

# Shopping Centres in Portugal

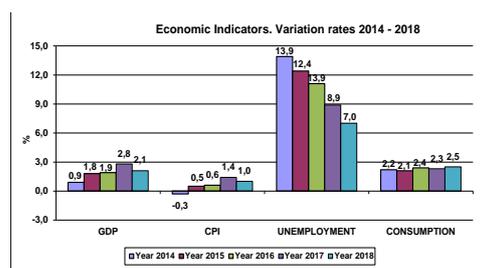
## Semi-annual Activity Report

### June 2019

#### Economy:

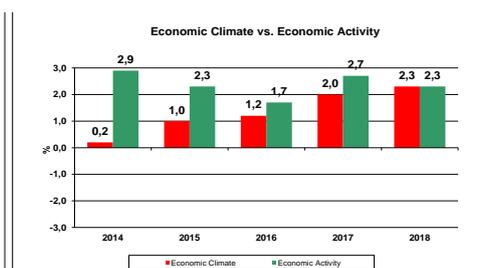
1. **Portuguese year-on-year GDP** grew 2.1% in 2018, according to the National Statistics Institute (INE), which was 0.7% above the rate registered in the previous year (2.8%). This was the result of declining exports, though still above the year's imports, when compared to 2017. (see Graph no. 1)
2. **Consumer Price Index (CPI)** increased 1.0% in 2018, below the rate for 2017 (1.4%), according to the INE. (see Graph no. 1)
3. **Unemployment** continues to decrease and was 7.0% in 2018, also according to the INE. The rate from the fourth Quarter (6.7%) is the lowest unemployment rate of the last fourteen years. (see Graph no. 1)
4. **Private Consumption** grew 2.5% in 2018, which translates to a slight acceleration with respect to the previous year (2.3%), according to the National Bank of Portugal (Banco de Portugal). (see Graph no.1)
5. The **Retail Index** continues to grow, with a year-on-year variation (deflated) of 4.5% in 2018, above the one registered in 2017 (4.0%), also according to the INE.
6. The **Economic Activity indicator** grew 2.3% in 2018, according to the INE, slightly below the level of 2017 (2.7%). The **Economic Climate indicator** has been growing for the last five years: it varied 2.3% in 2018, above the rate registered in 2017 (2.0%). (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 2018 there were **no new openings** of shopping centres or retail parks with more than 5,000 sqm of Gross Leasable Area (GLA) in Portugal. Therefore, one witnesses the same situation as in 2012 and 2015, when the consequences of the 2007/2008 crisis were felt the most in the Portuguese shopping centre development market.
8. The reasons for this decline are different nowadays and are more related to the maturity of the Portuguese market. There is little "space" for the development of **new projects**. Portuguese cities with the capacity to establish such retail complexes are already endowed with modern shopping centres.
9. There was however one extension of an existing shopping centre, **Oeiras Parque**, located in the city of Oeiras, which added 3,000 sqm of GLA to the Portuguese market. (see Table no. 1)

Table no. 1: Extensions 2018

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Extended	Total
Oeiras Parque	Oeiras	Mundicenter	34.500	3.000	37.500
<b>Total Extensions</b>	<b>1</b>		<b>34.500</b>	<b>3.000</b>	<b>37.500</b>

Source: LaSBA

10. In December of 2018, **Oeiras Parque** presented its refurbished and extended establishment. It is still an intermediate stage, since there is more work to be done and further retailers will be introduced in the near future. However, this intermediate stage resulted in plenty of changes: the cinemas opened again. **Zara**, **Stradivarius**, **Bershka**

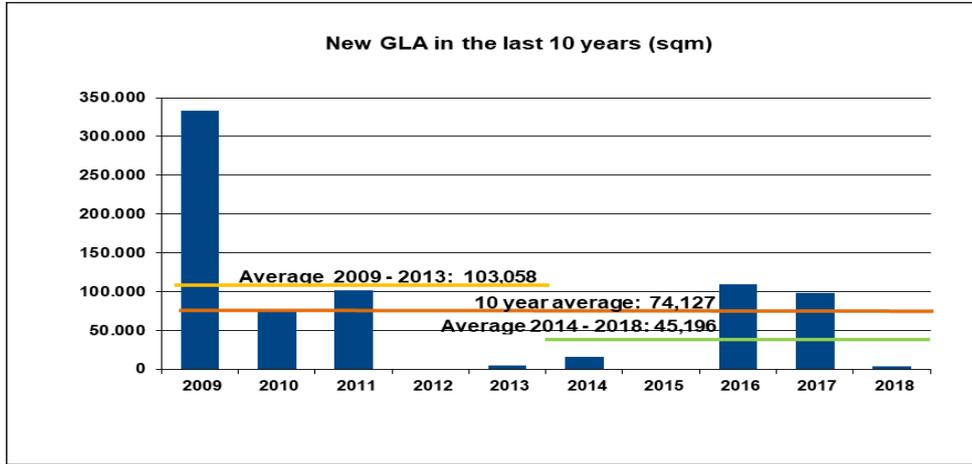
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and **Massimo Dutti** extended their units, and the food court was moved to the third floor with new restaurants added to it.

