

2024



2023

2022

Results 2024

Investment Market

Russia | Moscow | Saint Petersburg

804
RUB bln

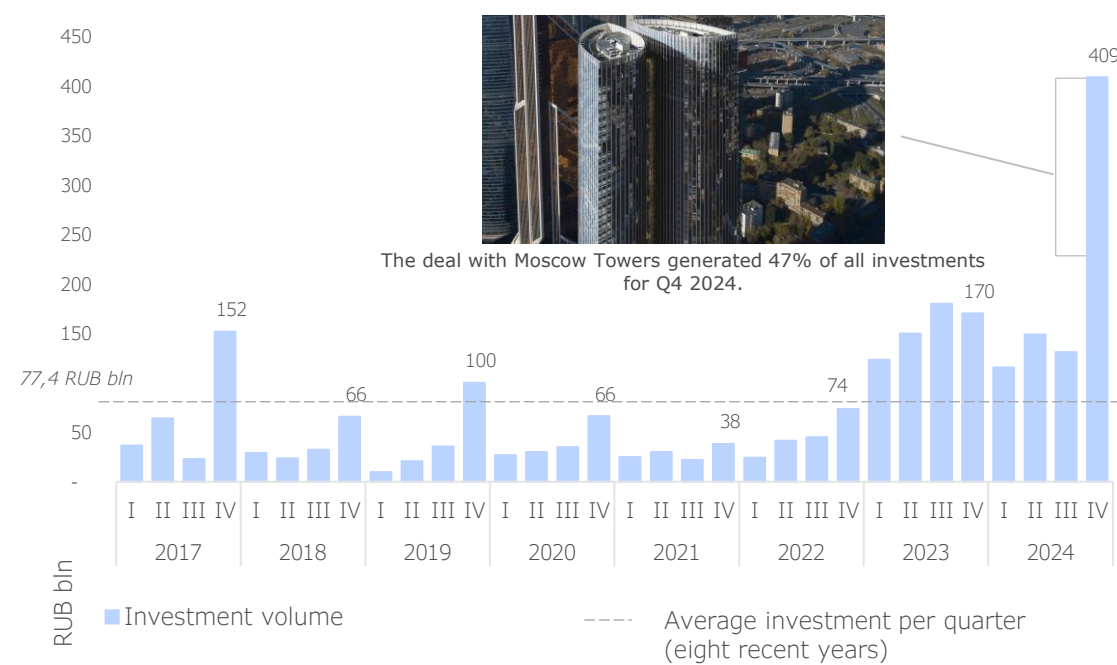
Total investment in 2024

Key market indicators

	2021	2022	2023	2024	2025 Forecast
Total investment, RUB billion	115.7	184.8	623.3	804	550-600
Capitalization rates in Moscow, "prime", %					
Offices	9–10	10–11	9.5–10.5	10–11	10–11
Retail	9–10	10–11	10.5–11.5	11–12	11–12
Industrial	11–12	11–13	10.5–12	11–12.5	11–12.5
Capitalization rates in Saint Petersburg, "prime", %					
Offices	9–10	10–11	10–11	10.5–11.5	10.5–11.5
Retail	9–10	10–11	10.5–11.5	11–12	11–12
Industrial	11–12	11–13	11–13	11.5–13.5	11.5–13.5

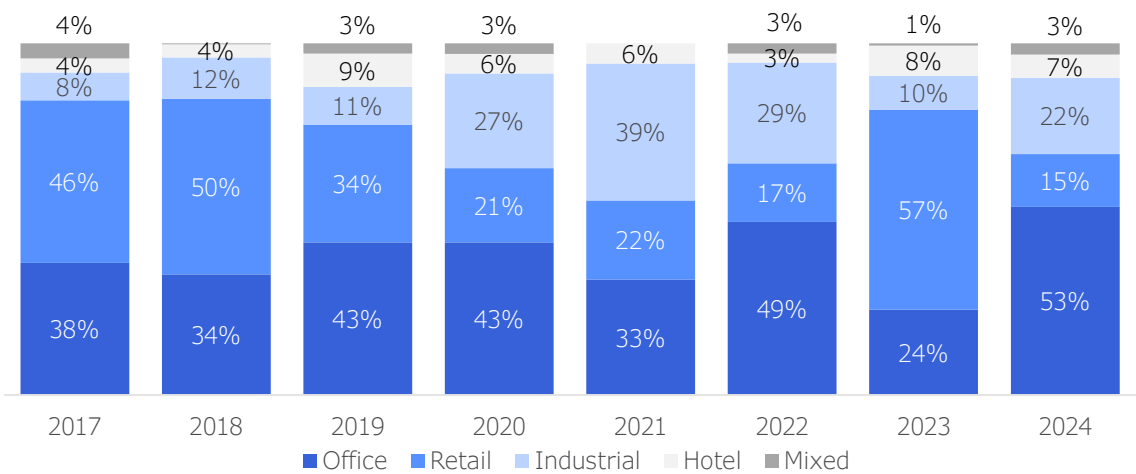
Q4 2024 saw the largest office space sale deal in Moscow Towers to accommodate Russian Railways’ employees there. Largely thanks to this deal that accounted for almost a quarter of total investment in 2024, the level of commercial real estate investments reached a record RUB 804 billion (+29% YoY). Without this deal, the level of commercial real estate investments in Russia could be around RUB 611 billion, comparable to the figure for 2023.

Commercial real estate investments by quarters



Source: Nikoliers, data on the 2024 results
The investments quoted in this report do not include transactions with development and industrial land.

