

MARIS

MARKET OVERVIEW

H1

2021 SAINT-PETERSBURG

KEY FINDINGS

Office market

As at the end of H1 2021 total rentable area of Class A and B office centers in St Petersburg made up 3.833 mln m².

In H1 2021 the level of vacancy rate changed insignificantly relative to the total indicator of 2020 (-0.6 p.p.). As of the end of June 2021 about 266 ths. m² or 6.9% was vacant.

The asking rental rates in the office centers were characterized by mixed dynamics relative to the indicators as at the end of 2020: positive one in the segment of Class A office centers and, by contrast, negative one in the segment of Class B office centers.

In H1 2021 the supply of workplaces in flexible-office-space sector (coworkings) in St Petersburg increased by almost 50%. Flexible-office-space services are in demand on the market.

Warehouse market

As at the end of H1 2021 the average vacancy rate in the warehouse market decreased by 1.2 p.p. relative to the indicator of Q4 2020. At the end of June 2021 about 39 ths. m² or 1.1% of the premises were vacant.

The principal demand was formed by the companies of trade and distribution sector. In Q2 2021 there was a significant increase in demand from industrial enterprises.

Increase in asking rental rates continued on the market in H1 2021.

Retail market

The retail real estate market remains to be in a zone of permanent turbulence, being the first to be hit by all the 'anti-COVID' restrictive measures.

For the second quarter in a row, fashion-operators are leading in terms of demand. The sector was not the last in number of closures as well. Thus, the market balance at the end of H1 2021 was unchanged: as of the end of June 2021, around 6.0% of space in shopping centers were vacant.

Hotel market

The hospitality industry is coping steadily with declining revenues. Not a single accommodation facility in the city has closed since the beginning of the pandemic. Demand is significantly lower than in the 'pre-COVID' period. Due to the cancellation and/or postponement of many cultural, leisure, business and sport events in the city, the H2 2021 is unlikely to have a significantly better financial and economic performance of the industry.



Class	Stock (GLA), m ²	Vacancy, %	Vacancy, m ²	Completions (GLA), m ²	Average rental rates, p*
A	1,248,800	4.6%	57 000	52,900	1,990
B	2,584,300	8.1%	209 000	41,300	1,280
	3,833,100	6.9%	266,000	94,200	

* per m²/month, incl. VAT and OPEX

Stock

In H1 2021 thirteen office buildings were put into operation of the total rentable area 94.2 ths. m². 48% of the commissioned office space are related to speculative ones (GLA = 45 ths. m², incl. of Maxidom office center and Senator at B. Morskaya St.). The volume of speculative projects commissioned in the analysed period is almost identical to that of H1 2020 (+6.6%).

In H2 2021, 187 ths. m² of office spaces are expected to be commissioned (GLA). Speculative supply growth will amount to 185 ths. m² provided the construction deadlines are met.

Demand

The main demand has been formed by IT companies. The share of this sector accounted for 28% of the office space leased in H1 2021. The consulting and business services, consumer services and financial sectors of the economy were active in terms of office leasing as well.

In H1 2021, demand from the oil and gas sector declined to only 7% (-62% in absolute terms).

The volume of lease transactions in Class A and B office centers in H1 2021 went beyond 120 ths. m². that is equitable to the indicator of H1 2020.

SPECULATIVE OFFICE BUILDINGS PLANNED TO BE COMMISSIONED IN H2 2021

Name	Gross leasable area, m ²
Kaskad 4	40,400
Office center at Chernigovskaya St.	39,400
Sobranie	15,400
Elcus	10,000
Atlas City	8,600

STRUCTURE OF TRANSACTIONS BY INDUSTRIES, H1 2021



Source: Maris | Part of the CBRE Affiliate Network



Occupancy

Insignificant growth in new speculative supply along with a stable level of demand in the market provided reduce of vacant office space in H1 2021.

