

# Shopping Centres in Portugal

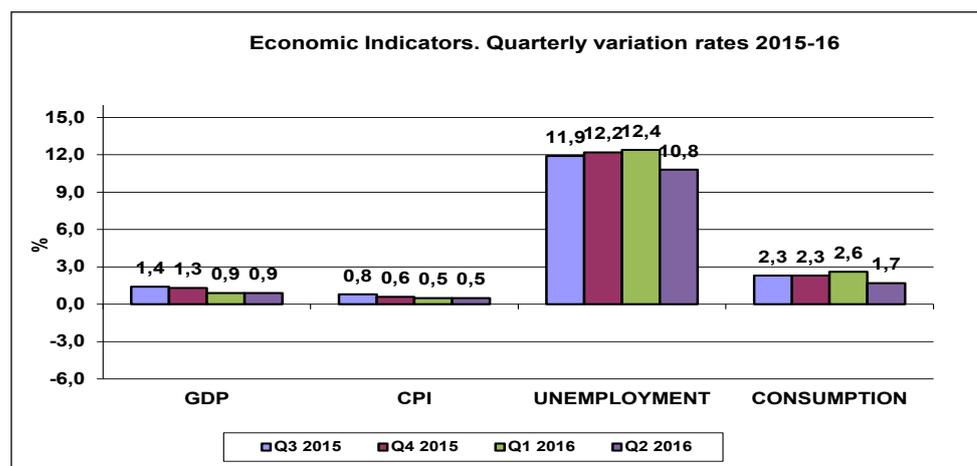
## Semi-annual Activity Report

### October 2016

#### Economy:

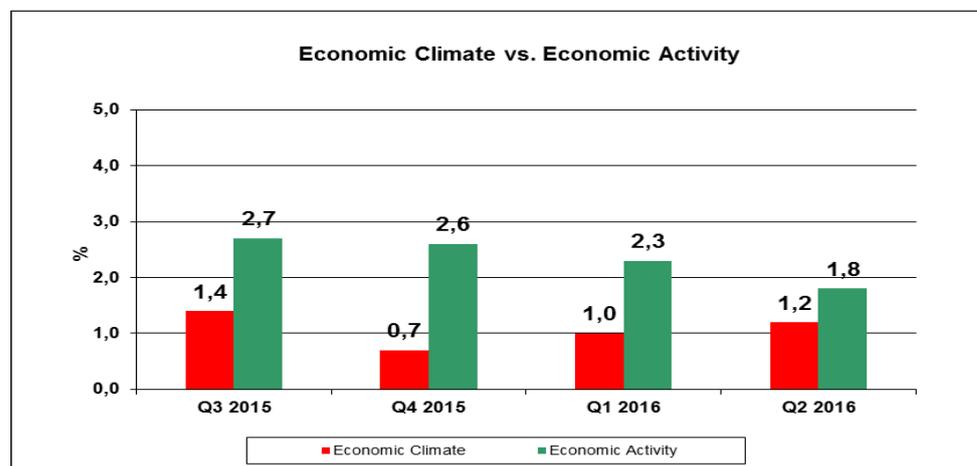
1. **Portuguese year-on-year GDP** has been keeping the tendency for slight growth in the last few Quarters. It grew above 1% in the last two Quarters of 2015 and 0.9% in the first two Quarters of 2016, according to the National Statistics Institute (INE). (see Graph no. 1)
2. The **inflation rate** has been below 1% in the last few Quarters. In the first two Quarters of 2016 CPI increased 0.5%, according to the INE. (see Graph no. 1)
3. The **unemployment rate** had been rising slightly, above 12%, in the last Quarters. However, in the second Quarter of 2016 it dropped to 10.8%, also according to the INE. (see Graph no. 1)
4. **Private consumption** grew above 2% in the final Quarters of 2015 and the first Quarter of 2016, according to the INE. In the second Quarter of 2016 it grew 1.7%. (see Graph no. 1)
5. The **Retail Index** continues to grow, with a year-on-year variation of 1.9% in the first Quarter of 2016 and 2.2% in the second Quarter, according to the INE.
6. The **Economic Climate indicator** has also been growing slightly. It varied 1.0% in the first Quarter of 2016 and 1.2% in the second Quarter, according to the INE. The **Economic Activity indicator** is also growing: it varied 2.3% in the first Quarter of 2016 and 1.8% in the second Quarter. (see Graph no. 2)

