

## Investment Market - Portugal

August 2010

## Market Indicators

	H1 10/ H2 09	H1 10/ H1 09
Inv. Turnover	↑	↑
Yields	↓	↓
Foreign Inv.	↑	↑

## Trends

	H2 2010/ H1 2010
Investment Turnover	↔
Yields	↔
Foreign Investment	↓

## Hot Topics

- The 1st half of 2010 registered an increased investment volume of around 289 million Euros.
- International investors made the most significant transactions in the domestic market.
- Prime yields are expected to remain stable in the upcoming months for all market segments.
- According to CMVM, the value managed by real estate funds in June 2010 increased 4.4% when compared with December 2009. However, when compared with the same period in 2009 this value increased 12.4%.

## INVESTMENT IN PORTUGAL IN H1 2010

• The 1<sup>st</sup> half of 2010 reveals some dynamics in the investment market

The activity of institutional investment in real estate in Portugal in the 1st half of 2010 registered around 289 million Euros, representing an increase of almost four times when compared to the total invested in the same period of 2009. This increase was in a large part due to the conclusion of a transaction involving the Shopping Centre "Espaço Guimarães", in Guimarães.

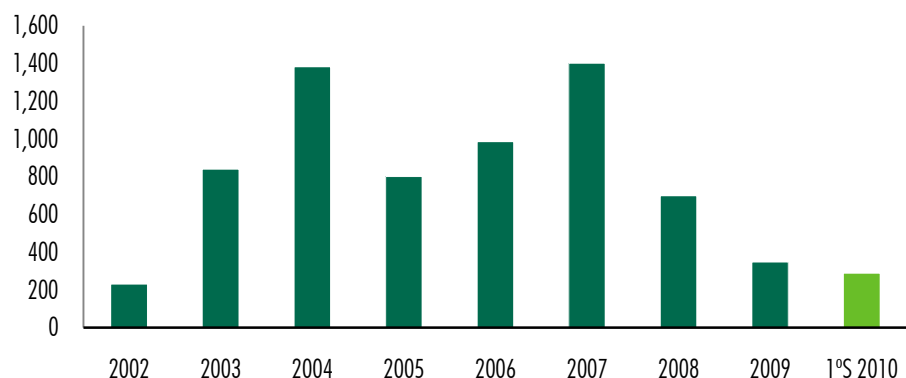
## • Most significant investment in the retail segment, but the industrial and logistics segment registers good performance since 2009

Regarding the investment turnover by type of assets, the retail sector registered the highest turnover, with a value of around 161 million Euros, meaning that the retail segment had an increase of 56% of the total investment in Portugal. This is due mainly to the sale of "Espaço Guimarães", meaning that the retail segment is currently experiencing levels of investment similar to that achieved in previous years (with the exception of last year when the market had its worst performance of the decade). One of the main reasons was the fact of, in 2009 there wasn't any transaction of any shopping centre or retail parks in Portugal.

Once again, the industrial and logistics segment registered good levels of investment totaling 73.5 million, confirming a trend that has been observed since the beginning of 2009. In the 1st half of 2010 the industrial & logistics segment represented a 25% share of total investment in Portugal. It is important to highlight two major deals: the Eco Park Azambuja transactions of Turiprojecto leased to Sonae and Sonae Logistics Platform in Azambuja.

Similar to the 1st half of 2009, the office segment was the least preferred by investors. In the 1st half of this year the segment registered an investment turnover of 24 million Euros, which only represents 8% share of the investment in Portugal. This figure could have been lower if it wasn't for the sale of the "CTT" building in D. Luis I Square. If we remove this deal, the volume of investment in this period showed similar levels of investment over the same period of 2009.

## Investment Turnover Evolution in Portugal (Million €)



## • International Investors in the National Market

In the first half of 2010, investors from abroad were more active when compared to domestic investors, registering a share of about 58% of total investments in Portugal. 48% of this share was done by Germans and 10% by the British investors. It should be noticed that generally there is a greater trend by international investors in the purchase of real estate assets of larger volume and dimension, as well as the demand by domestic investors for better leased assets in the best locations.

## • Prime Yields compressed in the 1st half of 2010

The trend which has emerged since the middle of the 2<sup>nd</sup> half of 2009 continues with a compression of prime yields, after a readjustment of values, due to the effect of international crisis which started in September 2008. The retail sector in the 1<sup>st</sup> half of 2010 hasn't registered, on average, any value changes in the prime yield compared to the previous period. The office segment registered an inward movement in the prime yield of 25 basis points, verifying similar values to the 2<sup>nd</sup> semester of 2008. For the industrial and logistics segment, which is becoming increasingly popular in the domestic market, there was a prime yield compression of 25 basis points, compared to the previous period. Mainly due to two transactions, which involved the purchase of Eco Park by the ES Logistics Fund (ESAF) and the sale & leaseback of the logistics platform of Sonae, in Azambuja, sold to UK fund Aprirose Real Estate Investment.

The beginning of 2010 brought with it good expectations as to the evolution of real estate market - even though a slight decline in the yields in some market segments occurred - the second half of the year has been even more cautious, due to the uncertainty of the economic recovery, particularly the Southern Europe economies, it is not expected a change in prime yields in the upcoming months for all market segments.

## Major Market Indicators

Sector	Prime Yield (%) Q2 10	Prime Yield (%) Q4 09	Investment Turnover H1 2010 (M€)	Investment Turnover 2009 (M€)
Offices	6.75	7.00	25	159
Retail	7.00	7.00	162	46
Industrial & Logistics	7.75	8.00	73	101
Other	-	-	30	42
<b>TOTAL</b>			<b>290</b>	<b>348</b>

Source: CB Richard Ellis

## Major Investment Evidences in H1 2010

Building	Type of Use	Vendor	Purchaser
Espaço Guimarães	Retail	Multi Development + Bouygues	Corio
Eco-Park Azambuja (Fase 1)	Industrial & Logístico	Turiprojecto	ES Logística
Plataforma Logística da Sonae	Industrial & Logístico	Sonae Distribuição	Aprirose Real Estate Investment
Edifício CTT (Praça D. Luís I)	Escritórios	FII Novimovest	Habitat Vitae

Source: CB Richard Ellis

### FINAL NOTES CB Richard Ellis

The turnover value calculated relative to investment on the Portuguese property market results from the accumulated value of pure investment transactions concluded during the year. This value does not include instrumental and fiscal efficiency operations or restructuring of groups, as well as the acquisition of property by the relevant occupiers. Therefore, this calculation does not include transactions resulting from the transfer of properties from companies to property funds, whereby the investor remains the same, as well as the placing of residential property for rental purposes in property funds.

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