

BULLETIN

REAL ESTATE MARKET OF KYIV AND THE REGIONS OF UKRAINE



**UNIVERSAL
DEVELOPMENT
CONSTRUCTION
H O L D I N G**

NOVEMBER– 2008

News Digest

Timoshenko lowered the cost of square meter

Government allowed to buy lodging for budgetary money with a cost no more expensive than 5 000 hryvnas for a square meter. Cabinet also forbade financing projects with availability state less than 70%.

This ordinance refers to residence that was prescribed to be bought in the law on budget of 2008 — for example, means were included in the budget for purchase of flats for military servicemen and other categories.

According to ordinance, an estimate income in the cost of budgetary residence can not exceed 15% of direct and general expenses on building. Production profitability of building materials and wares, used in construction, must not go beyond 15% either.

Delo
19.11.2008

Credits on mortgage temporarily leave the market

Credits on mortgage are offered by only three of fifty crediting market leaders: Brokbusinessbank, Sberbank of Russia (Ukraine), Forum; rates grow thereat. Experts guarantee continuation of such crediting after the stabilization of situation on word financial markets and flow of international investment in Ukraine. Moreover average real rate on such credits for a term of 10 years makes 25.47% per annum.

ProstoBank Consulting
19.11.2008

President of Ukrainian Realtors Association predicts real estate price growth after crisis

At the output of the economic crisis real estate prices will inevitably rise, declared the president of Ukrainian Realtors Association A. Shul'ga.

According to expert's words, the real estate is always last to depreciate, and that is why the real estate market of Ukraine is stable today. There is no point in waiting for significant price decline in Ukraine, the head of URA considers.

Moreover, A. Shul'ga called investment in real estate the most advantageous store of savings, taking into account how banks have frozen deposits and how hryvna depreciates.

Etag.com.ua
18.11.2008

Real estate prices will fall for half of the year to become yet higher than before

Real estate prices in Ukraine will decrease by 10-15% during the nearest 6-9 months, expressed his opinion director of investment department of Ukrsootsbank Eric Nayman.

«Prices will rise again after it, and they will be far higher, than today's. The reason of change of trend toward the real estate price advance will be the influx of liquidity. Hundred milliards of dollars, which are now put on the world economy, will reach us also. I think it will happen in about 6-9 months», - declared director of investment department.

This October construction sector encountered the consequences of world crisis

Oligarh.net
17.11.2008

The investment attractiveness of residential building in Kyiv falls down

Potential investment attractiveness of residential real estate in Kyiv goes down gradually, and investors are more interested in commercial objects. Analytics marked that amount of commercial projects has gradually increased: above all due to office, retail and hotel projects.

It is mentioned that in most of cases a retail object is only part of a multifunctional complex.

Among the tendencies of the retail property market of Kyiv for some time small volume of high-quality retail areas is, in particular, noted. Thereby among leaseholders even unfrequented and unsuccessful shopping centers are popular, for example, "Olympiyskiy", "Europort", "Arena City".

There are also delays for 1-2 years with putting shopping centers into the operation.

SocMart
17.11.2008

Real estate market: new reality

Recently you could say with a complete confidence that success of companies, working in building industry, their stability depended greatly on efficiency of in use business decisions. Building industry was on the upgrade. Today crisis brings in its corrections.

Building companies have to look over the plans of the development, because the question of financing becomes more pressing. Many companies plan to shorten building volumes or even to freeze part of the projects next year, and sell out projects and equity to close financial gaps.

Now, in the conditions of total distrust in the builders and catastrophic stagnation at the real estate market, a company must offer a transaction with minimum risks to sell residence.

SvDevelopment
09.11.2008

Solvent demand will heave up the Ukrainian real estate!

Principal reason of difficulties at the real estate market of Ukraine is the deficit of financial resources.

Renewal of solvent demand at the market of the Ukrainian real estate will give a sufficient shove to renew former rates of consumption, and accordingly, to proceed in the high rates of price growth.

In the conditions of shortening building volumes (that we can observe now) it can result in agiotage demand for all types of the real estate, as asserted in the "Ukrainian Trade Guild ". As conducted above all by an insufficient saturation of Ukrainian real estate market.

SvDevelopment
03.11.2008

Tendency for increase of the retail spaces remains constant in Kyiv

Retail space in Kyiv will increase by 22.59% - up to 832.9 thousand sq. m. before the end of 2008, according to data from consulting company Knight Frank. Thus in the second half of the year it is planned to put in operation shopping and entertainment complex Sky Mall - 65 ths sq. m. and shopping and entertainment complex Pacific plaza - 18,8 ths sq. m.

However leasing rates for the operators of retail galleries in the capital, in 2008, grew on average by 30% - to 960-3600 dollars per sq. m. The share of free retail areas in Kyiv shopping and entertainment complexes and shopping centers does not exceed 3% presently, is registered in research.

RBK-Ukraine
27.11.2008

Real Estate Market Observation

Kyiv

This month a world financial crisis substantially struck the real estate market of the capital and the regions of Ukraine. Crisis influenced different segments of market of the real estate in different ways.

