



# BULLETIN

## REAL ESTATE MARKET

OF KYIV AND THE REGIONS OF UKRAINE

### Sales volume increased in the capital land plot market



This spring the number of the sale/ purchase transactions of land near Kyiv, dedicated for housing construction, has doubled in relation to last year's summer period, as inform the experts of the SocMart Real Estate Web-site.

But, despite this trend, during the spring season, the price of land plots fell and didn't rise. It's still possible to haggle with land sellers and bring down the price by 5%-10%. Experts explain such situation by a very large volume of proposals on the Kyiv land market. Currently, the market is proposing for sale more than 25 000 land plots that is at least 1.5 times more than it was in the same period of 2009.

We observed increased market of land acquired for the private residential property construction when the buyers started again to buy secondary and primary residential properties. In addition, the experts insist that this year the market is enlarged not only by end users who buy land for themselves, but also by speculators who have decided to earn extra money in this segment.

Sergey Kostetskiy, chief expert of the marketing department of SV Development Consulting Company, said that if in the peak of economic crisis in the spring 2009 there were from 400 to 700 purchase and sale transactions of land plots for construction, so at the start of current year the number of transactions increased to 700-1000. During the spring period each month showed significant movements, buyers and sellers signed more than 1.5 thousand contracts. These figures are in two – three times lower than in 2007-2008, but still it's quite acceptable taking into account that the price collapse stopped in the capital land market. With regard to a general audience of buyers, one may note that Kievites were the most active buyers of the suburban land plots. They covered 90% of all land plot purchase transactions, according to the SocMart real estate web-resource. Today the situation has changed and the proportion of buyers from Kyiv has decreased to 55%-60%.

Residents of the satellite cities of Kyiv (Brovary, Borispil, Vyshgorod and others) became more active. And the number of people from these cities who are interested to purchase land for individual construction has increased substantially.

Analysts say that new interest to land near Kyiv has been entirely predictable, since people with savings of 10-20 thousand dollars, due to the impossibility of taking a mortgage, have no opportunity to buy a complete residential real estate, even in remote suburban areas. But for such a sum it is possible to buy a land plot for the summer house construction, because the prices have fallen several times in the last couple of years.

Yuriy Bifius, leading expert of suburban real estate department in "Blagovest" Real Estate Agency, noted that today the capital land market has had a deferred demand. Many people who accumulated a small sum and a couple of years ago had intentions to buy a land plot near Kyiv, but due to the outbreak of global crisis, they decided to postpone the purchase. Now, when the cost of land has decreased, they decided to realize their deferred plans to purchase land. The number of the capital residents, who don't have their own land and summer houses, also increased at the expense of those people who arrived in Kyiv after the change of power. Mr. Bifius also stated that the speculators began to appear at the market with purpose to buy land plots for construction and their further resale. They consider such a possibility, as long-term investment, because the present market situation allows the buyer to show its requirements.

Leonid Cherepeynik, CEO of "Rodnoy Kray" Real Estate Agency in Brovary, told that most of his clients decided to sell their second or third apartments, which they previously leased out, to buy land plot. These transactions were particularly popular in the days before the crisis.

21.06.2010

SocMart

International agencies  
upgraded the ratings  
of Ukraine to the level of  
2008 **page 4**

In Kyiv a five-year program  
for social housing construction  
is approved **page 4**

News of Ukrainian  
legislation **page 6-8**

Real Estate Market  
Observation **page 9-15**



# NEWS DIGEST

## ESTA Holding reconstructs Kiev hotel in Donetsk

Ukrainian Holding Company ESTA Holding reconstructs the Kiev hotel at Pushkin Boulevard in Donetsk in preparation of Ukraine for the European Football Championship 2012.

The total area of 4-storey hotel building, designed for 80 rooms, is approximately 5.5 ths.sq.m. The reconstruction concept will be approved soon.

18.06.2010

Commercial Property

## Ten skyscrapers-twins to be constructed on the left bank of Kyiv

Kyiv City Planning Council approved the project for construction of ten skyscrapers-twins on the left bank of the Dnipro River. Nowadays it is a bare place with water park and business center to be constructed there soon.

The project includes construction of a kindergarten for 120 kids and equipped recreation area with free access to water. The lower floors will serve for infrastructure development.

The total plot area is 7.3. hectares. The entire project requires 1 347 apartments, 1350 parking places, 3100 inhabitants.

14.06.2010

Gazeta po-kievski

## The Parliament of Ukraine legislatively defined the concept of road services

The Verkhovna Rada of Ukraine amended the Law of Ukraine on the autoroads in order to obtain permission for the road service placement.

The document proposes to add the law

of Ukraine on the autoroads with new term "elements of sanitary facilities" of highways and to clarify the concept of "road service facilities".

In particular, the "elements of sanitary facilities" include toilets, bins, garbage containers, as well as "other sanitary equipment".

The Law also specifies that the objects of road service are specially equipped places for the minibus stops, vehicle parking areas, rest areas, service stations, maintenance facilities, hotels, campgrounds, retail facilities, including small architectural forms, storage complexes, facilities of medical and evacuation assistance, catering facilities, as well as special road service objects.

01.06.2010

Interfax Ukraine

## Official «Harley-Davidson» store opened in Kyiv

Recently the first official Harley-Davidson store was opened in Kyiv.

The store area is 267 square meters; it was designed by Italian design office "Liquid" under the direction of the architect Paolo Becagli.

At present, Ukrainian motorcycle enthusiasts can purchase any of the 11 models presented by types Dyna, Sportster, Sftail, VRSC and Touring. Among them there is a unique type «Harley-Davidson Screaming Eagle Dyna Anniversary», jubilee motorcycle (issued in 2008) in limited edition. In the store one can also buy souvenirs, accessories and clothing with Harley-Davidson symbols.

14.06.2010

Kievpost.net

## TMM Company bought "Ultra" Premium Class residential complex in Kharkiv for further development

TMM Development and Construction Company completed acquisition of the development project of the Ultra Premium Class residential complex at 20, Otakara Yarosha Lane in Kharkiv, put into service in the fourth quarter of 2009, as it was announced in the company's press release on Friday.

LLC "Ukrimpeks" (Kharkiv) was a seller. According to the report, TMM will operate the Ultra residential complex and sell unsold 111 apartments with total area of about 13 ths.sq.m., which is more than 50% of the total apartment complex area and 52 parking places.

