

Retail Snapshot

Q3 2023

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.

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The macroeconomic growth projection for Spain has been raised from 1.5% to 2.5% for 2023

- The International Monetary Fund places Spain as the country with the highest expected GDP growth among advanced economies for both 2023 and 2024, with 2.5% and 2% respectively.

SITUATION IN SPAIN

The retail turnover remains in positive values, having recorded a year-on-year growth of 9% in August, well above what was recorded in the same month of the previous year when the figure was -1.2%.

Although consumer confidence has declined compared to the previous month, in September it has reached 77.2 points, which is 21.7 points higher

higher than in the same month of 2022.

Regarding the number of international tourists, they continue to approach pre-pandemic figures. The year-to-date total now stands at 57.7 million, which represents a 20% increase compared to the same period in 2022 and is only 1% below the figures from 2019.

Spain

Madrid

Top 3 recent openings

1.300 m² | Cupra | Serrano 88

800 m² | Scalpers | Gran Vía 27

200 m² | Brownie | Fuencarral 61

Barcelona

Top 3 recent opening

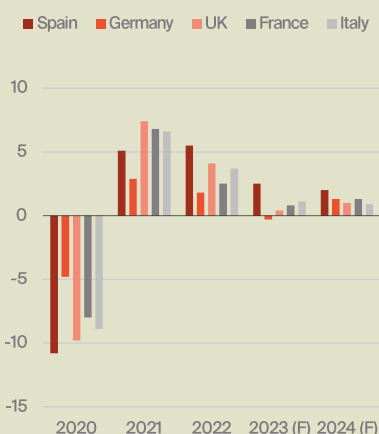
400 m² | Miin Cosmetics | Calle Balmes

265 m² | Tommy Hilfiger | Paseo de Gracia 15

142 m² | San Saru | Provenca 253

European Comparative PIB

2020 - 2024 (forecast)



Source: FMI

Retail Trade

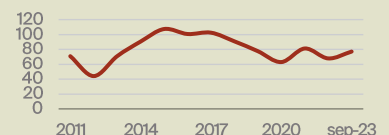
2020 - 2023 (May), y-o-y (%)



Source: INE, Seasonally and calendar-adjusted series and excluding service stations.

Consumer Confidence Index

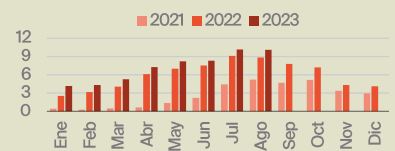
2011 - 2023 (May)



Source: CIS

International tourists

Millions of persons. 2021 - 2023



Source: INE

RETAIL INVESTMENT IN SPAIN

Investment in the retail segment has reached €155 million during the third quarter. As for the year-to-date total, it amounts to nearly €540 million, which is a 50% decrease compared to the same period in 2022 (excluding the branch transaction). The lower investment volume recorded is justified by a lack of portfolio transactions.

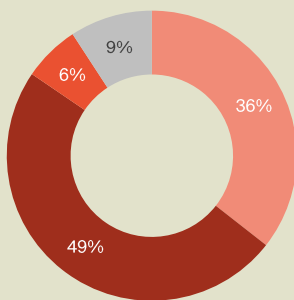
The typology of retail parks is the focus of investors, representing almost 50% of the total, and it has registered a 30% increase in the first nine months of the year compared to the annual average of the last three years. In the case of retail premises, especially those located in prime areas, the supply for sale is very limited because property owners do not have the need to sell their assets.

Prime yields for RP and HS in the capital remain stable, standing at 7% and 4%, respectively, while in the case of SC, there has been an increase in their prime yield, reaching 7.25% (7.00% Q2 2023).

Retail investment

Q1-Q3 2023

- Shopping Centers
- Retail Parks
- High Street
- Supermarkets



Source: Knight Frank Research

Spain

Investment volume Q3 2023

€155 M (€525 M Q3 2022)

Top 3 investment deals Q3 2023

€67* M | P.C. Rivas Futura, Madrid

Vendör: Lar España | Purchaser: AEW
Capital value: 1.800 €/sq m
Source: Brainsre. * Estimated distribution

€62* M | P.C. Vistahermosa, Alicante

Vendör: Lar España | Purchaser: AEW
Capital value: 1.800 €/sq m
Source: Brainsre. * Estimated distribution

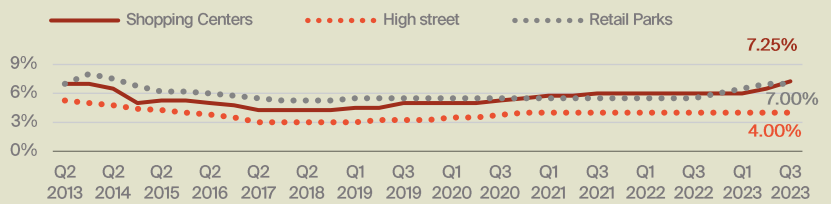
€22,2 M | C.C. Hipercor El Faro, Badajoz

Vendör: El Corte Inglés | Purchaser: Castellana P.
Capital value: 1.100 €/sq m
Source: Property Web * Estimated price

► One of the most prominent transactions in the third quarter is the sale by the SOCIMI (Real Estate Investment Trust) Lar España of the Rivas Futura and Vistahermosa retail parks for a total of €129.1 million to the real estate asset manager AEW. These retail parks are located in Rivas Vaciamadrid and Alicante and have a total gross leasable area of 70,210 square meters. The sale price represented a 24% increase in value.

Prime yields Madrid

2013 – Q2 2023



Source: Knight Frank Research

European prime yields. Latest available data | Q2 2023

	SHOPPING CENTER	RETAIL PARKS	HIGH STREET
Berlin	5.15% =	5.05% =	3.90% ↑
Dublin	6.75% =	6.00% =	5.50% =
Paris	5.25% =	5.75% ↑	3.75% ↑

Source: Knight Frank Research.* Oxford Street

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Capital Markets

Tamara Sánchez | Director, Head of Retail
+34 600 919 073
tamara.sanchez@es.knightfrank.com



Research

Daniel Caprarin | Head of Research
+34 600 919 087
Daniel.caprarin@es.knightfrank.com