



UNIVERSAL
DEVELOPMENT
CONSTRUCTION
H O L D I N G

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



FEBRUARY– 2009

News Digest

Kiev is on 46th place according to the real estate value

Kiev occupied the 46th place among the cities with the most expensive property. But for the crisis, the capital of Ukraine would enter the top -30.

Global Property Guide, international research portal, issued annual rating of the cities with the most expensive property.

According to the rating, the capital of Ukraine is on 46th place. The value per square meter of capital property is 3.5 thousand dollars at the average. Monaco occupies the top position as a year ago. One square meter of the residential area in this city costs 46.7 thousand dollars.

Quito, capital of Ecuador, and Egyptian Cairo are at the end of this rating.

Delo
12.02.2009

Certification of chief architects of the construction projects starts in September

Vasiliy Kuybida, minister of regional development and construction, informed that skill certification of the chief architects of the construction projects would start from 3 September 2009.

Certification of the projects' chief architects will be implemented on 3 September and will be carried out by the Architectural and Construction Committee that will consist of representatives from the Ministry of Regional Development and Construction, the National Architects' Union and a number of specialized associations.

Dokumentinform
24.02.2009

Ukrainian Property Market waits for SALE

In spite of scarcity of funds and constantly declining demand of areas, companies are trying to preserve their good projects for themselves. And customers are waiting when debt loads and necessity in available cash of the sellers will make companies to present their best projects.

At present, the majority of potential customers are still waiting. In general, major purchases will take place in segments of the office and commercial property. These market segments are the most stable and also have the biggest proposition of the investment product in the form of accomplished objects and development projects.

However, now we don't have many projects of good quality that we would like to buy. Or if they exist they are overpriced. The offers for the sale of projects on different stages of development are remarked to have been recovering since the beginning of the year.

Dah.kiev.ua
23.02.2009

Introduction of the majority of the commercial property objects in 2009 will be postponed and divided into parts due to the economic crisis.

Today building of the majority of commercial centers is frozen and such situation will more probably continue till the end of 2009. Renewal of the building and construction works is quite possible after stabilization of situation in the bank sphere and activation of credit granting for building and development companies.

The commercial centers with building completeness on 60-70% will be accomplished and basic amount of the objects on the early construction stage will be probably sold. These events may bring the following situation: increase of new area on the capital real estate market in 2009 will be 5 times lesser that it was primarily planned. As a result we will have high deferred demand at the market and the longer will be the crisis, the bigger will be the increase.

Dokumentinform
23.02.2009

Kiev established fees for land allocation with cost 0.1-5 ths. hrn. per service

Kiev City State Administration established a fee for issue of permit by the Main Department of Land Resources during preparation of documents for land plots allocation (0.1-5 ths hrn. per one service) by legal entities and individuals.

For legal entities the prices are established in amount of 1-5 ths.hrn. per service. The most expensive service is duplication of the state acts for land and other documents instead of lost ones.

Dokumentinform
23.02.2009

There is no threat in the crisis for luxury real estate

The luxury real estate stands apart in the premium segment and that is why the crisis has had small influence on it. The cost of some luxury real estate objects hasn't fallen and other luxury objects have considerably increased in their prices.

After all, there is no drastic tendency of price falling at the luxury real estate market. Many objects of the luxury real estate are very unique and as a result they haven't been influenced by the prices fall, but lots of things depend on the seller's motivation.

Realt.ua
23.02.2009

In 2009-2010 Kiev will have huge shopping and leisure centers: addresses and main features

Amount of new proposal of the new shopping and leisure centers in 2009 and 2010 will exceed the capacity of 2008 practically in two times by means of enlargement of the new shopping and leisure centers' sizes. The average shopping space of the shopping and leisure centers, prospected for coming into operation in 2009, is 32 360 sq.m., and in 2010 – 33 000 sq.m. against 13 053 sq.m. in 2008. These results were prepared by company "Colliers International".

However, we should take into consideration that the objects prospected for coming into operation can start their operation later than the specified term because of lack of financing as for completion of the project by developer, so for opening of new shops by tenants.

