

# MARKET COMMENTARY



During the 4<sup>th</sup> quarter of 2014, the average price for standard model-type non-renovated apartments in residential areas has climbed by 0.24%, and the average price per one square metre is EUR 650.7 at the moment. The total rise in price measuring the average price in the 4<sup>th</sup> quarter of this year against the respective period last year is 6.46%.

According to the Land Register's data, there was an average of 741 apartment purchase transactions registered in Riga City per month in the 4<sup>th</sup> quarter of 2014. Comparing the average number of apartment sales transactions registered with the Land Register in the 4<sup>th</sup> quarter of 2014 to the number of transactions in the 4<sup>th</sup> quarter of 2013, the number of transactions registered has dropped by 11.6%.

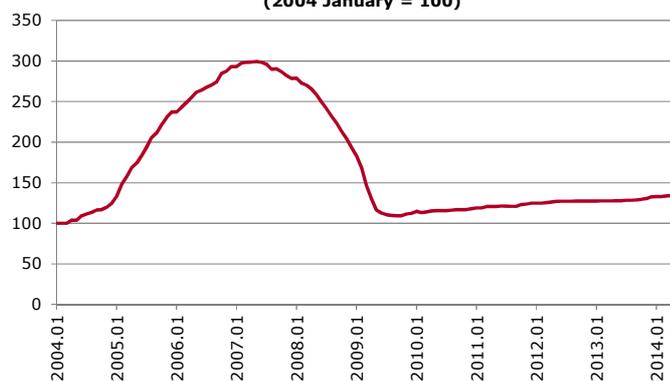
In the segment of central locations, the interest on non-residents' part in the 4<sup>th</sup> quarter has diminished yet further. The information, which has been up in the air for some time, that temporary residence permits should be stopped, a large part of customers have taken as a set fact. Such uncertainty about future prospects has strongly reduced the interest of these clients in obtaining property in Latvia.

Local customers are interested in smaller repaired two-room apartments in the city centre of the average price up to 50 000 euros, or larger, but unrepaired apartments. A large part of residents, which are ready to obtain property, still frankly admit that they are going to wait until spring as they are looking forward to a considerable drop in prices.

In the 4<sup>th</sup> quarter, as observed by Ober Haus specialists, there were no changes in prices for apartments in the city centre segment. In outer central locations of the city, the average sales prices for non-renovated apartments range from 700 to 1300 Euros per square metre, for renovated apartments in non-renovated pre-war buildings – from 1000 to 2000 Euros per square metre, renovated apartments in renovated buildings – from 1700 to 2500 Euros. In closer city centre locations, the quiet centre an Old Town – the average sales prices for non-renovated apartments ranged from 800 to 2300 Euros per square metre, for renovated apartments in non-renovated pre-war buildings – from 1200 to 3200 Euros per square metre, for renovated apartments in renovated buildings – from 2500 to 4700 Euros.

Meanwhile, interest in apartments in residential district of Riga in the 4<sup>th</sup> quarter was high. Customers were interested in lesser one to two room apartments, as well as more spacious three to four room apartments. Interest was greatest in apartments of lesser areas within the price range up to 30 000 euros, although interest was reasonably high also in apartments within the price range up to 50 000 euros. Customers were in hurry to procure

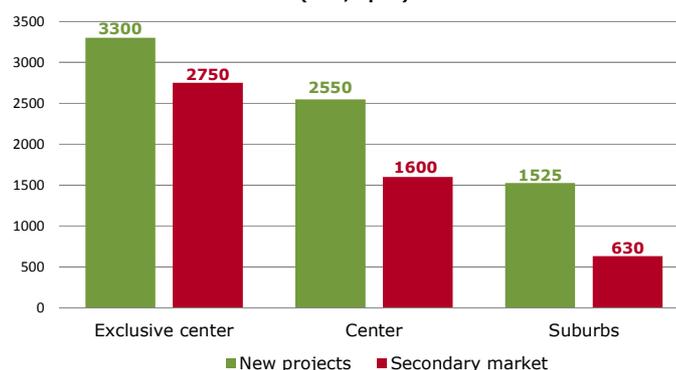
**Ober Haus Riga Price index**  
(2004 January = 100)



Source: Ober-Haus

Data: Q4 2014

**Average flat prices in Riga by the end of Q2**  
(EUR/sq.m.)



Source: Ober-Haus

Data: Q4 2014

**Land register sales transactions in Riga**  
(per month)



Source: Ober-Haus

Data: Q4 2014

## Latvian Residential Real Estate MARKET

## Q4 2014

any property, although often either is premises area or location did not live up to their current expectations, due to anxiety that after the new year they might not be able to get a loan.