The average vacancy rate in Class A and B business centers declined by -0.6 p.p. and amounted to 6.9% . At the end of June 2021, 266 ths. m^2 was vacant in Class A and B office centers.

In Class A office centers the vacancy rate increased by $+0.4$ p.p. by December 2020, and made up 4.6% . 8.1% office space was vacant in Class B office centers (-0.9 p.p. to December 2020).

Rental rates

The average rental rates in Class A office buildings increased by 3.6% compared to December 2020 and amounted to $1,990$ Rubles per m^2 per month, inclusive of VAT and operating expenses.

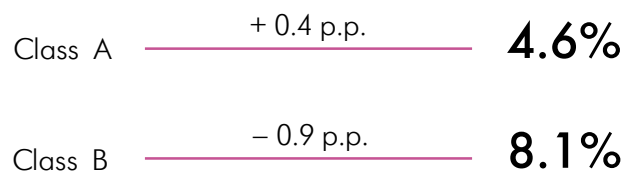
The average rental rates in Class B buildings amounted to $1,280$ Rubles per m^2 per month, inclusive of VAT and operating expenses. The decrease made up 2.3% compared to December 2020.

Maris' share

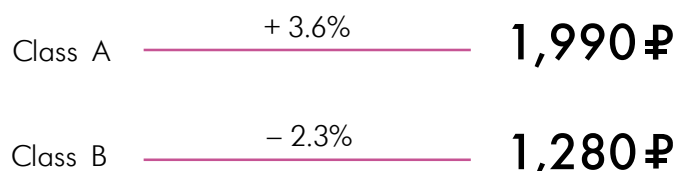
$11,500$ m^2 were transacted with the participation of Maris | Part of the CBRE Affiliate Network in H1 2021.

Maris for 10 years retains a leading position among international consultants in terms of transacted office space volume.

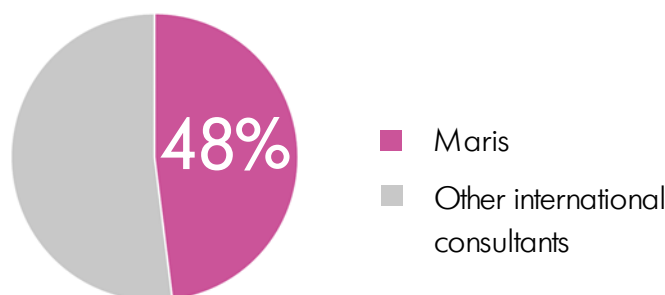
VACANCY LEVEL DYNAMICS, H1 2021 by the level of Q4 2020



