

April 2021 RICS/Ci Portuguese Housing Market Survey

Sales activity levels now rising

- Demand and sales indicators turn positive
- Sales expectations point to growth continuing
- Tenant demand also picking up

Summary:

The April 2021 RICS/Ci PHMS results are signalling a more positive trend coming through across the sales market, with respondents citing a pick-up in both new buyer enquiries and sales volumes. In the lettings market, tenant demand growth appears to be gaining traction, leading to an easing in the downward pressure on rents seen over the past year.

At the headline level, a net balance of +11% of survey participants reported an increase new buyer enquiries during April. This is up from a reading of -11% previously and marks the first positive reading for this indicator since July last year. In terms of the regional breakdown, trends were slightly flatter in Porto compared to a more noticeable uptick in both Lisbon and the Algarve.

Meanwhile, new instructions coming onto the sales market continue to decline, evidenced by a net balance of -8% of contributors noting a fall. That said, the latest reading does represent the least negative return in nine months, with Lisbon in particular seeing a steadier trend emerging of late.

With regards to newly agreed sales, a headline net balance of +12% of respondents saw an increase during April, up from a reading of +2% last time round. In fact, the April figure is the strongest since 2018 having been stuck in negative territory throughout much of the past three years. Looking ahead, sales expectations remain modestly positive, returning a reading of +18% in April compared to +22% last month.

Alongside this, the latest net balance for the survey's measure of house price growth came in at +1%, slightly up on -5% beforehand. Nevertheless, a reading so close to zero remains consistent with a broadly stable trend in house prices at the aggregate level. Going forward, a net balance of +33% of respondents now anticipate prices will climb higher over the year to come (an increase on +16% previously).

In the lettings market, tenant demand picked up at the fastest pace in April (net balance terms) since prior to the onset of the pandemic. At the same time, new landlord instructions fell modestly. Notwithstanding this, for the time being, rental growth expectations remain marginally negative, albeit to a significantly lesser degree than earlier in the year.

Ricardo Guimarães, Director of Ci: "Hopefully, May will be seen as the last month before the economy re-opens, followed by a progressive return back to activity for many sectors in Portugal. With one of the lowest new contamination rates, the opening program presented by the Government has followed its intended path, involving schools, restaurants, commerce and international borders. With vaccinations in process, these achievements appear to be solid and not reversible. That's all everyone was waiting for... especially the real estate market."

RICS Chief Economist, Simon Rubinsohn: "Recent weeks have brought some positive news regarding the outlook for both the domestic and global economy, as vaccination roll-outs appear to be supporting confidence in the likely strength of the rebound through the rest of 2021 and into next year. What's more, this increased optimism is becoming increasingly evident in the PHMS results, with activity finally appearing to turn a corner after a prolonged period of subdued momentum amid the challenges caused by the pandemic."

Chart 1: Sales market indicators

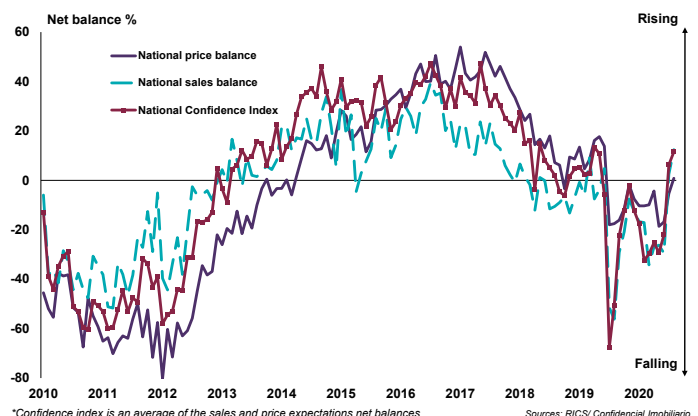
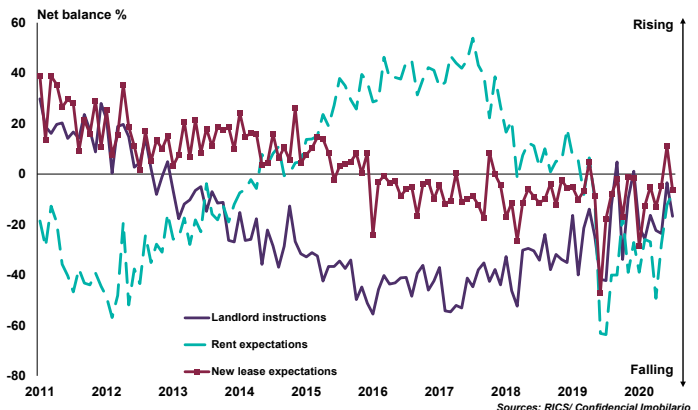