In addition, TMM will hold a series of finishing works to bring the object to the quality standards of the development company.

The total area of 25-storey "Ultra" residential complex (222 apartments), consisting of two residential towers with penthouses and non-residential part, is 41.2 ths.sq.m.

04.06.2010

Building.ua

# NEWS DIGEST



## Fairmont Raffles Hotels Chain will open Swissotel in Kiev



Major hotel chain, Fairmont Raffles Hotels, brings to Ukraine its next brand – Swissotel.

Ukrainian KDD Group signed with Swissotel Hotels & Resorts a contract to manage five-star hotel in the Sky Towers Business Center in Kiev, as it is announced in the development company message. The hotel will have approximately 500 rooms and will be located on Pobeda Avenue.

For Swissotel this is the first project in Ukraine. Fairmont Raffles Hotels will open on the Ukrainian market this year its luxury-brand Fairmont.

23.06.2010

Kommersant

the private companies, experts note.

As the edition writes, the “Standard & Poor’s” (S & P) upgraded the long-term credit rating of Ukraine on one level: liabilities in foreign currency – from B to B+, in national currency – from B+ to BB-. Last time Ukraine has such long-term rating in June 2008, when due to high inflation it was cut from BB- to B+. Notably, the growth rate of GDP as in the first half of 2008, and so in the first half of 2010 was 6.3% (the Cabinet of Ministers evaluation).

S&P confirmed the short-term ratings of Ukraine for liabilities in foreign and national currency at the B level with the stable forecast. Ukraine was increased at the national rating scale from uaA + to uaAA-. The debt reimbursement level after default was confirmed at the level 4.

The Fund adopted this positive decision on July 28 and this fact allowed S&P to announce the rating improvement. “The IMF Program will increase the chances of stabilization measures realization that strengthens the stability of the Ukrainian economy and public sector financing», - said Kai Shtukenbrok, the S&P credit analyst.

30.07.2010

Kommersant - Ukraine

establishes composition of lands used for power engineering and the legal regime of their use; carrying out and limitation of economic activities in specific areas of the energy facilities etc.

09.07.2010

Rbk.ua

## Foreign funds are ready to buy land plots in Ukraine for the commercial construction

Foreign developers are ready to buy land in cities of Ukraine for construction of shopping centers, says the head of the subsidiary, Plaza Centers NV in Ukraine, Rostislav Levinsohn.

“We are talking about the construction of 30-50 new commercial property objects in Ukraine. It is planned to built commercial and entertainment complexes in Kyiv, Kharkov, Dnepropetrovsk, Odessa, Lviv and Donetsk,” – he explained.

15.07.2010

SocMart

## International agencies upgraded the ratings of Ukraine to the level of 2008

Restoring of cooperation between Ukraine and IMF increased the country’s ratings. “Standard & Poor’s” for the third time this year increased the country’s long-term ratings in foreign and national currency.

Permanent improvement of the Ukraine’s credit ratings increases the possibility of raising debt capital as by the State so by

## Verkhovna Rada adopted the Law on the land used for power engineering and legal regime of the special energy facilities areas

The Verkhovna Rada of Ukraine adopted the Law on the lands used for power engineering and the legal regime of the special energy facilities areas”.

The Law defines legal and organizational principles for provision of the land plots for the energy facilities placement,



# NEWS DIGEST

## Changes in the Law against money laundering in the real estate sphere

On July 20, a press conference was held dedicated to "Financial monitoring of real estate professionals, in accordance with the new Law of Ukraine "On prevention and counteraction to legalization (laundering) of proceeds from criminal activities". This Law should bring the real estate market from the shadow. "We believe that this law is very important for Ukraine, for its cooperation globally and very important for bringing the real estate market out of the shadow", - said Andriy Shulga, the president of the Association of Realtors of Ukraine (ARU). This Law lists the subjects of primary financial monitoring: lawyers, notaries, auditors, as well as business entities that provide intermediary services for real estate buying and selling. The Association of Realtors of Ukraine worked over the changes in the Law. Among the innovations the Law includes such clauses:

1. The real estate market operators perform their duties of the primary financial monitoring subjects only during the sale of real estate, and not as before, during all operations with real estate.
2. The primary financial monitoring subjects will be all operators of the real estate market, not just sellers.
3. Operators of the real estate market must report to the financial monitoring committee only if the amount of real estate transaction is equal to or greater than 400 thousand UAH.
4. The real estate agency director or the entrepreneur may be responsible for conducting financial monitoring.

21.07.2010

Property Time

## Parliament of Ukraine adopted a law that ensures

## the Euro-2012 holding

The Verkhovna Rada of Ukraine adopted a law ensuring preparation and holding of the Euro 2012 finals (a law amending the law "On State procurement", the law "On organization and holding of the Euro 2012 finals in Ukraine").

This document amends the law on public procurement, according to which the separate laws define the procurement features of goods, works and services. Such procurement is implemented for the funds administered by the specially authorized executive agency for the preparations and holding of Euro-2012 for use measures of state discounts program for the championship.

In addition, the adopted law complements the Law "On organization and holding of the Euro 2012 finals in Ukraine" by a new article defining the procurement features of goods, works and services for the funds administered by the specially authorized central executive authorities in preparation of Euro 2012 in Ukraine.

According to the law, the procurement of goods, works and services for the funds administered by the specially authorized central executive body for the organization and holding of the championship will take place on the procurement procedure from one party without consent of the competent authority in the area of procurement, according to which the customer signs a contract for the purchase with the client after negotiations with it.

The law established that the procurement procedure from one participant is used after consultation with a specially authorized central executive authority, responsible for Euro 2012 holding in Ukraine.

The law established conditions and rules of such purchases.

In addition, the law requires the customer

to inform the authorized body on such procurement from one participant within five working days.

08.07.2010

Interfax-Ukraine

# NEWS DIGEST



## Starwood Hotels & Resorts Worldwide, Inc signed a deal with LLC «Budhaus Group»

Starwood Hotels & Resorts Worldwide (SH&RW) signed with LLC «Budhaus Group» a contract to manage the new hotel in the center of Zaporozhye, says First Deputy Mayor Vladimir Grishchenko. According to the Director of Development SH&RW in Russia and CIS, Anatoliy Kondratenko, the document was signed last Friday and provides management of the four-star hotel "Four Points" for 167 rooms. The hotel will be built at the intersection of the Shevchenko Boulevard and Tbilisi Street, the construction is scheduled for completion in spring 2011. For SH&RW the project in Zaporozhye will be the first in Ukraine.

