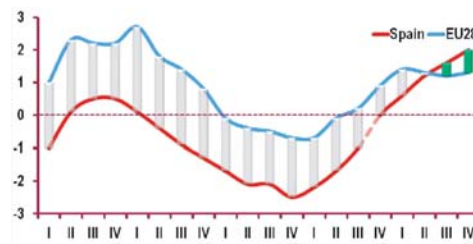


# Shopping Centres in Spain: Semi-annual Activity Report May 2015

## Economy:

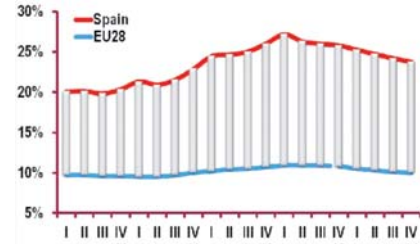
1. Spain's **GDP** began to grow above the European Union's average in the last Quarters of 2014: it grew 1.6% year-on-year in the third Quarter and 2.0% in the fourth Quarter. (see Graph no. 1)
2. **Unemployment** has decreased to 23.73% in the fourth Quarter of 2014, opposite 10.0% for the entire European Union (28 countries), which supposes a gap of 13.73% with the rest of Europe. (see Graph no. 2)

Graph no. 1: GDP



Source: Banco de España and Eurostat.

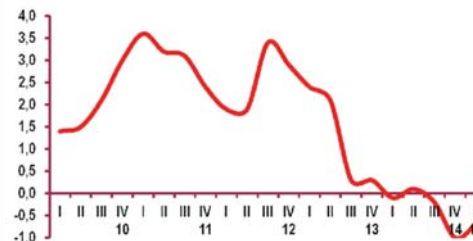
Graph no. 2: Unemployment



Source: Banco de España and Eurostat..

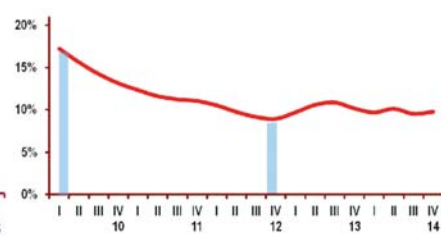
3. The **HCPI** (Harmonised Consumer Price Index) continues to translate into deflation in the first Quarter of 2015, with a year-on-year variation of -0.7%. 2014 had closed with a variation of -1.0%. (see Graph no. 3)
4. The **Gross Family Savings Rate** has remained the same during 2014, despite minor fluctuations. It was 9.7% in the first and last Quarter of 2014. (see Graph no. 4)

Graph no. 3: Harmonised CPI



Source: INE.

Graph no. 4: Gross Family Savings Rate



Source: INE and LaSBA.

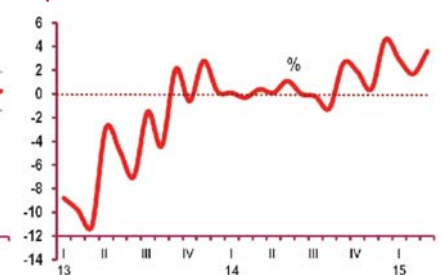
5. The **confidence indicators** maintain their recovery tendency, most of all from the beginning of 2015. Since 2012 they have been steadily rising. (see Graph no. 5)
6. The **Retail Index** is also recovering, after the stagnation of the first half of 2014. From September 2014 there were positive year-on-year variation rates, at constant prices (discarding service stations). In March of 2015 there was a growth of 3.6%. (see Graph no. 6)

Graph no. 5: Confidence Indicators



Source: INE and LaSBA.

Graph no. 6: Retail Index



Source: INE and LaSBA.

