

Supply growth during the quarter up to **12%** - up to the level of the end of the last year's Q3.

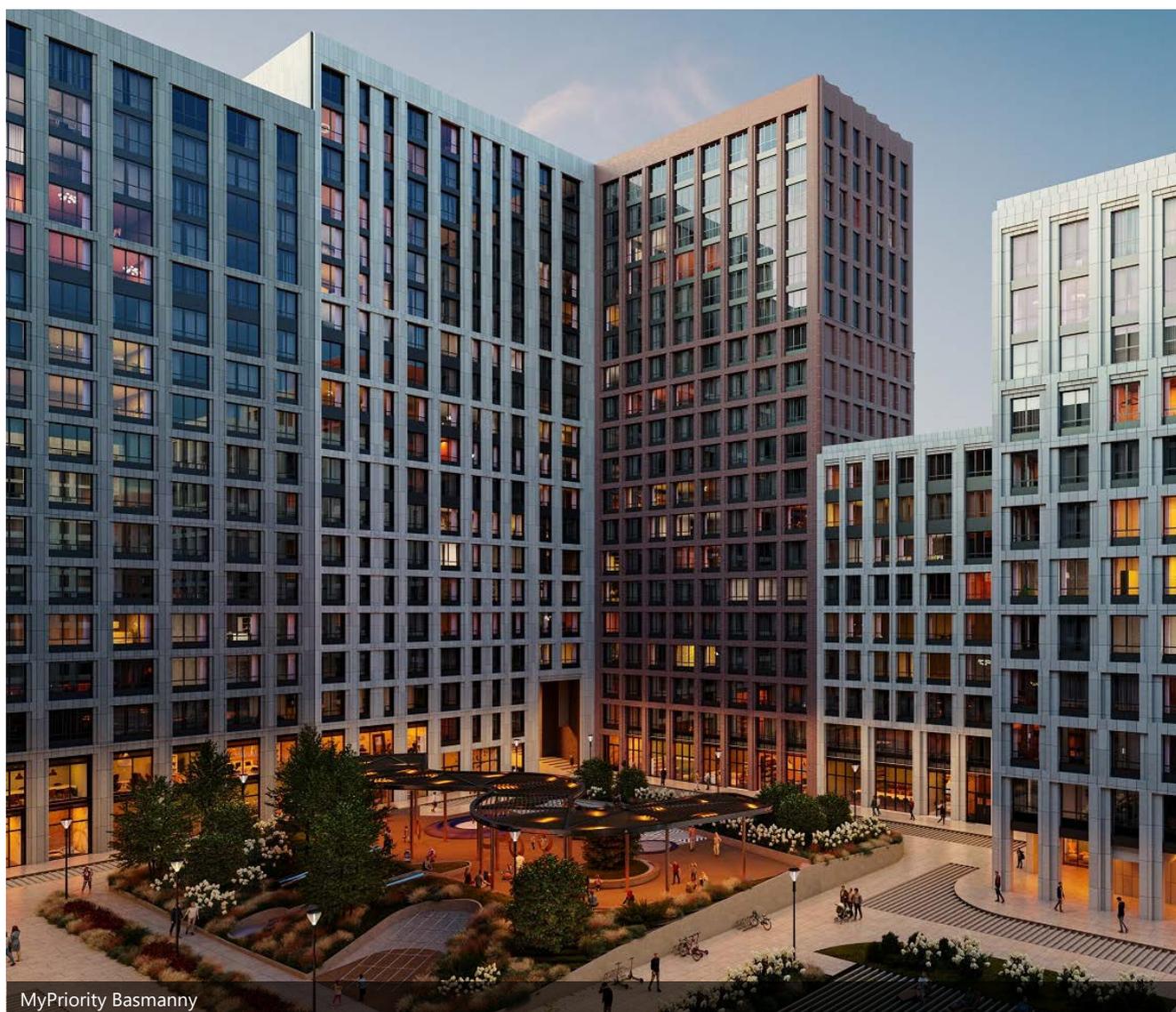
The average weighted price of 1 square meter reached **417,000 rubles/sq. m.**



BUSINESS CLASS RESIDENTIAL REAL ESTATE MARKET MOSCOW

Q3 2021

knightfrank.com/research



MyPriority Basmanny



Olga Shirokova

Director Consulting & Research,
Knight Frank

«The results of the Q3 2021 correspond to our forecasts made at the beginning of it: supply and demand in the business class housing market are gradually returning to balance. Though average weighted price of 1 sq. m. overcame 400,000 rubles/sq.m., however, its growth rate slowed down comparing to the previous quarters. Nevertheless, the Q4 2021 may still «replay» the scenario of the previous periods due to the traditionally high demand during the last months of the year, as well as the possible creation of an artificial supply shortage: developers are already announcing the postponement of the sales start of new projects to the next year.»

