

	YoY Chg	12-Mo. Forecast
€1.7b Total Volume	▲	▬
€358m Office Volume	▲	▬
€927m Retail Volume	▲	▼
€300m Hospitality Volume	▼	▼
€12m Industrial Volume	▼	▲

ECONOMIC OVERVIEW: Economic Activity Should Resume Starting Q3 2020

Portugal's restrictions began to be gradually lifted on May 4th after a six-week lockdown. 2020 GDP is expected by Oxford Economics to contract by 8.6%. Consumer spending and exports are foreseen to be the most affected, given that retail sales, industrial production and tourism were strongly impacted, with 7.4% and 15.5% decline respectively. Investment will follow, with a 6.0% reduction estimated for 2020. On the other hand, the construction sector expects a relatively limited impact as most construction sites continued working through the lockdown. Assuming the pandemic remains under control and restrictive measures continue to ease, economic activity should resume starting Q3 2020, reaching growth rates of 6.0% in 2021 and 4.1% in 2022. The Government's revised budget has been approved by Parliament predicting a spending increase of €4.3 Bn, including €2 Bn concerning employment policies, to help mitigate the effects of the pandemic and spur recovery. According to Oxford Economics, the unemployment rate is expected to rise, as simplified layoffs and temporary contracts come to an end, to 7.6% in both 2020 and 2021, gradually reducing to 6.4% in 2022.

INVESTMENT OVERVIEW: Reduced Activity in Q2 2020 Mainly Focused on Office Sector

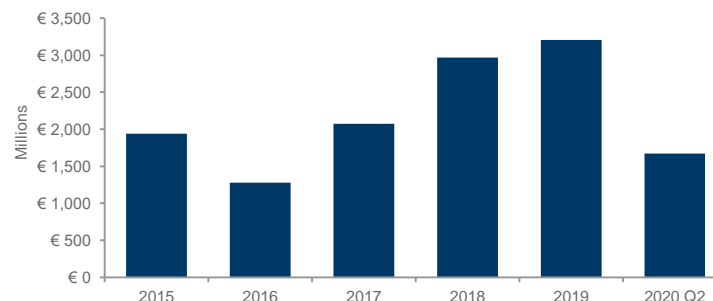
CRE investment activity was limited to €87.5 million in the second quarter of 2020, mainly focused on the office sector with the €46.5 million Natura Towers purchase by Cofidis featuring as the main deal of this quarter. Nevertheless, CRE investment in H1 currently stands at €1.67 billion, 50% above the same period in 2019. Not surprisingly, the retail sector registered more than half of that volume, given the major €800 million deal of the Sierra Prime portfolio in Q1. Office investment followed with a share of 21%, at a volume of €358 million mainly boosted by the PREOF portfolio acquisition by Cerberus for a value between €150 million and €170 million. The feeling of uncertainty regarding the operational performance of assets (especially in sectors particularly hit by the pandemic) and the significant risk aversion of banks to finance real estate transactions have contributed to a significant decline in investment activity. Investors are now slowly trying to resume deals, especially in logistics and offices and in the core and core+ segments.

ECONOMIC INDICATORS 2020

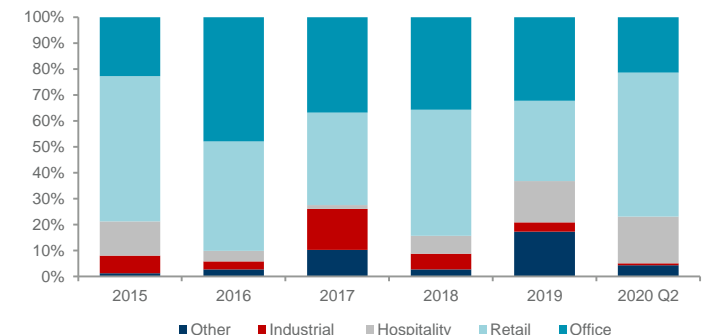
	YoY Chg	12-Mo. Forecast
-8.6% GDP Growth	▼	▲
-6.0% Investment Growth	▼	▲
7.6% Unemployment Rate	▲	▬
0.6% 10-Yr Treasury Yield	▼	▲

Source: Oxford Economics

INVESTMENT VOLUME



INVESTMENT VOLUME BY SECTOR



MARKETBEAT PORTUGAL

Investment Q2 2020



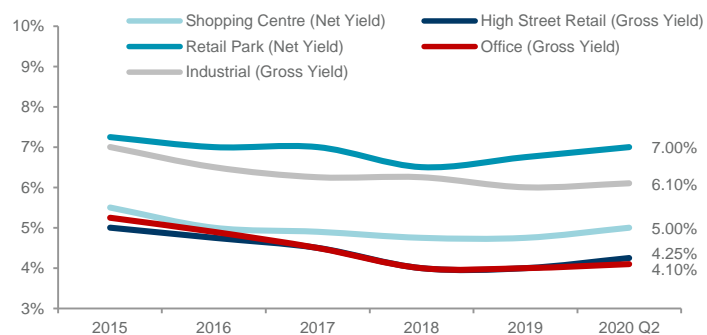
MAIN INVESTMENT TRANSACTIONS 2020

PROPERTY NAME	SECTOR	MARKET	AREA (SQ.M)	SELLER	BUYER	PRICE (€M)	YIELD (%)
Sierra Prime Portfolio	Retail	Several	158,555	Sonae Sierra & APG	Allianz Real Estate & Elo	€800.0 M	n.a.
PREOF Portfolio	Office	Several	52,000	Finsolutia	Cerberus	€150-190 M	n.a.
Natura Towers	Office	Lisbon	11,000	MSF	Cofidis	€46.5 M	n.a.
Trindade Domus	Office	Porto	15,600	Private	Finangeste / Patron	€40.5 M	7.50%
Forum Viseu	Retail	Viseu	15,765	Lighthouse	Square Asset Management	€40.0 M	7.00-8.00%
Campo Pequeno	Retail	Lisbon	7,000	SRUCP	Everything is New	€37.0 M	n.a.

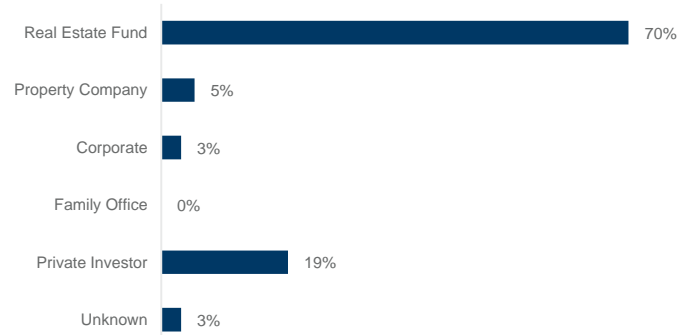
INVESTMENT ACTIVITY 2020

PROPERTY SECTOR	NR DEALS	TOTAL VOLUME (€M)	AVERAGE DEAL SIZE
Office	14	€357.9 M	€25.6 M
Retail	8	€927.5 M	€115.9 M
Hospitality	1	€300.0 M	€300.0 M
Industrial	2	€12.2 M	€6.1 M
Other	2	€72.7 M	€36.4 M
TOTAL	27	€1,670.2 M	€61.8 M

PRIME YIELDS BY SECTOR



TOTAL INVESTMENT BY CAPITAL SECTOR 2020



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