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PORTUGAL
REAL ESTATE MARKET OVERVIEW

Q3 2023

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01

Economic Overview

Economic Overview

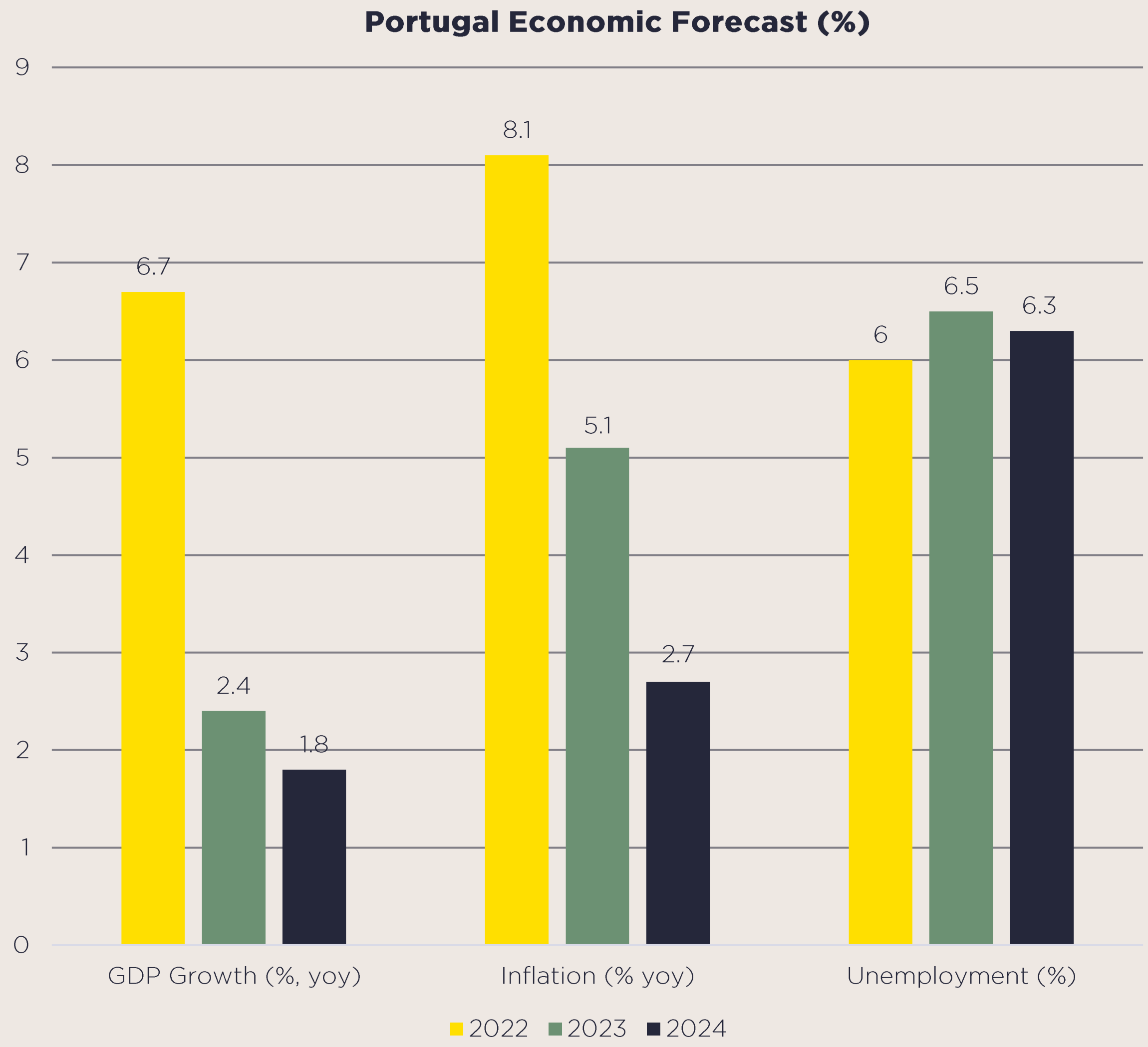
According to the latest forecasts from the European Commission, the economic growth of the Eurozone is expected to slow down to 0.8% in 2023 and 1.3% in 2024, which represents a downward revision of 0.3% compared to the analysis conducted last May.
Germany, being the most affected economy, is projected to contract by 0.4% in 2023 before resuming its growth at a rate of 1.1% next year.
Inflation in the Eurozone is expected to remain above the European Central Bank's medium-term target of 2% this year, with an annual price growth of 5.6% in 2023 before easing to 2.9% in 2024.

In recent months, we have witnessed a slowdown in economic growth across Europe. High inflation, rising loan costs, decreased government support measures, and a decline in private consumption are all contributing to the negative economic outlook, despite the decline in energy prices and a strong labor market, which has recorded historically low unemployment rates and increasing wages.

Portugal

In the third quarter, the national economy witnessed a sequential slowdown of 0.2%, while experiencing a year-on-year growth of 1.9%. This deceleration can be primarily attributed to the decline in exports, as the national economy has been grappling with the slowdown in its trading partners' economies.

Despite the challenging scenario marked by high prices and a loss of purchasing power, Portuguese consumption remains resilient, thanks to an acceleration in investment.



Source: European Commission

02

Investment

Investment Market | Q3 2023

At the end of the 3rd quarter of 2023, the real estate investment market in Portugal reached a total amount of 262 million euros. This represents a decrease of 46% compared to the previous quarter. Furthermore, when compared to the same period in 2022, there was a significant decline of 77%.

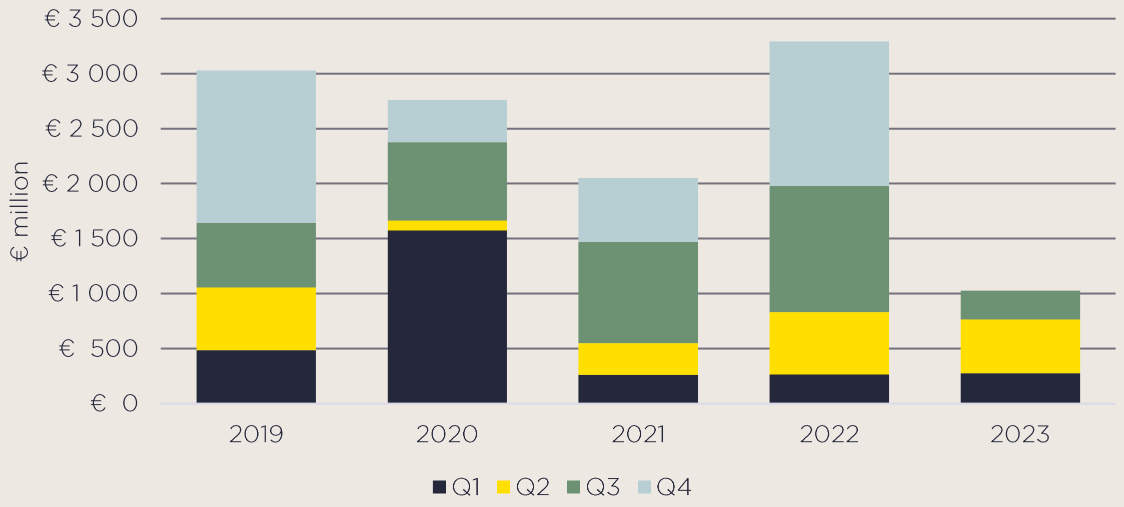
The total investment in the first nine months of the year amounts to slightly over one billion euros, indicating a year-on-year decrease of 48% compared to 2022.

The investment volumes landscape in Portugal is aligning with the rest of the European market. Except for Greece, all European markets are experiencing declines in their investment volumes.

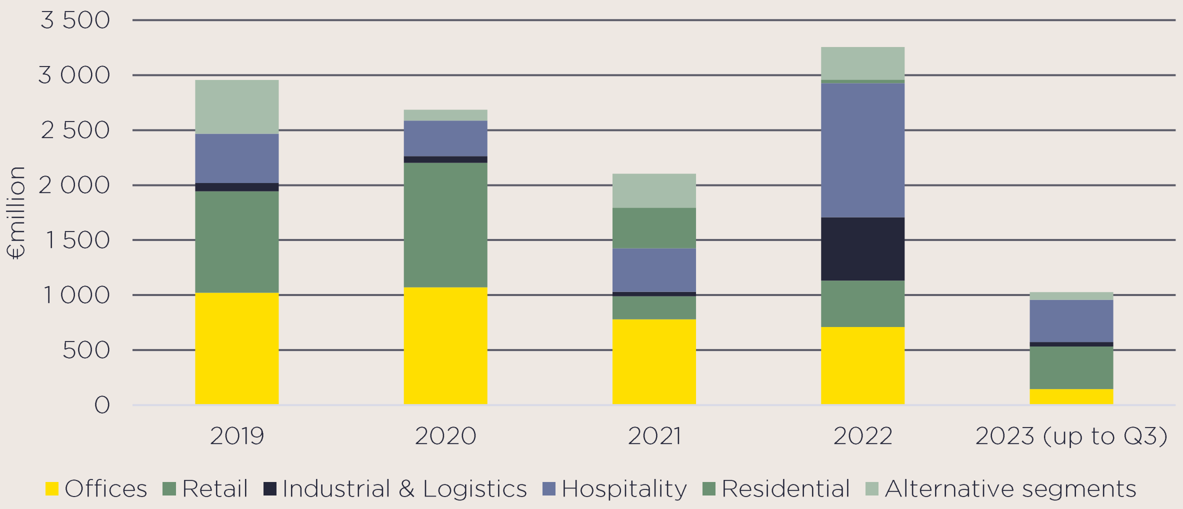
With only €30bn transacted in Q3 this year, it marks the 7th consecutive decline in quarterly investment volumes. Hence, since the beginning of the year, the investment volume is 57% down on last year. Investment volumes experienced a widespread decrease across various asset classes, with the office sector continuing to face the most significant downturn. Nevertheless, certain sectors showed greater resilience than others, notably senior housing, hotels, and retail.

In Portugal, the office segment was the hardest hit in terms of investment, with 146 million euros transacted in the first nine months of the year. However, in contrast, the retail and hospitality sectors showed remarkable resilience, contributing a total of 770 million euros to the accumulated volume.

Evolution of Commercial Real Estate Investment



Total Investment Volume by Sector



Source: Savills Research

Investment Market | Q3 2023

Activity in the market is predominantly driven by domestic investors, while European cross-border investors have significantly decreased their presence in Europe. In Portugal, 32% of the investment volume comes from domestic investors, led by real estate investment funds, family offices and private investors.

These investors are primarily focused on acquiring retail assets, hospitality properties, and office spaces.

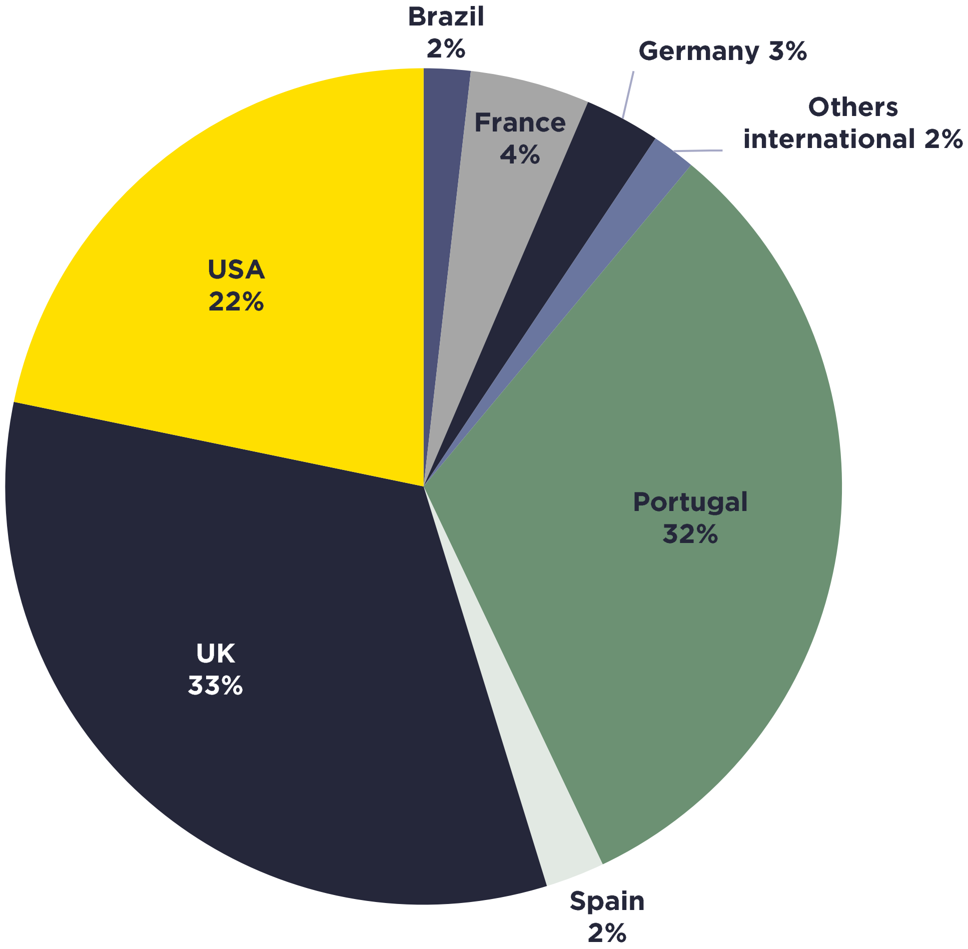
British investors have also made their mark, with over 300 million euros invested by the end of the third quarter of 2023. A significant portion of this investment has been focused on acquiring hospitality assets.

Top deals Q3 2023

Asset	Sector	Sub-Sector	Seller	Buyer	Investment Volume (€M)
La Vie Funchal	Retail	Shopping Center	ECS	Square Asset Management	60 M€
Hilton Vilamoura	Hospitality	Hotel	International Fund	Arrow	Confidential
Pestana Vila Sol Vilamoura	Hospitalty	Hotel	Santander Asset Management	Grupo Pestana	43 M€

Source: Savills Research

Capital Origin



Investment Market | Q3 2023

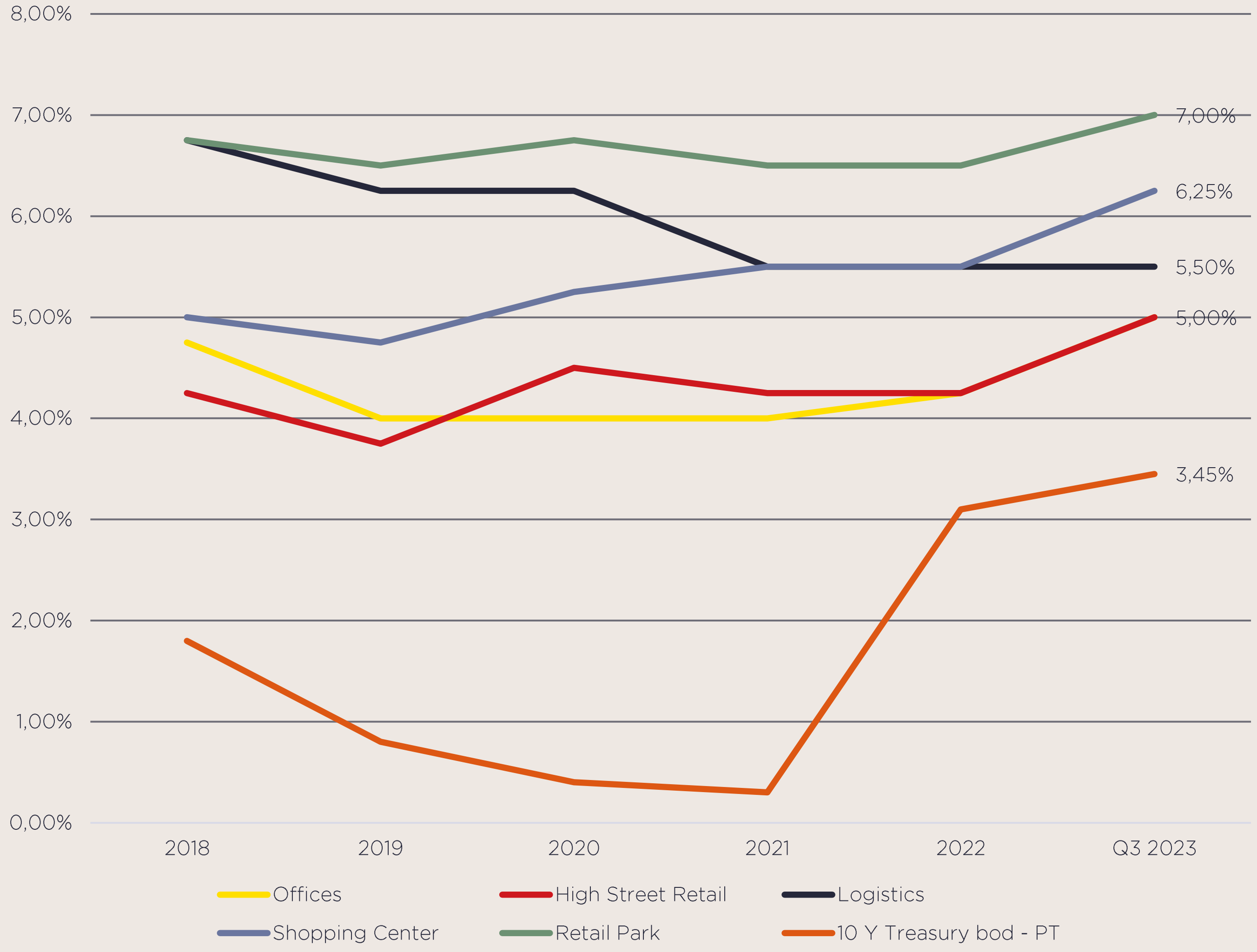
Achieving attractive returns on investments has become more intricate, with refinancing deals encountering more challenging leverage conditions across almost all sectors.

Investors are taking advantage of the market dynamics, particularly in areas that are exhibiting a robust revival in their key performance indicators (KPIs), like the hospitality industry.

The hospitality sector is witnessing a surge in demand, resulting in enhanced KPIs such as occupancy rates, average daily rates (ADRs), and revenue per available room (RevPAR).

In Q3 2023, prime yields continue to decompressed to accommodate financing costs and expected returns persists. Prime yields for offices, shopping centers and high street retail experienced a rise of 0.25 basis points.

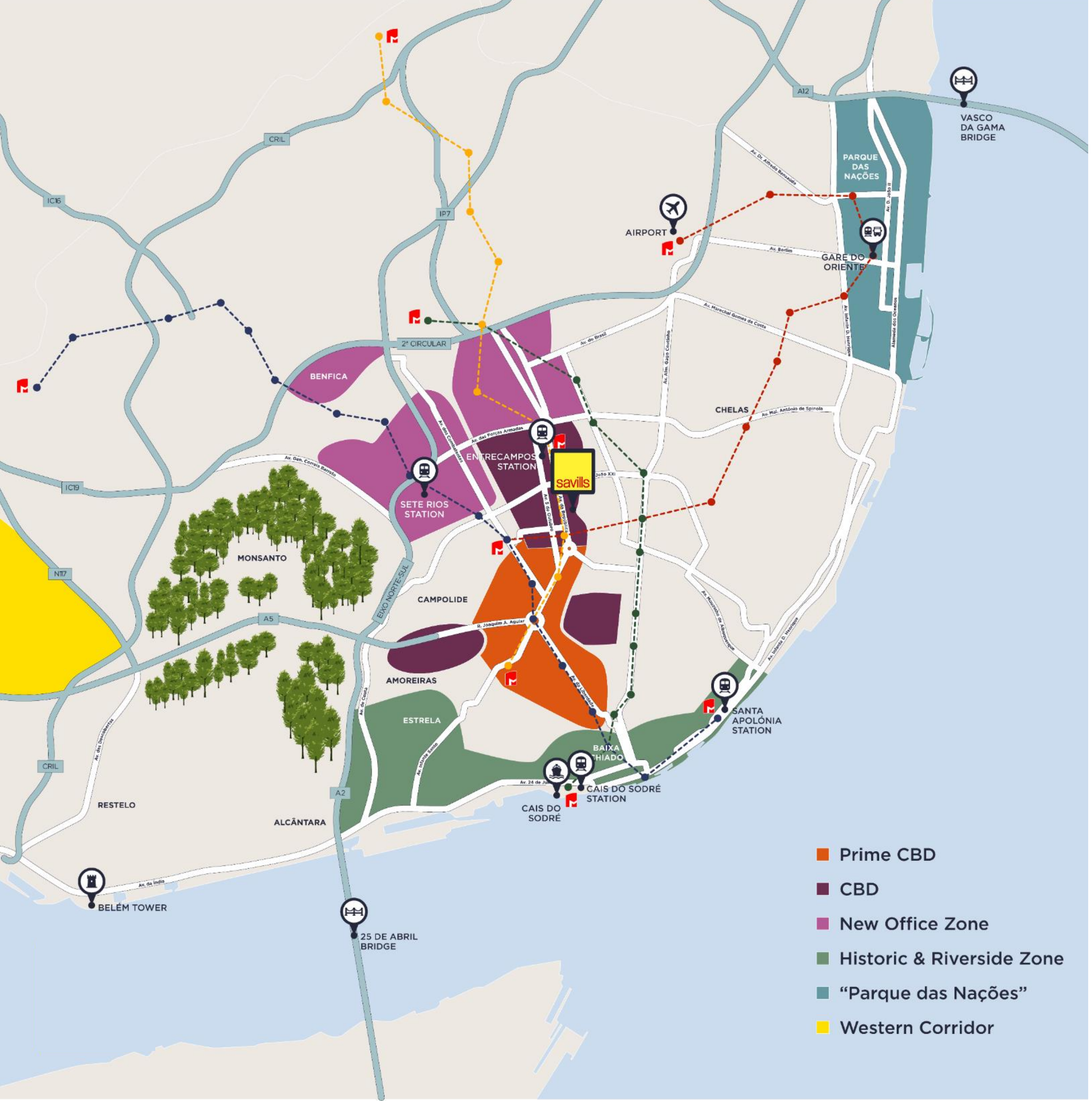
Prime Yields vs Treasury Bonds



Source: Savills Research

03

Lisbon & Porto
Offices



Lisbon
Office Market | Q3 2023

Total Market Stock 4 453 951 sq m	Closed deals 41 (+28% year-on-year)	Take-up Q3 2023 34,034 sq m (-57% year-on-year)
Vacancy rate 10,30% (10,15% Q2 2023)	Prime rent 27€/sq m/month	Highest take-up Zone 3 14,153 sq m

Source: Savills Research | LPI

Lisbon Office Market

WHO´s IN?

Lisbon Office Market Q3 2023

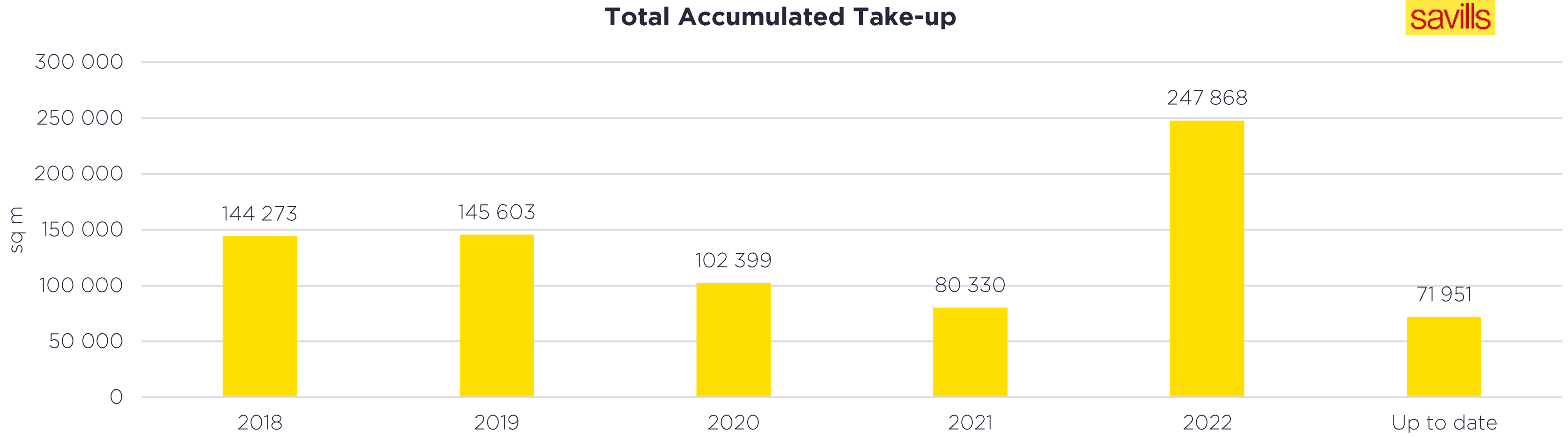
In the first 9 months of the year, the office market in Lisbon experienced a year-on-year decline of 71% in terms of take-up volume, resulting in a total take-up of 71,951 sq m.

