PORTUGAL
REAL ESTATE MARKET OVERVIEW

Q1 2023

savills

ECONOMIC OVERVIEW | Projections

According to the most recent projections from the Bank of Portugal published in the March 2023 Bulletin, the Portuguese economy should grow 1.8% in 2023 and 2% in 2024 and 2025, after having closed 2022 increasing 6.7%.

The inflation rate is expected to fall from 8.1% in 2022 to 5.5% in 2023, 3.2% in 2024 and 2.1% in 2025.

The less pronounced increase in 2023 results from lower contributions of private consumption and exports - in particular of the tourism sector - after the recovery from pre-pandemic levels. The increase in growth to 2% in 2024 and 2025 will be based on the greater contribution of consumption and investment, on the recovery of disposable income, on more stable financing conditions, and lower inflationary pressures.

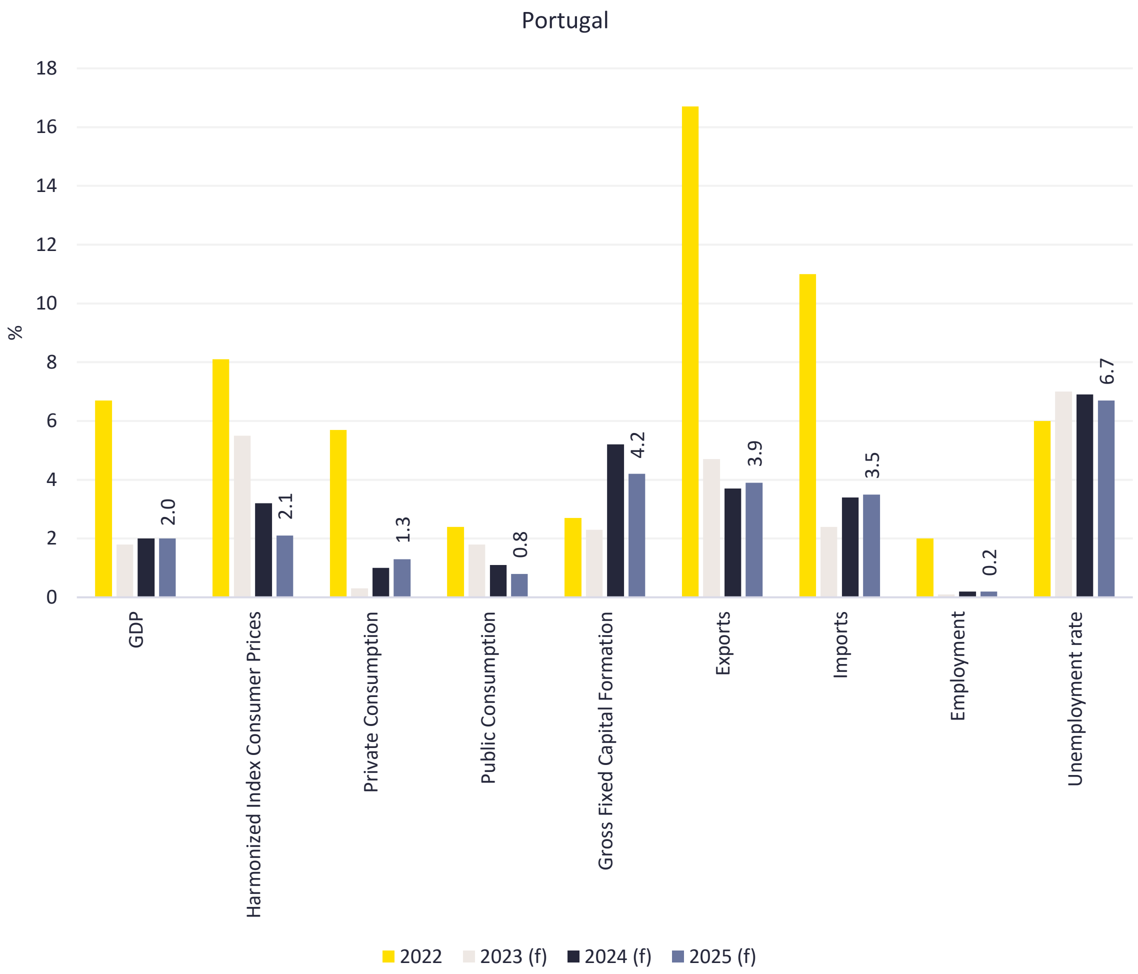
In 2023, the private consumption should grow 0.3%, justified by the more moderate increase in disposable income and by the recovery of the household savings rate. The effects associated with rising inflation and worsening financial conditions should continue to be a conditioning agent on the evolution of consumption throughout 2023.

Risks:

- Worsening financing conditions
- Increased geopolitical tensions

Opportunities

- Stronger labor market
- Stronger recovery of real wages
- More dynamic external demand



Source: Bank of Portugal

INVESTMENT MARKET

01

INVESTMENT MARKET | Q1 2023

At the end of the 1st quarter of 2023, Portugal's real estate investment market added a total investment volume of 234 million euros, down 10% when compared to the homologous period of last year. The drop was more notable compared to the pre-pandemic period (-52% and -72% when compared to the first quarters of 2019 and 2018).

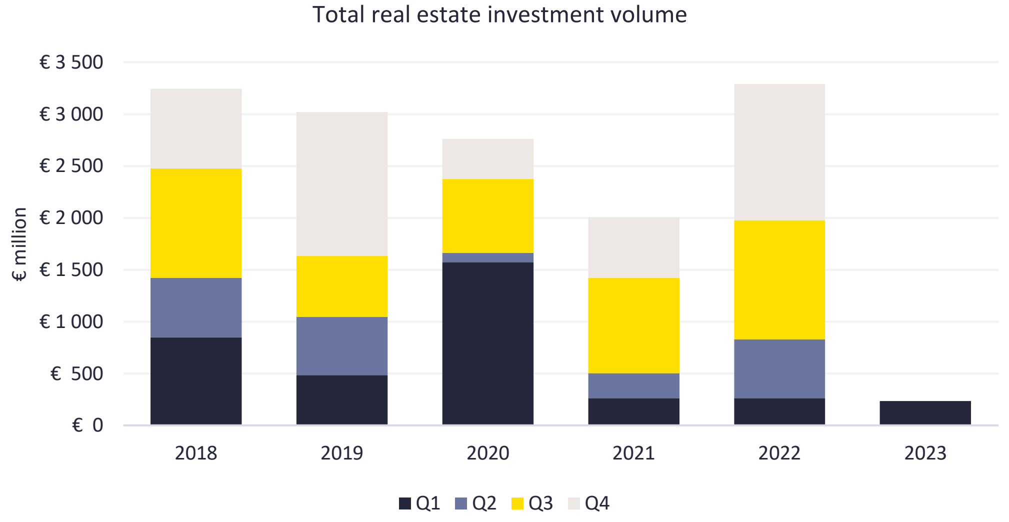
A total of 14 transactions were closed, with the retail segment leading the way due to the sale of Portfolio Amália, comprising 49 supermarkets sold by Trei Real Estate of Tengelmann Group to LCN Capital Partners for EUR 150 million.

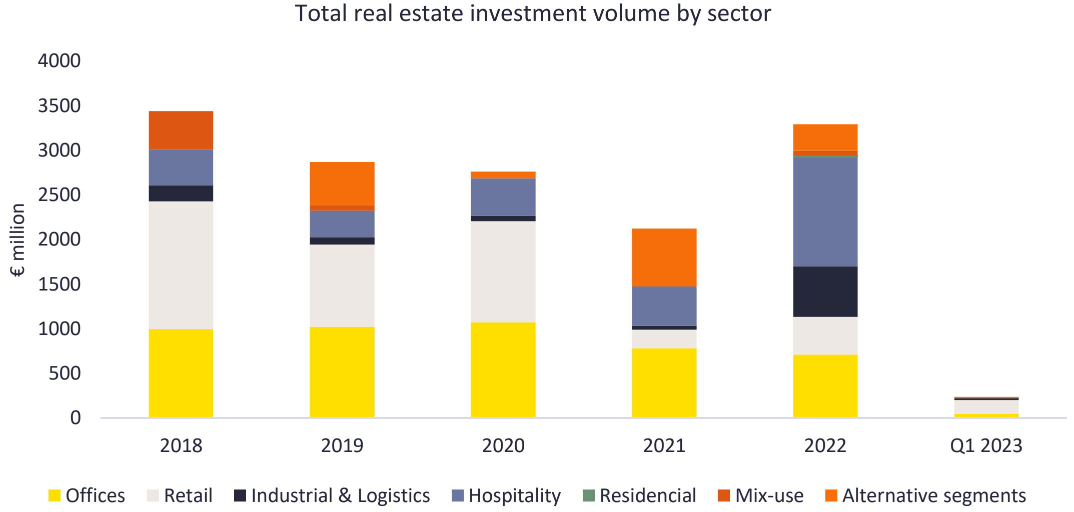
High Street Retail in Lisbon and Porto also continues to attract the attention of international private investors, with average investment tickets of around 1 million euros.

In the office sector, the sale of Building Castilho 20, in the Prime CBD area, for an estimated value of 30 million euros, and the sale of the Bayer headquarters to a national family office, were closed. At the end of the 1st quarter of 2023, the performance of the office sector suffered a decrease when compared to the amount of 133 million euros registered in the same period of 2022.

The Industrial & Logistics sector added nearly 23 million euros, with the sale of 20 million euros of two Dan Cake factories to a Real Estate Fund. When compared to the same period in 2022, there was a 44% decrease in the total volume of investment in this sector.

The alternative sectors remained active and totalled nearly 12 million euros, split between the sale of the CUF Montijo Hospital and the European University Building - Lispólis Technological Pole.



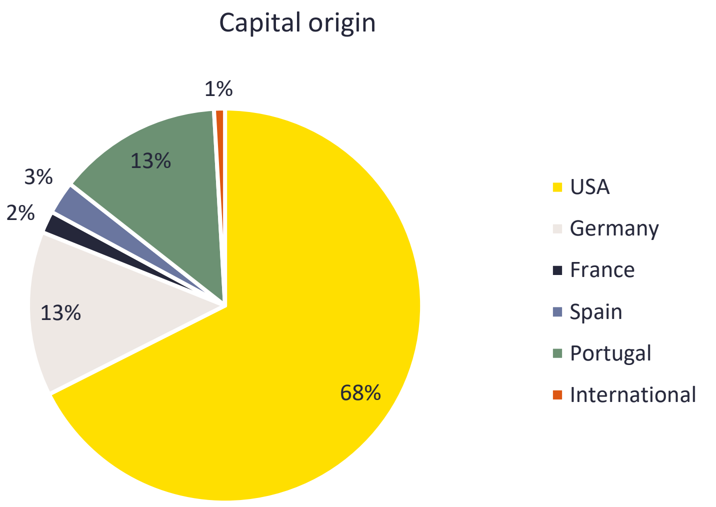


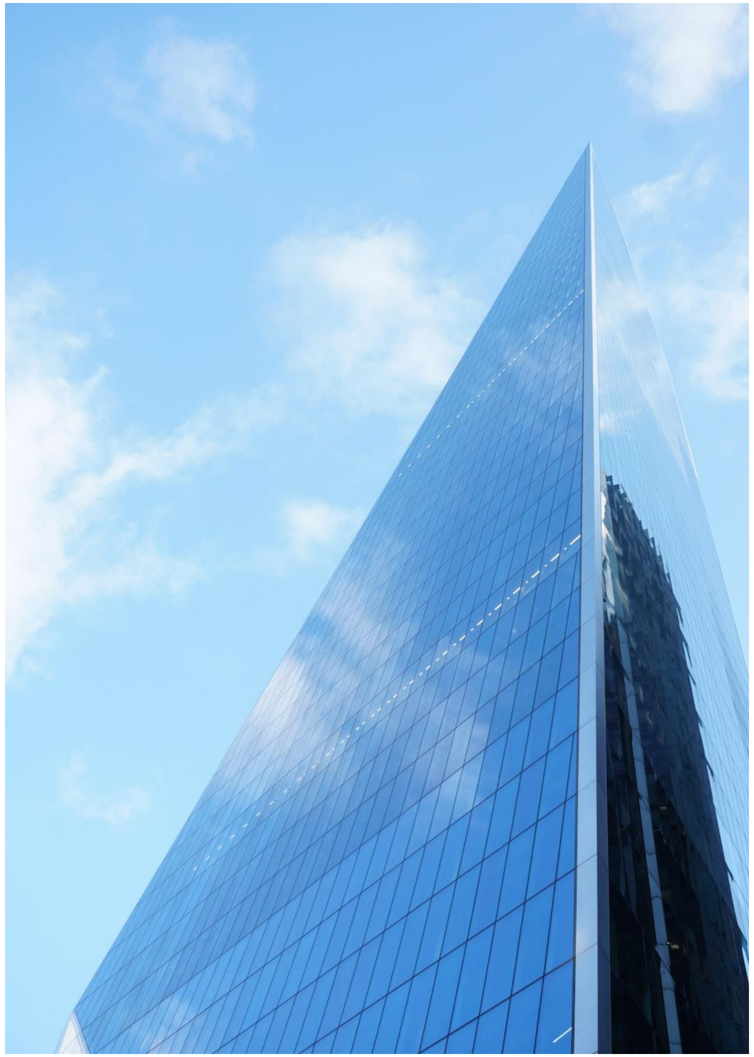
Source: Savills Research

INVESTMENT MARKET | Q1 2023

The cross-border capital remains dominant in the Portuguese property investment market. In Q1 2023, US LCN Capital Partners accounted for 68% of total investment volume, followed by investors from Germany with 13% and Portuguese investors also with 13%.

Private Equity funds accounted for 70% of the total investment volume in Q1 2023, a value highly leveraged by the LCN Capital Partners transaction, followed by Real Estate Investment Funds with a sum just over €50 million and directed to the office and industrial & logistics sectors. Private investors concentrated their investments in high street retail.





Top deals Q1 2023

Asset	Sector	Sub-Sector	Seller	Buyer	Investment Volume (€M)
Portfolio Amália	Retail	Supermakets	TREI Real Estate	LCN Capital Partners	150 M
Building Castilho 20	Offices	Offices	DEKA Fund	DEKA Fund	30 M
Two Factories - Dan Cake	Industrial & Logistics	Factory	Dan Cake	CA Património Crescente	20 M

Source: Savills Research

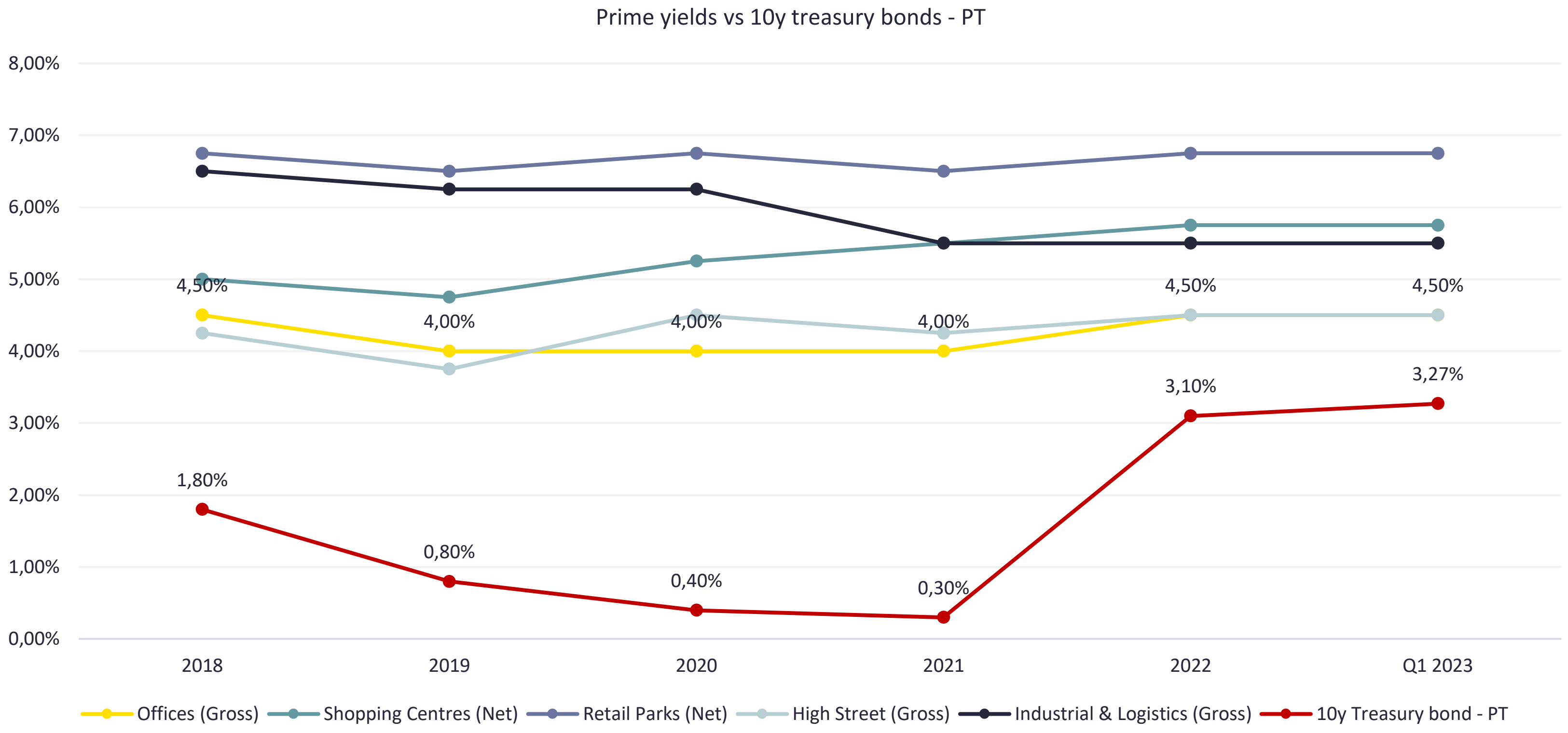
INVESTMENT MARKET | Q1 2023

The economic context of greater unpredictability, with effects on the increase of financing costs, has been the reason for the increased periods of decision processes.

At the close of the first quarter of 2023, the forecasts that had been advanced at the end of 2022 remain unchanged. Office and industrial & logistics assets continue to generate demand, driven by positive take-up levels. However, we may see a further contraction in investment volumes in 2023, due to price expectations, which has impacted assets with a more “core” profile and increased prime product scarcity.

On the other hand, there is an increased interest in the development and value-add assets and the so-called alternative segments, the latter highly supported by an advantageous demographic context which is consistent with the development of more products in these asset classes.

Prime yields have been decompressing since the end of 2022, and it is expected that in the next quarter, we may see further adjustments of around 25 bps, particularly in the office segment, to accommodate financing costs.



