BARRIERS TO SINGLE PROPERTY MODEL IN COLOMBIAN SHOPPING CENTER INDUSTRY

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ASSINATURA DOS MEMBROS DA BANCA EXAMINADORA

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Abstract

This work explores the likely facts and characteristics that made Colombia a country, unlike the rest of the world’s main markets, in which *horizontal property* is still the main model by which shopping centers are developed. Starting by pointing out the implications of this model, this work uses theory and empirical research available that, in contrast, support the idea that *single property model*, in the other hand, leads towards a developer-retailer arrangement that aligns their interests, maximizing rents and sales in the process. This work compares the *horizontal property model* with *single property*, under the light of available single property´s theory, in order to determine whether their results could be similar or comparable. Three concepts support the previous statement: i). *Complementary and comparison shopping* that leads to *agglomeration and clustering retail*; ii) *Inter-store externalities* allow shopping center´s developer to manage the *tenant mix* in order to maximize rents and sales; iii) Inter-store externalities are possible thanks to the relative *draw power* generated by retailers. Using exploratory research, this work analyses the main factors that restrained Colombia to develop single property shopping centers after 40 years of industry history. This paper relies on in-depth interviews from industry experts to gather those factors that prevents Colombian industry to consolidate the single property model. International Isolation, which prevents Colombia to be foreign direct investment recipient until mid 2000’s, house-building rationality exported to shopping center development and retailers investing in real estate, are the main factors.

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Chapter 1 Introduction

1.1. Glossary and Definitions

In order to better understand the theory and arguments of this document, essential terms and concepts are described in the following list. Most of these definitions are based on Reikli (2012) and International Council of Shopping Centers (ICSC). Nevertheless, all the definitions presented in this section, are merely for reference, most of these concepts will be discussed and defined with detail in the following chapters.

ANCHOR. Is a tenant that occupies a relative big part of the Gross Leasable Area. Pays the lesser amount in rent per square meter. It is the most important provider of inter-store externalities, due to it is the highest carrier of drawing power.

BUILDERS. In the sense of this work, builders structure a shopping center as any other building project, managing its construction until deliver it to the real estate operator. Normally, builders are contractors whose risk and responsibility are only associated to the construction phase.

COMMERCIAL SPACE. It is all the space used to commercialize goods and services. Spaces that generate income to tenants and rents to owners. This distinction is important because not all commercial spaces are enclosed like a store, in the case of shopping centers, even corridors can be used as commercial spaces.

DEVELOPER. It is the actor that gathers all the necessary assets: land, capital and intangible assets, in order to conceptualize, plan, construct and operate the shopping center.

DRAWING POWER. Is the power or capability of a retailer or tenant to attract customers.
EXTERNALITIES. Stands for all the consequences that an activity affects in other parties. The market does not reflect these externalities on prices. (See inter store externalities).

GROSS LEASEABLE AREA (GLA). It is the total area of the shopping center effectively occupied or dedicated to be occupied by tenants.

HORIZONTAL PROPERTY MODEL. It is the model through which each store or commercial space has a property title, so the property is fragmented in as many stores as shopping center has.

INTERSTORE EXTERNALITIES. A shopping center combines stores with high and low Drawing Power. High Drawing Power tenants attract customers to their own stores, but at the same time allow other stores, including low Drawing Power, to take advantage of this customer traffic and increase its sales. High Drawing Power tenants create a positive externality to other tenants.

RETAILER. Is the part or agent in the commercial chain that sales goods or services directly to the consumer.

SHOPPING CENTER’S AGGREGATE SALES. It is the sum of the sales of all the tenants within the shopping center.

SINGLE PROPERTY MODEL. It is the model in which, the shopping center is owned and operated by a single entity or agent. The whole property is controlled by one entity.

TENANT. Is the retailer that occupies or uses a space within a shopping center. Tenants pay rent to the owner of the commercial space. In the case of Single property shopping centers: to the shopping center owner; in the case of horizontal property model: to the commercial space owner.
TENANT MIX. It is the combination, selection and placement of the different tenants within the shopping center.

1.2. Introduction

According to the International Council of Shopping Centers - ICSC (2016, Sep 28), a Shopping center is (...) a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property, typically with on-site parking provided. The center's size and orientation are generally determined by the market characteristics of the trade area served by the center.

This definition implies that part of the organizational definition of a shopping center is that it is owned and managed as a single property. So, shopping center’s typical rent-model is based on leasing contracts. Contracts in which the shopping center’s developer owns the whole shopping center and leases spaces. Most of this contracts rely, as it would be discussed later, on a double component payment: fixed rent and overage rent. This kind of agreement allows the developer to obtain part of the retailer’s sales as rent. So, developer and retailer interests are totally linked, which as it would be seen in this work, represents a critical factor for the maximization of the economic value of any shopping center in the long run.

Furthermore, developers have the task to allocate anchors, semi-anchors and all retailers attending to an optimal tenant mix plan. As it would be discussed in this work, tenant mix is an important characteristic within a shopping center. So, one of the developer’s implicit task is to design and execute a tenant mix that best meets the consumer demand and shopping center’s concept. This tenant mix also relies on a critical concept in retail real estate: inter-store externalities, which at the end of the day is the theoretical foundation that supports the need for having a single shopping center operator.
These concepts are not only connected each other, but also are important to understand the way a shopping center in single property model works. Using this theoretical line of argumentation, Colombian most used model will be analyzed. This will be discussed in the section 3.

An exceptional phenomenon is presented in Colombia. Unlike the common leasing model and the common definition presented above, Colombian developers sell spaces or parts of the property to retailers or investors, and the mall property resemble a condo-model (Propiedad Horizontal, in spanish), named in this work: Horizontal Property Model. Even though, in 2013, 56% of new Shopping centers in Colombia were developed as single property, this is just a new trend, and most of the current and future shopping centers are still under the Horizontal Property model. (Data provided by: Betancour. Personal Interview. Aug. 9 2016).

This work highlights some other characteristics of the Colombian Industry that are related to the horizontal property model. First, most of the developers are builders, and the business logic used in construction is used, in the Colombian case, to undertake a shopping center development. As it will be discussed, retail real estate development is more a retail business than a construction business. Second, Colombian retailers have entered inArto the real estate business, by owning the spaces they occupy within the shopping center. These characteristics are not only related to the horizontal property model but also reinforce it.

Theoretical evidence will be presented in order to argue that the optimal property model in a shopping center is Single Property. Since it gives enough flexibility to the developer to optimize the tenant mix, and by doing so, reaching the shopping mall’s aggregate sales to maximize. This paper will discuss also, the implications in the Colombian Real Estate industry, by using Horizontal property model, analyzing theoretically, whether shopping centers underperform, compared with single property ones.
As evidence suggests, single property shopping centers started to become as common as horizontal property in Colombia in recent years, but just almost 40 years after the first shopping center was developed in this country. So, for any researcher interested in the retail real estate sector many questions arise: i) How and why this model has been predominant in Colombia’s shopping centers? ii) Which are the consequences of this model in shopping centers. But in order to understand any consequence or effect of this model in the retail and shopping centers sectors in Colombia, one must try to answer the question why it came in first place. In other words, the origins of this phenomenon can give not only a basic idea in which any understanding can be founded, but also can contribute to frame any further research.

This work uses exploratory research, to assess likely answers to these questions. Since no previous research about shopping centers specifically in Colombia is found and, as it was said before, the common or typical shopping center is single property, this work could be the first one addressing the topic in Colombia. Furthermore, it must be taken into account that all academic works available on this topic take single property model as granted, so for the purpose of the question analyzed here, this theoretical framework is used to analyze horizontal property model, although it was not intended to do so.

1.3. Justification

Studies regarding shopping centers, summarized in Eppli et al (1993) and even recent literature, take single property as granted. Indeed, shopping center’s industry, in most countries, work under this model. Colombian industry is an exception: 81.2% of shopping centers, by 2015, are under Horizontal property model. Despite this, no studies are found that assess the industry in Colombia, additionally, no research on horizontal property model applied to shopping centers has been conducted. This lack of research, represents an empty space for academic work, since this industry involves the constant interaction of investors,
developers, managers, consumers and retailers, in a project named shopping center, but also, the performance and outcomes of these actors are restrained and framed by the kind of model that implicitly regulates their relationships. As it will be discussed in Chapter 4, the model chosen to develop or operate a shopping center, creates different schemes of incentives to its primary actors: developers, operators, investors and retailers, and therefore it is presumable that the aggregate results and performance of shopping centers will differ.

Additionally, any initiative or venture in this industry involves a significant number of economic assets: capital, land and intellectual capital. An average of US 46 million was invested to develop a single shopping center, according to Vargas (2014). Secondly, according to the same article, shopping center sales represent 4.4% GDP (Gross Domestic Product). So, any attempt to better understand this industry, its performance and its outcomes redounds in aggregate benefits for Colombian economy and society.

An attempt to unify theoretical framework and industry´s best practices is found in Reikli (2012), whose work highlights the fact that: “(...) shopping center theory is developed by a melting of several fields of sciences and is still under development today”. (pag. 65). It is remarkable that shopping center´s academic research involves social sciences, economics, management, marketing, finance, architecture, project management and geography. This characteristic of eclecticism in the study field of Shopping Center, enables the continuation of this seminal research, specifically in Colombia, from different research specialties, contributing to the growing and understanding of this industry.

1.4. Objectives

Taking into consideration that this could be the first study conducted in the field of real estate, specifically in shopping centers, the understanding of foundational conditions of the industry is essential, thus this work pretends to explore primary questions regarding an understudied topic, so this document sets the following objectives:
1. Provide a comprehensive theoretical framework to understand the application of Horizontal property model in Shopping center’s industry. This can be achieved, based on available literature, only by taking the arguments and theoretical structure of single property model, and uses it as base for analyzing Horizontal property model.

2. Propose likely hypothesis that explain why Colombia still uses predominantly Horizontal property model. This can be interpreted in two ways: i). describe the conditions that made the industry to choose Horizontal property model and, ii) analyze conditions and restrictions than avoids Colombian industry to migrate or develop under single property model.

3. Present, likely outcomes in the industry, caused by the development of shopping centers through Horizontal property model. This could be considered as hypothesis that can be tested through further empirical research.

