

Warehouse Scarcity Spurs Demand

By [Rachel Nielsen](#)

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Lifting goods in a warehouse. Major deals and large-scale construction are expected in 2012. **Maxim Stulov**

One of the most dynamic real estate sectors doesn't have flashy entrances, plush interiors or eye-popping architecture. Instead, its selling points include features like cold storage and advanced docking systems.

The warehouse business in Russia is booming, with construction in and around the capital expected to double next year and major projects expected in the coming months. In one of the largest warehouse deals of 2011, a Russian company bought 50,000 square meters at PNK Group's Vnukovo warehouse in the Moscow region.

Details of the project will only be announced in January because of a confidentiality agreement, said Vyacheslav Kholopov, director of industrial, warehouses and land at Knight Frank Russia, which was a consultant for the buyer.

In other major deals, PNK Group announced in September that supermarket chain Dixy Group

had signed an agreement for 44,000 square meters in PNK's Vnukovo warehouse, and in July grocery chain X5 Retail Group signed a lease for 76,000 square meters at Raven Russia's Noginsk-Eastern Logistic Park. The custom-built construction for Dixy was valued at 2.6 billion rubles (\$81 million).

Warehouse developers have big plans for 2012. Raven Russia said at a news conference last week that it planned to add 100,000 square meters per year to its holdings, which already consist of roughly 1 million square meters of Class A warehouse space in Russia.

The warehouse company is planning to build next year's space, not acquire it, said Igor Bogorodov, director of Raven's Russia and CIS division. The company will try to make the new space available to customers next year or in the first quarter of 2013 and will invest about \$80 million in the construction, he said by e-mail.

Some warehouse space scheduled to come online only in 2012 is already leased, Vedomosti reported last week.

The reason for such take-up is clear enough: The Moscow region's warehouse vacancy rate is miniscule. Class A warehouses in the area had a 0.9 percent vacancy rate at the end of November, said Vasily Grigoriyev, a junior analyst for industrial research at CBRE. A Knight Frank report released last week estimated the rate would be 0.6 percent by year-end, and Jones Lang LaSalle puts it at 0.5 percent to 0.7 percent, a spokeswoman said by e-mail.

For St. Petersburg, Knight Frank predicted a vacancy rate of 4.5 percent by year-end. Rates in other regions vary wildly, some as high as 50 percent, with others as low as Moscow's.

In 2011, developers constructed a substantial amount of brand-new warehousing, but the amount of warehousing leased or bought was far higher. Developers built 350,000 to 400,000 square meters of brand-new space in the Moscow region this year, according to analysts' estimates. But more than 1 million square meters will have been sold or leased this year, Knight Frank estimated — the highest uptake since 2007.

New construction is expected to be 800,000 square meters next year, Kholopov said, while he predicts that about 600,000 to 700,000 square meters will be leased or sold.

Industry experts say rental rates now average \$135 per square meter per year for warehouse space up to 40 kilometers from Moscow, up \$20 to \$30 from the start of the year.

Vladislav Ryabov, director of warehouse real estate at Colliers International, is forecasting "a stabilization of rental rates" in the coming year, saying they won't rise by more than 5 percent.

Intern Vladimir Tyurin contributed to this article.

New Facilities on the Market

Major warehouse complexes launched in the Moscow region, 2011

Warehouse Complex	Developer	Location	Size (sq. meters)	Launch Date
Aparinki	VVV Company	Kashirskoye Shosse (4 km from MKAD)	61,000	Q2-Q4

PNK-Chekhov	PNK Group	Simferopolskoye Shosse (50 km from MKAD)	40,000	Q3
Belaya Dacha	Hines	Novoryazanskoye Shosse (4 km from MKAD)	32,000	Q3
Salaryevo	New Logistics Systems	Kievskoye Shosse (2 km from MKAD)	23,000	Q1
Agrokompleks	Agrokompleks	Kashirskoye Shosse (20 km from MKAD)	22,000	Q2
Krekshino Tekhnopark	Krekshino Tekhnopark	Kievskoye Shosse (23 km from MKAD)	20,000	Q2

Sources: Colliers International, Vedomosti

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