Ci Confidencial Imobiliário

RICS®

February 2022 RICS/Ci Portuguese Housing Market Survey

Flatter trend in activity seen over the month

- **New buyer enquiries and agreed sales stagnate**
- **Confidence Index retreats during February**
- **Prices still reportedly rising across all areas**

Ricardo Guimarães, Director of Ci: "

RICS Senior Economist, Tarrant Parsons: "Heightened uncertainty regarding the macro outlook at present appears to have knocked confidence across the housing market to a certain extent according to the latest survey results. With the war in Ukraine promting a downgrading of economic growth forecasts throughout much of Europe, alongside a further escalation in already significant inflationary pressures, the coming months will be increasingly challenging for household finances."

Summary:

The February 2022 RICS/Ci PHMS results point to momentum stalling over the month, with measures of market activity turning flat during the latest survey period. That said, prices continue to rise, even if the pace of growth appears to have eased somewhat compared to the closing stages of last year.

In terms of buyer demand, the headline net balance for new buyer enquiries fell to -2% (down from +23% last month), thereby ending a run of positive readings for this indicator stretching back to March 2021. At the same time, new instructions continued to fall, evidenced by a net balance of -30% of contributors noting a decline during February.

Meanwhile, agreed sales were also reportedly flat over the month, with the latest net balance coming in at zero compared to a reading of +18% previously. As such, this represents the first survey since February 2021 in which the agreed sales indicator has not sat in positive territory. Going forward, near-term sales expectations were trimmed, as the net balance of respondents anticipating a rise in sales volumes over the coming three months eased to +9% from +26% beforehand.

Alongside this, a headline net balance of +22% of contributors saw a continued rise in house prices during February. This is down slightly on a figure of +28% last month, and more noticeably softer than a recent high of +37% seen back in September 2021, but is still consistent with prices remaining on an upward trajectory nonetheless. Looking ahead, a net balance of +52% of respondents foresee a further rise in prices at the headline level over the next twelve months.

The Weighted Confidence Index moderated to a ten-month low, slipping to +12 from +27 in the January results. Even so, this latest reading is still indicative of a mildly positive trend in activity being envisaged over the near-term.

In contrast to the trends across the sales market, demand strengthened within the rental market in February. Indeed, the latest net balance of +40% of respondents noting a rise in tenant demand is in fact the most elevated reading since September 2019. With landlord instructions still reportedly in decline, the imbalance between supply and demand is expected to squeeze rents higher over the coming months.

Chart 1: Sales market indicators

Net balance %
- National price balance
- National sales balance
- National Confidence Index

*Confidence index is an average of the sales and price expectations net balances

Sources: RICS/ Confidencial Imobiliario

Chart 2: Lettings market indicators

Net balance %
- Landlord instructions
- Rent expectations
- New lease expectations