Graph no. 1: Economic Indicators



Source: LaSBA

Graph no. 2: Economic Climate and Economic Activity



Source: LaSBA

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## Shopping Centre Development Market:

7. In the current year of 2016, to date there have been two new openings of retail complexes in Portugal, whereas in 2015 there had been none. One shopping centre and one retail park opened, both in the north of Portugal, adding up **79,000 sqm** of GLA. (see Table no. 1)

Table no. 1: Openings 2016 until October

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Nova Arcada	Braga	BES	68.500	March
Rio Park	Monção	Grupo Rio	10.500	July
<b>Total Openings</b>	<b>2</b>		<b>79.000</b>	

Source: LaSBA

8. On March 17th the **Nova Arcada** shopping centre, previously developed as Dolce Vita Braga, was inaugurated in the city of Braga. Located on the highway connecting Braga to Vila de Prado, 2 km away from the city of Braga, it has 68,500 sqm of GLA and 190 stores, including an **Ikea** store, a food court with 20 restaurants and 2,600 parking spaces.
9. The other opening occurred in Monção, where **Rio Park**, a retail park with 10,500 sqm of GLA, was inaugurated. Developed by **Grupo Rio**, it has stores like **De Borla**, **Sportzone**, **Radio Popular**, **Seaside** and **Espaço Casa**, among others, and an outdoor parking lot with more than 400 spaces.
10. According to our estimations, until the end of the year there won't be any new openings, so the GLA total will remain at **79,000 sqm**.
11. For 2017 two new openings are expected, both in the south of Portugal. **Mar Shopping Algarve** is **Inter Ikea Group's** project in Loulé and with less than one year until the planned opening it has several prestigious brands confirmed, like **Zara**, **Bershka**, **Stradivarius**, **Zara Home**, **Pull & Bear**, **Oysho**, **Lefties** and **Massimo Dutti**, from **Grupo Inditex**, as well as **Primark**, **Mango**, **C&A**, **Punt Roma**, **Sfera**, **Tiffosi**, **Aromas** and **Sephora**. The shopping centre will also have a **Pingo Doce** supermarket and it also includes the **Designer Outlet Algarve** and an **Ikea** store.
12. The other opening planned for 2017 is **Évora Shopping**, which resumed construction, and may open by the end of next year. Construction was on standby for over two years, and the project belonging to **EVRET**, joint-venture between **Imorendimento** and **Madford Developments**, ended up owned by **Novo Banco**. Afterwards, in March of this year, the family office from Dubai **Ares Capital** acquired the asset from the bank and announced the intention to conclude the project. (see Table no. 2)

Table no. 2: Planned Openings 2017

Shopping Centre	Location	Developer	GLA (sqm)	Planned Opening
Évora Shopping	Évora	Ares Capital	16.400	2017
Mar Shopping Algarve	Loulé	Inter Ikea Group	82.000	2017
<b>Total Planned Openings</b>	<b>2</b>		<b>98.400</b>	

Source: LaSBA

## Shopping Centres in Operation:

13. According to the Footfall Index, year-on-year affluence to Portuguese shopping centres has not varied much lately. In July of 2016 it varied -0.3%, in August 0.2% and in September it grew a bit more: 1.2%.
14. **Freepoint Fashion Outlet**, located in Alcochete, is going to be refurbished. The plan is to create a new food court and further units, going from the current 95 to 130, changing street furniture, green spaces, unit façades, signals and bathrooms. Construction should be finished by 2017.
15. **Centro Colombo** has a new commercial area. It is the new gallery for the **Continente** hypermarket, which offers 16 new stores, adding to the remaining 340. For now, **Note** (stationary), **Bagga** (bakery), **Zu** (pet shop) and **Flores Continente** (flowers) have been inaugurated. The remaining stores operate in traveling, picture frames, perfumes, beauty and accessories, among others.
16. **Dolce Vita Tejo** has a new retail supply in the Fashion & Accessories sector, having opened new stores like **Havaianas** or **Alain Affelou**. One of the shopping centre's new stores is **Beontime**, dedicated to jewellery and watches, which opened a new unit on the first floor.



