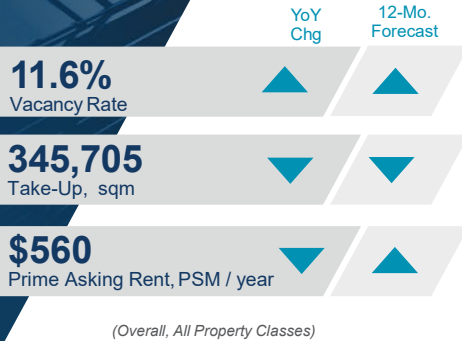
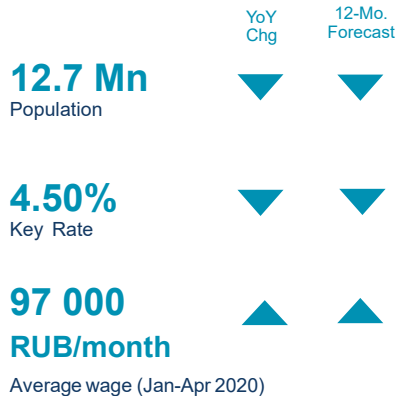


MARKETBEAT MOSCOW

Office Q2 2020



MOSCOW ECONOMIC INDICATORS Q2 2020



Source: Rosstat <https://www.gks.ru/>

DEMAND: Gradual Recovery Of The Office Market Is Expected In Q3-4 2020

In Q2 2020 take-up decreased by 29% compared to Q2 2019 and amounted to 345,705 sq. m. The indicator's decrease is a result of business activity slowdown and costs optimization. However, Tinkoff Bank rented 78,000 sq. m in Class A office building. That is one of the most outstanding deals in office market history. A gradual recovery of the market will take place in Q3-4 2020 after the lockdown completion and restrictions elimination in June. We expect annual take-up to reach 1.53 mn sq. m (while it is -10% from the last quarter forecast).

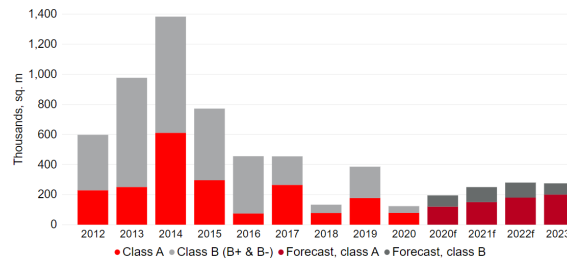
SUPPLY: Development Activity Slowdown

During the lockdown construction works were limited - new construction in Q2 2020 decreased by 94% compared to Q2 2019 and amounted to only 5,121 sq. m. The new construction forecast was reduced as the lockdown and national currency devaluation had a significant impact on construction activity. We expect new construction to be about 195,000 sq. m in 2020 (-22% from the last quarter forecast).

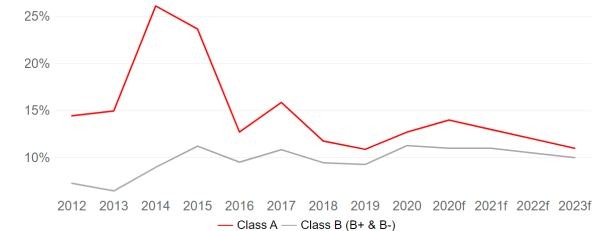
PRIME RENTAL RATES: Temporary Decrease

Prime rental rates decreased in Q2 2020 due to the decline of take-up in prime class properties and devaluation of the local currency. Additionally demand has shifted to lower price alternatives. We expect prime rental rate to stabilize throughout the year, but we do not expect the indicator to bounce back to pre-COVID level this year.

NEW CONSTRUCTION



VACANCY RATES





MARKET STATISTICS

LOCATION	INVENTORY (SQM)	AVAILABILITY (SQM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP (SQM)	YTD OVERALL TAKE-UP (SQM)	UNDER CNSTR (SQM)
Downtown	1,961,635	220,096	11.2%	22,580	46,415	2,000
Central	9,345,583	891,686	9.5%	240,174	514,269	994,454
OTA	7,099,929	1,014,450	14.3%	82,951	279,021	884,660
TOTALS	18,407,147	2,126,232	11.6%	345,705	839,705	1,881,114

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
AFI SQUARE	Central	Tinkoff Bank	77,839	New deal
Alcon I	Central	Confidential	11,103	New deal
Raevskogo str., 4	Central	Maxima Telecom	4,460	New deal
Elizavetinsky In, 12	Central	Confidential	3,915	New deal
Arcus III (WeWork)	Central	Citymobil	3,457 (627 w.s.)	New deal
Tsarskaya Ploshad	Central	Space 1	2,201	New deal
Kutuzoff tower	Central	Eurasian Bank	1,451	New deal
Trekhgornaya Manufaktura	Central	OKKO	1,398	New deal

*Renewals are not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	BUYER	SQM
BC Tower	OTA	ALROSA PJSC	29,420
B. Karetny In., 20	Downtown	Confidential	2,996
Bolshaya pochtovalaya str., 34 bld. 6	Central	Luhta Fashion Group	884

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	DEVELOPER
Lyusinovskaya str., 40	Central	-	2,681	AB Development
Sadovniki str., 30	OTA	-	2,440	N/A

Denis Sokolov

Partner, Head of Research & Insight

+7 (916) 901 03 77

Denis.Sokolov@cushwake.com

Tatyana Divina

Associate Director, Deputy Head of Research & Insight

+7 (916) 973 89 60

Tatyana.Divina@cushwake.com

cushmanwakefield.com

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