

The total transactions
cost exceeded
110 bln rubles

The supply volume
shortened to **2,1 thousand**
apartments and flats



PRIME RESIDENTIAL REAL ESTATE MARKET MOSCOW

2020

knightfrank.com/research





Andrey Solovyev
Director of City Sale Department,
Knight Frank

The historically record-high level of buying activity may be considered to be one of the key events at the elite housing market. The growth of number of incoming calls/ requests for accommodation acquirement was recorded even during the severe restrictive measures; however, during those 'quarantine' months only part of them was converted to transactions. Several factors became the main reasons for the records. First of all, square meters always remain a stable currency in the context of high volatility of the financial markets, and many customers decided to enter the transactions to insure themselves against the depreciation of their savings or to perform the purchase planned long ago. Besides, elite immovable property became more available for the customers who hold their savings in USD considering the ruble price formation of the market and exchange rate growth. Also deferred demand, which partially compensated the 'fail' during the second quarter, was formed due to pandemic. Another demand driver in the market is mortgage due to reduced rates. Generally, quick adaptation to the new conditions and creation of new, more flexible systems of cooperation between the developers and customers positively influenced the restoration of the market. During the pandemic we also noticed the transformation of requests of the buyers who vividly sensed the need for the new level of safety, privacy and comfort both inside the apartments and within the public zones of the projects. Basic tendencies include availability of personal open space in the outdoors (balconies, terraces and patios on the first floors); more attention is paid to the aspect of engineering technical systems now and the tendency of purchasing accommodations with finishing became more stable.

Key findings

- ◆ Shift of the traditional leading Khamovniki district from the leading positions in the demand structure rating. The district of Dorogomilovo became the most popular location among the buyers.
- ◆ The total transactions cost exceeded 110 bln rubles, having renewed the record rate of the previous year.
- ◆ Acceleration of price growth in the context of supply volume shortage: 890 thousand rubles / sq. m (+10% in the annual dynamics).
- ◆ Stable growth of share of supply with finishing was supported by increase of demand for units ready for living; more than 60% transactions were in this format.

Key indicators. Dynamics

Supply	Deluxe	Dynamics*	Premium	Dynamics*
Total supply, pcs.	480	-38%	1,640	-11%
Average price, thousand rub./sq m	1,362	+18%	696	+15%
Average area, sq m	160	+6%	115	+3%
Average price, mln rub.	218	+24%	80	+18%
Supply	Deluxe	Dynamics*	Premium	Dynamics*
Total supply, pcs.	200	-38%	1,110	+30%
Average price, thousand rub./sq m	1,198	+23%	602	+7%
Average area, sq m	161	-3%	110	+6%
Average price, mln rub.	193	+20%	66	+14%

