

Commercial Real Estate Russia

July 2021



Macroreview

Capital Markets

Office

Retail

Warehouse & Industrial

Hospitality & Tourism

CONTENTS



Tip:
Click here to return to this page from any part of the document

p.4 OUTLOOK

Major economic trends, market review and forecast

p.19 COMMERCIAL REAL ESTATE

Analytic review of various commercial real estate market sectors

p.56 OUR TEAM

Cushman & Wakefield Research team contact details

p.04 Global context



p.06 Macroreview



p.16 Urban Development



Tip:
Select a segment and click on it to go

p.19 Offices



p.30 Retail



p.38 Warehouse & Industrial



p.47 Hospitality



p.54 Key market indicators



p.56 The Best Research Team in Russia according to Euromoney Real Estate Awards in 2012, 2014, 2016 and 2017.



p.57 About the company



p.58 Key people



Cushman & Wakefield

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-)/ MOSCOW AGGLOMERATION (CLASSES A, B AND B-)													
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	2 219	1 158	1 009	843	632	977	1 384	767	455	455	133	384	
ОСВОЮЮЩИЕ ПЛОЩАДИ, тыс. кв. м	9 882	11 051	12 059	12 902	13 534	14 510	15 894	16 661	17 116	17 571	17 704	18 087	
СТАВКА АРЕНДЫ, руб. за кв. м в год	20 031	15 829	14 734	14 111	16 404	19 160	21 311	22 063	20 344	17 466	19 362	19 861	
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	1 297	1 266	1 637	1 917	2 004	2 041	
ТОРГОВАЯ НЕДВИЖИМОСТЬ / RETAIL MARKET													
РОССИЯ (ВКЛЮЧА 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	618	558	570	
ОСВОЮЮЩИЕ 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	416	444	135	106	156	
ОСВОЮЮЩИЕ ПЛОЩАДИ, тыс. кв. м	2 131	2 628	2 990	3 192	3 350	3 524	4 151	4 699	5 013	5 148	5 256	5 412	
СТАВКА АРЕНДЫ, руб. за кв. м в год	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 / WAREHOUSE MARKET (CLASS A)													
РОССИЯ (ВКЛЮЧА МОСКВУ) / RUSSIA (INCLUDING MOSCOW)													
	2008	2009					2013	2014	2015	2016	2017	2018	2019
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	1 735	1 539					1 628	2 358	2 003	1 794	964	1 187	1 326
ОСВОЮЮЩИЕ ПЛОЩАДИ, тыс. кв. м	5 701	7 241					11 201	13 659	15 562	17 356	18 300	19 507	20 833
МОСКОВСКАЯ АГЛОМЕРАЦИЯ / MOSCOW AGGLOMERATION													
	2008	2009					2013	2014	2015	2016	2017	2018	2019
НОВОЕ СТРОИТЕЛЬСТВО, тыс. кв. м	737	737					808	1 004	1 394	1 046	1 225	465	899
ОСВОЮЮЩИЕ ПЛОЩАДИ, тыс. кв. м	3 538	4 275					5 587	6 591	7 884	9 031	10 256	10 721	11 421
СТАВКА АРЕНДЫ, руб. за кв. м в год	3 480	3 330					3 800	4 200	4 300	4 500	3 650	3 300	3 600
ДОЛЯ СВОБОДНЫХ ПЛОЩАДЕЙ	2,0%	13,5%					3,9%	1,0%	1,5%	6,5%	8,5%	8,3%	7,0%

Global context

EPIDEMIOLOGICAL THREAT IS A BASIC FACTOR. REAL ESTATE ROLE BECOMES MORE IMPORTANT

It is clear now that the infection will not be neutralized soon. This means that all countries must learn to live with this threat and higher anxiety of population.

In such circumstances properties (office buildings, shopping centers, hotels) obtain a new role – a guarantee of epidemiologic safety.

In 2021 the market is searching for new solutions that allow premises to remain safe. It is now a key factor for capitalization.

INVESTMENT ACTIVITY IN CEE IS ON PAUSE

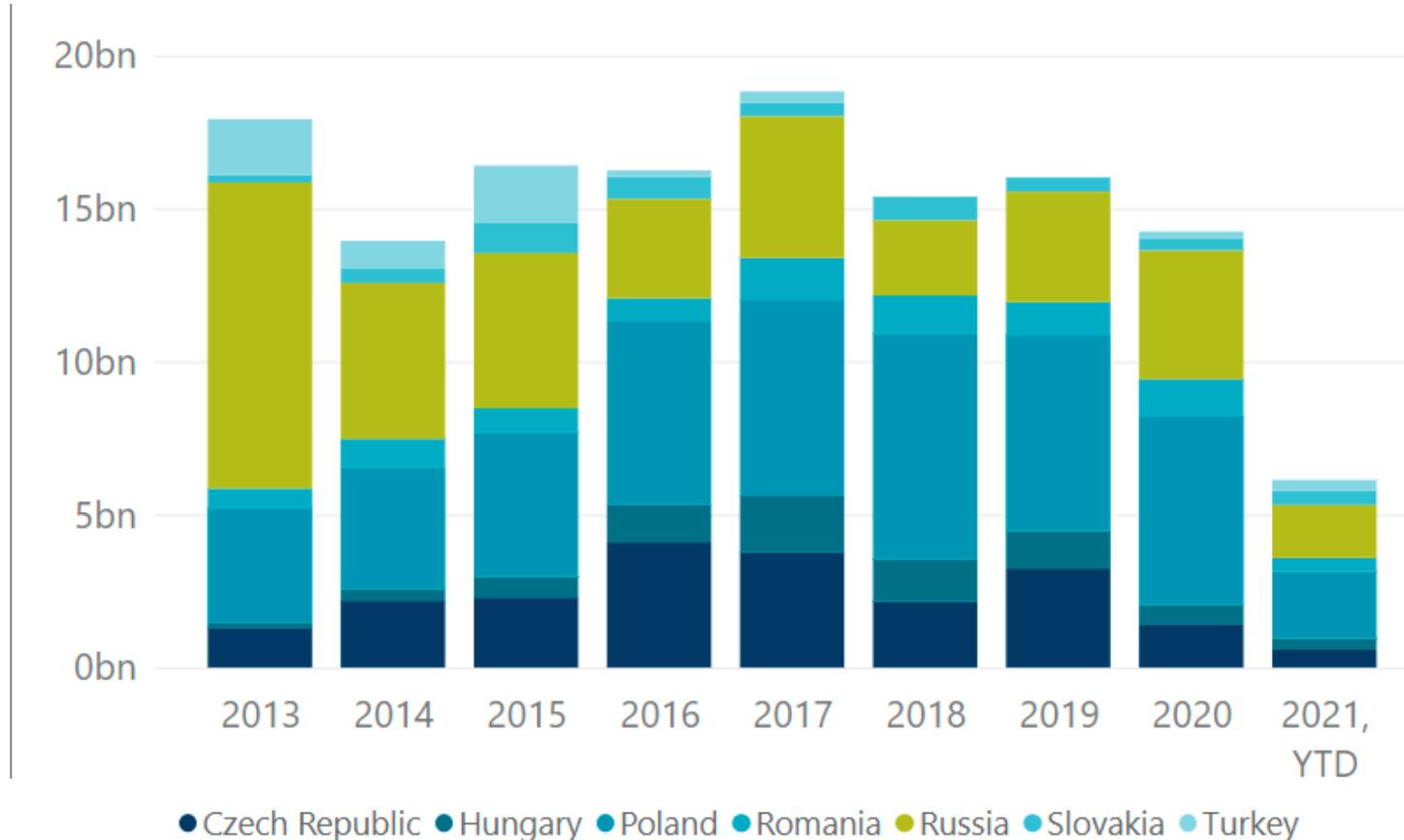
Investment activity in CEE region is still low. In Jan-June 2021 the total investments are about 6 bn Euro which is almost two times lower y-o-y. All CEE countries register market contraction.

6

Bn EUR

Investments in CEE,
H1 2021

Investment Volume in the Core CEE Markets as of 01.07.2021, EUR



Russia

MACROREVIEW

- Current forecast does not reflect the third wave of infections growth yet.
- Forecasted indicators are slightly more conservative than three months ago.
- Production Price Index is rapidly growing.
- The cycle of the key rate increase continues.

MACRO INDICATORS

	2019	2020	2021	2022	2023
GDP growth, %	1.19	-2.57	2.04	2.52	1.55
RUB/USD	64.7	72.1	74.34	70.9	66.29
CPI, %	4.4	3.39	5.68	4.23	3.72
GDP deflator, %	2.04	-3.78	19.27	4.33	5.07
Interest rate, %	7.32	5.05	4.79	5.0	5.0
Government Debt, % of GDP	13.95	20.14	24.75	25.62	22.49
Private consumption, %	2.79	-8.53	2.78	1.37	1.01
Retail sales, %	1.95	-3.12	8.09	1.13	-0.4
Unemployment rate, %	4.6	5.91	6.61	6.16	5.73
BRENT crude oil price	64.18	43.21	64.75	62.97	63.36

Source: Moody's forecast as of June 2021

Russia. Fundamentals

«UNEXPECTED» THIRD WAVE OF INFECTIONS

The growth of cases in June appeared to take the government and business by surprise. One of the reasons is tiredness of all types of limitations and ignoring of alarmists. By the end of July infection spread will be under control. Vaccination is considered as a panacea, but Russia is still behind European countries by vaccination rate.

DESCENDING ECONOMIC GROWTH UNDER THE PANDEMIC

-3%

GDP fall in Russia

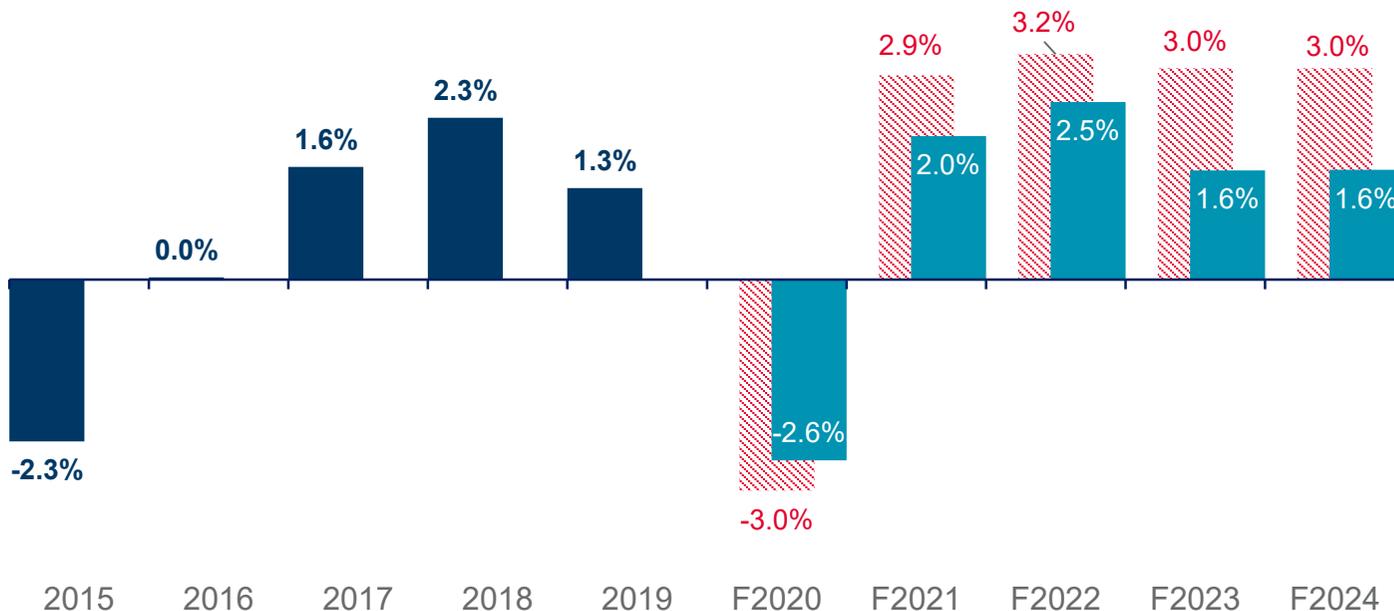
In 2020

2%

Forecasted GDP growth

In 2021

Source: The Ministry of Economic development, Moody's Analytics



■ GDP Growth | Рост ВВП, %

▨ Official Base case forecast | Базовый прогноз Минэкономразвития (04/2021)

■ Moody's (06/2021)

INFLATIONARY SCISSORS

Production Price Index is growing three times faster than CPI. In 2020 successful strategy was to cut costs, this year cascading of increasing cost down is the most important factor.

Financial Markets

- On the background of growing inflation, the Central Bank continues to increase the key rate. Bankers expect the indicator to grow up to 6%.
- Construction is still a key driver of the economy. Preferential interest rate for mortgage loans is playing an important regulatory role. As a result, the government must continue with the subsidy program in order to keep consistency in the economic strategy.
- The Central Bank regularly expresses concerns about dramatically growing mortgage portfolios.

Inflation in Wider Context

- In 2020 producer's inflation diverged with CPI. Producers had to cut costs and prices in order to maintain b2b sales.
- In 2021 accumulated inflationary pressure in the production sector was translated in almost 20% growth of PPI.
- Together with Ruble strengthening this factor will stimulate import of raw materials and equipment. The government may be forced to protect domestic market by stronger regulation.

