

Latio

Real Estate

RESIDENTIAL MARKET REPORT Riga and Regional Cities

Quarter 4
2015

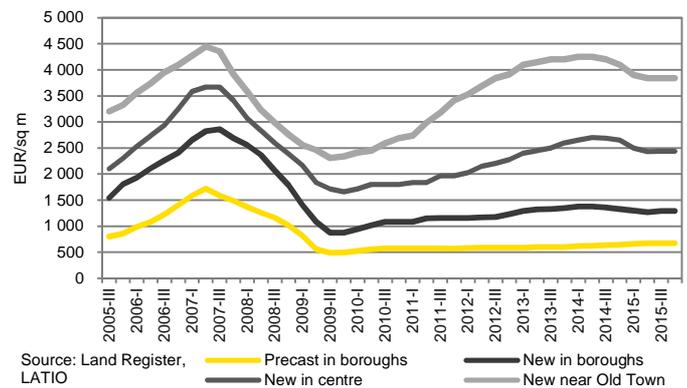
latia



RESIDENTIAL MARKET TRENDS

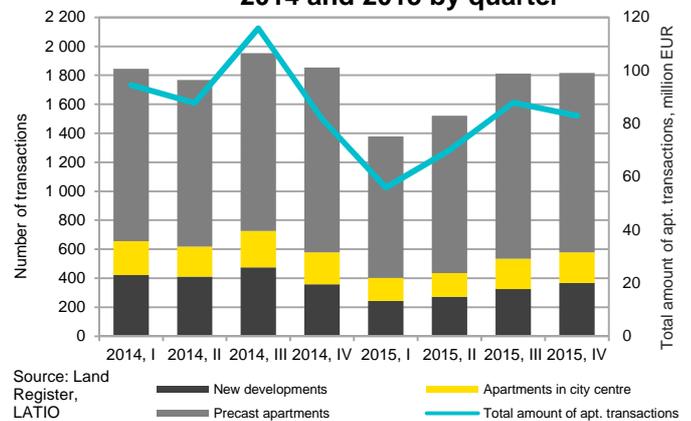
- The year 2015 was full of difficult challenges for the real estate market and outlined the market shift towards domestic demand.
- Already in 2014, macroeconomic processes generated a series of events with far-reaching consequences: changes to the Immigration Law and the fall in the value of the Russian rouble reduced the non-residents' interest in the Latvian real estate market several-fold. Speaking of the segments focused on the domestic demand, the confusion caused by the application of the "dropped-off keys" principle at the beginning of the year ceased mortgage lending almost completely.
- The figures for the second half-year show cautious optimism that the market is able to adapt itself to the new circumstances. A particular example is the 18% increase of the activity on the primary market of new housing during the year. Despite this fact, there were 12% less transactions in Riga housing market on the whole in 2015, while the total amount of transactions dropped 22%, with the market losing about EUR 80 million to 100 million according to *Latio* estimates.
- Despite the good performance in the primary market, the market of apartments in new developments in terms of both activity and the total amount decreased ca.30% in 2015, as the secondary market experienced a substantial downturn.
- The situation in Riga apartment market is well illustrated by the apartment segment in the city centre: while the activity in the Silent Centre, where transactions mostly involve exclusive and non-resident-oriented properties, fell 56%, the drop in the Remote Centre, which is more focused on domestic demand, was less than 10% during the year.
- In the second half-year, the market of precast apartments returned to its enviably stable volume: about 400 transactions per month for a total amount of ca.EUR 11 million. This is the level which was common in 2014.

Dynamics of apartment prices in Riga



Source: Land Register, LATIO

Dynamics of number of transactions with apartments in Riga and total amount in 2014 and 2015 by quarter



Source: Land Register, LATIO

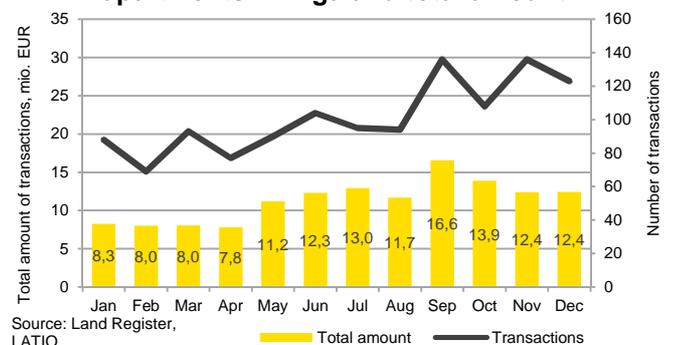


NEW APARTMENTS

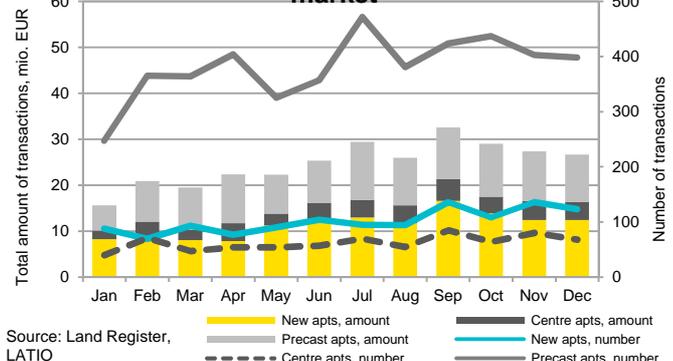
MARKET ACTIVITY

- Q4 2015 was marked by continued growth in activity in the primary* market of the apartments in new developments. During the year, this segment showed activity increase of 18%, making 2015 a year of growth. The volume of housing sold by developers demonstrated at least a 20% increase for three consecutive quarters in the market.
- Despite the good performance in the primary market, the market of apartments in new developments, in terms of both activity and the total amount, decreased about 30% on the whole in 2015, as the secondary market experienced a substantial downturn due to a rapid drop in the non-residents' demand: during the year, the number of transactions in this segment decreased 53%.
- Amendments of the Immigration Law and the confusion caused by the application of the "dropped-off keys" principle led to a 30% to 40% decrease in the market volumes of the new developments in the first three quarters of the year, whereas in the last quarter of the year, the number of transactions returned to the average level of 2014.
- * the primary market of new housing is composed of properties sold by developers

Number of transactions with new apartments in Riga and total amount



Share of new housing in apartment market



- The overall market of new developments demonstrated a growth of 13% in terms of the number of transactions as compared to Q3, yet there was a slight decrease (6%) in terms of the amount.
- In Q4, the share of the number of transactions with apartments in new developments in Riga apartment market increased slightly and reached 20%, while the total amount remained at the level of 47%, according to the Land Register data.
- Following the decline in market activity in Q1, which was caused by the uncertainty regarding the application of the “dropped-off keys” principle, the number of transactions in the last months of the year increased 51%, and the total amount grew 59%.
- The most sought-after apartments in the new developments have an average area of 70 to 75 square metres and most transactions are concluded for the amounts of 80 to 90 thousand euros. During the year, the number of transactions with apartments of up to 75 sq m showed a slower decrease of 10% to 12%, and the decrease for larger apartments ranged between 30% and 50% during the year.
- Due to strong demand in the last three quarters of the year, the number of transactions in the primary market increased 18%, while the secondary market, which experienced a steep decline at the end of 2014 and beginning of 2015, continued to stagnate for the third quarter in a row: the market activity decreased by half during the year.
- The primary market of new developments is better adapted to the changing market environment and local demand, with people buying homes mostly for themselves in order to live there and fine-tuning the layout and finishing materials according to their wishes.
- The share of non-residents since mid-2014 in the segment of new developments fell from over 60% to 20-25%. It took the market players a year and a half to adapt themselves to the new circumstances, by making price adjustments and sometimes even shifting the business model to rental apartments.

