



Portuguese Resorts Market Report

2017: 2nd Semester

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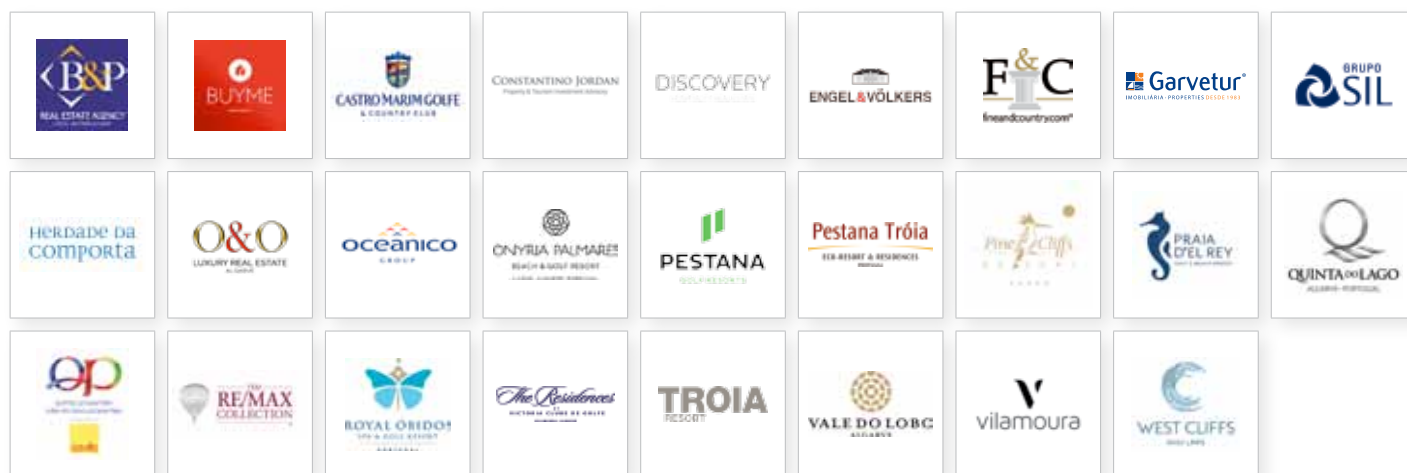


- Prospects of 7,1% price growth in 2018
- Resorts of Albufeira/Loulé with average prices of 4.569 euros/m²
- Investors from over 40 nationalities invest in Portuguese resorts

The Portuguese Resorts Market Report is the outcome of the new Residential Tourism Statistics System launched by Confidencial Imobiliário magazine together with APR – Associação Portuguesa de Resorts (Portuguese Association of Resorts), with the support of Turismo de Portugal (Tourism from Portugal).

This system gathers the leading resorts in the regions of the Algarve and the Atlantic Coast, as well as the most relevant agents within those markets, who report, for statistical purposes, the details on each of the assets they have on sale and of all the sales they perform. This set of statistics makes of this system an essential tool for the market professionals, allowing them to access to reliable data about prices and sales, and thus to serve their clients, buyers and sellers.

RESIDENTIAL TOURISM STATISTICS SYSTEM PARTICIPANTS:

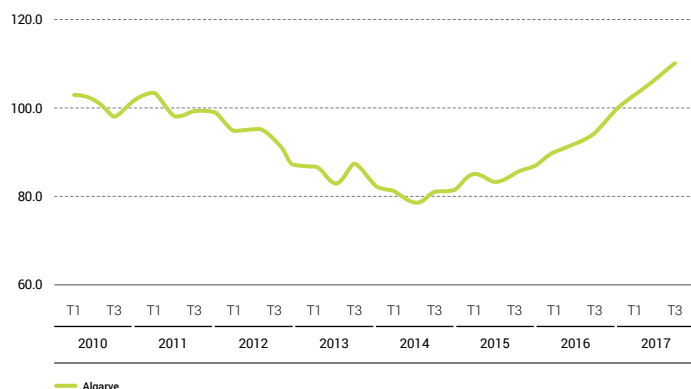


7,1% GROWTH IN 2018

PROSPECTS OF 7,1% GROWTH IN 2018
GROWTH PROSPECTS – RESORT MARKET SENTIMENT SURVEY

7,1%

RESIDENTIAL PRICES IN ALGARVE 13% ABOVE PRE-CRISIS LEVELS
RESIDENTIAL PRICES INDEX (2011=100)



The results of the Resorts Market Sentiment (RMS) show that the market players' expectations are clearly positive.

