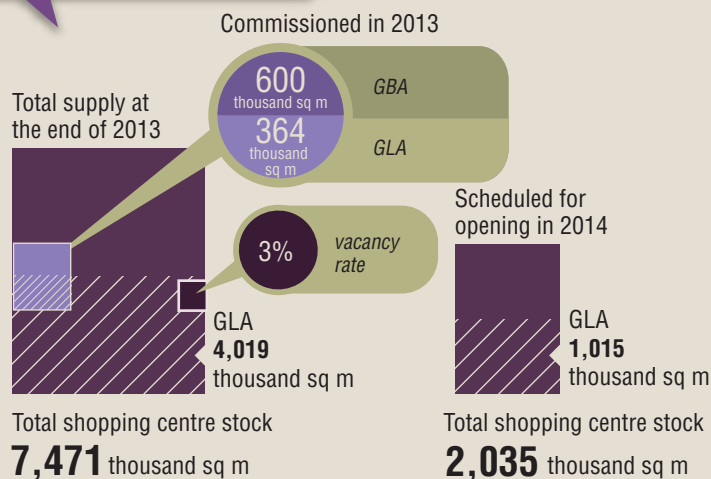


# PROPERTY IN NUMBERS

RUSSIA 2014



## Key indicators



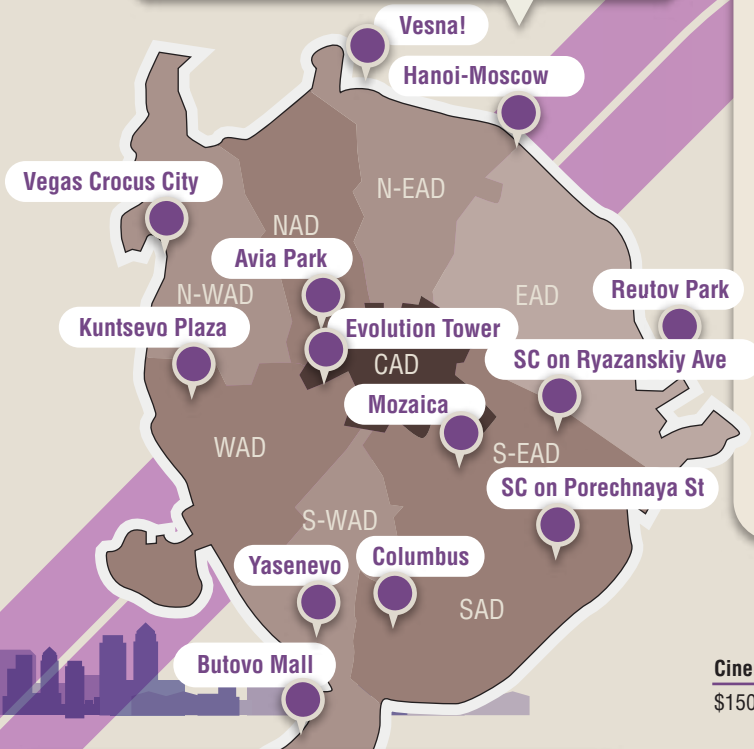
## The growth of quality retail space

A record increase in quality retail space in the market history is expected in 2014

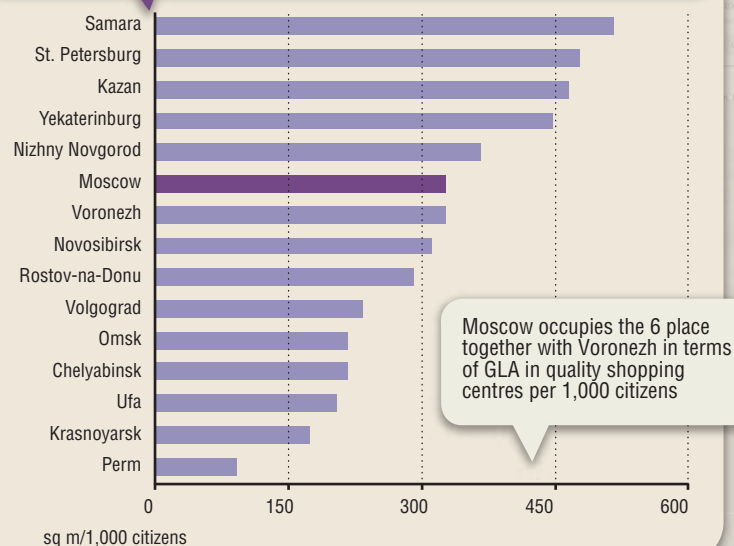


## Largest shopping centres scheduled for opening in 2014

An opening of 8 shopping centres of regional and super regional format is expected in 2014



