

852 thousand rub./sq m
weighted average supply price
(+ 1% in annual dynamics)

The number of units
for sale increased by **7%**



PRIME RESIDENTIAL REAL ESTATE MARKET MOSCOW

Q3 2020

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Andrey Solovyev
Director of City Sale Department,
Knight Frank

'We can observe good rates of recovery in the segment: part of the deferred demand during the 'quarantine' period was realized in June with partially removed restrictions, and part affected summer months of the current quarter. August 2020 has become an especially active period for the market. Currently, the primary elite housing market reached the maximum supply over the past 5 years, which will undoubtedly become one of the factors supporting demand in future periods. Despite the current deterioration of the epidemiological situation and the possibility of new restrictive measures, we are optimistic and expect further market recovery giving us confidence in a successful end of the year'.

Key findings

- Supply in an elite segment reached its maximum values over the past 5 years - the total number of suits and apartments for sale in the primary market amounted to 2,760 pcs.
- An unconditional leading position in the supply structure was taken by the Dorogomilovo district - 30% of all units exhibited in the segment are concentrated in the location.
- Continuing the trend of house-buying in finished condition - almost two-thirds of all transactions fell on units of this format.

Supply

At the end of Q3 of 2020, the number of suites and apartments for sale in the primary elite housing market amounted to 2,760 pcs, which is 7% more than in a previous quarter. The total area of the units on display increased by 6 pp - up to 337 thousand square meters. The positive dynamics of indicators is due to the release of a large volume of new supply over the past three months.

From July to September there were sales of 2 premium-level properties (Victory Park Residences, Club House on Gazetny) and in 2 deluxe complexes (Titul on Yakimanka, Prechistenka, 8). In total for 9 months 2020 the segment was replenished with 6 new buildings. By the end of the year, market launch of at least two more new projects is expected.

Key indicators. Dynamics

Supply	Deluxe	Dynamics*	Premium	Dynamics*
Total supply, pcs.	650	-12%	2,110	15%
Average price, thousand rub./sq m	1,329	6%	647	1%
Average area, sq m	155	-1%	112	2%
Average price, mln rub.	206	6%	72	3%
Demand	Deluxe	Dynamics**	Premium	Dynamics**
Total supply, pcs.	45	-45%	230	17%
Average price, thousand rub./sq m	1,336	36%	597	4%
Average area, sq m	148	-19%	104	-1%
Average price, mln rub.	198	10%	62	4%