Information available to *Latīo* regarding new apartment buildings, which are expected to be put into operation

Address	Name	Developer	Borough	Number of apts.	Approximate price, EUR/sq m
Elizabetes iela 18	Elizabetes Apartamenti	Transit Tandem SIA	City Centre	21	6,000
Saktas iela 24	Saktas Nams	Private investors	Purvciems	10	1,400
Pupuķu iela 9, 11	Priedes	YIT Celtniecība	Valdlauči	79	1,350
Bitera iela 6		Art Terra	Imanta	21	2,000
Valkas iela 4		CCDU Baltic SIA	City Centre	10	5,000
Lapsas iela 12		NCC Housing	Dārziems	46	
Prūšu iela		NCC Housing	Kengarags	69	
Klijānu iela 2f		KL2 SIA	Remote Centre	48	1,400
Grostonas iela 12	Skanstes Parks	Merks SIA	Skante	52	2,300 – 2,600
Ogļu iela 30		BIIG SIA	Kipsala	7	3,000 – 3,200
Slokas iela 31		Slokas 31 SIA	Near Pārdaugava	24	1,900
Jūrmalas gatve 82	Eke		Imanta		1,200 – 1,400
Antonijas iela 21	Magdelēnas nami		City Centre	119	
Elizabetes iela 4		Dekarta Properties	City Centre	12	


Information available to *Latīo* regarding new apartment buildings in Riga and Jūrmala put into operation in 2015

Address	Name	Developer	Borough	Number of apts.	Approximate price, EUR/sq m
Ropažu iela 12	Jaunā Teika	Jaunā Teika SIA	Teika	100	1,500
Stendes iela 5	Domino	YIT Celtniecība SIA	Šampēteris	51	1,520
A.Birznieka-Upīša 13	Felicity Apartments	Domuss SIA	City Centre	95	2,600
Biķernieku iela 16	Biķerziedi (House 5)	YIT Celtniecība SIA	Teika	65	1,600
Miera iela 57a	Miera Park House	Pillar Holding Company, KS	City Centre	38	From 1,700
Baznīcas iela 18a	Club Central Residence	Kappa Capital SIA	City Centre	20	4,000
Dzintaru prospekts 26	Park Apartments		Dzintari, Jūrmala	27	House for rent
Turaidas iela 17	Turaidas kvartāls	MC Turaida Property SIA	Dzintari, Jūrmala	121	
Elizabetes iela 39	Tal Residence	E-39 SIA	City Centre	30	4,600
Elizabetes iela 22	Elizabetes Residence	Enkom Capital SIA	City Centre	48	2,600
Rembates iela 8	R8 Apartments	VITRUM MT SIA	Pļavnieki	73	1,200
Kazarmu iela 3	Solea Residence	Aura Estates SIA	City Centre	24	1,800
Putnu iela 31		NCC Housing	Ziepniekkalns	60	1,250
Grostonas iela 21	Skanstes mājas	Merks SIA	Škanste	124	2,000
Biķernieku iela 160		NCC Housing	Mežciems	60	1,400 – 1,500
Blaumaņa iela 20	Centrus		City Centre	82	
Strēlnieku iela 7		Alfa Property Group	City Centre	51	5,000
Antonijas iela 26	La Melodie		City Centre	42	3,500
Dzintaru prospekts 42/1			Jūrmala	14	4,000
Ceriņu iela 3		Ash Property	Jūrmala	11	5,000
Skolas iela 20		Ash Property	City Centre	36	2,500 – 3,200
Brīvības iela 46		Brīvības 46 SIA	City Centre	17	3,500
	Kado Karim		Jūrmala	21	
Vienības prospekts 43	Admirāļu Osta		Jūrmala	45	
Kāpu iela 40			Jūrmala	7	
Teātra iela 27			Jūrmala	4	

PRICES

- According to *Latio* information on transactions, Q4 demonstrated the continued stabilization of prices in new developments, allowing for an assumption that the prices have reached the bottom, and they are likely expected to show a slow, economically justified increase in the future.

SUPPLY

- Approximately 1,200 apartments were put into operation in Riga and Jūrmala in 2015, which will be supplemented by at least 600 to 800 apartments this year.
- Despite the positive trends in the primary market in the second half-year, excess supply is expected in the near future, so developers are currently taking a wait-and-see position as far as the implementation of new projects is concerned.

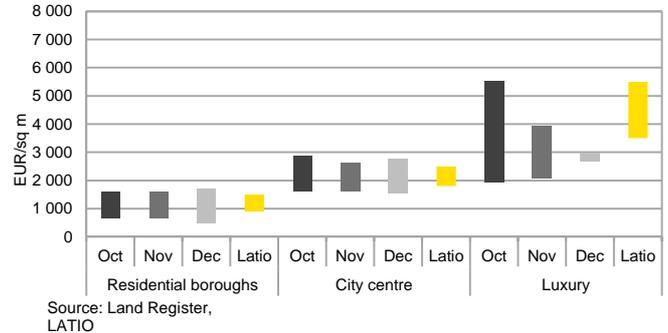
FORECASTS

- The market of new apartments is gradually recovering from the turmoil faced in the end of 2014 and beginning of 2015, however, the players are conservative and cautious because the market currently lacks the funding for the first instalment required for the purchase.

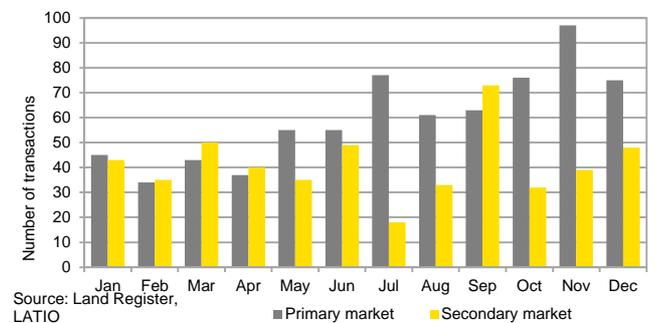
What is the focus of buyers' attention?