Investment breakdown by segments



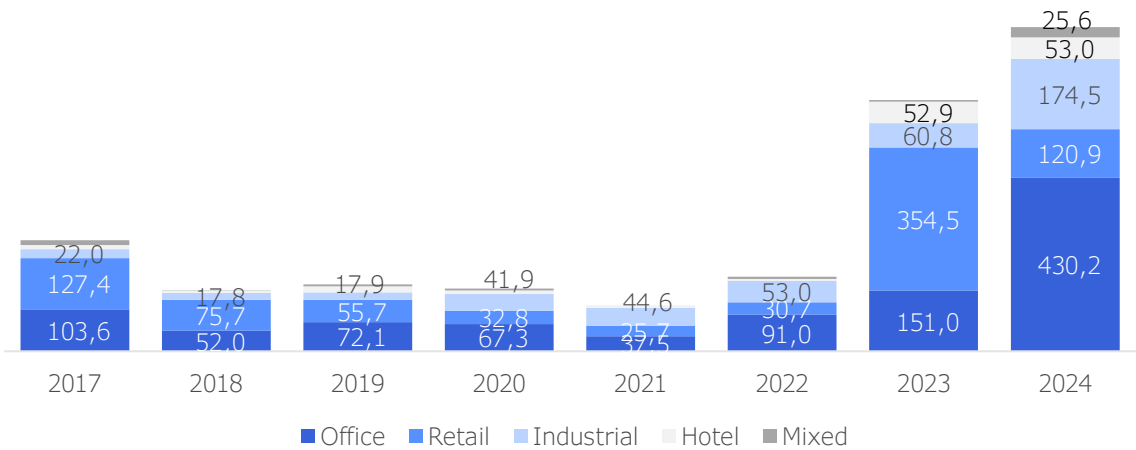
 Office, warehouse and hotel real estate attracted record investment volumes in the entire history of the market in 2024.

If in 2023 more than half of the total investments were in commercial real estate — the sale of several large portfolios, in 2024 office real estate became the undisputed leader (53% of all transactions).

The growth of investments in office facilities is associated with several transactions of more than 10 billion rubles, the largest of which are purchases for the end user. Moreover, the volume of investments in offices in 2024 (430.2 billion rubles) is 2.8 times more than the transactions in the segment concluded a year earlier (151 billion rubles), and exactly twice as much as the previous record in 2016 (213.7 billion rubles), when the towers of the Moscow City Exhibition Center were sold: "Evolution", "Eurasia" and "The EYE".

The growth in the volume of transactions in the warehouse segment once again confirms the attractiveness of the segment for investors against the background of another historical record for all key market indicators, especially the minimum vacancy rate at a rising rental rate.

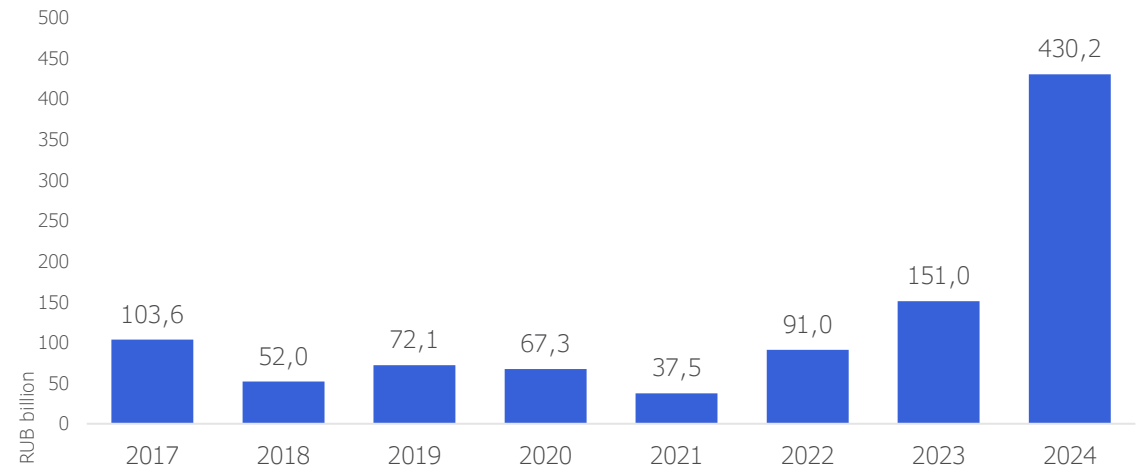
Investment breakdown by segments, billion rubles



