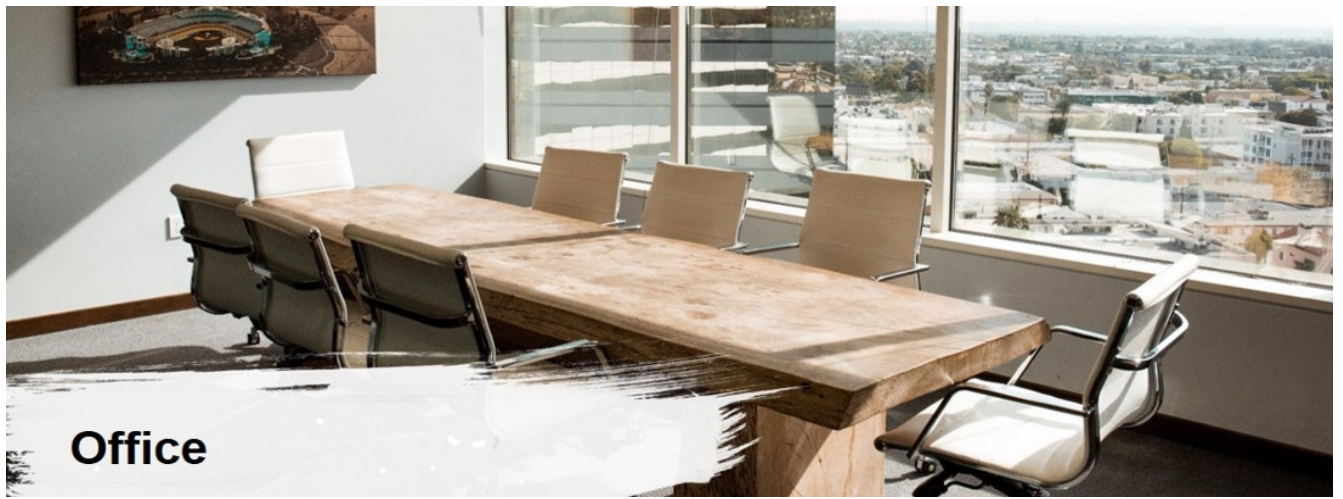


# Q3 2018



**Portugal  
Market Pulse**

Research Report



## Growth trend maintained through third quarter

- The third quarter had the best performance of the year, with a take-up of 57,454 sq m, reaching a total of 144,273 sq m YTD, 27% above the same period in 2017. This continued growth that has been felt in the last years is supported not only by the expansion of already established companies, but also by the growing perception of Portugal as a viable destination by several multinationals.
- The strong demand that is faced today is mainly towards high quality buildings with large areas, justifying the increase of the average occupied area to 902 sq m in the first 9 months of the year, compared with the 830 sq m registered at the end of 2017. The growing trend of coworking is also an important factor boosting demand in this type of spaces.
- The current vacancy rate is 8%. Vacancy is low and mainly of low quality. However, we see a robust pipeline taking shape, with over 690,000 sq m being added to the market in the next few years, 78,000 sq m of which will come in 2019.

## Quarter Analysis

Take-up	No of Operations	Average GLA
<i>57,454 sq m</i>	<i>52</i>	<i>1,105 sq m</i>
<i>Y-o-Y Growth: 62%</i>		

## YTD Analysis

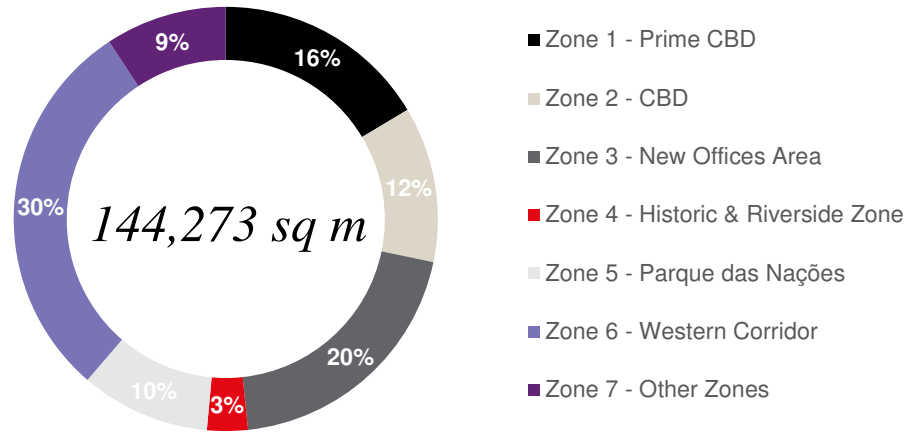
Take-up	No of Operations	Average GLA
<i>144,273 sq m</i>	<i>160</i>	<i>902 sq m</i>
<i>Y-o-Y Growth: 27%</i>		

