

SPAIN KPI'S

	Var. annua	12-month forecast
+2.3% Annual Change GDP	▼	▼
+2.3% Annual change CPI	▼	▼
+0.8% Annual change in retail sales*	▼	▲

Source: Eurostat, INE
*February 2025

EURO ZONE KPI'S

	Var. annual	12-month forecast
+1.2% Annual Change GDP	▲	▲
+2.2% Annual change CPI	▼	▼
+2.3% Annual change in retail sales*	▲	▲

Source: Eurostat, INE
*February 2025

ECONOMIC CONTEXT

In the first quarter of 2025, the Spanish economy maintained its positive momentum, recording quarter-on-quarter GDP growth of 0.6%, in line with analysts' forecasts. For the year as a whole, growth projections are between 2.4% and 2.7%, according to Bank of Spain estimates. This adjustment in the economic pace could have an impact on private consumption, especially in shopping centres and retail parks.

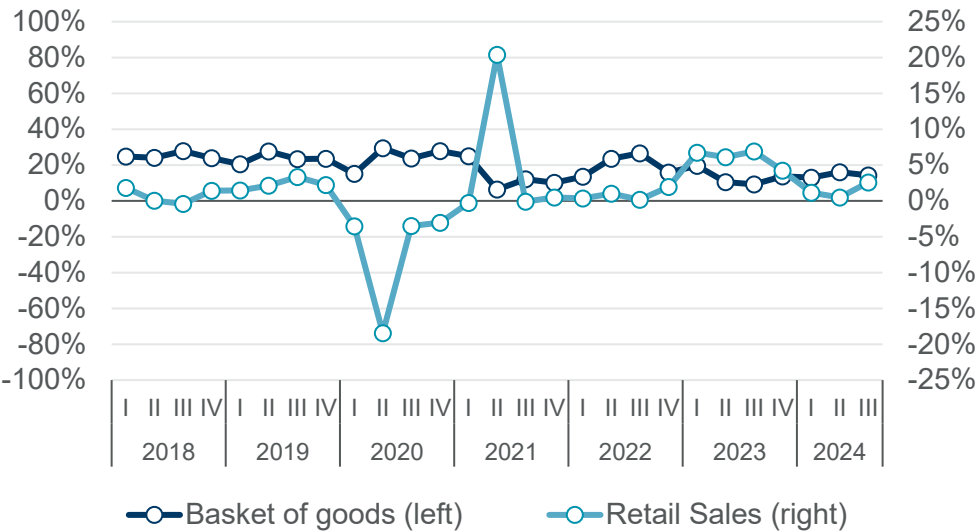
Retail sales showed year-on-year growth of 2.2% in January 2025, although this rate represents a moderation from the 3.6% recorded in December 2024. In February, growth stood at 0.8% year-on-year. Although domestic consumption is showing signs of recovery, factors such as inflation and global uncertainties continue to limit its progress.

On the other hand, the household savings rate continues to rise, which has allowed for greater investment in leisure and retail. This phenomenon has driven sustained growth in retail sales, highlighting the resilience of the sector despite the economic backdrop.

Tourism has established itself as a key pillar, with the volume of international visitors reaching 26 million in the first four months of 2025, 9% more than in the same period of the previous year. This growth, led by tourists from strategic markets such as the United States, has benefited both the main shopping centres and the country's most important commercial areas.

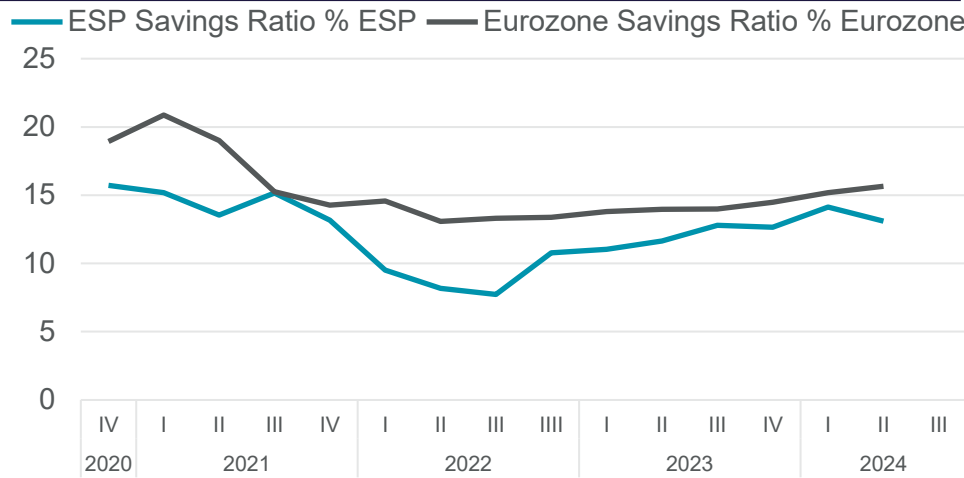
Overall, the Spanish retail sector continues to show strength and resilience, supported by the recovery of tourism and a moderate revival of domestic consumption.