Key conclusions

- ♦ Supply growth during the quarter up to 12% - up to the level of the end of the last year's Q3.
- ♦ Slowdown in the growth of the price per square meter: in the third quarter, the growth of the average weighted price was 5% compared to 10% in the previous quarters.
- ♦ The average weighted price of 1 square meter reached 417,000 rubles/sq. m.

Supply

According to the results of the Q3 2021, Moscow primary business-class residential real estate market is represented by 10,4 thsnd. flats and apartments with a total area of 755,3 thsnd. sq. m. The supply volume for the quarter increased by 12% and returned to the value of the end of the third quarter of last year, when the hype demand had just begun. The long-term trend of decreasing supply volume was interrupted both due to the start of sales of new projects and buildings, and with a decrease in buyer activity: the number of units that entered the market finally exceeded the number of sold apartments.

During the Q3 2021, 6 new business class projects were launched to the market and sales of new buildings started in 9 residential complexes. It is worth noting that not a single new business class project/building with apartments was released during the quarter. Thus, the share of the apartments supply remained at the minimum level for the last 3 years – 8% of the total number of units on sale.

In the supply structure by the construction stage, almost half of the units in

buildings are at the initial construction stage - site preparation and foundation installation. About a third of the supply is concentrated in buildings under active construction (installation of the ground part). At the same time, the supply share in commissioned buildings continues to decrease (-3 p. p. over the quarter, since the beginning of the year -5 p. p.), which is due both to the replenishment of the market with new objects in recent quarters, and with the demand for “ready to move” flats / apartments during the period of supply shortage, when even long-commissioned objects became in demand.

The supply share with finishing decreased to 40% (-9 p. p. per quarter) due to the start of sales of several new large objects with no finishing.

The leader has changed in the supply structure by districts – now it is the Southern AD, in which several buildings are steadily launched to the market every quarter as part of complex projects. Western AD dropped to the second line with a share of 20%. North-Eastern AD is in the third place (14%).

Key indicators

Supply

| | Figure | Dynamics* |
|---|--------|-----------|
| Supply volume, thsnd. pcs. | 10,4 | +12% |
| Supply volume, mln sq m | 0,755 | +8% |
| Average weighted price, thsnd rub./sq m | 416,8 | +5% |
| Average area, sq m | 72,3 | -4% |
| Average cost, mln roubles | 30,1 | +1% |