Source: Savills Research

02

LISBON OFFICE MARKET OVERVIEW

LISBON OFFICE MARKET| Q1 2023

Stock
4 417 848 sq m
(+0.2% Q4 2022)

Closed deals
41
(-9% Q1 2022)

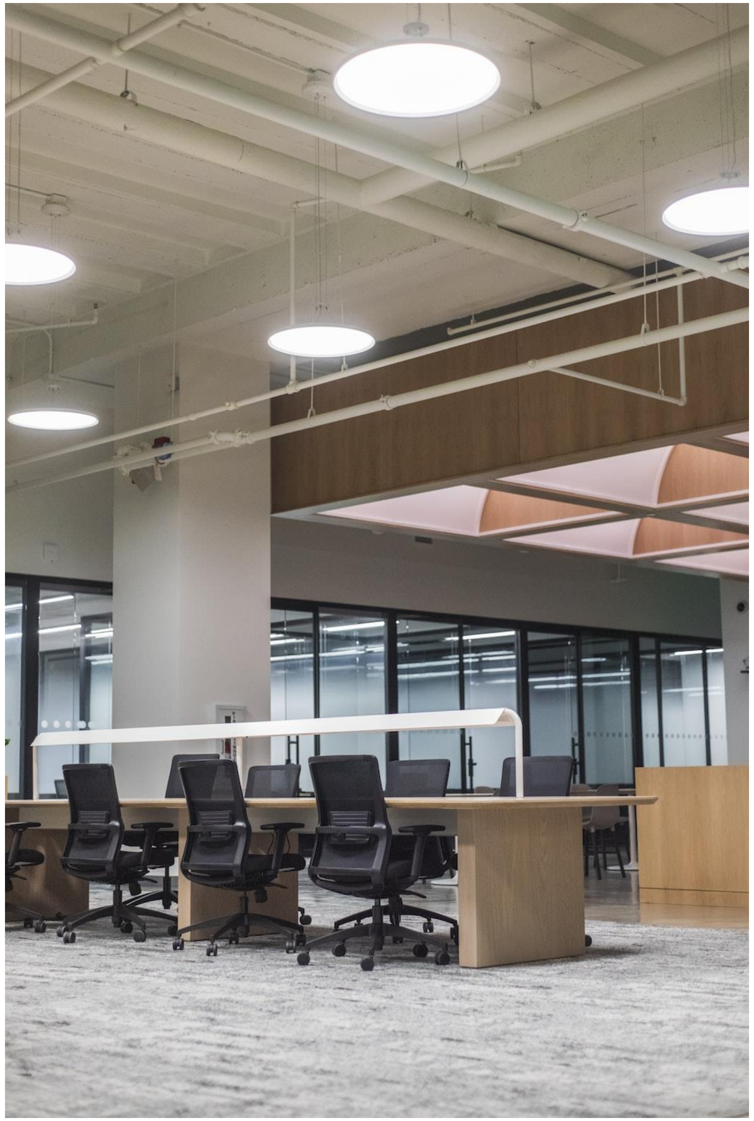
Take-up
19,906 sq m
(-69% Q1 2022)

Vacancy rate
9,21%
(8,25% Q4 2024)

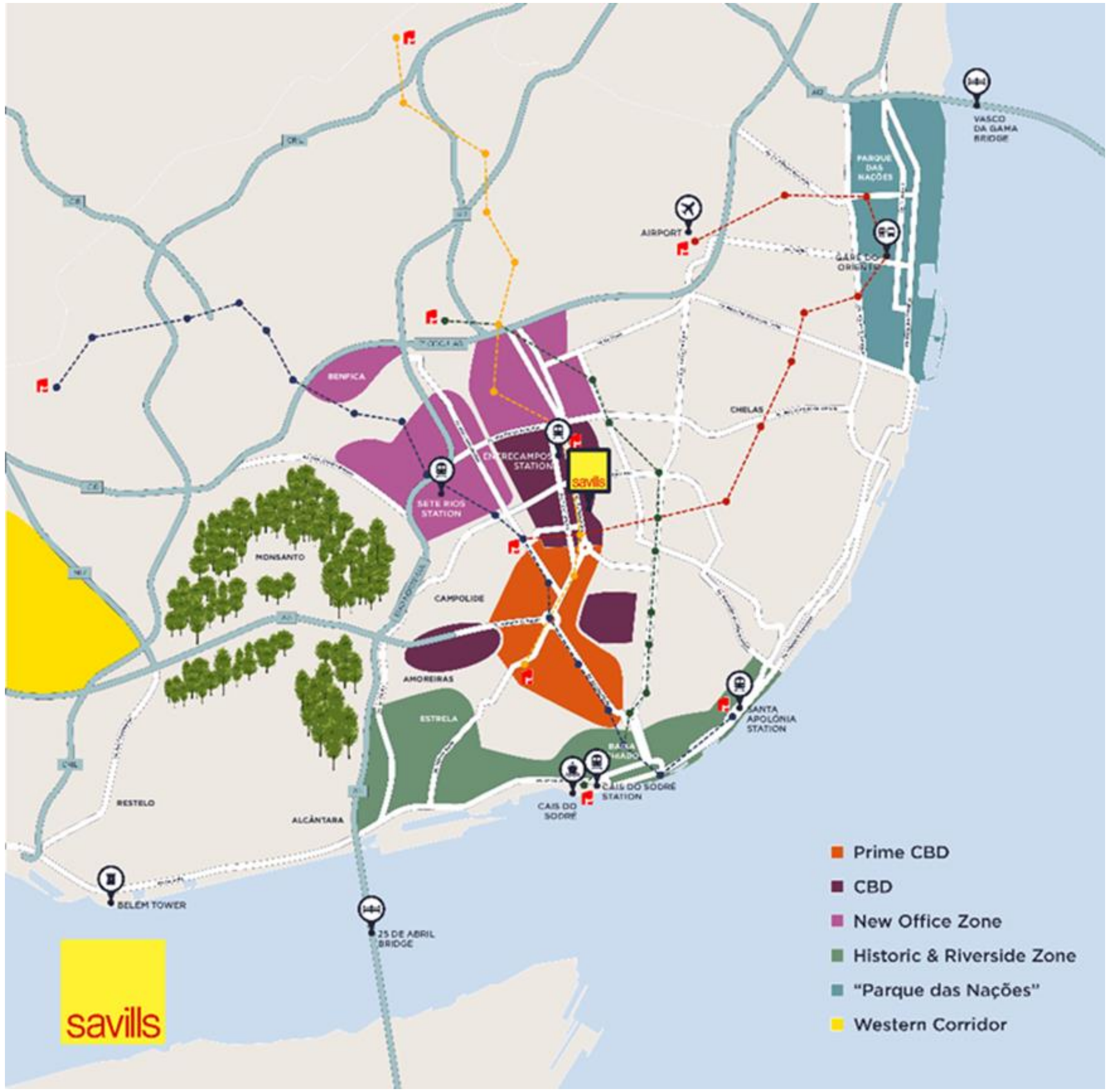
Highest take-up
Zone 3
3,794 sq m

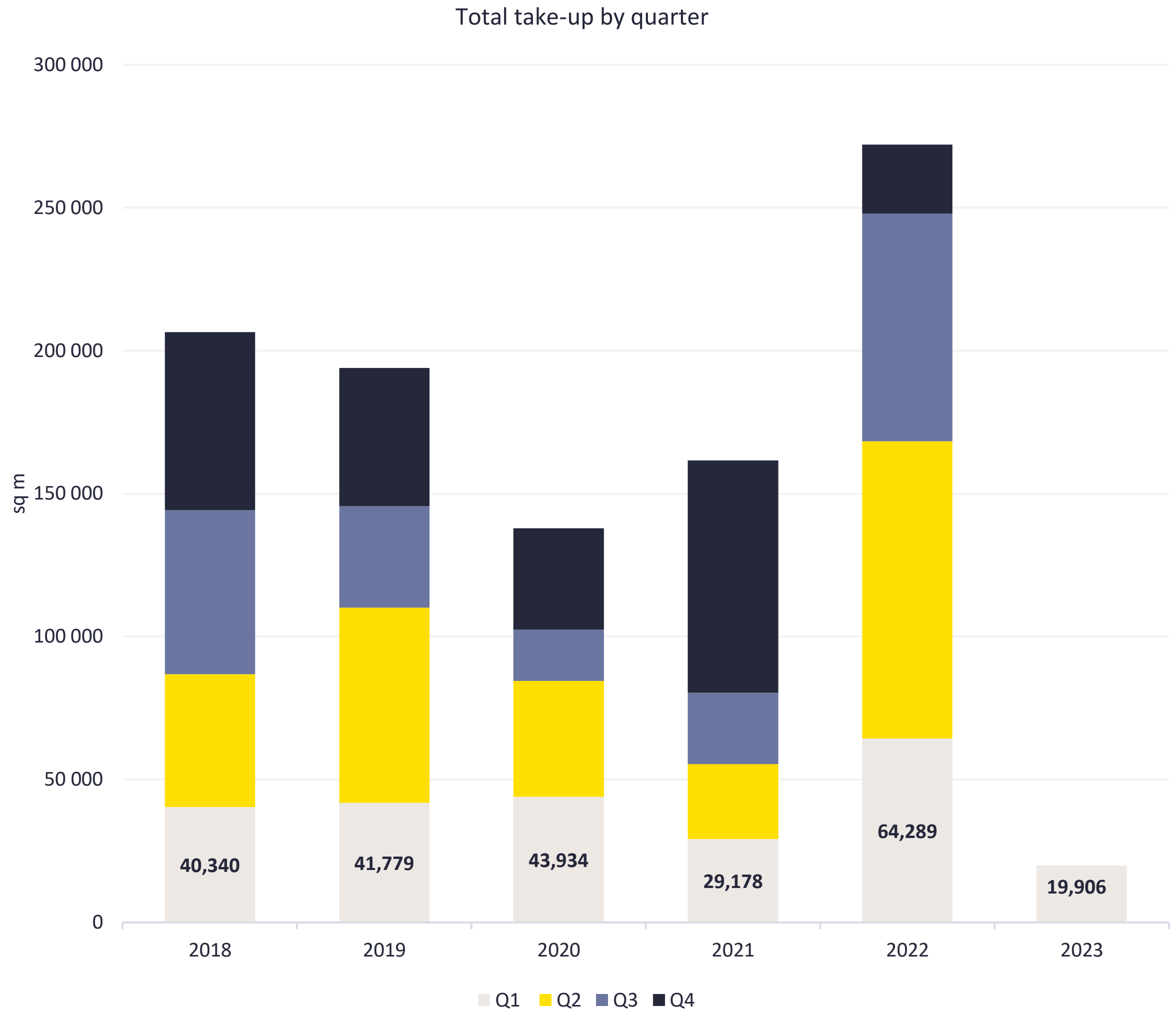
Prime rent
26€/sq m/month
stable

Source: Savills Research | LPI



LISBON OFFICE MARKET| Q1 2023





Source: Savills Research

LISBON OFFICE MARKET| Q1 2023

At the end of the 1st quarter of 2023, the Lisbon office market accounted for a total take-up volume of 19,906 sq m, a sharp drop of 69% when compared to the same period in 2022.

In comparison with the average of the first quarters of the last 5 years, the result also stood 55% below the average of 43 900 sq m.

Zones 3 (New Office Zone) and 6 (Western Corridor), with 3,794 sq m and 3,729 sq m respectively, registered the highest take-up volumes in the first three months of the year.

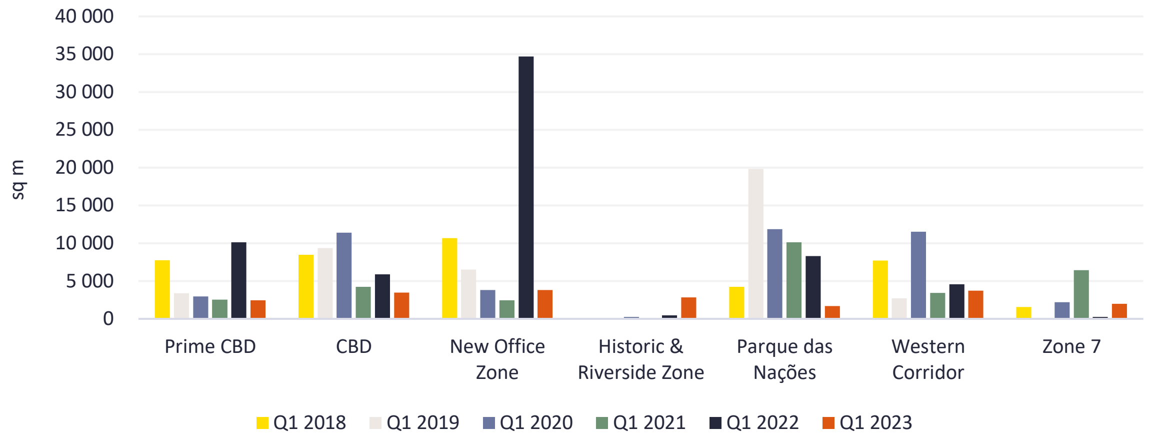
Even so, the values achieved were not enough to avoid year-on-year decreases of around 89% and 19%. In contrast, zone 4 (Historic & Riverside zone) has seen a gradual increase in take-up closing the quarter with 2,840 sq m, well above the 428 sq m closed in the first quarter of 2022. Zone 7 (Other zones) also recorded a positive balance, with the closure of approximately 2,000 sq m, in a performance that has remained consistent with the average over the last 5 years.

The results for the 1st quarter of 2023 are to be expected and should be analyzed with the proper framework. The more accentuated drop should take into consideration that the comparative base is quite high. 2022 was the year of pre-lettings that inflated the take-up volume throughout every quarter, adding pressure to the 2023 figures.

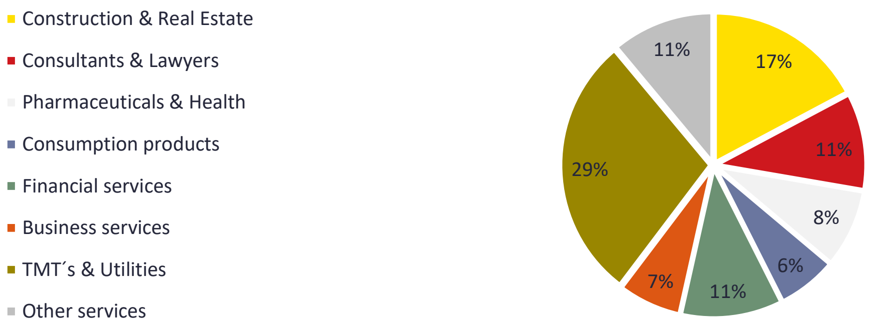
Demand remains high, but now it is necessary for the market to be able to release quality supply to ensure market competitiveness. This year approximately 114,000 sq m are expected to be completed, of which 64% is already occupied; these figures clearly demonstrate the dynamics of the Portuguese market.

The TMTs & Utilities sector remains at the top of the table as the most dynamic one, having been responsible for the occupation of 5,699 sq m. CODE FOR ALL was responsible for the largest operation of this first quarter with a total of 2,840 m2 in the Leap Docas building.

Take-up by market zone

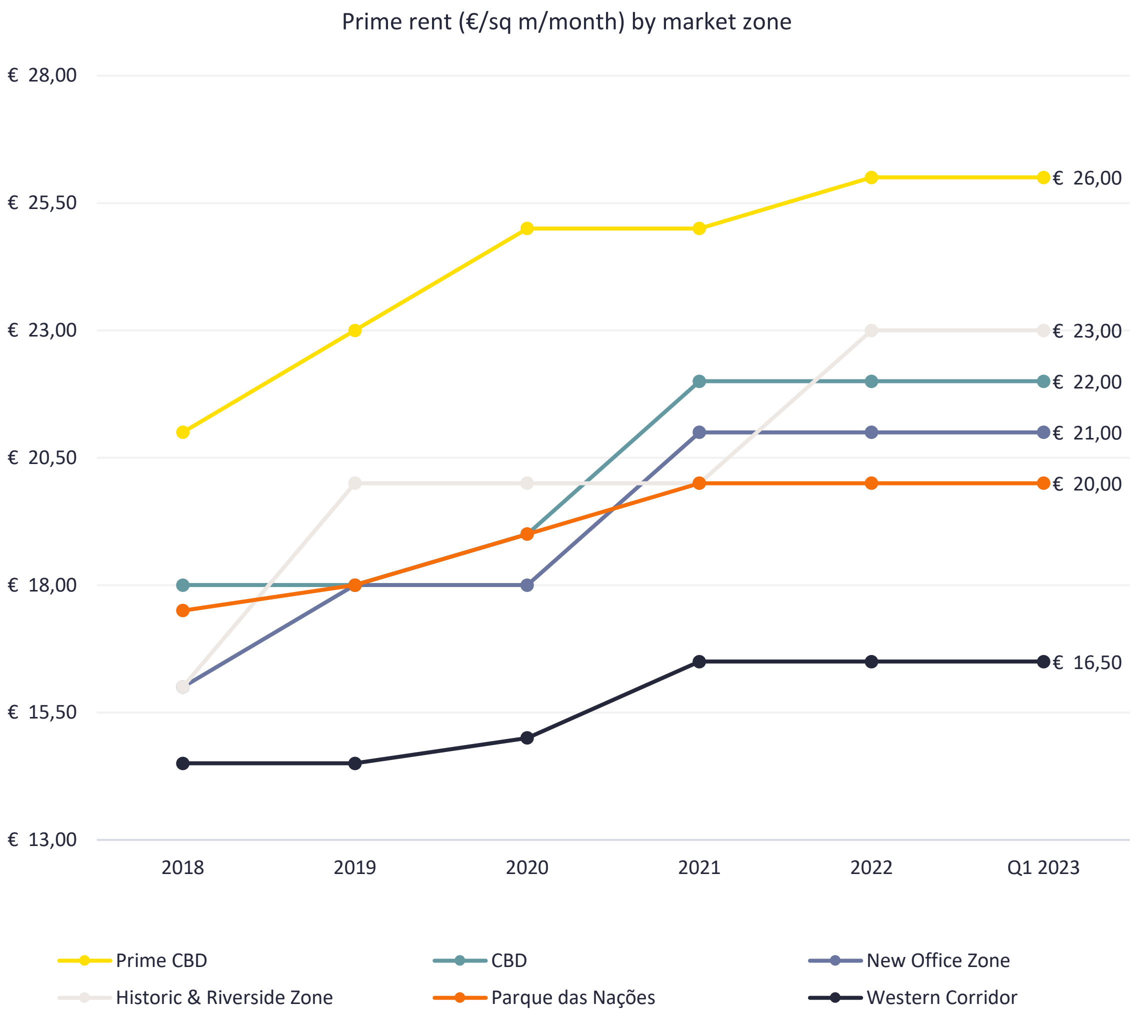


Take-up by business sector



Source: Savills Research | LPI

LISBON OFFICE MARKET| Q1 2023



Source: Savills Research | LPI

General feeling of greater uncertainty among tenants, generating greater pressure on some landlords who are now more willing to agree on more incentives in order to ensure faster occupation. Notwithstanding the lower take-up volume expected for 2023, but still in line with the average over the last 5 years, companies continue to see Portugal as a safe haven, shifting operations from other geographies to national territory.

In the current economic and political context, Portugal continues to defend its market fundamentals, which dictate an upward trend in the office market related to external markets. Countries located in Eastern Europe that once competed with Portugal are now no longer seen as a first choice option. Additionally, on the other side of the Atlantic, there are many North American organisations looking at Portugal as a perfect destination that allows them to reduce costs and easily implement their companies in Portugal.

The new projects in the pipeline continue to dictate a growing trend in prime rent values. Of the 265,000 sq m that are expected to be concluded between 2023 and 2025; 55% are already pre-let or for own occupation, putting further pressure on the available supply, which remains scarce compared to demand.

Top deals Q1 2023

Market Zone	Building	GLA (sqm)	Tenant	Business Sector	Demand Reason
4	LEAP Docas	2,840	Code for All	TMTs & Utilities	Relocation
3	Colombo Torre Oriente	2,085	Hipoges	Construction & Real Estate	Relocation
5	AGEAS	1,405	Confidential	Consultants & Lawyers	Expansion Area
2	MB4	768	Confidential	Finantial services	Expansion Area
3	Torres de Lisboa - Torre G	700	Confidential	Construction & Real Estate	Relocation

LISBON OFFICE MARKET| Q1 2023

Completions

Q1 2023
7,434 sq m

Pipeline 2023-2025

264,548 sq m

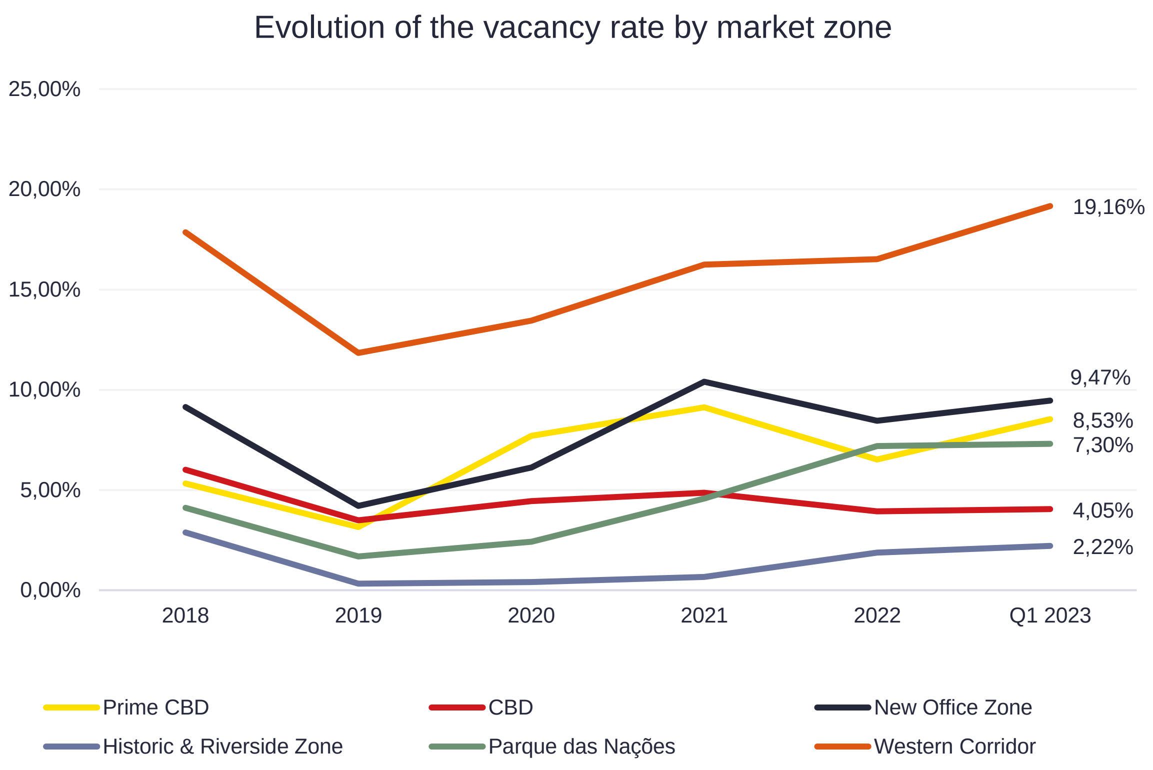
Pre-let | Owner occupier

2023:100%
2024:61%
2025:0%

Main Projects (spec. development)

