

# MARIS

MARKET OVERVIEW



# Q1

2024 SAINT-PETERSBURG

# KEY FINDINGS

## Office market

As at the end of Q1 2024 total rentable area of Class A and B office centers in St Petersburg made up 4.222 mln m<sup>2</sup>. In Q1 2024 the level of vacancy rate decreased relative to the total indicator of 2023 (-0.1 p.p.). As of the end of March 2024 about 274 ths. m<sup>2</sup> or 6.5% was vacant.

The asking rental rates in the Class B office centers revealed positive dynamics in the analyzed period. In Q1 2024 the supply of workplaces in flexible-office-space sector (coworkings) in St Petersburg increased by 8.5%.

## Warehouse market

As at the end of Q1 2024 the average vacancy rate in the warehouse market decreased by 0.1 p.p. relative to the indicator of Q4 2023. At the end of March 2024 about 18 ths. m<sup>2</sup> or 0.4% of the total stock were vacant.

In Q1 2024 at least 110 ths. m<sup>2</sup> of high-quality industrial properties were sold and rented out in the St Petersburg market. Compared to Q1 2023, demand has dropped by 51%. The principal demand was formed by retail and distribution sector.

The lack of vacant supply on the St Petersburg market continued to put pressure on asking rental rates, which showed positive dynamics in Q1 2024.

## Retail market

In Q1 2024 no new shopping center has been opened on the market. At the end of Q1 2024 about 6.4% of premises in shopping centers were vacant.

Fashion retail demonstrated negative dynamics in terms of demand by the end of the analysed period. And, on the contrary, catering enterprises were the absolute leaders in terms of growth in the number of new openings.

Multi-format retail spaces development is aimed primarily at stimulating growth in the foot traffic and the duration of purchasers' stays in shopping centers.

# OFFICE MARKET



## THE TENSION IN THE MARKET REQUIRES NEW SOLUTIONS

There is tension in the office real estate market in the Q1. This is due to the activity of the tenant companies, but at the same time, their caution in deciding whether to move. If we talk about vacancies after a number of large transactions, it is still low. We continue to work with landlords on the possibility of offering customers new areas after commissioning, reconstruction or rotation for a specific client.

**Elena Kashuntsova**

Head of Office Real Estate Department

## Stock

In Q1 2024 the increase in new supply amounted to 33.1 ths. m<sup>2</sup> of rental space that was 32.5% lower than in Q1 2023. 100% of commissioned office spaces are related to speculative ones (-23.1% to Q1 2023).

In Q2-Q4 2024, 62 ths. m<sup>2</sup> of office spaces are expected to be commissioned. 87% of the planned commissioning is related speculative projects (-37.5% to 2023).

	Stock (GLA), m <sup>2</sup>	Vacancy, %	Vacancy, m <sup>2</sup>	Completions (GLA), m <sup>2</sup>	Average rental rates, ₺*
<b>A</b> class	1,424,900	6.4%	91,300	0	2,170
<b>B</b> class	2,797,000	6.5%	182,700	33,100	1,580
	4,221,900	6.5%	274,000	33,100	

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

## Demand

The main demand has been formed by financial sector (58%).

In Q1 2024 there has been an increase in demand from construction companies and the real sector of the economy.

As at the end of Q1 2024 the demand from IT-companies as well as oil and gas sector enterprises revealed negative dynamics.

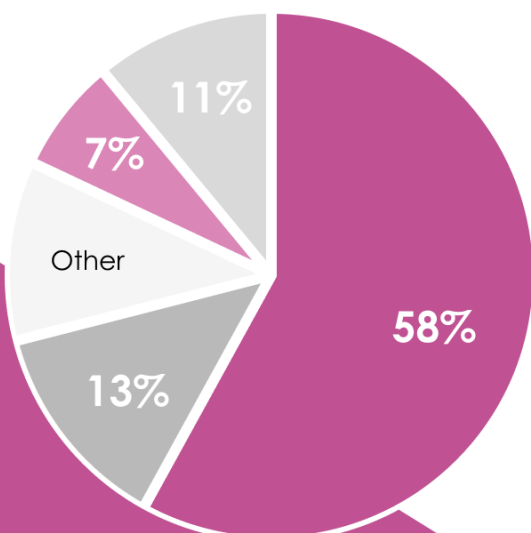
The volume of lease transactions in Class A and B office centers in Q1 2024 went beyond 103 ths. m<sup>2</sup>, that is 2.6 times higher to the indicator of Q1 2023.