AVERAGE RENTAL RATE DYNAMICS, H1 2021 * per m^2 /month, incl. VAT and OPEX



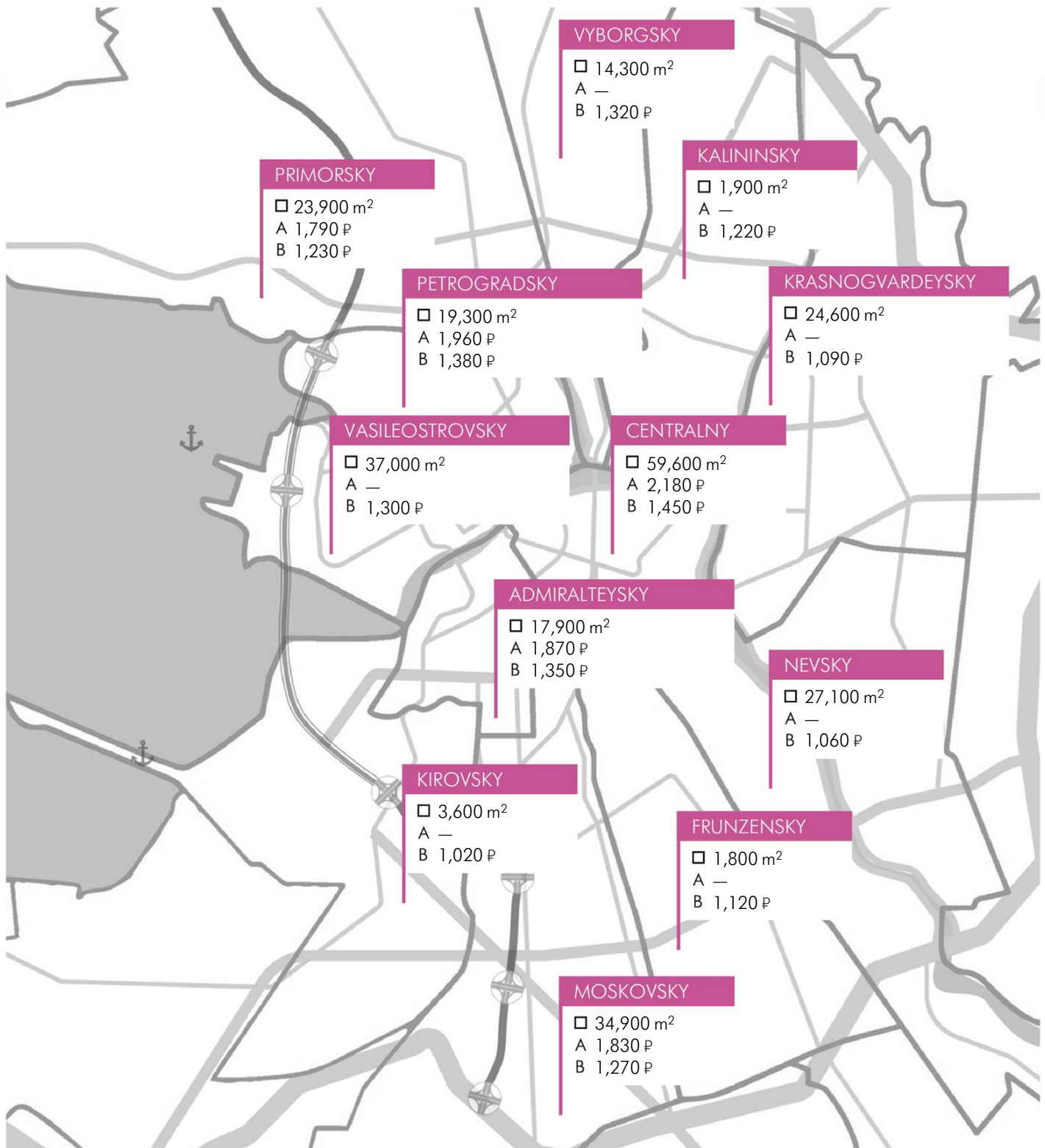
MARIS' SHARE, H1 2021



Source: Maris | Part of the CBRE Affiliate Network

VOLUME OF VACANT SPACES AND AVERAGE RENTAL RATES IN OFFICE CENTERS BY DISTRICTS OF ST PETERSBURG, AS AT THE END OF H1 2021

* per m²/month, incl. VAT and OPEX



Source: Maris | Part of the CBRE Affiliate Network



Class	Stock (GBA), m ²	Vacancy, %	Vacancy, m ²	Completions (GBA), m ²	Average rental rates, p [*]
A	2,555,600	0.6%	14,200	77,100	470 – 580
B	1,064,900	2.3%	24,800	61,900	
	3,620,500	1.1%	39,000	139,000	

* per m²/month, incl. VAT and OPEX

Stock

In H1 2021, 15 warehouses totaling about 139 ths. m² were put into operation that was four times as much as spaces commissioned in H1 2020. Only 2 of the commissioned warehouses, with a total area of 17,400 m², are speculative. The others were built-to-suit projects.

About 318 ths. m² of warehouse facilities are to be put in operation by the end of 2021. 80% of the properties are related to speculative supply. The volume of speculative construction will almost double the final 2020 figure as long as the commissioning deadlines are met.

