

# Shopping Centres in Portugal

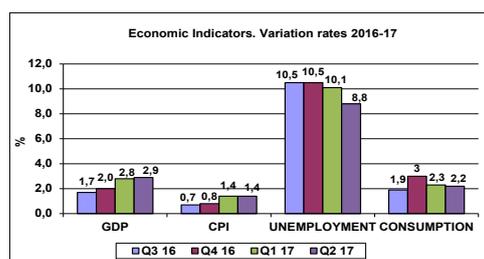
## Semi-annual Activity Report

### September 2017

#### Economy:

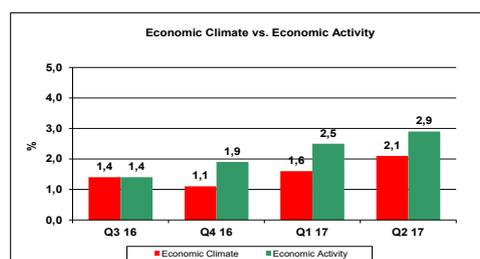
1. Portuguese **GDP** has grown above the average of the European Union during the first two Quarters of 2017. It grew 2.8% year-on-year during the first Quarter and 2.9% during the second Quarter, according to the National Statistics Institute (INE). (see Graph no. 1)
2. The **inflation rate** was above 1% during the first two Quarters of this year. **CPI** increased 1.4% during the first and second Quarters, according to the INE. (see Graph no. 1)
3. The **unemployment rate** finally went below 10%, after a long time of being above it. In the second Quarter of 2017 it was 8.8%, also according to the INE. (see Graph no. 1)
4. **Private consumption** grew above 2% during the first two Quarters of 2017, according to the INE. In the second Quarter of 2017 it grew 2.2%. (see Graph no. 1)
5. The **Retail Index** is still growing, with a year-on-year variation of 3% during the first Quarter of 2017, and 5% in the second Quarter, according to the INE.
6. The **Economic Climate indicator** is showing greater growth during this year of 2017. It varied 1.6% during the first Quarter of 2017 and 2.1% during the second Quarter, according to the INE. The **Economic Activity indicator** is also growing more: it varied 2.5% during the first Quarter of 2017 and 2.9% during the second Quarter. (see Graph no. 2)

Graph no. 1: Economic Indicators



Source: LaSBA

Graph no. 2: Economic Climate and Economic Activity



Source: LaSBA

#### Shopping Centre Development Market:

7. In the current year of 2017, until September, there were no new shopping centre openings in Portugal. There was however **an extension** of an existing shopping centre. (see Table no.1)

Table no. 1: Extensions 2017 until September

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Extended	Total
AlgarveShopping	Guia	Iberia Coop	45.000	1.500	46.500
<b>Total Extensions</b>	<b>1</b>		<b>45.000</b>	<b>1.500</b>	<b>46.500</b>

Source: LaSBA

8. In April the extension of **AlgarveShopping** was inaugurated. Developed by **Iberia Coop** (partnership between **Sonae Sierra** and **CBRE Global Investment Partners**), it allowed the increase of the centre's GLA by 1,500 sqm and also the refurbishment of an existing retail area of 4,200 sqm, improving and extending seven stores in the segment of Fashion and Perfumes.
9. By the end of the year, two new shopping centres should open: first, **Mar Shopping Algarve** in Loulé. Developed by **Inter Ikea Group**, this new retail complex integrates a shopping centre, an outlet centre and a leisure area with 8,000 sqm, with a total of 3,500 parking spaces and 82,000 sqm of GLA. Among its 110 stores, there is **Primark**, cinemas **NOS**, **h3**, **OVS**, **Tiffosi**, **Zippy**, **Zara Home**, **C&A**, **Bershka**, **Misako**, **Pandora**, **Pingo Doce**, among many others.
10. The second opening is **Évora Shopping**, developed by **Ares Capital**, with 16,400 sqm of GLA, planned to open in November. No further extensions of existing shopping centres are planned by the end of this year. (see Table no. 2)

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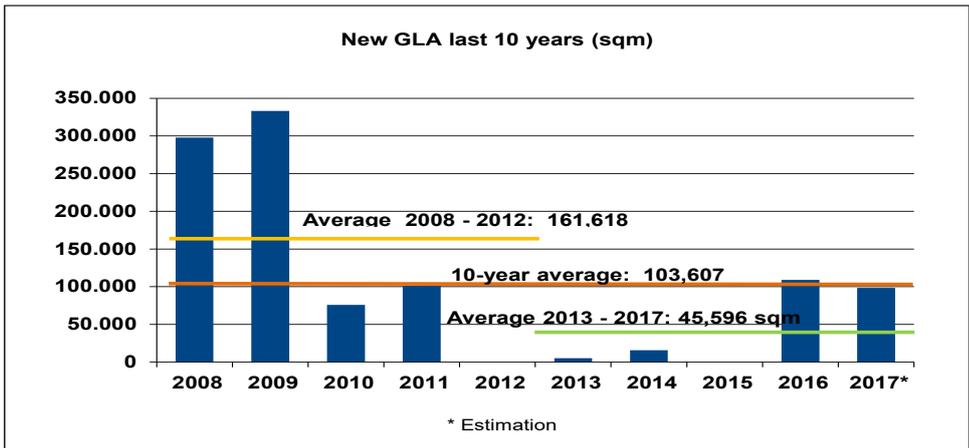
Table no. 2: Planned Openings Q4 2017