Nova Arcada Braga



Rio Park Monção



Mar Shopping Algarve Loulé



Évora Shopping Évora



Freepoint Fashion Outlet Alcochete



Centro Colombo Lisbon

page 2

nº 48 October 2016

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Dolce Vita Tejo Lisbon



Adidas Santa Catarina St., Porto



Nike Braga Parque, Braga



JYSK Tavira Gran Plaza, Tavira



Lidl Espinho



Brio Eng. Duarte Pacheco, Lisbon

17. The Dolce Vita shopping centres which were acquired in November of 2015 by **Deutsche Bank** to **Lone Star** will reopen with new names. Dolce Vita Douro has become **Nosso Shopping**, Dolce Vita Coimbra is now **Alma Shopping**, and Dolce Vita Porto is renamed **Alameda Shop & Spot**.
18. These three shopping centres, previously Dolce Vita (**Nosso Shopping**, **Alma Shopping** and **Alameda Shop & Spot**), have changed their management team and are now being managed by CBRE since April this year.
19. The portfolio of six shopping centres owned by **Novo Banco** will be managed by JLL. The assets in question are **Lago Discount** (Famalicão), **Ferrara Plaza** (Paços de Ferreira), **Campera Shopping** (Carregado), **Acqua Roma** (Lisbon) and **Beloura Shopping** (Sintra).
20. **Amoreiras Shopping Center** has strengthened its retail mix with **Flying Tiger** and **Inglot**. The former is known for supplying design items, and it is now located on the first floor. On the second floor **Inglot** opens its 5th space in Lisbon. The brand will occupy a kiosk supplying several cosmetics products.

### Information regarding Retailers:

21. The area of **Restauradores**, in Lisbon, and **Rua de Santa Catarina**, in Oporto, are the latest locations for street shops by **Adidas** in Portugal. At Restauradores, the unit is the first with the neighbourhood concept by Adidas Originals in Portugal.
22. The first store in Portugal by **Vans** opened at **CascaShopping**. The unit is located on the shopping centre's ground floor, where **Cat Merrel** was before. **Vans** supplies sneakers, and also sports clothing and accessories.
23. The largest **Nike** store in the country opened at **Braga Parque**. The unit is located on the second floor, with a wide variety of sports products and services.
24. **Kiko Milano**, make-up brand, will soon open a new store at **Rua Augusta**, in Lisbon, on the street's number 250. The unit combines wooden materials with the brand's latest design novelties.
25. **Dielmar Group** opened their first outlet stores at **Vila do Conde The Style Outlets**, specifically **Dielmar** and **Wesley**. The Portuguese brand operates in Man's Clothing, focusing on the medium-high segment.
26. **Flying Tiger** has opened a new store at **Rua dos Clérigos**, the street in Oporto. This was the 22nd unit by **Tiger** in Portugal, with an area of 500 sqm, as part of the expansion plan announced by the Copenhagen brand late last year.
27. Homeware company **JYSK** has arrived in Portugal. In July they inaugurated their first store in Portugal at the **Tavira Gran-Plaza** shopping centre, planning to open several other units during the next few years. **JYSK** is currently one of the world's leaders in homeware, with items like mattresses, quilts, pillows and furniture, as well as other accessories.
28. **Joalheria Anselmo 1910** are going to strengthen the retail supply of the Chiado area in Lisbon, where they will open a new store this year, with 150 sqm at **Largo de São Carlos**. **Anselmo 1910** is a centennial family business and a reference in the Jewellery sector in Portugal.
29. **Intermarché** will invest in opening 63 new stores in Portugal by 2020. **Bricomarché**, the DIY brand by **Grupo Mosqueteiros**, is also part of the expansion plan. This DIY brand currently has 35 stores in Portugal and should open 15 more by 2020.
30. German supermarket chain **Lidl** has opened its 242nd store, in Espinho. The new supermarket has a construction area twice the size as usual, as part of the group's new store concept. This year, the chain should also refurbish 25 stores.
31. Following its internationalisation strategy, **Mercadona** is going to open 4 supermarkets in Portugal by 2019. This Spanish prestigious food retail brand has decided to begin its internationalisation process in Portugal, a proximity market which allows for logistical ease and organic growth for the company.
32. Biological supermarkets **Brio** have opened their 8th store at the Amoreiras area in Lisbon, at no. 21 of Avenida **Eng. Duarte Pacheco**. The unit is equipped with a terrace, offering more than 3,000 biological products, from groceries to cosmetics and cleaning. There is also an area for a self-service bakery.
33. **Aki** continues to expand its network on a national level, with the latest opening being at the **IN Ermesinde Retail Park**. The new store has an area of 2,450 sqm.
34. **DeBorla**, Portuguese chain specialising in Homeware, opened its 25th store in Portugal, entering the Alentejo region for the first time, in Évora. With around 2,000 sqm, the Évora store follows the new rebranded concept introduced in 2013.
35. The 20th unit of the low cost Health Club chain **Fitness Hut** opened at the **Fonte Nova S.C.**, in Lisbon, recently refurbished. This unit opens one week after an opening at **Avenida Almirante Reis**, also in Lisbon, and 2 weeks after another opening at **Avenida Elias Garcia**.

