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SPOTLIGHT

CAPITAL MARKETS

WHAT'S GOING ON
IN PORTUGAL?

CAPITAL MARKETS - PORTUGAL - H1 2026

RESEARCH

Executive summary

Portugal entered 2026 on a firm footing. Real GDP expanded 2.3% year-on-year in Q1 2026 - the strongest annual pace since late 2024 - propelled by domestic demand, with gross investment up 9.2% and private consumption firming to +3.0%

Commercial real estate investment reached c. €1.40 billion in the first half, up 14% year-on-year and the highest first-half volume of the 2021-26 series, despite the ECB's precautionary June hike to 2.25% in response to the energy-price shock.

Three features define the half. First, a rotation of capital towards operational real estate: hospitality led with 36% of volume and retail followed with 33%, while offices fell to a historically low 5% share - a reflection of scarce prime product rather than absent demand. Second, a broadening of the investable universe: data centres debuted as an asset class with the €120M Covilhã campus transaction and senior living entered the mix, evidence that Portugal's market is deepening beyond its traditional segments. Third, a more granular market: around 52 transactions at an average ticket of €27.0M, one fifth smaller than in H1 2025, signaling more investors active in smaller deals rather than a market carried by a handful of mega-transactions.

Pricing remains disciplined. The spread between prime all-property yields and the Portuguese 10-year sovereign compressed to c. 230 basis points, down from over 460 in 2021 - a compression that is milder than the headline suggests and supported by healthier debt conditions. With sovereign yields stabilising, current spreads look sustainable.

01

Hospitality led with **36% of volume**

02

Retail followed with **33%**.

03

Offices fell to a historically **low 5% share**, a reflection of scarce prime product rather than absent demand.

04

Data centres debuted as an asset class & **Senior Living** entered the mix.

H1 2026
INVESTMENT VOLUME

€1.40Bn

+14% YOY: HIGHEST
H1 OF THE 2021-26 SERIES

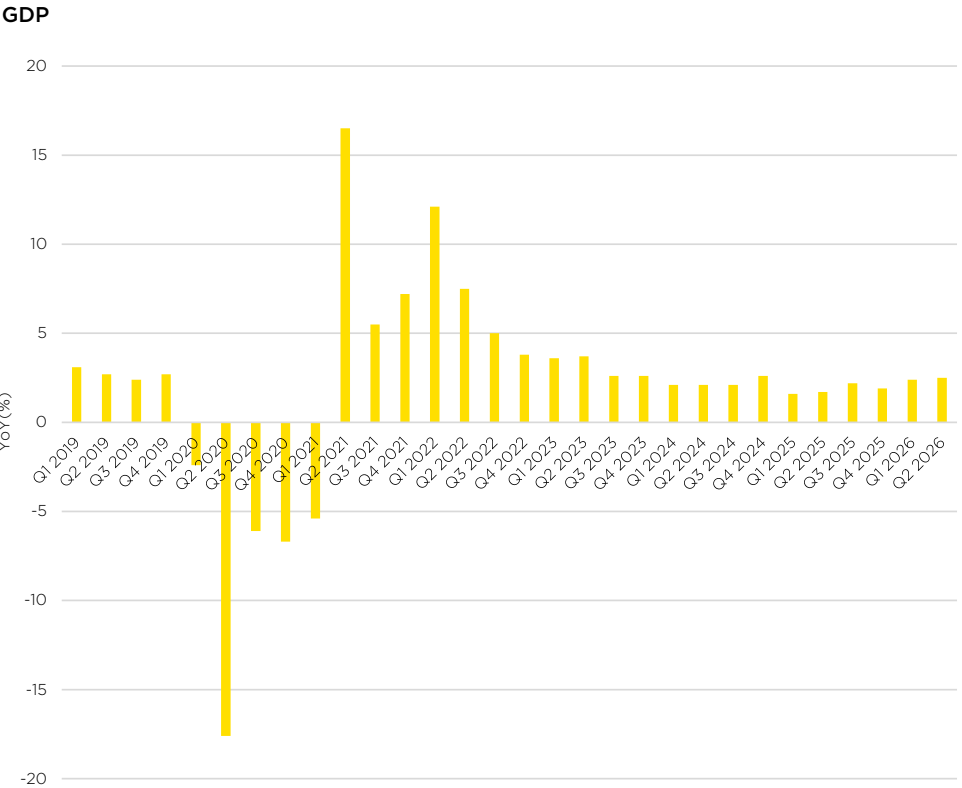


Economic
backdrop

Real GDP grew 2.5% year on year in the second quarter, marginally ahead of the 2.4% recorded in the first.

Output expanded 0.8% against the previous quarter, compared with 0.1% in the first. Growth was led by an acceleration in private household consumption, supported by a recovery in exports of goods and services which reduced the negative contribution from the external sector.

Headline CPI stood at 3.2% year on year in June, lifted by temporary energy base effects, while core inflation held at 2.5%.