### Speculative office buildings planned to be commissioned in 2024

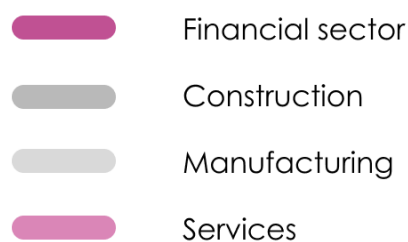
Office center	Gross leasable area, m <sup>2</sup>
Nevskaya Ratusha	38,300
Avangarde	7,700
Kartochnaya Fabrika	3,700
Greenhouse	3,000

### Major lease deals, Q1 2024

Business sector	Leased area, m <sup>2</sup>
Financial sector	29,900
Financial sector	8,200
Construction	4,500
Financial sector	3,900
Manufacturing	3,500



### Sectoral structure of demand, Q1 2024





## THE POPULARITY OF RENTING AND THE DIFFICULTY OF SELLING

According to the results of the first quarter, the choice of high-quality office space for rent decreased. Moreover, this applies to large requests – from 2,000 m<sup>2</sup>, and small ones - about 300 m<sup>2</sup>.

There are also interested parties for the purchase of premises. However, renting is still more popular, as it is characterized by greater mobility in the case of expansion/contraction of the company, as well as in the case of various business scenarios.

The main difficulty in selling transactions is that the owners are not ready to sell their assets cheaply, and for buyers, given the current key rate, money becomes too expensive. For small premises, we resolve this issue by discussing the terms of the installment payment. This is more profitable than overpaying the bank for credit funds.

**Nelli Aleynikova**

Head of Global Corporate Services & Sales Department

### Occupancy

As at the end of Q1 2024, the gross vacancy rate in the market reduced insignificantly compared to the parameter of Q4 2023 (-1.6% in absolute terms).

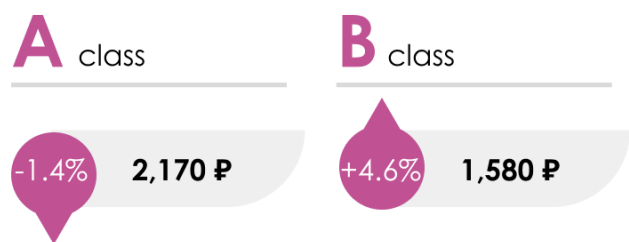
The average vacancy rate in Class A and B business centers decreased by -0.1 p.p. and amounted to 6.5%. At the end of March 2024, 274 ths. m<sup>2</sup> were vacant in Class A and B office centers.

In Class A office centers the vacancy rate rose by +0.5 p.p. to December 2023, and made up 6.4%. 6.5% office space was vacant in Class B office centers (-0.5 p.p. to December 2023).

### Vacancy level dynamics, Q1 2024



### Average rental rate dynamics, Q1 2024



### Rental rates

The average rental rates in Class A office buildings decreased by -1.4% compared to December 2023 and amounted to 2,170 Rubles per m<sup>2</sup> per month, inclusive of VAT and operating expenses.

The average rental rates in Class B buildings amounted to 1,580 Rubles per m<sup>2</sup> per month, inclusive of VAT and operating expenses. In Q1 2024 the asking rental rates in class B office centers increased by 4.6% relative to the price indicator as at Q4 2023.

