

CUSHMAN & WAKEFIELD

VANTAGE POINT

NOVEMBER 2026

THE COMPETITIVENESS GAP

SUSTAINABILITY, ASSET VALUE AND THE CHANGING LISBON OFFICE MARKET

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

EXECUTIVE SUMMARY

Real estate has always been about creating and protecting value. What is changing is how quickly that value can be challenged. Climate risk, regulation, technology, operating costs and changing occupier expectations are raising the benchmark for what the market considers a competitive building. Sustainability is therefore moving beyond compliance and certification. It is becoming a fundamental part of asset competitiveness, resilience and long-term value.

This is creating a **Competitiveness Gap** between buildings that evolve with the market and those that do not. The strongest assets are better positioned to attract and retain occupiers, protect rents and occupancy, control costs and capital expenditure, access finance and remain liquid. Buildings that fall behind face the opposite cycle, with weaker demand, higher vacancy, greater investment requirements and increasing pressure on value.

And the gap does not stand still. A building that is competitive today may not remain so tomorrow. As better buildings enter the market and expectations rise, the benchmark moves with them. This means that delaying investment can make the gap progressively more difficult, and more expensive, to close.

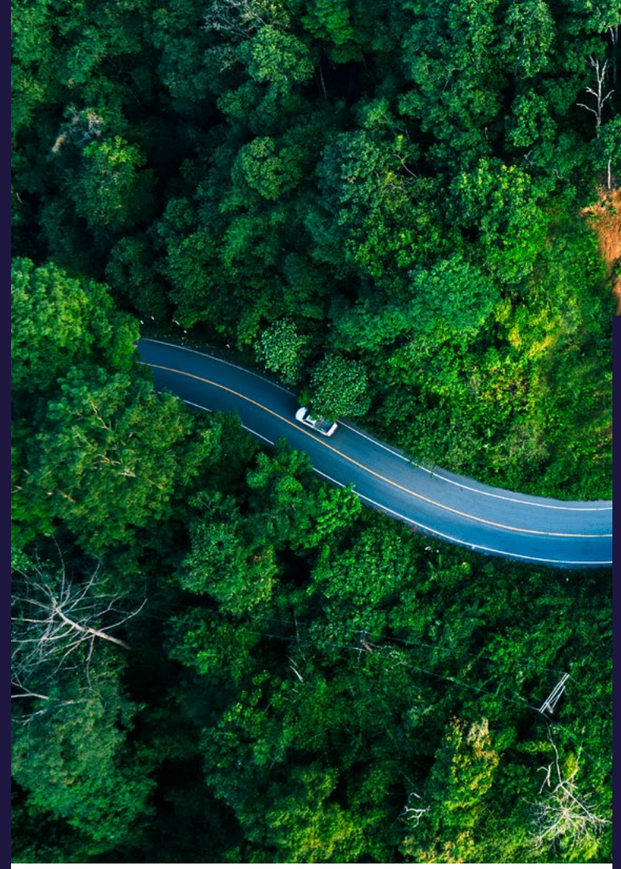
The Lisbon office market already shows this dynamic clearly. Location remains the main driver of rents, but building quality, sustainability and workplace experience are becoming increasingly important to long-term competitiveness. The market is separating into three speeds: best-in-class sustainable buildings; assets that remain competitive but are no longer market-leading; and older stock facing a growing risk of obsolescence. Almost 240,000 sq.m of highly sustainable new office space is expected by the end of 2028, equivalent to roughly one and a half years of average take-up, raising the competitive benchmark even further.

For owners, this changes the investment question. It is no longer simply "How much should I invest in this building?" but "Can investment make this building competitive again?" Location, building condition, technical potential, capital expenditure and future market positioning need to be considered together. Deep refurbishment may be the right answer for some assets. For others, redevelopment, conversion or disposal may ultimately create more value.

Closing the Competitiveness Gap is therefore not a one-off refurbishment exercise. It is a continuous process of assessing performance, defining the right strategy, investing where it creates value, measuring results and adapting as the benchmark moves. Certifications such as BREEAM and LEED will remain important, but they are becoming the starting point rather than the goal.

Over the next 12 months, the focus will move further towards actual building performance, resilience, reliable data, regulatory readiness, climate risk, social value and adaptability. The market will increasingly differentiate between assets that can meet these expectations and those that cannot.

The conclusion is simple: the benchmark is moving, and standing still means falling behind. The winners will become harder to catch, while the cost of bringing weaker assets back into the race will continue to rise.



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AT A GLANCE

~240,000

sq.m of highly sustainable new office space expected to enter the Lisbon market by the end of 2028

190,000

sq.m – average annual office take-up in Lisbon over the last five years

66%

of the offices analysed could sit above the CRREM 1.5°C reference by 2050 without improvements – up from 34% today

65–80%

of new certifications in Portugal since 2024 relate to buildings in operation

INTRODUCTION

Real estate has always been about creating and protecting value. What has shifted is the pace of change. Climate risks, technology, occupier expectations, operating costs and regulation are evolving faster than ever, accelerating building obsolescence. Whilst these forces cannot be controlled, preparedness can. As a result, landlords, occupiers and lenders are looking not only at how buildings perform today, but also at their ability to remain competitive, resilient and valuable in the future.

Why do some buildings continue to create value while others steadily lose it? For years, sustainability was often viewed as a compliance exercise or a label. Today, it has become a measure of a building's ability to withstand the future.

Sustainability is not the outcome. It is the pathway to better outcomes. Buildings that embrace it are often more competitive today and better positioned for the challenges ahead. Those that do not face higher costs, changing occupier expectations, growing regulatory pressure and an increasing risk of obsolescence.

Over time, these differences compound. What starts as a gap in performance becomes a gap in demand, income, resilience and ultimately value. This is the **Competitiveness Gap**: the growing divide between assets that adapt and those that do not.

