

# MARIS

## MARKET OVERVIEW

# 1Q

2021 SAINT PETERSBURG

## KEY FINDINGS

### Office market

As at the end of Q1 2021 total rentable area of Class A and B office centers in St Petersburg made up 3.789 mln m<sup>2</sup>.

In Q1 2021 the level of vacancy rate decreased relative to the total indicator of 2020 (-0.4 p.p.). As of the end of March 2021 about 270,000 m<sup>2</sup> or 7.1% was vacant.

Asking rental rates were stable comparing to the same parameter of December 2020. A slight positive trend in price indicators in Class A office centers was observed.

The flexible-office-space sector (coworkings) continued its active development in Q1 2021 and demand for its services remains at a high level.

### Warehouse market

As at the end of Q1 2021 the average vacancy rate in the warehouse market decreased by 0.3 p.p. relative to the indicator of Q4 2020. At the end of March 2021 about 72,000 m<sup>2</sup> or 2.0% of the premises were vacant.

The principal demand was formed by the companies of trade and distribution sector. In contrast to 2020, in Q1 2021 non-food retailers dominated in terms of demand in the market.

A trend of gradual increase in asking rental rates for the warehouse complexes in highly-demanded areas continued in Q1 2021.

### Retail market

In Q1 2021, the largest in Europe furniture and interior center Cubatura was opened in St Petersburg.

As of March 2021, about 6.0% of space was vacant in shopping centers. Demand from fashion-operators is gradually recovering in Q1 2021.



Class	Stock (GLA), m <sup>2</sup>	Vacancy	Completions (GLA), m <sup>2</sup>	Average rental rates, P <sup>*</sup>
A	1,235,900	3.5%	40,000	1,950
B	2,553,400	8.8%	10,400	1,310

\* per m<sup>2</sup>/month, incl. VAT and OPEX

### Stock

In Q1 2021 the increase in new supply amounted to 50.4 ths. m<sup>2</sup> of rental space – four office buildings were delivered to the market. In contrast to 2020, only 3% of new office space built in Q1 2021 relates to speculative supply: the volume of new speculative construction was 1.5 ths. m<sup>2</sup> compared to 24.6 ths. m<sup>2</sup> a year earlier.

In Q2-Q4 2021, 218 ths. m<sup>2</sup> of office spaces are expected to be commissioned (GLA). Speculative supply growth will amount to 216 ths. m<sup>2</sup> (3.9 times higher than in 2020) provided the construction deadlines are met.

### Demand

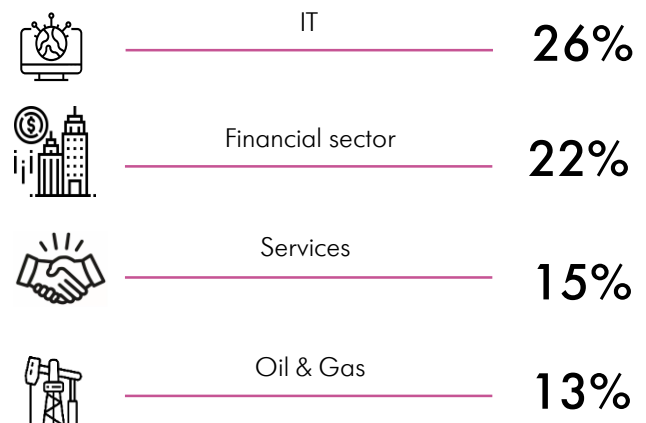
The main demand, as in previous years, has been formed by IT companies. The share of this sector accounted for 26% of the office space leased in Q1 2021. The service sector as well as the financial ones have been expanding their presence on the market. In Q1 2021, demand from the oil and gas sector increased following a prolonged moratorium on leasing new office space which was in force in 2020.

The volume of lease transactions on office market in Q1 2021 went beyond 43 ths. m<sup>2</sup>.

### SPECULATIVE OFFICE BUILDINGS PLANNED TO BE COMMISSIONED IN 2021

Name	Gross leasable area, m <sup>2</sup>
Kaskad 4	40,400
Office center at Chernigovskaya St.	39,400
Maksidom	19,200
Atlas City	17,000
Sobranie	15,400

### STRUCTURE OF TRANSACTIONS BY INDUSTRIES, Q1 2021



Source: Maris | Part of the CBRE Affiliate Network



## Occupancy

Taking into account insignificant growth in new speculative supply, the volume of vacant space did not change significantly by the end of Q1 2021 comparing to December 2020.

The average vacancy rate in class A and B business centers decreased by  $-0.4$  p.p. and amounted to 7.1%. At the end of March 2021, 270 ths. m<sup>2</sup> was vacant in class A and B office centers.

In class A office centers the vacancy rate drop by  $-0.7$  p.p. by December 2020, and made up 3.5%. 8.8% office space was vacant in Class B office centers ( $-0.2$  p.p. to December 2020).

## Rental rates

The average rental rates in class A office buildings increased by 1.6% compared to December 2020 and amounted to 1,950 Rubles per m<sup>2</sup> per month, inclusive of VAT and operating expenses.

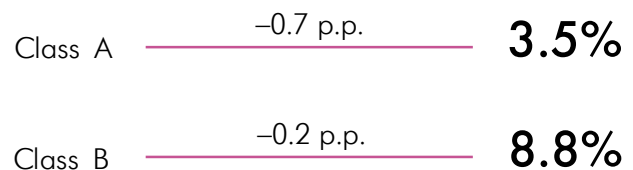
The average rental rates in class B office buildings amounted to 1,310 Rubles per m<sup>2</sup> per month, inclusive of VAT and operating expenses. This parameter did not change since December 2020.

## Maris' share

5,400 m<sup>2</sup> were transacted with the participation of Maris | Part of the CBRE Affiliate Network in Q1 2021.

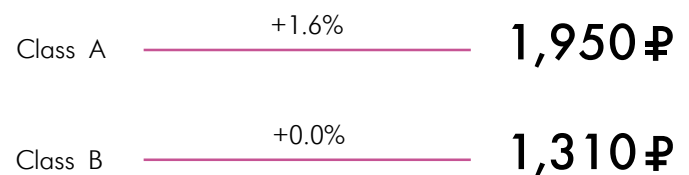
Maris for 10 years retains a leading position among international consultants in terms of transacted office space volume.

### VACANCY LEVEL DYNAMICS, Q1 2021

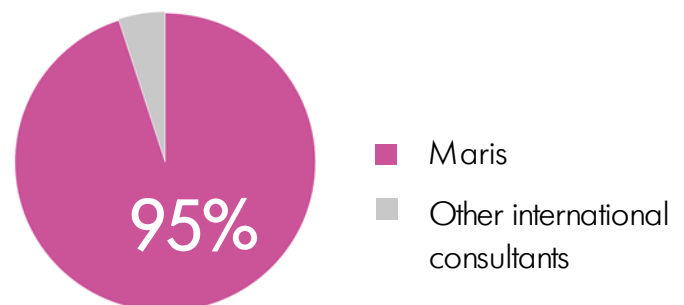


### AVERAGE RENTAL RATE DYNAMICS, Q1 2021

\* per m<sup>2</sup>/month, incl. VAT and OPEX



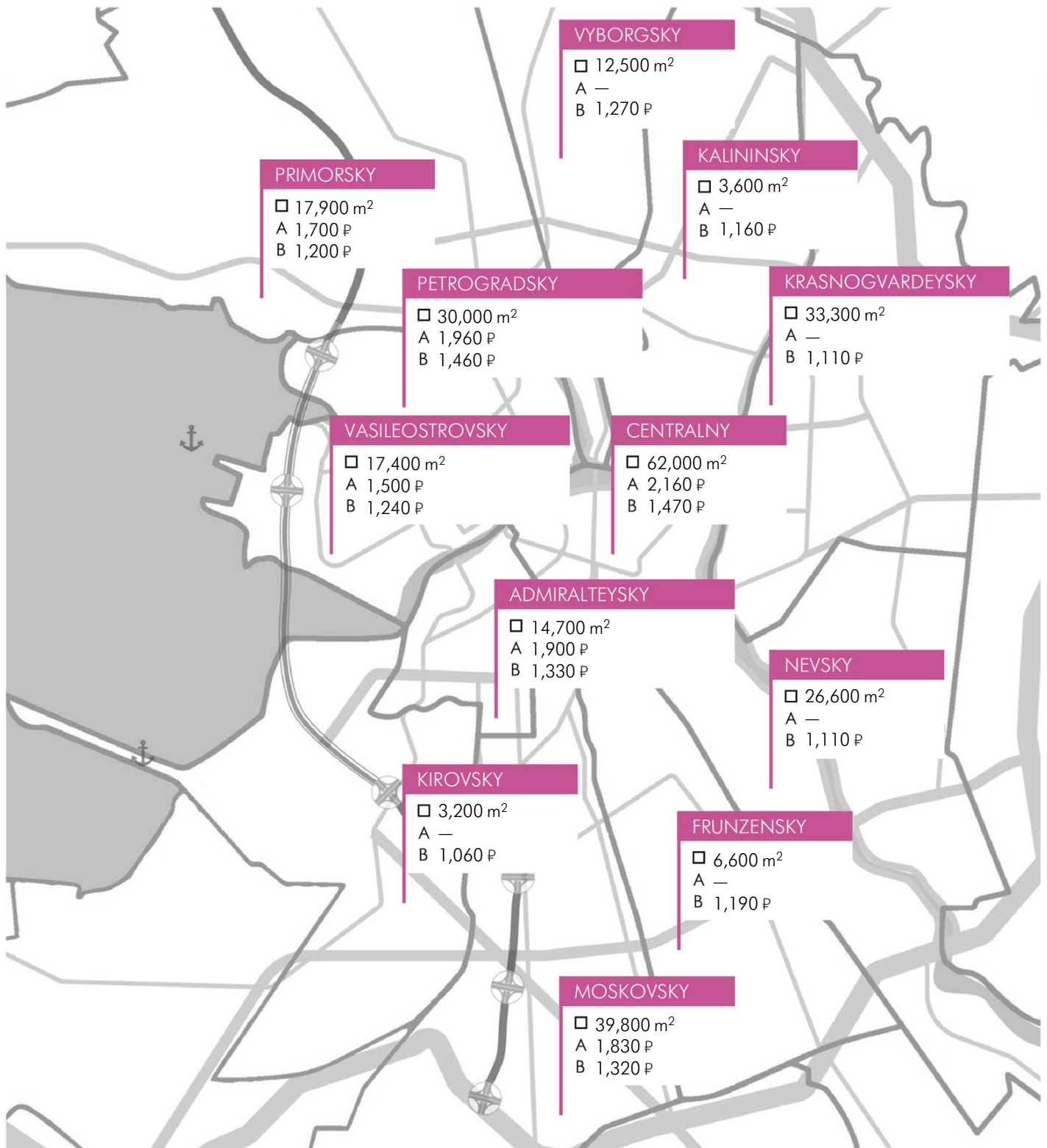
### MARIS' SHARE, Q1 2021



Source: Maris | Part of the CBRE Affiliate Network

VOLUME OF VACANT SPACES AND AVERAGE RENTAL RATES IN OFFICE CENTERS BY DISTRICTS OF ST PETERSBURG, AT THE END OF Q1 2021

\* per m<sup>2</sup>/month, incl. VAT and OPEX



Source: Maris | Part of the CBRE Affiliate Network



Class	Stock (GBA), m <sup>2</sup>	Vacancy	Completions (GBA), m <sup>2</sup>	Average rental rates, P*
A	2,539,700	1.2%	86,400	450 – 580
B	1,028,200	3.9%		

\* per m<sup>2</sup>/month, incl. VAT and OPEX

## Stock

In Q1 2021, 9 warehouse and industrial properties totaling about 86.4 ths. m<sup>2</sup> were put into operation that was 2.9 times as much as spaces commissioned in Q1 2020. The only one warehouse with a total area of 1,500 m<sup>2</sup> was a speculative one. The others were built-to-suit projects.

About 326 ths. m<sup>2</sup> 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

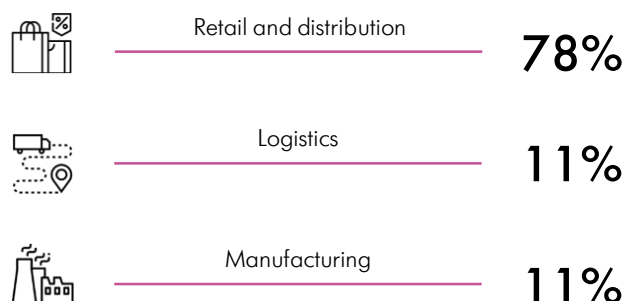
The volume of transactions in the warehouse segment amounted to more than 58 ths. m<sup>2</sup>, that was 7% lower than the record for Q1 2020. The entire above-mentioned amount of industrial and warehouse space was leased out.

In Q1 2021 the principal demand, as in previous years, was formed by retail and distribution sector (78%). In contrast to 2020, in Q1 2021 non-food retailers dominated in terms of demand in the market.

## LARGE SPECULATIVE WAREHOUSE COMPLEXES PLANNED TO BE COMMISSIONED IN 2021

Name	GBA, m <sup>2</sup>
Osinovaya Roscha	56,000
Armada Park North	48,400
Ahlers	22,700
Octavian	15,900

## STRUCTURE OF TRANSACTIONS BY INDUSTRIES, Q1 2021



Source: Maris | Part of the CBRE Affiliate Network





## Occupancy

Virtually lack of new speculative supply and a consistently high level of demand led to maintaining the vacancies in high-quality warehouse complexes of class A and B in St Petersburg at the extremely low level.

As of the end of March, 1.2% (-0.1 p.p. in relation to the final indicator of 2020), was vacant in class A warehouse buildings. That was the minimum value for the last 5 years. In class B warehouse complexes, 3.9% was vacant (-0.8 p.p. to December 2020).

In total, following the results of Q1 2021 at about 72,000 m<sup>2</sup> was vacant (that is 2.0% of total stock).

## Rental rates

Q1 2021 was characterized by relative stability of asking rental rates on the market. The average rental rates in Class A and B warehouses increased by +0.4% over the three months.

The average level of rental rates amounted to **450-580 Rubles** per m<sup>2</sup>/month, inclusive of VAT and operating expenses. Utility charges are paid on the basis of actual consumption.

## VACANCY LEVEL DYNAMICS, Q1 2021

Class A	-0.1 p.p.	<b>1.2%</b>
Class B	-0.8 p.p.	<b>3.9%</b>

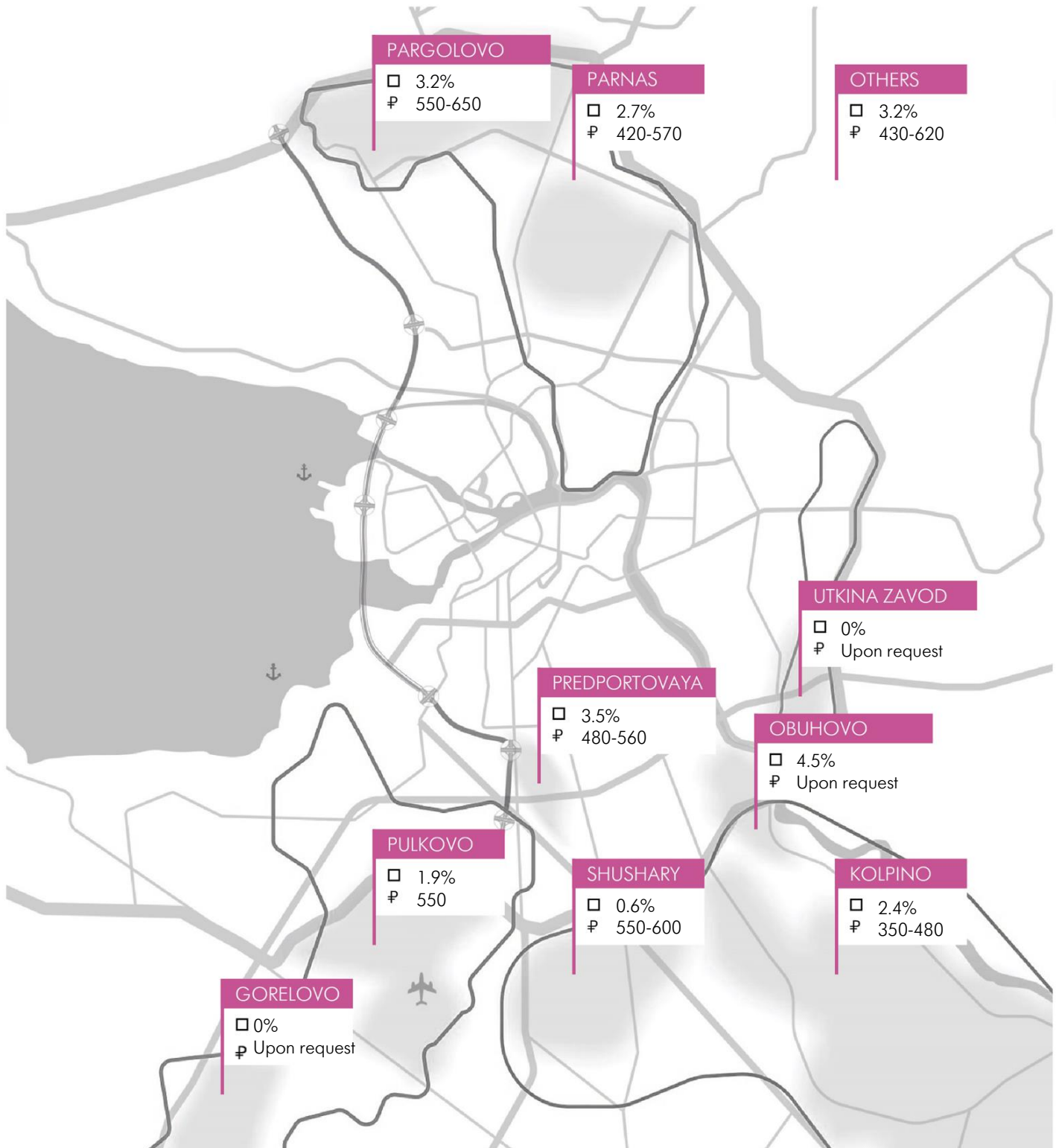
## AVERAGE RENTAL RATE, Q1 2021

\* per m<sup>2</sup>/month, incl. VAT and OPEX

**450 – 580 ₺**

VOLUME OF VACANT SPACE AND AVERAGE RENTAL RATES IN CLASS A AND B WAREHOUSES OF ST PETERSBURG AND LENINGRAD REGION, AT THE END OF Q1 2021

per m<sup>2</sup>/month, incl. VAT and OPEX  
% – vacancy level at the end of March 2021



Source: Maris | Part of the CBRE Affiliate Network





Stock (GLA), m <sup>2</sup>	Vacancy	Completions (GLA), m <sup>2</sup>	Prime rental rate, ₺*
4,182,000	6.0%	110,000	6,000

\* per m<sup>2</sup>/month, incl. VAT and OPEX

### Stock

In Q1 2021, the largest in Europe furniture and interior center Cubatura was opened in St Petersburg.

#### SHOPPING CENTERS PLANNED TO BE OPENED IN 2021

Name	GLA, m <sup>2</sup>
Kaskad 4	20,000
Sputnik	12,000
Pribaltiysky	12,000
Solnechniy gorod	8,000
Fashion House Outle Tallinskoe	4,500

Source: Maris | Part of the CBRE Affiliate Network

St Petersburg market will add 90,000 m<sup>2</sup> of retail space (GLA) by the end of the year as long as the opening deadlines are met.

### Demand

In Q1 2021, footfall in the city's shopping centers was 20% lower than in the same period in 2020.

FMCG retail proceeded active development in St Petersburg market: Eurospar, Svetofor, Mint, Vkuster, Verny, Semishagoff, Zelenskaya poultry farm, Derevnya Solov'i, Belorusskiy Dvorik, Nash Market. New federal FMCG retail chains entered St Petersburg market (Poryadok, Myasnaya Lavka of I. Kurnikov).

The hard discounter FMCG segment is growing dynamically.

Regional FMCG-retailers quit St Petersburg market in Q1 2021 (Green and Medved').

In Q1 2021, the catering segment which suffered the most from the pandemic continued to take losses: the Ollis pizzeria chain and the Dve Palochki restaurants closed, as well as the Library of Tastes restaurant on Nevsky Prospekt.

New projects of gastronomic spaces appear in the city. In Q1 2021 a project to create a food hall in the Atlantic City shopping center was announced.

### New brands

The St Petersburg market does not lose its attractiveness for new retailers. In Q1 2021, three international and seven domestic brands previously unrepresented in the city entered the market.

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## Maris | Part of the CBRE Affiliate Network

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.

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