

2023 Result

Retail

Street Retail

Russia | St. Petersburg

Table 1
Key market indicators

Source: Nikoliers

	2021	2022	2023
Number of commercial premises on the central corridors*	864	843	848
Vacancy rate, %	9.6	6.2	4.8

*The number of retail outlets may change due to changes in our sample, division or consolidation of premises.

Key results

With foreign brands limiting their presence in the Russian market and closing their stores, many tenants got a rare opportunity to move to more attractive premises in terms of location and quality.

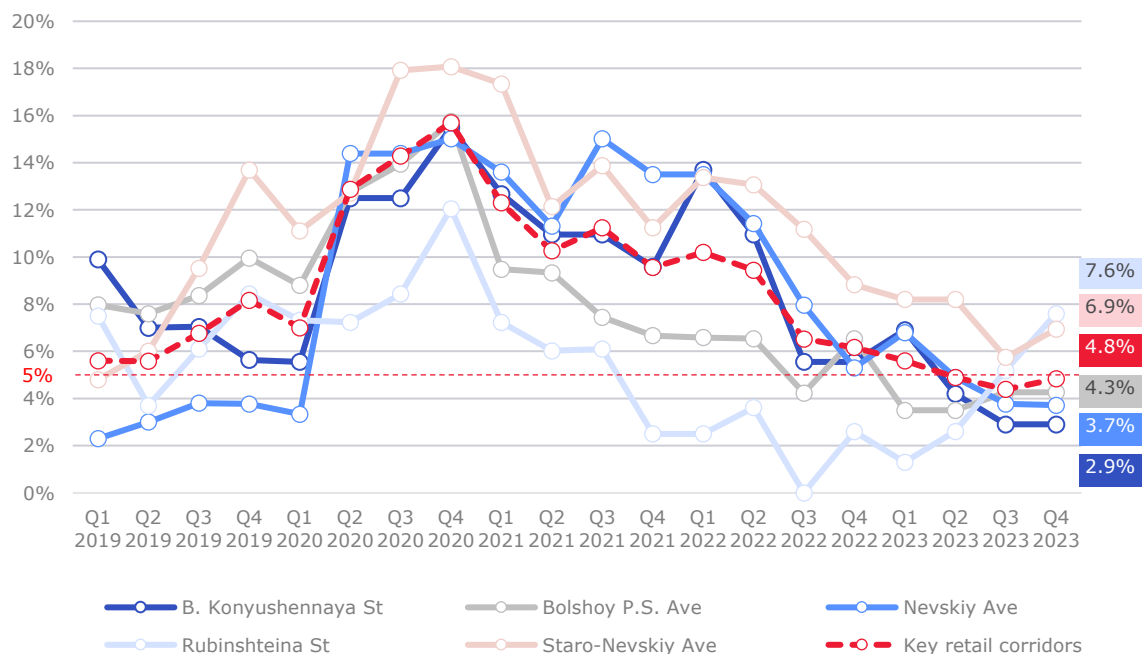
At the end of December 2023 vacancy rate on the key retail corridors of St. Petersburg dropped to 4.8%, down 1.4 p.p. against the same period in 2022. The number of vacant premises has decreased over 12 months practically on all main streets, except Rubinsteina Street (where it rose from 2.6% in 2022 to 7.6% in 2023). The most radical drop in vacancies has been recorded on B. Konyushennaya Street (by 2.7 p.p. YoY, to 2.9%) and Bolshoy P.S. Avenue (by 2.3 p.p. YoY, to 4.3%).

The main tenants have traditionally been catering establishments and fashion retailers. In 2023, a total of 40 eateries (52 outlets in 2022) and 27 clothing and footwear stores (21 stores in 2022) have opened their doors.

Over the past 12 months, brands previously not represented in St. Petersburg appeared on key retail corridors, namely Oxouno and NN2sisters (Russia), as well as Gresso (Switzerland).

Chart 1
Vacancy rates dynamics on key retail corridors, St. Petersburg

Source: Nikoliers



Demand and commercial terms

The overall rotation rate stood at 9% in 2023, which is a normal annual average. The leaders in terms of tenant turnover rates were B. Konyushennaya Street and Rubinsteina Street – every sixth and ninth premises there changed their signs during the year, respectively. Tenant rotation mainly took place within one segment (about 70% of replacements). For example, the Fish & Reptiles restaurant on B. Konyushennaya Street opened in place of Amo Cucinare, while Burger&Crab restaurant gave way to Hudson bar on Rubinsteina Street.

