Portuguese Real Estate
Investment Survey – Outlook 2017
A turnaround for Portuguese real estate
Portuguese Real Estate Investment Survey – Outlook 2017

Preface

The Portuguese Real Estate Investment Survey is a quarterly tool that analyses the perception of a selected panel of participants who work daily in the Portuguese real estate sector.

With the launch of the Outlook 2017 edition we aim to compile and evaluate the evolution of this perception throughout the year 2017, allowing the players of the sector to have a systematized picture of this period, which has demonstrated a huge positivism for our country.

We look forward to continuing to contribute with useful and up-to-date tools that enhance a better understanding of the real estate industry nationwide.

We are at your entire disposal to discuss any relevant question.

Carefully,

Jorge Marrão
2017 Outlook
KEY MESSAGES

REAL ESTATE STRATEGY FOR 2017

- The investment strategy has increased its representativeness throughout the year.
- The portfolio management strategy, although representative, presented a downward trend in the players' strategic options, together with the divestment strategy.

INVESTMENT STRATEGY

- Throughout 2017, the Value Added demonstrated to be the type of assets with the greatest potential for investment. Core assets came next, although with a decreasing trend.
- Banks stood out as the main business feeders in the acquisitions of real estate assets.
- The origin of the capital was mainly European.
- Greater easiness of fundraising and a shorter duration of asset acquisition processes were perceived.

DIVESTMENT STRATEGY

- Core assets were and will be the target of further divestment by industry players.
- Throughout the year, the importance of Funds of Funds as the main real estate investors in Portugal was highlighted, as well as the growth of the Insurance Companies.
- The origin of the investors was mainly European.
- A stabilization in fundraising and a reduction in the length of asset disposal processes were perceived.

- During 2017, there was an increase in volume and sales prices, mainly in the residential, retail / services and hotel sectors.
- After a take-off with decreasing profitability rates, a later stabilization were perceived in the four sectors under analysis (residential, retail / services, industrial and hotel).
REAL ESTATE STRATEGY FOR 2017

1st QUARTER
- Divestment: 33%
- Portfolio management: 38%
- Investment: 29%

2nd QUARTER
- Divestment: 32%
- Portfolio management: 41%
- Investment: 27%

3rd QUARTER
- Divestment: 25%
- Portfolio management: 31%
- Investment: 44%

4th QUARTER
- Divestment: 28%
- Portfolio management: 36%
- Investment: 36%

© 2018. For more information, contact Deloitte Consultores, S.A.
Investment strategy
Portuguese Real Estate Investment Survey
2017 Outlook | Investment strategy [1/3]

INVESTMENT STRATEGY

CURRENT INVESTMENT STRATEGY

FUTURE INVESTMENT STRATEGY

FUNDERS/ BUSINESS FEEDERS

© 2018. For more information, contact Deloitte Consultores, S.A.
INVESTMENT STRATEGY

ORIGIN OF CAPITAL

North America

1st Q: 48%
2nd Q: 27%
3rd Q: 63%
4th Q: 19%

South America

1st Q: 5%
2nd Q: 14%
3rd Q: 6%
4th Q: 13%

Europe

1st Q: 81%
2nd Q: 73%
3rd Q: 75%
4th Q: 69%

Asia

1st Q: 29%
2nd Q: 36%
3rd Q: 31%
4th Q: 25%

Middle East

1st Q: 14%
2nd Q: 18%
3rd Q: 25%
4th Q: 6%

© 2018. For more information, contact Deloitte Consultores, S.A.
FUNDRAISING APPROACH – IN THE LAST 12 MONTHS

FUNDRAISING APPROACH – FOR THE NEXT 12 MONTHS

LENGHT OF AQUISITION PROCESS

© 2018. For more information, contact Deloitte Consultores, S.A.
Divestment strategy
Portuguese Real Estate Investment Survey

2017 Outlook | Divestment strategy [1/3]

**DIVESTMENT STRATEGY**

**CURRENT DIVESTMENT STRATEGY**

**FUTURE DIVESTMENT STRATEGY**

**MAIN REAL ESTATE INVESTORS**

© 2018. For more information, contact Deloitte Consultores, S.A.
DIVESTMENT STRATEGY

ORIGIN OF INVESTORS

North America
- 1st Q: 52%
- 2nd Q: 23%
- 3rd Q: 57%
- 4th Q: 40%

South America
- 1st Q: 10%
- 2nd Q: 18%
- 3rd Q: 7%
- 4th Q: 50%

Europe
- 1st Q: 71%
- 2nd Q: 77%
- 3rd Q: 86%
- 4th Q: 80%

Asia
- 1st Q: 33%
- 2nd Q: 45%
- 3rd Q: 36%
- 4th Q: 70%

Middle East
- 1st Q: 19%
- 2nd Q: 23%
- 3rd Q: 21%
- 4th Q: 20%

© 2018. For more information, contact Deloitte Consultores, S.A.
Portuguese Real Estate Investment Survey
2017 Outlook | Divestment strategy [3/3]

