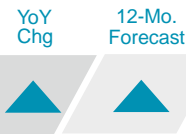


5.7%
Vacancy Rate



80.7K
Overall Take-Up (sq.m)



€23.50
Prime Rent (€/sq.m/month)



ECONOMIC INDICATORS 2021

4.0%
GDP Growth



2.2%
Job Creation



7.1%
Unemployment Rate



Source: Moody's Analytics

ECONOMY: Resilience of the Labour Market Supported by Economic Recovery

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 household consumption and tourism growth, though the latter is only forecasted to fully recover by 2023.

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

DEMAND: Slowdown in Demand, Despite the Quarterly 41% Year-on-Year Increase

The Greater Lisbon office market continues registering a slowdown in take-up – despite the 41% year-on-year (YoY) increase during this quarter to 25,300 sq.m, year-to-date volumes stand at 80,650 sq.m (-21% YoY). With 93 deals until September, above the same period of 2020, the contraction was mainly due to the reduction in the average leased area, to 870 sq.m.

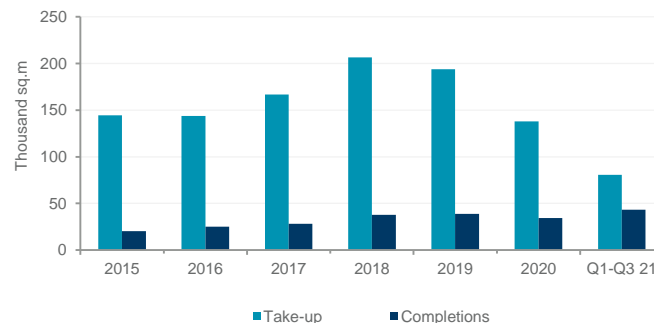
Influenced by the largest deal of the quarter – the occupation of its new headquarters (“BI4ALL City”) with 7,000 sq.m by BI4ALL – Non-Consolidated Areas (zone 7) reached the highest share of take-up (36%). However, Parque das Nações (zone 5) continues to dominate year-to-date figures (29%), boosted by the demand for the projects currently under construction.

During Q3, the vacancy rate marginally increased by 10 basis points, to 5.7%, and Ageas' headquarters (zone 5) with 14,700 sq.m was completed. Fuelled by the market's expectations for short-term recovery, pipeline stands at 392,500 sq.m, although currently only 188,100 sq.m are under construction (of which 47% is already pre-occupied).

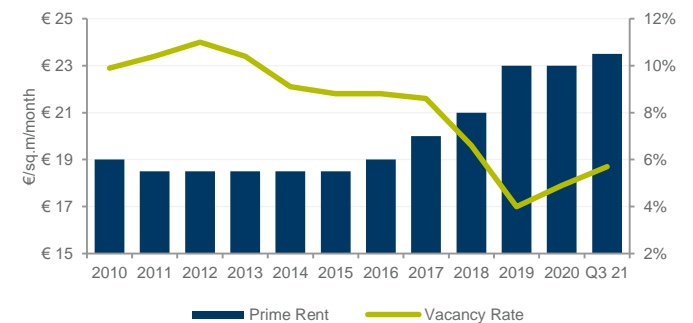
PRICING: Slight Increases due to Scarcity of Quality Supply

Scarcity of quality supply in prime locations contributed to an upward correction of rents in CBD (zone 2), with values in the Secondary Office Location (zone 4) also increasing on the back of some pipeline projects being marketed at higher rents. Moreover, landlords remain availability to provide incentives, particularly rent-free periods.

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)	551,960	36,040	6.5%	3,770	11,000	7,910	€23.50	3.75%
Zone 2 (Central Business District)	928,530	34,140	3.7%	4,180	12,780	5,750	€19.50	4.50%
Zone 3 (New Office Areas)	557,040	27,550	4.9%	1,580	7,690	6,660	€18.00	5.00%
Zone 4 (Secondary Office Locations)	359,160	1,700	0.5%	0	1,520	49,270	€17.50	4.75%
Zone 5 (Parque das Nações)	448,200	13,770	3.1%	2,450	23,230	41,270	€19.00	4.50%
Zone 6 (Western Corridor)	1,016,730	114,960	11.3%	4,120	8,800	57,290	€16.00	6.25%
Zone 7 (Other Zones)	467,010	20,160	4.3%	9,220	15,630	19,960	-	-
GREATER LISBON TOTALS	4,328,630	248,330	5.7%	25,320	80,650	188,100	€23.50	3.75%

MAIN OCCUPANCY TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
BI4ALL City	Zone 7	BI4ALL	7,000	n.a.
Lagoas Park - 11	Zone 6	CME	1,620	Lease
Castilho, 2	Zone 1	Leonteq	1,300	Lease
Amoreiras - Tower III	Zone 2	Trustly	1,300	Lease
Belém Cultural Centre (CCB)	Zone 7	Confidential	1,230	Lease

MAIN INVESTMENT TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Quinta da Fonte (15 buildings)	Zone 6	Signal Capital Partners / Sixth Street (Acacia Point)	50,260	€125.0-130.0 M
JQOne (former Entrepasto)	Zone 5	Signal Capital Partners / Jamestown	48,000	€98.0 M
Cais Office	Zone 5	Private Investor / Ageas Portugal	4,900	€22.5 M

COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Ageas Headquarters	Zone 5	Ageas	17,400	Ageas Portugal

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