

Spain Retail – March 2023

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SPOTLIGHT
Savills Research

Retail Parks Spain



THE RETAIL SECTOR

As a result of rising prices in private consumption, an uncertain climate has been generated. Although it was already visible during the second half of 2022, the retail sector faces a challenging outlook in the early part of the year.

However, there are reasons for optimism. **Physical stores are regaining strength versus the online world**, as shown by the latest data published by the CNMV. A current slowdown in the e-commerce increase is confirmed, accumulating a second quarter of 2022 with growth even lower than before 2019.

For this reason, aware of the importance of the physical world, main brands have started the year with great activity in the market, not slowing down their expansion processes despite the current economic situation. Large operators are analysing opportunities, opting for the most suitable options for their segments, while the smaller ones continue to search for locations, although they are more conservative when it comes to considering real options.

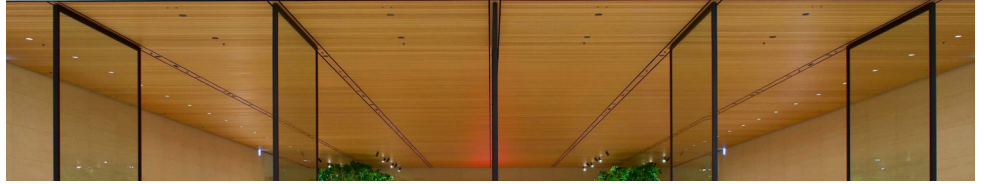
As for the pipeline, **the retail warehouse format will be the main player**. Developments will adjust their offer to residents living within the immediate area, with not only retail, but also mixed uses, leisure, and restaurants.

After the year 2022, when many shopping centres have exceeded pre-pandemic sales and tenant debt is already at normal values, landlords face 2023 with an intensive asset management focusing on **alternative uses and renovations**.

Some shopping centres and parks will be refurbished, enlarged, and improved, to adapt to new trends. The common factor is to incorporate restaurants and leisure facilities together with improving customer services. Also, there is a commitment to new spaces with bigger areas.

From the investment point of view, the **supermarket** sector will be once again the main player. This segment offers strength and stability in crisis periods which are strong reasons to expect a year with new portfolio transactions and detached supermarkets. However, there is still a lot of interest in **retail parks**, especially from French and German investors.

Due to the impact of the interest rate increase on the shopping centre segment investment, the volume of transactions in this segment will decrease. Deals will be limited to opportunistic funds that will acquire distressed assets in order to upgrade, refurbish or repurpose.



Retail Parks Spain

Lower park density poses great opportunities for growth

Current situation and future projects

Stock

With around 3.1M sq.m., and excluding the stand-alone format, the retail parks stock represents 17% of the total retail area.

In terms of inaugurated area, the peak period was during 2001-2009, with an average increase of 15.4% per annum and slowing down thereafter. Since 2015, the annual average has been 3.3%.

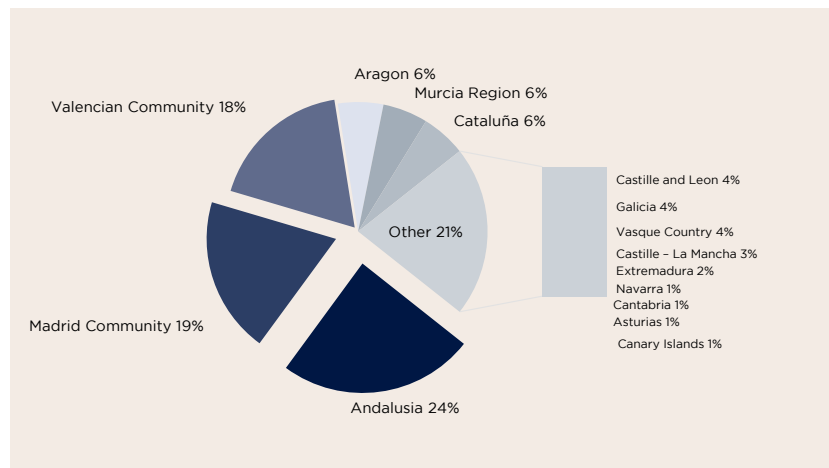
In 2022, **five retail warehouse parks were inaugurated, totalling 81,500 sq.m. and representing an increase of 2.6%**. With 32,000 sq.m., the Parque Comercial Vilanova (Barcelona) is the largest, closely followed by Nasas Nigrán from Pontevedra, with 27,000 sq.m. The first was inaugurated in December and has been built on top of the site of the former Griffi cement factory. It has 22 retail units with important brands such as Decathlon, Media Markt, Mercadona, Conforama

or Maisons du Monde, as well as a gymnasium, restaurants, and a petrol station.

On the other hand, Nasas Nigrán, developed by LR21, hosts major brands in its facilities in the Porto do Molle business park, Leroy Merlin, TiendAnimal, Kiabi, Decathlon, Joma and JYSK as well as a varied range of leisure and restaurant offer.

One of the most important features is the **emergence of smaller formats**. The average size has been reduced by more than 40% from 31,800 sq.m. for those before 2015, up to the current 18,600 sq.m. In these new parks, which are closer to city centres and urban centres, convenience plays a key role, which favours the inclusion of mixed uses. Mirasierra Gallery is an example, with almost 10,000 sq.m. that combine retail and healthcare, with services, a supermarket, and a gymnasium.

Retail Parks by Autonomous Community | Distribution per sq.m.



