

Investors' Guide

S + A

SARAIVA+ASSOCIADOS

↓ PREFACE

**LUÍS
CASTRO
HENRIQUES**

BUSINESS
DEVELOPMENT AGENT
PRESIDENT GLOBAL
PORTUGAL



Portugal, a country open to investment

Portugal is an excellent country to invest in, to make business and tourism, as well as to live in. The highly qualified talent, the world class infrastructures, the favourable environment for business and the easy access to markets are some of the many factors that have contributed to a continuous and constant flow of investments in various economic sectors and to the foreign investment in the past years.

The country's stability and safety are highly valued by the investors that trust in a country that is always open to the world's investment. What we have witnessed is that the Foreign Direct Investment in Portugal has grown not only in the number of projects, but also in its value. In 2021, the Business Development Agency broke the historical record of raised investment calculated at 2.7 billion euros. Already in 2022 we reached a new record of new customers, having been able to attract new customers every eight days for Portugal.

Besides that, Portugal has been positioning itself as a technological and innovation hub. The Portuguese Academy and the knowledge developed by the Investigation Centres must be mentioned as an important source of talent and product development for a highly competitive and demanding market.

It is also worth mentioning the role of the "Start-up" ecosystem, since some of these companies have received a relevant investment from international investors. Portuguese start-ups represent a growing tool for the development of local innovation with a global impact.

To speak of talent is to speak of one of the keys to the success Portugal has registered in the past years in its investment attraction.

We have an availability of competences and resources with a high level of technical qualifications, namely in the field of Architecture, but also Engineering (Portugal has the 3rd biggest index of graduates in Engineering in the EU), as well as high qualification in Management and Economy, with the Portuguese Universities being amongst the main international rankings.

Moreover, we have a good dominion of foreign languages (the majority of our younger population speaks at least two foreign languages, which shows the willingness and capacity to work in a global world). Portugal appears in 7th place in the 2021 English Proficiency Index.

Talent is, without a doubt, the most valued competitive advantage by investors that take a chance on Portugal, not forgetting the cosmopolitan environment and the quality of life highly valued by expatriates. Portugal is a country open to the world, to new people and cultures, standing out amongst the best destinations for expatriates - it is in fourth place in the Expat Insider 2022 ranking. Investors recognize the importance of these factors, especially peace and stability - Portugal is 4th in the 2021 Global Peace Index. It is worth mentioning that the absence of these risks is of ever-growing importance in the decision making process of companies, as the tendency for safe places is becoming the norm.

Additionally, the strategic location and good transportation infrastructures make Portugal a doorway into Europe and ensure a complete and easy integration in the European market for companies of other geographies, such as the United States and Canada. Due to the historical and cultural connections with other Portuguese-speaking countries, such as Angola,

Mozambique, Brazil, or Macau, we are also a doorway to Africa, America and Asia.

The Business Development Agency plays an important part for investors that are searching for a new location for their operations or, if already based in Portugal, are trying to expand them. We work as a sole contact point in all stages of investment, providing key information about the market and establishing the connection with all relevant local partners, offering a personalized support in the setting up stage and after the beginning of operations.

Giving the due recognition to the economic relevance of the real estate activities and Portugal's attractiveness for investment in this area, the "Investors' Guide S+A" - developed by the Saraiva + Associates workshop, a national reference in Architecture and with international given proof - can be a relevant work tool for investors, for it exemplifies how easy it is to make business in a country that is proud of the way it receives visitors and investors.

Portugal is an increasingly more competitive location for some of the more innovative, challenging and high value-added projects that large international companies are developing. The Business Development Agency is available to support investors interested in learning more about the country and its unique competitive advantages.

**MIGUEL
SARAIVA**

CEO & FOUNDER
LEADER ARCHITECT
OF S+A

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SARAIVA+ASSOCIADOS



↓ INTRODUCTION

S+A thinks it is more useful to systematize, in a sole document, a set of relevant information in the fields of Architecture, Engineering, Landscaping and Real Estate that guide, in a simple and accessible manner, the Sponsors that want to invest or expand their economic activity in Portugal.

The Investors' Guide S+A's goal is to build a practical document, with useful, credible and safe information, in order to support the investment strategies of Sponsors, while being periodically updated.

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↓ CHAPTER

01

The Concept of Architecture and its importance

INFINITY TOWER

LISBON, PORTUGAL

Sector Residential

Year 2018

Area 54.594 sqm

Stage Under Construction



1. The Concept of Architecture and its importance

The "Architectural Concept" is the designation used to establish the theory and the foundations of a specific intervention. It is, therefore, the theoretical foundation rooted on the goals, programs, characteristics and purposes that may be achieved with a certain intervention. As a theoretical foundation, it is not unchangeable and, generally, over the process, it evolves and adapts.

The "Architectural Concept" is not required to have a specific architectural language as foundation, for its development is inherently connected to the persons that project it and to their understanding of a resolution, options and image regarding the territory and the place.

The "Architectural Concept" starts as programmatic, only to finish as a creative process. It starts, therefore, as a process where various agents act, with various intervention areas, to conclude in an architectural solution.

Since it is not the result of a personal vision, the architectural concept of a certain intervention is a result of the total sum of many personal visions until we reach at a collective agreement of the vision to be followed.

It is also a negotiating process, where each presents the merits and advantages of their vision, although there may be non-negotiable principles and objectives, usually determined by the sponsor and/or the designer. Therefore, the choice of the latter is not normally random, not

even in the public contracts, observing the foundation concept pre-established by the sponsor.

Given this, it is essential to have a preliminary program where the goals of the intervention and the urban constraints are clearly stated, as well as others that influence the achievement of those goals. This foundation is the basis for definition of the Architectonical Concept.

In the architectonical component, the urban and legal framework is essential for the determined program, as well as the available investment and the certainty of the intervention scope (for whom it is directed).

The implementation of this concept materializes with the elaboration of the architectural project, even though its final version may be closed previously with a conceptual study / prior study. The licensing stage marks the formalization at the licensing entities of the architectonical concept.

This stage of the project - "Conceptual Study" - is composed in a variable form by the graphic parts, writings, schemes and analysis elements, but also by volumetric and three-dimensional simulations. The former establishes a powerful synergetic and exposition medium, that allows for DNA that will accompany the whole project to be determined.

This "Conceptual Study" conjugates in itself a broad spectre of knowledge,

analysis and reflection, balancing between the purest of rationales and a constant invitation to sensibility and intuition - the intense search for a functional, adequate, integrated architectonical proposal, as well as exciting and innovative.

Drawing, as a tool for conceptual search, is associated to the volumetric experimentation. We create study models, physical scale models and 3D models for each project that accompany the internal discussion and debate, until we reach the solution identified in the determined architectonical concept .

In this territory integration stage, the functionality, form, materiality and constructive characteristics are already presented with a strong emphasis in "Image" or materialization of the concept. It is something fundamental to architects and inherent to the architectonic process.

The Conceptual Study, apparently free of the countless technical "attaches" that the architectonical creation incorporate, with inputs from over 10 expertise fields, actually reflects an in-depth study of the

pragmatic and regulatory conditions, with a special focus in the municipal regulations.

The following implementation stages of the project are mainly technical and their development will allow turning estimates into budgets, determining funding and setting clearer deadlines.



