

MARIS

MARKET OVERVIEW

Q3

2021 SAINT PETERSBURG

KEY FINDINGS

Office market

As at the end of Q3 2021 total rentable area of Class A and B office centers in St Petersburg made up 3.87 mln m².

In Q3 2021 the level of vacancy rate changed insignificantly relative to the total indicator of 2020 (-0.8 p.p.). As of the end of September 2021 about 259 ths. m² or 6.7% was vacant.

The asking rental rates in the office centers were characterized by positive dynamics in the analyzed period.

In Q3 2021 the supply of workplaces in flexible-office-space sector (coworkings) in St Petersburg increased by 86%. Flexible-office-space services are in demand on the market.

Warehouse market

As at the end of Q3 2021 the average vacancy rate in the warehouse market decreased by 1.3 p.p. relative to the indicator of Q4 2020. At the end of September 2021 about 49 ths. m² or 1.3% of the premises were vacant.

In Q3 2021 an unprecedented volume of transactions was recorded – 330 ths. m² of high-quality industrial properties were sold and rented out in the St Petersburg market. In the first nine months of this year, the gross transacted volume has already exceeded the result for the entire 2020 by 6.1% and amounted to 582,000 m². The principal demand was formed by the companies of trade and distribution sector.

Increase in asking rental rates continued on the market in Q3 2021 (+14.7%). The YoY growth in asking rental rates made up +20.4% at the end of September 2021.

Retail market

Lack of new projects and rather stable level of demand continue to support retail real estate market: at the end of Q3 2021 about 6% of premises in shopping centers were vacant. The top three in terms of demand volumes did not change at the end of Q3 2021: fashion, catering, as well as DIY, home and interior goods.

Active development of domestic brands, both "local" and those coming from other regions of Russia is observed on the St Petersburg market. At the same time, the St Petersburg market has not lost its attractiveness to international ones as well.



Class	Stock (GLA), m ²	Vacancy, %	Vacancy, m ²	Completions (GLA), m ²	Average rental rates, p [*]
A	1,268,400	5.6%	71,000	72,500	2,040
B	2,602,200	7.2%	188,000	59,300	1,300
	3,870,600	6.7%	259,000	131,800	

* per m²/month, incl. VAT and OPEX

Stock

In Q1–Q3 2021 eighteen office buildings were put into operation of the total rentable area 131.8 ths. m². 63% of the commissioned office space are related to speculative ones (GLA = 83 ths. m², incl. of Maxidom, Senator at B. Morskaya St., Sobranie 2, Ponomarev Center, Ferrum office centers). The volume of speculative projects commissioned in the analyzed period is almost twice as high as that of Q1–Q3 2020.

In Q4 2021, 48 ths. m² of office spaces are expected to be commissioned (GLA). Speculative supply growth will amount to 47 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 26% of the office space leased in Q1–Q3 2021. The consulting and business services, consumer services and financial sectors of the economy were active in terms of office leasing as well.

In Q1–Q3 2021, demand from the oil and gas sector declined to only 7% (–48% in absolute terms).

The volume of lease transactions in Class A and B office centers in Q1–Q3 2021 went beyond 182 ths. m², that is +6.2% to the indicator of Q1–Q3 2020.

SPECULATIVE OFFICE BUILDINGS PLANNED TO BE COMMISSIONED IN Q4 2021

Name	Gross leasable area, m ²
Elcus	10,000
Atlas City	8,600
KERSTEN	6,000

STRUCTURE OF TRANSACTIONS BY INDUSTRIES, Q1–Q3 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 as at the end of Q3 2021 (-7.2% vs indicator of Q4 2020).

The average vacancy rate in Class A and B business centers declined by -0.8 p.p. and amounted to 6.7%. At the end of September 2021, 259 ths. m² were vacant in Class A and B office centers.

In Class A office centers the vacancy rate increased by +1.4 p.p. by December 2020, and made up 5.6%. 7.2% office space was vacant in Class B office centers (-1.8 p.p. to December 2020).