## Main Transactions

Building	Tenant	Zone	GLA (sq m)
Office Park Carnaxide	Coriant Portugal	6	8,487
Open	Teleperformance	3	7,779
António Pedro, 111	MMC	7	4,897
Torre Zenith	Mapfre	6	3,150
Barata Salgueiro 33	Willis Towers Watson	1	2,785

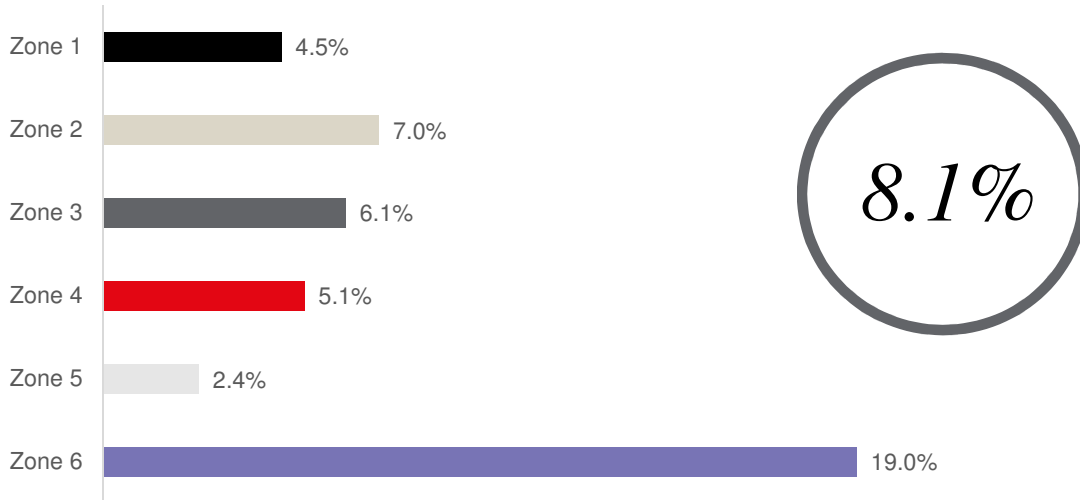
Take-up by Zone

Q1-Q3 2018



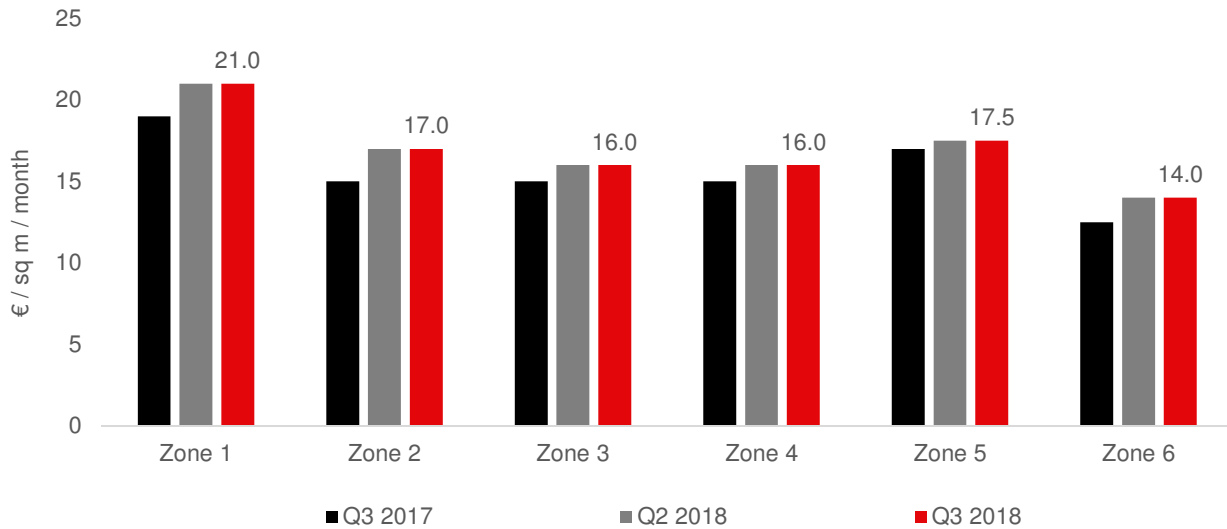
