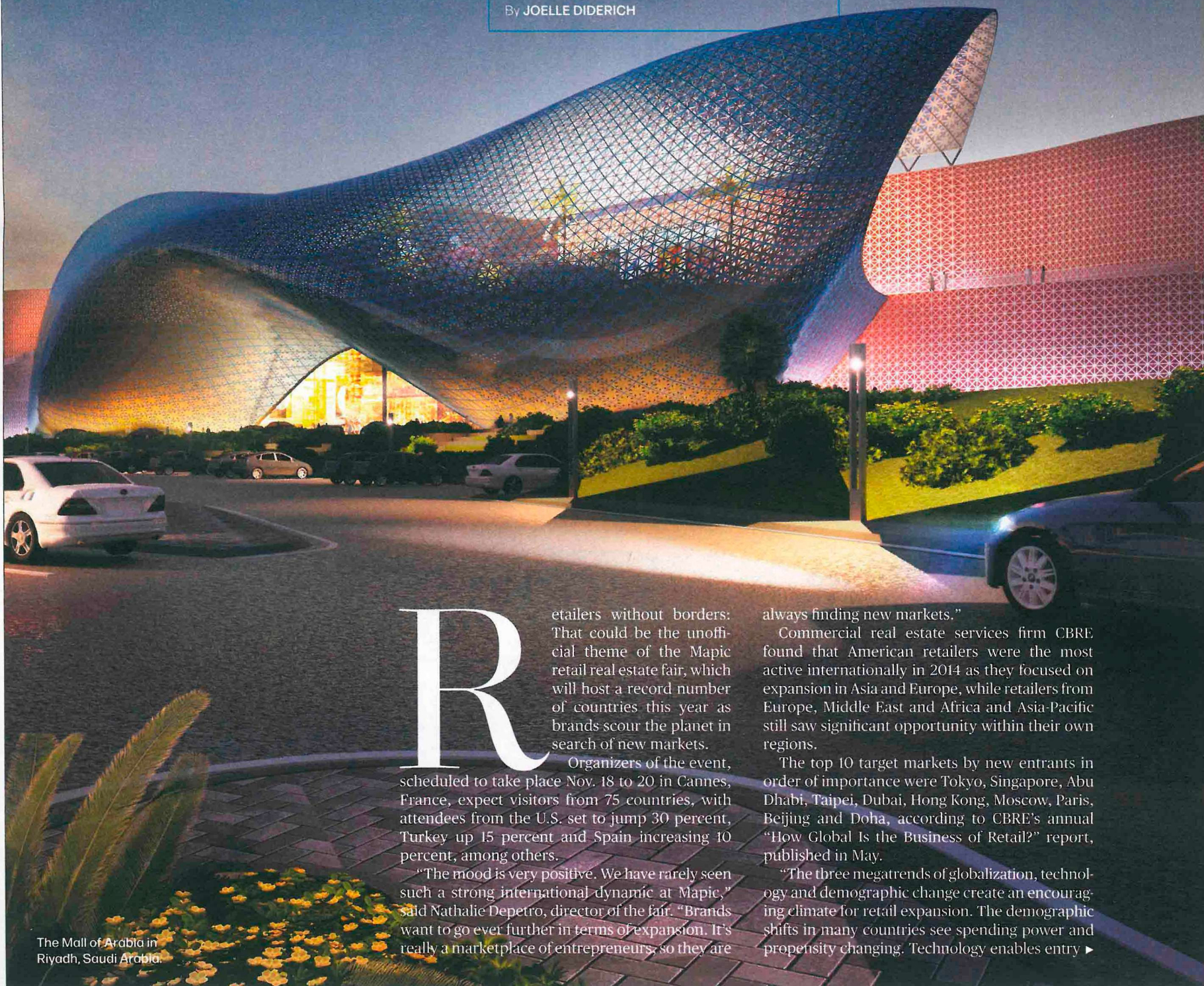




The Hunt for New Markets

Retailers and developers are hungry for hot zones.

