

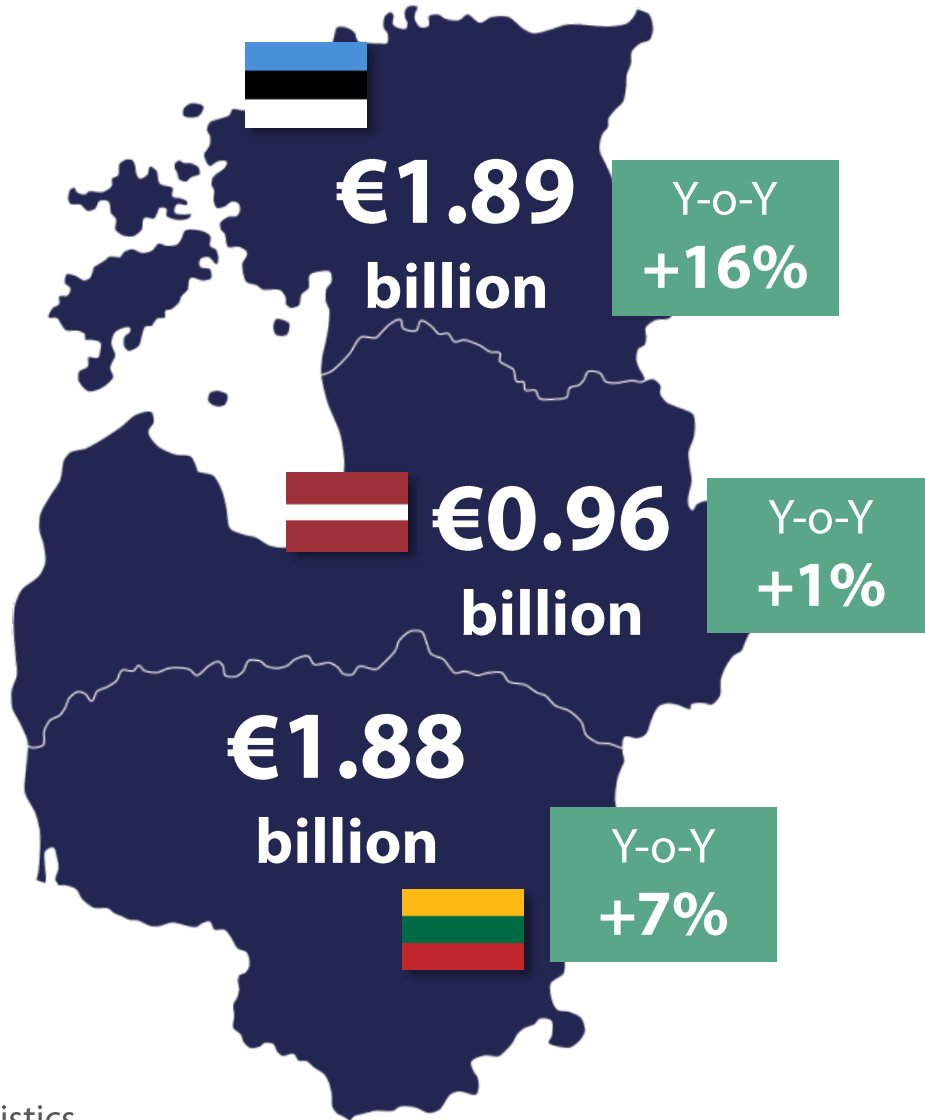
MAY 2018

# HOW MUCH GROWTH POTENTIAL IS LEFT IN BALTICS RESIDENTIAL MARKET?

OBER  HAUS

BALTIC  
RENT  
ESTIMATE  
INVESTMENT  
FORUM 2018

# TOTAL RESIDENTIAL PROPERTY (APARTMENTS & HOUSES) VOLUMES AND CHANGES IN 2017

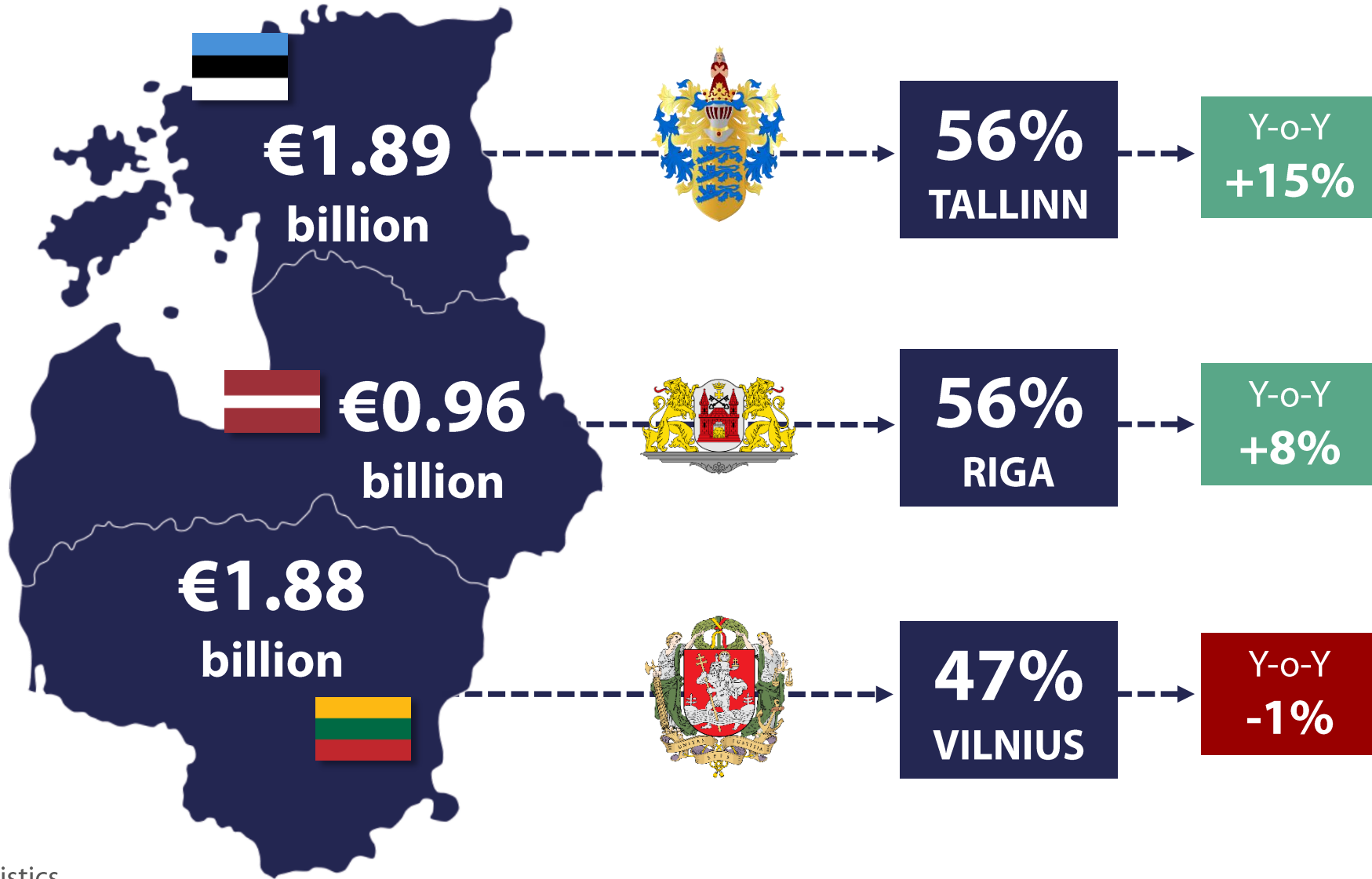


**€4.73 billion**  
was spent on  
residential property  
in the Baltic countries  
in 2017

**+9%**  
compared to 2016

Source: Official statistics

# TOTAL RESIDENTIAL PROPERTY (APARTMENTS & HOUSES) VOLUMES AND CHANGES IN 2017



Source: Official statistics

A photograph of a modern, multi-story apartment building with a facade of white panels and dark grey window frames. The building features large glass windows and balconies with glass railings. The sky is a clear, light blue.

