

## November 2024 RICS/Ci Portuguese Housing Market Survey

### Expectations remain solid despite current conditions showing slight moderation

- Demand flat over the month
- House price growth moderates slightly
- Letting demand eased but lack of supply still critical

#### Summary:

The November 2024 edition of the RICS/Ci PHMS returned results that are somewhat flatter than those seen previously, with most metrics pointing to a slight dip in momentum. This is evident across both the sales and lettings market.

New buyer enquiries have slipped into neutral territory, with the net balance falling to -2% from last month's +5%. Alongside this, the net balance for new instructions also fell slightly from -15% to -16%, thereby continuing the trend of firmly negative readings seen over many months. A regional breakdown of this figure reveals that, despite some easing in negativity across Porto (with the net balance moving from -35% to -11%), the lack of new properties coming to market appears to have worsened over the last month in both Lisbon (-7% to -14%) and the Algarve (-11% to -33%).

With respect to the volume of sales, this metric has also moved out of positive territory, with the net balance falling to -1% (an 8pp decline from October) and is now consistent with a more or less flat trend. Looking forward, sales expectations remain solid, with the latest net balance reading of +12% holding steady compared to last month's +13%. A deeper dive into this figure uncovers that sentiment is most upbeat in Lisbon (+19%), with Porto's exhibiting a more modest +7% net balance while the Algarve negative at -8%.

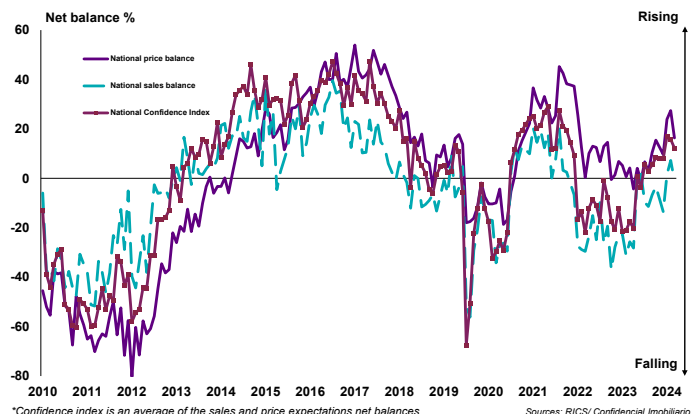
House prices continue to rise although the pace of growth has eased from last month with the net balance for November (+16%) moderating from last month's figure of +27%. Similarly, price expectations over a 3-month horizon have also softened slightly from last month but remain in positive territory with this month's reading of +12% marking a 6pp easing from the previous month.

Moving over to the lettings market, tenant demand growth seems to have cooled, with the latest net balance of +9% representing a sharp drop from October's +31%. This slowing in momentum appears to have contributed to a moderation in rental price growth, as the net balance for November fell to +9% from +19%. Elsewhere, landlord instructions have seeped further into negative territory with November's reading of -24% representing a notable decrease from last month's -14%. Despite tenant demand growth easing, the prolonged lack of new rental properties coming to market is still reinforcing the mismatch between supply and demand which is reflected in slightly positive rental expectations at a net balance of +7%.

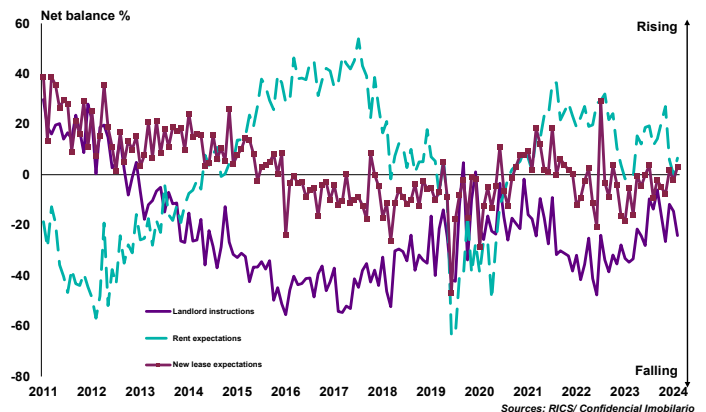
**Ricardo Guimarães, Director of Ci:** "The recent price increases are eroding the benefits that potential buyers would get from the current decline in interest rates. Rates are still expected to continue to reduce. Nevertheless, the demand pressures and the inability to launch policies designed to reduce construction costs are fuelling the market and increasing the gap between prices and household income. Despite the imbalance observed, the number of transactions is increasing substantially and is expected to reach the figures registered before the inflation and the monetary crises."

**Tarrant Parsons, RICS Head of Market Analytics:** "Strengthening disposable incomes and fiscal injections from the EU's Recovery and Resilience Facility have kept growth forecasts for Portugal relatively resolute amidst challenging economic conditions across other European nations. This backdrop should be conducive to a steady housing market in the near-term. Nevertheless, on a more cautious note, the country's export performance has weakened over recent quarters, and the incoming Trump administration may pose further challenges to the country's trade outlook going forward."

**Chart 1: Sales market indicators**



**Chart 2: Lettings market indicators**



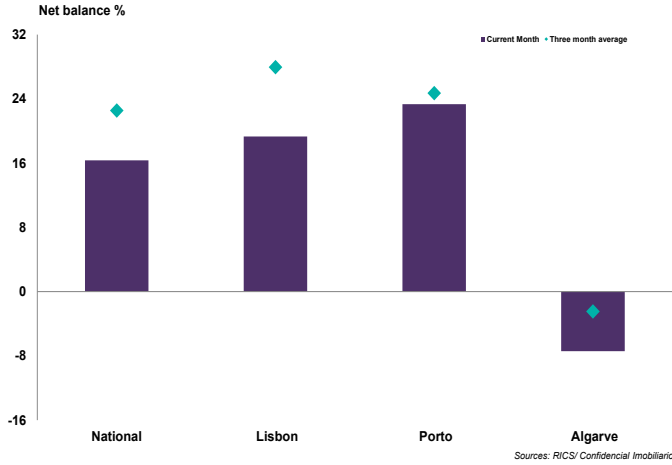
The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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# Sales Market Charts

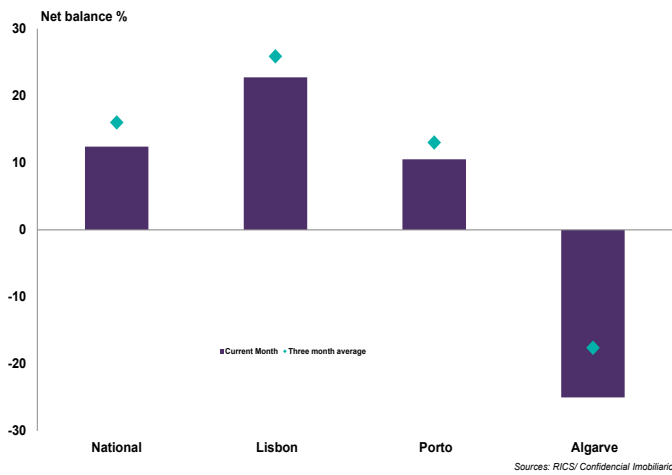
Prices (last three months) by Region



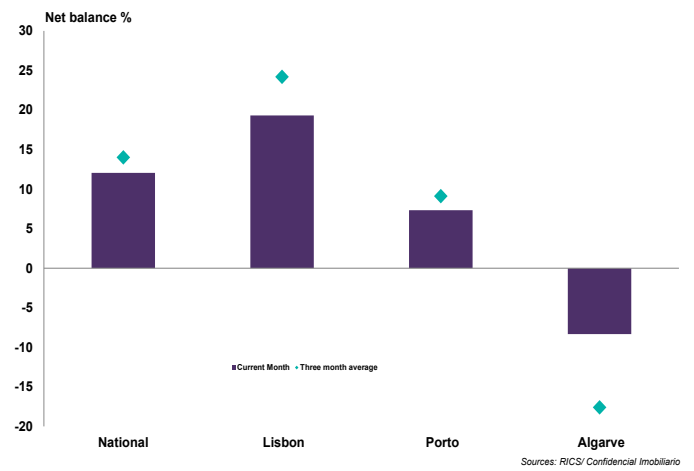
Promised Sales (past month) by Region



Price Expectations (next three months) by Region



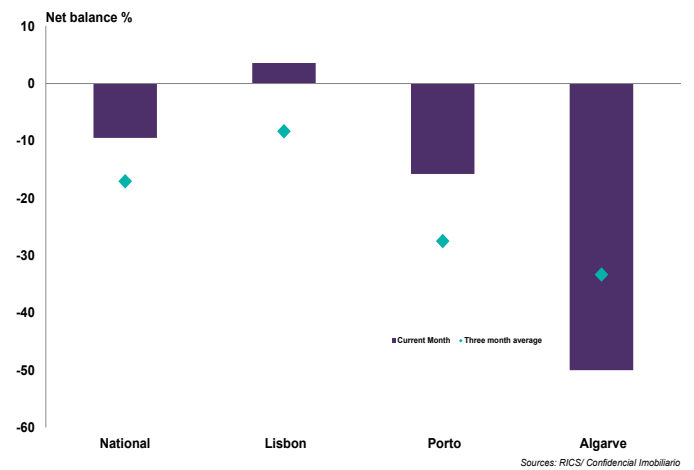
Sales Expectations (next three months) by Region



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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