

PORTUGAL

2024

LISBOA | PORTUGAL

Real Estate Market Overview Q1 2024

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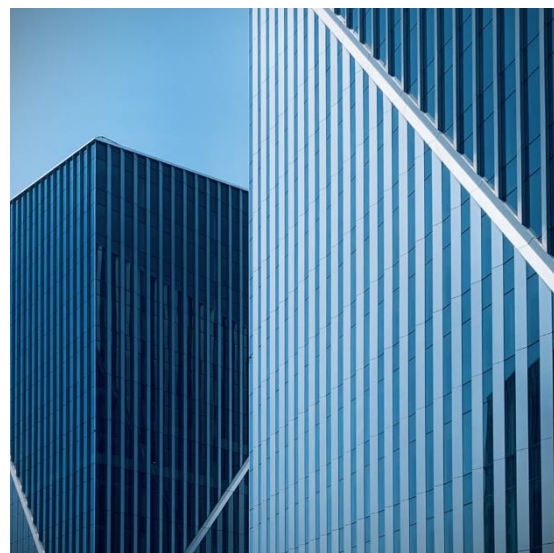
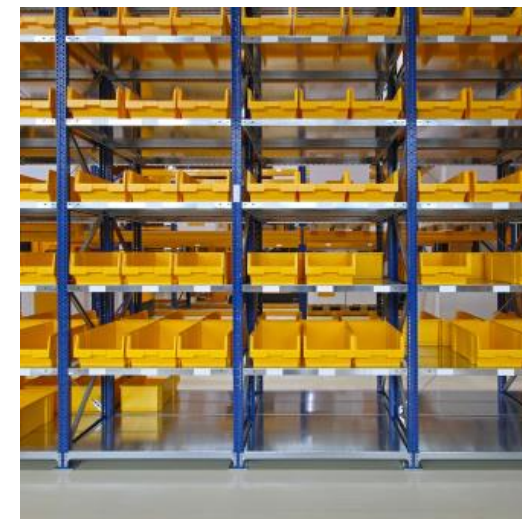
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01

CHAPTER

Summary

Summary

ECONOMY

- Economy grew by 1.4% YoY;
- Slowdown in investment and private consumption;
- Exports of goods and services decelerated, while imports slightly accelerated.

INVESTMENT

- Total investment volume: 261 M€ - 6% YoY decrease.
- 75% investment volume towards office and retail;
- Prime yields: stable.

OFFICES

- Lisbon and Porto with record quarterly take-ups;
- Active demand from the financial and TMT sectors;
- GLA directed to pre-lets and own-occupation represents close to 50% of the pipeline over the next two years in Lisbon and Porto;
- Prime rent on an upward trajectory.

INDUSTRIAL

- Active demand surpassed available supply by 186%;
- 18% increase in take-up compared to the three-year average;
- Prime rent remained stable.

RETAIL

- 7,5% increase in new openings high street retail compared to Q1 2023;
- F&B accounted for 74% of total high street retail openings in Greater Lisbon;
- Higher demand from Fitness & Health sector.

RESIDENCIAL

- Interest rates decreased for the 6th month in a row;
- Slight sales recovery;
- Stable asking prices;
- Rental market still under great pressure.

HOSPITALITY

- Growth in tourism international demand;
- Overnight stays and guests surpassed Q1 2023;
- Lisbon is the most seek out city in the country for new hotel openings in 2024.

02

CHAPTER

Economic Overview

Economic Overview

Q1 2024



- In the first three months of the year 2024, the economy grew by 1.4% year-on-year. However, this result represents a slowdown compared to the previous quarter, when the economy recorded a year-on-year growth of 2.3%;
- The first quarter was marked by a slowdown in investment and private consumption compared to the same period in 2023. Exports of goods and services decelerated, while imports slightly accelerated;
- At the end of March, the Consumer Price Index was 2.3%, 0.2 percentage points higher than the one observed in the previous month. The categories with the highest positive contributions to the year-on-year variation of the CPI were Transport, Restaurants and Hotels, Housing, Water, Electricity, Gas, and Other Fuels;
- The unemployment rate rose to 6.7% in February. The unemployed population increased for the second consecutive time, with a slight decrease also observed in the employed population, in a 0.1% decrease compared to January 2024, a percentage that translates into a workforce population exceeding five million individuals.



Source: Savills Research using INE

Economic Overview

Q1 2024

Economic growth forecasts revised upwards

The main financial institutions have raised their forecasts for the Portuguese economy, based on an improvement in investment and the implementation of the Recovery and Resilience Funds;

The OECD has advanced an upward forecast, predicting GDP growth of 1.6% in 2024.

Public investment, tax relief, and higher social benefits will support economic activity in Portugal;

The IMF also expressed more optimism in its latest forecast for the Portuguese economy, largely driven by the economic recovery in the eurozone. GDP is expected to grow by 1.7% in 2024 and 2.0% next year;

The eurozone's recovery is based on stronger household consumption, as well as the reduction of shock effects on energy prices and real growth in the decline of inflation;

The Bank of Portugal has also revised its forecasts upwards, driven by export growth, particularly in the tourism sector, and the implementation of the Recovery and Resilience Funds, as the main drivers of the Portuguese economy in 2024;

For 2024, the Bank of Portugal's forecast is slightly more optimistic than others, with GDP expected to expand by 2.0% already in 2024, and for 2025, the forecast is 2.3%, above the eurozone average.

STRENGTHS & OPPORTUNITIES

- Recovery of international trade;
- Resilient labour market;
- Boost from European funds;
- Digitalization;
- Green Transition.

03

CHAPTER

Investment

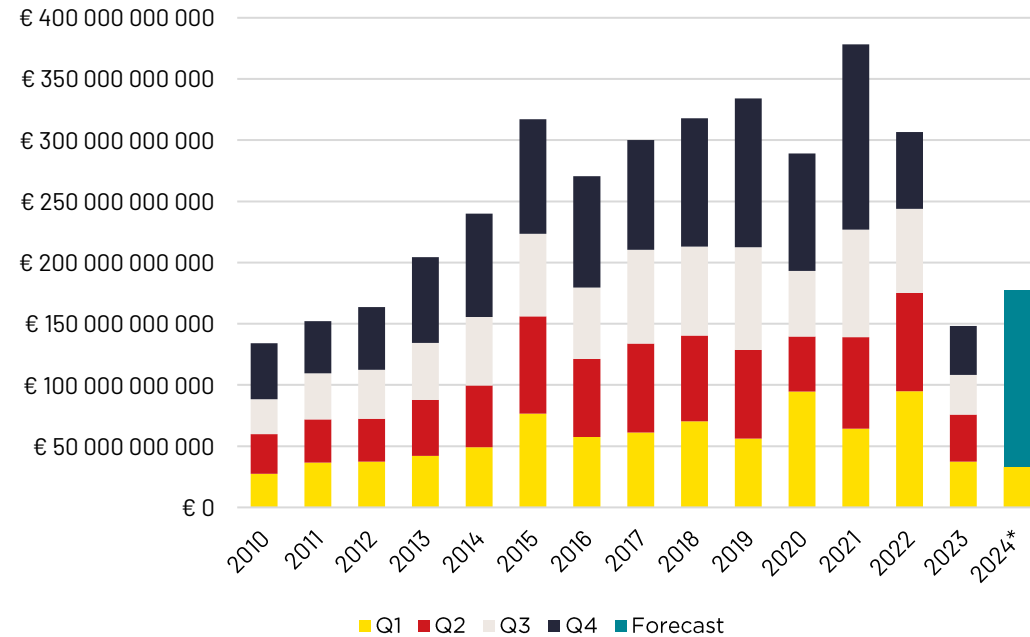
European Investment Market

Q1 2024



- The European investment volume totalled approximately €34bn in Q1 2024, 12% down compared to the same quarter last year and 51% down on the previous five-year average;
- Although still declining, the investment curve is showing signs of stabilisation when compared to the steep downward trend over the previous twelve months;
- In seven countries the investment volume in Q1 was up on the same period last year, including Belgium (119%), Italy (108%), Sweden (42%), Romania (41%) Czech Republic (26%), Hungary (23%) and Norway (17%);
- In terms of sector, investments in hotel (67%), senior living (56%), logistics (20%) and student housing (6%) recorded a growth year-on-year;
- As the gap between buyer and seller price expectations is beginning to close, helped further by expected ECB rate cuts later in the year, we expect a gradual resurgence in investment activity starting in H2 2024.

EUROPEAN TOTAL INVESTMENT VOLUMES



Savills forecast the total European investment volume will reach between €177-182 billion by the end of 2024, marking a rebound in investment volume with an annual increase of 19-22%, up from the €149 billion reached in 2023.

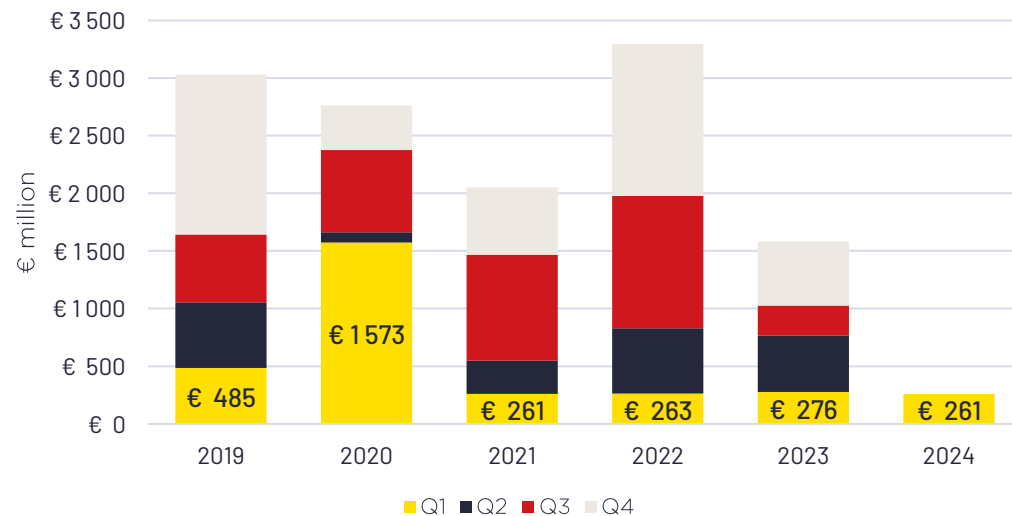
Portugal Investment Market

Q1 2024

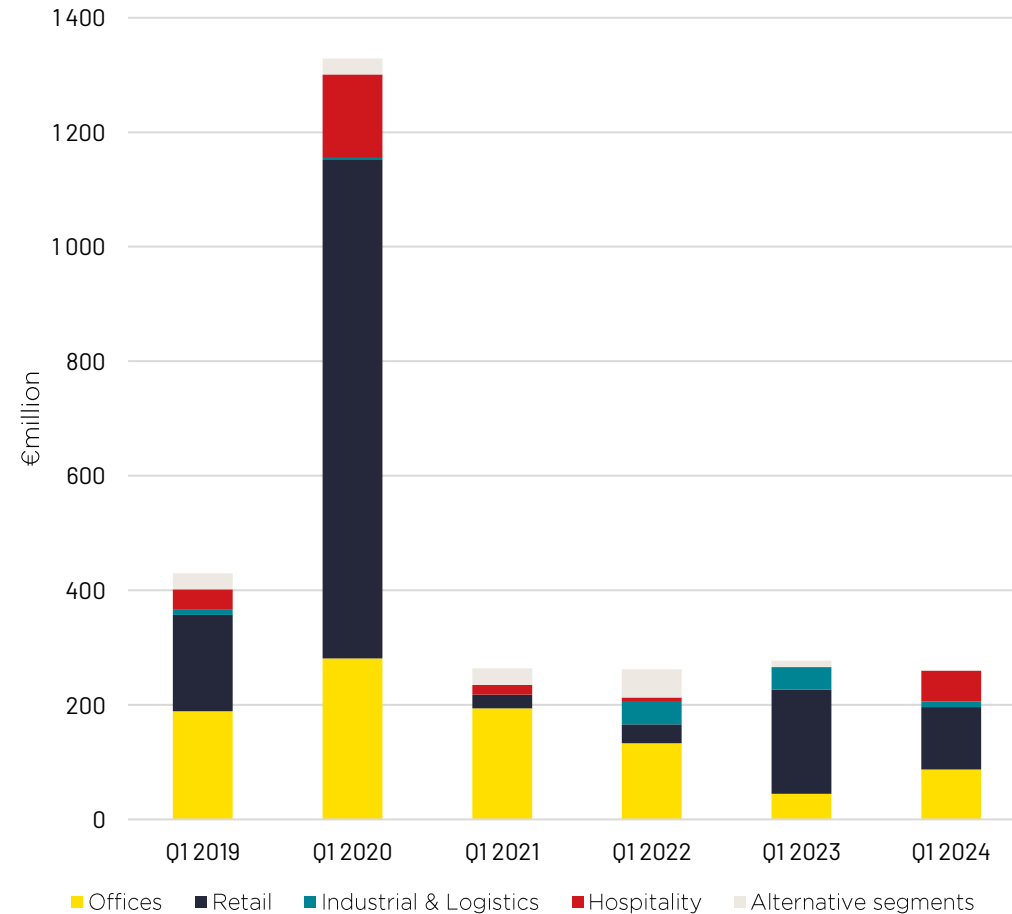


- Investment volume in line with last year, with a slight decrease of 6%;
- 75% of the total investment volume allocated to the retail and office markets;
- 70% of cross-border investment volume.

EVOLUTION OF REAL ESTATE INVESTMENT



TOTAL INVESTMENT VOLUME BY SECTOR



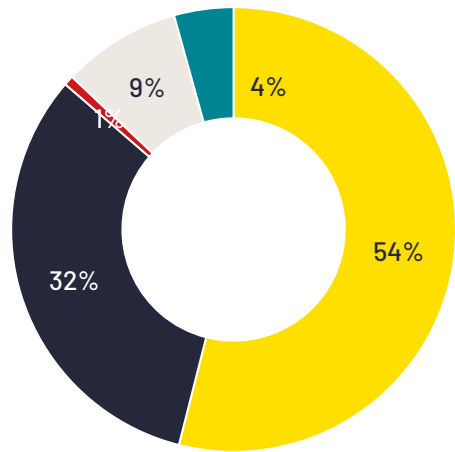
Source: Savills Research

Portugal Investment Market

Q1 2024

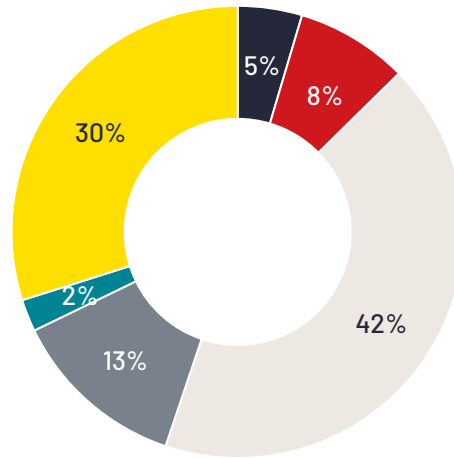


INVESTORS NATIONALITY



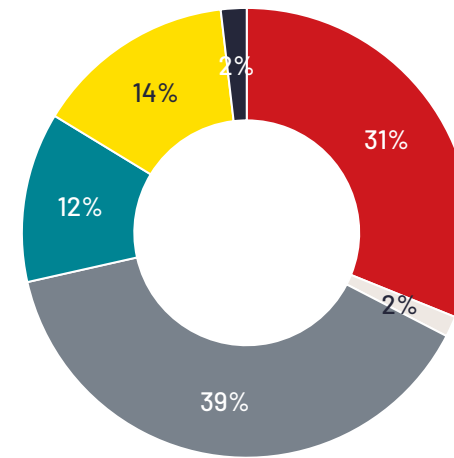
- Germany
- Portugal
- UK
- USA
- Others International

SELLER'S PROFILE



- Bank
- Company
- Funds
- Hospitality Groups
- Private Investors
- Developers

BUYER'S PROFILE



- Asset Management
- Funds
- Private Investor
- Hospitality Group
- Family Office
- Developers

TOP DEALS

ASSET	SECTOR	SUB-SECTOR	SELLER	BUYER	GLA	INVESTMENT VOLUME (€M)
K-Tower	Offices	Offices	KREST	Real I.S. A.G	15,000	75 M€
Sintra Retail Park	Retail	Retail Park	Ceetrus	AM Alpha	20,000	67 M€ (estimate)
Amazónia Hotels	Hospitality	Hotels	Amazónia Group	Real Hotels Group	712 rooms	33M€ (estimate)

Source: Savills Research

Portugal Investment Market

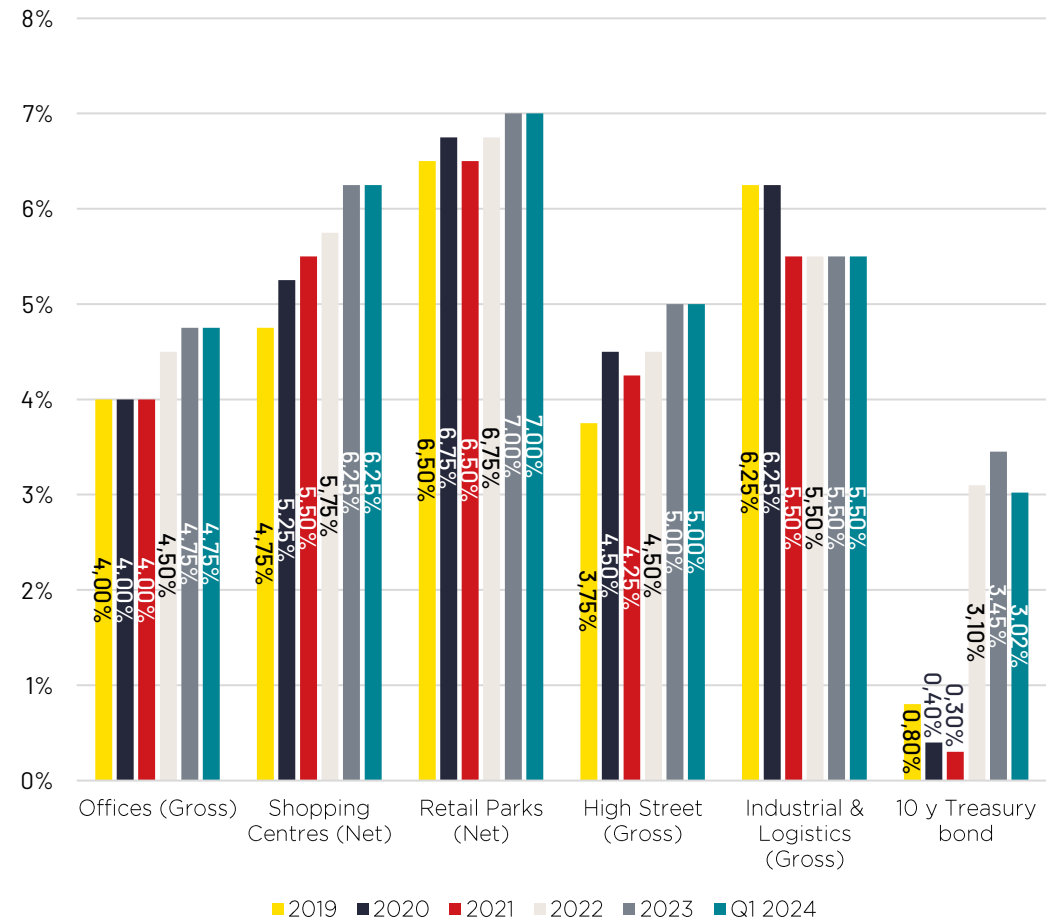
Q1 2024



MAIN TRENDS

- More diversified investment strategies, with a focus on sectors demonstrating potential for growth despite market fluctuations;
- More focused on living sectors as well as continued investor interest in hospitality and retail segments due to the resilience and strong performance of these sectors;
- Investment in offices and logistics supported by strong occupational market fundamentals but with a scarcity of prime product available for investment;
- Prime yields: In 2023, the demand for higher returns from investors, led to a general upward trend in all segments between 25 - 50 basis points. In the first half of 2024, we may still witness upward adjustments, potentially followed by stabilization in the second half of the year, due to the expectation of interest rate reduction in June and potential improvement in financing access conditions.