## GLA in quality shopping centres per 1,000 citizens



## Main commercial terms and performance indicators of shopping centres of regional format

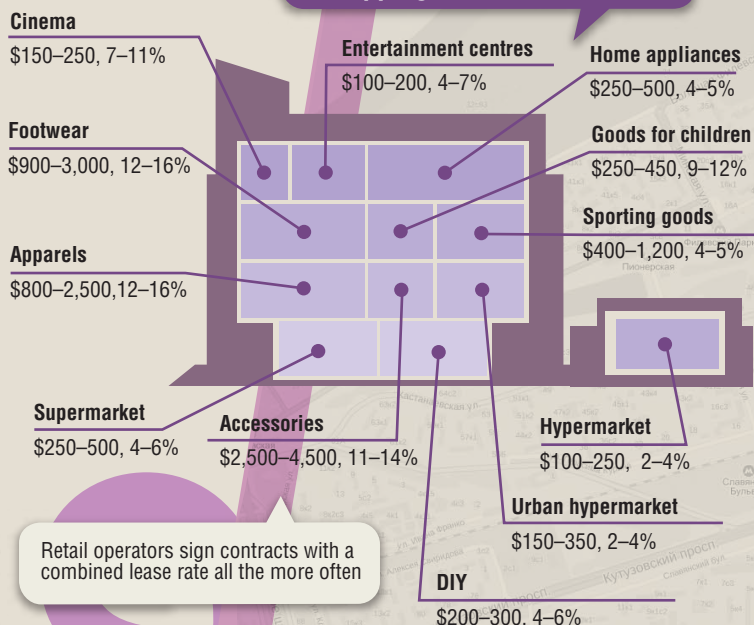
Indicator,	Period after the shopping centre opening					
	3 months	6 months	1 year	3 years	3-7 years	> 7 years
Base rental rate*	50-70%	70-100%	100%	100%	100%	100%
Share paid based on turnover	100%	100%	100%	100%	100%	100%
OPEX	100%	100%	100%	100%	100%	100%
Attendance	50-60%	60-70%	95-100%	100%	100%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

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

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

On opening, a shopping centre is usually filled with tenants at only 40-50% capacity, it starts working normally a year after its opening, reaching the maximum level of efficiency after 3 years

## Rental rates in Moscow shopping centres, 2014\*



Retail operators sign contracts with a combined lease rate all the more often

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

# Office market

## Key indicators

### Class A

400–1,200  
\$/sq m/year  
asking rates  
range

**\$800**  
-3.9%  
average weighted  
asking rate, sq m/year

**16.2%**  
vacancy  
rate

Delivered  
in 2013  
**225** thousand sq m

Total stock  
**2,683** thousand sq m

### Class B

300–1,000  
\$/sq m/year  
asking rates range

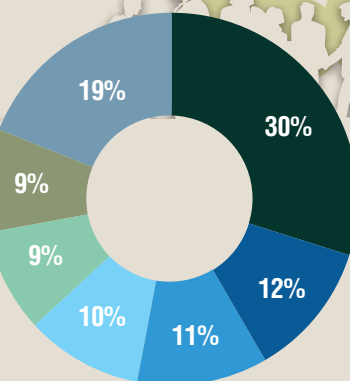
**\$492**  
+1.9%  
average weighted  
asking rate, sq m/year