DIVESTMENT STRATEGY

FUNDRAISING APPROACH – LAST 12 MONTHS

- 1st Q: Difficult 30%, Neutral 16%, Easy 58%
- 2nd Q: Difficult 26%, Neutral 36%, Easy 40%
- 3rd Q: Difficult 30%, Neutral 28%, Easy 50%
- 4th Q: Difficult 20%, Neutral 28%, Easy 52%

FUNDRAISING APPROACH – NEXT 12 MONTHS

- 1st Q: Difficult 20%, Neutral 21%, Easy 59%
- 2nd Q: Difficult 11%, Neutral 29%, Easy 60%
- 3rd Q: Difficult 29%, Neutral 40%, Easy 31%
- 4th Q: Difficult 30%, Neutral 30%, Easy 40%

LENGTH OF SELLING PROCESS

- 1st Q: Up to 3 months 50%, Between 3 to 6 months 20%
- 2nd Q: Between 6 to 12 months 16%, More than 12 months 14%
- 3rd Q: More than 12 months 10%, Between 6 to 12 months 16%
- 4th Q: Up to 3 months 18%, Between 3 to 6 months 16%
Real Estate market in Portugal
VOLUME AND SALES PRICE FOR THE NEXT 3 MONTHS
BY SECTOR OF ACTIVITY

RESIDENTIAL

1st Q 2nd Q 3rd Q 4th Q
Decrease - 10% 45% 30% 15%
Slightly decrease - 34% 33% 34% 33%
Increase - 28% 36% 30% 20%

RETAIL/SERVICES

1st Q 2nd Q 3rd Q 4th Q
Decrease - 55% 61% 64% 70%
Slightly decrease - 25% 6% 14% 0%
Increase - 20% 0% 30% 6%

INDUSTRIAL

1st Q 2nd Q 3rd Q 4th Q
Decrease - 65% 50% 64% 30%
Slightly decrease - 30% 39% 29% 38%
Increase - 5% 14% 29% 10%

HOTELS

1st Q 2nd Q 3rd Q 4th Q
Decrease - 55% 56% 50% 60%
Slightly decrease - 25% 22% 14% 30%
Increase - 20% 22% 30% 25%
PROFITABILITY RATES FOR THE NEXT 3 MONTHS
BY SECTOR OF ACTIVITY

RESIDENTIAL

1st Q: 45% Decrease, 11% Slightly decrease, 4% Increase
2nd Q: 44% Decrease, 11% Slightly decrease, 8% Increase
3rd Q: 50% Decrease, 11% Slightly decrease, 8% Increase
4th Q: 40% Decrease, 11% Slightly decrease, 8% Increase

RETAIL/SERVICES

1st Q: 35% Decrease, 11% Slightly decrease, 5% Increase
2nd Q: 44% Decrease, 11% Slightly decrease, 5% Increase
3rd Q: 58% Decrease, 11% Slightly decrease, 10% Increase
4th Q: 70% Decrease, 11% Slightly decrease, 10% Increase

INDUSTRIAL

1st Q: 50% Decrease, 11% Slightly decrease, 6% Increase
2nd Q: 61% Decrease, 6% Slightly decrease, 6% Increase
3rd Q: 79% Decrease, 6% Slightly decrease, 8% Increase
4th Q: 60% Decrease, 6% Slightly decrease, 8% Increase

HOTELS

1st Q: 35% Decrease, 35% Slightly decrease, 35% Increase
2nd Q: 45% Decrease, 35% Slightly decrease, 35% Increase
3rd Q: 50% Decrease, 5% Slightly decrease, 35% Increase
4th Q: 50% Decrease, 5% Slightly decrease, 35% Increase

© 2018. For more information, contact Deloitte Consultores, S.A.
Contacts

**Jorge Sousa Marrão**  
Partner  
Real Estate Leader  
Deloitte Portugal  
Mob. +(351) 963 902 674  
Tel. +(351) 210 422 503  
jmarrao@deloitte.pt

**Inês Cintra Costa**  
Manager  
Real Estate – Financial Advisory  
Deloitte Portugal  
Mob. +(351) 962 103 923  
Tel. +(351) 210 422 500  
incosta@deloitte.pt

**Miguel Paiva Couceiro**  
Manager  
Real Estate – Financial Advisory  
Deloitte Portugal  
Mob. +(351) 917 240 884  
Tel. +(351) 210 422 500  
micouceiro@deloitte.pt

**Ricardo Reis**  
Partner  
Real Estate - Tax  
Deloitte Portugal  
Mob. +(351) 964 736 261  
Tel. +(351) 210 427 564  
rreis@deloitte.pt

**Diogo Pires**  
Senior Manager  
Real Estate - Tax  
Deloitte Portugal  
Mob. +(351) 964 837 258  
Tel. +(351) 210 427 541  
dpires@deloitte.pt