
REAL ESTATE MARKET OVERVIEW – RIGA AND GREATER RIGA AREA

January 2006

In January, if compared with December, the average price of a standard type apartment has climbed by 8% reaching 984 EUR/m². Some four room apartments in the series 119 apartment buildings located in the popular residential districts Purvciems and Plavnieki cost over 100 000 EUR.

In one year's time property prices in the Old Town have climbed for about 20%.

Underground parking can be constructed under newly built buildings only, their price in the Old Town being high. For example, in the exclusive new housing project "Rīdzenes rezidence" underground parking costs 40,000 EUR.

January was an active month in the new homes market – building of five new multi - family houses was commenced.

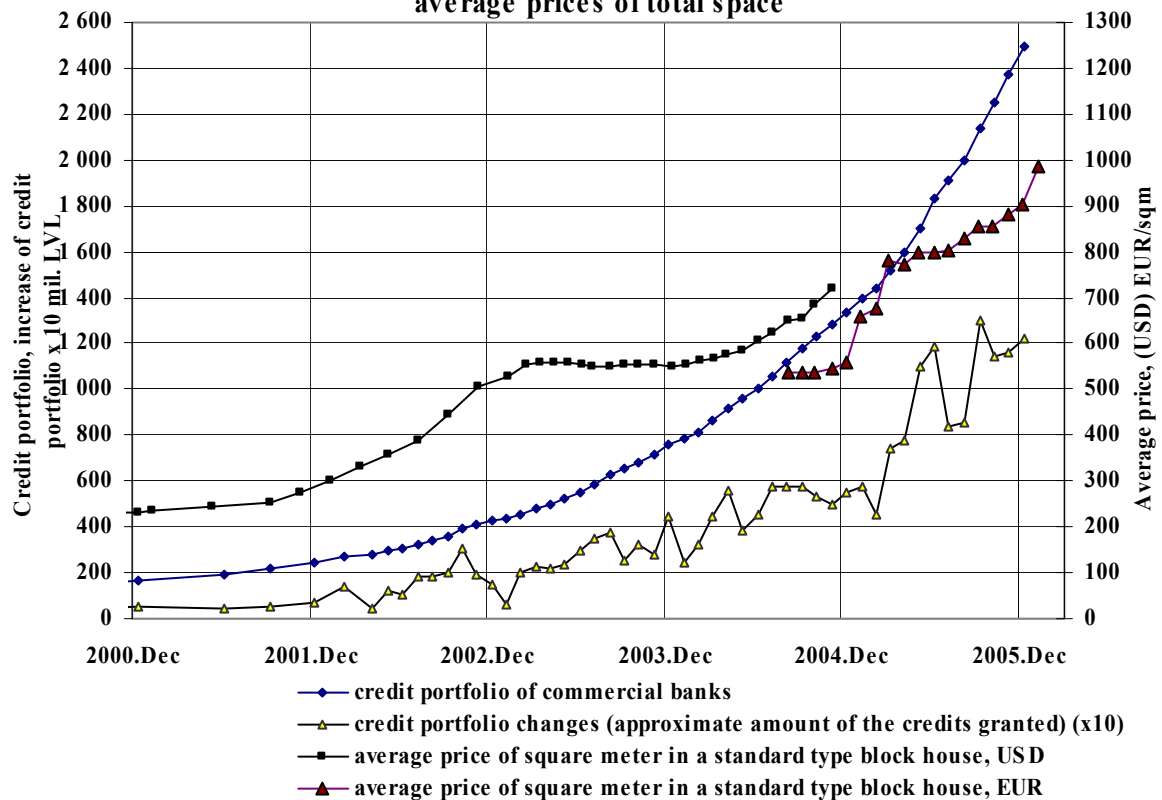
In the Old Town retail space purchasing price corresponds to that of an apartment, i.e., 4,000 – 5,000 EUR/m², in one of the projects reaching already 6,000 EUR/m². However, for the moment there are not concluded any deals for these prices.

