

LISBON

Key Investment Trends

As predicted, property investment will break records in 2018, as H1 closed with around €1.5 billion worth of transactions. Retail continues to lead property investment, but investment in offices has also increased y/y, mainly because of the recent sale of Lagoas Park.

Lisbon's investment market is the most active market in Portugal and the gap between Lisbon and the rest of the country spread during H1. In fact, Lisbon accounted for almost 90% of total investment transactions in Portugal. The trend is set to continue in H2, with, for example, the completion of the sale of Almada Forum (in July).

Increasing levels of interest in Lisbon's investment market has also results in a further compression of local yields.

Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
25	Aarhus	4.75	24
26	Leeds	4.94	-6
27	Rotterdam	4.98	-35
28	Bristol	5.05	5
29	The Hague	5.28	-30
30	Lisbon	5.51	-40
31	Warsaw	5.58	-6
32	Glasgow	5.60	15
33	Eindhoven	5.72	-26
34	Wroclaw	5.77	-23

Note: Lowest scoring yield ranks highest.

Yield Outlook

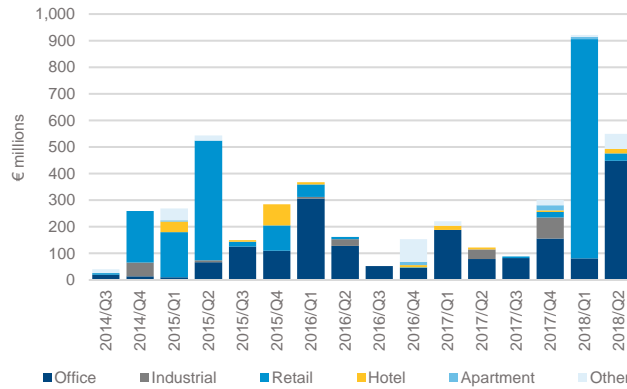


Sectors to watch out for in the next 12M

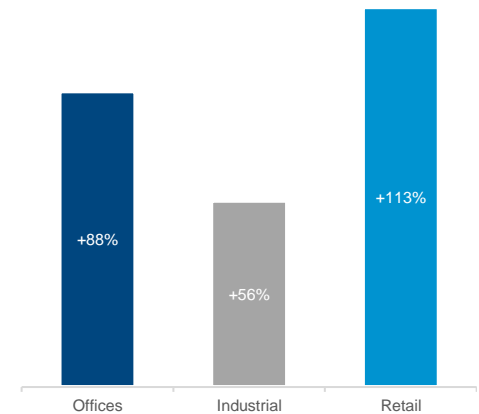


Source: Colliers International, Real Capital Analytics, Oxford Economics.

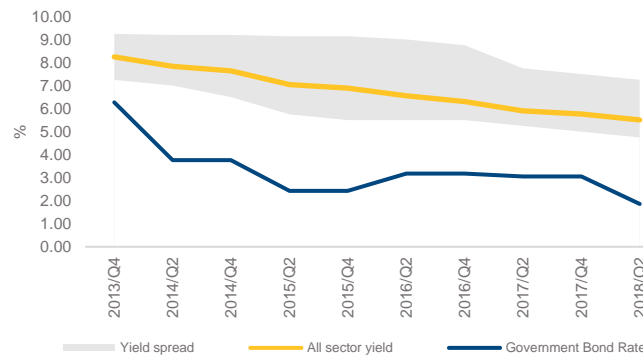
Quarterly investment volumes by sector (City & catchment)