This report explores how sustainability is increasingly shaping asset competitiveness. As occupier expectations, investment criteria, financing requirements and regulation continue to evolve, sustainability is influencing rents, occupancy, liquidity, financing conditions and asset value. The result is a widening gap between buildings that are prepared for the future and those that are not.

The timing of this report is particularly relevant. While the global economy faces renewed uncertainty, Portugal is experiencing one of its strongest periods in decades. Economic growth remains robust, unemployment is low, supply is constrained across most sectors, and demand continues to exceed availability. At the same time, a new generation of modern, sustainable developments is reaching the market after more than a decade of limited construction following the financial and sovereign debt crises.

In the second section, we examine the Lisbon office market, where these trends are becoming increasingly visible. A growing pipeline of modern, high-quality buildings is reshaping competition and widening the divide between best-in-class and older assets. The result is clear: higher rents and stronger demand for the most attractive space, alongside rising and increasingly structural vacancy in buildings that fail to keep pace with market expectations.

Finally, as in previous Cushman & Wakefield publications, we highlight the key market trends and regulatory developments that we expect to shape the next 12 months.

IN THIS REPORT

01
UNDERSTANDING SUSTAINABILITY AND THE COMPETITIVENESS GAP

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THE PATH TO CLOSING THE GAP

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04
LOOKING AHEAD: THE NEXT 12 MONTHS



THE COMPETITIVENESS GAP

Sustainability is not the outcome. It is the pathway to better outcomes.

What starts as a gap in performance becomes a gap in demand, income, resilience and ultimately value.



01

UNDERSTANDING SUSTAINABILITY AND THE COMPETITIVENESS GAP

Competitiveness is built before you need it. When a shock arrives, the gap becomes obvious very quickly.

There are three key ideas behind sustainability and the competitiveness gap:

01

Competitiveness is built before you need it

02

The greater benefits are not always immediately visible

03

When a shock arrives, the gap becomes obvious very quickly

AN EVERYDAY ANALOGY

Applied to buildings, sustainability is like regular exercise.

Imagine two people face the same challenge: they suddenly need to climb several flights of stairs, carry a heavy load, or react to an emergency. The difference is not what they do at that moment. The difference is everything they did before. The person who exercised regularly is fitter, more resilient and able to respond. The other person faces the same situation with less capacity and more risk.

Applied to buildings, sustainability is like regular exercise. It does not guarantee that nothing will go wrong, but it places buildings in a much stronger position to respond to changing occupier requirements, higher energy costs, new regulations, climate risks and shifts in demand. The competitiveness gap reflects how prepared an asset is before things change, especially at a time when change is happening faster. When change arrives, the gap becomes visible.

To understand the Competitiveness Gap, we need to understand the positions of the three main market players: the landlords, the occupiers and the lenders/investors.

LANDLORDS | **OCCUPIERS** | **LENDERS / INVESTORS**



WHAT DRIVES COMPETITIVENESS FOR EACH MARKET PLAYER?

LANDLORDS	OCCUPIERS	LENDERS / INVESTORS
Protect and grow asset value	Secure workplaces that support business performance	Protect capital and risk-adjusted returns
Maintain attractiveness to tenants as sustainability expectations evolve	Attract and retain talent through better-quality workplaces	Reduce exposure to transition and physical climate risks
Protect occupancy, rental income and tenant retention	Support employee wellbeing, productivity and collaboration	Limit exposure to future obsolescence and stranded-asset risk
Reduce energy consumption and control operating costs	Reduce energy and occupancy costs	Protect long-term asset value and liquidity
Anticipate regulatory change and reduce future retrofit CAPEX	Meet corporate decarbonisation and sustainability commitments	Understand future CAPEX and transition requirements
Maintain the asset's relevance as better-performing buildings enter the market	Occupy buildings aligned with corporate reputation and stakeholder expectations	Maintain access to financing and attractive investment opportunities
Stronger demand › occupancy › rental resilience › asset value	**Better workplace › people & business performance › lower occupancy risk**	**Lower risk › stronger liquidity & financing › investment value**

There are five main challenges that guide these objectives over an extended period of time:

01 OCCUPIER EXPECTATIONS

02 OCCUPANCY

03 LOWER OPERATIONAL COSTS (CURRENT AND FUTURE)

04 BORROWING COSTS

05 RENTS



OCCUPIER EXPECTATIONS

In today's world, occupiers are focused above all on attracting and retaining talent and encouraging greater office attendance within a hybrid working environment. While flexible working is here to stay, the office is increasingly valued for the connections, collaboration and sense of belonging it can create. As a result, the workplace has become far more than a place to work. It is a tool for connecting people, strengthening culture and enhancing performance. Tenants expect environments that are comfortable, flexible and inspiring, while providing experiences that create value and support everyday working life.

The most successful workplaces combine flexibility, wellbeing, collaboration and access to services, amenities and mobility. Occupiers increasingly seek buildings that are healthy, inclusive, well-connected and resilient, while also contributing positively to their communities through accessibility, sustainable mobility and broader social value.

These expectations are no longer secondary considerations. Leading sustainability certifications have evolved beyond environmental performance to place greater emphasis on health and wellbeing, inclusion, accessibility, resilience and community impact. As a result, certifications are becoming an increasingly important benchmark of building quality, competitiveness and long-term relevance. At the same time, building quality, brand image and the ability to support automation, AI, cybersecurity and data management are playing a growing role in attracting talent and meeting occupier requirements.

As these factors progressively influence occupier decisions, a clear competitive advantage is emerging for buildings that are better equipped to meet them. Such assets are more likely to attract and retain tenants, generate stronger demand, achieve higher rents and maintain lower vacancy rates. Consequently, competitiveness is no longer defined solely by how a building performs for its occupiers, but also by the value it creates for people, communities and the wider urban environment. Job creation, urban regeneration, safety, climate resilience, and improved health and wellbeing are becoming important considerations for occupiers, investors and communities alike when assessing a building's quality and long-term relevance.



