

Russia Leapfrogs France to Become Europe's Biggest Mall Market

By [The Moscow Times](#)

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Data released by Russia's state statistics agency on Friday showed that a contraction in Russian retail sales accelerated to 8.7 percent in March, compared to the same month in 2014.

Russia surpassed France to become Europe's largest shopping center market last year, even as an economic slump slashed demand for retail space in Russian cities, according a report released Monday.

Russia had 17.7 million square meters of shopping center retail space at the end of last year, compared to France's 17.66 million square meters, the report by real estate consultancy Cushman & Wakefield said. Russia accounted for over half the new mall retail space added to Europe's total stock in the second half of last year, it added.

Despite Russia's mounting economic crisis, Cushman & Wakefield analysts were optimistic that Russia would continue to lead Europe's mall market through 2016.

"Stable retailer sales in the first quarter of 2015, recent ruble appreciation, low vacancy in existing malls and a somewhat more limited pipeline of new projects, makes us think the market is showing signs of resilience," Maxim Karbasnikoff, Cushman & Wakefield's head of retail services in Russia, was quoted as saying in a press release.

Data released by Russia's state statistics agency on Friday showed that a contraction in Russian retail sales accelerated to 8.7 percent in March, compared to the same month in 2014. Consumer spending fell 7.2 percent year-on-year in February.

Construction companies have not yet adjusted to the new reality. In the first three months of this year, Moscow alone gained 250,000 square meters of mall retail space, a fourfold increase on the first quarter of last year, real estate consultancy Jones Lang LaSalle (JLL) said earlier this month.

But the record-beating growth may slow by the second half of this year as worsening economic conditions freeze developers' plans in Moscow. Only around 200,000 square meters of a planned 850,000 will likely be built in Moscow this year, JLL said.

Russia's economy is expected to contract by as much as 5 percent this year as Western sanctions over the Ukraine crisis and the falling price of oil strangle investment. Despite a recent rally, the ruble is down by over one-third against the U.S. dollar since the start of last year, reducing the buying power of Russians' salaries.

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