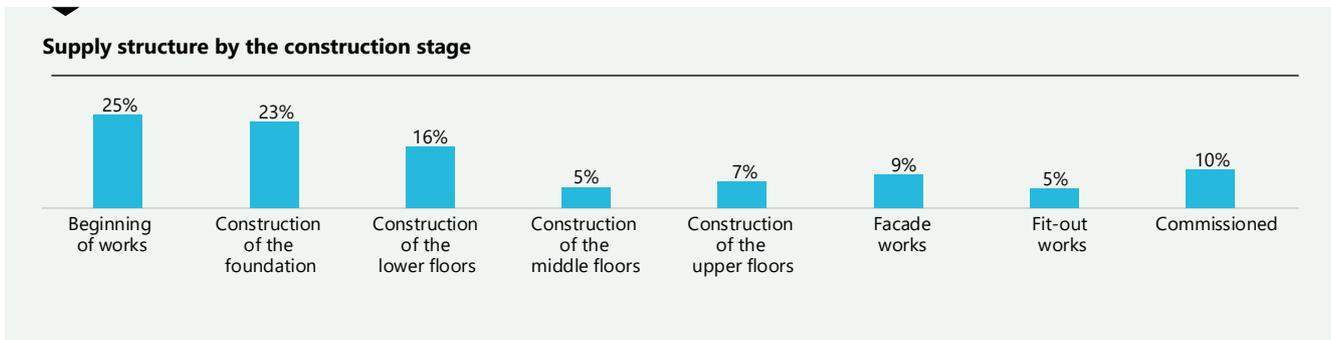
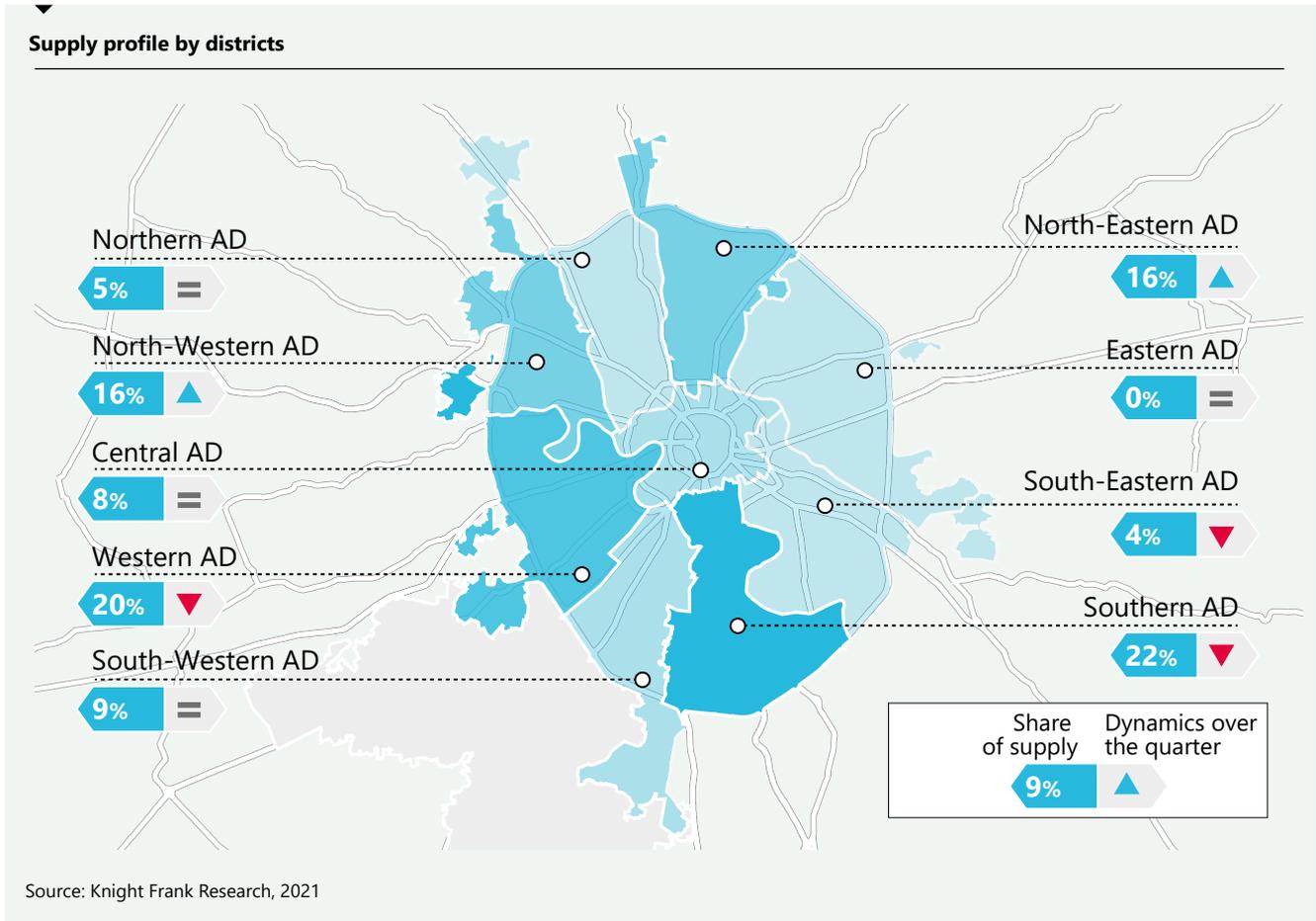
Deals

| | Figure | Dynamics** |
|---|--------|------------|
| Transaction number, thsnd. pcs. | 4,9 | -5% |
| Transaction volume, mln sq m | 0,324 | -6% |
| Average weighted price, thsnd rub./sq m | 383,0 | +35% |
| Average area, sq m | 65,7 | -2% |
| Average cost, mln roubles | 23,5 | +33% |

