

Retail Property

Analytical market review – 2015

Shopping centers in Minsk



Key indicators of the shopping centers* in Minsk

Total stock (GBA), thousand sq m	1129,7
Total stock (GLA), thousand sq m	558,1
Vacancy rate**, %	3,3
Average daily footfall on weekdays**, thousand people per day	0,8-25,2
Average daily footfall on weekends**, thousand people per day	0,8-27,9
Shopping centers provision, sq m per 1000 inhabitants	284,8
Completed in 2015 r. (GBA), thousand sq m	172,4
Completed in 2015 r. (GLA), thousand sq m	90,6

* Hereinafter only shopping centers that are planned, built and managed as single entities with a minimum GLA of 5000 sq m are taken into account (according to the classification of shopping centers developed by the Analytical Center of Menka Company, based on the classification of International Council of Shopping Centers (ICSC) and adapted to the situation on the Belarusian retail property market).

** Only traditional shopping centers completed before 2015 are taken into account.

Source: Menka Analytical Center

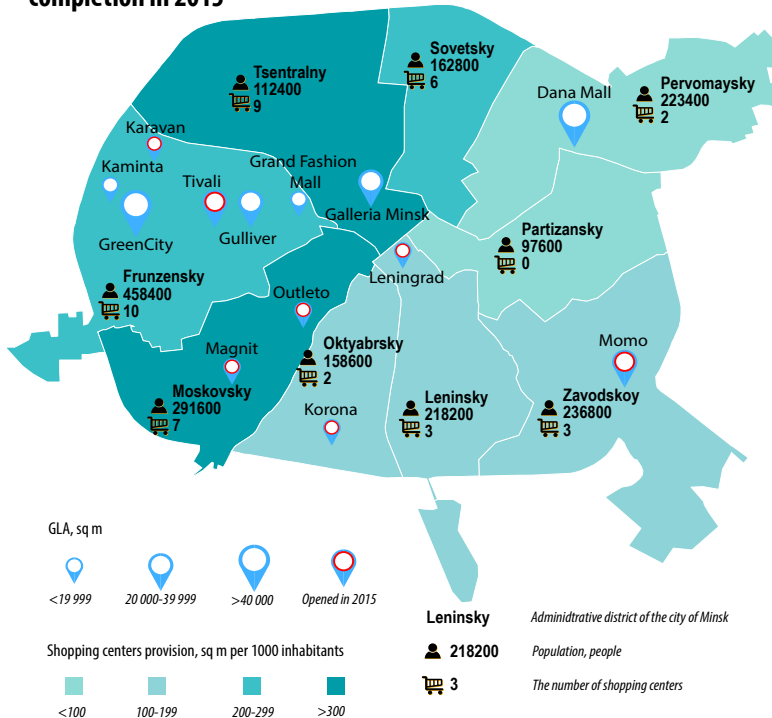
In 2015, 7 shopping centers with a total GBA of 172.4 thousand sq m (GLA – 90.6 thousand sq m) were completed. As for 1 January 2016, the total GBA of shopping centers (with a minimum GLA of 5000 sq m) of Minsk amounted to 1129.7 thousand sq m, the total GLA came to 558.1 thousand sq m. It should be noted, that almost all the shopping centers opened in 2015 are located quite far away from the city center.

Shopping centers opened in 2015

No.	Property	Address	Format	Type
1	Magnit	Dzerzhinskogo prospect, 106	Traditional	Small Convenience-Based
2	Korona	Korzhenevskogo str., 26	Traditional	Small Convenience-Based
3	Tivali	Prityitskogo str., 29	Traditional	Medium
4	Outleto	Zhukova prospect, 44	Traditional	Small Convenience-Based
5	Momo	Partizansky prospect, 150a	Traditional	Medium
6	Leningrad	Lenina str., 27	Specialised	Theme-Oriented Non-Leisure-Based
7	Karavan	Nalibokskaya str., 1	Traditional	Small Convenience-Based