YEAR-ON-YEAR CHANGE BASKET OF GOODS -
RETAIL SALES (%)



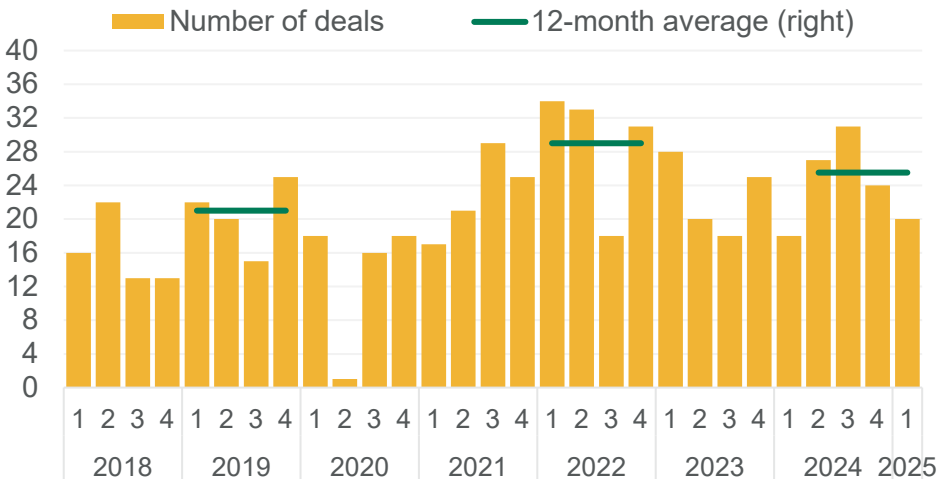
Source: INE, CNMC. Latest data published in Q3 2024

HOUSEHOLD SAVING RATE - SPAIN VS EURO
ZONE (%)

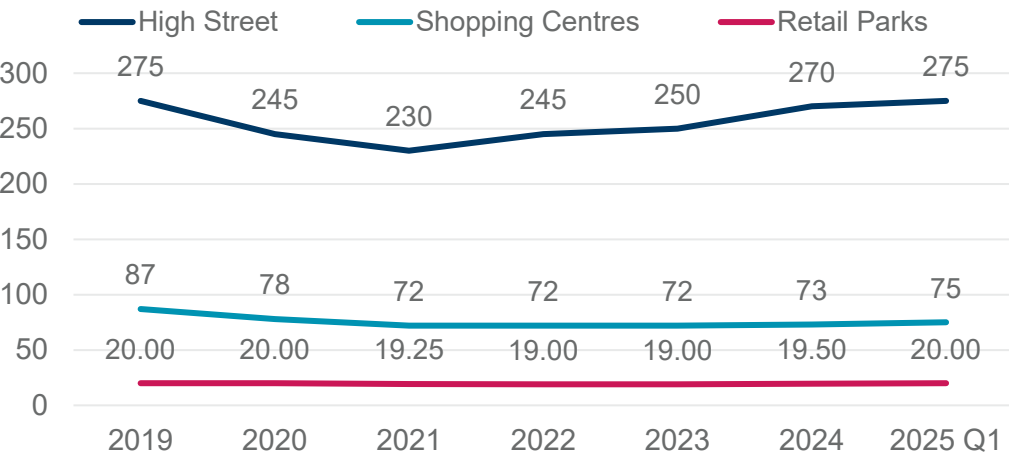


Source: Eurostat: Eurostat. Latest data published in Q2 2024

HIGH STREET DEALS (Nº)



PRIME RENTS (€/M²/MONTH)



C&W SALES/FOOTFALL IN SC



Source: CW Research & Insight, CW Shopping Centres Portfolio Benchmark Index. Spain, Mar 2025

OCCUPANCY MARKET - SHOPPING CENTRES AND RETAIL PARKS

Sales in shopping centres in March 2025 were down 4.1% compared to the previous year, consolidating demand and the shortage of space. Footfall, on the other hand, decreased by 3.7% compared to the same month last year. When looking at the monthly figures, it is important to bear in mind that Holy Week and Easter were in March last year, so it would make sense to wait for April data to analyse both months together.

Electronics showed growth at the beginning of 2025 after a downward trend. The Household Goods sector showed a strong increase, positioning itself as the best performer of the month. The Health & Beauty sector recorded sustained growth, driven especially by Pharmacies (+4.5%) and some brands in the Perfumery & Personal Care sub-sector.