Further research is suggested in order to test the results of this exploratory study.

1.5. Statement of the problems

According to Reikli (2012), any real estate developer faces four different investment alternatives, in terms of the uses of the building: i) Housing, ii) institutional: public or private, iii) Offices, and iv) Retail or commercial. Real Estate investment involves a particular set of risks since: location is a major constraint in terms of value and use, and it is scarce and has limited substitutability. (Wiegelmann 2012). This combination of factors makes real estate a complex and unique asset that requires a proper project management approach.
Developers involve in a process of planning, within the sense of Project Management. The pursued rationality is to maximize the economic value of investments made, and reduce the risks associated with development, construction and operation of the shopping center. As it will we discussed in this work, the model chosen to develop the shopping center affects the allocation of risks and therefore the likely income of tenants and developers.

The problem addressed by this thesis is the affection that a real estate development model can produce not only in a single shopping center, but in an industry, which is the case of Colombia. Having a particular model that, as it will be discussed in chapter 4, reallocates the tenant-developer incentives relationship, so it is expected an impact in the whole Colombian industry.

By 2013 in Colombia, 11.8% of total retail consumption is made in Shopping centers. Although this is a significant figure, it is still low compared with Chile (25%), Peru (24%) and Mexico (20%)\(^1\). Today there are 202 shopping centers in Colombia, and AceColombia\(^2\) reports that will be at least 80 more by 2018.

International developers and retailers have had to face a property model in shopping centers different from what is predominant around the world. Understanding the origins and implications of the horizontal property model, will allow the industry to best adapt to a transition to the single property model, and welcome international developers and retailers.

1.6. How Shopping Centers are developed

Shopping centers are developed, consistently with the definition of ICSC, as single ownership and its development process can be divided into the following stages:

---

\(^1\) This figures are presented in “Bitacora Economica” may 2013. National Federation of Retailers. (FENALCO).
\(^2\) AceColombia. Colombian Association of Shopping Centers.
Location: The location is a key factor in determining the type of development to be carried out. Typically, through a market research in the area of influence of the shopping center. Developer finds purchasing power, tastes and consumption preferences of the people who will be attended.

According to the standards of the International Council of Shopping centers, creating as starting point the location of the shopping center, the trade area of influence is determined through making lines in every possible direction at: 3, 5 and 10 minutes of distance. These areas are then closed by circles called Isochrones. These Isochrones relates space and time at one draw.

A market research in then conducted in order to determine the characteristics of people within the trade area: purchase power, number of consumers, tastes and consumption preferences. At the end, the demand is defined and assessed.

Determination of Tenant Mix: Based on the above definitions, the developer designs the optimal layout and determines the tenant mix, so that it fulfils demand´s requirements observed in the market.

Based on the findings obtained in the demand assessment, a shopping center developer determines the optimal combination of retailers, goods and services that best fulfills the demand.

Construction and Operation: The developer builds the mall and then operates it through leasing agreements with retailers.

As Reikli (2012) describes the development process (pag. 40 to 54), developers gather enough financial capital to accomplish the task to construct the shopping center, under a plan than involves an optimal tenant mix.
As mentioned before, the difference is that typically, developers in Colombia do not lease spaces, but instead sell, fragmenting the ownership. This model implies that the operation of the shopping center is not determined by a single owner but instead by a figure provisioned in the Colombian law called: Horizontal Property\(^3\), which regulates such associations, and that makes operators of shopping centers act primarily as managers of common areas and regulators of interaction between owners. Constraints and problems of this model will be discussed.

Therefore, this paper is divided into four different parts. Chapter 3, will present the theoretical development that explains and justifies the operation of shopping centers under a single ownership. Chapter 4, describe the horizontal property model. Chapter 5, presents the results of the In-depth interviews showing the most likely problems and constraints under *Horizontal Property* model for the industry. Chapter 6, will discuss the implications of this phenomenon.

\(^3\) Law 675-2001 Colombia. For a legal historical perspective see Hernandez (2012)
Chapter 2 Research Methodology

The methodology of research in exploratory using in-depth interviews. Industry experts were selected and interviewed on the question of this work, and then a compilation of the hypotheses is presented and contrasted with the theory and relevant studies conducted in other countries.

2.1. Limitations of the study.

The scope of this work is limited by the availability of data and previous research. There is no previous research on this topic applied to the Colombian case, or even academic studies about the shopping center industry in Colombia. So, this work will induce the study of this matter by presenting exploratory arguments on the question arouse, and will present hypothesis that are more likely to explain this phenomenon.

Works like Linares (2014), and Muller (1998), studied shopping centers in Colombia from the perspective of their impact on urban planning. Therefore, no studies have been conducted to understand the impact or the dynamics of the industry of shopping centers from a business perspective.

2.2. Methodology

Having the restrain of lacking in research and studies regarding the industry in Colombia, this work starts in chapter 3, analyzing theory and academic findings regarding shopping centers as real estate business.

Theory on this topic has been collected, summarized and classify by Eppli (1993) and more recently Reikli (2012). This work presents the theoretical line of thinking that supports the
origins of shopping centers, as well as, the relationship between developers, investors and retailers.
The model *Single or Horizontal*, can be interpreted as a financial and contractual arrangement that shapes the relationship between retailers and developers, allocating incentives of both. So, presenting the theoretical framework in chapter 3 of Single Property model, this work creates a base for developing a theory about this relationship under *Horizontal Property*.

As most of the management theory, *single property model* and its theory, proceeds of inductive scientific method. Data and observations are interpreted and summarized in comprising theories. In this case, inductive rationing will be use in order to take the observed relations in Colombian shopping center’s industry and then model it at the light of the available theory.

This work then, will use secondary data and in-depth interviews to determine the general conditions and relations that modeled the market and the industry and resulted in the observed structure of this specific market: the widespread use of Horizontal property model.

The summarized conditions resulted from interviews will proceed the statement of hypothesis. Stating these hypotheses that probably explain this phenomenon will be the limit of this work. The goal of this work is to present explanatory relationship through exploratory research.

This qualitative approach of using in-depth interviews, is used in order to create a comprehensive body of understanding. The in-depth interviews were conducted to industry experts in Colombia and Latin America:

Interviewed: Carlos Hernan Betancour
Position Executive Director of AceColombia (Colombian Association of Shopping centers).
The interview took place AceColombia Offices in Cali (Colombia). On August 9th 2016, from 5:00 p.m. to 6:26 p.m. besides the personal interview, Mr. Carlos Hernan, during the interview, provided data and graphs that support its arguments. Mr. Betancour has more than 10 years’ experience in the industry of shopping centers in Colombia. He is member of International Council of Shopping Centers (ICSC).

Interviewed: Jorge Lizan  
Position: CEO Lizan Retail advisors.
Based on New York, LRA advises retailers, Real Estate funds and Developers along Latin America. The interview took place through Skype ®, on August 18th 2016, during 52 minutes, starting at 11:00 am. The following biography detailed in his website: www.lizanretail.com/jorge-lizan, summarizes his experience.

Jorge has extensive experience in the Retail Real Estate Industry. As Vice President of Business Development for the International Council of Shopping Center (ICSC) for the last 8 years, he was responsible of leading ICSC’s international growth program, especially in Latin America, India and other emerging markets and was instrumental to the success of ICSC in new markets. Jorge created some of ICSC’s most successful conferences such as RECon Latin America and Caribbean Conference and co-founded ICSC’s Hispanic Markets Initiative in the U.S. Jorge also was the Program Director of the 2012 Retail Real Estate World Summit in Shanghai that is one of the most relevant events in ICSC’s 57 years history.

Before joining ICSC, Jorge held the position of Real Estate Manager – Caribbean & Latin America – for Yum! Brands. He also worked for Carrefour, the World’s second largest retailer as National Shopping Center Manager in Mexico.
Jorge is sought around the world for speaking engagements in Industry Conferences and he has been interviewed by all type of media – Television, radio, newspapers and magazines on retail and shopping center issues.

An Architecture graduate of Universidad Iberoamericana (UIA) in Mexico City he holds an MBA from Thunderbird, School of Global Management in Glendale, Arizona. Jorge sits on Thunderbird Global Council (TGC) and on Montclair State University College of Humanities and Social Sciences Advisory Committee.

Jorge lives in New York City. An avid traveler, Jorge has visited more than 80 countries around the world.

Interviewed: Leopoldo Vargas Brand
Position: Director Mall and Retail Advisors
Based on Bogota (Colombia), Mall and Retail conducts studies and advises developers and retailers in Colombia. the interview was taken through telephone contact, on September 2nd 2016. Mr. Leopoldo Vargas provided data, detailed information regarding and studies conducted by his organization via email. Mr. Leopoldo Vargas created Modelo de referenciacion Competitiva (competitive model of referentiation), in which shopping centers indicators are tracked and assessed. Mr. Vargas has more than 8 years of experience in the sector. He was professor on different universities in Colombia during 18 years in Marketing and Management.

The guideline of the interviews is in appendix 1, and transcriptions of interviews are presented in original language (Spanish) in Appendix 2 to 4.
Chapter 3. Economics and Theory on Shopping Centers

Since the *Horizontal Property* model, that fragments ownership in a shopping center, is an uncommon development model, (It may be presented in some other few countries or regions in the world rather than Colombia), all relevant theoretical and empirical works, do not include a review of this phenomenon. However, due to there are sufficient theoretical and empirical works that analyze the single property model, they provide enough theoretical support to analyze the effects of *Horizontal Property model*. So in this chapter the theory behind shopping centers and rationale underlying single ownership and operation will be presented.

3.1. What explains a shopping center

According to the theory of Christaller´s Central Place (1966), consumers include in the cost of any good the transportation costs to the place where they purchase products. Therefore, a rational consumer will prefer buying more than one item on each trip he makes, this what is called multipurpose shopping. So consumer minimizes trips, and by the way transportation costs (shopping costs, he will buy where he can find more goods he wants in one place.

Another foundational concept proceeds from the analysis presented by Hotelling (1929), the retail agglomeration stands for the notion that similar retailer clustering creates a critical mass that allows customer to make comparison shopping.