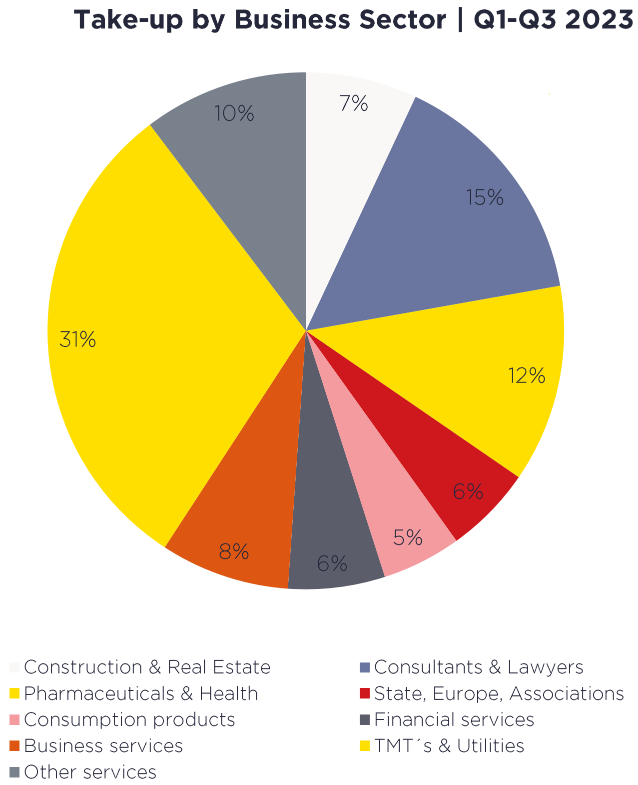
The third quarter emerged as the strongest quarter of 2023 so far, indicating that the final stretch of the year is proving to be more dynamic compared to a slower start caused by the uncertainty generated by the macroeconomic climate.

Despite the overall decline in take-up, it proves that businesses are adapting and finding ways to adjust through more uncertain times. In the third quarter, the New Office Zone (Zone 3) outperformed all other zones with a total take-up volume of 14,453 sq m, followed by the CBD zone (Zone 2) with 8,220 sq m.

Regarding the average take-up recorded in the third quarters of the past 5 years, we observe that only the New Office Zone and the CBD Zone achieved significantly above-average results, while all other market zones experienced declines. Overall, the third quarter of this year witnessed an 11% decrease compared to the average of the past five years' third quarters.

31 % take-up (Q1 – Q3 2023) driven by TMT`s & Utilities sector





Lisbon Office Market
Q3 2023

A total of 41 office transactions were successfully concluded during Q3 2023, representing a 28% increase compared to the same period in the previous year. The New Office Zone (Zone 3) and CBD (Zone) accounted for 56% of all closed deals. Twelve transactions involving office spaces exceeding 1,000 sq m were finalized, with a strong concentration in both the Parque das Nações and New Office Zone areas.

It is worth noting that companies operating within the business services TMT & Utilities and Consultants & Lawyers sectors displayed a significant preference for these locations. Despite the economic uncertainty, the office market continues to demonstrate its resilience with stable prime rent rates.

At €27/sq m/month, the prime rent has remained consistent throughout Q3 2023.
The demand for quality office spaces remains high, especially from larger companies that prioritize ESG and sustainability guidelines. This sustained demand, coupled with the limited availability of such spaces, contributes to the potential for further growth in prime rent.

Market Zone	Building	GLA (sq m)	Tenant	Business Sector	Demand Reason
5	EXEO – Lumnia	4,602	Confidential	TMT´s & Utilities	Relocation
3	Tower H – Lisbon Towers	4,130	Hospital da Luz	Pharma & Health	Area expansion
2	D. Filipa de Vilhena 38	2,604	Confidential	TMT´s & Utilities	Relocation
3	RO51	2,429	Cimpor	Other services	Relocation
3	Green Park	2,427	CTT	TMT´s & Utilities	Area expansion
1	Barata Salgueiro 21	2,422	Confidential	Consultants & Lawyers	New company in Lisbon

Source: Savills Research

Lisbon Office Market
Q3 2023

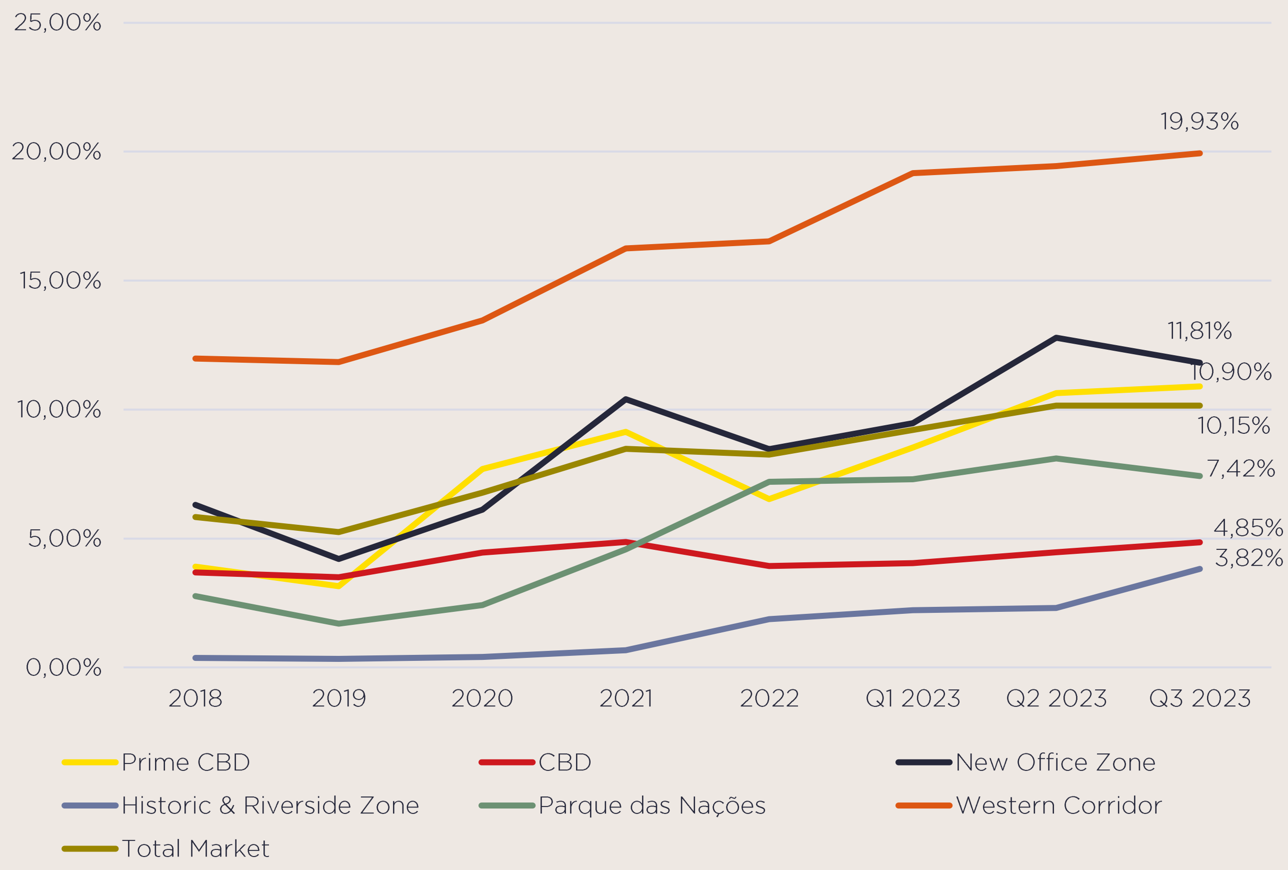
Completions until end 2023	Pipeline 2024-2025
55,495 sq m	211,000 sq m
100% owner-occupier	30% pre-let | ownwr-occupier

Main Projects (spec. development)

Market Zone	Building	GLA (sq m)	Completion
7	Oriente Green Campus	40,000	Q1 2024
3	Colombo 3rd Tower	31,450	Q2 2024
3	Campo Novo	8,695	Q1 2025
5	WellBE	26,288	Q1 2025

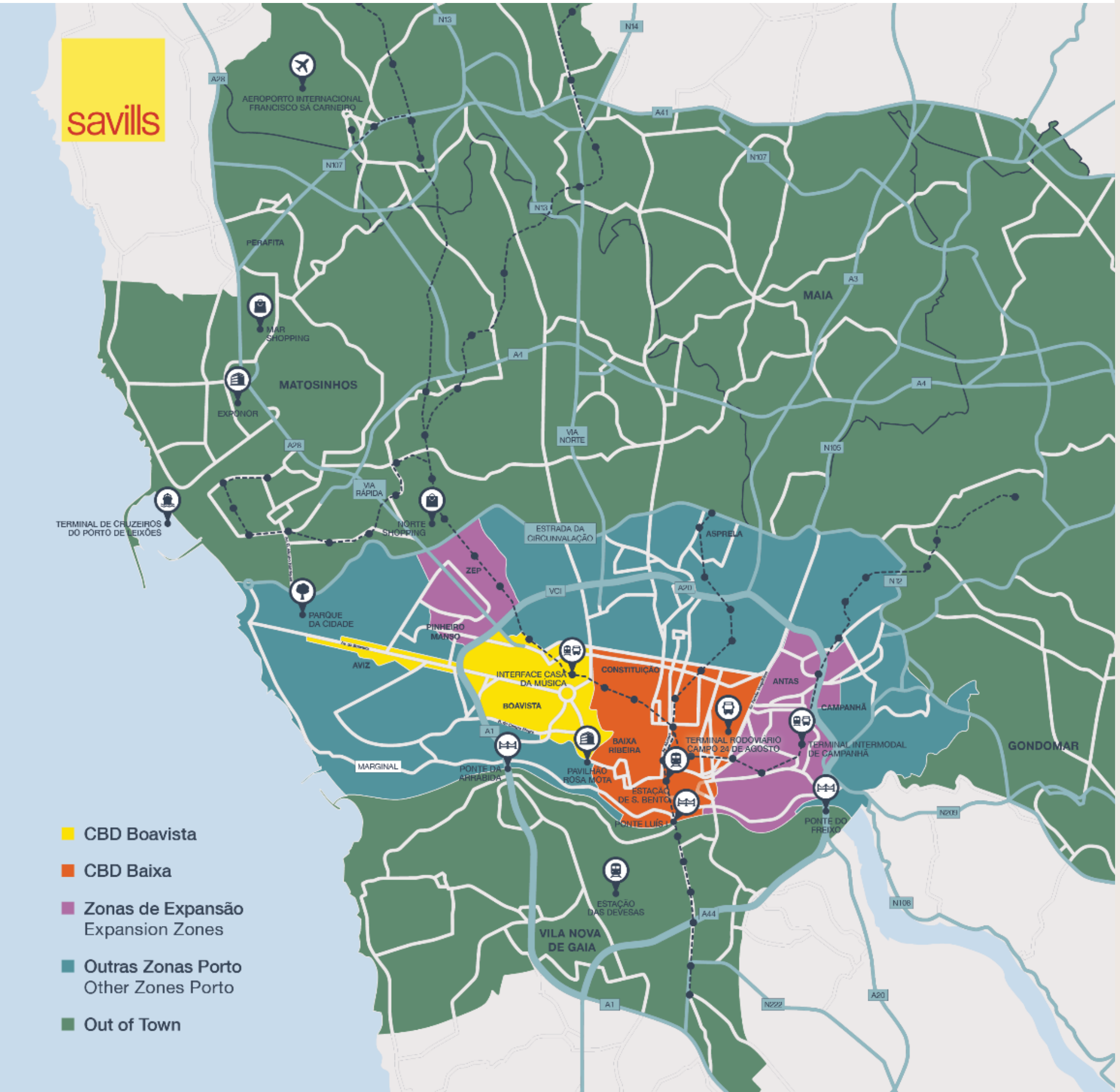
Source: Savills Research

Vacancy rate by market zone

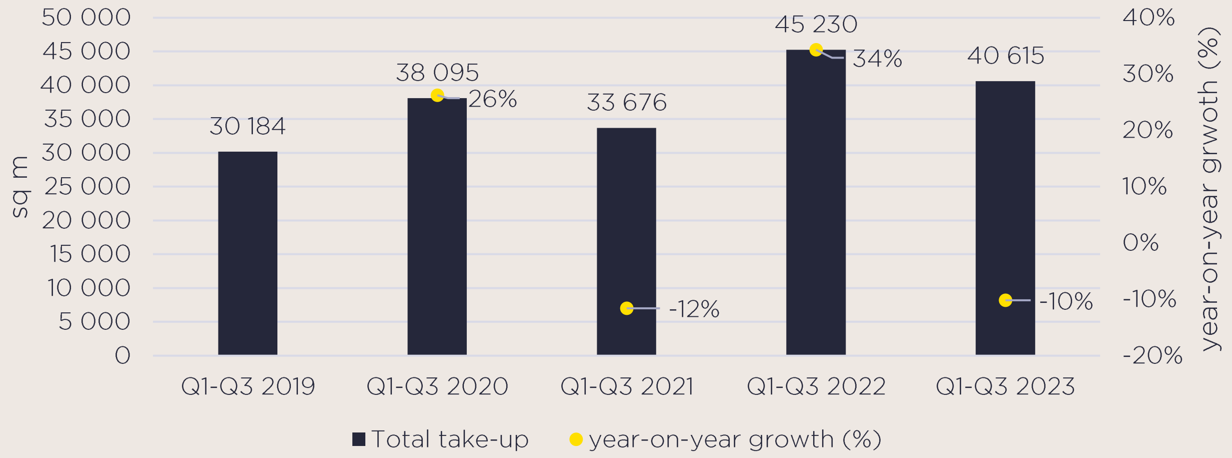


Source: Savills Research | LPI

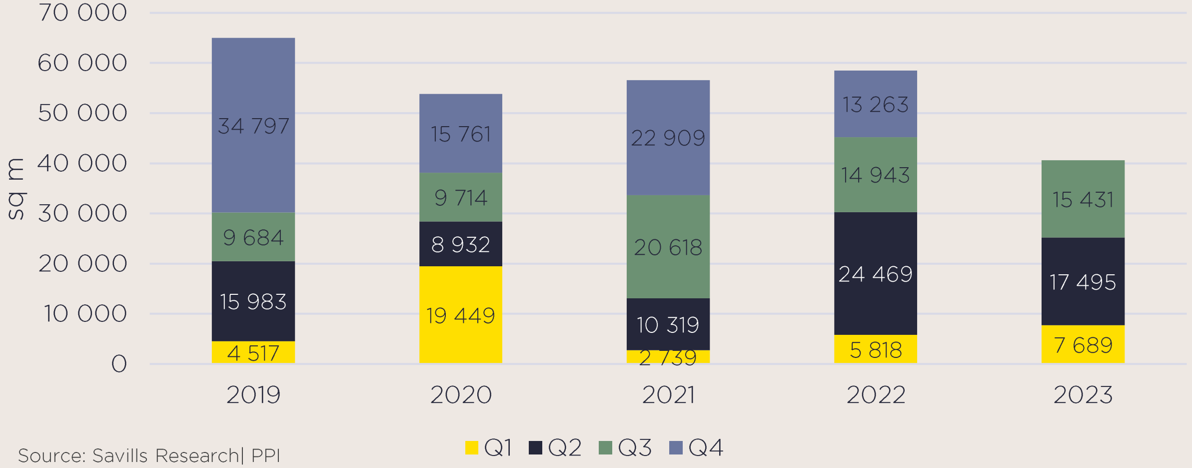
Porto Office Market Q3 2023



Total accumulated take-up

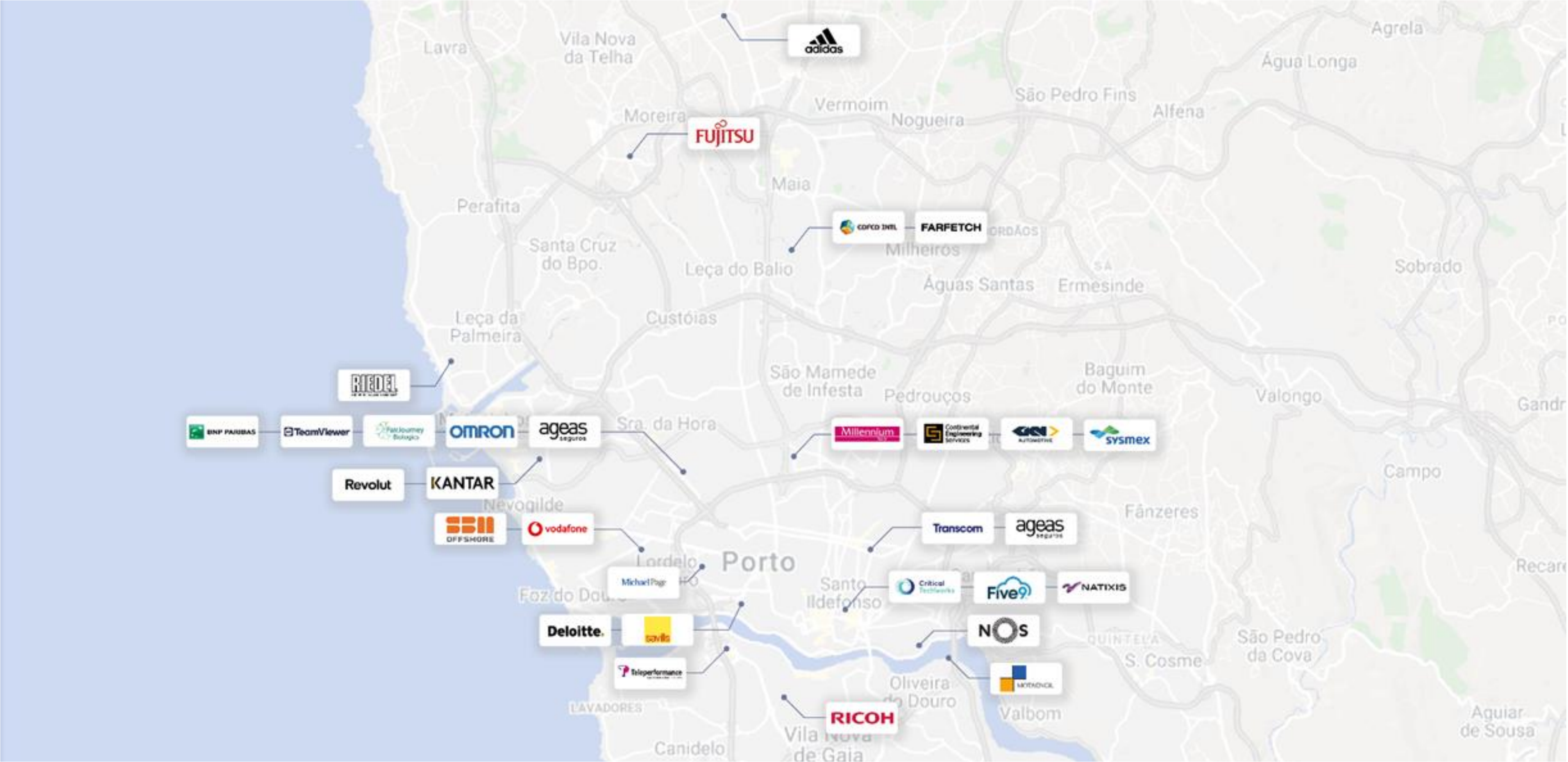


Total take-up by quarter



Source: Savills Research| PPI

Porto Office Market
WHO´s IN?



Porto Office Market Q3 2023

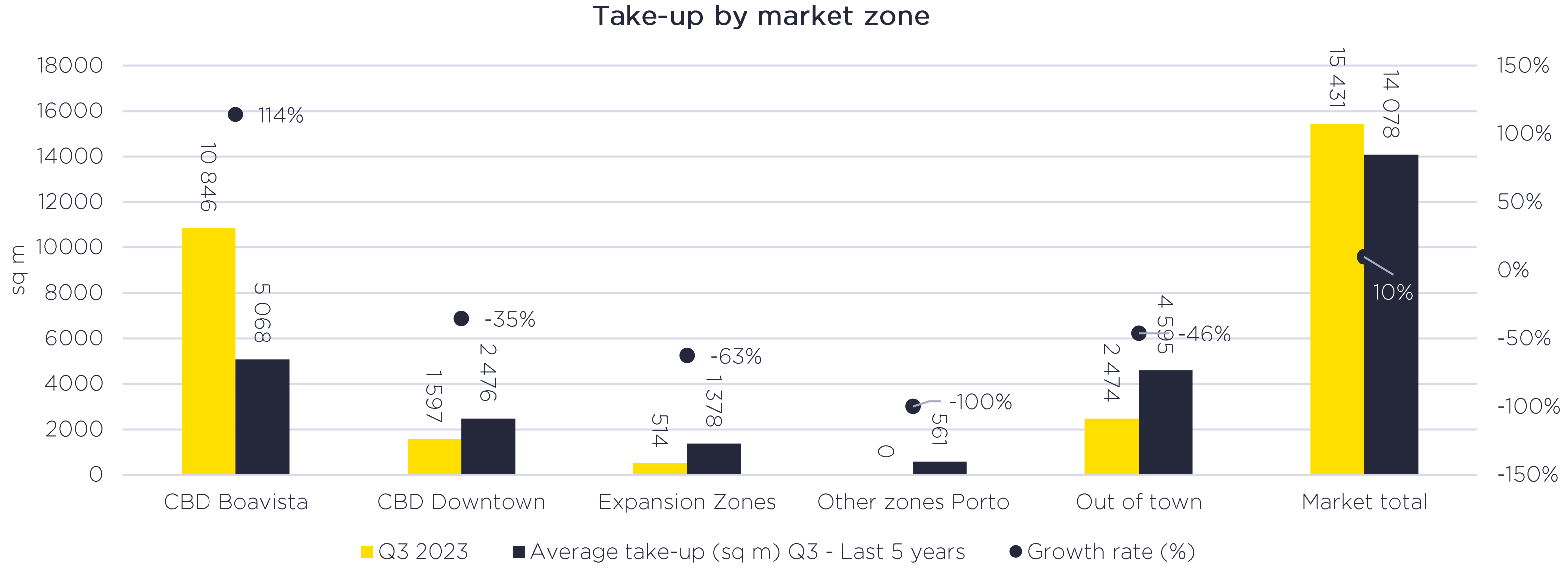
In the first 9 months of the year, the office market in Porto witnessed a decline of 10% in terms of take-up volume. Despite this challenging environment, the total take-up reached 40,615 sq m, demonstrating resilience in the market.

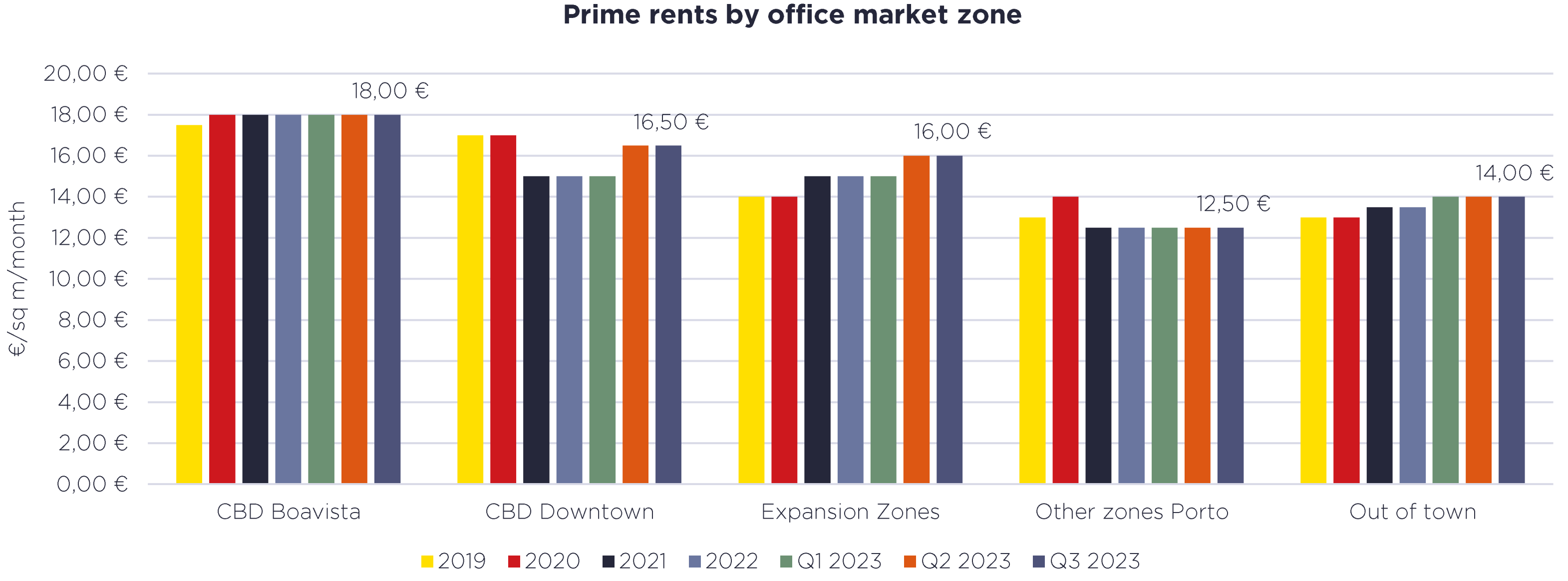
The third quarter alone contributed to this result with a total take-up of 15,431 sq m, showing an increase of 3% compared to the same period last year.

