

RESIDENTIAL MARKET REPORT Riga un regions

Q4, 2016

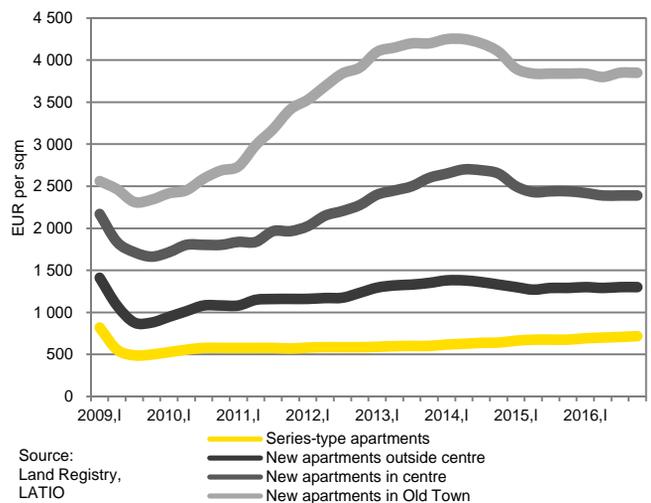
latia



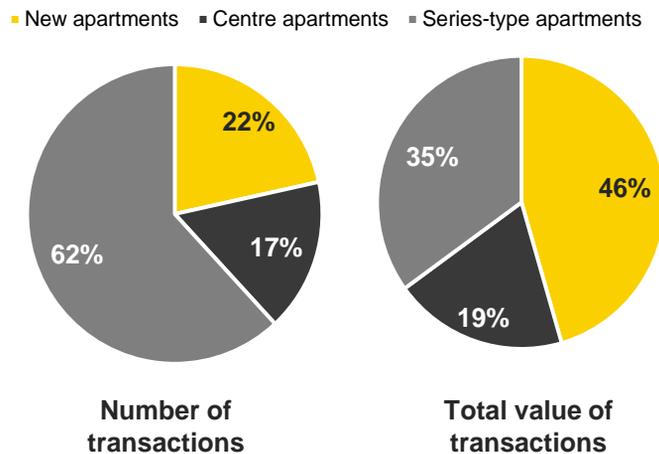
RESIDENTIAL MARKET TRENDS

- In Q4 2016, the number of transactions on the residential market of Riga City increased by 15%. The largest increase of activity was observed in the city-centre apartment segment. In Riga, the growth on the market of series type apartments which accounts for more than 60% of the entire residential market of Riga was moderate – 8%, in terms of the number of transactions.
- Indices suggest that the market in recent two and a half years has recovered from the recession triggered by the amendments of the Immigration Law. The number of sales transactions and the total transactions value has even exceeded the level of 2014.
- Compared to 2015, the number of transactions rose by 16% on the residential market of Riga last year.
- The total amount of transactions registered in the Land Register reached 388 million euros last year, which is by 90 million euros more than a year ago.
- An important signal for market development is the increase in the activity of the new apartments segment, driven by the domestic demand.
- In terms of prices, the market remained stable with a moderate 6% growth during the year on the cheapest end of the series type apartment market and very stable prices on the new development projects market.

Apartment prices in Riga

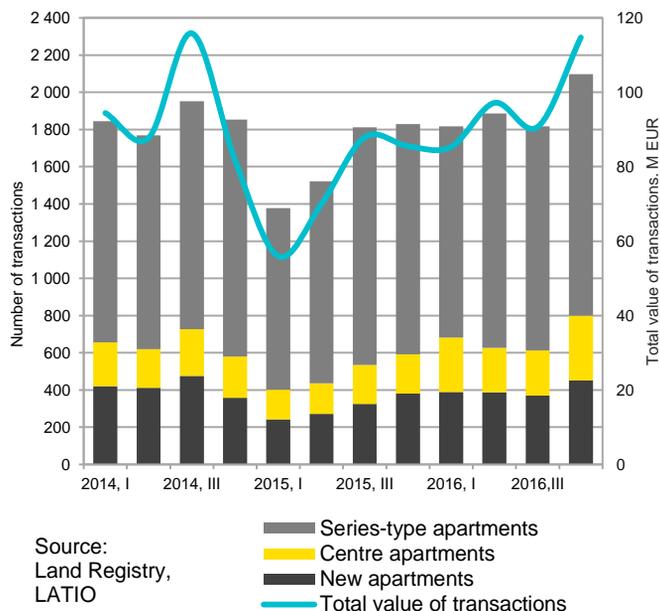


Riga residential market breakdown by apartment type, Q4 2016



- The activity grew by 22% on the new apartments market of Riga in Q4 2016, an evidence that the domestic demand becomes stronger.
- In the last quarter of the year, an average of 150 transactions took place per month on the new apartments market of Riga. December was marked by particular activity, when 188 transactions were registered. That was the largest number of transactions within one month since August of 2014.
- The total amount of new apartment transactions registered value in the Land Register in Q4 exceeded 50 million euros for the first time since the middle of 2014. It is a 25% growth, as compared to the prior quarter.
- If back in the year 2014 the proportion of non-resident purchases was 44%, then, at a similar amount of the total number of transactions, it was just 17% in 2016. Local buyers had increased the number of their apartment purchase transactions by 41%.
- Nearly 1,300 transactions were registered on the residential market of Riga for series type apartments in Q4, which is 8% more than in Q3. It was a historical high for the past years in terms of the number of sales transactions.
- According to Latio's data, the rise in average prices per square metre was approximately 6% for series type apartments last year. Such an increase in this particular segment was recorded for the third year in a row. Despite this fact, Latio experts expect the tempo of climbing prices to cool down in 2017.
- When levels of 2016 are compared to those a year ago, the number of Riga city-centre apartment transactions has grown by approximately 50%.
- In other segments of the residential market, the end of 2016 did not bring any significant changes, maintaining moderate stability.

Quarterly breakdown of Riga apartment market by number and total value of transactions



Riga apartment market breakdown by number and total value of transactions

	2016, Q4	vs 2016, Q3
<i>New apartments</i>	452	+ 22%
<i>Centre apartments</i>	347	+ 43%
<i>Series-type apartments</i>	1 298	+ 8%
Total number of transactions	2 097	+ 15%
<i>New apartments</i>	52.2	+ 25%
<i>Centre apartments</i>	22.4	+ 57%
<i>Series-type apartments</i>	40.2	+ 16%
Total value of transactions (M EUR)	114.8	+ 27%



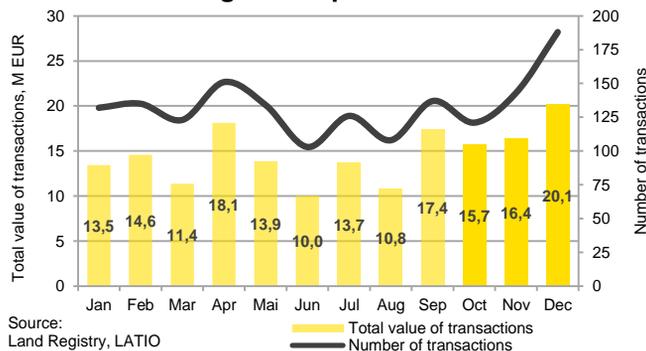
Apartments in new project Solitudes parks

NEW APARTMENTS

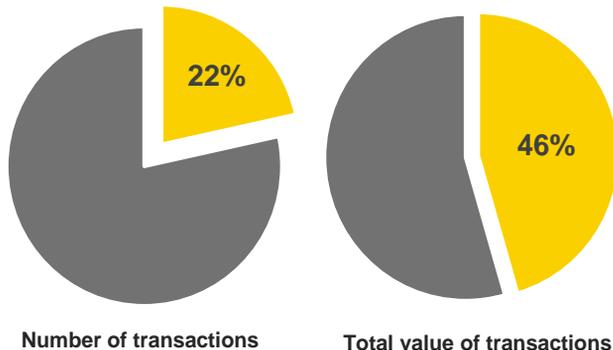
MARKET ACTIVITY

- In Q4 2016, the activity of the new apartment residential market of Riga grew by 22%, confirming that the domestic demand becomes stronger.
- 150 was the monthly average number of transactions on the new apartments market of Riga at the end of 2016. Activity peaked in December with 188 transactions registered, which was the largest number of transactions within one month since the August of 2014.
- The total value of transactions registered in the Land Register in Q4 exceeded 50 million euros for the first time since the middle of 2014 and, compared to Q3, grew by one fourth.
- The number of transactions registered on the new apartments market of Riga in 2016 grew by 31%, compared to the previous year. Thus the transactions volume reached the level of 2014.
- The total value of transactions registered in the Land Register in 2016 was 176 million euros, which is by 27% more than in 2015 and just by 8% less than in 2014, when the market activity growth was strongly driven by the high proportion of non-resident purchases.

