

Real Estate Market Overview of KV.EE

4th Quarter 2009



Contents

Comments.....	2
Overall statistics	5
Tallinn.....	7
Haabersti District.....	8
City Centre District.....	9
Kristiine District.....	10
Lasnamäe District.....	11
Mustamäe District.....	12
Nõmme District.....	13
Pirita District.....	14
North-Tallinn District.....	15
Tartu.....	16
Pärnu.....	17
Narva.....	18
Jõhvi Parish.....	19
Haapsalu.....	20

Comments

Signs clearly indicate that residential premises market is recovering

The number of apartment ownership transactions that has been rising for three quarters in a row clearly indicates the beginning of the recovery of the residential premises market. The near future will show whether the current price bottom of the 3rd quarter of the last year remains the lowest point of this cycle or whether we are expecting an even greater decline this year.

Nevertheless, we can be sure that by the end of the present year 2010, we have witnessed a period of at least one and a half years, during which the prices of residential premises have not dropped.

- **More than 100,000 unemployed persons.** In the 3rd quarter of 2009, the number of unemployed persons exceeded 100,000. It is noteworthy that during the same quarter, the number of employed persons grew from 592,000 persons to 598,000 persons.
- **Wages are continually decreasing.** In the 3rd quarter of 2009, the average wages



of Estonia were 11,770 kroons, i.e. 5.9% less than the wage level of the preceding year. When it comes to the amount of wages, it must be taken into account that currently, there are considerably fewer of those earning wages than only a year ago.

- **Construction works have decreased by a third.** During the 3rd quarter of the last year, construction works were performed to the extent of 10 billion kroons, which is 35% less

than in the year before. It is quite probable that the decrease in the volume of construction works will also continue during this year.

- **Fixed asset investments are decreasing.** During the 3rd quarter of 2009, buildings were constructed and reconstructed to the value of 2.2 billion kroons. Buildings were purchased to the value of 1.3 billion kroons. The volume of construction works decreased by 36% compared to the year before, the purchasing of buildings increased by 52%.

- **Euribor pleases the borrowers.** Euribor pleases the borrowers by remaining for already the second quarter in a row near the scarce 1%. The low Euribor has helped to reduce the interest of loans issued in euros to a reasonable 3.4%. The interest rate of loans issued in Estonian kroons remains at the higher level of 5.9%.

Comments

- **Loan portfolios continue to decrease.** Irrespective of the positive signals given by banks, the balances of personal and housing loans are continually decreasing, the decline has shrunk though. As at the end of the year 2009, the balance of housing loans was 95.6 billion kroons.
- **The market of new loans is rising from the bottom?** The turnover of the personal loans of the last quarter of 2009 exceeded that of the third quarter. In the last quarter of 2009, housing loans were issued to the value of 1.8 and personal loans to the total value of 2.9 billion kroons. Whereas, it is worth mentioning that the proportion of issued housing loans to the volume of all issued personal loans has decreased substantially.
- **Loan balances of companies are falling.** As opposed to the housing loan market, the balance of commercial loans fell significantly in the last quarter of the year, reaching 111 billion kroons. During a year, the loan balance decreased by 5.8 billion kroons, i.e. nearly twice compared to the preceding year.
- **The loan burden of private persons is increasing.** The falling gross domestic product (GDP) by the more slowly stopping falling loan balance means that the ratio of the loan burden of private persons to the GDP is growing. By the 3rd quarter of 2009, the loan burden of the private persons of Estonia was 53.3%. Only a year ago it was 46.9%.
- **40% less finished residential premises.** During 2009, 3010 residential premises were finished, which is more than 40% less than in 2008. The area of finished residential premises decreased almost in the same proportion. Thus, our level of finished residential premises is the same as it was in the year 2004.
- **More and more non-residential premises are coming on the market.** In the 4th quarter of 2009, 297 non-residential premises received a permit for use. This continued the increase in the issuance of permits for use that was taking place for the third quarter in a row already. Whereas in 2009, only 21 fewer permits for use were issued than in 2008.
- **The decrease in the number of real estate transactions has stopped.** In the last quarter of 2009, 11,279 real estate transactions were carried out, which is as much as a year ago. Though, the turnover of real estate transactions fell by 16% with a year and reached 6.5 billion kroons.



Comments

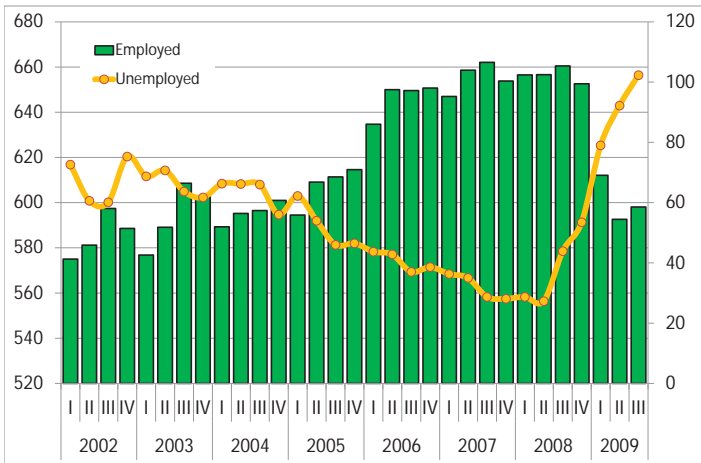
Among loads of negative news, there are more and more positive signs, which announce the revival of the residential premises market. Thanks to the greater liquidity and larger amount of customers, the residential premises market will be the first market segment to exit the crisis.

This gives rise to the positive opinion that at one moment, the other market sectors will be recovering from the crisis as well.

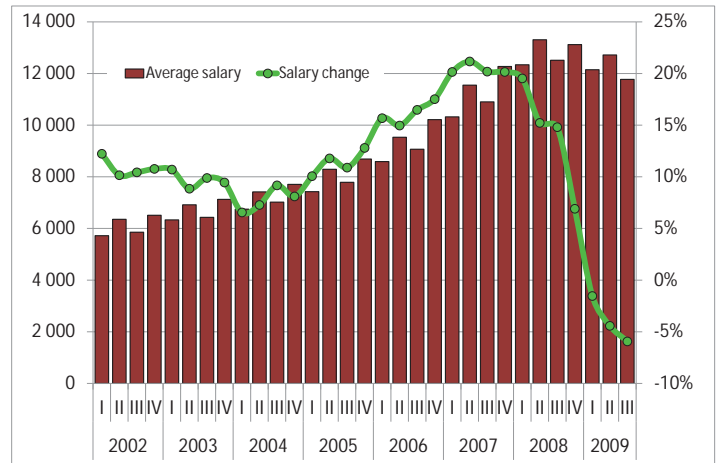
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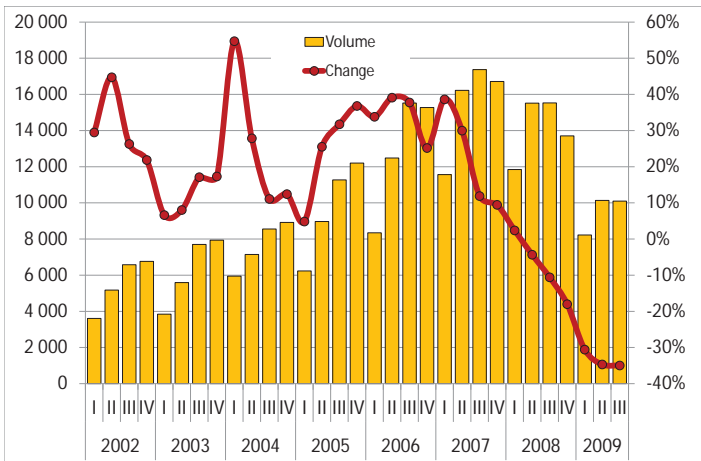
Overall statistics



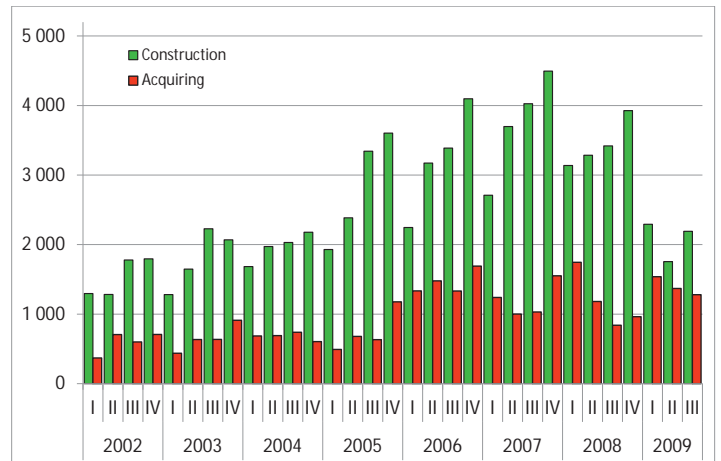
Number of employed people (left axis, 1,000) and unemployed people (right axis, 1,000)



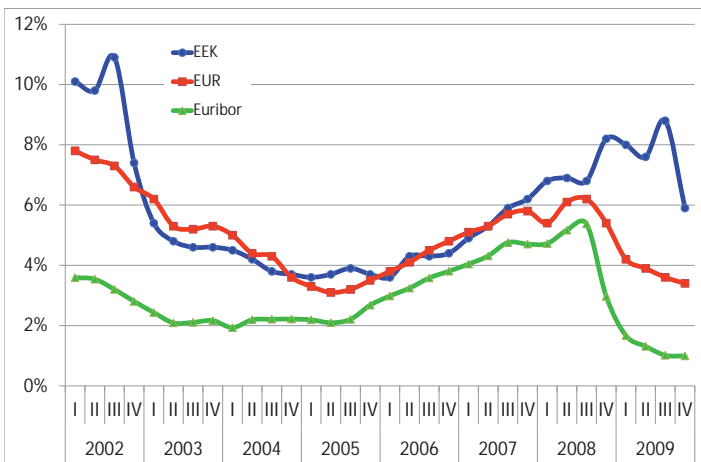
Average salary (left axis, EEK) and salary change, compared to the same period last year (right axis, %)



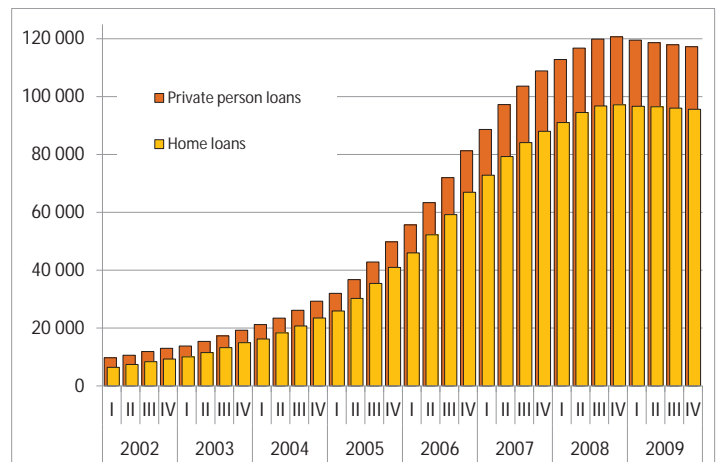
Volume of construction works (left axis, million EEK) and change, compared to the same period last year (right axis, %)



Company investments into construction and reconstruction of buildings and facilities and into construction of buildings and facilities, million EEK

