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SUMMARY

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INTERNATIONAL

Many U.S brands may review their expansion in Europe due to the weak economic growth prospects.

Several American retailers aim the British market, trying to duplicate the success met by Apple and Abercrombie & Fitch, then to enter continental Europe. Crate & Barrel (furniture, décor), Williams-Sonoma (furniture), Forever 21 and Victoria's Secret, owner of Limited Brands (apparel) wonder whether they will open stores in U.K due to the very strong competition and the market saturation. Crate & Barrel decided to hold all its projects momentarily and expects to open stores there over the next 3 to 4 years.

According to Cushman & Wakefield, American retailers had a growing influence and were active players on the British market, taking the largest space in terms of sq.m like Forever 21 with stores on Oxford Street and recently in the Stratford City centre of Westfield. However, if they became more cautious under the impact of the Greek and Italian crisis and the drop of the consumers' confidence in the European countries, they admit that to expand abroad is the only growth way for them.

Despite the wage stagnation, the government austerity measures and the low job prospects, some American retailers such as Williams-Sonoma (Pottery Barn chain) maintain their projects in U.K in 2012/13, while remaining very cautious on their immediate prospects. Limited Brands, which will open a first Victoria's Secret on New Bond Street in 2012, will take more time to launch its cosmetics chain. Forever 21 has a slow approach of the European expansion while continuing adding stores.

EUROPE

BELGIUM

Delhaize Group plans to add 450 outlets between 2012 and 2014.

Belgium Group wants to reinforce its investments and open 450 new stores in its "high growth operations" in the next three years with the aim to achieve annual revenue growth of 5 to 7% over 2014.

At the end of the 2nd quarter, halfway the three-year program to generate € 500 million in annual gross cost savings, Delhaize has already realized 60% of this target and expects to exceed it "mainly due to increased savings in cost of goods sold, which will enable it to invest more in sales building initiatives, should the economic and competitive environment requires it to do so."

Delhaize plans to add in particular hundreds of Bottom Dollar stores in the U.S in order to better compete against Aldi and Wal-Mart. For the time being, 53 only were opened since 2005. They are small grocery outlets carrying 6,500 to 8,000 low-priced items compared with 15,000 to 20,000 at its Food Lion supermarkets.

Currently, Delhaize operates 1,600 stores in the U.S including the Harvey's, Hannaford and Sweetbay chains.

FRANCE

Carrefour to launch a cash tender offer for the shares of its franchisee Guyenne et Gascogne with a secondary option in shares. Both operations would amount to € 530 million.

Guyenne et Gascogne operates directly 6 hypermarkets and 28 Carrefour Market supermarkets (€ 604 million in sales) plus indirectly 13 hypermarkets via Sogara, a common subsidiary with Carrefour (€ 1.6 billion sales) in the southwest of France.

This franchisee, owner of 8.2% →

of Carrefour Spain, was founded in Bayonne in 1913 by the Beau family and is a partner of Carrefour since 1966. It is in favor of a "friendly" agreement with Carrefour but holds only 21.32% of its capital and 33.11% of the voting rights. 40% are owned by 4 funds: First Eagle, IVA, Holding de Lisbonne and Tocqueville Finance.

This operation led by Carrefour happens at a period when the franchisee has to change management as it is close to the retirement age and consequently prefers to sell its stake.

Meanwhile, Carrefour sold its 50%-stake in Altis Group, a Carrefour franchisee (6 small hypermarkets, 4 discount stores and 10 Champion supermarkets with sales of € 488 million) to the Spanish Basque Eroski and would receive € 153 million. Eroski, which had committed to buy back the Carrefour stakes and wishing to work in partnership with Intermarché, sold Altis to it in its turn.

This operation would bring the world's second largest retailer by revenue the necessary funds to buy Guyenne & Gascogne before this year's end. It would help it also to consolidate Carrefour Spain at 100%.

Auchan: the 117th French Auchan hypermarket was opened by the Group Nov.9 and inaugurated Dec. 7 in Sarcelles, Paris area.

This 21st Auchan hypermarket in the Paris area occupies 10,000 sq.m and is part of "My Place" shopping center built by the Compagnie de Phalsbourg in the context of the Sarcelles urban renovation program.

It carries a special department dedicated to the World Products showing 3,000 SKUs from 15 various countries, casher and halal items… a sushi bar, a New Technology space. A new service is offered to customers such as the caddie guarding from Monday to Friday. The store also carries a Self Discount department showing very low-priced items.

The aim is to generate sales of € 100 million by 2014 in this store, which represents an investment of € 22 million.

Since January 1, the Auchan Group opened 41 hypermarkets worldwide bringing their count to 600. Present in 12 countries, it operates 1,335 stores: 583 hypermarkets in 12 countries and 752 supermarkets in 5.

Franchise: situation in France in 2011 and development in foreign countries.

According to the 8th survey between July and August 2011 made by the CSA Institute for the Banque Populaire, in partnership with the French Federation of Franchise, there were 1,477 networks of active franchisors including 60% in the retail market (grocery, home equipment, apparel/accessories…) and 40% in services (auto, building, hotels, restaurants). There were also 58,351 franchisees, both networks accounting for € 47.58 billion of sales.

A franchisee is on average 46-→

Franchise breakdown by sectors

Sector	Network number 2010	Network importance %	Franchisee number 2010	Franchisee importance %
Home equipment	126	8.53	3,407	5.84
Apparel/accessories	329	22.27	6,354	10.89
Grocery	128	8.67	10,792	18.49
Various retail	156	10.56	7,397	12.68
Auto services	52	3.52	6,133	10.51
Building	35	2.37	1,173	2.01
Cleaning	21	1.42	487	0.83
Hairdressing/aesthetics	135	9.14	5,756	9.86
Person services	160	10.83	4,314	7.39
Firm services	71	4.81	1,415	2.42
Training	17	1.15	302	0.52
Hotels	22	1.49	1,704	2.92
Fast food restaurants	103	6.97	3,263	5.59
Theme restaurants	67	4.54	993	1.70
Real estate	50	3.39	4,081	6.99
Travel	5	0.34	780	1.34
total	**1,477** *1,396 in 2009*	**100%**	**58,351** *53,101 in 2009*	**100%**

Source : FFF

In short...

Deutsche Bank sells the PEP shopping center in Munich for € 400 million.

RREEF, the real estate investment management arm of Deutsche Bank, has sold the PEP center in southeast of Munich to the institutional investor TIAA CREF. Opened in 1981, it occupies 60,000 sq.m and 3 levels and houses more than 120 stores. It is one of Germany's most performing centers by sales…

X5, Russia's largest grocery retailer, posted a net loss of $ 2.1 million in the third quarter compared with a profit of 79.6 million one year earlier, as it found itself hit by foreign exchange losses. Sales jumped 39% to $ 3,623 million. Ebitda rose 13% to 219.8 million…

Shanghai Lianhua Supermarket Holdings (Lianhua) acquires Hualian GMS (20 stores) from the Bailian group.