* Q3 2020 / Q2 2020

** Q3 2020 / Q3 2019

Source: Knight Frank Research, 2020

Supply structure by class

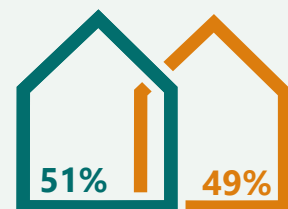
■ Deluxe ■ Premium



Source: Knight Frank Research, 2020

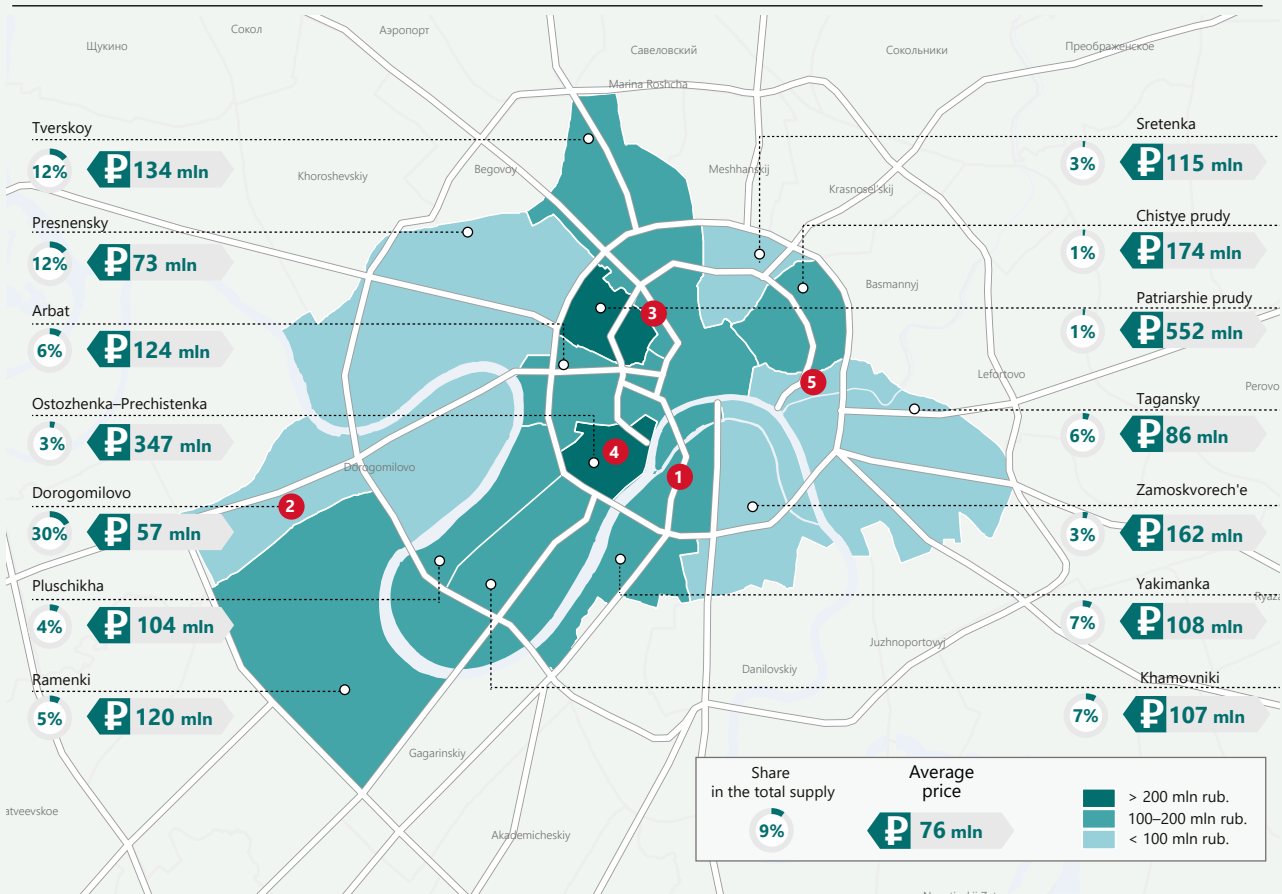
Supply structure by property type

■ Flats ■ Apartments



Source: Knight Frank Research, 2020

Share and average price of supply by district



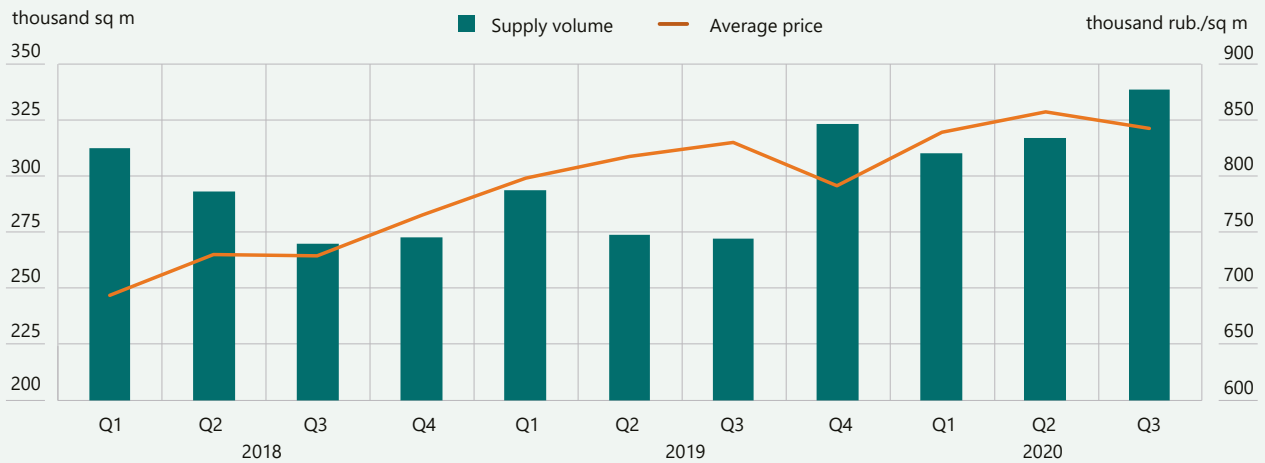
Source: Knight Frank Research, 2020

Complexes where sales began in Q3 2020

	Name	Address	Class	Developer	Property Type	Number of units	Market Launch	Finishing	Commissioning Date
1	Titul on Yakimanka	Khvostov 2nd lane, 8/2 (Yakimanka)	Deluxe	Center-Invest	Flats	18	September 2020	Without finishing	Q1 2022
2	Victory Park Residences	Brat'yev Fonchenko str., 3 (Dorogomilovo)	Premium	ANT Development	Flats	482	September 2020	Finishing	Q3 2023
3	Club House on Gazetnyi	Gazetny lane, 13/15 (Tverskoy)	Premium	N/A	Apartments	24	July 2020	Without finishing	Q2 2021
4	Prechistenka, 8	Prechistenka str., 8/1 (Ostozhenka)	Deluxe	Insolver	Apartments	10	August 2020	Finishing	Q3 2023
New buildings									
5	Titul on Serebryanicheskaya	Serebryanicheskaya emb., vl. 7-11 (Taganskiy)	Premium	Center-Invest	Flats, apartments	175	September 2020	Without finishing	Q4 2020

Source: Knight Frank Research, 2020

Dynamics of average price and supply volume



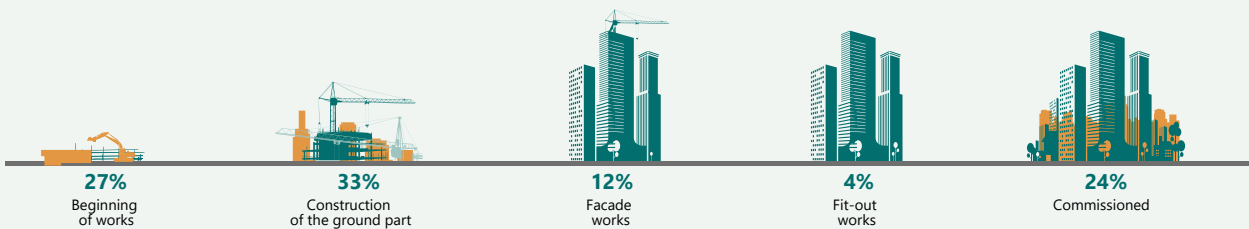
Source: Knight Frank Research, 2020

Supply structure by the construction stage. Deluxe



Source: Knight Frank Research, 2020

