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Primark To Open A New London Store In Sign Of Confidence

LONDON -(Dow Jones)- In a sign of confidence in the U.K. economy, discount- clothing chain Primark is opening a new London store on Oxford Street, according to a statement Thursday by the retailer and Oriana GP Ltd., the 50-50 joint venture between Frogmore Real Estate Partners LP and Land Securities Group PLC (LAND.LN), the U.K.'s largest landlord.

The parties said that they have entered into a conditional contract to lease all of Oriana's new retail units together and their upper floors at the eastern end of Oxford Street, W1.

The buildings offer 141,000 square feet of gross internal space, from which Primark hope to trade from 85,000 square feet. They comprise the former Virgin/ Zavvi store, a new build at 18/24 Oxford Street and the space previously occupied by Sportsdirect.com, as well as a unit fronting onto Tottenham Court Road.

Construction commenced at the beginning of the year and the shell building will be completed by Oriana by June next year.

The letting indicates Primark's confidence in the market despite forecasts that shoppers will once again curb their spending amid weak economic growth and fears of a renewed downturn.

Primark, a unit of Associated British Foods PLC (ABF.LN), is not the only retailer pursuing expansion. Capital Shopping Centers Group PLC (CSCG.LN), the U.K.'s only pure-play shopping center landlord and developer, Thursday reported bumper first-half earnings, helped by retailers expanding.

The company said that Primark, Next PLC (NXT.LN), Apple Inc. (AAPL) and Hollister Co. currently are expanding, and it reported 120 cases of retailers refurbishing space within the company's shopping centers with over half of these unrelated to new leases, which shows growth commitment and confidence from retailers.

'We are pleased to be part of this redevelopment plan and we hope that the new Primark store will act as a key catalyst for the regeneration of the Tottenham Court Road end of Oxford Street,' said Primark Chief Executive Paul Marchant.

The deal is also a sign that the area around Tottenham Court Road and east of Oxford Street will undergo a revival.

'This deal is further evidence that for the right spaces in the right places, retailers are still keen to grow their presence and further cements the attraction of Oxford Street as a major retail center,' said Richard Linnell, head of investment management for Land Securities'London portfolio.

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