Shopping Centre	Location	Developer	GLA (sqm)	Planned Opening
Mar Shopping Algarve	Loulé	Inter Ikea Group	82.000	26-oct
Évora Shopping	Évora	Ares Capital	16.400	16-nov
<b>Total Planned Openings</b>	<b>2</b>		<b>98.400</b>	

Source: LaSBA

11. According to our estimations, by the end of the year the total of new GLA should be around **100,000 sqm**, similar to the amount registered in 2016. (see Graph no. 3)

Graph no. 3: New GLA in the last 10 years



Source: LaSBA

### Shopping Centres in Operation:

- According to the **Footfall Index**, year-on-year affluence to Portuguese shopping centres has returned to positive variation rates in April after negative ones during the first Quarter of 2017. In May, affluences grew 0.8% year-on-year, in June 1.4% and in July 2.1%, indicating an upward trend.
- Dolce Vita Tejo** intends to create an amusement park within its retail area, a sort of shopping resort, which will include a rock-climbing wall and a surfing pool, among other amusement infrastructures that have not yet been announced.
- Mar Shopping Matosinhos** has opened during the last few months a total of 18 new stores of Fashion, Leisure and Services. Among others, stores by **Gant**, **Kiabi** or **Mike Davis** opened, alongside brands like **Algodão Doce**, **Sergeant Major** or **Blue Kids**.
- Nosso Shopping**, in Vila Real, inaugurated a new food court and a new playground for children. The new food court is called "A Praça", a completely refurbished area inspired by the latest restoration areas' trends.
- Forum Aveiro** welcomed the Summer Affair Market from 1 to 25 June, an initiative which has brought new brands to the shopping centre under a pop-up format. Summer Affair Market had several Portuguese brands like **Maria do Mar**, **Nortada**, **Tânia Tinoco**, **Unique**, **Maria Pipa** or **Clos'it**.
- Amoreiras 360° Panoramic View, the new Lisbon's viewpoint, has welcomed more than 35,000 people within one year. It opened on April 29th 2016, and it is located on top of the tower of the **Amoreiras Shopping Center**, 174 meters above sea level, or nineteen floors.
- The commercial gallery of **Trindade Domus**, located at the Oporto city centre, has strengthened its Services and Convenience supply. Recently, stores by **Viagens Abreu**, **D'Oro Jóias**, **Wells**, **Jeronymo** and **Grupo Germano de Sousa** have opened there.
- Tavira Gran Plaza** has opened four new stores, thus strengthening its retail mix: **Watz and Co**, with silver items and watches; **Mister Fixe**, for healthcare; **The Hair Shop**, for hair products; and **Galibelle**, Brazilian brand which designs sandals.
- Alma Shopping**, in Coimbra, has strengthened its Restoration supply with stores by **Bitoque no Ponto** and **Alentejo – Pão, Azeite e Alho**. The restaurants are located on the shopping centre's third floor and have an area of 100 sqm.



