



Portuguese Resorts Market Report

2018: 2nd Semester

IN PARTNERSHIP WITH:



- The Resorts Price Index increases 18% in 2018
- British buyers stay active but get longer to decide
- Number of houses in pipeline grows 38%

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.

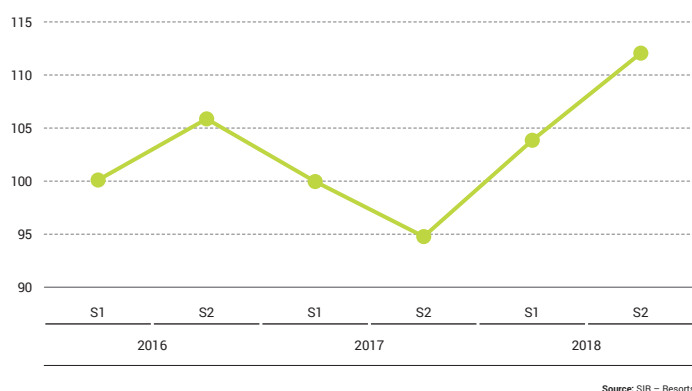
This system gathers the leading resorts in the regions of the Algarve and the Atlantic Coast, as well as the most relevant agents within those markets, who report, for statistical purposes, the details on each of the assets they have on sale and of all the sales they perform. This set of statistics makes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

RESORTS INFORMATION SYSTEM – PARTICIPANTS:



RESORTS VALUE 18% IN 2018

RESORT PRICE INDEX
2016=100



The second half of 2018 confirmed the price recovery, which increased 18% yoy after a biannual increase of 8%, shows the Resort Price Index, developed as part of the SIR – Resorts, which involves the main real estate developers and agents operating in this market in Portugal.

However, contrary to the markets of Lisbon and Porto, which have registered a more consistent and prolonged rising trajectory, resorts have shown a more fluctuating behavior. Despite reaching, during the semester under analysis, an 18% yoy growth, this market had had a 10% drop (during the second semester of 2017), which means that it is now increasing 6% over the period before the Brexit referendum.

PRICE PERSPECTIVES STAY POSITIVE, BUT REFLECTS BREXIT UNCERTAINTY

EXPECTED RESORTS' HOUSING PRICE INCREASE
FOR 2019

5.5%

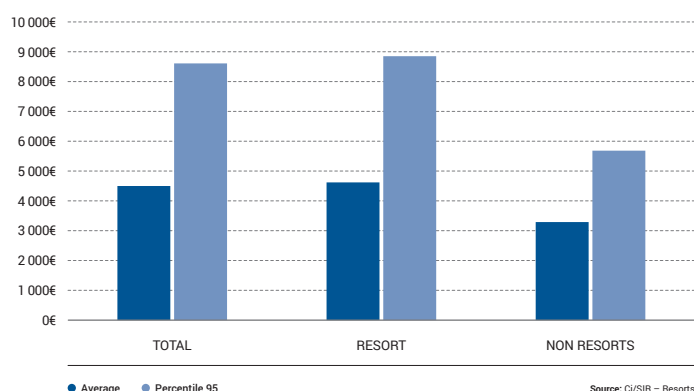
The strong ties to the British market seem to restrain the resort pricing growth expectations, with the respondents to the latest Resorts Market Survey (concerning the second semester of 2018) anticipating a 5.5% increase this year, lower than the predictions (for 12 months) of 6.2% and 7.2% of the two previous surveys. The prospects for sales remain positive, although equally weakened when compared to the surveys from the first semester of 2017, with the sentiment indicator close to 40 points (against the 52 points and 70 points of the two previous semesters). Within the current context of uncertainty concerning Brexit's outcome, some operators inquired by the Resorts' Sentiment Survey point to a further delay in British buyers' decision making process.

Source: Resorts Sentiment Survey

HIGH END HOUSES IN ALBUFEIRA-LOULÉ RESORTS AT €7.2 MILLION

ALBUFEIRA-LOULÉ

ASKING-PRICE (EUROS/SQM) – 2018



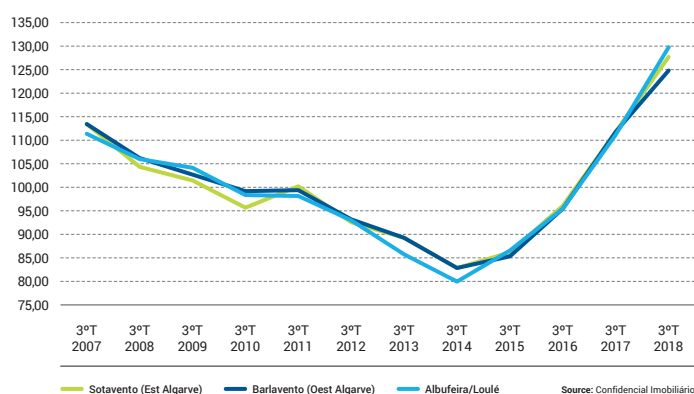
Albufeira-Loulé remains the most important axis in terms of offer within residential tourism, according to SIR-Resorts. This area concentrated 46% of the units on sale in 2018, constituting one of the areas where the number of houses integrated in resorts assumes a greater expression.

