

MOSCOW HOUSING REPORT

2018/2019

2018: Main Tendencies and Results

«2018 was a year of active development of Moscow’s prime residential rental market. The number of property inquiries is growing, there is a wide variety of apartments and rental rates are stable and meet tenants expectations.

The corporate rental segment is also actively developing. New complexes by Dom.RF, Residences Moscow, ENKA and projects by other companies offer high-quality residential property and are always popular among tenants. We expect the positive trends of 2018 to continue in 2019...»



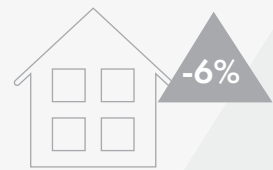
KEY NUMBERS OF 2018



requests from potential tenants compared to 2017



of average rental rate requested per property, compared to the last year



prime rental stock available compared to the start of the year



of all requests by potential tenants foreign

Average requested rental rate by district, per month

Average offered budget by district, per month

Leningradsky prospect
USD 3,564

Arbat-Kropotkinskaya
USD 3,713

Zamoskvorechye
USD 4,752

Leningradsky prospect
USD 4,158

Arbat-Kropotkinskaya
USD 4,455

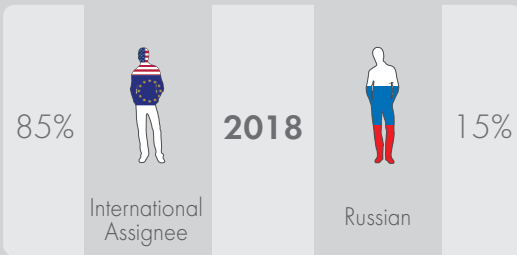
Zamoskvorechye
USD 5,940

**Average demand budget for Moscow
USD 4,000 per month**

**+22%
Supply - Demand budget growth**

**Average supply budget for Moscow
USD 4,885 per month**

Tenant Profile



NATIONALITIES

The share of inquiries from foreign tenants amounted to about 85% of the total number of inquiries, while over 15% of demand accounted for Russian citizens. At the same time, French tenants took the strongest interest in prime property rent in 2018 - about 17% of all foreign clients.

SINGLE / FAMILIES

The average age of potential tenants in 2018 remained stable - from 30 to 44 years old. These tenants volume amounts almost half of the total number of clients (about 58%) representing the interests of high-budget rental in Moscow. The largest demand came from families with children – about 63%.

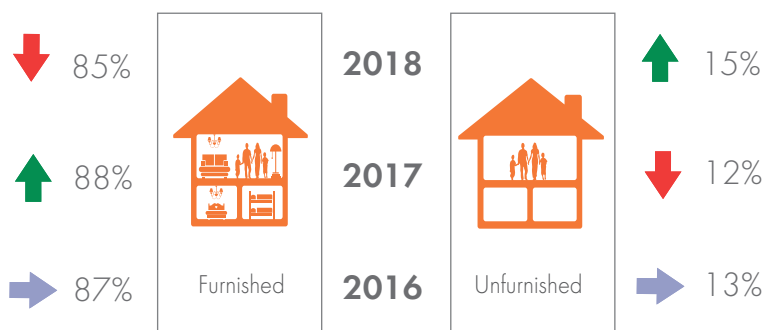
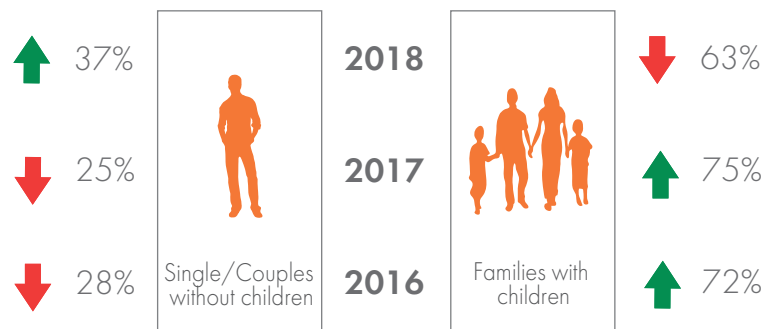
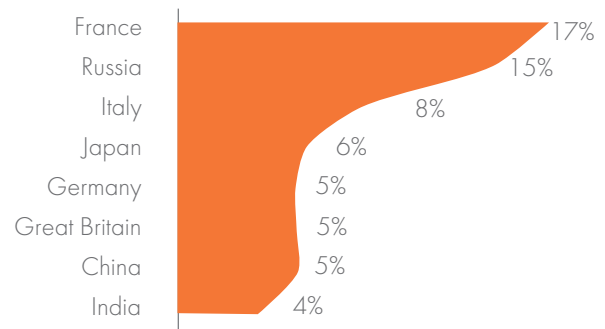
FURNISHED / UNFURNISHED APARTMENTS

Furnished apartments were the most popular among potential tenants, making up 85% of all requests against 15% to unfurnished variants. Most tenants with children who need a big space also prefer to rent furnished apartments.



«In 2018 the number of tenants with families has declined by 12% and constituted 63% which the lowest number in the last 3 years. This is reflected in demand structure – demand for 1 and 2 bedroom apartments grew in comparison to 2017».

Stanislav Labunsky
Senior Business Development Manager

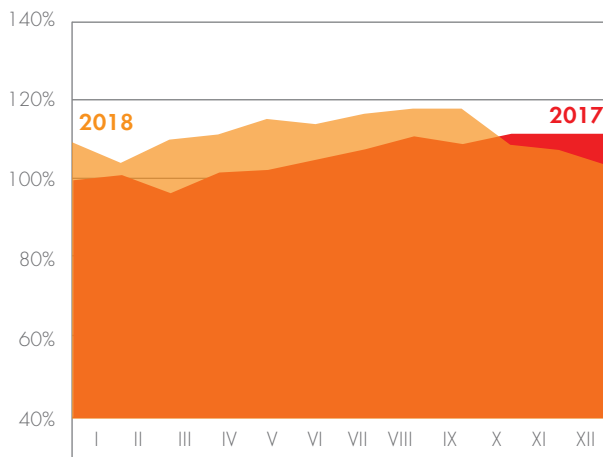


Source: Intermark

Supply

Chart 1.1

Dynamics of the supply of Moscow prime rental market (January 2017 – December 2018)



HIGH - BUDGET SUPPLY VOLUME DECREASED BY 6%

Throughout 2018, Moscow's prime residential rental market showed a stable level of supply. The number of apartments offered for rent varied from -8% to +6% (the monthly indicator is compared with the indicator of the previous month). In general, during last year, the number of prime properties offered for rent decreased by about 6%.

ARBAT-KROPOTKINSKAYA HAD THE MOST LISTINGS IN THE PRIME RENTAL SEGMENT IN 2018



Top 5 districts for supply in 2018

- Arbat-Kropotkinskaya
- Tverskaya-Kremlin
- Leningradsky Prospekt
- Zamoskvorechye
- Lubyanka-Kitay-Gorod

Chart 1.2

Analysis of the most popular areas for living in Moscow in terms of supply



In December 2018, the largest number of prime residential rental apartments offered for rent (almost two thirds – 64%) were located in the following five districts of Moscow: Arbat-Kropotkinskaya (22%), Tverskaya-Kremlin (17%), Zamoskvorechye, Leningradsky Avenue (9% each) and Lubyanka-Kitay-Gorod (7%). Krasnopresnenskaya district ranked sixth in the rating of districts with the largest offer (5%).

Source: Intermark

Demand

REQUESTS FROM POTENTIAL TENANTS KEPT ALMOST THE SAME LEVEL

During 2018 demand volume faced minor fluctuations and remained almost the same level, increased by about 2%.

ANALYSIS OF TENANTS' TERRITORIAL

Preferences showed that the TOP-5 most popular districts on Moscow's prime residential rental market included Leningradsky Avenue (12,8%), Arbat-Kropotkinskaya (8,7%), Tverskaya - Kremlin (8%), Zamoskvorechye and Partiarchiye Prudy (7,6% respectively).



Top 5 districts for demand in 2018

Leningradsky Avenue
Arbat-Kropotkinskaya
Tverskaya - Kremlin
Zamoskvorechye
Partiarchiye Prudy

In 2017, there were obvious market leaders by number of inquiries. By contrast, in 2018 we do not see any leading districts in terms of popularity among tenants (except Leningradsky Prospect). Thus, today's demand in Moscow's market is quite evenly distributed and tenants consider residential properties in various districts with equal interest.



«In 2017, there were obvious market leaders by number of inquiries. By contrast, in 2018 we do not see any leading districts in terms of popularity among tenants (except Leningradsky Prospect). Thus, today's demand in Moscow's market is quite evenly distributed and tenants consider residential properties in various districts with equal interest».

Dmitry Kokhtyuk
Relocation Consultant

Chart 2.1

Dynamics of the demand of Moscow prime rental market (January 2017 – December 2018)

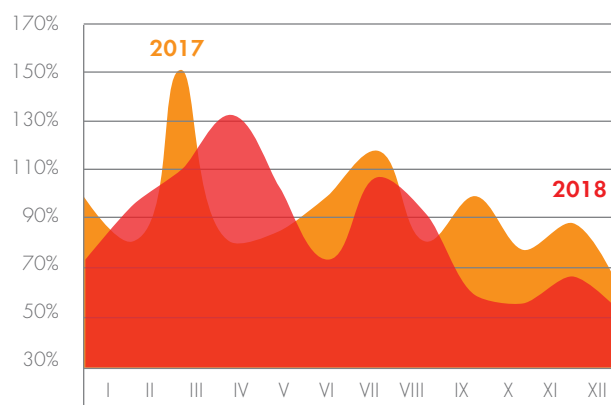


Chart 2.2

Analysis of the most popular areas for living in Moscow in terms of demand

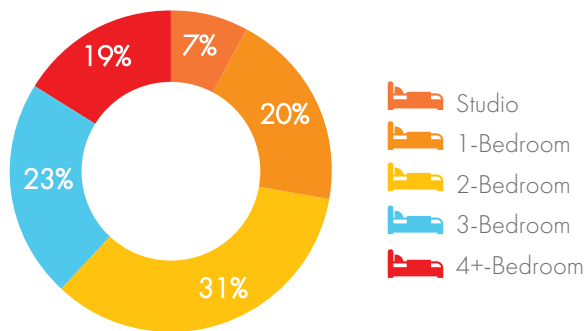


Source: Intermark

Supply vs. Demand

Chart 3.1

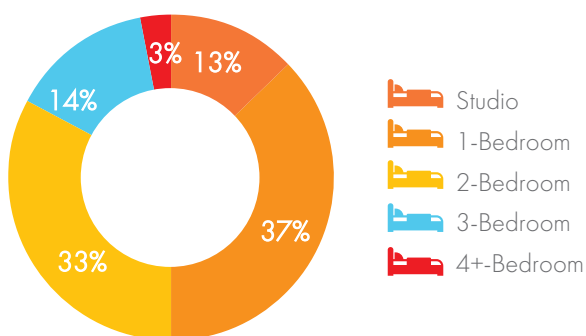
Supply analysis of expat housing in Moscow in terms of number of rooms



Supply properties with 2 and 3 bedrooms account for the largest share (31% and 23%, respectively), properties with 1 bedroom account for 20%, multiroom properties – for 19%. The share of studio apartments is only 7% of the market.

Chart 3.2

Demand analysis of the most popular areas for living in Moscow in terms of number of rooms



Apartments with 1 or 2 bedrooms were the most popular options for rent in 2018: 37% and 33% respectively. Spacious apartments are also in demand: the share of requests for rental apartments with 3 + bedrooms was 17% of the total requests.

Source: Intermark

Budgets & Rates

THE AVERAGE SUPPLY BUDGET IS USD 4,886 PER PROPERTY PER MONTH

The average weighted supply budget at the end of December 2018 amounted to USD 4,886 per property per month and reduced a similar figure recorded last year by 9%. Thus, during the past year we were observing a stable level of offered rental rates – from USD 4,782 to USD 5,582 per property per month

THE AVERAGE DEMAND BUDGET IS USD 3,713 PER MONTH

The average rental rate requested by potential tenants observed during 2018 amounted to USD 4,000 per property per month. Thus, in December 2018, the average demand budget reached one of its peaks USD 4,600 per property per month.

February and in August 2018, the average demand rental rate reached a year low – USD 2,927 per property per month.

Chart 4.1 Dynamics of the average budgets of supply and demand

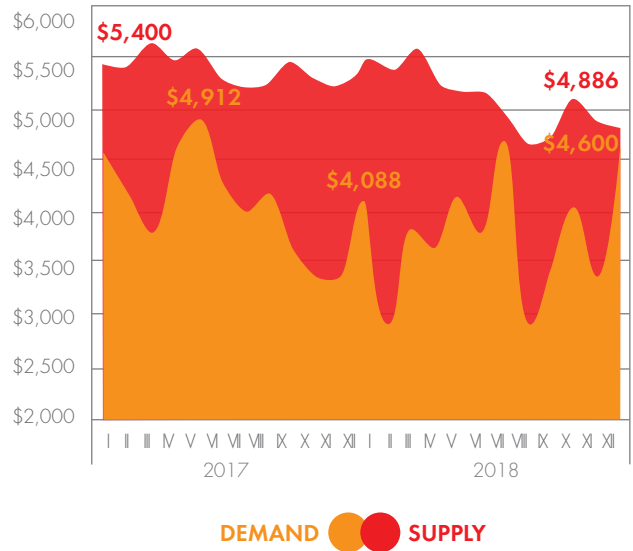


Chart 4.2 Analysis of average rental rates/Number of bedroom/Class

Central Districts

	Business	Elite+Premium
1 Bed.	\$1,300 - \$2,500	\$2,600 - \$3,500
2 Bed.	\$2,000 - \$3,200	\$3,000 - \$5,500
3 Bed.	\$2,700 - \$4,000	\$4,600 - \$7,000
4 Bed.	\$5,000 - \$6,000	\$7,300 - \$10,000
5+ Bed.	\$6,000 - \$9,000	\$10,000 - \$15,000

**Leningradsky Prospect, Kuntsevo
(close to international schools)**

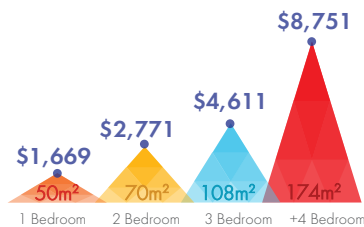
	Business	Elite+Premium
1 Bed.	\$1,200 - \$2,000	\$2,800 - \$3,500
2 Bed.	\$1,900 - \$3,000	\$3,500 - \$5,000
3 Bed.	\$2,300 - \$3,800	\$4,500 - \$7,500
4 Bed.	\$3,000 - \$7,000	\$6,000 - \$10,000
5+ Bed.	\$5,000 - \$9,000	\$9,500 - \$13,600

Source: Intermark

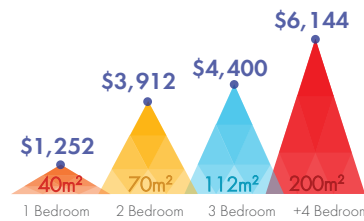
Chart 4.3

Top 5 most expensive districts for prime rentals in 2018 (average rental rates)

1 Arbat-Kropotkinskaya area



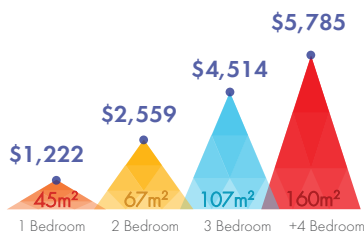
2 Tverskaya-Kremlin area



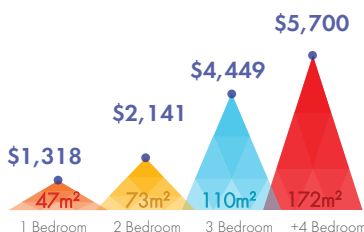
3 Krasnopresnenskaya area



4 Patriarshie Prudy area



5 Zamoskvorechye area



Source: Intermark

The most expensive district is traditionally Arbat-Kropotkinskaya: the average rental rate here is USD 5,623 per property per month.

Krasnopresnenskaya district ranks second in terms of rental prices for elite residential property and outperforms Tverskaya-Kremlin – USD 4,461 vs. USD 4,181 per property per month, respectively.

Tverskaya-Kremlin now ranks third in the rating of the most expensive districts of Moscow in terms of rent.

The gap between the average rental rate offered by landlords and the rental rate requested by potential tenants is USD 986.

International Compounds

«During 2018, rental rates in the Pokrovsky Hills, Rosinka and Serebryany Bor residential compounds, popular with expats, have not changed significantly. With rents staying quite static, any scope for price negotiation has remained at the discretion of the landlords.

Landlords, notably, have undertaken quality enhancements to improve their offering to tenants and a furnished option has been introduced for the houses. In Serebryany Bor capital repairs have been carried out on the majority of houses offered for rent.

In terms of activities and innovations, Rosinka remained the most active compound:

- a special mobile app for access passes ordering was created for the residents;
- new US Dental Care office opened in the Community Center and the European Medical Centre opened an additional paediatrician's office in compound.

Among the amusement facilities a new snow slide has been installed, the tennis courts have been resurfaced, and a lively program of fairs, celebrations, tournaments, master classes and concerts continues to be organized.

Also Rosinka have been and continue to be open to discussing any individual requirements at the preparatory works stage, prior to moving in».



				m^2	 2018	 2017
Pokrovsky Hills	Tver-1	3	2,5	160		\$6,000
	Tver-3	3	2,5	209		\$10,500
	Suzdal-1	3	2,5	200		\$8,000
	Suzdal-2.3	3	2,5	212	the same rate	\$12,000
	Novgorod-1	4	2,5	215		\$12,500
	Novgorod-2.3	4	2,5	220		\$13,500
	Yaroslavl-2.3	5	3,5	340		\$17,500
Rosinka	Executive	3	2,5	151		\$7,500
	Family	4	2,5	222		\$9,400
	Family Deluxe	4	2,5	259		\$9,900
	Country	5	4,5	266	the same rate	\$10,200
	Country Deluxe	5	4,5	302		\$11,000
	Presidential	5	4,5	292		\$11,000
	Presidential Deluxe	5	4,5	326		\$12,500
Serebryany Bor	House	2 - 3	2,5	150 - 171	\$5,700 - \$6,000	\$5,400 - \$6,500
	Town-house	4 - 5	4,5	248 - 262	\$8,000 - \$8,300	\$9,000
	House	5	4,5	250	€15,000	€15,000
	House	3	3	378	\$15,000	\$8,600

Source: Intermark

Forecasts 2019

«The dynamics of the rental market in Moscow in 2019, as well as the overall economic situation, will be dependent on the overall geopolitical situation. Provided there are no significant changes, levels of demand and supply and consequently prices will remain stable and any changes on 2018 should not exceed 5-7% in either direction. This allows tenants to make provisions in their budgets in advance and, should maintain the supply on the market at a good level. Still, there are certain areas and types of property where there is a lack of quality supply, which should be taken into account in the property search».



Marina Semenova
Managing Partner
and Shareholder

Services of the Year

INTERMARK CLUB

Intermark Club is a life - hack for foreigners in Moscow!

Every day, Intermark helps hundreds of expats relocate and adjust to Russia. Our goal is to make their life in a new city not only safe and bearable, but comfortable and fun!

So we started Intermark Club - a friendly community for expats living in Russia and a network of English-friendly restaurants, museums, cinemas, theatres and other services.

Follow Intermark Club - www.intermarkclub.ru

LEASE MANAGEMENT

Project «Lease Management» linked Intermark with our corporate clients and landlords. We offer our clients to conclude an agreement of sublease straight with Intermark. After that our company will conclude an agreement with landlords. Consequently we assume obligations both of the Tenant and of the Landlord and responsible for every client.

Such scheme of collaboration has some advantages:

- no need for direct collaboration with the landlord;
- all sublease agreements signed on a single draft;
- easy and unified procedure of prolongation and termination of the contracts on the approved beforehand procedure;
- unified damage assessment procedure.



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IMMIGRATION

- Work Permit
- Visa support (all types)
- Residence Permits
- Migration registration & notifications
- Legalization & duplicates' procurement
- Immigration due diligence

RELOCATION

- Temporary Housing
- Orientation & Home-finding
- Legal due diligence
- Settling in & 24/7 Help-desk
- Departure Support
- Spousal support & Coaching

MOVING

- International moving
- Domestic moving
- Transportations of antiques
- Office moving
- Vehicle moving
- Stock and storage



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