

Q1 2019

A large, vibrant red abstract graphic with a jagged, paint-splatter-like edge is positioned on the left side of the cover, partially obscuring the city view.

Portugal
Market Pulse

Research Report



Lack of available space is preventing growth

- The office occupation market is following the same trend of last year, with total take-up in the first quarter reaching 41,779 sq m, 4% below the same period of 2018. It is expected that activity will increase once new space becomes available during the year, although much of the pipeline for 2019 is already pre-let.
- Opposed to what was seen last year, when most the activity took place in the Western Corridor, in this first quarter nearly half of occupation was in the Parque das Nações (48%), whilst the remaining half was mainly in the city centre - Prime CBD (8%), CBD (22%) and New Offices Zone (16%). This shows that, although companies are requiring high quality spaces, they still favour accessibility and centrality. It shows that companies today develop their offices more around their people than before.
- The current vacancy rate is 6%. Vacancy is low and mainly of low quality. However, we see a robust pipeline taking shape, with over 380,000 sq m being added to the market in the next few years, 78,000 sq m of which will come in 2019.

Quarter Analysis

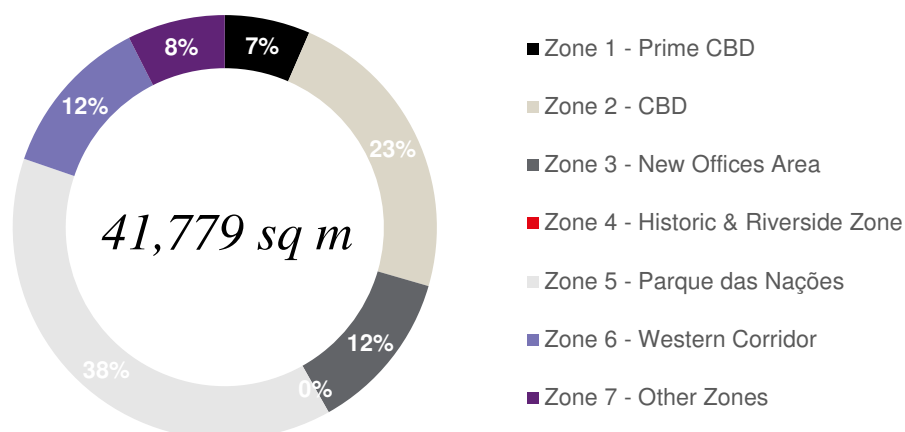
Take-up	No of Operations	Average GLA
<i>41,779 sq m</i>	<i>43</i>	<i>972 sq m</i>
<i>Y-o-Y Growth: -4%</i>		

Main Transactions

Building	Tenant	Zone	GLA (sq m)
José Malhoa, 22	Cimpor	3	2,599
José Malhoa 19	EVERIS	3	2,289
Filipe Folque, 2	West Tech Ventures	2	1,112
ARCIS	Ordem dos Revisores Oficiais de Contas	2	753
Condes	West Tech	1	475

