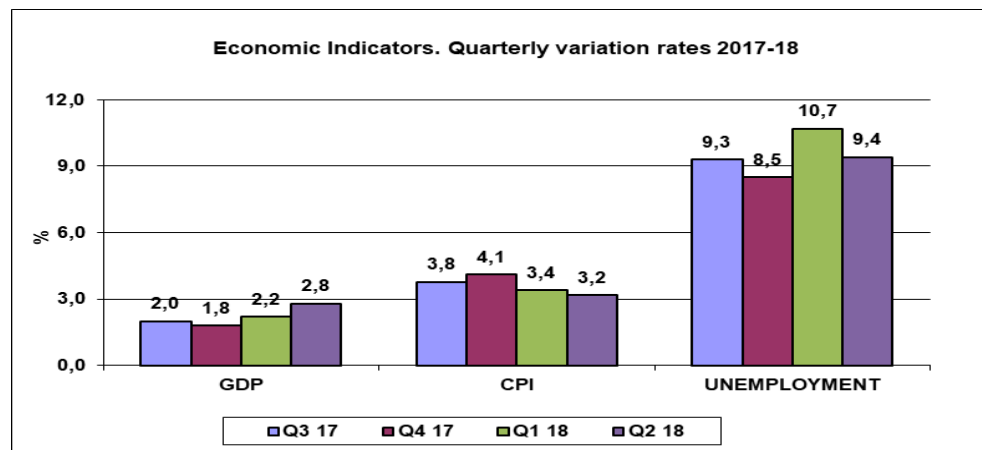


# Shopping Centres in Colombia: Semi-annual Activity Report November 2018

## Economy:

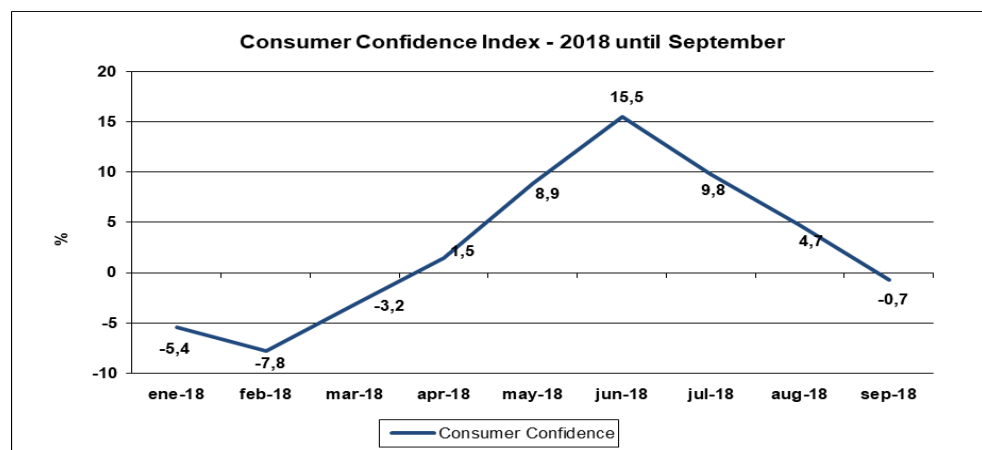
1. Colombia's **Gross Domestic Product (GDP)** grew 2.8% in the second Quarter of 2018, year-on-year, after growing 2.2% in the first Quarter, according to the National Administrative Statistics Department (DANE). These results are mainly explained by year-on-year variations in Public and Defence Administration (5.3%), Gross and Retail Commerce (3.6%) and Manufacturing (3.7%). (see Graph no. 1)
2. The Colombian **inflation rate** has remained between 3% and 4% during the last few Quarters. In the first Quarter of 2018 the **CPI** was growing 3.4% year-on-year, and during the second Quarter it grew 3.2% year-on-year, also according to the DANE. (see Graph no. 1)
3. In the second Quarter of 2018 the **unemployment rate** reached similar levels to the last few years, 9.4%, according to the DANE. (see Graph no. 1)
4. **Retail sales** have registered a 6.7% growth in the first two Quarters of 2018, according to the DANE. The main items that resulted in this growth were Groceries and Non-Alcoholic Beverages with 8.1%, Computers and Telecommunications with 20.5% and Automobiles and Motorcycles with 11.8%.
5. According to the results of Fedesarrollo's Consumer Opinion Survey, the **Consumer Confidence Index (ICC)** has been quite unstable during 2018 until now. It went from negative levels in the beginning of the year to very positive ones in June (15.5%), after which they dropped again until they reached -0.7% in September. (see Graph no. 2)

