

Russian investors in real estate abroad in 2016



Tranio: an international real estate broker

600

transactions

700

partners

5

5 different languages

(English, German, Persian, Russian Spanish)

5

offices

110,000

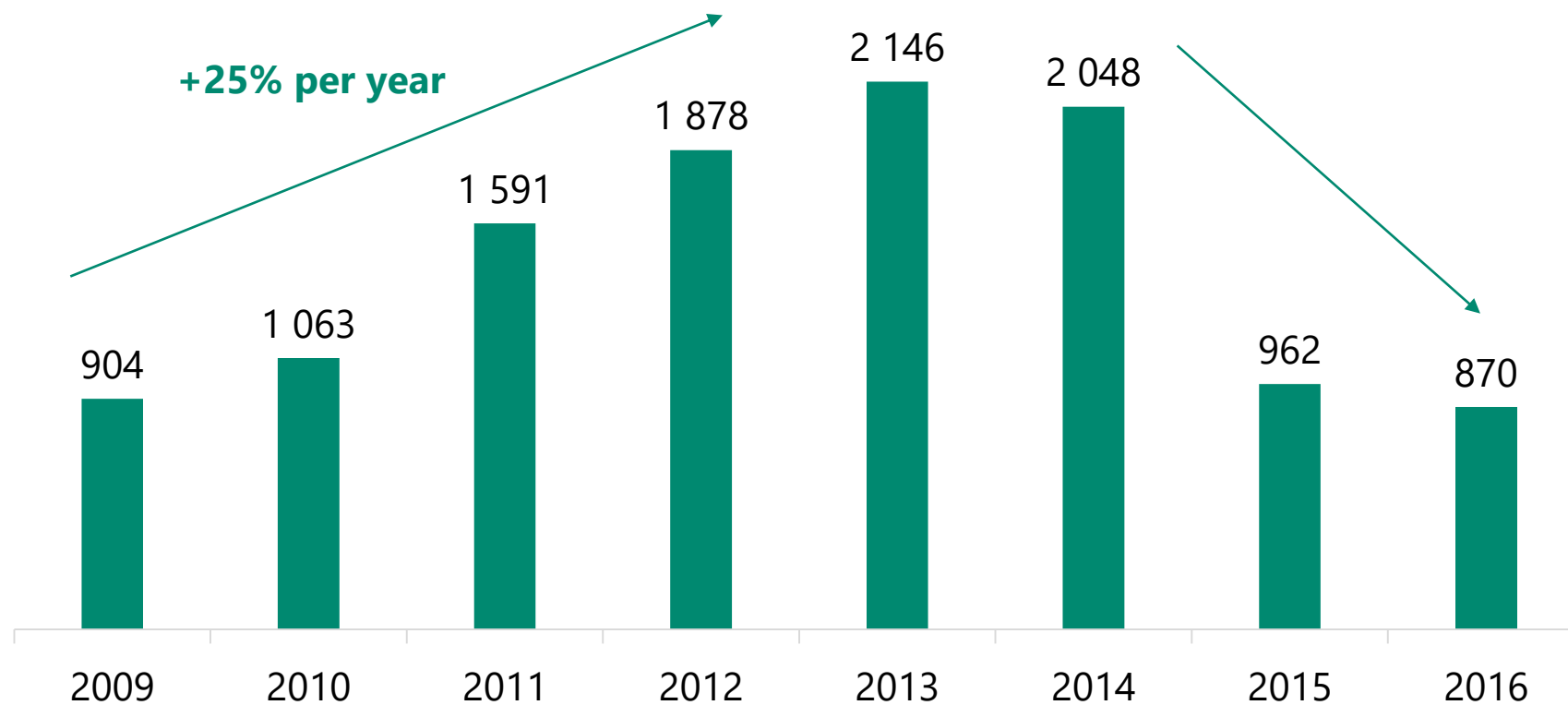
properties on offer

1,500,000



site visitors per year

Russians are spending less on foreign real estate

Fund transfers for purchasing foreign real estate, million \$ (Central Bank of Russia)



Main trend of 2014

-  **Less** money to spend on personal holiday homes
-  **More** money spent on income generating real estate

