



FCGM - Soc. de Med. Imob., S.A. | AMI 5086 Realtors - Med. Imob., Lda. | AMI 5070

Collection Chiado / Lumiar / Capital / Miraflores / Countryside / Master Minas Gerais, Brasil



www.siimgroup.pt

infosiiimgroup

APRIL 2019



World economies slow down, interest rates rise delayed

In recent weeks, there are macro and micro-economic signs that point towards an economic slowdown, especially in China and Europe, have proliferated.

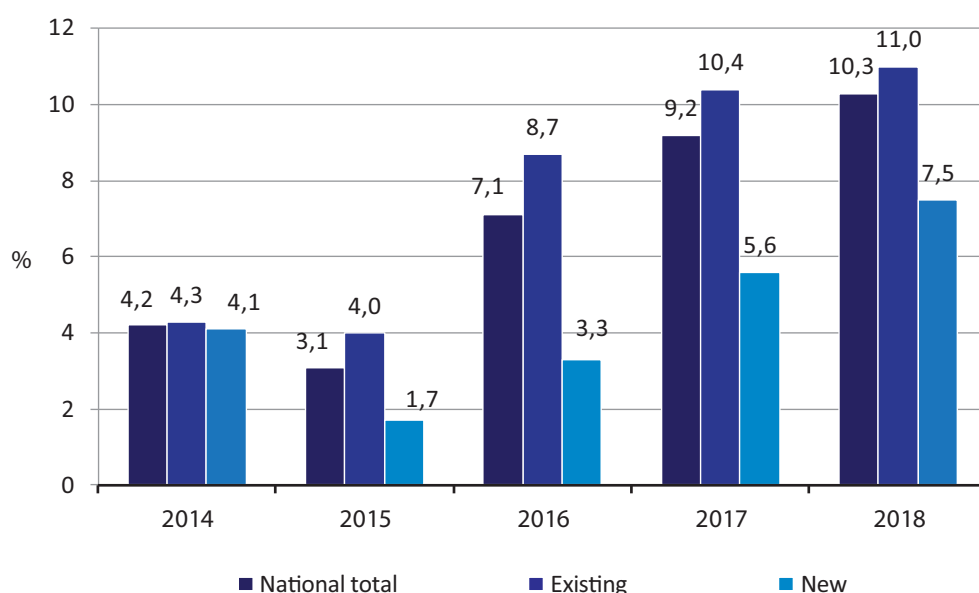
While this fact is in itself negative, and we cannot rule out that the Portuguese economy may be especially affected by the slowdown in exports and tourism, for the real estate market the postponement (once again) of the turnaround in the ECB's Monetary Policy a guarantee, that income generating assets continue to be attractive in the time ahead and, on the other hand, it means that the (slow) rebalancing of the foreign indebtedness of our economy can continue.

National Statistics Institute (INE) discloses set of indicators for 2018

1. Housing price index up 10.3% at national level

In 2018, house prices remained on a trajectory of growth. The annual average rate of change of the IPHab (Housing price index) was 10.3% which represents an increase of 1.1 p.p. vs. 2017.

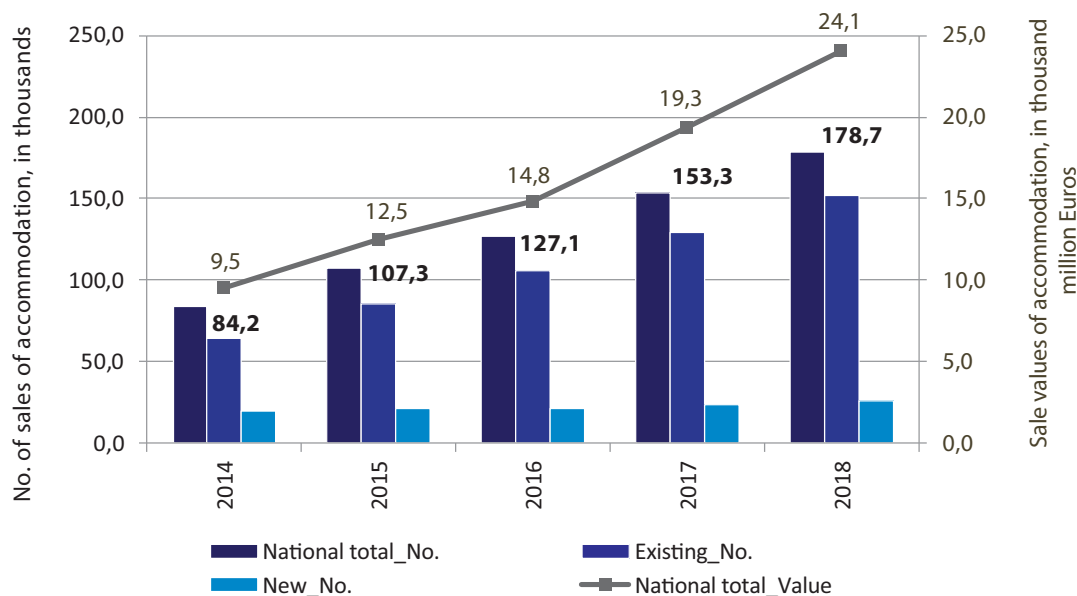
Annual average rate of change, 2014 - 2018