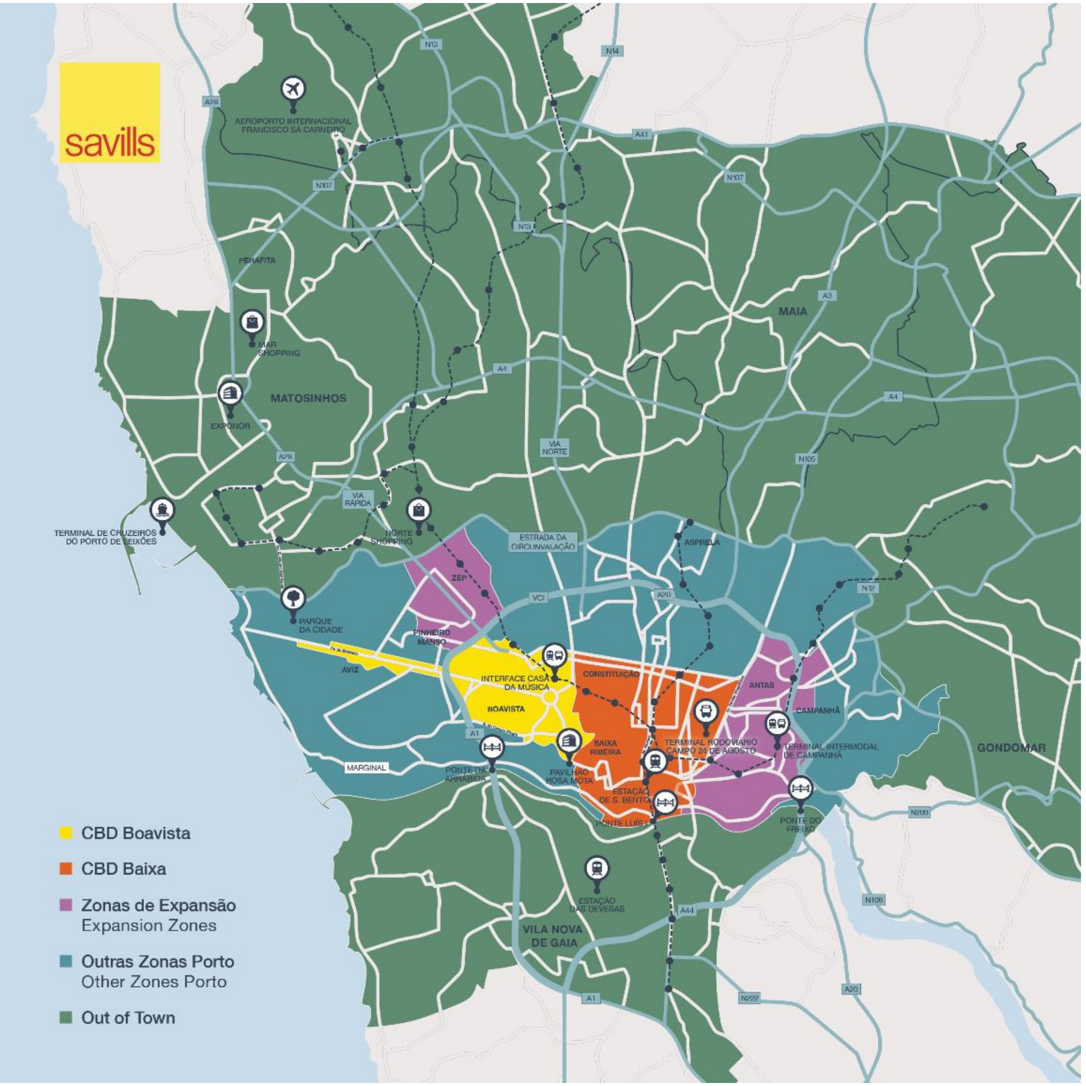
Market Zone	Building	GLA (sq m)	Completion
7	Oriente Green Campus	40,000	Q1 2024
3	Colombo 3rd Tower	31,450	Q2 2024
3	Campo Novo	8,695	Q1 2025
5	WellBE	26,288	Q1 2025

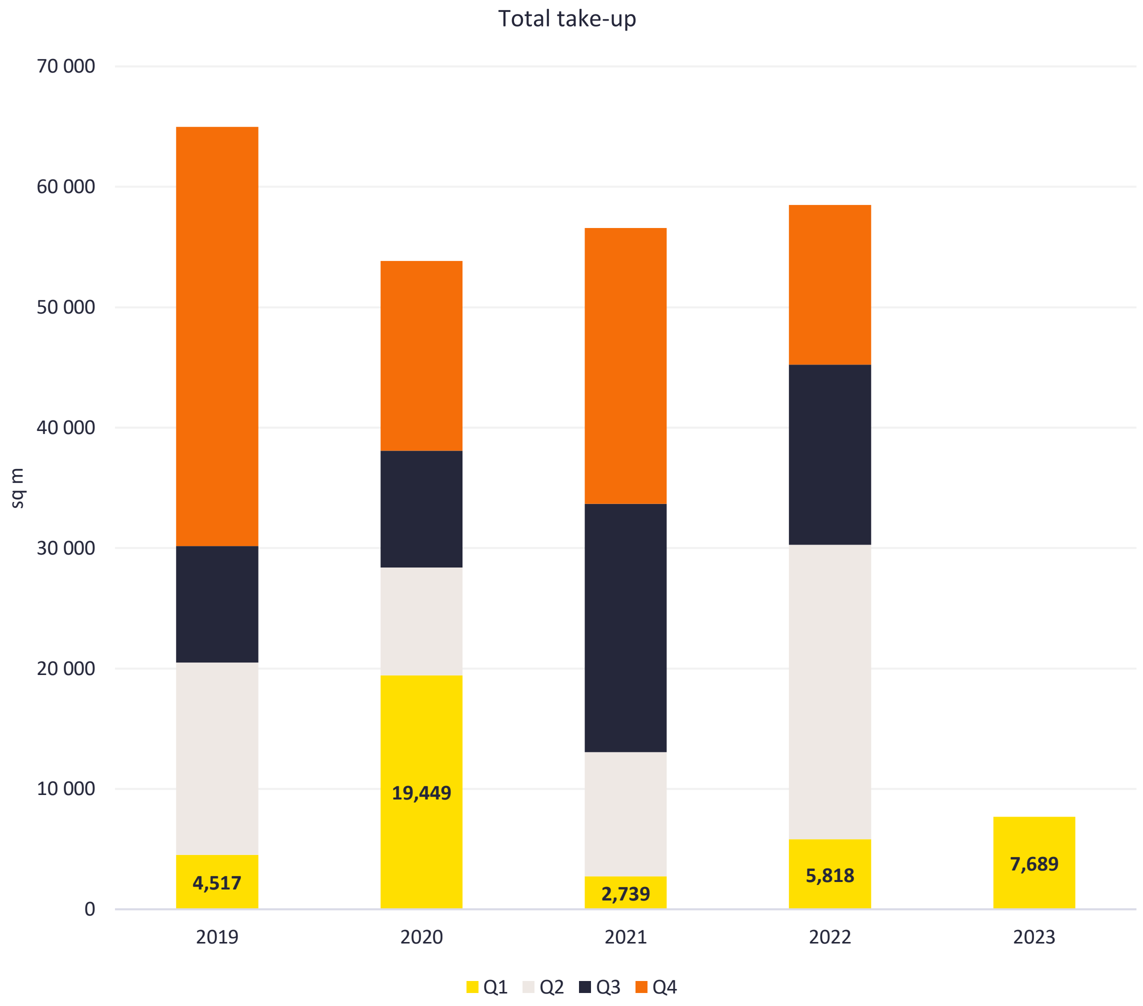
Source: Savills Research



Source: Savills Research | LPI

PORTO OFFICE MARKET| Q1 2023





Source: Savills Research| PPI

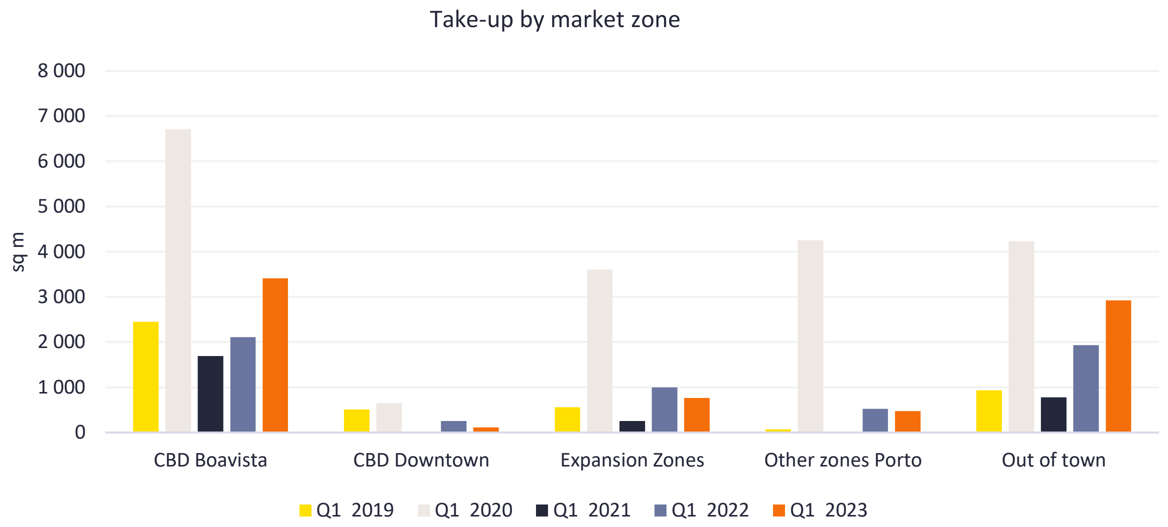
PORTO OFFICE MARKET| Q1 2023

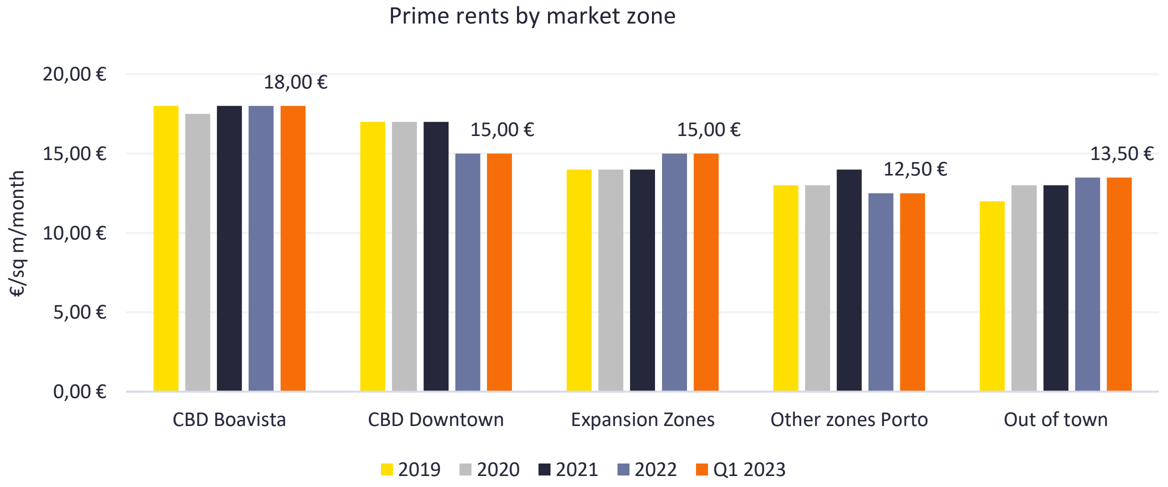
At the end of the 1st quarter of 2023, the Porto office market had a total take-up volume of 7,689 sq m, a result that was up 32% when compared to the same period of 2022 and only 5% below the average of the first quarters of the last 4 years. The take-up volume achieved was the result of the closing of 13 operations, three of which were above 1,000 sq m, raising the average area of the quarter to approximately 600 sq m.

The CBD Boavista Zone recorded the best performance in the 1st quarter of 2023 with a total take-up volume of 2,124 sq m, followed by the Out of Town Zone with 2,924 sq m.

But the biggest growth in the take-up volume was witnessed in the Expansion Zones, with an increase of 106% when compared to the same period in 2022, which corresponded to the closing of 3 operations for a total of 2,054 sq m.

The market's recovery is already a given fact, with Porto now being featured on the lists of preferred business destinations for international occupiers. Over the next two years, approximately 90,000 sq m of new projects are expected to be completed, mostly concentrated in the Out-of-Town zone and which will bring to the market an unprecedented degree of innovation, technology, and modernity. These factors will boost Porto's office market across borders and place it side by side with other strong European counterparts.





Source: Savills Research | PPI

PORTO OFFICE MARKET | Q1 2023

Completions

Q1 2023
17,985 sq m

Pipeline 2023-2024

89,717 sq m

Pre-let | Owner occupier

2023:26%
2024:27%

Top deals Q1 2023

Market Zone	Building	Area	Tenant	Business Sector	Demand Reason
Out of town	Companhia dos Caolinos, 69 - 91	2,564	Confidential	Construction & Real Estate	Expansion Area
Expansion Zones	António Silva Marinho, 66	1,289	Fachada Colossal Lda.	Construction & Real Estate	Expansion Area
CBD Boavista	Bom Sucesso Trade Center	1,036	Regus	Other services	New company in Porto

Source: Savills Research | PPI

Main Projects (spec.development)

Market Zone	Building	GLA (sq m)	Completion
3	ICON OFFICES	13,373	Q3 2023
3	Matadouro	11,900	Q4 2024
5	Tecmaia – Plot 4	6,900	Q4 2024

Source: Savills Research

INDUSTRIAL & LOGISTICS MARKET

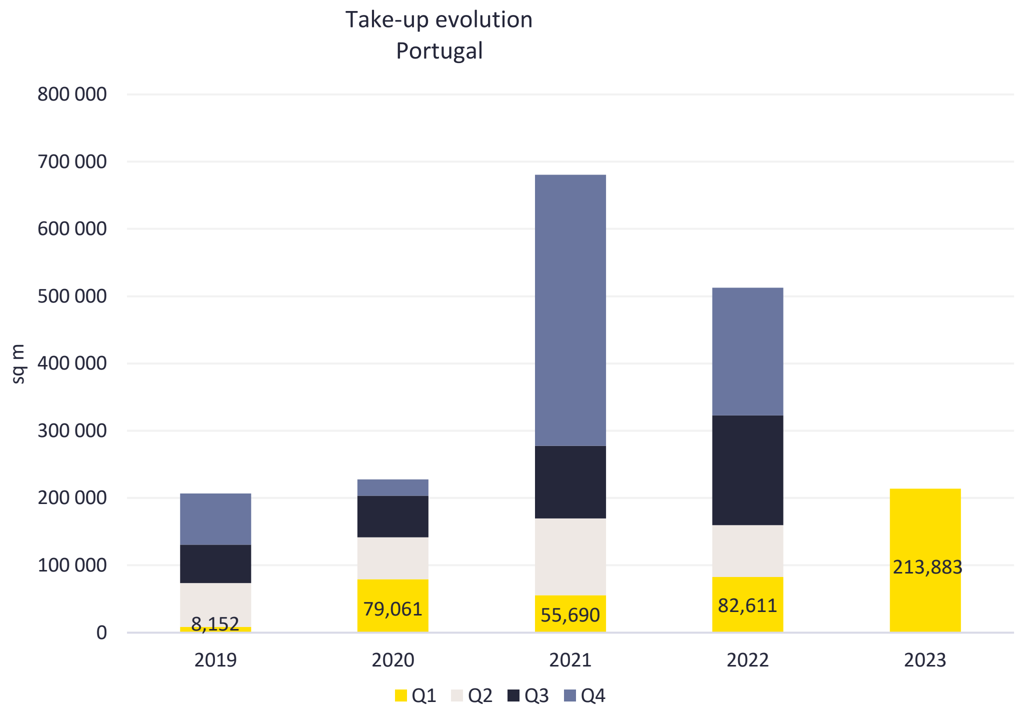
03

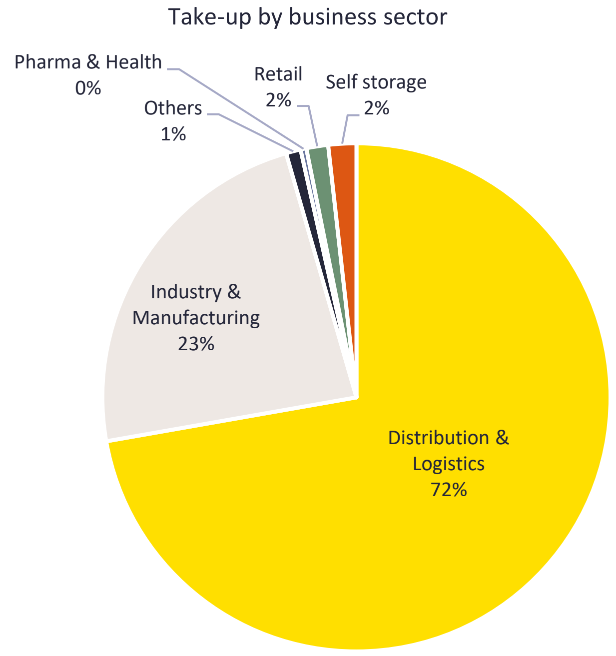
INDUSTRIAL & LOGISTICS MARKET | PORTUGAL

In the 1st quarter of 2023, the total take-up volume of the industrial & logistics market in Portugal reached slightly over 200,000 sq m, a very strong increase of 159% when compared to the same period in 2022, and 284% when compared to Q1 2021.

The Greater Lisbon region accounted for 52% of the total take-up volume in Q1 2023, followed by the Central Region with 25%.

Industry & Manufacturing, Distribution & Logistics led the market with a weight of more than 90% in the total volume of take-up.



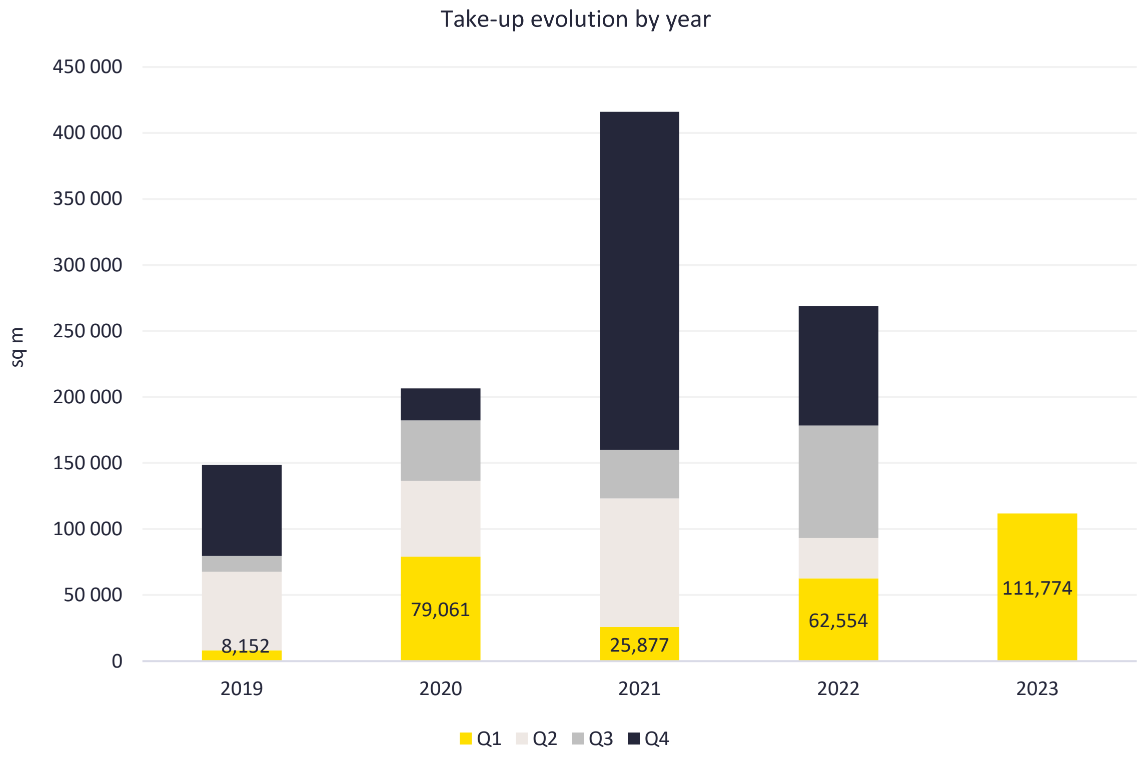


Source: Savills Research | IPI

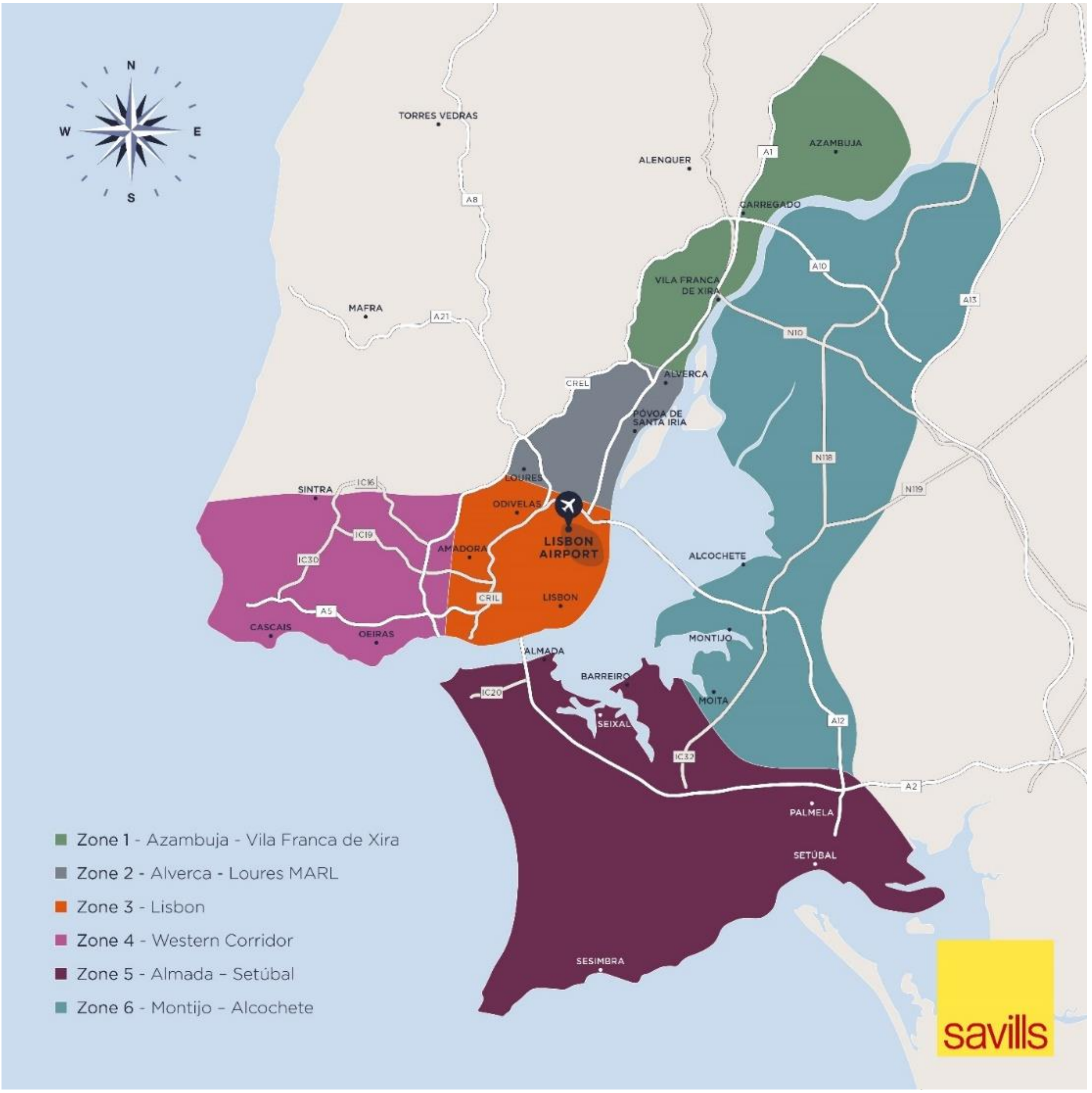
INDUSTRIAL & LOGISTICS MARKET GREATER LISBON

In the Greater Lisbon market, the 1st quarter recorded a take-up of almost 112,000 sq m, up 79% when compared to Q1 2022.

