

	YoY Chg	12-Mo. Forecast
<b>6.8%</b> Vacancy Rate	▲	▼
<b>64.3K</b> Overall Take-Up (sq.m)	▲	▲
<b>€24.00</b> Prime Rent (€/sq.m/month)	▲	▲

## ECONOMIC INDICATORS 2022

	YoY Chg	12-Mo. Forecast
<b>5.8%</b> GDP Growth	▲	▲
<b>1.5%</b> Job Creation	▲	▲
<b>5.9%</b> Unemployment Rate	▲	▼

Source: Moody's Analytics

## ECONOMY: Labour Market Recovery with Unemployment rate Expected to Decrease to 5,9% in 2022

According to Moody's Analytics, the Portuguese economy closed 2021 with a GDP growth of 4.9%. Although short-term economic forecasts are currently clouded by uncertainty, as the conflict between Ukraine and Russia escalated to war, the Portuguese GDP should still increase by 5.8% in 2022, and maintain a positive trajectory in 2023 at 1.6%. Private consumption was one of the main drivers of the economy in 2021, showing a marked recovery (+4.4%) compared to the previous YoY figure (-7.1%), and it is expected to grow by 5.8% in 2022. Inflation rate is currently forecasted to rise by 6.0% in 2022, but still expected to decrease to 1.2% in 2023 and maintain similar levels onwards. The unemployment rate reached pre-pandemic levels in 2021 (6.6%) and it is expected to continue recovering, reaching 5.9% by the end of 2022.

## DEMAND: The 64,290 sq.m Take-up in the First Quarter of 2022 represented a YoY Growth of 120%

The Greater Lisbon office market registered 45 new lease deals in a total take-up volume of 64,290 sq.m in Q1 2022, representing a year-on-year (YoY) growth of 120%. The average leased area in the first quarter of the year increased to 1,430 sq.m, which compares with 1,080 sq.m in Q1 2021. Influenced by the future occupation by Fidelidade (28,000 sq.m) of its future headquarters currently under construction at Av. Álvaro Pais (that will total 38,400 sq.m); New Office Areas (Zone 3) reached the highest share of take-up (54%). With 16%, Prime CBD (Zone 1) followed, with one large lease deal representing around half of the total leased area in this zone (10,120 sq.m). Parque das Nações (zone 5) registered 8 deals representing 13% of the total take-up volume, including one pre-let totalling 3,870 sq.m in Lumnia (the first building of The Exeo Office Campus project, completed in Q1 2022).

Although the vacancy rate grew to 6.8% in Q1 2022 (90 basis points above 2021), it is expected to correct downwards over the next quarters, fuelled by the market's expectations for short-term recovery. Likewise, the pipeline under construction for the next 3 years accounts for 236,000 sq.m, of which 66% are already pre-occupied.

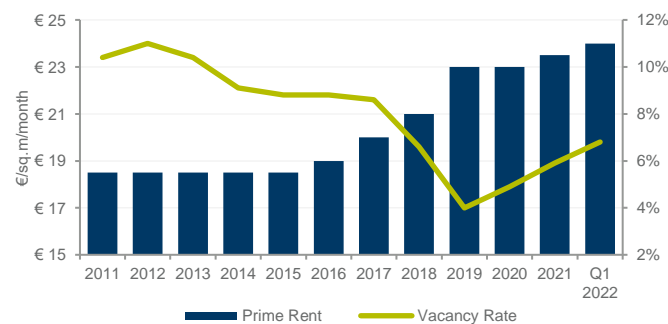
## PRICING: Prime Rental Growth in All Zones Except Zone 6

In Q1 2022 prime rents increased across all the zones with exception of Zone 6 (Western Corridor) where rents remained stable. Zone 4 (Secondary Office Locations) registered the highest increase when compared with Q4 2021, namely to €19/sq.m/month.

## 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)	546,830	27,300	5.0%	10,120	10,120	5,910	€24.00	3.75%
Zone 2 (Central Business District)	932,930	30,470	3.3%	5,900	5,900	42,550	€21.00	4.50%
Zone 3 (New Office Areas)	569,100	25,600	4.5%	34,680	34,680	6,660	€19.00	5.00%
Zone 4 (Secondary Office Locations)	359,180	2,470	0.7%	470	470	49,270	€19.00	4.75%
Zone 5 (Parque das Nações)	475,800	37,530	7.9%	8,290	8,290	51,090	€19.50	4.50%
Zone 6 (Western Corridor)	1,014,670	151,960	15.0%	4,590	4,590	55,600	€16.00	6.25%
Zone 7 (Other Zones)	457,150	20,150	4.4%	240	240	24,920	-	-
<b>GREATER LISBON TOTALS</b>	<b>4,355,660</b>	<b>295,480</b>	<b>6.8%</b>	<b>64,290</b>	<b>64,290</b>	<b>236,000</b>	<b>€23.50</b>	<b>3.75%</b>

## MAIN OCCUPANCY TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Fidelidade - Álvaro Pais	Zone 3	Fidelidade	28,000	Owner Occupied
Alexandre Herculano, 50	Zone 1	Confidential	5,800	Lease
António Augusto de Aguiar, 122	Zone 2	IdeiaHub	4,220	Lease
Exeo Office Campus – Lumnia	Zone 5	Confidential	3,870	Pre-let
General Firmino Miguel (Estufa)	Zone 3	Confidential	2,650	Pre-let

## MAIN INVESTMENT TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Tranquilidade Headquarters	Zone 1	Lace (Real Added Value) / AFIAA	7,740	€65.0-70.0 M
Former Banco Popular Headquarters	Zone 3	Santander Asset Management / Incus Capital	11,660	€50.0-55.0 M
Berna, 54	Zone 2	Tristan Capital Partners / Confidential	3,830	€14.0-15.0 M

## COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Exeo Office Campus - Lumnia	Zone 5	Confidential	27,600	Avenue

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