



Portuguese

Economy

Housing prices in Portugal rocket 11% in 2017 and will increase another 8.5% this year, according to S&P

ECO News

7 February 2018

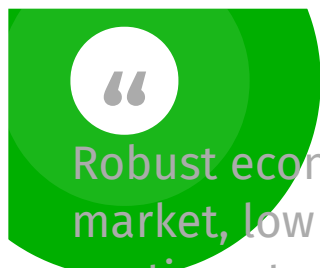


The rating agency foresees housing prices in Portugal to increase 8.1% this year, anticipating a decrease in the growth rhythm to 7% in 2019 and 6% in 2020.

Standard & Poor's anticipates that the rise in prices in Portugal will continue. **The rating agency foresees an 8.1% increase in Portuguese real estate this year,** foreseeing a decrease in that rhythm to 7% in 2019 and 6% in 2020. This deceleration should go side by side with the "soft landing" S&P anticipated for the evolution of house prices in Europe, according to a report disclosed this Wednesday.

Estimates from the North-American rating agencies place Portugal — alongside Ireland — at the top of prices acceleration foreseen for 2018, a movement that S&P's justifies by the country's economic growth, decrease in interest rates, demand from foreigners and lack of supply of houses.

"Robust economic growth and a rapidly improving labor market, low interest rates, foreign demand, and lack of supply continue to underpin strong home price increases in Portugal. We anticipate 8.5% house price growth this year, after an estimated 11% in 2017", the rating agency stated.



Robust economic growth and a rapidly improving labor market, low interest rates, foreign demand, and lack of supply continue to underpin strong home price increases in Portugal.

We anticipate 8.5% house price growth this year, after an estimated 11% in 2017.

Standard&Poor's

But Standard & Poor's forecasts anticipate a deceleration on housing prices for the next couple of years, in light of a downturn on the economic scenario. **"We expect growth to remain solid in 2018, thanks to past structural reforms and a favorable external environment, but ease gradually over next few years, to below 2% by the end of the decade. This reflects constraints from the high indebtedness of the private and public sector, and slow productivity growth",** the agency states.

S&P anticipates, therefore, that the housing market "should remain dynamic in the next few years", adding that "price inflation should slow gradually, as economic growth moderates and interest rates start to rise".

In this scenario, S&P foresees that demand from foreigners, which has helped fuel the increase in home prices in Portugal, will continue its upward trend. "The recovery in housing investment is moving ahead, but from a very low base, and the gap between supply and demand is likely to persist over the next few years, supporting prices", specialists from the rating agency conclude.



<https://econews.pt/wCx3s>

Copiar

Housing prices rocket in Portugal. Is it a bubble?

ECO News, 4 October 2017