with housing objects in Latvia comparing to respective period of 2010 has increased by 5,3%.

The number of deals with apartments in Riga had increased by 2% during the first quarter of this year and increased by 0,9% during first four months comparing to the respective period of the last year.

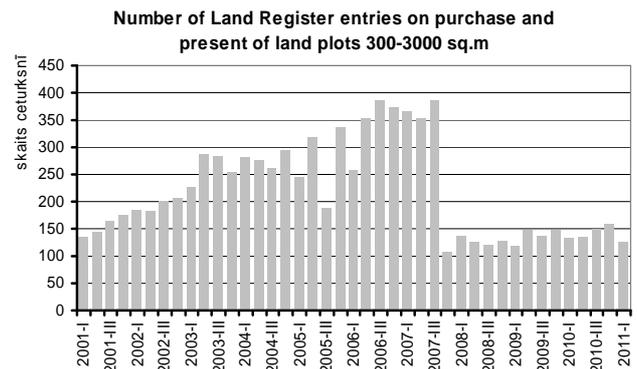
The fastest increase in volume of the deals is observed in Jurmala with 40,4% of the deals more comparing to January-March 2010. During last four months, the number of deals in Jurmala has expanded by 50,4%.

### Housing rent market

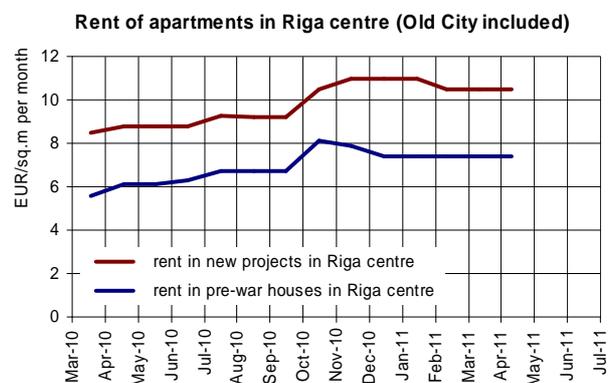
In April the demand in Riga apartment rent market remained high. Most active segment of this market is center of the capital city and apartments at new project buildings where both local inhabitants and foreign citizens ensure the demand. Most of demand is observed for quality one or two room apartments with area up to 60 square meters for a rent price of 400-500 euro additionally paying public utility costs. This demand comes both from foreign and local buyers.



Source: Land Register, LATIO



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The offer of this type of housing is limited; therefore, good apartments are rented out in short term.

The rotation of tenants of good apartments has decreased lately. If during previous years one apartment could experience change of two tenants annually then currently there is a significant tendency to prolong lease agreements in case tenants are satisfied with the condition of the apartment and its rent price. Quality apartments are entering the rent market slowly and the overall offer has decreased. Non-renovated apartments both in Riga Center and city blocks are not popular.

Although demand is high, the rent price in April at Riga center apartments has not changed considerably as the apartments are vacated rarely.

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 April 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 medium condition apartments remained 2.8 euro per square meter.

