SPOTLIGHT
Savills Research

PORTUGAL REAL ESTATE MARKET 2021-2022

POST-PANDEMIC CHALLENGES

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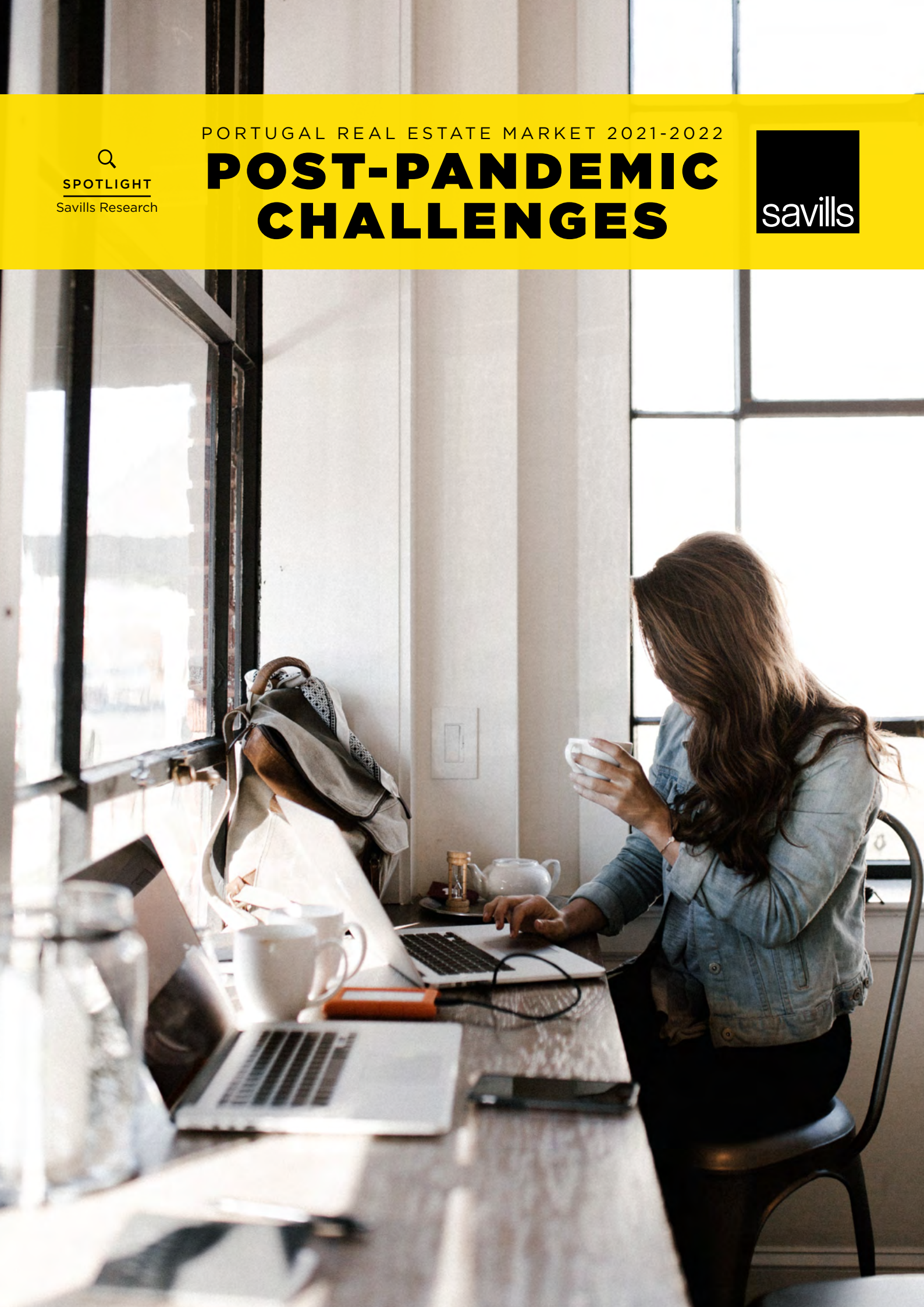

2022 ECONOMIC RECOVERY

- The political response, swift and coordinated at European level and, subsequently, at domestic level, avoided a situation of contagion to the financial system, creating conditions for faster growth, compared to that recorded after the 2011-2013 recession.
- The relaxation of community rules and the adoption of a temporary regime for state aid rules, allowed the Portuguese government to adopt lines of credit to support corporate treasury, a public system of credit moratoria for companies and individuals and the definition of a simplified lay-off regime for companies. Measures were also implemented to support the fall in household income.
- These measures resulted in an increase in employment and in public and private consumption, as well as in the maintenance of favourable financial conditions for families and companies.
- According to the projections of the Bank of Portugal and OECD, the Portuguese economy will grow during the next 4 years. This growth was 4.9% in 2021 with a projection of 5.8% in 2022, being more moderate in the following years, namely 3.1% in 2023 and 2.0% in 2024.
- In contrast, the euro zone may already start to slow down in 2022 (after 5.2% in 2021), since the forecast is 4.2% for 2022, 2.9% in 2023 and 1.6% in 2024.
- Inflation will follow the growth trend of the first two years, 1.3% in 2021 and 1.8% in 2022, and will also slow down in the following years, 1.1% in 2023 and 1.3% in 2024.
- The real estate sector will have to face rising construction costs, influenced by changing costs and demand for raw materials such as steel, copper, wood, as well as, domestically, a shortage of (mostly skilled) labour. However, it is expected that the RRP, coupled with the Economic Recovery Plan 2020-2030, which gives a strong focus on housing, energy efficiency of buildings and infrastructure development, will boost upgrading, rehabilitation and new construction.
- Challenges include the impact of a new wave of the pandemic on supply chains and international mobility. The recovery will be influenced by the response of supply chains in terms of transport costs, stocks of raw materials and equipment, as well as the regularization of tourism (a sector heavily affected by the pandemic).
- Furthermore, the increase in the prices of raw materials and energy goods may influence inflation figures. In the same sense, the uncertainty regarding the increase in interest rates by the European Central Bank (ECB) stands out. This issue will be particularly sensitive, since the decision will stem from the relationship between a (possible) increase in the minimum wage, household consumption driven by savings accumulated during the pandemic and the resulting inflation rate.
- Finally, governmental stability is another challenge, since it will allow the implementation of reforms and measures that promote a further reduction in the unemployment rate and sustain favourable economic policies.

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MAKING WAY ECONOMIC RECOVERY

DEMOGRAPHIC TRENDS AND NEW LIVING MODELS ATTRACT INVESTORS´ ATTENTION TO NEW INVESTMENT SECTORS

MULTIFAMILY

In 2021, the Multifamily segment accounted for 28% of total investment in Europe, totalling €92.3 Bn, which represents a very sharp yoy increase of 79% and 120% compared to the average of the last five years.

The growing consolidation of the Multifamily sector, based on strong economic and demographic fundamentals, also started to benefit from some uncertainties that the office and retail markets, the heavyweights of the so-called traditional segments, inherited from the pandemic context, redirecting investor interest to the residential and logistics segments.

In some European markets, the Multifamily sector has surpassed investment volumes in the office sector. The market share in Multifamily reached 54% in Denmark, 46% in Germany, 39% in Ireland, 35% in Sweden and 32% in Finland.

The high competitiveness felt in this sector is causing a yield compression. The average prime yield in Western Europe compressed by 7 bps yoy in 2021 to a new record of 3.05%.
The times ahead present investors with several challenges. Demand for stabilised assets and identification of opportunities for the development of new projects is expected to be very dynamic, with forward-funding investments securing investors´positioning.

Added to the challenges identified are other factors that could act as disruptors and delay project delivery, such as labour shortages, continuously rising construction costs and supply chain failures.

In Portugal, since 2014, the increase in house prices has largely exceeded the growth rate of family income. This situation is compounded by the growing difficulties in accessing bank credit, aggravated very recently by a reduction in the maximum credit period and the predictable rise in interest rates.

The perfect storm was formed for the multifamily sector to present itself as an attractive segment on the Portuguese market.
The conjuncture of economic and demographic factors that took shape in Portugal ended up generating a broadening of the target. It will no longer be only a small slice of young people, couples starting life or highly mobile professionals who seek the rental market as a more convenient housing solution. It's more about families that are seeing their chances of access to mortgage loans increasingly limited.

It also appears as a solution to increase the residential stock, more specialised, more operationalised, more geared to respond to the current needs of the occupants, constituting an opportunity to change the culture of the owner to that of the tenant, similar to what already happens in other European countries. But the development of multifamily projects in Portugal faces several challenges that require, above all, the speeding up of licensing processes, so as not to increase the final cost of the project, given the already high construction costs.
The current supply in the rental market is limited, with high prices compared to the quality of the properties. The entry of new stock, 100% built from scratch for the rental market, will not only contribute to a necessary increase in supply but also raise its quality and increase the value of the properties.

With only 26% of the Portuguese population living in rented houses and Portuguese families being considered, within the European Union countries, among the most indebted when buying a house, with more than 40% of their monthly income allocated to monthly mortgage payments, the Multifamily sector presents strong grounds to become a star segment in Portugal in the future.

The promotion of BTR projects in Lisbon Municipality, either 100% private initiative or integrated in the Controlled Cost Housing Programme already has a confirmed pipeline of more than 10.000 dwellings.

STUDENT HOUSING

In most European countries, the number of students enrolled in higher education increased significantly in the academic year 2020-2021. On average this increase was 2.4%, in the countries analysed by Savills, compared to 2019-2020 (pre-covid) This growth, which at first glance seems inconsistent with the consecutive lockdowns imposed by governments, is explained by various factors such as more accessible higher education entrance fees, a reduction in the number of students taking sabbaticals, and a lengthening of study plans in the face of a labour market that put new job opportunities on hold during the pandemic period.

In Portugal, in the academic year 2020-2021, there was a total of 412,000 students enrolled in Higher Education Institutions, 14% of which are foreign students. Compared to the average of the last five years, there has been a 6% increase in the total number of students.

There is a growing demand for student accommodation, in the face of a current supply which is still very scarce in terms of products directed at the current needs and profiles of students and very much dominated by the traditional rental market, with the practice of increasingly higher prices for rooms which in most cases do not meet minimum quality and safety requirements.

Lisbon and Porto are currently experiencing a rapid expansion of the PBSA sector. Still, the current estimated provision rates are quite low, namely 4.3% in Lisbon and 7.5% for Porto. In the pipeline (public and private supply) around 8,000 beds are planned for the Lisbon and Porto markets to be delivered until 2024.

On the European scene, investment activity in the Student Housing sector has been strongly leveraged by portfolios and single assets in the more consolidated markets, as well as by forward funding deals in emerging markets.

In Portugal, PBSA investment market has been predominantly reliant on land development transactions, while lately forward-funding and forward-purchase opportunities have gained relevance.
Since the year 2019 the PBSA segment has added more than €350 million of total investment volume in Portugal, with part of this amount corresponding to the sale of two portfolios acquired by XIOR and Brookfiled Asset Management.

As the assets in operation gain maturity and enter cruising speed, we will begin to see the sale of the 1st generation of PBSA assets.

MAKING WAY ECONOMIC RECOVERY

DEMOGRAPHIC TRENDS AND NEW LIVING MODELS ATTRACT INVESTORS´ ATTENTION TO NEW INVESTMENT SECTORS

SENIOR LIVING

Demographic trends and the growing concern with well-being, health and the desire to live with a higher quality of life in the so-called golden years, constitute strong market fundamentals for the attractiveness of this sector as an investment product.