**11.5%**  
vacancy  
rate

Delivered  
in 2013  
**663** thousand sq m

Total stock  
**10,653** thousand sq m

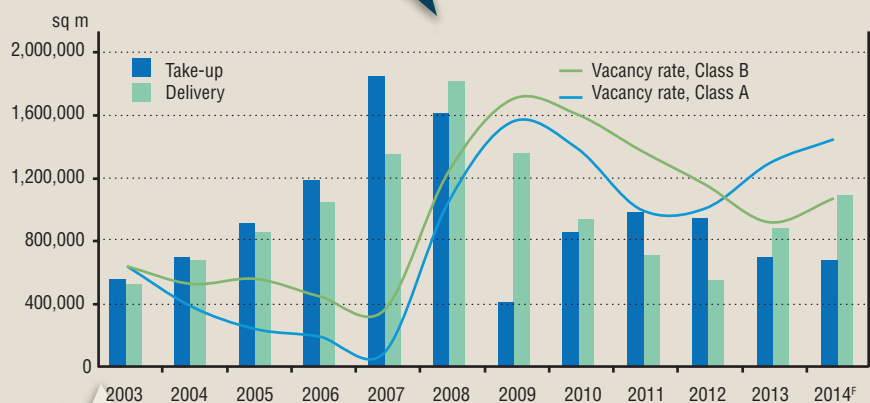
## Tenant mix



- IT, telecommunication, media
- FMCG, pharmaceutical
- Oil, gas
- Manufacturing
- Financial
- B2B: consulting, law, insurance
- Other

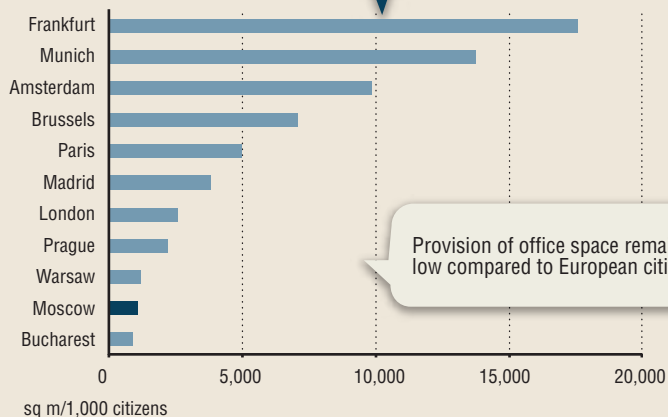
IT and telecommunication industry companies were the most active tenants and buyers on the office real estate market

## Delivery and take-up volume dynamics



In 2013, the high-quality office space delivery rate has shown a positive trend for the first time in 5 years

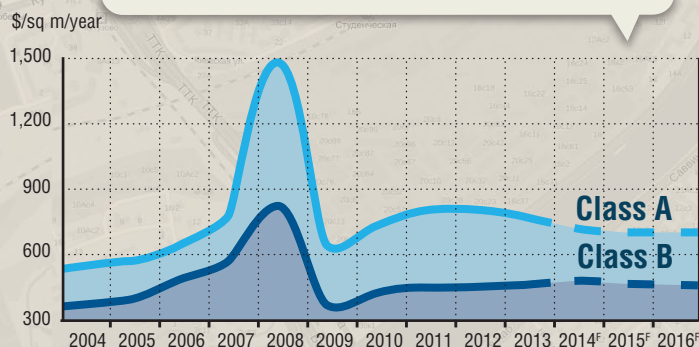
## Quality office space provision per capita