Vacancy Rate

Q2 2018

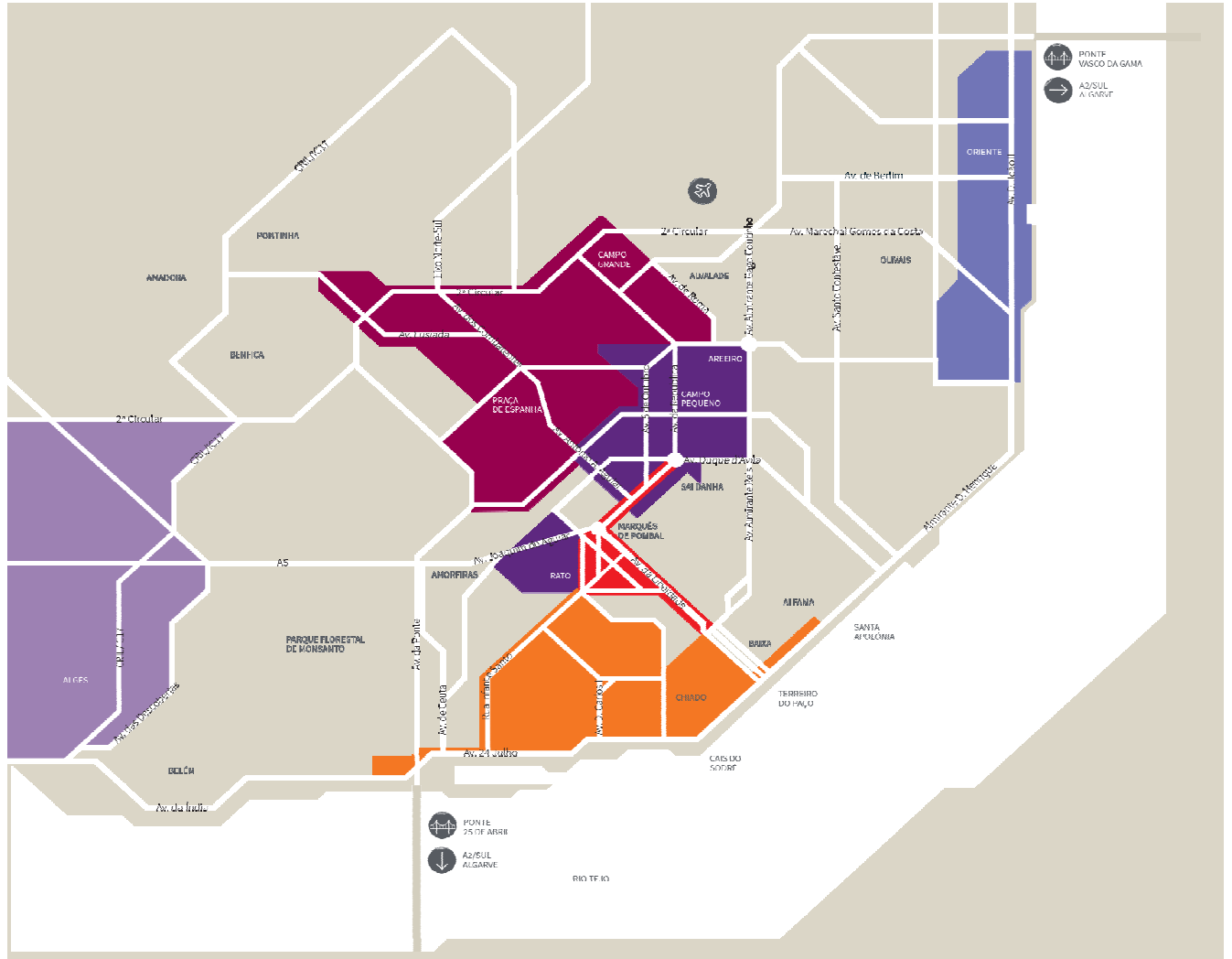


Prime Rents

Q3 2018

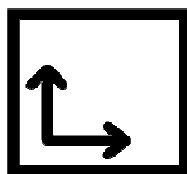


## Lisbon Office Zones



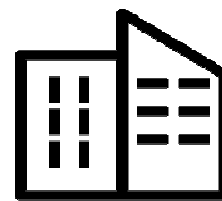
- Zone 1 - Prime CBD
- Zone 2 - CBD
- Zone 3 - New Offices Area
- Zone 4 - Historic & Riverside Zone
- Zone 5 - Parque das Nações
- Zona 6 - Western Corridor

