



Republic of
Tatarstan

INVEST ► TATARSTAN

Service Industry and Tourism in Tatarstan: Current State and Future Prospects

Office Market



Supply

Based on Cushman & Wakefield data

The total office real estate supply in Kazan is more than 450,000 sq. m. and represented by 73 quality business centers and numerous non-specialized proposals including built-in and adjacent premises as well as office premises on the ground floors of residential, storage and retail complexes.

There are 28 objects of quality supply (business centers of grades A, B+, B-) with total area of 228,159 sq. m. and estimated rentable area of 164,950 sq. m.

Quality supply (2013)

Business centers	Total area (sq.m.)	Rentable area (sq.m.)	No. of objects
A class	42,665	37,100	3
B+ class	92,564	58,460	9
B- class	92,930	69,390	16
Total	228,159	164,950	28

Class A and B+ Office Building in Kazan

Name	Class	Rentable area (sq.m.)	Rental rates, USD/sq.m. a year
Korston	A	17,200	413
Suvar Plaza	A	11,000	395
BULAK	A	8,900	327
Idea Business Park	B+	10,300	400
Azinsky	B+	10,000	290
Sphera	B+	9,300	285
Dom Kekina	B+	8,500	330
Rodina	B+	5,200	295
Tatariya	B+	5,000	340
Sakura-office	B+	4,500	298
STR	B+	3,360	320
Ibragimovsky	B+	2,300	320

Source: Cushman & Wakefield.

Rental Rates

Based on Cushman & Wakefield data

A comparison of rental rates in office building in Kazan and Moscow by office class in 2013.

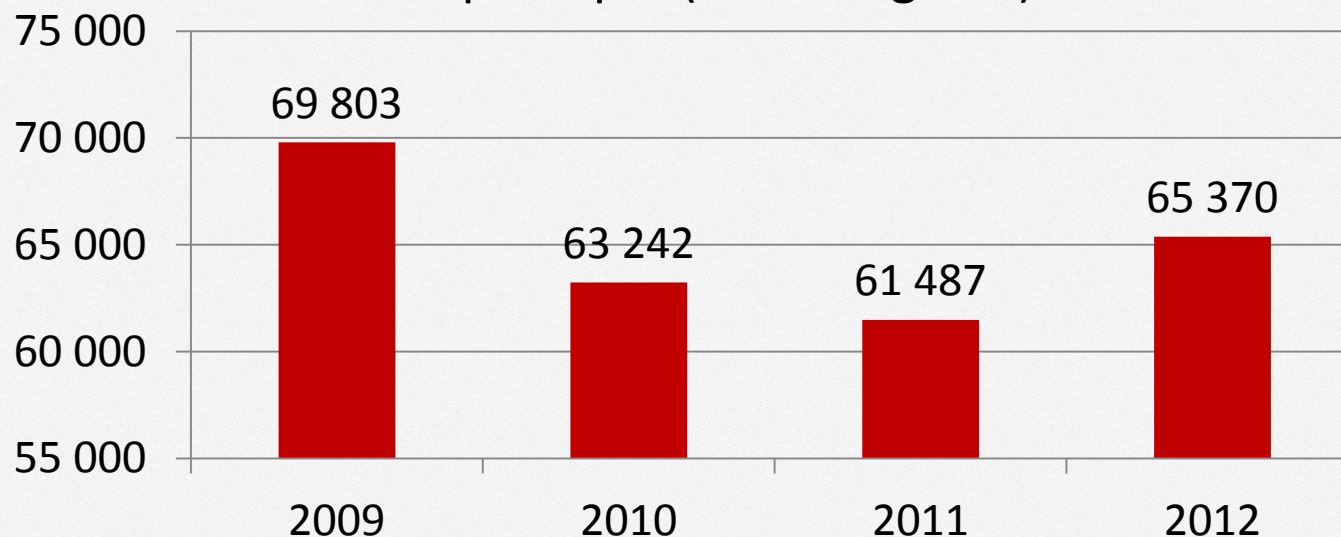
	Kazan			Moscow
Class	Rent rates (net), USD/sq.m. a year			
	MIN	MAX	AVERAGE	AVERAGE
A	327	413	378	870
B+	285	343	320	500
B-	114	285	260	500

Selling Prices

Based on Jones Lang LaSalle data

- Purchasing price is still lower to pre-crisis levels.
- There are no A class offices for sale.

