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Tourists fuel jump in Value Retail sales

GENERAL RETAILERS

By Claer Barrett, Retail Correspondent

Bargain-hunting tourists from emerging markets have powered a 20 per cent rise in sales of cut-price designer goods for Value Retail, the European outlet chain.

Best known for its Bicester Village outlet in Oxfordshire, a location that ranks as the UK's third most popular tourist attraction, Value Retail achieved record sales of €1.5bn across its nine outlet villages in 2011 including those in Ireland, Spain and Italy. Despite the wider economic woes of the eurozone, tourists from Asia, Latin America and Russia are responsible for most of the sales growth, snapping up discounted surplus products from an array of designer brands including Burberry, Versace and Armani.

"In spite of the economy, one of Europe's growth industries in the next five years will clearly be tourism," said Scott Malkin, chairman of Value Retail. "Those who embrace the opportunity will triumph."

Kildare Village, its Irish outlet, recorded a 23 per cent jump in 2011 sales after spending from non-EU shoppers rose 38 per cent, according to tax reclaim analysis conducted by Global Blue. Mr Malkin said the Irish government's relaxation of Chinese visa restrictions and Etihad, the Middle Eastern airline, introducing direct flights to Ireland from Abu Dhabi were key factors behind the rise.

In Spain, its La Roca village in Barcelona and Las Rozas outlet in Madrid both recorded a 60 per cent jump in sales to non-EU shoppers in 2011, who spent an average of €261 each. Tax refund data show sales to Brazilian customers in Spain rose 138 per cent and sales to Venezuelan customers increased 99 per cent in the period.

The Fidenza Village in Milan saw a 71 per cent increase in sales to non-EU shoppers, who spent an average €370 each. Mr Malkin said Chinese, Russian and Middle Eastern tourists were driving the rise in Italy. At Bicester Village, where 40 per cent of customers come from outside the EU, total sales rose 30 per cent with Chinese shoppers accounting for half of the tax-refunded sales.

The private company, which operates the centres, is owned by management and property investors with stakes in its outlet villages, including Hammerson, Simon Properties, Deutsche Bank and Dutch pension fund APG.

Since 2007, Value Retail has seen gross sales at its outlets rise by "at least 20 per cent" every year, and Mr Malkin is confident this level of growth can be sustained by rising numbers of international tourists. "We don't see our outlets as shopping centres but as high quality tourism destinations," he said.

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