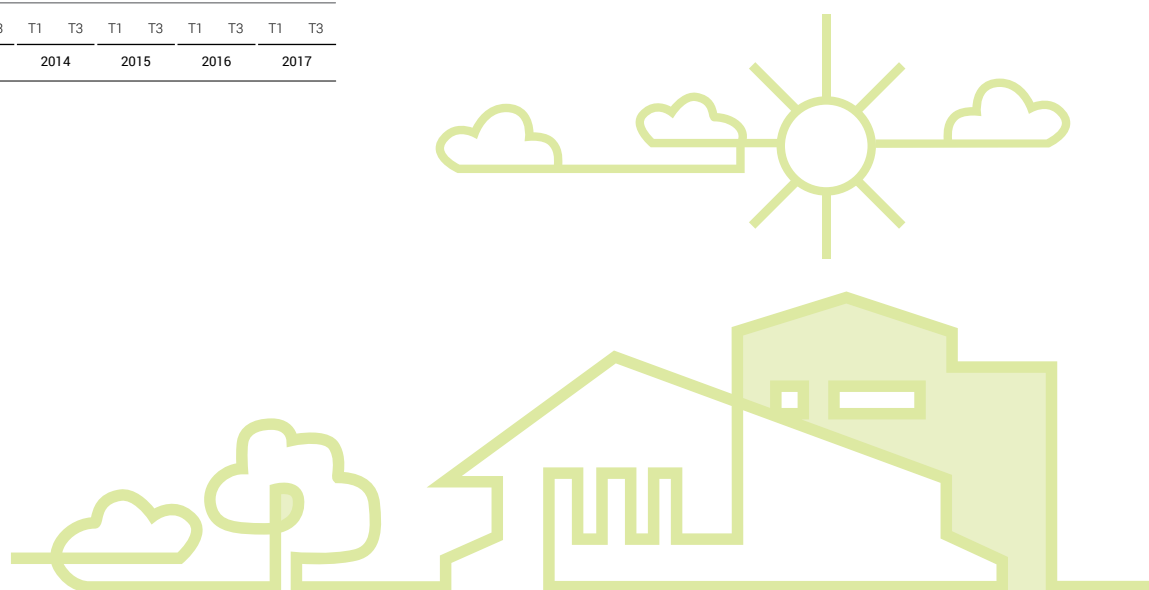
RMS is a survey carried out among the developers and agents operating in the resorts market, inquiring about their perception concerning the past growth of prices and demand, as well as their expectations regarding the short and medium term trends.

One of the most important results concerns the market attractiveness, measured by the growth in demand. In this domain, the expectations are very positive, almost unanimous, producing an outcome of +85% (% of positive answers net of negatives).

Concerning the sales, despite the market consensus being equally high, with an outcome of positive answers of 75%, the operators mention that the lack of supply in the market limits their activity, being obvious the "pressure from the demand side" and the notion that in the "near future it should be expected a decrease in the assets available on sale, resulting in fewer choices for buyers aiming to enter in the market".

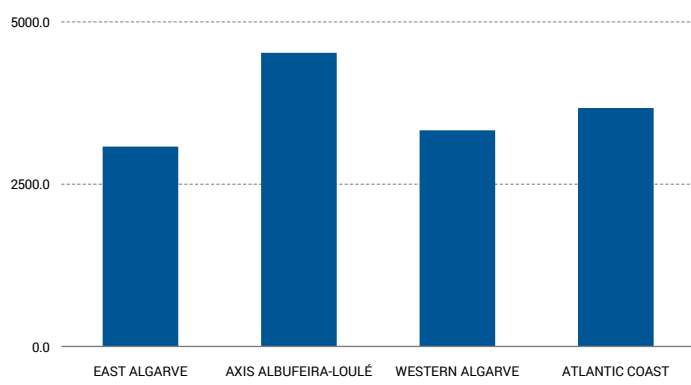
From the combination of stability/pressure from demand and the shortage of supply, the expectation from the agents who took part in this information system is that the prices will grow 7,1% in 2018.

In a market with a strong British presence, this result is also benefiting from the stabilization on the pound's exchange rate facing the euro.



MARKET VALUES BY AREA

AVERAGE VALUES / SQM
RESIDENTIAL TOURISM, 2017



Axis Albufeira - Loulé

On the Axis Albufeira-Loulé, the average price for tourist housing was 4.363 €/m², in 2017. This is the most expensive area among the zones covered by the Residential Tourism Statistics System (SIR-Turismo Residencial).

The properties which are located within resorts reach an average price of 4.569 €/m², reaching 8 thousand euro/m² on the higher range.