OCCUPANCY

Tenant retention is critical because it secures income for longer. Today, tenants are not only looking for high-quality workplaces and better employee experience, but also for buildings that can help them cope with climate risks, rising energy costs and other market disruptions. They want efficient, low carbon, resilient and cost-effective space that supports their people and business over the long term. This is one of the reasons why sustainability has become a key driver of competitiveness, with leading sustainability certifications increasingly used as a benchmark for assessing a building's quality, performance and future readiness.

The better a building performs, the longer tenants stay, reducing vacancy risk and protecting income streams. If a building continues to offer the best possible conditions, tenants have little incentive to move, especially when relocation itself comes with significant costs, disruption and risk.

LOWER OPERATIONAL COSTS (CURRENT AND FUTURE)

Net operating income (NOI) is critical to long-term value creation. In an environment where operating costs are becoming more difficult to control, having the right infrastructure, materials and equipment in place to improve efficiency and reduce energy consumption can make a significant difference. Recent inflationary pressures and rising utility costs have only reinforced this reality.

Buildings that can operate more efficiently are better positioned to protect margins, support higher net income and remain competitive over time. Many of the features that drive these outcomes are recognised and measured through sustainability certifications, which have become an important benchmark of operational performance, efficiency and resilience.

These buildings are also less likely to require significant capital expenditure in the future to meet evolving occupier expectations, regulatory requirements or performance standards. In short, every cost avoided and every future capital investment deferred or reduced is value preserved.

Better buildings. Longer tenancies. Greater value.



BORROWING COSTS

Quite simply, buildings that are better able to meet tenants' expectations in terms of space, services, technology and sustainability are more likely to attract and retain occupiers over time. This is often reflected in recognised sustainability certifications, which provide an independent measure of a building's performance and credentials. Together, these factors support stronger demand, higher rents, lower vacancy rates, lower operating costs and greater resilience to climate risks, rising energy prices and other market shocks.

For lenders and institutional investors, this is fundamentally a question of risk. They are focused on how future trends may affect a building's value, competitiveness and ability to remain occupied over the long term. In many respects, it comes down to a simple test: can this building still attract occupiers, operate economically and remain insurable tomorrow? Assets that are aligned with evolving regulatory frameworks, supported by recognised certifications and capable of meeting occupier expectations are generally perceived as less exposed to future risks. The greater the alignment, the lower the risk, and the lower the cost of capital.

RENTS

Rents are perhaps the clearest manifestation of the structural transformation taking place in real estate. They bring together the impact of all the factors analysed, from occupier demand and retention to operating costs, risk and access to capital.

A rental premium is both expected and justified. Better buildings cost more to develop and should therefore achieve higher rents. The question is whether occupiers see enough value to pay for it.

They do. But this is about much more than a rental premium. The market is going through a structural transformation that is creating a new cycle with its own winners and losers. **As more high-quality, sustainable buildings come to the market, occupiers have a clearer benchmark of what good, very good and outstanding looks like. Expectations rise, competition increases and the gap between high and low-quality buildings widens.** The result is not only a rental premium for the best assets, but also growing pressure on rents, occupancy and values in the rest of the market.

> **Can this building still attract occupiers, operate economically and remain insurable tomorrow?**
>
> THE SIMPLE TEST APPLIED BY LENDERS AND INVESTORS



02

THE PATH TO CLOSING THE GAP

Each stakeholder values different benefits, yet all are asking the same question: is this building prepared to remain competitive tomorrow?

FROM ENERGY EFFICIENCY TO LONG-TERM VALUE

SUSTAINABILITY INFLUENCES EVERY DRIVER OF ASSET PERFORMANCE

Energy efficiency

- Lower energy use and emissions
- Improved thermal comfort
- Better indoor environmental quality
- More efficient buildings

Operating costs

- Lower operating expenses
- Reduced utility costs
- Greater cost predictability
- Improved resilience

Occupier demand

- Stronger appeal to tenants
- Higher leasing velocity
- Lower vacancy risk
- Greater tenant retention

Rents, occupancy and income

- Ability to achieve rental premiums
- Higher occupancy rates
- More stable and growing income

Income, risk and future capital expenditure

- Stronger income profile
- Lower risk profile
- Reduced future capital expenditure equirements
- Greater long-term asset resilience

Financing conditions, liquidity and value

- Better access to capital
- Greater liquidity
- Higher asset value
- Improved long-term resilience

Sustainability

A TOOL FOR ASSET COMPETITIVENESS

Influences every driver of asset performance

A MORE SUSTAINABLE ASSET IS A MORE COMPETITIVE, RESILIENT AND VALUABLE ASSET

Sustainability is the clearest pathway to closing the competitiveness gap. Yet the market does not see it in the same way. Each stakeholder looks for different benefits and therefore places value on different certifications. Some certifications focus on the building itself, others on how it is occupied and operated. Some measure investment risk and performance, while others assess regulatory readiness. Yet they are all seeking to answer the same question: **Is this building prepared to remain competitive tomorrow?**

WHAT EACH STAKEHOLDER VALUES

DIFFERENT CERTIFICATIONS, SAME OBJECTIVE

OWNERS	OCCUPIERS	LENDERS & INVESTORS	REGULATORS
BUILDING SUSTAINABILITY CERTIFICATIONS BREEAM, LEED, DGNB	**HEALTH & WELLBEING CERTIFICATIONS** WELL, Fitwel	**ESG BENCHMARKING & SUSTAINABLE FINANCE FRAMEWORKS** GRESB, CRREM, Green Loan Principles	**ENERGY, CARBON & REGULATORY CERTIFICATIONS** EPC, NABERS, EU Taxonomy alignment, Net Zero Carbon frameworks
1 Asset value and liquidity	1 Employee health and wellbeing	1 Risk mitigation	1 Energy efficiency and emissions reduction
2 Market differentiation	2 Air quality, light and comfort	2 Performance transparency	2 Climate resilience
3 Operational resilience	3 User experience and productivity	3 Capital allocation decisions	3 Regulatory compliance
4 Long-term competitiveness	4 Talent attraction and retention	4 Protection of long-term value	4 Future-proofing

