

# MARIS

MARKET OVERVIEW

1Q

2022 SAINT PETERSBURG

## KEY FINDINGS

We should underline for the Reader's particular attention that the Market Report reflects key trends of commercial real estate market took place as at the end of Q1 2022. These parameters have not been influenced yet by the restrictive political and economic measures imposed by the states and international organisations on the Russian Federation.

The imposed restrictions will affect the commercial real estate market on a full scale in Q2 2022.

### Office market

As at the end of Q1 2022 total rentable area of Class A and B office centers in St Petersburg made up 3.899 mln m<sup>2</sup>.

In Q1 2022 the level of vacancy rate changed insignificantly relative to the total indicator of 2021 (+0.5 p.p.). As of the end of March 2022 about 242 ths. m<sup>2</sup> or 6.2% was vacant.

The asking rental rates in the office centers remained stable in the analyzed period.

In Q1 2022 the supply of workplaces in flexible-office-space sector (coworkings) in St Petersburg increased by 11.7%. Flexible-office-space services are in demand on the market.

### Warehouse market

As at the end of Q1 2022 the average vacancy rate in the warehouse market decreased by 0.2 p.p. relative to the indicator of Q4 2021. At the end of March 2022 about 24 ths. m<sup>2</sup> or 0.6% of the premises were vacant.

In Q1 2022 at least 150 ths. m<sup>2</sup> of high-quality industrial properties were sold and rented out in the St Petersburg market. Compared to Q4 2021, demand has fallen by 41%. The principal demand was formed by logistics companies.

In Q1 the lack of new speculative supply along with low vacancy ratio supported the level of asking rents achieved at the end of 2021 preventing them from decline.

### Retail market

In Q1 2022 no new shopping center has been opened on the market. At the end of Q1 2022 about 6% of premises in shopping centers were vacant (exclusive of the stores that have temporarily suspended operations).

FMCG chains returned to the top three in terms of demand at the end of Q1, replacing the home and interior goods segment. The absolute leaders remain fashion-operators and catering enterprises.



Class	Stock (GLA), m <sup>2</sup>	Vacancy, %	Vacancy, m <sup>2</sup>	Completions (GLA), m <sup>2</sup>	Average rental rates, p <sup>*</sup>
A	1,268,400	4.8%	60,000	0	2,150
B	2,630,600	6.9%	182,000	5,000	1,380
	<b>3,899,000</b>	<b>6.2%</b>	<b>242,000</b>	<b>5,000</b>	

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

## Stock

In Q1 2022 the only one Class B office center was put in operation (Office center OBWODNIY, GLA = 5,000 m<sup>2</sup>).

In Q2–Q4 2022, 173 ths. m<sup>2</sup> of speculative office spaces are expected to be commissioned (GLA). Presuming the economic situation remains stable, gross new speculative office space in 2022 is to be 1.6 times higher than in 2021.

## Demand

The sectoral structure of demand for office space in Q1 2022 was not typical for the last two years.

The main demand has been formed by the oil and gas sector companies along with retail enterprises. Demand from the retail sector increased by 2.5 times compared to the same period of 2021. The oil and gas companies rented twice as much office spaces.

Construction and projecting companies were active in terms of office leasing as well.

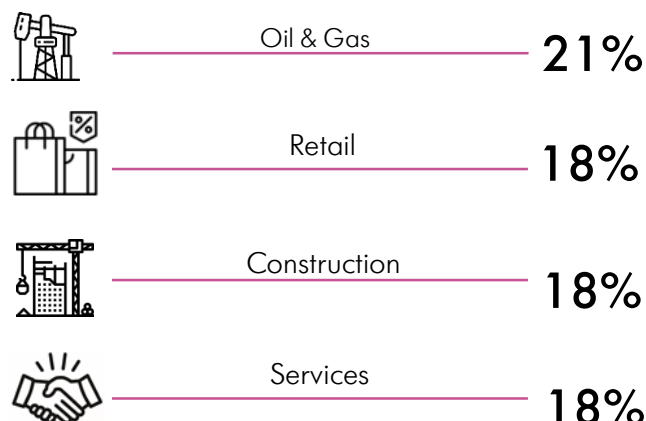
IT-sector reduced leasing of office space at the beginning of 2022 (in absolute terms demand fell by 26%).

The volume of lease transactions in Class A and B office centers in Q1 2022 went beyond 68 ths. m<sup>2</sup>, that is +65% to the indicator of Q1 2021, and –5% to Q4 2021.

