

Investment Q2 2023

YoY Chg 12-Mo. Forecast

€749m
Total Volume



€105m
Office Volume



€284m
Retail Volume



€271m
Hospitality Volume



€25m
Industrial Volume



ECONOMIC OVERVIEW: GDP expected to slow down to 2.5% in 2023, after growing 6.7% in 2022

According to Moody's Analytics, Portuguese GDP growth is expected to slow down to 2.5% in 2023 (after 6.7% in 2022), but still remaining one of the better growth rates within the Euro zone. Investment continues to be impacted by some global uncertainty and it is expected to decline 1.0% in 2023, growing by 4.9% in 2024.

Whilst inflation is cooling down, rising prices have significantly decreased the purchasing power of consumers and businesses. After reaching 7.8% in 2022, inflation is now expected to gradually moderate to 4.3% in 2023 and 2.4% in 2024. Portugal's unemployment rate is temporarily rising, expected to slightly increase in 2023 to 6.7% and correcting as early as next year.

INVESTMENT OVERVIEW: Hospitality sector represented 50% of Q2-23 investment volume

Commercial real estate investment registered a recovery throughout Q2 2023 when compared with the previous quarter, with €499 million transacted, and taking H1 2023 volume to €749 million, reflecting a year-on-year increase of 18%.

The D. Pedro transaction of 6 hotels was the main contributor to this result, representing around 50% of the invested volume in this quarter. This acquisition by Norfin (Arrow) from the Saviotti Group for €250 million also helped the hospitality sector become the most prominent in Q2 2023, with 51% of the total investment volume in this quarter.

When considering the investment volume of H1 2023, the retail sector attracted 38% of the transactional volume, with the main transaction being the acquisition by LCN Capital Partners of the TREI Portfolio of 50 Pingo Doce supermarkets for €140-150 million. During the first quarter of 2023 prime yields increased by 25 b.p. in most sectors, increasing again by 25 b.p. in Q2 2023. Prime yields now stand at 4.75% for offices, 5.50% for logistics, 6.25% for shopping centres and 6.75% for retail parks. High street retail stood stable at 4.75% in Q2 2023.

ECONOMIC INDICATORS 2023

YoY Chg 12-Mo. Forecast

2.5%
GDP Growth



-1.0%
Investment Growth



6.7%
Unemployment Rate

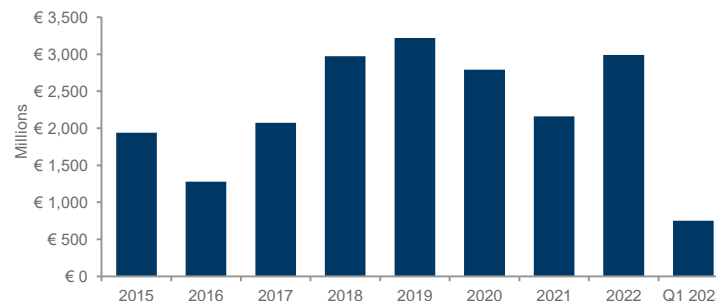


3.3%
10-Yr Treasury Yield

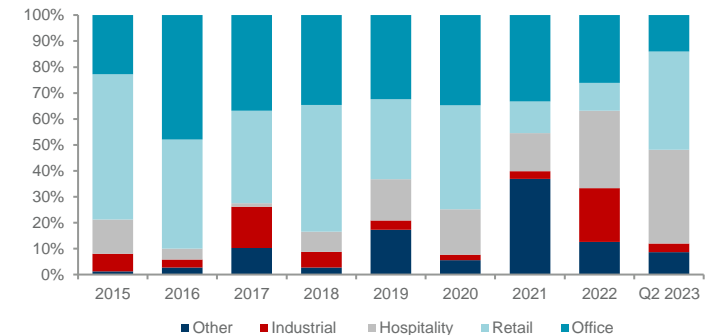


Source: Moody's Analytics

INVESTMENT VOLUME



INVESTMENT VOLUME BY SECTOR



MARKETBEAT PORTUGAL

Investment Q2 2023



MAIN INVESTMENT TRANSACTIONS Q2 2023

PROPERTY NAME	SECTOR	MARKET	AREA (SQ.M)	SELLER	BUYER	PRICE (€M)	YIELD (%)
D. Pedro Portfolio	Hospitality	Several Locations	1,126 keys	Saviotti	Norfin (Arrow)	€250.0 M	n.a
Altice Arena	Other	Lisbon	30,000	Ritmos & Blues	Live Nation	€50.0 M	n.a
Continente Modelo Portfolio	Retail	Several Locations	21,600	M&G	Savills IM	€39.0 M	n.a.
Pier III	Office	Lisbon	4,000	Períptero – Empreendimentos Imobiliários	BNP Paribas REIM	€30.0-35.0 M	4.25 – 4.50%
José Malhoa 13	Office	Lisbon	6,096	FS Capital / Cerberus	Mapfre	€16.5-17.0 M	n.a.

INVESTMENT ACTIVITY 2023

PROPERTY SECTOR	NR DEALS	TOTAL VOLUME (€M)	AVERAGE DEAL SIZE
Office	12	€104.9 M	€8.8 M
Retail	16	€283.7 M	€17.7 M
Hospitality	4	€271.2 M	€67.8 M
Industrial	2	€24.5 M	€12.2 M
Other	4	€65.0 M	€16.2 M
TOTAL	38	€749.4 M	€19.7 M

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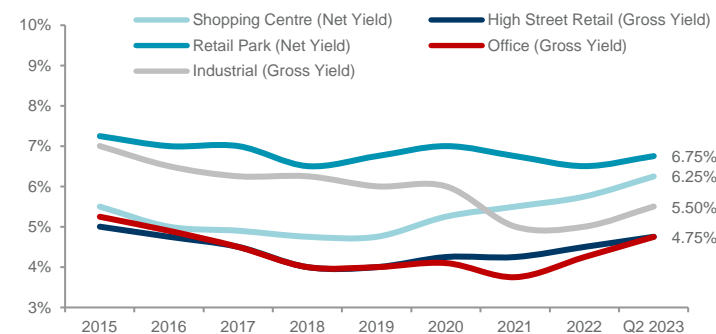
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PRIME YIELDS BY SECTOR



TOTAL INVESTMENT BY CAPITAL SECTOR 2023

