

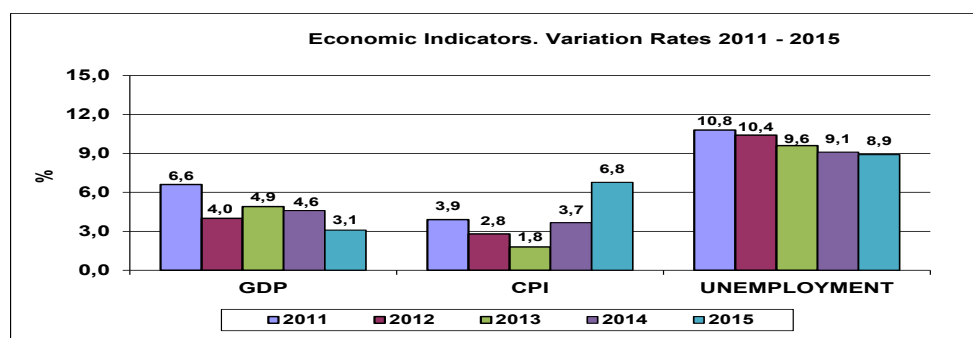
# Shopping Centres in Colombia

## Activity Report 2015

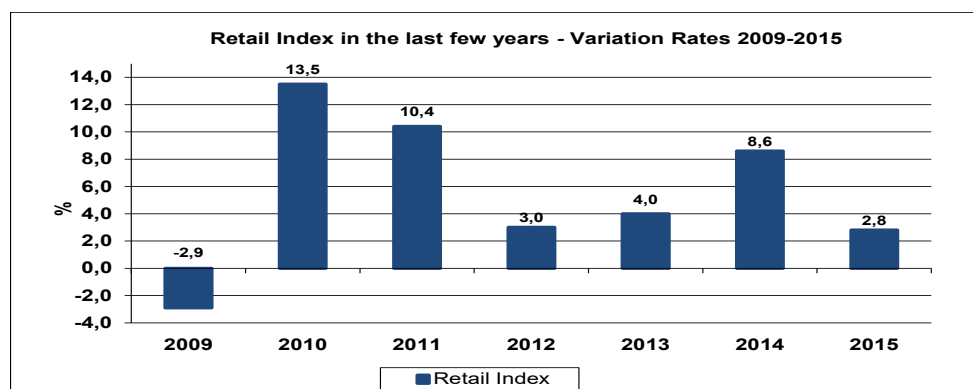
### Economy:

- Colombia's **GDP** grew 3.1% in 2015, year-on-year, which is the lowest growth rate registered since 2009, when the country was growing 1.7%, according to the National Administrative Statistics Department (DANE). In terms of large branches of the economy, financial services grew 4.3%, trade expanded 4.1%, construction 3.9% and agriculture 3.3%. The remaining sectors grew below the national average. (see Graph no. 1)
- The **GDP** is expected to grow by 3% in 2016, showing significant signs of recovery for the Colombian industrial sector. In this sense, the growth of the Fashion and Clothing sector is to be highlighted; according to the Ministry of Trade, Industry and Commerce it registers an increase in production of 17%.
- The Colombian **inflation rate** was 6.77% in 2015, the highest rate registered since 2009, also according to the DANE. In 2015 food was what most increased in value, with a Consumer Price Index (CPI) of 10.85%. This is explained mostly by the devaluation of the peso with respect to the dollar which transferred to the production costs and also the impact of El Niño on the crops. The second segment with the largest variation was housing, with 5.38%. (see Graph no. 1)
- Facing an expected **inflation** of 5.72% for 2016, adjustment measures by the Banco de la Republica have been directed towards increasing the reference interest rates, an effect which translates into interest rates charged by commercial banks, which varies by 27.9%.
- The **unemployment rate** in 2015 in Colombia was 8.9 %, according to the DANE. This is the lowest rate reported in the last 15 years. (see Graph no. 1)
- In 2015, the **Retail Index** (actual sales) grew by 2.8%, a quite lower rate than the year before (8.6%). Also, **employment associated with retail** grew 4.4%, slightly above the rate registered in 2014 (3.6%). (see Graph no. 2)
- According to the results of Fedesarrollo's Consumer Opinion Survey, the **Consumer Confidence Index** was 1.1% in December 2015, one of the lowest levels in two years, below November 2015 (6.7%) and very far from the percentage of December 2014 (22.4%).