page 3

nº 48 October 2016

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36. **Kiwoko**, the largest Pet Shop chain in Spain, arrived in Portugal with the opening of its first store at the **Portimão Retail Center**, in the Algarve. With a network of 80 stores in Spain, **Kiwoko** now invests on its megastore format also in Portugal.
37. **Casa do Vale** inaugurated its first physical sales point in the city of Oporto, where there will be tastings of flavours from the Douro. The new unit is located at **Rua de Tânger**, next to Avenida da Boavista, and operates not only for the final consumer, but also as a logistical centre and showroom.
38. **Nova Peixaria** has opened at the **Campo Pequeno S.C.**, in Lisbon, strengthening the shopping centre's food court. The unit presents new ways of consuming fish, through a diversified menu that includes shrimp hamburger with mushrooms, or tuna hamburger with goat cheese.
39. **Shrimp House by Vivenda do Camarão** has opened its 4th store in Portugal at **Almada Forum**. The Brazilian brand offers several specialties of shrimp and seafood at competitive prices, among which there is Thai shrimp, four cheeses shrimp, shrimp stroganoff or shrimp bobó.
40. **Honorato**, the hamburger chain, has opened its first store in Oporto. It is the 9th restaurant, located at no.12 of Rua Cândido dos Reis. Located 80 meters away from Torre dos Clérigos, it has a terrace with 16 places and 84 places inside.

### Investment Market:

41. The Retail Investment market remains dynamic, although below the numbers of 2015. During the first two Quarters of 2016 there were transactions by an amount close to **400 million Euros**.
42. **International investors** continue to be the main players and out of the previously mentioned amount approximately half corresponded to shopping centres.
43. The main retail transaction which occurred during the first two Quarters of 2016 was the sale of **Algarve Shopping** (42,500 sqm GLA) and **Estação Viana** (18,500 sqm GLA) by **Sierra Fund** to CBRE Global Investment Partners for around 180 million Euros.
44. Also the project under development **Évora Shopping** was sold by **Novo Banco** to **Ares Capital**, from Dubai, for approximately 20 million Euros.
45. Another significant operation was the sale of a **Continente** hypermarkets portfolio by **Sonae Retail Properties** to **M&G** by a non-disclosed amount.
46. Yields have gone down slightly, and are now at **5.5%** for prime shopping centres and at **7.0%** for retail parks.

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