**HOW MUCH MONEY WAS SPENT  
TO PURCHASE HOUSING IN  
THE BALTIC CAPITALS  
IN 2018?**

# RESIDENTIAL PROPERTY (APARTMENTS & HOUSES) VOLUME CHANGES IN 2018

## 2018 (4 MONTHS) COMPARED TO 2017 (4 MONTHS)

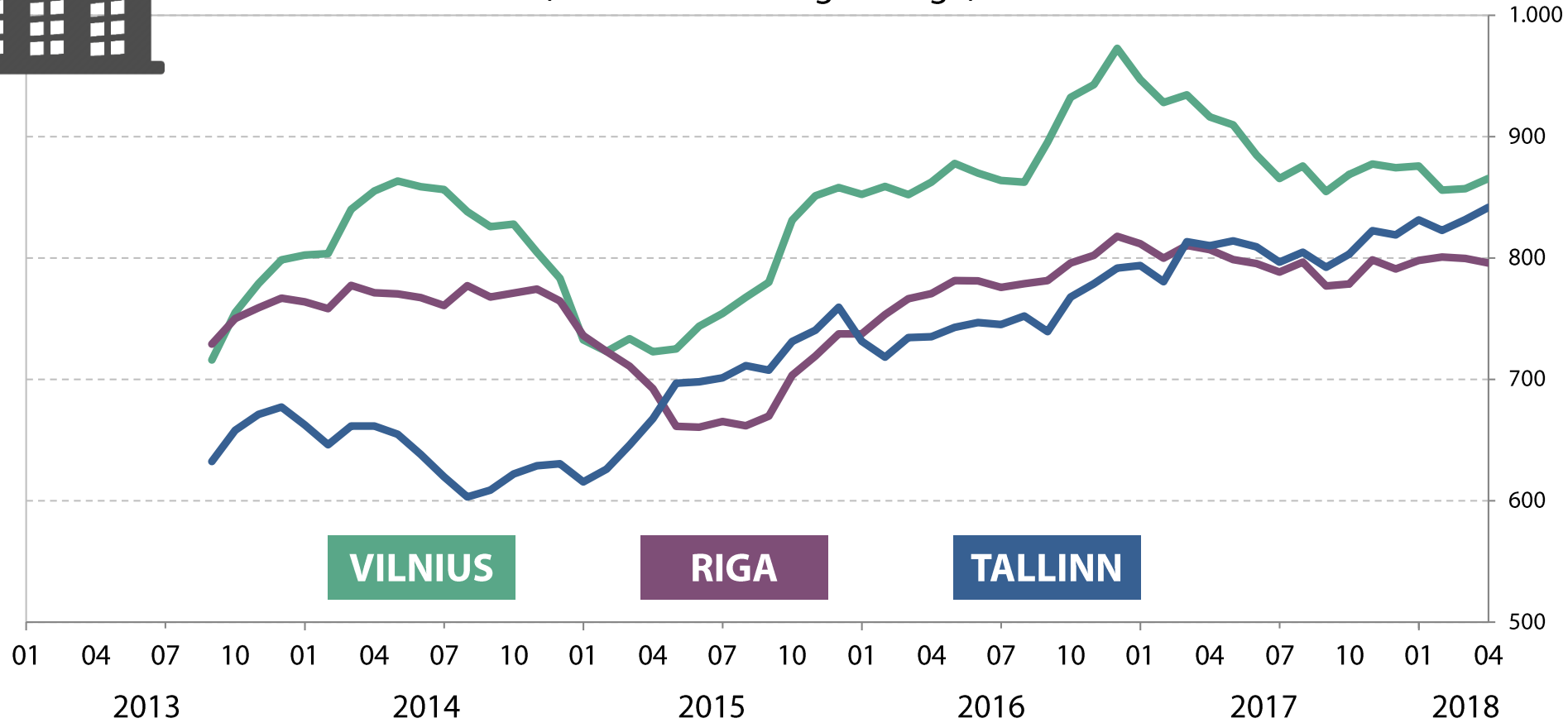


Source: Official statistics

# MARKET ACTIVITY (APARTMENTS)



## NUMBER OF APARTMENT TRANSACTIONS (9-months moving average)

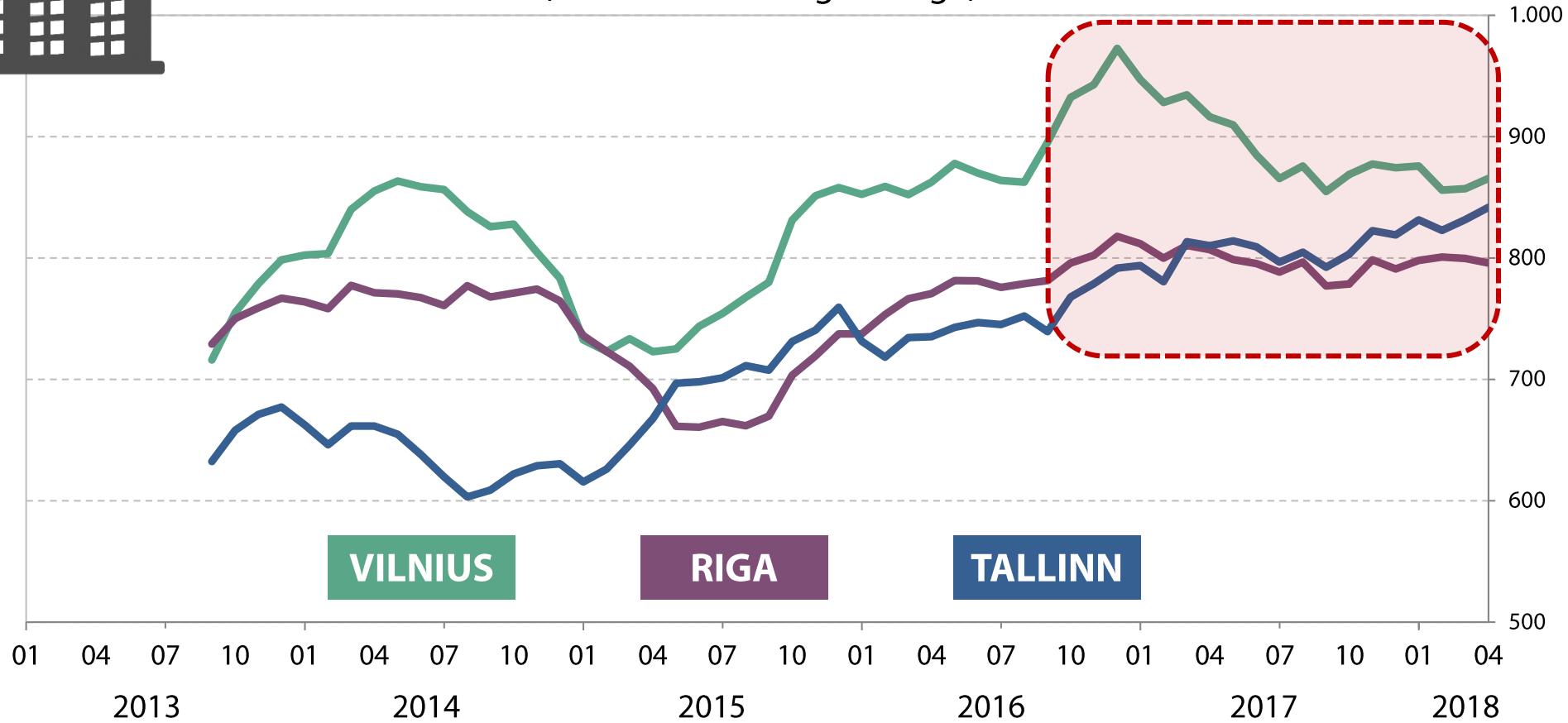


Source: Official statistics

# MARKET ACTIVITY (APARTMENTS)



## NUMBER OF APARTMENT TRANSACTIONS (9-months moving average)



## 2017-2018 TRENDS

VILNIUS



RIGA



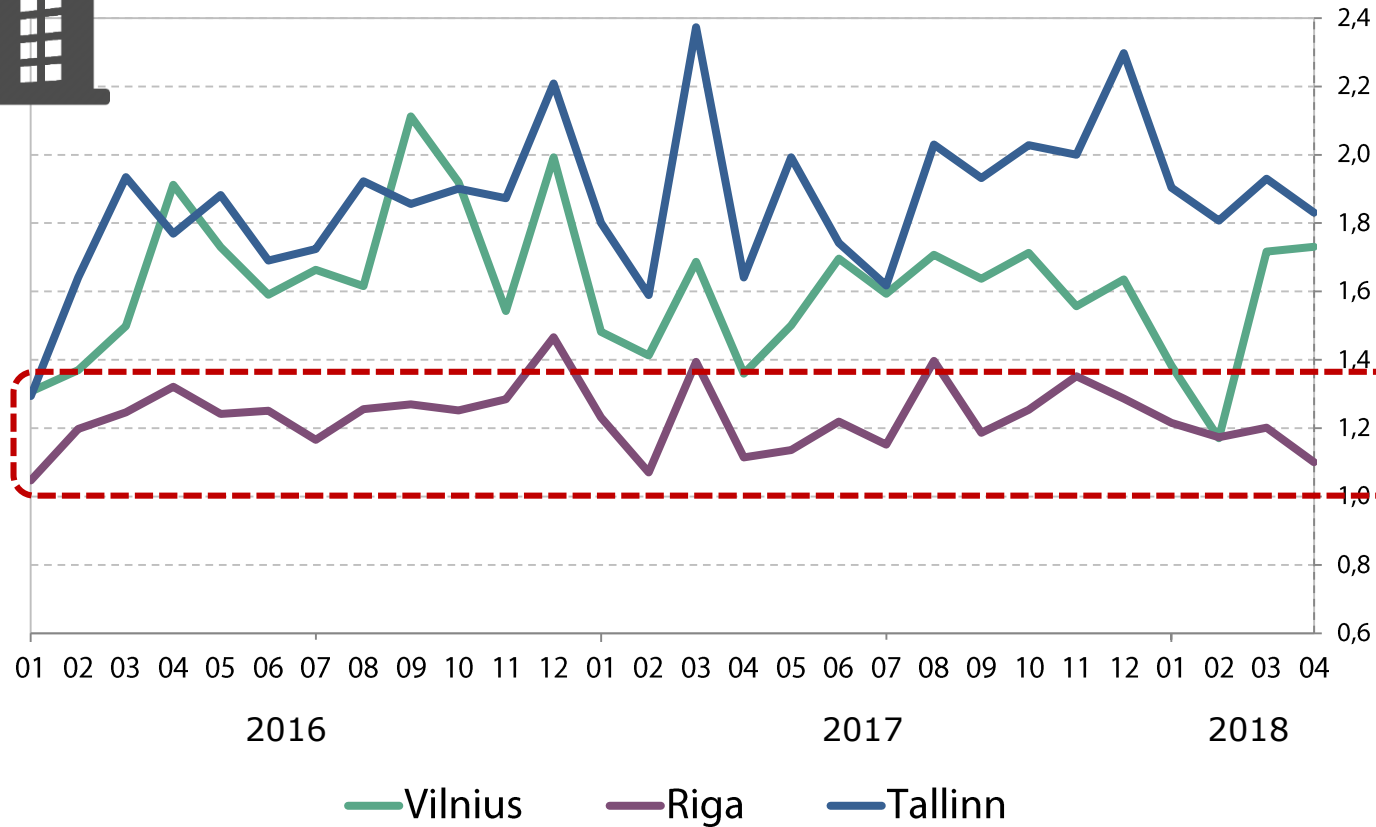
TALLINN