Source: Nikoliers, data on the 2024 results

Offices

Dynamics of office estate investments in Russia



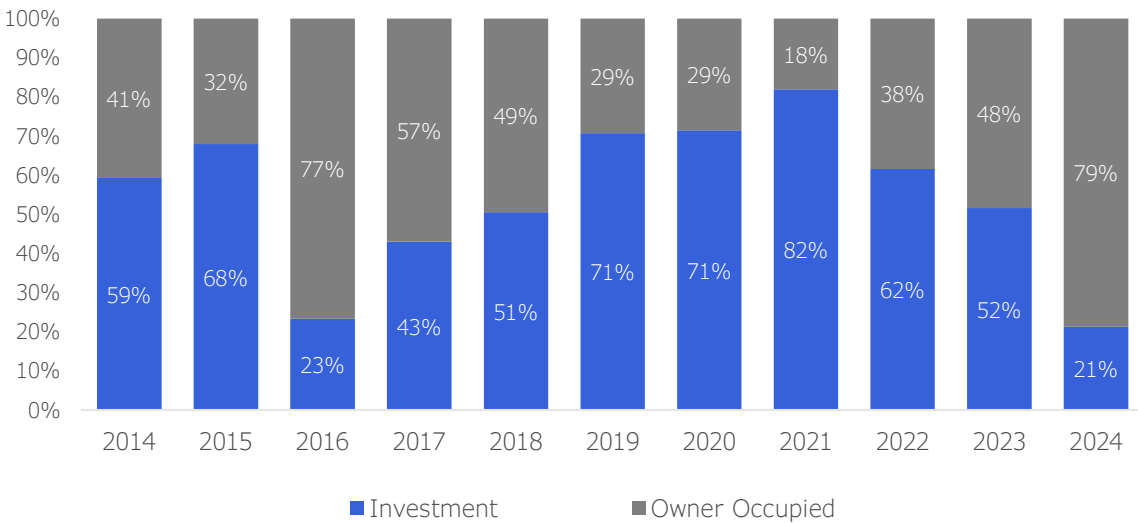
The tripling of office estate investments in 2024 was possible due to major transactions concluded by companies for their staff

The accommodation of end users accounts for 79% of all transactions with office premises, the largest being the purchase of Slava BC by the Bank of Russia in Q3 2024 and the acquisition of Moscow Towers by Russian Railways as well, as the purchase of Rosbank BC by Alfa Bank in Q4 2024.

Among purely investment deals with office space, the purchases of private equity investors catch the eye. The latter were responsible for buying more than 111,000 sq m of office space (worth RUB 13 billion), which is more than the volume of investment deals closed by businesses (estimated at RUB 10 billion). Institutional investors were the leaders in terms of investment amount (RUB 47.8 billion).

The burgeoning investments of private investors is the trend which is likely to continue in 2025 as well.

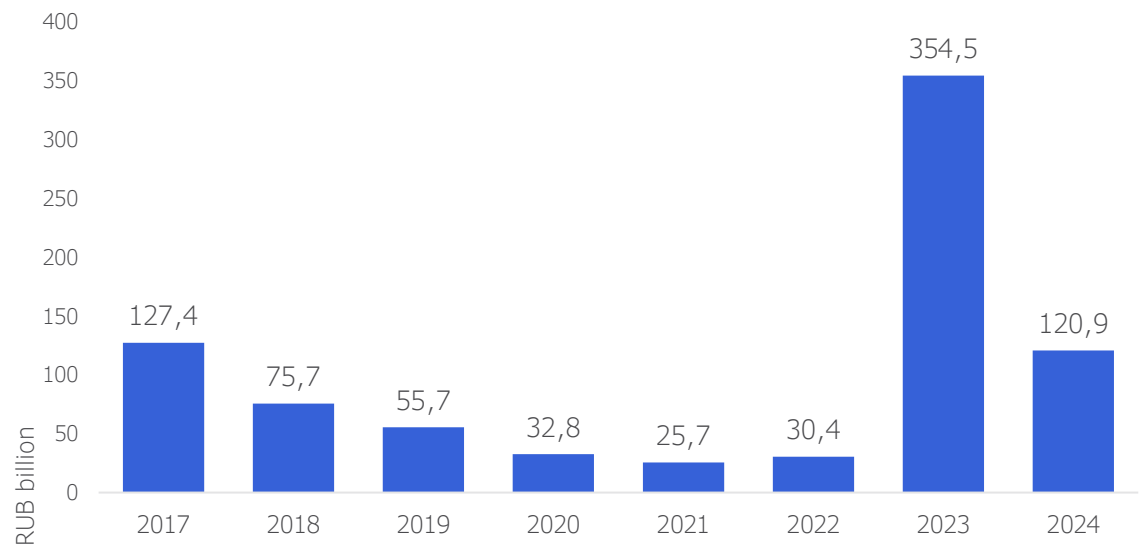
Distribution of investment transactions by type



Source: Nikoliers, data on the 2024 results

Retail

Dynamics of retail estate investments in Russia



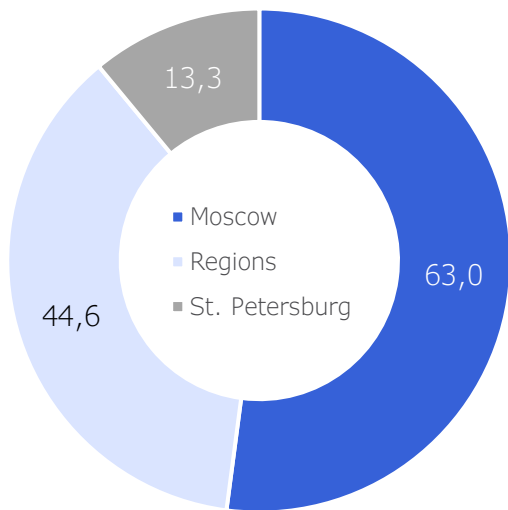
Total investment in retail amounted to RUB 120.9 billion in 2024, which is among the TOP-3 records for the recent decade.

The deal of CEETRUS exiting its assets (40 galleries and shopping centres) was the largest property portfolio sale of 2024, even though the amount of that transaction is smaller than the biggest sale of 2023 (the portfolio of MEGA SC) by an order of magnitude.

The acquisition of 1,535 shops of the Ulybka Radugi chain by Lenta retailer was one of the most remarkable multi-regional deals in the segment in Q4 2024.

The purchase of a landmark property - CDM on Lubianka (GBA = 65,000 sq m) by Kievskaya Ploshchad Group - became the largest transaction of the year in the retail segment of Moscow.

