

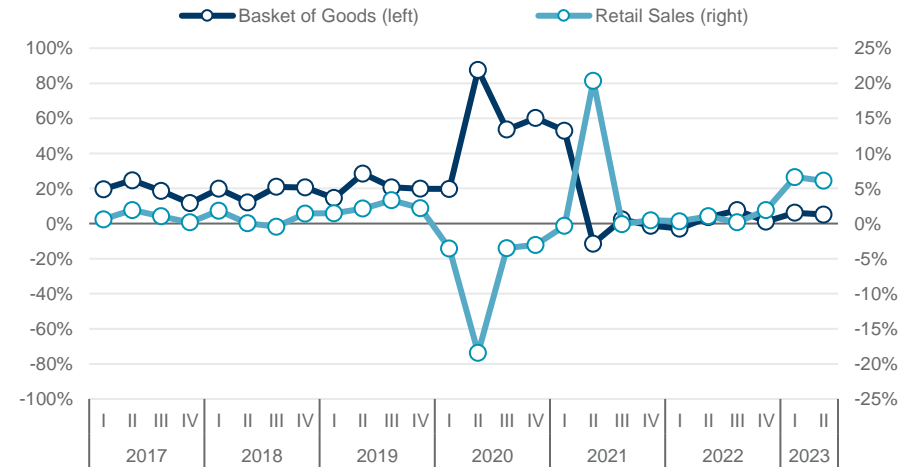
	Spain		Euro Zone	
	YoY change	12 month forecast	YoY change	12 month forecast
Annual change in GDP	+2.4% ▲	▼	+0.5% ▼	▲
Annual change in CPI	+3.1% ▼	▼	+2.9% ▼	▼
Annual change in retail sales*	+5.2% ▲	▲	-1.1% ▼	▼

Source: Eurostat, INE, December 2023
*Data as of November 2023

Market Context

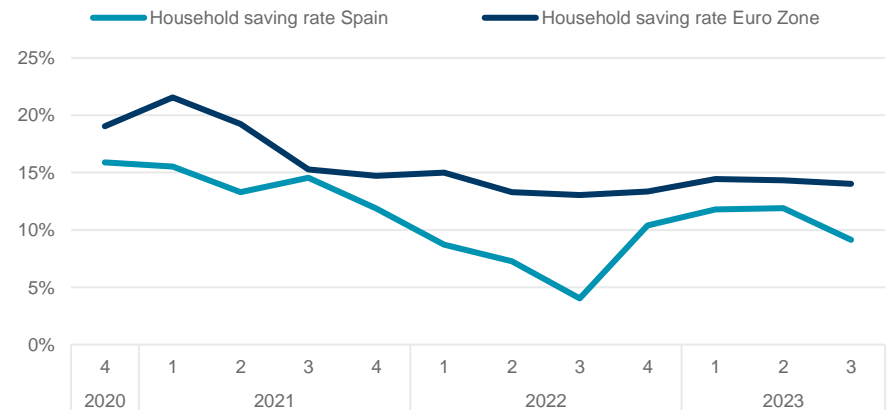
- GDP growth in 2023 was 2.4% in 2023, which is a lower growth rate than 2021 and 2022 (6.4% and 5.8% respectively). Forecasts for 2024 and 2025 will continue the current 2023 trend.
- Regarding inflation, the year-on-year change has moderated, going from 5.7% in December 2022 to 3.1% in December 2023. It will continue to reflect moderate growth during 2024, 1.4% and 2025, 2.1%.
- Spain's savings rate increased in December 2023 (+511 b.p.) in comparison with the same month in 2022, whilst for the Eurozone as a whole rates remained stable throughout this time period.
- Central banks have relaxed monetary policy in view of positive trends in terms of inflation. The long-term swap rate has dropped from 3.22% to the current 2.45%.
- Whilst retail sales in Spain have increased 5.2% year-on-year in November 2023 (latest data published by the National Statistics Institute - INE), the figures for the Eurozone were lower in 2023.
- Year-on-year retail sales growth in Spain has, in general terms, exceeded the increase in turnover for the basket of physical goods bought online.
- In comparison with the same period in 2022, retail sales grew by 506 basis points during the second quarter of 2023.

