



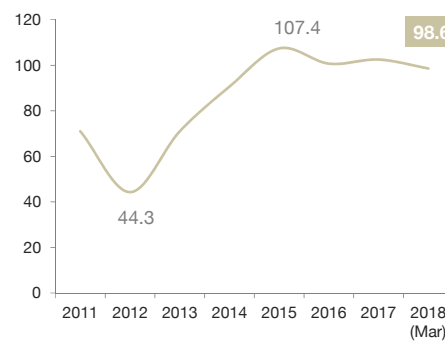
RETAIL SNAPSHOT

1st QUARTER 2018

SITUATION IN SPAIN

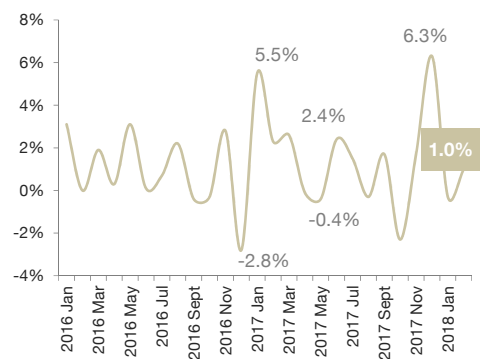
- The growth forecast for the Spanish economy anticipates 2018 to be a year in which we see a consolidation of retail sales.
- During the first quarter of the year, the Consumer Confidence Index and footfall numbers kept up the positive trends with which they ended 2017, a year in which sales in shopping centres grew by 3.5%.
- The number of people who buy online continues to increase. This trend, which brings possibilities for further growth in Spain, is modifying the needs of retailers who are increasingly betting on flagship formats.
- Operators traditionally anchored to commercial parks such as Ikea, Leroy Merlin or Maisons du Monde are consolidating this trend by setting themselves up on key commercial streets.

GRAPH 1
Consumer Confidence Index
2011 - 2018



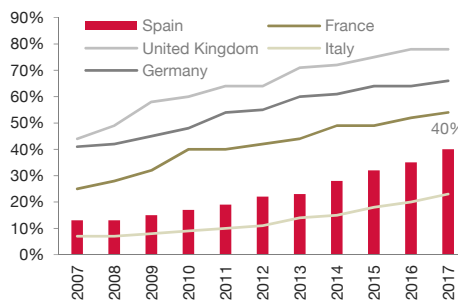
Source: CIS

GRAPH 2
Footfall
Y-o-y (%)



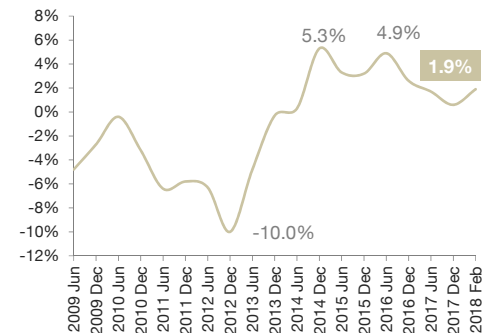
Source: Shoppertrak

GRAPH 3
E-commerce. % of people who has made any online shopping in the last 3 months



Source: Eurostat

GRAPH 4
Retail trade index
Y-o-y (%)



Source: INE

GRAPH 5
Openings
Madrid. Flagships



PRECIADOS 8-10
GLA: 1,700 sqm
February 2018



FUENCARRAL 16
GLA: 1,320 sqm
February 2018



PRECIADOS 9
GLA: 2,100 sqm
March 2018



SERRANO 70
GLA: 1,400 sqm
Spring 2018

RETAIL INVESTMENT IN SPAIN

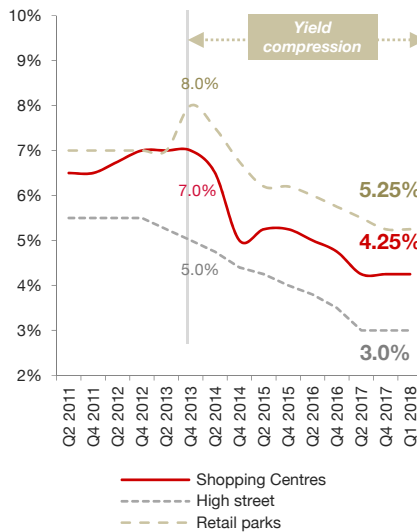
- Investment in retail in the first quarter of the year exceeded 340 million euros, foreseeing another record year.

- There is a tendency towards portfolio transactions, whose acceptance in the market will significantly change the volume of investment at the end of the year.

