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Monthly Report | Real Estate Market | November and December 2020



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



RE/MAX Numbers

RE/MAX, the largest real estate company operating in Portugal, ended the third quarter of the year with a volume of buildings traded of 1.23 billion Euros relating to 17,242 transactions. The company closed this period with a slight decrease in volume (3%), but with growth in the total no. of transactions (2%), compared to the same period of 2019.

In relation to the number of transactions negotiated by municipality in this third quarter, Lisbon leads the top 10 with 2,251 transactions; in the total, the 18 municipalities of the Metropolitan Area of Lisbon represent 42.3% of the buildings traded by the network between July and September of this year.

Ranking of National Transactions in the 3rd Quarter 2020

Ranking	Municipality	Rental	Purchase/Sale	Global
1º	Lisbon	28,6%	7,9%	13,1%
2º	Sintra	4,6%	7,2%	6,5%
3º	Cascais	6%	2,8%	3,6%
4º	Oeiras	5%	2,6%	3,2%
5º	Almada	3,3%	3%	3%
6º	V. N. Gaia	2,2%	2,7%	2,6%
7º	Porto	4,4%	2%	2,6%
8º	Setúbal	1,7%	2,6%	2,4%
9º	Amadora	2,8%	2,1%	2,2%
10º	Odivelas	3,1%	1,9%	2,2%

Sales of new buildings recover but at a lower rate than that of used buildings

With renovated/new buildings having until now preferred the more up-market areas of the city, focussing on foreign clients, the limitation in mobility has naturally affected this market in particular.



In the Lisbon Metropolitan Area (LMA) the prices in Lisbon are those that recovered least

Cascais, Oeiras and also Sintra and all the South Bank (particularly Almada) show that they have already recovered and even exceeded the numbers of the 1st quarter. Meanwhile the city of Lisbon is still low in number terms (-6%) and with a significant drop in value (-17%).

Demand in the city of Lisbon moves to less valuable properties

Some of the parishes that have led the increases in recent years (Misericórdia, Santa M^a Maior, Avenidas Novas) reveal a larger drop in the absolute value of transactions. Campolide (Infinity Tower) and Marvila (Jardins de Braço de Prata/Braço de Prata Gardens) also saw major falls, but for different reasons (relative weight of some high-end developments at a very different price from other properties on offer in the zone).



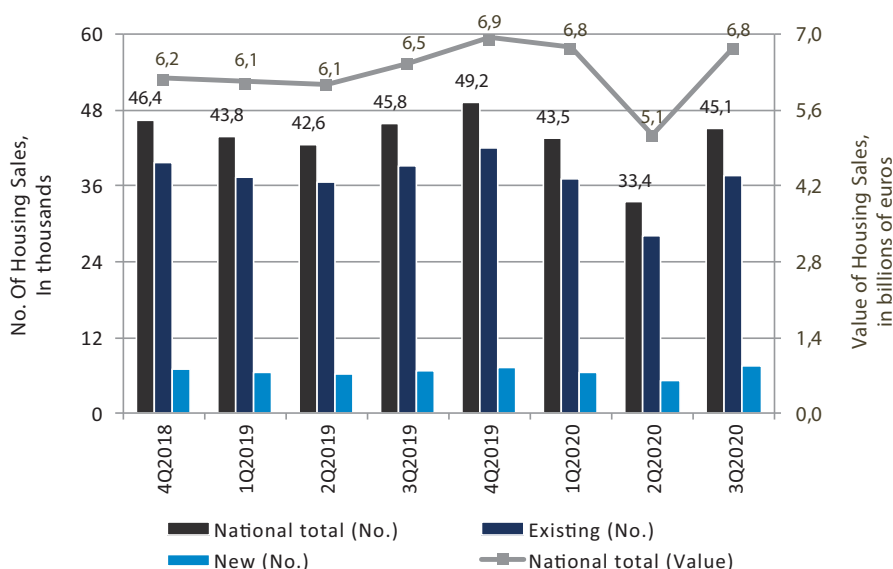


INE publishes 3rd quarter transactions

The substantial increase in relation to the 2nd quarter may be a result of the postponement caused by the 1st phase of the pandemic. 45,136 accommodations were traded between July and September of 2020, which represent a rate of year-on-year variation of -1.5% and growth of 35.1% compared with the previous quarter. The value of the dwellings traded reached approximately 6.8 billion Euros, 4.4% above the same identical period in 2019.