## New Supply Q1 - Q3 2018



**Total GLA**

**34,193 sq m**

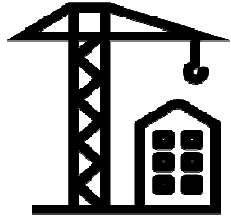


**No. of Buildings**

**8**

## Total Pipeline

691,452 sq m



99,063 sq m

Under Construction



76%

Speculative

## Buildings under construction

**Twin Towers** 10,000 sq m  
Zone 3 Concl. Year: 2019  
Speculative

---

**Quinta da Alagoa** 6,525 sq m  
Zone 6 Concl. Year: 2019  
Speculative

---

**Defensores de Chaves, 4** 4,000 sq m  
Zone 2 Concl. Year: 2019  
Speculative

---

**Hub Criativo do Beato** 30,000 sq m  
Zone 7 Concl. Year: 2019  
Speculative

---

**FPM 41** 18,538 sq m  
Zone 1 Concl. Year: 2019  
Pre-let: PLMJ; KPMG

---

**Exeo I** 30,000 sq m  
Zone 5 Concl. Year: 2021  
Speculative

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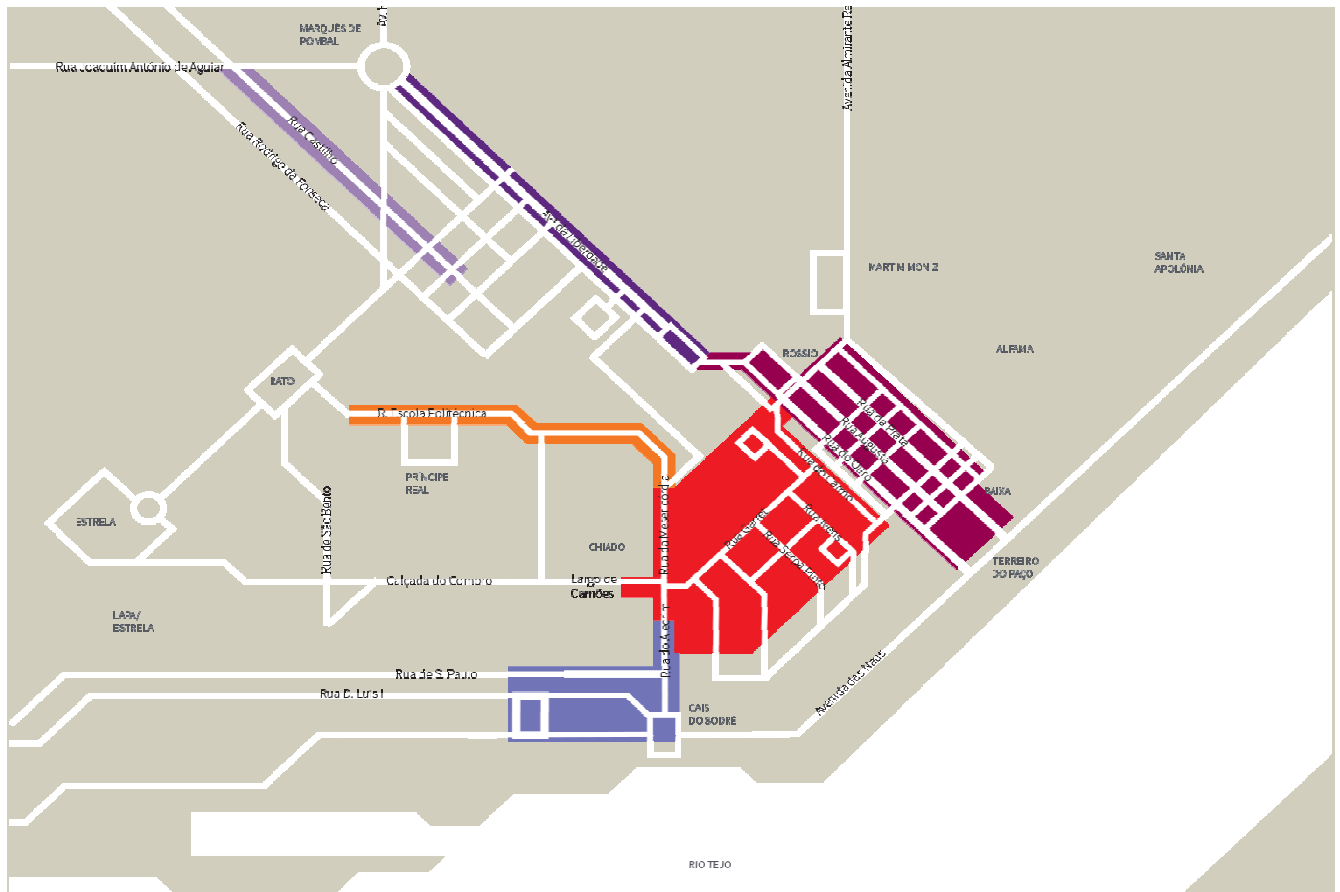