Supply structure by the construction stage. Premium



Source: Knight Frank Research, 2020

Due to release of new projects in this quarter, the structure of the supply distribution has experienced material changes: now almost a third of all exposed units in the segment (30%) are presented in the Dorogomilovo area. As a result of market launch, Victory Park Residences (Ant Development) which is the second large-scale project of the developer in the location after the

Poklonnaya 9 complex, managed to take an unconditional leading position in the rating. In addition, the sales of several more projects in Dorogomilovo are expected in the future, one of which will be the Badaevsky residential complex. Next, on the second and third lines of the rating, are the Presnensky and Tverskoy districts, each with 12% of all elite apartments and suits on the market.

In the deluxe segment, the supply structure practically hasn't experienced changes in 3 months due to the release of small club-format projects. As before, the largest share of supply in the deluxe class (15.2%) is formed by apartments and suits ranging from 100 to 150 sq. m and cost from 100 to 150 mln rubles. A slightly smaller number of units (12.4%) is concentrated in the range

of 100-150 sq. m and cost from 50 to 100 mln rubles. At the same time, compared to the supply structure of 3Q of 2019, an increase in the share of the most expensive units in the budget over 200 mln rubles was observed - 29.4% of all suits and apartments in the segment (+ 5 pp in annual dynamics).