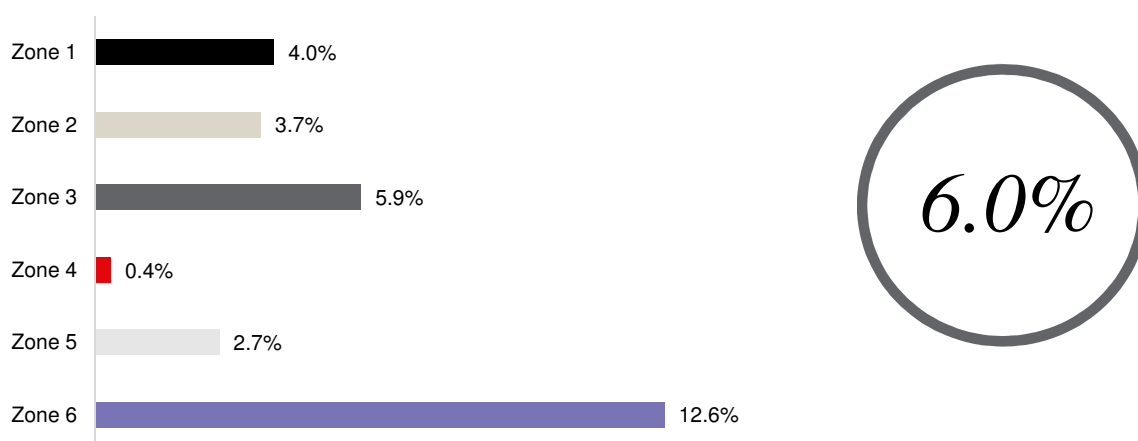
Take-up by Zone

Q1 2019



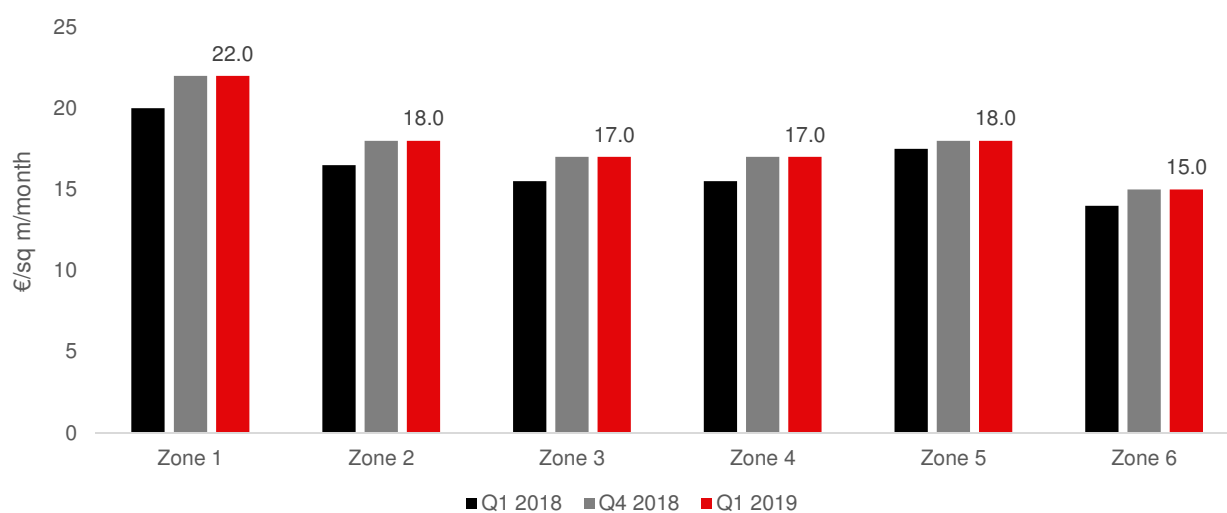
Vacancy Rate

Q1 2019

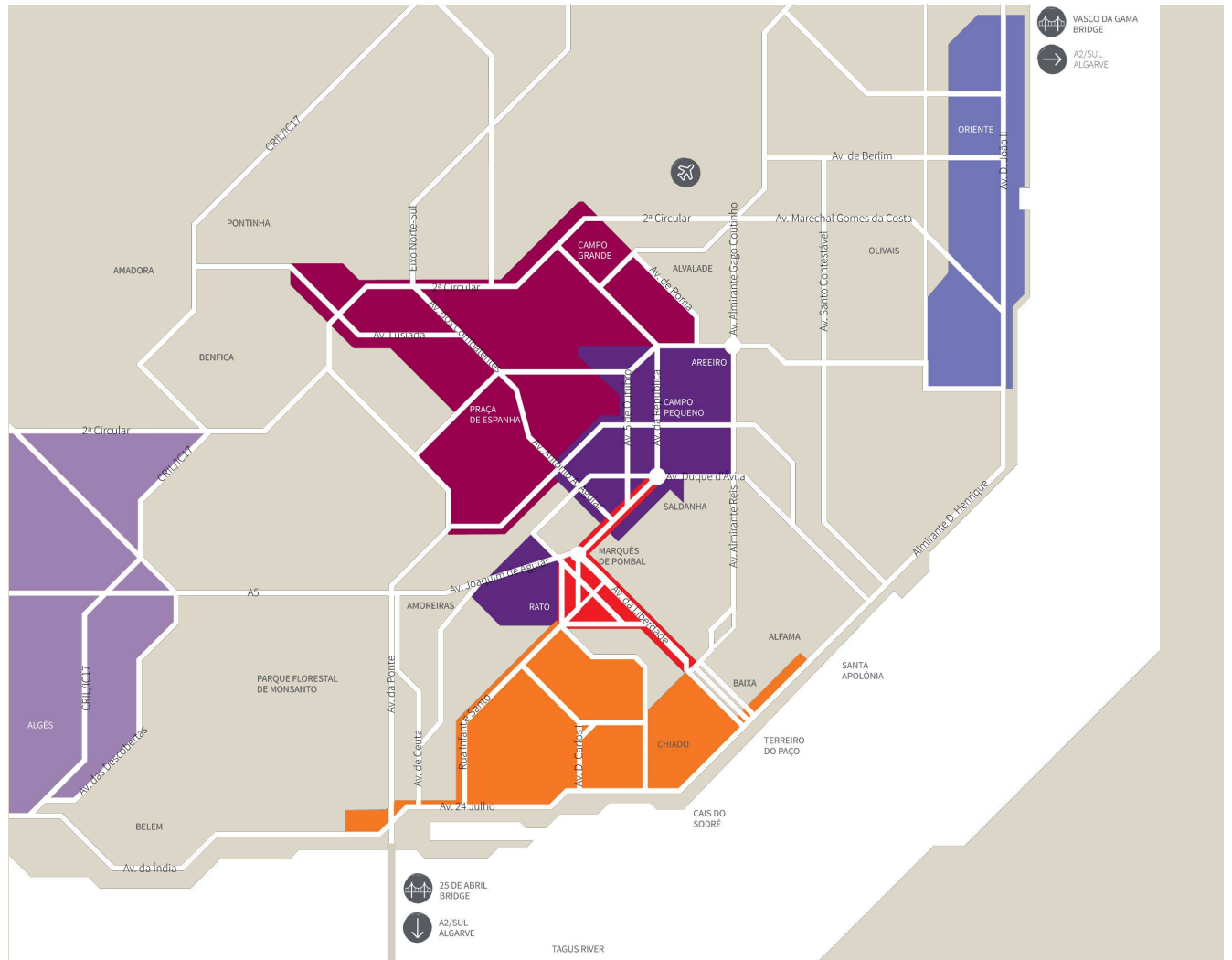


Prime Rents

Q1 2019

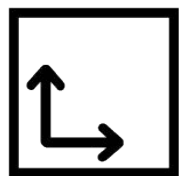


Lisbon Office Zones



- 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 2019



