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Comparative Analysis:

Portugal and Europe

Lisbon – November 2010

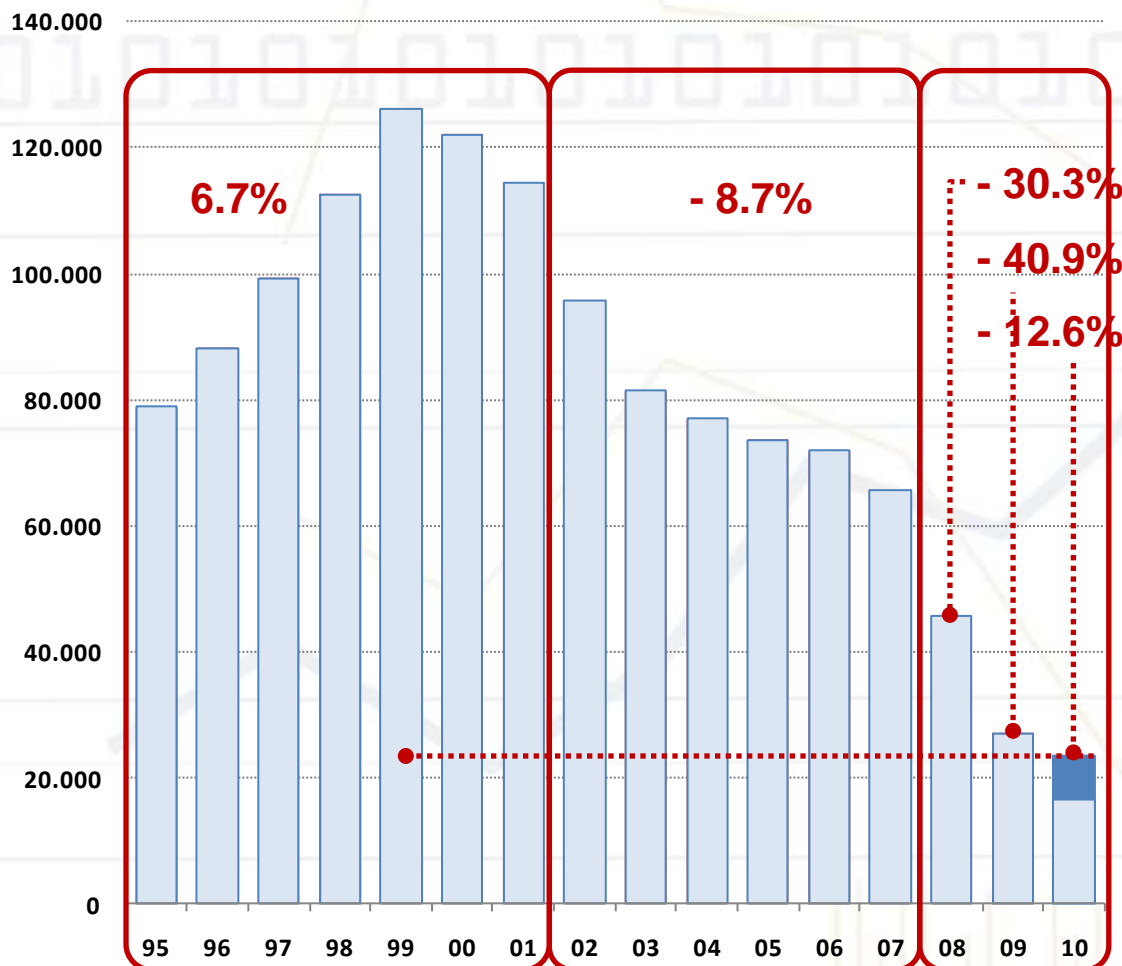
- **Portuguese real estate stock**
- **The supply-side dynamics**
- **The real estate market: A dynamic game**
- **One Europe: Multiple challenges**

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- Portuguese real estate stock



Building permits' evolution (1995-2010E)

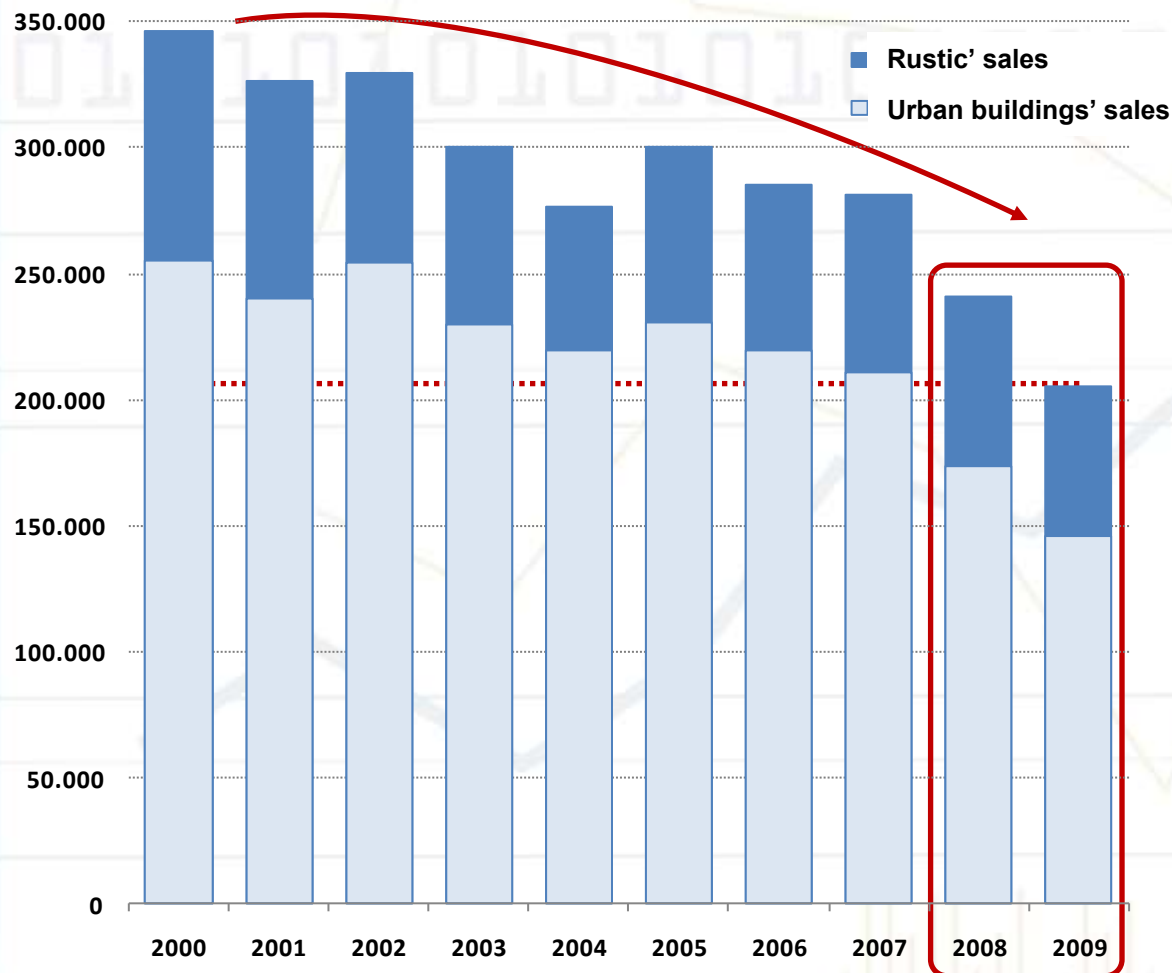


• In the past 15 years, the real estate market has been characterized by three stages

- The expansion
- The adjustment
- The imposed contraction

• In 2010 the number of building permits issued will be roughly the same as in the first quarter of 1999 (around 23 600 new permits)

Real Estate sales (2000-2009)