Provision of office space remains low compared to European cities

## Rental rates dynamics

The rental rates for Class A and B offices has followed contrasting paths





# Warehouse market

## Key indicators

### Class A

\$135–140

asking rental rate,  
sq m/year

\$35–45

OPEX, sq m/year

1.9%

vacancy  
rate

Delivered  
in 2013

734 thousand sq m

Total stock

5,982 thousand sq m

### Class B

\$115–120

asking rental rate,  
sq m/year

\$25–40

OPEX, sq m/year

2.5%

vacancy  
rate

Delivered  
in 2013

28 thousand sq m

Total stock

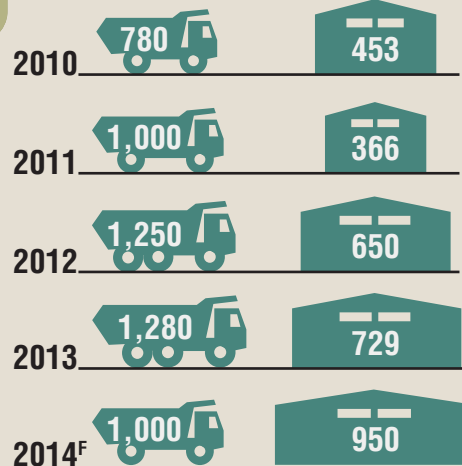
1,951 thousand sq m

## Delivery and take-up volume dynamics

Take-up volume has been exceeding delivery volume during the last 5 years

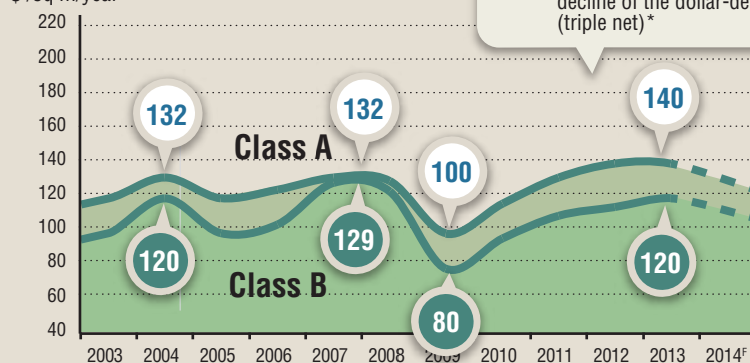
Take-up  
volume,  
thousand sq m

The delivery volume  
of new high-quality  
warehouse space,  
thousand sq m



## Rental rates dynamics\*

\$/sq m/year



\* Excluding OPEX and VAT

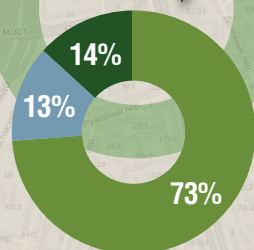
Asking lease rates remained stable throughout the year at 135–140 \$/sq m/year for Class A and 115–120 \$/sq m/year for Class B (triple net)\*. Given the growth of the dollar exchange rate against the ruble, we are quite likely to witness a decline of the dollar-denominated lease rates to the level of 130–135 \$/sq m/year (triple net)\*

## Tenant mix

In 2013, it were mainly the large trading companies (online and offline commerce operators, distributors) that showed the highest warehouse space lease and purchase activity, and to a lesser extent – the producers

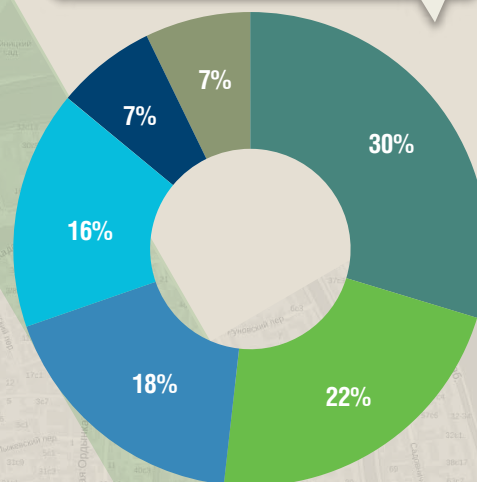
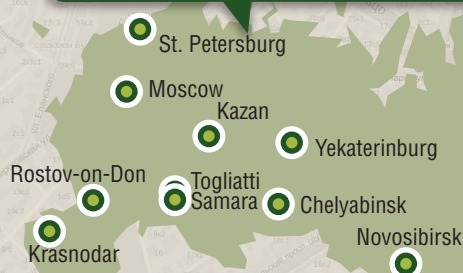
## Geographic distribution of warehouse space take-up in 2013

2013 has experienced tenants activity growth in regional cities: 30% growth of leased and purchased quality warehouse premises has been noticed compared to 2012 (excluding St. Petersburg)



● Moscow Region ● Other Regions  
● St. Petersburg

## Cities with the highest warehouse developer activity



● Distribution company  
● Retail company  
● Producer company  
● Logistics operator  
● Online retail  
● Other

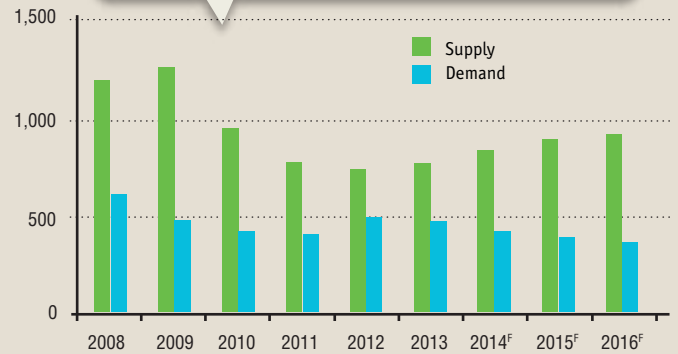
## Residential market

### The average price of the luxury residential property by districts



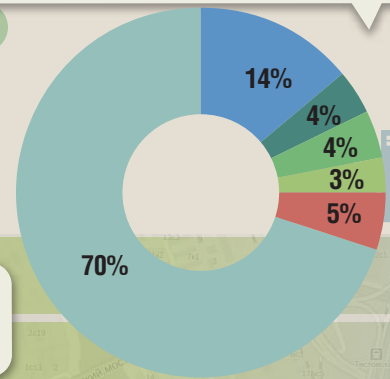
### Supply and demand dynamics on luxury residential market