In the premium class, almost half of the supply is formed by units in the budget of up to 60 mln rubles. At the same time, the share of inexpensive units, the cost of which does not exceed 30 mln rubles, decreased by almost 5 pp in 3 months. The largest number of suites and apartments in premium new buildings is presented in the range of 50-100 sq. m and a cost of 30-60 mln rubles forming 28.3% of the supply (+ 2.8% per quarter). The most expensive units, worth over 120 mln rubles, account for 9.2% of the supply.

Primary market supply structure. Deluxe

	Up to 50 mln rub.	50-100 mln rub.	100-150 mln rub.	150-200 mln rub.	Over 200 mln rub.
Up to 100 sq m	3.5%	10.1%	7.4%	1.8%	0.6%
100-150 sq m	0.0%	12.4%	15.2%	4.1%	4.4%
150-200 sq m	0.0%	0.6%	4.6%	8.1%	8.3%
200-250 sq m	0.0%	0.0%	0.3%	2.0%	7.2%
Over 250 sq m	0.0%	0.0%	0.2%	0.2%	8.9%

Source: Knight Frank Research, 2020

Primary market supply structure. Premium

	Up to 30 mln rub.	30-60 mln rub.	60-90 mln rub.	90-120 mln rub.	Over 120 mln rub.
Up to 50 sq m	3.9%	1.8%	0.0%	0.0%	0.0%
50-100 sq m	6.5%	28.3%	4.0%	0.6%	0.0%
100-150 sq m	0.0%	7.8%	18.0%	6.8%	2.3%
150-200 sq m	0.0%	0.1%	6.5%	6.3%	2.7%
Over 200 sq m	0.0%	0.0%	0.0%	0.2%	4.2%

Source: Knight Frank Research, 2020



Victory Park Residences

Demand

After removing restrictive measures, the elite housing market has noticeably become active both on the part of developers and on the part of buyers, and we are observing good rates of recovery in the segment. The volume of transactions in Q3 of 2020 turned out to be comparable to the indicator of the same period last year: about 280 suits and apartments were sold in the primary market (-1% in annual dynamics). For January-September 2020, the number of units sold was about 640 pieces, which is 23% lower than the same period last year due to restrictions in Q2. With a high level of sales over the next months, the annual volume of transactions may decrease by only 10-15% compared to the final value of 2019.

Every fourth deal in the quarter was concluded in the Presnensky district: as in previous periods, the location remains at the top due to the high popularity of the Lucky project (developer Vesper). Dorogomilovo is also in the list of preferred areas - 22% of all units sold. At the moment, a very wide range of supply is presented here, which, together with low budgets, will allow the location to be a significant part of the demand structure in the future. The Khamovniki district closes the top three, where 12% of elite apartments and suits were sold.

Primary market transactions structure. Deluxe

	Up to 50 mln rub.	50–100 mln rub.	100–150 mln rub.	150–200 mln rub.	Over 200 mln rub.
Up to 100 sq m	2.2%	15.6%	0.0%	0.0%	0.0%
100–150 sq m	0.0%	6.7%	20.0%	8.9%	11.1%
150–200 sq m	0.0%	0.0%	2.2%	6.7%	6.7%
200–250 sq m	0.0%	0.0%	0.0%	2.2%	13.3%
Over 250 sq m	0.0%	0.0%	0.0%	0.0%	4.4%

Source: Knight Frank Research, 2020

Primary market transactions structure. Premium

	Up to 30 mln rub.	30–60 mln rub.	60–90 mln rub.	90–120 mln rub.	Over 120 mln rub.
Up to 50 sq m	4.3%	0.4%	0.0%	0.0%	0.0%
50–100 sq m	15.2%	25.1%	3.0%	0.0%	0.0%
100–150 sq m	0.0%	11.3%	18.6%	10.8%	0.4%
150–200 sq m	0.0%	0.0%	3.5%	1.3%	3.0%
Over 200 sq m	0.0%	0.0%	0.0%	0.0%	3.0%

