

**9.1%**  
vacancy rate

**24%**  
YoY decrease  
in vacant supply

**9.0%**  
rotation rate  
in 2021



# Street Retail Market

**Saint Petersburg  
2021**

[knightfrank.com/research](https://knightfrank.com/research)



# 5

The largest UK-based producer of alcoholic drinks Halewood Artisanal Spirits announced the launch of a retail chain in Russia. The first retail outlet under The Drop Store brand was opened in Kudrovo.

The French fashion house Hermes announced entering the St. Petersburg market by renting about 350 sq m of space at 153 Nevsky Ave.

## KEY EVENTS

A Moscow-based chain Encore Fitness opened a premium fitness centre with an area of about 3,300 sq m in one of the buildings of the Loft na Srednem apartment complex.

The first food hall occupying a space of 500 sq m was opened at the apartment hotel YE'S-Kitchen Garden in Central District of St. Petersburg.

Subzero Group team launched two restaurant venues: Lentorg on Petrogradskaya Side and Numero Zero at the Vasileostrovsky Market gastronomic facility.

## Key metrics. Dynamics\*

	Average property size, sq m	Vacancy rate (% of sq m)	Change in vacancy rates 2021/2020, ppt	Rotation rate**, %	Leading tenants' sector
Primary shopping corridors in the central districts	136	9.4 ▼	-2.6	9.2 ▼	Catering
Secondary shopping corridors in the central districts	107	9.6 ▼	-3.4	9.6 ▼	Catering
Primary shopping corridors in bedroom communities	85	7.6 ▼	-2.8	7.6 ▼	Grocery stores
Pedestrian shopping corridors	97	9.1 ▼	-3.6	11.7 ▼	Catering

**Primary shopping corridors in the central districts** are the main Sts in these districts, as well as Aves featuring the highest car and pedestrian traffic and main business activities concentrated around them, such as Nevsky Ave, Bolshoy Ave P. S., Kamennooostrovsky Ave, and Moskovsky Ave.

**Secondary shopping corridors in the central districts** are Sts in these districts that are adjacent to the primary shopping arteries of the city that feature the highest car and pedestrian traffic or are located in close vicinity to them. These include B. Morskaya St, B. Konyushennaya St, Rubinshteina St, Vladimirsky Ave, M. Morskaya St, Mayakovskogo St, Vosstaniya St, Kirochnaya St, Zagorodny Ave, Gorokhovaya St, Sadovaya St, Sredny Ave V. O., Ligovsky Ave, Nekrasova St, Zhukovskogo St, Belinskogo St.

**Primary shopping corridors in bedroom communities** are large non-central arterial Sts that connect together several districts of the city. They feature the concentration of business activities and/or a significant amount of residential development projects, both completed and in progress in the adjacent areas. Some of the examples include Leninsky Ave, Slavy Ave, Komendantsky Ave, and Prosveshcheniya Ave.

**Pedestrian shopping corridors** are Sts with a pedestrian flow in the central districts of the city, such as M. Sadovaya St, 1st Sovetskaya St, Telezhny Lane, M. Konyushennaya St, 6-7-ya Liniya V. O.

\* As compared to 2020

\*\* The calculation of rotation rates only takes into account premises occupied by tenants in the periods covered by the comparison

Source: Knight Frank St Petersburg Research, 2022

## Supply

The 2021 performance figures suggest that the market of built-in commercial premises has to a significant extent recovered after the introduction of restrictive measures that were in effect in 2020. Due to an increased tourist flow, especially in the summer season, and a resulting boost in demand for spaces in the shopping corridor format, the volume of available supply dropped by 24% (to 48.5 thousand sq m) in 2021.

In 2021, the total area of street retail spaces was 531.6 thousand sq m. On average vacancy rate was 9.1%, showing a 3.0 ppt decrease over the year, but has not yet achieved the pre-pandemic levels of 7.0–8.0%. The greatest decrease (3.4 ppt) was registered in the secondary shopping corridors in the central districts (some of the examples include Nekrasova St, Sredny Ave V. O., Moskovsky Ave, Liteyny Ave, etc.).