08.07.2010  
Kommersant.ru

## Metro is opened in Kremenchug

Metro Cash and Carry opened the first in Ukraine wholesale center "metro base" in the storage area of "Prostor" supermarket on 50-letiya Oktiaybriya Ave., 96 in Kremenchug.

According to Director of Business Development, Jonathan Torr, "Metro Base" is the new format of Metro Cash & Carry stores, which the company begins to develop in Ukraine since 2010.

Metro Base offers on the area of 2 ths. sq.m. a range of over 2 ths. items of food and nonfood products. This store will serve the small retailers (mini-markets, kiosks and "shops near home"), that is why only legal entities or private entrepreneurs will be able to buy in such stores.

According to the director of Metro

Cash&Carry Ukraine, Jaco Boulin, with the help of a new shopping format the company will be able to cover smaller cities, expanding the geographic presence and using smaller amounts of investments. However, the company will continue to develop in Ukraine a network of Metro shops in classical format.

21.07.2010  
Property Time

## In Kyiv a five-year program for social housing construction is approved

Kyiv City Council approved the program of the social housing development in Kyiv for 2010-2015, which is supposed to provide with living area 1450 families (51 sq.m. per family).

Under the adopted program it is expected to provide 68.85 ths.sq.m. to the social housing fund at the expense of new construction. «In addition, 3 ths. sq.m. are expected to provide through an available vacant housing, which is in communal property, and 2.1. ths. sq.m. – from apartments of the social housing fund, built in 2009", - noted in the program.

21.07.2010  
Agent.ua

## The French are going to build a construction hypermarket in Kyiv

Groupe Adeo (France), international operator of building supermarkets, plans to build a construction hypermarket in Desnyanskiy district of Kyiv.

Groupe Adeo and its Ukrainian subsidiary Leroy Merlin Ukraine Ltd. Acquired LLC Solteks-Group, which is a tenant of

the land area of about 4 hectares, in Desnyanskiy district of Kyiv, which was the push for the project start.

«The transfer of shares in LLC Solteks-Group is a logical consequence of the implementation of several agreements between the investor and local developer, and at the same time it was the beginning for the implementation of new contracts related to the project, including project management contract or other agreements,» – note the lawyers.

15.07.2010  
Korrespondent.net

# NEWS OF UKRAINIAN LEGISLATION



OUR LEGAL PARTNER

Member of European Business Association [www.eba.com.ua](http://www.eba.com.ua)  
Member of American Chamber of Commerce [www.chamber.ua](http://www.chamber.ua)  
Member of ALFA International [www.alfainternational.com](http://www.alfainternational.com)  
Member of State Capital Group [www.statecapitalgroup.org](http://www.statecapitalgroup.org)  
Member of Mackrell International [www.mackrell.net](http://www.mackrell.net)

# Arzinger

## Clarification of the National Bank regarding foreign investments in Ukraine

The National Bank of Ukraine (NBU) has issued a letter d/d 06.04.2010 # 13-215/2974-9413 clarifying the order of execution of foreign investment after entry into force of the Law d/d 04.27.2010 # 2155-VI «On amendments to certain regulatory acts of Ukraine regarding encouragement of foreign investment and crediting». It will be recalled that the Law in question had annulled restrictions in the sphere of investment activities, in particular those regarding carrying out foreign investment activities exclusively in UAH and via investment accounts. At the same time, after entry into force of the Law the NBU regulatory acts stipulating the mentioned restrictions remained valid.

Such development triggered uncertainty regarding application of legislative regulations on foreign investment procedure in practice.

The NBU letter d/d 06.04.2010 # 13-215/2974-9413 reported drafting of due amendments to certain regulatory acts, including the Regulation on the regime of foreign investment in Ukraine, aimed at harmonization of the given acts with law provisions.

Also, the NBU informed that until these amendments take effect, in addition to the list of operations stipulated by the effective wording of the Regulation on the regime of foreign investment in Ukraine, a foreign investor is permitted:

1) For carrying out foreign investing in Ukraine to transfer foreign currency which

refers to the 1st group of the Classifier of foreign currency and banking metals (hereinafter – foreign currency):

- From abroad to the current account of a resident (for banks – to their correspondent accounts) without using an investment account;
- From its investment account to the resident's current account, to the investment account of another foreign investor or to the current account opened with an authorized bank for the purpose of conducting of joint investment activities in Ukraine by a foreign investor and a resident company without setting-up a legal entity;
- To the deposit account of a foreign investor – legal entity opened with an authorized bank, with the purpose of placing investment deposit from this investor's investment account and from its own accounts abroad;

2) For remittance of foreign investment, as well as of profit, revenues and other assets obtained by the foreign investor in connection with its investment activities in Ukraine, to transfer foreign currency:

From resident's current account to foreign investor's investment account with an authorized bank;

- From foreign investor's investment account to the investment account of another foreign investor;
- From the current account opened with an authorized bank for carrying out joint investment activities by a foreign investor and a resident company in Ukraine without setting up a legal entity, to the investment account of this foreign investor.

An individual license from the NBU for the

use of foreign currency as an instrument of payment on the territory of Ukraine is not required for conducting the above mentioned currency transactions.

## Determination of on-location establishment of site boundaries

The Committee of Ukraine for Land Resources by the Regulation d/d 05.18.2010 # 376 approved the Directive on establishment (renewal) of the site boundaries of land plots (on location) and delimitation thereof by boundary marks.

The Order provides for three types of boundary marks for establishment of turning points of land plot boundaries:

Type I – Round-shaped metal mark (grey cast iron, tarnished cast iron or steel) 80 mm in diameter and 12 mm in thickness with a tail piece 135 mm in length and 30 mm in diameter, with two conical grooves 20 mm in diameter which prevent the removal of a mark.

Type II – Construction, which consists of a support (a concrete pillar in the shape of a truncated tetrahedral pyramid (prism) with the lower base sized 200 x 200 mm, a 700 mm high upper base sized 120 x 120 mm, and a metal mark which is cemented into the upper base of the concrete pillar during manufacture of boundary marks.

вид III - 1200 mm high unplasticized polyvinylchloride post 90 mm in diameter.

