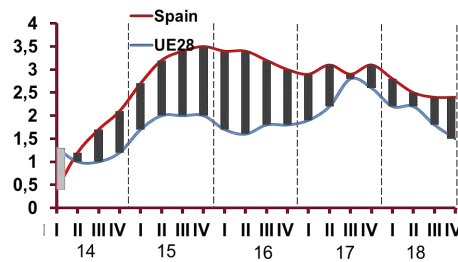


# Shopping Centres in Spain: Semi-annual Activity Report April 2019

## Economy:

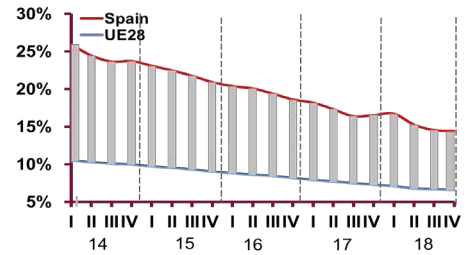
- Spain's **GDP** continues to grow above the European Union's average (28 countries). In the fourth Quarter of 2018 it grew 2.4% year-on-year, whereas the European Union grew 1.5% year-on-year during the same period. (see Graph no. 1)
- Unemployment** has been steadily decreasing for a long time now. In the fourth Quarter of 2018 it dropped to 14.45%, opposite 6.60% for the entire European Union (28 countries), which results in a gap of 7.85% with the rest of Europe. (see Graph no. 2)

Graph no. 1: GDP



Source: Banco de España and Eurostat.

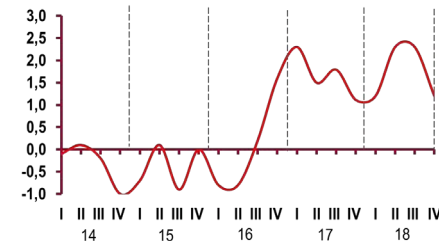
Graph no. 2: Unemployment



Source: Banco de España and Eurostat.

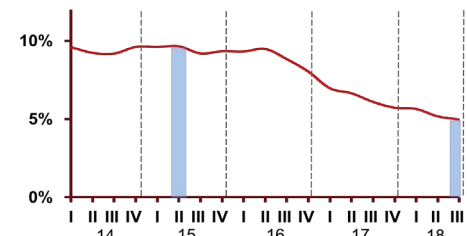
- CPI** (Harmonised Consumer Price Index) was above 2% during the second and third Quarters of 2018, ending the year with a year-on-year variation of 1.2%. (see Graph no. 3)
- The **Gross Family Savings Rate** continues to decrease to historical low levels. In the third Quarter of 2018 it reached 5.0%. (see Graph no. 4)

Graph no. 3: Harmonised CPI



Source: INE

Graph no. 4: Gross Family Savings Rate



Source: INE and LaSBA

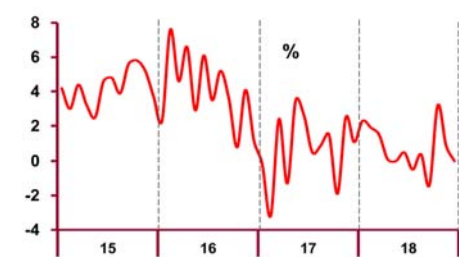
- Confidence indicators have had slight variations throughout 2018, with the exception of a peak during the summer, and then dropping again until the end of the year. (see Graph no. 5)
- The Retail Index has had slightly positive variations during most of 2018, at constant prices (discarding service stations). July and September registered negative growth rates. (see Graph no. 6)

Graph no. 5: Confidence Indicators



Source: INE and LaSBA

Graph no. 6: Retail Index



Source: INE and LaSBA

nº 62 April 2019

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## Shopping Centre Development:

7. During 2018 openings in Spain accounted for **265,300 sqm** of **Gross Leasable Area** (GLA); this amount includes 7,500 sqm of GLA corresponding to specialised medium-sized units established outside of retail complexes. This amount is slightly lower than the one registered in 2017 (281,100 sqm GLA). No extensions of existing shopping centres were registered. (see Table no. 1)