Total GLA

10,000 sq m

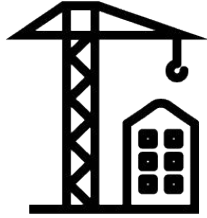


No. of Buildings

1

Total Pipeline

384,600 sq m



122,280 sq m

Under Construction



66%

Speculative

Buildings under construction

Beato Creative Hub 30,000 sq m
Zone 7 Concl. Year: 2019
Speculative + Pre-let

Nova Alcântara 34,540 sq m
Zone 4 Concl. Year: 2020
Speculative + Pre-let

Quinta da Alagoa (E2, E3 & E4) 9,417 sq m
Zone 6 Concl. Year: 2019
Speculative

Exeo I (Lumnia) 29,673 sq m
Zone 5 Concl. Year: 2021
Speculative

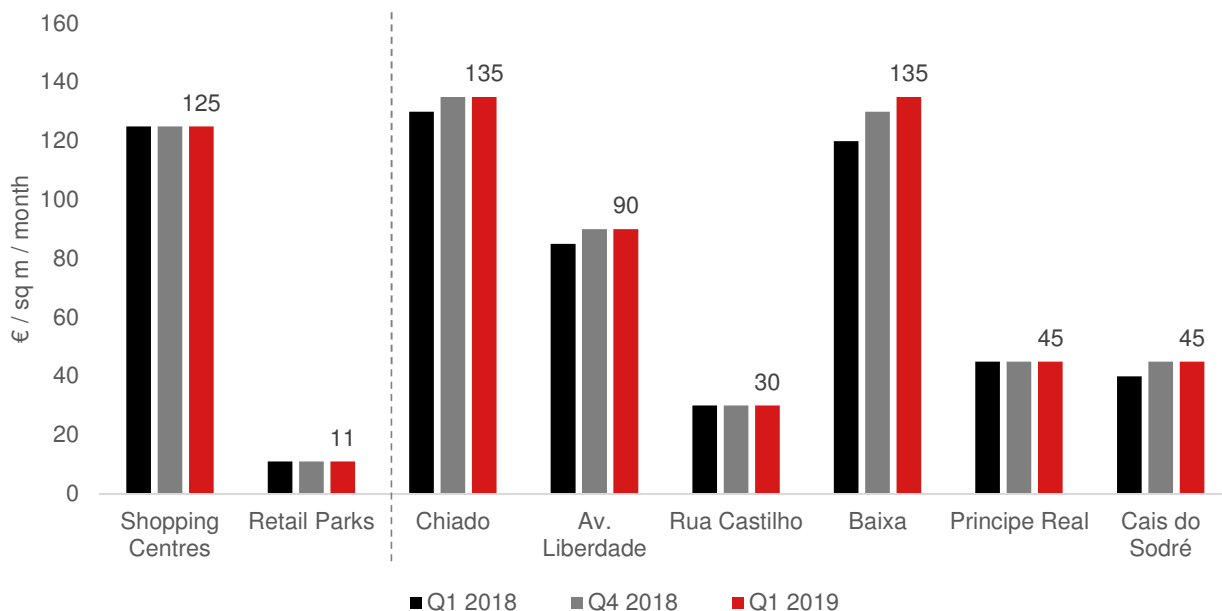
Defensores de Chaves, 4 4,000 sq m
Zone 2 Concl. Year: 2019
Speculative

