Nikoliers

H1 2023

Retail

Shopping centres

Russia | St. Petersburg

Table 1
Key market indicators

Source: Nikoliers

	H1 2021	H1 2022	H1 2023
Total supply of shopping centres, thousand sq m*	3 219	3 211	3 211
The area of existing traditional SCs, thousand sq m	2 720	2 731	2 731
Number of existing traditional and specialized SCs*	125	118	118
Vacancy rate, %	5.3	6.6	8.2
Availability of retail space, sq m per 1,000 residents	573	597	573

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

Key result

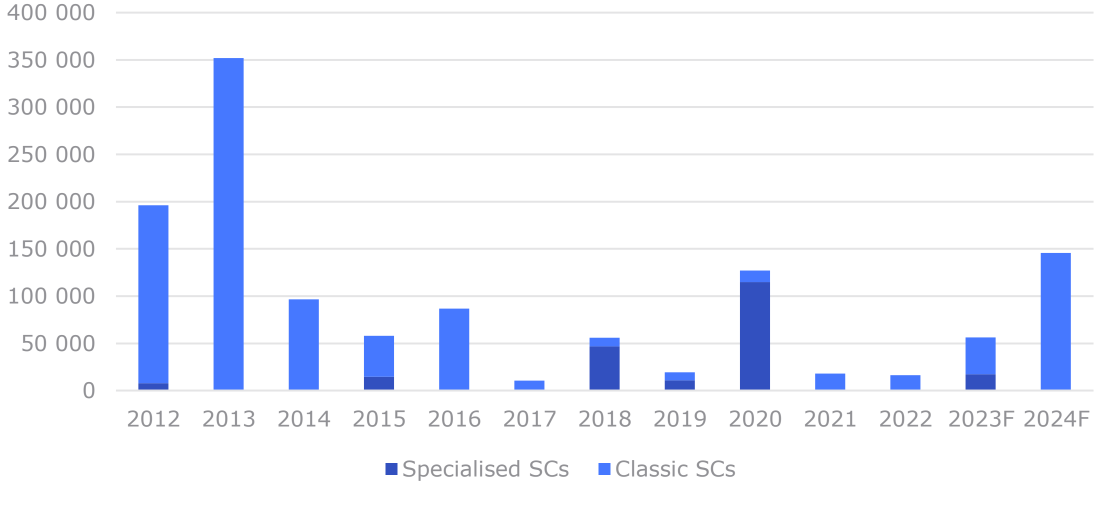
Not a single new shopping mall has been opened in St. Petersburg in H1 2023. Amidst the zero growth and the lack of new space, the main activities included the rotation of tenants in existing SCs as well as the reopening of "dormant" shops. Thus, Women's secret resumed its operations in Europolis Mall, City Mall, Leto and Galeria Mall. Some of the well-known brands also launched new formats. For instance, Mascotte shops reopened with a renewed concept in Mega Dybenko and Mega Parnas malls.

New foreign brands continue joining the tenant mix in shopping malls. The Estonian vendor of underwear BonBon Lingerie and the Australian sportswear brand 2XU entered St. Petersburg market in the first half of the year. Lebanon-based Daher Group opened Maag, Dub, Ecru and Vilet stores.

St. Petersburg remains one of the most saturated markets in terms of per capita retail space. Seven projects with a cumulative leasable area of 202,000 sq m are under robust construction and are scheduled for commissioning in 2023-2024. These new builds will bring the retail space in the city to a new high of 609 sq m per 1,000 residents by the early 2025.
The construction of smaller neighborhood centers in bedroom communities remains one of the most popular activities.

Chart 1
Dynamics of retail space commissioned in St. Petersburg from 2012 to 2024, by format

Source: Nikoliers



Demand and vacancy rate

Despite the fact that some major international fashion operators have left the Russian market, vacancies in shopping malls keep shrinking due to increased activity of many domestic retailers. By the end of the first half of 2023, the average vacancy rate in the city has dropped to 8.2% (from 10.4% at the end of 2022). The top quality shopping malls showed a decrease in the average vacancy rate which stood at 9.9% (as compared to 11.6% at the end of 2022).

During the first six months of 2023 more than 110 new shops, cafes and restaurants have opened in key St. Petersburg shopping malls, which is almost twice as many as during the same period of 2022. Like a year before, the clothing and footwear segment was in the lead, accounting for 72% of openings (based on the number of shops). The lead is due, among other things, to the opening of 21 shops by Lebanon-based Daher Group. Some domestic brands were also active, having opened two or more shops. These include Befree, sela, Finn Flare, Ralf Ringer, Kristina&Milan and Snow Queen.

