

# GLOBAL RETAIL NEWSLETTER

7 rue Fould, 78600 Le Mesnil le Roi, France

Tel 331 39 12 17 93 (direct line)

e-mail : [bguillot@chabot-associates.com](mailto:bguillot@chabot-associates.com)

Internet sites : [www.globalretailnews.com](http://www.globalretailnews.com)

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## SUMMARY

OCTOBER 2009

### *INTERNATIONAL*

- . Foreign Direct Investments in 2010
- . The world's 10 most expensive shopping streets in 2009
- . Recession and criminality : the recession is involving organized theft growth in the retail market
- . In short : CBD is again Brazil's largest retailer... Nature & Découvertes is exporting its eco-friendly concept into Switzerland : "To reconnect the city dweller with nature"
- . Developer Al Futtaim Group, the Carrefour franchisee, might open one store in Doha... Carrefour would be in talks with Indian Future Group and is now in Iran under a different banner... Korean Lotte Shopping has announced new stores in India, China and Vietnam... RFID is booming in the apparel sector...

### *EUROPE*

- . Shopping centre openings to fall in Europe until 2011

### **CZECH REPUBLIC**

- . Retail food expansion

### **FRANCE**

- . Odysseum opened September 24 in Montpellier. It is France's first "green" shopping centre
- . Ukraine weighed on Auchan profitability in H1
- . Starbucks seeks to expand its presence in France

### **NETHERLANDS**

- . Super de Boer received a takeover offer from Jumbo Groep Holding

### **RUSSIAN FEDERATION**

- . Carrefour changed its strategy

## **SPAIN**

- . Inditex : sales fall in H1

## **SWEDEN**

- . Ikea : 2009 remains a good year despite the international crisis
- . H&M : profit growth and expansion in Asia

## **UNITED KINGDOM**

- . Kingfisher H1 results unveiled a retail profit superior to forecast helped by strong performance in U.K
- . Kesa Electronics : sales decline especially in France for Q1 ended July 31

## ***NORTH AMERICA***

### **UNITED STATES**

- . Are shopping centers adopting a new model?
- . Data of outlet retail chains to end of 2008
- . Top U.S.retailers in 2008
- . Organic farmers and retailers decided to adopt low price private-label products to keep their budget-conscious consumers
- . Franchise growth in foreign markets

## ***ASIA/PACIFIC ZONE***

### **CHINA**

- . Chinese retailers are starting to lead “green” efforts

### **INDIA**

- . “Treasure Showcase” is a new formula for shopping center developers and retailers

### **JAPAN**

- . Ambitious projects of Fast Retailing : to generate \$ 54 billion in 2020 or multiply current sales by 7

## ***COUNTRIES OF THE GULF COOPERATION***

- . The United Arab Emirates are increasingly attracting global brands
- . Alshaya, Middle East’s largest franchisor of western luxury brands (Next, Starbucks, Debenham’s...) and one of the largest retailers in this region may have planned to curb its projects this year. But it is to open 203 stores by year’s end not only in the Middle East but also in Russia, Central and Eastern Europe and Turkey.

You can also read the following studies :

- ✓ International investors are rushing in the European retail market. They are attracted by falling prices in U.K. Investment growth in the retail real estate of France
- ✓ Developing franchise in Iran
- ✓ Foreign Investments in the Turkish retail market

**A few lines from our articles in  
GLOBAL RETAIL NEWSLETTER  
OCTOBER 2009**

■ EUROPE

**Shopping centre openings to fall in Europe until 2011.**

In 2009, 98.7 million sq.m of new shopping centers are planned to open in Europe, a decline of 5% on the previous year. But, 5 million sq.m in 2011 will be the lowest annual level of opening since 2003 and a fall of 45% of the annual volume of openings from the peak of 2007 (9.2 million sq.m) according to a recent survey from Cushman & Wakefield.

This slowdown started in 2008 when 9.1 million sq.m of new shopping center space opened in Europe, impacted by financing difficulties and a less favorable economic context. However, some countries registered a significant growth of their parks : they grew respectively by 76% and 63% in Bulgaria and Romania at the end of 2008 compared with 2007 and in Russia, there were 1.65 million new sq.m opened in one year. In Western Europe, United Kingdom was particularly active with 840,000 new sq.m.

Now, since early 2009, the opening fall is accelerating as 3.1 million new sq.m only were added in Europe in H1, a decline of 18% from 2008. The largest amount of new shopping centre space opened in Russia where approximately 580,000 sq.m were added in the first six months including 45% built in and around Moscow. In Western Europe, Italy recorded the highest amount (370,000 sq.m) and the largest shopping center was opened in Portugal covering 122,000 sq.m.

