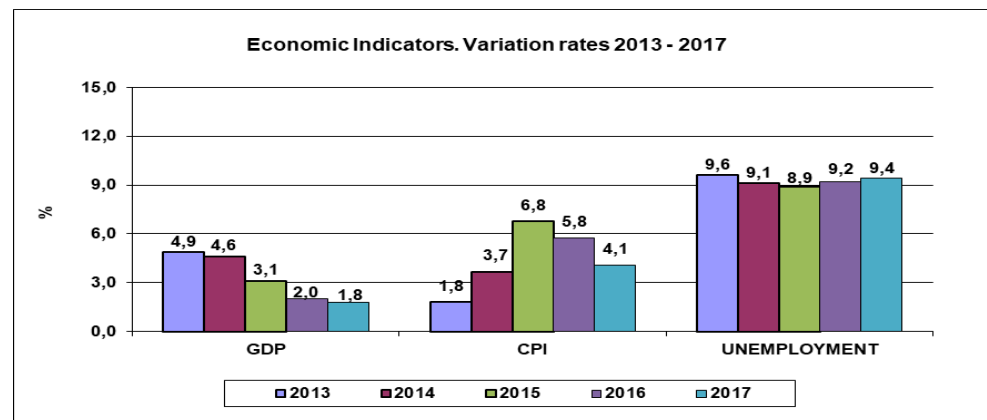


# Shopping Centres in Colombia: Semi-annual Activity Report June 2018

## Economy:

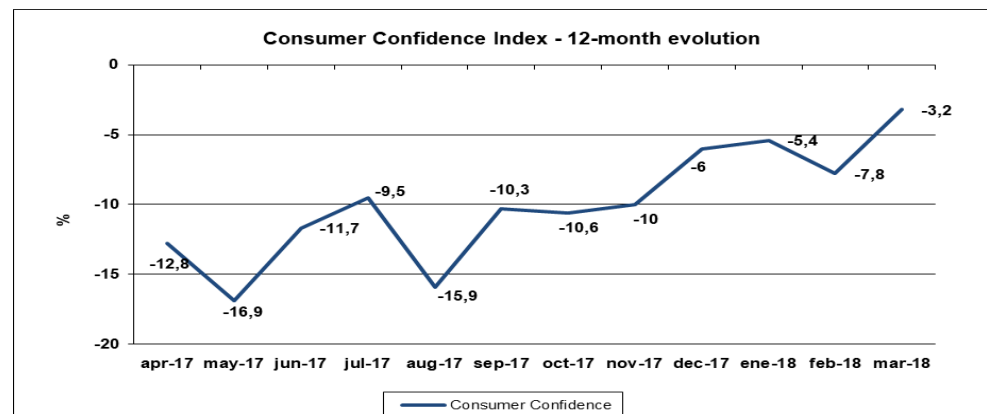
- Colombia's **Gross Domestic Product (GDP)** grew 1.8% in 2017, year-on-year, the lowest growth of the last eight years, according to the National Administrative Statistics Department (DANE). (see Graph no. 1)
- In terms of large **branches** of the **economy**, the sectors that grew in 2017 were Agriculture, with 4.9%, Financial, with 3.8%, Social Services, with 3.4%, Retail, with 1.2% and Electricity, with 1.1%. The sectors with negative growth rates were Mining, with -3.6%, Manufacturing, with -1%, Construction, with -0,5%, and Transport, with -0,1%.
- The Colombian **inflation rate** was 4.09% in 2017, also according to the DANE. The items which most increased the final rate were Housing, Transport and Food. **Inflation** variation in 2017 was 1.66% lower than the one registered in 2016. (see Graph no. 1)
- The **unemployment rate** in 2017 was 9.4% in Colombia, according to the DANE. This is a slightly higher rate with respect to the previous year (9.2%). (see Graph no. 1)
- In 2017, **Retail Sales** decreased 0.9% year-on-year, mainly due to the drop in car sales. **Employment associated with retail** grew 1.8%, an inferior rate to the one registered in 2016 (3.0%).
- According to the results of Fedesarrollo's Consumer Opinion Survey, the **Consumer Confidence Index (ICC)** was -6.0% in December of 2017, which is a strong increase of 4.7 percentage points compared to December 2016. In January of 2018, it increased further reaching -5.4%, in February it dropped to -7.8% and in March it grew again to -3.2%. (see Graph no. 2)

