

**Press Conference - October, 2 2007**

# **Real estate review 2007 : SHOPPING CENTERS, THE EUROPEAN "PIPELINE"**

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## **> METHODOLOGY**

- All data published in this Press release were extracted from the PROCOS and EURELIA databases
- In these databases, we list all the European retail schemes under development (i.e. not open) with following requirements:  
1/ GIA over 4.000 sqm 2/ including more than 2 outlets : projects of stand-alone MSU, of hypermarkets without gallery...  
are not registered 3/ a minimum level of advancement
- Whenever "database 2007" is mentioned, it refers to: all the projects registered in our data bases in 2007, with no relation to the opening dates of these projects (which may occur in 2007, 2008, 2011...)

## > The European pipe-line : split by kind of project and evolution 2007/2002

	2007	2006	2005	2004	2002
Hypermarket galleries	500	385	386	380	340
Extensions	288	257	242	183	131
Malls without food anchor	147	152	108	88	64
Railway galleries	50	51	56	51	64
Airport galleries	2	2	1	3	7
Retail Parks	400	272	201	180	122
Outlet Centres	51	33	39	39	40
Others	44	37	47	43	13
Under conception & N.a	58	73	71	86	150
<b>Total</b>	<b>1,540</b>	<b>1,262</b>	<b>1,151</b>	<b>1,053</b>	<b>931</b>

Source : eurelia  PROCOS

In 2007, 1,540 shopping centers under development were registered in the Eurelia and Procos databases in 14 European countries. Compared to the figures published in our Press Conference 2006 at the same period, it represents a + 20 % increase (i.e. 1,262 projects listed in 2006). It shows also quite an important acceleration on a European market which had been progressing till then on a rather regular basis over the 2002-2006 period.

2 kinds of projects sharply increased between 2006 and 2007 :

- > Hypermarket galleries (+ 30 %) : this increase is mainly due to the Spanish market. But important increases can be observed on the Polish and French markets as well.
- > Retail parks, with a "boom" in France (+ 50 %). Retail parks tend to present a rather significant volume in Hungary, Czech Republic and Spain as well.

Lastly, outlet centres investments come back to the European scene, but they remain much focused on France (+ 10 new projects compared to 2006).

## > The European pipe-line : split by country and evolution 2007/2002

<i>Number of projects</i>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2002</b>
France	543	410	400	288	223
Spain	186	164	170	228	138
Italy	179	185	161	131	85
Poland	175	134	99	113	136
Germany	76*	73	68	74	119
Czech Republic	65	48	44	48	42
Belgium	58	58	51	31	30
Hungary	58	39	40	27	46
Romania	53	30	27	18	10
Portugal	42	39	34	33	38
Slovakia	34	12	14	13	13
Switzerland	27	26	23	26	27
Austria	26	31	9	9	12
Greece	18	13	11	14	12

\* Pipeline 2008 will show an important increase

Source : **eurelia**  **PROCOS**

- > France is still the main European target market (it represents 35 % of the European pipeline) with an increase over 40 % within the 5 past years in terms of numbers of projects, which is surprising on such a mature market.
- > Spain ranks second, followed by Italy and Poland.

Beside the French boom, the second noticeable evolution 2007 is the tremendous increase of shopping centers under development in Central Europe. If projects still remain much focused on the capital cities (Bratislava, Budapest, Prague, Bucharest...), they nonetheless tend to develop in medium and small sized cities, as it is more especially the case in Poland. On such cities, retail parks and strip malls are often developed, which accounts for the large number of retail parks in the Slovakian pipeline for example.

## > The European pipeline : split by project size

	2007		2006		2005		2004		2002	
	Nbr. of projects	%	Nbr. of projects	%	Nbr. of projects	%	Nbr. of projects	%	Nbr. of projects	%
Retail < 20,000 sqm GLA	846	59 %	673	58,8 %	571	60 %	425	51 %	406	57 %
Retail > 20,000 sqm GLA	587	41 %	470	41,2 %	401	40 %	408	49 %	296	43 %

Source : eurelia  PROCOS

Globally speaking, the European project size gradually decreases : most projects include a retail program under 20,000 sqm GLA. This declining trend has confirmed since 2002.