Selling prices (Class B)
RUB per sq.m (excluding VAT)



Vacancy Rates

Based on Cushman & Wakefield data

The market analysis show that **the share of vacant premises in the segment of quality supply is 3.9%.**

The vacancy rates in business centers of grades A and B in comparison with 2011 have decreased more than 2.5 times (2011 - to 10.09% of the total market share). As for A class – this indicator decreased by 2.3 times (2011 - 3,24% on the offices of A class).

The dynamics indicates a high rate of absorption and reduction of the period of vacancy premises exposure.

Class	Vacancy
A	1.4%
B+	2.7%
B-	7.8%
Average	3.9%

Profile of Tenants

Based on Jones Lang LaSalle data

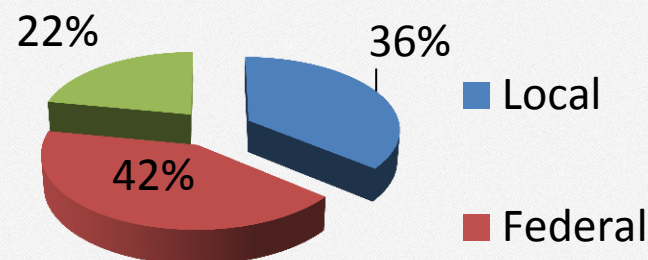
The majority of quality offices (classes A, B) are rented or bought by federal or international companies.

Local companies prefer to rent class C offices.

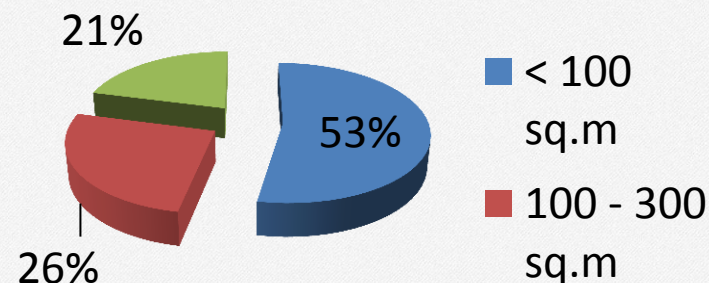
More than half of space is leased to smaller tenants who occupied less than 100 sq. m.

The largest tenants in Kazan	Area (sq.m)
GE Money Bank	4,000
PwC	1,800
BTA - KAZAN	2,200
VimpelCom	1,200
Lebedyansky	600

Type of Company



Size of Offices



Major Foreign Tenants in Kazan

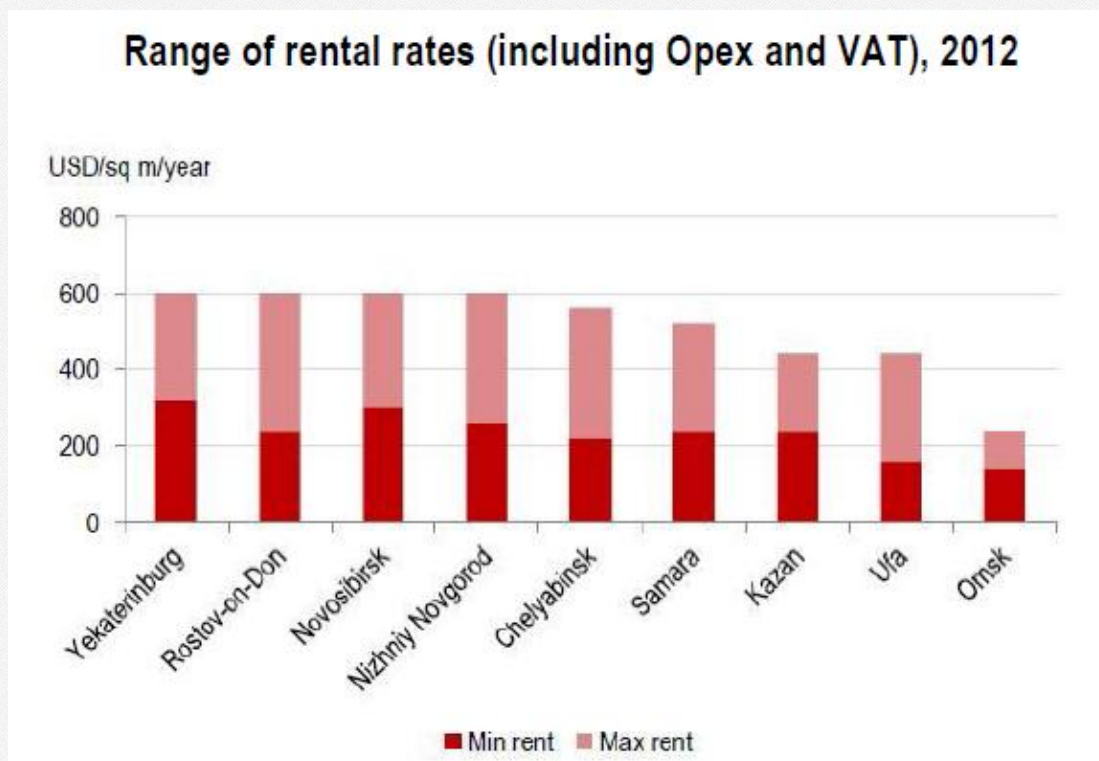
Name	Sector	Country of Origin
GE Money Bank	financial services	United Kingdom
PwC	consulting	United Kingdom
DHL	logistics	Germany
Sanyo	electronics	Japan
Credit Europe Bank	financial services	Netherlands
Siemens	engineering and electronics	Germany
Lufthansa	airlines	Germany
AIG	insurance company	USA
Ernst&Young	consulting	United Kingdom
Schneider Electric	electricity distribution and management	France
Cushman & Wakefield	Real estate services	USA

