GLOBAL SPOTLIGHT

Moscow is Russia's economic, financial, education and transportation center.

- With 18 million inhabitants, Moscow concentrates 13% of the Russian population and accounts for more than 20% of the country's GDP. The gap between Moscow and St Petersburg as well as other regional cities is increasing. Over 90% of foreign businesses Russia are expected to expand operations and investment over the next few years.
- The Moscow office market continues to experience rapid growth. Strong demand for office space, coupled with extremely low vacancy rates and low supply, continue to put upward pressure on rental rates, resulting in an average of $1,200 per M2 per year for Class A office space. The inflow of foreign investors, combined with a lack of quality office properties, is compressing yields. It is difficult to find a new Class A office building for sale at a cap rate higher than 8% in Moscow.
- The retail market follows the same trend characterized, by an increasing number of large European retailers looking for high quality locations in the area. Due to lack of quality retail space, rental rates continue to grow and the market remains highly landlord focused. Rental rates in prime retail locations in Moscow have reached $6,000 per M2 per year, while the average is approximately $2,700 per M2 per year. Foreign investment interest in retail space has increased.
- Largely under-supplied, the industrial sector is attracting an increasing number of local and foreign investors. Industrial yields are very attractive in comparison to the office and retail sectors.
- Large regional cities of more than 1 million inhabitants such as Nizhny Novgorod, Samara, Kazan, Ekaterinburg, Omsk or Novosibirsk, also have seen increasing rents and compressing yields. These cities are attracting investors already familiar with the Moscow market and willing to benefit from the fast-growing Moscow-driven economy in the regions.

Moscow At A Glance

Population	18 Million
Location	Capital of Russia
GDP	$733.6 billion (2006 est.)
Inflation	9.7% (2006 est.)
Interest	7% (Fixed-term rates – Central Bank of Russia)
Unemployment	6.6% plus considerable underemployment (2006 est.)
Conversion	1 USD = 24.443 RUB

Property	Rent/SF/Year Low	High	Effective Avg.	Vacancy Rate
Downtown Office Class A	$60.39	$87.33	$73.39	2.3%
Suburban Office Class A	$58.53	$66.89	$60.85	2.5%
Industrial Bulk Warehouse	$7.43	$11.15	$9.29	n/a
Retail Downtown	$139.35	$418.06	$176.51	.5%

NAI Russia offers local market expertise in Moscow and St. Petersburg.

About NAI Global:

NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

375	Offices
55	Countries
8,000	Professionals
$45 billion	Annual Transaction Volume
250	MSF of Property Management

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