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## REAL ESTATE MARKET OVERVIEW – RIGA AND GREATER RIGA AREA

August 2005

The average standard type apartment price, which has been rather stable for several months, has climbed during the last few months reaching 830 EUR/m<sup>2</sup>.

Since construction of higher multi-apartment houses, i.e. with five, nine and twelve floors, will be permitted in several regions of Jurmala in future, it is expected that prices of the respective land plots will increase in locations where such buildings will be permitted.

Recently the biggest demand drivers in the commercial space market, who expand their activities, are discount chain shops, pharmacy chains and gambling operators.

This autumn, ten years will have passed since the start of the residential housing privatisation process in Latvia. At the beginning and in the middle of the nineties, the residential market was possible only by the means of exchange of apartments thus balancing on the edge of lawfulness. In order to make transactions, counterfeiting of stamps of the house management offices was quite common both in the sections of registered residence in passports and in application forms. Several criminal cases were initiated.

*More detailed information about the tendencies mentioned herein and other trends in the real estate market covering Riga and the Greater Riga area, as well as the outlook, you will be able to find in the Market Overview, 3<sup>rd</sup> quarter 2005, prepared by LATIO experts, which will be available in our homepage [www.latio.lv](http://www.latio.lv) in the beginning of October.*

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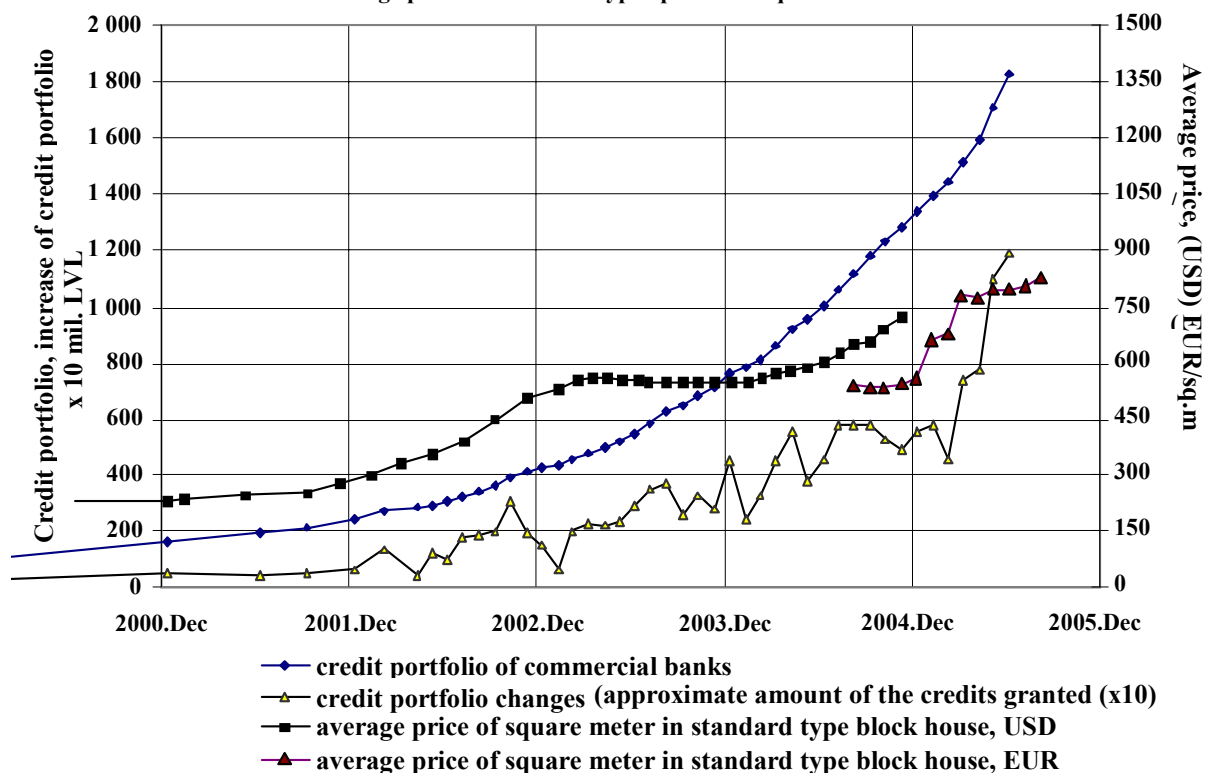
## HOUSING MARKET

This autumn, ten years will have passed since the start of the residential housing privatisation process in Latvia.

