

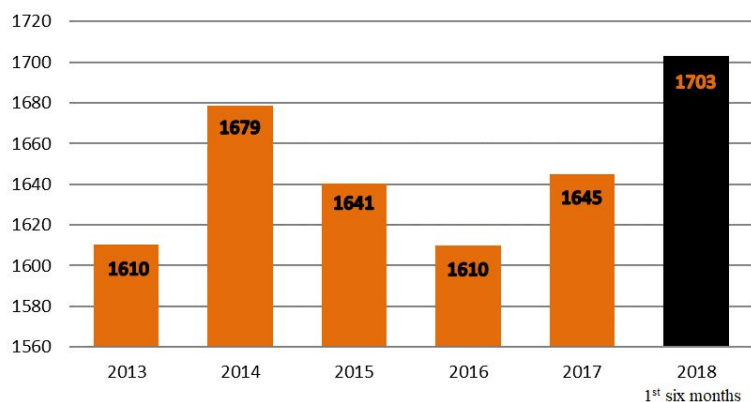
Housing market review of Riga centre

Real estate market in Riga centre has been developing unevenly in the first half year of 2018. The trend of 2017 has been remaining – the number of deals in the new projects in the centre of Riga and real estate has been increased, compared to deals in pre-war and Soviet-era apartment buildings. Also, a stable increase of 3.1% of the average price for apartments in the centre of Riga, particularly in renovated city centre buildings – 3.5% and in new projects – 3.4%. In the first six months of 2018 179 (22%) deals of total 800 deals, were completed for new projects or in buildings, that are in exploitation since 2013, including renovated buildings. The economic growth of this year predict that real estate market will continue to develop as in 2017, and despite the negative factors influencing the market, the estimate price increase is about 7%–8% during the whole year.

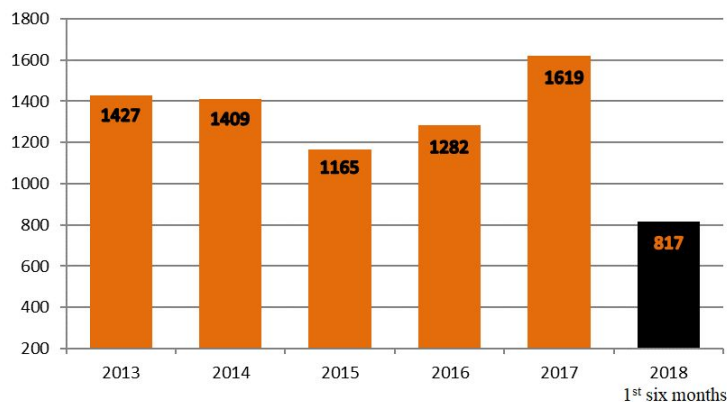
The liquidation process of ABLV Bank should be considered as a negative factor affecting the market, resulting in a significant impact on the operation of all credit institutions operating in Latvia and affecting the trust of clients, as well as several real estate development projects were suspended in the city centre funded by ABLV Bank. Attitude from most of foreign investors towards Latvia had changed rapidly and several large investment and development projects were stopped. Several foreign investors ceased to invest funds in current projects and they are currently being put in market.

Taking into account that more and more apartment buildings in the city of Riga are being renovated and the quality of housing fund is improving, there has been observed buyer's interest to buy apartment in the central part of the city. While choosing a real estate, clients pay attention to property rights of land, technical condition of the building, infrastructure of the environment, as well as residential area utilities – lift, car park, warehouses, improved back yard. However, less attention to the location of the building. Demand of well-planned apartments in Riga city centre from private investors is continuing to grow, which are then offered for short term or long term rent.