5.5%**Key rate****7%****Mortgage rate****5.6%****CPI (Forecast)****19.3%****PPI (Forecast)**

RESIDENTIAL MORTGAGE KEEPS MOMENTUM

In Jan-May 2021 mortgage loans grew by 8.2% compared to 4.8% for the same period of last year. Market activation which started in the second half of 2020 keeps the momentum and drives other sectors. However, weariness factors evolve: early repayment is slowing down, average period of mortgage loans is noticeably growing.

20%

Early repayments in mortgage loans in 2020

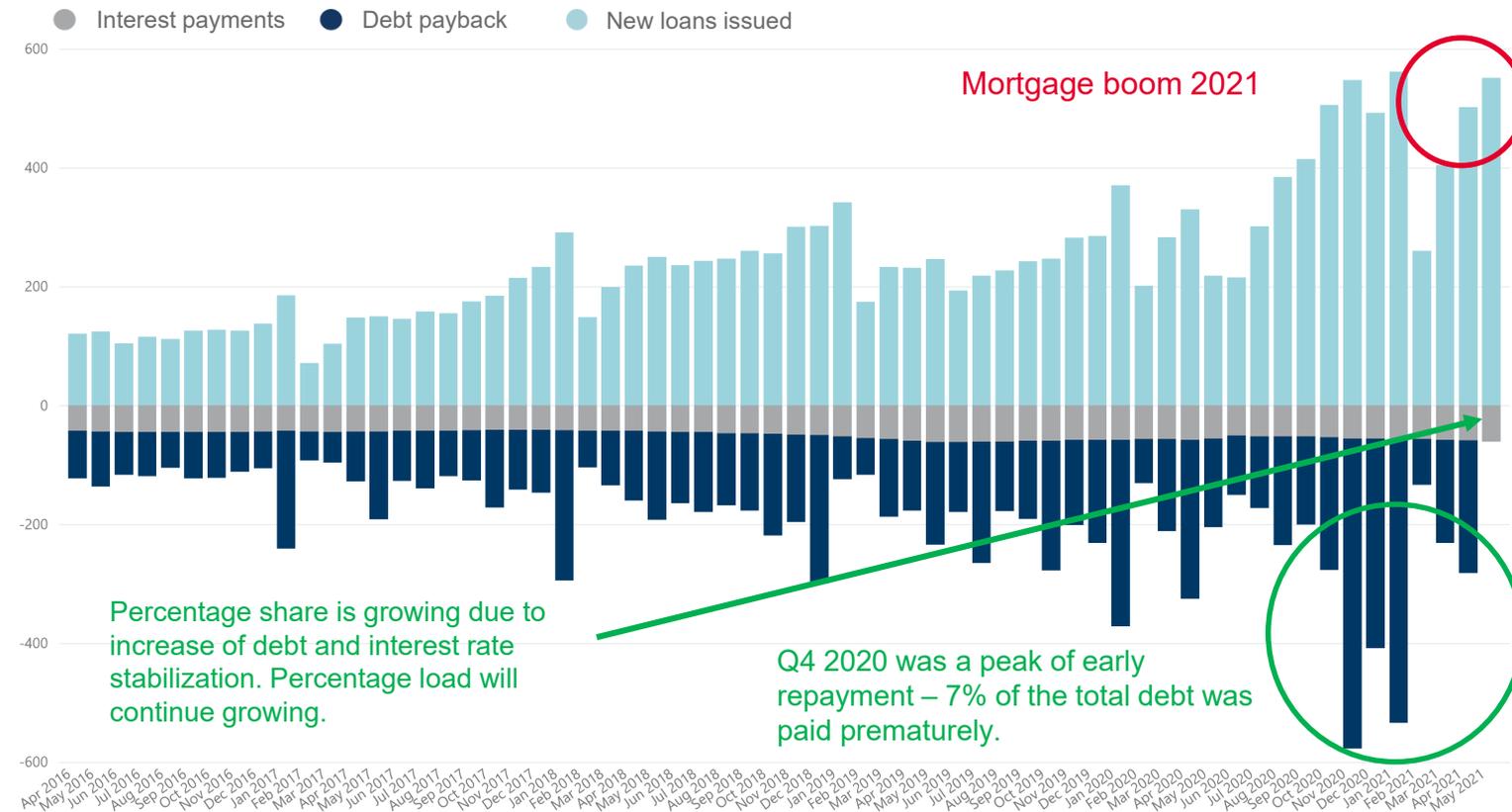
20 years

Average period of mortgage loan, as of May 2021

In May 2020 the average loan period was 18 years

Source: The Central Bank

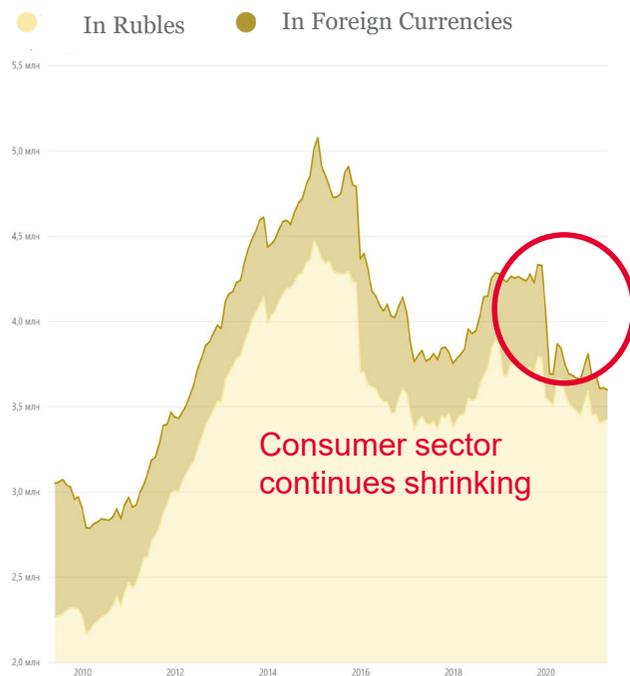
Balance of Household Mortgage Payments



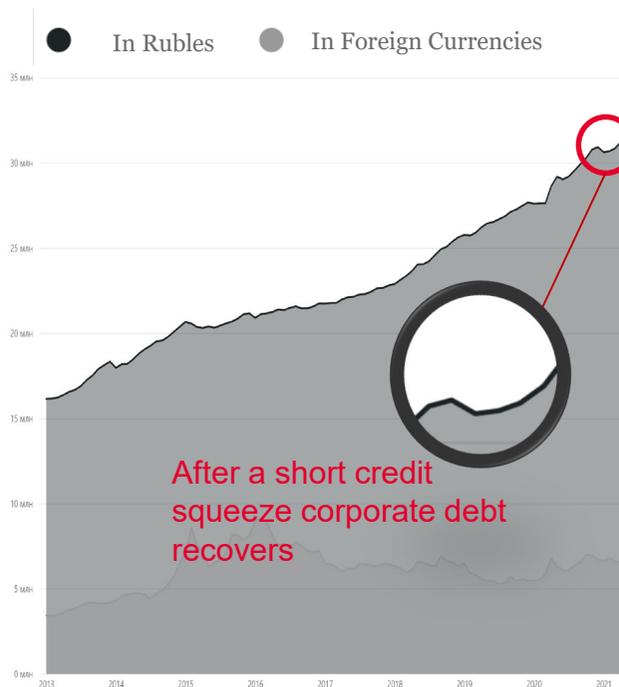
CONSUMER SECTOR IS UNDER PRESSURE

Beginning of 2021 shows activation of incorporate credits.

Wholesale and Retail Trade Debt, Mn RUB



Total Corporate Debt in Russia, Mn RUB



The credit squeeze in the economy in Jan-Feb 2021 turned to dynamic growth. However, the key rate increase is not reflected in the statistics yet.

It is important to keep in mind dramatic PPI growth and necessity to bridge “cash gaps”.

The credit market is uneven. In some Russian regions (Vladimirskaaya, Chechenskaya, Murmanskaya regions and St. Petersburg) the corporate debt is still shrinking.

Corporate debt in wholesale and retail trade sector decreases and shows narrowing assortment. This means that we will not see revival of the segment in summer.

Source: The Central Bank

Risks

FRUSTRATION AS A MAIN THREAT FOR BUSINESS

Growing anxiety among employees and customers, frustration from seeming hopelessness – these are the risk factors which business will have to overcome this year. Until this year psychological health and comfort did not have such an important role for business.

2021 STAGNATION

Investment volumes appeared expectedly low in 2020. This year we see weak but balanced market. We expect growing activity in the second half of the year, but this will not break the general trend.

1.72

bn EUR

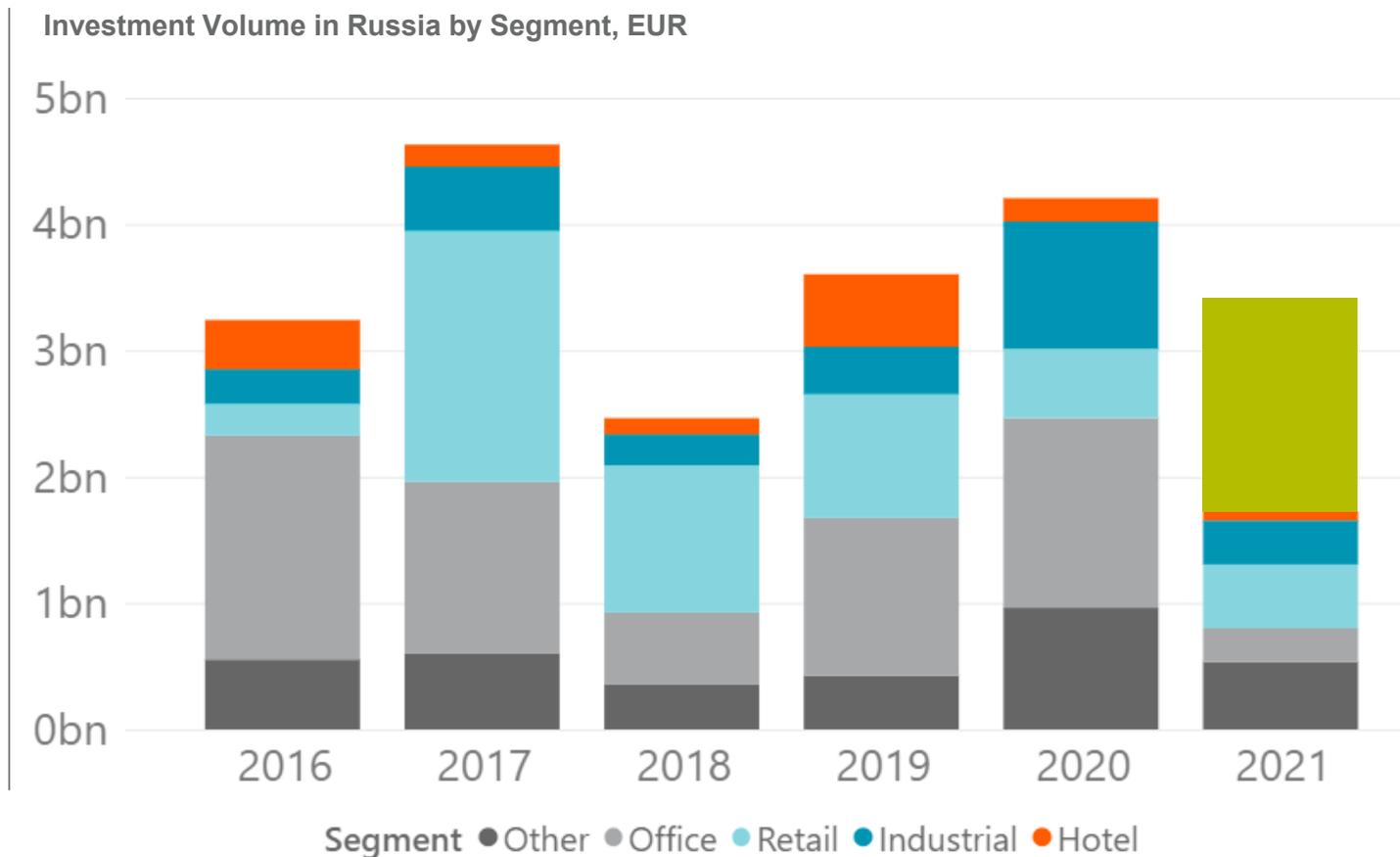
Investment in Russia, H1 2021

3.5

bn EUR

Investment in Russia, 2021F

Source: Real Capital Analytics, Cushman & Wakefield



Russia on the global investment market map

DIVESTMENTS IS STILL A TREND

Cross-border investments cover 16% of the total investments in Russia in H1 2021. We still register net outflow of foreign investments. Since 2019 more than 600 mn Euro of international capital was replaced by domestic money.