K-Tower 14,650 sq m
Zone 5 Concl. Year: 2021
Speculative



Prime Rents

Q1 2019



Shopping Centres

Q1 2019



Pipeline
2019 - 2020

57,770 sq m



Shopping Centres Stock

3,737,502 sq m

Main openings

High Street Retail - Lisbon

Q1 2019

Chiado

Meat Me
Casa dos Prazeres
Rei da China

Principe Real

Jobim
Bernardo Atelier Lisboa

Baixa

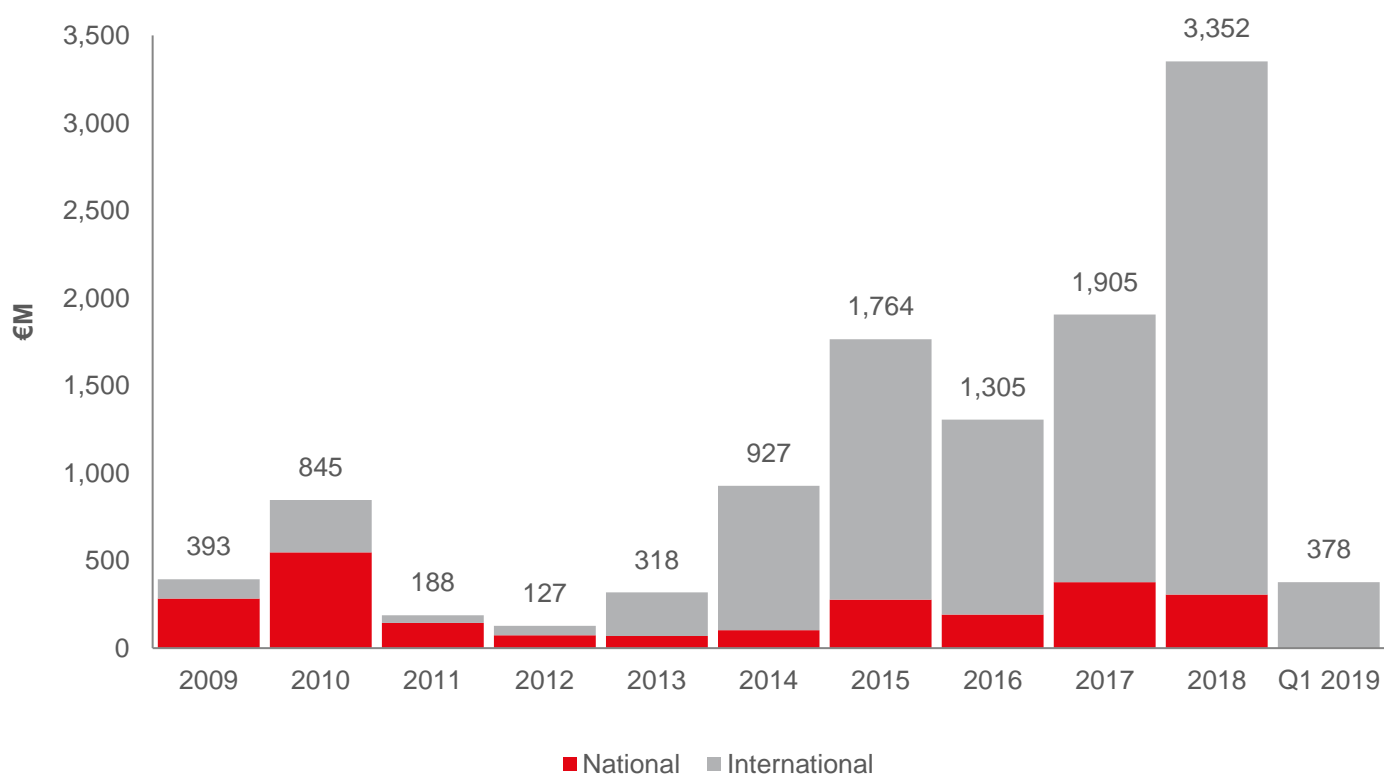
Up to Sushi
Jamon Jamon



Commercial real estate consolidation

- The first quarter of the year registered an investment volume of 378 million euros. This volume represents a significant decrease of about 55% Y-o-Y. This decrease in the volume of investment is justified by the lower number of shopping center transactions. On the other hand, office represented the largest transactions.
- While the investors' appetite for shopping malls is slowing, there has been registered an increase in the appetite for high street retail and retail parks due to the perception that these type of assets is more resilient and complementary to the growing phenomenon of e-commerce.
- Real estate investment is also more diversified, with a growing interest in the alternative asset class, which is evidenced by the acquisition of two student housing projects by Xior for € 28M. Out of the volume of commercial real estate investment, but with strong dynamism, are the transactions of large portfolios of real estate assets and NPLs held by the bank.