One of the striking features of this axis is the fact that the assets on resale reach values which compete with those of new properties, both on the average and on the higher range.

East Algarve

In the case of the East Algarve, in 2017, the properties located within resorts reached an average price of 3.137 €/m².

In this region, during the year in analysis, the market supply was relatively homogenous, with the new dwellings located within resorts with an average price of 3.172 €/m², lying between a minimum of 3.000 €/m² and a maximum of 3.500 €/m².

Western Algarve

In Western Algarve, the resorts market had an average value of 3.395 €/m², in 2017. In this region the high range reaches values that exceed 7 thousand €/m².

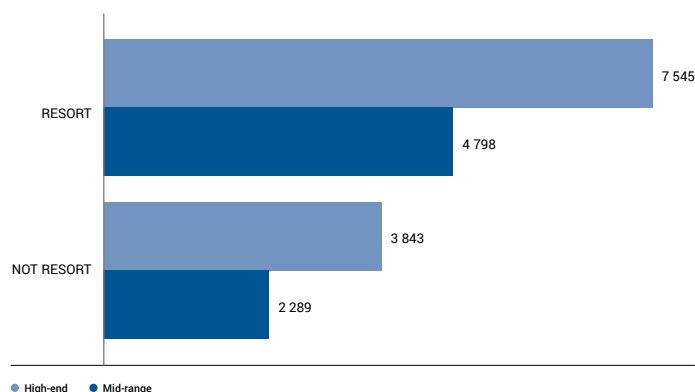
In an analysis to the segment of new properties, gathering together the properties which are located within resorts and those which are not, we find that in the case of most valuable assets the offers reach 4.205 €/m².

Atlantic Coast

In 2017, in the Atlantic Coast, an axis which spreads from the Coast of Alentejo to the Western Region (north of Lisbon), the average prices in the residential tourism market were 3.702 €/m².

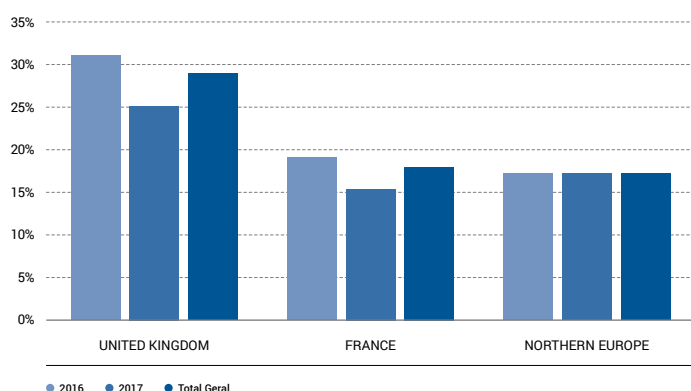
The high range encompasses properties with values starting at 5.184 €/m².

RESIDENTIAL TOURISM
PRICES BY SEGMENT 2017 (€/SQ.M.)



INTERNATIONAL BUYERS

MARKET SHARE (%)
BY NATIONALITY



The demand for residential tourism properties featured by international investors has essentially three origins: United Kingdom, Northern Europe (Benelux/Scandinavia) and France.

In this sector, during the last two years (2016 and 2017) these three markets constituted about two thirds of the purchases of properties from non-residents, leading a universe of more than 40 nationalities, from literally the five continents, who invested in this type of assets.

On average, in 2017, the transactions carried out by British citizens were around 3.400 euro/m², contrasting with the average 2.800 euros/m² from French and Northern European buyers.

A second group, totaling about 25% of the market, is composed by buyers from Germany, Ireland, China, the Middle East and North America. This block increased their presence between the years 2016 and 2017, especially due to the growth in demand from the Middle East investors, with an added demand from other nationalities who were not as relevant in 2016 as is the case of the Brazilians and Italians.

The study identified several nationalities with average acquisitions above 5.000 euros/m². India, China, North America and Russia stand out as countries with investors focused on the high range of the residential tourism market, despite that individually none of these countries exceeds a percentage of 4% of the buyers.



Confidencial Imobiliário is an information agency, specialized in the production and distribution of data bases and statistics concerning the Portuguese real estate market. Since 1988 it produces the Índice de Preços Confidencial Imobiliário (Confidencial Imobiliário Residential Price Index), used by organizations such as the Banco de Portugal (Bank of Portugal), ECB, OECD or BIS - Bank for International Settlements. The new Residential Tourism Statistics System is part of a group of systems SIR, which gather the data from the market operators for the production of statistics concerning selling prices of properties.

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