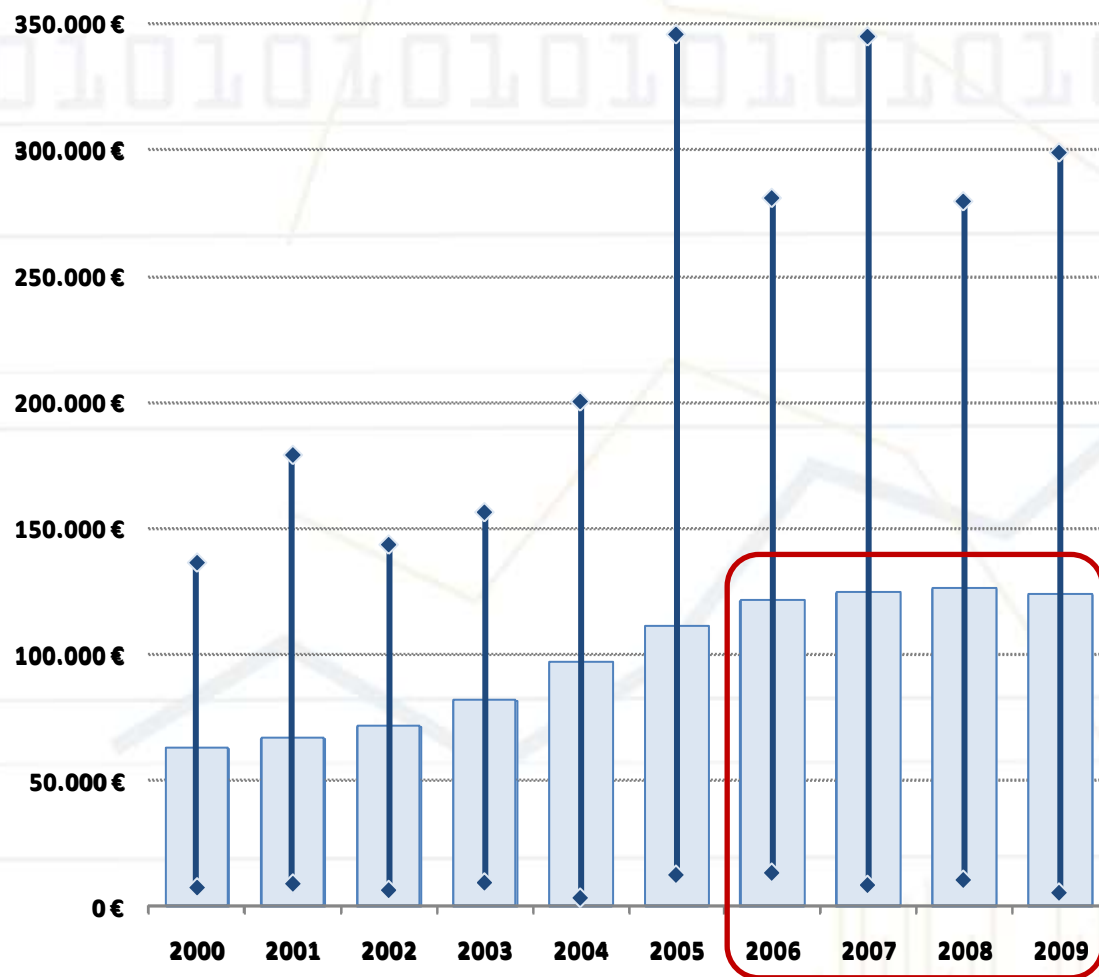


- The global number of real estate sales in 2009 only represented 59.3% of the sales closed in 2000

- Between 2000 and 2009, the average annual contraction of the real estate market was placed around 5.39%

- The real estate market erosion in 2008 and 2009 was above **14%**

Urban dwellings' average price evolution



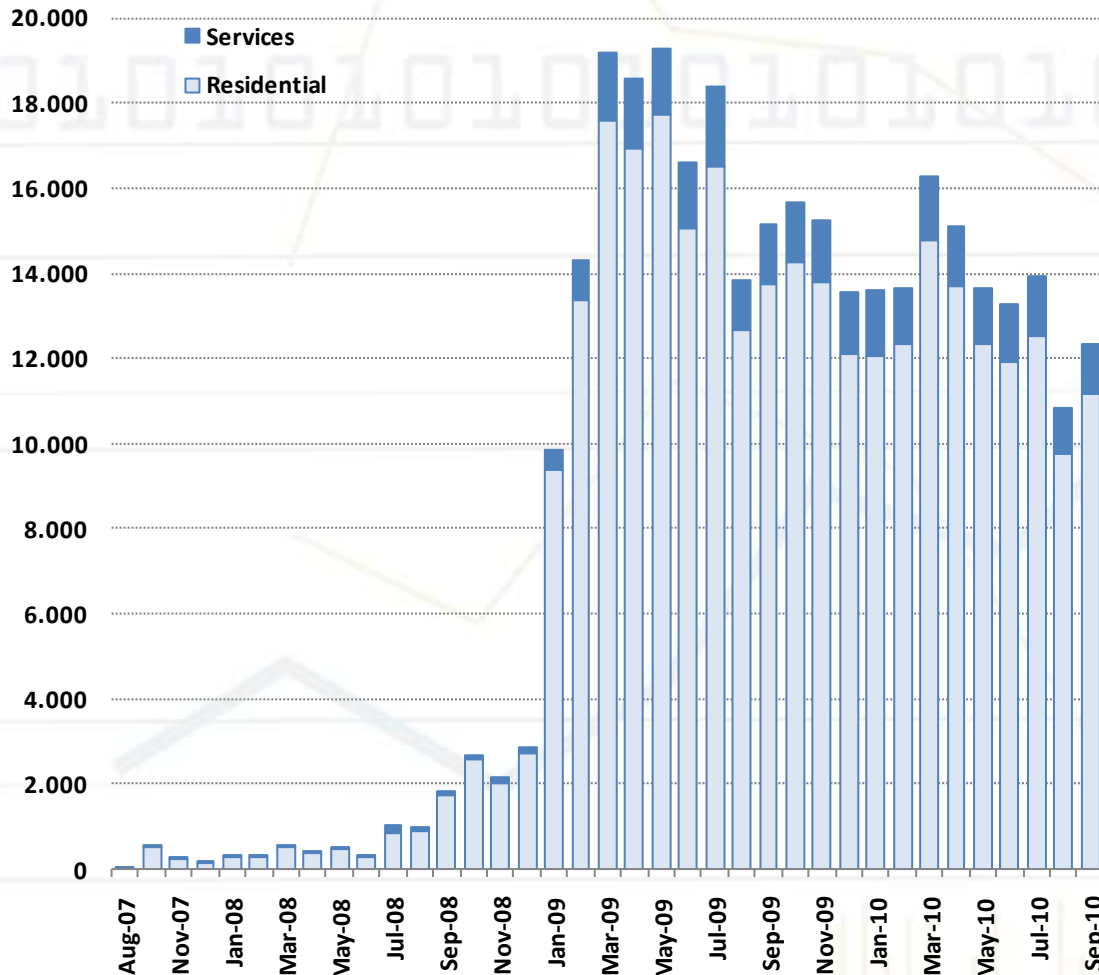
- Notwithstanding the real estate market's contraction already stated, Portugal has managed to guarantee a highly alluring stability of the sales prices

- In the last four years, the average value of the urban dwellings' sales in Portugal has been around € 125 000, but there are significant local asymmetries that cannot be understated

- In the first two quarters of 2010, tax receipts on the real estate transactions undergone a 5.8% growth, compared with the same period in 2009



Energy certificate evolution



- Between August 2007 and September 2010, were issued 326 996 energy certificates under ECS – Energy Certification System

- 297 462 residential certificates

- 29 534 services certificates

- The real estate stock already certified is estimated around 4.1%, achieving a maximum rate in Lisbon (near 7%) and a minimum weight in Manteigas (with a residual percentage of 0.1%)