Table no. 1: Openings 2018

Shopping Centre	Location	Developer	GLA (sqm)	Opening
P.C. Finestrat	Finestrat	Activ Group	5.300	15-mar
Momentum Plaza	Magaluf	Meliá	5.000	15-jun
Torre Sevilla	Sevilla	CaixaBank	25.000	26-sep
Vidanova Park	Sagunto, Valencia	Lar España Real Estate	44.000	27-sep
TorreCárdenas	Almería	Bogaris	60.000	25-oct
Can Montcau Retail Park	Lliçà d'Amunt	Leroy Merlin	15.500	15-nov
Puerta de Algete	Algete	Ten Brinke	10.000	15-nov
Estepark (1 <sup>st</sup> phase)	Castellón	Fyrtam Family Office	32.000	21-nov
Mazarrón Park	Murcia	Activ Group	10.000	22-nov
Portaloret	Lloret de Mar	GESDIP / Grup Bonpreu	19.300	27-nov
Finestrelles Shopping Center	Esplugues de Llobregat	Equilis	25.700	28-nov
Alfajar Parc (2 <sup>nd</sup> phase)	Alfajar	Inter Ikea Group	6.000	6-dec
<b>Total Shopping Centres</b>	<b>12</b>		<b>257.800</b>	
<b>Bricomart</b>	<b>Burgos</b>	<b>Bricomart</b>	<b>7.500</b>	<b>28-nov</b>
<b>Total Medium-Sized Units</b>	<b>1</b>		<b>7.500</b>	
<b>Total Openings</b>	<b>13</b>		<b>265.300</b>	

Source: LaSBA

- In total, **thirteen openings** were registered, twelve shopping centres or retail parks and one specialised medium-sized unit established outside of retail complexes.
- Lately a new tendency is arising; openings of stand-alone medium-sized units with more than 5,000 sqm of GLA are drastically decreasing. Retailers such as **Ikea**, **Leroy Merlin**, **Bauhaus** or **Media Markt**, among others, have opened – or are in the process of looking for – smaller units, with around 3,000 sqm of GLA, established in city centres.
- All three extensions of existing shopping centres **Pinatar Park**, San Pedro del Pinatar (Murcia), **Plaza Mayor**, Rivas (Madrid) and **Sant Boi** Sant Boi de Llobregat (Barcelona) that were planned for late 2018 have suffered from delays and are now planned to be inaugurated during 2019.
- By geographical regions, the highlights are **Andalusia** and **Valencia** as the regions with the most GLA inaugurated. Valencia had the most openings, four, followed by Catalonia, with three. (see Table no. 2)

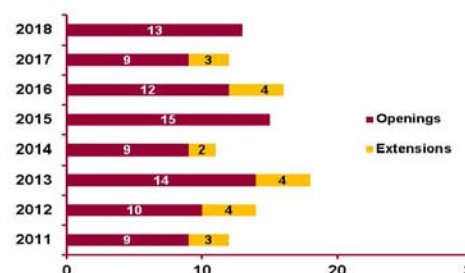
Table no. 2: Openings and Extensions by 'Comunidad Autónoma' (Regions) 2018

Comunidad	Openings		Extensions		Total	
	No.	GLA (sqm)	No.	GLA (sqm)	No.	GLA (sqm)
Andalusia	2	85.000			2	85.000
Balearic Islands	1	5.000			1	5.000
Castilla y León	1	7.500			1	7.500
Catalonia	3	60.500			3	60.500
Comunidad de Madrid	1	10.000			1	10.000
Comunidad Valenciana	4	87.300			4	87.300
Murcia	1	10.000			1	10.000
<b>Total 2018</b>	<b>13</b>	<b>265.300</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>265.300</b>

