

COLOMBIA

Cushman & Wakefield
Global Cities Retail Guide

Located at the northwest corner of South America, Colombia is the only country in the region with coasts on both the Caribbean and Pacific Oceans, with a continental area of 1,141,748 km² (440,829 sq miles) and 928,660 s km² (358,555 sq miles) of maritime dominions.

Colombia shares borders with Panama, Venezuela, Brazil, Peru and Ecuador, and maritime limits with Costa Rica, Nicaragua, Honduras, Jamaica, Dominican Republic, and Haiti.

Colombia's consistently sound economic policies and aggressive promotion of free trade agreements in recent years have bolstered its ability to face external shocks. Real GDP grew 2.7% in 2018, and inflation ended the year at 3.2%.

The Colombian economy began 2019 with a growth of 2.8% over the same period of 2018 maintaining the ascending phase of the economic cycle and generating positive perspectives for the second semester. Compared to the region, the behavior is positive. The sectors that performed best were financial, mining and Retail.

It is expected for the government to implement measures to boost the economy and generate greater growth in the remainder of the year.



COLOMBIA

ECONOMIC OVERVIEW

ECONOMIC SUMMARY			
ECONOMIC INDICATORS*	2018 REAL	2019F	2020F
GDP growth (YoY%)	2.7	3.1	3.2
Private consumption (YoY%)	3.5	3.4	3.6
Public consumption (YoY%)	5.9	4.1	2.9
Investment (YoY%)	1.1	2.9	3.7
Urban Unemployment rate (%)	10.7	10.6	10.5
Inflation (%)	3.1	3.3	3.2
Peso/ € (average)	3,487	3,751*	
Peso/ US\$ (average)	2,956	3,376*	3,189
Interest rates Short Term (%)	4.7		

* Banco de la República Real Exchange rate 23 Aug 2019

ECONOMIC BREAKDOWN	
Population	48.2 Million (2018)
GDP	336.6 Billion USD(2019F)
Public Sector Debt	51.3 % of GDP (March 2019)
Current Account Balance	-4.6% of GDP (March 2019)
Head of State	Iván Duque Márquez
Election Date (Next)	2022

RETAIL SALES GROWTH: % CHANGE ON PREVIOUS YEAR

COLOMBIA	2018A	2019A
Retail Volume	6.3*	7.2*

* DANE Last 12 months (July 2018 – June 2019)

NOTE: *annual % growth rate unless otherwise indicated. Figures are based on local currency and real terms. E estimate F forecast A Actual

SOURCE: Banco de la República, DANE, BBVA Research, Grupo Aval

CITY	POPULATION
Bogotá	7.1 million
Medellín	2.3 million
Cali	1.8 million
Barranquilla	1.1 million
Cartagena	0.8 million

Source : DANE 2019 Forecast



COLOMBIA LARGEST CITIES

COLOMBIA

ECOMMERCE

Colombia is one of the countries with the best forecast for digital sales in the region. Forecasts indicate that retail E-commerce as a sales channel in Latin America will grow 19% in 2019, reaching USD 64,000 million.

In the country, consumers are buying more online for its efficiency and agility. In Colombia, Internet use is around 68% (compared to 92% in Argentina, 66% in Mexico and 70% in Brazil).

During 2018, Colombia ranked 4th in the list (behind Brazil, Mexico and Argentina) for Latin American countries with more E-commerce sales than US\$6 billion. It is forecasted to reach US\$ 10 billion in 2021. With these figures, the E-commerce market size of Colombia in year 2021 will be similar to that of Argentina and very close to the size of Mexico's market, a country with almost 3 times Colombia's population.

In the last six years, Internet retail sales in the country have evolved significantly. The growth of retail e-commerce between 2013-2018 was 600%, increasing drastically from US\$ 471 million to US\$ 3,296 million. For 2019, an increase of 60% is expected, anticipating a total of US\$ 5,207 million. The category with most sales in 2018 was "Others" with 42%; followed by Clothing (13%) and Multimedia (12%).

For 2023, retail E-commerce sales are expected to reach 15,293 million US\$, forecasting a growth of almost 200%.

