

PORTO MARKET SNAPSHOT

2021

Nº DEALS

20

INVESTMENT VOLUME

371 million euros

ACTIVE BUYERS IN PORTO

17

Author : Alexandre Lima

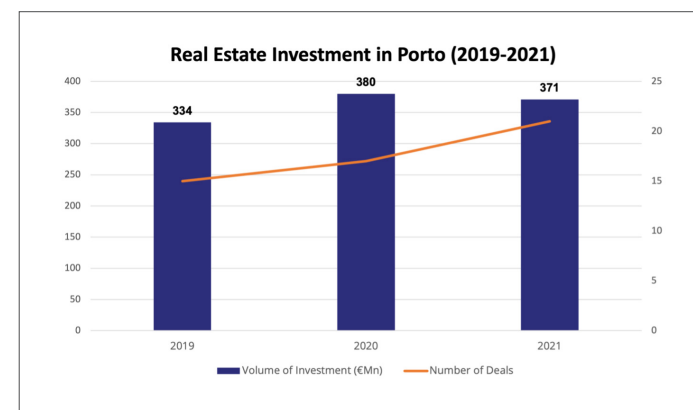
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INVESTORS ALLOCATED 371 MILLION EUROS TO OPORTO IN 2021

The investment volume channeled to Oporto in 2021 almost equaled the one observed in the previous year (there was only a 2% decrease), and the Iberian Property Data® database identified 20 deals concluded in the region in 2021, in other words, 3 more than the 17 operations monitored throughout the previous year. This figure highlights that despite the increase in the number of deals, the average value per operation decreased, from the 22.4 million euros estimated in 2020, to 18.6 million euros.

The commercial real estate investment in Oporto was mostly carried through portfolio operations, and the three biggest operations accounted for more than half of the total investment.

Oporto was off to a timid start, and in the first semester it was one major national operation – the sale of Portfolio ZIP – that sustained the investment channeled to the region. Portfolio ZIP, was a major residential operation valued at 333 million euros, consisting in 4.435 dwellings spread over Portugal, which included around 1.000 units in the Greater Oporto area, valued at approximately 77 million euros according to Iberian Property calculation. The buyers were the French Tikehau and the Portuguese Albatross. Besides this transaction, there were ten single asset operations concluded in the region during the first six months, accounting for 87 million euros.



The second semester was particularly important for the Oporto real estate market, attracting a total of 207 million euros through 10 operations, what increased the average value per operation to 18.6 million euros (in the first semester the average ticket was 16.4 million euros). Once again portfolio operations stood out, and the two biggest operations were the purchase by the Portuguese Square Asset Management of the Boavista Upscale Portfolio (including one hotel and two office assets) for 62.5 million euros, in July; and the purchase by the French Icade Santé in December of four healthcare assets, one of which located in Oporto (Hospital Lusíadas Porto) and valued by Iberian Property in 63 million euros.

PORTO MARKET SNAPSHOT

2021

PORTO MARKET SHARE

17%

INVESTMENT EVOLUTION (Y-O-Y)

- 2%

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Oporto INCREASES ITS NATIONAL MARKET SHARE

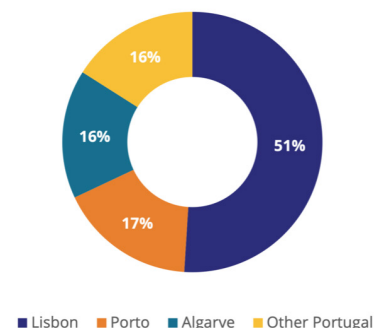
The capital allocated to the Portuguese real estate sector has dropped considerably, and when compared to the previous year the final figure of 2.2 billion euros invested during 2021 represents a decrease of 22% (compared to the approximately 2.9 billion euros invested during 2020).

Resisting the national trend, Oporto almost equaled the investment volume of the previous year, and it even surpassed the number of operations concluded. The greater diversification of investor targets increased during 2021, and the second largest city in the country continues to consolidate as an alternative to investing in Lisbon, attracting 371 million euros, and increasing its national market share – from 13% in 2020 to 17% in 2021.

On the contrary, in 2021 Lisbon registered less and smaller deals compared to 2020, and the national market share detained by the Portuguese capital dropped as well, moving from 68% in 2020 to 51% in 2021 (a decrease of 17 percentage points). Nevertheless, the Greater Lisbon region remained the main destination of investment in the Portuguese real estate market, attracting 1142 million euros.

However, in 2021 the Algarve proved to be the great revelation, where five operations amounted to nearly 368 million euros, placing Portugal's most southernmost region in the third place

Investment in Portugal in 2021, by Region (%)



on the podium. In 2020, this region had a residual market share of 2%, and in 2021 it escalated to a 16% market share, partially explained by the positive performance of the hotel sector, as this is one of the country's principal tourist destinations.

The remaining real estate investment in Portugal in 2021 was distributed heterogeneously across the rest of the territory, not giving place to any special mention. The islands, Azores and Madeira, attracted almost 60 million euros.