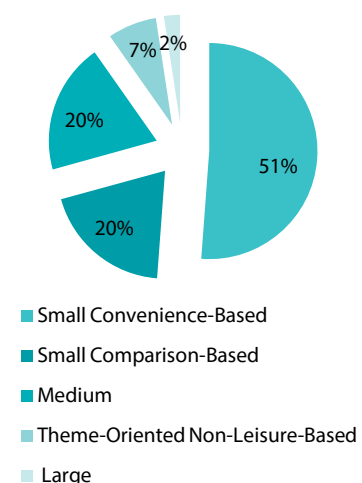
Source: Menka Analytical Center

Shopping centers with a minimum GLA of 5000 sq m planned for completion in 2015



Source: Menka Analytical Center

Formats of shopping centers with a minimum GLA of 5000 sq m*



*according to the classification of shopping centers developed by the Analytical Center of Menka Company, based on the classification of International Council of Shopping Centers (ICSC) and adapted to the situation on the Belarusian retail property market

Source: Menka Analytical Center

The leading positions for the shopping centers provision are taken by the districts with the greatest number of shopping centers (Tsentralny and Moskovsky). There are no shopping centers with a minimum GLA of 5000 sq m in Partizansky District.

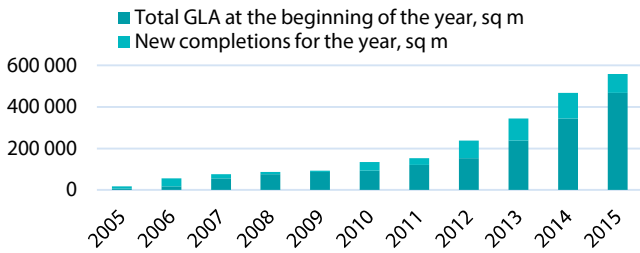
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Dynamics of leasable spaces commissioning in the shopping centers (with a minimum GLA of 5000 sq m) of Minsk



Source: Menka Analytical Center

The total stock of retail space in shopping centers with a minimum GLA of 5000 sq m in Minsk increased in 2015 by 90.6 thousand sq m, which is around 29% of the planned amount of the projected completions in Minsk for 2015. Postponed their completion from 2015 such large-scale shopping centers as Dana Mall, GreenCity and Galleria Minsk.

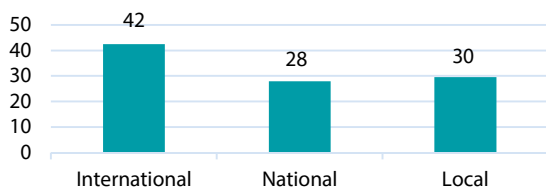
Rental rates in Minsk shopping centers with a minimum GLA of 5000 sq m

Tenant profile	Rental rates, €/sq m.per month without VAT, as for 1 January 2016
Food hypermarket (>4000 sq m)	7-12 and/or 2-7% of turnover
Clothes (650-1500 sq m)	10-30
Clothes (50-400 sq m)	20-55
Children's goods (650-1000 sq m)	10-25
Children's entertainment centers (150-1000 sq m)	5-15
Sports goods (200-1200 sq m)	10-20

Source: Menka Analytical Center

Due to different economic factors, Belarusian retail property market started searching for new forms of cooperation between lessors and tenants that has led to the reconsideration of the commercial terms. At the end of 2015, one of the most popular measures to reduce rental rates were discounts for a certain period (usually up to 3 months), with a possible extension of this period. This suggests that, on the one hand, management companies made concessions, since they understand the complexity of the market situation forecasting and do not want to lose their tenants. On the other hand, choosing a strategy "Time will show how things will turn out", they remained flexible and responsive to changes.

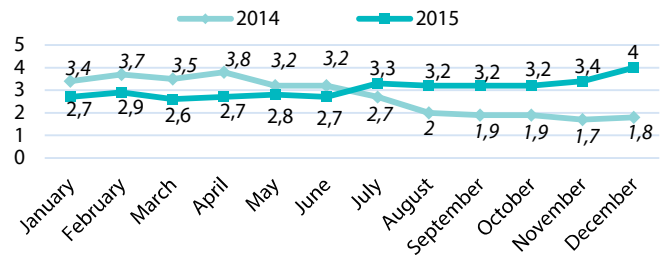
Types of retail chains in the shopping centers with a minimum GLA of 5000 sq m, %