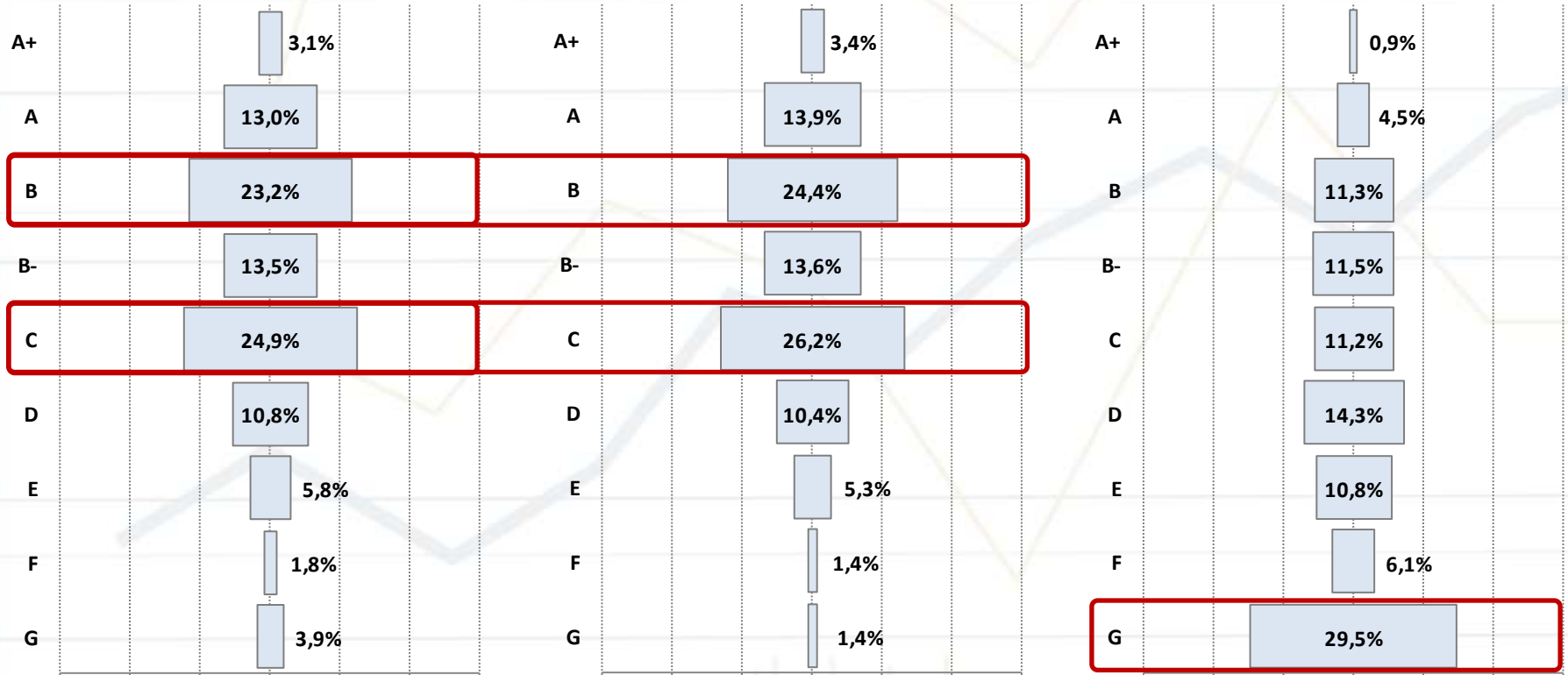
Energetic efficiency by type of building