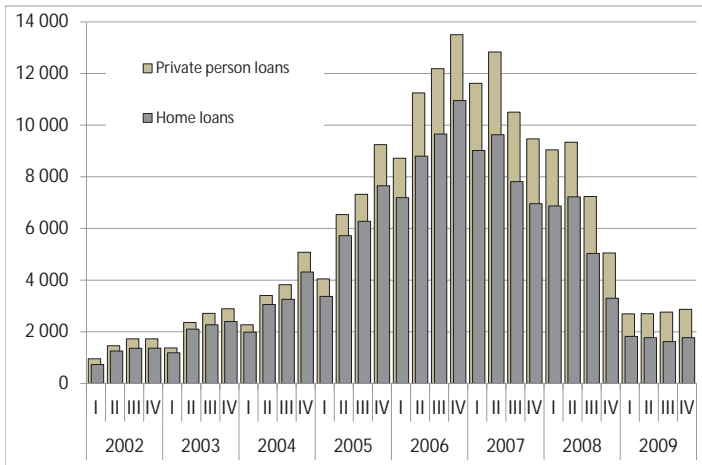


Interest rates of home loans and Euribor, %

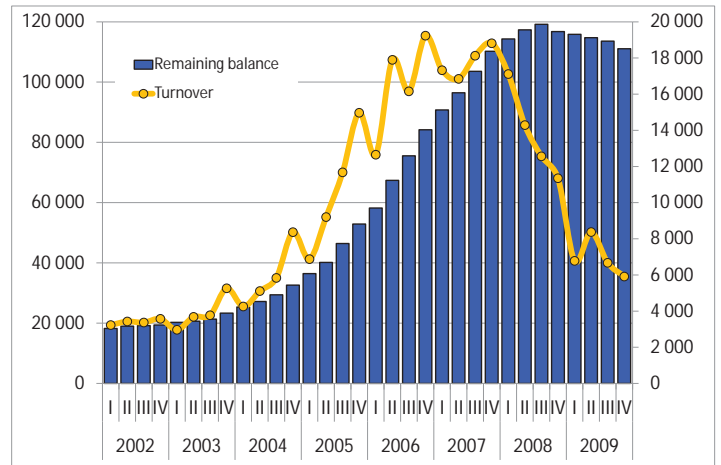


Remaining balance of home loans and private person loans, million EEK

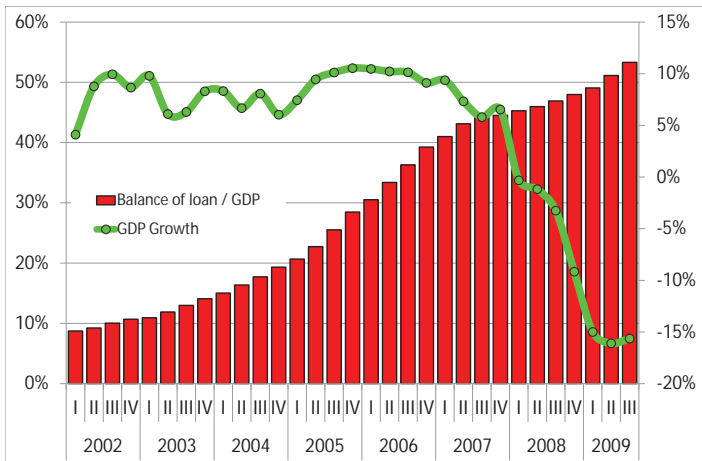
Overall statistics



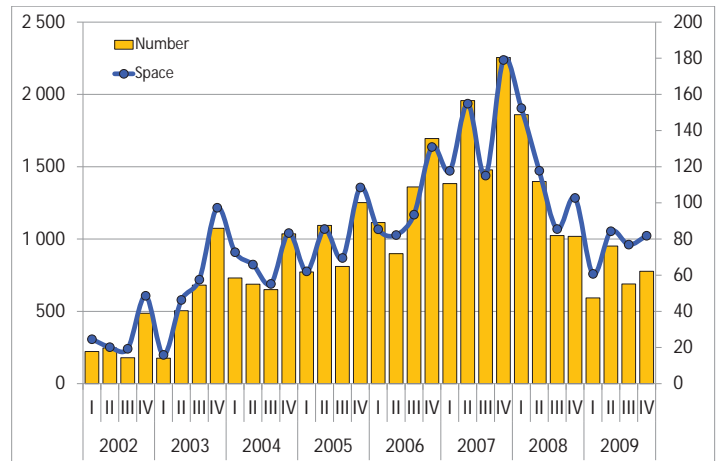
Turnover of home loans and private person loans, million EEK



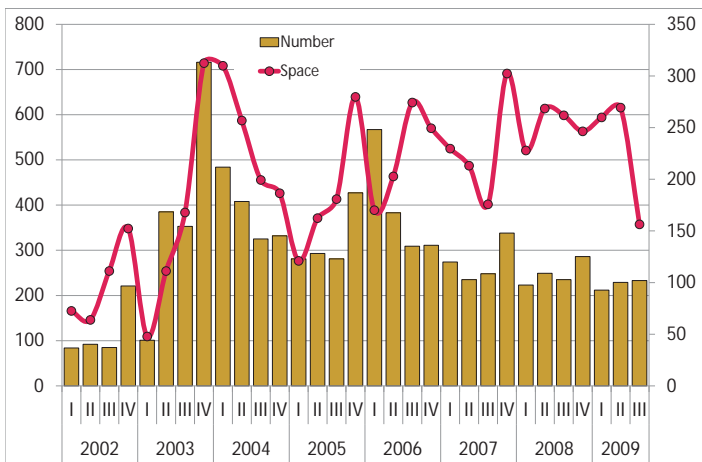
Remaining balance (left axis) and turnover (right axis) of loans given to business associations, million EEK



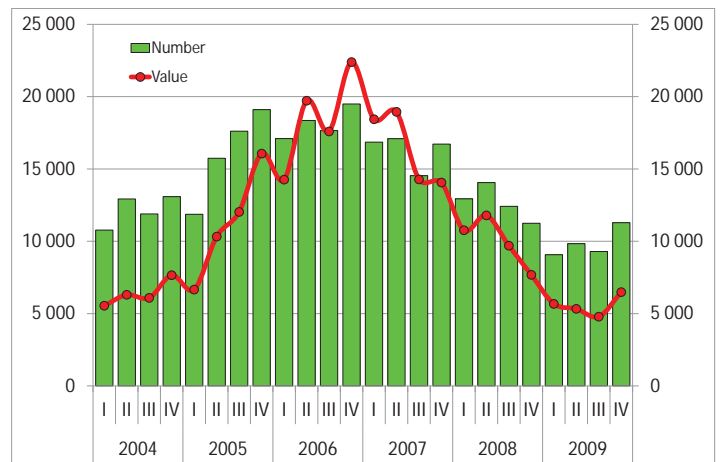
Share of private person loans in gross domestic product (left axis), and economic growth (right axis), %



Number (left axis) and space (right axis) of residential rooms with usage permit, 1,000 m2

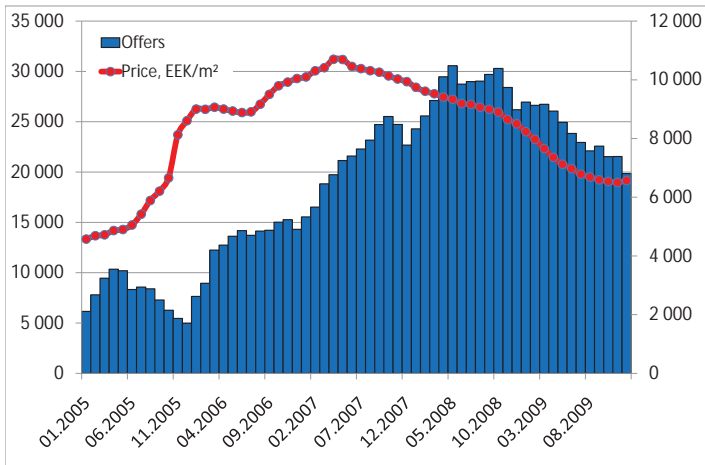


Number (left axis) and space (right axis) of non-residential buildings with usage permit, 1,000 m2

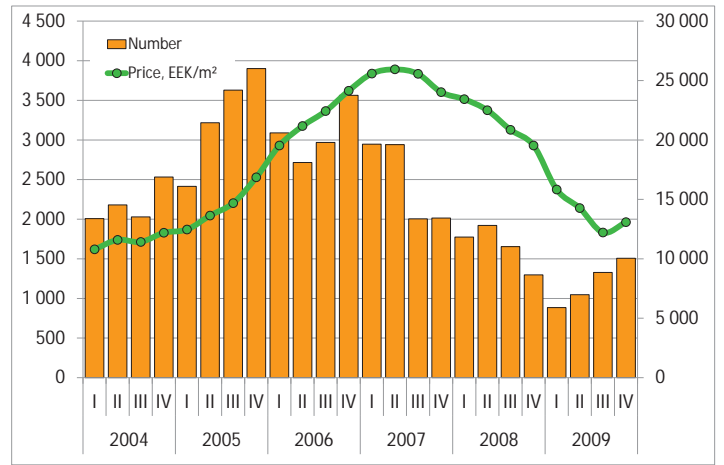


Number (left axis) and value (right axis) of real estate transactions, million EEK

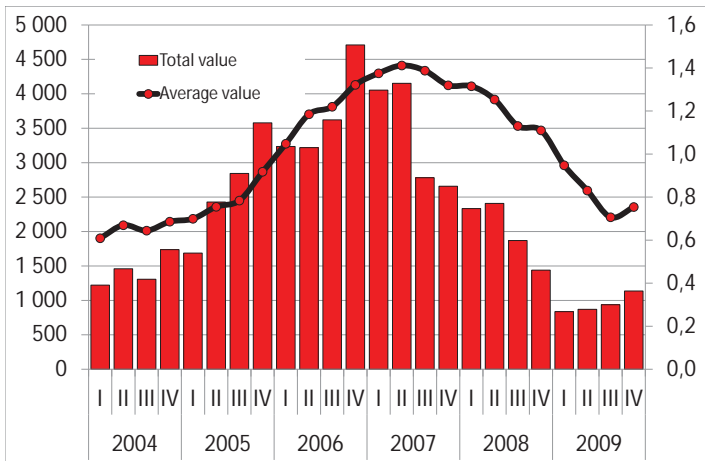
Tallinn



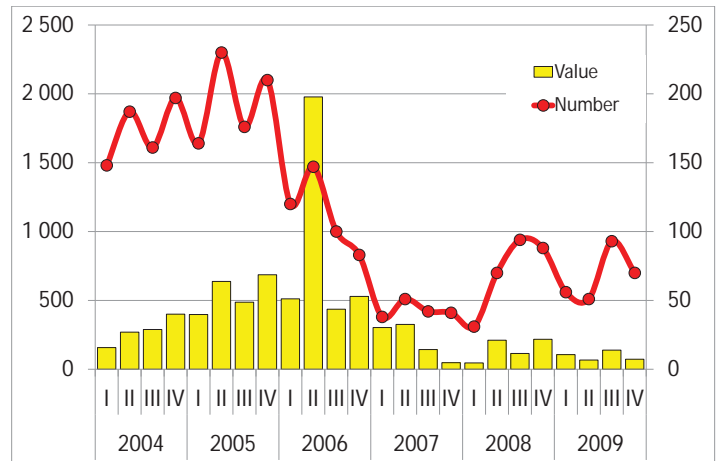
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KVEE portal



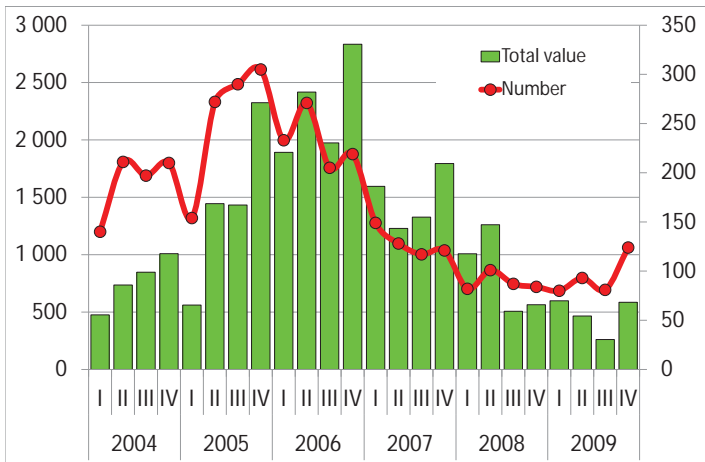
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



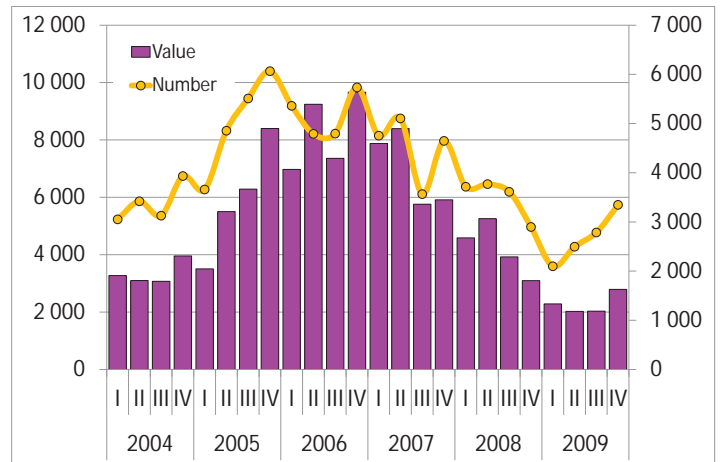
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

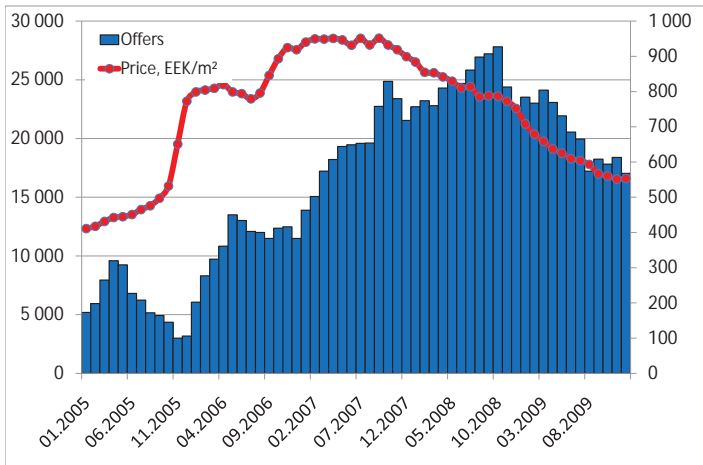


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

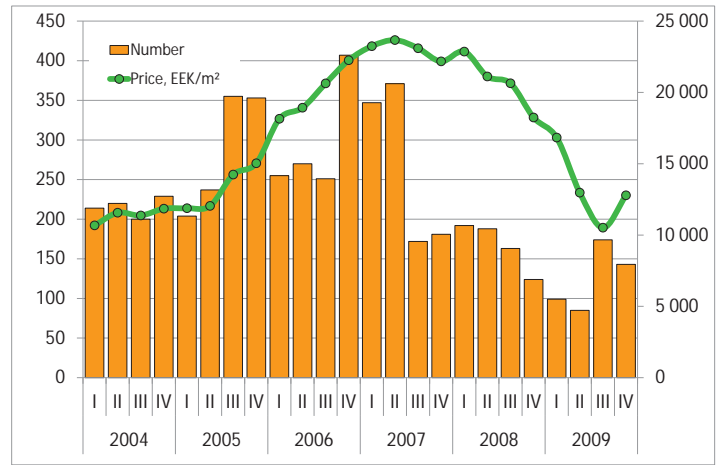


Value, million EEK (left axis) and number (right axis) of real estate transactions

