



Q1 2013  
RESIDENTIAL  
MARKET REPORT

Saint Petersburg  
**Knight Frank**

## HIGHLIGHTS

- The stock in this segment increased by more than 10,000 sq m since properties in Petrogradskiy and Vasileostrovskiy districts entered the market.
- The number of deals decreased compared to the previous quarter, which is typical for the beginning of the year.
- In Q1 2013, the elite residential real estate market showed stability: average price for the quarter amounted to 10,200 \$/sq m.

# Q1 2013 RESIDENTIAL MARKET REPORT

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## RESIDENTIAL MARKET REPORT



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Residential Department  
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"A slight drop in the number of transactions could be observed in the Q1 2013. It was determined by two factors: the season – historically, the buyers' activity is lower in January and February, and a shortage of supply of apartments on the secondary market as well as in buildings under construction nearing completion. Many clients remove their apartments from sale, being unable to find alternative accommodation, which further reinforces the stock deficit".

### Supply

The trend of growth in construction volume, notable already in the past year, remained in the Q1 2013 as well. Two residential developments entered the market: these were Dom na Dvoryanskoy and House at Lieutenant Schmidt Emb. A number of apartments previously unexhibited by developers were put on sale in a number of objects, with the total area of over 10,000 sq m. The stock volume on the secondary market of elite housing amounted to about 160,000 sq m.

### Demand

The volume of sales on the primary market of elite residential real estate by the end of the Q1 2013 amounted to about 80 apartments. During this period, two-bedroom apartments were in the highest demand among the buyers: 37% of the total number of transactions. Both explain this fact: the change in the structure of supply and demand on the market, as well as the accumulated demand for such apartments. In the early stages of market development, apartments with a large number of bedrooms prevailed among the objects in stock.

### Key indicators. Dynamics

Segment	Price, \$/sq m*			Average price change, Q1 2013, %**
	Average	Minimal	Maximal	
Primary	10,200	4,852	39,645	1.8%
Secondary	5,485	3,287	65,479	- 4%

\* March 2013  
\*\*baseline period – December 2012  
Source: Knight Frank St. Petersburg Research, 2013



60 Shpalernaya St.



4 Razyezhaya St.

### Commercial terms

The volume of demand in the Q1 2013 was stable, and its dynamics has not encouraged developers to perform price adjustments. The cost per square meter has increased for a number of objects, however, delivery of new projects has reduced the average price down to 10,200 \$/sq m. These objects are in the early phases of construction, which explains the developers' low-key pricing policy at this stage.

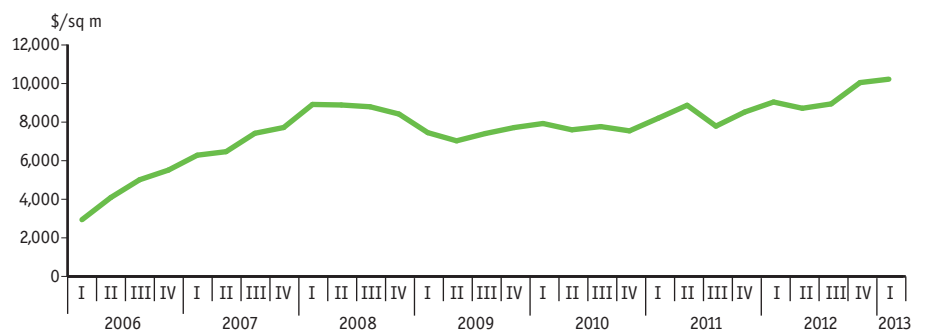
### Forecast

Developers continue active construction of new properties; expand their land bank by buying plots for the construction of residential complexes. During the year, sales are expected to start in a number of objects of the Petrogradskiy and Central Administrative Districts, including those located in the "Golden Triangle", which will inevitably lead to an increase in the average transaction budget, as well as to the restructuring of elite residential real estate market in general. Some sales are in their concluding stages in a number of objects, which permits one to count on the maintenance of balance of supply and demand in the foreseeable future.

Average price for the established elite locations	
Location	Average price, \$/sq m*
"Golden Triangle"	25,100
Stone island	16,600
Krestovsky island	10,950
Liteiny avenue	10,460
Petrogradskaya	6,800
Taurica garden	6,800

\* March 2013 r.  
Source: Knight Frank St. Petersburg Research, 2013

Average price dynamics for the elite properties under construction, \$/sq m



Source: Knight Frank St. Petersburg Research, 2013



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