Source: Menka Analytical Center

New international brands which opened their first stores in 2015 in the shopping centers of Minsk represent the following categories: clothes: Hunkemoller, Mango Men, Coo Culte, Patrizia Pepe, Adolfo Dominguez, Max&Co, Conte of Florence, 7 camicie; household goods: 220 Volt; footwear and accessories: Ekonika, Ralf Ringer, Toska Blu; health and beauty: Dzintars, NYX. The stores of the new international retailers were opened mainly in the shopping centers Zamok and Arena-City on the area 40-140 sq m. Collezione, Koton, Kiçili and Ziylan Group, from Turkey, BHS, from Great Britain and MO, from Portugal, are interested in the Belarusian market (Minsk).

Vacancy rates in the major* shopping centers of Minsk, %

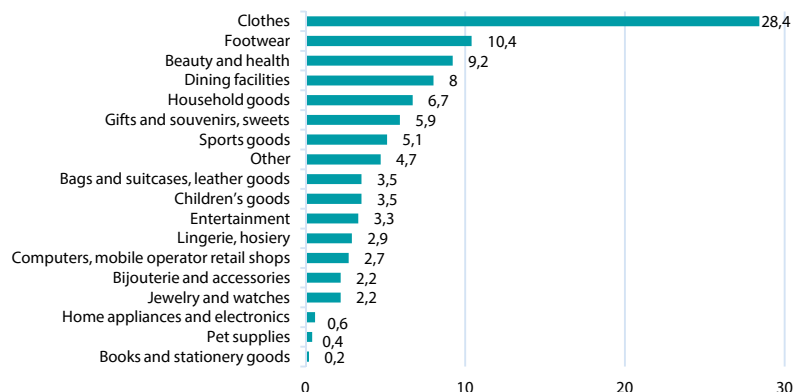


*Coolman, Korona (Kalvariyskaya str., 24), Aleskandrov Passage, Stolitsa, Evropa, Zerkalo, All, Nemigoff, Bonus, Korona Uruchie, Zamok, Arena City, Galileo, Skala

Source: Menka Analytical Center

Shopping centers with the lowest vacancy rates (not higher than 2.6%) were Zamok, Galileo, Bonus, All, Korona (Nezavisimosti prospect, 154).

Retail chains in Minsk shopping centers by retail sector, %



Source: Menka Analytical Center

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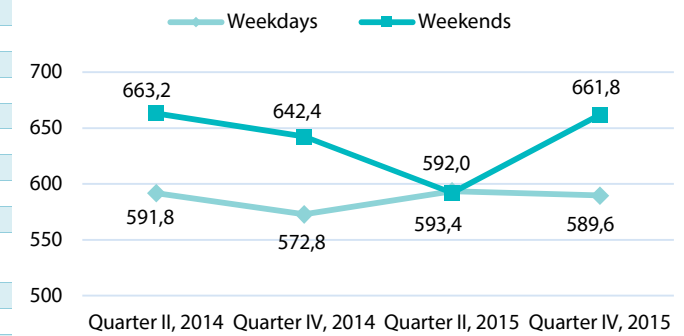
Shopping centers footfall

Analytical Center of Menka Company conducts a study of consumer flows in the shopping centers of the Minsk with a minimum GLA of 5000 sq m. The information is collected using the method of standardized observation. The most common results of customer flows research conducted in 2014-2015 are presented in the following diagrams and tables.