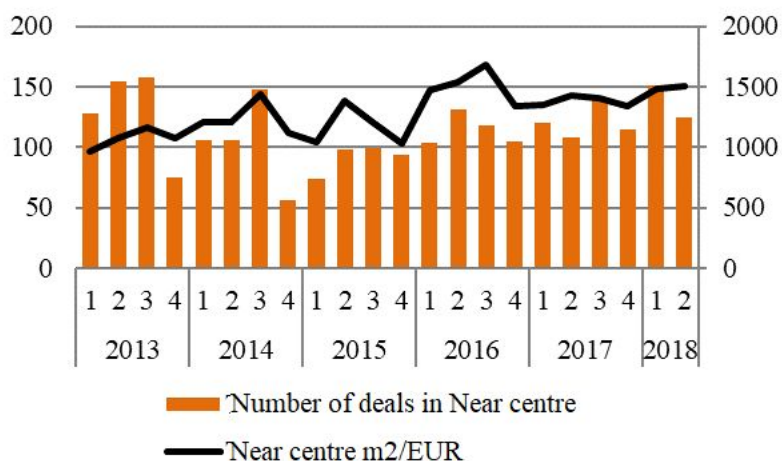
Average price m²/EUR, Riga centre and Old Riga



Number of deals in total in Riga and Old Riga



Source: VZD, Vestabalt



Source: VZD, Vestabalt

Remote centre

Increase in deals in remote centre of Riga was observed during 2017; similar growth could be indicated in the first quarter, however, in result of several negative factors, the number of deals in Riga city, particularly in remote centre, decreased in June of 2nd quarter. In spite of which, the average number of deals per quarter remained at around 200 deals and compared to the first half of the year 2017, the number of deals has risen by 1%. The real estate market of remote centre of Riga has been impacted by the new projects, which are highly demanded in this part of centre and are 32% of total deals. In the first half of 2018, 424 deals were registered. Similarly, to the number of deals, the average price per square metre has grown, and currently fluctuates from 1200 to 1450 EUR/sq.m. The deals in remote centre mostly include sales for apartments up to 60 sq.m. and average price for deal has been about 68 000 EUR.

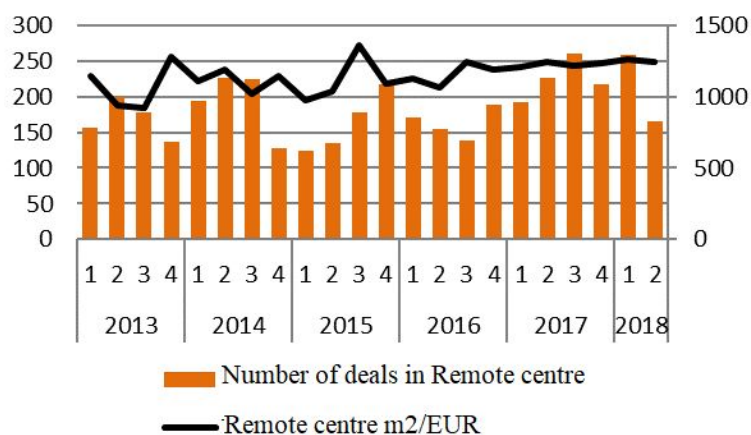
Source: VZD, Vestabalt

Source: VZD, Vestabalt

Near centre

According to real estate deals registered and performed in the first half of 2018, the “Vestbalt” experts conclude that the real estate market of near centre is considered as stable.

High number of performed deals, compared to four quarters of 2017, are remained. In 2017 on average in one quarter 120 deals were performed, whereas in the first half of 2018 the number of deals has increased up to 140 deals that is 14% increase compared to average indicator of 2017. In the first half of 2018, the average price level in the near centre of Riga has grown about 8% compared to 2017. Currently, the average price per square meter fluctuates around 1400-1550 EUR/sq.m The average deal amount was about 88 000 EUR and the average selling area had around 67 sq.m. There is great demand for not renovated apartments, the selling price of which does not exceed 95 000 euro.