Major Russian Companies in Kazan

Name	Sector	Property Status
Sberbank	financial services	owner
TAIF	various	owner
Transneft'	oil & gas	owner
MTS	telecommunications	tenant
Beeline	telecommunications	tenant
Megafon	telecommunications	tenant
Alfa Bank	financial services	tenant
VTB	financial services	tenant
Sogaz	insurance company	tenant
Soglasie	insurance company	tenant

Benchmarking of Kazan Against Millionniki Cities

Kazan – one of the lowest office rent prices among the millionniki cities.



Source: Jones Lang LaSalle. Feasibility Study.

Success Stories in Service Sector: Credit Europe Bank and PwC

Credit  EuropeBank

In Tatarstan since 2002.




pwc

In Tatarstan since 2007.



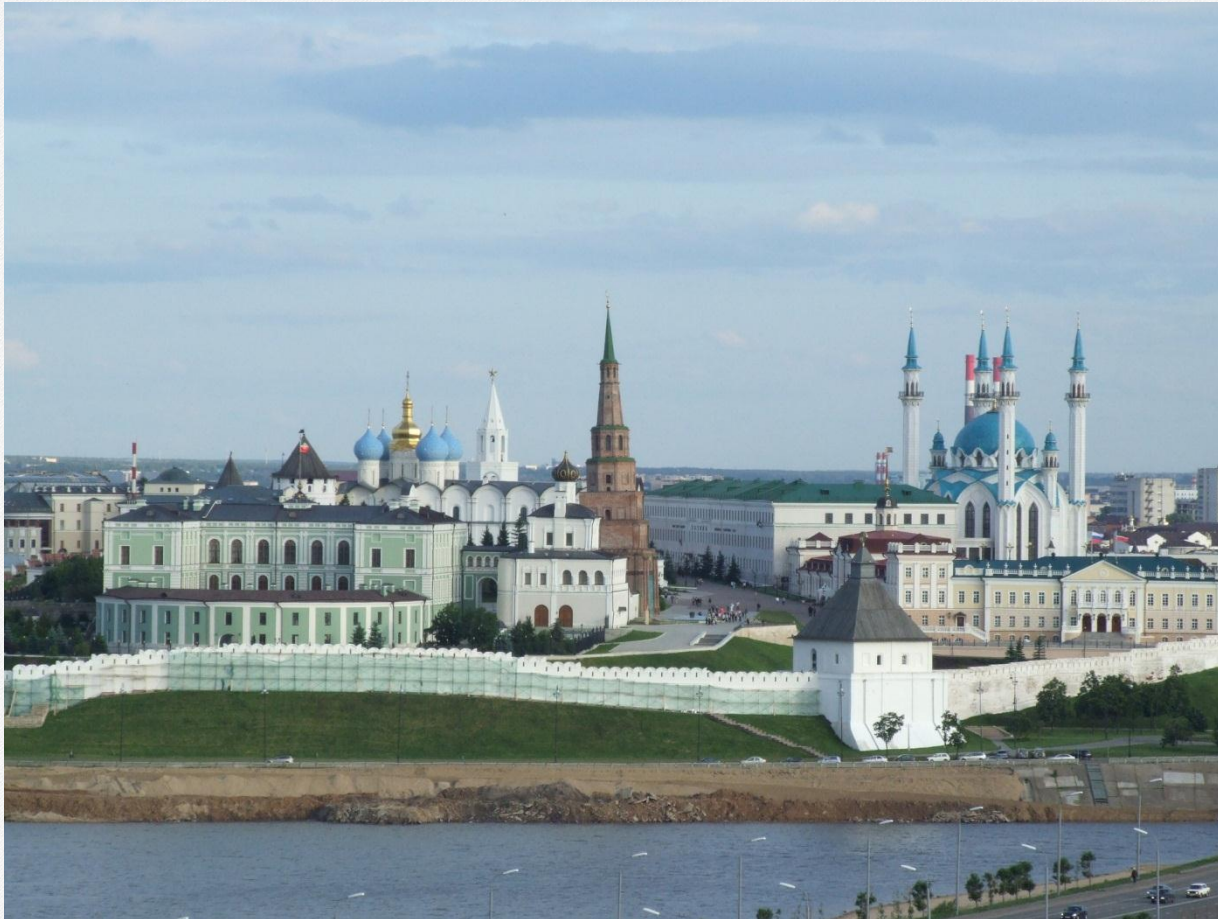
Hotels



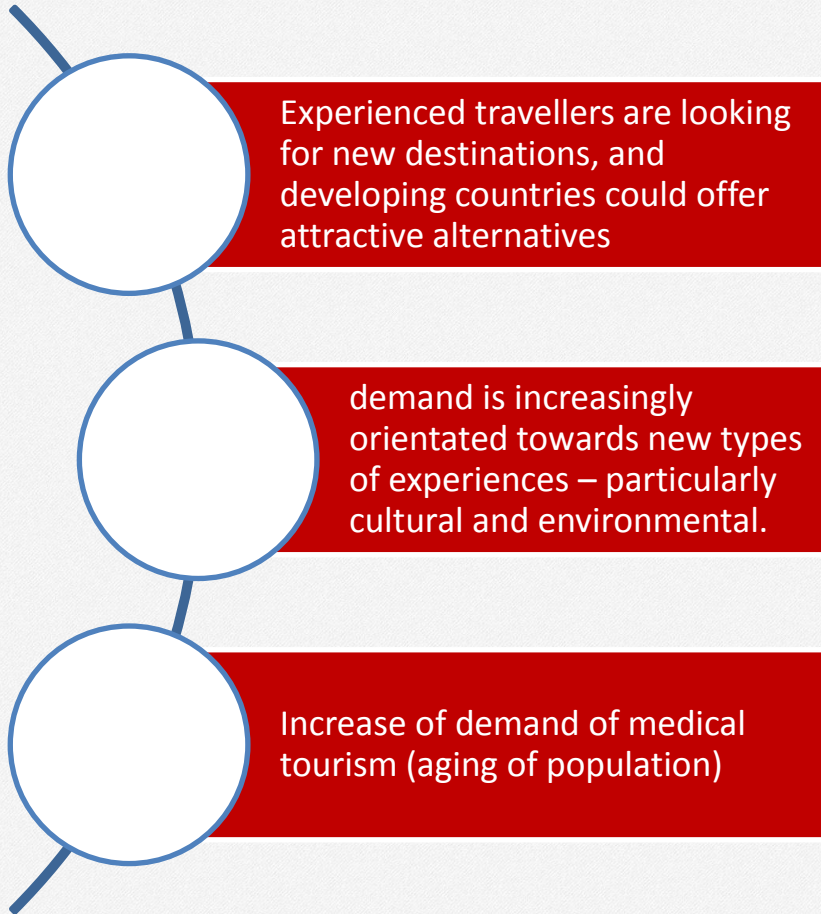
Airlines



Tourism



Global Trends in Tourism



Number of International Tourist

2012
1,035 million

2030
1,800 million

Market Share of Emerging Countries

2012
47%

2030
57%

Source: UNWTO Tourism Highlights, 2013 and UNCTAD, Promoting Foreign Investment in Tourism, 2010.

Russia – Highest Increase of Inbound Tourism Amongst the Main Tourist Destinations

9th Most Favorite Destination for International Tourists

Country	Arrivals (in millions) 2012	Change (%) in regard to 2011
1. France	83	1.8
2. United States	67	6.8
3. China	57.7	0.3
4. Spain	57.7	2.7
5. Italy	46.4	0.5
6. Turkey	35.7	3.0
7. Germany	30.4	7.3
8. United Kingdom	29.3	- 0.1
9. Russian Federation	25.7	13.4
10. Malaysia	25	1.3

Source: World Tourism Organization (UNWTO)

