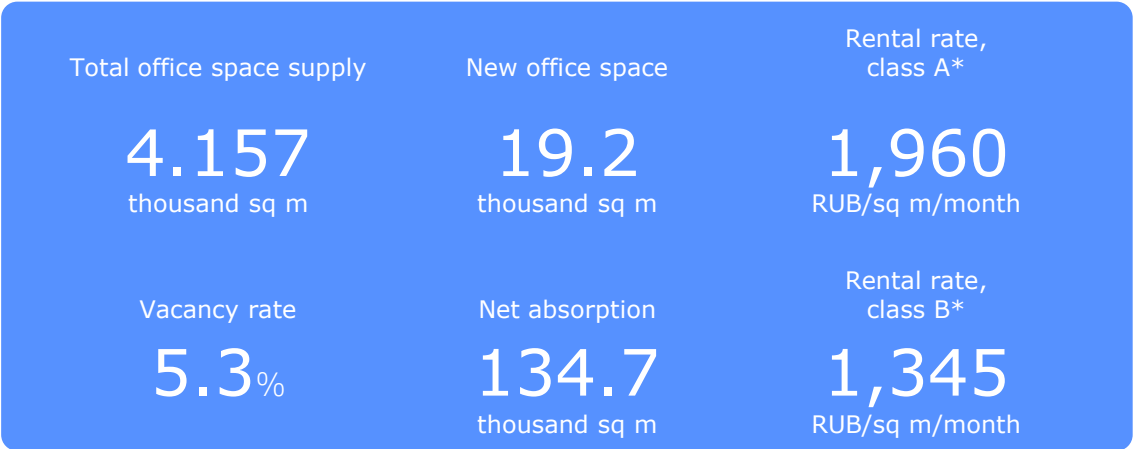


H1 2024

# Office market

Russia | St. Petersburg

St. Petersburg market indicators, H1 2024



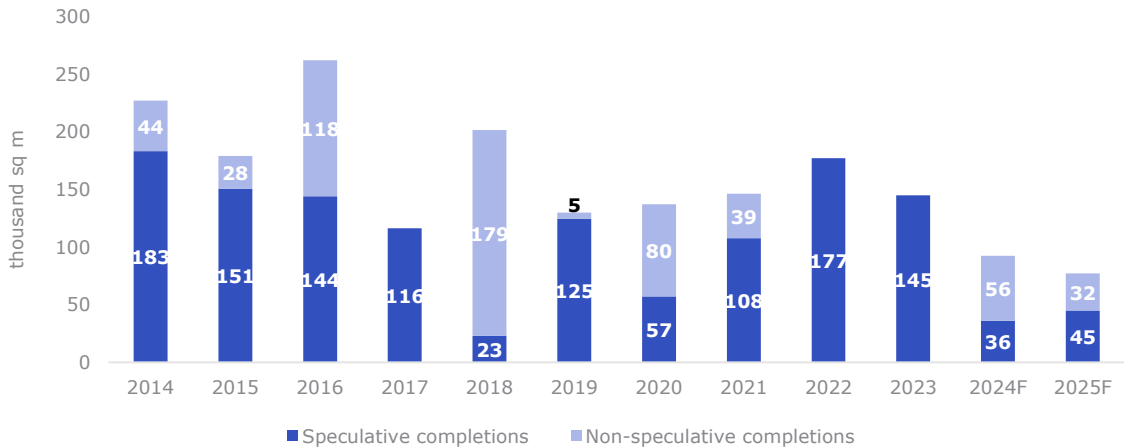
Key results



Supply

During the first half-year of 2024 three new facilities were added to the office market of St. Petersburg, namely K-37, Lakhta Plaza and Crystal Palace – with the aggregate gross leasable area of 19,200 sq m. Notwithstanding, there are no vacant premises in K-37 and Lakhta Plaza office centres.

Office completions



\*The rental rates include OPEX but exclude VAT.

