

# P R E S S   R E L E A S E

## RETAILERS CONTINUE TO GLOBALISE DESPITE DOWNTURN

### *Strategic Locations at Heart of Retailers' Expansion Plans*

**London, 21 April 2009** – Retailers have continued to expand their global footprint during the past 12 months, strategically developing long-term growth plans despite the global economic slowdown and a rapid weakening in sentiment, according to the latest retail research from CB Richard Ellis, the annual *How Global is the Business of Retail?* report. Retailers have continued not just to *internationalise*, but to *globalise*, with over 40% of all new openings during 2008 taking place outside the retailer's home region.

On average, the 280 retailers surveyed for the global study increased their international footprint by 12% in 2008, being present in 16.5 countries compared with 14.7 in 2007. This continuing expansion was primarily driven by luxury retailers, especially those based in the UK, France, Spain and Italy, who on average opened stores in an additional 3.4 countries last year. Some of the world's best known brands, including Gucci, Starbucks and Tiffany & Co., were amongst the most rapidly expanding retailers, who opened in multiple new markets last year. More recently, this trend towards maintaining international expansion has been reflected by the recent opening of Topshop in New York, announcements by US retailers including Best Buy about their entry into the UK market, and further expansion announcements by retailers such as Inditex, H&M and Primark.

Despite the fact that retailer expansion into some destinations has been scaled back, strategic global destinations are still being targeted as part of longer-term growth plans. Key emerging markets continued to feature as a major focus of new retail expansion in 2008, according to the report, with Middle Eastern, Asian and Eastern European countries dominating the list of new retailer openings. As a result, there were some significant changes in the rankings of the most international retail markets from the previous year, with a number of markets making significant moves up the global hierarchy. Notable among these were Saudi Arabia, which moved from 31<sup>st</sup> to 15<sup>th</sup> place, Kuwait (30<sup>th</sup> to 19<sup>th</sup>), Turkey (22<sup>nd</sup> to 17<sup>th</sup>), and Canada (18<sup>th</sup> to 13<sup>th</sup>). Two common drivers of the continuing attraction of emerging markets appear to be rising local consumer affluence and the opening of major new shopping centres. In Serbia, for instance, the opening of the New Delta shopping mall attracted a significant number of new international retailers. And in

Romania, the country's entry into the EU coincided with the opening of several new shopping centres which allowed international retailers to open their first stores in the country.

Peter Gold, Head of Cross Border Retail EMEA, CB Richard Ellis, commented: "In thinking about the future globalisation of retail activity, it is crucial to distinguish between short-term cyclical patterns and long-term strategic trends. We expect retail internationalisation to continue, but generally this will be at a slower pace than in recent years. In overall terms, the globalisation of retailing is still in its relative infancy and is undoubtedly an ongoing long-term trend which is not going away.

"For some retailers, the current economic environment may be making it easier to expand, offering opportunities to seize market share, either through organic growth or acquisition of weaker competitors. Well capitalised private retailers may have greater short-term flexibility in their activities than publicly listed counterparts who face greater scrutiny of their actions. This may mean that in the current climate publicly listed companies are more limited in their ability to exploit new market opportunities than some of their private counterparts.

"The increase in failed retailers in some markets is also creating opportunities to secure real estate terms that retailers may not have achieved one or two years ago, making it easier to implement expansion plans for well capitalised retailers."

The report also revealed that the United Kingdom continues to lead the world as the most international retail market globally, as Europe maintains its ability to attract the world's top retailers, with 58% of international retailers present.

## Top 15 Most International Retail Markets

2008 Rank	Country	% of International Retailers Present 2008	% of International Retailers Present 2007	2007 Rank
1	United Kingdom	58%	55%	1
2	Spain	48%	47%	2
3	France	46%	43%	4
4	United Arab Emirates	45%	39%	6
5	Germany	45%	44%	3
6	China	42%	37%	10
7	Russia	41%	38%	9
8	Italy	41%	40%	5
9	Switzerland	40%	38%	8
10	United States	39%	39%	7
11	Belgium	38%	34%	12
12	Austria	38%	36%	11
13	Canada	37%	31%	18
14	Japan	37%	33%	13
15	Saudi Arabia	37%	24%	31

Percentages relate to sample of retailers surveyed for the *How Global is the Business of Retail?* report 2009