* Q3 2021/ Q2 2021

** Q3 2021/ Q3 2020

Source: Knight Frank Research, 2021



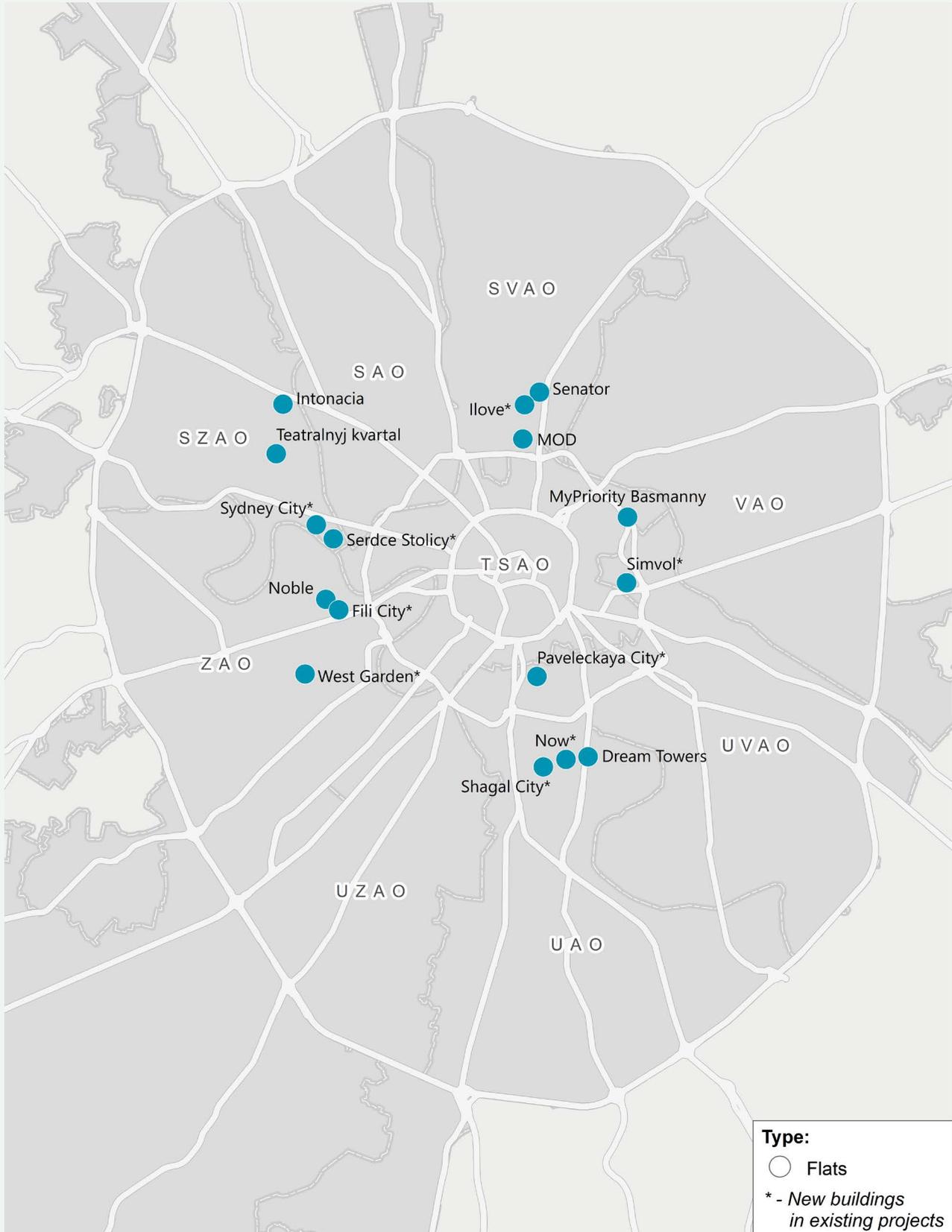
The average unit area in the primary business class market in Moscow continues to decline: at the end of the Q3, this value is 72,3 sq. m., which is 2,8 sq. m. less than three months earlier, and 5,3 sq. m. less than a year ago. The reduction in the average area is primarily due to a change in the supply structure: many objects were launched to the market, within which compact units are presented. Thus, the supply share of units up to 40 sq. m. increased to 11% (+2 p. p. per quarter).

