



**BULLETIN
REAL ESTATE MARKET
OF KYIV AND THE REGIONS OF
UKRAINE**

MARCH – 2009

News Digest

Review of the business centers that are developing and building in Kiev

22 office buildings are claimed to be opened in 2009, and this can be a good forecast.

Actually, it's unlikely that more than 4-5 business centers will be accomplished this year. Considering building and construction works, the works are suspended at several objects, like business center "Vinogradar", business center at the corner of Dorogozhitskoy Str. and Melnikova Str., World Trade Centre (mixed-use complex) at Polzunova Str., business centre at the corner of Pan'kovskaya Str. and Saksahanskogo Str. etc. According to Sotsmart, in Kiev in March 2009 there are 61 construction sites where business center or mixed-use complex should grow.

Predicated business centers in Kiev are Techno City, Business Center at Sklyarenko Str. and Office Center at Verkhnyaya Str.

Socmart
30.03.2009

Houses on the water will be built in Kiev

Kiev repair and operation station of small boats is planning to start serial production of boats and also sell houses on the water and floating cottages on the Dnepr.

According to the station administration, these comfortable facilities on the water can be used to settle tourists during Euro-2012.

For provision of the small boats owners, the city authorities decided to restore infrastructure for general use.

This could be useful in terms of preparation to Euro-2012. Construction of quay and houses on the water will help to settle an issue with accommodation for tourists that is the so-called recreation center will appear on Dnepr.

Khreshatik
26.03.2009

Residents of Kiev are promised to have better living conditions by 2025

Land committee of Kiev Council agreed upon the program of the Kiev development plan by 2025. The deputies considered this issue on the meeting of standing committee of Kiev Council regarding land relations, city development and architecture.

According to this program among the major objectives that are planned to implement in Kiev are for example increasing of the road space up to 8%, increasing of residential capacity up to 35 sq.m. per person (now the capital provides one person with 21 sq.m.). In order to increase residential capacity, the city should build 48 mln. sq.m. of residential space (now the city provides 56 mln sq.m. of residential space). Also the general plan will include a chapter related to the city's ecological security issues.

Glavred
20.03.2009

Prices for elite real estate in Kiev are continuing to fall

Prices for the elite real estate are continuing to fall at the primary market in Kiev. Thus, the average price at the market fell for more than 13% in two months of 2009. The market has stopped and there are no transactions.

According to the real estate analysts, the customers are not in a hurry to buy the apartments that have fallen in price, because they are waiting for the further price fall. The significant change is redirecting of demand to the residential space brought into operation. And this change will have a positive influence on minimization of possible risks of the uncompleted construction projects or freezing of these construction projects.

Current situation has made the major influence on residential objects that are in the planning stage and by now following the results of 2009 the major decline in new offers may be predicted. In long-term prospect, limited elite real estate supply will make positive influence, because as soon as the economical situation stabilizes the demand will quickly recover at the primary market of elite real estate.

News.forenet.info
19.03.2009

Shopping centers go through hard times

Shopping centers will remain the most stable segment of the real estate. Nevertheless the rent rate should be lower.

Residents of Kiev begin to spend on 15-20% less and go more rarely to the shopping centers. By the beginning of March visitors spent in the Kiev shopping centers about \$600 in a month and in September-October 2008 – approximately \$850.

However, the Knight Frank analysts predict decrease of expenses for entertainment (bowling clubs, cinemas etc.) and food courts in the shopping centers.

Many trade companies are willing to settle the rent rate in the hryvnya currency equivalent in order to avoid influence of devaluation on the lease payment. Other trade companies expect from the lessors lowering of the basic rent rate and calculation of the lease payment as a part from sales in amount of 5-15%. The market itself is ready for stabilization. At the present, external negative factors provide with negative dynamics. Regardless current decline, the DTZ company predicts this market segment most probably be the first that shows growth after economic stabilization.

Podii.com.ua
17.03.2009

Experts predict interest of developers in the projects of quality business centers in major cities in the mid-term prospect

Developers will be interested in the mid-term prospect projects of quality shopping centers with well considered concept and gradual introduction into operation in cities with population more than 700 thousands.

Such forecast is represented in the DTZ (Kiev) review of the real estate market.

At the same time according to the company's forecast, cities with population from 200 to 700 thousands will be soon attractive for developers, but only after revival of the economical growth of Ukraine and not earlier than 2011-2012.

Dokumentinform
17.03.2009

Kiev City Council increased the land rent rate in 2-8 times

Kiev City Council increased the land rent rate in 2-8 times. This rent rate is provided in the Kiev budget for 2009 that was approved on the Kiev Council meeting on 6 March.

The rent rate in 10% amount is established for real estate operations and etc. The lowest land rent rate in amount of 0.1% is established for residential, garage and building areas.