↓ CHAPTER

02

Architectural
and Expertise
Project

THE EDITORY RIVERSIDE SANTA APOLÓNIA HOTEL

LISBON, PORTUGAL

Sector Hotéis e Resorts /
Reabilitação

Year 2022

Area 7.254 sqm - 120 rooms

Stage Built

Detail 5-Stars



2. Architectural and Expertise Project

↳ 2.1 PROJECTS' CONCEPTS AND DEVELOPMENT STAGES

For the generic interest of definitions, we proceed to present some concepts and indications regarding different stages of preparation of the Project, until its complete execution.

↓ **Construction Owner**

Authority or person that owns the property or holds a proxy to act as such, and orders the development of the project.

↓ **General Project**

Document that determines the general characteristics of the construction determined by the architectural concept, which integrate the architectural project and the different expertise fields necessary for the execution of the construction.

↓ **Preliminary Program**

Document made available by the Construction Owner to the Project for the determination of goals, organic and functional characteristics, financial constraints of the construction, as well as its respective costs and execution timelines to be observed, leading to the architectural concept.

The Preliminary Program must have, essentially, the following information: Construction's goals, general characteristics, location of the undertaking, cost limits and funding mode, deadlines for the elaboration of the project and the execution of the construction.

↓ **Base Program**

Document created by the Project's author through the architectural Preliminary / Conceptual Program, stemming from its particularization, the verification of its feasibility and the study of alternate solutions, possibly more favourable or more adjusted to the local conditions than those proposed by the Preliminary Program. After this document is approved by the Construction Owner, it becomes the foundation for the next stages of the Project.

The Base Program, as it is meant to present the situations proposed by the Project author, usually contains the following elements: construction scheme and sequence of operations to be worked on, dimensioning of the different parts of the land, constraints relating to the field occupation, written pieces and drawings for the clarification of the Base Program and its alternatives; general cost estimate of the enterprise; construction's maintenance and conservation cost estimate; necessity of other elements, etc.

↓ **Prior Study**

Document created by the Project author, after the approval of the Base Program, aiming to develop of the programmed solution, essentially relative to the general construction conception.

The Previous Study is composed by written and drawn pieces, amongst other elements for an easier appreciation of the solutions proposed by the Project's author, namely: descriptive and justifying memory; graphic elements in the form of plans, elevations, cross sections, topographical sections and

other drawings; general definition of the construction processes, as well as of the nature of the materials and equipment; cost estimate of the construction and alternatives.

↓ **Preliminary Draft and Base Project**

Project's author development of the Prior Study, approved by the Construction Owner, meant to clarify the aspects of the proposed solution that may give way to questions, to presenting, with a greater level of detail, alternatives to solutions that were hard to determine in the Previous Study and, all in all, to set the definitive foundations that must be observed throughout the continuation of the study in the shape of an Execution Project.

The Base Project is comprised by written and drawn pieces, amongst other elements for the convenient scaling of the construction and execution mode, besides the construction's preliminary budget and works' program.

The Base Project is the document that must be submitted for licensing to the competent public authorities.

↓ **Execution Project**

Document created by the Project author, through the Prior Study or the Preliminary Draft, approved by the Construction Owner, meant to constitute, together with the Bid Program and the Contract Documents, the bidding process for granting of the Undertaking or the Funding, and providing all necessary elements to the correct execution of works.

The Execution Project will be presented

as a coordinated set of all written and drawn information, of which, among other elements, will consist of a descriptive and justifiable memory, with the definition and general description of the construction; the relative calculations to the different parts of the construction; measurements that indicate the quantity and quality of the necessary works and respective budgets; general and specific technical conditions of the contract documents, etc.

↓ Project Programming and Coordination

Regarding the scheduling of its different stages and of the activities of each participant, programming and coordination of the project is usually carried out by the author of the general project.

↓ Technical Assistance

Complementary services for elaboration of the Project to be made available by the author to the Construction Owner during the preparation of the Bidding for the granting of the Undertaking, the assessment of Proposals, and the Construction execution, intended for a correct interpretation of the Project, the selection of competitors and the execution of the Construction following the determined prescriptions.

of Architects' fees, which subsequently altered the legislation.

Although referring to public works' projects, the respective instructions represent the base system concerning all projects in general, thus the interest in analysing what is laid out in that same diploma.

The Project fees are generally established in percentages of the estimate cost of construction.

Having the mentioned legislation as foundation for the allocation of fees, the constructions are labelled in five categories, depending on the level of conception difficulty.

- **Category I:** simple natured constructions, of easy conception, reduced number of participants, high level of repetition of the different components, traditional systems and methods.
- **Category II:** constructions with common characteristics, simple conception; facilities and equipment do not have specific complexities; conception solutions and construction without special constraints.
- **Category III:** constructions where the project's elaboration is conditioned by difficulties due to its conception, facilities and equipment,

↘ 2.2 FEES CALCULATION

Regarding public works' projects, a Decree was published in February 7th 1972 with the instructions for calculation

and subject to cost limits.

- **Category IV:** constructions with impositions and more severe characteristics than the ones previously specified, or that involve complex and exceptional conception, or still if the research of individualized solutions is dominant.

The construction projects that require rendering work under exceptional conditions, with particularly tight deadlines or with schedules beyond the regular periods may be classified in other categories above the ones that would be assigned to them in the absence of these circumstances.

As a form of reference, the different stages of the project correspond to the following rates of the fee's tables:

Base Program

20%

Prior Study

15%

Base Project

25%

Execution Project

30%

Technical Assistance

10%

As a form of reference, concerning Payments, the following rates for the

payment of fees applies:

Contract Signing

10%

Base Program Approval

10%

Prior Study Approval

15%

Base Project Approval

25%

Execution Project Approval

30%

Technical Assistance

10%

The payments must be made immediately after the approval of each stage of the Project. The payments regarding the Technical Assistance will be divided in monthly periods, throughout the construction execution deadline, or other criteria that might be agreed upon between the two parties. In short, we may say the calculation of the fees and respective payment is fundamentally based on the following criteria:

1. Determination of global fees depending on the complete project's rates and on the construction categories;
2. Division of the amount determined by the different stages of the Project, using percentile indexes for each of them;

- 3. Immediate payment of fees after the approval of each of the Project stages.

↳ 2.3 DIFFERENT TYPES OF PROJECTS, MEASUREMENTS AND BUDGETS

The term project may be used with many different meanings, one of them being a technical process that contains all necessary elements for execution of a construction work. The organization of a construction work implies knowing what will be built and how it will be built.

There must be a Project and one must know the intended regimen for the building and all the execution conditions, as well as the typologies of existing constructions that define the urban operations.

Concerning the edification, there are 4 types of construction works:

- ↳ New construction work
- ↳ Alteration of construction work, which includes rehabilitation and expansion works
- ↳ Conservation / restoration works
- ↳ Demolition

Each type of edification work has a corresponding architectural project and also corresponding projects of the respective fields of expertise.

The interior alteration constructions, also called interior architecture, are considered, for legal purposes, free of licensing, as long as they do not alter the structure of the building or the common areas.

The legislation allows the City Councils to determine the constructions of little urban relevance, which are also free of licensing.