Supply structure

| | Up 10 mln rub. | 10-20 mln rub. | 20-30 mln rub. | 30-40 mln rub. | 40-60 mln rub. | Over 60 mln rub. |
|---------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Up 40 sq m | 1% | 9% | 1% | 0% | 0% | 0% |
| 40-60 sq m | 0% | 13% | 11% | 1% | 0% | 0% |
| 60-90 sq m | 0% | 1% | 23% | 12% | 3% | 0% |
| 90-120 sq m | 0% | 0% | 3% | 7% | 8% | 1% |
| Over 120 sq m | 0% | 0% | 0% | 1% | 3% | 3% |

Source: Knight Frank Research, 2021

Objects that were launched in Q3 2021



Source: Knight Frank Research, 2021

Objects that were launched in Q3 2021

| Name | Market Launch | District | Property type | Developer | Number of units | Commissioning date | Finishing |
|---------------------------|---------------|---------------------|---------------|-----------------------|-----------------|--------------------|---|
| New projects | | | | | | | |
| MyPriority Basmanny | Jul. 21 | Basmannyj | Flats | Granel | 1 227 | Q3 2024 | No finishing |
| MOD | Jul. 21 | Mar'ina roshcha | Flats | MR Group | 2 104 | Q4 2024 | White box |
| Senator | Jul. 21 | Alekseevskij | Flats | SZ Zvezdnyj | 167 | Q4 2023 | No finishing |
| Noble | Jul. 21 | Filevskij park | Flats | MR Group | 39 | Q4 2023 | With finishing |
| Dream Towers | Aug. 21 | Danilovskij | Flats | GK Regiony | 471 | Q2 2023 | No finishing |
| Teatralnyj kvartal | Sept. 21 | Shchukino | Flats | Krost | 777 | Q1 2024 | No finishing |
| Intonacia | Sept. 21 | Shchukino | Flats | Mangazeya Development | 308 | Q4 2024 | No finishing |
| New buildings | | | | | | | |
| Shagal City (b. 4, 5, 6) | Jul. 21 | Danilovskij | Flats | Etalon | 201 | Q1 2024 | No finishing |
| Simvol (b. 24, 25) | Jul. 21 | Lefortovo | Flats | Donstroy | 468 | Q1 2024 | With finishing |
| Ilove (b. 2) | Jul. 21 | Ostankinskij | Flats | Kortros | 234 | Q3 2024 | White box |
| Serdce Stolicy (b. 10) | Aug. 21 | Khoroshevo-Mnevniky | Flats | Donstroy | 1 071 | Q3 2024 | No finishing |
| West Garden (b. 8) | Aug. 21 | Ramenki | Flats | Inteco | 104 | Q2 2023 | No finishing |
| Paveleckaya City (b. 6) | Aug. 21 | Danilovskij | Flats | MR Group/Level Group | 198 | Q4 2023 | White box |
| Ostrov (block 4, b. 3, 6) | Aug. 21 | Khoroshevo-Mnevniky | Flats | Donstroy | 427 | Q4 2024 | No finishing |
| Fili City (b. 5 Famous) | Sept. 21 | Filevskij park | Flats | MR Group | 510 | Q4 2023 | White box / with finishing |
| Sydney City (2.1, 2.2) | Sept. 21 | Khoroshevo-Mnevniky | Flats | FSK | 545 | Q1 2023 | White box/ with finishing/ no finishing |
| Now (b. 1.1) | Sept. 21 | Danilovskij | Flats | Tekta | 19 | Q4 2024 | No finishing |

Source: Knight Frank Research, 2021



Dream Towers

Prices

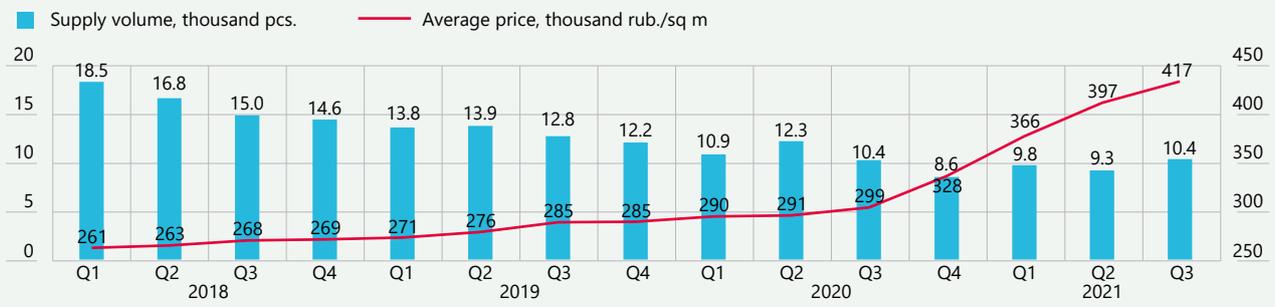
Average weighted price of 1 sq. m. in Moscow primary business class residential real estate market continued to grow. As of the end of September 2021, this indicator reached 417,000 rubles/sq. m., with an increase of 5% over the quarter. It is worth noting the slowdown in the rate of price growth: from the Q3 2020 to the Q2 2021 the quarterly growth of the average weighted price was about 10%. Nevertheless, the values of 0-3% characteristic of the pre-pandemic period also did not return.