There are nonetheless 3 exceptions, with a high proportion of retail programs over 30,000 sqm GLA : Romania (56 %), Spain (45 %) and Poland (36 %).

### Largest projects according to their retail size GLA : examples

#### France

- Retail Park Cap Ouest – Chartres (C&W) = 73,000 sqm sales area
- Refurbishment of Alsthom plants – Tarbes (Investimo) = 75,000 sqm
- Les Portes de Gascogne – Toulouse (Simon Ivanhoe) = 63,000 sqm

#### Italy

- Vulcano Buono Nola (Immochan) = 63,000 sqm
- Forum Palermo (Multidevelopment) = 41,280 sqm

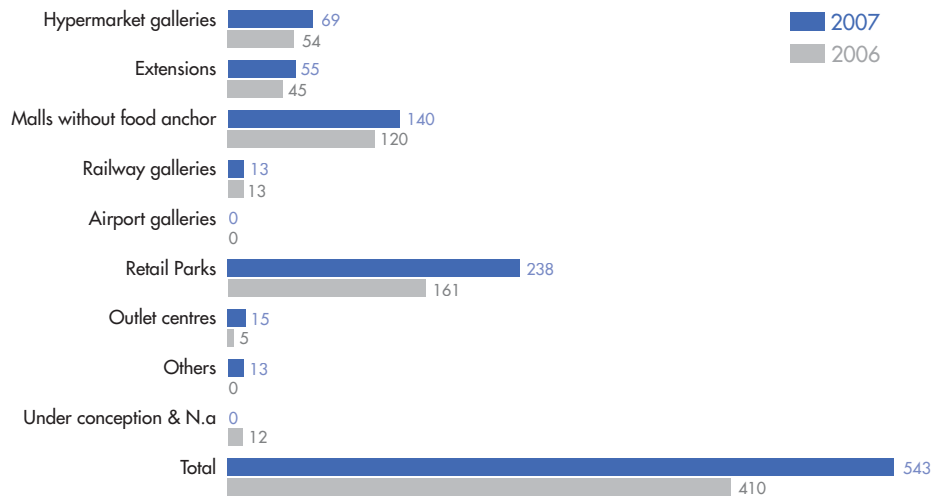
#### Poland

- Bonarka City Center (Trigranit) = 60,000 sqm
- Lublin Felicity (Gray International) = 75,000 sqm

#### Belgium

- Charleroi Shopping Expo (Forum Invest) = 58,000 sqm
- The Loop Gent (Banimm) = 68,000 sqm
- Cora Mouscron = 84,200 sqm

## > Country focus / France



REAL ESTATE

### Retail real estate

The boom is tremendous, even worrying ... Total volume of projects under development nearly reaches the same level as in 1990 (600 projects), a situation which at that time led the French government to block all authorisations processes for a while (i.e. the so-called "Balladur freeze").

7,1 millions sqm Gla are registered in the pipeline 2007, 6 millions of which in the outskirts... compared to 1,1 million in the city centres.

The drastic French increase relies very strongly on the development of outskirt schemes (+ 100 new projects registered in the PROCOS data-base between 2006 and 2007), new projects being mostly Retail Parks. Retail Parks represent now half of the total French pipeline, compared to fewer than 30 % in 2005 and 8 % in 2001.

### Main openings

2007 : Les Allées Provençales (Aix), Metzanne (Metz), Champs de Mars (Angoulême), La Vache Noire (Arcueil-Paris), Family Village Les Hunaudières (Le Mans), Bordeaux Le Lac, Thiais Village.

To be opened in 2008 : 177 openings are planned, of which 62 are fully authorized.

Main openings 2008 : Espace Nayel (Lorient), Ruban Bleu (Saint-Nazaire), Rive Etoile (Strasbourg), Porte Jeune (Mulhouse), Le Canal (Aubervilliers), Bonsecours (Nancy), Les Docks Vauban (Le Havre), Carré de Soie (Lyon), Family Village (Brest).

