CB RICHARD ELLIS

MarketView

Snapshot - Rents & Yields

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Q4 2009

Trends

	Q1 2010
Prime Rents	
Yields	

- The recent economic prospects announced by the Central Bank forecast slight growth in 2010 (0,7%), and a continued high unemployment rate. Therefore, a slow recovery is also expected for property market.
- Prime rents are not expected to change, except in submarkets which have higher vacancy levels where a decrease may occur.
- If we continue to see increased demand in the investment market, as experienced during the last quarter, we may notice a further compression of prime yields.
- Investment demand will be predominantly for core assets (low risk): modern buildings, well located and well let.

SUMMARY

- In the last quarter of 2009 there was a fall in the prime rents in the office sector as well as in Porto's warehouse & logistics market. Prime retail rents remained mostly unchanged, with exception of retail parks with an annual decrease of 12.5%.
- In the investment market, stronger demand and the conclusion of a number of deals has restored some confidence in the sector. This is supported by an increase in prices paid for prime office buildings in Lisbon as well as price increases in the warehouse & logistics sectors. In the retail sector, the decrease in consumption levels and the excess supply in some locations, and more specifically shopping centres, has led to reduced interest from investors for these type of assets. The result of this has been a general stabilisation of yields since the beginning of the year in this sector.

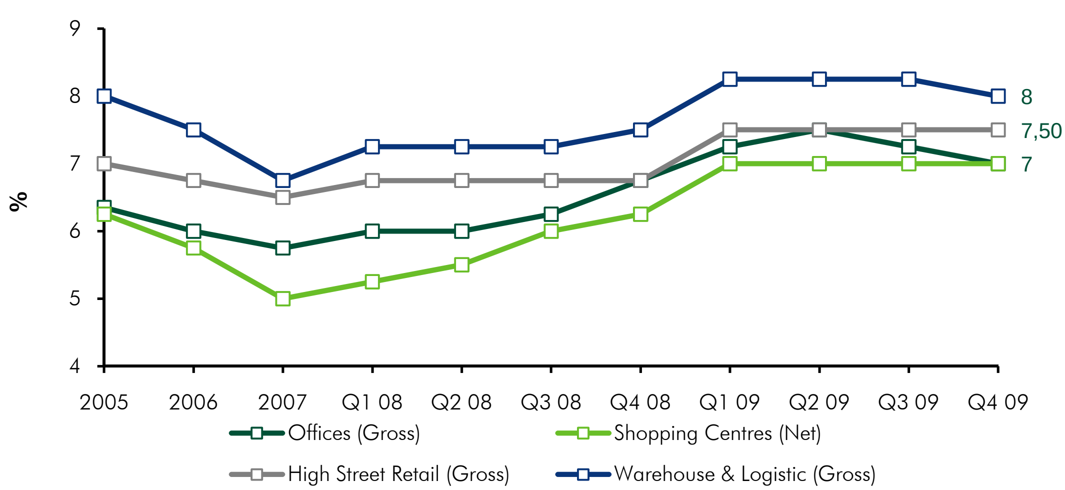
MARKET INDICATORS

Prime Rents and Prime Yields

Sector	Prime Rent			Prime Yield		
	Rent (€/sq m/month)	Quartely Change (%)	Annual Change (%)	Yield (%)	Quartely Change (b.p.)	Annual Change (b.p.)
Offices Lisbon	19,50	-2,5%	-4,9%	7,00	-25	25
Offices Porto	14,50	-3,3%	-14,7%	8,75	0	75
Shopping Centres	80,00	0,0%	0,0%	7,00	0	75
Retail Parks	10,50	-4,5%	-12,5%	7,50	0	75
High Street Retail Lisbon	80,00	0,0%	0,0%	7,50	0	75
High Street Retail Porto	40,00	0,0%	0,0%	8,50	0	50
Warehouse & Logistics Lisbon	3,80	0,0%	-15,6%	8,00	-25	50
Warehouse & Logistics Porto	4,00	-5,9%	-11,1%	8,50	0	50

Source: CB Richard Ellis

Prime Rents and Prime Yields



Source: CB Richard Ellis

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DEFINITIONS

Prime Rent

Represents the top open-market tier of rent that could be expected for a unit of standard size commensurate with demand in each location The unit is of the highest quality and specification and in the best location in a market at the survey date. It is assumed that the occupier will also be agreeing to a package of incentives that is typical of the market at the time.

- For the Lisbon offices the standard size considered is 200 sq m and location is the Liberdade-Saldanha zone;
- For the Porto offices the standard size considered is 100 sq m and location is the Boavista zone;
- For shopping centers the standard size considered is 100 sq m and locations are Lisbon and Porto;
- For retail parks the standard size considered is 1,000 sq m and location is Greater Lisbon;
- For the Lisbon high street retail the standard size considered is 100 sq m and locations are Av. da Liberdade and Chiado;
- For the Porto high street retail the standard size considered is 100 sq m and locations are Rua de Santa Catarina and Boavista zone;
- For the Lisbon industrial & logistics assets the standard size considered is 10,000 sq m and location is the Azambuja-Carregado submarket;
- For the Porto's industrial & logistics assets the standard size considered is 2,000 sq m and location is the Maia Industrial zone.

Prime Yield

Represents the Yield which an investor would receive when acquiring a Class A building in a prime location, which is fully let at current market value rents. A Class A building is one that has recently been built, has modern equipment and an efficient layout. The locations are the same appointed in the prime rent definition.

In office, high street retail and industrial & logistics assets, prime yield is estimated based on the gross revenue; while in the shopping centres and retail parks it is based on the net revenue, this is gross revenue less non recoverable costs.

Prime Rent and Prime Yield should reflect the level at which relevant transactions are being completed in the market at the time but need not be exactly identical to any of them, particularly if deal flow is very limited or made up of unusual one-off deals. If there are no relevant transactions during the survey period, the quoted figure will be more hypothetical, based on CB Richard Ellis' experts opinion of market conditions.

For additional information, please contact:

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