# Volume of vacant spaces and average rental rates in office centers by districts of St Petersburg, as at the end of Q1 2024

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

**PRIMORSKY**

□	30,400 M <sup>2</sup>
A	1,950 ₺
B	1,400 ₺

**VYBORGSKY**

□	23,700 M <sup>2</sup>
A	-
B	1,700 ₺

**KALININSKY**

□	300 M <sup>2</sup>
A	.*
B	-

**PETROGRADSKY**

□	18,900 M <sup>2</sup>
A	2,160 ₺
B	1,670 ₺

**KRASNOGVARDEYSKY**

□	12,600 M <sup>2</sup>
A	**
B	1,380 ₺

**VASILEOSTROVSKY**

□	40,200 M <sup>2</sup>
A	2,050 ₺
B	1,480 ₺

**CENTRALNY**

□	49,600 M <sup>2</sup>
A	2,350 ₺
B	1,800 ₺

**ADMIRALTEYSKY**

□	8,100 M <sup>2</sup>
A	2,100 ₺
B	1,800 ₺

**NEVSKY**

□	20,600 M <sup>2</sup>
A	-
B	1,340 ₺

**KIROVSKY**

□	200 M <sup>2</sup>
A	-
B	1,300 ₺

**MOSKOVSKY**

□	67,700 M <sup>2</sup>
A	2,000 ₺
B	1,580 ₺

**FRUNZENSKY**

□	1,700 M <sup>2</sup>
A	-
B	1,150 ₺

\* The supply in the segment of Class A office centers in the zone is represented by the only complex of MC "Teorema", which had no vacant premises as of the end of March 2024

\*\* 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/m<sup>2</sup>/month, incl. VAT and operating expense, as of the end of March 2024

# WAREHOUSE MARKET



## INCREASED DEMAND AND NEW COMPLEXES

The first quarter was again marked by increased demand for warehouse and production facilities. Rates continue to rise, and small warehouse complexes with an area of are being brought to the market 1 500 - 3 000 m<sup>2</sup>, which attract customers due to the almost zero vacancy in Class A warehouses. More and more projects of the Light Industrial format are being announced. Therefore, we are looking at our industrial future with a positive attitude!

**Ekaterina Orkina**

Consultant of Industrial Real Estate Department

## Stock

In Q1 2024, 4 warehouses totaling about 122.5 ths. m<sup>2</sup> were put into operation, that was 3.5 times lower to Q1 2023. 60% of the commissioned warehouses are speculative properties.

About 584 ths. m<sup>2</sup> of warehouse facilities are to be put in operation by the end of 2024. 74% of the properties are related to speculative supply.

The total speculative supply growth would be twice higher than 2023 figure as long as the commissioning deadlines are met.

	Stock (GBA), m <sup>2</sup>	Vacancy, %	Vacancy, m <sup>2</sup>	Completions (GBA), m <sup>2</sup>	Average rental rates, ₺ *
<b>A</b> class	3,562,900	0.0%	1,400	95,900	850 – 1,200
<b>B</b> class	1,148,300	1.5%	16,800	26,600	
	4,711,200	0.54%	18,200	122,500	

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



## Demand

In Q1 2024 at about 110 ths. m<sup>2</sup> of high- quality industrial properties were sold and rented out in the St Petersburg market (-51% vs Q1 2023).

All the deals in St Petersburg warehouse market in Q1 2024 were made on lease terms. In absolute terms, the gross volume of rental transactions decreased by -10% compared to Q1 2023.

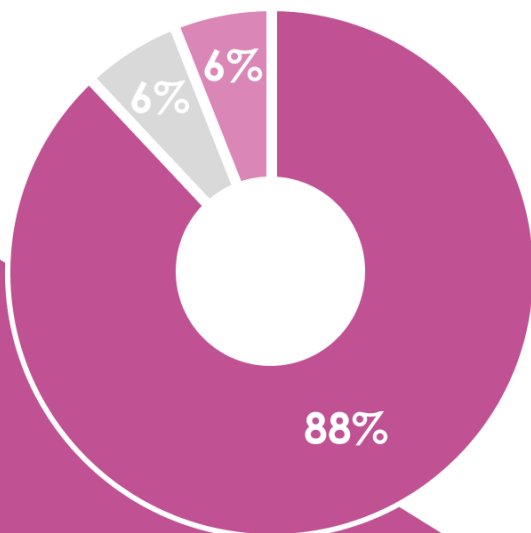
The principal demand was formed by retail and distribution sector (88%). Industrial enterprises rented 82% less warehouse facilities than in Q1 2023 (6% in gross demand). Demand from logistics operators accounted for 6% of gross demand (-25% y/y).