### Economic outlook & main retail trends

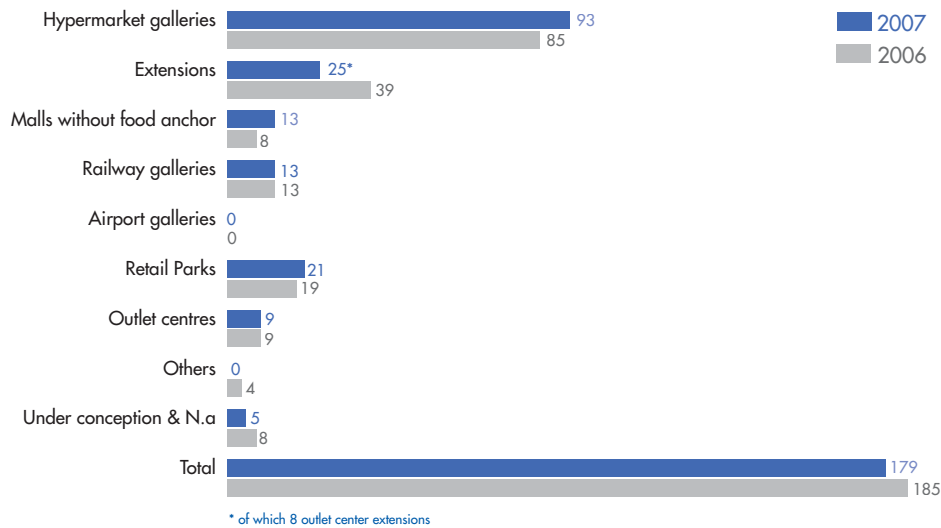
Retail sales were seriously impacted by the weather conditions during the first semester 2007; April was very hot whereas May suddenly went cold, which troubled the retail activity.

Election periods surprisingly did not impact on the customers' behavior, as was usually observed in the past during such periods.

Summer sales were not totally profitable with turnovers increasing sharply, but net margins being rather low due to huge price-offs.

End August 2007, PROCOS down-town retailers and shopping centers' tenants showed a cumulated turnover increase of 3,7 % over the first 8 months 2007, compared to 5,3 % for Retail Parks' tenants.

## > Country focus / Italy



### Retail real estate

- For the very first time since 2002, the number of projects in the pipeline stabilises with a total of 3,836,070 sqm GlA under development ; it nonetheless increased by 8 % in terms of GlA.
- Hypermarket galleries remain clearly the main kind of project developed. Retail Park developments grow slowly (21 projects in 2007 against 19 in 2006) but only a few are fully authorised. Lastly, Italy remains a target country for the development of factory outlet centres.
- Having authorizations granted seems easier for developers than it used to be during the years 2004-2005 : 95 projects out of the 179 projects registered in the EURELIA Italian database are indeed fully authorized. Nonetheless, scheduled opening dates remain highly unsafe due to last minutes changes (problems with last permits...), which is a true problem for retailers to make investment plans (no reliable timing). After the many openings occurred in 2007, 57 new openings are officially announced for 2008 (31 of which being fully authorized at this stage).
- The geographical split is similar to 2006 : Northern Italy dominates (50% of the Italian pipeline in terms of GlA and 56% in terms of number of projects) whereas Southern Italy represents 24% of the total GlA under development. The noticeable evolution 2007 concerns Sicily, which has become a target for developers and represents 15% of the Italian pipeline in terms of GlA (+200,000 sqm compared to 2006). Roma still ranks first (13% of the Italian pipeline in terms of GlA) before Milan. Lastly, developments in medium and small sized cities continue (both in Northern and Southern Italy).
- The main actors in terms of development : IMMOCHAN is the leader. But international developers have been increasing their presence since 2006 : SONAE SIERRA, MULTIDEVELOPMENT...

