

Lithuanian Residential Real Estate

Q1 2013

MARKET COMMENTARY

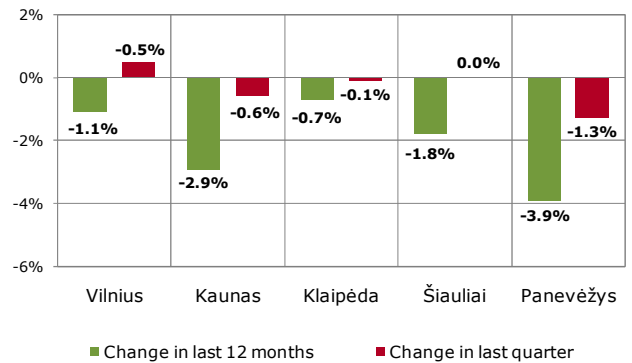
Prices of apartments in Vilnius have started to rise after a one-year break. In Q1 2013, apartment prices in **Vilnius** grew by **0.5%** – the average apartment price reached EUR 1,191 per sqm. Positive changes in prices were recorded in all segments: new and old apartments in residential and up-market parts of the city and in the city centre. Apartment prices in the other main Lithuanian cities do not show any positive signs and continue to decrease slightly. Over the same period, apartment prices in **Kaunas**, **Klaipėda** and **Panevėžys** dropped by **0.6%**, **0.1%** and **1.3%** respectively. No change was recorded in Šiauliai. Generally apartment prices in Kaunas and Klaipėda remain the same – EUR 943 and EUR 958 per sqm respectively. The average price is EUR 547 per sqm for Šiauliai and EUR 515 per sqm for Panevėžys.

Overall activity in the Lithuanian housing market has been increasing for the fourth consecutive year. According to data from the Centre of Registers, in Q1 2013, the number of purchase and sale agreements finalised in **Lithuania** was over **7% higher** for apartments and over **2% higher** for detached houses than a year ago. In Q1 2012, the average monthly number of agreements was 1,700 for apartments and 150 for detached houses, while this year this indicator has increased to 1,830 apartments and 525 detached houses per month. The greatest increase in the number of agreements involving apartments and detached houses was recorded in Šiauliai (23%), Vilnius (15%) and Kaunas (15%).

Active construction in Vilnius not only improves a number of housing supply parameters but also continues to fuel buyers' interest in new apartments. According to data from Ober-Haus, in Q1 2013, **710** new apartments in completed apartment buildings and those in progress in the five **main Lithuanian cities** have either been purchased or booked directly from constructors. This is an increase of 70% compared to Q1 2012. **Vilnius** was the unsurpassed leader with **560** new apartments sold (which is an increase of 35% compared to Q4 2012 and an increase of 87% compared to a year ago). The main reasons governing this growth were not only growing trust in the market and favourable borrowing conditions but also the significantly improved selection of apartments on offer.

Any change in the number of agreements finalised in the other main Lithuanian cities do not demonstrate any clear direction since, unlike the capital city, the development of new apartments buildings here is virtually non-existent, while the remaining vacant apartments from previously completed projects, for different reasons, are not really attracting buyers.

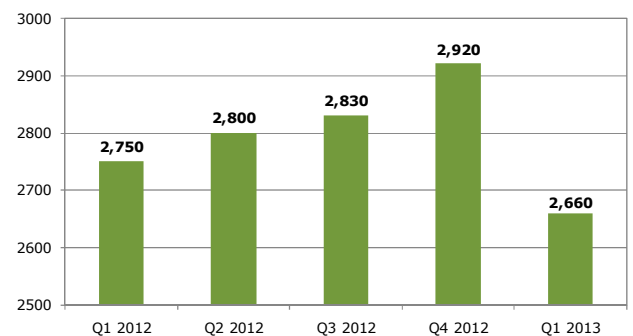
Average apartment price changes



Source: Ober-Haus

Data: Q1 2013

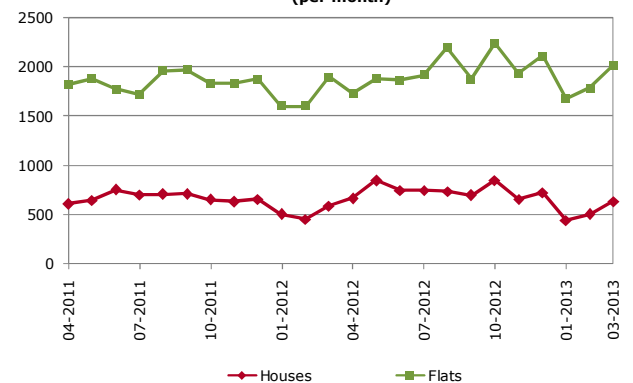
Unsold newly built apartments (primary market)



Source: Ober-Haus

Data: Q1 2012 - Q1 2013

Number of transactions in Lithuania (per month)