Source : BlackIndex Report, BlackSip, Euromonitor



COLOMBIA

RETAIL OVERVIEW

FASHION & COSMETICS

Cromantic, Maybelline, MAC, Blush-Bar, Clinique, L'Oréal Paris, SAMY, Carlos Carrioza, Carolina Herrera, Giovanna Maroso, Jimmy Choo, Zara, Ela, Studio F, FDS, Bershka, Hugo Boss, Arturo Calle, Santa Maria

LIFESTYLE & DESIGN

MINISO, Zara Home, Ambiente Living, MORPH, Olfabrand, Crate & Barrel, Elemento, Olfatif, inkanta., llahui, Brissa, Tugó, Tramontina, Corona

DEPARTMENT STORES

Falabella, Homecenter, HomeSentry, Flamingo, Easy, Los Tres Elefantes

TECHNOLOGY

Samsung, Apple (Mac Center, Ishop), Claro, LG, Huawei, Motorola, Alcatel, Airobag, Ktronix

TYPICAL HOURS

MONDAY – FRIDAY SATURDAY SUNDAY

10.00-20.00 10.00-21.00 10.00-19.00



COLOMBIA

RETAIL OVERVIEW

BEAUTY & HEALTH

Allain Afflelou, GMO, L'Occitane, Fedco, Glass Optics, Inlash, Cruz verde, Farmatodo, Blind, Blush-Bar, Glam&Co, We Love Beauty, Luryx, Super Wow, Blow Dry, Shentia, Derma Support Store, La Rivera, Kryloan, Loto del Sur, Ponto.

SPORTS

Bodytech, SmartFit, Stark Gym, Spinning Center Gym, Fitpal Home, Orange Theory, Nordic Fitness, Fitnees24Seven, Adidas, Nike, Reebok, Puma, Skechers, Speedo, Sportline, Converse, New Balance, The North Face, People Play's, Decathlon, Athletic Store.

SUPERMARKETS / GROCERIES

Carulla, Éxito, Pricesmart, Jumbo, Metro, La 14, Alkosto, Olímpica, SAO, Colsubsidio, Makro. LowCost: D1, ARA (Jeronimo Martins), Justo y Bueno.

TYPICAL HOURS

MONDAY – FRIDAY	SATURDAY	SUNDAY
10.00-20.00	10.00-21.00	10.00-19.00

NEW ENTRANTS TO MARKET

Casaideas - Lätt Liv.
MINISO – IKEA
Ximi Vogue – Listo



COLOMBIA

RETAIL SCENE

With a purchasing power of almost double that of the EU average, the retail market is rapidly expanding. Factor in a strong, stable economy and Colombia offers a great investment opportunity.

Colombia's sustained growth over the past decade, even amidst global economic uncertainty, has made it an appealing market for investors and multinationals around the world. This appeal, in conjunction with the implementation of a neoliberal economic model, has fostered the development of international commerce in the country, bringing benefits such as greater economic growth, cheaper imports, the blooming of new technologies, stimulation of foreign competition, and a very important increase in foreign direct investment. In addition, the growth in liquidity and the availability of capital has increased the standard household's purchasing power and debt capacity, benefiting the retail sector in general.