Contributing to this excellent performance were two major logistics operations, which totalled approximately 75,000 sq m, due to area expansions.



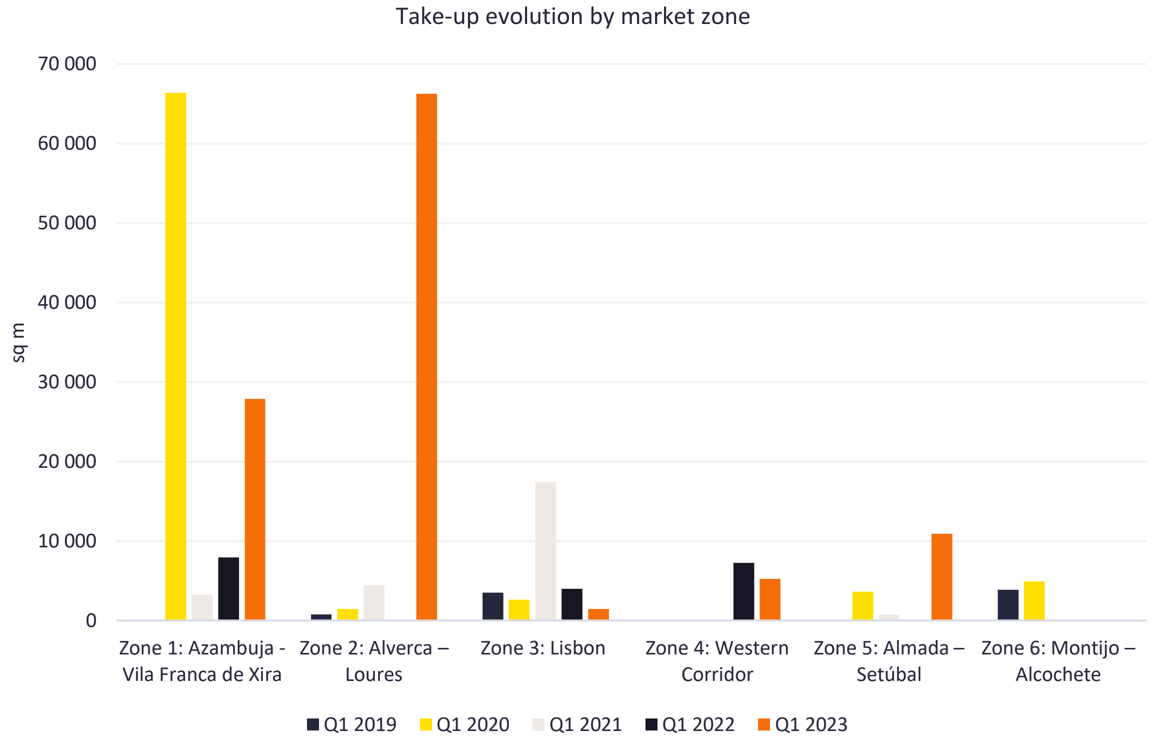
Source: Savills Research | IPI



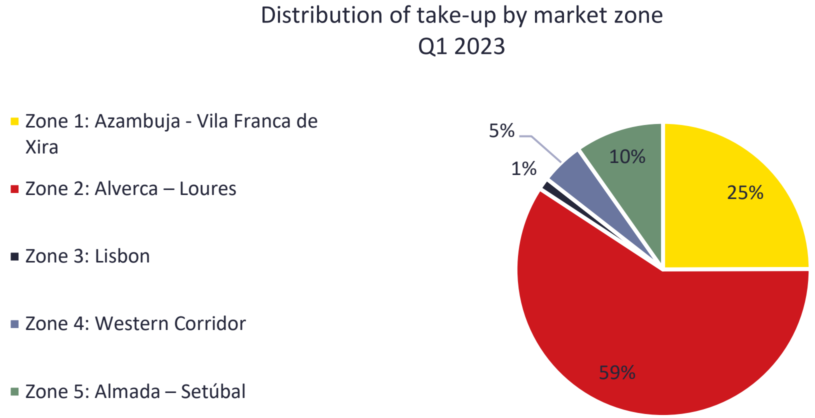
INDUSTRIAL & LOGISTICS MARKET GREATER LISBON

The Alverca – Loures axis registered the best performance of the quarter with a total take-up of 66,264 sq m, mostly represented by the deal of 54,000 sq m of Lidl Logistics Platform in Loures, registering the best Q1 results of the last four years.

The Azambuja – Vila Franca de Xira axis had the second-best performance of the quarter with 27,896 sq m, an increase of 251% when compared to the same period of 2022.



Source: Savills Research | IPI



Top deals Q1 2023

Market Zone	Building	Tenant	Area	Demand Reason	Type
Zone 2: Alverca - Loures	Lidl Loures	Lidl	54,000	Area expansion	Logistics
Zone 1: Azambuja – Vila Franca de Xira	Azambuja 3	Luis Simoes	20,347	Area expansion	Warehouse
Zone 1: Azambuja – Vila Franca de Xira	Alverca	Santos e Vale	10,000	Area expansion	Logistics
Zone 2: Alverca – Loures	LogPlace	Trucking Transportes	9,753	Area expansion	Logistics

Source: Savills Research | IPI

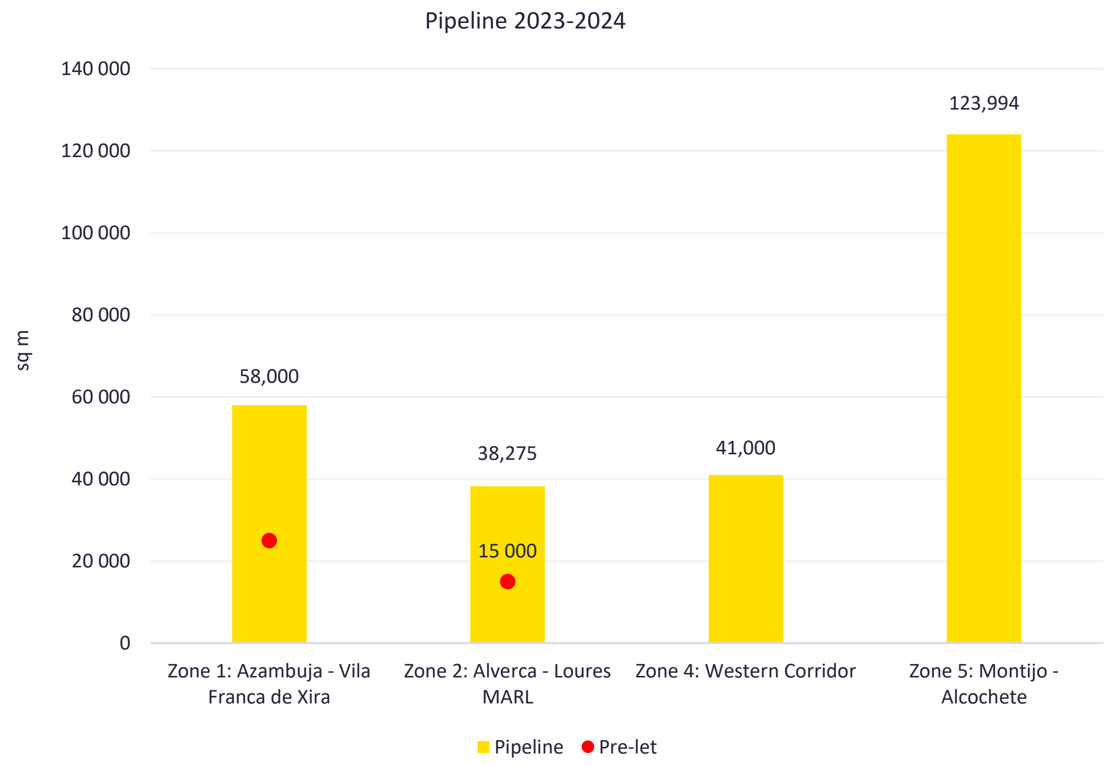
INDUSTRIAL & LOGISTICS MARKET GREATER LISBON

Slightly more than 260,000 sq m are expected to be completed over the next two years, of which 15% is already fully pre-let.

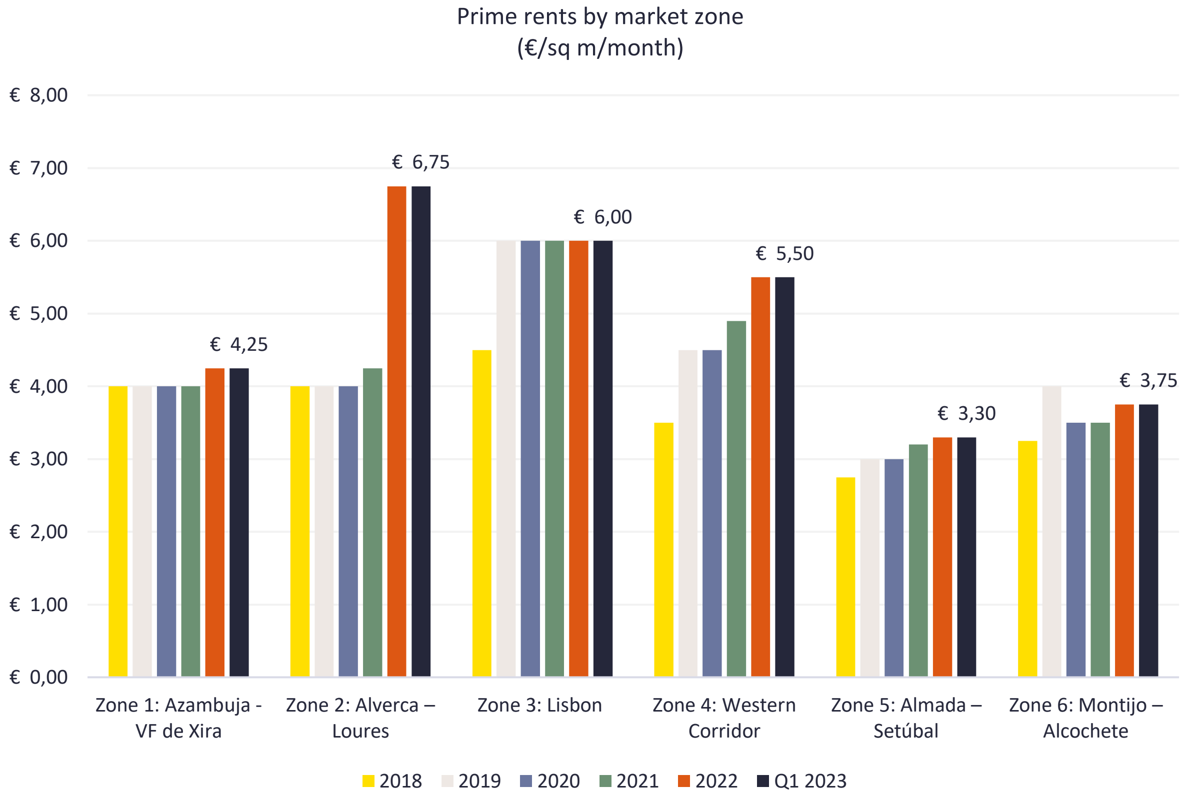
It is worth mentioning and highlight the development of Benavente Logistics Park with 90,000 sq m, VGP Sintra with 24,000 sq m, VGP Montijo with 33,994 sq m and IberAtlantic with 17,000 sq m, all expected to be concluded in 2024.

The first quarter of the year closed with the rents remaining stable. Not only are decision processes longer, but also greater care is being taken to analyze the condition of properties and contractual agreements.

Nevertheless, the upper hand is on the landlords' side, motivated by the current shortage of available space and quality. The general market sentiment is one of more cautious optimism.

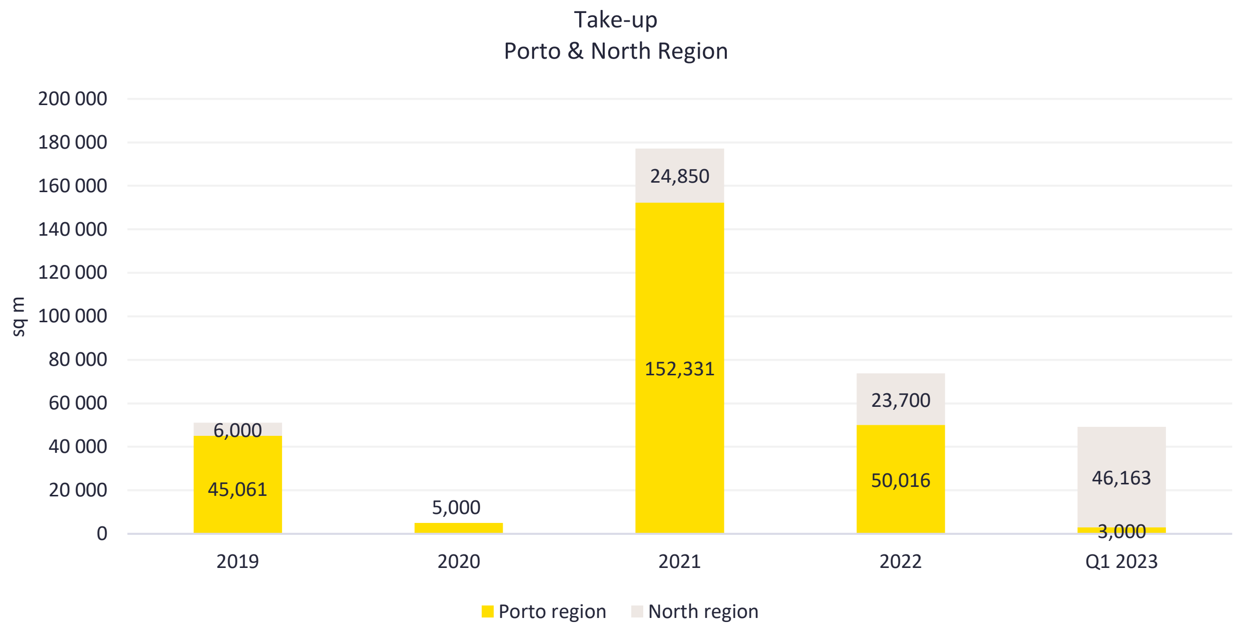


Source: Savills Research



Source: Savills Research

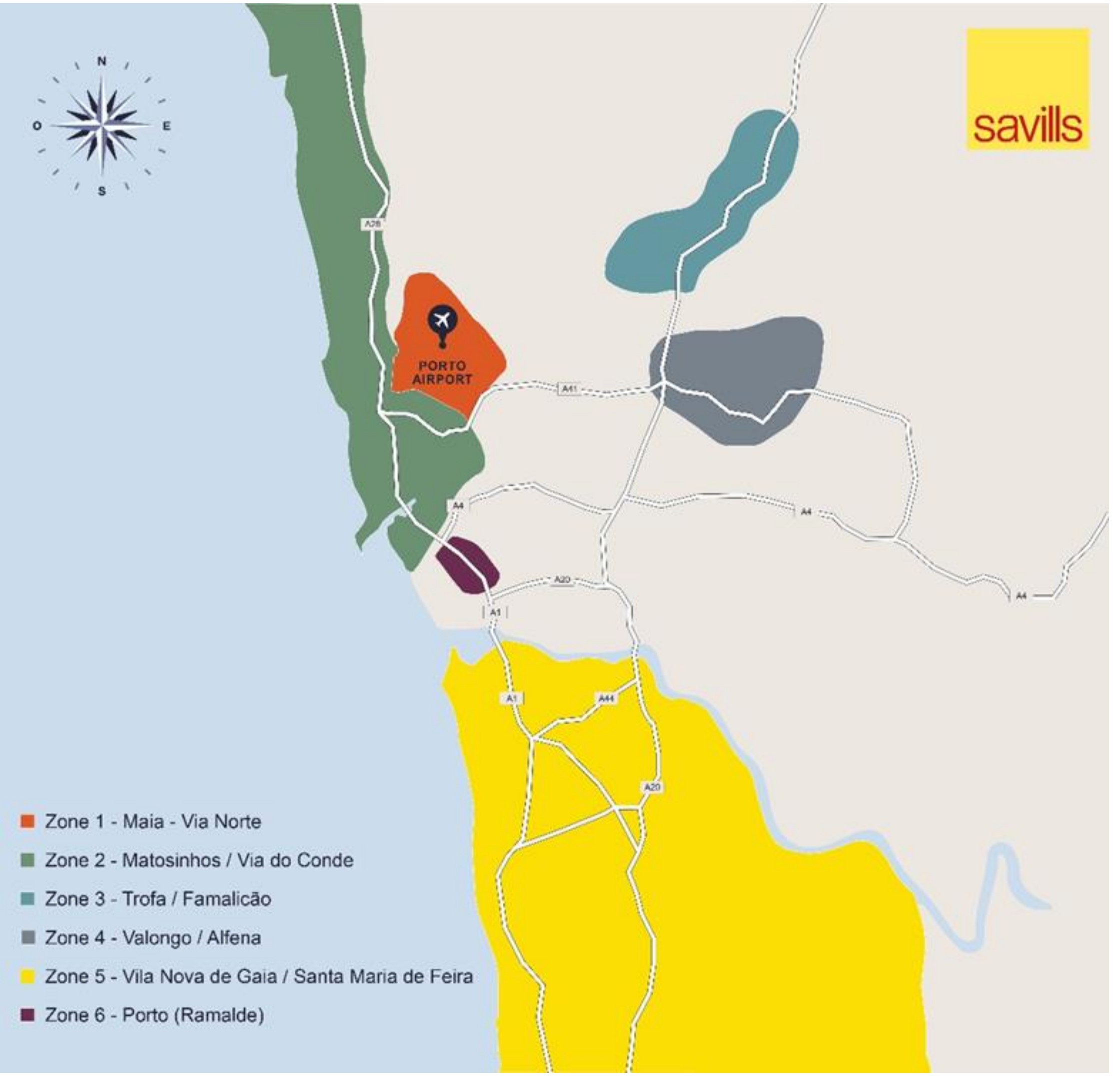
INDUSTRIAL & LOGISTICS MARKET PORTO



TOP DEALS Q1 2023

Market Zone	Building | Location	Tenant	Area	Demand reason	Type
Others zones north region	Confidential	Confidencial	29,000	Relocation	Industry & Manufacturing
Other zones north region	Viana do Castelo	Casa Peixoto	15,000	Area expansion	Industry & Manufacturing

Source: Savills Research | PPI

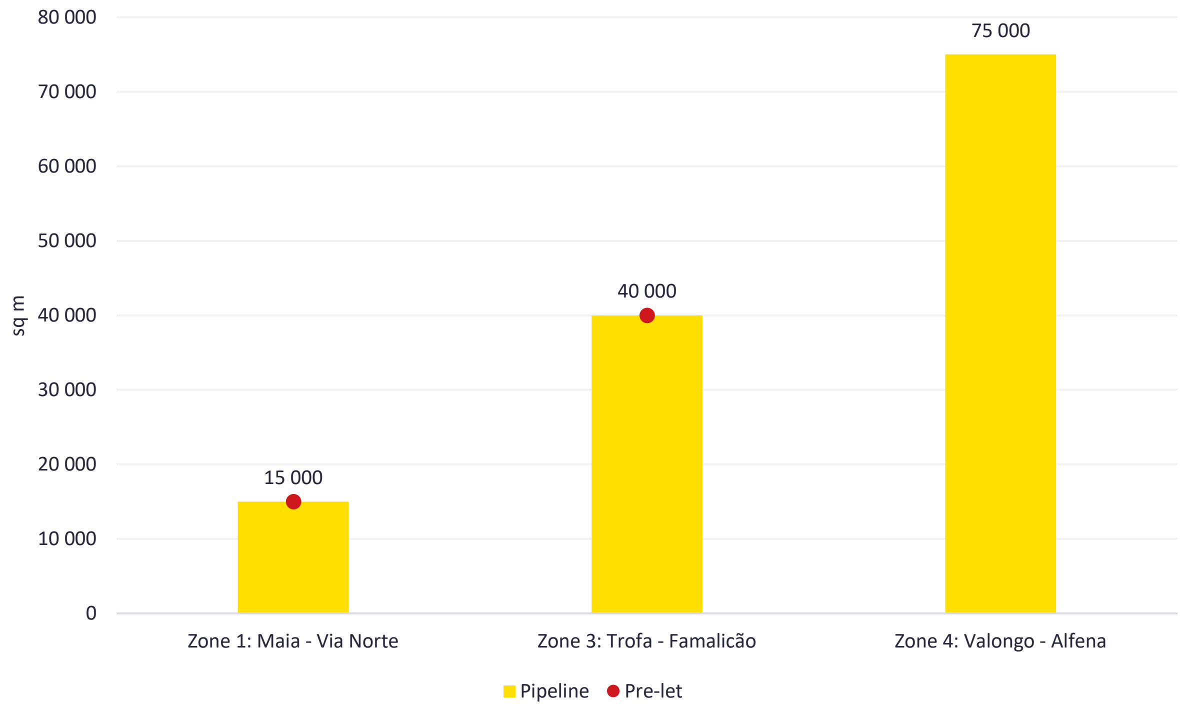


INDUSTRIAL & LOGISTICS MARKET PORTO

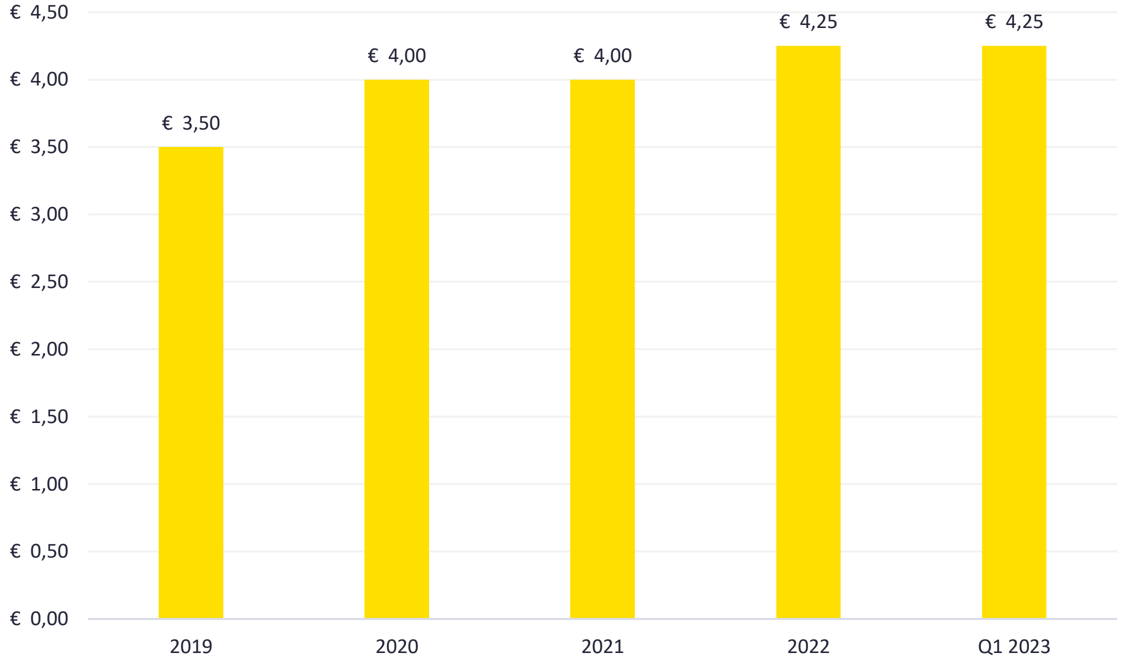
For 2023 and 2024, the Greater Porto industrial & logistics market is expected to receive 130,000 sq m of new stock in Trofa - Famalicão, Valongo and Maia market areas, of which 42% is already pre-let.

