

Commercial Real Estate - Russia

#MARKETBEAT

Cushman & Wakefield Research Department

Macroreview

Capital Markets

Offices

Retail

Warehouse & Industrial

Hospitality & Tourism

Oct '20

Q3 | 2020

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MARKET INDICATORS



NEW FEATURE - a full set of market indicators in #MARKETBEAT (office, retail, W&I).
You will find an example and link to the Excel table [here](#).

ОФИСНАЯ НЕДВИЖИМОСТЬ / OFFICE MARKET												
МОСКОВСКАЯ АГЛОМЕРАЦИЯ (КЛАССЫ А, В И В-1) / MOSCOW AGGLOMERATION (CLASSES A, B AND B-1)												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	431	497	362	202	158	173	627	418	444	135	108	156
СОВОКУПНЫЕ ПЛОЩАДИ, тыс. кв. м	9 882	11 051	12 059	12 902	13 534	14 510	15 894	16 681	17 116	17 571	17 704	18 087
СТАВКА АРЕНДЫ, руб. за кв. м в год	20 031	15 829	14 734	14 111	16 424	19 160	21 311	22 063	20 044	17 486	19 392	19 981
ДОЛЯ СВОБОДНЫХ ПЛОЩАДЕЙ	9,0%	13,6%	11,1%	9,5%	8,3%	7,8%	12,4%	13,8%	10,0%	11,7%	9,6%	9,3%
ОБЪЕМ СДЕЛОК, тыс. кв. м	1 853	826	1 850	2 025	2 126	1 743	1 267	1 266	1 637	1 917	2 004	2 041
ТОРГОВАЯ НЕДВИЖИМОСТЬ / RETAIL MARKET												
РОССИЯ (ВКЛЮЧАЯ МОСКВУ) / RUSSIA (INCLUDING MOSCOW)												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	1 589	1 387	1 514	1 361	1 917	1 456	2 313	1 877	1 699	616	558	570
СОВОКУПНЫЕ ПЛОЩАДИ, тыс. кв. м	6 932	8 319	9 833	11 194	13 110	14 567	16 879	18 757	20 456	21 072	21 631	22 200
МОСКОВСКАЯ АГЛОМЕРАЦИЯ / MOSCOW AGGLOMERATION												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	431	497	362	202	158	173	627	418	444	135	108	156
СОВОКУПНЫЕ ПЛОЩАДИ, тыс. кв. м	2 131	2 628	2 990	3 192	3 350	3 524	4 151	4 559	5 013	5 148	5 255	5 412
СТАВКА АРЕНДЫ, руб. за кв. м в год	99 480	87 368	88 102	105 804	114 959	121 259	127 380	162 032	145 000	150 000	165 000	175 000
СКЛАДСКАЯ НЕДВИЖИМОСТЬ / WAREHOUSE MARKET (CLASS A)												
РОССИЯ (ВКЛЮЧАЯ МОСКВУ) / RUSSIA (INCLUDING MOSCOW)												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	1 735	1 539										
СОВОКУПНЫЕ ПЛОЩАДИ, тыс. кв. м	5 701	7 241										
МОСКОВСКАЯ АГЛОМЕРАЦИЯ / MOSCOW AGGLOMERATION												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	737	737										
СОВОКУПНЫЕ ПЛОЩАДИ, тыс. кв. м	3 538	4 275	4 650	4 931	5 587	6 591	7 884	9 031	10 256	10 721	11 421	12 235
СТАВКА АРЕНДЫ, руб. за кв. м в год	3 480	3 330	3 340	3 800	4 200	4 300	4 500	4 150	3 650	3 300	3 600	3 900
ДОЛЯ СВОБОДНЫХ ПЛОЩАДЕЙ	2,0%	13,5%	3,9%	1,0%	1,0%	1,5%	6,5%	8,5%	8,3%	7,0%	5,5%	3,0%

GLOBAL CONTEXT

Волатильность на мировых рынках в меньшей степени затронула Россию, где политические события затмили экономические факторы.

#MARKETBEAT

Global context

VOLATILITY OF THE GLOBAL MARKETS - A SEARCH FOR THE FOUNDATION OF A NEW REALITY

- Growth of global tech stock markets create fears of future correction.
- High tech companies' multipliers suggest that industry is overheating.
- Zero interest rates limit opportunities for additional stimulus.

5 | #MARKETBEAT Q3-2020

#MARKETBEAT

Global context

RETURN TO ECONOMIC GROWTH IN 2021 IS A BASIC SCENARIO FOR CORPORATE PLANNING

- However, the global real estate market will hit the bottom only by the end of 2021, and will see recovery in 2022.
- Q4 corporate results will be worse than expected which may lead to largescale revaluation of assets and strategies for 2021.
- The global recession is one of the potential scenarios.

4 | #MARKETBEAT Q3-2020

#MARKETBEAT

Global context

ZERO INTEREST RATE – STRESS TEST FOR INVESTMENT RETURNS

- While decreasing interest rates have a positive impact in general, there are no additional drivers for economic growth. In the face of recessionary indicators governments have a very limited number of instruments for economic stimuli.
- Low profitability is as important for the real estate as fundamental changes in project finance modelling due to the pandemic's negative impact.
- We may see zero yields for some property types and geographies in the near future.

3 | #MARKETBEAT Q3-2020

#MARKETBEAT

Global context

LIVING WITH THE VIRUS INSTEAD OF THE SECOND WAVE LIMITATIONS

- There are no more expectations for virus spread dissemination and prompt vaccination. The economy will have to adapt to the higher-risk environment.
- However, developed countries now have lower levels of panic regarding the virus spread which suggests softer restrictions and limitations.
- Local business currently is in a more advantageous position while global corporations have a threat of management crisis due to geographical isolation.

6 | #MARKETBEAT Q3-2020

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PANDEMIC EFFECT ON THE GLOBAL OFFICE MARKET

Mature Western office markets today: 20% of labor force are office workers, 4.5% of them work from home.

-9,6

mn sq. m

Expected negative absorption on the **global office market** in 2021

[Download report:](#)

GLOBAL OFFICE IMPACT STUDY & RECOVERY TIMING REPORT

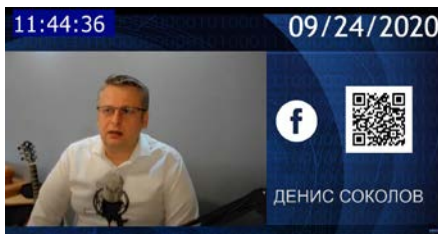
Kevin Thorpe • 9/22/2020



An analysis of COVID-19's impact on the office sector: forecasts and outcomes

[Details in the podcast](#)

[#MarketbeatLive](#) (in Russian)



WFH and social distancing are two main unknown variables for the office market.

While transition to remote work seems successful there are more and more evidence of decreasing work efficiency.

In any case, remote work will not noticeably influence the markets as even an optimistic forecast suggests growth from 4% to 10% in 10-year period. Increase of office work places in the employment structure will be more important for the future development.

Expanding area of office workplaces will have a more noticeable impact on the market. 10-20% increase of each workplace will change the perception of a workplace as tight and uncomfortable.

Global forecast:

- The market will reach the bottom by the second half of 2021.
- Complete office demand recovery is not expected until 2022.
- Vacancy rate will grow from 10% up to 15%.
- Rental rates decrease.

Russia:

- Negative impact of the pandemic is already covered in 2020. The reaction was faster than expected.
- Rental rates will keep stable, but the pandemic absorbed the upside expected at the beginning of this year.

Source: Global Office and Impact Study, Cushman & Wakefield Research, September 2020

INVESTMENT ACTIVITY IN CEE IS STILL HIGH

Czech Republic is the largest investment market in CEE Region.

3

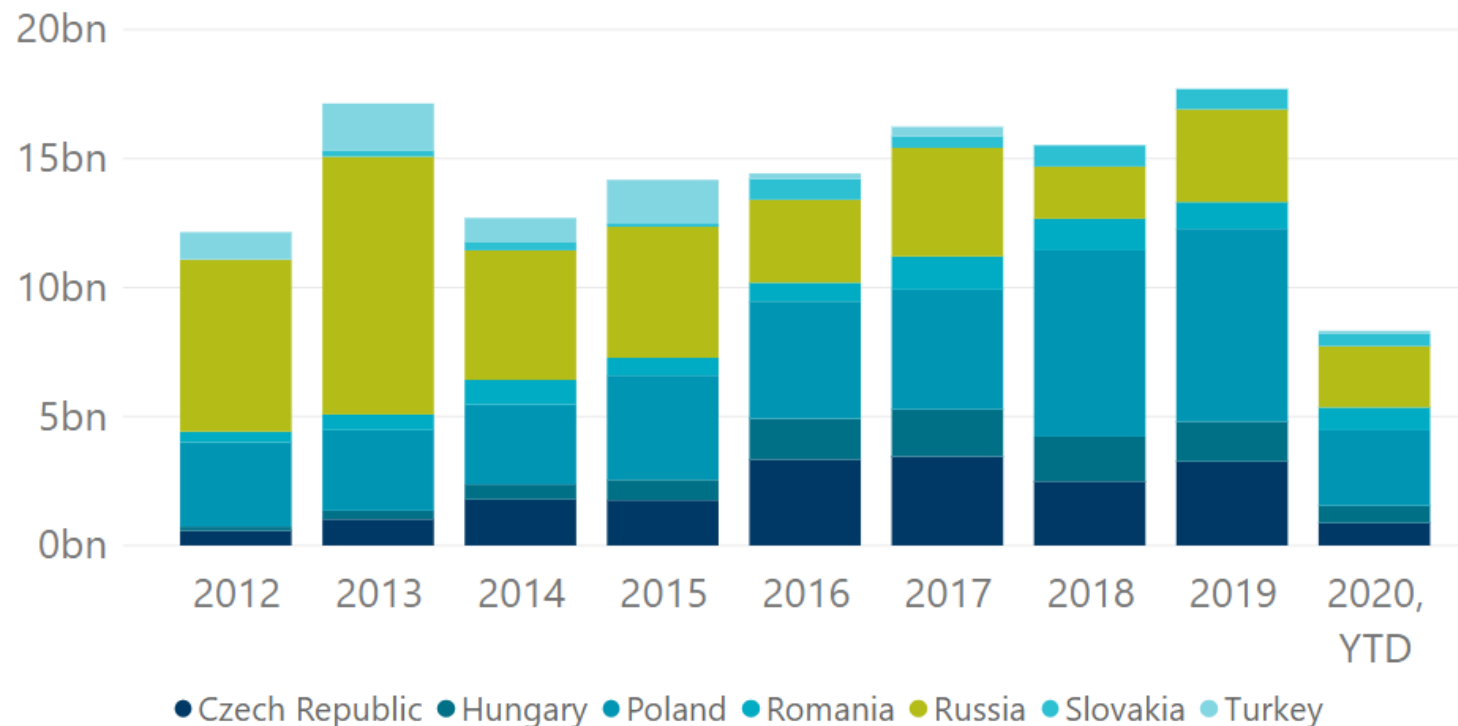
bn EUR

Investments in Czech Republic, Jan-
Sept 2020

REAL CAPITAL ANALYTICS

Source: Real Capital Analytics

Investment volume in the core CEE markets, Q1-3 2020 r., EUR



DIVESTMENTS FROM RUSSIA CONTINUE

Foreign divestments from Russia continue since 2017. More than 1 bn EUR left the local market during the past four years.

396

mn EUR

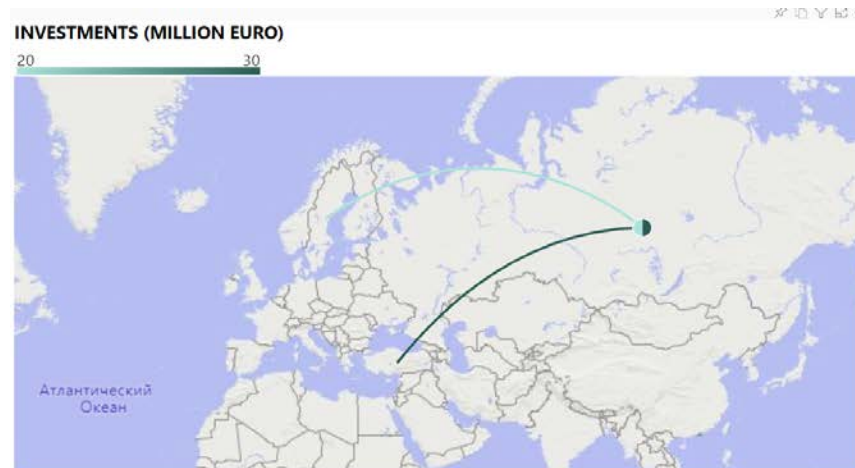
Foreign divestments from Russia in 2019

215

mn EUR

Foreign divestments from Russia in Jan-Oct 2020

Source: Real Capital Analytics



TOTAL INVESTMENTS
mln EURO

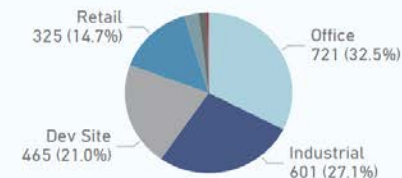
2,217

DOMESTIC

2166

FOREIGN

51

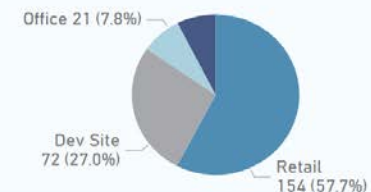


TOTAL DIVESTMENTS
mln EURO

266

NET FLOW
mln EURO

-215



EXPERT OPINION

IQ Interview with Cushman & Wakefield experts from UK, Sweden and Spain. This time our colleagues from EMEA Research discuss the future of the Office Market and Workplace as well as impact of #Covid19 pandemic and government regulations.

