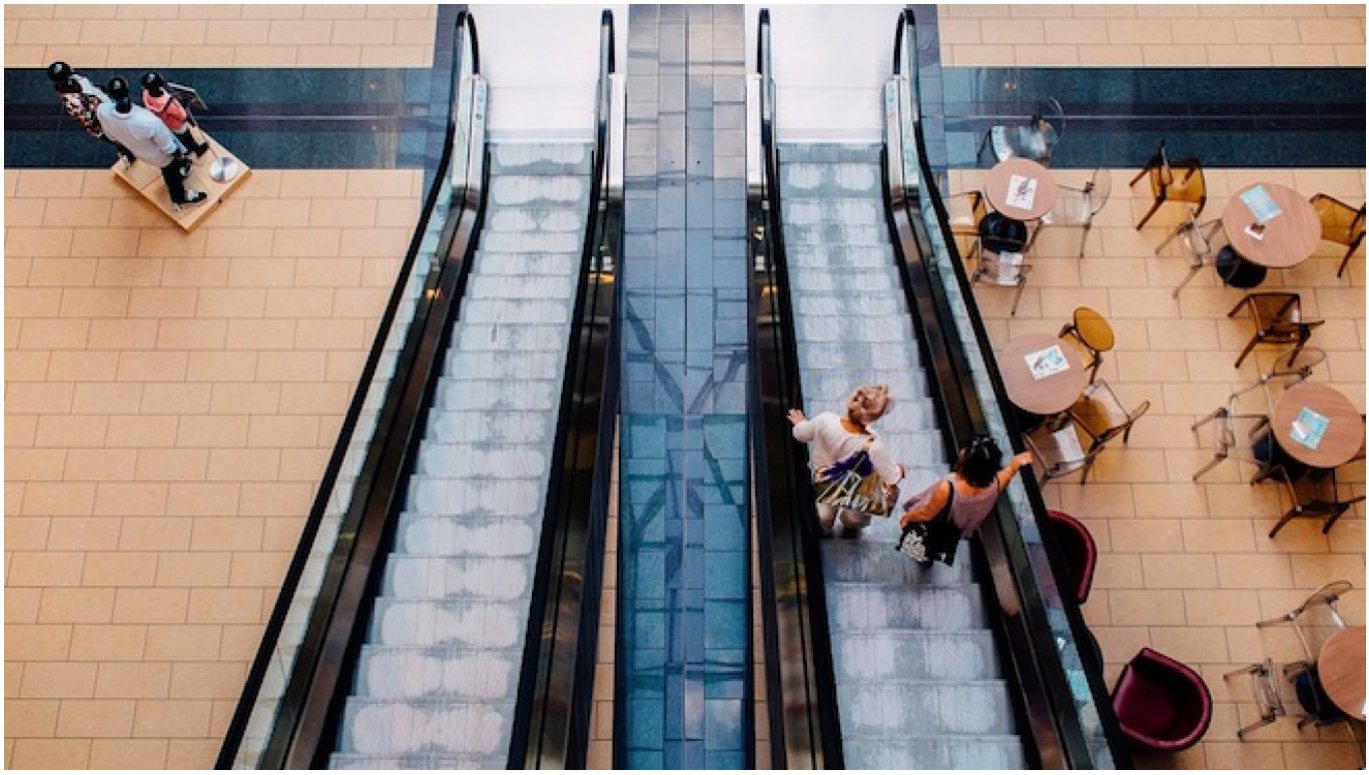
The Moscow Times
30 YEARS
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After the Boom: Moscow Malls Struggle With Fewer Customers

By The Moscow Times

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Shopping centers with retail space exceeding 40,000 meters saw the 16 percent fewer visitors in August compared to the same month last year.

Twenty-eight percent fewer customers are walking through the doors of the average Moscow shopping center than two years ago, according to data from market researchers Watcom cited by the Kommersant newspaper.

The slump in visitor numbers comes after years of expanding consumer spending in Russia as an oil boom fueled an emerging middle class. But Russia's economy began to slow in 2013, and a collapse in oil prices in the past year and sanctions over the conflict in Ukraine caused a deep recession, contracting retail spending by 9.1 percent in August compared to the same month in 2014.

That is bad news for real estate developers, who committed to major projects during the boom. Europe's largest mall opened in Moscow last fall, and six more new shopping centers

with a combined area of 343,000 square meters opened in Moscow in the first half of the year — a record for the Russian capital, according to data from real estate consultancy Colliers International.

Watcom's Shopping Index found that footfall had declined fastest in these larger malls.

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By contrast, the number of consumers at smaller shopping centers with 5,000-20,000 meters of retail space dropped by 3 percent over the same period, according to the report.

The 28-percent average slump in custom over the past two years is dramatic, but the worst could be over, Watcom's chief, Roman Skorokhodov, told Kommersant. “The drop may continue, but in a certain sense we have hit the bottom,” Kommersant quoted him as saying.

Moscow is still understocked with retail space by international standards. "In Moscow we have 434 square meters of shopping centre space per 1,000 residents. In big European cities the volume of shopping center retail space per 1,000 residents is 600-700 meters," Olesya Dzyuba, head of research Colliers International Russia, told The Moscow Times in July.

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