Tatarstan Hotel Industry

2012

**Number of Hotels and Other
Lodgings**

217

**Total Number of Nights
(thousands)**

1.893

**Total Hotel Receipts (bn.
rubbles)**

3.4



Tourist Arrivals to Tatarstan

**Growth from 2011
to 2012**

16%

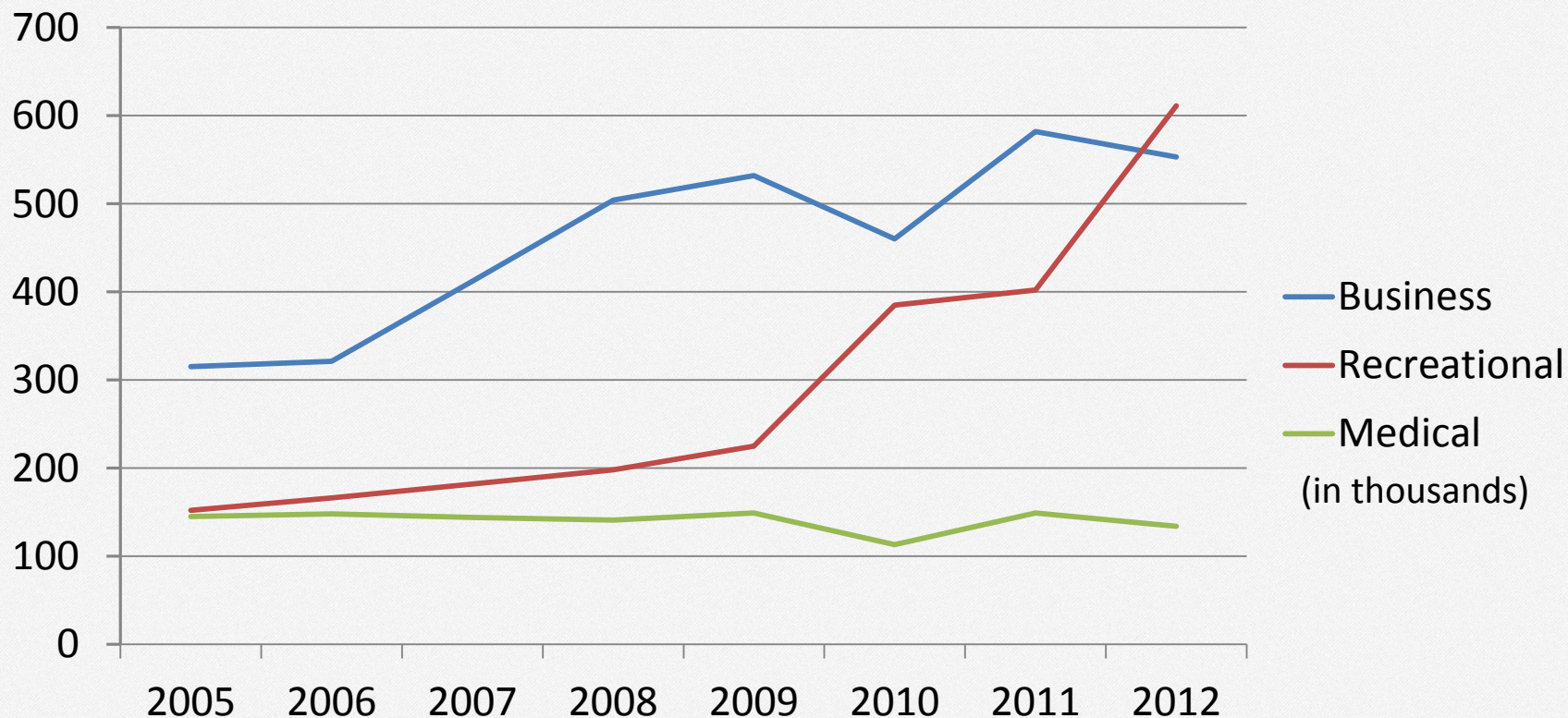
Growth from 2005

132%

2012	1.480
2011	1.277
2010	1.113
2009	977
2008	908
2007	896
2006	732
2005	638

Type of Tourism	Number (thousands)	%
All	1.480	100%
Recreational	611	41%
Business	553	38%
Medical	134	9%
Other	182	12%