CUSHMAN & WAKEFIELD
CELEBRATING 25 YEARS IN RUSSIA

GREG MANSELL
Partner, Head of UK Research & Insight, United Kingdom

RAMIRO J. RODRIGUEZ
PhD, Associate Director, Head of Research & Insight, Spain

ANNIKA EDSTRÖM
Head of What's Next/Research, Sweden

IQ ИНТЕРВЬЮ
#CW_EXPERTS

NEW!

Host – Denis Sokolov, Partner, Head of CEE Research and Insight, Moscow

Participants:

– **Annika Edström**, Head of What's Next/Research, Sweden

– **Greg Mansell**, Head of UK Research & Insight, United Kingdom

– **Ramiro J. Rodriguez**, PhD, Associate Director, Head of Research & Insight, Spain

Russia

MACROREVIEW

- Nominally, the Russian economy is in the list of the least affected by the pandemic. GDP is expected to fall by about 5%, while the Western Europe shows double-digit decline.
- However, the long-term forecasts are not so optimistic. Despite the expected growth of oil prices and low unemployment rate, economic growth will not exceed 3% in 2020-24. It means that the gap between Russia and the global economy will be increasing.

MACRO INDICATORS

	2019	2020	2021	2022	2023
GDP growth, %	1.3	-4,7	2.9	2.6	2.2
RUB/USD	64.7	69.6	68.5	68.2	68.5
CPI, %	4.5	3.7	3.4	3.8	3.8
GDP deflator, %	4.7	-6.6	4.3	8.8	5.6
Interest rate, %	8.84	6.	6.0	6.1	6,26
Current Balance, % of GDP	1.9	-5.2	-4.1	-2.1	-1.4
Private consumption, %	2.5	-7.7	5.1	2.9	1.5
Government spending, %	2.1	-2.7	1.0	0.9	0.7
Unemployment rate, %	4.6	5.7	5.1	5.2	5.2
BRENT crude oil price	64.4	44	53	55	59

Source: Oxford Economics 24.09.2020

DESCENDING ECONOMIC GROWTH UNDER THE PANDEMIC

-4.7%**GDP fall in Russia**

In 2020

1%**Forecasted average annual GDP growth**

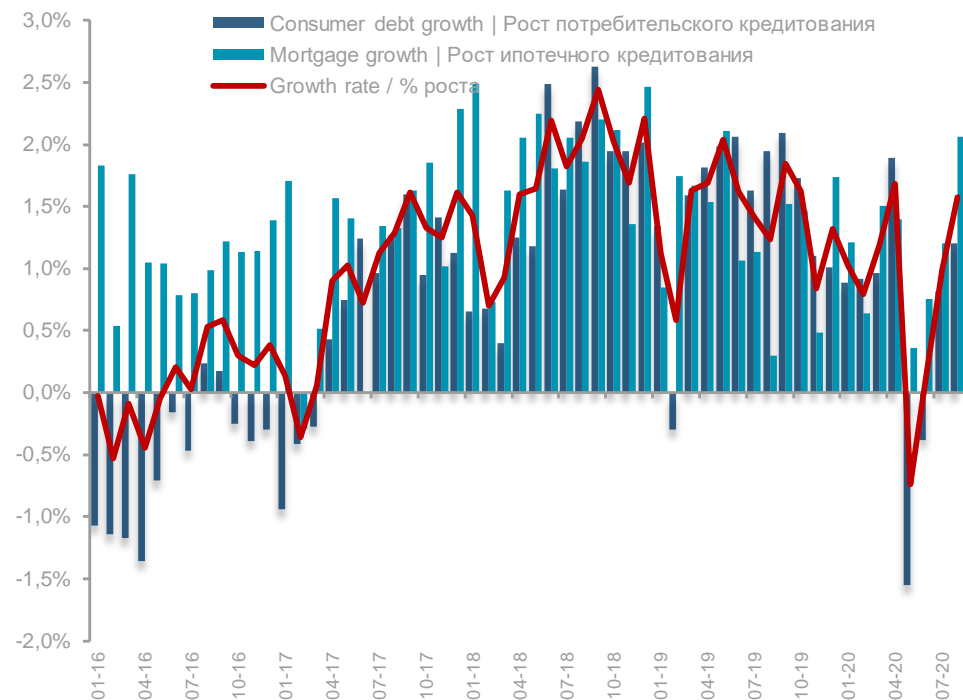
In 2020 – 2025

Source: The Ministry of Economic development, Oxford Economics

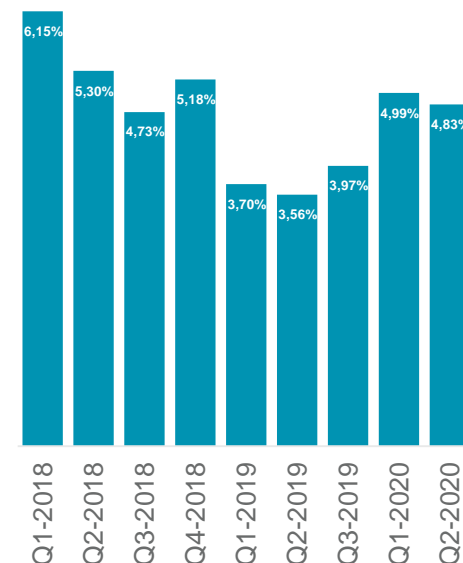
CREDIT MARKET IS LEADING THE RECOVERY

After a short-term drop in April-May, the growth of household debt is back to the level of 2018 – 10-15% year-on-year.

Monthly change in consumer and mortgage household debt



Premature mortgage repayment, % of total debt



Fall of consumer debt against the background of stable growth of mortgage debt is the phenomenon of the pandemic.

This indicates the sustainability of development model, which is based on residential construction. Low mortgage interest rates stimulate population to invest in residential sector.

Consumer market remains the most sensitive segment to economic shocks.

Q4 – EXPECTATIONS OF INVESTMENT PAUSE

The start of the year was positive. Even despite the pandemic, investment into commercial real estate still exceeds the figure of the last year. However, compared to Q4 2019, when we saw the investment boom, this year the market will most likely slow down at the year end. The annual investment volume expected to be around 3 bn EUR.

+40%

Investment in Russia

In Q1-Q3 2020 compared to Q1-Q3 2019

3

bn EUR

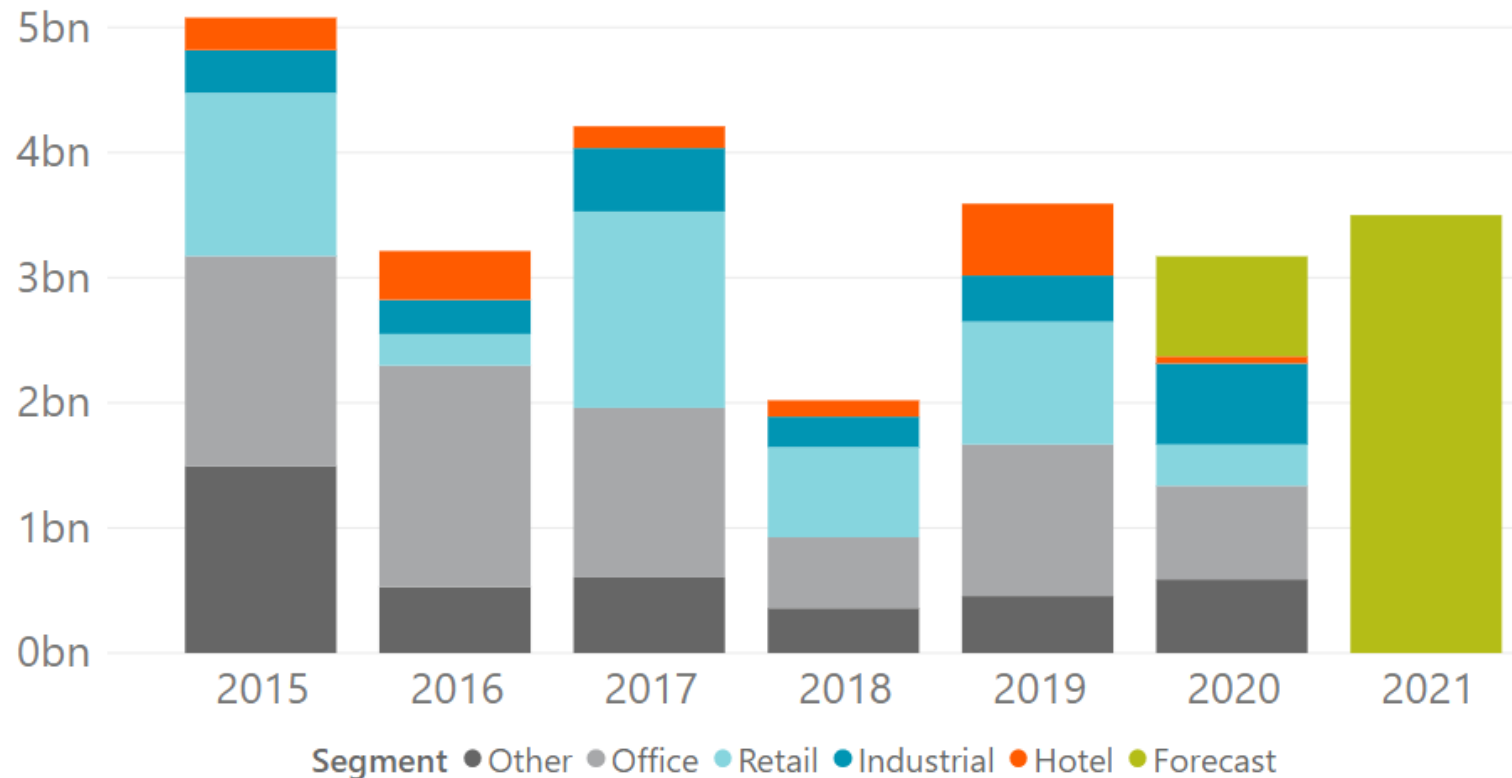
Investment in Russia, Forecast for 2020

3,5

bn EUR

Investment in Russia, Forecast for 2021

Source: Real Capital Analytics, Cushman & Wakefield





Actual topic

IDEAS

- The Russian economy has made it through the first wave of closures relatively well, however the recovery may be long and painful.
- We will most likely see soft measures for the second wave – recommendations for business, prolonged vacations in schools, restricted mask regime.
- Residential construction, the key driver of the economy, should have enough impetus for several years.
- Stock market is a topical investment idea. It can become a major financial source for companies.

SUPER AGGLOMERATIONS: THE RUSSIAN ARCHIPELAGO

The analysts at Cushman & Wakefield developed the “archipelago” model which is aimed on spatial analysis of Russia. The country is represented as a set of “islands”, which are comparable by population density and economic functions. Each “island” is a super agglomeration, which consists of the cities with population of more than 50,000 inhabitants that are attracted to the single center.



If you wish to use this model, please contact us for the outlines of super agglomerations.

A steam locomotive is shown from a low angle, moving along tracks. It is emitting a large, thick plume of white smoke that fills the upper left portion of the frame. The locomotive is dark-colored with some lighter details. The tracks recede into the distance under a clear blue sky.

OFFICES

- New construction activity is gradually increasing. In Q3 2020, new construction exceeded the Q2 2020 indicator by several times. However, we do not expect the indicator to reach the level of 2019.
- The first 10 months' take-up is lower than the same indicator of 2019 by 25%.
- The vacancy rate growth is equal to 2.7 p.p. compared to 2019. The sublease supply increased.

MOSCOW Q1-3 2020

Classes **A**, **B+** & **B-**

18.24 mn sq. m

Total stock of office buildings

148 '000 sq. m

New construction

2.2 mn sq. m (12%)

Vacancy

1.1 mn sq. m

Take-up

9%

Capitalization rate, prime office segment

Offices

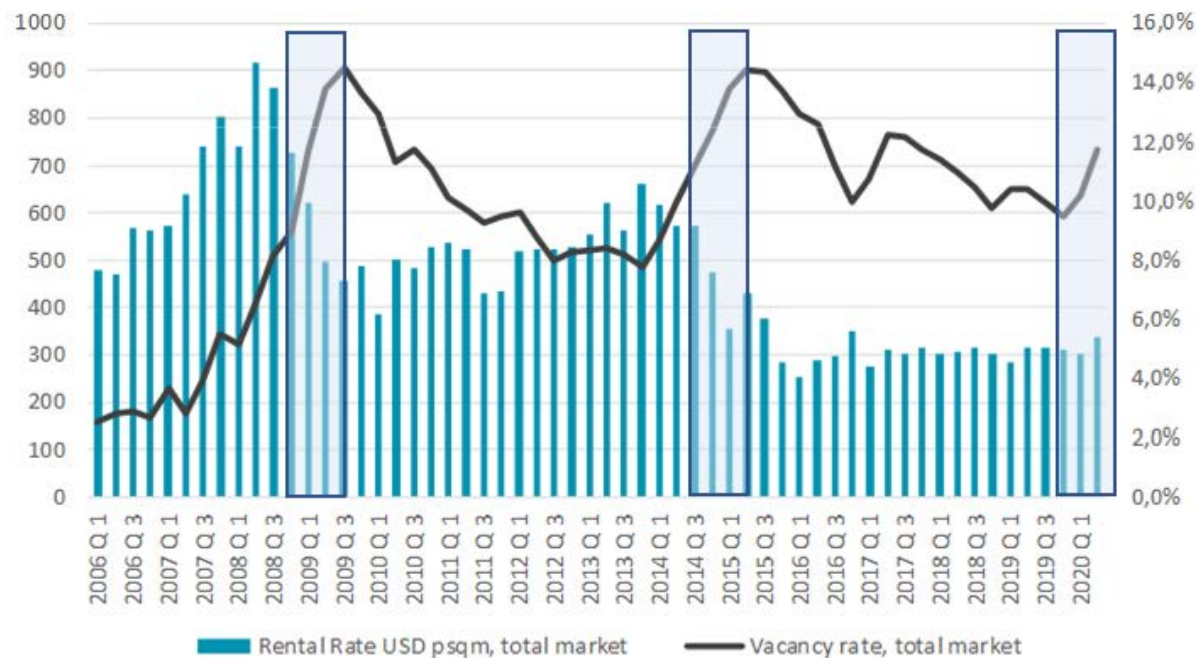
THE PENT-UP DEMAND EFFECT IS MOVED TO 2021

In Q3 2020 take-up didn't increase significantly. In case of negotiation processes intensifying in Q4 2020, new deals will take place in 2021.