In the third quarter, the CBD Boavista market zone recorded the highest take-up volume of 10,846 sq m, making it the only market area to experience a growth of 114% compared to the average of the past five third quarters. the overall market result in the third quarter of 2023 surpassed the five-year average by 10%.

TMTs & Utilities, Other Services and Consultants sectors accounted for 71% of the total take-up volume.

The prime rent has remained stable at €18/sq m/month. However, we predict that could be an increase in prices by the end of the year supported by the new projects under leased.





Source: Savills Research

Porto Office Market Q3 2023

Completions until end 2023	Pipeline 2024-2025
34,231 sq m	> 61,000 sq m
23% owner-occupier	21% pre-let | owner-occupier

By the end of 2023, the completion of approximately 35,000 sq m of office space is projected, with 23% allocated for self-occupation.

In 2024 and 2025, the pipeline will see an increase of over 61,000 square meters of new office spaces, with 21% already having pre-lease contracts in place or intended for owner-occupier.

This surge in office developments is particularly evident in Matosinhos, where the strategic placement of new projects aims to further boost the region's attractiveness.

Top deals Q1 – Q3 2023

Market Zone	Building	Area	Tenant	Business Sector	Demand Reason
CBD Boavista	BOC	7,822	Confidential	Other services	New company in Porto
Expansion zone	ICON Offices	5,651	Confidential.	Consultants & Lawyers	Relocation
Out of town	Centro Empresarial Lionesa	4,300	Confidential	TMTs & Utilities	Relocation
Out of town	Companhia dos Caolinos, 69 - 91	2,564	Confidential	Construction & Real Estate	Area expansion
CBD Downtown	Trinity	1,597	Planet Payment	TMTs & Utilities	Relocation
Out of town	Republica 705	1,510	Chave Nova	Construction & Real Estate	Relocation

Main Projects (spec.development)

Market Zone	Building	GLA (sq m)	Completions
Expansion Zones	VIVA Offices	19,944	Q1 2025
Expansions Zones	ICON OFFICES	13,373	Q3 2023
Expansion Zones	Matadouro	11,900	Q4 2024
Out of town	Tecmaia – Plot 4	6,900	Q4 2024

Source: Savills Research

04

Industrial & Logistics

Industrial & Logistics Market | Portugal Q3 2023

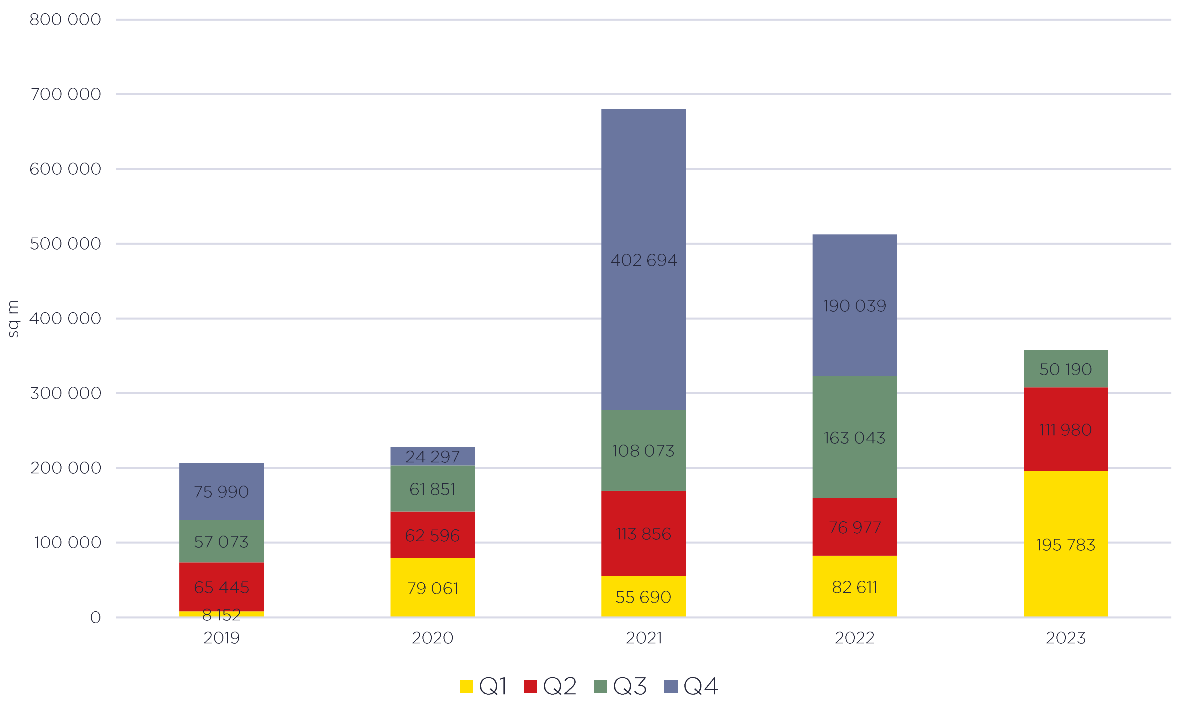
At the end of the 3rd quarter of 2023, the Portuguese industrial & logistics market recorded a total take-up volume of 50,190 sq m, resulting in a decrease of 69% compared to the same period in 2022.

This decline marks the lowest level in the past 5 years and highlights the current inability of the market's supply to meet the active demand that is being observed. The need for increased supply to match the market demand is becoming increasingly evident.

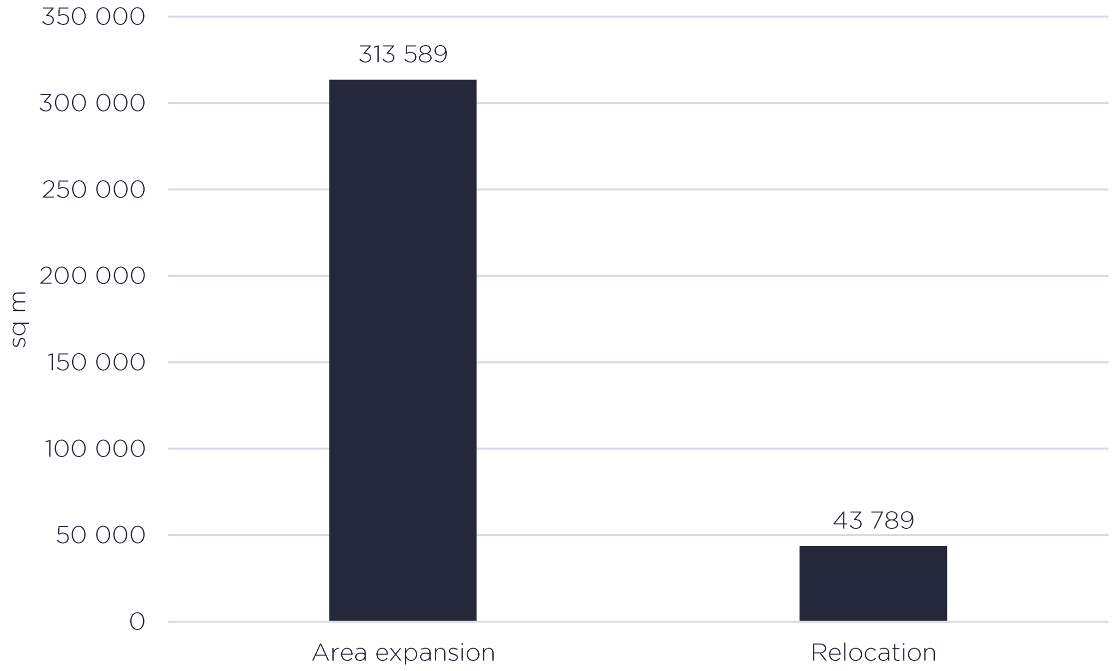
In the accumulated value of the year until the end of September 2023, the national market records a total take-up of approximately 358,000 sq m, an 11% increase compared to the same period in 2022, driven by a very strong first semester.

Despite facing some challenges such as supply shortages and rising costs, the market is managing to maintain its upward momentum.

Portugal Total Take-up by Year



Take-up by Demand Reason



Source: Savills Research | IPI

Industrial & Logistics Market | Greater Lisbon Q3 2023

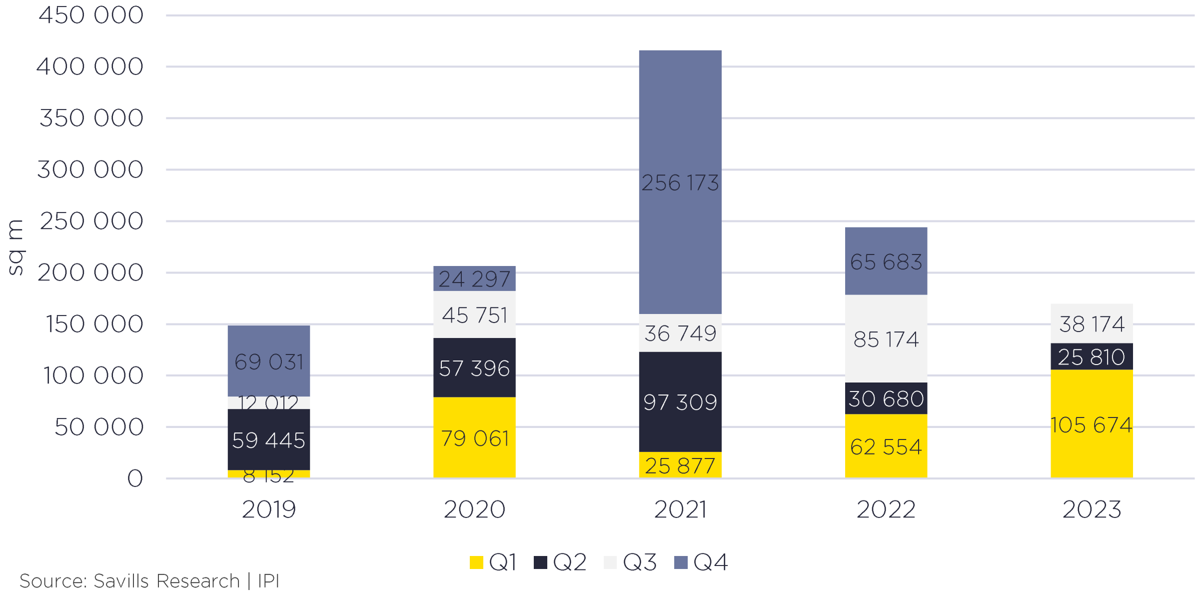
In the industrial and logistics market of Greater Lisbon, the third quarter concluded with a total take-up of 38,174 sq m, showing a decrease of 55% compared to the same period in 2022.

Nine transactions were completed in total, with six of them below 2,000 sq m, primarily targeted for warehouse occupancy. This downward trend can be attributed to various factors such as economic uncertainties and a lack of available offers in the market.

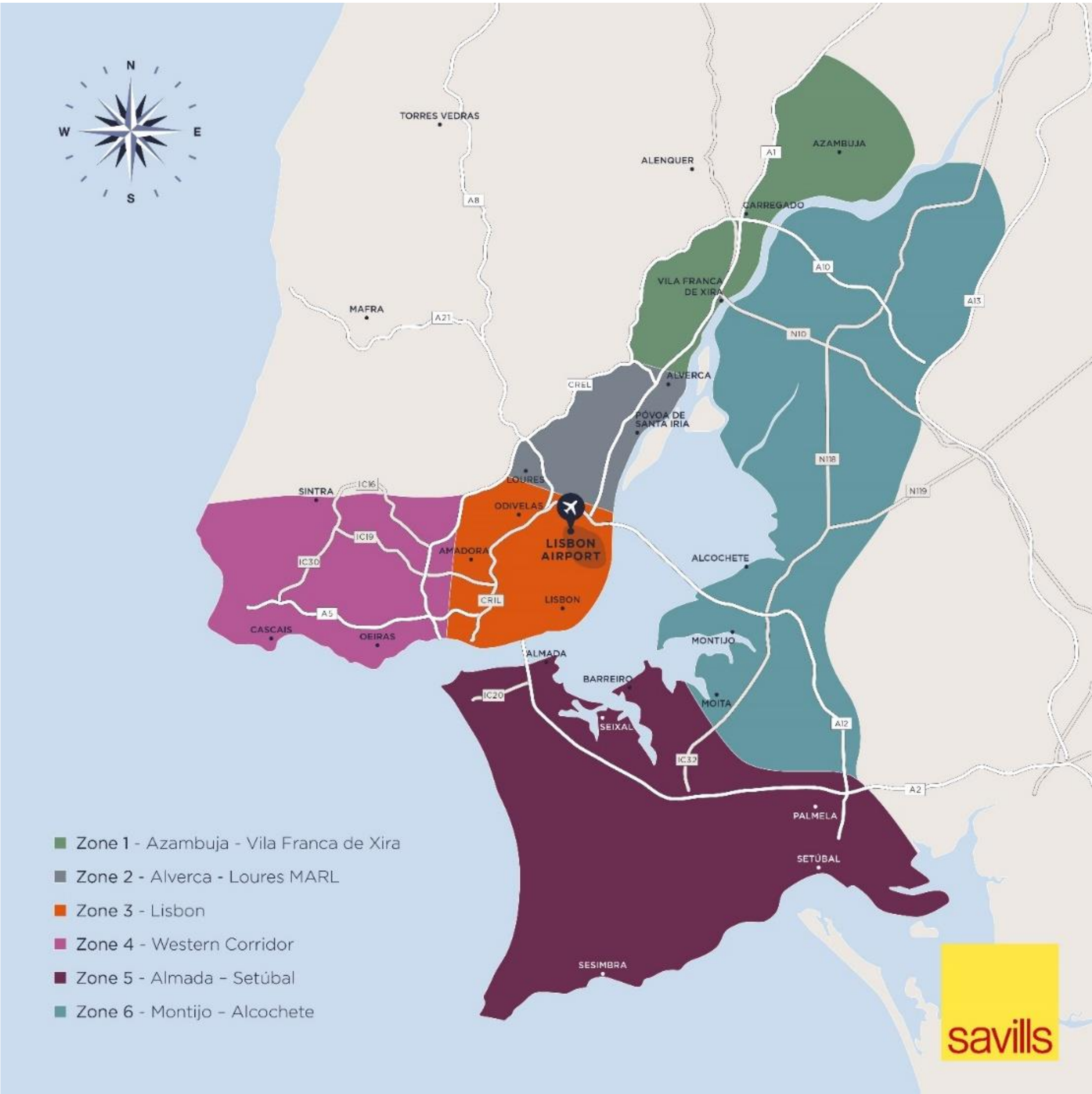
In the first nine months of the year, there was a slight decrease of 5% compared to the same period in 2022. The market showed a decline in demand, resulting in a lower occupancy rate. Despite this, the first quarter performed exceptionally well with over 100,000 sq m of spaces occupied.

This strong start helped offset the slower growth seen in the following quarters.

Take-up by Year



Source: Savills Research | IPI



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Industrial & Logistics Market | Greater Lisbon Q3 2023

The Montijo-Alcochete axis and the Western Corridor were the axes that recorded the highest volume of take-up in the third quarter of 2023. The occupancy by Zolve of 15,000 sq m at VGP Park Montijo secured a top spot on the Montijo-Alcochete axis.,

In the Western Corridor, this result was achieved through the closure of five operations totaling 12,747 sq m, with Santos e Vale taking up 8,000 sq m to lead the way.

Apart from the Western Corridor, which experienced a remarkable 97% increase in take-up compared to the same period in 2022, all other logistics axes witnessed a significant decline in activity. The prime axis, Azambuja – Vila Franca de Xira registered a residual decrease of 3%.

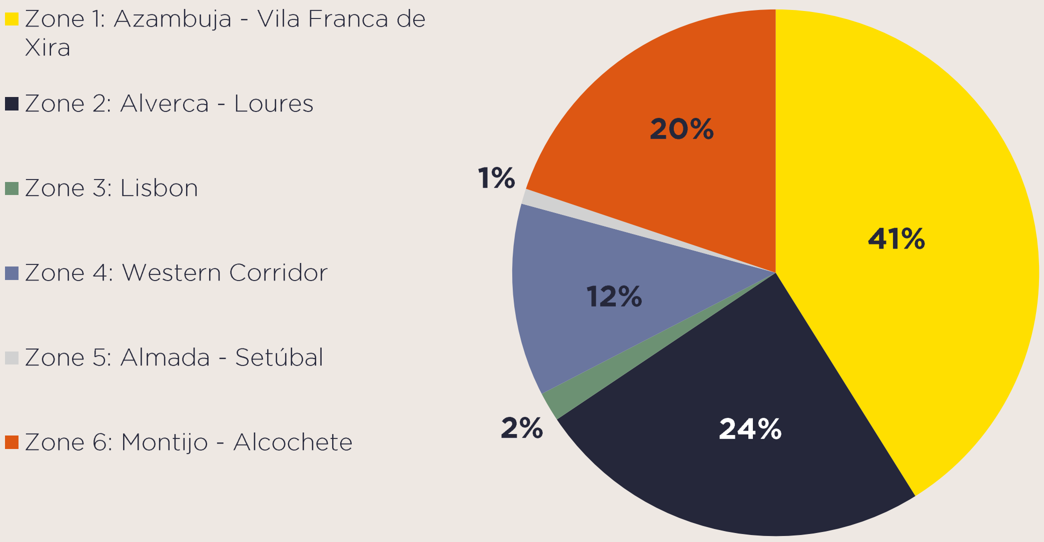
The Azambuja - Vila de Franca de Xira axis remains the market leader with the highest volume of active searches (41%), followed by the Alverca - Loures axis (24%) and the Montijo - Alcochete axis (20%).

Top deals Q3 2023

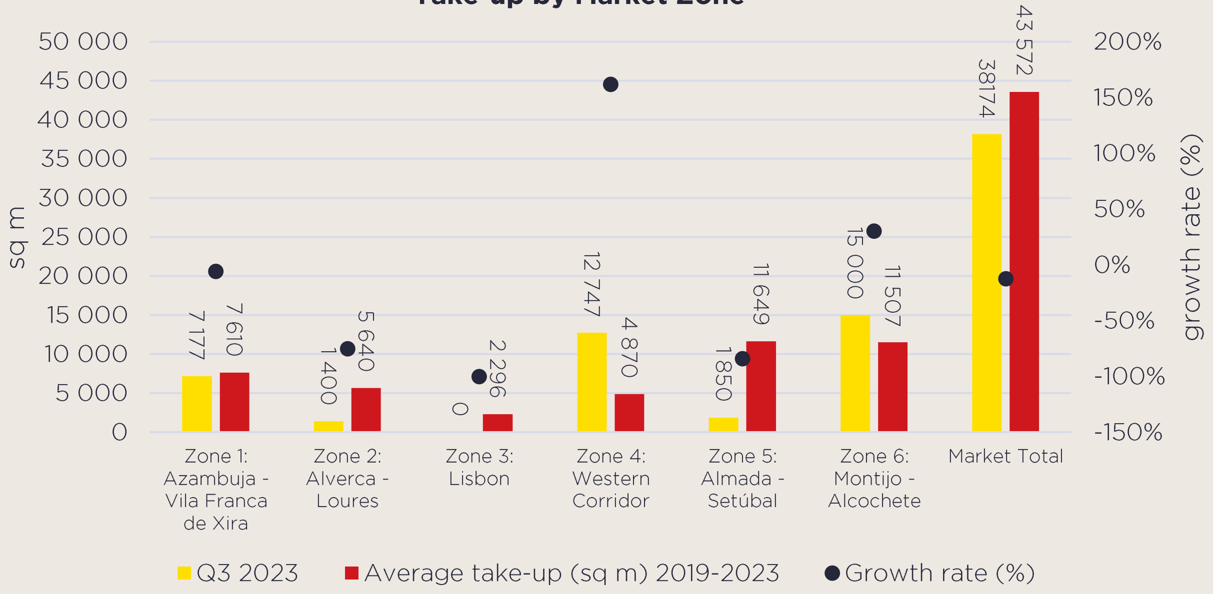
Market Zone	Building	Tenant	Area	Demand Reason	Type
Zone 4: Montijo-Alcochete	VGP Park Montijo	Zolve	15,000	Area expansion	Logistics
Zone 4: Western Corridor	Santos e Vale	Santos e Vale	8,000	Area expansion	Logistics
Zone 1: Alverca - Azambuja	Quinta das Areias	Agito	7,177	Area expansion	Industry & Manufacturing

Source: Savills Research | IPI

Demand by Market Zone (Q3 2023)



Take-up by Market Zone



Source: Savills Research | IPI

Industrial & Logistics Market | Greater Lisbon Q3 2023

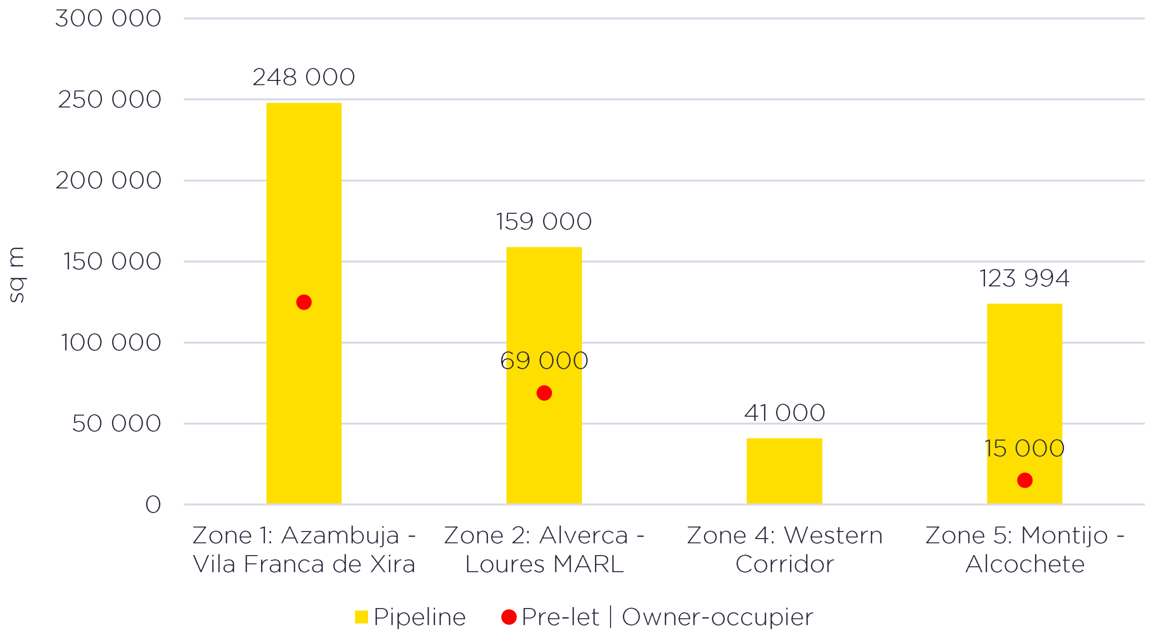
Over the next two years, over 500,000 sq m of pipeline is projected in the Greater Lisbon area. In total, Savills has identified eleven new projects, with the Azambuja - Vila Franca de Xira axis accounting for approximately half of the new space. It is worth noting that 37% of the pipeline has already been pre-leased or destined for owner-occupier.
Among the largest projects, one that stands out is the Montepino Castanheira do Ribatejo project in the Azambuja - Vila Franca de Xira axis, with 100,000 sq m, expected to be completed in the third quarter of 2024 and already has a 100% guaranteed occupancy rate. Another noteworthy project is the Benavente Logistics Park, with 90,000 sq m in the Montijo - Alcochete axis. Its completion is scheduled for the beginning of 2024.

Despite the challenging economic climate, rents managed to maintain their steady course, with the prime rent standing firm at 4.25€/sq m/month.