Graph no. 1: Economic Indicators



Source: DANE

Graph no. 2: Evolution of the Consumer Confidence Index



Source: DANE

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## Shopping Centre Development:

6. The shopping centre market is showing great signs of dynamism during this year of 2018. Up until the month of October **six new shopping centres** opened, corresponding to a GLA (Gross Leasable Area) increase of **363,300 sqm**, more than double the one registered in the same period of the previous year (171,200 sqm in 2017). No extensions of existing shopping centres were registered. (see Table no. 1)

Table no. 1: Openings 2018 until October

Shopping Centre	Location	Developer	GLA (sqm)	Opening Date
La Central	Medellín	Londroño Gomez	33.000	mayo
El Caraño	Quibdó	Portales Urbanos - Airplan	7.000	junio
Plaza Claro	Bogotá	Consorcio GEO-SBC Plaza Claro	29.000	junio
Plaza Arrayanes	Itagüí	C.A.S.A.	15.300	julio
Mall Plaza Manizales	Manizales	Grupo Mall Plaza	39.000	agosto
Carnaval	Soledad	Santa Juana / Caninsa Ramón H SA	47.000	septiembre
Neos Moda	Bogotá	Neos Group	18.000	septiembre
Usaquén Plaza	Bogotá	Ospinas / Isarco	5.000	septiembre
Viva Envigado	Envigado	Grupo Éxito	140.000	octubre
Viva Tunja	Tunja	Grupo Éxito	35.000	octubre
<b>Total Openings</b>	<b>10</b>		<b>368.300</b>	

Source: LaSBA

7. The most significant opening with respect to size was **Viva Envigado**, in Medellín, developed by **Grupo Éxito**. Located at the Envigado neighbourhood, the shopping centre has 140,000 sqm of GLA and opened on 5 October.
8. Other significant openings until October of 2018 are **Carnaval** (47,000 sqm GLA), developed by **Santa Juana** and **Caninsa Ramón H S.A.**, and **Mall Plaza Manizales** (39,000 sqm GLA), developed by **Grupo Mall Plaza**.
9. The opening dates of many projects continue to be delayed. The year began with plans for more than twenty new openings for 2018, but once again the year should end with inferior numbers. For the rest of 2018, **six more shopping centres** are expected to open, adding up around **140,000 sqm** of GLA, and reaching a total amount above **500,000 sqm** of GLA for the entire year of 2018. (see Table no. 2)

Table no. 2: Planned Openings for the rest of 2018

Shopping Centre	Location	Developer	GLA (sqm)	Planned Opening Date
Gran Plaza Ensueño	Bogotá	Pactia	42.300	Q4 2018
Jardín Plaza	Cúcuta	Sonae Sierra / Central Control	43.000	late 2018
Megamall	Valledupar	Gramma Construcciones	22.000	November 2018
Outlet D'Moda	Medellín	Arquitectura y Concreto	13.000	November 2018
Rio del Este	Rionegro	LJN Proyectos Inmobiliarios	16.000	late 2018
<b>Total Openings</b>	<b>5</b>		<b>136.300</b>	