Lianhua is the retail division of the Bailian group and owns more than 5,000 stores, including half located in Shanghai and 80% in the east of China. It opens 300 to 500 stores annually among which 15 hypermarkets. Over the next five years, the retailer will create an online site and seek merger and acquisition opportunities. Chinese Bailian, born from the merger of several local retailers, sits in the 8th position of the Asian retail market…

Carrefour just opened new Maxi hypermarkets in Argentina and Colombia, a 200th store in China, a first one in Albania (Tirana) and has announced a second cash & carry in India in Jaipur under the Carrefour Wholesale Cash & Carry…

Pixmania expands its offering to furniture.

Europe's leader of online sales carries 6,000 skus: sofas, chairs, armchairs, tables… on its site broken between Pixmania.com and the retailers of PixPlace, the Pixmania marketplace.

In 2010, the French furniture market posted sales of € 9.6 billion, up 2.7% in value…

Le Bon Marché department store of Paris will start renovating in 2012. Works will extend on 5 years and include an expansion of 4,300 sq.m of which 3.400 sq.m for food.

First part of the works are to be completed in the first half 2012 and will include the creation of a wine-bar and a cellar next to the men's department in the underground. The aim is to create a better connection between the main building of the department store and La Grand Epicerie de Paris, its gourmet store, which will be expanded by a new space dedicated to crockery and cookware for the kitchen. In 2010, La Grande Epicerie posted sales of € 65 million…

Lille Métropole: French Immochan will build the home improvement part of this commercial complex that will occupy 50 hectares and 100,000 sq.m including 60,000 of sales space…

Gap has opened a first Banana Republic in Paris, on the Champs-Elysées, December 8.

This flagship of 1,482 sq.m offers a few special services such as free personalized advice, improvements and has a staff trained to speak several languages. The American casual retailer plans to expand the concept worldwide and in Europe especially. It operates 600 stores on various markets. In 2010, it launched an e-commerce website operating in 21 European countries including France…

Camaïeu opened its 1,000th store in Casablanca in Morocco Mall December 2.

In 10 years, the apparel retailer entered 16 countries including Italy, Spain, Romania, Russia, the Emirates, Qatar and Saudi Arabia… It now generates 30%of its sales in international markets and continues adding 100 new units per year including two-thirds in foreign countries, for a global investment of € 43 million in 2011…

year old: 55% are men but the women number is rising. The choice of the franchise formula is based on safety research: 26% appreciate the profit of a brand reputation, 20% appreciate the follow up and assistance and 16% quote the network strength.

In Europe, the top three countries active by the network number are: Turkey (1,640), France (1,477) and Germany (960), followed by Spain (919); in Latin America: Brazil (1,643) and Mexico (820), in North America: United States (2,200), in Asia: China (4,000) and South Korea (2,500), in the Pacific zone: Australia (1,000) and in Africa: South Africa (531), then come Egypt (360) and Morocco (315).

Franchise in foreign countries

region	Country number	Networks	Units (*)	(sales €bil.)*
Europe	21	12,229	46,879	23.778
Latin America	4	2,883	100,255	49.66
North America	2	3,400	531,000	1,280.00
Asia	9	12,639	1,976	35.39
Pacific	2	1,400	85,000	142.7
Africa	3	1,206	30,504	37.03

*Note : * partial data* *Source : FFF*

Leclerc, leader in France of the Drive concept, is pushing it.

In the year 2011, E.Leclerc Drive accounts for 30% of the E.Leclerc growth. At the end of November, the brand operated 144 "Drive" in France, or pick-up points of orders registered on Internet. They generate sales of € 405 million or 1.4% of the total Leclerc sales and an average basket of € 89. For 2015, E.Leclerc plans 400 Drive, an average basket of 92 and total Drive sales of 1,500 million (or 4.5% of its total sales).

In 2012, E.Leclerc will create an Internet portal whose grocery offering will be expanded to cultural products (books, video…) and a multimedia site.

The Drive concept has become a growth vehicle that can't be ignored by the brand. Between 2011 and 2015, the number of monthly visits on its Drive Internet site is expected to grow from 1.7 million to 4 million.

In France, the concept concerns almost 3.3% of the households and accounted for 0.9% of their spending in the past three months according to Kantar World Panel.

In October, Leclerc market share was 17.7% (and even reached 18.3% in November) thanks to a fair price image versus a declining -21% for Carrefour.

The toy market: 8.4 gifts per child are offered at Christmas.

A survey by TNS Sofres between September 30 and October 5 for the Federation of Commerces spécialistes des Jouets et des Produits de l'Enfant (FCJPE), which groups 1,700 toy stores, polled one thousand parents of 2 to 9-year old children. It points that 99% of the parents celebrate Christmas as the feast remains associated to many symbols varying according to individuals: for 97% of the parents it corresponds to a moment to share with their children.

As concerns purchases, parents at 85% use the toy catalogs. Children choose as soon as October when the Christmas catalogs are published and they want 9.1 toys. 53% of the parents shop specialty stores and 31% big boxes. 100 million catalogs are released between Nov.25 and Dec.25 for late spending as children change their mind. The budget amounts to € 218 per child. The most spoiled children are single and the youngest.

In 2010, the toy market sales rose 3% and 5% are expected in 2011.

GERMANY

Metro AG launched a warning on 2011 sales and profits.

Germany's largest retailer warned that its 2011 results would be below the 2010 level as very anxious consumers still control their spending due to the uncertainty context of the sovereign debt, high unemployment in November for the 9th month in a row and the government's austerity measures. Meanwhile, industrials have registered a sharp drop of their export orders and retailers and service firms announced a slowing down activity.

This warning underlines the fast deterioration of the consumers' con- →

fidence on the key European markets of Metro, hardly one month after its announced that, according to its forecast, the yearly sales would be at the same level even lightly superior to 2010, while pointing at the time it was dependent of the sales recovery during the holiday season running up to Christmas.

Under these circumstances, Metro (2,100 outlets in 33 countries) expects sales slightly down the € 67.3 billion of 2010 and Ebit below € 2.4 billion if the current trend is maintained to a low level at Christmas.

Metro announced its warning after Eurostat has announced the 0.4% decline of the retail sales in the 17 E.U countries in October.

RUSSIAN FEDERATION

Russia to join formally the World Trade Organization.

Once the country's National Assembly will have ratified this accession, Russia will become the 154th member of WTO. According to the terms, ***it has accepted to cut tariffs on some men's and women's apparel imports to 15% from 20% by 2014 and tariffs of materials such as synthetic yarns or cotton fabric from 10% to 8%***. Since 2006, it had accepted, according to the accession terms of the bilateral market with the USA, to allow foreign retailers to operate foreign business in full ownership once it entered the WTO.