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## Shopping Centre Development:

7. During 2014, openings in Spain accounted for 156,590 sq m of new GLA, a new low since over 20 years. This amount includes 99,240 sq m of GLA corresponding to specialised medium-sized units established outside of retail complexes. (see Tables no. 1 and no. 2)

Table no. 1: Openings 2014

Shopping Centre	Location	Developer	GLA (sqm)	Opening
P.C. La Ciudad de la Imagen	Sevilla	Bogaris	21,000	10-Mar
Marina Lanzarote	Arrecife	P. Calero Marinas	14,500	18-Oct
Parque Santiago 6	Tenerife	Santiago Sur	43,650	1-Dec
<b>Total New Centres</b>		<b>3</b>	<b>43,650</b>	
Leroy Merlín	Aljaraque	Leroy Merlín	6,500	25-Feb
Leroy Merlín	Badajoz	Leroy Merlín	13,000	10-Jun
Ikea	Alfajar	Inter Ikea	37,300	17-Jun
Brico Depôt	A Coruña	Brico Depôt	5,400	2-Jul
Bauhaus	Paterna	Bauhaus	17,000	7-Nov
Decathlon	Arroyo de la Encomienda	Decathlón	8,540	14-Nov
Leroy Merlín	Las Palmas	Leroy Merlín	11,500	25-Nov
<b>Total Medium-Sized Units</b>		<b>7</b>	<b>99,240</b>	
<b>Total Openings 2014</b>		<b>10</b>	<b>142,890</b>	

Source: LaSBA.  
Note: Stand-Alone Medium-Sized Units and Department Stores are included.

Table no. 2: Extensions 2014

Shopping Centre	Location	Developer	Opening	GLA (sqm)		
				Extended	Initial	Total
Parc Central	Tarragona	ING Real Estate	27-Feb	7,200	29,000	36,200
La Roca Village	Barcelona	Value Retail	4-Jun	6,500	18,500	25,000
<b>Total Extensions 2014</b>		<b>2</b>		<b>13,700</b>	<b>47,500</b>	<b>61,200</b>

Source: LaSBA.  
Note: Stand-Alone Medium-Sized Units and Department Stores are included.

8. In total, 10 openings were registered, 3 shopping centres or retail parks, and 7 specialised medium-sized units established outside of retail complexes. Furthermore, there were 2 extensions of existing retail establishments.
9. By geographical regions, the highlights are Valencia and Canary Islands as the regions with the most GLA inaugurated, and also Canary Islands as the region with the most openings/extensions, three of them. (see Table no. 3)

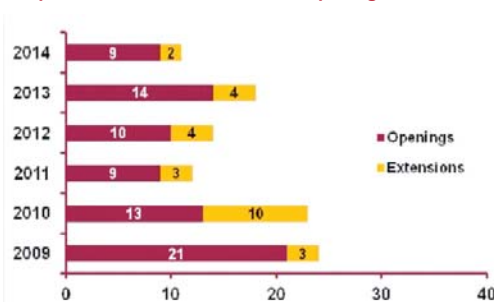
Table no. 3: Openings and Extensions by 'Comunidad Autónoma' (Regions) 2014

Region	Openings		Extensions		Total	
	Number	GLA (sqm)	Number	GLA (sqm)	Number	GLA (sqm)
Andalusia	2	27,500			2	27,500
Canary Islands	3	34,150			3	34,150
Castilla and León	1	8,540			1	8,540
Catalonia			2	13,700	2	13,700
Valencian	2	54,300			2	54,300
Extremadura	1	13,000			1	13,000
Galicia	1	5,400			1	5,400
<b>Total 2013</b>	<b>10</b>	<b>142,890</b>	<b>2</b>	<b>13,700</b>	<b>12</b>	<b>156,590</b>

Source: LaSBA.  
Note: Stand-Alone Medium-Sized Units and Department Stores are included.

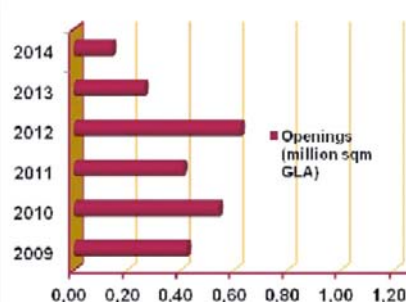
10. According to LaSBA's Data Base, by the end of 2014, Spain's GLA was above 20.3 million sqm. This data is different than the one managed by the Spanish Shopping Centres Association (AECC), because LaSBA includes department stores and some centres and retail parks that the AECC does not consider. Taking into account current population data, the estimated retail density is around 438 sq m/1,000 inhab., slightly above the 435 sq m/1,000 inhab. of the previous year.

Graph no. 7: Evolution Number of Openings



Source: LaSBA's Data Base.

Graph no. 8: Evolution inaugurated GLA



Source: LaSBA's Data Base.



