GLOBAL RETAIL NEWS

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■ **UNITED KINGDOM**

Hammerson is eyeing the Beaugrenelle mall in Paris (Gecina)

The British developer Hammerson "would be interested in the acquisition of a site like Beaugrenelle, which we hope to be sold by the end of this year", said its director Jean-Philippe Mouton. The 45,000 sq.m shopping center is due to open its doors in September 2013. 90% of its retail space is already pre-let. Gecina holds a 75%-stake in Beaugrenelle, which constitutes an exception for this group primarily focused on office and residential assets.

In 2012, Hammerson announced a strategic shift in order to focus exclusively on British and French retail assets. At that time, it sold back its office assets and rolled out a 100-million euro program aiming to revamp its existing properties. According to its President, the footfall in French shopping centers fell 3% last year. In 2014, Hammerson is going to inaugurate the “Terrasses du Port“ in Marseille (already 83% pre-let, 15 million visitors expected per year as of 2014) and the “Carré Privé Ouest” in the Paris region. In Beauvais, the so-called “Jeu de Paume“ mall is already 34% prelet, even before construction starts. ■

■ UNITED STATES

Home Depot: Highest quarterly growth for 9 years

In the 3-month period ending February 3rd, the world’s largest home improvement retailer recorded its highest sales growth since 2004. On a comparable basis, revenue soared 7%, driven by a 7.1%-uplift in the United States. Net profit also jumped 32% to 1.02 billion dollars compared with 774 million a year ago. The Group said that it benefited from a favorable adjustment related to a previously announced charge, linked to the closing of its 7 Chinese outlets. In all, turnover increased by 14% to 18.25 billion dollars. The average basket stood at 55.46 dollars, up 5.6% year on year.

“We ended the year with a strong performance as our business benefited from a continued recovery in the housing market, coupled with sales related to repairs in the areas impacted by Hurricane Sandy“, said chief executive Frank Blake. Home Depot was also helped by an extra week in the latest period, which generated about 1.2 billion dollars in sales. In the current fiscal year, Home Depot expects sales up 3% like-for-like. In China, it is currently exploring a new decoration store concept, after the setback on the “do-it-yourself” method, which didn’t match consumer expectations in a country with low labour costs.

In the same quarter, its competitor **Lowe’s** posted sales up 1.9% LFL. For the full exercise, it expects a turnover up 3.5% on a comparable basis. Since 2009, Home Depot outpaced it and regularly displayed a stronger dynamics in sales. Home Depot rolled out a new organization earlier than its competitors before the downturn of the housing market, gaining therefore market shares: it revamped its supply chain, introduced home appliance ranges (fridges…) and reformatted its workforce for more face-to-face time with customers.

The 3rd world’s largest home improvement retailer (1st in Europe) is now the French **Adeo Group**, which controls Leroy Merlin. In 2012, it outpaced its British rival **Kingfisher** -owner of the Castorama banner with sales rising 8.3% to 14 billion euros. Adeo runs 13 brands across 13 countries. In the last exercise ending February 2nd, Kingfisher saw its revenue dropping 2.4% to 12.54 billion euros (10.57 billion pounds) and net profit 11% to 844 million. ■

■ **INTERVIEW**

"Since 2011, the retail sector saw a raw of mergers and acquisitions in the Gulf countries."

Office Depot, the 2nd largest office supply retailer in the U.S., employs about 38,000 associates and posted sales of 10.7 billion dollars in 2012 versus 11.5 billion last year, down 7%. While competition is dramatically changing the market environment, the group is focusing on external growth, with the OfficeMax merger, the largest in its history. Global Retail News met Steve Schmidt, President of International at Office Depot

Global Retail News: Last month, Office Depot made newspaper headlines with the announcement of a 1.17-billion dollar merger with OfficeMax... What are your expectations?
Steve Schmidt: Both companies are very enthusiastic about this merger. We firmly believe that it will create a much stronger group and can bring a significantly higher value to our customers.
Bear in mind that the sale is not effective yet. It still requires the approval of both sets of shareholders first (the vote will take place during the summer). Then, the U.S. Federal Trade Commission must rule on the merger, which will take 9 months approximately. Until these steps are completed, we still compete with Office Max and we remain focused on our business.

GRNews: Staples, U.S. largest office supply retailer with sales of 6.56 billion dollars in Q4 2012, has decided to reduce by 15% its store number by 2015. Together, your both networks will amount to 2,500 units. Do you have similar views?
Steve Schmidt: In the U.S., our store networks are relatively similar. But abroad, they are very different: OfficeMax is well-established in Canada, Australia and New Zealand, where we are not settled. Conversely, we are strongly active in Europe, with retail stores in France and Sweden and B-to- B in other countries, where they are not present. If this merger happens, we will build strong synergies between our channels…but it is too early to say more at this stage.

GRNews: What about your business model?
Steve Schmidt: We operate in four main categories: ink (cartridges, toners), paper, services (copy / print) and business solutions. In Europe, the primary focus of our sales channels is on B-to-B. But sales to individuals (Business-to-Consumers) are also an important part of our strategy: they are supported by stores, catalogues, web and sales representatives. In the US, we have a very big retail presence.

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