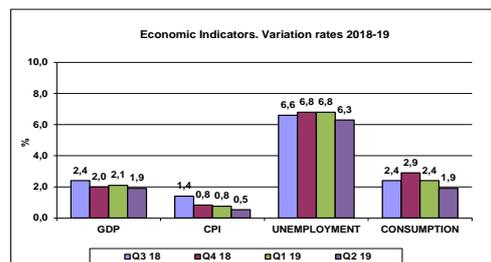


# Shopping Centres in Portugal Semi-annual Activity Report November 2019

## Economy:

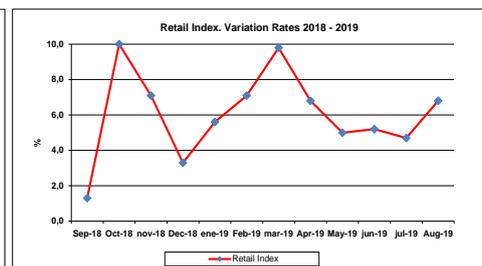
1. Portuguese **GDP** has grown above the European Union's average during the first two Quarters of 2019. It grew 2.1% year-on-year during the first Quarter and 1.9% during the second Quarter, according to the National Statistics Institute (INE). (see Graph no. 1)
2. The **inflation rate**, on the other hand, has declined. **CPI** increased 0.8% during the first Quarter of 2019, and 0.5% during the second Quarter, according to the INE. (see Graph no. 1)
3. The **unemployment rate** has mostly remained steady during the last few periods. However, in the second Quarter of 2019 it dropped slightly and reached 6.3%, also according to the INE. It had been a long time since such a low unemployment rate had been registered. (see Graph no. 1)
4. **Private consumption** has been growing mostly above 2%, according to the INE. Nevertheless, in the second Quarter of 2019 it grew 1.9% year-on-year. (see Graph no. 1)
5. The **Retail Index** is still growing nicely, with a year-on-year variation of 7.5% during the first Quarter of 2019, and 5.7% in the second Quarter, according to the INE. (see Graph no. 2)
6. The **Economic Climate indicator** grew during the first two Quarters of 2019. It varied 2.5% during the first Quarter of 2019 and 2.4% during the second Quarter, according to the INE. The **Economic Activity indicator** grew 2.2% during the first Quarter of 2019 and 2.0% during the second Quarter.

Graph no. 1: Economic Indicators



Source: LaSBA

Graph no. 2: Retail Index



Source: LaSBA

## Shopping Centre Development Market:

7. In the current year of 2019, to date, there was one new shopping centre opening in Portugal. Specifically, a retail park opened, **Montijo Retail Park**, in Montijo, with 18,000 sqm of Gross Leasable Area (GLA). The opening of **Lis Shopping**, in Leiria, with 7,700 sqm of GLA, was also planned for the month of April, but it was postponed and the developer did not announce a new expected opening date. No extensions of existing shopping centres were registered. (see Table no. 1)

Table no. 1: Openings 2019 until October

Shopping Centre	Location	Developer	GLA (sqm)	Opening
Montijo Retail Park	Montijo	Commerz Real	18.000	May
<b>Total Openings</b>	<b>1</b>		<b>18.000</b>	