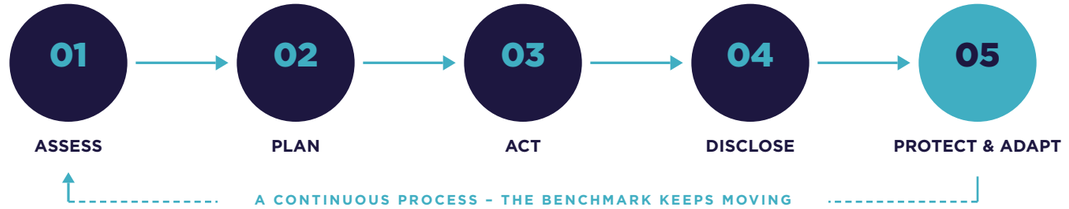
WHAT THE MARKET IS REQUIRING TODAY

Is this building prepared to remain competitive tomorrow?



HOW TO CLOSE THE GAP

Sustainability is not a one-off exercise, but a continuous process made up of different phases meant to stay aligned with a moving market:



01 ASSESS

The starting point is understanding where a building stands today. This requires a clear assessment of current performance, exposure to risk and future opportunities. The objective is to identify the factors that may strengthen or weaken competitiveness over time and determine how far the asset is from evolving occupier expectations, investor requirements and regulatory standards.

02 PLAN

Once the current position is understood, a clear strategy and roadmap can be established. This is the phase where owners determine what they want to achieve, which certifications and initiatives best support those objectives, the required investment, implementation timeline and expected benefits. The outcome is a structured plan designed to improve competitiveness, resilience and long-term value.

03 ACT

Strategy only creates value when translated into action. This phase focuses on delivering the planned improvements through targeted investments, operational enhancements and capital works. The goal is to improve building performance, increase efficiency, strengthen resilience and ensure the asset remains aligned with market expectations.

04 DISCLOSE

Transparency is essential to unlocking the benefits of sustainability investments. Once improvements are implemented, their impact should be measured, monitored and communicated through reliable, data-driven reporting. Clear disclosure provides occupiers, investors and lenders with the information needed to assess performance, manage risk and make informed decisions.

05 PROTECT & ADAPT

The final phase is not an end point but an ongoing commitment. Maintaining performance, monitoring results and adapting to changing market requirements are essential to protecting value over time. As regulations evolve, occupier expectations shift and higher-quality buildings enter the market, the benchmark for competitiveness continuously rises. Assets that fail to keep pace risk falling behind.

The process of closing the gap helps explain why real estate has entered a new market cycle and why sustainability has become such a powerful differentiator. The market is no longer being shaped solely by location or current performance, but also by a building's ability to remain competitive in the future. Once an asset starts the journey of closing the competitiveness gap, doing nothing is no longer an option. **The market is showing what that gap is worth.**

THE REWARD FOR LEADING Competitive advantage		**THE PRICE OF FALLING BEHIND** The cost of the gap	
▲ **Rental premium**	▲ **Lower vacancy**	▼ **Lower rents**	▼ **Higher vacancy**
▲ **Greater operational efficiency**	▲ **Lower long-term CAPEX needs**	▼ **Higher operating costs**	▼ **Additional CAPEX**
▲ **More attractive financing**	▲ **Stronger valuations**	▼ **More expensive financing**	▼ **Weaker valuations**

THE BOTTOM LINE: THE MARKET IS INCREASINGLY DECIDING WHAT THAT GAP IS WORTH

ACROSS ALL SECTORS

The principles explored throughout this report apply across all commercial real estate sectors. Sustainability is increasingly shaping competitiveness, risk, income resilience and value creation across offices, retail, logistics, hospitality and alternative asset classes alike.

Retail. In retail, sustainability has become a major differentiator, particularly in shopping centres, where operators are increasingly focused on efficiency, customer experience and long-term resilience.

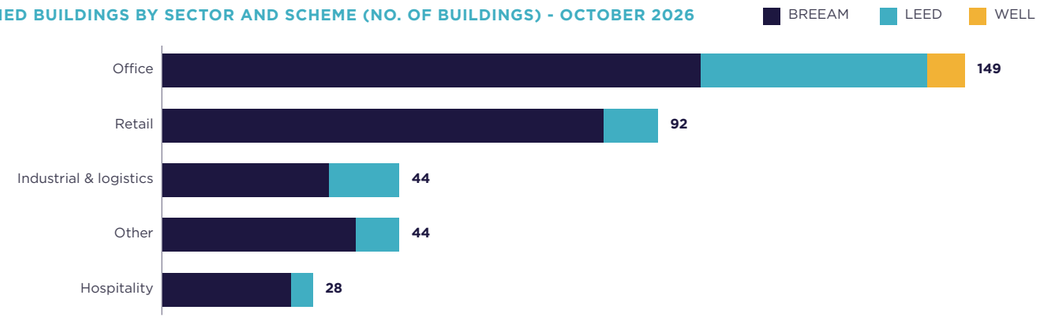
Logistics. In logistics, the impact is equally significant. Prime rents have risen across virtually all major logistics submarkets in Lisbon and Porto and, over recent years, this has been the sector that has experienced some of the strongest rental growth. The main driver has not been demand alone, but rather the persistent shortage of modern, sustainable and highly efficient facilities. Much of the existing stock no longer meets the operational, technological and sustainability requirements of today's occupiers. As a result, demand continues to outpace the supply of best-in-class assets, while occupiers increasingly prioritise facilities that lower operating costs, support automation, enable 24/7 operations and help meet the growing sustainability expectations of their clients.

Sustainability is therefore not only influencing individual asset performance but increasingly becoming a key driver of competitiveness across the entire commercial real estate sector.