MOSCOW OFFICE MARKET: OIL CRISES EFFECT

The crises of 2008 and 2014 were a challenge for the Moscow office market, while the segment entered 2020 more balanced, so the impact of the pandemic and oil prices decline on the office indicators will be moderate.

Volatility of the office market during the oil crises



After the booming 2000s, the real estate market was overwhelmed when the GFC hit. The fall of oil prices led to the devaluation of the local currency. This weakened the economy during a substantial construction boom in 2008. As a result, the office market experienced a sharp drop of USD rental rates (-37%), a rapid growth of vacancy averaging 4.8 p.p. and take-up fall at 55% in 2009. In some newly developed office areas, the vacancy reached 20%. The market began to balance in 2010 as oil price stabilized, although rental rates never returned to the pre-crisis level.

The next shock occurred from 2014 to 2015 when oil prices decrease was multiplied in Russia by the Western sanctions that led to a deep devaluation of the local currency and resulted in changes to the office market. The market shifted from USD to local currency, and construction volumes started to decrease twofold almost every year. In mid-2016, a number of large office deals with federal ministries and companies with state participation stabilized the market.

Currently, the Moscow market is tight and construction activity remains limited. Supply and demand balance is healthy and rental rates in the local currency are competitive and sustainable to exchange rate fluctuations. Furthermore, there is a lack of quality consolidated blocks which will bolster the absorption of new construction.

NEW SUPPLY

Q3 2020 new construction exceeded the indicator of the previous quarter by several times. Despite the increase in construction activity, a significant number of deliveries were postponed to later periods.

148

'000 sq. m

New construction

Q1-3 2020

195

'000 sq. m

New construction

2020F

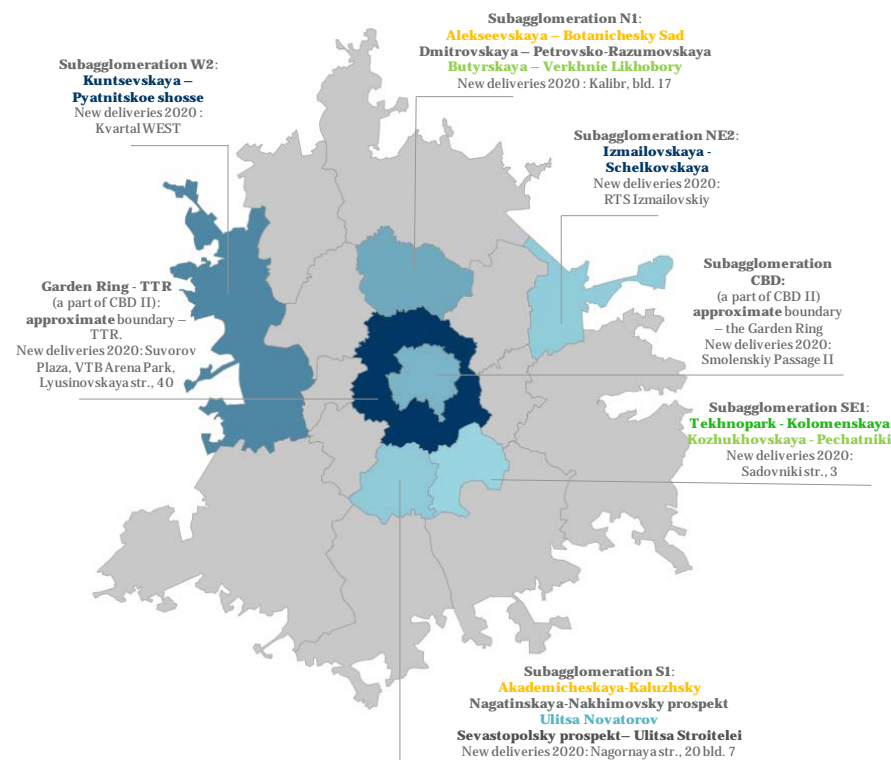
Source: Cushman & Wakefield

New construction in Q3 2020 amounted to 54,245 sq. m. VTB Arena Park (class A business center) covers 53% of the new construction. The remaining 47% are represented by Class B properties located in the North and North-East of Moscow. New construction of the first 2 quarters is 33% less than it was last year.

The 2020 deliveries are predominately located in the area between the Garden Ring and the Third Transport Ring and in districts adjacent to the Third Transport Ring.

The Moscow office market key trends are Central Business District expansion to the Third Transport Ring border and the development of business clusters on the periphery (often on former industrial territories).

Moscow subagglomerations: new supply 2020



212,000 sqm

business district total area

85,000 sqm

total office area

8,500 sqm

infrastructure area

(cafes, restaurants & shops)

 **SKOLKOVO
PARK** ДЕЛОВОЙ
КВАРТАЛ



BUSINESS LIVES HERE
CUSHMAN & WAKEFIELD EXCLUSIVE

DEMAND

In Q3 2020 the take-up increased compared to low results of the last quarter. However, the indicator will not reach the level of the previous year in the mid-term.

1.1

mn sq. m

Take-up (lease and sale deals)

Jan-Oct 2020

1.4

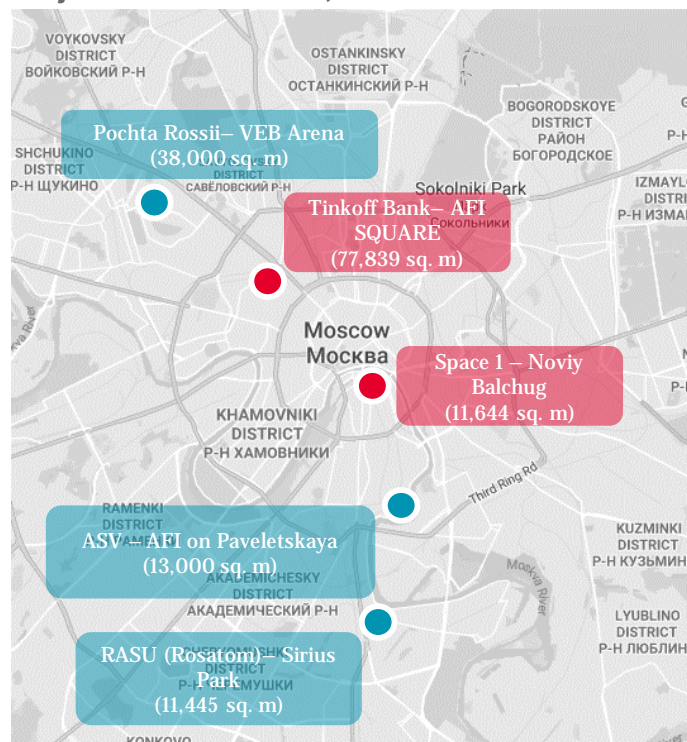
mn sq. m

Take-up (lease and sale deals)

2020F

Source: Cushman & Wakefield

Major new lease deals, Q1-3 2020



● Class A ● Class B (B+ & B-)

In Q3 2020 take-up increased by 20% compared to the previous quarter and amounted to 391,000 sq. m. Despite the indicator's increase, the robust market recovery and pent-up demand effect are moved to later periods. The Q1-3 2020 take-up is 25% lower than the result of Q1-3 2019. Negotiation processes of the deals that were closed in Q2-3 2020 were in active phase before the covid period.

Tenants are searching for saving in the course of business optimisation. As a result, their interest is focused on Class B properties. In Q3 2020 Class A take-up is 20% lower than in Q2 2020.

Demand structure is stable. Companies with government participation, banking structures, IT-companies and flexible workspace operators are still among the most active on the market.

FLEXIBLE WORKSPACE

Flexible workspace operators are still active market players both as tenants and landlords.

220
'000 sq. m

Total stock of flexible workspace
October 2020

76%

Chain operators share
October 2020

Source: Cushman & Wakefield

Major deals with flexible workspace, Q1-3 2020

No	Coworking name	Area rented, sq. m	Tenant	Quarter
1	WeWork Arcus III	3,457	City Mobil	Q2
2	S.O.K Federation	3,400	OZON	Q3
3	Space 1 Arbat	3,180	FSK	Q3
4	Workki Neo Geo	2,584	Gazpromneft - SM	Q1
5	Klyuch Sirius Park	2,514	GreenAtom	Q3

The demand for flexible offices is still high. Flexible workspaces are gradually becoming an important element of workplace ecosystem.

Space 1, one of the segment leaders, was involved in 2 out of 5 largest deals of the quarter. The company rented 11,644 sq. m in BC Noviy Balchug and 3,250 sq. m in Mercury Tower. Deals in flexible workspaces cover 19% of lease deals with participation of the major consultants in Q3 2020.

Key segment trends:

- More and more market players choose either operator model or built-to-suit approach, when preliminary agreement with potential tenant is crucial for signing lease agreement by operator.
- Increase in corporate clients' interest in flexible workspace.
- Chain operators will continue optimization of their portfolios in order to maximize the economic benefit.

EXPERTS' OPINION

For more insights on the office market watch ***IQ Interview Clients*** from Cushman & Wakefield with Sergey Riabokobylko, Executive Partner, General Director, Cushman & Wakefield and Pavel Fiodorov, CEO, Space 1.



“

The new office is our reflection and an additional proof that Cushman & Wakefield is a modern and innovative company. The location in the XIX century mansion feels like emotional connection to the history of the city.

Natalia Nikitina,
Partner, Head of Office Group



”

Space 1

VACANT OFFICE PREMISES

As a result of low tenants' activity during the past 2 quarters, vacancy rate increased by 0.8 p.p. compared to Q2. We expect the indicator to be stable till the end of 2020.

12 %

Vacancy rate, October 2020

Classes A and B (B+ & B-)

2.2 mn sq. m

Vacant premises, October 2020

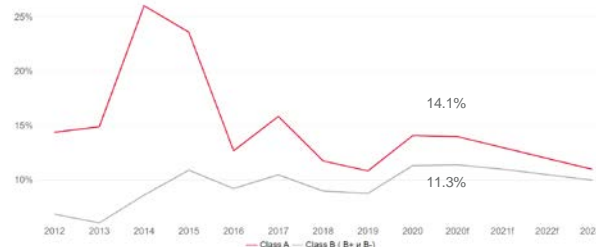
Classes A and B (B+ & B-)

12 %

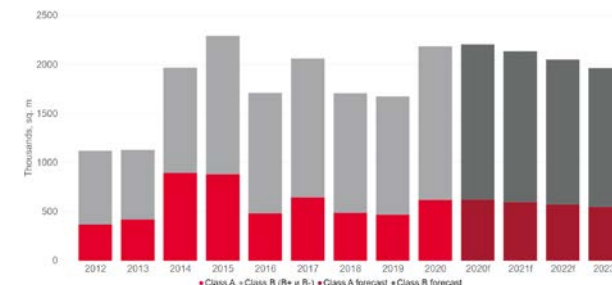
Vacancy rate, 2020F

Classes A and B (B+ & B-)

Vacancy rates



Vacant premises



In Q3 2020 vacancy rate amounted to 12%, that is 2.7 p.p. higher than in 2019. The indicator's increase in class A is higher than in class B (3.3 p.p. and 2.5 p.p. respectively).

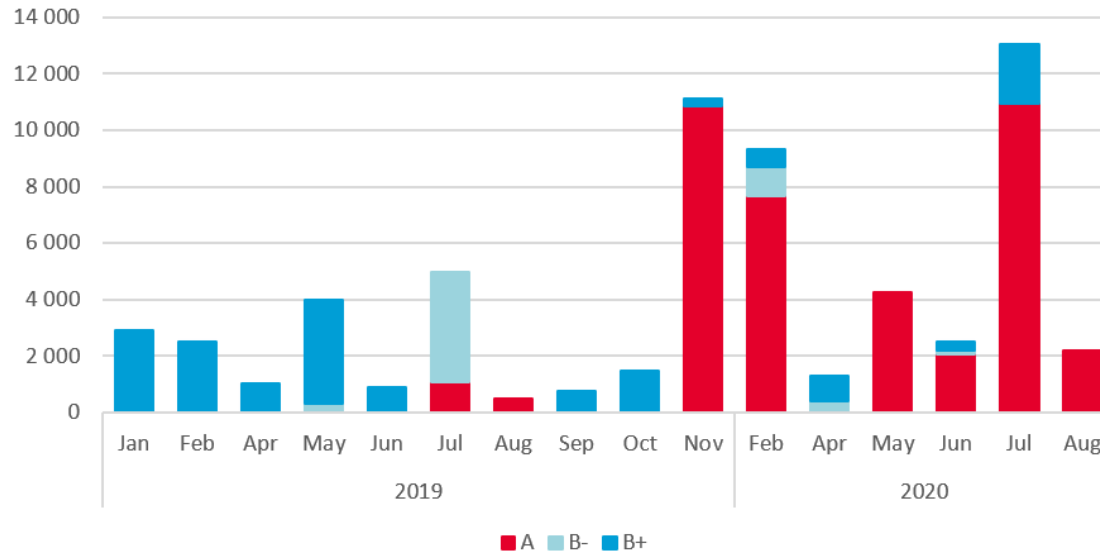
The indicator's increase was caused by several factors. First of all, office premises that entered the market in Q2, were not absorbed by the end of Q3. Secondly, some tenants decided to reduce the occupied space after the lockdown and these premises increased the market vacancy. New deliveries of the quarter and increased sublease offers also had an impact on the vacancy rate. The impact of the latter factor is minimal because sublease represents only 2% of the total market vacancy.