In France, there were 140,000 new sq.m added during the first six months of 2009. However, the pace is expected to accelerate in the second half with an excess of 500,000 new sq.m to come to the market before the end of the year thanks to regional developments (Docks Vauban, Le Havre), Odysseum (Montpellier)... and to medium-sized operations in secondary cities (Les Champs in Saint Brieuç).

France with more than 900,000 sq.m in the pipeline is sitting in the 3<sup>rd</sup> position of the European ranking to register the highest volume of new shopping centre space between the second half of 2009 and the end of 2010. Turkey (2 million) and Russia (1.8 million) dominate it due to the opening of major operations in both capital cities : Forum

Istanbul (178,000 sq.m) and Golden Babylon Rostokino in Moscow (170,000 sq.m). Other emerging countries register also a fast growth but smaller such as Latvia (90,000 sq.m).

Cushman & Wakefield points that a difficult economic climate and credit access restrictions cut the volume of new shopping centre space in Europe but did not prevent the creation of several operations. € 8.3 billion only were invested in shopping centers in Europe in the first six months of 2009, a 54% decrease from 2008. There was no activity in Eastern Europe while Western Europe (United Kingdom, Germany, Spain and France) registered the sale of several quality assets.

**European shopping centre pipeline : GLA H2 2009-2010**

country	GLA sq.m	% increase in provision of space
1 Turkey	2,076,367	41.8
2 Russia	1,815,000	19.5
3 France	1,172,405	7.5
4 Italy	867,625	7.1
5 Poland	789,130	12.3
6 Romania	681,229	33.6
7 Bulgaria	496,075	254.8
8 Spain	470,972	4.8
9 United Kingdom	454,415	2.9
10 Germany	359,540	2.8

*Source : Cushman & Wakefield*

**■ JAPAN**

**Ambitious projects of Fast Retailing : to generate \$ 54 billion in 2020 or multiply current sales by 7.**

Tadashi Yanai, Fast Retailing chairman and founder, Japan’s richest man according to the Forbes review, has major projects to modify the manner in which consumers shop their apparel. “We want to be a brand that really changes the world... We want to be a global brand.”

To reach his aim, Uniqlo, the Group’s flagship brand, famous for its innovations such the sale of t-shirts in plastic tubes or the manufacturing of materials that retain the body heat, will be expanded overseas. 100 to 200 new shops are expected to be opened annually outside Japan. In this context, the banner will be present in Paris in 2,000 sq.m October 1<sup>st</sup>, in the Opera district, and in 2010 in Shanghai and in Moscow for the 1<sup>st</sup> time.

Meanwhile, Fast Retailing seeks to grow current sales from \$ 7 billion to 54 billion in 2020 at average exchange through its international expansion and by way of acquisitions in Japan as it has \$ 4 billion to invest. Even if sales more than doubled in the past six years, they still have a long way to go.

In 2007, Fast Retailing bid for financially troubled department store Barney’s New York but it lost out to Istithmar of Dubai (*read article here included*). To June 30, Uniqlo ran 867 stores including 777 in Japan.

## ■ COUNTRIES OF THE GULF COOPERATION

### **The United Arab Emirates are increasingly attracting global brands.**

Emirates, whose average annual growth is expected to reach 12% over the four next years, continue charming many global retailers.

A rising household consumption and a service industry in full expansion have fed the retail trade growth attracting investments from major foreign firms into the Emirates according to the U.S. market research bureau RNCOS and its report released early September. It is written that "Sophisticated retail infrastructures base and oil-based wealth have further attracted foreign retailers towards the country. This is not only boosting the retail environment but also generating immense employment opportunities for the country's population". This confirms CB Richard Ellis data published earlier this year, which indicated that 45% of all major global retailers were present in the Emirates in 2008 up from 39% in 2007.

Even if the recession weighed on sales of the country's stores and restaurants, the retail market is on the way to register an annual growth of 12% over the 2009/2013 period. According to RNCOS, Saudi Arabia and the Emirates are the most dynamic retail countries in the Middle East... "The presence of a large expatriate population and the majority of the region's retail investment in these countries have helped to maintain the growth momentum."

The Middle East retail market is changing rapidly and sales were estimated at \$ 400 billion and more at the end of 2008 in the whole region, as it would be lightly impacted only by the recession thanks to strong economic fundamentals and a well-protected banking system.

*Source : Khaleejtimes*

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**Chabot & Associates - LLDI, 7 rue Fould - 78600 - Le Mesnil Le Roi - France : Tel/Fax : +331 39 12 17 93**