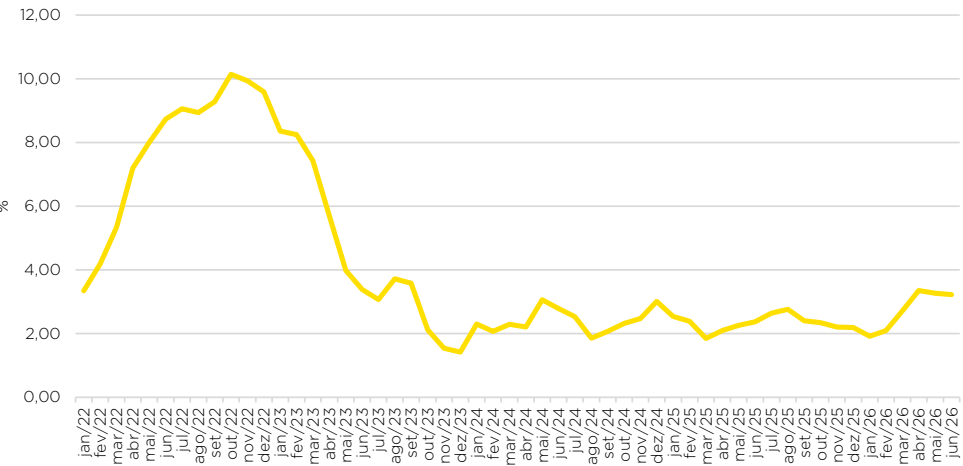
Source: Savills Research using INE



REAL GDP
Q2 2026

2.5%
YoY

EVOLUTION OF CPI



Source: Savills Research using INE

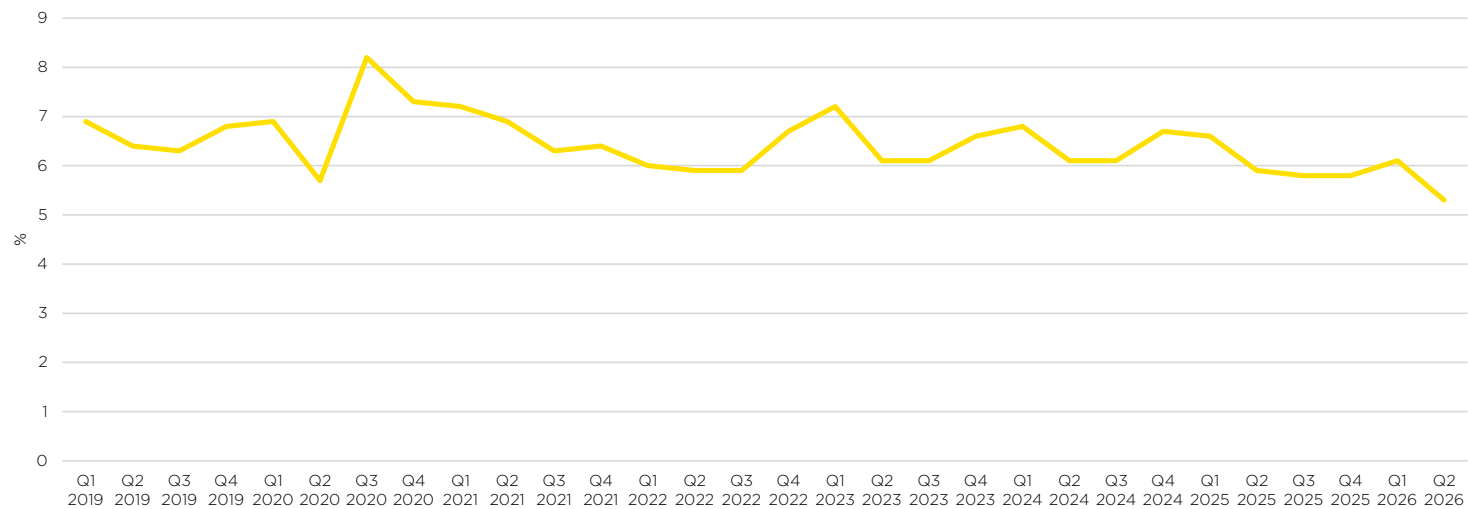
Labour market and household demand

Unemployment fell to 5.3% in the second quarter of 2026, its lowest level since 2011, while the employed population reached an all-time high of 5.4 million, up 2.9% year on year.

Consumer confidence fell sharply through the early months of 2026, reaching a trough of -29.4 on the back of geopolitical uncertainty and energy cost pressures - a level last seen during the inflation peak of 2022. Retail trade turnover did not follow it down. The index remained in positive territory throughout, running between 3.8% and 6.2% year on year, and confidence itself recovered to -21.8 by June.