Source: Nikoliers



## Key projects to be commissioned in 2024



**Lakhta Plaza**  
3 500 sq m



**Avangard**  
9,000 sq m



**K-37**  
14,400 sq m



**Crystal Palace**  
1,300 sq m



**BIV**  
4,500 sq m



**Nevskaya Ratusha**  
47,900 sq m



**Atlas City 2**  
8,400 sq m



**Kartochnaya fabrika**  
3,500 sq m

Commissioned project

Project scheduled for  
commissioning

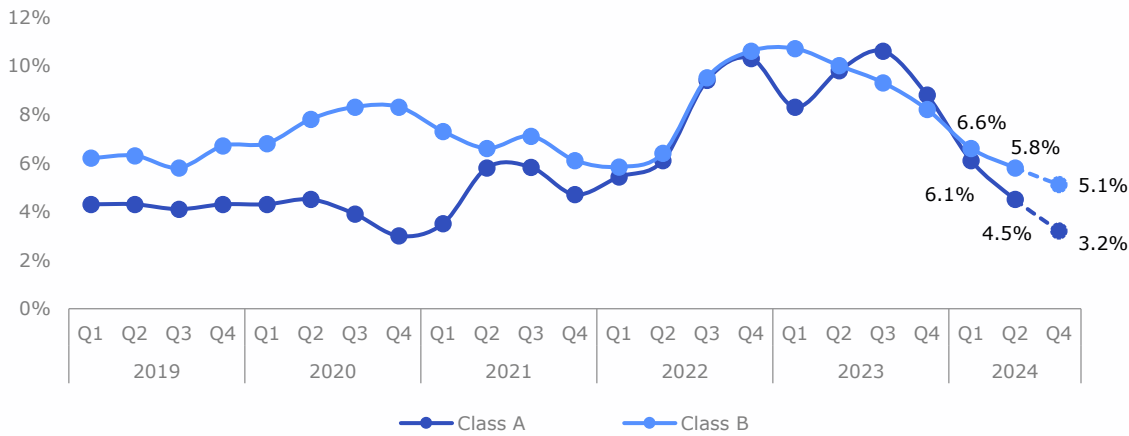
## Vacancy rate and rental rates

5.3%

Vacant office space has shrunk by more than 1.5 times versus the first quarter of 2023.

High tenant activity still causes the shrinking of vacant office space in all districts of the city, despite the rollout of new facilities to the market. Since the end of last year the average market vacancy rate has dropped from 8.4% (348,500 sq m) to 5.3% (221,800 sq m). The most radical reduction of vacant office space was recorded in Kalininskiy district (from 18.5% to 0.9%) due to Tinkoff leasing Ferrum II business centre in its entirety.

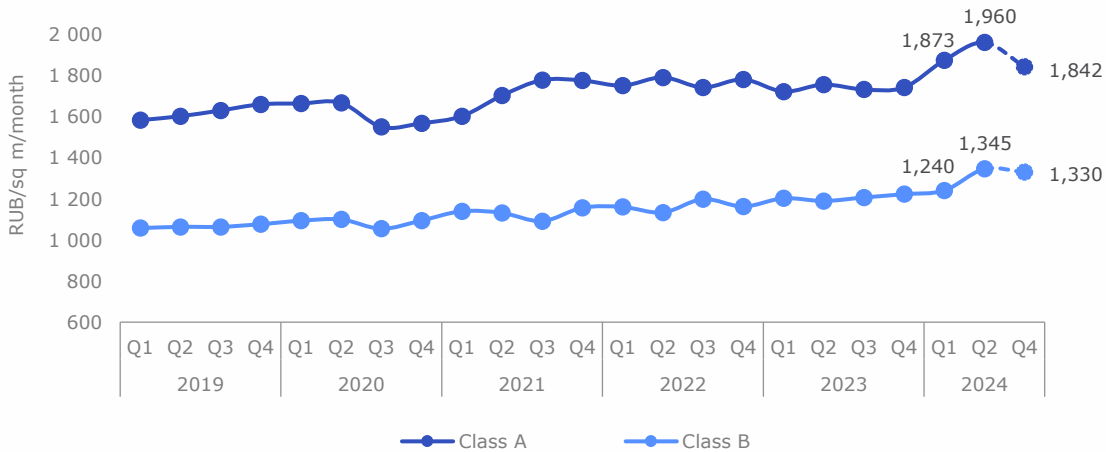
### Vacancy rate by class



On account of limited supply, the rental rates are highly volatile. Since the end of 2023 the base rent in high-end A-class office centres has risen to 1,960 RUB/sq m/month (+13%), while in class B the rates have risen to 1,345 RUB/sq m/month (+10%).

Given the high probability of leases at high-end office facilities to be signed in the upper price range, rental rates for office property on offer are expected to stabilize at the level of RUB 1,842/sq m/month in Class A and RUB 1,330/sq m/month in Class B by the end of the year. This being said, the projected growth of rental rates relative to the end of 2023 will amount to 6% for Class A and 9% for Class B assets.