The largest project is Panattoni Park Valongo with 75,000 sq m. Aldi will also invest in a new platform in Santo Tirso with 40,000 sq m.

Pipeline 2023-2024
Greater Porto



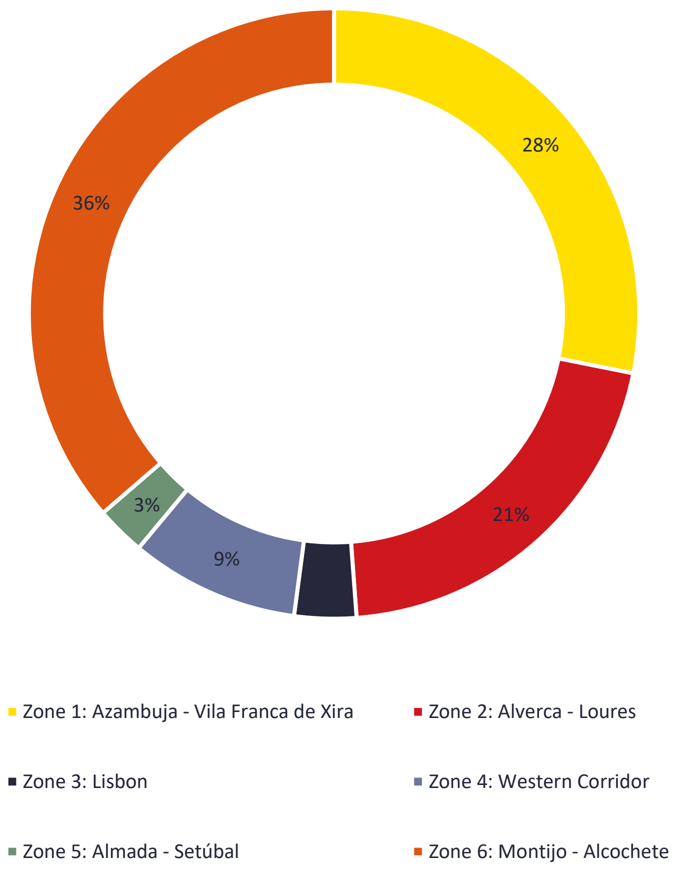
Prime rent (€/sq m/month)
Porto Market



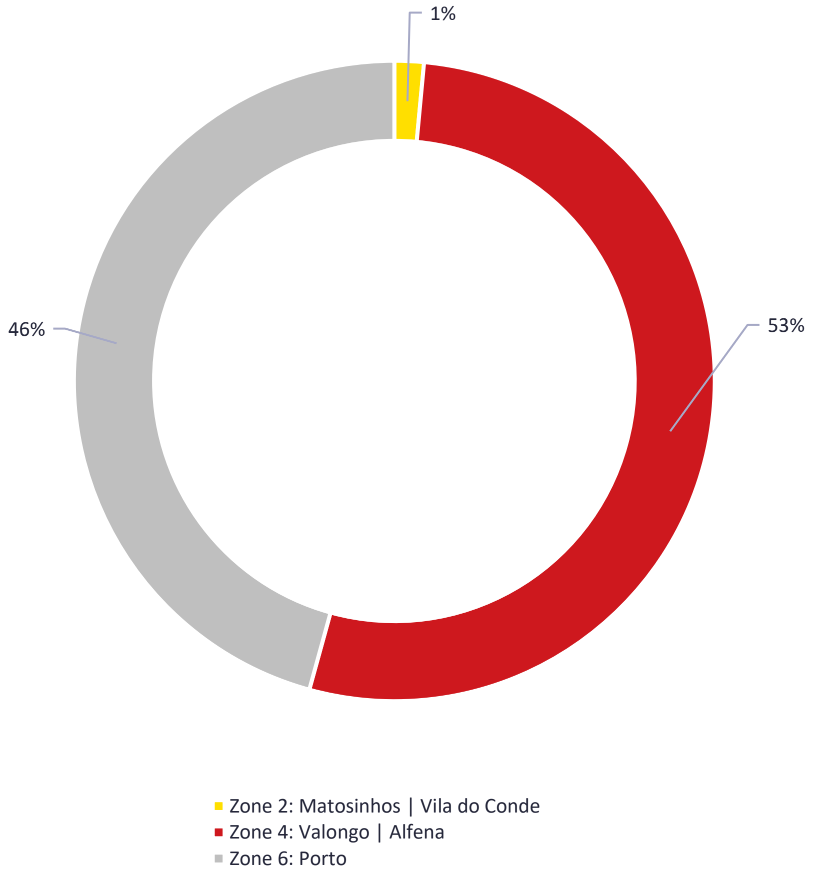
Source: Savills Research | PPI

DEMAND

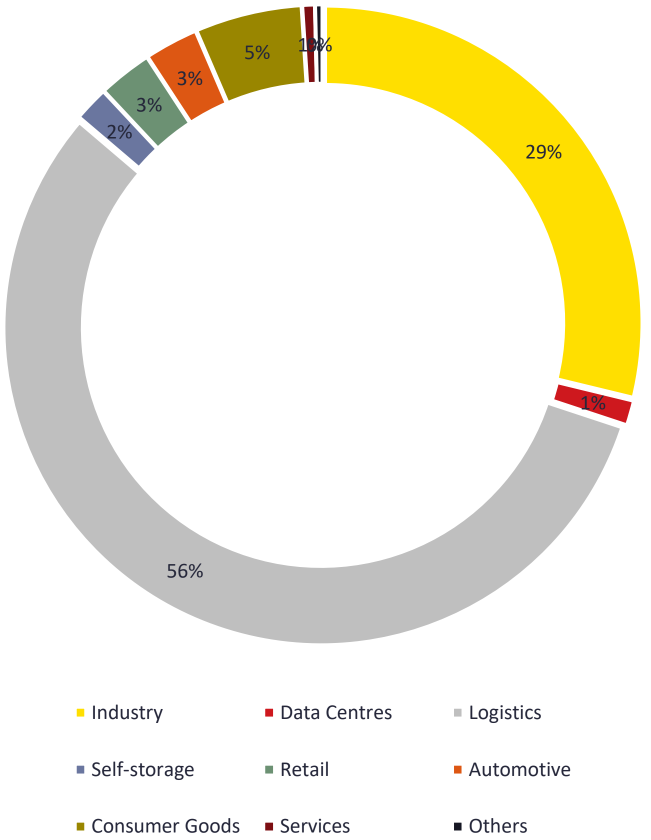
Greater Lisbon



Greater Porto



Demand by business sector



Source: Savills Industrial & Logistics Database

04

LISBON RETAIL MARKET

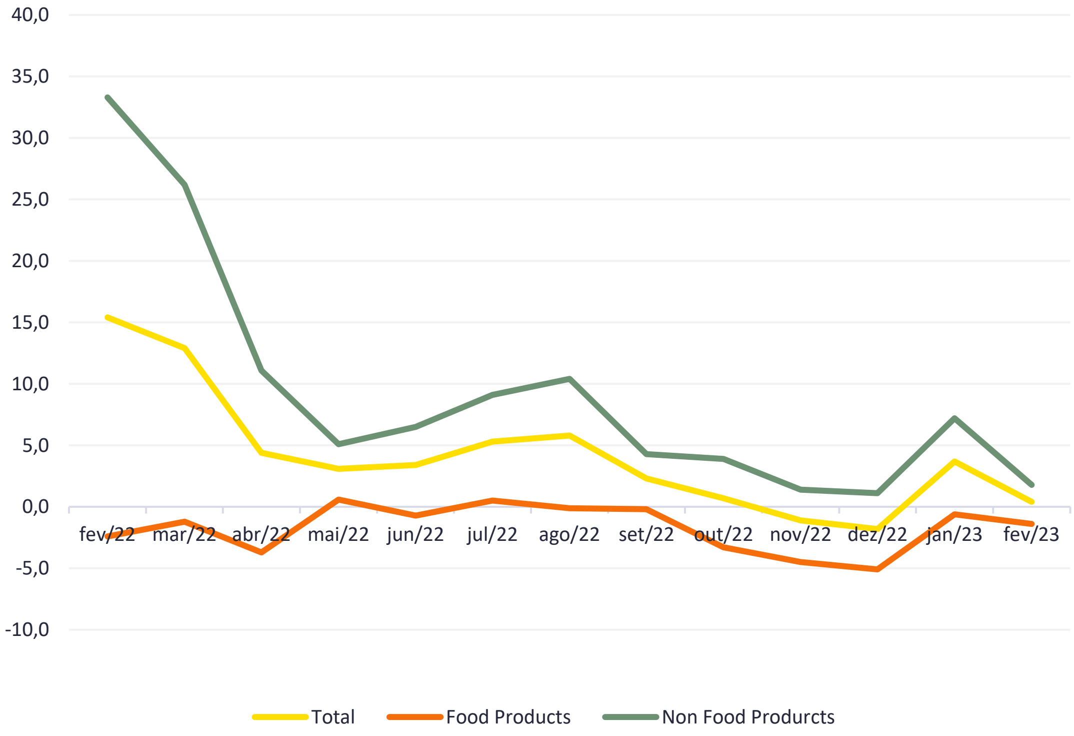
RETAIL MARKET | Q1 2023

The Retail Trade Turnover Index recorded a slowdown of 0.4% in February, down from na increase of 3.7% in January. Food Products decreased by 1.4%, 0.8 p.p. less than in January. Non-Food Products decreased by 5.4 p.p. to a growth rate of 1.8%.

The consumer confidence index recorded an increase between December 2022 and March 2023, putting an end to the negative profile of the previous three months, which culminated in November 2022, at the lowest value ever since April 2020, at the beginning of the pandemic.

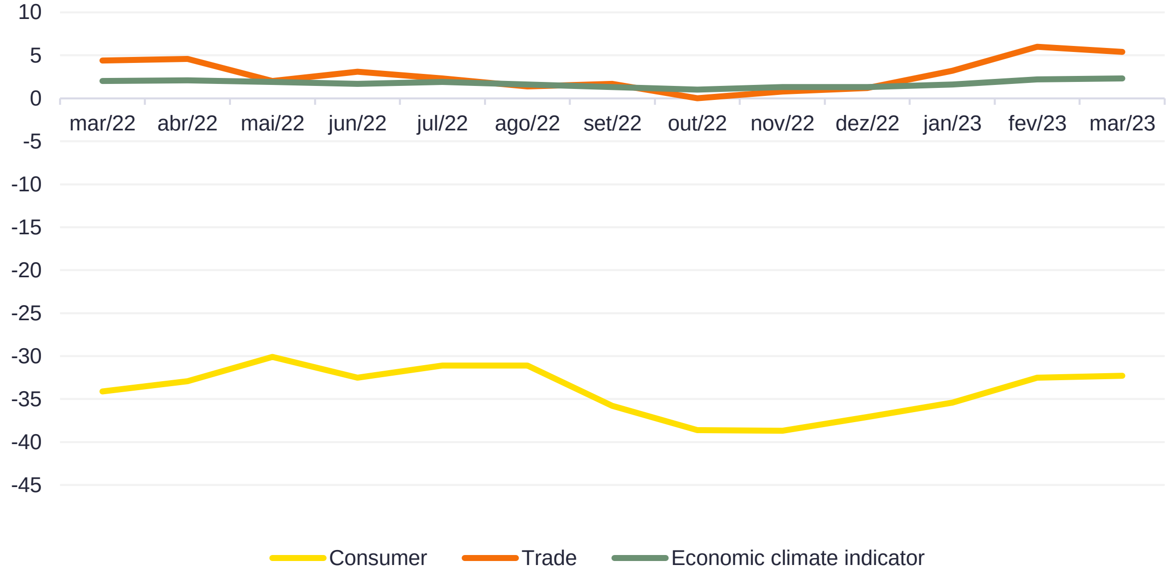
The evolution of the indicator last month resulted from the positive contribution of the prospects of the future evolution of major purchases by households. In contrast, expectations regarding future developments in the economic situation of the country and in the financial situation of the household, as well as opinions on past developments in the financial situation of the household, had a negative contribution.

Turnover in Retail Trade
year-on-year change (%)



