

ELITE RESIDENTIAL MARKET



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"Demand for elite real estate has stabilized at a high level, so have the requirements to qualitative parameters. Apart from location, which has until recently been the only key factor for buyers of the premium class real estate, the compulsory key factors are supplemented with a view from the apartment, good layout, finishing and enough parking lots, etc. As a result, the exposure time for elite projects has increased".

MAJOR TRENDS

- Increased interest from developers and buyers in large projects of residential quarter format, which is characterized by social uniformity and availability of commercial infrastructure.
- The largest projects under construction are being located in Central and Petrogradsky districts; multi-functional residential complexes 'Paradny kvartal' (Phases 2 and 3), 'Smolny park' (Phase 2) and 'Leontjevsky mys' are under active construction and occupy 15% of total space to be commissioned at the elite residential real estate market segment.
- Elite residential real estate to be divided into club-houses of up to 50 apartments and large residential complexes for some hundreds of apartments.
- Developing of industrial areas for business class multi-functional residential complexes' placing resulting in enlargement of residential projects (Moskovsky, Admiraltejsky and Vasileostrovky districts)
- Petrogradsky district, and Krestovskiy island in particular, is a leader in terms of supplied volume of residential property and level of demand for it.
- Customers' demand in the elite real estate segment has continued increasing during the first half of 2013.
- Increased interest in projected residential complexes.
- Foreign developers' interest in the residential construction projects has increased.
- Selling prices for elite residential real estate have increased by 9% over the 1st half of 2013.

PRIMARY MARKET

Apartments for sale ↗

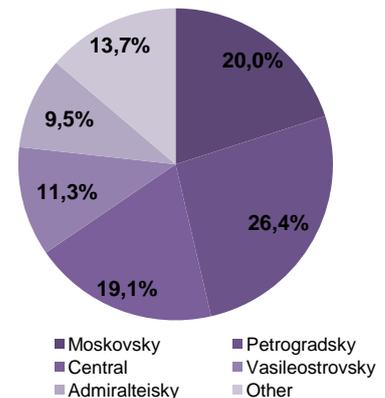
Selling price ↗

SECONDARY MARKET

Apartments for sale ↗

Selling price ↗

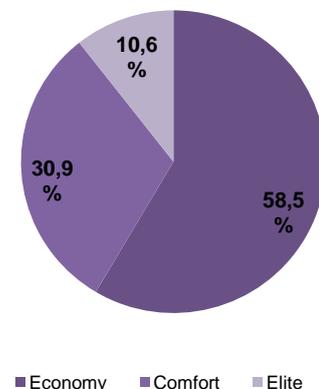
Distribution of elite residential supply¹ by districts, H1 2013



¹ business and premium classes

Source: ASTERA an alliance member of BNP Paribas Real Estate

Residential supply structure at the primary market, H1 2013



Source: ASTERA an alliance member of BNP Paribas Real Estate

Asking prices for high class residential real estate, Q4 2012 - Q2 2013

Elite residential market	Average supply price range, thous. RUR / sq. m			
	Premium		Business	
	Q4 2012	Q2 2013	Q4 2012	Q2 2013
Primary market	210 - 260	230 - 280	100 - 140	110 - 150
Secondary market	190 - 500	200 - 500	115 - 200	125 - 220

Source: ASTERA an alliance member of BNP Paribas Real Estate

SUPPLY

As of the middle of 2013 the primary market of business and premium class residential real estate comprised 40 projects under construction with the total area of 1,063,000 sq. m. The business class segment measured 823,000 sq. m (77%) and the premium class totaled 240,000 sq. m (23%).

Mostly the volume concentrated in Petrogradsky (26.4%), Moskovsky (20.0%) and Central (19.1%) districts. Therewith, it shall be noted that Central district is still leading in terms of premium class construction with area totaling c. 131,000 sq. m.

The sales started in 13 elite residential complexes during the first six months of 2013.