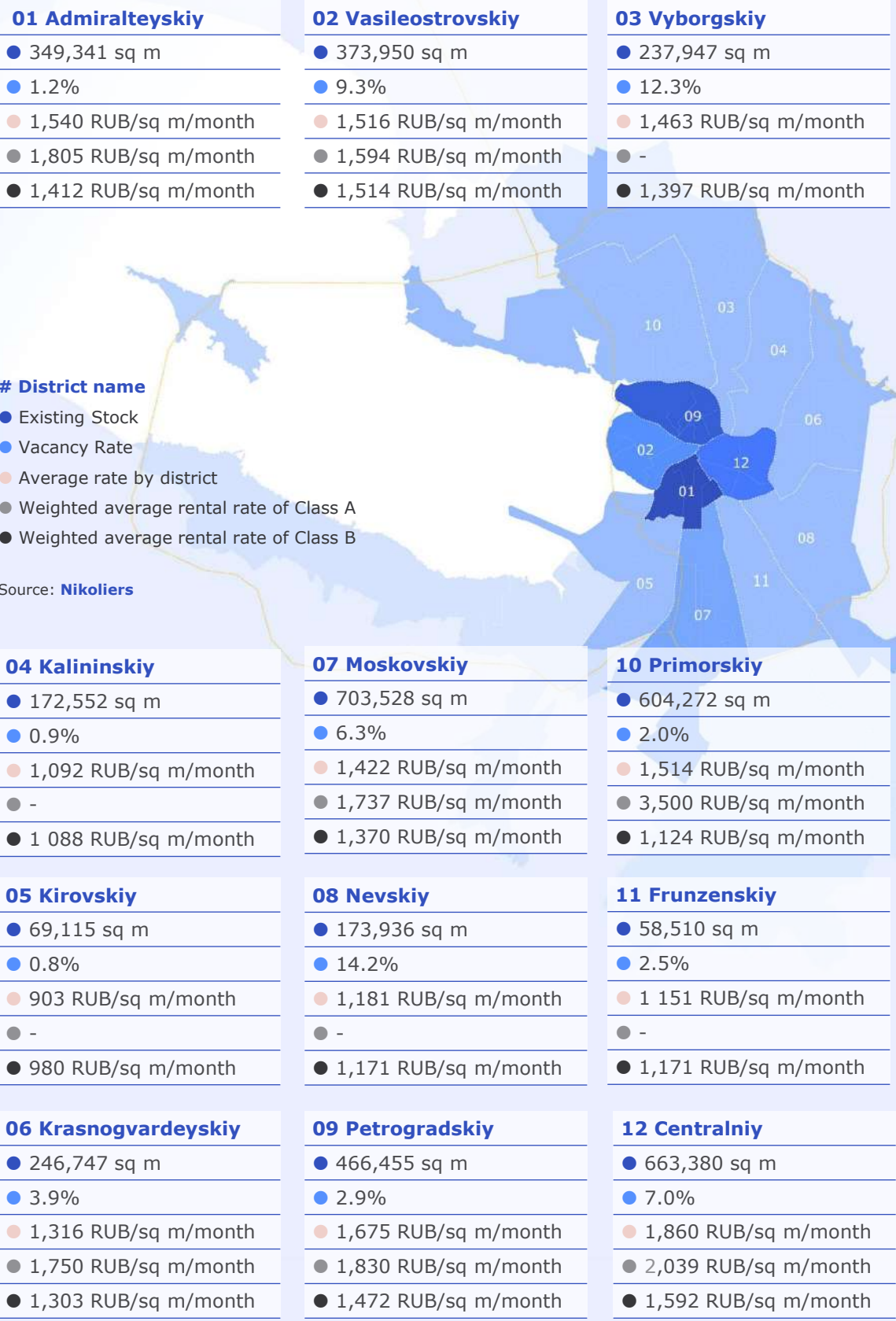
### Change in rental rates by class\*



Source: Nikoliers

\*Rental rates include operating expenses, excluding VAT

Key market indicators by districts\*



\*Rates presented include OPEX and exclude VAT.



## Demand

134.7  
thousand sq m

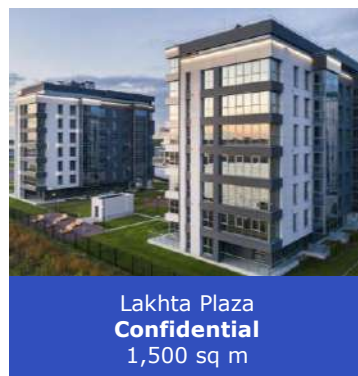
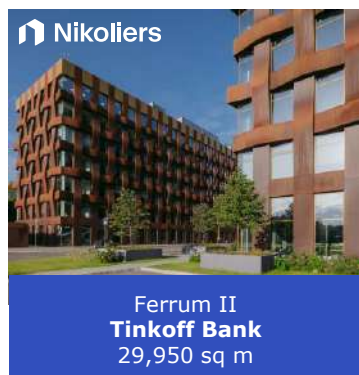
Net absorption in H1 2024 proved more than 1.5 times higher than in H1 2023.

