

MARIS

MARKET OVERVIEW

Q1

2023 SAINT-PETERSBURG

KEY FINDINGS

Office market

As at the end of Q1 2023 total rentable area of Class A and B office centers in St Petersburg made up 4.1 mln m².

In Q1 2023 the level of vacancy rate changed insignificantly relative to the total indicator of 2022 (+0.2 p.p.). As of the end of March 2023 about 469 ths. m² or 11.4% was vacant.

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

In Q1 2023 the supply of workplaces in flexible-office-space sector (coworkings) in St Petersburg increased by 2%.

Warehouse market

As at the end of Q1 2023 the average vacancy rate in the warehouse market decreased by 1.1 p.p. relative to the indicator of Q4 2022. At the end of March 2023 about 69 ths. m² or 1.6% of the total stock were vacant.

In Q1 2023 at least 217 ths. m² of high-quality industrial properties were sold and rented out in the St Petersburg market. Compared to Q1 2022, demand has risen by 24%. The principal demand was formed by retail and distribution sector.

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

Investments



“We do not observe a “return” of money itself. Rather, we see that the money that was previously withdrawn from Russia is now beginning to find its use inside it. This is primarily due to the complexity and high cost of moving capital abroad. At the same time, attractive asset prices remain in Russia, and the results of 2022 and especially the Q1 2023 turned out to be significantly higher than expected.

This has served to increase investor confidence in the sustainability of the Russian economy, so we notice an increase in the number of transactions. So big that the special commission considering transactions with foreigners has formed a queue for several months ahead”

Alexey Fedorov

Head of Capital Markets & Investments Department

Retail market

In Q1 2023 no new shopping center has been opened on the market. At the end of Q1 2023 about 9.5% of premises in shopping centers were vacant.

In Q1 2023, the drogerie-segment was among the top three in terms of demand. The absolute leaders in terms of demand remain fashion-operators seeking to fill the niche of the defunct foreign brands.

OFFICE MARKET



"TENANTS HAVE SWITCHED TO STANDBY AND MONITORING MODE."

We can say that in Q1, customers reacted very sensitively to foreign policy events. Many, regardless of the leased area, switched to the standby and monitoring mode of the market. Nevertheless, some transactions took place, including large ones of 1,000 - 4,000 m².

Now in the process of work there are a number of clients who are in the active phase of choosing a new office. As a rule, the reasons for the search are: the landlord does not renew the contract at the current location (usually this is due to the expansion of a large tenant) or the tenant wants to improve conditions, expands or gathers offices in one place"

Alena Berdigan

Head of Office Real Estate Department

Stock

In Q1 2023 the increase in new supply amounted to 49.1 ths. m² of rental space. Seven speculative office buildings were put into operation: Senator at 5 and 6, Millionnaya St., George Landrin, OC at 7, Tavrichesky Lane, OC at 2, Afonskaya St., Obvodny Dvor, OC at 67, Kirochnaya St.). The volume of speculative projects commissioned during the analyzed period was 8.5 times higher than the result of Q1 2022.

In Q2–Q4 2023, 110 ths. m² of office spaces are expected to be commissioned (GLA) inclusive of 100 ths. m² of speculative ones. Gross new speculative office space in 2023 is to be 10% less than in 2022.

	Stock (GLA), m ²	Vacancy, %	Vacancy, m ²	Completions (GLA), m ²	Average rental rates, ₺*
A class	1,388,300	11.8%	163,400	20,600	2,150
B class	2,713,400	11.2%	305,200	28,500	1,430
	4,101,600	11.2%	468,600	49,100	

* per m²/month, incl. VAT and OPEX

Demand

The main demand has been formed by B2C service sector as well as the oil and gas one (18% and 17%, respectively). Financial sector was active in terms of office leasing as well. As a positive trend, there has been an increase in demand from the real economy (15% in gross demand vs 1.6% in Q1 2022).

IT-companies increased leasing of office spaces in Q1 2023 (+28% in absolute terms).

The volume of lease transactions in Class A and B office centers in Q1 2023 went beyond 40 ths. m², that is –25.9% to the indicator of Q1 2022.

