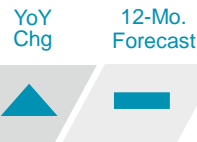


184.6K
Overall Take-up (sq.m)



€4.00
Prime Rent (€/sq.m/month)



ECONOMY: Recovery Signs in Industrial Production Index to Pre-COVID Levels

The Portuguese economy is suffering a strong impact from the pandemic crisis. According to Oxford Economics, GDP should contract by 9.0% in 2020 followed by a rebound to 6.5% next year. Private consumption and investment shall decrease by 7.9% and 4.8% respectively by the year-end. Exports will register the highest drop, estimated at 21.2% in 2020, and imports will decrease 14.1%.

The Industrial Production Index has been recovering since July, inclusively reaching pre-COVID levels during August, currently standing at an average value of 91.0. The Confidence Indicator in the Manufacturing Industry has been also improving, though still below pre-COVID levels, to an accumulated value of -14.3 points until September.

DEMAND: High Demand for Space with 67% Increase in Take-up Volume until September 2020

In the third quarter of 2020, a total of 89,800 sq.m were transacted in 16 new occupancy deals. Garland represents the main deal of the quarter, with 10,000 sq.m occupied in Aveiro.

Boosted by several large size deals, the logistics and industrial sector accounts for 184,600 sq.m take-up volume across 33 deals in 2020, which represents a growth of 67% compared with the same period of 2019.

With the increase of online sales following the COVID-19 outbreak, the food sector and delivery companies have focused on readjusting their capacity accordingly, leading to a higher demand.

As Portugal remains attractive given the lack of quality assets in the country's main logistic areas, speculative developments shall resume their projects shortly, as is the example of Merlin Properties with Plataforma Logística Lisboa Norte, where the construction works of its first phase with 45,000 sq.m have already begun.

PRICING: History of Contractual Compliance in the Sector

In a sector with an history of contractual compliance, rental values remain stable given the current lack of quality supply and landlords preference to maintain gross rents.

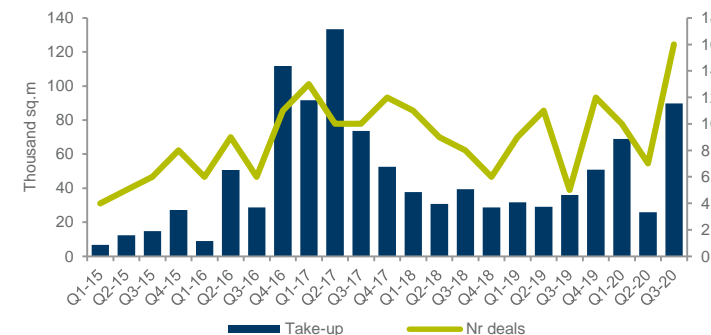
Currently, the prime rent in Greater Lisbon stands at €4.00/sq.m/month and in Greater Porto slightly below, at €3.85/sq.m/month.

ECONOMIC INDICATORS 2020

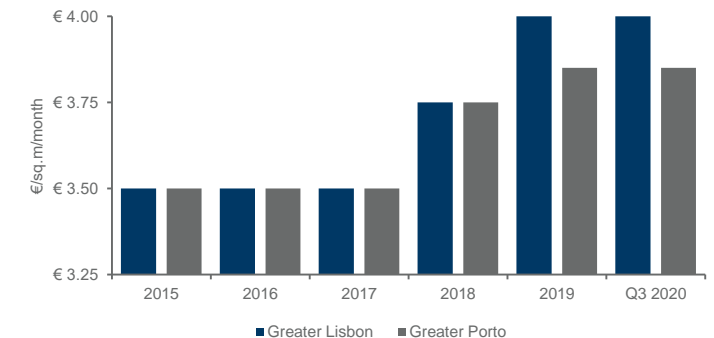


Source: Oxford Economics; INE

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%	26,800	58,700	€4.00	6.00%
Greater Porto	12,848,800	-	-	30,800	65,450	€3.85	6.25%
PORTUGAL TOTALS	-	-	-	57,600	124,150	€4.00	6.00%

MAIN OCCUPANCY TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Zona Industrial da Taboeira	Aveiro	Garland	10,000	Owner-occupier
Centro Logístico em Gemieira	North	ZF-TRW	9,000	Owner-occupier
Warehouse in Leça da Palmeira	Greater Porto	TBFiles	6,500	Owner-occupier
Warehouse in Paredes	Greater Porto	Grupo São Luís	6,500	Sale
Warehouse São Matias	Alentejo	Macfarlan Smith Portugal	6,000	Sale

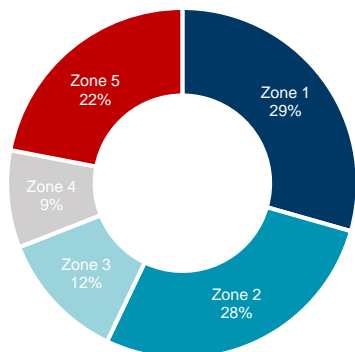
ANDREIA ALMEIDA

Head of Research

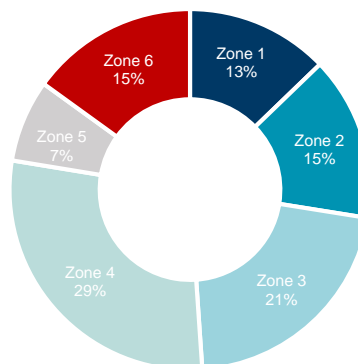
+351 211 207 560 / andreia.almeida@cushwake.com

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