

MARIS

MARKET OVERVIEW



H1

2023 SAINT-PETERSBURG

KEY FINDINGS

Office market

As at the end of H1 2023 total rentable area of Class A and B office centers in St Petersburg made up 4.123 mln m².

In H1 2023 the level of vacancy rate decreased relative to the total indicator of 2022 (-0,9 p.p.). As of the end of June 2023 about 425 ths. m² or 10.3% was vacant.

The asking rental rates in the office centers revealed moderate positive dynamics in the analyzed period.

In H1 2023 the supply of workplaces in flexible-office-space sector (coworkings) in St Petersburg increased by 4.8%.

Warehouse market

As at the end of H1 2023 the average vacancy rate in the warehouse market decreased by 1.2 p.p. relative to the indicator of Q4 2022. At the end of June 2023 about 65 ths. m² or 1.5% of the total stock were vacant.

In H1 2023 at least 311 ths. m² of high-quality industrial properties were sold and rented out in the St Petersburg market. Compared to H1 2022, demand has risen by 24%. The principal demand was formed by retail and distribution sector.

Increase in demand for warehouse facilities along with low growth in new speculative supply have led to a slight increase in asking rental rates, mainly in high-class properties.

Hotel market

In H1 2023 total room stock increase was 55% lower than in H1 2022. In contrast to H1 2022, when only 4* facilities were commissioned, this year 60% of the supply growth was provided by 3* hotel properties.

The average daily room rate (ADR) in 3*-5* hotels decreased by 6.1% compared to H1 2022.

Retail market

In H1 2023 no new shopping center has been opened on the market. At the end of H1 2023 about 8.5% of premises in shopping centers were vacant.

The main driver of demand on the market remains fashion retail (48% of gross demand).

The interest of foreign brands from Middle and Far East in the St Petersburg market is gradually increasing.

OFFICE MARKET



“HELLO, DEVELOPERS!”

In 2022, about 20 large transactions were recorded in the office market. However, the first half of 2023 boasts only three. Probably, many companies that became drivers of demand last year satisfied their needs due to the release of a large number of high-quality offices.

There are still large requests, however, most of them are a long search for the "perfect offer". The pace of moving to new offices among companies of 20-100 people has not changed much, nor have the reasons for finding an office.

Class A and B office buildings are entering the market, and interest in them is evident even before commissioning – this is a good sign. We are waiting for developers with new projects!"

Alena Berdigan

Head of Office Real Estate Department

Stock

In H1 2023 the increase in new supply amounted to 78.6 ths. m² of rental space. Eleven speculative office buildings were put into operation: Senator at 5 and 6, Millionnaya St., Senator at Medikov Pr. and Odoevskogo St., George Landrin, Boiler-House, OC at 7, Tavrichesky Lane, OC at 2, Afonskaya St., Obvodny Dvor, OC at 67, Kirochnaya St.). 92% of commissioned office spaces are related to speculative ones.

In H2 2023, 82 ths. m² of office spaces are expected to be commissioned (GLA) inclusive of 72 ths. m² of speculative ones. Gross new speculative office space in 2023 is to be 8.7% less than in 2022.

	Stock (GLA), m ²	Vacancy, %	Vacancy, m ²	Completions (GLA), m ²	Average rental rates, ₺*
A class	1,398,600	11.3%	157,500	31,000	2,140
B class	2,724,400	9.8%	267,100	47,600	1,410
	4,122,600	10.3%	424,600	78,600	

* per m²/month, incl. VAT and OPEX

Demand

The main demand has been formed by financial sector (36%).

As a positive trend, there has been an increase in demand from the real economy, logistics companies and B2B enterprises.

IT-companies decreased leasing of office spaces in H1 2023 (–37% in absolute terms).

The volume of lease transactions in Class A and B office centers in H1 2023 went beyond 123 ths. m², that is +5.9% to the indicator of H1 2022.

