



### Main indicators

According to February's results, supply prices grew insignificantly. The greatest changes were noted in the rental segment for elite apartments.

Market segment	Average prices / rental rates, February 2010, \$/sq m (\$/month)	Change in average prices / rates, %	
		For February 2010	For 12 months
New-build	19,420	0.2	-7.4
Re-sale	23,730	0.9	4.6
Lettings*	6,600	2.3	1.4

\* Rental rates for apartments with a total area of 80 to 150 sq m with a high-quality furnishing.

Source: Knight Frank Research, 2010

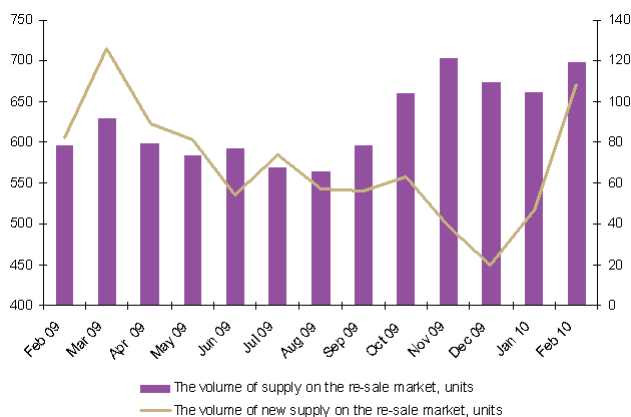
### Trends

- ◆ In February the volume of supply on the new-build market decreased 2.2%. New apartments almost did not appear on the market, which is why in the upcoming timeframe a trend towards flushing the most attractive objects out of the market will be noted.
- ◆ The volume of the re-sale prime residential market, on the other hand, grew 5.4% for the month. A recovery, which has not dropped since autumn 2009, is characteristic not only for potential buyers, but also for owners who have decided to return to accumulating turnovers on the re-sale market. As a result, more than 100 new apartments appeared on the re-sale market according to monthly totals. This is the maximum level since March 2009, when threats of further price decreases and financial difficulties triggered the emission of a large quantity of objects. At the current moment, the market entrance of a large quantity of objects attests the market's restoration.
- ◆ The quantity of deals for the prime residential market grew 28.9% in February. Moreover, the share of deals on the new-build market equaled 36%.
- ◆ An analogous situation is being observed on the mass market. According to data from the Federal Service of State Registration, Cadastre, and Cartography, in February 2010 the number of closed deals was 3% higher than analogous indicators from January 2010 and more than 2 times higher than indicators from February 2009, when the market was at its bottom. A softening of mortgage conditions played a significant role with the mass market, as a result of which the share of deals with

attracting debt capital grew from 15% in January to 22.5% in February 2010.

- ◆ Despite an increase in the quantity of closed deals, prices are growing slowly. For the most part, growth is occurring due to a flushing of objects with the most attractive prices from the market. Moreover, the new-build market up to now has not returned to indicators from the previous year, as the re-sale market already demonstrates a positive dynamic over a 12-month period.

In February 2010 on the re-sale market, the largest volume of new supply since March 2009 was recorded.



Source: Knight Frank Research, 2010

- ◆ For the prime lettings market, an increase in demand and growth in the activity of potential tenants was characteristic in February 2010. The quantity of apartments offered for rent decreased 16.5%, the large part of these occurring due to rented apartments, as well as a result of several owners entering the sales market. At the same time as a decrease in supply, owners raised rates. The average rental rate returned to indicators from the end of 2008.

### Market news

- ◆ In 2010 VTB plans to supply credit in the sum of 20 bln rub to developer companies. About 70% of the volume planned for loan issuance will go to projects in the sphere of residential real estate. As the vice-president of VTB explained, the question regards short-term loans, which will be issued in exchange for collateral of already built commercial objects. (Source: Interfax).

- ◆ An increase in the volume of crediting was summoned in order to help developers realize construction projects. A series of developers have already announced the thawing of objects that were halted during the crisis period. An active search for new plots for construction is being undertaken. The accessibility of credit resources could lead to a growth in supply on the residential real estate market in the middle-term perspective.