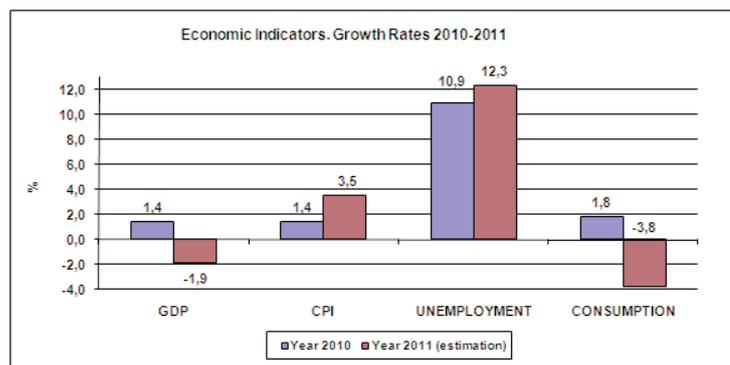


# Shopping Centres in Portugal: Activity Report October 2011

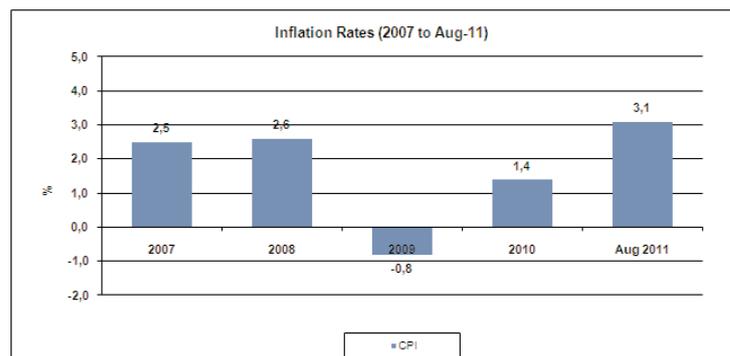
## Economy:

1. Portugal has entered a recession in 2011. According to the National Institute of Statistics (INE), the Portuguese GDP's fixed-base-year growth rate was -0.5% in the first quarter and -0.9% in the second quarter. According to the estimations of the Bank of Portugal given in their latest Economic Bulletin, the growth rate of 2011 will be -1.9%.
2. Inflation has increased 3.7% in the first and second quarters of 2011, and 3.2% in the third quarter, according to the INE. The Bank of Portugal estimates that the inflation rate of 2011 will be 3.5%.
3. The unemployment rate has reached 12.4% in the first quarter of 2011, according to the INE, having then slightly decreased in the second quarter to 12.1%. According to the estimations of Eurostat, in September it went up again to 12.6%. The European Commission predicts a final unemployment rate of 12.3% for 2011.
4. Private consumption is falling. After a negative growth of 1.2% in the first quarter of 2011 and another negative rate of 1.6% in the second quarter, in July and August the indicator varied -1.9% and -1.8% respectively, according to the INE. The Bank of Portugal predicts that the final growth rate of 2011 will be -3.8%. (see graphs no. 1 and no. 2)
5. The economic climate indicator has been continuously decreasing and in the third quarter it reached -2.7%, according to the INE. The economic activity indicator is also going down and from March to August of 2011 it went from 1.9% to 0.5%.
6. The Government Budget of 2012 was presented in October of 2011. One of the most controversial measures presented by the Prime-Minister was the retention of the 13th and 14th month salaries during the next two years to Public employees and State pensioners earning over € 1.000 per month.

Graph no. 1: Economic Indicators



Graph no. 2: Inflation Rate Evolution



no. 23 October 2011

Document issued by  
LaSBA's Permanent  
Research Program

## Shopping Centre Development Market:

### I. Ongoing Year

7. The economic crisis is once again in 2011 affecting Shopping Centre openings. In spite of that, in 2011 up until October there have been two openings and three extensions, which correspond to 92,250 sq m of new Gross Leasable Area (GLA), an amount already higher than the one of 2010 (75,900 sq m).
8. The openings included one shopping centre (Aqua Portimão, with 35,500 sq m of GLA and developed by Bouygues) and the first stage of a retail park (P.C. Setúbal, with 9,000 sq m of GLA and developed by Bogaris). As for the extensions, there was the one of a hypermarket with a commercial gallery, which is now the Forum Sintra Shopping Centre (55,900 sq m of total GLA) and two retail parks (P.C. Montijo, with the opening of the Decathlon unit, and Sintra Retail Park).
9. The Lisbon Region was clearly the one with the most activity, with most of the developments located there, and followed by the Algarve. The other regions of Portugal did not have any openings or extensions of retail establishments. (see tables no. 1 and no. 2)
10. Retail and restoration have been the sectors most affected by the crisis and which have had more companies closed. In the first quarter of this year, 723 retail stores and 423 restaurants have closed, according to the data of the Ministry of Justice. However, these are also the activities where a tendency for the opening of new businesses is observed: in the same period, a total of 2109 new companies have opened, which results in a positive balance.