## Retail

### New experiences for a new consumer

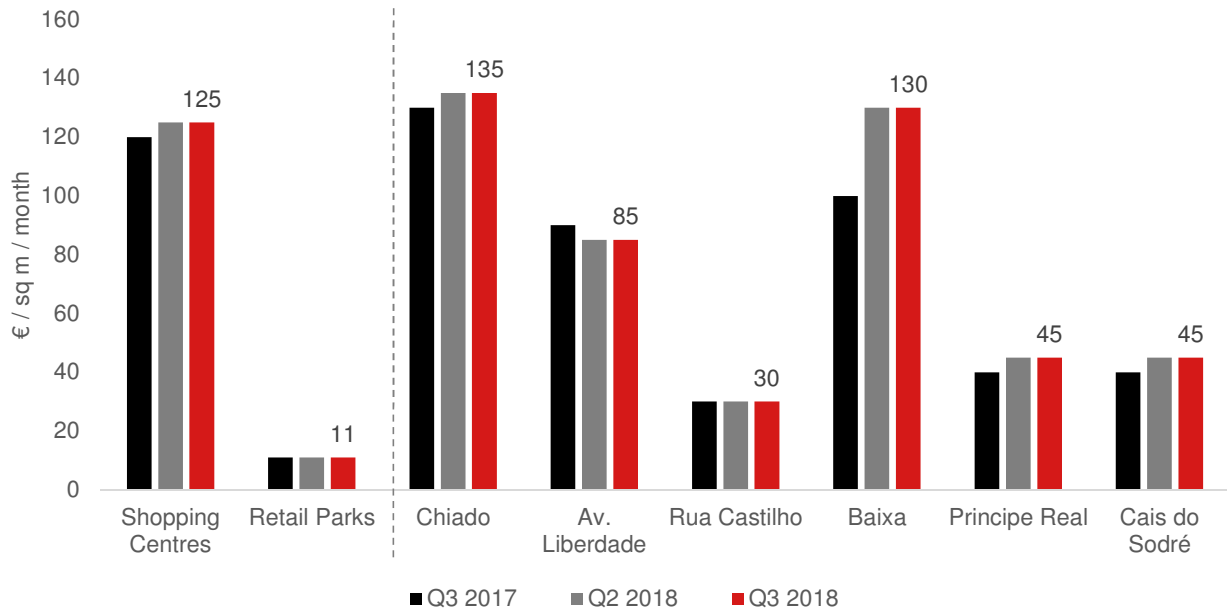
- The existing pipeline of shopping centres maintains the focus on expansions, which often lead to remodelling and renovations of the interior spaces, seeking to increase the variety and quality of supply and revealing the fundamental need to keep up with current trends to provide better experiences to visitors.
- High street retail keeps reflecting a very high demand. Tourism continues to be the great drive, but the new Portuguese lifestyle is taking the locals further and further into the "street", where they can find a different offer from the one they traditionally find in shopping centres.
- Restaurants still dominate the openings in the prime zones, which is in line with the global trend.