P.C. Ciudad de la Imagen Sevilla



Marina Lanzarote Arrecife



Parque Santiago 6 Tenerife



Parc Central Tarragona



Espacio Mediterráneo Cartagena



Málaga Plaza Málaga



Nervión Plaza Sevilla



Baricentro Barcelona

11. For the forthcoming years there is the expectation of an upturn in the development of shopping centres and retail parks in Spain.
12. We estimate that in 2015 and 2016 the aggregate inaugurated GLA will surpass 600,000 sq m, discarding specialised medium-sized units, which supposes a very large increase with respect to 2014. (see Tables no. 4 and 5)

Table no. 4: Planned Openings 2015/2016

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Total	Extended
Bandeira	O Calvario	Inversiones Abuín			14,000
Siam Mall	Adeje	Depósitos Almacenes Número 1			31,400
Abella	Lugo	Inversiones Abuín			31,000
P.C. Cruce de Caminos	Sagunto, Valencia	Grupo Lar / WIT Retail			45,000
Sambil Outlet Madrid	Leganés	Grupo Sambil			42,000
Reus	Reus, Tarragona	Metrovacesa			30,800
Torrecárdenas	Almería	Bogaris			60,000
SaquinCenter (1 <sup>st</sup> stage)	Saquinto, Valencia	Auqusto Becker			16,000
Viladecans The Style Outlets	Viladecans	Neinver			25,000
Jaén Plaza	Jaén	Grupo Alvares			40,000
Evolución Parque Comercial	Burgos	Inbisa			30,000
C.C. La Serna	La Serna, Palencia	Bogaris			23,000
Palma Springs	Mallorca	Unibail Rodamco			72,590
Nevada	Granada	General de Galerías Comerciales			85,000
P.C. Puerta de Chiclana	Chiclana de la Frontera	Redevco			12,000
Sector Nord	Carcaixent	Clásica Urbana			10,500
<b>Total Planned Openings 2015/2016</b>			<b>16</b>	<b>568,290</b>	

Source: LaSBA.

Table no. 5: Planned Extensions 2015/2016

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Total	Extended
Gloriès	Barcelona	Unibail-Rodamco	56,000	67,200	11,200
Gran Turia	Xirivella	Corio	58,300	73,300	15,000
La Dehesa	Alcalá de Henares	Immochan	45,400	58,400	13,000
La Loma	Jaén	Corio / Carrefour Property	27,950	32,950	5,000
S'Estada	Palma de Mallorca	Carrefour Property	20,670	70,000	49,330
Vallsur	Valladolid	Unibail-Rodamco	31,300	39,800	8,500
<b>Total Planned Extensions 2015/2016</b>			<b>6</b>	<b>239,620</b>	<b>332,650</b>

Source: LaSBA.

## Shopping Centres in Operation:

13. Regarding affluences, on average there was a variation of -0.3% in 2014 (according to the FootFall Index) with respect to 2013.
14. According to the AECC, Spanish shopping centres' turnover grew 5% during 2014, with respect to the previous year, reaching an estimated amount of 38.63 billion Euros.
15. **Espacio Mediterráneo**, the leisure and shopping centre located in Cartagena, has strengthened its retail supply with openings by Fashion retailers **Suiteblanco** and **Topitos** and the extension of its **H&M** store.
16. **Málaga Plaza** has started to renovate its retail supply with the opening of six new stores at the end of; among them were **My Phone**, **Esencial Perfumes** and **Happy Papes**. In 2015, the shopping centre will improve its brand image and logo.
17. The shopping centre **Puerto Venecia**, in Zaragoza, has obtained the environmental certificate LEED (Leadership in Energy & Environmental Design) in the Gold category. The complex becomes the largest shopping centre in Spain to obtain such certificate.
18. **Arousa Shopping Centre** has concluded its refurbishment, which intended to modernise the centre located in Villagarcía de Arousa (Pontevedra). This refurbishment has included works in the indoor patios, the central stairway, lighting and pillars, among others.
19. **Nervión Plaza**, the shopping centre in Sevilla, has begun 2015 with the opening of a new unit, **Burger King**, and the reopenings of **H&M** and **Game**. As for **H&M**, it becomes one of the largest stores by the Fashion chain in Spain, with over 2,000 sq m of GLA.
20. The **Los Valles S.C.**, in Collado Villalba, has also extended its supply with the openings of **Jean Louis David** and **Ministore Disney**.
21. **Baricentro**, the first modern shopping centre that opened in Spain, celebrates this year its 35<sup>th</sup> anniversary.