Number and total value of transactions of Riga new apartments

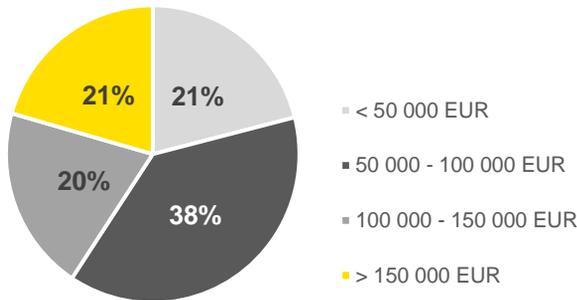


Specific weight of new apartments in Riga residential market

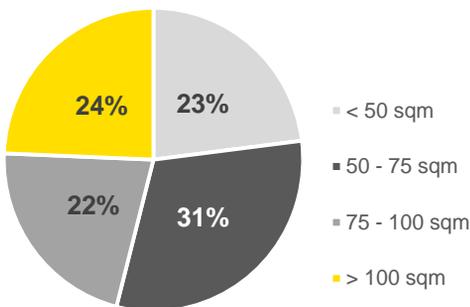


Riga new apartment breakdown by value of transaction and space, Q4 2016

By value of transaction



By space



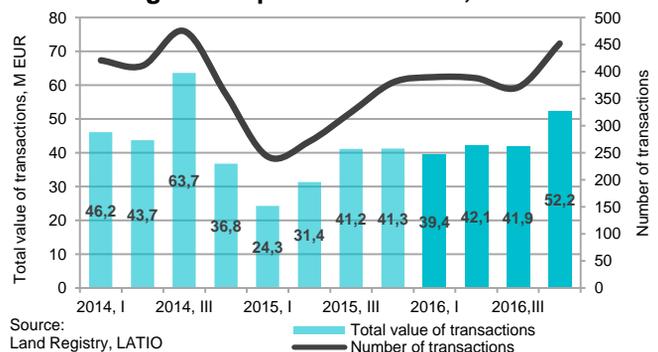
Riga new apartment market

	2016, Q4	vs 2016, Q3
Number of transactions	452	+ 22%
Total value of transactions, M EUR	52.2	+ 25%
Primary market, number of transactions	232	- 1,3%
Secondary market, number of transactions	220	+ 62%
Number of transactions of non-residents	76	+ 31%
Number of transactions of residents	376	+ 20%
Total value of transaction of non-residents, M EUR	13.1	+ 38%
Total value of transactions of residents, M EUR	39.1	+ 21%

- In the last three months of 2016, the activity on the primary* market remained on the level of the previous quarter, with 232 transactions registered. It should be noted, though, that the transaction dynamics in this segment at the end of the year was very bumpy, springboarding from a mere 40 transactions in October to 119 transactions registered in December, recording a historical high for the past three years.
- The secondary market saw a considerable surge of activity at the year-end – up by 62%. Thus, for the first time since the end of 2014, more than 200 transactions per quarter were recorded.
- In Q4 2016, the activity of non-residents slightly increased on the new apartment residential market, accounting for 17% of the total number of transactions. With respect to the total transaction amount, this proportion was 25%. Despite of this fact, the major market driver at the moment is the still growing domestic demand.
- Compared to 2014, when the proportion of non-resident purchases was 44% against the backdrop of a similar amount of the total number of transactions, in 2016 they account for just 17%. The number of apartment purchase transactions by domestic buyers conducted in this time has increased by 41%.
- The contribution of non-residents in the new apartment residential market may not be underestimated. The total value of registered transactions, compared to the previous year, has grown by 11%, reaching 44 million euros and accounting for 25% of the gross value of transactions of the market segment.

* the primary market of new apartments: property sold by the housing project developers

Number and total value of transactions of Riga new apartment market, 2016



PRICES

- According to the sales data at Latio's disposal, the average prices in the new apartment residential market segments in Riga in the 4th quarter of 2016 flatlined on the level of the previous quarter, thus indicating a stabilization of prices after a two-year moderately downward curve.

SUPPLY

- Fresh blood is going to pour in the new apartment residential market of Riga in 2017 by more than 10 new housing development projects emerging in various segments.
- In the active market segments, there are no distinct demand or supply imbalances.

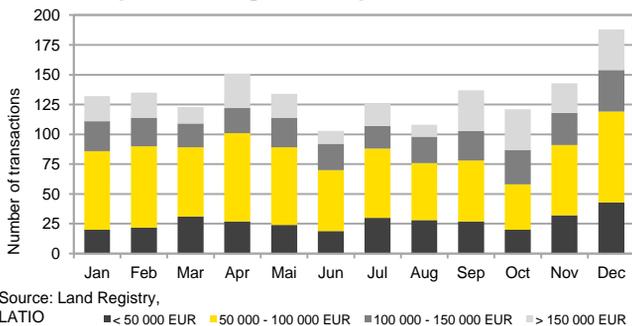
FORECAST

- Assuming the activity on the new development projects market remains, we expect the prices to remain stable. There might even be a slight rise in the prices of more economical housing projects, fuelled by the increasingly stronger domestic demand, as well as gaps of a relevant supply in other residential market segments.

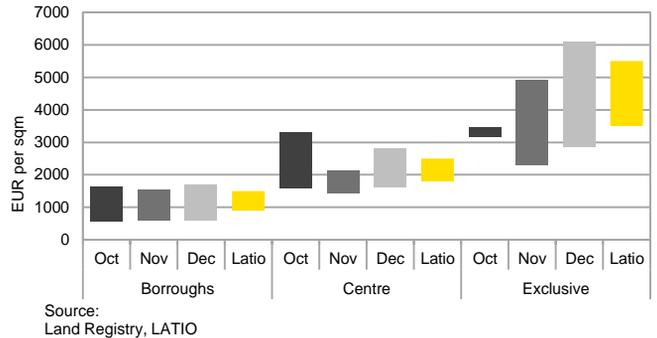
What does the buyer focus on?

- The key factor of choice is the price, the buyer makes very well-considered and rational decisions.
- In a case of similar choices, the buyer will select a project, built by a well-known developer having good reputation.
- 2 and 3 room apartments dominate the demand.

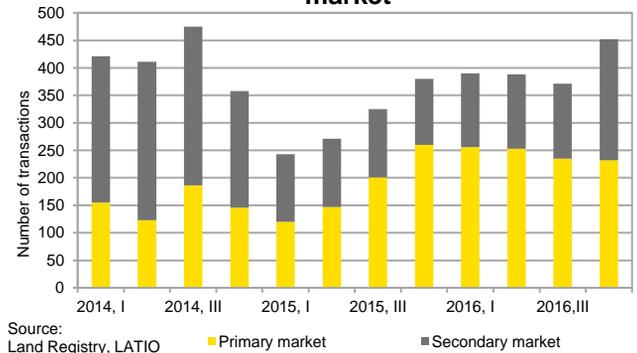
Breakdown of number of transactions by price in Riga new apartment market



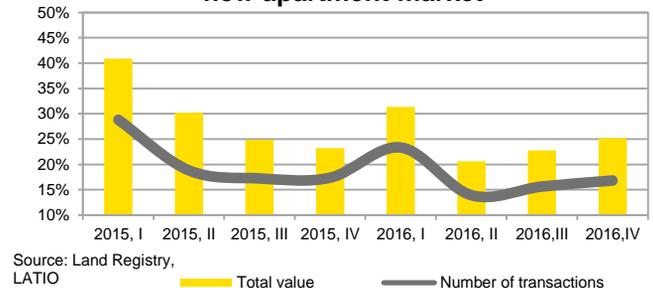
Price range of apartments in typical Riga new apartment buildings (EUR per sqm)



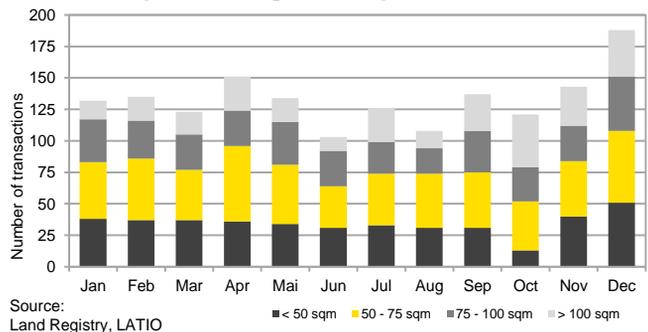
Number of transactions of Riga new apartments in primary and secondary market