Table no. 1: Openings until October 2011

Shopping Centre	Location	Developer	GLA (sqm)	Opening
P.C. Setúbal (1 <sup>st</sup> Stage)	Setúbal	Bogaris	9.000	February
Aqua Portimão	Portimão	Bouygues	35.500	April
<b>Subtotal Openings</b>	<b>2</b>		<b>44.500</b>	

Table no. 2: Extensions until October 2011

Shopping Centre	Location	Developer	GLA (sq m)		
			Extended	Former	Total
Forum Sintra	Sintra	Multi Development	40.150	15.750	55.900
P.C. Montijo (Decathlon)	Montijo	Bogaris	5.000	3.000	8.000
Sintra Retail Park	Sintra	Sonae Sierra / Miller	2.600	17.500	20.100
<b>Subtotal Extensions</b>	<b>3</b>		<b>47.750</b>	<b>36.250</b>	<b>84.000</b>
<b>TOTAL (Openings / Extensions)</b>	<b>5</b>		<b>92.250</b>		

### II. Estimations

11. By the end of 2011, we expect that the total new GLA will be close to 100.000 sq m. There is one more retail establishment which will open this year, Évora Retail Park, 6,000 sq m of GLA, with Moviflor and Worten as the main anchor stores, due to open on the 3rd November.
12. Imorendimento, together with Madford Developments, is developing the Évora Shopping Centre. This shopping centre will have 16,400 sq m of GLA. The full retail establishment will have three sections: an IZI unit already in operation, a retail park with 6,000 sq m of GLA and the shopping centre, which will have around 80 units. Opening is planned for spring of 2013.

### Shopping Centres in operation:

13. CascaiShopping, the shopping centre developed by Sonae Sierra which opened in 1991, has been introducing changes to its tenant mix during the last few years. In 2009 and 2010 about 15% of the Centre's brands were replaced, which corresponds to the entry of more than 30 new retailers.
14. Almada Forum, developed by Multi Development, has become the first shopping centre registered on the EMAS (Eco-Management and Audit Scheme). The EMAS certification is a voluntary mechanism for companies and corporations which intend to have the commitment to evaluate, manage and improve their environmental performance.



P.C. Setúbal

Setúbal



Aqua Portimão

Portimão



P.C. Montijo (Decathlon)

Montijo



Forum Sintra

Sintra



Sintra Retail Park

Sintra

page 2

no. 23 October 2011

**OBSERVATORIO LaSBA**





Odivelas Parque Odivelas



Leroy Merlin Coimbra



MTNG Store Vila do Conde



Supermercado Brio Lisboa



IZI Évora

15. Odivelas Parque has begun its refurbishment. This shopping centre, developed by Mundicenter, which opened in 2003 and has around 39,000 sq m of GLA, will be given a new concept, mixing the traditional shopping centre format with the outlet centre format. This process does not contemplate a significant extension of GLA, but it will reorganize the tenant mix and refurbish the existing spaces.
16. The Colombo Shopping Centre, owned by Sonae Sierra and ING Real Estate, was considered “Best Shopping Centre” at the Hipersuper’11 awards for the second consecutive year. This retail establishment has 120,000 sq m of GLA and an average footfall of 25 million per year.
17. According to the Footfall Index, there is finally a recovery in shopping centre affluences, as an upward trend is unraveling. The year-to-year variation in May was -11.0%, but in June it went up to -9.0% and in July it continued to rise until -6.0%.

