

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

Retail Snapshot

Q12021

RETAIL NEW AND FUTURE OPENINGS



MADRID

BERSHKA
Preciados 13
2,700 sq m

PRIMARK
Conde de Peñalver 8
6,000 sq m

MONCLER
Serrano 72
400 sq m



REST OF SPAIN

SCALPERS
Valencia
320 sq m

RAY-BAN
Málaga
100 sq m

RITUALS
Málaga
150 sq m

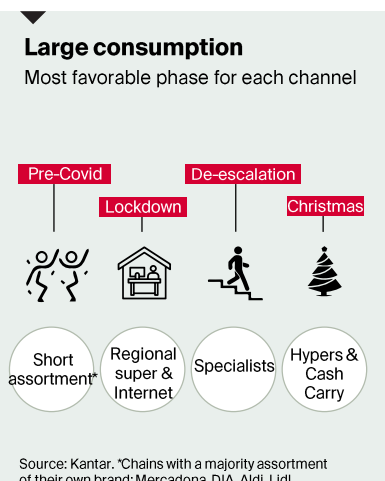
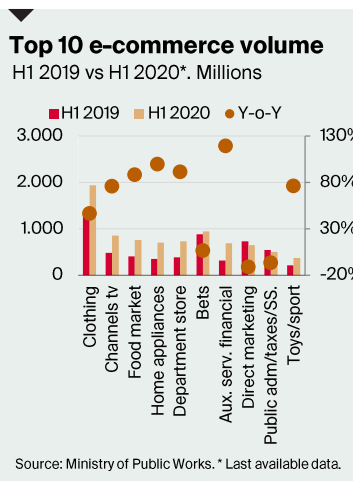
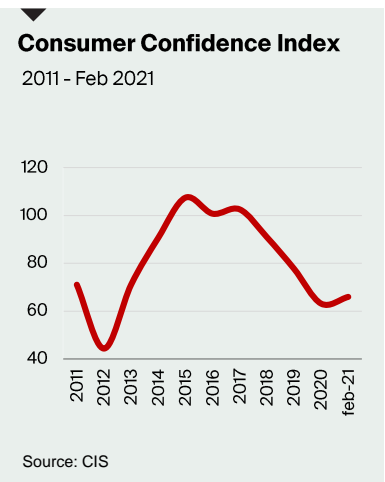
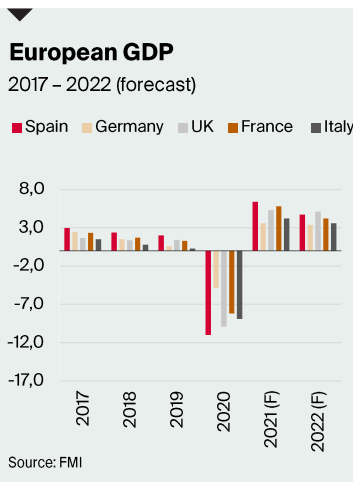
Situation in Spain

Despite the current situation, the IMF improves forecasts for GDP in Spain with 6.4% for 2021 compared to 5.9% of its previous forecast and 4.7% for 2022. According to experts, the Spanish economy will lead the global economic recovery.

Although the CCI has not yet reached values above 100, it stands at almost 66 points, an increase of 10.2 points from December 2020, its best figure for over a year, just before the arrival of the pandemic

The latest published data on e-commerce show that the sector with the highest turnover has been clothing, with a growth of close to 50%.

Analyzing the behaviour of large consumption in recent months, it has been observed that each channel has been the leader at a specific moment, thus, the chains with a majority assortment of their own brands such as p. ex. Mercadona led before the start of the pandemic while regional supermarkets (ex. Ahorramás) and the internet have done so during lockdown. In the de-escalation, specialist stores were those that occupied the largest market share and during Christmas, were hypermarkets (ex. Carrefour) and cash & carry (ex. Makro).



