

The sector indicators are compiled quarterly from a detailed and exhaustive study prepared by professional staff in the Knight Frank Madrid office and are based on real data and market trends.

Retail Snapshot

Q12020

FOOD CONSUMPTION BEHAVIOR SPAIN COVID-19 EFFECT VARIATION Y-O-Y

	% STORE VARIATION	15 March 79%	29 March 10.8%	12 April 10.5%
	% E-COMMERCE VARIATION	15 March 54.1%	29 March 51.3%	12 April 84.3%

Source: IRI Data

Situation in Spain

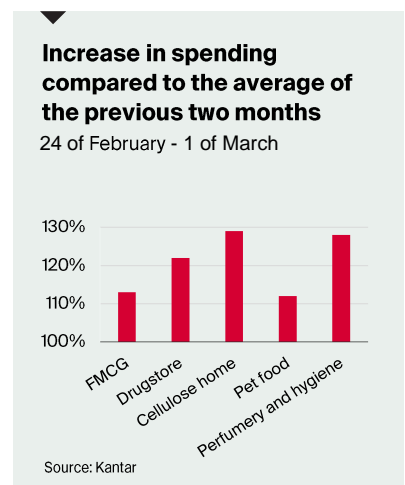
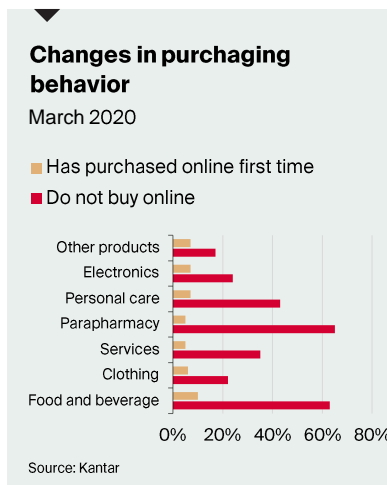
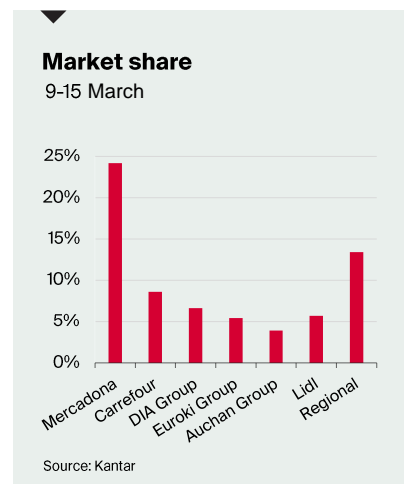
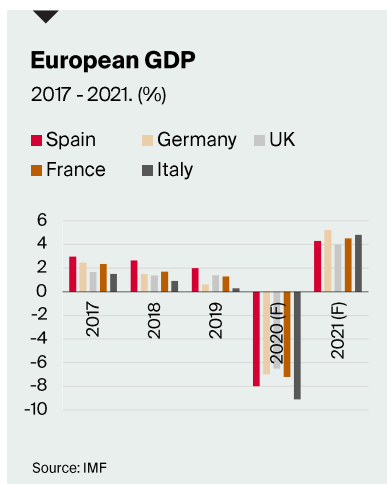
In the exceptional situation caused by COVID-19, the IMF estimates that GDP growth for the euro area will reach -7.5% this year and rebound to 4.7% in 2021. Retail is one of the sectors most affected by the situation as quarantine restrictions have led to a consequent drop in consumer demand.

Retailers are negotiating lease terms with landlords across formats but hit especially hard are shopping centres.

Supermarkets, considered an essential services under lockdown, have been increasingly vying for market share although as of the second week in March, Mercadona still has a significant lead ahead of its competitors with an almost 25% market share.

The purchasing behaviour of consumer is changing as more and more people take to online shopping, the sector benefiting most from this shift at this time is food and beverage.

There have been market increases in spending in key areas, of note is a 129% increase in the sale of home paper goods.



Retail investment in Spain

The first quarter of the year closed with an investment volume around €700 M, 280% more than the same period of the previous year and exceeded the investment volume for the first semester of 2019.

The largest volume of investment has been concentrated in shopping centres, making up more than 80% of the total, highlighting the sale of Intu Asturias (renamed Parque Principado) for 290 million euros.

In terms of number of transactions, the largest deal has been in Retail Parks, with the sale by Family Cash of seven hypermarkets in Valencia and Murcia.

Without significant transaction data since the beginning of COVID-19, prime yields remain similar to the previous quarter, pending further market comparable in the coming months.



TOP 3 DEALS

ASTURIAS

PARQUE PRINCIPADO
VENDOR: INTU PROPERTIES
PURCHASER: ECE
€290m 3,900 €/sq m

Source: Expansión

VALENCIA/MURCIA

7 HIPERMARKETS
VENDOR: FAMILY CASH
PURCHASER: CONFIDENTIAL
€33m 600 €/sq m

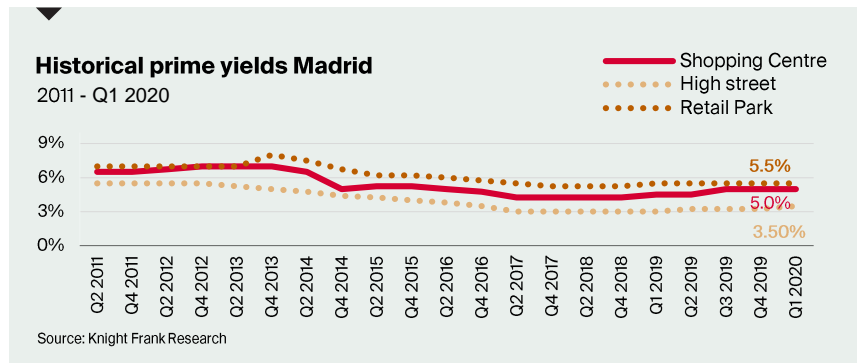
Source: EjePrime

BARCELONA

PASEO DE GRACIA, 89
VENDOR: CASTIMOR
PURCHASER: AEW EUROPE
N/D n/d €/sq m

Source: Elinmobiliariomes a mes

The largest deal of the quarter has been carried out by Intu Properties Group, with the sale to ECE of Parque Principado shopping centre, known previously as Intu Asturias. It is the most visited center and with the largest and most complete commercial and leisure offer in Asturias.



EUROPEAN PRIME YIELDS

LATEST AVAILABLE DATA Q4 2019

	SHOPPING CENTRE	RETAIL PARK	HIGH STREET
BRUSSELS	= 4.25	↓ 4.25	3.75
LONDON	n.a	n.a	= 3.00
AMSTERDAM	n.a	n.a	= 3.00
BERLIN	= 3.75	↓ 3.75	= 2.50
PARIS	↓ 4.00	↓ 4.00	= 2.90
DUBLIN	= 4.50	↓ 4.50	↑ 3.75

Source: Knight Frank Research

COVID-19: Across Europe and beyond, market activity is being impacted in all sectors due to the Novel Coronavirus (COVID-19) outbreak. As at the date of this report, we consider that we can attach less weight to previous market evidence for comparison purposes, in providing our opinions on the market. Given the unknown future impact that COVID-19 might have on the real estate market and limited recent comparable, this report is meant to provide market insights as we see them at this time but we wish to highlight the material uncertainty which we may cause swift changes in the market. Please get in touch with our teams if you would like to discuss in further detail or receive an update regarding market conditions.

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