Development of Tourism in Tatarstan by Segments

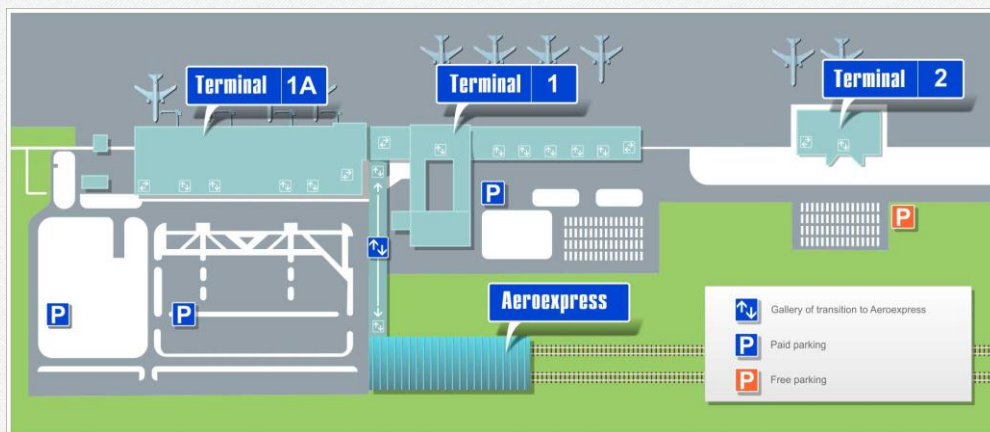
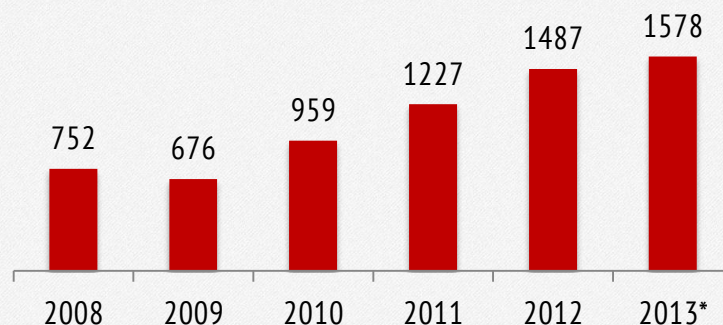


Source: Ministry of Youth Affairs, Sports and Tourism of the Republic of Tatarstan.

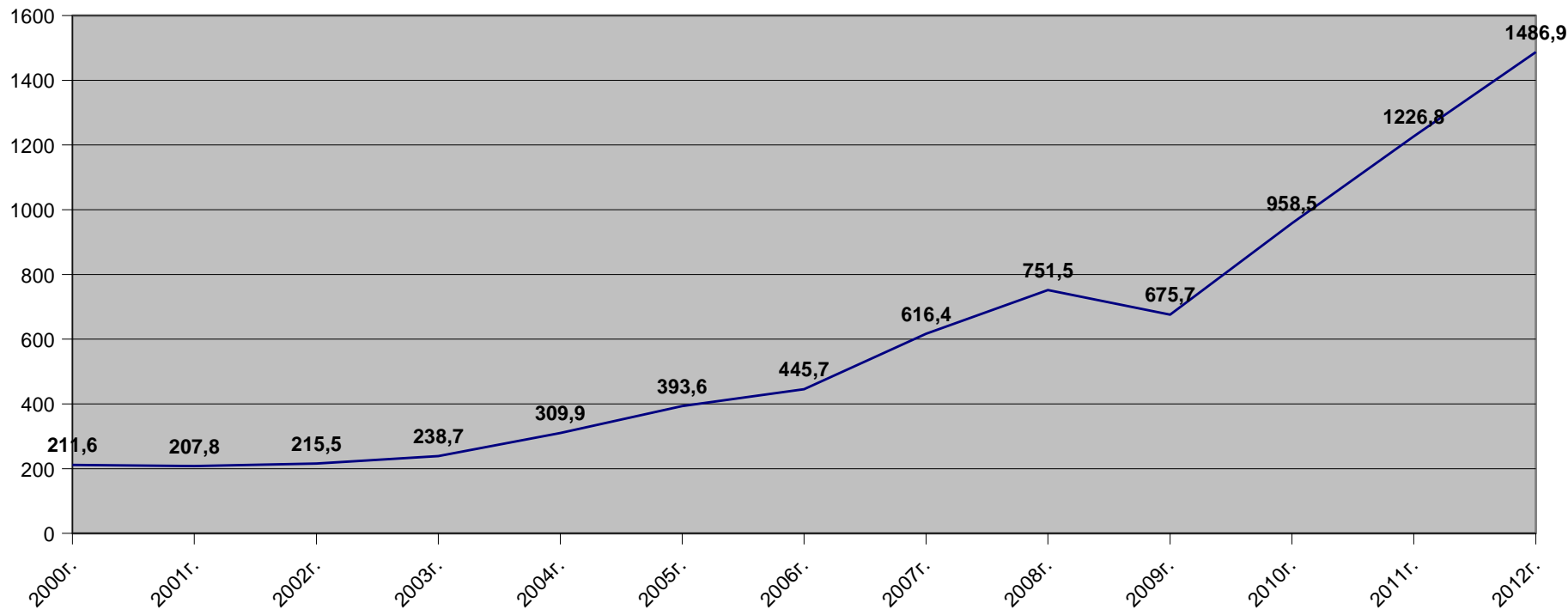
Kazan International Airport – a rising star