The biggest project from those that are in progress, is the shopping and leisure centre "Dream Town" with total area 160 000 sq.m., situated in Obolon district of Kiev.

Liga Business Inform
12.02.2009

Market Analysis of the specialized office property in Kiev

Essential changes at the international debt market have fundamentally changed the dynamics of the direct investments into property. From the optimistic point of view certain activity among investors will recommence not earlier than in the second half year 2009. A chance to buy good quality assets at discount prices will work as an accelerant of the market revival. Lack of financing will make market to present good quality objects on attractive conditions for investors.

Taking into consideration the objects claimed for building and construction, and also their construction stages, the increase of new offers is expected in the nearest two years: 2009 for 85,63 ths. sq.m.; 2010 for 108,20 ths. sq.m.

In the first half year of 2009, it will be observed increase of sublease in the top price segment (class "A" and "B") and also growth of the vacancy rate.

The tendency of demand falling is observed for the A class office space. Office spaces of the class B and C in districts with good location and appropriate quality features for this class are in higher demand.

Domik.net
12.02.2009

Kiev cottages: 80% of building is frozen

About 80% of the cottage towns, building near Kiev, are frozen. And other 20% are building not by investors but by means of the developers. The demand exists on the later objects, but not the "frozen" ones.

The cottage price in Kiev region went down in half year (from September 2008 till February 2009) from \$ 550 ths to \$ 350 ths. Experts give the following main reasons of the present situation: reduction of building and construction costs, cutting of the land plots, drastic recession of the building activities price.

According to the data from realtors, the specialists observe strong demand for the homes, built according to the so-called fast building technology.

Liga Business Inform
19.02.2009

Land in Brovary became more affordable

On 3 March in Kiev the land auction on sale of right for the long-term lease of six plots with total area 7 hectares, situated in Brovary will take place. According to the general plan of town development all plots are designated for construction of industrial objects.

Realtors consider the prices offered by the town as quite acceptable. The price depends on many factors, including on objects planned to build on the investor's plot. The most expensive are designated for logistic centers, considering that the Big Circular Road will be in the Brovary district.

Delovaya Stolitsa
10.02.2009

Real Estate Market Observation

Kyiv

February can be characterized as by absolute, so and relative changes which took place at the real estate market. This situation can be applied to all segments of the market.

The vacant area percent in the A class business centers, is continuing to increase. Naturally the prices for them are falling. And the main flow of tenants goes to the premises of B and C class. But on the average in Kiev the price remained on the same level. Unfortunately we can't say the same thing about trade sector. Here we may see decrease for 20% (lease sphere), because the average occupancy of the shopping centers has fallen on 1,7% – to 96,4%, the store traffic has declined.

In this month cost of residential property, specified in dollars, continued to decrease. And now the recession is 21%.

Cost of the land plots for the cottage building fell in the range of 8.5%. The cottages cost fell on 9.8% to 1142 dollars per one sq.m. with the average price of the average household sale 116 793 dollars.