The average asking price in 2018 was 4.493 euro/sqm, which, for instance, surpasses in 978 euro Sotavento's high end market price levels. The highest range in this axis is at 8.612 euro/sqm, reaching 8.848 euro/sqm in the units integrated within resorts. In the mid-range, the offer integrated in resorts is 4.614 euro/sqm, which means that this type of housing has a 40% (medium) and 56% (high) premium in the two ranges over units on offer outside resorts. It should also be remarked that the high end houses (5 bedroom), reached an asking price of 7.2 million euro, according to data from SIR-Resorts concerning the whole of 2018.

ALBUFEIRA, LOULÉ AND TAVIRA LEAD INCREASES IN THE ALGARVE

ALGARVE HOUSE PRICE INDEX

2011=100



As a whole (including the offer integrated and not integrated within resorts), housing sales prices in the Algarve increased 13% in the 3rd quarter of 2018 yoy, according to Ci's Housing Prices Index (IPR). Albufeira, Loulé and Tavira registered the most intense yoy variations (17%, 16,1% and 15,1%, respectively) in the region, although only in Loulé, the most expensive market in the region, this increase accelerate over the previous quarter (13.1%). In Albufeira, there was a slowdown in terms of pace (0.3%), and in Tavira the decrease was almost 2 percentual points. Portimão, which is the most dynamic selling market in the region (17% of the whole for the quarter), registered a yoy increase of 11.6%, after a 2,5 points drop. Faro (11.8%), Silves (7%) and Lagos (5.3%) are the other three markets whose prices increased below the regional average. The remaining markets presented yoy increases of around 14.5%.

HOUSING PIPELINE IN THE ALGARVE GROWS 38% TO A FURTHER 3.400 DWELLINGS

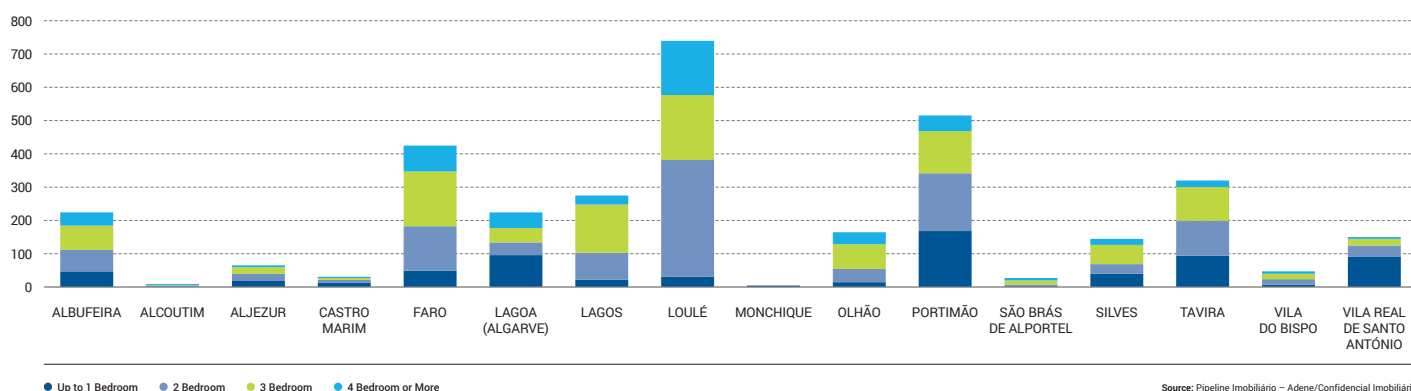
The Algarve registered one of the largest growths in terms of housing pipeline between 2017 and 2018. Last year, 3.441 new dwellings were launched in the region, 38% more than the 2.491 which entered in pipeline in the previous year, an evolution which was only surpassed by Lisbon's Metropolitan Area, the country's main target for investors which had a 43% increase in dwellings last year.

For the whole of the two years, the Algarve had more than 5.932 dwellings under licensing, according to data from Pipeline Imobiliário, a data-

base that gathers information from the energy pre-certificates issued by ADENE (Portuguese Energy Agency).

In the Algarve, the 2018 pipeline corresponds to more than 415.000 sqm of construction, spread out through 1.208 housing projects (79% new construction and 21% rehabilitation), of which 88% concern uni-family houses, with the remaining 12% concerning apartment buildings. In terms of dwellings, this last typology dominated, concentrating 66% of the units under licensing in the Algarve in 2018.

HOUSING PIPELINE IN ALGARVE
2018



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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