Specific weight of number and total value of transactions by non-residents in Riga new apartment market



Breakdown of number of transactions by space in Riga new apartment market





New apartment buildings ready to have completion certificate or to be constructed according to Latio data

Adress	Number of apartments	Price EUR per sqm	Project title	Developer	Neighbourhood	Planned year of completion
Saktas street 24	10	1400	Saktas Nams	Private investors	Purvciems	
Pupuķu street 7	80	1400	Priedes	YIT	Valdlauci	2017
Cēsu street 7	32		Cesu street 7	SIA Cēsu 7	Remote centre	2017
Narvas street 3	14	1500	Narvas 3	Narvas Investment	Remote centre	
Valkas street 4	10	5000		CCDU Baltic SIA	Centre	
Lapsas street 12	46			Bonava Latvija	Darzciems	2016 / 2017
Prūšu street	69			Bonava Latvija	Kengarags	2017
Klijānu street 2f	48	1400		KL2	Remote centre	2017
Grostonas street 12	52	2300 – 2600	Skanstes Park	Merks	Skante	2017
Ogļu street 30	7	3000 – 3200	Riverside Residence	BIIG	Kipsala	2017
Slokas street 31	24	1900	Slokas street 31	Slokas 31	Near Pardaugava	2017
Jūrmalas avenue 82		From 1260	Imantas Ozoli	KBO	Imanta	
Antonijas street 17A	116		Magdalena	Vastint Latvia	Centre	
Ķīpsalas street 49	10	3000	Riverstone Residence	YIT	Kipsala	2017
-	1400		Trehome	AFI Europe	Plavnieki	
Kokneses avenue 1a			Mezhaparka Rezidences	NCH Capital	Mezhaparks	2017
Jeruzalemes 5k	41	3070 – 7035	J5 Apartments	J5	Silent centre	2017
Muitas street	21	4000	Kern Residences			2017
Kuģu street 28	40	4500	River Breeze Residence	Kliversala	Kliversala	2017

New apartment buildings with completion certificates issued recently according to Latio data

Adress	Number of apartments	Price EUR per sqm	Project title	Developer	Neighbourhood
<i>Elizabetes street 18</i>	21	6000	<i>Elizabetes Apartamenti</i>	<i>Transit Tandem</i>	<i>Centre</i>
<i>Pupuķu street</i>	80	1400	<i>Priedes</i>	<i>YIT</i>	<i>Valdlauci</i>
<i>Bītera street 6</i>	20	2000-2200	<i>Bītera 6</i>	<i>Art Terra</i>	<i>Imanta</i>
<i>Jūrmalas avenue 82</i>	108	from 1260	<i>Imantas Ozoli</i>	<i>KBO</i>	<i>Imanta</i>
<i>Ilģuciema street 7</i>	24	1350	<i>Nordeka Park Haus</i>		<i>Ilģuciems</i>
<i>Elizabetes street 4</i>	12	4500	<i>Elizabete Garden Residence</i>	<i>Dekarta Properties</i>	<i>Centre</i>
<i>Ropažu street 12</i>	100	1500	<i>Jauna Teika</i>	<i>Jauna Teika</i>	<i>Teika</i>
<i>Stendes street 5</i>	51	1520	<i>Domino</i>	<i>YIT</i>	<i>Sampeteris</i>
<i>A.Birznieka-Upīša 13</i>	95	2600	<i>Felicity Apartments</i>	<i>Domuss</i>	<i>Centre</i>
<i>Biķernieku street 16</i>	65	1600	<i>Biķerziedi</i>	<i>YIT</i>	<i>Teika</i>
<i>Mera street 57a</i>	38	No 1700	<i>Miera Park House</i>	<i>Pillar Holding Company, KS</i>	<i>Centre</i>
<i>Baznīcas street 18a</i>	20	4000	<i>Club Central Residence</i>	<i>Kappa Capital</i>	<i>Centre</i>
<i>Dzintaru avenue 26</i>	27	<i>For rent</i>	<i>Park Apartments</i>		<i>Dzintari, Jurmala</i>
<i>Turaidas street 17</i>	121	3500	<i>Turaidas kvartals</i>	<i>MC Turaida Property</i>	<i>Dzintari, Jurmala</i>
<i>Elizabetes street 39</i>	30	4600	<i>Tal Residence</i>	<i>E-39</i>	<i>Centre</i>
<i>Elizabetes street 22</i>	48	2600	<i>Elizabetes Residence</i>	<i>Enkom Capital</i>	<i>Centre</i>
<i>Rembates street 8</i>	73	1200	<i>R8 Apartments</i>	<i>VITRUM MT</i>	<i>Plavnieki</i>
<i>Kazarmu street 3</i>	24	1800	<i>Solea Residence</i>	<i>Aura Estates</i>	<i>Centre</i>
<i>Putnu street 31</i>	60	1250	<i>Putnu iela 31</i>	<i>Bonava Latvija</i>	<i>Ziepniekkalns</i>
<i>Grostonas street 21</i>	124	2000	<i>Skanstes majas</i>	<i>Merks</i>	<i>Skanste</i>
<i>Blaumaņa street 20</i>	82	1700 – 4600	<i>Centrus</i>	<i>Centrus Real One</i>	<i>Centre</i>
<i>Strēlnieku street 7</i>	51	5000	<i>Art Luxury House</i>	<i>Alfa Property Group</i>	<i>Centre</i>
<i>Antonijas street 26</i>	42	3500	<i>La Melodie</i>		<i>Centre</i>
<i>Ceriņu street 3</i>	11	5000	<i>Cerinu 3</i>	<i>Ash Property</i>	<i>Jurmala</i>
<i>Skolas street 20</i>	36	2500 – 3200	<i>Skolas iela 20</i>	<i>Ash Property</i>	<i>Centre</i>
<i>Brīvības street 46</i>	17	3500	<i>Brivibas apartamenti</i>	<i>Brivibas 46</i>	<i>Centre</i>
<i>Ikšķiles street 4</i>	21	5700 – 6300	<i>Kado Karim</i>	<i>Dzintaru parks</i>	<i>Jurmala</i>
<i>Vienības avenue 43</i>	45	4000	<i>Admiralu Osta</i>	<i>DP fonds</i>	<i>Jurmala</i>
<i>Kāpu street 40</i>	7				<i>Jurmala</i>
<i>Teātra street 27</i>	4				<i>Jurmala</i>
<i>Tērbatas street 20</i>	8	2500	<i>Terbatas 20</i>		<i>Silent centre</i>
<i>Alfrēda Kalniņa street 6</i>	30	2500	<i>Alfreda</i>		<i>Centre</i>
<i>Krāslavas street 14</i>	25	1500	<i>Krāslavas 14</i>		<i>Maskavas forstate</i>



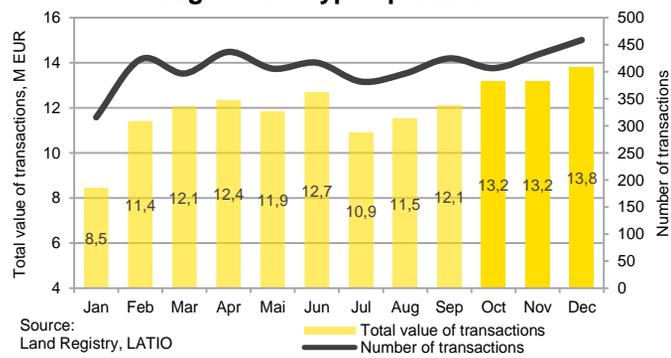
www.latio.lv – thousands of offers

SERIES TYPE APARTMENTS

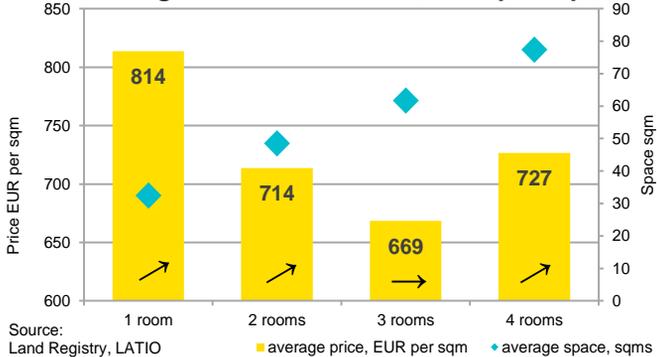
MARKET ACTIVITY

- Close to 1,300 transactions were registered on the residential market of Riga for apartments in Soviet period block-buildings in Q4, which is by 8% more than in Q3, a historical high for the past years.
- Transactions with series type apartments accounted for 62% of the total number of transactions on Riga apartments market.
- The market activity went up by 7% in 2016. The number of accomplished sales transactions, after a drop in 2015, has rebounded to the level of 2014.
- After a relatively idle summer, the year-end on the series type apartment market was a lot snappier. With more than 400 apartments sold each month at the end of the year, the number of transactions peaked at historical high in December since July of 2015.

