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Monthly Report | Real Estate Market | June 2021

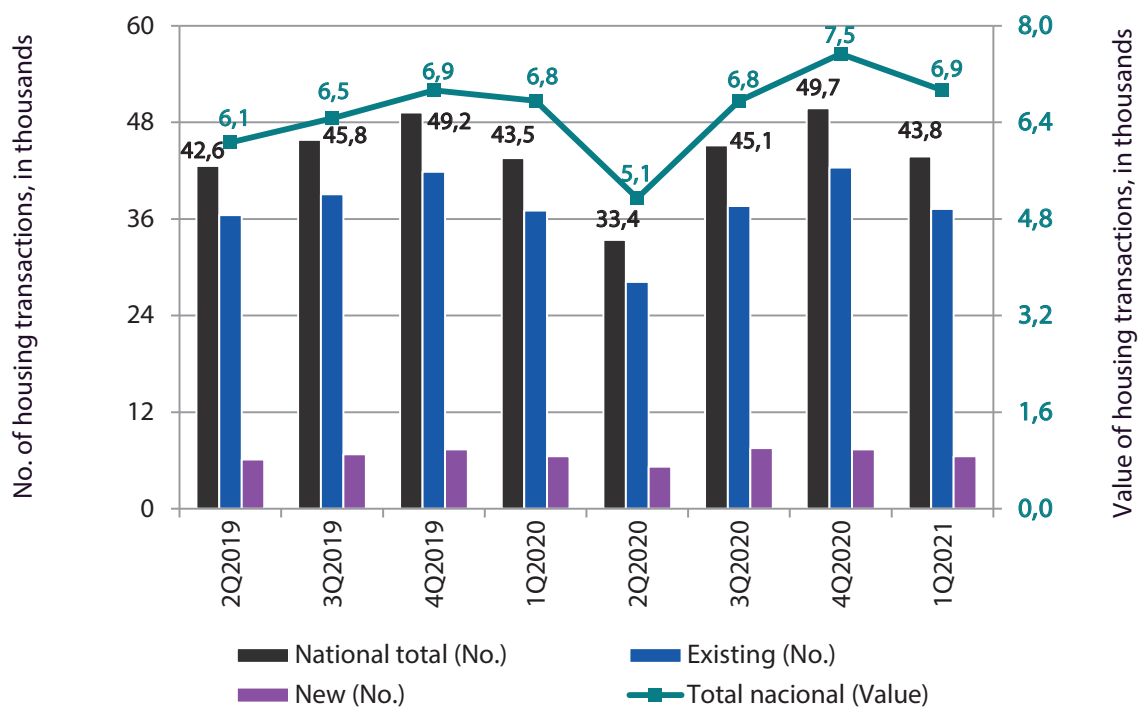


Lisboa | Linha de Cascais | Ribatejo | Master Minas Gerais, Brasil



Sales in the 1st quarter in line with previous years

Number and value of housing transactions, national total, existing and new, 2019Q2- 2021Q1



Source: INE, Housing price index.