EVOLUTION OF PRIME YIELDS



Source: Savills Research

04

CHAPTER

Offices

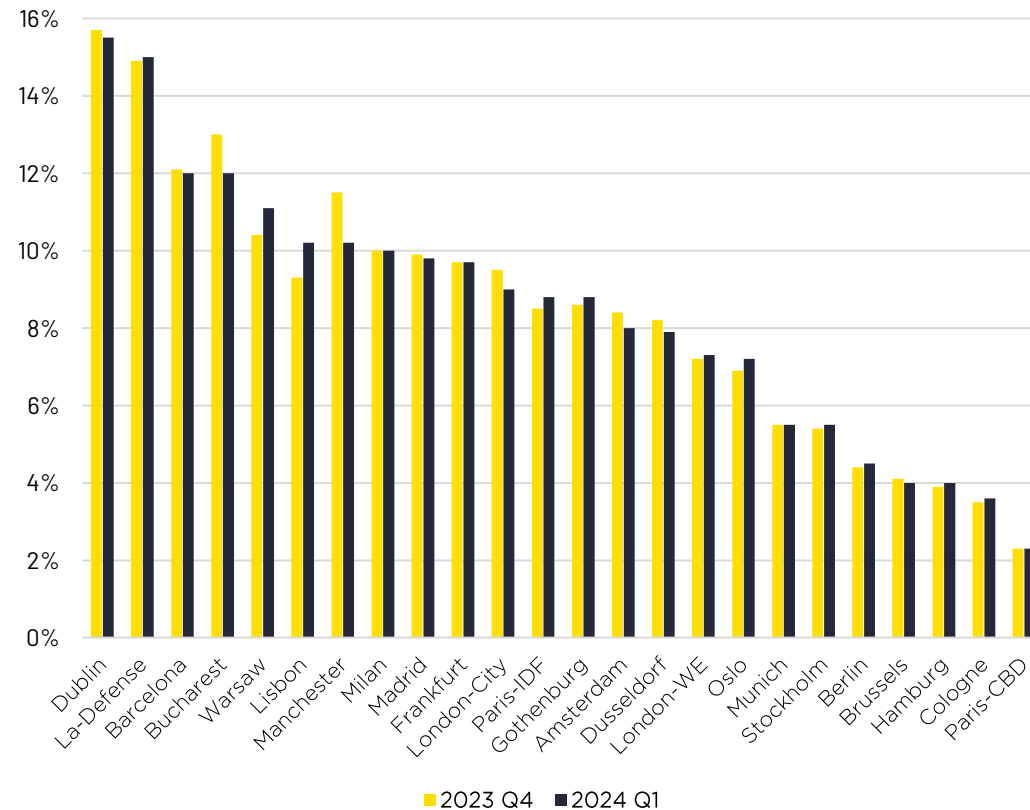
European Office Market

Q1 2024



- European office take up rose by 2% YoY to 1.7m sq m during Q1 2024, however, this remains 19% below the pre-pandemic five-year Q1 average;
- Southern Europe remains a positive driver of demand, with Lisbon (+82%), Barcelona (+20%) and Madrid (+6%) performing strongly against the pre pandemic five-year Q1 average;
- For the full year 2024, we expect take up to remain in line with 2023;
- Office vacancy rates remained stable at 8.4% during Q1 2024, with Paris CBD (2.3%), Cologne (3.6%) and Hamburg (4.0%) all undersupplied;
- Prime rents continue to rise, increasingly by an average of 3.6% over the last 12 months to Q1 2024. London City (+15%), Dusseldorf (+11%) and Munich (+10%) observed the largest increases over the past 12 months.

EUROPEAN OFFICE VACANCY RATES



Source: Savills Research

Lisbon Office Market

Q1 2024



- Prime CBD
- CBD
- New Office Zone
- Historic & Riverside Zone
- "Parque das Nações"
- Western Corridor



TOTAL MARKET STOCK
4,439,660
SQ M

DEALS DONE
42
(Yoy: 2.4%)

TOTAL TAKE-UP
73,725
(Yoy: 2.4%)

VACANCY RATE
10.02%

PRIME RENT
28€
/SQ M/MONTH

HIGHEST TAKE-UP ZONE 5
28,670
SQ M

Source: Savills Research

Lisbon Office Market

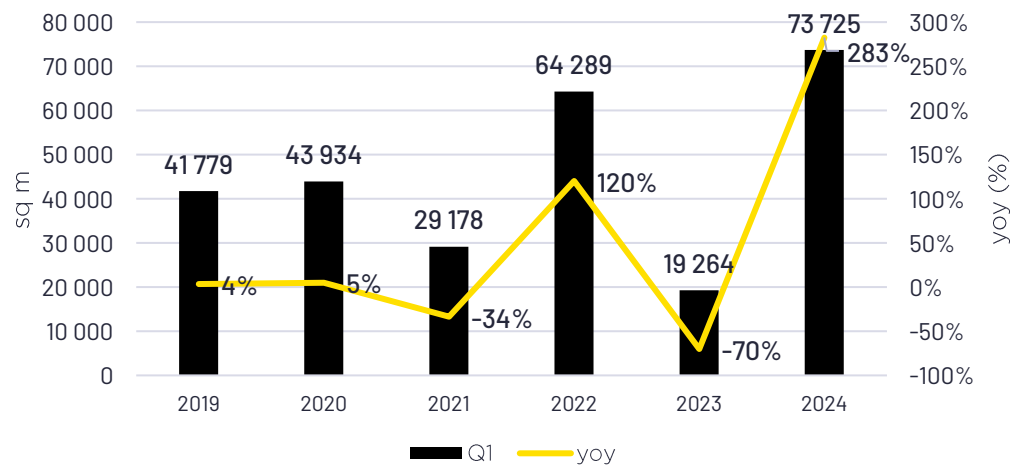
Q1 2024



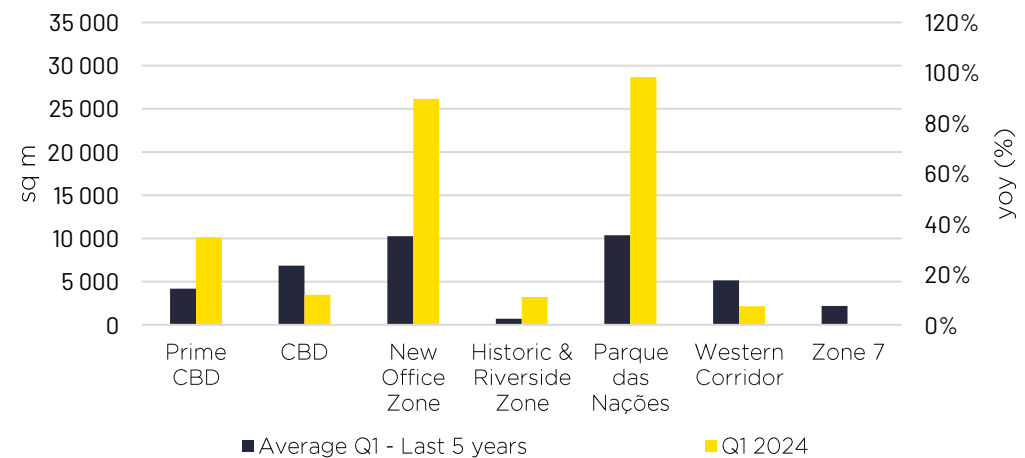
- Record quarterly take-up volume: +283% year-on-year variation;
- 41 deals closed, 12 of which were above 1,000 sq m, representing 86% of the total take-up volume.
- 59% of the occupied GLA corresponded to two large-scale operations in the WELLBE and Álvaro Pais 2 buildings, totaling 43,714 sq m.;

- Even if these two operations had not been closed, the total volume of take-up remains above (+56%) the result from the same period in 2023;
- The Parque das Nações area and the New Office Zone recorded the highest take-ups, representing a share of 74% in the total Q1 2024 take-up;
- 86% increase in total take-up volume compared to the average of the first quarters of the last 5 years.

TOTAL TAKE-UP - Q1 LAST 5 YEARS



TAKE-UP PERFORMANCE BY MARKET ZONE



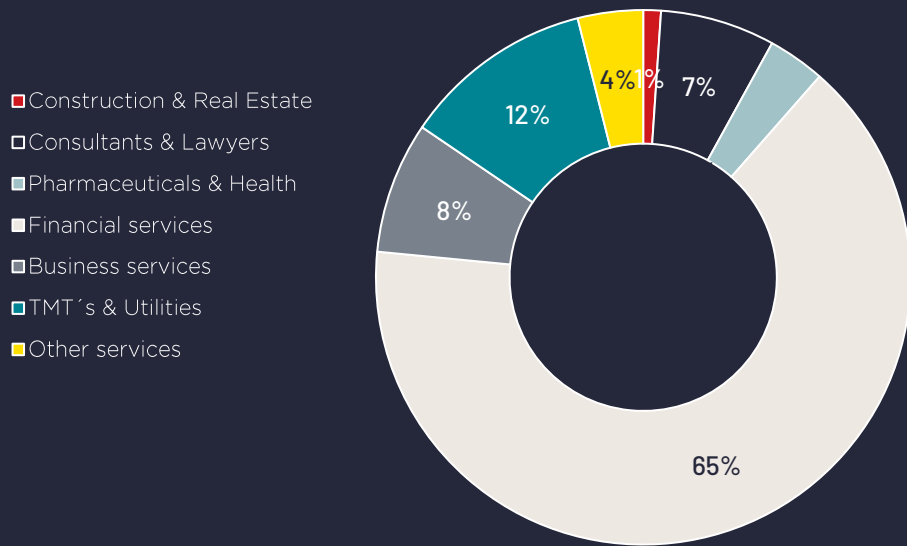
Source: Savills Research

Lisbon Office Market

Q1 2024



TAKE-UP BY BUSINESS SECTOR
Q1 2024



Source: Savills Research

TOP DEALS DONE | ABOVE 1,000 SQ M

MARKET ZONE	BUILDING	GLA (SQ M)	TENANT	BUSINESS SECTOR	DEMAND REASON
5	WELLBE	26,709	Caixa Geral de Depósitos	Financial services	Relocation
3	Álvaro Pais 2	17,005	Confidential	Financial services	Relocation
1	Marquês de Pombal, 2	3,851	Monday By Urbania	Business services	New company in Lisbon
1	Jean Monnet	2,415	Confidential	Financial services	Relocation
3	Tower A - Lisbon Towers	2,248	Confidential	TMTs & Utilities	Relocation
4	ALLO Block 1	2,237	Confidential	Consultants & Lawyers	Relocation
3	Oriente Tower - Colombo	1,860	AdvanceCare	Pharmaceuticals & Health	Relocation
3	General Firmino Miguel	1,843	C.E.U.	Other services	Relocation
3	Pórtico	1,597	Confidential	TMTs & Utilities	Relocation
2	Casal Ribeiro, 16	1,437	TRIPADVISOR	TMTs & Utilities	Relocation
5	Espace	1,005	Confidential	TMTs & Utilities	Relocation
2	Dom João V, 30	1,000	Confidential	Business services	Area expansion

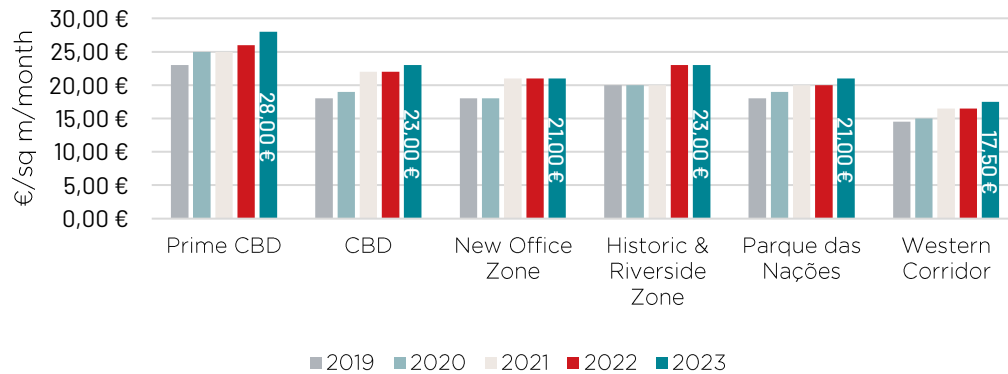
Source: Savills Research

Lisbon Office Market

Q1 2024

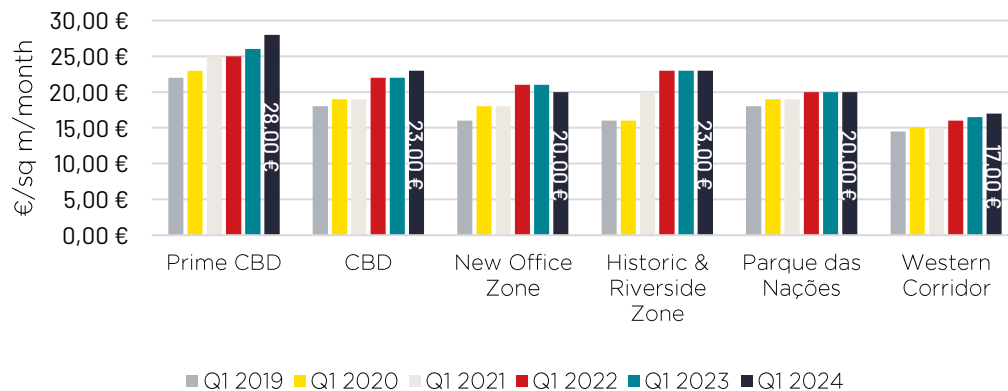


EVOLUTION OF PRIME RENT BY OFFICE MARKET ZONE
2019-2023

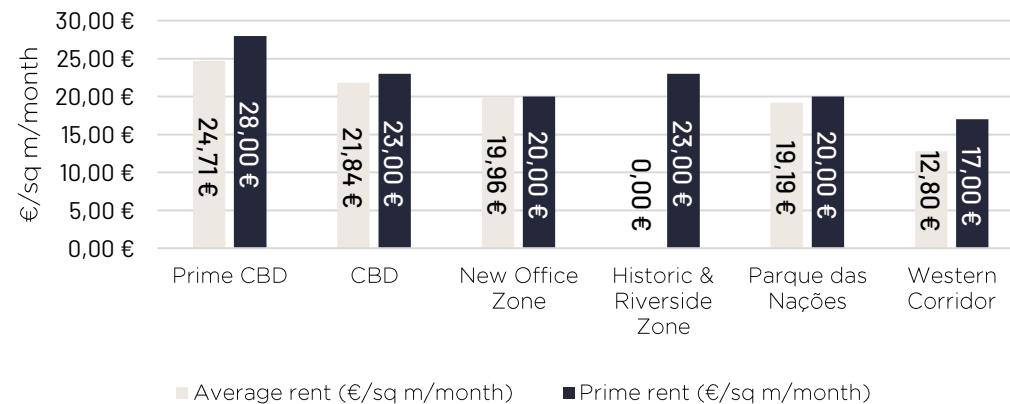


- Prime rent remained stable at €28/sq m/month, with Lisbon ranking among the European cities with the most competitive office market rents;
- A few market zones ended the quarter with a slight contraction in their prime rental value compared to year-end 2023. Although the take-up levels surpassed those of the previous year, there is a general sense of a slight cooling in demand, putting pressure on market zones with higher incoming of available supply.

