



PROPERTY  
IN NUMBERS  
MOSCOW 2014

# CITY MARKET



## KEY INDICATORS

Supply	↑	7 new projects
	↑	1,420 lots*
Apartments share, %	↑	40
The average price on the new-builds market, \$/sq m	↓	17,100
The number of transactions per month	↑	43

\* Total supply (flats and apartments)

## SUPPLY STRUCTURE ACCORDING TO CONSTRUCTION STAGES



9%	63%	28%
\$15,000	\$15,500	\$21,630

Supply share  
Price, \$/sq m

## SUPPLY STOCK STRUCTURE ACCORDING TO THE AREA AND COST OF THE FLATS

The new-builds market of today offers flats and apartments of any size (from 42 to 800 sq m) with the budget ranging from \$600 to \$15 million.

The most popular format | **100–150 sq m** | **< \$2 million**

Flat area	< \$1 million	\$1–2 million	\$2–3 million	\$3–4 million	\$4–5 million	\$5–6 million	\$6–7 million	> \$7 million
> 250 sq m	0.2%	1.0%	1.0%	1.1%	0.1%	5.0%		
200–250 sq m	0.3%	1.4%	2.0%	2.0%	1.0%	0.4%	1.0%	
150–200 sq m	4.0%	6.5%	2.7%	2.0%	0.2%	0.2%	0.5%	
100–150 sq m	29.0%	8.2%	2.3%	0.5%	0.3%	0.2%		
< 100 sq m	10.6%	15.0%	1.0%	0.3%				

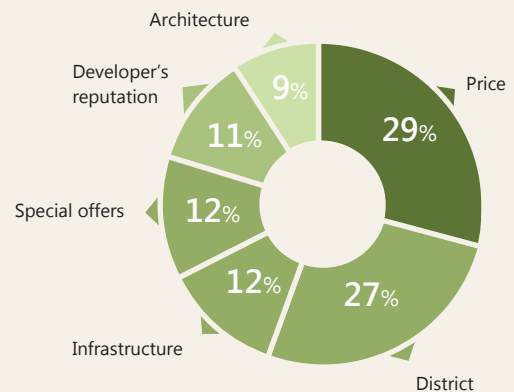
## SUPPLY AND DEMAND DYNAMICS



Since the beginning of the year, the supply stock in the segment of prime residential real estate grew by more than **500 lots** due to the market delivery of seven new projects, as well as the start of sales of new stages in the complexes that were previously available on the market.