250

mn EUR

Foreign divestments from Russia in H1 2021

102

mn EUR

Foreign divestments from Russia in 2020

309

mn EUR

Foreign divestments from Russia in 2019

Source: Real Capital Analytics

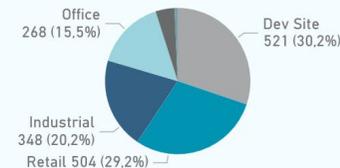
INVESTMENTS (MILLION EURO)



TOTAL INVESTMENTS
mIn EURO
1 727

DOMESTIC
1450

FOREIGN
277

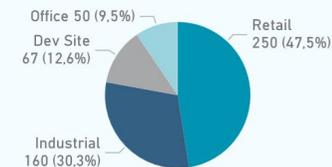


DIVESTMENTS (MILLION EURO)



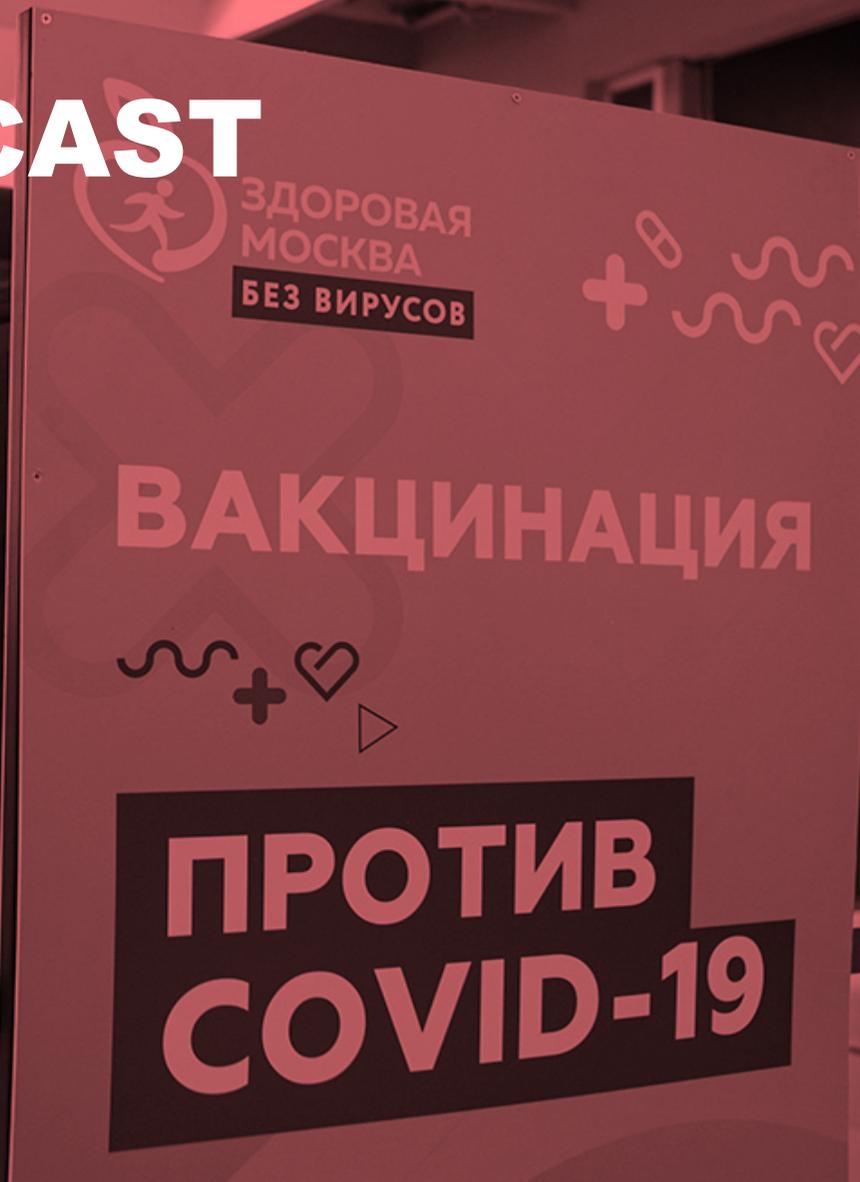
TOTAL DIVESTMENTS
mIn EURO
526

NET FLOW
mIn EURO
-250



H2 2021: FORECAST

- The key rate growth will lead to mortgage rate increase and reinforce of debt pressure on households.
- “Inflationary scissors” - PPI sharp growth will be followed by “cash gaps” in supply chains.
- Construction remains a key economy driver. Optimistic scenario suggests the impulse will emulate in 2022.
- A new stage of fighting with the pandemic started - massive vaccination. Vaccine production is established, a new task is to ensure vaccination of as many people as possible. This is the basic factor for the economy risks evaluation.



URBAN DEVELOPMENT

25%

The share of Moscow land within metrocommunes under commercial use and dwelling

Moscow has a large reserve of “uninhabited” land. It includes industrial areas, infrastructural corridors, parks and protected areas which do not have permanent day-time or night-time population.

Hence, the density of residential and commercial quarters varies in different parts of the city.

METROCOMMUNES MOSCOW IS A POROUS CITY

Utilized territories are concentrated close to **metro stations**, since subway system is the major component of the whole transit network of the city. This is the underlying principle of metrocommunes – designated territories, each with a subway station in its center. This framework allows to analyze the city as a set of smaller “cities” and to see the whole picture in detail.

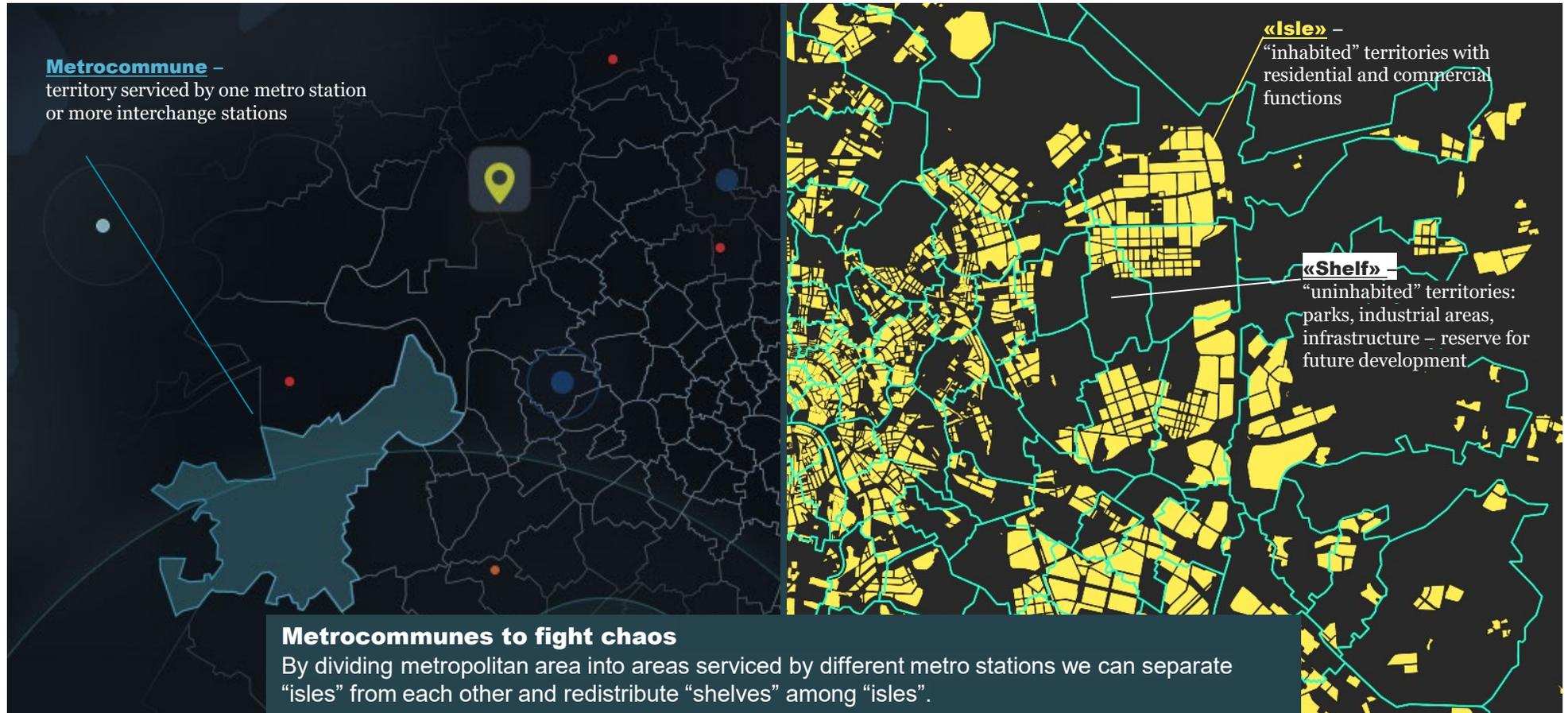
By analyzing “isles” and “shelves” through the prism of metrocommunes we can identify “isles” potential for and limits to growth, broadcast further development and propose the best sites for new construction.

Moscow will not become more homogeneous in the future, instead it will face the advent of new intensive development zones, “isles” around new metro stations. Besides, construction density now depends on the proximity to metro station – this is the core principle of “smart density” vision in urban planning.

“Isles” with the highest density rates and the best transit accessibility are called **micropoleis** (*sg. – micropolis*). They are distinctive by their high economic performance. By analyzing different rates of metrocommunes we can anticipate the emergence of new micropoleis and catch the spot to invest.

UTILIZED TERRITORIES WITHIN METROCOMMUNES

“Isles” and “shelves” of urban fabric hide behind the silhouettes of metrocommunes.



METROCOMMUNES – HIGH RESOLUTION SUBMARKETS

Each building in the city is linked to one nearest metro station. We divided Moscow into territories by proximity to metro stations and adopted this framework as the basis of our analytics.

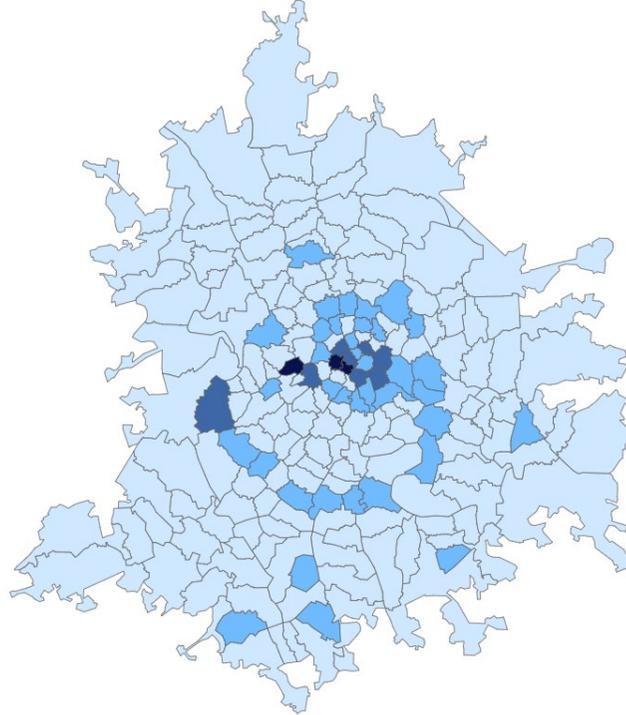
203

Metrocommunes in Moscow

As for June 2021.

The system is updated regularly as new stations are opened.

The Scheme of Metrocommunes



Metrocommunes with interchange stations are highlighted in dark color

The population of Moscow is very mobile. That is why we chose proximate zones around metro stations as minimum units for geographical analysis of the Moscow real estate market. We call these zones **metrocommunes**. Metro station is a conditional center of each metrocommune as well as its main attractor. Hence, the metropolitan area of the city is divided into **non-overlapping zones**, each one representing the service area of a certain metro station located primarily in the center of a zone.

Metrocommunes are called after the metro stations they comprise.

The borders of metrocommunes are defined by the proximity to metro stations. For example, on a borderline between metrocommunes “Kievskaya” and “Park Kultury” those stations are equally far in walking or driving time.

This type of spatial division of Moscow is **resilient and universal**, because it is impacted only by geographic factors that change slowly and predictably over time. New construction and the profile of territories do not modify metrocommunes themselves, yet they impact the analytical rates of metrocommunes.

OFFICES

- The market is undergoing structural changes. Business activity remains high. The H1 2021 take-up grew by 28% y-o-y, active construction is underway, vacancy rate growth is constrained by simultaneous delivery of large built-to-suit properties. Thus, the forecast was revised to reflect current upward market trend.
- In 2021 new construction will exceed 500,000 sq. m for the first time in 5 years due to the delivery of large built-to-suit properties. The delivery of major speculative facilities will take place in the second part of the year.

MOSCOW H1 2021

Classes A, B+ & B-

18.78 mn sq. m

Total stock of office buildings

446 '000 sq. m

New construction

1.88 mn sq. m (10%)

Vacancy

957 '000 sq. m

Take-up

9%

Capitalization rate, prime office segment

Offices

OFFICE SEGMENT IS RESILIENT

The indicators' dynamics will remain positive in 2021.

THE IMPULSE SCENARIO

The market received an impetus due to high business activity of large corporations and delivery of BTS (built-to-suit) properties. When the impulse is offset, demand will become more restrained, rental rates growth will decelerate, and we will see a slowdown in the construction of new facilities.

Forecast 2021-2025:



Rental rates' growth will be driven by tenants' activity and high Production Price Index in 2021-2022. Later the indicator will stabilize.



In the upcoming years new construction will amount to 350,000-400,000 sq. m annually.



Absorption will remain positive in the mid-term (2-3 years).



The vacancy rate will remain at the level of 11%.