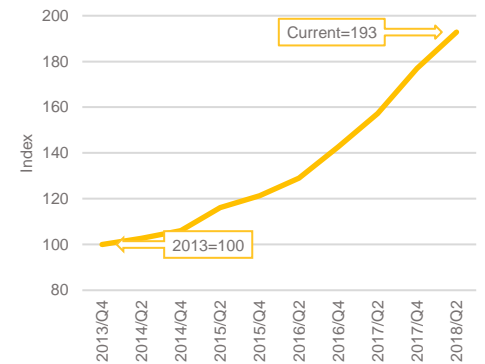
5yr cap. value growth – by sector



All sector yields vs. bond rates



All sector cap. value index

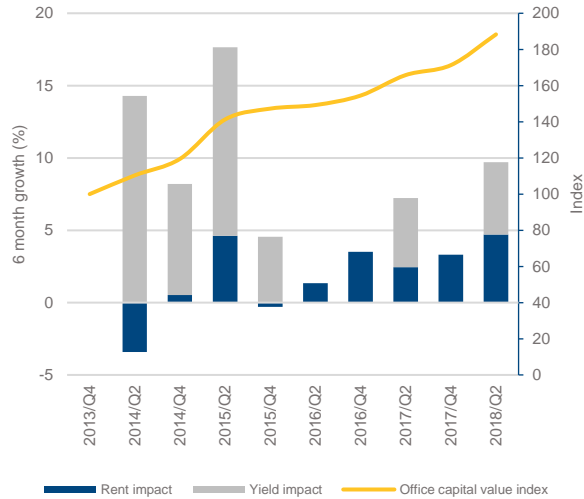


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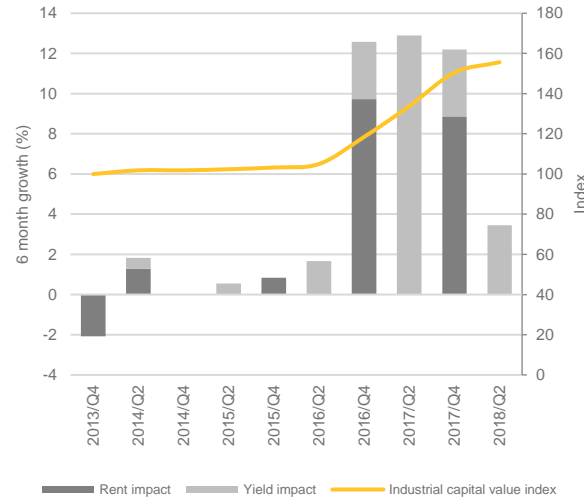
“Portugal’s property market will certainly continue on an upward path in the coming 12 months. An increase in office supply will, eventually, boost Porto and Lisbon’s local markets, but they will need to wait another 18 months for construction to complete. Tourism will continue to drive hotels’ RevPAR up as prices maintain their upward momentum, even if occupancy has been growing at a more moderate pace. Surprisingly, or not, retail investment was the one capturing the largest slice in Portugal’s activity as of late, and although it will probably slow down, it is not expected to disappear from sight.”

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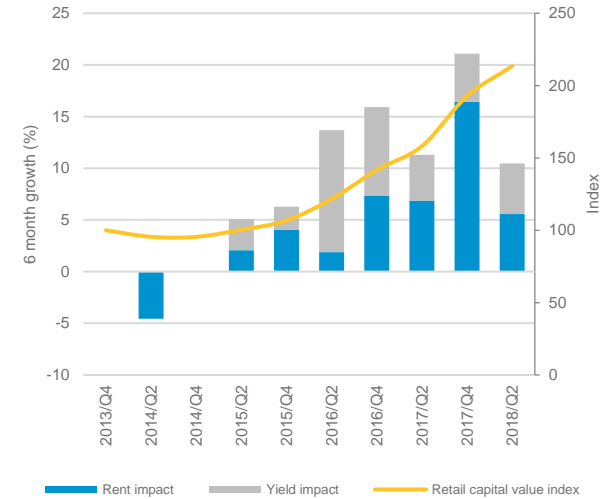
Cap. value index - rent/yield impact: Office



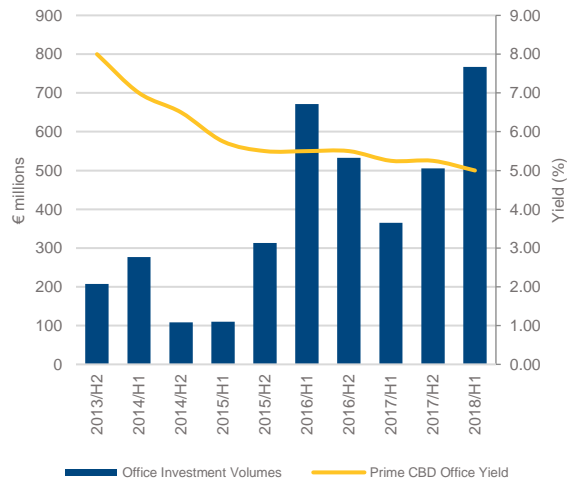
Cap. value index - rent/yield impact: Industrial



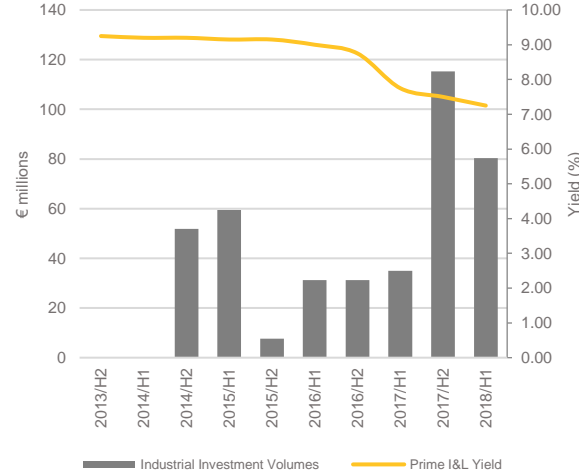
Cap. value index - rent/yield impact: Retail



Yields and 12M rolling investment volumes: Office



Yields and 12M rolling investment volumes: Industrial



Yields and 12M rolling investment volumes: Retail