End users and investors alike are still highly interested in the office market. The number of wholesale lease and purchase transactions, whereby office buildings are purchased or rented in their entirety, is growing. Kalininskiy (24%), Primorskiy (22%) and Moskovskiy (16%) districts were the leaders in terms of occupied space. Lease and purchase agreements in these districts were signed for buildings of over 5,000 sq m in size.

Given the increasing tendency of companies towards consolidation and the limited supply of quality office units, many tenants are forced to look for alternative solutions to accommodate their employees. The number of available office premises is decreasing every quarter, which leads to a spike in the demand for serviced offices and facilities in their final construction stages.

Class A office centres account for about 70% of the total amount of transactions in terms of office space, while class B facilities take the lead by the number of transactions. This can be explained by the fact that in class A wholesale lease and purchase agreements are signed more often, whereas in class B deals with smaller units prevail.

### Key lease transactions in St. Petersburg office market, H1 2024



Transactions by occupant’s profile

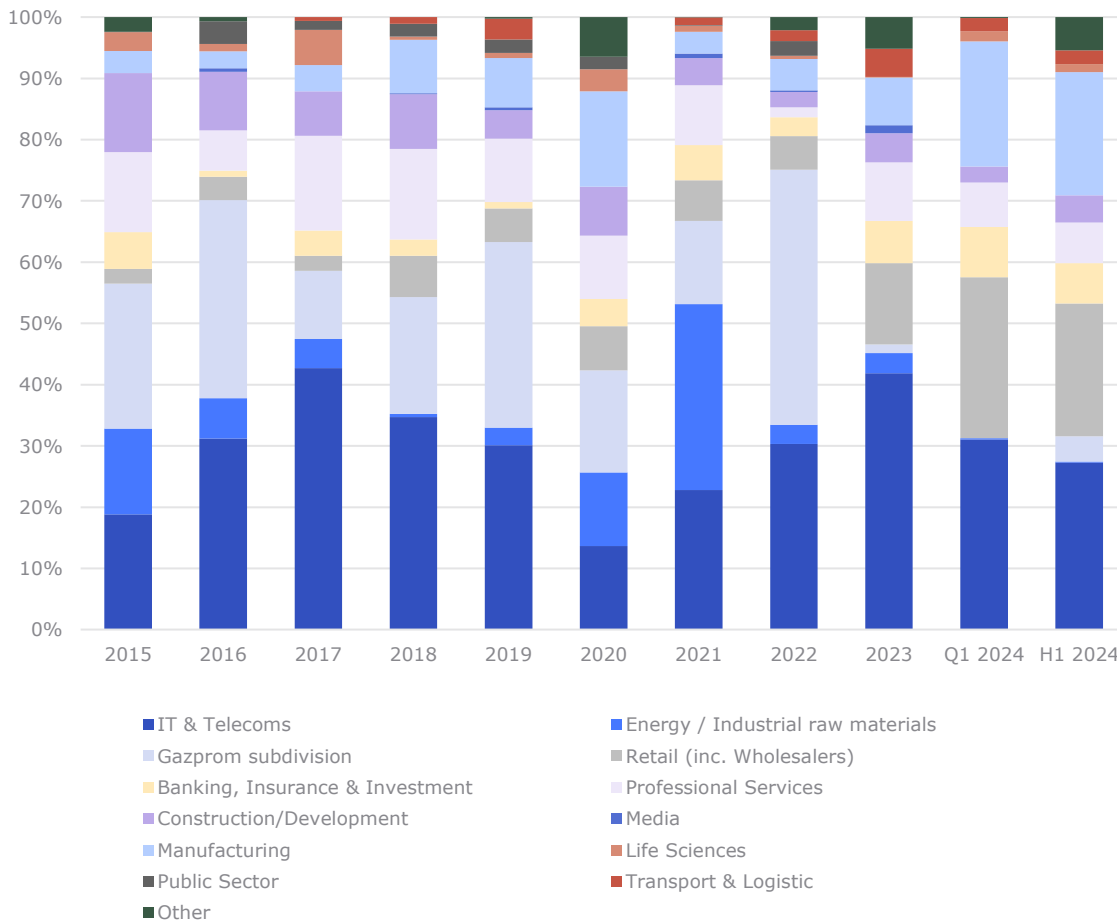
27% IT & telecom segment again claimed the largest share of total rented office space in the first half of 2024.

