Ministry of Economics
Republic of Latvia

Improving Housing Affordability in Latvia

Challenges, Trends and Policy Actions

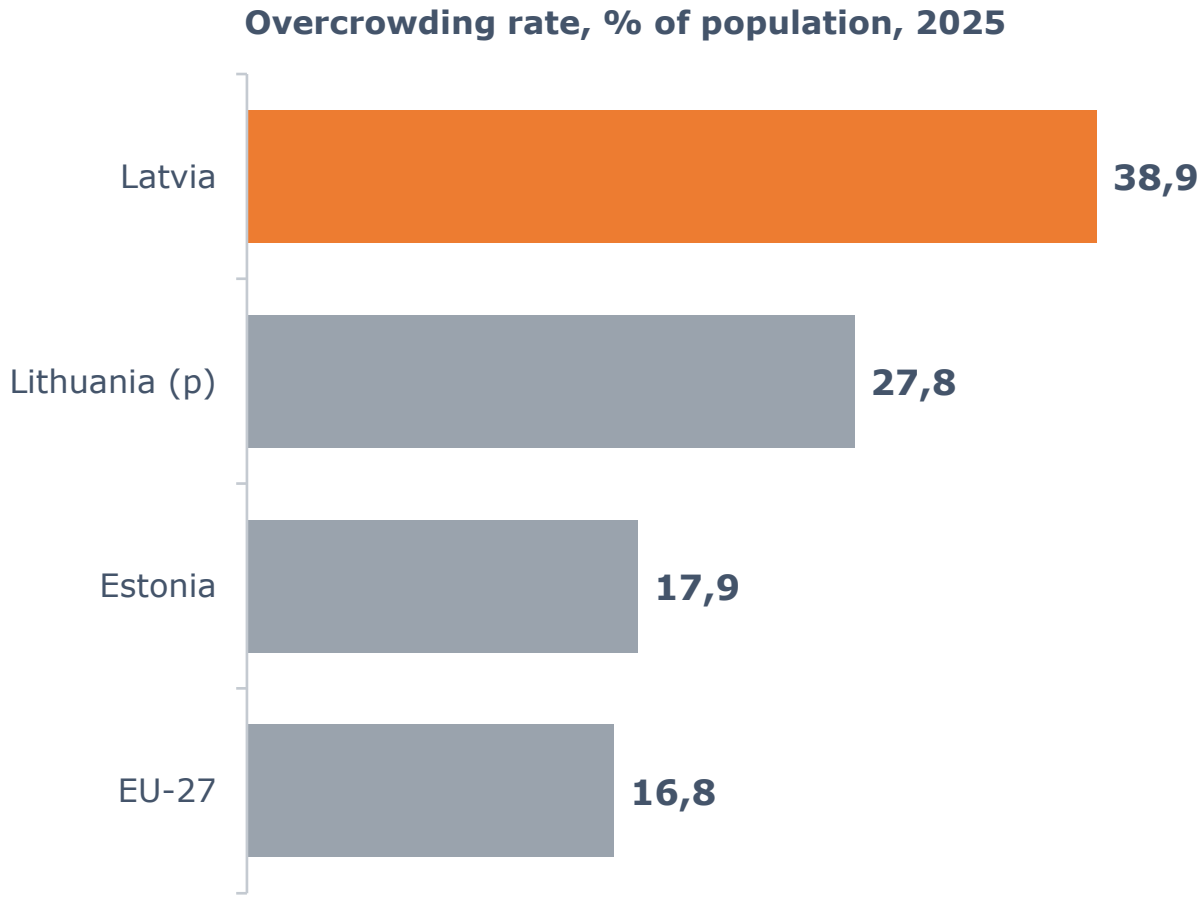
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A nation of owners, but homes are crowded and ageing

Housing cost burden is below the EU average; the gaps are space, quality and a thin rental market