A total of 94 openings took place on key retail corridors during the year, while 81 premises were vacated, half of them being reoccupied by tenants. Catering accounted for 42% of all closures. Among them were Stars Coffee and Manneken Pis, which ceased their operations on Nevskiy Avenue. Fartuk and Yesenin closed on Rubinsteina Street, while Plate closed on Bolshoy P.S. Avenue.

Tenants' relocations within one retail corridor also took place. Thus, Ekonika and Great People stores moved to vacated premises on Bolshoy P.S. Avenue, whereas Vsesmart and Dixy moved to Nevskiy Avenue.

Catering operators have traditionally generated the highest demand – 43% of the total openings in 2023. A wide variety of formats made their appearance: from small coffee and pastry shops or bubble-tea bars with Asian drinks to conceptual restaurants.

Nevskiy Avenue (16) and Rubinsteina Street (11) have hosted the largest number of new catering establishments during the year. Among the projects that opened their doors in Q4 2023 in these locations are the Hudson bar on Rubinsteina Street and the Shokoladnitsa coffee shop on Nevskiy Avenue.

Expansion of confectionery stores has also been conspicuous. New outlets Klad Marmelad and MARMELAD STORE opened on Nevskiy Avenue.

Russian and foreign brands continue to increase their presence on the central fashion corridors. All We Need and Gresso rented premises on Bolshoy P.S. Avenue, although until December 2023 they could be found only on B. Konyushennaya Street.

Chain players were actively increased their presence on the key retail corridors as well. In particular, 2MOOD has opened two new stores on B. Konyushennaya Street and Bolshoy P.S. Avenue during the year. The Shokoladnitsa and VLAVASHE chains run four outlets each on Nevskiy Avenue at the end of the year.

As for commercial terms, there were fluctuations in rental rates on the central corridors due to the appearance or disappearance of highly liquid premises.

Table 2

Average ranges of rental rates for spaces sized 100-300 sq m, open for lease, Q4 2023, rub/sq m/month, excl. VAT

Source: Nikoliers

Central retail corridors	Rental rate average	Rental rate min	Rental rate max
B. Konyushennaya St	n/a	n/a	n/a
Bolshoy P.S. Ave	3,700	2,200	5,200
Nevskiy Ave	9,600	7,500	10,800
Rubinsteina St	5,600	5,000	6,200
Staro-Nevskiy Ave	6,400	5,000	8,800

Chart 2

Number of opened and closed premises on key retail corridors of St. Petersburg, 2023

