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Monthly Report | Real Estate Market | July 2021



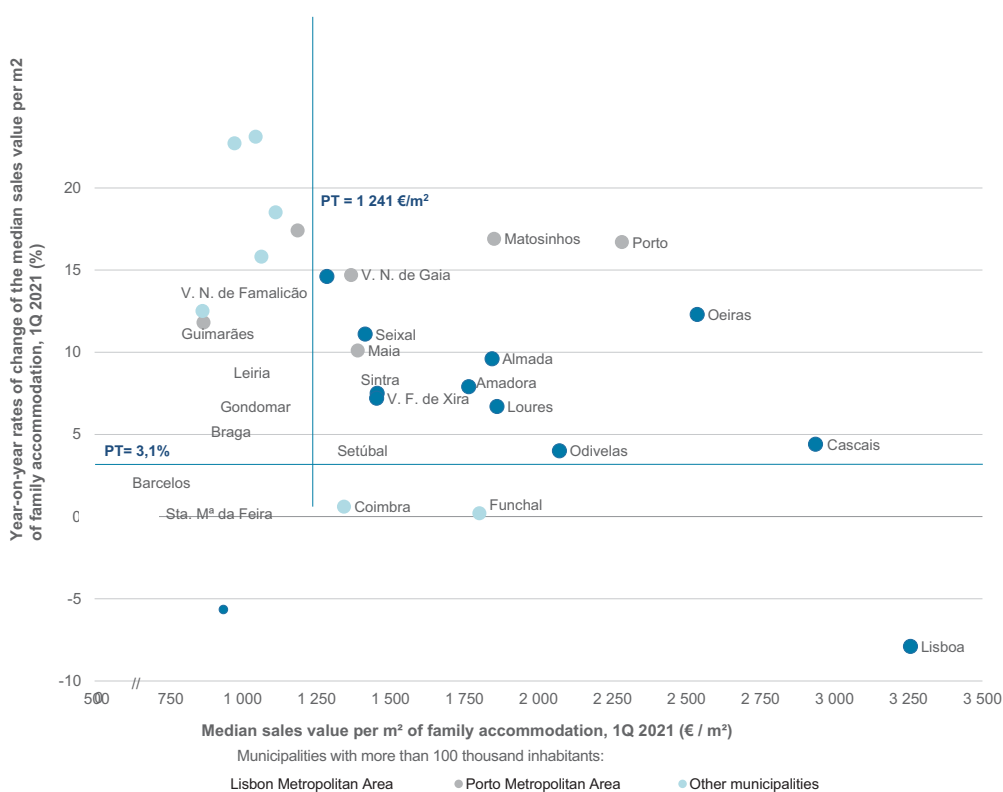
Lisboa | Linha de Cascais | Ribatejo | Master Minas Gerais, Brasil



Falling prices in Lisbon?

It was headline news that prices in the capital fell by 7.9% in the last year. This is not the feeling felt by operators in both the used and new property markets, so what does this fall mean?

Value and year-on-year rate of change of the median sales value per m² of family accommodation, Portugal and municipalities with more than 100 thousand inhabitants, 1Q 2021



In fact this National Statistics Institute indicator (Housing Statistics at local level) is not and is not intended to be a price index. It is rather an indicator that measures the median of total transactions (measured by deeds concluded, therefore with a time difference in relation to when the deal was closed) in a given period. In this way, for example, if there are more new properties sold in a quarter than used ones, the median will tend to rise and vice-versa.



Similarly, if the new buildings which are being deeded in the following quarters / years are of large developments outside the historic centre, the median may fall as they can be compared with other periods when new/rehabilitated properties were all located in more upmarket areas.