- Chiado
- Av. da Liberdade
- Baixa
- Príncipe Real
- Cais do Sodré
- Castilho

## Prime Rents

Q3 2018



## Shopping Centres

Q3 2018



**Pipeline**  
2018 - 2019

*50,000 sq m*



**Shopping Centres Stock**

*3,743,502 sq m*

## Main openings

High Street Retail - Lisbon

Q3 2018

**Chiado**  
Mano a Mano  
Degrau  
Carte d'Or  
H3  
Go Natural  
Paletteria

**Cais do Sodré**  
Sala de Corte  
Cantina Peruana

**Principe Real**  
Clube Lisboaeta  
Steve Madden  
Sumaya

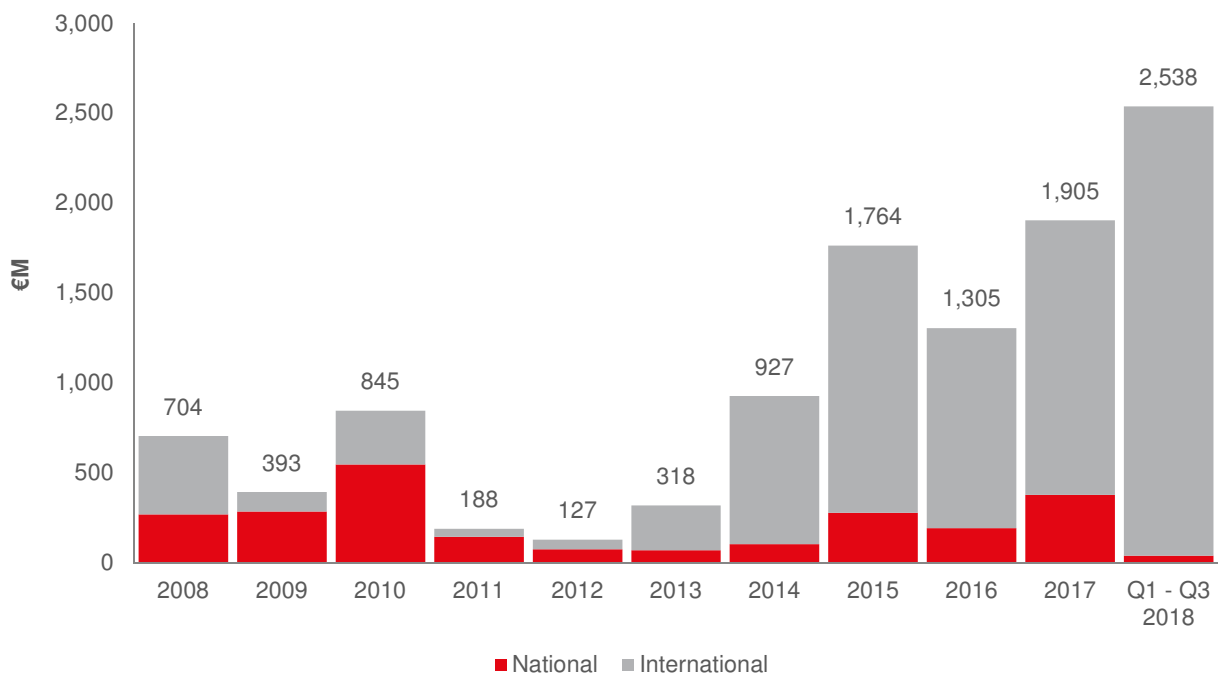
**Baixa**  
L'Eclair



## Commercial real estate consolidation

- The investment in commercial real estate continues to register record levels having exceeded € 2.5Bn at the end of the 3<sup>rd</sup> Quarter, contributing to a y-o-y growth over 80%. The retail sector remains the most important sector of investment, followed by office and mixed-use developments.
- The investment volume has been driven by a diverse and increasing number of investors of different nationalities and profiles. During this year we have witnessed a market transition, which started at the end of the crisis with a more opportunistic profile and now takes a core and value-add profile. This trend comes from the consolidation of the market and the consequent perception of lower risk.
- Real estate investment is also more diversified, with more opportunities to invest in alternative sectors such as senior and student housing, hospitals, clinics, PRS and logistics. Parallel to the volume of commercial real estate investment, with strong dynamism, are the transactions of large real estate and NPL portfolios held by banks that have to comply with the European guidelines for reducing the ratio of these assets in their balance sheets.

## Investment Volume Evolution





## Top 3 Transactions

Q3 2018

### Fidelidade Portfolio

**Buyer:** Apollo  
**Price:** > € 410 M  
**GLA:** 255,000 sq m  
**Sector:** Office, Retail, Residential

### Almada Forum

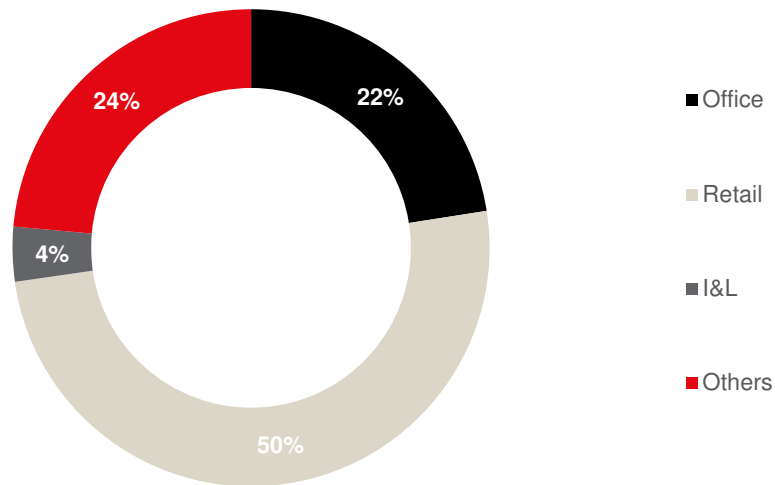
**Buyer:** Merlin Properties  
**Price:** € 407 M  
**GLA:** 60,000 sq m  
**Sector:** Retail

