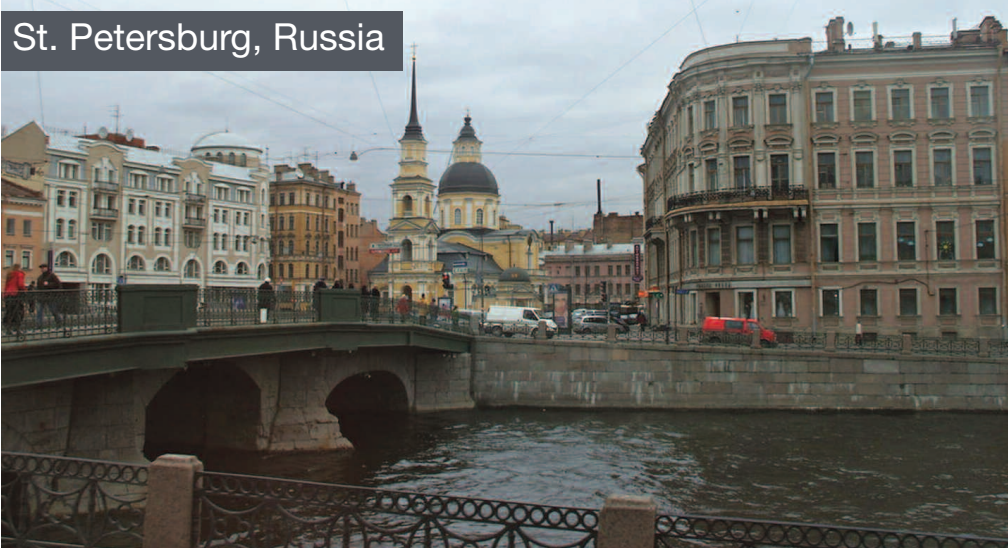


GLOBAL SPOTLIGHT

St. Petersburg, Russia



St. Petersburg earns designation as Europe's fourth largest city with significant investment in business and global trade

- St. Petersburg is Russia's second most important economic, scientific and cultural center after Moscow. It's the fourth largest megalopolis of Europe, a major trade gateway, financial and industrial center of Russia specializing in oil and gas trade, shipbuilding yards, aerospace, radio and electronics, mining, software and computers.
- The demand for Class A and B offices has been growing significantly over 2008 due to many western companies coming to this market. Rental rates are rising, but remain behind the level seen in Moscow. The Class A market still is structurally under-supplied and many new business center developments are expected over the coming years.
- With many new projects in the pipeline, the industrial market is destined to be over-supplied soon for the first time in many years. The liquidity crisis led to many projects being frozen, and will counterbalance this effect over the next months. Vacancy rates around 7-10% are much higher than in Moscow (lower than 2%) and rental rates are declining for the first time in many years.
- Demand for high-quality retail space continues to increase due to many international and large Russian retailers moving to the St. Petersburg region. The total inventory of retail space is approximately 35 million SF, (second only to Moscow) and the tendency is to build larger malls (400,000 to 850,000 SF). The retail market in St Petersburg is attracting an increasing number of foreign investors looking for higher capitalization rates than in Moscow, with similar expected risk.
- St. Petersburg remains the second most attractive market for foreign investors after Moscow. Yields generally are 1-1.5% higher than in Moscow for comparable assets, and sometimes lower risks. Office and retail markets still are largely undersupplied, but we expect the market to be saturated within five to 10 years, depending on how the liquidity crisis impacts current and future projects.

St. Petersburg at a Glance

Population	4.57 million
Location	On the Neva River, at the Gulf of Finland on the Baltic Sea
GDP	1,404 billion RUB
Inflation	13.3%
Unemployment	2.2%
Conversion	1 USD = 26.1111 RUB

Property	Rent/SF/Year		Vacancy Rate
	Low	High	
Downtown Office Class A	\$ 54.00	\$ 120.00	3.2%
Suburban Office Class A	\$ 60.00	\$ 110.00	9.5%
Industrial Bulk Warehouse	\$ 12.00	\$ 15.00	7%
Downtown Retail I City Center	\$ 102.00	\$ 160.00	6%

NAI Russia provides local market expertise in the greater St. Petersburg and Moscow, Russia, regions.

About NAI Global:

NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

325	Offices
55	Countries
5,000	Professionals
\$45 billion	Annual Transaction Volume
200	MSF of Property Management

For more information about NAI Global please visit www.naiglobal.com or call 609.945.4000.

November 2008



Commercial Real Estate Services, Worldwide.

Build on the power of our network.™