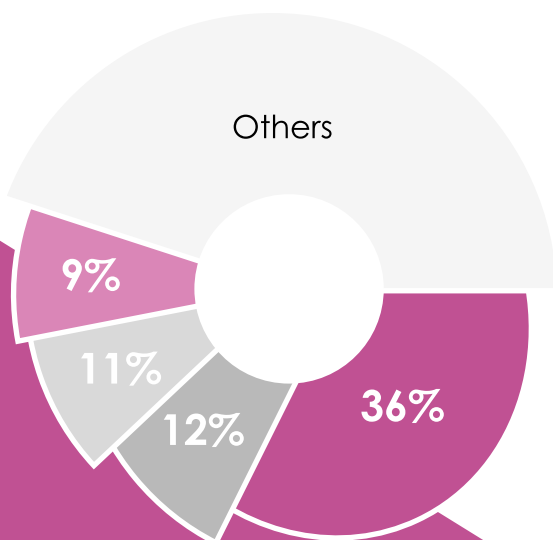
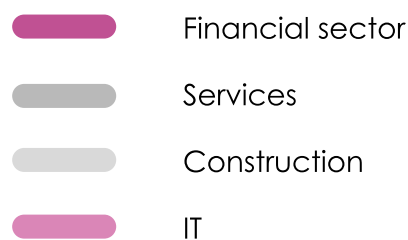
Speculative office buildings planned to be commissioned in H2 2023

Office center	Gross leasable area, m ²
M22	15,900
JAKOV CHERNIHOV	15,000
Chance	14,000
Tesla	10,300
Avangard	7,800

Major lease deals, Q2 2023

Office center	Leased area, m ²
Maxidom	25,200
Severnaya Stolitsa	1,430 *
Ostrov	1,100
Fabrika	930 *

Sectoral structure of demand, H1 2023





“TRENDS “FROM THE FIELDS”

According to the results of the first half of the year, the following main characteristics of the office market in St. Petersburg can be noted:

- office premises located near the metro are still in demand;
- rough finishing is practically not in demand. Tenants are also of little interest in offices in which the landlord promises to perform finishing;

- despite the existing vacancy, it is difficult to satisfy requests for premises in a central location of 3,000+ m² with finished decoration. And for premises up to 250 m², landlords have a rule: “the premises goes to whoever sign the lease agreement faster.”

Nelli Aleynikova

Head of Global Corporate Services Department

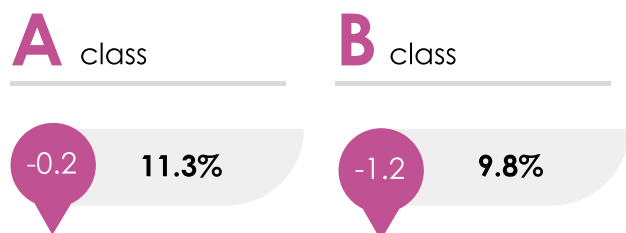
Occupancy

As at the end of H1 2023, the gross vacancy rate in the market reduced due to an increase in demand for office facilities (in absolute terms –6.5% to Q4 2022).

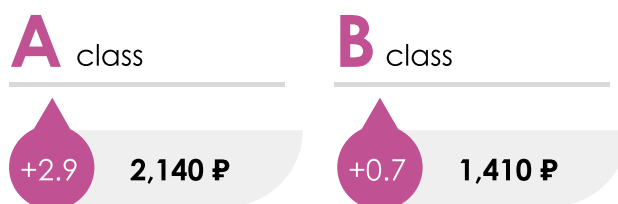
The average vacancy rate in Class A and B business centers decreased by –0.9 p.p. and amounted to 10.3%. At the end of June 2023, 425 ths. m² were vacant in Class A and B office centers.

In Class A office centers the vacancy rate decreased by –0.2 p.p. to December 2022, and made up 11.3%. 9.8% office space was vacant in Class B office centers (–1.2 p.p. to December 2022).