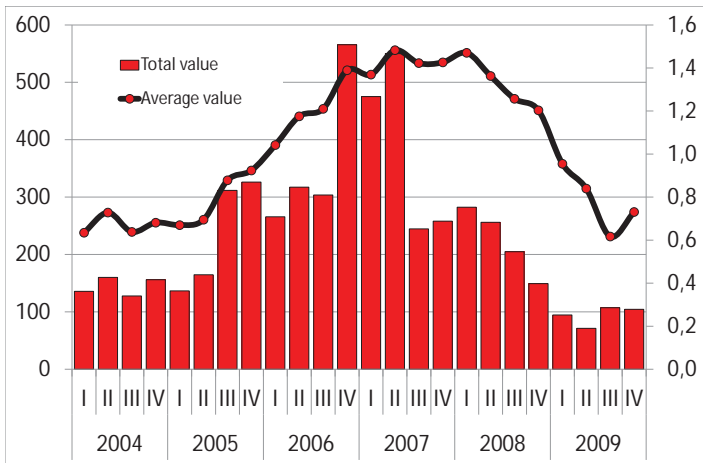
Haabersti District



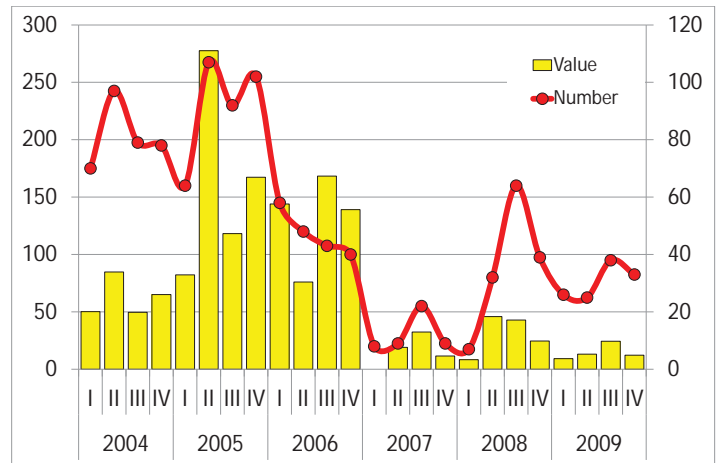
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



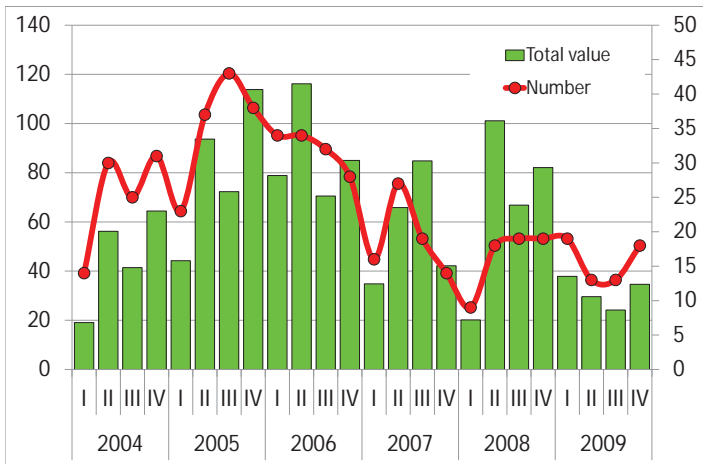
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



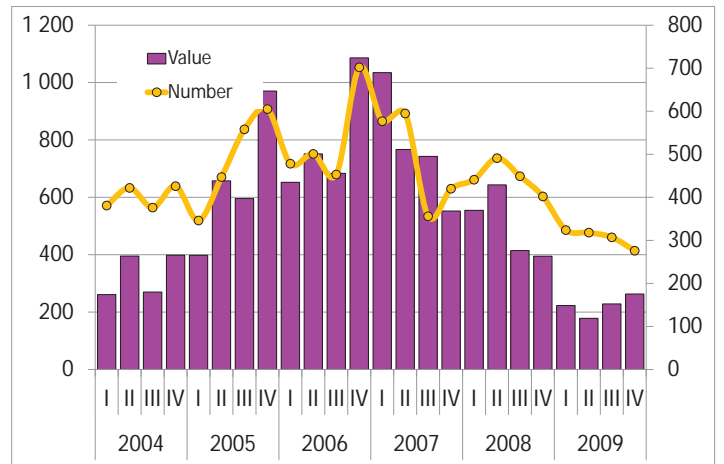
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

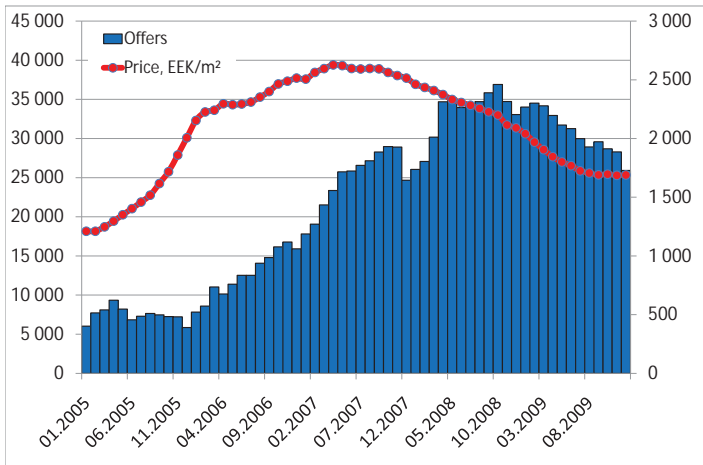


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

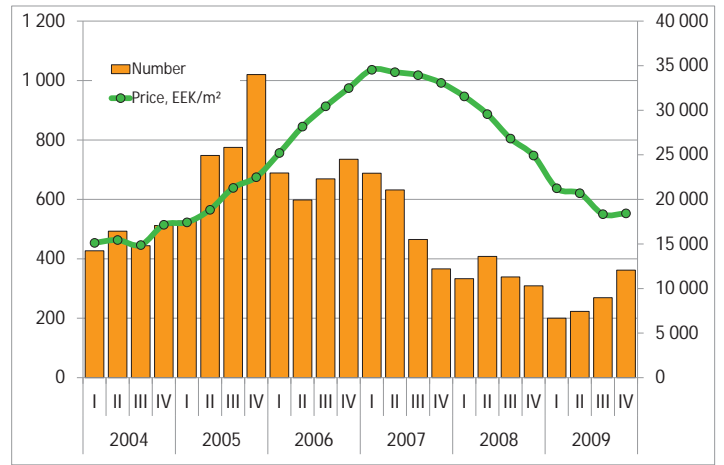


Value, million EEK (left axis) and number (right axis) of real estate transactions

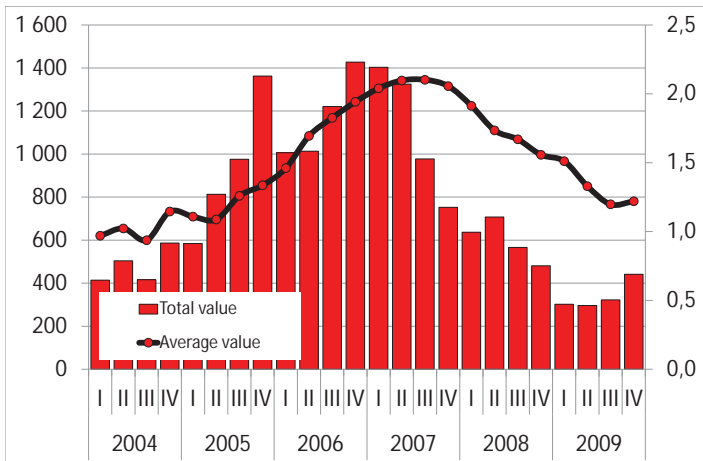
City Center District



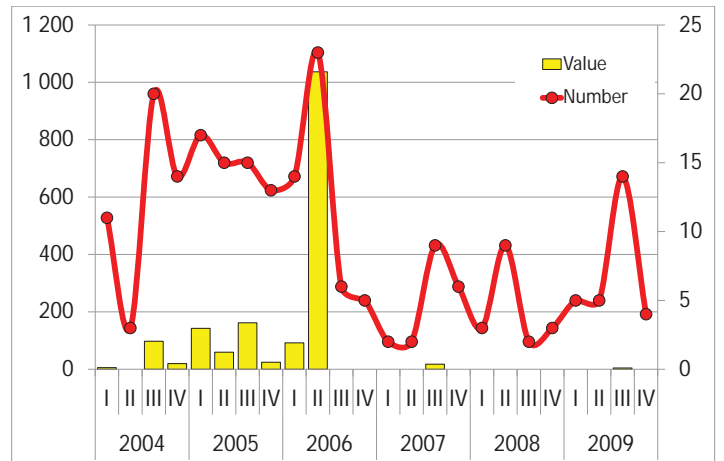
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



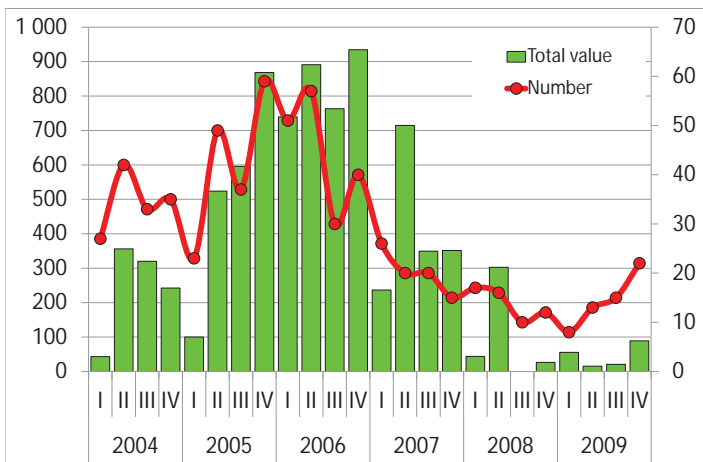
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



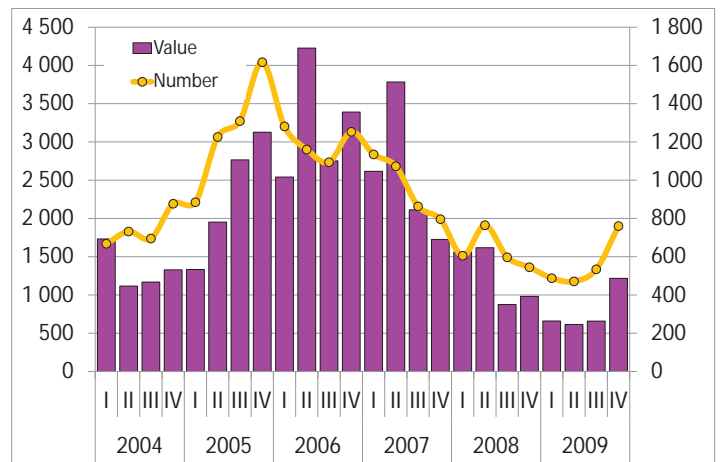
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

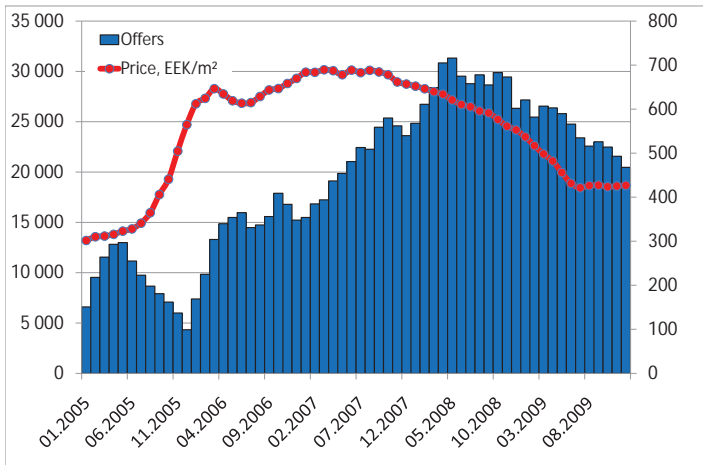


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

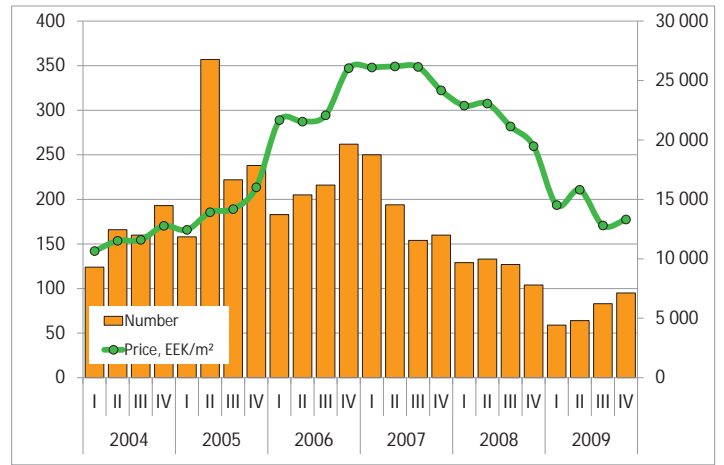


Value, million EEK (left axis) and number (right axis) of real estate transactions