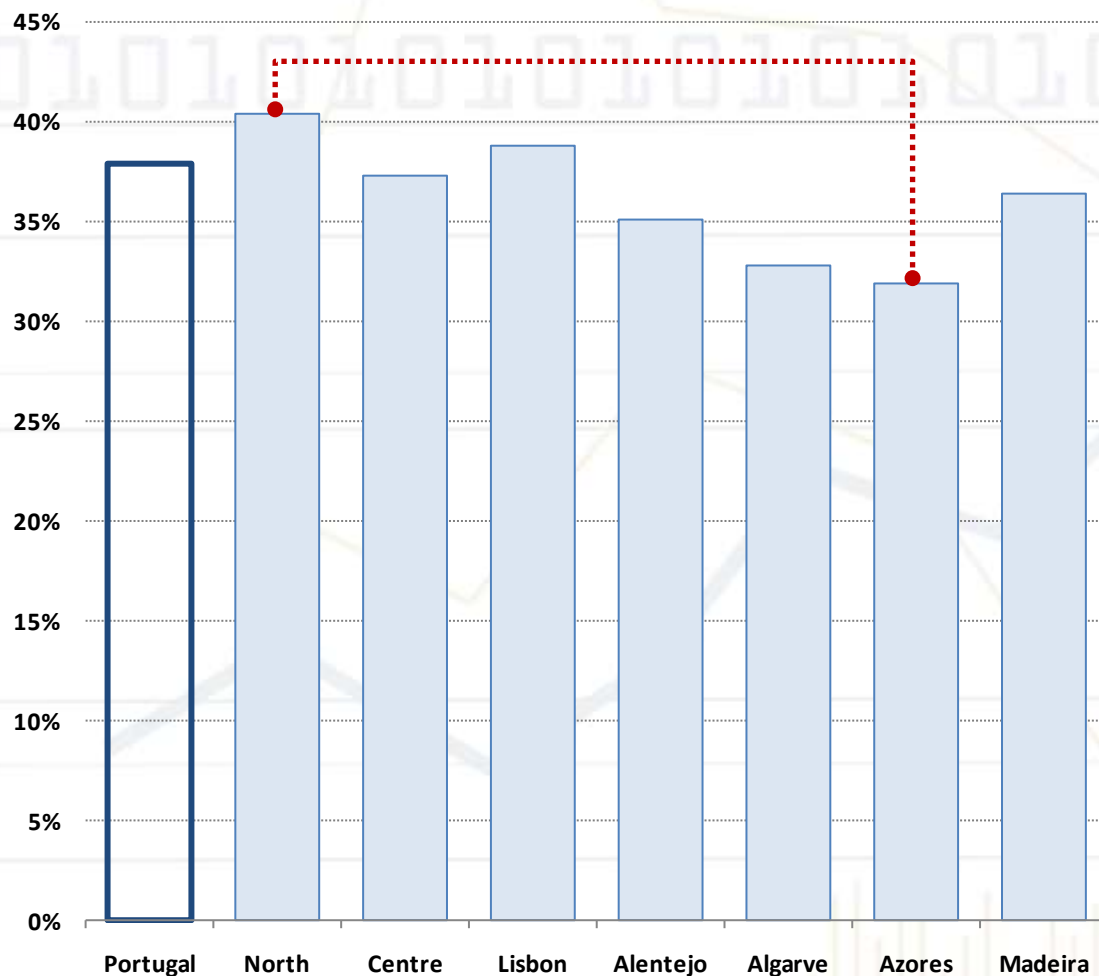
Global Data

Residential Data

Services Data



Residential stock preservation *status*



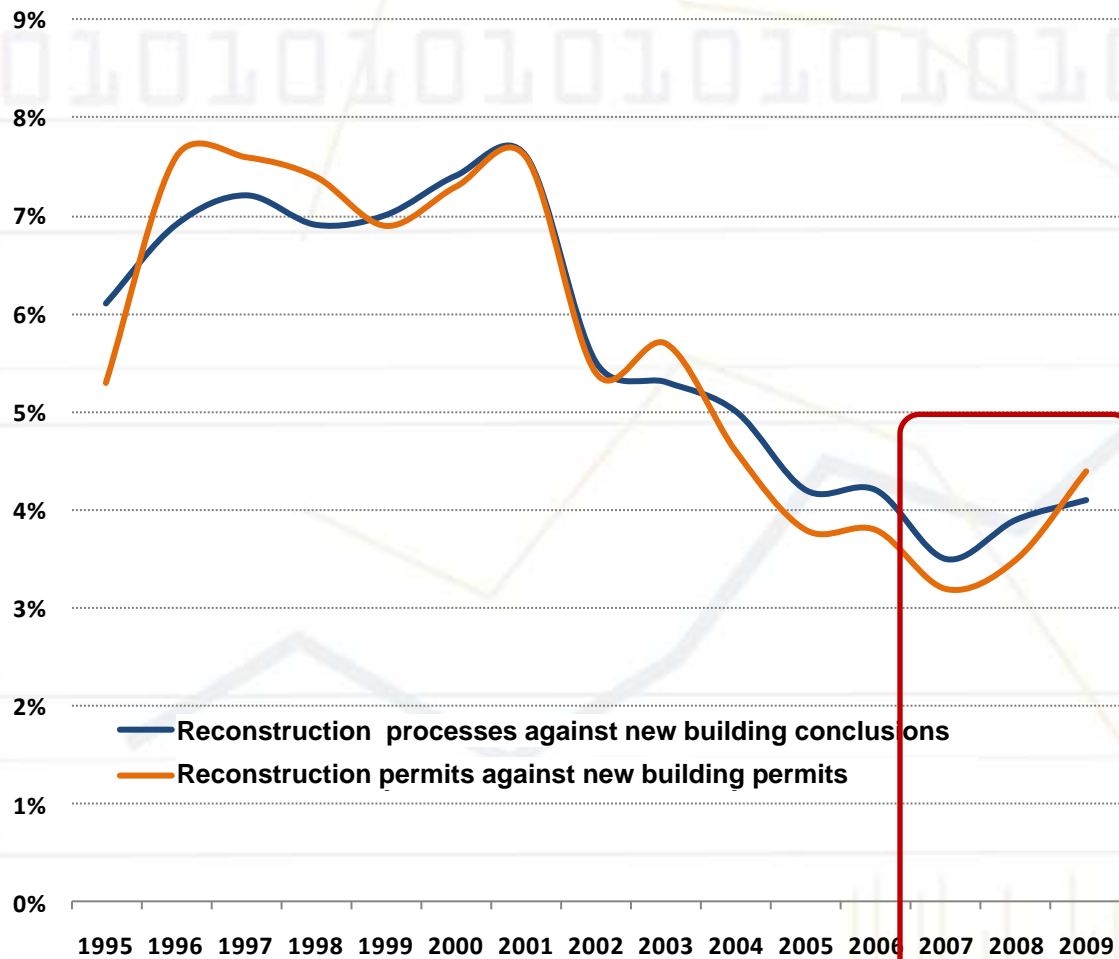
- In 2001, 37.9% of the residential dwellings needed to be repaired

- Norte (40.4%)

- Azores (31.9%)

- In 2001, 1,935 million dwellings exhibited some preservation deficiency. Today, this number can be estimated around 2,25 million dwellings

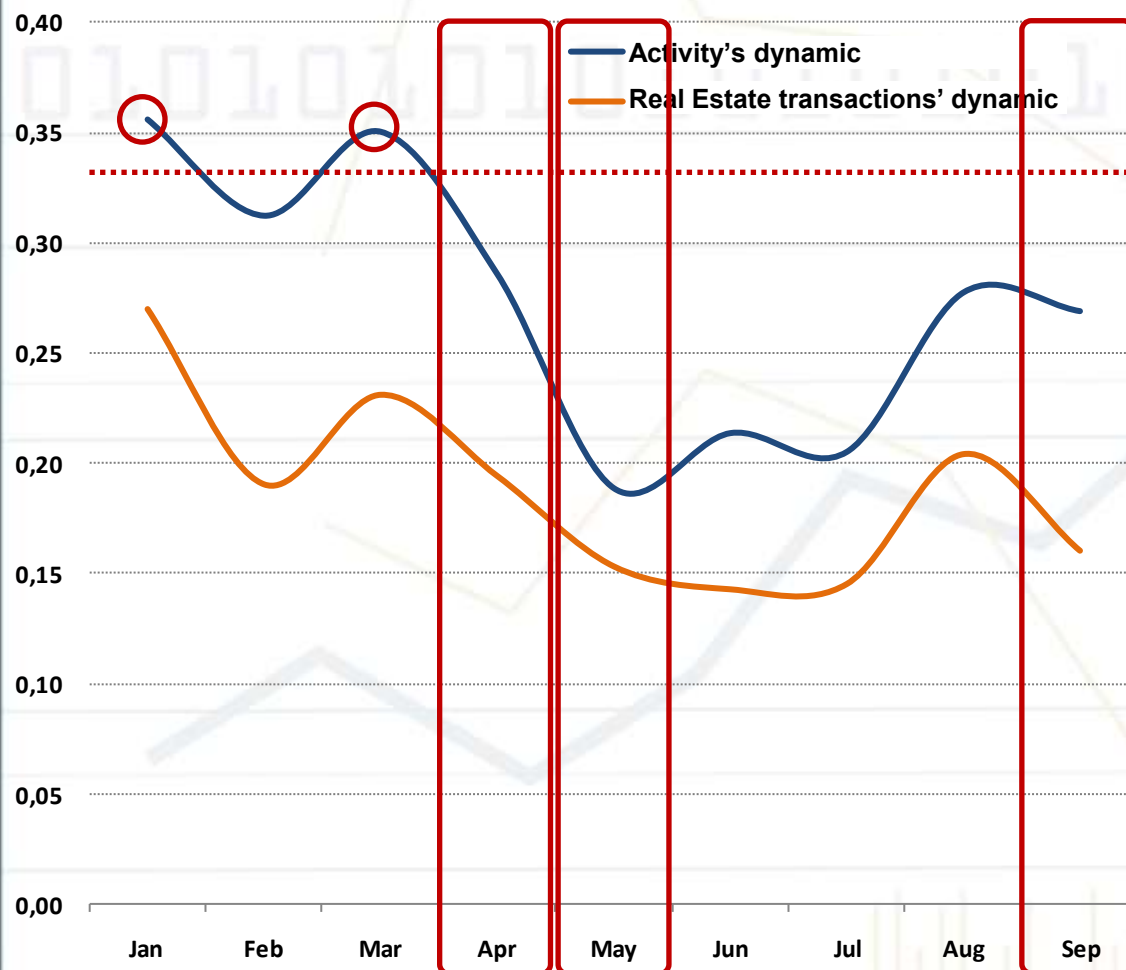
The resort to reconstruction – A *second best option*



- In Portugal, the rehabilitation continues to be strongly anchored in enlargement and (superficial) alteration building processes

- The reconstruction processes historically assume a very low relevance, which must be understood as a proof that these kind of deep rehabilitation decisions are generally seen as *second best options*

The market dynamic – The Real Estate perspective



- Since last March, the activity has been perceived by the real estate agents as “Negative”

