Nikoliers

2023 Result

Retail

Shopping Centres

Russia | St. Petersburg

Table 1
Key market indicators

Source: Nikoliers

	2021	2022	2023
Total supply of shopping centres at the end of the period, thousand sq m*	3,193	3,211	3,247
Retail space commissioned for the period, thousand sq m	18	16,2	36,4
The area of existing traditional SCs, thousand sq m	2,687	2,705	2,724
Number of existing traditional and specialized SCs*	117	118	120
Vacancy rate, %	5.4	10.4	6.3
Availability of retail space, sq m per 1,000 residents	593	597	577

**The number and area of existing SCs were adjusted in Q1 2023 via consolidation of SC phases into a single scheme*

Key results

In 2023, the total supply of quality retail space has been supplemented by two new facilities – SEC Ecopark (GLA 18,000 sq m) along with interior and exhibition centre MÖBELBURG (GLA 17,200 sq m), as well as the second phase of SC Parnas City (GLA 1,200 sq m). The total annual growth of new supply has doubled since 2021, reaching the highest figures over the last three years. Nevertheless, the annual growth rate still remains low.

In 2024, the St. Petersburg market may see 81,700 sq m of new retail space due to the opening of four new facilities – SEC Park Mall (35,000 sq m), SEC Nebo shopping mall in Murino (25,700 sq m), SC Lunapark in Novogorelovo (10,700 sq m), an SC in Kolpino (4,700 sq m) – along with the second phase of SEC Ecopark shopping mall in Murino (5,600 sq m).

In the midst of major foreign retailers curbing their presence in the market, dynamic expansion of Russian players continues. Befree, Love Republic, sela, Zarina, Gloria Jeans, Henderson, Lime, Mascotte, Ralf Ringer, Stockmann and Snow Queen have been among the most aggressively expanding tenants in 2023 in terms of new openings, space enlargement and conceptual renewal. In the meantime, the number of multi-brand stores (Amazing Red, Bootwood, Pun Club, SneakerBox, Trendzone and others) keeps growing.

Chart 1
Dynamics of retail space growth in St. Petersburg by format, 2014–2024

Source: Nikoliers

Demand and vacancy rate

By the end of 2023, the average vacancy rate in classic shopping centres of St. Petersburg has significantly dropped to 6.3% (-4.1 p.p. by the end of 2022).

Due to high tenant activity and an increase in the floor area occupied by shops, the vacancy rate in the most quality* shopping centres has sunk to 8.7%, which is 2.9 p.p. lower than in 2022 (-28,800 sq m over the year). The largest lease transactions (over 1,000 sq m) have been made in the fashion segment (Snow Queen, Stockmann, Befree, Ecru, Freedom Store, Gloria Jeans, Just Clothes, LC Waikiki, Lime, Maag and sela), grocery stores (O'Key in SEC Europolis) and entertainments (Jurassic Ocean exhibition in SEC Okhta Mall).

In 2023, retailers' activity in terms of openings has surged dramatically. Over the past 12 months the top quality shopping centres have seen 2.3 times more openings than in 2022 (285 openings in 2023 vs. 124 in 2022), which shows that the market participants have adapted to new conditions.

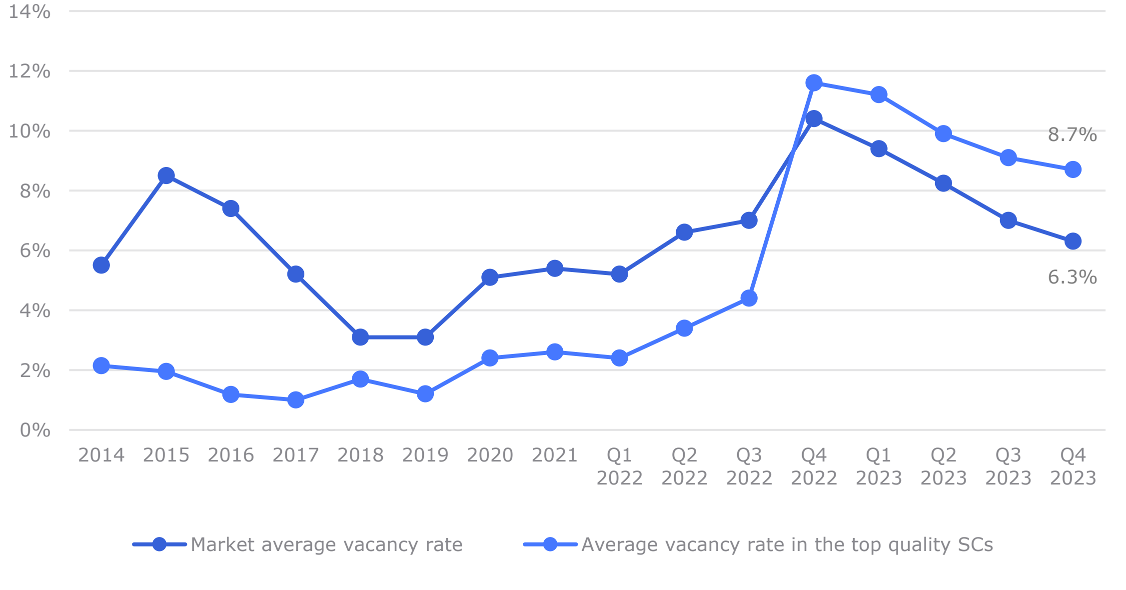
The growth in the number of openings occurred almost in all segments, though it was most remarkable in segments such as clothing and footwear, catering, as well as jewelry and watches.