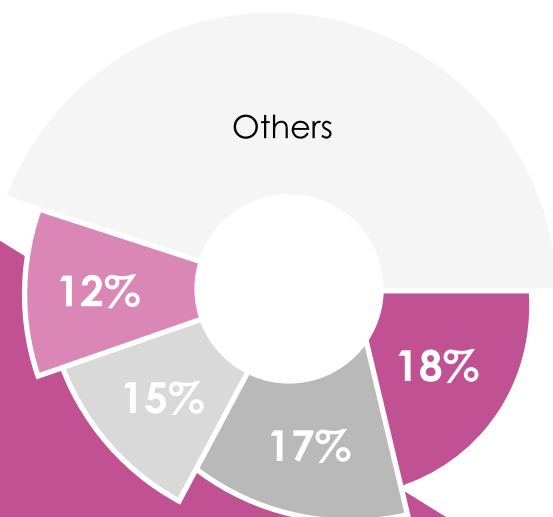
Speculative office buildings commissioned in 2023

Office center	Gross leasable area, m ²
M22	15,900
JAKOV CHERNIHOV	15,000
Chance	14,000
Senator	11,000
TESLA	10,300

Major lease deals, Q1 2023

Office center	Leased area, m ²
Sinop	2,400
Saint-Petersburg Plaza	1,900
Saint-Petersburg Plaza	1,600
Preobrazhensky Dvor	1,400

Sectoral structure of demand, Q1 2023





“DIALOGUES WITH MARKET PLAYERS IN 2023.

"Where are the tenants?" - landlords often ask us.

"We want Class A for 1,000 ₺/m²/month in the city center!" - the tenants specify and add: "We will consider only decorated options."

Some tenants take a wait-and-see attitude and, with our help, rethink rental strategies - to reduce space, move to a smaller block or sublet part of the office.

Sublease offices compete with direct offers from the owners of the premises. The supply among equipped office spaces is growing. This segment allows tenants to solve short-term tasks for the improvement of offices on the principle of "all inclusive"

Nelli Aleynikova

Head of Global Corporate Services Department

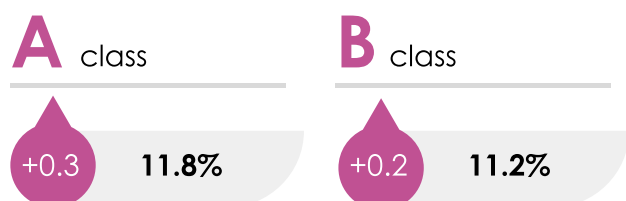
Occupancy

As at the end of Q1 2023, the gross vacancy rate in the market slightly rose due to an increase in new speculative supply (in absolute terms +3.2% to Q4 2022).

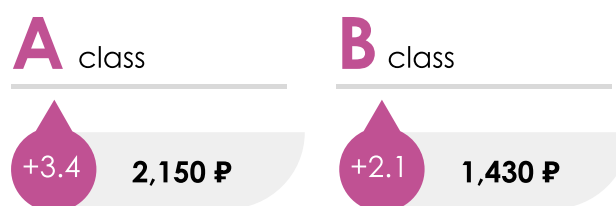
The average vacancy rate in Class A and B business centers grew by +0.2 p.p. and amounted to 11.4%. At the end of March 2023, 469 ths. m² were vacant in Class A and B office centers.

In Class A office centers the vacancy rate increased by +0.3 p.p. to December 2022, and made up 11.8%. 11.2% office space was vacant in Class B office centers (+0.2 p.p. to December 2022).

