

# GREATER LISBON RESIDENTIAL MARKET REPORT



## 2020 at a glance (H1 vs 2019)



↓ -11%

Houses sold down



↓ -2,4%

Sales volume down slightly



↑ 7,8%

Housing Index at record high

«*The Residential Market in Portugal, including Lisbon, has proven to be extremely resilient during the Covid-19 pandemic.*»

## Adapt to a new normal

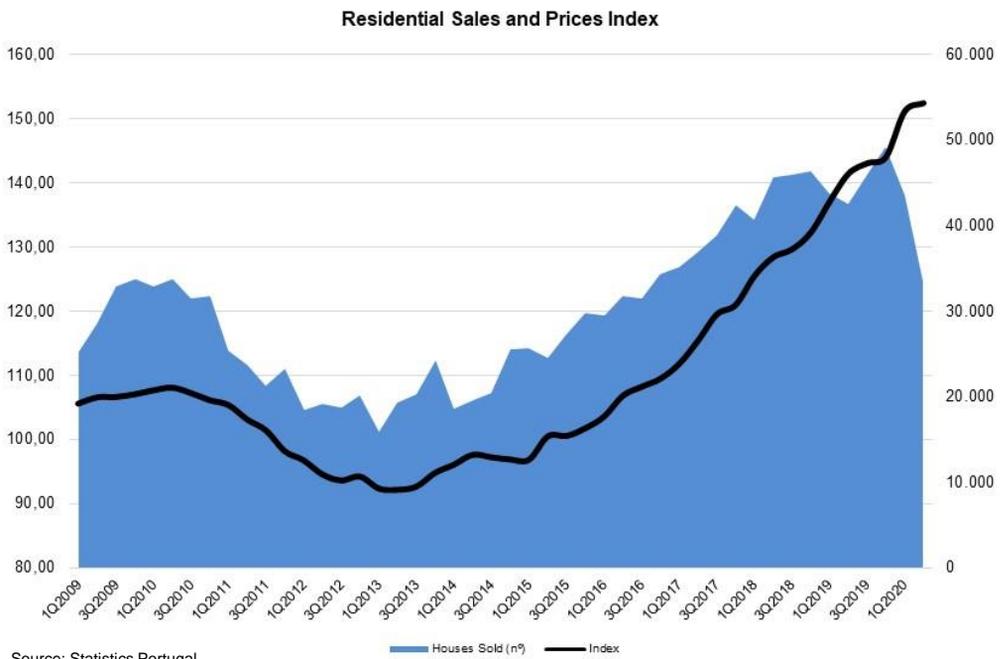
As the market exits the quarantine period, both buyers and sellers struggle to adapt to a new normal

2nd quarter of 2020 presented a decrease of -23% in the number of houses sold. It meant a return to 2016 with less than 35.000 houses sold.

The Greater Lisbon Area accounted for 35% of the national market, well ahead of Greater Porto Area (17%) and the Algarve (7%).

Although sales were down, prices ticked up in most of the country. Comparing to the 1st quarter of 2020, Lisbon faced a slight decrease of -2,1% in the 2nd quarter and Porto registered an increase of 0,2%.

The Algarve, although having a -24% decrease in sales, registered a 4% increase in prices.





## Total number of transactions slumped in 2<sup>nd</sup> quarter

Houses sold slump in Greater Lisbon Area, during the 2nd quarter of 2020. With less than 12.000 residential transactions, the Lisbon market experienced a decrease of 24%, compared to previous quarter. Looking at 2019 figures, the market sold 21% less.



Source: Statistics Portugal

## Average sales prices down slightly

Sales volume was down as well with a decrease of more than 25% with average sales prices down more than 2%. On average, an apartment is now sold for € 204.945, whereas during the 1st quarter prices were just under € 210.000.

Newly built houses saw a higher decrease of 5,7% and are now at a level near € 324.000. Used ones are sold on average at € 189.060.



Source: Statistics Portugal



# The end of a Cycle?

Is the market reaching the top end of the cycle? Will history repeat itself?

Analysing historical data, it's possible to clearly see a real estate cycle in the Lisbon market:

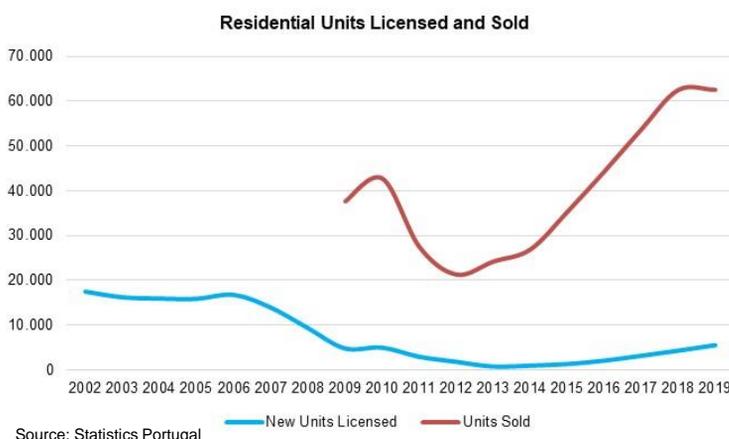
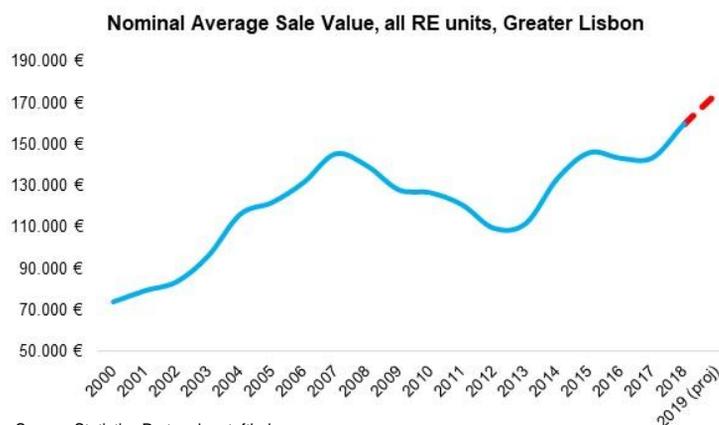
- 1) An initial phase of recovery during the first years of the 21st century
- 2) A phase of expansion with values reaching new all time highs in 2007
- 3) A downward trend that lasted 5-6 years
- 4) The recovery from 2014 onwards with prices reaching new highs

It's difficult to say if prices are beginning to tick downwards. This present cycle lasts for more than 6 full years now. The last one lasted for about 7 years.

If real estate cycles repeat themselves, then it would be fair to expect a price correction during 2020.

Nevertheless, looking at historical figures, there has been a huge lack of residential stock in place. New residential units that are brought to the market have not been enough to cope with last year's demand.

But the Covid-19 pandemic brings many new trends in both supply and demand. Foreign buyers are faraway from the market now but may well return soon.



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