The breakdown of tenants remains on average the same: catering (32%), groceries (11%) and clothing retail (10%). At the same time, the area size occupied by catering and clothing retail increased by 6.0% and 4.9% from 2020, respectively. On the other hand, after the rapid expansion driven by new entries to the market

of St. Petersburg and the growth in presence of the existing operators in 2019–2020, the food retail sector changed its strategy in 2021. The market saw one-off openings of new supermarkets or the optimization of locations and areas occupied. The major chain closures include the AB Daily Market at 72 Nevsky Ave, the Alyonka brand confectionery store in Nevsky Ave, Pyatyorochka in Prosveshcheniya Ave, and Semishagoff in Sredny Ave. On the other hand, the VkusVill food retailer has expanded its presence by changing its locations in Vosstaniya St and Bolshoy Ave P. S., thereby increasing the occupied area more than two times.

In addition, activity was shown by tenants engaged in selling sweets (such as marmalade, hard candy and Turkish delight). The Klad Marmelad chain stores and the Elit LoQum store of Turkish sweets continued to develop in the main central shopping corridors.

The breakdown of tenants somewhat differs among individual trade corridors. In bedroom communities, the major share (15%) of tenants' structure is accounted for by grocery stores. The city centre features the highest activity



**Anna Lapchenko**

Head of Street Retail  
Knight Frank St Petersburg

2021 has been a success for the street retail market. Difficulties first faced by both tenants and landlords have been resolved through the invaluable experience gained by all of the players.

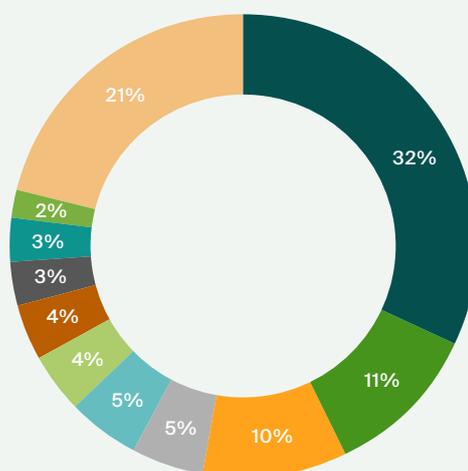
The developments have shown that collaboration and the middle-way approach to tackling challenges have contributed to consistently restore the market after the decline.

One of the segments most affected by the restrictions imposed in 2020–2021, restaurants have shown resilience and flexibility in the period in question. Overall, the difference between the number of street retail outlets opened and those closed was 26% in 2021. Traditionally, catering operators dominate the breakdown of openings with the 37% share. The number of requests from fashion operators grows, outnumbering the available listed properties. Thus, the amount of occupied spaces increased by 4.5% compared to 2020.

The growth of active demand for spaces along with the lower vacancy rates gradually drives the rates offered by landlords up.

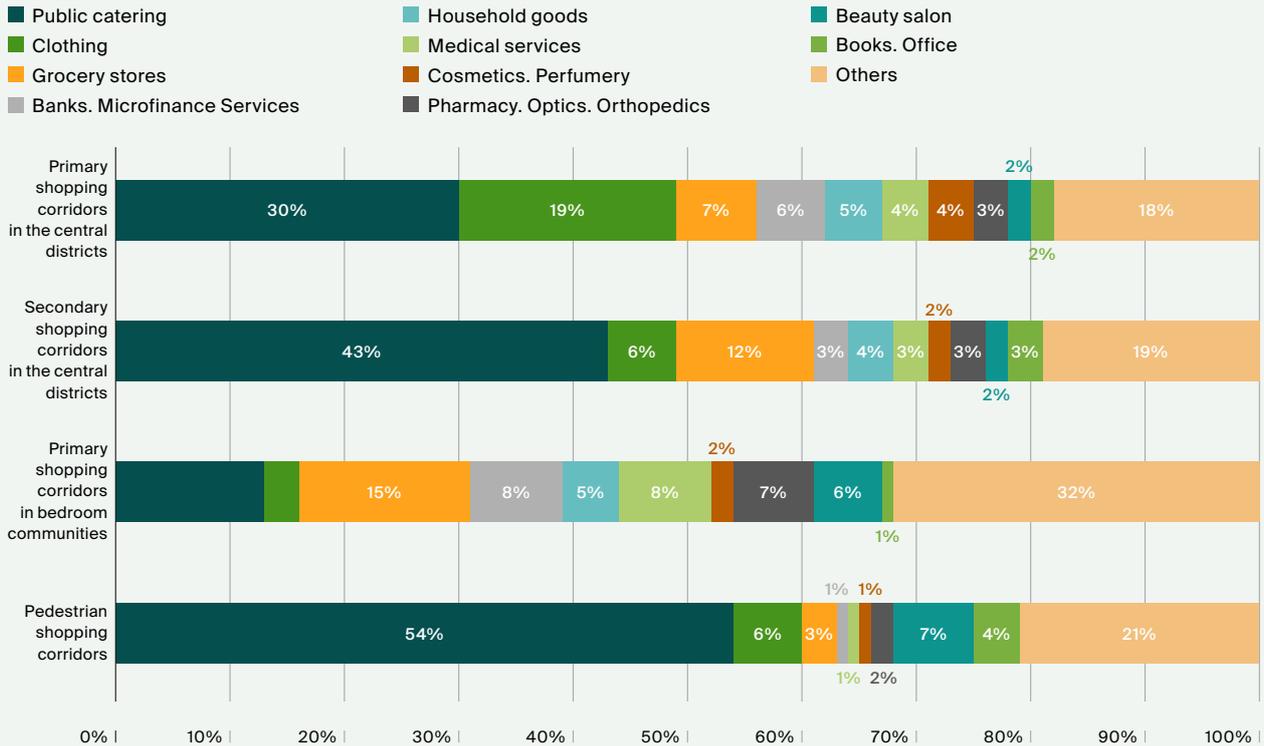
### Structure of the TOP-10 tenant profiles, by area

