Porto and Northern Portugal
A magnet for investment

EY Attractiveness Survey 2019
Portugal Regional
Porto and Northern Portugal economies have been on the upswing, and the region has been successfully making its case as a magnet for FDI.

More than **4.1%**

Gross domestic product (GDP) compound annual growth rate between 2014 and 2017

Northern Portugal has been growing at an accelerated pace over the past few years.

**131%**

Coverage rate of imports by exports in 2018

Although the region is economically diverse, its qualified manufacturing industry makes it a net exporter of goods.

**39%**

In 2018, Northern Portugal’s share in the total Portuguese goods exports was 39%

Northern Portugal leads Portuguese goods exports.

Porto and Northern Portugal economies have been steadily growing and attracting increasing levels of investment.

GDP has been growing twice as fast as the country as a whole and available data indicates that investor’s confidence remains high.

**Best Startup-Friendly City of Europe**

World Excellence Award 2018
World Business Angels Investment Forum
Porto

**FDI Strategy Awards 2018**

Project Wins and Incentives
fDi Intelligence (2018)
Porto
Porto’s and Northern Portugal’s pillars of development and attractiveness:

### Economy
- Competitive and business-friendly environment
- Openness to innovation
- Thriving start-up ecosystem
- Highly qualified clusters (fashion and services centers)

### Quality of life
- Safe, open, tolerant and welcoming place
- Excellent climate
- Low cost of living
- Vibrant and diverse culture
- Renown gastronomy

### Infrastructure
- Strategic location
- World-class infrastructure
- Good public transportation network
- Low office rental costs and high quality

### Talent
- Highly qualified and flexible workforce
- High-quality universities, and research facilities and centers
- High language skills
- Competitive labor costs

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### Porto: a city on the move

Porto has been experiencing a particularly intense period of major dynamism and renewal, bringing further vitality and lifeblood to the region.

### Real estate and urban rehabilitation

The city is experiencing an ongoing wave of major urban development and rehabilitation, both from private entrepreneurs (mostly FDI) and from large-scale projects emanating from City Hall.

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### Main development projects in the city of Porto

1. **Campanhã Intermodal Transport Terminal**
   - Bus, train and metro terminal

2. **Rosa Mota Pavilion**
   - Multi-functional center

3. **Bolhão Market**
   - Rehabilitation of iconic market

4. **Monte da Bela affordable housing project**
   - New housing project

5. **Porto Innovation District**
   - Universities and R&D centers

6. **Matadouro (former Slaughterhouse)**
   - Reconversion to creative tech cluster

7. **Quartel de Monte Pedral affordable housing project**
   - Housing and a student residence

8. **Lordelo do Ouro affordable housing project**
   - Affordable housing project with over 170 apartments

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### European Best Destination 2017

Porto was chosen as European Best Destination in 2012, 2014 and 2017

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### International tourism is booming

13.2%

Guests in hotel establishments' compound annual growth rate between 2014 and 2017

International arrivals have been steadily growing, including in the off-season.
After a particularly intense growth in 2017, FDI growth in Porto and Northern Portugal is realigning with the long-term trend, but growing faster than Portugal and the EU as a whole.

11.4% 
Average yearly growth rate of FDI in Northern Portugal between 2013 and 2018

2,754 
FDI jobs created in 2018 45% of total assessed for Portugal (6,100)

9.1% 6.6% 5.3% 
Number of FDI projects in Northern Portugal

Source: EY European Investment Monitor (EIM), 2019.

Geographical origin of projects:
Investor’s perception on Porto’s and Northern Portugal’s attractiveness reflect a high standing on key structural factors and investment intentions are on the rise.

81%

Average chance of Porto and Northern Portugal being considered attractive, by established investors, in any of the factors surveyed

Established investors are much more likely to have a positive perception of the region than non-established investors (81% vs. 51%)

Factors leading investors to choose this region over other Portuguese regions:

1. Mobility and connectivity
2. Talent availability
3. Growing local market

With the investment in skills and infrastructure paying off, Porto and Northern Portugal are in a privileged position to have an increased appeal for international investors, especially in highly qualified and innovative activities.

Business sectors driving growth in Northern Portugal in the coming years

(Percentage of investors who mention each sector)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>58%</td>
</tr>
<tr>
<td>Information and communication technology (ICT)</td>
<td>27%</td>
</tr>
<tr>
<td>Real estate and construction</td>
<td>15%</td>
</tr>
<tr>
<td>Transport and automotive</td>
<td>14%</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>13%</td>
</tr>
<tr>
<td>Logistics</td>
<td>13%</td>
</tr>
<tr>
<td>Energy and utilities</td>
<td>13%</td>
</tr>
<tr>
<td>Business-to-business (B2B) services excluding finance</td>
<td>10%</td>
</tr>
<tr>
<td>Pharmaceuticals and biotech</td>
<td>9%</td>
</tr>
<tr>
<td>Clean tech</td>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

Top five attractiveness factors:

- Quality of life (91%)
- Stability of social climate (79%)
- Telecom infrastructure (77%)
- Labor costs (75%)
- Potential for productivity increase (72%)

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Real estate and construction
Transport and automotive
Consumer goods
Logistics
Energy and utilities
Business-to-business (B2B) services excluding finance
Pharmaceuticals and biotech
Clean tech
Other

Source: EY Attractiveness Survey 2019 (205 respondents; 117 established in Portugal; 88 not established in Portugal).

Amid growing geopolitical concerns and rising trade tensions leading to a decrease in investment intentions in Europe, Porto and Northern Portugal are standing strong. The region also has, on average, higher attractiveness perceptions than Portugal as a whole. The biggest differences in perceptions are related to the local political environment and the specific support and incentives offered by regional/municipal authorities.
How can InvestPorto help?

InvestPorto, established by Porto City Council in 2015, acts as a one-stop shop for investors which provides support to relevant and strategic investments that take place in the Porto area during all the stages of the investment process.

InvestPorto assumes a facilitating and coordinating role among different stakeholders, focusing on:

• Promotion of Porto as a competitive, innovative and talented city
• Attraction of qualified investments that value talent
• Promotion of company reinvestment and growth

We are the pivot point in the municipality for all the investments that bring strategic interest and innovative character, enhancing the creation of qualified jobs and strengthen local economic structure in the city and the region.

InvestPorto articulates its activity with all relevant departments in the municipality, as well as with a wide range of external, public and private, national and international organizations.

The main areas of activity of InvestPorto include:

• Investment attraction - focusing on pre-investment, negotiation and attraction, through support to decision-making and promotion of the city/region and its competitive advantages
• Aftercare - focusing on post-investment and support to established companies, through investment consolidation and support to growth and reinvestment
• Talent - focusing on talent attraction and management, through promotion of initiatives for talent attraction and retention, aiming at attracting investment and retaining companies

Personalized services for investors and companies

• Information and business intelligence
• Personalized and tailor-made assistance
• Support to inter-institutional cooperation
• Business location search
• Talent attraction
• Aftercare service

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EYG no. 003188-19Gbl
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