The most expensive deal in the prime retail street market was the lease of about 80 m² retail premises to a pharmaceutical company for 50 EUR/m² per month that together with all the rest payments amounts to 60 EUR/m² a month.

Data publishing without reference to the source is prohibited!

HOUSING MARKET

Credits granted to private individuals by commercial banks,
average prices of total space



Source: Latio, the Finance and Capital Market Commission

STANDARD TYPE APARTMENTS

The strongest demand is still witnessed for standard type apartments. Supply fails to meet the ever increasing demand. New projects have no impact upon this market, mostly because purchasers are buying non-existent or not completed apartments in the new projects and are not vacating the old standard type apartments where the families are still residing.

In January, if compared with December, the average standard type apartment price has climbed by 8%, reaching 984 EUR/m². Some four room apartments in series 119 apartment buildings located in the popular residential districts Purvciems and Plavnieki cost over 100 000 EUR.

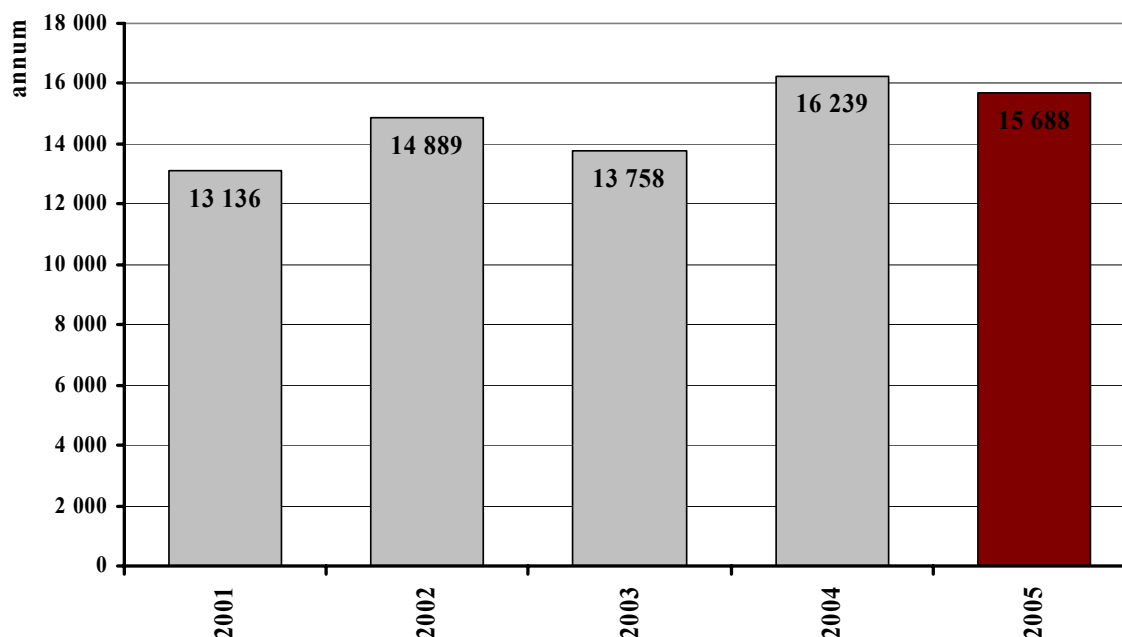
Data publishing without reference to the source is prohibited!

Prices of standard type apartments in residential districts of Riga in January, EUR