Despite concerns, office market indicators remain in a green zone.

STABLE DEMAND

Annual take-up will be similar to last year's levels. The decrease in speculative demand (compared to 2018-2019) is offset by large built-to-suit projects with the participation of state-owned companies and large corporations.

1 mn sq. m

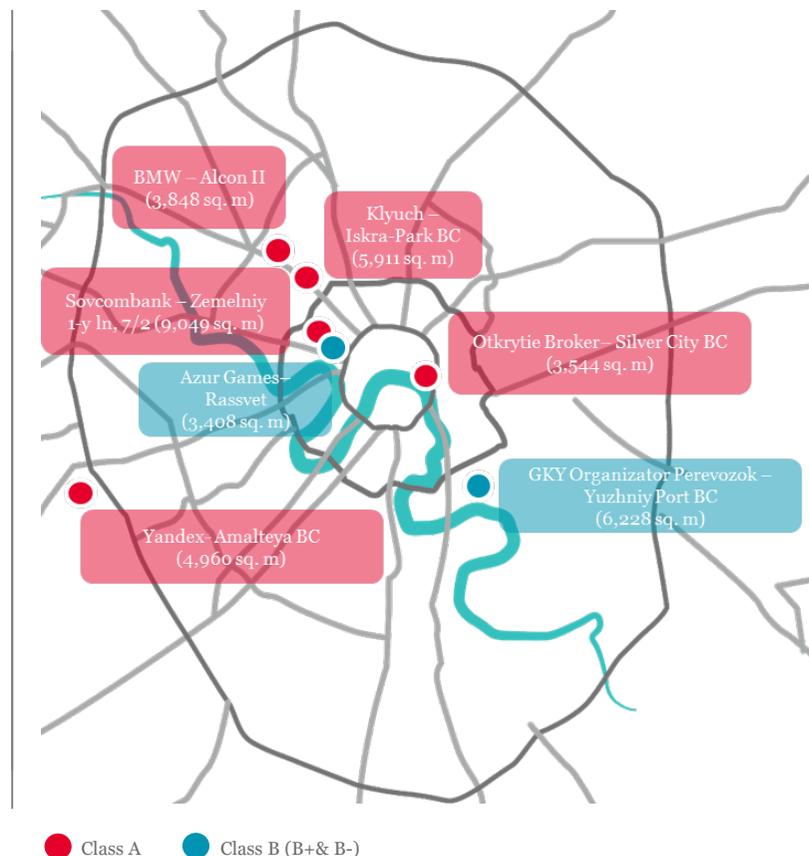
Take-up (lease and sales deals)
Jan – Jul 2021

1.55 mn sq. m

Take-up (lease and sales deals)
2021F

Source: Cushman & Wakefield

Major New Lease Deals, H1 2021



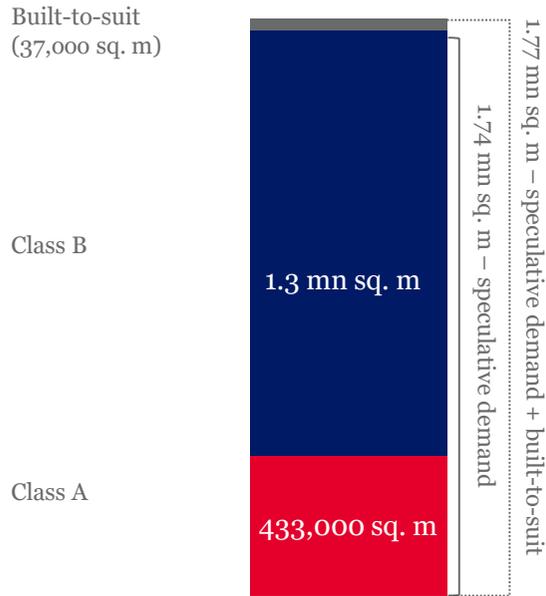
H1 2021 take-up amounted to 961,000 sq. m, which is 28% higher than the same indicator last year. It is a result of the lockdown and restrained tenants' activity in the second quarter of the last year and large corporations' business activity in 2021.

The key market players types did not change: state companies, banking and IT sectors are among major tenants. Despite the increasing popularity of operator's business model in flexible offices, the players of the segment continue to lease large office blocks.

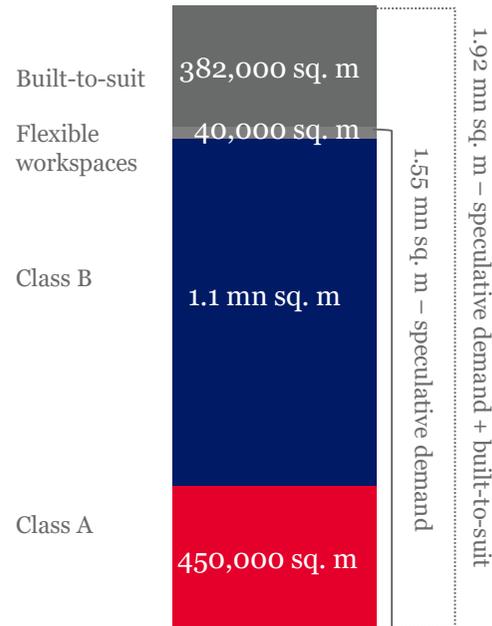
CHANGES IN THE DEMAND STRUCTURE

The office market turned out to be resilient to the external turbulence. However, the segment transformation is obvious, and it can be clearly seen in the structure of demand.

Structure of Demand: 2013



Structure of Demand: 2021 (Forecast)



The market is undergoing structural changes – “speculative demand” decrease and increase built-to-suit deals.

In terms of new normal the annual take-up shifted from 1.9-2 mn sq. m in 2017-2019 to 1.5-1.6 mn sq. m. This level will remain for the next few years. The decrease in “speculative demand” is offset by a large volume of BTS projects for state companies and large corporations.

We expect that aggregated take-up (including BTS) in 2021 will amount to 1.92 mn sq. m which corresponds to the pre-crisis level.

Comparing the structure of demand in 2013 and 2021, we can note a change in the share of the speculative component. Previously, the volume of built-to-suit projects was at minimum, and in 2021 this segment will form 20%.

RENTAL RATES: NOMINAL DECREASE WILL TURN TO GROWTH

The impetus received by the market will be reflected in the level of rental rates. The key drivers of the indicator will be tenants' activity and high inflation of producer prices. The growth will slow down when the impulse fades out.

21,194

RUB / sq. m annum

Jan – Jul 2021

Ruble equivalent (all deals in classes A & B)

22,210

RUB / sq. m annum

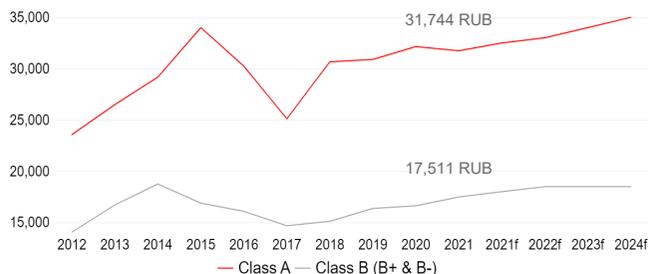
2021F

Ruble equivalent (all deals in classes A & B)

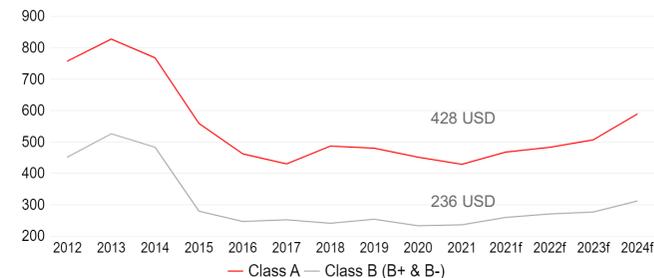
Rental rates are exclusive of VAT and operational expenses

Source: Cushman & Wakefield

Rental Rates in Russian Rubles*



Rental Rates in US Dollars*



Rental rate for the January-July 2021 decreased by 3.4% compared to the same indicator of 2020. Such dynamics is determined by the decrease in class A by 2.6%, since last June, when a major pre-lease deal in a premium building was registered. Excluding this deal, Class A rates remained at the level of the previous year. The rental rate in class B increased by 3.6%.

*Data for 2021: 2021 – year-to-date indicator (January-July 2021); 2021F – forecast for 2021

NEW CONSTRUCTION BREAKS THE RECORD

The shortage of large high-quality office blocks and the specifics of demand from state companies and large corporations resulted in the increased number of built-to-suit projects.

446 '000 sq. m

New construction (classes A & B)

H1 2021

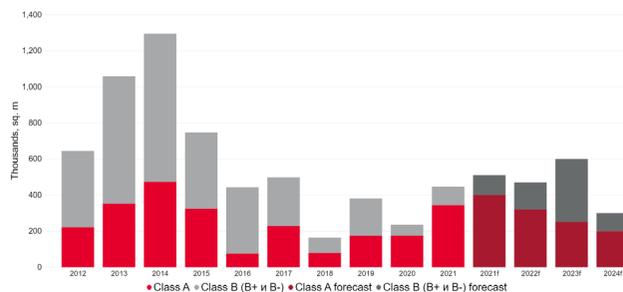
382 '000 sq. m

Built-to-suit properties office rentable area

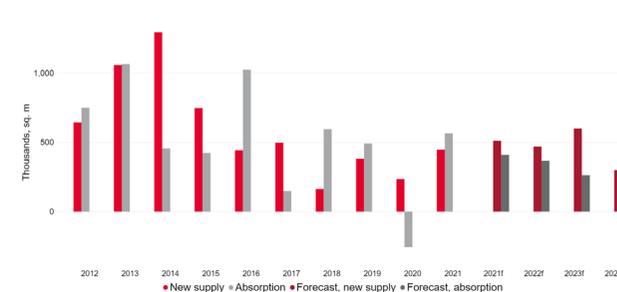
H1 2021

Источник: Cushman & Wakefield

New Construction



New Construction and Absorption



In Q2 2021 new construction is represented by two class A properties - Imperial Plaza BC (8,000 sq. m) and Sber-City towers (128,000 sq. m). Both buildings were delivered with 100% occupancy. 86% of the new construction are BTS projects, while many speculative properties were delivered with a high share of pre-leases. Thus, the entry of new premises to the market did not fully satisfy the needs of tenants for the lease of large-scale offices.

We expect that the annual new construction will be 510,000 sq. m in 2021, and in the second half of the year only speculative facilities will be delivered to the market. In the mid-term (2-3 years), we will see a few large BTS objects.

VACANCY WILL RETURN TO 2020 LEVELS

The current temporary decrease is due to the completion of a large volume of BTS projects with 100% occupancy. By the end of the year, the indicator will return to the level of 2020.

10.1%

Vacancy rate

July 2021

Classes A & B

11.1%

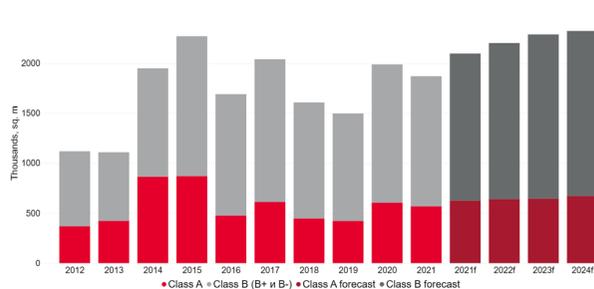
Vacancy rate

2021F

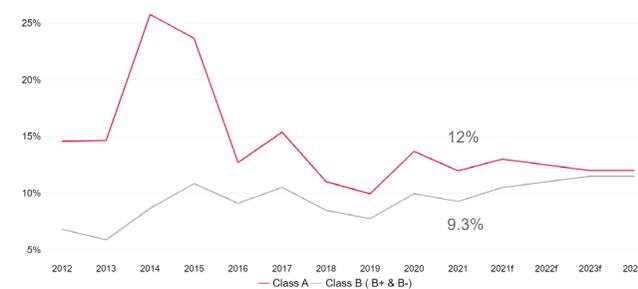
Classes A & B

Источник: Cushman & Wakefield

Vacant Premises*



Vacancy Rates*



Vacancy rate amounted to 10.1% by the end of July. The indicator decreased by 1.7 p.p. in class A and by 0.7 p.p. in class B compared to 2020. The dynamics is determined by 3 key factors:

- 1) Business activity remains high.
- 2) WFH rule was lifted at the beginning of the year, white collars returned to offices or to a hybrid work schedule instead of 100% remote work. Companies are less active in offering their office space for sublease.
- 3) A large volume of BTS buildings with 100% occupancy were completed in Q2 2021.

*Data for 2021: 2021 – year-to-date indicator (January-July 2021); 2021F – forecast for 2021

ABSORPTION* IS STILL IN THE GREEN ZONE

Built-to-suit properties keep the indicator in the positive zone. By the end of the year absorption will decrease due to the delivery of speculative facilities.

541

'000 sq. m

Absorption

July 2021

408

'000 sq. m

Absorption

2021F

Absorption, '000 sq. m

Year	Class A	Class B
2010	335	817
2011	395	541
2012	247	536
2013	263	767
2014	32	424
2015	318	105
2016	467	557
2017	93	55
2018	243	352
2019	202	293
2020	-7	-262
H1 2021	378	163

Absorption in class B exceeded the indicator in class A up to 2016. However, the situation has changed in the last 5 years and absorption in class A significantly increased. Thus, high-quality office premises are being “washed out” from the market, and class B is being replaced by class A.