Year-on-year change, Basket of Physical Goods – Retail sales (%)



Source: INE, CNMC. Q2 2023

Household Savings Rate – Spain vs Eurozone (%)



Source: Eurostat. Q3 2023

Occupancy Market - Shopping Centres and Retail Parks

- The C&W Shopping Centre Portfolio Index shows a full recovery of sales to levels prior to the pandemic (14.3% above 2019's figures). Demand remains constant and vacancy levels are low.
- Footfall has also recovered and is 1.6% above 2019 levels. The higher growth in sales compared with footfall is due to the frequency of visits, although dwell times in shopping centres have increased.
- The retail categories currently enjoying greatest growth are health & beauty and leisure. The highest increases compared with 2019 are seen in books, toys and gifts (including pet stores).
- The leisure sector has improved significantly with respect to 2022 (+17%), although it still below 2019 levels (-14%). Cinema sector is still challenging, despite growth of 29% compared with 2022, average sales in the sector is still 25% below 2019 figures.

Dec 2023 vs
Dec 2019

+14.3%

YoY sales
growth C&W

Occupancy Market - High Street

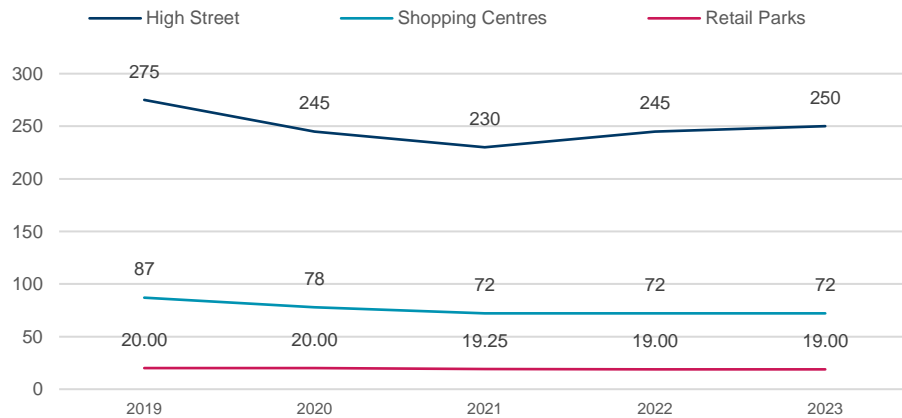
- Following several quarters with a high degree of leasing activity, a slowdown was recorded during the first quarter of 2023. This was due to a fall in the number of units available as well as a reduction in available floor area, with vacancy rate going from 5.6% in Q4 2022 to 4.5% in Q4 2023.
- Total take-up for 2023 gives a quarterly average of 7,763 sq m let, just 5.2% below the quarterly average for the same period in 2019.
- Between 2018 and 2023, the fashion sector reflected the highest take-up, representing 52% of Madrid's and Barcelona's main high streets.
- Approximately 60% of the total number of deals was for units with a floor area of less than 300 sq m.
- 2023 closed with prime rents 9% above 2021 and 2% above 2022 figures. Top rents in Madrid are currently €245/sq m/month (Calle Serrano), €250/sq m/month for Barcelona (Passeig de Gràcia).
- Together with the hesitant rise in economic activity, the falls in vacancy rates in Madrid and Barcelona are putting upward pressure on rents. It is forecast that this will continue in 2024 and in 2025 might go back up to pre-pandemic levels.

+1.6%

Change in footfall
C&W

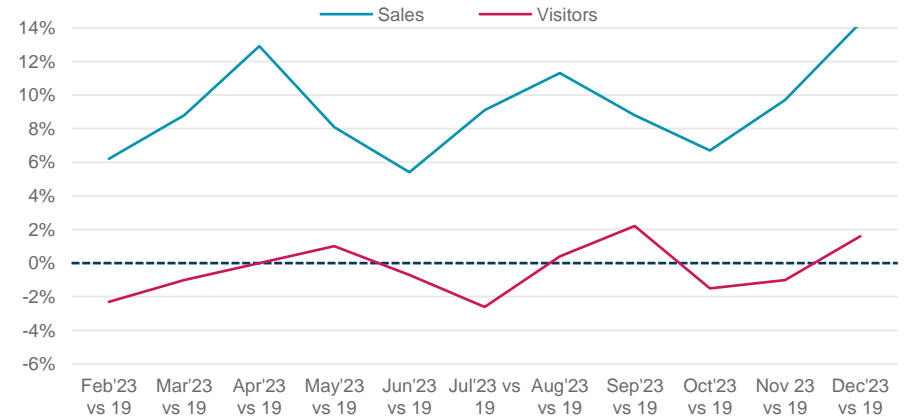
Source: C&W Asset Services – Data as of December 2023

PRIME RENT (€/sq m/month)



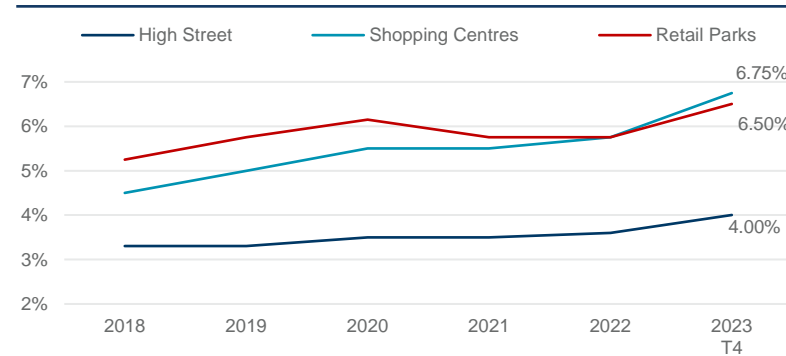
Source: CW Research & Insight

C&W Sales/Footfall in Shopping Centres – 2023 vs 2019



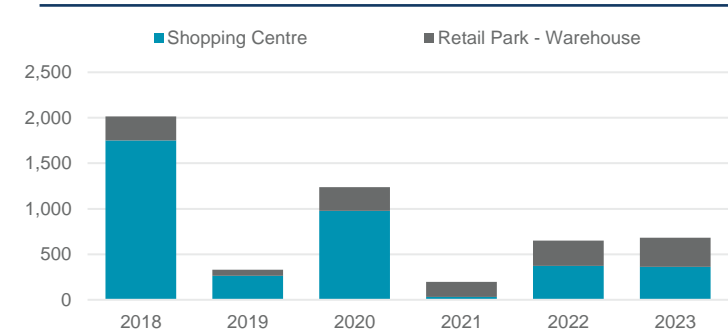
Source: CW Shopping Centres Portfolio Benchmark Index. España, Dic 2023

Trend in Prime Retail Yields (%)



Source: Cushman & Wakefield Research & insight

Investment Volume in Retail (excl. M&A)



Source: Cushman & Wakefield Research & Insight

- Investment in Shopping Centres and Retail Parks was approximately 45% of all investment in retail during 2023.
- In 2023, investment in Retail Parks increased by 83%, going from just one deal in 2022 to five by the close of 2023.
- The prime yield for Shopping Centres and Retail Parks have softened year-on-year by 100 and 75 basis points respectively.
- The Spanish shopping centre market is a mature, consolidated sector. The trend therefore is focused on investing capex into already existing schemes, assigning considerable investments to updating these to the latest technical and ESG requirements.

Main investment deals 2023



Rivas Futura, Madrid y Vistahermosa, Alicante

Buyer: AEW

Floor areas sq m: 70,210

Price (€m): 129



Salera, Castellón*

Buyer: Lighthouse Properties

Floor areas sq m: 68,750

Price (€m): 171



Sol 9, Madrid

Buyer: El Corte Inglés

Floor areas sq m: 3,400

Price (€m): Confidential

*This transaction is due to sign end of February 2024

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