Number and total value of transactions of Riga series-type apartments



Average price of series-type apartments in Riga in December 2016, EUR per sqm

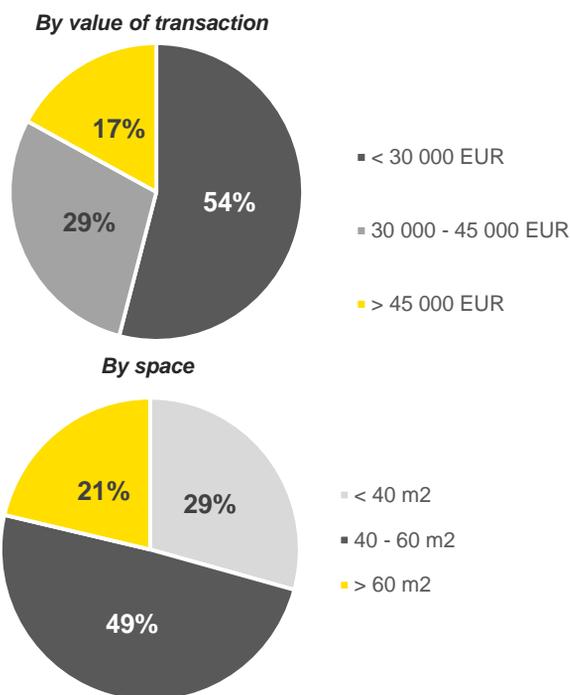


- In Riga, the total value of transactions on the series type apartment market of Riga registered in the Land Register in the last quarter of the year, reached 40 million euros for the first time during the past three years. Sales of series type apartments brought in more than 140 million euros in total in 2016.
- The traditionally largest number of transactions – nearly half of transactions in Q4 2016 involved 2 and 3 room series type apartments with an area of 40 to 60 square metres. It can be attributable to the unvaryingly highest demand for medium size apartments, as well as the fact that the largest apartment pool among multi-apartment series type buildings is available just in this particular category.
- Most of all – 22% transactions involve apartments in buildings of Lithuanian type series, slightly fewer in 602 series buildings and Khrushchev type buildings.
- The neighbourhoods in the highest demand in Q3 2016 were the urban areas of Purvciems and Ķengarags with 165 and 149 transactions, respectively. Imanta with 139 transactions was the third neighbourhood sought for, followed by Pļavnieki with 130 apartment sales transactions.
- The largest increase in the number of transactions in Q4 was registered in Imanta, i.e. 35%.
- The four most demanded Riga City neighbourhoods account for 45% of the total number of transactions on the city's series type apartment market segment.

SUPPLY AND PRICE

- According to Latio's data, the increase of the average square metre prices for series type apartments was 6.1% in 2016.
- Annual growth by 5-6% of prices in this segment has been recorded for the third consecutive year, nevertheless the company's expert expects the price growth pace to slow down in 2017.

Riga series-type apartment breakdown by value of transaction and space, Q4 2016



Riga series-type apartment market

	2016, Q4	vs 2016, Q3
Number of transactions	1 298	+ 7,8%
Total value, M EUR	40,2	+ 16,3%

Number of transactions by space

< 40 m²	380	+ 6,4%
40 - 60 m²	641	+ 9,4%
> 60 m²	277	+ 3,7%

Number of transactions by value

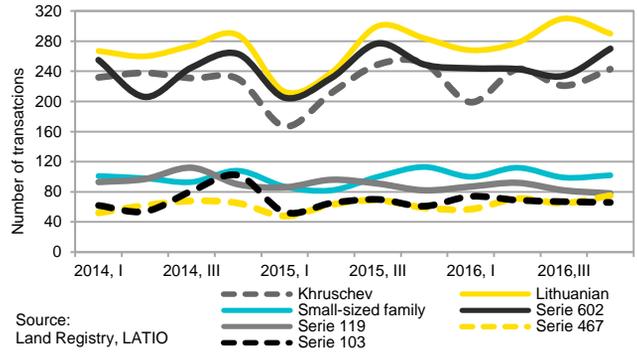
< 30 000 EUR	702	- 1,7%
30 000 – 45 000 EUR	374	+ 24,3%
> 45 000 EUR	222	+ 17,5%

- Price growth is driven by the already protracted rising demand and the limited supply of good quality apartments in the most demanded neighbourhoods.
- The average price of series type apartments reached EUR 716 per square metre in Q4 2016, although there have also been transactions of good quality and small area apartments in most attractive neighbourhoods selling at a price that rose above EUR 1,000 per square metre.

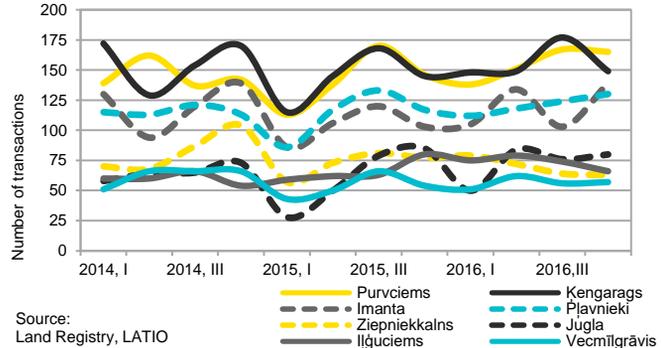
What does the buyer focus on?

- quality of management and building maintenance;
- size of utility costs;
- overall technical condition of the apartment and the building;
- land plot ownership status (is the land plot underneath the building leased or owned);
- whether reconstruction of the apartment has been legalized.

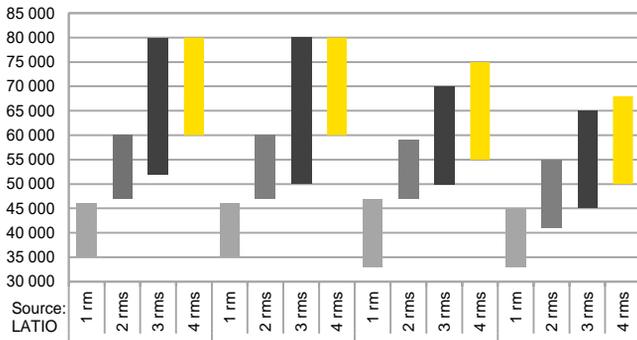
Breakdown of transactions for series-type apartments by series of the buildings



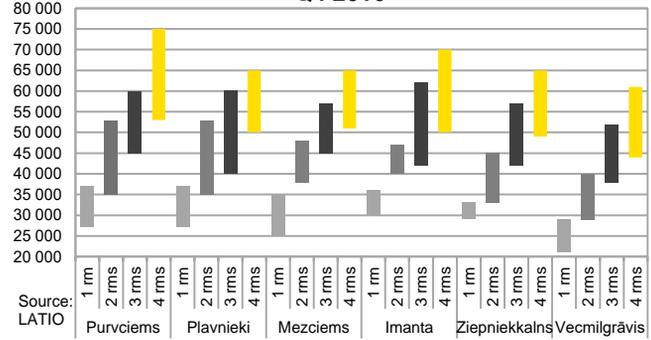
Breakdown of transactions for series-type apartments by location in Riga



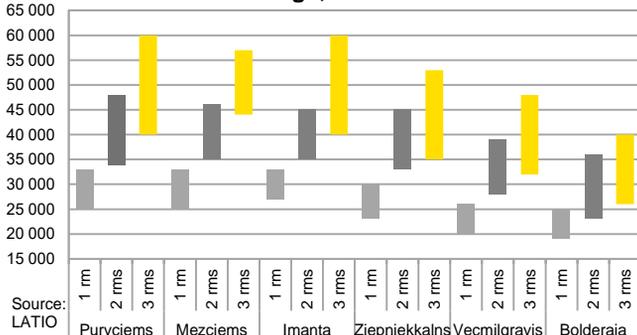
Price range of Series 119 apartments in Riga, Q4 2016