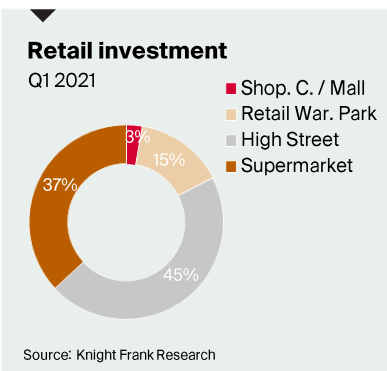
Retail investment in Spain

Although the retail sector has been one of the hardest hit by the pandemic, it is expected to see a recovery in the second half of 2021.

In the first quarter, the investment volume was close to €400m, a decrease of 48% compared to the same period in 2020. Within the context that the retail sector was already suffering, this quarter of 2020 exceeded expectations with an investment of more than €770 million.

The most visible sector of the quarter was the high street with 45% of the investment volume. In this line, it is also worth highlighting the supermarkets, reaching almost 40% from the sale of various portfolios.

Yield from retail parks and high street has remained stable, while shopping centres have experienced an increase, standing at 5.75%.



TOP 3 DEALS

VARIOUS

CARREFOUR PORTFOLIO
VENDOR: BARINGS
PURCHASER: KGAL GROUP
€120 M 3,100 €/sq m

Source: Brainsre

MADRID

PUERTA DEL SOL 11
VENDOR: INVESCO
PURCHASER: ORES/ BANKINTER
€80 M n.a €/sq m

Source: Knight Frank Retail C. Markets

VARIOUS

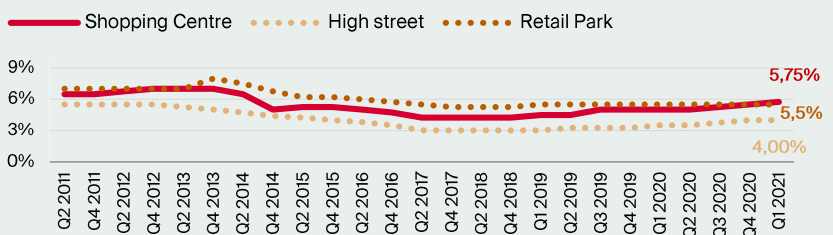
EROSKI PORTFOLIO
VENDOR: LAR ESPAÑA
PURCHASER: BLACKBROOK CAPITAL
€59 M 2,100 €/sq m

Source: Observatorio Inmobiliario

Within the first quarter of the year, the transaction that stands out the most is the purchase of the Carrefour Portfolio in Spain by the German investment manager Kgal Group from the investment fund Barings, which includes 10 supermarkets and hypermarkets distributed between Barcelona, Madrid, Bilbao, Salamanca, Cádiz and Almería. The volume of the transaction has been around 120 million euros.

Historical prime yields Madrid

2011 - Q1 2021



EUROPEAN PRIME YIELDS

LATEST AVAILABLE DATA Q4 2020

| | SHOPPING CENTRE | RETAIL PARK | HIGH STREET |
|----------|-----------------|-------------|-------------|
| BRUSSELS | ↑ 5.00 | ↑ 6.50 | ↑ 4.50 |
| LONDON | n.a | n.a | = 3.25 |
| BERLIN | ↑ 4.15 | = 4.75 | ↑ 2.85 |
| DUBLIN | ↑ 5.15 | = 5.75 | = 4.50 |
| PARIS | = 4.25 | = 5.25 | = 3.00 |

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 data, this report is meant to provide market insights as we see them at this time but we wish to highlight the material uncertainty which may cause swift changes in the market. Please get in touch with our team if you would like to discuss in further detail or receive an update regarding market conditions.

Retail

Elaine Beachill
Head of Retail
+34 600 919 016
Elaine.Beachill@es.knightfrank.com

Research

Rosa Uriol
Head of Research
+34 600 919 114
Rosa.Uriol@es.knightfrank.com

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