2. Record total no. of House Sales but growth slows in the last quarter

In 2018, 178 691 dwellings were sold. That is 25 399 more than in 2017, an increase of 16.6%. The amount totalled 24.1 thousand million Euros in 2018, (+ 24.4% over 2017). In spite of this record, a more detailed analysis confirms what we had already indicated since publication of the 3rd quarter data, or rather, a clear slowdown in growth in the last quarters led by the Algarve and the Metropolitan Area of Lisbon (maximum in the no. of transactions in the 2nd quarter of 2018 but, more significantly, with the last quarter not being the strongest quarter of the year for the first time since the inversion of the market cycle).

Number and sale values of existing and new dwelling, 2014 - 2018



In the Lisbon Metropolitan Area (LMA), and still with regard to change in the market, there was a move in the market towards lower unit value transactions, confirmed both by the total values of the 4th quarter (-5% in no. and -9% in value) and with regard to the preliminary analysis we make of the transactions of the 1st quarter of 2019 in Siimgroup.

Value (*) and number of sales of family accommodation - TOTAL

Period	PORTUGAL		Metropolitan Area of Lisbon		Algarve	
	Million of Euros	No.	Million of Euros	No.	Million of Euros	No.
4Q2012	2 055	20 103	798	5 734	231	1 754
1Q2013	1 574	15 927	633	4 770	170	1 338
2Q2013	1 923	19 278	805	5 905	225	1 768
3Q2013	2 118	20 295	910	5 986	268	2 242
4Q2013	2 705	24 275	1 141	7 590	373	2 675
1Q2014	2 104	18 590	947	6 096	277	1 818
2Q2014	2 288	19 637	1 026	6 435	334	2 100
3Q2014	2 271	20 454	1 039	6 412	303	2 205
4Q2014	2 880	25 534	1 327	7 995	355	2 435
1Q2015	3 032	25 716	1 393	8 169	387	2 930
2Q2015	2 873	24 512	1 330	8 173	380	2 570
3Q2015	3 078	27 239	1 402	8 994	412	2 876
4Q2015	3 494	29 835	1 617	9 981	444	3 015
1Q2016	3 425	29 464	1 582	10 453	416	2 749
2Q2016	3 719	31 768	1 748	11 311	469	3 244
3Q2016	3 618	31 535	1 715	10 756	391	2 865
4Q2016	4 048	34 339	1 915	11 791	493	3 503
1Q2017	4 313	35 178	2 090	12 381	475	3 370
2Q2017	4 586	36 886	2 210	13 111	544	3 621
3Q2017	4 862	38 783	2 307	13 140	527	3 397
4Q2017	5 579	42 445	2 722	15 030	657	4 018
1Q2018	5 424	40 716	2 617	14 548	637	3 920
2Q2018	6 187	45 619	2 979	16 331	702	4 127
3Q2018	6 276	45 935	3 116	16 188	628	3 703
4Q2018	6 177	46 421	2 848	15 422	653	3 789

	Minimum
	Maxima

3. Total no. of rental contracts drops... but not as much as people say (specially in Lisbon)!

The values disclosed for the 2nd semester of 2018 reveal a drop of 8% in the number of contracts signed. Lisbon, far from presenting a much-vaunted scenario of chaos, fell less than the country total (-5%). whereas municipalities in the district of Setúbal or on the South Bank of the LMA fared far worse (-10 to 20%). Misericórdia, Ajuda, Belém and Campo de Ourique were the parishes in Lisbon that suffered most (> 15%).

In terms of prices, strong growth was confirmed with almost all municipalities increasing 10% and with Lisbon at 16% not breaking the mould but staying in line with Cascais, Oeiras (22%), Setúbal (14%) Sintra (14%) Loures and Mafra (both 11%). By parishes, Santo António and Estrela (both 27%), Campolide (25%) and Avenidas Novas (24%) were where the median increased most.