Source: Cushman & Wakefield

SUBLEASE: NO DRAMA

The sublease open vacancies increased by 3 times in Q1-3 2020 compared to the same period of 2019. Although the share of sublease in total vacancy is still minimal.

Sublease vacancies by open dates, sq. m



Due to the implementation of work-from-home and pandemic consequences companies started costs' optimization process in Q2-3 2020.

32,700 sq. m of new sublease premises entered the market in Q1-3 2020 and 27,000 sq. m of them are located in class A properties. For comparison, in Q1-3 2019 the sublease supply amounted to 17,600 sq. m.

The majority of the last year's sublease vacancy was concentrated in Class B properties, while currently Class A premises dominate in sublease structure. More than 40% of office space are exposed by international consulting companies, 32% - premises from banking and IT companies. These organizations prefer prime business centers to accommodate their employees, that was the main reason why class A sublease prevails on the market.

Until the end of the year, 7,000 -10,000 sq. m of sublease may enter the market. However, new vacancies from existing tenants will not have a strong impact on the vacancy rate.

Source: Cushman & Wakefield

ABSORPTION

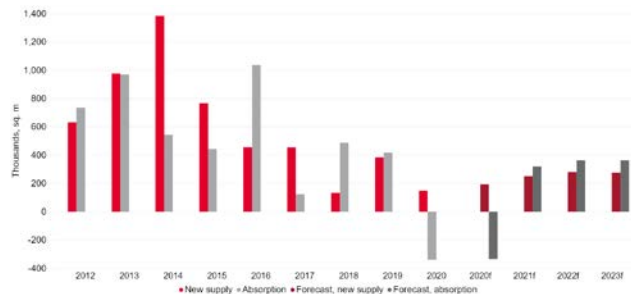
Office premises that entered the market in Q2-3 2020 have not been absorbed. The indicator is still in the negative zone.

-376
'000 sq. m

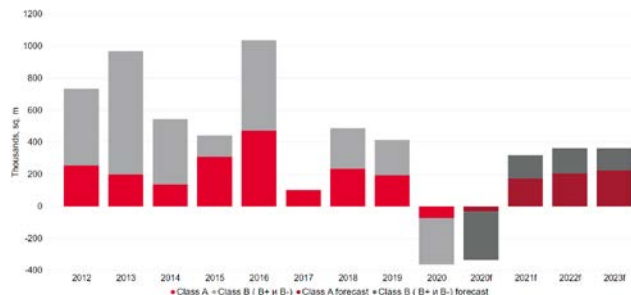
Absorption in Jan-Oct 2020

Source: Cushman & Wakefield

Absorption and new construction

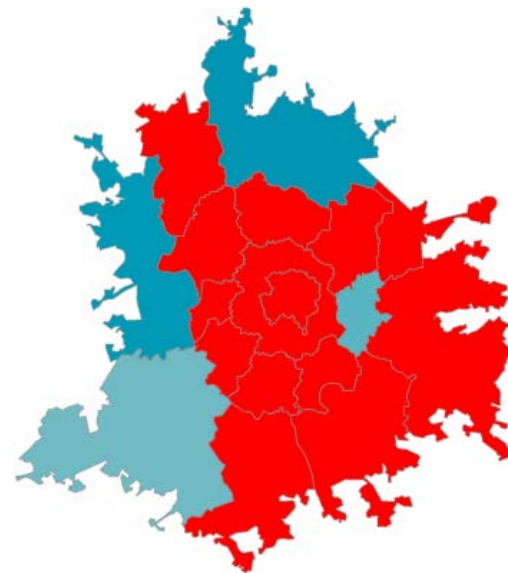


Absorption by classes



Absorption is an indicator that reflects the difference between the area occupied at the beginning and at the end of the period. *Positive absorption* means that additional vacant office premises are “absorbed” from the market. *Negative absorption* reflects the opposite - release of additional office space, which together with new construction leads to vacancy.

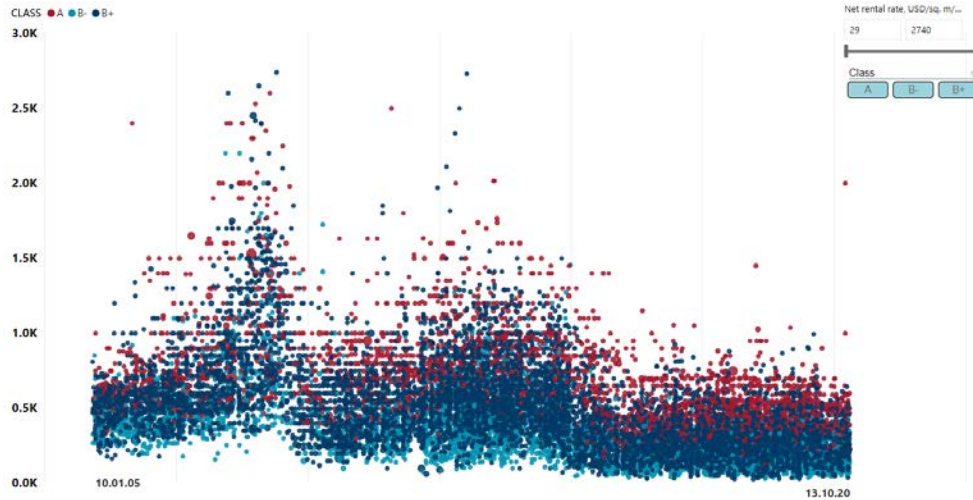
Absorption by Moscow subagglomerations



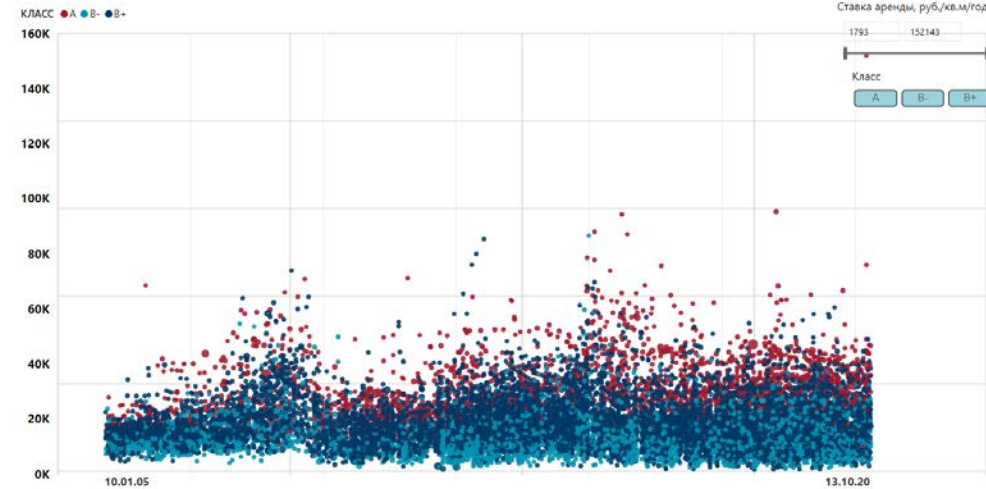
*Red color indicates negative absorption, blue – positive.

LEASE DEALS IN MOSCOW

Rental rates in USD equivalent



Rental rates in RUB equivalent



- The dots on the chart are office lease deals. The horizontal axis represents the date of the deal, and the vertical axis shows the rental rate in USD or RUB equivalent.
- Using the link or QR code, you can access an interactive graphic that displays the details of each transaction.



RENTAL RATES

The indicator decreased significantly compared to the previous quarter. However, average rental rate for the 10 months is still higher than the level of 2019.

297

USD / sq. m annum

January – October 2020

US Dollar equivalent (all deals in classes A and B)

20,844

RUB / sq. m annum

January – October 2020

Ruble equivalent (all deals in classes A and B)

Rental rates are exclusive of VAT and operational expenses

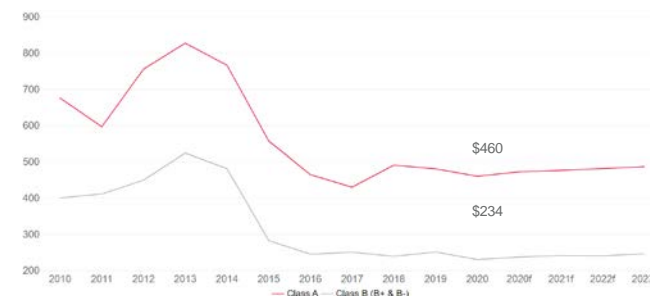
Source: Cushman & Wakefield

Due to high tenants' activity in Q1 2020 and 78,000 sq. m lease deal (Tinkoff) in the prime property in Q2 2020, rental rate for the 10 months is still higher than the level of 2019. However, the indicator's growth is slowing down. In Q3 2020 rental rates decreased by 18.5% compared to the previous quarter. The indicator decreased by 5% in class A, in class B – 3.3%. The dynamics is not dramatic because without Tinkoff's deal, there would not be such noticeable drop in Q3.

In Q3 2020 the average Ruble equivalent of rental rate in Class A is 31,349 Rubles/ sq. m/year (424 USD/ sq. m/year). The average Ruble equivalent of rental rate in Class B is 15,330 Rubles/ sq. m/year (208 USD/ sq. m/year).

In the short-term (1-2 quarters), rental rates will be stable. In the mid-term (2-3 years), we expect rental rates increase to be at the level of inflation (3-5%).

Rental rates in US Dollars*



Rental rates in Russian Rubles*



*Data for 2020 :

2020 – year-to-date indicator (January – October 2020)

2020F – forecast for 2020

RETAIL

- Even though the official forecast for the consumer market was improved, retail turnover and real disposable income are still expected to remain in the negative zone in 2020.
- The lag in footfall in Moscow shopping centers decreased from 40-50% in June to 20% in September compared to the last year. Further growth of footfall is not expected in 2020.
- The short period of sales growth in July-August, which was stimulated by the pent-up demand, is over. Retailers now report the decline of turnover compared to figures of the last year.

5.5 mn sq. m

Total quality stock in Moscow

In quality shopping centers, mixed-use buildings, outlets, and retail parks

149 '000 sq. m

New construction, Moscow, H1 2020

Retail properties with GLA of more than 15,000 sq. m

230 '000 sq. m

New construction, Moscow, 2020F

Retail properties with GLA of more than 15,000 sq. m

9.5 %

Capitalization rate

Prime shopping centers, Moscow

Retail

RETAIL IS ALIVE

We still see the market being active - even though the opening of many shopping centers was moved to a later date, and some retailers feel the drop in sales and announce business optimization.

Operators are testing new formats, developing online channels and implementing technologies. Developers are not only completing the construction of shopping centers, but also starting the development of new projects.

WEAK CONSUMER MARKET HOLDS BACK THE GROWTH OF RETAILERS' TURNOVER AND FOOTFALL IN SHOPPING CENTERS

Retail turnover and real disposable income will return to the level of 2019 not earlier than in 2022.

-4.2%

Retail turnover

Forecast for 2020

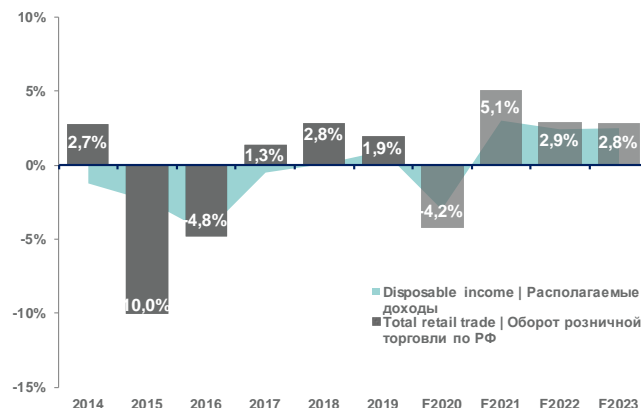
-3%

Real disposable income

Forecast for 2020

Source: Rosstat, The Ministry of Economic Development, September 2020

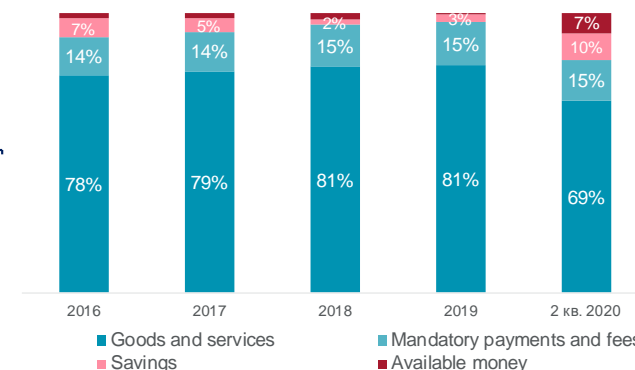
Consumer market



After a fall in April-May (-22.6 and 18.6%, correspondingly), the retail turnover is recovering – in September it showed -3% compared to the same period of the last year, and in January-September 2020 the indicator dropped by 4.8%.

In 2020, the consumer market is expected to remain in the negative zone.