Vacancy level dynamics, H1 2023



Average rental rate dynamics, H1 2023



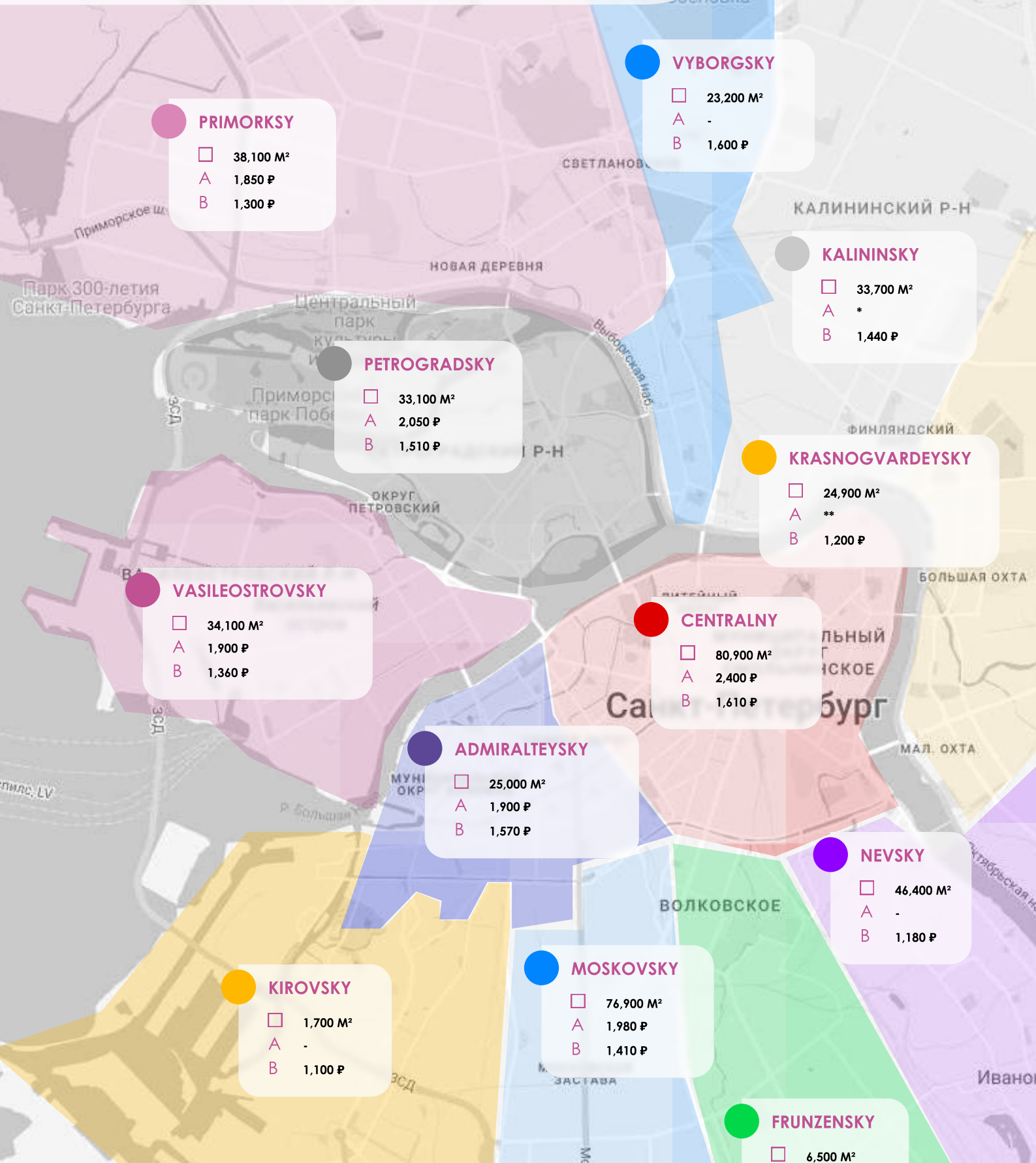
Rental rates

The average rental rates in Class A office buildings grew by 2.9% compared to December 2022 and amounted to 2,140 Rubles per m² per month, inclusive of VAT and operating expenses.

The average rental rates in Class B buildings amounted to 1,410 Rubles per m² per month, inclusive of VAT and operating expenses. In H1 2023 the asking rental rates in class B office centers increased by 0.7% relative to the price indicator as at Q4 2022.

Volume of vacant spaces and average rental rates in office centers by districts of St Petersburg, as at the end of H1 2023

per m²/month, incl. VAT and OPEX



* The supply in the segment of Class A office centers in the zone is represented by the only complex of HC "Teorema", with asking rental rate of 2,200-2,400 Rubles/m²/month, incl. VAT and operating expense, as of the end of June 2023

** The supply in the segment of Class A office centers in the zone is represented by the only OC "Saint-Petersburg Plaza", with asking rental rate of 2,100 Rubles/m²/month, incl. VAT and operating expense, as of the end of June 2023

WAREHOUSE MARKET



“THE MARKET IS LOOKING FOR PROJECTS!”

