



Results 2023

# Investment Market

Russia | Moscow

**Table 1**  
Key market indicators

Source: Nikoliers

	2021	2022	2023
Total investment*, USD million	1,666	2,858	7,171
Total investment*, RUB billion	116	185	611
Cap rates in Moscow, "prime", %			
Offices	9–10	10–11	9.5–10.5
Retail	9–10	10–11	10.5–11.5
Industrial	11–12	11–13	10.5–12

## Main results

At the end of 2023, the volume of commercial real estate investments in Russia (excluding production and development sites) totaled RUB 611 billion, which is 2.7 times higher than the average annual for the recent 10 years. In addition, the current figure marks the peak in ruble terms for the entire history of the Russian market. The record investment volume is largely due to foreign players exiting their Russian assets and the appearance of institutional-grade investment assets hitting the market earlier on.

Based on the results for 2023, the facilities owned by foreign funds and companies accounted for about 42% of all investment. The main bulk of investment capital (58%) traditionally fell to the share of the Moscow area, with St. Petersburg agglomeration accounting roughly for 13%.

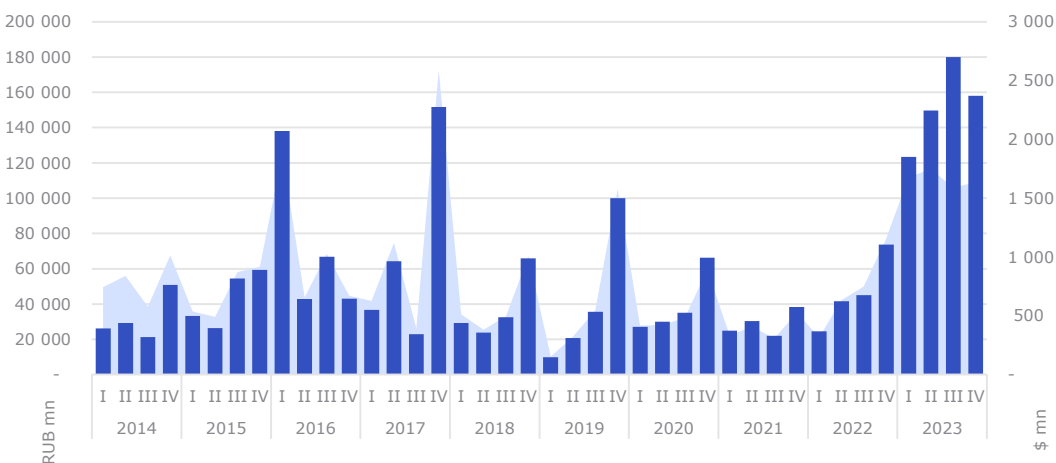
Quality regional assets are becoming increasingly attractive for business in the midst of structural changes in the economy and the current

sanctions policy. The volume of investment in regional markets showed a seven-fold increase in 2023, reaching RUB 180 billion, or 29% of total investment, which was mainly due to portfolio deals in the retail and hotel segments.

Thus, Gazprombank became the owner of MEGA malls shed by Sweden-based Ingka Centres; Atrium European Real Estate fund sold Park House shopping centres to Krasnodar-based Romex Group; ARM acquired a portfolio of Decathlon chain shops and the distribution centre, whereas Cosmos Hotel Group (AFK Sistema) acquired the portfolio of Norway-based Wenaas Hotel Russia AS, and so on.

**Chart 1**  
Investment volume by quarter

Source: Nikoliers

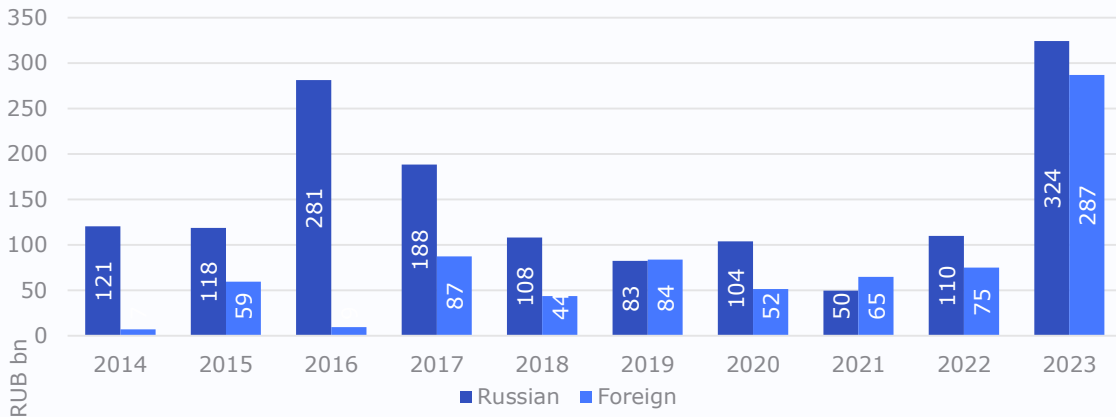


\*Data as of 28.12.2023.