Shopping centers under research in 2014-2015

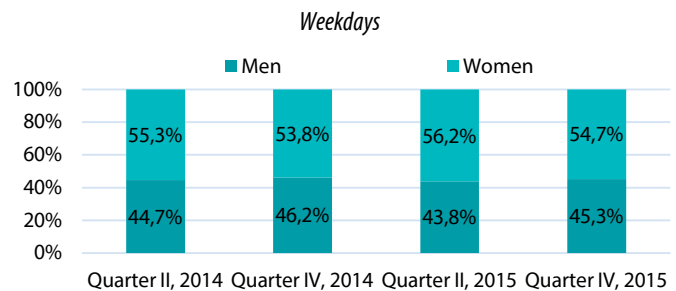
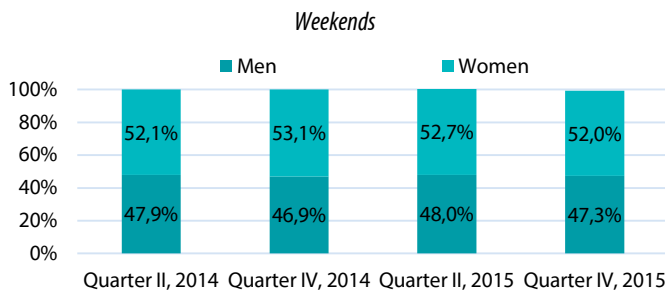
2014	2015
Aleskandrov Passage	Aleskandrov Passage
All	-
Arena-City	Arena-City
Bonus	Bonus
Galileo	Galileo
Evropa	Evropa
Zamok	Zamok
Zerkalo	-
Korona (Kalvariyskaya str., 24)	Korona (Kalvariyskaya str., 24)
Korona (Nezavisimosti prospekt, 154)	-
Skala	Skala
Coolman	Coolman
Nemigoff	Nemigoff
Stolitsa	Stolitsa
-	Prostore (Kamennogorskaya str., 3)

General indicators of footfall in the shopping centers of Minsk, thousand people per 1000 sq m



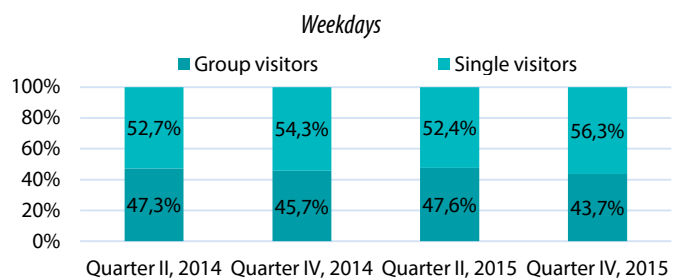
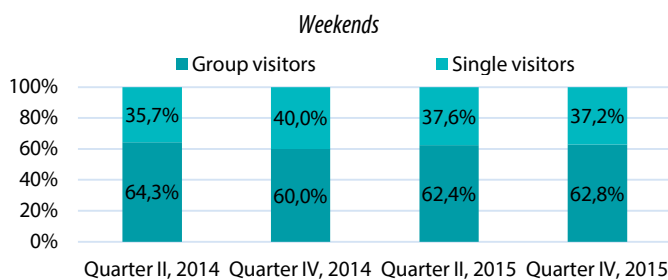
Source: Menka Analytical Center

Gender structure of total customer flow in the shopping centers



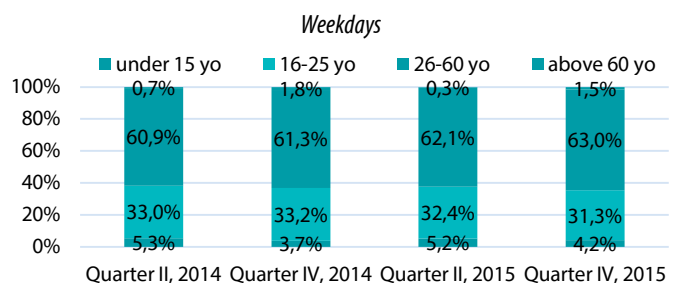
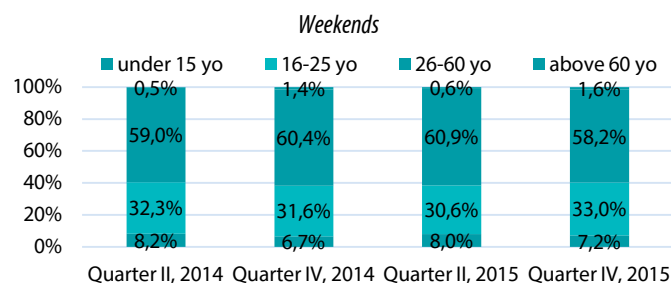
Source: Menka Analytical Center

The structure of total customer flow in the shopping centers by visit format



Source: Menka Analytical Center

Age structure of customer flows in the shopping centers



Source: Menka Analytical Center