

5.6%

Vacancy Rate

YoY Chg



12-Mo. Forecast



55.3K

Overall Take-Up (sq.m)



€23.50

Prime Rent (€/sq.m/month)



ECONOMIC INDICATORS 2021

4.1%

GDP Growth

YoY Chg



12-Mo. Forecast



0.5%

Job Creation



7.4%

Unemployment Rate



Source: Moody's Analytics

ECONOMY: Evolution of Vaccination Will Support the Recovery of Companies' Activity

The sanitary situation is improving in Portugal, with its vaccination campaign currently evolving at a much quicker pace than initially expected.

Both exports and investment are forecasted to highly contribute to a national GDP growth of 4.1% in 2021, with year-on-year increases of respectively 8.3% (fuelled by the recovery of goods exports) and 10.4% (thanks to a sustained rhythm in construction and equipment purchase). For 2022, Moody's Analytics foresees a 5.4% GDP growth for the Portuguese economy. The enduring effects of COVID-19 in the labour market will worsen the unemployment rate this year, taking it to 7.4% and falling to pre-pandemic levels only in 2023 (according to Moody's Analytics).

DEMAND: Parque das Nações Accounted for the Biggest Deal of the Year, a Pre-let of 10,000 sq.m

Greater Lisbon office market merely registered 27 new lease deals, in a total of 26,150 sq.m (-35% YoY) transacted in the second quarter of 2021, leading to a contraction of the average deal size to 970 sq.m.

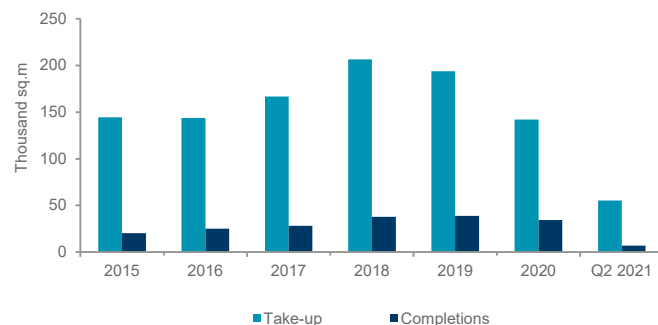
Given the increasing future supply in Parque das Nações (zone 5), this zone has attracted once again the highest share of take-up (41%), comprised of 10,660 sq.m distributed over 3 deals. This includes the biggest deal of the year, the Critical Software pre-let of around 10,000 sq.m in K-Tower. Prime CBD (zone 1) followed with 4,700 sq.m of leased area, representing 18% of take-up. The vacancy rate stands at 5.6% in the Greater Lisbon market, according to a stock revision to 4.3 million (-9% compared to the previous version), given the conversion of several buildings to residential and hospitality over the past years.

With a high number of pipeline projects (174,290 sq.m are currently under construction, of which 44% are pre-let or owner-occupation), the market may see an increase in the percentage of pre-lettings prior to construction on year-end take-up volume.

PRICING: Slight Increase in Prime Rents Supported by Several Closed Deals

Prime rent in Lisbon's Prime CBD (zone 1) registered a slight increase to €23.5/sq.m/month, following some recent deals that confirm a sustained rental increase among higher quality buildings. Nevertheless, overall rental levels stability continues to be supported by higher incentives.

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)	550,610	28,500	5.4%	4,490	7,230	3,315	€23.50	3.75%
Zone 2 (Central Business District)	928,060	30,380	3.3%	4,360	8,600	5,750	€18.50	4.75%
Zone 3 (New Office Areas)	557,040	30,260	5.4%	3,680	6,110	41,800	€18.00	5.25%
Zone 4 (Secondary Office Locations)	359,160	1,125	0.3%	1,520	1,520	49,270	€17.00	5.00%
Zone 5 (Parque das Nacões)	430,450	11,825	2.7%	10,660	20,780	61,850	€19.00	4.75%
Zone 6 (Western Corridor)	1,016,730	121,800	12.0%	1,240	4,680	27,490	€16.00	6.25%
Zone 7 (Other Zones)	467,010	17,300	3.7%	0	6,410	19,955	-	-
GREATER LISBON TOTALS	4,309,060	241,190	5.6%	26,150	55,330	209,435	€23.50	3.75%

MAIN OCCUPANCY TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
K-Tower	Zone 5	Critical Techworks	9,940	Pre-let
Green Park	Zone 3	Unicre	2,740	Lease
Monumental	Zone 1	BPI	2,640	Lease
Atelier	Zone 4	Evolution Gaming	1,520	Lease
Amoreiras – Tower III	Zone 2	Sunrise Communications	1,390	Lease

MAIN INVESTMENT TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
WPP	Zone 4	Ardma & The Edge Group / Tishman Speyer	9,200	€50.0 M
Rodrigo da Fonseca 57	Zone 2	Fundimo / Fundiestamo	1,100	€2.4 M
Duque de Ávila 185	Zone 2	Imomérito / Square Asset Management	600	€2.0 M

COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Monumental	Zone 1	BPI	19,075	Merlin Properties
Castilho, 2	Zone 1	Apple	2,887	Ageas Portugal

ANDREIA ALMEIDA

Head of Research & Insight

+351 211 207 560 / andrea.almeida@cushwake.comcushmanwakefield.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

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