

# Taking Outlets Further



FASHION HOUSE OUTLET CENTRE MOSCOW



FASHION HOUSE GROUP EXCELS AT CREATING DESIRABLE AND SUCCESSFUL OUTLET CENTRES IN EMERGING MARKETS. MANAGING DIRECTOR BRENDON O'REILLY TALKS TO RLI ABOUT THE GROUP'S GROWTH, WITH NEW DEVELOPMENTS IN THE PIPELINE, AND ITS EMBRACING OF A MORE ENTERTAINING, THEATRICAL AND CUSTOMER-CENTRIC AMBIANCE.

Part of the Liebrecht & wood Group, FASHION HOUSE Group is a leading player in the European outlet sector and the largest developer/operator in both the CEE and Russian markets. The company has a proven track record of establishing the outlet sector in emerging markets.

Offering an outlet-dedicated, premium quality, experienced team of experts in the fields of outlet centre design, development, finance, leasing, operation and management, the Group has established a notable following of world-famous branded retail tenants.

Today, FASHION HOUSE operates outlets in Poland, Romania and Russia, and is currently expanding further into the Russian and Ukrainian markets.

Poland continues to be a strong market for the Group, which is benefitting hugely from the cross-border introduction of brands such as Michael Kors, Furla, Pinko and Hugo Boss, all of which are currently trading extremely well in Warsaw.

Whilst the Romanian economy continues to struggle, the opening of two new 50-60,000sq m centres has certainly stimulated FASHION HOUSE's activity in the country.

"In 6-9 months, a lot of the brands that didn't previously have a requirement for an outlet store, or didn't have enough stores operating in the market, will have changed their standpoint," says Managing Director Brendon O'Reilly. "And, of course, we have the commercially viable outlets to facilitate that."

Russia continues to see significant currency turbulence, much like that



FASHION HOUSE OUTLET CENTRE BUCHAREST



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FASHION HOUSE  
OUTLET CENTRE  
MOSCOW

experienced in Poland in 2008. "When crisis hits, people turn to value," he adds, "and our product is absolutely value. It's a perfect storm for us at the moment in Moscow."

One of the most distinct indicators that Russians like shopping at outlet centres is their overall shopping satisfaction. According to a survey conducted by Vector Market Research, more than 80 per cent of respondents found something they wanted to buy and an even higher percentage intend to recommend FASHION HOUSE Outlet Centre Moscow to their friends and family. Those recommendations of users remain the most important element in spreading the 'word of mouth' message that outlet shopping is a new way to shop and save in Moscow these days.

Indeed, FASHION HOUSE Outlet Centre Moscow is seeing significant double-digit growth, thanks largely to the fact that the consumer is looking for more value. In addition, the currency situation has meant that tenants are finding that they have huge amounts of surplus product from their in-line stores that they need to liquidate through outlets.

After completion of a new, second phase, scheduled to open in autumn 2016, FASHION HOUSE Outlet Centre Moscow will boast around 22,000sq m of GLA and will be home to 132 predominantly casual fashion and

sportswear brands.

FASHION HOUSE Outlet Centre Moscow is the first fully enclosed scheme of its type in Russia. It offers customers top quality international and domestic brands, available all year round for 30-70 per cent less than original prices. Tenants include Tommy Hilfiger, Adidas, Reebok, US Polo, Tom Tailor, Benetton, Geox, Nike, Puma, Lacoste, Cacharel, Carlo Pazoni, Tru Trussardi, Samsonite, Levis, Lee/Wrangler and others. Additionally, the Red Carpet Alley, a special part of the scheme dedicated to the best international and domestic high-end fashion brands, is home to brands such as Versace or Bluemarime.

Also in the pipeline is the 10,000sq m Phase 1 of FASHION HOUSE Outlet Centre St Petersburg, with Phase 2 expected to get underway towards the end of 2016. Phase 1 has seen a number of pre-lets, with the likes of Nike, Adidas and Puma all signing long-term leases.

"St Petersburg is much more medium fashion casual than the Moscow marketplace, where it is more important to have brands such as Furla, Pinko, Baldinini, Trussardi and Versace," explains O'Reilly.

The Group has also undertaken a feasibility study for a second site in Bucharest, a retail park to be launched in Q2 2016.

So with changing demands and demographics, is the

face of outlet retailing changing?

"Yes, there are two things that have happened that are very specific to our marketplace," he says. "Central European fashion has changed dramatically in the years since its entry into Europe, with brands such as Nike, Adidas, Puma and Asics giving way to the likes of Michael Kors, Furla and Hugo Boss."

Another factor having an impact on outlet retailing and footfall is the online channel. As a result, FASHION HOUSE really upped its game in terms of the outlet experience: "Basically, we blow the consumer's mind!" smiles O'Reilly.

This is a fairly natural progression, given that its outlets are themed and very theatrical in nature, with Italian and London streetscapes in a covered, controlled environment.

"Entertainment and leisure were not something that we had done previously, but we are increasingly seeing an expectation to give the consumer more and varied reasons to stay longer. So we are now looking at providing a greater sense of entertainment, of theatre," he adds. "We provide many more things to enjoy: a grand piano on the corner playing classical music, massive chess sets for people to play with and so forth."

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