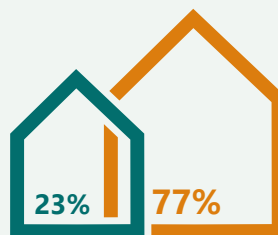
* Q4 2020/Q4 2019

** 2020/2019

Source: Knight Frank Research, 2021

Supply structure by class

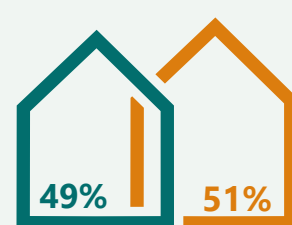
■ Deluxe ■ Premium



Source: Knight Frank Research, 2021

Supply structure by property type

■ Flats ■ Apartments



Source: Knight Frank Research, 2021

Supply

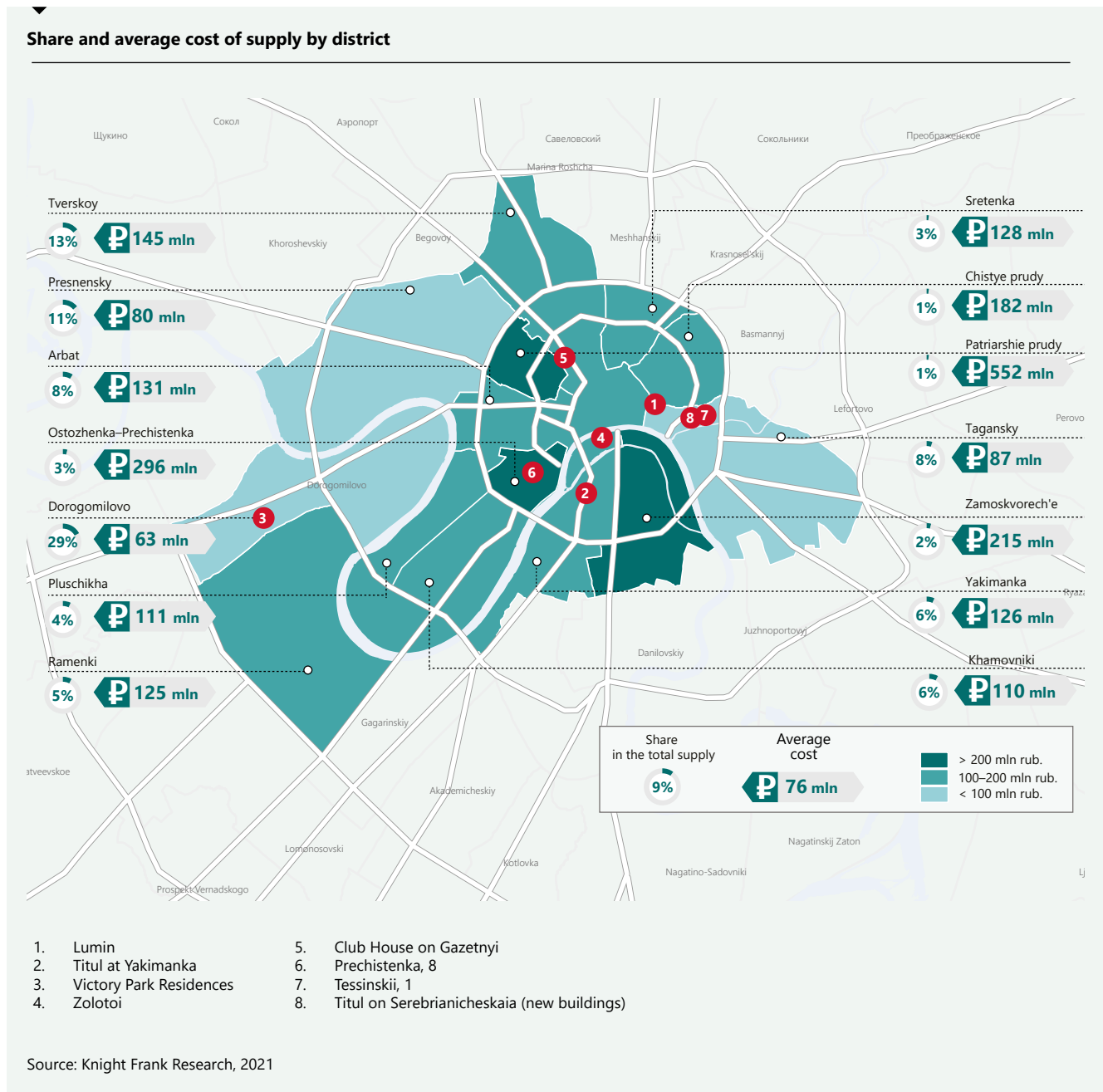
The high level of buying activity during the 2nd half-year period of 2020 combined with a small number of new projects became the reason for reduction of supply volume in the primary market of elite housing. As of the end of 2020 it was estimated at 2.1 thousand apartments and flats, which is 19% lower than the figure of the Q4 2019. The total area of the units reduced by 18 percentage points and

was at the level of 265 thousand square meters.

During 2020 the developers launched new projects to the market not active. In total, from January till December the elite segment was supplied with 7 new buildings, 4 of them being the premium-level complexes and 3 being deluxe complexes. The start of sales of

several objects was deferred to the next periods. Generally, we expect that the level of developers' activity in 2021 is going to be higher compared to 2020.

Nowadays the geography of new projects is not attached to a certain district. The developers work on projects at very different locations, from prestigious and expensive Ostozhenka district to the more cost-effective Western direction of Dorogomilovo.

