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Lotus City Shopping Mall Sold to Iliyev and Nisanov

By The Moscow Times

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While the market will be the city's largest, to date, only a 200,000 square meter mall complex has been opened.

Real estate magnates Zarakh Iliyev and God Nisanov have bought the vast Lotus City shopping mall being built on the outskirts of Moscow.

The 1.5 million square meter Lotus City, located 1.4 kilometers southwest of Moscow along the Kaluga highway, is set to become the largest wholesale market in the Moscow region, sprawled over a 100 hectares area.

By comparison, the Vegas mall in southern Moscow boasts 400,000 square meters, while the nearby Mega shopping center in Belaya Dacha has 300,000 square meters. To date, however, only a 200,000 square meter mall has been opened at the site.

The complex will also be a residential community for entrepreneurs and laborers from Russia,

Afghanistan, Bangladesh, China, India, Pakistan, Vietnam, the former Soviet republics of Azerbaijan and Kyrgyzstan and other nations, Vedomosti reported last week.

The spokeswoman for the two billionaires, Nadezhda Spiridonova, confirmed the sale but declined to disclose the price. The seller was a foreign company, she said. Polina Mitina, an analyst at Cushman and Wakefield, estimated the value of the deal at $800 million to $900 million.

In addition to a shopping mall that is already operating in Lotus City, the compound will include wholesale markets, a luxury hotel, a business center, and dormitories for foreign laborers. The complex will provide 2,624 rooms in hotels and dormitories for overseas citizens with a combined volume of 111,480 square meters.

Iliyev and Nisanov, named by Forbes magazine among Russia's 40 richest people with a net worth of $3 billion each, own the Radisson Royal Ukraine Hotel, the Yevropeisky shopping center and Radisson SAS Slavyanskaya Hotel in Moscow. They also controlled Moscow's Cherkizovsky market — which was shut down in 2009 over counterfeit produce and migration violations — and the Sadovod market, which police raided earlier this fall amid a crackdown on markets with high concentrations of migrants.

With their extensive experience, Iliyev and Nisanov have good prospects in Lotus City, analysts said, and the authorities clampdown on rival markets could stimulate demand. "A similar market to Cherkizovsky has still not appeared in Moscow," said Tatyana Klyuchinskaya of real estate firm Jones Lang LaSalle. "Sadovod will be shut while Lotus City is being built, and interest in the new complex could therefore be strong."

One downside, however, might be the inability of the Kaluga highway to handle the surge of vehicles that the mall will draw in.

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