

HOUSING MARKET OVERVIEW

July 2011

Standard type apartment

In Riga the average price of a square meter in standard type apartment in July continued to decrease and was 576 euro – two euro or 0.3% less than in previous month. The prices continued to decrease already third month in a row. The average price of standard type apartment in Riga has decreased by 1% since January and by 0,3% in last 12 months.

The activity of the buyers has remained at previous level. The prospective buyers are interested in purchasing one or two room apartment in good condition.

The prices of standard type apartments in good technical condition at neighborhoods as Purvciems, Plavnieki, Zolitude, Imanta and Ziepniekkalns in July were 19 000–31 000 euro for one room apartments, 28 000–39 000 euro for two room apartments, 33 000–45 000 euro for three room apartments, 40 000–53 000 euro for four room apartments.

New projects

In contrary to standard type apartment segment, the prices of the apartments in new project houses both in Riga city neighborhoods and in the center have increased.

Prices of new housing at the centre of the capital have increased by 18% in one year period and by 24% in two year period due to demand of foreign buyers. For separate projects in the Center of Riga prices have grown by almost 50% in two year period. Such a rapid increase during last year was observed due to growing demand of foreign buyers related to changes in Immigration Law and due to limited offer. It should be taken into consideration that the proportion of new housing at the center of Riga is very small in relation to the total volume of new project apartments.

In July, the same as in previous months, the largest activity was observed in Riga Center and Jurmala.

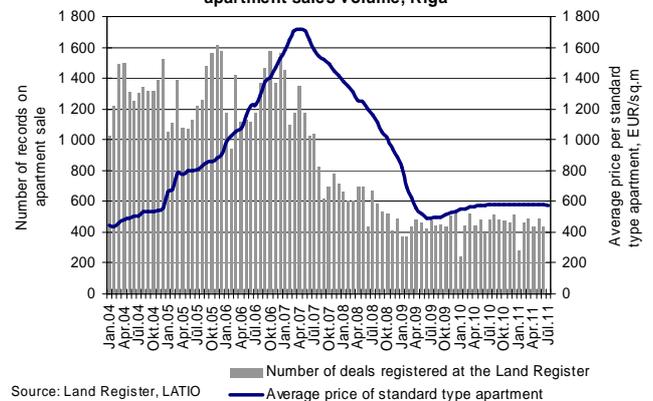
In July the prices in new project apartments depending on decoration, project and location were 700-850 euro per square meter in Riga suburbs, 900-1400 euro per square meter in Riga neighborhoods, 1100-1600 euro per square meter in Riga center and 2500-3500 euro at projects with good location in the center of Riga.

Apartments in Riga Center

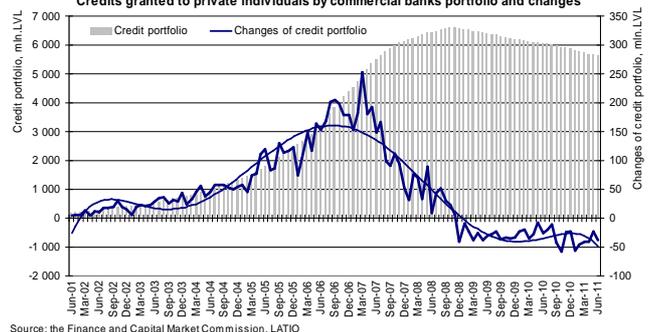
In July foreign buyers kept the interest for good apartments in renovated houses of Old Riga as well as at the quiet and close center of Riga.

The increase in demand and limited offer for apartments corresponding to the needs of foreign buyers has evoked the raise in prices. Prices for quality apartments in renovated houses in Old Riga have increased by 18% in one year period and by 23% in two year period. In close and quiet center of Riga prices for such housing have increased by 14% since July 2010.

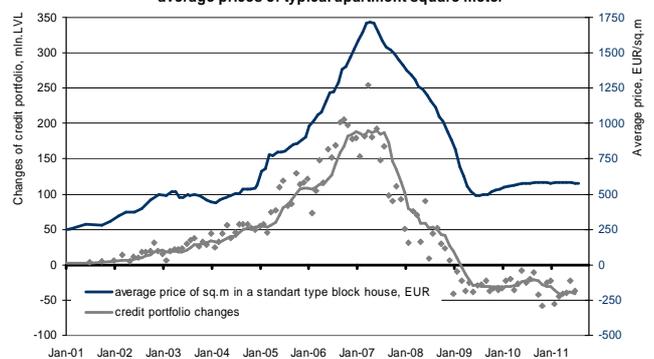
Sales price of standard type apartments , apartment sales volume, Riga



Credits granted to private individuals by commercial banks portfolio and changes



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



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Prices at the closest center in July were 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 were 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.