***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.

Source: Cushman & Wakefield

FLEXIBLE WORKSPACE

Office properties owners announce opening of flexible workspaces in their buildings, thereby giving potential tenants flexibility to find the most suitable option.

276 '000 sq. m

Flexible workspace stock

July 2021

1.47%

Flexible workspace as a proportion of the Moscow office stock

July 2021

Source: Cushman & Wakefield

There are 148 dedicated flexible workspaces in Moscow, 107 of which are operated by chains. Their share in the total flexible workspace stock significantly exceeds the share of non-chain operators and comprises 83%.

One of the key advantages of chains operators is a varied number of options to be provided to a client according to the requested location, type of the building and commercial terms.

New players continue to appear on the market, and more often they are represented by landlord-activated operators. For example, Enka announced opening of two sites in their own buildings under the Flexity brand, and Pridex announced opening of a flexible office Multispace in a business center located at Schipkovskiy 1st Lane, 5. Also the operator Territoriya (AFK Sistema) announced opening of new flexible offices in every Moscow district based on own facilities.

Flexible offices form the supply covering the needs of customers not only in Moscow and St. Petersburg, but also in the regions of Russia. Thus, within the framework of the Alfa Summer Space project, two high-tech co-workings were opened in Sochi. Alfa Bank employees have an option to work there remotely until September, 30. This solution will help to increase the variability of workspaces and prevent the emotional burnout of employees.

Hybrid work is one of the key factors for further development of the segment. In 2021, operators are planning to open 36 flexible workspaces with total area of 133,000 sq. m. However, about 70% of the premises are built-to-suit options, and their opening will take place if there is an interested tenant. Therefore, a realistic forecast is a growth of the segment up to 1.7% in 2021.

FEDERAL OFFICE MARKET

With the implementation of work-from-home, companies got the opportunity to solve many strategic tasks with no reference to geographical borders.

Regional offices as a solution to strategic objections:

Case 1:

Task: Preventing employees' emotional burnout



Office market analysis of the resort cities



Choosing the best location for a seasonal office

The most suitable option may be Sochi



Organization of built-to-suit flexible workspace in Sochi

Case 2:

Task: Hiring a team of the most highly qualified IT specialists in the country



Search for a team of specialists based on the stated requirements with no reference to geography



The team can be found in one of the developing IT clusters in the regions (St. Petersburg, Novosibirsk, etc.)

Choosing the best location option for the selected team



Renting an office in an existing business center or setting up a built-to-suit flexible office

Remote work practices accelerated the change of tenants' allocation strategies.

Nowadays companies can shift from solving a problem of opening the office in a certain city to finding the answer to the question "Where we should open the new office in order to find the solution to strategic tasks?". The business is no longer limited within Moscow borders and companies can achieve their strategic priorities by relocating employees to regional offices (temporarily or permanently).

Thus, an increased interest towards offices located outside Moscow may become the driver of regional market development. Nowadays there is a limited number of cities where office supply meets the needs of large clients. However, there are several options for adapting the market to the needs of corporate tenants: facilities redevelopment, creating a flexible BTS office, etc. As a result, the federal office market is emerging in Russia.

RETAIL

- In 2021, the consumer market will recover the decline of the last year. In 2022-2023 retail trade turnover is expected to grow at a moderate rate of 1.5%.
- In May-June 2021, the footfall in shopping centers in Moscow is still below the level of 2019 by 10%. By the end of 2021, the footfall is unlikely to return to the pre-crises level – the lag will be around 10-15%.
- Construction activity remains stable - new shopping centers are opening both in Moscow and in the regions of Russia.

5.7 mn sq. m

Total quality stock in Moscow

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

66 '000 sq. m

New construction, Moscow, H1 2021

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

200 '000 sq. m

New construction, Moscow, 2021F

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

9.5 %

Capitalization rate

Prime shopping centers, Moscow

Retail

RESET OF THE RETAIL SEGMENT

Changing consumer behavior, pandemic and active growth of e-commerce stimulate shopping centers and operators to transform. The market players need to strengthen consumer loyalty to offline retail formats, also by using synergy with digital communication channels.

CONSUMER MARKET

In 2021, the consumer market will win back the decline of the last year. However, in the next several years, the growth rate of the retail turnover will remain low.

10%

Retail turnover growth

January – May 2021

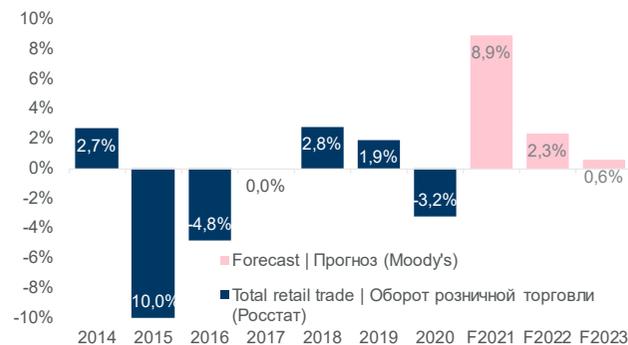
8.9%

Retail turnover growth

2021F

Source: Rosstat, Moody's

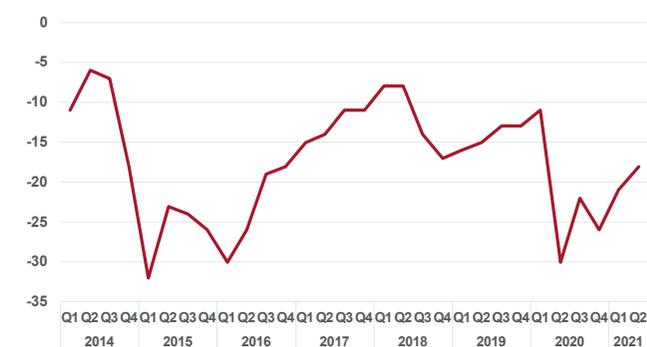
Consumer Market in Russia



Starting from April, the retail turnover is growing – in January-May 2021, the indicator was 10% above the same period of the last year.

Moody's Analytics estimate that the consumer market will grow by 8.9% in 2021. According to a press release from July, the official forecast of the Ministry of Economic Development will also be revised upward, and the growth of retail turnover in 2021 will reach 6.9%.

Consumer Confidence Index



Consumer expectations are at the highest level since the beginning of the pandemic, but still below the pre-crisis indicators.

People started to assess their current financial situation less negatively and think more positively about making large purchases and savings. Retailers now have the opportunity to motivate consumers to purchase, not to save money.

NEW CONSTRUCTION TRENDS



SHOPPING CENTERS IN RESIDENTIAL COMPLEXES

The trend in construction of retail schemes within the residential complexes is strengthening. Residential developers more often enter the retail real estate segment and plan to include retail component to their projects. Samolet announced the construction of five shopping centers as a part of its residential complexes, and a major regional player – Strana Development – plans to enter the Moscow market for development of neighborhood shopping centers.



EXTENSION OF ENTERTAINMENT AND SPORTS COMPONENT IN RETAIL SCHEMES

Against the background of rapidly growing e-commerce, the entertainment component is strengthening its anchor function in shopping centers and helps to increase footfall.

In the shopping centers under construction, developers are also focusing on the entertainment and sports component. In Moscow, Mitino Park shopping center will have an ice arena, and water parks are planned for opening in the second stage of Brosko Mall in Khabarovsk and Oceanis in Nizhny Novgorod.



CONSTRUCTION VOLUME DECLINE

Currently, the properties that started construction 2-3 years ago are entering the market and new projects are being announced. However, as the focus of developers is shifting towards the construction of small retail schemes and the average size of a shopping center is decreasing, construction volume will decline in the next years. In 2022-2023, about 400,000 sq. m of retail space will enter the market annually.

A SIGNIFICANT SHARE OF NEW RETAIL IS IN THE REGIONS

More than 80% of all retail space delivered to the market in the first half of the year is in the regions. This is due to the opening of several large-scale projects. Moscow will lead the new construction in the second half of the year.

374 '000 sq. m

New construction in Russia

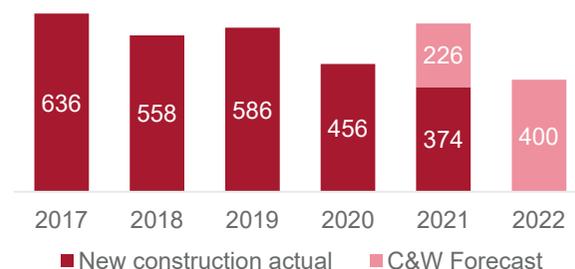
H1 2021

600 '000 sq. m

New construction in Russia

2021F

New Construction, '000 sq. m

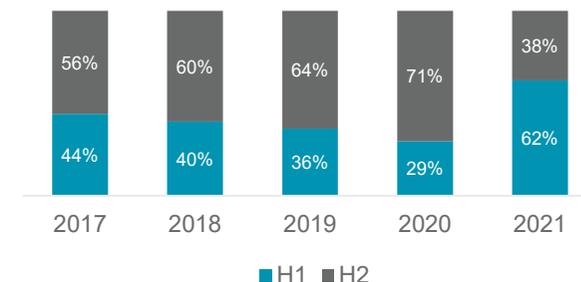


In H1 2021, 11 shopping centers were delivered to the market in Russia with total GLA of 374,000 sq. m.

In Q2, several large-scale properties with GLA of more than 50,000 sq. m were opened: Planeta shopping center in Perm (GLA – 83,000 sq. m), Veer Mall in Ekaterinburg (GLA – 76,000 sq. m) and Ramus Mall in Nizhnekamsk (GLA – 68,000 sq. m).

By the end of the year another large retail scheme is planned for opening – Grozny Mall (GLA – 59,000 sq. m).

New Construction Structure by Half-Year Periods



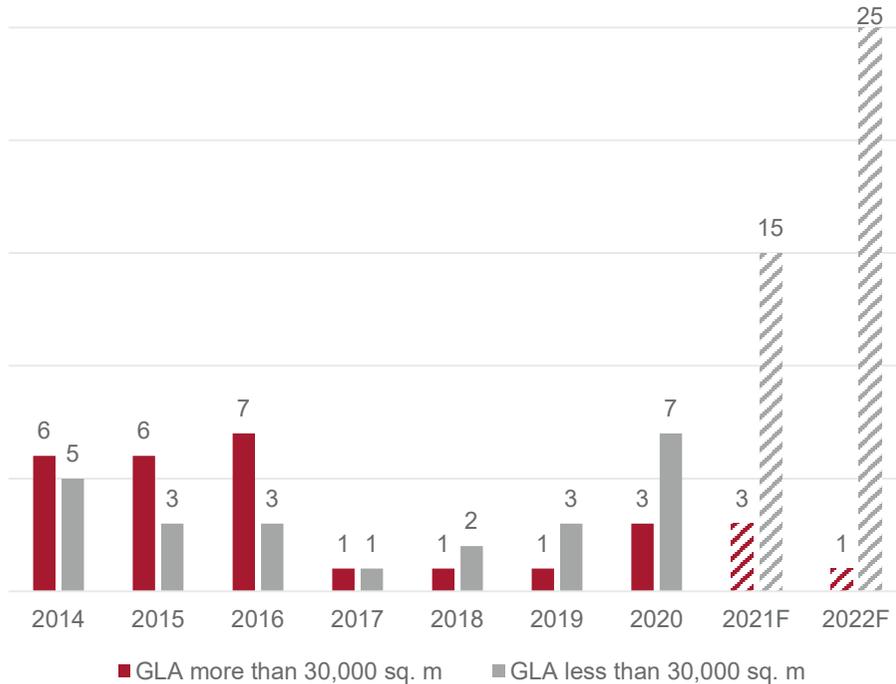
Traditionally, the largest share of new retail space is delivered in the second half of the year. In 2021, the situation has changed – more than half of new space was delivered in the first half.

A significant part of the properties was already on the final stage of construction last year, but their opening was moved to a later date due to the pandemic.

AVERAGE SIZE OF A SHOPPING CENTER IS DECREASING

Large shopping centers will be also opening in the next 2-3 years, but there will be not many of them.

Number of New Shopping Centers in Moscow by Size



The retail real estate market in Moscow is well-equipped with large and medium-size properties. In the last two years developers have been shifting their focus to the construction of small shopping centers and retail schemes inside residential complexes and transport hubs. The pandemic has intensified this trend – the format is more stable during volatile periods, quickly generates loyal target audience within walking distance, and small blocks are easier absorbed by tenants.

The retail real estate development in Moscow is 2-3 years ahead of regional markets. In the next years we will see a similar trend of decrease in number of large-scale projects in the regions. In 2017-2021, 5 shopping centers with GLA of more than 30,000 sq. m were opened in the regions annually, while in 2022-2023 only 1-2 properties of this format will be opened.

FOOD RETAIL MARKET CONSOLIDATION

Competition between the largest grocery chains is rising - federal players are actively expanding their presence in the regions and increasing their market share.