The largest increase in the average weighted price was noted in the Central AD, where the dynamics for the quarter was +18% due to the new project launch with a high price per square meter. However, the most expensive district in Moscow remains the Northern AD, where at the end of September 2021 the average weighted price was 483,000 rubles/sq. m.

According to the results of the Q3 2021, the supply average budget in the primary business class housing market in Moscow exceeded the mark of 30 mln

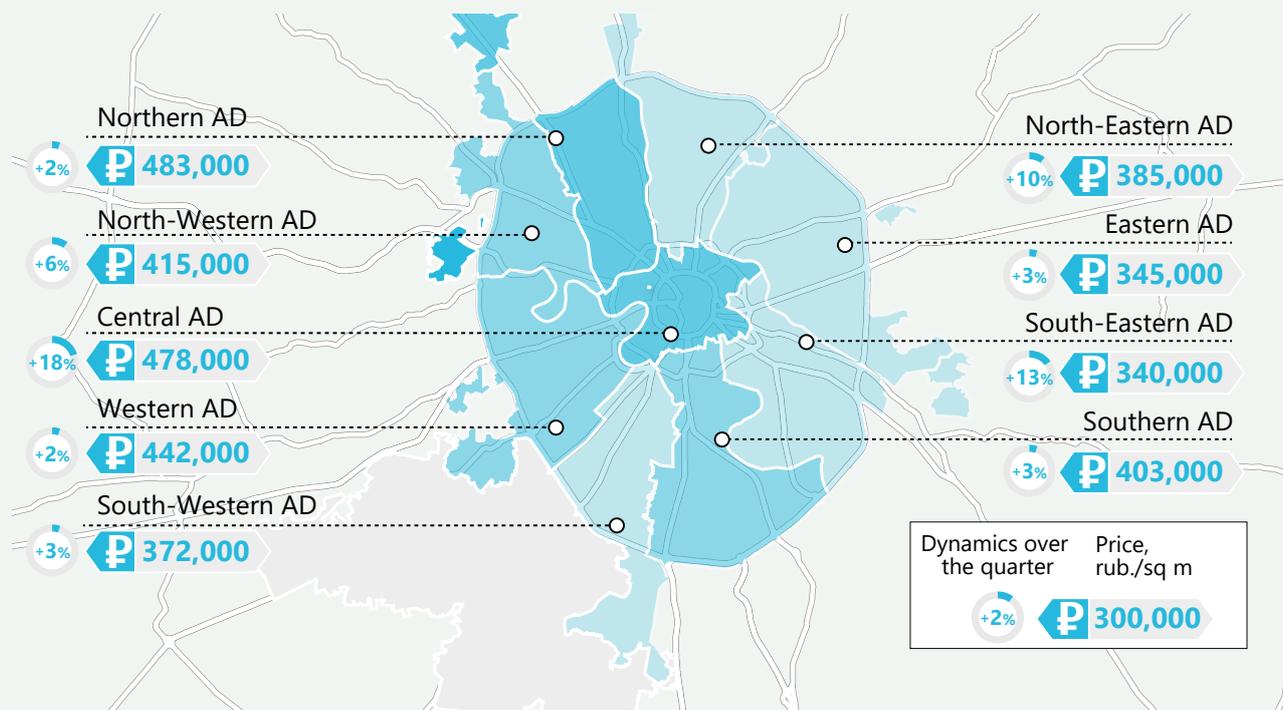
rubles, having increased by 1% over the quarter. At the same time, the supply of units within the budget up to 10 mln rubles continues to decrease – at the time only 65 units are on sale for the price less than this number. All these units are studios less than 30 sq. m. The largest supply share accounts for units of 20-30 mln rubles: more than a third of all units on sale are concentrated in this price range.

