

MOSCOW

Key Investment Trends

As of H1 2018, the total investment volume in commercial real estate in the Moscow region amounted to \$434 mn, which is almost three times less than in the same period last year. This decline in investment activity affected all the commercial real estate sectors, the only exception was the industrial and logistics sector, where demand was reasonably active and the total transaction volume reached \$104 mn. The largest deal in the first half of the year was the joint acquisition of the Metropolis Office Buildings II by Hines and PPF Real Estate companies. As a result of this transaction, the companies consolidated the whole Metropolis complex.

Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
47	Szczecin	7.95	-5
48	Istanbul	7.98	31
49	Athens	8.11	-86
50	Sofia	8.35	-15
51	Belgrade	8.40	120
52	Tirana	9.70	0
53	St. Petersburg	10.48	-22
54	Moscow	10.52	-62
55	Tbilisi	10.93	-15
56	Kyiv	12.35	-35

Note: Lowest scoring yield ranks highest.

Yield Outlook

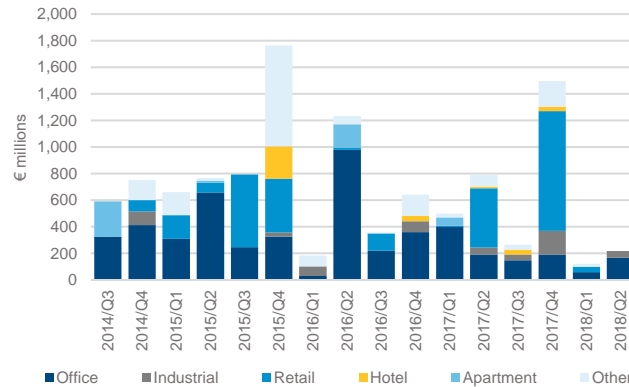


Sectors to watch out for in the next 12M

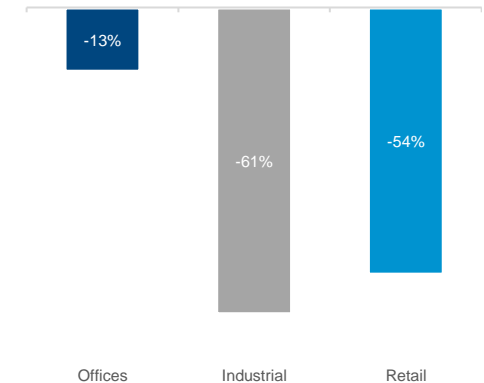


Source: Colliers International, Real Capital Analytics, Oxford Economics.

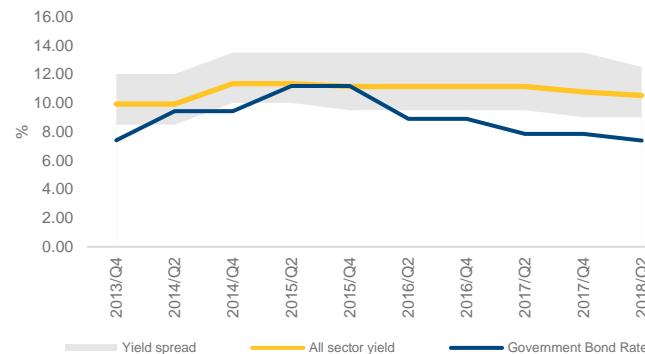
Quarterly investment volumes by sector (City & catchment)



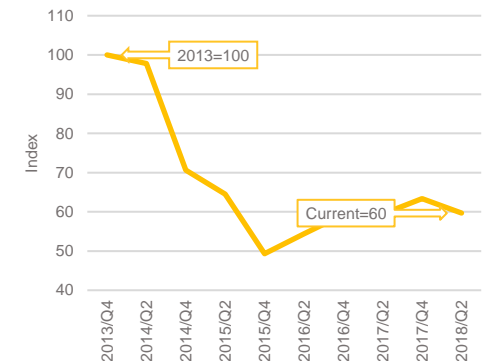
5yr cap. value growth – by sector



All sector yields vs. bond rates



All sector cap. value index

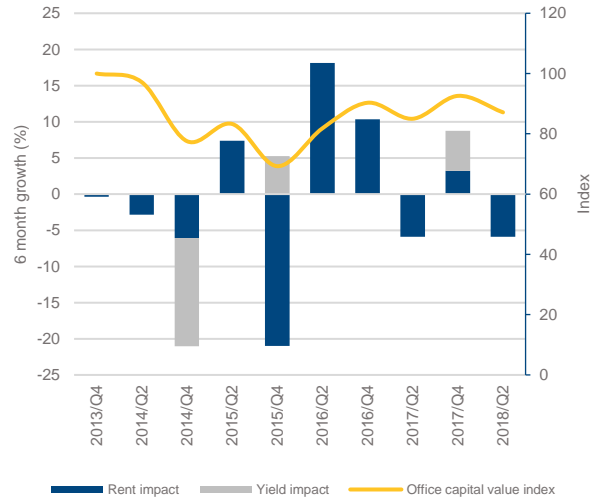


Stanislav Bibik
 Partner | Capital Markets
 +7 495 258 5151
Stanislav.Bibik@colliers.com

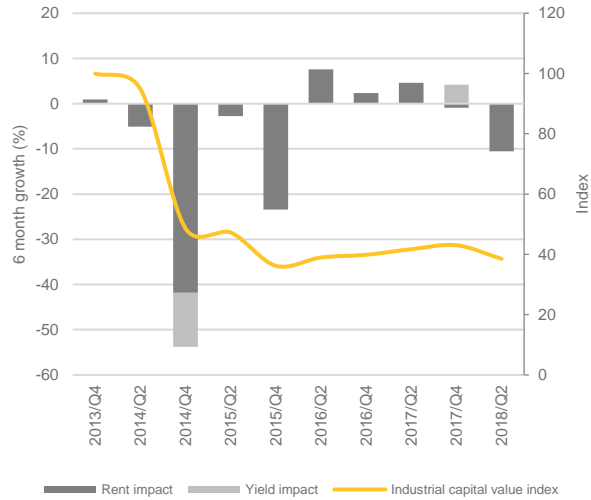
“A slowdown in investment was observed both in Moscow and on the nationwide level, which was related to increasing RUB volatility in Q2 2018, after the implementation of a new wave of anti-Russian sanctions, and also due to the expected inflation acceleration and future VAT increase. Generally, it is worth mentioning that Moscow traditionally attracts the largest share of investments in the total national volume. In H1 2018 Moscow region formed 55% share. At the moment, a number of major transactions are being closed, including deals with foreign investors participation.”

MOSCOW

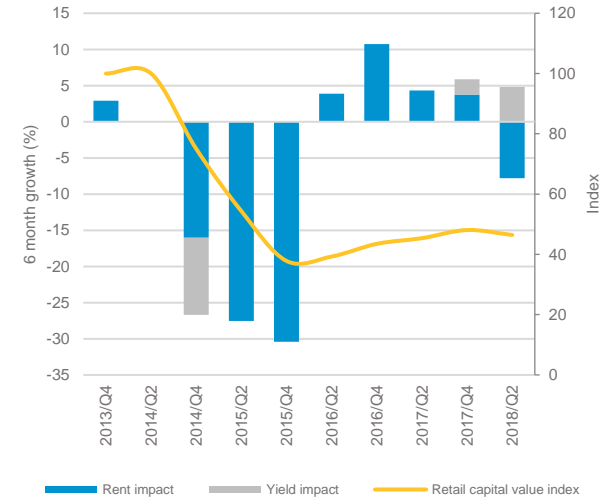
Cap. value index - rent/yield impact: Office



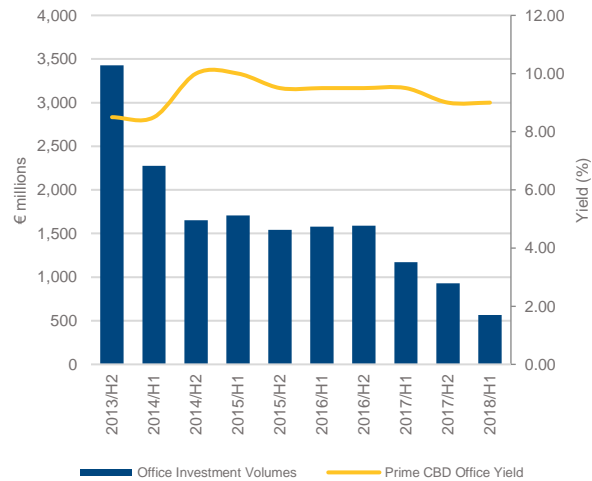
Cap. value index - rent/yield impact: Industrial



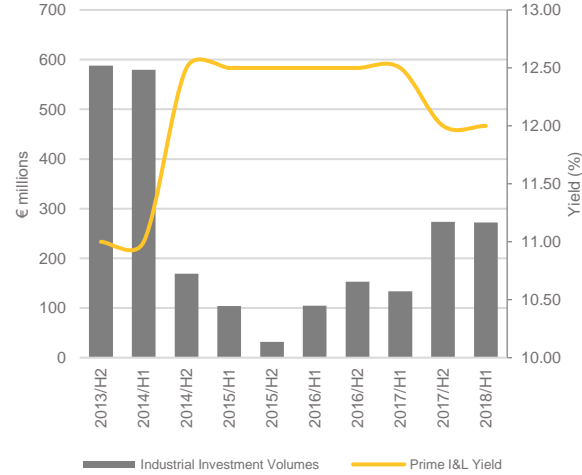
Cap. value index - rent/yield impact: Retail



Yields and 12M rolling investment volumes: Office



Yields and 12M rolling investment volumes: Industrial



Yields and 12M rolling investment volumes: Retail

