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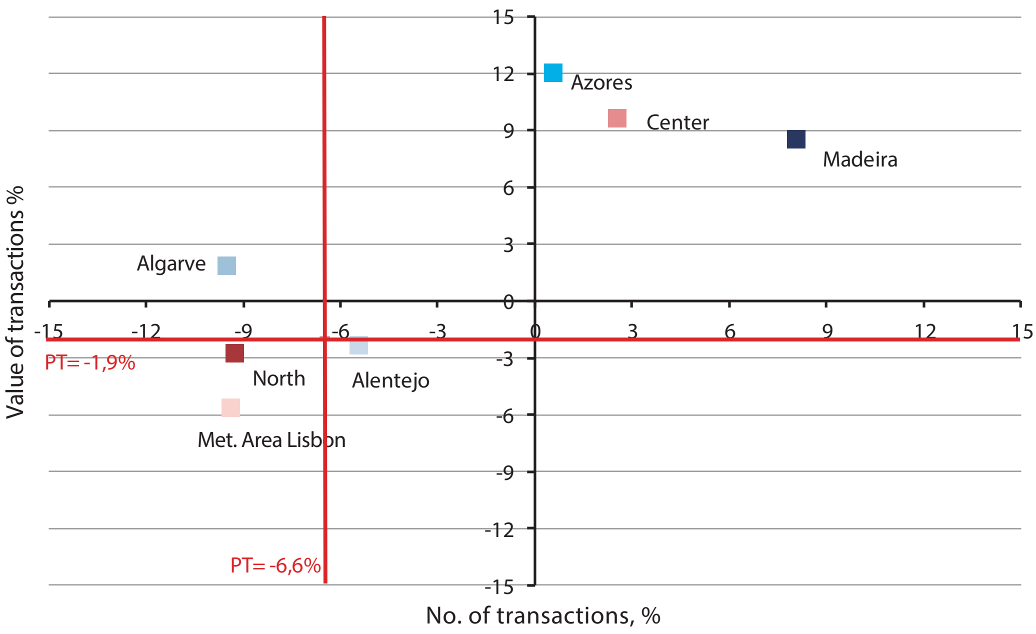
## Investment of Non-Residents in Portugal

A number of indicators from recent months was published with the statistics of the Confidencial Imobiliário SIR (Residential Information System) and SIR-RU (Residential Information System - Urban Renewal) relating to the 2nd quarter of 2019: the quarterly publication of the INE (National Statistics Institute) on 20 September relating to transactions related with accommodation concluded in the 2nd quarter, and ending on 25 September with the annual publication of investments made by non-residents.

From the joint reading of these reports we can draw the following conclusions;

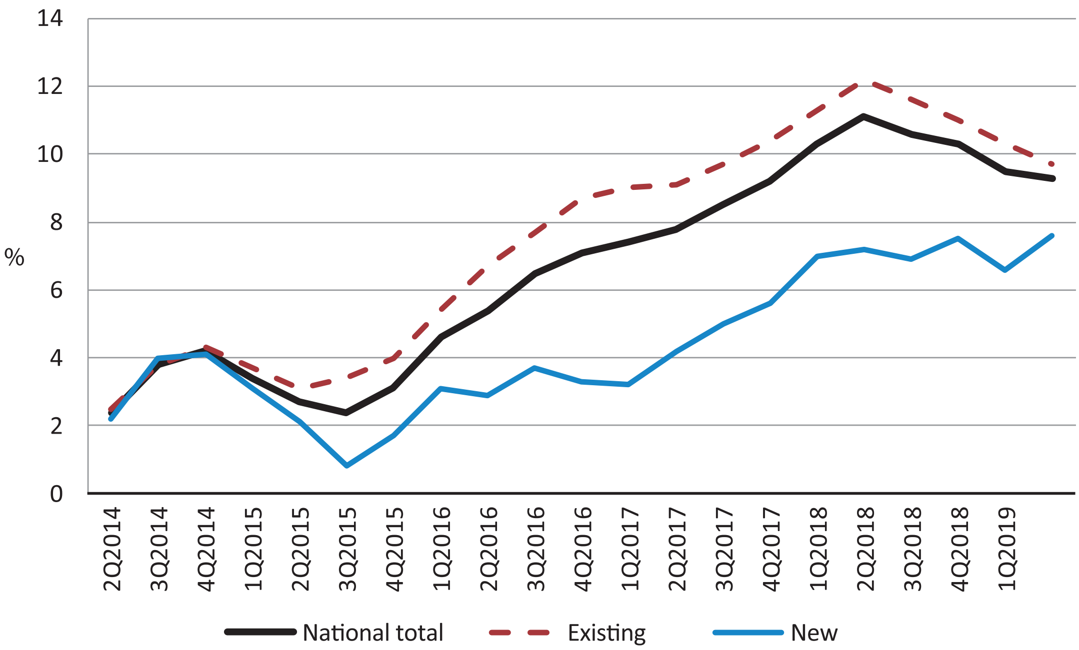
It confirms a slowdown in the number of transactions on a national level which tends, nevertheless, to stabilise at a higher level than in recent times. The slowdown was particularly felt in the Metropolitan Area of Lisbon, which has led the upwards trend since 2013. This is the first homologous reduction in the number of transactions observed since the 1st quarter of 2013.

**Rate of year-on-year variation of the indicator of the number and sale values of accommodation, by NUTS II, 2nd quarter 2019**



The price index also decelerated, a trend that has been the case for used premises for 4 quarters now, although continuing to grow above the long term trend.

**Average variation of the HPI, 2Q2014 - 2Q2019**




In the SIR database, where the variation in the total number of buildings traded is not yet noted, the most significant aspect is the increase in the number of new buildings in it. These now represent more than 20% of total transactions registered in this database.

However, in the SIR-RU database, covering 17 parishes of Lisbon, we see a completely different picture. The fall in the number of transactions has been clear since the peak was reached in the 2nd quarter of 2018. The reduction in this period is generalised (-30%) returning to the levels of 2016/2017. The Deeds of Sale of new buildings and/or with major rehabilitation also slowed, which can suggest the exhaustion of the previous stock and also known delays in the pipeline for the conclusion of undertakings due to the reduced productive capacity of the construction sector.

The INE report on the purchases of non-residents showed no change in relation to the first disclosure made last year. In terms of the market, this segment continues to represent close to 7 to 8% in number and 12 to 13% in value compared with the maximum of 2014 (15%). The LMA rose from 8 to 11.5% coming closer to the national average (13%). The Algarve (37%), the West (19 %) and the Alentejo coast (14%) stand out due to their attraction for the "Sun, Surf & Golf" segment.

19.7% of the total value of the buildings sold in Portugal to non-residents corresponded to sales to residents in France, followed by the United Kingdom (16.9%), Brazil (8.3%), China (5.1%) and Germany (4.9%). In terms of the number of buildings traded, France continues to dominate (with around 5 600 buildings, 28.2% of the total), followed by the United Kingdom (around 3 000 buildings, representing 14.9%), Switzerland (7.7%), Germany (6.0%) and Brazil (4.9%). French investors therefore represent the most diversified base in regional terms and in terms of values of buildings acquired.

**Main countries of residence of non-resident purchasers, in value traded (and percentage of the total of acquisitions by non-residents (2012 to 2018)**

| Ordenação | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| 1º | United Kingdom (23,7%) | China (18,9%) | China (29,4%) | United Kingdom (20,6%) | France (19,6%) | France (19,6%) | France (19,7%) |
| 2º | France (14,9%) | United Kingdom (17,9%) | France (16,6%) | France (17,9%) | United Kingdom (19,3%) | United Kingdom (16,2%) | United Kingdom (16,9%) |
| 3º | Germany (7,1%) | France (14,2%) | United Kingdom (15,3%) | China (14,4%) | China (6,3%) | Brazil (6,9%) | Brazil (8,3%) |
| 4º | Switzerland (5,7%) | Switzerland (4,7%) | Brazil (4,2%) | Brazil (6,2%) | Spain (6,2%) | China (6,3%) | China (5,1%) |
| 5º | Angola (4,9%) | Germany (4,5%) | Switzerland (3,9%) | Switzerland (5,1%) | Switzerland (4,9%) | Switzerland (5,5%) | Germany (4,9%) |
| Total of the top 5 | **56,3%** | **60,3%** | **69,3%** | **64,2** | **56,4%** | **54,5%** | **54,8%** |

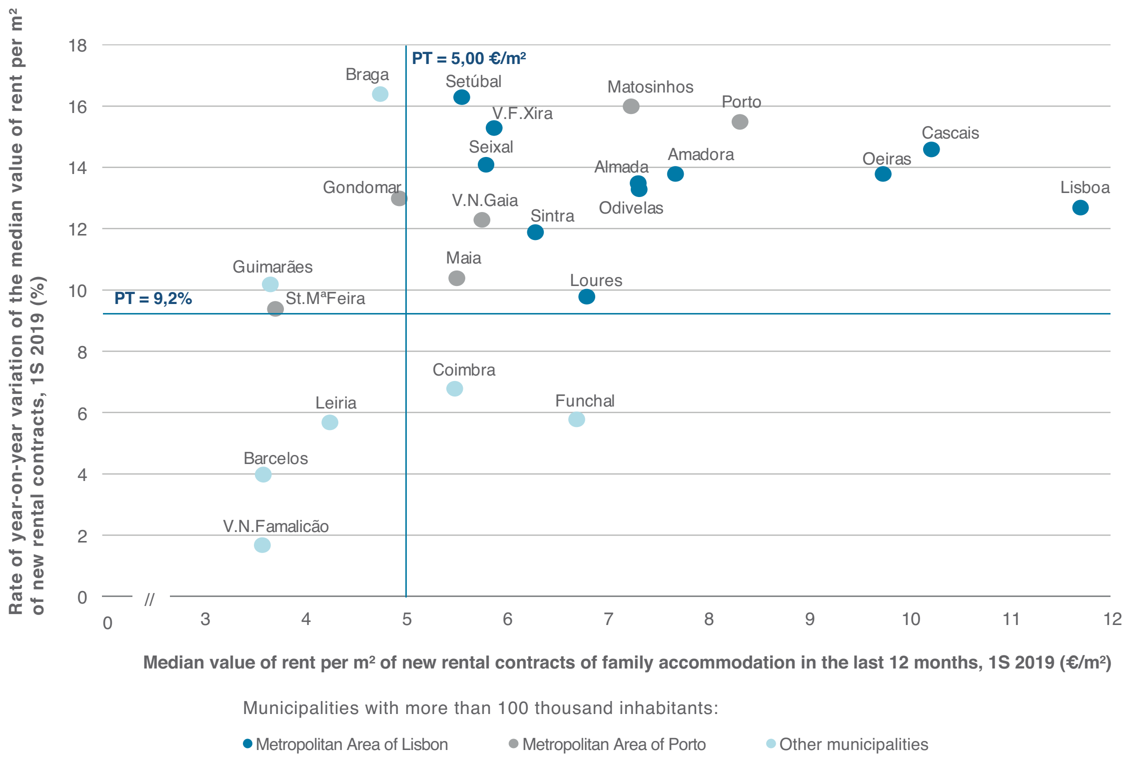
Font: Directorate-General of the Ministry of Justice's Policy on Justice

## Statistics of Housing Rents at local level: 1st semester of 2019

This relatively recent indicator has become more important seeing that it was adopted as a benchmark for the calculation of rental contracts that could come under the Affordable Rent Program.