EVOLUTION OF PRIME RENTS BY OFFICE MARKET ZONE
Q1 LAST 5 YEARS



PRIME RENT VS AVERAGE RENT - Q1 2024



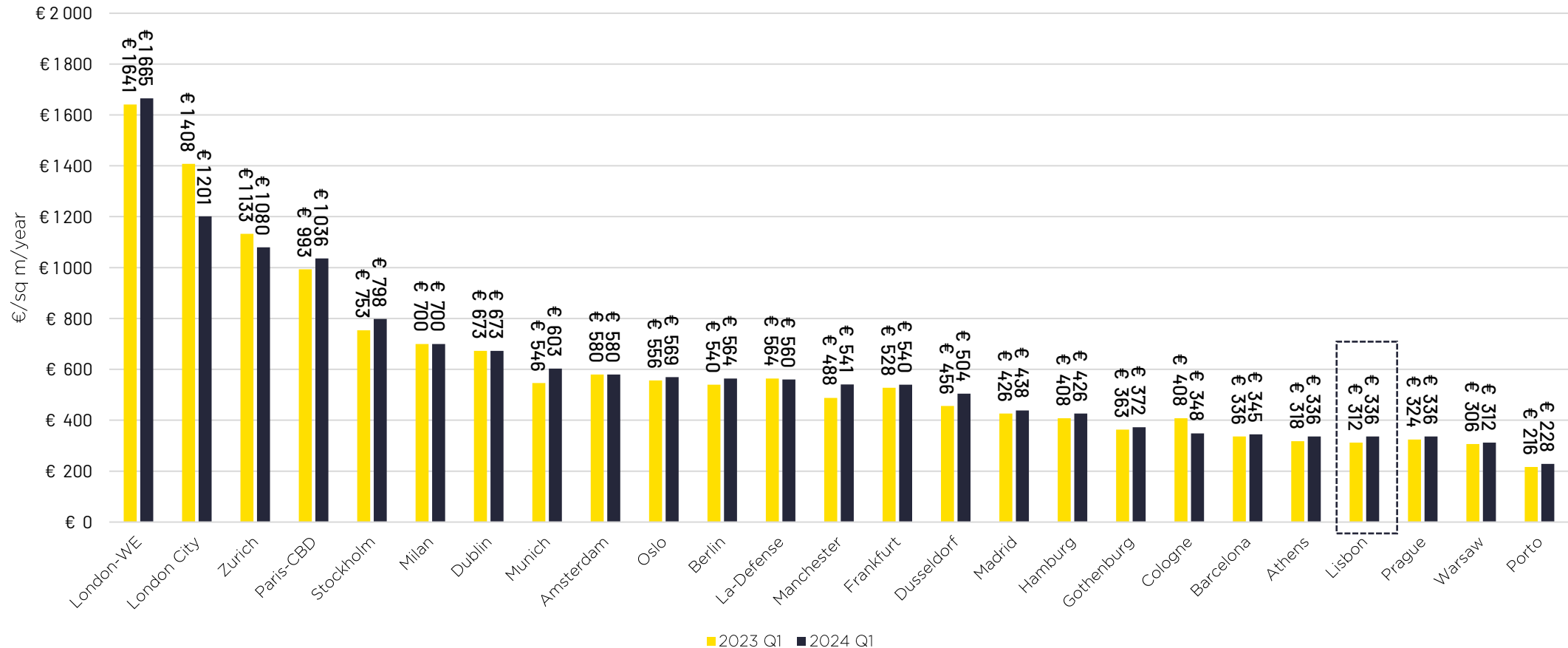
Source: Savills Research

Lisbon Office Market

Q1 2024



EUROPEAN OFFICE MARKET
PRIME RENTS



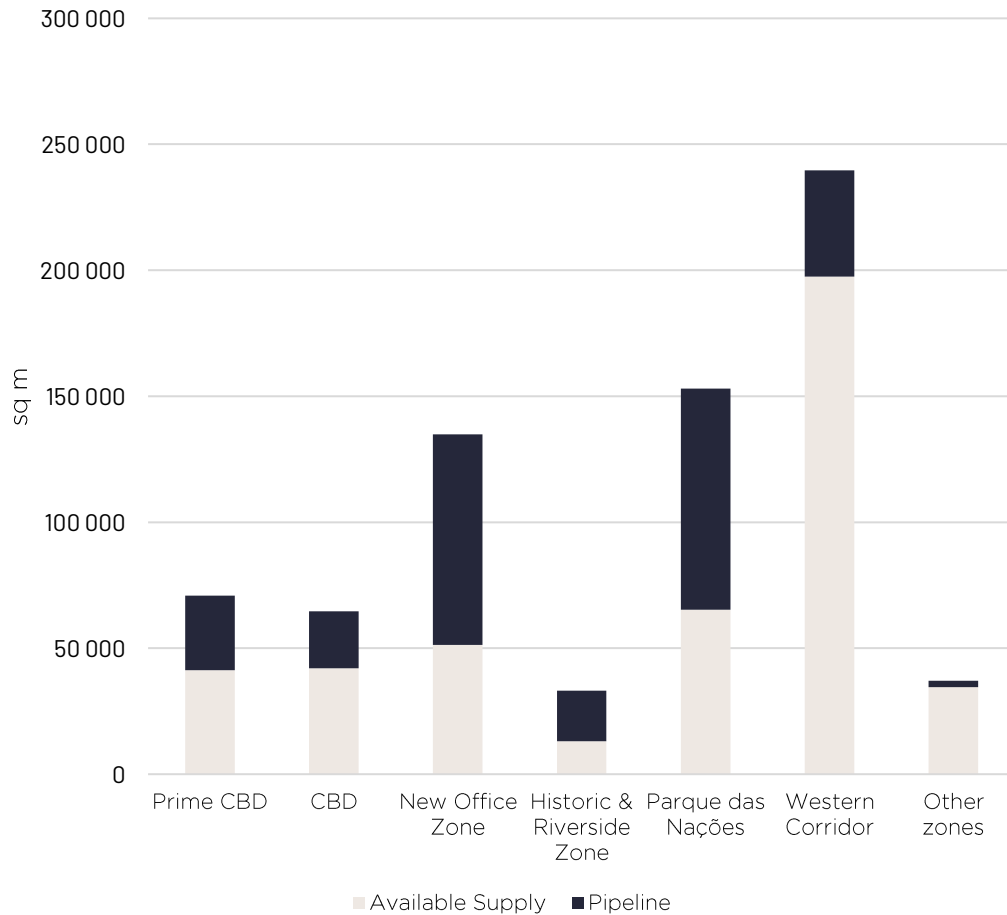
Source: Savills Research

Lisbon Office Market

Q1 2024

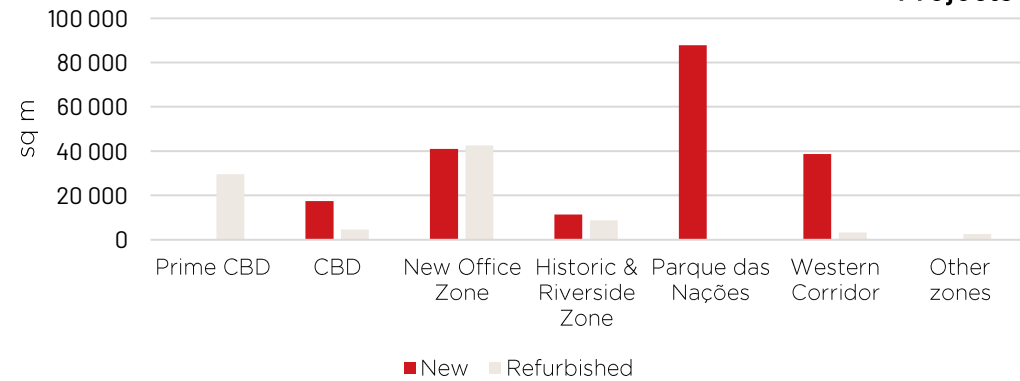


SUPPLY VS PIPELINE



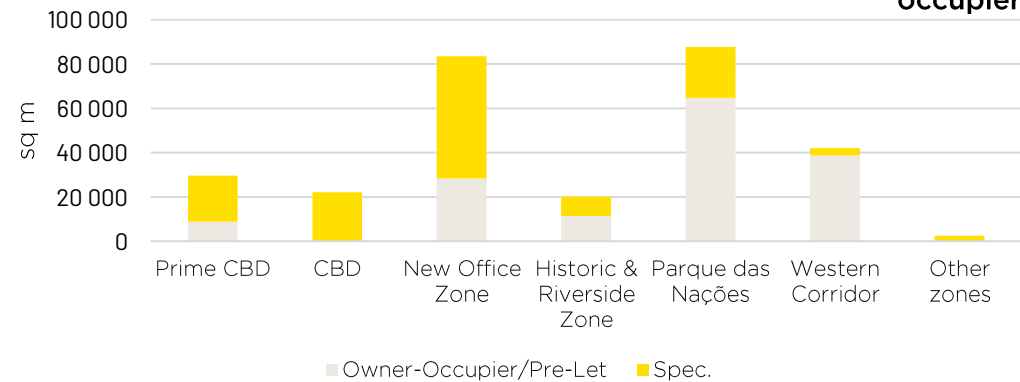
PIPELINE 2024-2026

68% New Projects



GLA PRE-LET VS SPECULATIVE

53% owner-occupier/pre-let



Source: Savills Research

Lisbon Office Market

Q1 2024

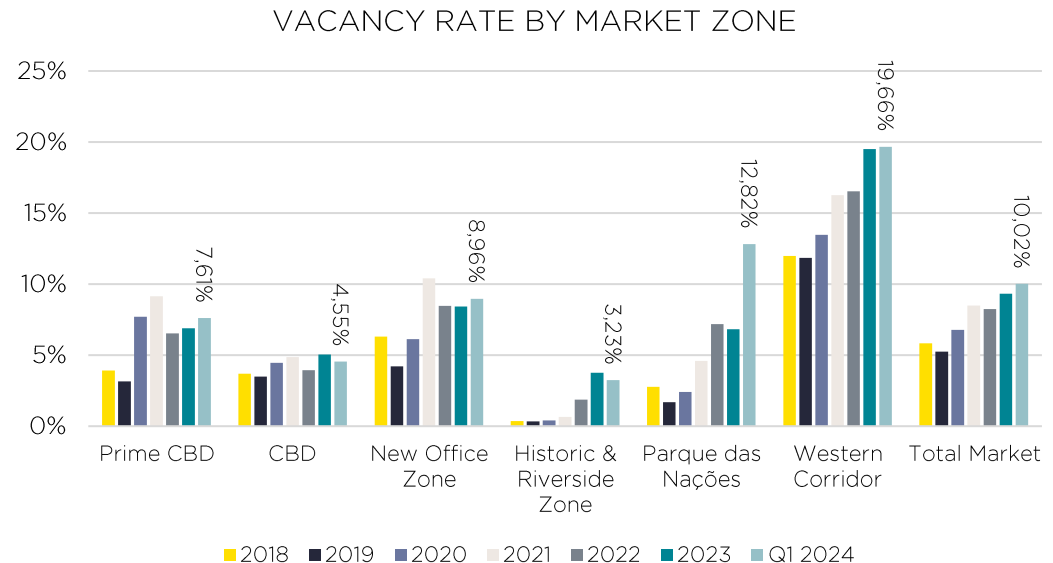


PIPELINE 2024 - 2026

NEW PROJECTS				
MARKET ZONE	BUILDING	GLA (SQ M)	COMPLETION DATE	% AVAILABLE GLA
Parque das Nações	Oriente Green Campus	40,000	Q2 2024	43% pre-let
Parque das Nações	EXEO - Echo	21,474	Q2 2024	100% owner-occupier
New office zone	Colombo - Tower 3	31,450	Q1 2025	100% spec.
New office zone	Campo Novo - 1 building	9,471	Q2 2025	100% spec.
Parque das Nações	Well BE	26,288	Q3 2025	100% owner-occupier

REFURBISHED PROJECTS				
MARKET ZONE	BUILDING	GLA (SQ M)	COMPLETION DATE	% AVAILABLE GLA
Prime CBD	Marquês Pombal 2	3,313	Q2 2024	100% pre-let
Historic & Riverside	Cais 5	5,458	Q3 2024	100% spec.
New office zone	Fidelidade Headquarters	38,383	Q1 2025	74% owner-occupier
Prime CBD	Liberdade 227	2,059	Q1 2025	8% pre-let
Prime CBD	Camilo Castelo Branco 43-45	14,075	Q1 2026	100% spec
New office zone	Malhoa 12	4,257	Q1 2026	100% spec

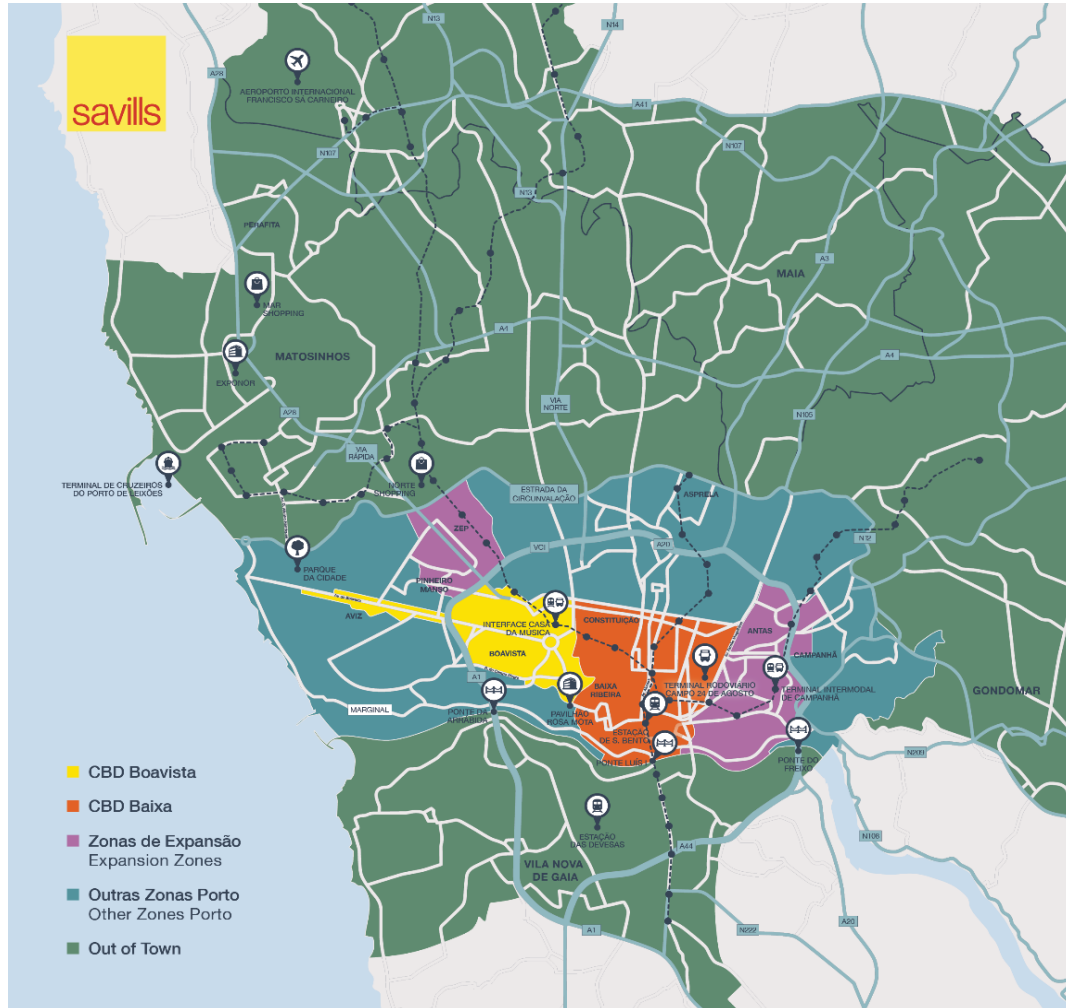
- Vacancy rate closed at 10.02%, recording a slight increase from the 9.33% observed in the last quarter of 2023. This increase is supported by the vacancy of office spaces in obsolete conditions that have ceased to meet the needs, both in terms of quality and space adaptation, of their tenants.
- The highest vacancy rate is recorded in the Western Corridor, which holds a significant portion of used office stock.



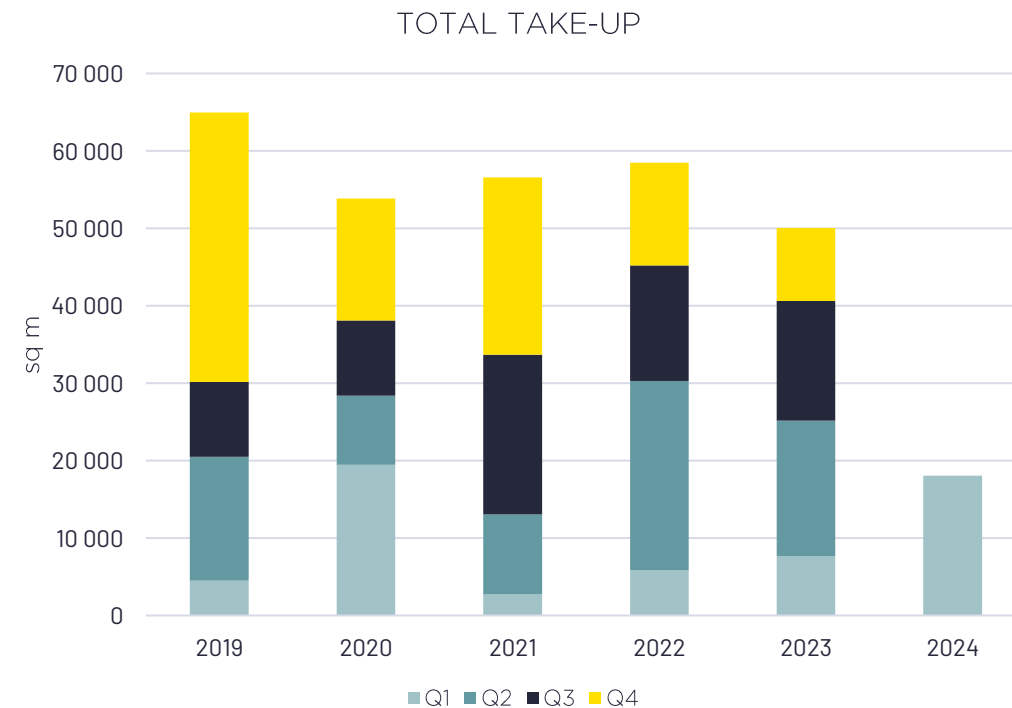
Source: Savills Research

Porto Office Market

Q1 2024



- Take-up volume of 18,040 sq m, representing a year-on-year increase of 135%;
- In total, 22 transactions were completed, six of which were above 1,000 sq m, representing 70% of the total take-up;



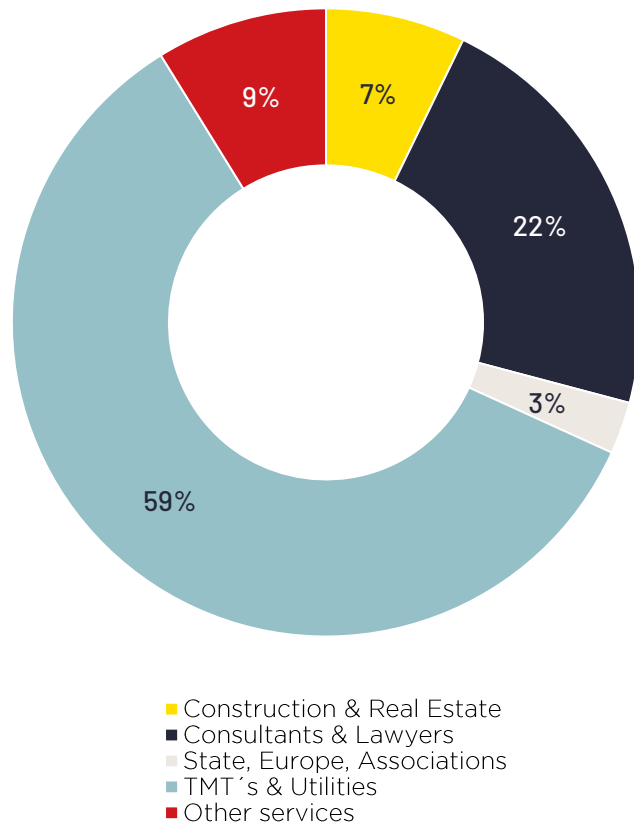
Source: Savills Research | LPI

Porto Office Market

Q1 2024

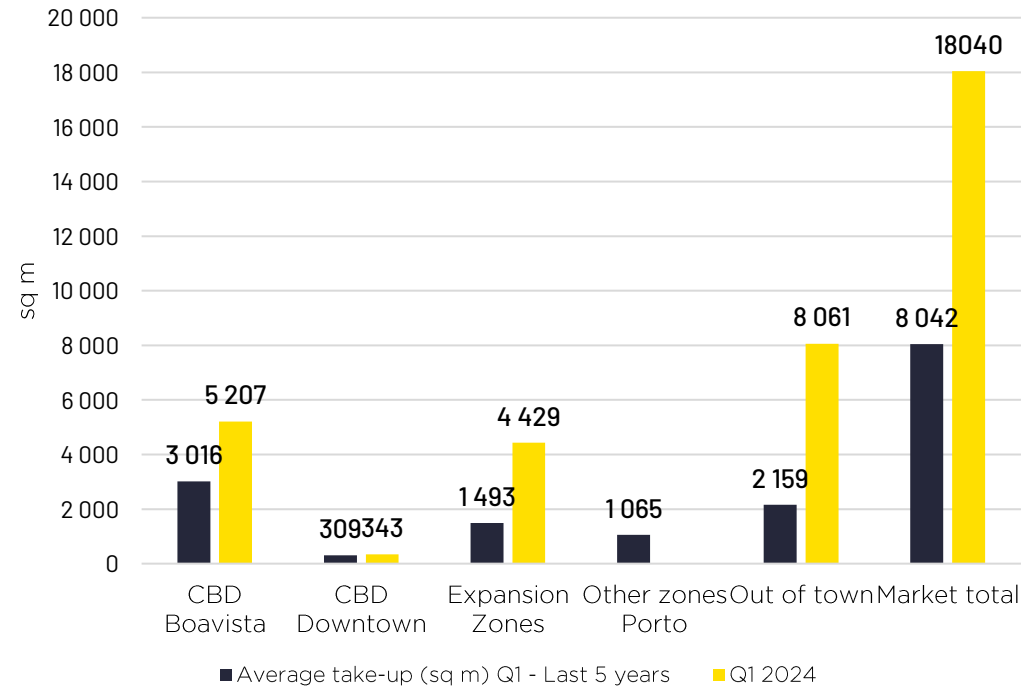


TAKE-UP BY BUSINESS SECTOR



- The Out of Town area, comprising the markets of Matosinhos, Maia, and Vila Nova de Gaia, recorded the best performance. Out of the 8,061 sq m occupied in this area, 7,827 sq m were absorbed by the Matosinhos market.

TAKE-UP ANALYSIS BY MARKET ZONE



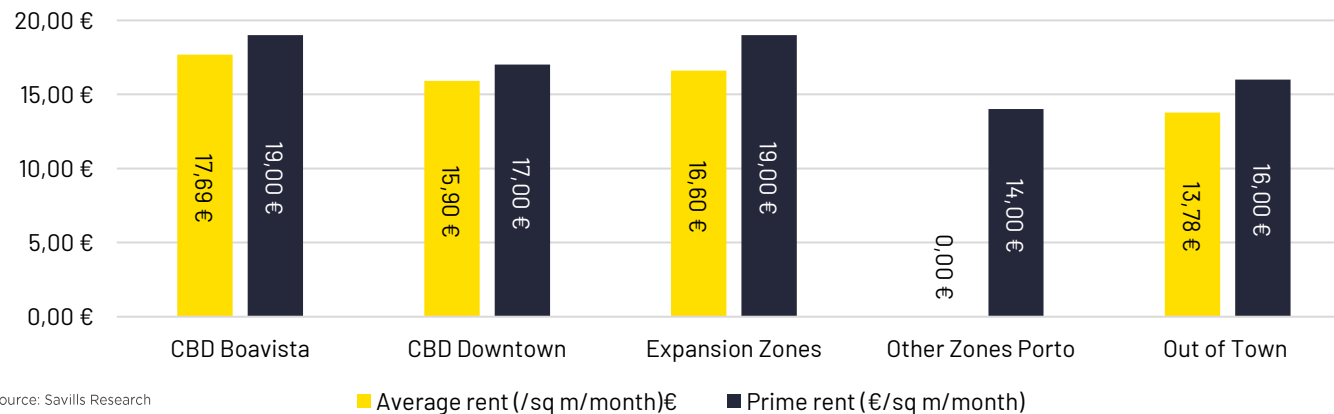
Porto Office Market

Q1 2024

TOP DEALS DONE

MARKET ZONE	BUILDING	GLA (SQ M)	TENANT	BUSINESS SECTOR	DEMAND REASON
Out of Town	Matosinhos Office Center	3,946	Confidential	Consultants & Lawyers	Relocation
Out of Town	Sousa Aroso 959	2,947	ALTEN	TMTs & Utilities	New company in Porto
CBD Boavista	Marechal 50	1,730	I CHARGING	TMTs & Utilities	Relocation
Expansion Zones	ICON Offices (Civilria)	1,624	FUJIFILM	TMTs & Utilities	Relocation
CBD Boavista	Campo Alegre, 1340/86	1,393	Confidential	Other services	Area expansion
Expansion Zones	ICON Offices (Civilria)	1,046	VODAFONE	TMTs & Utilities	Relocation

PRIME RENT VS AVERAGE RENT Q1 2024



Source: Savills Research

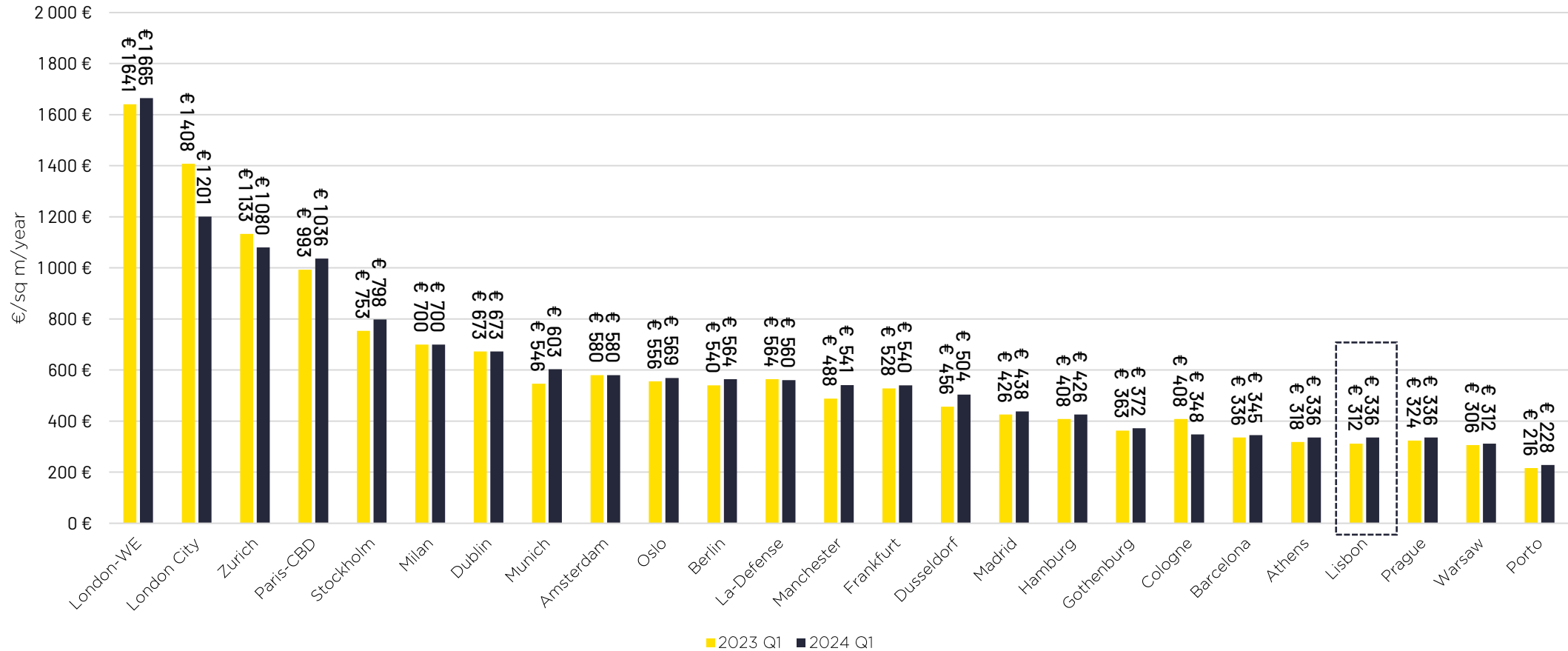
- The prime rent showed an upward trajectory, closing the first quarter at €19/sq m/month (+5.5% compared to the 4th quarter of 2023), owing to the placing of high-quality product on the market;
- Compared to other European cities, Porto has the most competitive rental value, preceded by Warsaw, Prague and Athens.