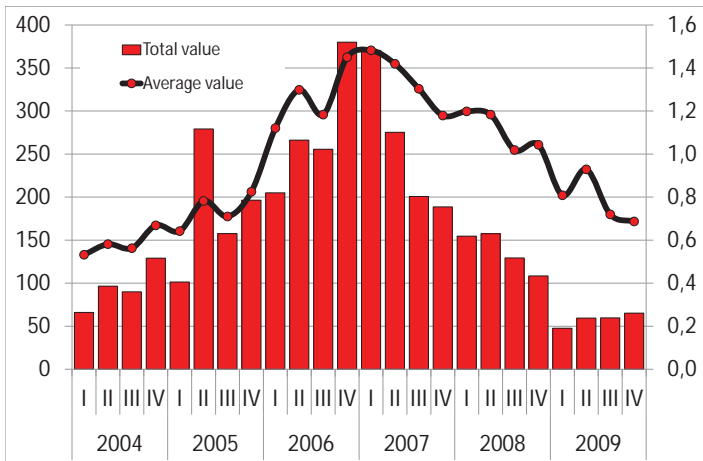
Kristiine District



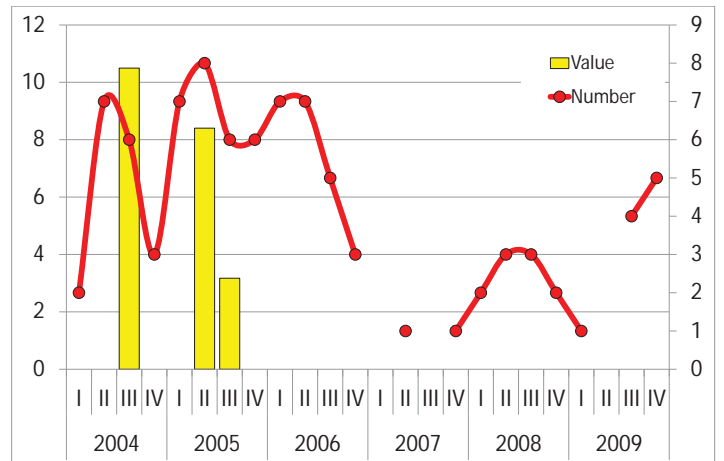
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



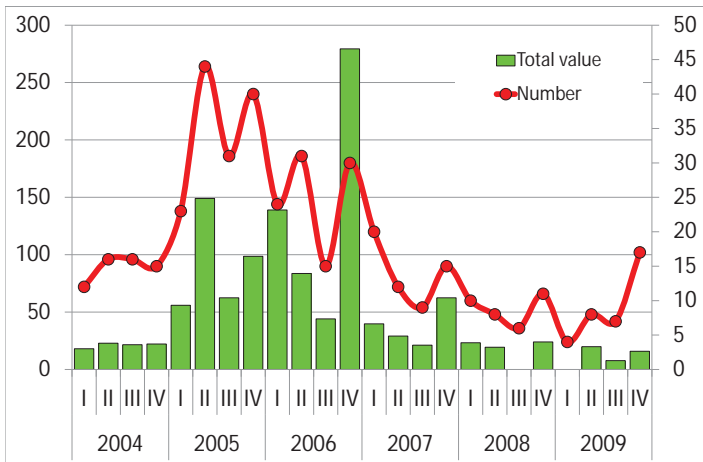
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



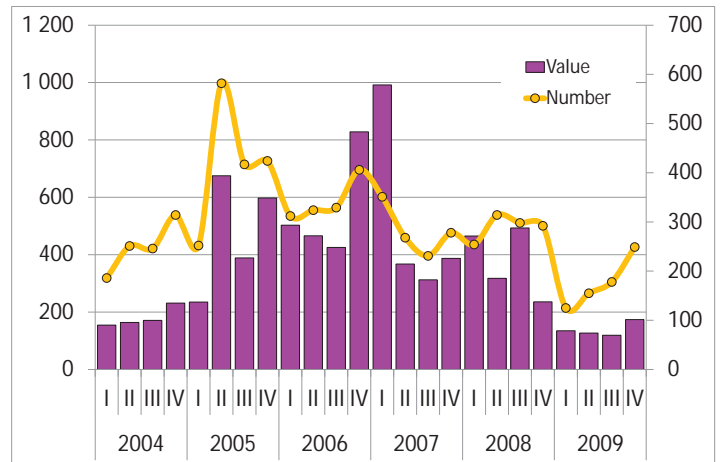
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

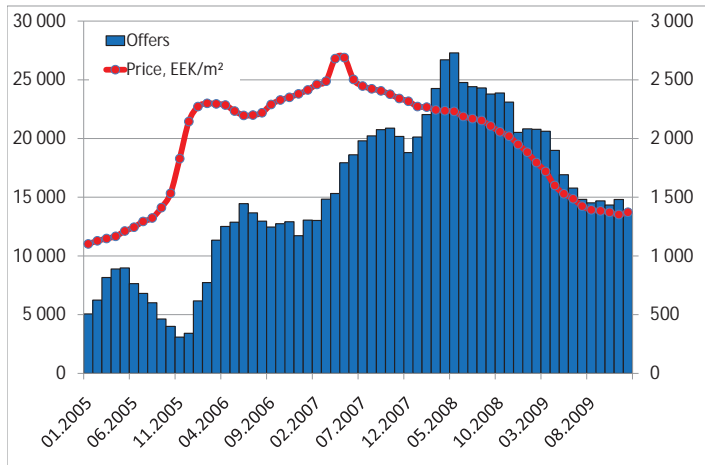


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

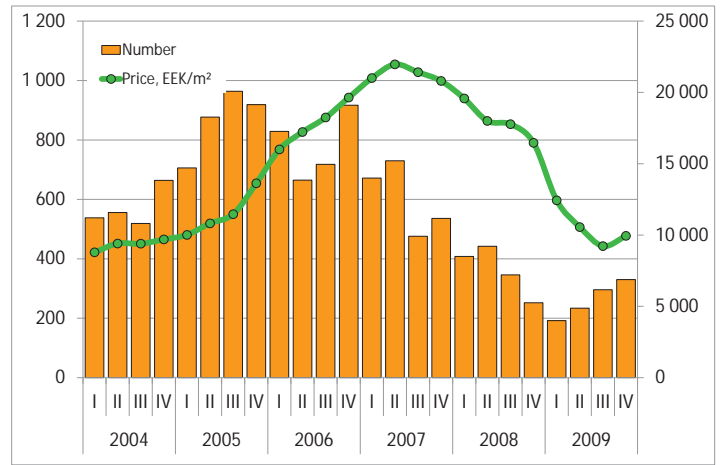


Value, million EEK (left axis) and number (right axis) of real estate transactions

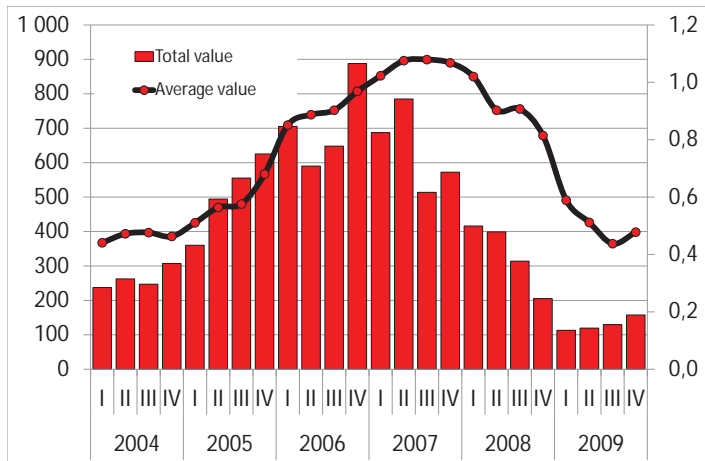
Lasnamäe District



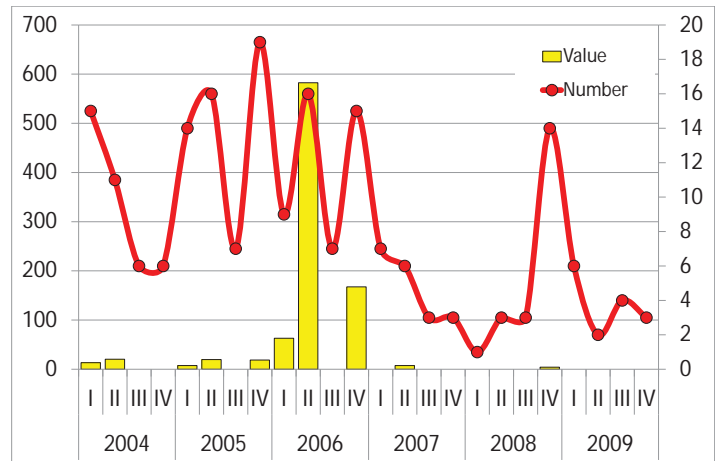
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



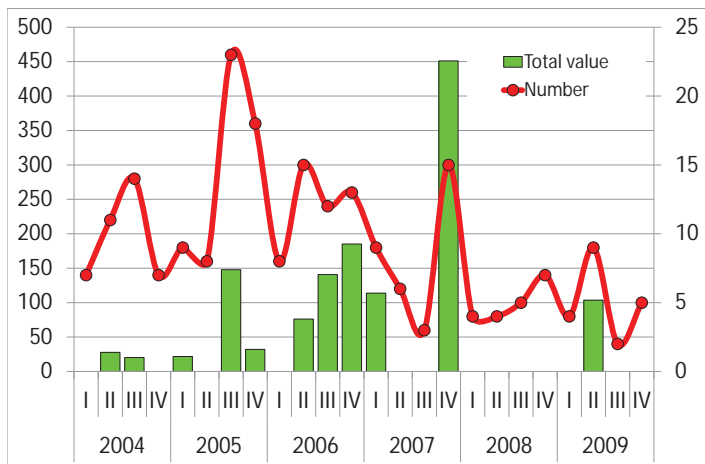
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



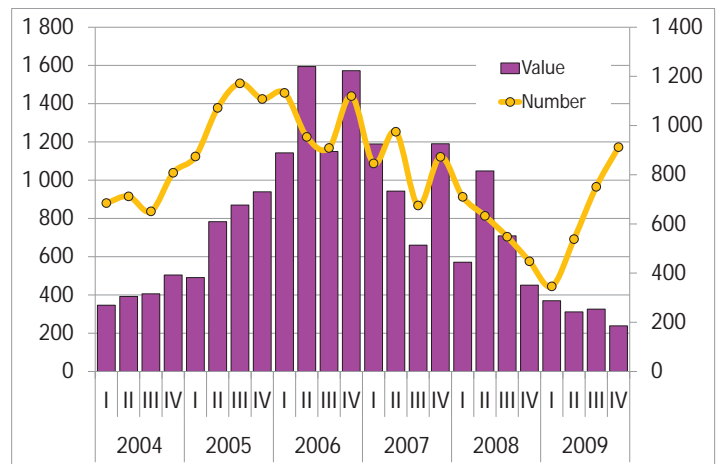
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

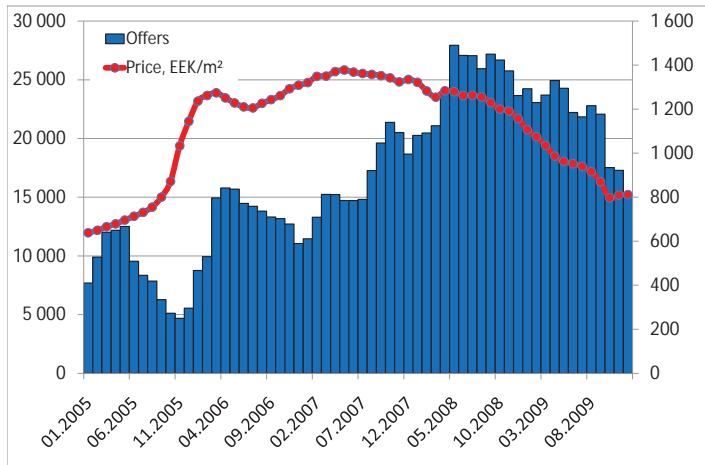


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

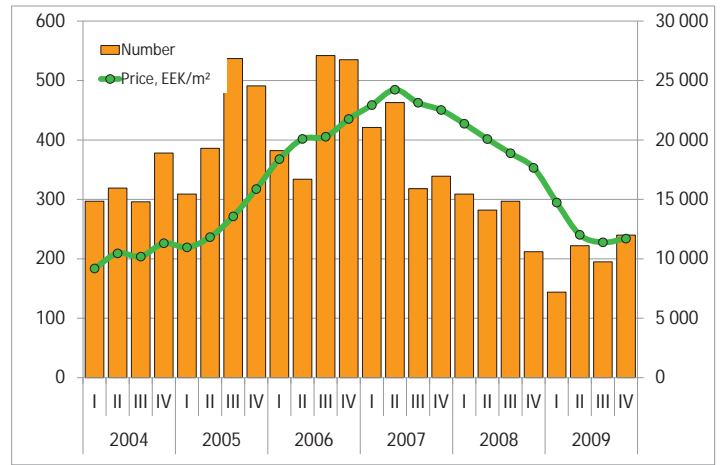


Value, million EEK (left axis) and number (right axis) of real estate transactions

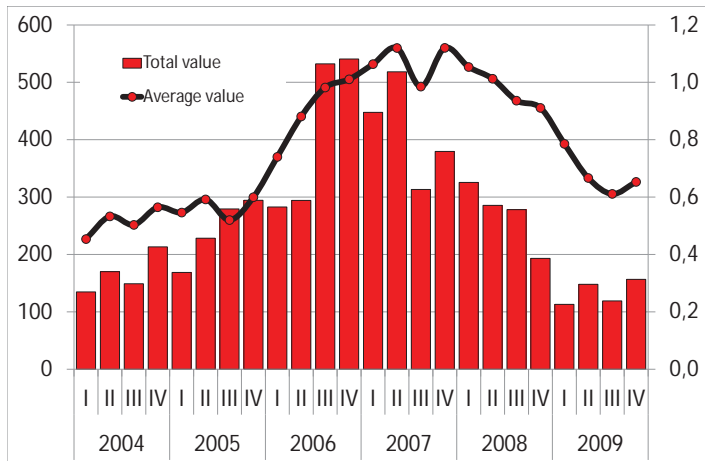
Mustamäe District



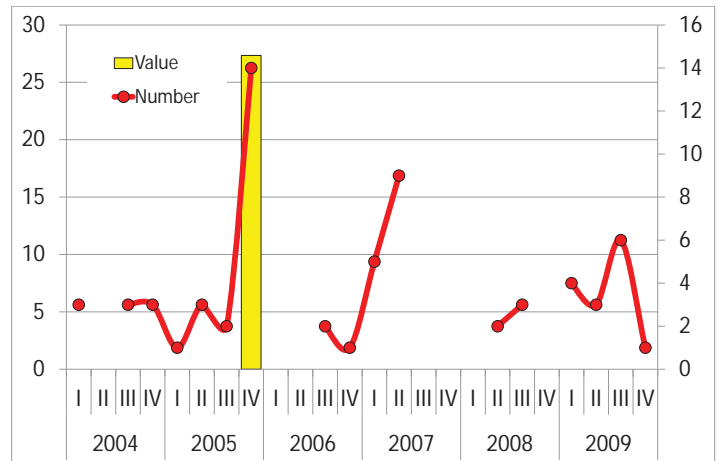
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