- Public catering
- Clothing
- Grocery stores
- Banks. Microfinance Services
- Household goods
- Medical services
- Pharmacy. Optics. Orthopedics
- Beauty salon
- Cosmetics. Perfumery
- Books. Office
- Others



Source: Knight Frank St Petersburg Research, 2022

### Distribution of tenant profiles depending on location (by area)



Source: Knight Frank St Petersburg Research, 2022

among catering operators (35-40%), with specialty streets, such as Rubinshteina St, Belinskogo St and Malaya Konyushennaya St, achieving as high as 65%–80% of the total spaces occupied by tenants.

Overall, the number of opened stores exceeded closed ones by 26%. Catering operators traditionally dominate the breakdown of both opened and closed tenants, accounting for 37% and 35%, respectively.

In the catering sector were 269 restaurant openings, which is comparable to the 2020 figures (277 restaurants), but this is 15% lower than in the same period of 2019. 205 restaurants were closed, which is almost two times fewer than in 2020 (387 stores) and 28% fewer than in 2019 (287 stores). This suggests that catering operators have adapted to the changing market demand from customers and were able to reach agreements with landlords on mutually beneficial terms. The Bar Group team has continued to expand their presence in the city's main restaurant street (Rubinshteina St) by opening the RS20 and WHITE

POINT restaurants. In addition, a few restaurants were opened in the central shopping corridors, such as Mercado del Sol (Belinskogo St), Pinzeria (Marata St), and Friends. V Gostyakh U Moniki (Bolshoy Ave P. S.). Izdatelstvo, CipaMoya, Chachafocaccia, HOBZ and other restaurants were opened in Nevsky Ave.

In 2021, Bolshoy Ave P. S. with openings by fashion retail operators, such as COS, &Other Stories, Anna Pekun, and Weekend, can be

considered one of the leaders among the city's central corridors in terms of demand for rental of built-in premises. Besides, the 12 STOREEZ apparel brand continued offline expansion and announced a new opening here. Moreover, openings by home improvement stores, such as the concept store H&M HOME, and Manders. Electronics retailers Samsung and re:Store have moved to new premises in Bolshoy Ave to expand their retail spaces.

