

MARKET COMMENTARY

In Q2 2009, the fall of sale prices of residential property have diminished. If in Q1 prices felt down for 29,3% then in Q2 only 8,8%. The average price by the end of Q1 was 763 EUR, in Q2 was 478 EUR. In Q2 2009 the prices for flats in suburbs of Riga was 37% lower than in Q1 and 47% lower than by the end of 2008.

In June if we compare with May the price dropped only for 1,1%. It is a small direction to the stabilization of price level. Also in some occasions (103; 104 series Soviet buildings) the number of offers dropped down.

If we look at Economical figures of country and Bank financing politic potential buyer choose properties very carefully. The price level is attracting to buyers that keeps demand relatively good. To attract buyer the property price should be for 15% cheaper than other similar properties in the market.

The most active segment is finished 2 - 3 rooms flat in Riga centre for price up to 100.000 EUR. Unfortunately in this segment supply is very small. In suburbs of Riga clients are looking for finished flats up to 30.000 EUR. The biggest demand in Riga suburbs is in Teika, Agenskalns, Purvciems, Ziepniekkalns.

Part off sellers are not satisfied with price level in market and they don't sell properties and wait for "better" times, other part don't believe that this time is possible to sell something and stop selling.

Buyers also are interested in good located new projects because of attractive price.

In Q2 2009 mostly the deals happened for buyers private earnings without any credits. Increased interest from foreign buyers.

In Q2 2009 the rent price in residential also are stabilizing. The biggest demand is in price category up to 360 EUR/month. Good offers are possible to find almost in all Riga regions.