While lower custom barriers open investment and export opportunities especially for the European and American markets, however, concerns remain over the intellectual ownership, the political instability and rampant corruption.

SPAIN

Sonae Sierra is reinforcing its commitment on the Spanish market.

The Portuguese shopping center developer has acquired 25% of the remaining shares of Plaza Mayor Shopping in Malaga from the minority shareholders via the Sierra Fund. This way, it becomes the single owner with 100%.

Sierra Fund is a pan European real estate investment fund created in 2003 with an equity of € 1.08 billion. It owns 26 shopping centers in the portfolio of the developer. Sonae Sierra owns 50.1% of this vehicle and the other 4 investors (49.9%) are Stichting Pensioenfonds ABP from Netherlands, Caisse des Dépôts et Consignations and CNP Assurances from France and TIAA-CREF from the USA.

Despite the Spanish economic situation, the center is working well, its occupation rate is 100% and it generated total sales of over € 77.6 million in the first nine months.

In all, Plaza Mayor houses 146 shops in 53,365 sq.m GLA, 35 restaurants, a Mercadona supermarket, 3,230 parking spaces, a 20-alley bowling, a gymnasium… and it is on the way to expand.

UNITED KINGDOM

Tesco is the only one of the Big Four grocery retailers to loose market shares in United Kingdom.

Tesco posted LFL sales down 0.9% excluding fuel and taxes in the third quarter in U.K. It is the 4th consecutive quarter. The trend is similar to the previous period despite its efforts led on price cuts during the 10 past weeks.

British consumers who face higher invoices and weak wage growth relatively controlled their grocery spending and remain cautious. Even supermarkets had difficulties in drawing their attention with promotions: Tesco Big Price Drop, in which the retailer invested £ 500 million ($ 785.5 million), attracted them but they spent less. While this operation reflected in increasing sales, overall sales remained stable in the period. Now, price cuts boosted competitors and pushed them to launch their own promotions in an already very promotional environment, weighing on the margins of the retail market, which is arming against a difficult Christmas season.

Non-food suffered disproportionally as shoppers are pushed to spend more in food and pay for fuel and utility bills… Now, among the British grocery retailers, Tesco is the most exposed in non-food, which reinforces its slowdown behind J.Sainsbury, Wm Morrison Supermarkets PLC and Asda Supermarkets, owned by Wal-Mart Stores. Tesco management however noted the improved non-food sales in the third quarter thanks to new department displays at its biggest stores.

While fighting to regain its market share in U.K, Tesco international sales continued growing (+1.2% on a LFL basis) and overall Group sales rose 7.2% pushed upwards by the higher fuel price and new store openings. LFL sales rose 0.4% excluding petrol.

Market share evolution

	2011 market share %	2010 market share %
Tesco	30.5	30.7
Asda	17.2	17
Sainsbury's	16.4	16.4
Morrisons	12.1	12
Waitrose	4.3	4.1
Aldi	3.5	3.1
Other	16	16.7

Source : Kantar

Kingfisher: the U.K sales decline slowed down in the 3rd quarter helped by exceptional weather conditions.

Europe's largest home improvement and DIY retailer, present in 8 countries of Europe and Asia, has unveiled in the 3rd quarter to October 29 a retail profit up 13.9% to £ 273 million (€ 319 million), boosted by favorable weather conditions that pushed outdoor and garden furniture sales up 12%.

But, Kingfisher also benefited from the collapse of its competitor Focus DIY from which it bought 29 stores and converted 27 to the B&Q concept during the quarter. Sales rose 4.6% to £ 2.81 billion.

In France, sales at Castorama and Brico Dépôt climbed 6.1%. On a LFL basis, growth slowed to 1.9% from 4.5% in the 1st half. Castorama is modernizing its stores, adds new ranges and develops its "Do It Smart" campaign to make home improvement easier.

In U.K and in Ireland, sales of B&Q and Screwfix rose 1.2% but fell 0.7% on a LFL basis, which was an improvement compared with the 1st half down 1.5%.

Kesa suffered from a first-half loss.

In the six-month period through October 31, Kesa Group sales fell 7.6% to € 2.57 billion compared with the same period one year earlier and 7.9% on a LFL basis. →

STUDIES

THE RUSSIAN RETAIL MARKET IS EXPECTED TO EXCEED $ 800 BILLION IN SALES BY 2013

NEW CONCEPTS AND NEW PROJECTS IN THE REGIONAL CITIES

Russia suffered from a sharp drop of its economic growth from 28.1% to 4.7% in 2009, as the market was impacted by the global crisis. Then, recovery signs started to emerge and, according to the recent report by PMR "Retail in Russia in 2011", the retail market grew by 12.9% to $ 543.5 billion in 2010.

However, over the next following years, this market will unlikely follow the same rate as before the crisis despite the improvement of the country's economic conditions and the relatively positive forecasts for the future.

Retail sales growth in the 2005-13 period

	growth (%)	sales ($ bil.)
2005	-	231
2006	23.7	287
2007	24.8	360
2008	28.1	458
2009	4.7	481
2010	12.9	543.5
2011 estim.	15.4	627
2012 forecast	10.9	696
2013 forecast	11.8	800

Source : PMR Publications

X5 Retail Group, which operates grocery stores under the Pyaterochka, Perekryostok and Karusel banners remains the leader by sales of the retail market. Beyond the annual two-digit growth of its total sales, it registered LFL sales up 7% in 2010.

Among the other top retailers, Tander Group sits in the 2nd position and the French Auchan in the 3rd. A major change emerged when some major players such as Tsifograd and Dixis, both specialized in mobile telephones, went bankrupted, Mir and Domo (electronics) and Alpi (food).

In the past 12 months, several big transactions were registered: Kopeyka was bought by X5 Retail at the end of 2010 and early 2011, Dixy Group announced the project to acquire Victoria Group, operating the Victoria, Kvartal, Dyoshevo, Cash and Semeinaya Kopilka chains.

In 2010, the Top 20 retailers accounted for approximately 11% of the total retail sales and the Top 3 controlled almost 5% of this market.

Largest changes that appeared in 2010 include Eldorado who was overtaken by M.Video as the new leader. On its side, Media Markt overtook Technosila and in the DIY sector the French Leroy Merlin became the leader with $ 1.2 billion sales.

Emergence of the retail market.

Demand.

Demand from consumers, retailers and investors is boosting this explosion. Commercial real estate investors are growing as well as total retail sales after the contraction in 2009.

The Russian market is far from being saturated by shopping centers especially in the regions. In fact, it built Europe's largest stock amounting to 404,000 sq.m in the first half 2011 or the fifth of the total according to Cushman & Wakefield. In 2012, 2,900,000 new sq.m are expected to be added.