Dynamics of average price and supply volume



Source: Knight Frank Research, 2021

Prices



Source: Knight Frank Research, 2021

Demand

In total, 4,9 thsnd. business class units were sold in July – September 2021. This value is 5% less than in the same period of the last year, and 18% less than in the Q2 2021, but it is still almost one and a half times more than in the Q3 2019. Despite the actual completion of the subsidized mortgage program for Moscow, the share of transactions under Shared Construction Participation Agreements involving mortgage lending for the Q3 2021 amounted to 50%, which is only 2 p. p. less than in the last quarter. At the same time, contrary to the stated increase in loan rates, we expect a large share of transactions with borrowed funds to remain due to the continuing rise in prices, which makes it reasonable to buy even with a more expensive mortgage than three months ago.

The top three in terms of the number of units sold in the Q3 2021 are represented by the projects of one developer – Donstroy. These are the residential complex «Ostrov», the residential complex «Simvol» and the residential complex «Serdce Stolicy», in total, these objects accounted for almost a third of all transactions in the Moscow primary business class market during the Q3 2021.

The most popular districts in terms of deals number were the North-Western AD (27% of all sales), Western AD and the Southern AD (17% each).

In the demand structure the largest share falls on units in the price range of 10-20 mln rubles – 39% of the total number of sold flats and apartments, however, the share of transactions with minimum budgets continues to decrease due to rise in prices and supply budgets. At the same time, there is an increase in the share of transactions with more expensive units - in the price range of 20-30 mln rubles.

The share of transactions with flats in the Q3 2021 is 94%, respectively, with apartments - 6%. The number of transactions with apartments is decreasing following a decrease in the supply volume of this type of real estate.

Transaction structure

| | Up to 10 mln rub. | 10–20 mln rub. | 20–30 mln rub. | 30–40 mln rub. | 40–60 mln rub. | Over 60 mln rub. |
|---------------|-------------------|----------------|----------------|----------------|----------------|------------------|
| Up to 40 sq m | 3% | 13% | 1% | 0% | 0% | 0% |
| 40–60 sq m | 0% | 22% | 7% | 0% | 0% | 0% |
| 60–90 sq m | 0% | 4% | 25% | 8% | 1% | 0% |
| 90–120 sq m | 0% | 0% | 3% | 5% | 4% | 0% |
| Over 120 sq m | 0% | 0% | 0% | 0% | 2% | 2% |