Concerning infrastructures, there are 4 types of constructions works:

- ↳ Urbanization works
- ↳ Earth moving works
- ↳ Infrastructure works, that include constructions of art (viaduct, bargages, etc.), sewerage constructions, water supply constructions, electronical works, phone works, amongst others
- ↳ Exterior repairs

Besides the Architectural Project, prior to its analysis, we may identify the following projects:

↓ Remodelling project

Is a project that introduces alterations of an existing construction.

↓ Expansion project

Is a remodelling project that adds to the use capacity of an existing construction.

↓ Restauration or rehabilitation project

Is a remodelling project that aims to upgrade an existing construction, without the expansion of the original use capacity.

↓ Interior architecture project

Is a project that aims to create an environment and to define coatings, decorations and furniture.

↓ Facilities project

Is a project where we define the layout and dimensioning of the pipeline, electrical power conductor, and gas networks, among others.

We proceed to present a non-exhaustive list of **Expertise Projects** that must contain, as a whole or a part, a process of Construction Licensing in their presentation:

- Occupation of public space project;
- Demolition project;
- Facades and gables contention project;
- Excavation and peripheral contention project;
- Architectural Project;
- Stability Project;
- Electrical power supply and distribution project;
- Gas network project;
- Water network project;
- Residual waters and rainwater internal network project;
- Communications project;
- Fumes and flue gas ventilation and exhaustion project;
- Electromechanical facilities for transportation (lifts, moving walks, etc.) project;
- Fire hazard safety project and/or compliance of the building with the fire hazard verification project;

MEASUREMENTS

The Measurements of a Project consist, together with the Contract Documents, of fundamental documents about the study of the price proposal, the construction's planning and the programming of operations. The Measurements form the foundation for the evaluation of the work costs and important errors committed in its evaluation may have an impact in the construction rate estimate.

The dimensions (measurement units) used in the establishment of measurements must be clearly referenced in the drawings, so they can be easily verified by the users.

To avoid the possibility of error and avoid omissions, facilitate the checking of calculations and prevent different interpretations and causes for disputes, it becomes necessary to set out a methodical and logical manner of elaborating and orienting measurements.

The construction must be measured by chapters, corresponding to the different divisible stages, as, for example: masonry, stonework, floor coverings; carpentry; painting; etc.

The chapters are divided into simple elements, whose area, volume or mass are directly calculable.

BUDGETS

The quality of the Budget preparation is essential for the success of construction projects.

The process of calculating the Budget is performed as soon as the idea for the project is conceived. The calculations are prepared and continuously updated as the scope and definition of the project are developed.

In the Projects list of written pieces, one of the elements to present by the projectors is the estimate or budget for the construction, depending on the stage the project is in. To determine these amounts, the projects' authors use, generally, one of the following methods: i) unit cost of the

construction area; ii) unit prices, simple or composite.

The Budget estimate is applicable in the preliminary stages of the elaboration of the Project when we do not yet have the measurements of the works. Therefore, we use amounts in unit of building area of similar constructions, created by the projector or other existing amounts determined based on statistical studies made by specialists about considerable samples.

This method generally leads to approximate amounts that the evolution of the Project may rectify based on the elaboration of the measurements.

In the Execution Project stage, we make measurements and apply the respective unit prices relative to the works of the same nature and to be carried out in the same conditions.

The cost estimate or Construction Budget determined in the referred way is used by the Construction Owner as the foundation for predicting the necessary budget allocation for the execution of the construction.

↳ 2.4 BIM AND REVIT TECHNOLOGY

BIM (or Building Information Modelling) is a set of information generated and maintained during the course of the whole life cycle of a building, from the elaboration stage to the Architectonical Project.

It is a virtual construction equivalent to a real edification, therefore having many details concerning the material composition of each element, such as doors, windows, etc. This allows us to simulate the edification and to understand its behaviour before its real building begins.

The BIM model may be used for the three-dimensional visualization to assist in decision making for the project and compare various design alternatives. It allows to document the project faster, providing even greater security and quality with the automatic coordination of all visits.

The BIM model data is useful, not only during the design process and building of the project, but also for its use during the whole enterprise's life cycle.

On the other hand, Revit is a software, that is to say, it is a tool that may be used in the BIM process. It is a modelling software that presents the following resources:

- Modelling;
- Draft creation;
- 3D visualizations;
- Documentation;
- Graphic system to elaborate forms, foundations and parameterised building components;
- Sharing of projects and jobs;
- Tables and annotations;
- Complements and libraries, etc.

The 3D modelling is seen both in BIM and Revit.

Therefore, to be seen as BIM technology, it is not enough to have 3 dimensions, it must be a constructive model, whereas in Revit and other types of software, it is possible to create 3D images that may not have enough information to be a model.

BIM is the Building Information Modelling and involves all the stages and the lifespan of an edification, such as: study of financial, economic and technical viability; planning; projects; details and compatibilities; analysis; documentation; construction; usage, operation, and maintenance.

BIM is, therefore, a set of methods and processes relative to the whole life of an enterprise, not limited to a 3D project.

This technology shows many other dimensions that involve different stages, able to run on different types of software and used by various professionals.

An important aspect of BIM is the communication between professionals, that is to say, the interoperability that translates itself in the possibility of visualization and use of the archives of different types of software by the various workers involved.



↓ CHAPTER

03

Urban Planning and Licensing

CUF SINTRA

SINTRA, PORTUGAL

Sector Healthcare
Year 2020
Area 15.280 sqm
Stage Built



3. Planeamento Urbano e Licenciamento

↳ 3.1 URBAN PLANNING - CONCEPTS

The need for planning is a priority, considering the satisfaction of collective interests, trying to avoid the unplanned and anarchical occupation and use of public and private plots of land.

↓ P.M.O.T. (Municipal Plans for Territory Planning)

Plans destined to the planning of plots at the municipal scale. The P.M.O.T. may be divided into three categories:

- **Municipal Direct Plans:** Encompass all the municipal territory. They must establish a special structure for the whole of the municipal territory, classifying the land plots and defining urban indexes, bearing in mind the development goals, the rational distribution of economic activities, the housing shortage, the equipment, the transportation networks, and the facilities.
- **Urban Plans:** Encompass only the (possibly) urban areas or surrounding areas. Subject to the Municipal Direct Plan, they must determine an organization for the urban environment, establishing, namely, the urban perimeter, the general conception of the urban shape, the urban parameters, the builds goals, the patrimonial values to protect, the places destined for the setup of equipment, the clear spaces and the schematic layout of the road network

and of the main facilities.

- **Detail Plans:** Relative, in detail, to the areas encompassed by the other plans. The framework of the urban plans must establish the urban space conception, mentioning, namely, the uses of the land and special conditions for edification, both for new builds and the transformation of existing builds, the characterization of building's facades and the repair of clear spaces.

↓ P.R.O.T. (Regional Plans for Territory Planning)

These are tools with pragmatic and normative nature, meant for having a correct territory planning, through the harmonious development of its different fractions. They intend to promote the rationalization of the space occupation and of the use of its resources. The P.R.O.T. encompasses areas belonging to more than one Municipality, areas determined both by their economic and ecological homogeneity, as well as other factors, and by the interests and concerns they represent and that, for their interdependence, need an integrated evaluation.

