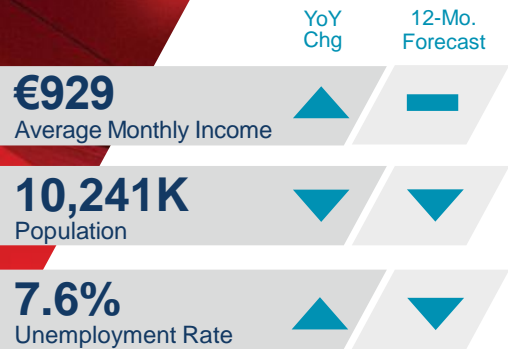


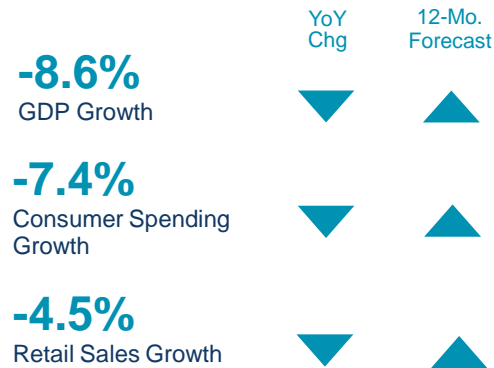
# PORTUGAL

Retail Q2 2020



Source: Oxford Economics; INE

## ECONOMIC INDICATORS 2020



Source: Oxford Economics; INE; APCC

## ECONOMY: Economic Activity Should Resume Starting Q3 2020

Portugal's restrictions began to be gradually lifted on May 4<sup>th</sup> after a six-week lockdown, resulting on a GDP contraction of 8.6% forecasted by Oxford Economics. Consumer spending is one of the most affected after exports, with a 7.4% decrease. 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. Retail sales registered a decrease of 4.5% until May 2020 compared to the same period of 2019, with the major decline in April, when the lockdown effect was more visible (-19.4% in retail sales, mainly boosted by non-food retail with -34.1%). Given the lack of available data, the recently created Association of Retail and F&B Brands (AMRR) anticipated in the first week of June an average YoY drop on sales of 39% in shopping centres and 37% in high street retail, based on data from 2,040 stores. This analysis excluded shopping centres and stores in excess of 400 sq.m in the Lisbon Metropolitan Area, as these only reopened on June 15<sup>th</sup> (instead of June 1<sup>st</sup> in the other regions).

## DEMAND: Lis Shopping Completed

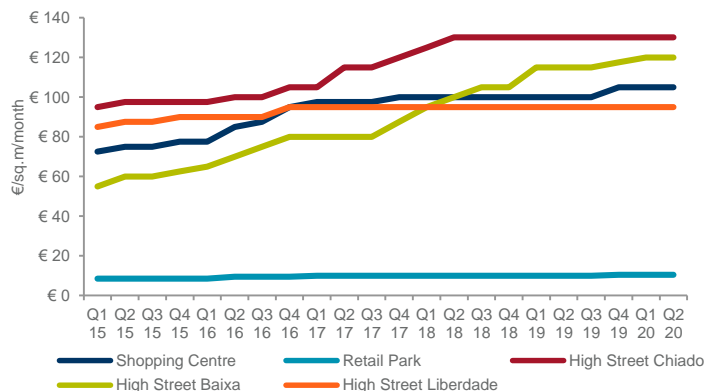
During the second quarter of 2020, Lis Shopping was completed, with a total of 7,700 sq.m. The shopping centre comprises tenants such as Pingo Doce, Norauto, McDonald's, Fitness Hut, Rádio Popular and furthermore Prio, Opticália, Clínica de Santa Madalena, a pharmacy and a stationery store which haven't open yet.

Take-up volumes registered by Cushman & Wakefield proprietary database show a decrease of 82% in new lease deals in the second quarter of the year, totalling 41 deals with circa 20,000 sq.m of transacted area. The highest share of deals took place on high street, with 63%, followed by shopping centres and stand alone stores, which accounted for 17% of the new deals each. The main deal of this quarter was the Conforama opening, with approximately 6,000 sq.m, in the recently completed Lisboa Retail Park.

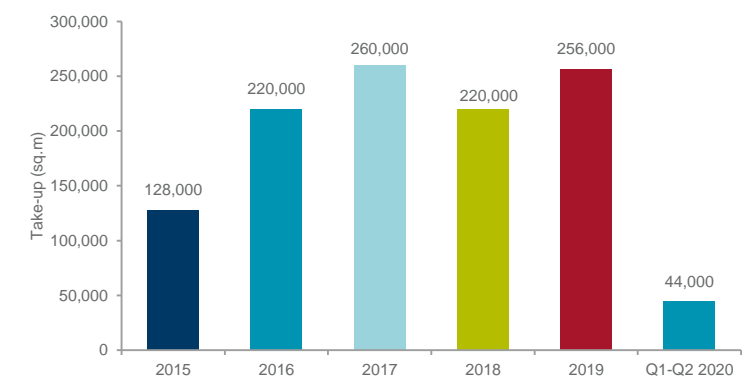
## PRICING: Stable Rents But Higher Incentives

Prime gross rents continue at stable levels as landlords are accepting an increase in incentives, namely rent-free periods and/or fit-out contributions - on top of the deferred rent payment introduced by the government for the lockdown months. Additionally, the Parliament recently approved the principles of a bill to suspend payment of fixed rents by shopping centre tenants until year-end. However, converting this into actual law will be easier said than done for numerous reasons (among others, several tenants do not pay turnover rents and would thus pay no rent at all and high street tenants would be discriminated against).

## PRIME RENTS



## DEMAND EVOLUTION



## MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ.M)	SHOPPING CENTRE PIPELINE (SQ.M)	PRIME RENT (€/SQ.M./MONTH)	PRIME YIELD (%)
North	432,400	-	-	-
Greater Porto	665,230	7,000	€80.0	5.25%
Centre	517,260	13,700	-	-
Lisbon Metropolitan Area	902,730	-	€105.0	5.00%
Setúbal Peninsula	269,090	-	-	-
South	277,280	-	-	-
Islands	85,510	7,000	-	-
<b>PORTUGAL TOTALS</b>	<b>3,149,500</b>	<b>27,700</b>	<b>€105.0</b>	<b>5.00%</b>

## MAIN OCCUPANCY TRANSACTIONS Q2 2020

RETAIL FORMAT	LOCATION	TENANT	AREA (SQ.M)	RETAILER TYPE
Retail Park	Lisbon	Conforama	6,000	Cross Border
Stand Alone	Santo Tirso	Mercadona	1,900	Cross Border
Stand Alone	Aveiro	Mercadona	1,800	Cross Border
Stand Alone	Braga	Bricomarché	1,500	Cross Border
Stand Alone	Castro Marim	Aldi	1,200	Cross Border

## COMPLETIONS Q2 2020

PROPERTY	LOCATION	MAJOR TENANT	AREA (SQ.M)	OWNER / DEVELOPER
Lis Shopping	Leiria	Pingo Doce	7,700	Caves da Montanha

**ANDREIA ALMEIDA**

Head of Research

+351 211 207 560 / [andreia.almeida@cushwake.com](mailto:andreia.almeida@cushwake.com)[cushmanwakefield.com](http://cushmanwakefield.com)**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

*©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.*