Porto Office Market

Q1 2024



EUROPEAN OFFICE MARKET
PRIME RENTS



Source: Savills Research

Porto Office Market

Q1 2024

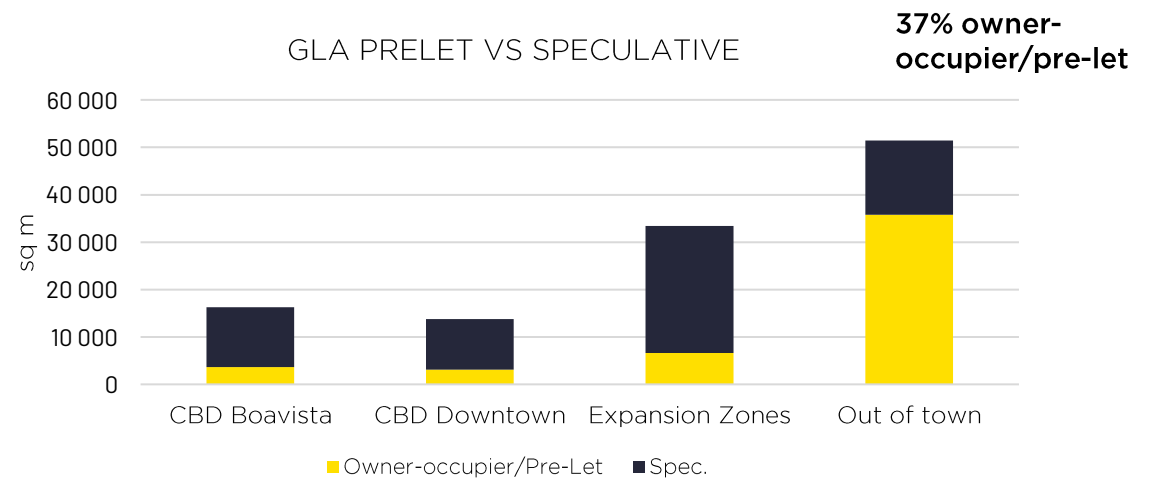
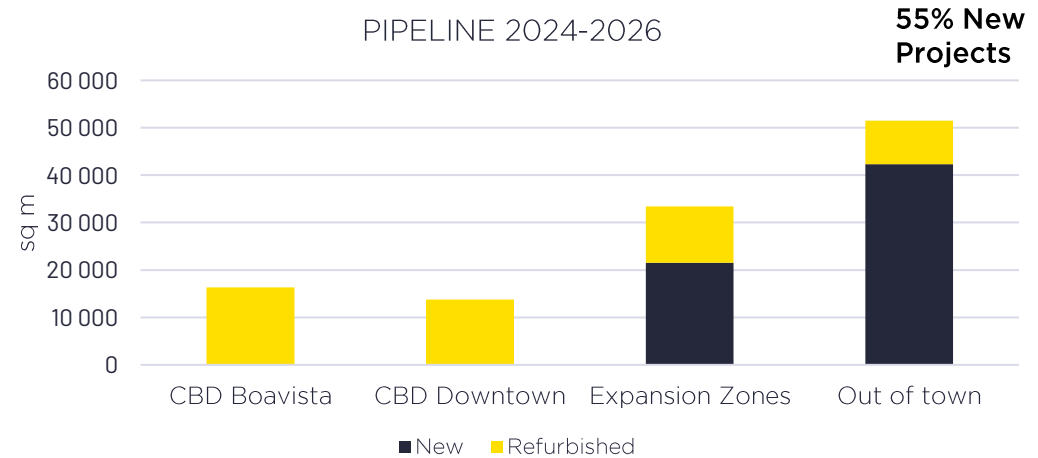


PIPELINE 2024-2025 | MAIN PROJECTS

MARKET ZONE	BUILDING	USE	GLA (SQ M)	COMPLETION DATE	% AVAILABLE GLA
Out of Town	TecMaia - Plot 4	New	6,900	Q3 2024	100% pre-let
Out of Town	Metysis - Phase 2	New	6,500	Q3 2024	100% owner-occupier
Expansion Zones	VIVA Offices	New	21,500	Q1 2025	100% spec.
Expansion Zones	M-ODU	Refurbished	11,900	Q1 2025	100% spec.
Out of Town	Spark Matosinhos	New	12,000	Q1 2025	100% spec.

- Up to 2025, Porto has a pipeline of approximately 115,000 sqm;
- 55% of the new GLA comes from new projects, primarily developed in the Out of Town area - Matosinhos;
- 43% of the pipeline is designated for pre-lets or owner-occupancies;
- The new projects in the pipeline, highly demanding in terms of certification, comfort and sustainability and due to their size and location, will be very attractive to the occupational market and fundamental to maintaining Porto occupational market dynamics.

Source: Savills Research



05

CHAPTER

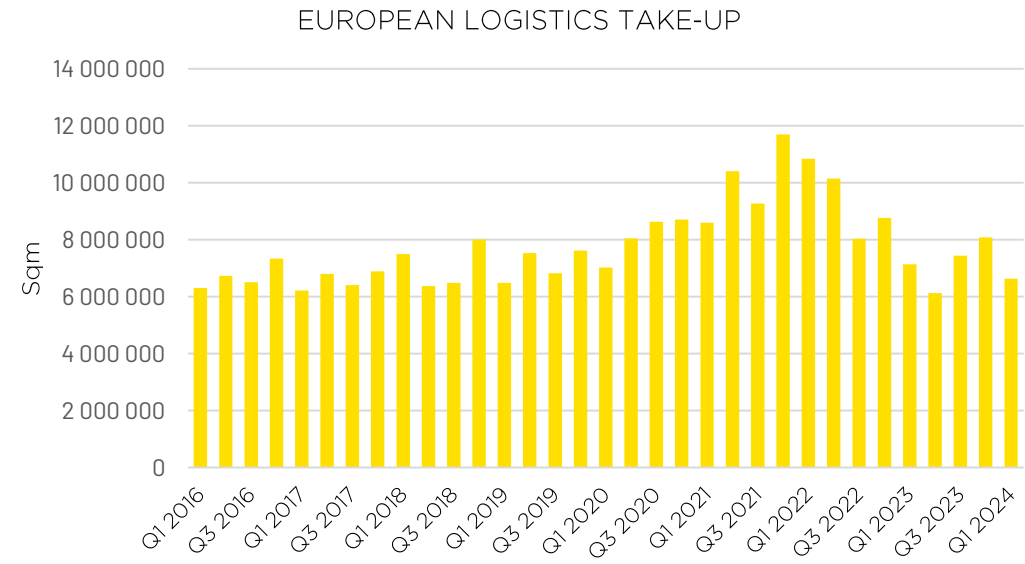
Industrial & Logistics

European Logistics Market

Q1 2024



- Initial estimates of European logistics take-up point to 6.6 million sq m in the first quarter of 2024. This represents a fall of 18% quarter-on-quarter and 7% lower than a year earlier;
- The upward trajectory of vacancy rates reaccelerated in Q1, registering a 41bps increase to reach 5.77% by the quarter's end. Notably, this is not as fast as the vacancy rate was rising, a year ago, when it increased by 60bps in Q1 2023;
- Despite the decline in take-up and rising vacancy rates, rental growth has remained robust with positive quarterly rental growth in Q1 2024, increasing by an average of 1.6% across Europe.
- This represents an increase in the rate of growth from Q4 when rents rose by an average of 0.7%.
- In annual terms, average rents have increased by 4.8% over the last four quarters, which is just half the 9.6% growth seen over the four quarters to Q1 2023.



The occupier market remained stagnant in Q1 2024, that said, with economic conditions improving this year we expect take-up to improve albeit will remain sluggish in Q2 2024.

Industrial & Logistics Market Portugal

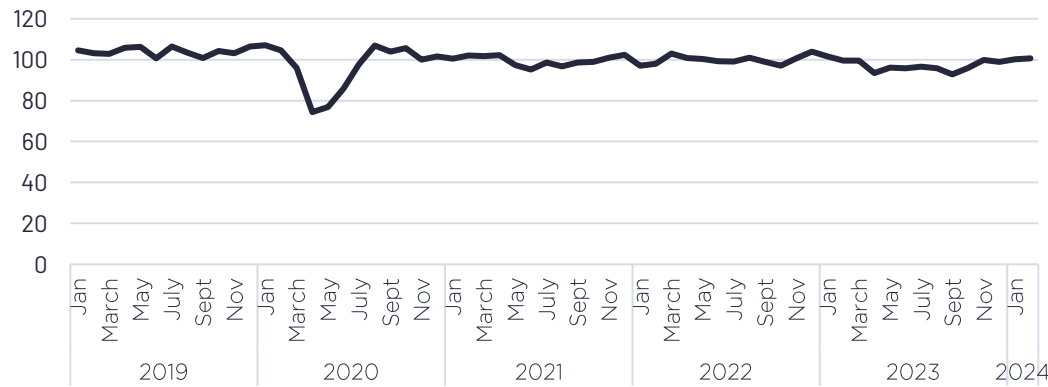


Q1 2024

- February 2024's Industrial Production Index saw a 1% rise compared to the same period in 2023, marking a positive trend in industrial output.
- After a slightly slowdown in early 2023, industrial production has been showing a positive recovery, demonstrating resilience and returning to consistent levels compared to those observed in 2021 and 2022.

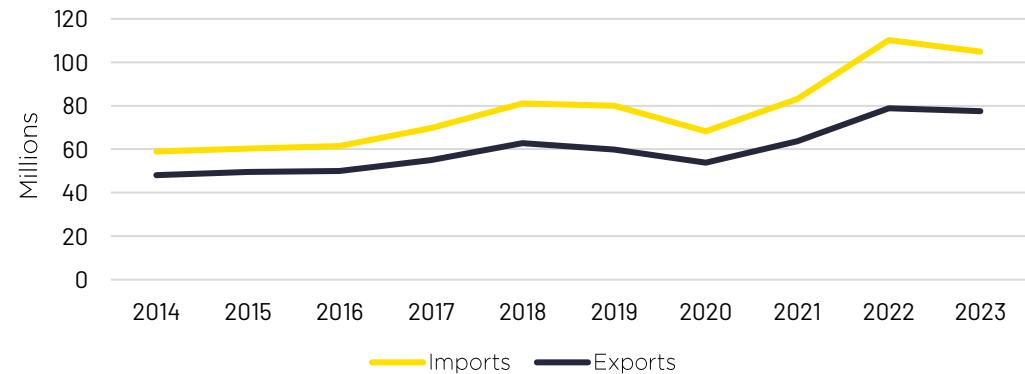
- The increase in Industrial Production is tied with a decrease in imports while exports remain stable, with imports surpassing exports by 35% in 2023. A slight decrease from the 40% registered in 2022.
- By February 2024, imports recorded a YoY decrease of 1.24%, while exports saw a 1.39% increase, narrowing the difference between them to 31%.

INDUSTRIAL PRODUCTION INDEX PORTUGAL



Source: ine

IMPORTS VS EXPORTS PORTUGAL



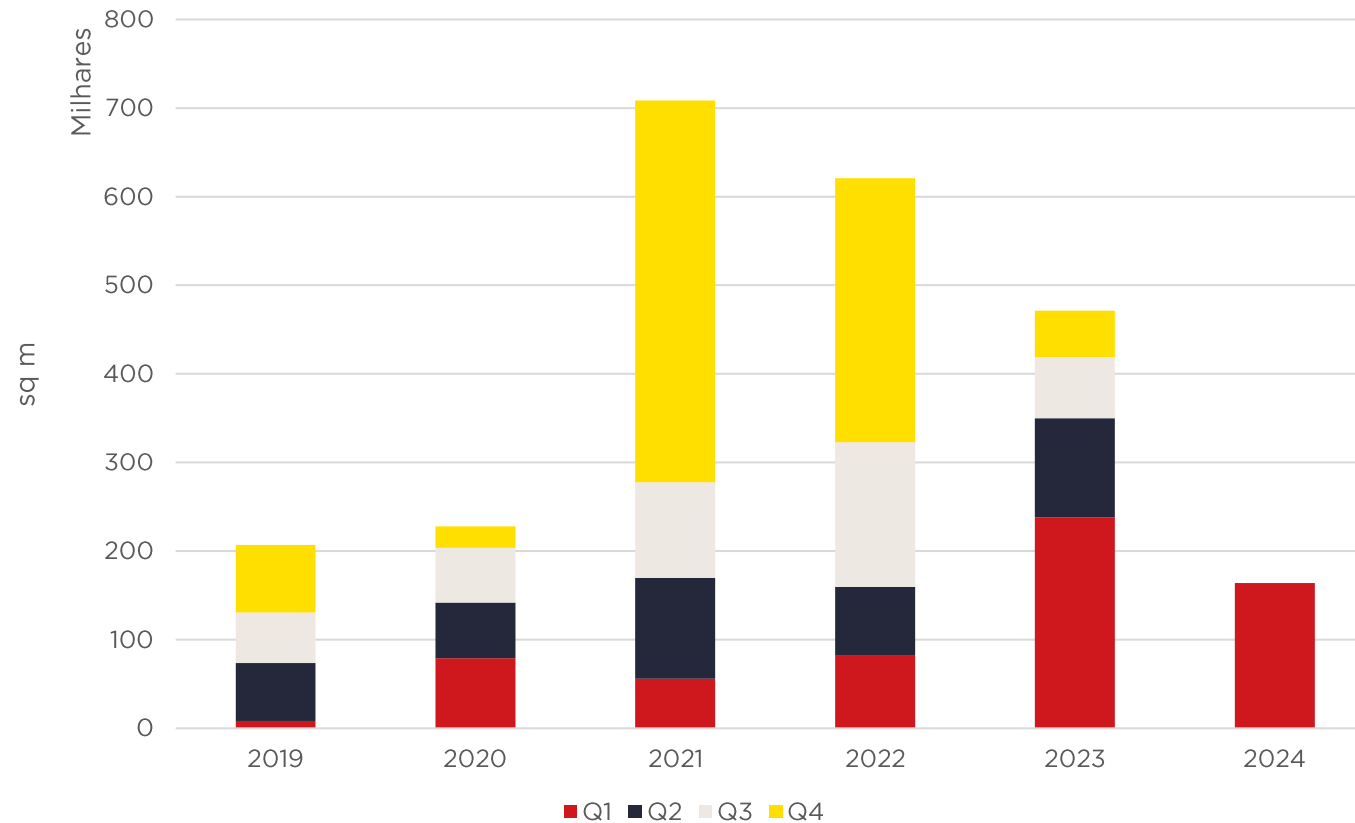
Source: ITC (International Trade Centre)

Industrial & Logistics Market Portugal

Q1 2024

31% decrease in the annual take-up

PORTUGAL
EVOLUTION OF TOTAL TAKE-UP



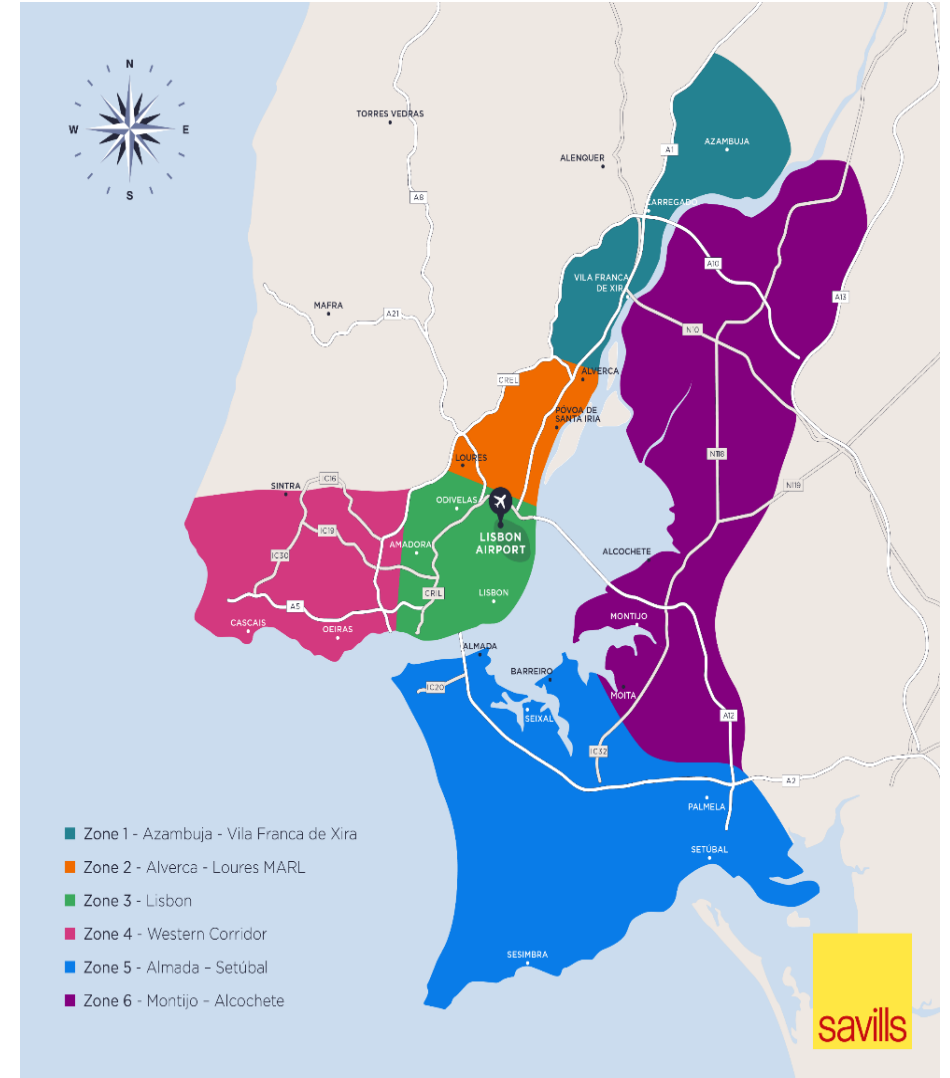
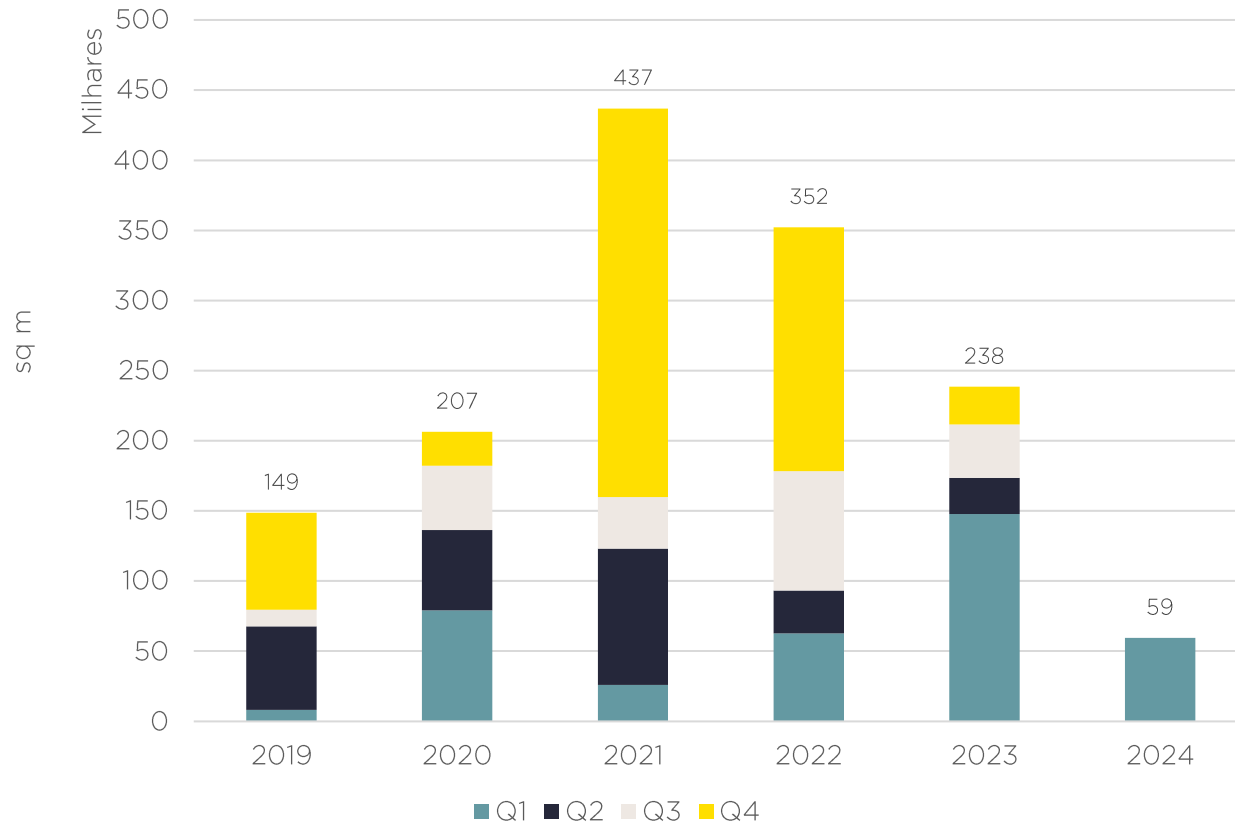
Industrial & Logistics Market | Greater **Lisbon**



