



Country: **PORTUGAL**

Association: **APEMIP**

Market outlook next 6 months: The next 3 to 6 months will be characterized by an uncomfortable uncertainty, as the debt crisis allied with a political unrest and an economic contraction will put the real estate market (and the whole economy) under severe pressure. It is true that the government has recently advertised a set of innovative policies to revitalize the urban rehabilitation activities and consequently the residential renting market, however these will be not enough to assure the recovery of a market deeply marked by a strong contraction on the purchasing capacity of the families and the delay of the companies investment decisions.

Mortgage loan rate : 2,101% (January 11) against 1,919% (January 10) **Years :** In some cases up to 45 years (normally up to 40 years)

Max. percentage of value covered : The LTV (Loan to Value) used by the banks has lowered again to under 75% of the residential values (a practice that continues to be strongly contested by real estate companies, as this indicator is calculated considering the banks' appraisals, which continues to not reflect the real market value of the dwellings). This conservative behavior (which has been already assumed to continue to be adopted by the main financial institutions, at least, for the next three to four quarters, as the international financial markets continue to be suspicious about portuguese banks sustainability) is assumed to be able to control the potential payment default of the rents by the families, even in cases in which these present real guarantees, or exhibit a sustainable financial situation.

Percentage of main-home ownership : 75% to 80%

Inflation rate : 3,53% (February 2011) against 0,2% (February 2010)

New houses built 2010: In 2010, although the first two quarters were synonymous of a slight recovery from the previous year, the 24.454 building permits issued in Portugal until last December, represent a fall of 9,47% when compared with 2009. This contraction is much more smooth than the one experience in the last two years (29,1% from 2007 to 2008 and 43,4% from 2008 to 2009), but is still not enough to guarantee an effective recovery of the market, particularly when Portugal is facing, in the next couple of months a period of political instability, that will culminate in elections next May.

Comments : After two quarters of a very alluring dynamics on the real estate market (whose visible side was a 5% growth on the tax receipts related with the real estate transactions and a 21% growth on the volume of the new housing credits granted by the portuguese financial institutions to the families), the third and, particularly, the fourth quarters were extremely difficult (with a market contraction estimated around 10% to 15% against the first and the second quarter of 2010). In aggregate terms, 2010 were an year of real estate market growth around 5% to 7%, particularly on the residential segment.

APARTEMENTS	NORMAL	NORMAL	LUXURY	LUXURY
Ownership per sq. mt.	Mini	Maxi	Mini	Maxi
Lisbon	968,33 €	1.796,05 €	2.245,76 €	3.819,71 €
Porto	695,80 €	1.256,77 €	1.659,39 €	2.644,25 €
Setubal	823,85 €	1.345,44 €	1.567,46 €	2.173,17 €
Faro	942,94 €	1.865,85 €	2.146,41 €	3.688,46 €
Average	857,73 €	1.566,03 €	1.904,76 €	3.081,40 €
VILLAS / detached houses	NORMAL	NORMAL	LUXURY	LUXURY
Ownership per sq. mt.	Mini	Maxi	Mini	Maxi
Lisbon	803,48 €	1.773,12 €	1.986,14 €	3.714,22 €
Porto	670,65 €	1.344,34 €	1.487,85 €	2.770,16 €
Setubal	931,78 €	1.573,31 €	1.712,48 €	2.536,17 €
Faro	1.106,17 €	2.381,46 €	2.661,64 €	4.668,52 €
Average	878,02 €	1.768,06 €	1.962,03 €	3.422,27 €
Semi-detached houses	NORMAL	NORMAL	LUXURY	LUXURY
Ownership per sq. mt.	Mini	Maxi	Mini	Maxi
LISBONNE	645,92 €	1.761,25 €	1.972,85 €	3.536,65 €
PORTO	576,53 €	1.280,06 €	1.429,71 €	2.314,75 €
SETUBAL	735,56 €	1.520,91 €	1.678,03 €	2.480,48 €
FARO	829,37 €	2.237,12 €	2.483,40 €	4.464,72 €
Average	696,84 €	1.699,84 €	1.891,00 €	3.199,15 €
OFFICES	NORMAL	NORMAL	LUXURY	LUXURY
Rent per sq. mt. / month	Mini	Maxi	Mini	Maxi
Lisbon	9,18 €	16,55 €	16,98 €	19,45 €
Porto	4,52 €	6,81 €	7,59 €	13,54 €
Setubal	4,46 €	7,77 €	8,68 €	13,19 €
Faro	4,49 €	8,21 €	9,76 €	13,10 €
Average	5,66 €	9,84 €	10,75 €	14,82 €