## Information regarding Retailers:

### I. The Spanish Market

22. The American Fashion chain **Gap** has formed an alliance with **El Corte Inglés** to proceed its expansion in Spain, with the opening of the first store in Barcelona. The first **Gap** unit in Barcelona has a GLA of around 400 sq m and is located at the **El Corte Inglés La Rambla**.
23. Swedish Fashion chain **H&M** opened its first store in Cantabria, at the **Valle Real Shopping Centre**, in the town of Maliaño. The store has an approximate GLA of 2,000 sq m.
24. **Inside**, the Fashion and Accessories brand, has inaugurated a new store at the **Meridiano S.C.**, in Tenerife.
25. **C&A** opened a new store at **Luz Shopping**, in Jerez de la Frontera. It is located at the retail park and has 1,700 sq m of GLA.
26. **Xtep**, the Casual and Sports Fashion brand, arrived in Murcia for the first time and opened its fifth store in Spain, at the **Nueva Condomina S.C.**
27. **Pandora**, the Danish Jewelry company, has opened a new store at the **Splau S.C.**, in Cornellà de Llobregat. With this establishment, there are now 28 own stores by **Pandora** in Spain.
23. **Costco** will open its second store in Spain, in Getafe, at the industrial park La Carpetania. Aside from the store, this location will be used to establish the main offices of the company in the country.
29. **Conforama** will open two new stores in Spain during the next few months. First, it will open its third unit in the island of Tenerife, at the **El Trompo Retail Park**, a unit with 2,600 sq m of GLA, and then it will open a 4,000 sq m GLA unit at the **Rivas S.C.**, southeast of the 'Comunidad' (Region) of Madrid.
30. **Leroy Merlin** will open in June of 2015 its first store in the province of La Rioja. With this new opening, specifically in Logroño, the company will be present in every region in Spain. The chain plans to open 22 new stores within the next five years.
31. **Bricoking**, Spanish DIY chain, has opened a new franchise store in Écija, at the **N4 S.C.**. The store has an area of around 1,500 sq m.
32. **Tienda Tienda** will open its first unit in A Coruña at the **Espacio Coruña Shopping Centre**. This new store will occupy 1,650 sq m at the low floor of the Centre and will have an ample supply, including decoration, stationery, toys, DIY, leisure and homeware.
33. **Media Markt** will open a new store this year at **Plaza Mayor**, the shopping centre located in Málaga. It is the chain's second unit in this city.
34. Supermarkets continue with a strong expansion in Spain: **Carrefour**, **Dia**, **Mercadona**, **Unide**, **Covalco**, **Aldi**, **Vidal Tiendas**, among others, are chains that continue to open new Groceries units.
35. **Alcampo** has decided to use the large supermarket format for three of its forthcoming openings. The distribution chain plans to open units with areas around 4,000 sq m of GLA in Madrid, Alicante and Mallorca.
36. **Dia** has launched the supermarket format **La Plaza**, with sections of meat and fish market, and focused on fresh produce. After having acquired 144 supermarkets from **Eroski**, part of these new units will have the new format.
37. The chain specialising in Auto Service **Aurgi** opened a new store at the **Jerez Norte Shopping Centre**. The unit, with an area of 500 sq m with both store and garage, is the first by the chain in the province of Cádiz.
38. The Danish Toys company **Lego** has opened its new leisure unit, **Lego Fun Factory**, at the **Diagonal Mar Shopping Centre**, in Barcelona. The unit has 100 sq m of GLA.
39. The Restoration firm **El Kiosko** intends to open five units in 2015, out of which the first one was already inaugurated, at **Heron City Madrid**.
40. **KFC** opened its first restaurant in A Coruña, specifically at the **Marineda City S.C.**. The unit has 420 sq m of GLA.
41. **Bellamia**, Italian Ice Cream chain, opened its first store in Seville, specifically at the **Los Arcos S.C.**



Xtep

Murcia



La Plaza



Aurgi

Jerez de la Frontera



KFC

A Coruña

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Islazul

Madrid



Puerto Venecia

Zaragoza



Castellana 200

Madrid



El Boulevard

Vitoria

42. **Odeón Multicines** has reopened the 18 movie screens of the **Bahía Plaza S.C.** in Los Barrios. The concession lasts ten years and it is extendible.