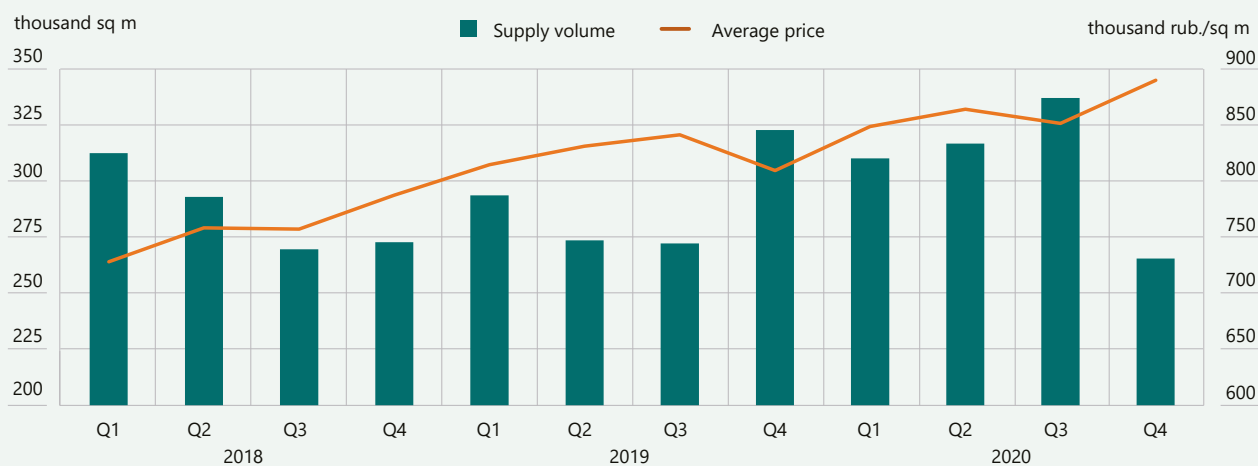


Complexes where sales began in 2020

Name	Address	Class	Developer	Property Type	Number of units	Market Launch	Finishing	Commissioning Date
1 Lumin	bld. 5, 2/5/4, Slavianskaia sq. (Tagansky)	Premium	Hutton Development	flats	54	June 2020	With finishing	Q4 2022
2 Titul at Yakimanka	8/2 2 nd Khvostov sbu-str. (Yakimanka)	Deluxe	Center-Invest	apartments	18	September 2020	Without finishing	Q3 2021
3 Victory Park Residences	3 Bratiev Fonchenko str. (Dorogomilovo)	Premium	ANT Development	apartments	482	September 2020	With finishing	Q4 2023
4 Zolotoi	18-20 Sofiiskaia emb. (Yakimanka)	Deluxe	Capital Group	apartments	126	May 2020 (private sales) November 2020 (official start)	Without finishing	Q2 2021
5 Club House on Gazetnyi	13/15 Gazetnyi sub-str. (Tverskoy)	Premium	Active Center	flats	24	July 2020	Without finishing	Q2 2021
6 Prechistenka, 8	8/1 Prechistenka str. (Ostozhenka)	Deluxe	Insolver	flats	10	August 2020	With finishing	Q3 2023
7 Tessinskii, 1	1 Tessinskii sub-str. (Tagansky)	Premium	Insigma	apartments	71	October 2020	Without finishing	Q4 2022
New buildings								
8 Titul on Serebriancheskaia	7-11 Serebriancheskaia emb. (Tagansky)	Premium	Center Invest	apartments and flats	175	September 2020	Without finishing	Q2 2021

Source: Knight Frank Research, 2021

Dynamics of average price and supply volume



Source: Knight Frank Research, 2021

At the same time the peak of appearance of elite residential complexes was in 2018, when the segment was supplied with 21 new objects and one new phase in the implemented project. High developers' activity was recorded in 2019 as well: 18 new projects and one new phase. If in the deluxe class the market was mostly supplied with club-type projects, in premium class the enlargement of the development format during the last several years is noted. Since 2018 the share of supply at the premium level complexes has increased by 15 percentage points, and currently the relation between the deluxe and premium shares is 23%/77% correspondingly.

The doubtless leader regarding the supply concentration is the Dorogomilovo district. During the year its share in the general structure increased from 17% to 29%. Tverskoy district characterized by the largest number of new buildings is in the second place. 13% of all units are concentrated there. Presnenskii district, the share of which reduced by 3 percentage points due active demand in the location, was included in the top 3 as well (11% of the supply).

Primary market supply structure. Deluxe

	Up to 50 mln rub.	50–100 mln rub.	100–150 mln rub.	150–200 mln rub.	Over 200 mln rub.
Up to 100 sq m	2.5%	9.3%	9.7%	1.7%	0.2%
100–150 sq m	0.0%	6.4%	17.2%	5.6%	4.6%
150–200 sq m	0.0%	0.2%	4.3%	6.8%	9.5%
200–250 sq m	0.0%	0.0%	0.6%	2.1%	8.7%
Over 250 sq m	0.0%	0.0%	0.2%	0.2%	10.1%

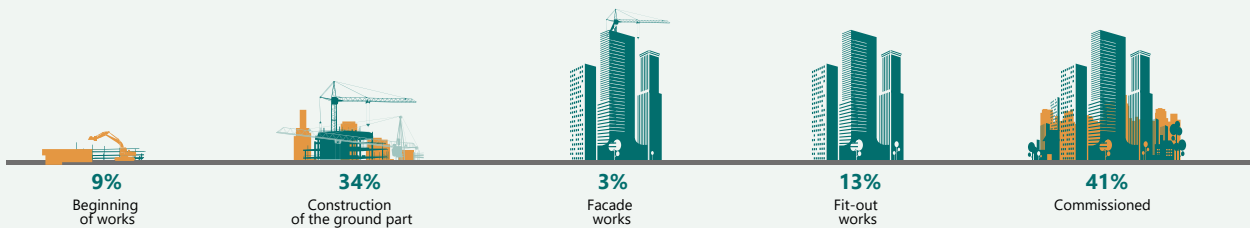
Source: Knight Frank Research, 2021

Primary market supply structure. Premium

	Up to 30 mln rub.	30–60 mln rub.	60–90 mln rub.	90–120 mln rub.	Over 120 mln rub.
Up to 50 sq m	3.1%	2.5%	0.0%	0.0%	0.0%
50–100 sq m	3.8%	29.9%	3.9%	0.4%	0.0%
100–150 sq m	0.0%	6.2%	17.9%	8.2%	2.9%
150–200 sq m	0.0%	0.1%	2.9%	8.0%	4.5%
Over 200 sq m	0.0%	0.0%	0.1%	0.2%	5.5%

Source: Knight Frank Research, 2021

Supply structure by the construction stage. Deluxe



Source: Knight Frank Research, 2021

Supply structure by the construction stage. Premium



Source: Knight Frank Research, 2021

Demand

In 2020 the elite residential real estate market showed excellent results despite all the negative consequences of quarantine measures. The historically record-high sales during the last months (about 670 transactions during the fourth quarter) allowed not only to compensate the 'fail' of the second quarter, but to exceed the results of 2019 as well. The total number of transactions from January till December was more than 1.3 thousand, which is 11% higher than the results of the previous year. At the same time their total cost reached 112 bln rubles, having exceeded the results of 2019 by 10% and the results of 2018 by 45%, having renewed the 6-year record.