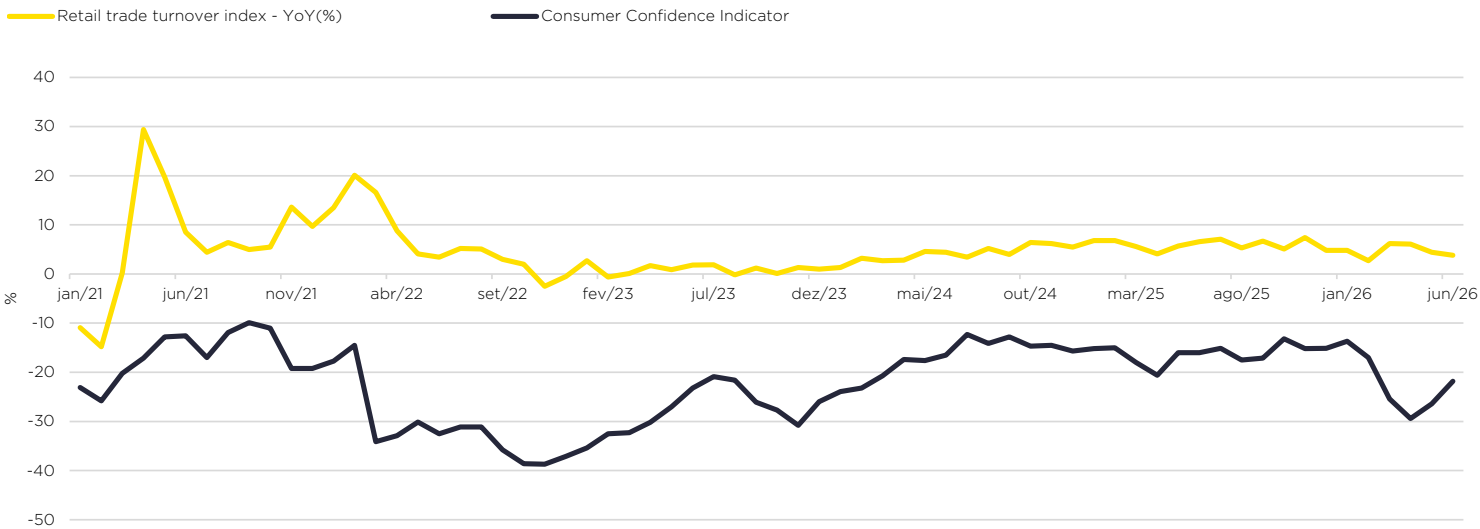


EVOLUTION OF UNEMPLOYMENT RATE



Source: Savills Research using INE

PORTUGAL CONSUMER DATA

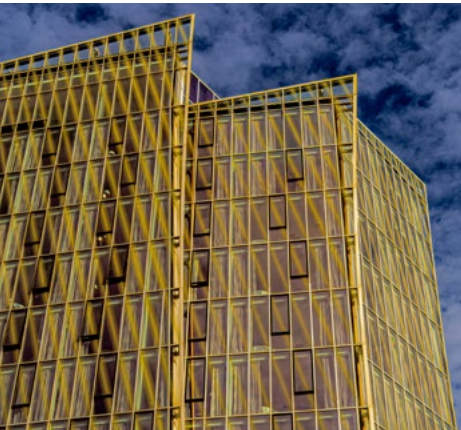


Source: Savills Research using INE

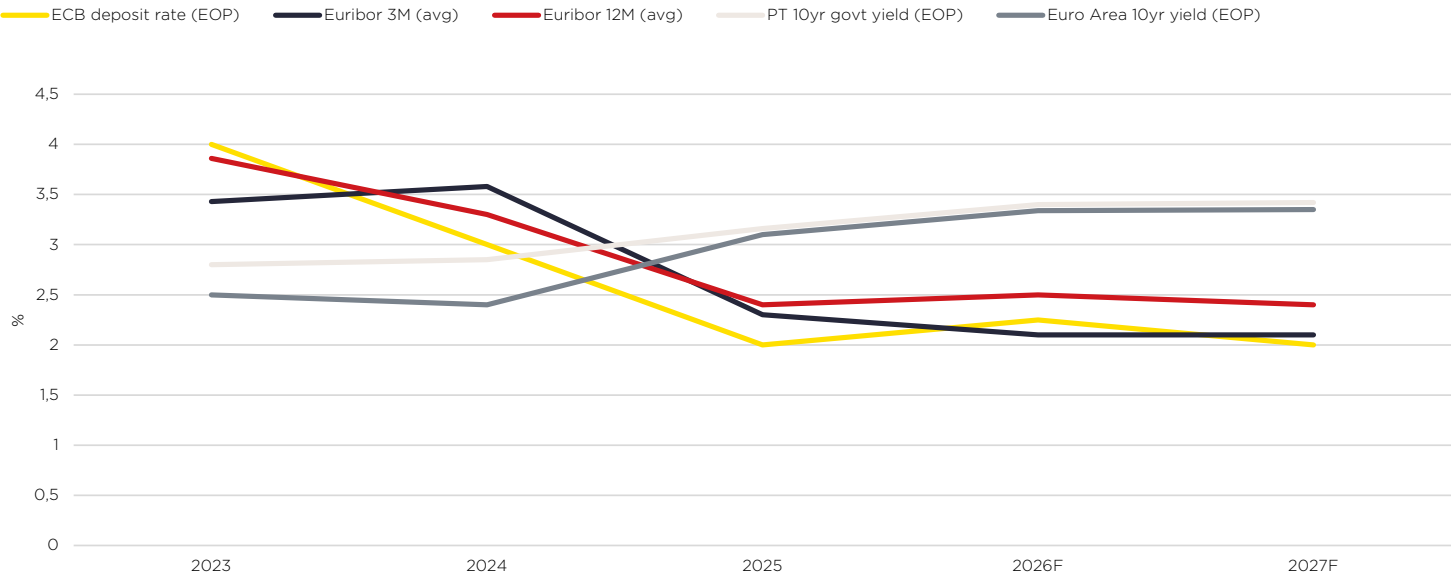
Financing costs and the sovereign

The ECB deposit rate stands at 2.25% after the June 2026 hike - a precautionary recalibration in response to the energy-price shock, and still far below the 4% peak of 2023. Euribor benchmarks average 2.1–2.5% across the curve, roughly half their 2023 levels, which restores the accretive leverage maths that had disappeared during the tightening cycle.