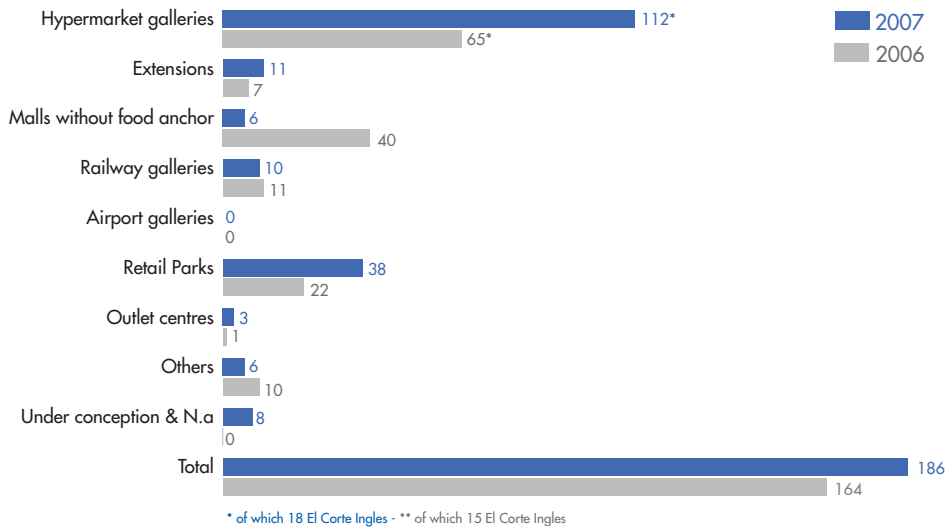
### Main openings

- 2007 : ROMA EST in Roma (Gruppo PAM), BARIBLU in Bari (COIMPREDIL), AUCHAN CINISELLO BALSAMO in Milan (IMMOCHAN), PORTA DI ROMA in Rome (GRUPPO LAMARO/ IMMOCHAN), CAMPANIA in Naples (CORIO)
- Autumn 2007 : VULCANO BUONO NOLA in Naples (IMMOCHAN), the Retail Park MARKET CENTRAL DA VINCI in Roma (AIG LINCOLN).
- Main openings 2008 : CAROSELLO phase II in Milan (LARRY SMITH), EUROMA2 in Roma (SCCI), FRECCIA ROSSA in Brescia (COIMPREDIL), and the first railway stations of the CARTA BIANCA program (GRANDI STAZIONI).

### Economic outlook & main retail trends

Auchan signed a franchisee agreement with AZ SPA in Calabria – Conforama opened its 3rd shop and plans 5 new outlets by the end of 2007 - Oviessè launched its new format OVS INDUSTRY – PAM launches a cash&carry concept "+x-" – El Corte Ingles announced its expansion plans in Italy.

## > Country focus / Spain



### Retail real estate

- Retail projects under development keep increasing. The total Spanish pipeline reached 6,8 million sqm GLA in March 2007, 1,3 million of which were launched on the market in 2006.
- Shopping centres comprising over 20,000 sqm retail GLA represent 53 % of the total Spanish pipeline in terms of sqm GLA and 69 projects. Each developer tries to obtain the maximum surface for its projects : 16 projects comprise over 80,000 sqm GLA
- In several cities (Logroño, Alicante, Murcia...), the shopping center provision has already reached the saturation point, which dramatically impacts on retailers' turnover; it is likely that saturation will occur in many other cities in the coming years : Valladolid, Coruña, Valencia...
- Retail Parks account for 25 % of the total retail surface under development (38 projects). The launch of new sizes and of new kinds of schemes - retail parks more especially- will make it possible for new retailers to enter the Spanish market; they will offer new opportunities for the ones which had already settled like : IKEA, DECATHLON, MEDIAMARKT, PC CITY, MIRO, KIABI, LEROY MERLIN, CONFORAMA, MERKAL, KING JOUET, INTERSPORT, FORUM, SPRINTER... In larger schemes, new store concepts are introduced (PRIMARK, SATURN...).
- Rent levels do not always match with the projects' retail potential, which implies uncertainties regarding the tenants' future investment returns.
- In several regions ("Comunidades Autónomas") new planning restrictions are imposed (i.e. changes in retail licences) in order to best control the increase of the outskirt schemes.