Investment Volume Evolution



Top 3 Transactions

Q1 2019

Art's Lisboa & Torre Fernão Magalhães

Buyer: Merlin Properties
Price: > € 110M
GLA: 30.000 sqm
Sector: Escritórios

Portfolio - 16 Assets

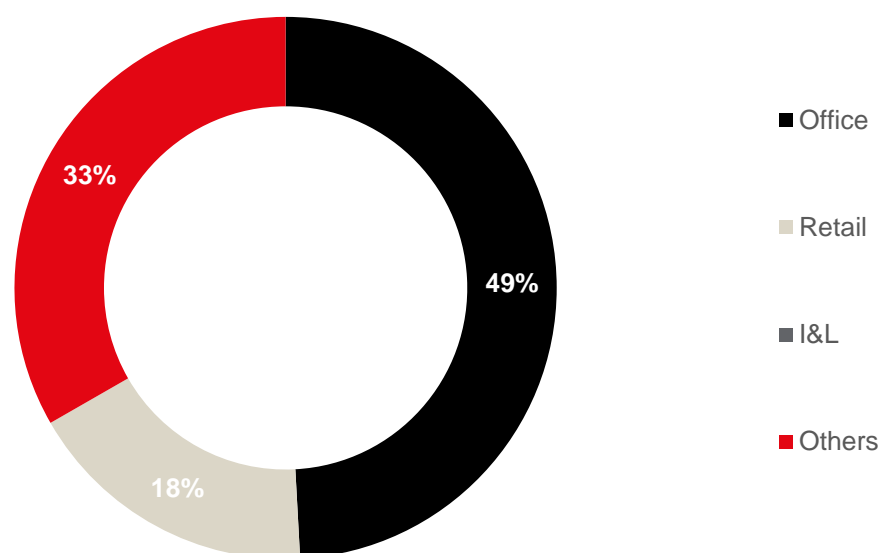
Buyer: M7 Real Estate
Price: € 55,7M
GLA: n.d. sqm
Sector: Retail, Logistics & Office

Barreiro Retail Park

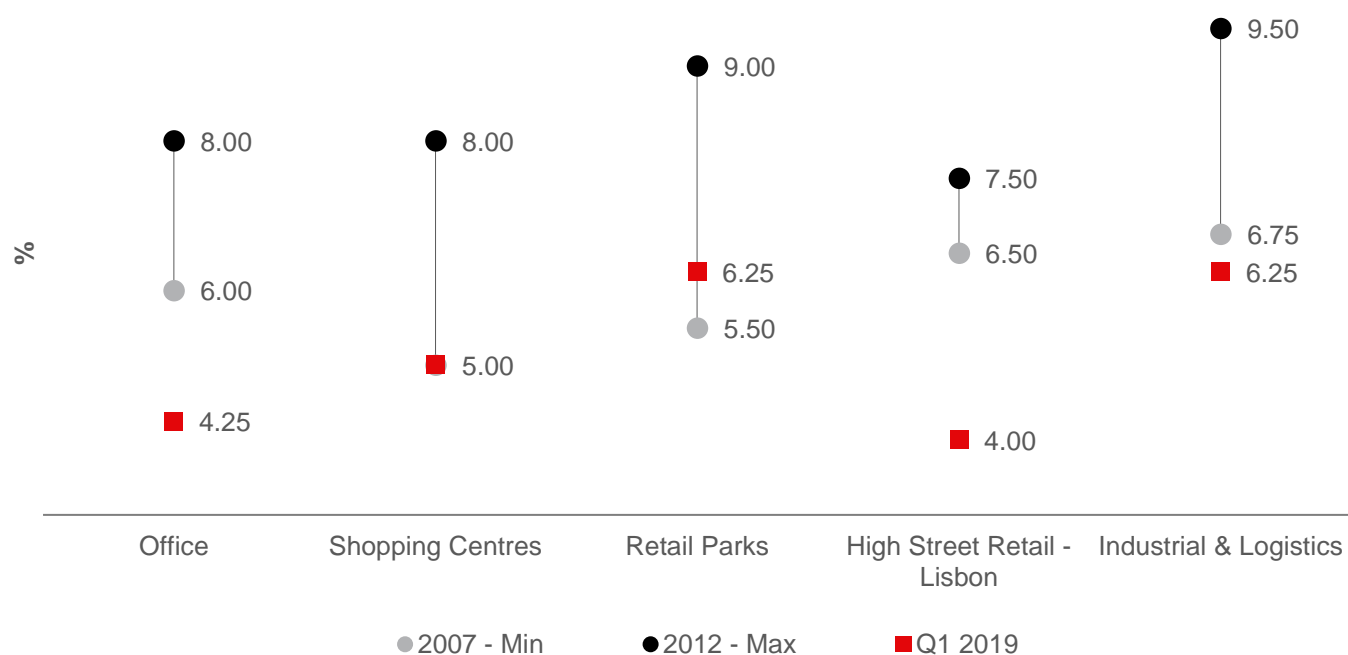
Buyer: AM Alpha
Price: > € 50M
GLA: 35.000 sqm
Sector: Retail Park