Vacancy level dynamics, Q1 2023



Average rental rate dynamics, Q1 2023



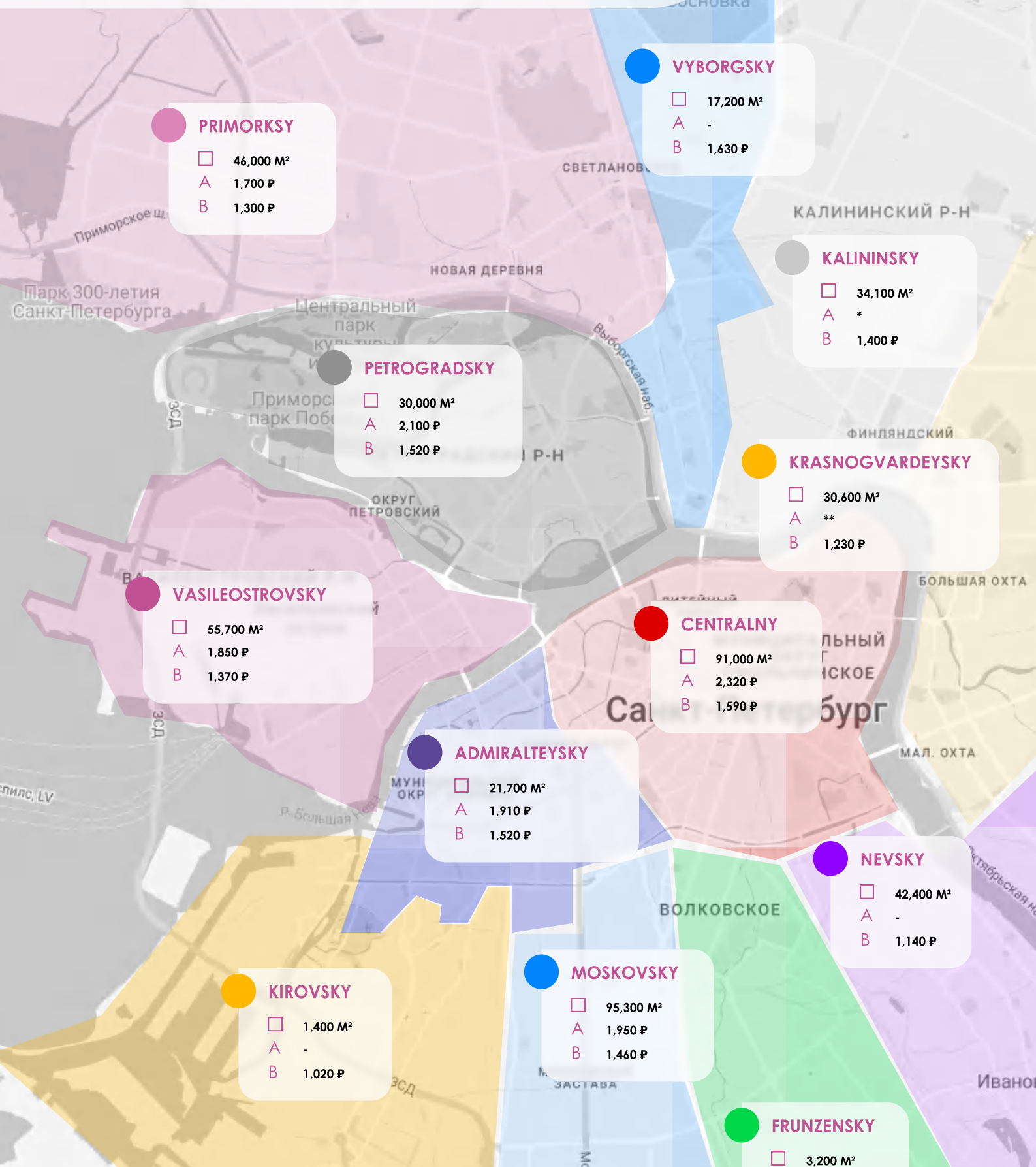
Rental rates

The average rental rates in Class A office buildings grew by 3.4% compared to December 2022 and amounted to 2,150 Rubles per m² per month, inclusive of VAT and operating expenses.

The average rental rates in Class B buildings amounted to 1,430 Rubles per m² per month, inclusive of VAT and operating expenses. In Q1 2023 the asking rental rates in class B office centers increased by 2.1% 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 Q1 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 ₽/m²/month, as of the end of March 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 ₽/m²/month, as of the end of March 2023

WAREHOUSE MARKET



"THE MARKET IS ALIVE.

The increased level of business activity at the end of 2022 did not decrease for almost the entire quarter, which once again changed the context of the warehouse real estate market: vacancy is falling, rental rates are rising. If current trends continue, the market may return to the state of the beginning of 2022 with a permanent shortage of supply and the struggle of tenants for premises.

In the production segment, a steady course for growth is maintained. The level of demand from manufacturing enterprises is consistently high. Against this background, the attention of professional developers is growing, which can provoke the emergence of new industrial projects."

Alexandr Shevelev

Head of Industrial Real Estate Department

Stock

In Q1 2023, 4 warehouses totaling about 35 ths. m² were put into operation, that was 7 times higher than Q1 2022. Only 30% of the commissioned warehouses are speculative properties.