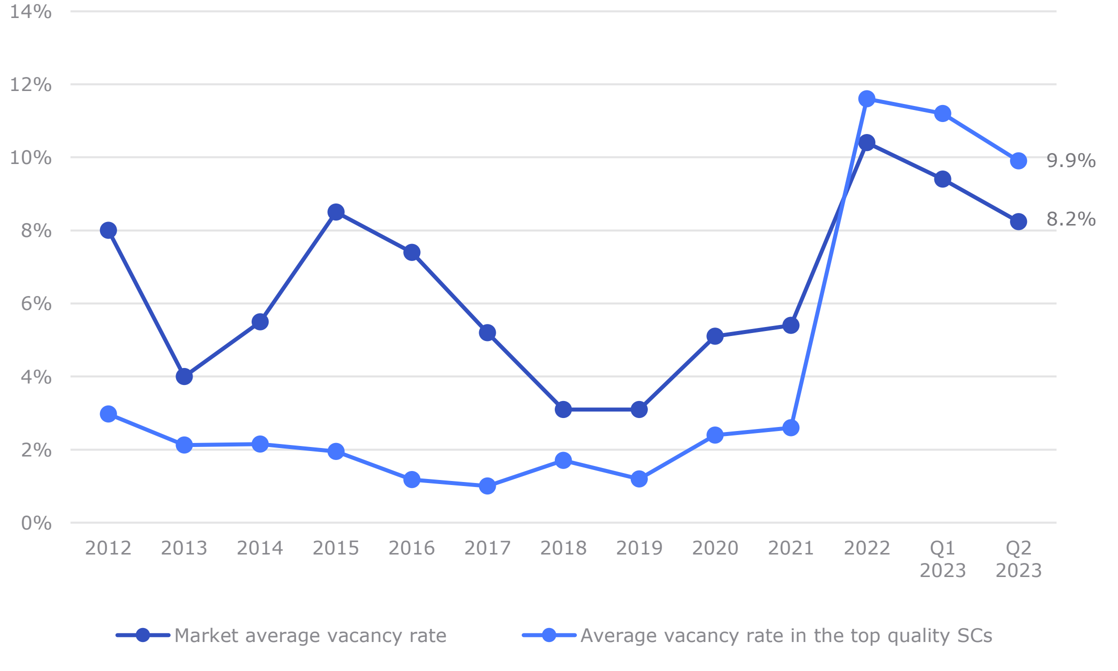
The number of refurbished and reopened shops has also increased: Rive Gauche in Leto Mall and Miris in Europolis Mall have reopened their outlets after overhaul, Furla and Mango have reopened their stores in Galeria Mall, and Guess has reopened its shop in Grand Canyon Mall.

The furniture and household goods segment ranks second in terms of openings with the share of 7%. The most active brands during this period were Candellabra Home and Ormatek, which opened new shops in Piter Raduga and Okhta Mall.

Catering was responsible for 4% of openings, mainly due to tenant rotation. Public catering facilities were keen both on classic premises (Syrovarnya restaurant in Galeria Mall) and pop-up retail (Hochu Coffee in Europolis Mall). New openings could also be seen in the food court area - for example, PhoBo replaced Sushi Booffet in Mega Dybenko, whereas Ganesha replaced Hesburger in Piter Raduga.

Chart 2
Vacant space dynamics in classic SCs*

Source: Nikoliers



*The vacancy rate presented does not include vacancies in the shops that temporarily suspended their operations during March 2022.

Figure 1
Matrix of foreign fashion brands in selected SCs of St. Petersburg, June 2023

