

	YoY Chg	12-Mo. Forecast
<b>€2.8b</b> Total Volume	▼	▼
<b>€1.0b</b> Office Volume	▬	▬
<b>€1.1b</b> Retail Volume	▲	▼
<b>€490m</b> Hospitality Volume	▼	▼
<b>€57m</b> Industrial Volume	▼	▲

## ECONOMIC OVERVIEW: Second General Lockdown Will Affect Economic Growth

In the context of the COVID-19 outbreak, the Portuguese economy contracted by 7.6% in 2020, with a fall of 20.6% in exports, a drop of 7.8% in investment and of 5.1% in private consumption, according to Moody's Analytics.

The current deterioration of the sanitary situation, with a second general lockdown declared and a protracted vaccination campaign, is expected to condition economic growth at least during the first semester of 2021. Consequently, Moody's Analytics foresees a 5.6% GDP growth in 2021, impacted by an increase in investment of 3.8%. Regarding unemployment, after a minor correction to 7.0% in 2020 Moody's Analytics forecasts a worsening to 7.4% during 2021.

The long-term consequences of the coronavirus pandemic will lead to a deterioration of the Portuguese economy, namely its business fabric, given the prominence of micro and small firms and the importance of tourism. Private consumption will also be under pressure, given the expected job losses and the mounting family debt due to the moratorium on the repayment of loans. Nevertheless, inflation will remain at low levels, helping creditors' ability to pay and stimulating corporate investment.

## INVESTMENT OVERVIEW: More Than €2,800 Million Channeled into CRE in 2020

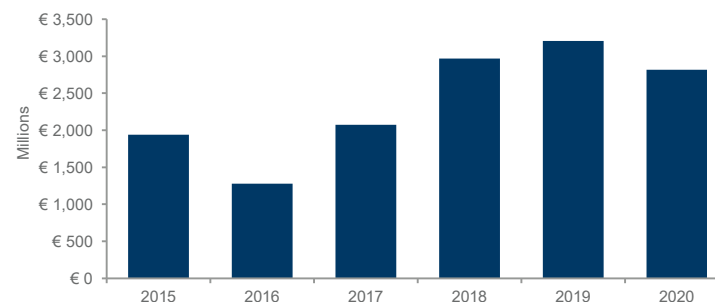
Following the conclusion of several deals over the last month of the year, the fourth quarter of 2020 accounted for €350 million of investment volume, adding up to more than €2,800 million channeled into CRE in 2020.

Retail was the most active sector, with the largest deal ever recorded in Portugal – Sierra Prime portfolio, ca. €800 million – highly contributing to the total invested amount of €1,115 million. Offices followed closely, representing 36% of the total investment, partially due to two large transactions: the sale of Lagoas Park (€421 million) and of the PREOF portfolio (€150-170 million). Despite the high impact on tourism of the COVID-19 outbreak, the hospitality sector accounted for €490 million investment volume, with the Real Hotels portfolio sold for €290-310 million.

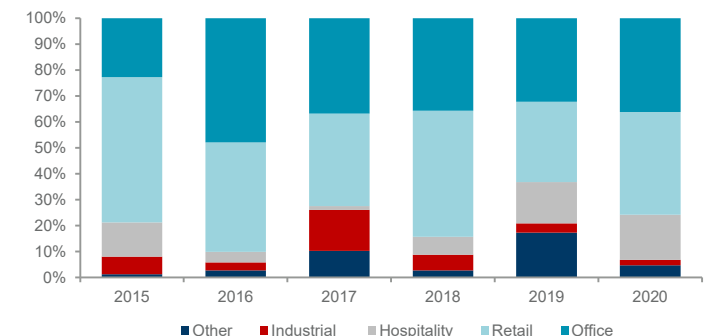
Finally, €57 million were transacted in the industrial and logistics sector and the remaining €134 million in alternative assets such as healthcare.

Given the high uncertainty of the current context, the outlook for 2021 is conservative and the current pipeline comprises transactions worth €1,800 million. However, given the increasing trend of off-market deals and the potential resumption of deals currently on hold, investment activity in CRE may exceed expectations.

### INVESTMENT VOLUME



### INVESTMENT VOLUME BY SECTOR



### ECONOMIC INDICATORS 2020

	YoY Chg	12-Mo. Forecast
<b>-7.6%</b> GDP Growth	▼	▲
<b>-7.8%</b> Investment Growth	▼	▲
<b>7.0%</b> Unemployment Rate	▲	▲
<b>0.4%</b> 10-Yr Treasury Yield	▼	▲

Source: Moody's Analytics

# MARKETBEAT PORTUGAL

Investment Q4 2020



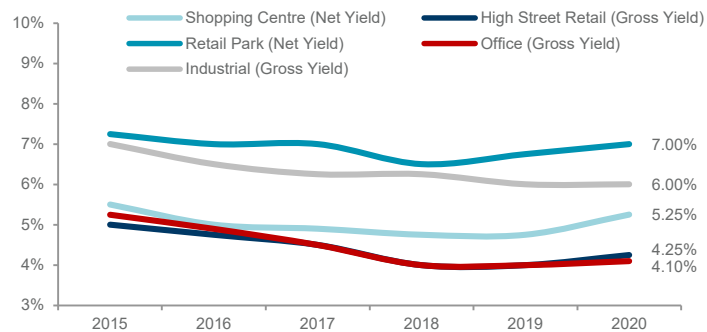
## MAIN INVESTMENT TRANSACTIONS 2020

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.

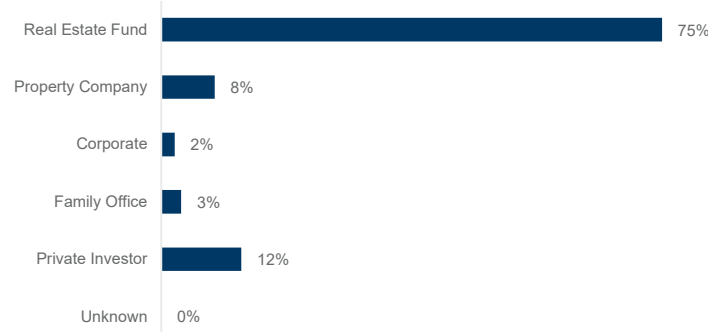
## INVESTMENT ACTIVITY 2020

PROPERTY SECTOR	NR DEALS	TOTAL VOLUME (€M)	AVERAGE DEAL SIZE
Office	24	€1,020.4 M	€42.5 M
Retail	17	€1,115.0 M	€65.6 M
Hospitality	4	€490.2 M	€122.5 M
Industrial	5	€57.2 M	€11.4 M
Other	6	€133.7 M	€22.3 M
<b>TOTAL</b>	<b>56</b>	<b>€2,816.4 M</b>	<b>€50.3 M</b>

## PRIME YIELDS BY SECTOR



## TOTAL INVESTMENT BY CAPITAL SECTOR 2020



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