Mar Shopping Algarve Loulé



Évora Shopping Évora



Dolce Vita Tejo Tejo



Nosso Shopping Vila Real



Forum Aveiro Aveiro

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Távira Gran Plaza

Távira



Alma Shopping

Coimbra



Zara

Vasco da Gama, Lisboa



OVS

Forum Sintra, Rio de Mouro



Tiger CascaisShopping,Alcabidecho

## Information regarding Retailers:

21. The **Auchan Group** is investing in proximity stores, and they should open six of them by the end of the year. The first **My Auchan** stores have already opened, in Lisbon, located at **Rua Pascoal de Melo** and **Avenida João XXI**. They follow a concept of “ultra-proximity” and neighbourhood store, with areas between 200 and 500 sqm.
22. **Sonae MC** acquired 100% equity of the Biological Supermarkets chain **Brio**, as well as 51% of the company which owns **Go Natural**. **Sonae MC** now has a network of seven biological supermarkets in Portugal. According to the company, **Brio** supermarkets will all work under the brand **Go Natural**.
23. The largest **Zara** in the country has opened at the **Vasco da Gama** shopping centre, in Lisbon, after a profound refurbishment and an extension. The store now has 4,240 sqm, was extended to the lower floor and given entry through floor -2, with access to the parking lot.
24. **Springfield**, Fashion brand by **Grupo Cortefiel**, has opened a new flagship store in **Chiado**, Lisbon, at **Rua Nova do Almada**. The store has 210 sqm where the brand's men and women collection are made available. This is **Springfield's** 35th store in Portugal.
25. **H&M** reopened its store at **Forum Coimbra**, after refurbished, in a 1,500 sqm unit. Located on the shopping centre's first floor, the new store supplies several collections, such as Women, Men, Children, Lingerie, H&M Sport or Accessories.
26. **Lion of Porches** has opened a new store in Lisbon, at **Centro Vasco da Gama**. The unit, with 100 sqm, offers casual lines for men, women and children. The Portuguese brand is inspired by English Fashion and has 38 stores in Portugal.
27. The French **Kiabi** has opened its first store in the Greater Lisbon area, at **Forum Sintra**, in a unit with 1,800 sqm. The brand has also opened a new store at **Mar Shopping Matosinhos**, and intends to be in the main urban centres of Portugal by 2022.
28. **New Balance** opened its first outlet store in Portugal, at **Vila do Conde The Style Outlets**. The unit has 215 sqm and has an ample supply of items for running, performance, lifestyle and exclusive collections, with discounts between 30% and 70%.
29. **Adidas** has opened a new store in the Greater Lisbon area, namely at **Dolce Vita Tejo**. The new store has an area of 300 sqm, with new football, training, running and Originals collections.
30. Italian brand **OVS** opens a new anchor store at **Forum Sintra**, with 700 sqm. After opening at **Almada Forum**, **OVS** now launches at **Forum Sintra** supplying items for men, women and children, as well as perfumes and accessories.
31. Luxury Accessories brand **Coach** has opened a new store at **Vila do Conde The Style Outlets**. The unit has 210 sqm and has an ample supply of accessories for men and women, from purses to watches, sunglasses or jewellery.
32. After opening at **CascaisShopping** earlier this year, **Calvin Klein Underwear** opens a new store at **Centro Vasco da Gama**, in Lisbon. The unit is on the first floor of the shopping centre, offering underwear and bathing wear.
33. **Leroy Merlin** inaugurated its new 'Atelier do Lar' space, next to the store in Sintra, with an area of 3,000 sqm for training and creativity. A unit specializing in Do It Yourself (DIY), where one can have access to the proper tools without having to make a large investment.
34. Danish brand **Flying Tiger** opened at **CascaisShopping** its 27th store in the country, and its second store this year, after opening at **Parque das Nações**, Lisbon, in February. **Flying Tiger** arrived in Portugal in 2012, with the store at **Rua da Prata**, in Lisbon.
35. The French **Fnac** now has 26 stores in Portugal with the opening of a new 850 sqm unit at **Nosso Shopping**, in Vila Real. More recently, they opened in Lagos their first franchised store in Portugal.
36. **Bobbi Brown** and **Jo Malone** are the two new Luxury brands of Centro Colombo. The Perfumes chain from London **Jo Malone** has a unit of 55 sqm whereas Cosmetics brand **Bobbi Brown** has a unit of 27 sqm.
37. **NYX Professional Makeup**, from the **L'Oreal Group**, has opened its first street shop in Portugal at no. 18 of **Rua do Loreto**, at the **Chiado** area, in Lisbon. The brand was only present at shopping centres so far.
38. The Dutch Beauty and Cosmetics brand **Rituals** plans to invest in opening new stores and refurbishing the existing ones, a plan to be executed within the next three years. All 23 existing stores in Portugal are to be refurbished, and 12 new stores are to be launched.

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## Investment Market:

39. The Retail Investment market remains dynamic, so far with similar amounts with respect to 2016. During the first two Quarters of 2017 there were transactions by an amount of more than **400 million Euros**.
40. **International investors** continue to be the main players. The large majority of buyers have foreign capitals.
41. Out of the previously mentioned amount approximately most of it corresponded to shopping centres. The main retail transaction which occurred during the first two Quarters of 2017 was the sale of shopping centres **Forum Coimbra** and **Forum Viseu** by **CBRE GI** to the international property groups **Greenbay** and **Resilient** for around 220 million Euros. The two companies, with headquarters in Mauritania and South Africa respectively, got together in a joint-venture and acquired both assets.
42. **Via Outlets** has acquired the **Vila do Conde The Style Outlets** from **IRUS** for 130 million Euros. This transaction had begun in late 2016, and was concluded during this year of 2017. **Vila do Conde The Style Outlets** has a GLA of 28,500 sqm.
43. **Iberia Coop**, strategic alliance formed by **CBRE GI** and **Sonae Sierra**, has acquired **Albufeira Retail Park** and the **Continente** hypermarket located at **AlgarveShopping**. The sellers were an unidentified Trust and **Sonae RP**, respectively.
44. **Sonae RP** has concluded a sale & leaseback operation of 4 food retail assets in Portugal, by a total amount of 34.7 million Euros. **Aberdeen Asset Management** was the buyer, through the fund **Aberdeen European Balanced Property (AEBPF)**, of a total of 22,000 sqm of GLA, which will continue to be leased to **Continente**. They are located in Fafe, São Cosme, Vila do Conde and Mafra.
45. **Yields** have gone down slightly, and are now at **5%** for prime shopping centres and at **6.5%** for retail parks.

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Paseo Castellana, 143 6°C  
28946 Madrid, Spain  
Tel. +34 914 178 100

Praça de Alvalade, 6 1°F  
1700-036 Lisbon, Portugal  
Tel. +351 213 136 060

Calle 93 A # 19-50 Dep.308  
01424-000 Bogotá, Colombia  
Tel: +57 316 446 5733

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

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