

March 2022 RICS/Ci Portuguese Housing Market Survey

Buyer demand remains generally flat in March

- Sales marginally positive having fallen last month
- Prices continue to rise at a steady pace
- Lack of supply coming to market remains an issue

Summary:

The March 2022 RICS/Ci PHMS results suggest sales market activity edged up marginally over the month, albeit indicators tracking demand remain much softer than at the start of the year. In the lettings market, tenant demand growth remains firm according to survey feedback, with respondents anticipating rental levels will be driven higher over the near term on the back of this.

Looking at buyer demand, the headline net balance for enquiries came in at -3% in March, broadly unchanged from a figure of -2% previously. Consequently, this suggests overall demand remains more or less stable, although this represents a softening in momentum relative to that seen a couple of months prior. Alongside this, new instructions to sell continue to dwindle, evidenced by a net balance of -22% of contributors noting a fall in fresh listings coming to market this time out.

Meanwhile, agreed sales were reported to have picked up modestly by a net balance of +7% of respondents (up from a read of zero in the previous iteration of the survey). Looking ahead, sales expectations remain marginally positive, with the latest net balance standing at +7%, similar to a reading of +9% returned in February. That said, these expectations are noticeably weaker than back in January.

Alongside this, prices continue to rise both at the headline level and across all regions covered (Lisbon, Porto and the Algarve). Indeed, the aggregate price net balance registered a figure of +25% in March, compared with +22% in February, thereby marking a twelfth successive month in positive territory for this measure. Going forward, a net balance of +50% of respondents foresee headline prices rising further over the next twelve months. That said, this view is more prevalent in Lisbon (net balance of +62%) and the Algarve (net balance +44%) than it is in Porto (net balance +28%).

Across the lettings market, a net balance of +42% of survey participants cited an increase in tenant demand during March. At the same time, the latest reading for new landlord instructions of -27% points to a subdued trend in supply. On the back of this, rental growth expectations remain comfortably positive, with a net balance of +23% of contributors anticipating a pick-up in rental levels over the near term.

The RICS/Ci Portuguese Housing Market Survey (PHMS) provides a qualitative monthly assessment of the sales and lettings sectors based on around 100 regular responses. The PHMS contains a regional breakdown covering Lisbon, Porto and the Algarve.

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Ricardo Guimarães, Director of Ci: “These are challenging times for the market. Instability and unpredictability are not what was expected, especially after an event such as a global pandemic. The war’s impact on inflation rates needs to be monitored, being one of the main concerns quoted by respondents. Nevertheless, still, the main obstacles are the lack of product and the difficulty in addressing demand pressures. Prices in March rose 2% according to Ci’s HPI, which matches with the market sentiment. For the next 3 months, however, expectations are lower.”

RICS Senior Economist, Tarrant Parsons: “A fall in overall consumer confidence and high inflation are likely to weigh on consumer spending in the months ahead. As such, this backdrop presents a more challenging environment for the housing market, albeit sales trends have shown a very slight improvement after last month’s decline. Going forward, activity across the residential market is expected to see modest growth, although this is set to be somewhat softer than the trend that was in place at the start of the year.”

