

RUSSIA

# Industrial Market Snapshot

Second Quarter | 2018



## MARKET INDICATORS

### Market Outlook

- Prime Rents: While average rental rates remain stable, the prime segment has started to grow. ▼
- Prime Yields: Yields are experiencing gradual decrease caused by the market stabilization. ▲
- Supply: New construction is slightly increasing. ▲
- Demand: Demand is increasing in the Moscow region, while regional activity is lower. ►

### Prime Industrial Rents – June 2018

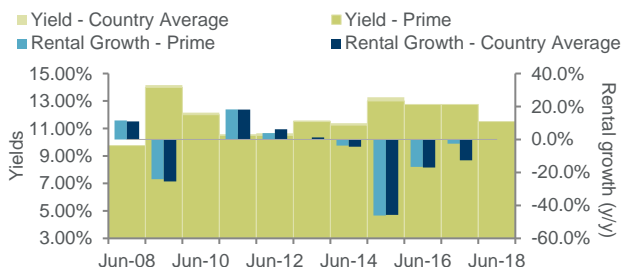
LOGISTICS LOCATIONS	RUB	€	US\$	GROWTH %	
	SQ.M YR	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Moscow	3,300	45.4	4.93	0.0	-18.2
St Petersburg	3,800	52.2	5.68	0.0	-15.9

### Prime Industrial Yields – June 2018

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT Q	LAST Q	LAST Y	10 YEAR	
				HIGH	LOW
Moscow	11.50	12.25	12.75	14.00	10.00
St Petersburg	12.50	13.00	14.25	15.00	10.50

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

### Recent performance



## Overview

The demand for warehouse space in the Moscow region remains high, take up is growing. The situation is different in the regions - the demand for warehouses here is lower than in Moscow. In H1 2018, the take up decreased by 10% compared to the average indicator of the last 5 years.

## Occupier focus

Vacancy rate is decreasing - there is a lack of “ready to move-in” premises. Taking advantage of this shortage, some developers are increasing the asking rental rates in prime locations. However, speculative construction is still not increasing. In the context of low economic growth, the tenants are ready to wait 6-9 months until a new building that meets all their requirements is constructed.

## Investment focus

In H1 2018, 61 mn EUR was invested in industrial sector. Investment activity in W&I sector is much lower compared to offices and comprises only 13% of the total volume in H1 2018. All investors were local market players.

## Outlook

We expect the demand for warehouse space to remain the same till the end of the year. The vacancy rate will continue to decrease. In the Moscow region, around 800,000 sq. m of quality warehouse space is expected to be constructed in 2018, which is 70% higher than the same indicator in 2017. In the regions, the new construction is expected to reach 450,000 sq. m (+20% year-on-year).

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2018 Cushman & Wakefield LLP. All rights reserved.

**Tatyana Divina**  
 Associate Director, Research  
 Gasheka Street, 6, Moscow, 125047, Russia  
 Tel: +7 495 797 9600  
[tatyana.divina@cushwake.com](mailto:tatyana.divina@cushwake.com)  
[cushmanwakefield.com](http://cushmanwakefield.com)