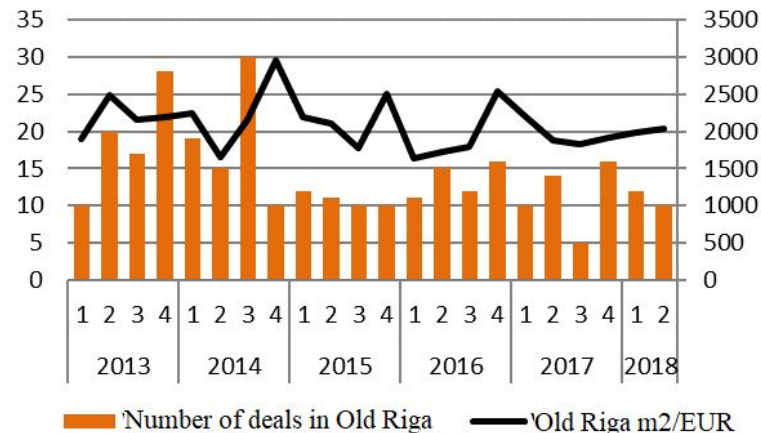
Silent centre

Since the 1st quarter of 2017, that the number of deals in Silent centre of Riga in apartment segment is stable and in the first half of 2018 the average number of deals in quarters are about 47, which is considered as high. Compared to the first half of 2017 the number of deals has increased by 10%. The average price per square metre remains as in 2017 and is around 2000 – 2300 EUR/sq.m. for repaired 2 or 3 bedroom apartment. Analysis of deals in the silent centre show that most popular apartments are from seven to 95 sq.m. and average registered price has been EUR 145 000. There is a continuing growth of leasing deals of centre apartments. In the first half of 2018 several developmental projects have been registered, where the selling of apartments has already been started (several projects are in building stage) – 14 Ausekļa street, 8 Strēlnieku street, 35 Pulkveža Brieža street, 18a Baznīcas street, 17a Antonijas street, 5 Jeruzalemes street, 37/41 Kr.Valdemāra street. A number of of real estates and housing segment developmental projects are going to be offered in the next half of the year, such as 5 Strēlnieku Street, 4B Strēlnieku Street, 7 Mednieku Street, second stage.

Source: VZD, Vestabalt

Old Riga

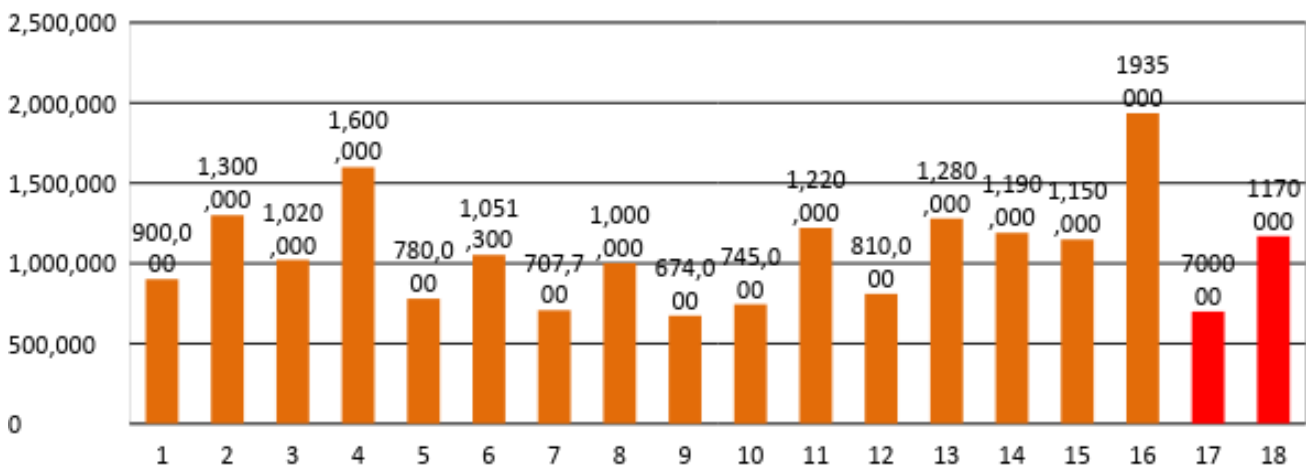
The real estate market in Old Riga has been unpredictable and unsteady for the past 5 years, and the number of deals has barely been past 15 deals in quarter. In the first half of 2018 on average in quarter 11 deals were made, which is 2% less than on average in 2017. Analysing the price changes of apartments in Old Riga “Vestbalt” experts concluded that since the 3rd quarter of 2017 price per square metre increased by 5%. Currently, the average price per square metre in Old Riga of repaired 2-3 room renovated apartment fluctuates around 2050-2200 EUR/sq.m., which is still the highest price per square meter of apartments in Riga. After data analysis it is concluded that currently in Old Riga most popular housing is about 65 sq.m., whereas average price for a deal in the first half of the year is about EUR 110 000. The greatest demand for apartments in the Old Riga are from foreign buyers. Most popular are already renovated apartments in buildings, where the technical condition is characterised as good with good view. Several development projects in Old Riga were initially built predicting as dwelling