82%
live in a home they own
EU-27: 69%

14%
own with a mortgage
EU-27: 25%

7%
rent at market price
EU-27: 21%

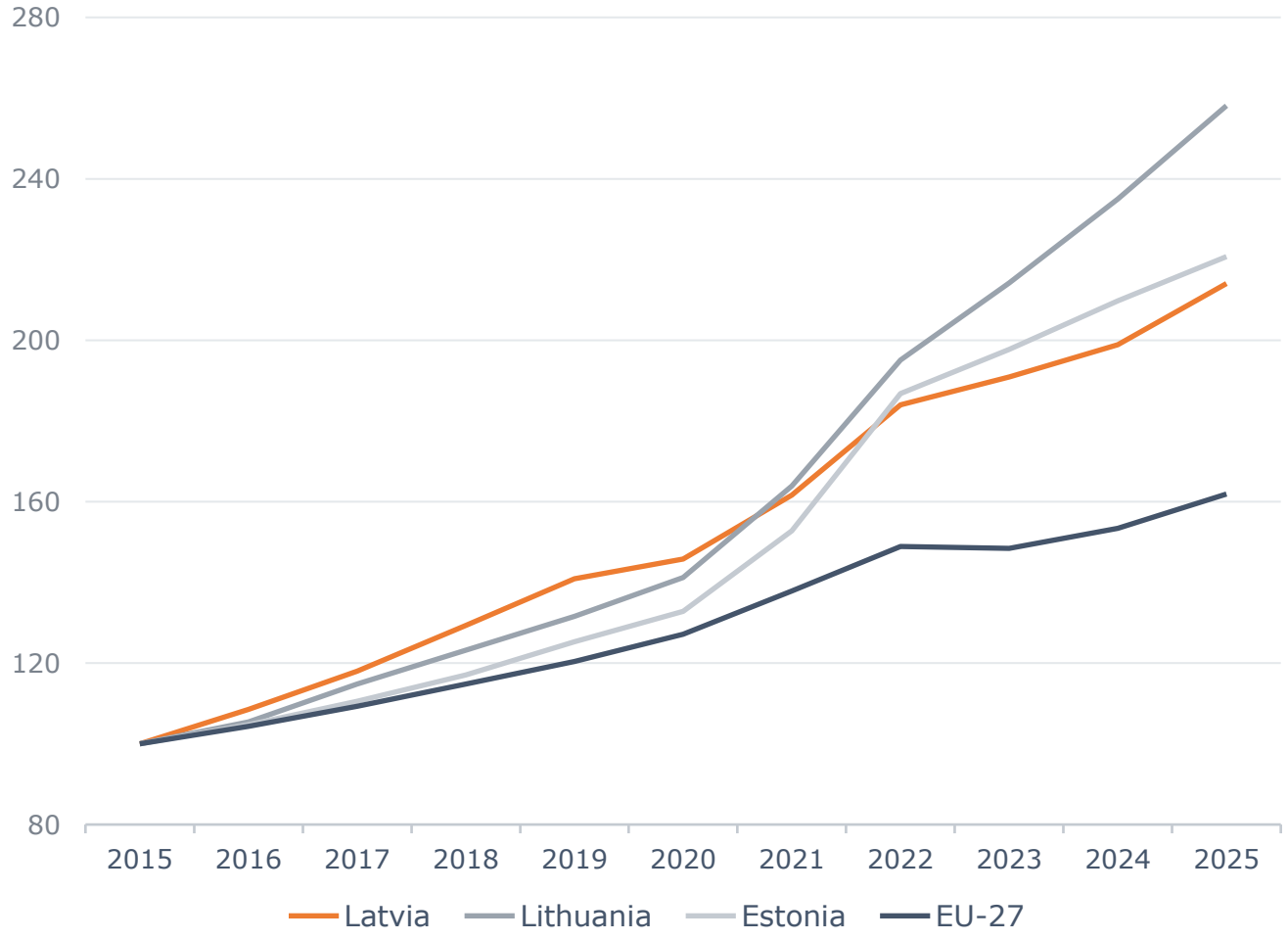
6%
overburdened by housing costs
EU-27: 8%

59%
of dwellings were built in 1961–2000

Sources: Eurostat, EU-SILC (ilc_lvho05a, ilc_lvho02, ilc_lvho07c), 2025; p = provisional. Central Statistical Bureau of Latvia (CSP), Population and Housing Census 2021.