By JOELLE DIDERICH



Retailers without borders: That could be the unofficial theme of the MapiC retail real estate fair, which will host a record number of countries this year as brands scour the planet in search of new markets. Organizers of the event, scheduled to take place Nov. 18 to 20 in Cannes, France, expect visitors from 75 countries, with attendees from the U.S. set to jump 30 percent, Turkey up 15 percent and Spain increasing 10 percent, among others.

"The mood is very positive. We have rarely seen such a strong international dynamic at MapiC," said Nathalie Depetro, director of the fair. "Brands want to go ever further in terms of expansion. It's really a marketplace of entrepreneurs, so they are

always finding new markets."

Commercial real estate services firm CBRE found that American retailers were the most active internationally in 2014 as they focused on expansion in Asia and Europe, while retailers from Europe, Middle East and Africa and Asia-Pacific still saw significant opportunity within their own regions.

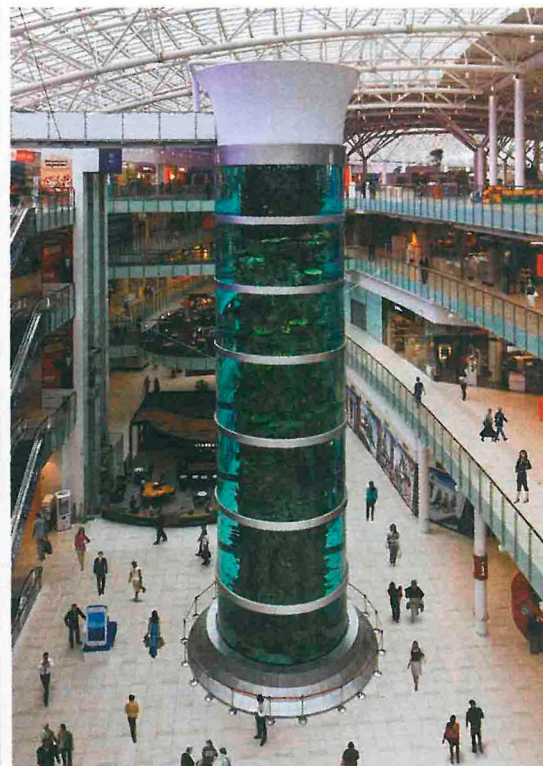
The top 10 target markets by new entrants in order of importance were Tokyo, Singapore, Abu Dhabi, Taipei, Dubai, Hong Kong, Moscow, Paris, Beijing and Doha, according to CBRE's annual "How Global Is the Business of Retail?" report, published in May.

"The three megatrends of globalization, technology and demographic change create an encouraging climate for retail expansion. The demographic shifts in many countries see spending power and propensity changing. Technology enables entry ▶

The Mall of Arabia in Riyadh, Saudi Arabia.



Westfield's Milan project. Right: The Avia Park at the Mall of Moscow. Below: the Iran mall near Tehran.



to market and evaluation of performance to be addressed more swiftly and the overarching element of globalization fits perfectly with the desires of retailers to expand into new locations," it said.

"The traditional retail triumvirate of London, Paris and New York continue to be challenged and, in some cases, overtaken by cities from Asia-Pacific and the Middle East. This trend is likely to continue and there will be a day when we see a new number-one atop the overall retail penetration rankings," it added.

Among the new retailers attending Mopic are U.S. clothing and accessories chain Chico's FAS Inc.; U.K. off-price retailer TK Maxx (not to be confused to the American T.J. Maxx); German fashion and cosmetics brand Joop; French underwear maker Le Slip Français; as well as multibrand retailer Luisa Via Roma, and clothing line Harmont & Blaine, both from Italy.

The U.S. is the country of honor of this year's edition, reflecting the dynamic mood in U.S. retailing, with major projects in the pipeline including two developments in Manhattan: Hudson Yards and Westfield World Trade Center. (For more on the U.S., see story on page 32.)

