

ST. PETERSBURG ELITE RESIDENTIAL

Year-End Review 2015



Research & Forecast Report Elite residential market

Supply

As of the end of 2015, the primary elite residential market recorded sales in 27 projects with a total area of apartments in these schemes of 488,000 sq m. 1,650 apartments totaling 214,000 sq m is currently being offered for sale by developers. Last year, the primary elite residential market showed the maximum primary supply volume in its history, but by the year-end the stock offered for sale had decreased on the back of a lower number of new projects launched.

Throughout Q4 2015, a new sales campaign was launched for building 7 in the residential complex Smolny Park, while the major share of new supply was added throughout H1 2015. In total, six new projects were started in 2015, as well as two buildings in the Smolny Park project. This added 723 new apartments totaling 97,000 sq m to the stock. It was interesting to note that new supply was represented not only by classic residential schemes, but also apart-hotels.

In terms of the geographic distribution of elite residential apartments, the Central zone of St. Petersburg increased its share throughout 2015. Having only a 40% share at the beginning of 2015, the Centralniy and Admiralteyskiy districts of the city increased up to 55% via the appearance of such projects as Russkiy Dom, Dom u Ratushi and Smolny Park. Krestovskiy and Kamennyi islands took 34% of the number of apartments offered for primary sale.

The share of apart-hotels (as opposed to classic residential elite projects) reached 14% both in terms of square metres and the number of units offered for sale.

Key market indicators in 2015	
Index	Value
Current primary supply volume	214,430 sq m
- from them apart-hotels supply	30,900 sq m
Current primary supply volume (no. of apartments)	1,650
- from them no. of apart-hotel units	227
Sales volume, Q4 2015	20,420 sq m
Sales volume, Q4 2015, no. of apartments	146
Sales volume, 2015	74,110 sq m
Sales volume, 2015, no. of apartments	570
Average price for primary elite segment	RUB290-440 thous./sq m

Source: Colliers International

Primary market volume, thousand sq m



Source: Colliers International

Demand

According to the results of Q4 2015 in the primary elite residential market, 146 apartments totaling 20,420 sq m were sold throughout the quarter, while the annual sales volume in 2015 reached 570 apartments totaling 74 thousand sq m. These results are lower than that in the peak year 2014; however, comparable with the more stable year 2013, when the annual sales volume reached 70,000 sq m in 525 apartments.

The increasing variety of elite residential schemes in the market and customers' readiness to purchase apartments with a larger area for personal residence rather than for investment purposes only resulted in an increase in both the average size of sold apartments and the budget spent for purchase. Thus, at the end of 2014 the average budget for elite apartment purchases reached RUB30-31 million, a year later, by the end of 2015 it increased up to RUB46-48 million. The average size of a purchased unit increased during the same period from 127 sq m to 140 sq m in Q4 2015.

Price policy

Prices in the primary elite residential segment continued growing throughout 2015. On average, the weighted average price for the premium elite segment increased by 13% YoY and reached RUB310,000/sq m, while in the deluxe segment the average price grew by 9% throughout 2015 reaching RUB440,000/sq m. It is interesting to note that the weighted average price in the aparthotels segment increased twice during 2015 due to the appearance of new projects of elite aparthotels. In the beginning of 2015, the average price per sq m amounted to RUB300,000, while at the end of 2015 it reached more than RUB600,000 per sq m. This increase is due first of all to the change of composition in the primary elite aparthotel market and the appearance of new projects with prices per square metre over RUB1 million, which strongly influences the level of average prices in this segment of the market.

Trends and Forecasts

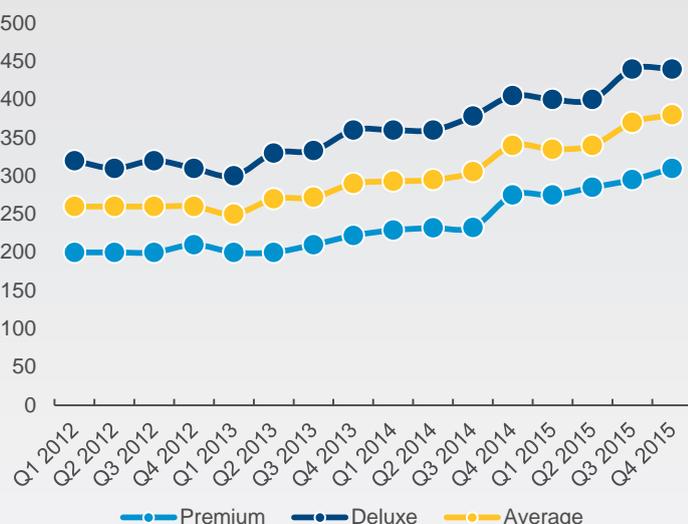
Despite the current economic situation, the primary elite residential market remains quite stable in terms of demand, which is proved by the results for 2015. The decline in the number of new classic residential projects will be compensated by the appearance of new aparthotel projects, which also find buyers. In addition to maintaining demand from the investors' side, we are also observing growth in interest for elite residential properties from purchasers of large apartments for their own residence. We do not expect dramatic price changes in 2016 – the main corrections will be derived from the changes in stock for sale which will result in changes of weighted market prices.

Sales (primary market)



Source: Colliers International

Primary elite residential price, thousand RUB/sq m



Источник: Colliers International

Elite projects, launched for sale in 2015		
Name	Address	Apartments area, sq m
Russkiy Dom	Baskov In.	48,570
Imperial Yacht Club*	92 Martynova emb.	14,750
Smolny Park., bldg. 4 and 7	Orlovskaya st. / Smolnaya Emb.	13,850
Dom u Ratushi	26 Degtyarniy In.	7,180
Osobnyak Kushiheva-Bezborodko	24 Kutuzova emb.	6,090
Nevskiy 68*	68 Nevskiy pr.	3,680
Residence on Kamenniy*	7 1 st Berezovaya alley	3,440

* - apart-hotels projects

502 offices in 67 countries on 6 continents

United States: **140**

Canada: **31**

Latin America: **24**

Asia Pacific: **199**

EMEA: **108**

\$2.3

billion in
annual revenue

158

billion square meters
under management

16,300

professionals and staff

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