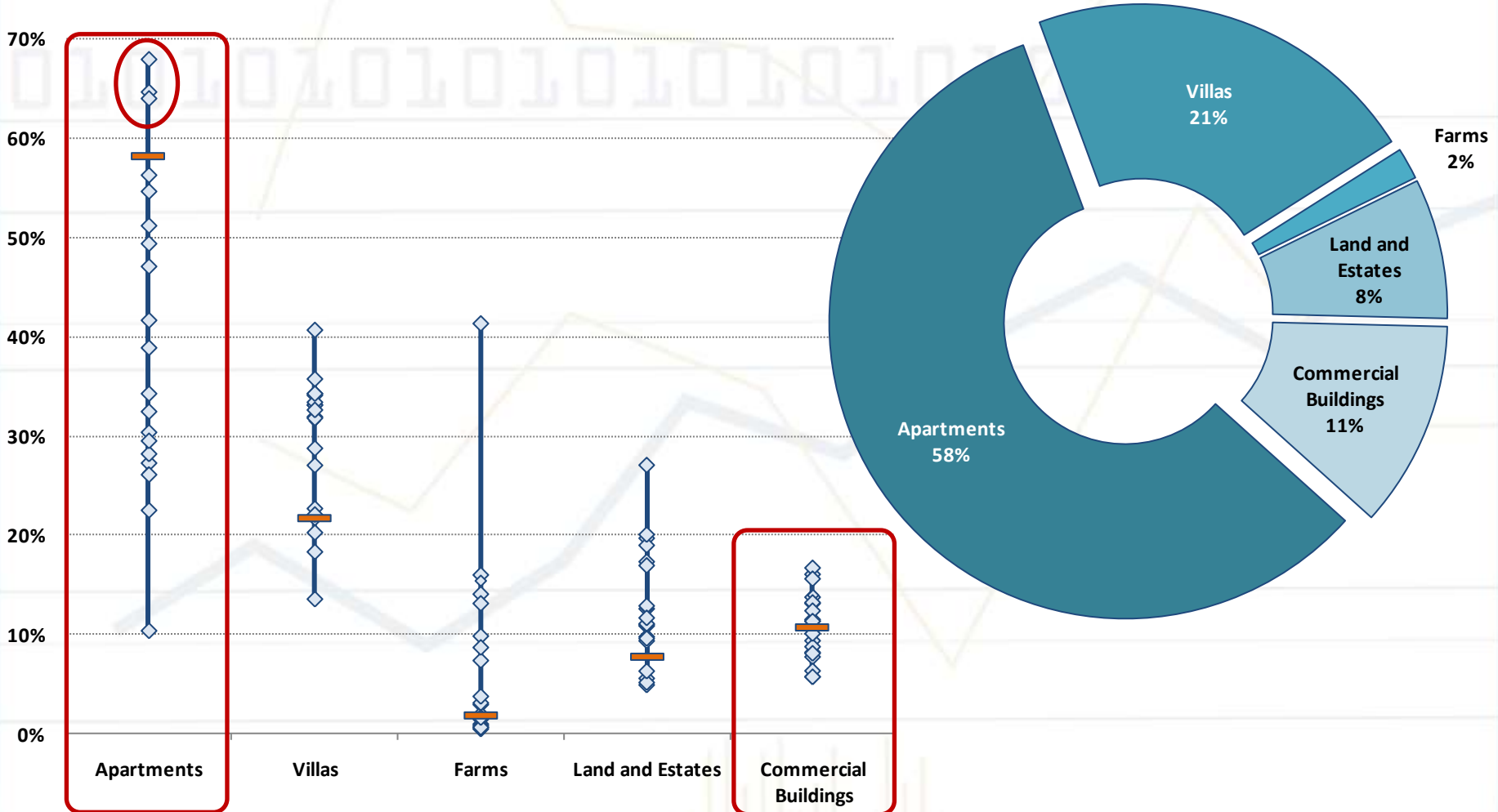
- The speculative suspicions that have targeted the Portuguese economy in the last two quarters have had a very negative impact on the real estate market dynamics

- The deeply conservative expectations for 2011 and the instability that the 2011 governmental budget approval has introduced in the social and political scenarios have, in the short run, eroded the confidence of the real estate professionals