↓ P.E.O.T. (Special Plans for Territory Planning)

These are tools for the territorial management destined for specific zones or end goals. They are normative tools for the State's initiative for direct or indirect administration, aiming for the satisfaction of a specific public interest, in

areas limited by their nature or function, as, for example, the forest management, protected areas management, coastal zone management, etc.

↳ 3.2 LICENSING, ALLOTMENT AND URBAN CONSTRUCTIONS

Over the years, the legislation concerning urban licensing has gone through countless changes and added complexity, countered only by the longevity of the RGEU (General Regulation for Urban Buildings), that has remained unchanged since it came into force in 1951.

On the other hand, the RJUE (Legal Regime for the Urbanization and Building) has had various changes approved. These changes to the RJUE result, essentially, in the adaptation of the legal regime to new European legislations, as well as in the addition of subjects of different fields of expertise that came to integrate the projects to be licensed. However, this legal regime has very important content when it comes to the simplification of the licensing administrative procedures, namely concerning:

- a) The determination of constructions free of previous control by the Municipal Chamber (that may be of licensing or previous communication) that, nevertheless, have to comply with the urban legislation of the Land Use Planning tools.
- b) The project technicians responsibility over the compliance with the applicable rules, allowing the City Halls, in the act

of evaluation, to evaluate only the urban framework of the interventions;
c) The constructions inspection;
d) The establishing of tight deadlines for the processes' decisions.

The difficulty in meeting the licensing deadlines established by the licensing authorities (Municipal halls and others) is due to them not always correctly applying these means, as laid out in RJUE, in detriment of:

- The sponsors, because of the time they have to wait for its conclusion
- The populations, because the delay in licensing is one of the direct causes for the rise in housing prices;
- And of the public authorities themselves.

The RJUE consists of the regulation of the administrative procedures regarding the previous control of constructions, allotments and remaining urban procedures that are to be developed.

The RJIGT (legal regime for the land management tools) is responsible for the regulation of the land frameworks law, of

the Land Use and Urban Planning.

The core of the architectural activity is the building, that is to say, the adaptation to the nature of the persons' needs, individual or collective, namely in what concerns dwelling or housing and connected activities.

All buildings, no matter their nature, must be built with perfect compliance of the standards for the art of construction and with all necessary requirements to ensure, in a lasting way, the safety, health and aesthetic measures most adequate for their use and for the functions they will fulfil.

Concerning particular interventions, the Municipal Hall is responsible for licensing (consulting all external entities involved) and inspecting the application and operation of all legal dispositions applicable to the buildings, granting the necessary licenses for the execution of the construction works.

In order to assure the constructions' safety and legality, the request for an assessment of the construction's project (changes, expansions, rehabilitations or even demolitions), regarding one of the administrative procedures presented in RJUE, must be instructed, additionally, with the project authors' consent form, stating the compliance with the general and specific technical norms applicable to the situation.

With the same goal, the request for

an assessment of the project must be made public, through the notice in the construction place itself, and must also publicize, at the same place, the building license concession or the process number of the previous communication.

The RJUE provides the following procedure typologies for the prior verification of urban operations:

- **Previous Information Request (PIP)** about the possibility of conducting a certain construction, delivering the elements that characterize the intervention.
- **Licensing Request**, instructed with certain informative elements, among which the following are highlighted: supporting document of the applicant's legitimacy; Architectural Project; Consent Form where the project authors state that they will comply with the general and specific technical norms to be followed in the build; indication of the Expertise Projects that they propose to present; Projects Insurance Policy. The Expertise Projects should only be presented once the architectural project is approved, having the possibility of submitting them simultaneously with the architectural project.
- **Prior notice**, precisely instructed with the same documents as the licensing request, but they must be submitted all at the same time, together with the request form and the result of the external consultations, in case there are any. In this case, the architecture and the fields of expertise are "evaluated" at the same time. In the case of this procedure, the Building Permit is not issued. It is not necessary to issue a title, but the Municipal Hall will make an inspection at the place to assess if the project is being correctly carried out and if it complies with the legislation and other applicable urban norms.

The following procedures are the result of the submission of urban operations:

- **Sewage and preliminary assessment** of the request by the licencing Chamber (preliminary assessment of the submitted elements).
- **Architectural Project Assessment.** Concerning the verification of the application and compliance of the applicable regulation.
- **Expertise Projects.** It is the Municipal Chamber's responsibility to promote the consultation to the entities that, according to the legislation in force, must pass sentence, authorization or approval, regarding each of the expertise projects submitted.
- **Licensing - Final deliberation.** The Municipal Hall (or the entity to which the competence has been delegated) deliberates on the licensing requests, firstly on the architectural project and later on the expertise projects.
- **Issuing of the Building Permit.**

After acquiring the Building Permit, the Municipal Chamber must inspect the way the construction is being carried out.

After the Construction is finished, the interested person must request the **Authorization for Use** Permit from the Municipal Hall, meant to prove the Construction's compliance with the approved Project.

The granting of the use permit may be preceded by a prior inspection by the competent services of the licensing authority.

The licensing of the **Allotment Operations** may be divided into the following stages or processual moments:

- Licensing Request;
- Sewage and process instruction;
- Project evaluation, followed by public discussion (the legislation provides the possibility for disposal in certain cases to be determined by each municipality);
- Deliberation on the licensing of allotment operation;
- Yielding and management of the green areas and areas for collective use;
- Acquisition of the allotment licensing permit.

The Licensing of **Urban Constructions** may be divided into the following stages or processual moments:

- Urban constructions Licensing request;
- Sewage and process instruction;
- Project evaluation with the determining of licensing conditions of the urban constructions;
- Urban planning contract, determining the parts obligations (Municipality, owner and other real rightful holders of the building);
- Determining the deposit to be paid;
- Acquisition of the urban constructions licensing permit.

↓ CHAPTER

04

Construction

ALLO ALCÂNTARA OFFICES

LISBON, PORTUGAL

Sector Workplaces

Year 2019

Area 63.366 sqm

Stage Under Construction



4. Construction

↳ 4.1 CONSTRUCTION ACTIVITY AND MAIN PARTICIPANTS

↓ Sponsor or Construction Owner

The Sponsor or Construction Owner is the authority that requests the Construction's implementation and pays the respective price.

↓ Project Planners

The Project is a technical process that contains all necessary elements to the construction, involving two different parts: the written pieces and the drawn pieces. All Project Planners must be accompanied by the Descriptive Memories in which the Project Authors clarify the intended goals. The execution of a construction work requires the intervention of various multidisciplinary professionals, considering the project and execution stages, and complying with the growing complexity of facilities.

All Project elements (written and drawn pieces) must be clear and detailed enough for the complete definition of all jobs, materials and equipment.

The projects' quality is the necessary condition for the assurance of the cost, deadline and final quality compliance, the role of the Projects Coordinator being integral, as the compatibility of the different projects in their elaboration stage must be ensured.

The projects' quality is, without a doubt, the foundation for the desired credibility and rigour in the construction's execution.

↓ Contractors

An Undertaking is a type of contract through which one of the parties (Contractor) is liable towards the other (Sponsor or Construction Owner) for performing a certain construction, by payment of a price and according to certain technical conditions.