Retail estate acquisitions in 2024, RUB billion

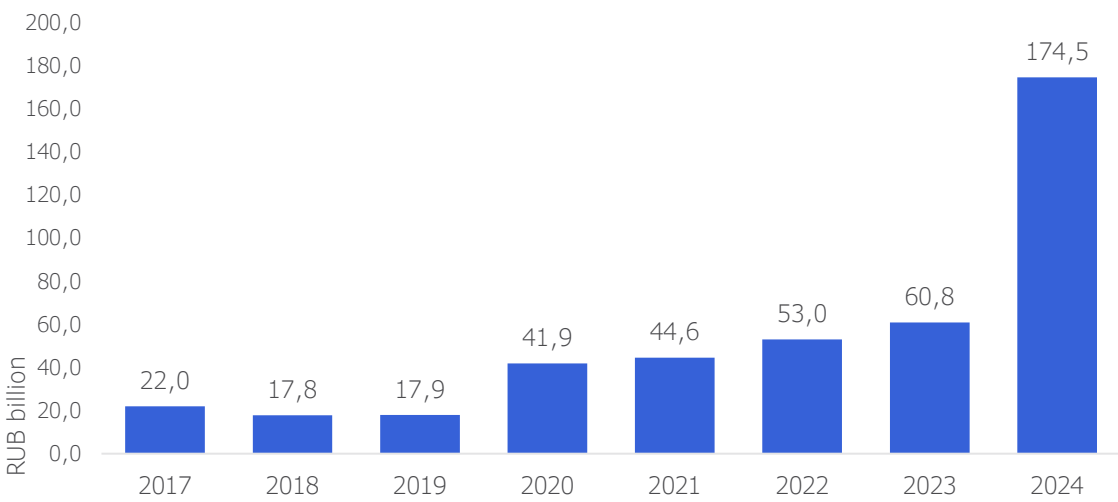


Examples of deals closed in Q4 2024



Industrial

Dynamics of industrial real estate investments in Russia



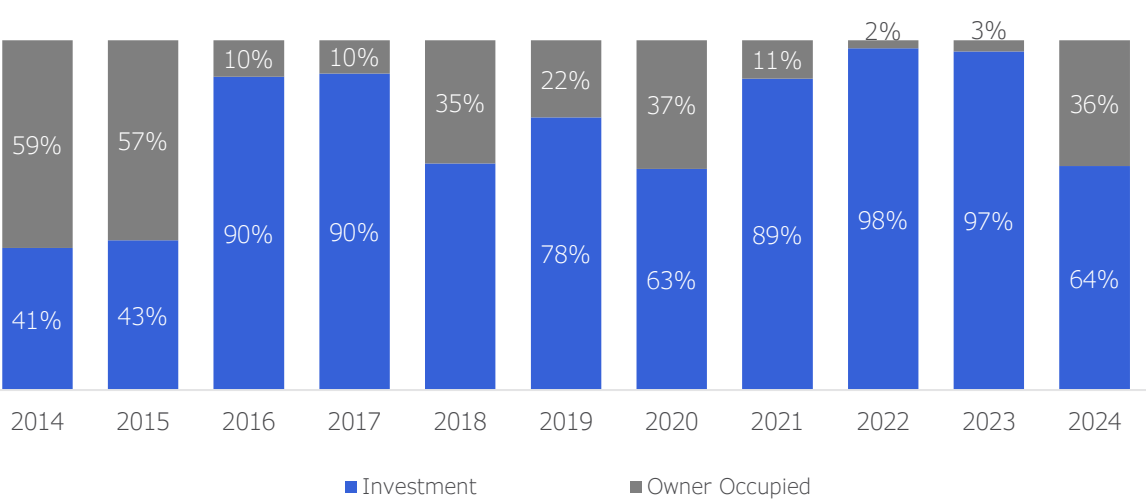
Not only did industrial real estate investments set a new record; they exceeded the results for 2023 almost thrice

The most impressive growth of investment for 2024 was noted in Moscow (by 3.9 times vs the previous year). Three largest transactions in the segment were property acquisitions in the metro area. The biggest deal, not only in the capital city, but also across Russia in the industrial real estate segment, was the acquisition of DPC (Data Processing Centre) Medvedkovo by Rostelecom for its own needs.

Other biggest transactions addressing the end user’s needs were acquisitions of warehouse facilities by major retailers in Kazan and Perm.

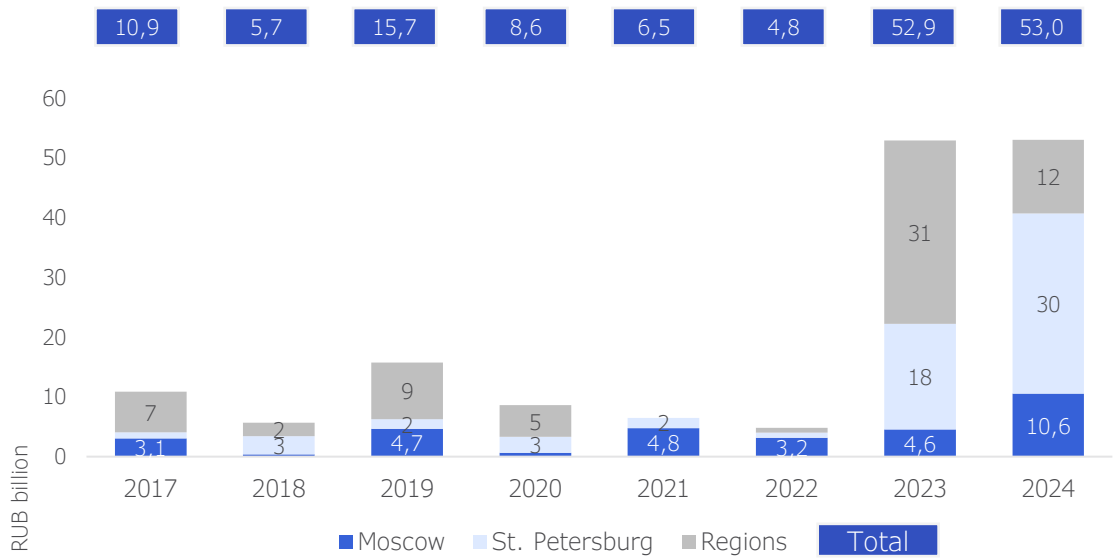
Property acquisitions by instutional mutual investment funds accounted for almost a quarter of all deals in the segment.

