

LISBON MARKET SNAPSHOT

2021

Nº DEALS

41

INVESTMENT VOLUME

1.1 billion euros

ACTIVE BUYERS IN LISBON

32

Author : Alexandre Lima

IP IBERIAN.PROPERTY

INVESTORS ALLOCATED 1.1 BILLION EUROS TO LISBON IN 2021

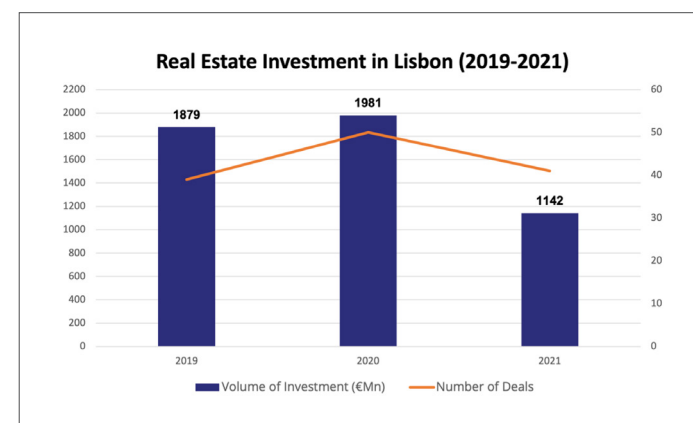
This figure represents a 42% decrease compared with the performance in 2020 (2 billion euros), and the Iberian Property Data® database identified 41 deals concluded in the region in 2021, in other words, 9 less than the 50 operations monitored throughout the previous year. Furthermore, the average value per operation also decreased, from the 39.6 million euros estimated in 2020, to 27.9 million euros.

The commercial real estate investment in Lisbon was mostly carried through portfolio operations, and in the first semester it had surpassed 500 million euros thanks to two major operations – the sale of the Portfolio Navigator, and Portfolio ZIP.

Portfolio Navigator comprised 7 office buildings with a total of more than 40.000 sqm and was purchased by a Singaporean listed fund for an amount of 120 million euros.

Portfolio ZIP, was a major residential operation valued at 333 million euros, consisting in 4.435 dwellings spread over Portugal - this included more than 1.600 units in the Greater Lisbon area, also valued around 120 million euros according to Iberian Property estimative. The buyers were the French Tikehau and the Portuguese Albatross.

The second semester was particularly important for the Lisbon real estate market, attracting a total of 619 million euros



through 20 operations, what increased the average ticket to 27.9 million euros (in the first semester the average ticket was 24.9 million euros). Once again portfolio operations stood out, and the two biggest operations were the purchase by the American Sixth Street of 15 office buildings in Quinta da Fonte for 150 million euros in July, and the purchase by the French Icade Santé in December of four healthcare assets, one of which located in Lisbon (Hospital Lusíadas Lisboa) and valued by Iberian Property in 75 million euros.

LISBON MARKET SNAPSHOT

2021

LISBON MARKET SHARE

51%

INVESTMENT EVOLUTION (Y-O-Y)

- 42%

Author : Alexandre Lima

IP IBERIAN.PROPERTY

LISBON IS WORTH HALF THE PORTUGUESE INVESTMENT

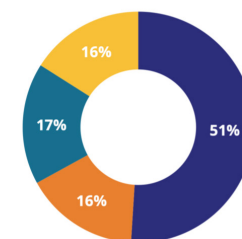
The capital allocated to the Portuguese real estate sector has dropped considerably, and when compared to the previous year the final figure of 2.2 billion euros invested during 2021 represents a decrease of 22% (compared to the approximately 2.9 billion euros invested during 2020).

The year of 2021 has set a similar figure for Lisbon, specifically with less and smaller deals observed in the Portuguese capital. The national market share detained by this region registered a reduction as well, moving from 68% in 2020 to 51% in 2021 (a decrease of 17 percentage points). Nevertheless, the Greater Lisbon region continues to be the main destination of investment in the Portuguese real estate market.

The greater diversification of investor targets increased during 2021, and the second largest city in the country – Porto, continues to consolidate as an alternative to investing in Lisbon, attracting approximately 352 million euros, 16% of the total.

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 second place on

Investment in Portugal in 2021, by Region (%)



■ Lisbon ■ Porto ■ Algarve ■ Other Portugal

the podium. This positive performance is explained by a growing focus on hotel acquisitions, as this is one of the country's principal tourist destinations.

The remaining 16% channeled to real estate investment in Portugal in 2021 was distributed across the rest of the territory. The islands, Azores and Madeira, attracted almost 60 million euros.