2017 investor research



269
realtors

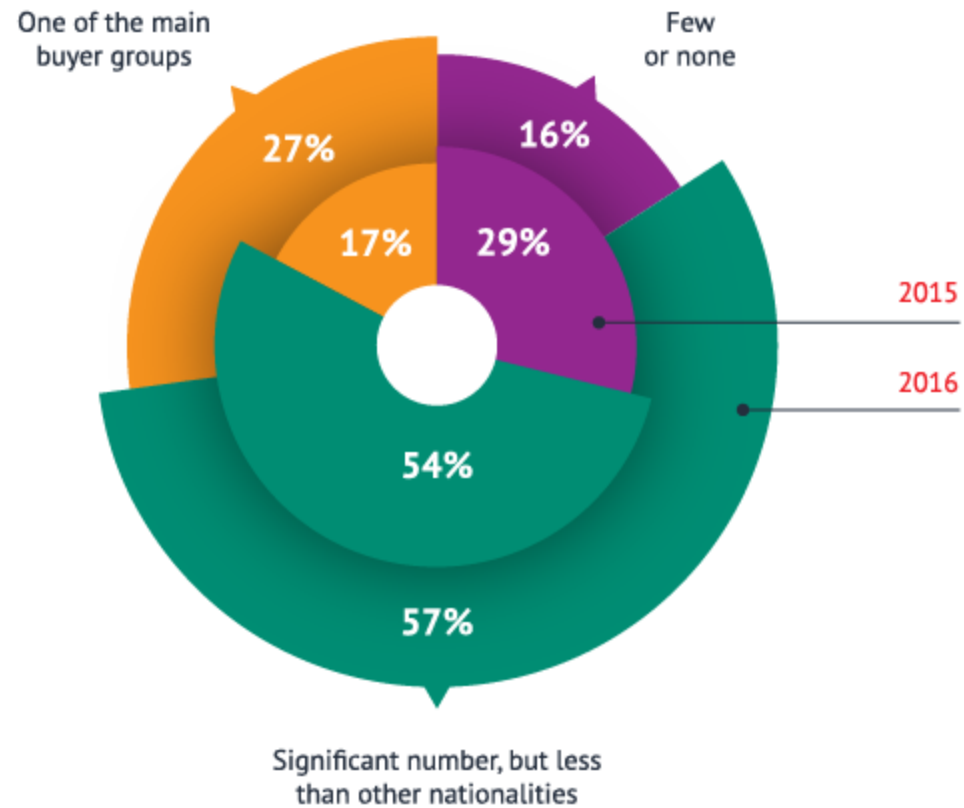


32
countries

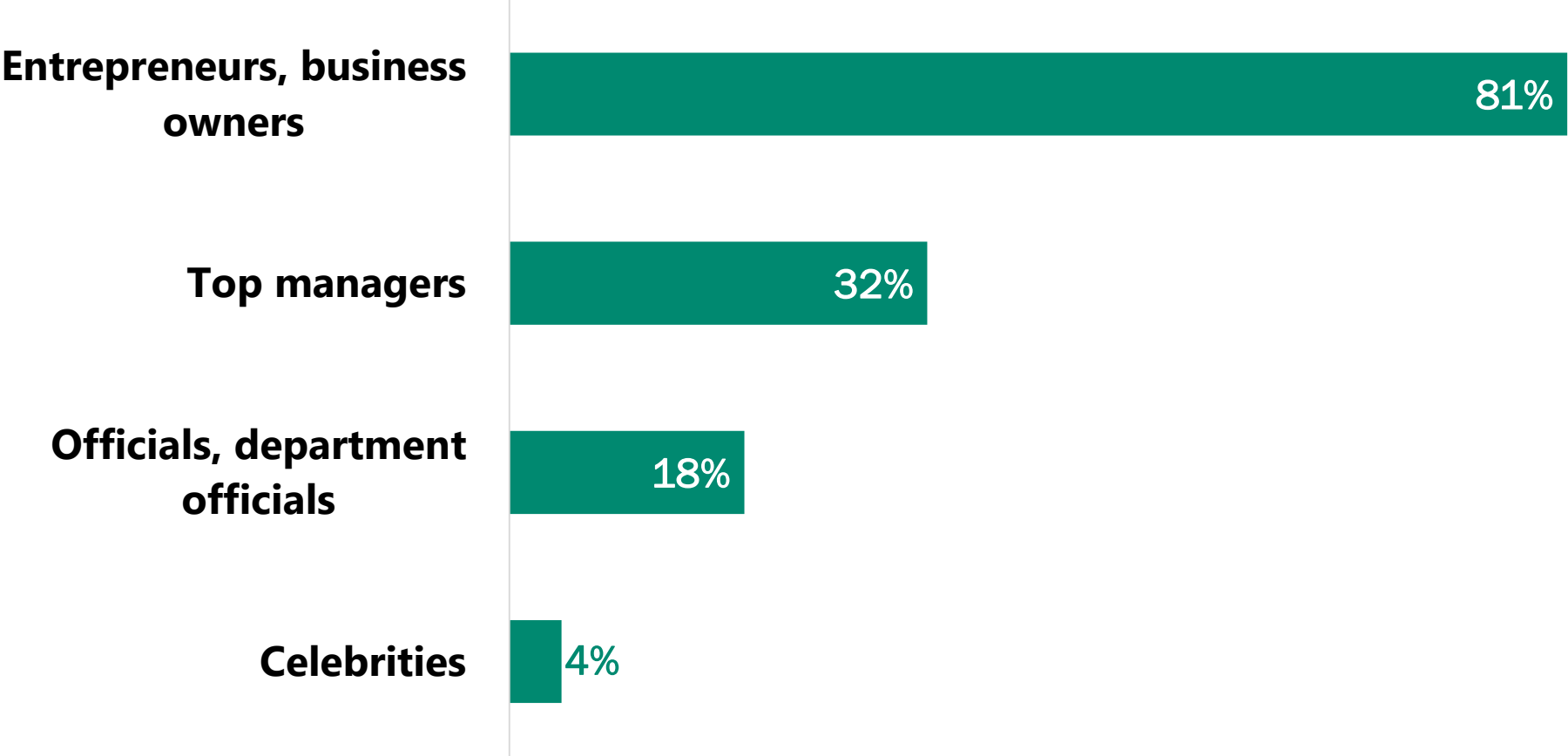
Realtors notice a rise in investors

How many Russian/CIS clients buy foreign real estate with investment purposes?

