

	YoY Chg	12-Mo. Forecast
64.4K Overall Take-up (sq.m)	▲	▲
€4.00 Prime Rent (€/sq.m/month)	▲	▲

ECONOMY: Economic Activity Should Resume Starting Q3 2020

Portugal's restrictions began to be gradually lifted on May 4th after a six-week lockdown, resulting on a GDP contraction of 8.6% forecasted by Oxford Economics. Consumer spending and exports are foreseen to be the most affected, with a 7.4% and 15.5% decline respectively, though the export of goods will be less affected (-5.8%). Alongside, the Industrial Production Index has been decreasing since March 2020, reaching an average index of 89.6 until May 2020, which represents a 14.2% year-on-year drop; and the Confidence Indicator in the Manufacturing Industry drastically declined over the past 3 months, reaching a minimum of -31.7 points in June 2020. Assuming the pandemic remains under control, economic activity should resume starting Q3 2020, reaching growth rates of 6.0% in 2021 and 4.1% in 2022.

DEMAND: Decrease of 9% in Q2 Take-up Compared With the Homologous Period

From April to June 2020, a total of 18,300 sq.m were transacted in 6 new occupancy deals, totalling a 64,400 sq.m take-up volume in 2020, -9% compared with the same period of 2019. Greenyard owner occupation of a 5,000 sq.m warehouse in Vila do Conde featured the main deal of the second quarter. With the increase of online sales, logistics operators and retailers, such as the food sector and delivery companies, have been focused on readjusting their operations accordingly, leading to a higher demand for proximity warehouses and last mile logistics. As Portugal remains attractive, main developers are expected to shortly resume their projects, thereby addressing the lack of quality assets in the country's main logistic areas.

PRICING: Rents Stable Given the Uncertainty

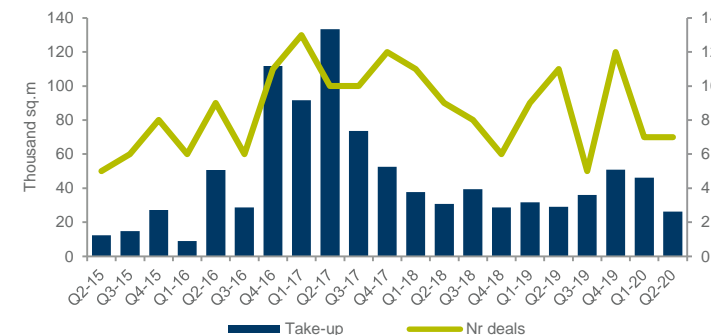
Historically, contractual compliance prevails in the industrial & logistics sector, with one-off cases of either rent reduction or rental-free period requests. There are still no signs of immediate impact on rental levels, a trend that might continue not only due to the preference by landlords to maintain gross rents, but also partly due to the current lack of quality supply. Currently, the prime rent in Greater Lisbon stands at €4.00/sq.m/month and in Greater Porto slightly below, at €3.85/sq.m/month.

ECONOMIC INDICATORS 2020

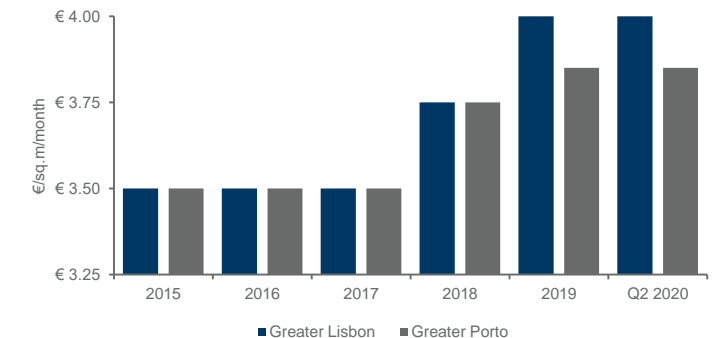
	YoY Chg	12-Mo. Forecast
-8.6% GDP Growth	▼	▲
-15.5% Exports Growth	▼	▲
89.6 Industrial Production Index	▼	▲
-14.7% Manufacturing Industry's Confidence Indicator	▼	▲

Source: Oxford Economics; INE

INDUSTRIAL & LOGISTICS DEMAND



PRIME RENTS



MARKET STATISTICS

SUBMARKET	STOCK (SQ.M)	AVAILABILITY (SQ.M)	VACANCY RATE (%)	QUARTER TAKE-UP (SQ.M)	YTD TAKE-UP (SQ.M)	PRIME RENT (€/SQ.M/MONTH)	PRIME YIELD (%)
Greater Lisbon	11,939,375	1,795,240	15%	7,885	31,960	€4.00	6.10%
Greater Porto	12,848,800	-	-	5,000	27,000	€3.85	6.35%
PORTUGAL TOTALS	-	-	-	12,855	58,960	€4.00	6.10%

MAIN OCCUPANCY TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Greenyard	Greater Porto	Greenyard	5,000	Owner-occupier
Parque São Marcos	Greater Lisbon	Edivisa	1,550	Lease
Cidade de Cadiz 9	Greater Lisbon	Lightweight	270	Lease

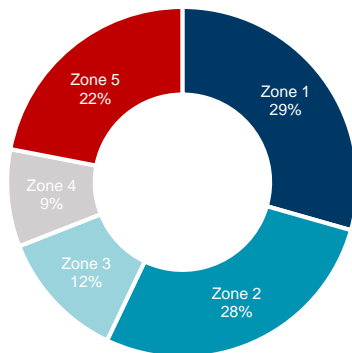
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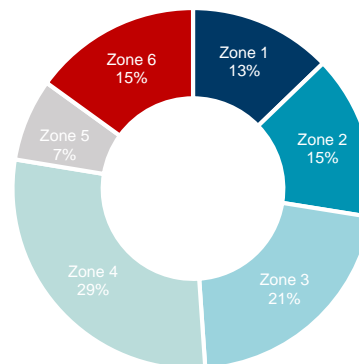
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STOCK DISTRIBUTION – GREATER LISBON



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