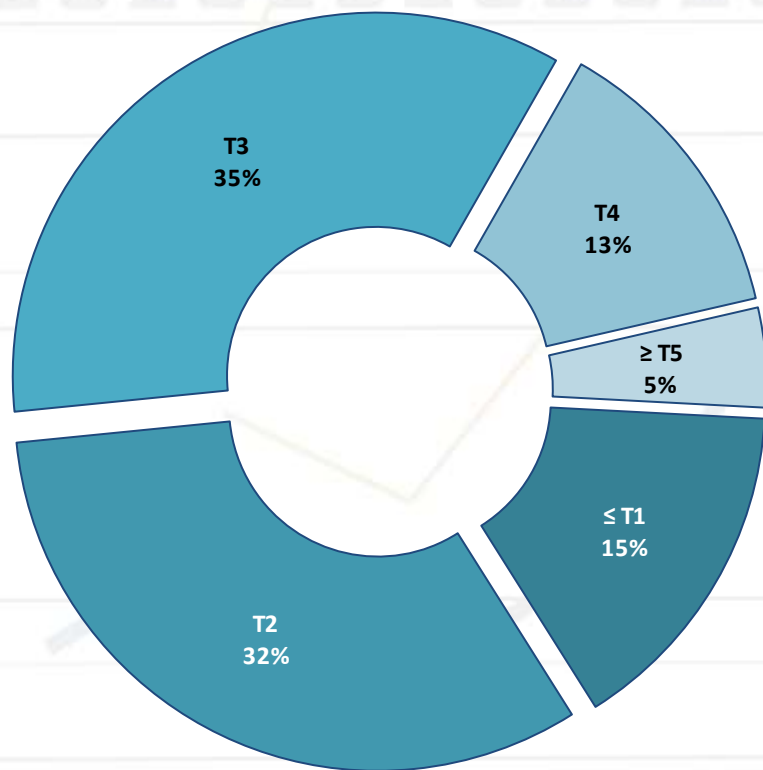
The supply-side dynamics



Real Estate Supply by type of product

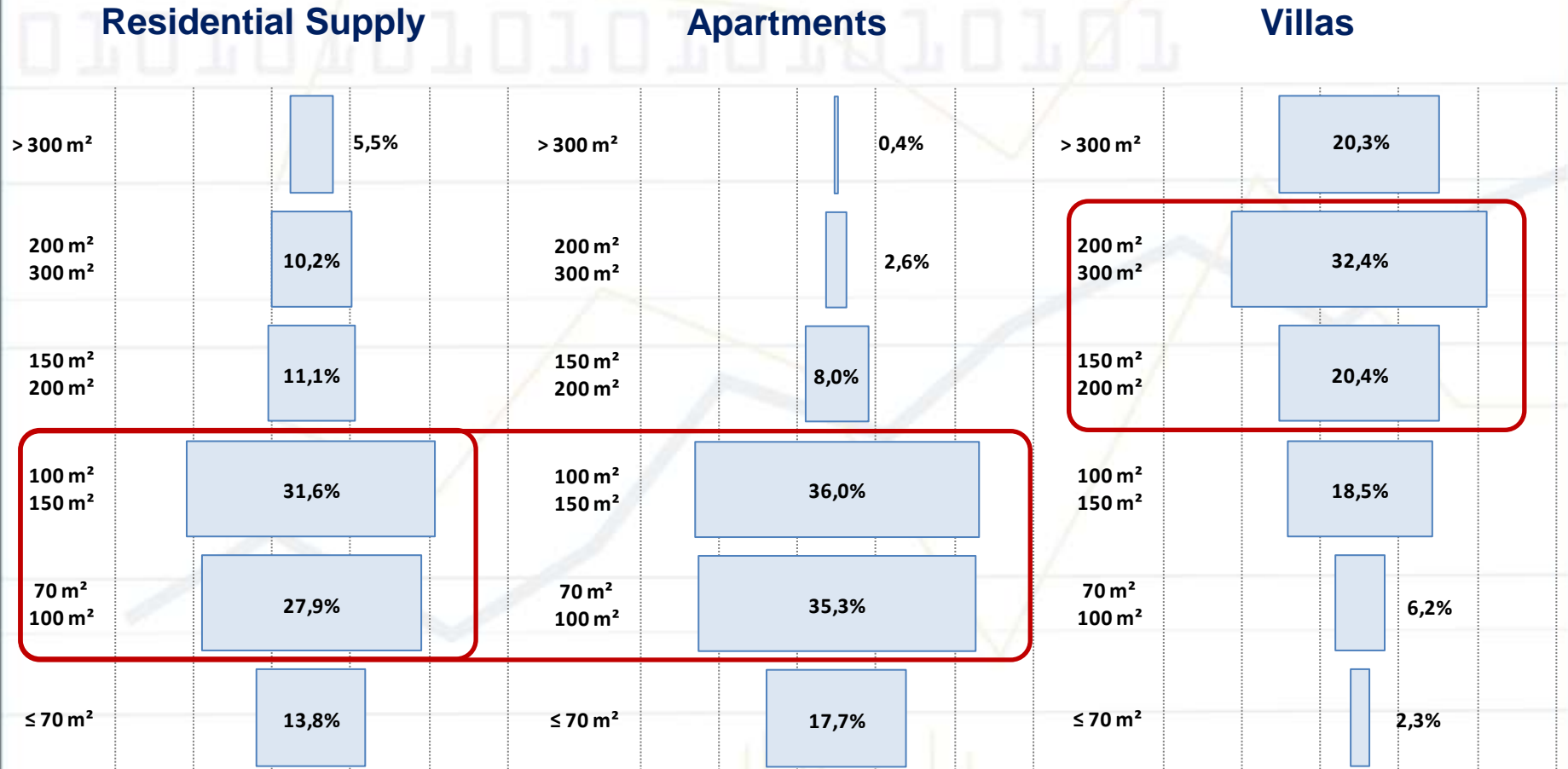


Residential supply by number of rooms

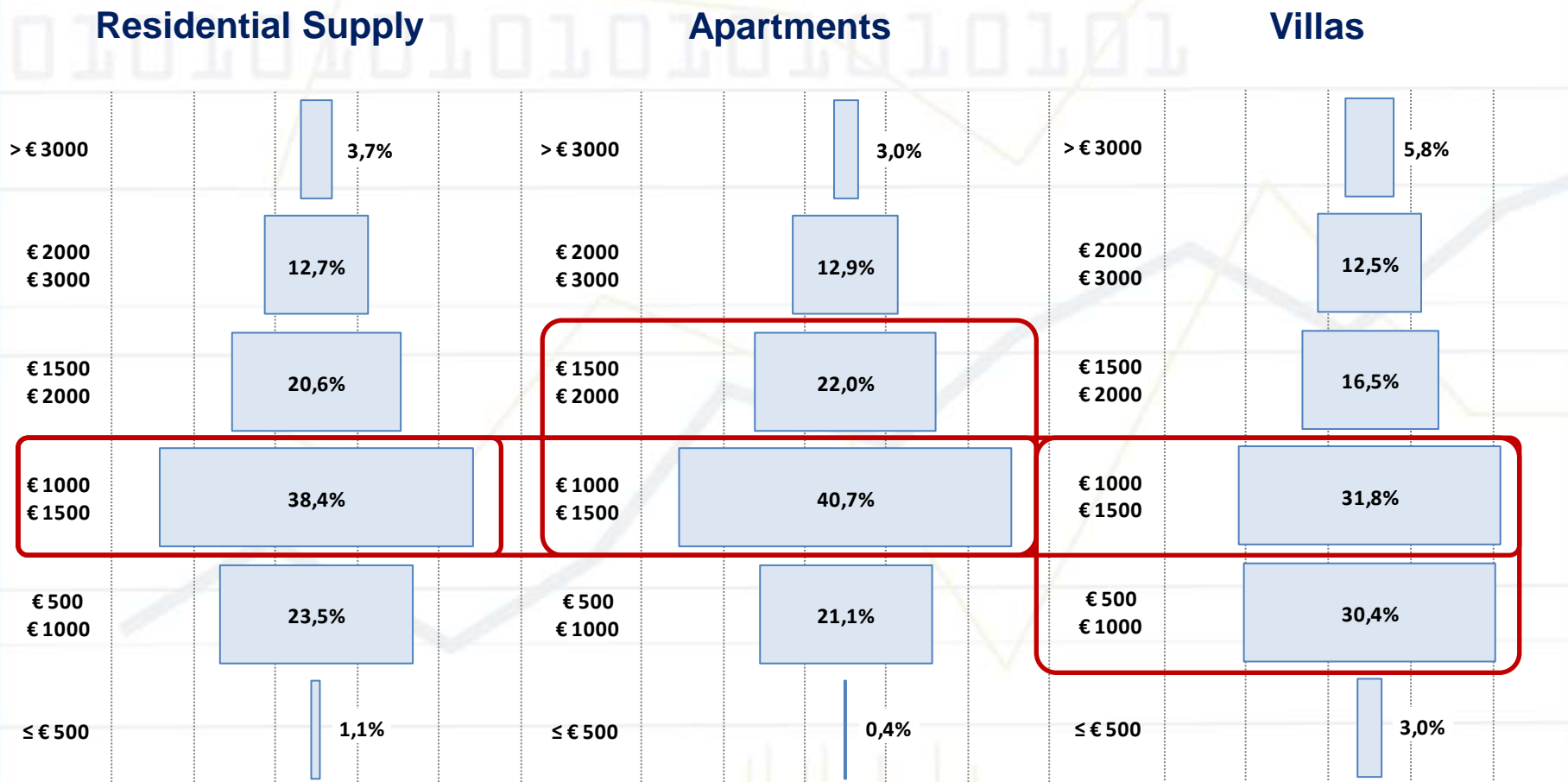


More than 67% of the residential market is dominated, from the supply side standpoint, by apartments and villas, with 2 or 3 bedrooms. The biggest dwellings represent around 18% and the smallest ones around 15%.

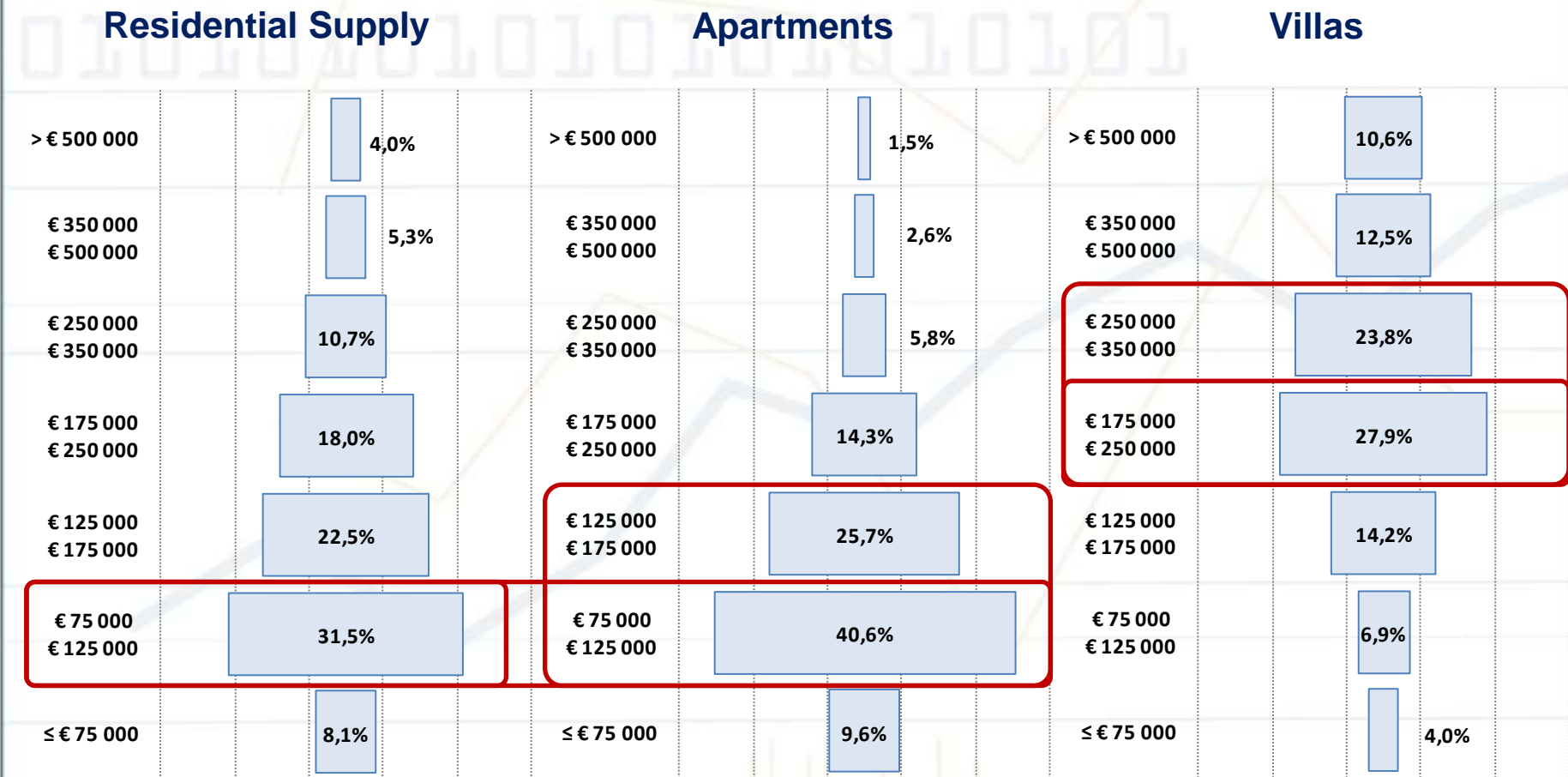
Residential supply segmentation – Area Perspective