## SPECULATIVE OFFICE BUILDINGS PLANNED TO BE COMMISSIONED IN 2022

Name	Gross leasable area, m <sup>2</sup>
Nevskaya Ratusha	53,400
Morskaya Stolica	42,000
Ferrum II	29,400
Avior Tower	15,000
TESLA	10,700

## STRUCTURE OF TRANSACTIONS BY INDUSTRIES, Q1 2022





## Occupancy

As at the end of Q1 2022, the gross vacancy rate in the market slightly increased almost inversely to the reduction in demand (in absolute terms +8.5% to Q4 2021).

The average vacancy rate in Class A and B business centers grew by +0.5 p.p. and amounted to 6.2%. At the end of March 2022, 242 ths. m<sup>2</sup> were vacant in Class A and B office centers.

In Class A office centers the vacancy rate increased by +0.1 p.p. by December 2021, and made up 4.8%. 6.9% office space was vacant in Class B office centers (+0.7 p.p. to December 2021).

## Rental rates

The average rental rates in Class A office buildings rose by 0.5% compared to December 2021 and amounted to 2,150 Rubles per m<sup>2</sup> per month, inclusive of VAT and operating expenses.

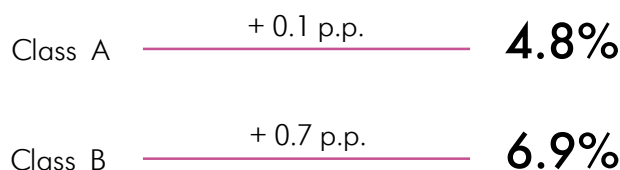
The average rental rates in Class B buildings amounted to 1,380 Rubles per m<sup>2</sup> per month, inclusive of VAT and operating expenses. In Q1 2022 asking rental rates in class B office centers declined by 0.7% relative to the price indicator as at Q4 2021.

## Maris' share

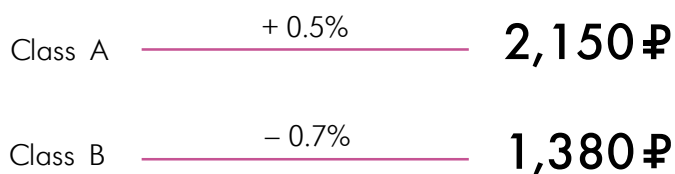
7,100 m<sup>2</sup> were transacted with the participation of Maris in Q1 2022.

Maris for 12 years retains the leading positions among consultants in terms of transacted office space volume.

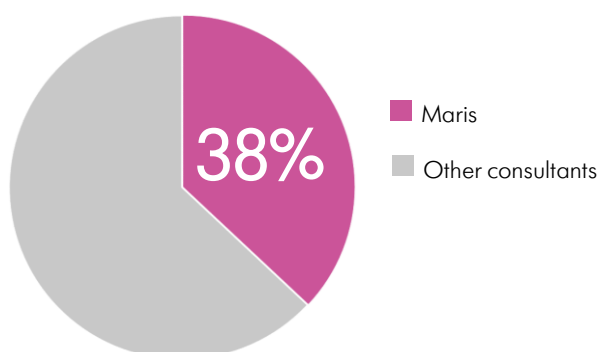
### VACANCY LEVEL DYNAMICS, Q1 2022 by the level of Q4 2021



### AVERAGE RENTAL RATE DYNAMICS, Q1 2022 \* per m<sup>2</sup>/month, incl. VAT and OPEX, by the level of Q4 2021



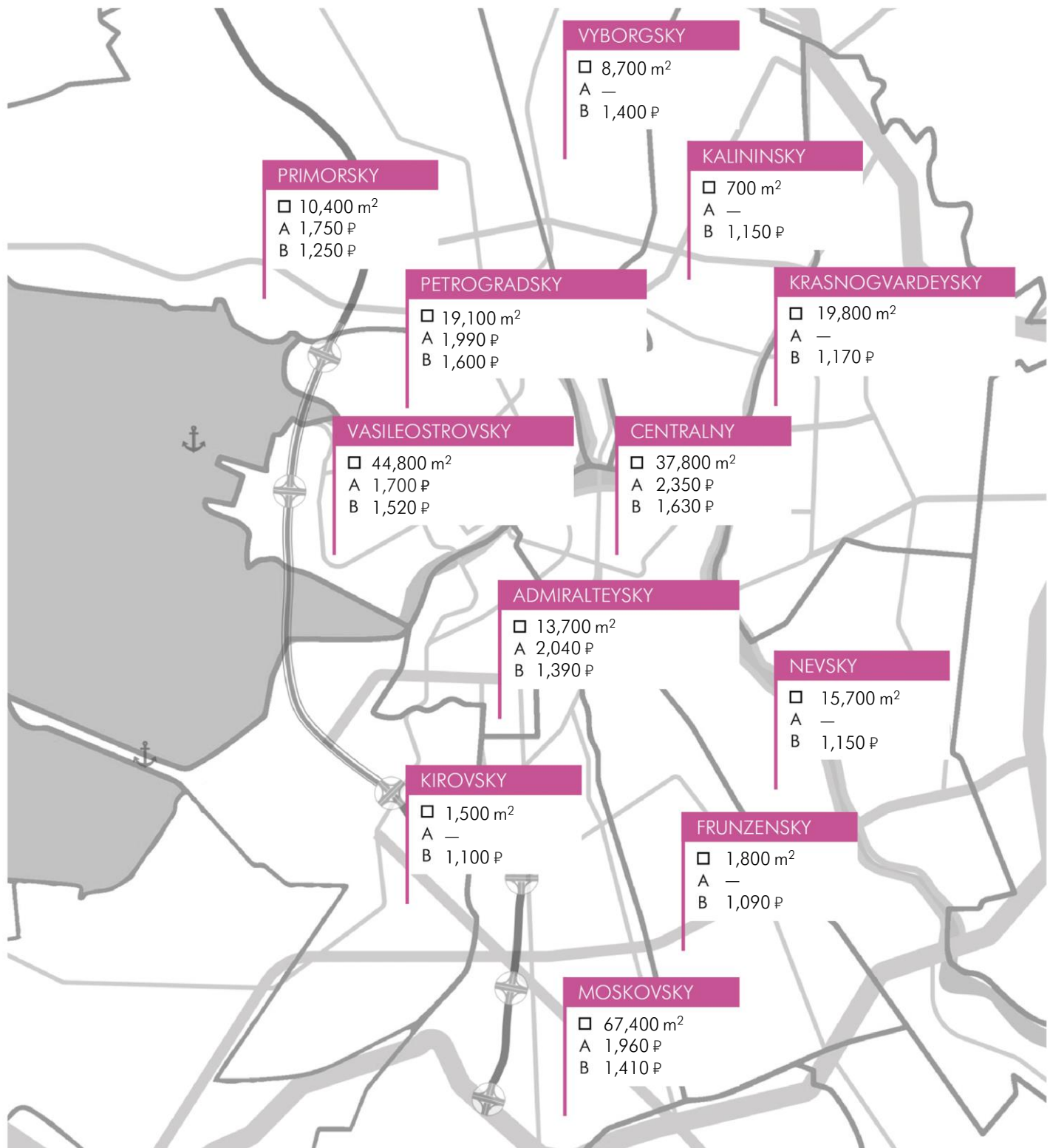
### MARIS' SHARE, Q1 2022



Source: Maris

VOLUME OF VACANT SPACES AND AVERAGE RENTAL RATES IN OFFICE CENTERS BY DISTRICTS OF ST PETERSBURG, AS AT THE END OF Q1 2022

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





Class	Stock (GBA), m <sup>2</sup>	Vacancy, %	Vacancy, m <sup>2</sup>	Completions (GBA), m <sup>2</sup>	Average rental rates, p*
A	2,644,800	0.4%	10,000	0	550 – 800
B	1,084,000	1.3%	14,000	5,000	
	<b>3,728,800</b>	<b>0.6%</b>	<b>24,000</b>	<b>5,000</b>	

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

## Stock

In Q1 2022, the only one owner occupied warehouse complex (GBA = 5,000 ths. m<sup>2</sup>) was put into operation that made up 6% of the warehouse facilities commissioned in Q1 2021.

About 400 ths. m<sup>2</sup> of warehouse facilities are to be put in operation by the end of 2022. 65% of the properties are related to speculative supply. In Q2 2022 the market is most likely to face an adjustment in the commissioning dates of projects that are at an initial stages of realization.

## Demand

In Q1 2022 at about 150 ths. m<sup>2</sup> of high-quality industrial properties were sold and rented out in the St Petersburg market. The transacted volume reduced by 41% vs the same parameter of Q4 2021.

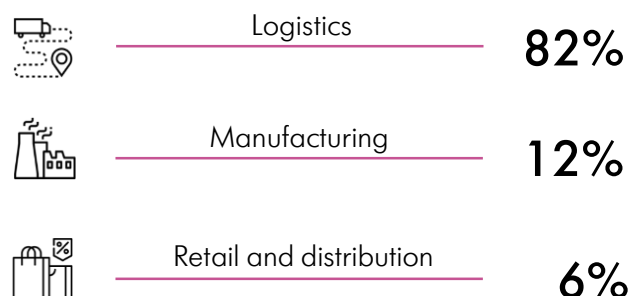
31% of the space was leased out. There was one transaction made under built-to-suit scheme on the St Petersburg market in Q1 2022 (68% of total transacted warehouse facilities).

The principal demand was formed by the logistics companies (82%). Industrial enterprises leased out three times more warehouse facilities than a year earlier.

## LARGE SPECULATIVE WAREHOUSE COMPLEXES PLANNED TO BE COMMISSIONED IN 2022

Name	GBA, m <sup>2</sup>
PNK Park Shushary-3	57,000
Invest-Bugry	26,000
Trodex Logistic	23,000
Ahlers	23,000
Novosel'e	17,000

## STRUCTURE OF TRANSACTIONS BY INDUSTRIES, Q1 2022





## Occupancy

Lack 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 March, 0.4% (–0.3 p.p. in relation to the final indicator of 2021), was vacant in Class A warehouse buildings. In Class B warehouse complexes 1.3% was vacant (–1.5 p.p. to December 2021).

In total, following the results of Q1 2022 at about 24 ths. m<sup>2</sup> were vacant (that is 0.6% of total stock).

## Rental rates

Substantial increase in asking rental rates was observed on the market in 2021 (+ 17.6% YoY).

In Q1 2022, the upward pressure on price indicators continued due to the absence of new speculative supply and the ongoing reduction in vacancy rates.

The average level of rental rates amounted to **550 – 800 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 2022

by the level of Q4 2021

Class A	– 0.3 p.p.	<b>0.4%</b>
Class B	– 1.5 p.p.	<b>1.3%</b>

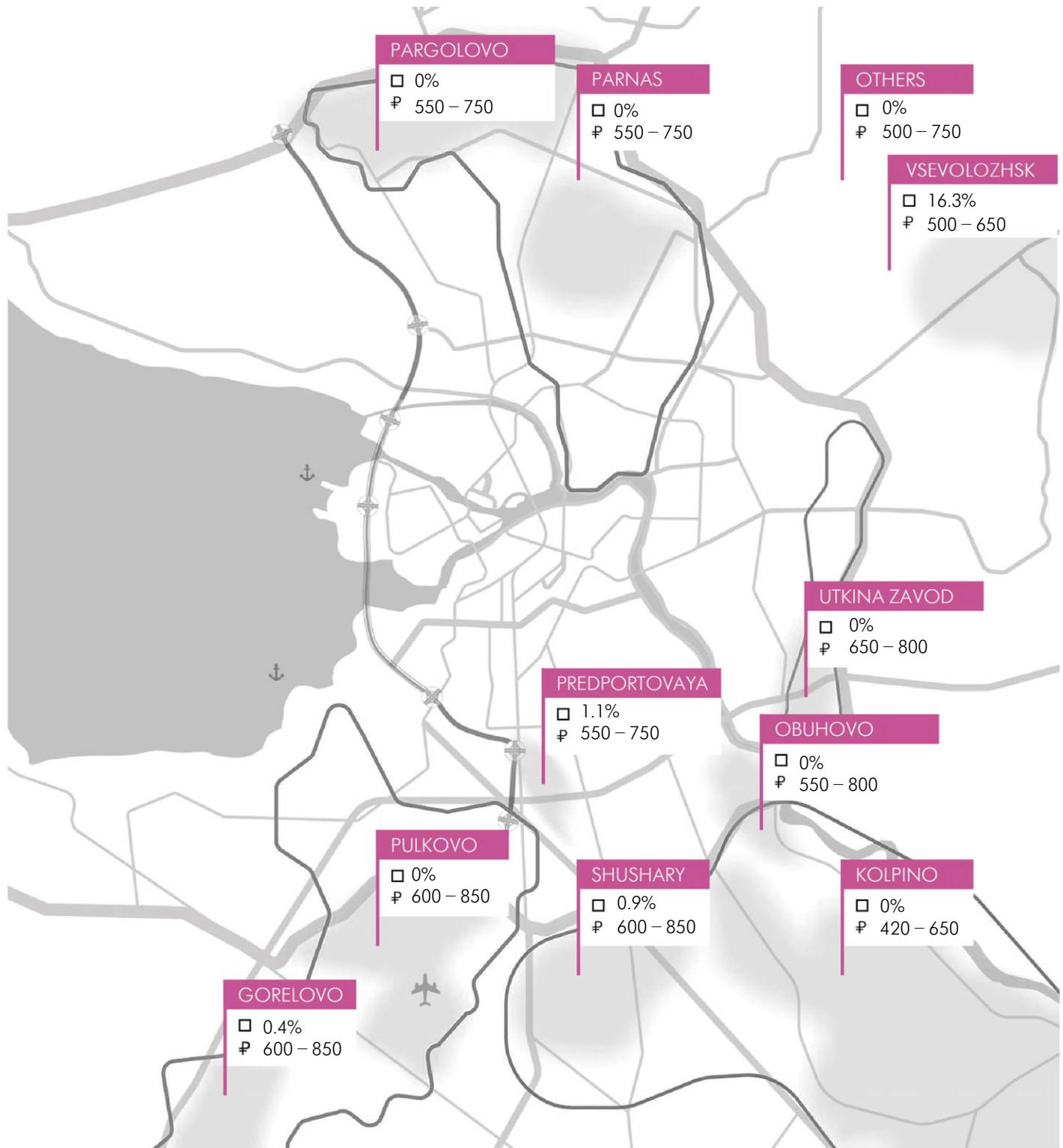
## AVERAGE RENTAL RATE, Q1 2022

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

**550 – 800₽**

VOLUME OF VACANT SPACE AND AVERAGE ASKING RENTAL RATES IN CLASS A AND B WAREHOUSES OF ST PETERSBURG AND LENINGRAD REGION, AS AT THE END OF Q1 2022

per m<sup>2</sup>/month, incl. VAT and OPEX  
% – vacancy level at the end of March 2022







Stock (GLA), m <sup>2</sup>	Vacancy	Completions (GLA), m <sup>2</sup>
4,224,000	≈ 6%	0

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

### Stock

In Q1 2022 no new shopping center was opened on the retail market of St Petersburg.

### Demand

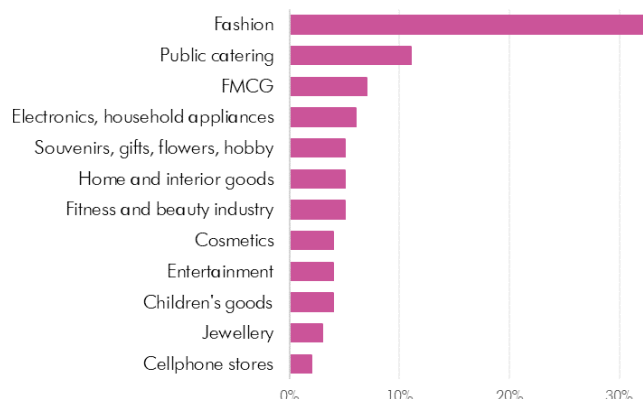
Q1 2022 became a new hardship period for retail market. A number of European and American brands have temporarily suspended operations on the Russian market, resulting in a 14% reduce in customer traffic on average. However, to date the number of operators that have completely quit the Russian market is only a handful: Prisma supermarkets (S-Group, Finland), OBI (Germany), and Hesburger (Finland).