The 10-year yield, which traded at 0.5% in 2021, rose to c. 3.3% by mid-2026 and now trades close to the euro area average. The fiscal underpinning is concrete: after a budget surplus of 0.7% of GDP in 2025, the European Commission projects only slight deficits of 0.1% in 2026 and 0.4% in 2027 (the Public Finance Council, more cautious, 0.6% in both years), while public debt fell to 91.5% of GDP in 2025 and should continue its downward path below 90%, converging towards the euro area average.

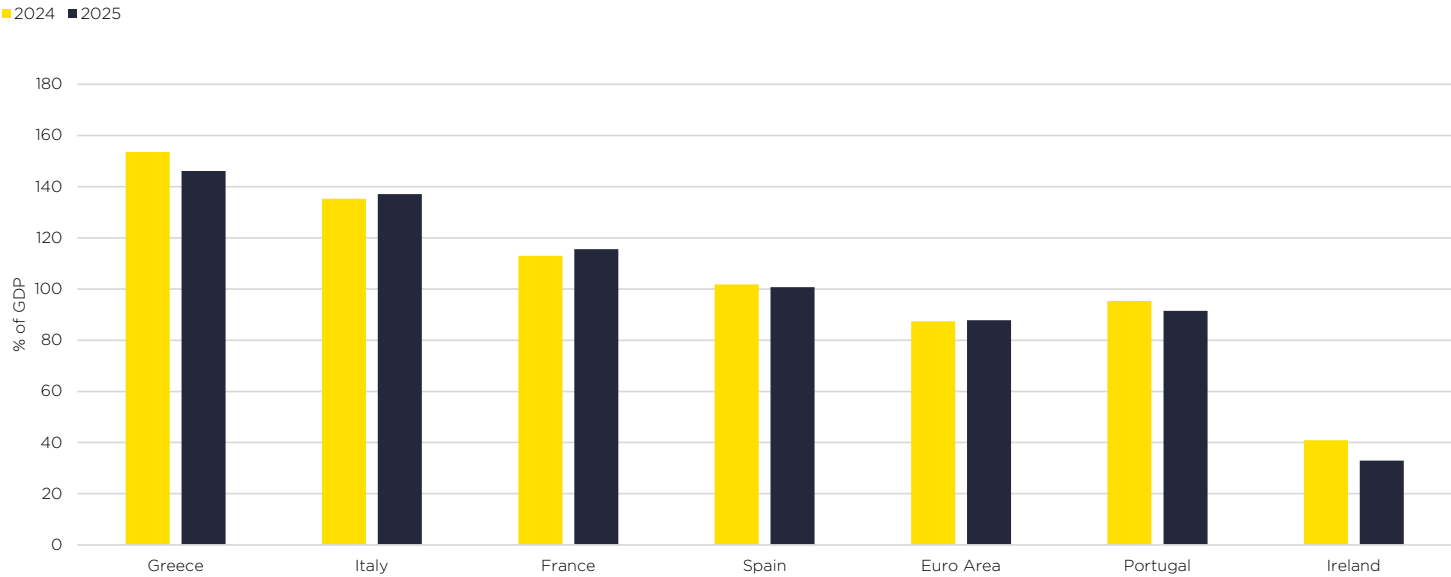


POLICY RATE, EURIBOR & SOVEREIGN YIELD



Source: Policy rate, Euribor & sovereign yields (%) | ECB; Oxford Economics (PT yield); Euribor forecast: market consensus

GOVERNMENT DEBT



Source: Government debt (% of GDP), 2024 vs 2025 — Portugal highlighted | Eurostat (Mar 2026)

Investment Market H1 2026

The strongest first half of the series
Commercial real estate investment in Portugal totalled c. €1.40 billion in H1 2026, up 14% year-on-year and the highest first-half volume of the 2021-26 series - ahead of the €1.23Bn of H1 2025 and roughly double the €550-830M range that characterised first halves earlier in the decade.

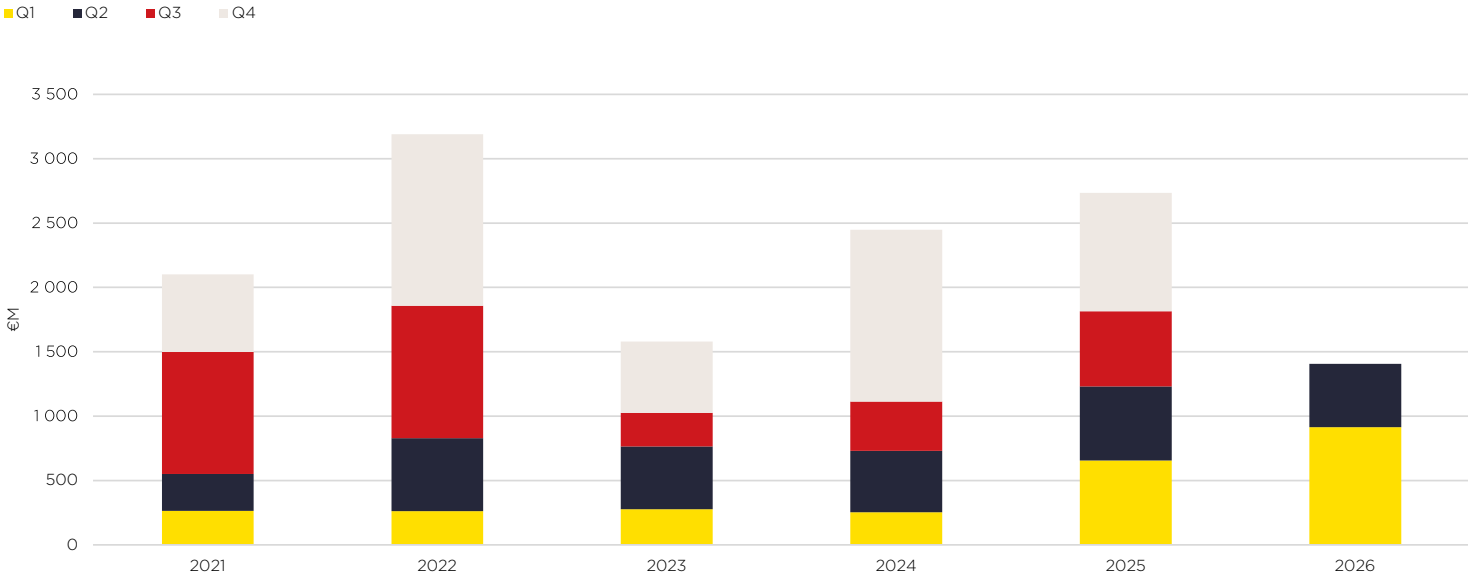
Did you know?
The international bid remains the structural backbone of the Portuguese market even as domestic capital grows more active.