It should be noted that in 2019 significant positive dynamics was partially based on the growth of interest towards the units of the high price rate (from 200 mln rubles); 2 times more transactions were made in this sector than in 2018, which are 86 transactions or 7% of all the sold apartments and flats. In 2020 similar transactions were recorded: 76 transactions or 6% of all the sold apartments and flats.

Primary market transactions structure. Deluxe

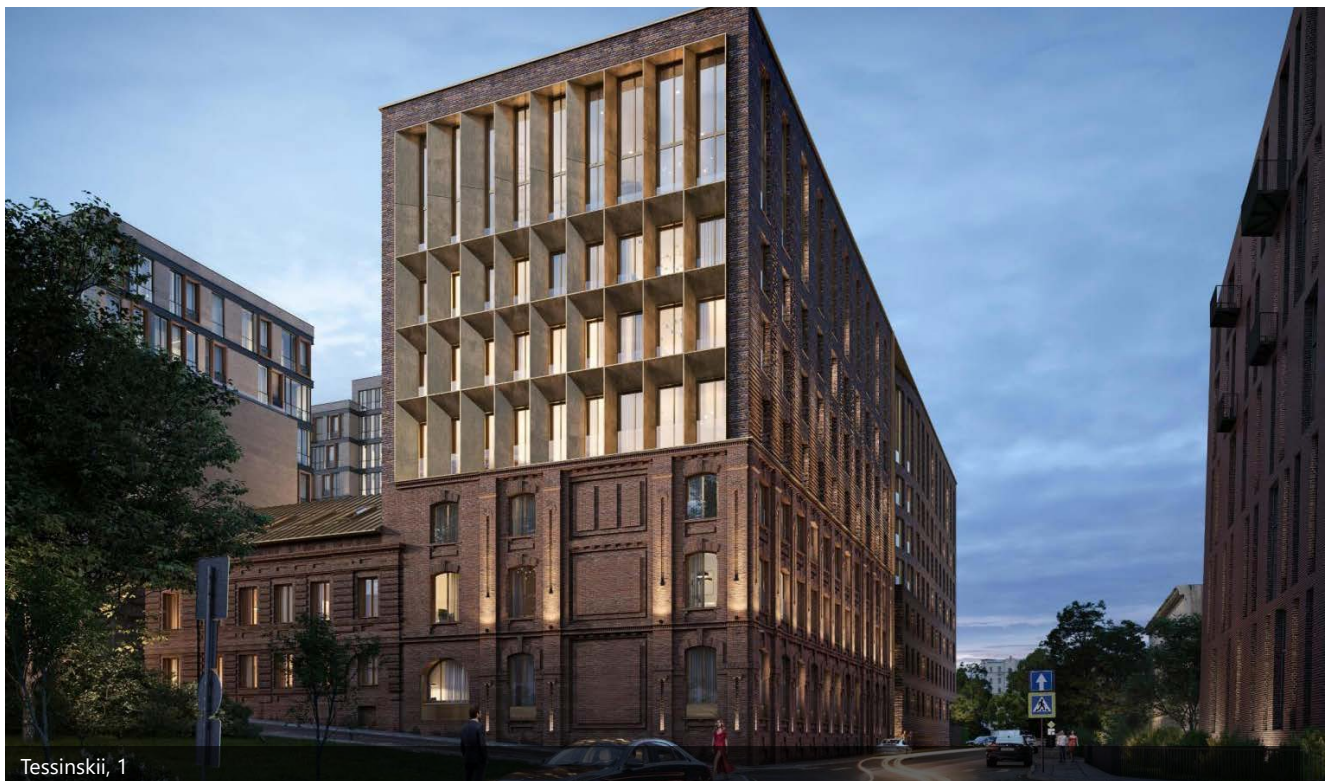
	Up to 50 mln rub.	50–100 mln rub.	100–150 mln rub.	150–200 mln rub.	Over 200 mln rub.
Up to 100 sq m	3.0%	12.1%	3.5%	0.0%	0.0%
100–150 sq m	0.0%	13.6%	12.1%	5.5%	3.5%
150–200 sq m	0.0%	0.5%	7.5%	7.0%	9.0%
200–250 sq m	0.0%	0.0%	0.5%	3.0%	9.0%
Over 250 sq m	0.0%	0.0%	0.0%	0.0%	10.1%

Source: Knight Frank Research, 2021

Primary market transactions structure. Premium

	Up to 30 mln rub.	30–60 mln rub.	60–90 mln rub.	90–120 mln rub.	Over 120 mln rub.
Up to 50 sq m	3.8%	0.7%	0.0%	0.0%	0.0%
50–100 sq m	9.4%	26.2%	2.7%	0.1%	0.0%
100–150 sq m	0.0%	11.4%	20.9%	6.7%	0.9%
150–200 sq m	0.0%	0.2%	3.5%	5.4%	5.2%
Over 200 sq m	0.0%	0.0%	0.0%	0.3%	2.6%

Source: Knight Frank Research, 2021



In 2020 stable growth of share of supply with finishing was supported by the increased demand for units ready to live in. 61% of all the apartments and flats were sold in finished condition or white box condition (a year before their share did not exceed 35% of the total volume of transactions; in 2018 it was 24%). At the same time the share of the supply with finishing reached 60%, which exceeds the record of the end of 2019 by 7 percentage points and the record of 2018 by 29 percentage points.

