



JONES LANG
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Reaching for the Skies:

High-Rise
Office Buildings
in Moscow



Reaching for the Skies:

Moscow office market is not just developing horizontally (the oft-cited tendency towards decentralization). It is also extending vertically. Moscow is starting to actively grow higher, improving its image and approaching the standards of international capitals in terms of its architectural landscape.

In the West, (the US, Germany, the UK and France) as well as in Asia's developing countries (Malaysia, Taiwan, Singapore, United Arab Emirates), high-rises have been built for a long time. They are successful with tenants and popular with developers. The last 40 years has seen the construction of skyscrapers like the Taipei 101 (Taiwan), Petronas Towers (Malaysia), Sears Tower (Chicago), the Jin Mao Building (China), and others. Many projects are currently in the design or building phase (for instance, the Burj Dubai). In Moscow, high-rise projects appeared several decades ago, but mostly comprised residential real estate and have become largely outdated. Buildings that were considered tall ten years ago now only qualify for Russia's national high-rise category (above 75 m). The concept of a high-rise itself no longer fully reflects the current market practice. New buildings have appeared that differ remarkably from typical "high-rises." Office skyscrapers are just one such example.

A Generation Change

Moscow office buildings did not immediately reach the heights at which companies operate today. As the office market developed, it went through three stages.

■ ***Soviet Buildings***

Construction began at the start of the 1970s (the office buildings on Novy Arbat, frequently referred to as "books" because of their shape, are a good example). By today's standards, such buildings are of poor quality. They had load-bearing outer walls, so there was little outside glass. Currently, most of these buildings are rated Class C. Their average height is 100 m or 26 floors.

■ ***Early Modern High-Rises***

These began to be constructed in the end of the 1990s. The examples are the Tower on Paveletskaya and the 2000 Tower. At about 118 m, their average height did not considerably exceed the previous category, but boasted notable improvements in quality (high-speed elevators, sprinkler systems, etc.).

■ ***Current Modern Buildings***

High-rises that are being built today meet international standards for high-rise construction. Contemporary high-rises can be split into two categories: high-rise buildings and skyscrapers. There is no universal definition, but after analyzing international examples, we can place any building over 100 m, with 25-50 floors into the first category, and classify building with over 50 stories as a skyscraper. The average figure for high-rise office buildings in Moscow is 129 m and 33 floors, while skyscrapers average 278 m and 68 floors. There are record-breakers: the tallest building in Europe will be the Russia Tower, which will reach 612 m and will have 118 floors.

Since outer walls are no longer load-bearing, glass is used for finishing, allowing for panoramic views. Technical and safety characteristics conform to international standards, while the architectural composition and design are in line with contemporary trends. Recent examples include projects in Moscow City and new skyscrapers in other areas of the city.



High-Rise Office Buildings in Moscow



Examples of Existing and Future Skyscrapers of Moscow

	Height, m	Floors	Rentable office space, '000 sq m	Projected Completion
Naberezhnaya Tower III	268	60	108	2007
Eurasia Tower	303	75	83	2009
City of Capitals	274	73	80	2009
Mercury City Tower	332	75	86	2009
Russia Tower	612	118	140	2012
Transportation Terminal	160	41	123	2009
Nordstar Tower	172	46	83	2008
Park Huamin	180	40	60	2010

The Race for Heights

Moscow has actively entered the race for new heights. The high-rise boom in the city is not just fueled by lack of land area, but also by the ambitions of city authorities. The Russia Tower, slated to debut on the market in 2012, will be one of the tallest constructions in the world (612 m). Despite the fact that Moscow's office market lags behind that of Europe in the volume of office space it offers, its projects, in terms of quality and ambition, are fast approaching Europe's highest standards. Moreover, Moscow is leading the way in terms of construction speed. If it took Canary Wharf 20 years to construct 1 million sq m of office space, the same volume will be erected in Moscow City in less than seven years. Nor is Moscow lagging behind Europe in the sheer height of its buildings — most of the skyscrapers in Moscow City will exceed the height of Canary Wharf's tallest building, One Canada Square (235 m). And, at over 506 m, the Federation Tower, slated to be completed in three years, is set to be the tallest building in Europe, exceeding the current leader, the Commerzbank tower in Frankfurt, by 247 m.

Searching for Tenants

Through the course of their development, high-rises have seen several generations of tenants and owners. First, there were companies that constructed buildings for their own use, like the Gazprom building on Nametkina Street and Sberbank on Vavilova Street. The large scale meant allowed to locate all parts of the company under one roof, and to project a certain image at a time when market has no such buildings on offer.

Since mid-2006, tenants began moving to Moscow City, an area dedicated high-rise developments. Even though the geography of offered projects is widening and high-rise office buildings appear far beyond Moscow City, the latter remains the center for skyscrapers in Moscow, seeing the number of tenants grow. As the geography of supply widens further and as new high-rise projects begin sprouting outside of Moscow City, tenants choose other locations as well. For instance, the Nordstar Tower on Khoroshevskoye Shosse has already found its first tenants.

Contemporary high-rise buildings frequently become multifunctional complexes. For example, 11 out of 12 skyscrapers in Moscow City accommodate several commercial sectors. The buildings offer apartments, hotel suits and retail space. Skyscrapers also feature additional infrastructure such as a water park, clubs, spas, and beauty salons. The multifunctional aspect of these projects offers various advantages to tenants, allowing them to better meet their business needs (for instance, housing visitors in a hotel that is adjacent to the offices, while offering apartments on the upper floors of the building to the management). The additional infrastructure makes the venue more attractive by more fully satisfying the needs of the company and its staff. Two subway stations in Moscow City make for better accessibility, while a large number of restaurants allows for more variety when meeting with clients without having to leave the territory.



Today, the capital's high-rises house a wide range of tenants. Banks and IT companies are attracted by the high-tech nature of the venues, which are frequently smart buildings. Finance, legal and consulting companies, which always rent the best buildings in the city, are interested in the image and prestige of the projects. Each high-rise, after all, is a unique building that comes to symbolize not just the developer, but a whole area, even an entire city. Most high-rise office buildings are being constructed not far from the city center (within the limits of the Third Ring Road). This allows tenants to consolidate all business departments in one building (thanks to the large scale), while remaining near the city center. The advantages of this kind of approach have already been realized by companies like Gazpromstroy, which bought 102,000 sq m in the Mirax Plaza (Kutuzovsky Prospekt, 16). Banks also find this attractive – VTB has bought 63,000 sq m in the Federation Complex. Such mix of potential and existing tenants echoes the demand for high-rise office buildings in Europe: in Berlin, Hamburg and London the majority of skyscraper tenants are banks and financial companies, as well as companies in the business service sector. The skyscrapers of Canary Wharf house companies like Citigroup, HSBC, Credit Suisse, Morgan Stanley, Bank of New York, KPMG, Clifford Chance, Mayer Brown Rowe & Maw, BP, Chevron, Total and others.

New Heights

Moscow's future is closely bound with its upward growth. This is not only due to land shortages and other objective factors, but also due to the fact that Moscow is aspiring to become one of the world's major business capitals. That is why building contemporary skyscrapers is becoming an issue of prestige and a symbol of stability. The Kremlin and the Red Square are no longer enough to get the whole picture of Moscow. Its postcards will soon feature the skyscrapers of Moscow City as well as historical landmarks. Moscow's architectural appearance will continue to transform, raising the quality aspect of the growing supply of office space. By 2012, Europe will see 61 new skyscrapers. It is symbolic that 16 of them will appear in Moscow.

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