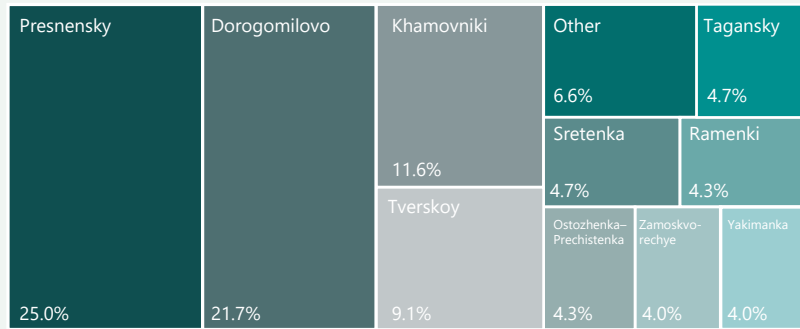
Source: Knight Frank Research, 2020



Titul on Yakimanka

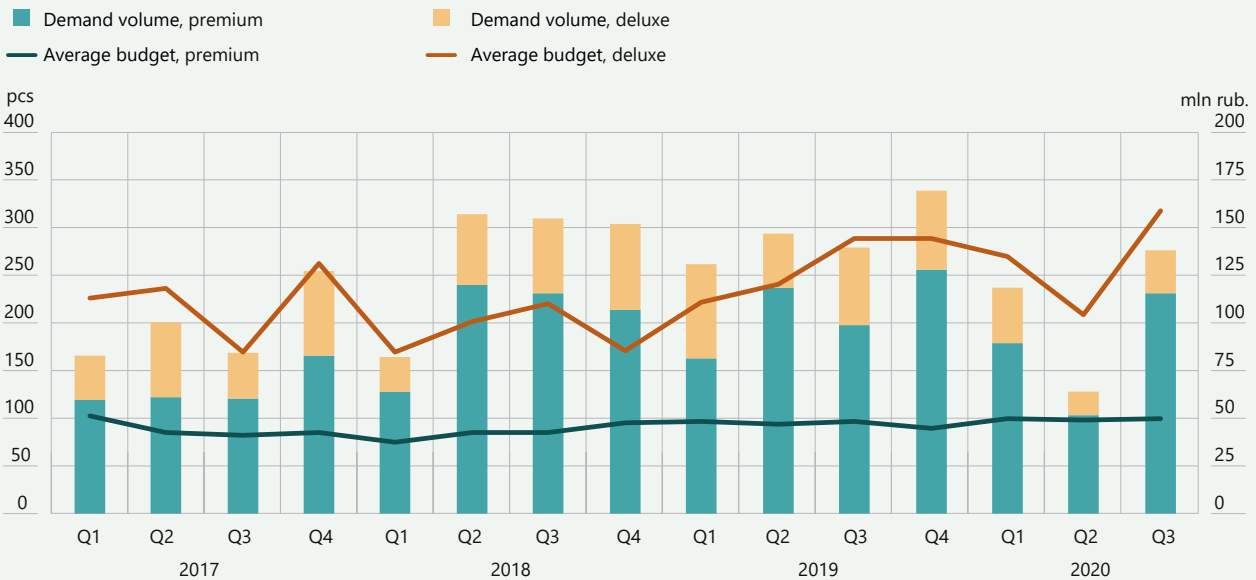
The trend of house-buying in finished condition is strengthening more and more: almost two thirds of all transactions (65%) were units of this format, which is a record value in the segment. It is noteworthy that a year ago we observed a completely opposite situation, when the share of sales with finishing was about 33%. Buyers seek to save time on finishing work and get comfortable conditions from the first day of their stay — notably, not so much to avoid finishing works at their new home, but to avoid such works at their neighbors. The quality of finishing is also increasing due to application of new materials and methods.