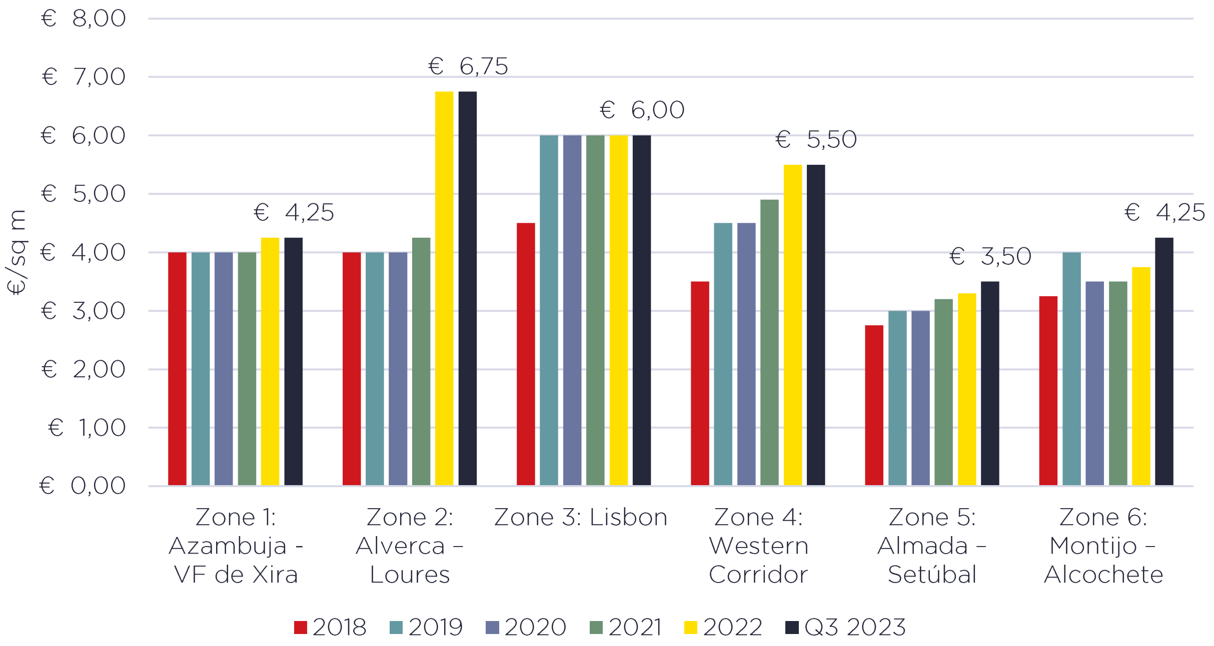
This stability can be attributed to the imbalance between supply and demand, which heavily favors landlords. The scarcity of available properties, coupled with high demand, gives owners the leverage they need to maintain rental prices.

This supply-demand gap has not only contributed to the stability of rents but has also fueled an increase in projects that offer higher quality standards, attracting tenants willing to pay a premium for these enhanced features.

Pipeline 2023-2025 Greater Lisbon

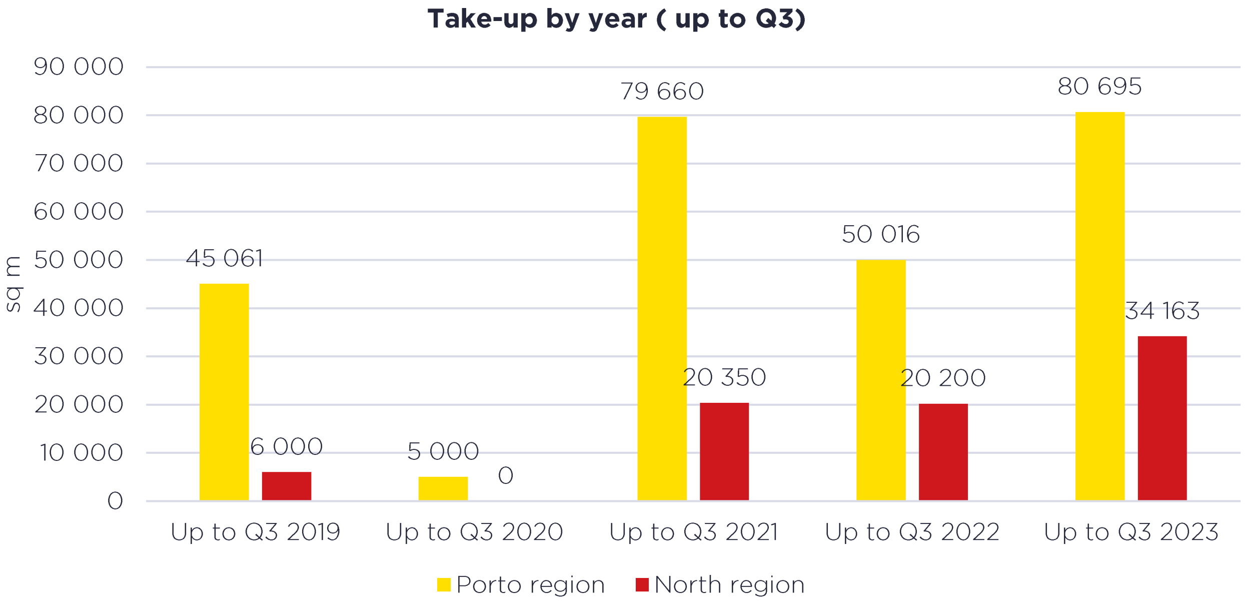


Prime Rents by market zone



Source: Savills Research

Industrial & Logistics Market | Porto & North Region Q3 2023

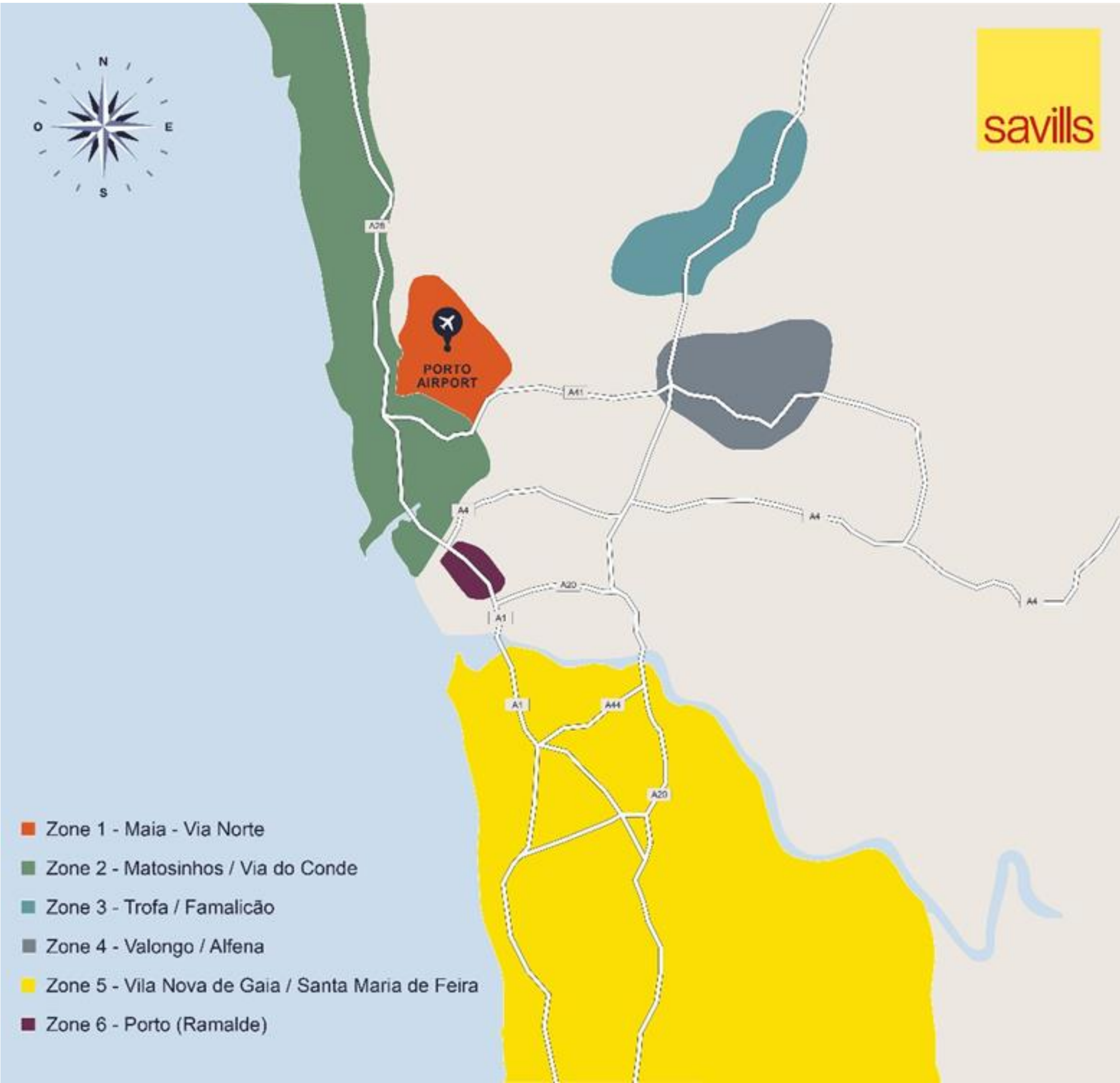


Source: Savills Research | PPI

Top Deals Q1- Q3 2023

Market Zone	Building | Location	Tenant	Area	Demand reason	Type
Zone 3: Trofa | Famalicão	Aldi	Real Estate Manaldi	41,350	Area expansion	Logistics
Zone 3: Trofa | Famalicão	Paredes	Olicargo	16,570	Area expansion	Logistics
Zona 5: V.N. Gaia | SM Feira	Aguda Parque	Garland	10,500	Area expansion	Logistics

Source: Savills Research | PPI



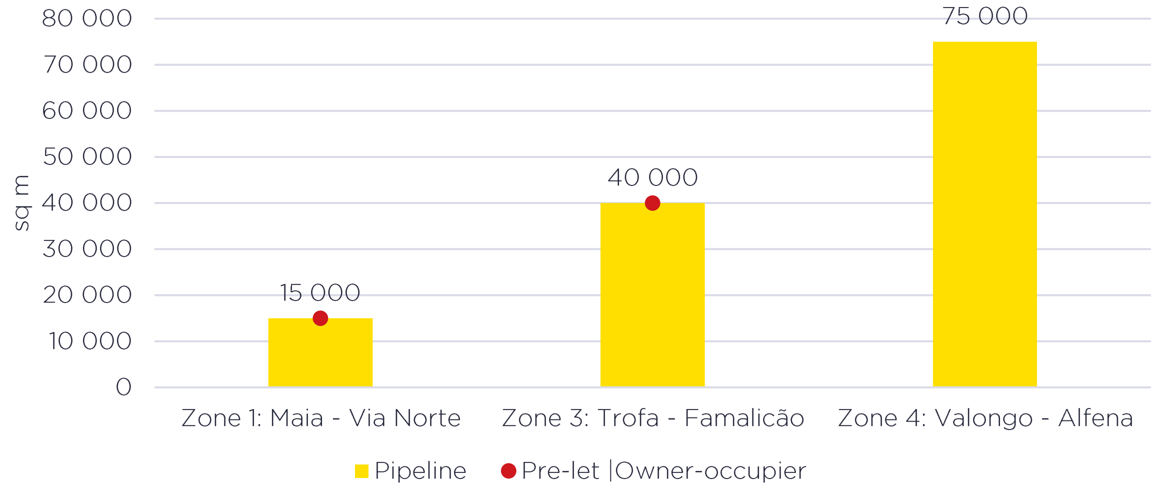
Industrial & Logistics Market | Porto & North Region Key Data Q3 2023

The industrial and logistics market in Greater Porto recorded a total take-up slightly above 80,000 sq m at the end of the first nine months of the year, marking the best result in the past 5 years. Compared to the same period in 2022, there was a 61% increase. A total of eight operations were closed, mainly focused on the logistics sector. Olicargo, Garland, and Real Estate Manaldi where the main players behind these large deals.

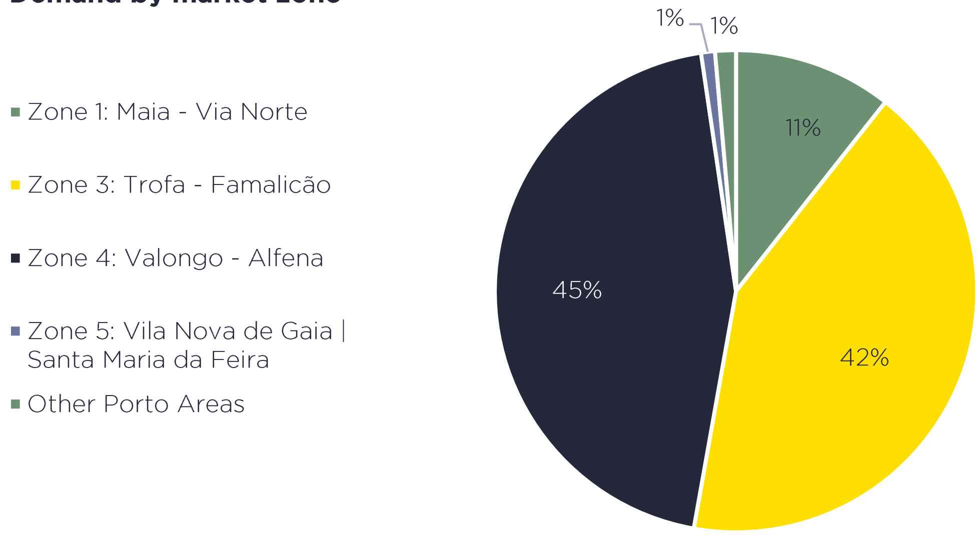
The Valongo - Alfena (45%) and Trofa - Famalicão (42%) axes are the most active demand axes in the Greater Porto region.

For this region, the pipeline between 2023-2024 adds up to a total of 130,000 sq m, divided among three projects. 42% of this pipeline is already pre-leased, showcasing the level of dynamism and demand in this market. Highlighting the Panattoni Park Valongo project with 75,000 sq m is set to be completed by the 2nd quarter of 2024.

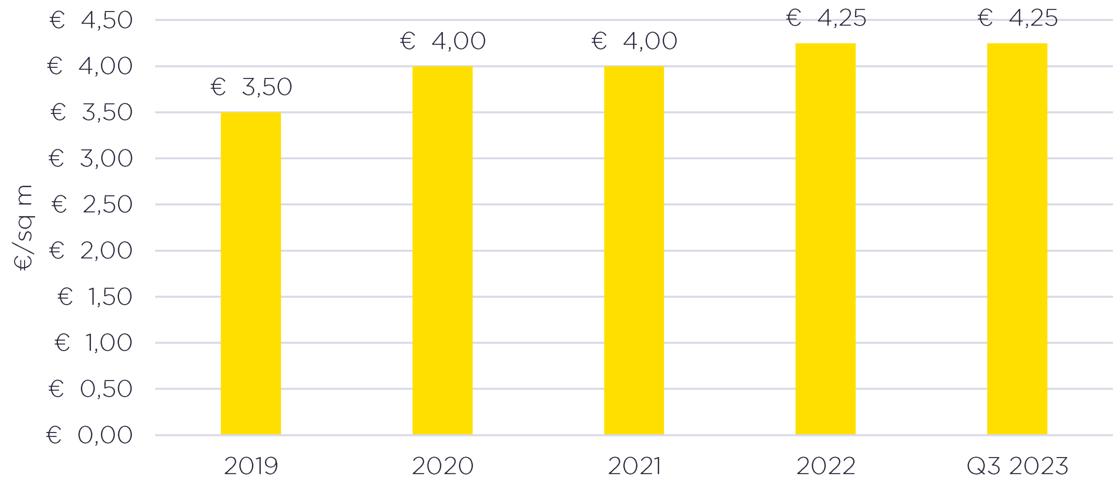
Pipeline 2023-2024 Greater Porto



Demand by market zone



Prime Rent Porto Market



Source: Savills Research

05

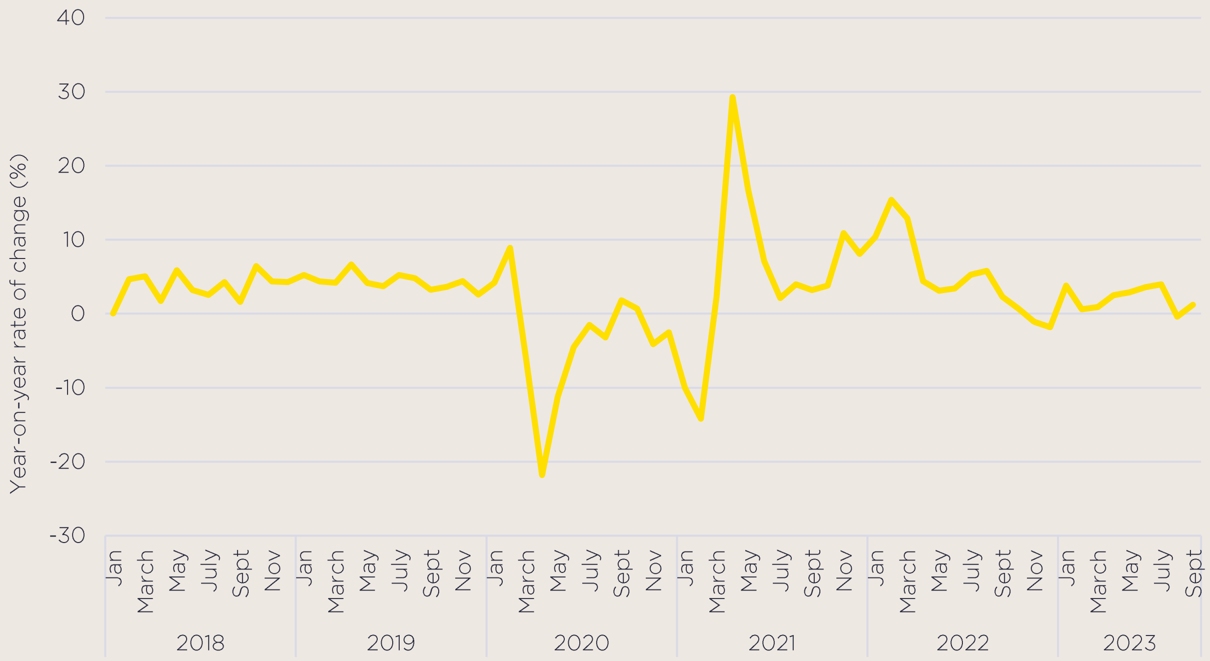
Retail

Retail Market Q3 2023

The Retail Sales grew from (year-on-year) -0.4% in August, to 1.2% in September, representing an increase of 1.6 percentage points.

Non-Food products registered an upsurge of 3 p.p. compared to the previous month, a y-o-y variation of 0.2% . Food Products, on the other hand, dropped by 0.2 p.p., a homologous rate of change of 2.7%.

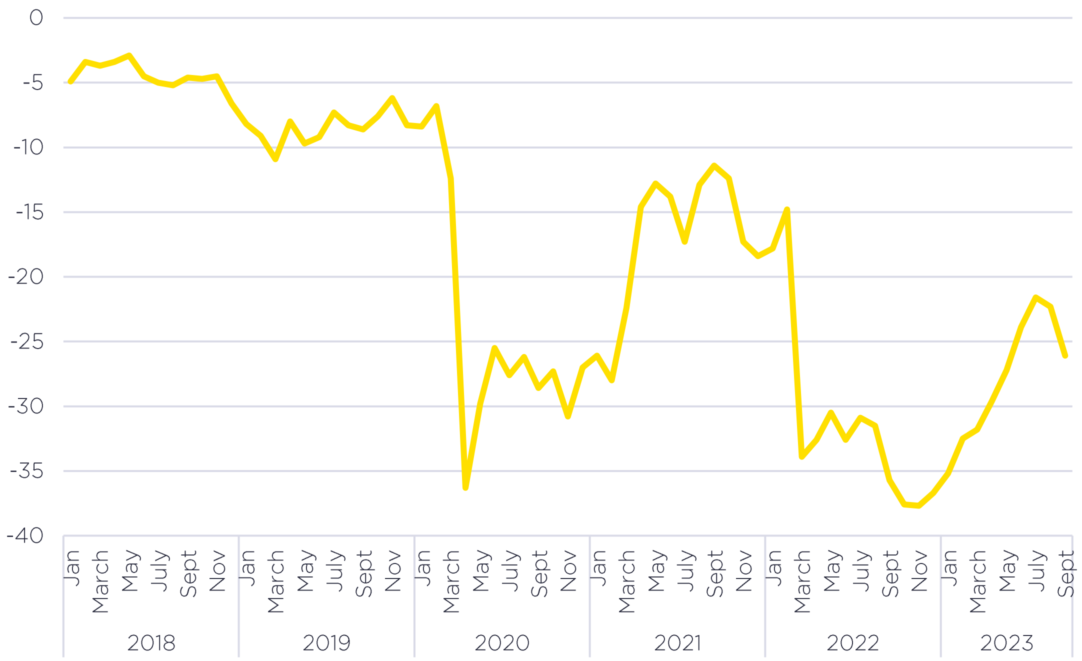
Retail Trade Turnover Index



Source: Bank of Portugal

The consumer confidence index had been recording a consecutive increase since December 2022 (-36.7), up to July 2023 (-21.6), having reached its highest level in July 2023 (-21.6) since February 2020 (-6.8), before staring to drop once again and closing September at -26.1.

Consumer Confidence Indicator (%)



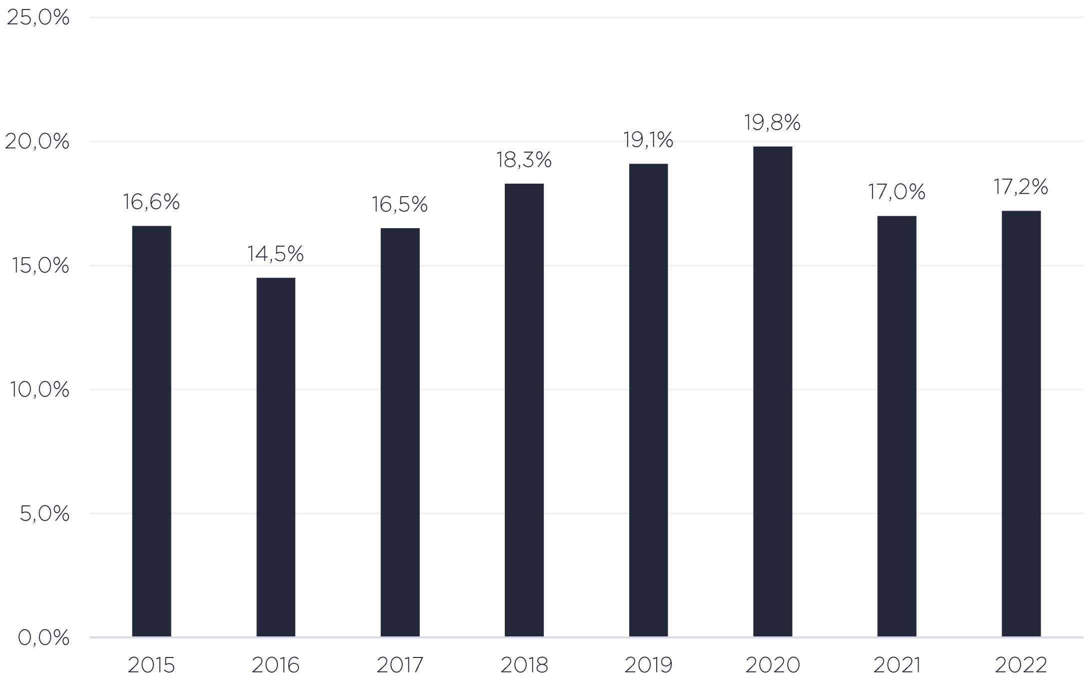
Source: Bank of Portugal

Retail Market
Q3 2023

Revenue in the e-commerce market is forecasted to get to €4.72bn by the end of 2023 and expected to have an annual growth rate of roughly 11,8%, reaching a volume of €7,36bn by 2027. In addition, by 2027, the number of e-commerce users is expected to amount 5.82 million in the country. Currently, Portugal ranks 49th as the largest e-commerce market in the world. Fashion is the most profitable sector, responsible for almost one third of the Portuguese revenue, followed by Electronics & Media, Food & Personal Care, Toys, Hobby & DIY and Furniture & Appliances.

