

August 2022 RICS/Ci Portuguese Housing Market Survey

Trends in activity continue to soften, although prices remain firm for now

- **Already scarce new instructions fall further**
- **Agreed sales drop into negative territory**
- **Lettings market more resilient in comparison**

Summary:

The August 2022 RICS/Ci PHMS results point towards a slightly more subdued outlook for housing market activity, driven by the recent fall in new buyer demand, coupled with a decrease in agreed sales and new instructions. For the lettings market, although there has been a modest slowdown in the pace of tenant demand and rental growth, trends remain generally firm for the time being.

With respect to new buyer demand, a headline net balance of -10% of respondents saw a decline in enquiries in August. This was a small decrease on the June reading of -9% and shows that the buyer demand continues to weaken. Alongside this, a net balance of -39% respondents reported a fall in new instructions over the latest survey period. The August reading represents a significant fall from the net balance of -21% seen in June and is consistent with there being a noteworthy shortage of stock becoming available across the market.

In term of agreed sales, the headline net balance has dropped into negative territory with a reading of -7% in August, marking a decline from the +3% reading recorded in June. Furthermore, near term sales expectations have fallen from +14% in June, to +3% in August. Both the agreed sales measure and the near-term expectations series now point towards a more or less flat trend in sales volumes, which may persist over the near-term at least.

Now looking at house prices, the headline net balance recorded this month was +37%, little changed on June's figure of +38%, which indicates that prices continue to rise at a broadly stable pace. Price expectations for the next 12 months returned a net balance of +54% in August. Again, this is in-line with the figure of +53% reported in June, indicating that prices are expected to continue an upward trajectory in the year ahead. Regional data shows Lisbon has the strongest expectations with the August figure being reported at +60% and Porto more modest, at +36%.

The Weighted Confidence Index (a combined measure encompassing near-term price and sales expectations) returned a figure of +9, which is down significantly from June's figure of +19. Although sales expectations have decreased into neutral territory, this measure is supported by continued resilience on the pricing side of the equation.

For the lettings market, tenant demand is reported to have increased by a net balance of +41% respondents this month, which was a small decrease from the figure reported in June (+46%). During August, rents were reported to have increased by a net balance of +41% of (compared to +50% in June), indicating that the market remains firm but may be starting to lose a little bit of impetus.

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.

To be put on the automatic press release distribution list for receipt on the morning of the embargo date e: tparsons@rics.org

Ricardo Guimarães, Director of Ci: "The Portuguese residential market is in a paradoxical moment. Given significant pressure from inflation and interest rates, many commentators view house prices as likely to decline. Nevertheless, the main constraint comes from the lack of houses on market available to sell. Data from Confidencial Imobiliário shows that stock levels are at historic lows, in both the new and second-hand segments. This is also mentioned by almost all survey respondents that, on one hand, fear a demand reduction but, on the other, suffer from insufficient supply."

Tarrant Parsons, RICS Senior Economist: "High inflation and the possibility of a recession across the euro area economy going forward appear to be weighing on sales market activity, with demand pulling back over recent months. Looking forward, the macroeconomic backdrop looks set to remain challenging, as rising energy bills reduce households' disposable income. For the time being however, limited supply available on the residential market appears to be underpinning house prices which are expected to continue to rise in the near-term."