Chart 1: Sales market indicators

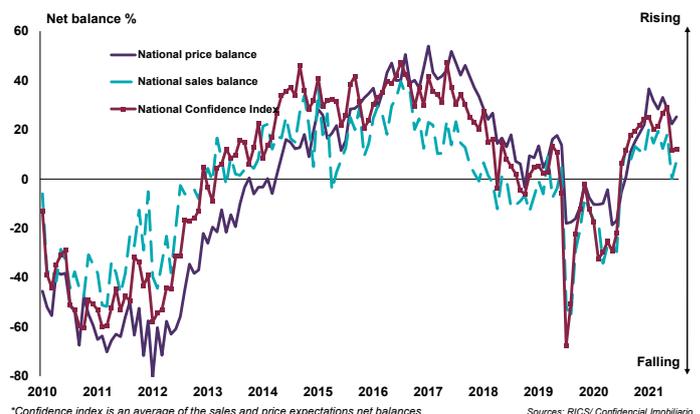
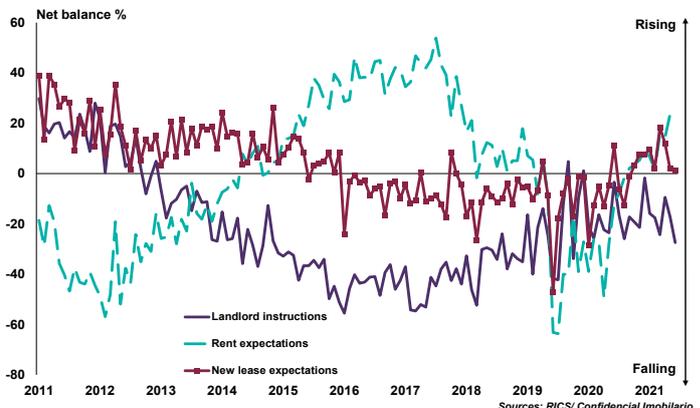
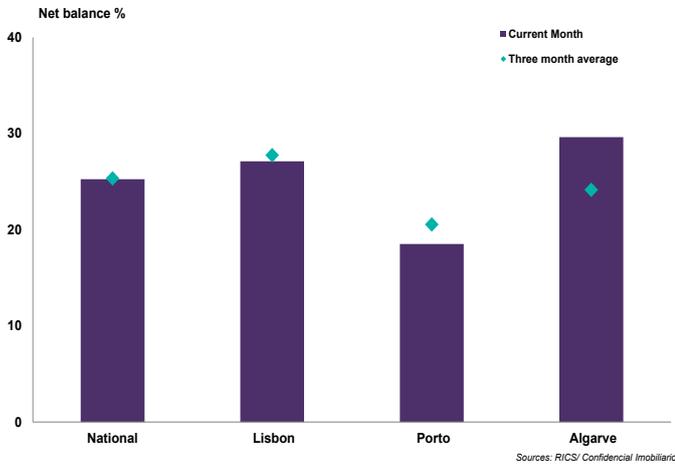


Chart 2: Lettings market indicators



Sales Market Charts

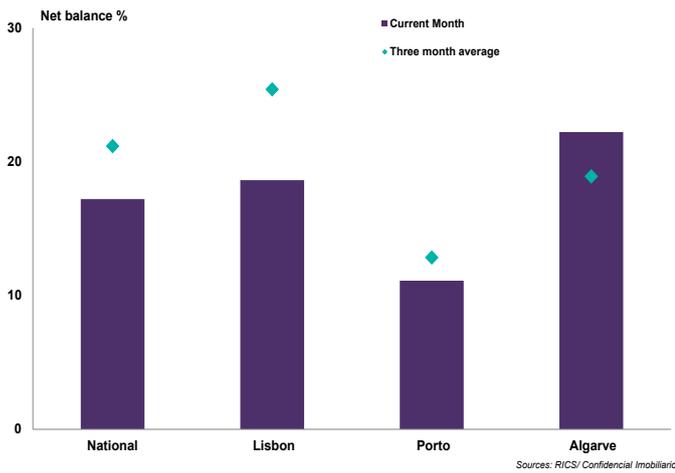
Prices (last three months) by Region



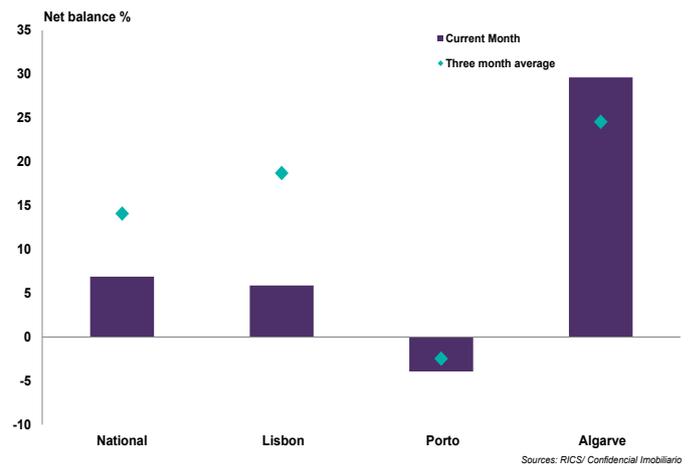
Promised Sales (past month) by Region



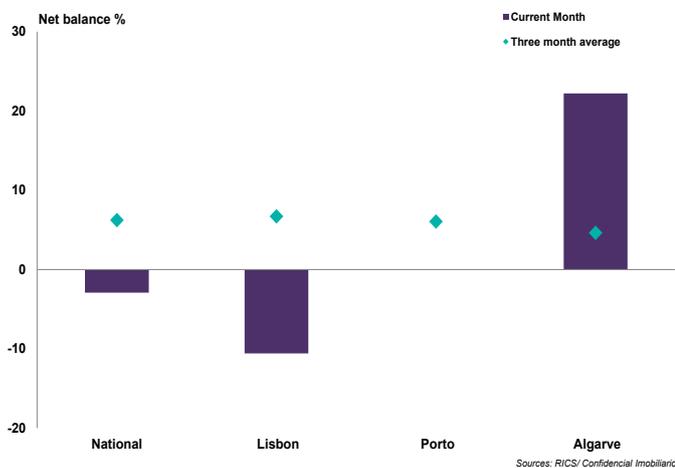
Price Expectations (next three months) by Region