	No. of Contracts			Rental Prices € / sqm		
	2nd Semester of 2017	2nd Semester of 2018	Variation	2nd Semester of 2017	2nd Semester of 2018	Variation
Portugal	84383	77723	-8%	4,4	4,8	9%
LMA	28305	25916	-8%	6,1	7,0	10%
Almada	1674	1562	-7%	6,0	7,0	8%
Amadora	1678	1538	-8%	6,4	7,2	7%
Cascais	2025	1992	-2%	8,1	9,7	16%
Lisbon	6980	6643	-5%	9,6	11,2	16%
Loures	1863	1614	-13%	5,8	6,5	17%
Oeiras	1659	1604	-3%	7,8	9,4	17%
Setúbal	1101	982	-11%	4,5	5,1	12%
Sintra	3516	3116	-11%	5,3	6,0	12%
Alentejo	4789	4227	-12%	3,4	3,5	20%
Algarve	4633	4451	-4%	5,0	5,6	16%

In spite of all this, whether globally or in sales main cities or Parishes the increase in median rentals did not accompany the growth in prices (already highlighted in the InfoSiimgroup February edition) and so there was a reduction in the Yield calculated from the median of both indicators.

Evolution of Yields

	Prices	€/ sqm	Yield
Portugal			
Lisbon	2877	11,16	4,7%
Santo António	4532	14,1	3,7%
Misericórdia	3998	13,38	4,0%
Sta Mª Maior	3825	11,93	3,7%
Av. Novas	3565	12,54	4,2%
Estrela	3540	12,8	4,3%
S. D. Benfica	2838	11,39	4,8%
Lumiar	2629	10,42	4,8%
Cascais	2167	9,7	5,4%
Oeiras	1878	9,38	6,0%

New projects in Lisbon and Porto

Graça Barracks transformed into a 5 star hotel

Proof of the interest that the city of Lisbon maintains on the investors' radar were the 13 bids in the first stage of the tender for the 50-year concession of the Graça Barracks to form a 5 star hotel, under the Revive Program. Graça Barracks is one of the 33 buildings included in the REVIVE Program, which aims to renovate historical heritage and transform it into an economic asset.

The tender involves major works to the infrastructure of the building (originally a convent from the 13th century) in an area of around 15,500 m², with various architectural and constructive constraints resulting from the preservation of its history, and subsequent operation for tourism purposes. The investment contemplated for its full rehabilitation will be 30 million Euros, with the Church and garden areas, not included in the tender.



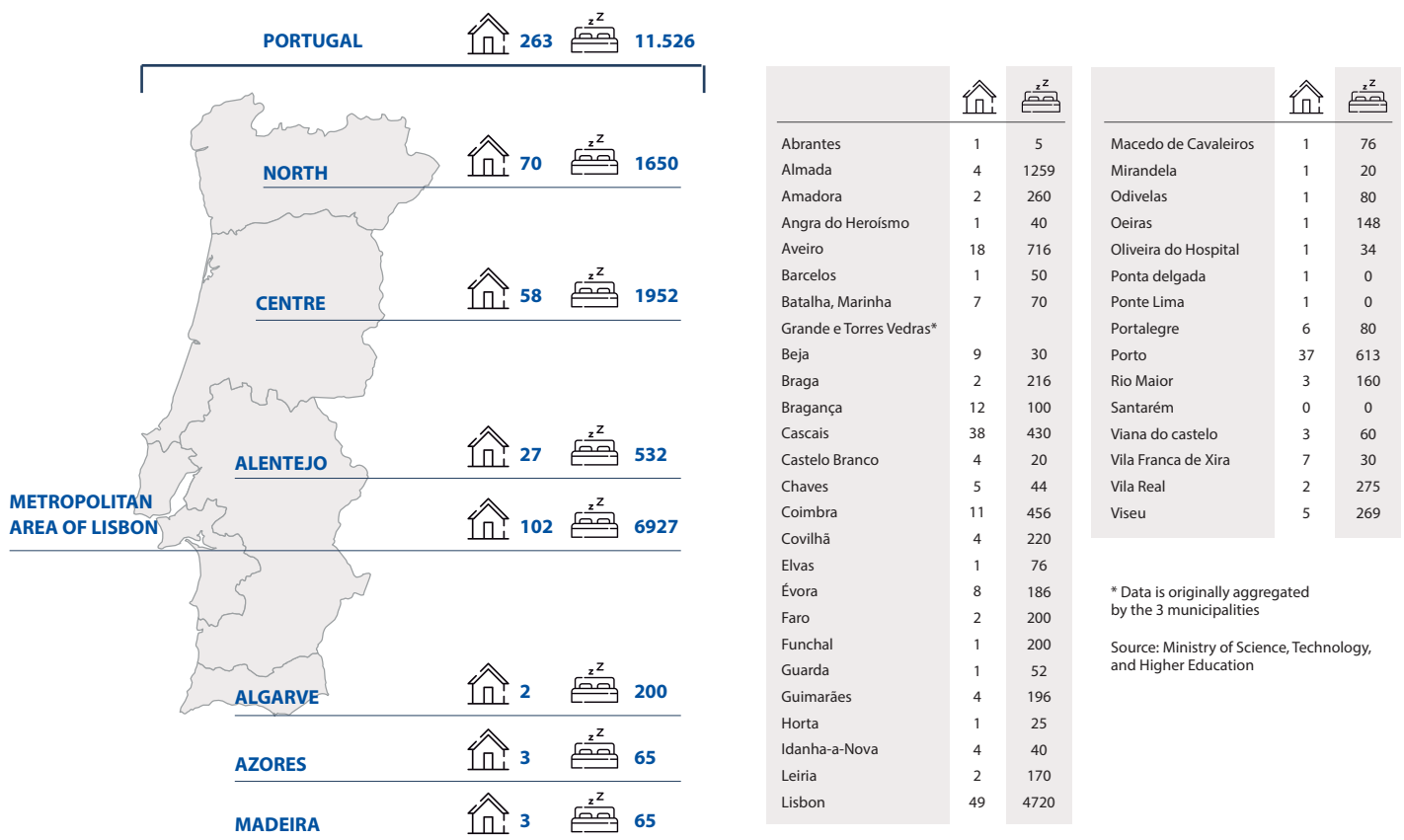
French Group Odalys will open two residences for students, in Lisbon and Porto. By 2025 they aim to have eight residences in Portugal.

