



ECONOMY: Investment and Exports are the Main Drivers for GDP Growth in 2021

After two and a half months of general lockdown, the sanitary situation in Portugal improved substantially leading to a progressive four-phases lifting of lockdown restrictions, starting on March 15th.

Moody's Analytics foresees a 5.0% GDP growth for the Portuguese economy in 2021, highly boosted by year-on-year increases of 10.7% in investment and 6.7% on exports. The forecast for 2022 is a 3.8% GDP growth.

Regarding Portugal's international trade, exports and imports shall record a year-on-year increase of 6.7% and 6.5%, respectively. The new North American economic package will also bring more opportunities to Portuguese exports, especially in energy, textile and chemical sectors, which is estimated to contribute in 0.1% to the national GDP until 2022, according to Euler Hermes.

Concerning the manufacturing industry, Production Index continued to decline, registering a year-on-year drop of 5.6% in the first two months, with Confidence Indicator following a similar trend, given the average decrease of 9.3 points until March 2021.

DEMAND: E-commerce Driving Demand for Logistics Space and Development of New Projects

During the first quarter of 2021, 15 new occupancy deals in a total of 102,220 sq.m were transacted in Portugal, a year-on-year increase of 48%. This activity was mainly concentrated in Greater Lisbon and Greater Porto, recording 26,730 sq.m and 39,000 sq.m, respectively.

The renewed interest in the sector, driven by an increase in e-commerce (estimated at 21% on B2C and 11% on B2B/B2G in 2021, according to ACEPI/IDC), along with a shortage of quality supply, has brought to the market the announcement of new projects, such as the future fully automated logistics platform of Mercadona in Almeirim located in around 420,000 sq.m site. The increase in latent demand also continues to drive speculative projects, like the recent completion of Merlin's first 45,000 sq.m warehouse in its Northern Lisbon Logistics Platform.

PRICING: Attractiveness of the Sector Will Stimulate Prime Rents Increase

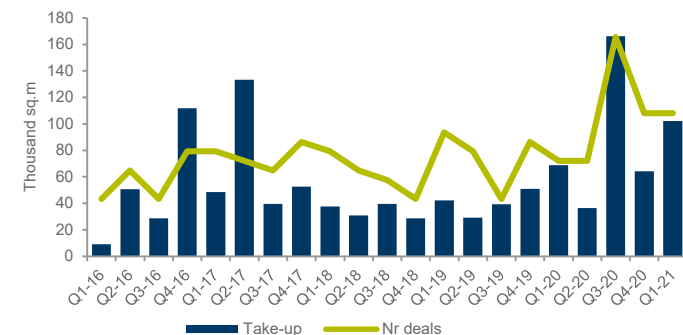
The higher interest on the national logistics market is expected to drive the sector into becoming less owner occupied, thus increasing its attractiveness as an investment product. As a result, prime rent should record a measured increase over the coming years.

ECONOMIC INDICATORS 2021

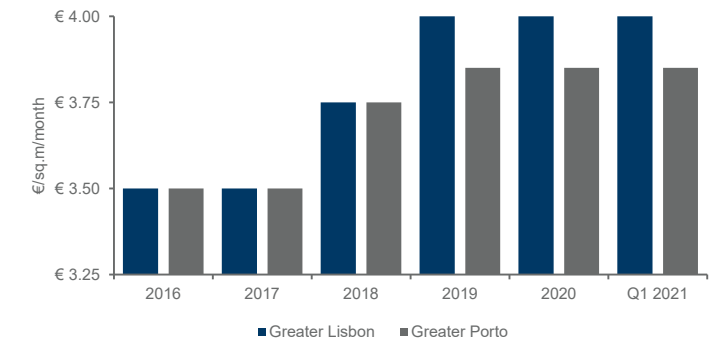


Source: Moody's Analytics; INE

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%	26,730	26,730	€4.00	5.75%
Greater Porto	12,848,800	-	-	39,000	39,000	€3.85	6.00%
PORTUGAL TOTALS	-	-	-	102,220	102,220	€4.00	5.75%

MAIN OCCUPANCY TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
VGP Santa Maria da Feira	Greater Porto	Rádio Popular	30,000	Pre-let
Carregado Logistic Platform	Centre	Santos e Vale	15,000	Owner-occupier
Famões Logistic Platform	Greater Lisbon	Confidential	12,000	Lease
Warehouse in Vila Nova de Famalicão	North	Riopele	8,300	Owner-occupier
Ameiros Um	Greater Lisbon	Matutano	6,540	Lease

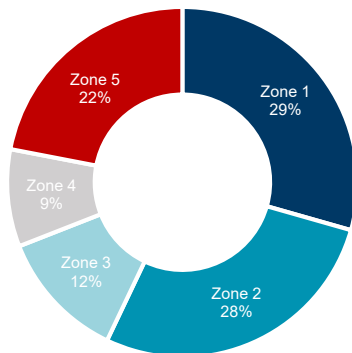
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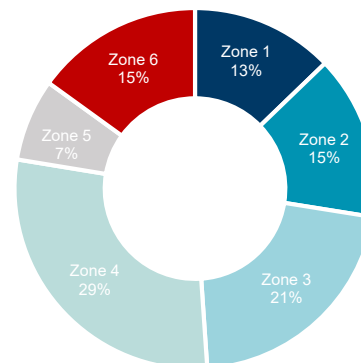
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