

May 2023 RICS/Ci Portuguese Housing Market Survey

Subdued outlook for activity across the sales market

- **New buyer demand continues to soften**
- **Sales expectations remain in negative territory**
- **Tenant demand growth appears to accelerate**

Summary:

The May 2023 RICS/Ci PHMS results continue to portray a relatively sombre backdrop across the housing market this month. Indicators on new buyer demand, new instructions and agreed sales all remain in negative territory. However, house prices continue to edge higher on the back of restricted supply. In the lettings market, tenant demand continues to grow strongly as the already tight supply picture worsens.

With respect to new buyer demand, a headline net balance of -19% of respondents saw a decline in enquiries in May. This reading has eased from -31% posted the previous month, however, it is still consistent with an overall decline in buyer demand. When disaggregated by region, readings are negative across the board. Lisbon is the only region where the feedback on demand is slightly less downbeat, posting a reading of -14% in comparison to -38% last month. In terms of supply, the headline net balance for new instructions remains downbeat with 26% more respondents noting a fall in new listings.

For agreed sales, a headline net balance of -19% of respondents saw a decline this month, although the latest reading was slightly less negative in comparison to April's figure of -26%. Alongside this, near-term sales expectations remain in negative territory with a net balance of -13% of contributors anticipating a decrease in sales (-9% in April). When disaggregated, the Algarve (where sales expectations had previously remained in positive territory) fell flat this month, while sales expectations in Lisbon and Portugal remain negative.

Looking at house prices, the headline net balance was recorded at +15% this month, marginally higher than the previous reading of +13%. Going forward, respondents now envisage a more positive trend for house prices at the headline level over the next twelve months, with the net balance coming in at +39% compared to +28% in the previous survey. At a regional level, Lisbon displays the strongest reading of +46%, followed by the Algarve at +33%, and then Porto at +26%. The Algarve was the only region which saw twelve-month price expectations soften this month, as last month's reading was +50%.

The weighted Confidence Index (a combined measure encompassing near-term price and sales expectations) returned a figure of -8, down from -1 previously. This decline was mainly driven by the negative outlook for sales, which deteriorated this month.

In the lettings market, a net balance of +56% of contributors saw an increase in tenant demand during May. This is up compared to the reading of +40% returned in April and marks the first time this series has been over +50% in twelve months. However, the picture for landlord instructions remains restricted, with a headline net balance reading of -34%. This ongoing mismatch between supply and demand continues to push rents higher.

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.

To be put on the automatic press release distribution list for receipt on the morning of the embargo date e: tparsons@rics.org

Ricardo Guimarães, Director of Ci: "Confidencial Imobiliário's House Price Index shows that, despite being on a slower path, the market is still on a positive trend regarding valuations. This is confirmed by the agents in the field, whose confidence in price behaviour is increasing, after a phase of less optimism at the end of 2022. This is leading to less negative perspectives about market liquidity, which in turn is signalling a potential stabilization and even small recovery in the second quarter of 2023. That said, agents are aware that the market faces severe risks for the near future, due to macroeconomics and to local governmental measures."

Tarrant Parsons, RICS Senior Economist: "Despite the Portuguese economy seemingly being on a path of solid economic growth this year, activity in the housing market remains subdued. Higher borrowing costs and stretched affordability appear to be the overriding forces weighing on the market, while the prospect of further monetary policy tightening on the horizon is also dampening the outlook. That said, given supply across the market remains very tight, house prices continue to edge higher, with expectations pointing to continued growth over the coming twelve months."

Chart 1: Sales market indicators

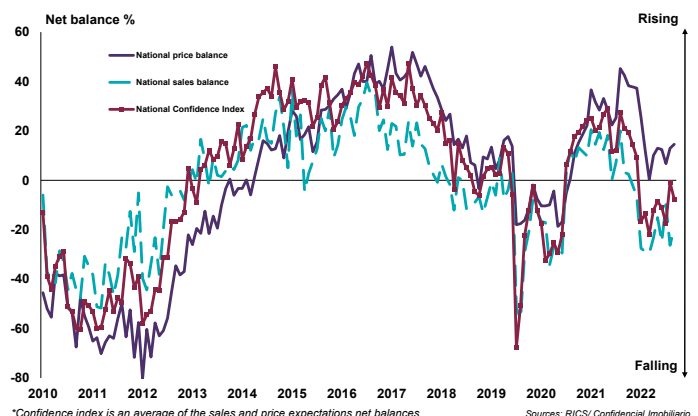
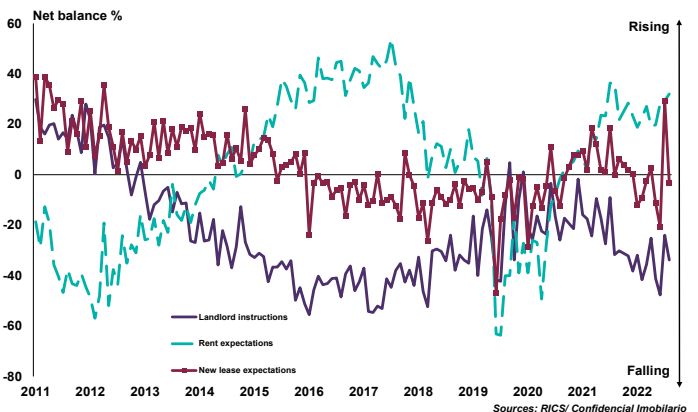