Graph no. 1: Economic Indicators



Graph no. 2: Retail Index Evolution



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## Shopping Centre Development Market:

- The supply of shopping centres in **Colombia** has had a spectacular increase in the last 15 years. According to the **Colombian Shopping Centres Association** (Acecolombia), by the end of the 90s there were 53 shopping centres on Colombian territory, and by the end of 2015 the amount was closer to two hundred shopping centres in operation.
- In 2015, according to our **Data Bases**, around 200,000 sqm of GLA were inaugurated in **Colombia**, a similar volume to the one observed in 2014 (203,280 sqm GLA). In total, there were 4 openings of new shopping centres and 5 extensions of existing centres. (see Tables no. 1 and no. 2)

Table no. 1: Openings 2015

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Fontanar	Chía	Cimento	56.500	October
Nuestro Urabá	Apartadó, Antioquia	Grupo Nuestro	26.000	October
Único Outlet	Neiva	Centro Comercial Único	17.000	November
Viva Wajiira	La Guajira	Grupo Éxito	19.800	December
<b>Total Openings</b>	<b>4</b>		<b>119.300</b>	

Source: LaSBA

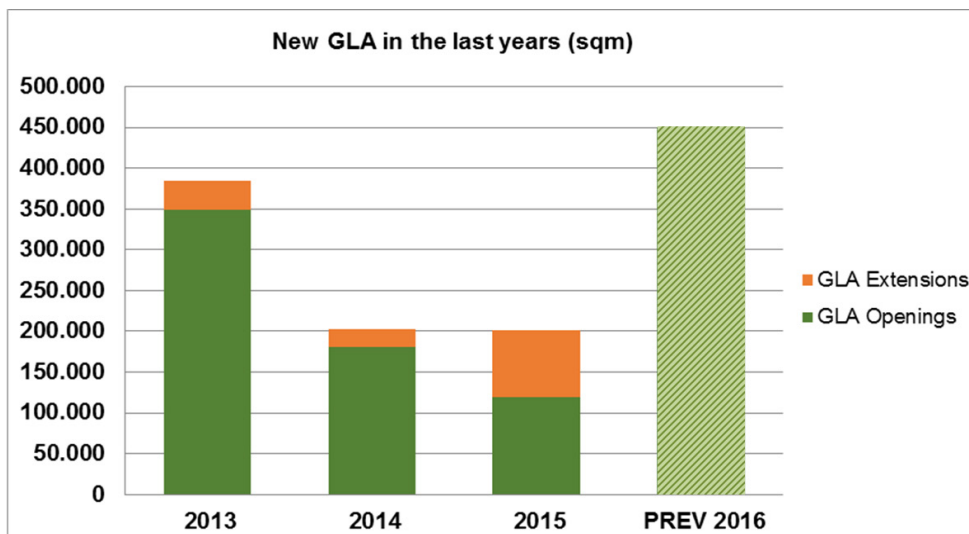
Table no. 2: Extensions 2015

Shopping Centre	Location	Developer	GLA (sqm)		
			Extended	Initial	Total
Mayorca	Medellín	Concreto / Grupo Argos	48.000	23.000	71.000
Mercurio	Soacha	Terranum	12.000	24.000	36.000
Santafé	Bogotá	Inversiones La Bastilla	10.000	67.600	77.600
Único Barranquilla	Barranquilla	Centro Comercial Único	n.d.	16.000	n.d.
Único Outlet Cali	Cali	Centro Comercial Único	12.000	25.000	37.000
<b>Total Extensions</b>	<b>5</b>		<b>82.000</b>	<b>155.600</b>	<b>221.600</b>

Source: LaSBA

- In this way, **Colombia** has reached the total amount of 194 shopping centres (with over 5,000 sqm of GLA) by the end of 2015.
- In 2015 **small** and **medium shopping centres** continued to open in smaller cities with respect to the large capitals, which was already occurring during the last two years.
- Developers continue to invest in **extensions** and **refurbishments** of existing shopping centres. Many of these are planned for the upcoming years.
- According to **LaSBA's Data Bases**, the year **2015** closed with a volume of new Gross Leasable Area (GLA) similar to the one registered in 2014, despite a lower number of inaugurations, and quite below the volume registered in 2013. (see Graph no. 3) A significant recovery of the shopping centre market is expected for **2016** and the GLA opened in 2016 will be around 450,000 sqm.

