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Monthly Report | Real Estate Market | September 2020



Lisboa | Linha de Cascais | Ribatejo | Master Minas Gerais, Brasil

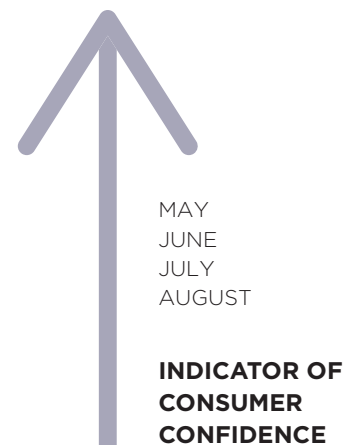


Confidence and activity recover from the minimums in April

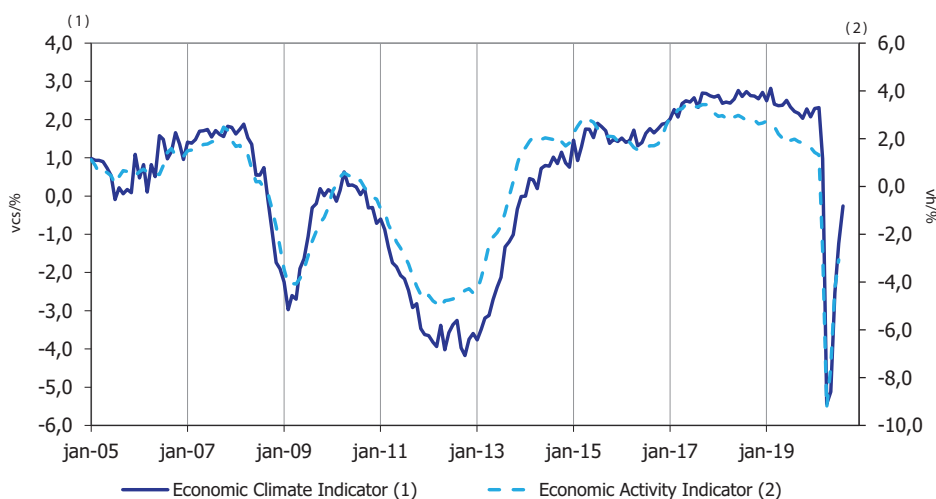
In Portugal, economic activity has been declining significantly but progressively less intensely between June and August, after having lessened in the previous month, with the Economic Climate Indicator having continued to recover in August, like the three previous months, from the steep reductions in April.

Confidence indicators increased in all sectors of activity, more significantly in Services and Commerce, also recovering in Construction and Public Works and in Manufacturing Industry.

Source: INE



Economic Overview Indicators



Behaviour of the residential property market

Diverse statistical indicators on the behaviour of the residential property market were published in the 2nd fortnight of September. In the case of the INE, covering the whole universe of transactions, relating to the 2nd quarter and, regarding the Confidencial Imobiliário's Databases SIR (professional market) and SIR-RU (restricted to the city of Lisbon in scope), already for the quarter ending in August. From the set of indicators that were published, we can draw the following conclusion:



+ number of transactions

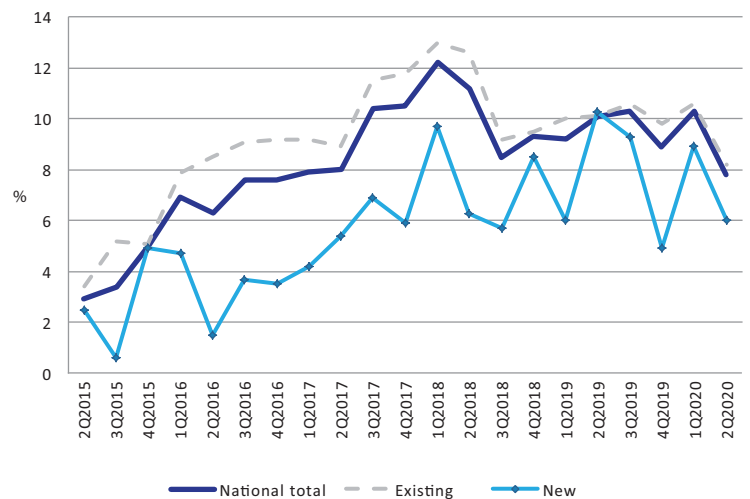
= value of transactions

OFFER > DEMAND

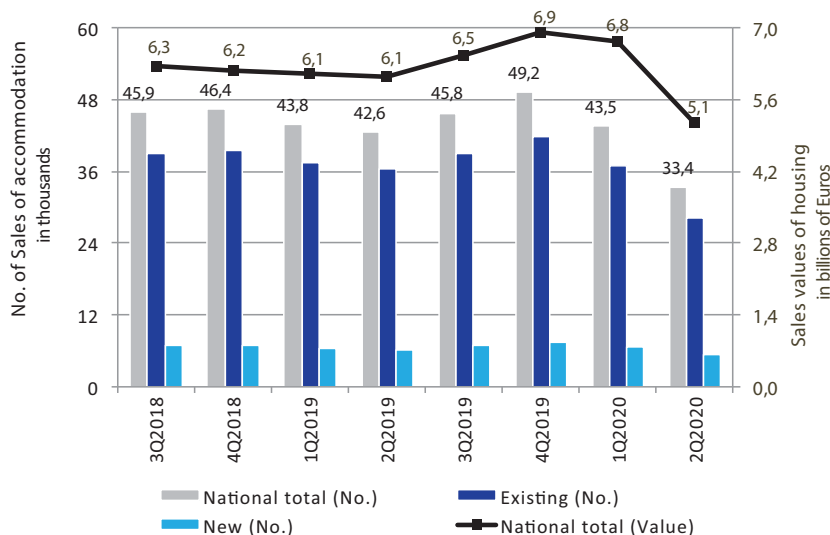
- Up to the 2nd quarter the adjustment in the market came about essentially from the **reduction in the no. of transactions** with no immediate effect on price (this conclusion had already been inferred at the time of the publication of the SIR in July and was now confirmed by the INE) or rather, demand was lower with supply having resisted any adjustment in price, preferring to defer the sale. More significant than the year-on-year variation which dropped from the previous 10.3% to 7.8% was the close-to-zero change (0.8%) of the national price index in the last quarter.

Between April and June 2020, 33 398 accommodations were traded worth a total value of 5.1 billion Euros, which represents a reduction, compared to the same period of the previous year, of 21.6% and 15.2%, respectively. By months, April was the one that registered the steepest reduction in transactions, 35.2% in number and 25.0% in value. In May and June the variations were less negative, of -22.0% and -7.6% respectively, in number of transactions, and -14.2% and -7.0% of the respective value, by the same order.

Housing price index, Rate of year-on-year variation, 2Q2015 - 2Q2020



Indicator of the number and sales values of housing, national total, existing and new, 3Q2018 - 2Q2020





Now, the accumulated indicators of August of the SIR-Ci database give a more dynamic vision of the strong oscillation of volumes in the whole country and which was especially felt in the centre of Lisbon.

In the LMA, the fall in volumes that had reached around 40% in the 2nd quarter recovered more than 20% in July and again in August (+11%) ending the month already close to 90% of the pre-pandemic level. However, in Lisbon, this level is still 66% while other municipalities (among which are, given their size, Sintra, Almada, Seixal and Setúbal) are already at higher levels than that of the 1st quarter. The speed of the recovery in the professional market that produces these indicators presented even raised the question of knowing if this recovery would extend to the market in general or if it faster in reacting to the constraints, gaining market share. This will be confirmed, or not, in the 4th quarter of 2020.

LMA

20%

recovery
in July

+11%

recovery
in August

87%

from the
pre-pandemic
level

	2020 / 1ºQ	2020 / 2ºQ	2020/August	Vs July	Vs 2ºQ	Vs 1ºQ
Metropolitan Area of Lisbon						
Total	15 422	9 741	13 404	+11%	+38%	-13%
Cascais	1 165	673	936	+6%	+39%	-20%
Lisbon	3 700	1 918	2 445	8%	27%	-34%
Loures	837	556	767	14%	38%	-8%
Mafra	381	190	345	25%	82%	-9%
Oeiras	919	537	867	21%	61%	-6%
Sintra	2 202	1 675	2 249	8%	34%	+2%
VF de Xira	711	584	767	23%	31%	+8%
Amadora	816	513	688	6%	34%	-16%
Odivelas	863	440	544	3%	24%	-37%
Alcochete	47	48	43	26%	-10%	-9%
Almada	927	746	921	7%	23%	-1%
Barreiro	369	137	212	15%	55%	-43%
Moita	201	122	161	-11%	32%	-20%
Montijo	183	127	158	1%	24%	-14%
Palmela	339	216	305	6%	41%	-10%
Seixal	813	616	877	15%	42%	+8%
Sesimbra	273	237	319	6%	35%	+17%
Setúbal	676	406	800	27%	97%	+18%





2020 vs previous years:

For the SIR-RU, covering most of Lisbon, we reproduce Confidential Imobiliário's comment here:

“Analysing the dynamics of the last three months (ending in July), compared to the three previous months, we observe that in the case of the centre of Lisbon the market registered an **increase of 7% in number of transactions, totalling 1,016 deals**. In spite of this increase, **the market is 32% below the level reached in the last quarter of 2019**.

