

66,000 sqm
New Construction



9.5%
Prime Yield



175,000 RUB*
Prime Rental Rate, PSM / year



MOSCOW ECONOMIC INDICATORS Q2 2021

12.7 Mn
Population



6.5%
Key Rate



105,246 RUB*/month

Average wage (May 2021)



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

ECONOMY: CONSUMER MARKET RECOVERY

In 2021, the consumer market will win back the decline of the last year. However, in the next several years, the growth rate of the retail turnover will remain low.

Moody's Analytics estimate that the consumer market will grow by 8.9% in 2021. According to a press release from July, the official forecast of the Ministry of Economic Development will also be revised upward showing the growth of retail turnover by 6.9% in 2021.

SUPPLY: NEIGHBOURHOOD SHOPPING CENTERS ARE IN FOCUS

In 2021, new construction in Moscow will be at the level of the last year – 200,000 sq. m of retail space will be delivered to the market. In 2022-2023, we expect the construction to slow down – developers are now more focused on neighborhood shopping centers and the average size of a retail scheme under construction is declining.

The trend in construction of retail schemes within the residential complexes is strengthening. Residential developers more often enter the retail real estate segment and plan to include retail component to their projects.

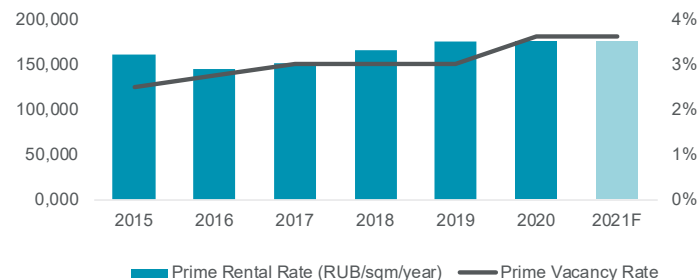
DEMAND: RESET OF THE RETAIL SEGMENT

Changing consumer behavior, pandemic and active growth of e-commerce stimulate shopping centers and operators to transform. The market players need to strengthen consumer loyalty to offline retail formats, also by using synergy with digital communication channels.

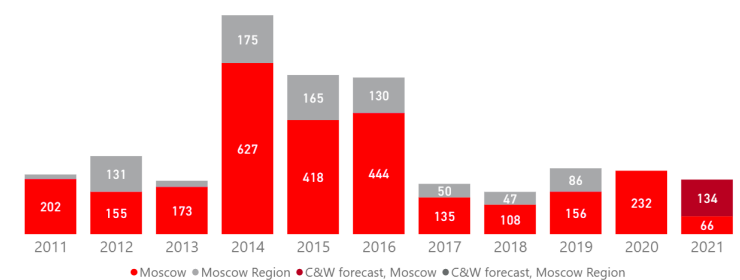
Against the background of rapidly growing e-commerce, the entertainment component is strengthening its anchor function in shopping centers and helps to increase footfall. In the shopping centers under construction, developers are also focusing on the entertainment and sports component.

Grocery retail is in the process of consolidation – large market players are taking over less successful and local chains, increasing their market share.

PRIME RENT AND VACANCY RATE



NEW CONSTRUCTION ('000 SQM)



* Average annual exchange rate in Q4 2020:
1 USD = 76.2 RUB

MARKET STATISTICS

| SUBMARKET | SHOPPING CENTRE STOCK (SQM GLA) | SHOPPING CENTRE UNDER CNSTR (SQM GLA) |
|---------------------------|---------------------------------|---------------------------------------|
| Central Business District | 297,767 | 63,100 |
| North Eastern | 667,883 | 124,513 |
| New Moscow | 306,604 | 30,608 |
| North Western | 1,189,909 | 264,038 |
| South Eastern | 1,688,778 | 131,117 |
| South Western | 1,219,115 | 82,481 |
| Third Ring | 351,717 | 3,600 |
| MOSCOW TOTAL | 5,721,773 | 699,594 |

KEY CONSTRUCTION COMPLETIONS IN H1 2021

| PROPERTY | SUBMARKET | MAJOR TENANT | GLA (SQM) | OWNER / DEVELOPER |
|--------------|---------------|--------------|-----------|-------------------|
| Flotilia | North Western | Perekrestok | 23,000 | Flat and Co |
| Prime Plaza | South Western | Perekrestok | 21,000 | Fast |
| Gravitatsiya | South Eastern | Perekrestok | 18,500 | Yug-Invest |

KEY SHOPPING CENTERS IN PIPELINE FOR 2021

| PROPERTY | SUBMARKET | GLA (SQM) | OWNER / DEVELOPER |
|-----------------------------|---------------------------|-----------|---------------------|
| Paveletskaya Plaza | Central Business District | 33,000 | Mall Management |
| Sofia | North Eastern | 35,000 | ADG |
| Nebo | South Western | 27,000 | Stolitsa Management |
| Skazka | New Moscow | 18,600 | IBT |
| Smolensky Passage (phase 2) | Central Business District | 15,100 | AND Corporation |

KEY INVESTMENT TRANSACTIONS H1 2021

| PROPERTY | SUBMARKET | BUYER | GLA (SQM) | PRICE ESTIMATION (EUR) |
|---------------------|---------------|-------------------|-----------|------------------------|
| Hymen | CBD | Mikhail Arustamov | 6,100 | 64,110,377 |
| Park House Brateevo | South Eastern | AFI Group | 26,900 | 39,125,504 |
| Park House Signalny | North Eastern | AFI Group | 18,810 | 19,561,035 |

Source: Real Capital Analytics

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

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.