

	YoY Chg	12-Mo. Forecast
€1.3bn Total Volume	▼	▲
€540m Office Volume	▼	▲
€129m Retail Volume	▼	▲
€269m Hospitality Volume	▼	▲
€46 Industrial Volume	▼	▲

ECONOMIC OVERVIEW: Economic Activity Bouncing Back in 2021

The improvement of the sanitary situation in Portugal - near 87% of the population is fully vaccinated against COVID-19, the highest worldwide rate according to Our World in Data – allowed for further easing of restrictions over the last quarter, including the lift of mandatory use of masks.

Economic activity is expected to consequently bounce back, with GDP growing by 4.0% in 2021 and 5.1% in 2022 according to Moody's Analytics, followed by a continued increase in the short-term, albeit at a slower pace. This rebound will stem from the growth of household consumption and tourism, though the latter is only forecasted to fully recover by 2023.

Reflecting its lagging trend, the unemployment rate will roughly stabilize in 2021 (7.1%), followed by a downward trend starting 2022.

INVESTMENT OVERVIEW: Institutional Investment Recovering, With a Quarterly 8% Year-on-Year Growth

Institutional investment registered an accelerated recovery during Q3, with €710 million transacted, 8% and 13% above similar period in 2020 and 2019, respectively. Nevertheless, the €1,280 million invested between January and September reflect a 48% drop compared to 2020 (when a historic high was reached thanks to two exceptionally large deals) and a reduction of 15% compared to 2019.

As in previous years, large deals continue to contribute to this result, with the three largest ones thus far representing 41% of the total amount invested. Two of them completed during Q3 – Sixth Street's purchase of 15 buildings (out of a total of 22) in the Quinta da Fonte office park from Signal Capital, for an amount of between €125 and €130 million; and Azora's purchase of the Tivoli Marina Vilamoura and Tivoli Carvoeiro hotels from Minor International for €148 million. The third deal reflects the increasing appeal of alternative sectors, with a confidential transaction of a portfolio of granular residential assets (PRS).

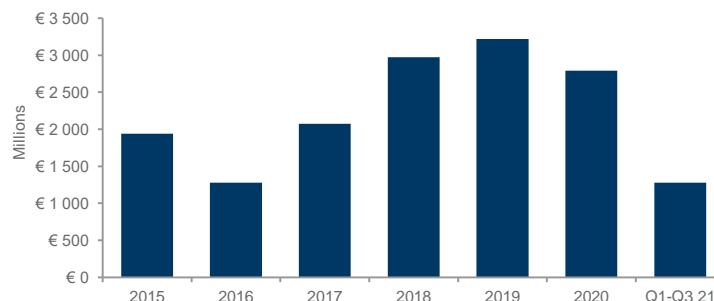
Prime yields mirror investors' increased preference for core assets in prime locations. Compared to 2020, there was a sharpening of 35 basis points (bp) in the office sector (to 3.75%) and 75 bp in the industrial & logistics sector (to 5.25%); while in retail, high street stabilised at 4.25% and increased by 25 bp in shopping centres (to 5.50%).

ECONOMIC INDICATORS 2021

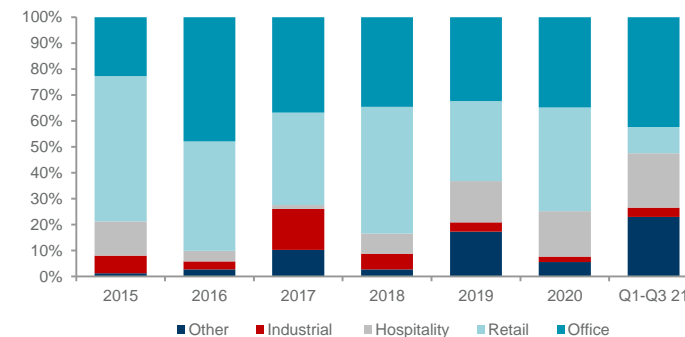
	YoY Chg	12-Mo. Forecast
4.0% GDP Growth	▲	▲
6.4% Investment Growth	▲	▲
7.1% Unemployment Rate	▲	▼
0.3% 10-Yr Treasury Yield	▲	▲

Source: Moody's Analytics

INVESTMENT VOLUME



INVESTMENT VOLUME BY SECTOR



MARKETBEAT PORTUGAL

Investment Q3 2021



MAIN INVESTMENT TRANSACTIONS 2021

PROPERTY NAME	SECTOR	MARKET	AREA (SQ.M)	SELLER	BUYER	PRICE (€M)	YIELD (%)
Tivoli Marina Vilamoura & Tivoli Carvoeiro	Hospitality	Several	630 keys	Minor International	Azora	€148.0 M	n.a.
Quinta da Fonte (15 buildings)	Office	Oeiras	50,260	Signal Capital Partners	Sixth Street (Acacia Point)	€125.0-130.0 M	n.a.
Navigator Portfolio	Office	Several	34,980	Rivercrown	South (Castel)	€120.0 M	n.a.
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JQOne (former Entreposto)	Office	Lisbon	48,000	Signal Capital	Jamestown	€98.0 M	n.a.

INVESTMENT ACTIVITY 2021

PROPERTY SECTOR	NR DEALS	TOTAL VOLUME (€M)	AVERAGE DEAL SIZE
Office	19	€540.0 M	€28.0 M
Retail	17	€129.0 M	€8.0 M
Hospitality	8	€269.0 M	€34.0 M
Industrial	4	€46.0 M	€11.0 M
Other	4	€293.0 M	€73.0 M
TOTAL	52	€1,276.0 M	€23.0 M

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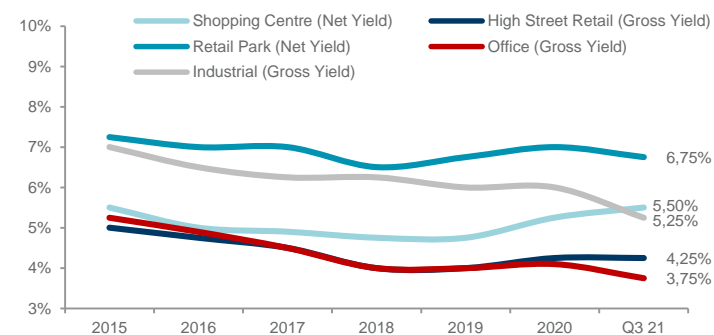
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PRIME YIELDS BY SECTOR



TOTAL INVESTMENT BY CAPITAL SECTOR 2021

