

## MARKET INDICATORS

### Market Outlook

<b>Prime Rents:</b>	Rents still have room to increase, mainly in High street.	▼
<b>Prime Yields:</b>	After several drops in the last quarters, yields should maintain stable by year end.	▶
<b>Supply:</b>	Supply will growth further in 2018, fueled by urban rehabilitation and existing retail schemes expansion.	▼
<b>Demand:</b>	Demand will continue to grow across all formats.	▼

### Prime Retail Rents – September 2018

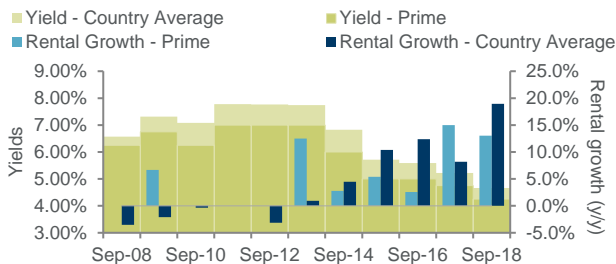
HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Lisbon (Chiado)	130.00	1,560	169	13.0	7.6
Lisbon (Avenida Liberdade)	95.00	1,140	124	0.0	3.5
RETAIL PARKS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Country prime	10.00	120	13.0	0.0	3.3
SHOPPING CENTRES	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Country prime	100.00	1,200	130.1	2.6	7.4

### Prime Retail Yields – September 2018

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Lisbon (Chiado)	4.25	4.50	4.75	7.00	4.25
Lisbon (Avenida Liberdade)	4.25	4.50	4.75	7.25	4.25
RETAIL PARKS (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Country prime	6.50	6.50	7.00	10.50	6.50
SHOPPING CENTRES (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Country prime	4.75	4.75	4.90	7.75	4.75

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

### Recent performance



## Overview

In line with the first half of the year, the retail industry in Portugal revealed a positive performance in the third quarter, supported by growing tourism influx, economic growth and increase in private consumption. The retail sales index stood at 109 points in July, growing 2.6 points y.o.y. The shopping centre industry is also performing well, registering in the second quarter 2.4% growth in sales and 2.5% in footfall.

## Occupier focus

A total of 400 deals were identified from January to September, in an estimated area of 120,000 sq.m. The third quarter was particularly active, with over 150 deals identified involving 50,000 sq.-m- of take up. High street retail led demand with more than half of the openings from January to September, shopping centres accounted for 22% of known operations.

In line with previous years and fueled by growing tourism, the Food & Beverage sector was the most active with 48% of the deals and 20% of the area. The fashion sector, while losing ground in comparison to past years, continued to be representative with 18% of known deals.

Independent operators, mainly in the F&B sector, have been the most active, but some food chains like Mc Donalds kept growing their network in the third quarter. Food units continue to expand strongly, Aldi, Coviran, Lidl and Intermarché were particularly active from July to September.

## Investment focus

Retail investment activity has been extremely dynamic in 2018, with circa €1,300 million transacted in retail assets from January to September. The purchase of Almada Forum shopping center by Merlin for €406 million was the largest deal of the quarter.

## Outlook

Demand is likely to continue active in 2018. High street will be the most attractive format, with shopping centers also attracting demand, although limited by a scarce supply.