Since consumers take into account the transportation costs into its demand functions, similar retailers compete not only on a price basis, but also in distance-cost related to the consumer. So, less prices not necessary compensate the transportation costs. So, the agglomeration of retailers is explained as an equilibrium result of the market.
In this tradition, it is important to highlight the results of Eppli et al (1996). They find that contrary to common believes, the size of a shopping center has a significant implication on business success, more than the relative location of the shopping mall to its competitors. Demonstrating the impact of the drawing power provided by the retail agglomeration.

Shopping center is a rational market consequence since it reduces cost of transportation of a consumer, having a large number of stores of different categories of products in one place. In this way consumers take a single transportation cost for multiple purchases, additionally, he can make Complementary Shopping and Comparison Shopping.

3.2. The Tenant Mix

Shopping malls therefore, by leveraging reductions in transportation costs and allowing comparison shopping and shopping complementary, create an offer that fulfills consumer expectations and demand preferences. According to Kirkup and Rafiq (1994), tenant mix refers to the combination of: size in leasable spaces, the number of units occupied by a particular retailer, the number of retailers within a given category, and the allocation of all these retailers inside the mall. Additionally, tenant mix includes the combination of a high-order with low-order, non-anchor with anchor tenants, as well as strong brand-new brands stores.

3.3. The importance of tenant mix

It is important to highlight that the appropriate or optimum tenant mix is the one that best meets the demand of consumers and allows them to achieve comparison shopping and shopping complimentary at the lowest relative transportation cost. In addition, as stated in Kirkup (1994), the Tenant Mix has the following characteristics:

a. Shopping Center’s Business success depends significantly on Optimum Tenant Mix, which is ultimately the commercial offer for the target market.
b. The Optimum Tenant Mix must be adjusted over time, as consumer expectations and preferences change, and retailers’ market position also changes.

c. The tenant mix adjustment depends exclusively on the Developer, in the case where single property is presented. The Colombian case (fragmented property) will be discussed later.

The above features of the Tenant Mix, emphasize the important role of the Developer on the success of the shopping center business.

3.4. Drawing power and Externalities in Shopping centers

The shopping center has a consumer traffic from which the retailer takes advantage by drawing customers to his own store to obviously generate sales. However, there are certain stores that generate their own traffic or have what is call Drawing Power. in other words, customers go to their stores since they are anchors or have high brand recognition.

According to Reikli (2012), the drawing power is a critical factor to determine the rents, since the more drawing power a tenant has the less rent should it pays.

A measure of aggregate Drawing power determines the total capability of a shopping center to attract customers. Huff (1964) developed the following model to assess the drawing power of a shopping center:

**Huff’s drawing power model**

\[
P_{ij} = \frac{S_j}{\sum_{i=1}^{n} S_j / T_{ij}^y}
\]
Where:

\[ P_{ij} = \text{It is the probability that a customer from } i \text{ trade area will purchase from } j \text{ site.} \]
\[ S_j = \text{It is the size of the shopping center found on site } j \]
\[ T_{ij} = \text{it is the travel time needed for the customer from } i \text{ trade area to reach the shopping center on site } j. \]
\[ n = \text{The number of shopping centers (sites).} \]
\[ \gamma = \text{It is an estimated parameter; it measures the effect of travel time on different shopping trips.} \]

Notice that according to this notion the drawing power is proportional to its own size. This was the notion that explain the capability of shopping centers to attract customers. However, Reikli (2012), introduced new dimensions to explain this capability (Drawing Power): Tenant Assortment, Physical Environment and Shopping Involvement. Tenant assortment, stands for, and it is related to retail agglomeration theory, the capability of any tenant or shopping center, in an aggregate sense, to offer as many goods and services as customers are willing to consume. Physical environment and Shopping Involvement are related concepts that can be represented in the way a shopping center can create a interesting atmosphere for customer, making him to stay within the shopping center as much time as possible: (…) the less interesting or the more boring a certain shopping center is, the more likely that its customers are going to shop in another center. Reikli (2012).

3.5. Inter-store externalities

Miceli and Sirmans (1992) studied the inter-store externalities. This externality occurs when a store with draw power creates a consumer traffic along the shopping center that is used for other stores. This makes it rational for retailers to be part of a shopping center as a tenant, in order to take advantage of inter-store externalities.
When a shopping center properly combines retailers and stores, creates a Tenant Mix with high Draw Power.

3.6. Other Sources of Externalities

Authors like Gould et al. (2004) and Khoshbakht (2015) present other externalities in a shopping center in addition to inter-store externalities. For example, the cleanliness and condition of the infrastructure of the mall, affects customer traffic. These factors, generators of externalities, also depend on the Developer. In general, the potential impact of well-maintained common areas is high, since it is considered that a typical shopping center has between 50% and 60% of its gross area as common area. Gould et al. (2004) states that the developer impacts the business performance of the shopping center by: **maintaining the right mix of stores, renovations, parking, cleanliness and marketing campaigns.**

3.7. Shopping Center’s Economic Value

Like any asset, the economic value of the shopping center, is linked to the possibility of the asset to generate income. Khoshbakht (2015) presents a conceptual model (pag. 12), in which it is described the formation of economic value in a shopping center.

**Illustration 1. Shopping center’s Economic value**

![Diagram of Shopping Center's Economic Value](image)


a. **Spatial and Non Spatial Factors.** As described in Des Rosiers et al. (2005), these factors are the following:
a. Spatial Factors: Shopping center layout, Age, Gross Leasable area, Parking lots, Accessibility, Tenant Mix, among others.

b. Non-Spatial Factors: Retail Concentration within product categories, Vacancy ratio, Demographics, Competition, average income of main market customers, among others.

b. These factors contribute to the aggregate sales in the shopping center.

c. Shopping center sales. According to the sales in a given shopping center, retailers and general tenants are willing to pay rents. So, De Rosiers et al (2005), describe this phenomenon, in which, the rents in a shopping center depends directly on sales. Obviously this willingness to pay more, no matter depends on sales, it is also affected by whether a tenant has Draw Power. Anchors and high recognized stores, have high Draw Power and generate externalities, so they relatively less rent. Their rent is subsidized by non-anchor stores that take advantage from the externality generated by the first. Gould et al. (2004) analyzed more than 2500 stores in United States in large Shopping Malls, founding: i. On average Anchor Stores occupy 58% of the Gross Leasable Area (GLA), but still paying only 10% of the total rent. ii. Show that by having more area in anchor stores, sales increased, while non anchor stores pay higher rents. This demonstrate the inter store externalities.

d. Finally, the value of the shopping center, as any other asset, depends on the cash flow it generates. In the case of a shopping center, it is expressed in rents.

Authors like Gerbich (1998) have probed empirically the importance and relationship between tenant Mixture, Sales and rents. This author conducted a study in New Zealand, whose results support the theories of Brueckner (1993) about interstore externalities acused by the tenant mix.
3.8. Why paying rent. Developer and Retailer´s perspective

A key aspect in the decision-making of a retailer is whether to buy or lease. Financial theorists have argued since the eighties around this issue. McConnell and Schallheim´s seminal work (1983), proposed a methodological framework. The so-called ELP (Equilibrium Lease Payments), proposed by these authors, in which a risk-free ELP is gotten and through which different values of risk are associated with different levels of ELP. So the lease payments though this framework a matter of risk associated analysis.

While a large group of authors emphasized his studies on the determinants of the structure and value of the lease contract, through the study of the role of contractual provisions and information costs and risks of default perceived in the tenant. These works include Miceli and Sirmans (1992), later studies. leasing is taken in single property shopping centers as an example of problem common agent, in which the tenants act as principals that are coordinated interdependently through the action of a common agent that is the Developer. This is how the tenants internalize the externalities generated (ex. inter-store externalities). In the same work, Miceli and Sirmans (1992) show that the contractual arrangement under which the tenants pay a minimum lease and a rent overage, allows both the Developer and the tenant to internalize optimally the inter-store externalities.

Benjamin, Boyle and Sirmans (1992) developed a model which showed that landlords define the income of tenants in a discriminatory way. Given: i) the probability of default of the tenant from financial data, ii) The Potential Drawing Power of the tenant. Thus, the high-order tenants, get greater discounts on rental rates, generating a liability that the Developer covers with Low-order tenants or independent stores. According to Eppli and Benjamin (1994), empirical studies strongly suggest that Low-order retailers pay a premium rate to be in a Shopping Center, so that can offset this value by the increased traffic and draw power generated by other stores.
3.9. Business value in Shopping centers

The first theoretical work that presented the concept of value in real estate Business was Babcook (1932). The idea is that there is an agent called Real Estate Company that generates revenue from the contribution of two components: the real estate, in one side, and the business operation that takes place in it, in the other hand. As exposed in Eppli and Benjamin (1993), who summarized the contributions in this field of: Fischer and Kinnard (1990), Fischer and Lentz (1990), Kinnard (1990) and Gelbtuch (1989), who from the perspective of Business Value, citing Babcook, achieved the following conclusions:

1. Business Value is determined from the economic value of the company Real Estate minus the actual value of the property.

2. Since the business component placed by the developer of the shopping center absorbs the largest portion of risk associated with the project, therefore the operation, not the land, should receive the excess of intangible value or economic value.

3. Therefore, there is a consensus around which the land value is not tied to the economic value of the company of Real Estate, instead it receives no residual value.

4. The business value is directly and positively correlated to well-managed center, existence of an appropriate anchor and space allocation of tenants, in other words to a proper Tenant Mix.

3.10. The percentage in Leasing Contracts

The first statement made by Wheaton (2000) is that the model by which the real estate developer is involved in the tenant’s income through a percentage of gross sales, in addition to fixed income, is a unique feature in the case of shopping centers.
Wheaton argues that contrary to what previous studies have claimed, the percentage or overage rent, is an incentive for the Developer, so that he does not behave opportunistically in leasing negotiations with retailers. The high-order retailers pay a lower percentage of their income as rent, given the higher Draw Power, while low-order retailers pay higher percentages within the same category as their sales depend more on consumer traffic generated by other tenants. Since, developer´s income depends on aggregated sales in shopping center, he has incentives to support retailer´s performance and provide what it is necessary to improve retailer´s business success.

His empirical examination allowed him to determine that there are positive and highly significant correlation between Base rent and overage rent. In particular, Wheaton evaluates the arguments that support the variable rent: base rent plus overage rent.