Source: LaSBA

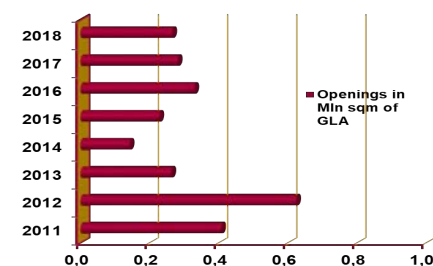
12. According to **LaSBA's** Data Base, by the end of 2018 Spain's GLA was above 21.2 million sqm of GLA. This data is different than the one managed by the **Spanish Association of Shopping Centres and Retail Parks (AECC)**, because **LaSBA** includes department stores and some centres and retail parks that the **AECC** does not consider. Taking into account current population data, the estimated retail density is around 454 sqm/1,000 inhab., slightly above the 450 sqm/1,000 inhab. of 2017.

Graph no. 7: Evolution Number of Openings



Source: LaSBA

Graph no. 8: Evolution inaugurated GLA



Source: LaSBA



Momentum Plaza Magaluf



Torre Sevilla Sevilla



Puerta Algete Algete



TorreCárdenas Almería



Vidanova Park Sagunto, Valencia





Lagoh Sevilla



Open Sky Torrejón de Ardoz



Parque Melilla Melilla



Plaza Mayor Málaga



Parquesur Leganés

13. For the current year of 2019 **nine new shopping centres and retail parks** are estimated to open in Spain. The inaugurated GLA should be above the amount registered in 2018, and it could reach 400,000 sqm, including the new GLA from extensions of existing shopping centres. (see Table no. 3)
14. However, there is also the possibility that some of these projects will have their opening dates **postponed to the following year**. The previously mentioned GLA amounts do not include stand-alone specialised medium-sized units.

Table no. 3: Planned Openings 2019

Shopping Centre	Location	Developer	GLA (sqm)		Opening
			Extended	Initial	
Jaén Plaza (1 <sup>st</sup> phase)	Jaén	Grupo Alvores	29.000		Q2 2019
La Galería de Canalejas	Madrid	Grupo Villar Mir / OHL Desarrollos	16.000		2019
Lagoh	Sevilla	Lar España Real Estate	100.000		September 2019
Mogán Mall	Puerto Rico, Gran Canaria	Fund Grube / Canfoto / Amid Achi	18.000		2019
Nou Centre El Masnou	Barcelona	Corp Promotores	7.000		2019
Open Sky	Torrejón de Ardoz	Compagnie de Phalsbourg	85.000		2019
TorreVillage	Zaragoza	Ibrebro	70.000		2019
X-Madrid	Alcorcón	Merlin Properties	40.000		September 2019
<b>Total Planned Openings</b>	<b>8</b>		<b>365.000</b>		

Source: LaSBA

15. With respect to extensions of existing centres, during 2019 **four shopping centres and retail parks extensions** are planned in Spain, adding up to around 40,000 sqm of new GLA. (see Table no. 4)

Table no. 4: Planned Extensions 2019

Shopping Centre	Location	Developer	GLA (sqm)		
			Extended	Initial	Total
Parque Melilla	Melilla	Grupo Murías	4.000	34.600	38.600
Pinatar Park	S. Pedro del Pinatar, Murcia	Activ Group	2.650	10.500	13.150
Plaza Mayor	Málaga	Sonae Sierra / McArthurGlé	18.000	53.150	71.150
Sant Boi	Sant Boi de Llobregat	Ceetrus	15.000	42.500	57.500
<b>Total Planned Extensions</b>	<b>4</b>		<b>39.650</b>	<b>140.750</b>	<b>180.400</b>