Demand

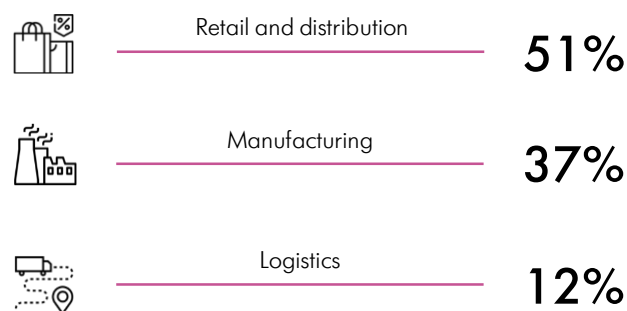
In H1 2021 the principal demand, as in previous years, was formed by retail and distribution sector (51%). In Q2 2021 there was a significant increase in demand from industrial companies.

The volume of transactions in H1 2021 in the warehouse segment amounted to at least 270 ths. m², that was 11% lower than the record for H1 2020 (inclusive of investment deals). 53% of the space was leased out. There were no deals made under built-to-suit scheme on the St Petersburg market in the last six months.

LARGE SPECULATIVE WAREHOUSE COMPLEXES PLANNED TO BE COMMISSIONED IN H2 2021

Name	GBA, m ²
Osinovaya Roscha	56,000
Armada Park North	48,400
Trodex Logistic	23,100
Ahlers	22,700
Novosel'e	17,400

STRUCTURE OF TRANSACTIONS BY INDUSTRIES, H1 2021



Source: Maris | Part of the CBRE Affiliate Network



Occupancy

Low volumes of new speculative supply and high level of demand support an acute shortage of quality space on St Petersburg warehouse market.

As of the end of June, 0.6% (-0.7 p.p. in relation to the final indicator of 2020), was vacant in Class A warehouse buildings. In Class B warehouse complexes, 2.3% was vacant (-2.4 p.p. to December 2020).

In total, following the results of H1 2021 at about 39 ths. m² was vacant (that is 1.1% of total stock).

Rental rates

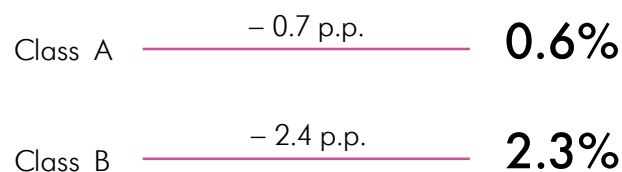
Q2 2021 was characterised by a distinct positive trend in asking rents on the market. The average rental rates in Class A and B warehouses increased by +2.9% over the last six months.

The average level of rental rates amounted to **470-580 Rubles** per m²/month, inclusive of VAT and operating expenses. Utility charges are paid on the basis of actual consumption.

Maris' share

27,100 m² were transacted with the participation of Maris | Part of the CBRE Affiliate Network in H1 2021.

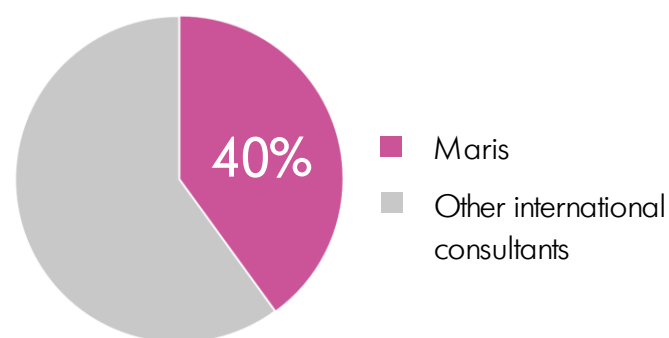
VACANCY LEVEL DYNAMICS, H1 2021 by the level of Q4 2020