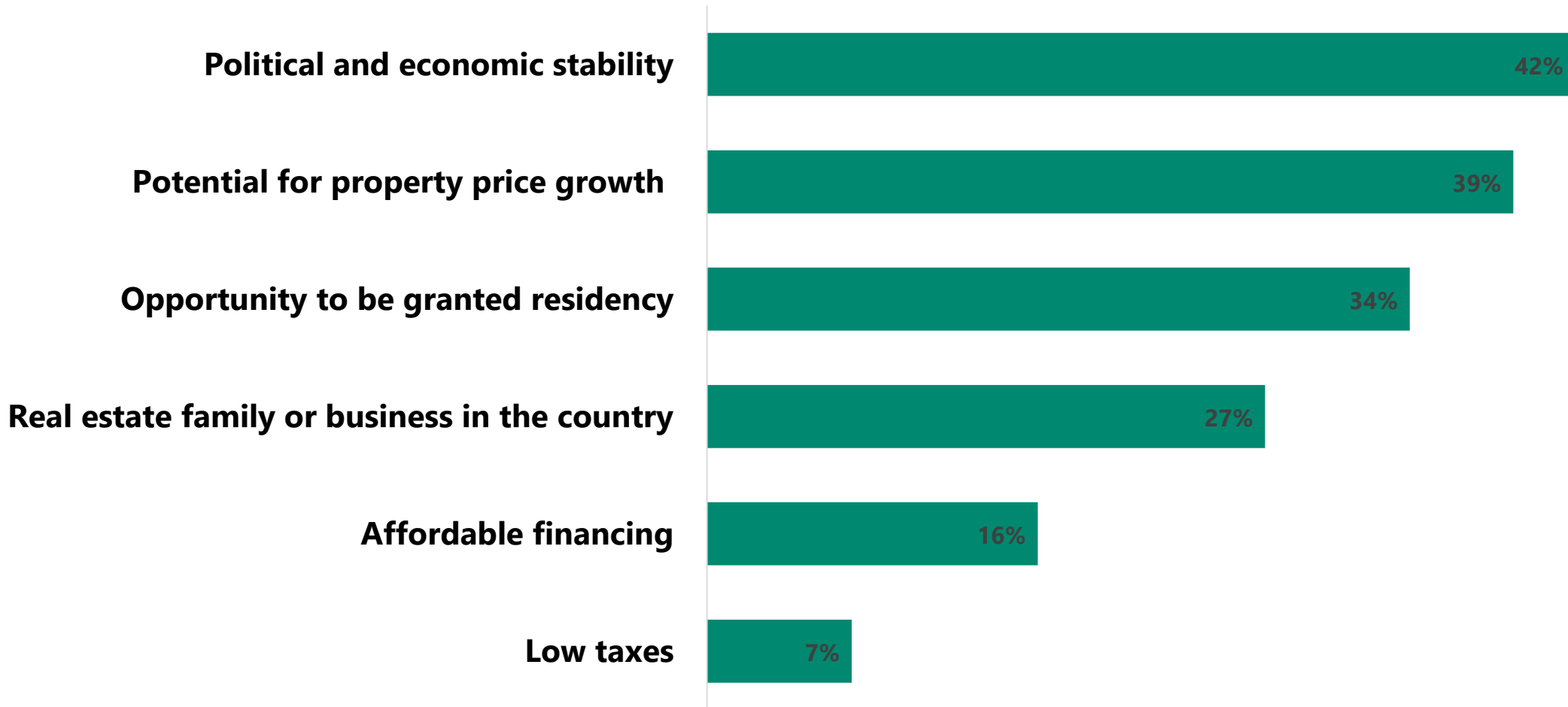
Share of respondents, %



The majority of investors are entrepreneurs



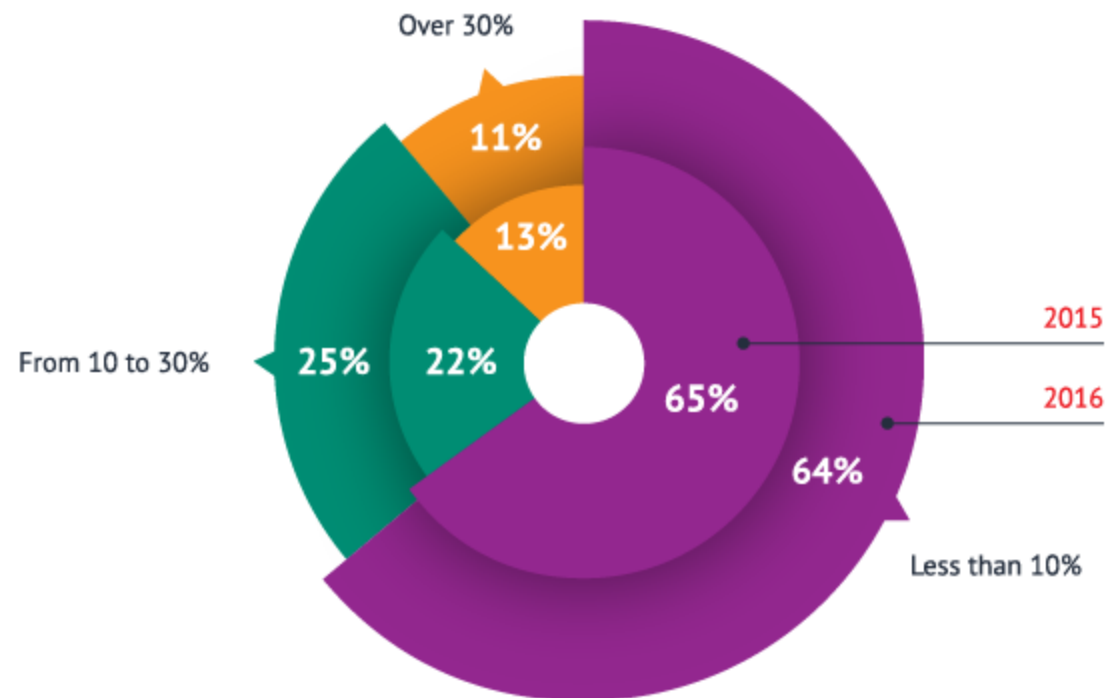
Reasons for acquiring property: stability and price growth



The majority invest in buy to let

The share of Russian/CIS clients ready to invest in development and redevelopment projects