Source: Nikoliers

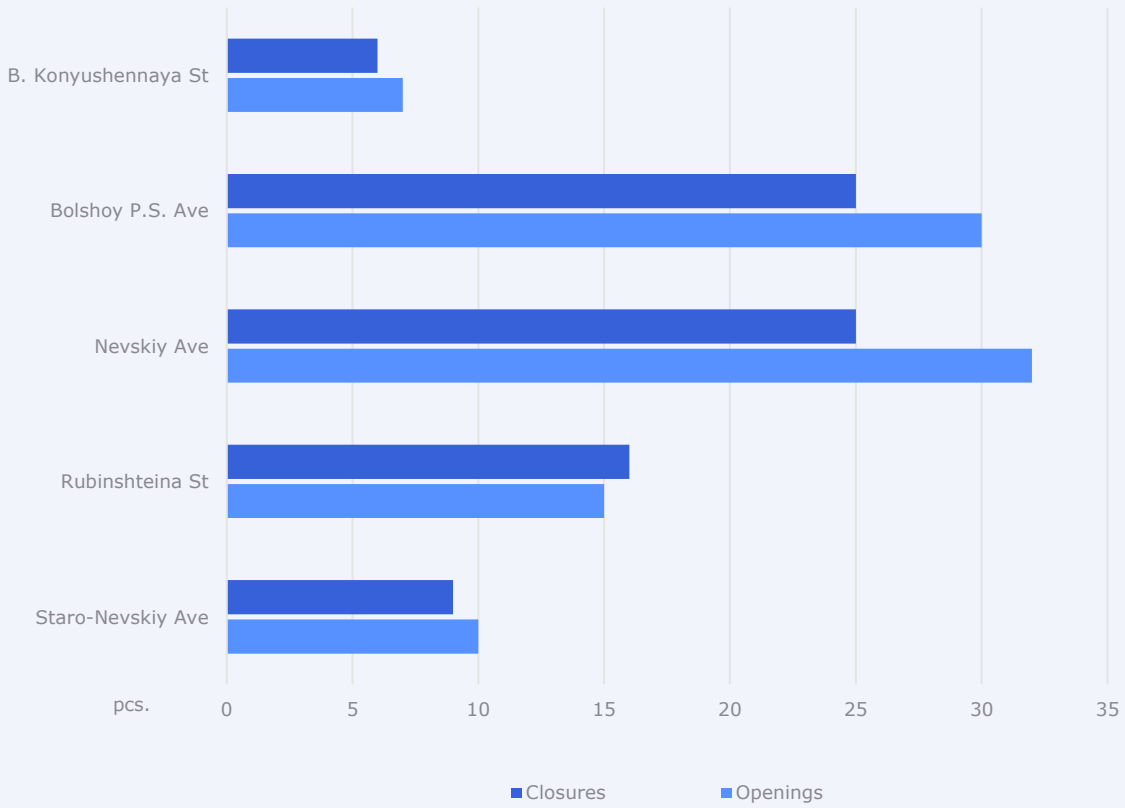


Chart 3

Rotation level on key retail corridors of St. Petersburg, 2023

Source: Nikoliers

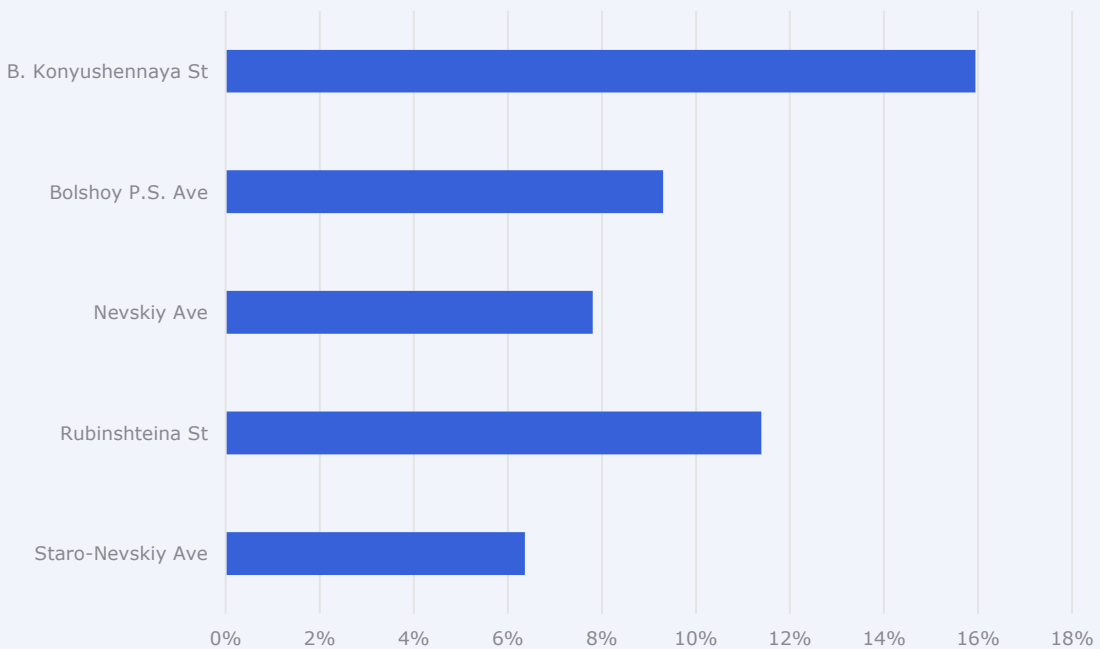


Table 3

Key openings on the key retail corridors of St. Petersburg in 2023

Source: Nikoliers

Key retail corridors	Name of tenant	Tenant profile
13, B. Konyushennaya St	Gresso	Optics
29, B. Konyushennaya St	2MOOD	Clothing and footwear
59, Bolshoy P.S. Ave	2MOOD	Clothing and footwear
59, Bolshoy P.S. Ave	Kangaroo	Clothing and footwear
59, Bolshoy P.S. Ave	Ekonika	Clothing and footwear
37, Kamennostrovskiy Ave	Gloria Jeans	Clothing and footwear
21, Nevskiy Ave	Maag	Clothing and footwear
38, Nevskiy Ave	Dom.RF	Bank branch
47, Nevskiy Ave	Mama Rada	Public catering
55, Nevskiy Ave	Shokoladnitsa	Public catering
83, Nevskiy Ave	Vkusvill	Groceries and supermarkets
90-92, Nevskiy Ave	Chajhona	Public catering
106, Nevskiy Ave	Podruzhka	Cosmetics and perfumes
120, Staro-Nevskiy Ave	Dixi	Groceries and supermarkets