Source: LaSBA

10. Therefore, Colombia will have reached a total amount of **232 shopping centres** (considering only centres with more than 5,000 sqm GLA) by the end of 2018. No extensions of existing centres are expected until the end of the year.
11. In 2018 many of the registered openings were in large cities, particularly **Bogotá** with three openings thus far and two more planned by the end of the year, and **Medellín**, and metropolitan area with two openings thus far and one more planned by the end of the year. However, there were also quite a few openings of shopping centres in smaller cities.
12. It is interesting to remark the opening in **Usaquén Plaza** of two new concepts: **Boho Food Market**, with three levels of food and restoration; and **Boho Expo**, bringing together artisans, fashion, home, jewels and art designers.
13. Many projects under development keep being delayed. Opening date estimations are sometimes not carried out, either for **financial** reasons or **leasing** issues. However, the economic data showing greater growth rates this year might help projects move forward.
14. For 2019 there are many planned openings, of which some of the most important ones in terms of size would be: **El Éden** (126,700 sqm GLA), in Bogotá, developed by **Construcciones Planificadas SA**; **Paseo Villa del Río** (72,000 sqm GLA), in Bogotá, and **Mall Plaza Buenavista** (57,000 sqm GLA), in Barranquilla, developed by **Grupo Mall Plaza**.
15. For the year 2020 some significant openings are planned, such as **Plaza Fabricato** (65,000 sqm GLA), in Bello; **Alegria**, (55,000 sqm GLA), in Barranquilla, and **Ventura Cartagena** (45,000 sqm GLA), in Cartagena, developed by **Ospinas**.



La Central

Medellín



Plaza Claro

Bogotá



Plaza Arrayanes

Itagüí



Jardín Plaza

Cúcuta



Usaquén Plaza

Bogotá

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Santafé Medellín



San Pedro Plaza Neiva



Fontanar Chia



Falabella Mall Plaza Manizales



Seven Seven Jardín Plaza Cali

## Shopping Centres in Operation:

16. Shopping centres in Colombia have sold around 38 Billion Pesos during 2017, according to the Colombian Shopping Centre Association (Acecolombia) and one of the main players is **Santafé**, in Bogota, which registered 1.1 Billion Pesos in revenue, occupying the first place for the tenth consecutive year.
17. Although there are no verified indexes of vacancy, it seems that for the first time in the last decade and since the beginning of 2008 the percentages of vacant units could be rising even in the most important shopping centres in the country, in sales and affluences.
18. The **Latin America & Caribbean Shopping Centre Awards** were awarded in Cartagena, during the RECon Latinamerica 2018 event. Some Colombian shopping centres were given awards by the **International Council of Shopping Centres (ICSC)**.
19. **Parque la Colina**, located north of Bogota and developed by the firm **Parque Arauco**, was given the Gold Award under the New Developments category.
20. **Viva Barranquilla**, by **Grupo Éxito**, was given two awards: Gold in the Extensions and Refurbishments category, with an intervention in its fourth floor, where the innovative Calle Bistro is located. The second award was under the category of Public Relations, for the promotion of the mentioned food court.
21. **Santafé** (Medellin) was awarded Gold for its installation in the shape of a 12 metre high peacock and its 208,000 flowers and plants, at the Flower Fair; furthermore, it attracted 1.4 million visitors and generated 3.5 million views in social media.
22. In turn, Cali, with the shopping centre **Único Outlet Cali**, also received two awards: the first one for the impact of several social media campaigns and the second one for the actions that were carried out after a fire which occurred last year, allowing the centre to reinstate its operation in a record time of two days only.
23. The shopping centre **San Pedro Plaza** has changed its image. The developers have chosen Claudia Bahamón, a recognised and cherished designer all over the country, for the design.
24. The **Fontanar S.C.**, located in Chia, has announced the arrival of three new brands to its facilities. They are the Spanish **Bimba&Lola**, **Desigual** and the Japanese **Miniso**. This year so far, the shopping centre has announced 9 changes including the arrival of brands like **Serviteca**, **Harbin** and **Sunglass Hut**.
25. The **Mercurio S.C.**, located in Soacha, was refurbished and its food court now has a new design. The refurbishment will allow between 500 and 690 people to enjoy the food court, an increase in capacity by 38%.