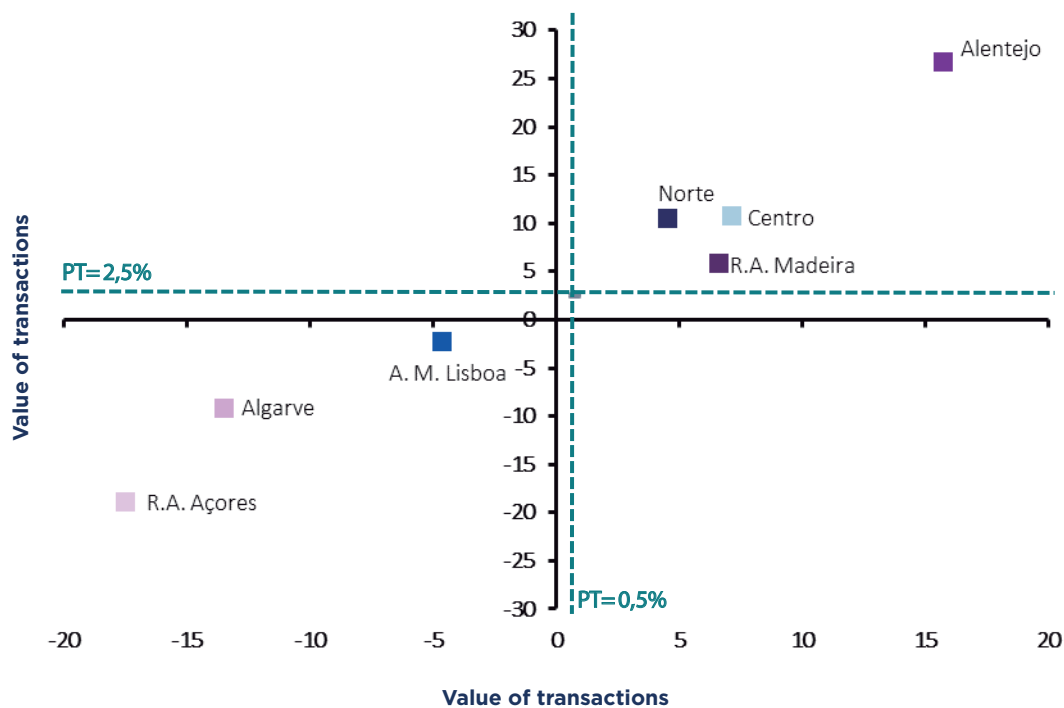
The Publication by the INE of the sales figures, number and values, and of the housing price index requires more careful reading than usual, seeing that the periods of reference for comparison were affected differently by the pandemic situation. January and February 2021 revealed reductions of 8.3% and 14.1%, respectively, in terms of the number of transactions. It should be recalled that in these two months restrictions on mobility were introduced, with the worsening of the pandemic and are compared with 2 months of 2020 when the pandemic was just starting to take effect.



In March, conversely, transactions carried out increased by approximately 27.5% year-on-year, largely reflecting a base effect due to the comparison being made on March 2020, a month already badly affected by the COVID-19 pandemic and also the conclusion of operations that had been closed but not completed in the first two months of 2021.

Curiously, the total number of transactions in the quarter was almost identical to that of the previous year, but with a different regional composition. While the LMA and the Algarve had reductions of -5% and -14% respectively, the Centre (+7%) and Alentejo (+16%) behaved in the opposite way, indicating an increased interest in less densely populated areas. In the last 4 quarters, the Alentejo area has consistently recorded a quarterly sales figure very similar to that of the Algarve, when in previous years it ranged between 60 to 70%.

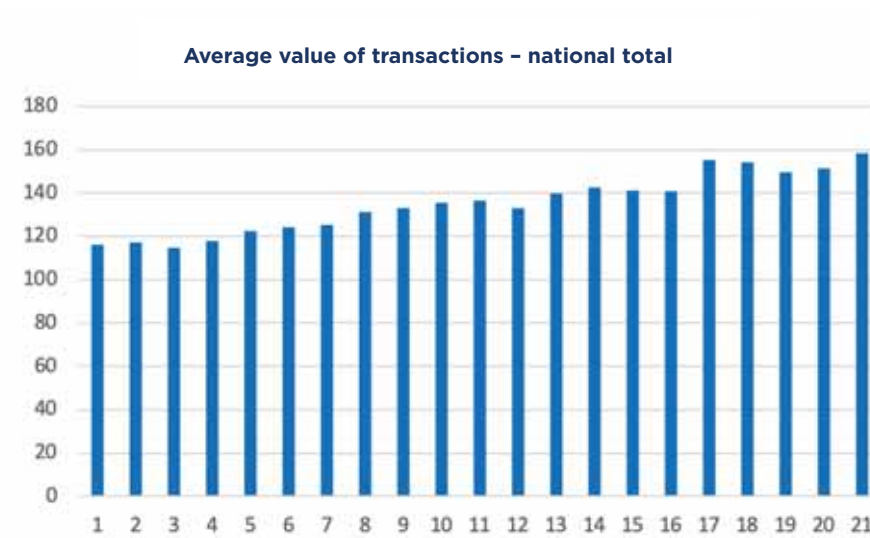
Annual rate of change of the indicator of the number and value of housing transactions, by NUTS II, 1st quarter



Source: INE, Housing price index.