According to European Commission projections, from the year 2026, the European population will begin to decline as the percentage of the elderly population increases. In 2055, the population aged 65 and over will account for 30% (currently 20%) and the population aged over 80 will represent 11% of the total population (currently 6%). The countries most rapidly affected by these projections will be Italy, Germany and Portugal, with this trend extending to the rest of Europe.

In Portugal, the family has long played a central role in caring for seniors. A major proportion of senior care is provided by the family nucleus or by domestic care services. But this reality is gradually changing. The increase in single-parent families, the emigration of younger people to other countries, the integration of women into the labour market and the change in the profile of the elderly, who now seek to be more active and integrated into communities, postponing old age, have opened up space and created a need for the expansion of the senior living sector in Portugal.

Even though the market continues to be dominated by that termed the tertiary sector of the social economy, in particular: cooperatives, municipal charitable institutions, foundations and private social solidarity institutions, highly dependent on state regulation, in recent years the Portuguese market witnessed the entrance of private operators that set up their activities in locations with higher purchasing power and higher population densities, such as the Lisbon and Oporto markets.

In 2020, Savills has identified a total of 64 senior residences, from the north to the south of the country, which fit into the concept of assisted living, characterised by a supply of quality equipment and services, catering for the senior public with a high degree of autonomy while also able to provide medical care and services through partnerships established with health units.

With demand exceeding the available supply, the market for senior homes has deep foundations that provide it with strength and attractiveness.

Due to their operational model and the services implied, this type of asset generates income from different sources, resulting in a diversified income model. However, the most attractive factor for investors undoubtedly stems from the prospect of long-term returns, based on increased life expectancy and changing demographic variables that point to the significant potential of the senior market as a user and consumer of health and welfare products.

In Portugal, the transactions recorded in this sector have not yet gained any significant expression within the overall statistics due to the predominance of senior residences held by the operators themselves and to the still scant number of facilities 100% geared to the concept of senior living.

HEALTHCARE

In a world still not fully recovered from the pandemic, more than ever, the health sector has taken a place of significant importance. The concern with public health, safety and the adoption of new technologies that speed up diagnostic processes have brought to light the healthcare sector as an investment opportunity.

The market fundamentals are simple and in line with the fundamentals applied to the senior living market. The ageing population coupled with an increase in illnesses motivated by unhealthy lifestyles at younger ages are causing an increase in household spending on healthcare.

In Portugal, in 2021 the French group Icade Santé made its first entry into the Portuguese market through the purchase of the Saúde Invest portfolio from Fidelidade, for €213 million, which included the purchase of 4 hospitals.

INDUSTRIAL & LOGISTICS

SECTOR IN PORTUGAL: THE AWARENING

Ten years ago, in 2011, there was stagnation in the levels of demand compared to 2010, a stagnation that accompanied the feeling of caution by the main logistics operators in their decision making processes , with priorities being focused on cost control and the renegotiation of contract rents.

Precisely 10 years later, the analysis of the result achieved by the logistics market could not be further from that reality. In 2021, an additional 500,000 sqm were absorbed, of which 440,000 sqm were occupied in the Lisbon Metropolitan Area, setting a new historical record.

When the world was hit by the pandemic, the importance of the logistics sector for the much-needed efficient and continuous supply of the population was quickly highlighted. Disruptions in supply chains, in the face of severe mobility restrictions that forced borders to close, were inevitable and several challenges were immediately posed to this sector.

Strongly driven by an omnichannel strategy from retail companies, which were quickly forced to focus on the e-commerce channel in order to survive and adapt in times of pandemic, the logistics sector became one of the most resilient real estate sectors.

The effects generated by the pandemic were largely responsible for the awakening of a sleeping sector from the real estate point of view. Up to now, much of the industrial & logistics real estate stock in Portugal was developed by the hands of the operators, distributors and companies themselves who, not finding an adequate supply available for their needs, invested in the construction and/or expansion of their own premises.

Faced with a market that began to see a more expressive recovery in take-up volumes from 2017 onwards, above the average value of 130,000 sq m, the scarcity of current and quality supply was quickly exposed.

The growing degree of outsourcing of warehousing activities and transport of goods have been driving forces behind the increase in demand by operators, together with the need to implement more optimised management and, in some activities, the need to increase existing warehouse stocks.

Other challenges are also putting pressure on the industrial & logistics real estate stock. Increasing demands for quality in terms of facilities that can offer a specific set of services and technical characteristics are now being joined by compliance with sustainability targets and the integration of ESG policies. Companies are already making efforts to integrate sustainable solutions and systems, and for many it is a priority objective in their social responsibility policies.

Currently, the industrial & logistics stock in the Lisbon Metropolitan Area is estimated at 2.5 million sqm, with an available logistics supply of only 133,000 sqm, with a vacancy rate of 5%, which is clearly insufficient for an active demand of over 300,000 sqm.

For the next few years, a pipeline of more than 400,000 sq m of new logistics projects is planned for this region. The Alverca-Azambuja market axes counts for 300,000 sq m of new supply. The largest project is the Plataforma Logística Lisboa Norte with 225,000 sq m when all the phases have been concluded. The first phase with 45,000 sqm is already completed. The project consists of six units with areas ranging from 6,500 sq m to 9,500 sq m, with a 12-metre high ceiling. Also Aquila Capital is developing a 115,000 sq m highly modern and sustainable logistics platform. Póvoa de Santa Iria, Loues MARL and Vialonga axes will add three new projects to the current supply, in a total of 70,765 sq m.

The largest project is being built in Póvoa de Santa iria, with about 30,000 sq m of logistics space. VGP, an operator with several projects spread in the country, is also developing two projects in Loures and Sintra, with a total of approximately 31,000 sq m. The Western Corridor, in addition to the VGP project, also counts with two more projects, which will add 29,000 sq m to the stock of zone 4. In the South Bank market there is only one project in the pipeline, with 33.000 sq m located in Montijo, zone 5.

INVESTMENT MARKET: SUPPLY SHORTAGE HAMPERS ACCELERATION OF CAPITAL ALLOCATION INTO I&L MARKET

If over the last few years, the volume of investment in the industrial & logistics sector has been rather residual when compared to the office and retail segments, the times ahead are expected to be far more encouraging.

Between 2020-2021, 11 transactions were closed for a total of just over 100 million euros, of which 41 million euros report to the sale by Incus Capital of IBERIA portfolio with an area of 85,000 sq m to M7 Real Estate. Bedrock and Europi Property Group also acquired two logistic assets at the end of 2021 in a 14.5 M€ operation, for a total area of 35,000 sq m.

2021 closed with a prime yield of 5.50%, already in compression since the beginning of the year, and this trend is expected to continue into 2022, driven by the strong investors´appetite, high competition for the best assets, entry of future supply with high quality and technological standards and generalised upward pressure on rents across the market.

In the pipeline for 2022 are two major operations. Portfolio Connect, comprising 19 assets in a total area of 314,000 sqm, and Novo Banco's Logistics Portfolio.

In the year 2021 it registered historic increases in the take-up volume of 83% and 102% compared to 2020 and 2019, respectively, surpassing the 500,000 sq m mark. The Alverca-Azambuja axis, in the Lisbon Metropolitan Area, was the driving force behind this growth, representing 47% of the I&L market.

OFFICES
HYBRID WORKING MODELS

WERE DO WE GO FROM HERE?

The Lisbon office market began the year 2022 with renewed hope. In the first month of the year, a take-up volume of 13,000 sq m was registered, which contrasts drastically with only 1,991 sq m observed in the homologous period of 2020.

This result comes on the back of the momentum already felt in particular in the last 3 months of 2021 that managed to raise the final take-up for 2021 to 161,600 sq m, 15% higher than in 2020. The Porto office market also managed to recover slightly from the effects of the pandemic, with a 5.1% growth compared to 2020.

The impact of the lockdowns and all the safety and social distancing measures had an inevitable effect on the organisation of companies, both in terms of the reorganisation of their working models and the way they experience office spaces. If before the pandemic, some decisions to transform office spaces were postponed in favour of other decisions, in the post-pandemic period we have witnessed a complete change of mentalities where the well-being of employees comes first. Many companies have gone back to the drawing board and analysed their occupancy costs, taking into account two new factors in their equation: working from home and compulsory compliance with social distancing rules in office spaces.

According to Eurostad, only about 5% of European workers were teleworking before the pandemic. Portugal was above the average with 6.5%, but still far from countries like Holland, Finland or Luxembourg. Between July and September 2021, 12.7% of the employed population were still working from home.

The peak of remote in Portugal was recorded right at the beginning of the pandemic, in the 2nd quarter of 2020, when more than 1 million workers were working from home, translating into 23.1% of the total employed population. In the last quarter of 2021, this value had already dropped to 9.3%.

If at the beginning of the pandemic, the uncertainty about the future worked in favour of the tenants giving them some negotiating margin, with the gradual recovery of the economy and the demand led by international companies, which are in the race for the best available spaces, the negotiating power has passed back into the hands of the landlords. Compressed rents, with low or no negotiating margin, rent- free periods and contributions to fit-out are no longer the same.
The current prime rent in the Lisbon office market stands at 25 euros/sq m/month, but is expected to increase due to the increase in demand from international companies that intend to enter or expand their activity in the national market.

Over the last five years, we have seen an increase in the take-up volume weight of operations above 5,000 sq m. In the average of the last five years, these operations represented 30% of the total take-up volume, with the years 2020 and 2021, with weights above that average of 45% and 39% respectively. Consultants & lawyers, TMT's and business services sectors take the place of the most dynamic and active sectors of activity, with a dominant presence of multinational companies.

The last five years have seen an average take-up of approximately 174,000 sq m per year, with 2020/2021 seeing take-up volumes below that average.

However, in 2021, the signs of market recovery are more evident, with the year closing 7% below the average of the last five years, largely driven by the lockdown with which the year started. Given the upward trend in demand levels, the pipeline planned for 2022-2024, totalling 242,000 sq m, with more than 30% of GLA already pre-let, should be insufficient and quickly absorbed.

The stock of office buildings consists essentially of used buildings, with a large percentage of buildings that do not meet current requirements, in a context in which not only the well-being of employees and the retention of talent lead companies' priorities, but also the integration of ESG and sustainability policies are on the agenda. Only 15% of the buildings have areas above 8,000 sq m (average area occupied by international giants who are looking for areas above 5,000 m2), a percentage that should be lower if we analyse their quality. It is therefore imperative that the market continues to follow the trend of investing in new projects, either through new construction or through deep rehabilitation of existing buildings, in accordance with quality standards that easily allow sustainability certifications.

Occupiers will likely pay higher rents for newer, energy efficient premises. Companies focusing on the social element of ESG will begin to increase their average floorspace per worker to meet employee expectations.

RESIDENTIAL MARKET

UNBREAKABLE DEMAND

In the last 2 years, the pandemic has impacted the financial situation of many families. Two lockdowns and uncertainty regarding employment created a "need to save" conscience. As a result, the families savings rate increased 13.1% yoy in 2020 and 11.3% yoy in Q3 2021. Contrary to the initial belief, unemployment remained low, supported by government measures, resting between 7% in 2020 and 6.6% in 2021. Interest rates for mortgage loans continued decreasing, a trajectory started in 2013, reaching 1.22% in 2019 and 0.81% in 2021. These factors combined contributed to a continued favourable climate to grant mortgage loans. In 2021, banks have granted up to €15.3M, 34% more than in 2020 and 43% above 2019.

