

P R E S S R E L E A S E

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RETAILERS NAME GERMANY AS TOP EUROPEAN HOT SPOT FOR 2010 EXPANSION

Western Europe Dominates Top 10 Most Targeted Countries for Retailer Expansion

London, 19 November 2009 – Germany has emerged as the number one target destination for retailers looking to expand their international presence in the Europe, Middle East and Africa (EMEA) region in 2010, according to new research from CB Richard Ellis. The report – *How Active are Retailers in EMEA?* – reveals that 47% of retailers surveyed as part of the research are targeting Germany for future expansion, followed by France, with 44%, and Spain with 36%.

CBRE's latest research report examines the current attitudes and 2010 expansion plans of 220 leading retailers, based on interviews conducted over the summer of 2009.

Despite the uncertain economic outlook, many retailers are optimistic about the next few years and are strategically expanding into new markets. Whilst the research has shown a broad shift towards the more mature Western European markets and prime locations, some retailers are taking the opposite approach and are targeting new and previously untried markets in their search for competitive advantage. A total of 56 countries were identified as expansion targets by the 200 retailers who are actively looking to acquire stores by the end of 2010. Western European countries dominated the survey's ranking of the top 10 'hot spots' for expansion, comprising seven of the 10 most popular destinations. Poland, Romania and Russia were the exception to the rule, representing Central and Eastern Europe in the top 10. More than 45% of retailers are planning to expand into at least one country within Central and Eastern Europe in 2010, with Poland alone attracting 34% of the retailers surveyed.

Although many of the smaller European markets ranked quite low at individual country level, grouping them together by region reveals an alternative geographic perspective: 42% of retailers are looking to acquire one or more stores in Southern Europe; and 24% of retailers are looking to

target one or more countries within the Middle East and North Africa (MENA) region; although much of the MENA interest is focussed on the main UAE markets, with fewer than 20% of retailers looking at markets outside the Emirates. For some retailers, “first to market” remains the over-riding objective and retailers are using the current economic conditions to move into markets which previously would not have been accessible. The acquisition of weaker competition and more affordable real estate are enabling retailers to expand into new markets.

On average, of the 200 retailers who are looking to expand, 73 of retailers (36.5%) are looking to open more than 10 stores by the end of 2010, with 25 retailers (12.5%) seizing the opportunity offered by the current market to expand more aggressively, opening 40 or more stores over the coming year. At the other end of the scale, 40% of retailers are planning to acquire no more than five stores in 2010.

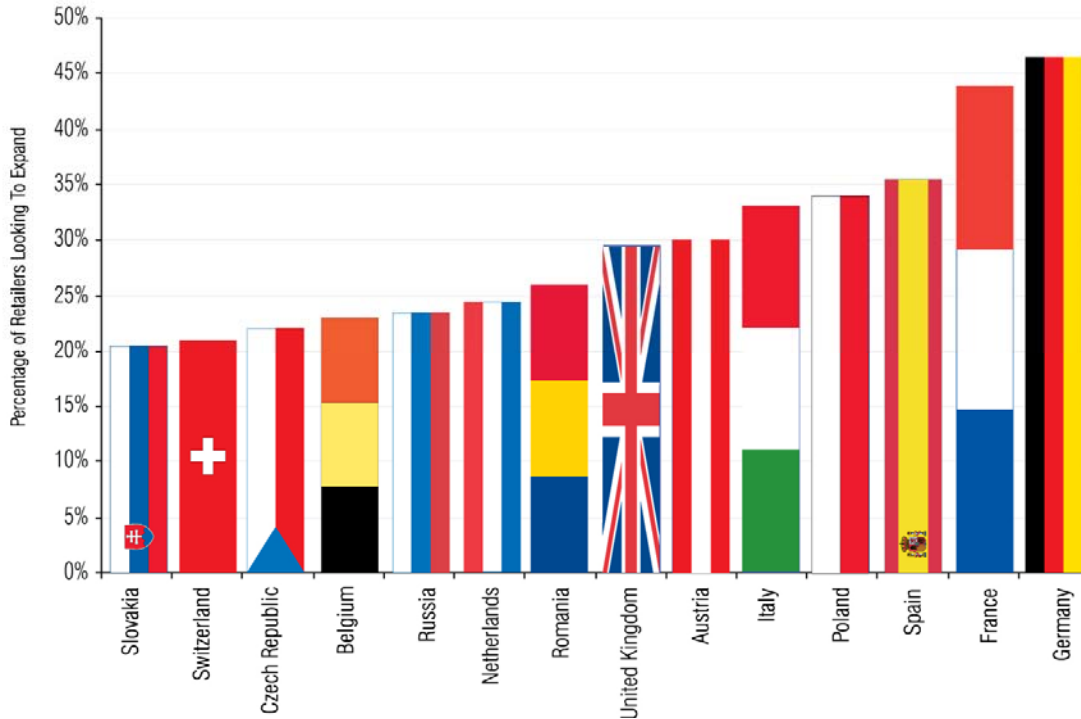
Peter Gold, Head of EMEA Cross Border Retail, CB Richard Ellis, commented: “After a turbulent 18 months in the financial markets which continues to affect the world and the retail sector, it is evident that most retailers are opting for a ‘flight to quality’, returning to the mature and dominant Western European markets which have returned to prominence as some emerging European economies falter. Some retailers are using this opportunity to strategically position themselves for a future upturn in consumer activity in the years ahead. Others are taking the view that they should ‘stay calm and carry on’; if business remains solid and the fundamentals haven’t changed, they will continue to move into new markets.

“The combination of difficult market conditions and new supplies of retail space is playing a fundamental part in the shift of balance we are witnessing between landlords and retailers. Retailers’ expectations have probably never been higher and landlords need to acclimatise to the new environment, resulting in landlord and retailers working more closely together.”

The survey also revealed that the retail sector planning the greatest expansion in 2010 is the grocery, food and beverage retailers, with over 40% looking to acquire more than 30 stores by the end of 2010. This is a trend being replicated among specialist clothing retailers, with over 30% looking to open 30 or more stores. This finding could have been influenced by the fact that in some markets, landlords with vacant units are specifically targeting grocery chains, offering

attractive terms in an attempt to draw them into shopping centres, where historically these retailers have operated in standalone stores.

Top 15 Most Targeted Countries for Retailer Expansion



Source: CB Richard Ellis

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For a copy of *How Active Are Retailers in EMEA?* please visit: www.cbre.eu

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