3.11. Externalities and Incentives

This Leasing model allows the Developer to be rewarded with lower percentages of income from tenants that generate greater externalities and even those that generate higher sales. Thus, the Tenant has an incentive to make greater efforts in sales.

3.12. Sharing Risks

Another explanation for the phenomenon, presented in Miceli and Sirmans (1995), is that depending on the relative risk aversion of tenant and Developer, the optimal result of the lease contract is determined by as a percentage over sales. In particular, if the Developer is relatively more risk averse, the optimal result is a lease contract with fixed rent. In the case presented in most observations in the real estate market of shopping centers, the lease contract with a percentage of sales, according to this argument, comes from two risk averse economic agents.
Although these arguments were followed by other authors, Wheaton criticizes these explanatory arguments on the idea that no one could explain why this contractual phenomenon only occurs, and generally, in commercial leases, and not in offices or industrial contracts.

Wheaton (2000), observes:

1. The Tenant Mix significantly affects the volume of sales of a tenant.

2. The Tenant Mix: i) depends on Developer’s effort, and ii) The Mix is a dynamic process that must vary according to changes generated by the market: tastes and preferences of consumers.

3. Given the above, Wheaton argues that by making the Developer’s income depending on tenant’s sales, he has incentives to align his efforts to maintain an optimal tenant Mix over time, favoring the interests of tenants. Thus, the overage rent model in leasing contracts is an incentive for the Developer.

Additionally, the incentive for the Developer under Variable rent contract model occurs prevents him to act opportunistically, since he avoids accepting tenants that harm the business of existing tenants, even if they are willing to pay a high rent.

3.13. Balancing Fixed – Variable Rent

The leasing contract presents an interest’s conflict between the tenant and the developer. This phenomenon is studied by Gould et al. (2004). Consider that the contract is determined by the fixed base rent, threshold sales level and overage sales percentage. If the contract establishes a high threshold, so the rent would be based mostly on the fixed base rent. In this
case, the tenant will have more incentives to improve its sales performance, but the developer, in the other hand, experiences a decrease on its incentives since the returns on its efforts falls.

Therefore, Gould et al (2004), consider the overage percentage as a "tax" for the tenant, but a boost for the developer, since he benefits from higher sales. Obviously, the balance would depend on the capacity of the store to generate externalities. The more it generates the lower the overage percentage rent would be.

3.14. Renovations under Fragmented Ownership

Khoshbakht (2015), conducted a research in Netherlands, asking whether the fragmentation of the ownership in a shopping mall affects the value of the rents, and caused at the end of the day an affectionation of the value of the shopping center. Khoshbakht, supported its analysis on the argument presented in Guy (2004):

(...) the fragmentation of ownership would make it difficult for any major redevelopment or reorganization of land uses to take place. This problem is likely to be exacerbated by the unwillingness of some landlords to engage in discussions about the needs and prospects of the area.

This idea by which fragmented ownership is an obstacle for developers to commit renovations within the shopping center, is linked also to the Shopping Center Life cycle. Lowry (1997), presented the concept of life cycle of shopping centers in four stages: Innovation, Accelerated Development stage, Maturity Stage and Decline Stage. According to this definition, the way shopping center’s owners avoids the decline stage, or supports another maturity stage is by making renovations in the shopping center.
Khosbakht (2015) argues: “(...) the fragmentation of ownership in retail locations is making renovations and other new initiatives difficult. These are of major importance to keep shopping centre sales and rents at the same level." So at the end of the day, fragmented ownership affects the economic value of the shopping center.

3.15. Shopping center expansions - contractions

Clapp and Salavei (2012) explore the determinants of the decision making process to expand or contract of shopping centers. The increase in operating costs or decrease in the expected incomes, increase the likelihood of expansion.

Although the study reviewed in this regard only analyzes shopping centers under the model of single property, it can be argued that the shopping centers under the model of horizontal property imposes restrictions to expansions. Due to the characteristic of fragmented property, any investment decision: expansions and even contraction, require a consensus among owners that is difficult to reach under this property model.
Chapter 4. Horizontal Property Model

The horizontal property model is one in which each real estate unit, in the case of shopping centers: every commercial space, has an independent property title, and other areas of the shopping center, called common areas, belong to each owner in a proportion equivalent to the area of their property relative to the total GLA. In other words, the shopping center has fragmented ownership.

Several aspects should be highlighted in this model. The decision of the brands or retailers that can occupy a space, is made by the owner of the space. In most cases, the owner of the space defines the conditions of each lease contract: rent, time, etc.

Decisions about the operation of the mall are made by a committee designated by the general assembly, composed by the owners, whose decision capability resides in the relation of the owned area to the total GLA.

Under this model, in Colombia, as in other countries in Latin America, most of the housing projects are developed.

Hernandez (2013), describes the legal evolution of the Colombian law that supports the Horizontal Property Model. The first law was created to accommodate the regulation of this type of model in 1948, under the pressure of two phenomena that are worth mentioning: i) the greater urban pressure due to Cities immigration, ii) the need to rebuild the city of Bogota, after the so-called "Bogotazo"⁴, due to the damage made in many buildings.

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⁴ "El Bogotazo" was a revolt occurred from April 9 1948, in Bogota city. This revolt was originated by the assassination of a presidential candidate, and incited a generalized violence in the city.
Countries such as Chile and Brazil already had this type of law in its legal systems. Chile with the law 6071 in 1937 and Brazil with 5481 law in 1928.

From 2001, Colombia updated and consolidated its regulations in this model through the law 675.

By 2014, according to AceColombia, 86.3% of shopping centers in Colombia of more than 5,000 sm in GLA operate under Horizontal property model.

4.1. Investment Decisions under Horizontal property model

In this section, it will be developed a comprehensive model that intends to explain the way the relationship tenant- developer works under this property model.

The developer will make the decision to invest in developing a shopping center if:

\[ I < P_h GLA_h + P_l GLA_l \]

Where:

\( I \) = Investment.

\( P \) = Price per Square meter.

\( GLA \) = Gross Leaseable area.

\( h \) = Tenants with high Drawing Power.

\( l \) = Tenants with low Drawing Power.

Current investment, represented in: i) Land, ii) Direct construction costs and iii) Indirect Construction Costs. are less than the price per square meter of those meters sold to high order tenants (at discounted price) times the GLA dedicated to these kind of tenants plus the price
per square meter sold to low order tenants times its GLA. Consider that Developers under this model, take its profits from a onetime transaction.

The timeline base decision is critical because developers take profits not by shopping center´s operation, but instead by the construction of the shopping center.

This model assumes that the shopping center is sold by developers directly to retailers. It also considers that the developer has the ability to foresee a proxy value of the Drawing Power of the tenants. Otherwise, developers face high uncertainty if they cannot valuate correctly the tenant´s drawing power.

In the case of new tenants (new comers) to the market it becomes harder for the developer to negotiate area and prices of commercial spaces.

4.2. Investment decisions under single property model

On the other hand, under the single property model developers invest if:

\[ I < \rho \cdot PV(R_h \cdot GLA_h + R_l \cdot GLA_l - w) \]

Where:

- \( I \)= Investment.
- \( \rho \)=probability or uncertain factor. Associated to shopping center operation.
- \( R \)= rents.
- \( GLA \)= Gross Leaseable area.
- \( h \)=Tenants with high Drawing Power.
- \( l \)=tenants with low Drawing Power.
The Investment made is less than the present value of the income: high order tenants rents (Rh) and Low order tenants (Rl) minus the operating costs (w), affected by an uncertainty factor (p).

In this case, developers make its profits from rents that depend on the retailer’s performance. This kind of agreement allows tenants and developers to align their interest in the same direction.

As can be seen in this case, developers have the chance to make bad agreements or contracts at first time with tenant, since their relationship with them is prolonged in time, and rents linked both parties for long time.

The following graph illustrates the relationship tenant-developer under the above assumptions and models:

Illustration 2. Property model

4.3. Theoretical implications

According to the previous model`s schemes, and at the light of the theory presented in chapter 3, the following implications of the horizontal property model could arise.
1. Drawing Power. This characteristic is inherent to the tenant. In the case of horizontal property model, developers must foresee each tenant´s drawing power in order to negotiate commercial spaces prices. Since, in the case of single property model, developers can change the agreement reached with each tenant, according to the observed relative drawing power. At this point, it is important to consider that the tenant´s drawing power is not a fixed characteristic of the tenant, but instead, it is related to its relationship with customers. Consider a retailer that loses its capability to attract customers because customers are no longer interested in its products or services. In this case, the weaken-drawing power tenant´s contract can be readdressed abiding its new draw power.

2. Developers under horizontal property model has implicit incentives to over sell spaces to low drawing power tenants. The likely implication of it is that shopping center tends to start operating under the optimal relation High-low drawing power tenants.

3. Consider a shopping center as an economic entity, whose value is a direct function of sales and rents during the operation phase, it is likely expected that horizontal property shopping centers could not reach the maximum economic value according to its potential. Potential economic value comes from the purchase power of the trade area.

4. Along the operating phase of the shopping center, and in accordance to the changing drawing power, developers under single property model have the capability to make renovations and changes in order to reposition the shopping center. The following illustration, taken from Reikli (2012) shows how repositioning activities are needed in order to boost the economic value of the shopping center. Developers under single property model can change tenants, change their location within the shopping center.
or reduce-increase their commercial spaces. Obviously, under horizontal property model, this is not possible. The agent tenant-owner that emerge in the horizontal property model creates threshold to these kinds of changes.

Illustration 3. Micro level shopping center life cycle model

Source: Reikli (2012)
Chapter 5. Horizontal Property model in Colombia

From in-depth interviews that were conducted to industry experts: Carlos Hernan Betancour, AceColombia Executive director, Jorge Lizan, CEO Lizan Retail Advisors and Leopoldo Vargas Brand, Mall and Retail Director. This work, inquired about the origins and consequences of the model of horizontal property in Colombia for the industry of shopping centers.

5.1. Origins and Evolution of shopping centers in Colombia

The first two shopping centers were developed during the early 1970’s in the city of Medellin SAN DIEGO (1972) and in Bogota (1976) UNICENTRO. Both Shopping centers were born under the model of horizontal property. Since then shopping centers have been mainly developed by builders under the same model.