The year of 1995 should be deemed as the start of privatisation of residential houses under possession of the state and municipalities, although increased activity in the segment of apartments could be witnessed during the period from 1992 to 1995 when almost 100,000 inhabitants left Latvia for permanent residence abroad thus vacating almost 28,000 apartments. By the middle of the nineties, trade with apartments was possible only by the means of exchange except for the small number of co-operative apartments, thus balancing on the edge of lawfulness: some the so-called “black brokers” even counterfeited stamps of house managing offices both in the sections of registered residence in passports and in application forms. In order to effect the “hidden sale” in individual cases, registration of residence for a charge was executed even in non-existent houses, non-existent addresses. Several criminal cases were initiated for counterfeiting of stamps and documents at that time.

Until the year of 1995, the only type of private property in the residential market were co-operative apartments. However in 1995, the residents finally received a possibility, for privatisation certificates, to privatise their apartments that by then were the property of the state and municipalities, as well as to sell them without excessive problems.

Credits granted to individuals by comm. banks,  
average prices of standard type apartment sq.m



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**STANDARD TYPE APARTMENTS**
**Prices of standard type apartments in residential districts of Riga in August, EUR**

District/ series	Purv- ciems	Ziepniek- kalns	Agens- kalns	Imanta	Zolitude	Plavnieki	Mezciems	Jugla	Kenga- rags	Bolderaja
Series 119	1- room	37000 - 49000	33000 - 47000	-	-	35000 - 51000	35000 - 52000	-	-	-
	2- rooms	49000 - 66000	41000 - 64000	-	-	47000 - 64000	47000 - 64000	-	-	-
	3- rooms	58000 - 81000	50000 - 74000	-	-	53000 - 79000	56000 - 81000	-	-	-
	4- rooms	64000 - 91000	66000 - 86000	-	-	60000 - 88000	60000 - 93000	-	-	-
Series 602	1-ist.	29000 - 40000	29000 - 37000	-	29000 - 38000	-	29000 - 40000	30000 - 39000	-	-
	2- rooms	42000 - 57000	40000 - 50000	-	38000 - 50000	-	42000 - 54000	38000 - 54000	-	-
	3- rooms	52000 - 67000	48000 - 59000	-	45000 - 65000	-	50000 - 67000	50000 - 68000	-	-
	4- rooms	57000 - 77000	54000 - 68000	-	51000 - 78000	-	61000 - 84000	57000 - 81000	-	-
Series 103	1- room	33000 - 41000	-	30000 - 39000	-	-	33000 - 43000	-	-	26000 - 32000
	2- rooms	46000 - 61000	-	40000 - 58000	-	-	47000 - 61000	-	-	34000 - 44000
	3- rooms	55000 - 72000	-	49000 - 70000	-	-	54000 - 75000	-	-	40000 - 50000
Series 104	1- room	40000 - 50000	33000 - 45000	-	35000 - 45000	41000 - 46000	41000 - 49000	42000 - 50000	-	-
	2- rooms	52000 - 66000	43000 - 52000	-	42000 - 54000	40000 - 54000	54000 - 64000	55000 - 65000	-	-
	3- rooms	59000 - 79000	53000 - 60000	-	49000 - 69000	60000 - 80000	64000 - 84000	65000 - 85000	-	-
"Lithuanian" proj.	1- room	29000 - 35000	26000 - 35000	26000 - 35000	28000 - 35000	-	-	29000 - 38000	-	27000 - 32000
	2- rooms	42000 - 51000	36000 - 47000	36000 - 47000	38000 - 45000	-	-	44000 - 56000	-	33000 - 40000
	3- rooms	48000 - 62000	42000 - 57000	42000 - 57000	43000 - 60000	-	-	49000 - 67000	-	40000 - 52000
"Hruschov" type houses	1- room	29000 - 33000	25000 - 33000	24000 - 32000	-	-	-	28000 - 35000	26000 - 31000	-
	2- rooms	38000 - 46000	34000 - 45000	33000 - 44000	-	-	-	35000 - 45000	32000 - 39000	-
	3- rooms	48000 - 61000	38000 - 50000	38000 - 52000	-	-	-	44000 - 50000	43000 - 56000	-

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The average price of standard type apartments, that has been rather stable at about 800 EUR/m<sup>2</sup> during the last several months, has climbed lately by reaching 830 EUR/m<sup>2</sup>.