# NEWS OF UKRAINIAN LEGISLATION



The choice of boundary mark type is made by a land plot owner (user) with regard to local climatic, geological and physical conditions.

Moreover, all boundary marks shall be manufactured only by an enterprise subordinated to the Committee for Land Resources.

Boundary marks placed before the entry into force of the Regulation shall be valid and are subject to replacement only upon a voluntary request of a land plot owner (user).

## Regulation of public private partnership

On July 1, 2010 The Parliament of Ukraine adopted the Law «On public private partnership» (draft No 5239).

The Law determines the legal basis of interaction of state partners with private partners as well as fundamentals of public private partnership on a contractual basis.

According to the Law, «public private partnership is the cooperation between the state of Ukraine, the Autonomous Republic of the Crimea, territorial communities represented by respective state or local self-government authorities (state partners) and legal entities, except for state and municipal companies, or by natural persons – entrepreneurs (private partners), which is carried out on contractual basis in the order established by this law and other legislative acts».

Private party to the contract which is concluded under public private partnership can be represented by several persons which can be private partners in accordance with this Law. Such persons are jointly and severally liable as per contract which is concluded under public private partnership.

The features of public private partnership are provision of higher engineering-and-economical performance as compared

with activities of a state partner without a private partner involved, duration of relations (from 5 to 50 years), transfer of part of the risks to a private partner in the course of implementation of public private partnership, investment by a private partner into partnership objects from lawful sources.

Public private partnership applies to the following spheres: search, exploration of minerals and mining thereof; heat production, transfer and supply; distribution and supply of natural gas; construction and/or maintenance of motorways, roads, railways, landing strips at landing places, bridges, overpasses, tunnels and subways, sea and river ports as well as their infrastructure; machinery construction; water collection, purification and distribution; health care, tourism, rest, recreation, culture and sport; maintenance and operation of irrigation and drainage systems; waste disposal; electric power production, distribution and supply; property administration.

Public private partnership applies to other spheres of activities, except economic activities which according to the law shall be executed only by state enterprises, institutions and establishments. Public private partnership is adjusted to the specifics of legal regime regarding certain objects and types of activities which are envisaged by law.

## Draft Tax Code of Ukraine

On June 17, 2010 the Parliament of Ukraine adopted as a basis the Draft Tax Code of Ukraine. Draft # 6509 sets forth the structural principles of the tax system, a list of taxes, duties and other compulsory payments to budgets of all levels, tax charge procedure, taxation rate, legal status of tax payers, tax administration procedure as well as the order and terms of imposing financial

sanctions on tax payers for violation of tax legislation.

Particularly, the draft contains a provision on the competence of state and local self-government authorities in terms of imposition, change and abatement of taxes, a list of basic rights and duties of tax payers, a list of financial sanctions, which can be applied to tax payers in connection with violation of tax legislation.

The document provides for substitution of a person's identification number for registration number of such payer's record card. Furthermore, the identification numbers formerly conferred to tax payers shall be set equal to record card numbers. Compulsory provision of tax statement is imposed on major and average enterprises to be submitted in electronic form with application of a digital signature of advance holders in the order stipulated by legislation, and with confirmation of such reporting on paper medium.

The draft introduces methodological principles maximum approximated to accountancy for determination of profit tax objects, which stipulate that recognition and classification of receipts and expenditures is effected from the principle of «calculation and conformity of receipts and expenditures» accepted in accounting, i.e. regardless of delivery or cash payment date adjusted for certain restrictions.

The innovation investment constituent of reformation of this tax shall be provided by graded reduction of income tax rate from 25 to 20 per cent (in 2011 – 20 per cent, in 2012 – 19, in 2013 – 18, in 2014 – 17 per cent).

Furthermore, it is provided for granting of special investment privileges, namely: in form of innovation investment tax credit, privileges for investment of infrastructure objects possession of which is transferred to state or community.

# NEWS OF UKRAINIAN LEGISLATION



It is also provided for energy-saving incentives: exemption from tax of 80 per cent of company' revenue collected from sale of certain domestically produced energy-saving industrial goods; exemption from tax of 50 per cent of revenue collected from implementation of energy-saving measures and execution of energy-efficient projects by companies engaged in development and implementation of energy-saving measures and energy-efficient projects. Provisions of Section on «Individual income tax» particularly envisage extension of the tax base via imposition of taxes at the rate of 15 per cent from pension part sum or monthly permanent alimony, which tax payers lawfully receive from the Pension fund or the budget, exceeding the maximum legally established salary sum as of January 1 of the fiscal year, from which insurance fees are paid.

In order to level the disproportion (discrimination) in the rate of provided tax benefits for individuals with two or more children, the Law introduces 100 per cent tax benefit per each child (50% of minimum salary) for each parent, simultaneously excluding the right for additional standard tax benefit for one of the parents.

Furthermore, to lessen the tax burden for individuals the following is proposed: establishment of zero tax rate for inherited sums of depreciated money savings; exemption from tax of the value of orders, medals, cups etc. awarded to winners of championships, contests, and of insignificant gifts, if the value thereof does not exceed 50% of a minimum salary as of January 1 of a fiscal year; remission of claim of tax payer's right for tax exemption benefit privilege for no-

purpose beneficent help at the rate of 140% of minimum subsistence income for ablebodied individuals (per annum).

The Law also provides for adjustment of tax discount imputation scheme (tax credit) under calculation. The total annual revenue shall be reduced by the sum of paid to the Pension and social insurance funds.

The rules have been stipulated for determination of taxable basis and the procedure of income taxation of self-employed individuals, including those exercising independent professional activity. In this regard natural persons – entrepreneurs are obliged to submit their tax statements only at year's end and to place advance repayments calculated individually by entrepreneurs over a year's period, at the minimum rate of 100% of previous year's payment under comparable terms.

In order to promote investment in all branches of economics unification of approaches to passive income taxation is envisaged in the form of income on investments. Thus, it is provided for leveling of taxation terms for dividends and interests via establishment of equal tax rate of 5 per cent starting from 2013.