The land rent rates for other kinds of business were approved in amount from 3 – 7%. In particular, for law and accounting firms – 3%, hotels – 7%. In addition, Kiev council considered its resolution dated 21 December 2000 "On lease payment for land in Kiev" as invalid.

Kiev Concil Resolution will enter into force at the date of its publication in newspaper "Khreshatik" .

Svdevelopment
11.03.2009

Foreign investors are interested in office and trade property in Ukraine however they are waiting the market bottom

Nowadays foreign investors are interested in the first place to buy accomplished or almost accomplished office and trade centers in Kiev and major cities of Ukraine, elite real estate in the center of Kiev, cottage towns with good location in Kiev region.

In addition, G.Panikar added that investors were interested in hotel, because of the Football Championship 2012 in Ukraine, while depots and logistics “are almost dead at the moment”.

At the present, the majority of foreign investors has held up investment of funds in the real estate market of Ukraine and they are waiting the “market bottom”. As soon as the market reaches the bottom, many players and opportunity to buy for lower prices will appear.

Dokumentinform
05.03.2009

Law that facilitates acquisition of rights to the land plot

The President of Ukraine Victor Youshenko signed the law that clarifies the land legislation regarding the documents that testify the ownership of the land plot, and also on order of partition and joining of land plots. Namely, the process of “partition” of the land plots and difficulties with acquisition of rights for them slowed down the land plot market development, especially, in cases when the lands were bought wholesale and after that they were divided and sold at retail.

The law will come into force at the date of its publication.

Ekonomicheskije izvestiya
31.03.2009

The third annual international RETAIL FORUM’09

The third annual international RETAIL FORUM will start its work on 10 April 2009 by presenting space for discussion and solution of the most urgent key issues that influence retail market in Ukraine.

RETAIL FORUM is an annual meeting point of all leading international and Ukrainian players of the retail market, developers, consultants, analysts, financiers, key suppliers and producers, logistic companies, authorities.

Ekonomicheskije izvestiya
31.03.2009

Real Estate Market Observation

Kyiv

Spring hasn't brought traditional revival at the Kiev real estate market. Demand altogether with price is continuing to fall.

Demand decreased twice at the real estate market. The sublease market is becoming more active in proportion to growth of lease proposals of the lessors' redundant premises. Price recession of the office real estate is 7% and 12% in the sale and rent sphere. The customers' demand has decreased less notably in trade sector. However, the cost of square areas has also decreased. The recession in the sales sphere is 14% and in the lease sphere – 12%.

Situation in the residential real estate at the beginning of March significantly improved in comparison with February. Customers' activity significantly increased and this fact had result on the price of residential area. But, nevertheless, there is an insignificant recession in amount of 1.2% in average for month.

Value of the land plots for cottage construction declined on 8.1%. Value of the cottages declined in the range of 8.6%.

The following changes took place at the regional real estate market: in Dnipropetrovsk region – price of office real estate in warehouses declined for 12.5%; in Rivne region – the storage real estate recession is 8%. The price stabilization is observed in other segments of the regions.

Lviv market is characterized by stability only in the residential real estate sphere, where the prices stopped to fall. Unfortunately one can't say the same thing about the office and trade sector in the sales sphere. Here we have recession for 4.4%. The prices had fallen only for office premises for 3% in the lease sphere.

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property

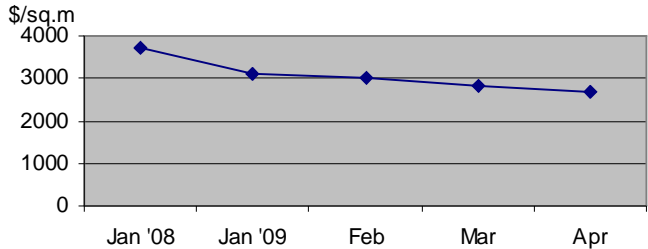
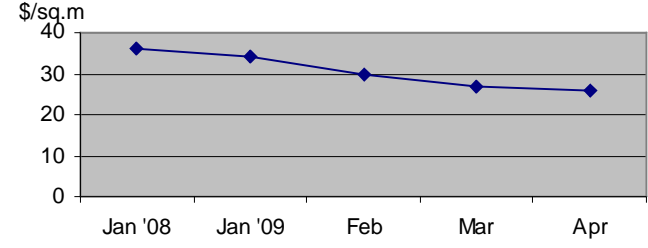
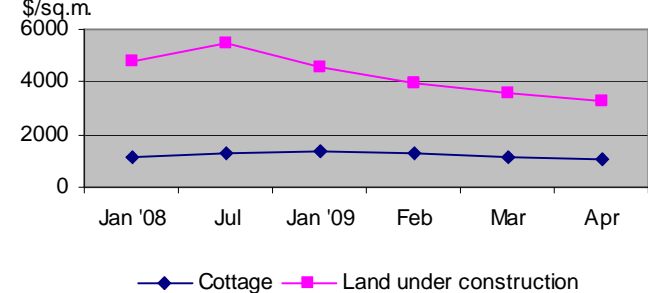
Kyiv (on average)

