

	YoY Chg	12-Mo. Forecast
€202m Total Volume	▼	▲
€134m Office Volume	▼	▲
€24m Retail Volume	▼	▲
€14m Hospitality Volume	▼	▲
€0 Industrial Volume	▼	▲

ECONOMIC OVERVIEW: Investment is the Main Driver 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.

The primary and secondary sectors have proven to be more resilient in this context, with consumers and companies (relying on the production of national goods) upholding private consumption, which is foreseen to grow by 3.5% in 2021.

The services industry, which accounts for 70% of Portugal's employment, lost three times more workers than goods producers and has only recovered about 20% of their losses. Thus, the labour market is expected to recover at a slower pace with the unemployment rate reaching pre-pandemic levels (6.2%) by the end of 2022, according to Moody's Analytics.

INVESTMENT OVERVIEW: Investors are Well Capitalized and Meticulously Analysing Opportunities

Although investors demonstrate to be well capitalized in this crisis, with substantial volumes of liquidity ready to deploy, they continue to meticulously manage their current portfolios, as well as analyse new market opportunities.

Reflecting a much-reduced activity level throughout the first quarter of 2021 (highly affected by the long lockdown), institutional investment reached a mere €202 million. Its vast majority was in the office sector (66%), through the sale of Navigator portfolio (Maxirent fund, mostly composed by office assets) for approximately €120 million.

Retail and hospitality only accounted for 12% and 7% of the investment volume, respectively. Spotlight on the first acquisition by Blackbrook Capital in Portugal - a supermarket portfolio under construction, to be leased to food retailer Modelo Continente (Sonae group) - and also on the recently completed B&B Hotel with 188 keys located near Lisbon Airport bought by MNK Partners.

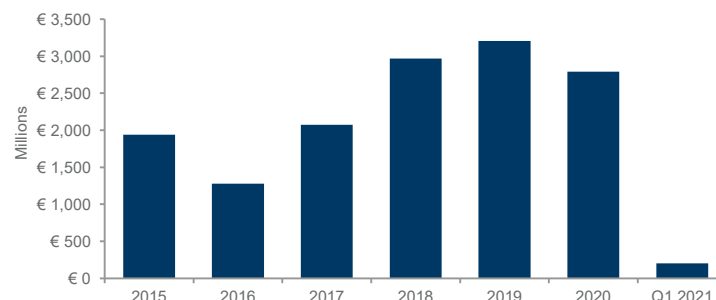
With the current spread between prime real estate yields and public debt yields at historic highs, the outlook is for a gradual recovery of the former. Some asset classes have already compressed over the first quarter of 2021, including offices (back to pre-pandemic levels at 4.00%) and industrial & logistics (reaching historical lows at 5.75% and with significant margin for further compression).

ECONOMIC INDICATORS 2021

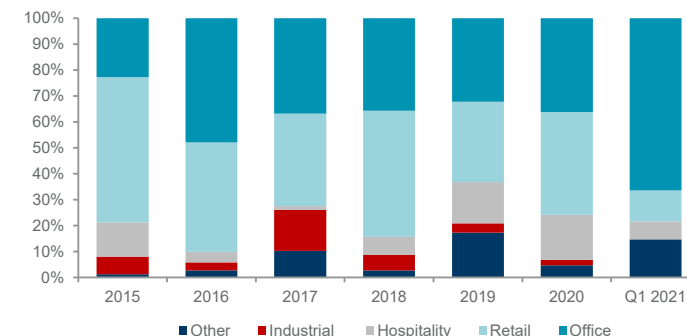
	YoY Chg	12-Mo. Forecast
5.0% GDP Growth	▲	▼
10.7% Investment Growth	▲	▲
7.4% Unemployment Rate	▲	▼
0.5% 10-Yr Treasury Yield	▲	▲

Source: Moody's Analytics

INVESTMENT VOLUME



INVESTMENT VOLUME BY SECTOR



MARKETBEAT PORTUGAL

Investment Q1 2021



MAIN INVESTMENT TRANSACTIONS 2021

PROPERTY NAME	SECTOR	MARKET	AREA (SQ.M)	SELLER	BUYER	PRICE (€M)	YIELD (%)
Navigator Portfolio	Office	Several	34,980	Rivercrown	South (Castel)	€120.0 M	n.a.
Continente Portfolio	Retail	Several	8,800	Developer	Blackbrook	€15-17 M	6.00-6.25%
B&B Hotel Lisbon Airport	Hospitality	Loures	188 keys	B&B Hotels	MNK Partners	€14.0 M	n.a.
5 de Outubro 124	Office	Lisbon	3,200	Explorer Investments	Fundiestamo	€11.5 M	5.00%

INVESTMENT ACTIVITY 2021

PROPERTY SECTOR	NR DEALS	TOTAL VOLUME (€M)	AVERAGE DEAL SIZE
Office	4	€134.2 M	€33.5 M
Retail	4	€24.3 M	€6.1 M
Hospitality	1	€14.0 M	€14.0 M
Industrial	0	-	-
Other	1	€29.6 M	€29.6 M
TOTAL	10	€202.0 M	€20.2 M

ANDREIA ALMEIDA

Head of Research

+351 211 207 560

andrea.almeida@cushwake.com

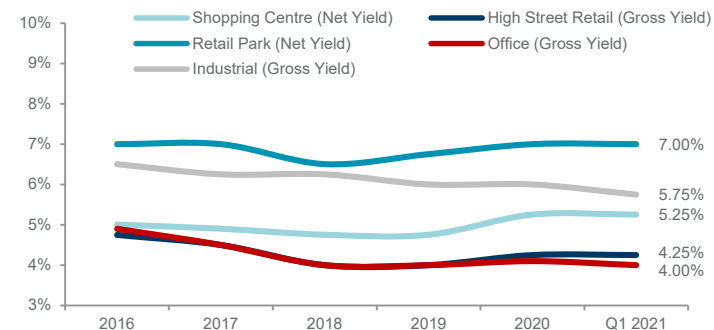
A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com

PRIME YIELDS BY SECTOR



TOTAL INVESTMENT BY CAPITAL SECTOR 2021