As every year, the demand for apartments during this time of a year has slightly decreased. The highest demand is for one-room as well as two-room apartments for owner-occupancy as well as for renting. The majority of buyers of small and cheaper apartments are students, pensioners and people from different Latvia regions who work in Riga, but permanently reside in rural areas.

## NEW PROJECTS

Construction of new projects is comparatively active. The highest multi-apartment houses are currently under construction or scheduled for construction in Pardaugava. There is one project of 12- and 16-storied houses, 2 twenty-two-storied houses are under construction in Imanta. Five 17-storied houses are planned, from those the construction of one house has almost been completed, and 2 twenty-five-storied houses as well as 2 thirty-storied multi-apartment houses.

Construction of higher multi-apartment buildings, i.e. with five, nine and twelve floors, will be permitted in future in several districts of Jurmala, for example, in particular places in Kauguri, Dubulti and Sloka. Therefore the already active construction of new buildings in the part of Jurmala to Dubulti will continue, and the prices of those land plots will increase where such five to nine-storied buildings will be permitted.

In August, an exclusive project of 11 apartments was commissioned in Jurmala, Dzintaru prospect: *Pine Residence* with a modern planning, terraces and an underground parking place for each apartment. Four of those apartments with the approximate value of half a million euros and space 110 m<sup>2</sup> to 200 m<sup>2</sup> have been sold already. The average prices are from 3 200 EUR/m<sup>2</sup> to 3 300 EUR/m<sup>2</sup>.

## APARTMENTS IN THE CENTRE OF THE CITY

Prices of apartments in high quality new projects in the centre of the city: *Tomsona terases*, *Centra Nams*, have slightly increased by amounting to 2 000-3 700 EUR/m<sup>2</sup>. A tendency can be witnessed that apartments in high quality newly erected houses have higher evaluation than apartments in simple pre-war houses that are not architectural monuments or have not been exclusively renovated.

Rents of exclusive, furnished apartments in the Old Town and the near centre, that have been stable for several years in a row, have increased from 11 EUR/m<sup>2</sup> to 12 EUR/m<sup>2</sup>.

