

	YoY Chg	12-Mo. Forecast
5.9% Vacancy Rate	▲	▲
81.2K Overall Take-Up (sq.m)	▼	▲
€23.50 Prime Rent (€/sq.m/month)	▲	▲

ECONOMIC INDICATORS 2021

	YoY Chg	12-Mo. Forecast
4.3% GDP Growth	▲	▲
2.8% Job Creation	▲	▲
6.7% Unemployment Rate	▲	▼

Source: Moody's Analytics

ECONOMY: Resilience of the Labour Market Supported by Economic Recovery

According to Moody's Analytics, economic activity will continue recovering throughout 2022, with GDP forecasted to grow by 5.2% (above the 4.3% figure of 2021). GDP is forecasted to keep growing from 2023 onwards, albeit at a slower pace. This favourable outlook, despite ongoing supply-chain issues and COVID-19 cases increase, will continue to support both job and private consumption growth, with tourism only fully recovering by 2023, when foreign demand returns to pre-pandemic levels. Reflecting its lagging trend, unemployment rate stabilized in 2021 (6.7%) and it will be followed by a downward trend starting 2022.

DEMAND: the 81,270 sq.m transacted in the last quarter of 2021 represented a 13-year historical high

The Greater Lisbon office market registered a substantial take-up volume in Q4, contributing to a year-end increase compared with 2020 – the 81,270 sq.m transacted in the last quarter represented a 13-year historical high, with 2021 volumes reaching 161,920 sq.m, a year-on-year growth of 17%. With a total of 105 deals in 2021, the average leased area decreased to 1,170 sq.m, in line with 2019 figures.

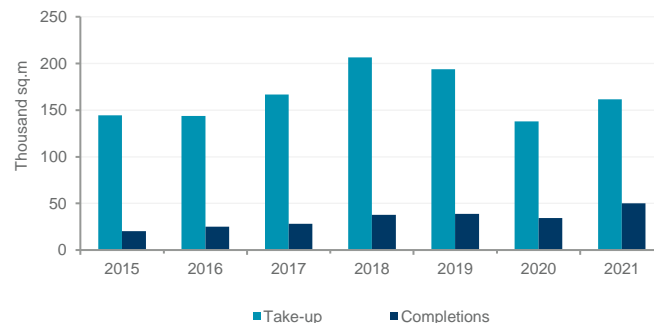
Influenced by the largest deal of the year – the future occupation by the Oeiras City Hall of the under construction “Paços do Concelho” with 30,500 sq.m – Western Corridor (zone 6) reached the highest share of take-up (32%). With two large pre-leases at Hub Creativo do Beato, Non-Consolidated Areas (zone 7) followed with 19%, the same share as Parque das Nações (zone 5), which continues to be boosted by the demand for projects currently under construction.

During Q4, the vacancy rate increased 20 basis points, to 5.9%, and three buildings totalling 6,830 sq.m were completed. Fuelled by the market's expectations for short-term recovery, pipeline under construction grew to 243,400 sq.m, of which 54% are already pre-occupied.

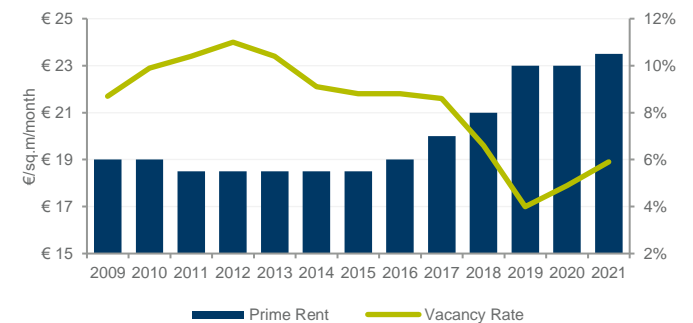
PRICING: Slight Increases due to Scarcity of Quality Supply

Scarcity of quality supply in prime locations contributed to an upward correction of rents in CBD (zone 2) when compared with Q3 2021 while prime rents in the other zones remained stable. Moreover, landlords remain available 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)	550,730	34,020	6.2%	2,860	13,860	5,910	€23.50	3.75%
Zone 2 (Central Business District)	933,040	27,770	3.0%	8,790	21,560	45,090	€20.00	4.50%
Zone 3 (New Office Areas)	557,040	26,200	4.7%	1,800	9,490	6,660	€18.00	5.00%
Zone 4 (Secondary Office Locations)	362,010	2,500	0.7%	2,610	4,130	49,270	€17.50	4.75%
Zone 5 (Parque das Nações)	448,200	13,800	3.1%	6,960	30,190	57,780	€19.00	4.50%
Zone 6 (Western Corridor)	1,020,430	129,540	12.7%	42,340	50,820	53,770	€16.00	6.25%
Zone 7 (Other Zones)	467,010	20,160	4.3%	15,920	31,560	24,920	-	-
GREATER LISBON TOTALS	4,338,470	253,950	5.9%	81,270	161,600	243,390	€23.50	3.75%

MAIN OCCUPANCY TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Paços do Concelho	Zone 6	Oeiras City Hall	30,500	Owner Occupied
Hub Criativo do Beato – Factory	Zone 7	Factory	10,000	Lease
World Trade Center - Block 2	Zone 6	Confidential	5,590	Pre-let
Casal Ribeiro 16	Zone 2	Confidential	4,170	Lease
Hub Criativo do Beato – Claranet	Zone 7	Claranet	4,000	n.a.

MAIN INVESTMENT TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Dom Luís I	Zone 4	Patrizia / Principal	9,980	€45.0-47.5 M
Expo Finanças	Zone 5	FS Capital I (Cerberus) / Novo Banco	11,450	€37.5-40.0 M
Bloom	Zone 3	SCHOA / Ageas Portugal	5,900	€30.0-35.0 M

COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Simulador II	Zone 6	Miniclip	3,700	Taguspark
Barata Salgueiro, 21	Zone 1	n.a.	1,630	Primosfera
Andrade Corvo, 42	Zone 2	Diconium	1,510	Novobanco

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