Graph no. 3: New GLA inaugurated in the last years



- The **outlet** format is another investment by developers, and there are now six projects being developed under this concept in **Colombia**.



Fontanar

Chía



Nuestro Urabá

Apartadó



Único Outlet

Neiva



Plaza Central

Bogotá



Marcas Mall

Cali

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Andino Bogotá



Santafé Medellín



Palatino Bogotá



Manila Fusagasugá



Chipichape Cali

15. Projects in **Colombia** are still suffering from delays and developments are slowing down. Competition from the previously mentioned extensions and refurbishments is one of the factors which explains this behaviour. The others are low oil prices, the high dollar rate and the threat of inflation on the Colombian economy.
16. However, there are still many **projects** under development and more projects being announced by developers, although the opening dates planned may eventually change, in accordance to what was previously mentioned.
17. The most reasonable **estimation** of openings for the year **2016** allows to affirm that it will overcome the level of last three years, and that the new GLA might come to the 450.000 sqm.

Cuadro no. 3:Planned Openings 2016

Shopping Centres	Location	Developer	GLA (m <sup>2</sup> )
Alkarawi Plaza	Barranquilla	Alkarawi s.a	20.000
Antares	Soacha	Conconcreto	30.500
BD Bacata	Bogotá	BD Promotores	6.300
Country Mall	Cali	Jaramillo Mora	51.500
La Estación	Cali	Constructora Alpes	28.500
Marcas Mall	Cali	Civiscorp - SCG	47.000
Megamall	Valledupar	Gramma Construcciones	22.000
Mokawa Plaza	Armenia	Marquez y Fajardo - Terranum	46.000
Nuestro Atlántico	Soledad - Atlántico	AIA Arquitectos Ing Asociados	20.000
Plaza Central	Bogotá	Ospinas & Cia - Terranum	75.900
Plaza del Parque	Barranquilla	Janna's motors - Certain y Pezzano	8.000
Primavera Urbana	Villavicencio	La Primavera Desarrollo y Construcción	28.500
Santa Lucía Plaza	Neiva	Constructora Santa Lucía	25.700
Tagua	Tunja	All S.A - Greencore S.A.S	24.000
TerraPlaza	Popayán	Procal Constructores	32.400
Unicentro Neiva	Neiva	Pedro Gómez - Prohuilla Ltda	33.600
Unicentro Valledupar	Valledupar	Pedro Gomez	15.000
Verano Mall	Tunja	Constructora Baluarte	28.100
Viva Barranquilla	Barranquilla	Grupo Éxito. Arquitectura y Concreto	62.700
Viva La Ceja	La Ceja	Grupo Éxito	9.300
Viva Tunja	Tunja	Grupo Éxito	33.000
<b>Total Openings</b>	<b>21</b>		<b>648.000</b>
Estimated			70%
<b>Openings Prediction</b>	<b>14</b>		<b>453.000</b>

18. In 2016 there are many planned openings, out of which the most significant ones, by size, will be: **Plaza Central** (75,900 sqm of GLA), in Bogotá, developed by **Ospinas – Terranum**; **Viva Barranquilla** (62,700 sqm GLA), developed by **Grupo Éxito**; **Marcas Mall**, in Cali, developed by **Civiscorp**; and **Mocawa Plaza** (46,000 sqm GLA), in Armenia, developed by **Marquez y Fajardo – Terranum**.
19. Also planned is the construction of the largest shopping centre in the south of Bogota. With a total of 72,000 sqm of GLA and 18,000 destined for entertainment, **Paseo Villa del Rio** will be the new retail alternative for this area of the city, which represents 19% of Bogota's total consumption.
20. **Parque Arauco** plans the construction of 10 new retail projects in Colombia, Chile and Peru, which represent investments of 290 million dollars, to be carried out in 2016 and 2017.
21. The opening of 7 new shopping centres in the metropolitan area of Barranquilla is expected for the next two years. **Viva Barranquilla, Plaza del Parque, Carnaval, Blue Gardens, Alkarawi Plaza, El Nuestro, Alameda del Rio** and **Titán** by **Grupo Ospina**, will become part of the new retail supply of Atlantic Region's Capital.
22. **Pedro Gómez** continues with its development plans for the next two years, with projects in Fusagasuga, Valledupar and Neiva.
23. Extensions of existing shopping centres are also ongoing, and centres like **DiverPlaza**, in Engativá, **Multicentro Ibagué, Campanario** in Popayan or **Chipichape** in Cali, among others, will increase their retail areas in 2016.