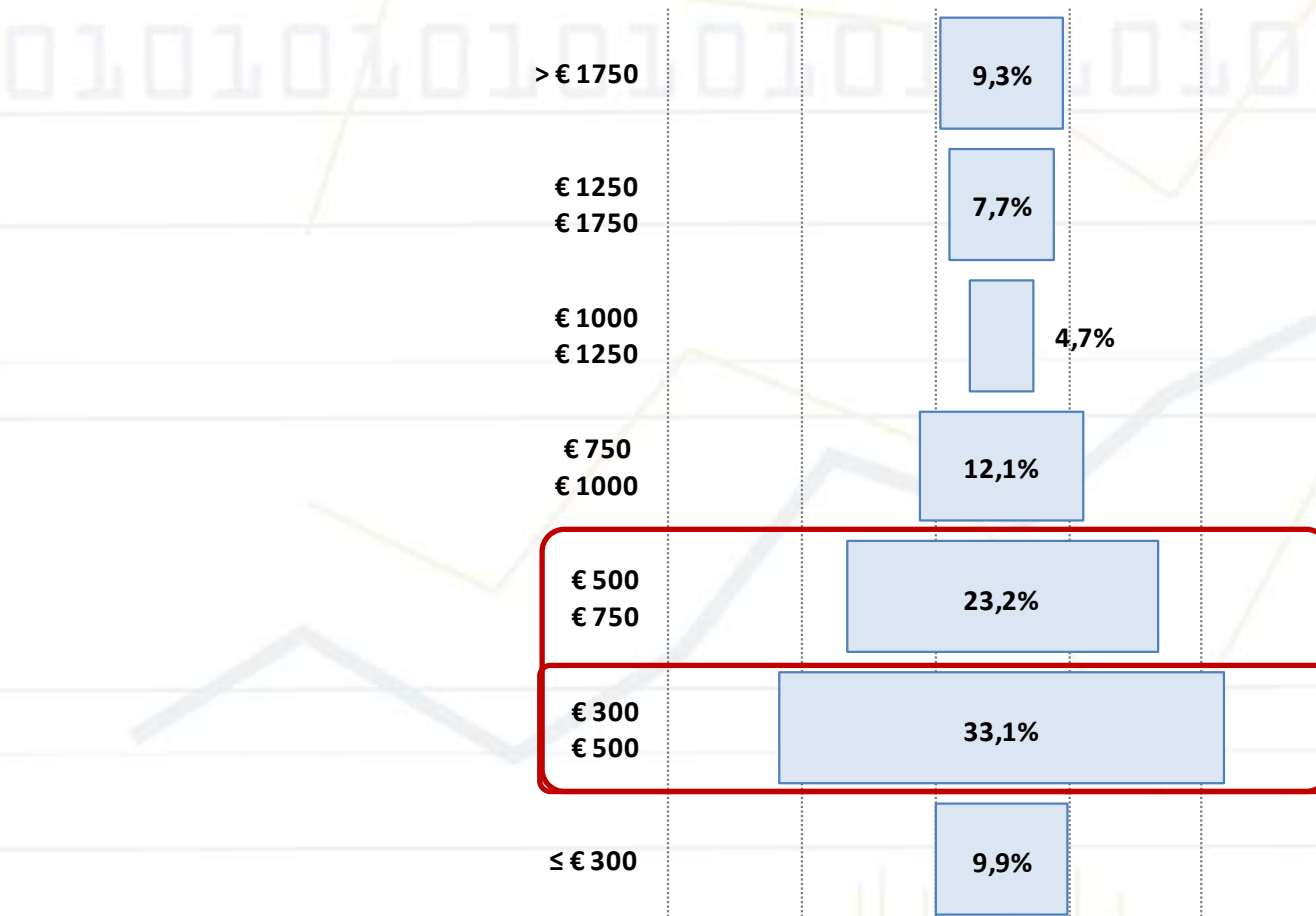
Residential supply segmentation – Price (€/m²) perspective