According to Rosstat, real revenues rose lightly in August 2011 by 1.1% on a year-on-year basis, and this was a slower growth than in June. However, retail sales have accelerated their rate with 7.8% in August compared with 5.6% in July.

Supply.

Due to uncertainties tied to building permits in Moscow, the main part of the new supply is planned in the capital city and its region: 52% of the new stock is built there up from more than 20% in 2010.

7 majors projects were delivered in the 3rd quarter: Mega in Ufa (110,000 sq.m GLA) and in Samara (103,000 sq.m), Yuzhny in Kazan (46,000 sq.m), Rio in Yaroslavl (53,000 sq.m) and in Vologda (35,000 sq.m), Rodnik in Chelyabinsk (58,000 sq.m) and Grenada in Lyubertsy (15,000 sq.m).

New concepts.

Two new concepts are developing in Russia such as the retail parks and the outlet centers : Outlet Village Belaya, built over 38,000 sq.m in Kotelniki by American developing firm Hines with the local agricultural firm Belaya Dacha, is expected to open in April 2012. Together they invest a total of $ 160 million in this project already leased at 90% and over. Among its tenants, TsUM, Burberry, Puma, Adidas, Reebok, CK Jeans, Trussardi, Ferragamo…

Retail parks are studied by a certain number of developers and there is a demand from big box firms as Russians are becoming increasingly fond of new retail concepts according to Cushman & Wakefield.

Fashion House Moscow and Vnukovo Outlet Village

Largest Russian retailers by sales in 2010

Retail firm	Sector	Chains	sales (US$ million)	% annual change	Store number
1. X5 Retail Group	food	Karusel, Kopeyka…	11,280	24	2,469
2. Tander	food	Magnit	7,777	39	4,055
3. Auchan Group	Food, DIY	Auchan, Raduga, Atak	5,944	13	97
4. Metro Group	food electronics	Metro C&C, Media Markt	4,678	13	104
5. M.Video	electronics	M.Video	2,800	23	219

Source : PMR

are due to open also in 2012. Vnukovo Outlet Village will house 150 stores and will be built by 3 private investors for $ 55 million spread over 5 to 7 years. The 3rd Fashion House Moscow will have 192 stores among which Puma, Nike, Lacoste and TsUM… and restaurants and will be an enclosed center. Liebrecht & Wood Investment Fund spends $ 97 million in its construction and 75% of the space is already leased.

Fashion House firm opened other outlet centers in Oriental Europe and offers franchise agreements to investors and developers.

Climatic conditions of Russia might pose problems as these centers are generally opened-malls contributing this way to cut the heating charges and consequently the costs. Hence lower rental leases. But, the Russian partners are convinced that the climate will not stop consumers. Once these 3 new outlet centers opened, a new one might be opened in Moscow. The next step will happen in Saint Petersburg where Fashion House owns a piece of land.

When the huge Vegas Mall was opened on 386,000 sq.m of space, the Waymart shopping center of 30,000 sq.m, located near by and at 26 kilometers from the highway around Moscow, became outsized with its anchors such as Auchan and M.Video. Consequently, facing such a competition, its owner Way-M decided to recapitalize it under the form of the BrandCity Outlet Center. It was opened in September by the developer Rosital. It is officially Russia's first outlet center in which traditional stores can also be found and it is an opened center. Among the 7 banners to be found there are All Seasons, Samsonite, soon M.Video… It is 65%-leased from $ 500 to 850 per sq.m.

In the longer term, analysts announce a new format, the urban convenience or neighborhood center covering 3,000 to 10,000 sq.m and several levels anchored by a supermarket and a few other stores and restaurants. They also announce a specialized shopping center gathering retailers from the same sector such as electronic, sporting goods or furniture. Now, in Moscow, some centers are similar to this concept such as Sport-Hit (sporting goods) and Gorbushka (electronics). Specialized centers and retail parks can also be built in the city as they have adapted quite well in the environment of industrial buildings.

Beyond the capital, developers continue delivering new shopping centers and announce projects in other cities so that at the end of 2013, the stock share in the smaller regional cities is expected to grow from 24% to 27%.

Globally, according to Jones Lang LaSalle, between the end of 2011 and 2013, shopping centers will grow to approximately 3.5 million sq.m including 25% in Moscow and its region.

Q3 supply

	Moscow	Moscow region	St. Petersburg	Millioniki	Other cities	Russia
Shopping center stock (000 sq.m)	3.152	386	1.552	3.628	2.695	11.413
Existing shopping center number	80	24	44	106	105	359
Stock for 1,000 inhabitants (sq.m)	274		320	263		
Completions Q3 2011 (000 sq.m)	0	0	44	323	103	470
Completions Q1/Q3 2011 (000 sq.m)	126	33	173	415	103	850
Pipeline through 2013 (000 sq.m)	426	455	386	841	1.409	3.517
Number of shopping center number in pipeline	10	20	12	26	43	111

Source Jones Lang LaSalle

Prime rental rates in the two major cities did not change in the 3rd quarter. Rent based on sales is still the most common form offered to most retailers. More, a minimum fixed rent is specified in the agreements. Anchors are often allowed to fix the maximum level. As concern the vacancy rate, it fell 4% in Moscow and 6% in Saint Petersburg in the 3rd quarter 2011. No new shopping center was opened in the capital city and existing centers were highly demanded. On the other hand, regional cities are expected to register new supplies in the short term.

Krasnodar, Surgut and Barnaul are the capital of the retail market.

Krasnodar is a city of 750,000 inhabitants next to the Black Sea with 937 sq.m GLA of retail space per 1,000 inhabitants, before Voronezh in the second position with 884 sq.m. Saint Petersburg has 858 sq.m and Moscow has 580 sq.m.

As consumer spending is growing, developers are studying these new markets and try to expand in cities of 300 to 500,000 inhabitants even less. "When a new shopping center is opened in a small city, the competition among retailers to get into the mall is high, even if the purchasing power of local consumers isn't a lot" according to Colliers International.

These cities of less than one million inhabitants account for a lucrative market according to INFOline, as they today represent 13% only of the commercial space of Russia. Developers are studying Stavropol and Perm, whose purchasing power is high but which are underdeveloped commercially like Irkutsk in Oriental Siberia. So far, this city had only one shopping center under the form of a TsUM department store dating back to the Soviet time. Today, two large malls are opened and a third one of 105,000 sq.m is due to be completed by 2014.

New environment

The real estate market conditions have changed with the impact of the economic crisis. Developers have become more cautious, as they have to wait longer before making profits with their shopping centers: the return on investment now takes 5, 7 or even 10 years and more compared with 3 years previously. Banks also have started to better study announced projects. They require the borrower to pay at least 30% of the loan compared with

10% before.

Even investors have to adapt to these changing conditions to build stores in smaller regions than those of Moscow or St. Petersburg. Ikea already opened 10 Mega stores in or near cities plus another Mega in 2007 in the industrial part and business hub of Novosibirsk. Its strategy was paying off as it became the favorite shopping place of consumers who can drive to it easily.