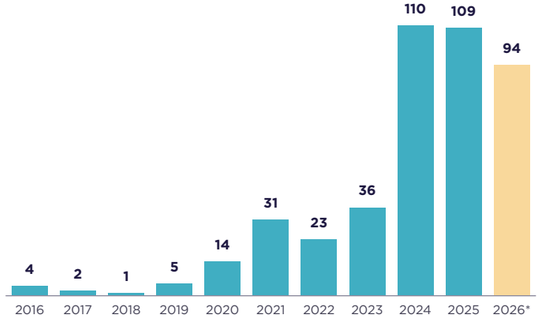
CERTIFICATION IN PORTUGAL

The office market provides the clearest example of how sustainability is translating into competitive advantage and value creation. As shown below, offices account for the largest concentration of certified buildings in Portugal. At the same time, the rapid acceleration of certification activity in recent years confirms that certification is becoming increasingly embedded across the real estate market.

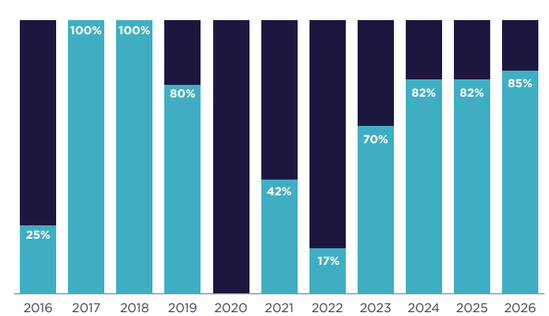
CERTIFIED BUILDINGS BY SECTOR AND SCHEME (NO. OF BUILDINGS) - OCTOBER 2026



NEW CERTIFICATIONS PER YEAR (NO. OF BUILDINGS)



CERTIFICATIONS BY BUILDING STAGE (% OF TOTAL)



*Please note that the 2026 figures cover the period up to October only. Source: BREEAM, LEED, WELL

70–85%

of new certifications since 2023 relate to buildings in operation.

Since 2023, certifications have shifted strongly towards buildings in operation, representing around 70–85% of new certifications. This is particularly significant because operational certifications are valid for a maximum of three years, while those for new construction or refurbishment do not expire, showing that **certification is becoming an ongoing priority for existing buildings.**



03

THE CHANGING LISBON OFFICE MARKET

Lisbon's office market has entered a new cycle. A new generation of sustainable, efficient and occupier-focused buildings is raising the benchmark and widening the Competitiveness Gap between the best assets and those falling behind.

Much of Lisbon's office stock was built before today's sustainability standards and reflects different occupier and regulatory requirements. At the same time, sustainability has moved from a differentiator to a **basic market requirement:**

01

Sustainability is now standard in new developments and major refurbishments

02

Occupiers now consider sustainability and building performance in their real estate decisions

03

Higher BREEAM and LEED certification levels are becoming the benchmark

04

Cat A fit-outs have become the main approach, particularly in certified buildings

> **Location still drives rents, but building quality and sustainability will increasingly determine which assets remain competitive.**

A THREE-SPEED MARKET

The market is no longer divided simply between certified and non-certified buildings. Instead, a three-speed market is emerging.



DIFFERENT BUILDINGS. DIFFERENT PERFORMANCE. A WIDENING GAP.

SPEED 1

BEST-IN-CLASS SUSTAINABLE BUILDINGS

LEADING THE MARKET

These are the newest developments and fully repositioned assets that offer:

- The highest ESG credentials
- Strong energy performance
- Modern workplace design
- Premium occupier amenities
- Best-in-class employee experience

These assets increasingly compete with one another for large corporate occupiers.

TYPICAL INVESTMENT

€250–750/sq.m

€0 €2,500+/sq.m

Investment is generally targeted at maintaining performance, occupier appeal and rental growth.

SPEED 2

SUSTAINABLE BUT NOT MARKET-LEADING

RELEVANT, BUT LOSING GROUND

These buildings meet some modern sustainability requirements and remain attractive, but may not achieve the highest certification levels or offer the same level of workplace experience as the newest developments.

Mostly between 10 and 25 years old, these buildings are increasingly caught in the Competitiveness Gap: still relevant, yet progressively less able to attract occupiers and support higher rents as market standards rise.

TYPICAL INVESTMENT

€600–1,500/sq.m

€0 €2,500+/sq.m

Significant investment may be needed to modernise systems, improve sustainability and meet current occupier expectations. The challenge is whether that investment will be enough to close the gap.

SPEED 3

OLDER NON-CERTIFIED STOCK

FACING THE BIGGEST CHALLENGE

These assets face the greatest challenge. Many were designed before sustainability became an expectation and often suffer from:

- Lower energy efficiency
- Lower technical specifications
- Less flexible floorplates
- Higher operating costs
- Reduced occupier appeal

TYPICAL INVESTMENT

€1,200–2,500+/sq.m

€0 €2,500+/sq.m

This is where the Competitiveness Gap becomes most visible and the viability of an upgrade must be carefully assessed. Depending on location and technical specifications, some buildings may generate greater value through conversion to an alternative use than through continued office use.

STRONGER DEMAND — MARKET STANDARDS ARE RISING — HIGHER RISK

The key question is not only where a building stands today, but where it will stand in five or ten years.

THE GROWING ENERGY PERFORMANCE GAP

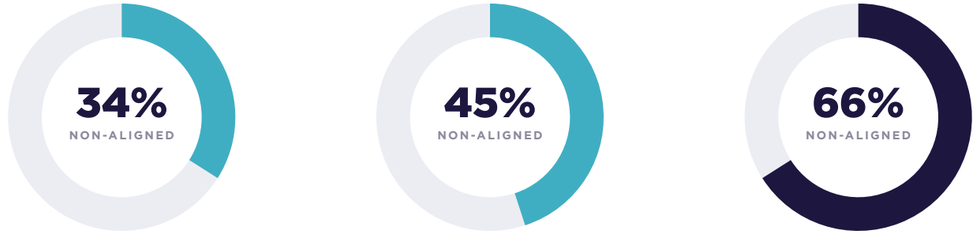
Cushman & Wakefield analysed around 1,200 Energy Performance Certificates in Portugal, including 555 office assets, to understand how prepared the country's non-residential stock is for the energy transition.