According to AceColombia until 1999 there were 53 shopping centers in the country. Since 2005, there has been a significant increase in the number of shopping centers, reaching 202 by 2015. Betancour (2016).

Linares (2014), observes three phases in the evolution of shopping centers in Bogota (Capital of the country – main representative market for the industry): i) Rising. From the construction of Unicentro to 2000, during this phase it is important to highlight that only 10 years after Unicentro the second Shopping center was constructed. 2.4 shopping centers were constructed each year in average. ii) Expansion. This phase took place from 2000 to 2005, in this phase the industry constructed 18.2 shopping centers per year. iii) Consolidation. In this last phase the industry consolidated a constant expansion at a rate of 11 new shopping centers per year.
As mentioned in this work, shopping centers in Colombia are predominantly owned horizontally. However, this is a trend changing in recent years. Specifically, it is observed that by 2015 the percentage of shopping centers operating under single property model is 18.8%. By 2015 one out of two new shopping centers developed in Colombia is single property. Moreover, most of it is explained by new Big shopping centers, 60% of new GLA is single property. Betancour (2016).

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The classification by size was defined by AceColombia. Big (GLA > 40,000 square meters), Medium (GLA 20,000 – 39,999 square meters) and small (GLA < 20,000 square meters).
Graph 2. Total Shopping centers in Colombia - % by Property Model

Source: AceColombia (2015)

Graph 3. % GLA by Property Model

Source: AceColombia (2015)
According to what was observed, and as explained above, the economic value of the shopping centers is optimized by the model of single property, Colombia is still in the process of change towards this model, it is remarkable that only 18.8% of shopping centers are under this model. So then the reasons that explain this phenomenon are studied here, based on interviews carried out in this work.

5.2. International Isolation

Betancour (2016) and Vargas (2016), agree that the evolution of both shopping centers and retailing were affected by the international isolation that Colombia lived until the middle of the first decade of the XXI century. Their opinion is coherent with the observed low expansion phase of the industry presented in Linares (2014).

Colombia lived under the endogenous economic model proposed from ECLAC (Economic Commission of the United Nations for Latin America and the Caribbean), known as “import substitution model” presented during the second half of the twentieth century. This economic model of endogenous development, described as protectionist, survived until 1991, when the Liberal government of Cesar Gaviria introduced the so called “Apertura Economica” (economic opening). Garay (1998)

Although This process opened the door for access to foreign investment, Colombia was not a recipient of foreign investment or for the arrival of international retailers, since during the decade of the 90’s the country experienced the impact of violence generated by drug trafficking. This fact was highlighted by Lizan (2016) as a constraint for Colombia to attract Real Estate Investment Funds. Colombia just reached investment grade in 2010.

Protectionism and violence generated a lack in capital inflows required to develop commercial real estate projects. Since the development of shopping centers under the model
single property requires large amount of capital, these are possible determinants of this phenomenon.

Los constructores que estaban en la industria de centros comerciales no podían poner todo su capital en un solo Proyecto. Por eso la lógica de construir y vender era la más razonable para la estructura de capital de los constructores hasta entrado el siglo XXI. En aquella época no había empresas en capacidad de financiar proyectos de esta envergadura. Tercero, la banca no creía en los constructores, en aquella época el capital de crédito bancario solo prestaba para la compra del lote. Instrumentos de análisis de proyectos basados en los flujos esperados del mismo, solo empezaron a ser posibles hace solo 5 o 6 años. Los créditos solo podían ser respaldados por garantías reales, como tierra y propiedades. Esto impuso restricciones al inicio de la industria, pero perdura porque Colombia estuvo cerrada a la inversión extranjera hasta aproximadamente el año 2005, por lo que por imitación el modelo persiste. Betancour (2016)

Builders who were in the shopping center industry could not put all their capital in one project. So the logic of building and selling was the most reasonable structure of capital until the beginning of the twenty-first century. At that time there were not companies able to finance projects of this magnitude. Third, banks did not believe in the builders, at that time banks loans were given only to purchase land. Instruments of project analysis based on expected cash flows, began to be possible only 5 or 6 years ago. Loans could only be guaranteed by collaterals such as land and property. This imposed restrictions at the beginning of the industry, but endures because Colombia was closed to foreign investment until about 2005, so by imitation the model persists. Betancour (2016)

The importance of capital accesibility is crucial to the expansión of the industry.
La mayoría de centros comerciales son operados y fueron desarrollados (en Estados Unidos) por compañías que tienen entre 20 y 500 centros comerciales, normalmente son compañías públicas, REITS. Quienes aprovechan que este tipo de arreglos que desde los años setentas dan alivios tributarios. Lizan (2016)

Most shopping centers are operated and were developed (in the US) for companies with between 20 and 500 shopping centers, they normally are public companies, or REITS (Real Estate Investment Trust). (These companies) They take advantage of this type of arrangements (REITS) that since the seventies give tax breaks. Lizan (2016)

One of the metrics that support the isolation argument is that Colombia just entered the Global Retail Development Index in 2006. this index identifies the 30 most important emerging markets in which retail investment is strongly suggested. In that year, Colombia located in 29 position. The main arguments through which Colombia has been in the index since then, is the stronger middle class, as well as the improvement in security issues. (Kearney 2016).

5.3. House Constructors to Shopping Center Developers

The second aspect that interviewees highlighted was that shopping centers in Colombia were developed by constructors instead of developers, whose previous experience was in house development. Therefore, the business model used in developing housing projects was moved to the development of shopping centers: build at a certain cost and sell the resulting units for greater value.

Como los constructores que iniciaron en el negocio, llegaron del negocio de la vivienda. Allí construían para vender, por lo tanto, llevaron el mismo modelo a los centros comerciales: construían para vender. Betancour (2016)
Like builders who started in the business (shopping centers), came from the housing business. They build to sell, therefore, they took the same model to the shopping centers: build to sale.

Although, horizontal property model fits very well to house projects where the developer builds and sells the unit by giving the property to the buyer. By transferring this model to the business of commercial centers, it is very likely that the mall fails to reach the maximum economic value, due to the constraints imposed by fragmented ownership.

Centros comerciales planeados y de propiedad única empiezan en el país, a partir del 2005, con la inauguración de Jardín Plaza en la ciudad de Cali. Betancour (2016)

Planned and single owned shopping centers started to appear in the country, since 2005, when Jardín Plaza (shopping mall) was opened in the city of Cali.

5.4. Retailers became part of the business

The third aspect is that retailers, entered in the real estate business by acquiring spaces in shopping centers and generating a second business unit in addition to the retail business: real estate.

It is notable in Colombia that most of the important retailers are owners of the commercial spaces where they are located. This is a third barrier to the transition to single property model because retailers found on the property of local an additional source of income to its core business.

Por cuenta de lo cerrada que estaba la economía, los productores: Arturo Calle y Studio F, debieron entrar al negocio del retail. Por lo que esta dinámica los hizo unos retailers fuertes, luego, gracias a entender que ellos mismo le dan valor al local comercial donde están, entonces compraron estos locales, entrando al negocio del real estate. Se creó una alianza, el constructor construye el centro comercial, el
retailer compra los locales y financia el desarrollo del centro comercial. En pocas partes del mundo encuentra comerciantes que tienen más activo fijo que activo corriente, esto pasa es Colombia. Betancour (2016).

Because of how enclosed colombian economy was, clothes producers like: Arturo Street and Studio F, must entered into the retail business. So this dynamic, made retailers become stronger, then, thanks to they are the ones who generates value to the commercial space they occupy, then they bought these spaces, entering into the real estate business. An alliance was created, the builder built the mall, the retailer bought the spaces and funds the development of the mall. In few parts of the world it is found that retailers have more fixed assets than current assets, this happens in Colombia.
Chapter 6. Implications

In this work it has been denominated: “barriers to single property model in Colombia” the characteristics presented in the previous section. Furthermore, those barriers derive in different implications for the Shopping Center industry and the retail market. In this section, it will be discussed, according to the most likely implications.

6.1. Fixed Tenant Mix

As it has been discussed previously, the single property model allows developers to adjust the tenant mix according to the market needs and preferences, reaching the optimal mixture that best fulfills the demand. In the case of having horizontal property model, there is no control of the tenant mix by a single operator, so it is probable that shopping centers under this model underperform in terms of global sales.

6.2. Non-dynamic Internalization of Inter-store Externalities.

Although the Horizontal Property model does not have an adjustment mechanism that allows the internalization of inter-store externalities in the long term, developers and retailers try to do so, by negotiating terms in the sell agreement taking into consideration the potential externalities generated by the buyer.

At the time when retailers negotiate the purchase value of the commercial spaces in the mall, they use its potential Draw Power to achieve lower prices per square meter. It is observed, that high order retailers order achieve prices significantly lower than those of low order retailers. This negotiation mechanism attempts to internalize inter-store externalities in advance. So parties face high uncertainty.

6.3. Overvaluated rents

Since Horizontal Property model limits the adjustment of the tenant mix, and imposes initial fixed prices achieved in the negotiations for the sale of the commercial spaces, it is probable
that the general revenues, originated by rents, of shopping centers overestimate the overall performance of retailers, defined by sales.

Evidence of this was found in a study conducted by Leopoldo Vargas in 2012, where he found an overestimation of revenues from rents by 30% in 15 shopping centers studied.

According to Reikli (2012): *I believe that they (shopping centers) are primarily the results of the available capital and financing. This approach is represented by Benjamin et al. (1994), who describe the development of shopping centers as a function of their potential total sales, the cost of the capital needed for their development and taxes. In the new development focused researches (Kuruvilla and Ganguli, 2008; Singh et al, 2009), the central position is taken by the financing of shopping centers, which strongly impacts their success. In the course of the shopping center developments in India three financing sources have been identified: (i) self-financing, (ii) external sources (the foreign capital of investors) or (iii) incomes from pre-sales. In case of the latter, the developers sell parts of the shopping center as stores even before the completion of the shopping center, which are mostly bought by local investors and speculators. All these make the unified, harmonious and controlled center management impossible, and lead in the end to high vacancy rates and high operating costs. As expressed here by Reikli, shopping centers not only requires high capital inflows but also are reflection of this availability. So, it is not surprising that the Colombian industry assumed the path of development under the horizontal property model, since the country only started to have the capability to be recipient of Foreign Direct Invest from 10 years ago.*
Chapter 7. Conclusions

This work was intended to identify the main causes that restrain Colombia to use Single property model to develop its shopping center’s industry. This exploratory work found that there are three most likely explanations for this phenomenon of “barriers to transition model single property”: i) international isolation that Colombia lived due to protectionism and then the insecurity until 2005, which did not allow the local developers to access to real estate investment funds that would allow them to change the property model; ii) Those who have developed shopping centers in the country are builders who have moved the business model applied housing to commercial real estate; iii) The retailers have entered the real estate business.

