

Lithuanian Residential Real Estate

Q2 2013

MARKET COMMENTARY

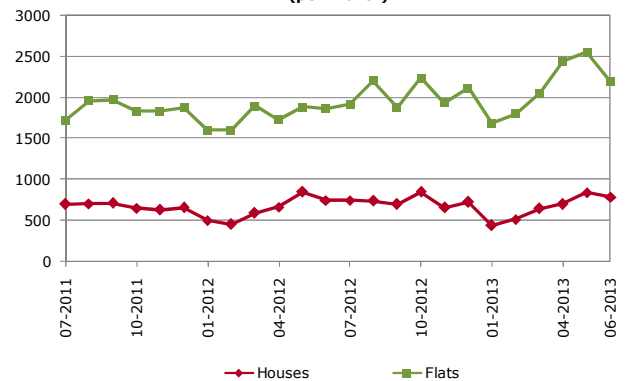
Both the market as a whole and most developers of new apartments were satisfied with the results of apartments sales in Lithuania in Q2 2013. According to data from the Centre of Registers, only **3% more** transactions for the purchase and sale of detached houses were finalised in **Lithuania** in Q2 2013 compared to the same period in 2012. The number of transactions for the purchase and sale of apartments was however **31% higher** than a year ago. While in Q2 2012 the average monthly number of transactions for detached houses was 750 and for apartments was 1,830 in Lithuania, this year these figures grew to 775 for detached houses and 2,400 for apartments. Of the five main Lithuanian cities, the greatest growth in the number of apartment transactions in this period was recorded in Šiauliai (68%), Klaipėda (51%) and Vilnius (49%).

Sales of new apartments (in particular in Vilnius) remained high in Q2 2013, too. According to data from Ober-Haus, over this period approximately **620** new apartments in both completed apartment buildings and those being constructed were purchased or reserved directly from constructors in the five **main Lithuanian cities**. This is a **53% increase** compared to Q2 2012, and a **13% decrease** compared to Q1 2013. At the end of Q2 2013, the number of unsold new apartments in completed apartment buildings in the **main Lithuanian cities** was **2,430** or 17% less than at the end of 2012.

While high sales figures have been recorded in Vilnius for the second consecutive quarter, the other main Lithuanian cities simply lack the 'material' to improve their figures. A number of new projects have been started in Vilnius, while the other main cities have scarce supply and therefore cannot boast of high sales. For this reason, the share of the other main cities in the total sales figures continues to shrink. While in 2011–2012 the number of new apartments sold in the capital city accounted for 70–75% of all new apartments sold in Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys, this year this figure reached 81%. The average number of new apartments sold in Vilnius per month was 100 in 2011, 120 in 2012, and 180 in the first half of 2013.

The increased apartment sales are also reflected in the mortgage loan statistics. According to data from the Association of Lithuanian Banks, over the first five months of this year, the main credit establishments in the country provided new mortgage loans amounting to EUR 211 million, which is a **37% increase** compared with the same period of 2012. May of this year was the most successful month; mortgage loans of EUR 52 million were provided. December 2008 was the last time such figures were recorded.

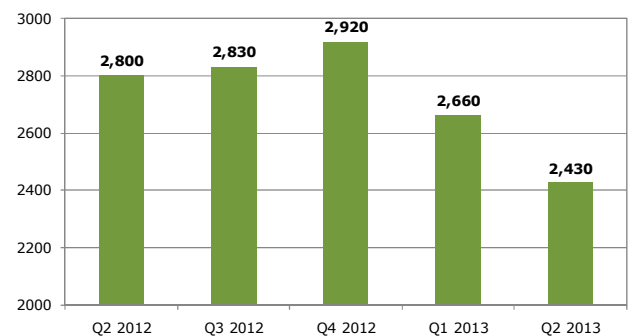
Number of transactions in Lithuania (per month)



Source: SE Centre of Registers

Data: 2011 - 2013

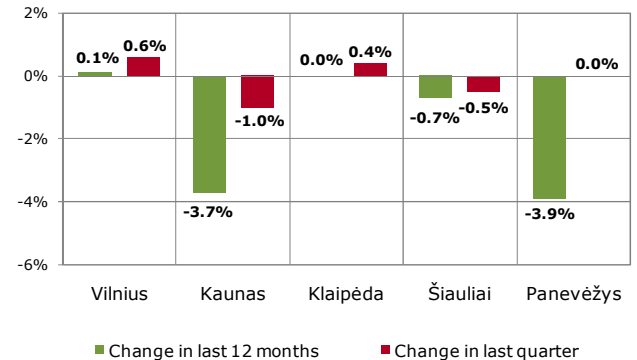
Unsold newly built apartments (primary market)