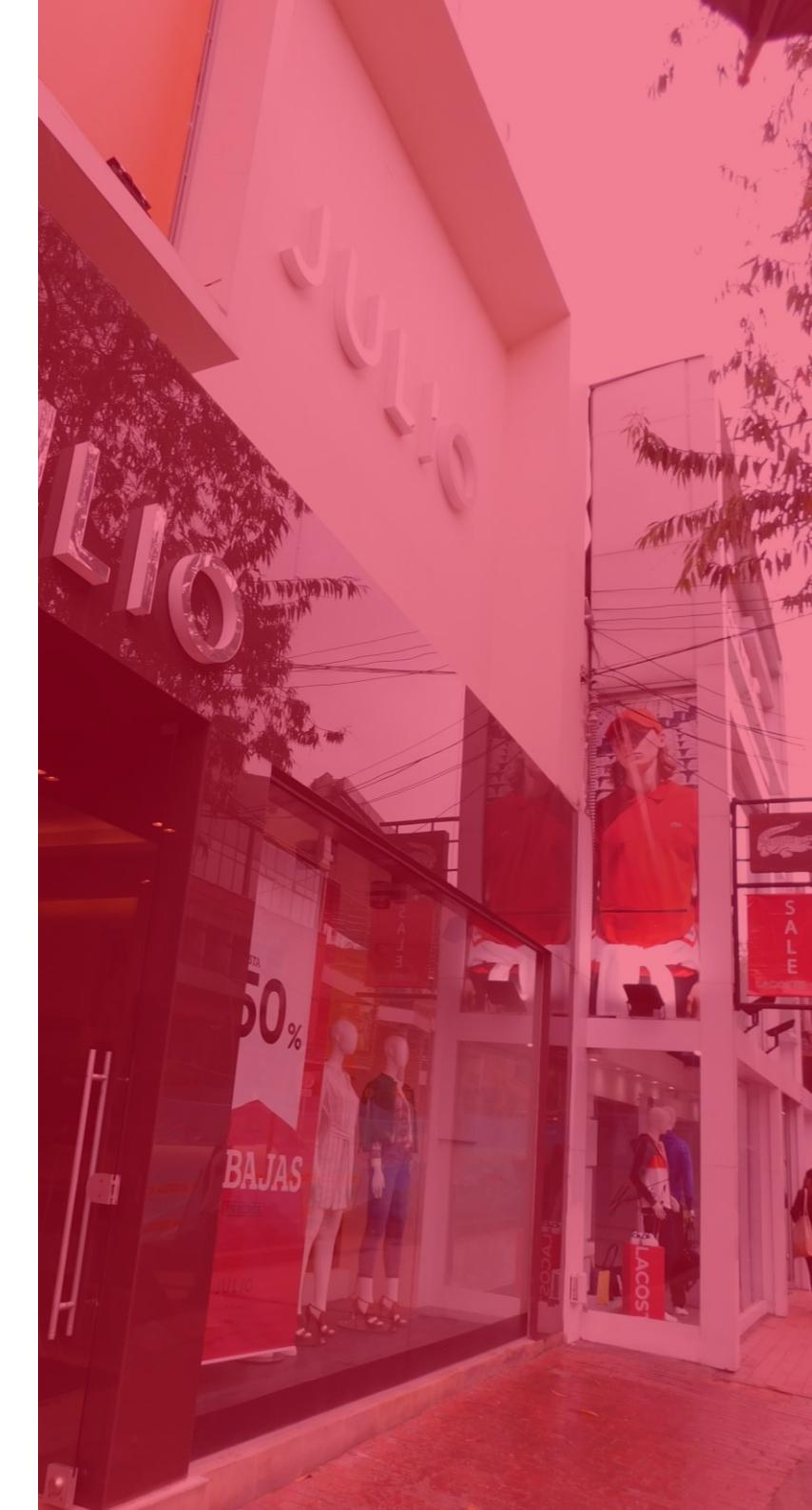
Colombia will finish 2019 with 250 shopping malls totaling 5,763,105 sq.m, which positions it as the third country in saturation per sq.m of inhabitants, after Chile and Mexico. About 20 further Shopping Centre openings are planned for 2020. Some of the most recent projects are Jardín Plaza (Cúcuta), El Edén (Bogotá), Paseo Villa del Río (Bogotá), Our (Cartago), Jardines Llano Grande (Rionegro), and Mall Plaza Buenavista (Barranquilla).

From the total current area, 56.33% belong to small shopping centres (5,000 - 19,999 sq.m), 27.35% are medium-sized (20,000 and 40,000 sq.m) and 16.33% are malls with a larger area.

The Government recently released data on the approved licensed retail area from January to April 2019, which demonstrated an extraordinary 66% increase for this type of projects, compared to the same period of last year.

Some trends for 2019 are the e-commerce incursion by the shopping centres, the availability of short-term rental stores (pop ups), the redesign of the food courts' look & feel, the incorporation of technology to the malls and finally the malls' redesign as a place designed for experiences.

Source: Mall & Retail





COLOMBIA

SHOPPING CENTRES

TOP TEN SHOPPING CENTRES BY SIZE

NAME	CITY	SIZE (GLA SQ.M)	YEAR OPENED
Viva Envigado	Medellín	137,000	2018
Centro Mayor	Bogotá	109,000	2010
Calima	Bogotá	93,000	2011
Mayorca Mega Plaza	Medellín	81,474	2015
Plaza Central	Bogotá	80,937	2016
Santafé	Bogotá	79,710	2006
Unicentro Cali	Cali	68,600	1980
El Eden	Bogotá	67,500	2019
Parque Colina	Bogotá	64,000	2016
Titán Plaza	Bogotá	59,370	2012

COLOMBIA

FOOD & BEVERAGE OVERVIEW

MAJOR DOMESTIC FOOD RETAILERS

Andrés Carne de Res, Home Burguers , Creppes and Waffles, WOK, El Corral,
Frisby, Oma, Pan pa ya, Juan Valdez, Cosechas, Tostao, Bogotá Beer Company
BBC, Kokoriko, Archies, el Carnal, Popsy, Mimos, Hornitos, Sierra Nevada, Il Forno.