CROSS-BORDER CAPITAL

61%

FOREIGN CAPITAL OF C. €861M

TOTAL INVESTMENT VOLUME COMMERCIAL REAL ESTATE



Source: Total CRE investment volume by quarter (€M) | Savills Research

Q2 2026 VOLUME

€491M

-15% YOY

Cooling after an exceptional Q1 (+39% YOY)

AVERAGE DEAL SIZE H1 2026

€27M

-21% YOY

vs €34.2M in H1 2025

NUMBER OF TRANSACTIONS

~52

+39% YOY

A more granular market: more investors active in smaller tickets

Quarterly dynamics: half carried by Q1, on more but smaller deals

Q1 2026 was exceptional: c. €909M transacted, up 39% on Q1 2025 and well above the three-year Q1 average. Q2 then moderated to €491M, down 15% year-on-year.

Two structural indicators support the benign interpretation. The number of transactions rose to around 52, up 39% year-on-year, while the average deal size fell to €27.0M, down 21% from €34.2M in H1 2025. A market doing more deals at smaller tickets is a market whose buyer base is widening - more granular and less dependent on any single mega-deals.



The Cost of Money: Rate cuts reopened the market; The June hike does not change the story.

The relationship between investment volume and the policy rate over the cycle is visible in the data. Volumes peaked at €3.19Bn in 2022, fell to €1.58Bn in 2023 as the deposit rate hit 4%, and recovered through 2024 (€2.45Bn) and 2025 (€2.73Bn) as rates were cut back to 2%.

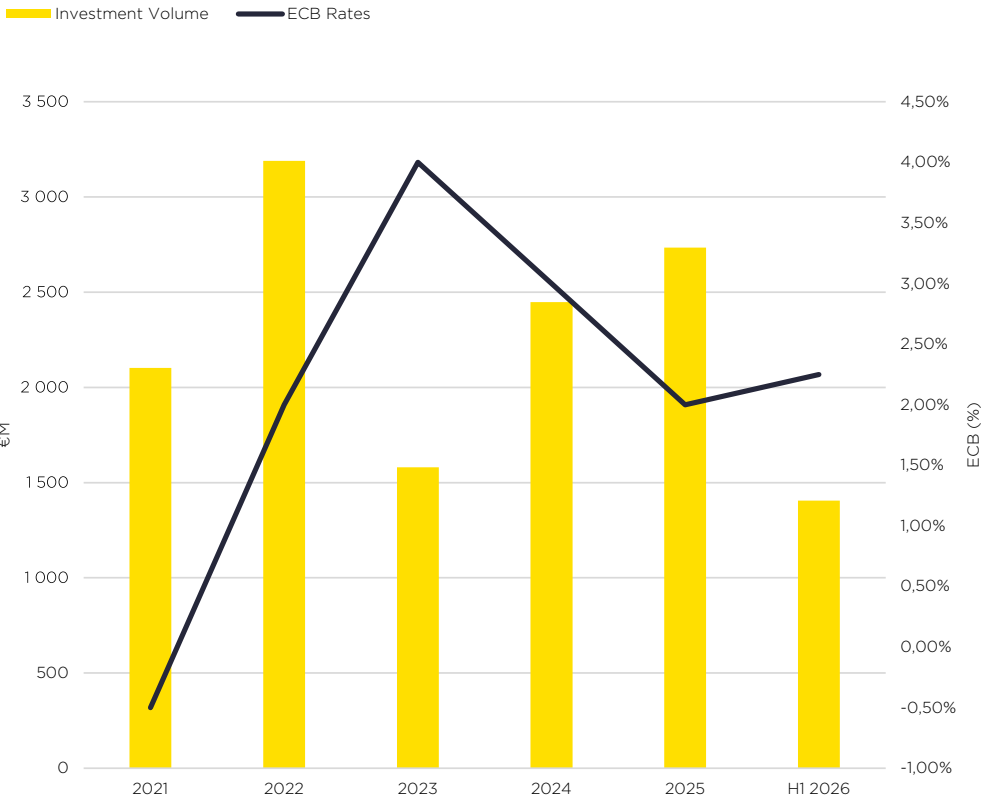
Against that history, the June 2026 hike to 2.25% is a modest recalibration in response to the energy-price shock, not a return to restrictive policy:

Financing costs remain roughly half their 2023 peak, and the H1 2026 volume data demonstrate that the market has continued to function through the adjustment - indeed, H1 2026 volume alone already equals c. 50% of the 2025 full-year total.

