



## Q3 2011 RESIDENTIAL MARKET

Saint Petersburg

**Knight Frank**

### EXECUTIVE SUMMARY

- In Q3 2011 the urban prime residential market of Saint Petersburg showed stable dynamics. The sales of two new projects located in Tsentralny district started in the reporting period.
- Three-bedroom apartments located in prime residential new build projects are still highly demanded by customers (the average area of such apartments amounts to 130 sq m). The prices for the maximum number of deals closed in Q3 were in the range of 5,000 – 7,000 \$/sq m.
- In the resale market segment the average offering price equaled 5,350 \$/sq m; in Q3 2011 it fell by 11.6% as compared to Q2 2011.
- Such downward price variation is primarily caused by growth of US dollar exchange rate and by the fact several expensive projects left the market. The share of deals with high price segment apartments decreased.

# RESIDENTIAL MARKET



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The market shows a slight growth of mortgage activity in the resale segment of prime residential market. Now financial resources are available again, and customers started to use credit facilities, which is a rare practice in Saint Petersburg market. As quality of new projects improves and target audience's requirements toughen, we register growing interest of those purchasers, who have recently closed a deal in the new build market segment. Moving is often planned to be within the borders of a certain local area, and this obviously indicates that quality characteristics prevail during the decision-making process.



In Q3 2011 both new build and resale market segments of Saint Petersburg showed fall in prices (by 12.2% and 11.6% respectively). The reason for such negative dynamics is growing US dollar exchange rate; besides, several record expensive offers left the market.

## Supply

The sales of two projects located in Tsentralny district started in Q3 2011; however they did not significantly influence the market supply due to their small areas. At the time the sales started in both projects several apartments had been already sold (5 out of 8 at Kovensky Lane, 6 out of 32 at Stremyannaya Street). The reason for customers' great attention is a unique location of these projects, their close location to Nevsky Avenue, and the lack of new build projects located in the city centre.

As of September, 2011 about 700 apartments (155 thousand sq m) were offered for sale in the new build market segment.

## Supply prices

Market segment	Average price, \$/sq m*	Minimum price, \$/sq m*	Maximum price, \$/sq m*	Average price change in Q3 2011, %**
New build	7,770	3,160	39,990	-12.2%
Resale	5,350	2,890	27,600	-11.6%

\* as of September, 2011

\*\* Base period – June, 2011

Source: Knight Frank Research, 2011

## Projects, which sales started in Q3 2011

Project	Developer	Commissioning date	Number of apartments	Average price \$/sq m
5 Kovensky	Vozrozhdenie Sankt-Peterburga	Q2 2013	8	6,150
15 Stremyannaya	SoyuzGenStroy	Q2 2013	32	9,840

Source: Knight Frank Research, 2011

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## Demand

In the new build market segment the number of deals rose by 9.9% as compared to Q2 2011 and amounted to 160 apartments. One-bedroom apartments are the most unpopular, so such supply is minimal. Quite spacious three-bedroom apartments more often find their purchasers than the others.

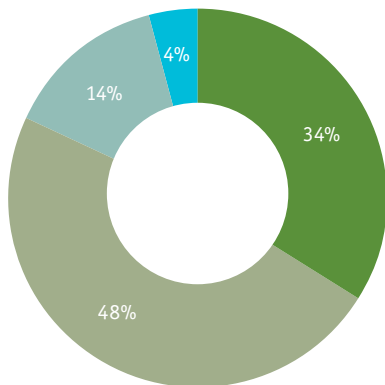
In the resale segment of prime residential market more than a half of projects offered for sale are located in Tsentralny district.

## Commercial Terms

In Q3 2011 in the new build market segment the prices for 4% of the deals were over 9,000 \$/sq m. The prices for the most demanded apartments were in the range of 5,000 – 7,000 \$/sq m.

**In the new build segment of prime residential market the prices for about one third of the deals closed in Q3 were less than 5,000 \$/sq m**

% of total deals' number

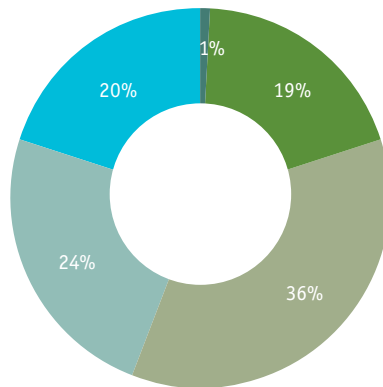


- less than 5,000 \$/sq m
- 5,000 - 7,000 \$/sq m
- 7,000 - 9,000 \$/sq m
- more than 9,000 \$/sq m

Source: Knight Frank Research, 2011

**In Q3 2011 three-bedroom apartments located in prime residential new build projects were highly demanded by customers (the average area of such apartments amounts to 130 sq m)**

% of total deals' number

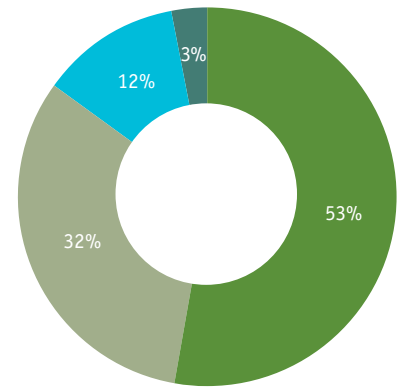


- one-bedroom
- two-bedroom
- three-bedroom
- four-bedroom
- five and more bedrooms

Source: Knight Frank Research, 2011

**Tsentralny district of Saint Petersburg is a traditional leader in the supply structure of resale market segment**

% of total market offers' number



- Tsentralny
- Petrogradsky
- Vasileostrovsky
- Admiralteisky

Source: Knight Frank Research, 2011



# 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  
Uganda  
Zimbabwe  
Zambia  
South Africa

## Middle East

Bahrain  
UAE

## Asia Pacific

Australia  
Cambodia  
China  
India  
Indonesia  
Malaysia  
New Zealand  
Singapore  
South Korea  
Thailand  
Vietnam

## Americas & Canada

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