

## Market Trends

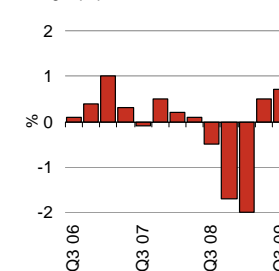
## Portugal Q4 2009

### Economy

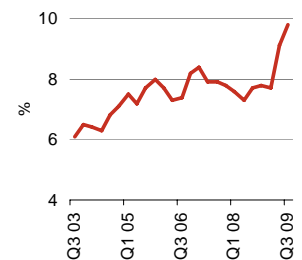
Economic growth in Portugal turned positive since Q2 2009 qoq but is humble compared to the decline in the previous quarters. The unemployment rate reached historical heights being a burden for private consumption and, therefore, the recovery of the economy. However, GDP growth in 2010 is expected to be 1.4%. Furthermore the country is struggling with a budget deficit of around 8% of GDP in 2009. Consolidation efforts could strain economic prospects.

### GDP

Change qoq



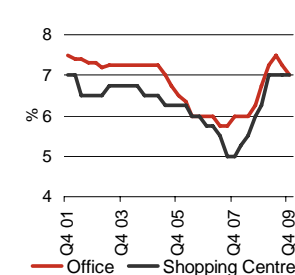
### Unemployment Rate



### Investment

The investment activity was very subdued in Portugal, as in many other countries, but managed to pick up in the final quarter of 2009. Investors' interest is focused mainly on prime assets. Hence, prime yields have shown stabilization tendencies at year end. However, in the course of the crisis yields increased strongly reaching high levels with regard to the long term average. With yields stabilizing a further fall in market values will be limited in 2010.

### Prime Yields Lisbon



### Market Value Changes

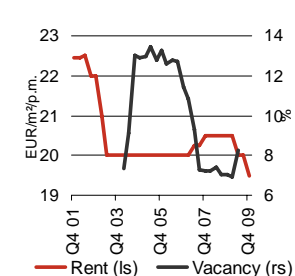
Real Estate

	Previous 12 Months	Outlook 12 Months
Office	-10%	-5%
Retail	-15%	-5%
Logistics	-15%	0%

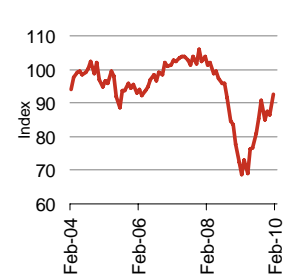
### Office

In 2009 the Portuguese office market suffered notably from the crisis. Office space demand was limited, vacancies increased and rents declined to a level not witnessed since 1999. Tenants' intent to cut costs and are taking advantage of their negotiation position. This could lead to a further reduction of rents, in particular for secondary properties. However, the market downturn is expected to ease in the course of 2010.

### Office Lisbon



### Economic Sentiment

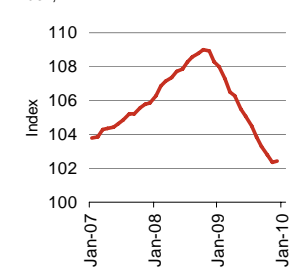


### Retail

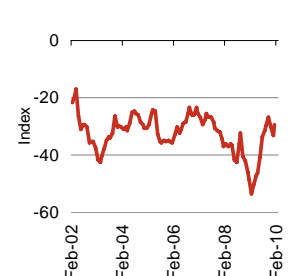
Retailers still face gloomy business prospects. Retail sales dropped very strongly. Despite improving recently private spending is still weak and the outlook remains subdued as unemployment reached a level not witnessed before and could even increase further. Some tenants already demand rental discounts due to their steep retail sales declines. The competition stays fierce in 2010 and at least average rents are expected to stay under pressure.

### Retail Sales

Index, 1Y-MAV



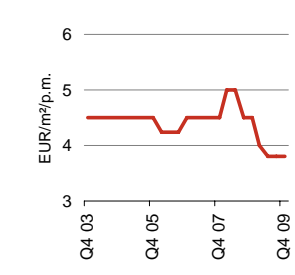
### Consumer Confidence



### Logistics

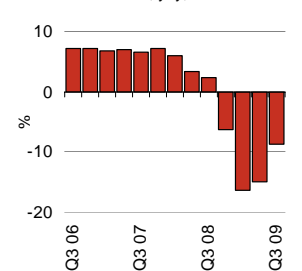
The overall economic development in line with strongly decreasing foreign trade weighted heavy on the logistics market. However, after dropping strongly rents should have bottomed out recently on very low levels. Take-up could increase slightly in the course of the year after being very low in 2009. Future supply is expected to be limited with developers doing nearly no speculative construction. Developments are started only on a sufficient pre-letting basis.

### Logistics Lisbon



### Exports+Imports

Goods and Services, yoy, SA



### GRM-CR-ABF-RAC Research

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