

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: Higher Activity Influenced by a Number of Deals Increase

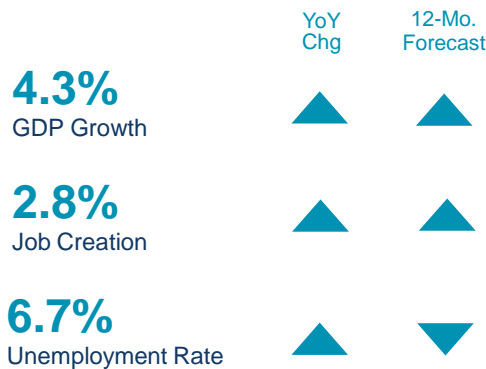
The Greater Porto's office sector evidenced an increased dynamism during the last quarter of 2021, with a take-up of 22,910 sq.m, which contributed for an overall volume of 56,590 sq.m during last year, a 5% year-on-year growth. Similar to Lisbon, the average leased area dropped to 900 sq.m, while the number of deals increased by 25%, to above 60. Some sizeable deals during Q4 contributed for this recovery, namely a pre-let of 6,480 sq.m at Pasteleira 219 building in Other Porto (zone 5); followed by the completion of 3 leases totalling 5,750 sq.m in the now fully occupied Porto Office Park (POP). The higher activity among the latter building contributed to CBD Boavista (zone 1) being the most sought-after zone, both in the analysed quarter (52%) and overall (46%).

Over Q4, the vacancy rate grew by 30 basis points, to 9.2%, and two buildings totalling 3,490 sq.m were completed. Future supply under construction increased to 73,250 sq.m, of which 33% are pre-occupied.

PRICING: Incentives Continue Supporting Rental Levels

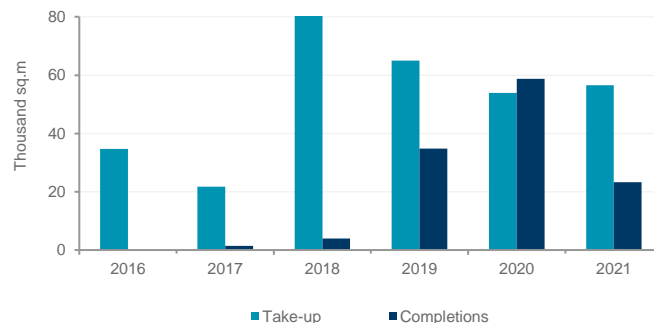
Prime rents remain stable, supported by landlords' availability to agree on additional incentives such as rent-free periods, with some preferring to provide fit-out contributions for projects in the pipeline.

ECONOMIC INDICATORS 2021

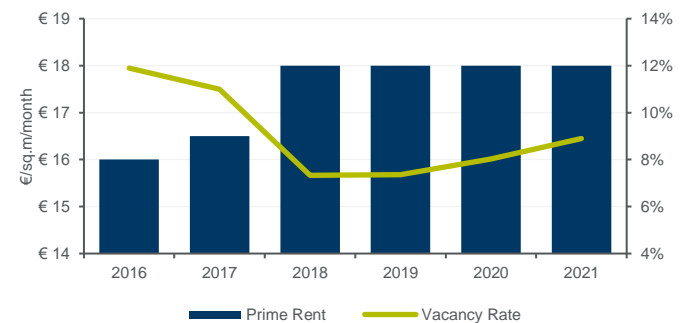


Source: Moody's Analytics

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 (CBD Boavista)	412,910	29,050	7.7%	11,940	24,800	9,700	€18.0	5.50%
Zone 2 (CBD Downtown)	211,100	14,830	8.2%	350	2,630	10,220	€17.0	-
Zone 3 (ZEP)	102,710	9,510	9.6%	750	3,960	15,320	€13.0	-
Zone 4 (East)	141,880	14,640	11.6%	0	250	15,500	€13.0	-
Zone 5 (Others Porto)	-	-	-	6,480	7,620	-	-	-
Zone 6 (Matosinhos)	236,180	16,720	8.1%	1,100	10,430	31,730	€14.0	-
Zone 7 (Maia)	225,600	15,570	7.7%	370	470	0	€12.0	-
Zone 8 (Vila Nova de Gaia)	269,750	27,460	11.4%	910	2,920	10,000	€13.0	-
Zone 9 (Others Outside Porto)	-	-	-	0	3,500	3,500	-	-
GREATER PORTO TOTALS	1,600,130	127,700	8.9%	22,910	56,590	95,970	€18.00	5.50%

MAIN OCCUPANCY TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Pasteleira 219	Zone 5	Confidential	6,480	Pre-let
Porto Office Park (POP)	Zone 1	Concentrix	4,450	Lease
Litografia Lusitana	Zone 1	Ascendi	4,120	n.a.
Centro Empresarial Lionesa	Zone 6	Volkswagen Renting	1,100	Lease
Arrábida Lake Towers – Building C	Zone 1	Confidential	880	Lease

MAIN INVESTMENT TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Camões, 155	Zone 2	CGD / Finangeste	10,000	€19.0-20.0 M

COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Founders Founders Headquarters	Zone 4	Founders Founders	4,000	Founders Founders
ZEP Offices	Zone 3	n.a.	2,490	Nelson Quintas
Work-In Porto	Zone 5	Coworking Work-In	1,000	n.a.

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