Number 2 in the European tourist accommodation market, with more than 400 residences, hotels and apart-hotels, the Odalys Group is streamlining its policy of diversification. The two first Odalys Campus academic residences in Portugal will open in Lisbon in 2021 and in 2022 in Porto.

The future Odalys Campus residence in Lisbon (1st university city in the country, with 105 000 students) will enjoy a privileged position on a site adjacent to the Universidade Lusíada. This residence will have a capacity of 124 lodgings. The second residence will open in Porto, with more than 50 000 students, of whom 6000 are foreigners. This residence will have 211 lodgings.

National Student Housing Plan

The city of Lisbon will have beds for 4720 more higher education students in the next four years, under the National Student Housing Plan. Besides the beds contemplated for Lisbon, if we count Almada (1259 new places), Cascais (430), Amadora (260) and Oeiras (148) – the Metropolitan Area of Lisbon will have close to 60% of the offer to be created. In Porto, only 613 new beds are contemplated as the City Hall is contemplating other solutions like the rehabilitation of unoccupied buildings and the conversion of former deactivated barracks.



Lisbon Urban Renewal Week

The VI edition of Urban Renewal Week will be held between 8 and 14 of April. Up for debate will be topics like the New Generation of Housing Policies (NGPH), the creation of the Housing Framework Law and of a new regime for urban renewal. “Rehabilitate, regenerate, reuse... the city of Lisbon is more vibrant than ever, with intense market and social activity, the debate is increasingly relevant”, says Vida Imobiliária, responsible for organising the event, along with Promevi.

Throughout the week there will be a number of conferences, workshops, expositions and seminars, particularly on topics like Lisbon City Hall’s Affordable Rent Program, the financing opportunities of the Financial Instrument for Urban Rehabilitation and Revitalization (IFRRU) and the new forms of living in Lisbon.

Siimgroup shows its portfolio in the “Salon de Paris”

The French presence in Portugal is powerful and diversified: in companies that are relevant for the national economy, in areas like telecommunications, banking, distribution and automotive industry. The real estate sector is no exception: Commercial ties have been strengthening and Portugal became a Top of Mind destination for French investors, and the growing investment by these clients in the national real estate sector is proof of this.

Safety, the low cost of living, climate and gastronomy are factors that undoubtedly attract French clients. But there is more: French investment has increased considerably due to the Fiscal Regime for Non-habitual Residents, which, together with the French Government's fiscal policies, which has meant that many French people of Portuguese descent are looking to our country to invest.

In 2018, French-speaking clients represented around 17 % of the volume of business transacted with foreigners by Siimgroup. An increase of 5% over the previous year.

So, once again Siimgroup will be represented in the Portuguese Real Estate Salon in Paris (SIPP), held on 17, 18 and 19 May. Here the Siimgroup will bolster its relations with clients, attract potential new investors, presenting and promoting selected products in our portfolio.