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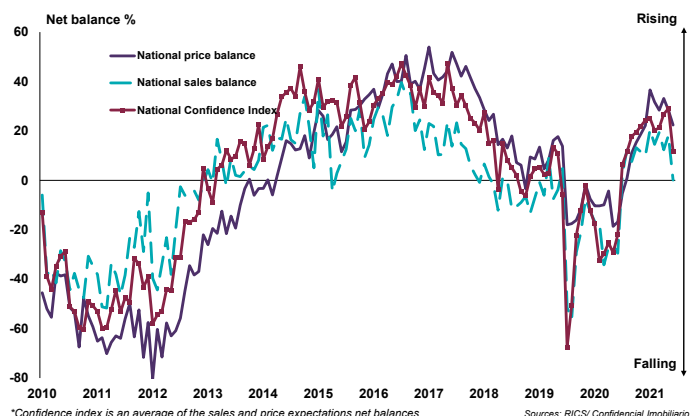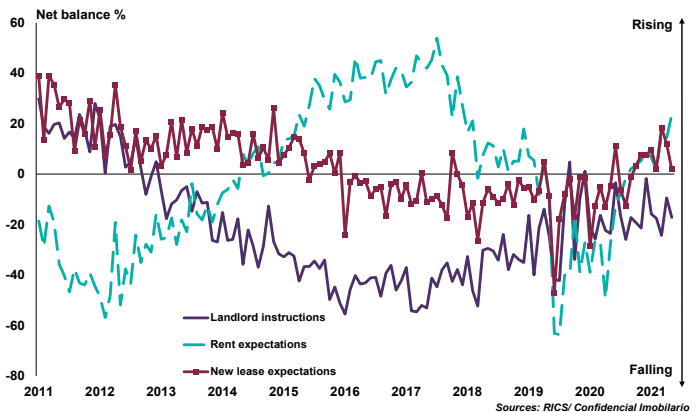
The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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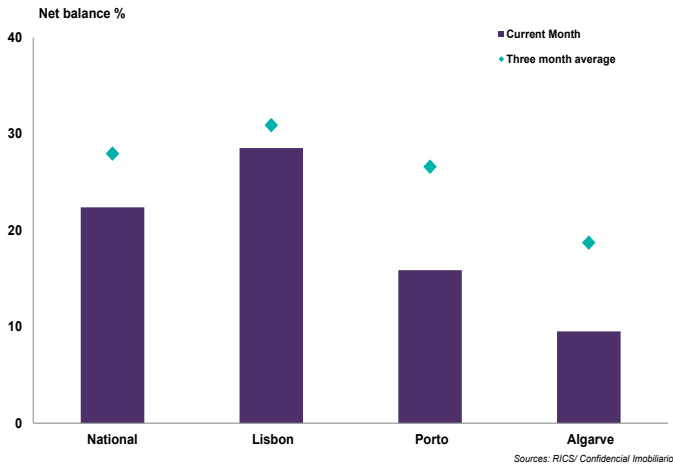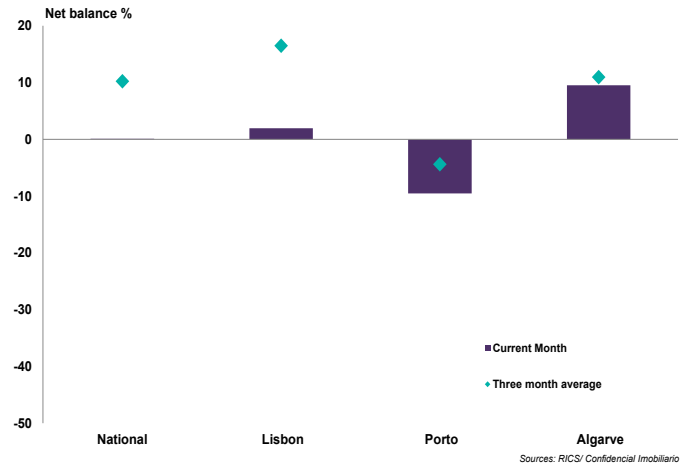
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Sales Market Charts

