

June 2024 RICS/Ci Portuguese Housing Market Survey

Current backdrop remains subdued but expectations point to a stronger outlook

- **Buyer demand loses momentum**
- **Lack of supply still critical**
- **Price growth accelerates slightly**

Summary:

The latest iteration (June 2024) of the PHMS portrays a sales market in a somewhat downbeat state, with demand slipping from last month and promised sales remaining flat. Whilst current conditions appear subdued, respondents have cited cautious optimism on how the sales and lettings market may progress in the coming few months.

Looking at buyer enquiries to begin with, the latest net balance reading came in at -12%, which marks a noteworthy dip into negative territory from last month's figure of zero. Similarly, there was also a noticeable decline in the net balance for new instructions. This indicator, slipped further into the negative zone and stands at -23%, down by 18pp from May 2024's reading.

With respect to the volume of sales, this metric registered a marginally less negative net balance reading of -3% compared to last month's figure of -7%. Whilst this measure remains indicative of flat momentum at best, the latest trend is at least less negative than readings recorded over the past few months, which may hint at a turnaround on the horizon. In keeping with this notion, sales expectations also point to a slight improvement in activity over a three-month time horizon, with a net balance of +8% being recorded (only slightly lower than May's +12%).

Moving over to house prices, the net balance for June was +15%, representing the second consecutive month in which a small increase has been recorded. As such, this perhaps suggests that house prices are gaining further impetus on the back of increasingly restricted supply. Looking at price expectations over the next 3 months provides further evidence of a potential upward trend emerging as the net balance has moved into positive territory from -1% last month to +9% this month.

In the lettings market, tenant demand growth appears to have cooled somewhat with a 13pp drop in the net balance to +20% for June 2024. Conversely, landlord instructions appear to have become more stable, in contrast to the deeply negative readings seen in recent months, with a recorded net balance of -6%. Nevertheless, the disparity between supply and demand in the rental market looks to continue pushing rents higher with a net balance of +26% of respondents seeing an increase in rental price in June, up from +18% in May.

Ricardo Guimarães, Director of Ci: "The first half of the year has been characterized by a phase of relative instability. The slow path of interest rates reduction might have reduced the demand recovery that was expected. At the same time, at the national level, the uncertainty regarding how and when the new political measures announced will come to the market is conditioning demand decisions, even leading buyers to postpone their investments. This has been the case of buyers below 35 years old, that are expecting to benefit from tax exemptions from August. Nevertheless, the main market restraint quoted from the survey respondents is the structural lack of affordable houses on market."

Tarrant Parsons, RICS Senior Economist: "Strong economic growth forecasts, supported by rising disposable incomes in tandem with improving consumer and business confidence, should begin to feed into the housing market over the coming months. The probable further loosening of monetary policy from the ECB later in the year should also help conditions across the market, with expectations in the survey reflecting this sentiment. Nonetheless, the incumbent government faces challenges, one of which is a pressing housing supply issue that could limit economic potential."

Chart 1: Sales market indicators

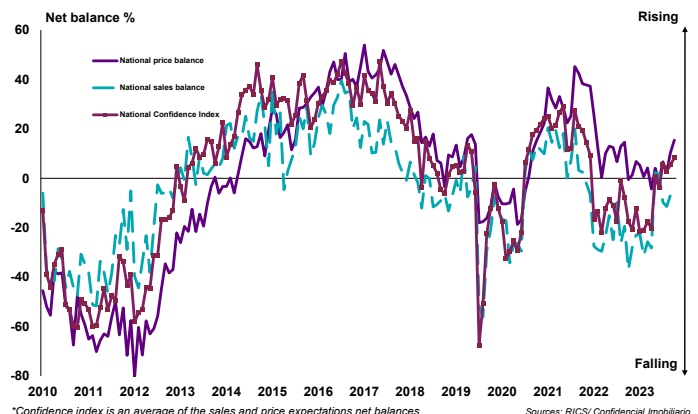
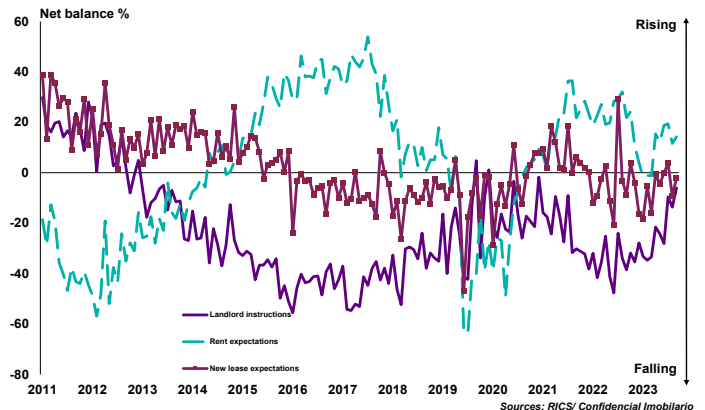


Chart 2: Lettings market indicators



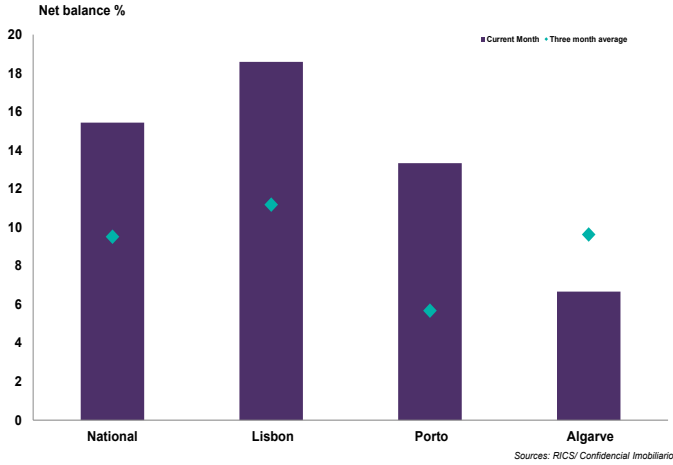
The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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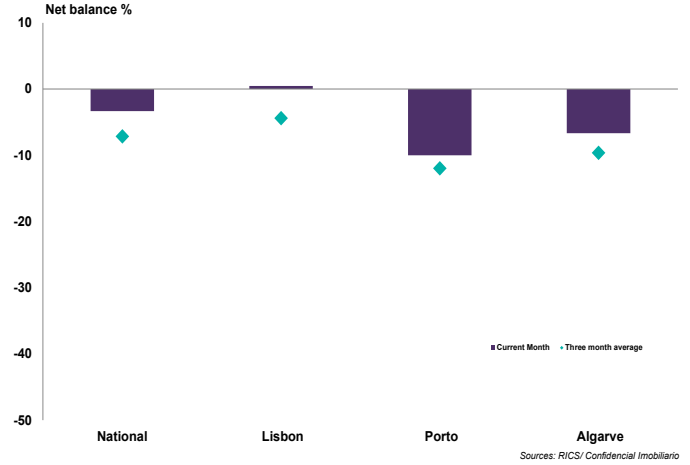
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Sales Market Charts

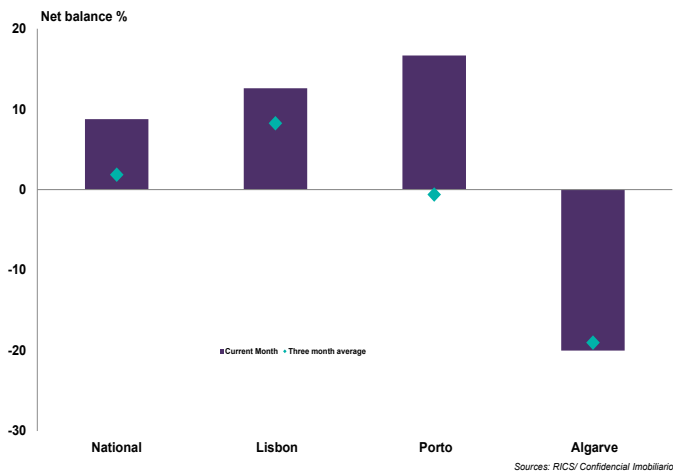
Prices (last three months) by Region



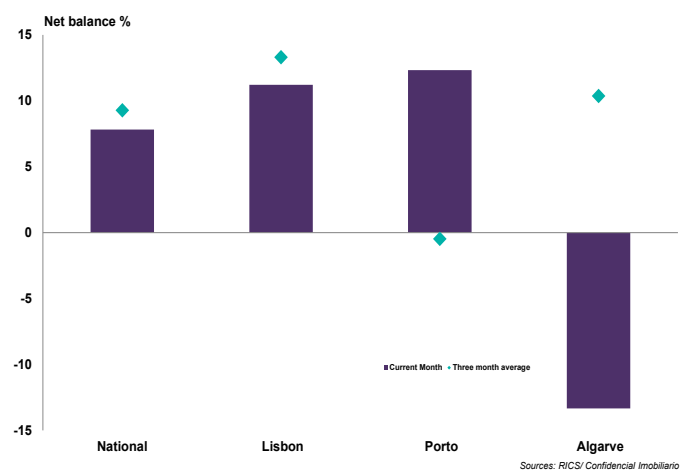
Promised Sales (past month) by Region



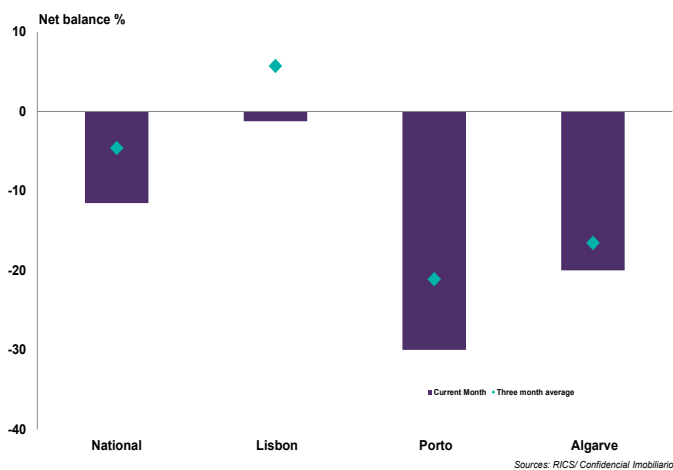
Price Expectations (next three months) by Region



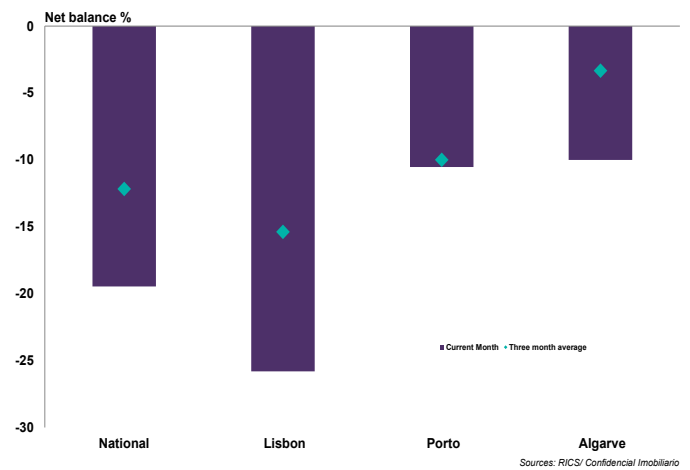
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



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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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