### Shopping Centres in Operation:

24. Several Colombian shopping centres were featured during the Latin American Shopping Centre Awards of the International Council of Shopping Centres (ICSC) of 2015, whose event was carried out in Cancun, Mexico.
25. The highlight was the **Andino S.C.**, located in Bogotá, which won the Gold Award for the Best Extension in Latin America. Other Colombian winners include **Único Cali**, Gold in the Cause Related Marketing category; **Palatino**, in Bogotá, Silver in Cause Related Marketing; **Único Villavicencio**, also Silver in Cause Related Marketing and **Santafé Medellín** with three Gold awards and one Silver award. Also, **Santafé Bogotá** was given two Gold awards.

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26. Shopping centres in Colombia, led by Acecolombia, have entered an energy efficiency program, as a result of the prolonged climatic effect of El Niño.
27. According to the latest report by Acecolombia, there are 37 shopping centres in 16 cities which are being refurbished. **Mercurio, Salitre Plaza, Paseo San Rafael, Centro Chía, Cedritos 151, Bulevar, Plaza de las Américas, Metrópolis, Santafé, Tintal Plaza, El Pórtico, Oviedo, Monterrey, Cacique, Gratamira, Manila, Cañaveral, Mayales Plaza** and **Guatapuri Plaza** are some of the shopping centres which are being modernised and refusing to be put in the back of the consumers' minds.
28. After 26 years operating in the capital of Valle del Cauca, **Holguines Trade Center** has decided to change its facilities, remodelling its parking area. Since November of 2015, the establishment's clients have an automated modern parking system.
29. **Único Outlet Yumbo** has inaugurated the first cinema screens of the city. The families living in Yumbo now have a multi-cinema complex with 4 screens equipped with 2D and 3D technology.
30. **Parque Caldas** has begun construction of its new food court located on the shopping centre's seventh floor. The space will have 5 units of 35 sqm each, with a completely different and open design, giving a sense of freshness and freedom to every visit.

### Information regarding Retailers:

31. The demand for own-brand products is increasing. This phenomenon, which stems from consumers' perception of income restrictions, is increasing sales in categories like Groceries and Cleaning products.
32. **Grupo Éxito** plans to open its Wholesale format, which will be located in the Corabastos area of Bogotá. It will be called **Surtimayorista** and it's their first Cash&Carry format, seizing the Brazilian experience with **Assaí**.
33. **Carulla** closed 2015 with 100 stores in 11 of the country's Regions (departamentos). With 10 openings in 2015, this was the year with the strongest expansion in **Carulla's** history. The brand opened stores in cities like Barranquilla, Medellín, Cali, Santa Marta and Cajicá, besides arriving for the first time in Villavicencio and Pereira.
34. **Home Sentry**, department store specialising in Home and Decoration, opened for the first time a unit in Medellín, reaching 10 stores in Colombia. The new store, which has an approximate area of 1,750 sqm, is located at the **Mayorca Mega Plaza S.C.**
35. **Homecenter** opened its stores number 35 and 36 in Colombia. Proceeding with its expansion plan, **Sodimac Colombia** opened the doors of a new **Homecenter** in Girardot, Cundinamarca, with 6,500 sqm in sales area, and a few months later opened its store number 36, in Yopal.
36. **Makro** opened its store number 17 in Colombia. Seeking to increase its participation in the Colombian market, they opened their new store in the Poblado sector of Medellín. Their operation includes stores in Bogotá, Barranquilla, Cali, Medellín, Pereira, Ibagué, Cartagena, Villavicencio, Santa Martha, Cúcuta, Montería and Tunja.
37. Although in the last few years Colombia has seen the arrival of prestigious brands such as **Zara, GAP, Victoria's Secret, Versace, Dolce & Gabbana, Burberry, Façonnable, Rockport, Frey Wille, Aeropostale** and **Tissot**, other brands continue arriving to the country, whereas Colombian brands continue to try to maintain the space they conquered.
38. **El Corte Inglés**, the largest Spanish chain of department stores, has signed an alliance with **Ripley** for the opening of establishments of the Youth and Children's Fashion brand **Sfera** in Colombia and Chile.
39. The Danish **Bestseller** has also made a deal with **Ripley**, to put into motion its first units in Colombia.
40. After a lot of rumours about the arrival of the Fashion Chain **H&M** to the country, finally a negotiation was made public; it is estimated that they will arrive to Bogotá first, where they have ongoing negotiations with several shopping centres.
41. Other brands are planning their arrival to the Colombian market: the Portuguese **Zippy**, specialised in Children's Fashion; the Canadian Cosmetics group **Mac** and the Youth Sports Clothing **Abercrombie & Fitch** from the United States, among others, are planning to enter the Colombian market.
42. **Mango** has a new partner in Colombia. The Catalan company has partnered with **Grupo Wisa**, which is also its partner in the Panamanian market, to jump start its development in Colombia with the megastore concept. The company arrived in Colombia in 2004 through the hand of **Grupo Uribe**, one of the largest operators of Latin America, with which they have 8 stores and 4 outlet stores in the Colombian market.
43. **Grupo Eliot**, owner of the brand **Pat Primo**, plans to open 20 additional stores in the Colombian market, and expects to internationalise its brands in markets where they currently export their textiles: Ecuador, Mexico, Peru, Guatemala, Honduras, Salvador, Costa Rica and the Dominican Republic.