Share of transactions by district



Source: Knight Frank Research, 2020

Dynamics of the number and average value of transactions by segments



Source: Knight Frank Research, 2020

Leading projects



Lucky



Poklonnaya 9



Sadovye kvartaly

Source: Knight Frank Research, 2020

Prices

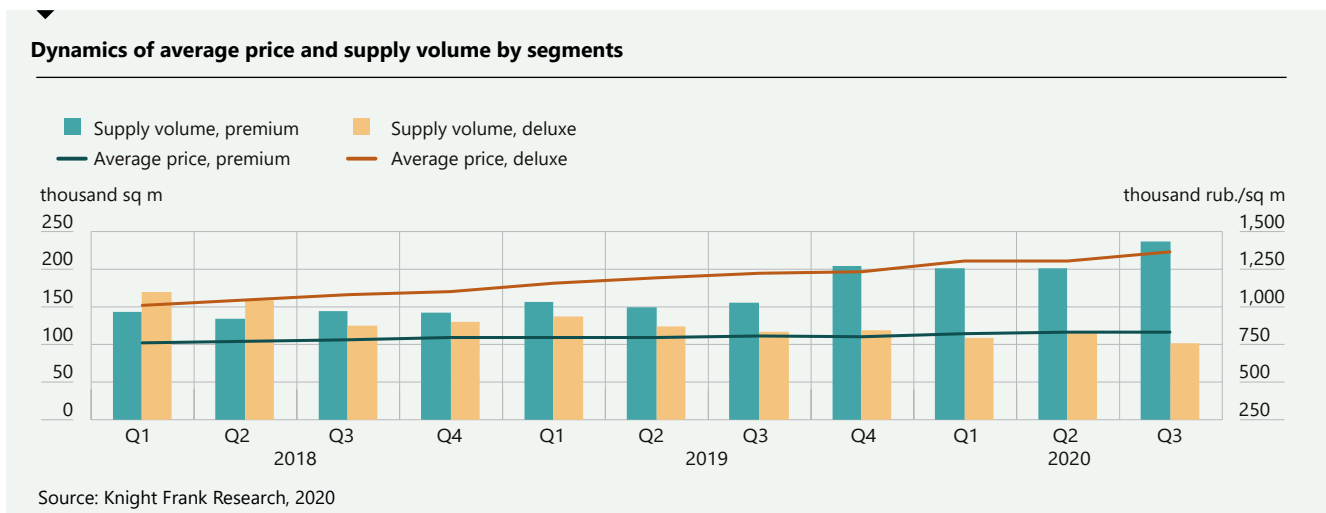
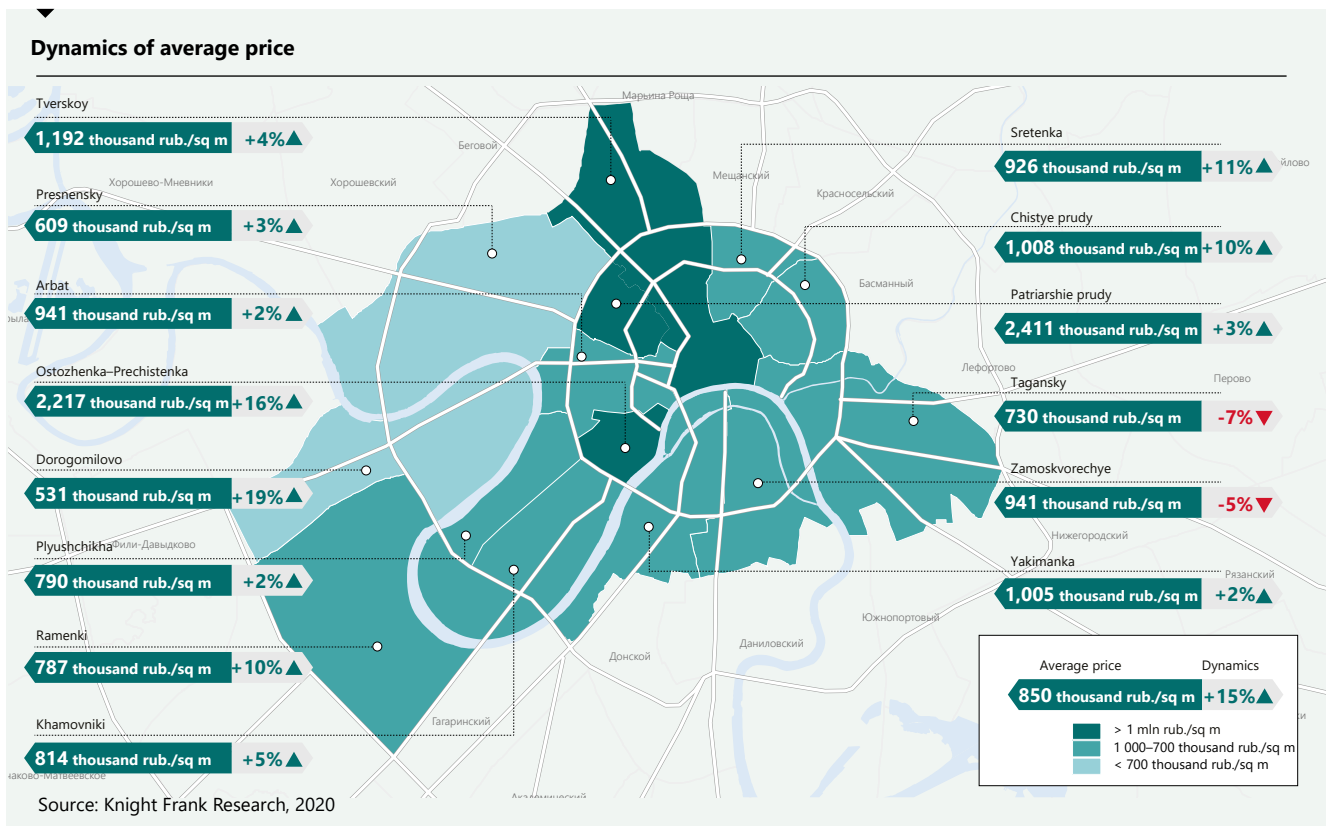
In a long-term retrospective, the trend of price growth can be traced both in the premium and deluxe classes, but in the latter the dynamics is more expressed. So, at the end of September 2020, the weighted average supply price for premium-level properties amounted to 647 thousand rubles/sq. m (+ 1% in quarterly and + 6% in annual dynamics), for deluxe complexes - 1,329 thousand rubles/sq. m (+ 6% in quarterly and + 16% in annual dynamics). The total indicator in the elite segment, adjusted by the launch of a large-scale project at a low price,