In 2021, around 205.000 dwellings were sold, 26% more compared to 2020 and 20% higher than 2019. The Lisbon metropolitan area accounted for 71.000 dwellings, followed by the Centre region (43.000) and Porto metropolitan area (34.000). The average sale price of homes, in the Lisbon metropolitan area, reached €4.245€ per sq. m for new homes and €2.279 per sq. m for used homes, increasing 23% since 2019. The national average is stood at €1.880 € per sq. m.

For the high-end market in the Lisbon municipality, 4.071 dwellings were sold in 2021. A 59% growth in sales when compared to 2019. The average transaction price for new houses was 6.793 € per sq. m and 5.829 € per sq. m for used ones.

HIGH-END MARKET WILL MAINTAIN ITS PERFORMANCE

According to the World Cities Prime Residential Index study, prepared by Savills, the world prime residential market is well positioned to achieve an average growth of 4.3% in 2022, the second highest value of the last five years. In the specific case of Lisbon, the study predicts that the capital's prime residential market will grow by 1.9% this year.

The prime market should continue to register a progressive demand, maintaining the investment trend in the luxury market. Price increases are expected to continue, but at a slower pace and towards a stabilisation trajectory.

NEW RULES FOR GOLDEN VISA

For foreign investors, also affected by the pandemic and driven by the possibility of remote work, Portugal continued to be an appealing market. Urban centres retain their attractiveness, but neighbouring areas are now of primary interest. Smaller cities with lower construction density, least expensive cost of living and its good infrastructure in terms of mobility, transport and technology are the new drivers for these investors. Golden visas are still a suited investment tool, but for 2022 there are new rules: a minimum amount of €500.000 to subscribe investment funds (eligible for Lisbon and Porto) and real estate investment for residential purposes will be limited to interior areas of the country, as well as Madeira and Azores islands. These new rules may benefit the interior areas and alleviate an eventual pricing surge in the urban areas of Lisbon and Porto. The main recipients should be coastal areas of Alcacer do Sal, Grandola, Odemira and Santiago do Cacem, apart from Madeira and Azores, already a target for foreign investment.

In 2021, investment through this regime decreased 28.7%, compared to 2020, to €460.8M, matching 865 visas. However, in December 2021 there was an increase of 52% compared to December 2020, a trend continued in January 2022, 48% above January 2020. Since 2021, the Programme has raised around €6 bn, the majority, €5.5 bn, related to real estate, and €362M for urban rehabilitation, equating to 9585 visas via the purchase of real estate and 1009 with a view to urban rehabilitation. Citizens from China, Brazil, Turkey, South Africa and Russia are the top recipients of the permits.

WHERE DO WE GO FROM HERE?

The housing market will continue its growth, based upon an expanding economy (4.5% in 2021), low employment rates and low interest rates that make mortgage loans more attractive. As demand keeps outgrowing the supply, prices may continue to rise for both sales and renting market.

With new rules entering into force in 2022, several families will have less access to mortgage loans, others will simply not afford ownership, for whom the rental market is the only viable solution to guarantee housing.

For investors, long-term rentals will provide an effective and profitable option, less exposed to economic cycles and unforeseen events (like a pandemic). Options such as built-to-rent or senior living offer a product that is more resistant to fluctuations, innovative and adaptable to various markets.

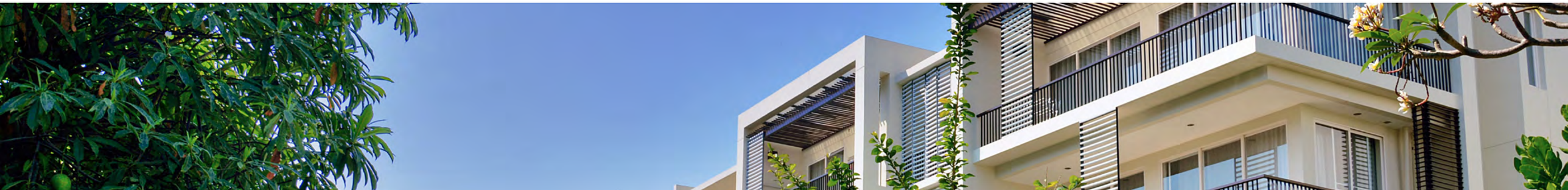
The Portuguese Recovery and Resilience Plan includes two programmes on affordable housing. One of €775 million for the construction and rehabilitation of vacant State-owned spaces for rent at affordable prices. The other, of €375 million, is for the construction, adaptation and renovation of student residences. The creation of these programmes may boost public-private investment partnerships in order to develop the housing stock.

YET, THERE ARE CHALLENGES

The price of land and the lengthy licensing process are still obstacles to the development of the residential market. Adding to this are the construction and raw material prices on the rise (around 6%).

The European Central Bank is ready to increase the reference interest rates to restrain the rising inflation. This will affect the housing market in several forms. Mortgages will become heavier on families accountings, loans demand will be restrained, home ownership may become less attractive as an investment asset.

There is also uncertainty related to impact of the new rules for golden visas in Lisbon and Porto. While the new legislation aims to divert residential investment from the two main cities, there are still turnarounds. Through equity funds or the conversion of apartments into a tourist accommodation, wheter the impact of new authorisations could have an impact on the (already scarce) residential stock, in Lisbon and Porto, is still to be determined.



RETAIL MARKET

BACK TO THE SURFACE!

The pandemic accelerated consumer habits that were already on the rise. E-commerce consolidated in 2020, having promoted changes in the retail sector. According to the CTT e-Commerce Report 2021 study, the volume of B2C online purchases in Portugal reached 4.4 billion euros in 2020, and it is estimated that in 2021 it will increase by 20%, to represent 4.4% of GDP. As for retailers, the online sales trend is expected to consolidate, with 24% admitting to going international. The study also mentions that, in the short term, retailers intend to increase competitiveness through the diversification of delivery options and locations, as well as shipping costs.

In 2021, according to INE, retail sales in Commercial Units of Relevant Size increased by 4.1%, standing 0.8% above 2019. Note the heterogeneity of the sector, as food retail increased sales volume (including in the middle of the pandemic) as opposed to non-food retail (such as cinemas and travel agencies). E-commerce has also reinforced the interconnection between retail and logistics, as companies have chosen to concentrate their product closer to the final customer, to ensure faster delivery and less exposure to the variations of distribution chains, which has increased the need (and demand) for storage space with specific characteristics.

RETAIL INVESTMENT MARKET

Since 2015, retail investment has been declining by an average of 27%. However, 2021 with €32 billion, despite a 10% decrease, showed encouraging performance between quarters. 72% of the activity took place in the United Kingdom, Germany and France. Of the total investment in 2021, retail parks accounted for more than 30%, supermarkets 20% and hypermarkets 17%. This is an increase, since between 2013 and 2019, supermarkets/hypermarkets accounted for no more than 7%. On the other hand, the share of shopping centres fell from 41% in 2013 to 17% in 2021. Pandemic has meant accelerating and consolidating the use of e-commerce across Europe, as the volume of purchases and frequency of use of the channel have increased. Mobility restrictions negatively affected shopping centres and high street shops across Europe, and increased the attractiveness of retail parks.

Retail parks, shopping centres and supermarkets will concentrate investors' preferences. Retail parks proved to be less exposed to the mobility restrictions adopted by the pandemic, due to their structure, location and variety of offer, thus reflecting their resilience, recording better results than other surfaces. Shopping centres will have to transform themselves in order to reconcile the new trend of multichannel shopping and post-pandemic habits, in which shops have become showcases for the online offer and/or pick-up places, accommodate new services such as coworking, health and socialising spaces, and stand out for their differentiation and space.

Supermarkets will have to balance the physical offer with the online presence and the costs that come with it, since this type of commerce, namely when it comes to food, presents different costs and operating dynamics that are reflected in its profitability. The sector will continue to explore the new reality, omnichannel, in which the online and physical interconnect in order to improve the customer experience. Food-related retail companies and distribution companies will lead the development of this concept.

RETAIL PARKS - A STAR REBORN

Retail parks, located outside (but close to) population centres, due to the larger size of the retail unit, open air, with ample parking, are naturally less exposed to fluctuations in the economy and, more recently, public health restrictions. The more competitive rents compared to shopping centres are a magnet for companies. Their brands are speciality ones, with demand rising sharply due to the pandemic (construction, furniture, gardening, sports and food). In general, their constituent shops also have a strong online presence, which facilitates shopping with in-store collection.

MAIN OPENINGS

The opening of the Alagoa Office & Retail Center and the Estoril Retail Park, both in the Greater Lisbon area, is planned for 2022. The Sudoeste Retail Park, in Silves, the third in the Algarve, is scheduled to open in 2023. Centro Colombo will begin its expansion project in 2022, with new office and retail space, having recently completed the expansion of Norte Shopping.

PORTUGAL WELCOME BACK!

THE RECOVERY OF THE PORTUGUESE TOURISM SECTOR

In Portugal, in 2021, the market recorded an increase of 45% in overnight stays, compared to 2020. The resident market represented 50%, 3% less compared to 2020. The percentage of guests in 2021 increased 39%, compared to 2020. The resident market represented 59%, 4 points below the previous year. It should be recalled that, in 2020, there was a 62% decrease in the number of guests and 63% decrease in the number of overnight stays, compared to 2019.

Despite the recovery, the numbers are still below the pre-pandemic period, namely 47% in the case of overnight stays and 46% in the case of guests. The restrictions on international mobility resulted, in 2020 and 2021, in a matching between foreign and resident markets, in terms of overnight stays, and in a reversal in relation to guests. The United Kingdom remained the main source in 2021, representing 16.6% of the overnight stays by non-residents, followed by Spain (share of 14.3%), Germany (11.9%) and France (11.8%). In terms of revenue, there was a rise of 61.2% (-45.7% compared to 2019) to €2.3 billion.

Pre-pandemic, tourism represented 13% of the Gross Domestic Product. It is estimated that in 2021 it will have represented between 8 and 10% of the GDP.

GOVERNMENT MEASURES

The Portuguese Government presented, in May 2021, the "Reactivate Tourism | Build the Future" Action Plan, containing guidelines integrated with the objectives of the Recovery and Resilience Plan and the Portugal 2030 Strategy. This plan, aimed at both public and private sector, is based on 4 pillars: supporting companies, fostering security, generating business and building the future. For the first pillar, it proposes measures and instruments to support the capitalisation of companies, such as credit lines and guarantees for refinancing and rescheduling pre-pandemic debt. In the second pillar, it presents actions and campaigns to increase confidence in tourism by companies, tourists and residents, such as the "Clean&safe" seal and the Health Passport.

The third pillar aims to generate business, through programmes to promote the sector, encouragement of mobility and consumption, internal and international campaigns, and events. The fourth pillar aims to develop measures in order to place Portuguese tourism on a higher level of development, based on financing businesses, improving the qualification of the workforce and encouraging innovation and sustainability.
Within the framework of this action plan, the government also announced the "Transforming Tourism Programme". This programme has an initial allocation of 20 million euros and aims to support the development of products, services and businesses based on economic, environmental and social sustainability.
Trends

MAIN TRENDS

Sharp growth in wellness tourism, despite being badly affected in 2020, driven by the growing concern for nature, sustainability and physical and mental well-being.
A rise in demand for once-in-a-lifetime experiences and dream destinations is also enunciated as a 2022 trend, fuelled by the savings and travel restrictions during the pandemic.