AVERAGE RENTAL RATE, H1 2021 * per m²/month, incl. VAT and OPEX

470-580 ₺

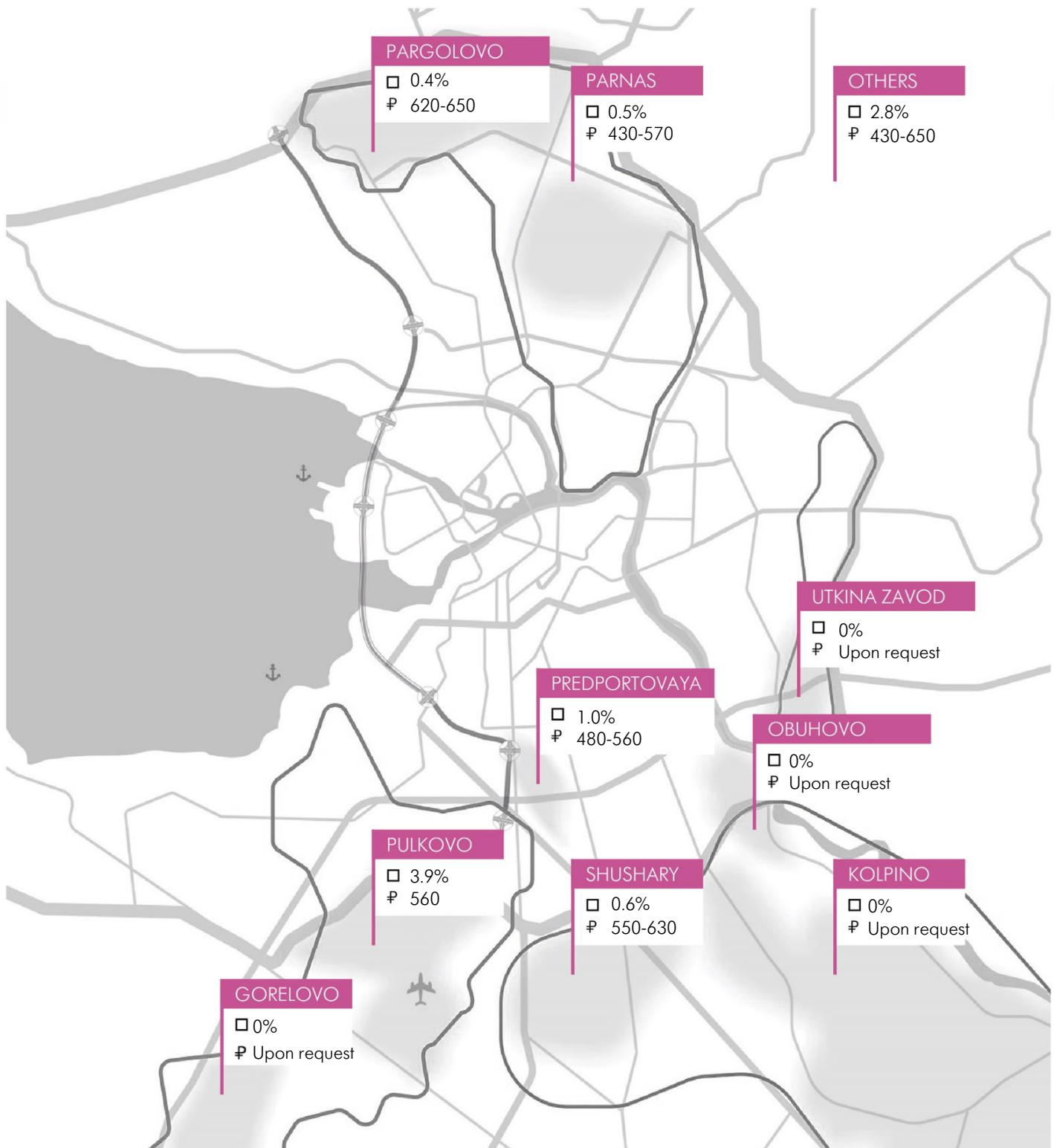
MARIS' SHARE, H1 2021



Source: Maris | Part of the CBRE Affiliate Network

VOLUME OF VACANT SPACE AND AVERAGE RENTAL RATES IN CLASS A AND B WAREHOUSES OF ST PETERSBURG AND LENINGRAD REGION, AS AT THE END OF H1 2021

per m²/month, incl. VAT and OPEX
% – vacancy level at the end of June 2021



Source: Maris | Part of the CBRE Affiliate Network



Stock (GLA), m ²	Vacancy	Completions (GLA), m ²	Prime rental rate, P*
4,192,000	6.0%	110,000	6,000