## FACTORS INFLUENCING THE DEMAND

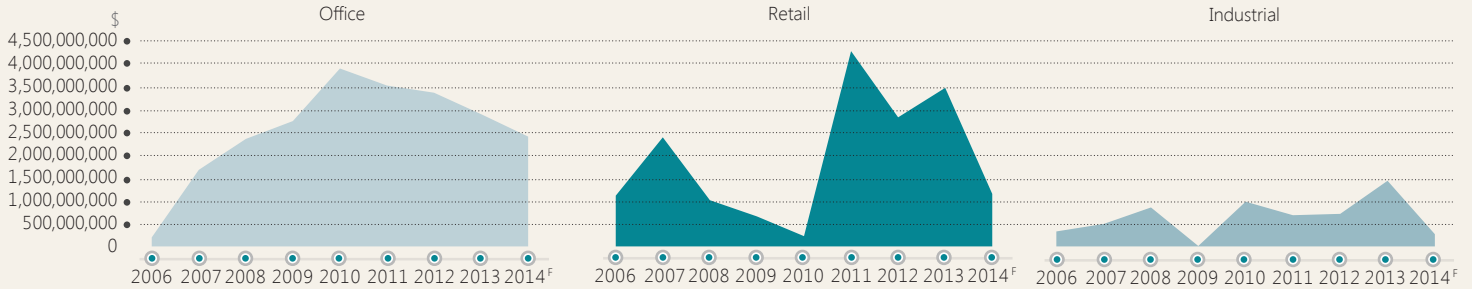
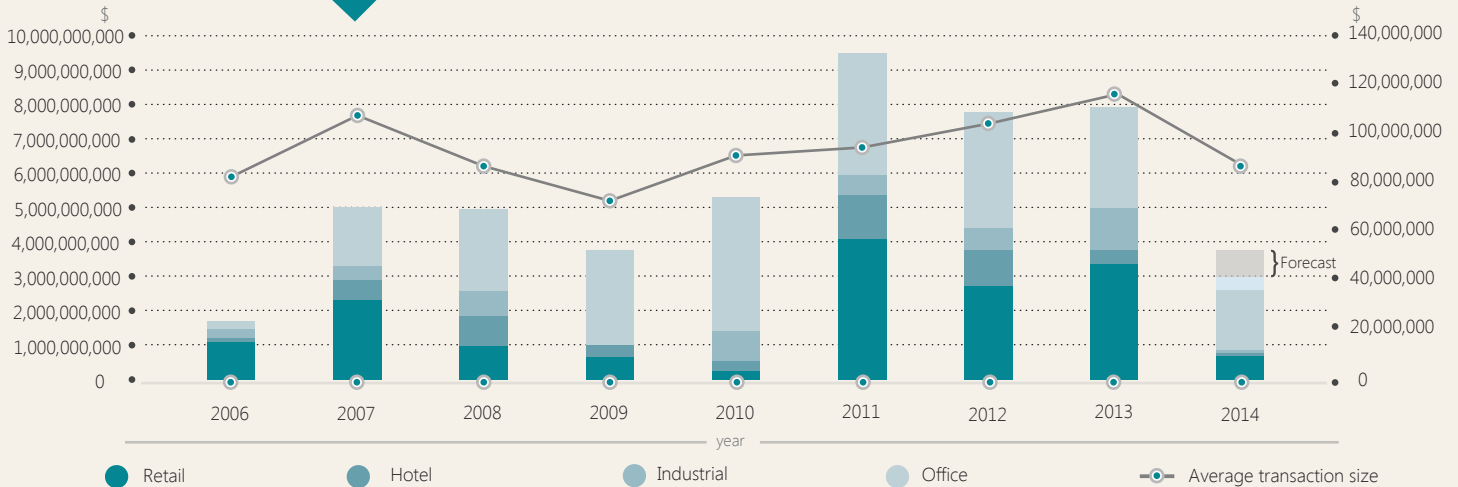
For buyers, the district location and the price are the determining factors in choosing a flat.





# INVESTMENT MARKET

## COMMERCIAL REAL ESTATE INVESTMENT VOLUME DYNAMICS

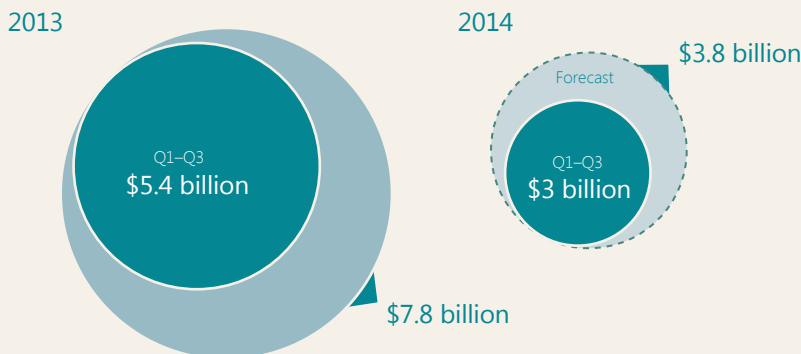


Sixteen investment transactions took place in January–September 2014, with the total volume of approximately **\$ 1.7 billion**

About **\$660 million** (4 transactions) were invested in retail properties in Q1–Q3 2014