Should H2 track a normal seasonal pattern - second halves have out-delivered first halves in every year of the series - 2026 is on course to challenge the post-2022 highs.



INVESTMENT VOLUME VS COST OF MONEY



Source: : Investment volume vs ECB deposit rate; 2026 = H1 only (to June) | Savills Research | ECB

Sector rotation: operational assets dominate the flow

The sector split of H1 2026 confirms the rotation of capital towards operational real estate. Hospitality led with €508M, 36% of volume, up 54% year-on-year; retail followed with €464M (33%), down 25% on an exceptionally strong H1 2025 comparable; industrial & logistics took €164M (12%), up 48%, lifted by portfolio deals; living contributed €71M (5%), up 79%; and the 'others' category - €129M, 9% - is new to the series, carried by the data centre and education transactions described below. Offices fell to just €68M, 5% of activity, down 49% - a historically low share.

The offices figure requires interpretation rather than alarm. The collapse in transacted volume reflects limited prime product on the market - owners of well-let, modern CBD assets have little incentive to sell into a rising rental market.

HOSPITALITY

+54%

(YOY)

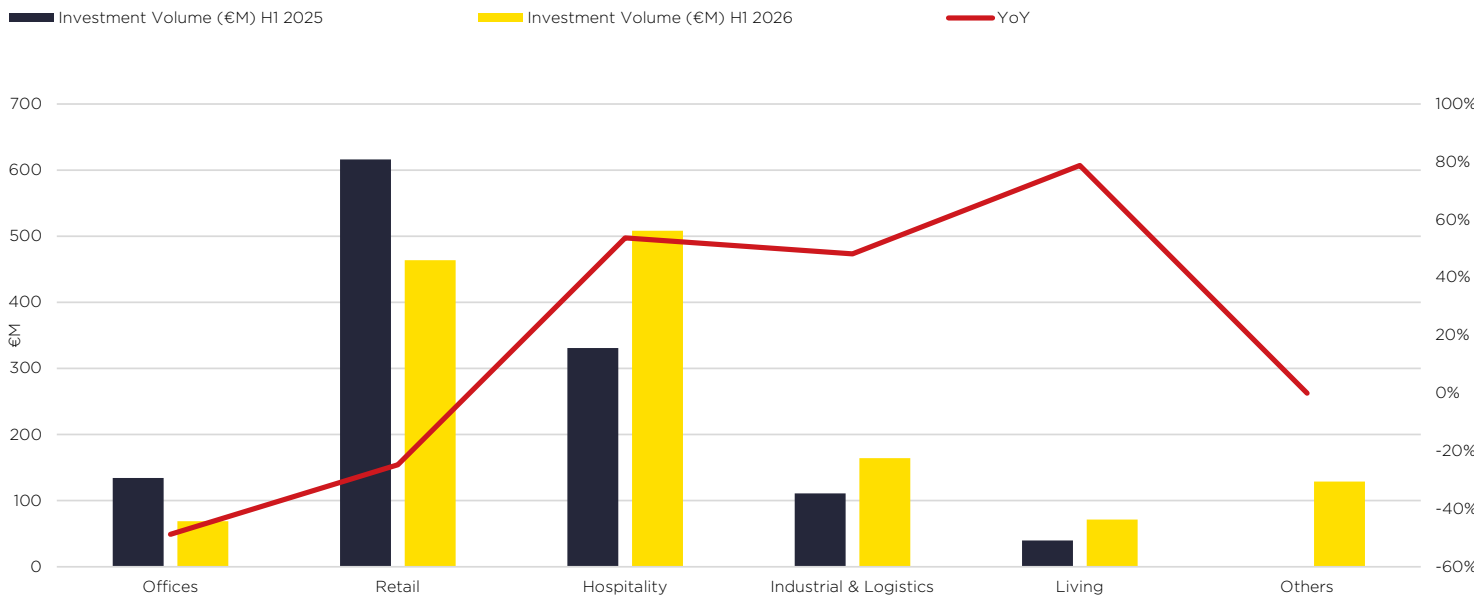
€508M | 36% of volume

RETAIL

33%

MARKET SHARE

INVESTMENT VOLUME BY SECTOR



Source: Investment volume by sector, H1 2025 vs H1 2026 (€M, lhs) and YoY (%) (rhs); 'Others': new, no H1 2025 base | Savills Research

Sub-sectors: a market that is broadening

Hotels (€508M) overtook shopping centres (€294M) as the largest sub-sector, reversing the H1 2025 ranking and confirming the trophy-hospitality bid documented in the deals table.