Source: LaSBA

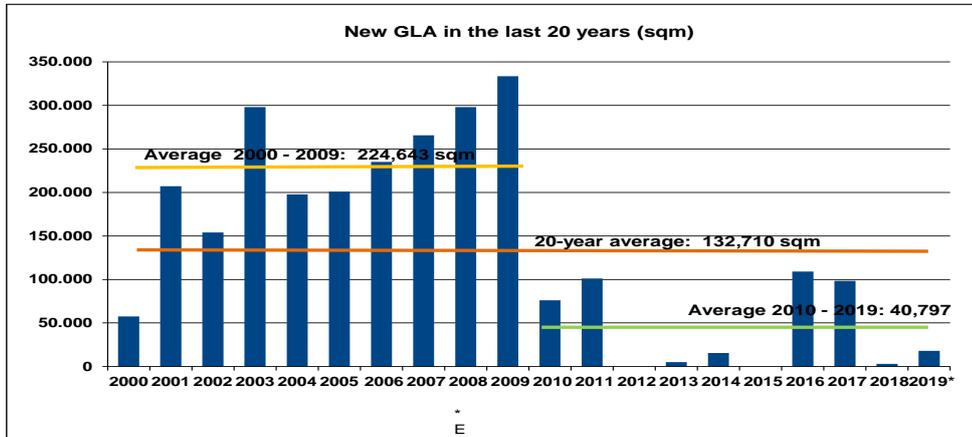
8. **Montijo Retail Park** is an establishment that had been built ten years ago, but due to experiencing leasing difficulties it never opened its doors to the public. Now that these problems have been overcome, the retail park was finally inaugurated on the 23rd of May, with the following units: Conforama, with more than 9,000 sqm, **Leroy Merlin**, with 2,500 sqm, and **Sports Direct**, with 1,800 sqm, as anchor stores. Furthermore, there is **Espaço Casa**, **Ginásio Be-Fit** and **CG Calçado Guimarães**, in a total of 18,000 sqm of GLA.

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9. According to our estimations, by the end of the year **no new openings** will have occurred. If we look at the data for the last 20 years, the disparity between the amount of new GLA from 2010 to 2019 and between 2000 and 2009 is very noticeable. From 2000 to 2009, shopping centre development in Portugal was skyrocketing, and the crisis of 2008, together with market maturity, turned it all around. (see Graph no. 3)

Graph no. 3: New GLA in the last 20 years



Source: LaSBA

10. The shopping centre development market in Portugal is stagnant. There are no new projects under development at the moment, with the exception of the aforementioned **Lis Shopping**, and for the upcoming years only extensions of existing centres are expected. The maturity of the Portuguese market is the determining factor. There seems to be no “room” for new centres. Other factors such as the growth of e-commerce or the stagnant population also contribute to this.

11. An opposite trend seems to be emerging with street shops though, as a result of the **tourist boom**. From January to August 2019, between 100 and 200 street shops opened in Lisbon and more than 50 opened in Oporto. The largest number of stores opened belong to the sectors of Restoration, Fashion & Accessories and Decoration & Design, although Restoration had by far the largest number of openings.

12. For the next two to three years there are thus only extensions planned, and they should add up a total of 47,000 sqm of GLA. They are all expected to open in 2021, but the first one to inaugurate should be **Norte Shopping**, in Matosinhos, developed by Sonae Sierra. The shopping centre will have 17,000 sqm of new GLA, reaching a total of 90,275 sqm of GLA. (see Table no. 2).

Table no. 2: Planned Extensions Upcoming Years

Shopping Centre	Location	Developer	GLA (sqm)		
			Initial	Extended	Total
Centro Colombo	Lisboa	Sonae Sierra	114.000	17.000	131.000
Glicínias Plaza	Aveiro	Vougainvest	28.000	13.000	41.000
Norte Shopping	Matosinhos	Sonae Sierra	73.275	17.000	90.275
<b>Total Extensions Upcoming Year:</b>	<b>3</b>		<b>215.275</b>	<b>47.000</b>	<b>262.275</b>

Source: LaSBA

### Shopping Centres in Operation:

13. According to the **ShopperTrak Index** (formerly known as FootFall), year-on-year affluence to Portuguese shopping centres returned to positive growth rates in April (2.8%) after negative variations throughout the first Quarter. In May it varied 0.7% and in June it returned to negative levels (-0.2%).

14. The refurbishment project of **CascaShopping** was given a prize at the ICSC European Shopping Centre Awards 2019. The project was recognised in the “Refurbishments and Expansions – Medium and Large” category for the quality of both the project and the shopping centre itself.

15. **Alegro Alfragide** was nominated by the International Council of Shopping Centres (ICSC) as a finalist at the Solal Marketing Awards 2019 under the category “Emerging Technology”. The shopping centre was nominated due to the payment system installed, namely MB Way, through the use of a QR Code, in a partnership with SIBS.

