



Portuguese Resorts Market Report

2018: 1st Semester

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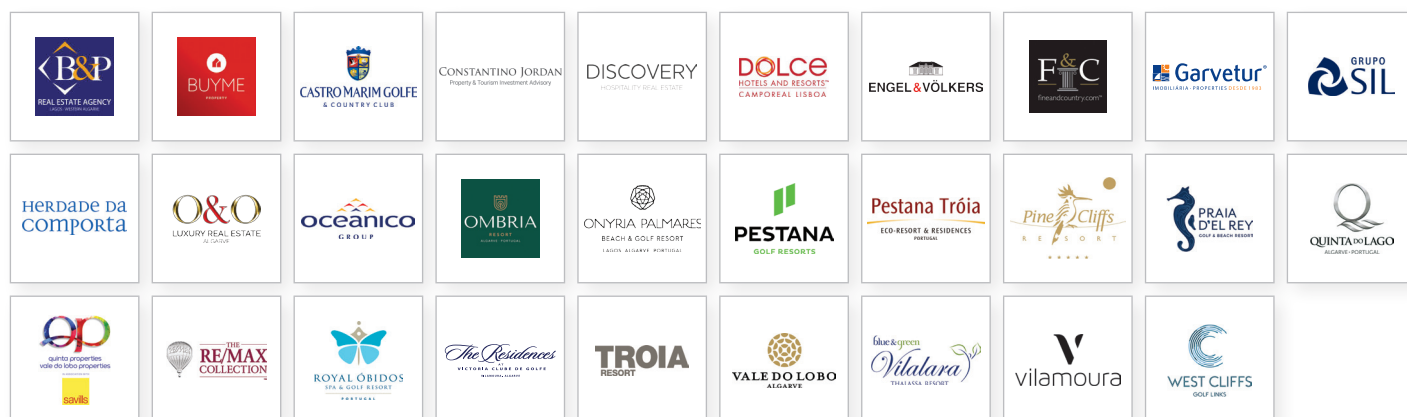


- Resorts Housing Price Index rises 9,6%
- Number of transactions within resorts increases 28%
- United Kingdom is still one third of the international demand

The Portuguese Resorts Market Report is the outcome of the new Resorts Information System (SIR-Resorts) launched by Confidencial Imobiliário magazine together with APR - Portuguese Resorts Association, with the support from the governmental agency, the Turismo de Portugal.

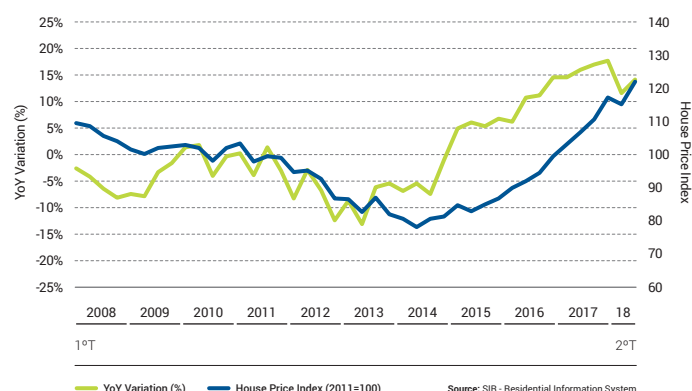
This system gathers the leading resorts in the regions of the Algarve and the Atlantic Coast, as well as the most relevant agents within those markets, who report, for statistical purposes, the details on each of the assets they have on sale and of all the sales they perform. This set of statistics makes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

RESORTS INFORMATION SYSTEM – PARTICIPANTS:



LOULÉ LEADS PRICE RECOVERY IN ALGARVE AND IS 31% ABOVE 2007

HOUSE PRICE INDEX
ALGARVE



The House Price Index for Algarve, calculated by Confidencial Imobiliário, reached 117.1 points at the end of 2017, 3.5% above the score of 2007.

Once it reached this new high, the market registered a correction in the first quarter of 2018, although it was still higher than the levels of 2007.

