

	YoY Chg	12-Mo. Forecast
€2.3b Total Volume	▲	▬
€810m Office Volume	▲	▬
€1.1b Retail Volume	▲	▼
€310m Hospitality Volume	▼	▼
€56m Industrial Volume	▼	▲

ECONOMIC OVERVIEW: Economic Activity Should Contract by 9.0% in 2020

The Portuguese economy is suffering a strong impact from the pandemic crisis. According to Oxford Economics, GDP should contract by 9.0% in 2020 and rebound by 6.5% next year. Exports will register the highest drop, estimated at 21.2% in 2020. Private consumption and investment shall decrease by 7.9% and 4.8% respectively by the year-end. Nevertheless, employment is still demonstrating high resilience to the crisis, largely due to the furlough program implemented by the Government. According to Oxford Economics, unemployment should gradually rise to 8.0% until 2021, recovering in 2022 to 6.7%.

The economic recovery will depend on several factors. On the one hand, the inflation rate will continue low in 2020 and 2021, with a positive impact on real income, consumption demand and corporate investment. On the other side, the pandemic might increase the debt exposure of families and companies, challenging the resilience of the banking sector regarding non-performing loans and reserves. Extraordinary public expense caused by the pandemic will have an impact on Portugal's debt-to-GDP ratio, deteriorating the country's reputation through worsening credit rating and higher government bond yields.

INVESTMENT OVERVIEW: Purchase of Lagoas Park for €421 Million the Largest Deal

CRE investment activity totaled €653 million during the third quarter of 2020, mainly limited to closing pre-COVID deals already at an advanced stage of negotiation. The feeling of uncertainty regarding the operational performance of assets and the extent of the impacts of the COVID-19 outbreak on real estate have contributed to a significant decline of investment transactions.

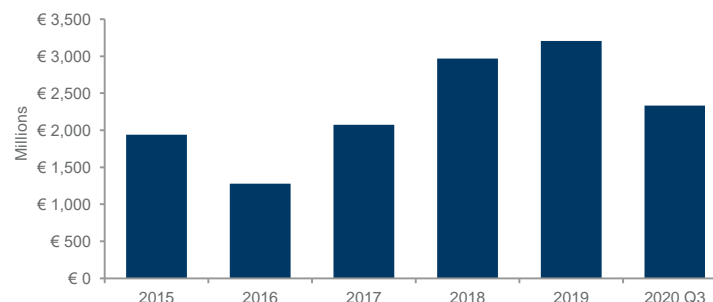
The investment activity was boosted by the office sector, accounting for €450 million in the Q3 2020, 45% above the same period of 2019. The purchase of Lagoas Park (Western Corridor - zone 6) by Henderson Park Capital Partners from Kildare Partners, for €421 million and at a 6.0% yield, featured the largest deal.

The retail sector followed with € 131 million, mostly stand-alone units and supermarkets deals. An international portfolio sold by Adeo to Batipart, including four Leroy Merlin stores, was transacted for an estimated value of €60-70 million.

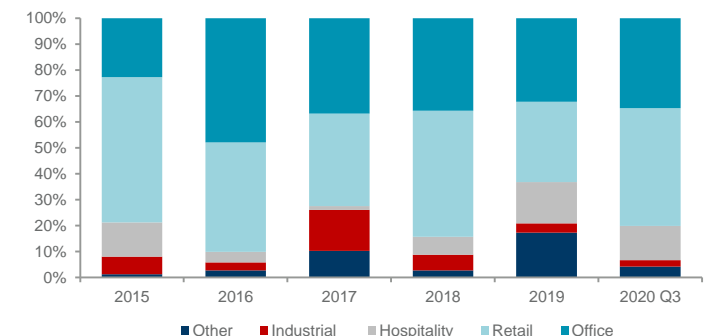
Additionally, €44 million were channeled to the industrial and logistics sector and around €30 million to alternative assets (including hospitality).

CRE investment volume YTD in Q3 2020 stands at € 2.300 million, largely boosted by a few major deals. This Q3 figure is an all-time high for Portugal and, even if no more deals were completed until year end, it would still represent the third best year ever.

INVESTMENT VOLUME



INVESTMENT VOLUME BY SECTOR



ECONOMIC INDICATORS 2020

	YoY Chg	12-Mo. Forecast
-9.0% GDP Growth	▼	▲
-4.8% Investment Growth	▼	▲
7.2% Unemployment Rate	▲	▬
0.5% 10-Yr Treasury Yield	▼	▬

Source: Oxford Economics

MARKETBEAT PORTUGAL

Investment Q3 2020



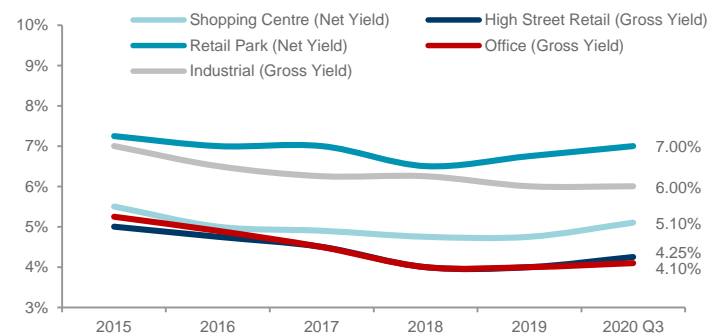
MAIN INVESTMENT TRANSACTIONS 2020

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.
Lagoas Park	Office	Oeiras	112,500	Kildare Partners	Henderson Park Capital Partners	€421.0 M	6.00%
Real Hotels Portfolio	Hospitality	Several	1,384 keys	Bernardino Gomes Group	Palm Invest & Private Investor	€290-310 M	n.a.
PREOF Portfolio	Office	Several	52,000	Finsolutia	Cerberus	€150-190 M	n.a.
Leroy Merlin Portfolio	Retail	Several	33,000	Adeo	Batipart & Covea	€60-70 M	n.a.
Natura Towers	Office	Lisbon	11,000	MSF	Cofidis	€46.5 M	n.a.

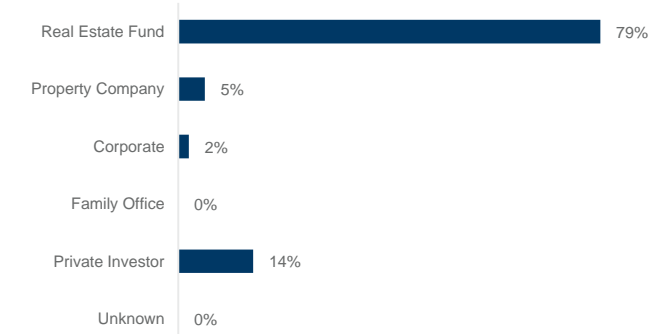
INVESTMENT ACTIVITY 2020

PROPERTY SECTOR	NR DEALS	TOTAL VOLUME (€M)	AVERAGE DEAL SIZE
Office	12	€808.4 M	€67.4 M
Retail	14	€1,058.0 M	€75.6 M
Hospitality	2	€310.0 M	€154.5 M
Industrial	4	€56.2 M	€14.0 M
Other	3	€99.8 M	€33.3 M
TOTAL	35	€2,331.4 M	€66.6 M

PRIME YIELDS BY SECTOR



TOTAL INVESTMENT BY CAPITAL SECTOR 2020



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