According to the results of two quarters, the status quo remains in the segment of industrial real estate: a minimum vacancy, a gradual increase in the requested rental rates.

The conditions for existing quality offers are overwhelmingly dictated by the landlord. In these realities, new development projects of absolutely any format, from high tech to C-class, attract the maximum attention of market participants.”

Alexandr Shevelev

Head of Industrial Real Estate Department

Stock

In H1 2023, 7 warehouses totaling about 100.5 ths. m² were put into operation, that was 46% higher than H1 2022. 69% of the commissioned warehouses are speculative properties.

About 398 ths. m² of warehouse facilities are to be put in operation in H2 2023. 41% of the properties are related to speculative supply. The total speculative supply growth would be 21% higher than 2022 figure as long as the commissioning deadlines are met.

	Stock (GBA), m ²	Vacancy, %	Vacancy, m ²	Completions (GBA), m ²	Average rental rates, ₺ *
A class	3,166,400	1.8%	56,100	79,500	580 – 780
B class	1,107,300	0.8%	9,100	21,000	
	4,273,700	1.5%	65,200	100,500	

* per m²/month, incl. VAT and OPEX

Demand

In H1 2023 at about 311 ths. m² of high-quality industrial properties were sold and rented out in the St Petersburg market (+23.7% vs H1 2022).

59% of the space was leased out. In absolute terms, the gross volume of rental transactions increased by 49% compared to H1 2022.

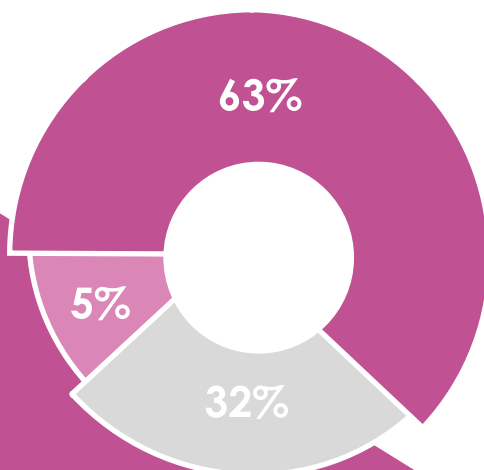
The principal demand was formed by retail and distribution sector (63%). Industrial enterprises rented 42% more warehouse facilities than in H1 2022 (32% in gross demand).

Major lease deals, Q2 2023

Warehouse complex	Leased area, m ²
Nordway	2,960
Al'tair	2,900
WC at northern area of the city	1,800
Modul Yuzhny	1,200

Large warehouse complexes planned to be commissioned in H1 2023

Name	Area, m ²
Armada Park Shushary / Sberlogistics	108,200
Wildberries	105,900
Nart	34,300
Project 111	29,700
Ahlers	22,200
Novosel'e	17,400



Sectoral structure of demand, H1 2023



Occupancy

Insignificant growth in new speculative supply and increase in demand led to reduction in vacancy at the end of H1 2023.

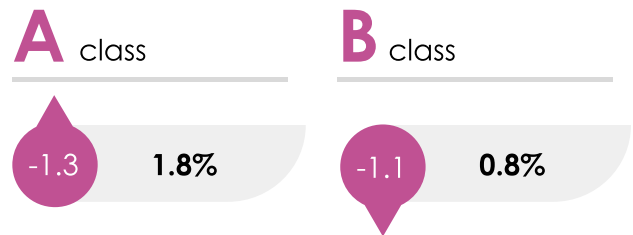
As of the end of June, 1.8% (-1.3 p.p. in relation to the final indicator of 2022) was vacant in Class A warehouse buildings. In Class B warehouse complexes 0.8% was vacant (-1.1 p.p. to December 2022).

In total, following the results of H1 2023 at about 65 ths. m² were vacant (that is 1.5% of total stock).