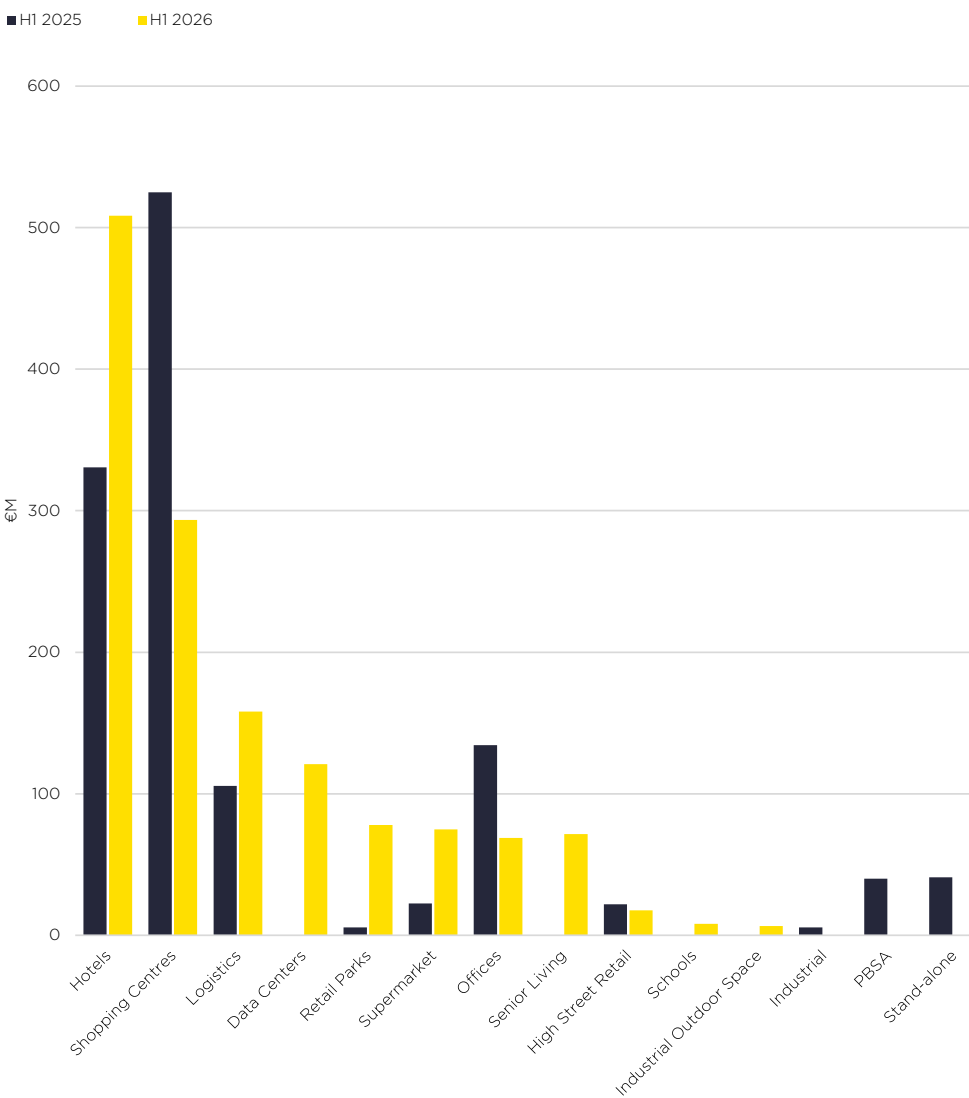
Data centres debuted as an asset class in Portugal (€121M), anchored by the €120M Covilhã campus transaction, immediately becoming one of the largest sub-sectors of the half - a milestone that connects the real estate market to the country's digital-infrastructure investment wave. Senior living (€71M) also entered the series for the first time.

Within retail, the composition shifted markedly towards long-income, convenience-led formats: retail parks rose from €5.5M to €78M and supermarkets from €22.5M to €74.8M, consistent with the European bid for grocery-anchored assets, while shopping centres' €294M - down 44% - compares against an H1 2025 that contained an unusually large centre transaction.

Logistics gained ground (€158M, +50%), while offices and high street retail retreated.

Source: Investment volume by sub-sector, H1 2025 vs H1 2026 (€M) | Savills Research

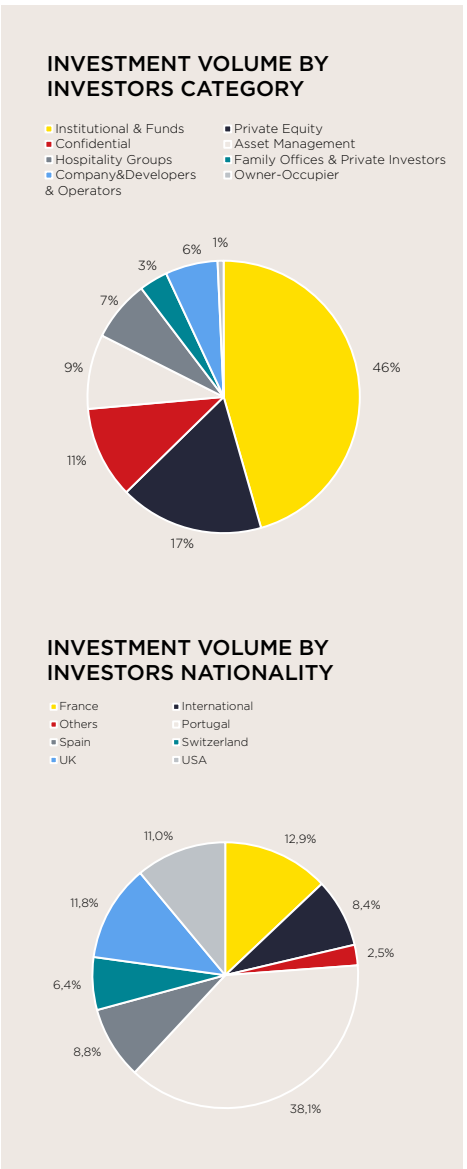
INVESTMENT VOLUME BY SUB-SECTOR



Sub-sectors: a market that is broadening

By origin, Portugal was the largest single source of capital at 38.1%, but the market remains predominantly international, with around two-thirds of volume cross-border. France (12.9%), the UK (11.8%) and the USA (11.0%) headline the international bid, followed by Spain (8.8%) and Switzerland (6.4%).