Distribution of investment deals by type



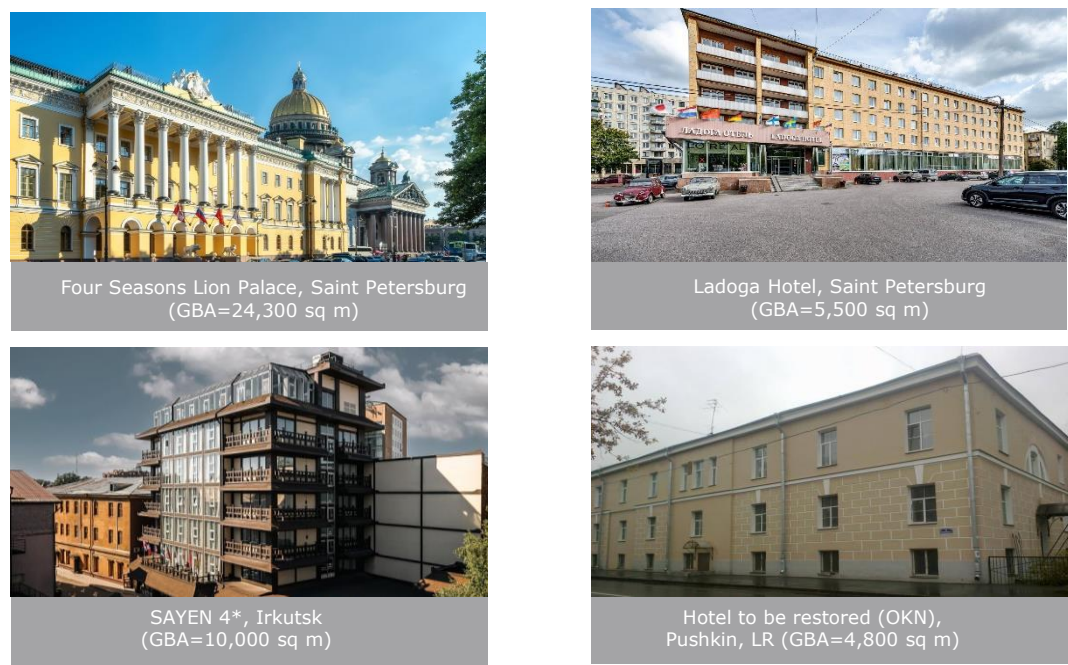
Hotels

Dynamics of hospitality estate investments in Russia



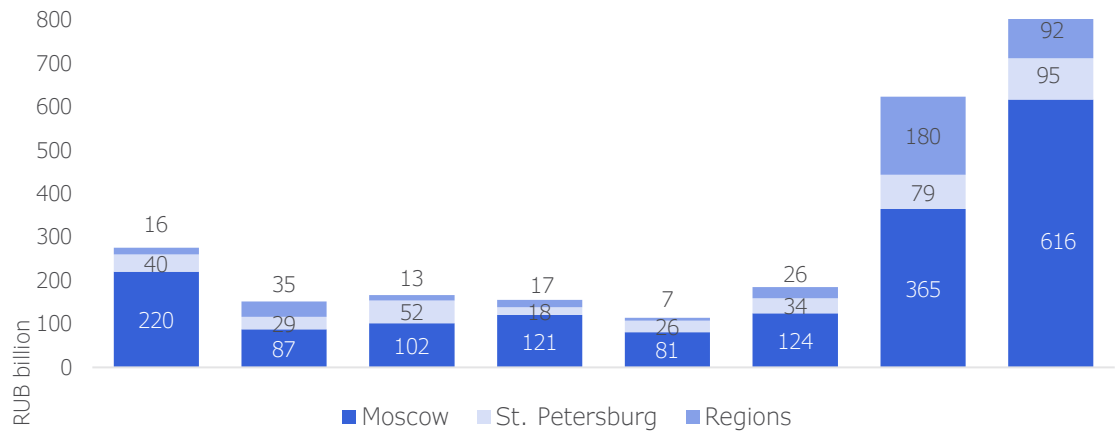
- The volume of transactions with hotels has been at its peak for the second year in a row (RUB 53 billion). More than half of that amount was generated by the Saint Petersburg market (six deals totaling to RUB 30.1 billion).
- Moscow hotels were also in demand among investors and hotel operators with five deals totaling to RUB 10.6 billion closed in 2024.
- The largest transactions in Russia’s regions were acquisitions of hotels in Kazan and in the Tver Region.