The view of the situation shows that under the influence of many of associate factors a profitableness and prices will go down on the professional office real estate. It affects retail segment also. Prices on square meters fell down practically in all districts of Kyiv. In office sphere decrease amounts 5%, in retail – 2% (sale) on the average in the city. At the market of real estate rent prices changed: in office segment a decrease is 5%, in retail – 8%.

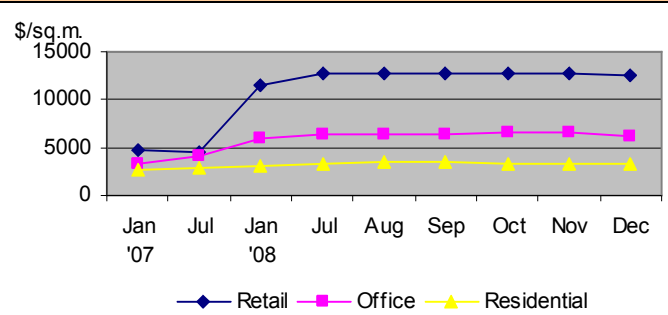
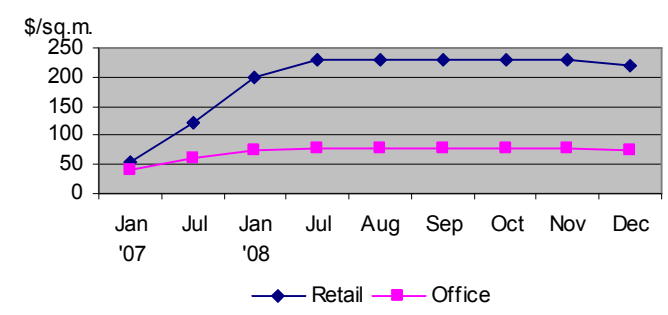
At the market of the residential real estate prices continue to go down, with decrease amounting 2.5%.

As to the country real estate the cost of cottages decreased by 1%, and of lot lands – by 9.2%. It is also possible to note that prices on building materials fell down together with the real estate market by 1-26% depending on the material.

For the regions of Ukraine decrease of prices at the real estate market both in office and warehouse segments is also characteristic. An exception makes only Mykolaevskiy region, where cost of the office real estate rose by 3%.

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

Kyiv (on average)

Sale			Property Type
Property Type	Property Type		
	01.11.08	01.12.08	
Retail	12 737	12 482	
Office	6 490	6 185	
Residential	3 327	3 246	
Rent			Property Type
Property Type	Property Type		
	01.11.08	01.12.08	
Retail	230	219	
Office	79	73	

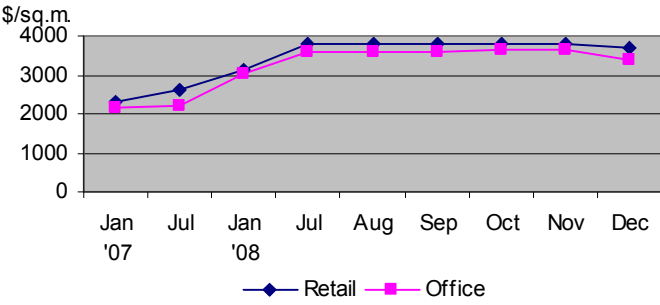
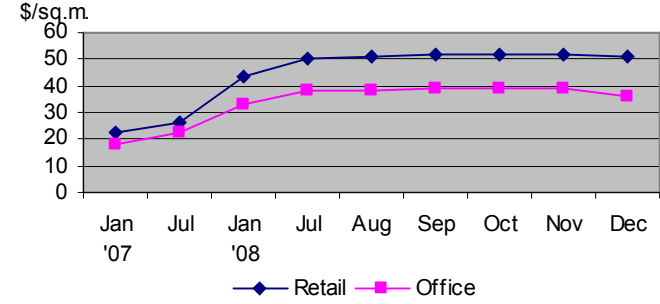
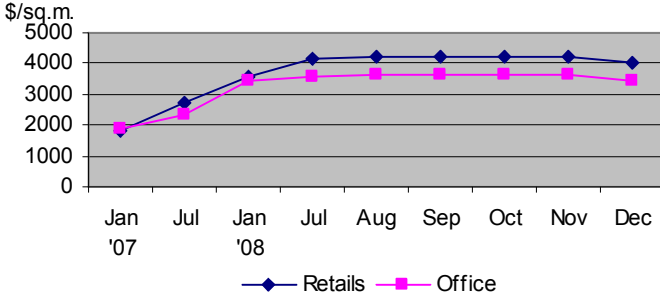
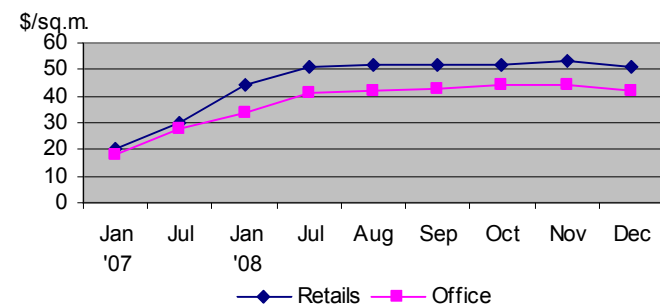
The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