Prices doubled since 2015, but price-to-income is below its norm

House price index, 2015 = 100



+114%

Latvia, 2015–2025
EU-27: +62%

88

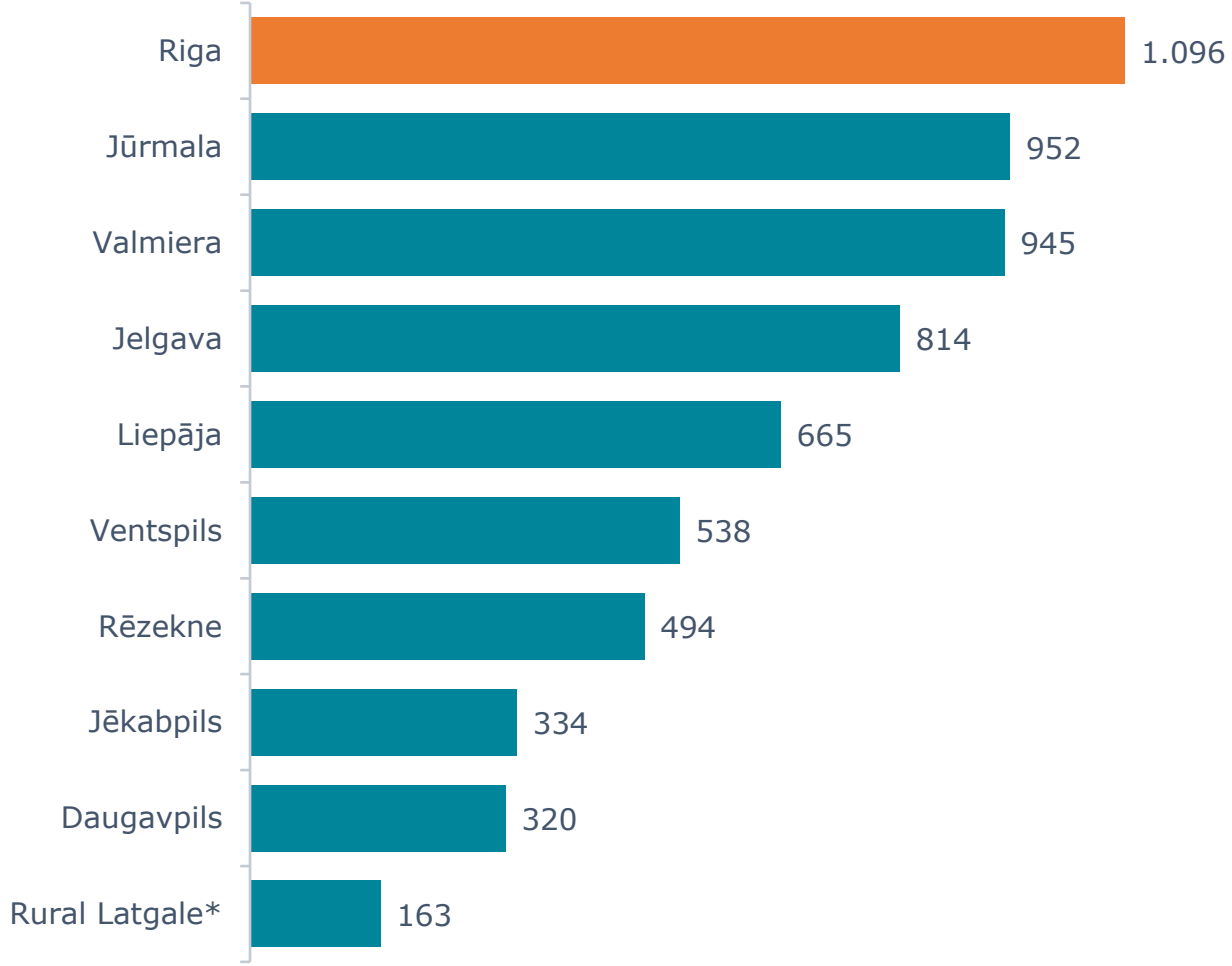
price-to-income ratio, 2025; long-term average = 100
Estonia 104 · Lithuania 94

No sign of national overheating: pressure points are regional and financial

Sources: Eurostat, house price index (prc_hpi_a) and standardised price-to-income ratio (tipsho60), 2025.