Sale				
Property Type	Property Type			
	01.03.09	01.04.09		
Retail	6 902	5 899		
Office	4 035	3 733		
Residential	2 259	2 231		
Rent				
Retail	80	70		
Office	47	41		

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

Podol (historical part)			
Sale			
Property Type	Property Type		Property Type
	01.03.09	01.04.09	
Retail	7 200	7 000	
Office	5 350	5 200	
Rent			
Retail	60	58	
Office	30	28	
Shevchenkivskiy district (historical center)			
Sale			
Retail	7 275	7 199	
Office	5 700	5 580	
Residential	4 598	4 551	
Rent			
Retail	80	75	
Office	43	43	

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

Solomyanka (Mechanizatoriv street)																								
Sale																								
Property Type	Price, \$/1 sq.m		Annual diagram of valuation changes																					
	01.03.09	01.04.09																						
Office	2 800	2 700	 <table border="1"> <caption>Office Valuation Changes (Solomyanka)</caption> <thead> <tr> <th>Month</th> <th>Price (\$/sq.m)</th> </tr> </thead> <tbody> <tr><td>Jan '08</td><td>3600</td></tr> <tr><td>Jan '09</td><td>3000</td></tr> <tr><td>Feb</td><td>2900</td></tr> <tr><td>Mar</td><td>2800</td></tr> <tr><td>Apr</td><td>2700</td></tr> </tbody> </table>	Month	Price (\$/sq.m)	Jan '08	3600	Jan '09	3000	Feb	2900	Mar	2800	Apr	2700									
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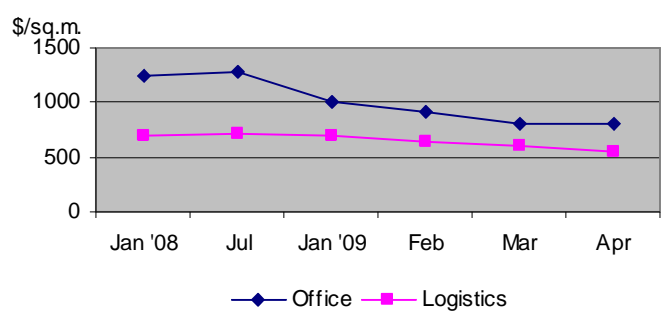
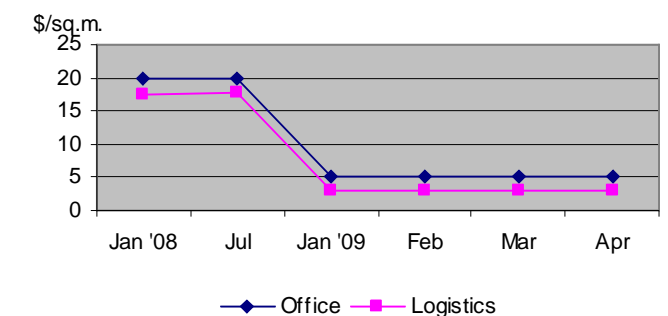
The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

New Darnitsa			
Sale			
Property Type	Property Type		Property Type
	01.03.09	01.04.09	
Retail	2 500	2 160	
Office	2 011	1 812	
Rent			
Retail	26	25	
Office	18	17	
Darnitskiy district (Poznyaki)			
Sale			
Retail	2 264	2 260	
Office	2 197	1 901	
Rent			
Retail	28	27	
Office	26	25	

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

Dnipropetrovsk region			
Sale			
Property Type	Property Type		Property Type
	01.03.09	01.04.09	
Office	800	700	
Logistics	400	400	
Rent			
Office	9	9	
Logistics	6	6	
Mykolaiv region			
Sale			
Office (city)	1 315	1 315	
Office (in storages)	550	550	
Logistics	286	286	
Rent			
Office (city)	16	16	
Office (in storages)	7	7	
Logistics	9	9	

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

Rivne region			
Sale			
Property Type	Property Type		Property Type
	01.03.09	01.04.09	
Office	798	798	
Logistics	600	550	
Rent			
Office	5	5	
Logistics	3	3	

The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property

Lviv region			
Property Type	Property Type		Property Type
	01.03.09	01.04.09	
Sale			
Retail	4 600	4 398	
Office	2 250	2 098	
Residential	1 382	1 382	
Rent			
Retail	29	28	
Office	16	16	

The Dynamics of Valuation Changes of sales for building materials

Name	Price, grn.		Annual diagram of valuation changes	
	01.03.09	01.04.09		
Cement, t	780.0	760.0		
Brick, ths.	1 110	1 110		
Foam concrete, cub.m	700.0	700.0		
Pane, sq.m	54.0	48.0		
Malm, t	48.0	48.0		
Metal, t	4 500	4 500		