- The dominant selection factor is still the price, which is becoming more affordable to buyers in regard to the housing developments oriented towards the domestic demand, as evidenced by the increased number of transactions in the primary market.
- The most sought-after apartments are those with 2 and 3 rooms. Choosing between the apartments of similar size and quality, the buyers most often give priority to the apartments with more rooms, even though they may be smaller.

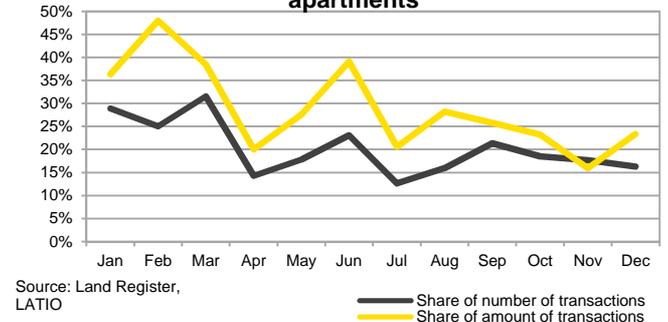
Range of prices per apartment square meter in most typical new developments in Riga



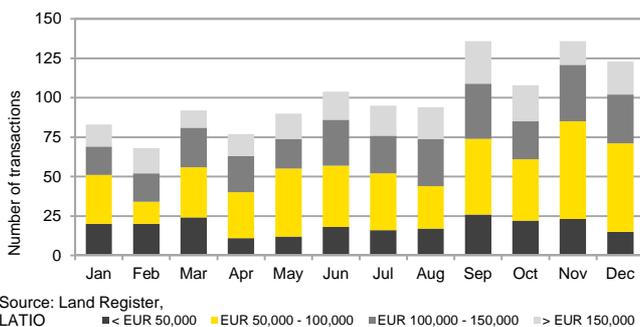
Number of transactions with new apartments in primary and secondary markets in Riga



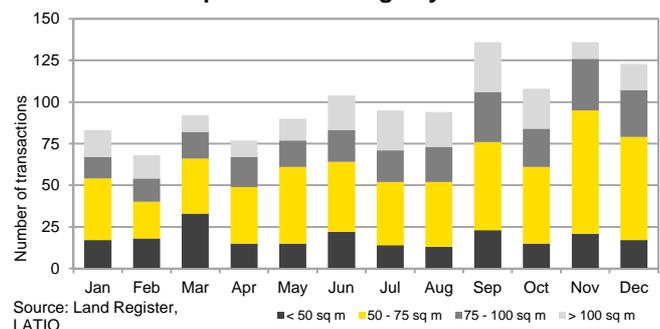
Share of number and amount of non-residents' transactions in market of new apartments



Breakdown of number of transactions with new apartments in Riga by price category



Breakdown of number of transactions with new apartments in Riga by floor area





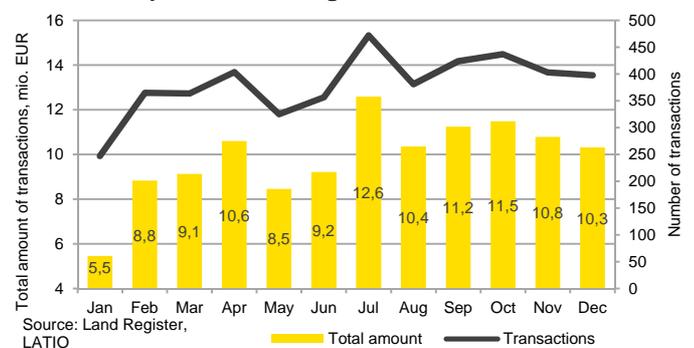
www.latio.lv – several thousand apartments offered

PRECAST APARTMENTS

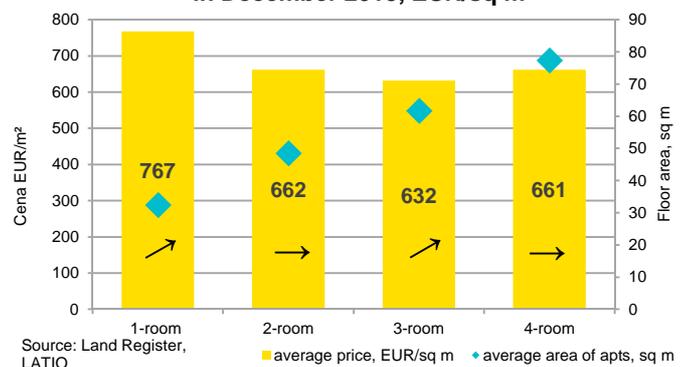
MARKET ACTIVITY

- In 2015, the market of precast apartments in Riga was least affected by the amendments of the Immigration Law and the confusion caused by the application of the “dropped-off keys” principle, although on the whole the market experienced a small drop of 5.5% in the number of transactions and of 2.7% in the total amount of the transactions registered with the Land Register.
- In the second half-year, the market of precast apartments returned to its stable volumes of about 400 transactions per month and the total amount of EUR 11 million. This is the level which the market was used to during 2014.
- In the second half of 2015, when mortgage lending was renewed and the market rebounded after the dramatic decline at the beginning of the year, the number of transactions was 22% higher than in the first half-year, and it even exceeded the figures for both the first half and the second half of 2014, with the market being the most active over the last two years.
- In the last quarter of 2015, market activity declined slightly with a drop of 3.1% after the impressive growth of 20% in Q3, but, if compared to Q4 2014, the number of transactions decreased 2.9%.

Number of transactions with precast apartments in Riga and total amount



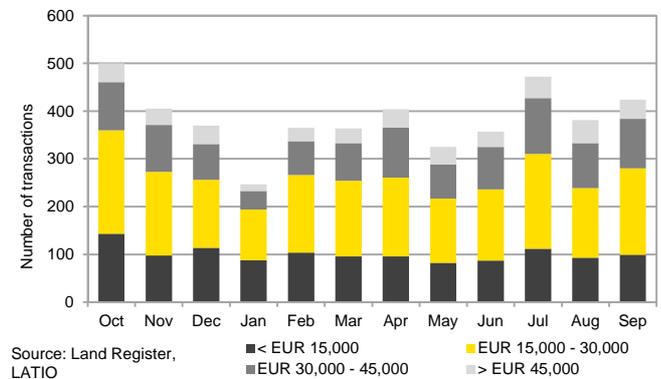
Average price of precast apartments in Riga in December 2015, EUR/sq m



