



# 3 quarter of 2016 RESULTS



## Office Sector

- At the end of 10 months of 2016, total size of the high-quality office property market in Saint Petersburg exceeded 2.3 mln. sq. m.; by late October of 2016, 215 000 sq. m. were commissioned in the high-quality office property segment.
- In the third quarter of 2016, 2 A-class office centers were commissioned: Fort Tower at Moskovskiy Prospekt with a total area of 41 483 sq. m., as well as OfficeL27 at Lvovskaya Ulitsa with a total area of 14 800 sq. m.
- The level of demand for high-quality office property shows an upward trend. At the end of 10 months of 2016, total absorption comprised around 170 000 sq. m., which is twice higher than the same value of the same period of the previous year.
- Total level of vacant spaces reduced by 1.5% and comprised 8.5% against 10% at the end of the first quarter of 2016.
- By late October of 2016, rental rates increased. Thus, the rates growth comprised around 6% for A-class, whereas for B/B+-class, the rates increased by 4.5%. Thus, the average weighted rental rate comprises 1 380 RUR / sq. m. per month for A-class and RUR 993 / sq. m. per month for B/B+-class.

## Warehousing Sector

- At the end of the third quarter of 2016, total size of the warehousing market increased by 130 thousand sq. m. and reached the level of 2.7 mln. sq. m.
- In the 3<sup>rd</sup> quarter, the *Würth* company commissioned a warehousing facility with an area of around 14 000 sq. m. for its own needs. Thus, the high share of built-to-suit projects remains within the new offer (80% at the end of 3 quarters of 2016).
- In the context of the lessening of newly commissioned high-quality speculative warehouse complexes, the level of vacant spaces decreased at the end of 3 quarters of 2016. Currently, the vacancy within high-quality warehouse complexes is in the range of 5-6%.
- The demand pattern has not changed significantly. At the end of 3 quarters, companies of the FMCG segment, whose share in total transactions exceeds 50%, are the most active. Manufacturing companies' activity increased as well.
- Over 9 months of 2016, rental rates did not change and remain within the range of RUR 4000-4100 / sq. m. per year in rubles.



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## Retail Sector

- At the end of 10 months of 2016, high-quality retail space market increased by 88 000 sq. m. and reached the mark of 4 mln. sq. m.
- Over 10 months of 2016, 2 retail facilities were commissioned: 'Okhta Mall' (78 000 sq. m. of GLA) and the 2<sup>nd</sup> line of the 'Port Nakhodka' shopping mall (10 800 sq. m. of GLA).
- Commissioning of new retail facilities resulted in increase of the level of vacant spaces. Currently, around 9.8% of total offer remain vacant.
- It should be noted that under current situation, developers resort to shopping malls renovation with increasing frequency. Thus, at the end of 3 quarters of 2016, the *Adamant* company carried out a partial renovation of the 'Balkanskiy and 'Nevskiy shopping malls. *FORT GROUP's* 'Yuniy Polis' was opened after partial reconstruction. In August, the 'Kapitoliy' shopping and entertainment mall was launched after reconceptualization and operates in a discount mode.
- Despite the increased volume of vacant spaces, the situation within the retail sector is gradually stabilizing. In the third quarter of 2016, a number of operators in the clothes segment showed increased activity. Operators of the catering segment show heightened activity as well.



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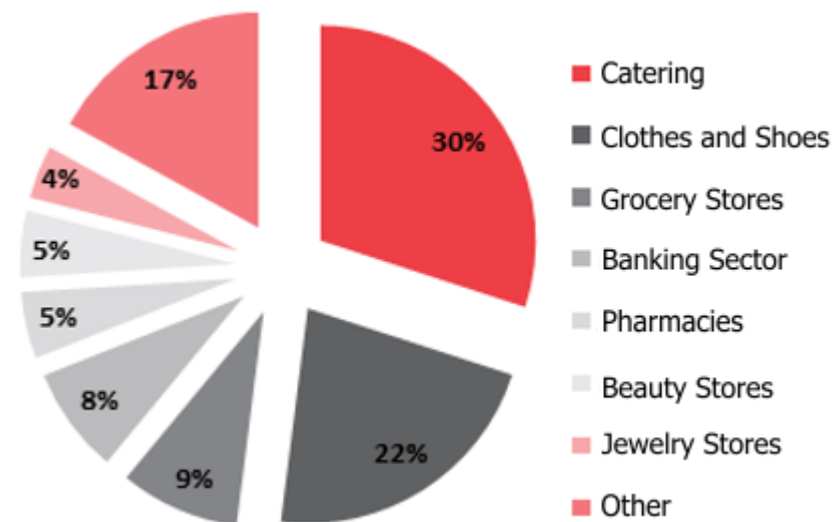


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## Street Retail

- At the end of 10 months of 2016, the street retail segment has relatively stabilized – primarily, due to the persisting trend towards active development within the catering sector. Many network operators maintain development programs; non-network facilities are being opened as well.
- Over three quarters of 2016, over 100 new catering facilities were launched within the Saint Petersburg market, which comprises over 80% of total withdrawn facilities.
- The structure of the street retail market by tenants profile remains stable.



Retail Corridor	Retail Rent, RUR/sq.m./month
Nevskiy Prospekt	6 000 - 12 000
Bolshoi Prospekt (P.S.)	2 500 - 9 000
Московский Prospekt	1 500 - 6 500
Sadovaya Ulitsa	2 000 - 5 000
Vladimirskiy Prospekt	2 500 - 6 000
Sredniy Prospekt (V.I.)	1 500 - 4 000
6-7 lines (V.I.)	2 000 - 4 000
Kamennostovskiy Prospekt	2 000 - 8 000
Liteyniy Prospekt	2 000 - 7 000
Zagorodniy Prospekt	1 500 - 5 000
Ulitsa Vosstaniya	2 000 - 6 000
Komendantskiy Prospekt	1 800 - 4 500
Leninskiy Prospekt	1 000 - 5 000
Prospekt Veteranov	1 000 - 4 000
Prospekt Prosveshcheniya	1 500 - 5 000
Prospekt Engelsa	1 200 - 4 000

- Over 10 months of 2016, vacancy within the street retail segment remained at the level of 4-5% with no significant fluctuations. Liquid facilities exposure period does not exceed 2 months.
- Rental rates also remained stable. Maximum rates are still at the Nevskiy Prospekt and at the Bolshoi Prospekt (P.S.).
- The level of tenant rotation decreased at the end of 3<sup>rd</sup> quarter of 2016 as compared to the end of the same period of the previous year – 7.5% against 9.8%.
- We forecast preservation of the principal trends within the street retail segment by late 2016 – early 2017.



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of successful experience  
in Russia

➤ **250 000 sq.m.**  
of implemented  
projects

Owing to integration of a longstanding international experience, wide local partnership connections and cooperation with major international **partners in Europe**, we do not only set up-to-date trends and standards, but also offer to our clients beneficial solutions producing an unequalled effect and ensuring best results regardless of the task assigned to us – **consulting** and **facility development or search for an optimum property option**.

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