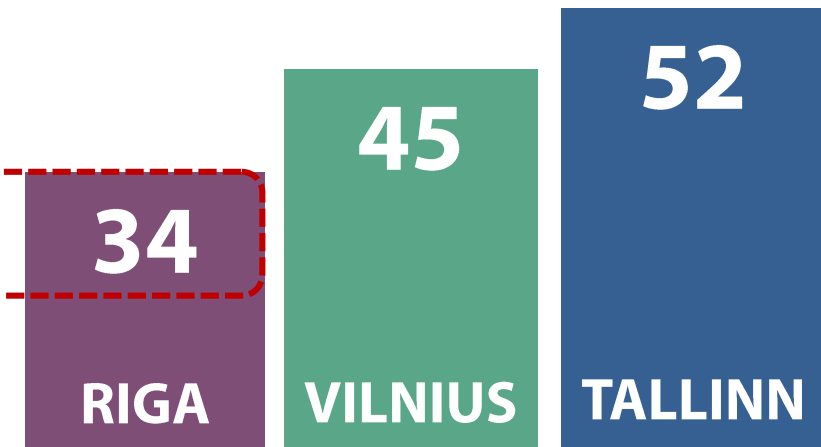
Source: Official statistics

# MARKET ACTIVITY (APARTMENTS) PER POPULATION

## NUMBER OF APARTMENT TRANSACTIONS PER 1,000 INHABITANTS



## NUMBER OF APARTMENT TRANSACTIONS PER 1,000 INHABITANTS (2016-2018)



🇱🇻 In terms of the apartment market activity per population, **Riga** is still far behind **Tallinn** and **Vilnius**.

Source: Official statistics



# ESTIMATED AVERAGE AGE OF YOUNG PEOPLE LEAVING THE PARENTAL HOUSEHOLD IN 2017

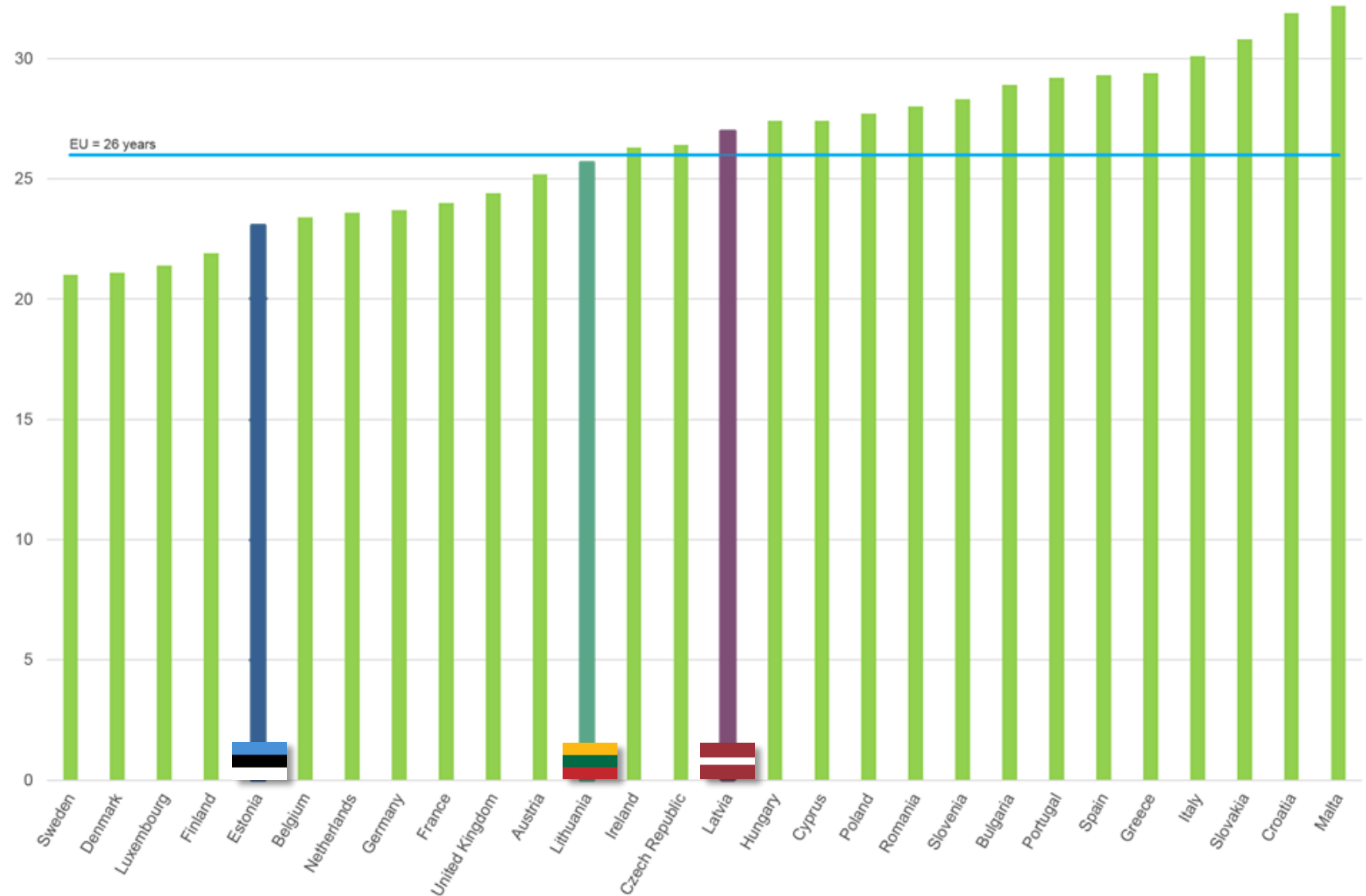
Overall, it is estimated that young people leave the parental household at the age of **26 years** on average in the **EU**.