Source: LaSBA

### Shopping Centres in Operation:

16. The Spanish Shopping Centre and Retail Park sector has closed 2018 with positive growth rates both in **affluences** and **sales**. Specifically, sales reached 45.225 billion Euros, a 2.9% increase with respect to 2017. Furthermore, 1.963 billion visits were registered, which results in a 3.2% growth with respect to the previous year. Market share remains at 17.7%, according to data by the **Spanish Association of Shopping Centres and Retail Parks (AECC)**.
17. However, in the beginning of 2019, average shopping centre affluences have decreased. According to the **FootFall Index**, affluences decreased in January and February of 2019 (-3.5% and -2.4% respectively), year-on-year.
18. The AECC have delivered in Granada their traditional Awards, recognising excellence by the industry's players. This time they added a new category, for Outstanding Trajectory, and this Award was given for the first time to **Parquesur**, in Leganes (Madrid). On the other hand, **FAN Mallorca Shopping** was considered the Best Large Shopping Centre in Spain.
19. **VIA Outlets**, joint venture formed by **Hammerson**, **APG**, **Value Retail** and **Meyer Bergman**, plan to begin the refurbishment of **Sevilla Fashion Outlet**. The refurbishment will consist of the centre's general reform, including a new façade, a renovated entrance and new common areas. Furthermore, parking spaces will increase by 40%.
20. The new **Diagonal Mar**, in Barcelona, has inaugurated its new image after a sixteen-month long refurbishment. The project consisted of a global reform of the shopping centre's three floors, with an update in design and services. Also, the third floor was reconverted: after being occupied by cinema screens, a bowling alley and restoration, it now has 15 new retailers.
21. The shopping centres **Espacio Coruña**, **Comcor** and **Dolce Vita Coruña** will be transformed. **Inbisa**, owner of **Espacio Coruña**, after the closing of **H&M**, is considering different alternatives uses for the establishment. **Comcor**, once a Homeware shopping centre, which remained open for sixteen years, will close during this month of April. In turn, **Pelayo Capital** intends to turn **Dolce Vita** into a retail park which will be called **Breogan Park**.
22. **Modoo**, shopping centre located in Oviedo, developed by **Calatrava** and with 40,000 sqm of GLA, closes definitively after having remained open for eleven years. The



closing occurred on March 31 of this year.

23. The Retail and Leisure complex **Madrid Xanadú** will now be named **Intu Xanadú** as part of the repositioning strategy carried out by the British group that acquired the complex in 2017, **Intu**.
24. British company **Value Retail** will invest in the refurbishment of the south area of **La Roca Village**, located in La Roca del Valles, outside of Barcelona. Construction will begin this year and is planned to finish by the end of 2020, resulting in a transformation of the retail and restoration areas in the centre's south side.
25. **El Paseo**, shopping centre located in the Cadiz Bay area, will be subjected within the following months to an ambitious refurbishment and repositioning project. After acquiring it in 2018, **Carmila** is working on modernising the retail complex, with the incorporation of Fashion, Leisure and Restoration activities and brands that are not yet present in El Puerto de Santa Maria.
26. **Dolce Vita Odeon**, shopping centre owned by Eurofund, is now called Odeon. This is merely one of the many changes that this establishment located in Naron (A Coruña) has experienced, after a six-month refurbishment that changed the centre's whole image.