11. The average of new GLA annually inaugurated during the last five-year period was therefore only **45,000 sqm**, whereas the previous five-year period (2009-2013) had been 103,000 sqm. The average of the last ten years is 74,000 sqm of GLA. (see Graph no. 3)

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



Source: LaSBA

12. For this year of 2019 one new opening is planned, precisely during this month of April. **Lis Shopping** is a project developed by Caves da Montanha in Leiria, and it is located in the former facilities of Auto Leiria. They have several confirmed brands, such as **Pingo Doce, McDonald's, Norauto, Fitness Hut** and **Radio Popular**, among others. The shopping centre will also have a **Prio** petrol station. (see Table no. 2)

Table no. 2: Planned Openings 2019

Shopping Centre	Location	Developer	GLA (sqm)	Planned Opening
Lis Shopping	Leiria	Caves da Montanha	7.700	April
<b>Total Planned Openings</b>	<b>1</b>		<b>7.700</b>	

Source: LaSBA

13. As for extensions of existing shopping centres, several are planned, but opening dates are somewhat unpredictable. For the next few years **three shopping centres** have planned extensions. (see Table no. 3)

Table no. 3: Planned Extensions upcoming years

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Extended	Total
Centro Colombo	Lisboa	Sonae Sierra	114.000	17/jul	131000
Glicínias Plaza	Aveiro	Vougainvest	28.000	4/ago	41000
Norte Shopping	Matosinhos	Sonae Sierra	73.275	17/jul	90275
<b>Total Planned Extensions</b>	<b>3</b>		<b>215.275</b>	<b>47.000</b>	<b>262.275</b>

Source: LaSBA

### Shopping Centres in Operation:

14. According to the **Footfall Index**, year-on-year affluences to Portuguese shopping centres decreased during 2018. In nearly every month of 2018 year-on-year growth rates were negative. The exception was October, with a growth of 1.4%. In the beginning of this year the tendency remains. In January 2019 year-on-year growth was -4.0%, and in February it was -1.0%.
15. However, data from the **Portuguese Association of Shopping Centres (APCC)** is quite different. According to the **APCC**, shopping centre year-on-year affluences in Portugal grew 4.5% during 2018.
16. Also according to the **APCC**, sales in Portuguese shopping centres grew during 2018. The year-on-year variation throughout the year was 4.7%. During the first two Quarters sales grew 5.1% and during the final two Quarters 4.6%.



Oeiras Parque

Oeiras



Lis Shopping

Leiria



Centro Colombo

Lisboa



Glicínias Plaza

Aveiro



Norte Shopping

Matosinhos





Alegro Alfragide Carnaxide



TorreShopping Torres Novas



Saldanha Residence Lisbon



Lidl Av.Prof.Dr. Anibal Cavaco Silva



C&A CC Colombo

17. The **International Council of Shopping Centres (ICSC)** has announced the **Solal Awards**, which recognise best practices in marketing within the shopping centre sector. Alegro Alfragide was awarded Gold in the category "Emerging Technology" through its innovative project of food delivery.
18. These past few months have had changes occur at **TorreShopping**, with the goal of improving customer experience. Since late November visitors have witnessed the reopening of four stores in new locations: **Parfois, Bijou Brigitte, Anjo** and **Pluricosmetica**. These brands now have new units, more urban and sophisticated.
19. **Strada Outlet**, located in Odivelas, has refurbished its food court. This refurbishment aimed to create a more comfortable environment for visitors and to promote a space where people can spend time and enjoy themselves. At the same time, a terrace area that links the building with the city was also created.
20. **Saldanha Residence**, located in Lisbon, celebrated its twentieth anniversary. Located at one of the city's main arteries, the shopping centre has been introducing several visual and functional changes, aiming to meet visitors' expectations.