Source: Savills, AECC (Asociación Española de Centros Comerciales)

☞ The retail parks physical and digital world integration is driven by their location on the outskirts of cities ☞

Future Supply

Spanish retail parks density (60 sq.m. per 1,000 inhabitants), far from economies such as UK or France, shows the **existence of niche markets where there are possibilities for new developments**. Moreover, developers consider this segment as very attractive and a safe value because of its good performance in crisis periods.

Uncertainties arising from the global situation have impacted some of the planned openings, delaying their opening dates.

In 2023, eight parks with 121,000 sq.m. will be opened. 32% of the total area is in Madrid, where the Equilis Nexum Retail Park project, totally aligned with the latest trends, is located. It provides a new mix use concept: 26,000 sq.m. of retail space with

leisure and restaurant areas, 1,500 sq.m. of office space, 4,000 sq.m. of hotel and senior residence.

Santa Cruz de Tenerife, with 19%, sits in second position in terms of the percentage of area to be opened in 2023. The Leroy Merlin project in San Cristobal de la Laguna, will add 23,000 sq.m. to the stock.

During the next few years, more than 450,000 sq.m. could be opened, depending on the evolution of the economic situation.

Short term projects include the Valle Lauro Retail Park in Alhaurín de la Torre, Malaga, with an area of 70,000 sq.m. Located in a strategic area, it will provide large green areas, sports and social facilities, bicycle and automobil parking with 267 car spaces with charging points for electric vehicles.

The former shopping center Dolce Vita in A Grela, Coruña, is planned to be the new Breogán Park. It will provide a supermarket, leisure, restaurants, shops, coworking, logistics, parking and the only premium cinema, Yelmo Cinema, in the province. With some 60,000 sq.m., it will be the only retail park in Spain with an excellent rating in BREEAM sustainability building certification.

Adeje and Huerca in Almeria also foresee extensions with more than 50,000 sq.m.

Retail Parks openings



Source: Savills, AECC (Asociación Española de Centros Comerciales)

Main future openings (2023)

Project	Developer	Province	City	Total (sq.m.)
Nexum Retail Park	Equilis	Madrid	Fuenlabrada	26,000
Leroy Merlin Phygital & Co	Inmobiliaria Leroy Merlín	Santa Cruz de Tenerife	San Cristóbal de La Laguna	23,000
Oalmacenter	Oalma Center	León	León	18,000
La Isla Retail Park (Tiro Janer)	Ten Brinke	Cádiz	San Fernando	15,403

Source: Savills, AECC (Asociación Española de Centros Comerciales)

👉 During the first half of 2022, electronic retail transactions experienced the lowest growth in the historical series (10.4%) 📉

Physical-digital integration

As reflected in data from the CNMC (National Markets and Competition Commission), the volume of electronic transactions in Spain grew by 18% in 2021, 22 percentage points below the increase in 2020 (40%). This represents an online market share of 10% of total retail sales, two percentage points below the Forrester Analytics forecast.

Shopping centres and high street remain the consumer's preferred purchasing channels (18% of retail sales are made in shopping centres and 71% in high street stores).

During the first six months of the year 2022, electronic transactions volume increased by 29% compared to the same period of the previous year. Concerning retail activities, electronic transactions volume has grown by 10% in contrast with the same period in 2021, experiencing the **lowest growth in the entire historical series**.

Specifically, the retail categories that have increased turnover are services (33%), entertainment (49%) and restaurants (19%). The latter two almost always involve an offline experience.

On the other hand, department stores (-0.1%), health and beauty (-1%), fashion (-1%) and leisure (-3%) have reduced volume.

By business sector, travel agencies and tour operators, with 8.7% of total turnover, clothing (6.9%), and air transport (6.0%), had the highest revenues during the first half of 2022.

In the European context, the online market share ranks Spain in 13th position, after countries like UK, Germany, and France. Although the internet penetration rate is high, cultural, and climatic differences mean that **Mediterranean countries such as Spain, Italy or Greece have lower market shares compared to other geographies, due to different lifestyles**.

E-commerce continues a positive trend; however, the growth pace has slowed down with even lower increases than before the pandemic. One of the reasons for this slowdown is the **operators' efforts to integrate all shopping channels into the physical store and to create hybrid shopping models**.

Considering the usual activities in a retail park (groceries, home electronics and IT equipment, office and home furnishings, toys, indoor and outdoor sports) the result is an increase of 1.7% during the first half of the year, the lowest growth in the last 8 years, reaching the record in the first half of 2020 with 82%.

The great advantage of the retail park format over the online world is the **ability of retail warehouses to house a wide range of products at affordable prices, where you can touch the product and decide on the best option**.

Moreover, the very concept of a retail park is closely associated with the online world, since the

size of retail warehouses means that many operators use them as collection points for online purchases.

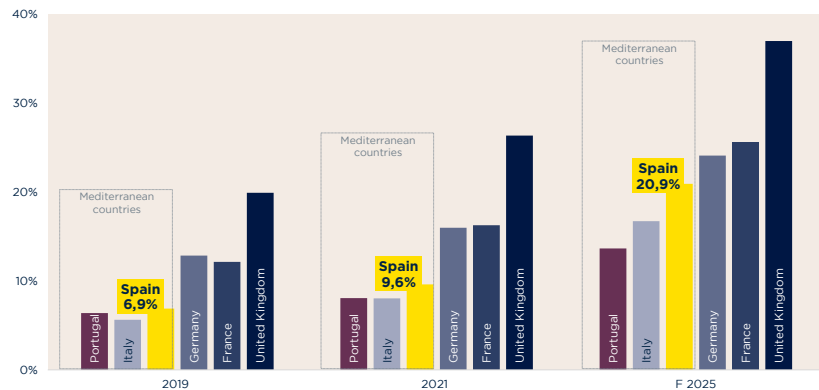
The location of many retail parks on the outskirts of cities is a factor that also favours the integration of the physical and digital world; given the possibility of transforming certain retail warehouses into last-mile or vice versa.

