

April 2022 RICS/Ci Portuguese Housing Market Survey

Buyer enquiries and sales both pick-up over the month

- **New buyer enquiries and sales return to growth**
- **Price increases reported across all regions**
- **Near-term outlook for activity modestly positive**

Summary:

The April 2022 RICS/Ci PHMS results point to an improvement in market conditions, with indicators tracking demand, sales and prices all rebounding further following the deterioration seen a couple of months prior. In the lettings market, tenant demand growth also appears to be gaining momentum, leading to near-term rental growth expectations reaching close to a four-year high.

With respect to buyer demand, a headline net balance of +21% of respondents cited an increase in enquiries during April, up from a figure of -3% previously. When disaggregated, survey participants in both Lisbon and the Algarve saw an increase in new buyer demand over the month, although the picture appears generally flat still in Porto. Alongside this, new sales instructions remain in short supply, both at the national level and across all regions, with the latest headline net balance of -21% consistent with a continued weakening in the flow of fresh listings being placed on the sales market.

Meanwhile, a net balance of +20% of respondents reported there was an increase in agreed sales during April. This marks a rise on a reading of +7% returned last month and is in fact the strongest figure posted for this indicator since September of last year. Looking ahead, near-term sales expectations are modestly positive, with the latest net balance edging up slightly to +13% from +7% previously.

Turning to house prices, a net balance of +45% of respondents saw an uplift in prices at the aggregate level during April. Significantly, this represents the strongest reading for this indicator going back to May 2018 and is up noticeably from a reading of +25% posted last time. As to the future, twelve-month price expectations also picked up, as a net balance of +64% of contributors now foresee a rise in house prices over the year ahead (compared to +50% beforehand).

In the rental market, the tenant demand indicator strengthened over the month, exhibiting a net balance of +55% relative to a figure of +42% last time. With the series on landlord instructions yet again stuck in negative territory (latest net balance stands at -9%), rents are expected to be driven higher over the near term. Indeed, a net balance of +36% of contributors now envisage rents rising during the coming three months (vs +23% back in March).

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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Ricardo Guimarães, Director of Ci: "Market perspectives appear to be conditioned by the evolution of construction costs, that have been rising sharply over recent months. The projections from Ci data point to an 18% increase over the last year, reaching almost 30% above the pre-pandemic level. This is seen as the most relevant obstacle to developers' activity, and is expected to have a negative impact over the volume of new houses to be launched on the market. The reduction in new construction and the expectations of price increase driven from inflation might be the factors leading to the recovering in demand, after two months of holding."

RICS Senior Economist, Tarrant Parsons: "Economic growth surprised to the upside in Portugal through Q1, with GDP rising by 2.6% over the quarter. This builds on last year's solid growth and suggests the economy has plenty of momentum, with a rebound in global tourism likely to provide a support to the outlook going forward. That said, there remains plenty of risks, particularly in terms of the inflationary environment and the impact of tighter monetary policy further down the line."

Chart 1: Sales market indicators

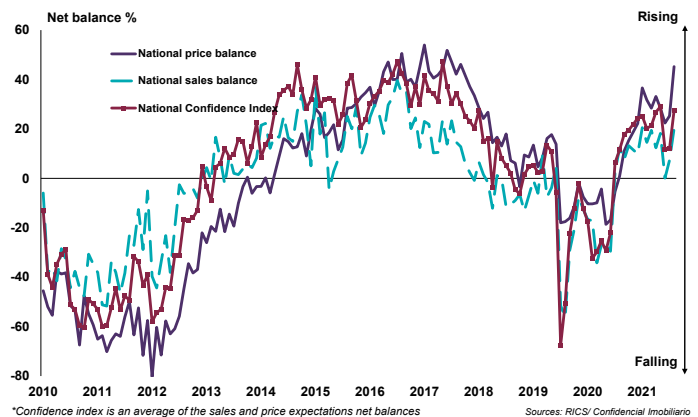
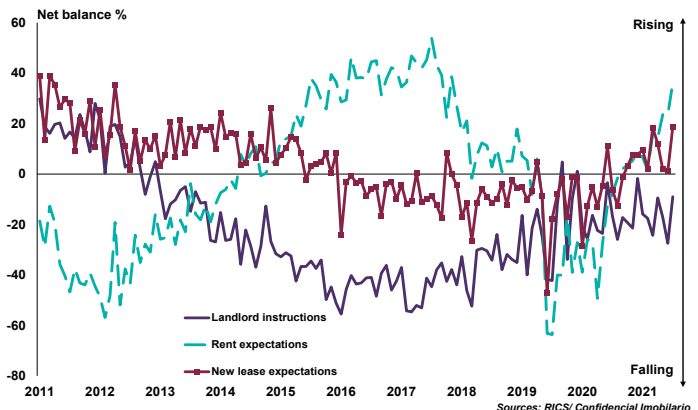
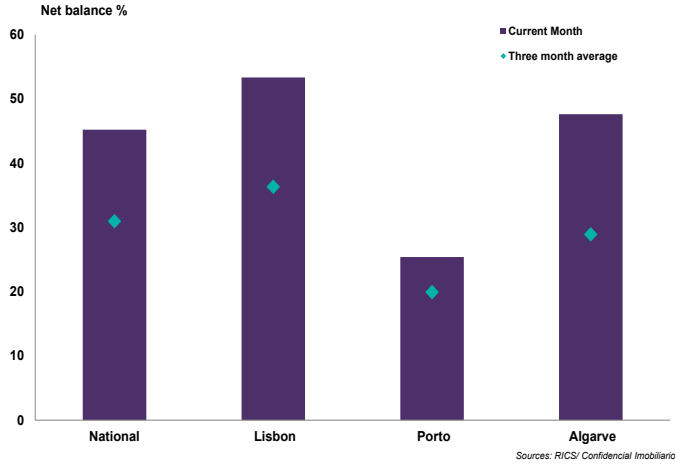