Average rental rate, H1 2023



Vacancy level dynamics, H1 2023



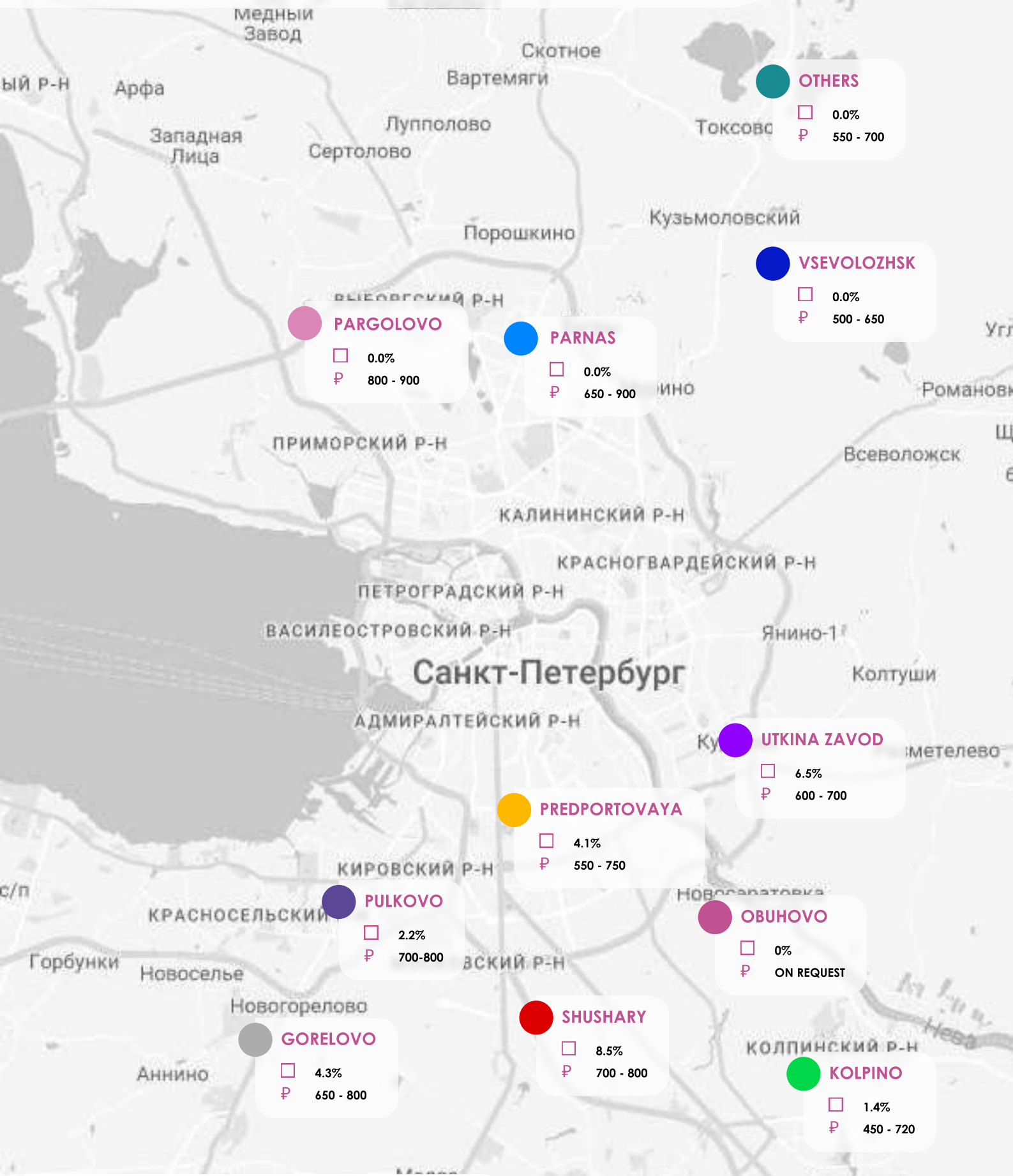
Rental rates

High level of demand for warehouse facilities in St Petersburg provided stability of price indicators in H1 2023.

The average asking rental rates in Class A warehouse complexes increased by +1.7%, while the peak values in the most demanded locations reach 900 Rubles per m²/month.

The average level of rental rates as at the end of H1 2023 amounted to 580 – 780 Rubles per m²/month, inclusive of VAT and operating expenses. Utility charges are paid on the basis of actual consumption.

**Volume of vacant space and average asking rental rates
in warehouses of St Petersburg and Leningrad region, as at the end of H1 2023**



* per m²/month, incl. VAT and OPEX
% – vacancy level at the end of June 2023

RETAIL MARKET



“RECOVERY COURSE

In the first half of 2023, the retail real estate market of St. Petersburg experienced steady recovery of demand from tenants of retail space. On the other hand, the entry of new brands and multi-brand network players into the market stimulates the recovery of consumer activity in offline retail.