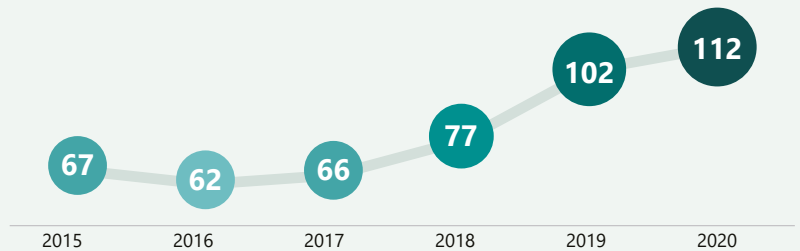
The traditional leader, the Khamovniki district, was shifted from the leading positions in the rating in the demand structure. The Dorogomilovo district, where in 2020 each fourth transaction of the elite housing market was made, became the most popular location among the buyers. During the year its share in the demand structure grew by 19%. We expect that this location will remain among the leaders during 2021 as well. Presnenskii district is a close second (23%); its share in the annual dynamics increased by 8 percentage points.

Share of transactions by district

Dorogomilovo 25.4%	Presnensky 23.4%	Ramenki 8.0%	Khamovniki 7.0%	Arbat 5.9%	
		Tverskoy 7.7%	Zamoskvo-rechye 5.7%	Other 3.9%	Yaki-manka 3.1%
			Tagansky 4.4%	Sretenka 3.0%	Ostozhenka-Prechistenka 2.5%

Source: Knight Frank Research, 2021

Dynamics of the transactions total value, bln rubles



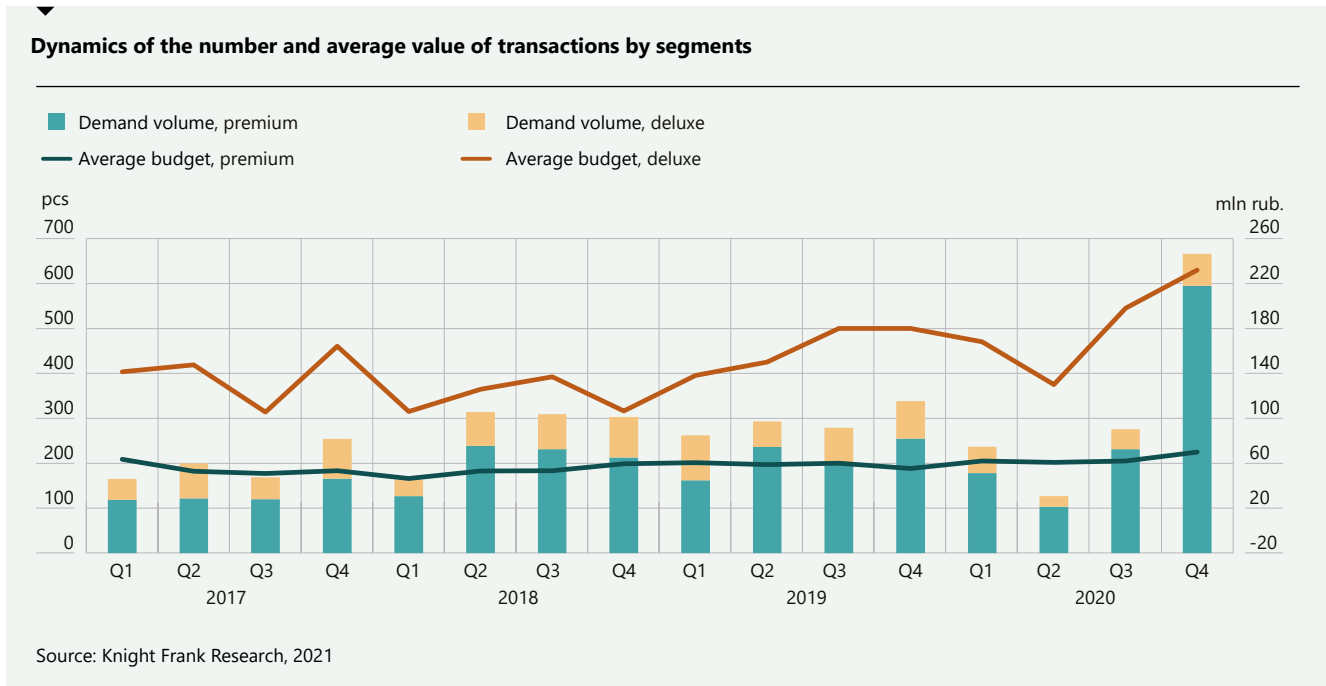
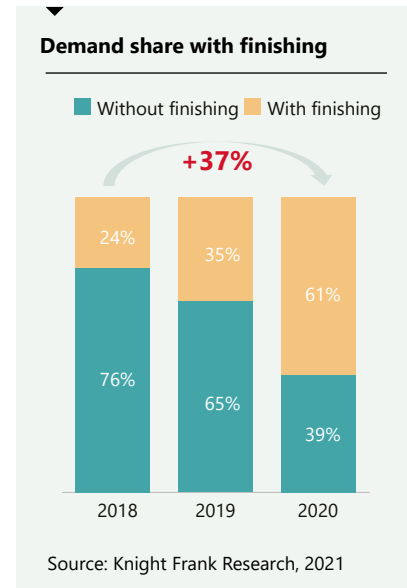
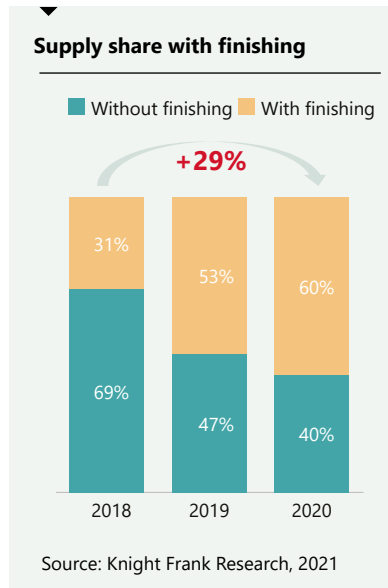
Source: Knight Frank Research, 2021