### Information regarding Retailers:

21. The first ten stores by Spanish retailer **Mercadona** in Portugal are planned to open during the second half of this year. It is the beginning of the brand's move to international markets, which was announced in 2016. The first supermarkets will open in the districts of Braga, Porto and Aveiro.
22. **Lidl** have opened a new store in Boliqueime, in Loule, the 15th store by the German retailer in the Algarve region. It is located at **Avenida Professor Doutor Anibal Cavaco Silva**, where it was built from scratch, and it has 1,400 sqm.
23. **Coviran** has introduced a new store concept in Portugal, already existent in Spain. It is called **Coviran Plus**. The retailer has inaugurated its first store with this concept in Albufeira, Algarve, named **Supermercado Oceano**. Under this concept, **Coviran's** supermarkets integrate the "latest technological elements to ensure the best customer care and more flexibility".
24. **My Auchan** continues to expand in the Greater Lisbon area. The brand has opened its twenty seventh store in Portugal at **Rua da Beneficencia**, in Lisbon.
25. **Sonae MC** closed 2018 with 1,085 stores, including franchise stores, which means an increase of 122 stores with respect to 2017. The brands **Continente, Continente Modelo** and **Continente Bom Dia, Meu Super, Bom Bocado, Bagga, Go Natural, Make Notes, Note!, ZU, Well's** and **Dr. Well's** are included.
26. **Gant** is back to the Portuguese market, one year after having closed the twenty stores they had in Portugal following the bankruptcy of the Textile group **Ricon**, with whom the American brand had an exclusive distribution agreement. The first "new" **Gant** store opened earlier this year, at the **Freeport Outlet**, in Alcochete.
27. **C&A** invested in the refurbishment of their store at **Centro Colombo**, in Lisbon. The new store has 3,330 sqm and becomes the brand's flagship store in Lisbon, incorporating the new store concept that the brand has been implementing for about two years.
28. On the day of its inauguration, the new **Kiabi** store at **Dolce Vita Tejo**, which opened on November 15th of 2018, was the highest grossing store out of their 500 sales points in 17 countries, breaking the company's sales record internationally.
29. Spanish brand **Scalperts** has opened a new store in Portugal, this time at **Alma Shopping**, in Coimbra. A Men's Fashion brand, **Scalperts** was founded over a decade ago.
30. **Snipes** have opened their first store in Portugal, on the first floor of the **Almada Forum** shopping centre. The German brand markets products from brands like Adidas, New Balance, Puma, Nike, Vans or Reebok, among others. Sneakers and trainers are the highlight, from the most iconic models to the latest items by these brands.
31. **Kicks** have opened another store in Portugal, at the **Centro Vasco da Gama**, in Lisbon, raising their store number in the Portuguese market to twelve. The Portuguese brand specialises in alternative sneakers and also supplies casual and sports clothing and accessories.
32. **Hawkers** have opened their first physical store in Portugal, at the **Freeport Lisboa Fashion Outlet**, in Alcochete. Inside this new unit one can see the Spanish brand's sunglasses models live.
33. The first store by **Banak Importa** in Portugal has opened at Avenida Casal Ribeiro, in Lisbon, and it has more than 700 sqm with furniture items. The Decoration brand has over one hundred stores in Spain and is now coming into the Portuguese market.
34. Portuguese chain **DeBorla** opens its 34th store in Portugal at Alameda Shop & Spot, in Oporto. The new store has 1,750 sqm and will strengthen the supply of this shopping centre with Decoration, Kitchenware, Homeware and Cleaning items.

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35. **GrandOptical** have opened their seventh store in Portugal, located at the **Oeiras Parque** shopping centre. Dior, Versace, Givenchy, Chopard, Bvlgary, Cartier, Tom Ford, Elie Saab, Face a Face, Fendi, Prada and Dolce&Gabbana are among the brands that can be found in this store.

### Investment Market:

36. The **Retail Investment market** was quite dynamic during 2018, significantly above the amounts of 2017. The sum total of was above one billion Euros.
37. **International investors** continue to be the main players. Out of the transactions concluded during 2018, the highlights are:
38. **Immochan** acquired three of the four shopping centres that the American Fund **Blackstone** had put on the market. **Immochan** therefore has exclusive control over **Sintra Retail Park**, **Forum Sintra** and **Forum Montijo**. The operation was closed for 441 million Euros.
39. **Dolce Vita Tejo**, located in Amadora, was acquired for 230 million Euros by **Axa Investment Managers (AIM)**, who claims to have acted on behalf of clients. Despite the amount being inferior to the 300 million that had been rumored, **Baupost** and **Eurofund** have likely made a profit, since in January of 2015 they had invested 170 million Euros.
40. **Sonae Sierra** sold **Albufeira Shopping** and **Continente de Portimão S.C.** for 35 million Euros. The assets were handed over to the fund **CA Património Crescente**, managed by **Square Asset Management**. **Sonae Sierra** continues to manage the shopping centres.
41. Already during 2019, **DWS** has acquired **LeiriaShopping** for 128 million Euros. This shopping centre, located in Leiria, with 44,400 sqm of GLA, was owned by **Sierra Portugal Fund**. The operation was announced during this month of April.
42. **Yields** have gone up slightly, and by the end of 2018 they were at 5% for prime shopping centres and at 6.25% for retail parks.



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