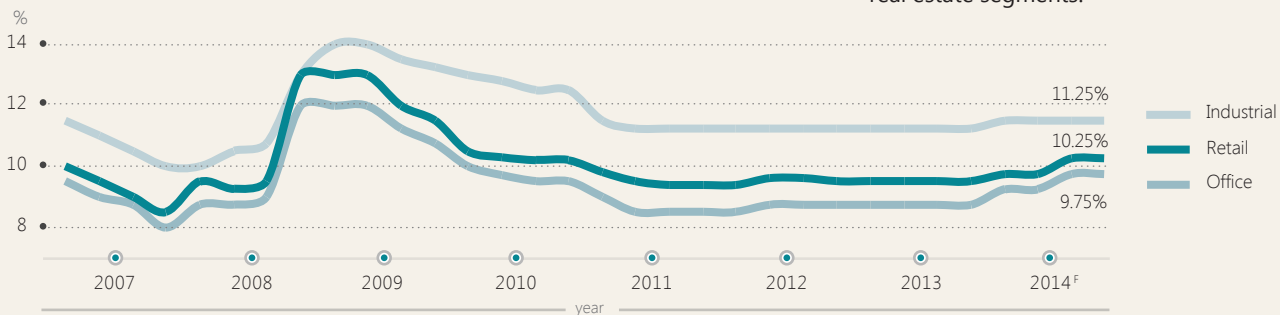
Despite growing investor's interest in industrial market in 2011–2013, only **one Class A warehouse property** was purchased for investment purposes over 9 month of 2014, and the share of warehouse real estate in the total investment volume might reach the lowest level since 2009.

## INVESTMENT VOLUMES 2013 VS 2014



## CAPITALIZATION RATE DYNAMICS

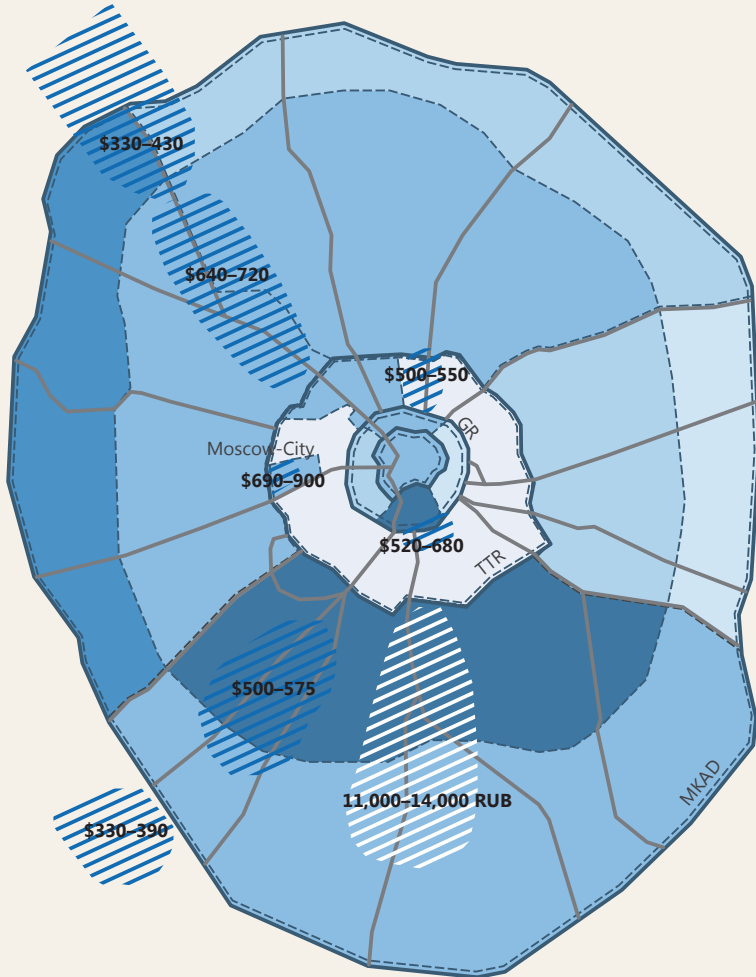
Capitalization rates were revised in all commercial real estate segments.