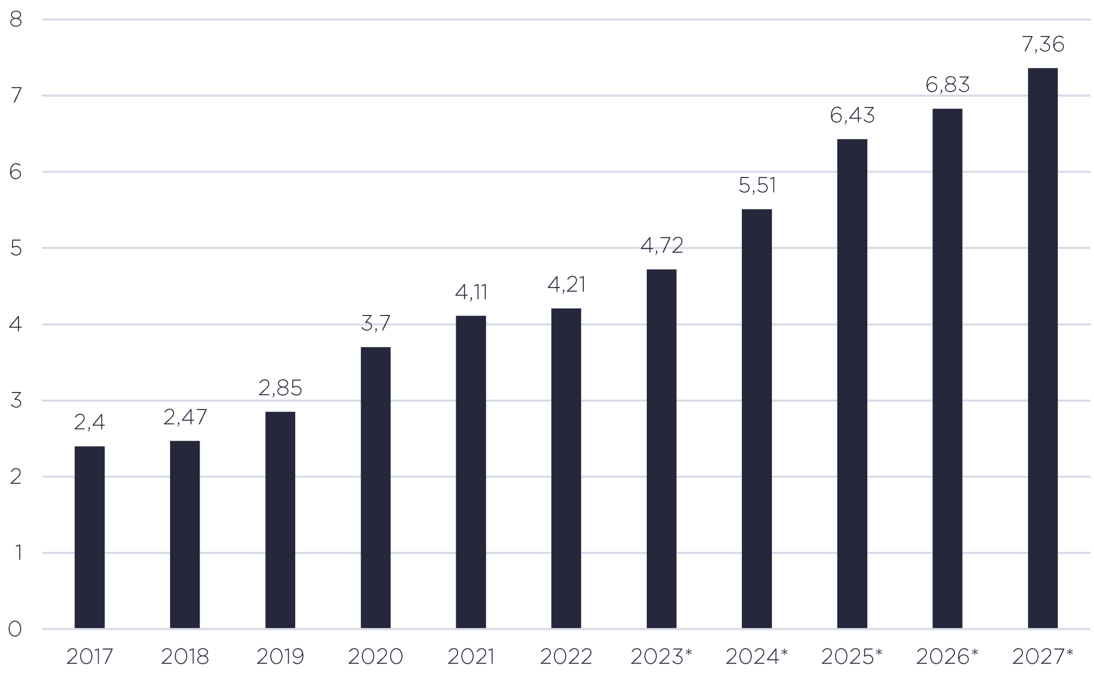
Due to the lockdowns during the first year of the pandemic, 2020 is the year, so far, with the highest share of e-commerce sales against overall retail sales, representing 19,8% of enterprises' turnover.

Share of e-Commerce in Overall Retail Sales in Portugal



Source: Statista, Eurostat

E-commerce Revenue (Bn €)



* forecast

Retail Market
Q3 2023

According to an inquiry carried out by Savills Portugal Research, there was a total of 80 store openings in Lisbon in Q3 2023. Food Services & Drinks alone accounted for 63% of Q3's figures, with 49 new high street retail stores, followed by Fashion & Accessories, responsible for 19% of the new openings, and Fitness & Health, with 9%.

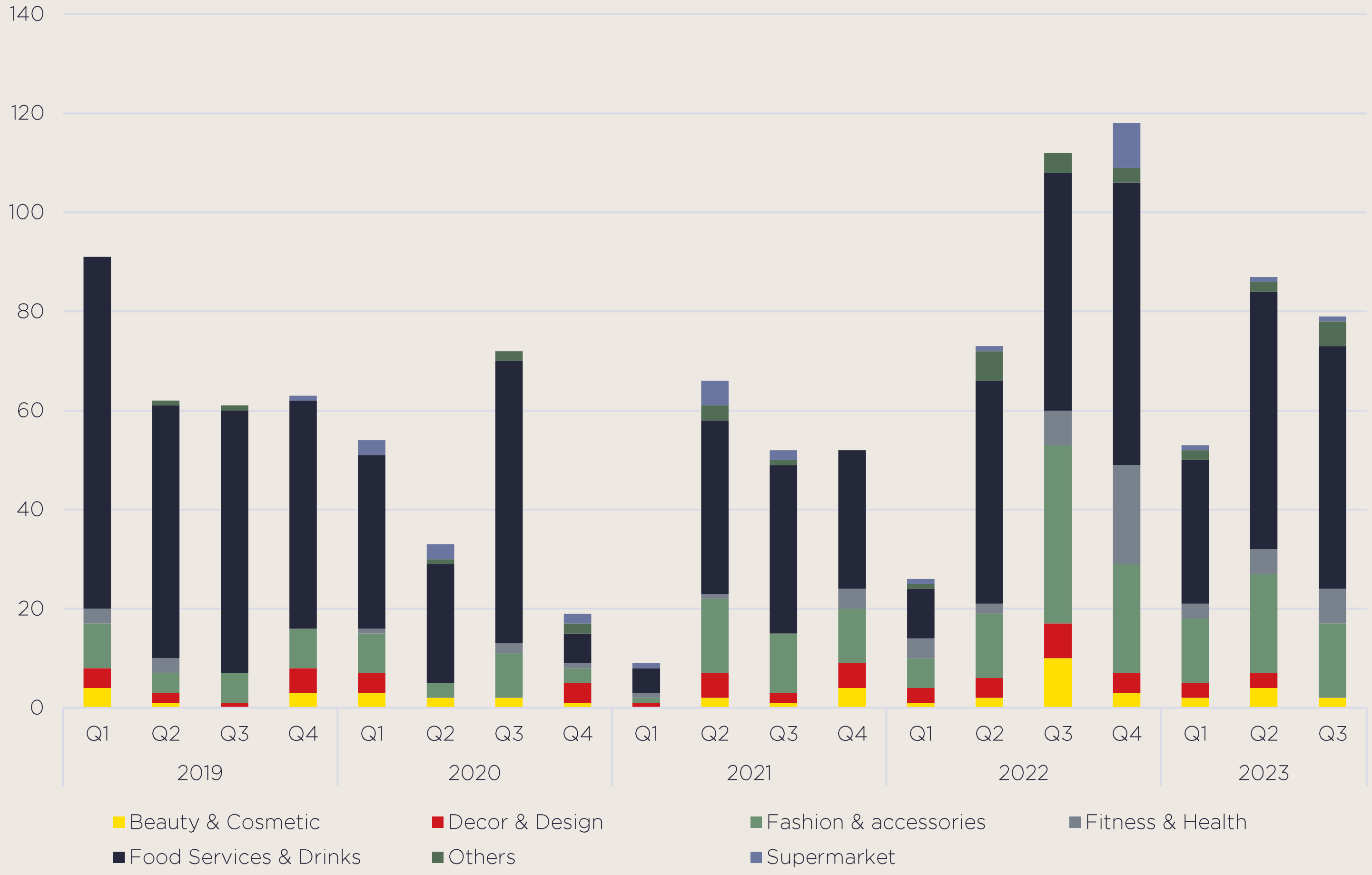
This quarter presented better results than both Q3 2019 and Q2 2021, with 62 and 47 stores openings in Lisbon City, respectively.

Misericódia and Estrela were the suburbs with the highest number of openings in Lisbon during Q3 2023, with 13 stores each, mostly within the Food Services & Drinks sector, followed by Santo António and Avenidas Novas with 10 and 9 new retail stores, respectively. Estrela is a young and dynamic neighbourhood, popular for being a parish that offers genuine Portuguese architecture, street shops, bars and restaurants

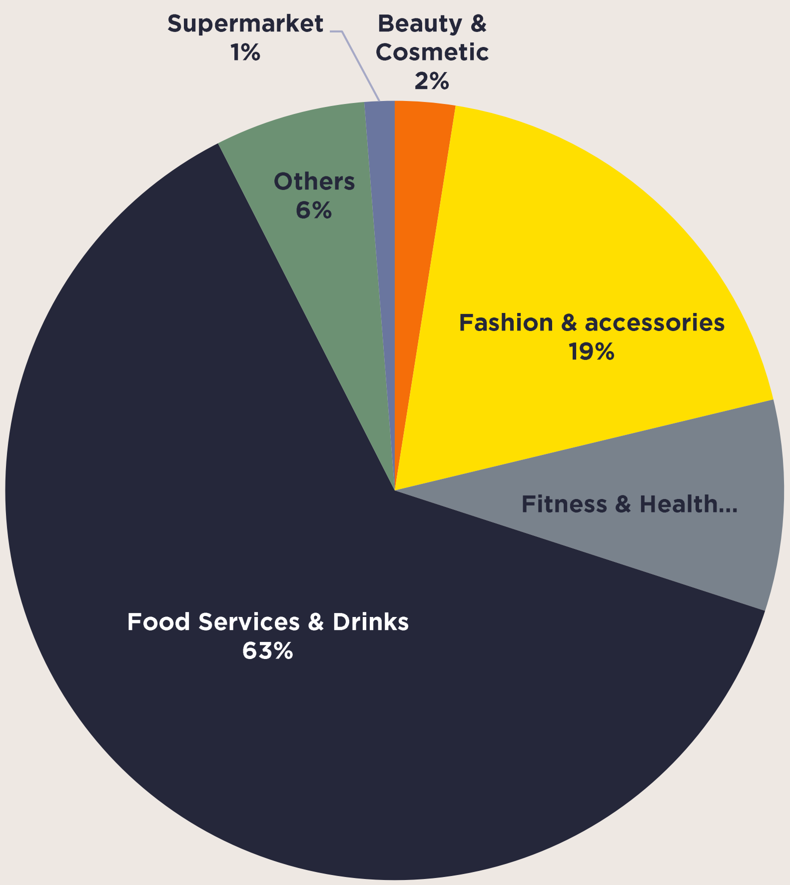
Source: Savills Research

Retail Market
Q3 2023

Lisbon High Street Openings



Lisbon High Street Openings – Q3 2023



Source: Savills Research

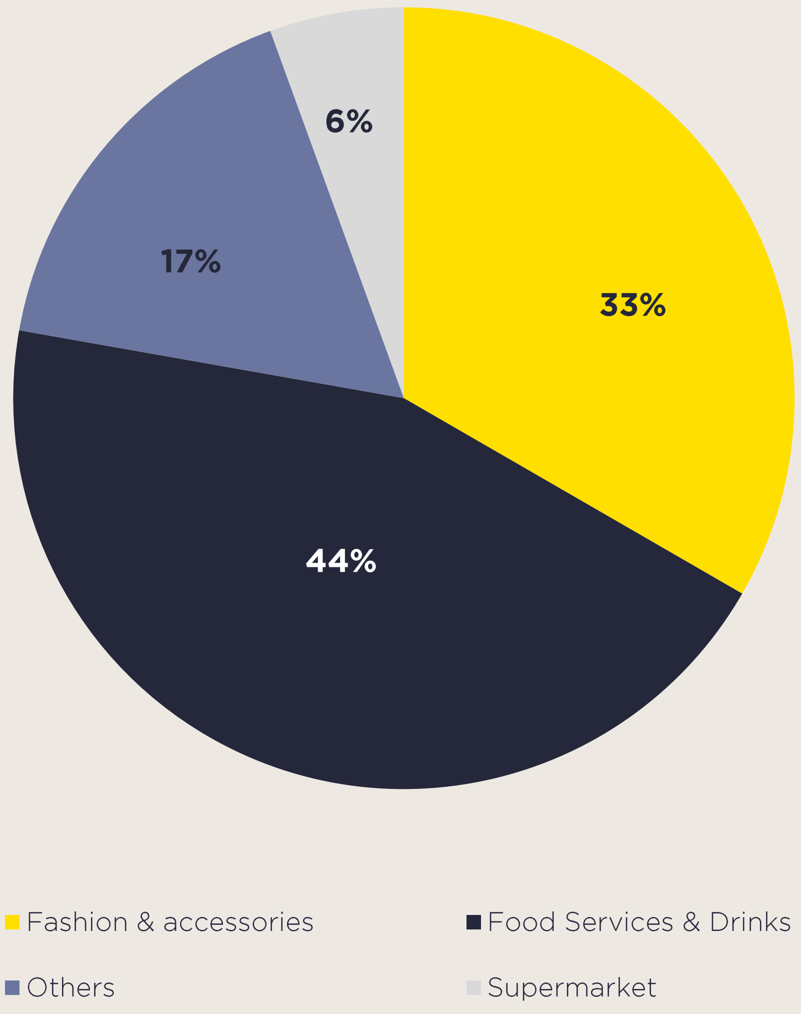
Retail Market
Q3 2023

According to an inquiry carried out by Savills Portugal Research, Porto city welcomed 18 new stores during the third quarter of 2023. Its historic city centre was responsible for almost 83% of these openings.

Food Services & Drinks amounts to 44% of all the transactions in Porto, followed by Fashion & Accessories, with 33%, Others, reflecting 17% and Supermarkets with 6% of all openings.

Source: Savills Research

Porto High Street Openings – Q3 2023



Retail Market Q3 2023

Despite the challenging economic context putting pressure on consumer confidence and spending, the retail sector remains resilient and continues to thrive. With consumers now more sensitive to price fluctuations, retailers have adapted to meet their changing needs.

This adaptability has been particularly advantageous for businesses in the tourism sector, as Portugal attracts a steady stream of tourists, creating ample opportunities for F&B establishments to thrive. However, it's worth noting that assets located outside consolidated high-street areas are experiencing a longer absorption period, indicating that occupiers are exerting more pressure on landlords to negotiate rental values.

High footfall zones continue to register high demand. Offering quality products to meet customers needs is key, with those who can weather the storms of economic uncertainty expanding their activity.

Prime rents

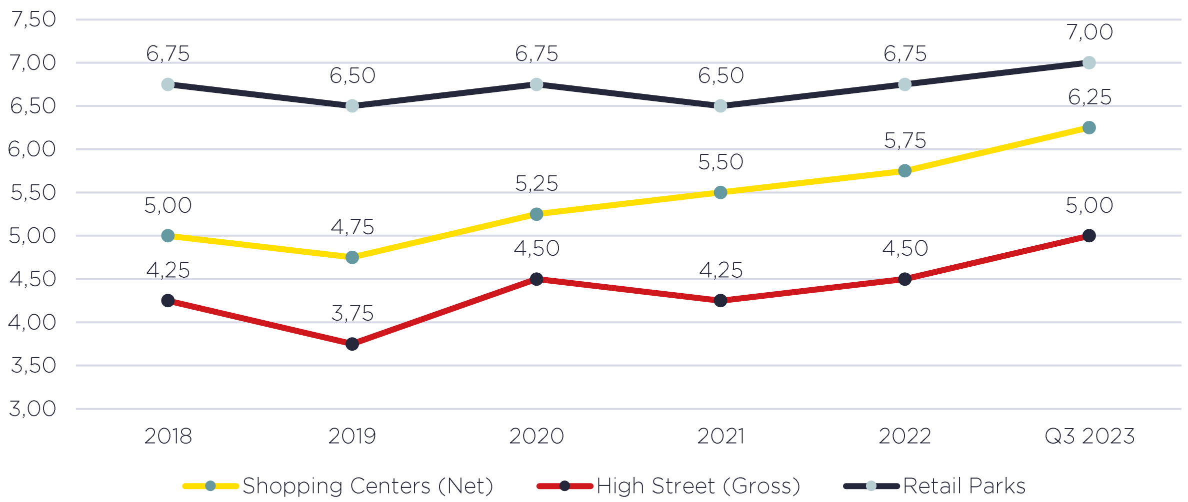
Source: Savills Research

As consumers increasingly prioritize convenience and accessibility, proximity food retail has become essential. Customers are looking for local grocery stores that offer fresh produce and everyday essentials within close reach of their homes. Furthermore, the retail landscape has become more diverse with the entry of new international low-cost concepts. These brands offer affordable fashion and home options that cater to a wider range of consumers.

Throughout the 3rd quarter, rental values remained stable in high street retail stores.

In shopping centres and retail parks due to sustained demand and limited supply, rental level registered an increase. Retail parks have shown remarkable resilience, continuing to strengthen their position. In the face of a challenging economic climate, where families carefully consider their purchasing decisions, concepts that cater to essential products and discount stores are better equipped to face the challenge.

Prime Yields



05

Residential

Residential Market Q3 2023

The price of raw materials decreased by -1.7% by the end of September 2023, the lowest it has been in years. In contrast to September 2022, when it had increased by 18%. In addition, since January, the cost of labour has also been dropping, having gone from 12.3% to 7.5% in Sept 2023. It is important to note that these figures represent year-on-year growths.

Overall, the average construction costs regarding new housing grew by 2.1% on a y-o-y basis.

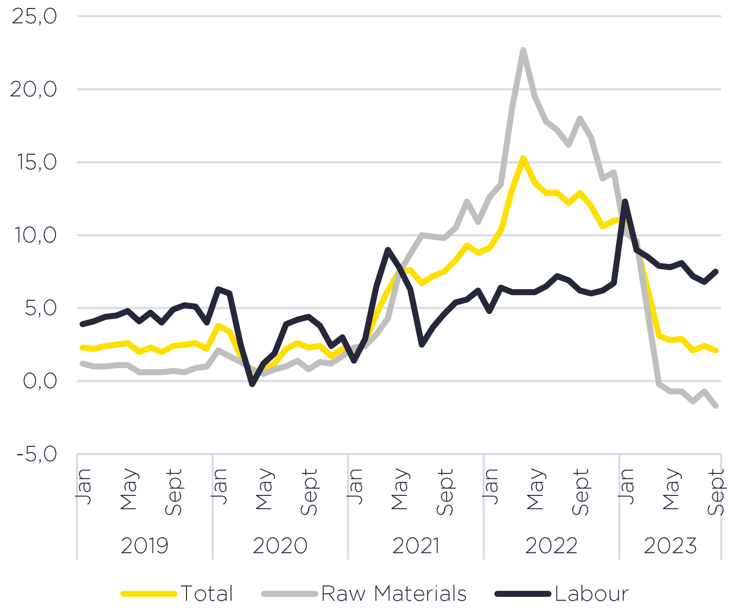
In September, banks granted individuals €1.870 billion to individuals for housing, €141 million more than in August. This was the highest amount ever loaned since October 2007.

From Jan to May, banks loaned almost than 14.3 billion for house purchase, reflecting an increase of 16.2% and 88.4% in comparison to the same period in 2022 and 2019, respectively.

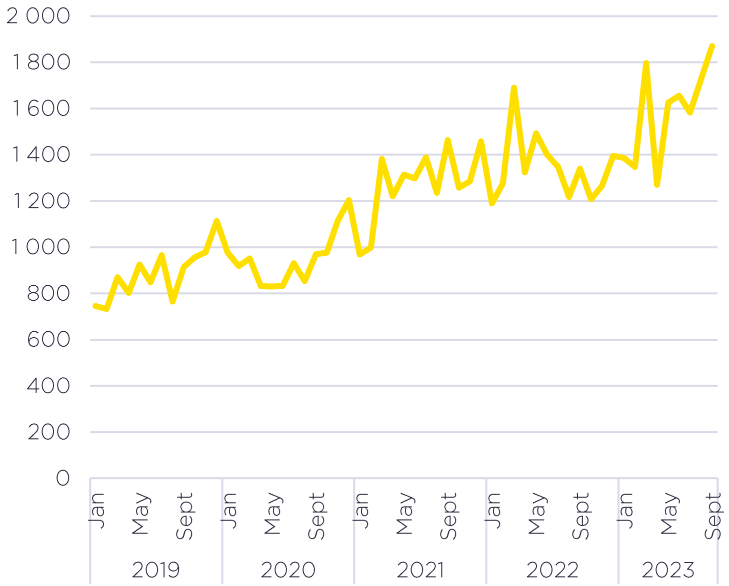
The interest rate of loans for house purchase rose from 4.23% in August to 4.26% in September, having surpassed the 4% mark for the first time in the last 11 years in May 2023. A slight decrease of 0.01 p.p was witnessed from July (4.24%) to August (4.23%) 2023.

The European Central bank has stated interest rates will remain high throughout the next months in order to curb inflation in the medium term.

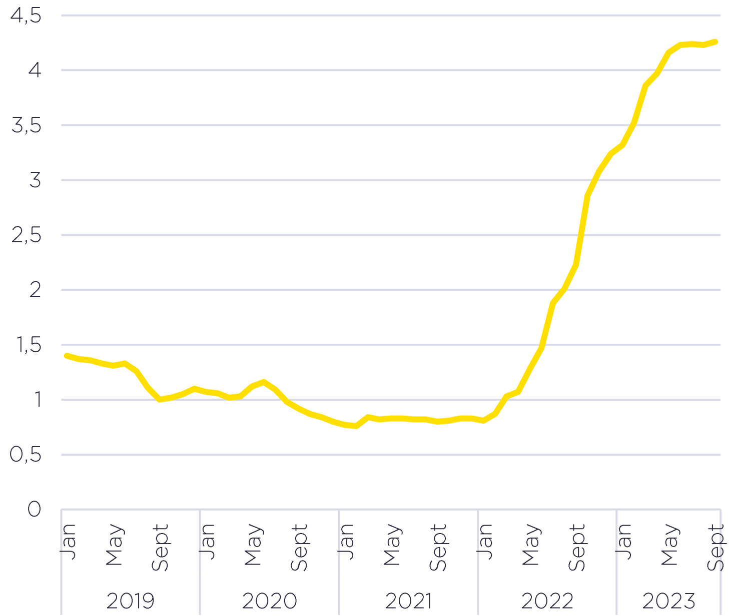
Construction Costs - New Housing (YoY %)



Loans granted to individuals for housing (M€)



Interest Rate Loans - House Purchases (%)

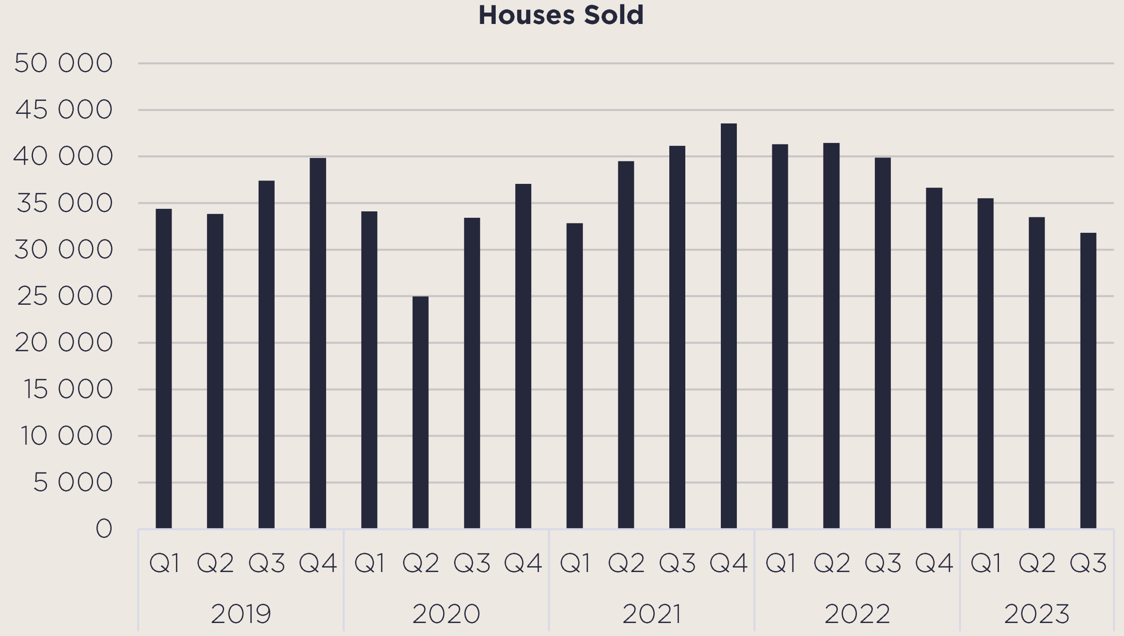


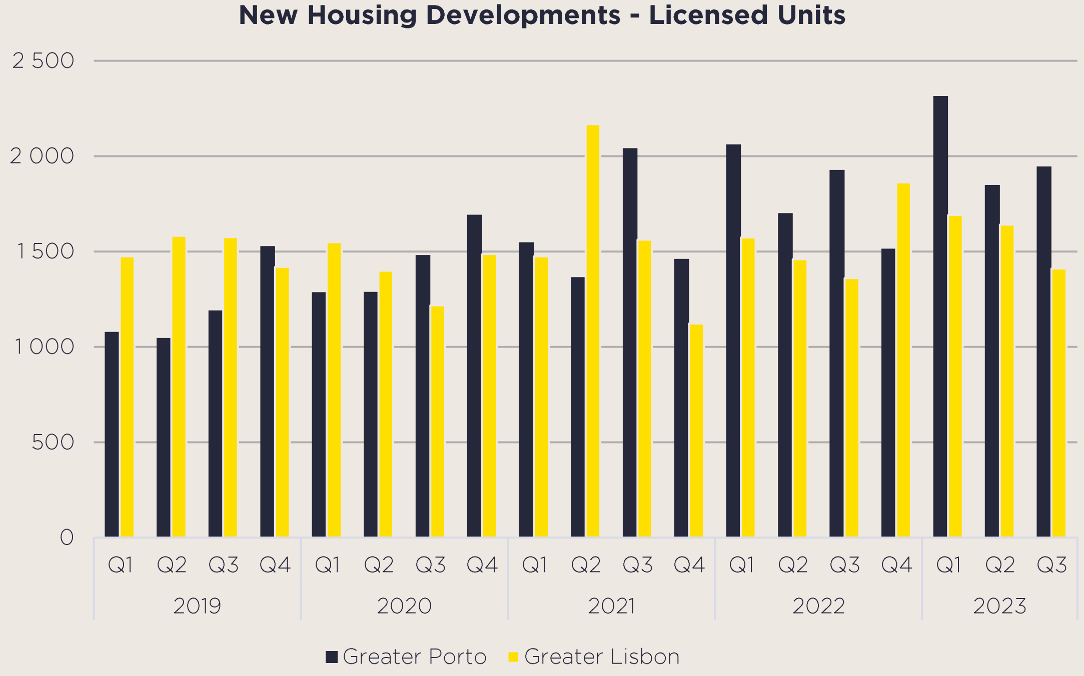
Source: INE | Bank of Portugal

Residential Market Q3 2023

During Q3 2023, there were 31,809 residential properties sold in Portugal's mainland. In comparison to the same quarter in 2022 (39,877) and Q2 2023, there was a decline of roughly 5% and 20%, respectively.