Graph no. 1: Economic Indicators



Source: DANE

Graph no. 2: Evolution of the Consumer Confidence Index



Source: DANE

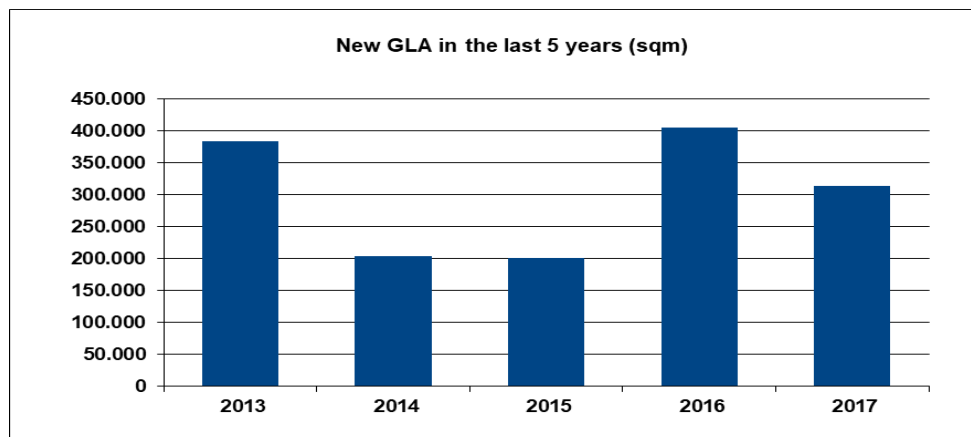
nº 58 June 2018

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## Shopping Centre Development:

7. The **shopping centre market** in Colombia remains dynamic despite a slower economic growth. According to LaSBA's Data Bases, the year closed with a volume of new Gross Leasable Area (GLA) lower than the one registered in 2016, but higher than the ones from 2014 and 2015. (see Graph no. 3)

Gráfico nº 3: Nueva SBA inaugurada en los últimos 5 años



Source: LaSBA

8. In total, there were 12 openings of new shopping centres, corresponding to a GLA increase of **314,200 sqm**, the same number of inaugurations compared to the previous year (12 openings in 2016). Furthermore, there were three extensions of existing shopping centres. (see Tables no. 1 and no. 2)

Table no. 1: Openings 2017

Shopping Centre	Location	Developer	GLA (sqm)	Opening Date
BD Bacatá	Bogotá	BD Promotores	6.300	January
Unicentro Neiva	Neiva	Pedro Gómez	35.500	March
Nuestro Atlántico	Soledad	Comercialise	19.300	May
Multiplaza La Felicidad	Bogotá	Grupo Roble	65.000	June
Ideo	Cali	n.d.	14.000	July
Nuestro Montería	Montería	Comercialise	24.500	July
Gran Plaza Bosa	Bogotá	Pactia	20.600	September
Caña Dulce	Jamundí	Comercialise	10.000	November
Casablanca	Madrid-Cundinamarca	Amarilo	11.500	November
Guacarí Parque Comercial	Sincelejo	Londoño Gomez	49.000	November
Ventura Terreros	Soacha	Ospinas	45.500	November
Arauco Premium Outlet	Bogotá	Parque Arauco	13.000	December
<b>Total Openings</b>	<b>12</b>		<b>314.200</b>	

Source: LaSBA

Table no. 2: Extensions 2017

Shopping Centre	Location	Developer	GLA (sqm)		
			Extended	Initial	Total
Almacentro	Medellín	Concreto	2.000	16.000	18.000
Chipichape	Cali	Constructora Chipichape	2.300	42.000	44.300
Galerías	Bogotá	Inmobiliaria Promotora Galerías Ltda.	2.500	19.300	21.800
<b>Total Extensions</b>	<b>3</b>		<b>6.800</b>	<b>77.300</b>	<b>84.100</b>

Source: LaSBA

- The most significant openings in 2017 according to size were **Multiplaza La Felicidad** (65,000 sqm of GLA), in Bogotá, **Guacarí Parque Comercial** (49,000 sqm of GLA), in Sincelejo, and **Ventura Terreros** (45,500 sqm of GLA), in Soacha.
- Thus, Colombia reached the total amount of **218 shopping centres** (considering only centres with more than 5,000 sqm GLA) by the end of 2017.
- Many developments are still being **postponed**. The lower economic growth also contributes to the occurrence of these delays.
- In 2017 small and medium shopping centres continued to open in smaller cities with respect to the large capitals, although there were also inaugurations in large cities, the highlight being **Bogotá**, with **four** openings.
- Developers** continue to invest in extensions and particularly refurbishments of existing