Hotel investment deals in Q4 2024



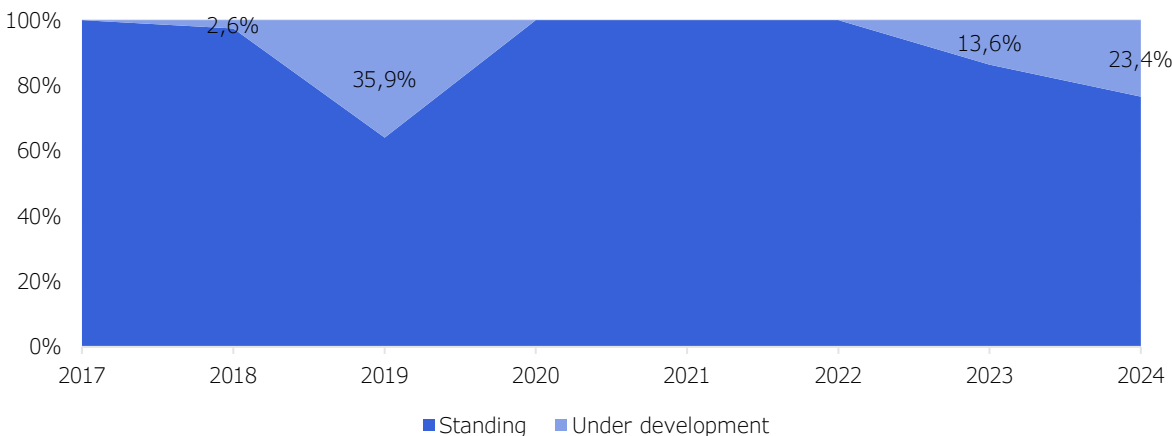
Source: Nikoliers, data on the 2024 results

Distribution of investment deals by their geography



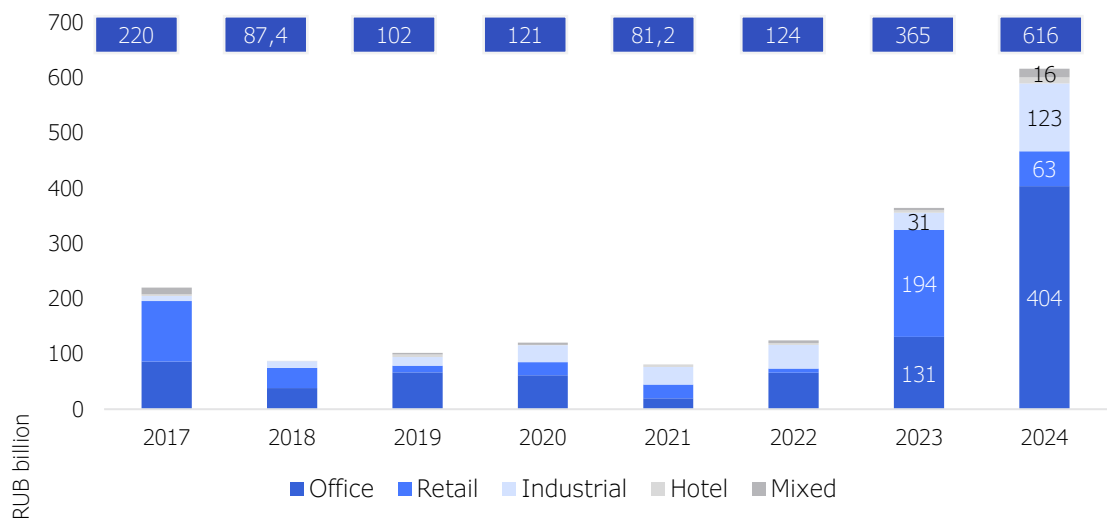
- The share of investments in assets of the Moscow area had grown from 59% in 2023 to 77% in 2024 due to a notable increase in the level of investments in the capital city's projects amid record figures of office space purchases by end users.
- The investment activity in Russia's regions had markedly sagged relative to 2023 (-52%) due to the high bar set in 2023, when major deals with regional properties had been closed. Apart from the sale of 40 galleries and shopping centres from the CEETRUS portfolio, only three deals exceeding RUB 5 billion were closed. In the current market and macroeconomic situation Moscow assets look more attractive and less risky for investors.
- Acquisitions of projects under construction account for 23.4% (worth RUB 21.7 billion) of the total investment volume in Russia's regions. In turn, 56% of those acquisitions are BTS sales of industrial assets to end users - major retailers/distributors and manufacturing companies. The purchase of the BTS warehouse project for the needs of Ozon by the investment company Central Properties (Parus AM) accounted for 44% of total investment in regions. Industrial developers increasingly often turn to the format of BTS sale transactions because it allows them higher predictability in risk management given the tough monetary policy and price growth. For end users, acquiring an asset is sometimes a no-brainer and the only option of accommodation in Russia's regions, given the minimal vacancy rates in existing warehouse facilities at the level of 1%.

