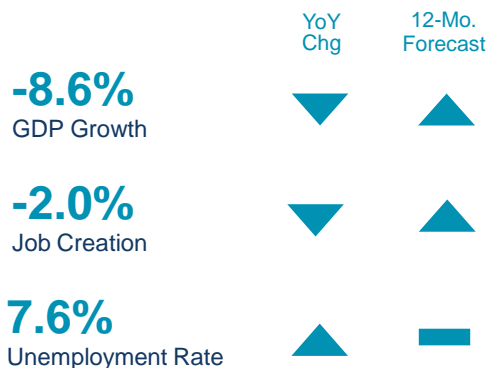


ECONOMIC INDICATORS 2020



Source: Oxford Economics

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. 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. 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, according to Oxford Economics.

DEMAND: Decrease of 41% in Q2 Take-up Compared With the Homologous Period

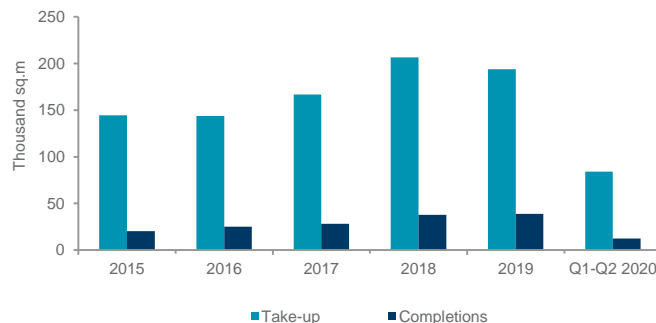
Greater Lisbon office market registered 24 new lease deals in a total of 40,500 sq.m transacted in the second quarter of 2020, a decrease of 41% compared with the homologous period. Prime CBD (Zone 1) concentrated the highest volume, 18,800 sq.m of leased area, representing 46% of the Q2 take-up, mainly boosted by the greatest deal of the year – the pre-let of the majority of the Monumental building by BPI. Other Zones (Zone 7) registered both the second highest share of take up (29%) and the second biggest deal – Natura Towers' purchase by Cofidis to occupy 10,400 sq.m. The two previously mentioned deals contributed for Financial Services to be the most active sector, accounting for 28,300 sq.m, which represents 70% of total Q2 take-up volume.

As expected, vacancy rate increased slightly to 4.2% in Greater Lisbon market. The highest growth was registered in Zone 1 with 150 basis points, mainly due to the completion of the speculative project Liberdade 224. Projects under construction, which will most likely come into the market over the next 3 years, account for 211,600 sq.m; while planned projects, which might register a delay in the beginning of construction works or even their suspension until an upward trend in the market is visible, account for the remaining 25,400 sq.m that compose the pipeline.

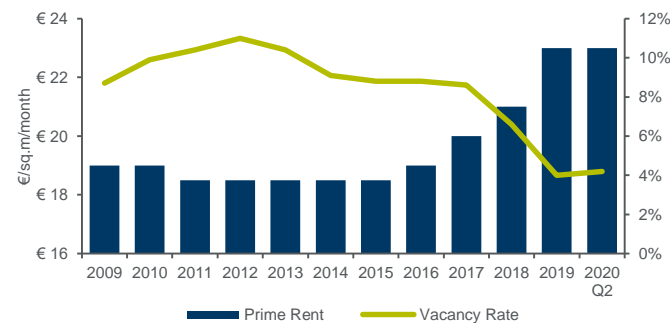
PRICING: Higher Incentives Given the Expected Reduce in Year-end Take-up

Given that year-end take-up is expected to be 20-25% below 2019, landlords become increasingly available to provide additional incentives during the second half of 2020. As for rental values, there are still no signs of immediate impact on them, 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.

OFFICES DEMAND & COMPLETIONS



OVERALL VACANCY & PRIME RENT



MARKETBEAT PORTUGAL

Office Q2 2020



MARKET STATISTICS

SUBMARKET	STOCK (SQ.M)	AVAILABILITY (SQ.M)	VACANCY RATE (%)	QUARTER TAKE-UP (SQ.M)	OVERALL TAKE-UP (SQ.M)	UNDER CONSTRUCTION (SQ.M)	PRIME RENT (€/SQ.M/MONTH)	PRIME YIELD (%)
Zone 1 (Prime Central Business District)	580,010	16,015	2.8%	18,805	21,760	24,620	€23.00	4.10%
Zone 2 (Central Business District)	1,101,000	11,240	1.0%	4,000	15,380	7,240	€18.00	5.00%
Zone 3 (New Office Areas)	539,800	15,680	2.9%	1,570	5,370	43,850	€17.50	5.50%
Zone 4 (Secondary Office Locations)	444,400	1,315	0.3%	0	240	40,030	€17.00	5.75%
Zone 5 (Parque das Nações)	363,650	2,620	0.7%	1,755	13,600	61,850	€19.00	5.00%
Zone 6 (Western Corridor)	914,950	110,850	12.1%	2,575	14,080	23,000	€16.00	6.25%
Zone 7 (Other Zones)	745,350	38,830	5.2%	11,795	14,005	11,000	-	-
GREATER LISBON TOTALS	4,688,150	196,550	4.2%	40,500	84,435	211,590	€23.00	4.10%

MAIN OCCUPANCY TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Monumental	Zone 1	BPI	16,440	Lease
Natura Towers	Zone 7	Cofidis	10,410	Sale
República 87	Zone 2	Axians	2,700	Lease
Alegria 22	Zone 7	Fintech House	1,390	Lease
Tecnologia II	Zone 6	Arthrex	910	Lease

MAIN INVESTMENT TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Natura Towers	Lisbon – Zone 7	MSF / Cofidis	11,000	€46 M
Trindade Domus	Porto – Downtown	Private / Finangeste & Patron	15,600	€40.5 M
Torre das Laranjeiras	Lisbon – Zone 3	D. Pedro Hóteis / Private	550	€1.5 M

COMPLETIONS Q2 2020

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Eurolex – Liberdade 224	Zone 1		5,750	Pontegadea

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