PORTO MARKET SNAPSHOT

2021

LEADING SECTOR

Multifamily

MULTIFAMILY INVESTMENT VOLUME

€118M

Nº MULTIFAMILY DEALS

5

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MULTIFAMILY LEADS INVESTMENT VOLUME

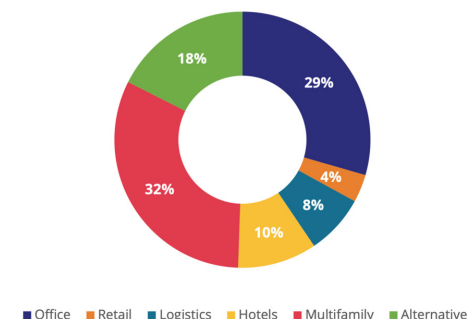
Appearing for the first time on the lead, the multifamily / living segment gained new momentum in 2021, attracting approximately 118 million euros through 5 operations, which generated a share of 32%. The Portfolio ZIP operation alone accounted for more than half the total channeled to this segment, but other notable operations are worth mentioning like two forward investments that summed up an estimative of 41 million euros directed to Student Housing projects – one carried by IPIM and HEED in October, and the other by Ageas Portugal in December.

Iberian Property didn't track any operation in the multifamily segment during 2020, but when comparing 2021 to 2019 records there is a positive increase of 42% in terms of investment volume, which was accompanied by an increase in terms of market share – moving from 25% in 2019 to 32% in 2021.

Offices maintain a firm position on the investor radar, and this asset class appeared in the second place in terms of investment conducted to the Oporto market in 2021, namely attracting 29% of the total amount traded, approximately 109 million euros in 7 operations.

However, maintaining the position of second most dynamic asset class shouldn't left behind the fact that the investment volume allocated to this segment has been decreasing since 2019 – the year in which offices attracted 149 million euros, corresponding to a market share of 45%. Analysing the performance of 2021 in

Investment in Porto in 2021, by Sector (%)



comparison to 2020, there was a decrease of 20% in terms of investment volume, together with a decrease of 7 percentage points of its market share.

The Alternative sector followed an upwards path similar to the multifamily segment, and in the national panorama alternative assets captured an historic volume of almost 273 million euros. In Oporto, alternatives closed the podium with 18% of the total investment captured, particularly with the transaction of two hospitals that amounted to 65 million euros (through 2 separate operations).

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TOP WINNER SECTOR (Y-O-Y)

Multifamily

TOP LOOSER SECTOR (Y-O-Y)

Retail

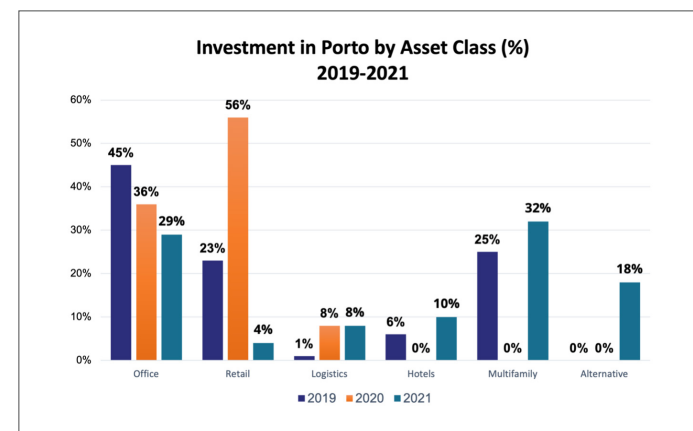
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MULTIFAMILY LEADS INVESTMENT VOLUME

Hotels in Portugal were among the sectors that suffered the most from the pandemic constraints imposed, but in Oporto the sector has already surpassed 2019 levels. While in 2020 no operation was registered, during 2021 Iberian Property identified 3 operations, and even though the value of two of them was not possible to calculate the notable acquisition by Square Asset Management of the emblematic Porto Palácio Congress Hotel & Spa was more than sufficient to break the investment volume of 2019. Likewise, the market share detained by this segment has also returned to pre-pandemic levels and was the best observed in the last three years – 10% of the total investment in 2021.

The investment in logistics remained relatively stable in Oporto's market, with this asset class occupying the fifth position in the ranking, equalling the share of 8% obtained in 2020, and registering an investment volume of 28 million euros (also very close to the 2020 figure).

On the contrary, the retail sector registered the more severe decrease both in terms of investment volume and market share, when compared to the 2020 performance. In fact, while in 2020 this segment was the most dynamic asset class – responsible for 56% of the total investment in Oporto (with 212 million euros invested) –, in 2021 retail only concentrated 4% of the total investment, with 13 million euros invested in 3 operations.