LISBON MARKET SNAPSHOT

2021

LEADING SECTOR

Office

OFFICE INVESTMENT VOLUME

€609M

Nº OFFICE DEALS

17

Author : Alexandre Lima

IP IBERIAN.PROPERTY

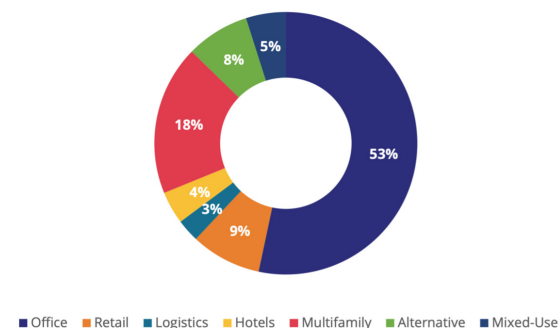
OFFICES LEAD INVESTMENT VOLUME

Offices maintain a firm position on the investor radar, and this was the asset class that attracted the most investment in the Lisbon market in 2021, namely attracting 53% of the total amount traded, approximately 609 million euros in 17 operations.

Despite being the most dynamic asset class, the investment volume allocated to this segment decreased when compared to the previous year, specifically from 902 million euros in 2020 to 609 million euros in 2021, a figure also below the 2019 levels (864 million euros invested in offices). Nevertheless, the market share detained by this segment has been growing consistently since 2019, moving from 44% to 46% in 2020, and now reaching 53% in 2021.

Appearing in second place, the residential/multifamily segment gained new momentum in 2021, attracting more than 200 million euros through 5 operations, which generated a share of 18%. Portfolio ZIP alone accounted for more than half the total channeled to this segment, but other notable operations are worth mentioning like the forward investment of 32 million euros by Amro Partners directed to a Student Housing project near the NOVA FCT campus. 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 30% in terms of investment volume, what was accompanied by an increase in terms of market share – moving from 8% in 2019 to 18% in 2021.

Investment in Lisbon in 2021, by Sector (%)



LISBON MARKET SNAPSHOT 2021

TOP WINNER SECTOR (Y-O-Y)

Multifamily

TOP LOOSER SECTOR (Y-O-Y)

Retail

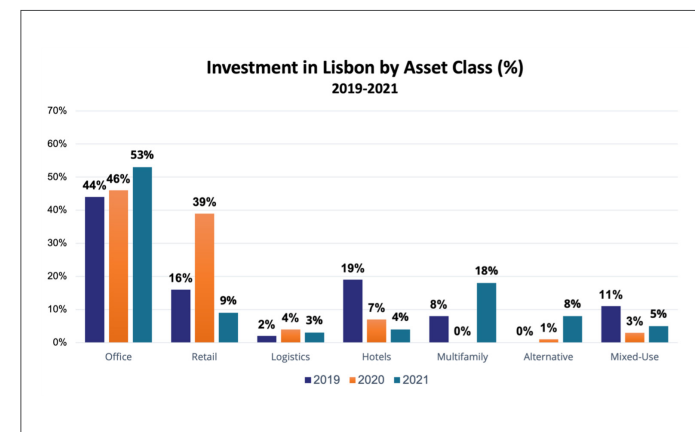
On the other side, the retail sector registered the more severe decrease both in terms of investment volume and market share, when compared to the 2020 performance. In fact, while in 2020 this segment was responsible for 39% of the total investment in Lisbon (with 702 million euros invested in 8 operations), in 2021 retail only concentrated 9% of the total investment, not even reaching 100 million euros invested.

Following close, 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 Lisbon, alternatives concentrated 8% of the total investment, particularly in healthcare assets operations that amounted to 89 million euros.

Hotels suffered the most from the pandemic constraints imposed, and their market share fell from 19% in 2019 to 7% in 2020. The year of 2021 was not different, and the investment dedicated to the sector in the capital continued to drop, registering 46 million euros in 3 operations – an investment volume almost three times lower than the 137 million euros registered in 2020, even though the number of operations concluded was the same in both years. It is important however to state that tourism is already recovering in

Portugal, and the hotels sector appears in the third position of the national podium in 2021. The recovery seems to be led by leisure assets and the forecast is that it will take more time until urban tourism feels the same effects, which partially explains the behavior of the sector in Lisbon.

The investment in logistics remained relatively stable in Lisbon's market, with this asset class occupying the last position in the ranking, with a share of 3% worth 32 million euros, a figure slightly below the 4% achieved in 2020 for a total value of 76 million euros.



Author : Alexandre Lima

LISBON MARKET SNAPSHOT 2021

NATIONAL INVESTORS SHARE

30%

PRIVATE EQUITY SHARE

23%

INSTITUTIONAL CAPITAL SHARE

74%

Author: Alexandre Lima

IP IBERIAN.PROPERTY

ASSET MANAGERS & INVESTMENT FUNDS LEAD INVESTMENT VOLUME

Asset Managers & Investment Funds took the lead in the Lisbon real estate market, being responsible for 24 operations that amounted to 738 million euros, which represents nearly 2/3 of the total investment in the capital. These investors registered the higher increase in terms of market share when compared to the previous year, moving from 23% in 2020 to 65% in 2021.