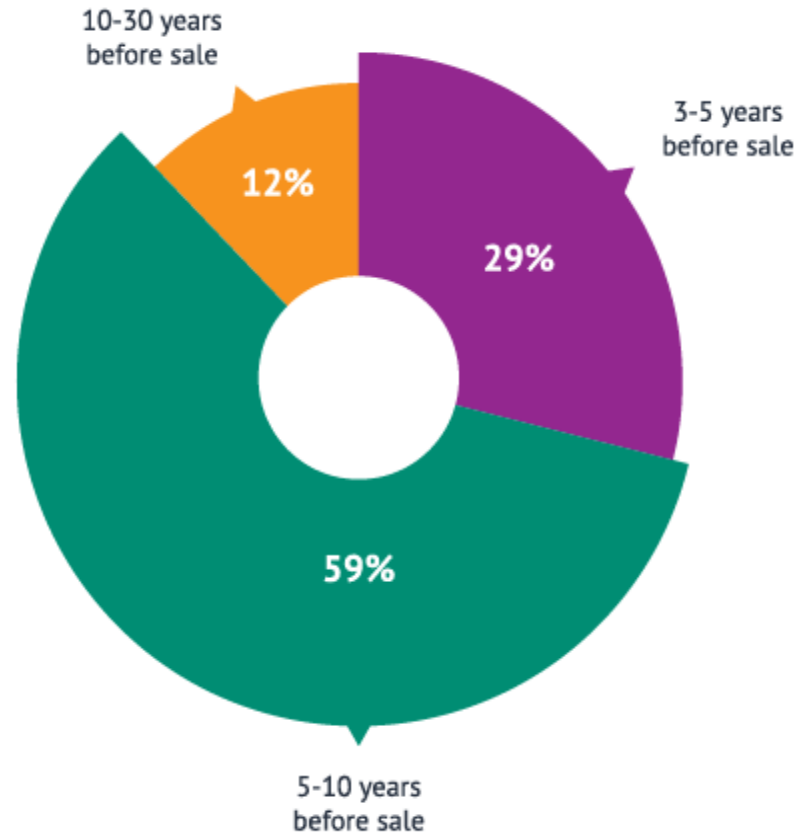
Share of respondents, %



Minimum 5-year investment

Expected term of investment property ownership

The share of respondents who stated that buyers were going to own their property for, %

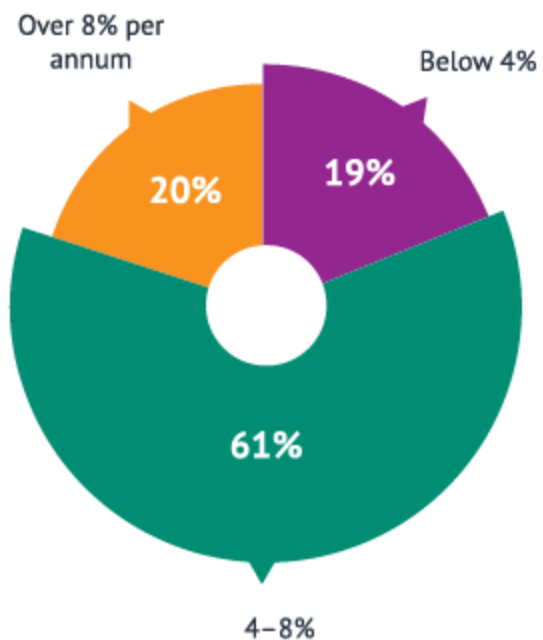


The majority buy to let

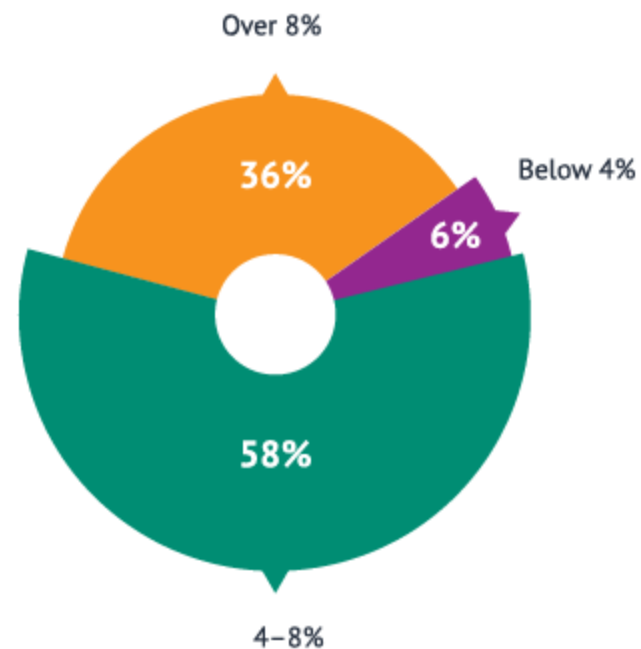
What yields do Russian/CIS investors expect?

