

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

CONTACT:

GERMANY TOP OF THE SHOPS FOR RETAILER EXPANSION IN 2011

- Renewed Interest in Emerging Markets as Confidence Returns -

Cannes/London, 22 November 2010 – Strong economic growth and a relative lack of international retailers are two of the reasons Germany has been selected as the number one target destination for retailers looking to expand their international presence in 2011. Germany has maintained its leading position as the most attractive retail market in the Europe, Middle East and Africa (EMEA) region, with 41% of retail brands planning to open a store there next year, according to new research by the world's leading real estate advisor, CB Richard Ellis (CBRE).

Poland emerged as the second most popular retail market in the region, with 33% of retailers targeting the country, followed by France (33%), Spain (30%), and the UK (29%) to round out the top five most popular markets for retailer expansion in 2011.

CBRE's research report – ***How Active are Retailers in EMEA?*** – examines the attitudes and 2011 expansion plans of 212 leading retailers, based on interviews conducted over the summer of 2010.

Before the end of 2011, international retailers intend to expand their store networks into 38 countries across EMEA, reflecting their ambitious and growing expansion plans across a wide range of markets. Whilst the core Western European markets remain a popular target, representing seven of the top 10 country targets for expansion next year, many retailers are now also preparing to expand into the emerging markets of the region. This is backed by the number of emerging markets which have risen into the top destinations list for 2011, now accounting for half of all the top 20 targeted countries. Moreover, 41% of retailers are targeting at least one country in Central Europe and 39% are targeting Southern Europe.

Poland leads the way as the most targeted “emerging” market and the leading destination in Central and Eastern Europe (with 33% of retailers), sustained by one of the strongest economies and an undersupply of good quality retail space. Russia and Czech Republic also feature in the top 10 most targeted in 2011, at sixth and seventh places respectively. Other emerging markets populating the top 20 list include Hungary, Bulgaria, Romania and Turkey. This trend is likely to continue as retailers look to the emerging markets for new revenue growth as the scope to expand further in their domestic markets diminishes.

Peter Gold, Head of EMEA Cross-Border Retail, CBRE, commented: “With confidence returning to the market, more retailers will again look to explore cross-border opportunities and the emerging markets across the EMEA region will be high on their target lists. Although some retailers are still risk-averse and keeping to core markets, with growing stability other retailers are clearly viewing the current market as a time of opportunity, and are therefore giving themselves greater scope to look out to the horizon at more up-and-coming markets.

“Although there is a significant amount of new space due in some markets such as Poland and Russia, in general the retail development pipeline is declining and may inhibit retailer expansion plans in some markets.”

The survey also revealed that France is the top choice of markets for *international* retailers (that is, excluding domestic expansion), with some 33% of retailers surveyed targeting the country. German retailers remain confident about their own market, with 29 out of the 42 German retailers (69%) looking to expand domestically. This is due to Germany’s ability to offer five or six key cities,

| Top 20 Country Targets | | |
|------------------------|----------------|----------------------------------|
| Rank 2010 | Country | % of Retailers Targeting Country |
| 1 | Germany | 41% |
| 2 | Poland | 33% |
| 3 | France | 33% |
| 4 | Spain | 30% |
| 5 | United Kingdom | 29% |
| 6 | Russia | 28% |
| 7 | Czech Republic | 28% |
| 8 | Italy | 27% |
| 9 | Austria | 27% |
| 10 | Belgium | 25% |
| 11 | Netherlands | 24% |
| 12 | Switzerland | 23% |
| 13 | Hungary | 22% |
| 14 | Bulgaria | 19% |
| 15 | Romania | 17% |
| 16 | Turkey | 16% |
| 17= | Portugal | 16% |
| 17= | Ukraine | 16% |
| 19 | Slovakia | 15% |
| 20 | Croatia | 14% |

compared with one or two in other major markets. In Spain, less than one-third of domestic retailers are planning to open new stores in their home market, as retailers look to balance their portfolios by moving into new markets. However, some international retailers are using this domestic demand gap as an opportunity to enter the Spanish market, on the back of cheaper real estate and the demise of weaker retailers during the recession.

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For a copy of the Executive Summary of *How Active Are Retailers in EMEA?* please visit:

www.cbre.eu

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