



FCGM - Soc. de Med. Imob., S.A. | AMI 5086 Realtors - Med. Imob., Lda. | AMI 5070

Collection Chiado / Lumiar / Capital / Miraflores / Countryside / Master Minas Gerais, Brasil



[www.siimgroup.pt](http://www.siimgroup.pt)

# infos

JANUARY 2019



## Macroeconomic framework

The World Economy and principally the European Economy seem to be cooling. Germany should grow by 1.3% this year when estimates in October were at 1.9%. France should grow by 1.5% this year (1.6% in October). Italy should grow by 0.6%, 0.4% less than the IMF's estimates in October. Spain should grow by 2.2% in 2019.

As the economic growth of Portugal's main commercial partners slows, there is a risk for Portuguese exports. Thus the main international organizations have been revising the forecasts of growth in Portuguese GDP down to between 1.5% to 1.8% for 2019.

The consumer confidence indicator reduced between November and January, continuing its downwards trend that started in June. The economic climate indicator also reduced between November and January, after reaching its maximum value since March 2002 in July and August.

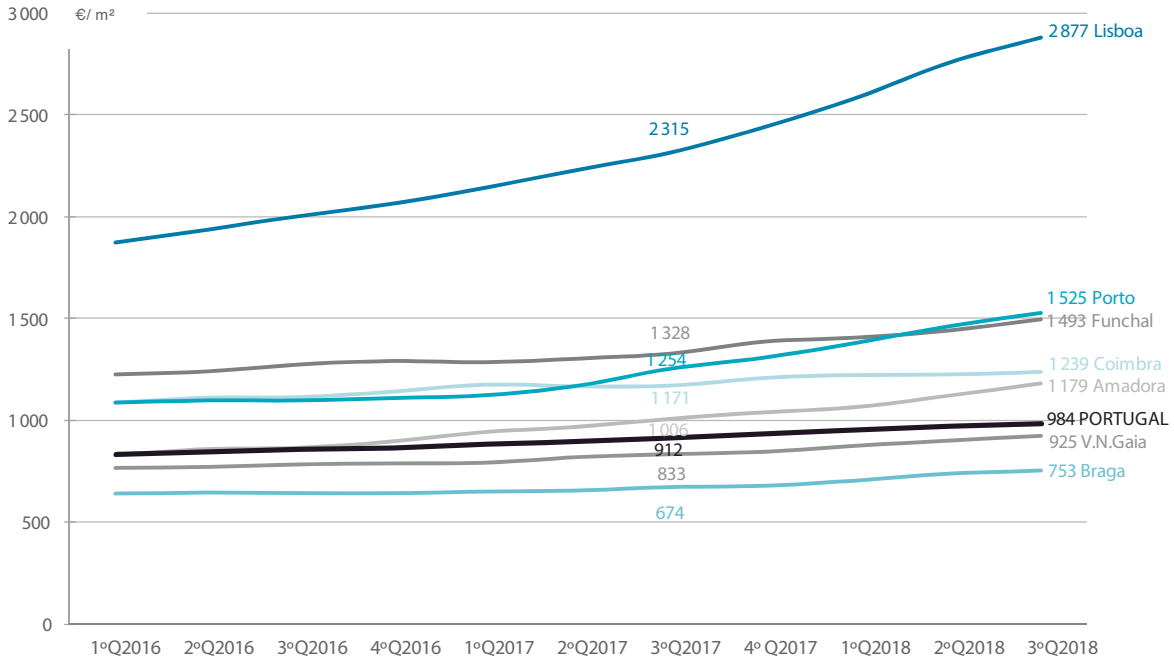
In November 2018, the unemployment rate was at 6.7%, 0.1 percentage points (p.p.) higher than the value of the previous month, and 1.4 p.p. less than in the same month of 2017. That value represents an upwards revision of 0.1 p.p. of the provisional estimate published one month ago.

Despite these indicators, for now there are no immediate factors that would raise fears of a fall in property prices although greater caution by end purchasers in "pre-construction stage" purchases has already been noted.

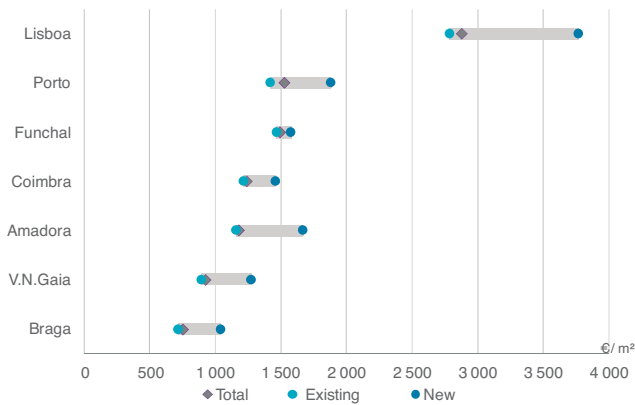
Not yet reflecting this cooling in the last quarter of 2018, the values published on 31 January by the National Statistics Institute (INE) relating to the 3rd quarter of 2018 arrived at a year-on-year variation of the median price of accommodation sold in Portugal of +7.9% for the whole of the country.

The city of Lisbon stood out from other cities with over 100 thousand inhabitants by presenting the highest median price of family accommodation (2 877 €/m<sup>2</sup>). The cities of Lisbon (+24.3%), Porto (+21.6%) and Amadora (+17.2%), recorded the highest growth rates in relation to the same period of the previous year.

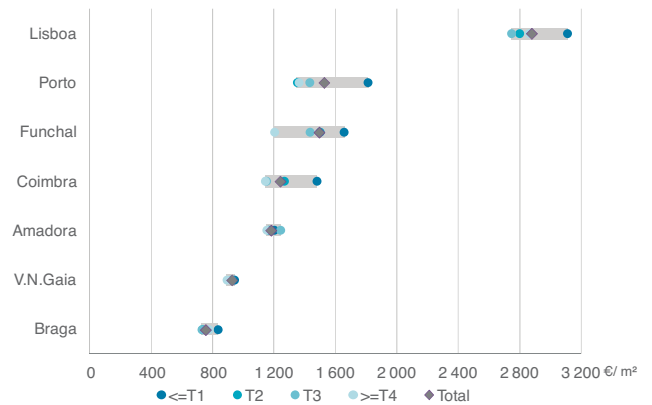
## Median sales value per m2 of family accommodation, Portugal and Major Cities, 1Q2016 – 3Q2018



## Median sales value per m2 of family accommodation by category of accommodation, Major Cities, 3Q 2018

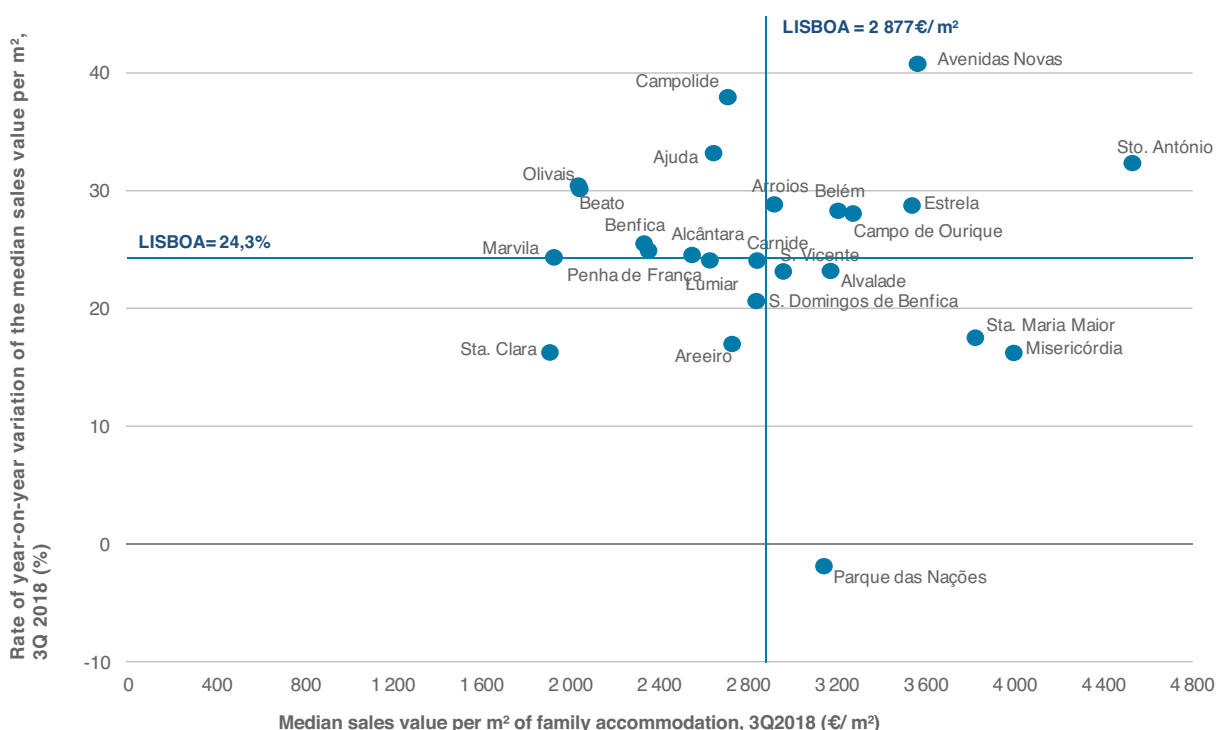


## Median sales value per m2 of family accommodation by typology of accommodation, Major Cities, 3Q 2018



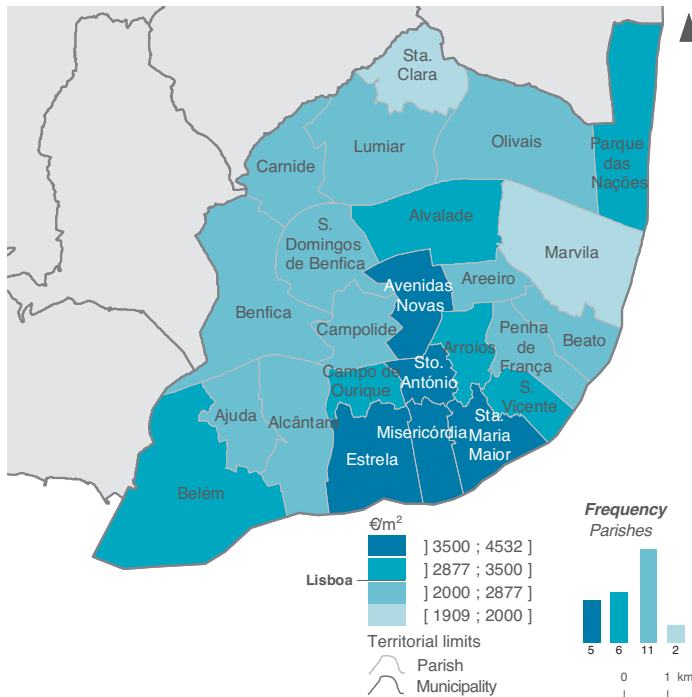
In the 3rd quarter of 2018, five of the 24 parishes of the city of Lisbon recorded median sale prices of accommodation of over 3 500 €/m<sup>2</sup>: Santo António (4 532 €/m<sup>2</sup>) – which includes the Avenida da Liberdade and adjacent areas –, Misericórdia (3 998 €/m<sup>2</sup>) – which includes the area of Bairro Alto and Cais do Sodré –, Santa Maria Maior (3 825 €/m<sup>2</sup>) - which includes the area of Castelo and Baixa/Chiado – and also, two additions relative to the previous quarter, the parishes of Avenidas Novas (3 565 €/m<sup>2</sup>) and Estrela (3 540 €/m<sup>2</sup>).

### Median value and rate of year-on-year variation of the median sales value per m<sup>2</sup>, Lisbon and parishes, 3Q 2018

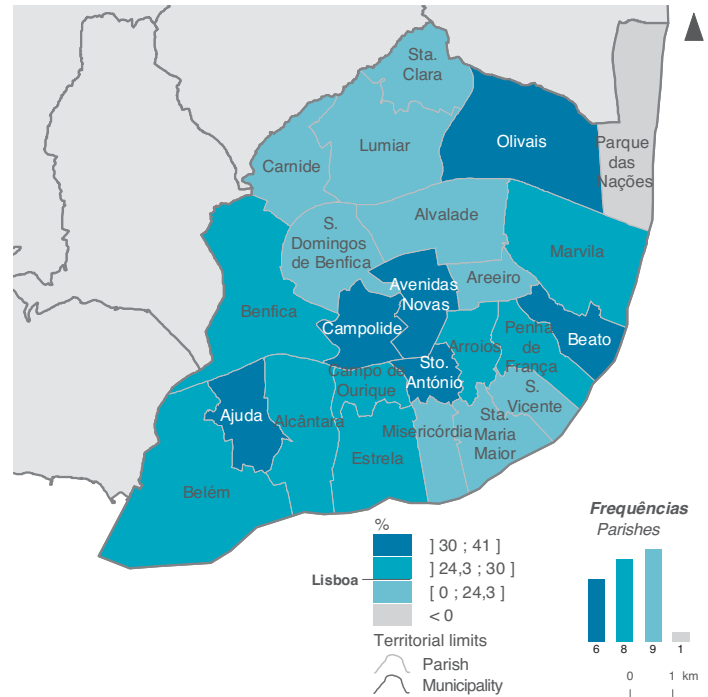


The Avenidas Novas continued to present the highest growth in prices, as in the 2nd quarter. Growth was concentrated mainly in the area to the north of the Historic Centre and in parishes where the Portuguese can still find relatively accessible prices to be able to buy. The Avenidas Novas in the 1st case, and Ajuda, Olivais and Beato in the 2nd. Santo António is already the area with the highest median value, and nevertheless continues to appear among the areas with the biggest increases.

Median sales value per m<sup>2</sup>, Lisbon and parishes, 3Q 2018



Rate of year-on-year variation of the median sales value per m<sup>2</sup>, Lisbon and parishes, 3Q 2018



## Lisbon, where will Population growth come from?

Given the stream of announcements of new real estate developments and even statements that Lisbon may in the future have 1 million inhabitants (from a mere 500.000 nowadays), one may ask where the demand will come from?

With no natural growth in the national population, and with the city's rate of population ageing, only internal or external migrations can absorb the new offer.

Among the external migrations, the one that has appeared most in the news is the ARI-golden visa program and the status of Non-Habitual Residents (NHR), but how many people does this really represent? In total, in the last two years, 5,200 "gold" visas were issued (of a total of 11,815 since 2013) and around 15,000 more Non-Habitual Residents (NHR) (which doubled in this period) from the start of the program. On the other hand, we know that, up to 2017, non-residents represented around 8 % in the market (14,100 buildings, 8,500 of which in Horizontal Property). This is for the whole country, while for the LMA (Lisbon Metropolitan Area) 3,500 acquisitions by non-residents were registered which still allows growth in the offer of new or restored homes in more expensive zones of 2,000 / year.

Since the regime was created, only 1,502 Portuguese who were living abroad and who returned to the country have benefitted from it. This is because the regime of the NHR was initially created to attract professionals in high value areas who had left the country and who wished to live here again, but it ended up by being used mostly by foreign pensioners who enjoy a tax-exempt pension and live in Portugal for part of the year.

Regarding the return of the Portuguese to the centre of the LMA, this may only come about from the conversion of dwellings into smaller units for families (with these sacrificing "internal" comfort for ease of travel and enjoyment of public space) or with new forms of shared use.

To promote this vision, this month the APPI promoted a session with Williams Johnson, ambassador of Co-Liv in Portugal and CEO of B-Hive Living and, Matthias Hollwich, an architect who specialises in these solutions:

«Lisbon needs co-living», says W. Johnson, who found a city that needs «a scalable solution for the problems of access to habitation, and a point of entry for new "Lisbon residents"», at a time when we have the largest community of digital nomads in the world. But legislation to clearly define if this is equipment or habitation is still lacking....

The architect Matthias Hollwich, of Hollwich Kushner, believes that «Lisbon has to find the specific DNA of its co-living, which is different in each city» in order to continue to be a global and competitive city. Without it, «cities will miss the boat and be less competitive».

## Co-living is not only for young people

The concept of co-living makes as much sense for young people as for the elderly, and «can make a big difference among boomers», says Hollwich.

This is because it can avoid the «segregation» of current residential or convalescent homes, and help people to «enjoy getting old». «People have to have good support in their final years, and it is the community that should do this. Everyone has to be integrated, and it is important for them to always have activities and conviviality».

A co-living senior can have specific services, places for exercise, common areas, health areas, kitchens or zones for meals: «it is everything that we already know about co-living for millennials», and this may be a solution for someone who has a house that is now too big for their needs.

Hollwich gives the example of a T2 that may have a common space in the centre, with flexibility for opening or closing the various modules of the house, renting out one of the rooms, for example, and maintaining the common area. Or installing a common kitchen, or a gymnasium, or any other type of space that makes sense for each case

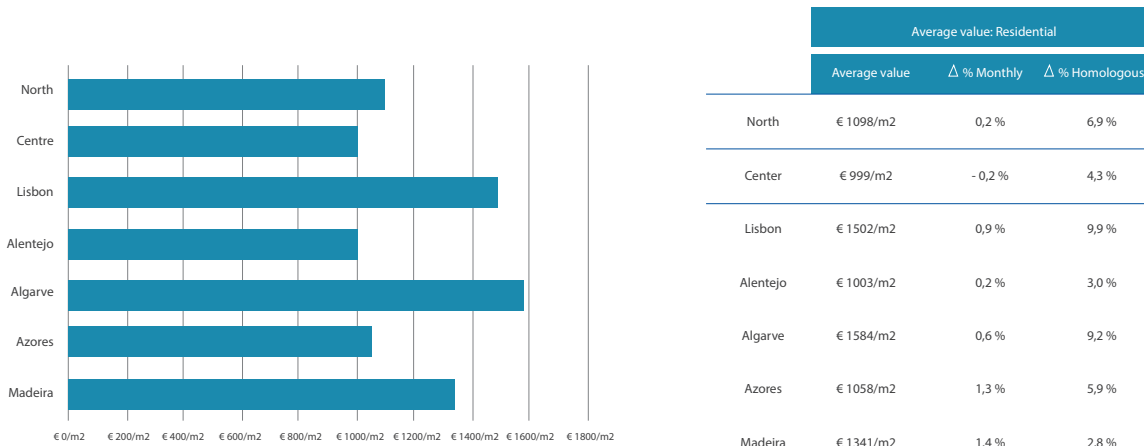
## In January the President of Portugal, enacted the Real Estate Investment Trust regime, or Portuguese REITs.

This diploma was approved by the Council of Ministers on 10 January last, and went directly up to Belém. When the news broke, the APPII stated that it was in favour of the new law, saying that this vehicle «channels international investment for real estate development, which is so necessary in our country today», also considering that this is «a proven success worldwide and represents a standardised and internationally accepted form of investment».