Grocery retail is in the process of consolidation – large market players are taking over less successful and local chains, increasing their market share. For instance, Magnit announced the purchase of Dixi and Megamart retail chains, Lenta is buying Billa stores and plans to purchase Semya chain in Perm, Spar is taking over Gorozhanka and Gigant chains from Novosibirsk, Pyaterochka is buying Sitno chain in Ural.

The growth of grocery chains is also caused by opening of new stores and expansion in the regions of Russia and other countries - X5 Retail Group plans to open 110 stores in the Rostov Region, Magnit announced plans to increase the number of My Price discounters, Svetofor is expanding its presence in St. Petersburg and enters new European markets (Great Britain, Belgium).

The food delivery segment continues to increase - according to Data Insight forecast, e-grocery market in 2021 will grow by 2.6 times compared to 2020, and the share of online in total grocery sales will almost double and approach 2%.

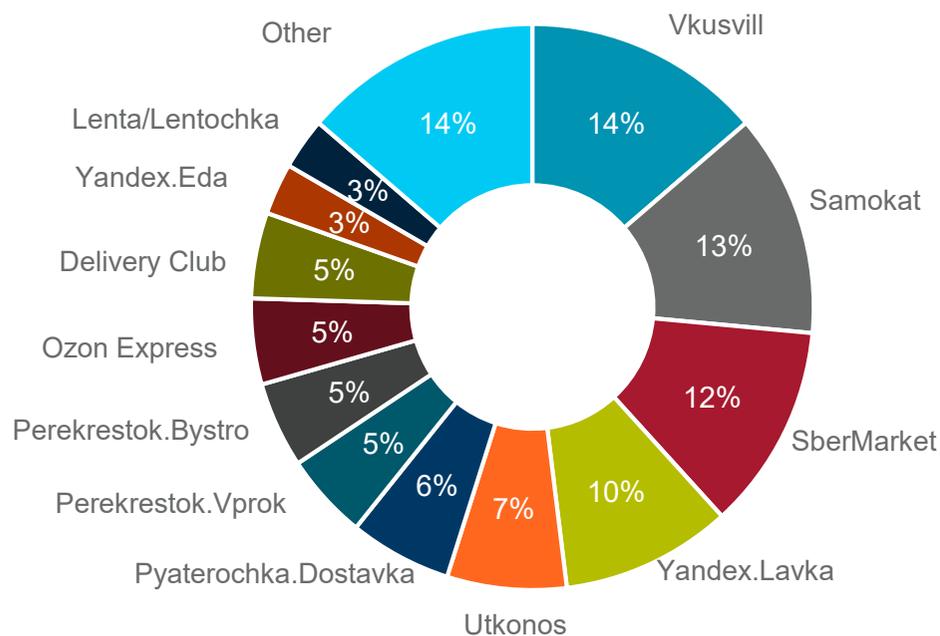
Market players are expanding assortment: in addition to food delivery, operators are launching pharmacy delivery - such plans were announced by X5 Retail Group and Russian Post.

Express delivery is becoming more popular. For instance, Sbermarket announced plans to open its own dark stores in a partnership with one of the large retailers.

FOOD DELIVERY MARKET

Food delivery is one of the fastest growing segments of E-commerce. In 2020, the turnover grew by 3.5 times, in 2021 it is expected to grow by 2.6 times.

Leaders in E-grocery Turnover, May 2021



- Almost half of the online food sales is allocated across four largest market players - Vkusvill, Samokat, SberMarket and Yandex.Lavka.
- The average purchase is declining - over the year the drop was 37% - to 1,440 rubles. This happened due to the active growth of express delivery services, which are the leaders in the number of orders and have a low average check.
- By the number of orders in May, Samokat is in the lead, almost twice surpassing the second operator by the number of orders - Yandex.Lavka.
- Sbermarket is the leader in terms of coverage of the Russian regions - the operator is represented in 81 regions. For comparison: Samokat - in 19 regions, Yandex.Lavka - in 4 regions.

Source: Data Insight - eGrocery in Russia, May 2021.

WAREHOUSE AND INDUSTRIAL

- The market continues to grow. After the demand peak in 2020 the segment is slowly stabilizing, but on the level higher than previous average annual indicators.
- By the end of the year, new deliveries are expected to reach 1 mn sq. m for the first time in 5 years.
- The vacancy rate in class A is at the level of 2.5% - 3%. Active speculative construction did not affect the indicator due to pre-leases in newly delivered big-box properties. High built-to-suit pipeline will support the vacancy by year-end.

Moscow H1 2021

20.12 mn sq. m

Total stock of warehouses, classes A & B

316 '000 sq. m

New construction, classes A & B

2.5%

Vacancy rate, class A

4,200 RUB / sq. m / year

Rental rate, class A

10.5%

Capitalization rate, prime warehouse segment

Warehouse & Industrial

ACCELERATED GROWTH OF MARKET INDICATORS

The 2020 demand peak results in high construction activity. Rental rate continues to rise. Key retailers are preparing for the launch of new warehouse properties and still looking for new supply chain solutions.

ACTIVE NEW CONSTRUCTION

By the end of the year, new deliveries are projected to reach 1 mn sq. m. for the first time in 5 years. The indicator will exceed the level of 2020 by 16%. The driver for construction activity is peak demand last year.

316 '000 sq. m

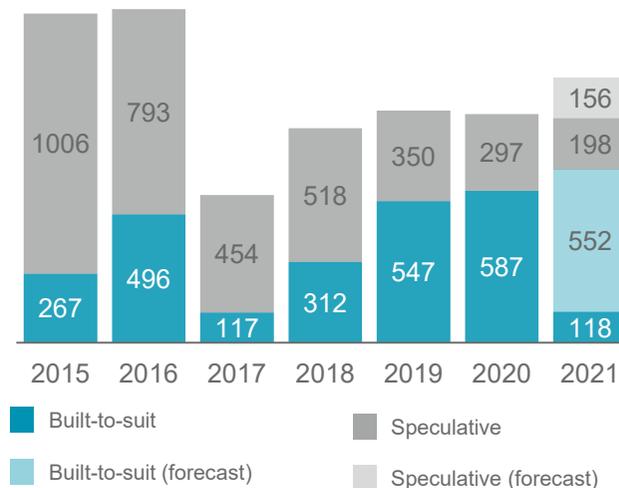
New construction
The Moscow region, classes A & B
H1 2021

1 mn sq. m

New construction
The Moscow region, classes A & B
2021F

Source: Cushman & Wakefield

New Construction, Classes A & B, 2021



Key Schemes Completed in H1 2021

Scheme	Type	Total area, '000 sq. m
Atlant-park	Speculative	46
South Gate	Speculative	43
PNK Park Zhukovskiy	Speculative	40
DC Wildberries	Owner occupied	35
DDT Logistic	Speculative	20
SST	Owner occupied	20
RusKhimSet'	Owner occupied	18
Vinner Logistic	Owner occupied	16
WH n Nikolo-Khovanskoe v.	Speculative	14

The share of speculative construction reached 63% in H1 2021. 85% of newly delivered speculative supply was pre-leased. This fact kept the vacancy rate at the low level.

We anticipate a slow rebalancing with an uptick in built-to-suit commissioning by year-end 2021. The pipeline for built-to-suit schemes amounts to 552,000 sq. m.

THE DEMAND IS IN LINE WITH 2020 PEAK

After the traditional activity decline in the beginning of the year, in Q2 2021 we registered a return to peak quarterly levels of H2 2020.

1.3 mn sq. m

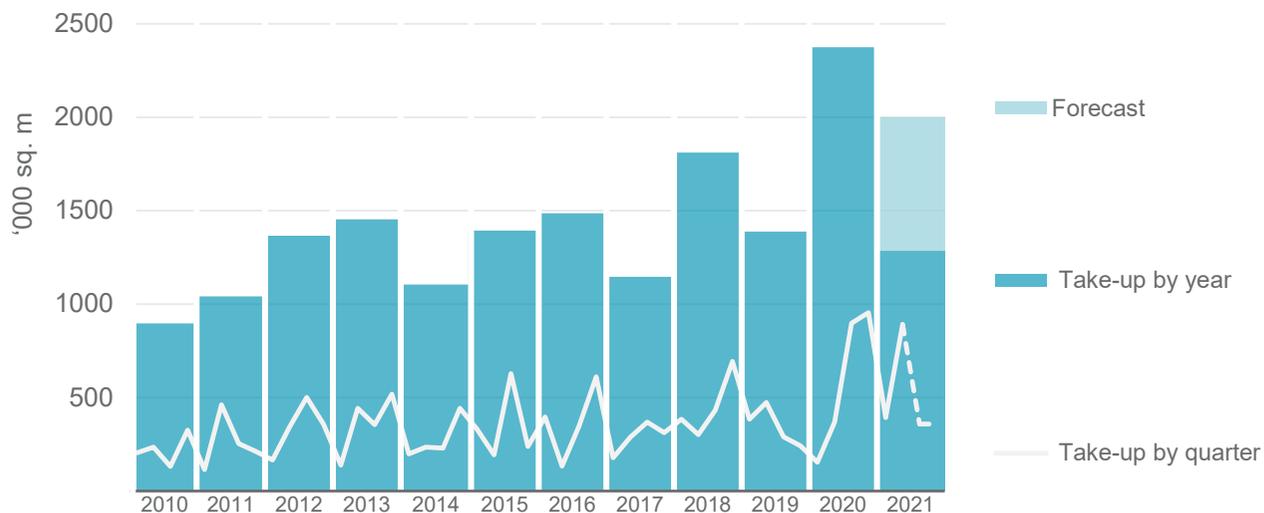
Take-up
The Moscow region, classes A & B
H1 2021

2 mn sq. m

Take-up
The Moscow region, classes A & B
2021F

Source: Cushman & Wakefield

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



The H1 2021 take-up growth reached 142% in comparison to H1 2020. In the beginning of the year, the market experienced leasing activity stabilization with 393,000 sq. m, in the meantime the indicator exceeded average Q1 take-up value (241,000 sq. m). The Q2 2021 take-up (892,000 sq. m) is the third peak of pandemic-driven demand, which is comparable with record high Q3 and Q4 2020. The growth is coming from the largest on the market new deal: OZON signed for built-to-suit fulfillment center in PNK Park Pushkino 2 (270,000 sq. m), which is 30% of the total take-up.

By the end of the year, the take-up will reach 2 mn sq. m, which will be second high indicator in history. In the mid-term, we can expect new large deals with key marketplaces.

THE VACANCY RATE REMAINS LOW

The consumer market recovery, strong online sales growth and rising construction costs will keep the vacancy rate low in short- and mid-term.

2.5%

Vacancy rate

The Moscow region, class A

H1 2021

3%

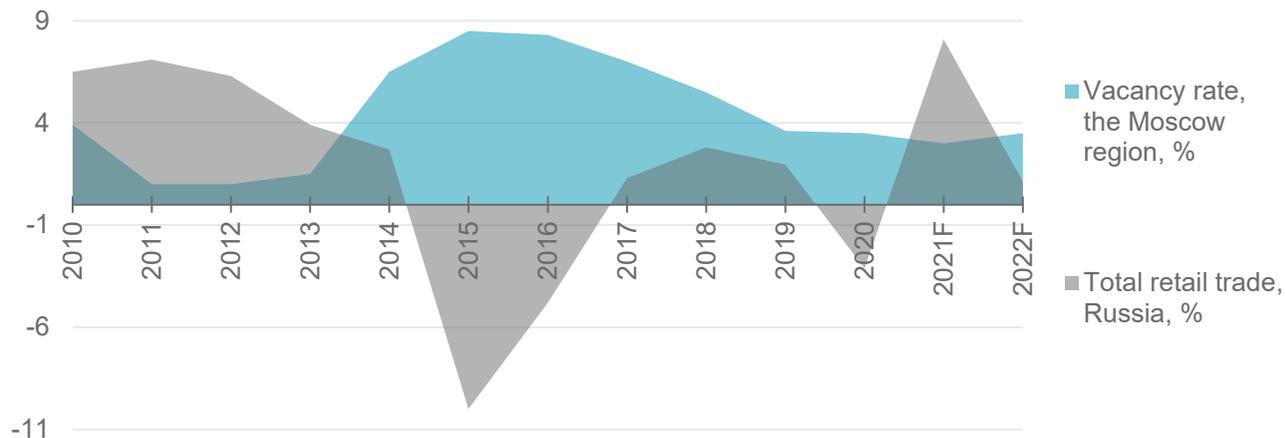
Vacancy rate

The Moscow region, class A

2021F

Source: Cushman & Wakefield, Moody's

Vacancy Rate and Total Retail Trade



The vacancy in the Moscow region correlates to the volume of the total retail trade. Decrease in sales leads to decrease in occupied warehouse area. However, new drivers support the warehouse segment even on the weak consumer market.

In 2020, despite the decrease in retail trade turnover, we recorded a decrease in the vacancy for the first time. The accelerated build-out of E-commerce is the main factor of support. In short-term, the trend will also be supported by the gradual consumer market recovery and the demand growth for existing warehouses due to an increase in construction costs.