Source: SE Centre of Registers

Data: 2011 - 2013

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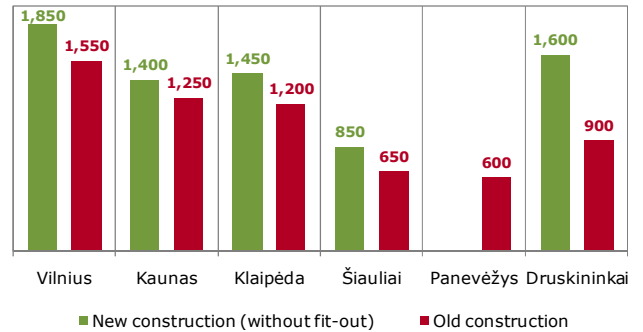
Q1 2013

In Q1 2013, **81** apartments were sold in **Kaunas** (an increase of 33% compared to Q4 2012). The number of sales and bookings in **Klaipėda** over the same period dropped by 39% — to **66** apartments. The volumes of sales in **Šiauliai** and **Panevėžys** have not seen any major change — only **8** new apartments were sold here in Q1 2013.

The sharp increase in the volume of sales in Vilnius has resulted in a decrease in the total number of unsold new apartments in the main Lithuanian cities. According to data from Ober-Haus, by the end of Q1 2013, the number of unsold new apartments in completed apartment buildings **in the main Lithuanian cities** was **2,660**, which is **9%** less than at the end of 2012. Currently, the number of apartments on offer in buildings constructed in the 2007–2013 period is **1,330** in **Vilnius**, **510** in **Kaunas**, nearly **760** in **Klaipėda**, and approximately **60** in **Šiauliai** and **Panevėžys** taken together.

The increase in housing sales is also reflected in the statistics provided by the country's commercial banks. According to data from the Association of Lithuanian Banks, in the first two months of this year, the major crediting institutions of the country provided new mortgage loans worth EUR 67 million, which is a **31% increase** compared to the same period in 2012. With reference to the number of projects both in progress and planned in Vilnius, demand is likely to continue to grow in the capital city this year, which in its turn will somewhat improve the overall indicators for the entire country.

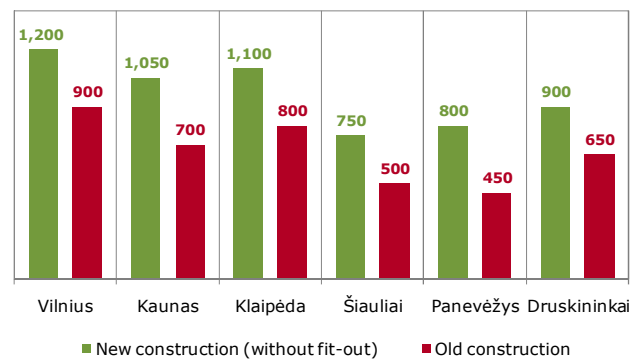
Average flat prices in old town, city centre, prestigious districts (EUR/sqm)



Source: Ober-Haus

Data: Q1 2013

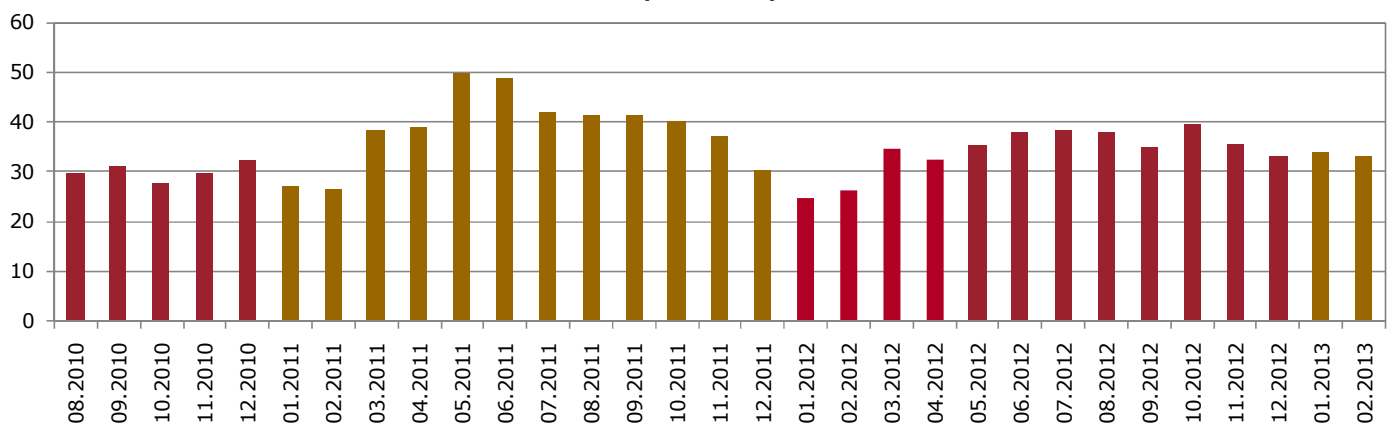
Average flat prices in residential districts (EUR/sqm)



Source: Ober-Haus

Data: Q1 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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