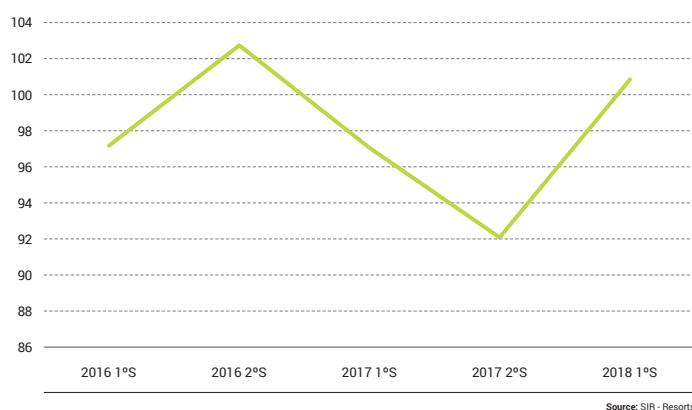
During the second quarter of 2018 the trend was again positive. Thus, in June, the yoy valorisation rate for the Algarve market reached 14.1%, after a record of 17.6% at the end of 2017.

From all municipalities in Algarve, Loulé observed the highest valorization with prices exceeding the pre-crisis level in 31%.

This index is based on real transaction prices data, captured by SIR – Sistema de Informação Residencial (Housing Information System).

RESORTS PRICES RISES 9.6% IN THE FIRST HALF OF 2018

HOUSE PRICE INDEX (2011=100)
(2016=100)



The resorts market went through a period of adjustment caused by the uncertainty created by Brexit and the pound's cycle of devaluation that followed the referendum.

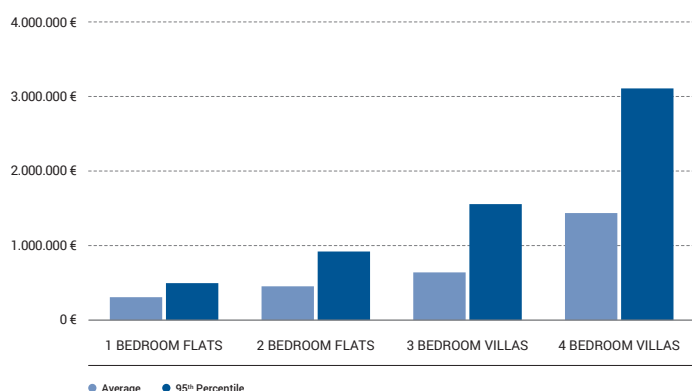
In an effort to ensure the resorts' market competitiveness, the selling prices reversed the tendency to rise, dropping 5.6% in the first half of 2017, and a further 5.2% in the second half of that year.

However, the first half of 2018 brought a new tendency to that market. The relative stabilisation of the pound and the perception that the English buyers remained active allowed transaction prices to recover and rise 9.6% in comparison with the previous semester. On an yoy basis, the resorts price index increased 4.0%.

This index results from the Resorts Information System history, and is calculated using quality adjustment procedures, enabling the temporal comparability of the data structure that supports its results.

HIGH END HOUSES PLACE OFFER AT 6.7 MILLION EURO

RESORTS MAIN TYPOLOGIES
ASKING PRICE



Among the resorts market, two types of units emerge as the most representatives. On one end of the spectrum there are “2 bedroom flats” with 24% of the houses on sale; on the other end the “4 or plus bedroom villas”, also with 24% of the units on offer.

Compared to the Algarve residential market as a whole, the resorts offer is different in two aspects. First, because it has a smaller amount of “one or less bedroom flats” on offer, which represent 19% of the offer in the Algarve as a whole, a number that falls to 11% in the case of the resorts. Second, at the opposite end, the “4 or plus bedroom villas” sees its percentage increase from 15% to the 24% mentioned above.