Personal income allocation

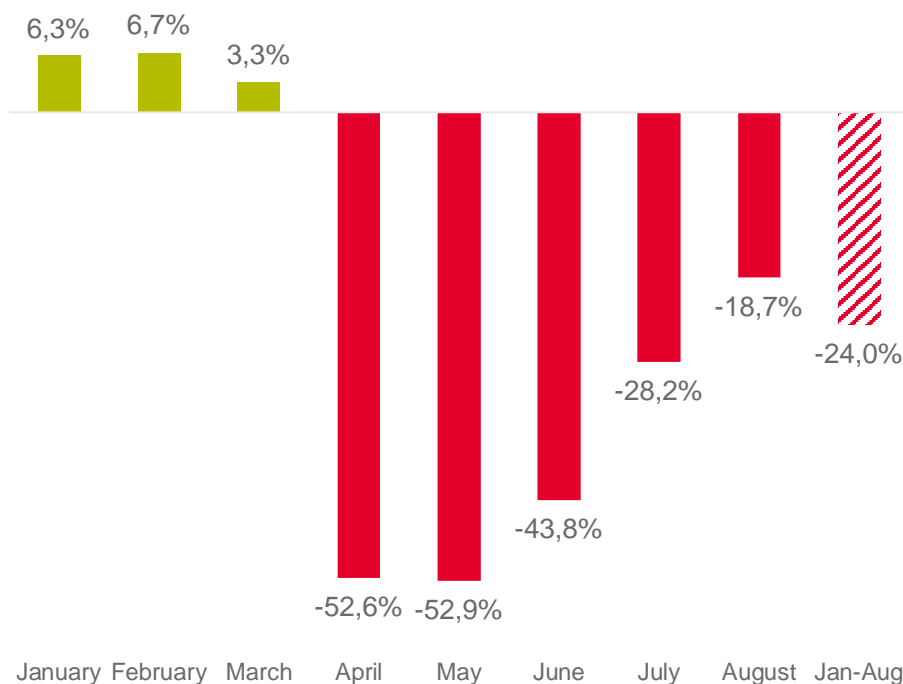


In Q2 2020, the structure of personal income allocation has changed significantly – the share of spending on goods and services was at the lowest level for the last 7 years. People cut their spending and kept cash in hand – the share of available money and savings showed an increase.

CATERING TURNOVER DIDN'T RECOVER

Public catering is one of the most affected segments during the pandemic. According to the forecast of NPD Group, the market will fall by 22% in 2020.

Catering turnover in Russia in 2020 compared to 2019



The F&B segment was almost completely paralyzed during the pandemic (the only options of operation were take away and delivery services).

Unlike the retail sales indicator, the catering turnover is recovering slowly - restaurants and cafés in some regions of Russia remained closed till the end of summer. Also, against the background of limited financial resources of population, F&B segment became one of the first categories to save money on.

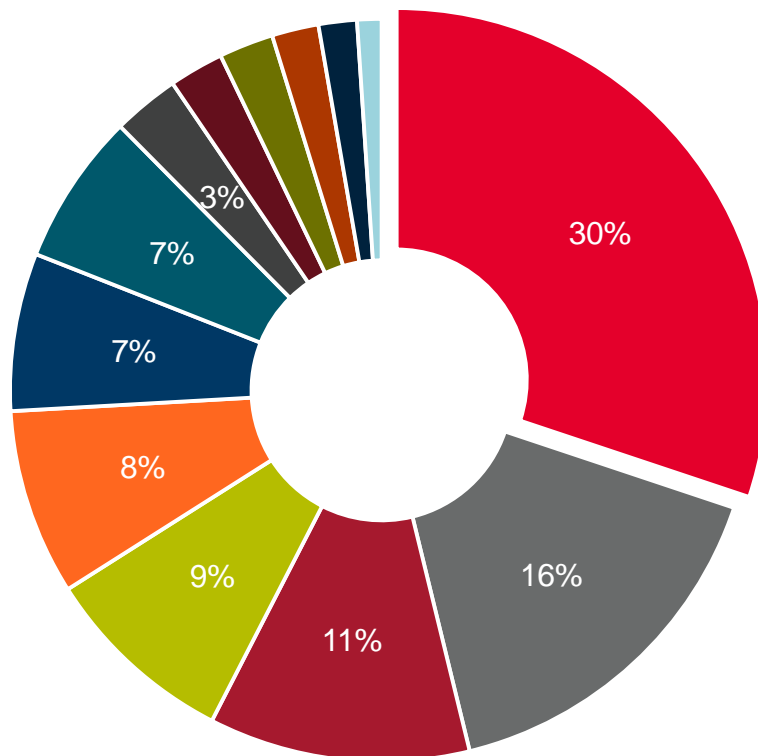
Pandemic had a positive impact on food delivery sector, which has been actively developing over the last few years. According to NDP Group, this segment doubled in July 2020 compared to July 2019.

Source: Rosstat

Retail

RUSSIA IS A LEADER OF NEW CONSTRUCTION IN EUROPE

30% - the share of Russia in the structure of new retail space delivered to the market in H1 2020 in Europe.



New construction in Europe in H1 2020 fell by more than 50% compared to the same indicator of the last year. The construction volume dropped due to the pandemic – openings of many projects were moved to a later date.

Even though Russia also shows decrease in construction activity (-40% compared to H1 2019), the country remains the leader among the European countries – both by new construction volume in H1 2020, and by retail space pipeline for H2 2020-2021.

NEW RECORD OF NEW CONSTRUCTION

In 2020, new construction in Russia will show the lowest level in the last 10 years. Pandemic, low retailers' activity and delay in opening of the shopping centers will negatively affect the indicator.

400

'000 sq. m

New construction in Russia, incl. Moscow

Forecast for 2020

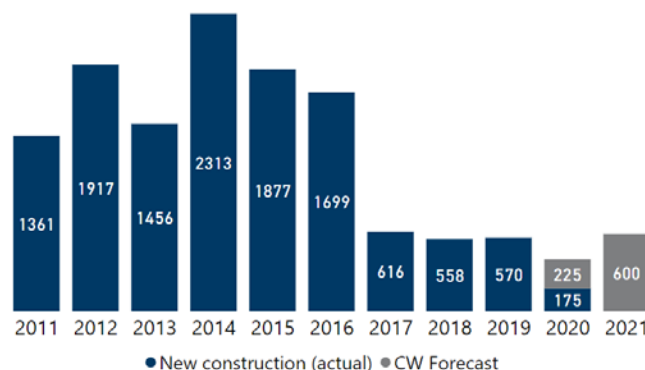
230

'000 sq. m

New construction in Moscow

Forecast for 2020

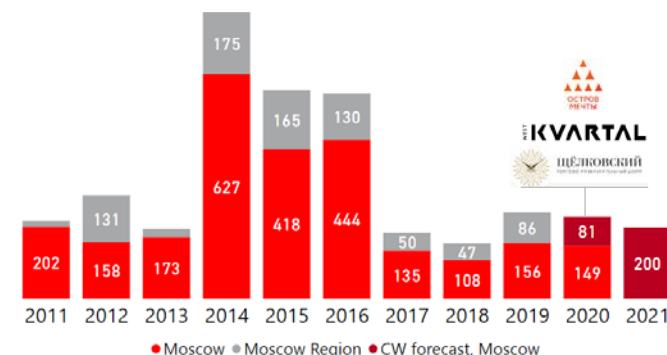
New construction in Russia (including Moscow), '000 sq. m



In Q1-Q3 2020, the largest share of construction volume in Russia was concentrated in Moscow (85% of new retail space). By the end of the year, we expect several large opening in the regions of Russia, so the share of the capital in annual construction will decrease to about 50%.

This year, new construction in the regions of Russia will be 50% lower than in 2019 as opening of some retail schemes was moved to later periods.

New construction in Moscow, '000 sq. m



In Moscow, new construction in 2020 will exceed the figures of the last year due to the opening of 3 large properties with GLA of more than 40,000 sq. m. Next year, retail schemes of small size will cover the bigger share of new construction.

Some developers announce construction of new properties. For instance, the construction of Mitino Park shopping center was restarted, and the co-owner of Crocus Group plans to develop a small retail scheme – Estate Mall.

NEW ERA OF SMALL SHOPPING CENTERS

More than 70% of retail space under construction are small shopping centers and retail schemes within transport hubs.

21 '000 sq. m

Average size of a shopping center under construction

Moscow

41 '000 sq. m

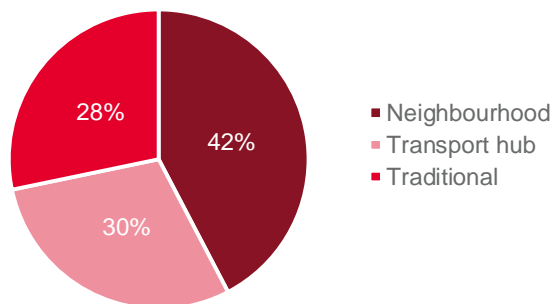
Average size of an existing shopping center

Moscow

Source: Cushman & Wakefield

NEW CONSTRUCTION STRUCTURE IN MOSCOW BY TYPE OF SHOPPING CENTERS

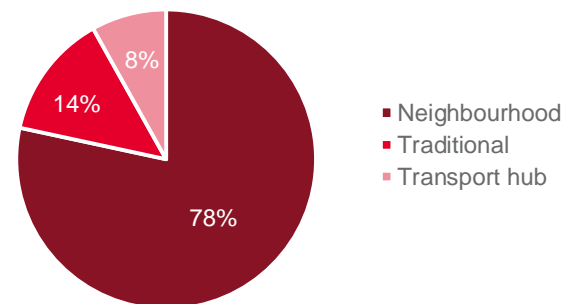
By space (sq. m)



Small shopping centers have the largest share in new construction in Moscow – both by space and by number of projects. Basically, this volume will be provided by a chain of neighborhood centers of ADG Group – 3 of 39 properties were already opened.

Development of local retail schemes is the best solution on the unstable market – this format has loyal target audience and is easier to lease.

By the number of shopping centers



Average size of a shopping center in Moscow is gradually decreasing. Currently it is 41,000 sq. m, and after the delivery of all properties under construction, the average size will decrease to 36,000 sq. m.

MARKET RECOVERY WILL START NOT EARLIER THAN IN MID-2021

The footfall and vacancy rate in shopping centers is expected to return to the pre-crisis level by the end of 2021.

CURRENT STATUS

September 2020

VACANCY RATE IN MOSCOW SCs

8%

FOOTFALL* IN MOSCOW SCs

80%

FORECAST

dec'2020

dec'2021

10-13%

9%

80%

100%

- Against the background of pent-up demand in July-August 2020, many retailers reported the growth of average check and sales despite the lower footfall in shopping centers compared to the last year. In September, the growth of turnovers slowed down. Most likely, the shopping centers will show the rotation of tenants and vacancy rate increase during Q4 2020.
- The footfall in shopping centers is unlikely to recover this year due to the falling incomes and concerns about new wave of COVID-19.
- The increase in the number of COVID-19 cases can lead to new restrictions. However, we expect them to be softer than in the first wave of the pandemic. Most likely, the restrictions will be aimed to the maintenance of social distance and hygienic measures. Operation of retail and entertainment segment can be partly limited. For instance, in Kaliningrad, cinemas are not allowed to operate inside the shopping centers on weekends starting from the 1st of October, and in some European countries bars and restaurants have limited working hours.

*% from the same indicator of 2019

Source: Cushman & Wakefield, Watcom

RETAILERS ARE LOOKING FOR A NEW APPROACH TO CONSUMERS

Due to the limited financial resources of population retailers need to find new sales channels to attract customers. Operators start collaborations with other market players, test new formats, implement technologies and develop ecommerce.

COLLABORATIONS

- Vkusvill grocery retailer started to sell snacks in KARO cinema chain.
- McDonalds launched restaurants inside Perekrestok supermarkets. The format operates both for delivery (dark kitchen) and for serving clients.

NEW FORMATS

- Magnit launched low-price shops – Moya Tsena. The stores have area of less than 300 sq. m and limited assortment.
- Eldorado is testing a small format – Eldorado 250.
- Auchan plans to launch drive-in – small stores that will serve customers in cars and pedestrians when receiving online orders.
- Respublika book store is testing outlet format.

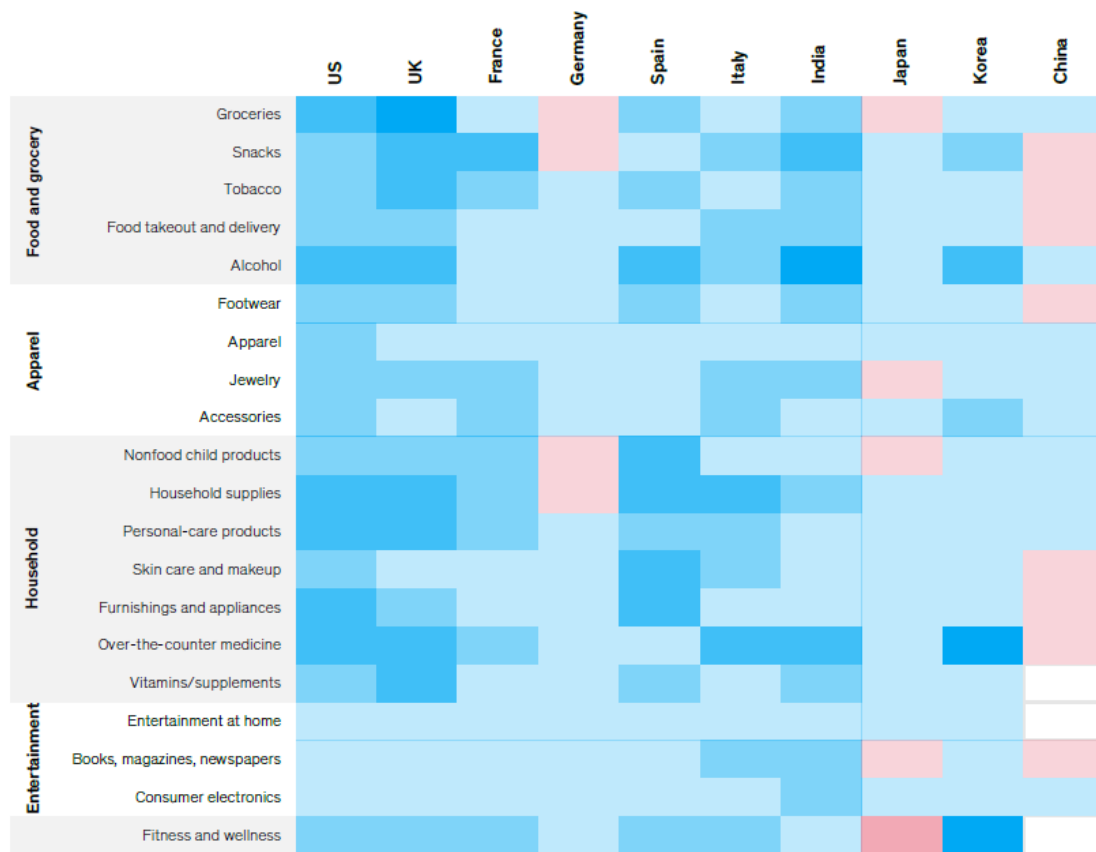
ONLINE AND DELIVERY

- Yandex GO service together with Beru marketplace is testing 15-minutes express delivery of non-food goods.
- Ozon launched 40-minutes express delivery of smartphones.
- Vkusvill is testing driverless delivery and launched the service of 24-hours food ordering.

