



## 2011 RESIDENTIAL MARKET

Saint Petersburg  
**Knight Frank**

### EXECUTIVE SUMMARY

- Throughout 2011, the new build segment of St. Petersburg prime residential market showed steady growth. Demand did not reach the previous year's level, totaling slightly more than 50 thousand sq m.
- Supply dropped down to the record low level. During the year, developers were cautious to commission new residential projects.
- In 2012, several new projects are expected to enter the market, including apartment hotel projects in the "golden triangle" area. Properties in traditionally popular locations will continue to be highly demanded. Growth rates will remain at their current level.

## RESIDENTIAL MARKET



**Elizaveta Conway**  
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«In 2011, developers were highly active in seeking innovative solutions and new methods to attract customers. In particular, developers have presented to the market projects including ready-to-move-in apartments with designer finishing and fully furnished. Buyers, in turn, were less willing to buy apartments in projects under construction if there were alternatives in completed buildings. In spite of a wide range of choice and attractive financial terms, buyers were discouraged by uncertainty fitting-out would works duration in the neighboring apartments. The buyers generally presume that this period may take from 3 to 5 years since the date of purchase.»

### Supply

In the end of December, 2011 – beginning of January, 2012, new build market supply was about 650 apartments (100 thousand sq m). The resale market supply was around 2 thousand apartments (187 thousand sq m).

In 2011 developers have added to the new build supply three projects with total square 9 thousand sq m. Besides two buildings put up for sale in Q3, the sales of apartments in Paradny Kvartal project (3 phase) started at year-end. The project of Vozrozhdenie company is highly demanded by buyers due to the combination of a prestige location in the Tsentralny district and smart pricing policy of the developer.

### Supply prices

Market segment	Average price, \$/sq m*	Minimum price, \$/sq m*	Maximum price, \$/sq m*	Average price change in 2011, %**
New build	8,500	3,440	48,000	12.9%
Resale	5,550	3,000	36,236	-1.9%

\* As of December, 2011

\*\*Base period – December, 2010

Source: Knight Frank Research, 2012

### Projects which sales started in 2011

Project	Developer	Number of apartments	Average price, \$/sq m
Kovensky, 5	Vozrozhdenie	8	6,850
Paradny Kvartal (3rd phase)	Vozrozhdenie	20	6,700
Stremyannaya, 15	SoyuzGenStroy	32	10,400

Source: Knight Frank Research, 2012

### Projects commissioned in 2011

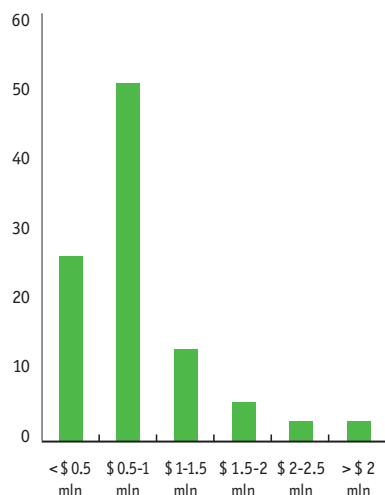
Project	Address	Developer	Number of apartments	Average price, \$/sq m
Diadema Club House	23-25, Konstantinovsky Lane	Credo	73	12,850
Bourgeois	37, Professora Popova St.	L1 (LEK)	46	4,250
Malakhit (Kristally Krestovskogo)	15 A, Morskoy Ave	Petrotrest	81	5,750
Tavrichesky	4, Chernyshevskogo Lane	RBI	46	7,900

Source: Knight Frank Research, 2012



### The prices for 75% of the deals closed in 2011 were no less than \$1 mln per apartment

% of total deals' number



Source: Knight Frank Research, 2012



At the same time, Vozrozhdenie completed sales of several other large projects, including Paradny Kvartal (1 phase), Shpalernaya, 60 and Rezidentsia na Suvorovskom.

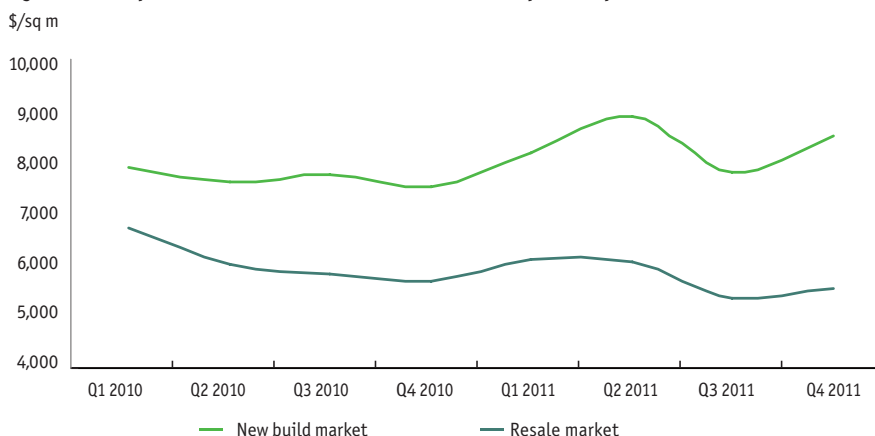
### Demand

In Q4 2011 100 apartments were sold on the new build market (around 14 thousand sq m). However, despite the upward trend of apartment sales, the total number of sold apartments did not exceed the 2010 level and totaled to 360 apartments (51.5 thousand sq m).

### Commercial Terms

At the end of 2011, average apartment price for projects under construction was \$8,500 per sq m, up by 13% since the beginning of the year. In December, prime apartment buyers were offered New Year discounts (about 10% off). By the end of 2011 prices for resale market properties slightly declined down to \$5,550 per sq m.

### Dynamics of prices for new build and resale market prime apartments



Source: Knight Frank Research, 2012

### Forecast

Currently, there is a lack of high quality supply in the prime residential market. This may lead to deferred demand for high quality apartments in popular locations.

In 2012, new projects are expected to enter the market, including several club-type apart-hotel properties in the highly demanded by customers "golden triangle" area.

We expect that prices will continue to rise at the same rate.



# OVERVIEW

## Europe

Austria  
Belgium  
Czech Republic  
France  
Germany  
Ireland  
Italy  
Monaco  
Poland  
Portugal  
Romania  
Russia  
Spain  
Switzerland  
The Netherlands  
UK  
Ukraine

## Africa

Botswana  
Kenya  
Malawi  
Nigeria  
Tanzania  
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Zimbabwe  
Zambia  
South Africa

## Middle East

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Cambodia  
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