The practice of the construction activity depends on the permit to be granted by the IMPIC (Public Market, Real Estate and Construction Institute), and its holder is authorized to perform the works that make sense in the qualification related to it.

↓ Inspection

Inspection is a decisive authority for good management of the contracts and for ensuring the protection of the Sponsors, namely: cost control; deadline compliance; proper implementation and quality guarantee.

The inspection must monitor and verify the precise compliance of the Project and its changes, the Contract, the Contract Documents and the Work Plan in force, namely:

- Verifying the constructions implantation;
- Approve the materials and equipment to be applied/installed;
- Monitor the execution process;
- Verifying, generally, the way in which the jobs are carried out.

↳ 4.2 ENVIRONMENTAL SUSTAINABILITY AND SUSTAINABLE BUILDING

The requirements for buildings and their sustainable performance, comfort and wellness are more notorious every day. At a global level there are various efforts in this direction and that arise as consequence to the international objectives when it comes to ESG (Environmental, Social and Governance) indicators, Taxonomy, Carbon Neutrality, among others. At a European level, the European Green Deal has developed a set of policies and strategies with the goal of supporting the efforts to climate transition for the constructions and buildings sector.

In this sector, there are many solutions and tools that support the Construction's Owners to ensure the sustainability of their actives and, therefore, promote their economic valorisation. Besides the more obvious matters relative to the energetic efficiency and decarbonisation, the evaluation of ESG indicators of the property portfolios allows their owners and investors to understand the performance of these actives and evaluate their associated environmental risk. On the other hand, the use of buildings certification systems, such as LEED (USA), BREEAM (UK), LiderA or SBTool PT (both Portuguese), allows the assurance of a minimum performance of these buildings and, therefore, the minimization of their environmental risk.

The use of these tools is possible for functioning buildings, rehabilitations, new buildings or even projects for neighbourhoods or new communities. These tools must be used from the preliminary stages of the project, as much as possible, for new buildings or rehabilitations, thus, ensuring that the best strategies are considered and effectively influence the projects' drawings.

It is in the conception that matters such as the constructive solutions or the materials to be used are determined, which will have a crucial impact in the life span of the building and thus in the acquisition of the certification.

The determination of guidelines for the betterment of the building performance according to the principles of the Bioclimatic Architecture grown in importance every day.

The most adequate sustainability plan shall be developed, which goes through the following execution methodology:

- Identificação do potencial de melhoria do Projeto para a otimização

do desempenho passivo, conforto interior, otimização do consumo de recursos e eficiência energética;

- Análise iterativa para identificar o potencial de melhoria de desempenho térmico e integração de estratégias de desempenho passivo: ventilação natural, utilização de iluminação natural, climatização natural, etc.

Besides the frameworks focused on the building, considering their environmental footprint (power, water, material, and residual consumption, among others), there is a growing tendency in buildings that promote a healthy and comfortable interior space, as promoted in the WELL certification, that evaluates aspects such as physical and mental wellness or the connection to the community. Even though this certification is relatively recent, it has had a growing demand for any types of buildings: residential, offices, schools, commercial, etc.

Another international tendency that will also impact the buildings sector focuses on the creation of regenerative buildings and communities, that is to say, projects that, besides minimizing or nullifying their footprint, have a positive contribution, producing more energy than what they consume, capturing and treating water on-site, using only sustainable materials, among others.

For a Sponsor, the option of certifying a property has an impact in the constructive processes, in the choice of material

and in the solutions to be used, with the consequent impact in the rising of investment costs that will be less the sooner the sustainability principles are integrated in the project. The international certification systems point to investments of 1% (BREEAM) or 2 to 7% (LEED) with paybacks in 5 to 7 years.

Besides the easily perceptible advantages, namely those relative to energetic efficiency, sustainability, the building's environmental footprint reduction and the building's operating cost reduction, there are other benefits for the Construction Owners and investors relative to the valorisation of their buildings and their lesser environmental risk.

In fact, a certification is synonymous of the valorisation of property, for it ensures that nothing was made randomly in the construction project . With this certification, the owners benefit from the increase in the property's value.

↓ CHAPTER

05

The Real
Estate Market
in Portugal

PARK INTERNATIONAL SCHOOL ALFRAGIDE

LISBON, PORTUGAL

Sector Education
Year 2020
Area 11.000 sqm
Stage Built



5. The Real Estate Market in Portugal

↳ 5.1 GENERAL PERSPECTIVE

Portugal is a destination with attractive investment - both at a European and world level - reflecting its condition as a cosmopolitan, open, innovative and competitive country to live in, work in or to visit.

The country benefits from the structural advantages, that are the result of its climate, location and geography, and offers a stable political context and favourable socioeconomic indicators.

The combination of world-class facilities, proximity to the coast, safety and accessibility creates a considerable attractiveness for retired foreigners, start-up entrepreneurs, international students and international companies' executives that increasingly choose Portugal as the base for their European operations.

In the past decades, the successive Governments made a significant effort to implement structural reforms and invest in facilities. As a result, the country has a stable regulating and fiscal structure, highly qualified local frameworks and competitive policies of foreign investment attraction.

The main urban areas grew considerably in the past decades, transforming a territory previously highly ruralised into an urban system both dual, focusing on the metropolitan areas of Lisbon and Porto, and asymmetric, with a dynamic coast and

faltering countryside.

The Portuguese Real Estate market is also segmented and heterogeneous, with various local markets with their own characteristics and dynamics, with limited price synchronization between the main cities.

The policies for the territory planning try to balance the urban system and to create multiple centralities through the investment in the facilities, logistic and equipment networks, to better the accesses and direct the demand and private investment into the secondary cities in the countryside.

In the past decade, Portugal went through one of the most challenging periods in its recent history, with a foreign intervention in a scenario of international crisis. The external financial aid and the implemented reforms allowed the country to come out of the crisis as a renewed destination, with the capacity to attract new tourists, new businesses and new inhabitants.

The Real Estate market has successively proven its resilience and recovery capacity, being one of the first to emerge of the successive crisis, and contributing for the strengthening of other economic sectors.

The Real Estate market has had, in the past decades, a considerable contribution to the national GDP, mainly through the residential investment and attributed leases. In these past years, the market's robustness has been sustained by the considerable increase on foreign investment, albeit the scale problems.

The recent inflationary pressures and the rise in interest rates may lead to a slowdown in the real estate sector and to a price correction. On the other hand, the economy must be stimulated with the use of funds from the European Union, under the Recovery and Resilience Plan (RRP).

Even though the macroeconomic context is adverse, the imbalance between the supply and the demand, as well as the country's and Institutions' stability, are the main ingredients that contributed for the continuous flux of investment in the past years and that will continue to create a favourable environment for the investment in real estate in Portugal.

5.2 URBAN DYNAMICS IN PORTUGAL

The dynamics for the occupation of the Portuguese territory were characterized in the past decades by the metropolitan areas and the coast, resulting in a complex and diverse urban network.

The north and coastal urban centres possess a high population density that multiplies the cities of small and medium dimension. In the countryside and in the south, the urban network is more hierarchical and organized, with the prominence of some cities, despite the decline in population.