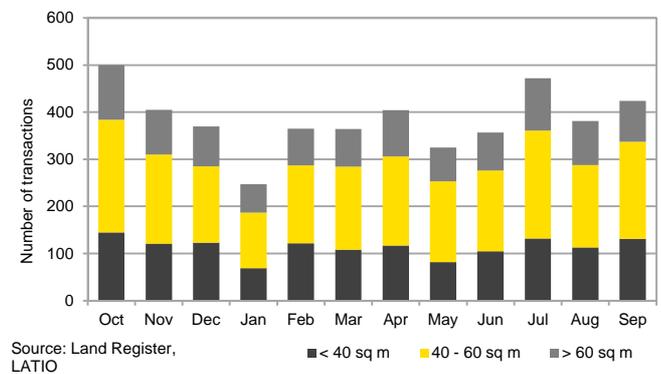
- Two-thirds of all transactions with apartments in 2015 were concluded in the eight most sought-after neighbourhoods of Riga, with this share remaining almost unchanged since 2014. Compared to the previous year, a 10% increase in the market activity was observed in Iļģuciems. In Imanta, Vecmilgravis and Ziepniekkalns, the activity decreased 12% to 15%.
- The most sought-after neighbourhoods in 2015 were the same as before – Purvciems and Ķengarags – with an average of 25 to 30 transactions per month, followed by Pļavnieki and Imanta in terms of demand.
- In Q4 2015, an increase in the number of transactions was observed in Iļģuciems (27%) and Jugla (8%) as well as outside the most sought-after neighbourhoods (9%). The activity in other neighbourhoods dropped 12% to 18%, except Ziepniekkalns as there was a 5% drop.
- The invariably most sought-after precast apartments in 2015 were the Lithuanian developments, Khrushchev type housing and Series 602 apartments, which together accounted for 63% of the total number of transactions. During the year, the activity in regard to precast housing of various types demonstrated a proportional decrease, while the demand in apartments in the houses of Series 103 decreased 17% during the year.

- There was no significant change in Q4 regarding the distribution of the demand for floor area. 49% of transactions were concluded for apartments of 40 to 60 sq m, 29% for smaller apartments and 22% for larger apartments. Also, compared to the previous year, no changes in demand for floor area occurred, and there is no reason to expect such changes in 2016.
- The demand in precast apartments remains strong, and the number of such transactions accounts for 2/3 of the total number of transactions in the residential market in Riga.

Breakdown of number of transactions with precast apartments in Riga by price category



Breakdown of number of transactions with precast apartments in Riga by floor area



SUPPLY

- Transactions are mainly concluded for properties in the amount of 20 to 40 thousand euros, that corresponds to 2 to 3 room apartments.
- In this price range, there is a shortage of good supply at adequate prices; there is a particularly pronounced deficiency of apartments with quality decoration on middle floors.
- The buyers take a very pragmatic and rational approach to the transactions and are unwilling to overpay for the apartments in houses built in the Soviet period, searching for alternatives in the Remote Centre or in new housing developments.

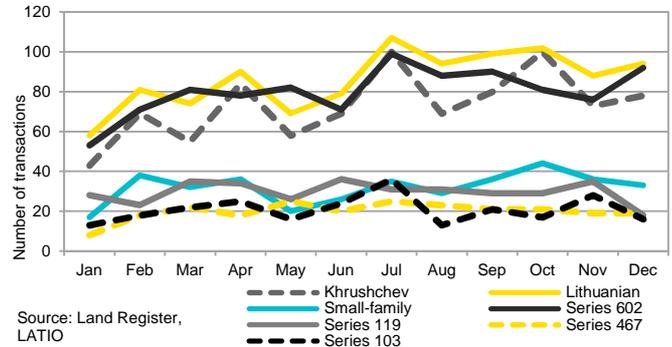
PRICES AND FORECAST

- The number of transactions was stable, and for the third consecutive quarter the prices on precast apartments remained stable at 675 EUR/sq m on average in the last month of the quarter, while a growth of 5.5% was observed in annual terms compared to Q4 2014.
- The prices on precast apartments and the market activity are also expected to be stable in 2016. The price increase is limited by the ability of new housing developers to adapt themselves to local demand after amendments to the Immigration Law, so the buyers are not willing to overpay for an apartment in a precast building.

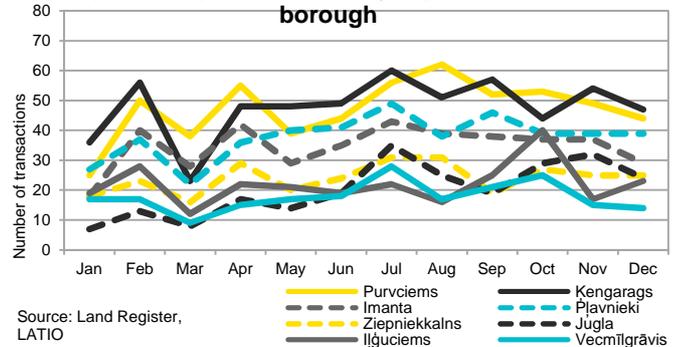
What is the focus of buyers' attention?

- house management and building maintenance quality;
- amounts on utility bills;
- overall technical condition of the apartment and the building;
- land ownership status (whether the land under the building is leased or owned).

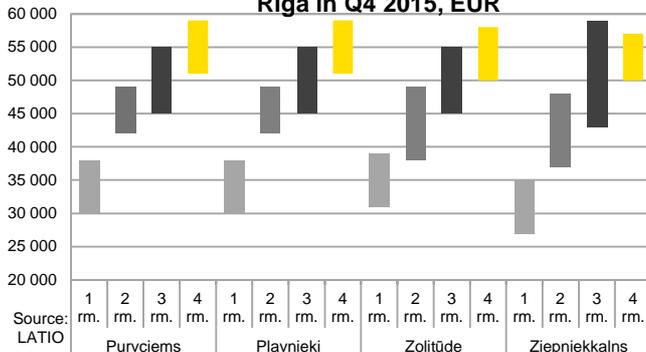
Breakdown of number of transactions with precast apartments in Riga by house series



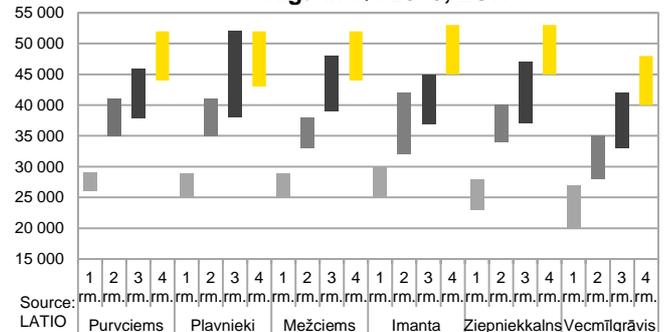
Breakdown of number of transactions with precast apartments in Riga by residential borough



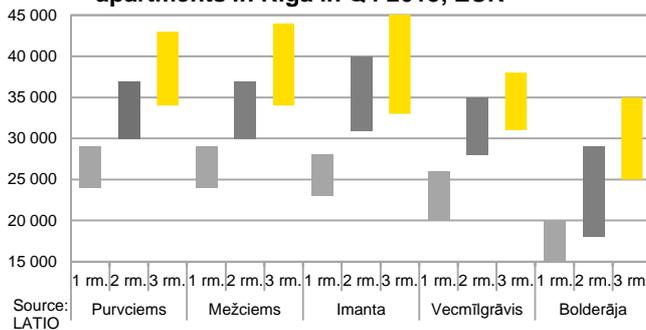
Range of prices on series 119 apartments in Riga in Q4 2015, EUR