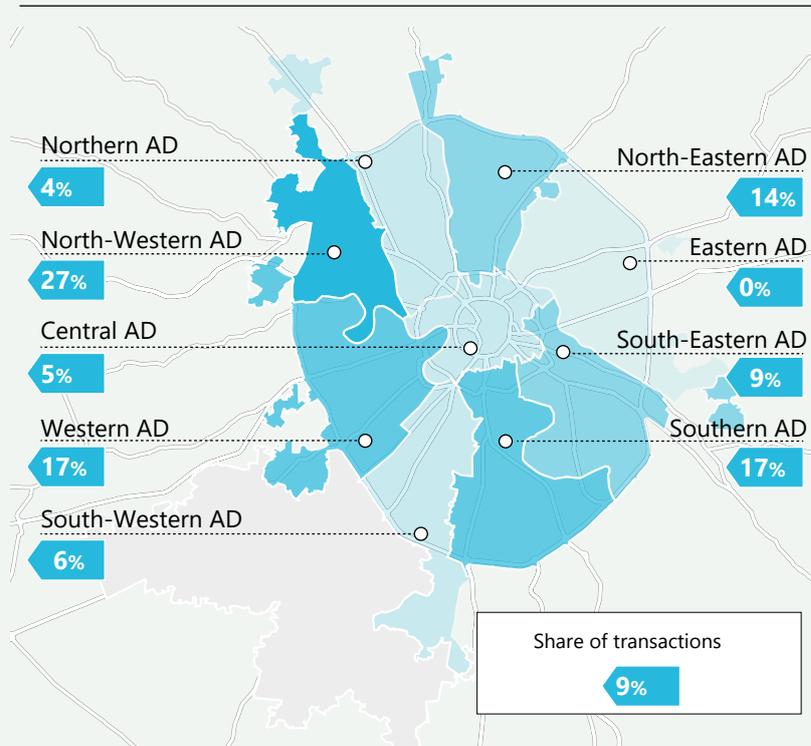
Source: Knight Frank Research, 2021

Dynamics of transactions volume



Source: Knight Frank Research, 2021

Share of transactions by district

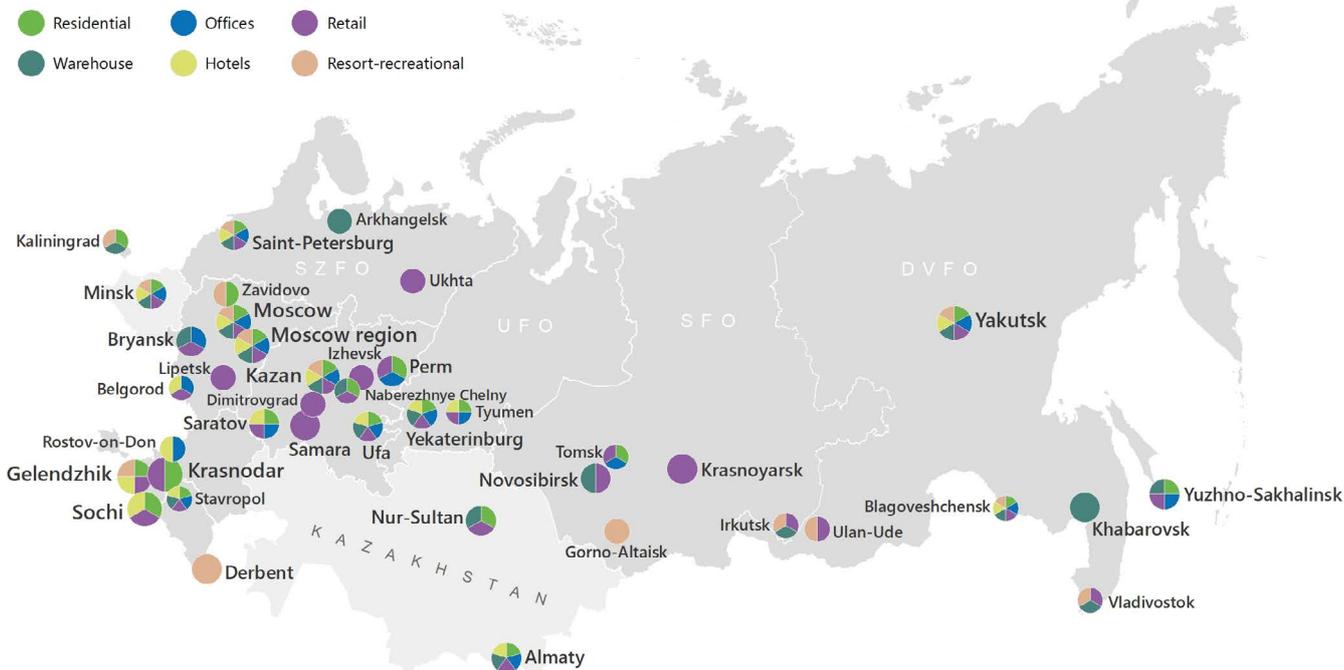


Source: Knight Frank Research, 2021

CONSULTING & RESEARCH DEPARTMENT

Knight Frank Russia & CIS has the local expertise and global experience.

WE WORK IN ALL REGIONS AND ALL SEGMENTS



Other reports in Research [section on the website](#)

SERVICES

CONSULTING

- ♦ Best use
- ♦ Project's concept development /reconception
- ♦ Audit and optimization of Project
- ♦ Marketing opinion / Market research
- ♦ Project's business plan
- ♦ Analysis of the project's economic feasibility / Financial analysis
- ♦ Architectural concept development
- ♦ Hotels / SPA / public spaces operator search
- ♦ Survey of potential tenants

REAL ESTATE VALUATION

- ♦ Commercial and Residential real estate
- ♦ Federal and International valuations standards
- ♦ Valuation for managerial decisions
- ♦ Valuation for loan financing
- ♦ Valuation for purchase and sale
- ♦ Valuation for financial statements



To learn more about our services or ask questions please contact us

+7 (495) 023-08-12
kf@kf.expert

Or make request on our [website](#).

CONSULTING & RESEARCH

Olga Shirokova
Director, Russia & CIS
OShirokova@kf.expert

REAL ESTATE VALUATION

Olga Reshetnyakova
Director, Russia & CIS
or@kf.expert



© Knight Frank LLP 2021 – This overview is published for general information only. Although high standards have been used in the preparation of the information, analysis, view and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects.

Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank