

## March 2024 RICS/Ci Portuguese Housing Market Survey

### Current conditions remain steady, while the near-term outlook appears to improve

- **Buyer demand broadly steady**
- **Forward-looking sentiment improves**
- **Tenant demand regains momentum**

#### Summary:

The latest iteration (March 2024) of the RICS/Ci PHMS presents a largely steady picture across the sales market, with many indicators showing little movement from last month's figures. Meanwhile, the rental market appears to have regained some momentum of late, especially with regards to tenant demand.

Looking at the buyer enquiries indicator to start with, the latest reading shows a consistent picture when compared to February 2024, with the net balance moving only marginally from -10% last month to -7% this month. Similarly, when considering new instructions, this net balance also remained relatively unchanged, posting a reading of -2% (compared to -5% last month) which continues to indicate the flat nature of fresh listings.

Moving onto the volume of sales, this metric did come in a bit weaker than last month, displaying a 12pp fall in its net balance, with a reading of -10% being observed for March 2024. That said, whilst the level of sales appears to have moved in a negative direction, sales expectations over the next 3 months have become more positive. Indeed, the forward-looking sales indicator showed a small increase in the net balance recorded from +1% last month to +7% this month (the third consecutive month of positive readings after several months of negative feedback).

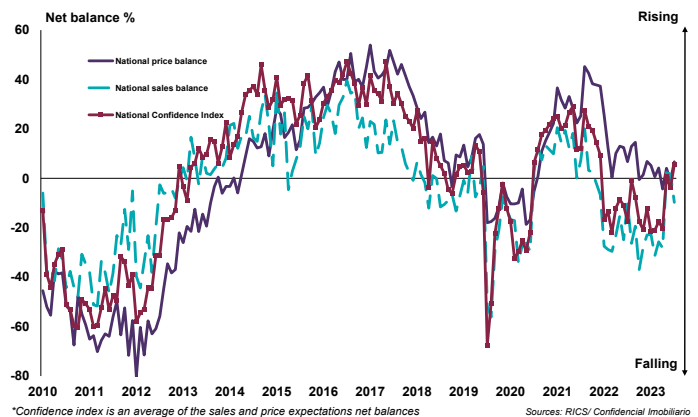
The headline net balance for house prices also edged higher, returning a reading of +7% compared to last month's -1%. Similarly to sales expectations, price expectations over the coming 3 months have turned more positive, posting a net balance of +4% in the latest results. This marks the first positive reading for near-term price expectations since April 2023. The increases in both the current house price metric as well as expectations contributed to a pick-up in the weighted confidence index to +6, the strongest reading since August 2022.

Looking at the lettings market, tenant demand appears to have picked up with an increase in the net balance recorded to +28% from last month's +18%. Rental expectations also appear to have gained some momentum, displaying a 7pp increase in the net balance over the month (moving to +19% in March). At the same time, landlord instructions continue to exhibit a weak trend, further widening the existing mismatch between supply and demand.

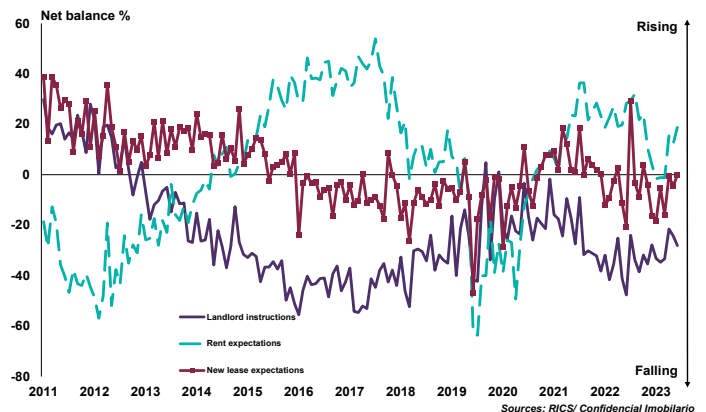
**Ricardo Guimarães, Director of Ci:** "The latest results from Confidencial Imobiliário's House Price Index presents a price increase of 2.2% in the 1st quarter of 2024 (0.6 pp above the previous quarter). Prices reflect a potential recovery with a registered 4.4% quarterly growth for transactions. These figures give context to the market at present with players starting to consolidate a positive view for the near future with respect to both demand and prices. Despite that, the same clouds remain with the structural lack of affordable housing proving to be an ongoing issue. The new Government program seems to bring some positive expectations that still need to be confirmed in new laws."

**Tarrant Parsons, RICS Senior Economist:** "Improving economic conditions in Portugal are being reflected in a slightly more optimistic tone to forward-looking sentiment across property markets. The prospect of falling interest rates across the Eurozone, as well as stronger income growth and consumer spending trends domestically, should continue to boost confidence within the Portuguese housing market over the coming months."