The investment volume in this report does not include transactions with development and industrial sites.

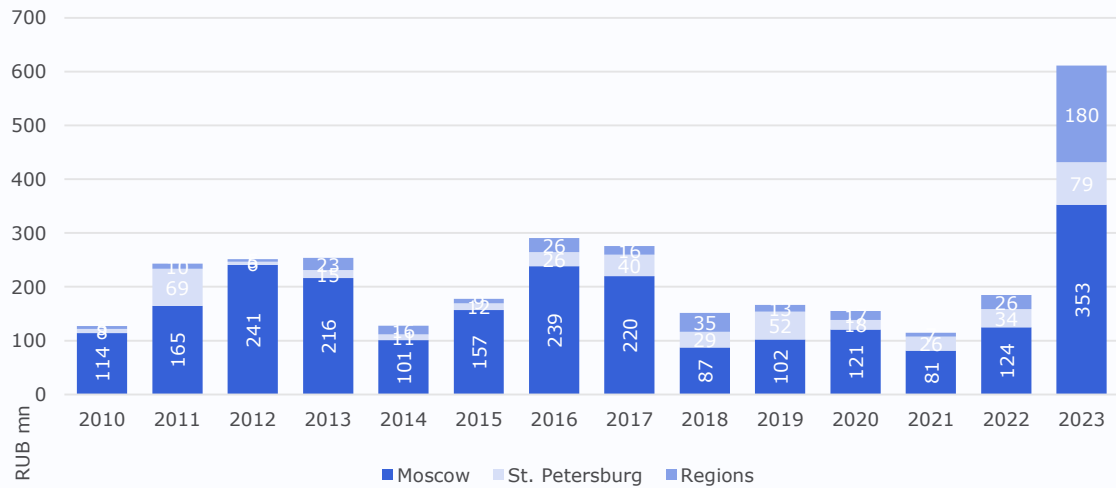
**Chart 2**  
Breakdown of transactions by seller's source of capital

Source: Nikoliers



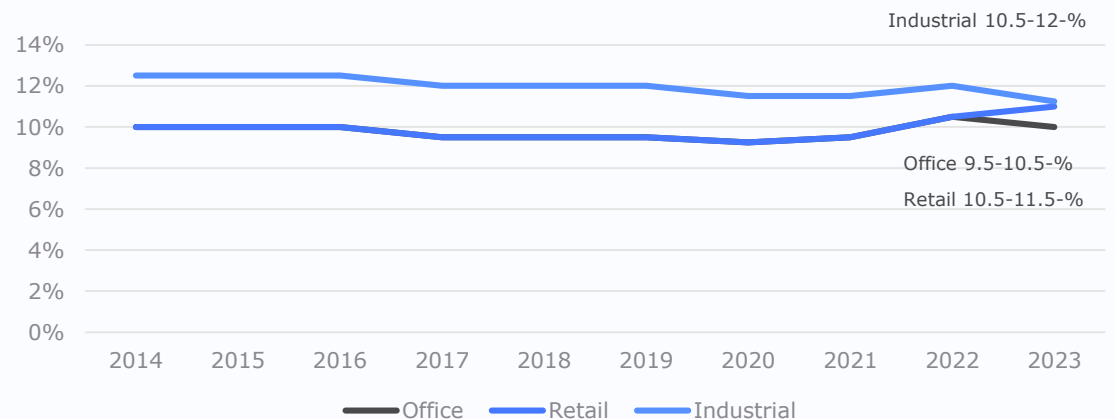
**Chart 3**  
Geographical distribution of transactions