The incorporation of restaurant and leisure areas in retail parks further consolidates the positioning

of this segment and gives them a more attractive position in the market, becoming solid formats with clear advantages over the online channel.

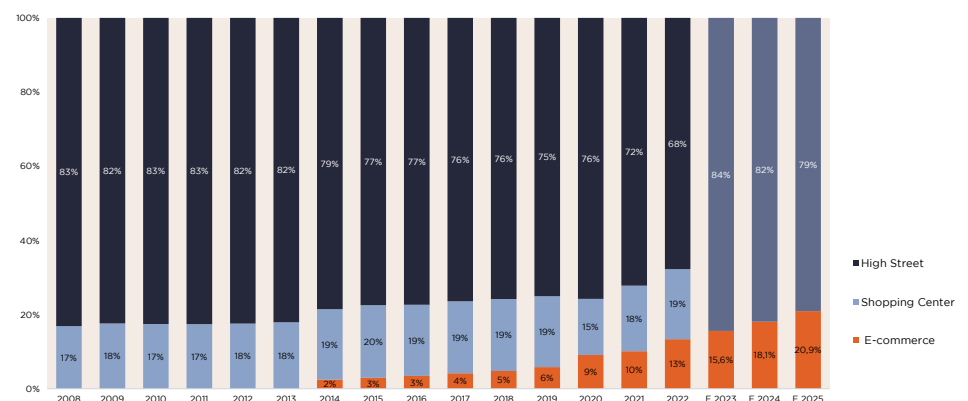


E-commerce forecast growth 2019-2025



Source: Forrester Analytics

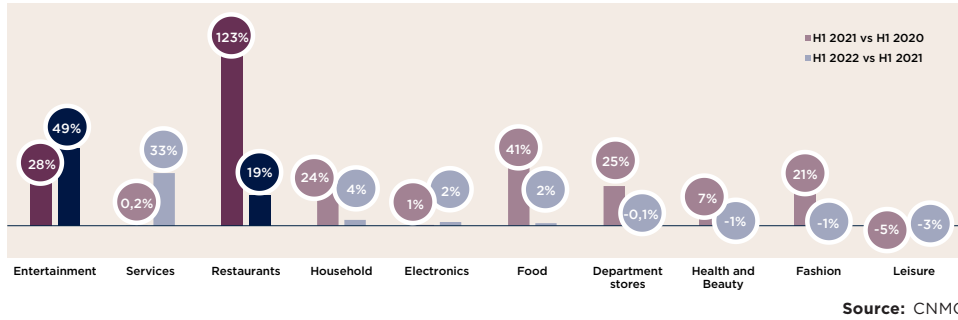
Retail sales in Spain by sales channel



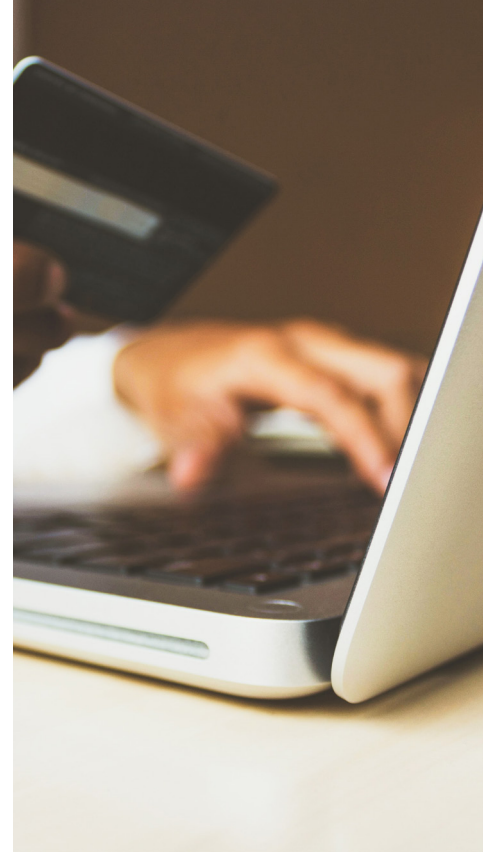
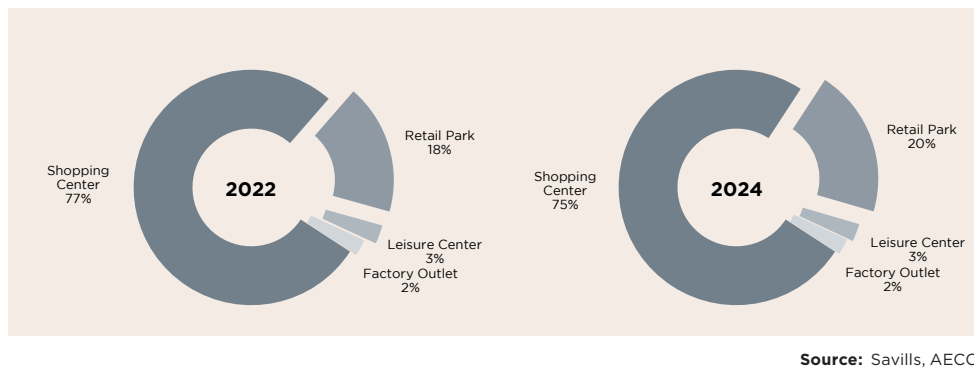
Source: Forrester Analytics, AECC

🍷 The retail parks segment is developing. It accounts for only 17% of the retail space in Spain 🍷

Retail categories: e-commerce transactions volume



Retail Parks weight evolution



Global macroeconomic situation

During the last part of the year 2022, the global economy has lost dynamism, due to the negative effects on activity of the Ukrainian war, the high inflation rates, and the response of monetary policies to the rebound in prices.

