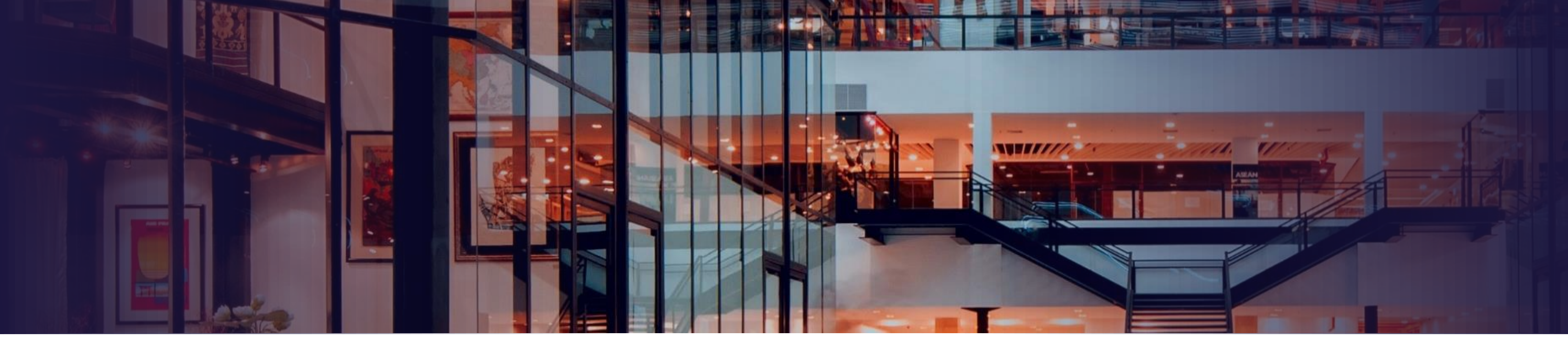


MARKETBEAT PORTUGAL
RETAIL Q3 2024

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
€1,140 Average Monthly Income	▲	▲
10,640K Population	▲	▲
6.3% Unemployment Rate	▼	▼

Source: Moody's Analytics; INE

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.8% GDP Growth	▼	▲
1.4% Consumer Spending Growth	—	—
3.5% Retail Sales Growth	▲	▲

Source: Moody's Analytics

ECONOMY: GDP ANNUAL GROWTH FORECASTED TO STABILIZE AT CIRCA 2,0% BETWEEN 2024 AND 2026

According to Moody's Analytics, despite the slowdown in 2024 Portugal will remain a top performer in the euro zone, with GDP growing by 1.8%, followed by a slight increase over the next two years (2.0% for both 2025 and 2026).

Private consumption is projected to rise by 1.4% in 2024 and 1.5% in 2025, dropping to 0.6% growth in 2026. The inflation rate is anticipated to continue decreasing, reaching 2.3% in 2024 and falling below the 2.0% target in 2025 (1.6% in 2025 and 2026).

After an upward trend in 2023, unemployment should decrease to 6.3% this year, reaching 5.7% in 2025 and 5.3% in 2026 – a 25-year record low.

DEMAND: 143,200 SQ.M GLA OF RETAIL SCHEMES IN PIPELINE AND 630 NEW OPENINGS DURING THE FIRST NINE MONTHS OF 2024

During the third quarter of 2024, there were no new completions in the retail schemes' market. Nevertheless, the pipeline for the next three years indicates that an additional 143,200 sq.m. of GLA will be completed, almost half of which is under construction. Developers remain committed to retail parks, which attracts most of this new supply (87%).

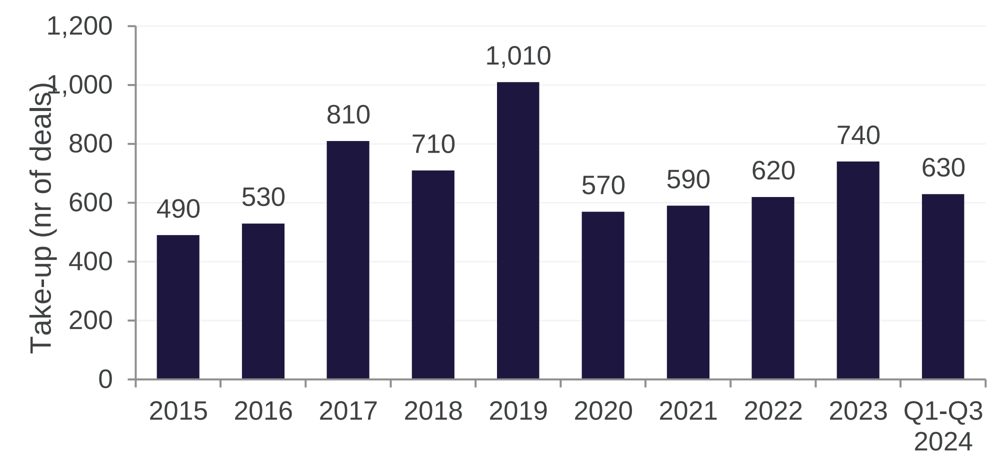
Among the 67,800 sq.m currently under construction, the largest projects regard Nova Vila Retail Park (Portimão) and Retail Park Tavira within retail parks, and City Center Covilhã development amongst shopping centres.

