

	YoY Chg	12-Mo. Forecast
<b>€354m</b> Total Volume	▼	▲
<b>€106m</b> Office Volume	▼	▲
<b>€61m</b> Retail Volume	▼	▲
<b>€17m</b> Hospitality Volume	▼	▲
<b>€20</b> Industrial Volume	▲	▲

### ECONOMIC OVERVIEW: Investment is the Main Driver for GDP Growth in 2021

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

Private consumption is expected by Moody's Analytics to grow by 3.0% in 2021 stimulated by the release into the economy of savings that families accumulated over the past months.. However, with Portugal among the top 5 European countries with the highest volume of granted credit moratoria granted, their termination may present a relevant risk.

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).

### INVESTMENT OVERVIEW: Institutional Investment Picked Up, With 66% YoY Increase

Institutional investment picked up in Q2, with €354 million transacted in the quarter, a year-on-year increase of 66% and taking the H1 volume to €556 million. The quarter was highly influenced by the office sector, which accounted for 30% of the investment volume (highlight for the WPP Headquarters in Avenida 24 de Julho, Zone 4, sold for €50 million to Tishman Speyer); and by the alternative assets segment, with a share of more than 40%.

Retail and industrial accounted for 17% and 6% of the investment volume, respectively. Makro Alfragide, sold by €40 million to BPI Gestão de Ativos and leased back, was the biggest retail deal,. Finally, the hospitality sector reached a share of 5%, with the sale of the 3-star EXE Saldanha hotel (130 keys) for €17 million to Swiss Life.

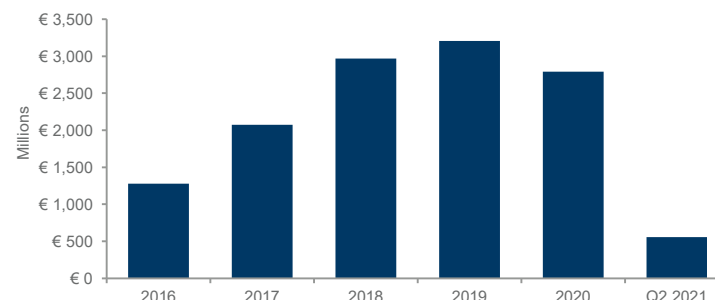
Q2 prime yields reflect an increased focus on core products in prime areas, registering a 25 b.p. contraction in both offices (to 3.75% in Lisbon and 5.75% in Porto) and industrial (to 5.50% and 5.75% respectively). In retail, high street prime yields stabilized at 4.25% in Lisbon and 5.25% in Porto, and shopping centres further increased by 25 b.p. to 5.50%.

### ECONOMIC INDICATORS 2021

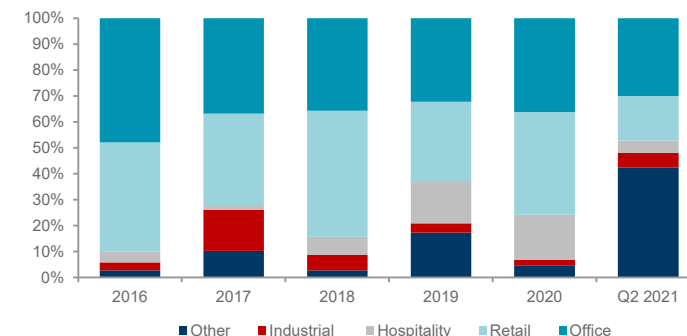
	YoY Chg	12-Mo. Forecast
<b>4.1%</b> GDP Growth	▲	▲
<b>10.4%</b> Investment Growth	▲	▲
<b>7.4%</b> Unemployment Rate	▲	▼
<b>0.5%</b> 10-Yr Treasury Yield	▲	▲

Source: Moody's Analytics

### INVESTMENT VOLUME



### INVESTMENT VOLUME BY SECTOR



# MARKETBEAT PORTUGAL

## Investment Q2 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.
WPP Headquarters	Office	Lisbon	9,200	Ardma & The Edge Group	Tishman Speyer	€50.0 M	3.50-4.00%
Makro Alfragide	Retail	Amadora	25,400	Metro Properties	BPI Gestão de Ativos	€40.0 M	n.a.
D. Manuel II – Tranquilidade	Office	Porto	11,380	NIPA Capital	Incus Capital	€25.0 M	n.a.
Duque de Palmela, 11	Office	Lisbon	4,380	Generali	Santalucía	€22.0 M	n.a.

### INVESTMENT ACTIVITY 2021

PROPERTY SECTOR	NR DEALS	TOTAL VOLUME (€M)	AVERAGE DEAL SIZE
Office	10	€240.4 M	€24.0 M
Retail	9	€85.4 M	€9.5 M
Hospitality	2	€31.0 M	€15.5 M
Industrial	1	€20.0 M	€20.0 M
Other	2	€179.6 M	€89.8 M
<b>TOTAL</b>	<b>24</b>	<b>€556.3 M</b>	<b>€23.2 M</b>

#### ANDREIA ALMEIDA

Head of Research

+351 211 207 560

[andrea.almeida@cushwake.com](mailto:andrea.almeida@cushwake.com)

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### PRIME YIELDS BY SECTOR



### TOTAL INVESTMENT BY CAPITAL SECTOR 2021