Source: Ober-Haus

Data: Q2 2012 – Q2 2013

Average apartment price changes



Source: Ober-Haus

Data: Q2 2013

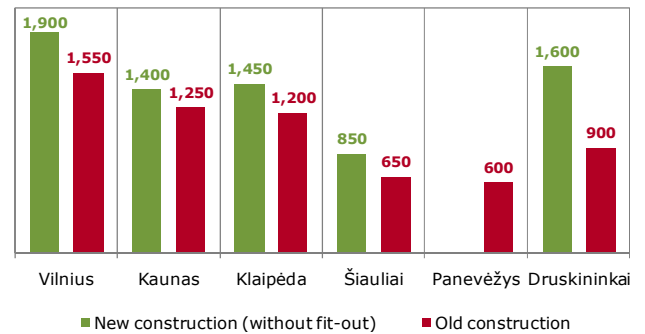
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Changes in prices recorded in Q2 2013 confirmed that Vilnius is the only Lithuanian city where more or less clear trends of change can be forecast. In the first half of 2013, apartment prices in **Vilnius** grew **1.1%** and the average apartment price increased to 1,198 EUR/sqm. The greatest positive changes in prices were recorded for new apartments in the centre, Old Town, and prestigious districts of Vilnius, as well as for old apartments in residential districts of the capital city. In **Klaipėda**, although over the same period the overall level of apartment prices grew **0.3%**, no distinct trends of change in price can be observed so far since prices here continue to fluctuate slightly and the overall price level remains similar to that of a year ago. Prices in **Kaunas**, **Panevėžys** and **Šiauliai** decreased **1.6%**, **1.3%** and **0.5%** respectively.

Unlike the apartment market, the activity in the market of detached houses in Lithuania in 2013 shows minor growth only: over the first half of this year, the number of transactions was only 3.5% higher than it was in the same period of 2012. The market in detached houses did not demonstrate any distinct trends of change either since the change recorded over this period is minor. Slight positive changes were observed in residential and suburban districts of **Vilnius** and **Šiauliai** where, according to the data from Ober-Haus, prices of detached houses **grew** an average of **1–2 %**. Prices in **Panevėžys** and **Klaipėda** **dropped 4%** and **1%** respectively. Prices remained stable in **Kaunas**. On the outskirts of **Vilnius** in the middle of this year, partially finished detached houses having a total area of 150–200 sqm and sitting on plots of land of 6–10 ares sold for **EUR 95,000–160,000**. This figure was **EUR 60,000–133,000** for **Kaunas** and **Klaipėda** and **EUR 52,000–93,000** for **Šiauliai** and **Panevėžys**.

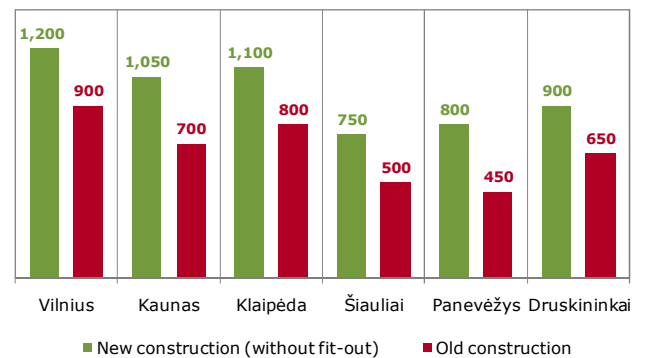
Average flat prices in old town, city centre, prestigious districts (EUR/sqm)



Source: Ober-Haus

Data: Q2 2013

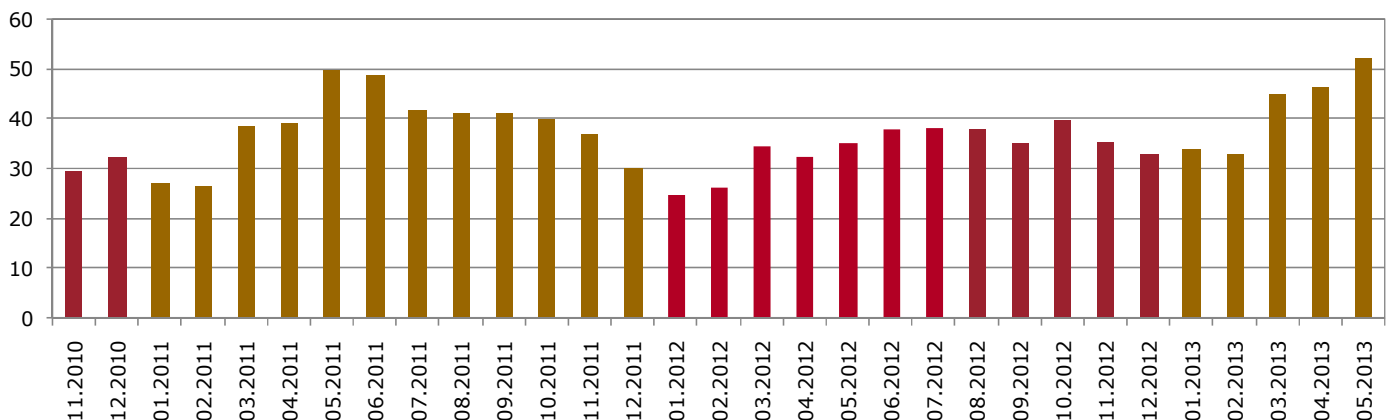
Average flat prices in residential districts (EUR/sqm)



Source: Ober-Haus

Data: Q2 2013

New housing loans for private persons (million EUR)



Source: Association of Lithuanian Banks

Data: 2010-2013

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

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

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