District/ series	Purv- ciems	Ziepniek- kalns	Agens- kalns	Imanta	Zolitude	Plavnieki	Mezciems	Jugla	Kenga- rags	Bolderaja
Series 119	1- room	43000 - 54000	43000 - 53000	-	-	43000 - 54000	42000 - 57000	-	-	-
	2- rooms	58000 - 74000	53000 - 68000	-	-	53000 - 66000	57000 - 74000	-	-	-
	3- rooms	68000 - 90000	67000 - 82000	-	-	65000 - 82000	62000 - 90000	-	-	-
	4- rooms	73000 - 110 000	75000 - 90000	-	-	75000 - 93000	70000 - 110 000	-	-	-
Series 602	1- room	35000 - 43000	34000 - 42000	-	35000 - 43000	-	34000 - 46000	34000 - 45000	-	-
	2- rooms	49000 - 63000	51000 - 60000	-	51000 - 59000	-	51000 - 65000	52000 - 58000	-	-
	3- rooms	61000 - 73000	58000 - 75000	-	57000 - 70000	-	58000 - 73000	59000 - 68000	-	-
	4- rooms	65000 - 83000	69000 - 77000	-	67000 - 79000	-	66000 - 90000	71000 - 83000	-	-
Series 103	1- room	37000 - 48000	-	36000 - 44000	-	-	38000 - 46000	-	-	31000 - 36000
	2- rooms	55000 - 73000	-	48000 - 64000	-	-	54000 - 70000	-	-	42000 - 49000
	3- rooms	62000 - 82000	-	68000 - 80000	-	-	65000 - 90000	-	-	50000 - 63000
Series 104	1- room	45000 - 59000	45000 - 53000	-	42000 - 54000	48000 - 54000	47000 - 65000	37000 - 41000	-	-
	2- rooms	56000 - 73000	52000 - 66000	-	54000 - 75000	55000 - 67000	56000 - 85000	47000 - 60000	-	-
	3- rooms	66000 - 99000	69000 - 80000	-	70000 - 83000	74000 - 83000	66000 - 120 000	55000 - 73000	-	-
„Lithuanian” proj.	1- room	34000 - 41000	34000 - 39000	33000 - 38000	35000 - 41000	-	-	31000 - 38000	-	29000 - 37000
	2- rooms	46000 - 55000	44000 - 51000	49000 - 54000	47000 - 54000	-	-	38000 - 46000	-	35000 - 46000
	3- rooms	53000 - 66000	51000 - 63000	54000 - 64000	54000 - 65000	-	-	44000 - 59000	-	41000 - 56000
„Hruschov” type houses	1- room	34000 - 42000	33000 - 37000	34000 - 38000	-	-	-	-	35000 - 40000	28000 - 36000
	2- rooms	45000 - 59000	44000 - 49000	44000 - 49000	-	-	-	-	49000 - 51000	34000 - 54000
	3- rooms	54000 - 71000	50000 - 60000	53000 - 60000	-	-	-	-	56000 - 67000	47000 - 67000

source: Latio

Number of the apartment sales transactions in Riga



source: Land Book register

The total number of deals in years 2004 and 2005 is similar, the average standard type apartment price increase during 2005 amounting to some 50%. The most active purchaser category in both – the segment of apartments and detached houses is 30 to 45 years old family people, mostly from Riga.

NEW PROJECTS

In January 2006 there was commissioned the project “Vārnu ielas names” in 11 Varnu street, but construction works were completed in two projects - „Fon Heimana nams” in Riga and „Strēlnieku iela 39” in Sigulda. This year construction of five new homes has been commenced.

During January the last apartments were sold out in two projects - one located in Zolitude, another in Jelgava. In three projects, i.e., „Zelta Rasa”, „Juglasciems” and in Gunara Astras street, selling of apartments was started. However, only one of these projects - „Juglasciems”- is under construction, the other two being in the project stage only.

One of the most topical issues in the new projects market is construction quality. This January when the temperature was below minus 25 in a number of the new homes there emerged heating and water supply problems. This was mainly caused by the fact that the new homes are not fully occupied, but the apartments have autonomous heating. The non-occupied apartments were not heated eventually causing system problems to the inhabitants.

Data publishing without reference to the source is prohibited!

APARTMENTS IN THE CENTRE OF THE CITY

In the Old Town and the near centre property prices have increased by 20% during the last year. Supply is sufficient, deals are concluded, both - apartment properties and house properties are purchased. However, it has to be noted that purchasers evaluate more carefully properties before purchasing. For example, it is not so easy to sell an apartment of 200 m² on the fifth floor without an elevator. The average apartment price in the new projects built in the Old Town with partial finish is 4,500 EUR/m², the highest price quoted at the moment is 5,000 EUR/m² asked for apartments in the building located on 5 Palasta street.