In any case, in a context characterised by great uncertainty and multiple shocks, the global economic activity in 2022 has shown a considerable resilience level, with shopping centre sales outperforming even 2019 and with a higher average ticket.

Looking ahead to 2023, inflation will remain in the focus of the markets, and its evolution will condition the intensity and duration of the current cycle of global economic growth moderation.

The Spanish economy

During the fourth quarter of the year, the growths of the Spanish economy slowed down. This is mainly explained by high uncertainty, confidence decrease, inflationary pressures and the tightening of financial conditions.

In any case, the aggregate economic activity in our country has been supported, to some extent, by the continued good performance of the labour

market and by the tax relief deployed in recent months.

Weak consumption is one of the main factors behind the modest fourth quarter GDP growth forecast. This would be related, among other factors, to the loss of households purchasing power due to the sharp rise in prices -compared with income – and interest rates – in particular to families with variable interest rate debt-. Nevertheless, shopping centre sales have grown in 2022 compared to 2021, and in many centres even above 2019 levels.

The **Consumer Confidence Index (CCI)** has remained at low levels since the last peak in September 2021, although improving slightly. Thus, it reached 60.50 points in November, -28.49% versus the previous month. Household Consumption, on the other hand, fell to 1.47% for the third quarter of 2022, while the November Retail Sales Index decreased by -0.6% with respect to the same month of the previous year.

Since summer, the variation rate in consumer prices has declined substantially. Specifically, **inflation** has fallen by 4 percentage points between July and November, a decline mainly driven by the deceleration in energy prices. Against the background of still widespread inflationary

pressures, headline inflation is expected to decelerate from 8.4% in 2022 to 4.9% in 2023, 3.6% in 2024 and 3.6% in 2024, and 1.8% in 2025.

In a very uncertain macro-financial and geopolitical environment, the macroeconomic projections for Spain presented by the Bank of Spain foresee GDP growth rates of 4.6% in 2022, 1.3% in 2023, 2.7% in 2024 and 2.1% in 2025.

On this projection, weakness in economic activity is expected to remain significant in the first quarter of 2023, expecting recovery from the second quarter of the year onwards, as, among other factors, real rents improve –as a result of gradual easing of inflationary pressures- external markets recover and investment projects linked to the Next Generation EU programme are deployed.

Sector keys

Economy | The anticipated recovery of the Spanish economy by 2023 will depend on factors such as the easing of inflationary pressures, the foreign markets bounce back, and investment projects related to the Next Generation EU programme.



E-commerce | E-commerce growth rate has slowed down compared to pre-pandemic levels, with even lower levels than 2019. The position of retail parks versus the online channel has been strengthened by their location on the outskirts of cities and the inclusion of new activities such as supermarkets and leisure areas.



Stock | In 2022, five retail warehouse parks were opened, adding 81,500 sq.m. to the stock, an increase of 2.6%. New centre formats: urban and mixed-use to serve the surrounding area. The future of the retail parks sector due to their integration into the urban fabric of cities. The retail park market has high occupancy levels and good tenants.



Operators | Operators have vigorously resumed their expansion process, and specifically, low-cost formats specialising in groceries and household products, such as Pepco, TEDI and Variety.



Rents | E-commerce and changes in consumer habits are factors that are playing in favour of the retail park format, with very competitive rents and a great future.



Investment | With € 311 million, investment in retail warehouses in 2022 reached one of the highest volumes in the historical series. The main buyers in 2022 were European funds, while the main vendors were European and domestic funds. This very attractive segment makes investors keep a close eye on the opportunities.



X-Ray of Operators

According to Savills' database, 454 openings in shopping centres and retail parks have been identified in 2022, an increase of 18% compared to 2021.

41 of the openings are locations in retail warehouses, 9% of the total amount. This value contrasts with the 16 openings identified in 2021 and confirms that the sector is boosting, as well as the potential decrease in space availability in retail parks.

Madrid is the region with the highest number of openings (24% of the total), followed by Barcelona (15%) and at distance, Cádiz (10%), Granada (10%) and Seville (10%).

Home (22%), personal equipment (20%) and restaurants (12%) are the most important activities in 2022. In terms of brands, Pepco, JYSK, Muebles Boom, Kiabi and Primaprix are the most active brands.

Parque Oeste Alcorcón (Madrid) was one of the most active parks in 2022, with the openings of Tedi, Pepco, Futbol emotion and JYSK, among others. Quadernillos (Alcalá de Henares), Way Dos Hermanas (Seville), Via Sabadell and Luz Shopping (Jerez de la Frontera) also added a significant number of new openings.

Established operators

The resilience and flexibility of the retail park sector continue to be very attractive attributes for both owners and operators, who in 2023 have continued their expansion processes, especially those specialising in the low-cost segment.

Three of the most important anchors in the sector, **IKEA**, **Decathlon** and **Media Markt**, are constantly monitoring the market with the intention of finding good opportunities.

A strong performance of the Spanish retail market during 2022 has led brands such as **Kiwoko**, **TiendAnimal**, **Guaw** or **Canitas** (veterinary clinic) to resume their expansion, or the Tansley group, which in addition to pet shops, is opening others such as **Futbol Emotion** or **Milbby**, specialized in handicrafts and hobbies.