Source: INE

Confidence and climate economic indicators

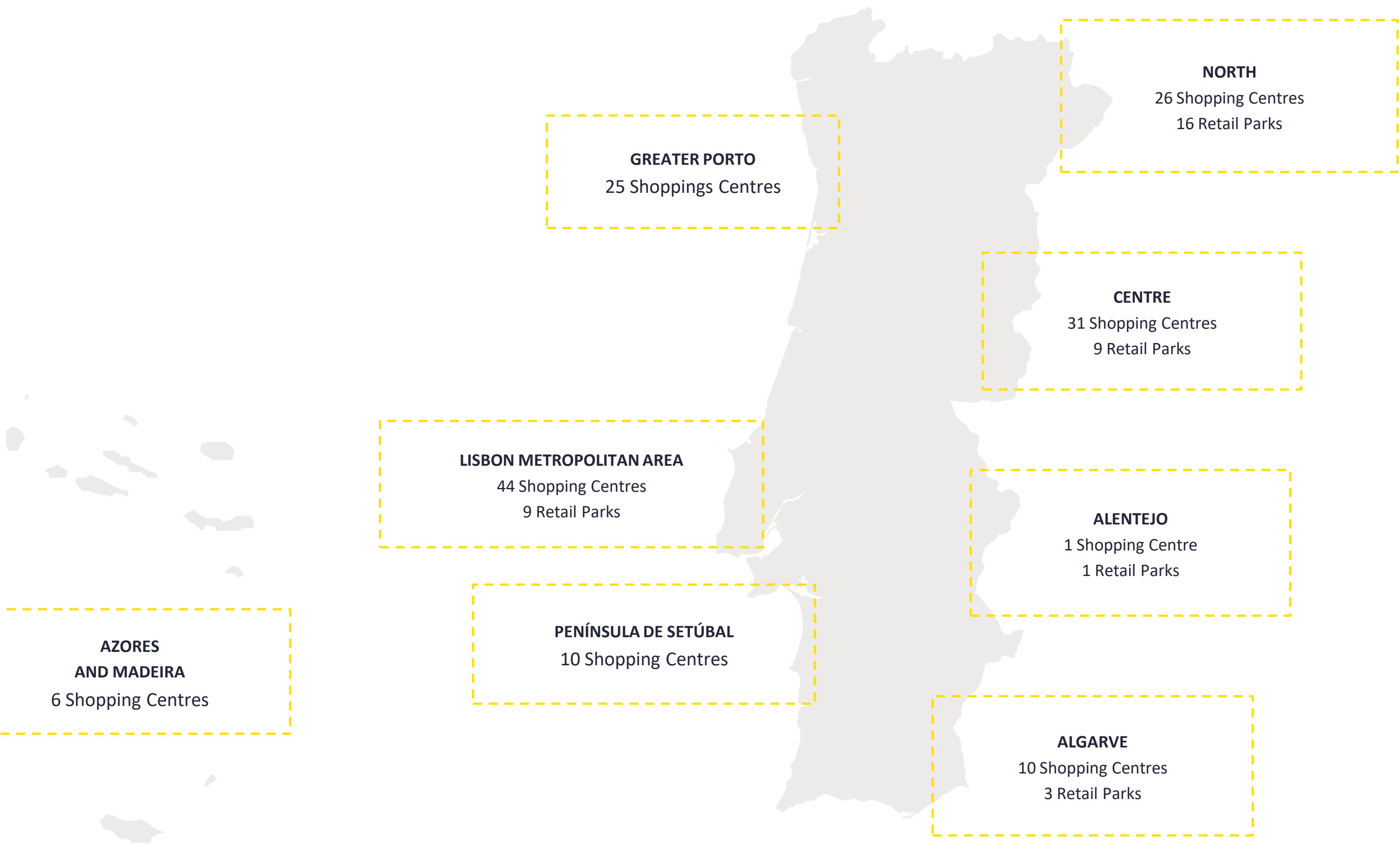


Unit:
Consumers: bal/ev
Trade: bal/sa

RETAIL MARKET| STOCK

STOCK

SHOPPING CENTRES: 2,547,358 m^2
RETAIL PARKS:591,751 m^2



Source: Savills Research

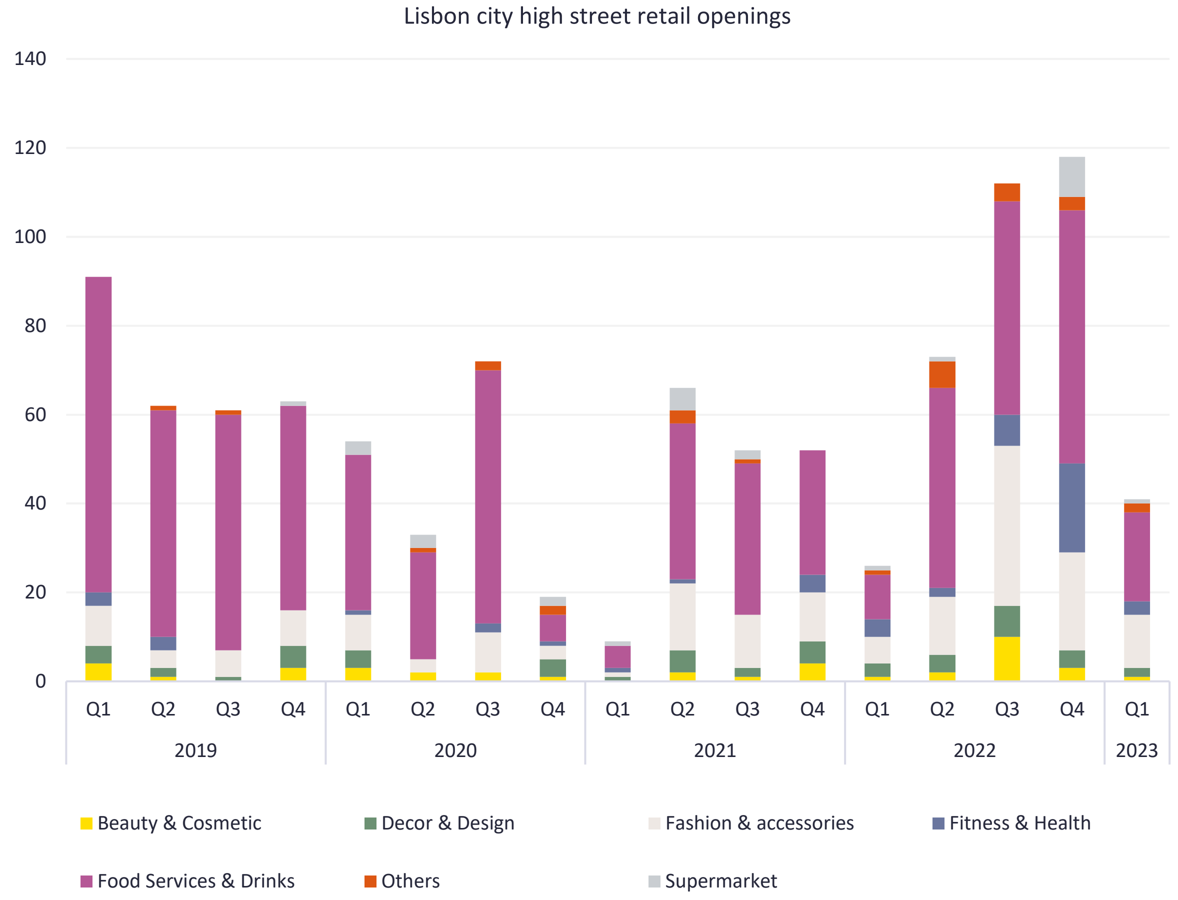
RETAIL MARKET | Q1 2023

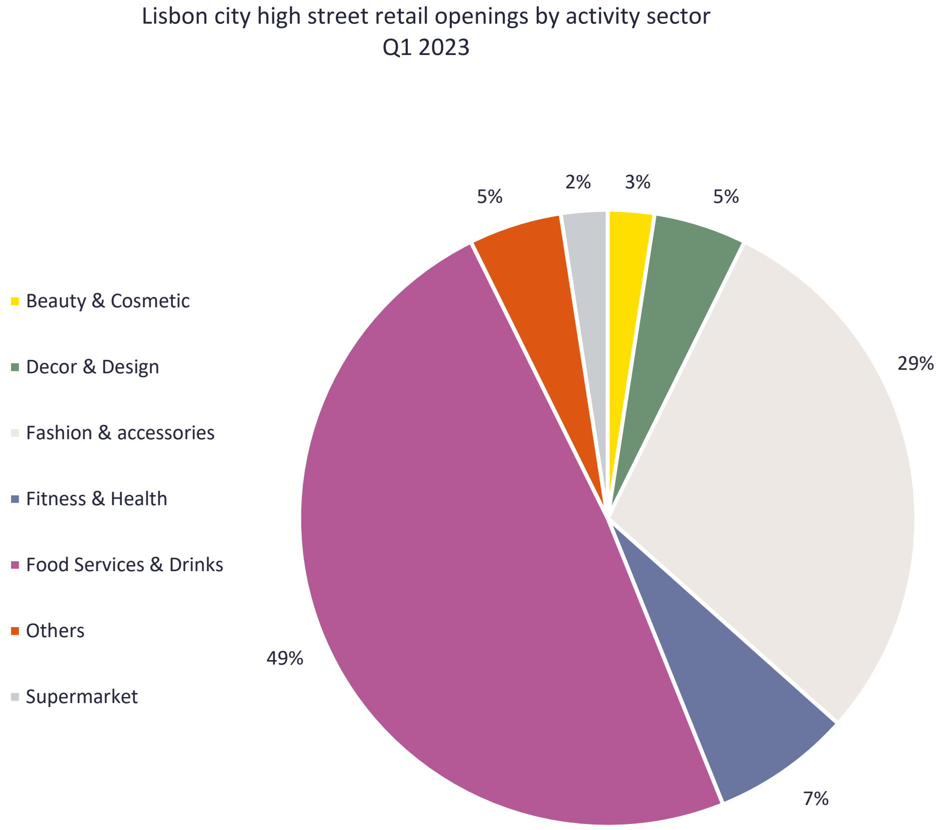
A total of 41 store opened in Lisbon in Q1 2023. Food Services & Drinks alone accounted for almost half of Q1's figures, with 20 new high street retail stores, followed by Fashion & Accessories, responsible for 29% of the new openings, and Fitness & Health, with 7%.

The retail market hasn't quite yet reached pre-pandemic levels. The Food Services & Drinks industry, for example, in Q1 2020, amounted to 35 openings, a difference of nearly 43% in comparison to this year's figures. It is important to notice that the first lockdowns in Europe took place at the beginning of March 2020, thus the reason the Q1 2020 was relatively strong for Lisbon's retail market, especially the first two months of that year.

Lisbon's CBD holds the largest number of openings during Q1 2023, with Santa Maria Maior, a borough located in the historic centre, being responsible for 8 new stores.

RETAIL MARKET | Q1 2023





Source: Savills Research

RETAIL MARKET | Q1 2023

Despite the reduction in private consumption, the retail market remains resilient, particularly F&B and food distribution sectors, which lead demand. The tourism sector continues to reaffirm its importance, with F&B businesses making the most of the opportunities created by the increase in tourist traffic in Portugal.

The absorption period for assets located outside consolidated high-street areas has increased, with occupiers exerting greater pressure on landlords regarding negotiated rental values. On the other hand, quality products in high footfall zones, are quickly absorbed and remain scarce.

The luxury sector does not appear to be affected by the uncertainty of the current economic climate. Mass-market retail and low-cost services continue to show great dynamism, having been responsible for several openings in the first quarter of the year.

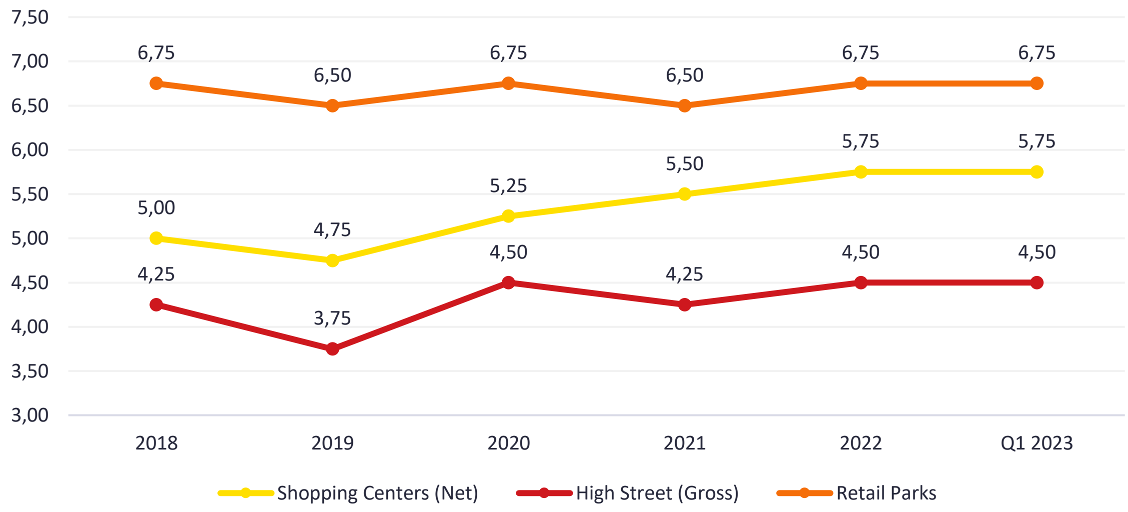
The need for proximity food retail is also consolidated, and new international low-cost concepts, with a wide offer in the fashion and home sectors, are very active. There are also important international brands looking with interest to enter the national market.

Some sectors will continue the trend of increasing their footprint and some assets will be more attractive than others, as is the case of Retail Parks. Restaurants and food retail will continue to be the main drivers of the occupation market, accompanied by the health and well-being sector.

The concepts that will be more active in the market will be those offering the best value for money. These operators will essentially look for medium and large format assets, with Retail Parks being a good option – in addition to their lower rent prices. The location factor will continue to be the main choosing aspect of F&B and food distribution operators.

Prime rents

Prime Yields



Source: Savills Research

05 RESIDENTIAL MARKET

RESIDENTIAL MARKET| Q1 2023

In March, new housing construction costs rose by 11.6% when compared to the same month of the last year.
Compared to the previous month, this new figure represents an increase of 3%.

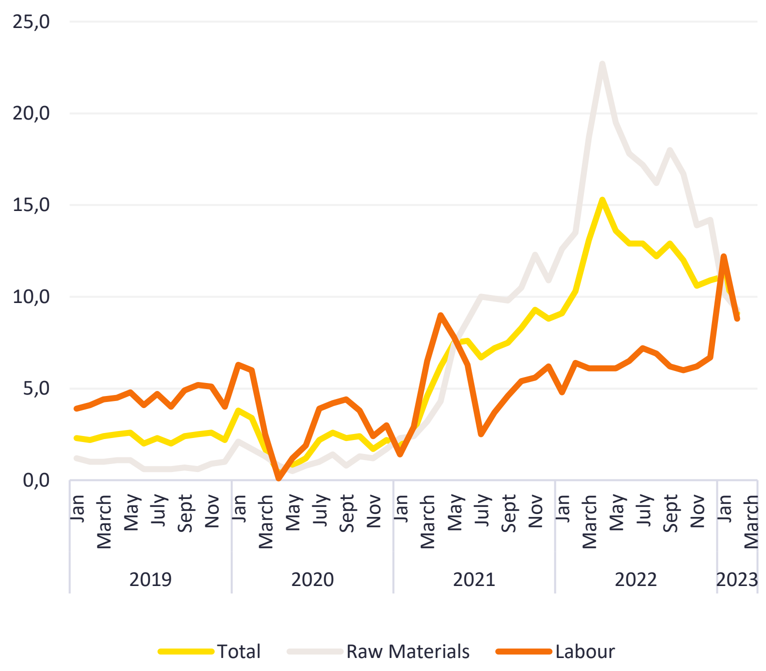
This variation in prices is linked to the materials component. In March, the price of materials rose 15.3% year-on-year and the cost of labor registered a rise of 6.4%.

In February 2023, banks granted new loans to households in the amount of €1.351 million, a year-on-year increase of 6% but a decrease of 2.5% compared to January 2023.

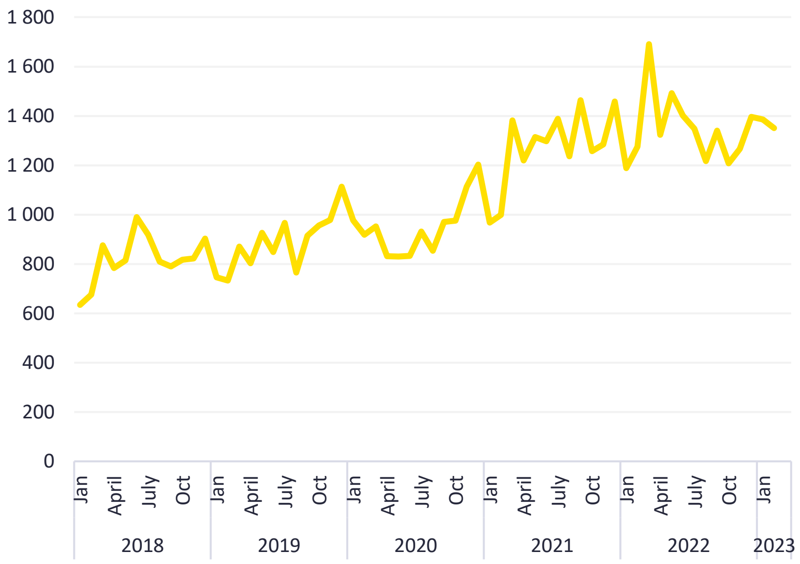
The average interest rate on new loans to households for house purchases increased once more, going from 3.32% in January to 3.52% in February.

The average interest rate of new loans with variable rate, which in February were of 3.56% (3.37% in January), has been converging with the average interest rate of new loans with fixed rate, which remained at 4.20%.

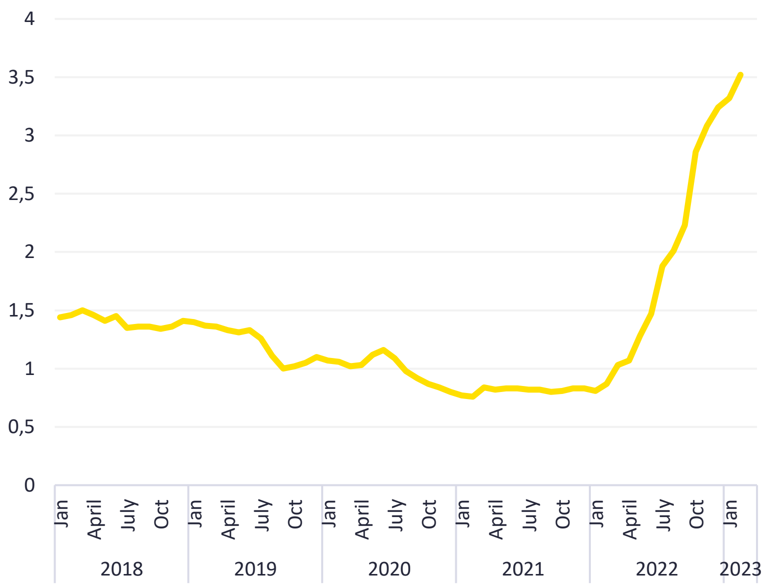
Construction Costs - New Housing (YoY %)



Loans granted to individuals for house purchase (M€)

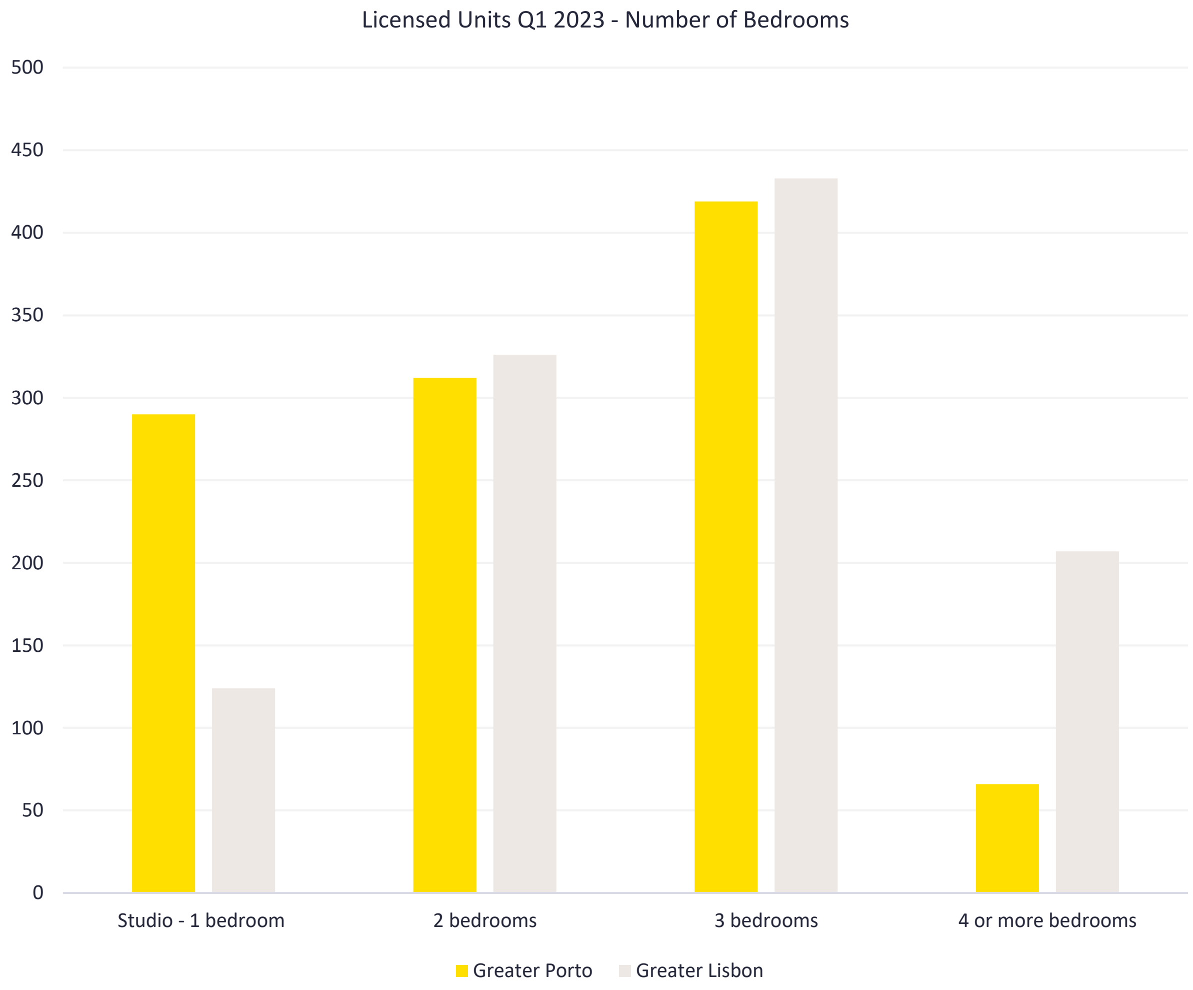


Interest Rate Loans - House Purchases



Source: INE | Bank of Portugal

RESIDENTIAL MARKET | Q1 2023



Source: INE

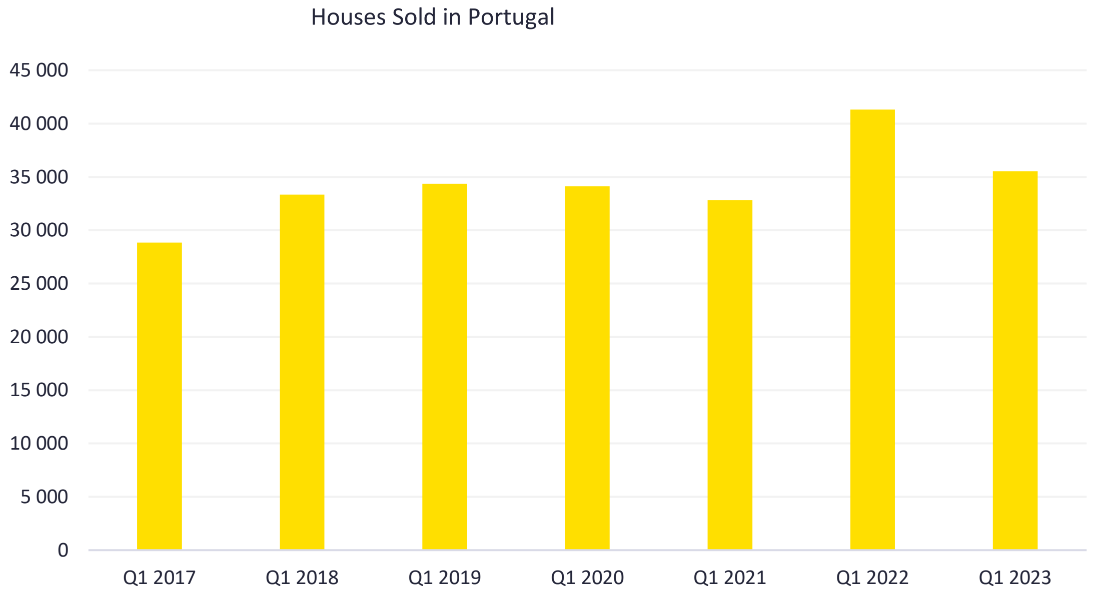
RESIDENTIAL MARKET | Q1 2023

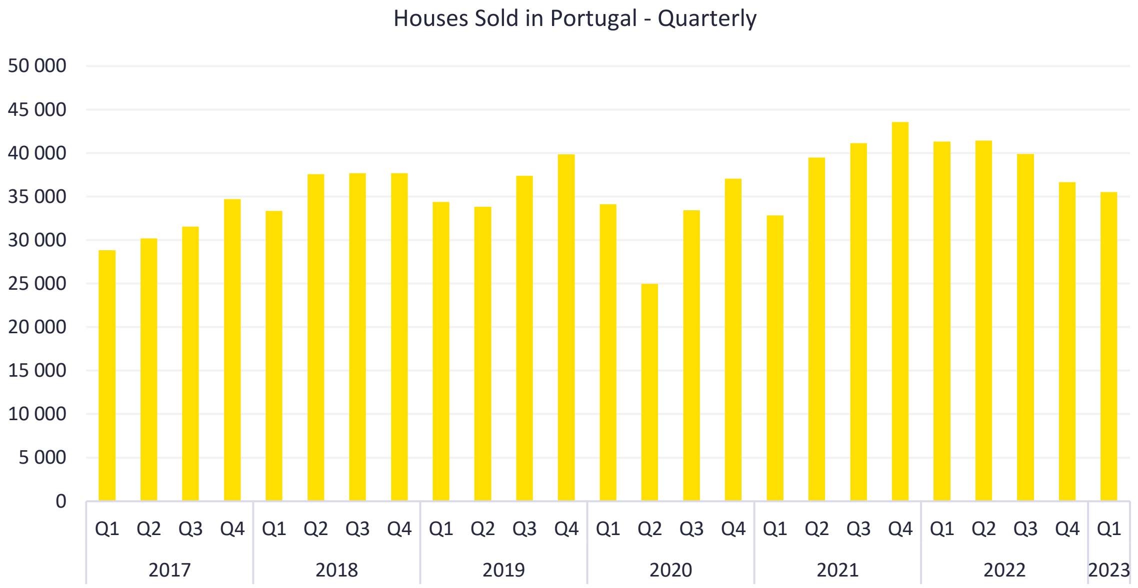
During Q1 2023, there were 35 529 residential properties sold on Portugal's mainland, a difference of almost 16% when compared to the same period in 2022, which accounted for 41 310 houses sold. Overall, Q1 2023 was positively stable, having presented better numbers when compared to the same period in 2021 and even pre-pandemic quarters.

The market is still uncertain, making people more cautious when it comes to making decisions such as buying a residential property. Additionally, constant construction costs increase, which has been reflected at the final housing prices, the rise of interest rates and tighter bank financing rules; all had an impact.

In contrast to 2021 and 2019's figures, considering the same period, the first quarter of 2023 has witnessed an increase of 7.4% and 3.3%, respectively.

The upper and upper-prime sectors are still going strong and getting constant investment, especially in the major cities in the country. Just Lisbon city alone has reached a six-month absorption rate; the shortest absorption rate since 2019.