## Information regarding Retailers:

26. **Ara** keeps growing in Colombia. The Portuguese company opened 86 new supermarkets between January and September of 2018, with which they have extended their network to 475 stores. Their expansion plan continues to advance as they have a total of 150 new openings planned for the entire year of 2018.
27. **SACI Falabella** signed an agreement with **Inter Ikea Systems B.V.**, owner of the Ikea Concept and the worldwide franchise, for the development and operation of the first **Ikea** stores in South America. The agreement states that at least nine stores will open in Chile, Colombia and Peru within the next 10 years.
28. **Falabella** has begun the operation of a new Department Store in the newly inaugurated **Mall Plaza**, located in the city of Manizales. With this opening, the company now has 27 units in Colombia and 113 in the entire region.
29. **Easy**, the chain that specialises in Home Improvement, by the Chilean **Cencosud**, has been in the Colombian market for ten years and after a three year break has announced a return to the opening of new stores in the country.
30. **Casaideas**, the Chilean firm, will fulfil by the end of this year an intention that had been uttered by the President of the company last year: to begin to operate in Colombia. For the fourth Quarter of 2018, this company that specialises in Home Decoration plans to open its first two stores in Colombia, at the Capital Bogota: one at **Parque la Colina** and the other at **Santa Fe**.
31. **Mango** grows in Colombia. The Fashion group continues to make way in one of its main Latin American markets and will soon open a 120 sqm store at the first floor of **Mall Plaza Manizales**, their first in this city.
32. **Desigual** has scheduled the opening of a new store in Colombia. The new sales point will be located at the shopping centre **Fontanar**, in Chia (Bogota). The establishment will be located on the second floor, next to the Colombian store **FDS**.
33. The American Urban and Denim Fashion brand **American Eagle** continues its expansion in the country and announces a new opening. The chain has confirmed that they will end the year with 14 units in Colombia, after the opening of a new large store at **Viva Envigado** in late November.

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34. **Seven Seven** was founded six years ago and they are celebrating with a collection made in collaboration with the artist Baron Von Fancy, one of the designers who has had dealings with brands like Louis Vuitton, Rag & Bone and Porsche Design, among others. **Seven Seven** plans to open three stores in Colombia this year.
35. The French Men's Fashion brand **Celio** has opened a new store in Colombia. The new store is located inside the shopping centre **Mayorca Mega Plaza** in Medellin.
36. **Purificación García**, the Spanish brand owned by **Textil Loni**, has opened a new store in Bogota, which is located at the **Gran Estación S.C.**. It is the chain's fourth store in Colombia.
37. **Cueros Vélez** continues its retail expansion. The Colombian Accessories company has put into motion a growth plan that projects the opening of fifty stores in Latin America by 2020. Currently the group has 270 units and an online store in Colombia.
38. **Ktronix**, the chain specialising in Technology and Home Electronics, has opened at **Mall Plaza Manizales** its first store at the 'Eje Cafetero', increasing its number of large stores to nineteen countrywide.
39. Health Club chain **Smart Fit** has taken another step in its Colombian expansion with the opening of its fiftieth unit at the shopping centre **Nuestro Atlántico** in Barranquilla. The company has entered Colombia two years ago with the help of national brand **Más Fit**, one of the pioneers in low cost training centres in the country.
40. **Cinépolis**, the Cinema chain, has installed six luxury screens at **Plaza Claro**, in Bogota. They all have the parameters that the Mexican company set up worldwide as for VIP service, for it has larger and more comfortable seats than conventional cinema screens.
41. Restaurant chain **Archies**, inspired by Italian Cuisine and tradition, which is celebrating 25 years since the entrance to Colombia, plans to open 12 new units within the next four years. They expect to have 45 units by 2022.

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