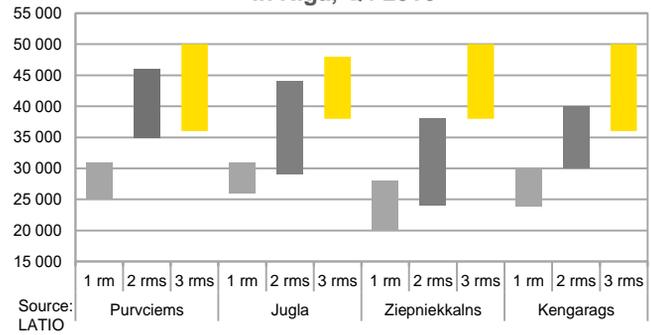
Price range of Series 602 apartments in Riga, Q4 2016



Price range of Lithianian Series apartments in Riga, Q4 2016



Price range of Khrushev Series apartments in Riga, Q4 2016





Apartment in Kalpaka boulevard

RIGA CITY-CENTRE APARTMENTS

MARKET ACTIVITY

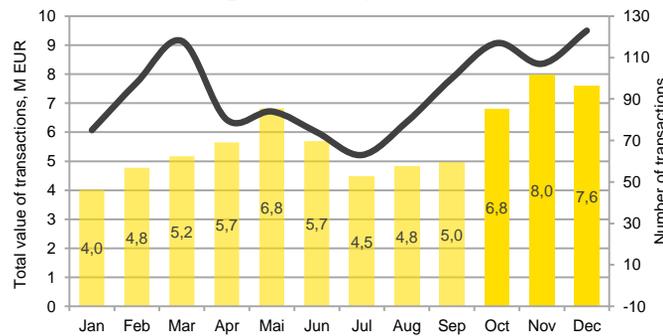
- In Q4 2016, mainly due to high market activity in the Remote city centre and the Closer city centre, the number of concluded transactions increased by 43% on the residential market of Riga city-centre. An average of more than 100 transactions per month were registered in this segment at the end of the year.
- This increase in activity can be attributed to a number of factors:

First, the residential market in the Remote city centre is clearly oriented on the domestic demand, which keeps becoming stronger since the middle of 2015.

Second, the lack of good quality supply on the series type apartment market results in buyers' interest shifting on apartments in the Remote city centre.

Third, some domestic buyers, who are unwilling to purchase an apartment in a new development project because of financial reasons, but neither are willing to live in a series type apartment, have found an acceptable alternative – apartments in pre-war houses in the Remote city centre.

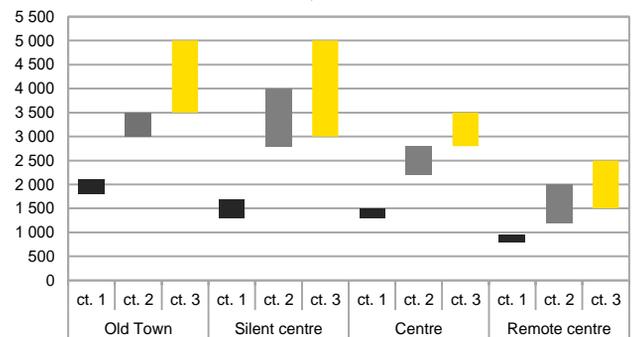
Number and total value of transactions of Riga centre apartments



Source: Land Registry, LATIO

Legend: Total value of transactions (Yellow bars), Number of transactions (Black line)

Price range of apartments in Riga city-centre, Q4 2016

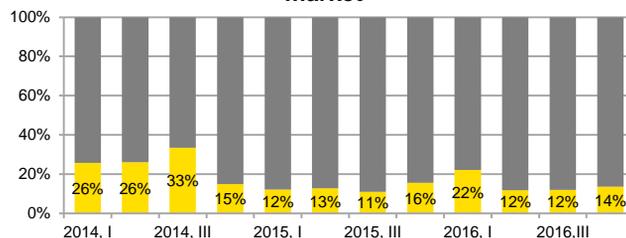


Source: Land Registry, LATIO

Legend: Category 1 – pre-war brick-wall non-renovated buildings, Category 2 – pre-war brick-wall partially renovated, Category 3 – thoroughly rocnestructured buildings

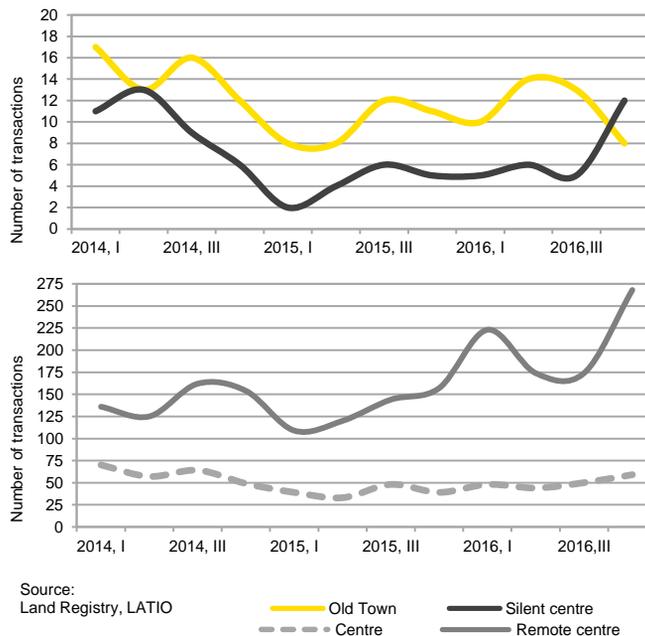
- The number of transactions in the Silent city centre increased in the last quarter of the year, reaching the highest level since the summer of 2014, while the sales activity in the Old Town decreased. Up to 7 transactions per month take place in the Old Town and the Silent city-centre segment. Foreign buyers account for approximately 30-40% of these cases.
- The majority of transactions in the second half-year involved fewer apartments with the floor space of up to 50 square metres. Nevertheless, in Q4, the steepest rise in the number of transactions (78%) was for large apartments over 150 square metres, as well as in the number of transactions involving apartments of 50 to 100 square metres (69%).
- Looking at the year 2016, compared to 2015, the total number of transactions with city-centre apartments grew 49%, there was a considerable increase in the domestic demand (46%), as well as an increase in the activity of non-residents (74%), owing to a foreign investor's activity in purchasing an apartment portfolio in Krišjāņa Barona street in the first quarter of the year.
- Buyers – residents and non-residents alike – pay much attention to the size of real estate tax, which in some more exclusive neighbourhoods starts to constitute a considerable portion of property use expenses.

Specific weight of transactions with non-residents in Riga city-centre apartment market



Source: Land Registry, LATIO

Geographical breakdown of transactions in Riga city-centre apartment market



SUPPLY

- Similar to the situation in the series type apartments residential market, the supply of good quality apartments at a price that is adequate to the market level is scarce in this segment as well.

What does the buyer focus on?

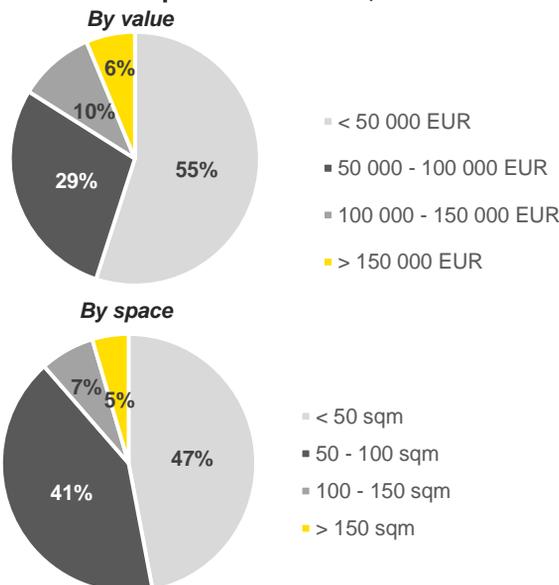
- Good/prestigious location;
- Visual and technical condition of the house;
- Courtyard and vicinity neat and in order;
- Management costs and service provider, building provisions;
- Car parking facilities.

Territorial division of Riga centre

Near Centre	Silent Centre	Remote Centre
Embraced by K.Valdemāra st., Marijas, A.Čaka st., Old Town and Matīsa st., Šarlotes, A.Briāna st.	Embraced by K.Valdemāra st., Kalpaka blvd., Elizabetes, Eksporta st., Hanzas st.	Embraced by Near Centre, Silent Centre, Valmieras, Pērnavas, Senču st.