Short-term stays are being replaced by longer visits due the possibility of remote working and schooling. The broadening use of technology / digitalisation in the Tourism sector also features in the list of trends for 2022. Internal mobility, which has been growing since 2021, will also be reinforced in 2022, due to the significant possibilities of extended weekends of this calendar year.

PORTUGAL MARKET

2021

The real estate market in Portugal has captured a total investment volume of 2 billion euros in 2021, which represents a decrease of 28% and 34% compared to 2020 and 2019, respectively.

The office segment had the largest market share, accounting for 39% of total property investment. The alternative segments followed, with a total investment volume of more than EUR 600 million, resulting from portfolio transactions in the PRS and Healthcare segments.

The ageing population trend and the emergence of new housing models arising from new occupier profiles with different needs are driving investor interest in this segment.
The Hospitality sector attracted a total investment of 296 million Euros (14.8%), Retail attracted 209 million Euros (10.5%) and Industry and Logistics attracted 41 million Euros (2.3%).

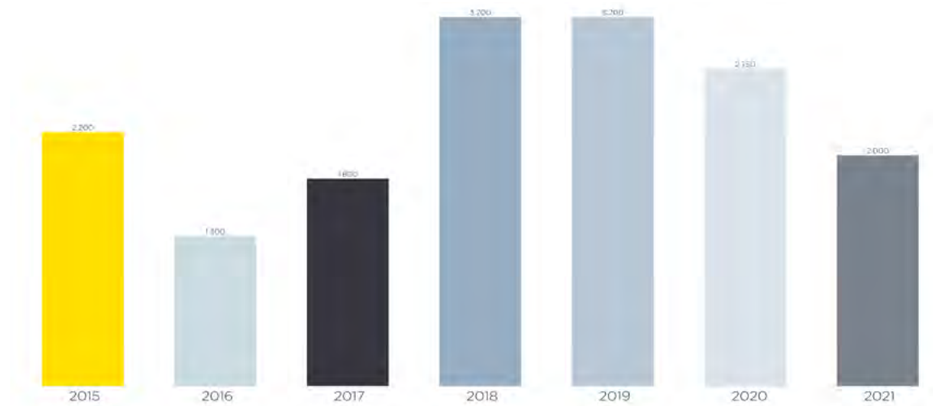
Foreign investment maintained its dominant position in the national property market in 2021, with a representation of 74%. France, the USA and Spain contributed to more than half of all property investment in Portugal in 2021.
In 2021, prime yields for offices remained stable at 4%, but are now beginning to show signs of compression, reflecting solid investor interest in a reduced supply. On the shopping centre side, yields have seen an adjustment from 5.25% to 5.50%. As pandemic recovery gathers pace, restrictive measures are progressively lifted and shopping centres regain lost or suspended activity, investment risk should begin to fade. Manufacturing and Logistics, meanwhile, have seen yield compression in 2021, driven by record take-up in the occupational market, driven by e-commerce growth and a quality offer that remains scarce in the main logistics hubs.

The year 2022 should mark the return of the national property market to pre-pandemic levels, anticipating a full recovery of the losses suffered during the first two years of the COVID-19 pandemic.
Portfolio diversification strategies should continue to prevail, now focused on operational asset classes.

Residential and Logistics will continue to attract a significant portion of investor interest in 2022, underpinned by very resilient and growing market fundamentals, with a level of demand clearly exceeding available supply. During the pandemic period, food distribution units gained prominence, becoming perceived as highly resilient and secure assets, a trend that should prevail in 2022. In 2021, 5 operations totalling EUR 77.5 million were carried out, a 68% increase compared to 2020. It is also estimated that the Hospitality sector will start to recover in 2022, and it is possible to predict that investor interest in this area will stabilise in 2023, supported by strong market fundamentals and the interest of core investors with long-term investment strategies. Expectations for distressed asset transactions continue to fade as market KPI's recover their performance.

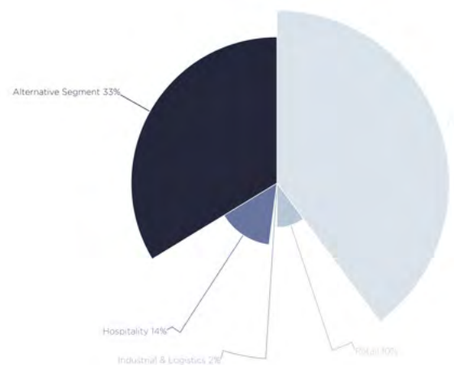
INVESTMENT

TOTAL VOLUME OF REAL ESTATE INVESTMENT



SOURCE: SAVILLS

TOTAL VOLUME OF REAL ESTATE INVESTMENT BY SECTOR



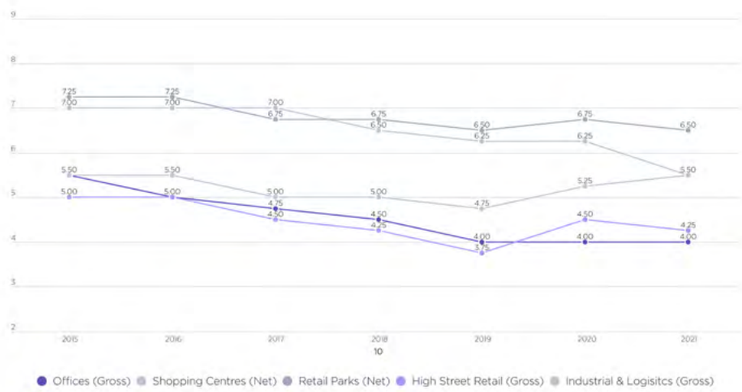
SOURCE: SAVILLS

PORTUGAL MARKET

2021

INVESTMENT

EVOLUTION OF PRIME YIELDS



SOURCE: SAVILLS

Offices continued to lead the investment preferences, representing close to 40% of the total investment registered in 2021.

Big highlight of 2021 goes to the so-called alternative sectors, with more than 600 million euros, through the transaction of two important portfolios in the PRS and Healthcare sectors.

Alternative segments with strong boost, being the 2nd best performing asset class in 2021. Given the current willingness of investors to allocate capital, the current supply is still scarce. PBSA market experiencing an increase in forward-funding transactions, with growing pipeline generating new opportunities. Ageing trends and new living models are underpinning increased investor interest in the senior living and PRS segments.

In 2021, office prime yields remained stable at 4%, but are now starting to show pressure to compress, evidencing solid investor appetite alongside a shortage of product.

Shopping centres saw an adjustment from 5.25% to 5.50%. As the recovery from the pandemic accelerates and shopping centres recover their footfall and turnover levels, investment grade risk should decrease.

In the industrial & logistics, prime yield was compressed, reflected record take-up volumes in the occupational market, leveraged by the growth of e-commerce.

Real estate market investment full recovery is expected in 2022. Half of the value reached in 2021 could be closed in the first half of this year, due to transactions carried over from 2021 to 2022;

Maintenance of investor portfolio diversification strategies, with a focus on operational asset classes, following demographic trends and new living profiles;

International investors remain dominant in the domestic investment market, with new global geographies asserting and solidifying their presence in Portugal, but domestic investors continue to gain market share in the office and retail segments;

The hospitality segment is also expected to begin to recover and is expected to capture investor attention to be stabilized by 2023 based on strong market fundamental;

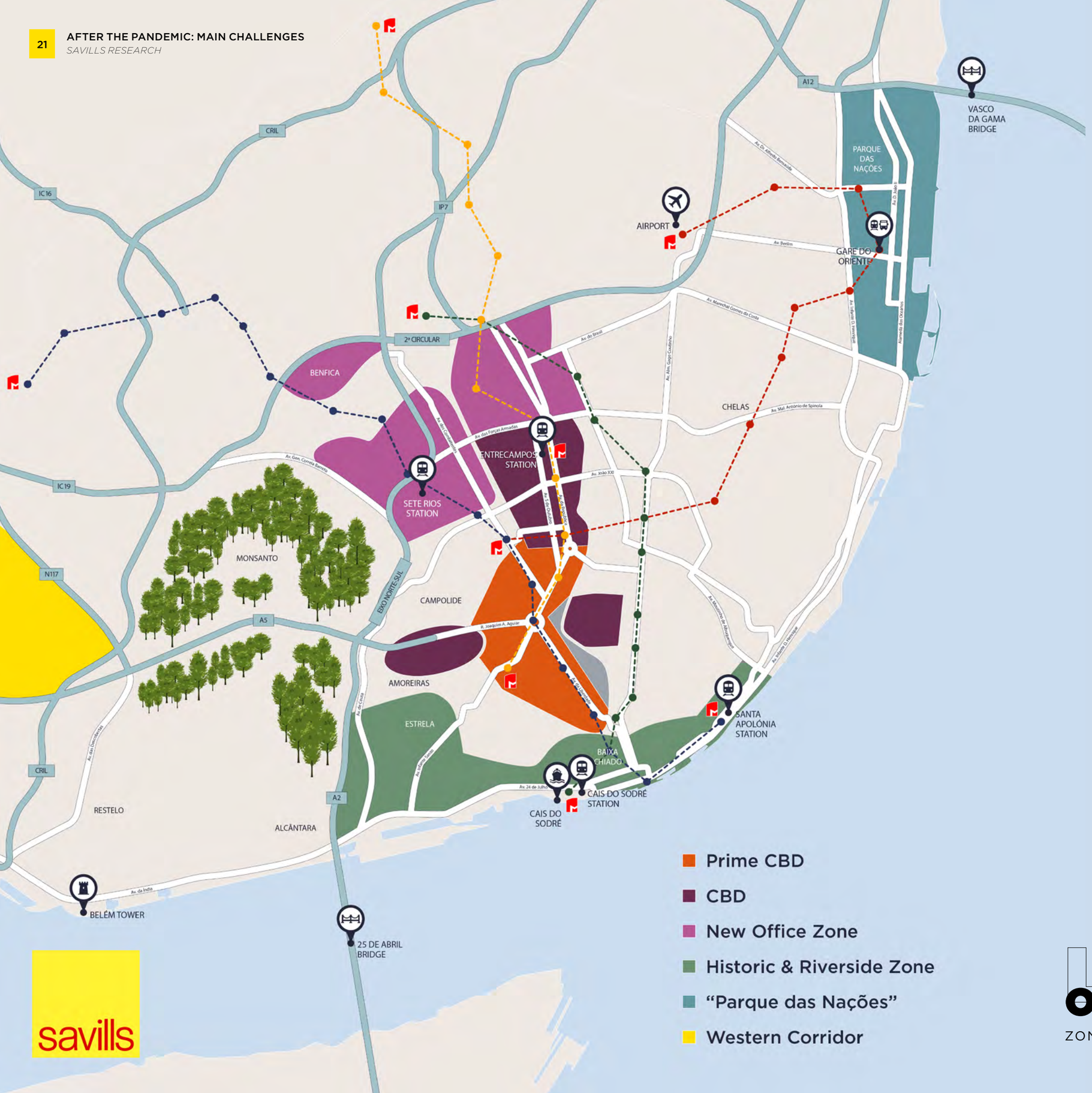
Forecasts indicate that the residential and logistics sectors will continue to capture a significant portion of investor interest in 2022, based on the increase in e-commerce, which requires larger storage spaces, and the relative stability and resilience of the residential segment. These two real estate sectors have in common a demand that exceeds the available supply, generating investment opportunities;

The year 2022 could also dictate a new beginning for the retail segment, which is now better prepared to adapt to new consumption patterns. Nevertheless, shopping centres are in a recovery phase, as all restraints are lifted, and consumers return.