Other brands growing are the footwear **Besson**, **Merkal** or **Deichmann**: Besson is preparing two or three more openings by 2023 while **Merkal**, focusing on sizes around 400 sq.m. continues to analyse new projects. For its part, **Deichmann** is continuing with its plans for national and international openings with stores ranging in size from 600 to 700 sq.m.

The Danish furniture company **JYSK**, with record results for the period 2021-2022, has set the target of reopening 20 shops under its new 3.0 concept by August 2023, and a further 25 with an average size of around 1,300 sq.m.

The **Primaprix** chain, on their side, is analysing options for future locations close to supermarkets, while the fashion brand **Kiabi** plans to open ten new stores by 2023.

The operator **Bed's**, part of the Pikolín group, is looking for retail units of between 150 and 200 sq.m., combining owned and leased stores. On the other hand, the children's leisure operator **Galaxy Park** wants to test new formats from 250 sq.m. to 1,000 sq.m. outside Andalusia.

After a good 2022, **Pepco**, accelerates its pace of openings with a forecast of one hundred annual stores until 2025, many of these openings will be conversions of its Dealz shops. The Polish low-cost fashion company, hitherto focused on retail parks and shopping centres, and is expanding its network of stores to city centres.

The German bazaar chain, **Tedi**, continues to boost specialised retail and will increase its presence in various parts of Spain.



New operators

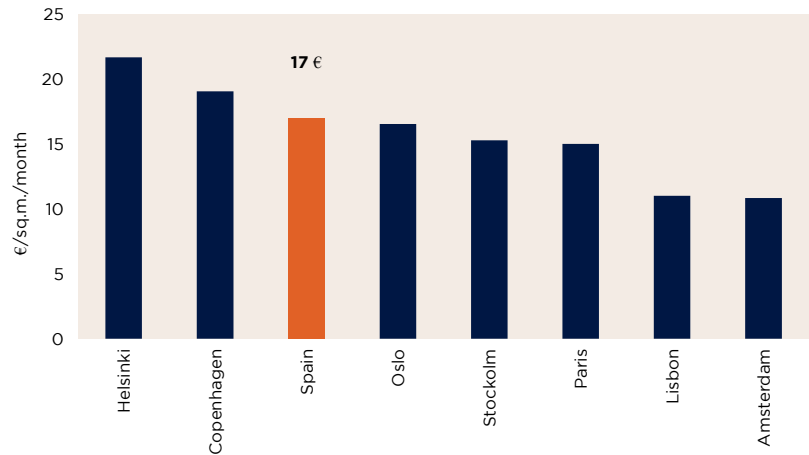
The fashion retailer **Lefties** has leaped into the retail park sector with the opening of a new 2,600 sq.m. store in the Way Dos Hermanas retail park. This opening represents the brand's commitment to a new Digital Store concept, the first in Seville and the second in Spain.

The German low-cost fashion giant, **KIK**, plans to open up to 500 stores in Spain, between 25 and 30 a year, in locations such as Parque Oeste (Alcorcón), Getafe (Madrid), Jerez de la Frontera (Cádiz) and Seville. They are usually installed in shopping centres or retail parks and require a sales floor of between 500 and 650 sq.m.

Action, the Dutch discount goods chain, has strengthened its presence in 2022 with four stores in Catalonia; the brand is also actively seeking locations in Aragon. Besides, the German drugstore **Rossmann**, focused on areas with a high German population density such as Mallorca or the Levante coast, is now looking for locations in Catalonia and Andalusia, and already has a 400 sq.m. store in the Viapark retail park in Almería.

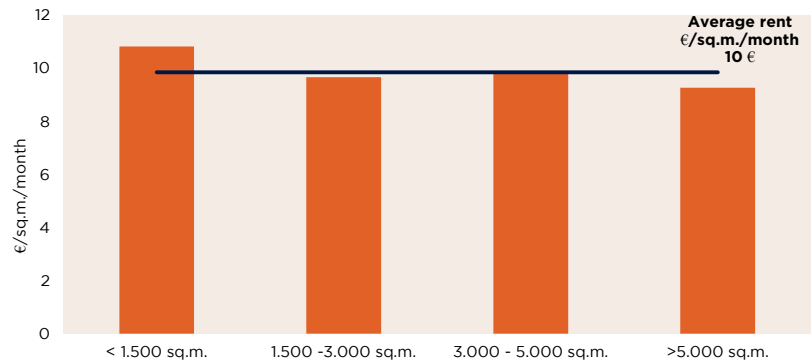
Centrakor, the French homeware company, is betting on the Spanish market to boost its international development and will open its first store in March 2023 in the retail park Alfafar Park (Valencia). In addition to this 2,300 sq.m. store, others will be added depending on the market response.

Prime RP European rents €/sq.m./month



Source: Savills

Spanish RP average rent €/sq.m./month by size



Source: Savills

17 €/sq.m./month

Prime teorical rental value

19 €/sq.m./month

Super-prime rent

10 €/sq.m./month

Average rent

Rents

Operator appetite for space in retail parks and lower availability show an **optimistic scenario for the rental evolution**. Despite the current economic uncertainties, operators are continuing with their expansion processes as they did in 2022, with the difference that they do now monitor costs more closely to get an adequate return on their investment.

The high number of future projects means that demand will start to find more locations, and therefore the rental level will be maintained. However reduced store size, together with the arrival of leisure and restaurants in parks, could have a positive impact on average rents.

