THINK **RETAIL** THINK **VERDICT**

In association with

European Out-of-Town Retailing 2008

Opportunities become harder to find

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About Verdict Research

Authorative analysis...

Verdict's analysts and consultants work closely with retailers, suppliers, consultancies, investment banks and property companies to identify the key issues, sector and company data and strategies driving the changing retail market.

Our research identifies how retailers can enhance product, store and brand performance as well as the factors that determine future retail success. Our specialist in-store auditing team continuously collects price and product data across locations, brands, fascias, ranges and retail sectors.

> **"Verdict are the company of choice for any research analysis and insight into retailing"**
>
> **Sir Stuart Rose**
>
> Chief Executive of Marks & Spencer

Rigorous research methodology...

Our in-house retail expertise and rigorous research methodology ensure our reports provide complete and accurate analysis of the major players, issues and trends together with a detailed examination of the strategic implications for the retail market.

For key players in the retail industry, our reports are the first source of information on sector forecasts, retailer performance, store and product portfolio developments and trading strategy.

Global, European and UK analysis across nine core sectors...

Verdict Research reports covers nine core sectors, five year forecasts, strategic issues, key locations, How Britain Shops consumer surveys and the main European retail markets. Also available are a daily news service, weekly newsletter and tailored consultancy portfolios to suit individual business information needs.

Over 20 years of experience...

Verdict Research is the UK's leading authority on retailing and publishes unrivalled independent analysis of the retail industry. With over 20 years' experience, Verdict has close relationships with major UK retailers and access, at the highest level, to key executives working in the top 300 retailers to hear their first hand views. Verdict reports provide clients with a complete picture of the retail sector and unique forecasts to help UK retailers, manufacturers, service suppliers, city analysts, consultants and the media with strategic planning.

A key source for independent analysis and comment...

Verdict Research is regarded as a key source by the BBC, ITV, Sky News and the UK's leading broadsheets including the FT, Times, The Independent and Daily Telegraph. Leading trade publications often refer to Verdict's opinion and research including Retail Week, Drapers, DIY Week, Cabinet Maker and The Grocer.

In addition Verdict regularly appears in the international media. News sources quoting Verdict analysts and data include CNN, the International Herald Tribune, The Australian, Los Angeles Times, and New York Times.

VERDICT

European Out-of-Town Retailing 2008

Opportunities become harder to find...

Convergence is a major theme across business activities in the EU, however the European out-of-town market is still characterised by huge differences. These lie in development, ownership structure, retail formats, integration into a wider infrastructural framework, environmental standards, planning legislation and age and quality of stock. Verdict estimate that sales in the European out-of-town market (across France, Germany, Italy, the Netherlands, Spain and the UK) grew by 19.1% to €420.0bn between 2002 and 2007 period.

This new report published by Verdict provides a definitive guide to out-of-town retailing across the EU. It examines the latest changes occurring in the out-of-town retail sector, detailing market sizes and trends, in-depth analysis of the key issues, 5 year forecasts and analysis and profiles of the key retailers.

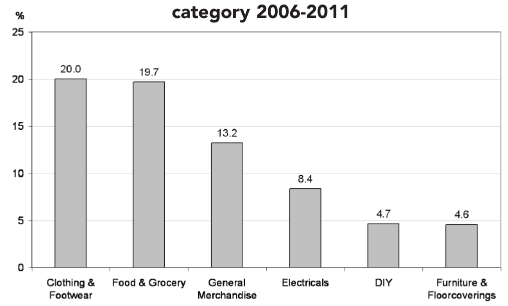
10 Key Company Profiles

Auchan	Kingfisher
Carrefour	Metro
E.Leclerc	Rewe
ITM	Schwarz
IKEA	Tesco

Quantify the growth potential of European out-of-town retail, how the key players have performed and the future challenges...

While the tenant mix is crucial to guarantee footfall, the key attractions of out of town retailing for these clothing & footwear operators are large stores and lower rents...

Forecast UK Out-of-Town 5-year space growth by category 2006-2011



Source: European Out-of-Town Retailing 2008

"Large stores enable full ranges to be displayed, the use of more space intensive POS material and the introduction of non-clothing ranges to stores such as homewares and even furniture in the case of Next and M&S..."

- **Identify key retail trends and accurately predict future out-of-town retailing growth** with this report's key operating statistics detailing out-of-town retailing sales and space, alongside details on each company's operations, including trading records, sales densities, store portfolio and outlook.
- **Understand the growth potential and the challenges facing the channel and the key out-of-town retailers** using this reports in-depth analysis of market drivers, key issues and channel outlook.
- **Develop more effective strategic responses** with this report's actionable recommendations for how retailers can cope with the changing UK out-of-town retail market.
- **Seize growth opportunities.** Evaluate the size and potential of each out-of-town market in terms of hotspots, saturation and growth opportunities.

European Out of Town Retailing 2008

This report answers key questions including...

- Where are the key opportunities in Europe?
- Who are the winner and losers in the market?
- Who are the top players in the out-of-town market and how quickly are they consolidating their position?
- Where are the growth opportunities in the out-of-town market?
- How can out-of-town retailers differentiate themselves and grow their sales?
- How do out-of-town retailers compare against each other?
- Which out-of-town retailers are pursuing multi channel growth and how?