A substantial loss for the first half of the year will be the closure of the cosmetics and related products chain of Hong Kong-based A.S. Watson Groups (the stores will be shut down completely by the end of June). The decision was the result of the company's long-standing financial problems.

FMCG-chains continued expansion strategy in the market: Magnit, Vkuster, Mini Lenta, Belorusskiy Dvorik, etc. New Ekaterinburg-based FMCG retail chain – Lifemart – is planning to enter St-Petersburg market in H1 2022. 10 stores will be opened as franchises.

Catering segment reduced demand for premises in shopping centers by almost 40% in Q1 2022 vs the same period of 2021. Despite, new catering operators are planning to enter St Petersburg market as well: Turkish fast food Chitir Chicken and shawarma Doner 42.

### LEADERS IN THE NUMBER OF OPENINGS, Q1 2022



New projects of gastronomic spaces appear in the city. In Q1 2022 new projects of food halls development were announced on the premises of the former Bebel's tannery and first gastromarket "Ryabovo" in Vsevolozhsk.

### New brands

In Q1 2022 three local brands entered St Petersburg retail market.

Caiman, a French manufacturer of gardening equipment, has entered the St Petersburg market in a new mono-brand format by opening a showroom and service center at Lakhtinsky pr. 83.



Source: Maris

**Alyona Volobueva**Head of Research Department  
ava@maris-spb.ru[maris-spb.ru](https://maris-spb.ru)**Anastasia Sizova**Analyst  
sizova.a@maris-spb.ru[marisrussia](https://marisrussia)

## Maris

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.

Maris became the winner in the nomination Consultant of the Year in the field of commercial real estate in the federal CRE AWARDS in 2014 and 2021.

122,000 square meters of office premises are under Maris Facility management, 84% of which are ranked Class A. The company employs more than 120 people.

Maris is a member of Russian-German Chamber of Commerce and starting from 2021 entered St Petersburg International Business Association SPIBA.

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