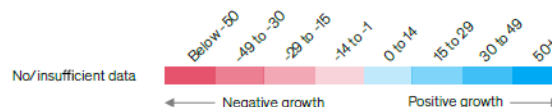
TECHNOLOGIES

- Azbuka Vkusa is developing a system of food personalization based on a blood test.
- Large retailers (Pyaterochka, Perekrestok, Auchan, Azbuka Vkusa) are testing stores without cash desks, where all purchases will be made via mobile application.
- Vkusvill is introducing electronic checks and plans to stop issuing paper ones.

ONLINE CUSTOMERS PURCHASING BY CATEGORY



Source: McKinsey: Perspectives on retail and consumer goods, August 2020



- According to the McKinsey survey, which was conducted in June 2020, a significant share of respondents plan to continue shopping online even after reopening of brick-and-mortar stores.
- During the pandemic, most categories showed more than 10% growth in online customer base. In Asian countries this growth is less significant compared to some European countries and the USA. This is due to the fact that online penetration in Asia was high even before the pandemic. For instance, in China the share of online sales in total retail turnover reaches around 30%, while in the USA – 14%.
- In Russia we see a similar trend. According to Romir and BCG research, about 40% of respondents plan to spend more in ecommerce channels.

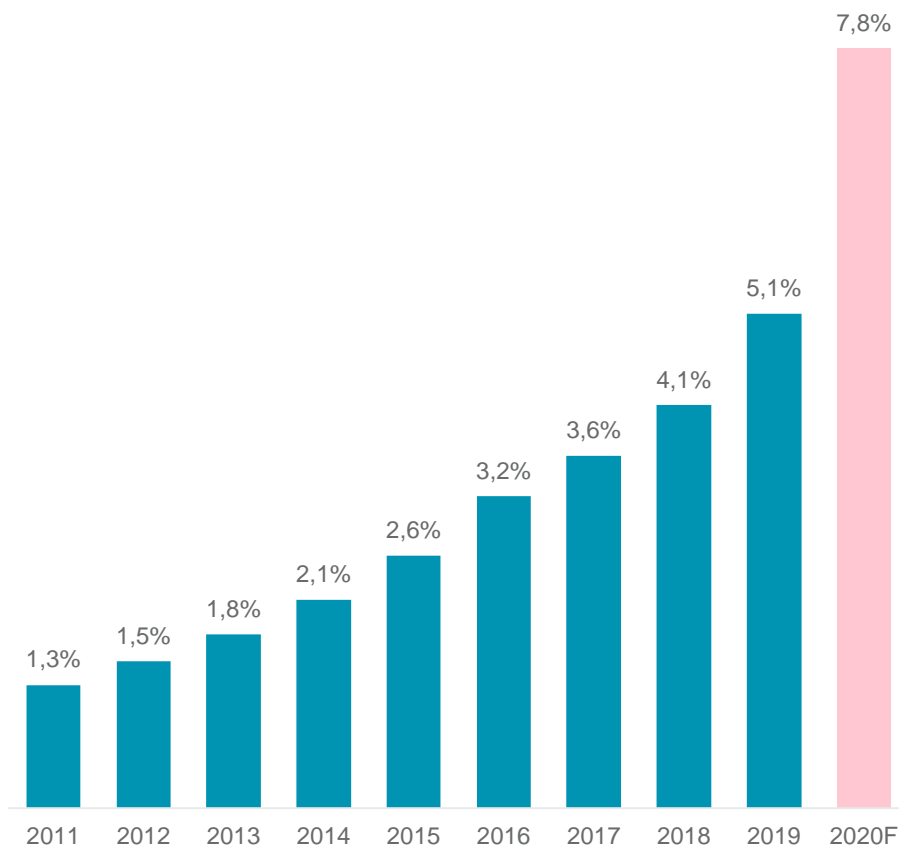
Retail

ONLINE IS GAINING MOMENTUM

In 2020, the share of ecommerce in the total retail turnover in Russia will increase by 2.7 p.p. and reach 7.8%.

Online retail was actively developing in Russia before the pandemic as well – average annual market growth in the past 5 years was 25%. However, the COVID-19 restrictions became a driver for further development of ecommerce – operators have improved the logistics, client service and assortment; number of new users in online shops was increased. According to Data Insight forecast, online trade growth in 2020 will reach 44%.

The key market players report a significant growth in sales – Wildberries more than doubled their sales in Q1-Q3 2020, the turnover of Ozon grew by 154% in H1 2020 compared to the same period of 2019.



WAREHOUSE AND INDUSTRIAL

- In Q3 2020, take-up in the Moscow region showed the highest figure in the last 10 years. The construction activity slowed down compared to H1 2020.
- The growth of rental rates is at the level of inflation.
- The vacancy rate remains low.
- The demand was shifted from distant locations to premises closer to the city boundaries and urban logistics solutions. Due to the growth of online sales we will continue to see this trend in the short term perspective.

Moscow Q3 2020

18.99 mn sq. m

Total stock of warehouses, classes A and B

104 '000 sq. m

New construction, classes A and B

3.5%

Vacancy rate, class A

4,000 RUB / sq. m / year

Rental rate, class A

11%

Capitalization rate, prime warehouse segment

Warehouse & Industrial

THE HIGHEST INFLOW OF INVESTMENTS TO WAREHOUSE SECTOR

In Q3 2020, the warehouse sector experienced a spurt of investment interest. A significant part of new investors had not been focused on warehouse market previously. This trend will support the construction activity in the mid-term.

Construction activity has slowed down. Developers prefer to build speculative medium-sized warehouses.

306

'000 sq. m

New construction in Moscow region, classes A&B

Q1-3 2020

548

'000 sq. m

New construction in Moscow region, classes A&B

2020F

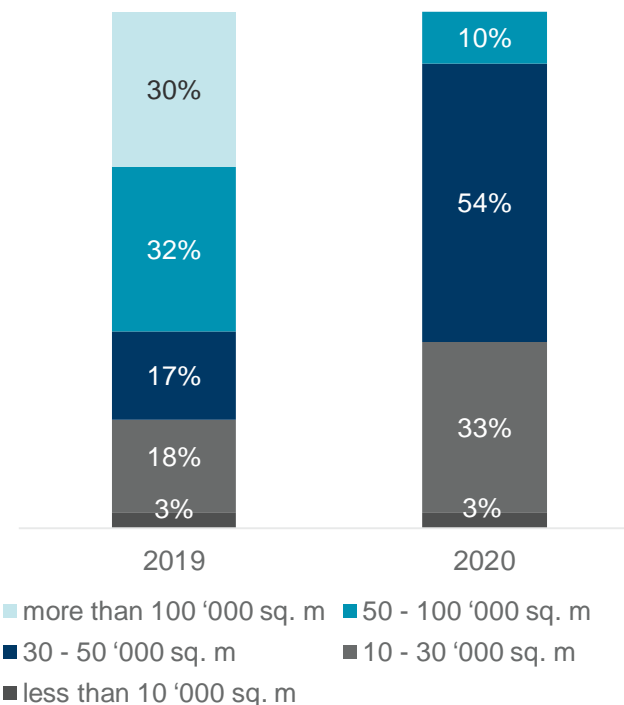
Source: Cushman & Wakefield

In Q1-3 2020, the volume of new construction in the Moscow region amounted to 306,000 sq. m. A significant share of space delivered this year (66%) is represented by speculative premises, while in of 2019 it amounted to 38%. Developers expect an increase in demand for ready-to-move in premises among retailers and logistics operators. We suppose that during the second wave of the pandemic, the warehouse sector will be the most resilient supported by the growth of online sales.

The segment showed stability even affected by external negative factors. This ensured a significant inflow of investments, and developers are adapting their strategies in favor of speculative construction.

Changes in the new supply structure resulted in changes of average project size. Developers prefer medium-sized properties. More than half (54%) of new properties have areas from 30,000 to 50,000 sq. m. For speculative construction, this size seems to be optimal, while owner occupied warehouses mainly have larger size.

New construction, classes A&B, the warehouse area



DEMAND

Quarterly take-up in the Moscow region showed the highest level in last 10 years.

861

'000 sq. m

Take-up

Moscow region, classes A&B

Q3 2020

1 730

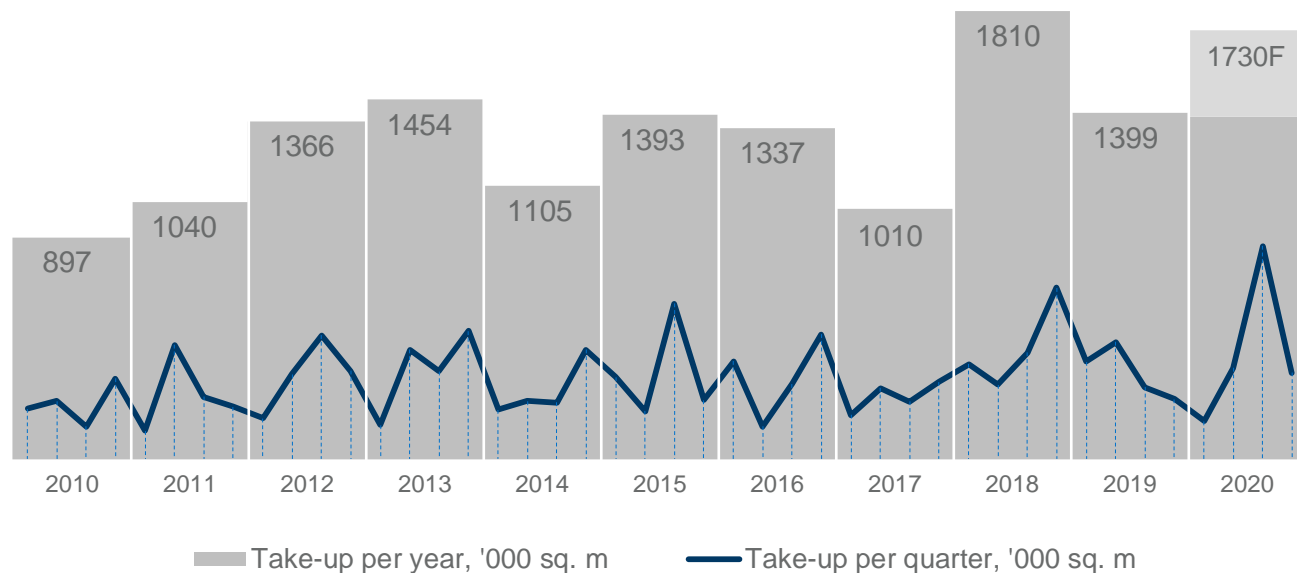
'000 sq. m

Take-up

Moscow region, classes A&B

2020F

Take-up, classes A&B, '000 sq. m



Q3 2020 is the most noticeable for the last 10 years in terms of take-up. By the end of the year, take-up will reach 1.73 mn sq. m., which is 25% higher than in 2019. The warehouse sector proves to be the most sustainable in face of negative pandemic effects. Increasing digitalization of consumption and the growth of e-commerce supports the growth of the market.

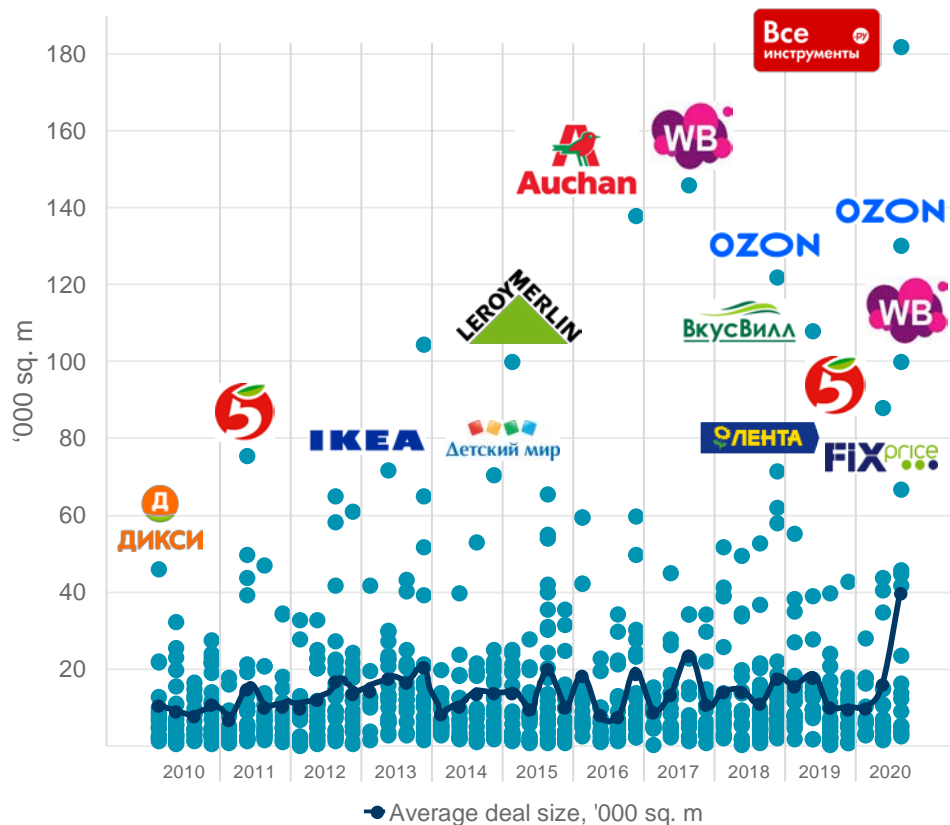
We expect a correction of the market in the mid-term and a return to previous average annual indicators after a demand peak.