Chart 2: Lettings market indicators

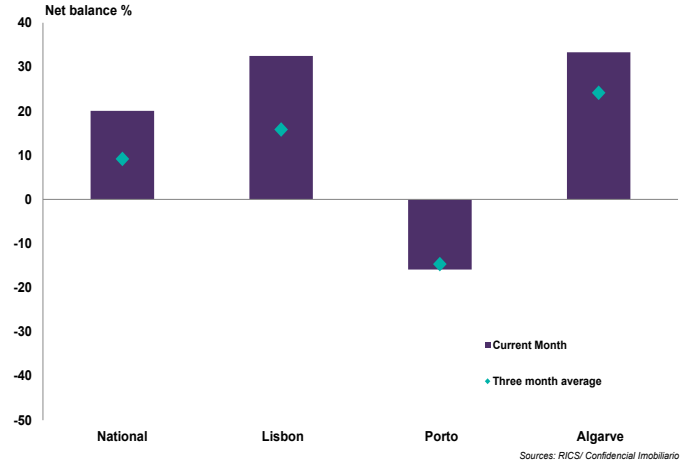


Sales Market Charts

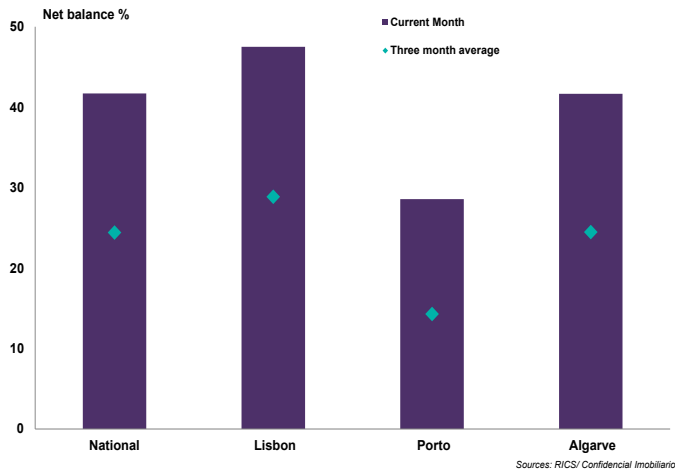
Prices (last three months) by Region



Promised Sales (past month) by Region



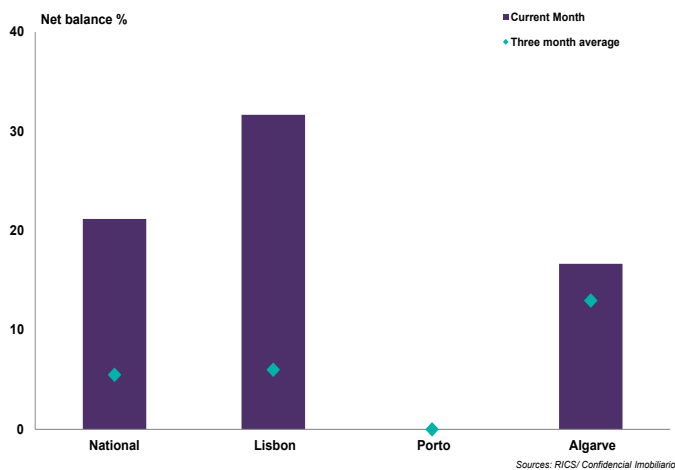
Price Expectations (next three months) by Region



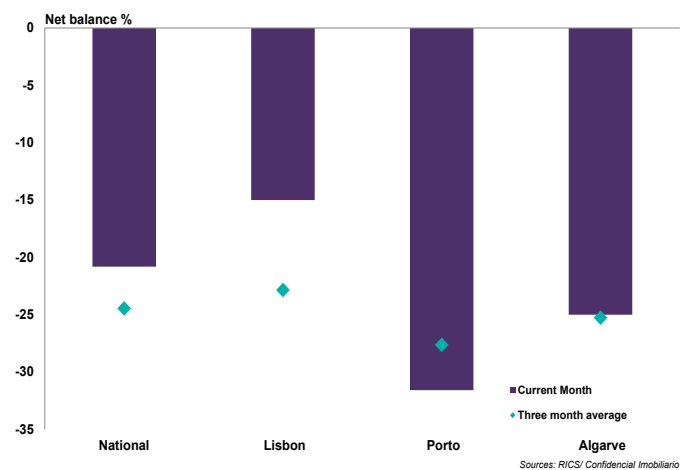
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



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Survey sponsors

Both RICS and Ci are grateful to BPI, IMPIC and Millennium bcp for supporting the survey.

About RICS

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.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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