PORTFOLIO ZIP RESIDENTIAL (PRS)
SELLER: NORFIN
BUYER: TIKEHAU | ALBATROSS
4,400 UNITS
INVESTMENT VOLUME: 333M€

SAÚDE INVEST PORTFOLIO HEALTHCARE
SELLER: FIDELIDADE
BUYER: ICADÉ SANTÉ
4 HOSPITALS
INVESTMENT VOLUME: 213M€

PORTFOLIO QUINTA DA FONTE OFFICES
SELLER: SIGNA CAPITAL
BUYER: SIXTH STREET
15 BUILDINGS
INVESTMENT VOLUME: 150M€



LISBON OFFICE MARKET

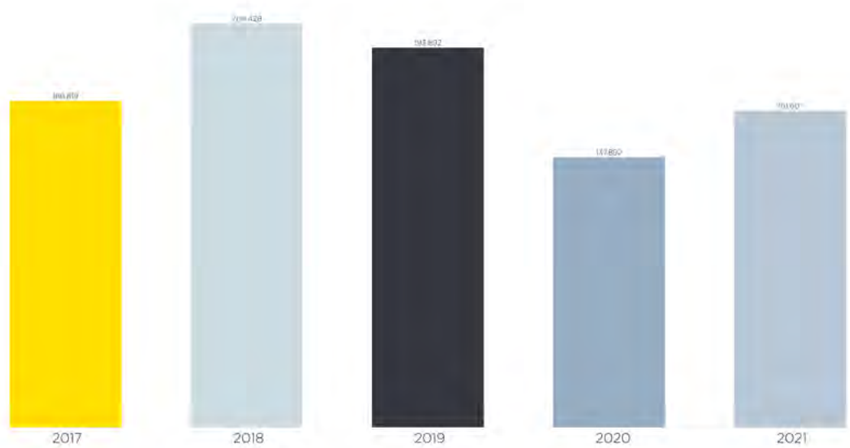
ZONE MAP

LISBON OFFICE MARKET TAKE-UP

2021

OFFICES

EVOLUTION OF TOTAL TAKE-UP BY YEAR



SOURCE: SAVILLS

15% increase in take-up compared to 2020, but still not surpassing the volume achieved in the pre-pandemic period in 2019.

Western Corridor (31%), Other zones (20%) and Parque das Nações (19%), were the best performing market zones in 2021.

Pre-Lets: 42% of total take-up volume. + 50% y-o-y

LISBON OFFICE MARKET

LISBON OFFICE MARKET TAKE-UP

2021

CM OEIRAS - PAÇOS DO CONCELHO
WESTERN CORRIDOR (ZONE 6)
GLA: 30,478 SQ M
TENANT: CM OEIRAS

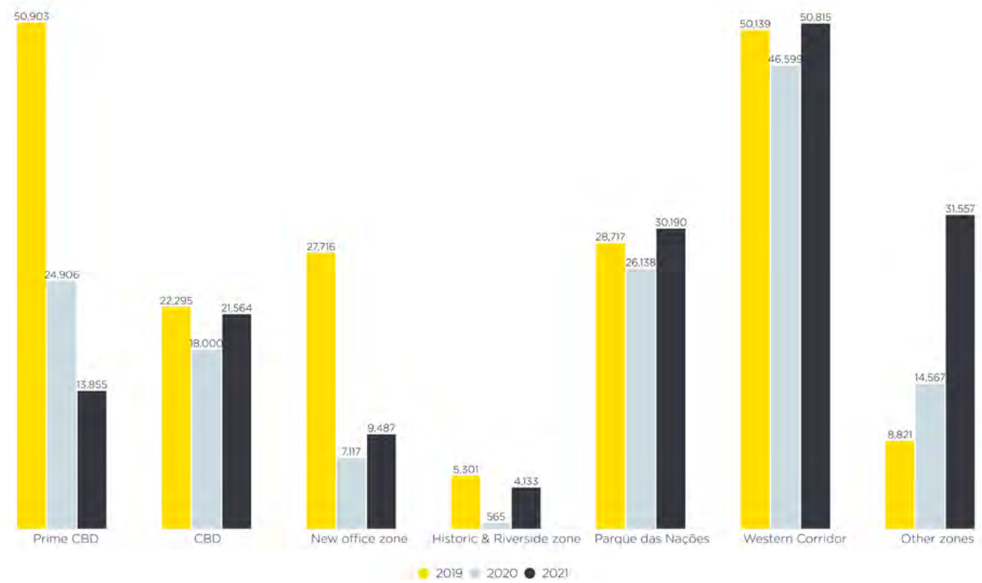
HUB CREATIVO DO BEATO BUILDING FACTORY LISBON
OTHER ZONES (ZONE 7)
GLA: 10,000 SQ M
TENANT: FACTORY

K TOWER PARQUE DAS NAÇÕES (ZONE 5)
GLA: 9,936 SQ M
TENANT: CRITICAL TECHWORKS

CIDADE BI4ALL
OTHER ZONES (ZONE 7)
GLA: 7,000 SQ M
TENANT: BI4ALL

WORLD TRADE CENTER BLOCK 2
WESTERN CORRIDOR (ZONE 6)
GLA: 5,586 SQ M
TENANT: WORTEN

TAKE-UP BY MARKET ZONE



SOURCE: SAVILLS | LPI

TOP BUSINESS SECTORS

TMT´S UTILITIES: 28%

STATE,EUROPE, ASSOCIATIONS: 20%

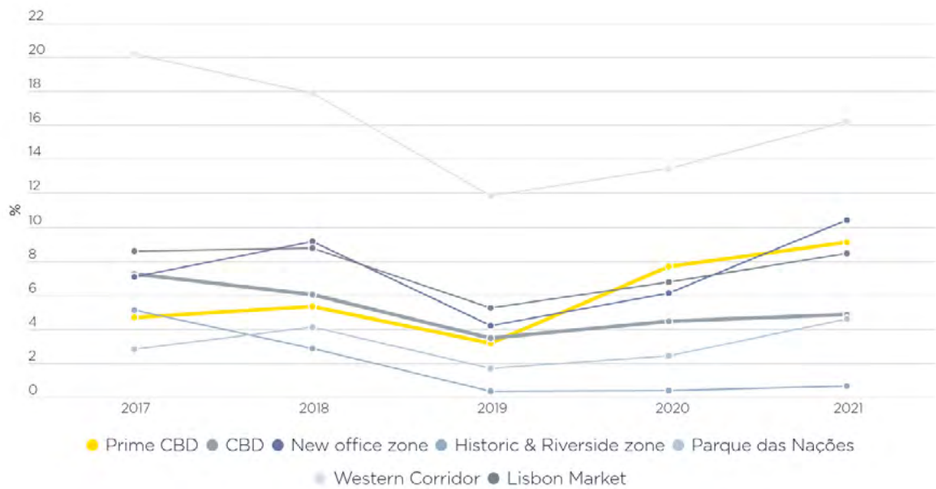
BUSINESS SERVICES: 18%

LISBON OFFICE MARKET

VACANCY & PRIME RENTS

2021

EVOLUTION OF VACANCY RATE



SOURCE: SAVILLS | LPI

Vacancy rate increased in all market zones due to the entry of new supply and by a few space reduction and closing office spaces in the light of the pandemic context.

High percentage of buildings in stock that are of poor quality and in need of major interventions, the vacancy rate is still residual.

EVOLUTION OF PRIME RENTS

SOURCE: SAVILLS | LPI

Prime rent: 25€/sq m/ month

Upward pressure

Completion of new projects is contributing to a positive performance of prime rents, particularly in non-central areas where more top-quality supply will arise.

LISBON OFFICE MARKET

LISBON MAIN PROJECTS

2022-2023

EXEO LUMNIA
Q1 2022
Zone 5
27,600 sq m

WORLD TRADE CENTER BLOCK 1 | 2
Q2 2022
Zone 6
25,000 sq m

K TOWER
Q2 2023
Zone 5
13,875 sq m
Owner-occupier

TOTAL 2022
79,502 sq m

ALCÂNTARA LISBON OFFICE BLOCK 1 | 2
Q1 2023
Zone 4
34,400 sq m

FIDELIDADE ÁLVARO PAIS
Q4 2023
Zone 2
41,000 sq m

COLOMBO 3RD TOWER
Q4 2023
Zone 3
31,450 sq m

TOTAL 2023
131,153 sq m

LISBON OFFICE MARKET

Origin of Companies in Lisbon

2020/Q1-Q3 2021

DESTINATION ZONE 7 | Other Zones

ORIGIN ZONE	2020/Q1-Q3 2021
1	0%
2	33%
3	22%
4	4%
5	13%
6	13%
7	3%
▶	5%
⤢	7%
!	0%
TOTAL (SQ M)	30,841

Number of transactions per intervals of contracted area (2020/Q1-Q3 2021)

< 300 sq m	301 - 800 sq m	801 - 1,500 sq m
2%	7%	8%

1,501 - 3,000 sq m	3,001 - 5,000 sq m	> 5,000 sq m
13%	13%	56%

TOP Sectors of Activity (No. of Transactions)

- Business Services
- TMT's & Utilities
- Financial Services

DESTINATION ZONE 3 | New Office Zone

ORIGIN ZONE	2020/Q1-Q3 2021
1	7%
2	26%
3	0%
4	6%
5	2%
6	0%
7	7%
▶	15%
⤢	37%
!	0%
TOTAL (SQ M)	2,087

Number of transactions per intervals of contracted area (2020/Q1-Q3 2021)

< 300 sq m	301 - 800 sq m	801 - 1,500 sq m
8%	22%	13%

1,501 - 3,000 sq m	3,001 - 5,000 sq m	> 5,000 sq m
33%	25%	0%

TOP Sectors of Activity (No. of Transactions)

- TMT's & Utilities
- Business Services
- Financial Services

DESTINATION ZONE 5 | *Parque das Nações*

ORIGIN ZONE	2020/Q1-Q3 2021
1	5%
2	1%
3	20%
4	0%
5	39%
6	0%
7	0%
▶	27%
⤢	8%
!	0%
TOTAL (SQ M)	49,332

Number of transactions per intervals of contracted area (2020/Q1-Q3 2021)

< 300 sq m	301 - 800 sq m	801 - 1,500 sq m
4%	9%	18%

1,501 - 3,000 sq m	3,001 - 5,000 sq m	> 5,000 sq m
0%	23%	45%

TOP Sectors of Activity (No. of Transactions)

- TMT's & Utilities
- Business Services
- Consultants & Lawyers

DESTINATION ZONE 6 | Western Corridor

ORIGIN ZONE	2020/Q1-Q3 2021
1	2%
2	4%
3	6%
4	1%
5	0%
6	17%
7	3%
▶	3%
⤢	60%
!	3%
TOTAL (SQ M)	54,759

Number of transactions per intervals of contracted area (2020/Q1-Q3 2021)