## Information regarding Retailers:

### I. The Spanish Market

27. Groceries retailers continue with their expansion: **Mercadona**, **Eroski**, **Dia**, **Lidl**, **Aldi**, **Dealz**, among others, are chains that continue to open new supermarkets in Spain. However, it's likely that within the next few years the frantic supermarket expansion that has been occurring will begin to slow down.
28. The new store concept by **Benetton** "On Canvas", inspired by its Italian origins, opens at **Parc Central**, in Tarragona. The unit has a total sales area of 137 sqm and is located on the ground level.
29. **Inditex** is changing its model. The Galician Fashion giant has closed 295 small stores in Spain with the goal of opening units that are 39% larger on average, a percentage that goes up to 50% in the case of **Zara**.
30. Barcelona was the city chosen by **Liu Jo** to open its first men's store in Spain. **Liu Jo Uomo** will open a new unit at **L'illa Diagonal**, which will offer access from both inside the shopping centre and from the street (Diagonal).
31. **Primark** will open a store with 7,250 sqm in the centre of Barcelona, at no. 23 **Plaza Catalunya**, next to Las Ramblas and the **Hard Rock Cafe** of Barcelona. In this way, the Irish chain continues with its expansion plan and opens its second superstore in Spain. The first one was the one located at the **Gran Via** of Madrid, in 2015, with an area of 12,400 sqm.
32. **H&M** has announced that it will close six units and open a new one in Spain during this year's first Quarter. Specifically, the units to be closed are the ones at **Espacio Coruña** in A Coruña, **Max Center** in Barakaldo (Vizcaya), **Los Alfares** in Talavera de la Reina (Toledo), **Modoo** in Oviedo and **Bahia Sur** in San Fernando (Cadiz). Also, the sixth closed store is a street shop at **calle Uria** in Oviedo.
33. Italian Fashion brand **Brandy Melville** opens a new store in Barcelona, specifically at no. 27 **Paseo de Gracia**. The new unit, their third in Barcelona, has an area of 180 sqm and has a pop-up store which will be open for an undetermined period.
34. **Hawkers**, Spanish Sun Glasses firm that started online, opens a new store at no. 10 **Calle Fuencarral**, in Madrid, the unit previously occupied by **Michael Kors**.
35. **Leroy Merlin** will open 28 new stores and refurbish an additional 46 by 2023. Just in 2019, the French company plans to open seven new establishments and refurbish 21 **AKI** stores to turn them into the **Leroy Merlin Compact** format.
36. British group **Kingfisher** has decided to leave the Spanish market, where it is present through the chain **Brico Depot**, to focus on other countries where its market share is larger. The company has not revealed deadlines or the method to be used for exiting the country.
37. **Mobalpa**, a French group specializing in custom furniture for homes, kitchens and bathrooms, has entered in Spain and it has two stores, in Barakaldo and Santander. The objective is to open around five stores per year until reaching around 30 units in Spain in 2025. It has more than 350 units around the world.
38. **Fnac** opened its 35th store in Spain. The new establishment, located at the new shopping centre **Torre Sevilla**, in the city's Cartuja Island, is part of the company's expansion plan, initiated in 2016, with which it will extend its presence in Spain, reaching 50 stores by 2021.
39. **Ikea** has opened, as a pilot test, a store with an area of 150 m2 in the **Torre Sevilla** shopping center, in which the company offers a sample of a living room, a bedroom and



Modoo

Oviedo



La Roca Village La Roca del Vallés



El Paseo

Cádiz



Park Central

Tarragona



Dolce Vita Odeón Narón, A Coruña

page 4

nº 62 April 2019

OBSERVATORIO LaSBA





Sprinter Intu Puerto Venecia



Froiz Braga Retail Center



Mango CC Westgate, Nairobi



Tienda Animal CC Mar Shopping



Ikea CC Torre Sevilla

- a kitchen and an area for personalized projects.
40. **Sprinter** has opened at **Intu Puerto Venecia**. The firm from Valencia opened a unit with more than 750 sqm, offering Sports items like clothing and sports shoes.
  41. **Yelmo Cines** has inaugurated its new cinema screens at the shopping centre **Vallsur** of Valladolid, with eight premium screens and 600 seats. This complex has become one of the most modern and advanced in Spain.
  42. **Restalia**, owner of **100 Montaditos**, **Cervecería La Sureña** and **The Good Burger**, is preparing to add a fourth brand to its portfolio, to be presented this April at an iconic location in Madrid. The brand will be present in Spain's major cities, like Barcelona and Seville. However, the new brand's concept has not been disclosed yet.