Victory Park Residences

Therefore, almost half of the demand is related to these two locations. The Ramenki district, where 8% of all the apartments and flats in the segment were sold, is on the third place. The Khamovniki district closed the top 5 regarding the transactions.


3 large projects of premium segment became the leaders regarding the demand among the residential complexes. The Lucky project from the Vesper company which regularly forms the significant part of demand in the Presnenskii district location became the most popular project in 2020, as well as two objects in Dorogomilovo from ANT Development: Poklonnaya, 9 and Victory Park Residences.




Leading projects



Lucky



Poklonnaya, 9



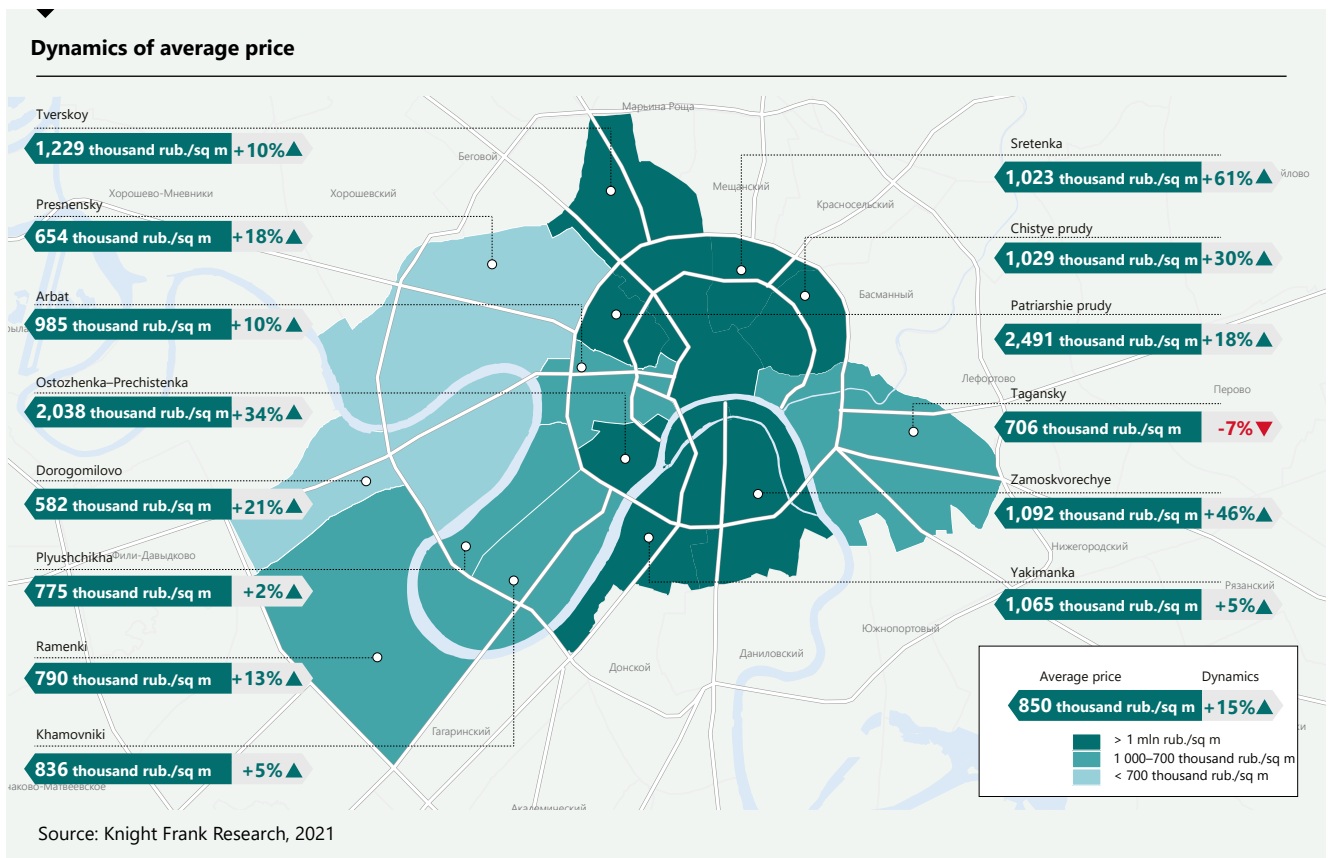
Victory Park Residences

Source: Knight Frank Research, 2021

Prices

The weighted average supply price on the elite housing market as of year-end 2020 was 890 thousand rubles per square meter (+10% in the annual dynamics). In both segments the indicator reached maximum for the last 5 years: in premium segment it was 696 thousand rubles per square meter (+15% for the year) and in the deluxe segment it was 1,362 thousand rubles per square meter (+18% for the year). Due to the fact that the relation of the class shares in the supply structure changed (the share of premium increased from 70% in 2019 to 77% in 2020 and the share of deluxe reduced correspondingly) the dynamics of the general price indicator is slightly lower than in terms of segments.