Q1 2024

YoY Variation: -60%

GREATER LISBON
EVOLUTION OF TOTAL TAKE-UP

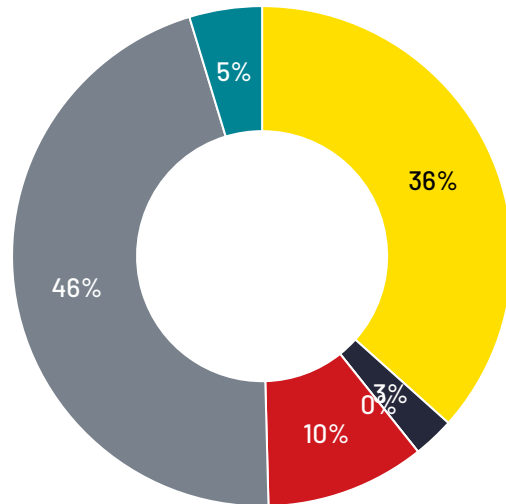


Source: Savills Research | IPI

Industrial & Logistics Market | Greater Lisbon

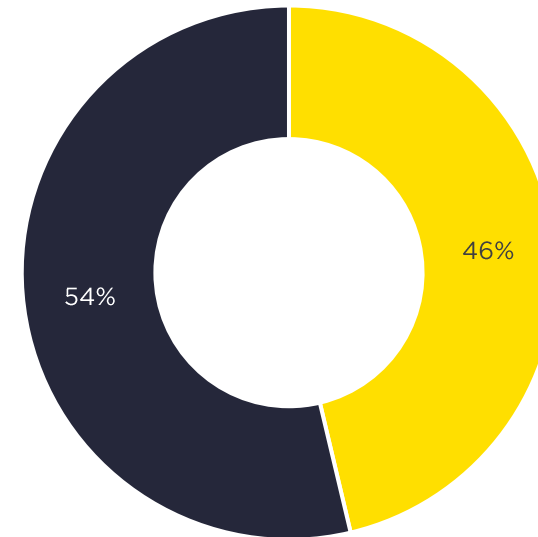
Q1 2024

DISTRIBUTION OF TAKE-UP BY MARKET ZONE
Q1 2024



- Zone 1: Azambuja - Vila Franca de Xira
- Zone 2: Alverca - Loures MARL
- Zone 3: Lisbon City
- Zone 4: Western Corridor
- Zone 5: Almada - Setúbal
- Zone 6: Montijo - Alcochete

DISTRIBUTION OF TAKE-UP BY TYPE
Q1 2024



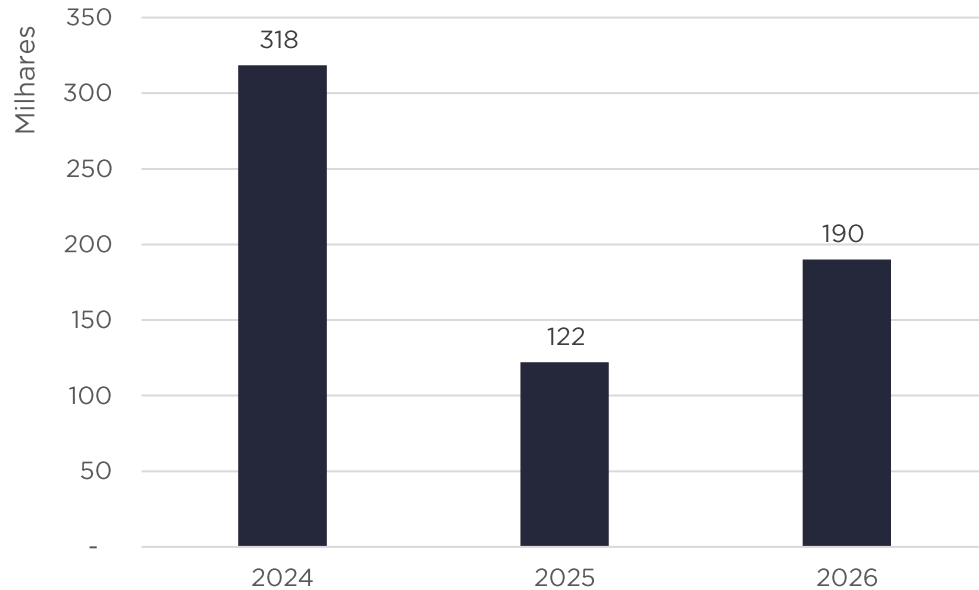
- Logistics
- Warehouse

Industrial & Logistics Market

Q1 2024

60% of the new area secured for pre-letting or owner occupier deals.

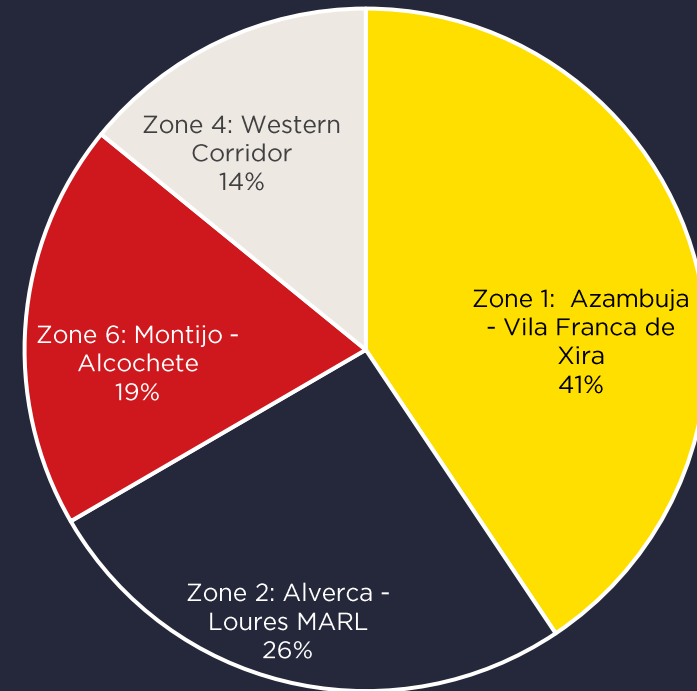
PIPELINE 2024-2026
GREATER LISBON



Source: Savills Research | IPI



DISTRIBUTION OF PIPELINE
GREATER LISBON



Industrial & Logistics Market

Q1 2024

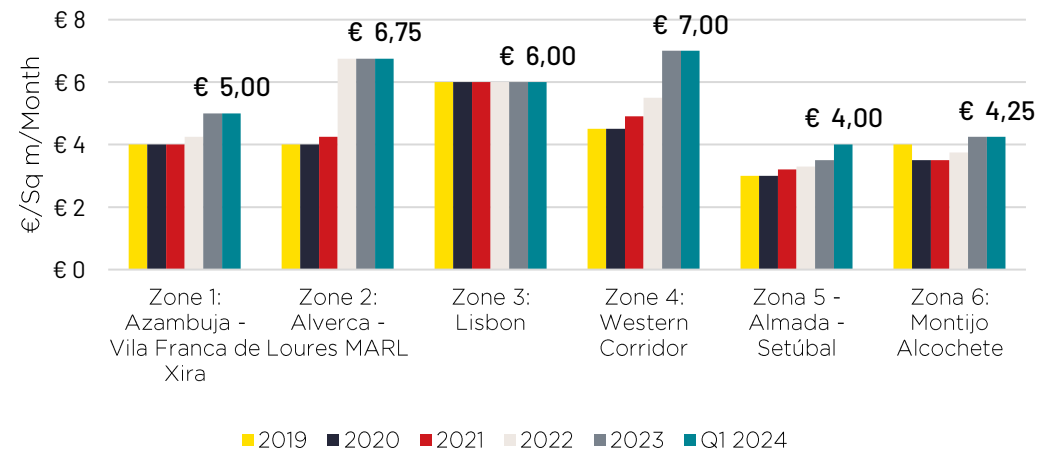


- In the Greater Lisbon area, a total of 11 deals were closed, accounting for approximately 56,942 sq m, representing a 61% decrease compared to the same period in 2023;
- All transactions were distributed by warehouses and logistics buildings occupations.
- Contrarily to what was observed in 2023, in which over 50% of the deals were closed in Prime Zone and Zone 2, this year, 49% of the deals were made in Zone 5: The axis between Palmela and Setúbal.
- 30% of total take-up was recorded in Prime Zone and only 3% being in Zone 3 – Lisbon city;
- The imbalance between supply and demand, coupled with a focus on raising quality criteria linked to Sustainability standards, has put upward pressure on rents. By the end of 2023 we could highlight a general increase in rents compared to 2022. In the first quarter of 2024, the axis of Almada and Setubal have already experienced an increase in rent to 4,00€.
- Between 2024 and 2026, more than 630,000 sq m of projects are planned in the Greater Lisbon area, with around 41% of the new supply concentrated on the Azambuja - Vila Franca de Xira prime axis. 60% of the new area is already secured by pre-letting or owner occupier deals.

TOP DEALS DONE Q1 2024

QUARTER	MARKET ZONE	TYPE	GLA	TENANT
Q1-2024	Zone 1: Azambuja - Vila Franca de Xira	Logistics	12 502	Marmedsa Noatum Maritime
Q1-2024	Zone 5: Palmela Setúbal	Logistics	10 505	Abreu Logistics
Q1-2024	Zona 5: Palmela Setúbal	Warehouse	7 234	NCS

PRIME RENTS BY MARKET ZONE GREATER LISBON

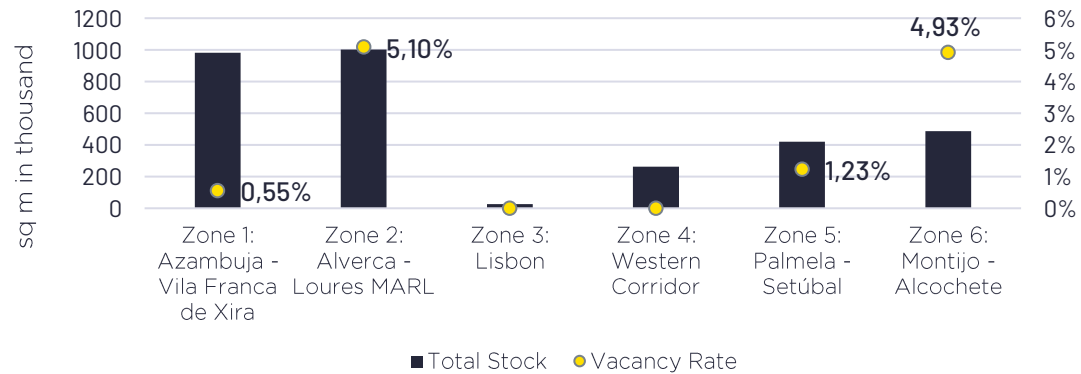


Source: Savills Research | IPI

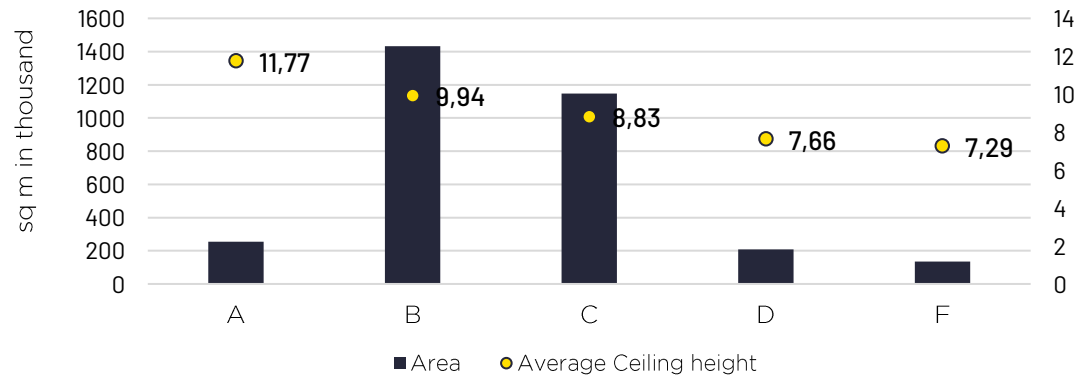
Industrial & Logistics Market **GREATER LISBON**

Q1 2024

TOTAL STOCK VS VACANCY RATE
GREATER LISBON



TOTAL AREA BY GRADE AND AVG CEILING HEIGHT
GREATER LISBON



savills

~3,200,000 sq m

TOTAL STOCK
GREATER LISBON

2.69%

TOTAL VACANCY
GREATER LISBON

Only 5%

OF ALL THE BUILDINGS IN GREATER LISBON
HOLD AN SUSTAINABILITY CERTIFICATE

Source: Savills Research | IPI

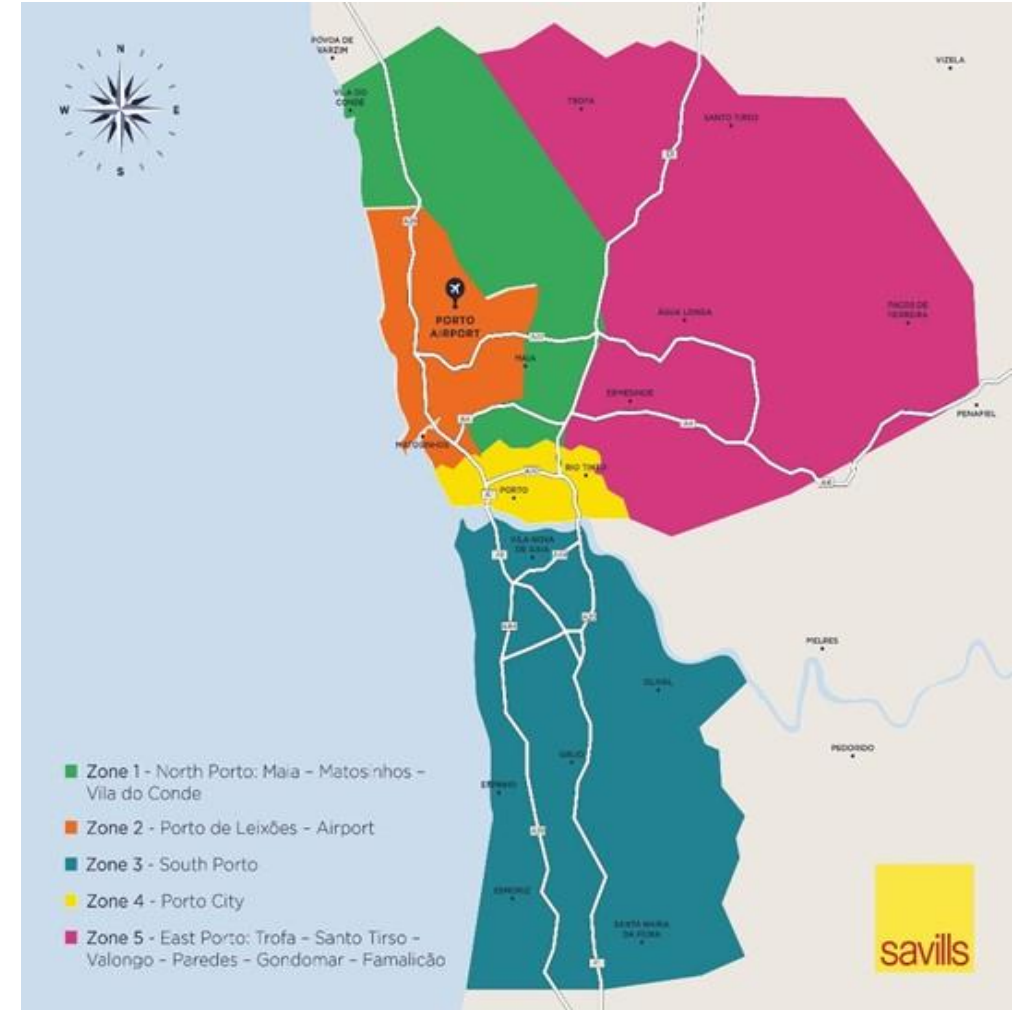
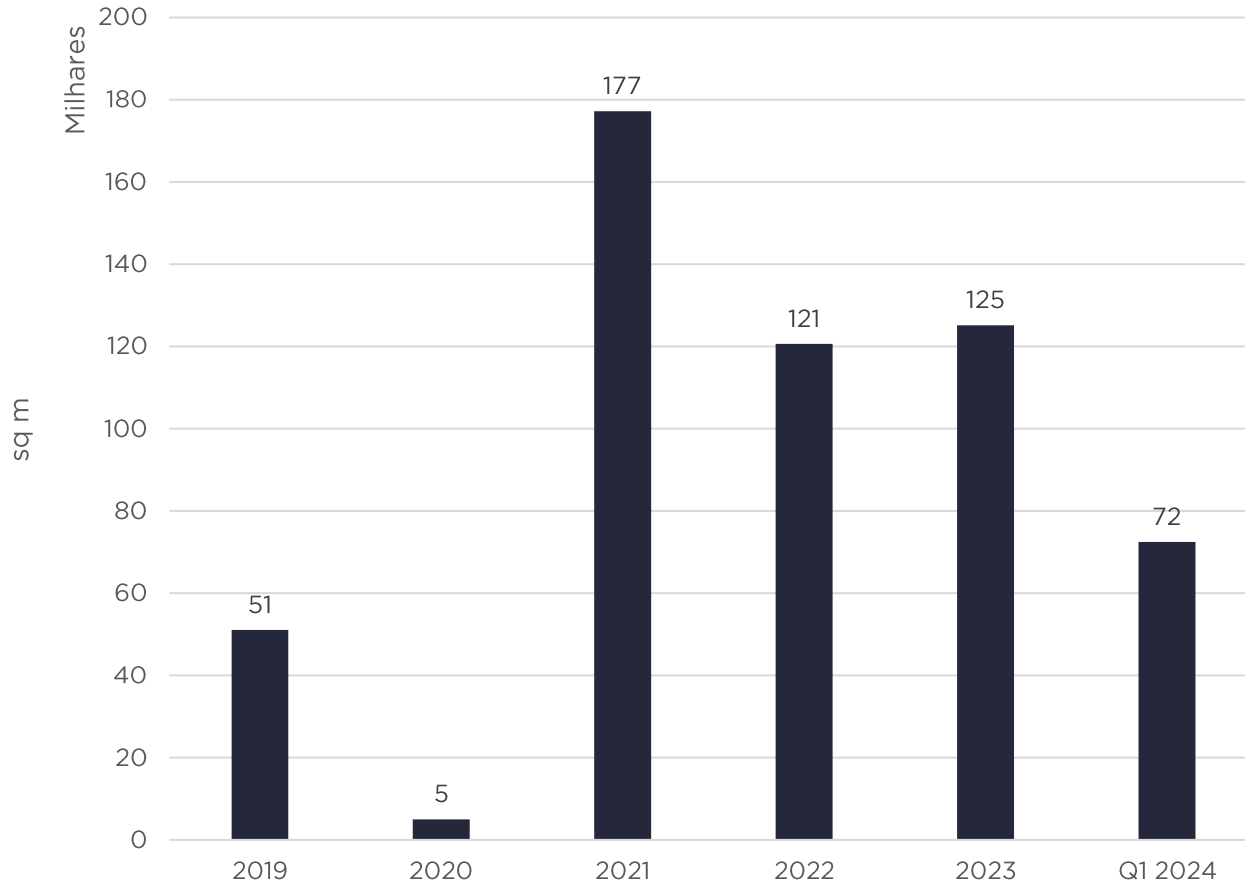
Industrial & Logistics Market **Greater Porto**