### Main openings

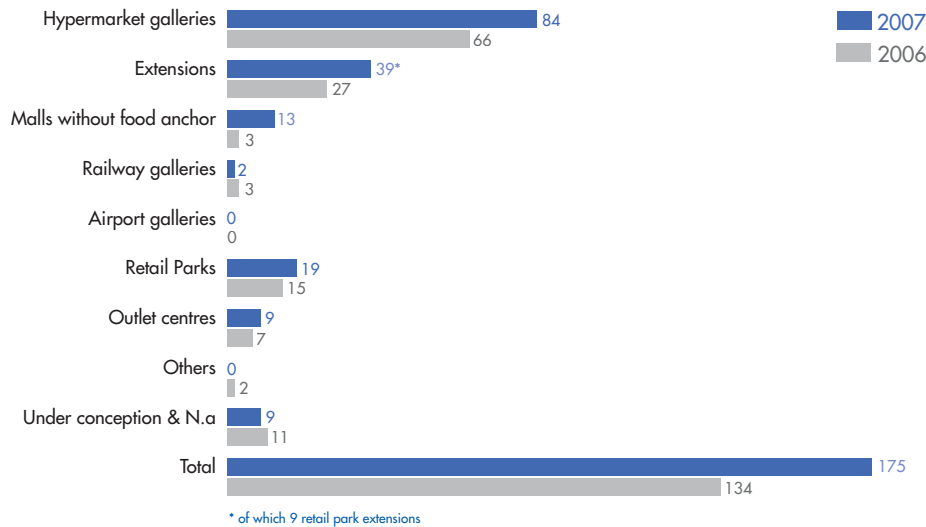
2007 :

- H2OCIO in Rivas, GRANVIA in Vigo, PARQUE MEDITERRANEO in Cartagena, ESPACIO TORRELODONES, TRES DE MAYO in Tenerife, BAHIA in Málaga.
- To come : ALEGRA in Madrid, AREA SUR in Jerez...

2008 :

- It will be noticeable year due to the opening of large schemes : LA GAVIA, ISLAZUL, PLAZA IMPERIAL, PUERTO VENECIA...
- And many retail parks : VIGO, SAN JUAN D'AZNALFARACHE, ALGECIRAS...

## > Country focus / Poland



### Retail real estate

- The boom observed in 2006 continues : the total number of projects under development has never been so high since 2002, with 175 projects registered in the EURELIA Polish database 2007. The growth mainly results from the dramatic increase occurred in medium and small sized cities (i.e. under 250,000 inhabitants) which have lacked so far provision of any modern shopping gallery : 4 projects under development in Plock, 5 projects in Rzeszow, 4 in Kalisz, 3 in Jastrzebie Zdroj, 3 in Slupsk, 5 in Opole... This evolution raises a key issue regarding the development strategy of international chains : rent levels being already rather high in such cities, what minimum catchment area size could provide good profitability?
- Hypermarket galleries account for the largest amount of projects (+18 projects compared to 2006), a direct consequence of medium and small sized cities' development. Enlargements increased as well : half of them - here again - concern smaller localities. Lastly, Retail Parks represent 10.8% of the projects (19 projects), most of them being the second phase of an existing CARREFOUR or AUCHAN scheme.
- The average project size - already important- keeps increasing : 36% of the projects include a retail program over 30,000 sqm GLA. Leisure is often added to projects (33% of the projects), which generally limits to a multiplex.
- A main evolution 2007 relates to authorisation processes : contrary to years 2005 and 2006 when developers could hardly get permits, many projects seem to have received authorisations during the 10 last months (i.e. 67 authorised projects compared to 49 in 2006). Have all players anticipated the up-coming new restriction law? As a consequence, about 30 openings are announced for 2008.
- The main actors in terms of development : IMMOCHAN, ECE and IKEA remain leaders. But competition grew more intense in 2007 with the entrance/ reinforcement of both international and local groups : VERTANO, HELICAL (retail parks), CAELUM, TK DEVELOPMENT, EF RANK PROGRESS, MAYLAND...

REAL ESTATE

### Main openings

2007 :

- Zlote Tarasy (ING) in Warsaw, Pasaz Grunwaldzki (ECHO INVESTMENT) in Wroclaw, Focus Park Rybnik (PARKRIDGE), Forum Gliwice (BRAATEN+PEDERSEN), Lublin Plaza (PLAZA CENTERS), Plaza Sosnowiec (PLAZA CENTERS), Plaza Rybnik (PLAZA CENTERS), Stary Browar extension in Poznan (FORTIS)
- To come : Magnolia Park (REDIS) in Wroclaw, Galeria Balticka (ECE) in Gdansk, Galeria Biala (TK DEVELOPMENT) in Bialystok.