But significant discrepancies can be observed between Member States. Also in the Baltics:

**Estonia – 23.1 years;**

**Lithuania – 25.7 years;**

**Latvia – 27.0 years**

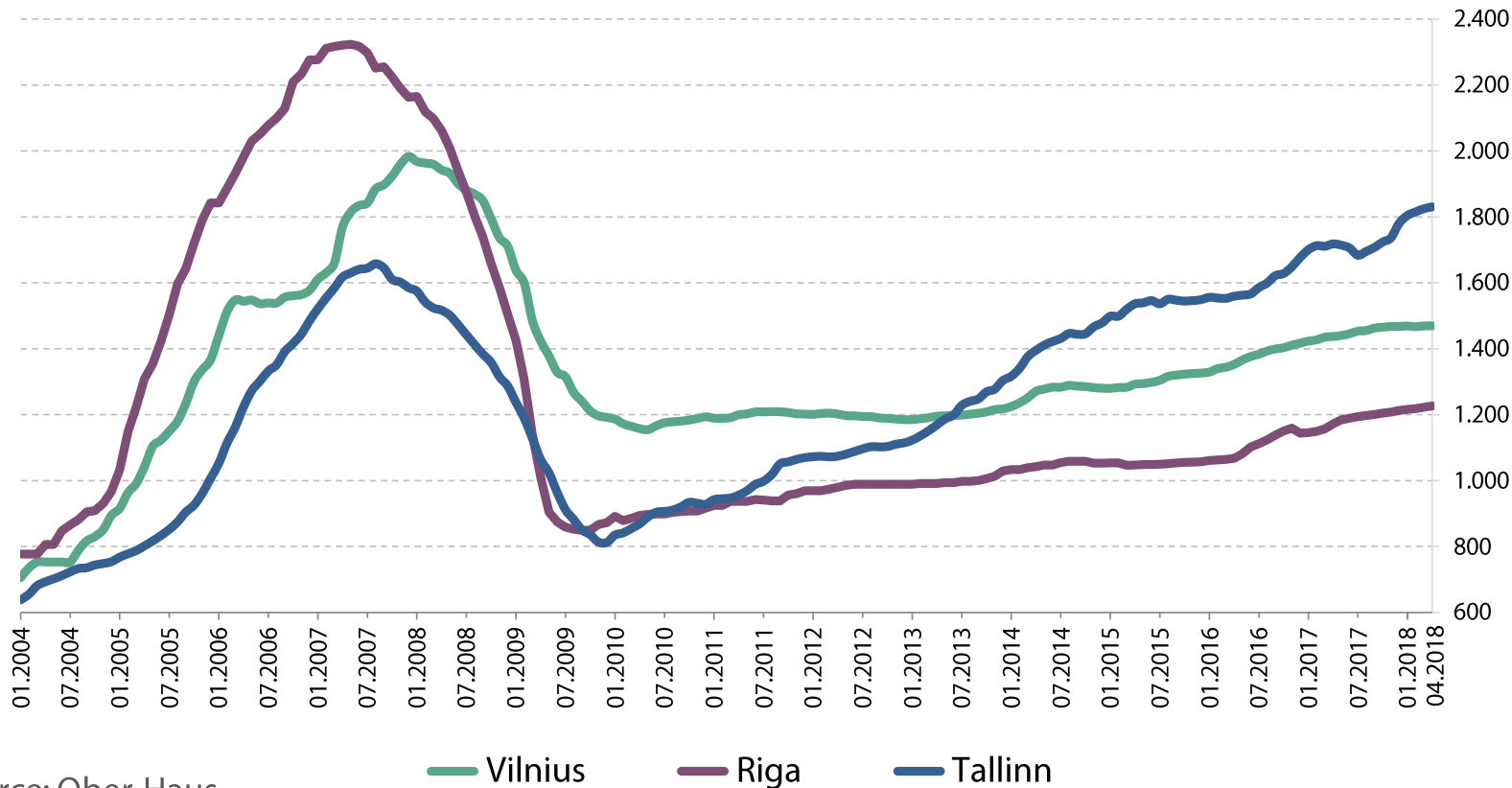


Source: Eurostat

# PRICES

🇱🇹 The apartment price growth rate is showing some signs of decelerating. Almost **no price changes** were recorded in **Vilnius** during the first four months of **2018**.

**AVERAGE APARTMENT PRICES**  
(EUR/sqm)



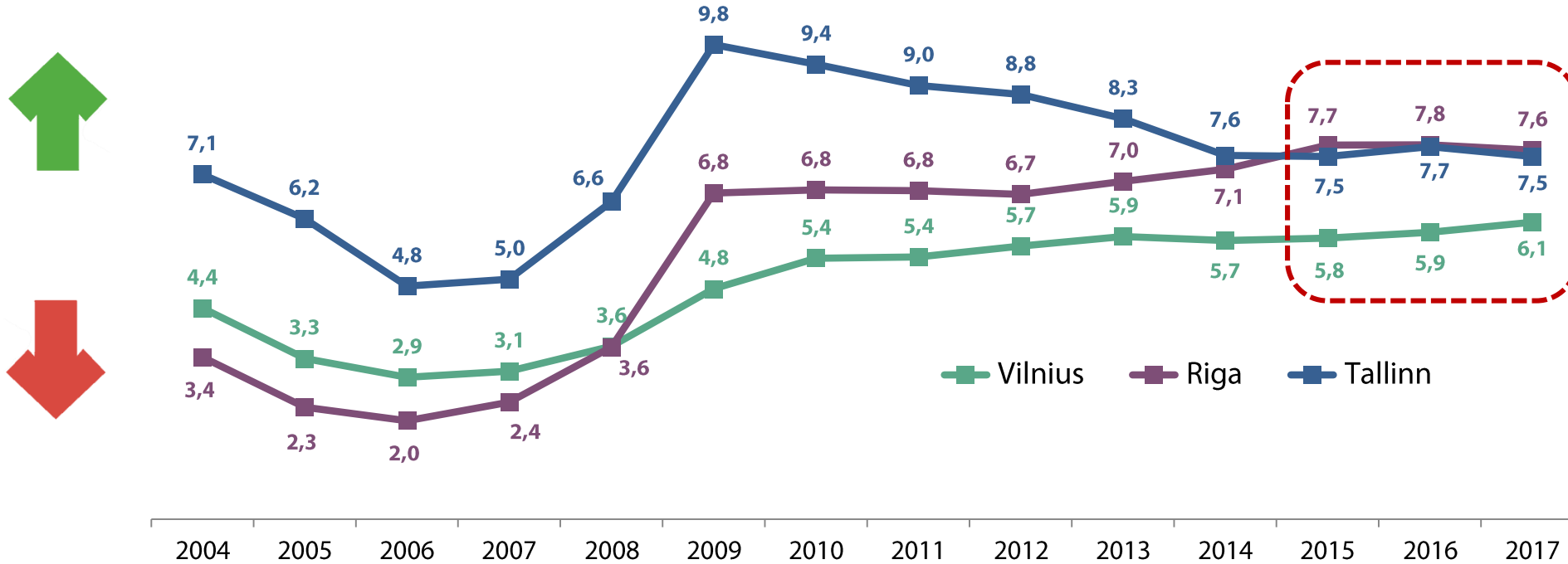
2016	2017	2018
<b>CHANGE</b> 2015.12- 2016.12	<b>CHANGE</b> 2016.12- 2017.12	<b>CHANGE</b> 2017.12- 2018.04
<b>TALLINN</b> +8.2%	<b>TALLINN</b> +6.2%	<b>TALLINN</b> +2.8%
<b>RIGA</b> +8.1%	<b>RIGA</b> +6.1%	<b>RIGA</b> +1.1%
<b>VILNIUS</b> +6.8%	<b>VILNIUS</b> +3.6%	<b>VILNIUS</b> +0.1%