Carulla

Barranquilla



Homecenter

Girardot



Carmen Steffens

C. C. El Retiro



G-Star Raw

C. C. Andino



Equivalenza

Cali

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44. **Carmen Steffens**, the prestigious Brazilian Fashion brand, has opened its first store in Colombia, specifically at the **El Retiro S.C.** of Bogotá.
45. **Grupo La Riviera** (owned by **Grupo Wisa**) will open 25 new stores from their portfolio in 2016, which includes: **MAC, Tous, La Hora, Burberry, La Riviera** and **Jimmy Choo**.
46. **G-Star Raw**, Dutch brand leader in the Jeanswear market, is now present in Bogotá at the **Andino S.C.**. With this new opening, they have two stores in the country, as the first one is located at the **El Tesoro Retail Park**, in Medellín. Colombia is **G-Star Raw's** first destination in Latin America.
47. **Cueros Velez**, the Colombian company specialising in Fashion, Shoes and Accessories, has gone from having 30 own stores to the current 220 during the last decade. In the next five years, the company projects to grown internationally, where they are already present in ten markets.
48. The Colombian Shoes brand **Brahma** continues its expansion, with the planned opening of 85 stores within the next five years in Colombia, Chile, Peru and Mexico. Currently **Brahma** has 15 own stores in Colombia and 550 sales points in department stores, supermarkets and multi-brand stores.
49. **Pepe Ganga**, specialised in Toys and Homeware, has opened among others its fifth store in Cali, a unit with 1,100 sqm in the first floor of the **Chipichape S.C.**
50. **Bodytech** received capital from the investment fund **Catterton**, with which they intend to open 20 additional gymnasiums, consolidating the company's operation in Colombia, Chile and Peru.
51. The Spanish Perfumes brand **Equivalenza** has landed in Colombia partnering with the local firm **Es Vedrá International**. They opened their first store in Cali.
52. **Sally Beauty** opened its fourth store in the Colombian market. After their first stores in Bogota, at the **Santafé, Centro Mayor** and **Unicentro** shopping centres, they opened their first store in Medellín, at the **El Tesoro S.C.**
53. During 2015 **Juan Valdez**, the prestigious brand of Colombian coffee makers, has inaugurated 12 national stores and 10 stores internationally, to reach 332 in 16 countries, including Colombia.
54. **Starbucks** opened its tenth unit in Colombia, at the historical area of Usaquén in Bogotá. Their expansion plan estimates having a total of 50 stores by 2019.
55. The Venezuelan brand **Kepen Tea and Salads** enters the Colombian market through franchises. Two restaurants are opening in Medellín, and 10 more are planned to open in Bogota.
56. **Arcos Dorados, McDonald's** operator in Colombia, will focus its efforts into increasing consumption on their current chain of restaurants before contemplating further expansion.
57. The American Hamburger chain **Johnny Rocket** will open its third restaurant in Colombia at the **Gran Estación S.C.**
58. **Papa John's**, which was branded by Forbes as one of the ten most successful enterprises in the world, has arrived in Medellín, where they expect to become one of the strongest competitors in the Pizza segment.
59. The Mexican group **Alsea**, which is one of the largest operators of American franchises, has acquired the Pizza chain **Archie's**.

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