

# Russia Surpasses Europe in Shopping Mall Construction

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Moscow's upscale shopping mall GUM is a long-standing center of commercial space. **Svetlana Grechkina**

Russia is ranked number one in Europe in terms of building retail space but still has a lower ratio of shopping malls to people, according to research by Cushman & Wakefield.

With over 456,200 square meters of retail space built in just the first half of 2013, Russia topped the rankings for shopping center construction, with Turkey coming second, having built 422,500 square meters of retail space over the same period, the report said.

Russia comes third behind Turkey and Britain for already operational shopping centers, but may eclipse Britain by the end of 2014 when there will be a total of just under 19 million square meters of retail property in Russia, Vedomosti reported Monday.

However, Russia ranks only 28th in Europe in terms of retail space per citizen, with only 111

square meters of shops per 1,000 people, the report said. Norway and Luxembourg came first and second, respectively, having 632 and 538 square meters of retail space per person.

Although the report said that Russia holds records in shopping mall construction, the market is far from being saturated, retail analysts said.

"We are not seeing a record number of shopping centers, our company is in constant search of more retail space and it is not an easy job," said Patrick Longuet, the head of O'KEY retail chain.

Returns on investment in this sector is quite good and businesses are expecting to profit from shopping center construction, market players said.

The premium retail segment in Moscow earns 9 percent on investment per year and is even higher in the regions — reaching 10 to 13 percent, according to commercial real estate services firm CBRE. European cities can only dream of such returns in the retail sector, the company said, with return on investment rated from 2.7 to 3.5 percent in London, 4 to 4.5 percent in Paris and about 6 percent in Warsaw.

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