- Passenger flow **doubled** 2008-2013, 20% per annum growth
- 2 terminals - 3rd to be added in 5 years
- Over 2 bln rub. invested in renovation
- Capacity: 3.2 mln → by 2025: 5 mln
- Cargo capacity untapped: ~ 5k tons(2012)
 - 3 k tons outgoing / 1.8 k incoming

Kazan International Airport Passenger Flow (thousands)



Kazan International Airport – New Arrival



Moscow – Kazan by rail in 3.5 hours

- Russian Railways constructing new high-speed train Moscow-Kazan-Alabuga, further to Siberia
- Kazan-Moscow cut from 14 hrs to 3.5 hrs
- Investment: 855 bln rub
- Completion date: 2018



Kazan River Port

Year	2008	2009	2010	2011	2012	2013
Passengers (thousands)	139	114	133	105	71	115



Connected to Moscow, Saint Petersburg, the White Sea, the Caspian Sea and the Black Sea.

10 cruise companies registered in Tatarstan.

Sails to Moscow, Saint Petersburg, Yelabuga, Samara, Nizhniy Novgorod, Cheboksary, Volgograd, Yaroslavl, Astrakhan, Tolyatti, Perm, Rostov-on-Don.

Source: Ministry of Youth Affairs, Sports and Tourism of the Republic of Tatarstan.

Entertainment Infrastructure

Kazan Riviera – Hotel & Entertaining Complex with Aquapark

- The largest water park in Russia
- One of the most impressive aquaparks in the world by Forbes rating
- The Best 4-Star Hotel in Russia Award (2012)
- 1.5m guests annually



Kazan Zoological and Botanical Garden

- Founded in 1806, one of the oldest in the world



Cultural and Natural Heritage in Tatarstan

**One UNESCO World Heritage Site
and two sites with candidate status**

Intangible Heritage

Multicultural peaceful environment,
language and ethnic diversity, ancient
traditions, outstanding example of
tolerance

Sabantuy – traditional Tatar holiday
celebrated at the beginning of summer



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Kazan – Perfect Hub for Tourims in Volga Region

- Lies on Trans-Siberian Railway
- Neighboring with Mari El Republic and Baskhortostan

Mari El

- one of the more ecologically pure areas of Russia with numerous lakes, rivers, forests, national parks and mineral springs
- popular destination for tourists looking to enjoy nature and outdoor activities
- 57% of the republic's territory is covered by forests

Bashkortostan

- unique natural landscape, historical monuments, multinational population and centuries-old cultural traditions
- known as „Pearl of Southern Urals“ and „Russian Switzerland“

Kazan Kremlin

Listed as a World Heritage Site

Historical centre of Kazan

Kazan celebrated its 1000-year
anniversary in 2005

807 748 visitors in 2012

Kul-Sharif Mosque (completed in 2005, the largest
mosque in Russia and Europe except for Istanbul)

Suyumbike Tower (one of the so-called leaning towers)

*Governor's Palace, Spasskaya Tower, Taynitskaya tower,
Annunciation Cathedral, State Hermitage Museum in
Kazan, State Museum of the Tatar State and the Republic
of Tatarstan*



Other Places of Interest in Kazan



Elabuga

- A historical town above the river Kama which dates back to the 10th century.
- An ancient Volga Bulgarians settlement.
- 140 000 visitors in 2012



- The painter Ivan Shishkin, first Russian female soldier Nadezhda Durova and word-wide famous poet Marina Tsvetayeva lived in Elabuga.
- Historical streets, enchanting sceneries and historical museums.