Source: Savills Research analysing SIR

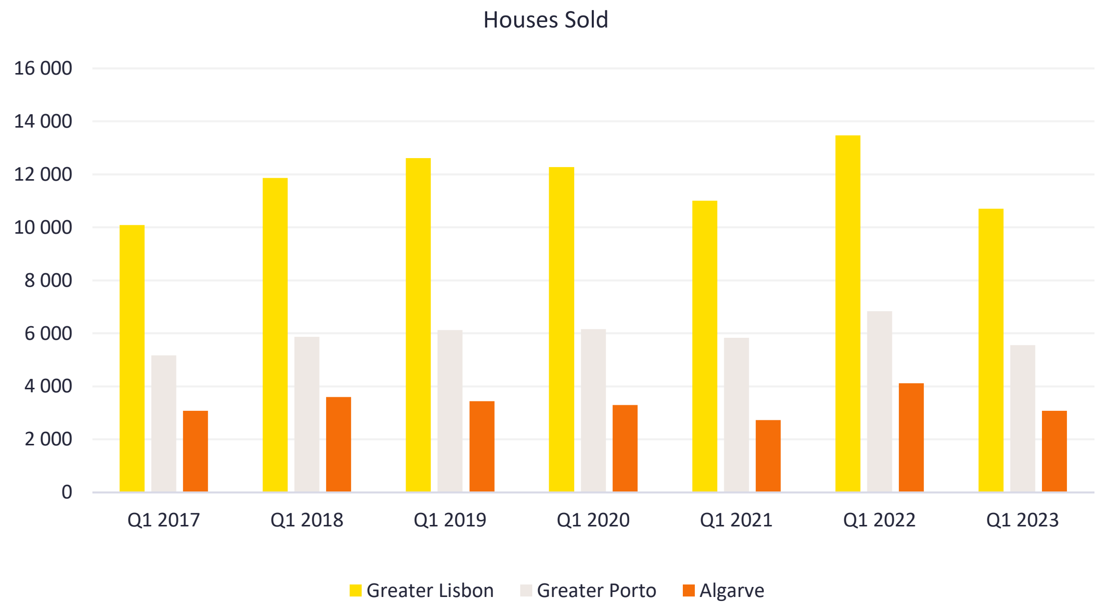
RESIDENTIAL MARKET | Q1 2023

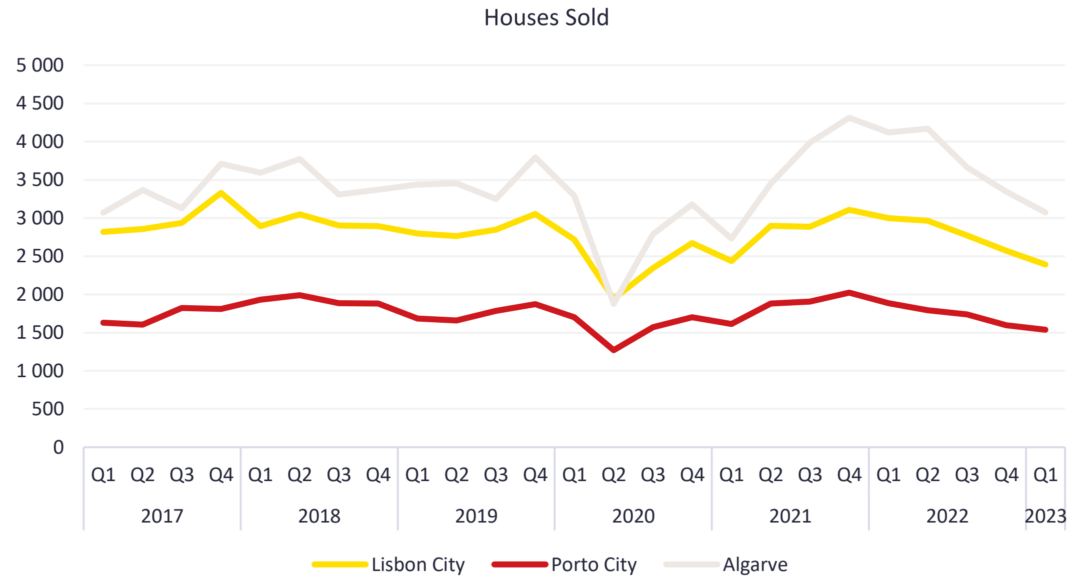
When looking at the main areas of the country, we witness decreases in the number of houses sold in Greater Lisbon, Greater Porto, and Algarve, when comparing current figures to 2022, considering the same period.

In the Lisbon Metropolitan Area, 10,701 residences were sold in Q1 2023. There was a decrease of 26% when compared to the same period in 2022, which had a total of 13,476 deals. This is the Portuguese region with the highest housing transactions, having been responsible for nearly one-third of all the deals in the country. Lisbon city alone was responsible for 2,392 dwellings sold.

In Greater Porto, 5,550 homes had been sold by the end of the first quarter of this year, representing a reduction of 24% in contrast to the same period in 2022, accounting for 6,839 transactions. Porto City, the capital of the Northern region, closed the first quarter with 1,536 deals.

The Algarve, a prime destination for second-home investment, recorded the sale of 3,073 homes up to the end of Q1 2023, with a decrease of 34% compared to the same period in 2022. The region witnessed massive growth in terms of house sales during the pandemic, which can be easily attributed to foreign investment.





Source: Savills Research analysing SIR

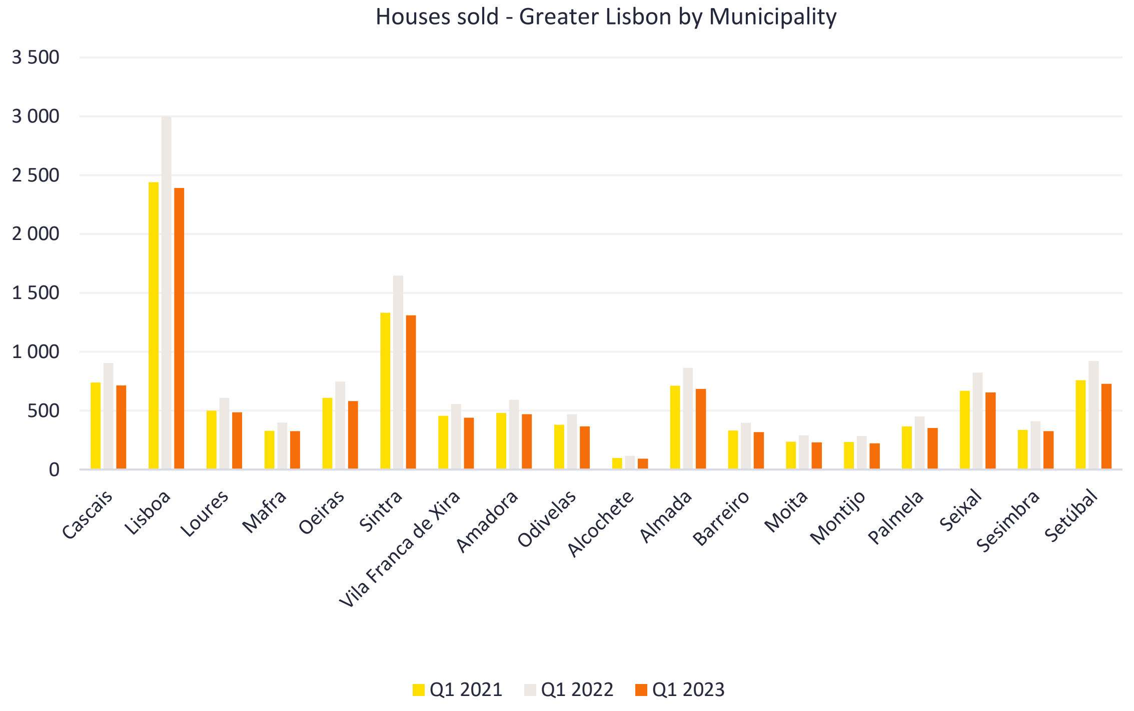
RESIDENTIAL MARKET | Q1 2023

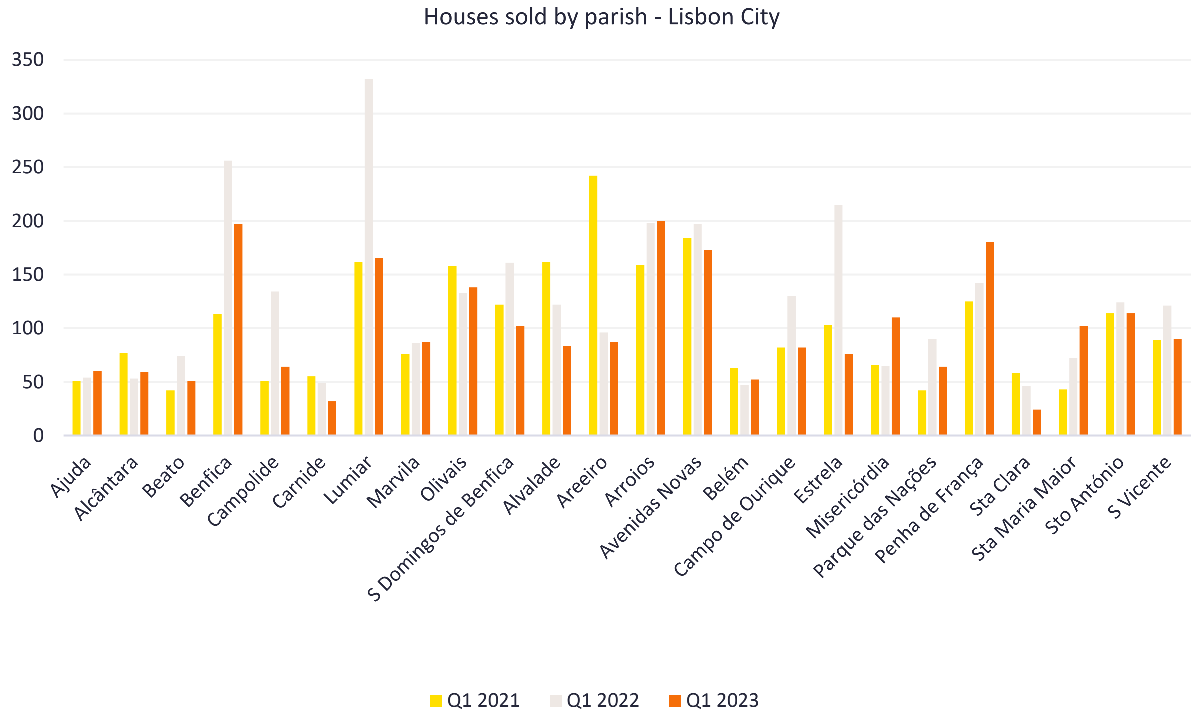
Lisbon, as expected, is the municipality with the highest number of transactions in Greater Lisbon and in the country, with a total of 2,392 transactions in Q1 2023, representing 22,4% of all closed deals in the region.

In contrast to the same period last year, there was a decline of 25.3% in the number of houses sold in the Portuguese capital. Followed by Lisbon city, Sintra accounted for 1,309, Setúbal, for 728, and Cascais for 714 transactions in the first quarter of the year, making the cities with the highest number of deals closed.

When looking at Lisbon city's parishes individually, Arroios, Benfica and Penha de França make up the top 3 parishes with the highest number of transactions, with 200, 197 and 180 deals closed in Q1 2023, respectively, accounting for 24% of all dwellings sold in the Portuguese capital.

Avenidas Novas, a central parish that has been welcoming several new and modern residential developments in the last few years, comes in 4th, with 173 transactions in the first quarter if the year.





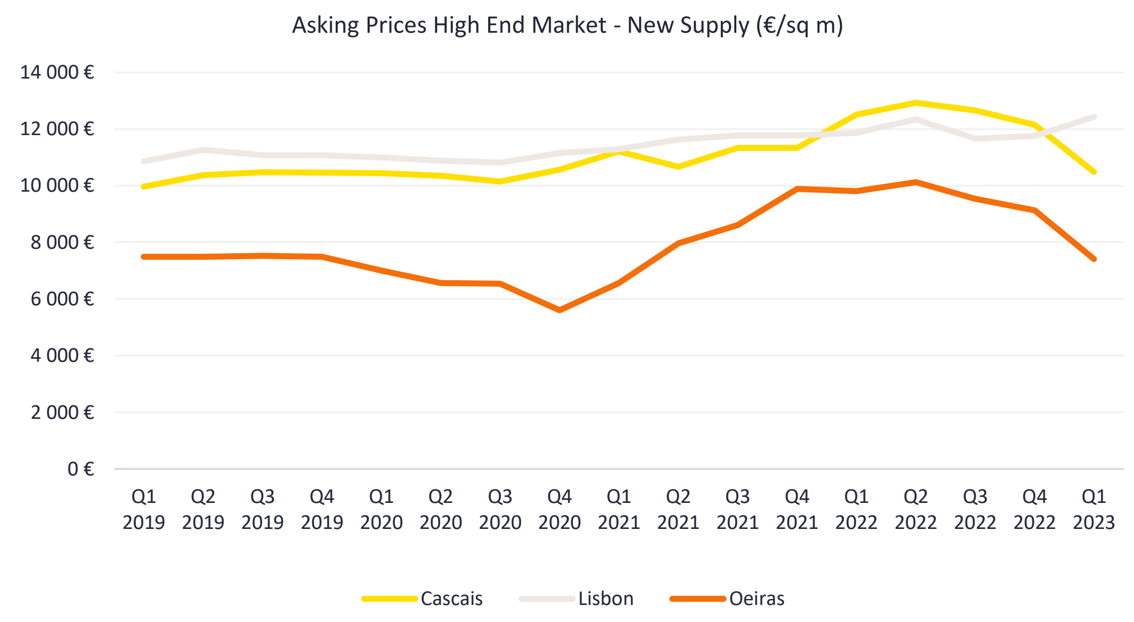
Source: Savills Research analyzing SIR

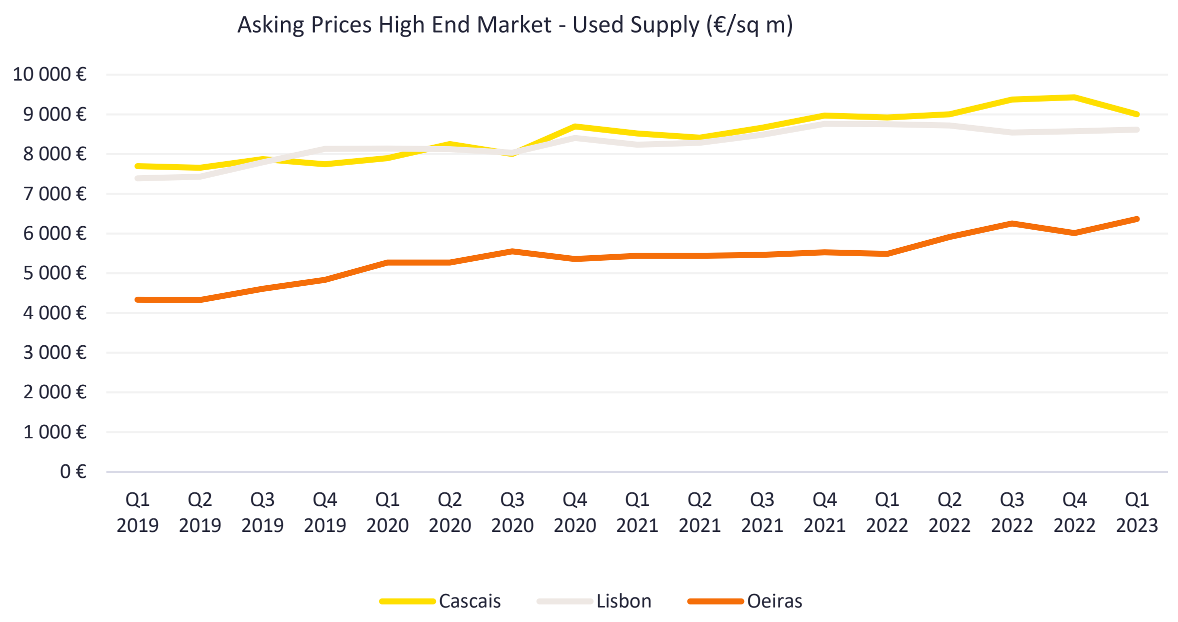
RESIDENTIAL MARKET | Q1 2023

Lisbon city closed the first quarter of the year with an average asking price, in the high-end market, of 12 431€/sq m for new properties, having reached its peak, and 8 618€/sq m for used ones, an average of 10 525 €/sq m,

Cascais, on the other hand, has witnessed a price drop of roughly 19% when compared to Q1 2022 new high-end properties' asking prices – 12 506€/sq m, to Q1 2023 numbers – 10 487€/sq m. The city has the second highest asking price regarding the high-end residential market in Greater Lisbon, just behind the Portuguese capital. Due to its concentration of international residents and wealthy Portuguese families, Cascais holds a significant portion of the prime residential market in the country.

Meanwhile, Oeiras has witnessed an increase of 6% for used properties, and a decrease of 23% for new supply, in terms of asking prices in the high-end market, when compared to the previous quarter figures, Q4 2022. The city has managed to keep its used supply average prices when it comes to its high-end market, under constant growth. Regarding its new supply, under the same category, it is possible to observe an abrupt rise in prices since Q4 2020, which might be a contributing factor to the current average asking price drop.





Source: Savills Research analyzing SIR

RESIDENTIAL MARKET | Q1 2023

Golden Visa Overview – 2023 (Up to Feb):

223 Residences permits granted
162 ARI by Real Estate Property Purchasing

Total Investment: 98 706 188,64 €
ARI Total Investment: 73 828 654,76 €

42 USA - 34 China - 19 Brazil - 14 Turkey - 12 India – 10 UK – 8 Lebanon

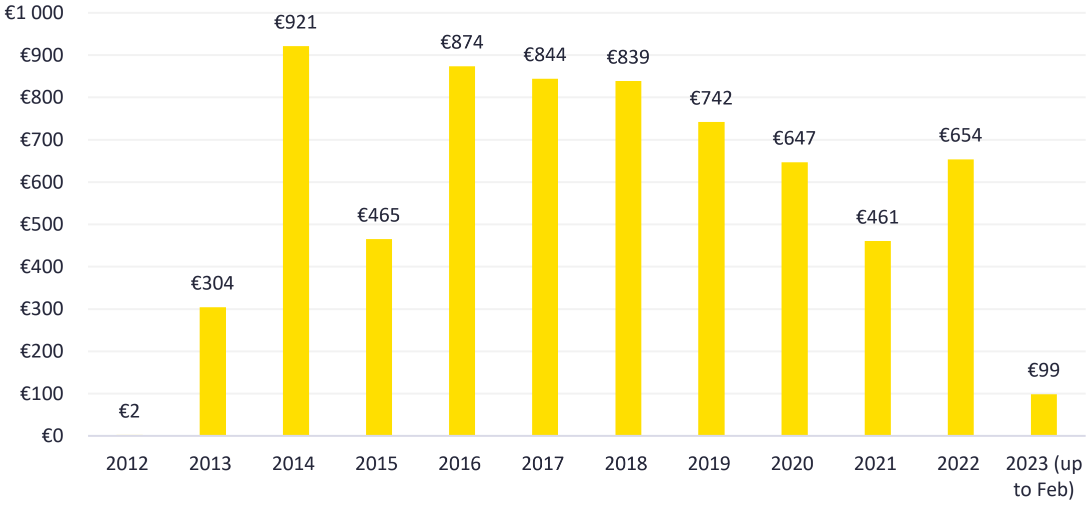
Golden Visa Overview – Oct 2012 to Feb 2023:

11 758 Residences permits granted
10 755 ARI by Real Estate Property Purchasing

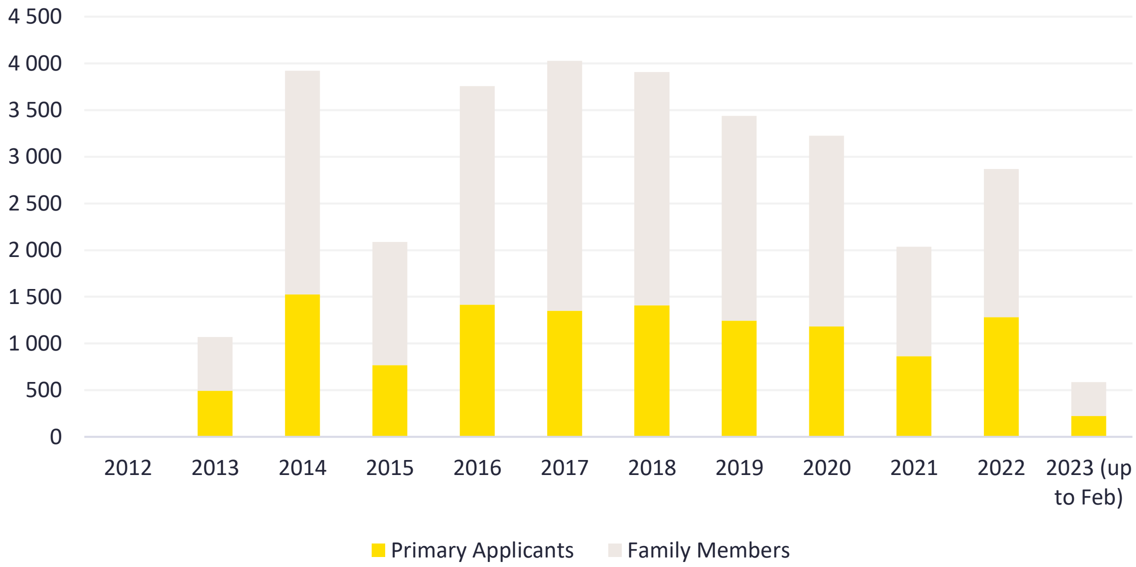
Total Investment: 6 852 797 996,14€
ARI Total Investment: 6 115 649 684,67€

5 281 China - 1 187 Brazil - 560 Turkey - 579 USA - 507 South Africa

Amount Invested Per Year (M€)