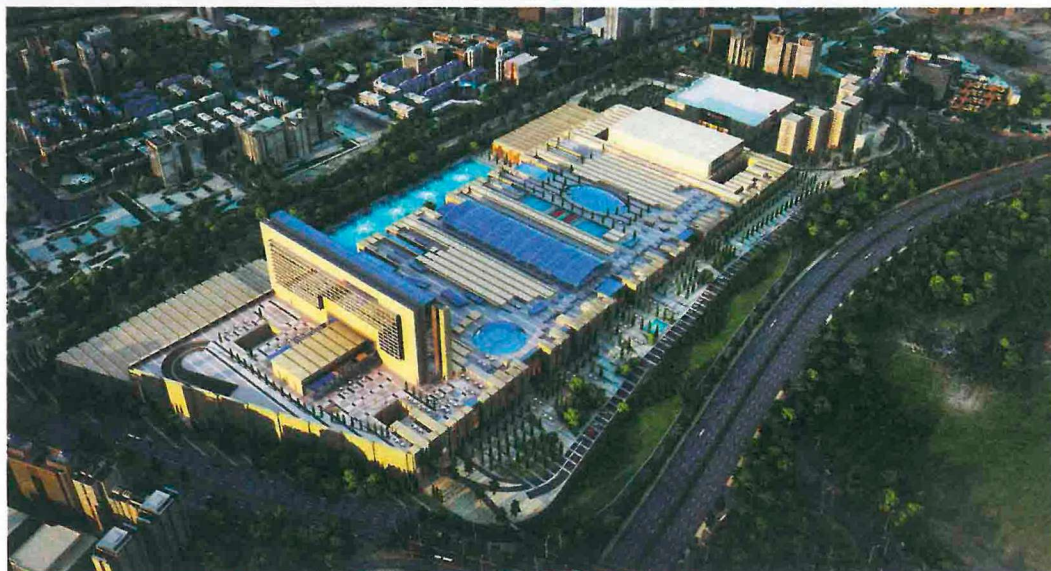
Trever Gallina, a director at brokerage Newmark Grubb Knight Frank Retail in New York, said the market there continued to thrive, despite a drop in tourism linked to the strength of the U.S. dollar.

"As a whole, the demand for luxury retail space is still strong, but retail rents are higher than ever. So markets in New York that really cater to the New York City-based customer are much more reliable and consistent than the markets that rely on tourism," he noted.

For the first time, U.S. attendees will have their own pavilion at Mopic, and related events include a conference on the U.S. market co-organized by Time Retail Partners and sponsored by Chico's. As official sponsor, Thor Equities will underwrite a series of events, including the opening night cocktail party and the Mopic awards.

Turkey is also vying to increase its visibility, with a pavilion that will host 15 brands, while new exhibitors include a host of companies from the Middle East.

Majid Al Futtaim from the United Arab Emirates is presenting projects including its redevelopment of the Mall of the Emirates in Dubai; Mall of Egypt



"Geopolitical events and fluctuating economies affect many businesses in different countries throughout the world."

Armin Michaely, Ikea Centres Russia

and City Center Almaza in Cairo, and Mall of Oman in Muscat, Oman.

Arabian Centers will come with two projects in Saudi Arabia: Mall of Arabia in Riyadh, and Dhahran Boulevard in Dhahran, which it is billing as the Rodeo Drive of the Kingdom.

Meanwhile, Iran is making its entry with Tat Group's Iran Mall near Tehran, the first project of its kind as the country prepares to import previously restricted goods and receive greater foreign direct investment following the impending relief of nuclear-related sanctions on Iran.

One country that is scaling down its presence is Russia, which is reeling from the impact of the devaluation of the ruble and Western sanctions over its annexation of the Ukrainian region of Crimea and support for separatists in

eastern Ukraine.

Depetro said this year's edition of Mopic would feature around 20 Russian stands, down from 50 last year.

"There is still a market in Russia, but they don't want to come and bid for business. The political context today does not permit it," she said.

"When I look at the pipeline for Russian shopping centers, for the time being, it has not taken a big hit. But it's obvious that if fewer foreign brands are going there, some centers are going to suffer, because you can't only put Russian brands in Russian shopping centers," she added.