16. **Dolce Vita Tejo** has been preparing to become the first Shopping Resort in Portugal



Montijo Retail Park Montijo



Norte Shopping Matosinhos



Centro Colombo Lisbon



Glicínias Plaza Aveiro



Dolce Vita Tejo Amadora





Aveiro Center Aveiro



Lidl rua Diogo Botelho, Porto



Go Natural Matosinhos



Leroy Merlin Guimarães



Starbucks rua Santa Justa, Lisbon

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since 2015, and has publicly launched the concept this year, changing the name of the retail complex to **UBBO**. The establishment will be refurbished and will be given new resting areas, terraces and cafes, a water park, miniature golf and climbing walls, among other novelties.

17. The refurbishment of the **Monumental** building, at Praça Saldanha in Lisbon, has begun, and virtually every unit has been temporarily closed down. Besides maintaining the current cinemas, the building will have a retail area with one or two large stores, instead of the previous small shops. Construction should be completed in the final Quarter of 2020.
18. The refurbishment of **Aveiro Center** was finalised. The shopping centre, located in Taboeira, now has a fully renovated food court, with more seating available, as well as new resting areas, bathrooms, and new air conditioning and lighting systems.
19. **Forum Sintra** and **Forum Montijo** are now called **Alegro Sintra** and **Alegro Montijo** respectively, a change that had already been announced, and has now become definitive. Inspired by “smiles”, the brand’s new identity reflects **Alegro’s** positioning as “the place where you live here and now”, according to **Ceetrus Portugal**, company which owns and manages the centres.
20. **VIA Outlets** is investing in the refurbishment of the Vila do Conde Porto Fashion Outlet, starting from September. The plan is to make the Outlet Centre a shopping destination which is one of the standards of Portugal’s Northern region, by enhancing visitor experience.

### Information regarding Retailers:

21. Fifty years after first coming to Portugal, the brand **Jumbo** has definitively changed its name to **Auchan** from September 12, completing the change that had already been enforced for some time. The French group now has a single brand, after having also eliminated the brand **Pão d’Açúcar**.
22. On July 2 the first store by the Spanish **Mercadona** opened in Portugal, in Canidelo, Vila Nova de Gaia. This is the first supermarket in the country, marking the beginning of the company’s international expansion, after reaching 1,636 stores in Spain already. With 1,800 sqm, it is the first of ten units that they will open in Portugal by the end of the year, all of them in the districts of Oporto, Braga and Aveiro.
23. Strengthening its presence in the district of Bragança, **Sonae** has opened a new commercial gallery with a **Continente Modelo** in Mirandela. The gallery includes six other stores: **Worten**, **Well’s**, **MO**, **note!**, **Zu** and **Bagga**, in a total sales area of 2,700 sqm.
24. **Lidl Portugal** strengthens its presence in the North of the country with the opening of a new supermarket at **rua Diogo Botelho**, in Oporto. The new unit has around 1,400 sqm of GLA and replaces the first store ever opened by **Lidl** in Oporto, back in 2000.
25. **Go Natural’s** goal for 2019 is to end the year with 16 supermarkets, thus doubling their number of stores in the Lisbon and Oporto areas.
26. Landing in Portugal for the first time, Italian brand **Boggi Milano** has opened a store at **Avenida da Liberdade**, in Lisbon. The new unit has around 290 sqm, and supplies the brand’s Formal and Easy Formal fashion lines.
27. Portugal will have its first “mega” **Primark** at **NorteShopping**, in Senhora da Hora, near Matosinhos. The Irish chain, known by its low-cost prices, will include in its 5,000 sqm unit a Beauty Salon named Primark Beauty Studio.
28. **Leroy Merlin** has opened its 16th store in Portugal, specifically in Guimarães, continuing with the brand’s expansion process. The new unit has 4,000 sqm, out of which 400 are supplied with construction materials.
29. French Decoration brand **Maisons du Monde** has opened its first store in Portugal, specifically at **Mar Shopping Algarve**, in Almancil. The store supplies hundreds of products and decorative items and has an area of 630 sqm.
30. **Kinda Home** plans to open late this year a new store at **Oeiras Parque**, in Oeiras. The new unit will have a GLA of 500 sqm. This new opening is in line with the Furniture and Decoration brand’s five-year expansion plan, which is set to add 5 more stores in Portugal by 2023.
31. **Ikea** is planning new openings in Portugal, namely small urban stores, in locations such as Sintra, Cascais, and south of Lisbon.
32. **Banak Importa**, Furniture and Decoration brand, will open its first store in Oporto in the beginning of next year. It will be the second flagship store in Portugal, and it is expected to open in January at **Avenida da Boavista**.
33. **DeBorla** has opened a new store in Alfragide. The new unit has a total of 2,000 sqm and joins the brands **Divani&Divani by Natuzzi** and **Interforma**, thus strengthening the out of town retail supply in the area of Decoration and Homeware of Alfragide.
34. In the last Quarter of 2019, a new **Decathlon** store is planned to open in Coimbra, a