## Arzinger Head Office

Business Centre Eurasia; 75, Zhylyanska Str., 5<sup>th</sup> Floor; 01032, Kyiv, Ukraine; Tel.: +38 (044) 390 55 33; Fax: +38 (044) 390 55 40

## Lviv Office

6, Generala Chuprynyk Str., 1<sup>st</sup> Floor; 79013, Lviv, Ukraine; Tel.: +38 (032) 242 96 96; Fax: +38 (032) 242 96 95

[www.arzinger.ua](http://www.arzinger.ua)



# REAL ESTATE MARKET OBSERVATION

## Kyiv

June, despite the seasonal expectations, was one of the most active months in the construction industry, in general, and in the residential real estate sphere, in particular. Buyers showed high interest to new buildings if one compares with the period before the crisis.

In the commercial real estate sphere some changes took place.

During the period from 16-30 June 2010 the average shopping center attendance in Kiev fell by 1.33% to 1117 people per 1000 square meters of retail space. The average vacancy rate was 1.9% in the capital shopping centers. But commercial segment still remains unsaturated, while new projects enter the market with high occupancy level. In addition, many international retail operators showed new interest in Ukraine; primarily they are interested in the premises with an excellent location – with heavy pedestrian and vehicle traffic. The average rent index for vacant premises in Kyiv shopping malls rose by 1% for this month. The office premises rent rate remained at the same level. In the sales segment of office and commercial premises in Kyiv the average price per 1 sq.m. rose slightly to 0.2% and 1.2%. The highest cost proposed per 1 sq.m. was recorded in the center of Kyiv in June in the office premises sales market, and the lowest cost was in Dniprovskiy District of Kyiv (\$1040).

The housing price on the secondary market remained unchanged at \$ 2227 per sq.m.

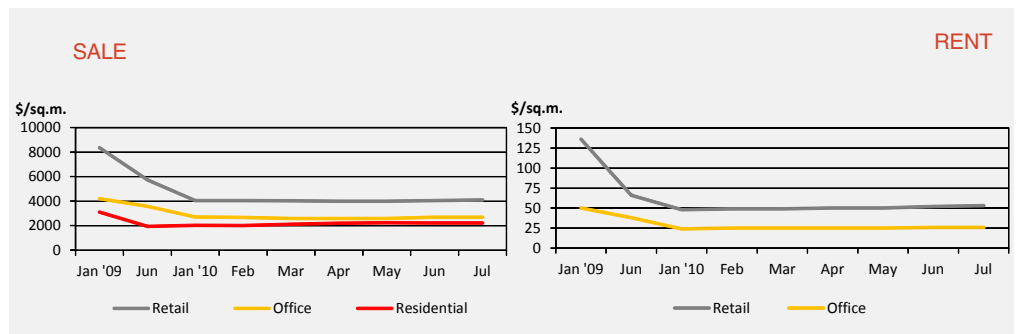
At the cottage market of Kyiv region, prices for cottages rose by 1.2% and for land plots decreased by 0.8%.

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

Kyiv (on average)

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 4 050             | 4 100    |
| Office        | 2 694             | 2 700    |
| Residential   | 2 227             | 2 227    |
| <b>Rent</b>   |                   |          |
| Retail        | 52                | 53       |
| Office        | 26                | 26       |

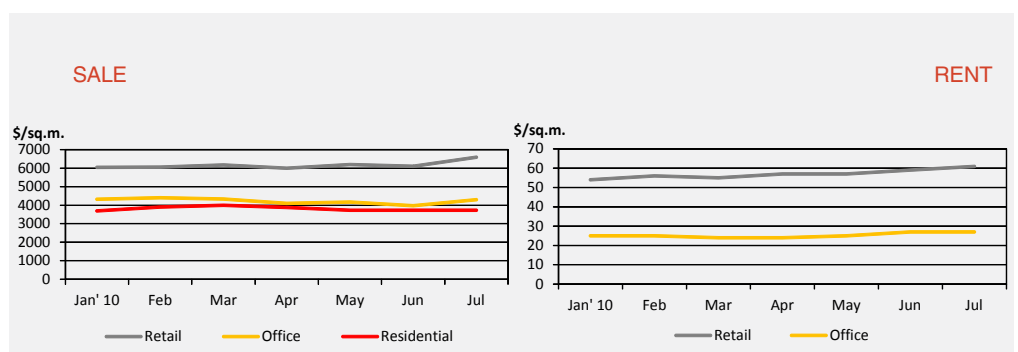
Property Type



Centre

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 6 100             | 6 588    |
| Office        | 3 969             | 4 298    |
| Residential   | 3 730             | 3 730    |
| <b>Rent</b>   |                   |          |
| Retail        | 59                | 61       |
| Office        | 27                | 27       |

Property Type



# REAL ESTATE MARKET OBSERVATION

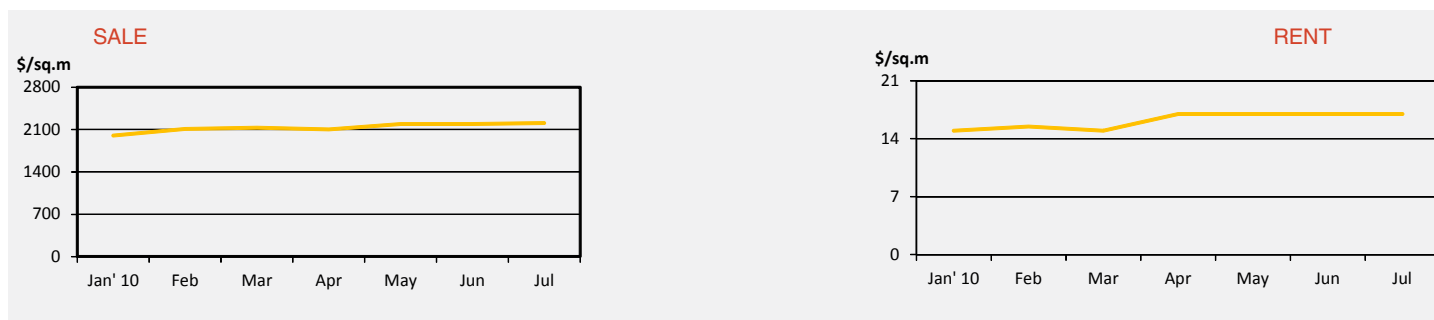


## The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial Property

### East Kyiv (Solomyanka)

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Office        | 2 190             | 2 207    |
| <b>Rent</b>   |                   |          |
| Office        | 17                | 17       |

