

RESEARCH



Q1 2016 WAREHOUSE AND INDUSTRIAL REAL ESTATE MARKET

Saint Petersburg

HIGHLIGHTS

Built-to-suit warehouses located in the industrial park A Plus Park Shushary were delivered. They were constructed for specific needs of the tenants.

While the supply is declining, some spare premises in several logistics complexes become available and replenish the market with vacant space for lease.

The growth of cargo turnover in ports of St. Petersburg and Leningrad region was recorded.

WAREHOUSE AND INDUSTRIAL REAL ESTATE MARKET SAINT PETERSBURG



Mikhail Tyunin
Associate director,
Knight Frank St. Petersburg

"Warehouse market still maintains a very steady pace. Investors began to display interest in quality warehouse facilities, and we forecast further development of the situation. 51,000 sq m were taken up – up by 17% against Q1 2015. The rents hit the bottom at the end of the last year. Their gentle bottoming out is expected throughout 2016".

Key indicators. Dynamics*

	Class A	Class B
Total quality stock, thousand sq m	2,860.8 ▲	
including, thousand sq m	1,801.7	1,059.1
New delivery in Q1 2016, thousand sq m	33.5 ▼	
Total quality stock for lease, thousand sq m	1,588.9 ▲	
Total supply, thousand sq m	155 ▼ **	
Net take-up, Q1 2016, thousand sq m	51 ▲	
Vacancy rate, %	-5.7 ▼	-4.9 ▼
Average asset-by-asset change of the rent, %	-10 ▼	-7 ▼
Asking rental rates, rub./sq m/month***	450–600	300–500

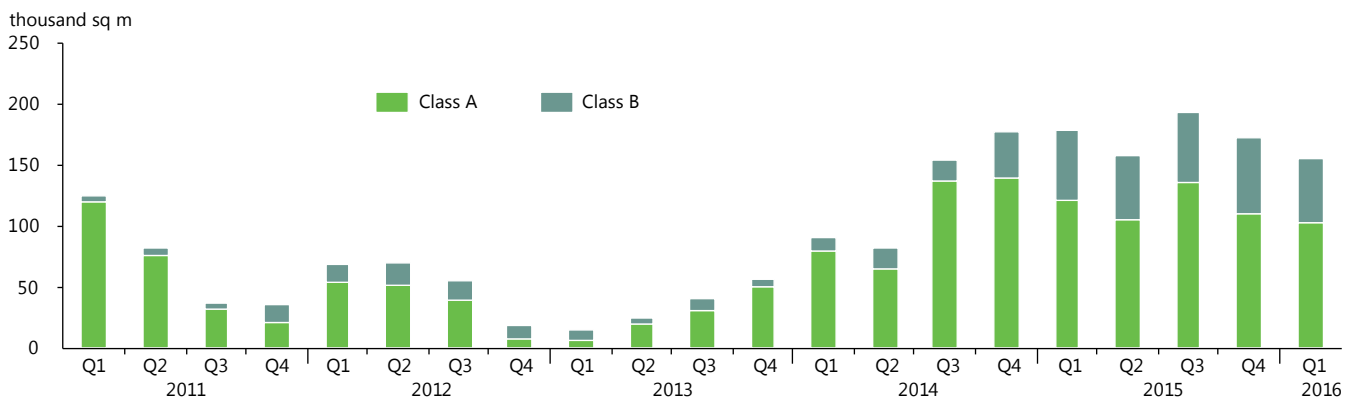
* Against Q1 2015

** Against Q4 2015, in other cases

*** Including OPEX and VAT (18%)

Source: Knight Frank St. Petersburg Research, 2016

Supply dynamics by classes



Source: Knight Frank St. Petersburg Research, 2016

Supply

Two build-to-suit warehouses for Unimilk Logistics and Auchan have been commissioned in A Plus Park Shushary. Such construction scheme did not impact the amount of vacant supply.

The fall of total vacant supply is registered against Q4 2015. Decreasing by 10% it amounts to 155,000 sq m owing to stable demand for quality space in warehouse facilities.

Demand

The growth of cargo turnover in sea ports of the region was recorded. Such indicator of demand confirms the market stability.

The total volume of transactions is comparable with Q1 of the previous year. However, the net take-up rose by 17% if compared to Q1 2015 and totaled 51,000 sq m.

Consequently, the decrease of Class A and B vacancy rate was noticed.

The requests for 700–1,000 sq m have dominated in the structure of requests for industrial premises for the first three months of the year.

Commercial terms

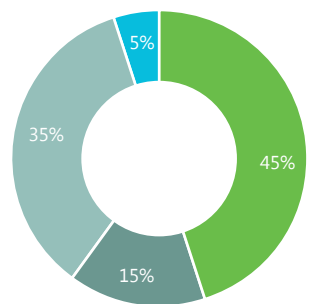
Rents remained unchanged within Q1 2016.

Class A and B average rents were 502 rub./sq m and 381 rub./sq m/month, correspondingly (incl. VAT and OPEX).

The requests for industrial premises with the rates of 350–450 rub./sq m/month prevail (incl. VAT and utilities).



Geographical distribution of demand, Q1 2016



- South, South-East, South-West
- East
- North
- Centre

Source: Knight Frank St. Petersburg Research, 2016

RESEARCH

Tamara Popova

Head of Department

tamara.popova@ru.knightfrank.com

INDUSTRIAL

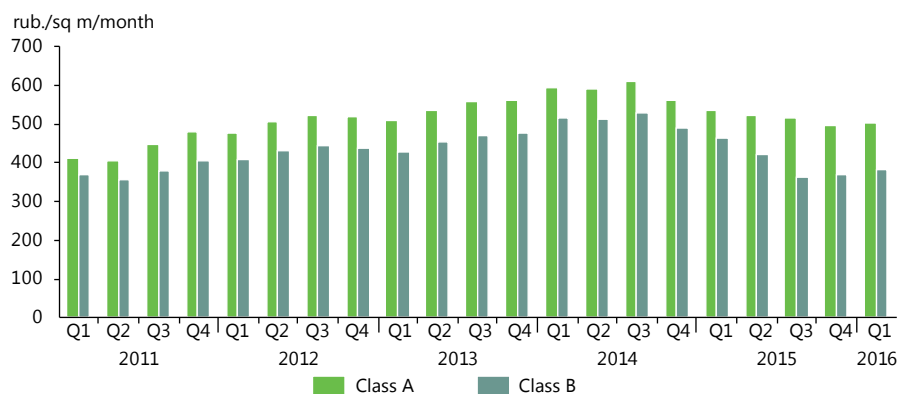
Mikhail Tyunin

Associate director

mikhail.tyunin@ru.knightfrank.com

+7 (812) 363 2222

Asking rental rates dynamics



Source: Knight Frank St. Petersburg Research, 2016



© Knight Frank LLP 2016 – This overview is published for general information only. Although high standards have been used in the preparation of the information, analysis, view and projections presented in this report, no legal responsibility can be accepted by Knight Frank Research or Knight Frank for any loss or damage resultant from the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank in relation to particular properties or projects.

Reproduction of this report in whole or in part is allowed with proper reference to Knight Frank.