Residential complexes opened for sale in H1 2013

Project name	District	Address	Class	# of apartments	Developer
Europe City (Phase 1)	Petrogradsky	Medikov pr., 10	Business	306	Vozrozhdenie SPb
Tsarskaya Stolitsa ('Tsar Capital') (Phase 1)	Central	Nevsky pr., 85	Business	741	LenSpec SMU (Etalon)
Chetyre Gori-zonta ('Four Horizons')	Krasnog-vardejsky	Sverdlovskaya emb. (Piskaryovsky pr., 3)	Business	290	RBI
Dom na Dvoryanskoj (House in Dvoryanskaya)	Petrogradsky	Kujbysheva str., 13	Premium	54	LSR
Lieutenant Shmidt emb., 21	Vasileostrovsky	Lieutenant Shmidt emb., 21	Premium	54	Solo
Novomoskovsky (Phase 2)	Admiraltejsky	Moskovsky pr., 65	Business	420	YIT
House in Primorsky pr., 43A	Primorsky	Primorsky pr., 43A	Business	60	SU-155
Monferran	Admiraltejsky	Konnogvardejsky boulevard, 5	Premium	96*	Inteco
KIMa pr., 1	Vasileostrovsky	Kima pr., 1 lit. L	Business	176	YIT

DEMAND

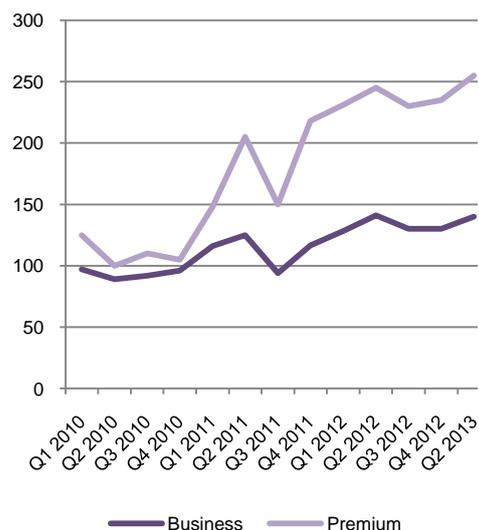
The demand has shifted to new elite complexes, which can offer the buyer quality parameters and set of services required for comfortable residence.

The apartments with panoramic views in the Golden Triangle area are of conventionally high demand, however, the supply there is short and, therefore, prices are high.

The most demanded is Petrogradsky district, in particular Krestovsky island.

Location, environment, as well as unique view characteristic of the apartment and functional layout solutions are of top priority in case of elite residential real estate.

The requirements to the elite apartments are becoming higher.

Dynamics of prices for elite residential real estate in St. Petersburg, thou. RUR/ sq.m

Residential complex Tsarskaya Stolitsa ('Tsar Capital')

Project name	District	Address	Class	# of apart- apart- ments	Developer
16, Chapaeva	Petro-gradsky	Chapaeva str., 16	Busi-ness	130	YIT
Vremena Goda ('Seasons') (Phase 1)	Admiral-tejsky	Moskovsky pr., 65	Busi-ness	563	Meridian Development
In Grebets-kaya	Petro-gradsky	Pionerskaya str., 16	Busi-ness	177	BFA-Development
Panorama 360 (Phase 1, blds 3 and 4)	Admiral-tejsky	Shkapina-Rozenshtejna str.	Busi-ness	148	Glavstroy-SPb
TOTAL:				3,119	

*apartments

Source: ASTERA, an alliance member of BNP Paribas Real Estate

The elite residential supply increased by 1,157 apartments over H1 2013 against the same period of 2012. The market experienced two deliveries in both segments (business and premium classes) in the first half of 2013.

The number of residential complexes planned to be commissioned in the first half of 2013, for instance, residential complex 'Graf Orlov', have been delayed until the second half of 2013 and even later.