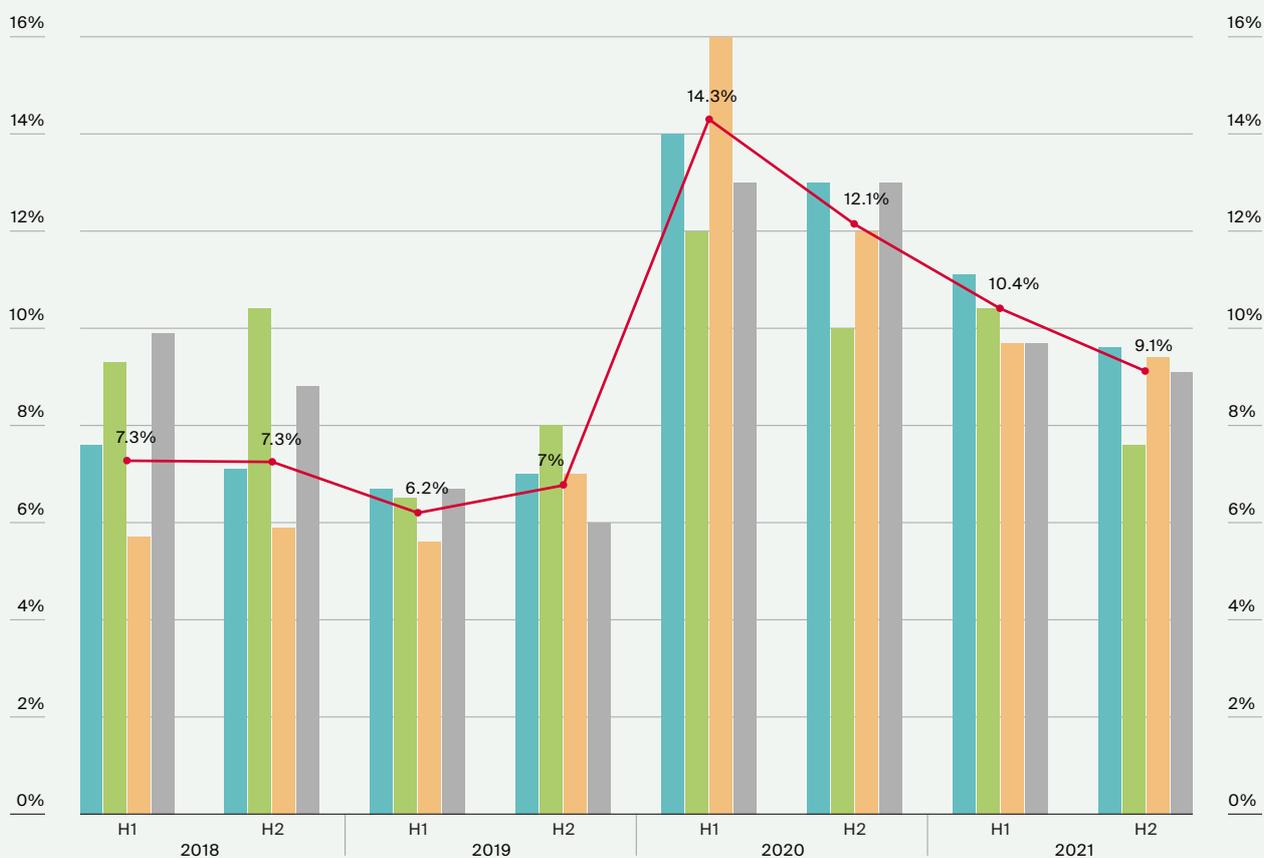
### Dynamics of open and closed tenants, by amount



Source: Knight Frank St Petersburg Research, 2022

## Geographic distribution of vacancy rates

- Primary shopping corridors in the central districts
- Secondary shopping corridors in the central districts
- Primary shopping corridors in bedroom communities
- Pedestrian shopping corridors
- Average



Source: Knight Frank St Petersburg Research, 2022

Significant closures in the catering sector include Sibirskaya Korona, Bushe, and Porto Maltese in Nevsky Ave, MAMALYGA in Belinskogo St, KFC and Pizza Hut in Gorokhovaya St, Robata bar, Leningradskiy Pyshki, and Filippovskiy Pekarni in Zagorodny Ave, Macarena in Moskovsky Ave, and Cheburon in Liteyny Ave. The major fashion closed stores include Mania Grandiosa in Bolshoy Ave P. S., Snezhnaya Koroleva in Moskovsky Ave, Golfstream in Vosstaniya St, and others. Besides, the banking and micro finance segment continued to optimize the spaces they occupy by reducing them by 11% (5% of the total tenants' structure in St. Petersburg) in 2021. The largest number of offices was closed by Sberbank: in 2021, the area rented by them in the shopping corridors decreased by 20%.

As at the end of the year 2021, the rotation rate in St. Petersburg was on average 9.0%, which is 5.6 ppt lower compared to 2020. It should be noted that the relatively low rates were due to the stabilization of the street retail market. At the same time, the number of tenants who occupied vacant premises in 2021 is two times higher than that in 2019 and 17% higher than that in 2020. Remarkably, the rotation rates in the major shopping corridors in central locations are higher than in bedroom communities.

Locations with the biggest number of premises that changed tenants worth noting include Sadovaya St (31%), Ligovsky Ave (21%), Vladimirsky Ave (21%), Vosstaniya St (21%), and Nevsky Ave (11%).

As at the end of 2021, the total vacant area of street retail properties

was 48.5 thousand sq m, which is a 24% decrease from the end of 2020. The share of vacant spaces was 9.1%, showing a 3.0 ppt decrease compared to the previous year.

