

# Outlook

CRE Investment Market  
Q1 2022



**GDP  
GROWTH**  
2022 (p)



**+4.9%**

**10Y TREASURY  
BONDS**  
Q1 2022



**+0.9%**

**CRE  
INVESTMENT**  
Q1 2022



**€180**  
million

**PRIME  
YIELD**  
Q1 2022



**3.75%**  
offices



## GDP Growth

The Portuguese economy will continue recover throughout 2022 given the easing of some COVID measures. Forecasts point to a similar growth as last year, with GDP expected to increase 4.9% at the end of 2022.



## 10Y TREASURY BONDS

10-year Treasury Bonds grew to 0.9% in the first quarter of 2022, after reaching historical minimums during the pandemic.



## CRE Investment

Commercial real estate (CRE) investment in Portugal summed up more than €180 million in the first quarter, reflecting a decrease of 15%.



## Prime Yield

Following the high level of liquidity in the market and the strong demand for core and core+ assets, offices compressed the prime yield to 3.75% in the first quarter.

Source: Banco de Portugal | WORX



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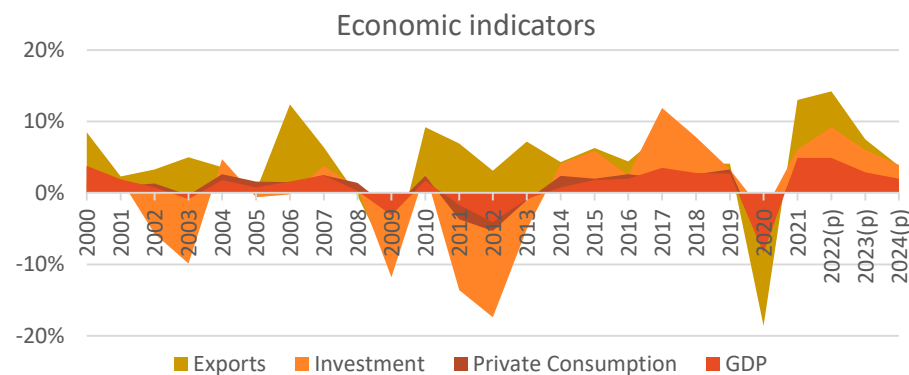




The Portuguese economy will continue recover throughout 2022 given the easing of some COVID measures: the lift of mandatory mask use in indoor spaces (except healthcare facilities and public transportation); certifications in hotels, restaurants, gyms and events; negative tests for tourists with digital certification; and the recommendation of remote working.

The Bank of Portugal forecasts point to a similar economic growth compared to last year, with GDP expected to increase 4.9% at the end of 2022, resuming to be above the Euro Area average (+120 base points).

This economic growth is mainly boosted by exports and investment. The full recovery of tourism activity back to pre-COVID levels expected for this year, alongside with the increase in foreign demand for goods, will drive exports to grow an historical high of 14.2%.



Source: Banco de Portugal (last updated in March 2022)

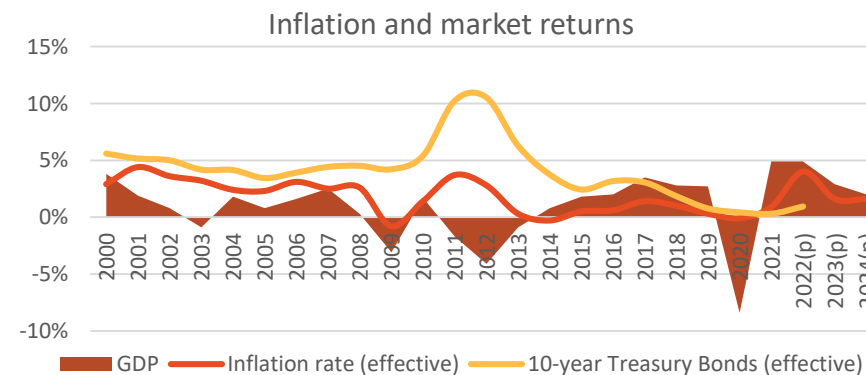
Investment follows with 9.2% growth estimated for 2022, supported by a highly dynamic construction sector.