Chart 2: Lettings market indicators



The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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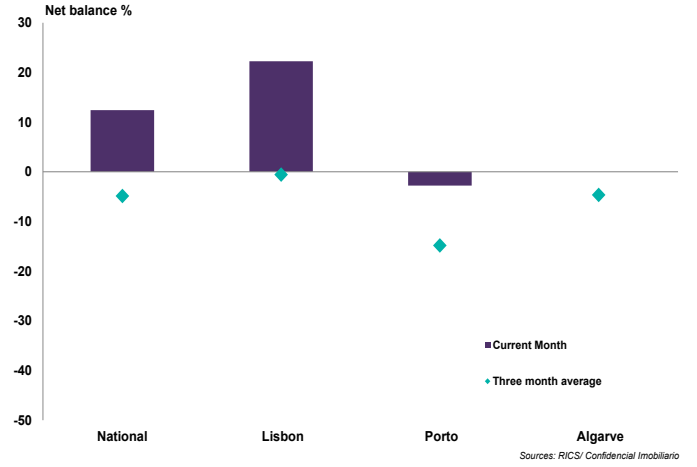
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Sales Market Charts

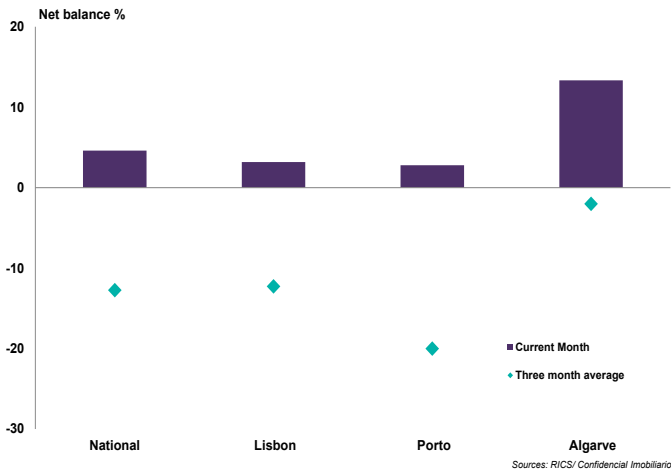
Prices (last three months) by Region



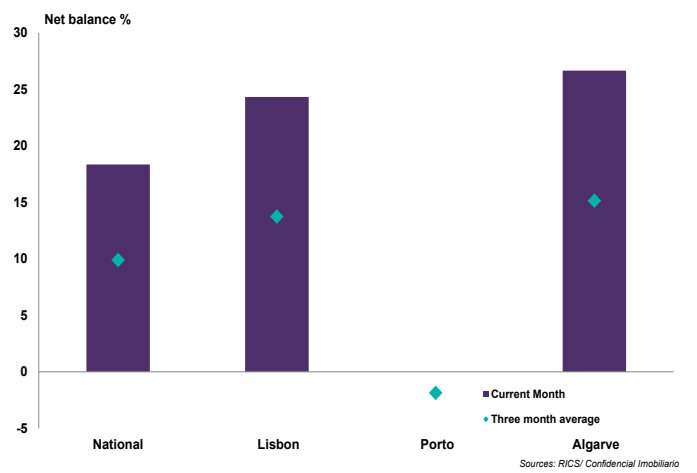
Promised Sales (past month) by Region



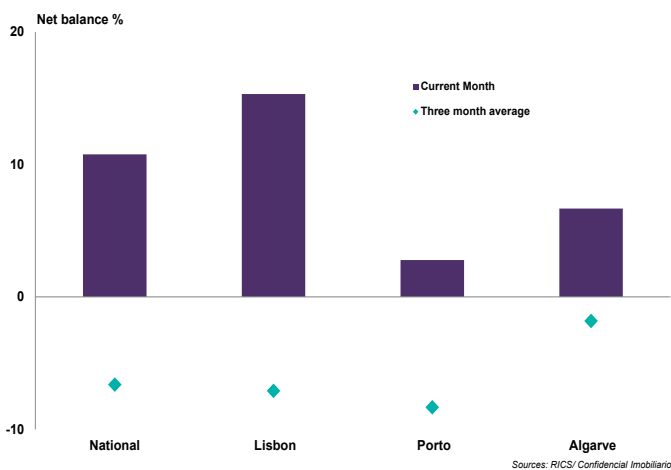
Price Expectations (next three months) by Region