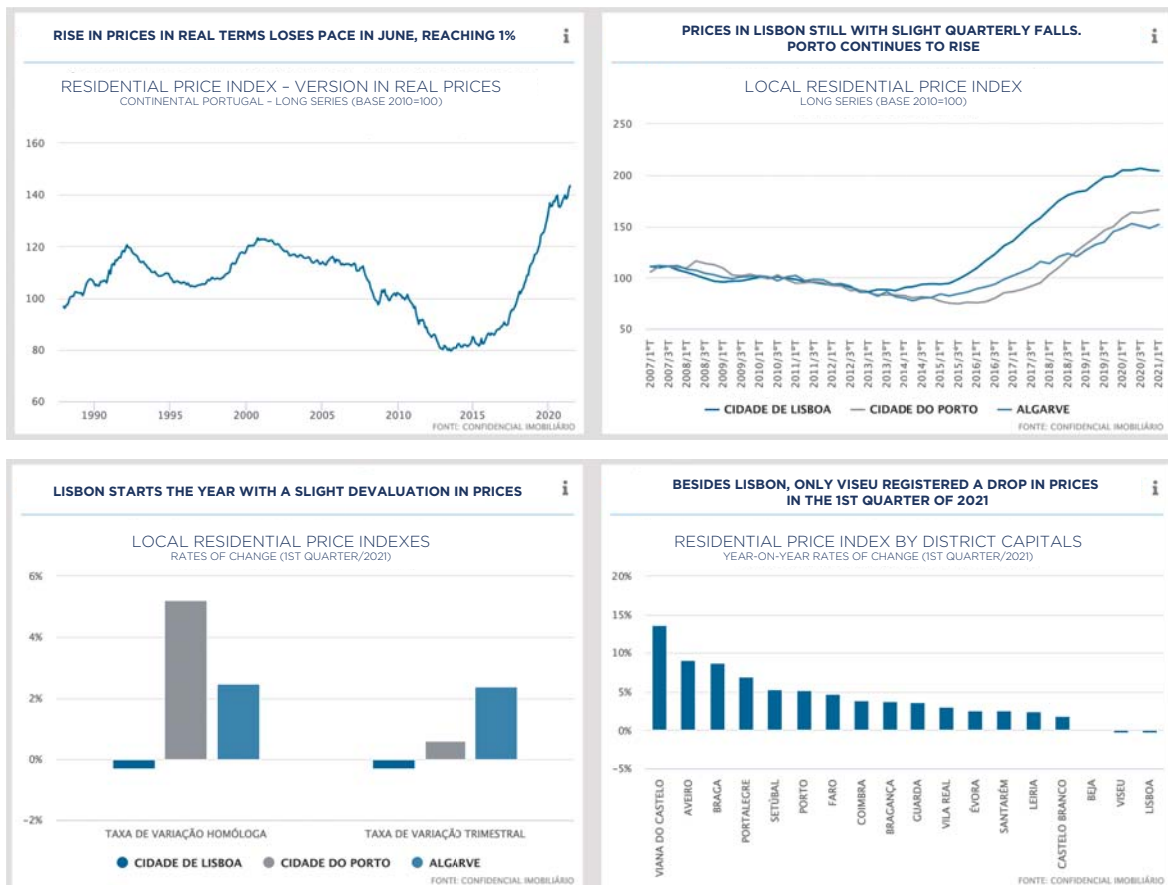
There were, however, fewer deeds concluded, so everything will depend on the total effect of all these components that influence the overall median.

The calculation of a price index attempts to measure the variation in the price of a property with the same characteristics (location, state of use, etc...) over time. The National Statistics Institute (INE) only publishes this index for the Portuguese market as a whole.

This index has always been positive, but it clearly aggregates very different realities, although since 2014 it does distinguish between new and existing properties.

Confidencial Imobiliário, meanwhile, compiles indexes for some of the main cities. The index in Lisbon has remained relatively stable between 204 and 206 since the 1st quarter of 2020. In short, there are no perfect benchmarks, although some can be more detailed and a better measure a given reality (but only that one). Everything should be read over a longer time frame that will "smooth out" variations in short-term sample characteristics.