One of the biggest problems in the Old Town and centre is shortage of parking. Underground parking can be constructed only under newly built houses, their prices are high. For example, a parking lot in the exclusive new project "Rīdzenes residence" costs 40,000 EUR/m².

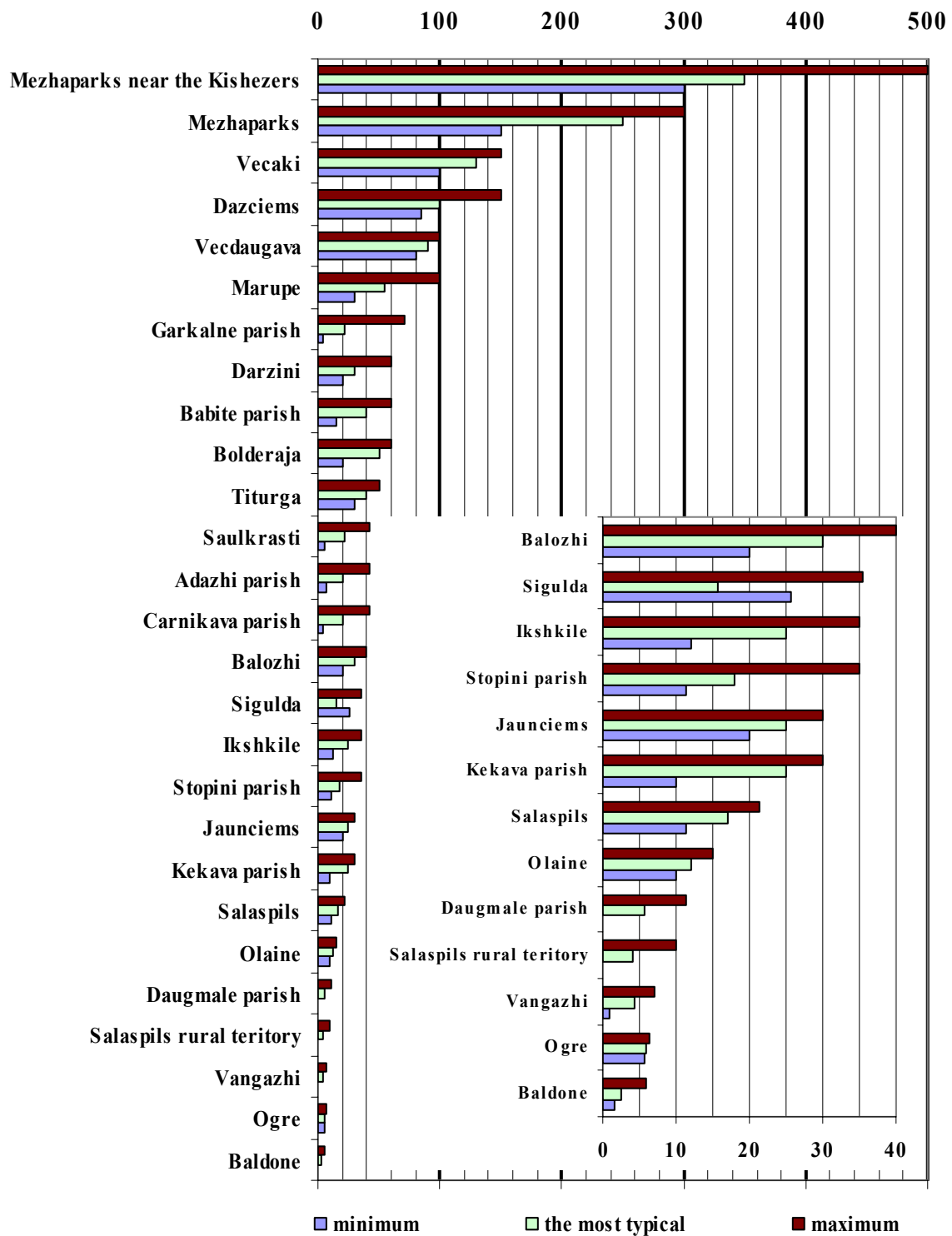
DETACHED HOUSING

January is not among the most active months in the detached housing market, especially taking into consideration the extremely cold temperatures experienced this year. The cold weather proved to be a real test to the building and material quality of the new detached houses.