On the other hand, **scarcity of super prime retail parks in Spain** will imply that the rental gap between these and prime retail parks will continue to exist.

The theoretical value of prime rents is of 17€/

sq.m./month while super prime rents are 19€/sq.m./month. In the latter case, however, even higher rents could be achieved depending on operator's interest. With regard to the Spanish retail parks average rent, it stands at some 10€/sq.m./month.

Growth of e-commerce and changes in consumer habits had important consequences, with the **redefinition of the business model of some retail warehouses** which had to reduce their sales area. This is the case for electronics or shoe shops. This implies a certain increase in availability and increase in rental value per sq.m., given that vacant space is being marketed to a new operator.

Investment dynamism

With an investment of **€311M** in 2022, transactional activity in the retail park market has achieved one of the highest volumes in the entire historical series, increasing its weight in total retail investment from 13% to 16%. This result shows that, in periods of economic uncertainty, retail warehouses are a clear **safe haven**.

However, although demand remained active throughout the year, increased international economic instability during the second half of the year slowed down transaction intensity.

The largest transaction in 2022 was **Parque Mediterráneo** (Cartagena). The Sociedad Industrial Cartagenera sold this 66,000 sq.m. park to Frey Invest for nearly €83M. Second in the ranking was the sale of **Bahía Real**, in Camargo (Cantabria), for €60M and third was **Álcora Plaza** in Alcorcón (Madrid) for €52M.

Single-unit retail warehouses have also been

in investors' focus, such as the case of the Sports Direct retail warehouses portfolio deal to Remake under the sale & leaseback formula and for more than €46M.

The key **buyers** in 2022 were Europeans, who signed 76% of the investment; with a predominance of funds, who signed 50% of the volume. Developers, REITS and private investors shared the rest.

Vendors were mainly of European origin, with almost 50% of the volume, while domestic sellers accounted for 34%. Private investors and developers carried out most disinvestment in retail warehouses, accounting for 34% and 33% respectively.

Looking ahead to 2023, while supermarkets demand will remain high, buyers will be able to take advantage of opportunities released onto the market from both park and single-unit retail warehouse products

This **dynamic** phase is expected to continue in

the coming months, and although it will depend to a large extent on the evolution of macro variables, the investment volume in retail warehouses is expected to reach close to €200M.

French and Belgian investors will gain prominence in 2023, as they find in the Spanish product many similarities with those of their home country (although with higher yields); we will also see transactions by funds and some family offices. German investors will continue to be active, although given their demanding requirements, the supply will be more limited.

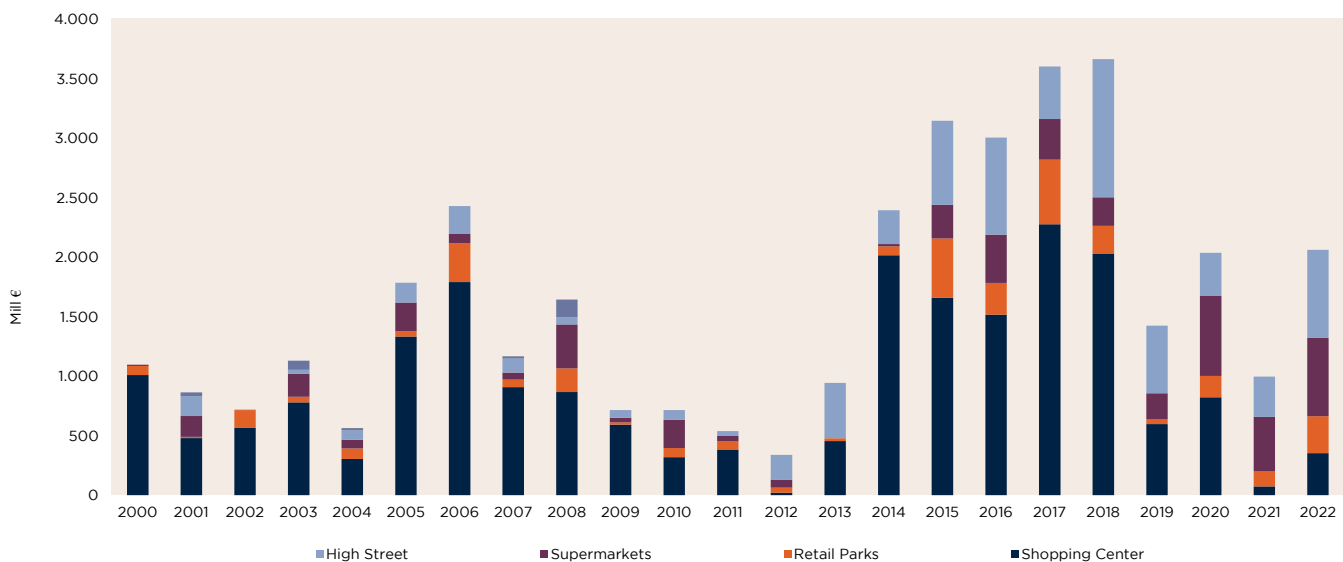
In terms of product type, demand for supermarkets will remain active, although investors will continue to focus on retail warehouses.