Q1 2024

EVOLUTION OF TOTAL TAKE-UP
PORTO AND NORTH REGION

Q1 YoY Variation: **+95%**



Source: Savills Research | IPI

Industrial & Logistics Market **Greater Porto**

Q1 2024

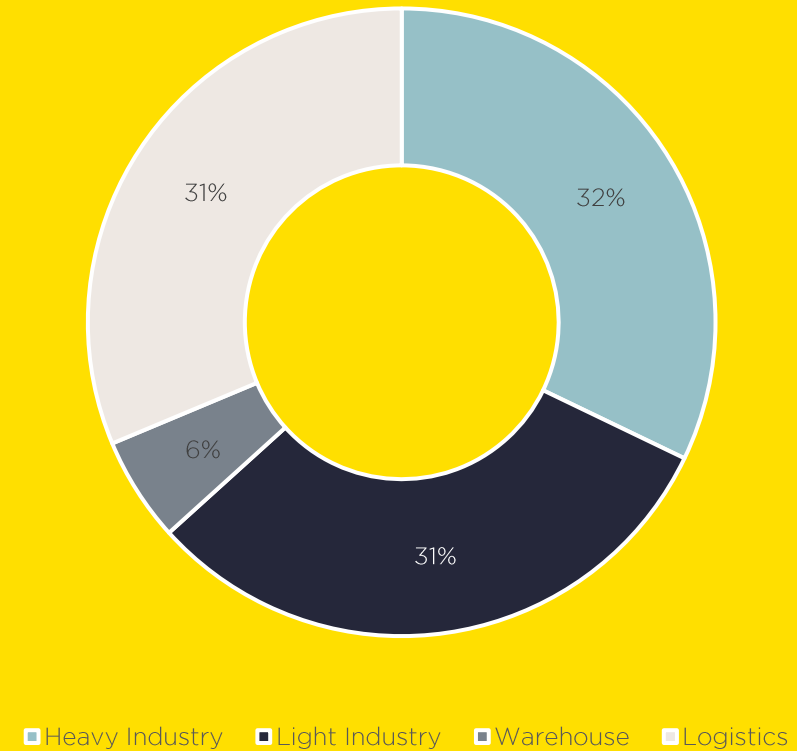


EVOLUTION OF PRIME RENT
GREATER PORTO



Source: Savills Research | IPI

DISTRIBUTION OF TAKE-UP BY TYPE
GREATER PORTO



Industrial & Logistics Market **Greater Porto**

Q1 2024

- By the end of the Q1 in 2024, the North Region and Greater Porto have registered an approximate take-up of 72,500 sqm;
- This represents an 95% increase compared to Q1 2023. A sum of 8 deals were signed distributed between Light/Heavy Industry and warehouse facilities;
- The pipeline for this region between 2024 and 2025 adds a total of 115,000 sq m distributed between two projects with highlight to the Panattoni Park Valongo that stands out with its 75,000 sq m.

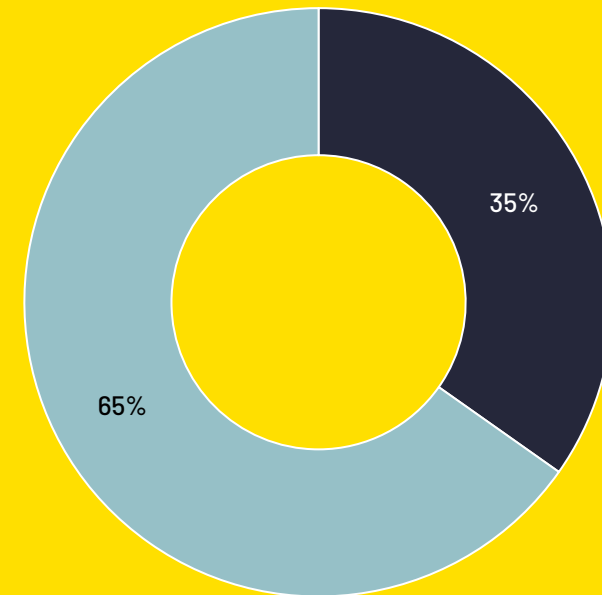
TOP DEALS DONE Q1 2024

QUARTER	MARKET ZONE	TYPE	GLA	TENANT
Q1-2024	Zone 5: East Porto	Logistics	15 910	CASFIL - INDUSTRIA DE PLASTICOS
Q1-2024	Zone 1: Porto North	Logistics	13 000	Transnautica
Q1-2024	Zone 2: Porto de Leixões - Airport	Logistics	12 189	HeiQ Iberia Unipessoal Lda

Source: Savills Research | IPI



PIPELINE GREATER PORTO



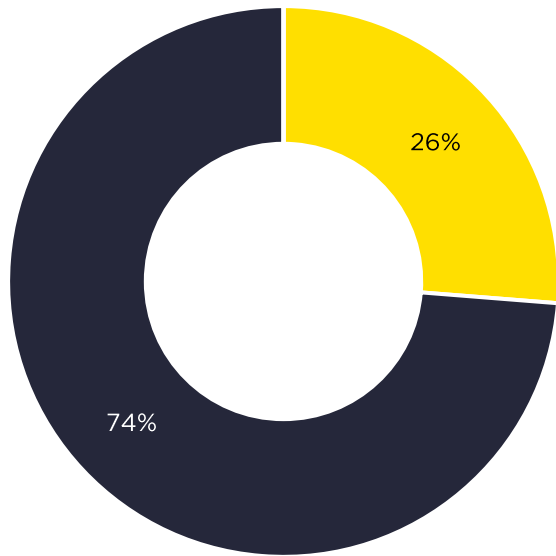
- Zone 5- East Porto (Trofa - Famalicão)
- Zone 5- East Porto: (Valongo - Alfena)

Industrial & Logistics Market **Greater Porto**

Q1 2024



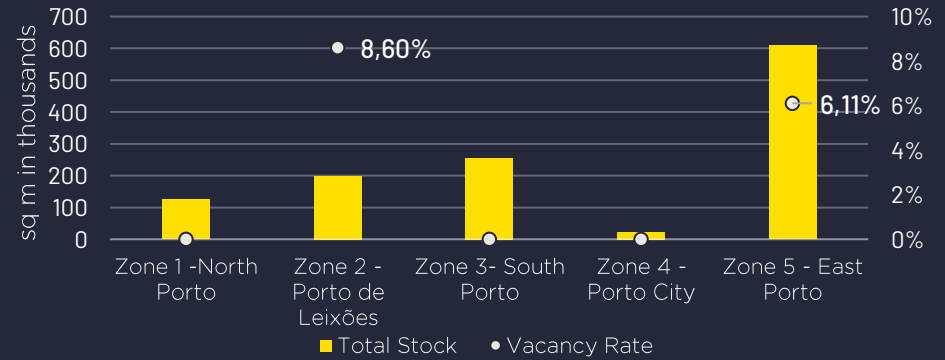
TAKE-UP BY BUSINESS SECTOR
GREATER PORTO



■ 3PL/Logistics/Distribution ■ Industry

Source: Savills Research | IPI

TOTAL STOCK VS VACANCY RATE
GREATER PORTO



~1,200,000 sq m

TOTAL STOCK
GREATER PORTO

4.48%

TOTAL VACANCY
GREATER LISBON

Only 1.06%

OF ALL THE BUILDINGS IN GREATER PORTO
HOLD AN SUSTAINABILITY CERTIFICATE

06

CHAPTER

Retail

Retail Market

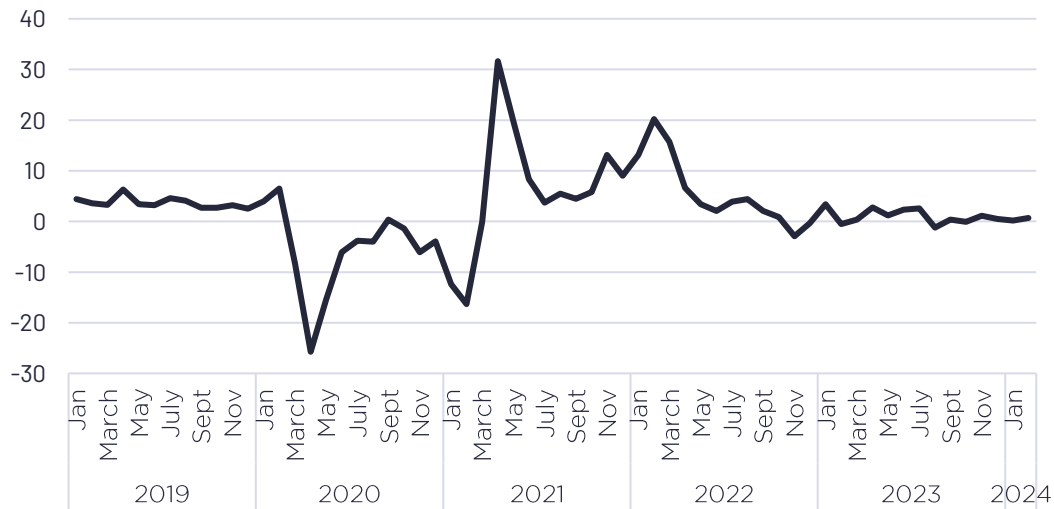
Q1 2024



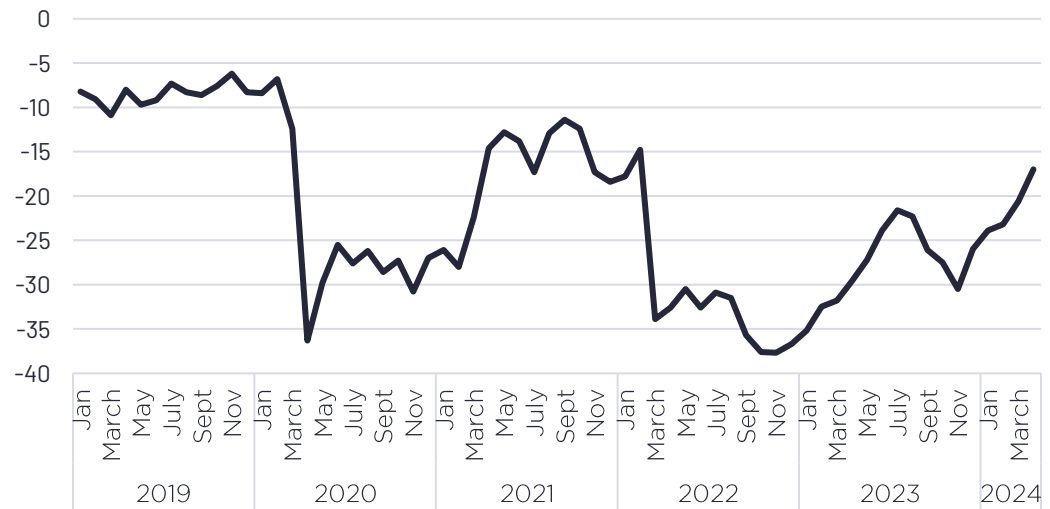
- In February 2024, the trade turnover index increased by 0.7%, after the 0,5% decrease registered in February 2023.
- Retail sales have shown to be resilient facing macro-economic adversities registered in 2023. With the decrease of inflation rates, consumer confidence is expected to grow and retail sales have more room for sustainable growth.

- In March 2024, the Consumer Confidence Indicator hit a two-year peak, outpacing the five-year average year-over-year growth of -19% with a significant improvement of -17%.
- This optimistic outcome resulted from the evolution of the country's economic forecast and the households' financial situation.

RETAIL TRADE TURNOVER INDEX (YOY %)



CONSUMER CONFIDENCE INDICATOR (YOY %)



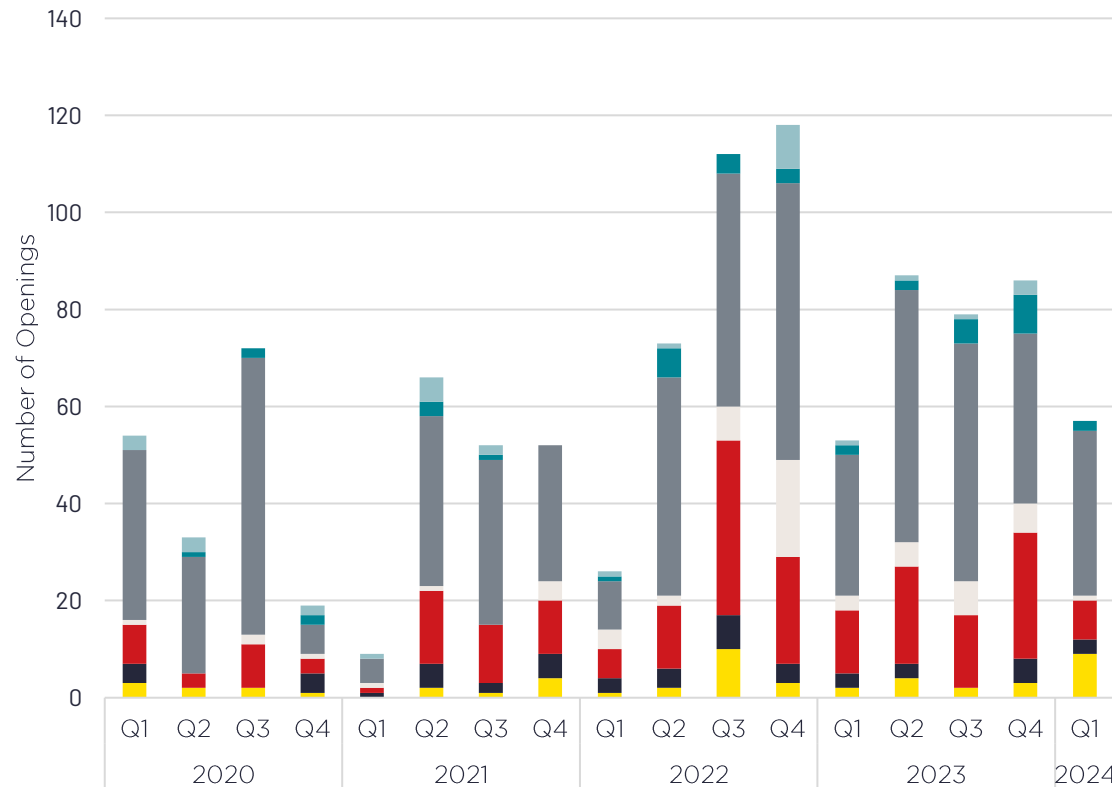
Source: INE

Retail Market

Q1 2024



HIGH STREET OPENINGS IN LISBON CITY



■ Beauty & Cosmetic
 ■ Decor & Design
 ■ Fashion & accessories
 ■ Fitness & Health
■ Food Services & Drinks
■ Others
■ Supermarket

57 New high street stores Lisbon City

*New openings

60%

FOOD SERVICES & DRINKS SECTOR

*New openings

16%

BEAUTY & COSMETICS

Source: Savills Research

*The count of new openings is carried out by the Savills Portugal research team through desktop research only for the parishes that make up the municipality of Lisbon and whose openings have been made public.

Retail Market | Lisbon **City**

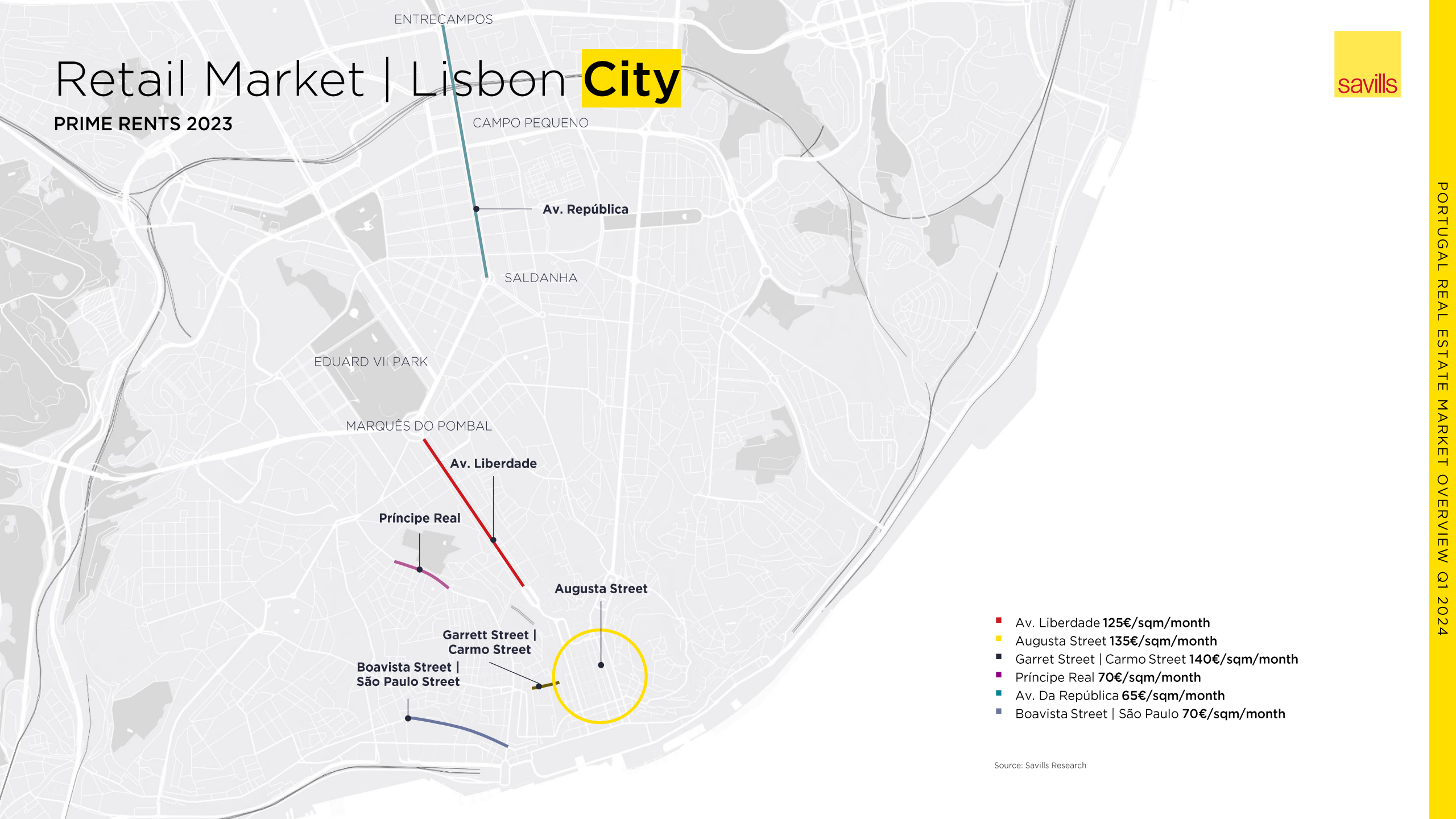
Q1 2024

- Lisbon city welcomed 57 new stores throughout the first quarter of 2024, with a YOY growth of 7.55%.
- Food Services & Drinks was, by far, the segment with the largest number of openings, being responsible for 34 new stores throughout Lisbon city, reflecting 60% of last year's figures.
- In Q1 2024, Lisbon's high street retail sector saw the highest share of openings, comprising 74% of all new establishments.
- Like last year, the city's historic center, including Santa Maria Maior, Misericordia, and Santo Antonio parishes, remained the zones with the highest share of openings, each accounting for 12.3% of total openings in Q1 2024.