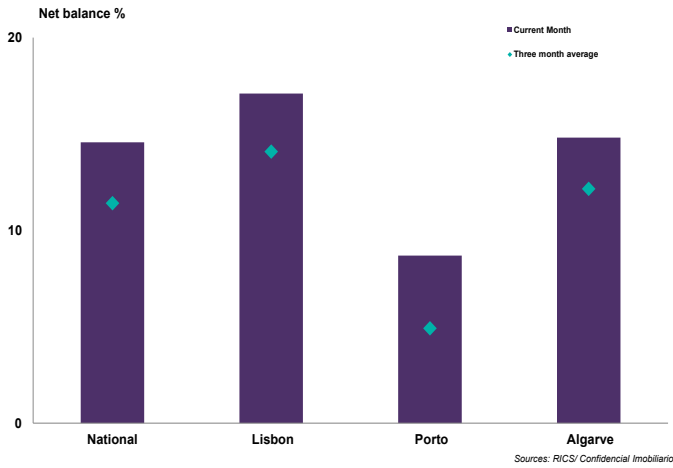
Chart 2: Lettings market indicators



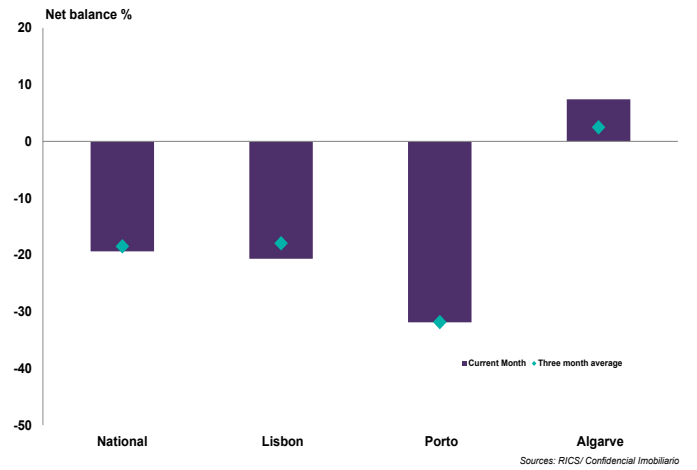
Sponsored by:

Sales Market Charts

Prices (last three months) by Region



Promised Sales (past month) by Region



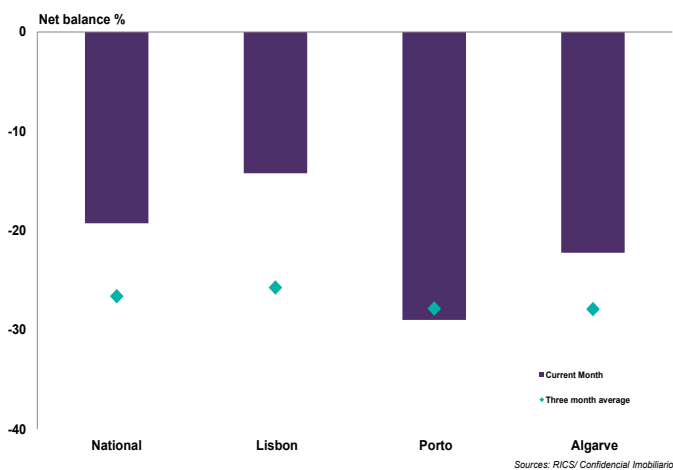
Price Expectations (next three months) by Region



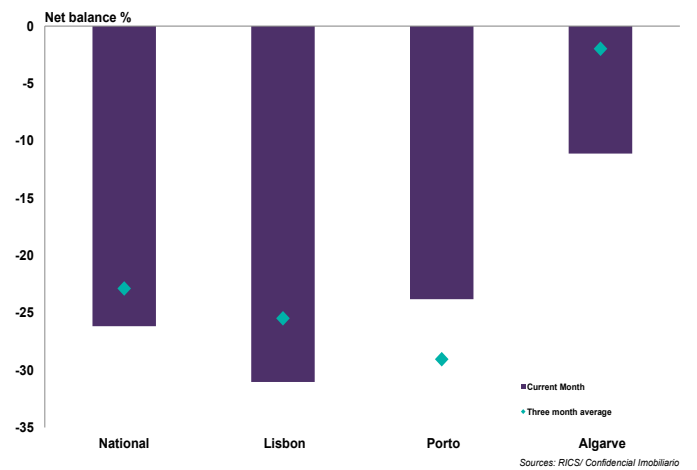
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



Information

For further information please contact:

Ci Press Office: Ricardo Guimarães

Tel: +351 22 208 50 09/+351 93 222 24 84

Email: rguimaraes@ci-iberica.com

RICS Press Office (Portugal): Eulalia Pensado

Tel: +351 91 3705119

Email: epensado@rics.org

Management:

Tarrant Parsons

Tel: +44 (0)20 7695 1585

Email: tparsons@rics.org

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.

Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



[rics.org](https://www.rics.org)