Dynamics of regional transactions by construction status (excluding Moscow and Saint Petersburg)



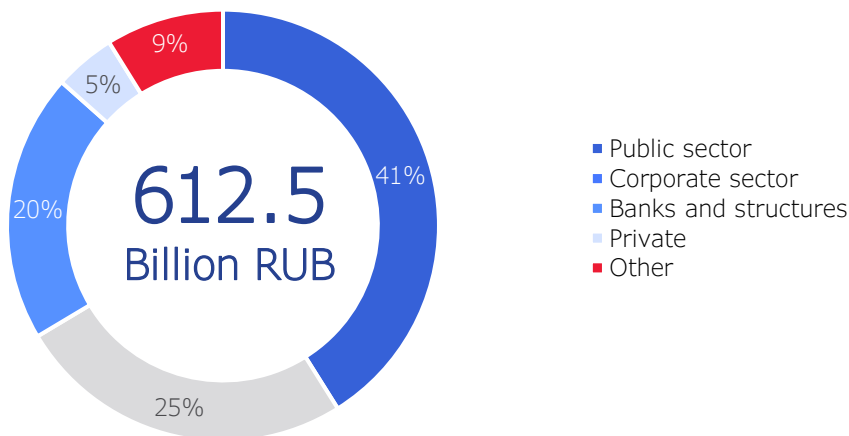
Moscow

Investment dynamics by real estate segments



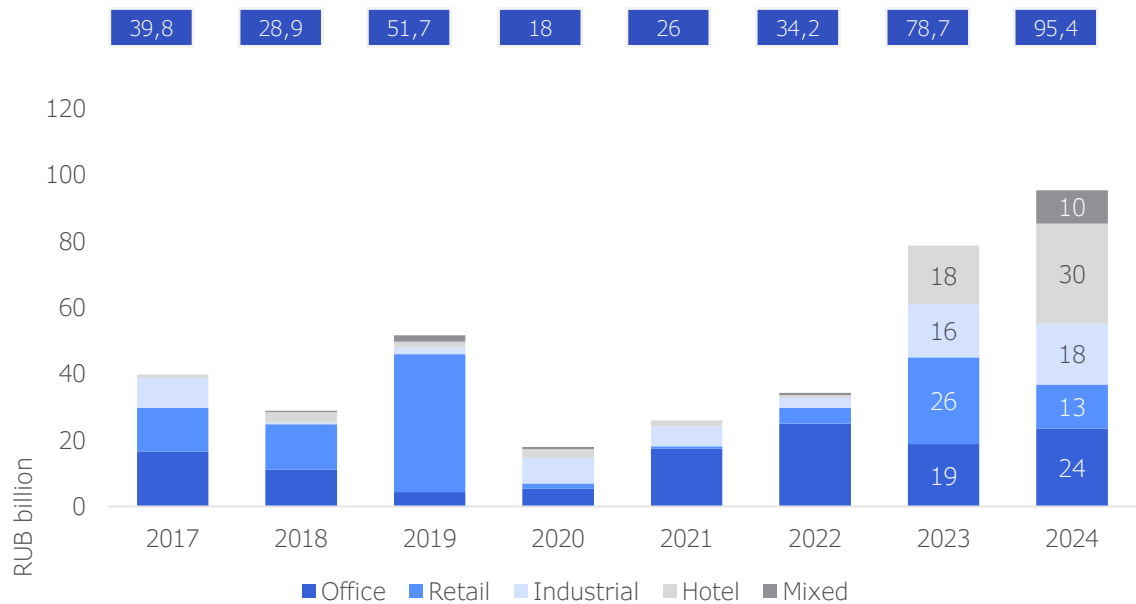
- The volume of investments in the Moscow area showed a 68.9% growth in 2024 YoY (RUB 616.4 billion vs RUB 365 billion a year before).
- Growing investment volumes in the office segment as well as a higher share of state-owned companies in acquisitions have much to do with the deals of buying office space in Slava BC by the Bank of Russia and office space in Moscow Towers by Russian Railways. The sale of Metropolis BC and Rosbank Plaza BC are two other remarkable transactions.
- In the retail segment, the third best result for seven recent years in terms of investment volumes became possible due to a major transaction of selling CDM on Lubianka and to a number of other significant acquisitions. The average amount of retail transactions in Moscow for 2024 stood at RUB 2 billion.
- Transactions in the industrial segment of Moscow accounted for 70% of total investments in this segment across the country, with the share of major deals (in excess of RUB 5 billion) not exceeding 60%. Two thirds of all transactions are investment purchases, of which more than half are acquisitions of storage facilities by financial structures and investment funds.