Percentage of respondents, %

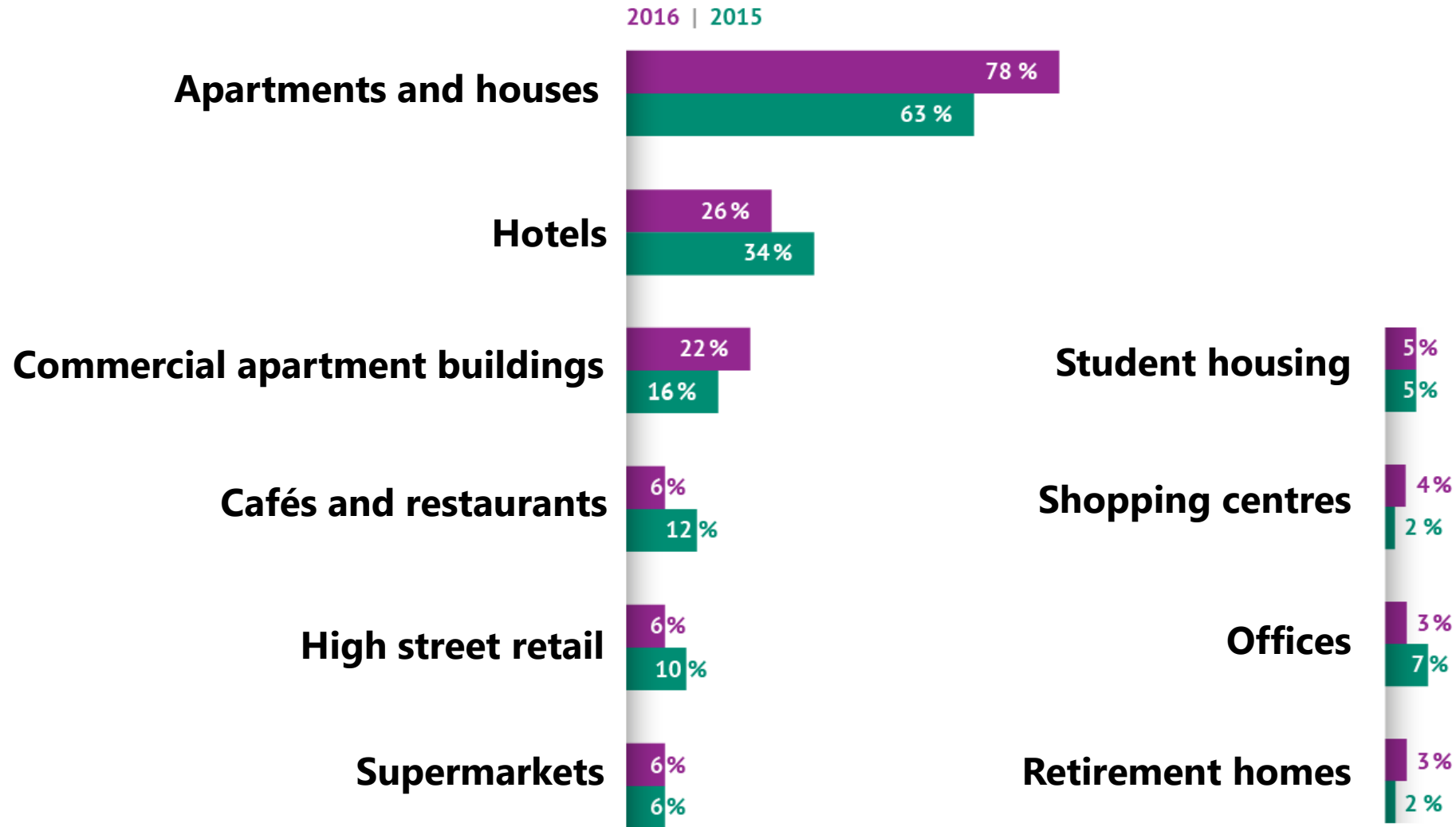
Residential property



Commercial property



Popular properties: flats and homes to rent out



Budget: up to €2 million

Residential properties

<€300k



€300k-1mln



€1mln-3mln



>€3mln



Commercial properties

<€1mln



€1mln-3mln



€3mln-10mln



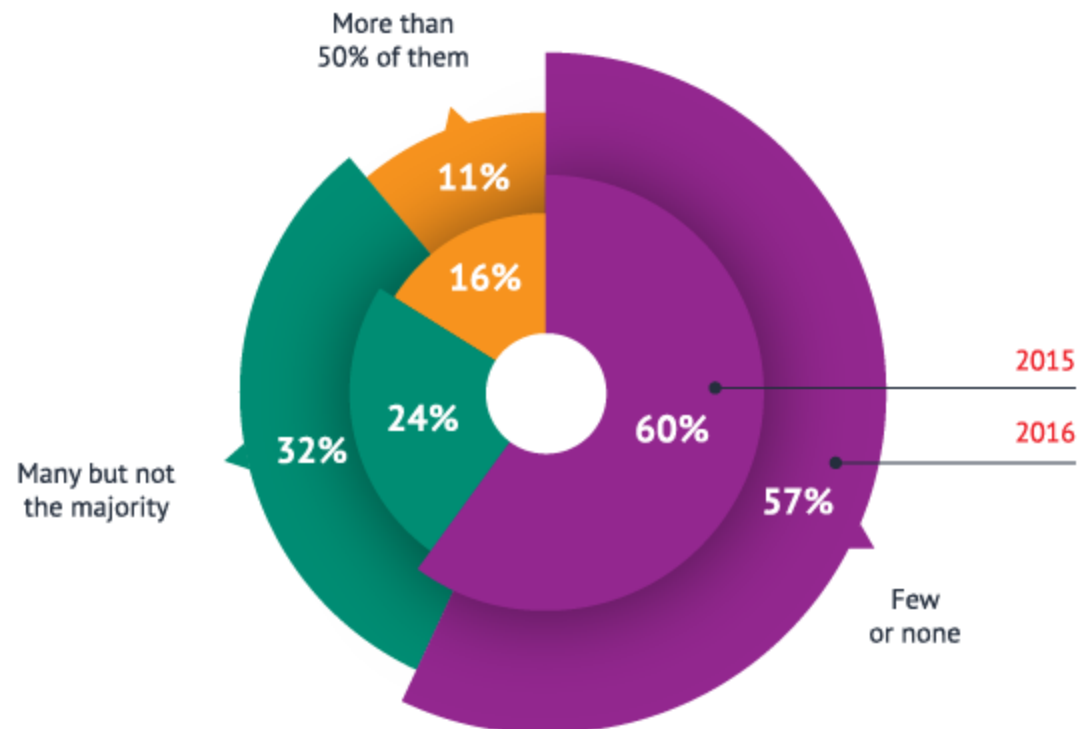
>€10mln



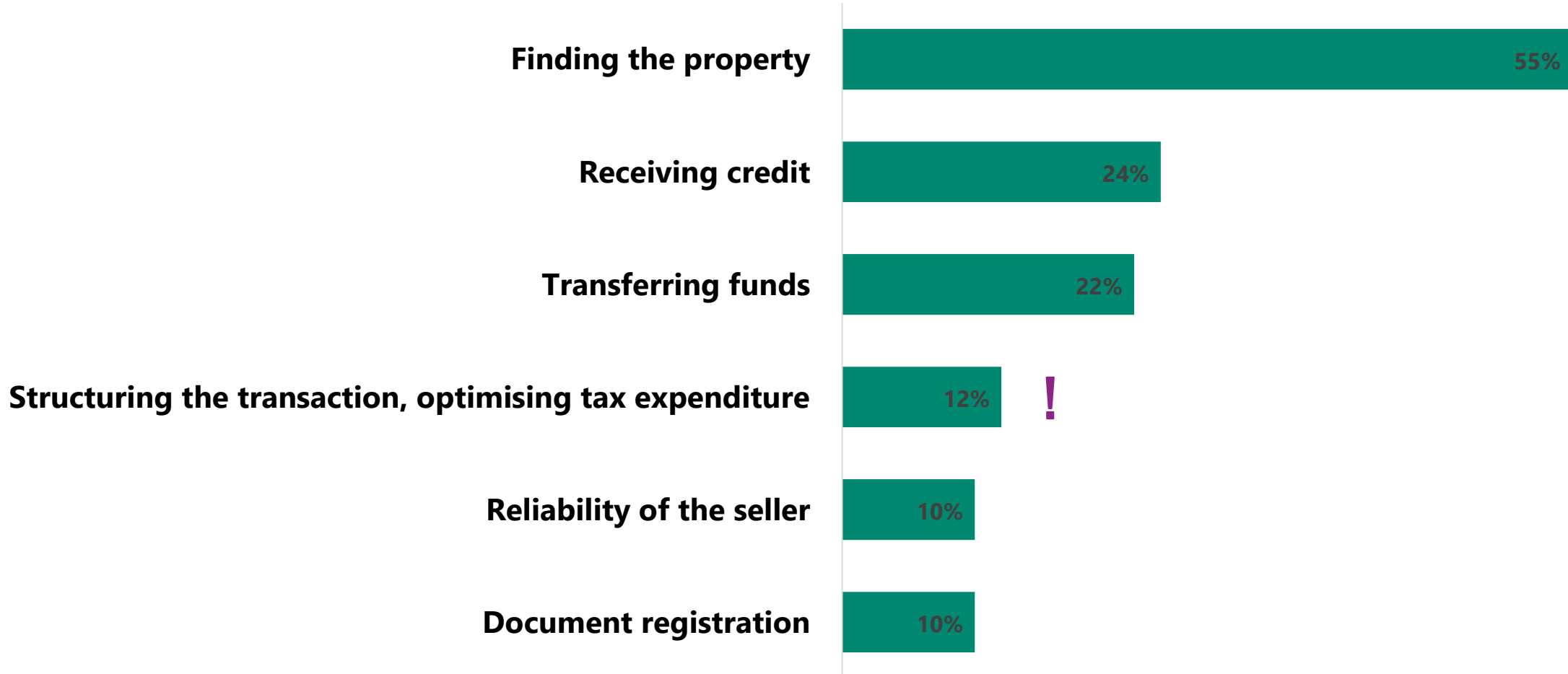
Realtors notice a rise in use of mortgages

How many Russian/CIS clients apply for a mortgage to buy commercial property?

Share of respondents, %



Main problem for investors: finding the right property



The typical Russian overseas property investor:

- **Occupation** Entrepreneur, business owner
- **Key reason for investing** Economic and political stability in the country where the property is acquired
- **Investment strategy** Simple rental business
- **Investment terms** At least 5 years
- **Estimated yield rates** 4-8% per annum
- **Locations** Districts adjacent to the city center
- **Property types** Flats, hotels, commercial apartment buildings