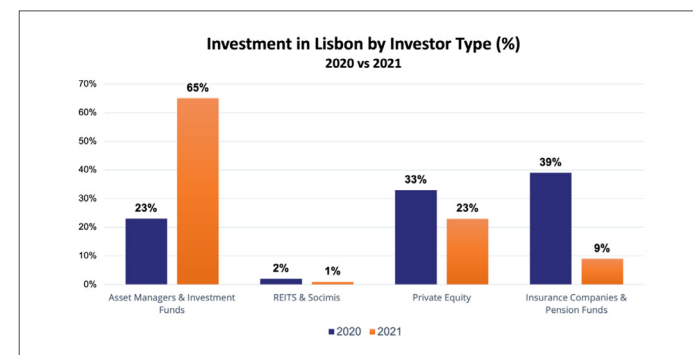
On the other hand, Insurance Companies & Pension Funds registered the higher decrease, with their investment volume dropping from the 764 million euros observed in 2020, to 106 million euros in 2021. Likewise, their market share also decreased, moving from 39% in 2020 – when these investors appeared in first place – to 9% in 2021.

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 Lisbon – 74% of the total investment in 2021 was conducted by institutional investors (12 percentage points above 2020).

Private Equity investors maintained the second place of the podium in terms of investment volume directed to Lisbon in 2021. However, these investors registered a decrease in their market share, from 33% (that corresponded to 662 million euros in 2020) to 23% in 2021, a figure that corresponds to 262 million euros invested through 10 operations.

REITs & Socimis were responsible for only one operation, remaining with a diminutive expression in the Lisbon real estate market.

Analysing the sources of investment in Lisbon throughout last year, international capital keeps sustaining the sector. However, the domestic capital recovered momentum, and registered a great increase with its share rising from 16% in 2020 to 30% in 2021 (also above the 22% registered in 2019). This was supported by an increase of deals



carried by Portuguese investors in 2021, but since the investment volume didn't increase in the same proportion the average ticket dropped from 16.7 million euros in 2020 to 14.7 million euros in 2021.

Regarding the origin of international investments, the greatest share – 33% of the total amount traded in the region, namely 381 million euros – originated in Europe. In this continent, the United Kingdom and the French investors share the first place, carrying an investment of more than 300 million euros together, in 8 operations (5 from the UK and 3 from France).

In second place on the podium, North American investment represented 27% of the total, meaning 303 million euros achieved in 5 operations. This represents a significant increase compared to 2020 when the continent had a 6% share, with 124 million euros invested in 2 operations.

Asian investment also showed signs of strength with one single operation from a Singaporean listed fund that amounted to 120 million euros. This way Asia was responsible for 11% of the total invested in Lisbon real estate market.

LISBON MARKET SNAPSHOT

2021

TOP 5 DEALS -
TOTAL INVESTMENT SHARE

50%

TOP 5 DEALS - OFFICES SHARE

65%

TOP 5 DEALS -
PORTFOLIOS SHARE

83%

Author : Alexandre Lima

IP IBERIAN.PROPERTY

TOP 5 DEALS IN LISBON (2021)



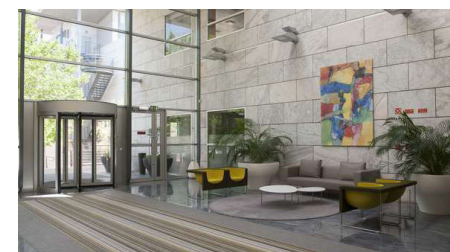
1. Portfolio ZIP – 4435 apartments

Sector	Multifamily
Value	€333M (€123M channeled to Lisbon)
Buyers	Tikehau, and Albatross
Seller	Several Commercial Portuguese Banks



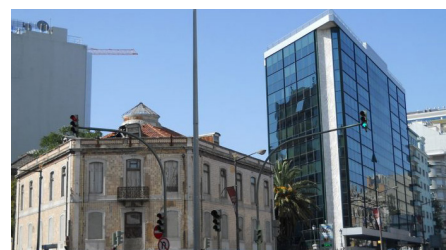
2. Lusíadas Portfolio – 4 hospitals

Sector	Alternative
Value	€213M (€75M channeled to Lisbon)
Buyer	Icade Santé
Seller	Fidelidade



3. Portfolio of 15 buildings in Quinta da Fonte

Sector	Offices
Value	€150M
Buyer	Sixth Street
Seller	Signal Capital



4. Portfolio Navigator

Sector	Offices
Value	€120M
Buyer	Singaporean listed fund (Pierre Castel)
Seller	Rivercrown



5. JQOne (former Entrepasto Building);

Sector	Offices
Value	€98M
Buyer	Jamestown
Seller	Signal Capital

Disclaimer: Investment figures analysis refer to Greater Lisbon and are an estimative from Iberian Property, taking into account the public operations signed and communicated to date (in 2022 new operations may be revealed, elevating the final investment volume of 2021)