

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: One Building Completion in the First Quarter of the Year Totalling 15,300 sq.m.

The Greater Porto's office sector registered a take-up of 5,820 sq.m in the first quarter of the year, more than twice the volume registered over the same period of 2021.

The average leased area increased slightly to 485 sq.m when compared with Q1 2021 (390 sq.m), and the number of deals nearly doubled, namely to 12.

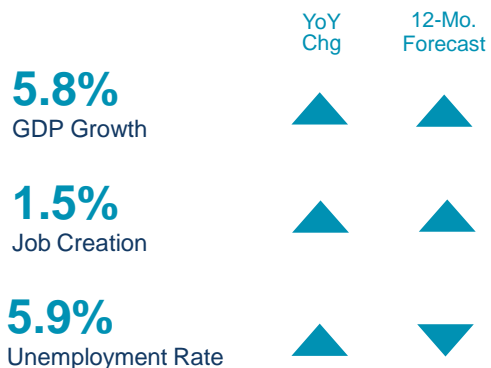
CBD Boavista (Zone 1) represented 36% of the total take-up, totalling 5 deals with an average deal size of 420 sq.m. Maia (Zone 7) followed with 33%, including the largest deal of the quarter, the occupancy of the "Tecnologia" building (1,560 sqm) at TecMaia by Infineon.

Over Q1 2022, the vacancy rate dropped by 70 basis points, to 8.2%, and one building was completed - Porto Business Plaza (Phase I) with 15,300 sq.m. Future supply under construction increased to 77,770 sq.m, of which 33% is pre-occupied.

PRICING: Some Zones Registering Prime Rental Growth

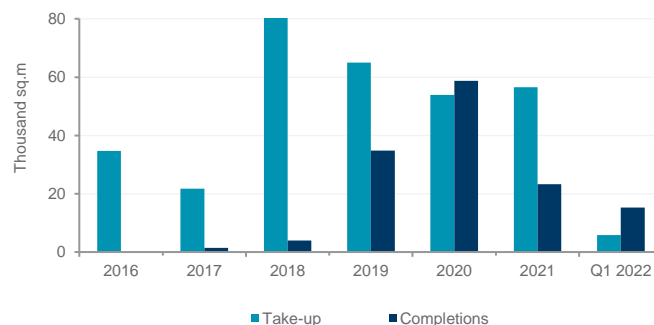
When compared to 2021, prime rents remained stable at CBD Boavista (Zone 1), CBD Downtown (Zone 2) and Oriental (Zone 4). The remaining zones registered a rental growth, with ZEP (Zone 3) reaching the highest increase compared with 2021, to €15/sq.m/month.

ECONOMIC INDICATORS 2022



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	31,910	7.7%	2,110	2,110	11,480	€18.0	5.50%
Zone 2 (CBD Downtown)	211,100	14,830	7.0%	250	250	10,670	€17.0	-
Zone 3 (ZEP)	102,710	10,610	10.3%	0	0	15,320	€15.0	-
Zone 4 (East)	157,190	15,350	9.8%	1,000	1,000	3,100	€13.0	-
Zone 5 (Others Porto)	-	-	-	530	530	-	-	-
Zone 6 (Matosinhos)	239,480	17,600	7.3%	0	0	23,700	€14.5	-
Zone 7 (Maia)	225,600	15,360	6.8%	1,930	1,930	-	€12.5	-
Zone 8 (Vila Nova de Gaia)	269,750	27,460	10.2%	0	0	10,000	€14.0	-
Zone 9 (Others Outside Porto)	-	-	-	0	0	3,500	-	-
GREATER PORTO TOTALS	1,618,740	133,120	8.2%	5,820	5,820	77,770	€18.00	5.50%

MAIN OCCUPANCY TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
TecMaia – Tecnologia Building	Zone 7	Infineon	1,560	n.a.
Centro de Campanhã	Zone 4	Confidential	1,000	Lease
Lusitânia	Zone 1	Confidential	620	Lease

MAIN INVESTMENT TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Campo Alegre, 778	Zone 1	Habita / Family Office	530	€1.0 M

COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Porto Business Plaza – Phase I	Zone 4	Natixis; Confidential	15,300	Capitório

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