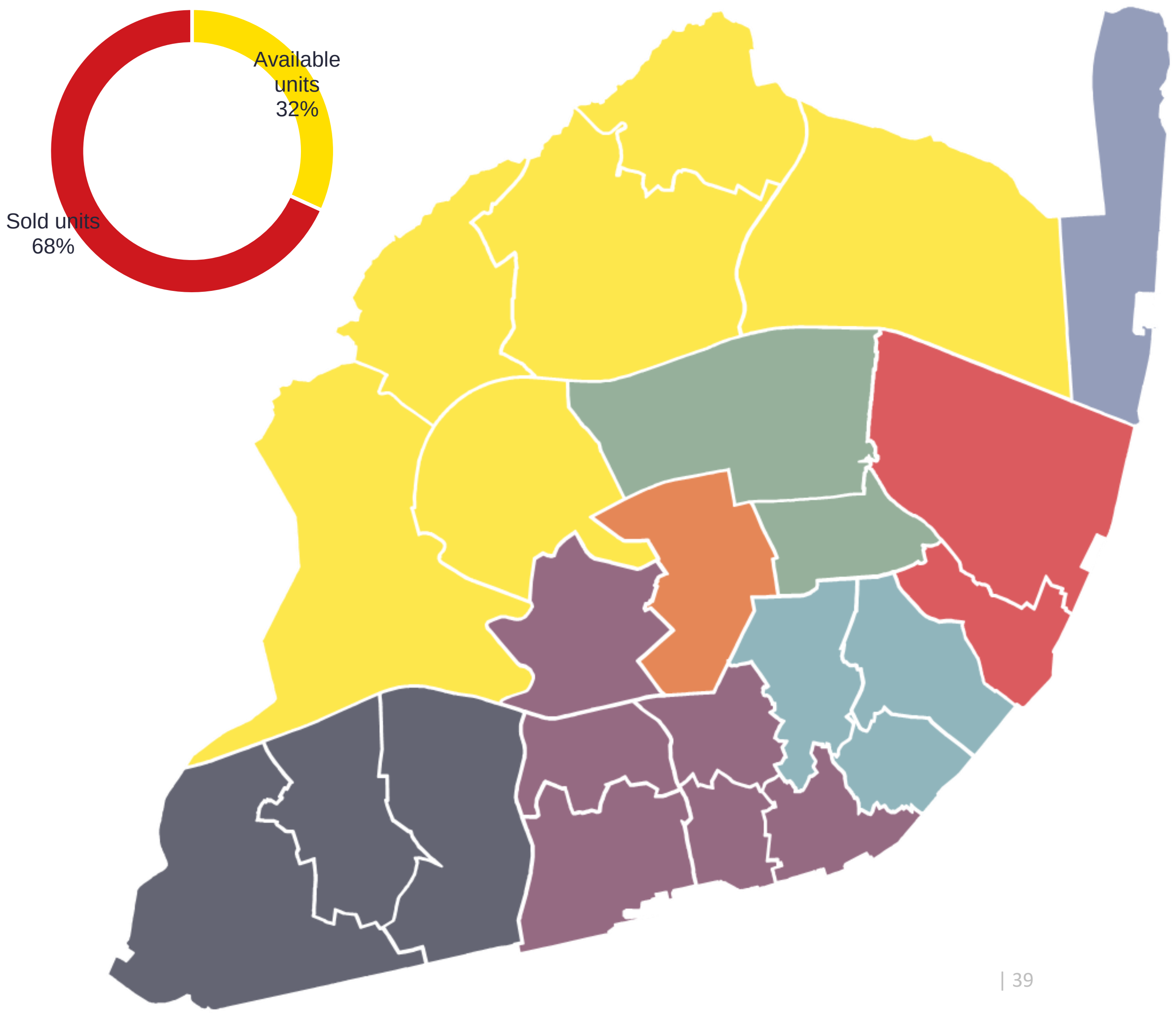


Number of Visas Issued



Source: SEF

PIPELINE UNDER CONSTRUCTION: 2023-2025



PRIME ZONE:
€7.000 - €13.500
> 1,000 units

CENTRAL ZONE:
€6.500 – €11.000
> 700 units

WEST RIVERSIDE:
€5.500 - €8.500
>300 units

HISTORIC HILLSIDE ZONE:
€6.000 – €9.000
> 200 units

EAST RIVERSIDE:
€5.000 / €8.500
> 300 units

UPPER CENTRAL ZONE:
€6.000 - €7.000
> 100 units

PARQUE DAS NAÇÕES:
€6.800 - €11.500
> 200 units

UPTOWN RING:
€3.000 – €5.000
> 1,200 units

Source: Savills Research

RESIDENTIAL MARKET | Q1 2023

The demand for low to medium housing should remain higher than the available supply.

With Inflation and interest rates remaining at high levels and considering the future uncertainties and financial difficulties in the households, the rental market may gain more ground as an option for the younger generations and single-parent households, creating more pressure on rents.

Foreign investment in real estate will continue to go toward high-end properties and developments with prices rising at a slower pace.

Since housing prices have skyrocketed, especially in the major cities of the country in the last years, Portugal's countryside is set to continue to watch a rise in its housing transactions, a factor that has been reinforced by the Covid-19 pandemic.

Due to the Golden Visa changes, foreigners might be more cautious and will look for alternatives to buy real estate in Portugal.

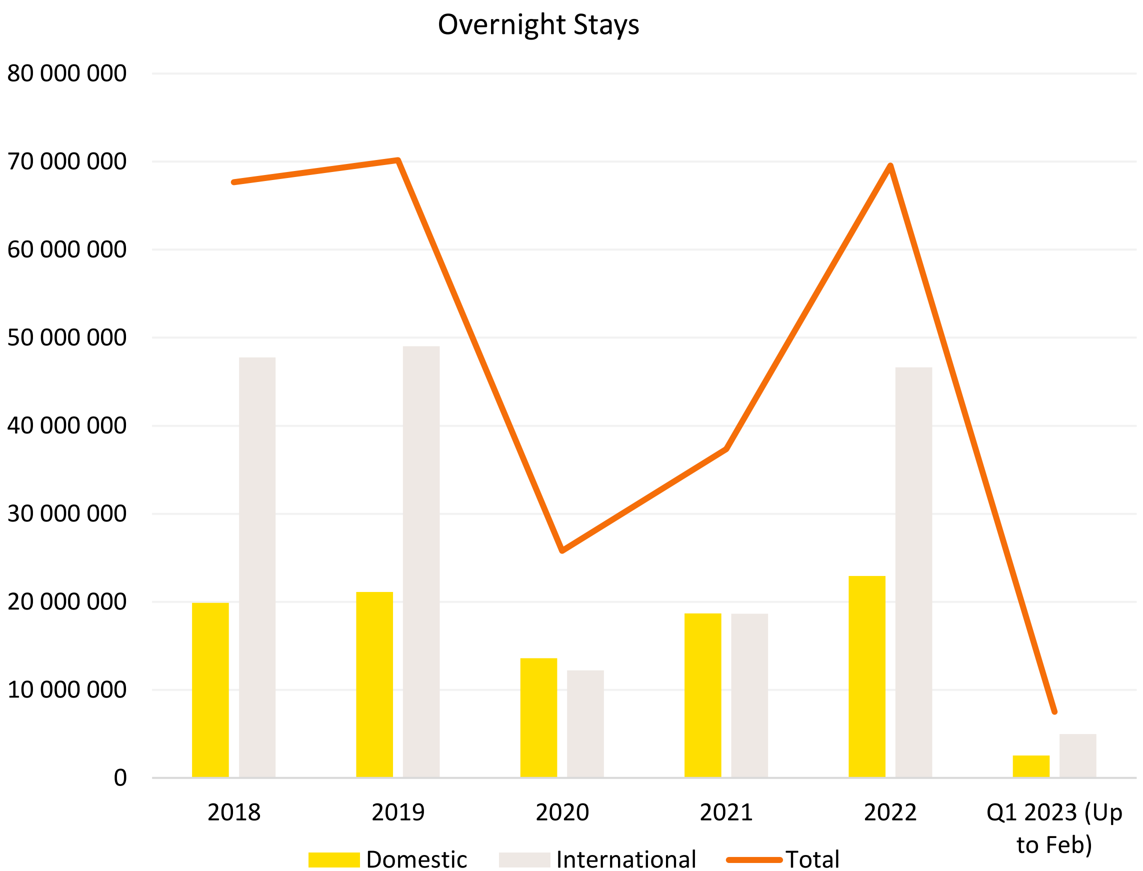
There will be greater pressure for public housing.

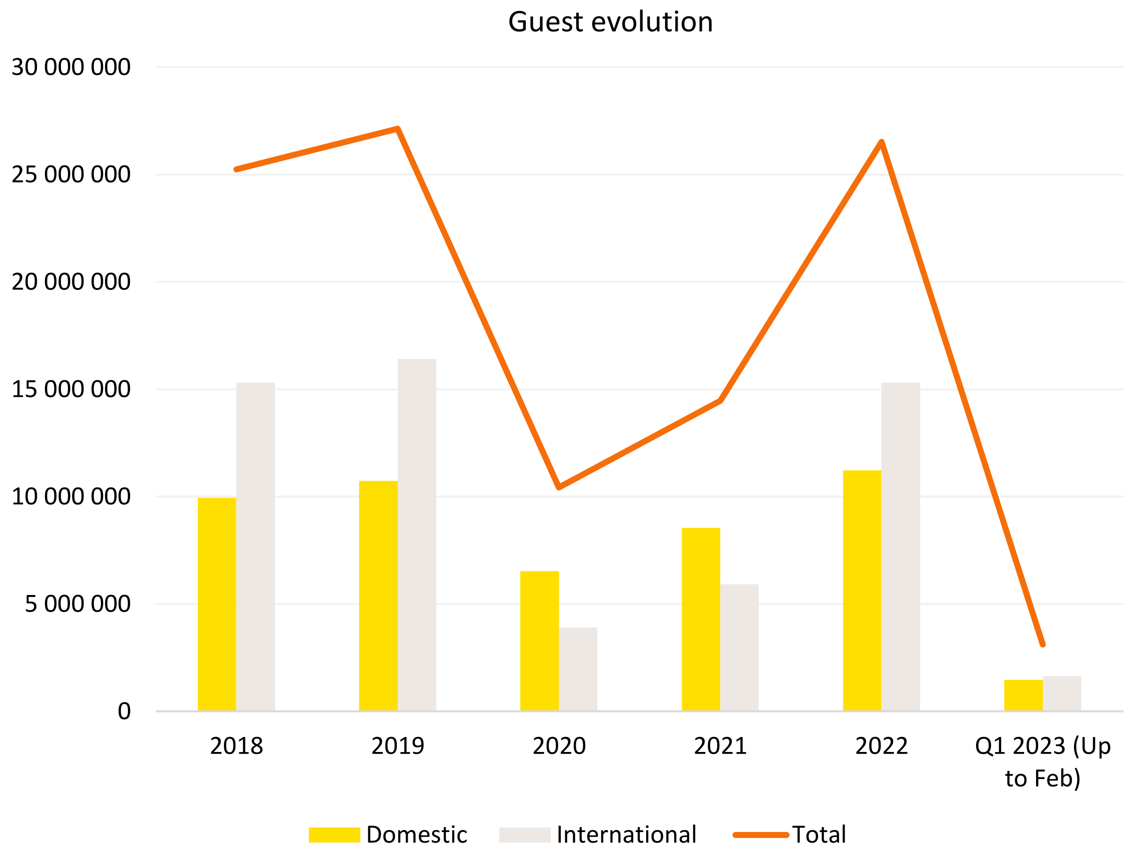
There will be demand for Build-to-Rent investment.

06

TOURISM MARKET

PORTUGAL TOURISM MARKET | Q1 2023





Source:Travel BI

PORTUGAL TOURISM MARKET | Q1 2023

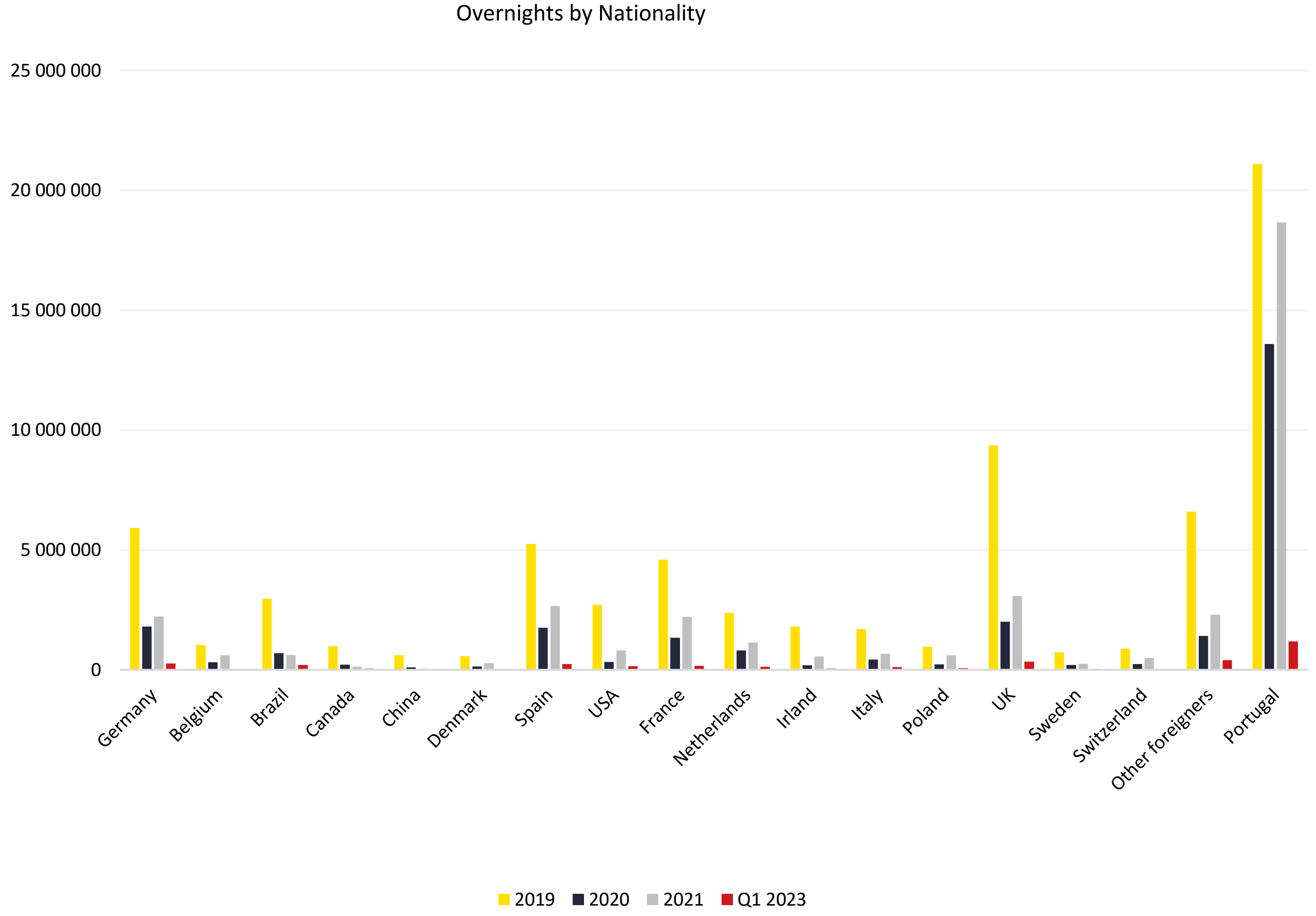
When it comes to tourism, Portugal is not only on the road to recovery, but also set to exceed pre-pandemic numbers. 2022 was already an exceptional year for the country in terms of tourism.

Up to February 2023, the country accounted for 7.5 M overnight stays. The same period in 2019 had a total of 6.4 M overnight stays, a difference of more than15%. The final figures come with an positive result, considering the events and challenges that came with 2022.

Considering January and February's numbers, 1.6 M guests come from international tourism, and 1.5 M from domestic travellers, representing, roughly 53% and 47% of the total amount, respectively: they amount 3,1 M tourists.

Up to the end of January, British, German, and Spanish citizens make up the top 3 of overnight stays, continuing the trend for many consecutive years when it comes to international tourism in Portugal. Respectively, these countries embodied 338 930, 259 578 and 234 397 stays in the country.

Regarding the number of guests in up to the end of February, there were 3.1 M tourists, contrasting to 2.7 M in the same period in 2019 and 2.1 M in 2021. International travellers summed up to 1.6 M visitors in total, opposed to 1.5 M national travellers, representing, respectively, 52.9% and 47.1%. Spaniards (240 201), British (188 998) and French (152 888) citizens make up the top 3 of nationalities who visited Portugal during the first two months of the year.



Source:Travel BI

PORTUGAL TOURISM MARKET | Q1 2023

North

ADR	2019	2020	2021	2022	jan/23
Hotels	85,34 €	69,80 €	75,94 €	94,25 €	74,69 €
5*	163,90 €	144,10 €	166,94 €	193,01 €	155,00 €
4*	87,75 €	74,00 €	76,64 €	94,31 €	74,25 €
Aparthotels	107,19 €	82,37 €	59,36 €	97,14 €	68,57 €
Total	82,64 €	69,63 €	75,48 €	93,78 €	74,42 €
RevPAR	**2019**	**2020**	**2021**	**2022**	**jan/23**
Hotels	85,34 €	20,48 €	27,32 €	51,83 €	27,18 €
5*	163,90 €	36,29 €	51,57 €	101,87 €	48,83 €
4*	87,75 €	21,60 €	27,92 €	52,47 €	26,94 €
Aparthotels	107,19 €	25,51 €	25,39 €	53,90 €	30,05 €
Total	82,64 €	19,24 €	25,51 €	46,17 €	24,03 €

Lisbon Metropolitan Area

ADR	2019	2020	2021	2022	jan/23
Hotels	112,80 €	83,57 €	92,50 €	125,32 €	100,03 €
5*	192,28 €	150,00 €	187,29 €	222,82 €	191,28 €
4*	101,61 €	80,23 €	83,08 €	112,34 €	91,26 €
Aparthotels	115,80 €	88,87 €	114,22 €	140,12 €	101,90 €
Total	106,98 €	77,79 €	87,99 €	122,10 €	96,12 €
RevPAR	**2019**	**2020**	**2021**	**2022**	**jan/23**
Hotels	82,75 €	24,82 €	34,41 €	84,53 €	50,27 €
5*	123,94 €	35,04 €	53,06 €	130,76 €	71,97 €
4*	76,14 €	23,98 €	31,38 €	76,81 €	46,11 €
Aparthotels	78,40 €	24,72 €	44,15 €	93,33 €	36,92 €
Total	73,72 €	23,30 €	33,32 €	80,26 €	46,71 €

Algarve

ADR	2019	2020	2021	2022	jan/23
Hotels	112,10 €	108,33 €	131,71 €	133,76 €	73,50 €
5*	165,19 €	164,54 €	200,02 €	205,68 €	108,66 €
4*	98,47 €	94,15 €	111,24 €	111,79 €	68,37 €
Aparthotels	88,46 €	83,96 €	109,18 €	111,54 €	49,36 €
Total	95,37 €	90,40 €	112,82 €	116,05 €	56,22 €
RevPAR	**2019**	**2020**	**2021**	**2022**	**jan/23**
Hotels	71,00 €	38,70 €	61,40 €	81,65 €	22,82 €
5*	99,30 €	54,10 €	88,10 €	117,34 €	28,54 €
4*	64,40 €	34,70 €	54,00 €	70,69 €	21,55 €
Aparthotels	59,00 €	30,90 €	47,90 €	69,87 €	18,20 €
Total	56,90 €	30,00 €	45,20 €	64,13 €	17,36 €

Source: Travel BI

PORTUGAL TOURISM MARKET | Q1 2023

2023 is set to be a successful, record-breaking year, with a forecast of full recovery and tourism figures even exceeding pre-pandemic numbers. 70 new hotel openings are expected from Q2 up to the end of the year, offering travelers more than six thousand rooms all over the country. So far, Portugal has welcomed 29 new hotels just this year alone.

Besides well-known regions, such as Lisbon, Porto, and the Algarve, the outskirts, namely Alentejo, Azores, and Madeira have lately received a lot of attention from international investors and travelers. The pandemic has brought to light a new way of traveling, focused on physical and mental well-being.

The concept of "Bleisure" has become more popular and it has been slowly changing the travel policy of companies. The goal is to be immersed in new experiences while working, on top of experiencing a different culture. The recent implementation of the Digital Nomad visa is set to be another contributing factor to Portugal's revival. It has been a growing trend, requiring a type of offer that adapts to their needs.

The MICE (meetings, incentives, conferences & exhibitions) sector has also seen a strong recovery, which Portugal has also become known for. The country offers modern venues and diverse, high-quality hotel options, as well as having great connecting flights with the main European cities.

Main openings Q1 2023

HOTEL	REGION	CITY	ROOMS	CATEGORY
Viceroy at Ombria Resort Algarve	Algarve	Loulé	500	5*
Marriott Lagos	Algarve	Lagos	217	4*
Melia Lisboa	Lisbon	Lisboa	239	5*
Aliados Plaza Hotel & SPA	Porto	Porto	97	4*
Hotel B&B Olhão	Algarve	Olhão	89	3*
Art Legacy Hotel	Lisbon	Lisboa	58	5*
Aliados Plaza Hotel & SPA	Porto	Porto	97	4*
Vermelho Christian Louboutin	Alentejo	Melides	13	5*
Vila Galé Collection São Miguel	Azores	Ponta Delgada	92	4*
Vila Galé Collection Tomar	Centre	Tomar	100	4*
Convent Square Hotel Vignette Collection	Lisbon	Lisboa	121	5*
Turim Infante Hotel	Ponta Delgada	Azores	101	4*

Source: Savills Research

THANK YOU

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