Two markets: a m² in Riga costs 3× Daugavpils, 7× rural Latgale

Apartment sales, 2025 — median price, EUR per m²



SHARE OF APARTMENT SALES BELOW €20,000

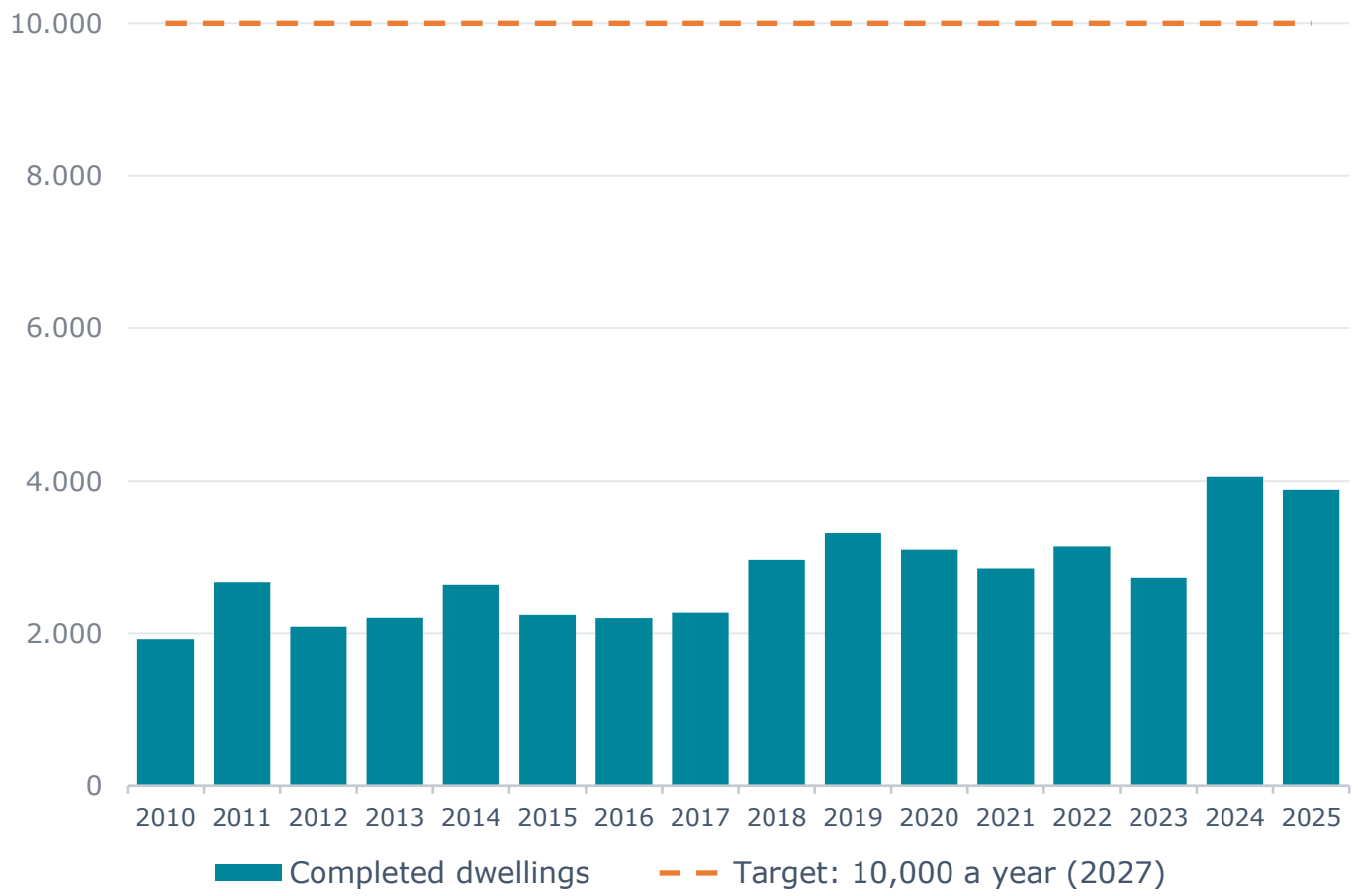


Banks rarely lend below ~€30,000: small purchases are paid in cash or with unsecured loans

*Rural parts of 7 Latgale municipalities. Source: Ministry of Economics (MoE) calculation, State Land Service (VZD) open transaction data; single-apartment market deals, 15–300 m²; data as of 02.11.2026. Lending: EM interim evaluation (2025).