At the end of 2021, the share of vacant premises in the primary and secondary shopping corridors in the central districts was 9.4% and 9.6%, respectively. The greatest (56%) decrease in vacant supply was registered in Bolshoy Ave P. S. as it is a highly popular shopping corridor among retailers from various sectors and in Sredny Ave V. O. (79%) due to the high demand for this location.

Streets with the highest vacancy rates worth noting include Zagorodny Ave (19.9%), Vladimirsky Ave (15.8%), and Kamennostrovsky Ave (14.4%).

## Commercial terms

The lower vacancy rates and active demand for spaces gradually drive the rates offered by landlords up. In general, rental rates show an upward trend across the market. The main increase in rental rates from 7% to 10% was observed in mid-2021. In the second half of the year, only some owners adjusted their rates upwards within a range from 2% to 5%.

The greatest increase in the average rental rate in 2021 (by 11.7% to RUB 3,350/sq m/month) is registered for Bolshoy Ave P. S. as it is popular among retailers due to openings by world famous brands of various sectors (COS, &Other Stories, H&M HOME, and Manders) and a resulting 56% reduction in vacant spaces.

Besides, rates were to a great extent restored (increased by 6.2–7.5%) in the secondary shopping corridors in the central districts, including Bolshaya Morskaya St, Malaya Morskaya St, Rubinshteina St, and Vosstaniya St. In the main shopping corridors in bedroom communities, the average increase in rates was 5.6–7.6%.

## Forecast

In 2022, the street retail market is likely to totally recover from the shocks of 2020, especially in what concerns commercial conditions in anticipation of summer events and expected tourist inflow to the city. The regional operators' interest in the market of St. Petersburg is expected to rise.

If some of the existing restrictions persist or new ones are introduced for the catering sector, many of the market players will be ready to face the challenge, as they have already adapted to the current business environment.

Outlets in bedroom communities of the city will be least affected by fluctuations in vacancy and rotation rates as the traffic created by local residents is stable.

## Ranges and dynamics of rental rates by shopping corridor

Street category	Streets	Range of rental rates, RUB/sq m/month*	Dynamics**
Primary shopping corridors in the central districts	Nevsky Ave (main part)***	5,700–11,000	▲
	Staro-Nevsky Ave***	2,600–7,700	▲
	Bolshoy Ave P. S.	2,200–4,500	▲
	Kamennoostrovsky Ave	1,300–4,200	▲
	Moskovsky Ave	2,300–5,600	▲
Secondary shopping corridors in the central districts	B. Morskaya St	2,250–5,500	▲
	B. Konyushennaya St	3,250–7,200	▲
	Rubinshteina St	4,000–6,500	▲
	Vladimirsky Ave	2,500–3,700	▲
	M. Morskaya St	2,200–4,200	▲
	Mayakovskogo St	2,100–3,300	▲
	Vosstaniya St	2,000–5,700	▲
	Kirochnaya St	1,650–6,000	▲
	Zagorodny Ave	2,300–3,700	▲
	Gorokhovaya St	1,550–3,800	▲
	Sadovaya St	2,800–7,800	▲
	Sredny Ave V. O.	2,100–6,500	▲
	Ligovsky Ave	1,550–5,300	▲
	Liteyny Ave	1,600–5,000	▲
	Nekrasova St	1,900–3,300	▲
	Zhukovskogo St	1,850–3,300	▲
	Belinskogo St	2,800–5,000	▲
	Pestelya St	1,400–2,100	▲
	Moika river Emb	1,800–4,000	▶
Griboyedov Channel	2,000–6,200	▲	
Pedestrian shopping corridors	Malaya Sadovaya (p)	3,300–5,500	▲
	1-ya Sovetskaya (p)	1,800–2,800	▲
	Telezhny Lane (p)	2,500–5,200	▲
	Malaya Konyushennaya (p)	2,100–3,600	▲
Primary shopping corridors in bedroom communities	6-7 Liniya (p)	2,100–4,400	▲
	Leninsky Ave	1,700–5,500	▲
	Slavy Ave	1,170–2,700	▲
	Komendantsky Ave	1,700–4,500	▲
Prosveshcheniya Ave	1,700–4,400	▲	

\* The rate is inclusive of VAT (20%)

\*\* As compared to 2020

\*\*\* Nevsky Ave (the main part) is between the Pl. Vosstaniya metro station and Admiralteysky Ave; Staro-Nevsky Ave is part of the corridor between the Pl. Vosstaniya metro station and Al. Nevsky Sq

