

April 2024 RICS/Ci Portuguese Housing Market Survey

Expectations continue to point to stronger sales market activity going forward

- **Steady monthly trend in house prices**
- **Buyer enquiries remain in neutral territory**
- **Tenant demand continues to rise**

Summary:

Akin to last month's results, the April 2024 RICS/Ci PHMS indicates a largely steady backdrop across the sales market, with several indicators remaining in broadly neutral territory. Meanwhile, demand continues to rise steadily across the rental market, while the downward momentum in new landlord instructions does appear to be easing now.

The net balance for new buyer enquiries increased slightly from -7% last month to -2% this month, with the latest figure pointing to a generally stable trend in demand over the month. Alongside this, the net balance for new instructions fell (albeit only marginally) to post a net balance of -6% for April 2024. Even so, the latest reading is still indicative of a mostly steady picture.

Looking at the volume of sales, this is another metric in which there has been minimal movement, with the net balance displaying a small fall from -10% last month to -11% this month. Similarly to last month, the divergence between sales and sales expectations continues with sales expectation moving (slightly) in a positive direction again to +8% from +7% in March.

Moving over to house prices, the net balance for this month dropped back into neutral territory, moving to +3% compared to last time +7%. Likewise, there was a slight dip in the net balance for price expectations over the next 3 months, with a reading of -2% registered in April (down 6pp from last month). Nevertheless, the returns for each of the past two months have remained close to zero, which signals a more or less stable near-term outlook for house prices. When looking at a 12-month time horizon however, there has been a slight strengthening in house price expectations, evidenced by an uptick in the net balance to +37% (from last month's +33%).

In the rental market, tenant demand remains strong with a reported net balance of +30%, up marginally from last month's +28%. Interestingly, there has been a significant easing in negativity across the net balance for new landlord instructions, as this series registered a reading of -10% (compared to March's -28%). Whilst this latest figure is still relatively soft, it is the least negative reading since April 2022, marking a departure from the average return of -31% seen over the past twelve months.

Ricardo Guimarães, Director of Ci: "The upcoming European elections may have some impact in the market, depending on whether its results reinforce the necessary political stability needed to implement the urgent measures to combat the housing crisis in Portugal. As stressed by several respondents, the main challenge to address is the lack of affordable housing on sale. At a moment when prices are starting to increase again in response to a resurgence in demand, the inventory insufficiency will be the main topic for the forthcoming months."

Tarrant Parsons, RICS Senior Economist: "Stronger than predicted economic growth of late in consistent with the more optimistic forward-looking sentiment within the Portuguese housing market, especially over a 12-month time horizon. Moreover, further improvements in disposable incomes in tandem with the prospect of falling interest rates across the Eurozone should further facilitate activity within the real estate industry over the remainder of the year and particularly through 2025."

Chart 1: Sales market indicators

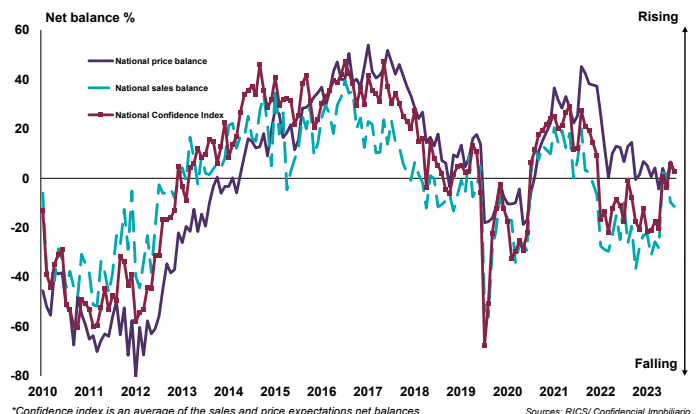
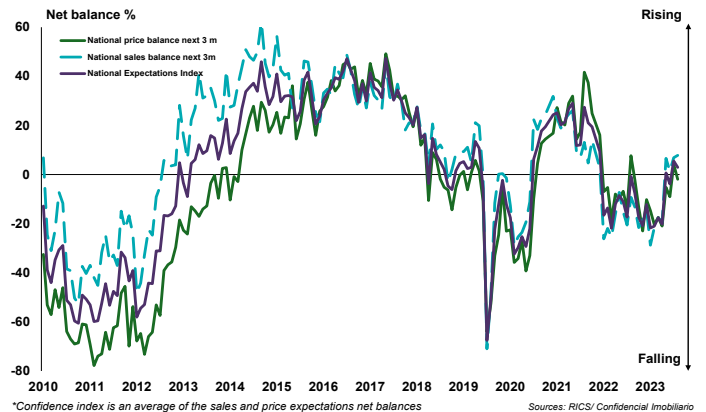


Chart 2: Expectations indicators



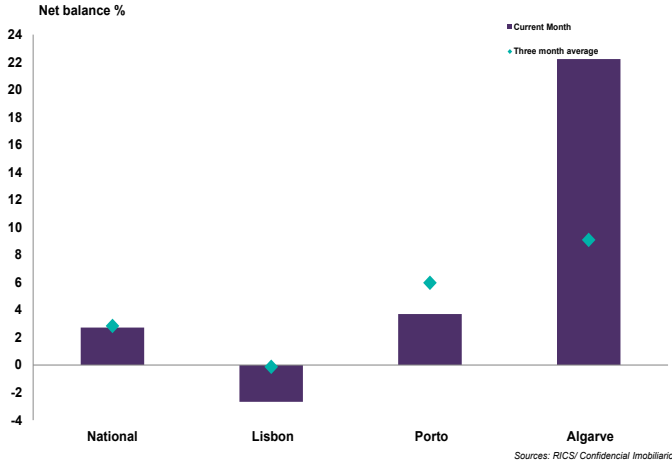
The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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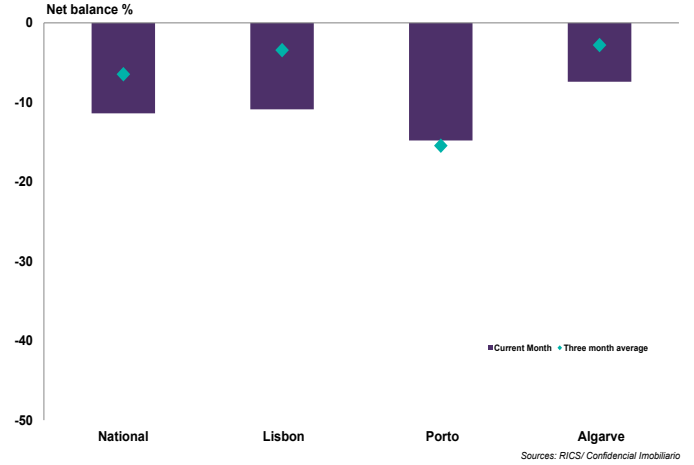
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Sales Market Charts

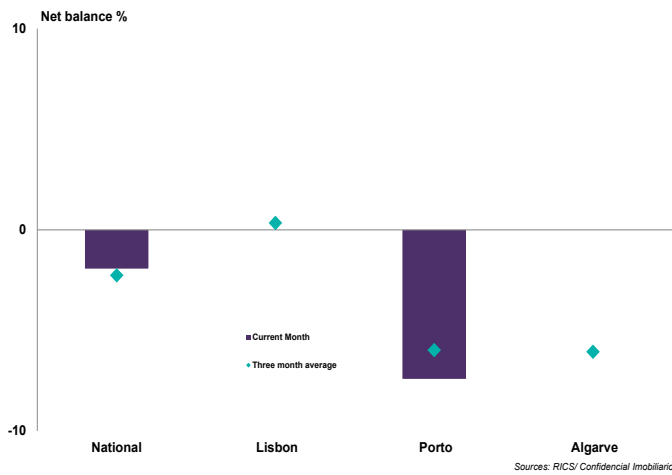
Prices (last three months) by Region



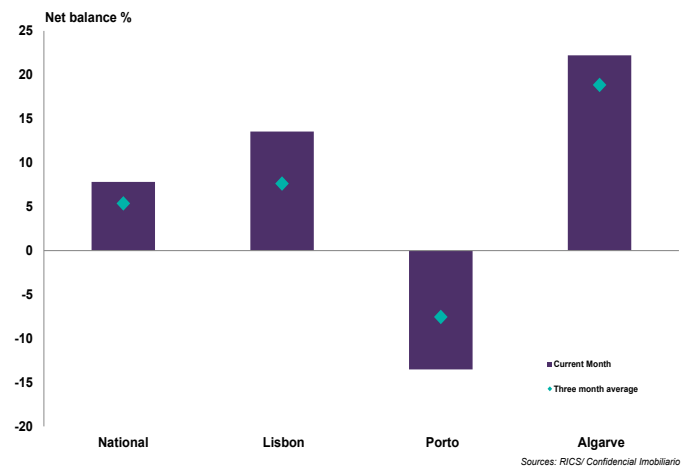
Promised Sales (past month) by Region



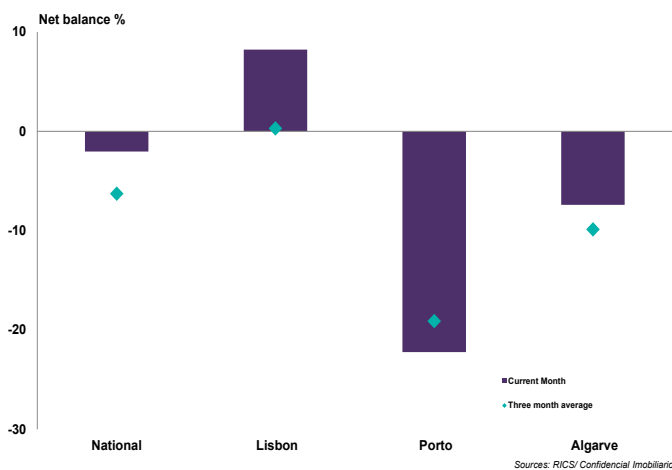
Price Expectations (next three months) by Region



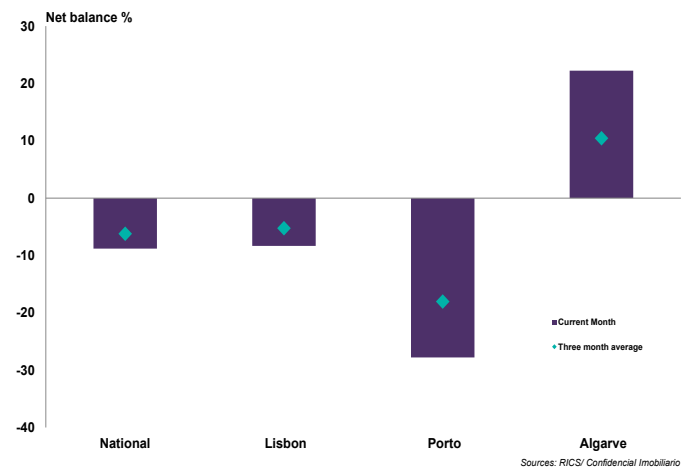
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



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Survey sponsors

Both RICS and Ci are grateful to BPI, IMPIC and Millennium bcp for supporting the survey.

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.

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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