The urbanization process has happened mostly through the coast. The coastline

from the metropolitan area of Lisbon up to the Spanish northwest and along the territories of Algarve gather more than half of the population. Over 50% of the new urbanized areas in the Continent are located in a 20 km coastline.

The main urban areas have grown since the great rural exodus between the 1950-1970 decades, the influx of Portuguese from the ex-ultramarine colonies and the progressive industrialization of the economy and growth of the tertiary sector.

In the metropolitan areas of Lisbon and Porto, there was a visible falter in the more central parishes of both cities, accompanied by an expansion process and fragmented and dispersed suburbanization of the adjacent territorial units.

In the coast and intermediate cities, there was the predominance of the urban expansion and consolidation, contrasting with the predominance of an intense rural faltering process and population desertification in the countryside.

In the past decades, the expansion of the perimeters of the main urban centres was not accompanied by integrated policies for the territorial planning. The lack of integration between the urban planning and the real estate activity consolidated an unbalanced territorial model.

The policies for the territorial development tended to favour the investment in facilities and complex and time-consuming planning processes, based on

the oversizing of the areas fit for urban development and separation of land's uses.

The real estate activity tended to restrict the majority of its action in the existing registered structures' perimeters, favouring the areas with greater economic momentum and the segments of greater valorisation.

This model accentuated the regional and interurban inequality, through the directing towards the investment for the main urban centres, promoting of the unstructured and fragmented expansion of their peripheries, and enable the implementation of large commercial areas outside of the urban conglomerates.

The crisis in the last decade created the opportunity to revert the existing model of territorial planning, characterized by the concentration of population in the coast and in the main territory's metropolis, and to counter its polarizing tendencies as a means to correct regional asymmetries and promote greater territorial equity.

The new model for polycentric territorial planning tries to contain the perimeters of the main urban centres and reinforce the development of the secondary centralities, through the diversification of the land's uses, flexibility in the conversion of existing buildings and introduction of new strategies for urban mobility and requalification of the public space.

The territorial policies are implemented through a hierarchy of plans that tries

to promote the competition between secondary locations, to balance the pressures of the development in the more valued areas, with the investment support in areas of lesser attractiveness and with less facilities.

∩ 5.3 LEGAL CONTEXT

The Base Laws for the Territorial Planning and Urban Development (Law no. 31/2014, from May 30th) regulates the general rights and obligations regarding the territorial planning and urban management. This decree is complemented by the Decree-Law no. 80/2015, from May 14th, that establishes the regime of the different territorial management tools that address the entirety of the national territory.

The territorial management tools establish the rules for occupation, use and transformation of the land, mandatory for both public and private authorities.

The territorial management tools are organized hierarchically, establishing the rules that go from the general regime to the special regimes in the following manner:

- National Program for the Territory Planning Policy;
- Sectorial programs;
- Special programs;
- Regional programs;

- Intercity programs;
- Municipal programs (Municipal Direct Plan, Detail Plan and Urban Plan)

The Portuguese urban right contains dispositions that restrict the use, occupation and reconversion of the land, taking into account the public interest in areas such as environment, defence, and wildlife protection, depending on the policy for the social and economic development of each municipality, both from the urban planning side and the urban management side.

The Portuguese law for the territorial planning has three pillars:

- Urban and Territorial Planning ("Base Law for the Territorial and Urban Planning Policy" - LBPUTU);
- Tools for the Urban Planning and Management ("Legal Regime for the Land Management Tools") (RJIGT)
- Regulation for the Urban Planning and Building (Legal Regime for the Urbanization and Building - "RJUE").

The real estate enterprises are subject to the rules included in the plans for the territory, as well as the regulations for the construction and urban development issued by each municipality. Each type of plan may also be enacted by more than a municipality through the intercity plans.

The real estate projects must comply with urban indexes, as well as the building, and are subject to prior verification

of administration by means of the administrative procedures of evaluation and approval.

The RJUE is the legal regulation of urban management that determines the general rules, regulates the prior verification procedures necessary for the evaluation and approval of the real estate projects, and establishes which municipal operations require approval - request for prior information, licensing, prior notice or use licenses.

The RJUE also determines which the administrative procedure to be followed is, as well as the inspection of the respective execution by the Municipal Chamber.

The municipalities are local authorities responsible for the prior verification of the real estate projects. However, in certain cases, the projects may require the prior approval or decision of other public central administration agencies, depending on their concrete geographical location.

Even the urban operations that are not subject to prior verification must be communicated to the respective municipal chamber 5 working days before the beginning of the works.

↳ 5.4 FISCAL FRAMEWORK

The main taxes in Portugal are the Personal Income Tax (IRS), Corporate Tax (IRC) and the Value Added Tax (VAT), concerning the transactions of goods and services. There are other goods taxes, namely the Property Transfer Tax (IMT), property tax, customs tariffs and the excise duties, such as the car tax and the tax on tobacco products.

The State's largest source of income is the VAT, IRS and the contributions for social security. The tax rates in Portugal are, largely, in line with the tax rates in use in the remaining EU countries.

PROPERTY ACQUISITION

↓ IMT

Property transfer is subject to the property transfer tax (IMT) at the rate of 6.5% over the generality of urban buildings or lands for construction and at the rate of 5% over the rustic buildings. For urban buildings destined exclusively to housing, the rate may vary from 0% to 7.5%, depending on the property value. Real estate companies that buy property to resell and comply with

certain requirements, may benefit from the exemption of paying IMT, as long as they resell the property within three years and they do not use the building for a different purpose in that time.

↓ Stamp Duty

Property transfer is also subject to Stamp Duty (SD) at the rate of 0.8% of the calculated taxable amount for IMT. The property funding and respective assurances, namely mortgages, are also subject to SD, without prejudice to potential exemptions applicable depending on the case.

↓ Value Added Tax

Property transfer is generally free of Value Added Tax (VAT). However, it is possible to forsake the VAT exemption in specific situations, as long as certain conditions are met, something that might be useful if construction works were carried out in the property and VAT is to be paid by the sponsor.

PROPERTY HOLDING

↓ Corporate Tax - Portuguese companies

i) Corporate Tax ("IRC") - The accumulated taxable income is subject to IRC at the rate of 21% (for resident authorities classified as small or medium companies, a 17% rate is applied for the first €25,000 of taxable income), to which can be added a municipal surtax up to the maximum limit of 1.5% over the subjectable taxable profit and not free of IRC. IRC encompasses also a state surtax, applied in a sliding scale as follows:

- 0% for taxable profits up to €1.5 million;
- 3% for taxable profits over 1.5 million euros and up to 7.5 million euros;
- 5% for taxable profits over 7.5 million euros and up to 35 million euros;
- 9% for taxable profits over 35 million euros.

ii) Net financial costs (namely loan interests operated at short or long-term) are deductible for IRC purposes up to the greater of the following limits:

- Maximum of 30% of the taxable EBITDA; or
- 1 million euros annually.

iii) Non-deductible net financial costs may be considered in the five prior taxable periods, after the net financial costs of that period. This limit applies to all interest expenses incurred by the company.

iv) Tax depreciation annual rate for buildings is of 2-5%. Higher rates are applied to furniture and utensils (for example, 12.5% for furniture). There is no tax depreciation for land.

v) Usually, assessed tax losses can only be deductible from the taxable profits of one or more of the five prior taxable periods (up to the 12th prior taxable period, for small and medium companies), only able to represent up to 70% of taxable profit of a given year, without prejudice to non-deducted prejudice losses until the end of the respective deduction period.