Source: Nikoliers



**Chart 4**  
Dynamics of cap rates in Moscow

Source: Nikoliers



## Investment distribution and key transactions

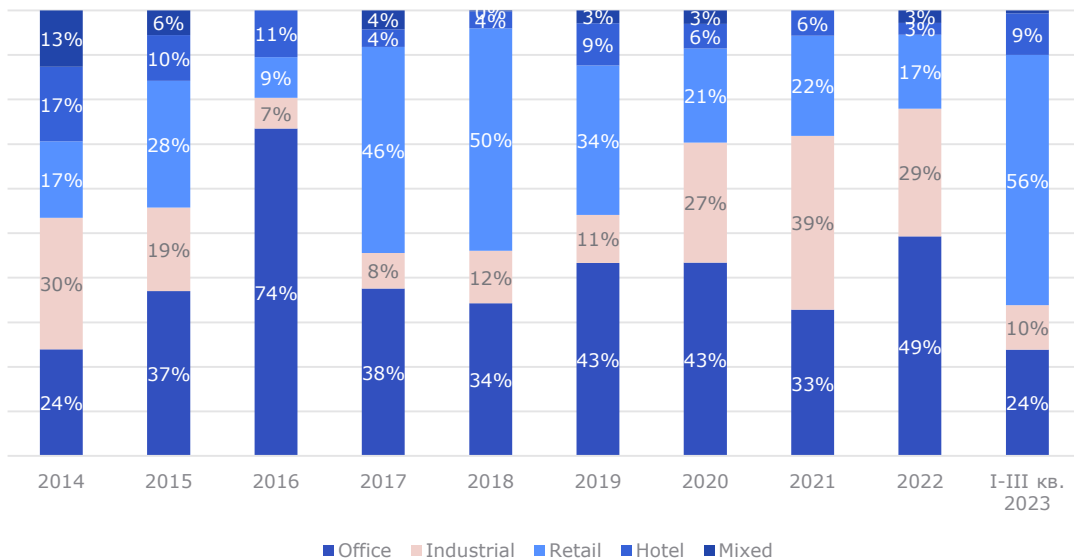
The dominant volume of transactions was generated by retail assets (RUB 345 billion or 56%). This leadership is largely due to the highest penetration of foreign players into this segment and, as a result, a high number of “forced” transactions that occurred after foreign companies had decided to leave the Russian market.

Quality offices (24%, or RUB 149 billion) and industrial (10%, or RUB 61 billion) facilities also catch the eyes of investors, but the limited supply prevents the appetite of potential buyers from being fully satisfied.

In 2023, more than 48% of the investment volume in the office segment or RUB 72 billion

was generated by end users – dynamically growing companies acquiring assets to use them for their own needs and the potential letting of any “surplus” space.

Among them are: a building in BC iCity (Moscow Government), Tower A of Skylight BC (VK), spaces in OKO II (RSHB), Orbital BC (Natsproektstroy), Khimki Business Park BC (KLS-Khimki), a building in Oostankino Business Park (Astra), as well as an office cluster of JetBrains in St. Petersburg (Petrovich).



The trend of attracting collective investments continues to gather momentum in the structure of transactions with quality industrial assets. Current market conditions in the segment (high tenant activity amid the accumulated shortage of vacant quality supply and dynamic growth of rental rates) make it possible for funds to offer attractive rates of return to private equity investors (including individual ones).

Mutual investment fund management companies continue to look for investment-grade assets and to build up their portfolios, mainly acquiring high-quality speculative projects with a stable rental income or facilities delivered by developers for nationwide retail chains and key marketplaces, as well as logistics companies supporting their operations.

Thus, Modern Real Estate Funds MC acquired Vkusvill distribution centre within PNK Park Shushary 3; PARUS Asset Management MC added

a facility of the European company Logicor to its portfolio, and also became a participant in the delivery of a new distribution centre for OZON by the development company Orientir (the project is immediately let out via a closed-end mutual investment fund, and after commissioning the units or shares will be offered to private investors).

In the hotel segment (9% or RUB 53 billion), given the demand shifting from outbound to domestic or inbound tourism, investors are increasingly interested in hospitality and holiday resorts: Cosmos Hotel Group acquired the portfolio of Norwegian Wenaas Hotel Russia AS (10 hotels in four Russian cities), as well as a hotel construction project in Pskov; Krasnodar-based Gornye Vershiny won the tender for the purchase of the Arkhyz resort in Karachay-Circassia region for its further enlargement.

## Trends and forecast

The majority of transactions in 2023 were made with assets that were rolled to the market not by choice but necessity – for investors from Russia and friendly countries, the change in the geopolitical situation became a golden chance to add quality properties to their real estate portfolios.

Both core and non-core Russian investors as well as end users were active in 2023. Given the current sanctions rhetoric and restrictions on major capital export, the worth of real estate as a protective asset that preserves and increases value in the long term is rising.