Construction is at a 15-year high, yet under half of the target

New dwellings completed per year



0.38%

of the stock added in 2024 (4,058 homes)
Estonia 0.78% · Lithuania 0.91%

77%

of 2021–2025 completions were in the Riga region

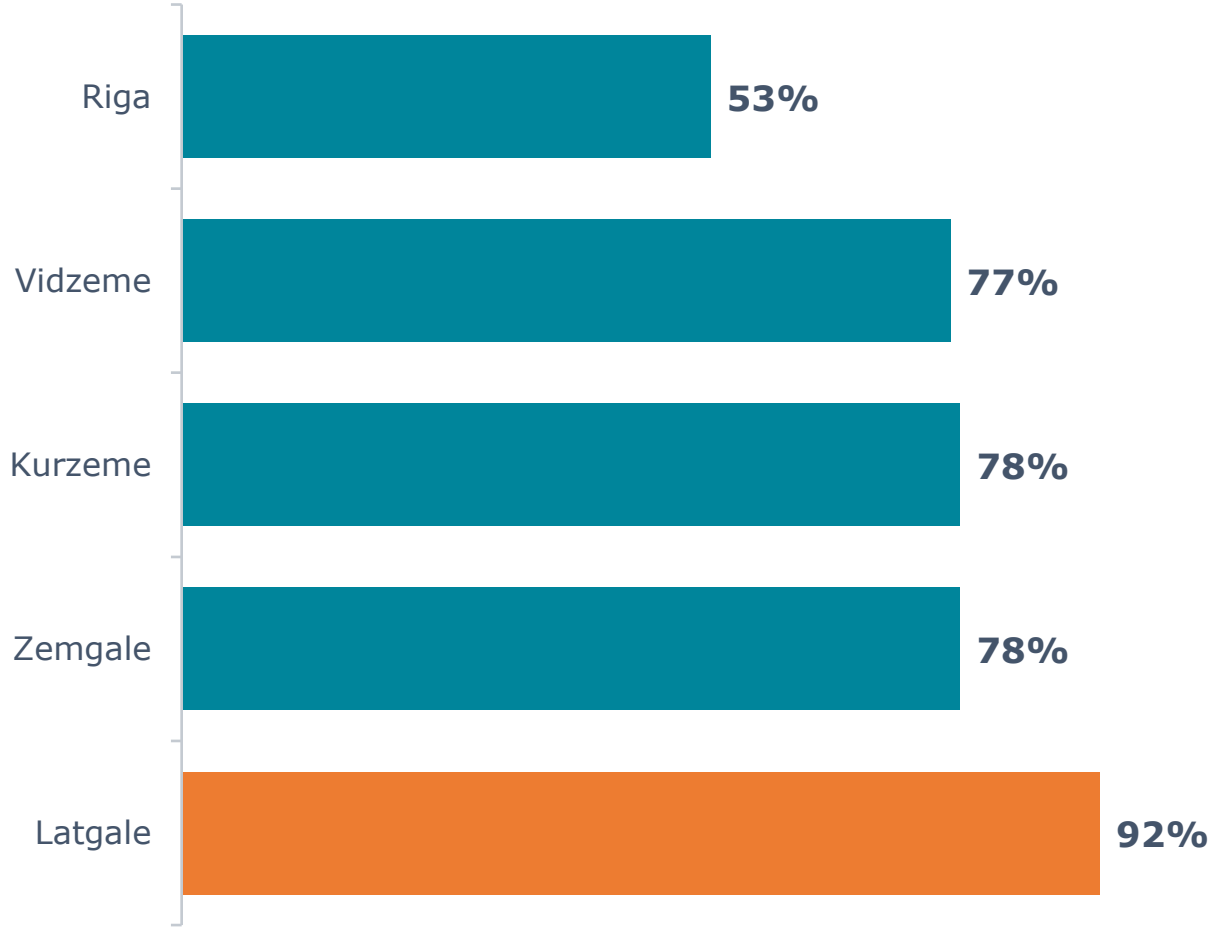
458

new homes in Latgale over the same five years

Sources: CSP (BUE020, BUE021); Baltic comparison and target: MoE interim evaluation (2025) and Housing Affordability Strategy 2023–2027.