In the first half of 2024 IT & telecom companies retained their leadership positions in the office market vis-a-vis tenants of other profiles. The lease of the Ferrum II BC by Tinkoff (30,000 sq m) remains the largest transaction for the initial six months of 2024.

During the first six months, the share of transactions completed by Gazprom and its satellite firms increased significantly year-on-year. According to our forecast, by the end of the year, these companies may additionally lease more than 20,000 sq m of office space.

Despite the rising number of major deals, office units below 100 sq m are still in highest demand. The dynamics of signing leases for small but high-end office units in the central districts indicate a high demand for compact and functional offices with well-developed infrastructure. Companies providing professional services, including design, engineering, maintenance and other services, seek such offices more often than companies of other profiles.

Distribution of deals by tenant type



## Flexible space

9.9  
thousand sq m

In H1 2024 the growth of new supply of serviced offices more than eight times exceeded the results for the similar period of the previous year.

Based on the results of H1 2024, there are 64 classic flex spaces at work in the St. Petersburg market with the aggregate floor area of 80,000 sq m. As for their territorial distribution, most flex spaces and workstations is concentrated in the Central District (41% or 33,100 sq m/4,450 workstations).

### Flexible spaces opened in H1 2024



Praktik Chekhova  
3,850 sq m



BENUA CAMPUS PAGE  
1,900 sq m



PARK PAGE  
1,300 m<sup>2</sup>



Case on Kropotkina  
1,200 sq m



Multispace Pravda  
1,000 sq m



Co-working on  
Pridorozhnaya Alley  
650 sq m

At the end of July the average rent for an assigned workplace reached 16,800 RUB/month while the rent for an unassigned workstation stood at 11,400 RUB/month.

At least five new co-working spaces, mainly from chain operators, with the cumulative floor area of 3,600 sq m, are in the pipeline, due to open till the year's end.

### Flexible spaces slated for opening in 2024

Nº	Name	Address	District	Floor area, sq m
1	GrowUp in Ramada Encore by Wyndham Hotel	44, Ordzhonikidze str.	Moskovskiy	1,200
2	PETROVSKY PAGE	4, Finlandsky Ave.	Vyborgskiy	1,000
3	Non-chain co-working space in ReForma BC	15, Levashovsky Ave.	Petrogradskiy	800
4	LOFT PAGE	83/1, Sredniy pr. Vasileostrovsky Island	Vasileostrovskiy	700
5	GrowUp in Digital Village Vertical apartment hotel	44, Ordzhonikidze str.	Moskovskiy	400

Source: Nikoliers



## Trends and forecast

### Key market indicators

	2022	2023	H1 2024	2024F
Total stock at the end of the period, million sq m*	4	4.14	4.16	4.23
Class A	1.4	1.47	1.47	1.52
Class B	2.6	2.66	2,68	2.71
Completions for the period, thousand sq m	177	144.9	19.2	92.4
Net absorption for the period, thousand sq m	46	184.5	134.7	241.2
Vacancy rate, %	10.5	8.4	5.3	4.5
Class A	10.3	8.8	4,5	3.2
Class B	10.6	8.2	5,8	5.1
Weighted average rental rate, RUB/sq m/month**				
Class A	1,780	1,741	1,960	1,842
Class B	1,162	1,222	1,345	1,330

\*Total office space supply and commissioning were adjusted in Q2 2024.

\*\*Rental rates include OPEX and exclude VAT.

Source: Nikoliers



### Shortage of office units

New speculative supply of office space has been moderately burgeoning in 2024, while strong demand from tenants and buyers is exacerbating the shortage of quality units in the market. Launching the development and construction of new business centers will be a key factor in meeting the growing market needs and preventing further tightening of the office space scarcity.



### Growing rental rates

As the shortage of office space persists, the rental rates in quality business centres will continue to grow. This trend emphasizes the importance of strategic planning when choosing an office for companies seeking to take a foothold in prestigious areas of the city.



### Wholesale lease and purchase of business centres

Interest in leasing and buying office buildings will remain high, both for the sake of capital preservation and as part of company consolidation and expansion processes. Several deals, currently at the final stage of negotiations, are expected to be signed till the year's end.

# Services



Offices



Industrial



Retail



Residential



Hotels



Land plots



Property management



Managing construction projects



Strategic consulting



Property and business valuation



Investment



Lease & sale (agency)



Representation of tenants



Research and analytics



Marketing

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