With regard to the average value of transactions, at national level, the 1st quarter resumed the growth interrupted in the last 2 quarters of 2020, with the average value of transaction rising to 158 thousand Euros.



Prospects for the 2nd quarter point towards a significant rise in the no. of transactions, with the figures already published by Confidencial Imobiliário for April and May pointing to a possible new record in the number of transactions in the 2nd quarter which, it is worth remembering, was established in the 4th quarter of 2020 at 49,734 housing sales.

Prices in the used market in Lisbon accelerate again in the 2nd quarter

With regard to prices, INE's index (annualised calculations terminated in the 1st quarter) point towards a slowdown in the growth of prices (year-on-year change now close to 5%) although this remains positive in all the regions analysed.



Housing price index (*) and number of housing sales

Period	Index			Quarterly change (%)			Year-on-year change (%)			Av. Change (%)		
	National total	Existing	New	National total	Existing	New	National total	Existing	New	National total	Existing	New
1Q2020	151,23	157,13	133,74	4,9	4,7	6,0	10,3	10,6	8,9	9,9	10,3	8,3
2Q2020	152,50	158,30	135,37	0,8	0,7	1,2	7,8	8,2	6,0	9,3	9,8	7,2
3Q2020	153,27	159,26	135,50	0,5	0,6	0,1	7,1	7,4	5,8	8,5	9,0	6,4
4Q2020	156,53	162,87	137,59	2,1	2,3	1,5	8,6	8,5	9,0	8,4	8,7	7,4
1Q2021	159,10	165,56	139,77	1,6	1,7	1,6	5,2	5,4	4,5	7,1	7,3	6,3

The most up-to-date data from the SIR point to a further acceleration in the 2nd quarter, which was particularly noticeable in the used property market. In terms of new housing, the effect of the increase in the weight of transactions in large developments outside the more expensive areas of the centre can be noted, with the focus shifting from the historic centre and investment for income from tourism to the domestic residential market.

Real estate market welcomes environmental targets of the new European Directives, but urges caution on transposition

The real estate sector agrees with the proposed targets, some of the main ones being the creation of «a climate-neutral Europe by 2050», a «reduction of at least 55% in greenhouse gas emissions by 2030» or for 85% of the building stock to be carbon neutral by 2050. We want a radical transformation of the buildings in Europe», said Vasco Ferreira, Policy Officer of the European Commission.



Among the measures under discussion that are most important for the real estate sector are, for example, the definition of minimum energy efficiency requirements of buildings, the definition of thorough building renovation and the reinforcement of energy certificates and their standardisation in the various European countries.



Trofa Health invests eight million in the construction of a hospital in the former Dolce Vita Shopping Mall

Pandemic and increase in online trade accelerates new uses

The Portuguese health group's 18th hospital will be created in the Vida Ovar, the new name of the shopping centre acquired one year ago and controlled by the Swaziland entrepreneur Paul Friedlander. This is an example of how the real estate sector should be sufficiently flexible in adapting uses to society's new priorities.



1st Office Development in “counter-cycle”

Alegria One will renovate a building on the corner of Avenida da Liberdade with Praça da Alegria, in an investment of 11 million Euros.

The office development will have a total construction area of 2,800 square metres (1,300 for offices) and 7 floors. This is one of the largest office occupation operations in recent times, proving that the market of Lisbon continues to benefit from dynamic demand.



After a period in which new projects were focused on rehabilitation for housing, this is a sign that demand for service buildings in prime areas is still alive.