OCCUPANCY MARKET - HIGH STREET

Despite the low availability of premises, in the first quarter of 2025, rental transaction activity on the High Street remains positive. The availability rate stands at 2.7%, 140 basis points lower than in March 2024 at 4.1%.

Activity remained high and in line with the average of the quarters over the last five years. During Q1 2025, 20 leases were closed in Prime and Superprime areas of Madrid and Barcelona, 11% more than in the same period of 2024.

Fashion accounts for 45% of the demand for high street retail space in both cities between 2018 and Q1 2025. In terms of size of premises, 53% of Q1 2025 transactions are for retail units between 300 and 800 m².

Prime rents have increased by 20% compared to 2022 and by 10% compared to 2023, with current values of 265 €/m²/month in Madrid and 275 €/m²/month in Barcelona.

Declining vacancy rates in Madrid and Barcelona, coupled with a slow economic recovery, are putting upward pressure on rents, with rents expected to reach pre-pandemic levels by 2025 in some areas/streets.

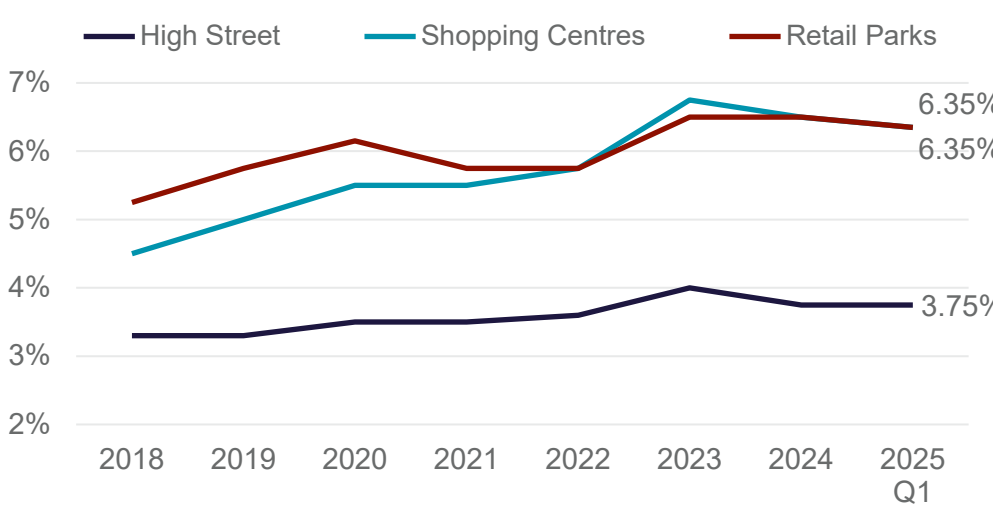
OUTLOOK

- The adjustment of European retailers shows a smarter and more strategic approach, with a clear trend towards regional diversification and optimisation of locations in key cities. This approach allows for greater operational efficiency and improves the quality of customer service, ensuring greater profitability in specific markets.

INVESTMENT VOLUME IN SC/RETAIL PARKS (EXCL M&A)



PRIME YIELDS IN RETAIL (%)



Source: BLS, *Cushman & Wakefield Research

INVESTMENT MARKET

In the first quarter of 2025, volumes exceeded €800m, 25% higher than in the same period of the previous year.

In 2024, investment in Shopping Centres and Retail Parks accounted for 60% of total retail investment, rising to 80% by Q1 2025.

Investment in Shopping Centres has increased by 65% compared to Q1 2024, due to the reactivation of the shopping centre investment market and large deals.

Prime yields in Shopping Centres recorded a year-on-year adjustment of 40 basis points. Retail Parks, meanwhile, also begin a shrinking in yields, falling 15 basis points below March 2024 and reaching September 2023 levels at 6.35%. After the kick-off of the interest rate cut in September 2024, and with yields having stabilised in the following months, prime yields of Shopping Centres and Retail Parks are starting to contract and a similar evolution is expected throughout the year.

Private investors are increasingly playing an important role in shopping centre deals, mainly because of their ability to adapt to the current financial climate.

OUTLOOK

- By 2025, the retail sector is expected to continue to reinforce its significant transformation, driven by technology and personalisation.
- The adoption of *big data* will enable the creation of personalised shopping experiences, improving customer satisfaction and positively impacting sales.
- Omni-channel as well as strategic asset management, will have a focus on sustainability and ethical trade, gaining increasing importance.

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MARTA ESCLAPÉS
Partner
Head of Research Iberia
marta.esclapes@cushwake.com

ROBERT TRAVERS
International Partner
Head of EMEA Retail
robert.travers@eur.cushwake.com