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Outlet Mall Boom Under Way in Moscow

By Rachel Nielsen

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A view of the Belaya Dacha Outlet Village, an outlet mall that will cost $250 million and offer discounted items. **Sergei Karpukhin**

Moscow is getting a spate of outlet malls, with U.S. real estate developer and investor Hines and local developer Belaya Dacha opening the first of them, Belaya Dacha Outlet Village, this past weekend.

Real estate developers are sinking money into the outlet mall format, in which brand-name clothing stores sell last season's goods at a discount, because it offers a way to differentiate their retail centers from the capital's plethora of malls and capitalize on sale fever among shoppers.

Belaya Dacha's first phrase of construction cost a little more than $100 million, said Viktor Semyonov, board chairman at the Belaya Dacha group of companies.

The second phase, to include more stores and a movie theater, will bring the total price tag to about $250 million, he said in a telephone interview.

The Hines International Real Estate Fund and Belaya Dacha are the co-developers and co-owners of the retail center, which is located southeast of Moscow, about 4 kilometers beyond the Moscow Ring Road.

Semyonov declined to comment on an RBC Daily report on Monday that Hines might increase its stake in the mall to 100 percent from 51 percent.

The Federal Anti-Monopoly Service approved the deal last week, saying Kotelniki Village Holding Company Limited, which is 100 percent owned by Hines, could purchase 49 percent of Belaya Dacha Park.

Andrew Muzzlewhite, a Hines development manager, said the report of a buyout is incorrect. "We are not buying out Belaya Dacha. ... Belaya Dacha are our long-term partners on the project," he said by e-mail.

Tenants at the mall, which opened Saturday, include sportswear brands Adidas, Nike, Puma and Reebok, as well as US Polo, L'Etoile and Miss Sixty.

Hines said in a statement that the mall is the first world-class outlet center in Russia.

Two other outlets are scheduled to enter the market soon. Vnukovo Outlet Village plans to finish construction in September and open the mall by the end of the year, said Tatyana Klyuchinskaya, regional director for retail real estate at Colliers International, which is the leasing agent for the mall.

In addition, Fashion House Outlet Center Moscow near the Moscow suburb of Khimki is expected to open in March, its developer, Fashion House Development, says on its website.

Meanwhile, retail sales are also giving a boost to the warehouse segment. Developers Eastward Capital and National Consulting plan to spend about $100 million to build a logistics center in the Moscow region, said Natalya Kopeychenko, a spokeswoman for Jones Lang LaSalle. That firm and Knight Frank will be the leasing agents for the property, which should become operational in September 2013.

The Nikolskoye Logistics Center will be constructed near the village of the same name about 60 kilometers north of Moscow. It will be near the Moscow Small Ring highway and Leningradskoye Shosse, which Jones Lang LaSalle said is the main road used to import vehicles from Europe in the Moscow area.

Eastwood Capital, founded in 2006, is owned by Mikhail Kirsanov, and National Consulting is owned by Sattar Mia, Kopeychenko said by e-mail.

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