Podol (historical part)			
Sale			
Property Type	Property Type		Property Type
	01.11.08	01.12.08	
Retail	8 600	8 550	
Office	8 000	8 000	
Rent			
Retail	81	81	
Office	59	56	
Shevchenkivskiy district (historical center)			
Sale			
Retail	13 570	13 575	
Office	8 700	8 319	
Residential	5 837	5 726	
Rent			
Retail	201	180	
Office	82	72	

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																
	01.11.08	01.12.08																	
Office	4 440	4 200	<table border="1"> <caption>Office Valuation Changes (Sale)</caption> <thead> <tr> <th>Month</th> <th>Price (\$/sq.m)</th> </tr> </thead> <tbody> <tr><td>Jan '07</td><td>2800</td></tr> <tr><td>Jan '08</td><td>3600</td></tr> <tr><td>Aug</td><td>4400</td></tr> <tr><td>Sep</td><td>4400</td></tr> <tr><td>Oct</td><td>4400</td></tr> <tr><td>Nov</td><td>4400</td></tr> <tr><td>Dec</td><td>4200</td></tr> </tbody> </table>	Month	Price (\$/sq.m)	Jan '07	2800	Jan '08	3600	Aug	4400	Sep	4400	Oct	4400	Nov	4400	Dec	4200
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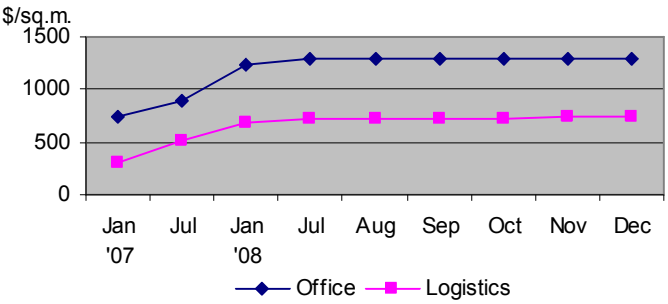
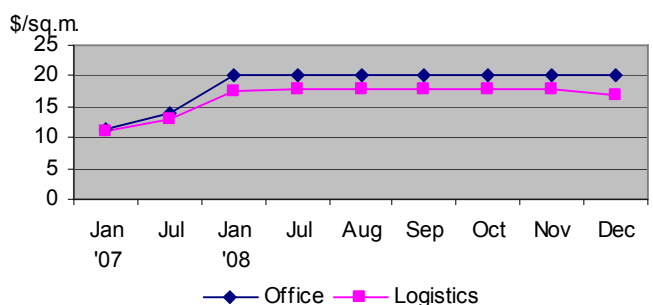
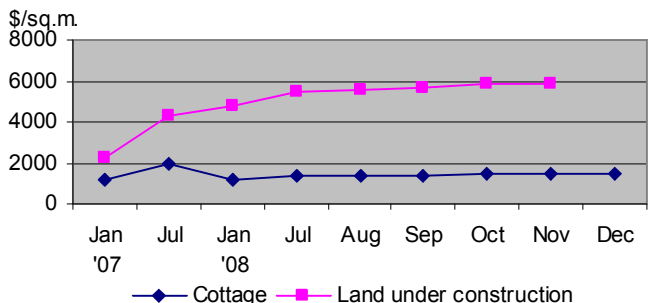
The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

New Darnitsa			
Sale			
Property Type	Property Type		Property Type
	01.11.08	01.12.08	
Retail	3 787	3 700	
Office	3 640	3 400	
Rent			
Retail	52	51	
Office	39	36	
Darnitskiy district (Poznyaki)			
Sale			
Retail	4 222	4 000	
Office	3 634	3 416	
Rent			
Retail	53	51	
Office	44	42	

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

Dnipropetrovsk region			
Sale			
Property Type	Property Type		Property Type
	01.11.08	01.12.08	
Office	1 800	1 700	
Logistics	800	780	
Rent			
Office	20	19	
Logistics	15.5	15	
Mykolaiv region			
Sale			
Office (city)	2 670	2 600	
Office (in storages)	975	960	
Logistics	610	610	
Rent			
Office (city)	29	30	
Office (in storages)	19	18	
Logistics	16	16	

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

Rivne region			
Sale			
Property Type	Property Type		Property Type
	01.11.08	01.12.08	
Office	1 283	1 283	
Logistics	740	740	
Rent			
Office	20	20	
Logistics	17.8	17	
Brovarskoy district of Kyiv region			
Sale			
Cottage	1 466	1 451	
Land	5 815	5 323	

The Dynamics of Valuation Changes of sales for building materials

Name	Price, grn.		Annual diagram of valuation changes
	01.11.08	01.12.08	
Cement, t	955.0	830.0	
Brick, pcs.	1.40	1.20	
Foam concrete, cub.m	685.0	660.0	
Pane, sq.m	92.0	73.0	
Metal, t	6 064	5 900	
Malm, t	48.5	48.0	