In the coming years the volume of luxury flats supply will be stable, and demand may decline

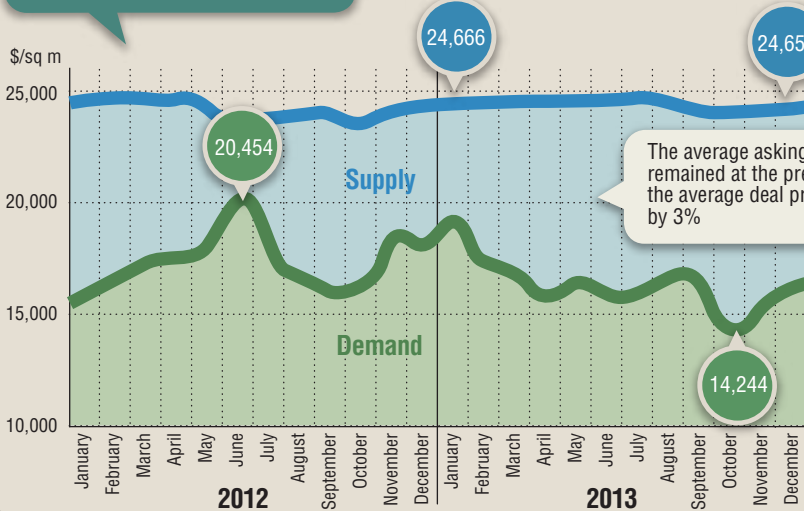


### The average price of the luxury residential property by districts

Khamovniki district is traditionally leading in terms of flats for sale

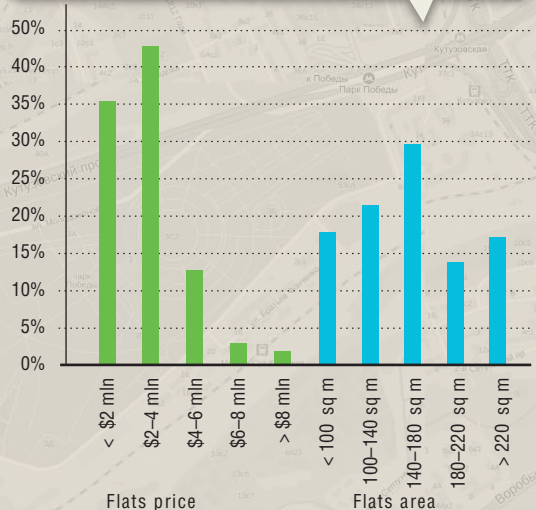


### Average price dynamics



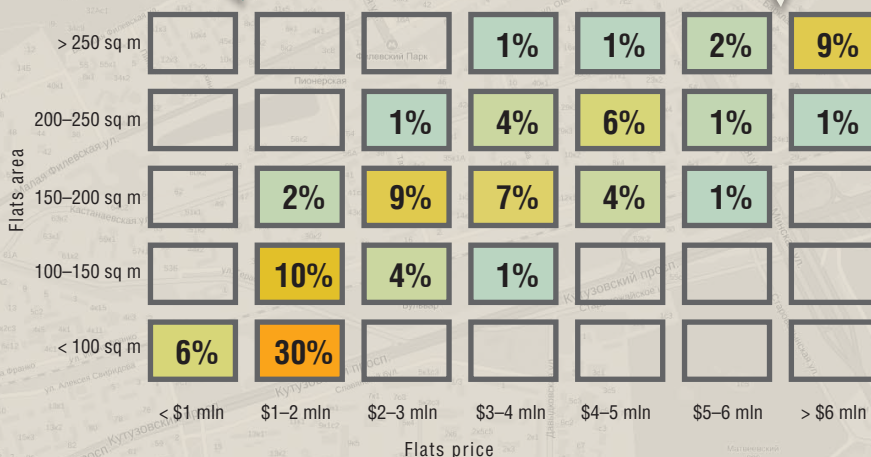
### Demand distribution by the sold flats area and price

In 2013, the average size of a sold apartment was 162.6 sq m, the average purchase budget remained the same – \$2.9 mln