By the end of Q3 2023, there were 1,946 licensed units in Greater Porto, an increase of almost 5.2% and 1% in comparison to Q2 2023 (1,849) and Q3 2022 (1,928). Greater Lisbon, on the other hand, presented a downturn of roughly 14% against the previous quarter of 2023 (1,641) and an upsurge of 3.6% in contrast to Q3 2022 (1,361).





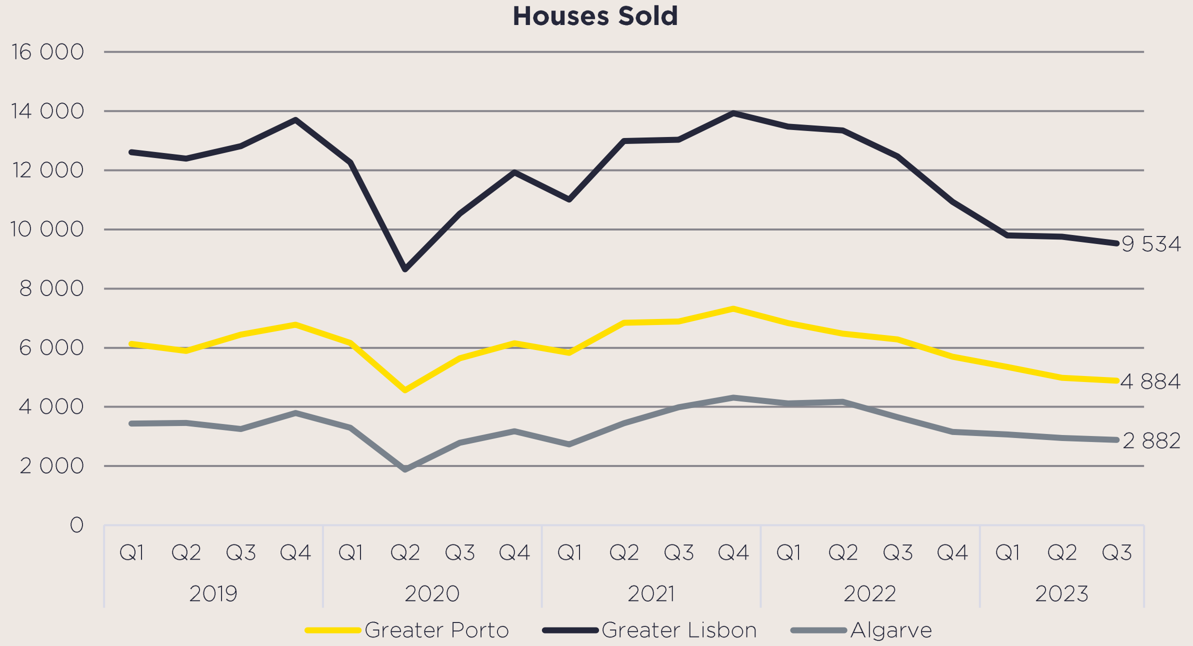
Source: Savills Research analysing SIR

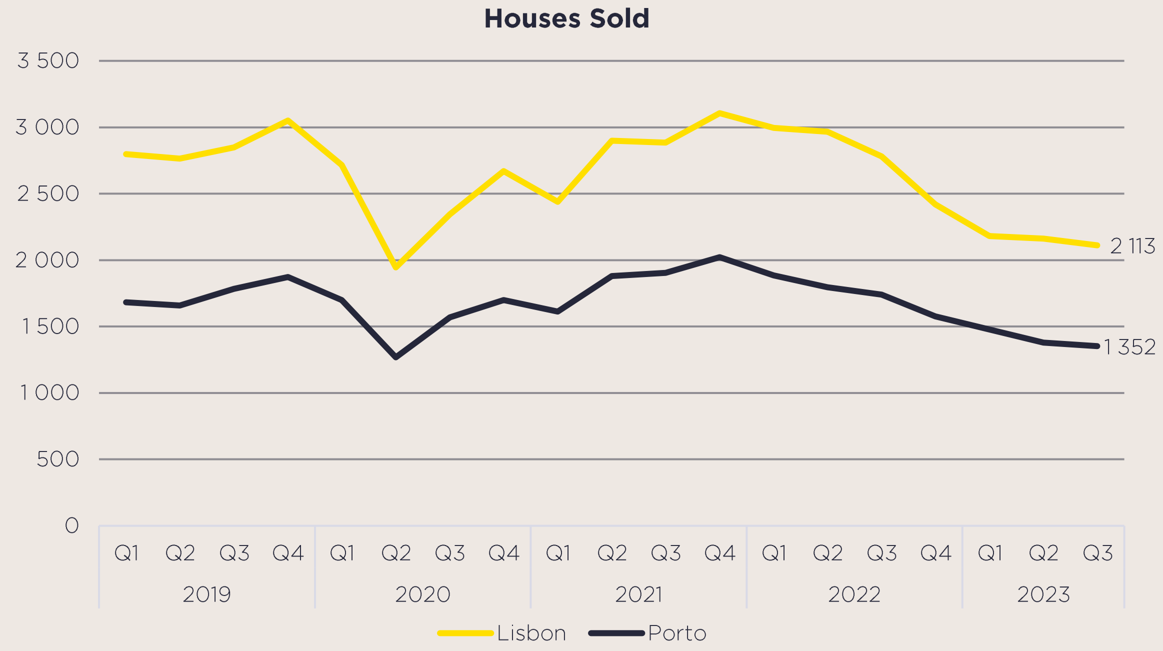
Residential Market
Q3 2023

Greater Lisbon, as expected, is the district with the highest number of transactions in Portugal and in the country, with a total of 9,534 transactions in Q3 2023, representing 30% of all closed deals in Portugal and a 23.6% decrease against the same period in 2022. On top of that, Greater Porto, the main Northern region, closed the third quarter with 4,884 deals, a downturn of over 22% considering Q3 2022.

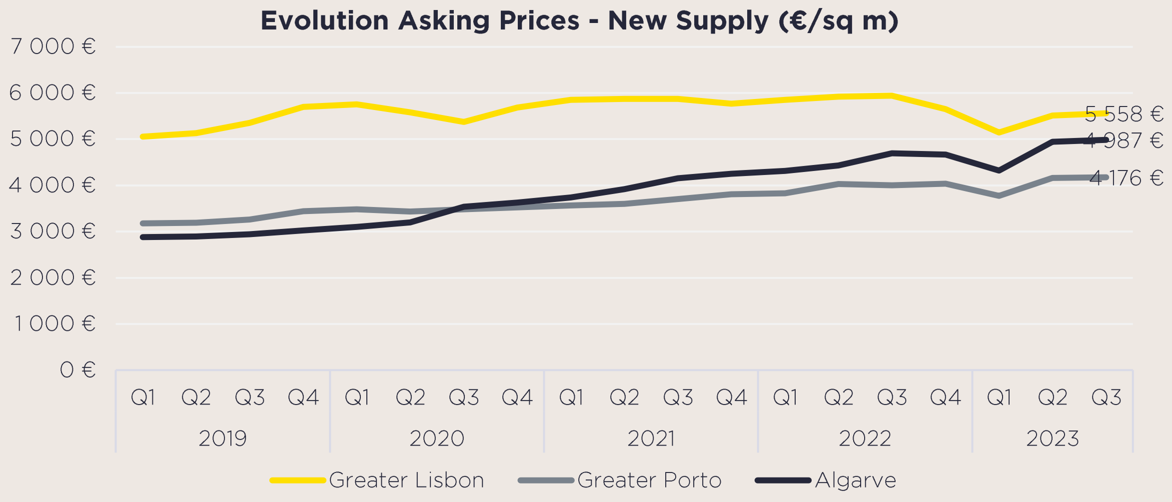
Lisbon, the Portuguese capital, registred the highest number of transactions in Greater Lisbon and in the country, with a total of 2,113 operations in Q3 2023, representing 22% of all closed deals in the region and 6.6% in Portugal. However, the city witnessed a decline of 24% next to the same quarter in 2022 in the number of housing sales.

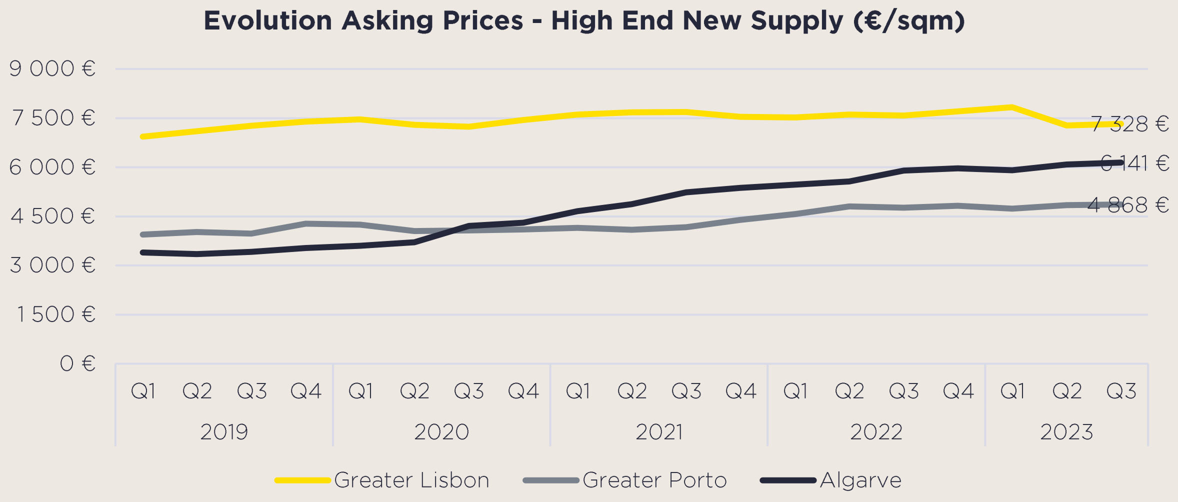
On the other hand, Porto City, closed the third quarter with 1,352 deals, a decrease of 22% when looking at Q3 2022's figures.





Source: Savills Research analysing SIR





Growth Rate Q3 2023 vs Q3 2022 (q-o-q):
<u>Average Asking Prices – New Supply</u>

Greater Lisbon: -6.46%
Greater Porto: 4.4%
Algarve: 6.17%

Growth Rate Q3 2023 vs Q3 2022 (q-o-q):
<u>Average Asking Prices – Used Supply</u>

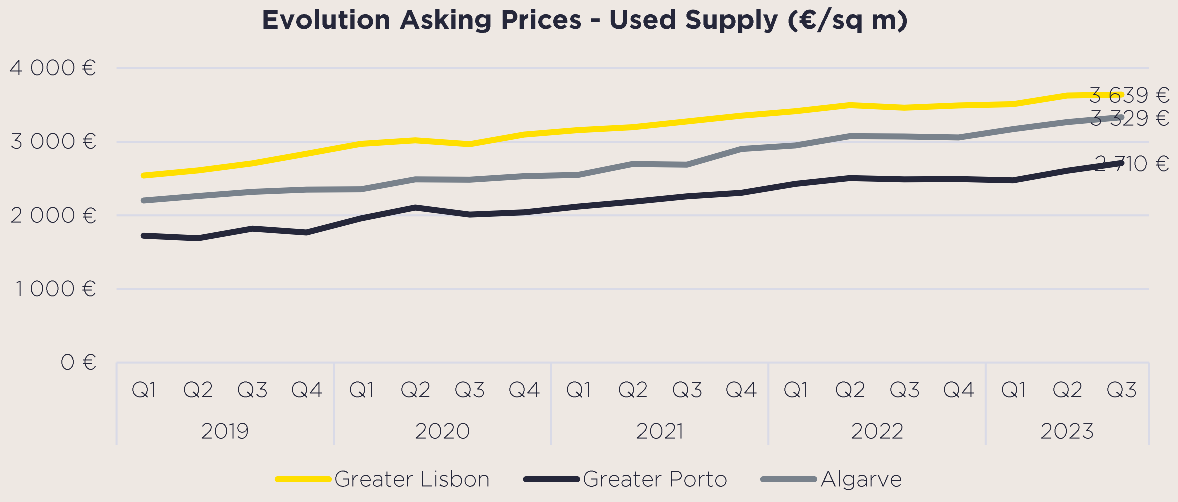
Greater Lisbon: 5.17%
Greater Porto: 9.01%
Algarve: 8.4%

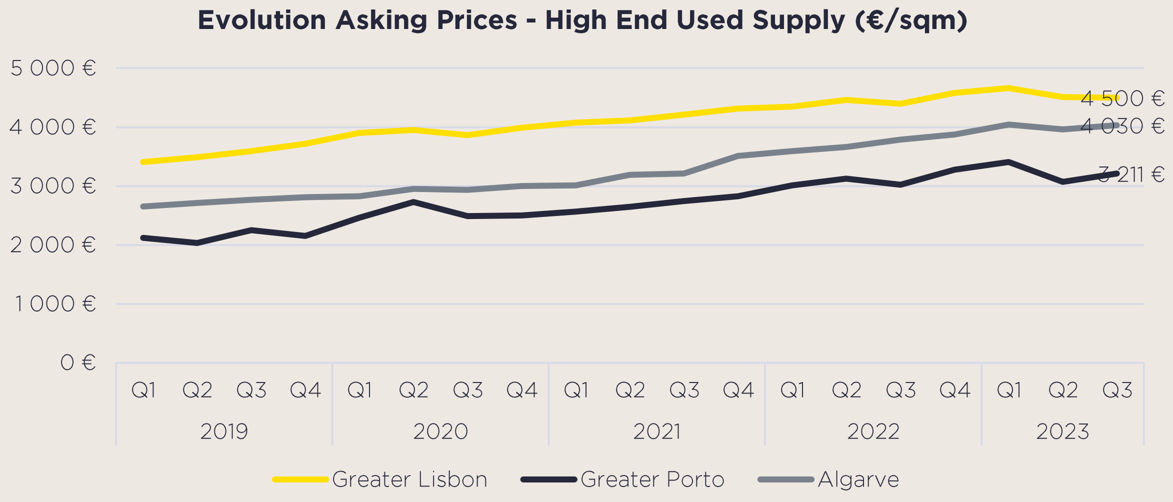
Growth Rate Q3 2023 vs Q3 2022 (q-o-q):
<u>Asking Prices – High End New Supply</u>

Greater Lisbon: -3.4%
Greater Porto: 2.03%
Algarve: 4.08%

Growth Rate Q3 2023 vs Q3 2022 (q-o-q):
<u>Asking Prices – High-End Used Supply</u>

Greater Lisbon: 2.32%
Greater Porto: 6.18%
Algarve: 6.44%





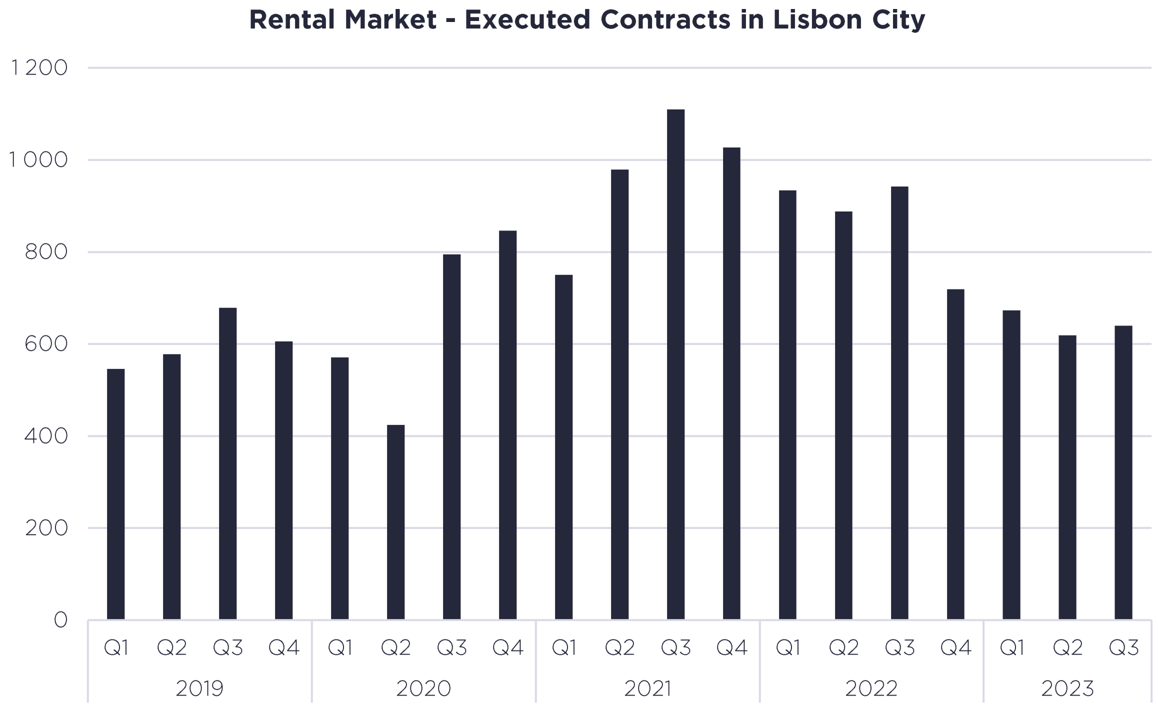
Source: Savills **Research** analyzing SIR

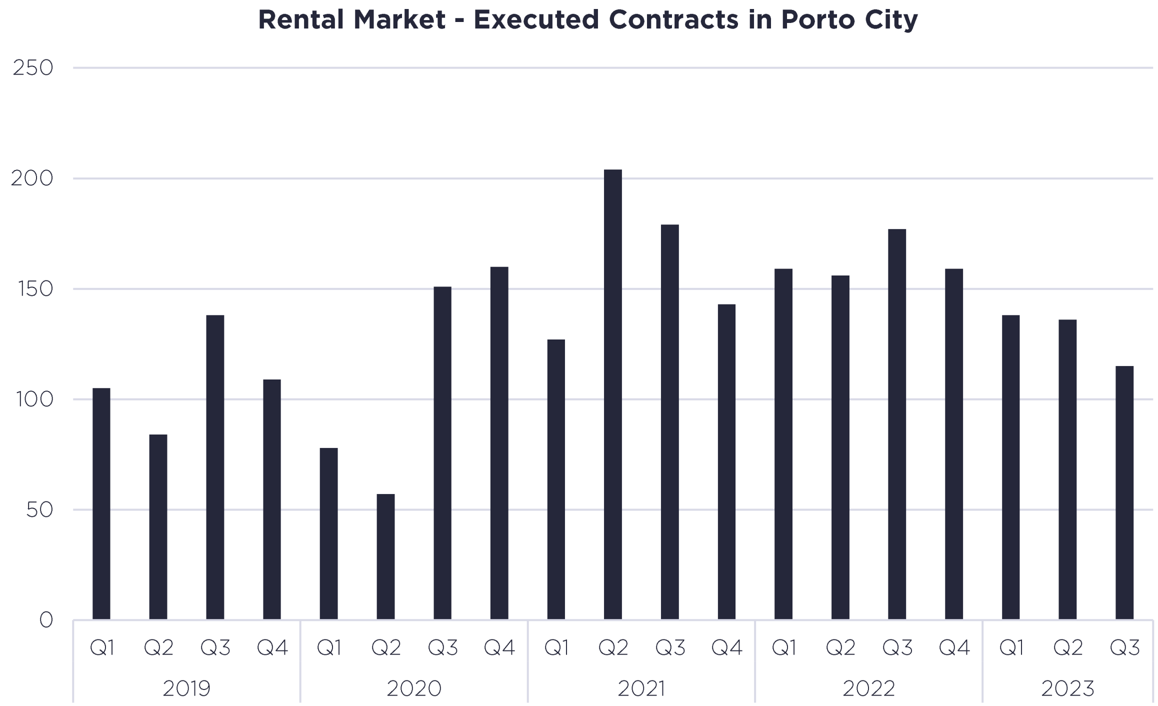
Residential Market
Q3 2023

The number of executed contracts in both Lisbon and Porto showed downturns of 32% and 35% against Q3 2022, closing the third quarter of the year with 640 and 115 closed deals, respectively.

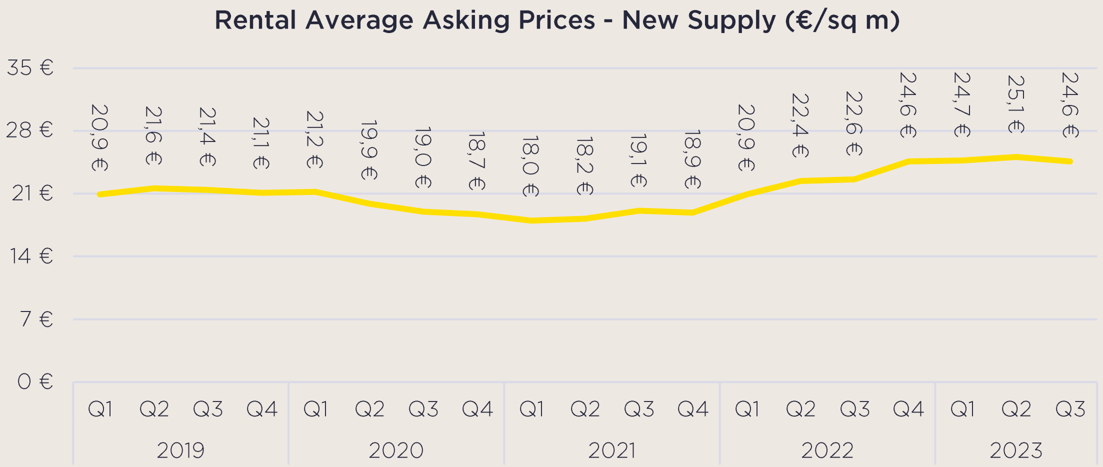
On the other hand, when looking at the previous quarter of the year, Q2 2023, the Portuguese capital presented a better outcome, with an increase of 3.4% in its final number of leasing operations. However, Porto suffered a decline of over 15% in its number of rentals.

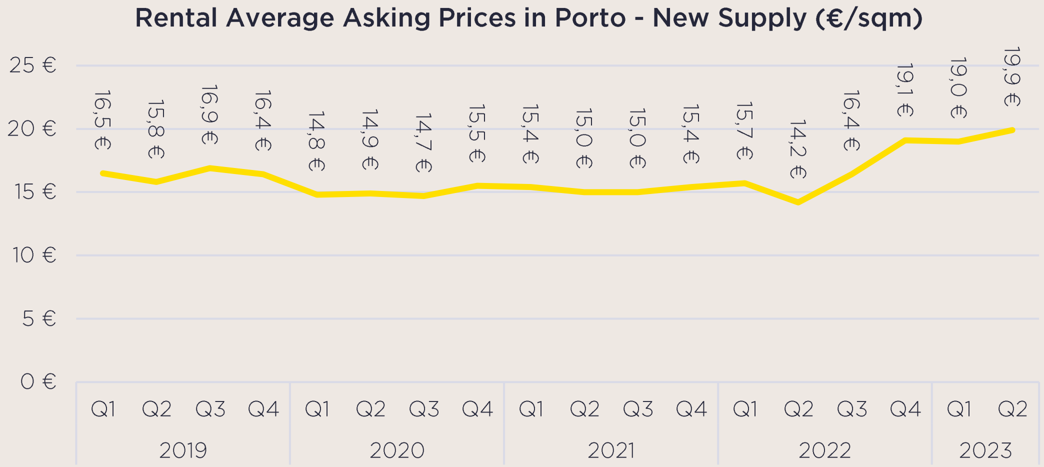
These figures can very much be attribute to the steep increase in asking prices the rental market witnessed in the last months.