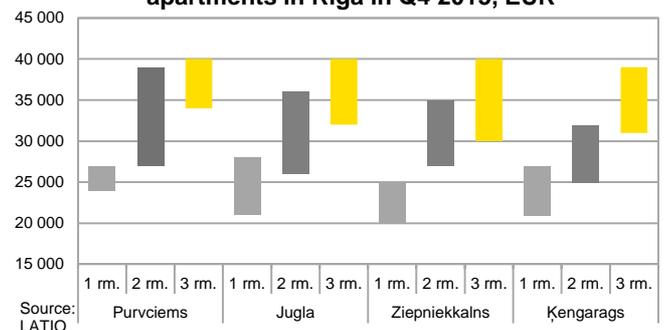
Range of prices on series 602 apartments in Riga in Q4 2015, EUR



Range of prices on Lithuanian series apartments in Riga in Q4 2015, EUR



Range of prices on Khrushchev series apartments in Riga in Q4 2015, EUR





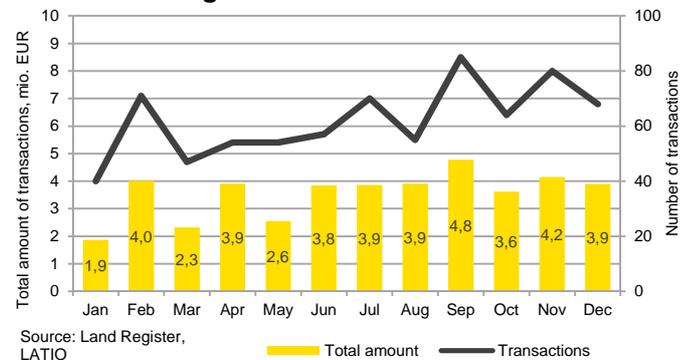
Apartment with a view of Kronvalda Park

APARTMENTS IN RIGA CENTRE

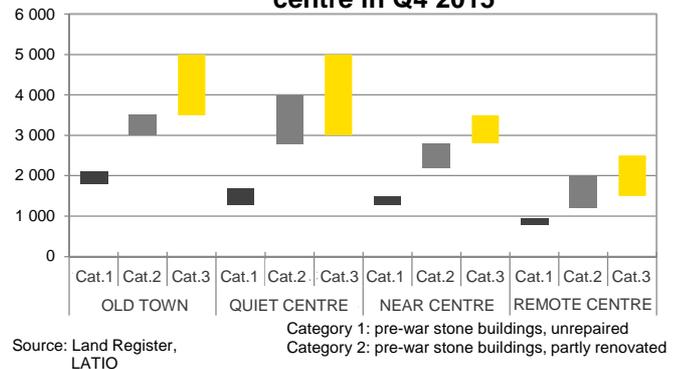
MARKET ACTIVITY

- The segment of apartments in the city centre includes a wide range of housing types, from luxury apartments in the Old Town and the Silent Centre to pre-war non-renovated buildings in the Remote Centre; therefore, at the beginning of 2015 different segments went through the changes to the real estate market environment in different ways depending on the size of the local demand.
- Overall, the number of transactions with apartments in the city centre decreased 19% in 2015, and the total amount of transactions dropped 37%; in terms of the amount of money, this segment suffered most from the shrinking foreign demand.
- In the Silent Centre, where transactions are mainly concluded for luxury and non-resident-oriented properties, the activity fell 56%, while in the Remote Centre, which is more focused on the domestic demand, the drop was only 8% during the year, and a greater influence of that decrease was due to the cessation of mortgage lending in the first months of the year which put the brakes on the local demand.

Number of transactions with apartments in Riga centre and total amount



Range of prices on apartments in city centre in Q4 2015



- During the year, the number of transactions with non-residents in regard to the housing segment in the city centre declined by 58%, while the share of such transactions in the segment was 13%; in 2014, every fourth purchase transaction was concluded with a non-resident.
- The average amount of purchases made by foreign nationals in 2015 was ranging between EUR 100 thousand and EUR 150 thousand, while the buyers on the domestic market bought property at a prices range of EUR 45 thousand to EUR 60 thousand on average.
- In Q4, compared to the previous period, the number of transactions remained almost unchanged, demonstrating a 1% increase. This was ensured by a 9% increase in the transactions in the Remote Centre, which accounts for more than two thirds of the number of transactions on the apartment market in the city centre, while the activity in other areas of the centre decreased 8% to 20% on average.
- The interest of the local buyers in small apartments in the Remote Centre has been growing for several consecutive quarters; moreover, there is a trend that an apartment in a pre-war house is an alternative to a precast apartment if housing in a new development seems too expensive to the buyer.

SUPPLY

- As is the case with the precast apartments in the market, this segment demonstrated a continued insufficient supply of good quality apartments at an adequate price corresponding to the market situation.
- In the second half-year, the supply was supplemented by a number of newly built houses and renovated buildings, which will compete with luxury apartments in pre-war buildings.

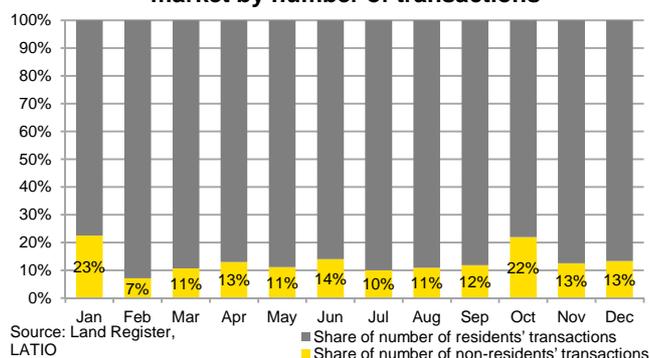
What is the focus of buyers' attention?

- good location;
- visual and technical condition of the house;
- well-groomed yard of the house and tidy surroundings;
- house management costs and service provider; creation of provisions;
- car parking facilities.