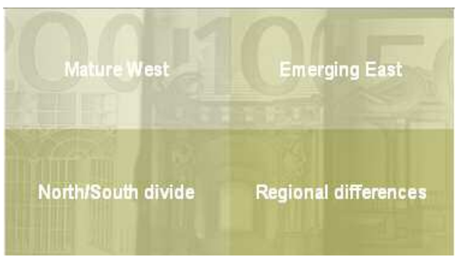
Key Retailer Data

Operating profit
Average store size
Number of stores
Sales per outlet
Sales densities
Selling space
Sales

Key issues examined in this report...

A combination of factors has driven the development of the out-of-town provision in Mediterranean countries...

Out-of-Town market issues 2007



Source: European Out-of-Town Retailing 2008

"The rise of the Internet and low cost airlines and air fares has resulted in a tourism and property boom in the Algarve in Portugal and many areas in Spain, Italy, Greece and Turkey. However these markets are also beset by huge regional differences and the retail offer is far more developed in tourism hotspots than in other areas of these countries..."

- **Significant growth opportunity lies in new format developments.** In many EU markets the factory outlet centre is a relative novelty, and Dutch furniture boulevards are now making an appearance across the Continent. Furniture boulevards group many retailers from a sector such as homewares and furniture into a centre and create unrivalled destination status.
- **Internet retailing is a massive opportunity for out-of-town retailers.** While the rise of this new channel has had an impact on footfall to out-of-town shopping destinations and especially the older, tired shopping centres, the rise in home delivery services can also be seen as an opportunity. If consumers do not come to the stores any more, retailers have to find ways to take the offer to the consumer.
- **Eastern European opportunities present themselves in the development of former military sites.** Much needs to be done still for subsequent civil use, to identify best practices in conversion management and acquiring planning consents. Equally there is a need to find solutions for remediating site contaminations of military origin, to compensate negative effects of military base closures like loss of jobs, decreasing purchasing power and environmental damages.

Chapter 2: European Out-of-Town Market Structure

EU Out-of-Town Retail Space

- France leads the other mature Western economies with a provision of 33.0m sq m of out-of-town selling space, followed by Germany with 19.0m sq m and the UK with 17.6m sq m. Verdict expect the Mediterranean out-of-town space provision to catch up with the more mature economies in the nearer future and Spain especially should perform strongly going forward.

- Spain's growth rate of 106.1% stands out, as the out-of-town offer in the country has been booming. The interest is partly driven by retailers eager for modern large scale selling space, and partly by property developers who are attracted by the low cost, relative ease and speed of construction of out-of-town, when compared to shopping centres in Spain.

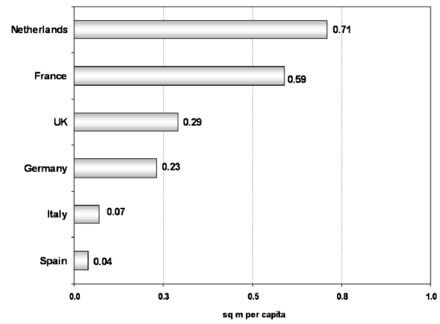
- The data shows that the Netherlands' per capita figure is the highest of the Top Six European markets at 0.7sq m per person, such that we would expect a certain level of cannibalisation in the market from additional entrants in the Dutch out-of-town market. The data also shows the future potential of the likes of Italy and Spain. DIY, furniture and homewares retailers are the main tenants in out of town destinations in these countries, and as the Mediterranean countries are underdeveloped for DIY and home related sectors, we see continuing opportunity in these markets. Rising household numbers in tandem with shrinking household sizes will contribute to these markets' potential as well.

Table 4: EU core markets Out-of-Town space 2002-2007

	2002 m sq m	2003 m sq m	2004 m sq m	2005 m sq m	2006 m sq m	2007 m sq m	07 on 2%
France	27.2	28.4	29.7	31	31.6	33	21.2
Y-o-Y Change %	–	4.3	4.7	4.5	1.9	4.3	–
Germany	16.5	17.2	17.9	18.2	18.6	19	15.2
Y-o-Y Change %	–	4.2	4.1	1.7	2.2	2.2	–
UK	15.2	15.7	16.3	16.7	17.1	17.6	15.9
Y-o-Y Change %	–	3.7	3.5	2.3	2.7	2.7	–
Netherlands	9.5	10	10.9	11.2	11.4	11.7	22.8
Y-o-Y Change %	–	5.3	8.9	2.6	2.1	2.3	–
Spain	3.3	3.7	4.9	5.4	6.2	6.8	106.1
Y-o-Y Change %	–	12.1	32.4	10.2	14.8	9.7	–
Italy	2.4	2.7	3.3	3.4	3.7	4.1	66.7
Y-o-Y Change %	–	12.8	20.4	3	8.5	9.8	–

Source: European Out-of-Town Retailing 2008

Figure 4: EU core markets Out-of-Town space per capita 2007e



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