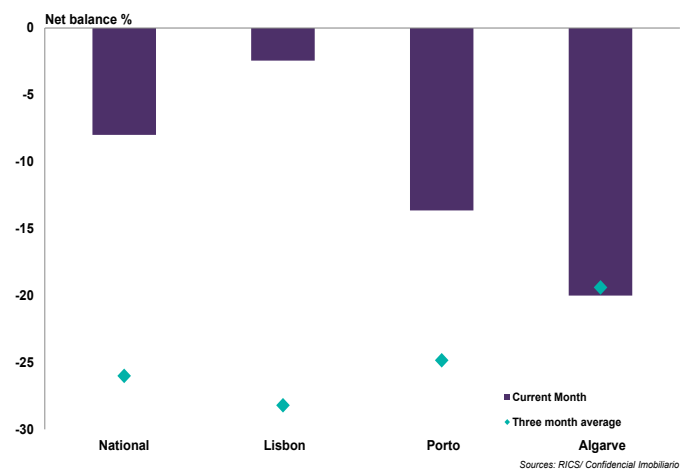
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



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Survey sponsors

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RICS is a global professional body. We promote and enforce the highest professional qualification and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve. The work of our professionals creates a safer world: we are proud of our profession's reputation and we guard it fiercely.

About Ci

Ci - Confidencial Imobiliário is an independent company dedicated to supplying real estate market professionals with the statistical information required for their investment and strategic decision making. Ci specializes in producing market intelligence indicators, indices and exclusive databases on the housing market, covering both supply and transactions, typically in high geographical detail. One of its main products is the Index Ci, which is the most referred to house price index in Portugal. Given its credibility and independence, the Index Ci is used by entities like the European Central Bank, the Bank of Portugal and the Portuguese Government.

Notes to editors

About:

- The RICS/Ci Portuguese Housing Market Survey is a monthly sentiment survey of estate agents and developers who operate in the Portuguese residential sales market.

Regions:

- Three regions make up the national (headline) readings: Lisbon Metropolitan Area, Oporto Metropolitan Area and the Algarve. The data is regionally weighted and operator (agent/developer) weighted.

Questions asked:

1. How have house prices have changed over the **last three months**? – Net balance
2. Over the **last month** how did the number of 'promised' sales change? – Net balance
3. Over the **last month** how have the number of new enquiries changed? – Net balance
4. Over the last month how has the number of new instructions changed? – Net balance
5. Over the **next three months** how do you expect house price levels to change? – Net balance
6. Over the **next three months** how do you expect the number of agreed sales to change? – Net balance
7. Over the **next twelve months** how do you expect house price levels to change – Point estimate
8. Over the **next five years** how do you expect house price levels to change (average per year) – Point estimate
9. Over the **last month** how has tenant demand for rented accommodation changed? – Net balance
10. Over the **last month** how have new instructions to let rented accommodation changed? – Net balance
11. Over the **last month** how have residential rents changed? Net balance
12. Over the **next three months** how do you expect residential rents to change? – Net balance
13. Over the **next three months** how do you expect residential rental transactions to change? – Net balance

Net balance data:

- **Net balance = Proportion of surveyors reporting a rise in prices minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).**
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading

implies that no respondents are seeing decreases (or no change).

- In the case of the RICS/Ci price balance, a reading of +10 should not be interpreted as RICS/Ci are saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

Seasonal adjustments:

- The RICS/Ci Portuguese Housing Market Survey data is not seasonally adjusted.

RICS/ Ci Confidence Index:

- The RICS/ Ci Confidence Index is an average of the Sales Expectations net balance and Price Expectations net balance.
- This is intended as a summary measure of confidence overall.

Third party distributors:

- The RICS/ Ci PHMS national data set is available to users of Macrobond.

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