Table 4

Planned openings on the key retail corridors of St. Petersburg in 2024

Source: Nikoliers

Key retail corridors	Was	Tenant profile	Will be	Tenant profile
49, Bolshoy P.S. Ave	Technogym	Sporting goods	Evening	Clothing and footwear
57, Bolshoy P.S. Ave	Imperial	Jewelry and accessories	Scandale Maniere	Clothing and footwear
65, Bolshoy P.S. Ave	Birelin	Clothing and footwear	Gresso	Optics
23, Nevskiy Ave	IKEA	Design studio	Vsesmart	Electronics and Household appliances
51, Nevskiy Ave	-	-	Tvoya ostanovka	Public catering
54, Nevskiy Ave	BlinBery	Public catering	VLAVASHE / Sokol Coffee	Public catering
55, Nevskiy Ave	Manneken Pis	Public catering	The Bull	Public catering
59, Nevskiy Ave	Sberbank and bank VTB	Bank branch	SuperSteep	Clothing and footwear
150, Staro-Nevskiy Ave	Salvatore Ferragamo / Rolex	Clothing and footwear / Jewelry and accessories	Ketroy	Clothing and footwear



Trends and forecasts

In 2023, the street retail market continued its recovery. The share of vacant premises on key retail corridors of St. Petersburg dropped to 4.8%, which is below not only the pre-Covid values of March 2020 (7.0%), but also below the indicator at the beginning of 2019 (5.6%).

Catering operators, as well as representatives of the fashion industry, are ramping up their presence in the central locations. In 2023, a total of 40 catering establishments and 27 stores of the clothing and footwear category have opened their doors.

The trend for splitting large-sized premises into several units is on the rise. For example, the premises previously occupied by VTB Bank at 27 Nevskiy Avenue have been divided into three facilities with separate entrances.

On the other hand, operators developing large formats are eyeing accommodation by way of merging of several premises. For example, Kangaroo store was able to open a full-size store on Bolshoy P.S. Avenue by amalgamating the premises of Nespresso and H&M Home, while Dom.RF Bank can now be found on the premises previously occupied by FARSH and Burger King restaurants on Nevskiy Avenue.

According to our expectations, in 2024 retailers will keep updating the concepts of their stores, which often means the enlargement of retail outlets. Retail property operators are constantly experimenting with format, product matrix, pricing, as they respond to changes, including in consumer preferences.

The number of fast food and fast casual outlets with more than affordable prices will be multiplying. In the meantime, we may also see the opening of exclusive establishments next year, as the demand for such restaurants still exists.

Despite the dynamic expansion of national players, foreign brands are also keen on expanding their presence in the market. For example, two Turkish brands of home improvement goods – Karaca Home and Madame Coco – are already planning new openings in the historical centre in the street retail format.

In 2024, we will see a scarcity of quality space on key retail corridors due to retailers actively occupying the available space throughout 2023.

Services



Office



Industrial



Retail



Residential



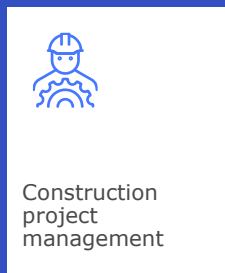
Hotel



Land plots



Property management



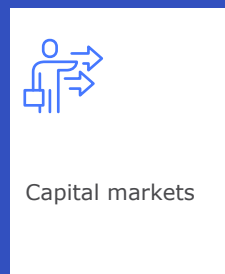
Construction project management



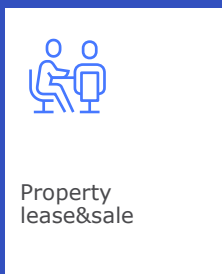
Strategic consulting



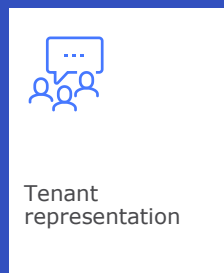
Valuation



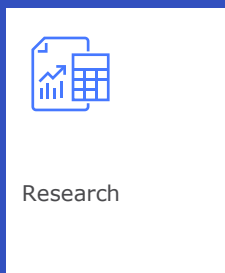
Capital markets



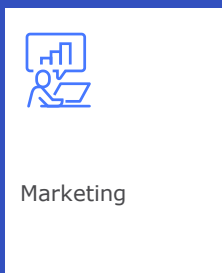
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