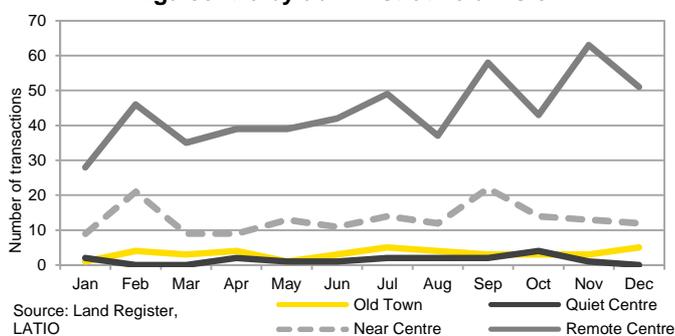
Administrative division of Riga city centre		
Near Centre	Quiet Centre	Remote Centre
encompassed by K.Valdemāra iela, Marijas iela, A.Čaka iela, Old Town and Matīsa iela, Šarlotes iela and A.Briāna iela	encompassed by K.Valdemāra iela, Kalpaka bulvāris, Elizabetes iela and Hanzas iela	encompassed by Near Centre, Quiet Centre, Valmieras iela, Pērnavas iela and Senču iela (along the railway ring)

This overview presents an analysis of transactions with apartments in the centre of Riga, not with undivided shares of apartment houses

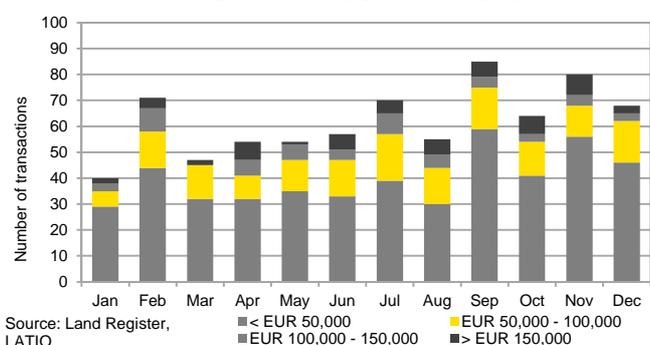
Non-residents' share in city centre apartment market by number of transactions



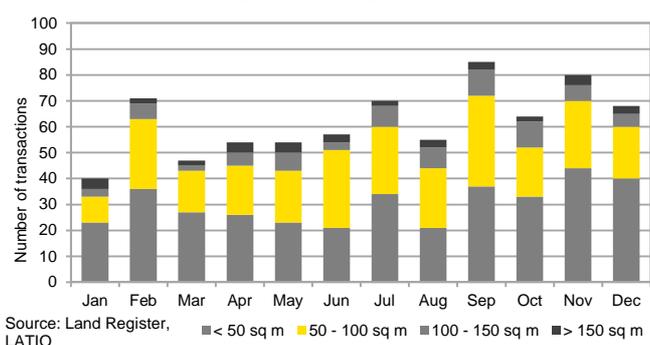
Number of transactions with apartments in Riga centre by administrative division



Breakdown of transactions with apartments in Riga centre by price category



Breakdown of transactions with apartments in Riga centre by floor area





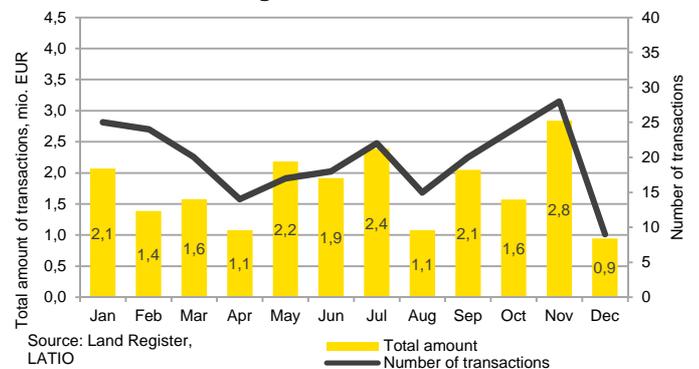
Half of the house for sale in Mežaparks

PRIVATE HOUSES, LAND FOR RESIDENTIAL DEVELOPMENT

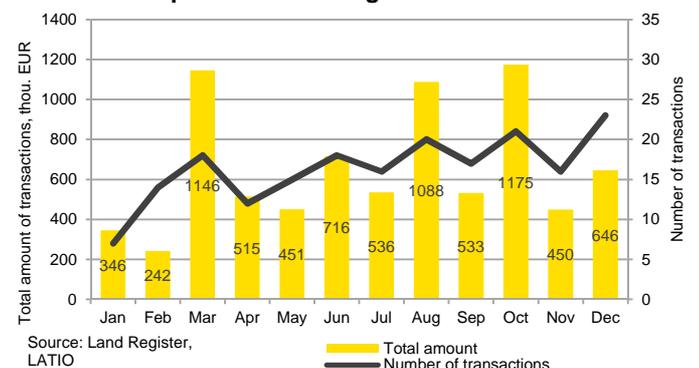
MARKET ACTIVITY

- The segment of private houses and land for private development during the year was characterized by a complete shift and adaptation to local market requirements.
- An average of 23 transactions with private houses was concluded in Riga in 2015, which is approximately 5 to 10 transactions less than a year ago. According to the information on the transactions registered with the Land Register, the average monthly amount totalled EUR 2.1 million in the private houses market. Half of the transactions were concluded for properties at a cost of up to EUR 50,000.
- In Q4 2015, the number of transactions in the market segment of private houses decreased 13%, while the amount of transactions dropped 22%.
- The market decline in the quarter was affected by the very inactive last month of the year when only 9 transactions for a total amount of EUR 0.9 million were recorded, while the activity remained at an annual average level with an average of 26 transactions in October and November.
- Experts believe that the decline of the market activity in December was caused by a combination of various factors, which is often the case with such a small market, because each transaction may significantly affect the statistical indices. There are no economic reasons for this trend to continue in the near future: the market is stable, and a surge of activity is expected at the beginning of the year.

Number of transactions with private houses in Riga and total amount



Number of transactions with residential development land in Riga and total amount

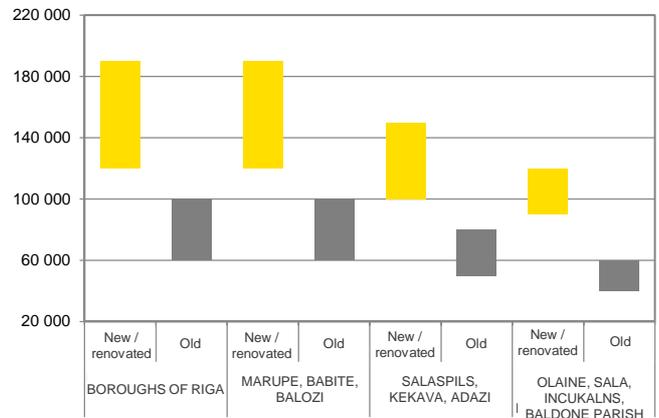


- In December, the number of transactions with properties at a price below EUR 50,000 dropped four times compared to the annual average, but the biggest decline in the quarter was in regard to transactions with houses for an amount of EUR 100 thousand to 150 thousand.
- In 2015, there was an increasing trend for buyers to look for one-storey houses that was particularly pronounced among the buyers already having experience of living in a two-storey house.
- Buyers take a very rational approach towards evaluating the optimum size of the house with a view to about 50 to 70 square metres per dweller. Currently, houses with extra space are less marketable.
- An average of 20 to 22 transactions with residential development land parcels was registered in Riga which is approximately 7 to 12 monthly transactions less than a year ago.
- The average total amount of transactions per month is EUR 0.7 million to EUR 0.9 million, while the total area of the land parcels in the transactions was slightly below 3 hectares per month, with an average land area measuring approximately 1,200 to 1,500 square meters.
- In Q4 2015, the number of transactions with land for private construction in Riga increased 13% compared to Q3 while the amount grew 5%; however, the transactions on average were concluded with land parcels of a smaller area than in the previous quarter.
- The interest in residential development land is stable yet the time taken for transaction to be concluded has extended since buyers make their choice very carefully and the supply does not always meet the demand in land of appropriate quality.