PORTO MARKET SNAPSHOT

2021

NATIONAL INVESTORS SHARE

62%

PRIVATE EQUITY SHARE

3%

INSTITUTIONAL CAPITAL SHARE

91%

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PORTUGUESE INVESTORS SUSTAIN OPORTO MARKET

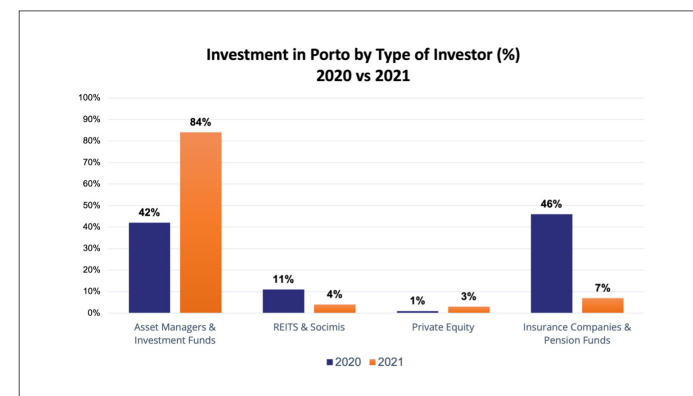
Asset Managers & Investment Funds took the lead in the Oporto real estate market, being responsible for 16 operations that amounted to 311 million euros, dominating the investment volume channeled to Oporto. These investors registered the higher increase in terms of market share when compared to the previous year, doubling its 42% obtained in 2020, to 84% in 2021.

On the other hand, Insurance Companies & Pension Funds registered the higher decrease, with their investment volume dropping from the 175 million euros observed in 2020, to 27 million euros in 2021. Likewise, their market share also decreased, moving from 46% in 2020 – when these investors appeared in first place – to 7% in 2021. However, it is important to highlight that in 2020 these investors had an unusual performance, achieved mainly through one major retail portfolio operation in which was included one of the most emblematic shopping centers of the region – Norte Shopping.

Altogether, the increase of market share of the Asset Managers & Investment Funds overweighted the decrease of the Insurance Companies & Pension Funds, what contributed to an overall increase of the institutional capital present in Oporto – 91% of the total investment in 2021 was conducted by institutional investors (3 percentage points above 2020).

REITS & Socimis appear in the third place of the podium once more, attracting 14 million euros, and capturing a 4% market share. REITS & Socimis were responsible for only 1 operation and their investment volume decreased 67 % when compared to 2020.

Private Equity investors also registered just 1 operation, which accounted for 11 million euros, and allowed these investors to triple the residual market share concentrated in 2020 (1%).



Family Offices carried two operations amounting to 3 million euros. Analysing the sources of investment in Oporto throughout last year, a new phenomenon occurred – domestic capital surpassed the international expression in the sector. In fact, the domestic capital significance has been growing since 2019, moving from 26% in that year to 31% in 2020. In 2021, the increase was even more surprisingly with the Portuguese investors share rising to 62%, a figure that corresponds to 229 million euros.

Regarding the origin of international investments, the greatest share originated in Europe. In this continent, the French investors assume the first place, carrying an investment of more than 100 million euros through the two biggest operations of the year.

There were only three other nationalities present in Oporto as active buyers during 2021, specifically investors from Spain, Singapore, and the United Kingdom.

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TOP 5 DEALS -
TOTAL INVESTMENT SHARE

69%

TOP 5 DEALS - OFFICES SHARE

20%

TOP 5 DEALS - PORTFOLIOS SHARE

79%

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TOP 5 DEALS IN OPORTO (2021)



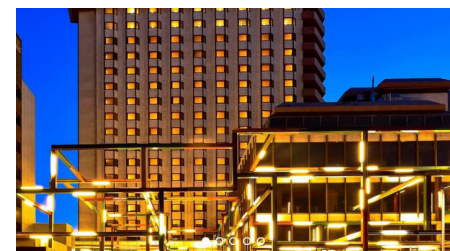
1. Portfolio ZIP – 4435 apartments

Sector	Multifamily
Value	€333M ((€77M channeled to Oporto)
Buyers	Tikehau, and Albatross
Seller	Several Commercial Portuguese Banks



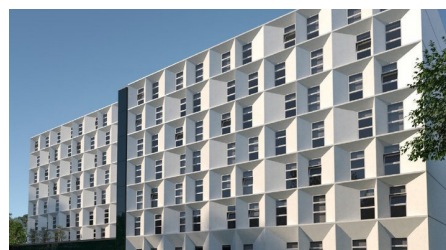
2. Lusíadas Portfolio – 4 hospitals

Sector	Alternative
Value	€213M ((€63M channeled to Oporto)
Buyer	Icade Santé
Seller	Fidelidade



3. Boavista Upscale Portfolio

Sector	Hotel, Office
Value	€62.5M
Buyer	Square Asset management
Seller	SONAE Capital



4. Student Residence Odalys Asprela

Sector	Multifamily
Value	€26.5M
Buyer	Ageas Portugal
Seller	Promiris, and Cetim



5. Boavista Office Center

Sector	Office
Value	€25.8M
Buyer	Fidelidade
Seller	Undisclosed

Investment figures analysis refer to the Greater Oporto area, and are an estimative from Iberian Property, considering the public operations signed and communicated to date (in 2022 new operations may be revealed, elevating the final investment volume of 2021)