Project name	District	Class	# of apart- ments	Commis- sioning date	Developer
<i>Residential complexes commissioned in H1 2013</i>					
Dom v parke ('House in park')	Pushkinsky	Business	15	Q1 2013	Investment complex
Kosmos	Moskovsky	Business	285	Q1 2013	Setl City
5, Kovensky	Central	Premium	8	Q2 2013	Vozrozhdenie Sankt Peterburga

The number of large projects in the block development has been appearing at a higher frequency on the elite residential real estate market. Such projects offer a number of advantages to the buyers: uniform architectural style of the quarter, social uniformity, as well as availability of related commercial infrastructure.

The most interesting projects, which appeared on the market in H1 2013, are 'House in Lieutenant Shmidt embankment' (Solo company), as well as residential complex 'House in Dvoryanskaya' (LSR), residential complex 'Europe City' (Vozrozhdenie SPb), residential complex 'Tsar Capital' (LenSpecSMU).

Due to shortage of land plots for residential construction, aparthotels construction is gaining popularity on the market (under the 'aparthotel' term we mean a serviced apartment complex designated for living but having a commercial status). The main reason of this format being in demand is exclusively commercial purpose of the land and impossibility to use the plot for residential functions. The example of such format is apartments' sales in the elite residential complex Monferran in Admiraltejsky district in Konnogvardejsky boulevard.

COMMERCIAL TERMS

As of Q2 2013 the average price of the square meter of premium class residential real estate makes 255,000 roubles / sq. m. As against the values of Q4 2012, it has changed by +9.0%. The positive dynamics is mostly caused by launching of new quality projects and enhanced demand from the investors' side.

During half of the year (since Q4 2012 till Q2 2013) the price of the square meter in business class projects has changed by +8% – from 130,000 roubles / sq. m. to 140,000 roubles / sq. m.

FORECAST

In H2 2013 commissioning of the following large projects is anticipated: residential complex Tapiola (Lemminkainen company), House in Zaozornaya street (RBI), as well as further phases of the earlier announced projects. Implementation of new projects will affect suppressing the growth of price for a sq. m.



16, Chapaeva



Dom na Dvoryanskoj ('House in Dvoryanskaya')

ABOUT ASTERA

ASTERA an alliance member of BNP Paribas Real Estate is an international consulting company, providing professional consulting services in commercial and elite residential real estate. The Company has been actively working on Russian real estate market since 1992. The Company's offices are located in Moscow, St. Petersburg and Kiev.

ASTERA is the partner of **BNP Paribas Real Estate** in Russia and Ukraine. BNP Paribas Real Estate is a leading international real estate company and the largest company by gross turnover among European consulting companies by year 2010, according to annual rating of authoritative publication Property Week.

An alliance with BNP Paribas Real Estate gives ASTERA the opportunity to represent the interests of their clients abroad and to attract foreign investments into Russian development projects.

ASTERA portfolio comprises retail, office, industrial, warehouse and hotel projects, including large multi-functional complexes and commercial premises of street retail format, detached buildings, 'built-to-suit' projects and land plots.

ASTERA portfolio includes over **500 implemented projects** of strategic and investment consulting and the exclusive data base consisting of **30,000 objects** in all segments of commercial real estate. Since 1992 ASTERA consultants have leased and sold **more than 6,000,000 sq. m** of commercial premises and concluded over **9,000 transactions** on commercial real estate market in Russia and Ukraine.

ASTERA has assisted over **4,000 clients**, including major international and Russian financial, investment, trading and industrial corporations and networks.

ASTERA provides a full range of services for investors, developers, owners, tenants and buyers of commercial and elite residential real estate:

- Consulting services
- Investment consulting
- Real estate valuation
- Brokerage services
- Pre-brokerage
- Representing the clients' interests
- Property management
- Legal services
- Real estate projects promotion

A reputation of ASTERA is a member of the leading Russian and international professional organizations:

- Guild of Managers and Developers (GUD)
- Russian Shopping Malls Council
- Russian Realtors Guild
- Russian-British Chamber of Commerce
- European Business Association

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