Source: Cushman & Wakefield

DEMAND TRANSFORMATION

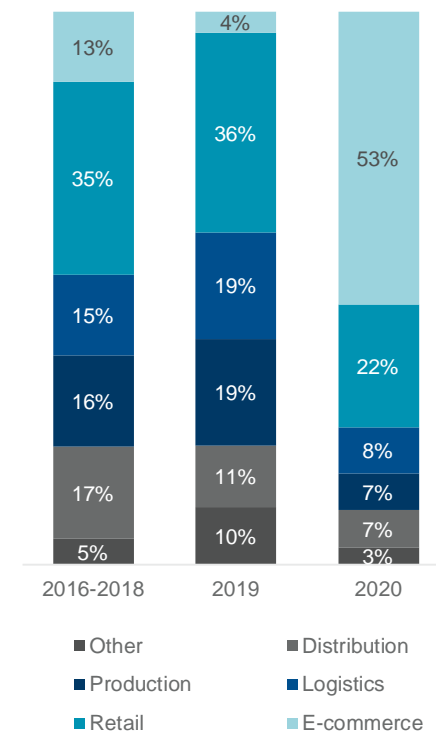
In 2020, e-commerce companies provided 53% of the demand for warehouses in the Moscow region.

Lease and sale warehouse deals, classes A&B



The structure of take-up in the Moscow region has significantly transformed over the past year: the share of e-commerce companies amounted to 53%. Online sales are growing, and ecommerce operators need more warehouse spaces than offline retailers. In 2019, the share of e-commerce in take-up was 4%. Producers and retailers faced difficulties this year, which affected their share in the demand structure in the Moscow region - decrease by 26 p.p. compared to the last year.

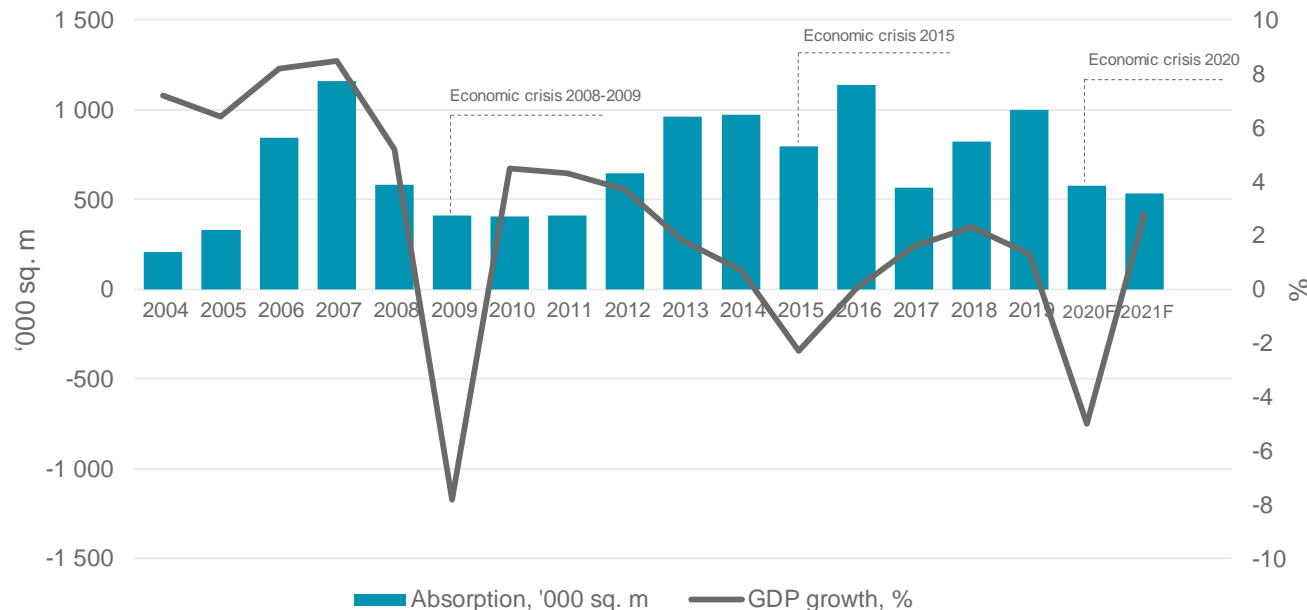
Demand structure, classes A&B



ABSORPTION

Strong demand and low vacancy rate support positive absorption. However, by the end of the year, the indicator will be 43% lower than in 2019.

Absorption, the Moscow region, class A



Market stability and resilience to economic turbulence are the peculiarities of the warehouse sector.

Thus, the period up to 2007 is characterized by the formation of a high-quality warehouse supply. Until 2012, the market experienced aftereffects of the global financial crisis, though they were less significant than for the office and retail segments. The economic crisis in 2015 was more longstanding. And the absorption decline in 2017 reflects the delayed impact of this crisis.

In 2020, the warehouse market showed resilience to the economic downturn, and the change in the consumption structure in favor of online shopping became an additional incentive for the market.

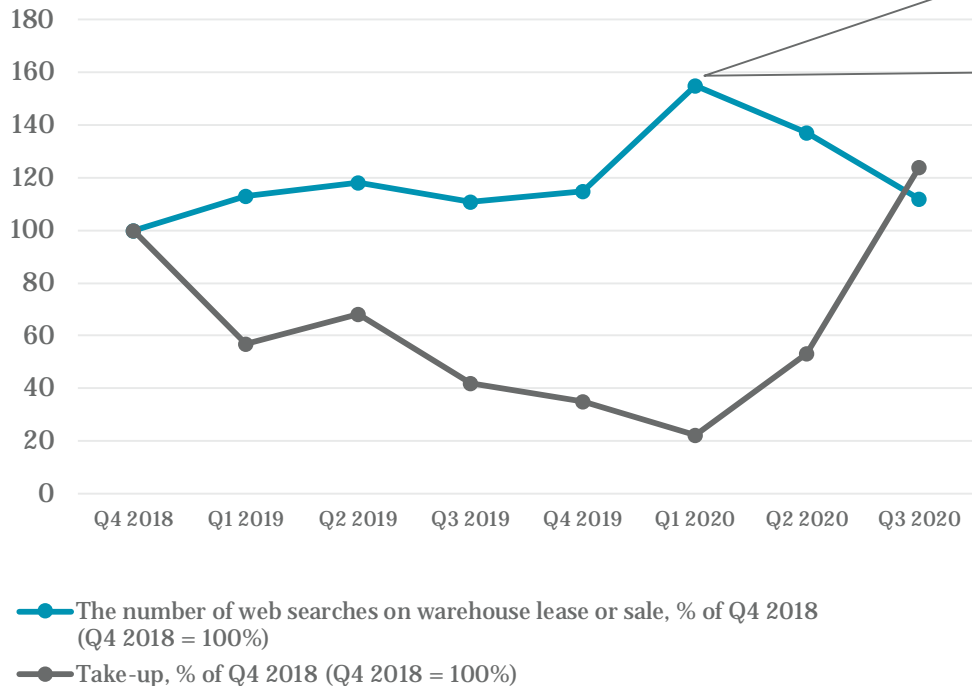
Absorption is an indicator that reflects the difference between the area occupied at the beginning and at the end of the period.

Positive absorption means that additional vacant warehouse premises are “absorbed” from the market.

Negative absorption reflects the opposite - release of additional warehouse space, which together with new construction leads to vacancy.

MODERN METHODS OF THE WAREHOUSE DEMAND ANALYSIS: ARE THERE PROSPECTS?

A statistically significant relationship was noted between the number of web searches and take-up.



A new approach to the analysis of demand is about establishing of a statistically significant relationship between the number of web searches in Google and Yandex systems on warehouse lease or sale and take-up. A specified interpretation of the data assumes further study of the indicators. The preliminary analysis is based on 8 observation periods, from Q4 2018 to Q3 2020. The growth of web searches in Q1 2020 is associated with the beginning of the lockdown in March, when retailers had to expand their online presence. Basically, it takes 4-6 months from a request to find a warehouse to a lease or sale deal. But during the lockdown, this term had been significantly shortened in some cases.

COMMERCIAL TERMS. MOSCOW REGION

The vacancy rate in Q3 2020 remains at the level of 2019. The weighted average rental rate for a class A warehouses increased by 3% compared to 2019.

3.5%

Vacancy rate, class A
Q3 2020

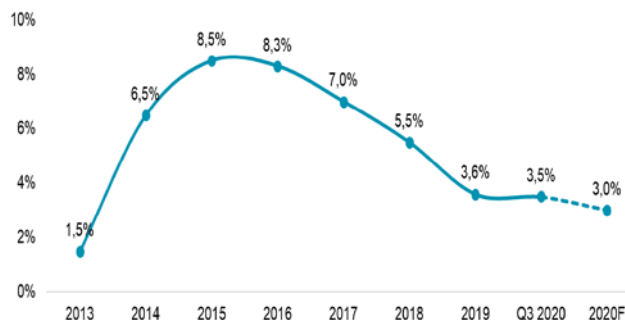
4,000

RUB / sq. m / year

Rental rate, class A
Q3 2020

Source: Cushman & Wakefield

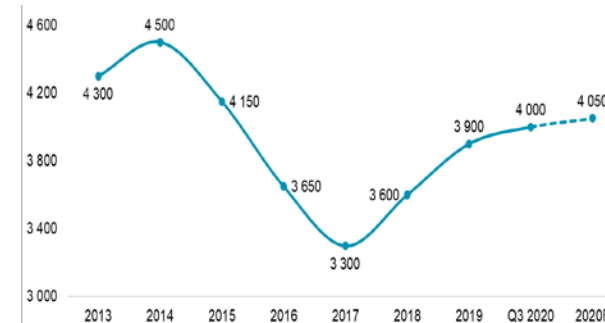
Vacancy rate, class A



In Q3 2020, the vacancy rate amounted to 3.5%, which is 0.3 p.p. higher than in H1 2020. A slight vacancy rate increase indicates the market correction and its gradual stabilization.

Construction activity slowdown and strong demand keep the vacancy rate at the low level.

Rental rate, class A, RUB / sq. m / year *



The rental rate for warehouses of class A in the Moscow region reached 4,000 RUB/sq. m/year, which is 3% higher than in 2019. By the end of the year, we forecast the growth up to 4,050 RUB/sq. m/year (+4% to the value of 2019).

The market remains stable and the growth of rental rates corresponds to the level of inflation.

All data is presented as of the end of periods

* Average rental rate excluding OPEX, utilities and VAT

Section 2

HOSPITALITY

- A gradual lifting of restrictions, which started from June 2020 is directly affecting work of Moscow hotels and enabled them to return to a normal mode of operations over Q3 2020.
- With the start of a new business season in September, Wider market Occupancies approached a 50-percent mark, although the ADR remained nearly 34% below the Sept 2019 level due to the still low demand volumes.
- The COVID crisis, which nearly paralyzed work of the hotel industry earlier in the year, pushed all planned hotel openings to Q4 2020 or 2021.

~57.6K keys

**Overall estimated classified quality room stock
(net of hostels and serviced apts)**

Cushman & Wakefield's estimates based upon data in the Federal roster of classified tourist objects, Q1 2020

20.2K keys

Modern quality room stock

Cushman & Wakefield's estimates, Q3 2020

COVID-19 DELAYED HOTEL OPENINGS

New hotel openings scheduled for H1 2020 got postponed till late 2020 or 2021.

0 new keys

Modern quality supply increase in Q1-3 2020

All hotel openings moved to end of 2020 or to 2021

New modern quality supply in Moscow* in 2020

Project	Keys	Planned opening
Mövenpick	154	Q4
NOVAHOTEL	155	Q4
Total	309	

* Net of the New Moscow areas

Source: Cushman & Wakefield

NEW OPENINGS MAY BE DELAYED

New quality supply gain may reach 726 keys in 2020.

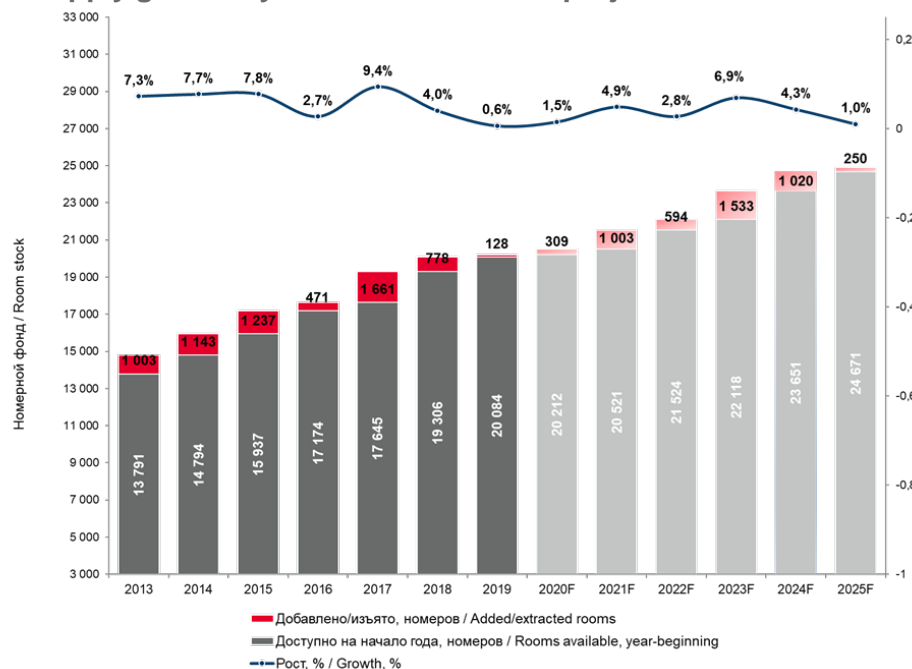
1.5 %

Year-on-year growth in 2020

Expected quality market growth in 2020

Source: Cushman & Wakefield

Supply growth dynamics – actual and projected



Temporary freeze of economic activity as well as travel restrictions imposed by the government in March 2020 made hotel development projects ready for completion push their opening dates to the end of the year.