amounted to 852 thousand rubles/sq. m, which is 1 pp higher than the value of the same period last year.

Traditionally, Patriarshiy Prudy and Ostozhenka-Prechistenka remain the two most expensive districts of the capital, where the average price per square meter reached 2.4 mln rubles and 2.2 mln rubles respectively. Buyers can still find the cheapest units in the Dorogomilovo area, where the average weighted supply price is 531 thousand rubles/sq. m. Presnensky district also remains relatively budgetary - 609 thousand rubles/sq. m.

It should be noted that over the past 3 months, almost in all districts of the cap-

ital, where elite housing is presented, an increase in the weighted average price was recorded, associated with both a change in the supply structure and an increase in the stage of construction readiness of many projects. The only exceptions were 2 locations - Zamoskvoreche (-5% in 3 months) and Taganskiy district (-7% in 3 months). The reason for the negative dynamics in Zamoskvoreche was a significant decrease in the cost of the entire volume of supply in one of the long-running projects, and in the Taganskiy District the market was replenished with a new pool of units in the complex Titul on Serebryanicheskaya, which is one of the most affordable new buildings in the location.



The classification of high-end property of Moscow

According to the classification* by Knight Frank, a property can be referred to a certain segment as defined by a number of detailed criteria. Among such there are mandatory criteria, i.e. structure details, unit area, finished lobby and common facilities, safety, etc., as well as a number of optional criteria, namely using a renowned architect, layout and arrangement detail, final finishes and their quality.