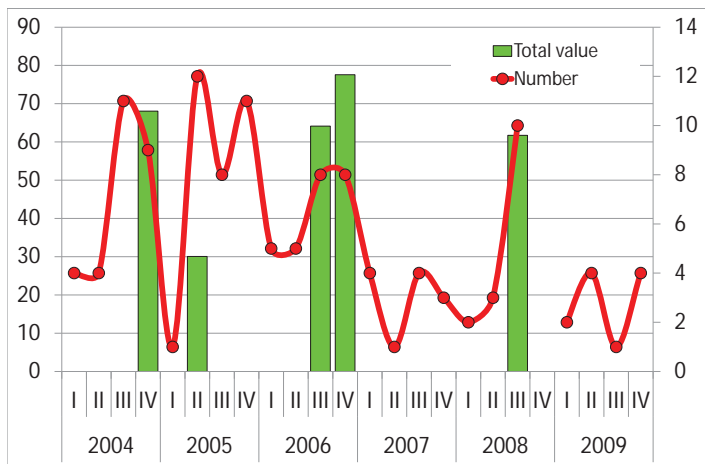
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



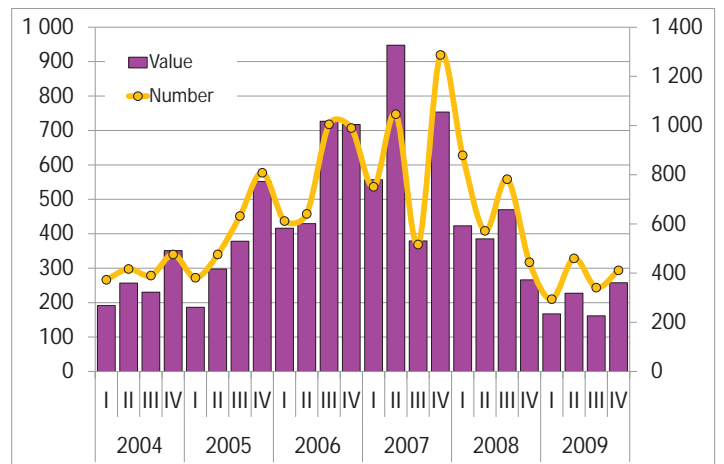
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

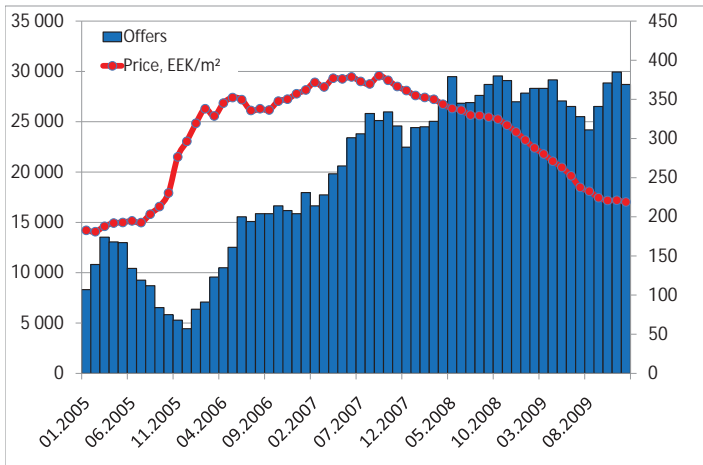


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

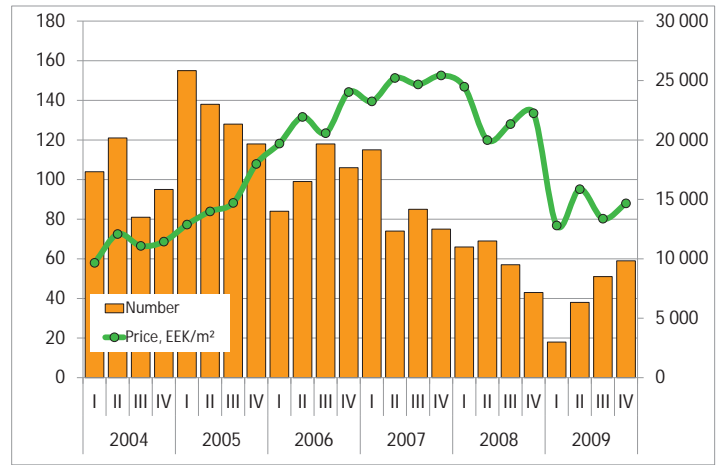


Value, million EEK (left axis) and number (right axis) of real estate transactions

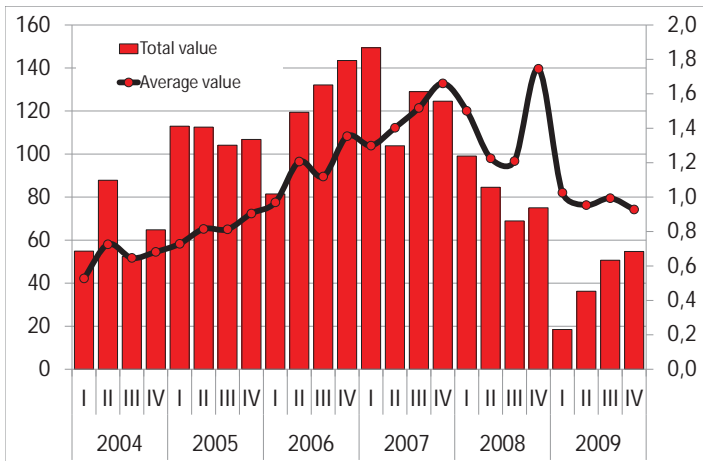
Nõmme District



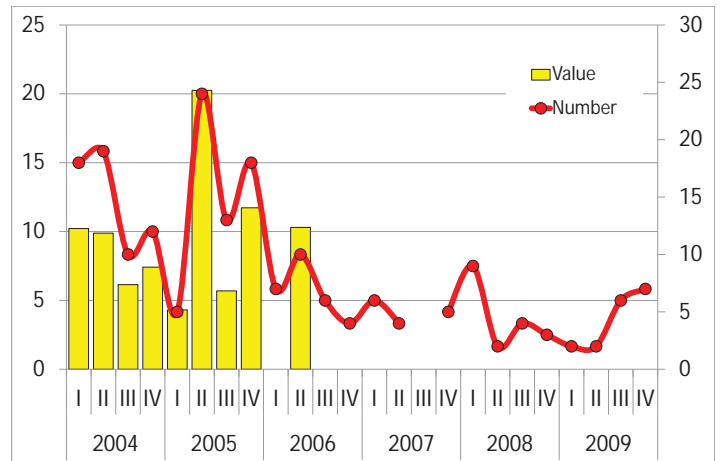
Average offer price, EEK/m2 (left axis) and number of offers (right axis) in the KV.EE portal



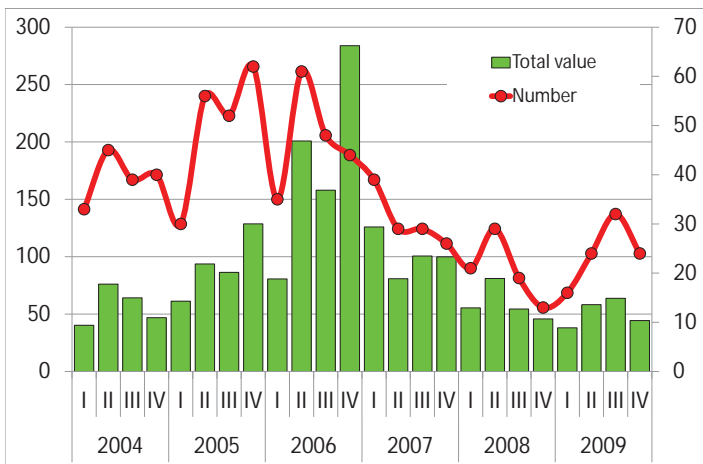
Number (left axis) and average price, EEK/m2 (right axis) of apartment ownership transactions



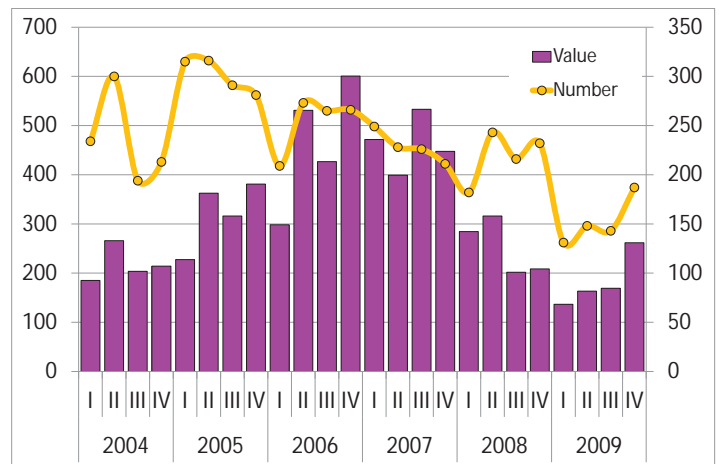
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

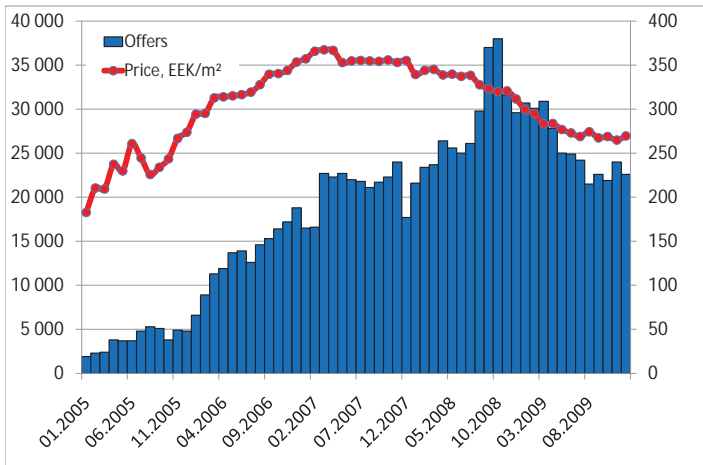


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

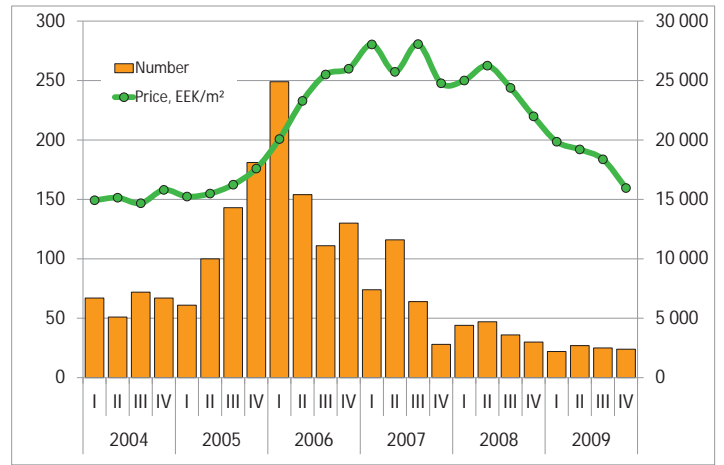


Value, million EEK (left axis) and number (right axis) of real estate transactions

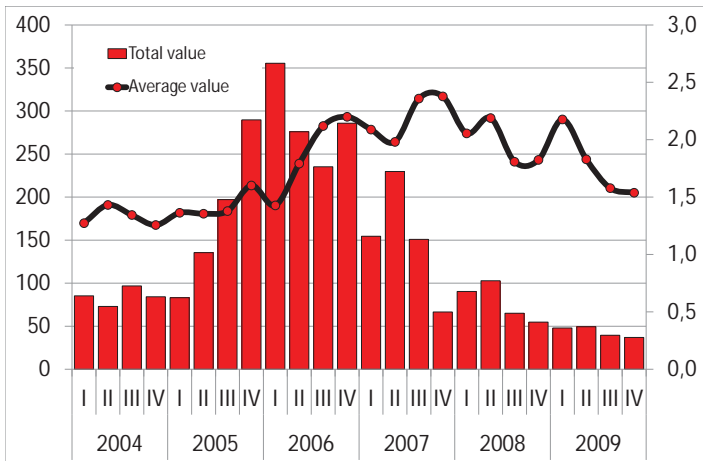
Pirita District



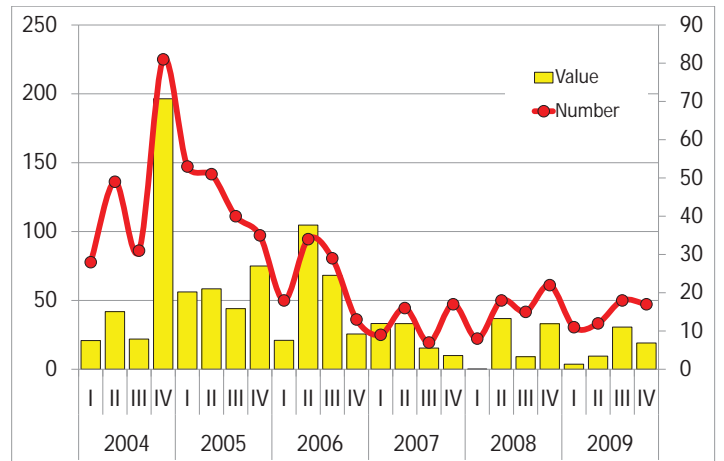
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