Rental rates

The average rental rates in Class A office buildings increased by 6.3% compared to December 2020 and amounted to 2,040 Rubles per m² per month, inclusive of VAT and operating expenses.

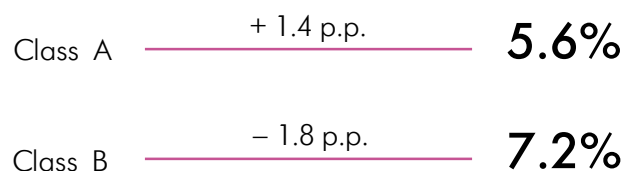
The average rental rates in Class B buildings amounted to 1,300 Rubles per m² per month, inclusive of VAT and operating expenses. In Q3 2021 asking rental rates in class B office center grew by 1.6% relative to the price indicator as at Q2 2021.

Maris' share

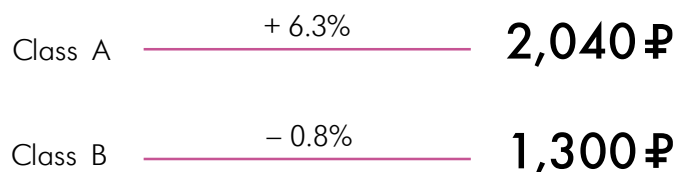
17,600 m² were transacted with the participation of Maris | Part of the CBRE Affiliate Network in Q1-Q3 2021.

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

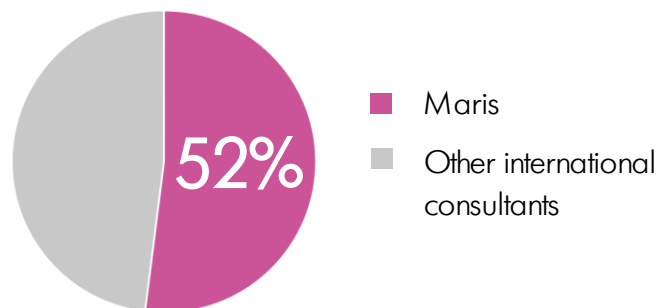
VACANCY LEVEL DYNAMICS, Q3 2021 by the level of Q4 2020



AVERAGE RENTAL RATE DYNAMICS, Q3 2021 * per m²/month, incl. VAT and OPEX, by the level of Q4 2020