Among those maintaining their presence are Fashion House Group, which operates outlet centers in Moscow and Saint Petersburg, and Ikea Centres Russia, part of the Ikea Group, which owns, develops and manages the chain of Mega shopping centers in Russia.

It is presenting Mega Mytischi near Moscow, set to open in 2018 and billed as one of Europe's largest shopping centers, with a gross leasable area of 2.5 million square feet. Armin Michaely, managing director of Ikea Centres Russia, said the group is set to invest 1.9 billion euros, or \$2 billion at current exchange, in Russia between now and 2020.

"Geopolitical events and fluctuating economies affect many businesses in different countries throughout the world. Clearly we pay ▶

attention to these issues, but our long-term view on Russia being a highly positive market remains unchanged," he said, noting that the group enlarged its tenant mix in the 2015 financial year with 90 new brands, including Wrangler, Pimkie and DeFacto.

Nonetheless, Ikea plans to reduce its reliance on retail by upgrading existing malls with a new food and beverage concept. "Food and beverage space will almost double to become an anchor in its own right," noted Michaely.

Despite continued weak growth in the euro zone, the region remains an attractive destination, with even beleaguered southern Europe seeing a flurry of activity.

Italy is gearing up for the opening of Westfield

Milan, which will include a Galeries Lafayette department store, one of several projects in and around the city, alongside Design International's Arese Shopping City, Promos Group's Scalo Milano, and the revamping of Milano Centrale railway station.

A conference will focus on new real estate projects in Italy that have obtained a building permit. Depetro said the country was playing catch-up, having been late in developing shopping centers.

"They started off slowly and today, they are realizing there is consumer demand for shopping centers with a leisure component where you spend a full day. They are therefore rethinking their commercial town planning, as well as refurbishing existing centers with a new approach to

the city center," she said.

The entertainment component of malls will be a major focus at Mopic this year. The fair's so-called "retail-tainment" pavilion is doubling its exhibition space and will feature international exhibitors, along with a pitching area where they can present their concepts in 30-minute sessions.

Meanwhile, the Mopic Innovation Forum will explore digital topics including big data, online-to-store, click & collect, omnichannel and mobile shopping.

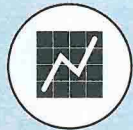
"Before, we used to talk about campaigns on social media to drive traffic to stores. Today, it no longer works like that. It's really a virtuous circle, and you have online-to-store and store-to-online," Depetro said. ■

Key Conferences



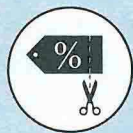
Travel Retail

● How to turn transit zones into terminus retail destinations? **NOV. 18 9:30 TO 10:30 A.M.**, OXFORD ROOM



Data

● How to capture data for business growth. **NOV. 18, 10-11 A.M.**, MAPIC INNOVATION FORUM



Outlet

● The outlet as an exclusive shopping place: The new retail tourism hub. **NOV. 18, 10:30-11:30 A.M.**, OXFORD ROOM



China

● The Chinese experience: How to successfully expand your business in China. **NOV. 18, 10:30-11:30 A.M.**, CHAMPS ELYSÉES ROOM



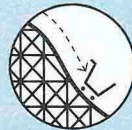
USA

● The big picture: The U.S. – the world's most influential retail market. **NOV. 18, 11:30-12:30**, CHAMPS ELYSÉES ROOM



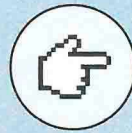
Russia

● Russian consumption market: Key facts for growth. **NOV. 18, 3:30-4:30 P.M.**, CHAMPS ELYSÉES ROOM



Retail-tainment

● When shopping malls become amusement parks. **NOV. 18, 3:30-4:30 P.M.**, OXFORD ROOM



Google Workshop

● How to leverage online marketing solutions to drive in-store traffic and revenue. **NOV. 18, 3:30-4:30 P.M.**, MAPIC INNOVATION FORUM



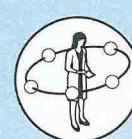
Middle East

● Middle East: The answer to international retailers' demands? **NOV. 18, 4:30-5:30 P.M.**, CHAMPS ELYSÉES ROOM