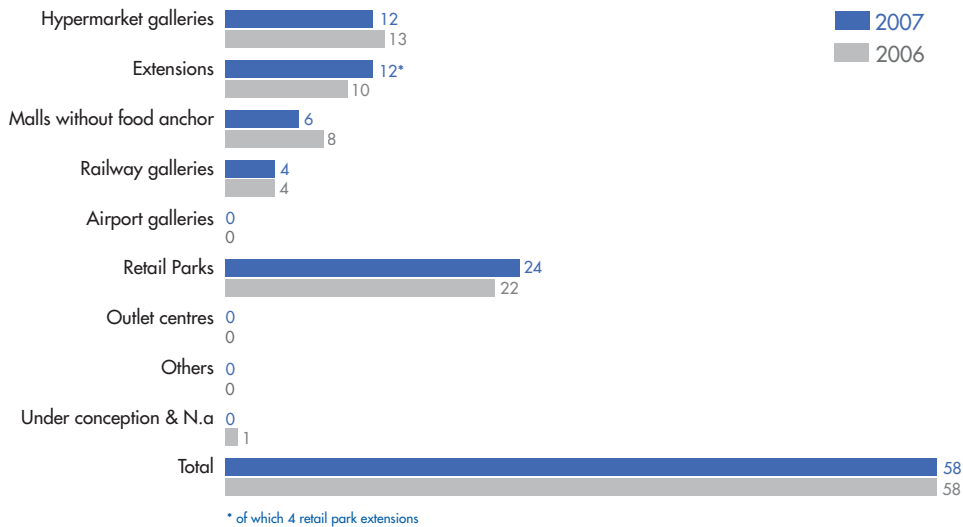
2008 : Focus Park Bydgoszcz (PARKRIDGE), Gemini Park Bielsko-Biala (GEMINI HOLDING)...

### Economic outlook & main retail trends

CASINO comes back on shopping centres development via its subsidiary MAYLAND – Openings of the 3 first Cache-Cache outlets (Beaumont French group) – Burger King is back in Poland – Final agreement was granted to CARREFOUR for the acquisition of AHOLD hypermarkets – New planning restriction concerning retail surfaces over 400 sqm was passed



## > Country focus / Belgium



### REAL ESTATE

#### Retail real estate

- After a rather important increase in 2005 (i.e. 20 new projects launched between 2004 and 2005) - an effect which was probably due to the "Ikea law" of 31 August 2004- year 2007 is quite similar to 2006 with 1,103,000 sqm in the pipeline, compared to 1,073,150 sqm in 2006.
- Retail parks have been regularly increasing since 2005; they now represent nearly half of the projects, both in term of figures and of the GLA (553,200 sqm GLA if including the projects of retail parks' extensions).
- Authorization procedures are long-time processes; appealing procedures are often used. As a consequence, 18 projects (out of 58 projects) are fully authorized, which could mean 4 to 8 openings/year for the 2 coming years.
- Geographical split : the Wallonia region ranks first in terms of number of projects (56% of the pipeline), with 2 main target cities : Charleroi (8 projects) and Gent (6 projects), which represents about 185,000 sqm GLA under development for each.
- Major developers are Belgian and Dutch : FORUM INVEST, MULTIDEVELOPMENT, ING, PROWINKO ...

#### Main openings

October 2007 : STADSTFEESTZAAL in Antwerp (MULTIDEVELOPMENT).

2008 :

- BLAUWE TOREN Retail Park in Bruges (CODIC), STADSPLEIN GENK in the city centre (ING).
- Large projects are planned for 2009-2010 : MEDIACITE in Liege (WILHELM & CO), CORA MOUSCRON (CORA), SHOPPING EXPO CHARLEROI (FORUM INVEST)...

#### Economic outlook & main retail trends

CARREFOUR repositions with a focus on 3 brands : CARREFOUR, SUPER GB and EXPRESS.