Source: Ober-Haus

# PRICE-TO-INCOME

As residential prices are increasing at the same pace as people's income, the housing affordability has stayed at almost the same level in the Baltic capitals **in 2015-2017** (with slight improvement **in Vilnius**).

**APARTMENT PRICE-TO-INCOME RATIO**  
(how many sqm can be acquired for average annual net salary)



Source: Official statistics, Ober-Haus

# MARKET ACTIVITY (APARTMENTS): NEW VS OLD



Over the past 5 years, the share of sold new construction apartments has increased significantly in all Baltic capitals. However, in **Vilnius** the share has stabilized to one third in 2016-2018 (**34%**).



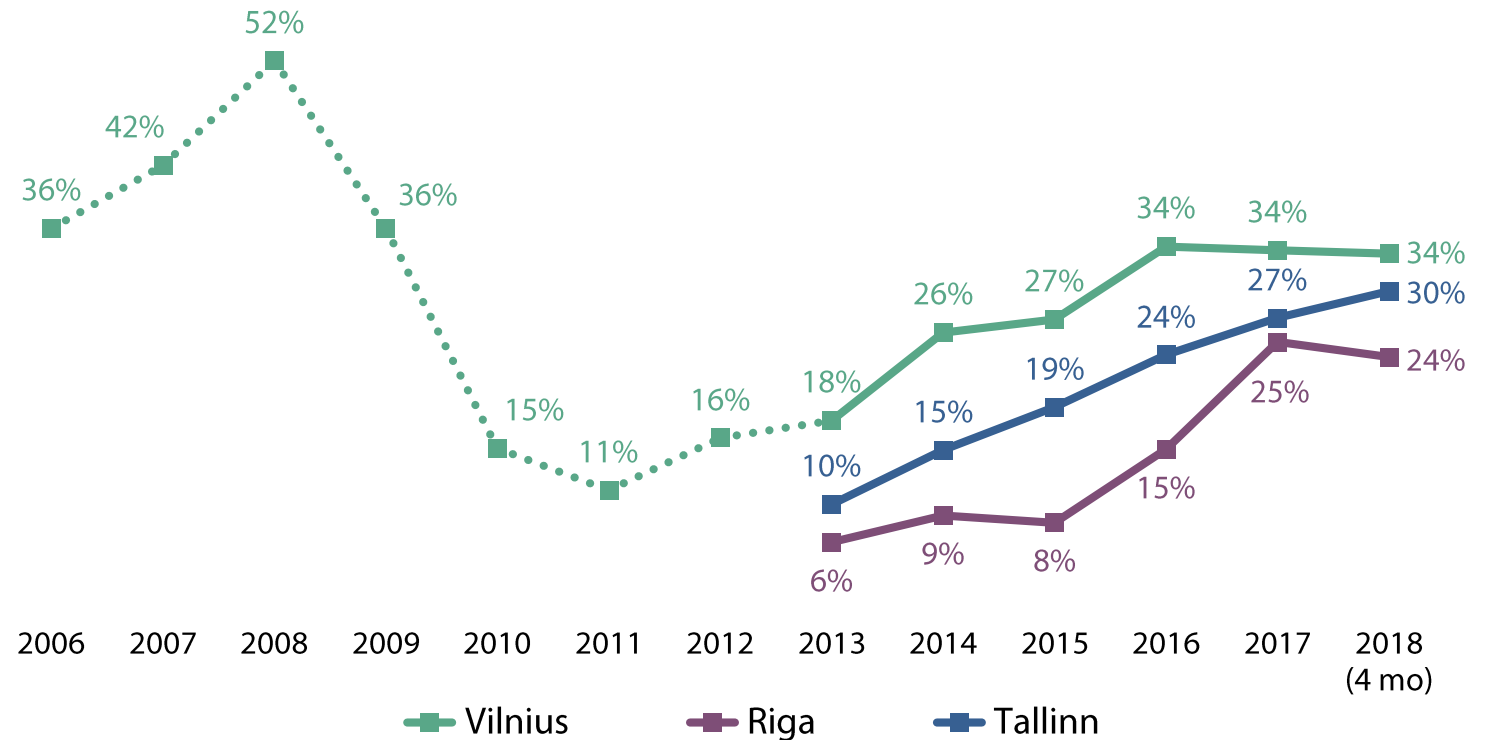
NEW

VS

OLD