houses due to low demand, and now are transformed into rental houses, hotels (apart-hotels).

Source: VZD, Vestabalt

Largest housing deals in Riga Centre according to the amount of the deal



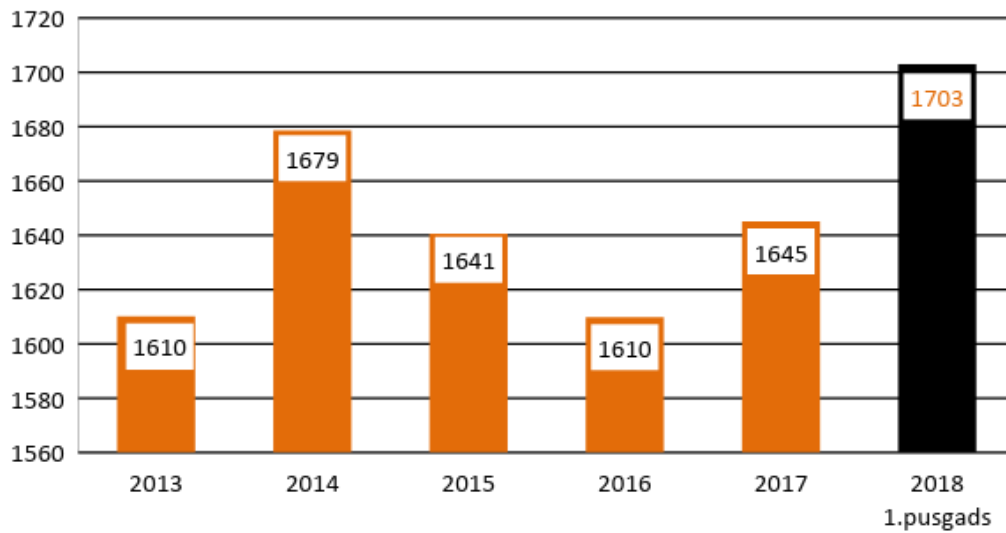
Source: VZD, Vestabalt

Appendix No. 1

Graphs, from .xls

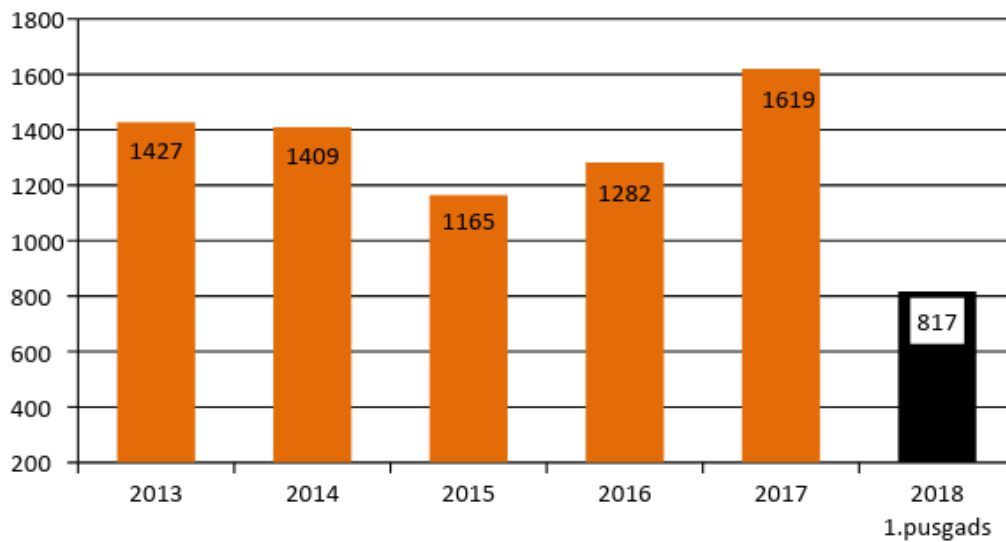
1. Graph – Average prices in the centre of Riga