Source: Savills Research analysing SIR





Growth Rate Q3 2023 vs Q3 2022 (q-o-q):

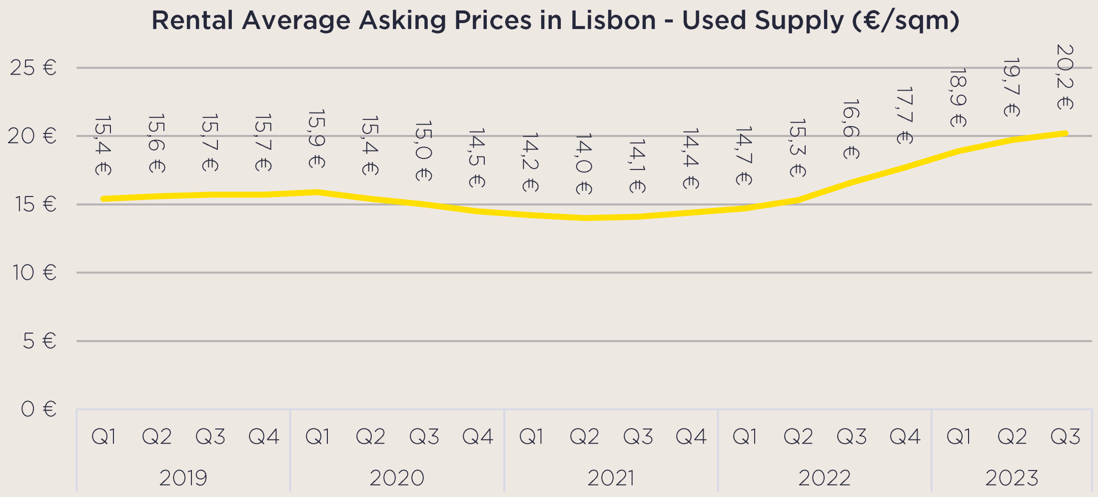
Rental Average Asking Prices in Lisbon

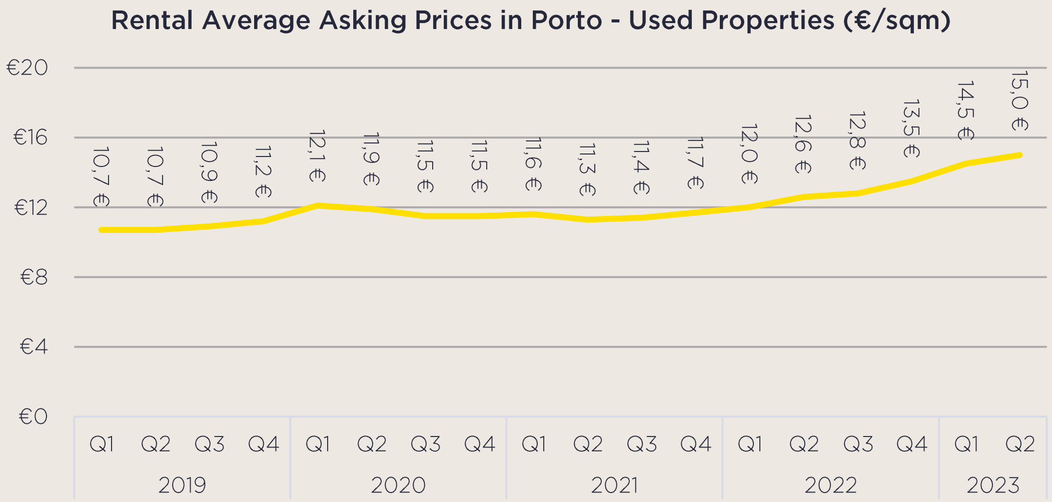
New Supply: 8.85%
Used Supply: 21.7%

Growth Rate Q3 2023 vs Q3 2022 (q-o-q):

Rental Average Asking Prices in Porto

New Supply: 29.3%
Used Supply: 20.3%





Source: Savills Research analyzing SIR

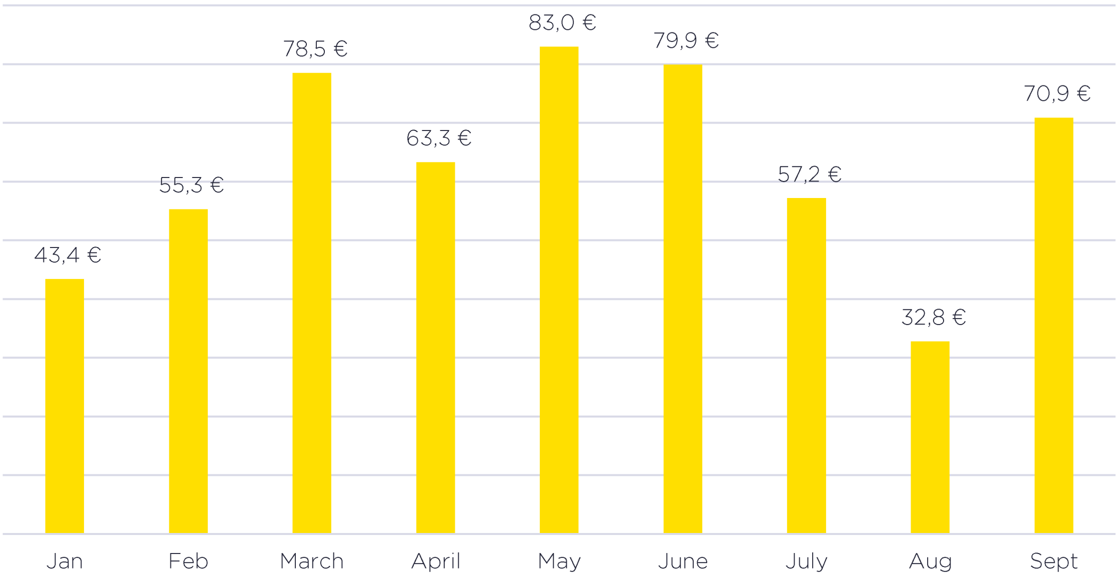
Residential Market
Q3 2023

In February 2023, the Portuguese government announced a series of measures aimed at addressing the country's current housing situation, called "Mais Habitação", including changes to the Golden Visa program. At the begging of October 2023, the "Mais Habitação" bill was approved and published by the government. Even though the new housing law was sanctioned, the visa scheme is still in effect, under different conditions. Investments under the real estate categories of the Golden Visa program are no longer possible.

As for now, fund subscription, artistic production or reconstruction of a national heritage, scientific research activities, the creation of, at least, 10 job positions and share capital are still pathways to the Golden Visa investment option.

Golden Visa Overview – 2023 (Up to September):

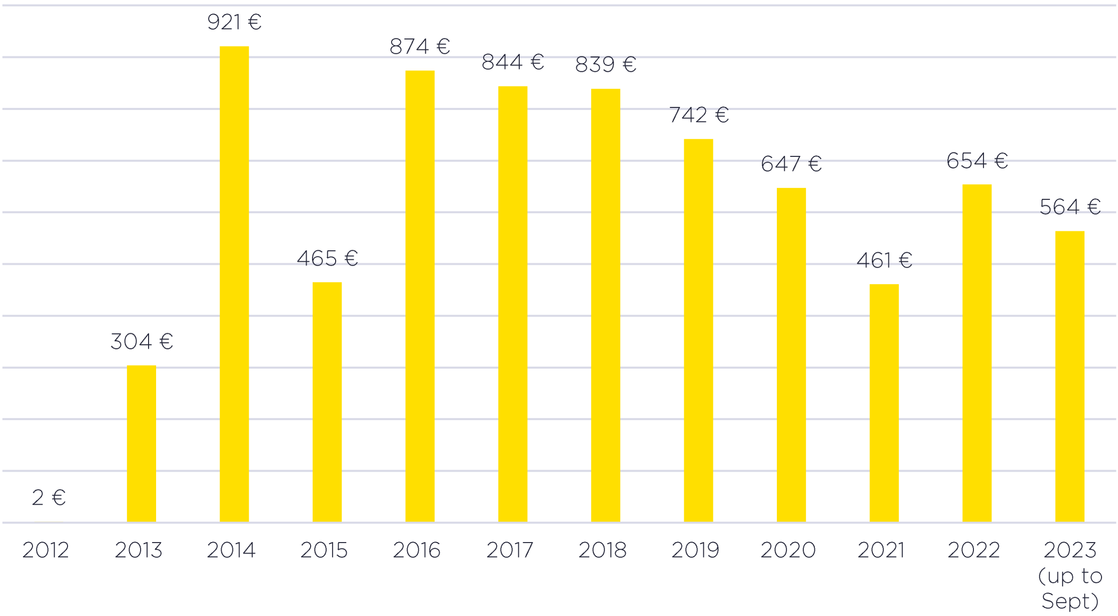
Amount Invested Per Month in 2023 (M€)



Source: SEF

Golden Visa Overview – Oct 2012 to September 2023:

Amount Invested Per Year (M€)



Pipeline Under Construction
2023-2026

68.3% of all residential properties that are currently under construction in Lisbon city have already been commercialised, which means that only **31.7%** are still available for purchase.

PRIME ZONE:
€7.000 - €12.500
> 900 units

CENTRAL ZONE:
€6.500 – €11.500
> 1,000 units

WEST RIVERSIDE:
€5.500 - €9.500
>400 units

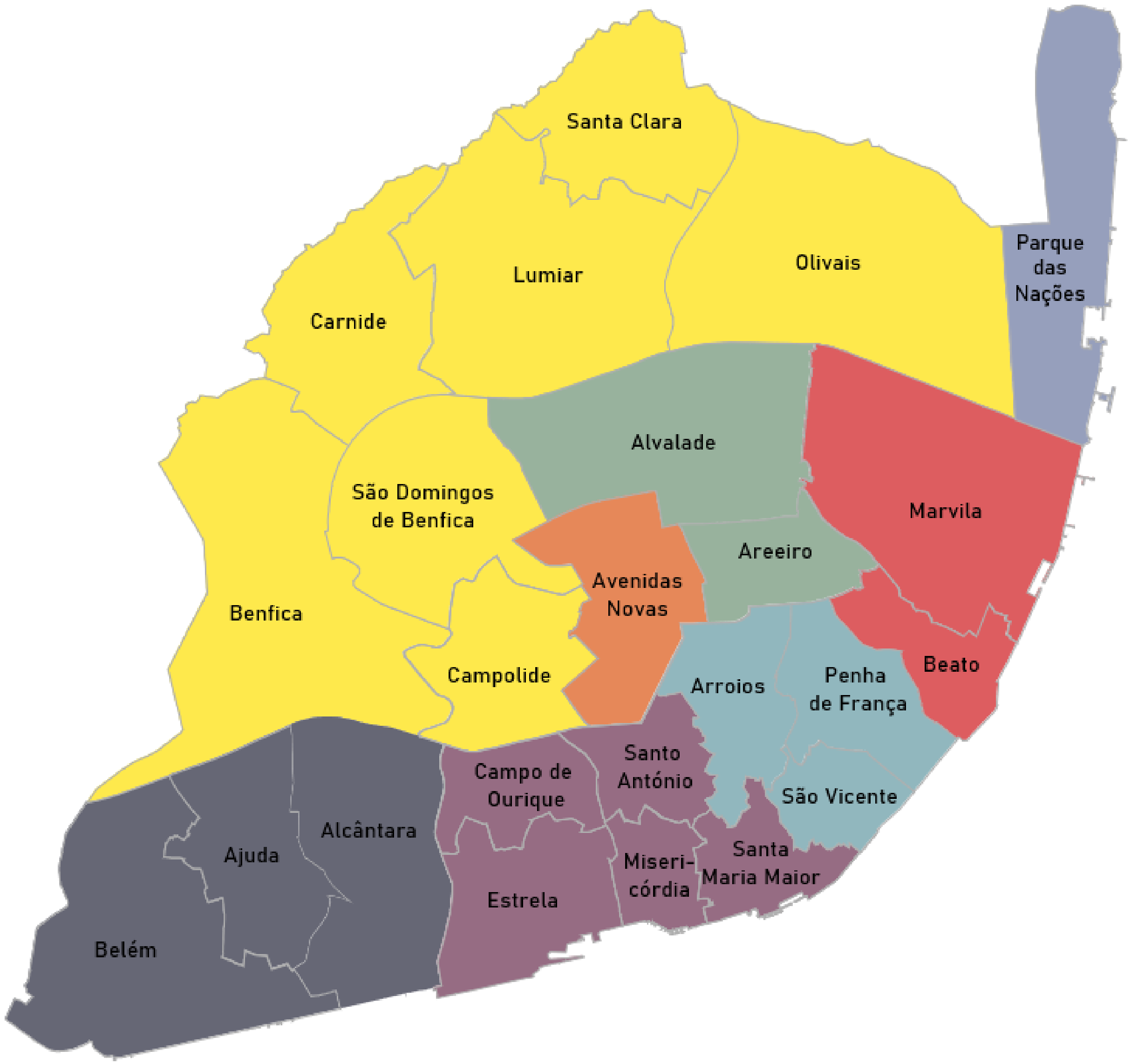
HISTORIC HILLSIDE ZONE:
€4.500 – €8.000
> 300 units

EAST RIVERSIDE:
€5.000 / €9.000
> 300 units

UPPER CENTRAL ZONE:
€5.000 - €8.000
> 100 units

PARQUE DAS NAÇÕES:
€5.600 - €10.000
> 300 units

UPTOWN RING:
€4.000 – €7.000
> 1,600 units



Source: Savills Research

06

Tourism

Tourism Market Q3 2023

2023 has been a successful, record-breaking year, with a forecast of full recovery and tourism figures even exceeding pre-pandemic numbers, according to The World Travel & Tourism Council's (WTTC).

During the third quarter of 2023, 41 new hotels opened their doors in Portugal.

26 new hotel openings are expected to take by place during the last quarter of the year, offering travellers approximately 2,300 rooms all over the country.

So far, Lisbon has been the city responsible for the highest number of openings in the country, with a total of 20 new hotels. The Alentejo region takes the second place. The district has been on invertors and travellers' radar that keen to have different experiences and look for a calmer destination.

Following, there are the Northen region and Porto city, with 17 new openings throughout 2023, up to the third quarter of the year. Porto has been slowly turning into a must-see destination, having even received the title of the World's Leading City Destination 2022, by World Travel Awards.

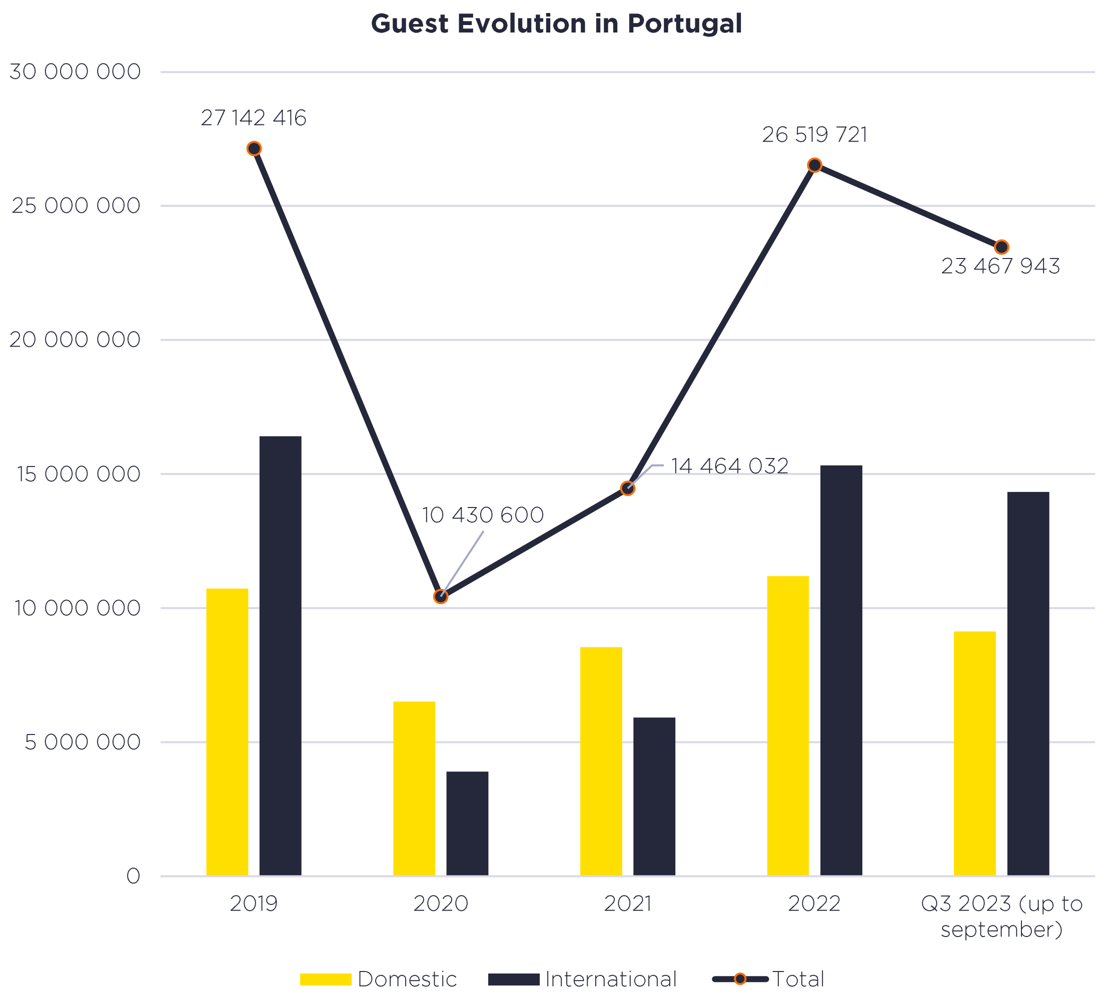
The MICE (meetings, incentives, conferences & exhibitions), sustainable and wellness tourism are some of the most popular trends which have been gaining ground in the country and have positively contributed to the recovery of the Portuguese tourism market after the pandemic. Digital Nomadism and solo travelling can also be very much attributed to the record-breaking tourism figures throughout 2023.

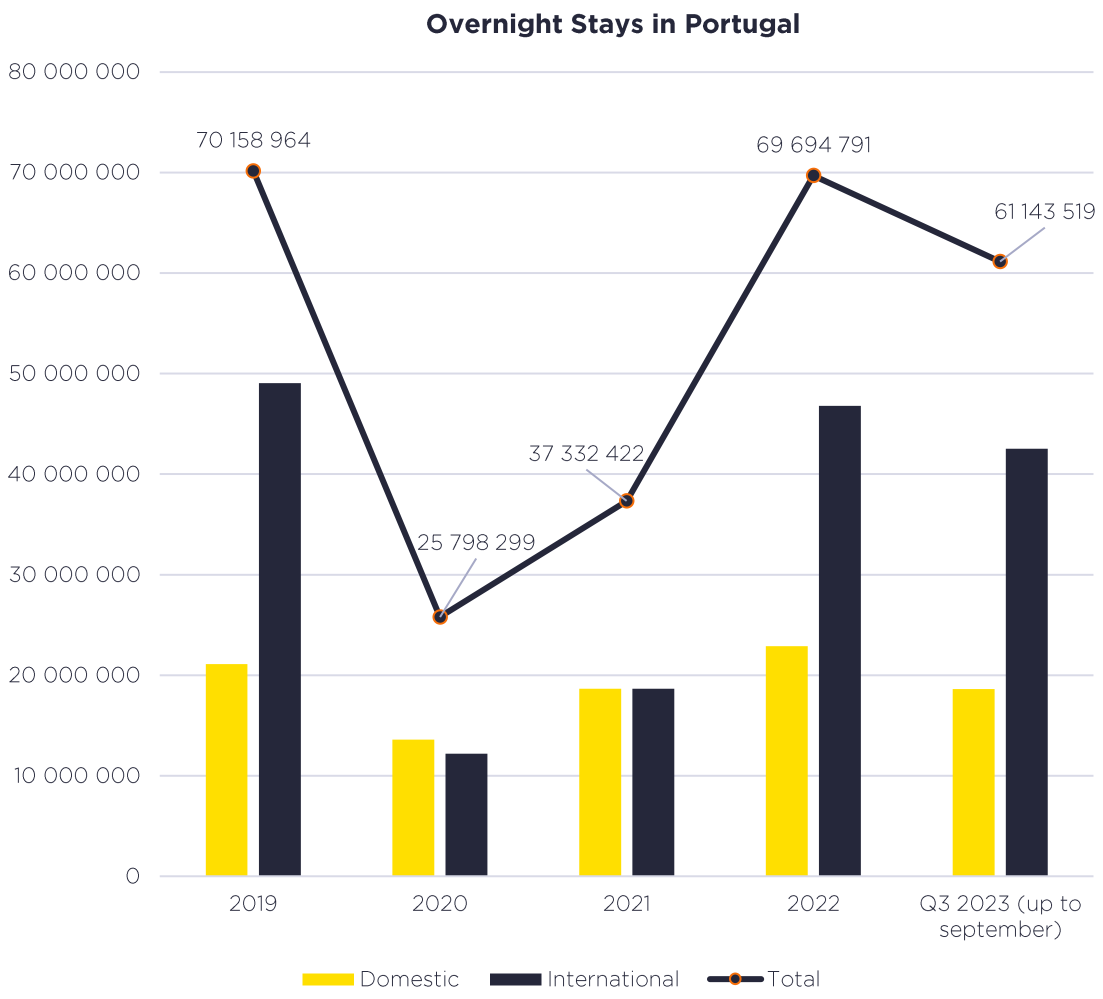
MAIN OPENINGS 2023

HOTEL	REGION	CITY	ROOMS	CATEGORY
Martinhal Oriente	Lisboa	Lisboa	153	5*
Barceló Funchal Oldtown	Madeira	Funchal	111	5*
JAM Lisbon	Lisboa	Lisboa	100	3*
Moov Oriente	Lisboa	Lisboa	180	2*
Renaissance Porto Lapa	Porto	Porto	163	4*
The Rebello	Porto	Porto	106	5*
Vila Galé Collection Tomar	Centro	Tomar	100	4*
Sines Sea View Business & Leisure Hotel	Alentejo	Sines	120	4*
Wyndham Residences Alvor Bay	Algarve	Alvor	149	3*
Tivoli Alvor	Algarve	Alvor	491	5*
Convent Square Hotel Vignette Collection	Lisboa	Lisboa	121	5*
Crowne Plaza Caparica	Setúbal	Almada	227	4*
Hilton Garden Inn Évora	Alentejo	Évora	130	4*
Vila Baleira Suites	Madeira	Porto Santo	114	4*

Source: Savills Research

Tourism Market
Q3 2023





Source: Travel BI

Tourism Market Q3 2023

Overnight stays:

Up to September 2023, the country accounted for over 61.1 M overnight stays. Just August alone was responsible for approximately 17% of this number. Considering the same period in 2019 there were 56.2 M stays, meaning that 2023's results so far represent an improvement of roughly 9% in the Portuguese tourism numbers.

Up to September 2023 British, German, and Spanish citizens make up the top 3 of overnight stays.