The price growth was observed during the whole 2020 years and increased during its last months in the context of reduction of supply volume. Apart from the reason of the structural changes of supply, the prices were corrected at the construction stage and increased regarding some commissioned projects. At the same time the influence of the USD exchange rate growth did not become the most significant factor and was reflected only in the deluxe segment,



where some projects with the price list being in this currency are represented. This is more likely to be an exclusion, because almost the whole market took up ruble price formation.

It should be noted that the growth of the weighted average price was recorded almost in all districts of the capital where elite complexes are located. The maximum positive dynamics in the amount of 61% was observed in Sretenska location (1,023 thousand rubles per square meter). The Turgenev project forming the major share of the supply of the district influenced the growth of the

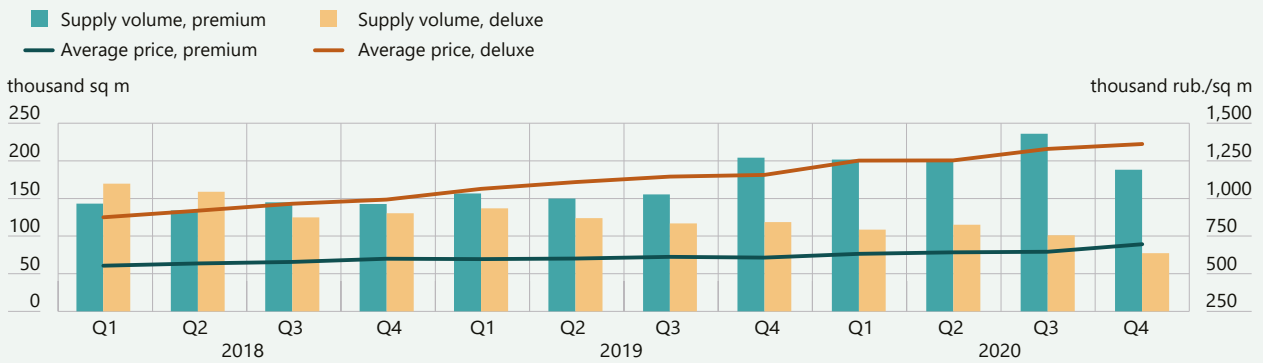
indicator most significantly. Apart from direct price increase, at the beginning of 2020 the new pool of units was launched in the complex. Other new buildings of the location (Manor and CVET 32) are almost sold out.

Significant positive dynamics was also noticed in Zamoskvorechye district, where the weighted average price of the supply increased by 46% and reached 1,092 thousand rubles per square meter. The main reason was the significant reduction of the supply at one of the most available complexes of the district, which is Balchug Residence. Among the new

buildings of the location Barkli Gallery and Malaia Ordynka, 19 are sold out; the ORDYNKA project was on high demand among the buyers.

The only location with negative weighted average price dynamics was Tagansky district (its indicator reduced by 7% and became 706 thousand rubles per square meter) due to the sales start of new buildings at the Titul on Serebrianicheskaia complex, which is one of the most available new buildings of the location. Besides, the supply was increased due to the launch of the new projects (Lumin and Tessinskii, 1).

Dynamics of average price and supply volume by segments



Source: Knight Frank Research, 2021



CITY SALE DEPARTMENT

Knight Frank is the only company offering a full range of consulting and brokerage services on the residential real estate market. Since 1896 in the world and since 1996 in Russia, we have been helping clients find their home and make profitable investments.

City Sale Department:

- The largest database of objects and clients, formed since 1996
- A close-knit team of professional brokers with at least 5 years of experience in the industry
- Unique accumulated experience in marketing promotion
- Technologically advanced business processes
- Electronic report forms for owners

No. 1
selling residential real
estate in the world

STRUCTURE

- sales department
- rental department
- department for working with owners

526
offices in the world

3
offices
in Russia

PRIORITIES

- market knowledge
- professionalism
- trust and security of the client, confidentiality

SERVICES

- Selection of real estate that fully meets the client's requirements
- Representation of the client's interests by purchasing real estate, advising on all transaction issues, including legal and tax aspects and registration of the property
- Independent consultation on the valuation of high-end residential real estate
- Consulting on investment in high-end residential real estate
- Special conditions for Knight Frank clients on mortgage and Bank lending
- Individual consultations from leading design and architectural bureaus
- Full range of consulting services for developers: from best-use analysis to brokerage

CONTACTS



Andrey Solovyev
Director
of City Sale Department,
+7 (903) 130-8113
asolo@kf.expert



Olga Bogoroditskaya
Director,
Key Client Management
+7 (985) 773-2173
Olga.Bogoroditskaya@ru.knightfrank.com