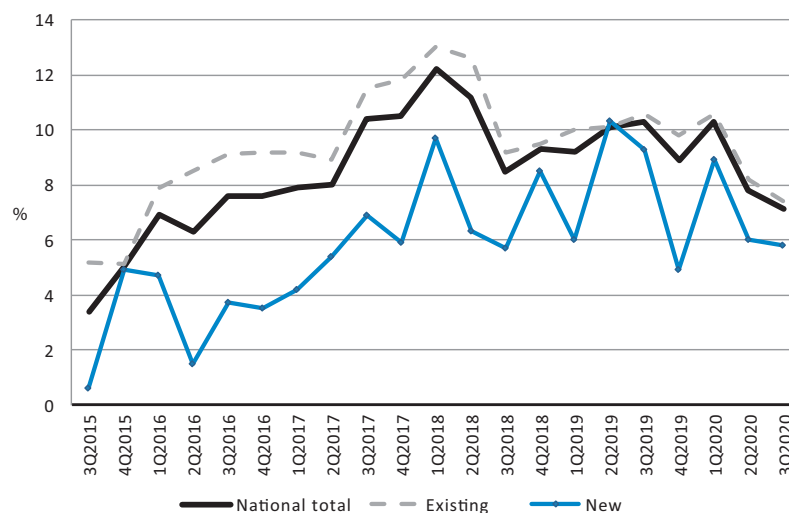
↑ 35,1%
compared with the previous quarter

Indicator of the number and sales values of housing, national total, existing and new, 4Q2018 - 3Q2020



Meanwhile the rise in the price index (HPI) continued to weaken

Housing price index, Rate of year-on-year variation, 3Q2015 - 3Q2020





Extraordinary Tenant Protection Regime

On 18 December MPs approved the Government proposal which extends the suspension of the assignment of non-residential rental contracts until 30 June of 2021 and contemplates protection measures for establishments that have been closed since March.

prolonged until

30/07
of 2021

Short Term Rental (AL) does not intend to change to common rental

Despite the major impact of the pandemic, the owners of local accommodation are confident that tourism will resume in 2021, and more than 70% do not intend to rent for habitation.

This comes from a survey conducted by ISCTE's Research Centre on Socioeconomic Change and the Territory (Dinâmia'Cet), between July and October of 868 owners and managers of Short Term Rental with the category of apartment or home all over the country. The objective was to assess the impact of the pandemic on their business.

70%

do not intend to rent for habitation

The vast majority of Short Term Rental owners and managers will maintain their activity, believing that tourist activity will be back to normal by the end of 2021, and trusting that it continues to be a better alternative to médium and long term leases or the Public rental housing programs.

More than 70% of the respondents stated that they will continue with AL until the end 2020. Only 15% of the respondents are considering placing their buildings on the long-term rental market, and less than 5% admit to signing up to the public rental programs in Lisbon and Porto, like "Renda Segura" or "Porto com Sentido".

5%

admit to signing up to support programs



Alternatively, they want to remain in AL, enter the medium term market (80% in Lisbon and 40% in the Algarve) or use the buildings for themselves or for their family: “The three, six and nine month market lacked supply and it is a market that can be worked”.

The researchers sought to understand why the lease market is considered so unattractive, and they concluded that “it was not just financial issues, and nor was it only a question of a lack of trust in the State”, but also the loss of their AL licence, which would prevent them from returning to the business in the future, or the fact that the buildings were unsuitable for long-term lease, said Sandra Marques Pereira.

Updates to the Golden Visa Regime

On 22 December 2020 the Government approved the Decree Law which alters the legal regime of residence permits for investment (ARI). The new rules, which limit the concession of golden visas in the metropolitan areas of Lisbon and Porto, and also in the coastal areas (above all Algarve), come into force in stages from 01 July 2021.

Promoting foreign investment to be channelled now to the interior and islands is one of the main arguments for justifying this change of rules. The objective is specifically “to favour the promotion of investment by foreigners in low-density regions, specifically in urban redevelopment, cultural heritage, activities of high environmental or social value, productive investment and in the creation of jobs”, as we can read in the note of the Council of Ministers that was published.

remains until

**July
2021**