Source: Knight Frank St Petersburg Research, 2022

0%
up to 5%
5–10%
over 10%

# STREET RETAIL DEPARTMENT

- ◆ Impeccable business reputation
- ◆ Business ethics and transparency in our activities
- ◆ Long experience working on the market of St. Petersburg (since 2005)
- ◆ Leadership on the street retail segment supported by our knowledge of the market and compliance with international quality standards
- ◆ Maximum involvement of our consultants in addressing problems of any level of complexity

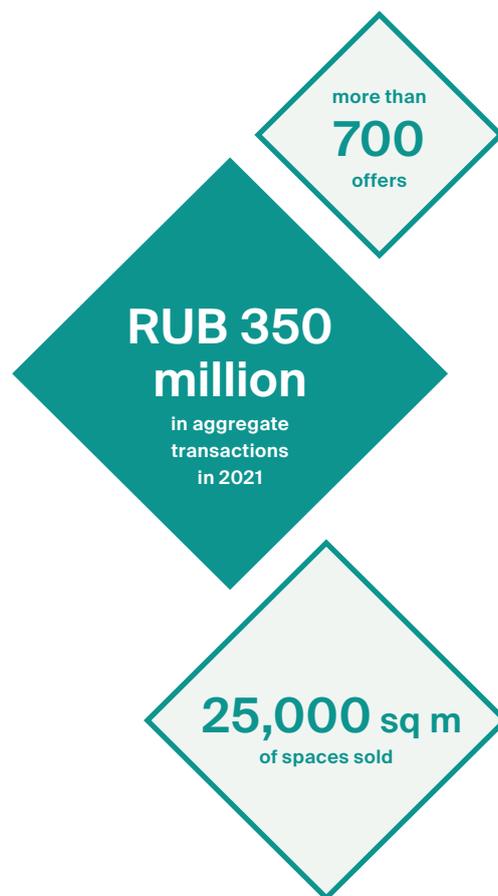
## Our services

### Representation of tenants and buyers:

- full-service transaction support
- selection of premises; listing of available offers
- retail real estate market research
- cost-effectiveness projections based on competitive analysis
- market forecasts and rental rate projections

### Representation of owners:

- full-service transaction support
- project marketing
- recommendations on pricing
- search for and selection of buyers/tenants
- tenant mix optimization services
- property utilization assessment



**Anna Lapchenko**

Head of Street Retail

anna.lapchenko@ru.knightfrank.com



**Svetlana Moskovchenko**

Head of Research

svetlana.moskovchenko@ru.knightfrank.com

Please contact us to learn more about our services or clarify any questions you may have:

+7 (812) 363 22 22

spb@ru.knightfrank.com



For other reports,  
please visit [Analytics](#)  
on our website



# PROFESSIONAL SERVICES

## Research

- Research on the residential and commercial real estate markets
- Research of market conditions and performance
- Market forecasts for 3 to 5 years
- Market demand and supply assessment
- Competitive analysis
- Pricing analysis
- Investment potential assessment

## Consulting

- Project development concept
- Market feasibility study
- Best use analysis
- Business plan and investment memorandum
- Selection of architects and project support

## Real estate appraisal

- Appraisal of the market value of real properties and businesses
- Standards: RICS, IVS, the Federal Appraisal Standards (Federal Law FZ-135 and FSOs)
- Appraisal purposes:
  - fund raising and borrowings
  - IFRS financial statements
  - managerial decision making
  - sale and purchase transactions
  - investor solicitation
  - market rental rate determination

## Construction audit

- Design and engineering reviews for due diligence evaluations
- As-built documentation review
- Financial and engineering supervision of projects
- Audit of planning and building permits and design specifications and estimates
- Project evaluation for financing purposes
- Expert assessment of lands for development purposes
- Evaluation of project costs and implementation timelines
- Measurement of actual work
- Construction completion evaluation
- Expenditure control with respect to investor's funds



**Svetlana Moskovchenko**

Head of Research

svetlana.moskovchenko@ru.knightfrank.com



**Igor Kokorev**

Head of Consulting

igor.kokorev@ru.knightfrank.com



**Svetlana Shalaeva**

Head of Appraisal

svetlana.shalaeva@ru.knightfrank.com



**Stanislav Alekseenko**

Head of Construction Audit and  
Project Manager

stanislav.alekseenko@ru.knightfrank.com

+7 812 363 2222



Knight Frank LLP 2022 – 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.