< 300 sq m	301 - 800 sq m	801 - 1,500 sq m
7%	12%	9%

1,501 - 3,000 sq m	3,001 - 5,000 sq m	> 5,000 sq m
22%	8%	42%

TOP Sectors of Activity (No. of Transactions)

- TMT's & Utilities
- Pharmaceuticals & Health
- Consumer Products

DESTINATION ZONE 2 | CBD

ORIGIN ZONE	2020/Q1-Q3 2021
1	16%
2	10%
3	5%
4	2%
5	23%
6	1%
7	0%
▶	20%
⤢	23%
!	0%
TOTAL (SQ M)	30,775

Number of transactions per intervals of contracted area (2020/Q1-Q3 2021)

< 300 sq m	301 - 800 sq m	801 - 1,500 sq m
11%	28%	15%

1,501 - 3,000 sq m	3,001 - 5,000 sq m	> 5,000 sq m
21%	25%	0%

TOP Sectors of Activity (No. of Transactions)

- Business Services
- Consultants & Lawyers
- TMT's & Utilities

DESTINATION ZONE 4 | Historic & Riverside Zone

ORIGIN ZONE	2020/Q1-Q3 2021
1	%
2	%
3	%
4	%
5	%
6	%
7	%
▶	%
⤢	%
!	%
TOTAL (SQ M)	–

Number of transactions per intervals of contracted area (2020/Q1-Q3 2021)

< 300 sq m	301 - 800 sq m	801 - 1,500 sq m
%	%	%

1,501 - 3,000 sq m	3,001 - 5,000 sq m	> 5,000 sq m
%	%	%

TOP Sectors of Activity (No. of Transactions)

DESTINATION ZONE 1 | Prime CBD

ORIGIN ZONE	2020/Q1-Q3 2021
1	62%
2	1%
3	0%
4	7%
5	0%
6	1%
7	0%
▶	14%
⤢	13%
!	1%
TOTAL (SQ M)	35,902

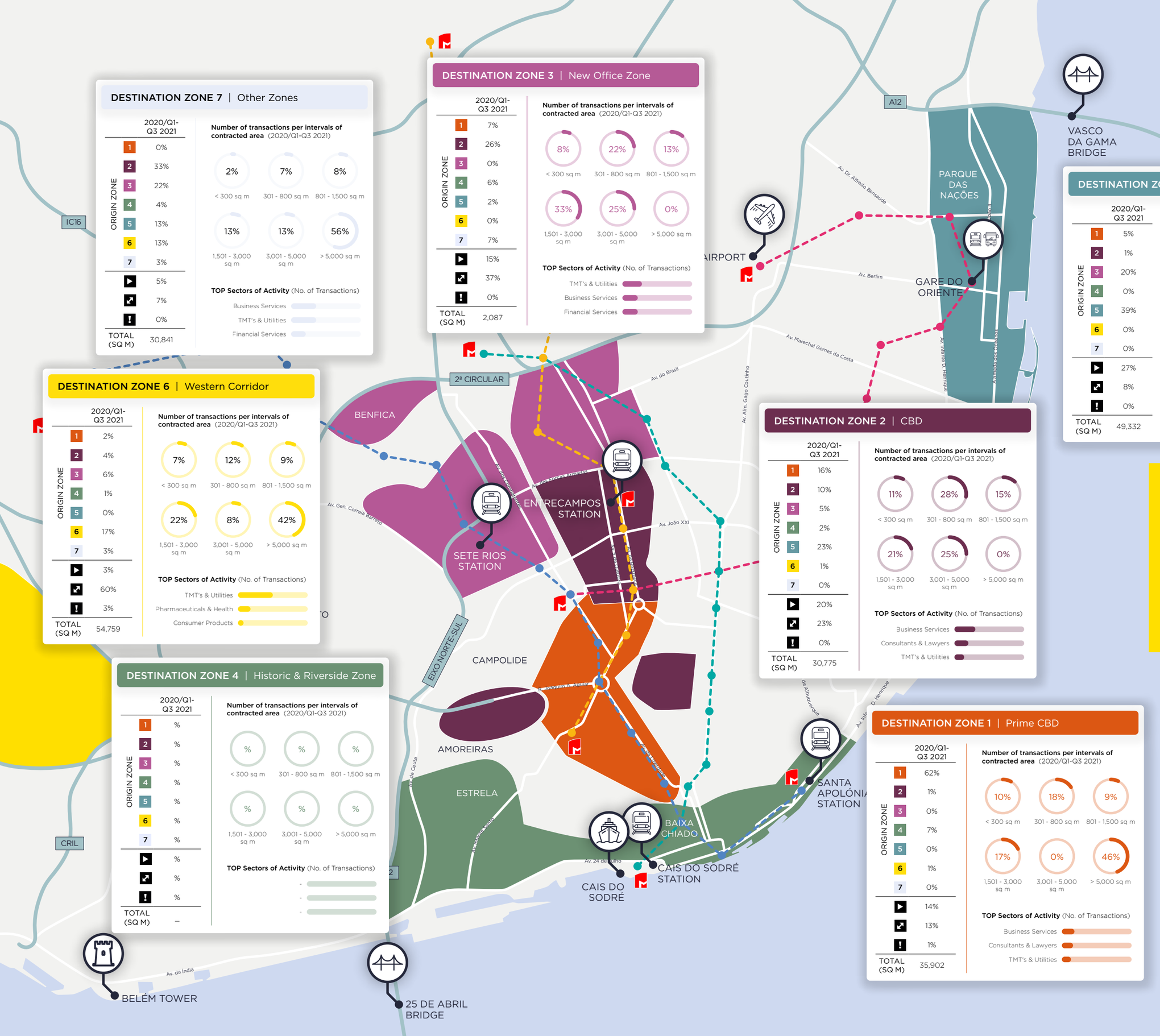
Number of transactions per intervals of contracted area (2020/Q1-Q3 2021)

< 300 sq m	301 - 800 sq m	801 - 1,500 sq m
10%	18%	9%

1,501 - 3,000 sq m	3,001 - 5,000 sq m	> 5,000 sq m
17%	0%	46%

TOP Sectors of Activity (No. of Transactions)

- Business Services
- Consultants & Lawyers
- TMT's & Utilities

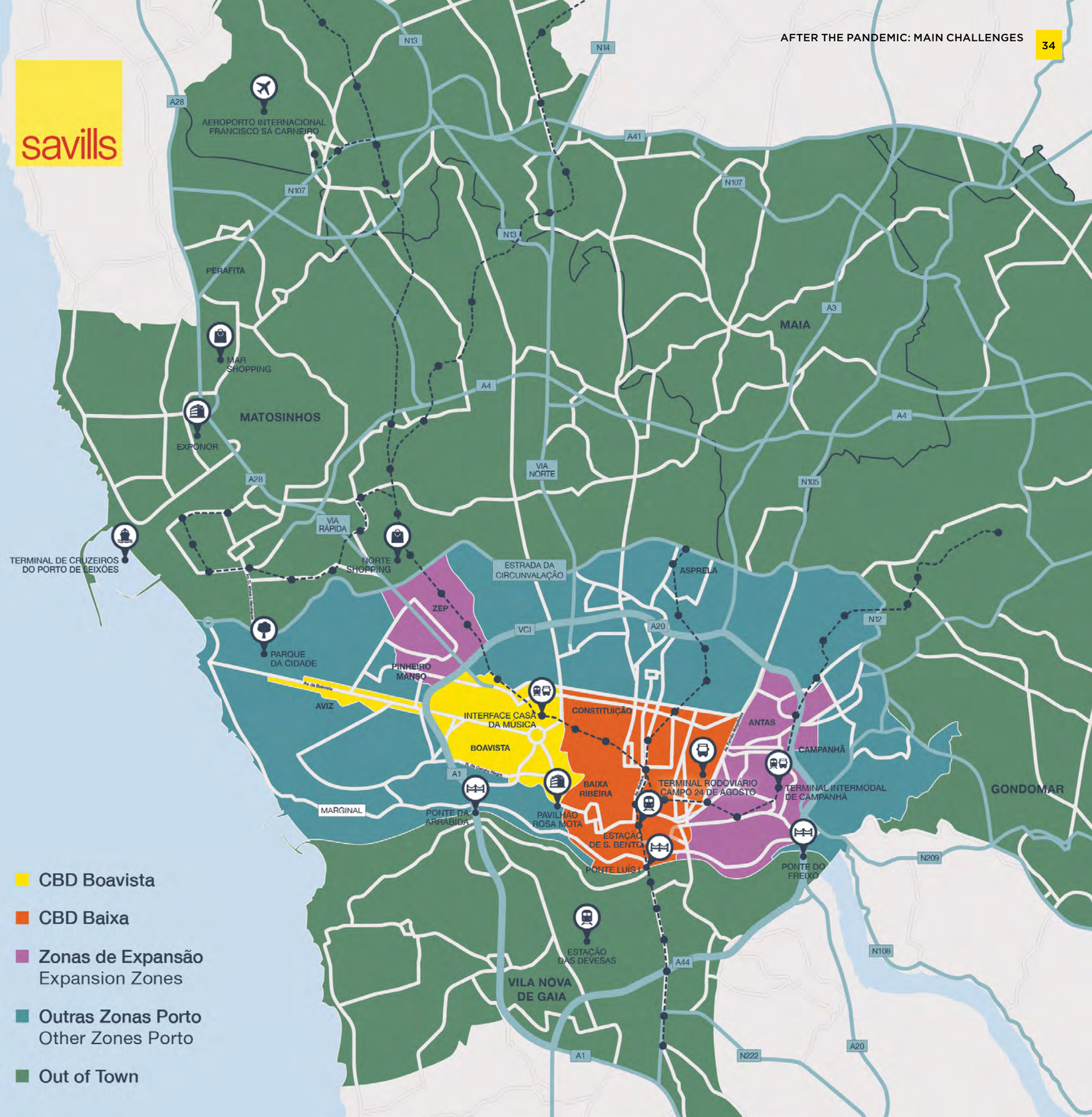


- Prime CBD
- CBD
- New Office Zone
- Historic & Riverside Zone
- *Parque das Nações*
- Western Corridor
- Other Zones
- ▶ New Company in Lisbon
- ⤢ Expansion/Relocation
- ! No Information

savills

PORTO OFFICE MARKET

ZONE MAP



PORTO TOP DEALS

2021

PORTO BUSINESS PLAZA
Q1 2022
CBD DOWNTOWN
27,600 SQ M

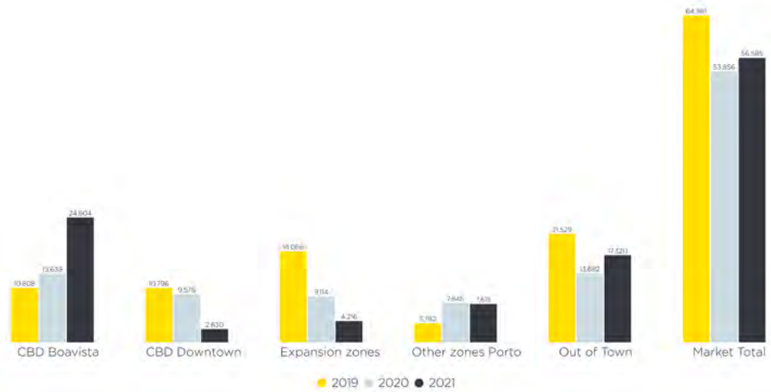
ALEGRIA 819
Q2 2022
CBD DOWNTOWN
15,000 SQ M

