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Maintaining an "unstable equilibrium"

Tight monetary policy and economic uncertainty have brought all segments of the commercial real estate market into "unstable equilibrium." The warehouse segment of the Moscow Region is striving for a balance, while demonstrating growth of new construction going on against slowing demandtake-up. The Moscow office real estate market is maintaining a fragile balance: without sharp fluctuations, though getting ready for the upcoming changes. Polina Afanasyeva, Senior Director, Head of Research and Analytics at the Commonwealth Partnership (CMWP), comments on mainstream trends, the impact of the high key rate, and the prospects for development in general.

After a period of turbulence and adaptation, what are the basic dynamics of the office and warehouse real estate markets?

Although the Central Bank has started the key rate reduction cycle, the overall economic backdrop still weighs on the key indicators of the warehouse market. By the end of Q3, the warehouse real estate market in the Moscow Region recorded growth in new construction and a decrease in take-up. Thus, new construction in the Moscow region totaled 1.1 million sq. m over the first nine months of 2025, exceeding the figure for the same period last year by 38%. One of the factors behind the increase is the commissioning of BTS facilities (built-to-suit, for a specific tenant), with deals concluded in 2024. Take-up in warehouse real estate in the Moscow Region over the first nine months of 2025 decreased by 32% compared to the same period in 2024 and amounted to 1.8 million sq. m.

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By the end of Q3 2025, against a backdrop of muted business activity, the Moscow office real estate market continued its slowdown and entered a phase of “unstable equilibrium,” meaning there are no sharp fluctuations in the key indicators’ values, yet the market is on the verge of changes that will alter these metrics. Over the first three quarters of 2025, the take-up declined compared to the same period last year, while the weighted average rental rate increased, and the vacancy share rose moderately. In Q1–Q3, the total area of purchased and leased office spaces was 44% lower than in the same period of 2024. The vacancy rate at the end of Q3 2025 amounted to 4.7%, which is 0.7 percentage points higher compared to 2024. The key factor holding back the indicator growth is the commissioning of already contracted assets and headquarters. Despite overall weighted average rental rent growth during the year, Q3 2025 showed a slowdown in growth. Limited take-up and low vacancy share indicate the exhaustion of further growth potential.



The direction of Russian exports and imports is changing; port utilization is changing: the role of ports in the

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South and in the East of the Russian Federation is mounting. How does this affect the regional demand for warehouse and office real estate? Can we say that the North-West of the country is losing its prominence?

The warehouse real estate market of Russia shows trends similar to those in the Moscow Region: an increase in new construction and a reduction in take-up. New construction in the first nine months of 2025 increased by 59% compared to the same period of 2024, while take-up declined by 55%. Increased costs of debt financing are the key pressure factor for the market activity.

Although the e-commerce sector retains the largest share of take-up in Russia (46%), the pace of warehouse space expansion in this segment is expected to slow in Q4 this year, which will further contribute to subdued demand.

The high key rate "froze" many projects. How much has the profitability of development changed in the current environment?

Indeed, tight monetary conditions have led to a decrease in construction activity, particularly in regard to speculative projects and projects pursuing a rental-led strategy. For resuming construction activity of speculative projects pursuing rental-based schemes more typical for the market, the key rate needs to be in the “low teens”, since at this level it lets developers achieve acceptable returns of new projects even with a substantial use of debt financing.

In the classic development model, the share of equity usually accounts for about 20–30%. However, at current lending rates, a similar distribution of funding does not allow new projects to achieve positive dynamics within the required planning horizon.

In recent years, the warehouse real estate market has been one of the fastest growing. Are the first signs of "overheating" observed?

The consequence of the warehouse market stabilization after "overheating" in 2024 is the compression of the requested rental rates range. 33% of offers are marketed at the requested rental rates of 11,000–13,000 RUB / sq. m / annum, which is 7 pp. higher than in the first quarter of 2025. Over Q3 2025, the share of proposals at rates below 11,000 RUB / sq. m / annum increased by 19 pp. compared to the first quarter of this year, reaching 33%.

Note: All data covers the state of play on the commercial real estate market over the Q3 2025.

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