The offer varies, necessarily, according to the typology. However, starting from the high-mid range segments and upwards, all typologies have an average price above 500 thousand euro, an amount that increases to 3.5 million for “5 or plus bedroom villas”.

This typology, which represents a share of 11% within the resorts’ total offer, reaches a high-end benchmark value of around 6.7 million euro.

REAL ESTATE SALES WITHIN RESORTS INCREASE 28%

RESORTS NUMBER OF TRANSACTIONS
YOY VARIATION

28%

Through the last 12 months, between July 2017 and June 2018, the pool of participants at SIR – Turismo Residencial (Resorts Information System) performed 417 transactions, increasing the level of activity in 28% compared to the same period in the previous year. The activity increase was particularly felt following the sales of new units integrated within resorts, which during that gap, went from 37% to 52% of the total amount of transactions.

This segment, besides registering an increase in the sales pace, also witnessed the transaction values grow from an average of 3.900 euro/m² to 4.800 euro/m², thanks to the growth share from the main markets, notably the axis of the Albufeira-Loulé municipalities. The price increase was felt particularly in the high end of the market, which went from a benchmark of around 6.360 euro to 7.460 euro/m².

Source: SIR - Resorts

UNITED KINGDOM STILL MAKES ONE THIRD OF THE INTERNATIONAL DEMAND

In the last 12 months the United Kingdom stood out once again amongst international buyers, being responsible for 31% of the international transactions that took place within the resorts market.

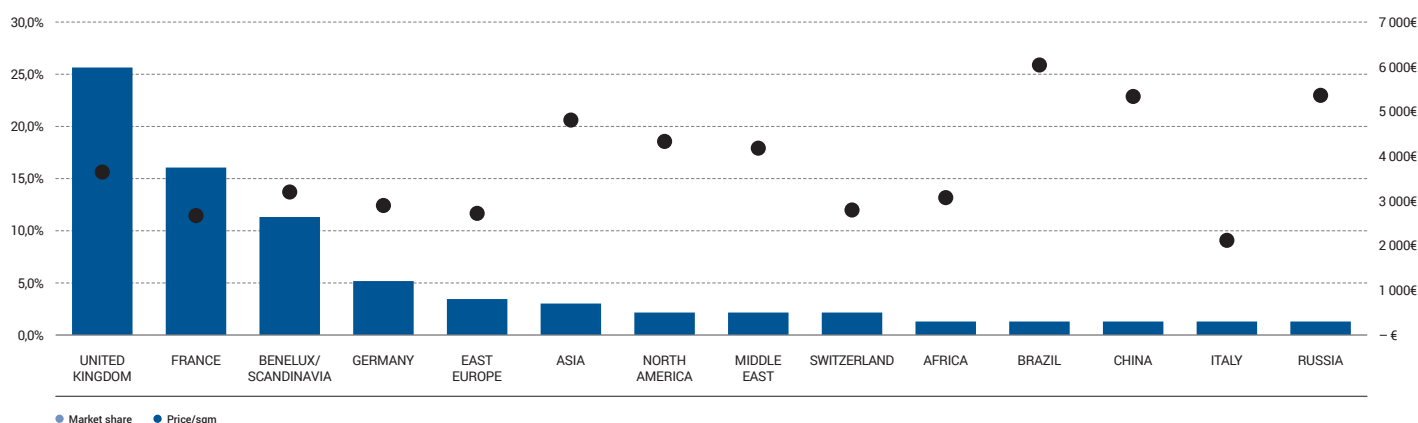
In this way, it maintains a share comparable to the 33% of the previous year, which shows its loyalty to this market. During this period, besides the United Kingdom, the top 5 nationalities, include France

(with 20%), the axis Scandinavia/Benelux (with 14%), Germany (with 6%) and Eastern Europe.

These markets total 75% of the international demand. China drops its share from 4.2% to 1.6%, as well as Ireland, which drops from 3.7% to 0.5%...

INTERNATIONAL DEMAND

SHARE AND AVERAGE TRANSACTION PRICE BY ORIGIN



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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