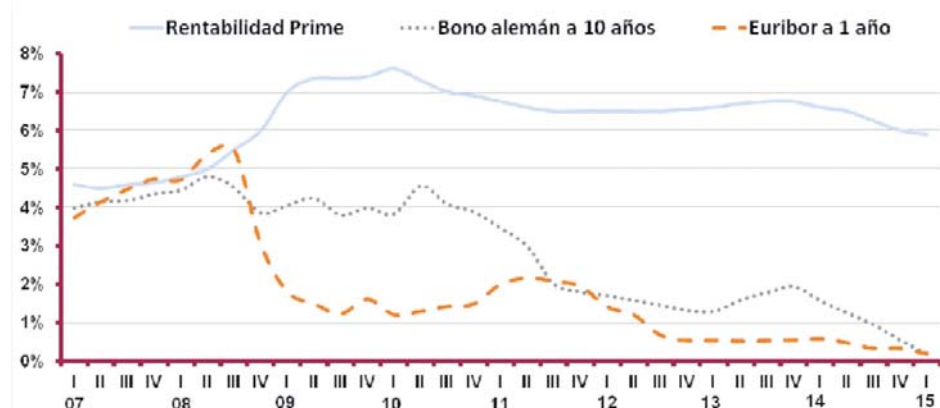
## II. Spanish brands in other markets

43. **Inditex** has extended the presence of **Zara** in Denmark, with the opening of its refurbished flagship store in Copenhagen, which has the same global and design concept as other stores in big cities like New York, London, Paris or Shanghai. The store has a GLA of over 2,000 sq m.
44. **Inditex** is also planning new openings by its other brands in India, Australia, Chile and Korea. **Massimo Dutti**, **Zara Home** and **Pull & Bear** will enter these countries for the first time. On the other hand, **Stradivarius** opened its store number 900 in the world, in Osaka, Japan.
45. **Desigual** will strengthen its presence in the American continent with a dozen openings in Mexico, Canada and the United States.
46. **Castañer**, the Catalan Shoes brand, inaugurated a new store in Beijing, at the **Shin Kong Place Shopping Centre**, one of the most emblematic in Asia. Furthermore, they opened another store in Hong Kong, at the **Harbour City Shopping Centre**.
47. The Perfume and Cosmetics company **Equivalenza** is promoting its growth in Africa with its entry in three new markets: South Africa, Cape Verde and Argelia.
48. **Imaginarium**, Spanish company leader in Educational Toys, has inaugurated its first stores in Poland (2) and Azerbaijan (1). All three stores are located in shopping centres.
49. **Llaollao**, the frozen yogurt franchise, has opened its first store in Central America, specifically in El Salvador. The store is located at the **Multiplaza S.C.**, in the Capital, San Salvador.

## Investment Market:

50. German Bonds and Euribor are still dropping to historical low rates. Prime Yields are also still decreasing, and they are now between 5.20% and 5.50% for shopping centres and between 6.20% and 6.50% for retail parks. However, the gap between Prime Yields and German Bonds continues to widen. (see Graph no. 9)

Graph no. 9: Comparative Yield / Financial Cost / Debt



Fuente: Banco de España, Euribor-Rates.eu y elaboración propia.

51. Foreign companies were mostly responsible for the reactivation of the investment market for shopping centres and retail parks in Spain during 2014. Durante the entire year, shopping centres were transacted by an amount that should surpass 2.5 Bln Euros, the highest amount witnessed in the last few years.
52. There were 21 operations closed which correspond to 93 shopping centres and retail parks with a combined GLA surpassing 1.5 million sqm, which supposes more than 7% of the total GLA existent in Spain. (see Table no. 6)