Retail Market | Lisbon **City**

PRIME RENTS 2023



ENTRECAMPOS

CAMPO PEQUENO

Av. República

SALDANHA

EDUARD VII PARK

MARQUÊS DO POMBAL

Av. Liberdade

Príncipe Real

Augusta Street

Garrett Street | Carmo Street

Boavista Street | São Paulo Street

- Av. Liberdade 125€/sqm/month
- Augusta Street 135€/sqm/month
- Garrett Street | Carmo Street 140€/sqm/month
- Príncipe Real 70€/sqm/month
- Av. Da República 65€/sqm/month
- Boavista Street | São Paulo 70€/sqm/month

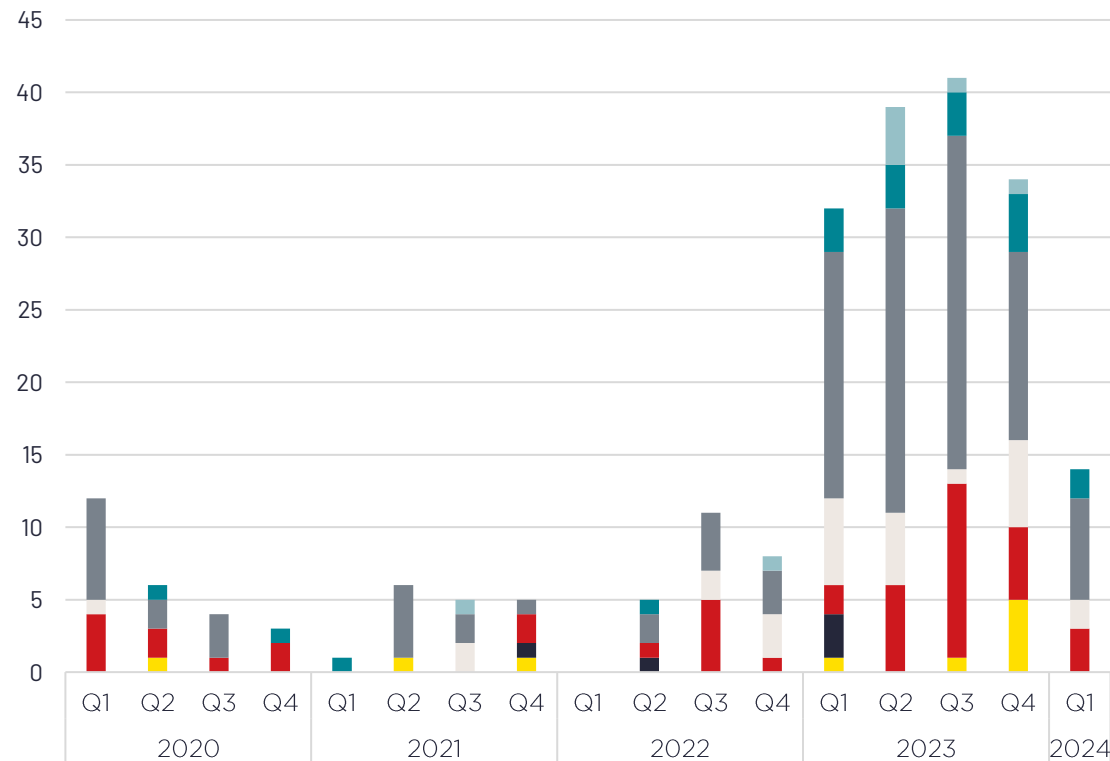
Source: Savills Research

Retail Market | Porto **City**

Q1 2024



High Street Openings in Porto City



- Beauty & Cosmetic
- Decor & Design
- Fashion & accessories
- Fitness & Health
- Food Services & Drinks
- Others
- Supermarket

14 New high street stores Porto City

*New openings

50%

FOOD SERVICES & DRINKS SECTOR

*New openings

14%

BEAUTY & COSMETICS

Source: Savills Research

*The count of new openings is carried out by the Savills Portugal research team through desktop research only for the parishes that make up the municipality of Lisbon and whose openings have been made public.

Retail Market | Porto **City**

Q1 2024

- Food Services & Drinks was the sector with the largest number of openings, being responsible for 50% stores throughout Porto;
- In the first quarter of 2024, Porto saw a substantial surge in demand in the Fitness and Health sector, marked by a notable increase in new openings from low-cost gyms.
- Despite adopting a cautious "wait and see" approach during the COVID-19 pandemic, the sector is now witnessing enhanced customer engagement, allowing brands to regain confidence and pursue aggressive growth strategies;
- Similar to Lisbon, Porto has also witnessed growth in department and low-cost store openings, witnessing rapid expansions of brands like Pepco and Normal;
- There is some flexibility when it comes to negotiating asking prices, especially towards bigger areas, where proposals for step-up rents and longer grace periods could be agreed.



Retail Market | Porto City

PRIME RENTS 2024



- Santa Catarina Street 80€/sqm/month
- Boavista 25€/sqm/month
- Aliados 50€/sqm/month
- Clérigos 40€/sqm/month
- Flores 70€/sqm/month
- Matosinhos 15€/sqm/month
- Foz do Douro 20€/sqm/month



Source: Savills Research

Retail Market

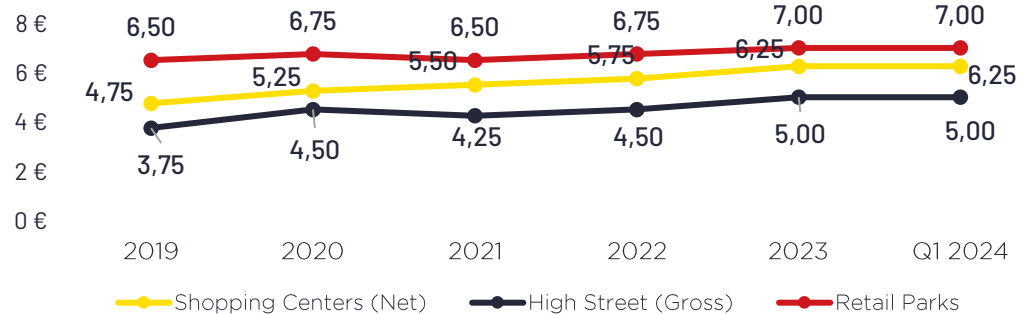
Q1 2024



- 2023 was a challenging year for the retail market as it faced macroeconomic conditions that put a strain on private consumption. As a result, sales volumes decreased, with families less willing to spend;
- Despite some challenges remaining in 2024, mainly associated with rising global tensions, the first quarter of 2024 is showing positive signs of recovery, marked by declining inflation and interest rates, as a result, some brands started pursuing aggressive expansion plans, while others are cautiously assessing the optimal locations to establish their business;

- Amidst the perspective of a more favorable scenario, there were retail sectors that maintained their expansion plans. Food distribution, food & beverage stores and non-food low-cost retail stores witnessed growth, with an increase in demand from the Fitness and Health sector;
- The need for proximity retail has seen a strengthening after Covid-19, with consumers placing growing emphasis on ease, convenience and accessibility, this presents a significant challenge to retail, which must adapt to these changing consumer behaviors. More than ever businesses are now focusing on offering unique experiences and personalized services to encourage and retain loyal buyers.

EVOLUTION OF PRIME YIELDS (%)



EVOLUTION OF PRIME RENTS



Source: Savills Research

07

CHAPTER

Residential

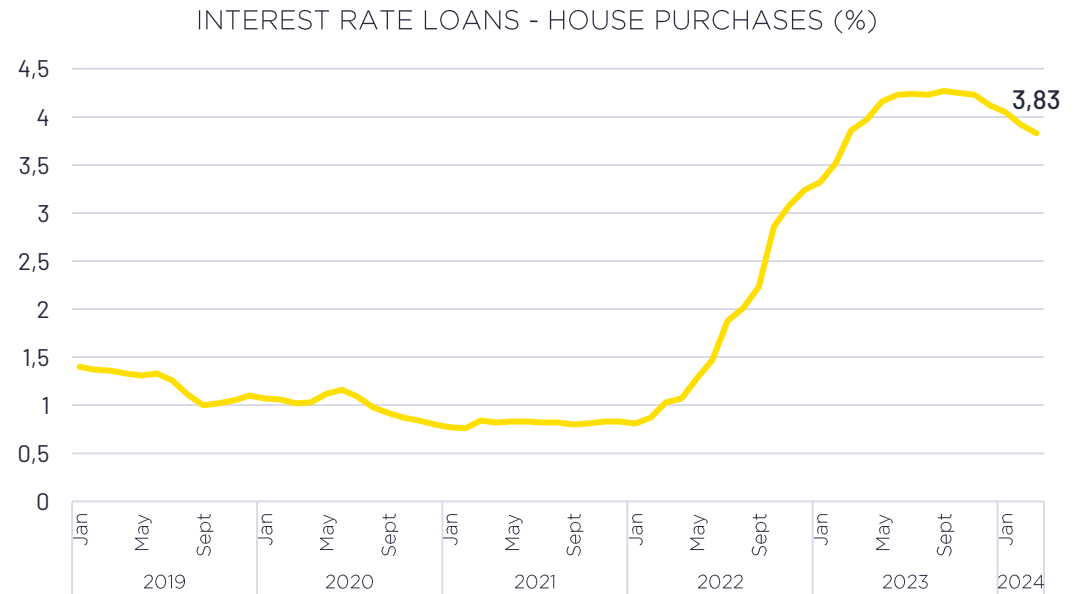
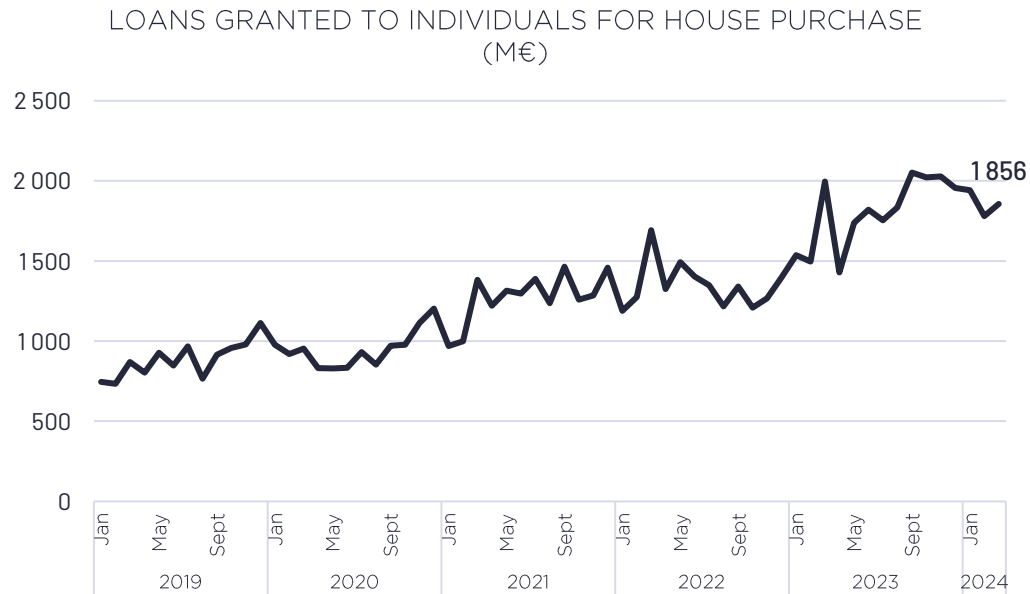
Residential Market

Q1 2024



- The amount of loans granted for housing increased by 77M€ from Feb to March, having reached over 1.8B€. Considering the first quarter of 2023 vs 2024, this year has so far presented an upsurge of 11% in the total amount of loans, amounting to 5.6B€.

- Average interest rate of new loans for housing decreased 0.09 p.p., from 3.92% in Feb to 3.83% in March. After surpassing the 4% mark again in April 2023 for the 1st time since 2012, interest rates dropped back down to the 3% mark in Feb after 9 months.

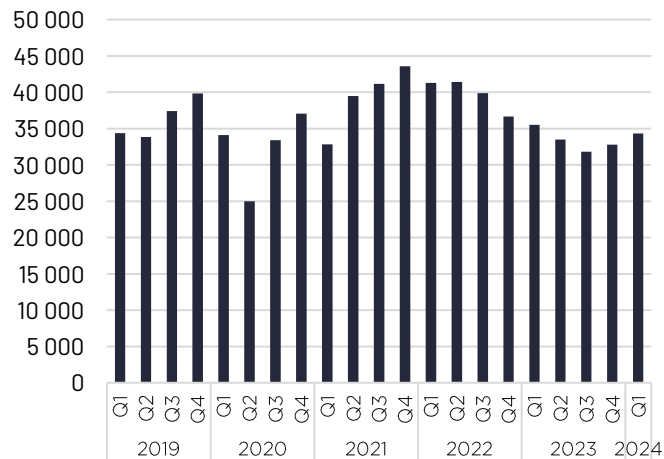


Residential Market

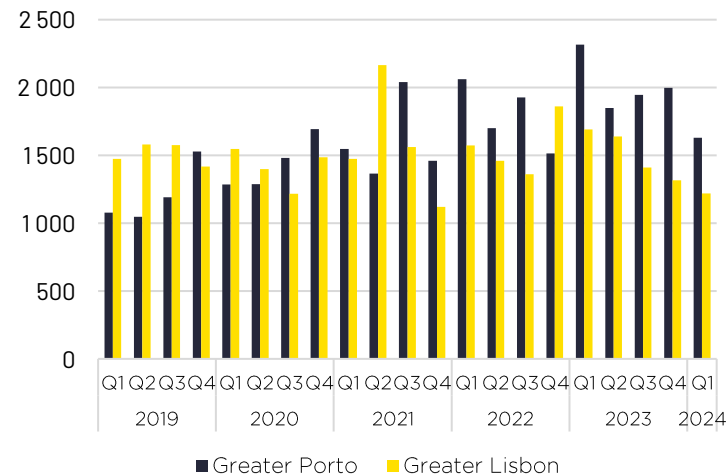
Q1 2024

- Though houses sold in Portugal Mainland decreased by 3.4% at the end of Q1 2024 vs Q1 2023 (35,529 dwellings), it is possible to observe an optimist, ongoing increase in the number of sales of since Q2 2023, reflecting an upsurge of 2.4% vs the first quarter of 2024.
- The number of licensed units in Greater Lisbon and Greater Porto, dropped by 28% and 30%, respectively, comparing Q1 2023 vs Q1 2024. GL has been observing declines since Q1 2023, whilst GP showed ongoing increases from Q2 to Q4 2023.

HOUSES SOLD IN PORTUGAL



NEW HOUSING DEVELOPMENTS LICENSED UNITS



Source: Savills Research | SIR and INE

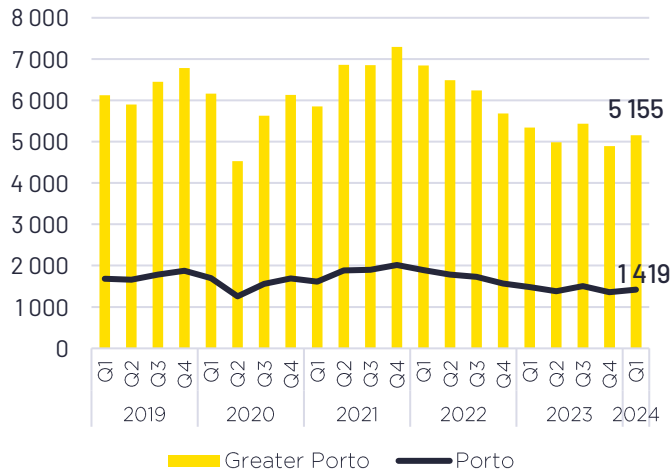


Residential Market

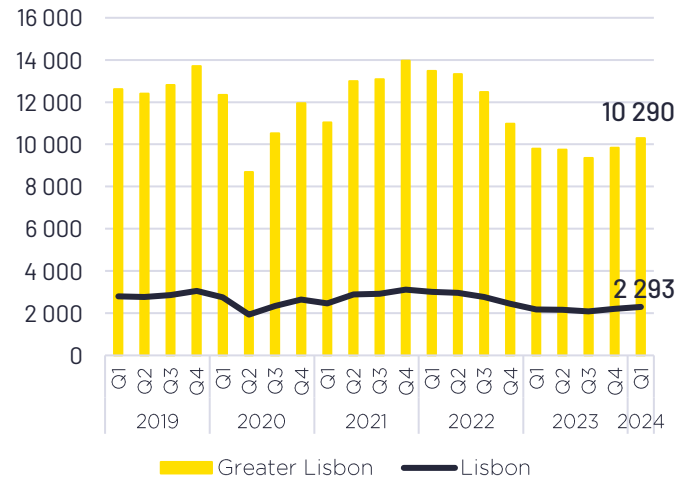
Q1 2024

- The houses sold in Lisbon city represent approximately 22% of all the closed deals in Greater Lisbon. The city also presented an increase of 5.7% in its number of sales by the end of the Q1 2024 vs Q1 2023;
- Porto city, on the other hand, accounts for 27.5% of all the house sales in Greater Porto, in addition to having shown a decrease of 3.9% in its number of transactions during Q1 2024 against the first quarter of 2023.

HOUSES SOLD - GREATER PORTO VS PORTO CITY



HOUSES SOLD - GREATER LISBON VS LISBON CITY



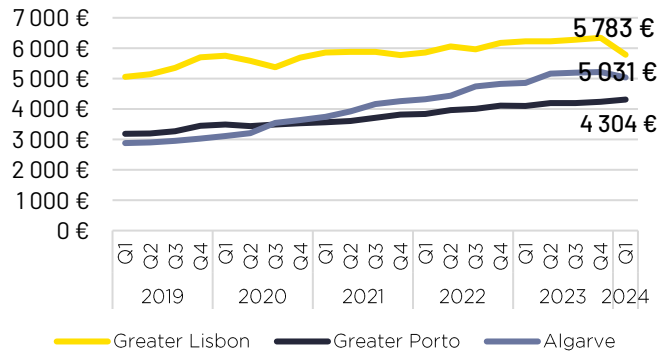
Source: Savills Research | SIR



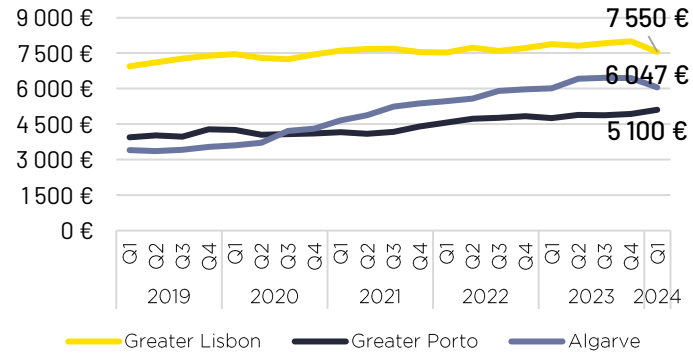
Residential Market

Q1 2024

EVOLUTION ASKING PRICES - NEW SUPPLY (€/SQ M)



EVOLUTION ASKING PRICES - HIGH END NEW SUPPLY (€/SQM)



Growth Rate Q1 2023 vs Q1 2024 (q-o-q):

AVERAGE ASKING PRICES

NEW SUPPLY

Greater Lisbon	Greater Porto	Algarve
-7.03%	4.95%	3.63%

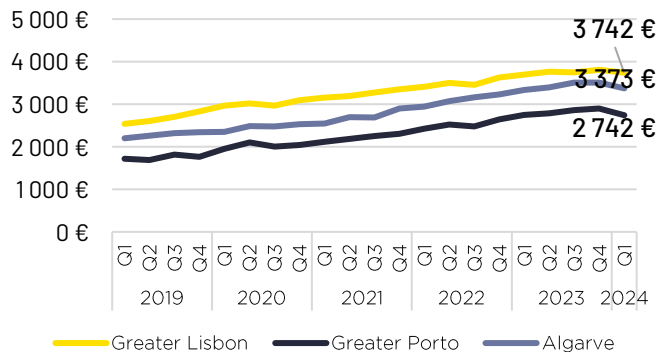
Growth Rate Q1 2023 vs Q1 2024 (q-o-q):

AVERAGE ASKING PRICES

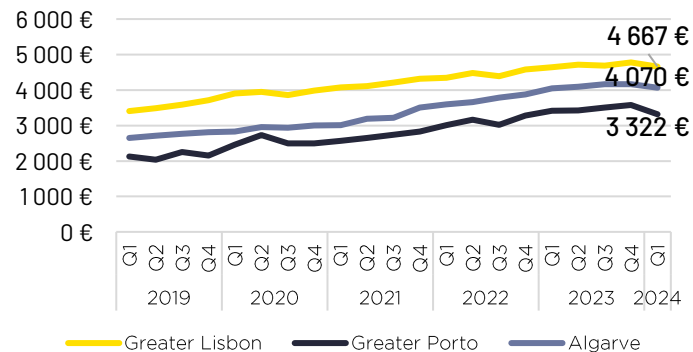
USED SUPPLY

Greater Lisbon	Greater Porto	Algarve
1.24%	-0.4%	1.05%

EVOLUTION ASKING PRICES - USED SUPPLY (€/SQ M)



EVOLUTION ASKING PRICES - HIGH END USED SUPPLY (€/SQM)



Growth Rate Q1 2023 vs Q1 2024 (q-o-q):

AVERAGE ASKING PRICES

HIGH END NEW SUPPLY

Greater Lisbon	Greater Porto	Algarve
-4.19%	7.17%	0.6%

Growth Rate Q1 2023 vs Q1 2024 (q-o-q):