### Major lease deals, Q1 2024

Business sector	Leased area, m <sup>2</sup>
E-commerce	69,000
E-commerce	21,100
Logistics	4,600

### Large warehouse complexes planned to be commissioned in 2024

Name	Area, m <sup>2</sup>
100K	111,000
PNK Kolpino Park	87,700
Osinovaya Roscha, 5th phase	69,000
Fortis 11	62,600
Lomonosovsky Industrial Park	45,000



### Sectoral structure of demand, Q1 2024



## Occupancy

As of the end of Q1 2024, the warehouse property market in St Petersburg still had an acute shortage of quality vacant premises.

As of the end of March, there was practically no vacant space in Class A warehouse buildings (no change by December 2023).

In Class B warehouse complexes 1.5% was vacant (-0.5 p.p. to December 2023).

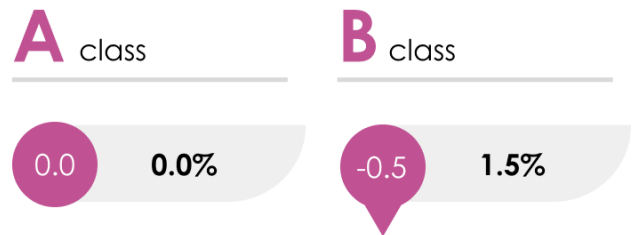
In total, following the results of Q1 2024 at about 18 ths. m<sup>2</sup> were vacant (that is 0.4% of total stock).