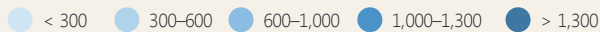


# OFFICE MARKET

## RENTAL RATES AND STOCK BY SUBMARKET



Stock, thousand sq m



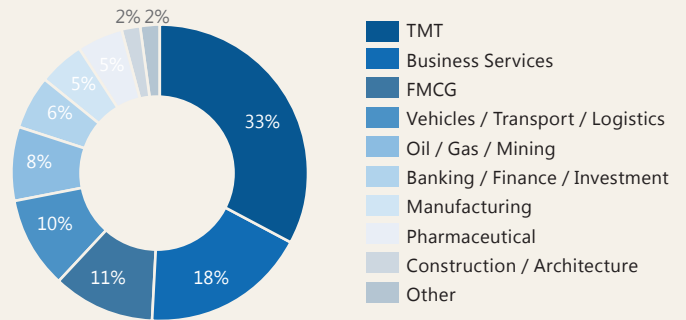
Asking lease rent, \$/sq m/year (triple net)

## KEY INDICATORS

	Class A	Class B
Total stock, million sq m	3.3	11.1
Vacancy rate, %	25.7 (+9.4 p. p.)*	13.7 (+2.2 p. p.)*
Rental rates change, %	-10%*	-8%*
Sale price, \$/sq m	5,200-5,500	3,500-5,500
Capitalization rate, %	9.5-10.0	10.0-11.0

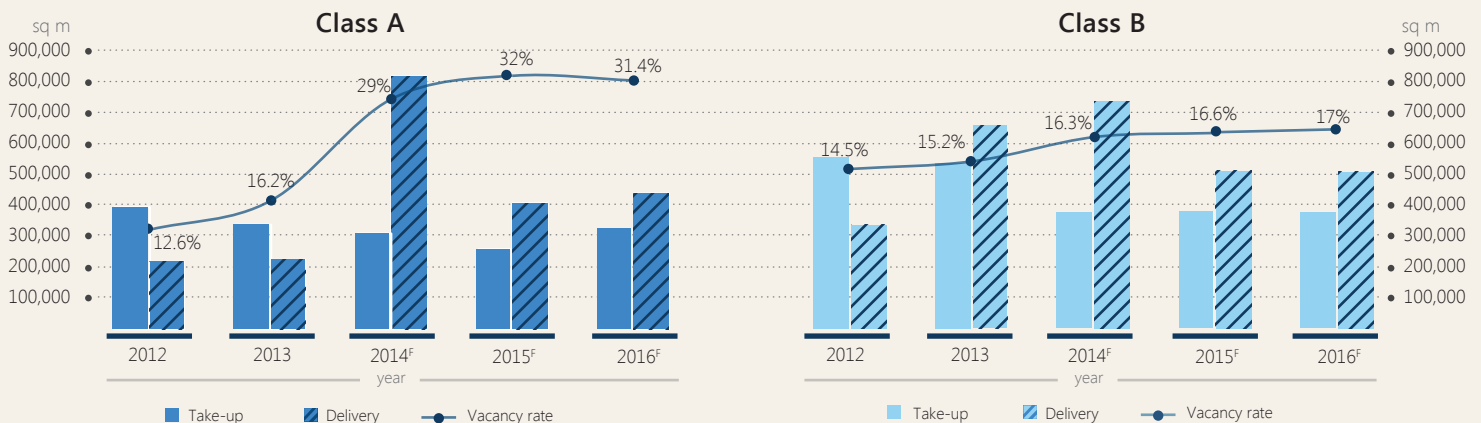
\* Compared to Q4 2013

## DISTRIBUTION OF LEASED AND PURCHASED PREMISES ACCORDING TO COMPANY PROFILE



According to our forecast, class A rental rates will continue to decrease, while Class B indicator will remain stable.

## NEW DELIVERY AND TAKE-UP DYNAMICS

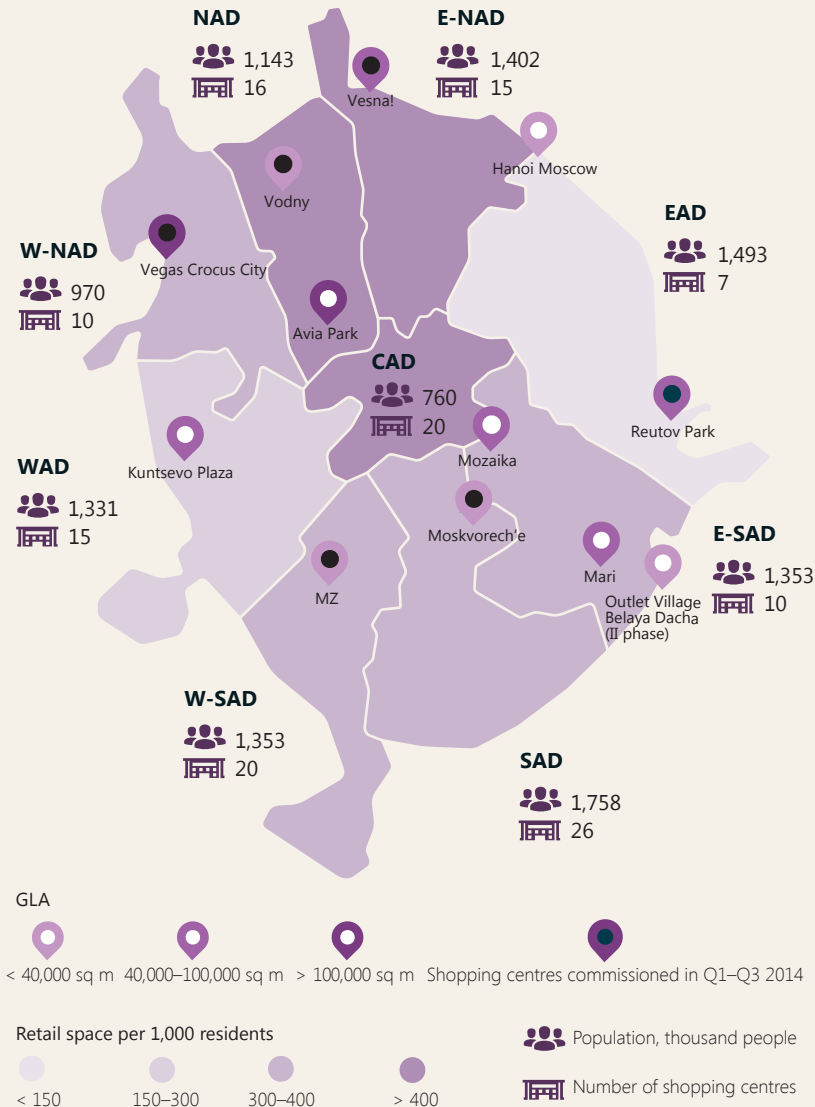


Take-up volume amounted to about 430 thousand sq m, which is almost 45% less than for the same period of the previous year.

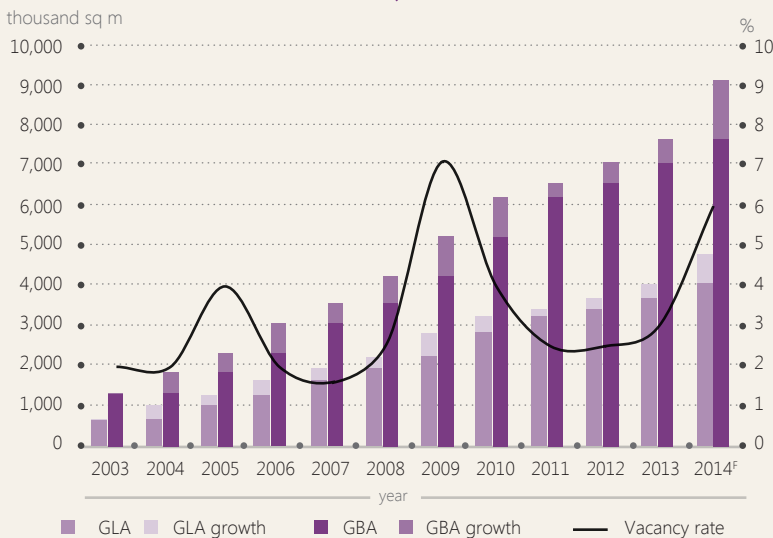


# RETAIL MARKET

## LARGEST SHOPPING CENTRES SCHEDULED FOR COMMISSIONING IN 2014



## MOSCOW SHOPPING CENTRES SUPPLY DYNAMIC

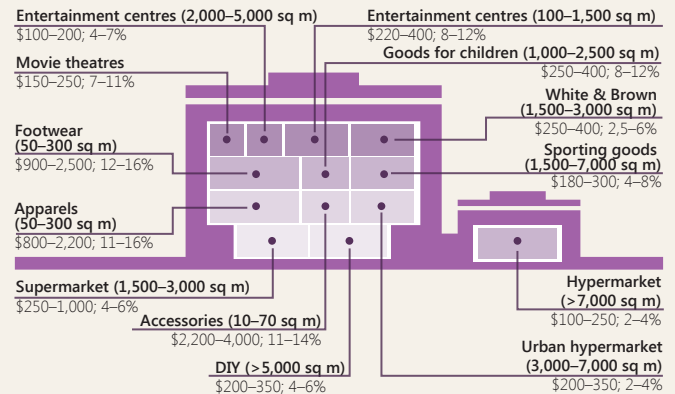


## KEY INDICATORS

Shopping centres stock (GLA) by the end of period million sq m	4.31
Vacancy rate, %	4.0
Average rental rate, \$/sq m/year	100–500 (anchor tenants) 700–4,000 (gallery tenants)
Average sale price, \$/sq m	5,000–8,000
Yield, %	10.0–10.50

A record number of shopping centres were announced for opening in 2014. Since the beginning of the year, six objects were delivered and six more are expected for commissioning. As a result, the growth of supply volume for the year could reach more than 1.5 million sq m (GLA – 740 thousand sq m).

## COMMERCIAL TERMS IN MOSCOW SHOPPING CENTRES\*



\* Fixed lease rate, \$/sq m/year; the share paid based on turnover, %

Lease rates in the best of shopping centres remain the same, developers of less successful projects are often forced to compromise with the tenants, offering them substantial discounts.

## COMMERCIAL TERMS AND PERFORMANCE INDICATORS FOR SHOPPING CENTRES OF REGIONAL FORMAT

A new shopping centre usually starts operating at its normal capacity a year after since its opening, reaching the maximum efficiency towards three years of operation.

Indicator, (% of the maximum)	Period after the shopping centre opening					
	3 months	6 months	1 year	3 years	3–7 year	> 7 year
Base rental rate*	50–70%	70–100%	100%	100%	100%	100%
The share paid based on turnover	100%	100%	100%	100%	100%	100%
OPEX	100%	100%	100%	100%	100%	100%
Attendance	50–60%	60–70%	95–100%	100%	100%	100%
Vacancy rate**	15–17%	10–15%	7–10%	1.5–3%	3–4%	5–6%

\* Rental rate is discounted till the leasing of 70–80% of the shopping centre leasable area

\*\* % of area not leased to the operators

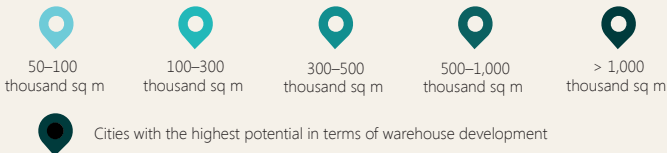


# WAREHOUSE MARKET

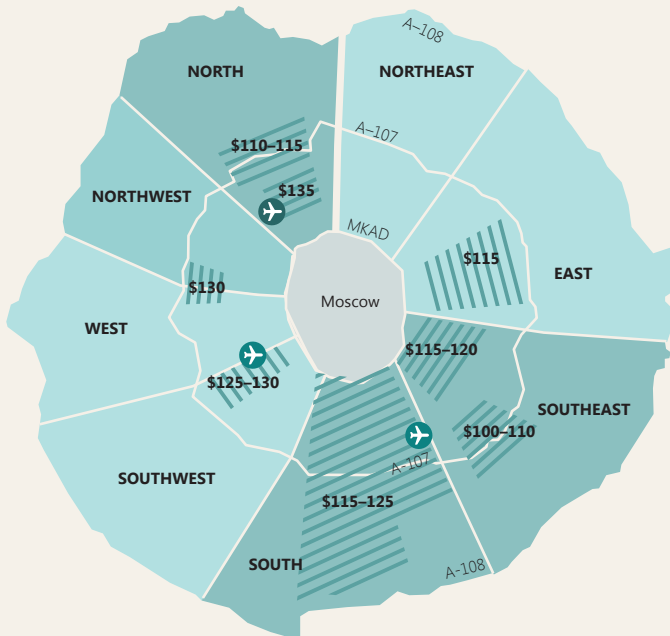
## CITIES WITH THE HIGHEST DEVELOPMENT ACTIVITY



Total volume of planned and/or under construction storage facilities, thousand sq m



## ASKING RENTAL RATES AND VACANT SPACE IN TERMS OF DIRECTION



New supply stock

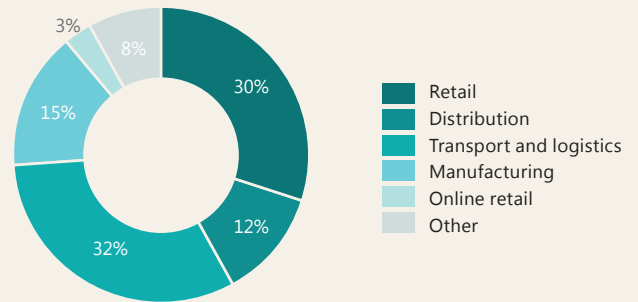
- 20–30%
- 5–10%
- 0–5%
- ▨ \$115 Asking rental rate, \$/sq m/year (triple net)

The market exhibits a massive trend of ruble lease rates denomination: currently **50.4%** of the total vacant space in Class A facilities available for lease are offered with ruble contracts, while **49.6%** – in dollar equivalent. A peculiar geographical currency market segmentation in the Moscow region is worth a notice: the space in projects under construction in the West and Southwest is still being offered mainly in United States dollars.

## KEY INDICATORS

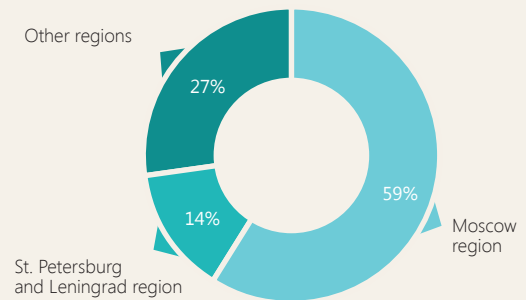
	Class A	Class B
Total stock, million sq m	↑ 6.84	↑ 1.95
Vacancy rate, %	↑ 4.9	↑ 4.0
Rental rate, \$/sq m/year	↓ 100–130	↓ 70–80
Sale price, \$/sq m	→ 1,200–1,400	–
Capitalization rate, %	→ 11.25–11.50	→ 11.00–12.00

## DISTRIBUTION OF LEASED AND PURCHASED PREMISES ACCORDING TO COMPANY PROFILE



The greatest amount of take-up in Q1–3 2014 fell on those areas where active construction of warehouse complexes was underway. Approximately **34%** were leased and purchased in the Southeast (along Novoryazanskoe Highway), the Northern direction (between Leningradskoye and Dmitrovskoye Highways) accounted for about **29%**, while the South (along the Simferopolskoye and Kashirskoye Highways) – for about **17%**.

## GEOGRAPHICAL DISTRIBUTION OF THE TAKE-UP VOLUME



In comparison with Q1–3 2013, the share of regional transactions for the same period in 2014 grew by **19 p. p.** (in absolute terms – 2.5 times). More than a half of all transactions in the regions of the country fell with Novosibirsk, Rostov-on-Don and Yekaterinburg.



# COUNTRY MARKET

## KEY INDICATORS

Supply	2 new residential settlements Zavidovo Honka and Renaissance Park 1,100 households*
Average home ownership price **, \$/sq m	4,150
Average land price, \$/100 sq m	51,000
Number of transactions per month	35

\* Total supply stock

\*\* Including the price of land

## PRICE DYNAMICS



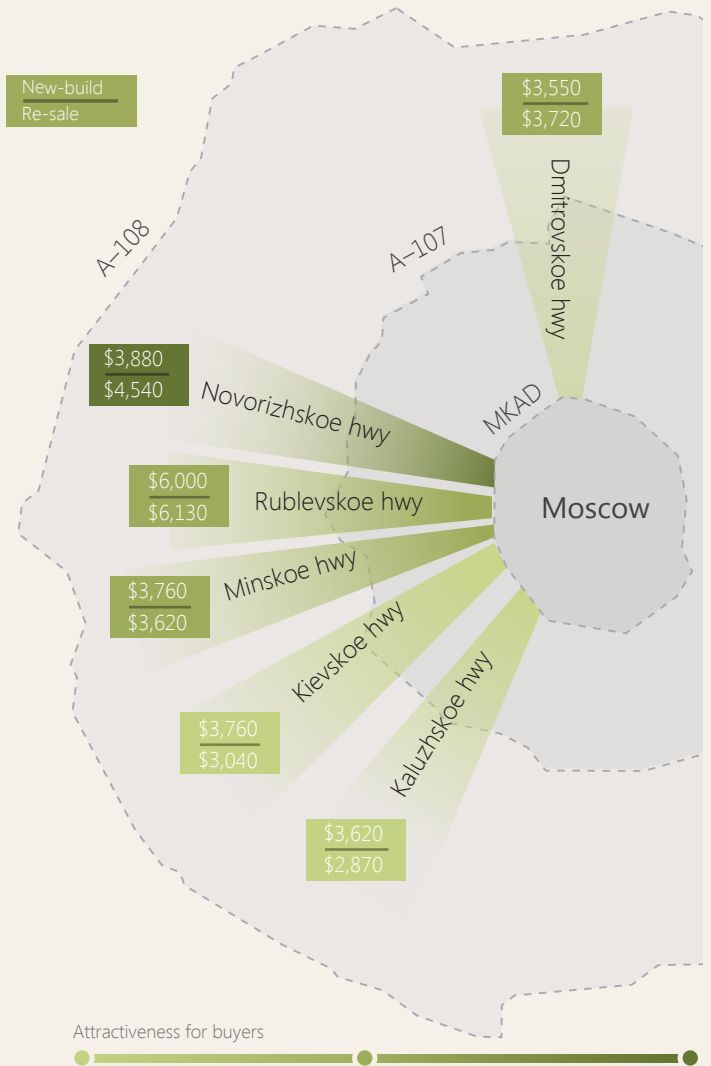
During the first 9 months of 2014, the average prices on the new-builds and re-sales markets were relatively stable. As of September 2014, the average prices of home ownership on the new-builds and re-sales markets was \$4,150 and \$4,300 per square meter respectively.

## NEW-BUILDS MARKET SUPPLY STOCK VOLUME DYNAMICS

During the first 9 months of 2014, 43 new residential cottage settlements appeared on the rural real estate market, positioned in various price segments, they also include two prime projects. Prior to this, for one and a half years, no high-budget settlements appeared on the market.



## AVERAGE ASKING PRICE AND ATTRACTIVENESS FOR BUYERS



Attractiveness for buyers

## HOMEOWNERSHIP ACQUISITION PORTRAYAL



Since the beginning of 2014, the demand for the prime country real estate remained stable; furthermore, Q3 was characterized by a burst of buying activity that is not common for the current season.



26 Valovaya Street  
Lighthouse BC  
Moscow 115054 Russia  
Phone: +7 (495) 981 0000  
Fax: +7 (495) 981 0011  
[www.knightfrank.ru](http://www.knightfrank.ru)