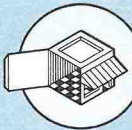
Luxury

● Goldrush: The new El Dorados for luxury brands. **NOV. 18, 4:30-5:30 P.M.**, OXFORD ROOM



The Experience

● Connecting shoppers or connected shopping? **NOV. 19, 10-11 A.M.**, MAPIC INNOVATION FORUM



Pop-Up Store

● Upcoming Retail: Pop-up stores, commercial events, concept stores...What are the best physical solutions for e-commerce? **NOV. 19, 11:30 A.M.-12:30 P.M.**, OXFORD ROOM



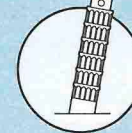
China Connect Workshop

● O2O and omnichannel platforms in China. **NOV. 19, 3:30-4:30 P.M.**, MAPIC INNOVATION FORUM



Food & Beverage

● "A Table!" For a delicious discussion between F&B retailers, restaurants & shopping malls – Bon appétit! **NOV. 19, 4:30-5:30 P.M.**, OXFORD ROOM



Italy

● Retail Real Estate in Italy: Building sites – full speed ahead! **NOV. 19, 5-6:30 P.M.**, CHAMPS ELYSÉES ROOM

European Projects

● The MAPIC retail real estate fair will feature a host of projects in Europe. Following is a selection. – JOELLE DIDERICH

Mall of Europe

BRUSSELS

PRESENTED BY UNIBAIL-RODAMCO
Part of a mixed-use project in the Europea district near the city's Fifties-era Atomium tourist attraction, the Mall of Europe represents an investment of 550 million euros, or \$592 million. Spanning 123 million square feet, the 240-unit shopping center will feature more than 30 restaurants, the largest cinema in Belgium with 21 screens and the world's first "Spirouland" theme park. It is set to open in 2021.

Prado

MARSEILLE, FRANCE

PRESENTED BY KLÉPIERRE
The Prado shopping center in Marseille, set to open in 2017, follows several big mall openings in the south of France, including Polygone Riviera in Cagnes-sur-Mer, near Nice, and Les Terrasses du Port in Marseille. Located next to the city's Vélodrome stadium and close to the waterfront, the center will feature around 50 retail units, including a 100,000-square-foot Galeries Lafayette department store.

Überseequartier

HAMBURG, GERMANY

PRESENTED BY UNIBAIL-RODAMCO
The Überseequartier project on the banks of the Elbe river in Hamburg got a boost with an agreement last December for Unibail-Rodamco to develop a multiuse destination set to open in 2021. Representing an investment of 860 million euros, or \$925 million, the project will cover close to 2 million square feet. It will include 190 shops plus restaurants, housing, offices, a cruise terminal, a hotel and a multiscreen cinema.

Westfield Milan

MILAN

PRESENTED BY WESTFIELD
With an investment of 1.4 billion euros, or \$1.5 billion, Westfield's Milan center marks a bid by the Australian developer to expand outside its traditional markets, the U.S. and U.K. A Galeries Lafayette flagship is to anchor the 1.8-million-square-foot mall, developed with Percassi through its subsidiary Stilo Immobiliare Finanziaria. The project will feature more than 300 stores, 50 restaurants and parking for 10,000 cars.

Intu Costa del Sol

MÁLAGA, SPAIN

PRESENTED BY INTU
British development firm Intu is growing its presence in the Spanish market, where it owns two centers, in Oviedo and Zaragoza. It has acquired land near Málaga to build a regional destination center encompassing stores, a gourmet market, a surf lake, artificial ski slopes, a mini theme park and restaurants. Intu says the location benefits from an area population of 1.7 million, combined with 9 million tourists, annually.

Croydon

LONDON

PRESENTED BY WESTFIELD AND HAMMERSON
Westfield and Hammerson have joined forces on a 1 billion-pound (\$1.5-billion) redevelopment of the Whitgift Center shopping mall in Croydon, south London. It is due to be combined with neighboring Centrale and turned into a retail, leisure and restaurant destination covering 1.5 million square feet. The project, part of a larger regeneration program in Croydon, is due to begin construction in 2016.