About 475 ths. m² of warehouse facilities are to be put in operation by the end of 2023. 52% of the properties are related to speculative supply. The total speculative supply growth would be 37% 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	3,112,400	2.0%	61,000	25,500	580 – 780
B class	1,095,900	0.8%	8,400	9,600	
	4,208,300	1.6%	69,400	35,100	

* per m²/month, incl. VAT and OPEX

Demand

In Q1 2023 at about 217 ths. m² of high-quality industrial properties were sold and rented out in the St Petersburg market (+24% vs Q1 2022).

52% of the space was leased out. In absolute terms, the gross volume of rental transactions increased by 2.5 times compared to Q1 2022.

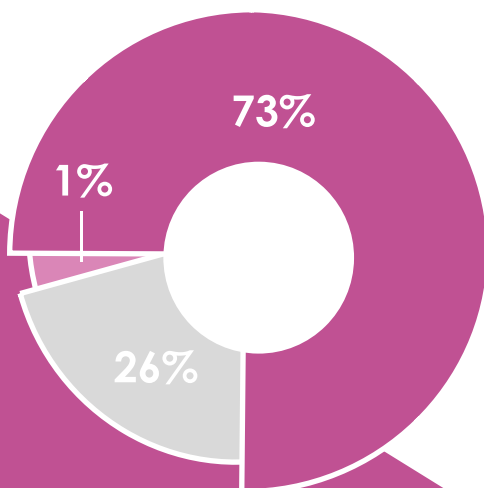
The principal demand was formed by retail and distribution sector (73%). Industrial enterprises rented 2.3 times more warehouse facilities then in Q1 2022 (26% in gross demand).

Major lease deals, Q1 2023

Warehouse complex	Leased area, m ²
Warehouse in Shushary	60,000
Ulmart	25,190
Shushary logistic park	7,000
M10 logistic park	3,000

Large warehouse complexes planned to be commissioned in 2023

Name	Area, m ²
Armada Park Shushary / Sberlogistics	108,200
Wildberries	105,900
South-Western TLC	68,100
Nart	34,300
Project 111	29,700
Ahlers	22,200



Sectoral structure of demand, Q1 2023



Occupancy

Insignificant growth in new speculative supply and increase in demand led to reduction in vacancy at the end of Q1 2023.

As of the end of March, 2.0% (-1.0 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).

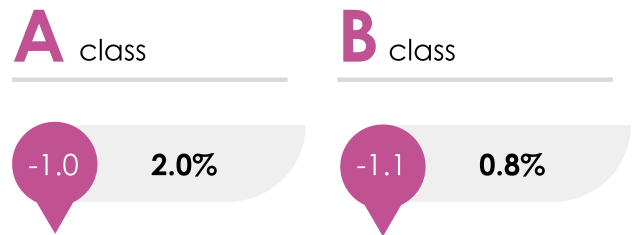
In total, following the results of Q1 2023 at about 69 ths. m² were vacant (that is 1.6% of total stock).

Average rental rate, Q1 2023



per m²/month, incl. VAT and OPEX

Vacancy level dynamics, Q1 2023



Rental rates

In Q1 2023, a decline in vacancy rates and an insignificant increase in new speculative supply put pressure on price indicators of the warehouse market in some locations. Thus, the average asking rental rates in Class A warehouse complexes increased by +2.4%.

The average level of rental rates as at the end of Q1 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 Q1 2023



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

RETAIL MARKET

Stock

In Q1 2023 no new shopping center was opened on the retail market of St Petersburg.

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

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

Demand

In the analyzed period the retail leasing activity in the St Petersburg market was comparable to Q1 2022.

In Q1 2023, the drogerie-segment was among the top three in terms of demand (7% in gross demand, +3 p.p. vs Q1 2022).

The absolute leaders in terms of demand remain fashion-operators seeking to fill the niche of the defunct foreign brands (38%, +7 p.p. vs Q1 2022).

Demand from catering is growing steadily (13%, +3 p.p. to Q1 2022).