## SHARE OF SOLD NEW CONSTRUCTION APARTMENTS FROM TOTAL APARTMENT TRANSACTIONS

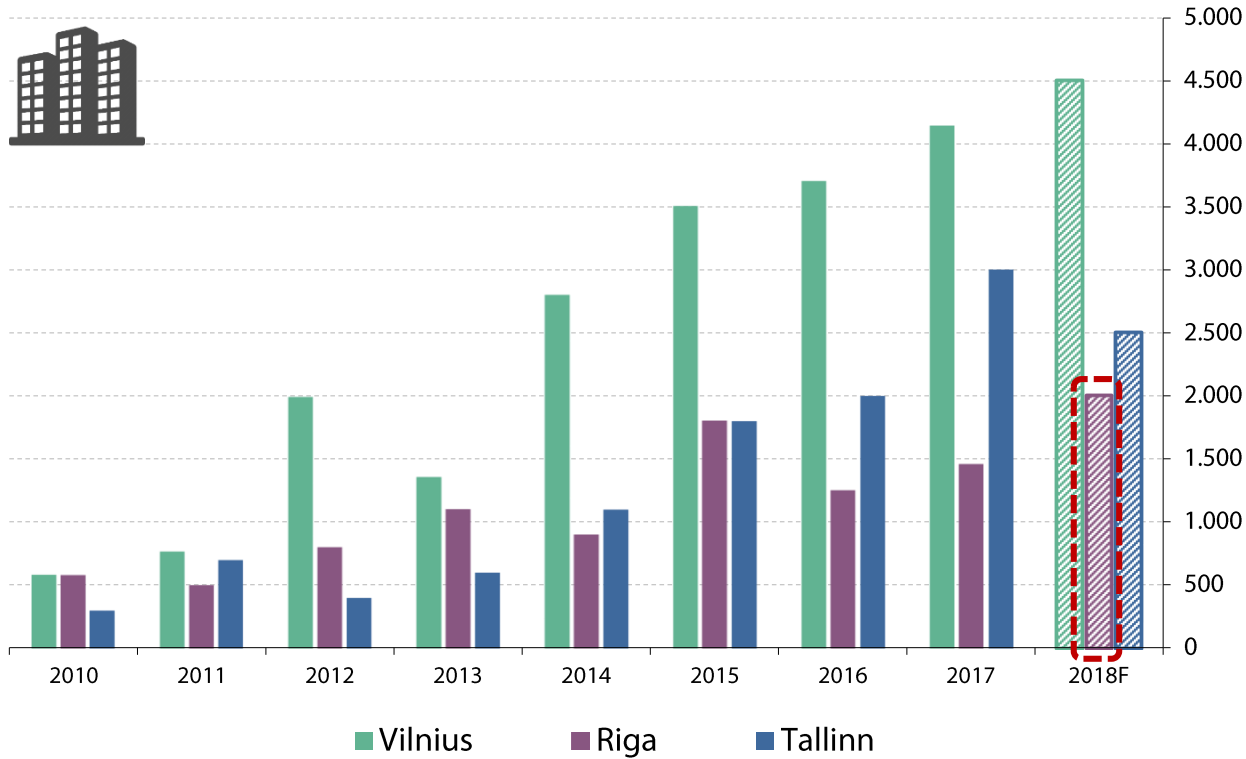


Source: Official statistics, Ober-Haus

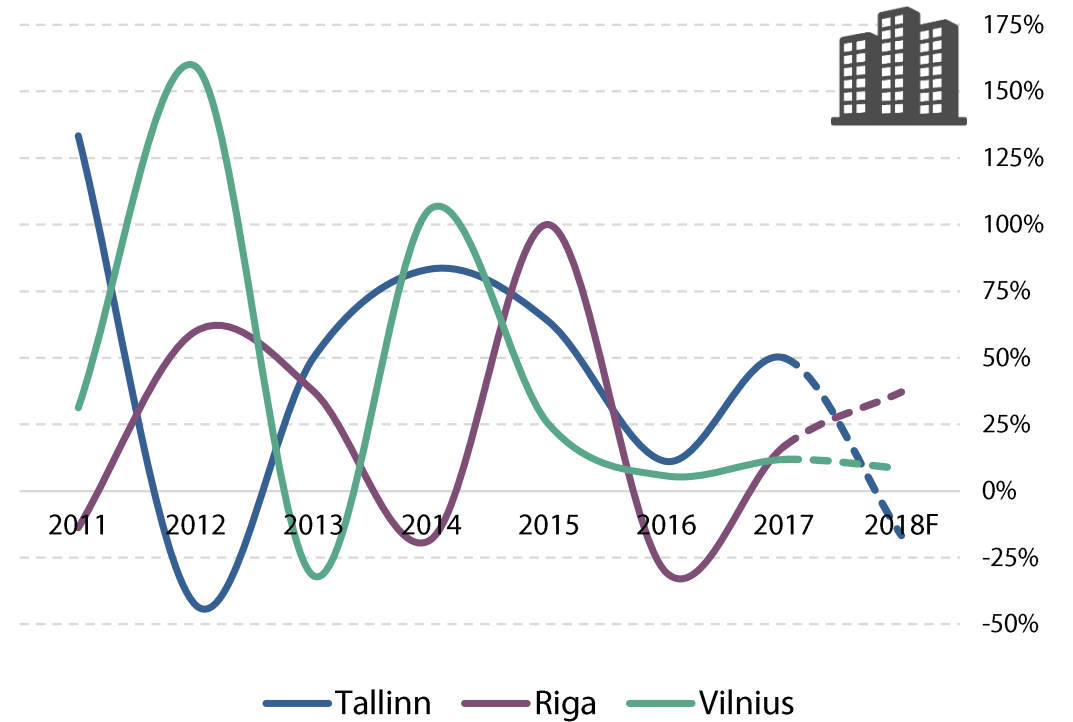
# NEW SUPPLY

Overall new housing development activity is still low in **Riga**, but estimated figures for **2018** show the biggest supply in the last 10 years.

### COMPLETED APARTMENTS



### ANNUAL APARTMENT CONSTRUCTION CHANGE



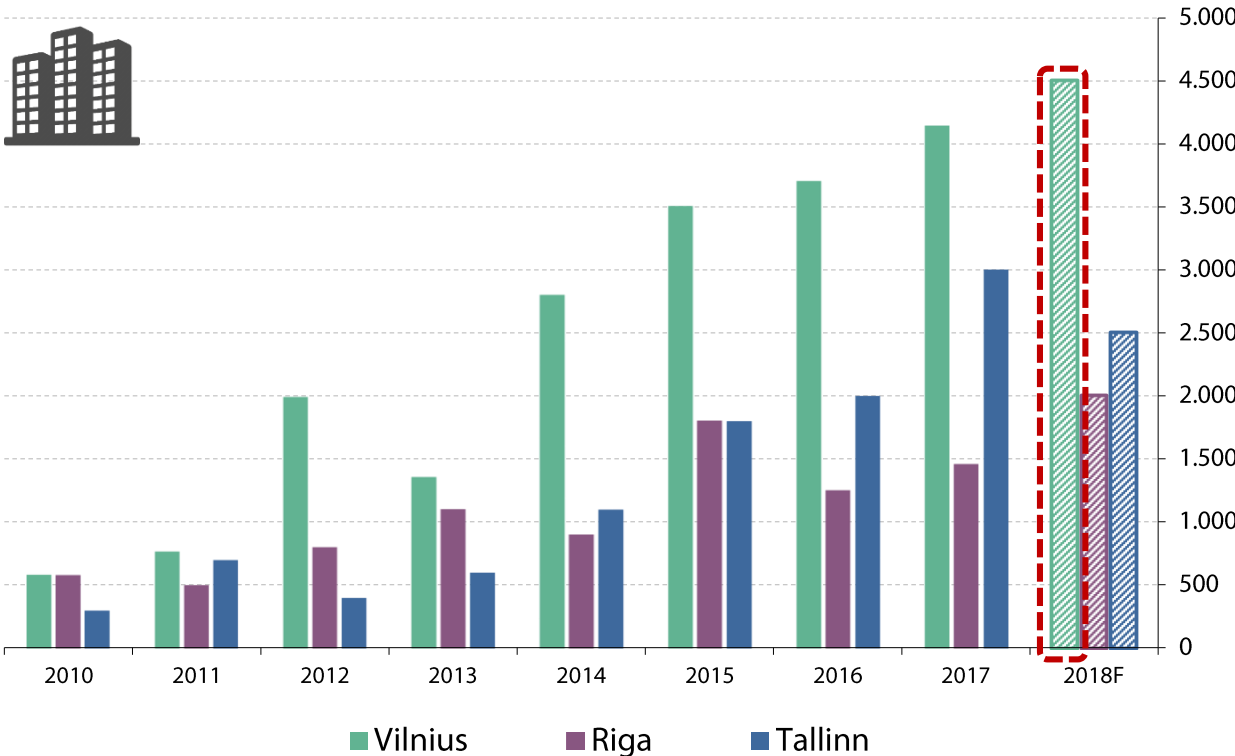
Source: Ober-Haus

# NEW SUPPLY

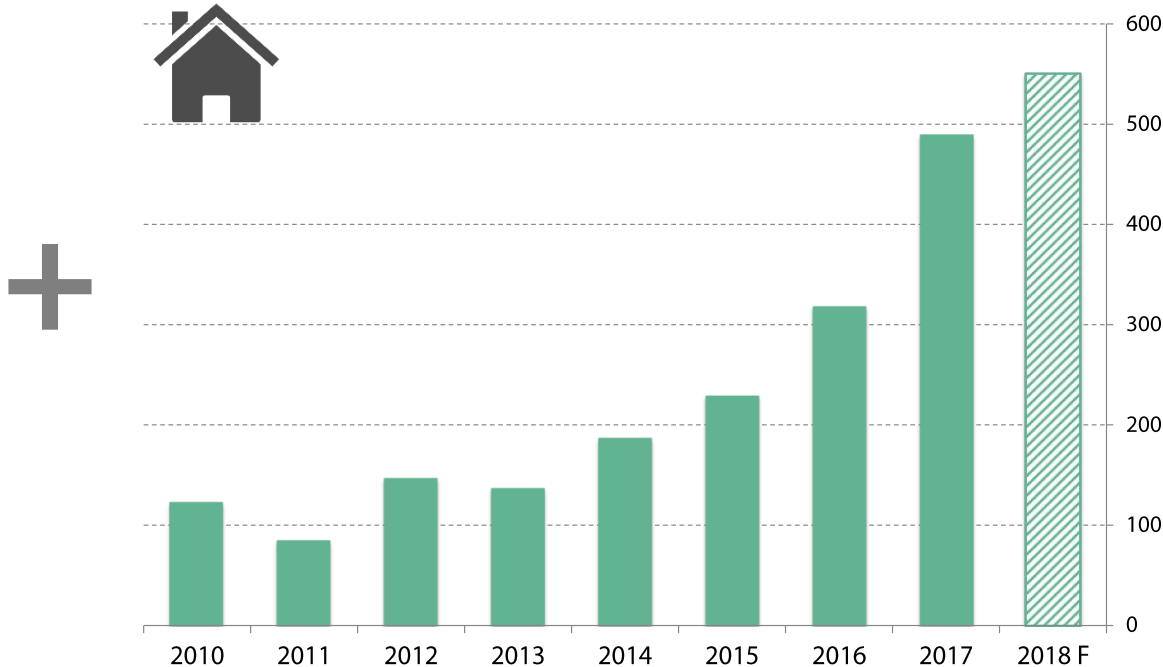


**Vilnius** is still leading in the number of completed apartments. Sufficient new apartments supply is supplemented by growing number of developed houses for sale.