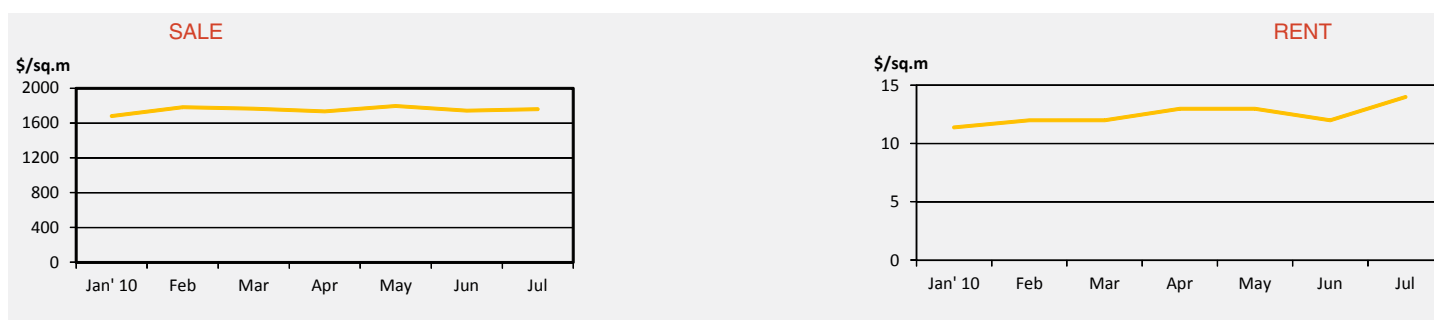
#### Property Type



### West Kyiv (Svyatoshin)

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Office        | 1 744             | 1 759    |
| <b>Rent</b>   |                   |          |
| Office        | 12                | 14       |

#### Property Type





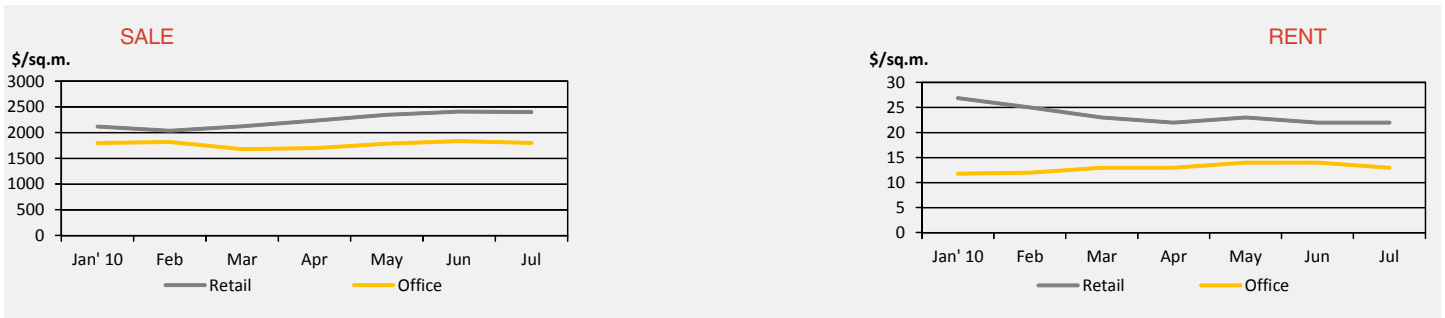
# REAL ESTATE MARKET OBSERVATION

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

Left bank

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 2 408             | 2 400    |
| Office        | 1 838             | 1 800    |
| <b>Rent</b>   |                   |          |
| Retail        | 22                | 22       |
| Office        | 14                | 13       |

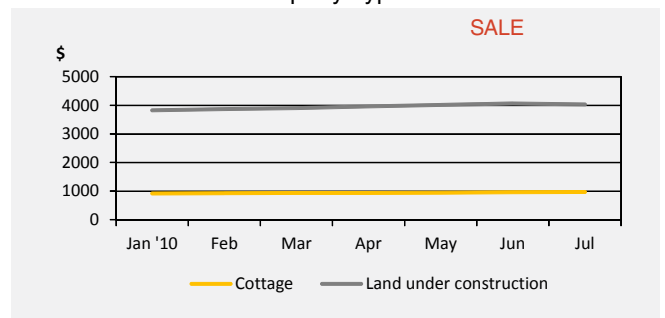
Property Type



Kyiv region

| Property Type  | Price, USD |          |
|----------------|------------|----------|
|                | 01.06.10   | 01.07.10 |
| <b>Sale</b>    |            |          |
| Cottage, sq.m  | 967        | 979      |
| Land, 100 sq.m | 4 063      | 4 031    |

Property Type



# REAL ESTATE MARKET OBSERVATION

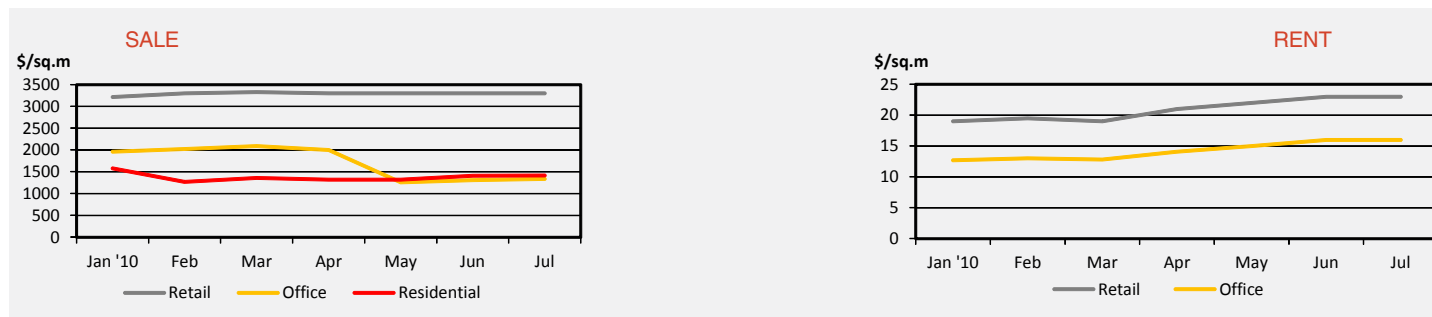


The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property  
The regions of Ukraine

Lviv

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 3 300             | 3 300    |
| Office        | 1 311             | 1 337    |
| Residential   | 1 410             | 1 419    |
| <b>Rent</b>   |                   |          |
| Retail        | 23                | 23       |
| Office        | 16                | 16       |