Despite this, the new shopping centers are being developed under the single property model, so it is concluded that these barriers have delayed the transition process for a few years.

The implications of this, are that shopping centers in Colombia have a tenant fixed mix, so that the process of internalization of externalities does not occur during the operation of shopping centers.

These implications should be studied by econometric studies to validate the hypotheses suggested here.
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Appendix 1. Interview´s guide about Shopping Centers in Colombia

GUÍA DE ENTREVISTA SOBRE LOS CENTROS COMERCIALES EN COLOMBIA
(Interview´s guide about Shopping Centers in Colombia)

Fecha (Date):____________                                             Hora (Time): __________

Lugar (ciudad y sitio específico): _______________________________________
Place (City and Specific Place)

Entrevistador (Interviewer): _____________________________________________
Entrevistado (Interviewed): _____________________________________________
Edad (Age): _____
Género (Gender): ____________________
Ocupación (Ocupation): __________________

Introducción

Con el desarrollo de la presente entrevista se busca obtener información, de una fuente primaria, sobre el surgimiento de los centros comerciales en Colombia, con miras a entender por qué la mayoría de ellos se ha desarrollado bajo el modelo de copropiedad o propiedad horizontal, mientras que en gran parte de América y Europa pertenecen a un solo propietario o desarrollador, el cual asume la administración y arrendamiento de sus locales.

(Introduction)

Through this interview, I look forward to obtain information, from a primary source, about the emergence of the shopping centers in Colombia, to understand why most of them have
been developed under the horizontal property model, meanwhile in America, as well as Europe, they are developed under the single property model, who resumes the administration and leasing of commercial spaces.

**Características de la entrevista.**
La siguiente entrevista se realiza única y exclusivamente con fines académicos, por tanto de garantiza la absoluta confidencialidad de los datos obtenidos en la aplicación la misma.

**Characteristics of the Interview**

The following interview is only and exclusively for academic purposes, therefore confidentiality of the data obtained, in the application of it, is guaranteed.

**Preguntas. (Questions)**

1. ¿Hace cuánto empezó a trabajar en la industria de los centros comerciales?

   ¿How long ago you started working in the Shopping Center’s Industry?

2. Para usted ¿Qué es un centro comercial?

   For you. What is a Shopping Center?

3. ¿Qué se debe tener en cuenta para desarrollar un centro comercial?

   What have to be taken into consideration to develop a Shopping Center?

4. Se sabe que en gran parte del mundo los centros comerciales funcionan a través de contratos de arrendamiento, pues estos pertenecen a un solo dueño o desarrollador.

   ¿Por qué cree usted que en Colombia los desarrolladores de centros comerciales prefieren vender los locales antes que rentarlos, es decir, por qué prefieren la propiedad horizontal y no la propiedad común?

   It is known that in most of the world, shopping centers work through leasing contracts, because they belong to a single owner or developer. Why you think in
Colombia developers prefer selling commercial spaces rather than leasing them, that is, why do developers prefer horizontal property model instead of single property?

5. ¿Cuáles cree usted que sean las razones por las que se persiste en el modelo de propiedad horizontal en contravía de la tendencia mundial de un único propietario? Which do you think are the reasons horizontal property persists, in contravention of the global trend of a single owner?

6. ¿Qué factores económicos considera usted que han influido en fenómeno? Which economic factors do you think have influenced this phenomenon the most?

7. De acuerdo con su experiencia ¿Qué ventajas y desventajas piensa usted que trae el optar por la propiedad horizontal en lugar de la propiedad común para el desarrollo de un centro comercial? According to your experience. Which advantages and disadvantages do you think horizontal property brings instead of single property, for the development of a shopping center?

8. ¿De qué manera la propiedad horizontal puede afectar la consolidación de un adecuado mix de marcas? In which way, horizontal property model can affect the consolidation of an adequate tenant mix?

9. ¿Por qué cree usted que un país como Chile, Brasil o México, similares en muchos aspectos al nuestro, se ha optado por un modelo de propietario único para el desarrollo de sus centros comerciales? Why do you think, countries like Chile, Brasil or Mexico, similar in many aspects to Colombia, have adopted a model of single owner to develop its shopping centers?
Appendix 2. Interview 1. Carlos Hernan Betancour

Date: 09 de Agosto de 2016  Time: 5:00 p.m.
Place (City and Specific Place): Cali (Colombia). Offices of the Colombian Shopping Center´s Association (AceColombia).
Interviewer: Andrés Felipe Gil
Interviewed): Carlos Hernan Betancour.
Gender: Male
Occupation: Executive Director of AceColombia.

Los tiempos han cambiado, la generalidad del colombiano no viajaba. En esa época (inicios de la industria 70’s) un viaje en avión era solo para personas de más altos recursos. Hoy en día, desde los estratos 3 van a Estados Unidos. En la medida en que la gente, en aquella época no tenía acceso a otras realidades, le dio la llegada a un formato desconocido (los centros comerciales) algo muy desconocido para la gente. Hoy en día, con la conectividad, podemos darnos cuenta si se abre un nuevo formato en cualquier parte del mundo. A mi juicio, un modelo muy extraño llega a implantarse. El comercio en Colombia se ha desarrollado de la misma manera como se han desarrollado las ciudades. El comercio en la plaza central, por eso el inicio del comercio en Colombia se daba en las zonas centro de las ciudades. No era una época en que la delincuencia era rampante, por lo que la calle no era un escenario de temor o peligro y desde la perspectiva del desarrollador. Unicentro de abre en abril de 1976, en Bogotá, y Oviedo en 1978, en Medellín. Estas dos ciudades iniciaron este proceso, porque los constructores se dieron cuenta que este formato tenía mucha fuerza.

En estados unidos, los centros comerciales, como los conocemos en el mundo moderno, nacen en 1956. El Southdale Center nació con Victor Gruen, el desarrollador. El ve que las ciudades se están desarrollando en la periferia y verifica que la gente cerca a estas áreas no tenían comercio o servicios, así que plantea llevar el comercio. Se enfrentó a un primer problema y es que no tenía suficiente capital. Por lo que busca dos grandes superficies,
quienes compran las áreas. Con este capital desarrolla el resto y alquila estos locales restantes, así inicia el centro comercial como los conocemos hoy en día.

En Colombia, Pedro Gómez y otros constructores, conciben los centros comerciales, también, en las afueras de la ciudad (Medellín y Bogotá), pero en un ejercicio inverso. En el caso del Southdale Center, este estaba en una zona en pleno crecimiento. En el caso de Unicentro Bogotá y de Oviedo Medellín, estaban en una zona donde no había ninguna perspectiva de crecimiento. El acceso a transporte privado, de vehículo, no tenía el grado de evolución que tenía en Estados Unidos, allí el desarrollo de las personas que vivían en los suburbios estaba ligada al auge del vehículo, por ello la gente podía soportar vivir sin estar sujetas al transporte público. Por lo que la lejanía no se media en términos de distancia sino de tiempo cambio el panorama y le dio posibilidades a este proceso de reurbanización y por lo tanto de nuevos desarrollos comerciales a través de los centros comerciales.

Los constructores construían para vender, en el caso de vivienda, por lo que hicieron lo mismo con los centros comerciales. La propiedad horizontal formalmente, nace en el 2001, con la ley 675 de ese año. No nació como modelo, de propiedad horizontal, sino que era una transacción simple de construir y vender. Le vendía a quien quería comprar. Los locales eran muy económicos. Para la época nadie quería comprar locales, los comerciantes no iban, eran muy lejos, se convirtieron en un “elefante blanco”. A los cinco o seis años, la situación cambió.

AFG: ¿Que hizo que cambiara la dinámica en los ochenta?

La gente empezó a vivir cerca. Como la ciudad empezó a crecer, terminó llegando hasta el centro comercial. A lo mejor consideraron que el centro comercial era un valor agregado para el negocio de la vivienda.
Para la época no había grandes marcas nacionales, menos internacionales. No había ninguna planeación, ni mezcla comercial. Se buscó hacer el mejor ejercicio posible, pero todavía no estaba preparada la ciudad ni los consumidores para ir a comprar a los centros comerciales. A diferencia de los estados unidos, nuestra sociedad no es muy consumista. Dado que no tenemos la capacidad de compra. En este escenario, el que empiece a desarrollarse esta industria, genera el primer problema. No funcionaba.

Apareció algo así como que el centro comercial llega primero que las viviendas. Hoy en día vemos en algunos casos este tipo de dinámicas. Los constructores hacen primero el centro comercial, y luego hacen las viviendas y las venden más caras, dado que están cerca al centro comercial. Un proyecto de vivienda en una zona sin centro comercial vale menos que una casa en una zona donde hay centro comercial. Este modelo le sirve al constructor, pero no al inversionista. Porque se debe esperar todo el periodo mientras la gente llega a vivir cerca al centro comercial y dinamiza sus ventas. Además, que estas personas apenas están pagando la casa por lo que pospone buena parte de los gastos que hacen en un centro comercial, entonces el centro comercial arranca con una zona ce viviendas, con familias endeudadas que posponen compras, y la gente no tiene capacidad de consumo. Solo hasta cinco o seis años después, cuando libran capacidad de compra, los centros comerciales pueden empezar a ver mejorar los volúmenes de ventas. Esa realidad puede tomar cerca de 7 años. Es el tiempo que se demora la gente en recuperar la capacidad de compra. Esa se convirtió en la regla, por lo que, en este país, personas como Pedro Gómez, dicen que un centro comercial se demora 7 años en madurar. Para mí, lo que realmente sucede es que el centro comercial llega 7 años antes de lo que debe hacer. El que se toma 7 años en estar listo es el mercado, luego lo que llego 7 años antes es el centro comercial.