The least dynamic sector is still that of new promotions (measured by the homes with an energy rating of A+ a B-) in which, given that it is relatively more geared towards international demand, the number of transactions was 15% of the previous quarter. The lower activity in this market leads to an **apparent fall in average prices generated, which went down 4% in general terms**. However, this behaviour **contrasts with that observed in the segment of used accommodation, which grew 13%**. In parallel, for example in the case of class C homes, the average prices generated increased by a significant 12% (simple averages, without adjustment of quality).”

 **4%**
average price
new segment

 **13%**
average price
used segment

2019

8,5%

Acquisition by
Non-Residents

13,3%

of the value
traded

-2%

in relation to
2017 and 2018

Still in relation to **international demand**, the data for the purchases (in 2019) by “Non-Residents” and non “foreigners” were published, it being apparent from the numbers that there is a strong presence in the market of emigration in these statistics: thus the relevance in terms of numbers in the market of residents in France, for example, and the geographic dispersion of the purchases (the market of Portuguese who miss Portugal and want to return to their origins). The representativeness of this market in the total did not change in relation to 2018.

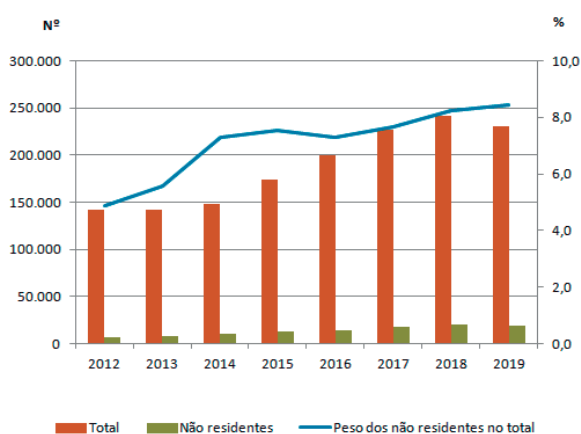
In 2019, **8.5% of the buildings traded in Portugal were sold to non-residents**, corresponding to 13.3% of the total value traded (8.2% and 13.0%, respectively in 2018). After the significant increases, both in number and in value in the previous years (+14.5% and 19.2% in number and +22.2% and 22.6% in value, respectively in 2018 and 2017), in 2019 the number of buildings acquired by non-residents reduced by 2.0%, and increased only by 1.0% in value.



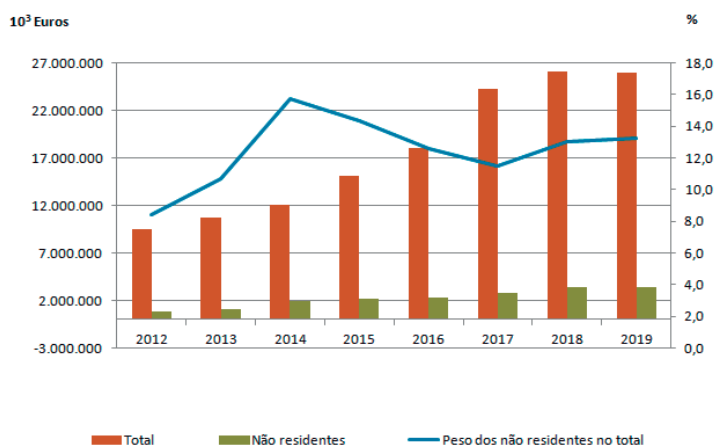
The average value of the buildings acquired by non-residents by price equal to or greater than 500 000€ reached 923 016€, increasing 3.2% over 2018.

The Algarve overtook the Metropolitan Area of Lisbon, having represented 37.7% of the value of acquisitions by non-residents (35.8% in the LMA), as a result of the respective variations of +6.1% and -8.5% compared to 2018.

Evolution of the number of buildings traded - total and acquired by non-residents (2012-2019)



Evolution of the value of the buildings traded - total and acquired by non-residents (2012-2019)



Buildings acquired by non-residents, by layer of unit value, in Portugal (2012-2019)

Year	Total buildings acquired by non-residents			Buildings acquired by non-residents with a unit value ≥500,000€			Importance of buildings with a unit value ≥500,000€ totalling buildings acquired by non-residents		Importance of the acquisitions of non-residents in the total country	
	No.	Total value (10³ €)	Average value (€)	No.	Total value (10³ €)	Average value (€)	No.	Total value	No.	Total value
2012	6.902	798.484	115.689	205	219.515	1.070.807	3,0	27,5	4,9	8,4
2013	7.926	1.137.532	143.519	528	410.014	776.542	6,7	36,0	5,6	10,7
2014	10.814	1.907.432	176.385	1.128	827.938	733.988	10,4	43,4	7,3	15,7
2015	13.104	2.176.454	166.091	1.043	864.392	828.756	8,0	39,7	7,5	14,4
2016	14.592	2.275.494	155.941	908	824.266	907.782	6,2	36,2	7,3	12,5
2017	17.388	2.789.156	160.407	1.185	1.012.039	854.041	6,8	36,3	7,7	11,5
2018	19.912	3.408.487	171.178	1.434	1.282.173	894.123	7,2	37,6	8,2	13,0
2019	19.520	3.443.898	176.429	1.462	1.349.450	923.016	7,5	39,2	8,5	13,3