If the emerging trends continue in the second half of 2023, there will be a significant reduction in vacant retail space in the most popular modern shopping centers on the market.”

Alyona Volobueva

Head of Research Department

Stock

In H1 2023 no new shopping center was opened on the retail market of St Petersburg.

Name	PARK MALL	NEBO	Eco Park	MÖBELBURG	Eco	SC in "Yanila Country"
GLA, m ²	33,000	25,700	19,000	17,200	16,000	8,000

In H2 2023, the market will add 119 ths. m² of retail space (GLA).

Stock (GLA),
m²

4,253,000

Vacancy, %

8.5%

Completions
(GLA), m²

0

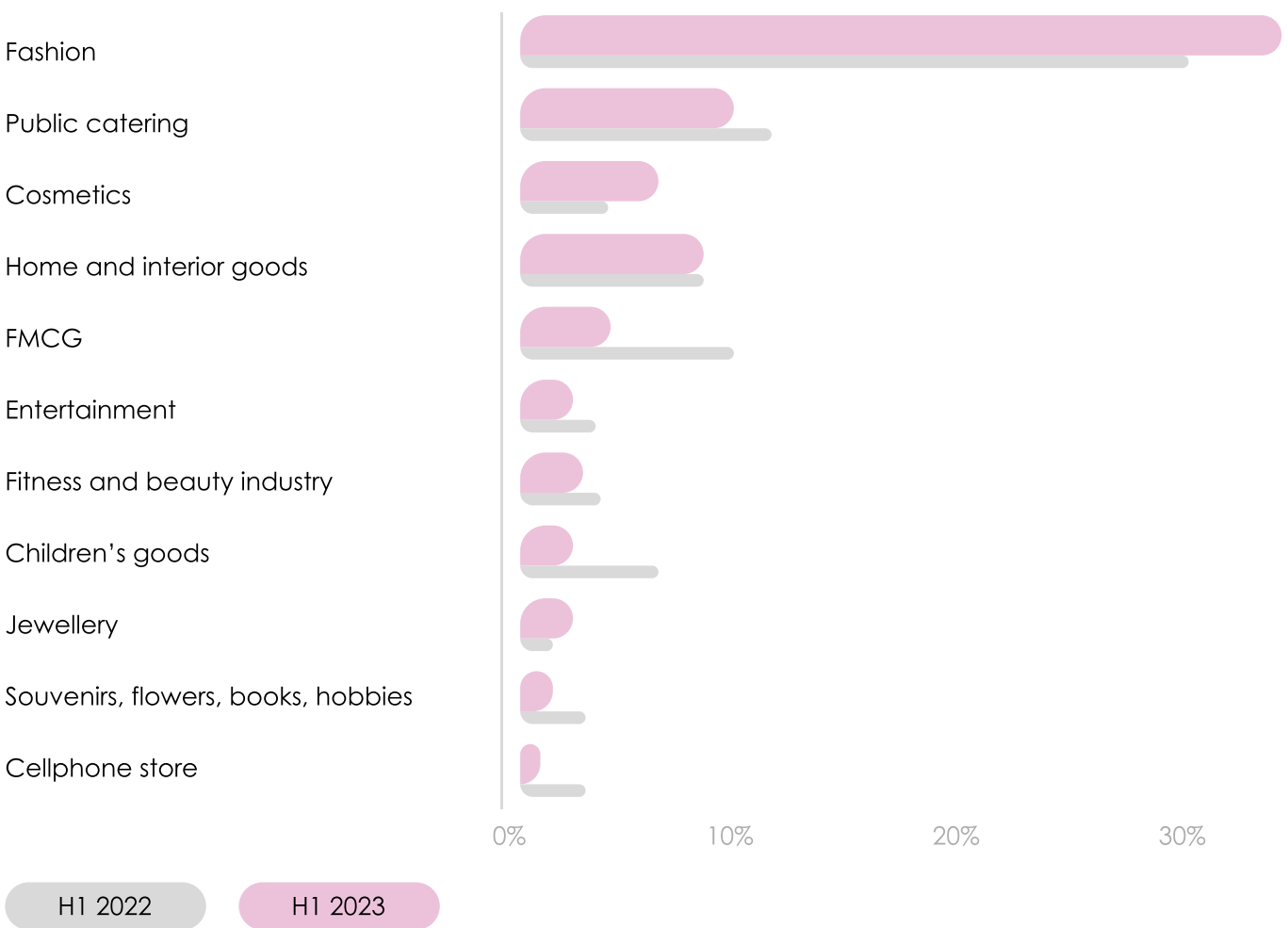
Demand

In H1 2023, fashion operators, mostly local ones, expand actively on St Petersburg market. Demand from the fashion industry increased by +56% relative to H1 2022 and accounted for 48% of gross transaction volume in H1 2023. Consequently, the average vacancy rate decreased by 1.5 p.p. relative to the indicator as at the end of 2022. However, gross demand for retail space is still 35% lower than in H1 2021.

The drogerie-segment demonstrated positive dynamics in terms of demand for second quarter in a row (+2 p.p.).

Demand from catering, jewellery and pharmacy chains retain stable relative H1 2022 indicators.

Leaders in the number of openings, H1 2023



H1 2022

H1 2023

New brands

In H1 2023 eight local and four foreign brands (China, UAE, Turkey and Estonia) entered St Petersburg retail market.



HOTEL MARKET

The main trends of the travel season

Tourist flow made up 4.115 mln people, according to the Committee on Tourism data (exceeded the figure for H1 2022 by 9%).

Inner tourist flow accounted for 96% of gross demand in H1 2023. St Petersburg ranks 3rd in the Russian Federation in terms of demand volume.

Occupancy of 3*-5* hotels in St Petersburg in H1 2023 made up 60%. The highest occupancy rate was observed during the May holidays – 85%.

The average staying period in St Petersburg in January-June 2023 reduced by 7%.

5*	4*	3*
26 hotels	96 hotels	115 hotels
3,513 rooms	14,430 rooms	7,808 rooms

Average daily rate in 3*-5* hotels, H1 2023

Class	5*	4*	3*
Average	12,700 ₺	5,400 ₺	3,700 ₺
Change, y/y	- 9.8%	- 5.2%	- 2.7%