In Saint Petersburg, the oldest gallery, Gostiny Dvor, built in the Nevsky Prospekt 250 years ago, is a good illustration of the commercial real estate battle. Its modernized edition, but without cinema or leisure activities, started loosing customers when the Finnish department store Stockmann opened a mall a little further off in the same avenue.

Giving a mall an unusual composition is also a means to attract retailers according to analysts. It is the case of the Vershina shopping center opened in 2010 in Surgut, Siberia's major city, which covers 36,000 sq.m. As it was successful, local developers have planned the Surgut Mall. Another still large center is expected to be launched in the 3rd quarter of 2012 under the Surgut City Mall banner covering 154,000 sq.m, built by Surgutgazstroi. Aura Surgut is also being built at a € 70 million loan from the BERD in this petrol-rich city whose household revenues are above the average.

In the Smolensk region, west from Moscow, near the Belarus border, the WOTT chain is planning to open big boxes and invest $ 96 million in 2012. In addition, the regional government wants to spend the same amount to build the shopping and leisure center Galaktika in the region.

Now, developers often hesitate to speak about bureaucratic difficulties met in their projects due to the pressure from the political and local authorities. For example, to expand concepts in the regions is not without problems, even scandals: in Krasnoyarsk, the construction of an urban village had to be stopped because the developer had not the official authorizations or in the same city the case of a two-level shopping center whose construction was stopped by the mayor following complaints from citizens… In fact, this Siberian city has the fewest high-quality centers.

The European part of Russia, including cities of Rostov-over-the Don, Nizhny Novgorod and Volgograd, is resisting quite well since it is supposed to welcome the 2018 Fifa World Cup. Large infrastructures have to be completed by the federal and regional government in the hosting cities.

« The emergence of retail centers depends on the regional plans for long-term development" according to developer Finstroi. It is the case of the center of the Black Sea Sochi city, which will remain a tourist mecca even after the 2014 Winter Olympics Games are held here. That makes developers to invest money into real estate."■

Sources : Jones Lang LaSalle Russie/PMR/Moscow Times

STUDIES

WILL THE DUBAI RETAIL MARKET BE SATURATED SOON?

Commercial space grew by 60% in Dubai since 2005 and the space per capita is almost the Abu Dhabi double, Middle East' second largest market. While the quick development of the retail market contributed to rank the city as a major world's destination for shopping and tourism, its fast expansion also put older projects aside. If Dubai Mall and the Mall of the Emirates are successful, many less important players will have to adapt quickly to differentiate.

Al Ghazal Mall in Satwa, a few kilometers from Dubai Mall, was impacted by a lower traffic and has been forced those past few years to offer much less expensive leases. It houses services including a dentist, a medical urgency cabinet and an ophthalmologist, a Lebanese restaurant… A Carrefour Market settled there 18 months ago. This center, which wondered how it could fight against major regional shopping centers, found the way to transform itself into a community center offering services. But other centers do not follow the same approach to differentiate. On the contrary, some among the oldest are expanding rather than repositioning or cutting their GLA space. Thus, Al Ghurair Mall, built in 1981 and Dubai's oldest mall, is investing US$ 544 million to almost double its own space and add a hotel. Meanwhile, Burjuman Mall is growing its own by 25%.

Political and social events in the Mena region during the 2011 Arab Spring comforted Dubai as a safe place. Concerns about the debt in the euro zone and the U.S.A impacted the positive side of the emirate real estate market in Q3 this year. The experience of the financial crisis 2008/9 shows that the emirate remains tightly tied to the trends of the global economy and the possibility of a recession in the mature markets pushed players to a more cautious approach, who postponed their expansion projects until the situation improvement.

Stability signs and the consumer's confidence comeback are visible especially in the retail market. Actors looking for real estate investment in this emirate were increasingly interested in 2011, especially those from elsewhere in the Gulf Cooperation Council. But, this remains concentrated on a few income producing completed assets and demand for completed projects or less interesting is not high. The persistent lack of major transactions reflects the absence of quality products at attractive prices in the market, a situation, which is not expected to change soon.

Key indicators

	2010	2011 estimation
Emirates:		
Population (millions)	7.5	7.9
Population growth	8.3%	5.0%
Nominal GDP per capita ($)	39,624	47,748
Real GDP growth	1.4%	5.2%
Annual inflation	0.9%	4.0%
Exchange rate ($/AED)	3.67	3.67
Dubai:		
Population (millions)	1,905	1.953
Population growth	7.8%	2.5%
GDP per capita ($)	29,350	34,500

Source : Global Insight/Dubai Statistics Center

Rents in the retail market have stabilized in the prime malls. In Mall of the Emirates, Dubai Mall and Deira City Centre, they are as high as $ 1,170 per sq.m (AED 400/sq.ft). In older malls, landlords try to reposition the choice of their retailers or to be more flexible in their rental negotiations in order to maintain stable occupation and rental rates. One of the eminent trends is the growing will to fix rents as a function on sales for the profit both parties.

The vacancy rate remained stable at approximately 20%. Some owners chose to use their disposable space for temporary or seasonal retailers.

Supply in Q3.

Dubai retail mall stock accounts approximately 2.6 million sq.mm. 160,000 were completed during this quarter. While a certain number of new projects of community centers are planned in the short term, no new major shopping center is in view, Mirdif City Centre, being the last one of the current cycle.

Dubai retail supply (2010-2013)

Completed stock (millions sq.m GLA)			
2010	2011	2012	2013
2,417,000	2,560,000	2,580,000	2,583,000
Future supply			
-	2,800	3,000	353,000

Source: Jones Lang LaSalle, Q3 2011

In the past five years, Dubai registered a fast retail expansion with a supply exceeding one million sq.m in the market. Since the second half of 2010, the proposed supply rapidly adjusted to the changing conditions and the new supply was limited to a few community and neighborhood centers or to the expansion of existing projects such as the Mall of the Emirates. The most successful projects were those housing leisure activities or social services.

Super regional malls account for the main part of the GLA space of Dubai but this percentage is expected to scale back as community centers continue accounting for the main part of the future supply.

Demand.

According to Business Monitor International, the retail sales are expected to grow by 33% over the next 4 years, boosted by the improvement of the economic conditions, a wide population of wealthy expatriates and the growing sophistication of the commercial supply.

In Q3 in particular, malls and retailers registered sales volume growing by 5 to 8%: luxury products sales rose 16%, boosted by the increasing influx of Arab Spring tourists, especially those with the high-income revenues of the GCC and also foreign visitors from Europe and China.

