

## September 2024 RICS/Ci Portuguese Housing Market Survey

### Small improvement in sentiment around current conditions with expectations similarly positive

- House prices edge higher
- Sales expectations strengthen
- Lettings demand remains strong

#### Summary:

The latest edition (September 2024) of the RICS/Ci PHMS presents a slightly more positive picture in comparison to recent iterations of the survey, with both demand and promised sales strengthening. Furthermore, expectations surrounding the market remain similarly upbeat with positive trends seen in both the sales and lettings market.

Beginning with new buyer enquiries, the net balance has moved out of the negative zone from -2% last quarter to +2% quarter, although remains close to 0 and within neutral territory. On the supply side, there has been a noticeable decline in negativity for new instructions with the net balance for September coming in at -3%, significantly above last month's -20%. Delving deeper into this figure uncovers that it has largely been driven by an improvement in instructions reported in Lisbon where the net balance rose to +15% from -4% in August.

With respect to the volume of sales, this metric has also moved into the positive region with an aggregate net balance of +2% for September, markedly improved from August's -13%. Looking ahead, sales expectations have also strengthened with a 10pp rise in the net balance to +17%. At the regional level, both Lisbon and Porto have seen a strengthening in the three-month sales expectations series, with the latter displaying a stronger upswing from a net balance of -8% last month to +10% in September.

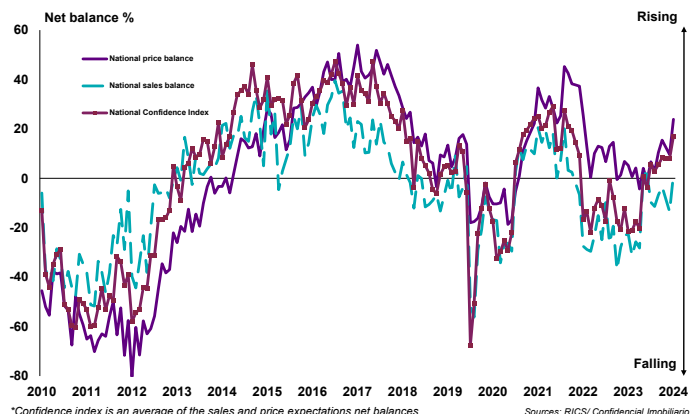
House price growth also experienced a significant uptick in momentum, with the latest net balance rising to +24% (markedly higher than the +10% reading observed in August). Furthermore, price expectations over a three-month time horizon also increased, posting a net balance of +17% of respondents anticipating an increase in prices, up from +9% last month.

In the lettings market, tenant demand remains robust, consistent with the trend seen over recent months, with the net balance largely unchanged at +32% (vs +33% last time). Landlord instructions have seen a sharp drop in negativity in comparison to August with a net balance of -12%, up from -27% although it remains clearly negative. This explains the ongoing trend of rising rental prices. Indeed, a net balance of +25% of respondents cited an increase in rents over September, albeit this is slightly lower than the +33% recorded last month. Interestingly however, rental expectations have moderated, evidenced by the net balance easing to +6% this month compared to a much stronger figure of +27% beforehand.

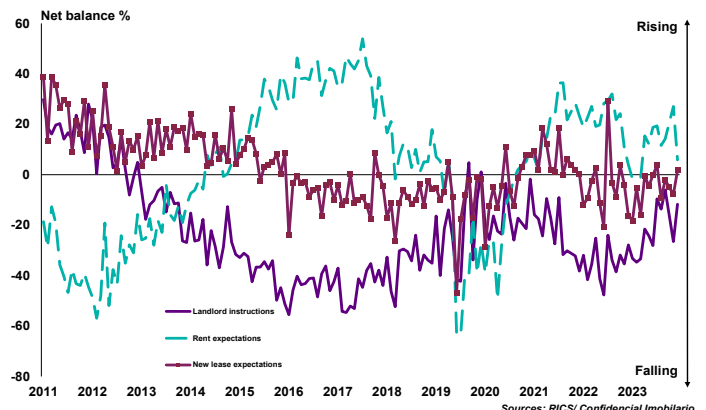
**Ricardo Guimarães, Director of Ci:** "Confidencial Imobiliário House Prices Index for September saw the year-on-year price variation rise to 8.3%, after reaching its minimum of 7.5% just two months before in July. It is necessary to go back to 2017 to find a variation as low as July's (excluding the pandemic). The 80 basis points recovery until September can be seen as a result of the impressive improvement on the number of transactions that, in Q3 2024, already stood at 16% above the previous year's level. This positive trend is reflected in the market sentiment reported, especially on prices, both over the last 3 months and in expectations for the next 3 months."

**Tarrant Parsons, RICS Head of Market Analytics:** "The economic growth outlook for Portugal remains solid as the effects of previous macroeconomic headwinds dissipate, accompanied by improvements in disposable incomes and the ECB's expected further easing in monetary policy over the coming months. Despite this, the nation still faces significant political challenges with the Budget 2025 posing uncertainty for businesses and investors. Nevertheless, the generally positive expectations for the economy are feeding through into an improved outlook for the housing market, as evidenced in this survey round."

**Chart 1: Sales market indicators**



**Chart 2: Lettings market indicators**



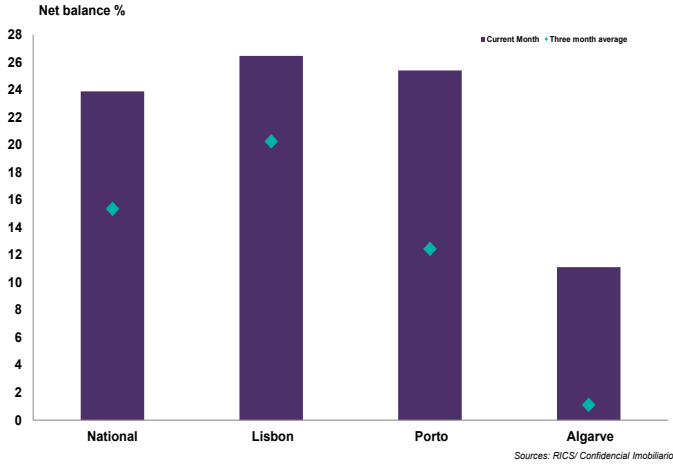
The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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# Sales Market Charts

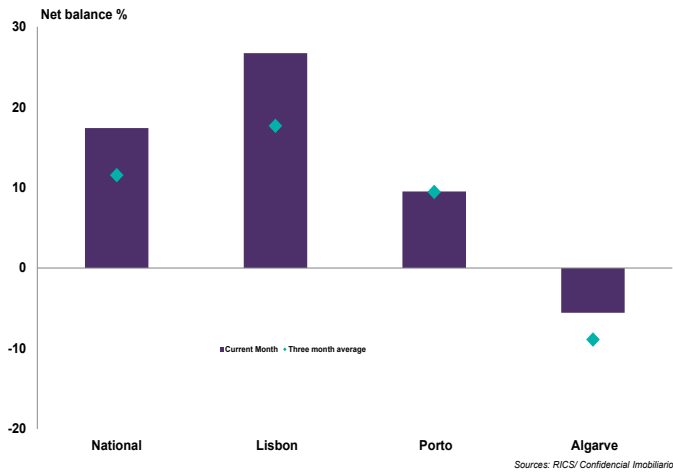
Prices (last three months) by Region



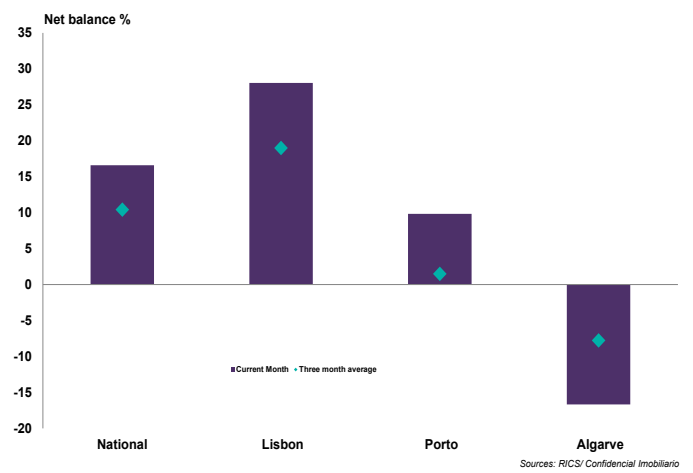
Promised Sales (past month) by Region



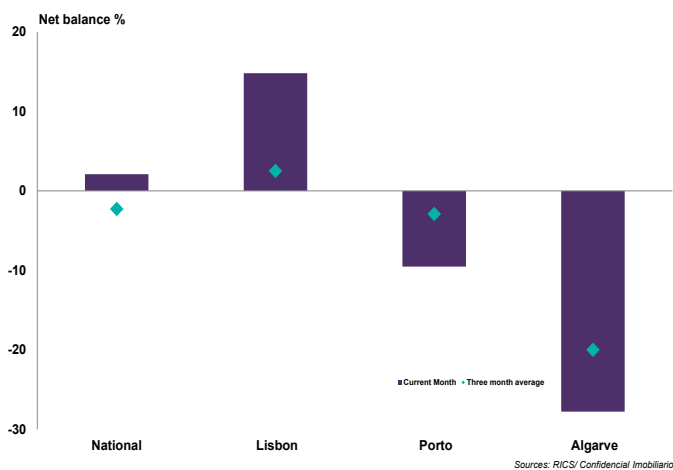
Price Expectations (next three months) by Region



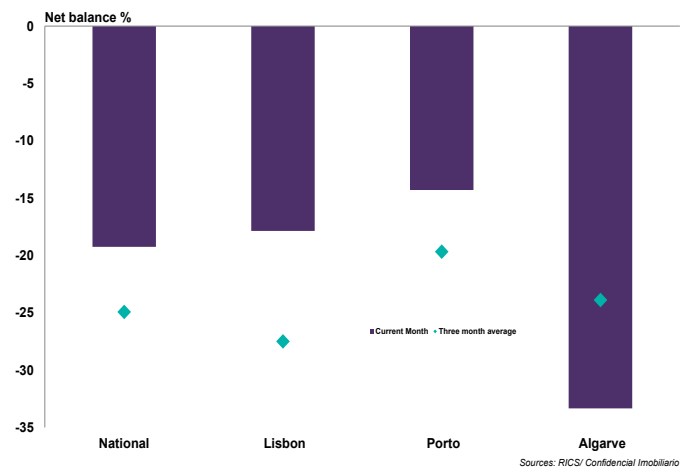
Sales Expectations (next three months) by Region



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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