Detached houses for the price of 140,000 EUR/m² are bought out very quickly.

RESIDENTIAL DEVELOPMENT LAND

Land prices in Riga and Riga region, EUR/sqm



source: Latio

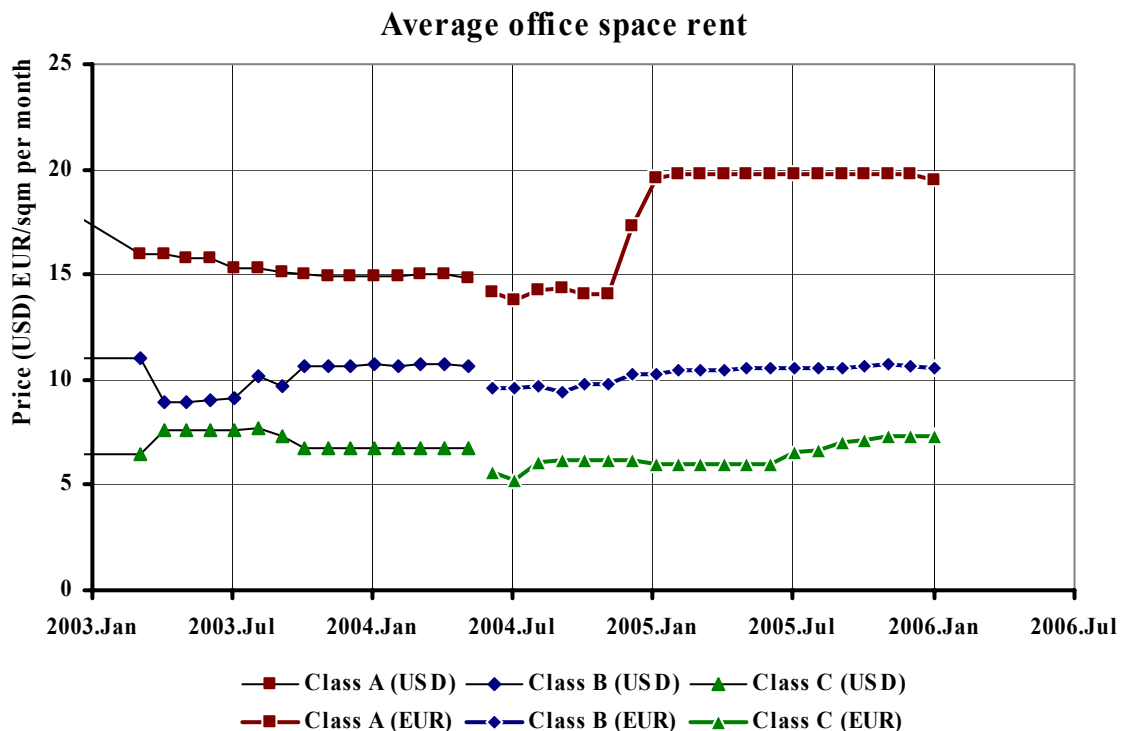
COMMERCIAL SPACE MARKET

All the commercial space rents in this and the future LATIO market overviews are quoted net, i.e., not including utilities, management, CAM, marketing or any other payments.

OFFICE SPACE

In January the biggest market activity was witnessed in Class C segment resulting in rent increase reaching already 7.5 EUR/m².

The strongest demand was witnessed for office space of 100 - 150 m², although some clients are looking for office space of 800 - 1000 m².