Fonte: Direção-Geral da Política de Justiça do Ministério da Justiça



Main countries of residence of non-resident purchasers (2019)

Order (value)	Country	No. of buildings	Total value of the buildings (103 Euros)	Average value of the buildings (€)	Importance of the value in the total acquisitions of non-residents
1*	França	5 405	623 558	115 367	18,1
2*	Reino Unido	2 615	595 463	227 710	17,3
3*	Brasil	982	265 982	268 127	7,7
4*	Alemanha	1 275	197 041	154 542	5,7
5*	China	443	165 271	373 071	4,8
6*	Suíça	1 426	155 596	109 114	4,5
7*	Estados Unidos	767	145 368	189 528	4,2
8*	Bélgica	819	123 983	151 383	3,6
9*	Espanha	538	102 438	190 406	3,0
10*	Países Baixos	669	100 137	149 682	2,9
Total dos 10 principais		14 949	2 474 835	165 552	71,9%

Fonte: Direção-Geral da Política de Justiça do Ministério da Justiça

Main countries of residence of the non-resident purchasers, in value traded (and weight in the total acquisitions of non-residents) - (2012-2019)

Order	2012	2013	2014	2015	2016	2017	2018	2019
1*	Reino Unido (23,7%)	China (18,9%)	China (29,4%)	Reino Unido (20,6%)	França (19,6%)	França (19,6%)	França (19,7%)	França (18,1%)
2*	França (14,9%)	Reino Unido (17,9%)	França (16,6%)	França (17,3%)	Reino Unido (19,3%)	Reino Unido (16,2%)	Reino Unido (16,9%)	Reino Unido (17,3%)
3*	Alemanha (7,1%)	França (14,2%)	Reino Unido (15,3%)	China (14,4%)	China (6,3%)	Brasil (6,9%)	Brasil (8,3%)	Brasil (7,7%)
4*	Suíça (5,7%)	Suíça (4,7%)	Brasil (4,2%)	Brasil (6,2%)	Espanha (6,2%)	China (6,3%)	China (5,1%)	Alemanha (5,7%)
5*	Angola (4,9%)	Alemanha (4,5%)	Suíça (3,9%)	Suíça (5,1%)	Suíça (4,9%)	Suíça (5,5%)	Alemanha (4,9%)	China (4,8%)
Total dos 5 principais	56,3%	60,3%	69,3%	64,2%	56,4%	54,5%	54,8%	53,6%

Fonte: Direção-Geral da Política de Justiça do Ministério da Justiça

Rental

No. of contracts rises, rental values fall in the most important cities, but still rise on the outskirts.

In the 1st semester of 2020, the **median value of the rentals of the 74 088 new rental contracts for family accommodation in Portugal reached 5.47 €/m²**, increasing by 9.4% in number compared with the same period a year earlier. For the first time, from the start of the series (2nd semester of 2017), there was an increase in the number of new contracts concluded in relation to the same period of the previous year: +3.8% (-6.4% in the previous semester).

1st quarter

5,47 €/m²

Average price of rentals

+9,4% compared to the same period of the previous year



Like previous semesters, the Metropolitan Area of Lisbon concentrated around a third of the new rental contracts (24 185).

The municipality of Lisbon registered the most rental contracts of the country, 6 841 new contracts concluded in the last 12 months, +9.1% than in the same period of the previous year.

In the 2nd quarter of 2020, there was a reduction in the median rental value compared with the same period a year earlier in 12 of the 24 municipalities with more than 100 thousand inhabitants. In the metropolitan areas, the ones that stood out with higher values for new rental contracts and simultaneously with an homologous reduction of median rentals, were the municipalities of Cascais (with a variation of -10.1%), Lisbon (-6.4%), Porto (-1.1%), and Oeiras (-0.1%). Conversely, some municipalities to the north of Lisbon (Sintra, Amadora, Loures, Odivelas) continued to display growth.

12
municipalities

2nd quarter
reduction in the median rental value

Now in terms of analysis by parish, one could say that the values in the historic zone resisted the effects of the pandemic on tourism quite well (with the exception of S.Vicente), but the fall in values motivated by the change of buildings from Local Accommodation to this market is still not clear.

Median rental value per m² of new rental contracts of family accommodation, Lisbon and parishes, 1S 2020

Rate of year-on-year variation of the median rental value per m² of new rental contracts of family accommodation, Lisbon and parishes, 1S 2020