OUTRUNNING GROWTH OF RENTAL RATES

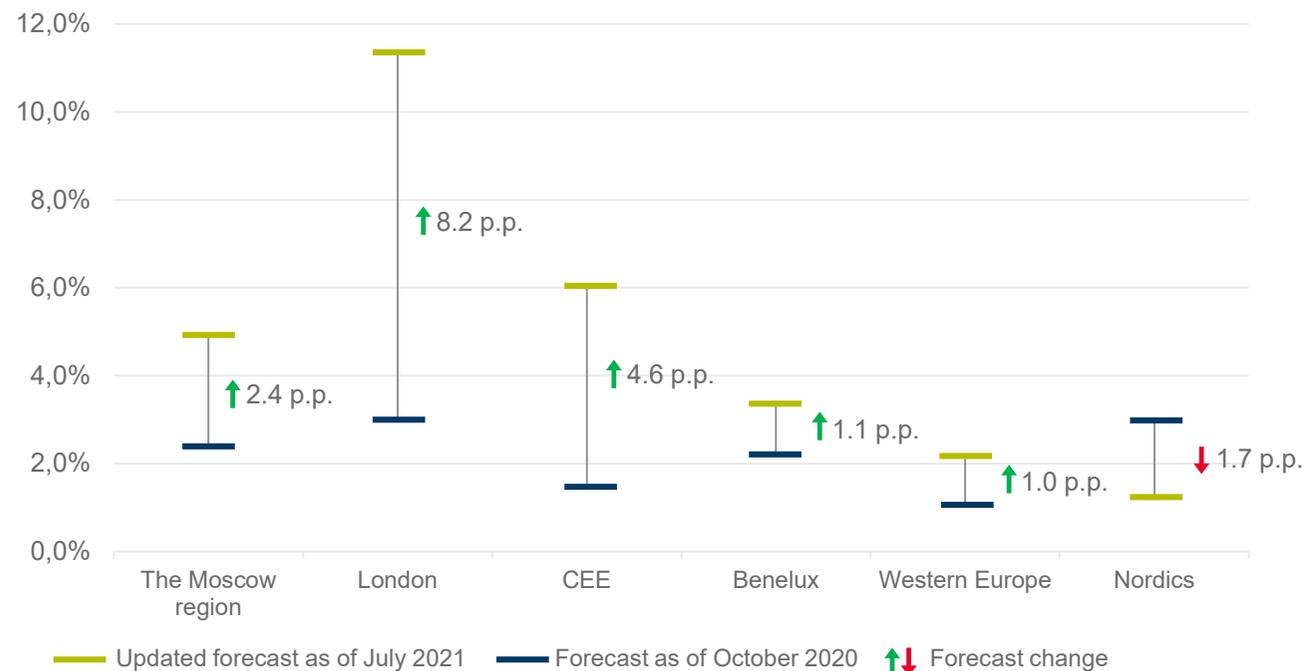
Almost all European markets reviewed forecasts towards a faster rental growth. Russia is no exception.

In 2020, the popularity of the segment was reinforced among tenants and investors around the world. As a result, rental rates showed rapid growth. In 2021, the market conditions were expected to stabilize and maintain a moderate rental growth. However, by the end of H1 2021, the forecasts were reviewed towards more significant growth. The only exception is Nordic countries, where the rental growth will be restrained.

In the Moscow region, the forecast for the average net asking rental rate was increased by 2.4 p.p. The indicator will reach 4,300 RUB / sq. m/ year by year-end 2021.

The outrunning growth of the indicator is supported by high demand, an increase in PPI and construction costs and a lack of warehouse area that meets the requirements of tenants in terms of size and transport accessibility.

Rental Growth in 2021 (y/y), %



Regional data includes:

Benelux: Brussels, Amsterdam;

CEE: Prague, Budapest, Warsaw, Bratislava;

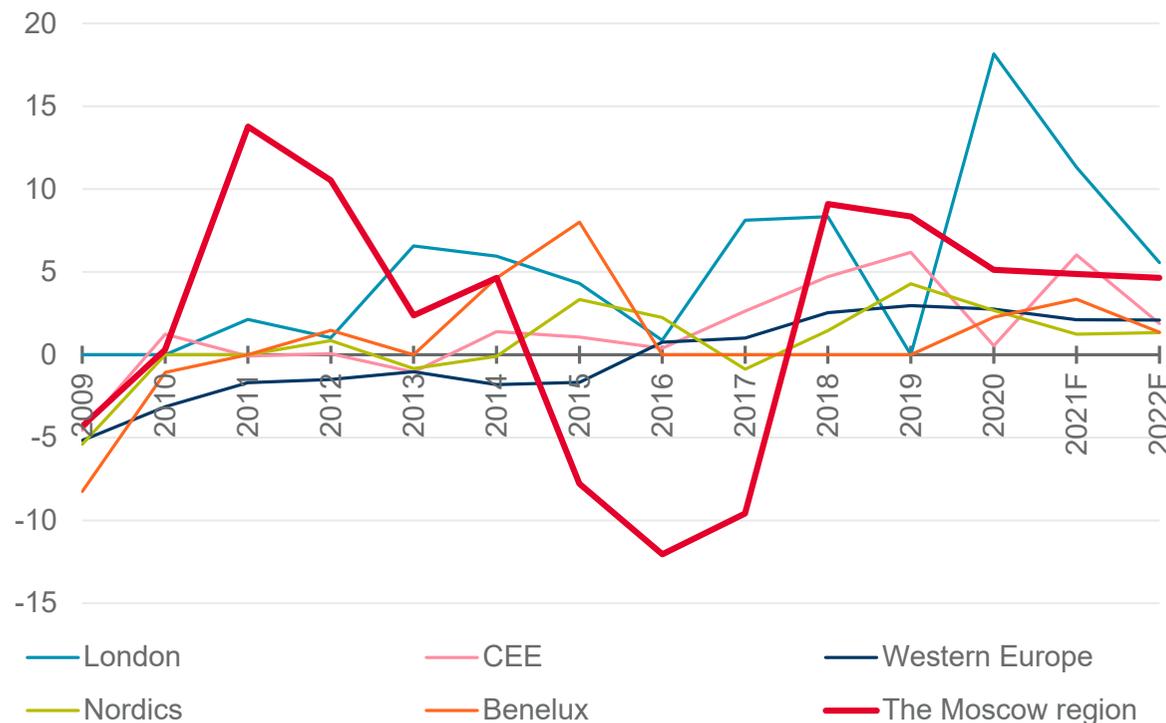
Nordics: Helsinki, Oslo, Copenhagen;

Western Europe: Paris, Rome, Berlin, Lisbon, Madrid.

RENTAL RATE IN THE MOSCOW REGION IS ONE OF THE MOST ROBUST

Since 2018, a positive dynamics in rental rates has been recorded on all European markets. The trend will continue in 2-3 years. The average European rental growth over the past three years is 4% per year, in Moscow - 7%.

Rental Growth (y/y), %



RENTAL RATES FORECAST

EUR / sq. m / year

Region	2020	2021	2022
London	193	215	226
Nordics	108	110	111
Benelux	75	78	79
Western Europe	58	59	61
CEE	51	54	55
The Moscow region	49	52	54

Regional data includes markets:

Benelux: Brussels, Amsterdam;

CEE: Prague, Budapest, Warsaw, Bratislava;

Nordics: Helsinki, Oslo, Copenhagen;

Western Europe: Paris, Rome, Berlin, Lisbon, Madrid.

RECORD HIGH DEMAND IN REGIONS

In H1 2021, the highest on record regional take-up was observed. The driver was pure online retail expansion. We registered the growth of the popularity of second-tire regional markets.

748

 '000 sq. m

Take-up
Regions, classes A & B
H1 2021

16%

Indicator growth
H1 2021 to H1 2020

Source: Cushman & Wakefield

Demand Indicators in Regions

	Take-up, H1 2021	Share in regional take-up	Share change
	'000 sq. m	%	(H1 2021 to 2020)
St. Petersburg	214	29	▲
Samara	206	28	▲
Rostov-on-Don	136	18	▲
Ekaterinburg	84	11	▼
Novosibirsk	42	6	▼
Krasnodar	35	5	▼
Kazan'	8	1	▼
Khabarovsk	6	1	▲
Nizhniy Novgorod	6	1	▲
Krasnoyarsk	4	1	▼

The share of St. Petersburg in regional take-up has been decreasing for two years in a row and does not exceed 30%. Previously, the value averaged 40%.

Key online retailers strengthen their logistics in second-tire regional markets.

For Samara, 206,000 sq. m of the take-up is the highest on record result. The previous record was 55,000 sq. m in 2017. Demand leap came from two large deals: OZON signed for built-to-suit fulfillment center with an area of 135,000 sq. m, and Yandex leased 26,000 sq. m in SamaraTransAvto.

REGIONAL EXPANSION OF PURE ONLINE RETAIL

Online retailers showed the highest leasing activity in the Russian regions. The H1 2021, indicator is higher than the total annual value in 2016-2018. Click and mortar retail is on pause after rapid expansion in 2020.

470 '000 sq. m

Retail take-up
Regions, classes A & B

H1 2021

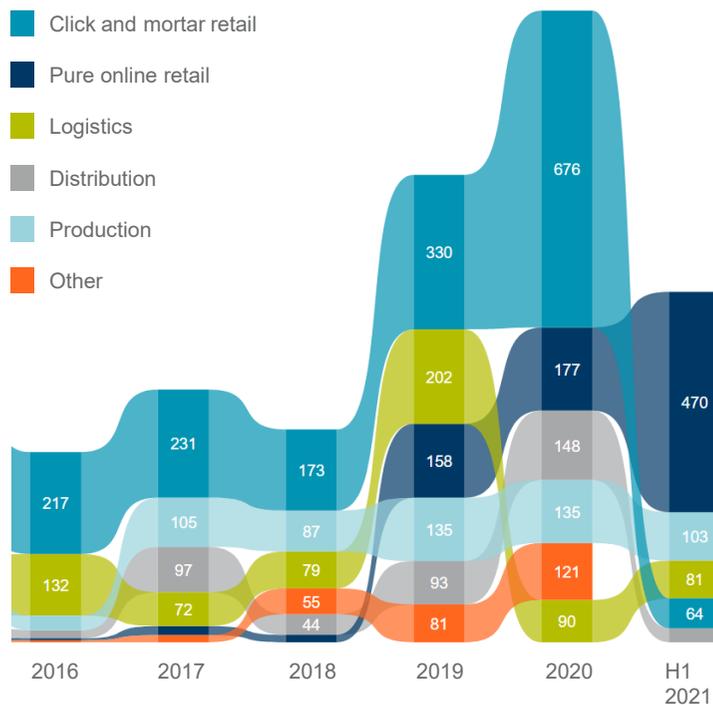
5 times

Indicator growth

H1 2021 to H1 2020

Source: Cushman & Wakefield

Take-up Structure, Regions,
Classes A & B, '000 sq. m



In 2020, click and mortar retailers were rapidly strengthening their logistics both in the Moscow region and other Russian regions, while pure online operators were focused on the capital city market.

In 2021, the situation changed: online retailers leased the highest amount of warehouse premises in regions, while click and mortar retailers has focus on optimization of business processes.

In short-term, the growth of demand from the key online operators for big-box warehouses can be expected on the second-tire markets. This will lead to demand growth from click and mortar operators in mid-term as well.

HOSPITALITY

- A visible increase in demand for hotel services (including first returning groups of foreign tourists) allowed Moscow modern quality hotels to report YTD Jun OCC of 58.5% and YTD Jun ADR of RUB 5,845.
- A new wave of COVID-19 cases registered in June in Moscow and other regions of the country did not have a detrimental effect on the work of Moscow hotels but served as a sobering reminder of the remaining market volatility.
- New supply in 2021 is projected to deliver 693 rooms in 4 hotel projects. All new projects are scheduled to open in the second half of the year.



Marina Smirnova

Partner
Head of Hospitality and Tourism

~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, early 2020

20k keys

Modern quality room stock

Cushman & Wakefield's estimates, H1 2021

693 keys

In 4 new hotel projects

New supply expected in 2021



NEW SUPPLY IN 2021

New hotels expected to open by the end of the year.

693 new keys

**Modern quality supply
increase expected in 2021**

In four new projects

New modern quality supply in Moscow* in 2021

PROJECT	KEYS	OPENING
Hampton by Hilton Rogozhskiy Val	147	Q3
DoubleTree by Hilton Moscow	99	Q4
Crowne Plaza Park Huaming	340	Q4
Ibis Moscow Semenovskiy	107	Q4
TOTAL	693	

* Excluding the New Moscow areas

Source: Cushman & Wakefield

MARKET SUPPLY - GROWTH STAYS LOW

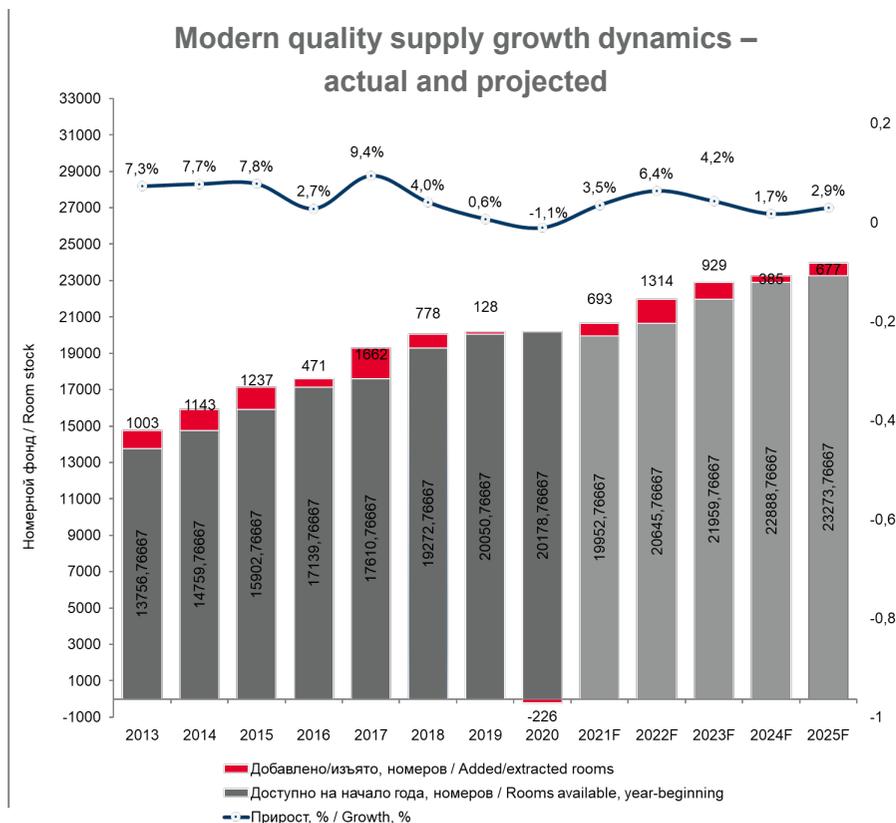
If all expected hotels open on schedule, market stock may grow by 3.5%.