Examples of large fashion stores include Stockmann stores in SEC Piter Raduga, Mega Dybenko and Pearl Plaza. New stores of sporting goods under the Desport brand opened in SEC London Mall, Okhta Mall and Pearl Plaza. Catering establishments were opened both in classic premises (Syrovarnya restaurant in SEC Galeria) and in a corner format (Chang and Bento, as well as Minutka pastry and pie snack bar launched their operations in SEC City Mall). New openings were also observed in the food court area – for example, Teremok replaced IKEA restaurant in SEC Mega Dybenko, while Ganesha replaced Hesburger in SEC Piter Raduga. In the jewelry and watches category, brands such as Adamas, MIUZ Diamonds and Sokolov have been expanding rather aggressively.

In 2023, the St. Petersburg market saw 24 new brands entering it. Noteworthy among the foreign fashion retailers who opened their stores in shopping malls are 2XU (Australia), AVVA, Beymen Club, Loft, Mudo, OXXO (Turkey), Plein Sport (Germany), Replay (Italy), Woolrich (USA). Among the Russian players that have made their appearance are Just Clothes, IDOL, GLVR, Lamoda Sport, Noun and others. The key locations for new brands to open their first stores have traditionally been shopping malls like SEC Mega Dybenko, Galereya and SC Nevsky Center. This year SEC Leto and Outlet Village Pulkovo have joined their ranks.

Chart 2
Vacancy rate in traditional shopping centres**

Source: Nikoliers



*The sampling of top quality SCs includes 13 facilities (regional and super-regional centres).
**The vacancy rate presented does not include vacancies in the shops that temporarily suspended their operations since 2022.

Figure 1

Matrix of foreign fashion brands in selected SCs of St. Petersburg, December 2023

Brand	Galeria	Mega Dybenko	Leto	Mega Parnas	Europolis	Piter Raduga	City Mall	Pearl Plaza	Okhta Mall	London Mall
H&M	MTS Befree	Stokmann			Befree sela	Stokmann	Snow Queen	Stokmann	Freedom Store Petersburg desigh	Befree
Mothercare (Motherbear)							Askona			
CROPP (CR)								Love Republic	Cr	
MANGO						IDOL		Befree		Modi Cozy Home
Sinsay (СИН)								Jeans Symphony		
Reserved (RE)										
Reebok (SneakerBox)						Befree				
Uniqlo		sela	Modi, Ralf Ringer Henderson, Lichi	Just Clothes	Lime	sela	Befree		Snow Queen	
Bershka	Ecru	Ecru	Ecru		Ecru		Ecru	Rive Gauche		
Pull&Bear	Dub	Dub	Dub	Dub	Dub		Dub			
Mohito (Mo)	Lime							Mascotte		
House (XC)								Zarina		
Stradivarius	Vilet	Vilet	Vilet	Vilet	Vilet		Lichi			
Marks & Spencer	Beymen Club, OXXO	Lime	Koton	Snow Queen		LC Waikiki				
Zara	Maag	Maag	Maag	Maag	Maag					
Massimo Dutti	IDOL, Henderson	Zarina	Loft		Love Republic					
Oysho	Lime Man	Serginnetti		Mascotte	Gate 31					
Nike	Freedom Store			Demix						
Zara Home	Lime	SKDESIGN			United Colors of Benetton					
Monki					Noun	Colin's				Zarina

Vacant ■ Open ■ New shop ■ Soon to open

Source: Nikoliers

Trends and forecasts

If the pace of new brands entering the market and emerging players enlarging the area of their shops is maintained, we expect not only a further decrease in vacancies, but also a possible shortage of large and most liquid space in quality shopping centres.

This said, the main challenge for the retail market is still the obsolescence of existing shopping centres and the need for their renovation. In St. Petersburg, 71 classic shopping centres were built ten or more years ago. Approximately half of them no longer meet modern market requirements. Over the last five years, only a few projects have been renovated, including fully or partially renovated facilities, so the need for future renovation of shopping centres keeps growing.

Retailers themselves are also engaged in renovation of their retail premises – this helps to attract new customers and retain their interest.

Basically, the changes concern shop concepts, creation of customer zones (cozy waiting places, stylish cafes), as well as providing additional services (custom bars, stylist support of shopping).

An increasing influence of online retail is an additional stimulus for the process of updating shop formats and concepts. Brands are looking for the most effective model of interaction with customers, combining offline and online sales channels (the possibility of merchandise delivery to pickup points of large marketplaces, the introduction of online ordering/selection services and fit-on/drop-off services in brick-and-mortar stores).

In the meantime, the consumer behavioral pattern, oriented towards thriftier spending, has strengthened the position of discounters and chain fashion brands in the low price category.

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