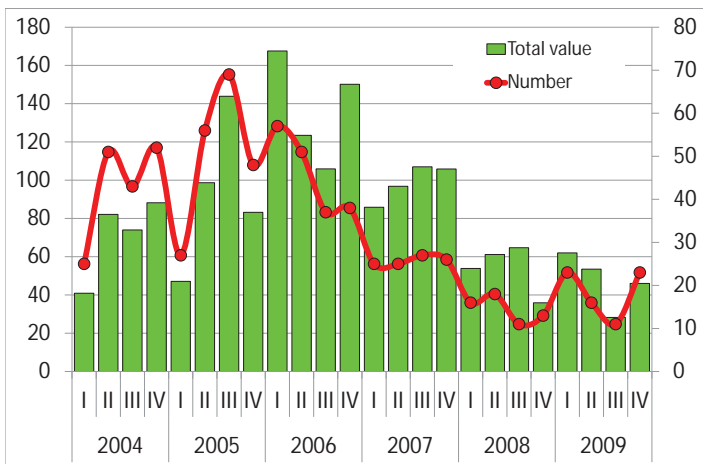
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



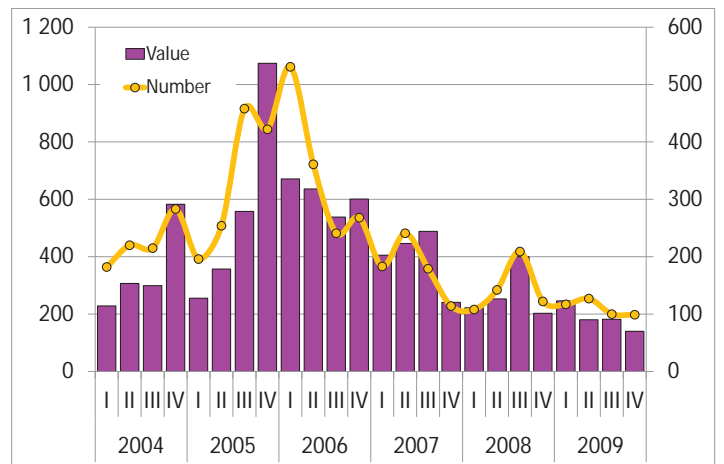
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

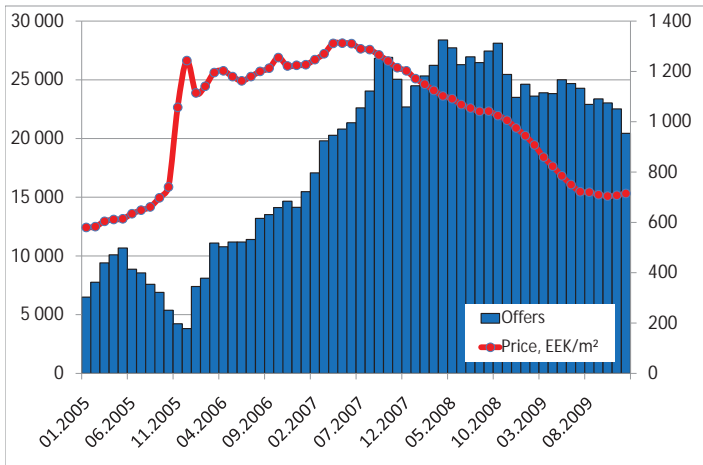


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

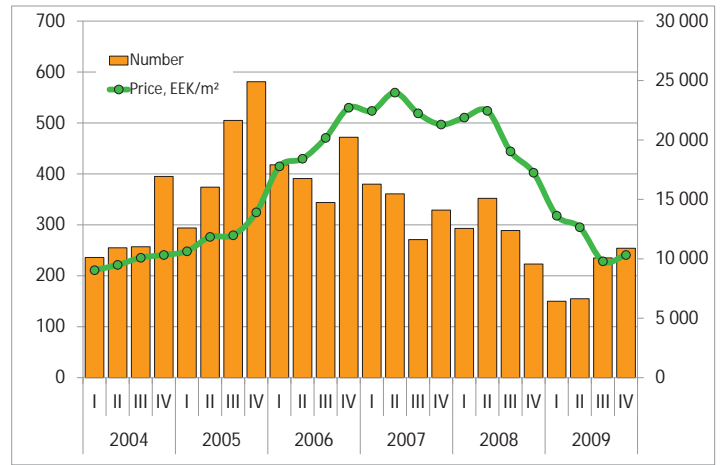


Value, million EEK (left axis) and number (right axis) of real estate transactions

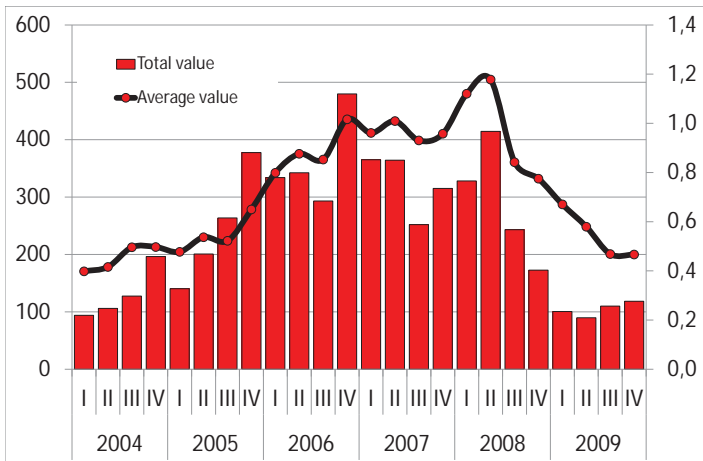
North-Tallinn District



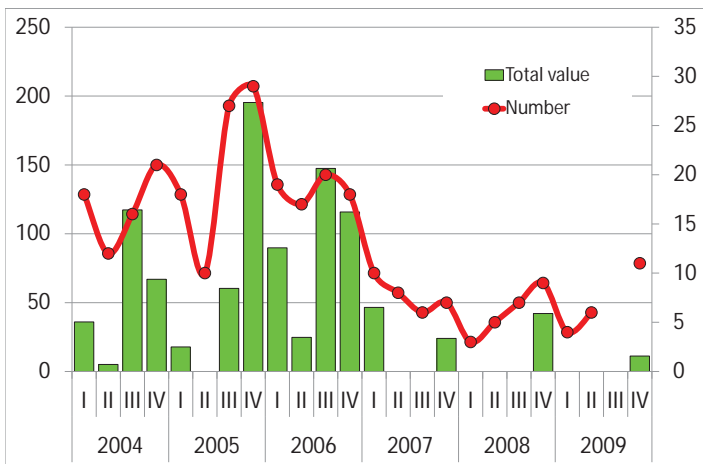
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



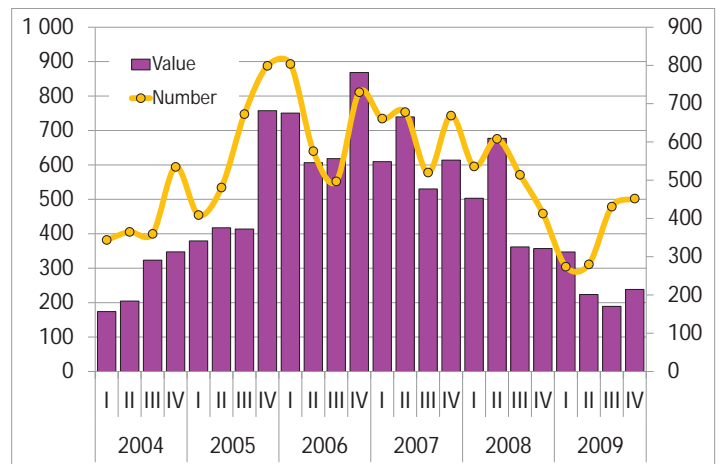
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK

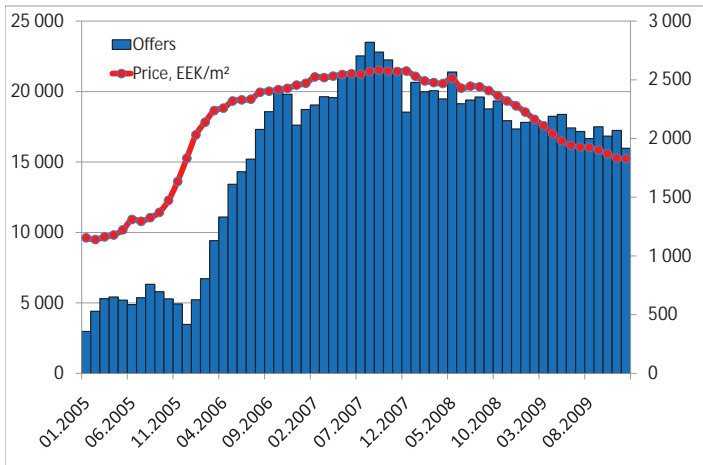


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

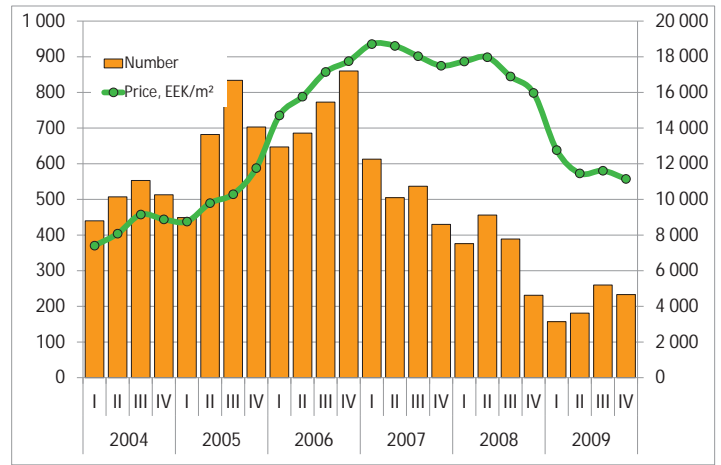


Value, million EEK (left axis) and number (right axis) of real estate transactions

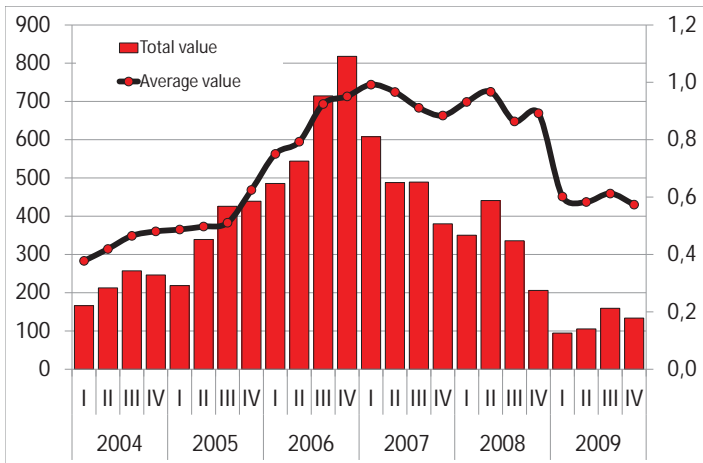
Tartu



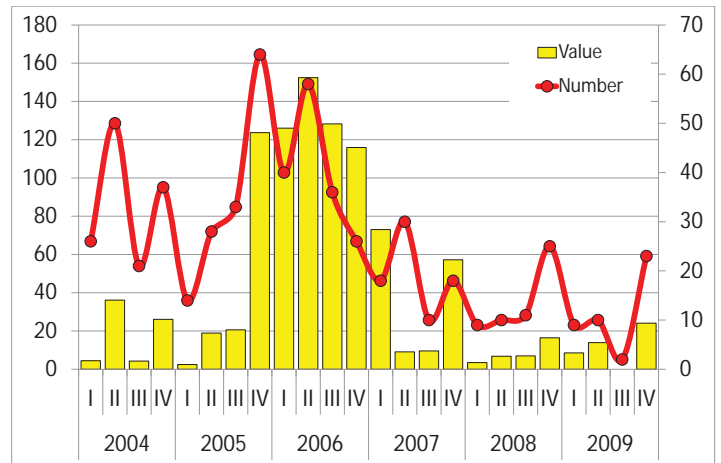
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



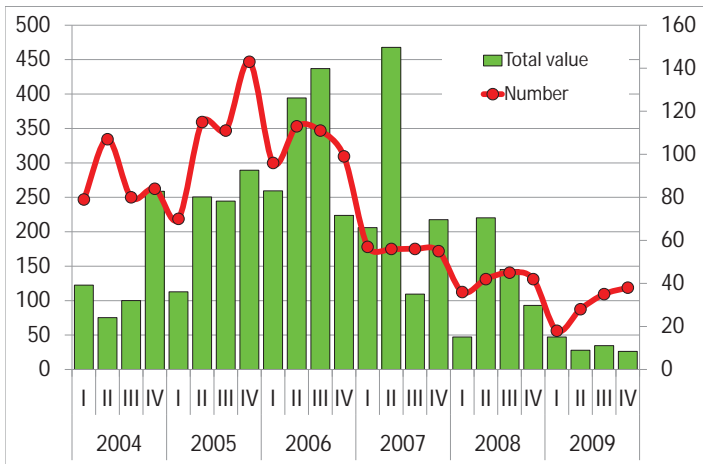
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