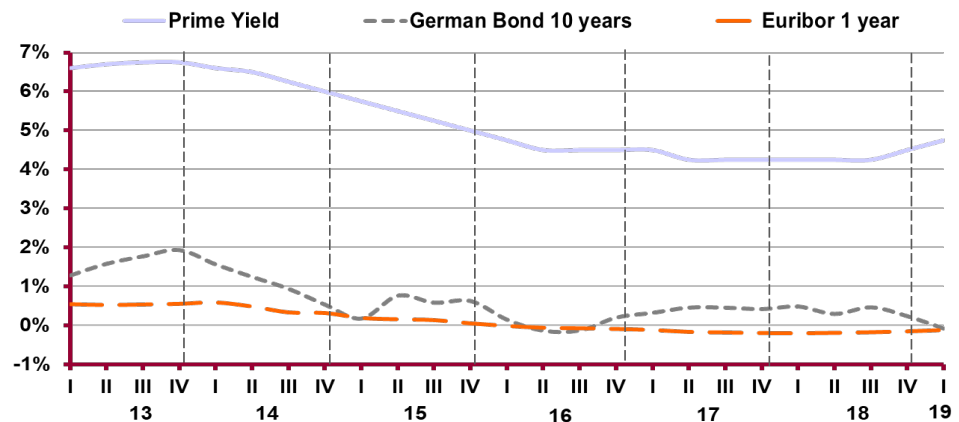
## II. Spanish brands in other markets

43. Groceries brand from Pontevedra **Froiz** has inaugurated its 16th supermarket in Portugal, located at **Braga Retail Center** in the city of Braga. The new establishment has a sales area of 1,000 sqm.
44. **Mango** has opened its first store in Kenya, establishing its presence now in fifteen African countries, and plans to reach a new market in Angola in 2019 with two new stores. Furthermore, they have expanded in the Asian market with a new opening in Laos, located in the capital Vientiane.
45. Spanish Fashion titan Inditex will open stores by **Zara**, **Bershka**, **Massimo Dutti**, **Pull&Bear**, **Oysho**, **Stradivarius** and **Zara Home** at the new Mexican shopping centre **Punto Sur**, which is set to open later this year in the state of Jalisco.
46. **Women'ssecret** proceeds with its international expansion and lands in Austria and Georgia. The Lingerie chain owned by **Tendam**, which also owns **Cortefiel** and **Springfield**, has also strengthened its presence in the Persian Gulf with a new opening in the United Arab Emirates.
47. **Imaginarium** has signed an agreement to open new stores in Mexico and Estonia, following its international expansion plans.
48. Pet Store chain **Tiendanimal** has set in motion in late December its first store outside of Spain. Specifically, they elected the Portuguese city of Oporto for their international leap, inside **Mar Shopping**. The new store has more than 700 sqm.
49. **Llaollao** has inaugurated its first establishments in the United States. The new stores were opened at the shopping centres **The Galleria**, in Houston, and **Dadeland**, in Miami.
50. **Restalia** has announced the opening of its first Burger restaurant **The Good Burger** in Portugal. Oporto was the city chosen for the first **TGB** in the country.

## Investment Market:

51. **German Bonds** went back to negative rates in this Quarter of 2019, whereas **Euribor** remains at negative levels but slowly rising and they seem to continue to grow during the beginning of this year. (see Graph no. 9)

Graph no. 9: Comparative Yield / Financial Cost / Debt



Source: Banco de España, Euribor-Rates.eu and LaSBA.

52. **Yields** for prime shopping centres reached 4.5% in the fourth Quarter of 2018, whereas yields for retail parks have remained fairly stable and ended the year between 5% and 5.5%.



53. **Property investment** in shopping centres remains very dynamic. During 2018, there were shopping centre transactions by an amount which is above 2 billion Euros, however lower with respect to 2017.
54. There were **27 shopping centres and retail parks** acquired with an aggregate GLA of around 1,000,000 sqm. (see Table no. 5)