BD Bacatá

Bogotá



Ideo

Cali



Ventura Terreros

Soacha



Almacentro

Medellín



Chipichape

Cali

page 2

nº 58 June 2018

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Carnaval Soledad



Terra Plaza Popayán



Viva Tunja Tunja



Santafé Medellín



Levi's CC Unicentro Cali

page 3

nº 58 June 2018

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- shopping centres, trying to maintain their older centres relevant to consumers today.
- During this year of 2018 many openings are planned, although there is the possibility of delays due to the reasons previously mentioned. If every project were to open on schedule, by the end of the year there could be an amount of new GLA close to **600,000 sqm**.
  - Some of the most important openings in terms of size for the rest of the year would be:
    - Viva Envigado** (140,000 sqm GLA), in Medellín, developed by **Grupo Éxito**;
    - Carnaval** (47,000 sqm GLA), in Soledad, developed by **Santa Juana** and **Caninsa Ramón H SA**;
    - Jardín Plaza** (43,000 sqm GLA), in Cucuta, developed by **Sonae Sierra** and **Central Control** and
    - Gran Plaza Ensueño** (42,300 sqm GLA), in Bogotá, developed by Pactia. (see Table no. 3)

Table no. 3: Planned Openings 2018

Shopping Centre	Location	Developer	GLA (sqm)	Planned Opening Date
Carnaval	Soledad	Santa Juana / Caninsa Ramón H SA	47.000	2nd semester 2018
Estación San Pedro	Espinal	Stirling / Constructora Ramirez Cardos	26.000	2018
Gran Bazar	Santa Marta	Grupo Fernández	5.000	2018
Gran Plaza Ensueño	Bogotá	Pactia	42.300	Q4 2018
Jardín Plaza	Cúcuta	Sonae Sierra / Central Control	43.000	late 2018
La Central	Medellín	Lodroño Gomez	33.000	2018
La Serrezuela	Cartagena	A. Cohen	9.900	September 2018
Mall Plaza Manizales	Manizales	Grupo Mall Plaza	39.000	August 2018
Megamall	Valledupar	Gramma Construcciones	22.000	2018
Neos Moda	Bogotá	Neos Group	18.000	May 2018
Plaza Arrayanes	Itagui	C.A.S.A.	15.300	2018
Plaza Claro	Bogotá	Consortio GEO-SBC Plaza Claro	29.000	2018
P.C. Jardines de Llanogrande	Medellín	LJN / Inquietudes Inmobiliarias	12.000	2018
Sierraflo	Sincelejo	Consortio Sierraflo	15.900	2018
Terra Plaza	Popayán	Procal Constructores	32.400	2018
Usaquén Plaza	Bogotá	Ospinas / Isarco	5.000	2018
Viva Envigado	Medellín	Grupo Éxito	140.000	Q3 2018
Viva Tunja	Tunja	Grupo Éxito	35.000	2018
<b>Total Aperturas Previstas</b>	<b>18</b>		<b>569.800</b>	

Source: LaSBA

### Shopping Centres in Operation:

- According to the **Shopping Centre Observatory** by **Raddar**, by the end of 2016 shopping centres in Colombia had sales in the amount of 38.9 billion Pesos, which represents a growth of 7.5%, pointing out that more and more Colombians are choosing shopping centres to go shopping.
- According to **Acecolombia**, in 2017 shopping centre vacancy rate in Colombia was 9.3%. By cities, the ones that present higher vacancy levels are Buenaventura (35.1%), Neiva (33.8%), Armenia (24.8%) and Valledupar (24.4%). On the other hand, cities like Pasto (1.5%), Tunja (2%), Villavicencio (2.6%), Medellín (2.7%) and Cucuta (3.6%) present the lowest vacancy rates.
- The **International Council of Shopping Centers (ICSC)** has awarded different Colombian shopping centres in a new edition of the Latin America & Caribbean Shopping Center Awards. The awards were attributed to seven Colombian shopping centres in Marketing, Design and Development categories.
- The awarded shopping centres were: **Fontanar**, in Chia (New Developments); **Salitre Plaza**, in Bogotá (Promotions of sales and events); **Titán Plaza**, in Bogotá (Marketing / Advertising); **Oviedo**, in Medellín (Refurbishments and Extensions); **Unico Outlet**, in Pasto (several categories); **Atlantis Plaza**, in Bogotá (Advertising and Public Relations) and **Santafé Medellín** (Digital Technology and Promotions of sales and events).
- On the 24th November 2017 **Acecolombia** summoned the fourth edition of Black Friday, the most important discount day of the year which boosts sales before the Christmas season. Last year, 101 shopping centres in 28 Colombian cities joined the campaign developed by Acecolombia offering discounts in more than 80% of their brands.
- As a strategy to counter delinquency inside and out of shopping centres in Bogotá, the authorities launched an alliance with 18 shopping centres so that their surveillance systems are connected with the **Metropolitan Police**.
- La Quinta**, the shopping centre located in Ibagué, has inaugurated Terraza Q, the food court offering its visitors the city's famous restaurants. The shopping centre invited customers and friends to enjoy this dream come true. The food court has nine food shops, with a varied gastronomic supply.
- As a strategy for commercial growth, for the convenience and well-being of customers and visitors, Unicentro Pasto opened the extension of its Food Court on February 2nd.

