

## August 2024 RICS/Ci Portuguese Housing Market Survey

### Prices rise steadily with supply still restricted

- Demand still somewhat subdued
- Supply continues to dwindle
- Prices seen moving higher

#### Summary:

The August 2024 RICS/Ci PHMS results continue to reflect a market in a relatively flat state, with buyer activity remaining stagnant and the number of new instructions coming to market still weak. Despite muted current conditions, expectations remain a little more upbeat across both the sales and lettings market.

With respect to new buyer enquiries, the indicator has posted a net balance of -2% which is a less negative than the results across the previous two months. For agents in particular, the latest net balance of -3% is significantly less downbeat than the average reading seen throughout 2024 so far. On the supply side, the headline net balance for new instructions remains largely in negative territory at -20%, almost identical to the figures for the preceding two months.

Regarding the volume of sales, this net balance has become slightly more negative with a reported -13% in comparison to -3% and -8% in June and July, respectively. Moreover, when viewed at a regional level, all areas covered (Lisbon, Porto and the Algarve) posted a negative net balance for the promised sales indicator. Respondents continue to anticipate a slight improvement coming through moving forward, with sales expectations over a 3-month horizon coming in with a headline net balance of +7%.

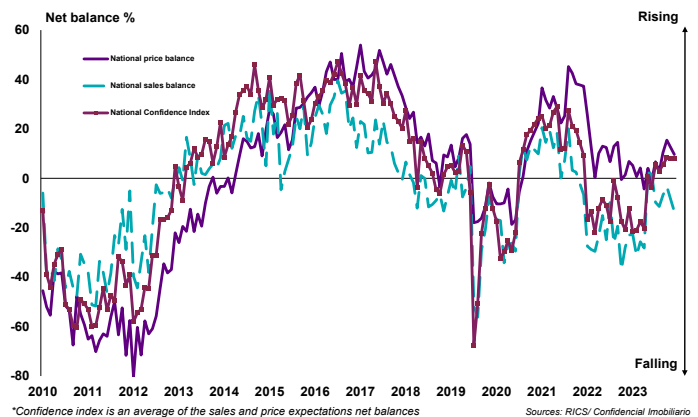
Alongside this, house prices have shown a consistent trend of late with a reported net balance of +10% remaining indicative of a slightly positive month on month picture. Looking to the future, near-term price expectations point to this pattern remaining largely intact over the coming three months, posting a net balance of +9%. This marks the third consecutive positive reading after a spell of downwards pressure in the market.

Moving over to the lettings market, tenant demand remains strong with little signs of moderation after a net balance of +33% was recorded for August 2024. Conversely, landlord instructions have seeped further into negative territory with the net balance decreasing by 11pp to -27% for August 2024. It is, therefore, not surprising that past rents have continued to gain momentum because of the mismatch between supply and demand (returning a net balance of 33%). Rental expectations suggest this strong growth in rents achieved will persist over the near-term, evidenced by a positive net balance of +27%, up from last month's +21%.

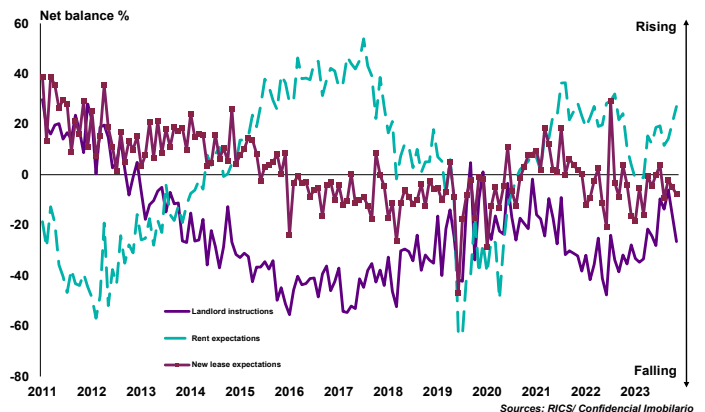
**Ricardo Guimarães, Director of Ci:** "The high interest rate level has been the largest constraint to market dynamics over the last couple of years. Since the second half of 2022, the number of transactions has declined almost 20% and remained steady at low levels since then. The recent reduction in ECB rates, following Euribor's progressive smoothing, accelerated this decline from 3.7% in May to 3.1% at the end of August. This is bringing demand back to the market, with visible results on transactions and prices seen already. Both are expected to accelerate over the next semester."

**Tarrant Parsons, RICS Head of Market Analytics:** "Macroeconomic conditions are relatively solid at present, with consumer spending remaining resilient and inflation easing below 2% in August. Although the recent picture for the housing market is rather flat, activity should receive some support in the months ahead as the ECB continues to unwind tight monetary policy. Nevertheless, the country does face further political uncertainty in the near-term, with the impending budget unlikely to gain approval."

**Chart 1: Sales market indicators**



**Chart 2: Lettings market indicators**



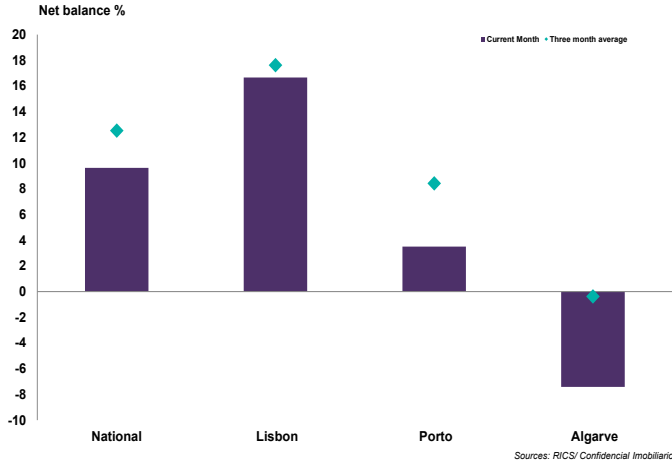
The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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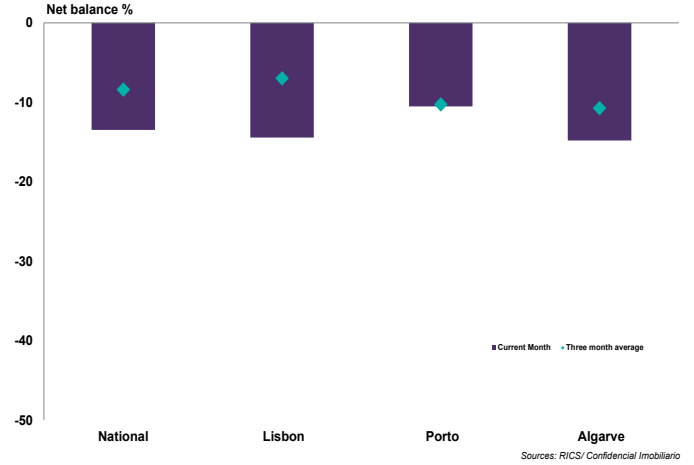
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# Sales Market Charts

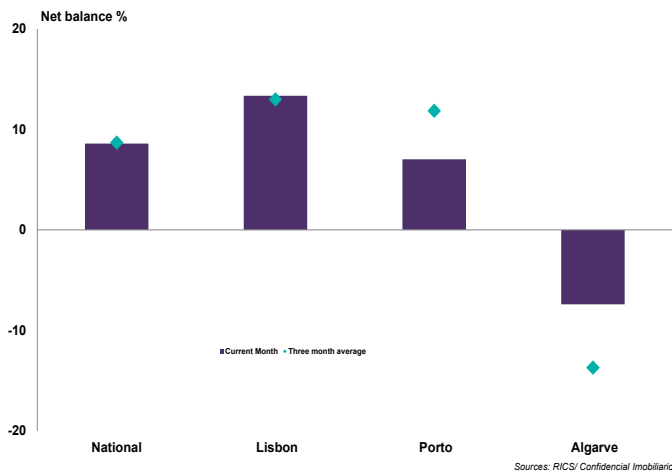
Prices (last three months) by Region



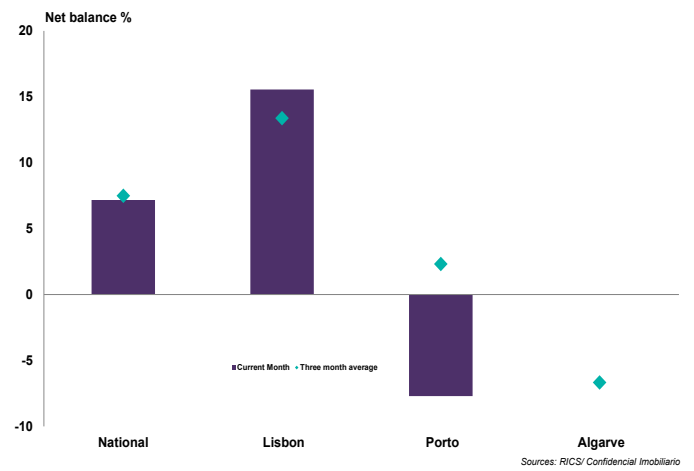
Promised Sales (past month) by Region



Price Expectations (next three months) by Region



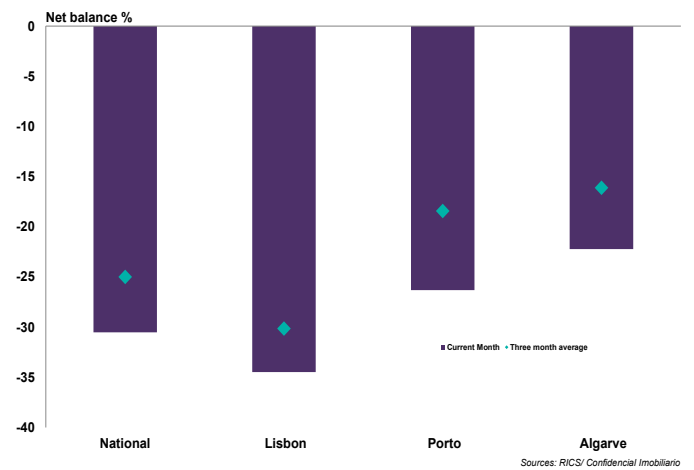
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



# 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

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