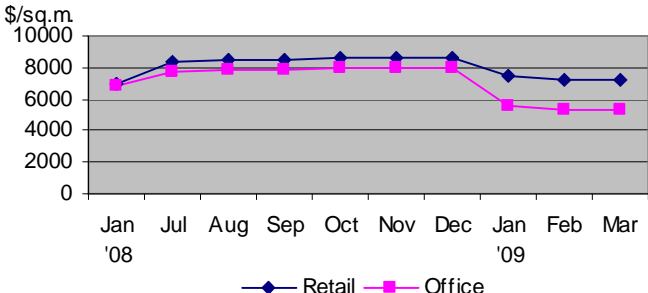
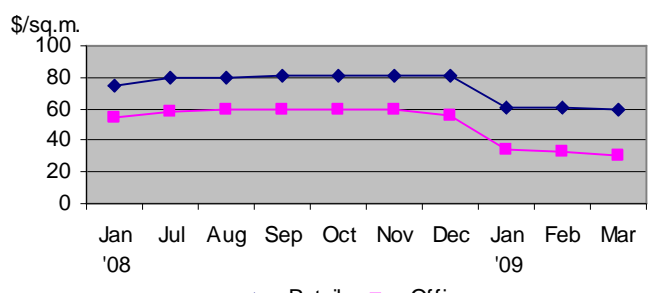
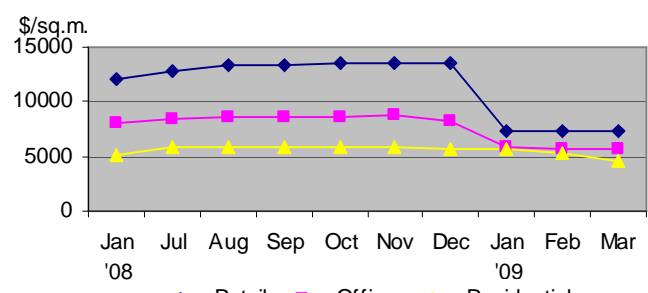
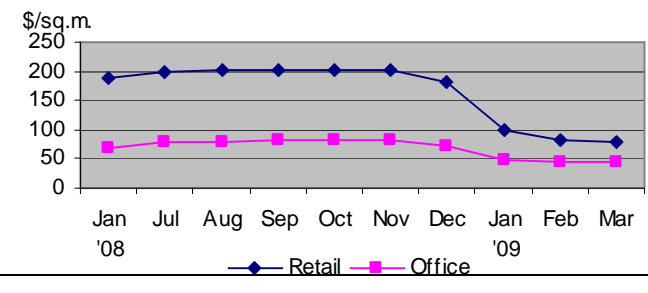
Among markets of regions we can outline the Dnipropetrovsk market where the price is still falling, but we can observe stabilization and some tendencies of price increase. The markets of Mikolaiv, Rivne and L'viv for the present are characterized by instability in the real estate sale sphere.

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

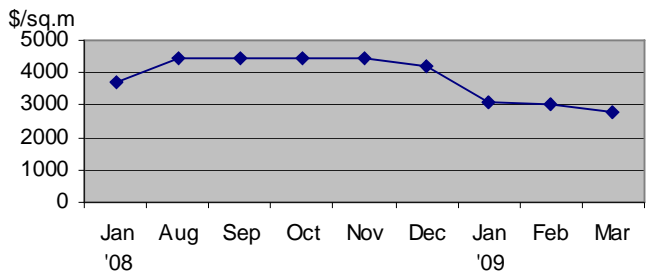
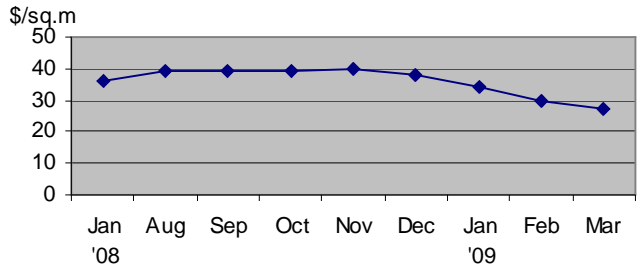
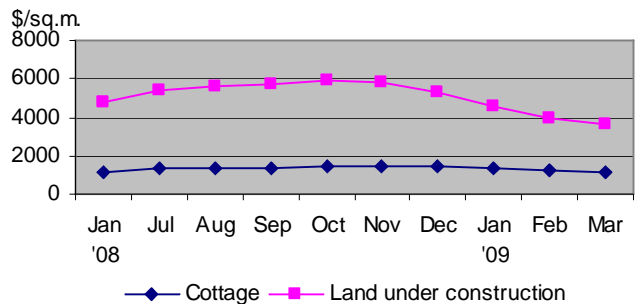
Kyiv (on average)

Sale			
Property Type	Property Type		Property Type
	01.02.09	01.03.09	
Retail	7 000	6 902	
Office	4 096	4 035	
Residential	2 860	2 259	
Rent			
Retail	100	80	
Office	47	47	

