

Prada Rents Space for 2 Moscow Stores

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People entering a Prada boutique in Hong Kong. The Italian fashion house has rented space in two Moscow malls. **Timothy O'Rourke**

Italian fashion house Prada Group is planning to make an independent entrance onto the Russian market and has already leased two locations in Moscow to house its boutiques.

Prada has rented the locations from Aras Agalarov's Crocus Group. The larger store, at more than 1,700 square meters, will be on the intersection of Ulitsa Bolshaya Dmitrovka and Stoleshnikov Pereulok, a Crocus spokesperson said. Prada will also occupy 600 square meters in Crocus City Mall.

The stores are expected to open in fall 2011, the spokesman said.

On Stoleshnikov, Prada will have 1,371 square meters used now as a Crocus boutique with numerous brands. Prada Group's Miu Miu brand will also open a store in the 400 square meters now occupied at the mall by Ungaro.

Crocus Group, which has decided to reduce its retail operations, has rented the space to Prada for 10 years, the spokesperson said.

The franchise restaurant Nobu, which belongs to Crocus, will continue to work in the building and will actually be expanded through additional space on the rooftop.

Prada's representative office in Russia will open soon, a source at Crocus said.

Since 2002, the fashion house's exclusive distributor in Russia has been Mercury, which is controlled by Leonid Fridlyand and Leonid Strunin.

A Mercury spokesperson said last week that under a joint agreement between the companies, "Mercury and Prada are not commenting on the situation."

A source in the group said, however, that in the first half of next year Mercury will represent Prada's brands in Russia. Recently, Mercury presented Prada collections for Spring/Summer 2011.

Prada's press office in Milan did not immediately respond to a request for comment.

Rental rates on Stolesnikov Pereulok are the most expensive in Moscow, typically reaching \$2,000 to \$4,000 per square meter per year, said Alexei Mogila, director of commercial and regional property at Penny Lane Realty.

Only the very top brands can afford to rent at those prices, said Viktoria Didovich, a senior consultant at Magazin Magazinov. Sales by luxury brands are continuing to rise steadily, but at the moment it's still possible to find space in the most popular places, she said.

Other luxury brands are now likely to begin operating directly in Russia, which has become one of the key markets globally, Didovich said. Brands including Chanel, Christian Dior and Swatch Group already have independent retail operations in the country.

Since this spring, luxury companies have been interested in new space, Mogila said. In mid-August, Swatch Group announced that it was opening the first multibrand Tourbillon boutique in Russia, on Ulitsa Petrovka, while Podium Market will occupy nearly one-third of the retail space in the Moskva Hotel starting next year, he said.

Additionally, Chanel is planning to open a 1,000-square-meter boutique in the Zhenevsky Dom complex on Ulitsa Petrovka, sources at several of the company's partners told Vedomosti.

Last year, Moscow was tied in ninth place with Milan and Tokyo among the most attractive cities for luxury brands, according to a ranking compiled by CB Richard Ellis.

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