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## DETACHED HOUSING

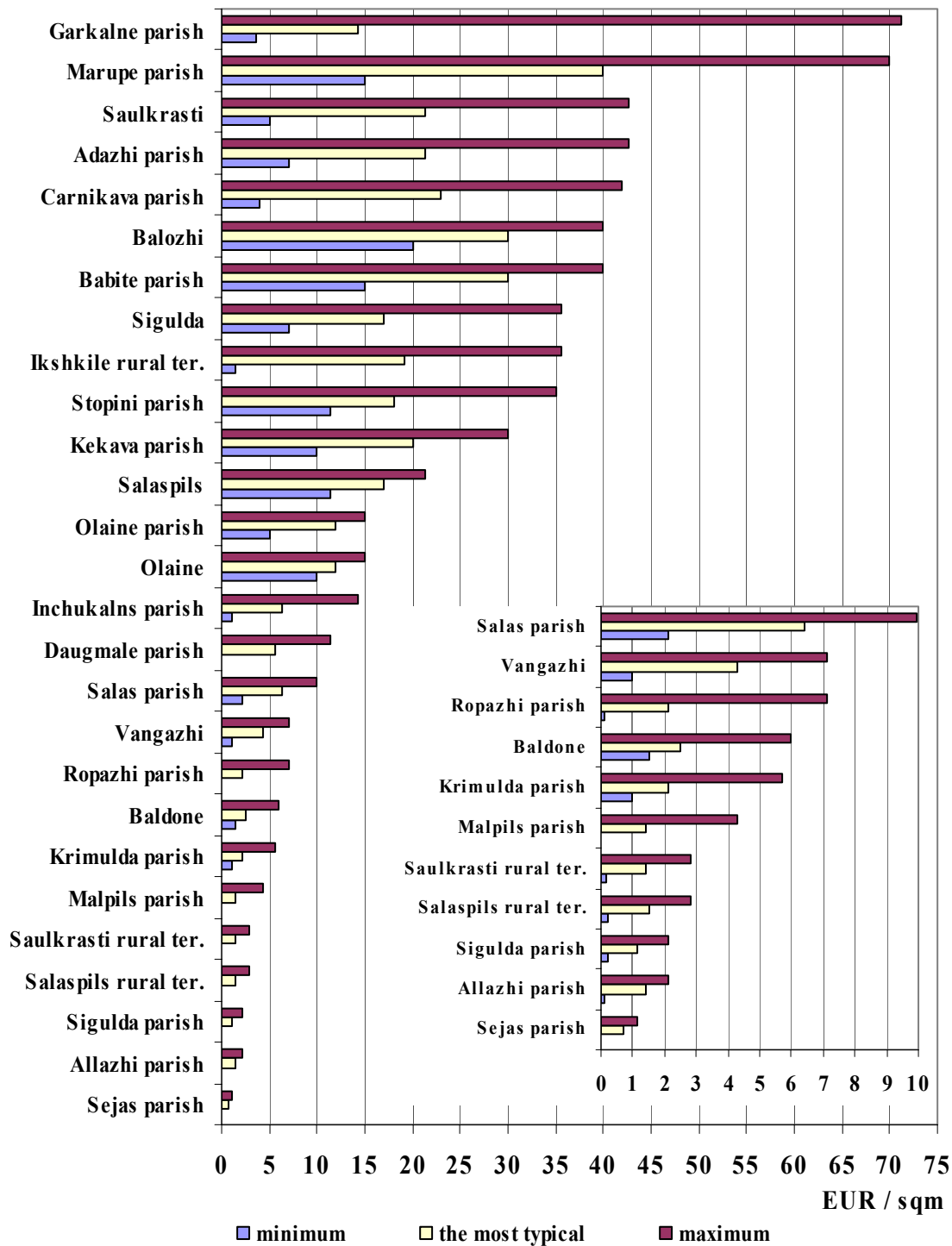
Lately activity in the market of detached housing in Sigulda and in Ogre has increased. Buyers are both local residents and inhabitants of Riga who have developed a delusion that, by selling, for instance, a three-room apartment in Riga, it is possible to buy a small detached house for the same amount in the Greater Riga area. The highest demand in the market is for houses within the price range of LVL 50 000 to 70 000 (EUR 70 000 to 100 000). The offer is small, however if such houses enter the market for the said price, they are sold within two weeks.

## RESIDENTIAL DEVELOPMENT LAND

The highest interest this month was witnessed in Daugmale, especially at the bank of the river Daugava. The main price influencing factors: possibilities of residential development, height of the river bank.

The biggest number of transactions with land for residential development is in Sigulda, Ogre, Salaspils in the price segment from 9 to 15 LVL/m<sup>2</sup> (13 to 20 EUR/m<sup>2</sup>). The main buyers are clients who can afford to buy a detached house and land for LVL 100 000 (EUR 140 000).

### Land prices in Greater Riga parishes



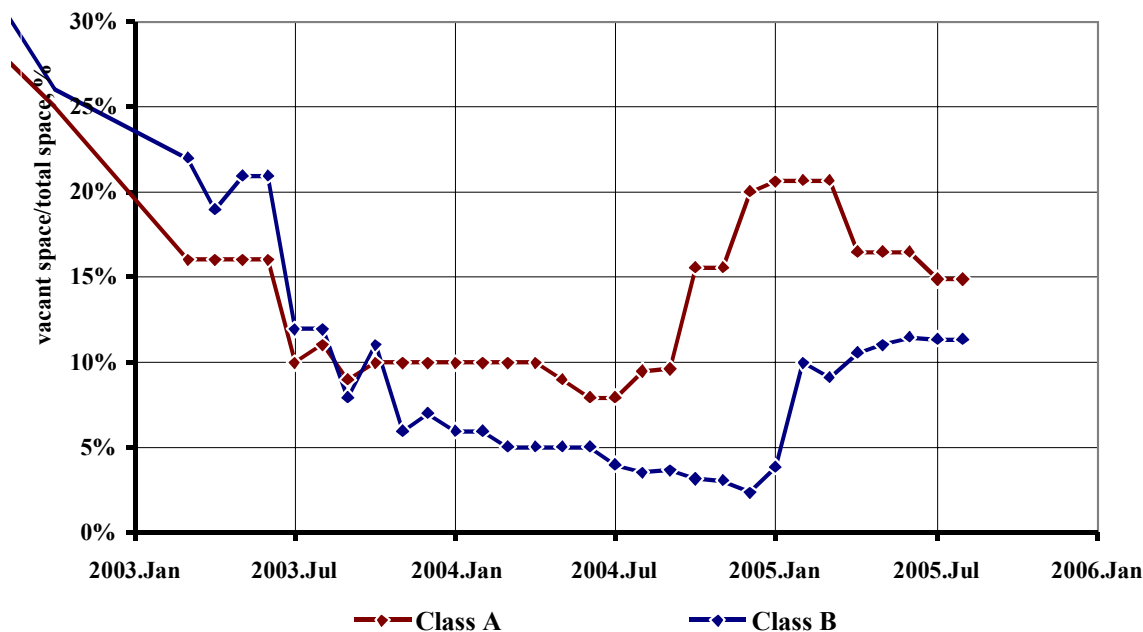
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# COMMERCIAL SPACE MARKET