Main investment transactions

Name	City	GLA (sq.m.)	Seller	Purchaser
Parque Mediterraneo	Cartagena	66,000	Sociedad Industrial Cartagenera de Desarrollo	Frey Invest
Bahia Real	Camargo	20,209	City Grove y Burlington	Savills IM
Alcora Plaza *	Alcorcón	16,800	Goldman Sachs	AEW
Mavos Portfolio Mirasierra Gallery RP & Algete RP *	Madrid	13,965	Ten Brinke	Aberdeen

Source: Savills * Advised by Savills

Investment market by type of asset



💡 Demand for retail parks and stand-alone units will continue to boom. Buyers will take advantage of good opportunities provided in the market. 💡



Yields

Increases in financing costs has impacted yields, which have risen **gradually** so that investors can obtain the required return. This change has been noticeable from the second half of the year, closing 2022 with a yield of 5.50% for prime product and 6.75% for secondary product, the highest values since 2016 in both cases.

Good performance during Covid and its

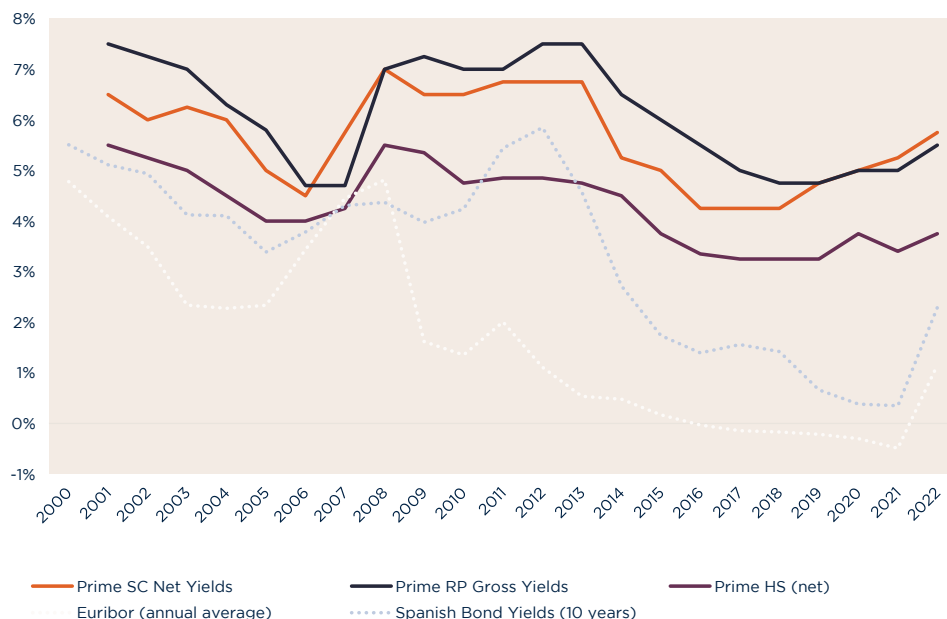
defensive nature from e-commerce have led to **retail parks yields sit below those of shopping centres**. Forecasts for 2023 are difficult to produce, as they depend on the evolution of economic factors that affect investment (prices, financing, global situation, etc.).

However, the great attractiveness of this segment and the increased demand compared to centres, mean that investors will monitor closely

opportunities that may arise.

We anticipate that this sector **will continue gaining prominence**, and the gap in yields between parks and centres will be maintained in the short to medium term.

Retail sector yield evolution



Source: Savills Q4 2022

5.75%
Shopping Centers

5.50%
Retail Parks

3.75%
High Street

1.15%
Spanish bond yields (10 yr.)
(annual average)

2.29%
Euribor
(annual average)

Trends in retail parks

Latest trends: Exploring new paths

Despite the good positioning of the retail park sector, the new economic situation again poses **major challenges**. The consumer price index has risen by 5.75% in 2022 which, together with the increase in construction and energy costs, are factors that will inevitably have an impact on the sector.

According to the report prepared by Caixabank's research department, during the third quarter of 2022 Spanish credit card activity grew by 12% compared to the same period in 2019. This figure is weaker than that recorded in Q2 2022 (13%) and points to a slowdown in household consumption as a result of inflationary pressures.

On a component basis, most of the slowdown in household consumption can be explained by the **lower dynamism of e-commerce and a slowdown in the retail sector**. Spending on transport also suffered, with negative figures in August and September. The latter conditioned by public transport subsidies during the second half of the year.

In contrast, following the lifting of mobility restrictions, within the first normal summer and in Q3 2022, spending on leisure, restaurants and tourism rebounded. Finally, supermarket expenditure remained relatively stable.

As inflation has been rising, data points to a **weakening of consumption in real terms** in Q3 2022, compared to the previous quarter. We can see the same dynamics in the official indicators of retail sales and domestic sales of large companies, with figures available for July and August.

This situation will mean that operators will have to prepare for further change in consumer behaviour. Many will be reinforced as they have adequate supply, others, strengthened by the pandemic, will be able to cope with the situation with a relative level of confidence, and some will have to make strategic changes to be able to maintain their sales levels.

But the real added value of the retail park segment is that **it will always perform better compared to other sectors, especially in periods of declining purchasing power and when the consumer is looking for the best price**.

According to Oxford Economics, retail spending between 2015-2019 increased on average by 2.4%. However, the global macroeconomic situation has impacted forecasts for the near future, reducing this increase to 1.6% for the period 2022- 2025. We must monitor the evolution of sales during the first months of the year, but we will observe that the operators that will perform well will not

only be those that offer discounted products, but those that implement strategies to contain operating costs, **those that adapt the product so that they continue to be attractive to the consumer in a phase of cost containment**.

