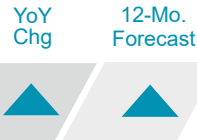


61,000 sqm
New Construction



9.5%
Prime Yield



175k RUB*
Prime Rental Rate, PSM / year



MOSCOW ECONOMIC INDICATORS Q2 2020

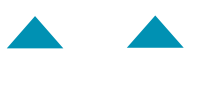
12.7 Mn
Population



4.50%
Key Rate



97k RUB*/month
Average wage (Jan-Apr 2020)



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

* Average annual exchange rate in Q2 2020:
1 USD = 72.05 RUB

ECONOMY: Consumer Market Is Under Pressure

The consumer market sector is one of the most affected by the COVID-19 crisis. It was under pressure long before the pandemic and this year it will increase the decline. According to the official forecast, retail sales and real disposable income will be in the negative zone in 2020 (-5.2% and -3.8%, respectively). Despite the significant growth in 2021 (+4%), the market will be back to the level of 2019 and only show real growth in 2022.

SUPPLY: Moscow Is The Leader Of New Construction In Russia

In H1 2020, three shopping centers were opened in Moscow with total GLA of 131,000 sq. m. No new quality shopping center was opened in the regions of Russia. We expect Moscow to continue to dominate the structure of new construction in 2020 – more than 55% of total quality retail space will be delivered in the capital.

Despite the negative economic background, we expect the construction volume in 2020 to be even higher than last year due to the opening of 3 large shopping centers in Moscow.

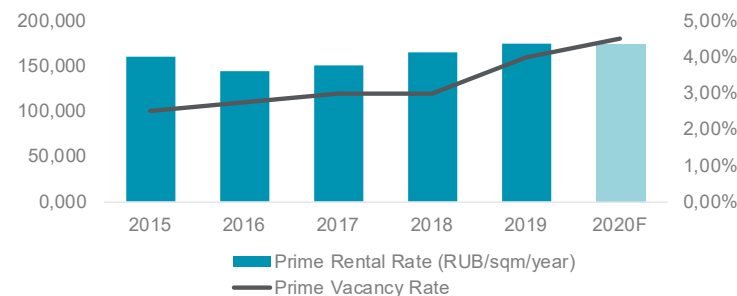
DEMAND: The Gap Between Prime And Secondary Tier Properties Is Growing

Some retailers announced business optimization programs and shutdown of some stores. During the year, we will see the rotation of tenants in shopping centers and average vacancy rate growth up to 13-15% by the end of 2020.

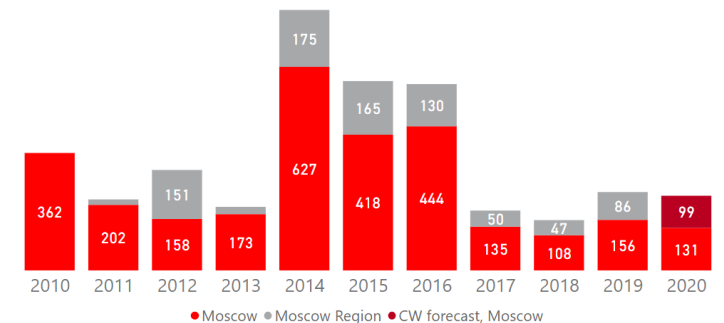
Prime shopping centers are not so much affected by the fluctuating market. We do not expect a significant footfall decline or rotation of tenants. The vacancy rate will increase slightly – up to 4.5-5% by the end of the year. Prime rental rate is expected to remain at the level of the last year.

We now see a growing gap between prime properties and the rest of the market. Prime shopping centres show enviable stability while others will see vacancy increase and rental rates softening.

PRIME RENT AND VACANCY RATE



NEW CONSTRUCTION ('000 SQM)



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQM GLA)	SHOPPING CENTRE UNDER CNSTR (SQM GLA)
Central Business District	285,396	48,100
North Eastern	594,845	204,743
New Moscow	227,000	12,000
North Western	1,151,920	237,875
South Eastern	1,666,844	135,087
South Western	1,126,914	72,459
Third Ring	351,717	3,600
MOSCOW TOTAL	5,542,636	713,864

KEY CONSTRUCTION COMPLETIONS IN H1 2020

PROPERTY	SUBMARKET	MAJOR TENANT	GLA (SQM)	OWNER / DEVELOPER
Kvartal West	South Western	Perekrestok (grocery)	44,000	Tashir Group
The Outlet Moscow	South Western	Fashion retailers	17,000	Hines

KEY SHOPPING CENTERS IN PIPELINE FOR H2 2020-2021

PROPERTY	SUBMARKET	GLA (SQM)	OWNER / DEVELOPER
TPU Schelkovskaya	North Eastern	~70,000	Kievskaya Square
Skazka	New Moscow	18,600	IBT
Gravitatsiya	South Eastern	18,500	N/A
Smolensky Passage (phase 2)	Central Business District	15,100	AND Corporation

KEY INVESTMENT TRANSACTIONS H1 2020

PROPERTY	SUBMARKET	BUYER	GLA (SQM)	PRICE ESTIMATION (EUR)
Novinsky Passage	Central Business District	VEB Vnesheconombank	10,500	43,755,324
Sokolniki	North Eastern	Accent Capital	24,000	29,170,216
Tsvetnoy Central Market	Central Business District	Kievskaya Ploshchad	4,700	18,233,912

Source: Real Capital Analytics

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