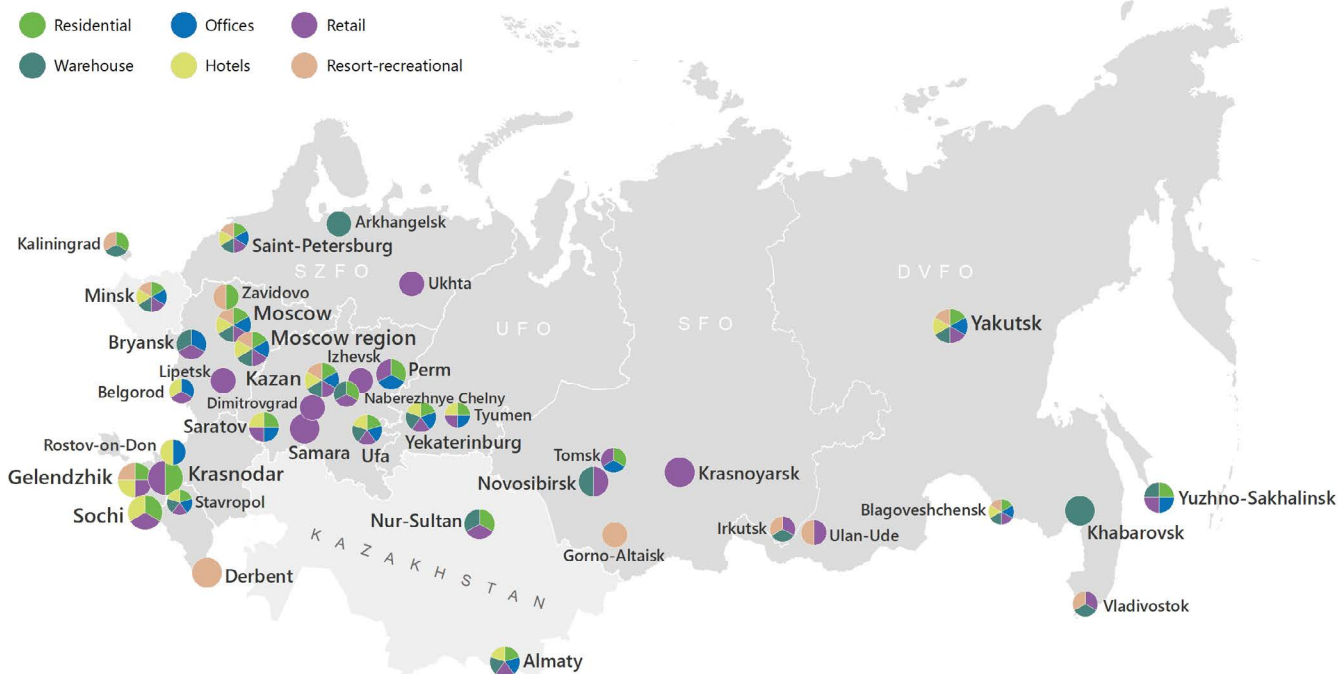


Igor Nechaev
Director,
Key Client Management
+7 (926) 815-0916
Igor.Nechaev@ru.knightfrank.com

CONSULTING & RESEARCH DEPARTMENT

Knight Frank Russia & CIS has the local expertise and global experience.

WE WORK IN ALL REGIONS AND ALL SEGMENTS



Other reports in Research [section on the website](#)

SERVICES

CONSULTING

- ♦ Best use
- ♦ Project's concept development /reconception
- ♦ Audit and optimization of Project
- ♦ Marketing opinion / Market research
- ♦ Project's business plan
- ♦ Analysis of the project's economic feasibility / Financial analysis
- ♦ Architectural concept development
- ♦ Hotels / SPA / public spaces operator search
- ♦ Survey of potential tenants

REAL ESTATE VALUATION

- ♦ Commercial and Residential real estate
- ♦ Federal and International valuations standards
- ♦ Valuation for managerial decisions
- ♦ Valuation for loan financing
- ♦ Valuation for purchase and sale
- ♦ Valuation for financial statements



To learn more about our services or ask questions please contact us

+7 (495) 023-08-12
kf@kf.expert

Or make request on our [website](#).



CONSULTING & RESEARCH

Olga Shirokova
Director, Russia & CIS
OShirokova@kf.expert



VALUATION

Olga Reshetnyakova
Director
Olga.Reshetnyakova@ru.knightfrank.com



© Knight Frank LLP 2021 – This overview is published for general information only. Although high standards have been used in the preparation of the information, analysis, view and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects.

Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank



Carre Blanc
Moscow, 43 Prechistenskaya emb.



Tessinskii, 1
Moscow, 1 Tessinskii sub-str.



Stoleshnikov 7
Moscow, 7 bld. 1 Stoleshnikov sub-str.



Lucky
Moscow, 12 Zvenigorodskaya 2nd st.



Turgenev
Moscow, 13, bld. 1 Kostyansky sub-str.



Titul at Yakimanka
Moscow, 8/2 Khvostov 2nd sub-str.



© Knight Frank LLP 2021 – This overview is published for general information only. Although high standards have been used in the preparation of the information, analysis, view and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects.

Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank