

RETAIL – KPI's

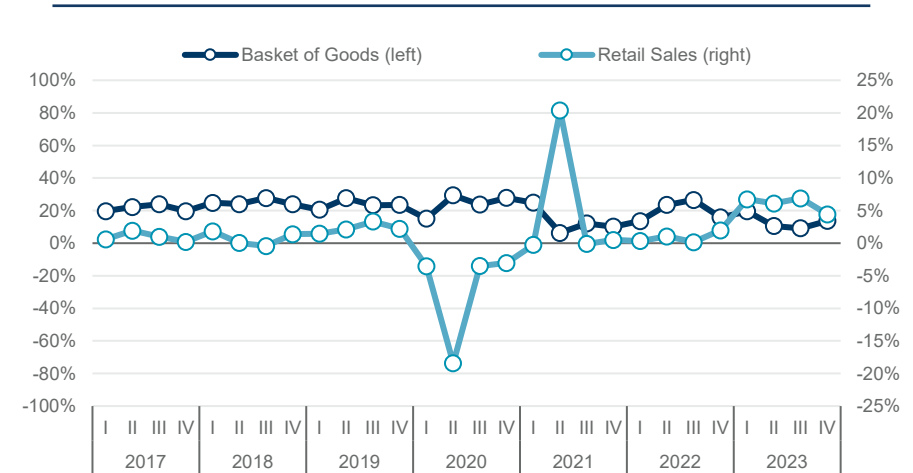
	Spain		Eurozone	
	YoY Annual	12-month forecast	YoY Annual	12-month forecast
Annual change in GDP	+2,5%	▼	+0,8%	▲
Annual change in CPI	+3,4%	▼	+2,2%	▼
Annual change in retail sales*	+1.9%	▼	-0,5%	▲

Source: Eurostat, INE, June 2024
*Data up to March 2024

Market context

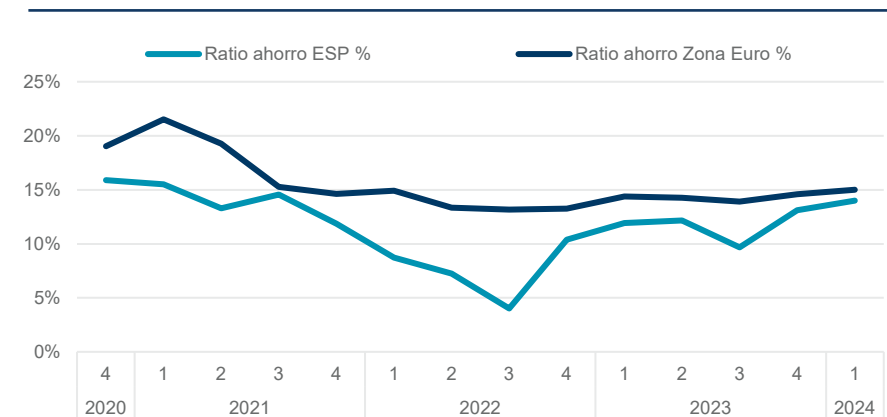
- Spain's annual GDP growth stood at 2.5% in March 2024, a rise of 10 basis points on the figure for the close of 2023. A slowdown to 1.2% is predicted for the close of 2024. This approximate figure is expected to be sustained throughout 2025.
- Inflation continues to slacken off within the Eurozone and the European Central bank (ECB) may begin to reduce interest rates in the summer, in advance of the Federal Reserve and the American economy. There it appears that more persistent inflation could lead to the maintenance of rates at current levels for a longer period of time.
- Spain's savings rate increased in Q1 2024 (+207 bps) in comparison with the same period in 2023, whilst for the Eurozone as a whole rates remained stable throughout this time period. Despite the savings rate in Spain differing from that seen in leading European capitals, consumer spending is increasing steadily.
- The three-month Euribor Swap rate currently stands at 3.06%, somewhat above the level seen at the start of the year (2.4%). This is due to rising geopolitical tensions and their impact on fuel prices.
- In year-on-year terms, retail sales for Spain increased by 1.9% in February 2024 (most recent data published by the National Statistics Institute, INE), whereas in the Eurozone growth remains negative despite a slight increase since February 2023 (+30 bps).
- In contrast to retail sales growth, the basket of physical goods has undergone a slight fall since the beginning of 2023, the former having grown by 247 basis points in comparison with the same period in 2022.

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



Source: INE, CNMC. Most recent data published in Q4 2023

Household savings rate - Spain vs Eurozone (%)



Source: Eurostat. Most recent data published in Q1 2024

Occupancy market - Shopping Centres and Retail Parks

- The C&W Shopping Centre Portfolio Index shows that sales during the first half of 2024 remained positive over the figure for the previous year, growing by +3.1%. Demand remains steady whilst vacancy rates remain low.
- Shopping centre footfall has also recovered and sits 3.9% above the levels recorded for the same period the preceding year. The higher growth in sales in comparison with footfall is due to the frequency of visits, though dwell times for shopping centres have increased.
- In terms of sales, the sector with the most outstanding performance is Health & Beauty. This is being led by the pharmacy and herbalist sub-sector, achieving an impressive 12.5% growth.
- Though performing positively with growth of 7.9%, the Perfumes & Personal Care sub-sector has given up some ground this year. In contrast, the Fashion sector, representing the largest market share, recorded more modest growth of 0.8% over the first half of the year.
- In quarterly terms, performance over the second quarter was better than in the first quarter, due to the effect of Easter and a leap year. Footfall grew by 6.3% over the first quarter, with the second quarter seeing a rise of 1.5%.

Occupancy market - High Street

- Despite the slowdown in the first quarter of 2024, due to the lack of availability in terms of both the number of premises and available floorspace, the trend over recent quarters continues with high levels of activity in terms of rental deals. The vacancy rate stood at 3.8% in the second quarter, 60 basis points below the same period in 2023.
- In aggregate terms for the year-to-date, a total of 45 deals were struck in both Prime and SuperPrime areas of both cities, representing growth of 7% in comparison with the same period in 2019 (pre-pandemic) and an 18% rise on 2021.
- Between 2018 and 2024, the fashion sector produced the highest take-up of premises, representing 52% of the total on Madrid's and Barcelona's leading high streets.
- Some 53% of the total number of deals during the first half of 2024 involved floor areas of up to 300 sq m.
- The first quarter closed with prime rent some 11% above the figure for the same period in 2022 and 2% up on 2023. Madrid's prime rent currently stands at €245/sq m/month (Calle Serrano), the figure for Barcelona being €255/sq m/month (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 may, in 2025, breach levels similar to those recorded prior to the pandemic.

H1 2024 vs H1 2023

YoY sales growth C&W

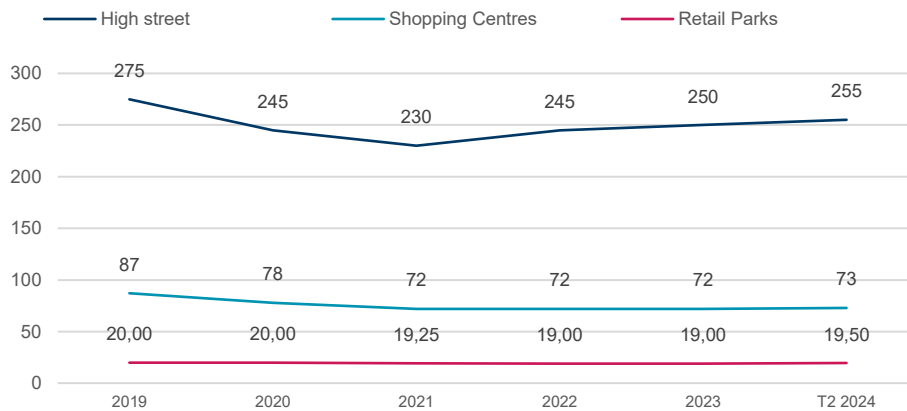
+3,1%

Change in footfall C&W

+3,9%

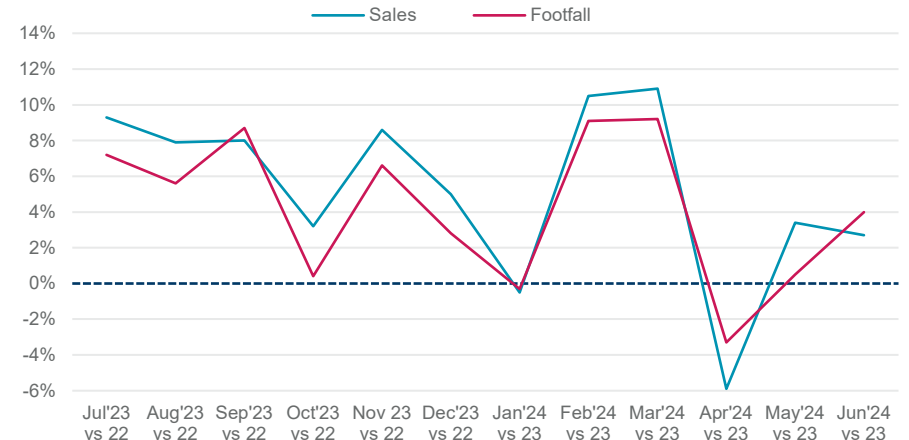
Source: C&W Asset Services – Data to June 2024

PRIME RENT (€/sq m/month)



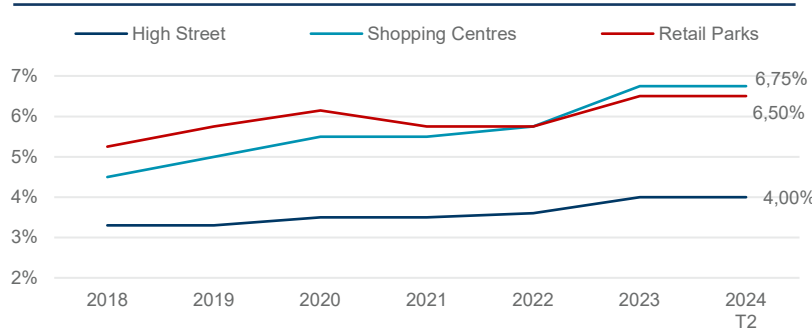
Fuente: CW Research & Insight

C&W Sales/Footfall in Shopping Centres



Fuente: CW Shopping Centres Portfolio Benchmark Index. España, Feb 2024

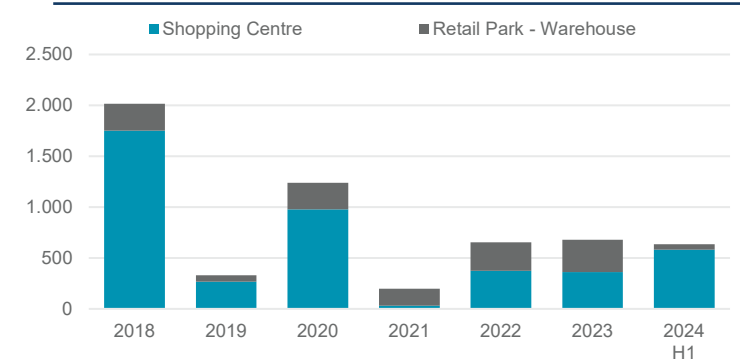
Trend in Prime Retail Yields (%)



Source: Cushman & Wakefield Research & insight

- Investment in Shopping Centres and Retail Parks amounted to 53% of total investment in retail over the first half of 2024. If we take total investment into account, Shopping Centres and Retail Parks represented 15% over the first half of the year.
- Investment in shopping centres grew by 450% over the first half of the year in comparison with the same period in 2023. This is due to the resurgence of the shopping centre investment market, where 11 deals have already been closed to date. The most significant transaction in the market in H1 2024 concerned the Islazul shopping centre in Madrid. Noteworthy during the second quarter was the deal involving the Majostilla Retail Park in Cáceres.
- Shopping Centres and Retail Park prime yields recorded a year-on-year softening of 75 and 50 basis points respectively, with marked stability over recent quarters.
- The significance of private investors in shopping centre transactions has grown over recent quarters thanks to their current financial adaptability. New investment trends and the attractiveness of these asset types are expected to push investment to over €1 billion in 2024.

Retail investment volume (Excl M&A)



Source: Cushman & Wakefield Research & Insight

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Main investment deals H1 2024



Islazul, Madrid

Buyer: Henderson Park, Eurofund

Floor area sq m : 90.700

Price (€m): Confidential



ASG Iberia (3 assets)

Buyer: Inversor privado

Floor area sq m: 76.000

Price (€m) : 140



Gran Vía 18, Madrid

Buyer: Gregorio Jimenez

Floor area sq m: 4.494

Price (€m) : 70

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