↓ Property Investment Funds ("FIIs")

In general, the FIIs are taxable at the IRC general rate (21%), not being considered for determining the taxable profit of the capital and property income, and acquired capital gains, unless they originate from companies located in tax havens.

Considering the special regime stipulated for FIIs, depending on the project's dimension, choosing this structure may be advantageous, especially considering the beneficial tax regime applied to participants of these funds.

↓ Municipal Property Tax (IMI)

IMI is collected annually on all properties and it is calculated based on the property's registered value. The rate varies from 0.3% and 0.4%. This amount grows to 7.5% for properties owned by a company in a tax haven or by companies directly or indirectly controlled by a company based on or with tax residence in one of the listed tax havens.

↓ Municipal Property Tax Addition (AIMI)

AIMI is collected annually and acts over housing urban buildings or all types of land for construction, calculated through their taxable asset value at the rate of 0.4%. Complete hotels and tourism apartments are not subject to this addition.

↓ Value Added Tax (VAT)

VAT at 23% applies to goods and services supplies in Portugal, including the promotion, building and commercialization costs. The VAT reimbursement possibility (and the fact that it is not a cost for companies) depends on the

companies that perform or plan to perform VAT subject operations. The VAT reimbursement during the promotion stage depends on the property's characteristics and on the activities throughout the property's use period.

↓ Stamp Duty (SD)

Bank financing is subject to SD, with different rates that can go up to 0.6% of the lent amount, depending on the loan term, and being applied to both the investments financing and the suppliers financing.

SELLING

↓ Property Selling

Capital gains (difference between the properties selling price, net of the charges that are inherent to them, and their acquisition price, deducted from possible depreciations and redemptions fiscally accepted, of the impairment losses or other legally stipulated amount corrections) resulting of the selling of Portuguese actives for a share of Portuguese companies must be subjected to IRC at the previously referred rates . In case the taxable asset value (in the moment of the disposal) is superior to the selling price, the profits for the purpose of IRC must be calculated based on the taxable asset value.

5.5 INVESTMENT STRUCTURES

Any property may be acquired directly (Asset deal) or indirectly, through the buying of social participations of the company holder of the property (Share deal).

It is common practice in the market to create the so called SPVs (Special Purpose Vehicles) for direct or indirect property investment. To each project corresponds a different SPV.

↓ Asset Deal

Usually, the acquisition process begins with (i) a letter of intent, establishing an exclusivity period that allows investors and their advisors to analyse the legal, urban, licensing, environmental technical and fiscal situation of the property (due diligence) and/or (ii) a promissory contract of sale and purchase that anticipates the effective transference of the property and establishes certain obligations and/or the satisfaction of a series of preceding conditions to the proposed transaction. By signing a promissory contract, it is normal for the buyer to pay the vendor, as a down payment and principle of repayment, from 15% to 25% of the selling price. This price is the result of the sole negotiation of both parties.

↓ Share Deal

The main acquisition vehicles are the commercial companies (limited companies), as well as collective investment undertakings of contractual

nature (real estate funds) or collective investment undertakings as shareholders (real estate investment trusts).

In case of transaction of social participations, the due diligence performed by the investor should also include the respective property owner vehicle, namely its financial, fiscal, corporate and labour situation.

5.6 REAL ESTATE FINANCING

The Portuguese banking sector is modern and efficient. For example, Portugal was the first to establish a network of cash dispensers that allows the cash withdrawal, funds transferences and access to various bank services in the whole country.

The Portuguese capital market is ruled by the Securities Code, by national legislation, regulations, and European directives. The regulating system allows the lending activity to be developed both by banking authorities and non-banking authorities.

The Portuguese banking system is currently well-capitalized, having equity levels similar to their European counterparts, characterized by offering credit both to companies and to individuals at competitive rates.

The system is dominated by seven commercial banks: Caixa Geral de Depósitos (CGD), Millennium BCP, BPI, Santander Totta, Crédito Agrícola, Novo

Banco, and Montepio. These banks are ruled by Banco de Portugal (Central Bank of Portugal) and the European Central Bank.

In Portugal, the collaterals usually associated to the real estate financing are the following:

- Mortgage;
- Income transfer;
- Shares/quotas pledge;
- Credits and other actives pledge;
- Bank accounts balances pledge;
- Note, with or without personal guarantee.

↘ 5.7 MARKET PERSPECTIVES

↓ Residential

In the past decades, the housing prices and residential investment evolution was quite uneven. In the period comprised between the 1990s and the 2007 financial crisis, the price evolution was fairly inexpressive. With the 2007 financial crisis, the prices fell between 2008 and 2013, raising later, between 2014 and 2020.

From 2014 onward, the demand recovery in the housing market was greatly propelled by foreign investors, mainly due to the fiscal regime for non-habitual residents and to the residence permit for investment activities (also known as "golden visa"), targeting European and non-European markets.

Throughout this period, residential building was initially directed to the rehabilitation of rundown buildings in the historical centres of Lisbon and Porto, propelled by the introduction of legal and fiscal changes, such as the municipal reform for urban renting and the legislation related to the urban rehabilitation.

In these past years, the residential investment expanded into the peripheries of the main metropolitan areas and secondary cities, accompanied by a strong growth in housing prices.

In the next years, we expect the number of sold houses to keep growing and nearing the levels of the beginning of the century. The supply will be marked by the entrance of a product more directed to the middle upper class and upper class, propelled by the increase in demand by buyers from countries outside of Europe.

There will also be a greater difficulty in the product development for the middle segments, due to the rise in inflations and to the difficulty of families with lower incomes in financing themselves.

The demand for exclusive open spaces will keep growing, with a greater proximity to nature and with a flexibility of uses.

↓ Residential Rental "Built-to-rent"

The private rental sector in Portugal is still very small, due to the residential properties buying incentives created by

fiscal incentives, low interest rates and favourable financing conditions, as well as to the tight control of the rental market.

However, the changes in rental laws implemented in 2012 and the strong growth in house prices reverted that tendency. In 2019, the private rental market grew to 26% of the total of dwellings, compared to 20% in 2011.

The housing rental should continue to grow, motivated by a continuous increase in demand, due to the increase in flexibility, mobility and to the middle class's growing difficulty in buying a house.

The lack of supply and the inexistence of development from scratch of the product for this segment will inevitably impact the prices of rents that should continue to rise.

In Portugal, there isn't an investment market for residential rentals yet, although some residential portfolios of significant dimension have been sold. Some of the main reasons for this are the land's prices and the absence of convergence between the public and private sectors. After decades without investment in the "built-to-rent" sector, sponsors and investors are now looking for opportunities in the Portuguese market to develop and invest in new projects and to create management platforms.

↓ Offices

The office market in Portugal focuses mainly in Lisbon, although Porto has

shown a strong dynamic in the last four years.

The turnover has been propelled by the tech companies' growth and the increase of outsourcing activity, with foreign companies settling and expanding their shared services and contact centres in Portugal, not only in Lisbon and Porto, but also in other cities.