3.5%

Expected full-year growth

2021

Source: Cushman & Wakefield



Due to continued rollover of planned completion dates for some hotel projects, the average expected market growth in 2021 is likely to be limited to 3.5%.

SPRING OPTIMISM IN MOSCOW HOTELS

Moscow quality hotel market still driven by domestic demand.

58.5%

Occ (%) YTD Jun 2021

Wider market

22.4 p.p.

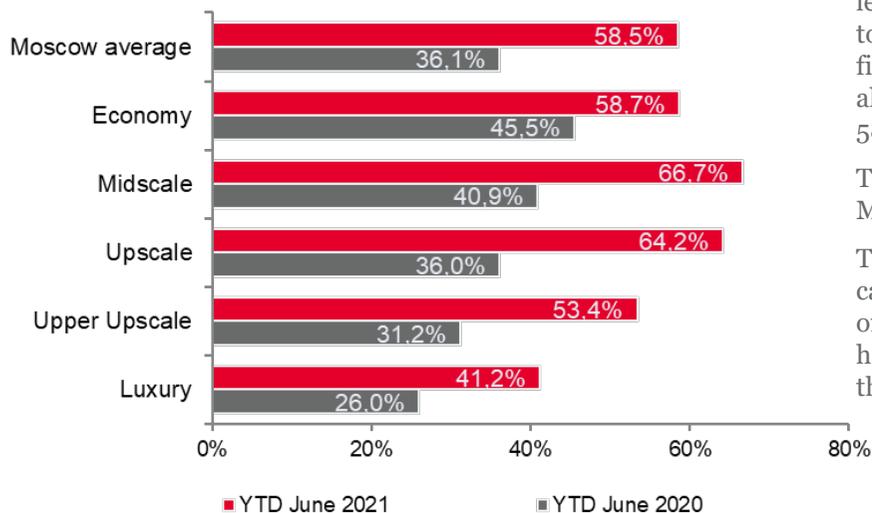
Occ change

YTD Jun 2021 vs. YTD Jun 2020

Wider market

Source: Cushman & Wakefield

Wider market Occ (%) by segment,
YTD Jun 2021 vs YTD Jun 2020



Starting from Spring 2021, Moscow hotels registered a growing trend in volumes of business travel (both regular business trips and visits to attend conferences and exhibitions, including large-scale trade shows) and leisure travel (to mention return of first international tourist groups – from Egypt, UAE, and India). Over the first six months of the year, these factors combined allowed the Wider market to reach Occupancy levels of 58.5%.

The highest OCC results, logically, were achieved by Midscale (66.7%) and Upscale (64.2%) hotels.

The new – and quite sharp – increase of COVID-19 cases reported in Moscow in June caused a fair number of last-minute group booking cancellations but happened too late to seriously affect trading results of the first half of the year.

ROOM RATES UNLIKELY TO SPRING BACK

All but Luxury hotels showed ADR decline.

5,865 RUB

ADR (RUB), YTD Jun 2021

Wider market

-3.3%

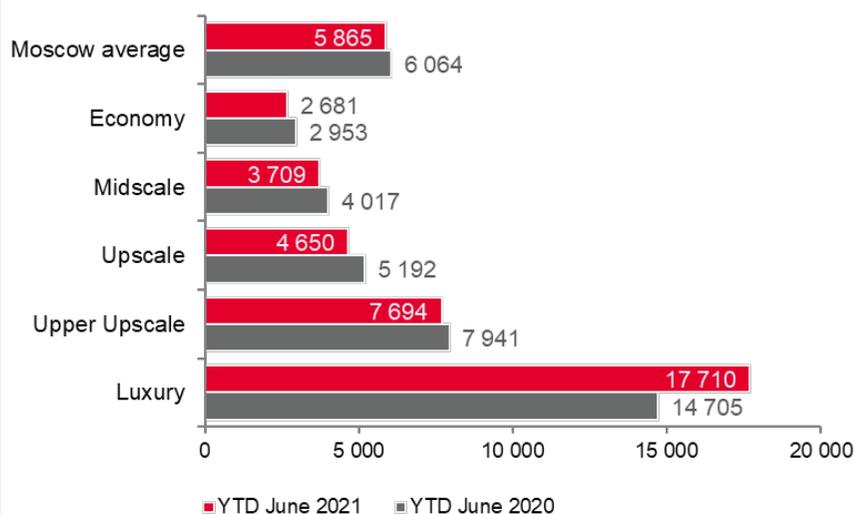
Year-on-Year change

YTD Jun 2021

Wider market

Source: Cushman & Wakefield

Wider market ADR (RUB) by segment,
YTD Jun 2021 vs YTD Jun 2020



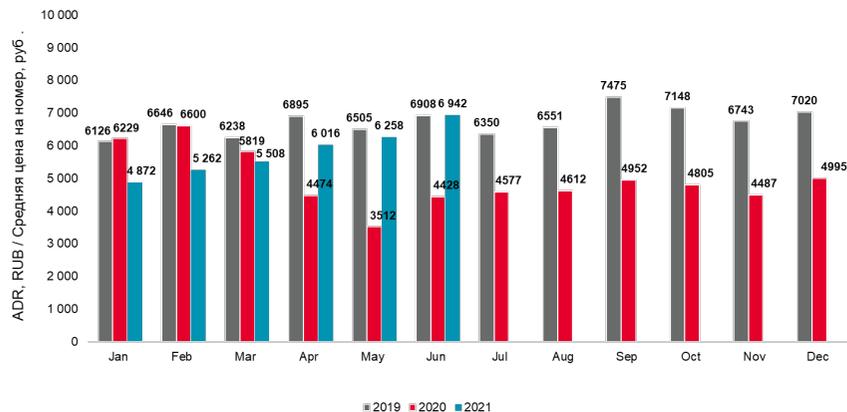
Judging by the ADR dynamics (in RUB), Moscow hotels should not expect a quick and easy return to the pre-COVID rates. Even though the gap between the Wider market's year-on-year ADR (YTD Jun 2021 and YTD Jun 2020) is only 3.3%, as usual, the devil is in the details. If Luxury hotels improved their ADR by 20.4% (RUB 17,710 vs. RUB 14,705 in the same period in 2020), all others seriously underperformed vs. their last year's ADRs – from 7.9% (Upper-Upscale hotels) to as much as 21.6% (Midscale hotels).

One of the reasons why Luxury hotels could increase their ADRs is the change in demand structure. Due to the current travel restrictions caused by the COVID-19 pandemic, the share of Corporate clients (accommodated at fixed rates, with various special discounts) shrank – whereas the share of Leisure individuals (domestic tourists paying Public rates and frequently favoring suites over standard rooms) increased.

HOW WILL THE MARKET OVERCOME VOLATILITY IN 2021?

2021 outlook – how seriously could new COVID-19 wave would affect full-year results?

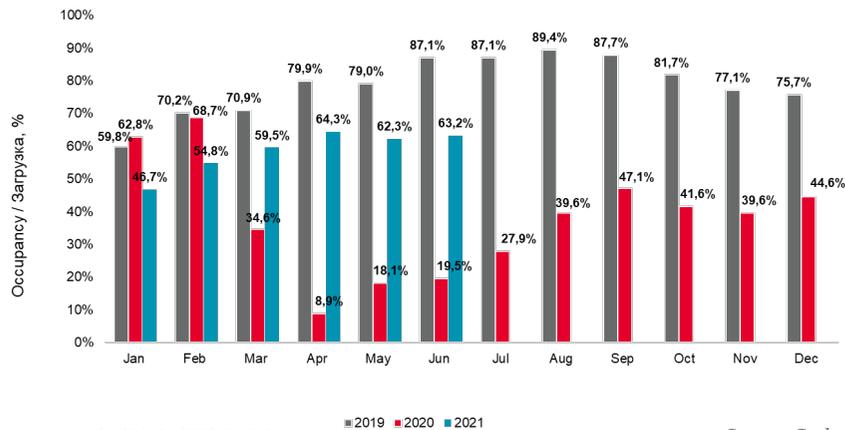
Monthly ADR (RUB) dynamics



As Wider market’s monthly trading dynamics (see the graphs on the left-hand side of the slide) shows, starting from Spring, both ADR and Occupancy were showing clear signs of growth – which allowed the modern quality hotel segment in May-June to reach ADR levels registered in May-June 2019. Demand is still largely domestic (with negligible share of organized international travel), with a short booking window.

Overall, however, demand remains volatile and difficult to forecast, as demonstrated by the June increase of new COVID-19 cases. While this new ‘wave’ took place quite late to negatively affect June’s trading results of Moscow hotels, it nevertheless created an emotional response from clients resulting in last-minute booking and meeting cancellations. All this reminds us that the pandemic is still at large – until mass vaccination results create herd immunity.

Monthly OCC (%) dynamics



With this in view, the H2 2021 outlook for the Moscow hotel is likely to be not much different from the H1 results. Demand for traditional hotel services (accommodation, catering, meetings, wellness) generated by domestic clients has probably reached its peak levels both in Occupancy and ADR. So, until international travel (and MICE-business) is not recovered, they are unlikely to change to any substantial degree.

#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	2020
NEW CONSTRUCTION ,000 sq.m	2 189	1 171	974	812	666	976	1 371	747	441	457	163	378	236
TOTAL STOCK ,000 sq.m	9 849	11 020	11 994	12 806	13 472	14 448	15 819	16 566	17 007	17 464	17 627	18 005	18 241
RENTAL RATE, RUB per sq. m p.a.	37		12	24	13	57	938	22 133	20 048	17 508	19 285	20 012	20 952
VACANCY RATE	9,0%	13,7%	11,1%	9,6%	8,3%	7,7%	12,3%	13,7%	10,0%	11,7%	9,2%	8,6%	11,4%
TAKE UP ,000 sq.m	1 854	825	1 847	2 027	2 117	1 739	1 294	1 261	1 636	1 901	1 999	2 061	1 537

ТОРГОВАЯ НЕДВИЖИМОСТЬ / RETAIL MARKET

РОССИЯ (ВКЛЮЧАЯ МОСКВУ) / RUSSIA (INCLUDING MOSCOW)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NEW CONSTRUCTION ,000 sq.m	1 589	1 387	1 514	1 361	1 914	1 456	2 346	1 877	1 699	636	558	570	441
TOTAL STOCK ,000 sq.m	6 951	8 338	9 852	11 212	13 126	14 583	16 929	18 806	20 505	21 142	21 700	22 270	22 710

МОСКОВСКАЯ АГЛОМЕРАЦИЯ / MOSCOW AGGLOMERATION

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NEW CONSTRUCTION ,000 sq.m	431	497	362	202	155	173	627	418	444	135	108	156	232
TOTAL STOCK ,000 sq.m	2 146	2 643	3 005	3 207	3 362	3 536	4 163	4 581	5 025	5 160	5 268	5 424	5 656
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	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	2020
NEW CONSTRUCTION ,000 sq.m	1 740	1 562	702	520	1 207	1 633	2 358	2 013	1 805	930	1 209	1 376	1 228
TOTAL STOCK ,000 sq.m	5 696	7 258	7 960	8 480	9 687	11 320	13 678	15 692	17 497	18 426	19 635	21 010	22 239

МОСКОВСКАЯ АГЛОМЕРАЦИЯ / MOSCOW AGGLOMERATION

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NEW CONSTRUCTION ,000 sq.m	742	760	400	281	656	1 009	1 394	1 047	1 236	415	721	859	769
TOTAL STOCK ,000 sq.m	3 533	4 293	4 693	4 974	5 629	6 638	8 032	9 078	10 315	10 730	11 451	12 311	13 080
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	4 100
VACANCY RATE	2,0%	5,0%	3,9%	1,0%	1,0%	1,5%	6,5%	8,5%	8,3%	7,0%	5,5%	3,6%	3,5%

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

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, find more information [here](#)



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For more information and contacts please visit www.cwrussia.ru

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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