What is the focus of buyers' attention?

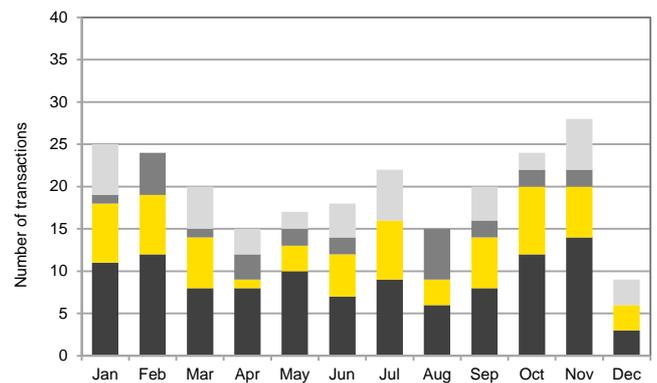
- good quality of the building;
- well-groomed surrounding infrastructure;
- availability of schools and kindergartens;
- good transport connections, availability of public transport;
- the land parcel has access to the necessary utilities.

Typical range of prices on private houses in Riga and Greater Riga Area in Q4 2015, EUR



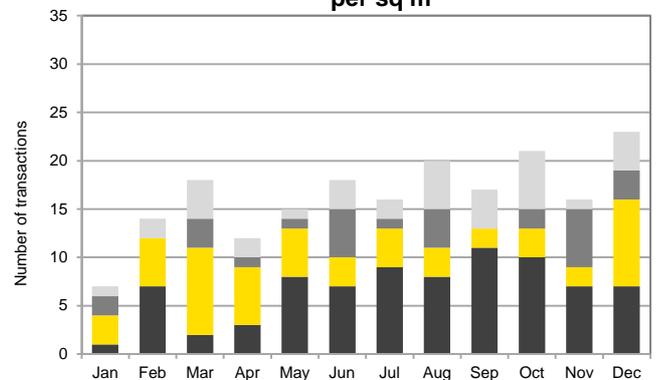
Source: LATIO

Breakdown of number of transactions with private houses in Riga by price category



Source: Land Register, LATIO

Breakdown of number of transactions with residential development land in Riga by price per sq m



Source: Land Register, LATIO



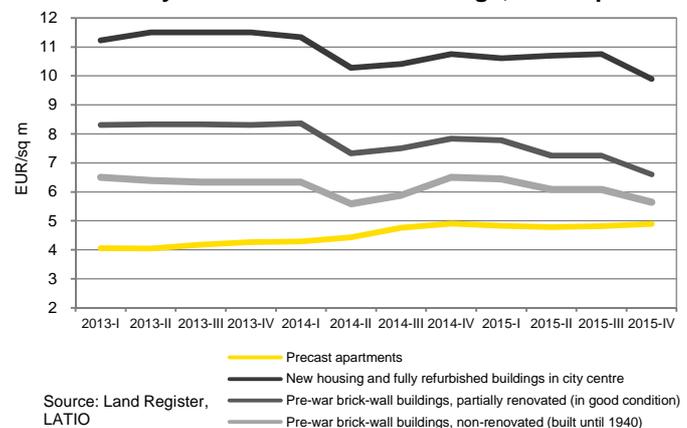
Apartment for rent in the Silent Centre of Riga

RENTAL HOUSING MARKET

GENERAL DESCRIPTION

- In the second half of 2015, an average of 12% to 15% decrease in prices in the rental housing market was observed. The drop, however, did not affect the rent charges for precast apartments in the residential boroughs where the market is active and the demand is higher in cheaper housing.
- Despite the enlarging supply, the last few months, just like the middle of the year, continued to demonstrate a shortage of supply of luxury apartments in the city centre or a shortage of private houses in the most prestigious neighbourhoods of Riga such as Mežaparks.
- The luxury apartment segment demonstrates a decline in non-residents' solvency and demand due to devaluation of the Russian rouble.
- The market shows growing interest in investing available funds in multi-storey buildings in order to turn them into rental properties and generate a stable income to the owners.

Dynamics of rental fees in Riga, EUR/sq m



- In the near future, the rental market and the prices in the market of precast apartments and luxury housing will remain stable. However, along with an increased activity in acquiring housing in new developments, the demand for rental apartments in this segment will decrease gradually; therefore, slight price adjustments can be expected in the near future.



House for sale in Sigulda



RESIDENTIAL MARKET IN REGIONAL CITIES

DAUGAVPILS

- In Q4 2015, the apartment market activity in Daugavpils remained at the previous level. No price or activity increase is expected in any of the apartment market segments in the foreseeable future, and they will stay at the current level.
- The demand is dominated by 1 to 2 room apartments not requiring much to invest. Most transactions are concluded with apartments in the price range between EUR 4,000 and 10,000.
- The prices on precast apartments range from EUR 150 to EUR 400 per sq m in the city centre and from EUR 100 to EUR 300 per sq m in the residential boroughs.
- No new apartment houses have been built in the city since 2009, and in recent years there have been no transactions with apartments in new developments. In Q4 2015, two apartments in the new development at 25 Ak.Graftio Street were offered for sale at EUR 450 to 620 per square metre.
- Demand for apartments in shell condition in reconstructed developments was small. In Q4 2015, a few apartments in shell condition in the renovated residential buildings in Jaunā Forštate (19 Aveņu Street and 11 Telts Street) and in Jaunbūve (11 Arodu Street) were offered for sale at EUR 200 to 300 per sq m, while apartments in shell condition in the city centre (10A Gimnazijas Street) were offered at a price from EUR 350 per sq m.

- The private house market trends also remained at the previous level. Buyers are more interested in properties with quality decoration hence not requiring additional investment.

JELGAVA

- In Q4, the market activity in Jelgava remained unchanged. The supply still exceeds the demand.
- The demand is dominated by two-room apartments at a price of up to EUR 23,000.
- The buyers' interest in apartments in new developments is low; the apartments are offered at a price of EUR 700 to EUR 850 per sq m. The average price charged for apartments in the city centre is 600 EUR per sq m.
- In December 2015, the average precast apartment price amounted to EUR 376 per sq m thus representing a slight increase compared to the previous period.
- Demand for private houses in Jelgava has not changed significantly, and small houses with an area of up to 150 sq m are of particular interest. Buyers look for both new and old houses. The bulk of transactions are concluded with houses at a price of up to EUR 50,000.

