

MARKET SNAPSHOT

Kyiv Industrial Market

CBRE | Ukraine

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Q1 2015

HOT TOPICS

- No competitive warehouse schemes were delivered to the speculative market in Q1 2015
- Take-up rose by 12% compared to the same period last year
- Prime rents demonstrated downward trend (-5% q-o-q) on the back of continued decline in national currency value

PERFORMANCE

Over the first quarter of 2015 warehouse market has not seen any substantial changes. No large development entered the speculative market. As of the end of March, total competitive stock amounted to ca. 1.29 mln sq m. Take-up of warehouse space amounted to 33,000 sq m (+12% y-o-y) as of Q1 2015 with half of that volume leased by 3PL&Transportation operators. In the absence of new additions in the speculative market, vacancy rate decreased from 15.9% to 14.9% (-1.0 pp) over Q1 2015. Prime rents for warehouse space in USD terms decreased by around 5% from \$5.00/sq m/month (triple net) to \$4.75/sq m/month (triple net) as a result of the continuation of national currency depreciation.

OUTLOOK

Trends observed over the previous quarter are expected to continue in 2015: annual decline in new supply with increasing cases of build-to-suit schemes, slower absorption of existing space and slight reduction in the vacancy rate. Towards the end of 2015 under the condition of no further economic shocks, rents are expected to stabilize at the level seen in Q1 2015.

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