Breakdown of investments in 2024 by type of buyers



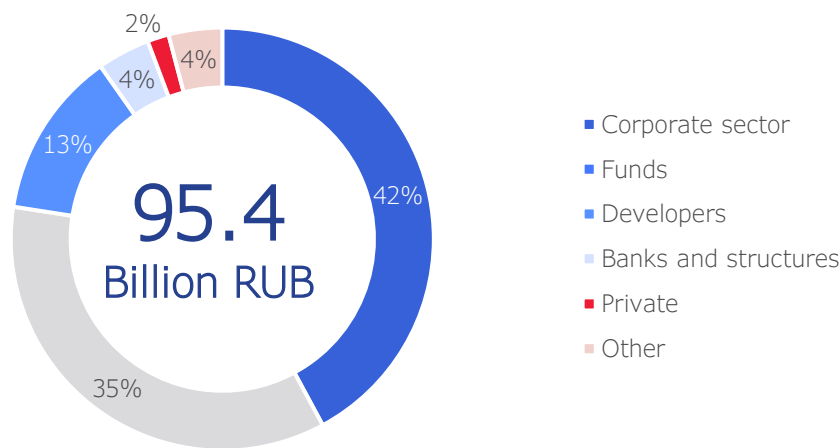
Saint Petersburg

Dynamics of investments by real estate segments

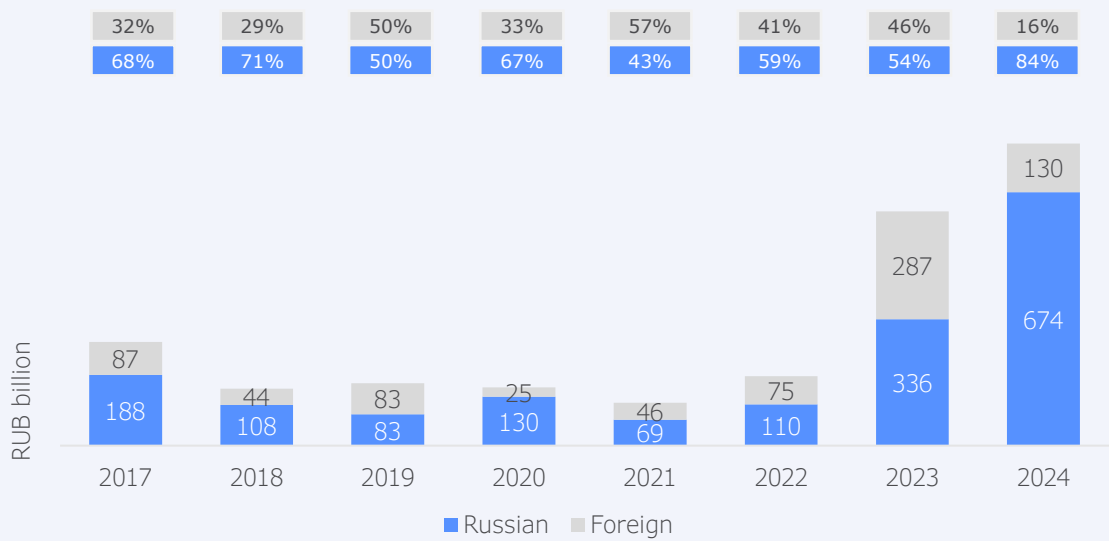


- The level of investments into the St. Petersburg metro area exceeded RUB 95 billion in 2024, which is 21% more than in the record-setting year of 2023.
- The hospitality sector generated 32% of total capital investment (RUB 30.1 billion), which is the segment’s maximum indicator in absolute terms for the entire history of the market. The biggest transaction was the sale of the luxury hotel Four Seasons Lion Palace (GBA=24,300 sq m).
- In the structure of Saint Petersburg buyers the corporate sector was the leader (42%) unlike the Moscow where a similar share of deals was closed in the interests of government institutions. Property management funds (35%) and developers (13%) were also active buyers in St. Petersburg.

Breakdown of Saint Petersburg investments for 2024 by type of buyers



Investments by the source of seller’s capital



The share of transactions related to foreign companies exiting Russian assets continues to decline

In Q4 2024, foreign owners sold 8 commercial real estate assets totaling RUB 48.4 billion, most of them being transactions with retail estate, such as Zhemchuzhnaya (Pearl) Plaza SC in Saint Petersburg, Pulkovo outlets in St. Petersburg and Belaya Dacha in Moscow, Yaroslavy SC vernissage in Yaroslavl and the deal of selling the Selgros Cash&Carry chain of stores.

The share of deals closed by foreign investors exiting their assets in Russia had markedly decreased compared to the previous year from 46% to 16%, which was an expected result.

Russian investors and buyers are undisputed leaders by origin of the buyer’s capital. The volume of deals with buyer’s foreign capital was close to zero in 2024.

Transactions with foreign owners (by seller’s capital)



Airport City MUC, Saint Petersburg (GBA=100,000 sq m)



Ingka warehouse complex, Yesipovo (GBA=180,000 sq m)



Terminal BC, Saint Petersburg (GBA=15,500 sq m)

Trends and forecasts



2024 renewed investment records almost in all segments

All commercial real estate segments with the exception of retail showed peak performance in 2024 as compared to the entire history of the capital market. Meanwhile the amount of retail estate transactions in Russia was also high, actually in the TOP-3 by the level of investment since 2008. The growth of capital investment was driven by hyperactivity of state institutions and near-bank structures which acquired both ready-to-use facilities and projects under construction in the office and industrial segments.



The shortage of office space for lease boosts the demand for acquisition

In the midst of swelling payrolls and the shortage of office space offered for lease, the share of purchases keeps growing in the structure of demand for office space. We predict that this trend will continue next year and expect a number of large office space acquisitions by the corporate sector and government institutions which rented office premises before. The activity of private investors in 2025 will also be sustained at a high level in the office segment.



The industrial segment phenomenon: triple growth year-on-year

Amid the high demand for warehouses in the corporate sector (including marketplaces, classical retailers) and near-zero supply of large units for lease, industrial developers offer acquisition of a BTS construction project that would suit the needs of the end user. This kind of investment allows developers to make their risks more manageable and enables customers to fix the cost of future storage space in the target regions of business development. As long as the industrial real estate market is on the side of landlords, the latter will determine the structure of engagement with users and customers.

Record investment volumes in 2023-2024 were generated by transactions with end-users and the exit of foreign investors from Russian assets. In 2025 we expect a slowdown of investment activity and stabilization of the transaction volume at the level of RUB 550-600 billion on account of two factors: continued tough monetary policy and increased tax load starting in 2025. The former factor will bring about a growing share of transactions on equity capital as well as a transfer of some assets to banks as asset managers. This will increase the gap between sellers and buyers, as regards the price expectations.

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Services



Offices



Industrial



Retail



Residential



Hotels



Land plots



Property management



Managing construction projects



Strategic consulting



Business and Property Valuation



Investment



Lease & sale



Representation of tenants



Research & analytics



Marketing

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