## Average rental rate



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

## Vacancy level dynamics, 2023

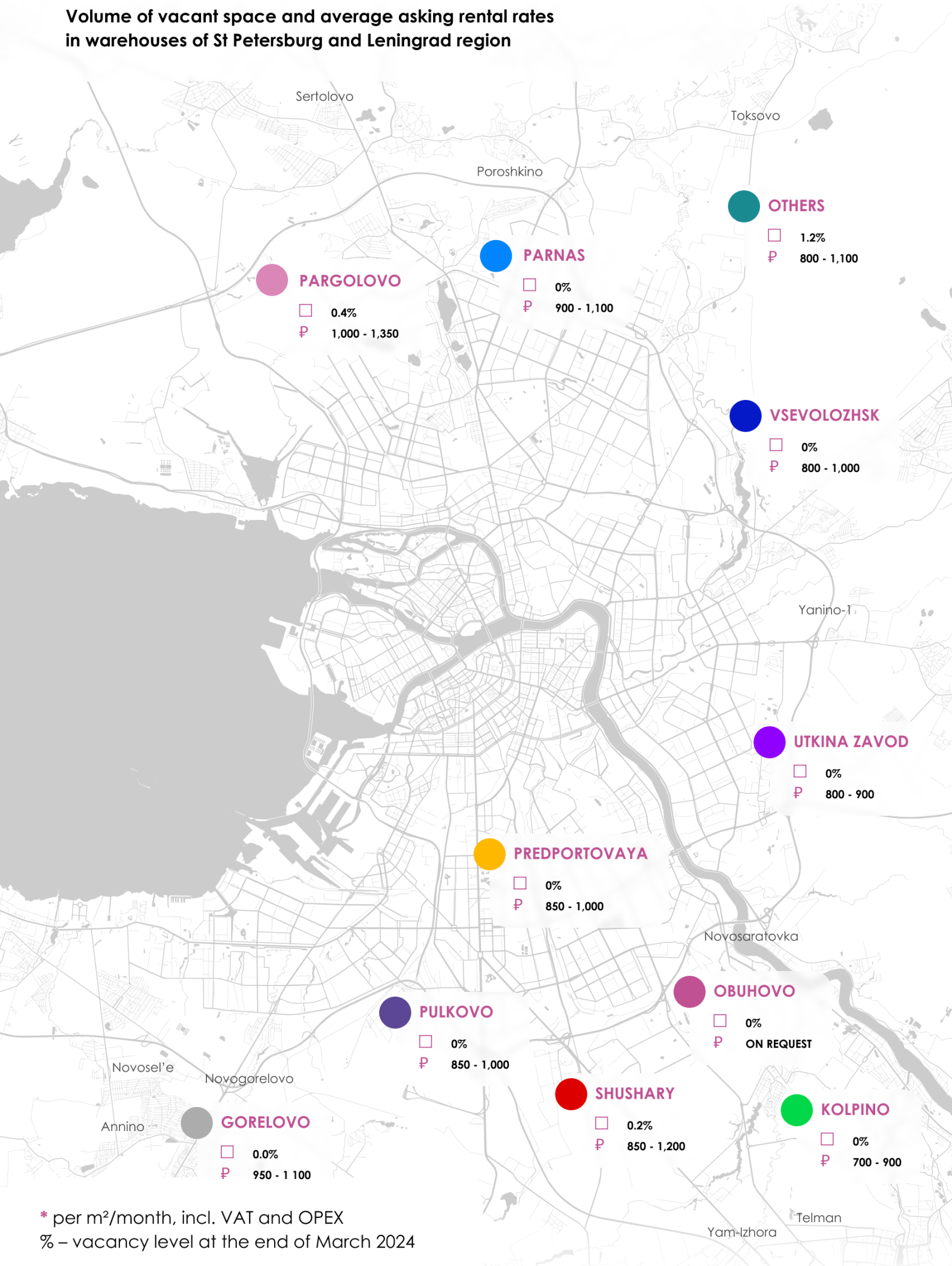


## Rental rates

Shortage of vacant speculative supply in the market provided the growth of price indicators in Q1 2024.

The average level of rental rates as at the end of Q1 2024 amounted to 850 – 1 200 Rubles per m<sup>2</sup>/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



\* per m<sup>2</sup>/month, incl. VAT and OPEX  
 % – vacancy level at the end of March 2024

# RETAIL MARKET



## SHOPPING AS A LIFESTYLE

The St. Petersburg retail real estate market continues to develop steadily, despite the turbulence of the economic and political situation. The expansion of the fashion segment has been replaced by a rapid growth in the number of catering establishments for every taste and budget. Shopping malls are becoming not only a space for shopping, but more of a space for living. The number of fitness concepts, edutainment and gastronomic spaces is rapidly increasing. Everything is aimed at making shopping malls a lifestyle.

**Alyona Volobueva**

Head of Research Department

## Stock

In Q1 2024 no new shopping center was opened on the retail market of St Petersburg.

Name	Park Mall	Nebo Murino	Lunapark
GLA, m <sup>2</sup>	33,200	25,700	10,700

By the end of the year the market will add 69.6 ths. m<sup>2</sup> of retail space (GLA).

Stock (GLA),  
m<sup>2</sup>

4,290,000

Vacancy, %

6.4%

Completions  
(GLA), m<sup>2</sup>

0

## Demand

In the analyzed period the retail leasing activity in the St Petersburg market was 22.4% lower comparable to Q1 2023.