## Bank valuation of houses at its highest value since the first quarter of 2008

Evaluations by the banking sector have been up for 21 consecutive months. In spite of everything, the rate of year-on-year variation is somewhat lower than the variation in building prices and so it is estimated that a degree of prudence is being exercised in the concession of credit.

**Average value of Bank evaluations (€/m2) - Regions**



## Tax authorities to update location coefficients of houses for IMI

Experts will revise the location coefficients that serve as a reference for the calculation of the tax asset value of buildings.

Since the CIMI came into force, only one global zoning of the territory was approved, set out in Ordinance no. 982/2004, of 4 August, seeing that the other ordinances published in this regard (Ordinances nos. 1426/2004, of 25 of November, 1022/2006, of 20 September, 1305/2007, of 4 October, and 1119/2009, of 30 September), only made selective modifications to the zoning in force.

## President of the Chinese Community in Portugal warns that many "gold visas" are leaving

The president of the Chinese Community in Portugal Y Ping Chow considers that Portugal is not handling the policy of the "gold visas" well and warns that many Chinese are leaving the country due to the delays in the bureaucracy and the costs associated to the renewal of the documents.

## Will Lisbon Prison be a residence for students?

The details of the project are still unknown, but it is already known that Lisbon City Hall (CML) plans to turn the central building of the Lisbon Prison Establishment (EPL) into a student residence. This was confirmed by the local authority's Department of Town Planning in a written note sent, last week, by Manuel Salgado, Councillor for Town Planning, to the Lisbon Municipal Assembly (LMA), in response to a number of questions raised by the Left Block (BE) on the future of the land. The City Hall is awaiting, however, the outcome of the negotiations between the Ministry of Justice (MJ) and the public company Estamo, owner of the building. These negotiations will also produce a decision on the dimension of the portion of the other land belonging to the EPL necessary for the construction of new buildings to house the tribunals which are now located in the Justice Campus, in the Parque das Nações – and which the Ministry wants to move there. This will require the Detailed Plan of the area, approved in 2014, to be redrafted.

## Merlin purchases two office buildings in Portugal for 112 €M

The buildings are the Art and Fernão de Magalhães Tower buildings in the Parque das Nações, with a total GLA of almost 30,000 m<sup>2</sup>. Both buildings have tenants that include BNP Paribas, Huawei, Sage, DHL, Bold International and Webhelp. Merlin thus reached 100,000 m in 8 buildings of which 5 are in the Parque das Nações.



## Millennium bcp sells plots for housing in Campo de Ourique for 9 Million

Close to Amoreiras, the site that currently functions as a public parking lot may soon give rise to a residential undertaking, and is "now presented to the market, under open conditions", commented Ramiro Gomes, Head of Sales – Large Buildings South of the Bank's Specialised Credit and Real Estate Board. The bank, through this business area, will be available for "the reception of bids for this asset until 20 February", the manager added.

## Sonae Capital gains Santa Apolónia to make a 120-room hotel

Sonae Capital informed that its affiliate The House Ribeira Hotel – Exploração Hoteleira, S.A was awarded the sub-concession for the installation and running of a Hotel in the Santa Apolónia railway station building, in Lisbon, under a tender launched by IP Património – Administração e Gestão Imobiliária, S.A., The opening is planned for the first semester of 2021.

## Diploma enacted to change the Rental laws

This legislative initiative states that the minimum period of contracts will now be one year, obligatorily renewable for three years, and introduces protection against the eviction of senior or disabled tenants who live in the houses "for more than 15 years" for contracts prior to 1990 and "for more than 20 years" for contracts concluded between 1990 and 1999.

The President cautioned against "the numerous and continuous changes to a regime that should manifestly be more stable".

"These alterations, in very significantly redressing the balance of the current legal provisions on urban rentals immediately in favour of the tenants can cause, as we saw in the past, a greater constraint on the housing rental market, ultimately frustrating the interests of future tenants and also of potential landlords", stated Marcelo Rebelo de Sousa, according to a note published on the Presidency of the Republic's website.