

VOYAGER

Latin America

Latin American Dream



HERE, JORGE LIZAN, MANAGING DIRECTOR OF LIZAN RETAIL ADVISORS TAKES A LOOK AT THE WIDE AND VARIED LATIN AMERICA MARKET.

Recent news about the shopping centre industry in general in the world is not very flattering. Many brands are closing stores, some companies are filing for bankruptcy and the industry is generally undergoing changes that it had not experienced in its sixty years of existence.

But there are regions in the world still where shopping centres are of great importance and where they play a role beyond that of being places where people buy. One of these regions is Latin America.

Currently, each country in Latin America has different levels of development and different types of shopping centre formats, as well as different ways of financing them.

Mexico and Chile are possibly the most developed countries in terms of the sophistication of their developers, the models of its shopping centres and their tenant mix, besides being the

headquarters of some of the main departmental store companies, which still play a very important role in the industry.

Of these two countries, Mexico is not only the country that has more shopping centers, around 650, but where there is also a greater variety of formats. From regional malls, which sometimes feature up to four department stores as anchors, to strip centres, community centres, lifestyle centres but above all, mixed use centres of many different shapes and sizes, as the high cost of land in major cities has forced developers to maximize the potential of land by building centres that incorporate hotels, offices or residences around the commercial component. Despite the fact that in Mexico, about 40 projects are developed per year, this pace is not enough to fulfill the demand of retailers for space and the demand of customers for more retail. Mexico is also the country with the largest luxury retail market in the region as luxury brands

not only have stores in Mexico City, but also in a dozen of the largest cities and in tourist centres. In the end, Mexico is a very important market for the shopping center industry due to its 120 million people population and the fact that it is fairly young. Centro Santa Fe in Mexico City is the largest and most complete shopping center in Latin America. It has four department stores, a supermarket, the first ever Kidzania, and plenty of F&B and entertainment outlets within one of the best tenant mixes ever.

Chile is the largest exporter of talent in the shopping centre industry in Latin America since the country's developers such as Parque Arauco, Cencosud and Mall Plaza and department store companies such as Falabella and Ripley have for many years' explored international markets. Likewise, it is a country where the business model of shopping centres has been perfected and where projects as successful as Costanera Center have been developed. But despite all this, the stability of the market and the smallness of it does not make it too attractive for international players to enter compared to bigger ones.

Colombia is proportionally the country with the greatest potential for our industry in the region, but despite that the industry has barely modernised it as most of the centres developed in the country over the last 30 years have a strata title type of ownership (condominiums) in which spaces are sold and there is no centralised ownership. This situation has not allowed the shopping centre industry to modernise in the country, although it has been changing in recent times, especially thanks to the arrival of developers from other countries: Chile, Portugal, Guatemala and El Salvador, and the availability of new Sources of financing mainly from American and European private equity funds. Likewise, in the last year, despite the successful arrival of some global brands such as H&M,

some foreign brands have left the country, which has created a climate of uncertainty that is preventing new brands from disembarking in Colombia.

Peru is the newest of the big markets in the shopping centre industry in Latin America. The first shopping mall and currently even the most iconic, Jockey Plaza was developed in 1997. And the largest developer, Real Plaza has barely 10 years of history. But it is a country that continues to develop successful shopping centres. The culinary culture of the country has created concepts of restaurants that are being exported all over the world, such as those developed by Gastón Acurio, including Tanta and La Mar.

Panama is not only the "hub of the Americas" for the airline industry in the region, but also for retail. Many of the international brand operators in Latin America are based in Panama and freight from the Colón Free Zone is distributed throughout the region. Panama City is still a shopping destination for many people in South and Central America, and some properties such as Multiplaza Pacific, Albbrook Mall and Soho Mall are well suited to receive shoppers from all over the world.

Of course we cannot fail to mention Brazil, the second country with more shopping centres in Latin America with about 600 and where the first shopping centre in Latin America was developed in 1966. But in the last five years no major shopping centre project has come up due to the economic recession and the political instability of the country. But Brazil has some of the most professional shopping centre developing companies in Latin America, such as Multiplan, Ancar Ivanhoe, BR Malls, Aliansce and Iguatemi just to name a few.

Argentina was the benchmark of the shopping centres in South America in the 90's, and people used to go to Buenos Aires to shop and visit Alto Palermo

and Galerías Pacifico. But years of economic hardship and political instability have made the industry in that country lose momentum. However, one of the most professional developing companies in Latin America, IRSA is based in Argentina.

In Central America there are also several examples of innovative and very successful shopping centres, especially in Guatemala, where we can find projects such as Miraflores and Oakland Mall. The most important developer in the region is El Salvador's Grupo Roble, which owns shopping centers in all the countries of the region under the brand Multiplaza.

Due to the political and economic situation in Venezuela, the developers of that country are currently busier developing shopping centres in other countries. For example, both FVI and Sambil have opened shopping centres in the Dominican Republic, Curaçao, Saint Marteen and Spain. But, still Sambil Caracas, El Tolon and El Recreo are three shopping centres that despite the crisis have been able to sustain their success.

Finally, there are other countries where we are also seeing activity in the industry, for example Bolivia, where the first modern shopping centre, Ventura Mall opened in Santa Cruz de la Sierra in December 2013 and where there are several new projects in the pipeline. Paraguay, where Paseo La Galería, a mixed-use centre opened in Asunción in 2015 and one that came to compete with the traditional shopping centres developed in the 90's. Ecuador, where the industry continues to grow and where only the last centre, Mall del Pacifico in Manta developed by DK Management opened just last month.

In Latin America there is still room to develop shopping centres. Shopping centres have become the new city's main squares and play an increasingly important role in the social fabric of our societies.

BUENOS AIRES,
ARGENTINA

