

Housing Market Trends

Dear clients and partners,

What an interesting and challenging times we are living in! Many things have changed or work differently and we are all adapting. Moscow Real Estate market is not an exception and there are some unique trends we are observing currently. We have prepared this update on the situation as we find it very important to share this information with you. We are noticing that clients' expectations are often not in line with the reality of our rental market of today.

Knowing the facts we are pointing out below will help you, your Client and Customer get most of the home finding process with no extra stress or frustration.

This year traditional **high season has shifted deep into the autumn** and showed increased activities even in “quiet” months of October and now in November.

Newcomers and those who decided to change the property should be ready to high competition and no willingness of the landlords to negotiations or any discounts.

For the first time in many years, we see lines of potential tenants during the apartments viewings (3-4 tenants might be bidding on a same property) even in a prime market segment. At the same time, **there is a strong belief that a lot of expats left during lockdowns of pandemic and there should be a lot of available options – that unfortunately is a wrong perception** which may lead to the issues during home finding process due to the increased demand, reduced supply, changed tenant's profile, etc.

Interesting that **we see similar situation in almost all countries we are working in**. It is critical to be aware of these trends and Intermark is always here to provide you with the up to date information and professional support

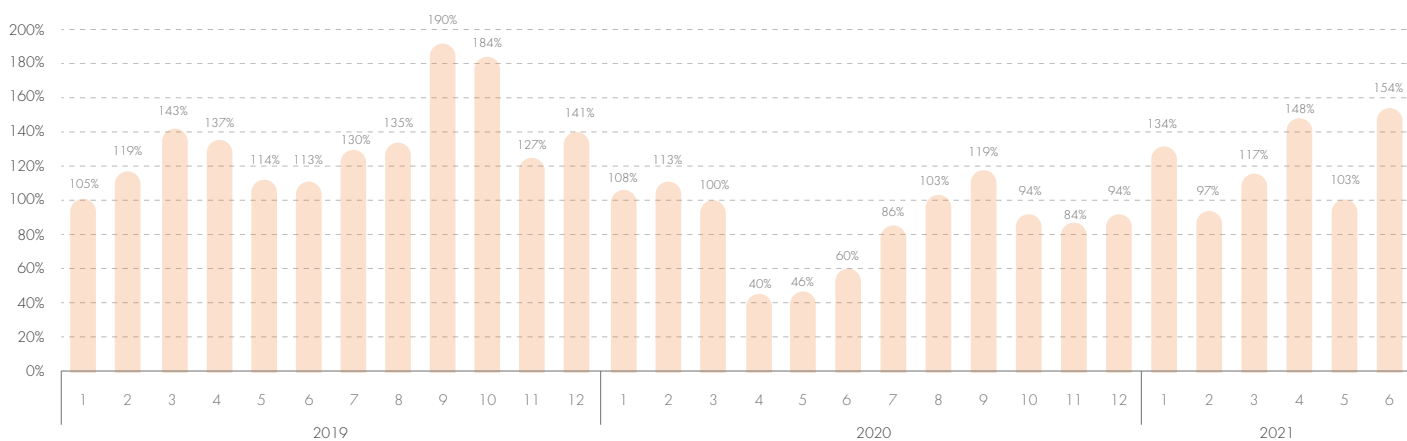
LET'S SEE THE MOST IMPORTANT TENDENCIES IN DETAILS:

1. INCREASED DEMAND

REQUESTS FROM POTENTIAL CORPORATE TENANTS HAS INCREASED

The number of requests compared to the beginning of the lockdown has increased 1.5 times (Or 54% more than in March 2020). The number of requests over the past year has also increased 2.6 times.

The record level of demand over the past year was in June 2021, slightly surpassing the number of requests in April 2021.



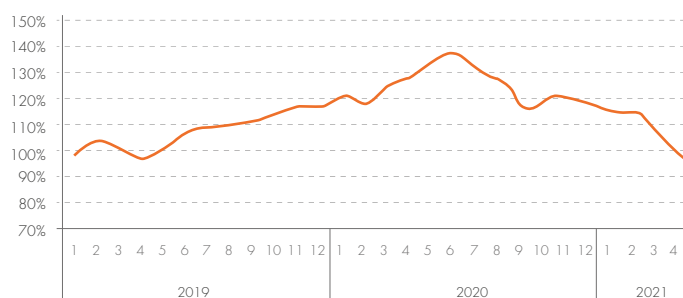
Dynamics of the demand for prime rental market from corporate tenants in Moscow

2. SIGNIFICANTLY REDUCED SUPPLY IN GENERAL, AND ESPECIALLY IN THE SECTOR OF GOOD QUALITY EUROPEAN STYLE PROPERTIES

THE SUPPLY OF PRIME LEVEL APARTMENTS DECREASED BY 18% FROM THE BEGINNING OF THE YEAR

Over the course of the first six months in 2021, the volume of apartments supplied has decreased by 10% and, when compared with the same period a year ago, has decreased by 32%.

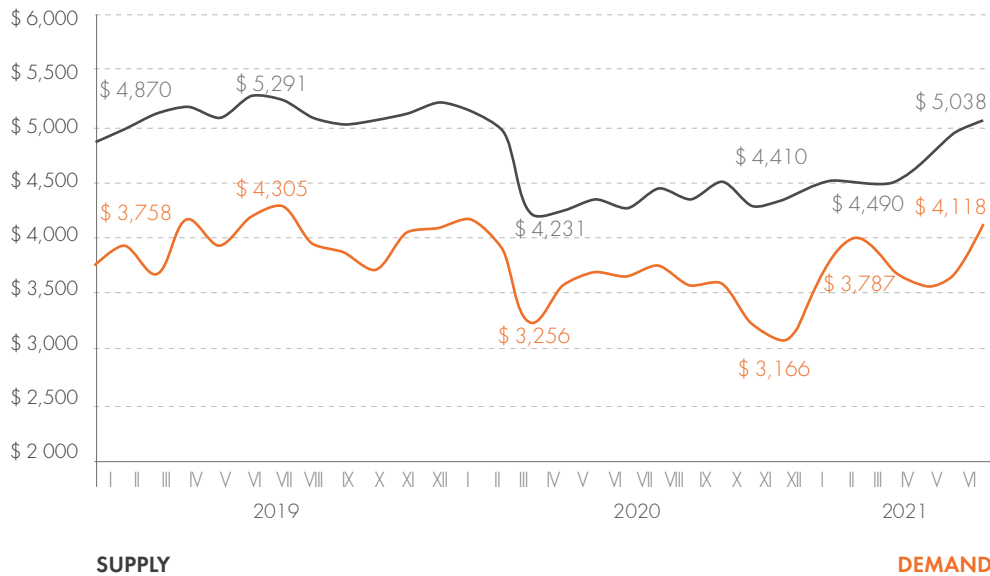
The maximum number of prime rental apartments on the market this year was observed in January. The last time a higher figure occurred was in May last year.



Dynamics of the supply of the rental market of prime apartments in Moscow

3. SUPPLY BUDGET IS MUCH HIGHER THAN THE DEMAND BUDGET

Dynamics of the average budgets of supply and demand



ACCORDING THE FOREGOING INFORMATION:

- Mentioned above results in **high competition** on the market
- Market shifted to **Landlord market** - the **negotiations are** mainly **“take it or leave it”**
- **Significant part of the tenants are Russians** - they are often ready to decide on spot and can arrange for the payments immediately



Nationalities

60% of all requests from potential tenants, over H1 2021, were made by Russians. The remaining 40% of the requests were from foreigners. The largest number of requests from foreign tenants' were from citizens of France, Italy, Germany, and Great Britain.

- The landlords are not willing to wait 3-4 weeks for the corporations to approve the lease = our customers are advised to have couple of back up options
- We also see the requests for **rental increases** during **the lease renewals**. The landlords are ready to end the lease and find another tenant which is the high risk for our customers and clients



As you can see the situation is very interesting and trends can be surprising at first glance. **The market became Landlord oriented** and this makes home findings and even lease renewals more challenging.

We put all efforts in getting the best options to our clients and our consultants are constantly trained to be efficient in this very competitive environment. It's important and highly recommended to be aware of the market reality and share these details with all involved as these trends are here to stay with us for now.

IF YOU HAVE ANY QUESTIONS OR NEED A CONSULTATION, PLEASE CONTACT US:



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