### Quinta da Fonte

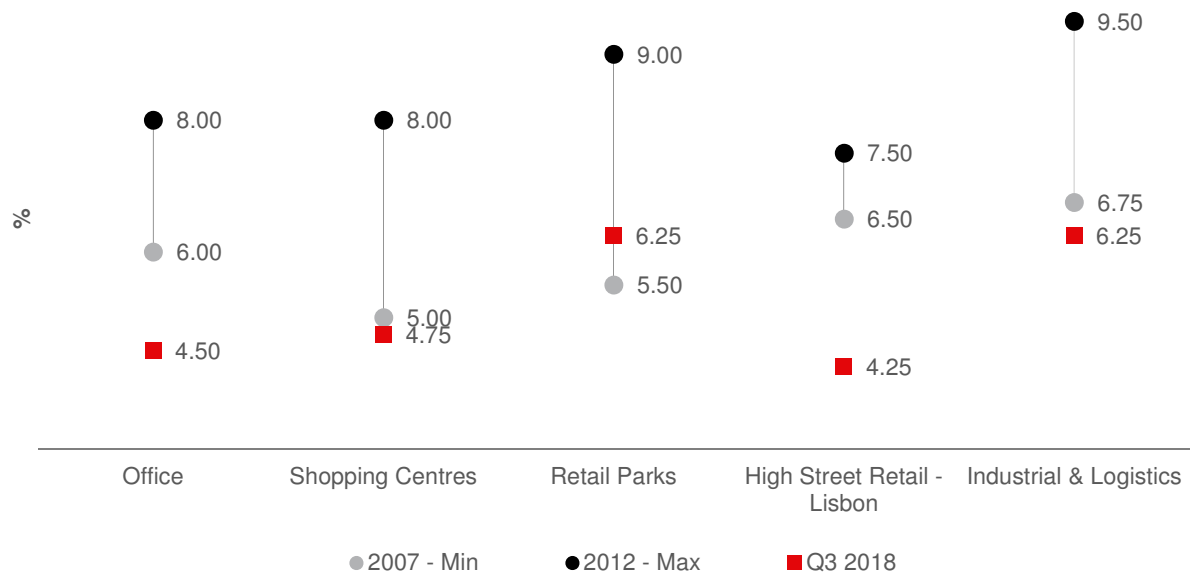
**Buyer:** Signal Capital  
**Price:** € 50 M  
**GLA:** n.d.  
**Sector:** Office

## Investment Volume by Sector

Q1 - Q3 2018



## Prime Yields Evolution



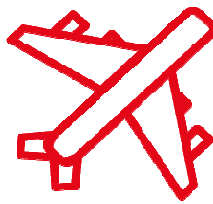


## Another quarter with growth activity

- In the 3<sup>rd</sup> quarter the residential market kept the growth trend with very positive numbers and new projects coming to the market, with the pipeline showing no sign of slowing down. Despite the new supply, the house prices in the 3<sup>rd</sup> quarter continued to grow in Lisbon with emphasis in the prime zones of Avenida da Liberdade, Riverside and Campo de Ourique.
- Some developments should be highlighted, such as The Bivart Residences, which has recently sold the last unit with all apartments sold in just 7 months, and the new launch of D.Luís Praça, in the Riverside Zone which will have 37 apartments.
- Once again, the quarter registered further diversification of nationalities buying home in Lisbon, such as Turkey and Switzerland. Brazilian, English and French buyers remain the main buyers.



57% International



39 Nationalities

### TOP 3

#### Foreign Buyers

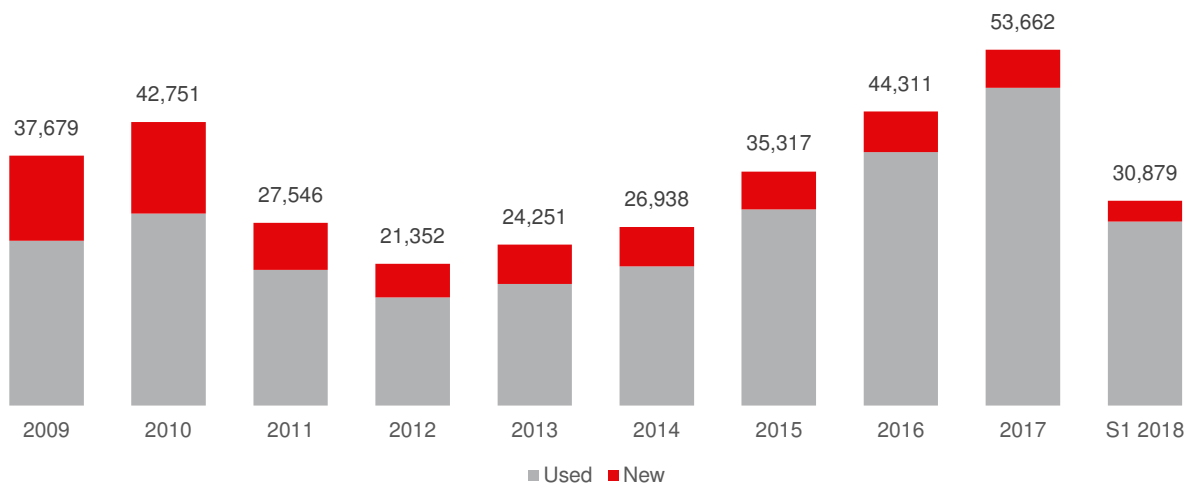
1<sup>o</sup> Brazil (25%)

2<sup>o</sup> United Kingdom (15%)

3<sup>o</sup> France (13%)