* per m²/month, incl. VAT and OPEX

Stock

In Q2 2021 no new shopping center was opened on the retail market of St Petersburg. The only one new project – furniture and interior center Cubatura – was opened in St Petersburg in Q1 2021.

St Petersburg market will add at about 88 ths. m² of retail space (GLA) by the end of the year as long as the opening deadlines are met.

Demand

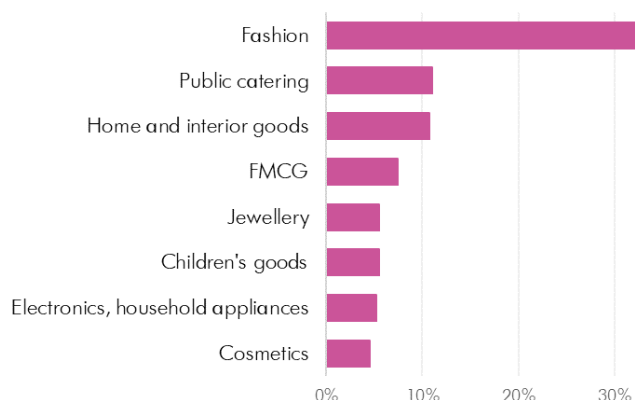
In H1 2021 fashion-retailers were the most active on the market, accounting for more than one third of new openings. Catering chains, predominantly of the mass-market segment, did not reduce their expansion. New restaurants have almost completely transferred their activity to the street-retail segment. Only 3 restaurants were opened within shopping centers for the last six months.

The market continues to be influenced by the development of distant work formats supporting demand for DIY, home and interior goods. This sector ranked third in terms of demand in H1 2021.

There is a continuing upward trend in demand for non-essentials: jewellery, souvenirs, gifts, flowers, hobby products, etc.

New projects of gastronomic spaces appear in the city. In H1 2021 new projects of food halls development were announced in Atlantic City, Nord, Akademichesky, Kontinent and Zanevsky Kaskad shopping malls, as well as a part of the reconstruction of Moskovsky and Sytny markets.

LEADERS IN THE NUMBER OF OPENINGS, H1 2021

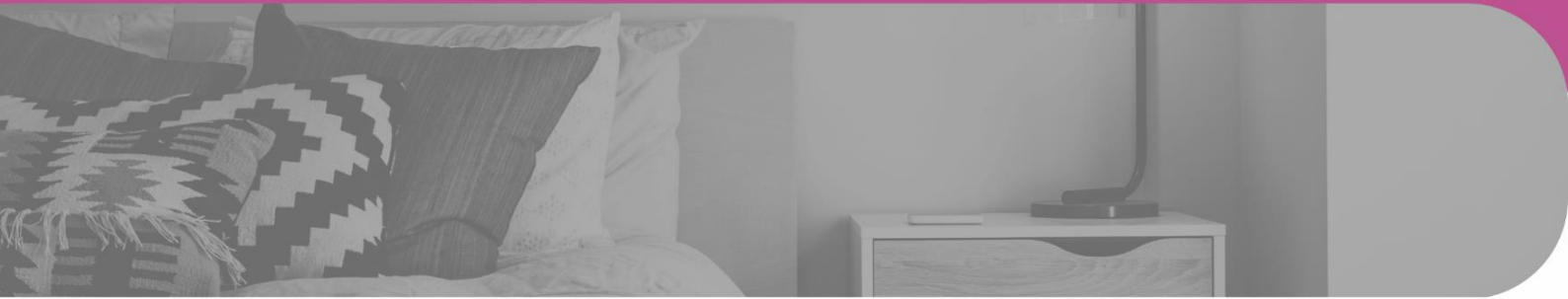


New brands

In H1 2021 seven international and eight local brands entered St Petersburg retail market.



Source: Maris | Part of the CBRE Affiliate Network



5 *	4 *	3 *
25 hotels 3,433 rooms	88 hotels 13,538 rooms	119 hotels 7,644 rooms

The main trends of the travel season H1 2021

- The number of tourists on New Year's Eve 2021 was 10 times lower than usual due to the December 'anti-COVID' restrictions. The May weekends, when 280,000 people visited the city, slightly improved the situation on the market. The UEFA EURO 2020 did not create a rush of demand for accommodation facilities in the city.
- Hotel occupancy is still considerably below the 'pre-COVID' level of 2019: an average of 30% to 50%.
- Pulkovo Airport passenger traffic for the last six months made up 7.5 mln people (-15% to H1 2019).

Stock

According to the results of H1 2021, there were 232 hotels with 24,615 rooms in St Petersburg. 36% of the total room stock were operated by international hotel operators.

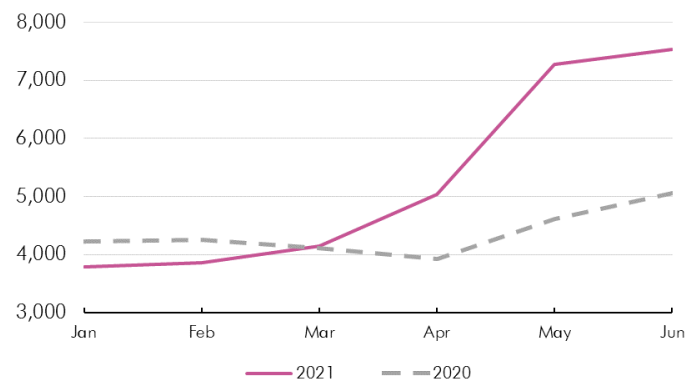
3 new local operated hotels with 222 rooms were opened in H1 2021.

The Cortyard Marriott Vasilievsky Hotel changed operator in the first half of the year and is currently local operated under the brand name River Palace Hotel, a 4-star hotel.

4 accommodation facilities with a gross room stock of more than 340 rooms are to be opened in H2 2021.

DYNAMICS AVERAGE DAILY RATE IN 3*-5* HOTELS

*standard double room, incl. VAT, excl. breakfast, ₺/day and night



HOTELS OPENED IN H1 2021

Class	Room capacity	Number of properties
5*	79	1
4*	143	3

LARGE ACCOMODATION FACILITIES PLANNED TO BE OPENED, H2 2021

Name	Room capacity	Class
Mercure	191	4*
Helen	108	4*

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Maris | Part of the CBRE Affiliate Network — one of the leading companies in the commercial real estate sector, offering a full range of services: property and facility management, lease, sale and commercial property valuation.

Maris Properties was founded in St Petersburg in 2004 and in 2006 the company has announced an affiliation agreement with the international real estate market leader CBRE. With over 100,000 employees, CBRE serves real estate owners, investors and occupiers through more than 530 offices worldwide. Maris represents CBRE in St Petersburg.

Since 2011 Maris retains a leading position in terms of office deals in St Petersburg and is actively transacting on industrial and warehouse market. In 2020 Maris was honored with highest award among real estate service providers in the nomination Consultant of the Year, CRE AWARDS 2020.

122,000 square meters of office premises are under Maris Facility management, 84% of which are ranked Class A.

Maris | Part of the CBRE Affiliate Network is a member of Russian-German Chamber of Commerce and starting from 2020 entered St Petersburg International Business Association SPIBA.

Disclaimer 2021

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