Investment Volume by Sector

Q1 2019



Prime Yields Evolution





Another quarter with growth activity

- Following the end of 2018, the first quarter of this year followed the trend of stabilization of house prices. Even though the price index for Lisbon increased 16% in Q4 2018, versus Q4 2017, the pace of growth was slower than the previous quarter.
- The Santo António parish has experienced less activity, with the Avenidas Novas and Santa Maria Maior parishes leading in terms of transactions. However, the Avenida da Liberdade zone is still transacting above €10.000 per sqm, maintaining the position as leader in the luxury residential market.
- The latest results from the confidence Portuguese Housing Market Survey show that the expectations from operators is that prices continue to grow, however much less than the previous couple of years, with a progressive mitigation of rhythm.



57% International



45 Nationalities

TOP 3

Foreign Buyers

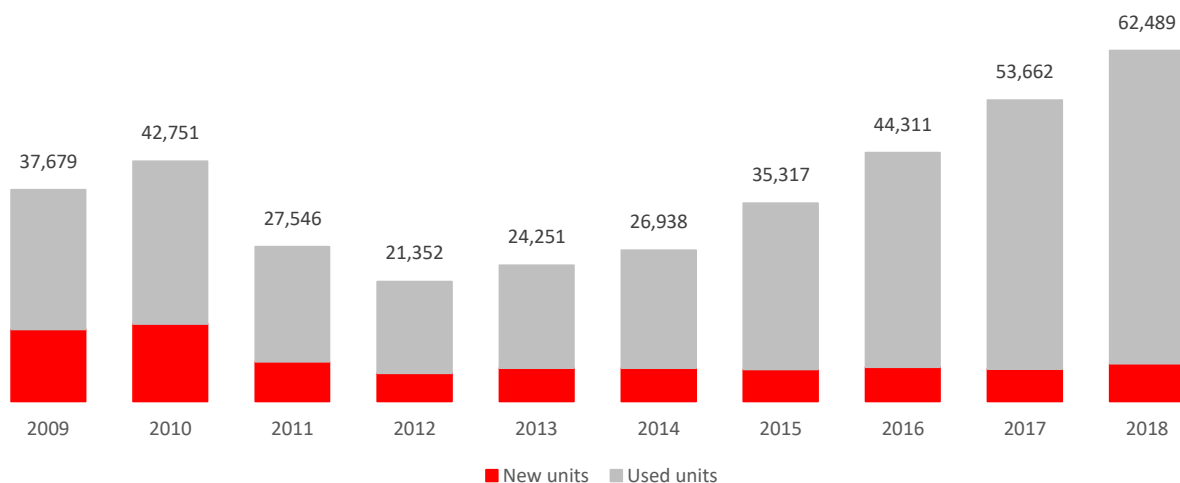
1º Brazil (25%)

2º United Kingdom (13%)

3º France (11%)

