

4.5%

Vacancy Rate

YoY Chg



12-Mo. Forecast



102.4K

Overall Take-Up (sq.m)



€23.00

Prime Rent (€/sq.m/month)



ECONOMIC INDICATORS 2020

-9.0%

GDP Growth

YoY Chg



12-Mo. Forecast



-2.2%

Job Creation



7.2%

Unemployment Rate



Source: Oxford Economics

ECONOMY: 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 followed by a rebound to 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 proved so far a higher resilience to the crisis, in a large extent 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%.

DEMAND: Parque das Nações and Western Corridor Registered the Highest Demand

The Greater Lisbon office market merely registered 15 new lease deals during the third quarter of 2020, totaling 18,000 sq.m, a 49% year-on-year decrease.

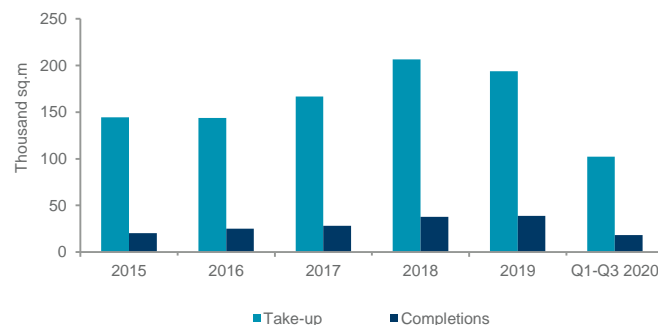
Parque das Nações (zone 5) concentrated the highest volume, 8,660 sq.m of leased area, representing 48% of the Q3 take-up, mainly boosted by the biggest deal of the quarter and third of the year – Webhelp pre-let of 6,200 sq.m in Avenida do Mediterrâneo, 1. The Western Corridor (zone 6) registered both the second highest share of take up (36%) and the second biggest deal of the quarter – the Auchan Headquarters with 6,000 sq.m recently inaugurated in Paço de Arcos.

As expected, vacancy rate increased gradually to 4.5%. The highest growth was registered in the New Office Areas (zone 3), with almost 60 basis points, followed by Prime CBD (zone 1) with a 50 basis points increase. Projects under construction, which are expected to come into the market over the next 3 years, account for 229,260 sq.m, with the Colombo Tower 3 (35,100 sq.m) being the largest one.

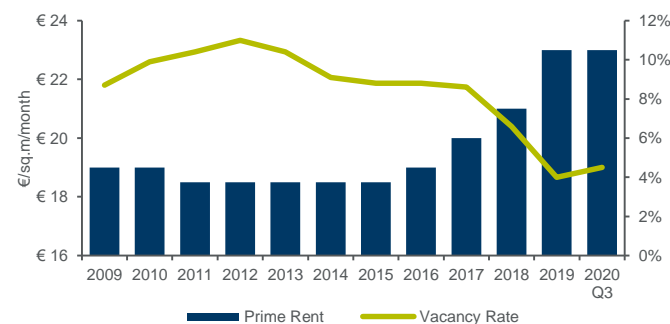
PRICING: Maintenance of Gross Rental Values

Rental values remain stable given the landlords preference to maintain gross rents, while becoming increasingly available to provide incentives given the anticipated decrease in demand levels.

OFFICES DEMAND & COMPLETIONS



OVERALL VACANCY & PRIME RENT



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	18,920	3.3%	780	22,540	24,615	€23.00	4.10%
Zone 2 (Central Business District)	1,101,000	14,020	1.3%	1,610	16,990	11,480	€18.00	5.00%
Zone 3 (New Office Areas)	539,800	18,865	3.5%	430	5,800	43,850	€17.50	5.50%
Zone 4 (Secondary Office Locations)	444,400	1,315	0.3%	0	240	43,470	€17.00	5.75%
Zone 5 (Parque das Nações)	363,650	4,400	1.2%	8,660	22,260	61,845	€19.00	5.00%
Zone 6 (Western Corridor)	919,950	115,650	12.6%	6,490	20,565	33,000	€16.00	6.25%
Zone 7 (Other Zones)	745,350	35,930	4.8%	0	14,005	11,000	-	-
GREATER LISBON TOTALS	4,694,150	209,100	4.5%	17,970	102,400	229,260	€23.00	4.10%

MAIN OCCUPANCY TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Avenida do Mediterrâneo 1	Zone 5	Webhelp	6,200	Lease
Auchan Headquarters	Zone 6	Auchan	6,000	Sale
Mar Vermelho	Zone 5	Daymon	660	Lease
Engenheiro Duarte Pacheco 26	Zone 2	Iberis Capital	510	Lease
ARCIS	Zone 2	Green Coppa	480	Sale

MAIN INVESTMENT TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Lagoas Park	Lisbon – Zone 6	Kildare Partners / Henderson Park Capital Partners	112,500	€421 M
Expo Tower	Lisbon – Zone 5	Lace (Anchorage) / Ageas Portugal	5,900	Confidential

COMPLETIONS Q3 2020

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Auchan Headquarters	Zone 6	Auchan	6,000	Auchan

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