

8.6%

Vacancy Rate

YoY Chg



12-Mo. Forecast



13.1K

Overall Take-Up (sq.m)



€18.00

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: Leasing Activity Picking Up with Metys Headquarters Featuring the Largest Deal

The leasing activity in Greater Porto over the second quarter of 2021 registered a total take-up of 10,320 sq.m distributed over 18 deals, resulting in an average deal size of 570 sq.m.

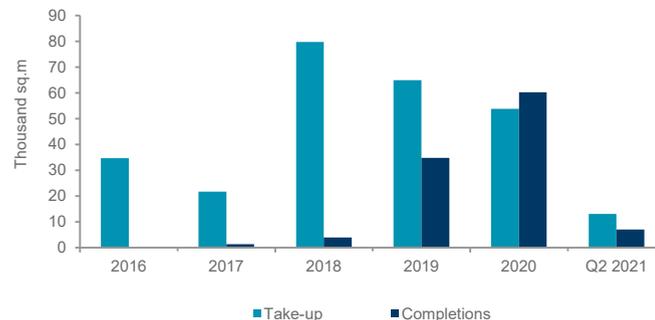
Metys new headquarters in Gondomar, which already begun construction, featured the largest deal of the semester, leading Other Zones (zone 8) to account for the highest share of take-up (41%). Matosinhos followed with two deals (including one in the recently completed Porto Broadway Office) totalling 2,130 sq.m, representing 21% of the leased area.

For the next three years, future supply is estimated to comprise 75,190 sq.m, of which 40,520 sq.m are under construction (63% already pre-let or for owner occupation). Three projects are soon to be completed, namely Porto Business Plaza, ICON Offices and FairJourney Biologics headquarters, with an aggregated office area of 31,430 sq.m, of which only 5,870 sq.m are still available on the market.

PRICING: Incentives Support Rental Levels, Fit Out Contributions Being the Market Standard

Prime rents remain stable supported by landlord's availability to provide additional incentives, with preference for fit-out contributions among new lease deals (against the traditional standard in Greater Lisbon of providing a rent-free period).

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 (Porto – Boavista) | 414,180 | 35,010 | 9.3% | 1,890 | 3,580 | 0 | €18.0 | 5.75% |
| Zone 2 (Porto – Downtown) | 210,200 | 12,100 | 6.7% | 1,510 | 1,530 | 0 | €17.0 | - |
| Zone 3 (Porto – East) | 137,880 | 14,640 | 11.6% | 0 | 255 | 15,500 | €13.0 | - |
| Zone 4 (Porto – ZEP) | 93,280 | 8,230 | 8.9% | 0 | 0 | 23,450 | €13.0 | - |
| Zone 5 (Maia) | 225,600 | 18,590 | 9.2% | 100 | 100 | 0 | €12.0 | - |
| Zone 6 (Matosinhos) | 236,005 | 12,260 | 5.9% | 2,130 | 2,340 | 1,570 | €14.0 | - |
| Zone 7 (Vila Nova de Gaia) | 269,730 | 21,510 | 8.9% | 440 | 1,010 | 0 | €13.0 | - |
| Zone 8 (Others) | - | - | - | 4,250 | 4,245 | - | - | - |
| GREATER PORTO TOTALS | 1,586,875 | 122,340 | 8.6% | 10,320 | 13,060 | 40,520 | €18.00 | 5.75% |

MAIN OCCUPANCY TRANSACTIONS Q2 2021

| PROPERTY | SUBMARKET | TENANT | AREA (SQ.M) | TYPE |
|------------------------|-----------|---------------------------------|-------------|----------------|
| Trindade Domus | Zone 8 | Metyis | 3,500 | Owner occupier |
| Artur Santos Silva, 74 | Zone 6 | José Alberto Soares de Oliveira | 1,230 | Sale |
| Trindade Domus | Zone 2 | eDreams | 845 | Lease |
| Artur Santos Silva, 74 | Zone 8 | Escritório74 | 620 | Sale |
| Candal Park | Zone 7 | Mafalda Pinto Leite | 570 | Lease |

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