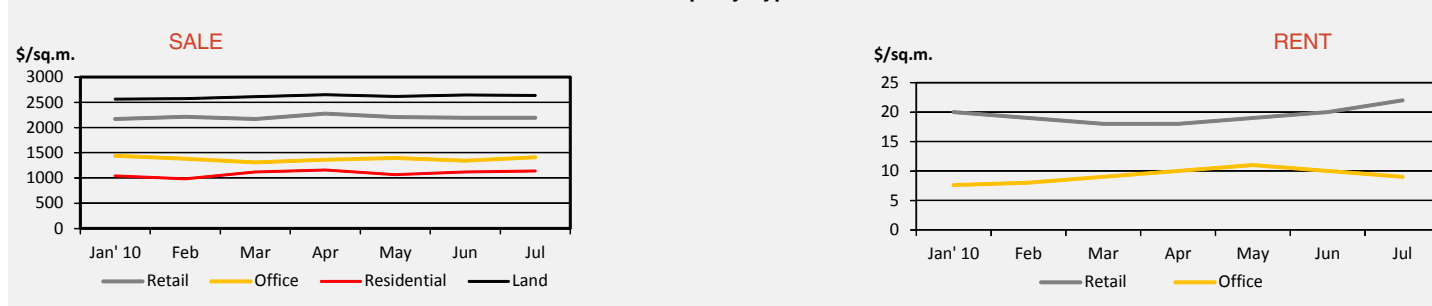
Property Type



Dnepropetrovsk

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 2193              | 2193     |
| Office        | 1340              | 1407     |
| Residential   | 1118              | 1136     |
| Land          | 2644              | 2635     |
| <b>Rent</b>   |                   |          |
| Retail        | 20                | 22       |
| Office        | 10                | 9        |

Property Type





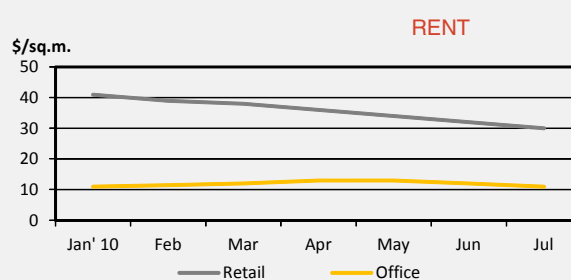
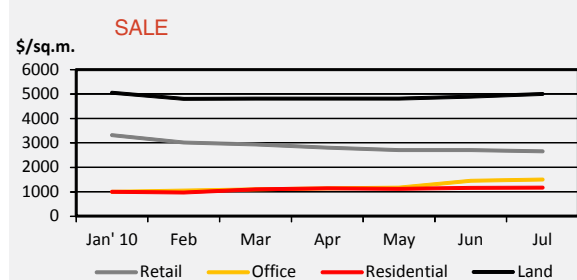
# REAL ESTATE MARKET OBSERVATION

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

Donetsk

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 2 700             | 2 650    |
| Office        | 1 450             | 1 500    |
| Residential   | 1 161             | 1 168    |
| Land          | 4 890             | 5 000    |
| <b>Rent</b>   |                   |          |
| Retail        | 32                | 30       |
| Office        | 12                | 11       |

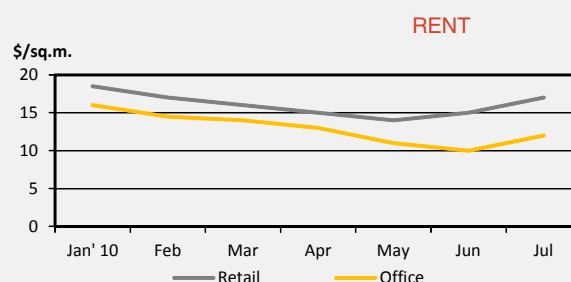
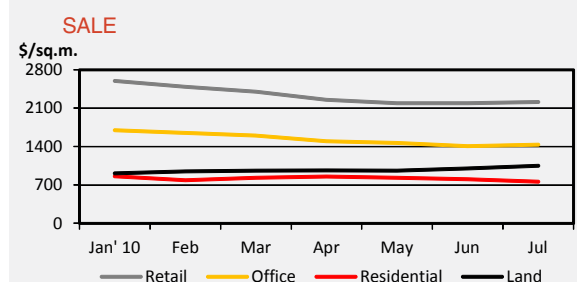
Property Type



Zaporozhia

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 2 192             | 2 214    |
| Office        | 1 408             | 1 436    |
| Residential   | 805               | 759      |
| Land          | 1 000             | 1 050    |
| <b>Rent</b>   |                   |          |
| Retail        | 15                | 17       |
| Office        | 10                | 12       |

Property Type



# REAL ESTATE MARKET OBSERVATION

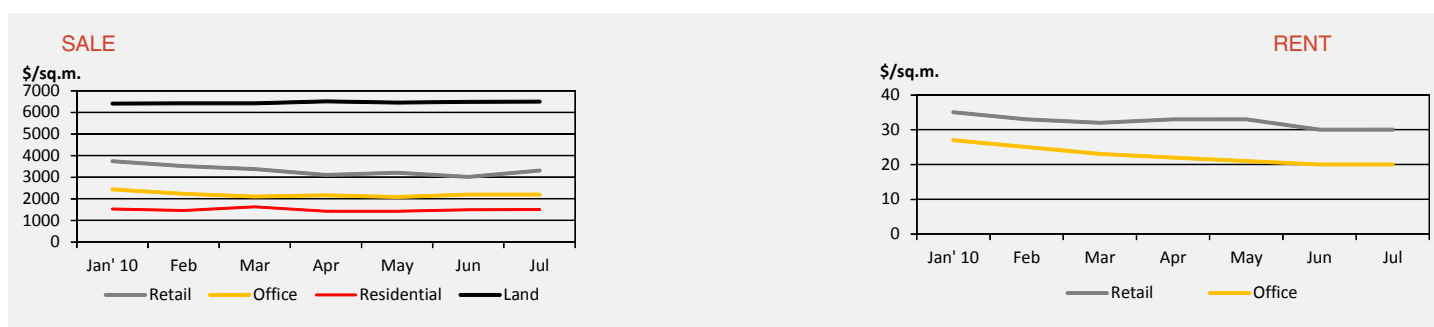


The Dynamics of 1 sq.m Valuation Changes in the Sectors of Commercial and Residential Property  
The regions of Ukraine