El contra ejemplo es centro mayor. Este centro comercial esta ubicado en Villa Mayor una zona al sur de Bogotá, desarrollada hace 30 años. Este centro comercial fue desarrollado en un lote que el desarrollador del sector de Villa Mayor reservó para un centro comercial, hace 30 años. Para el momento en que se desarrolló, le dieron la capacidad a la zona de recibir al
centro comercial más grande del país. Y desde el primer día venden mucho, desde el 2010, el tráfico es muy alto. Eso da cuenta de que el mercado ya estaba maduro para recibir el proyecto. Por eso la teoría de constructores como Pedro Gómez no tiene sentido, esa de que el centro comercial se tarda 7 años en madurar.

Volviendo a los inicios, a pesar de que se demoraron en ser rentables, para los ochentas, mejoraron. Generaron mucho valor. De allí empezaron a copiar el modelo, de hacer el centro comercial a las afueras, hacia donde crecería la ciudad. Contrario a la lógica de la industria internacional, que ha sido estudiar la zona y encontrar el terreno ideal, los constructores utilizaban terrenos a su disposición y utilizaban el centro comercial para desarrollar la zona. A la inversa. No se hacía un análisis de mercado para encontrar la mejor ubicación, sino que se hacía dónde había simplemente terreno disponible. Y esto se hizo hasta el 2005. Por lo que la industria en el país la generaron constructores de vivienda. Desarrolladores de centros comerciales, solo aparecen en los últimos 10 años.

El negocio, como se concibió era la lógica de construir y vender. Así empezó la industria. Y empezaron a copiar. Como los constructores que iniciaron en el negocio, llegaron del negocio de la vivienda. Allí construían para vender, por lo tanto, llevaron el mismo modelo a los centros comerciales: construían para vender. Así llega Bulevar Niza, el centro comercial Granahorrar, Metrópolis, etc.

Empezó a construirse una cultura de ir al Centro Comercial en el consumidor. El cine empieza a tener espacio, entretenimiento, y empieza en los ochentas la idea de que ir al centro comercial daba estatus. De hecho, hasta hace muy poco existía en el imaginario colectivo de que ir al centro comercial era más caro.

En todos los casos sin excepción, se siguió el mismo modelo. ¿Por qué? Porque en todos los casos quienes estaban detrás del desarrollo eran constructores de vivienda que estaban haciendo centros comerciales. El negocio de estos constructores estaba en recuperar su
capital y no en dejar su capital para un retorno en el largo plazo. Los constructores que estaban en la industria de centros comerciales no podían poner todo su capital en un solo Proyecto. Por eso la lógica de construir y vender era la más razonable para la estructura de capital de los constructores hasta entrado el siglo XXI. En aquella época no había empresas en capacidad de financiar proyectos de esta envergadura. Tercero, la banca no creía en los constructores, en aquella época el capital de crédito bancario solo prestaba para la compra del lote. Instrumentos de análisis de proyectos basados en los flujos esperados del mismo, solo empezaron a ser posibles hace solo 5 o 6 años. Los créditos solo podían ser respaldados por garantías reales, como tierra y propiedades. Esto impuso restricciones al inicio de la industria, pero perdura porque Colombia estuvo cerrada a la inversión extranjera hasta aproximadamente el año 2005, por lo que por imitación el modelo persiste.

La política de los bancos no cambio sino hasta finales de los noventas, cuando los bancos a partir de la crisis se quedaron con inmuebles. Por eso la lógica del desarrollo hasta finales de los 90´s.

AFG: ¿por qué el modelo perdura hasta ahora. ¿Está bien que inicie de esa manera pero que explica que haya continuado así hasta hoy?

Por lo cerrado de nuestra economía. La apertura económica solo llego hasta principios de los 90´s. las marcas que ya se habían fortalecido en el país pudieron competir con marcas que querían entrar. La mayoría de las grandes marcas de retail en el país empezaron siendo fabricantes, que dada la dinámica cerrada de la industria llegaban hasta el consumidor final siendo retailers. Esto no paso en otros países como Chile, Ecuador o Perú. Solo en Colombia pasa que la mayoría de las marcas en los centros comerciales son locales. Esto permitió encabar una base de comerciantes pudieron recibir competencia que ya estaban en la preferencia del consumidor colombianos.
Entonces emerge un modelo muy conveniente en el país. Por cuenta de lo cerrada que estaba la economía, los productores: Arturo Calle y Studio F, debieron entrar al negocio del retail. Por lo que esta dinámica los hizo unos retailers fuertes, luego, gracias a entender que ellos mismo le dan valor al local comercial donde están, entonces compraron estos locales, entrando al negocio del real estate. Se creó una alianza, el constructor construye el centro comercial, el retailer compra los locales y financia el desarrollo del centro comercial. En pocas partes del mundo encuentra comerciantes que tiene más activo fijo que activo corriente, esto pasa es Colombia.

El constructor se queda con locales pequeños que se nutre del tráfico que ponen los retailers fuertes y estos los venden más costosos.

Una minoría de comerciantes de base de los proyectos en Colombia. Quienes validan el proyecto de centro comercial, ponen condiciones tal como comprar locales a bajo valor, a costa de los locatarios de menor tamaño. Y dejan a la industria en la dinámica que tenemos hoy.

La experiencia les ha mostrado a los comerciantes más grandes del país, que cuando ellos toman el control de la copropiedad logran buenos resultados, combinando ingresos por: valorización del local, ventas, etc.

Se debe desprender dos análisis, el centro comercial vendido a inversionistas, o el centro comercial vendido a comerciantes. En el segundo escenario, los comerciantes si bien participan de la propiedad horizontal, toman decisiones que permiten mejorar los resultados de las ventas, en comparación con aquellos donde los propietarios de los locales son inversionistas.
Retailers como ZARA, por ejemplo, tuvieron problemas para entrar a los centros comerciales del país por las restricciones de la propiedad horizontal. Un ejemplo, es que trató de llegar a Unicentro, Cali y no lo logró.

Centros comerciales en propiedad única logran mejores resultados en el mediano plazo porque están fuera de este tipo de restricciones.

Como el modelo de propiedad horizontal funciona, nadie lo cuestiona. Mira, en el año 2003 Colombia logra grado de inversión. Por lo que todas las organizaciones que tienen capacidad para invertir en el mundo ven hacia Colombia. Solo hasta este momento hay accesos a capitales, por lo que empieza a ser posible la aparición del modelo único. Los Centros comerciales planeados y de propiedad única empiezan en el país, a partir del 2005, con la inauguración de Jardín Plaza en la ciudad de Cali.

AFG: ¿Cómo ve el caso de Ospinas o Gran Plaza, de constructores que pasan a ser desarrolladores?

Igual que el Éxito con los VIVAS, fueron posible gracias al acceso de capital que se da a principios del siglo XXI. Los comerciantes se resistieron hasta hace poco. Pero poco a poco han empezado a cambiar y a entrar a centros comerciales en propiedad única. Estos constructores hicieron el cambio a desarrolladores.

Ya hay un fenómeno en Bogotá tiene 14 proyectos en ejecución, de los cuales 13 son en propiedad única y solo 1 en propiedad horizontal. Y el que está en propiedad horizontal es un éxito total. El modelo de propiedad horizontal se está agotando, a pesar de que los comerciantes aún quieren comprar. Estamos presenciando un momento de transición. Hoy están en el país Spectrum, Parque Arauco, Mall Plaza y Cencosud.
Luego de leer las preguntas. Puedo compartirte mi impresión sobre el tema. Porque en Colombia a pesar de no ser el único país donde se presente propiedad horizontal, sí es el único país donde este modelo es predominante. En todo el mundo la propiedad horizontal es como empezaron los centros comerciales. El centro comercial no es algo nuevo, como concepto. En su momento eran los mercados en los pueblos, en América prehispánica habían mercados donde la gente intercambiar mercancías porque no había monedas, sino trueque. Y esto fue evolucionando, hasta las galerías comerciales en el siglo XIX por ejemplo. Las tiendas departamentales a finales del siglo XIX y principios del siglo XX, y los primeros centros comerciales en Estados Unidos por ahí en los años 20 o 30’s. esos centros comerciales eran como strip centers o calles más que centros comerciales, un desarrollador construía y los alquilaba. La industria de centros comerciales modernos empezó en 1956 con la apertura del centro comercial, el primero que tenía un solo dueño en propiedad única y aplico el concepto de anclas, en un centro cerrado con aire acondicionado. En un suburbio de Minneapolis, Southdale Center. Es considerado oficialmente el primer centro comercial moderno, diseñado por Victor Gruen. Revolucionó los centros comerciales, porque llevo un modelo que aún se aplica en el mundo. Este centro comercial es de propiedad de SIMON Property Group, la compañía desarrolladora de centros comerciales más grande del Mundo, es un REIT (Real Estate Investment Trust), si lo visitas podrá parecerte que es un centro comercial inaugurado hace 10 o 15 años, porque constantemente lo han estado remodelando,
adaptando, refrescando el Tenant Mix. A pesar de que tenga 60 años es moderno y funcional. A partir de ese momento, todos los centros comerciales en el mundo se desarrollaron con los mismos principios o buenas prácticas, con el mismo formato de propiedad, donde el desarrollador construye el centro comercial, mantiene la propiedad, lo alquila, y se mantiene como propietario por muchos años. Realmente la rentabilidad se da en el largo plazo, es un negocio que obtiene las ganancias después de operar el centro comercial por 5 o 10 años. La mayoría de centros comerciales son operados y fueron desarrollados (en Estados Unidos) por compañías que tienen entre 20 y 500 centros comerciales, normalmente son compañías públicas, REITS. Quienes aprovechan que este tipo de arreglos que desde los años setenta dan alivios tributarios.

La implementación de los REITS en los Estados Unidos revolucionó los centros comerciales. Antes de la aparición de los REITS la forma de financiarlos era a través de una hipoteca, un crédito bancario o capital propio. Actualmente estas compañías tienen recursos de capital público e invitan a fondos de capital privado. Y los desarrolladores son básicamente, dueños “minoritarios” de estas propiedades.

