

ECONOMY: GDP Expected to Grow 6.4% in 2022, Predominantly Driven by Exports

Moody's estimates a GDP growth of 6.4% for Portugal in 2022, followed by a slowdown to 0.9% in 2023. This growth will be predominantly driven by exports and further fueled by a revival in the tourism sector. A recovery in private consumption is expected for this year, surpassing 2021 by 5.0%. Inflation is currently forecasted to rise by 7.9% in 2022, and then grow more moderately by 5.5% in 2023 and 1.6% in 2024. Regarding trade, exports are expected to grow by 14.8% and imports are expected to grow by 9.8% in 2022. For 2023, Moody's Analytics foresees a 1.4% growth in exports and 0.1% increase in imports.

The labour market remains resilient, with Moody's forecasting an unemployment rate of 5.8% in 2022, likely to remain stable in 2023 and 2024.

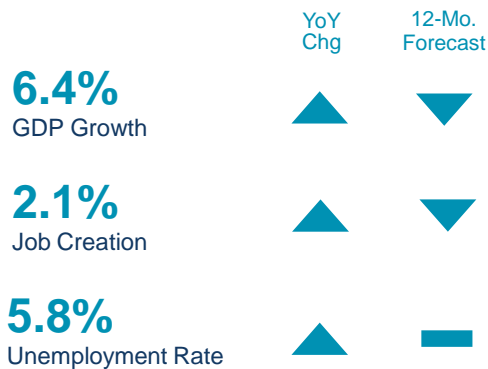
DEMAND: The 45,230 sq.m Take-up Between January and September 2022 represented a YoY Growth of 132%

The Greater Porto's office sector registered a take-up of 14,940 sq.m in the third quarter of the year, with 16 new deals. The take-up volume until September reached 45,230 sq.m with 51 new deals, representing a year-on-year (YoY) growth of 34%. The average leased area grew by 3% when compared with 2021, standing at 890 sq.m.

CBD Downtown (zone 2) and Matosinhos (zone 6) were the most sought-after areas, attracting about 67% of the total take-up volume; with TMT's & Utilities dominating with more than half of the leased area. Matosinhos (zone 6) reached 30% of the take-up in the third quarter mainly influenced by the future occupation by Kantar of 4,060 sq.m in Revor building.

Over Q3 2022, the vacancy rate remained stable, at 9.0%, and 1 building was completed totalling 46,990 sq.m completed until September 2022. There are 110,570 sq.m under construction of which 43% are pre-occupied.

ECONOMIC INDICATORS 2022

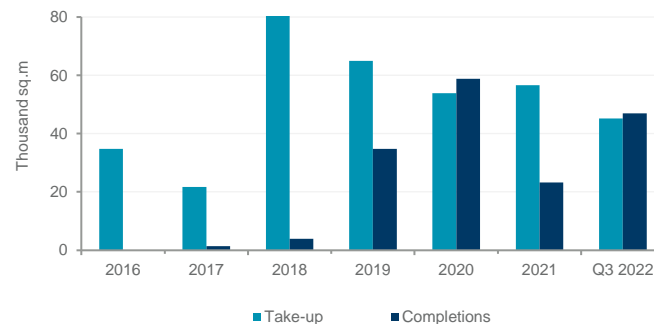


Source: Moody's Analytics

PRICING: Some Zones Registering Prime Rental Growth

When compared with Q2 2022, prime rents remained stable in almost all zones, only registering a slight increase at ZEP (Zone 3), reaching €16.5 sq.m/month. Average rents remained stable.

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	37,370	9.0%	2,190	9,010	18,280	€18.0	5.75%
Zone 2 (CBD Downtown)	215,650	13,830	6.4%	5,120	16,480	6,500	€17.0	-
Zone 3 (ZEP)	110,510	10,600	9.6%	1,750	1,950	32,220	€16.0	-
Zone 4 (East)	157,190	14,840	10.9%	0	1,000	15,800	€14.0	-
Zone 5 (Others Porto)	-	-	-	150	680	-	-	-
Zone 6 (Matosinhos)	248,800	17,510	7.0%	5,490	13,720	21,570	€14.5	-
Zone 7 (Maia)	223,440	16,040	7.2%	0	1,940	6,190	€12.5	-
Zone 8 (Vila Nova de Gaia)	279,750	36,370	13.0%	230	470	0	€14.0	-
Zone 9 (Others Outside Porto)	-	-	-	0	0	10,000	-	-
GREATER PORTO TOTALS	1,649,250	148,900	9.0%	14,940	45,230	110,570	€18.00	5.75%

MAIN OCCUPANCY TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	AREA (SQ.M)	TYPE
Revor	Zone 6	Kantar	4,060	Pre-let
Porto Business Plaza – Phase II	Zone 2	Natixis	3,200	Pre-let
Braamcamp 119	Zone 2	Confidential	1,920	Pre-let

MAIN INVESTMENT TRANSACTIONS 2022

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQ.M)	PRICE (€M)
Heroísmo, 283	Zone 2	n.a. / Corum AM	6,070	€16.0 M

COMPLETIONS Q3 2022

PROPERTY	SUBMARKET	TENANT IF RESERVED	AREA (SQ.M)	OWNER / DEVELOPER
Lionesa Business Hub – Building N2	Zone 6	FedEx	7,650	Grupo Lionesa

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