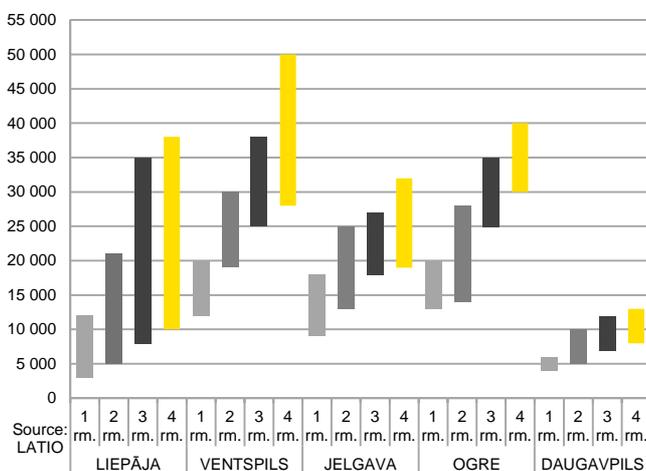
- The number of transactions with private houses has increased during the last quarter. High quality houses built over the past 5 to 7 years are of particular interest.
- Buyers' interest in residential development land is low; the decision depends on location and available utilities. The average price is between EUR 3 and 12 per sq m.
- Interest in farmland is high, but the supply is low. Farmsteads which generate interest are primarily those in parish centres and near urban areas.

LIEPĀJA

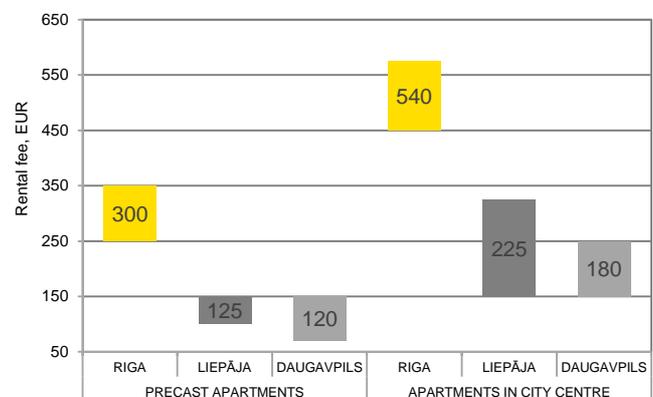
- The apartment market activity in Liepāja in Q4 involved 95 to 100 transactions per month on average.
- 2 to 3 room apartments are still of great interest. The strongest demand is observed in undecorated apartments, while the demand in redecorated apartments is not too far behind either.
- Apartment prices, depending on their technical condition, location and type of building, range between EUR 200 and EUR 600 per sq m. The most sought-after neighbourhoods are Ezerkrasts, Southwest area, and the centre.

- The latter half-year demonstrated an increasing demand in apartments in new developments in Liepāja. Due to their low prices, the most transactions were concluded with apartments in Ezermalas house where almost all the apartments have been sold out. The interest in other new developments is lower as their prices are much higher.
- Interest in private houses has been observed in the market: there are 2 to 3 transactions concluded per month. Demand is stronger in houses offering immediate moving in with possibility of graduate redecoration thereof. The prices on such properties range from EUR 30,000 to EUR 50,000. The private houses in Vecliepāja and Lauma boroughs are of particular interest.
- The rental market is largely affected by the tourist season with a focus on short-term rent for foreigners.
- Demand for residential development land in Liepāja is relatively low. The most sought-after land parcels are those in Vecliepāja.
- There are relatively few transactions with farmsteads as they depend on the lending policy. The buyers' interest continues to lie within a radius of 25 kilometres from Liepāja. Farmsteads are often purchased because of the agricultural land or forest stands coming with them.

Range of prices on precast apartments in the largest Latvian cities in Q4 2015, EUR



Rent charge for typical furnished apartment of 60 sq m in the largest Latvian cities in Q4 2015, EUR



Source: Land Register, LATIO

OGRE

- Q4 2015 with 48 transactions was similar to Q2 in terms of figures.
- The average price per sq m of precast apartments in Ogre is EUR 350 to EUR 500.
- Buyers are mainly interested in two-room apartments at a price of EUR 350 to EUR 450 per sq m in an average technical condition or EUR 300 to EUR 350 per sq m without repairs.
- Buyers' interest in apartments in the new developments continues to be low. Interest in apartments in pre-war or non-standard housing developments is also low, and the supply of apartments is poor in this segment, too.
- In Q4, demand for private houses did not change significantly. Like before, the strongest demand was in houses 120 to 170 sq m large built in the second half of the last century and with their land plot measuring between 1,200 and 1,500 sq m. Prices on such houses range from EUR 40,000 to EUR 70,000 EUR. Demand for expensive houses at a price above EUR 150,000 is very low.
- The offer in the market also includes reconstructed buildings improved for permanent living that are situated in the areas of urban allotments and summer cottages. Such houses are being offered at prices ranging from EUR 25,000 to EUR 50,000.
- Activity in the market of residential development land is low. Important factors include location of the land parcel in the city, electricity connection and the opportunity to connect urban utilities. Prices for a land parcel of 1,200 to 1,500 sq m range from EUR 10 to EUR 20 per sq m.
- Activity in the market of rural property in Ogre Region is low. Transactions are concluded mainly with residential houses built at the beginning of the last century without amenities and with a small backyard land parcel of about 2 to 10 ha.
- The strongest demand in the market of agricultural land is in land parcels measuring over 10 hectares. Average prices range from EUR 1,000 to EUR 2,800 per hectare.

VENTSPILS

- Market activity in Q4 in Ventspils did not change significantly. The demand and the number of transactions are higher in the city centre and smaller in Pārventa part of the city.
- The highest demand is for 2-3 room apartments in excellent condition in the city centre; however, there is also interest in non-renovated and vacant apartments with commenced redecoration.
- In Ventspils, where there are no new developments, apartments in non-standard blocks of apartments are in demand.
- Prices on precast apartments in the central districts of the city range from EUR 450 to EUR 600 EUR per sq m.
- The apartment market in the historic centre of the housing is underactive due to a lack of quality supply.
- Demand in private houses remains low, and most transactions are concluded in Gāliņciems. Buyers are interested in new or fully refurbished houses.
- Typical prices range from EUR 35,000 to EUR 55,000 for old private houses and from EUR 100,000 to EUR 140,000 for new private houses.
- There were only a few transactions with commercial land in late 2015 and early 2016. This sector has historically been the least active. Several land parcels for low-rise development have been sold in the urban part of Gāliņciems near the River Venta (at ca.15 EUR per sq. m).
- The number of transactions with farmsteads is small, the supply is poor, and the buildings are often very shabby. There is a high demand in agricultural lands, and in some places, where the interests of several large farmers overlap, the price can reach up to EUR 4,000 per hectare. The average price is EUR 2,000 to EUR 3,000 per hectare.
- In anticipation of the new summer tourist season, some guest houses in the seaside part of the city have been sold.

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