Comparison criteria	Deluxe	Premium
Mandatory, limiting criteria		
Location	Within Central Administrative District.	Preferably within the Third Ring Road.
Load-bearing and enclosing structures	Frameless homes from ceramic bricks and solid-cast homes with reinforced-concrete frame structures.	
Efficiency factor (gross-to-usable area coefficient)	Not more than 0.65	0.65–0.7
Number of flats per level	under 4	under 6 (rarely under 8)
Ceilings	over 3.2 m high	over 3 m high
Average unit area within project	110+	90+
Parking parameters	Indoor, ground-level / underground, heated parking, preferably with a car wash. Available access for the residents: flat – elevator – parking. 1.5–2.0 car spaces per flat.	Indoor, ground-level / underground, heated parking. Available access for the residents: flat – elevator – parking. 1.0–1.5 car spaces per flat.
Windows	Top priced up-to-date foreign-made fiberglass and wooden shapes, with soundproof and energy efficient glass.	
Finished lobby and common facilities	High-quality custom finishes thoroughly thought through.	
	Materials: noble woods, genuine marble, travertine, porcelain stoneware, stained-glass glazing, metal panels.	Materials: wood, porcelain stoneware, stained-glass glazing, metal panels.
Safety	Cutting edge safety systems. Fire safety system, 24/7 dispatch for all utilities, emergency information and response to system failures and accidents.	
Optional criteria		
Architecture	Individual custom architecture design. The facade of the property has been thoroughly thought through taking into consideration the specifics of the terrain and surrounding landscape. Designed by a renowned architect / architecture bureau on the part of facades and floor planning.	
Layout and arrangement	European format – guest and private zones. Guest zones – hall, guest WC, kitchen, and living room close to entrance. En-suite bathrooms, guest WC. Wardrobes, laundry rooms, storage rooms; en-suite wardrobes.	
Final finishing of flats	None or exclusive finishes (according to a custom design, with exclusive finishing materials).	None or high-quality finishes (according to a custom design).
* The overview includes a short version of the Moscow High-end Real Estate Classification. You can request your copy of the full document by filling out a form at kf.expert .		

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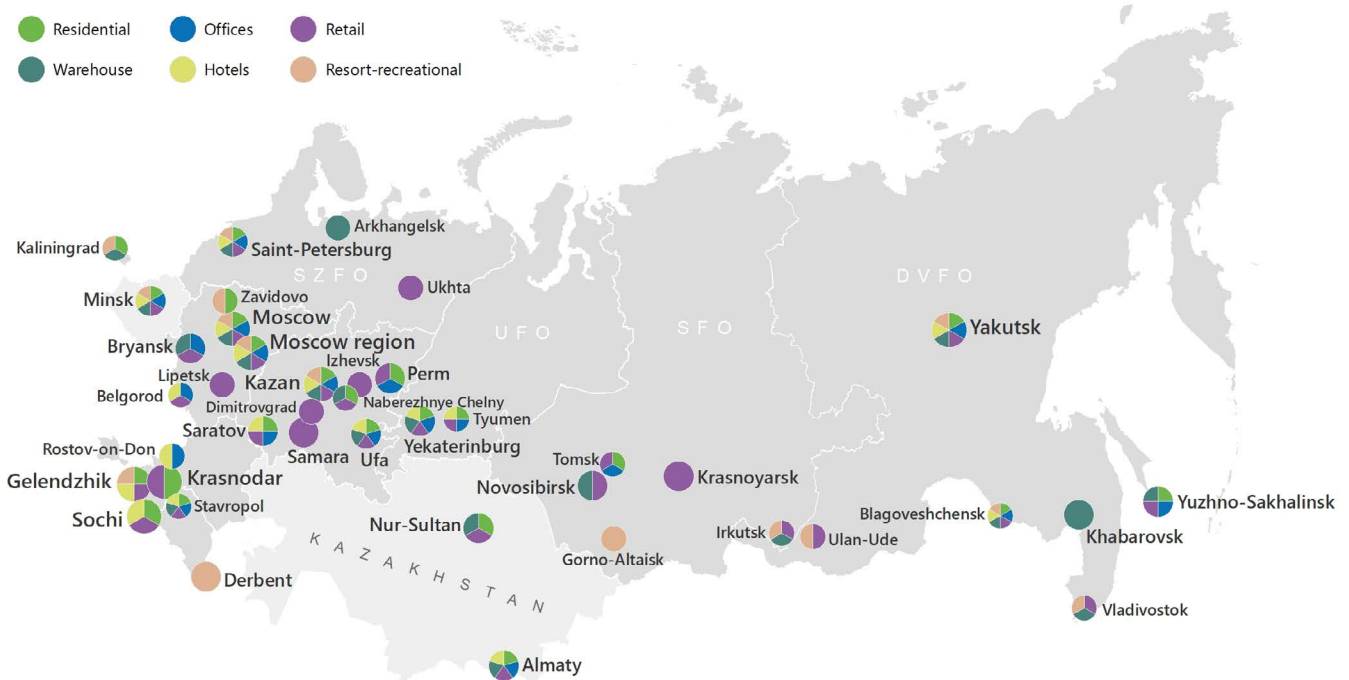


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