Bolghar



ISMAILAĞIT - BULGAR'DA AÇILAN AK MESCİT

ИСМАИЛ АĞИТ - ОТКРЫВАЮЩАЯСЯ В БОЛГАРЕ БЕЛАЯ МЕЧЕТЬ

130 km south of Kazan

**Medieval capital of
Volga Bulgaria from the
8th to the 15th
centuries**

**Religious capital of
today's Tatarstan**

**Listed as UNESCO World
Heritage Site Candidate**

133 510 visitors in 2012

**White Mosque (Белая
мечеть) on the picture**

Sviyazsk

**Located in Kazan
neighborhood**

**A fortress founded in 1551
serving as a military base
of the Russian army during
the siege of Kazan (1552)**

**Listed as UNESCO World
Heritage Site Candidate**

43 287 visitors in 2012

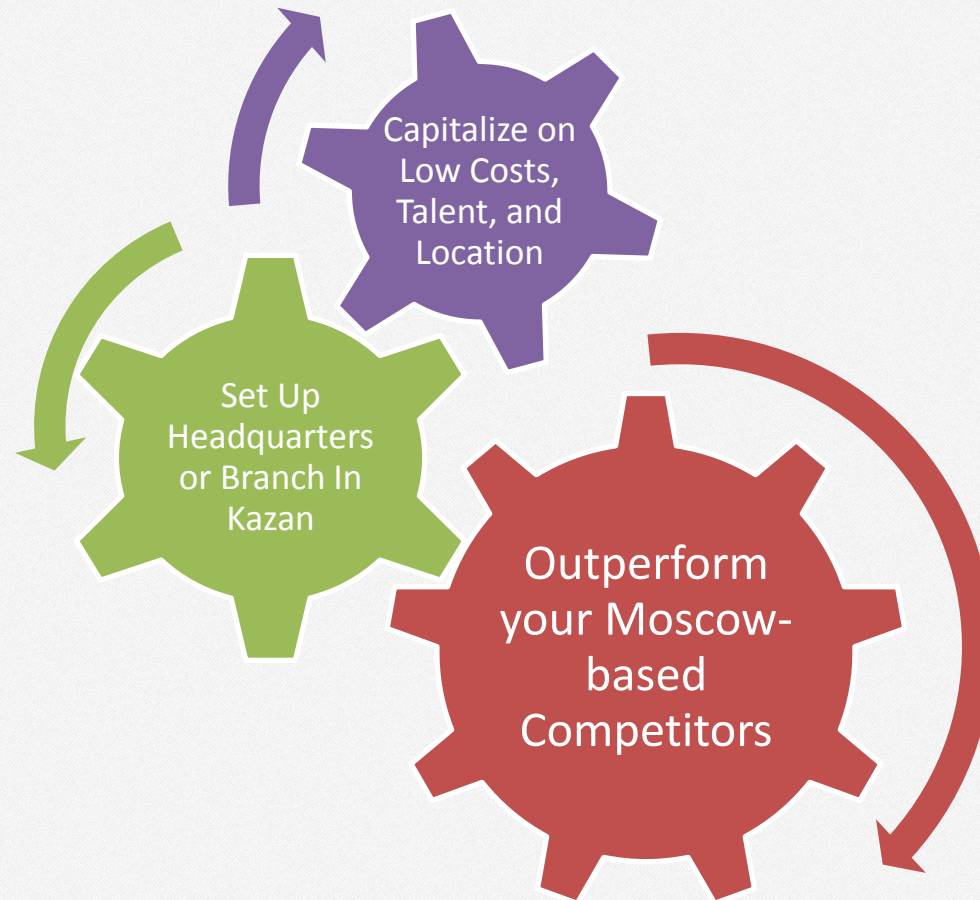


Nizhnyaya Kama National Park

- **Location:** 200 km east of Kazan, neighboring with both Elabuga and Naberezhnye Chelny
- **Founded in 1991, area of 265 Km²**
- **Home to moose, roe deer, boar, lynx, badger, eurasian beaver, raccoon dog, endangered species of bats and over 190 species of birds.**



Golden Opportunity



Why aren't you investing in the Republic of Tatarstan?

Contact us

Tatarstan Investment Development Agency
50 Peterburgskaya St.
Kazan, Tatarstan, Russia 420107
Tel./Fax: +7 (843) 570-40-01
Email: invest@tatar.ru
Website: invest.tatarstan.ru,
tida.tatarstan.ru
Twitter: [@InvestTatarstan](https://twitter.com/InvestTatarstan)

Tatarstan Development Corporation
50 Peterburgskaya St.
Kazan, Tatarstan, Russia 420107
Tel.: +7 (843) 227-42-24
Email: invest@tatar.ru

Tatarstan Export Corporation
35/2 Pravo-Bulachnaya St.
Kazan, Tatarstan, Russia 420111
Tel.: +7 (843) 292-87-76
Email: export@tatar.ru