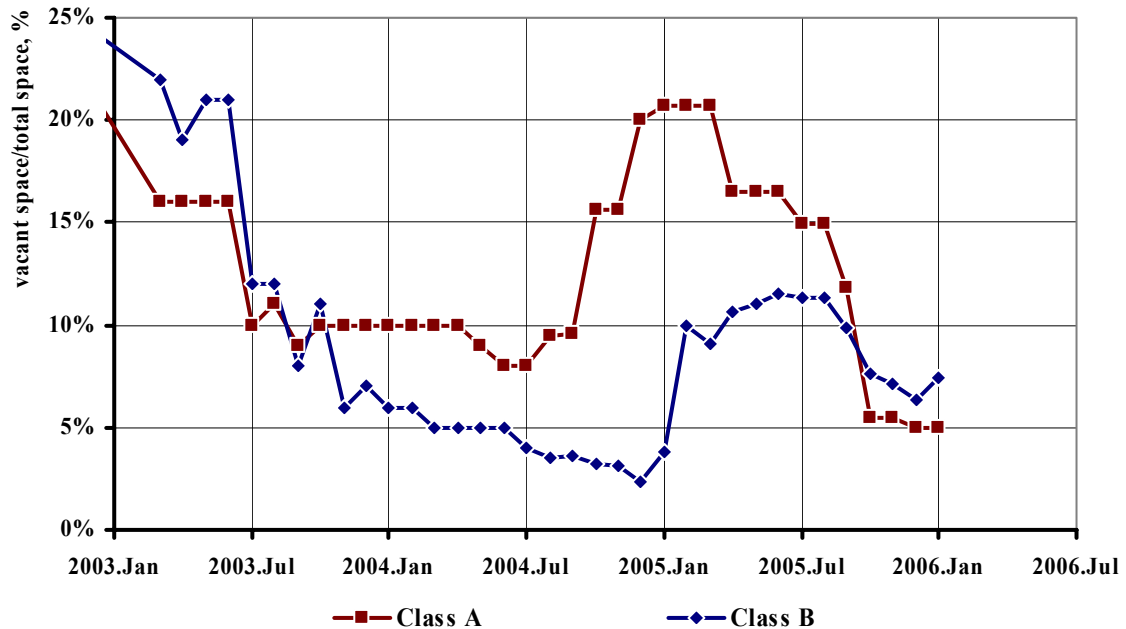
source: Latio

Taking into consideration the ever increasing demand in the new office centre market, exactly like it is in the new homes project market, the number of purchases made by speculators is increasing. More and more new projects are offering office premises for sales. Enterprises purchasing office space of about 50 – 300 m² normally are buying premises for their own occupancy. Bigger premises in most cases are purchased by speculators. This trend to a great extent depends on the developer as not all the office centre owners agree to close such deals understanding their negative impact upon the general environment of the office centre.

Data publishing without reference to the source is prohibited!

Some of the big enterprises, banks and construction companies including, choose to build modern office centres designated for owner – occupation. These companies are planning to let some of the initially not needed space. A number of owner occupied office buildings having considerable lease premises are scheduled to the market in 2007.

