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Store Closures Sweep Russia's Fashion Market as Profits Come Under Pressure

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New People party leader Alexei Nechayev (C) stands between shoppers during an event in support of domestic clothing brands at a shopping mall in Moscow, April 2025. **EPA/ Maxim Shipenkov / TASS**

Russian fashion retailers closed hundreds of stores in 2025, and further shutdowns are expected next year as weak consumer demand and rising costs erode profitability, industry experts said.

Some 25 fashion brands ceased operations last year, according to estimates cited by industry outlet Shopper's. Major players are expected to accelerate network reductions in 2026.

"Sentiment in the fashion market is pessimistic, and 2026 will be a year of survival," Dmitry Tomilin, chief executive of apparel company Eterna, was quoted as saying.

Consumers are cutting discretionary spending and shifting toward more "rational" purchases while retailers have largely exhausted their financial buffers, he added.

In total, 400-500 fashion retail stores closed in 2025, estimated Yevgeny Domashenko, head

of tenant representation at CORE.XP. He said retailers are closing unprofitable locations and pushing landlords for rent reductions.

Vacancy rates in shopping malls could rise from 7.7% to 9.7% over the year as rental pressure intensifies, Domashenko said.

The downturn follows a post-2022 expansion when domestic and foreign brands rushed to fill retail space vacated by Western companies that pulled out of Russia over the invasion of Ukraine.

The market is now undergoing a correction, with several brands launched in 2022-2023 failing to reach break-even within the typical two- to three-year cycle, analysts said.

Foreign brands have also scaled back. Only 12 international fashion labels entered Russia in 2025, down from more than 20 in each of the previous two years, according to IBC Realty.

Several foreign entrants, including Turkish retailers AC& Co and Mudo, have since exited, citing weak demand and intense competition.

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