### Information regarding Retailers:

18. The French Group Adeo, owner of the DIY chains Akí and Leroy Merlin, continues investing in the Portuguese market. The Akí unit in Setúbal was extended and refurbished and it now has 4,000 sq m of GLA. The Leroy Merlin unit of Sintra was also extended from 8,000 sq m GLA to 12,000 sq m and the ninth Leroy Merlin store opened as well, located in Coimbra, with an area of 8,000 sq m.
19. The DIY brand Bricor, of the El Corte Inglés Group, opened its first store in Portugal, as part of the extension of the Vila do Conde The Style Outlets, developed by Neinver. The store has a stand alone unit format and it was inaugurated in July. It has 12,000 sq m of GLA.
20. Swarovski opened a new store at Chiado, in Lisbon. It is a new store concept called “Crystal Forest”, with a new image. The unit is located at Rua Garrett and has an area of 180 sq m.
21. Interforma released a new brand called Interforma Outlet, with the opening of its first store on the Freeport Outlet, in Alcochete. The unit is shared with Divani&Divani Outlet and has 900 sq m.
22. Prénatal opened a new Megastore at the Forum Montijo Shopping Centre. This retailer is rebranding and the new stores supply, aside from children’s products and services, spaces like the nursery, breastfeeding rooms or a chill out area with coffee, magazines, toys, books and movies, serving both children and adults.
23. Decathlon is going to open two new stores, one in Leiria and the other one in Setúbal. The Leiria store will have around 2,500 sq m and should open by the end of the year.
24. MTNG has opened its first store in Portugal, at the Vila do Conde The Style Outlets. It is the first international store by this Spanish shoes retailer and also the first one under the outlet format; the unit has an area of 180 sq m.
25. The British chain YO! Sushi opened its second store in Portugal, at the Colombo Shopping Centre, in Lisbon. After the first opening at the Forum Sintra Shopping Centre, this restaurant now has a second unit with an area of 120 sq m.
26. The Biological Supermarket chain Brio opened 3 stores in 2011, all of them located in Lisbon. The expansion plan for the next few years is ambitious and the goal is to open the first units outside of Greater Lisbon by the end of 2012.
27. Eric Kayser opened its first store in Portugal, at Amoreiras, in Lisbon. This French bakery, known throughout the world, has had an enormous success since the opening of the first store in Paris, 15 years ago.
28. The Dutch retailer Clayre&Eef opened its first international store in Portugal, specifically at Rua 31 de Janeiro in Oporto. The store sells home textiles, kitchen accessories, chinaware, frames, linen, etc.
29. The new chain of low cost health clubs Fitness Hut, owned by The Edge Group, opened its first club in Lisboa, at Espaço Amoreiras. The next opening is expected to occur by the end of this year in Cascais.

## Investment Market:

30. The investment market has had low activity during the first semester of 2011. There is a large decrease of volume when compared with 2010, although we do not consider that this is an actual decline, since the 2010 figure of investment volume contained large amounts referring to intra-group operations.
31. The main retail transaction which occurred in the first semester was the sale of a Continente hypermarket and of a Worten store, both of them located at the Vasco da Gama Shopping Centre, in Lisbon. The units were acquired by the Property Fund Imofomento, managed by BPI, for 42.3 million Euros.
32. The recently opened Muji store, in Chiado (Lisbon), was sold for about 3.1 million Euros to a Spanish Family Office. This store has an area of around 410 sq m and is located at Rua do Carmo.
33. A. Silva & Silva has sold all 25 IZI stores located at Continental Portugal to the Prêbuild Group, of Angola. This chain of DIY also has one store at the Madeira Island and another one in Spain, but these stores were left out of the transaction; the amount was not disclosed. (see table no. 3)

Table no. 3: Main Investment Transactions until October 2011

Shopping Centre	Location	Seller	Purchaser	GLA (sq m)	Price (M€)
Continente Vasco da Gama Worten Vasco da Gama	Lisboa	Sonae Distribuição	Fil Imofomento	15.800	42,3
IZI Stores (25)	several	A. Silva & Silva	Prêbuild	n.d.	n.d.
Muji Store	Lisboa	n.d.	n.d.	410	3,1
Modelo Continente	Vila Franca de Xira	Sonae Distribuição	Finipredial	n.d.	n.d.
Modelo Continente	Tires	Sonae Distribuição	NK	n.d.	n.d.

34. Sonae Sierra intends to sell its remaining share of 25% of the Via Catarina Shopping Centre, in Oporto. The shopping centre is worth an estimated 50 million Euros and this sale is part of Sonae Sierra's strategy of capital recycling for the development of new projects.
35. Square Asset Management was distinguished at the IPD European Property Investment Awards 2011 under the category of General Portfolio 2011. The award acknowledges the performance of the Fund "CA Património Crescente", managed by Square Asset Management.
36. Yields are revealing a tendency to rise, although the low number of transactions does not allow reliable estimations. Risk is on the rise, mostly due to the country's economic and political situation, which directly affects yields.

### Disclaimer LaSBA 2011

The information contained in this document is for the sole use of LaSBA clients. Any information contained in the document does not represent the current performance of the market, not that of its future performance. This includes projections, estimates and opinions. LaSBA does not take any responsibility for the information contained in this document and cannot provide representation, warranty or guarantee for its accuracy. Although the sources used for the information contained in this document are believed by the authors to be reliable, independent verification is necessary for confirmation of its correctness and comprehensiveness. Reproduction of the document is strictly forbidden without written permission from LaSBA itself.

Part of  European Retail Consulting Alliance

London, Paris, Milano, Madrid, Lisboa

Document issued by  
**LaSBA's** Permanent  
Research Program

Av. Fontes Pereira de  
Melo, 51, 6º F1  
1050-120 Lisboa  
Tel. +351 213 136 060

Paseo de la Castellana,  
143, 2ºC  
E-28046 Madrid  
Tel. +34 914 178 100

[www.lasba.com](http://www.lasba.com)

