

MARKETBEAT MOSCOW



Office Q3 2020

12.0%
Vacancy Rate

YoY Chg
12-Mo. Forecast

390,256
Take-Up, sqm

\$560
Prime Asking Rent, PSM / year

(Overall, All Property Classes)

MOSCOW ECONOMIC INDICATORS Q3 2020

12.7 Mn
Population

4.25%
Key Rate

97 000
RUB/month
Average wage (Jan-Jul 2020)

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

DEMAND: pent-up demand realization will take place in 2021

In Q3 2020 take-up amounted to 390,256 sq. m. The indicator decreased by 37% compared to the same period of 2019. The decrease in Class A is slightly higher – 41%. Due to the high demand in Q1 2020 and active beginning of the year, the drop in take-up for the first 3 quarters is less dramatic and amounts to 25% compared to the same period of 2019. The demand will keep stable until the end of the year and it will not reach the level of 2019. We expect take-up to be 1.4 mn sq. m in 2020 (while it is -8.5% from the last quarter forecast).

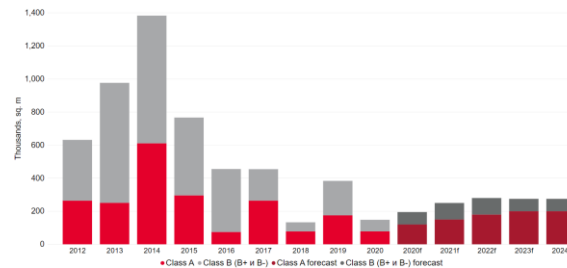
SUPPLY: construction activity recovery

New construction in Q3 2020 exceeded the figure of Q2 2020 by several times and amounted to 54 245 sq. m. 53% of the new construction is represented by VTB Arena Park (Class A Business Center). Despite the increase in construction activity, a significant number of deliveries were postponed to later periods. We keep our construction forecast unchanged - 195,000 sq. m in 2020 (-50% compared to 2019).

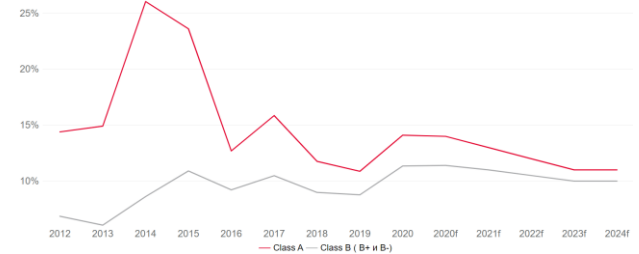
PRIME RENTAL RATES: the indicator is stable

Prime rental rates kept the level of the previous quarter in Q3 2020. Despite the fact that demand for the whole market didn't reach the level of Q3 2019, there were targeted deals in premium properties. We do not expect prime rental rate to fluctuate till the end of the year. In the mid-term we expect the indicator to show gradual growth but it will not reach the pre-COVID level.

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	4,067,429	433,820	10.7%	70,709	175,691	47,956
Central	6,187,219	681,475	11%	121,920	460,497	1,006,588
OTA	7,982,595	1,076,180	13.5%	197,628	504,231	943,960
TOTALS	18,237,243	2,191,475	12.0%	390,257	1,140,419	1,998,504

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Noviy Balchug	Downtown	Space 1	11,644	New deal
Naberezhnaya Tower, C	Central	Kommersant	4,044	New deal
Federation Tower (S.O.K.)	Central	OZON	3,400 (499 w.s.)	New deal
Mercury Tower	Central	Space 1	3,250	New deal
Empire	Central	Fesco	2,778	New deal
Sirius Park (Klyuch)	OTA	GreenAtom	2,514 (419 w.s.)	New deal
Bolshevik Phase II	Central	Nike	2,211	New deal
White Square, bld. B	Central	BNP Paribas	2,198	New deal

*Renewals are not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	BUYER	SQM
Profsoyuznaya str., 125A	OTA	n/a	16,862
Vetoshnyy In., 13	Downtown	n/a	10,792
Loft Quarter Skolkovo	OTA	n/a	7,200

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	DEVELOPER
VTB Arena Park	Central	-	28,969	VTB Arena
Kalibr (bld. 17)	OTA	-	19,640	Kalibr

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