The results point to a widening performance gap. Today, 34% of the offices analysed are above the reference level used in the study. Without improvements, this could rise to 45% by 2030 and 66% by 2050.

This does not mean these buildings will become obsolete or fail to comply with regulation. It does, however, highlight greater exposure to higher operating costs, future capital expenditure and changing occupier, investor and lender expectations.

Energy performance is therefore becoming a competitiveness issue. Acting early gives owners greater control over future investment and helps protect an asset's market position.

PROGRESS TOWARDS THE CRREM 1.5°C PATHWAY – SHARE OF NON-ALIGNED OFFICE ASSETS



Source: Cushman & Wakefield analysis of 555 office Energy Performance Certificates in Portugal. The analysis compares the estimated energy intensity of each asset with the CRREM 1.5°C pathway for offices. Assets above the pathway have a higher estimated energy use than the CRREM reference value for the relevant year. Results are based on estimated, rather than actual, energy use and do not indicate legal non-compliance.

NEW SUPPLY WILL RAISE THE BENCHMARK FURTHER

Lisbon recorded average annual take-up of around 190,000 sq.m over the last five years, while almost 240,000 sq.m of highly sustainable new office space is expected to enter the market by the end of 2028.

Most of this pipeline is concentrated in the central zones which are already recording some of the strongest rental growth, with average increases of around 10%.

In effect, the market is preparing to absorb the equivalent of around one and a half years of average take-up as brand-new, highly sustainable space in some of Lisbon's most desirable locations.

Better buildings will make Lisbon a stronger office market, while raising the bar for existing stock.

LISBON OFFICES (SQ.M)

Average annual take-up, last five years

190,000 sq.m

Highly sustainable new supply expected by end-2028

~240,000 sq.m

~10% average rental increase in the central zones where most of the pipeline is concentrated

THE INVESTMENT FEASIBILITY QUESTION

For older offices, the question is no longer whether to improve, but whether the investment can make the building competitive. That comes down to three things:

01 LOCATION

Can it still attract demand against new supply?

02 POTENTIAL

Can the building reach the standards occupiers now expect?

03 RETURNS

Will the improvement in rents, occupancy and value justify the investment?

04 But there is a fourth question, and perhaps the most important:

By the time the work is finished, will it still be competitive?

THE REAL RISK: BECOMING BETTER, BUT NOT COMPETITIVE

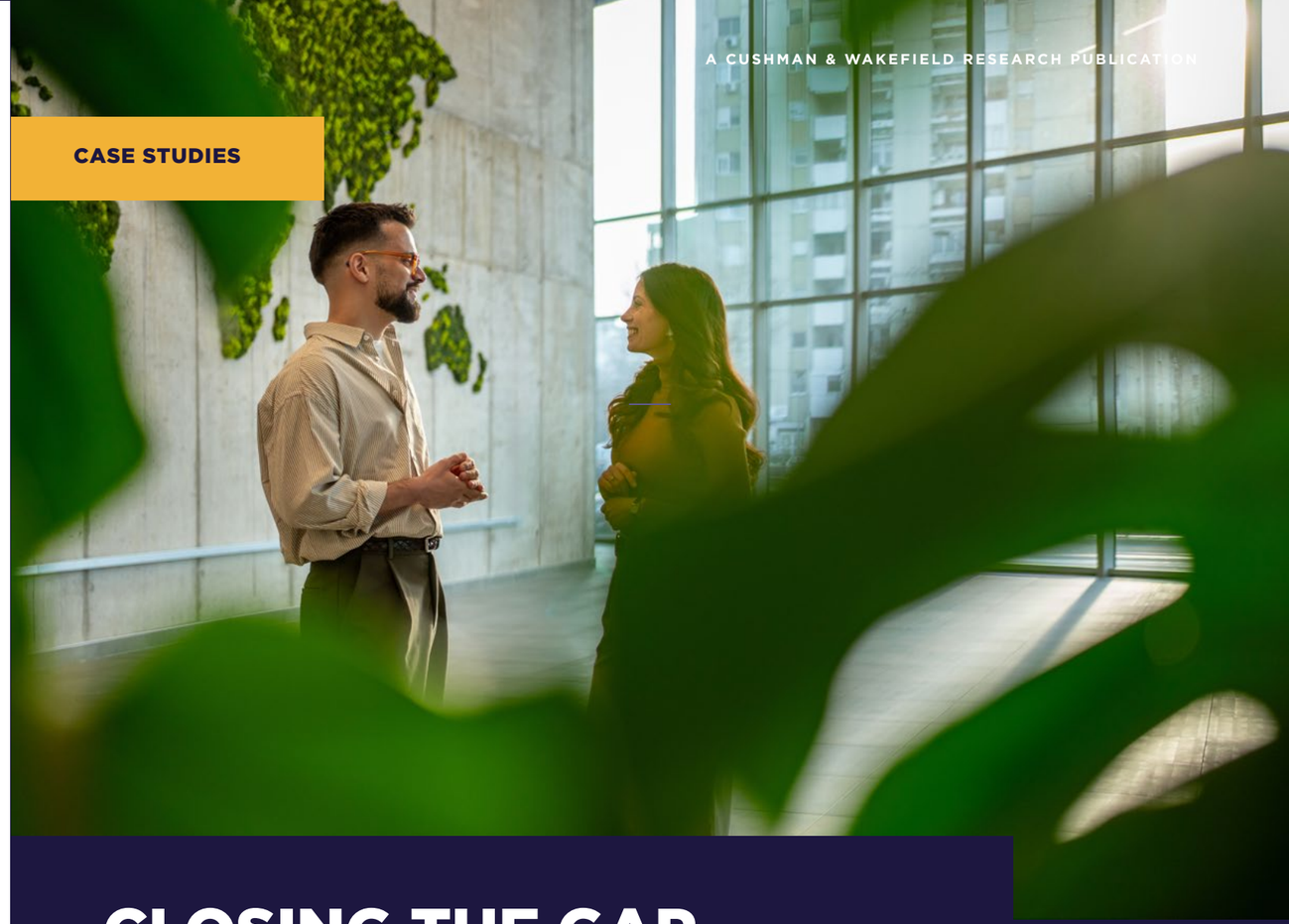
Refurbishment can make a building better. It does not necessarily make it competitive.