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

Podol (historical part)			
Sale			
Property Type	Property Type		Property Type
	01.02.09	01.03.09	
Retail	7 200	7 200	
Office	5 350	5 350	
Rent			
Retail	61	60	
Office	33	30	
Shevchenkivskiy district (historical center)			
Sale			
Retail	7 282	7 275	
Office	5 750	5 700	
Residential	5 377	4 598	
Rent			
Retail	81	80	
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
	01.02.09	01.03.09	
Office	3 000	2 800	
Rent			
Office	30	27	
Brovarskoy district of Kyiv region			
Cottage	1 266	1 142	
Land	3 931	3 601	

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

New Darnitsa			
Sale			
Property Type	Property Type		Property Type
	01.02.09	01.03.09	
Retail	2 500	2 500	
Office	2 011	2 011	
Rent			
Retail	27	26	
Office	19	18	
Darnitskiy district (Poznyaki)			
Sale			
Retail	2 395	2 264	
Office	2 197	2 197	
Rent			
Retail	29	28	
Office	28	26	

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

Dnipropetrovsk region			
Sale			
Property Type	Property Type		Property Type
	01.02.09	01.03.09	
Office	900	800	
Logistics	400	400	
Rent			
Office	10	9	
Logistics	6	6	
Mykolaiv region			
Sale			
Office (city)	1 315	1 315	
Office (in storages)	600	550	
Logistics	300	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
	01.02.09	01.03.09	
Office	910	798	<p>Legend: Office (blue diamonds), Logistics (pink squares)</p>
Logistics	639	600	
Rent			
Office	5	5	<p>Legend: Office (blue diamonds), Logistics (pink squares)</p>
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																								
	01.02.09	01.03.09																									
Sale																											
Retail	4 700	4 600	<table border="1"> <caption>Estimated data for Sale Chart</caption> <thead> <tr> <th>Month</th> <th>Retail (\$/sq.m)</th> <th>Office (\$/sq.m)</th> <th>Residential (\$/sq.m)</th> </tr> </thead> <tbody> <tr> <td>Jan '08</td> <td>6000</td> <td>2000</td> <td>1800</td> </tr> <tr> <td>Jul</td> <td>7000</td> <td>2200</td> <td>2000</td> </tr> <tr> <td>Jan '09</td> <td>5000</td> <td>2500</td> <td>2000</td> </tr> <tr> <td>Feb</td> <td>4800</td> <td>2200</td> <td>1800</td> </tr> <tr> <td>Mar</td> <td>4800</td> <td>2200</td> <td>1800</td> </tr> </tbody> </table>	Month	Retail (\$/sq.m)	Office (\$/sq.m)	Residential (\$/sq.m)	Jan '08	6000	2000	1800	Jul	7000	2200	2000	Jan '09	5000	2500	2000	Feb	4800	2200	1800	Mar	4800	2200	1800
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Feb	28	17																									
Mar	28	16																									
Office	16,5	16																									

The Dynamics of Valuation Changes of sales for building materials

Name	Price, grn.		Annual diagram of valuation changes
	01.02.09	01.03.09	
Cement, t	780.0	780.0	<p>The figure consists of two line charts. The top chart, titled 'Annual diagram of valuation changes', shows the price in grn for five materials from January 2008 to March 2009. The y-axis ranges from 0 to 1600 grn. The materials are: Cement, t (blue diamonds), Brick, ths. (pink squares), Foam concrete, cub.m (yellow triangles), Pane, sq.m (cyan crosses), and Malm, t (purple asterisks). Cement and Brick show the most significant price fluctuations, while Foam concrete, Pane, and Malm remain relatively stable. The bottom chart shows the price for Metal, t (blue diamonds) from January 2008 to March 2009, with a y-axis ranging from 0 to 8000 grn. The price for Metal starts around 5000 grn, peaks in late 2008, and then declines significantly by early 2009.</p>
Brick, ths.	1 110	1 110	
Foam concrete, cub.m	700.0	700.0	
Pane, sq.m	67.0	54.0	
Malm, t	48.0	48.0	
Metal, t	4 000	4 500	