The price range for apartments in residential districts of Riga City is still very varied, and, as observed by Ober Haus specialists – it may be adequate to the market situation, which is about 450 to 700 Euros per one square metre, as well as totally out of place, ranging from 800 up to as much as 1000 Euros per one square metre. Some owners are ready to reduce the price, fearing that there might not be buyers after the new year. Some, which are not willing to reduce the property price, consider the option of letting their apartments.

In the new developments segment, the activity of customers in December has dropped among domestic customers and nearly completely vanished among foreign customers. Prices for apartments in new developments located in residential areas are in between 1200 and 1850 Euros per square metre. Prices for apartments in new developments in the centre of our capital in average are ranging from 1900 to as high as 3900 Euros per square metre, while reaching even 4900 Euros per square metre in the quiet centre. The price for complete finish in exclusive objects segment may reach from 4000 up to as much as 6000 Euros per one square metre.

The local purchasers in apartment selection still pay great attention to such aspects as the maintenance fee, maintenance company, inspect whether the land plot is a deemed part of property in possession. An important factor is availability of heating meters, underground parking and its price, which is 7 000 to 10 000 Euros per lot on average.

Residents are more active in inquiring about two to three room apartments within a price range between 50 000 and 100 000 Euros with finish, as well as without it. New project developers and some bank-related enterprises now are more flexible to customer proposals and not infrequently agree to a price reduction on average up to as much as 15%.

The activity of customers in the private housing sector has diminished, compared to the previous quarter. Customers consider houses and houses under construction in the vicinity of Riga within a price range up to 150 000 Euros. Interest in private houses in Mārupe district has dropped in the last month of the quarter. Here customers consider houses ready for dwelling within a price range up to EUR 250 000, although there is some interest also for unfinished houses within a price range up to EUR 130 000. In towns of Ikšķile and Ogre, customers are interested in private houses within a price range up to 70 000 EUR, and within the municipality outside the town – within a price range up to 60 000 EUR. In the 4<sup>th</sup> quarter there has been a rise in the interest of customers in old private houses or ones in need for repair, within a price range up to 60 000 EUR.

In the process of selecting a place for dwelling, customers find infrastructure to be the decisive factor – access road, public transport, schools, kindergartens, shops, medical institutions, etc. Customers still demonstrate great enthusiasm considering that property objects of banks, which still have better lending terms.

The interest of customers in obtaining a land plot for private house construction since the middle of the 4<sup>th</sup> quarter, in its second half, dropped. The demand is for land plots having all possible utility mains – power, natural gas, and access roads. There is shortage of supply of appropriate land, as new land plots are parcelled. There is also some interest in land plots without any utility mains, but only when they are really cheap.

In the municipality of Salaspils, there is interest in land plots for about EUR 10 000, in the municipality of Ikšķile – up to 20 000 EUR. In the municipality of Mārupe, the interest is in land plots ranging up to 45 000 EUR, with utility mains.

There has also been a rise in the number of customers that have demonstrated interest in houses in need for repair within a price range up to 40 000 EUR – primarily in gardening blocks and outside the boundaries of Greater Riga. Many have started to have a closer look at summer cottages in Greater Riga areas, having in mind to reshape them into houses suitable for winter dwelling.

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The interest of customers in obtaining a land plot for private house construction that increased since the New Year continues in the 2<sup>nd</sup> quarter. The highest demand is for land plots having all possible utility mains – power, natural gas, and access roads. There is shortage of supply of appropriate land, as new land plots are parcelled. There is also some interest in land plots without any utility mains, but only when they are really cheap.

In the municipality of Salaspils, there is interest in land plots within a price range between 10 000 and 13 000 EUR, in the municipality of Ikšķile – around 20 000 EUR. In the municipality of Mārupe, the interest is in land plots ranging up to 50 000 EUR, with utility mains.

When using the survey data, a reference to **Ober-Haus Real Estate Advisors** is required.

If you wish to receive any additional information about development of the real estate market in Lithuania, Latvia and Estonia; or you would like to order a special report on the part of the market relevant to you or the market of the project in progress, please contact Ober-Haus real estate market analysts.

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