The year has also been marked by an upward trend in the inflation rate following the energy crisis and the Ukrainian conflict. Forecasts estimate a 4.0% rate in 2022, which is the highest value since 2001.

For the next years, GDP is forecasted to grow at a slower pace, pointing to 2.9% in 2023 and 2.0% in 2024. The uncertainty around the forecasts remain, with supply chain disruptions and inflation pressures being the main challenges.

10-year Treasury Bonds grew to 0.9% in the first quarter of 2022, after reaching historical minimums during the pandemic.

The unemployment rate will slightly decrease to 5.9% in 2022 and have a tendency for stabilization from 2023 onwards given the labour and skill shortages.







# CRE IN VEST MENT



**€180 million**

CRE investment volume

Commercial real estate (CRE) investment in Portugal summed up more than €180 million in the first quarter, mainly from foreign origin (75%). Despite the slow beginning of the year, reflected by a decrease of 15% compared to the homologous period, a great volume of CRE transactions is expected for 2022.

**75%**

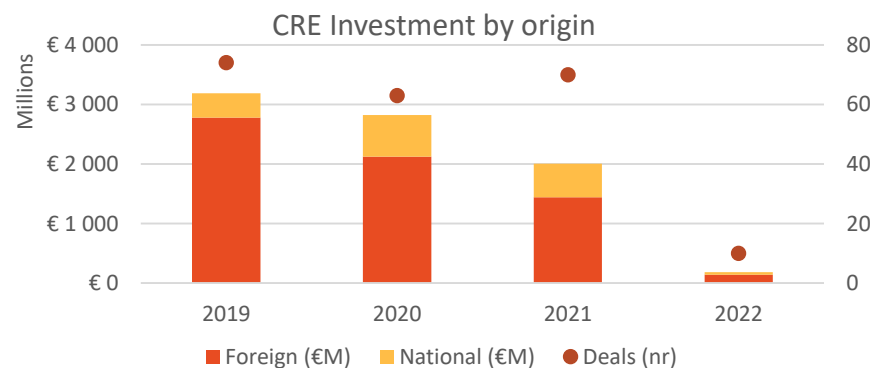
Office sector

The office sector led the demand for commercial assets, accounting for 75% of total transacted volume. The purchase of Tranquilidade Headquarters in Av. Liberdade by AFIAA for €67 million and the former Santander Headquarters by Incus Capital for €50 million featured the largest deals of the first quarter. The industrial & logistics sector accounted for the second share of CRE investment, with 21% of total volume. Noteworthy, the purchase of six warehouses by Bedrock Capital Partners & Europi Property Group in two separate deals, which totalled about €30 million invested.

**3.75%**

Prime yield – Offices

Following the high level of liquidity in the market and the strong demand for core and core+ assets, offices compressed the prime yield to 3.75% in the first quarter.



Source: WORX

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## TOP 5 Investment deals

**€ 67M**

Liberdade 242 with 9,400 sq.m sold from Lace to AFIAA (Q1)

**€ 50M**

Ramalho Ortigão 51 with 12,000 sq.m sold from Banco Santander to Incus Capital (Q1)

**€ 15M**

Berna 54 with 3.800 sq.m sold from Tristan Capital Partners to a national investor (Q1)

**>€ 10M**

Three logistic warehouses in Parque Industrial do Porto Alto with 39.700 sq.m sold from a national investor to Bedrock Capital Partners & Europi Property Group (Q1)

**€ 7.5-8M**

Two stores in Gaiashopping with 2.800 sq.m sold from Redevco to Fidelidade (Q1)

For more information on leasing comparables, please contact us.



Source: WORX

## Outlook



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# Inspired in Portuguese Mural Artists

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