

MARKETBEAT MOSCOW



Office Q1 2021

11.4%
Vacancy Rate

YoY Chg ▲
12-Mo. Forecast ▲

431,832
Take-Up, sqm

YoY Chg ▼
12-Mo. Forecast ▼

\$580
Prime Asking Rent, PSM / year

YoY Chg ▼
12-Mo. Forecast ▼

(Overall, All Property Classes)

MOSCOW ECONOMIC INDICATORS Q1 2021

12.7 Mn
Population

YoY Chg ▼
12-Mo. Forecast ▲

4.5%
Key Rate

YoY Chg ▼
12-Mo. Forecast ▲

99,539
RUB/month
Average wage (Jan-Mar 2020)

YoY Chg ▲
12-Mo. Forecast ▲

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

* Average exchange rate in Q1 2021:
1 USD = 74.64 RUB

DEMAND: NO PREREQUISITES FOR INCREASE

In Q1 2021 take-up remained at the level of Q1 2020. We expect no significant changes of the annual indicator y-o-y. Moreover, a quarter is quite a short period to determine a trend of the future periods. We expect take-up to keep the level of 2020 and amount to 1.5 mn sq. m by the end of 2021. However, the structure of demand will transform.

NEW SUPPLY: BUILT-TO-SUIT PROPERTIES FORMED 82% OF THE QUARTERLY INDICATOR

In Q1 2021 new construction increased by 30% compared to the annual indicator of the last year. Such rapid growth was driven by the completion of built-to-suit properties. 56% of new construction is represented by the Rostekh-City business cluster with office area of 174,000 sq. m.

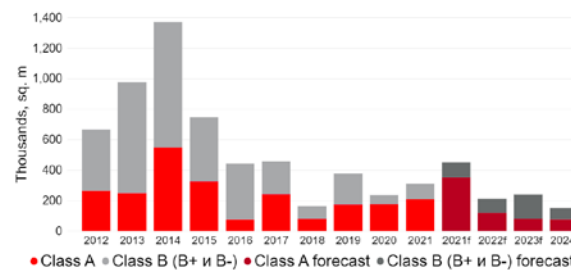
PRIME RENTAL RATES: NO CHANGES

We do not expect prime rental rate to adjust significantly in the short-term. In the mid-term (2-3 years) the indicator will grow gradually.

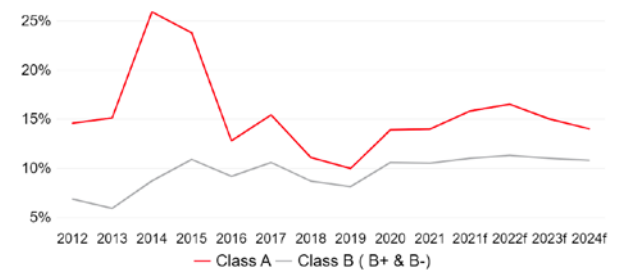
VACANCY: VACANCY RATE REMAINED STABLE

Vacancy rate remained stable from the previous quarter both for the whole market and separately for classes A and B. We expect the indicator to reach 12.2% by the end of 2021. The slight increase is caused by the fact that the majority of companies has already reacted to the economic consequences of the pandemic by reducing the space occupied or transforming the office strategy. Vacancy rate will continue to grow in 2022. We expect the indicator to stabilize at the level of 12% in 2023 due to demand recovery.

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 | 4,071,401 | 402,774 | 9.9% | 65,944 | 79,134 | 47,643 |
| Central | 6,327,437 | 764,634 | 12.1% | 171,472 | 221,618 | 874,172 |
| OTA | 8,156,778 | 942,195 | 11.6% | 194,417 | 235,757 | 1,003,833 |
| TOTALS | 18,555,616 | 2,109,603 | 11.4% | 431,832 | 536,508 | 1,925,648 |

KEY LEASE TRANSACTIONS Q1 2021

| PROPERTY | SUBMARKET | TENANT | RENTABLE AREA, SQM | TYPE |
|--|-----------|---------------------------|--------------------|----------|
| South Port BC | OTA | GKU Organizator Perevozok | 6,228 | New deal |
| Praktik (flexible workspace) | OTA | Sitroniks | 5,959 | New deal |
| Amalteya BC | OTA | Yandex | 4,960 | New deal |
| Bolshevik (Phase II) BC | Central | Avon | 3,271 | New deal |
| Empire BC | Central | Internet Resheniya | 3,092 | New deal |
| S.O.K. Federation Tower (flexible workspace) | Central | Ozon | 3,051 | New deal |
| Kuntsevo Plaza | OTA | Samolet Development | 2,788 | New deal |

*Renewals are not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

| PROPERTY | SUBMARKET | BUYER | SQM |
|-----------------|-----------|------------------|-------|
| ICITY | Central | Private investor | 1,757 |
| Nagatino I-hand | OTA | Alfa-bank | 1,550 |
| Fili-grad | OTA | Confidential | 1,155 |

KEY CONSTRUCTION COMPLETIONS YTD 2021

| PROPERTY | SUBMARKET | MAJOR TENANT | SQM | DEVELOPER |
|--------------|-----------|-----------------------------|---------|---------------|
| Rostekh-City | OTA | Rostekh | 173,582 | Vi-Holding |
| Dva Capitana | OTA | Moscow Regional Authorities | 79,800 | MSU-1 |
| Arcus 4 | OTA | - | 17,975 | ABDevelopment |

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