Odessa

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 3 008             | 3 300    |
| Office        | 2 189             | 2 189    |
| Residential   | 1 485             | 1 502    |
| Land          | 6 486             | 6 498    |
| <b>Rent</b>   |                   |          |
| Retail        | 30                | 30       |
| Office        | 20                | 20       |

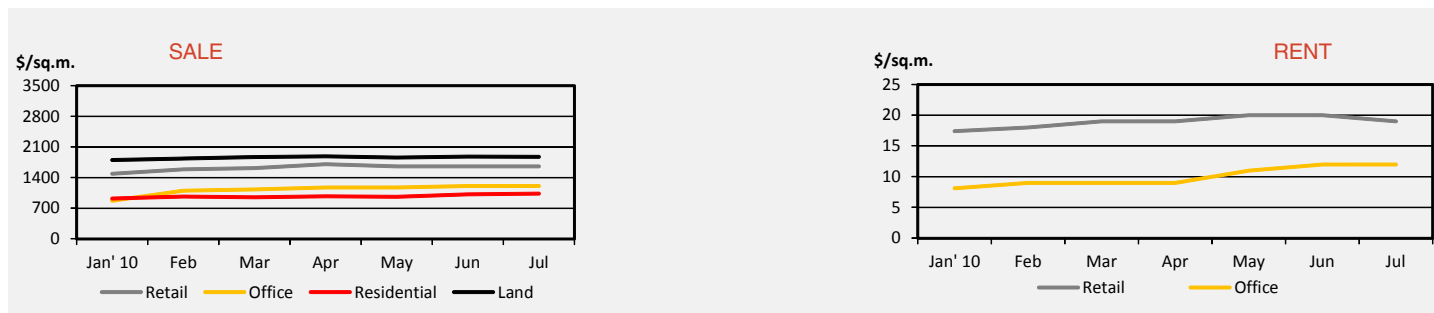
Property Type



Kharkiv

| Property Type | Price, USD/1 sq.m |          |
|---------------|-------------------|----------|
|               | 01.06.10          | 01.07.10 |
| <b>Sale</b>   |                   |          |
| Retail        | 1 658             | 1 658    |
| Office        | 1 210             | 1 210    |
| Residential   | 1 015             | 1 031    |
| Land          | 1 879             | 1 874    |
| <b>Rent</b>   |                   |          |
| Retail        | 20                | 19       |
| Office        | 12                | 12       |

Property Type

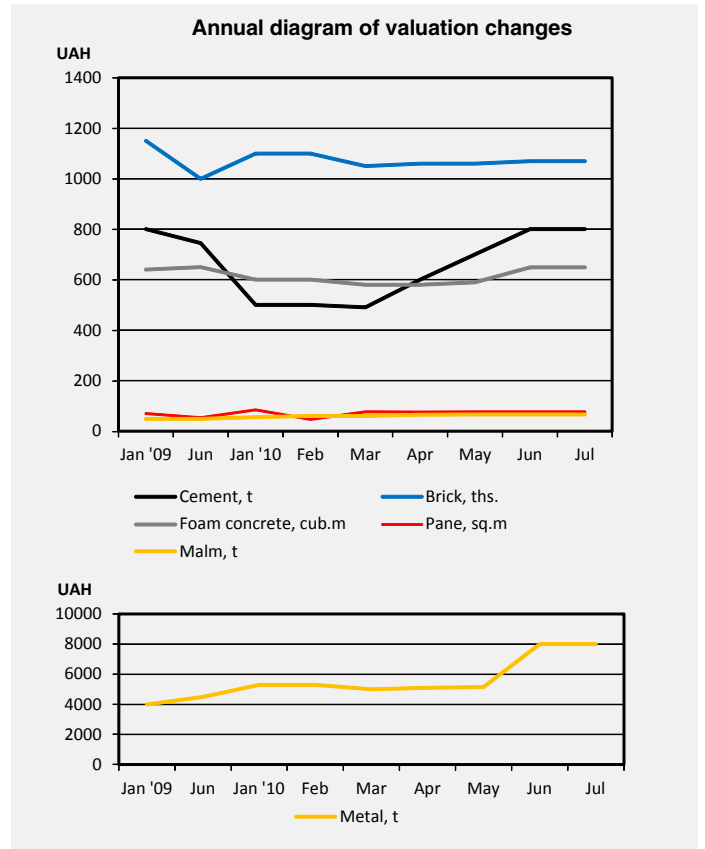


# REAL ESTATE MARKET OBSERVATION



The Dynamics of Valuation Changes of sales for building materials

| Name                 | Price, UAH |          |
|----------------------|------------|----------|
|                      | 01.06.10   | 01.07.10 |
| Cement, t            | 800.0      | 800.0    |
| Brick, ths.          | 1 070      | 1 070    |
| Foam concrete, cub.m | 649.0      | 649.0    |
| Pane, sq.m           | 76.5       | 76.5     |
| Malm, t              | 66.0       | 66.0     |
| Metal, t             | 8 000      | 8 000    |



# CONTACTS

---

**9, Lesya Ukrainka Blvd,  
Kyiv, 01133, Ukraine  
Telephone: +38 044 585 10 80  
Fax: +38 044 585 10 79  
E-mail: [inbox@unidevelop.com](mailto:inbox@unidevelop.com)**

---

## Yuriy Stetskiv

CFO

Telephone: +38 044 585 10 82

E-mail: [stetskiv@unidevelop.com](mailto:stetskiv@unidevelop.com)

## Olga Ivanish

PA to CFO

Telephone: +38 044 585 10 82

E-mail: [o.ivanish@unidevelop.com](mailto:o.ivanish@unidevelop.com)

## Vita Voznyak

Leading Real Estate Analyst

Telephone: +38 044 585 10 80

E-mail: [voznyak@unidevelop.com](mailto:voznyak@unidevelop.com)

---



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



The following internet resources were used during the analysis of the statistic data for this bulletin:  
[SvDevelopment.com](http://SvDevelopment.com), [Realty.ua](http://Realty.ua), [Domik.net](http://Domik.net), [Kanzas.ua](http://Kanzas.ua), [Aviso.ua](http://Aviso.ua), [Agent.ua](http://Agent.ua) etc.