Table no. 6: Main Investment Operations 2014

Shopping Centre	Location	Province	Seller	Buyer	GLA (sqm)	Price (Mln€)
63 Galleries	several	several	Klépierre	Carmila (1)	n.d.	(2)
Albufera Plaza	Madrid	Madrid	General Electric	Meridia Capital	9,800	21
Alcalá Magna	Alcalá Henares	Madrid	CBRE Global Investors	Incus Capital	36,200	85
Castellana 200 (3)	Madrid	Madrid	Reyal Urbis	PSP / Drago Capital	6,500	140
El Boulevard	Vitoria	Álava	CBRE Global Investors	ING	84,600	153
El Mirador	Burgos	Burgos	Vastned	Baupost / GreenOak / Lar	21,400	
Getafe 3	Getafe	Madrid	Vastned	Baupost / GreenOak / Lar	47,200	
Las Rosas	Madrid	Madrid	Vastned	Baupost / GreenOak / Lar	29,400	160
Madrid Sur	Madrid	Madrid	Vastned	Baupost / GreenOak / Lar	23,200	(4)
Montigalá	Badalona	Barcelona	Vastned	Baupost / GreenOak / Lar	35,500	
Parque Vistahermosa	Alicante	Alicante	Vastned	Baupost / GreenOak / Lar	34,000	
Rosaleda	Málaga	Málaga	Vastned	Baupost / GreenOak / Lar	46,700	
Gran Vía	Vigo	Pontevedra	CBRE Global Investors	Oaktree	41,100	113
Habaneras	Torreveija	Alicante	Unibail Rodamco	Harbert	24,000	60
Imaginalia	Albacete	Albacete	AXA Real Estate	Benson Elliot	44,750	12
Islazul	Madrid	Madrid	Lar/Ivanhoe Cambridge	Tiia Henderson	90,700	232
La Farga	Hospitalet	Barcelona	Fondo Sierra	Temprano Capital Part.	17,800	n.d.
Las Huertas	Palencia	Palencia	Corio	Lar Socimi	19,200	
Txingudi P. Comercial	Irún	Guipuzcoa	Corio	Lar Socimi	34,700	39
Marineda City	La Coruña	La Coruña	Invest Cos	Merlin Properties	191,000	260
Moraleja Green	Alcobendas	Madrid	CBRE Global Investors	ING	27,050	68
Nassica	Getafe	Madrid	British Land	KKR / Neinver	66,800	
Vista Alegre	Zamora	Zamora	British Land	KKR / Neinver	15,950	100
Parque Ceuta	Ceuta	Ceuta	Morgan Stanley	HIG	13,800	18
Planetocio	Collado Villalba	Madrid	Wereldhave	Axiare	23,800	(5)
Plaza Mayor	Gandía	Valencia	Grupo Rodenas	Veracruz Properties	12,500	
Plaza Mayor Xátiva	Xátiva	Valencia	Grupo Rodenas	Veracruz Properties	32,600	n.d.
Portal de la Marina (58,7%)	Ondara	Alicante	Eroski	Lar Socimi	40,160	43
Puerto Venecia	Zaragoza	Zaragoza	Orion	Intu Properties	206,000	451
Vialia Estación	Málaga	Málaga	Adif / Riofisa	Global Phobos	45,490	63
<b>Total 2014</b>	<b>Centres</b>	<b>93</b>	<b>Transactions</b>	<b>21</b>		

Source: LaSBA.

- (1) Carmila is a partnership with Carrefour Property as one of its main partners, along with Axa, BNP Paribas, Colony, Pimco and others.  
(2) The transaction was closed for 2 Bln Euros, and it includes 56 shopping centres in France and 7 in Italy.  
(3) This transaction includes the entire complex of Castellana 200.  
(4) This transaction corresponds to all or some of the galleries of these shopping centres and not the entire designated retail areas.  
(5) This transaction was closed for 99.5 Mln Euros, and includes several offices buildings and industrial units.

53. The largest operation of 2014 was the acquisition of 126 shopping centres in Spain, France and Italy by a partnership led by **Carrefour Property**, named **Carmila**, sold by **Klépierre** for 2 Bln Euros. Out of these shopping centres, 63 are located in Spain.
54. Also as highlights of the year, there is the sale of the **Islazul S.C.** (Madrid) to **Tiia Henderson Real Estate**, for 232 Mln Euros, the sale of the **Puerto Venecia S.C.** (Zaragoza) to **Intu Properties** for 451 Mln Euros and the sale of **Marineda City** (La Coruña) to **Merlin Properties** for 260 Mln Euros.

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no. 40 May 2015

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Document issued by  
**LaSBA's** Permanent  
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