### Supply distribution depending on flats area and price

Supply is mainly formed by flats in the price range of \$1–2 mln





## Key indicators of commercial real estate markets in 2013. Dynamics\*

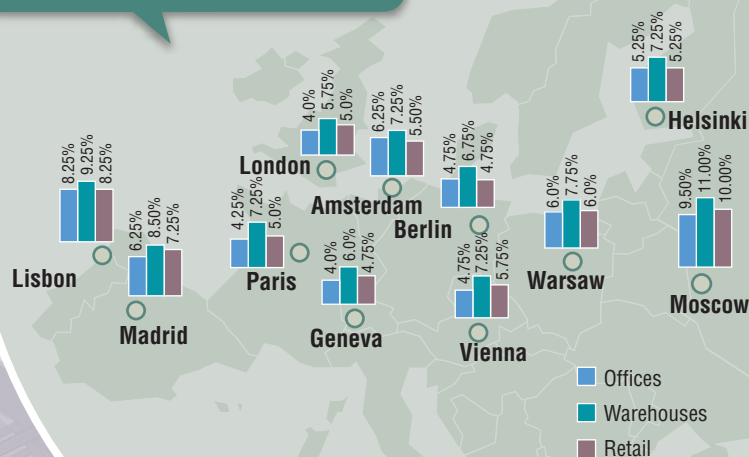
Segment	Offices		Shopping Centres	Warehouses	
	Class A	Class B		Class A	Class B
Delivery, thousand sq m	224.6 ↑(+2.7%)	663.6 ↑(+49.1%)	364 ↑(+43%)	734 ↑(+15%)	28 =
Vacancy rate, %	16.2 ↑(+3.6 p.p.)	11.5 ↓(-3.0 p.p.)	3.0 +0.5 p.p.	1.9 ↑(+1.1 p.p.)	2.5 ↑(+0.5 p.p.)
Average asking rental rates, \$/sq m/year	800 ↓(-3.9%)	492 ↑(+1.9%)	500 / 4,000*** ↓	135-140 =	115-120 =
Yield**, %	8.5-9.5 ↑(+1.0 p.p.)	10.0-11.0 ↑(+0.5 p.p.)	9.0-10.0 =	10.5-11.0 =	11.0-12.0 =
Asking sale price range, \$/sq m	6,000-8,000 =	4,000-6,000 =	3,500-7,500 =	1,200-1,400 =	900-1,300 =

\* Compared to Q4 2012

\*\* Estimated value

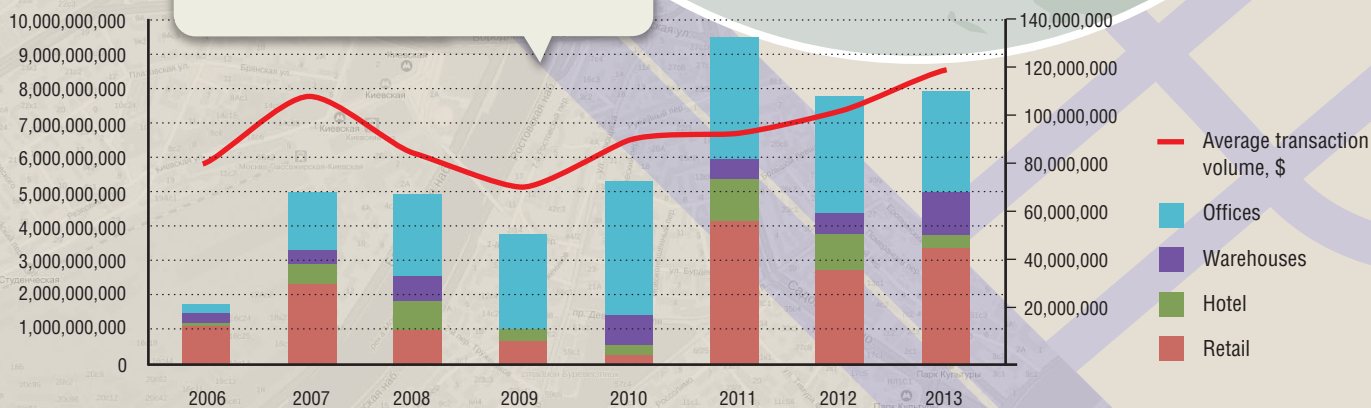
\*\*\* Rental rates for anchor tenants and gallery tenants

## Prime yields of european commercial real-estate



## Dynamics of commercial real estate investment volume, \$

For the past three years commercial real estate investment volume has grown significantly



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