Stock (GLA),
m²

4,257,000

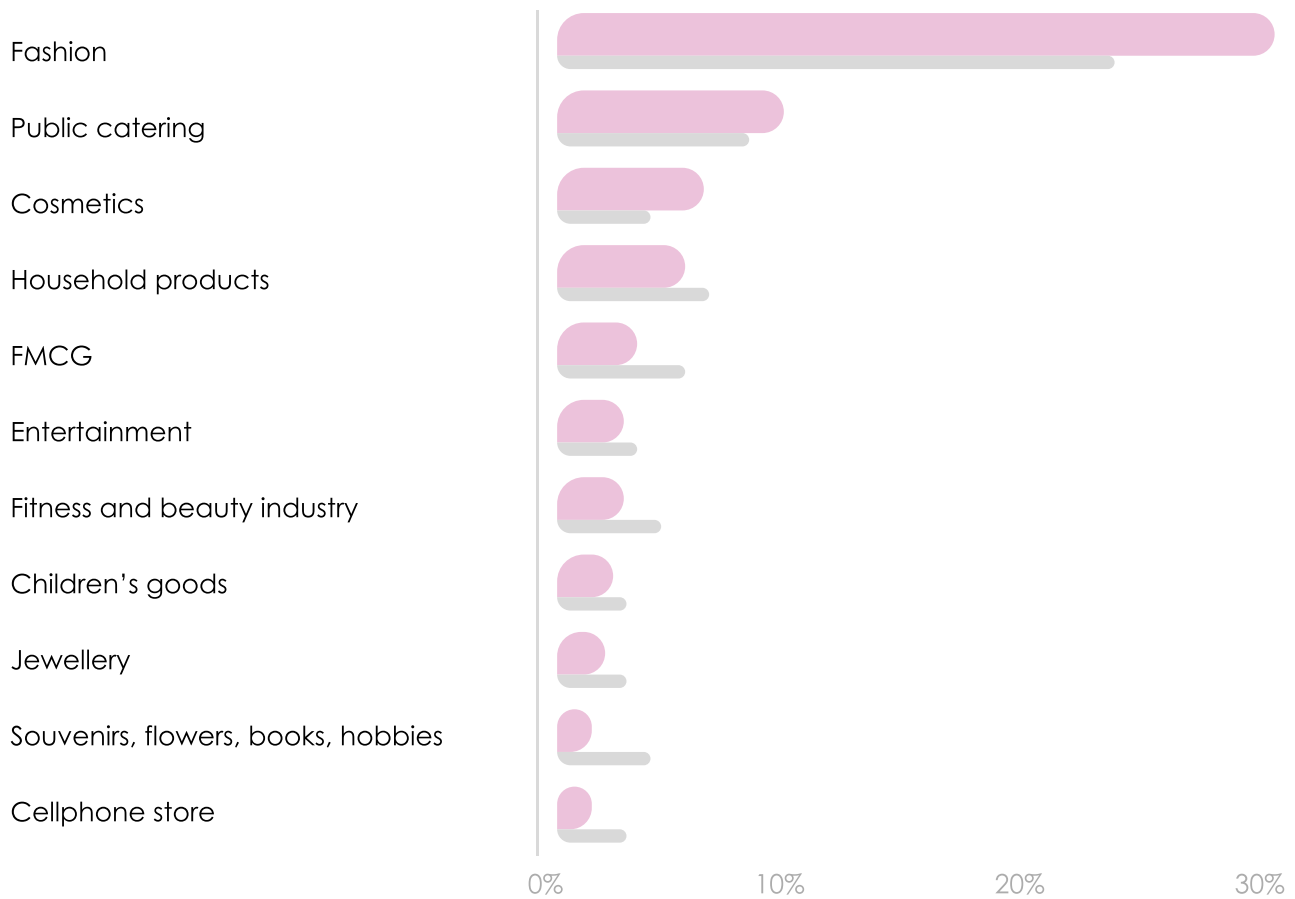
Vacancy, %

9.5%

Completions
(GLA), m²

0

Leaders in the number of openings, Q1 2023



Q1 2022

Q1 2023

Demand from operators in other retail sectors revealed a negative trend compared to Q1 2022.

New brands

In Q1 2023 five local and two foreign brands (China and UAE) entered St Petersburg retail market.

NN 2 Sisters



DEAL OF THE YEAR

CRE Moscow Awards 2023

At the XX Anniversary Award in the field of commercial real estate CRE Moscow Awards 2023, Maris received a golden brick in the nomination "Deal of the Year. Rental of office real estate" for the lease of office space in the Nevsky Town Hall quarter by an oil and gas company.

The deal was the largest in the history of Russia.



Congratulations to all involved in this important victory. The best award for consultants - professional recognition of colleagues in the market.

Thank you all for your support and faith in our team!

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).

Disclaimer 2023
Maris

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