Globally, retailers whose growing opportunities are limited in their home markets, are still looking to open stores in Dubai and use their presence in the emirate as a gate door to find opportunities over this region. Dubai is one of the world's cheapest destinations for them even if the emirate has more than half of the world's international brands represented in its emirate according to CBRE. "The massive construction of new malls those past years weighed negatively and the competition reinforcement to fill the vacant spaces pushed rents down".

Performance.

According to estimates, rents remained stable during the first 9 months of 2011 at AED 1,884 per sq.m ($ 275 per sq.m) in all the retail sectors. Regional and super regional malls continue paying the highest rentals and convenience and neighborhood centers the lowest. Several factors contributed to stabilize them such as the low level of new stock and the massive arrival of tourists.

Prospects.

The market continues being in favor of retailers, landlords offering them some advantages such as shorter leases, free rental periods and rents based on a percentage of sales.

Future supply would be dominated by unique concepts such as community centers built by Nakheel. Other projects might concern niche concepts such as big boxes.■

Sources: Jones Lang LaSalle/Business Monitor International

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Group retail loss was € 9.2 million compared with a retail profit of 32.4 million one year earlier due to the lower sales of Comet, the French weakening consumer market weighing on Darty France sales despite its market share gains, and the Italian market deterioration.

Kesa booked exceptional charges of €109.9 million in respect of the impairment of intangible assets and property plant and equipment and a further € 42.5 million of exceptional charge in respect of deferred tax assets. In addition to this, 12.9 million of exceptional charges were registered at Comet relating to the completion of the previously rationalization program and costs incurred in respect of the Comet disposal. Consequently, loss before tax and interest widened to € 147.7 million versus a profit of 27.2 million in the first half 2010/11.

Darty France posted sales down 2.4% to € 1.32 billion and a retail profit down 43.5 million from 59.8 million one year earlier. Online sales climbed sharply by 18% and now account for 12% of Darty total sales.

At Comet, the loss still widened to € 25.7 million compared with 6.4 million. At Other Established Markets (BCC, Vanden Borre and Datart), profit fell to 4.7 million from 3.7 million last year. Operating loss at the developing-market division (Darty Italy, Turkey and Spain) rose from € 16.3 to 22.1 million.

In London, most of the City is no longer owned by British investors.

Foreign investors own 52% of the real estate in the financial center of London in 2011 compared with 8% in 1980 and 25% in the mid-Nineties according to the report by Securities PLC. Offices attract the largest share of the capital, more than any other city in the world, even New York with sales of $ 94 billion between 2007 and 2011, before Paris ($ 56 billion) and Frankfurt ($ 14 billion). While commercial real estate was impacted by the financial crisis interest from foreign investors for the sector did not fall.

However, some foreigners leave the City due to problems at home: Germans, for example, are the largest owners with 16% of the real estate up from 1% in 1980 and 3% in the mid-Nineties. Now, the trend is slowing compared with 18% in 2005 according to the report. German open-ended funds, which are traditionally still very active in U.K, are selling British buildings.

As traditional buyers including German funds, private-equity funds or Irish investors leave the market, Asian pension and sovereign-funds may then dominate it. The new major buyers between 2010 and 2011 include the Korean NPS, which spent $ 1.66 billion, the Norwegian Government Pension Fund ($ 1.2 billion)… Among other entities, there are Americans with 10% of the market compared with 1% in the mid-Nineties and Middle Eastern investors whose share grew from 3% to 6%.

$ 6.2 billion of assets would be for sale but the main part of the stock does not correspond to the requested criteria of many buyers.

Evolution of real estate ownership in the City of London by country.

	1980	2005	2011
United Kingdom	92%	56%	48%
Middle East	3%	-	6%
Other	5%	13%	20%
Rest of Europe	-	6%	-
America	-	7%	10%
Germany	-	18%	16%

Source : Development Securities PLC/The Wall Street Journal

AMERICAS

Black Friday solidly started the season with sales rising 6.6% that day.

This day, which starts the sale season, registered the strongest growth since 2007 compared with 2010, hitting +6.6% versus +0.3%. Consumers were attracted by important promotions, especially online offering, high rebates on popular items and super sales. They were also attracted by stores opened at night or very early (Macy's opened at midnight instead of 4 a.m.).

According to NRF, 226 million shoppers visited physical stores and web sites that weekend up from 212 million in 2010 and 28.7 million bought online and in physical stores on Friday up from 22.2 million last year.

Results based on sales data in real time from an excess of 500 U.S retailers indicate that sales rose 39.3%. Physical stores registered more traffic in malls and shopping centers (+5.5%). On Black Friday, there was a shopping growth and use of comparative site use on mobile telephones. Orders through mobiles accounted for 9.8% of online sales up from 3.2% one year earlier. A little more than 50% of sales came from social networks, Facebook mainly.

Department stores registered the strongest traffic growth and their online sales climbed 59% from 2010, followed by homeware (48.8%), apparel (47.2%) and health (34.2%) sectors. Chains such as Macy's, Kohl's, J.C.Penney and Nordstrom invested highly to improve their online platforms. At Belk, online sales more than doubled.

Average spending was $ 398.62 that weekend up from 365.34, bringing the total to approximately $ 52.4 billion versus 45 billion. Online sales accounted for 37.8% of the total spending or $ 150.53 per person.

In shopping center, according to ShopperTrak, which controls their sales and traffic, Black Friday sales rose 6.6% to $ 11.4 billion in 2011 or the highest spending amount that day and the highest growth compared with 8.3% of 2007. Traffic grew by 5.1% in 2010 but it fell the next two days.

Season's trends.

- consumers better control their finance but confidence remains low,
- inventory was better held thanks to advised purchases and pre-planned promotions,
- purchasers are becoming intuitive while looking for online products and prices,
- spending via mobile telephone rose strongly,
- consumers spend as much for gifts as for themselves.

This pre season might boost demand of commercial real estate. Thanks to a more important Black Friday than expected, malls, which wait for a continuous decline of their vacancy rate, might improve. Fair sales are an important indicator of the good health of retailers, who be- →

coming sufficiently strong enough can expand in new markets, sign new leases and pay higher rents.

Mall operators benefit also from some financial advantages of this important shopping season as many retailers pay their rents plus a percentage on sales, a bonus of only 2 to 5% of landlords sales.

But some mall owners benefit more from these figures than others. In fact, commercial real estate funds (shopping centers and stores) generated total returns of 14 and 15.7% during the 52 weeks and outpace the 2.51% gain of the total REIT sector.

Generally, mall REITs have better quality products than private competitors because their access to net worth and the bond market ease the financing of building, acquisitions and renovations. Globally, the shopping center sector registered a vacancy rate of 9.4% at the end of the 3rd quarter according to Reis Inc. This vacancy rate growth is widely due to retailers who hesitate to open new stores and to a growing number of regional chains, such as electronics retailer Best Buy, which choose to open smaller units. Accordingly, this makes difficult for landlords, especially those of less-quality malls, to fill the vacant spaces due to the closings in 2009 and 2010.