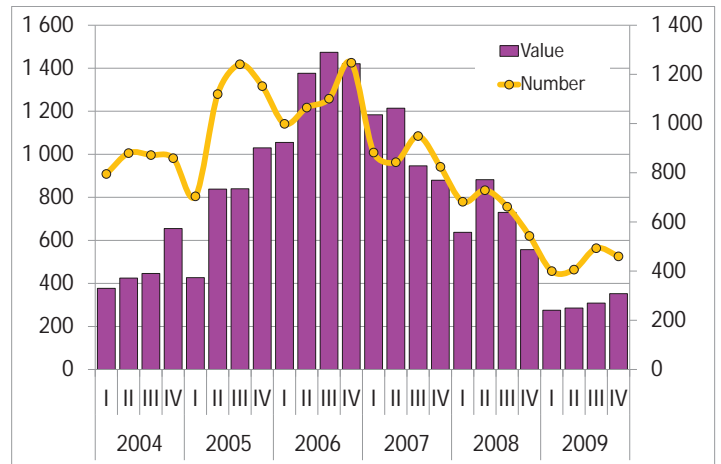
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

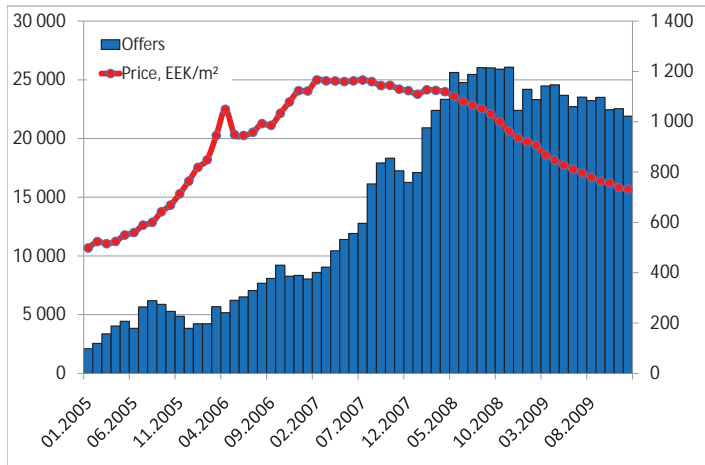


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

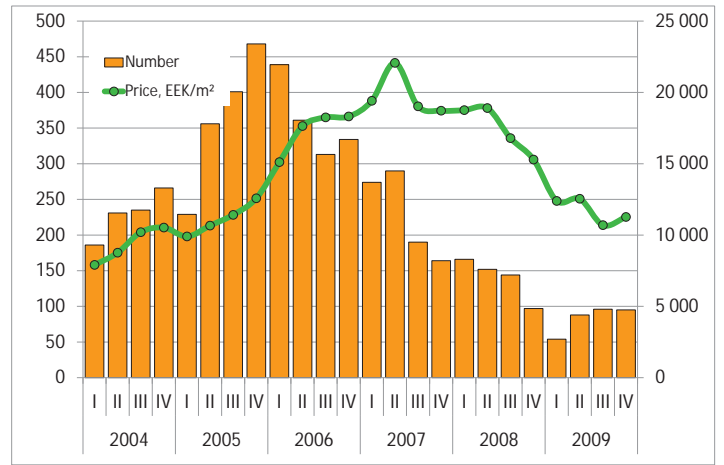


Value, million EEK (left axis) and number (right axis) of real estate transactions

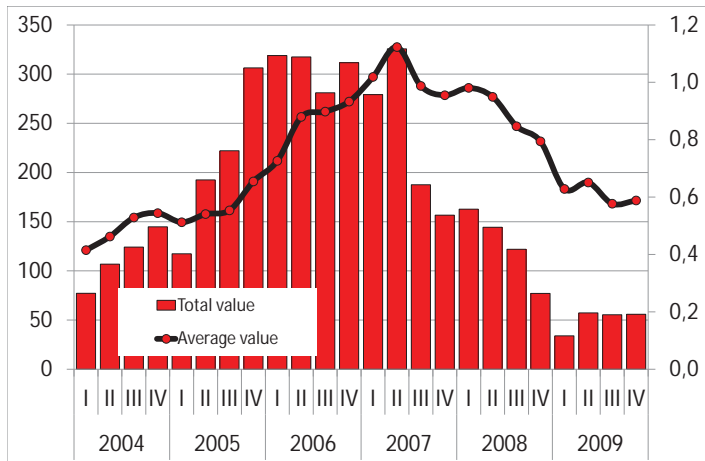
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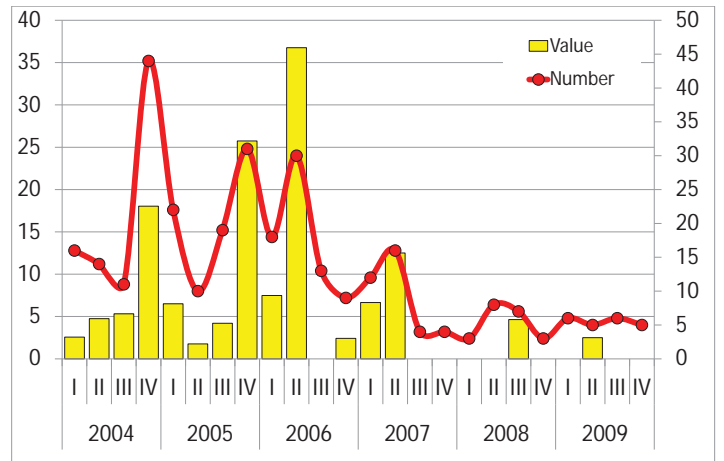
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



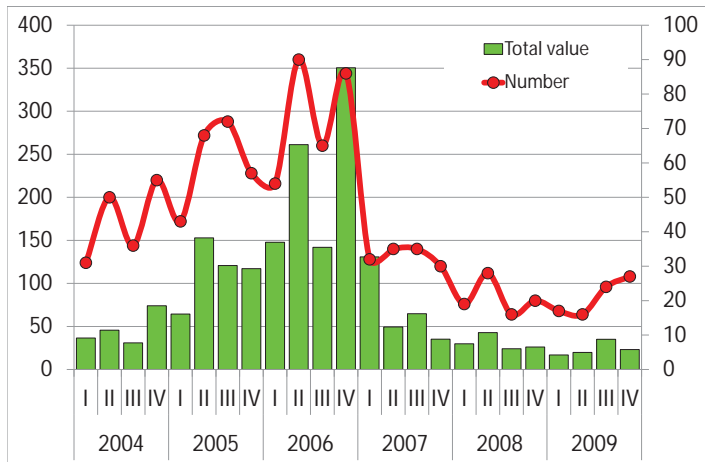
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



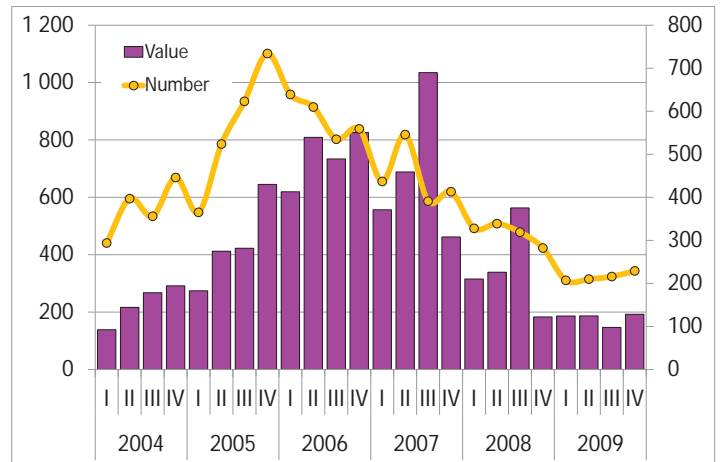
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

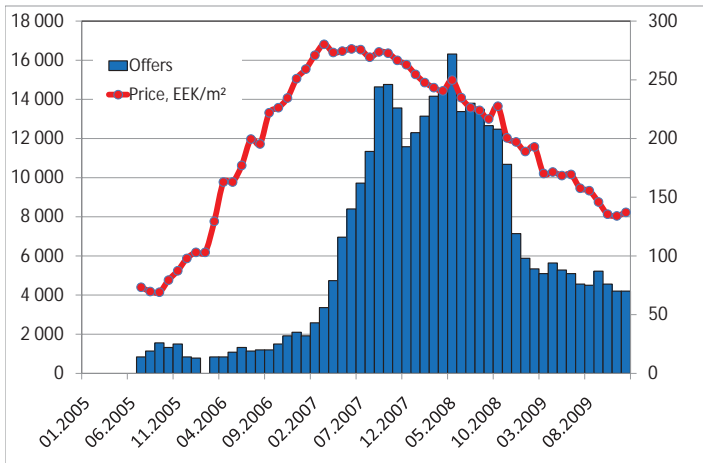


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

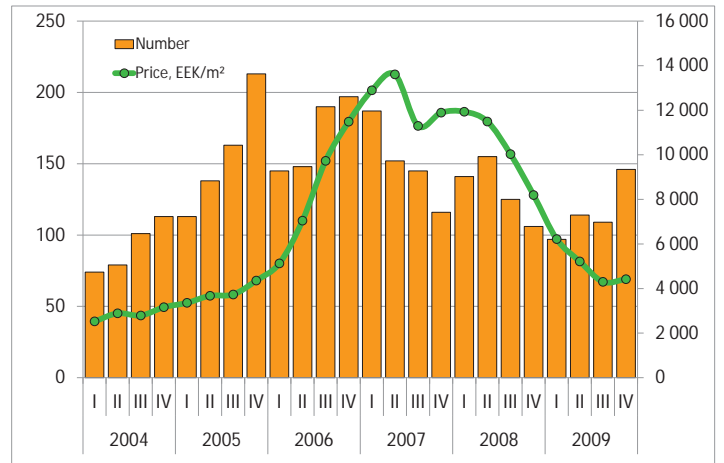


Value, million EEK (left axis) and number (right axis) of real estate transactions

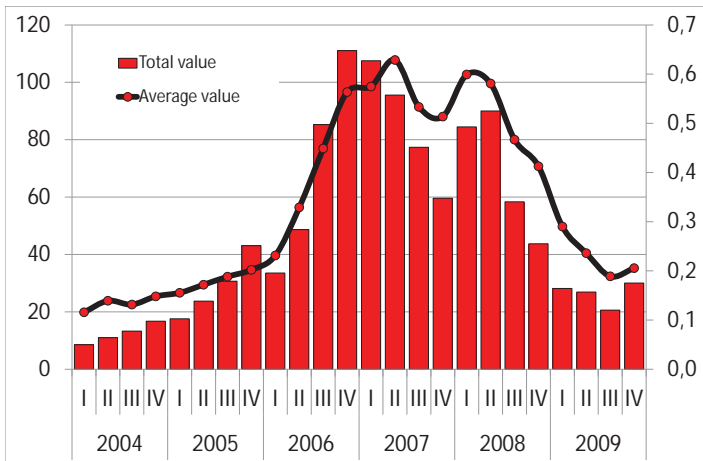
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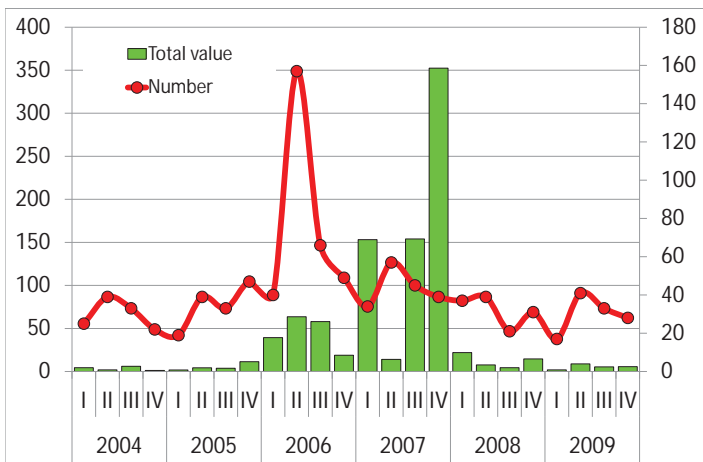
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



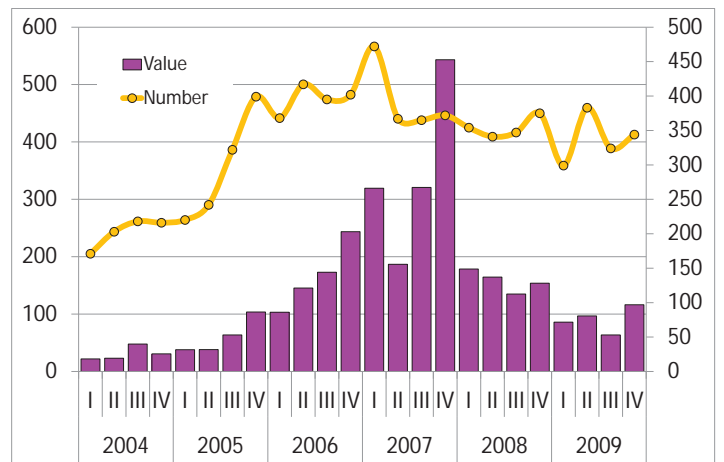
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings



Value, million EEK (left axis) and number (right axis) of real estate transactions



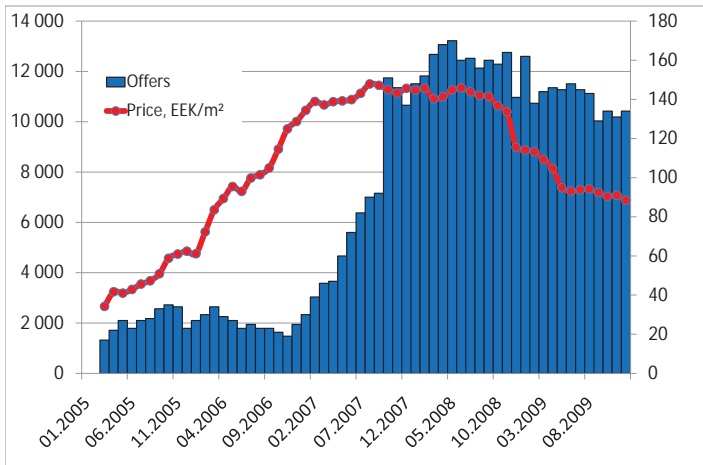
adaur grupp

KINNISVARAKONSULTATSIOONID:
kinnisvaraturu monitooring,
äriplaanid, turundus, analüüsid,
koolitus, ülevaated.