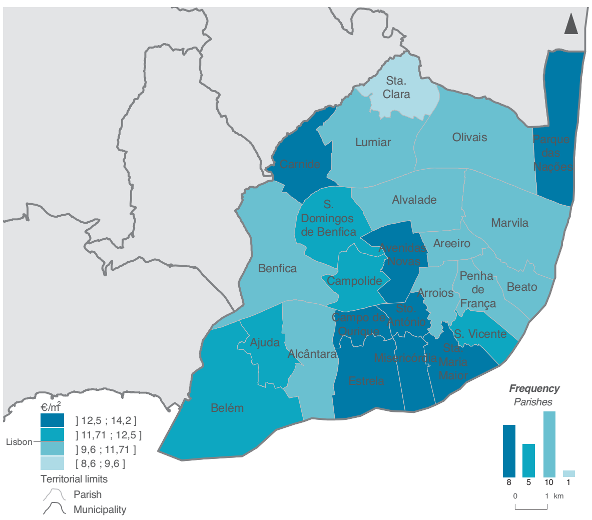
In the period under review, 37 municipalities, located mostly in the Metropolitan Area of Lisbon and in the Algarve, had a median value higher than the national benchmark. Lisbon had the highest rental value in the country (11.71 €/m2), and with values equal to or more than 7 €/m2 this was followed by Cascais (10.23 €/m2), Oeiras (9.75 €/ m2), Porto (8.33 €/m2), Amadora (7.69 €/m2), Odivelas (7.33 €/m2), Almada (7.32 €/m2) and Matosinhos (7.25 €/m2).

Although Lisbon had the highest absolute value of rents, it was no longer the municipality where these rose most:

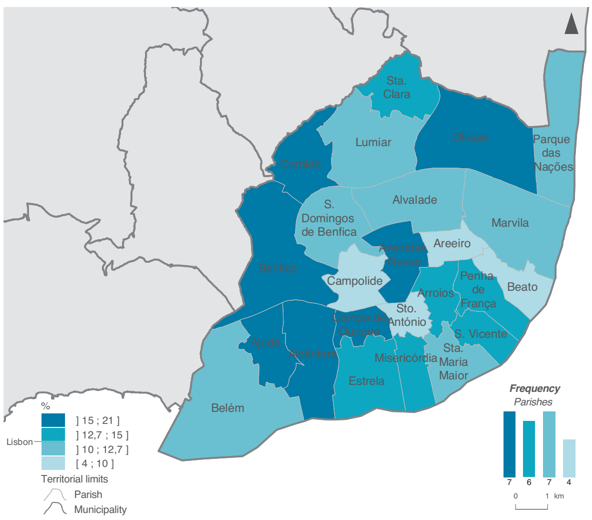



In Lisbon, with the exception of the Avenidas Novas and Campo de Ourique, which maintained high rates of variation, it was the more peripheral parishes that saw the highest price increase: Carnide, Benfica, Ajuda, Alcântara, Olivais.

**Median value of rent per m² of new rental contracts of family accommodation, Lisbon and parishes, 1S 2019**




**Rate of year-on-year variation of the median value of rent per m2 of new rental contracts of family accommodation, Lisbon and parishes, 1S 2019**



| Dsg Parish | Median value of rent per m² of new rental contracts of family accommodation in the last 12 months (€) 1S 2019 | Rate of Year-on-Year variation |
|---|---|---|
| Lisbon | 11,71 | 12,7 |
| Santo António | 14,12 | 7,8 |
| Misericórdia | 14,03 | 13,8 |
| Parque das Nações | 13,67 | 11,3 |
| Estrela | 13,34 | 12,8 |
| Carnide | 13,21 | 20,5 |
| Avenidas Novas | 13,16 | 20,1 |
| Santa Maria Maior | 13,16 | 12,5 |
| Campo de Ourique | 13,08 | 15,2 |
| São Vicente | 12,38 | 13,4 |
| Belém | 12,09 | 12,3 |
| Campolide | 12,07 | 4,4 |
| São Domingos de Benfica | 11,93 | 10,6 |
| Ajuda | 11,91 | 19,1 |
| Alvalade | 11,59 | 11,7 |
| Alcântara | 11,44 | 18,4 |
| Areeiro | 11,22 | 7,5 |
| Arroios | 11,00 | 12,8 |
| Benfica | 10,89 | 17,6 |
| Olivais | 10,82 | 16,5 |
| Penha de França | 10,80 | 12,8 |
| Lumiar | 10,72 | 11,5 |
| Beato | 10,00 | 4,5 |
| Marvila | 9,96 | 10,7 |
| Santa Clara | 8,63 | 12,9 |