It is important to note also that vacant sites on the base of a short-term lease, such as kiosks, can become permanent tenants and sign longer-term leases for one year or two.

About the gadget use in the retail market.

This year, retailers equipped their staff with iPods or iPads coupled with systems enabling to scan shopping and avoid that customers who are tired of waiting in line leave the store without paying and to make a more productive use of spaces reserved for cash registers.

These manual systems can read bar codes and credit cards for payments. Receipts can ben sent by mails to customers or to an in-store printer. Those who want to pay cash would still need a cash register.

Mobile checkouts are still in their infancy. In the U.S., cash registers and point-of-sales terminals are still a good business for NCR, IBM and Fujitsu whose sales totaled $ 7.9 billion in 2010 according to IBIS World, down from $ 8.8 billion in 2006. These figures include mobile point-of-sale devices, which become a higher part of global sales. During 2010, according to the NRF, 6% only of retailers declared having used point-of-sale mobile devices. But, half of the respondents at that time answered they expected to adopt such systems over the following year and half.

Source : The Wall Street Journal

McDonald's : its wide menu boosts sales upwards.

In November, LFL sales jumped 7.4% as choice, promotions and prices continued attracting consumers either in both the developed and mature markets. In all, its global sales hit 9.5% following 5.5% in October.

Its menu offers low prices, good-value ingredients, better-quality meals and specialty drinks not only for lunch and diner but also for breakfast, coffee, desserts and snacking.

This way, McDonald's was able to fight tirelessly difficulties met by the rising price of commodity costs and high unemployment and could even grow its traffic while raising its prices to offset inflation. In the U.S., its prices rose 3% in November year-on-year. Sales were boosted by the McRib sandwich comeback, a new seasonal drink McCafé in the U.S., more expensive meals in its menus and the modernization of restaurants in Europe. In addition, it continued growing in China and Japan.

In France, McDo will launch a new concept in 2012. It will be a more welcoming restaurant for meals in family or with friends in a more pleasant environment. Present in France since 1979, the chain is particularly performing and innovator through the introduction of salads, a wide choice of drinks. It now studies the sandwich-baguette formula in 2012 and will generalize the table service. It is the market leader with pre-tax sales of € 3.9 billion in 2010 with 1,195 restaurants under its banner. Sales grew by 8.5% in 2009 and 8.1% in 2010 and 8% is expected in 2011.

The Asia/Pacific, Middle East and Africa division accounts for more than one fifth of its total sales and LFL sales rose 8.1% in November. McDonalds will suggest the delivery formula. It already offers it in 1,500 of its 8,800 restaurants in 15 countries and plans to add 650 new ones in 2012 including 250 in China only. To reach this aim, it will need to equip special rooms to prepare orders. In this context of delivery in China, Yum Brands started to offer it in 2008 in its 3,500 Pizza Hut restaurants and plans more by the end of the next decade.

Home improvement market : little known statistics.

According to NPD, the item that was sold the most as a gift in the 12-month period to end of October 2011 was the screwdriver.

The NPD service that tracked consumers' spending noted that online sales rose 16% during this period and 31% were spent by 55-year old consumers and over compared with 25% two years ago. Most purchases were paid cash or by check. Almost 30% more garage-door openers were sold and 42% of snow blowers in the Middlewest.

CBD : 2012 target to focus on organic growth.

Brazil's largest grocery retailer, Companhia Brasileira de Distribuicao, devoted one year to acquisitions, whose impact weighed especially on Q3 profits down 1.5% to $ 76.8 million, while including Globex integration that groups household retailers Ponto Frio and Casas Bahia.

In the past, CBD annual average growth was 7% and CBD aims to come back to this rate in 2012 according to its management. In 2011, Brazil's economic growth is expected at 3.5% versus 7.5% in 2010, as the country suffered from the economic and financial crisis. Now, CBD had planned to invest $ 720 million to open new stores, renovate others, acquire strategic sites, technology and logistics in 2011. The 2012 amount is not yet announced.

CBD is jointly controlled by the Diniz family of Sao Paulo, the chain's founders, and French retail company Casino Guichard-Perrachon SA.

Colombia registered investment records in 2011.

In 2011, total FDI registered by this country grew to the record of +54.2% to US$ 12,546 million from 2010. Beyond petrol, hydrocarbons and energy, which accounted for 81.8% of the total ($ 10,262 million), other investment sectors such as **services, textile, cosmetics, and farm-produce industry rose 75.9%** ($ 2,285 million), or 18.2% of the total investment up from 16% last year in the same period.

This success is explained by the position of the country "Doing Business" report from the World Bank, which shows that Colombia rose 5 positions this year in the ranking of the most attractive countries for business, from the 47th to the 42th. It is also explained by the government, which boosted the investment program: 4 agreements were signed in Asia with Japan, China, India and South Korea, 2 in Europe (Spain and Switzerland) and one in Latin America (Peru). Two more are also to be signed with U.K and Kuwait according to Proexport Colombia

ASIA

CHINA

Inditex posted a net profit up 10% in Q3.

In the first nine months to October 31, the world's largest fast fashion retailer by revenue has unveiled a net profit up 10% to € 1.3 billion ($ 1.84 billion) from € 1.18 billion one year earlier, boosted by Asia and despite particularly warm weather conditions in the north hemisphere in September and part of October weighing on sales. Gross margin stood at 59.6% in the first nine months down from 59.9% a year earlier on sales of € 9.71 billion ($ 13.7 billion), up 10% on a yearly basis.

Owner of the flagship brand Zara and 8 more including Bershka, Pull&Bear…, Inditex opened 358 stores in 2011 bringing the total to 5,400 on 5 continents. Expansion in Asia was particularly performing and the retailer plans to add 130 more units in 2012. In China, it now operates 250 shops in 42 cities (79 were added in the first nine months of 2011). In fact, while Europe remains its main market, the retailer bet on the fast-growing Asian economies. Among its short-term projects, it is to enter Taiwan, South Africa and Azerbaijan plus Peru and Georgia over the next months.

As announced, the Group launched e-commerce sales for the Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Uterqüe brands early September in 15 European countries and expanded the online business of Zara in the U.S early September also and in Japan October 20.

H&M aims small Chinese cities.

Sweden-based fast fashion retailer is refocusing on its expansion projects to answer to the Chinese growing demand and better fight against competition reinforcement.

Chinese spend only $ 180 in apparel annually, or the fifth of what Americans spend, but their appetite for new clothes is growing. According to the Boston Consulting Group, apparel sales are expected to jump to $ 125 billion over 2015 and China would account for 30% of the fashion apparel sales worldwide over the next 5 years.