According to Cushman & Wakefield, retail take-up registered more than 200 new openings in the third quarter, contributing to an accumulated volume of 630 inaugurations in the first nine months of 2024, marking a 28% year-on-year growth. In this period, high street retail remained dominant with 69% of the new openings, while the Food & Beverage (F&B) sector represented 50% of the new units.

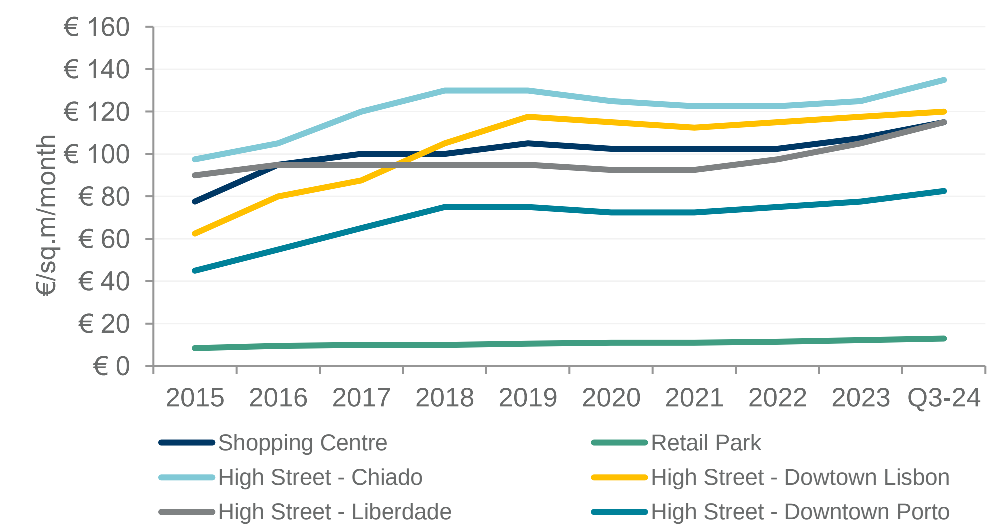
PRICING: STABILITY IN RETAIL SCHEMES AND RENTAL INCREASES IN HIGH STREET RETAIL

Compared to the previous quarter, prime rental values remained stable in both shopping centres and retail parks. However, prime rental values registered an increase of €2.5/sq.m/month in high street retail in Lisbon's Chiado and Avenida da Liberdade.

DEMAND EVOLUTION



PRIME RENTS



MARKET STATISTICS

SUBMARKET	RETAIL SCHEMES STOCK (SQ.M)	RETAIL SCHEMES PIPELINE (SQ.M)
North	572,130	21,290
Greater Porto	787,520	4,000
Centre	710,620	29,500
Lisbon Metropolitan Area	1,034,980	30,400
Setúbal Peninsula	375,060	4,000
South	396,220	41,000
Islands	92,510	13,000
PORTUGAL TOTALS	**3,969,030**	**143,190**

FORMAT	LOCATION	PRIME RENT (€/SQ.M./MONTH)	PRIME YIELD (%)
High Street Retail	Lisbon – Chiado	€135.0	4.75%
	Lisbon – Av. Liberdade	€115.0	4.75%
	Porto - Downtown	€82.5	5.75%
Shopping Centres	Portugal	€115.0	6.50%
Retail Parks	Portugal	€13.0	7.00%

MAIN OCCUPANCY TRANSACTIONS Q3 2024

RETAIL FORMAT	LOCATION	TENANT	AREA (SQ.M)	RETAILER TYPE
High Street	Lisbon	Zara	5,000	Cross Border
Stand Alone	Leiria	Mercadona	3,800	Cross Border
Stand Alone	Oliveira de Azeméis	Mercadona	3,800	Cross Border
Stand Alone	Faro	Bricomarché	3,000	Cross Border
Stand Alone	Marco de Canavezes	Pingo Doce	3,000	Multiple

ANDREIA ALMEIDA
Associate Director
Head of Research & Insight
andreia.almeida@cushwake.com

JOÃO ESTEVES
Partner
Head of Retail Agency
joao.esteves@cushwake.com

DAVID LOPES
Partner
Head of Investment
david.lopes@cushwake.com