- **Budget** Up to €2mln
- **Financing** 40-60% LTV
- **Main difficulties** Finding the right property, obtaining financing, transferring funds

In demand for 2017-2018



Buy to let properties

Properties with long rental contracts (retirement homes, supermarkets and hotels) and micro apartments. The most popular country for rental business is set to be Germany.



(re)Development projects

Popular markets: UK, Germany, Spain and USA. One of the markets with the biggest prospects is Barcelona where there is an especially high potential for growth in real estate prices, with investors being able to have their top three criteria fulfilled: house by the sea, chance for residency and income from rental.



Financial instruments

A larger number of clients will take part in collective investment projects for rental properties. Offering real estate secured financing with a return of 7-8% per annum, investing in real estate funds and (re)development projects in Barcelona.

What do we offer investors?

	Rental business	Real estate credit financing	Development
Minimum entry price, €	100k: micro apartments 2mln: retirement homes and retail facilities	150k	500k
Yield, %	4–6	5–8	10–15
Investment term	10–20 years	6–12 months	2–3 years
Positives	<ul style="list-style-type: none"> • No construction risks • Contact income stream • Succession 	<ul style="list-style-type: none"> • Property is worth 1.5-2 times the credit • Returns are fixed in the contract and so known in advance 	<ul style="list-style-type: none"> • High returns • Creditors conduct checks about the financial model and developer
Negatives	<ul style="list-style-type: none"> • Purchase investments (10–20%) • Expenses for furnishing, taxes and property management 	<ul style="list-style-type: none"> • No early repayment • Default could lead to increase in repayment schedule 	<ul style="list-style-type: none"> • Construction risks • Investor second in line (after bank) for compensation in cases of bankruptcy • No possibility to leave investment project early

Earn with us!



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