Outside Riga, most homes are bought without a mortgage

Home purchases without a mortgage, % of transactions by planning region, 2025



80%

of new mortgage volume goes to Riga and its surroundings

2.8%

of new mortgages are issued in Latgale (201 loans)

45%

of housing-loan volume has no real-estate collateral

~50%

of mortgages carry an Altum state guarantee

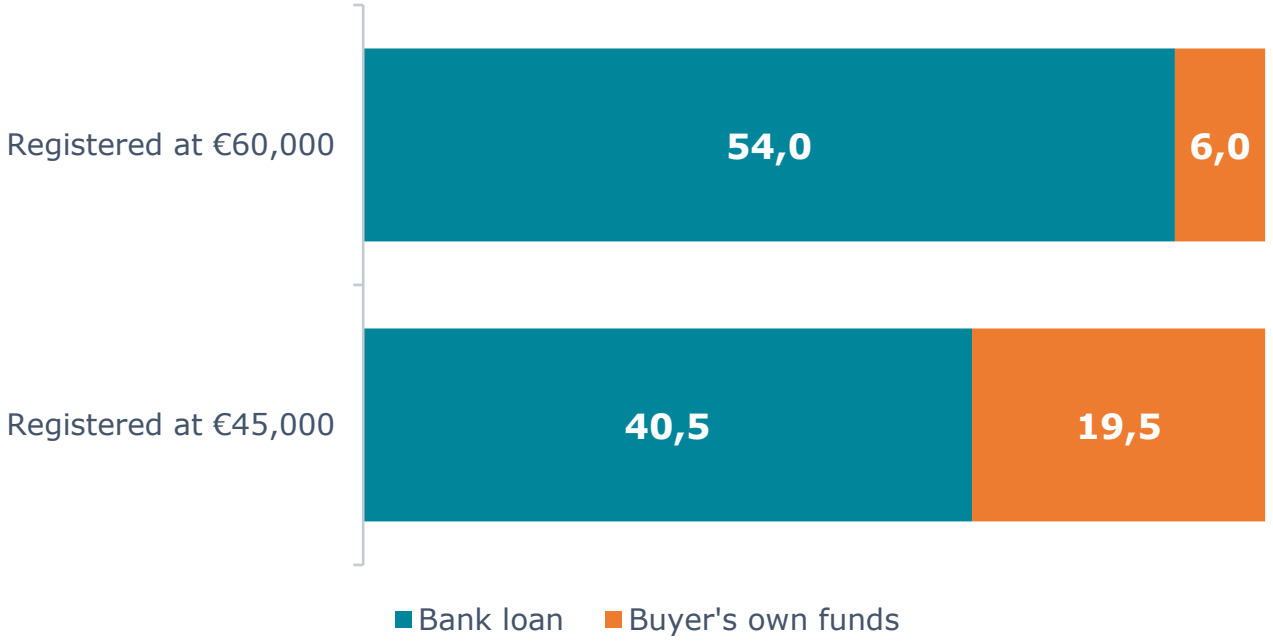
Sources: MoE calculation based on VZD and Altum data (2025);

Under-declared sale prices push buyers out of the mortgage market

Illustrative example: a €60,000 flat, bank finances 90% of the registered price

LAND REGISTRY LINK

Financing of a €60,000 purchase, EUR thousand



WHY PRICES ARE UNDER-DECLARED

- Avoiding the land register state duty (1.5% of value for natural persons)
- Concealing the origin of funds
- Avoiding capital gains tax

CONSEQUENCES

- The gap can reach 30% or more of the real price
- Banks and developers cannot gauge true market value in the regions

10% → 33%
own funds needed

When the price in the deed is lower than the real one, the gap must be paid in cash

Reliable registered prices are a housing policy tool

Sources: MoE interim evaluation of the Housing Affordability Strategy (2025), citing Makroekonomika.lv (2024); state duty: Cabinet Regulation No. 1250 (2009), as amended. Example: EM illustration.

Strategy 2023–2027: support targeted by income level

Four lines of action, coordinated by the Ministry of Economics with five co-responsible ministries

1

Low-income households

- Municipal and social housing
- Housing allowance
- New social housing programme (ERDF)

2

Middle-income households

- Low-rent housing in the regions (RRF)
- Housing Affordability Fund
- Public–private partnership rental housing

3

Upper-middle-income households

- State guarantee for the down payment
- "Balsts" grant for large families
- Altum mortgage loans in the regions

4

Existing housing stock

- Energy-efficiency renovation of apartment buildings
- Easier decision-making by apartment owners

6 of 9
indicators ahead of the 2024 milestone

17 of 32
tasks completed, 12 in progress

2 of 9
indicators behind: new supply and accessibility

Sources: Housing Affordability Strategy 2023–2027 (Cabinet Order No. 739, 2023); Implementation Plan 2024–2027 (Cabinet Order No. 1054, 2024); EM interim evaluation (2025).

