

## Foreigners Invest US\$ 4.4 Billion in Brazilian Shopping Malls

Contributed by Isaura Daniel  
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Brazilian shopping malls are becoming more and more attractive to foreign investors. According to estimates by the Brazilian Association of Shopping Centers (Abrasca), over the last three years the foreign capital that entered the country to be invested in the sector has reached 7.5 billion Brazilian reais (US\$ 4.4 billion).

The money came through the purchase of shares in Initial Public Offerings (IPOs) and through associations between national and foreign companies in the area. The chairman at Abrasca, Marcelo Carvalho, stated that foreign interest in the sector in Brazil grew in 2006 and 2007.

Until 2005, there were just two foreign companies investing in the sector in Brazil, stated Carvalho. From then on another seven have arrived. Among the foreign groups that currently operate in the area in Brazil are General Growth Properties (GGP), a North American group that joined forces with Brazilian company Nacional Iguatemi, which operates in the control and management of shopping malls, Canadian real estate enterprise Cadillac Fairview, which purchased part of the shares of Multiplan, and US company Developers Diversified Realty, which joined forces with Sonae Sierra. Sonae group is Portuguese but has been operating in Brazil for a long time.

Carvalho explained that the regions in the world with the greatest participation in shopping malls in Brazil are Canada, the United States and Europe, and that the investors are mainly the largest global players.

What has been attracting foreigners' attention to the great purchase centers of Brazil, according to the Market Relations director at the Brazilian Association of Retailers (Alshop), Luis Augusto Idelfonso da Silva, is the consistent growth in shopping mall retail and of the Brazilian economy.

"Based on good foundations," explained Silva. The greater income in poorer populations, caused, among other factors, by the income distribution program established by the government, has also collaborated to increase consumption and boost the shopping mall sector in Brazil, said Silva.

To Carvalho, from Abrasca, the arrival of foreigners here is also the result of the global moment. "In developed nations the market is already saturated. The players, therefore, have started eyeing the world and found in Brazil sophisticated enterprises and a mature industry," he said.

He recalled, as is the case with Silva, that the national macro economy collaborated for this movement. "Stability and the control of expenses have made Brazil more attractive to investors," stated Carvalho.

Figures supplied by Alshop show the opening of 22 shopping centers in Brazil last year alone. The number rose from 622 units to 644. Due to these new enterprises, 3,497 shops were opened in shopping malls. The sector's nominal revenues rose from US\$ 60.3 billion in 2006 to US\$ 68.4 billion last year.

The Alshop forecast for 2008, according to Silva, is that shopping malls should post revenues of US\$ 74.7 billion. That is, there should be growth of 9.2%. At the end of last year, shopping malls in Brazil employed 868,000 people.

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