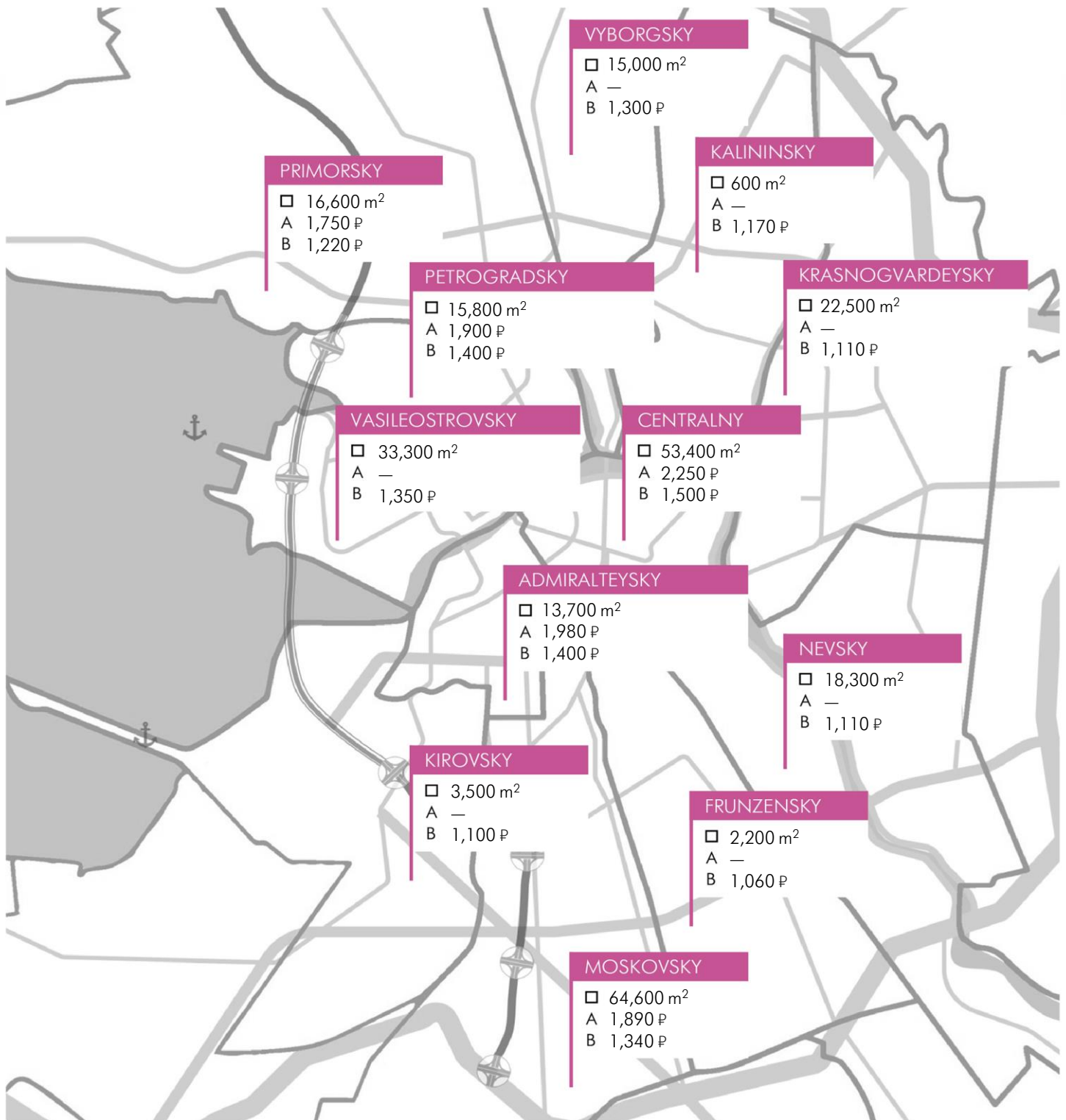
MARIS' SHARE, Q3 2021



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 Q3 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	2,627,200	0.5%	13,000	166,700	470 – 680
B	1,066,300	3.4%	36,000	63,300	
	3,693,500	1.3%	49,000	230,000	

* per m²/month, incl. VAT and OPEX

Stock

In Q1–Q3 2021, 21 warehouses totaling about 230 ths. m² were put into operation that was 2.4 times as much as spaces commissioned in Q1–Q3 2020. 82.5 ths. m² of the commissioned warehouses are speculative (+11.5% vs Q1–Q3 2020). The others were built-to-suit and owner occupied projects.

About 145 ths. m² of warehouse facilities are to be put in operation by the end of 2021. 72% of the properties are related to speculative supply.

Demand

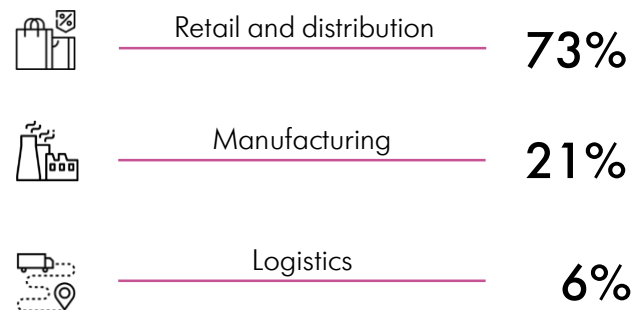
In Q3 2021 an unprecedented volume of transactions was recorded – 330 ths. m² of high-quality industrial properties were sold and rented out in the St Petersburg market. In the first nine months of this year, the gross transacted volume has already exceeded the result for the entire 2020 by 6.1% and amounted to 582,000 m². 46% of the space was leased out. There were two transactions made under built-to-suit scheme on the St Petersburg market in Q3 2021 (34% of total transacted warehouse facilities).

The principal demand was formed by the companies of trade and distribution sector (73%). E-commerce segment led the market with 48% of gross demand (vs 14% in Q1–Q3 2020).

LARGE SPECULATIVE WAREHOUSE COMPLEXES PLANNED TO BE COMMISSIONED IN Q4 2021

Name	GBA, m ²
Trodex Logistic	23,100
Ahlers	22,700
Grando	16,000

STRUCTURE OF TRANSACTIONS BY INDUSTRIES, Q1–Q3 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 September, 0.5% (-0.8 p.p. in relation to the final indicator of 2020), was vacant in Class A warehouse buildings. In Class B warehouse complexes, 3.4% was vacant (-1.3 p.p. to December 2020).

In total, following the results of Q3 2021 at about 49 ths. m² were vacant (that is 1.3% of total stock).

Rental rates

Increase in asking rental rates continued on the market in Q3 2021 (+14.7%). The YoY growth in asking rental rates made up +20.4% at the end of September 2021.

The average level of rental rates amounted to **470 – 680 Rubles** per m²/month, inclusive of VAT and operating expenses. Utility charges are paid on the basis of actual consumption.

Maris' share

34,700 m² were transacted with the participation of Maris | Part of the CBRE Affiliate Network in Q1–Q3 2021.

VACANCY LEVEL DYNAMICS, Q3 2021 by the level of Q4 2020

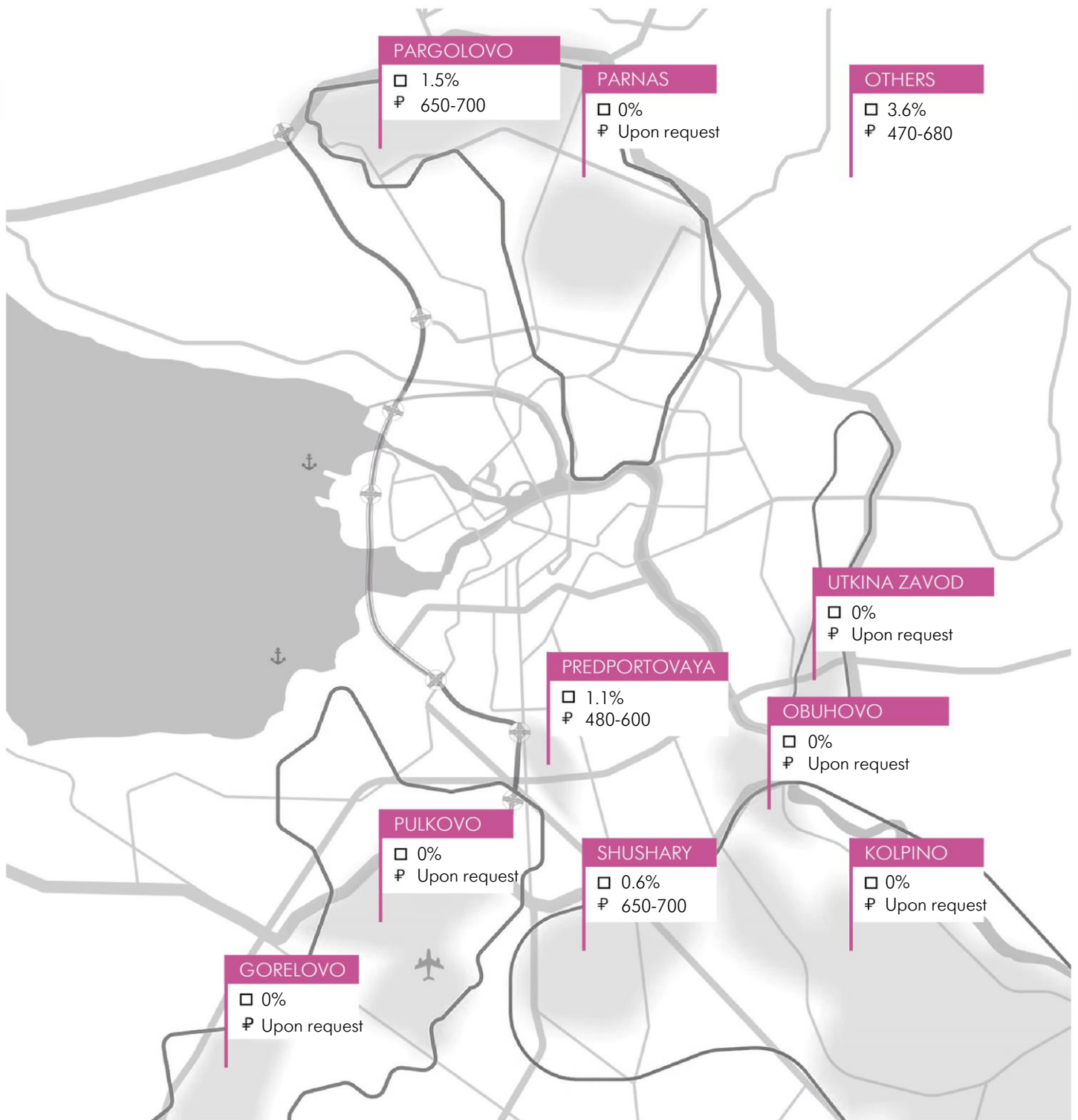
Class A	– 0.8 p.p.	0.5%
Class B	– 1.3 p.p.	3.4%