ALEGRIA OFFICE SPACE
Q4 2022
CBD DOWNTOWN
103,630 SQ M

ICON OFFICES
Q1 2023
EXPANSION ZONES
13,373 SQ M

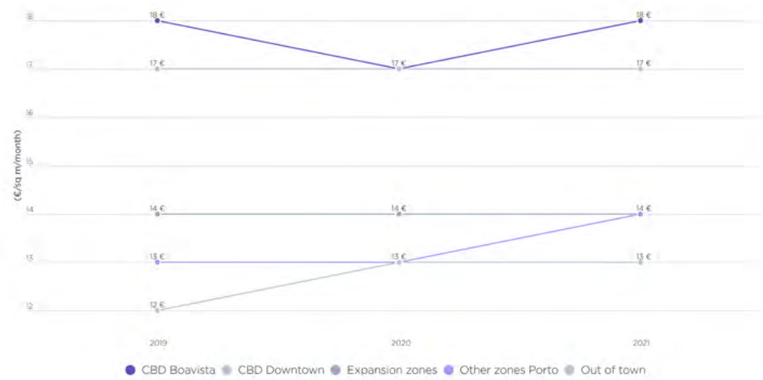
D.MANUEL II
Q1 2023
CBD BOAVISTA
13,088 SQ M

EVOLUTION OF TOTAL TAKE-UP BY MARKET ZONE



SOURCE: SAVILLS | LPI

EVOLUTION OF PRIME RENTS



SOURCE: SAVILLS | LPI

PORTO OFFICE MARKET

PORTO PIPELINE

2021

LIONESA BUSINESS HUB
OUT OF TOWN
GLA: 6,989 SQ M
TENANT: FEDEX

PASTELEIRA 219
OTHER ZONES PORTO
GLA: 6,482 SQ M
TENANT: UNILABS

PORTO OFFICE PARK (POP)
CBD BOAVISTA
GLA: 4,450 SQ M
TENANT: CONCENTRIX

LITOGRAFIA LUSITANA
CBD BOAVISTA
GLA: 4,122 SQ M
TENANT: ASCENDI

METYIS CAMPUS
OUT OF TOWN
GLA: 3,500 SQ M
TENANT: METYSIS

TRENDS

2021

The last quarter of 2021 dictated a faster pace of recovery in 2022. A stronger start to the year is expected, with Lisbon remaining on the radar of international occupiers.

TMT's & Utilities will continue to demonstrate great dynamism with a special focus on IT companies. The Consultants & Lawyers sector will also be responsible for take-up in early 2022.

The big challenge for companies will be to keep employees motivated to return to the office. Working from home introduced new dynamics to the market and underlined the need to invest in spaces that bring something new and attract employees back to their workspaces.

Rents begin to be pressured by the lack of quality supply, whether it is new construction or rehabilitation. New pipeline projects will exert greater upward pressure on rents, particularly in non-CBD areas with good access.

Currently, tenants prioritize buildings with some ESG-friendly certification, or that with some investment can achieve these same certifications. In 2021, there was greater demand for certified buildings, even if this implies a greater financial effort.

2022 will be a year of recovery for companies. Demand will remain very dynamic, and the question raised is whether the available supply will continue to be insufficient.

If working from home was the dominant model in 2020 and part of 2021, as we begin to realise that the formula for growth lies in the flexibility of spaces and workers, the owners will also have to accompany this change.

The large office projects to be completed will be few for the existing demand but refurbishments of industrial and commercial buildings may provide the right conditions for the growth of Porto's office market.

In 2022 we will continue to observe the growth of the health and pharmaceuticals sector, given the context of global pandemics and a strong trend towards demographic ageing. Also sectors such as logistics, energy and industrial components, agents in global supply chains are undergoing considerable changes.

TMT's and Utilities continue to demonstrate a strong presence in the office market due to the highly skilled human resources our universities produce.

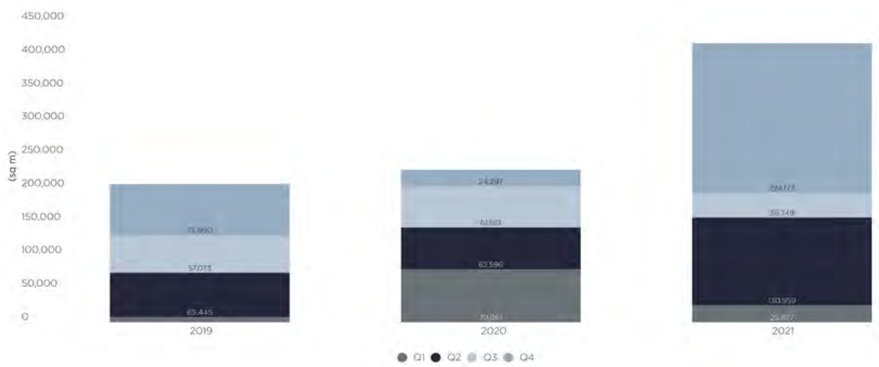
Location, sustainability and flexibility are the big factors to consider in 2022. While the first has always been the essential pillar of real estate, the constructive certification of buildings is now demanded by large multinationals and collaborating companies.

In Porto, rents have shown great stability. However, by 2022 there will be few major projects, so that the adaptation of industrial or commercial spaces may put pressure on rents.

LISBON METROPOLITAN AREA
INDUSTRIAL & LOGISTICS

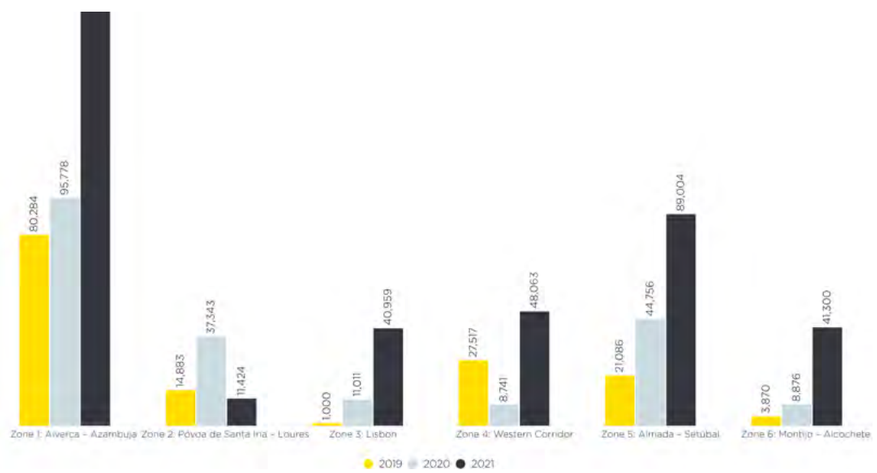
2021

EVOLUTION OF TOTAL TAKE-UP

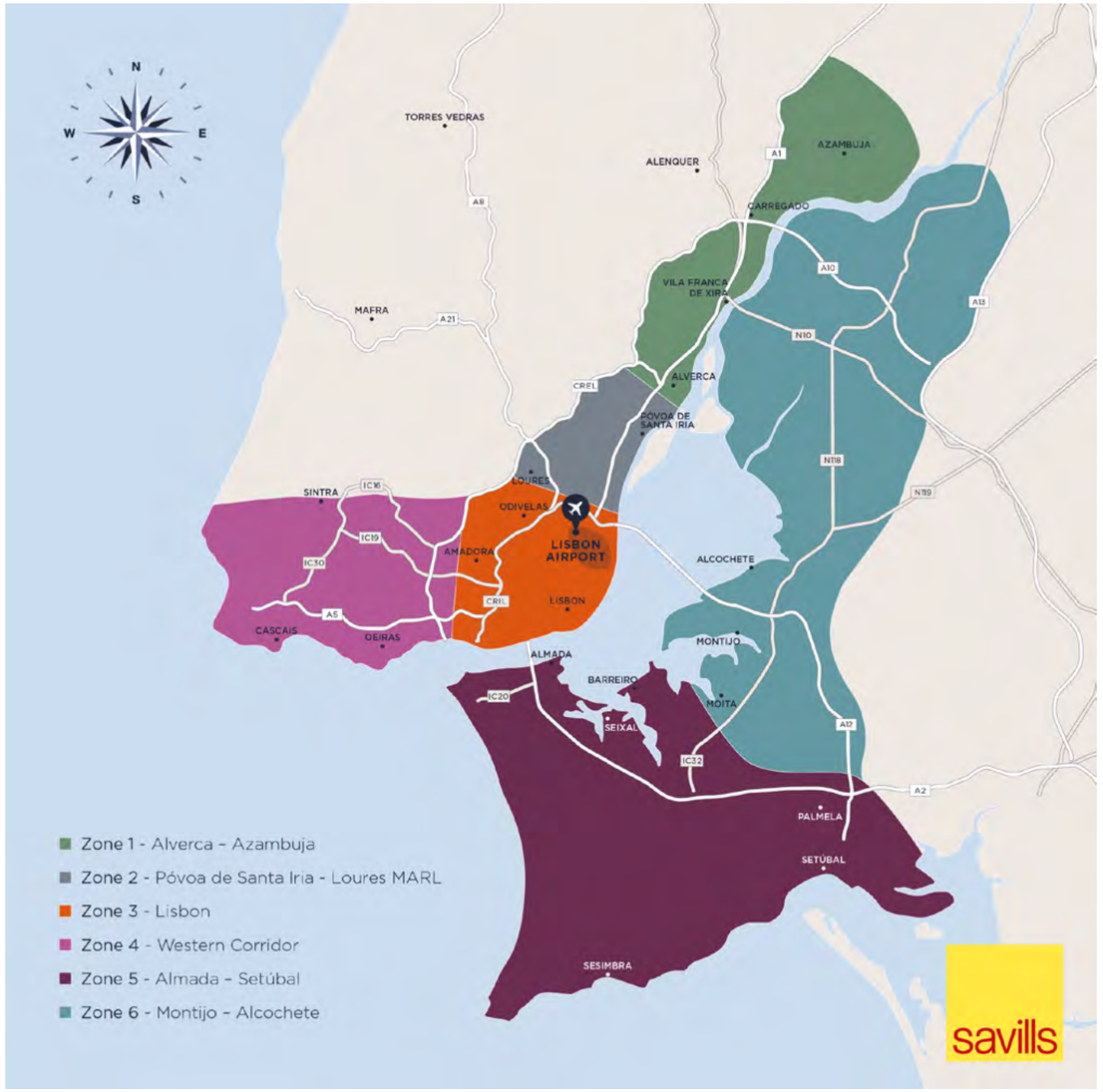


SOURCE: SAVILLS | PPI

EVOLUTION OF TOTAL TAKE-UP BY MARKET ZONE



SOURCE: SAVILLS | PPI



LISBON METROPOLITAN AREA INDUSTRIAL & LOGISTICS

2021

GREEN LOGISTICS
80,500 SQ M
CONFIDENTIAL

LISGRÁFICA
42,000 SQ M
CONFIDENTIAL

INDUSTRIAL WAREHOUSE IN SETÚBAL
37,500 SQ M
ETERMAR

STEF PLATFORM
30,000 SQ M
STEF

INDUSTRIAL WAREHOUSE VALE TRIPEIRO BENAVENTE
14,333 SQ M
FUSION FUEL

83% and 102% increase in take-up volume compared to 2020 and 2019.