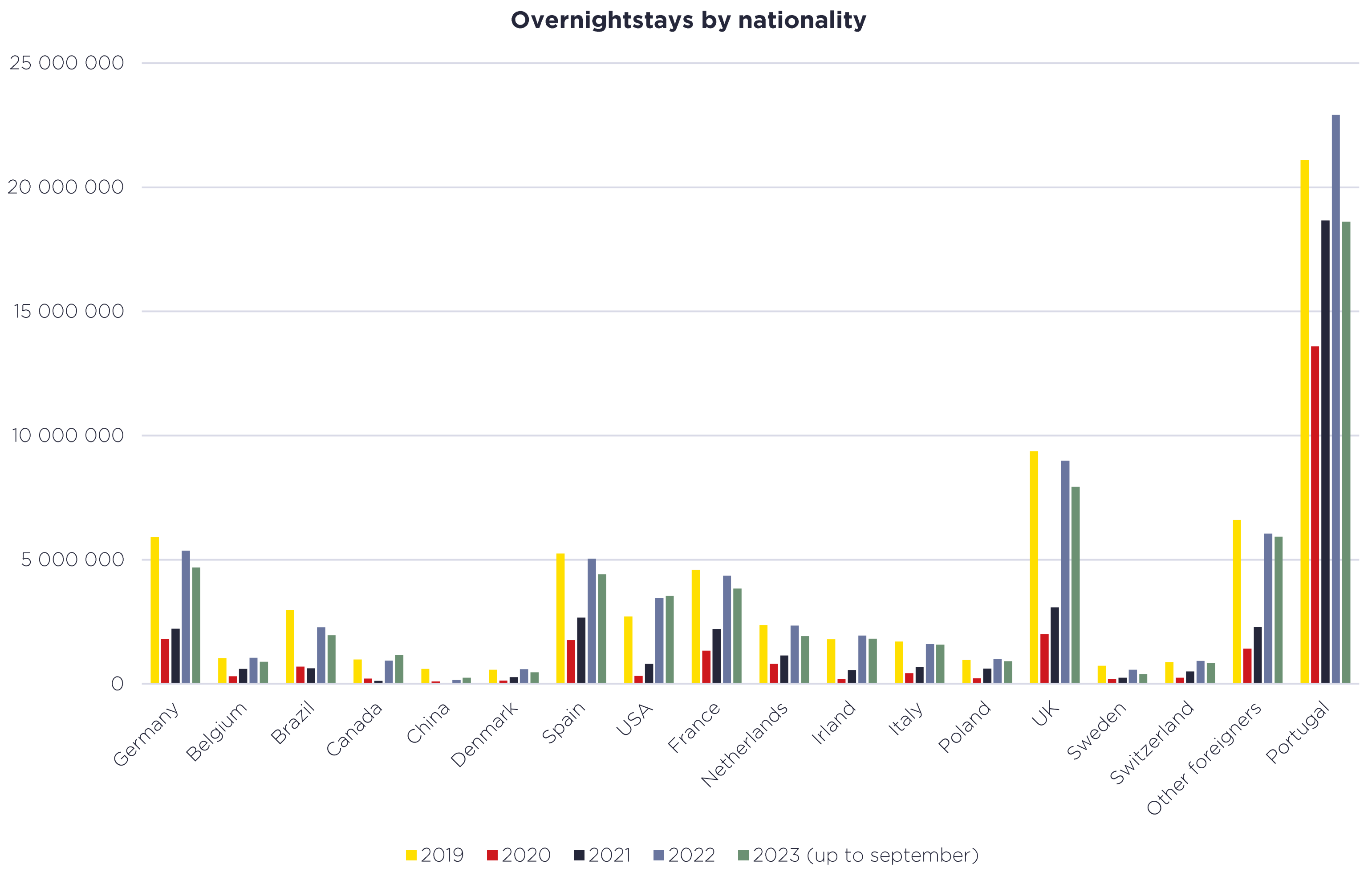
Respectively, these countries embodied approximately 7.9 M, 4.7 M, and 4.4 M stays in the country.

Guests:

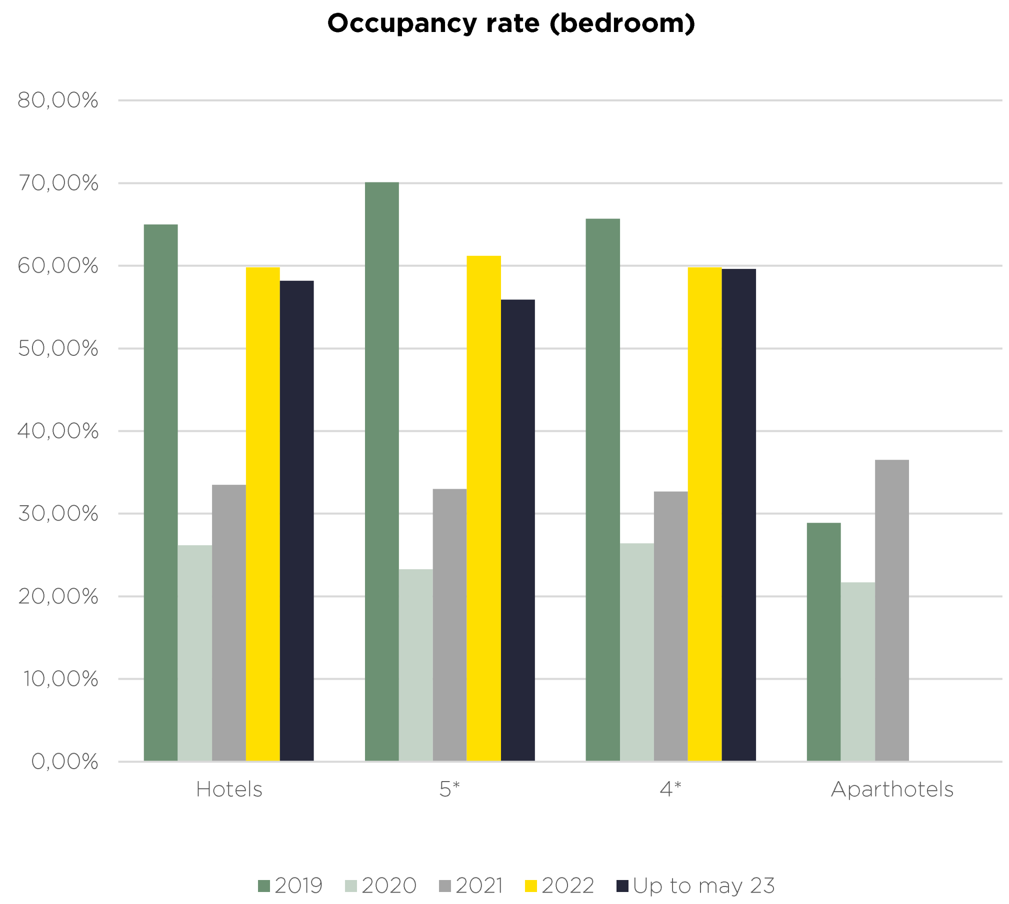
Considering Q3 2023 figures, around 6.1 M guests come from international tourism, against 3.7 M from domestic travellers, representing, roughly 62.2% and 37.8% of the total amount, respectively, accounting for 9.9 M tourists.

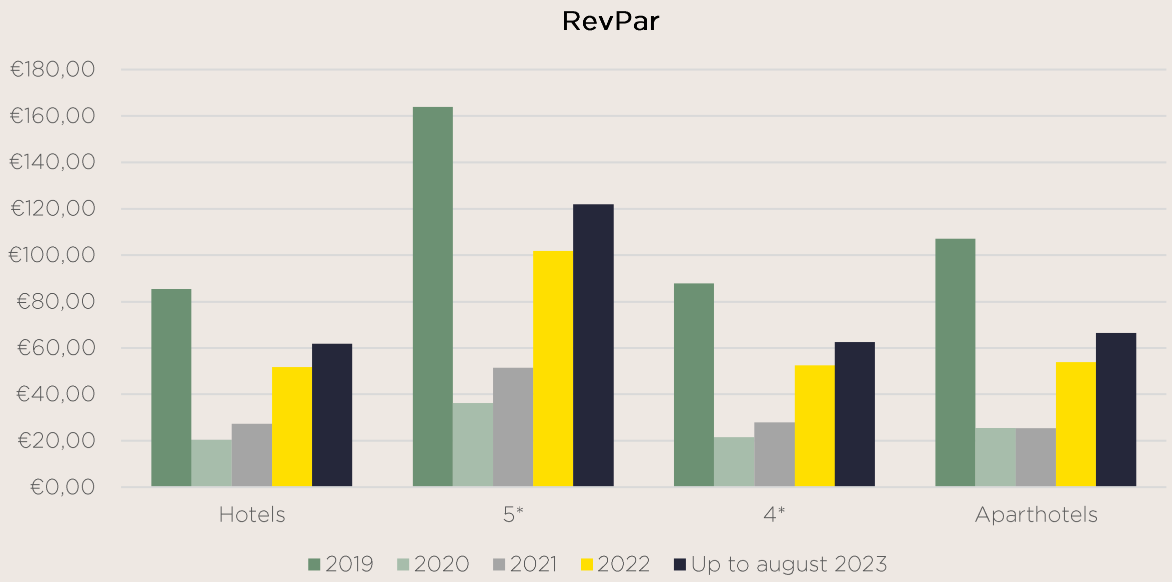
Regarding the number of guests, throughout 2023, there were 23.5 M tourists, contrasting to 21.3 M in the same period in 2019 and 20.5 M in 2022.

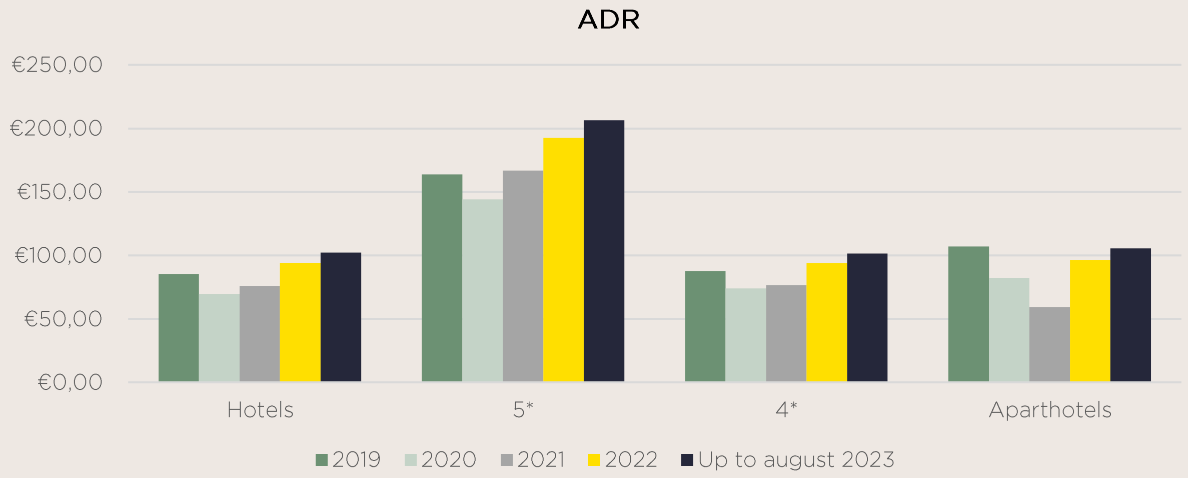
British, Spanish, and EUA citizens make up the guests' top 3, with 1.9 M, 1.9 M, 1.6 M visitors, respectively.



Tourism Market
North Region | Q3 2023

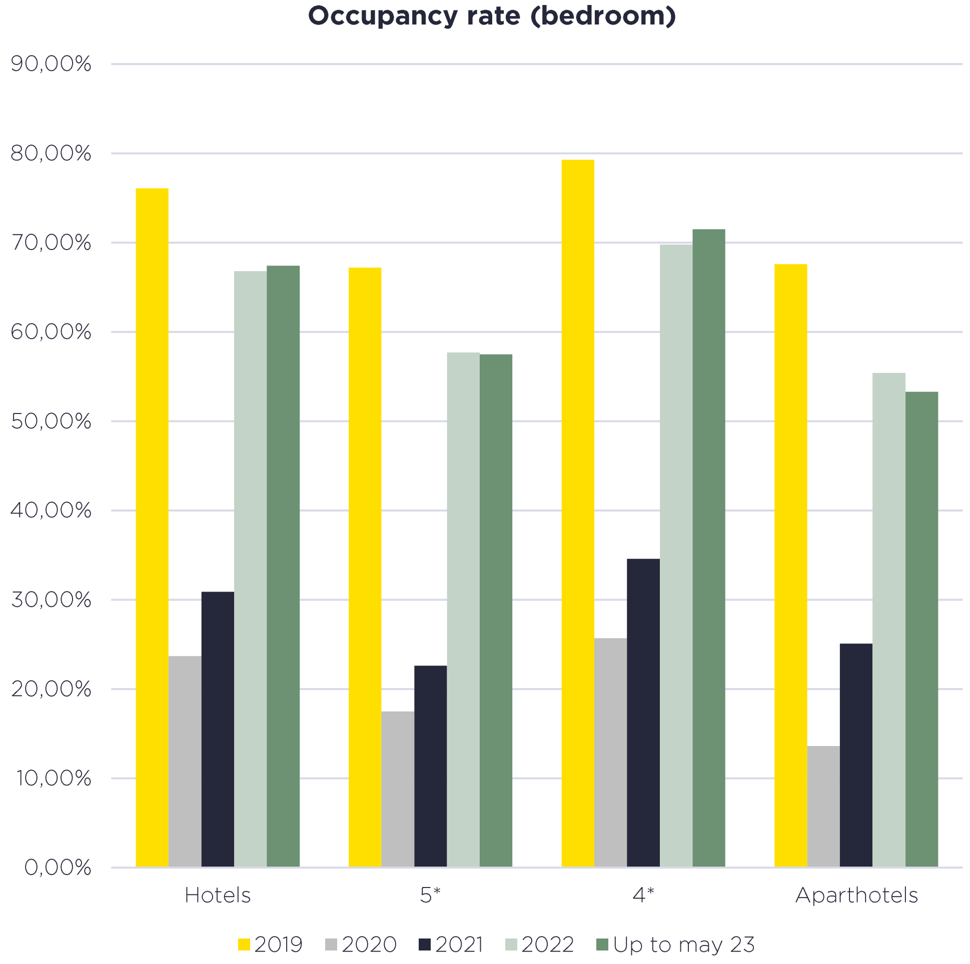


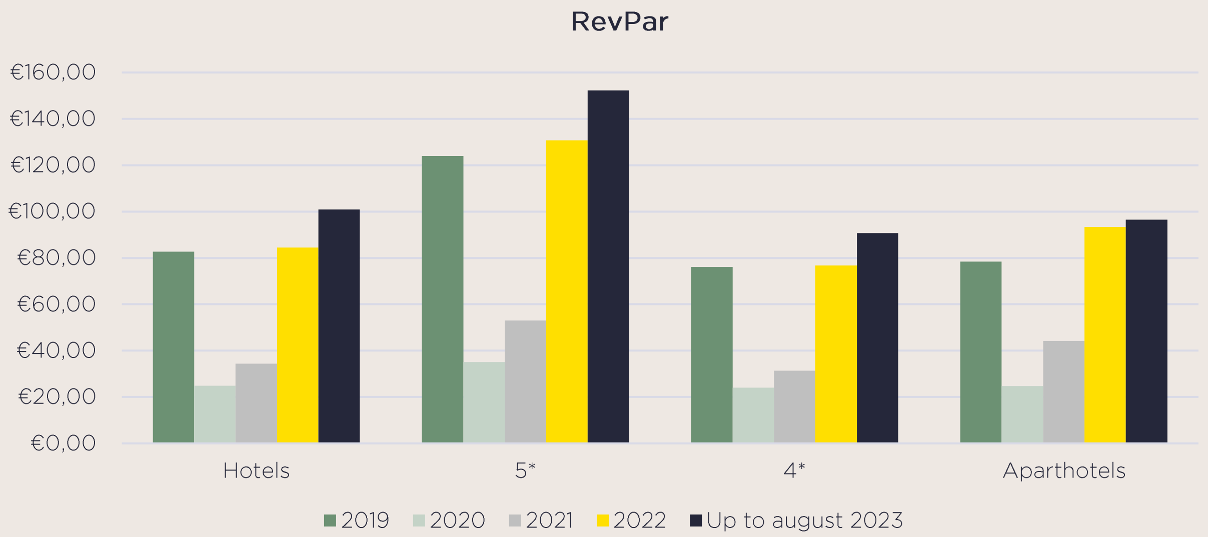


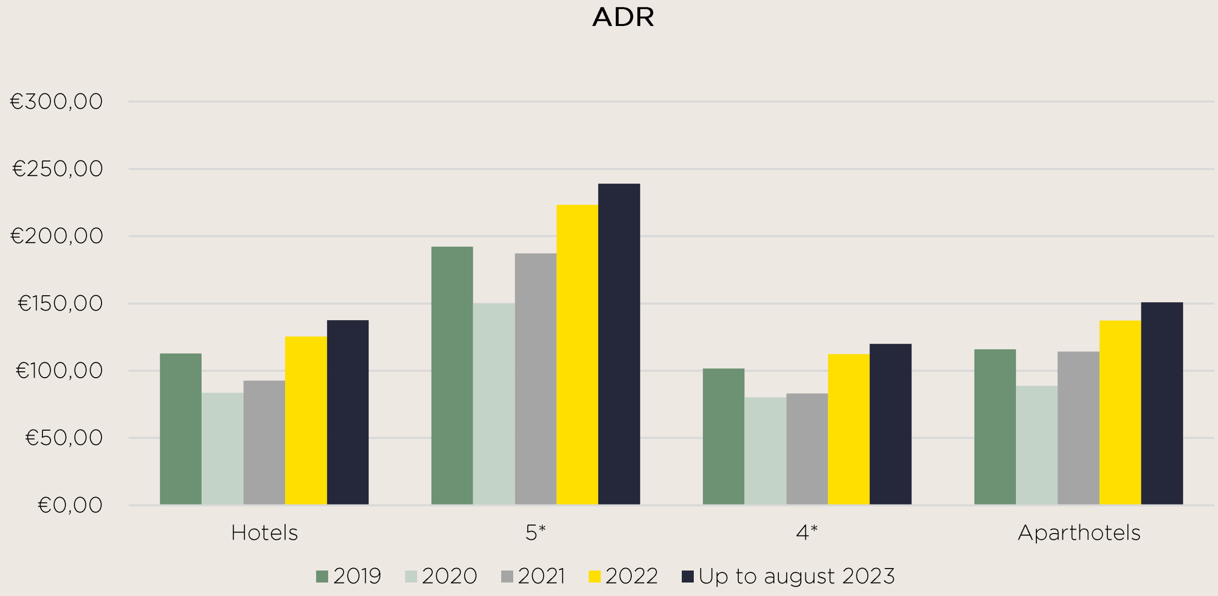


Source: Travel BI

Tourism Market
Lisbon Metropolitan Area | Q3 2023

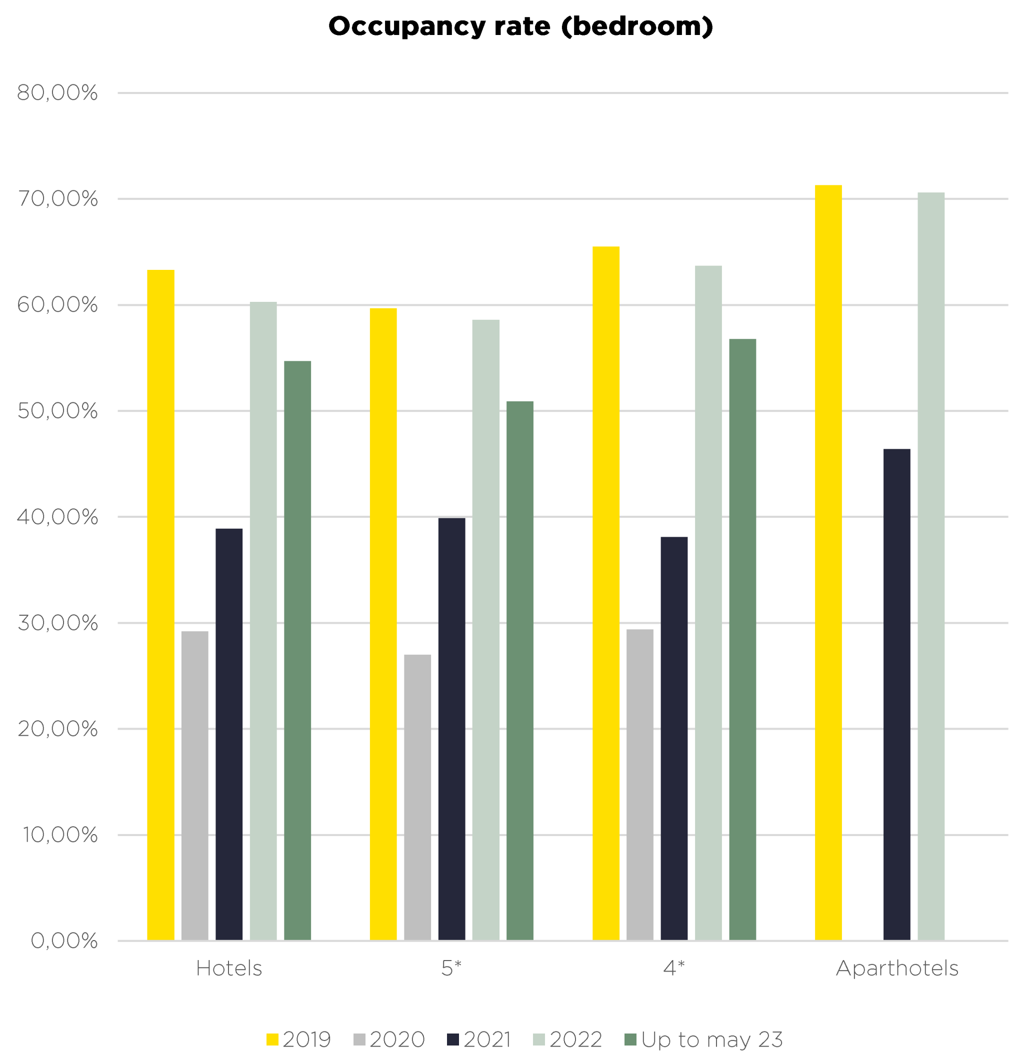


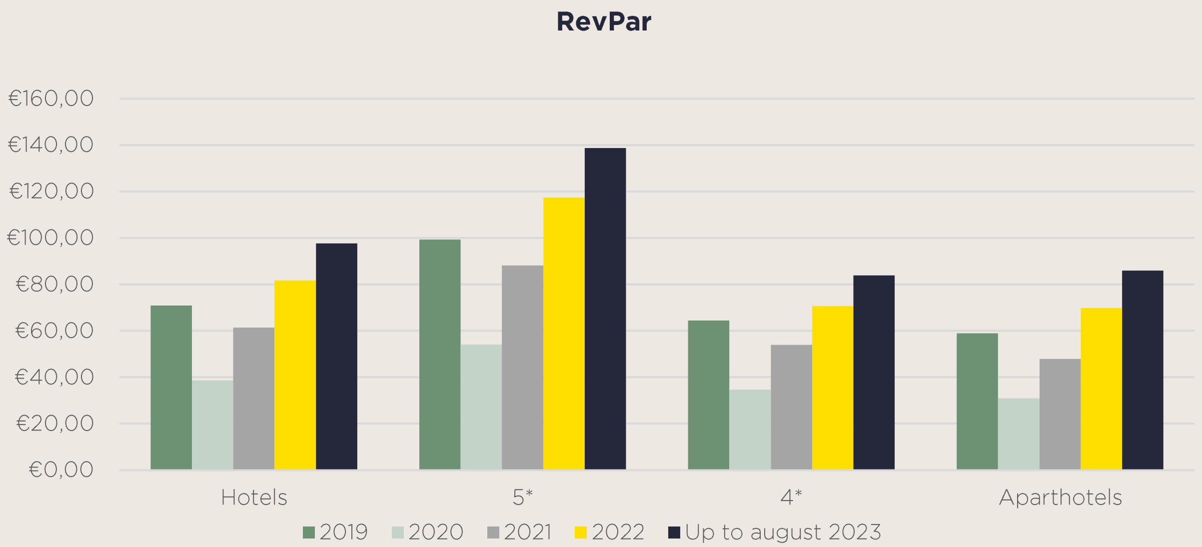


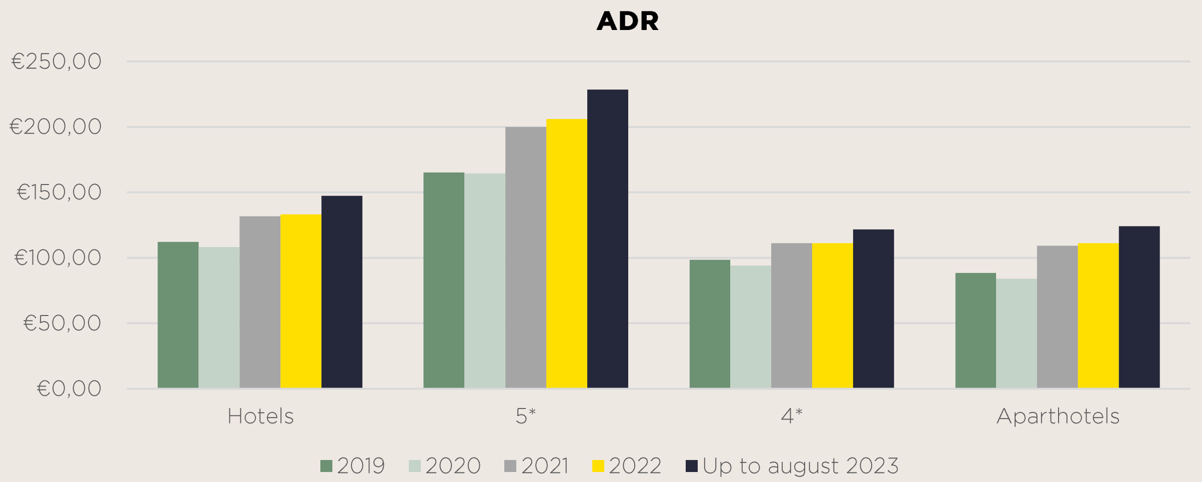


Source: Travel BI

Tourism Market Algarve | Q3 2023







Source: Travel BI

THANK YOU

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