For some assets, investment can close the gap and create significant value. For others, particularly older buildings in weaker locations, the cost of catching up may be too high, making redevelopment, conversion or disposal a better option.

KEY TAKEAWAY

As Lisbon's best buildings get better, the Competitiveness Gap will widen. Standing still is therefore not neutral. It means falling further behind.

Like taking a train in the wrong direction, the longer you stay on it, the longer and more expensive the journey back becomes.



CASE STUDIES

CLOSING THE GAP IN PRACTICE

Two Lisbon projects show what closing the competitiveness gap looks like in practice: one through best-in-class new development, the other through the complete transformation of an existing building.

We look at the new Fidelidade HQ in EntreCampos and the transformation of Liberdade 201, complemented in each case by the client perspective behind the project.



CASE STUDY 01

NEW DEVELOPMENT · ENTRECAMPOS, LISBON

LOTE C – ENTRECAMPOS

A future-ready hub breathing life into Lisbon

More than a sustainable building, Fidelidade's new HQ is a 12-storey, 18,102 sq.m workplace designed around people, performance and the future.

12
storeys

18,102
sq.m workplace

Platinum
LEED & WELL pre-certification

TARGET CERTIFICATIONS

LEED PLATINUM | WELL PLATINUM | WiredScore

SUSTAINABILITY

- LEED Platinum and WELL Platinum pre-certification, positioning the building around both environmental performance and occupant wellbeing
- Geothermal energy, supporting renewable energy use and a reduced carbon footprint
- High-performance double façade, designed as a core part of the building's environmental performance as well as its architecture
- 90% rainwater reuse, complemented by a grey-water solution
- Induction-type HVAC system and high-performance building systems
- Waste sorting on every floor and green clauses in office leases, extending sustainability into day-to-day occupation and tenant behaviour
- The wider EntreCampos development is the first WiredScore Neighborhood in continental Europe

WELLBEING & WORKPLACE EXPERIENCE

- 46 sq.m outdoor terrace on every office floor, giving workers direct access to outside space
- Extensive green areas and a park area integrated into the development
- Spacious, light-filled double-height lobby and open, efficient office floors
- Array of amenities: gym, showers and changing rooms, bistro/cafeteria, lockers, lounge and informal meeting areas
- Shared auditorium and meeting facilities for up to 250 people, including production/control facilities and translation booths
- Bicycle parking and electric vehicle charging, supporting lower-carbon commuting
- Highly connected by public transport and pedestrian networks, bringing sustainable mobility into the wider workplace proposition



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THE CLIENT PERSPECTIVE

At our new headquarters, sustainability has been part of the vision from the very beginning, reflecting our ambitions and long-term commitments as a Group. Our aim to achieve LEED and WELL Platinum certifications has influenced the way the building was designed, from geothermal energy and a façade that helps reduce the urban heat island effect, to rainwater harvesting and solar energy for hot water and electricity. Together, these solutions will help reduce energy consumption and emissions while making more efficient use of resources throughout the building's life cycle.

But our vision goes beyond environmental performance. We wanted to create a healthier, more comfortable and collaborative workplace where sustainability and people's well-being go hand in hand. For us, the new headquarters is more than a response to today's challenges. It reflects how we see the future: creating long-term value responsibly, with environmental and social considerations embedded in the decisions we make and the spaces we create.

SANDRA GUILHERME
Head of Finance | Compliance | Sustainability,
FIDELIDADE – Property Europe, S.A.



CASE STUDY 02

DEEP REFURBISHMENT · LISBON

LIBERDADE 201

Exceptionally designed to enrich work and life

More than a refurbishment, Liberdade 201 is transforming an existing building into 13,149 sq.m of premium workspace, designed around sustainability, wellbeing and a five-star workplace experience, opening in the second half of 2027.

13,149
sq.m of premium workspace

960
sq.m of terraces, incl. shared rooftop

H2 2027
expected opening

TARGET CERTIFICATIONS

LEED PLATINUM · WELL PLATINUM · WiredScore PLATINUM

SUSTAINABILITY

- Carbon-saving refurbishment, retaining and transforming an existing building rather than pursuing a full rebuild, reducing its environmental footprint
- Targeting LEED Platinum, WELL Platinum and WiredScore Platinum certification. These are currently pre-certifications, with final certification upon completion
- New façade designed to maximise natural light, supporting both energy performance and occupier wellbeing
- Smart technology designed to improve efficiency and support more sustainable working
- Bicycle parking and EV charging, supporting more sustainable mobility

WELLBEING & WORKPLACE EXPERIENCE

- 960 sq.m of terraces, including private terraces and a shared rooftop social space with views across Lisbon
- Fitness centre, showers and changing rooms, supporting health and active commuting
- Social hub and café lounge, designed as a central space for informal interaction and collaboration
- Auditorium and five shared meeting rooms, providing dedicated spaces for collaboration and events
- Concierge service and 24/7 security, bringing a hospitality-led approach to the workplace
- Building app and events programme, extending the workplace experience beyond the physical office
- CAT A offices designed around wellbeing, productivity and collaboration, with light-filled spaces and high-end finishes
- Around 4,000 sq.m of high-end hospitality-level amenities and services, including retail and food & beverage space at ground level



THE CLIENT PERSPECTIVE

Sustainability plays an important role in the refurbishment of the Liberdade 201 building. By adopting technical solutions that make the building more efficient in its use of resources, while also enhancing the comfort and well-being of its users, we are helping to protect and create value over the long term.