second half of 2016 and is estimated to finish by the end of 2017.

24. The **El Tesoro Retail Park**, in the city of Medellín, has installed in its ceiling 1,568 solar panels to provide energy to the complex, especially in common areas. There will be a combined supply of solar and hydraulic power.

### Information regarding Retailers:

25. **Makro** opens its store in Bucaramanga. Opening two to three new stores each year until 2021 is one of **Makro's** main strategies to strengthen its share of the local market and compete with cash & carry hypermarkets like **Surtimayorista** from **Grupo Éxito**.
26. The expansion process of the supermarket chain **Olimpica** is steadily advancing in Colombia. The most recent advancement has been in the Jamundi municipality where they have opened their first **Supertienda**, located at the shopping centre **Caña Dulce**.
27. **Pull & Bear**, the Spanish Casual Fashion brand by **Inditex**, has opened two new stores in Colombia: one at the **Parque Arboleda** shopping centre in Pereira, and the second one at the **Santafé Medellín** shopping centre.
28. Swedish Low Cost Fashion brand **H&M** has opened its fourth store in Colombia. The new store has 2,580 sqm and is located inside the shopping centre **Plaza Central** of Bogotá.
29. **Modas Diversas del Perú S.A.** (Modipsa), firm which owns the brands **Pionier**, **Norton**, **Squeeze**, **Gzuck** and **Fits Me**, has revealed its interest in expanding its business in Colombia. The brand currently has stores in Ecuador and Bolivia, and plans to operate in Colombian territory starting from the second semester of 2018.
30. **The North Face** grows in Colombia. The American Outdoor Fashion company has set up a new store in the Colombian market, closing in on ten stores for the whole country. The unit is located at the shopping centre **Parque la Colina** in Bogotá.
31. **Levi's** is growing in Colombia. The American Denim giant has opened its first store with the Children format in the city of Cali. The unit is located at the **Unicentro** shopping centre.
32. **Tommy Hilfiger** closed the year 2017 with 23 stores in Colombia. The American brand has opened a new store in December at **Multiplaza Bogotá**. **Tommy Hilfiger** finished 2017 with 9 stores in Bogotá, 2 in Medellín, Villavicencio, and Bucaramanga, and one in each of the country's 6 main provinces.
33. **Hernán Zajar**, besides having its High Fashion line, wants to invest in the Homeware business and enter shopping centres with new stores.
34. **Accessorize** is expanding in Colombia. The British Accessories company is preparing ten openings in the country until 2020, setting in motion two new establishments in the Colombian market each year.
35. With the ambitious goal of having 6,000 stores worldwide by 2020, the Japanese Cosmetics, Fashion and Home Accessories brand, **Miniso**, will enter Colombia in 2018.
36. **Ikea**, the Swedish Homeware brand, has announced its interest in coming to South America within the next five years. Chile, Colombia, México and Peru would be the first countries where Ikea enters in Latin America.
37. **Decathlon**, the French Sportswear giant, has opened its second store in the Colombian market. The new unit is located in the city of Barranquilla, at the Viva Barranquilla shopping centre, and has a retail area of 3,000 sqm.
38. With the opening of its shop number 400, at carrera 19 with calle 118, north of Bogotá, the chain **Juan Valdez** has begun 2018 celebrating its fifteen years of operation in Colombia. During 2018 the chain plans to open 30 stores in Colombia.
39. The expansion plan of **Starbucks**, **Domino's**, **Burger King**, **Archies** and **P.F. Chang's** is ongoing for **Grupo Aalsea**, as for 2018 the company plans to open 35 stores in the country with its five brands.
40. Other Restoration groups plan to open new units during 2018: **MesoFoods (OMA and Presto)**; **Grupo Nutresa (Papa John's and El Corral**, among others) and **Grupo Iga (Kokoriko, Mimo's and Andrés)** will continue to open new restaurants and investing in Colombia.

#### Disclaimer LaSBA 2017

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