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Monthly report | Real estate market | October 2020



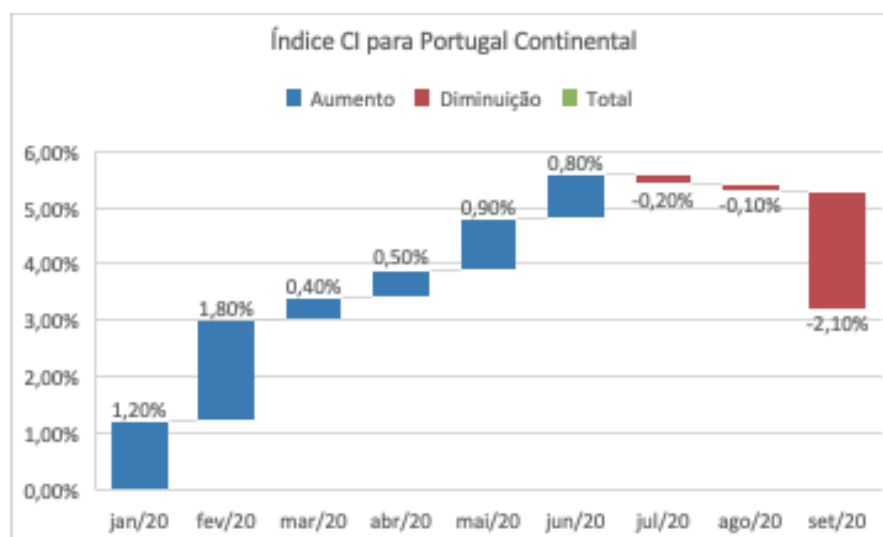
Lisboa | Linha de Cascais | Ribatejo | Master Minas Gerais, Brasil



## Confidencial Imobiliário Price Index

The Confidencial Imobiliário Price Index (Continental Portugal) dropped 2.1% in September compared to the previous month, bucking the stabilising trend experienced since the start of the pandemic. Except for residual negative variations of no more than -0.3%, this is also the first decrease since September 2015.

It is also one of the sharpest monthly decreases in house prices since 2007, only surpassed by the variation of -2.2% in May 2011.



## Recovery of the professional market

Confidencial Imobiliário published numbers for September that confirm a recovery in the professional market in volume to levels close to those of the pre-pandemic period.

The accumulated number of transactions in Lisbon fully recovered back to the level of the 1st quarter in the used housing market and already to very similar values in the new housing market, which could be considered even more surprising.

new  
market



used  
market



**In terms of analysis by parish** in Lisbon, in the used housing market, in addition to the **almost general increase in the no. of transactions**, we should note differences between parishes that recovered both in no. and in value (Santa Maria Maior, Misericórdia, Avenidas Novas) and others only in no. (Arroios, Benfica) and also others where the recovery has not yet begun (Santo António, P. das Nações, Sta Clara, Marvila).

In the Metropolitan Area of Lisbon, and with the exception of Amadora, Odivelas and Barreiro, all the municipalities reported a **higher number of sales than in the 1st quarter** particularly on the south bank (Setúbal, Sesimbra, Seixal and Alcochete all with increases of more than 30% in the used market) while in the new housing market it was the municipalities north of the Tagus that presented higher increases (Oeiras, Sintra, Loures, Vila Franca de Xira).

The recovery in the market in Lisbon and of new buildings in general meant that the average value per apartment in the LMA partially recovered from the sharp drop in the 2nd quarter (from -19% to -13%).

It should also be noted that on the supply side there was a marked increase over the 2nd quarter in the used building market, proof of the successful adaptation by real estate agents to the new constraints concerning contact with the owners.

**+30%**

used market on  
the south bank



**LMA**

average value  
transacted in  
the new  
housing market

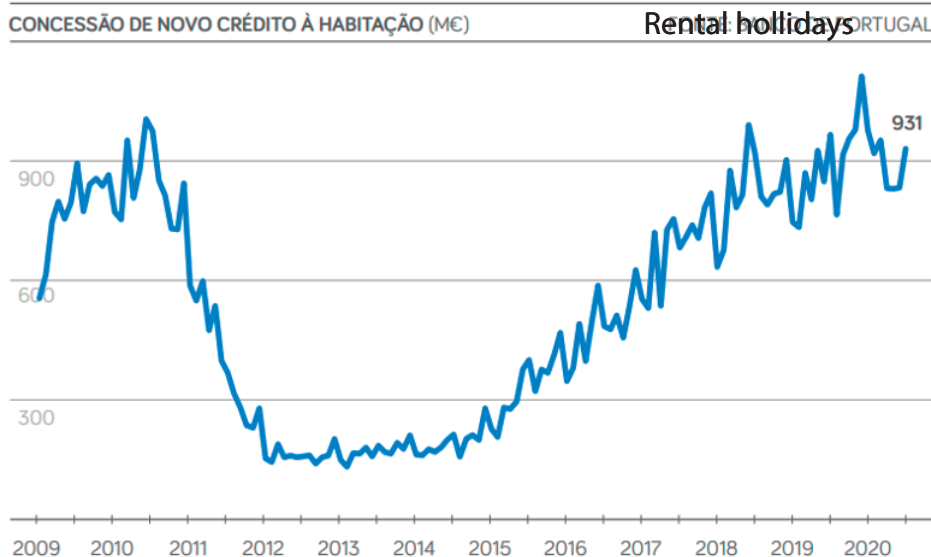
## Housing Credit

In the first months of 2020, €6.27 billion was granted in new housing loans, with a monthly average of €897 million. This is 6% above the same period in 2019, showing that financing activity for the residential sector remained stable during the period of the pandemic.

new housing loans

**+6%**

same period in 2019



## Investment in the market

**Investors and promoters have revealed**, both through the PIPS (Portuguese Investment Property Survey) and in the diverse forums held in the Lisbon Real Estate Trade Fair (Salão Imobiliário de Lisboa - SIL) **their intention to continue to invest in promotion aimed at the national market**, showing that they are less concerned than some months ago.

**The investment in Multifamily housing** (constructions purpose-built for rental) in Portugal **should soar** in the next 5 years, **becoming one of the major areas of interest for real estate investors, with around 3,000 homes already planned.**

Multifamily housing

**3000**

Homes planned

## Rental index

In relation to the lease market, this has been very dynamic notwithstanding new legislative changes that extended the moratoriums in relation to evictions and the publication of a study by the ALP (Associação Lisbonense de Proprietários - Lisbon Owners Association) regarding the high percentage of buildings



under its management that recorded failure to make rental payments and/or non-fulfilment of the use of moratoriums. This risk premium is not transferring to new rental contracts seeing that owners are preferring to negotiate price cuts or rental holidays than have their buildings vacant, in view of the lack of alternatives for the placement of savings.

**The more recent indicators therefore show that in the last quarter the Confidencial Imobiliário rental index fell 11% in the 3rd quarter.**

3rd quarter

**-11%**  
rental index

## Proposed State Budget for 2021

**Discontinuation of short term rental will no longer be subject to capital gains tax**

In accordance with the proposal, the **exemption of capital gains will no longer depend on the placement of the building on the rental housing market** for a period of five years.

On the other hand the **allocation and discontinuation of property from the personal to the professional sphere will be made at the original acquisition value**, (in accordance with the rules contemplated in articles 45 or 46 of the Personal Income Tax Code).

This alteration will grant greater liquidity to the market of reallocation / sale of buildings added in recent years to the short term rental market, principally those acquired for the purpose with borrowed capital.

**+** liquidity