The next years will be the experimentations and consolidation of hybrid work solutions. Office buildings' promotion is at significantly higher levels than in the past decade, but it is still insufficient regarding the demand, which can result in an increase of rentals.

We are also hoping for a greater demand for flexible spaces that follow the quality, efficiency and wellbeing requirements, namely the buildings with sustainability certifications.

↓ Retail

Shopping centres have been the main focus of retail in Portugal, although commerce in Lisbon and Porto has grown in the past years due to the strong growth of tourism, the economic recovery and the renovation of many buildings in the city centres.

By the end of 2020, many of Lisbon and Porto's retail stores closed due to the pandemic, the food and beverage sector being the most affected.

Retail parks had a lesser downfall than

shopping centres for possessing a more open format.

In the next years, we expect the demand for commercial spaces of various natures and dimensions to keep increasing, creating opportunities for the repositioning and combination of uses.

The consumer's preference for local commerce should keep benefiting the street commerce and boosting the urban neighbourhoods, at the same time that we will witness a greater integration of physical stores with online stores.

↓ Hotel Business

Portugal received the greatest tourism prizes, elected as "Best European Destination" by the World Travel Awards (between 2017 and 2020), together with other tourism prizes. Madeira was elected "World's Leading Island Destination" in 2020, Lisbon, "World's Leading City Break Destination" and Algarve, "World's Leading Beach Destination".

The tourist influx reflects those recognitions and the demand for tourist accommodation has continuously increased through the course of the past ten years.

The Covid-19 outbreak interrupted the tourism sector in 2020. Air travels were suspended and, although hotel operations were still authorized, the majority of hotels was temporarily closed.

In the next years, we expect the hotel investments in Portugal to strongly recover, with the main indicators returning to pre-pandemic levels.

We've been witnessing a continuous institutional investor's demand, both national and international, for the acquisition and development of tourism actives in Portugal.

There is an ever-growing emphasis in sustainability and design of the new projects, favouring buildings' specificity, connection with the place in which it is located and the quality of services provided.

↓ Student Residencies

Portugal keeps attracting international students with plenty of universities placed amongst the best in the international rankings, low enrolment and housing costs, and high quality of life.

The rise in the number of international students lead to an increase in the number and quality of student housing options that previously consisted of rental private housing and housing provided by universities and religious institutions.

The specialized housing for students market in Portugal is relatively small, as the demand highly surpasses de supply.

International capital has been directed into this market, focusing in development projects.

There are various foreign providers entering the market, though the national investors are also increasing their presence.

Once we overcame the uncertainty created by the pandemic with the negative impact in the occupation and prices, investors still trusted in the student residence sector, which will continue to observe a marked growth.

Although Portugal has evolved considerably in the past years, there is still room for the student residency market to grow and be consolidated.

New projects tend to favour the creation of communities inside the buildings, through the layouts and common service areas, with high level equipment and services.

↓ **Industry and Logistics**

The majority of logistic facilities in Portugal was developed independently by private sponsors. Meanwhile, many municipalities established allotments for industrial and logistic parks, mainly directed to light industry and storage.

The logistics market has been propelled mainly by great Portuguese large-scale distribution retailers, as well as by the transportation companies, these last ones with a relevant part of the logistic operation, as only some world logistic operators are present in the country.

The proximity between Portugal and Spain put Portugal as an extension of the logistic chain established in the neighbouring country, namely when it comes to e-commerce logistics, dismissing the necessity for structures dedicated to it in Portugal.

Since the availability of quality logistic space is very low, the activity's growth has been propelled by new custom-made projects.

↓ **Health Facilities and Senior Homes**

In Portugal, the majority of the care for the elder population is ensured by the Estrutura Residencial de Idosos, ERPIs (Elderly Residential Structures), which include nursing homes and social solidarity institutions for the physically impaired elderly people that need long-term care and medical assistance.

Focusing in the quality and innovation, these residencies offer a complete range of facilities and services for interaction, leisure and health. Besides leisure, they offer health services and facilities with physiotherapy rooms, aesthetical treatments, pharmacies, nursing services, individual plans and geriatric assistance.

For all these medical services to be available, the homes have signed various agreements with hospitals, ensuring the quality of the offered services.

Algarve, due to its high number of retired people living abroad, shows a very high occupation rate compared to the Lisbon and Porto markets, although there are much less facilities available.

Therefore, we expect an investment increase in the healthcare sector (hospitals, clinics, laboratories, and senior homes), maintained by the positive demographic tendencies, the increase in population with health insurance and the unbalance between supply and demand, as well as the attractiveness of our country for people in their retirement to live in.

↓ CHAPTER

06

Useful
Complementary
Data and
Information

CASAL RIBEIRO RESIDENTIAL COMPLEX

LISBOA, PORTUGAL

Sector Residential, Refurbishment

Year 2022

Area 15.118 sqm

Stage Built



6. Useful Complementary Data and Information

↳ 6.1 ASSOCIATIONS, PROFESSIONAL BODIES AND OTHER AUTHORITIES

Ordem dos Arquitetos

Travessa do Carvalho, 23
1249-003 Lisboa
www.ordemosarquitectos.pt

Ordem dos Engenheiros

Av. António Augusto de Aguiar, n.º 3 – D
1069-030 Lisboa
www.ordemengenheiros.pt

APP II – Associação Portuguesa de Promotores e Investidores Imobiliários

Rua Tierno Galvan, Torre 3 – 6º Piso,
Sala 607 – Amoreiras
1070-274 Lisboa
www.appii.pt

AICCPN – Associação dos Industriais da Construção Civil e Obras Públicas

Rua Álvares Cabral, 306
4050-040 Porto
www.aiccpn.pt

AECOPS – Associação de Empresas de Construção, Obras Públicas e Serviços

Rua Carlos Mayer, n.º 2 – 1.º
1700-102 Lisboa
www.aecops.pt

**AICEP Portugal Global – Agência para
o Investimento e Comércio Externo de
Portugal, E.P.E.**

Rua de Entrecampos, n.º 28
Bloco B – 12º andar
1700-158 Lisboa
www.portugalglobal.pt

**IAPMEI – Agência para a
Competitividade e Inovação, I.P.**

Rua dos Salazares, 842
4100-442 Porto
www.iapmei.pt

S+A

PORTUGAL

Lisboa
Headquarters

Avenida Infante Santo,
69 a-c, 1350-177 Lisboa,
Portugal
+351 213 939 340
geral@msa.com.pt
www.saraivaeassociados.com



aicep Portugal Global

Agência para o Investimento e Comércio Externo de Portugal

Rua de Entrecampos, 28, Bloco B, 12.º,
1700-158 Lisboa
+351 217 909 500
www.portugalglobal.pt

ANTAS
DA CUNHA
ECIJA

Antas da Cunha ECIJA

Edifício Amoreiras Square
R. Carlos Alberto da Mota Pinto, n.º 17 – 2.º
1070-313 Lisboa
+351 213 192 080
www.adcecija.pt

greenlab

GREENLAB

R. Cintura do Porto de Lisboa, B - 5ªA e B
1950-323 Lisboa
+351 213 879 414
www.greenlab.com.pt

SARAIVA+ASSOCIADOS

www.saraivaeassociados.com