**COMPLETED APARTMENTS**



**COMPLETED HOUSES IN VILNIUS REGION**  
(in developed house quarters for sale)

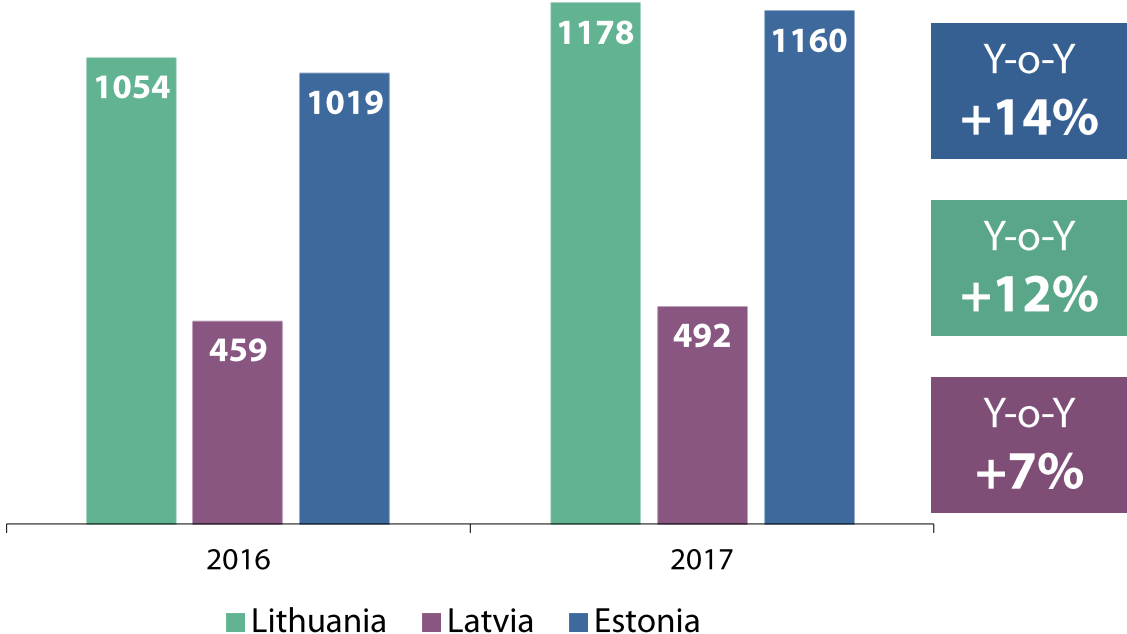


Source: Ober-Haus

# NEW MORTGAGE LENDING



## NEW HOUSING LOANS FOR PRIVATE PERSONS (million EUR)



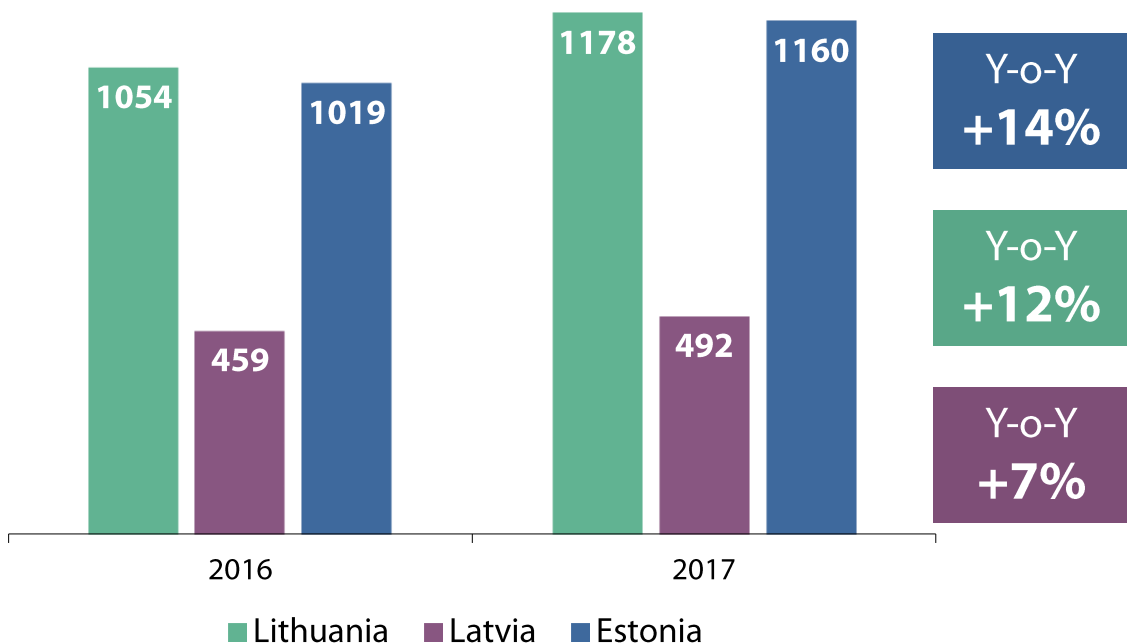
Source: Swedbank, Bank of Lithuania

# NEW MORTGAGE LENDING

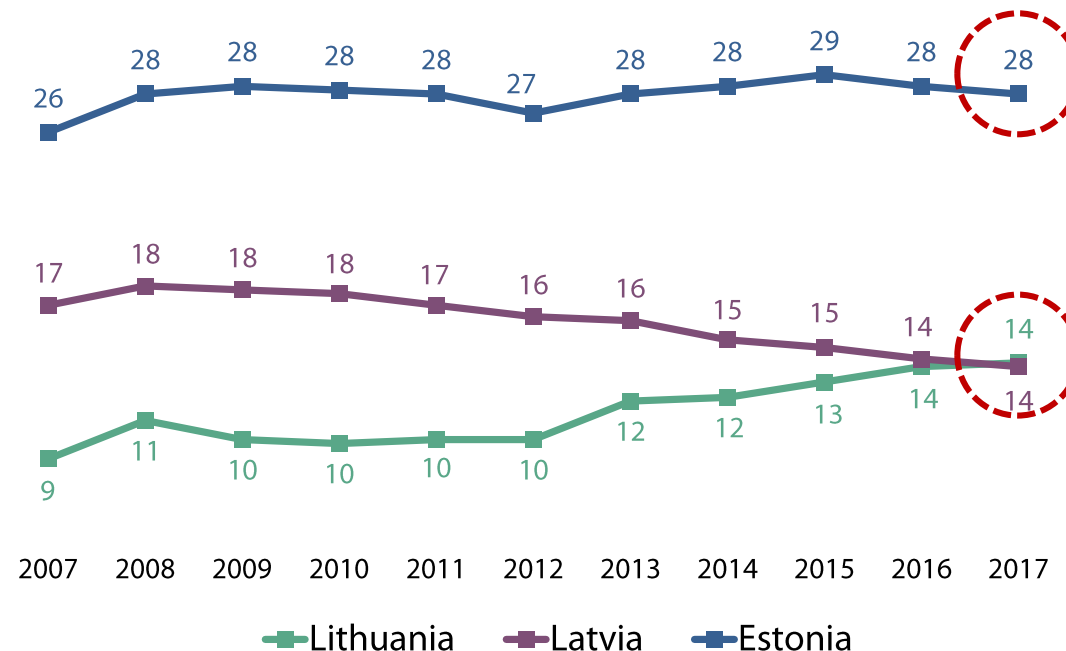


According to the latest borrowing and RE market trends, the biggest potential for mortgage growth is in **Lithuania**. Also, there are enough room for the growth in **Latvia**, still the share keep decreasing.