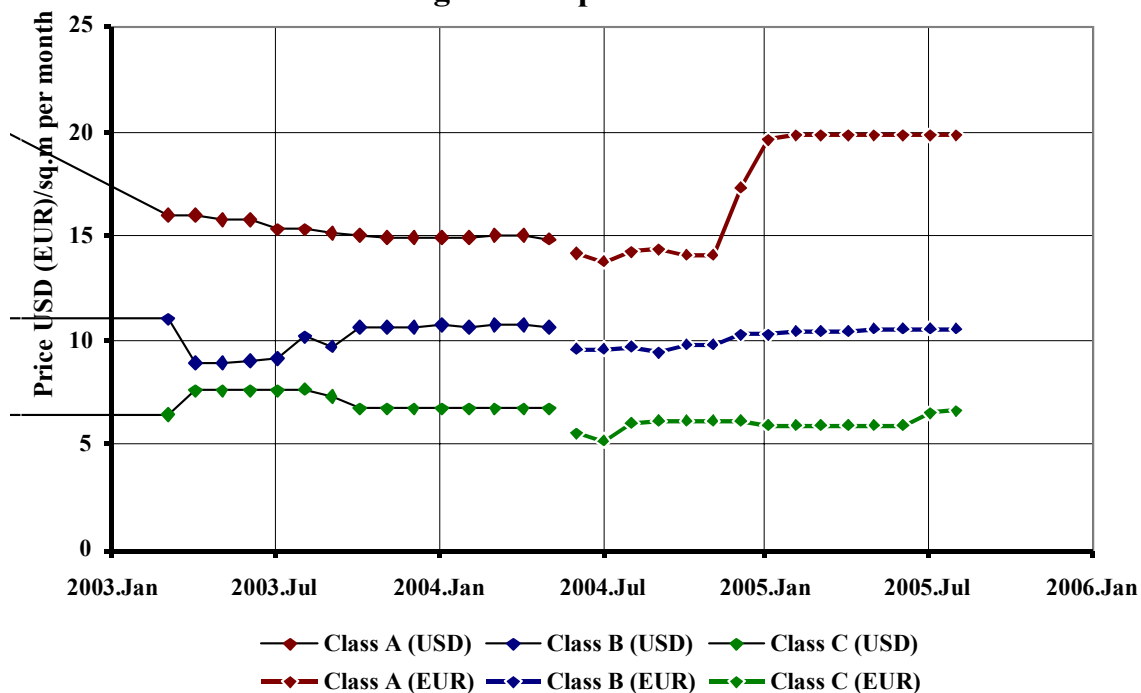
## OFFICE SPACE

The highest demand in August is witnessed for a medium space, i.e. 120 m<sup>2</sup> to 160 m<sup>2</sup>, Class B office space in the centre and in the near centre. The average lease payment for the premises is 9 to 10 EUR/m<sup>2</sup>. Providers of various services, for example, accounting services and consultancy, show active interest in the opportunity to buy office space or apartments on the ground floor that could be transformed into office space.