Demand-side support delivers; new rental supply is being built

Selected results and pipeline of the main instruments

DELIVERED

30,486
families with children helped by a state guarantee (2024 target 25,300)

6,609
young professionals and soldiers with a guarantee (target 6,000)

1,740
large families received the "Balsts" grant (target 1,200)

182
Altum mortgage loans in the regions since October 2025

IN THE PIPELINE

≈1,200
low-rent apartments in the regions (RRF, €102 m)

1,290
PPP rental apartments in 6 municipalities by 2030

1,952+
social homes renovated or built by 2029 (ERDF €70 m)

≈350
renovation projects filed within 6 weeks (€174.5 m)

Sources: EM interim evaluation (2025), based on Altum, CFLA and CSP data; regional loans: Altum, as of 31.08.2026. RRF = EU Recovery and Resilience Facility; ERDF = European Regional Development Fund; PPP = public–private partnership.

New housing tools rely directly on property registers

Three recent legal reforms where the land register and cadastre do the work

Building rights (*superficies*) for rental housing

Law in force since 6 March 2026

- 70-year building right on state or municipal land
- Rental building may not be split into apartment properties
- Returns to the public owner free of charge at expiry

Recorded as a real right in the Land Register

Ending forced divided ownership

Law in force since 1 January 2023

- Legacy of privatisation: building is owned by the community of owners, the land under the building is not
- ≈5,400 apartment buildings concerned
- 174 land parcels already marked for buy-out

Cadastre marks the land; the Land Register transfers it

Owners' communities as a legal entity

Apartment Property Law, from 5 January 2026

- A public register of apartment owners' communities
- A community can open a bank account and take a loan, etc.
- No need to form an association to renovate

Register kept by the Building State Control Bureau

Sources: laws as listed (likumi.lv); register of communities: Apartment Property Law amendments (2025).
Counts: MoE estimate from VZD cadastre data as of 08.07.2026.

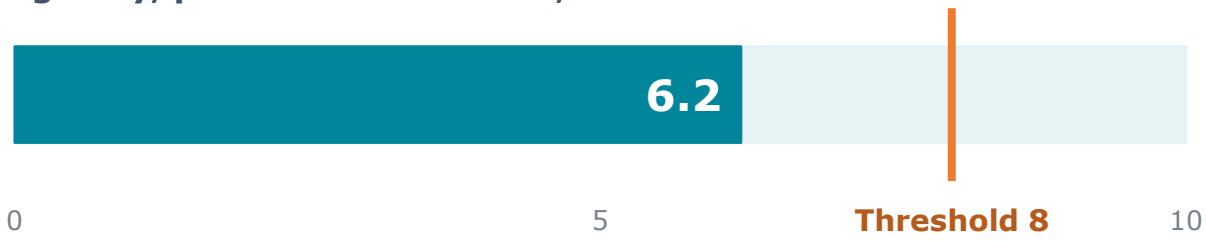
In EU housing policy, registry data are becoming a legal trigger

Proposed Affordable Housing Act, COM(2026) 599

HOUSING STRESS AREA TEST

- Price-to-income ratio of 8 or more, rising over 10 years
- Price = average transaction price in each NUTS 3 region
- Transaction prices come from land registries and cadastres

Riga city, price-to-income ratio, 2024



No Latvian region meets the threshold — and the test is only as good as the registered prices

WHERE LAND REGISTRIES ADD MOST VALUE

1. **Reliable transaction prices**
   the basis for price-to-income tests, valuation and lending
2. **Linked identifiers**
   land register, cadastre, building and owner-community registers
3. **Open, timely data**
   monitoring of markets, renovation and short-term rentals
4. **Comparable definitions**
   across Member States — a natural task for ELRA

Sources: European Commission, COM(2026) 599 and Annex; Riga: MoE calculation by the Annex method (VZD average transaction price; Eurostat nama_10r_2hhinc, 2024).

Three takeaways

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1. **Regional and financial**
   Latvia's affordability gap lies in the regions and in access to credit, not in a national price bubble

2. **Targeted and working**
   Guarantees and grants deliver; new rental supply and renovation now need to scale up

3. **Registries as infrastructure**
   Reliable land register and cadastre data underpin housing policy — nationally and in the EU



Thank you

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