Average price EUR/m2, Riga Centre and Old Riga

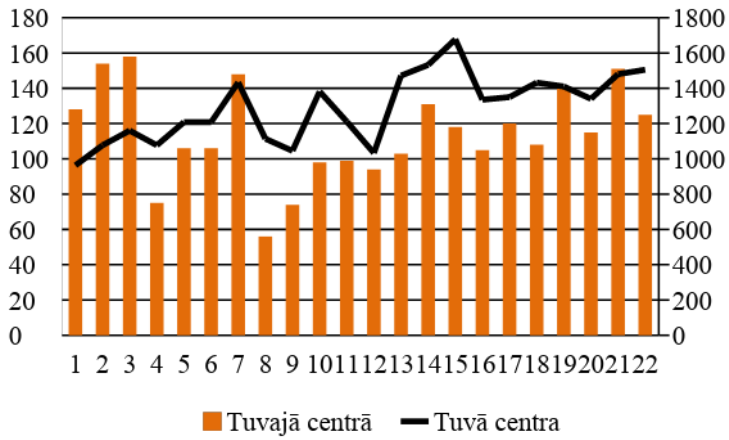


2. Graph Dynamics of the number of deals

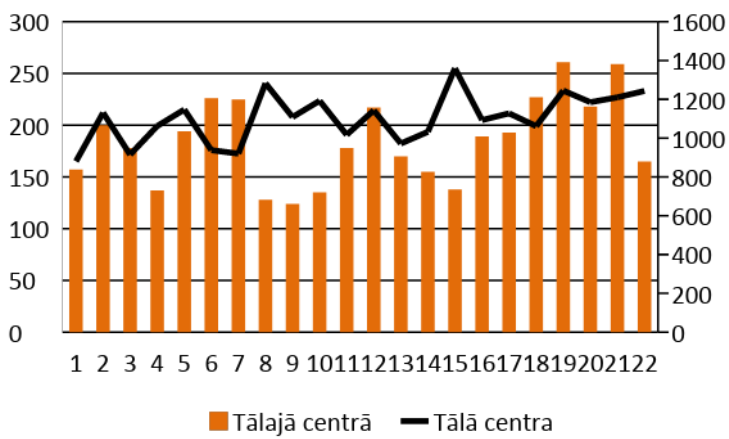
The total number of deals in Riga Centre and Old Riga



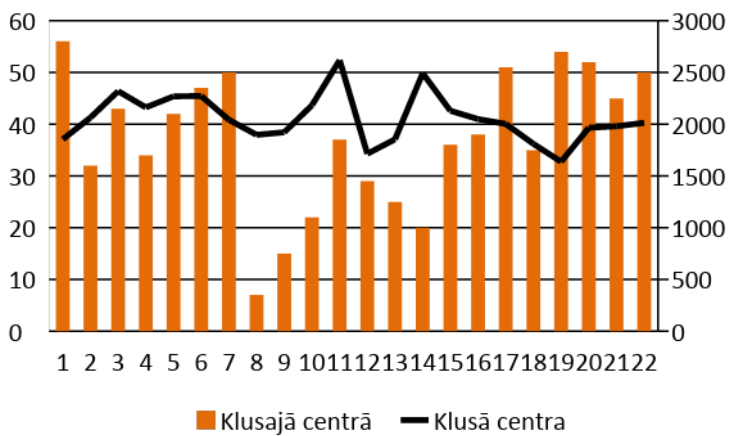
3. Graph – Near centre



4. Graph – Remote centre



5. Graph – Silent centre



6. Graph – Old Riga