**NEW HOUSING LOANS FOR PRIVATE PERSONS**  
(million EUR)



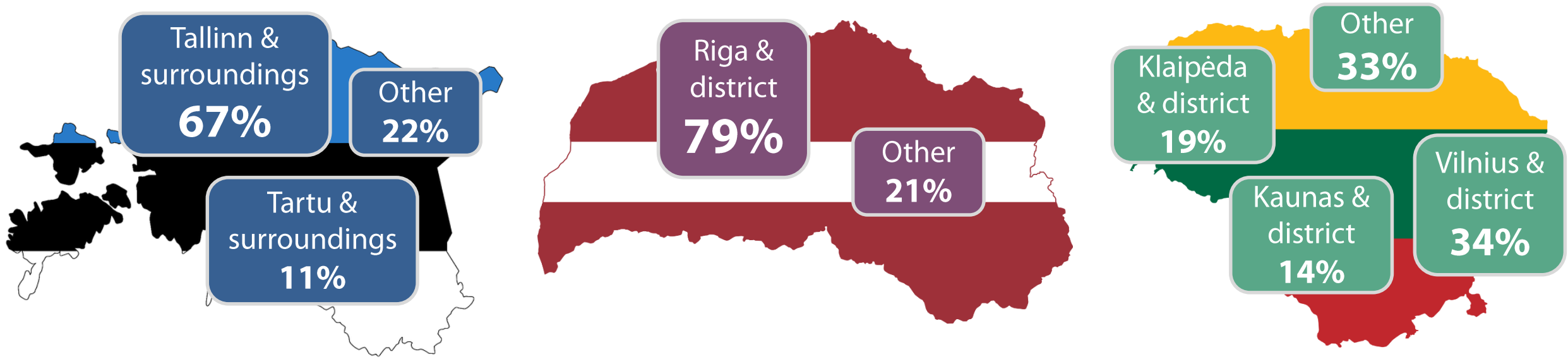
**SHARE OF HOUSEHOLD WITH MORTGAGE**



Source: Swedbank, Bank of Lithuania



## GEOGRAPHICAL SPLIT OF NEW MORTGAGE LENDING IN 2017



🇱🇹 **Vilnius with it's district** counts „only“ **34%** from total new mortgage lending in Lithuania. While **Tallinn and it's surroundings** counts for **67%** and **Riga with it's district - 79%**.

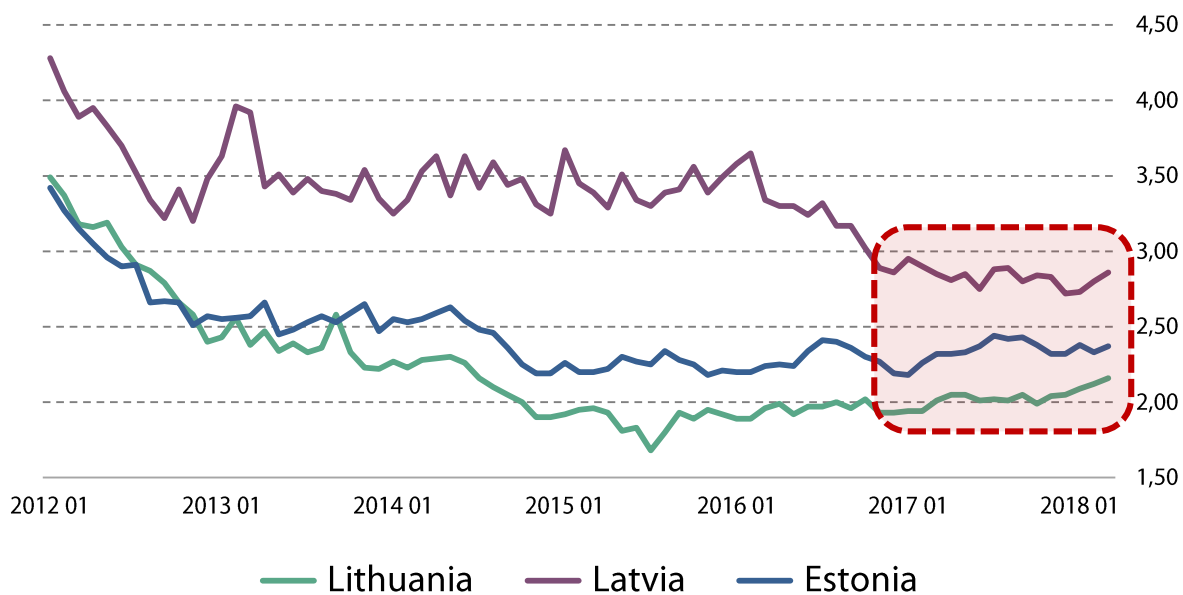
Source: Swedbank

# NEW MORTGAGE LENDING

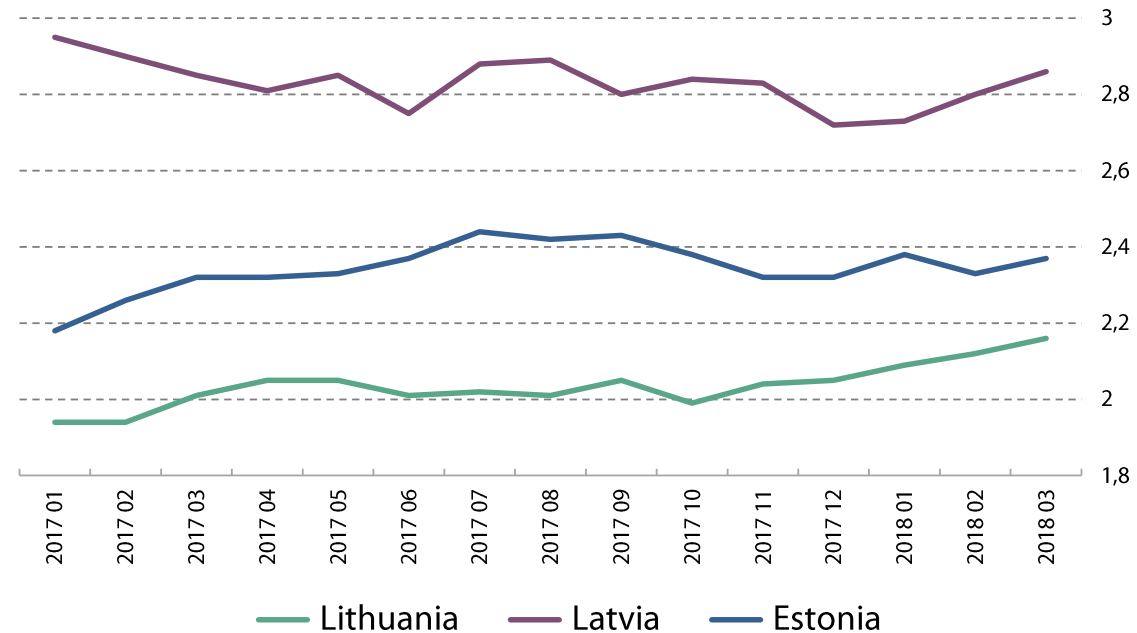


Upward trends in mortgage rates can be seen recently in **Lithuania** and **Estonia**. This is likely to be due to the slightly changed bank lending policy and the changing structure of borrowers.

### AVERAGE INTEREST RATE FOR NEW HOUSING LOANS (%)



### AVERAGE INTEREST RATE FOR NEW HOUSING LOANS (%)



Source: Official statistics

**THANK YOU!**

**Tarmo Kase**

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