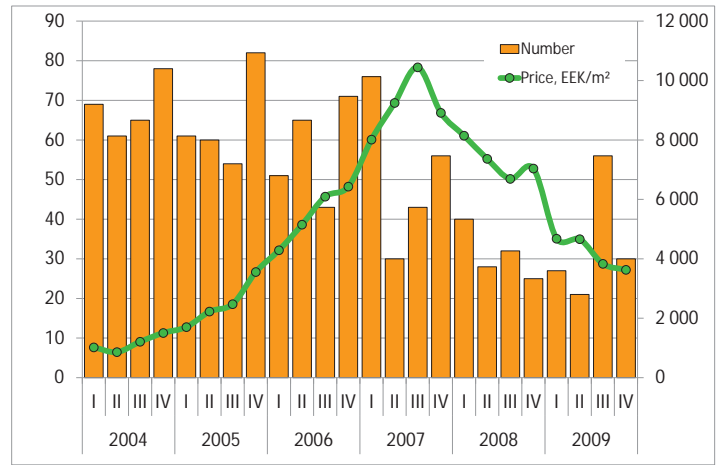
Tõnu Toompark MA
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+372 525 9703

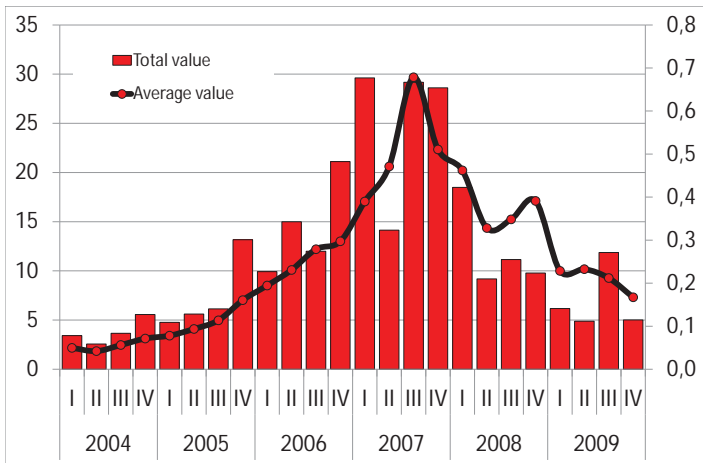
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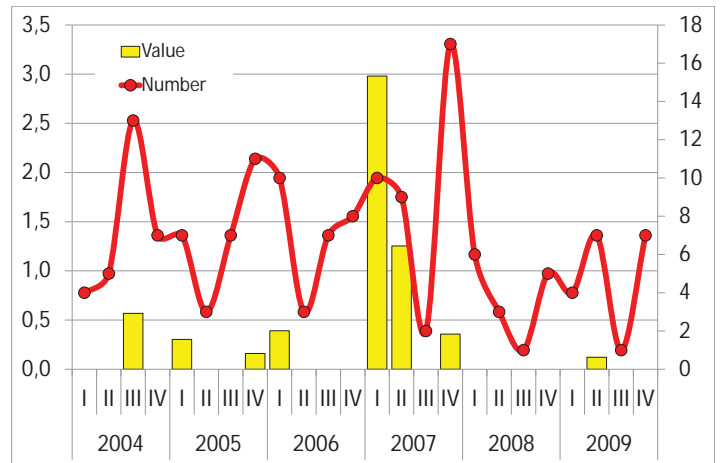
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



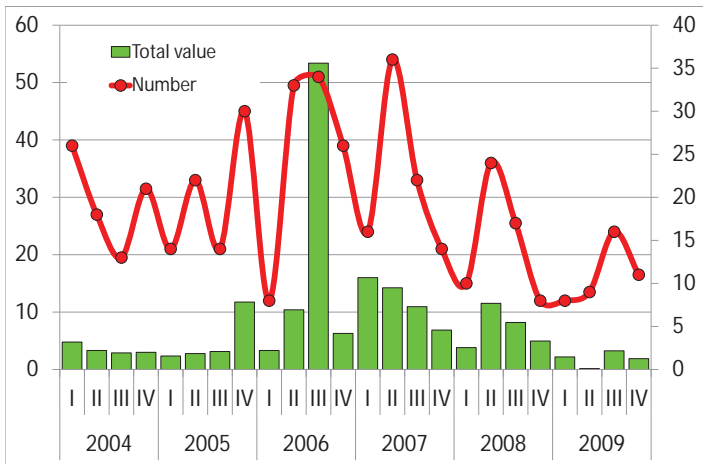
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



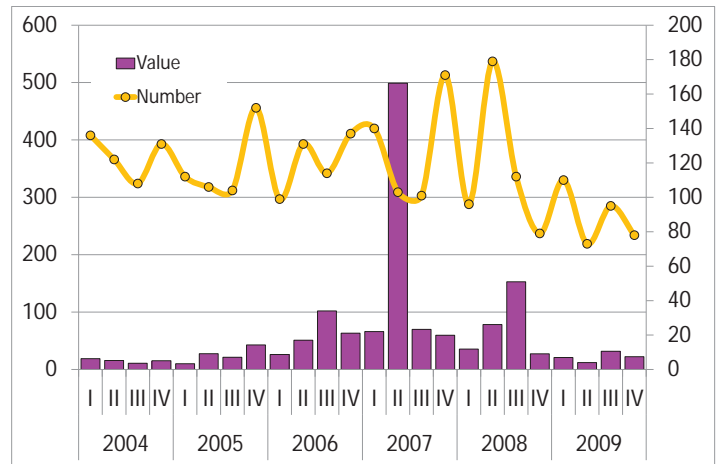
Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value (left axis) and number of transactions (right axis) of land without buildings, million EEK

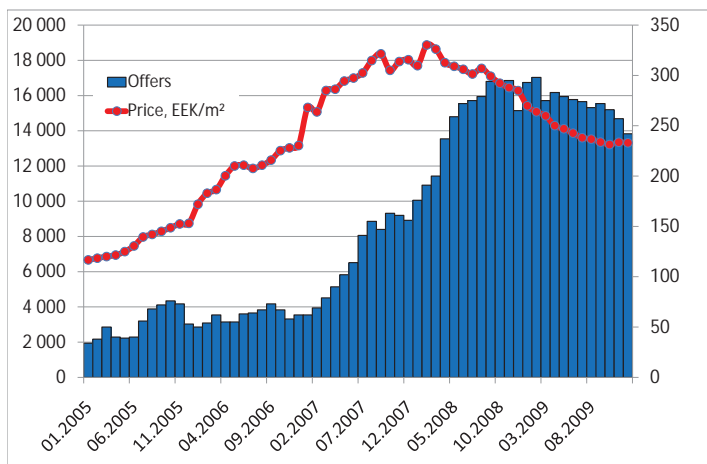


Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings

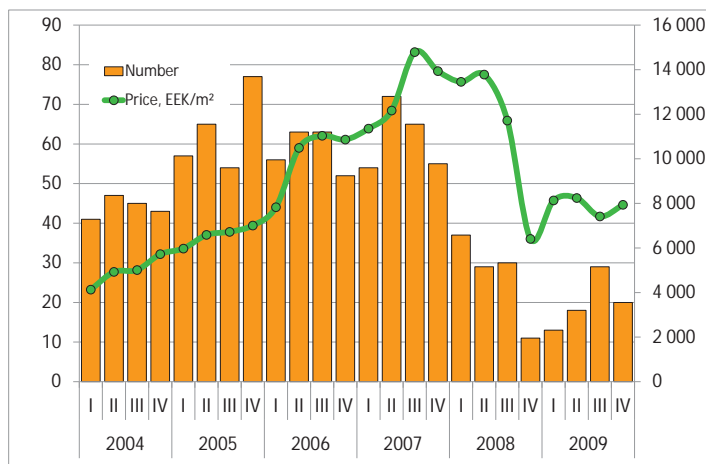


Value, million EEK (left axis) and number (right axis) of real estate transactions

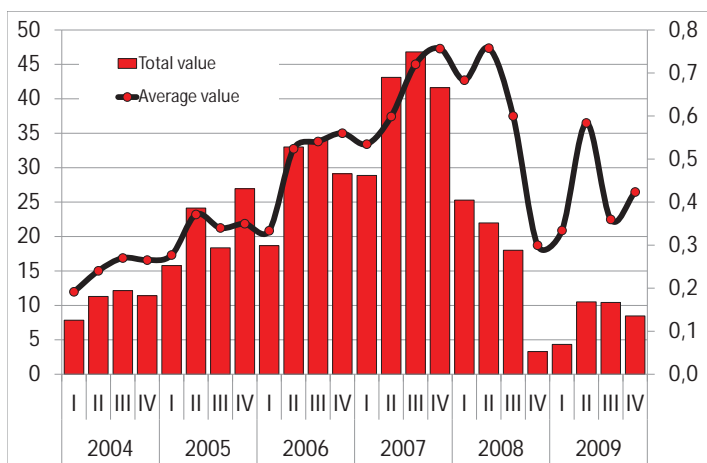
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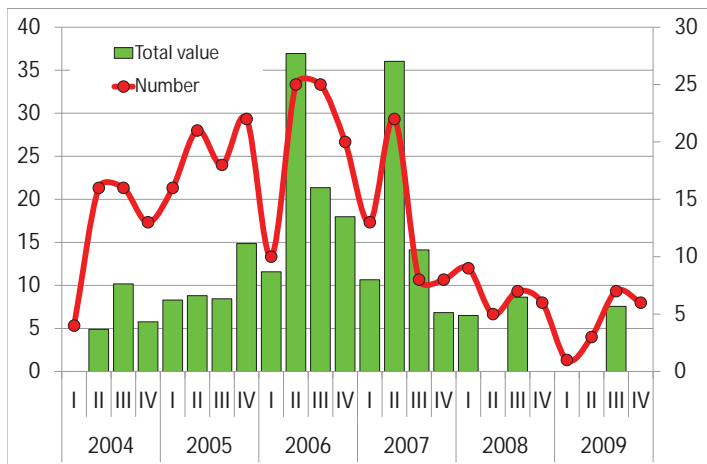
Average offer price, EEK/m² (left axis) and number of offers (right axis) in the KV.EE portal



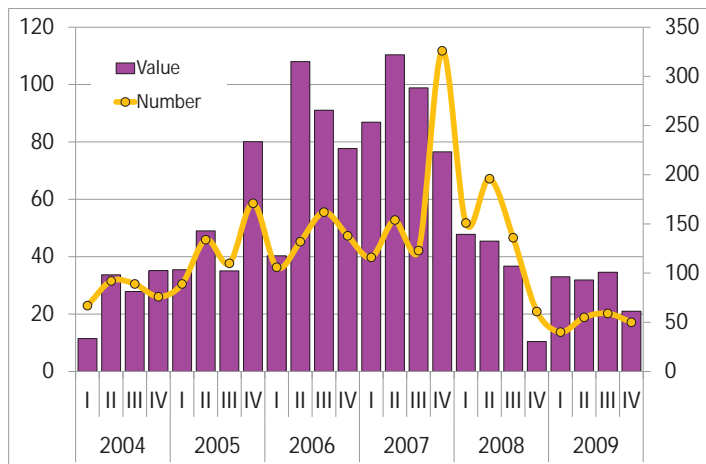
Number (left axis) and average price, EEK/m² (right axis) of apartment ownership transactions



Total value (left axis) and average value (right axis) of apartment ownership transactions, million EEK



Total value, million EEK (left axis) and number of transactions (right axis) of land with buildings



Value, million EEK (left axis) and number (right axis) of real estate transactions



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KINNISVARAKONSULTATSIOONID:
kinnisvaraturu monitooring,
äriplaanid, turundus, analüüsid,
koolitus, ülevaated.

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Real estate portal KV.EE has been active since year 1999. Today, more than 300 real estate companies and ca. 1,500 brokers have joined the portal. Currently there are more than 45,000 ads from brokers and owners registered in the portal. The portal is maintained by the company Diginet OÜ which belongs to the Moonfish Media Group together with the auction portal Osta.ee and three Lithuanian portals.

Adaur Grupp OÜ was established in year 2002. The company is active in real estate market monitoring, preparing prognoses, overviews, analyses, training and real estate consultations.

The sources of the data used in this market overview are Estonian National Bank, Estonian Statistical Office, Land Board, KV.EE.

This overview has been prepared as a co-operation of the KV.EE real estate portal and Adaur Grupp OÜ. The preparers of the overview have made their best effort to ensure high quality of the information presented in the overview. We consider the information sources used in preparing this overview to be trustworthy, but this does not exclude a possibility of error. Thus, the preparers of this overview will not accept any responsibility for any direct or indirect damages resulting from using the information presented in this overview.

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