Prices (last three months) by Region

Net balance %

- Current Month
- Three month average

National   Lisbon   Porto   Algarve

Sources: RICS/ Confidencial Imobiliario

Promised Sales (past month) by Region

Net balance %

- Current Month
- Three month average

National   Lisbon   Porto   Algarve

Sources: RICS/ Confidencial Imobiliario

Price Expectations (next three months) by Region

Net balance %

- Current Month
- Three month average

National   Lisbon   Porto   Algarve

Sources: RICS/ Confidencial Imobiliario

Sales Expectations (next three months) by Region

Net balance %

- Current Month
- Three month average

National   Lisbon   Porto   Algarve

Sources: RICS/ Confidencial Imobiliario
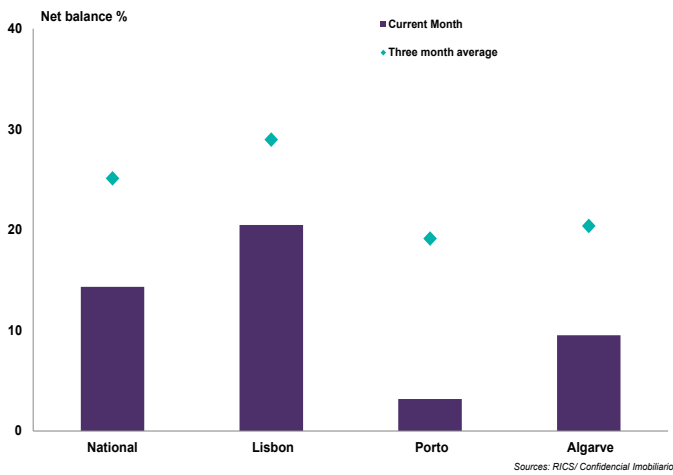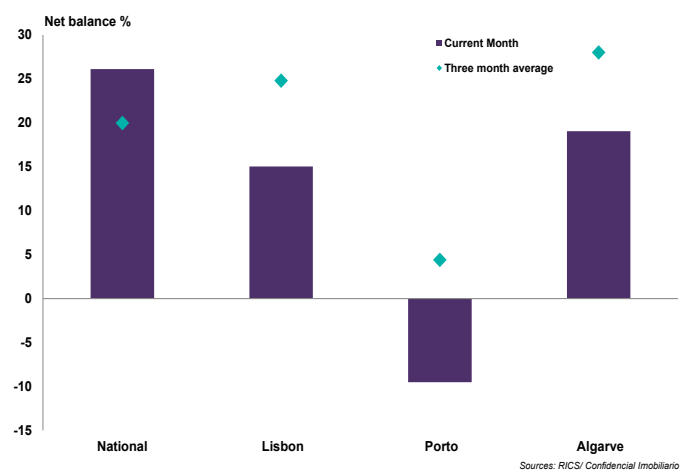
New Buyer Enquiries (past month) by Region

Net balance %

- Current Month
- Three month average

National   Lisbon   Porto   Algarve

Sources: RICS/ Confidencial Imobiliario
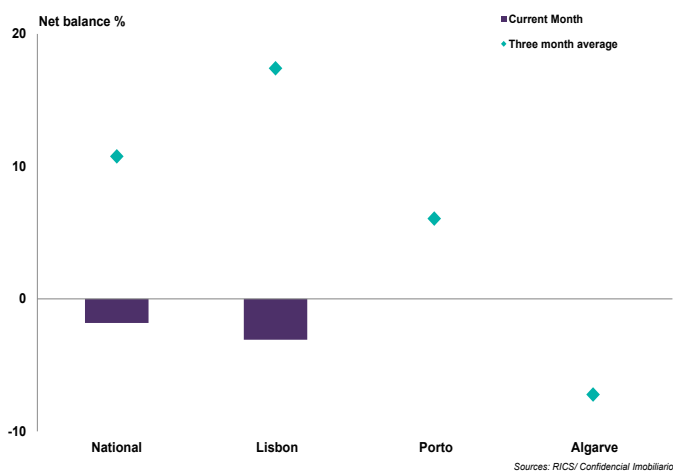
New Instructions to Sell (past month) by Region

Net balance %

- Current Month
- Three month average

National   Lisbon   Porto   Algarve

Sources: RICS/ Confidencial Imobiliario
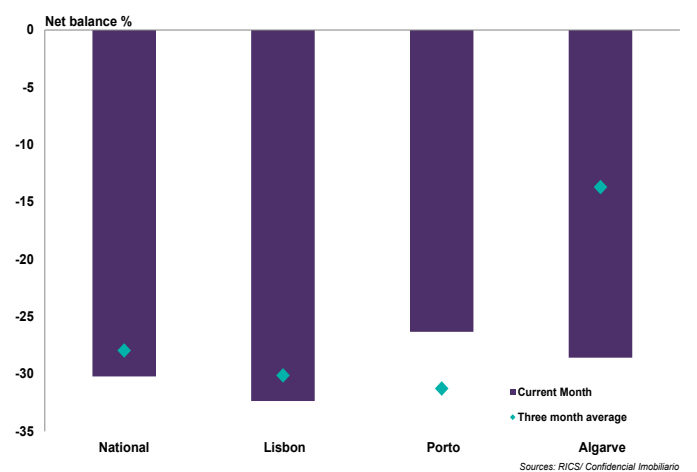
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About RICS

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.

Survey sponsors

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

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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