Office space vacancy rate



source: Latio

RETAIL SPACE

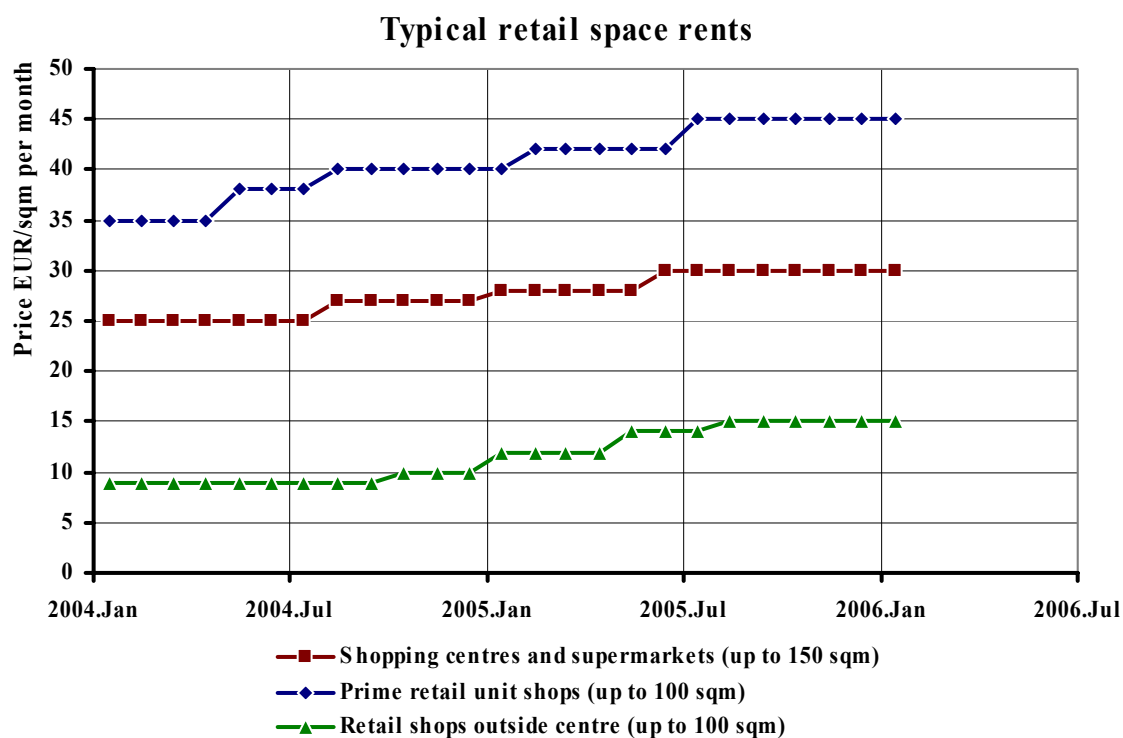
Retail market is active, in January the main demand drivers were both – corporate clients like mobile operators, banks, pharmaceutical chains, as well as food and other trade companies. Automobile dealers are expanding and looking for new premises as well.

In LATIO December overview we wrote about the difficulties in leasing out premises with basement located in the centre of the city. We suggested public catering and food-stuff shops among the possible solutions. As opposed to non-food shops, when food chains are expanding, basement is one of the priorities as it is needed for freezers and other facilities required for food-stuff storage. A well-known food chain failed to find adequate premises in the centre of the city this month due to the lack of the basement.

Sales prices of retail space in residential districts and in the far centre have levelled out – 1,000 EUR/m² in average. In the Old Town retail space price corresponds to that of an apartment – 4,000 - 5,000 EUR/m².

A new trend has emerged lately – developers offer retail space in the new trade centres in residential districts not only for lease, but also for sale, the average price being 1,500 - 1,700 EUR/m².

Data publishing without reference to the source is prohibited!



source: Latio

The typical prime retail unit shop base rent stands at 45 EUR/m² per month for about half a year already, i.e., 50 – 55 EUR/m² together with utilities, management and other payments. Some unit shops due to the high leases and the insufficient pedestrian flow choose to leave their centrally located premises and instead lease retail space in the shopping centres that have constant flow of people. The most expensive deal in the prime retail street segment was the lease of retail premises of about 80 m² to a pharmaceutical company for 50 EUR/m² per month that together with all the rest payments amounts to some 60 EUR/m² a month. At the same time in one of the quiet Old Town streets retail premises were leased for 14 EUR/m².

INDUSTRIAL SPACE

Industrial space market lacks flexibility – in industrial parks premises smaller than 1,500 m² are not leased out. The average warehouse rent stands at 3 – 3.5 EUR/m². Similar to the retail space market in this market, too, previously concluded agreements for lower rent are breached.

Land for construction of production facilities is very much in demand, especially in Pardaugava. Clients show great interest in warehouses, but the asking prices are high – about 280 EUR/m² for low quality warehouses.

Due to the high lease and sales prices the interest of clients to buy land and build owner occupied premises is growing. Besides they become an investment object as well. However, many of the clients still prefer renting as it is cheaper.

Data publishing without reference to the source is prohibited!