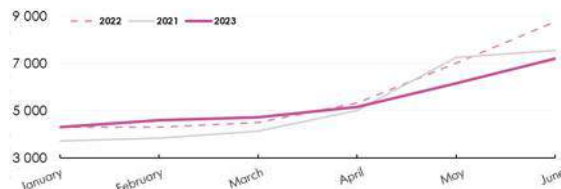
Stock

In H1 2023, there were 237 3*-5* hotels with 25,751 rooms in St Petersburg.

In H1 2023 two more representatives of the international hospitality market quit the market – hotel operator Belmond (French group LVMH) and Norwegian holding Wenaas Hotel Russia (hotels Radisson blue and Park Inn by Radisson). As of the end of June 2023 7% of the total room stock remained operated by international hotel operators.

Four new hotels with 428 rooms were opened in H1 2023. 60% of the gross supply growth was accounted for 3* hotel properties.

Three 5* and 4* hotels with a total of 468 rooms are scheduled to open in H2 2023.



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

Demand

The average age of tourists in the city is decreasing. The main demand accrue to 30-40 years old.

There has been a significant increase in demand from family tourists with children.

The number of tourists from the Middle East, India and China is growing. In H1 2023, individual foreign tourists flow increased faster than the group ones in the region.

ABOUT US



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ABOUT US

Maris – one of the leading companies in the commercial real estate sector that offers a full range of services: property and facility management, lease, sale, valuation and income property investment.

The company's rich experience combined with a deep understanding of the peculiarities of the Russian market allows us to carry out the most ambitious projects in a changing market.

Since 2011 Maris has been the absolute leader among consultants in terms of space transacted in St Petersburg office buildings. The Company is highly rated in the warehouses and industrial sector including built-to- suit projects.

In 2014 and 2020, Maris became the winner in the nomination "Consultant of the Year" in the field of commercial real estate at the federal CRE AWARDS. In 2023, the company received the golden brick CRE Moscow Awards in the nomination "Deal of the Year. Office real estate rental"

Maris is an active member of Saint-petersburg international business association (SPIBA).

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