JOÃO DIOGO CRISTINA
Country Manager, MERLIN



04

LOOKING AHEAD: WHAT WILL SHAPE THE NEXT 12 MONTHS

Certifications will remain important, but they will become the starting point rather than the goal.

As sustainability becomes more widely adopted across the real estate market, the factors that differentiate assets are also evolving. Certifications will remain important, but they will become the starting point rather than the goal. Over the next 12 months, the factors driving competitiveness are expected to expand beyond certification to include **resilience, performance, regulatory readiness and long-term adaptability.**

01 BEYOND CERTIFICATION

Sustainability certifications will continue to play an important role as a recognised benchmark for building quality and performance. However, as certifications become more widespread, competitive advantage will increasingly come from what sits beyond the label: actual performance, resilience, readiness for future regulation and the ability to respond to evolving occupier, investor and lender expectations.

02 REGULATION IS MOVING CLOSER TO ASSET PERFORMANCE

The revised Energy Performance of Buildings Directive (EPBD) introduces more ambitious requirements for building performance and renovation. As regulation becomes more closely linked to asset and investment decisions, the question for owners and investors is increasingly not whether buildings will need to adapt, but when, at what cost and how that investment will support competitiveness and value.

03 DATA IS BECOMING A PERFORMANCE ASSET

Digital platforms, smart meters and connected sensors are making it easier to understand how buildings perform in practice. As owners and occupiers seek greater control over energy use, costs and carbon emissions, access to reliable, real-time data is becoming essential. Increasingly, the ability to measure and optimise performance will distinguish high-performing assets from those relying on assumptions rather than evidence.

04 CLIMATE RISK IS BECOMING AN ASSET-LEVEL QUESTION

The focus is expanding from decarbonisation to resilience. Investors, lenders and owners increasingly need to understand both transition and physical climate risks and what these mean for future capital expenditure, operating costs and asset performance. Ultimately, the question is simple: will the asset remain desirable, operational, insurable and valuable in a changing climate?

05 NATURE IS MOVING CLOSER TO INVESTMENT DECISIONS

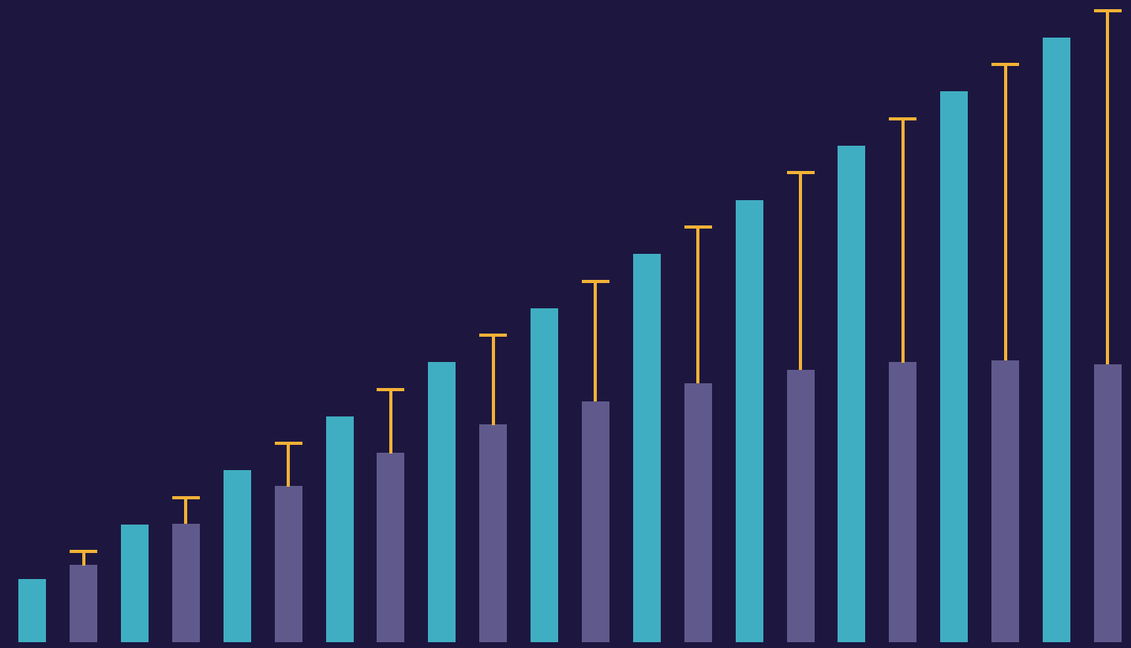
Biodiversity and natural capital are becoming increasingly relevant to how businesses assess risk and opportunity. Initiatives such as TNFD (Taskforce on Nature-related Financial Disclosures) are helping bring nature-related considerations into investment and corporate decision-making. For real estate, nature is becoming another dimension of resilience, quality and long-term value.

06 SOCIAL VALUE IS BECOMING PART OF COMPETITIVENESS

Occupiers and other stakeholders increasingly look beyond the building itself to the value it creates for people and communities. Health and wellbeing, accessibility, inclusion and local impact can therefore contribute to occupier appeal, place quality and long-term relevance.

THE DIRECTION OF TRAVEL

Building performance will increasingly be judged not only by where an asset stands today, but by how well prepared it is for the world it will operate in tomorrow.



THE BENCHMARK IS MOVING. STANDING STILL MEANS FALLING BEHIND.

The winners will become harder to catch, while the cost of bringing weaker assets back into the race will continue to rise.

CUSHMAN & WAKEFIELD

THE COMPETITIVENESS GAP

SUSTAINABILITY, ASSET VALUE AND THE CHANGING LISBON OFFICE MARKET

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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture.

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