Political crisis and tensions between the 2 Belgian communities.

High street rental levels increase sharply.

## > Country focus / Romania

### Retail Real Estate

City	Projects	Cumulated GLA in the pipeline
ARAD	3	125,000
BACAU	1	19,500
BAIA MARE	1	43,000
BRASOV	1	36,000
<b>BUCAREST</b>	<b>22</b>	<b>1,039,939</b>
BUZAU	1	13,500
CLUJ	3	62,000
CONSTANTA	3	31,000
CRAIOVA	1	56,000
GALATI	2	64,000
IASI	4	124,500
PIATRA NEAMT	1	12,200
PITESTI	2	35,000
SIBIU	1	46,000
SLATINA	1	25,000
SUCEAVA	1	10,700
TIMISOARA	3	136,600
TIRGU MURES	2	10,000
<b>Total</b>	<b>53</b>	<b>1,889,939</b>

### Main openings

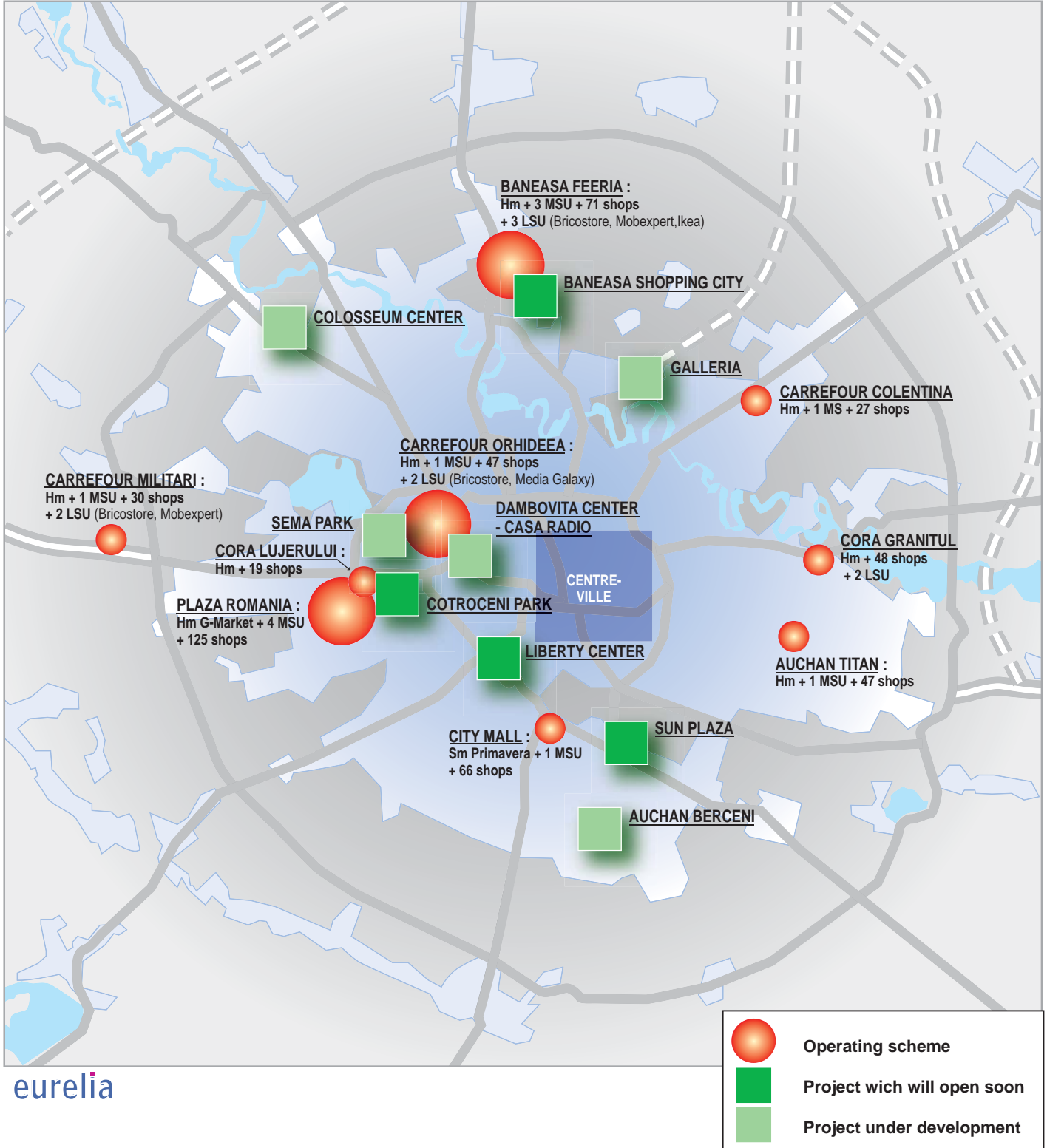
- Main openings 2008 on Bucharest : Cotroceni Park (AFRICA ISRAEL) and Sun Plaza (EMCT)