Source: Nikoliers

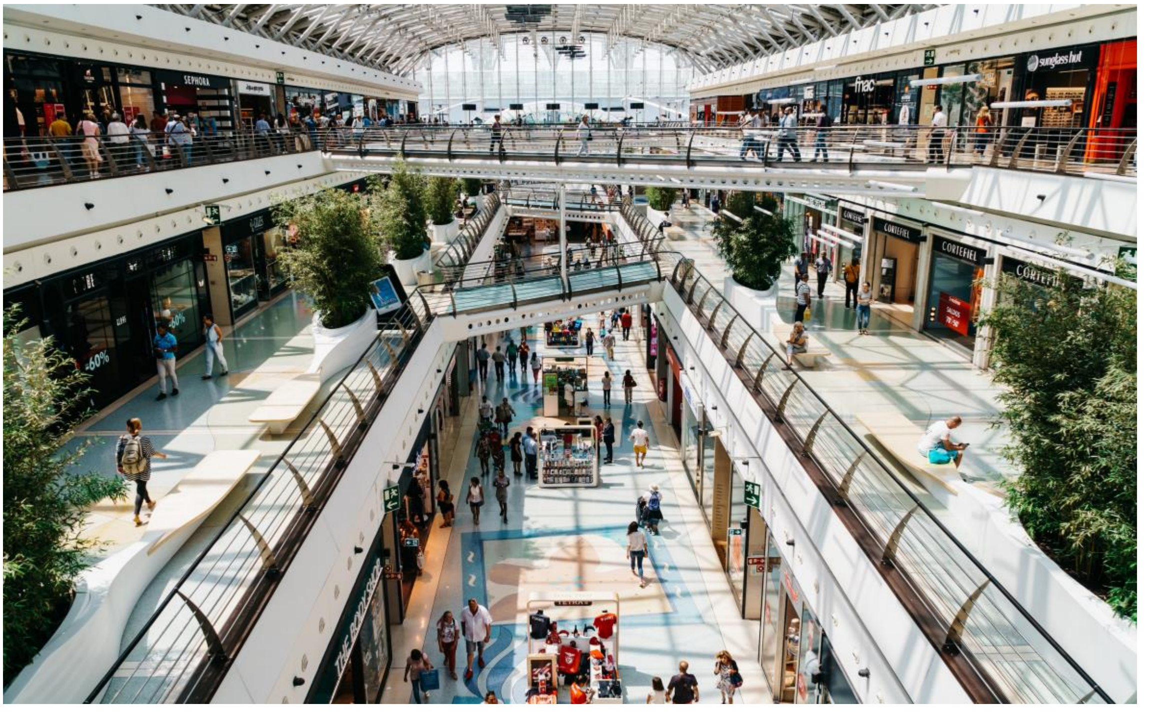
	Galeria	Mega Dybenko	Leto	Mega Parnas	Europolis	Piter Raduga	City Mall	Pearl Plaza	Okhta Mall	London Mall
H&M	Befree				Befree sela		Snow Queen	Stokmann	Freedom Store	Befree
Mothercare (Motherbear)							Askona			
CROPP (CR)									Cr	
MANGO								Befree		Modi Cozy Home
Sinsay (СИН)										
Reserved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

– open – rebranding – dormant – new shop – soon to open – vacant

Table 2
Key shop openings in St. Petersburg's SCs in H1 2023

Source: Nikoliers

№	Was	Now	Segment	SC
1	Marks & Spencer	LC Waikiki	Clothing & footwear	Piter Raduga
2	H&M	Stockmann	Clothing & footwear	Pearl Plaza
3	H&M	Snow Queen	Clothing & footwear	City Mall
4	H&M	Befree	Clothing & footwear	Europolis
5	Victoria's Secret	Love Republic	Clothing & footwear	Galeria
6	SKDESIGN	Zara Home	Furniture	Mega Dybenko



Trends and forecasts

Two classic shopping centers are expected to open in St. Petersburg by the end of the year: Ecopark SC in Murino, phase 4 of Zanevsky Kaskad mixed-use scheme and one interior and exhibition center named MÖBELBURG in Krasnoselsky District, with the gross leasable area of 56,200 sq m.

According to Focus Technologies, the attendance of shopping centers has slightly increased since the beginning of 2023. Attendance Index (Mall Index) after the initial five months of this year is only 1% below the index for the same period of 2022, which indicates a gradual return of customers to shopping centers.

The number of clothing and footwear shops opened in the first half of this year has tripled year-on-year. Many companies are not just expanding, but also widen their assortment: Zarina has launched a men’s clothing line, Love Republic has come out with the Premium collection, while 12 Storeez plans to launch a homeware line.

The most important factors of success for a modern shopping center nowadays is the extensive use of different types of visitor motivation and building a positive customer experience, both inside and outside the mall, while the burgeoning entertainment component boosts customer loyalty immensely.

Working on increased comfort for visitors and caring for rewarding shopper experience at all stages of people’s engagement are among the priority areas of brand evolution. Amid high competition, retailers are increasingly focused on marketing and in-store activities aimed at attracting and retaining customers.

For more information

Retail department property management department

Anna Nikandrova
Partner
+7 495 258 5151
Anna.Nikandrova@nikoliers.ru

Irina Tsarkova
Director, St. Petersburg
+7 812 718 3618
Irina.Tsarkova@nikoliers.ru

Research department

Bazaeva Alina
Head of the Research Department, St. Petersburg
+7 812 718 3618
Alina.Bazaeva@nikoliers.ru

Julia Bykova
Analyst
+7 812 718 3618
Julia.Bykova@nikoliers.ru

Marketing & PR

Olga Bakulina, MCIM
Regional Director
+7 495 258 5151
Olga.Bakulina@nikoliers.ru

Anna Sabinina
Director, St. Petersburg
+7 812 718 3618
Anna.Sabinina@nikoliers.ru

Nikoliers

191186 St. Petersburg
3 Volynsky Lane
BC Senator
+7 812 718 36 18
www.nikoliers.ru