The demand of local inhabitants for apartments in the centre remains stable therefore prices of properties further away from Old Riga and outside interest of foreign buyers are not increasing. Prices of medium condition apartments in the further centre in pre-war houses were 650-900 euro per square meter, and 900-1100 euro per square meter for renovated apartments.

Jurmala

Month of July demonstrated a considerable activity in Jurmala housing market where the demand is ensured by foreign buyers, mainly from Russia and other former CIS countries. Part of the buyers is willing to buy the property due to changes in the Immigration Law, and part of the buyers intends to buy housing for spending the vacation. Buyers interested in residence permits are searching apartments for a price until 200 000 euro.

The increase of demand can be seen in the statistic report of the deals. As per data of the Land Register, the number of deals in Jurmala during first half of this year has reached the highest level since the end of 2007. Comparing to first half of 2010 the purchase deals of housing this year has increased by 1,5 times.

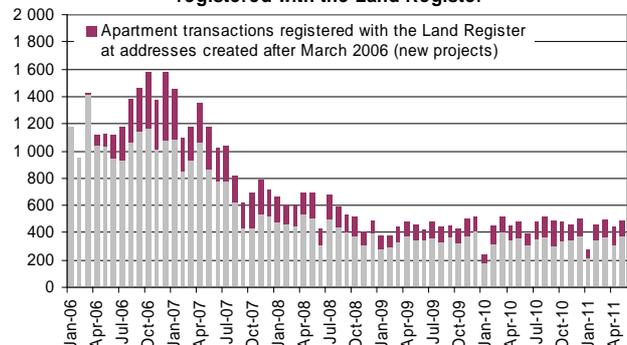
The prices of new project apartments in Jurmala are currently between 3800 and 4500 euro per square meter. The offer includes even more expensive apartments when the price is determined by a very good location, view to the sea or any other feature of exclusiveness. The prices of apartments tend to increase. A slight price increase is currently observed also in segment of detached houses – both for Jurmala houses with a price between 200 000 – 350 000 euro and expensive houses.

Deals

Latio has made an analysis of the data of Land Register and it shows that number of deals with housing in Latvia during seven months of 2011 comparing to first seven months of 2010 has increased by 10,6%.

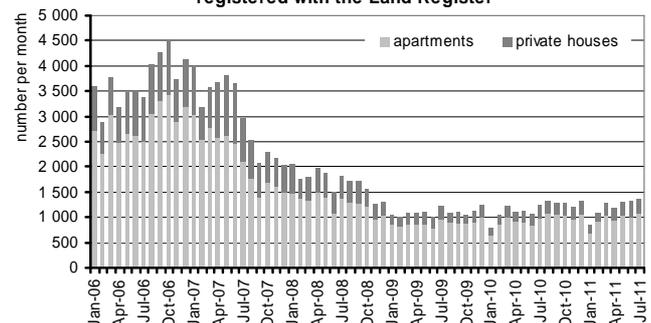
The total number of deals in Riga from January till July this year has increased by 4,9%. In capital city a more rapid increase is observed at detached houses segment – number of deals comparing to first seven months of 2010 has increased by 34%, but the number of deals of apartments has increased by 2%. The average number of deals per month in Riga this year is 440 deals on apartments and 55 deals on private houses.

Apartment transactions in Riga registered with the Land Register



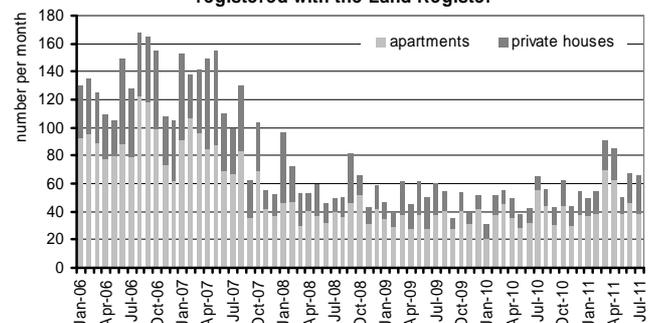
Source: Land Register, Cadastre Register, LATIO

Housing transactions in Latvia registered with the Land Register



Source: Land Register, LATIO

Housing transactions in Jurmala registered with the Land Register



Source: Land Register, LATIO

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Housing rent market

Comparing to previous months, the demand in Riga apartment rent market in July has decreased which is explained by summer vacation season. In August the increase in activity is expected due to demand of local and foreign students.

The offer of good apartments for rent is still limited at all segments in the center of the capital city, in new projects and standard type apartments.

Similarly as in previous months, the most demand for rent apartments in Riga center includes quality, well equipped and furnished one or two room apartments with area up to 60 square meters and rent price of 400-500 euro per month excluding public utility costs. The offer of such apartments is limited and vacant apartments are rented out very soon.

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 quiet center.

The average rent price in July 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 quiet center. Average rent price for medium condition standard type apartments excluding public utility costs decreased and was 2,9 euro per square meter.