The report contains analysis of Riga city-centre apartments except transactions for undivided shares of multi-apartment buildings

Breakdown of number of transactions by value and space in Riga city-centre apartment market, Q4 2016





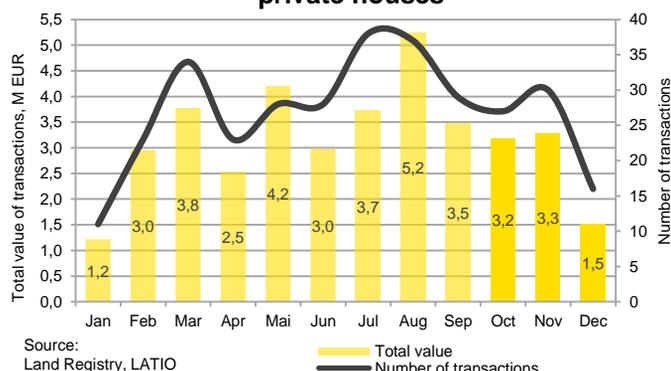
Private house in Lici

PRIVATE HOUSES AND RESIDENTIAL DEVELOPMENT LAND

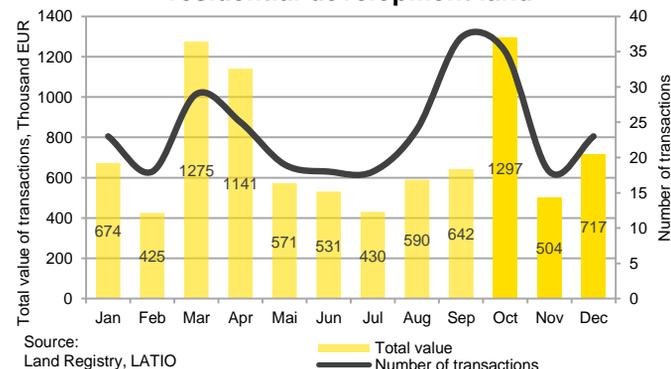
MARKET ACTIVITY

- After a record high market activity in the private housing segment in Q3, the number of concluded transactions shrunk 30% in the last three months of the year.
- The drop in activity is attributable to a lower buyers' activity in December that is typical of the year-end pre-holiday period. Although, the number of transactions in Q4 2016 was 20% higher than at the same time a year ago.
- The total amount of private house sales transactions registered in the Land Register in Q4 was also lower by a third, though, which is more important – the year-on-year growth has been 49%.
- Compared to the past year, the total number of transactions has added 16% in this market segment in 2016.
- We could observe the number of transactions involving houses at a price above EUR 100,000 increasing by 80% during the year.

Number and total value of transactions of private houses

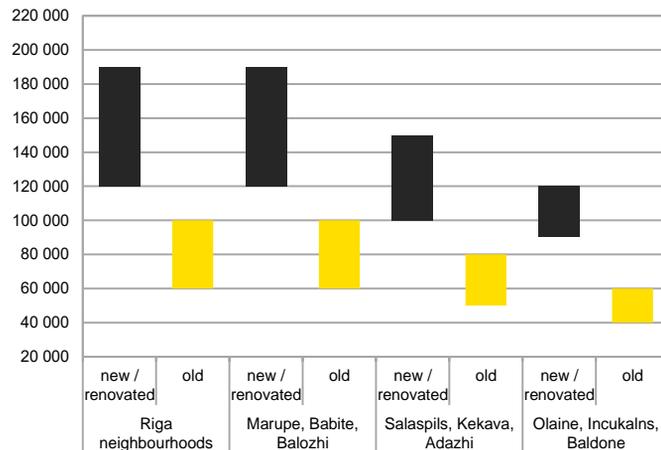


Number and total value of transactions of residential development land



- Buyers still stick to a very pragmatic approach in assessing their financial and time resources and options, to decide between purchasing a house ready for living or a land plot for residential development, handling the construction on their own.
- No considerable changes on the market of residential development land plots occurred in Q4, compared to Q3. The total number of transactions, as well as their break-down by prices per square metre remained on the level of previous periods.
- In Q4, there was an increase in the total floor area sold and in the total value of transactions registered in the Land Register, which signifies a growing number of transactions with larger land plots.
- Compared to 2015, the number of transactions increased 16% in 2016, while the total area involved in transactions increased 28%.

Price range of private houses in Riga and Riga region, Q4 2016, EUR

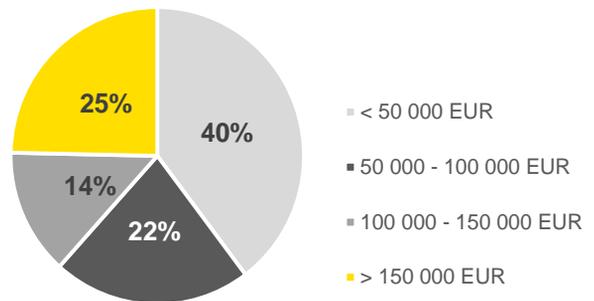


Source: LATIO

What does the buyer focus on?

- high quality of the building;
- good surrounding infrastructure;
- availability of schools, kindergartens;
- good traffic routes, wide choice of public transport;
- the land plot has access to the necessary utility mains.

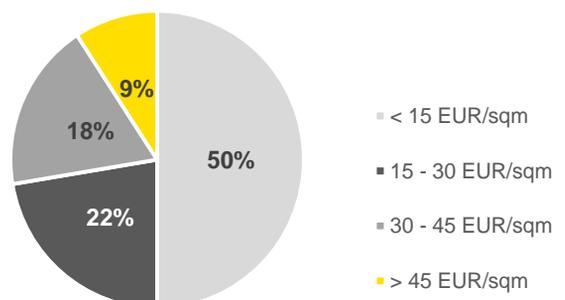
Breakdown of transactions of private houses in Riga by price



Private houses and residential development land

	2016, Q4	vs 2016, Q3
Private houses		
Number of transactions	73	- 30%
Total value of transactions, M EUR	8,0	- 36%
Residential development land		
Number of transactions	76	- 3,8%
Total value of transactions, M EUR	2,5	+ 40%

Breakdown of transactions of residential development land in Riga by price





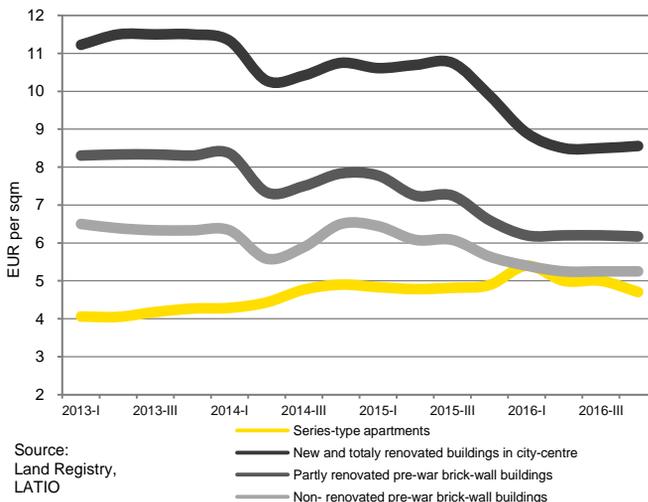
Apartment for rent in Riga city-centre

RESIDENTIAL RENTAL MARKET

GENERAL DESCRIPTION

- In Q4 2016, no significant changes in rent fees were observed, though the activity level on the market was relatively high.
- The strongest demand is for cheaper rental apartments in Riga city-centre at a rent of 300 to 500 euros or suburban areas at a rent of 200 to 400 euros.
- The demand in Riga is for good quality renovated two and three room apartments, as well as for apartments in new development projects. One-room apartments in the city centre are also in quite a demand.
- Marketing period of a typical two-room series type apartment in suburban areas at a rent adequate to the market (around EUR 250) is usually 1 to 2 weeks.
- Among non-residents the demand is still high for large apartments in the diplomatic district of Riga City centre.

Rent rate in Riga, EUR per sq.m.



- Very high demand on the market can be seen for short-term rental apartments (1 week to 6 months), yet the supply is very scarce. Apartment owners are reluctant to engage on the short-term rental market, or their rent fee seems to be too high for the clients who are foreigners predominantly.