Evolution of Apartments Sold

Lisbon Metropolitan Area



TOP 3 Developments

Q1 2019

Rodrigo da Fonseca 40

Zone: Avenida da Liberdade

Developer: EMGI

64 Apartments

75% sold in 4 Months

Casal Ribeiro - Relaunch

Zone: Avenidas Novas

Developer: Stakecorp

Relaunch of 16 Apartments

100% sold in 4 Months

West Liberdade

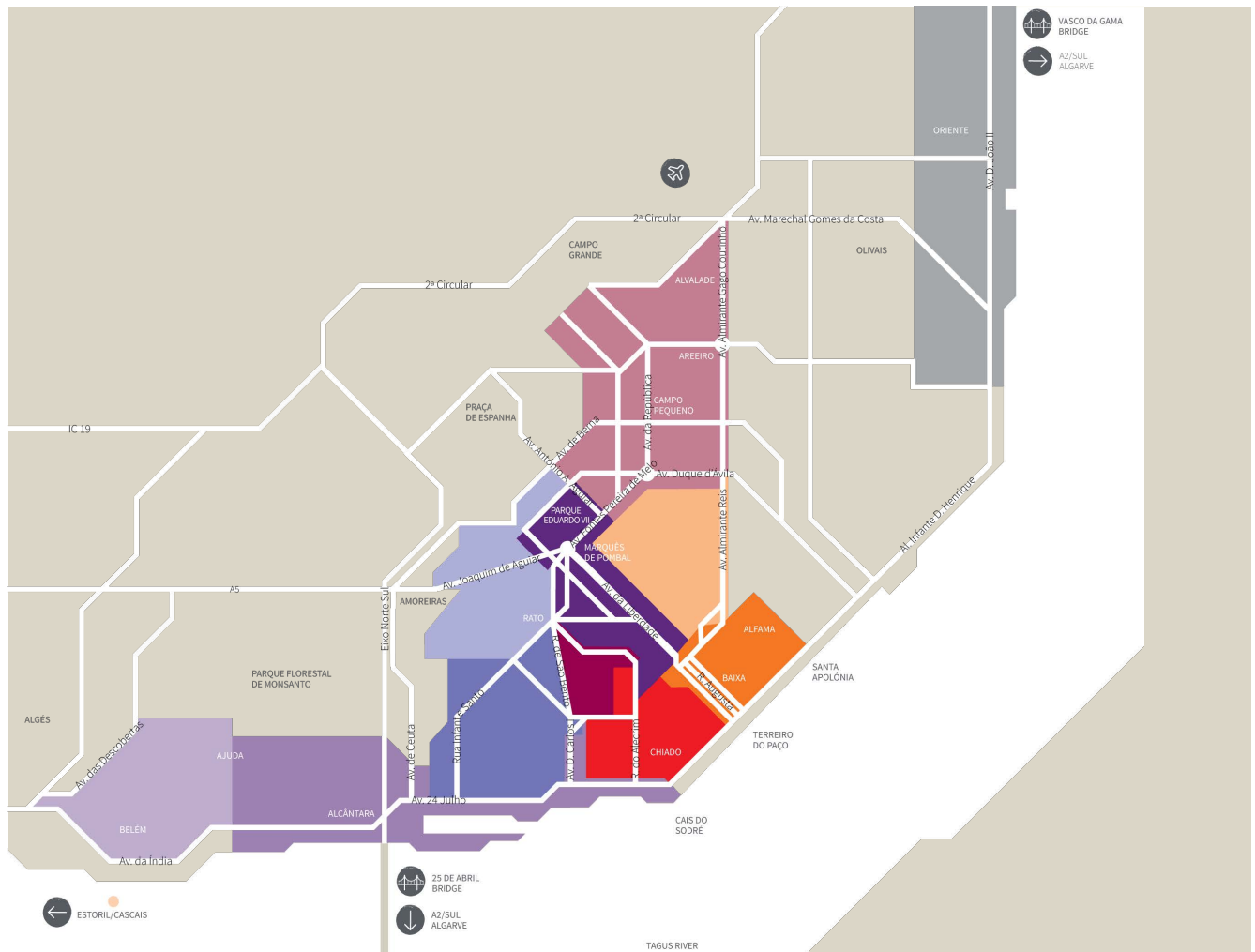
Zone: Avenida da Liberdade

Developer: Invest Design

14 Apartments

100% sold in 2 Months

Prime Residential Zones in Lisbon



Prime Value

Q1 2019

● Chiado	9,500	● Avenida da Liberdade	10,500
● Príncipe Real	8,500	● Historic Zone	7,500
● Lapa / Estrela	6,500	● Riverside Zone	6,000
● C. Ourique / Amoreiras	6,500	● Avenidas Novas	6,500
● Colina de Santana	5,500	● Restelo / Belém	5,500
● Parque das Nações	5,500	● Estoril / Cascais	8.000 / 10.000

Contactos

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