MAJOR INTERNATIONAL FOOD RETAILERS

PF Chang's, Subway, Burger King, Pizza Hut, Dominos Pizza, KFC, Starbucks
Taco Bell, Papa John's, Dunkin Donuts, Baskin Robbins, Jhonny Rockets,
Hooter's, McDonalds.

TYPICAL HOURS

MONDAY – FRIDAY	SATURDAY	SUNDAY
10.00-20.00	10.00-21.00	10.00-19.00

NEW ENTRANTS TO MARKET

Vista Corona - Marietta
La Pinta (Grupo Lalala)
Grecia de Andrei – NN Food Hall

Llorente - León Mozzarella
Barra Chalaca - Celele



COLOMBIA

KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE	
ITEM	COMMENT
Lease Terms	Colombian leases are typically for 10 years (due to current market situation the lease contract term is between 3 to 5 years with early termination clause) . Break options were rare in the past but now increasingly negotiable (Now it is common to negotiate early termination option and/or break point to renegotiate leases). In the absence of a clear agreement in the lease, the tenant has no legal right to break so long as the landlord fulfils his obligations. Where agreed, breaks are typically at the first rent review for office and industrial space but are not currently common for retail unless it's stated in the contract. The authorized use will depend on the terms of the lease, which will also state the degree to which this may vary by tenant.
Rental Payment	Rents are typically payable monthly and in advance . Turnover/percentages rents are increasingly seen in shopping centres and common in specialist sectors such as factory outlets, hotels and airports . A security deposit is not normally required for a tenant with a strong covenant or where an insurance company guarantee (or less frequently a bank guarantee) is provided . For weaker covenants, Landlords prefer Insurance Policy that covers rent + utilities + administration costs. Premium payments are common in the retail market in times of rising rents and limited supply, with values boosted by the 5 year review pattern of rents. In Retail, a security deposit is always required regardless of whether it's a renown / international brand or not.
Rent Review	Indexation is common and is generally equivalent to CPI and CPI + 1%, (consumer price index). The basis of the rent review is the open market rental value (upward only even where rents generally have decreased) usually incurred every 5 years if it is stated in the contract, but It depends on each case and the terms negotiated by parties, there is no general rule.
Service Charges, Repairs and Insurance	A service charge is usually payable in multi-tenanted buildings and covers management fees, security, cleaning, landscaping, internal maintenance of common parts, external maintenance and insurance, servicing of elevators, water, heating, air conditioning, management fees and property taxes . Property taxes are not included in the service charges (Landlords assume these costs). It excludes internal maintenance and insurance of rented accommodation. Tenants must assume the insurance policies and costs related to internal office spaces, equipment and furniture), utility charges and VAT (19% currently). The landlord is responsible for external/structural matters in shopping centres (office buildings and industrial/logistic parks)(charged back via service charge) or tenant (except in multi-let buildings) . The costs related to external/structural matters are assumed totally by Landlord. The tenant is responsible for internal matters. The landlord usually insures the main structure and external fabric. Insurance for common parts is also paid by the landlord and charged back. The tenant usually pays for internal insurances directly.
Property Taxes and other costs	The municipal authority charges a local property tax payable on commercial property. VAT of 19% should be charged on rental payments but it is usually recoverable by most tenants (tax advice should be sought).
Disposal of a Lease	Sub-letting is usually possible under the terms of the lease, subject to landlord's approval but at no more than half of the property. Assignment rights are not normally barred in the lease but will also be subject to consent, which should not be unreasonably withheld . Early termination is only by break clause, to be negotiated at outset of lease by mutual consent upon negotiation. At lease end, the tenant is responsible for re-instating the premises to the same condition as at the start of the lease, subject to the normal wear and tear (It depends on agreement by parties; common use is that Landlord asks to received the spaces in the same conditions as was delivered but parties can negotiate the delivery status). All tenant improvements must be approved by the landlord, subject to the alteration in the lease and the fact that approval should not be unreasonably withheld.

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