Chart 1: Sales market indicators

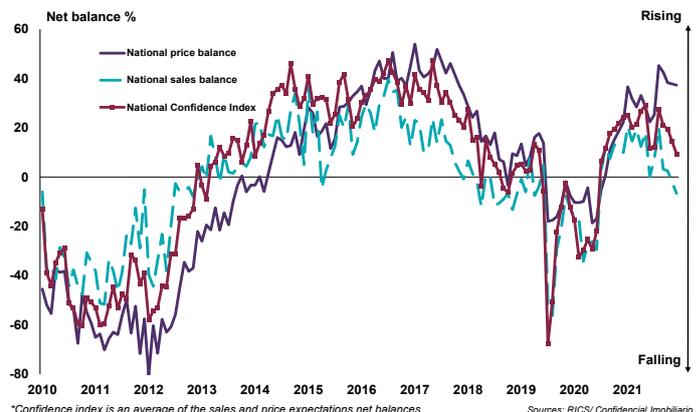
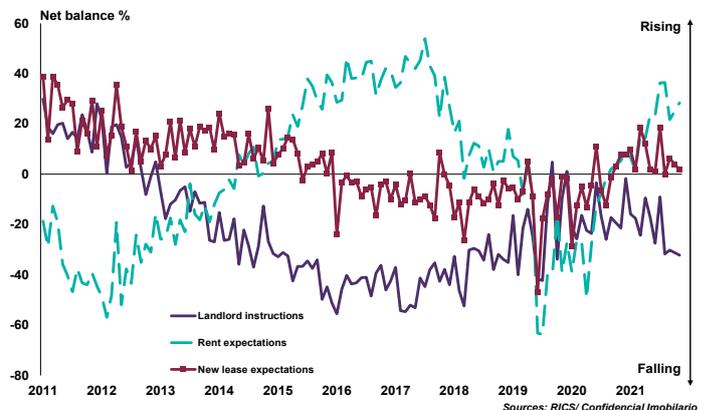
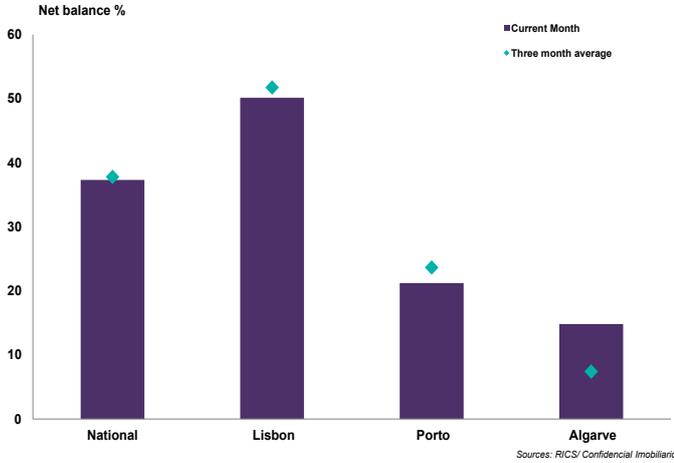


