

The Office Market in Portugal

Proventus Property, Lisbon

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During the first quarter of 2012, no relevant office space has been completed in the Lisbon area, and for the full year, less than 50,000 sqm of new completions are expected, thus confirming the consolidation process which has been apparent for a number of years now.

The Portuguese office market is dominated by the Lisbon area with some weight still given to Oporto. For the smaller cities, there are hardly any reliable data and those are seldomly required by international investors.

Monthly prime rents for modern office accommodation have stagnated at € 18.50/sqm (2009/2010: € 19.50) in Lisbon – that is, on the lowest level for over fifteen years – and at € 13.50/sqm in Oporto (slightly up from 13.00 in 2010). Prime yields currently stand at 7.5% and 9.0% respectively. Due to expected completions in the Lisbon CBD, further reductions of rental levels are to be expected here.

In total, the Lisbon office market consists of around 4.5 m sqm and the Oporto stock stands at c. 890,000 sqm. Vacancy rates in Lisbon have risen from around seven to twelve percent over the past four years, while the Parque das Nações (former Expo98-area) and Western Corridor sub-markets have been hardest-hit with vacancies partly topping 20%.

Sources: Worx, JLL, CBRE, Ci, CWHB

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