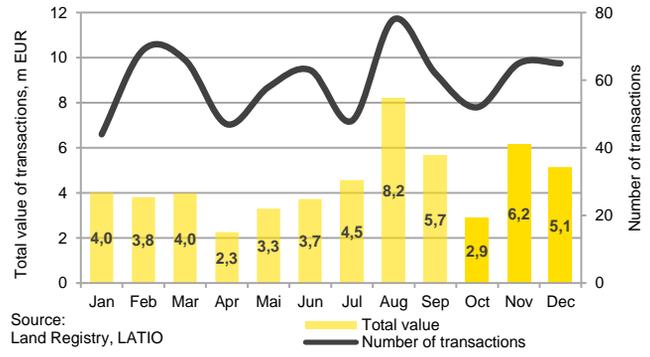


Dzīvokļu Jūrmalā

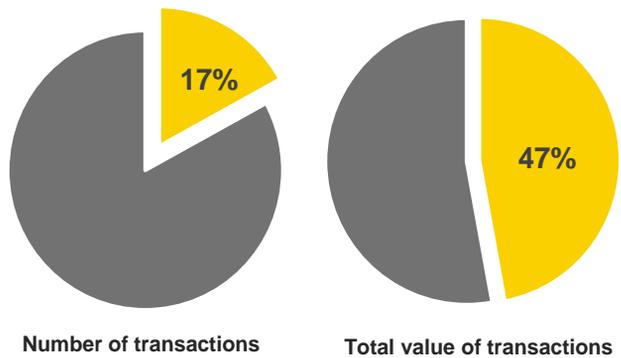
RESIDENTIAL MARKET IN JURMALA

- In Q4 2016, irrespective of a smaller number of transactions in the new apartments segment, the total residential market activity of Jūrmala has remained on the Q3 level. Around 60 transactions per month were concluded on the residential market on average.
- Just 17% of transactions in the new apartments segment of Jūrmala account for nearly half of the total amount of the residential market transactions, which, with the number of new apartment transactions going down, dropped 23% in Q4.
- For the year in total, the number of transactions on the residential market of Jūrmala, compared to 2015, grew 13%. This is attributable to the growing domestic demand for apartments in the series type and pre-war housing segment, i.e. - 20% growth.
- The activity in the new apartments segment in 2016 retained the level of the previous year, on the whole over the year.

Number and total value of transactions in Jūrmala apartment market

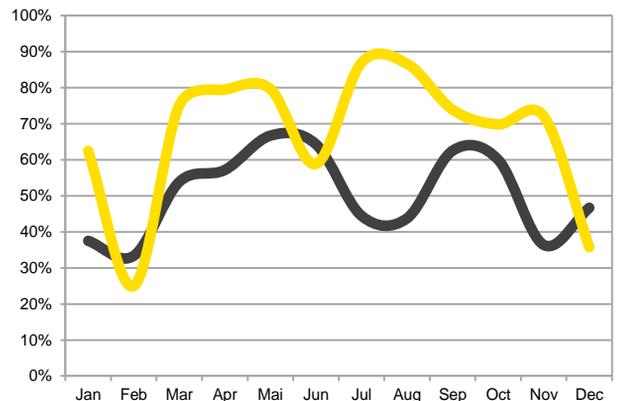


Specific weight of new apartments in Jūrmala



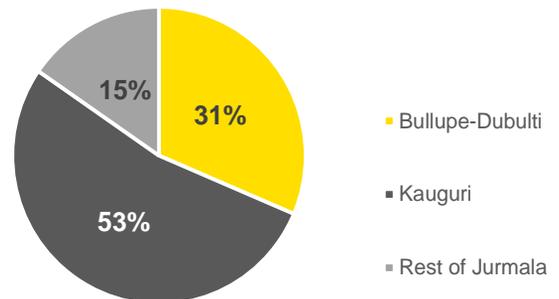
- The domestic buyer primarily is interested in new apartments at an average price of approximately EUR 2,000 per square metre and the total price of property up to 200-220 thousand euros.
- Although the number of transactions by non-residents on the new apartment residential market shrunk by a third in 2016, the activity of non-residents is still significant and accounts for a half of the number of transactions in the new development project segment.
- The activity on the private housing market of Jūrmala remained almost the same with an average of 14 transactions per month for the third successive quarter already. The breakdown of transactions by price categories also was similar to the Q3 figures -.
- Two transactions of private houses worth over 1 million EUR were registered in Q4.
- Residential development land plot market activity in 2016 reached its peak in Q4 with 23 transactions – 12 thereof were concluded in November. This was the month when the largest land plot transaction was recorded within the quarter limits the value thereof exceeding EUR 250,000 .

Specific weight of number and value of transactions of non-residents in Jūrmala new apartment market

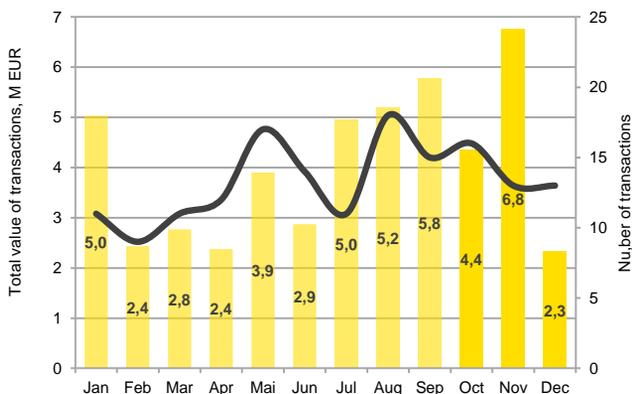


Source: Land Registry, LATIO

Pre-war and series-type apartment transaction breakdown by location in Jūrmala

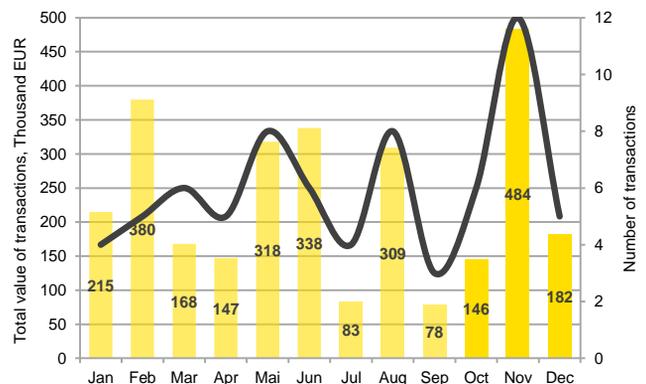


Number and value of transactions of private houses in Jūrmala



Source: Land Registry, LATIO

Number and value of transactions of residential development land in Jūrmala



Source: Land Registry, LATIO



Nouse near Baltic sea



RESIDENTIAL MARKET IN REGIONS

DAUGAVPILS

- In Q4 2016, no significant changes were observed in the residential market activity of Daugavpils, and it remained on the level of the previous quarter.
- The demand, as previously, is predominantly for 2 room apartments on middle floors of a building, as well as for renovated 3 room apartments, which do not require extra financial investments.
- Transaction objects primarily are apartments within the price range from EUR 6,000 to EUR 15,000, although buyers are willing to pay even up to EUR 20,000 – 25,000 for well renovated 3 room apartments.
- The prices of series type apartments in the city centre range between 200 and 400 euros per square metre, EUR 150-250 per square metre in suburban areas.
- The demand has grown for apartments in renovated buildings. In Q4 2016, there were four transactions concluded for apartments having fully completed interior decoration in a renovated building at 11 Arodu Street. The price of such transactions is EUR 400 per square metre on average.
- Private housing market tendencies have also remained on the previous level. Buyers are more interested in well renovated properties, which do not require significant additional investments.

JELGAVA

- In Jelgava, the market activity in Q4 2016 remained on the level of the previous quarter, with a slightly decreasing supply and increasing demand.
- The demand is primarily for two-room apartments at a price up to EUR 25,000.
- Buyers' interest in apartments in new development projects is low, there are apartments on the supply side at prices from 700 to 850 EUR per sq m. The average ask price for apartments in the city centre is 650 EUR per sqm.
- In the 4th quarter of 2016, the average price for a square metre in an apartment of standardized series was approximately 400 EUR per sq m.
- The number of transactions with private houses is similar to previous periods, no significant changes. There is interest in good quality houses built in the recent decade.
- Also, the demand for private houses in Jelgava has not materially changed, the largest interest is in smaller houses with floor area up to 150 sq m.