AVERAGE RENTAL RATE, Q3 2021 * per m²/month, incl. VAT and OPEX

470-680 ₺

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 Q3 2021

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



Source: Maris | Part of the CBRE Affiliate Network



Stock (GLA), m ²	Vacancy	Completions (GLA), m ²	Prime rental rate, ₺*
4,176,600	6.0%	110,000	6,000

* per m²/month, incl. VAT and OPEX

Stock

In Q3 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 41 ths. m² of retail space (GLA) by the end of the year as long as the opening deadlines are met.

In Q3 2021 Sampsonievsky Shopping Centre at 1, Fokina St. and Karusel' hypermarket at 31, Kuznetsovskaya St. were closed.

Demand

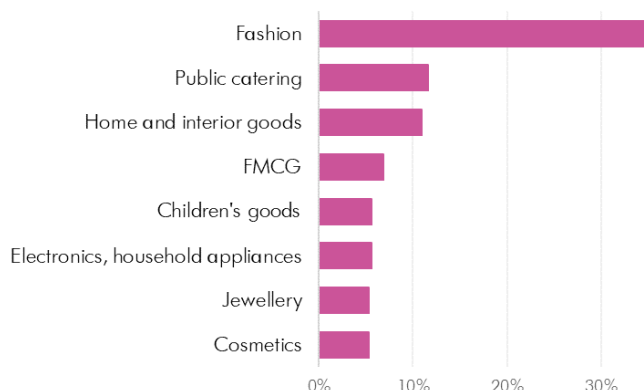
In Q1–Q3 2021 fashion-retailers were the leaders in terms of volume of deals (37%). Fashion operators of mass-market segment accounted for 41% of deals.

A similar situation was observed in the catering segment, that took the second tern in terms of demand activity (12%). 89% of new openings are mass-market catering enterprises.

The top three in the demand structure did not change as at the end of Q3. DIY, home and interior goods remain at the third place (11%).

Demand from FMCG operators was stable in terms of volume, but there were significant structural changes. For example, while in 2020 supermarkets led the way in this segment, in 2021 branded food-stores, grocery boutiques and alkomarkets are coming to the fore.

LEADERS IN THE NUMBER OF OPENINGS, Q3 2021



New brands

In Q1–Q3 2021 ten international and fourteen local brands entered St Petersburg retail market.



Source: Maris | Part of the CBRE Affiliate Network

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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.

Disclaimer 2021

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