stand-alone unit with around 3,500 sqm of sales area and 305 parking spaces. This unit will be located at **avenida José Bonifácio de Andrade e Silva**, next to the shopping centre **Forum Coimbra**.

35. A new **Adidas** store has opened at **Forum Coimbra**, on the shopping centre's first floor. The centre managed by **Multi** thus strengthens its Sports Fashion supply, with a 232 sqm unit.
36. **FNAC** has opened a new store at **Forum Aveiro**. The store has 1,500 sqm in two floors, offering culture and technology, aside from a ticket sale and show area.
37. **Starbucks** has announced a new opening in the Lisbon downtown area, at **rua de Santa Justa**. The new unit has a sales area of 379 sqm distributed between two floors with 85 seats. This is the 23rd unit by **Starbucks** in Portugal, and they are now present in Lisbon, Oporto, Braga, Cascais, Faro, Funchal, Vila Nova de Gaia and Loulé.

### Investment Market:

38. The **Retail Investment** market has been quite dynamic during 2019 so far. There were transactions that added up to an amount of around 600 million Euros.
39. The main players are both **international** and **Portuguese** alike. Out of the transactions concluded during 2019 so far, the highlights are:
40. **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**. This is the fifth shopping centre acquired by DWS in Portugal, after **Alma Shopping**, in Coimbra, **Alameda Shop & Spot**, in Oporto, **Nosso Shopping**, in Vila Real, and **Forum Madeira**, in Funchal.
41. French company **FREY** has acquired **Algarve Shopping** and **Albufeira Retail Park** from **Iberia Coop** (fund which is 10% owned by **Sonae Sierra** and 90% international investors, namely **CBRE GIP**) for 179.3 million Euros. This the first investment made by this company in Portugal. They specialise in Property development, investment and management.
42. Portuguese company **Mundicenter** has recently closed the acquisition of **Forum Aveiro**, which was owned by **CBRE Global Investors**. The amount was not publicly announced, but it is estimated to be around 90 million Euros.
43. German family office **AM Alpha** has announced the acquisition of **BPlanet**, in Barreiro. This asset was built in 2010 and has a total of 35,400 sqm of GLA, as well as 1,700 parking spaces. It consists of a retail park and a commercial gallery with hypermarket. The amount is estimated to be around 55 million Euros.
44. French company **Klépierre** has announced the sale of a portfolio of four shopping centres in Portugal to the property fund **CA Património Crescente**, managed by **Square Asset Management**. Named Project Stone, this set of assets includes **Minho Center**, in Braga, **Gaia Jardim**, in Vila Nova de Gaia, **Continente Loures**, in Loures, and **Continente Telheiras**, in Lisbon.
45. **Montijo Retail Park** was sold by **Commerz Real** to the same fund, **CA Património Crescente**. The amount was not publicly announced, but it is estimated to be between 14 and 17 million Euros.
46. **Yields** remain stable, and are now at 5% for prime shopping centres and at 6.25% for retail parks.



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