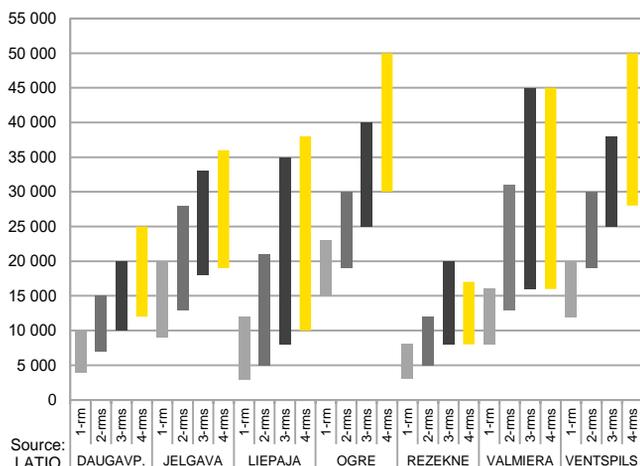
- Large demand in Jelgava is observed for houses built in the soviet era of an area of approximately up to 80 sq m, which are in satisfactory or good technical condition and the price of which is approximately EUR 60,000. Although, this supply on the market is scarce.
- For the major part, deals involve houses at a price up to EUR 80,000.
- There is hardly any demand in residential development land plots. The primary criteria defining the choice of buyers are location and availability of utility mains. The price ranges from 3 to 12 EUR per square metre.
- As customary in Zemgale, the interest in farming land plots is high, but the supply is limited.

LIEPAJA

- The residential market activity in Liepaja in Q4 2016 remained stable with an average of more than 100 transactions per month.
- The largest interest of buyers is in 2 and 3 room apartments, traditionally. Neighbourhoods most enquired about – the - South - Western District, Ezerkrasts and Lauma District.
- Buyers are increasingly interested in ready-to-move-in apartments in a good state of repair, which do not require large financial investments.
- Apartment prices in Lauma District range within 200-400 EUR per sq m, Ezerkrasts District - 300-550 EUR per sq m, SW District - 350-600 EUR per sq m, city-centre area 400 to 800 EUR per sq m (depending on the building's design or series).

- Less demanded are apartments in districts of Karosta, Zaļā birzs and Tosmare. Transactions with loft apartments occur very rarely in Liepāja.
- Apartments still trade at the Dzintara Nams development project, which is situated in a good strategic location with beautiful surroundings near the newly built Lielais Dzintars concert hall. Prices are in average from 700 to 850 EUR per sq m. Apartments are also available in the Avotu Nams development project, their price ranging between 950 – 1,050 EUR per sq m, and Alejas Nams between 700 – 850 EUR per sq m.
- The market of private houses is stable with an average of 2-3 transactions per month. The demand mostly is for houses that are already fit for dwelling, where repairs can be carried out gradually.
- The average prices of such estates range between EUR 30,000 to 50,000. The interest is largest in private houses situated in Vecliepaja – the old town, and Lauma District.
- The demand for residential development land plots in Liepaja is relatively small, with more demand for residential development land plots in Vecliepaja.
- The number of transactions with single-farmsteads is relatively small. The interest of buyers is in estates within 25 kilometre reach from Liepaja. Often single-farmsteads are purchased as a package-deal, because of their surrounding agricultural land or forest.

Price range of series-type apartments in the major cities of Latvia, Q4 2016



Typical rental fees of a furnished 60 sqm apartment in the major cities of Latvia, Q4 2016



Source: Land Registry, LATIO

* Riga remote centre

OGRE

- Activity was stable on the residential market of Ogre in Q4 2016. A moderate price growth on the market could be observed due to insufficient supply.
- The price of a medium sized apartment in series type buildings in Ogre is 450 – 650 EUR per sq m on average. Prices of good quality renovated apartments fluctuate between 600 to 750 EUR per sq m, while non-renovated apartments sell at 400 to 550 EUR per sq m.
- Apartment prices in new development projects fluctuate between 700 to 1,200 EUR per sq m. Transactions were concluded at a price of 700 – 900 EUR per sq m. The supply of apartments in new development projects is relatively small, as there are but a few new development buildings in Ogre and a couple of renovated buildings.
- The supply of private houses in Ogre Town is sufficient. We can see activity returning to the residential market in recent months, and the prices have climbed as well. The bulk of the estates sold are previously built single-family residential houses of an average floorspace of 100 – 150 sq m, with prices ranging between EUR 40,000 and 80,000, depending on the technical condition of buildings.
- Renovated single-family residential houses of an average floorspace of 130 - 200 sq m in good technical condition are offered at EUR 70,000 – 100,000. Interest in expensive and spacious houses is low. Also available on the market are buildings in the city's gardening plot and summer cottage villages that are reconstructed and adapted for permanent residence. Such houses are offered at prices, starting at EUR 30,000 to as much as EUR 70,000.
- Activity on the residential development land plot market is low. The price for a land plot of 1,200 – 1,500 sq m ranges from 7 to 20 euros per square metre.
- The activity on the rural property market in Ogre region is low. Primarily, the deals are concluded for residential houses built at the beginning of the previous century, without utility improvements, with a small appurtenant land plot of approximately 2 to 10 ha.
- On the agricultural land market, land plots over 10 ha are in the strongest demand. The average prices range between 1,200 and 2,800 EUR per hectare.

REZEKNE

- In Q4 2016, compared to Q3 2016, the number of transactions in Rezekne has not significantly changed, an average of 35-45 transactions are registered in a month.
- The residential market is more active in the city centre and Ziemeļu District. Predominantly, sales objects are one-room and two-room apartments of small floor space, duly maintained, non-renovated or with some facelift repairs.
- Apartment prices have not recently changed. As observed, the prices are very similar in Ziemeļu District of Rezekne and in the city centre.
- The average prices of well maintained, though non-renovated apartments are 100 – 150 EUR per sq m, whereas for apartments having undergone minor refurbishment and with doors and windows replaced – from 150 to 250 EUR per sq m. Prices of redesigned layout and overhauled apartments reach 250 - 400 EUR per sq m.
- Transactions for residential development land are rare, and private house construction in Rezekne does not seem to have become more active.
- House owners purchase the land underneath the private construction objects from the state or municipality to combine the building and land in one integrated property, although the number of such transactions is also small.
- The price of a private house depends on the total floor area of the building, size of the land plot and technical condition of the house.
- The supply side in Rezekne primarily consists of residential houses, built in 50-60's of the 20th century, with an area of 60-70 sq m and an optimal-size land plot of approximately 600 sq m. Usually the houses are offered without a repair and even without water and sewer mains provided.
- Prices of such houses range between 10,000 and 15,000 euros on average. The prices of decently maintained and improved residential houses fluctuate between 15,000 and 40,000 euros. The prices of reconstructed residential houses are from 40,000 to 60,000 euros.

VALMIERA

- The local real estate market in Valmiera has become stable.
- The demand side is dominated by 1 to 3 room apartments, which do not require large investments.
- Buyers on the private housing market are more interested in well renovated property, which do not require additional capital investments.
- Buyers' interest is more focused on smaller houses with floor space up to 150 sq m, as well as on houses of good quality, built within the recent 5 to 7 years.
- The ask price for series type apartments ranges from 330 EUR per sqm to 700 EUR per sq m.
- Apartment prices in new development projects or for apartments of excellent interior decoration are around 800 EUR per sq m.
- At the moment, private houses with appurtenant land plot in Valmiera and in its vicinity are offered at prices from 23,000 to as much as 300,000 euros.
- Non-renovated residential buildings are offered at lower prices; higher prices are set for estates that are newly built or having excellent interior decoration.
- During the past year, transactions for residential houses were concluded at an average of 300 – 700 EUR per sq m.
- As construction of new multi-apartment houses in cities since 2009 has practically ceased, there are virtually no transactions for apartments in new development projects in recent years.

VENTSPILS

- Market activity has remained on the previous level in the 4th quarter. The demand and the number of transactions were highest in the city centre area, lower in the Parventa District, across the river.
- The highest demand is for 2 and 3 room apartments in excellent condition in the central part of the city, there is also interest in non-renovated and uninhabitable apartments with repairs in progress.
- In Ventspils, where there are no new development projects, the demand is for apartments in custom design multi-apartment houses.
- The price for series type apartments in the city-centre locations has remained the same, within 450 – 600 EUR per square metre.
- The residential market in the historical city centre is of low activity, as good quality supply is deficient.
- The demand for private houses remains low; most deals are concluded in Galinciems. Buyers are interested in new or completely reconstructed buildings.
- Typical prices of old private houses are 35,000 – 55,000 euros; brand-new houses cost 100,000 – 140,000 euros.
- The activity of transactions for commercial development land plots is very low. Private investors have taken a wait and see position currently..
- The number of transactions for farmsteads is low, the supply is small, and the buildings are often in a very poor condition.
- The demand for agricultural land plots is high, and in some places, where interests of several large farmers overlap, prices may reach up to EUR 4,000 per hectare. The average price is 2,000 – 3,000 euros per hectare.

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