- The sale of the Inditex portfolio for 370 million euros was the largest operation of the quarter, reflecting this moment of strength for the high street sector.

- Investors continue to invest in locations that fit the requirements of operators who are seeking to strengthen their omnichannel strategy via flagships, causing the market to reach historical yields.

GRAPH 7
Historical prime yields
2011 - 2018



Source: Knight Frank Research

GRAPH 8
European prime yields
Latest data available

	SHOPPING CENTRES	RETAIL PARKS	HIGH STREET
Brussels	= 4.25	= 5.50	↓ 3.50
London	↑ 4.50	= 4.50	= 2.25
Amsterdam	= 4.75	= 5.50	↓ 3.00
Frankfurt	= 3.75	↓ 5.00	= 3.60
Berlin	= 3.75	↓ 5.00	↓ 2.50
Paris	= 3.75	= 4.75	= 2.75
Dublin	= 4.50	= 5.25	= 3.50

Source: Knight Frank Research

GRAPH 9
TOP3 | Investment transactions
Q1 2018

INDITEX PORTFOLIO

VENDOR: INDITEX
PURCHASER: DEKA

€ 370 m | 35,000 sqm

PARQUE CORREDOR*

VENDOR: SAREB & AERMONT
PURCHASER: REDEVCO IBERIAN VENTURES (REDEVCO & ARES)

€ 140 m | 67,711 sqm

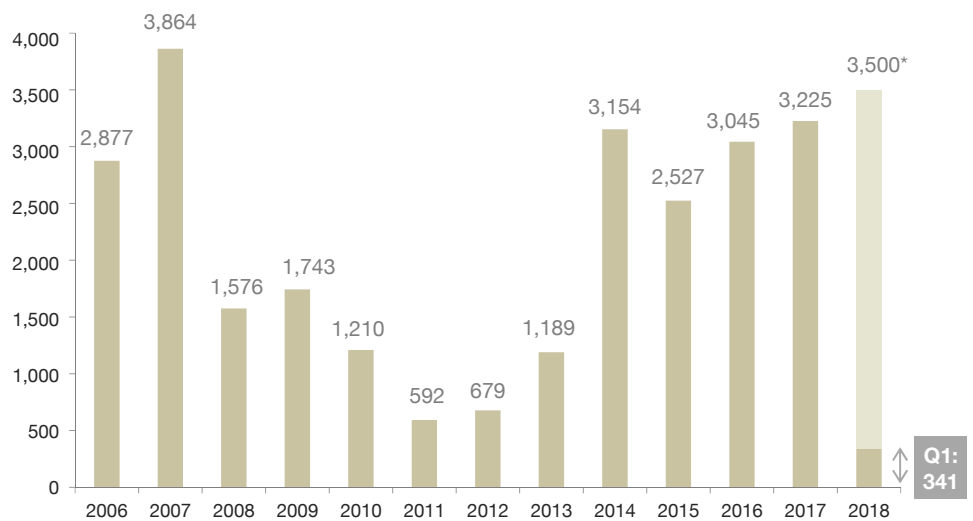
RIVAS FUTURA RETAIL PARK

VENDOR: CREDIT SUISSE
PURCHASER: LAR ESPAÑA REAL ESTATE SOCIMI

€ 61.6 m | 55,000 sqm

* Deal brokered by Knight Frank

GRAPH 10
Historical retail investment
Million euros. 2006 - 2018



Source: Knight Frank Research

High street not included
* Year-end estimation based on our view of the market performance.



RESEARCH

Pablo Párraga

Head of Retail
Pablo.Parraga@es.knightfrank.com
+34 600 919078

Elaine Beachill

Associate
Head of Retail Capital Markets
Elaine.Beachill@es.knightfrank.com
+34 600 919016

Rosa Uriol

Head of Research
Rosa.Uriol@es.knightfrank.com
+34 600 919114

Important notice

© Knight Frank España, S.A.U. 2018

This report is published for general information only and is not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank España, S.A.U. for any loss or damage resultant from any use of, reliance or reference to the contents of this document.

As a general report, this material does not necessarily represent the view of Knight Frank España S.A.U. in relation to particular properties or projects. Reproduction of this report in whole or part is not permitted without prior written approval of Knight Frank España S.A.U. to the form and content within which it appears. Knight Frank España is a limited liability partnership registered in the Mercantile Register of Madrid with Tax ID No. (CIF) A-79122552. Our registered office is located at Suero de Quiñones 34, 28002 Madrid.