AVERAGE ASKING PRICES

HIGH END USED SUPPLY

Greater Lisbon	Greater Porto	Algarve
0.58%	-2.78%	0.47%

Residential Market

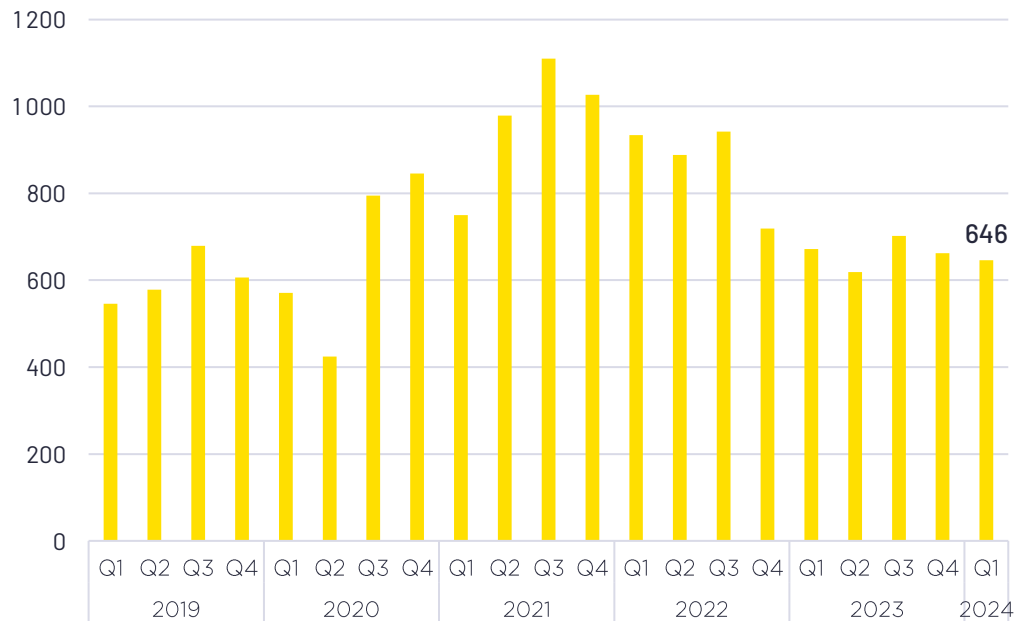
Q1 2024



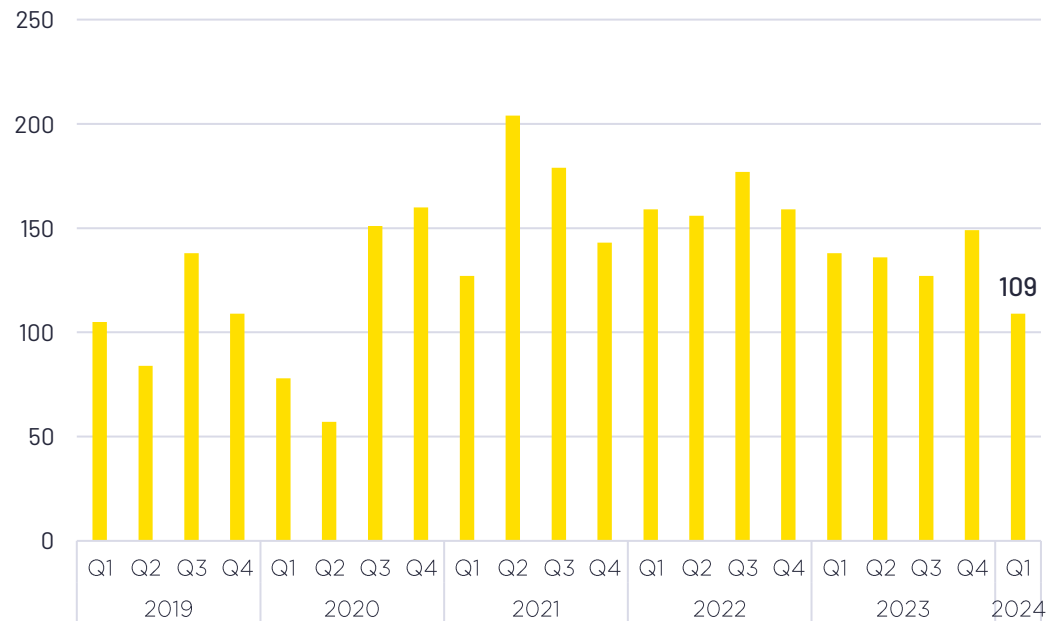
- By the end of Q1 2024, the number of rental contracts in Lisbon city has slightly dropped 3.9% against Q1 2023, causing the city to witness a decrease for the 2nd quarter in a row;

- Porto presented a downturn of 21% when comparing Q1 2023 to Q1 2024, reaching 109 closed contracts by the end of March 2024. These figures can very much be attributed to the steep increase in asking prices the rental market witnessed in the last months.

RENTAL MARKET - EXECUTED CONTRACTS IN LISBON CITY



RENTAL MARKET - EXECUTED CONTRACTS IN PORTO CITY

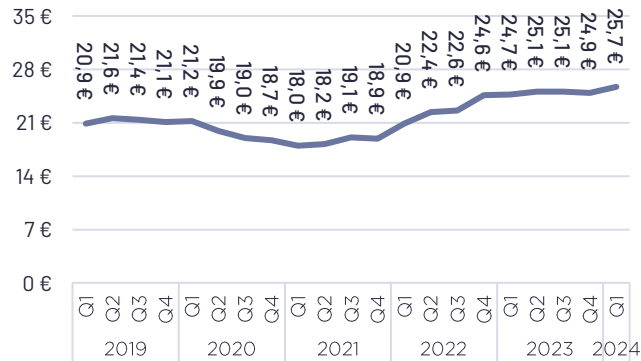


Source: Savills Research | SIR

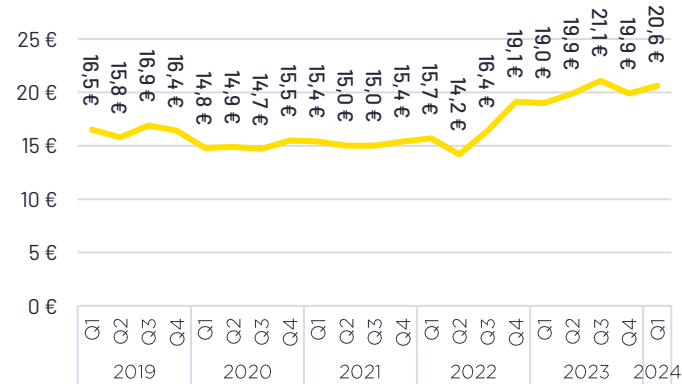
Residential Market

Q1 2024

RENTAL AVERAGE ASKING PRICES - NEW SUPPLY IN LISBON (€/SQ M)



RENTAL AVERAGE ASKING PRICES - NEW PROPERTIES IN PORTO (€/SQ M)



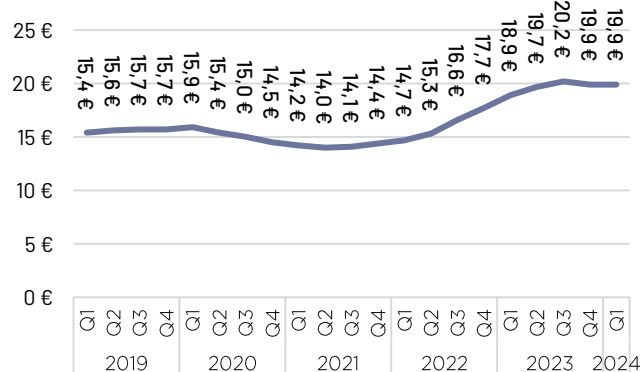
RENTAL AVERAGE ASKING PRICES IN LISBON (Q-O-Q GROWTH %)

New Supply **3.21%**
Used Supply **4.05%**

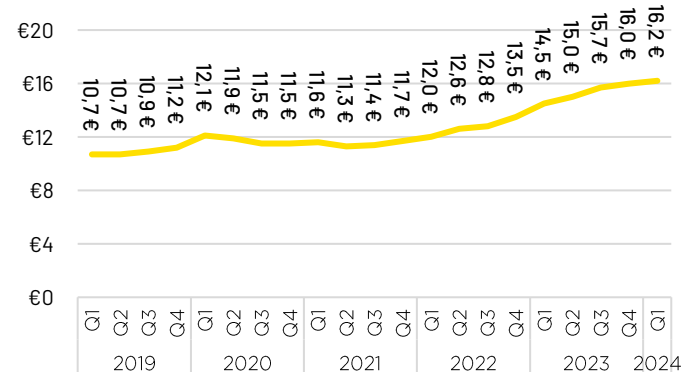
RENTAL AVERAGE ASKING PRICES IN PORTO (Q-O-Q GROWTH %)

New Supply **3.52%**
Used Supply **8.42%**

RENTAL AVERAGE ASKING PRICES - USED SUPPLY IN LISBON (€/SQ M)



RENTAL AVERAGE ASKING PRICES - USED PROPERTIES IN PORTO (€/SQ M)



Residential Market

Q1 2024

- Interest rates: ongoing decreases for house purchasing. This may be the decision-making factor that those interested in acquiring a residential property are looking for.
- House sales: Gradual increases in the number of deals closed since Q4 2023. Q1 2024 has even managed to present the best results since Q2 2023, with an upsurge of 2.4%.
- Asking prices: Studier stabilization
- Rental market: It is under greater pressure due to the imbalance between supply and demand. Currently it displays overall constant price increases throughout the last couple of years.
- Pipeline: Out of all the dwellings current under construction in Lisbon and Porto city, over 70% and 53.5% of them, respectively, have been already commercialized.



08

CHAPTER

Hospitality

Tourism Market

Q1 2024



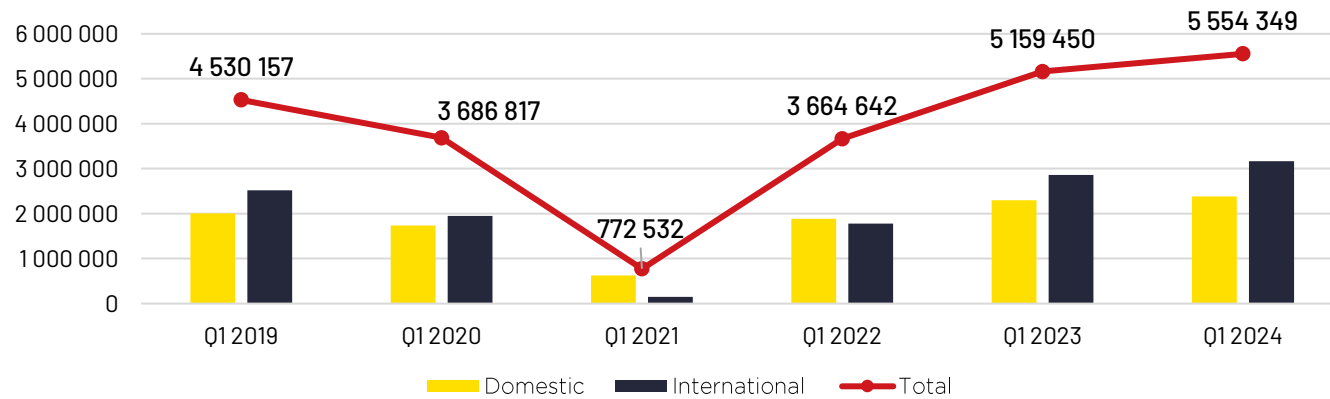
JANUARY – FEBRUARY 2024 VS 2023	PORTUGAL	LISBON METROPOLITAN AREA	NORTH REGION	ALGARVE
Guests (Million)	3 245 236 +5%	1 010 421 +4%	776 648 +8%	361 844 +4%
International Guests (Million)	1 766 659 +8%	731 404 +7%	358 557 +11%	250 099 5%
Overnight Stays (Million)	7 735 227 +3%	2 255 228 +2%	1 383 937 +6%	1 383 322 +3%
Total Revenue (€)	506 673 429 +11%	182 320 432 +12%	83 072 332 +11%	71 762 119 +11%

Source: Savills Research analyzing Travel IBI

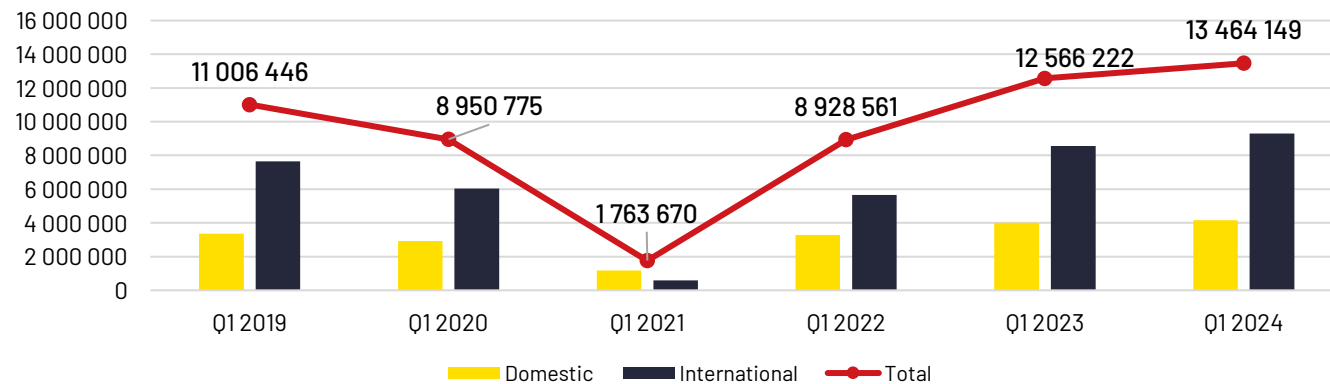
Tourism Market

Q1 2024

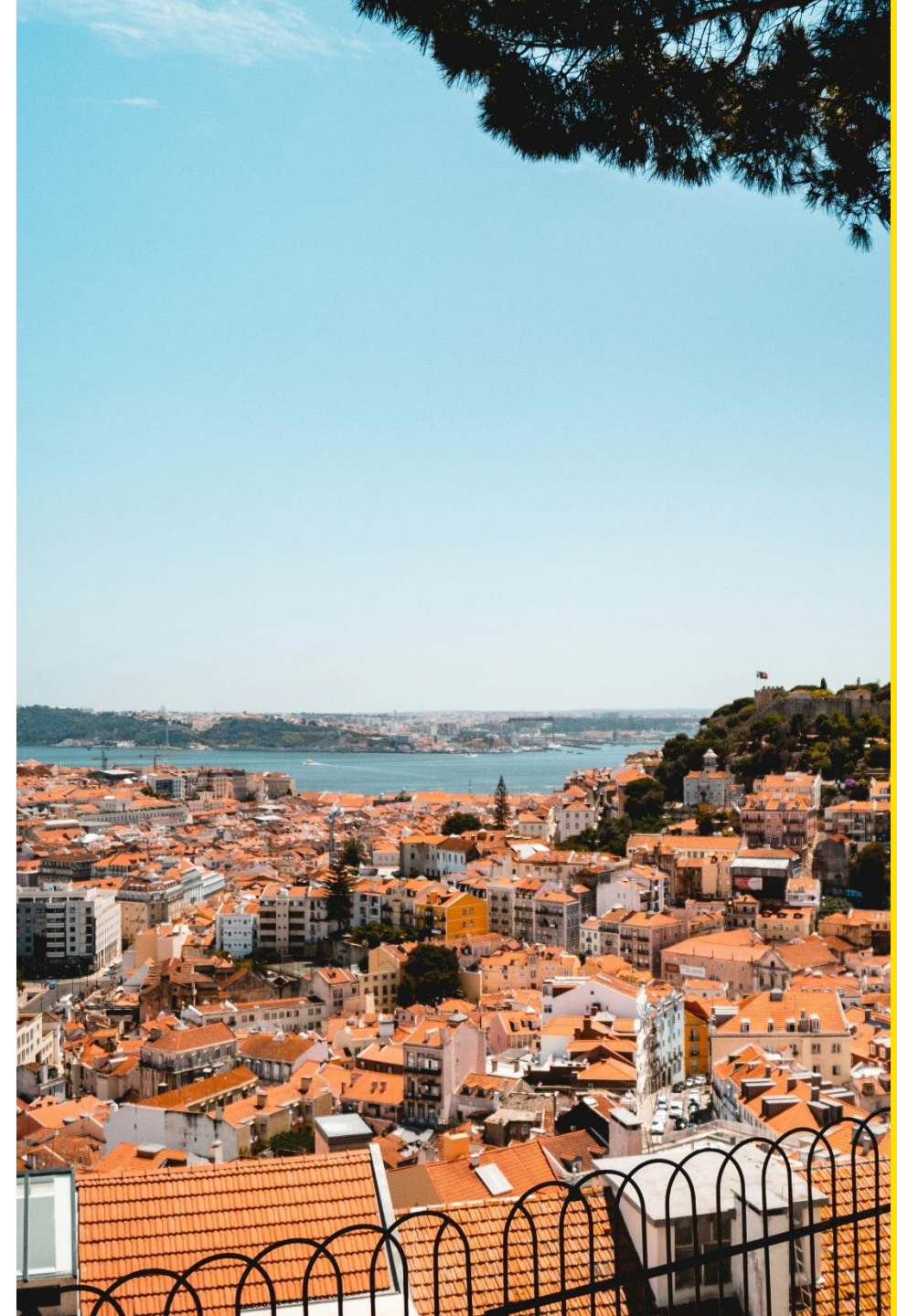
GUEST EVOLUTION IN PORTUGAL



OVERNIGHT STAYS IN PORTUGAL



Source: Savills Research analyzing Travel IBI

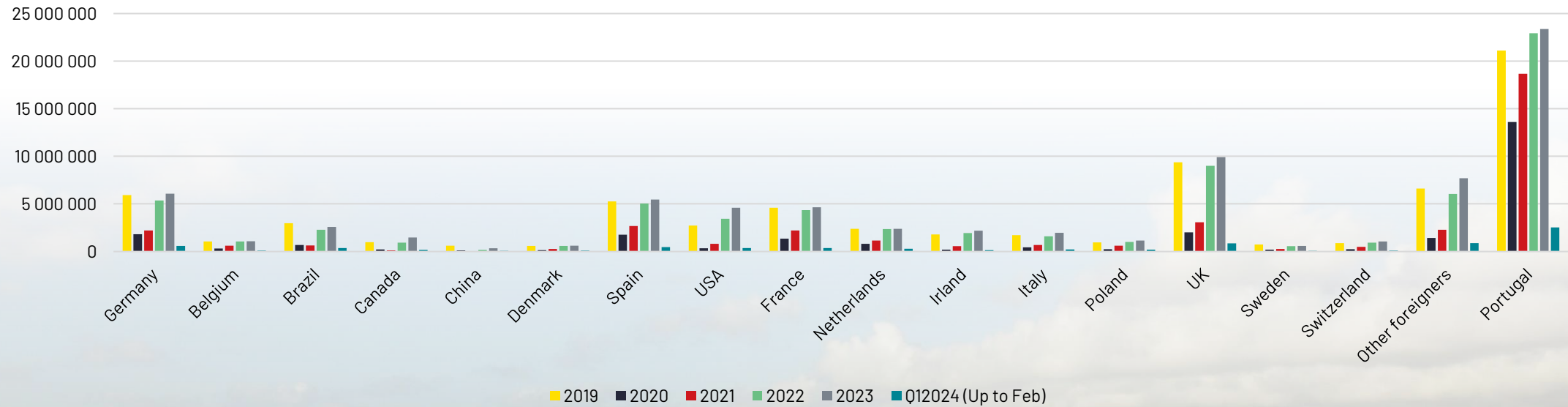


Tourism Market

Q1 2024



OVERNIGHTSTAYS BY NATIONALITY



Source: Savills Research analyzing Travel BI

Tourism Market

Q1 2024



- 60 hotels are expected to open in Portugal throughout 2024. 7 hotel openings took place during Q1 2024;
- Lisbon city alone is going to welcome 17 new hotels by the end of the year;
- During the first quarter of 2024 there was a 7.7% increase in the number of guests and 7.1% in overnights stays against the same period in 2023;
- Q1 2024 comprises approximately 5.6 M guests in total, which translated in 13.5 M overnight stays;
- Though there was a slight decrease registered in January 2024 vs January 2023, overnight stays in tourist accommodation are once again reaching historic highs in Portugal, very much driven by the increase in international demand, reflecting 69% of the stays during the first quarter;

- When it comes the number of guests in Portugal during January and February, the top 3 is comprised by Spanish, British and Brazilian citizens;
- Considering the same months, in regards of overnight stays, British, German and Spanish citizens comprehend the 3 markets with the highest share.

MAIN PIPELINE 2024			
HOTEL	CITY	ROOMS	CATEGORY
ME Lisbon	Lisbon	213	5*
Andaz Lisboa	Lisbon	169	5*
Yotel Hotel - World Trade Center Lisboa	Lisbon	127	4*
The Social Hub	Porto	310	
Jam Porto	Porto	130	3*
Editorio by The Sea Lagos	Lagos	276	5*
Lagos Marina Hotel, Curio Collection by Hilton	Lagos	180	5*
Match Algarve	Lagos	145	5*
Dreams Madeira Resort Spa & Marina	Porto Santo	366	
Moxy Alfragide	Amadora	218	



Thank you

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