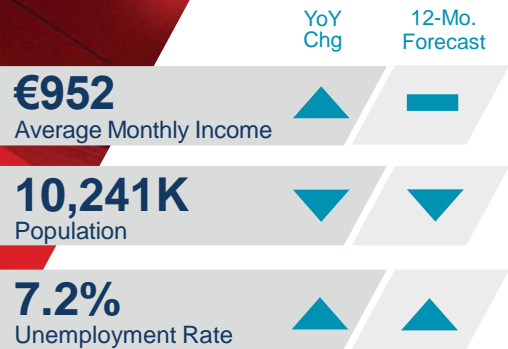


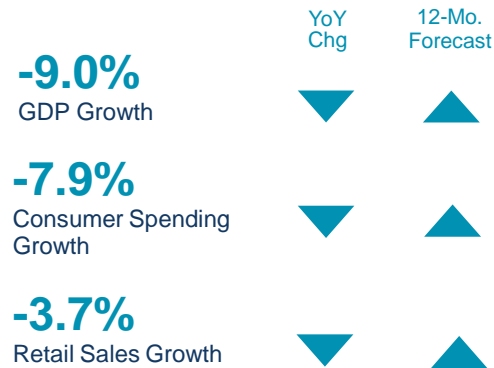
PORTUGAL

Retail Q3 2020



Source: Oxford Economics; INE

ECONOMIC INDICATORS 2020



Source: Oxford Economics; INE

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. Consumer spending has been channeled into food retail, whose sales have increased by 1.2% until August 2020, with non-food retail decreasing by 9.2%. Overall, retail sales registered a 3.7% year-on-year drop. Sales in shopping centres contracted by 24.9% in August and 19.7% in September (according to a sample of 93 shopping centres comprising 8,600 stores represented by APCC). This represents a gradual recovery since June, when non-essential shopping centres units were legally allowed to reopen.

DEMAND: Food Retailers Very Active with 22,300 sq.m Leased

Take-up volumes registered by Cushman & Wakefield proprietary database account for 120 deals with near 35,000 sq.m of transacted area in the third quarter of 2020, representing a year-on-year decrease of 28%. With 73%, high street retail aggregated the highest share of new openings, followed by shopping centres and stand alone stores, which accounted for 11% and 9% respectively.

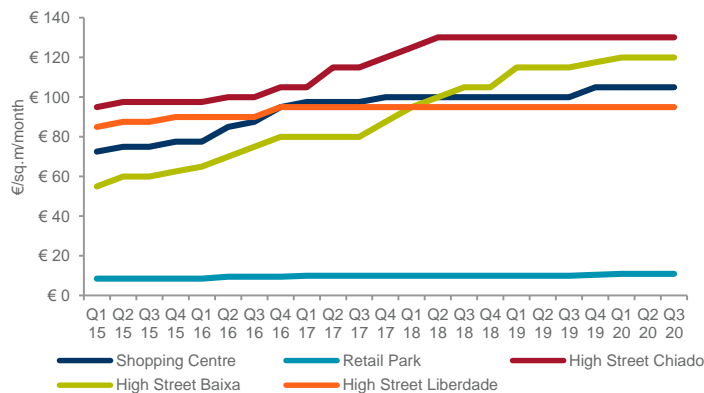
Food & Beverage (F&B), though being one of the most affected segments, represented most of the take-up with 66% result of deals that were already in the pipeline. The food sector, which on the other hand is registering an increasing demand, follows with 15% of new openings. Indeed, food retailers have been very active, like Coviran with the opening of 6 new supermarkets, followed by Mercadona and Aldi, with 4 and 3 openings respectively.

Regarding new supply, Savoy Palace Gallery, a service complement of a major high-end hotel recently opened in Madeira Island, inaugurated with circa 7,000 sq.m.

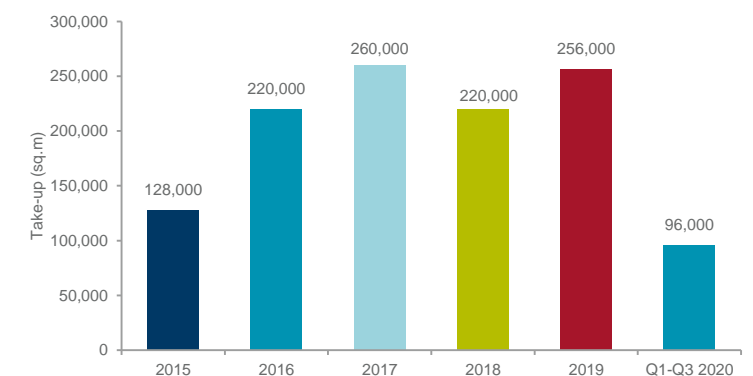
PRICING: Legal Context Challenging the Sector

Rental values remain stable given the landlords preference to maintain gross rents, while becoming increasingly available to provide incentives given the expected reduce in demand levels. Additionally, the Parliament has implemented rental moratorium and a suspension of payment of fixed rents exclusively for shopping centres tenants, contributing for some instability in this sector's legal context.

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	5.35%
Centre	517,260	13,700	-	-
Lisbon Metropolitan Area	902,730	10,500	€105.0	5.10%
Setúbal Peninsula	269,090	-	-	-
South	277,280	-	-	-
Islands	92,510	-	-	-
PORTUGAL TOTALS	3,156,500	31,200	€105.0	5.10%

MAIN OCCUPANCY TRANSACTIONS Q3 2020

RETAIL FORMAT	LOCATION	TENANT	AREA (SQ.M)	RETAILER TYPE
Stand Alone	Aveiro	Mercadona	3,600	Cross Border
Stand Alone	Penafiel	Mercadona	3,300	Cross Border
High Street	São João da Madeira	Fitness UP	2,500	Cross Border
Stand Alone	Gondomar	Continente Bom Dia	2,500	Cross Border
Stand Alone	Almada	Aldi	2,000	Cross Border

COMPLETIONS Q3 2020

PROPERTY	LOCATION	MAJOR TENANT	AREA (SQ.M)	OWNER / DEVELOPER
Savoy Palace Gallery	Funchal (Madeira)		7,000	AFA Group

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