### Retailing in Bucharest

- Most of the retail activity is done in the outskirts. Indeed with the exception of its two efficient old-generation shopping centres, down-town does not really fit to retailing activities.
- Suburban schemes are much concentrated in the western part of the city. The suburban equilibrium will radically change with the openings of several huge schemes in 2008 and 2009.
- Rental levels rise dramatically due to an increasing demand (120-140 €/sqm/month for the downtown prime shopping axis Magheru Boulevard).
- In August 2006, average gross salary was 217 € for the textile industry and 190 € for clothing manufacturing. Average spending/ month/ household was 70 € in 2005 (Source : Journal du Textile 13/11/06).

# BUCHAREST

## Main shopping centers operating and under development



eurelia

## eurelia

Eurelia ([www.eurelia.com](http://www.eurelia.com)) is a unique support structure for international retailers.

It is a European Federation which brings together more than 75 chains, with various nationalities and development modes (owned stores, franchise, master-franchising...) : Yves Rocher, Promod, Etam, La Fnac, Célio, Séphora, Benetton... For more than 15 years, it has been providing valuable support for its members, whenever considering a European development :

- > **A solid understanding of the markets** : economy, demography, leading distributors ...
- > **A database on the European pipeline** : more than 1,500 projects are listed, analysed and permanently up-dated thanks to regular contacts with developers and leasing agents.
- > **150 city-reports on more than 15 countries, regularly up-dated, covering** : catchment area, key figures (economic outlook, socio-demographic data...), analysis of the existing retail structure (outskirts and down-town) and of the pipeline. 10 to 15 new reports are published every year
- > **A list of international contacts** : developers, leasing agents, potential partners, law advisors...
- > **Unique centralised data and tools** of which European panels (retail turnovers)...

Eurelia divides itself into 2 branches :

- > **Eurelia Spain/Portugal**, in Partnership with Retail &Trade Marketing in Barcelona
- > **Eurelia Europe**, for all remaining markets : Italy, Poland, Germany, Belgium, Greece...

## PROCOS

Fédération pour l'urbanisme et le développement de commerce spécialisé

PROCOS ([www.prococos.fr](http://www.prococos.fr)) is the largest French Federation for Specialised retail Development.

It brings together more than 210 dynamic chains, of which : Décathlon, Darty, Bata, La Fnac, Etam, Les Galeries Lafayette, Petit Bateau ... Its members represent altogether more than 310,000 jobs and about 35 % of the French specialised retail turnover (excluding large food formats).

For more than 25 years, it has been providing unique tools, services and facilities for its members as regards retail development strategies in France :

- > **Project-specific consultancy** : target cities, best store locations...
- > **Regular monitoring of the French pipeline** : more than 500 projects are registered in the PROCOS database, permanently up-dated thanks to regular contacts with developers and leasing agents.
- > **More than 180 retail reports on French urban areas, cities and regions, regularly up-dated**, covering : catchment area ; calculation of turnovers ; analysis of the outskirt schemes, of the down-town sector and of the pipeline. 10 to 20 new reports are published annually.
- > **Monthly meetings in Paris**, so that members can network and exchange data.
- > **Unique support tools** : a database on rental levels, monthly turnover panels, etc.
- > **Thematic workshops**, training sessions for Development Directors, etc.

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