## Evolution of Apartments Sold

Lisbon Metropolitan Area



**POP Saldanha**

**Zone:** Avenidas Novas  
**Developer:** OISE - Civilria  
**64 Apartments**  
**98% sold in 6 Months**

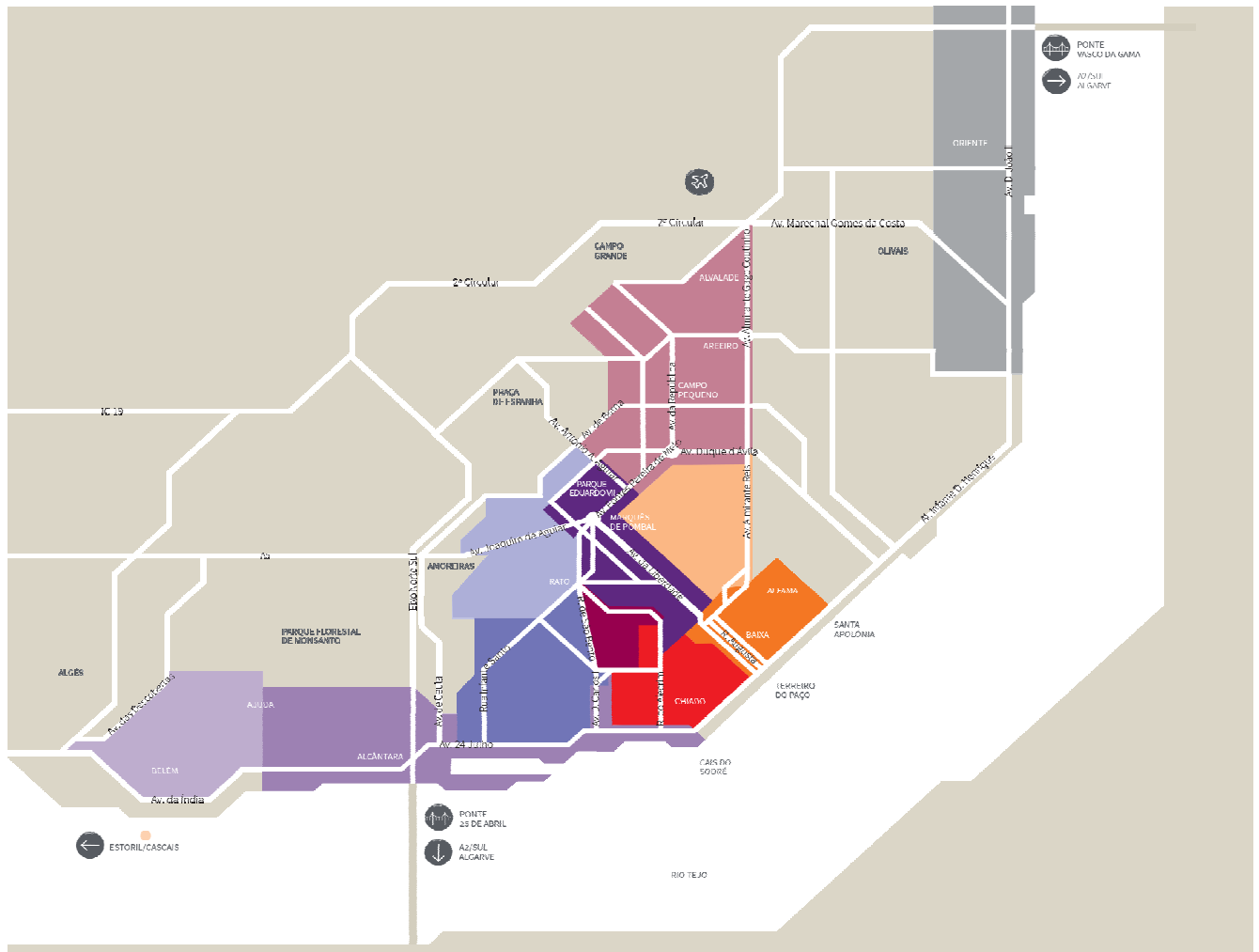
**The Bivart Residences**

**Zone:** Avenidas Novas  
**Developer:** OISE - Invest. e Gestão  
**31 Apartments**  
**100% sold in 7 Months**

**Douradores 168**

**Zone:** Baixa  
**Developer:** Cais d'Espirais  
**12 Apartments**  
**92% sold in 7 Months**

**Prime Residential Zones in Lisbon**



Prime Value

● Chiado	€ 6,500 - 9,500	● Avenida da Liberdade	€ 7,500 - 10,000
● Príncipe Real	€ 6,500 - 8,000	● Historic Zone	€ 5,000 - 7,000
● Lapa / Estrela	€ 5,000 - 6,500	● Riverside Zone	€ 5,000 - 6,500
● C. Ourique / Amoreiras	€ 4,500 - 6,000	● Avenidas Novas	€ 5,000 - 6,500
● Colina de Santana	€ 4,000 - 5,500	● Restelo / Belém	€ 4,500 - 6,000
● Parque das Nações	€ 3,500 - 5,500	● Estoril / Cascais	€ 5,000 - 12,000

# Contactos

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