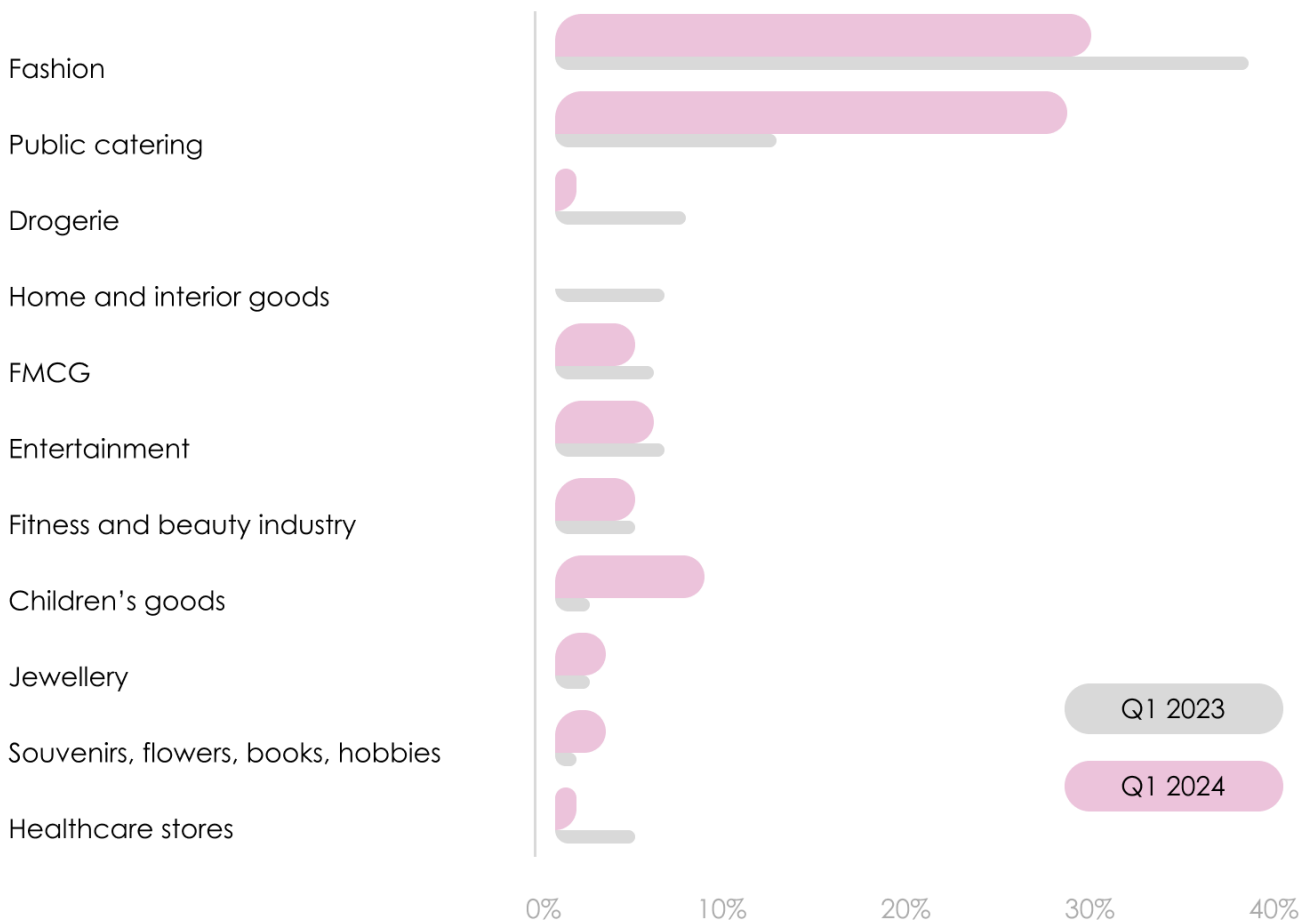
In Q1 2024 demand from the fashion retailers decreased by -41.5% relative to Q1 2023 and made up 29% in the total volume (-9 p.p.).

On the contrary, catering companies revealed an increased demand for spaces in shopping centers (28%; +14 p.p. vs Q1 2023, +53.3% in absolute terms). The number of openings in the catering segment increased in all price categories: from mass-market to restaurants.

In Q1 2024, an unusual increase in demand was observed from children's goods shops (7% in gross demand; +5 p.p. vs Q1 2023).

There were no new openings in the segments of pet and household goods stores as well as home appliances and electronics in the analysed period.

## Leaders in the number of openings, Q1 2024



## Trends

- The fashion segment is developing at a faster pace in a multi-brand format.
- There is stable demand from fitness operators, including new Moscow chains, as well as in the edutainment segment.
- Multi-format retail spaces development is aimed primarily at stimulating growth in the foot traffic and the duration of purchasers' stays in shopping centers.

# ABOUT US



## ALYONA VOLOBUEVA

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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". The company was also awarded the Kommersant publishing house "Solid Signs" award and became the winner of the annual federal WORKPLACE AWARDS 2023 in the "Deal of the Year" nomination for supporting Russia's largest transaction in the office real estate rental market.

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

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