The buyer profile is reassuringly institutional. Institutional investors and funds accounted for 46% of volume, with private equity adding a further 17% - meaning close to two-thirds of capital deployed came from professionally managed, institutional-grade vehicles. Asset managers (9%), hospitality groups (7%) and family offices & private investors (3%) completed the picture, with a further 11% of volume undisclosed; developers, corporates and owner-occupiers played a marginal role.



Source: Savills Research

MAIN INVESTORS

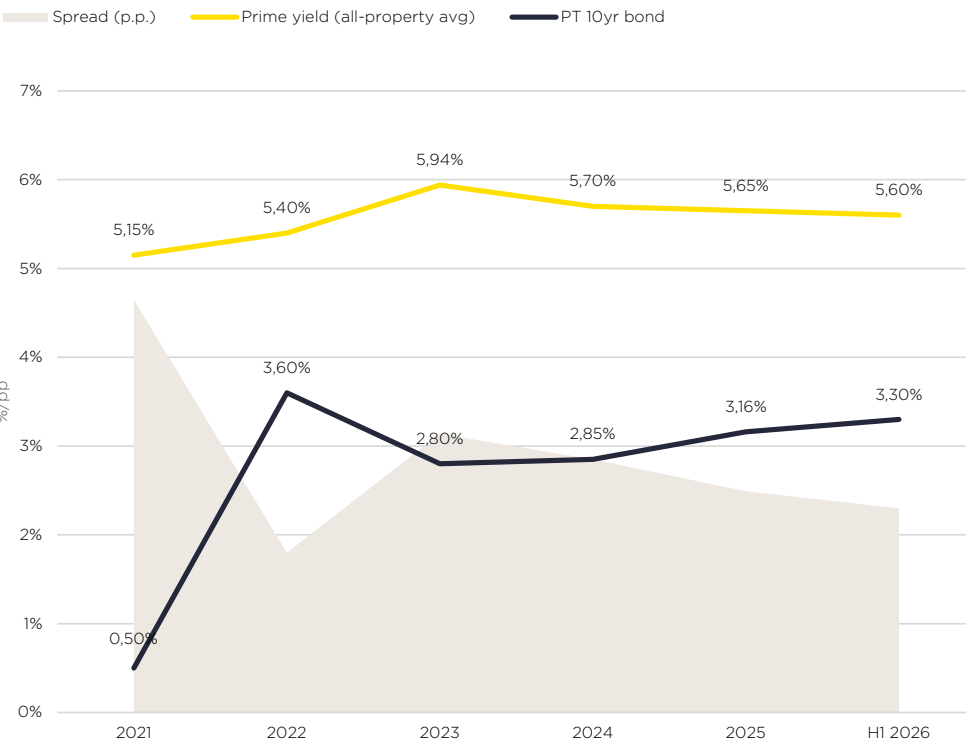


Pricing: the risk premium is narrowing - and what that does and does not mean

The spread between prime property yields and the Portuguese 10-year government bond compressed further in H1 2026. Prime all-property yields - the average of offices, retail and logistics - have been broadly stable, easing from their 2023 peak of c. 5.9% to c. 5.6%, while the 10-year bond yield rose from 0.5% in 2021 to c. 3.3% by mid-2026, lifted by the ECB's June hike. The result is a spread of c. 230 basis points, down from over 460 in 2021.

Today's 230 bps is earned against a normally priced sovereign and is supported by healthier debt conditions than in the previous compression episode of 2022, when the spread briefly touched 180 bps

THE YIELD-TO-BOND SPREAD



Source: The yield-to-bond spread: prime all-property yield vs PT 10yr bond, 2021-H1 2026 | Savills Research | Oxford Economics (PT 10yr yield)



Did you know?
The top 5 deals total c. €660M -
roughly half of H1 volume

The top deals: half the market in five transactions
Retail led the ranking with the Gaia & Arrábida shopping centre shareholdings sale (€180M, Sonae Sierra to CA Maia Capital). Trophy hospitality followed - Corinthia Hotel Lisbon (€150M, IHI to Orion

Capital Partners) and Penha Longa Resort (€120M, Carlyle to a JV of L Catterton and Cedar Capital Partners). The Covilhã data centre campus (€120M, Altice to Asterion Industrial Partners) and the Blackstone-Sagax eight-asset logistics portfolio (€90M) confirm the market's broadening beyond its traditional segments.

QUARTER	ASSET	SECTOR	SELLER	BUYER	VOLUME
Q1 2026	Gaia & Arrábida Shopping	Retail	Sonae Sierra	CA Maia Capital	€180M
Q2 2026	Corinthia Hotel Lisbon	Hospitality	IHI	Orion Capital Partners	€150M
Q1 2026	Covilhã Data Centre Campus	Data Centres	Altice Portugal	Asterion Industrial Partners	€120M
Q1 2026	Penha Longa Resort	Hospitality	Carlyle Group	JV L Catterton Cedar Capital	€120M
Q2 2026	8-asset logistics portfolio	Logistics	Blackstone	Sagax	€90M

Source: Table 1 - Top investment deals, H1 2026 | Savills Research



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