Chart 2: Lettings market indicators

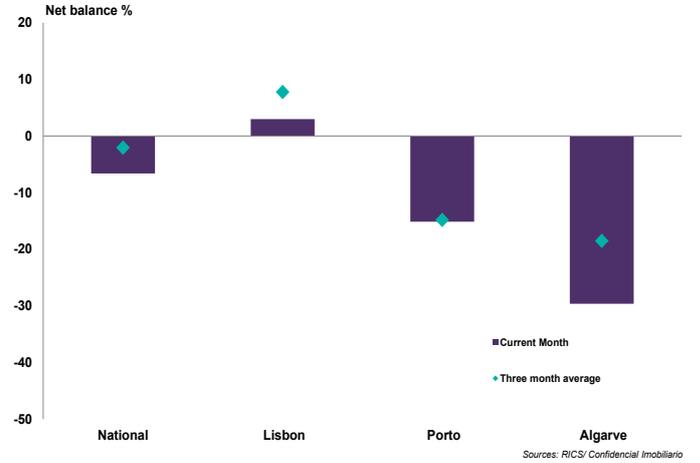


Sales Market Charts

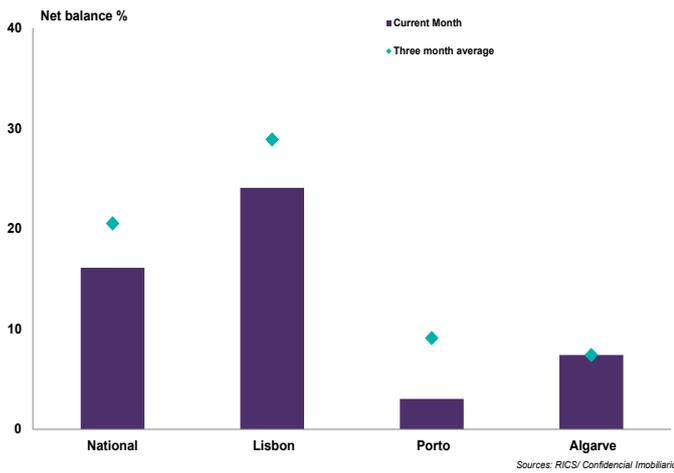
Prices (last three months) by Region



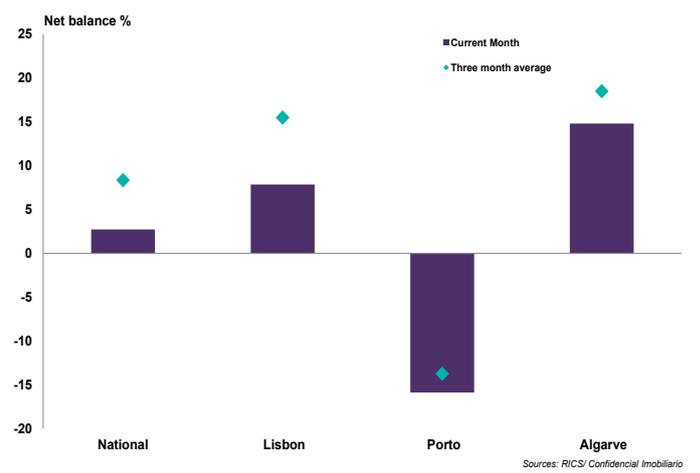
Promised Sales (past month) by Region



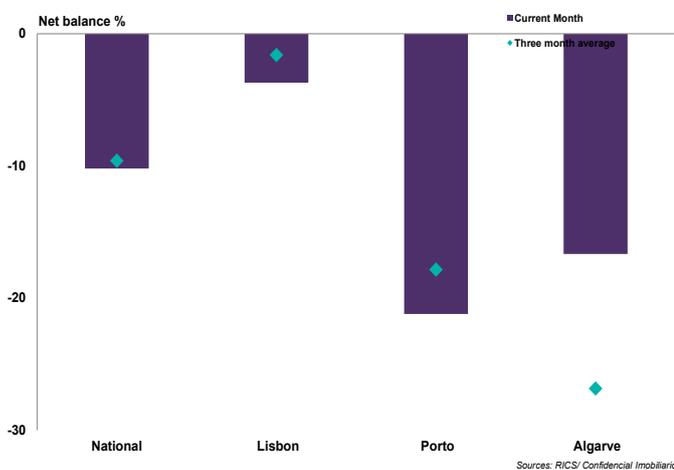
Price Expectations (next three months) by Region



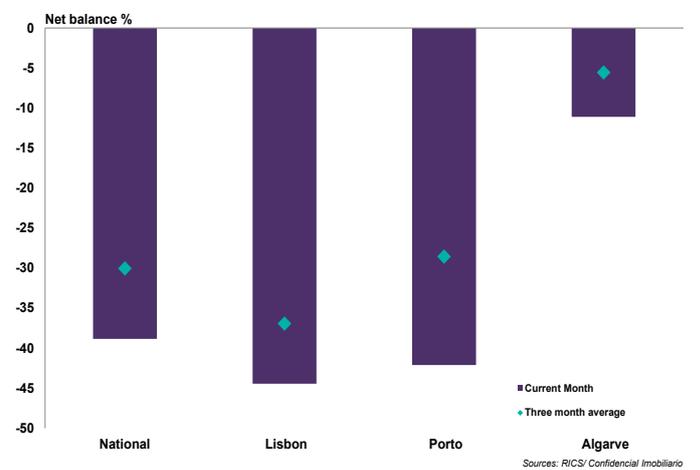
Sales Expectations (next three months) by Region



New Buyer Enquiries (past month) by Region



New Instructions to Sell (past month) by Region



Information

For further information please contact:

Ci Press Office: Ricardo Guimarães

Tel: +351 22 208 50 09/+351 93 222 24 84

Email: rguimaraes@ci-iberica.com

RICS Press Office (Portugal): Eulalia Pensado

Tel: +351 91 3705119

Email: epensado@rics.org

Management:

Tarrant Parsons

Tel: +44 (0)20 7695 1585

Email: tparsons@rics.org

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.

Survey sponsors

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

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.

Americas, Europe, Middle East & Africa
aemea@rics.org

Asia Pacific
apac@rics.org

United Kingdom & Ireland
contactrics@rics.org



[rics.org](https://www.rics.org)