Most foreign brands do not have a strong presence in China today as they entered the largest cities such as Beijing and Shanghai and have still to discover the second-tier cities. H&M entered this market in 2007, the most profitable for it, and operates 64 stores there out of a total of 2,472 worldwide. Its projects include the development of existing units, enter smaller cities and consequently triple its presence in China over the next three years. But, it will meet competition for sites as Spanish Zara and Uniqlo from Japan also have major opening projects. In addition, a few Chinese fashion retailers have already claimed their position. Thus, the Shanghai Metersbonwe Fashion & Accessories, a seller of casual apparel similar to H&M, operates a franchise network of 3,000 stores in China.

Now, to lease prime quality sites either in a mall or in a shopping street is among the first aims of H&M since its foundation in 1947.

This year, its margins dropped due to the cotton cost increase and a strong Swedish Crown. But, when many competitors raised their prices to maintain their margins, H&M chose to continue offering low prices and to invest in apparel to improve quality and sustainability while using more recycled materials and organic cotton.

As, its target is to open 10 to 15% more units each year the store number might almost double in 5 years. But, this growth brings also challenges such as having the right teams. Present in 41 markets worldwide, it plans to enter new Asian markets and the south hemisphere despite the problem of reversed seasons: when summer apparel is sold in the north, customers below the Equator need winter products. After having launched the H&M Home, a homeware range in 2009, sold at all its apparel stores on some markets, it plans to introduce new products in the future.

In Q4, H&M unveiled that sales were down 3% to $ 5.4 billion in comparable units and down 1% on a LFL basis: -1% in November following -2% in October.

INDIA

Suspension of the decision to open the door to global retailers.

December 7, the Indian government answered to the opposition and suspended the decision to authorize Foreign Direct Investments in the multi brand retail market. This decision, which aims to protect small retailers, is provisory and the Parliament adopted the resolution until a consensus is found without giving any precise date.

So far, FDI in the multi brand retail market were forbidden, 51% was allowed in single brand retail since 2006, enabling more than 50 global retailers to enter India in partnership with local retailers.

Without this suspension, foreign multi brands would have been allowed to own 51% of their Indian joint ventures and open big boxes with local partners in this country of 1.2 billion consumers. More widely, the opening decision gave also the sign that the country was seeking to attract foreign retailers. Two decades ago, it renovated its economy to open it in opposition with the pre- →

vious period of centralized planning. But last year, the government was highly criticized by the opposition, as it did not boost FDI, which fell 28% to $ 29.4 billion in the 2010/11 exercise to March 31, as the economic forecasts were becoming obscure. GDP growth is now estimated at 7.5% for 2011 versus 9% previously announced early 2011 and the Indian currency recently fell against the U.S dollar.

FDI in the retail market met a severe political opposition in the fear that traditional shops and convenience stores would disappear in case of a battle against big global retailers. However, the idea was supported by many in corporate India hat consumers, suppliers, farmers and some small local retailers could profit from more important FDI in cold storage, warehouse technology and logistics, contributing this way to cut food price inflation. It could also help to cut intermediates between farmers and consumers.

To open India to foreign retailers meant also that Wal-Mart (9 cash & carry with Bharti for 3 years), Metro (8), Carrefour (1 opened, a second announced) and Tesco, -which has tied franchise links with the Star Bazaar hypermarkets of Tata-, could have also opened retail stores in addition to their cash & carry, the only authorized presence so far, and had announced projects for 2012 before the final suspension decision.

Sales of the local retail market, dominated by traditional retailers, is estimated at $ 450/470 billion, up by more than 20% annually, including 27 billion only from the organized market. It is expected that over the next five years, it would reach $ 675 billion including 85 billion by the organized market.

MIDDLE EAST

Casino expands its presence to Qatar and the sultanate of Oman via the franchise formula.

French Casino Group is reinforcing its presence in the Middle East through a new partnership agreement signed early December with the Al Meera Group, which operates 23 supermarkets there and will have to expand the Géant hypermarkets in Qatar and the sultanate of Oman.

Casino has been active in the Middle East since 2001 via ten stores in franchise in Kuwait, Bahrain and the Emirates with the Retail Arabia Group.

Abu Dhabi plans the modernization of its retail market while India fears it.

In the emirate's capital, food-store owners must begin improving and renovating their units to the international retail standards or lose their license to trade according to The National.

Meanwhile, in India, politicians suspended the decision of opening the doors to global retailers with the fear to see millions of small independent retailers forced to close their doors under the pressure of competition.

Abu Dhabi and India have a different approach, as when India is in favor of small retailers, Abu Dhabi is in favor of foreign firms. Now, in this emirate, many small independent retailers are expected to close totally their doors due to the high cost of renovation that may reach $ 43.500 (Dh 160,000) per unit according to estimates. A recent study by the local government indicates that there are more than 1,300 independents operating in the city, who are opened 16 hours a day and generate $ 28 million in sales annually. They complain that these new regulations will weigh on their profits due to the upgrading costs and closure for renovation. Once stores are re opened, they fear that their sales may fall 50% because the government impose these constraints of modernization.

Under these new standards, food stores will have to look more like Carrefour Market, LuLu Express… They will have to be more attractive and better preserve food products, avoid saturating departments and supply their staff with uniforms. Now, in addition in the Emirate, the convenience and community retail market is under a revolution, as consumers are changing their habits and start avoiding weekly shopping to better organize.

Carrefour, LuLu and Géant are expanding all their networks of convenience supermarkets, Al Maya and Choithram do it already. A new player, Zawya of the Saif Abdulla Al Ghurair Group, expects to open 90 stores in the U.A.E over the next 5 five years and the American Circle-K one hundred convenience stores.

Even without these reforms, local independent food owners are already under the pressure of competition led by global retailers and the new government regulations will likely reinforce this situation.

This scenario in Abu Dhabi is exactly what Indian politicians are fearing. If it affects expatriates, who are the large majority of food-store owners, meanwhile, the emirate will benefit from the retail trade maturity and the development of major retailers.

Dubai and Abu Dhabi are Mena's best destinations for quality of life of white collars.

According to the annual report by Mercer and data gathered between September and November, both cities are respectively ranked in the first two positions of the region and the 74th and 78th spots in the global ranking of the destinations offering the best quality of life for professionals despite events in their immediate environment since early 2011. Europe is leading it with Vienna and Zurich followed by Australia (Auckland). In the Americas, concerned cities are Vancouver, Ottawa, Toronto and Montreal and Honolulu.

Countries and cities untouched by social and political events are naturally advantaged and were able to continue investing in urban infrastructures and other spending to improve the quality of life of their residents.

As concern safety in the Mena region, Abu Dhabi is first followed by Muscat and Dubai. Luxemburg is considered as the safest and Baghdad the least either in the plan of personal safety and quality of life.

In addition, firms that wish to hire foreign quality teams will have to pay them more, as executive wages are expected to grow by 5.7% in the Middle East and 8.2% in Africa. Bahrain management gets the best wages with a 6%-growth.■

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