



# BLOC PARTY

Since they joined the EU, the Baltic states have been growing in popularity with travellers and foreign property buyers  
 Words **Rachel Newcombe**

Since they joined the European Union in 2004, it has been much easier for foreigners to buy property in Latvia, Lithuania and Estonia. The property boom has been helped by the arrival of more tourists, who choose to visit on holiday, which has a knock-on effect on property. Between them, the countries have a great mix of assets, including sandy beaches, picturesque wooded countryside, quaint old towns and fascinating history. In Estonia, for example, Tallinn is one of the best-preserved medieval towns in northern Europe and the country is blessed with fantastically long days in the summer (it is on the same latitude as the Shetland Islands).

Vilnius, the capital of Lithuania, boasts fantastic examples of Baroque architecture and endless narrow streets and alleyways to explore, while Riga in Latvia, with its largely untouched historic

buildings, is a must see.

According to the new edition of Knight Frank's Global House Price Index, Latvia ranks as the top country (out of 30) for capital appreciation, although the other Baltic states aren't far behind. Liam Bailey, who wrote the report, says: "Apartments in Riga have risen in price by more than 45% in the last year and it's affecting all markets in the former Eastern Bloc. Wage inflation, growing prosperity and easier access to mortgages have all contributed to rapidly rising prices."

"Conditions for property investment in Estonia, Latvia and Lithuania are strong, and good returns can be obtained if you know the best areas," adds Toby Stone, an investment advisor specialising in the Baltics for Bristol and Stone. He does suggest, however, that buyers be careful how they buy property and ensure they are buying through someone reputable. ➤



The property boom has been helped by the arrival of more tourists



"Over the past few years the markets have become increasingly sophisticated and investors would be best advised to buy through a company that has a presence in the country and fully understands the fast-moving market," he says.

## Latvia

On the eastern shore of the Baltic Sea, Latvia borders Lithuania to the south, Estonia to the north, Russia to the east and Belarus to the south-east. The entire population amounts to less than 2.5 million, the majority of whom are either Latvian or Russian. Nearly half live in the capital, Riga, or its surrounding areas.

"Property prices have been rising in Latvia over the past few years, with the most significant increases seen in Riga, where some areas rose by about 30% last year," says Elizabeth Klaus, a real estate consultant from Someplace Else. "There are no restrictions on foreigners wishing to buy and sell property in Latvia and the average residential investment yield is 6-8%."

Someplace Else is selling flats in the Ligzdas development, in Riga, which is due for completion in July 2007. Set in a quiet area, 5km from the city centre, the four blocks each have five to six storeys and the flat sizes range from 60m<sup>2</sup> to 144m<sup>2</sup>. With parking, gardens and a children's playground, prices start at £72,000.

A three-bedroom apartment in the centre of Riga is available from



The Baltic states have miles of sandy beaches, picturesque wooded countryside, quaint old towns and a fascinating history

Sunshine Estates. Priced at £195,058, it includes most of the furnishings and is located on the fourth and fifth floors of a traditional Latvian building.

## Lithuania

The largest of the Baltic states, Lithuania is in the centre of Europe, bordering Latvia to the north, Belarus to the east and south, the Kalingrad district of Russia and Poland in the south-west. With only two hours time difference to the UK and a semi-continental climate – warm and humid in the summer, cooler in the winter – plus regular cheap flights from the UK, it's no wonder it appeals to foreign buyers.

The capital Vilnius is a popular weekend and holiday destination and in 2009 it will be the European Capital of Culture. This impending event is expected to have a positive effect on property. Alistair Day-Stirray, from Someplace Else, says: "The prices in Lithuania have been



rising, yet it is still undervalued compared to other European cities. There's a constant demand for new flats and houses and demand often outstrips availability."

Property company New Skys is selling apartments in the Vilnius Park Development, which is in a new suburban area to the north of Vilnius. There is a range of apartments available, with sizes from 41m<sup>2</sup> to 130m<sup>2</sup>, and the development has a host of excellent facilities. The properties were finished in October 2007 and are priced from £36,700.

Elsewhere in Vilnius, new apartments in a quiet area of the old town are being sold off-plan by Tucana Investment Property. The 59 apartments, each with floor-to-ceiling windows and either a terrace or balcony, are due to be completed in December 2007 and are priced from £122,550. There will be a courtyard outside and a sauna and Jacuzzi in the basement. >

*"Prices have been rising in Lithuania but property is still under-valued"*

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## Estonia

Located between Latvia and Russia and bordering the Baltic Sea and Gulf of Finland, Estonia is a relatively small country (you can travel from one end to the other in less than five hours), but has lots to offer. In fact, it was one of the first Baltic states to fully open up to British tourists after the fall of the Soviet Union. Tallinn is set to become the European Capital of Culture in 2011, and this is expected to boost tourism and economic development. Another popular place is Parnu, a spa and health resort, which is 90 minutes' drive from the capital and great for beach lovers.

As a rough guide, the company Property in Estonia suggests country homes with land start from as little as £7,000, whereas city centre apartments in Tallinn are priced from about £50,000. One anomaly worth bearing in mind is that many Estonian properties are sold without a fitted kitchen, but the price to get one is relatively low.

New Skys is marketing a brand new development on the Panu River, close to the centre of Parnu.



Tallinn will become European Capital of Culture in 2011 and this is expected to boost tourism and economic development in Estonia

There is a range of apartments, with sizes from 41m<sup>2</sup> to 171m<sup>2</sup> and completion is expected in April 2008. Prices start at £51,300.

If you'd prefer a more traditional house, Estonian Property has several. Tõstamaa in Kavaru is a four-bedroom, detached, two-storey wooden house with 5,468m<sup>2</sup> of land, a garage for two cars and a sauna. It's 35km from Parnu and 1km from the sea and is being sold for £37,000 (Ref: HA6500008).

In Viljandi county, Võhma, a three-bedroom, detached wooden house, on a plot of land measuring 1,185m<sup>2</sup>, with a garage and



spacious cellar, is on sale for £41,000 (Ref: JAR7350008).

### Further Information

New Skys, [www.newskys.co.uk](http://www.newskys.co.uk), tel: 0800 310 1970  
 Someplace Else, [www.someplaceelse.co.uk](http://www.someplaceelse.co.uk), tel: 020 7731 2200  
 Property in Estonia, [www.property-in-estonia.co.uk](http://www.property-in-estonia.co.uk)  
 Sunshine Estates, [www.sunshineestates.net](http://www.sunshineestates.net)  
 Tucana Investment Property, [www.tucana-property.com](http://www.tucana-property.com)  
 Estonian Property, tel: 00 372 445 1425, [www.estonianproperty.co.uk](http://www.estonianproperty.co.uk)