

How has the Portugal property market shown resilience in the face of Covid-19?

The country was the last in Europe to register its first COVID-19 case giving the government a valuable opportunity to make adequate health and economic preparations for the wave of the pandemic. The resulting mortality rate is around 4% compared with over 15% in the UK and 19% in France. In essence, Portugal has managed to mitigate the effects of the global crisis putting itself in a position for rapid recovery long before its neighbouring countries... how did it manage this?

Explore the key points below:

Pre-COVID-19

> Between 2015 and 2019, Portugal invested EUR1.6 billion into its centralised health care system, an increase of 18% of its government spending. Subsequently, the national health workforce rose by 13% in the same period.

During COVID-19

> The Portuguese government made great strides in crisis management, declaring a total lockdown when just over 100 cases and the first death were registered.

> The government moved quickly to increase laboratory and invasive ventilation capacity, planning for the provision of more intensive care unit beds. The result of the pandemic-handling efforts, however, lead to Portugal never actually reaching full hospital capacity.

Post-COVID-19

> The state of emergency ended on the 2nd of May and normality is expected to resume before most other European countries. By September the economy is expected to reach 65%-70% of its original performance with local tourism resuming in June/July.

> The government has provided a stimulus package of EUR 9.2 billion (4.3% of GDP) to support workers and provide liquidity to businesses.

How has the pandemic affected the property market?

- Portugal-based real estate and property management portal, Imovirtual, has analysed how the Portuguese rental and property market is remaining resilient.
- House price growth rose to 12% in March 2020 compared to the same period of the previous year.
- The average announced sales price increased by 2% from February to March 2020 -the highest percentage of growth being 3.25% in Porto. As for the average announced price of leased properties, there was also a percentage increase of 3%.
- New buyer enquiries and instructions both fell simultaneously, which unlike any previous downturn in the housing market, lead to no housing surplus. This indicates no evidence of the kind of imbalance which is a catalyst for significant price falls. International demand, however, is still active, growing 1% in terms of enquiries since lock down period began.
- An additional sign of market recovery, according to JLL and Idealista, is the increasing online house visits. Despite being below the first months of 2020, the current online visits are already above last year's.

It is important to highlight that **compared to established real estate markets across Europe, Portugal presents a cheaper alternative that produces solid returns.** It is currently almost a third more affordable than the UK but as demand increases with restricted supply, upward pressure on house prices will continue to rise. So timing is of the essence.