Table no. 5: Main Investment Operations 2018

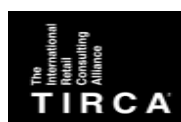
Shopping Centre	Location	Province	Seller	Buyer	GLA (sqm)	Price (Mln€)
Bahía Sur	San Fernando	Cádiz			59.000	
El Faro	Badajoz	Badajoz			56.000	489
Los Arcos	Sevilla	Sevilla	Unibail-Rodamco	Vukile Property Fund	43.300	
Vallsur	Valladolid	Valladolid			31.300	
Berceo	Logroño	La Rioja	CBRE Global Investors	Barings Real Estate	45.700	100
Carrefour Camas	Camas	Sevilla			26.000	
Carrefour Manresa	Manresa	Barcelona			14.000	
Carrefour San Juan	San Juan de Alicante	Alicante			17.800	
Carrefour Tarrasa	Tarrasa	Barcelona	Pradera European Retail Fund	Carmila	18.500	182
El Paseo	El Puerto de Sta. Maria	Cádiz			33.200	
La Sierra	Córdoba	Córdoba			21.500	
El Corte Inglés La Vaguada	Madrid	Madrid			20.200	
El Corte Inglés Parquesur	Leganés	Madrid	El Corte Inglés	Unibail-Rodamco	20.000	160
El Ingenio (hyper. + gas station)	Vélez-Málaga	Málaga	Grupo Eroski	Salsa Patrimonio	13.800	25
El Mirador de Jinámar	Jinámar	Las Palmas	Grupo Eroski	General de Galerías Comerciales	47.300	45
Gran Casa	Zaragoza	Zaragoza			78.400	
Max Center	Barcaldo	Vizcaya	Sonae Sierra / CBRE GI	J&T Real Estate (90%)	59.300	485
Valle Real	Maliño	Cantabria			47.800	
Gran Vía de Hortaleza	Madrid	Madrid	Klépierre	Carmila	20.100	82
Habaneras	Torreveja	Alicante	Heref Habaneras Socimi	Castellana Properties	24.100	81
La Verónica	Antequera	Málaga	n.d.	Carmila	21.100	16
Parc Vallès	Tarrasa	Barcelona	n.d.	Frey	47.400	83
Parque Abadía (15%)	Toledo	Toledo	Rockspring	Lar Socimi	43.200	14
Parque Corredor (70%)	Torrejón de Ardoz	Madrid	Sareb / Aermont / otros	Redevco Iberian Ventures	123.300	140
P.C. Milenium	Majadahonda	Madrid	Procico	Ores Socimi	11.350	31
Planetocio	Collado Villalba	Madrid	Axiara	AEW	23.800	20
Rivas Futura	Rivas-Vaciamadrid	Madrid	n.d.	Lar Socimi	55.000	62

Source: LaSBA.

55. Foreign investors remain very active in the Spanish market. The highlights of the year are the first operations by South African **Vukile Property Fund** and the Slovak fund **J&T Real Estate**.
56. The **Madrid** Province was again the province with the highest number of transactions, as seven assets sold are located there.
57. The largest operation during 2018 was the acquisition of four shopping centres by **Vukile Property Fund** from **Unibail-Rodamco** for 489 million Euros.
58. Another operation of a similar amount was the acquisition of three shopping centres by **J&T Real Estate**, through a joint venture with **Sonae Sierra**, from the same **Sonae Sierra** and **CBRE GI** for 485 million Euros.
59. **Carmila** acquired eight shopping centres during 2018. Six of them were sold by **Pradera European Retail Fund** for 182 million Euros: **Carrefour Camas**, **Carrefour Manresa**, **Carrefour San Juan**, **Carrefour Tarrasa**, **El Paseo**, in El Puerto de Santa Maria, and **La Sierra**, in Cordoba. The other two shopping centres acquired by **Carmila** were **Gran Vía de Hortaleza**, in Madrid, and **La Verónica**, in Antequera. The total investment in these eight shopping centres was around 280 million Euros.
60. Some other of the most significant operations were the sale of two department stores by **El Corte Ingles** to **Unibail-Rodamco** for 160 million Euros (located at the shopping centres **La Vaguada** and **Parquesur**), the sale of 70% of **Parque Corredor** (Torrejón de Ardoz) to **Redevco Iberian Ventures**, for 140 million Euros, and the sale of the shopping centre **Berceo** to **Barrings Real Estate** for 100 million Euros.

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