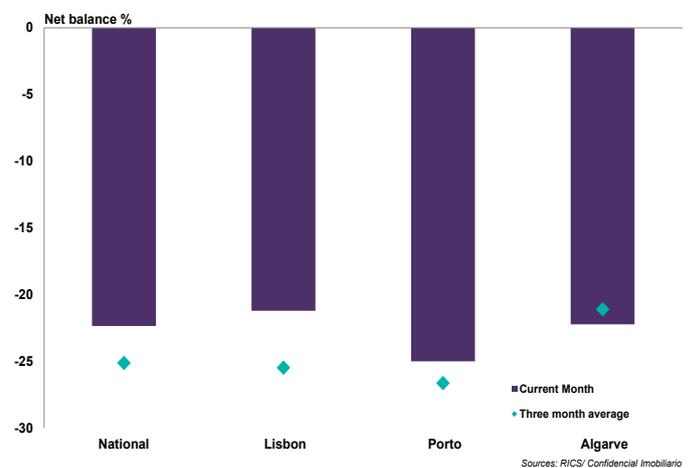
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



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Survey sponsors

Both RICS and Ci are grateful to BPI, IMPIC and Millennium bcp for supporting the survey.

About RICS

RICS is a global professional body. We promote and enforce the highest professional qualification and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve. The work of our professionals creates a safer world: we are proud of our profession's reputation and we guard it fiercely.

About Ci

Ci - Confidencial Imobiliário is an independent company dedicated to supplying real estate market professionals with the statistical information required for their investment and strategic decision making. Ci specializes in producing market intelligence indicators, indices and exclusive databases on the housing market, covering both supply and transactions, typically in high geographical detail. One of its main products is the Index Ci, which is the most referred to house price index in Portugal. Given its credibility and independence, the Index Ci is used by entities like the European Central Bank, the Bank of Portugal and the Portuguese Government.

Notes to editors

About:

- The RICS/Ci Portuguese Housing Market Survey is a monthly sentiment survey of estate agents and developers who operate in the Portuguese residential sales market.

Regions:

- Three regions make up the national (headline) readings: Lisbon Metropolitan Area, Oporto Metropolitan Area and the Algarve. The data is regionally weighted and operator (agent/developer) weighted.

Questions asked:

1. How have house prices have changed over the **last three months**? – Net balance
2. Over the **last month** how did the number of 'promised' sales change? – Net balance
3. Over the **last month** how have the number of new enquiries changed? – Net balance
4. Over the last month how has the number of new instructions changed? – Net balance
5. Over the **next three months** how do you expect house price levels to change? – Net balance
6. Over the **next three months** how do you expect the number of agreed sales to change? – Net balance
7. Over the **next twelve months** how do you expect house price levels to change – Point estimate
8. Over the **next five years** how do you expect house price levels to change (average per year) – Point estimate
9. Over the **last month** how has tenant demand for rented accommodation changed? – Net balance
10. Over the **last month** how have new instructions to let rented accommodation changed? – Net balance
11. Over the **last month** how have residential rents changed? Net balance
12. Over the **next three months** how do you expect residential rents to change? – Net balance
13. Over the **next three months** how do you expect residential rental transactions to change? – Net balance

Net balance data:

- **Net balance = Proportion of surveyors reporting a rise in prices minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).**
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading

implies that no respondents are seeing decreases (or no change).

- In the case of the RICS/Ci price balance, a reading of +10 should not be interpreted as RICS/Ci are saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

Seasonal adjustments:

- The RICS/Ci Portuguese Housing Market Survey data is not seasonally adjusted.

RICS/ Ci Confidence Index:

- The RICS/ Ci Confidence Index is an average of the Sales Expectations net balance and Price Expectations net balance.
- This is intended as a summary measure of confidence overall.

Third party distributors:

- The RICS/ Ci PHMS national data set is available to users of Macrobond.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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