Source: Confidencial Imobiliário





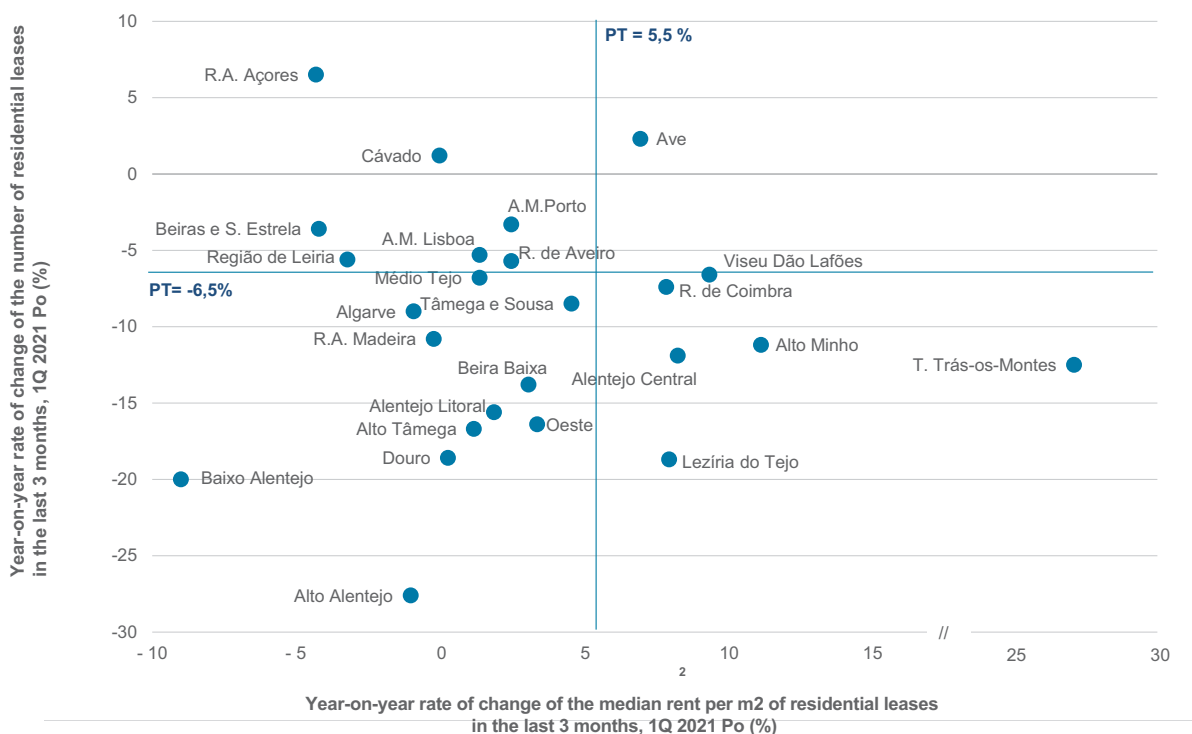
The last CRS data, relating to the 2nd semester, project that in the city of Lisbon there was growth of over 20% in the number of sales compared with the previous quarter and simultaneously a considerable price stability in comparable properties, but a fact that overall averages (or medians) sometimes distort.

Residencial Leases - INE

The National Statistics Institute started to publish results on a quarterly basis, considering new contracts registered in the last 3 months.

In the 1st quarter of 2021, the number of new contracts in the country was less than that registered in the same quarter of 2020 (20 830 new contracts). In the 1st quarter of 2021 the median rent increased in 17 of the 25 NUTS III sub-regions, with the regions with the greater number of contracts, namely the LMA and PMA, showing increases between 0 and 5%.

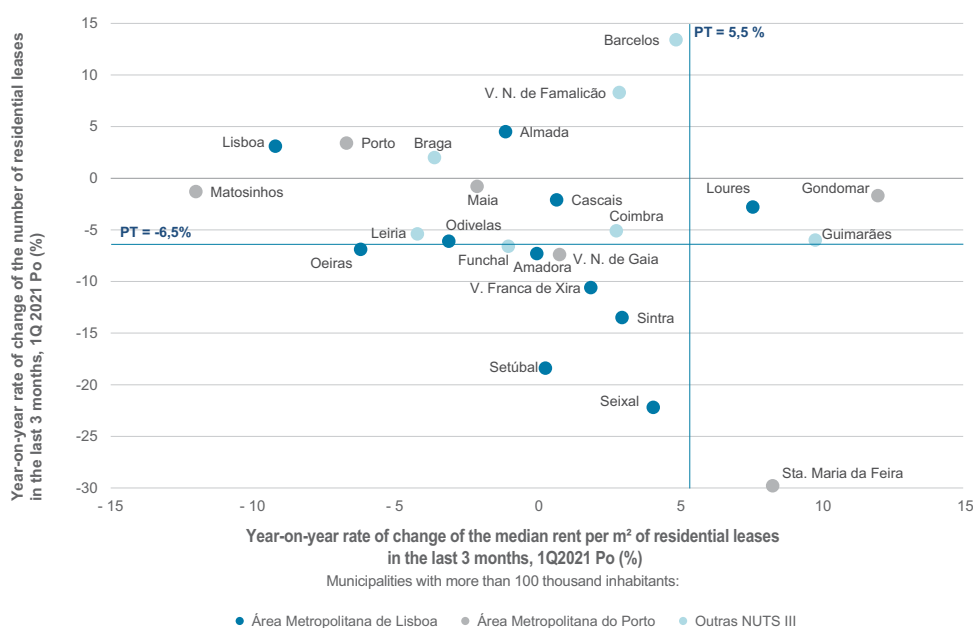
Year-on-year rates of change of the median rent per m2, and of the number of residential leases in Portugal and NUTS III in the 1Q 2021 Po