La industria de centros comerciales es una industria moderna que este año cumple 60 años. Que ha evolucionado a un punto en que estas inversiones son puestas por fondos de capital o fondos de pensiones. Algunos fondos de pensiones más grandes es Calpers que es el fondo más grande de California, de trabajadores públicos de este Estado. Estos desarrollos es una industria, desde el punto de vista del financiamiento muy sofisticado.

Por esto, se puede desarrollar proyectos que tiene una inversión de 100 o 200 millones de dólares. Este es un factor crítico, el acceso al mercado de capital. Una de las razones por las cuales en Colombia no evolucionó en Colombia, es precisamente por eso. Antes de que hubiese una apertura a los capitales. Los inversionistas extranjeros no podían invertir en Colombia por la situación de inseguridad, desde los años 80’s, 90’s y principios del 2000. Es por eso que no hay inversionistas institucionales. Por ejemplo, en Brasil hace 15 años, los
REIT`s y los fondos de capital privado empezaron a llegar y así llegó zona de Sierra de Portugal, GGP, SIMON, en fin muchos diferentes desarrolladores que llegaron y lo que hicieron fue asociarse con los desarrolladores locales. Se asociaron y después estas sociedades tomaron diferentes formas. Ivanho de Canadá se asoció con una compañía local que se llamó Ancar. Zona de Sierra, establecieron una compañía propia en Brasil. Casi todas estas compañías tanto combinadas como sociedades de diferente tipo lo que hicieron fue hacer sus IPO`s en la Bolsa de Brasil y así tuvieron dinero de los mercados de capitales de Brasil.

En el caso de México, los fondos de capital privado comenzaron a invertir hace 15 años, KIMCO, McGuire, Oconnor, Heinz, llegaron hace 15 años al país y empezaron a invertir en el mercado local. Los proyectos de centros comerciales empezaron a tener capital. Después hubo cambio de legislación donde se permitían los REITs en México los cuales se llamaron FIBRAS. Actualmente las FIBRAS proveen capital al mercado.

A Colombia empezaron a llegar los desarrolladores hace solo 5 o 6 años. Spectrum que junto con Amarilo crearon Cimento, también algunos europeos como Zona de Sierra que se asociaron con desarrolladores locales para hacer Jardín Plaza en Cali. Pero esto es algo relativamente reciente y esto es lo que ha empezado a hacer que el modelo cambie, porque estos desarrolladores unidos con capitales extranjeros. No solo han traído capital, sino experiencia y buenas practicas, que anteriormente no existían en Colombia. Actualmente vemos más proyectos que se desarrollan en propiedad única: Cencosud, Mall Plaza, además de las locales. Concreto en su sociedad con cementos Argos que formaron Pactia, como algunos otros proyectos o desarrolladores independientes: Aldea, Grupo Roble del Salvador con la Felicidad. También hay inversionistas panameños que será en propiedad única. Este fenómeno así sea fuerte hoy, es apenas reciente. Llevo yendo a Colombia 13 años con ICSC. Desde que iba a Colombia dando conferencias, se han dado discusiones muy acaloradas, recuerdo una vez una persona se levantó del público muy molesto, como era posible que dijera que la propiedad horizontal no era un buen modelo. 10 años después ya no es el caso.
La gente en Colombia no se escandaliza por el desarrollo en propiedad única. El mercado ha cambiado, hoy en día hay más fuentes de financiamiento que antes no había. Hoy hay fondos activos que quieren invertir en Colombia: Avenida Capital de Estados Unidos, por ejemplo está financiando varios proyectos.

En el pasado una de las condiciones que se daban para no cambiar, era que quienes que compraban los espacios, que eran las mismas marcas, estaban en contra. Siempre se hablaba que Arturo Calle, no alquilaba. Esto está cambiando rápidamente. A pesar de que sigan queriendo comprar, ya están aceptando a alquilar. Actualmente es el dueño de más metros cuadrados en el país. Se ha creado un sistema que yo llamo patrimonial: muchas personas naturales tienen inversiones en centros comerciales. Hay personas que tienen espacios en centros comerciales y que para ellos este es el medio principal de ingreso. Se ha creado un sistema patrimonial, donde muchas familias dependen de estos ingresos. A ellos no les importa quien alquile solo que le paguen la renta. Esto es uno de los defectos de la propiedad horizontal. A pesar de que las juntas aprueban o no quien ocupa un espacio, es la final muy difícil control que haya un Tenant Mix adecuado. Esta es en mi opinión: la propiedad horizontal evita que el Tenant Mix sea el adecuado. Por eso hasta en los mejores centros comerciales en Colombia, no son los mejores desde el punto de vista de una sofisticación de un Tenant Mix. Ha creado un sistema en el que los centros comerciales al depender de la venta de locales, para compañías como Pedro Gómez, nunca han logrado recolectar suficientes recursos como para desarrollar un proyecto a la escala que debe desarrollarse, muchas veces el tamaño no es el que el mercado requiere y se van expandiendo. Y los centros comerciales se van expandiendo en la medida en que lo pueden hacer, y hay casos extremos como el de OVIEDO en Medellín que va para la 8va expansión. Cada expansión es como un centro comercial diferente, así las diferentes expansiones en su conjunto no tienen sentido. Así, si un inquilino no está funcionando, no es fácil sacarlo. No es fácil mover una marca. Este fenómeno hace difícil por ejemplo un proceso que se llama Portfolio Review, donde uno puede revisar todos los centros comerciales de un solo desarrollador. Por ejemplo, en México puedo sentarme a negociar con Liverpool, un desarrollador que tiene 25 centros comerciales,
por lo menos en 10 o 15 de ellos puedo ubicar mi marca. Así, si hago eso 5 o 6 veces probablemente tendré mi marca en 40 o 50 ubicaciones potenciales en una primera etapa, así solo tengo que hablar con 5 o 6 desarrolladores. Esto es imposible de hacer en Colombia, por el mismo modelo, la industria está fragmentada o atomizada. El que más tiene, en Colombia, no logra tener más de 10 centros comerciales. Las marcas no pueden tener una estrategia de expansión fácil, debe hablar con 100 o 150 gerentes de centros comerciales. Este es otro problema desde la perspectiva de las marcas.

Una de las razones por las cuales se retrasó la llegada del modelo a Colombia, es que pocos desarrolladores extranjeros han entrado al país. Pero conforme, estos ingresan, este fenómeno ha ido cambiando. Por otro lado, las marcas internacionales no habían llegado. Pero sobre todo ha habido una resistencia, de los inversionistas locales.

Hoy en Colombia los Derechos Fiduciarios son algo intermedio que permite invertir y financiar un centro comercial en propiedad única. Hoy en día en el resto del mundo, a diferencia de Colombia, la gente invierte en compañías desarrolladoras.

Los grandes capitales internacionales llegan a través de los fondos a Colombia desde el 2005, pero se encontraban que no había en Colombia desarrolladores con quien trabajar o activos en que invertir. Esto cambio a partir del 2011, cuando por ejemplo Ospinas empezó a asociarse con Pegasus de Argentina y luego con Blackstone, donde empezaron a llegar las marcas internacionales. Podría decir que a partir del 2010 se da entrada a nuevos desarrollos en propiedad única. En Brasil y México la propiedad única se dio desde el nacimiento de los centros comerciales en 1968 o 1969.
Appendix 4. Interview 3. Leopoldo Vargas

Date: 20 de agosto de 2016  Time: 5:00 p.m.
Place (City and Specific Place): Connected through Skype.
Interviewer: Andrés Felipe Gil
Interviewed: Leopoldo Vargas.
Gender: Male
Occupation: Director of Mall and Retail.

Andres, muchas gracias, le cuento que desde hace más de 10 años estoy investigando y evaluando el desarrollo y la dinámica de los centros comerciales en Colombia. Es notable que Colombia es el único país donde los centros comerciales se desarrollan en propiedad horizontal. En el resto del mundo son en propiedad única. Las razones son muy claras. Para empezar la falta de acceso al mercado internacional. Mire, es innegable que Colombia hasta el año 2003 más o menos era un estado fallido. Por más apertura económica que se hubiera dado en los noventas, Colombia era un país lleno de violencia que no atraía inversión. Que es fundamental para hacer este tipo de proyectos.

Solo es a partir de la seguridad democrática del presidente Uribe que Colombia logró atraer inversión de grandes capitales para centros comerciales. Un centro comercial puede costar por lo menos 50 millones de dólares.

En los últimos años, solamente, Colombia dejó de ser un estado fallido para ser uno de los mercados más pretendidos por el Retail mundial. Para este Boom comercial han influido varios factores: la urbanización, crecimiento de las ciudades colombianas, en el país ya hay 5 ciudades con más de un millón de habitantes. Y el factor más importante, el crecimiento de la clase media. Colombia es el tercer mercado más grande de Latinoamérica después de Brasil y México con 47 millones de habitantes, de los cuales el 30.5 % es de clase media cuya expansión se duplicó en los últimos diez años alcanzando en el 2014 los 14.3 millones de
personas lo que representa casi la población de Costa Rica, Puerto Rico, Panamá y Uruguay unidas. Muchos más que la población de Cuba, Bolivia, Haití, República Dominicana, Honduras, Paraguay, El salvador y Nicaragua individualmente consideradas. Otro factor ha sido la revaluacion, lo que ha impulsado la llegada de importados o la apertura de compañías extranjeras de retail en el país.

Otro factor es la bancarización. Ya la mitad de los colombianos tiene por lo menos un producto financiero.

Pero el modelo a pesar de que aún persiste, como propiedad horizontal, está cambiando con la llegada de nuevos jugadores: Parque Arauco en el 2010, Mall plaza de Chile en el 2013, Spectrum en el 2015, y se espera que Grupo Roble del Salvador empiece operación en el 2017. Sonae Sierra a partir del 2018.

Por su parte los grupos locales no se quedan atrás y ya se han formado en el país desarrolladores como: UNICO, VIVA ÉXITO, Gran Plaza y el Plaza Central de Terranum.

Los centros comerciales en propiedad horizontal con un milagro de Dios. Porque en propiedad única la administración está alineada con las políticas que benefician al conjunto.