

KYIV OFFICE MARKET SNAPSHOT Q1 2019



Vacancy & Rents by Submarkets in Class A and B

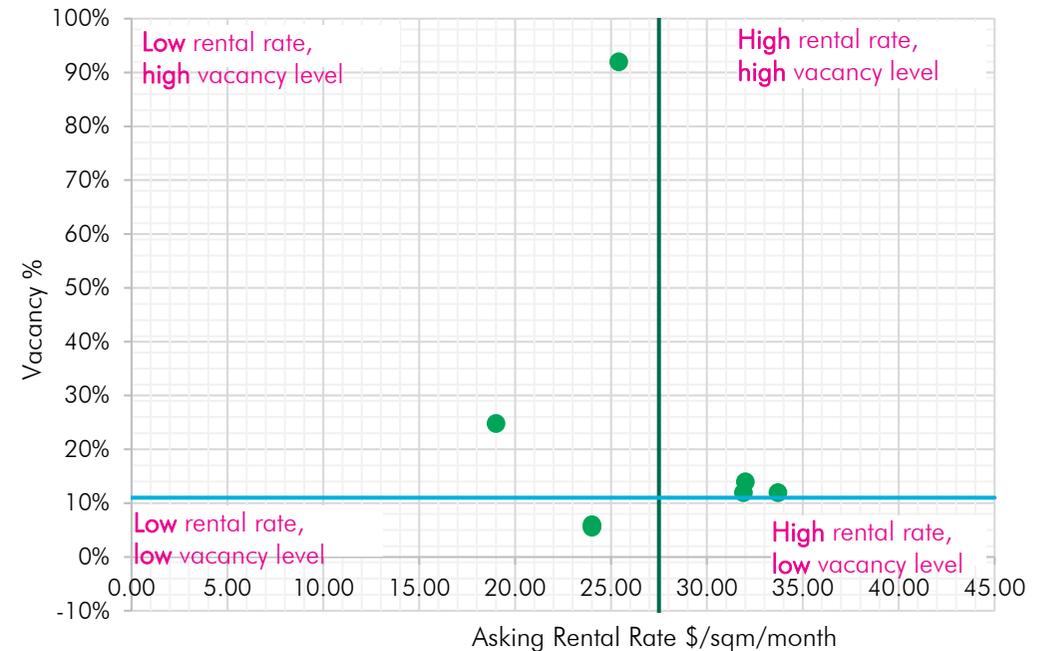
PRIME	Rents \$22-\$32	Vacancy 6.3%
PECHERSK	No vacant premises	
PODIL	Rents \$24-\$25	Vacancy 2.0%
SHEVCHENKIVSKYI	Rents \$19-\$24	Vacancy 14.5%
OLIMPIISKYI	Rents \$22-\$35	Vacancy 15.3%
CBD-FRINGE	Rents \$15-\$42	Vacancy 6.5%
NON-CENTRAL	Rents \$12-\$15	Vacancy 23.9%

As of the end of Q1 2019, only few A-class premises were available on the market, in particularly those of 500 sqm and above. Average vacancy in A-class premises stood at the level of ca. 2% forcing a +31% YTD increase in the upper bound of the A-class asking rents range, which varied from \$19 to \$42/sqm/month. As such, both low vacancy and limited supply component contributed to rental growth for prime properties, as weighted average asking rent (only including vacant premises of 500 sqm and above) was registered at \$27.5/sqm/month.

Market Performance

In Q1 2019 Business Expectations in Kyiv became more cautious fueled by uncertainty around presidential elections, evident from a -4.7pp YTD dip in the index of business expectations for 12 months ahead (121.9). The take-up volume of Q1 2019 totaled at ca. 14,500 sqm (-64% y-o-y). Office occupiers kept exploring the market for large space requirements, although political ambiguity continued to set the mood on the market, forcing final decisions to be postponed until the end of 2019. Average market vacancy stood broadly the same at ca.10% (+0.2pp YTD) with mere occupier movements present on the market and limited supply represented by Palo Alto BC (5,000 sqm). The total competitive stock stood at 1.78 mio sqm (+0.3% YTD). Prime effective rent remained stable at \$25/sqm/month. However, on the back scarce A-class offices left on the market, asking rents appreciated ranging between \$19 and \$42/sqm/month, while B-class asking rents stood broadly the same oscillating around \$12-\$27/sqm/month.

Vacancy & Weighted Average Asking Rents* in A-class Kyiv Business Centers as of Q1 2019



*Only includes business centers with available premises of 500 sqm and over as of Q1 2019