**Chart 1: Sales market indicators**



**Chart 2: Lettings market indicators**



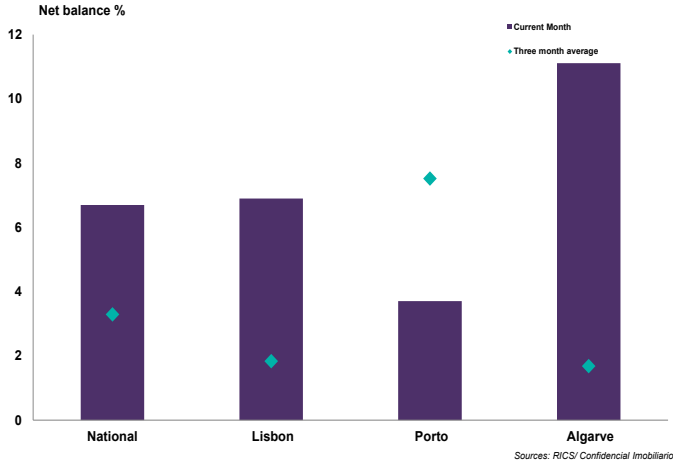
The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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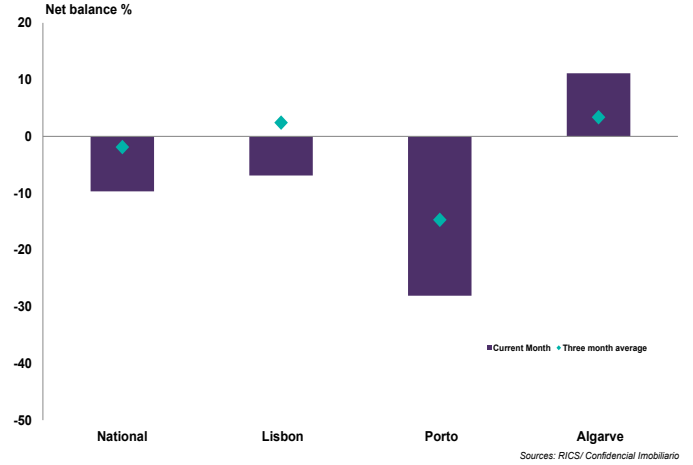
Sponsored by:

# Sales Market Charts

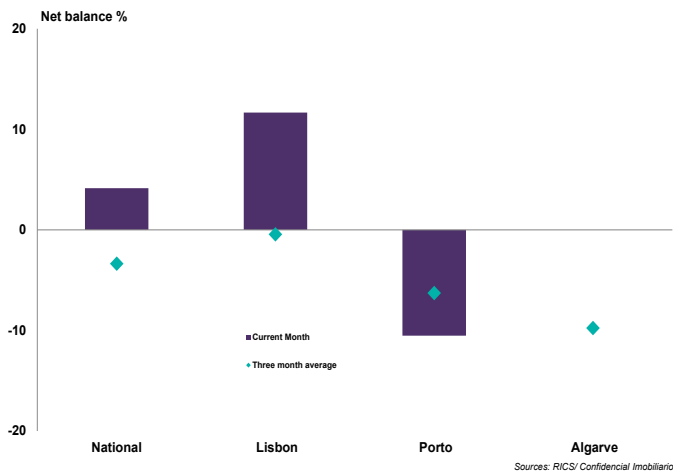
Prices (last three months) by Region



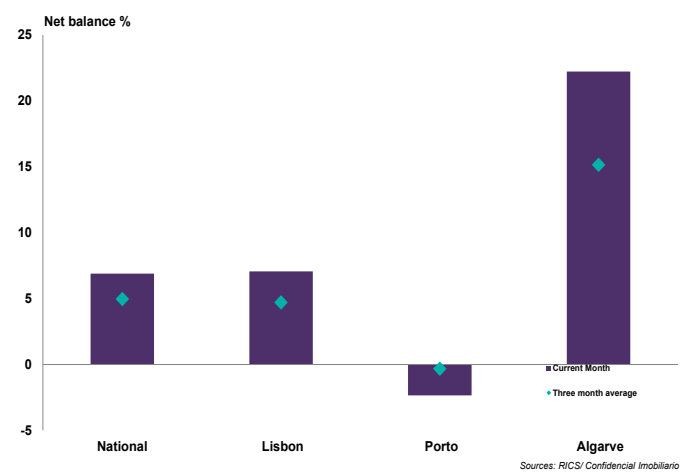
Promised Sales (past month) by Region



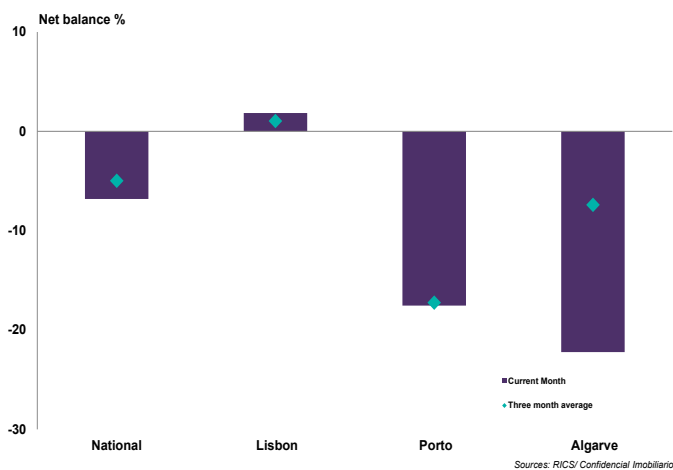
Price Expectations (next three months) by Region



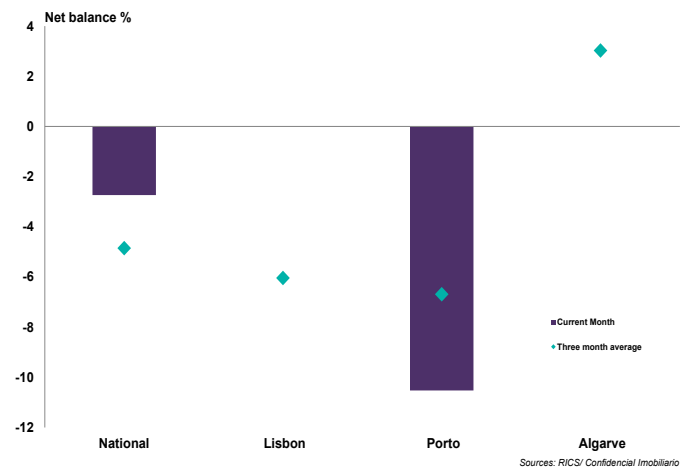
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



# Information

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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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