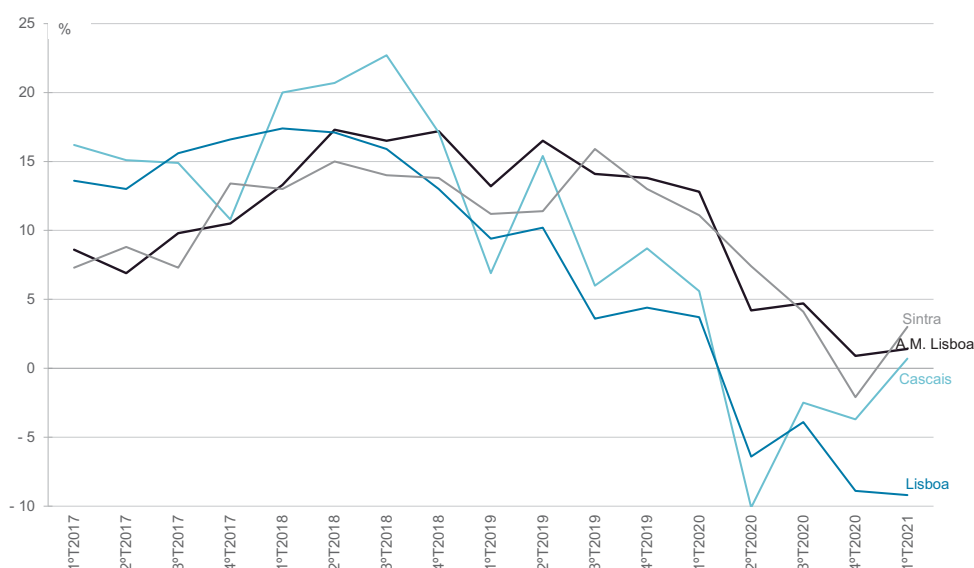


If the analysis is made in relation to the cities included in the study (>100,000 inhabitants), the drop in Lisbon (-10%), Porto, Oeiras and Odivelas should be highlighted, with the first 3 repeating the behaviour already observed in the 4th quarter of 2020. With market interest rates at current levels, both in the short and long term, the tendency will be for the downward pressure on yields to continue.

Year-on-year rates of change of the median rent per m2 and of the number of residential leases in Portugal and Municipalities with more than 100 thousand inhabitants in 1Q 2021 Po



Year-on-year rate of change of the median rent per m2 of residential leases, Lisbon Metropolitan Area, Lisbon, Sintra and Cascais, 1Q 2017 - 1Q 2021 Po





Lisbon City Hall has implemented changes to urban planning procedures that promise to speed up licensing processes by several months.

Statements were made during the new cycle of webinars “O Roteiro da Retoma” (“Getting Back on Track”), promoted by the APPII, announcing new urban planning measures, like the reinforcement of the allocation of engineers and architects for the supervision of urban licensing processes.

The local authority wants to focus on making planners more responsible. From now on, “the engineers who assessed technical projects will be mobilised for supervision», On the other hand, around 30 people were reallocated to accelerate previous projects appraisal.

The local council will «rely on the declarations of the project coordinator, who takes on a central role in this system. This will allow the appraisal of engineering facilities/utilities to be reduced from months to a couple of weeks. The measure now announced takes place in parallel with the process of simplifying the urban licensing process, which also includes the recently launched Digital Urban Planning Platform.

With regard to market dynamics, the Council stated that licensing applications fell in the month of March, compared to the same month last year, due to the Covid-19 pandemic, but the number for the month of April was very similar to that of the same period of the previous year.





Dynamic office market

Jamestown buys Entrepuesto block for €98M

Jamestown, a global real estate investment and management company, has just announced the acquisition of the JQOne office building in the former Entrepuesto block, a total of 48,000 square metres, for 98 million Euros.