2021 was by far the best year ever in the I&L market, with Q4 2021 reaching 220,000 sq m

Alverca – Azambuja, with 47% of the market share.

KEY FIGURES: Greater Lisbon Market

STOCK: 2.5 MILLION SQ M

VACANCY RATE: 5%

PRIME RENT (€/SQ M/MONTH): 4,00€

PIPELINE: > 400,000 SQ M

TOP BUSINESS SECTORS:

- Distribution & Logistics: 68%
- Industry & Manufacturing: 12%

2021 was an impressive year for I&L market, with a record take-up that shows the great momentum of the market. In 2022 this trend will last.

Demand fundamentals for logistics space remain very strong. Operators continue to carry on their expansion plans, with logistics formats suitable for last-mile and cross-docking operations being dominant.

Ecommerce, with high growth rates expected for the coming years, will continue to add a greater need for sq m to the entire supply chain.

The major occupations of 2022 will be pre-let. There is a vast pipeline that will not be delivered until 2023. In this sense, due to lack of supply, the trend of built to suite will remain.

The emergence of a new product will cause rents to rise substantially, especially in areas of higher demand.

Prime yield compression.

Regarding sustainability, the main occupants are beginning to demand assets that are in line with ESG policies. Promoters are also beginning to pay more attention to asset development, following this trend.

RETAIL

2021

- 148 New High Street Stores in Lisbon city
- 26% Downtown
- 11% Avenidas novas
- 8% Campo de Ourique | Príncipe Real
- 5% Santo António

STOCK

SHOPPING CENTRES
- 3.4 Million sq m

RETAIL PARKS
- 504,000 sq m

2021 was one of the most challenging years in history for retail trade. Consumption patterns have changed dramatically leading to the development of new sale and marketing strategies.

Unlike 2021, when we entered the year with contingency measures that forced the closure of many activities considered non-essential, in 2022, all sectors are fully active.

The Food & Drinks sector is expected to have more dynamism as they no longer meet contingency measures, only the use of masks and the vaccination certificate. Take-away service and food delivery continued to be widely used.

Hypermarkets, Supermarkets, DIY shops proved to be the most resilient retail formats throughout the pandemic period, moving up in list of attractive investments, a trend that is expected to continue into 2022.

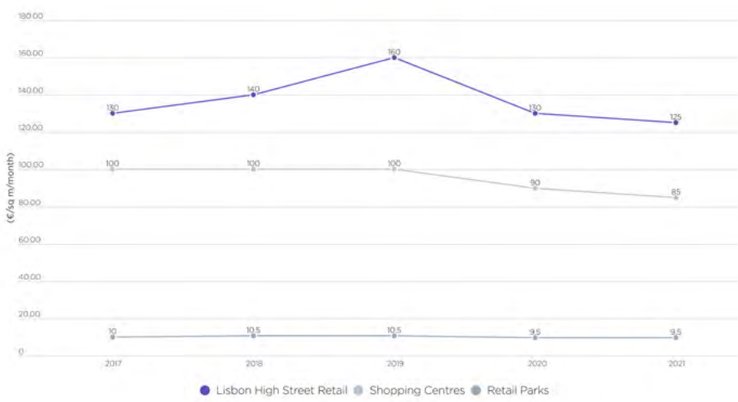
Reposition and refurbishment of underperformance assets.

After years of stagnation in the development of new retail projects, new retail park projects will appear on the market over the next two years.

2022 will be a year in which digitalization will begin to be felt even more. The integration between physical and online stores will have to be structured, as online shopping is becoming increasingly a habit.

Strong competition between owners will increase for attracting the most solid brands and the best concepts following this trend.

EVOLUTION OF PRIME RENTS

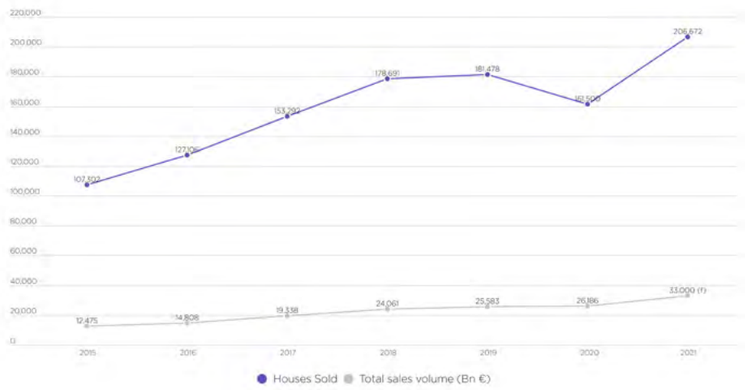


SOURCE: SAVILLS

RESIDENTIAL

2021

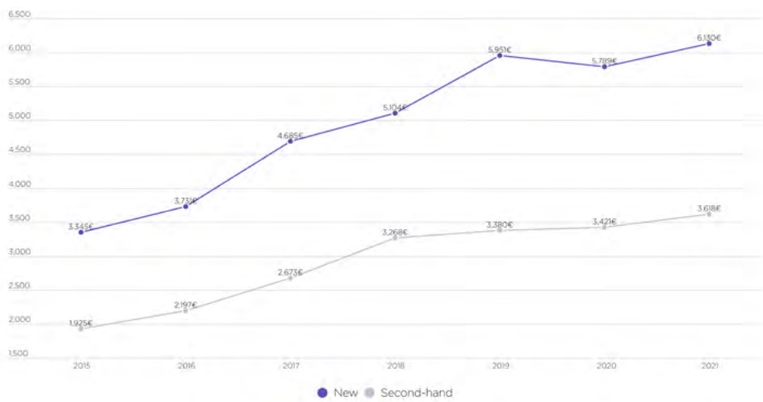
HOUSES SOLD VS TOTAL SALES VOLUME



SOURCE: SIR | INE

(f) forecast

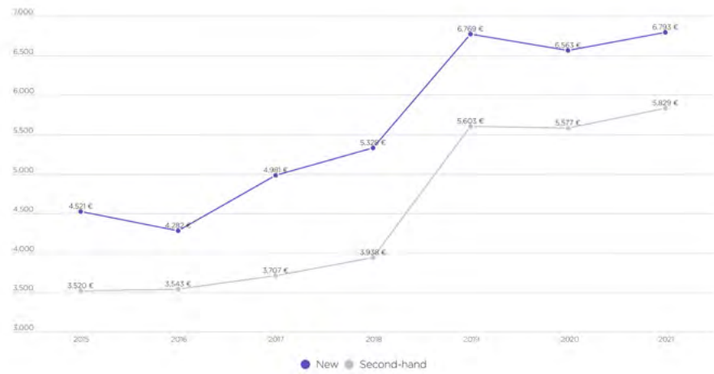
AVERAGE CLOSED PRICE/SQ.M - LISBON MUNICIPALITY



SOURCE: SIR

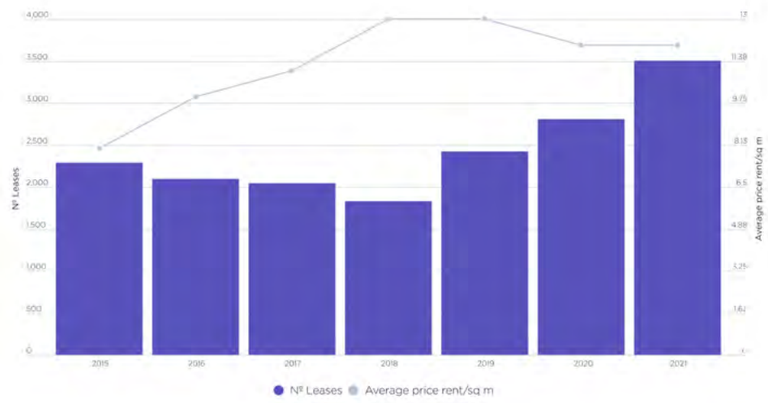
The effects of Covid-19 already generate new buying habits, new living needs and lifestyles that break with the more traditional vision of the residential market;
The millennial and future generations that will enter the labour market in the coming years also defend different values to the previous generations which will reflect in the emergence of new housing models, Generations that firmly value the factor of mobility, forcing the residential sector more than ever before to reinvent itself and keep up with this trend;
Emergence of new, more peripheral residential areas that meet the space and price requirements of demand;
Changes in the Golden Visa concession will redirect demand to lower density residential areas;
The increase in single-parent households, the sharp rise in sales prices and the degree of uncertainty about the future have also all led to greater demand from the rental market that goes unparalleled in the supply market. The lack of supply will continue to attract investors interested in PRS projects.

AVERAGE CLOSED PRICE/SQ.M - HIGH END MARKET LISBON MUNICIPALITY



SOURCE: SIR | INE

AVERAGE CLOSED PRICE/SQ.M - RENTAL MARKET LISBON MUNICIPALITY



SOURCE: SIR

PORTUGAL
TOURISM

MAIN OPENINGS

EPIC SANA MARQUÊS DE POMBAL 5*
LISBON
379 ROOMS

FOUR POINTS BY SHERATON LAGOS 4*
ALGARVE | LAGOS
231 ROOMS

EUROSTAR PARQUE DAS NAÇÕES 5*
LISBON
168 ROOMS

EUROSTARDS ALIADOS 5*
PORTO
149 ROOMS

PORTO EXPO AEROPORT 3*
PORTO
127 ROOMS

The effects of Covid-19 already generate new buying habits, new living needs and lifestyles that break with the more traditional vision of the residential market.

The millennial and future generations that will enter the labour market in the coming years also defend different values to the previous generations which will reflect in the emergence of new housing models, Generations that firmly value the factor of mobility, forcing the residential sector more than ever before to reinvent itself and keep up with this trend.

Emergence of new, more peripheral residential areas that meet the space and price requirements of demand.

Changes in the Golden Visa concession will redirect demand to lower density residential areas.

The increase in single-parent households, the sharp rise in sales prices and the degree of uncertainty about the future have also all led to greater demand from the rental market that goes unparalleled in the supply market. The lack of supply will continue to attract investors interested in PRS projects.

SOURCE: TRAVEL BI

TOP INVESTMENT TRANSACTIONS

TIVOLI MARINA VILAMOURA | TIVOLI CARVOEIRO
ALGARVE
631 ROOMS
SELLER: MINOR INTERNATIONAL
BUYER: AZORA EUROPEAN HOTEL & LODGING
INVESTMENT VALUE: 148 M€

PORTO PALÁCIO HOTEL
PORTO
262 ROOMS
SELLER: SONAE CAPITAL
BUYER: SQUARE ASSET MANAGEMENT
INVESTMENT VALUE: 37 M€

VILA LARA TALASSA RESORT ALGARVE
ALGARVE
118 ROOMS
SELLER: OXY CAPITAL
BUYER: AZORA EUROPEAN HOTEL & LODGING
INVESTMENT VALUE: 32 M€

Portugal will continue to be a destination for international hospitality brands and continue to firmly maintain its place as a tourist and business destination.

Sale & leaseback operations may be used as a capitalization instrument.

Hotel investment sector will continue to attract the interest of institutional investors with a core investment profile and long-term strategies.

Distressed asset transaction expectations to weaken as tourism market recovers its KPI performance.