Office space vacancy rate



Average office space rent



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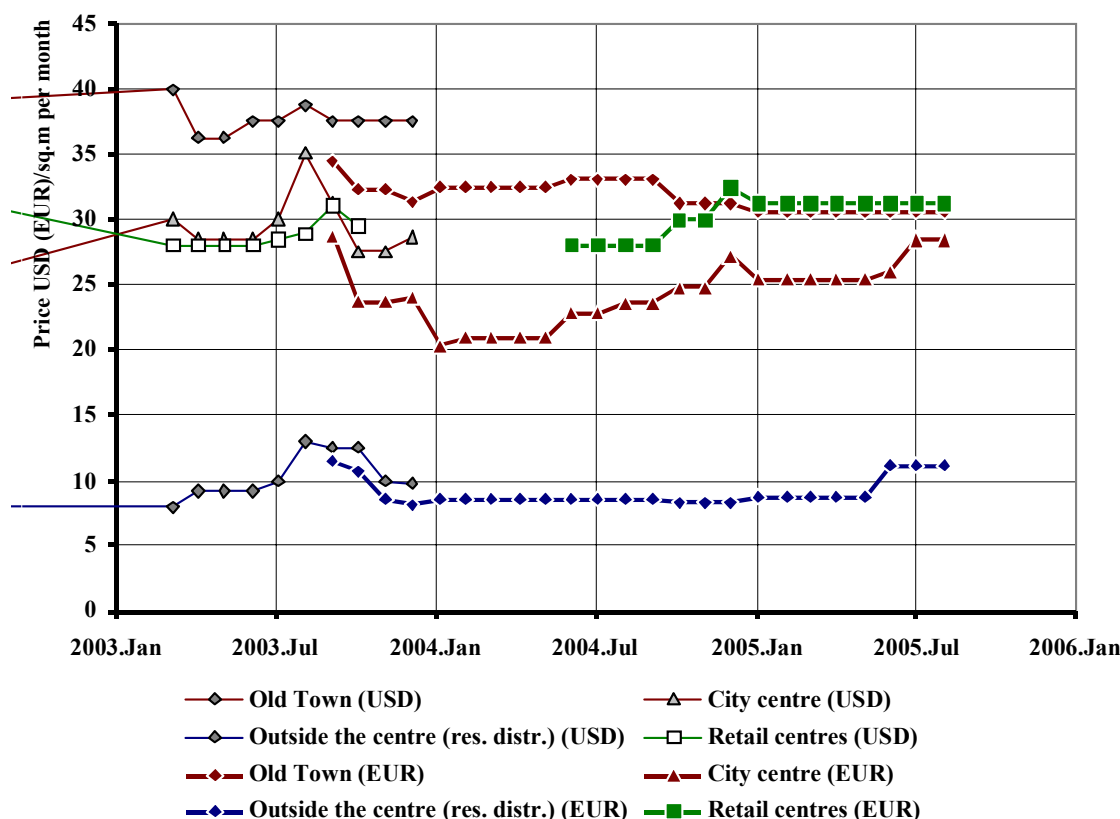
## RETAIL SPACE

The market of retail space lease is active. The average lease payment for small retail spaces of 30 m<sup>2</sup> to 50m<sup>2</sup> in the near centre amounts to 35 EUR/m<sup>2</sup>, but on separate occasions lease payment for quality space in the centre of the city amounts to 50 EUR/m<sup>2</sup>. High demand can be witnessed for purchasing such premises in the centre of the city.

Discount chains are expanding their activities intensively: *Supernetto, Elvi, Nelda, Lidl*. The above-mentioned retail chains are looking for their retail space in the centre of Riga and in the residential districts both for lease and for acquisition in property. Pharmacy chain *Tamro aptiekas* is expanding actively, and their mandatory requirement is as follows: compliance of the premises with the EU requirements, including easy access by persons with special needs in wheelchairs. Gambling operators are expanding as well.

Supply of retail space for sale outside the centre of the city: in Pardaugava, Purvciems and in other residential districts, has appeared. The average retail space prices are from 700 to 1 000 EUR/m<sup>2</sup>.

**Average retail space rent**  
(in streets with active pedestrian flow, space up to 100 sq.m)



## INDUSTRIAL SPACE

Stable demand for industrial land plots with communications in the Greater Riga area can be witnessed, where it would be possible to perform industrial land development. In response to the ever increasing demand for such type of land plots, 15 ha of parcelled industrial land are offered in Sauriesi for 16 to 22 EUR/m<sup>2</sup>. Area of the parcels: from 0.6 to 4 ha.

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