Total new quality supply is therefore expected to reach 309 new keys in 2 new projects, translating into a year-on-year market growth of 1.5%.

FIRST SIGNS OF HOTEL DEMAND RECOVERY

Moscow quality hotel market is driven by domestic demand.

37.2%

Occ (%)
YTD Sept 2020

Wider market

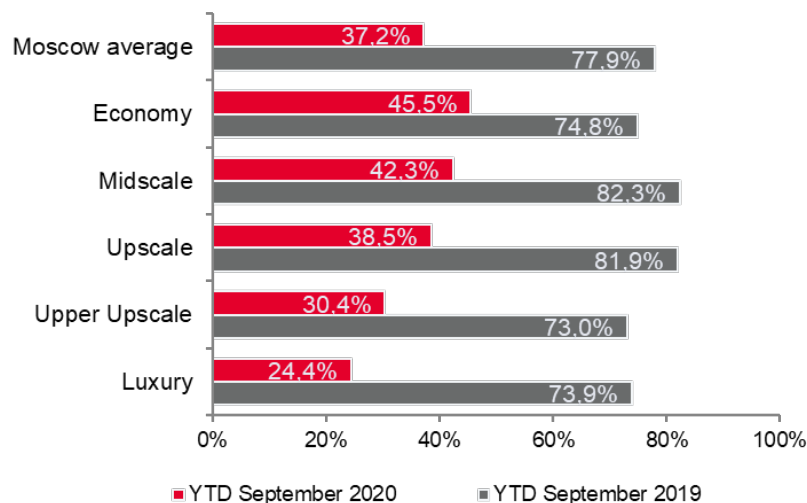
-40.7 ppt

Occ change
YTD Sept 2020 vs. Sept 2019

Wider market

Источник: Cushman & Wakefield

Wider market Occ (%) by segment,
YTD Sept 2020 vs. YTD Sept 2019



Extraordinary restrictive measures to fight coronavirus infection in Russia adopted by the federal government in mid-March temporarily placed market mechanisms on hold, resulting in a dramatic decline of hotel demand. A nearly complete disappearance of traditional demand sources for hotel services was partially replaced by quasi-governmental demand (accommodation of medics in-between COVID shifts – at fixed rates). This allowed Midscale and Economy hotels to show better Occ results than hotels of other grades.

A gradual recovery of demand in Q3 was driven exclusively by domestic travelers (leisure and business trips). In September, with the start of a new business season, Occupancies in the Economy, Midscale and Upscale hotels exceeded the 50-percent mark. Hotels in the Luxury and Upper-Upscale segments reported Occupancies in the 26.3-41.8% range.

WILL ROOM RATES SUSTAIN?

All but Luxury hotels dropped ADRs.

5,454

ADR (RUB), YTD Sept 2020

Wider market

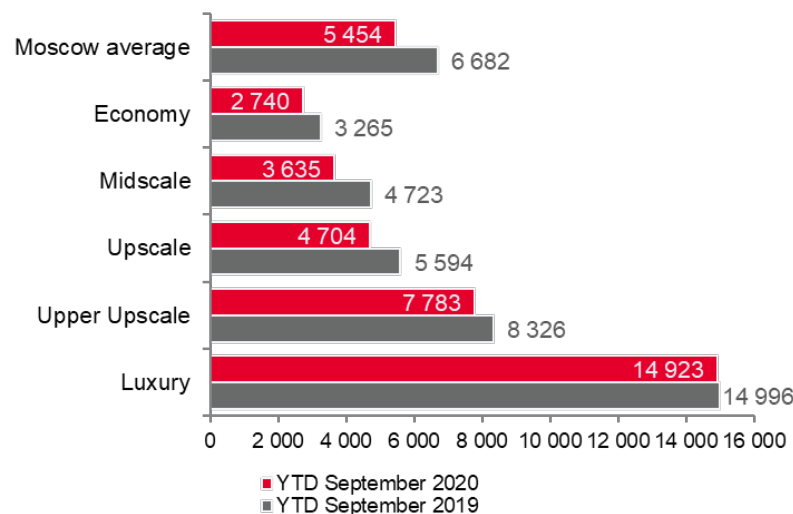
-18.4%

year-on-year change
YTD Sept 2020

Wider market

Источник: Cushman & Wakefield

Wider market ADR (RUB) by segment,
YTD Sept 2020 vs. YTD Sept 2019



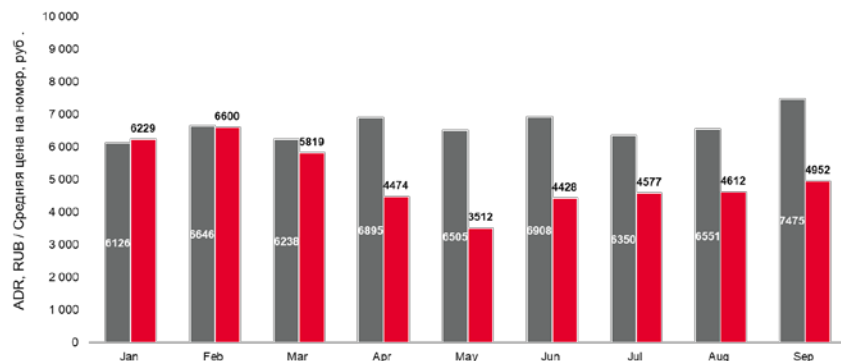
Due to low elasticity of demand (and non-market principles of tariff-setting) in Q2, higher-grade hotels chose to keep their rates rather than offer discounts. As a result, Luxury and Upper-Upscale hotels showed minimal year-on-year ADR changes of 0.5% and 6.6%, respectively. Hotels of other categories chose to accommodate government business (medics) at fixed rates (2,200-2,500 RUB) which reduced their year-on-year ADR indicators by 16-23% - but enabled them to pay salaries to their own staff.

Start of a new business season in September 2020 created a very real risk of a rate landslide, as hotels of nearly all price categories started chasing clients rather than stay vacant. Luxury hotels appear to be the only ones maintaining composure – their year-on-year drop in ADR in Sept was limited to 0.7% (to 16,083 RUB), whereas all other hotel grades lost between 25-40% of their Sept 2019 levels.

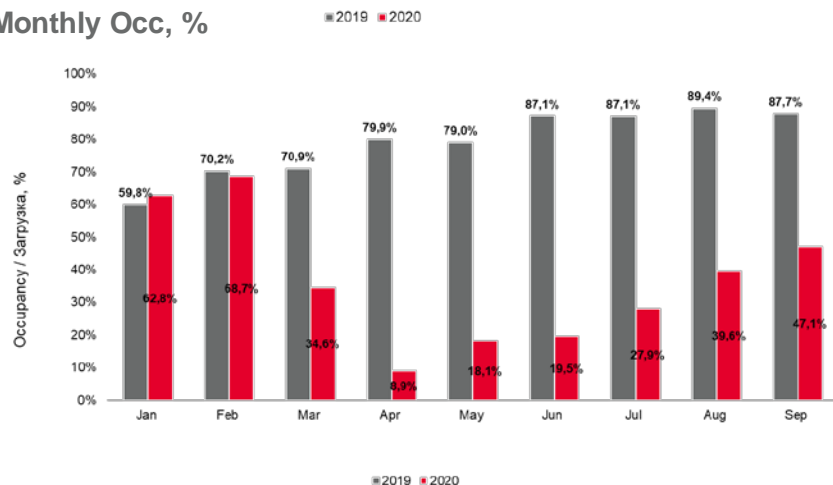
WHAT TO EXPECT IN Q4 2020

When will we see full recovery of Moscow quality hotels?

Monthly ADR, RUB



Monthly Occ, %



A gradual lifting of restrictions directly affecting work of Moscow hotels, started in June 2020, enabled the industry to return to a normal mode of operations in Q3, with all traditional hotel services (accommodation and catering, small- to medium-size meetings & events, sports & leisure uses) consumed almost entirely by domestic demand.

The consistent growth of monthly Occupancies (albeit with a rather weak recovery of ADR), however, was put at risk in September, when a new wave of COVID-cases were registered across various regions of Russia including Moscow.

Any new restrictions by the city authorities to limit businesses and organizations in the ways they function and residents on their use of transportation may well return the situation to the uncertain times of May-June, reducing demand for hotel services in Q4.

Having said that, while a complete recovery of the Moscow hotel sector remains distant due to many reasons (including the current restrictions on cross-border travel), the Russian Government recently confirmed a list of 52 countries whose citizens will be eligible to enter Russia on an e-visa (on a parity basis) already in 2021. This measure, naturally, will help Moscow hotels reach their pre-crisis trading levels much faster – as soon as the COVID-19 problem gets resolved.

#MARKETBEAT

KEY MARKET INDICATORS
C&W RESEARCH TEAM
CONTACTS



KEY MARKET INDICATORS BY SEGMENT

ОФИСНАЯ НЕДВИЖИМОСТЬ / OFFICE MARKET

МОСКОВСКАЯ АГЛОМЕРАЦИЯ (КЛАССЫ А, В И В-) / MOSCOW AGGLOMERATION (CLASSES A, B AND B-)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NEW CONSTRUCTION ,000 sq.m	2 219	1 158	1 009	843	632	977	1 384	767	455	455	133	384
TOTAL STOCK ,000 sq.m	9 892	11 051	12 059	12 902	13 534	14 510	15 894	16 661	17 116	17 571	17 704	18 087
RENTAL RATE, RUB per sq. m p.a.	20 031	15 829	14 734	14 111	16 424	19 160	21 311	22 063	20 044	17 498	19 392	19 981
VACANCY RATE	9,0%	13,6%	11,1%	9,5%	8,3%	7,8%	12,4%	13,8%	10,0%	11,7%	9,6%	9,3%
TAKE UP ,000 sq.m	1 853	826	1 850	2 025	2 126	1 743	1 297	1 266	1 637	1 917	2 004	2 041

ТОРГОВАЯ НЕДВИЖИМОСТЬ / RETAIL MARKET

РОССИЯ (ВКЛЮЧАЯ МОСКВУ) / RUSSIA (INCLUDING MOSCOW)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NEW CONSTRUCTION ,000 sq.m	1 589	1 387	1 514	1 361	1 917	1 456	2 313	1 877	1 699	616	558	570
TOTAL STOCK ,000 sq.m	6 932	8 319	9 833	11 194	13 110	14 567	16 879	18 757	20 456	21 072	21 631	22 200

МОСКОВСКАЯ АГЛОМЕРАЦИЯ / MOSCOW AGGLOMERATION

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NEW CONSTRUCTION ,000 sq.m	431	497	362	202	158	173	627	418	444	135	108	156
TOTAL STOCK ,000 sq.m	2 131	2 628	2 990	3 192	3 350	3 524	4 151	4 569	5 013	5 148	5 256	5 412
RENTAL RATE RUB per sq. m p.a.	99 480	87 368	88 102	105 804	114 959	121 258	127 380	162 032	145 000	150 000	165 000	175 000

СКЛАДСКАЯ НЕДВИЖИМОСТЬ (КЛАСС А) / WAREHOUSE MARKET (CLASS A)

РОССИЯ (ВКЛЮЧАЯ МОСКВУ) / RUSSIA (INCLUDING MOSCOW)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NEW CONSTRUCTION ,000 sq.m	1 735	1 539	662	493	1 177	1 628	2 358	2 003	1 794	964	1 187	1 326
TOTAL STOCK ,000 sq.m	5 701	7 241	7 903	8 396	9 572	11 201	13 559	15 562	17 356	18 320	19 507	20 833

МОСКОВСКАЯ АГЛОМЕРАЦИЯ / MOSCOW AGGLOMERATION

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NEW CONSTRUCTION ,000 sq.m	737	737	375	281	656	1 004	1 394	1 046	1 225	465	699	814
TOTAL STOCK ,000 sq.m	3 538	4 275	4 650	4 931	5 587	6 591	7 984	9 031	10 256	10 721	11 421	12 235
RENTAL RATE RUB per sq. m p.a.	3 480	3 330	3 340	3 800	4 200	4 300	4 500	4 150	3 650	3 300	3 600	3 900
VACANCY RATE	2,0%	13,5%	3,9%	1,0%	1,0%	1,5%	6,5%	8,5%	8,3%	7,0%	5,5%	3,6%

More details in Excel format can be downloaded [by the link](#).

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About the company

CUSHMAN & WAKEFIELD IN RUSSIA

Cushman & Wakefield has been successfully operating in Russia since 1995, with more than 250 experienced and highly qualified expert employees. The Moscow office implements projects in all major cities in Russia and the CIS, forming transnational teams for solving complex tasks when necessary. There are 11 key areas of company activity, covering all the sectors of commercial real estate: offices, retail, warehouses, hospitality and tourism, land. The range of services provided includes the leasing of spaces, asset management, investment consulting, real estate operation, services for corporate clients, project management, development consultancy, representing tenant's interests, valuation, hospitality and tourism. Cushman & Wakefield is one of the largest companies in the global commercial real estate market, with a turnover of \$8.8 billion and a team of more than 53,000 specialists in more than 400 offices in 60 different countries. For more information, visit our websites – www.cwrussia.ru and www.cushmanwakefield.ru

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