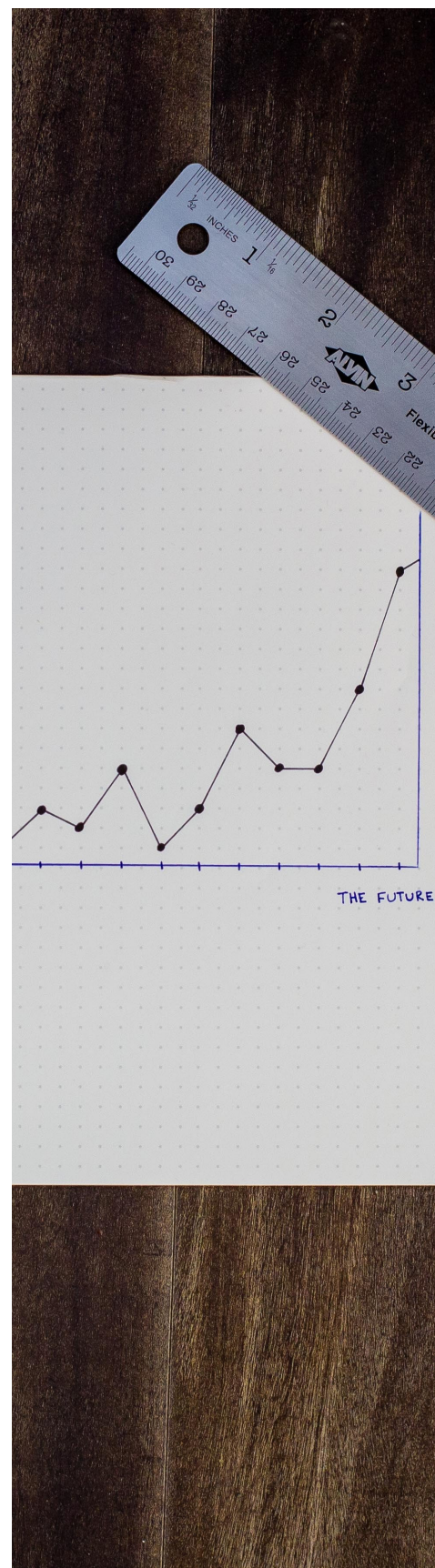
Over the last few years, the retail park segment has evolved towards models with a more carefully designed commercial mix. In addition to traditional activities such as technology, home, DIY and sports, retail parks now include restaurants, cinemas, children's entertainment, shoe shops, craft, and pet shops, among others. Also, the supermarket has become more important than the hypermarket, attracting customers throughout the week.

This diversification has significantly improved the image of the retail park format, which is becoming more and more similar to a shopping centre, but with the advantage of outdoors, large shops, more affordable prices and much lower occupancy costs for the operator.

The difference between centre and park is becoming more blurred, and big brands are already deciding what type of format to occupy, on the basis of the target public they want to attract. Such is the case of Lefties, Primark and JD, which are considering entering shopping parks.

Urban retail parks

The urban retail park is **one of the concepts gaining weight in the market**. These developments are small and are located in densely populated areas. This is the case of Mirasierra Gallery. Developed by Ten Brinke, located in the residential district of Mirasierra, in the northern part of Madrid, it merges retail units with a medical clinic (Clinica Centro), a pharmacy and a veterinary centre (Clinicanimal), as well as a bakery, hairdressers, and a toy shop that coexist with the Aldi and Ahorramás supermarkets and a gymnasium, AltaFit.



“ It is an increasingly attractive segment due to its good performance in times of crisis, high occupancy levels, good tenants and the fact that it does not require intensive management ”

The future of parks

The future of the retail park sector depends on their **integration into the urban fabric of cities**. This will require the development of a series of actions ranging from including new uses and activities that complement retail use, to designing urban furniture outside the park with rest areas, children's play areas, outdoor activities, signage, as well as a “friendlier” car park with shaded areas and pedestrian walkways, ecological transport points and actions that improve the connection between the different retail warehouses of the retail park.

In terms of mixed uses, one of the most important examples is Breogán Park, built on the site of the former Dolce Vita shopping centre, this is the first project in Spain to completely transform a shopping centre into a park. It is a great example of urban regeneration by reusing an unused building. In addition to the traditional brands, the new space will have areas for storage and coworking.

Finally, the retail park can be considered as a **link between the online and offline world**, given that they are usually located on the outskirts of cities and that, due to their size, retail warehouses are

often used as delivery warehouses for online orders. This favours the possible reconversion of retail warehouses stores into last-mile or vice versa.

Such is the case with retail giants such as Boots and Toys R Us redesigning shops to meet online demand. Others, such as Amazon, are looking for shops for delivery centres.

Forecasts | 2023

1 Concepts:

Parks will become increasingly experiential, offering customers the chance to see, touch and compare. wide range of products. In addition, to enrich the consumer experience, the urban fabric will be gradually improved through exterior design and the inclusion of new uses.

The integration between the physical and digital world will be achieved through the transformation of some retail warehouses into last- halls and vice versa due to their large size.

2 Stock:

While development in shopping centres has declined, the retail warehouse market will continue to provide great potential due to its high occupancy levels and the good solvency of its brands.

We will see a consolidation of the new business model of some brands.

New activities will continue to be included with sizes different to the conventional ones.

The newest format, the urban retail park, will be increasingly integrated into cities.

3 Operators:

Operators will continue their expansion processes and, specifically, low-cost formats will continue to take advantage of the boom in parks to increase their presence.

4 Investment:

Although demand for groceries will remain high, scarcity of this type of product will continue to drive investors to retail warehouses.

Investment volumes in retail warehouses could reach around €200M by the year 2023.





Savills Research

We carry out a thorough and objective analysis of the real estate market in order to provide our clients with accurate information on the current situation in each of the sectors, helping them make the right decisions at each moment..

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