In 2024, we forecast a decline in the volume of investments to the level of RUB 250-300 billion.

This is fueled by the reduction of institutional-grade assets on sale and the exhaustion of the trend for asset sales by outgoing foreigners. The commercial real estate investment market will also be constrained by the persistently high cost of debt financing in 2024, after the Bank of Russia's key rate appreciation, which cripples potential investments in brownfield and greenfield developments unless the interest rates of project financing are subsidized.

**Table 1**  
Key transactions in 2023

Source: Nikoliers

Asset	Region	Area
<b>Retail</b>		
MEGA Mall portfolio (14 malls)	Moscow, Saint Petersburg, regions	2,300,000 sq m
Portfolio of TEN Group (5 facilities)	Moscow	450,000 sq m
Portfolio of Park House SCs (7 projects)	Moscow, Saint Petersburg, regions	420,000 sq m
Salaris Mall	Moscow	310,000 sq m
Armada Mall	Orenburg	263,000 sq m
Metropolis Mall	Moscow	205,000 sq m
Mega Mall	Krasnodar	180,000 sq m
Portfolio of Sibirskie gorodki chain (13 projects)	Regions	173,000 sq m
Okhta Mall	Saint Petersburg	140,000 sq m
Columbus Mall	Moscow	136,000 sq m
Raduga Park SC	Yekaterinburg	130,000 sq m
Aquamall SC	Ulyanovsk	120,000 sq m
Galaxy Mall	Krasnodar	94,000 sq m
Nevsky Center SC	Saint Petersburg	91,000 sq m
M5 Mall	Ryazan	83,000 sq m
Triumph Mall SC	Saratov	58,000 sq m
<b>Industrial</b>		
Warehouse complex FM Logistic in Dmitrov	Moscow Region	120,000 sq m
Orientir OZON DC (under construction)	Saint Petersburg	117,000 sq m
Trilogy Park Tomilino warehouse complex	Moscow	108,000 sq m
A portfolio of assets within PANK Park Valishchevo and PNK Park Shushary	Moscow, Saint Petersburg	65,000 sq m
Shosseynaya warehouse complex	Moscow	35,000 sq m
<b>Offices</b>		
Loft Ville	Moscow	83,000 sq m
Metropolis	Moscow	80,000 sq m
Pulkovo Sky	Saint Petersburg	76,000 sq m
iCity	Moscow	47,000 sq m
Khimki Business Park	Moscow	42,000 sq m
JetBrains Office	Saint Petersburg	30,000 sq m
Skylight	Moscow	30,000 sq m
Legion II	Moscow	28,000 sq m
OKO II	Moscow	13,400 sq m
Fur House	Saint Petersburg	12,600 sq m
Boulevard Ring	Moscow	8,200 sq m
<b>Hotels</b>		
Portfolio of Wenaas Hotel Russia	Moscow, Saint Petersburg, regions	264,000 sq m
SO/ Saint Petersburg	Saint Petersburg	10,000 sq m
Arkhyz Resort	Karachai-Circassian Republic	-

# Services



Offices



Industrial



Retail



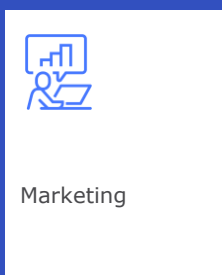
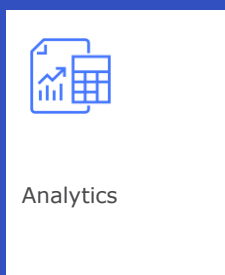
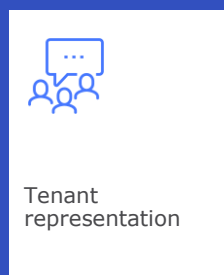
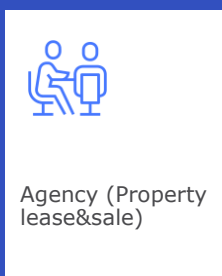
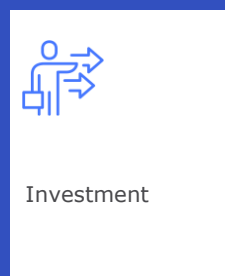
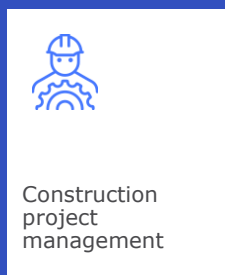
Residential



Hotels



Land plots



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