Residential supply segmentation – Price perspective



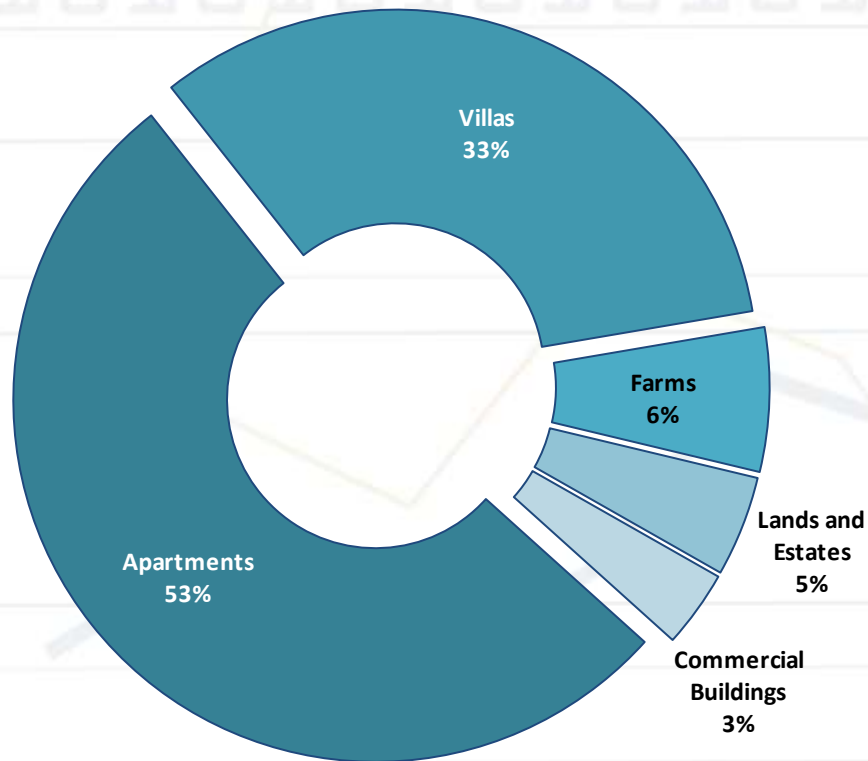
Residential renting supply segmentation



The real estate market: A dynamic game

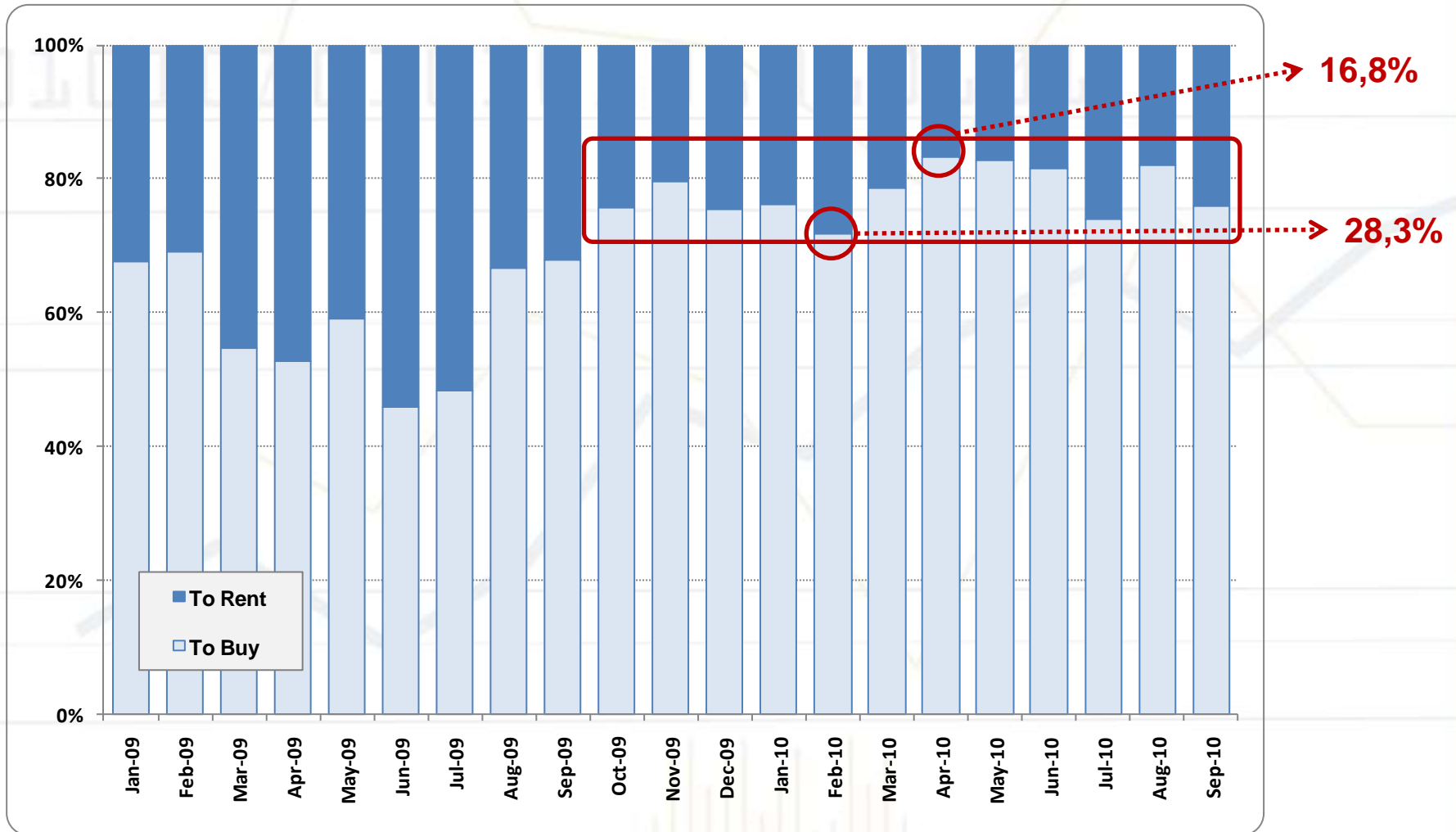


The real estate demand by type of product

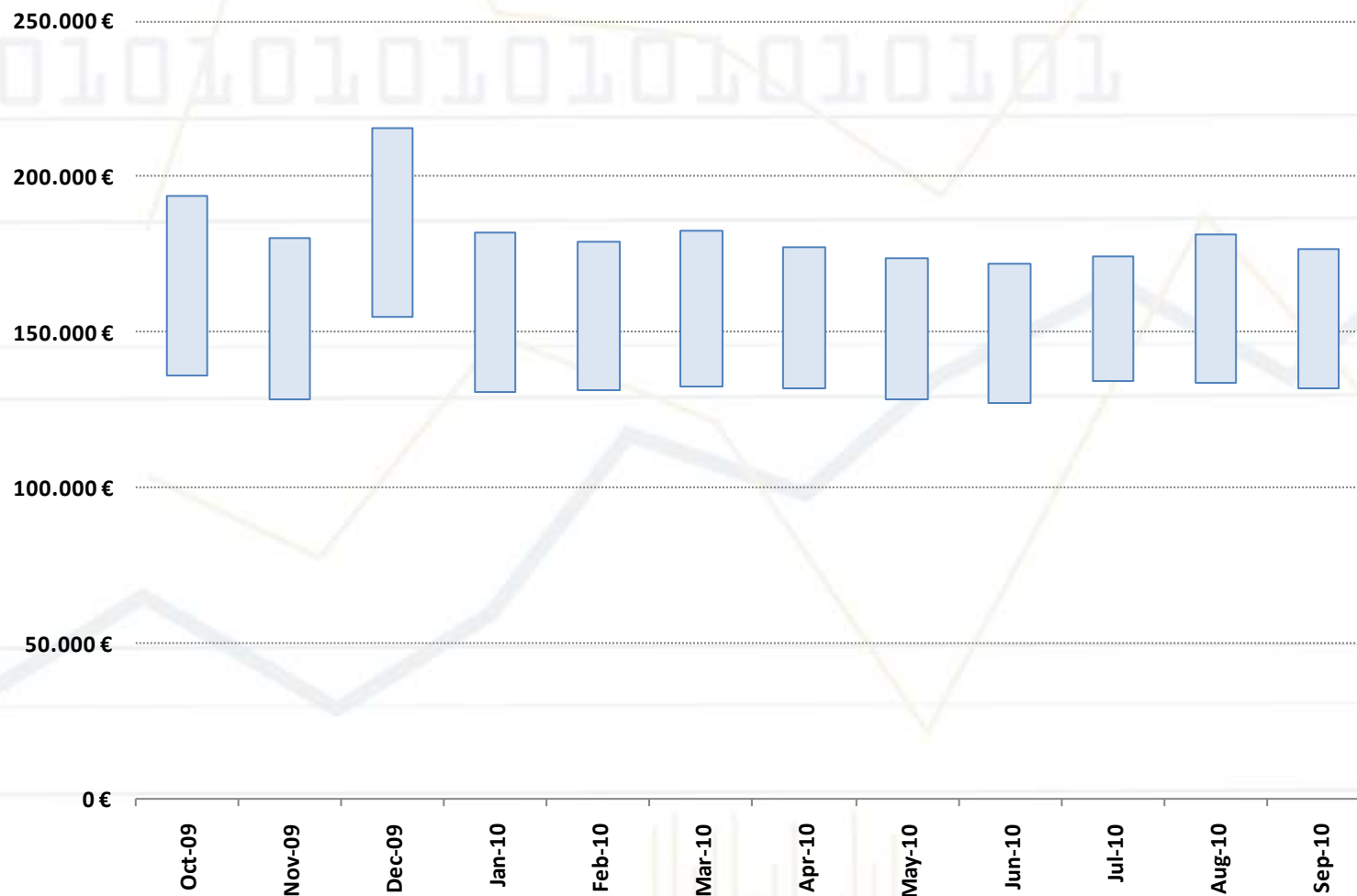


- In the last two months, real estate residential demand represented more than 86% of the searches made on CasaYES (Portugal number one real estate website)

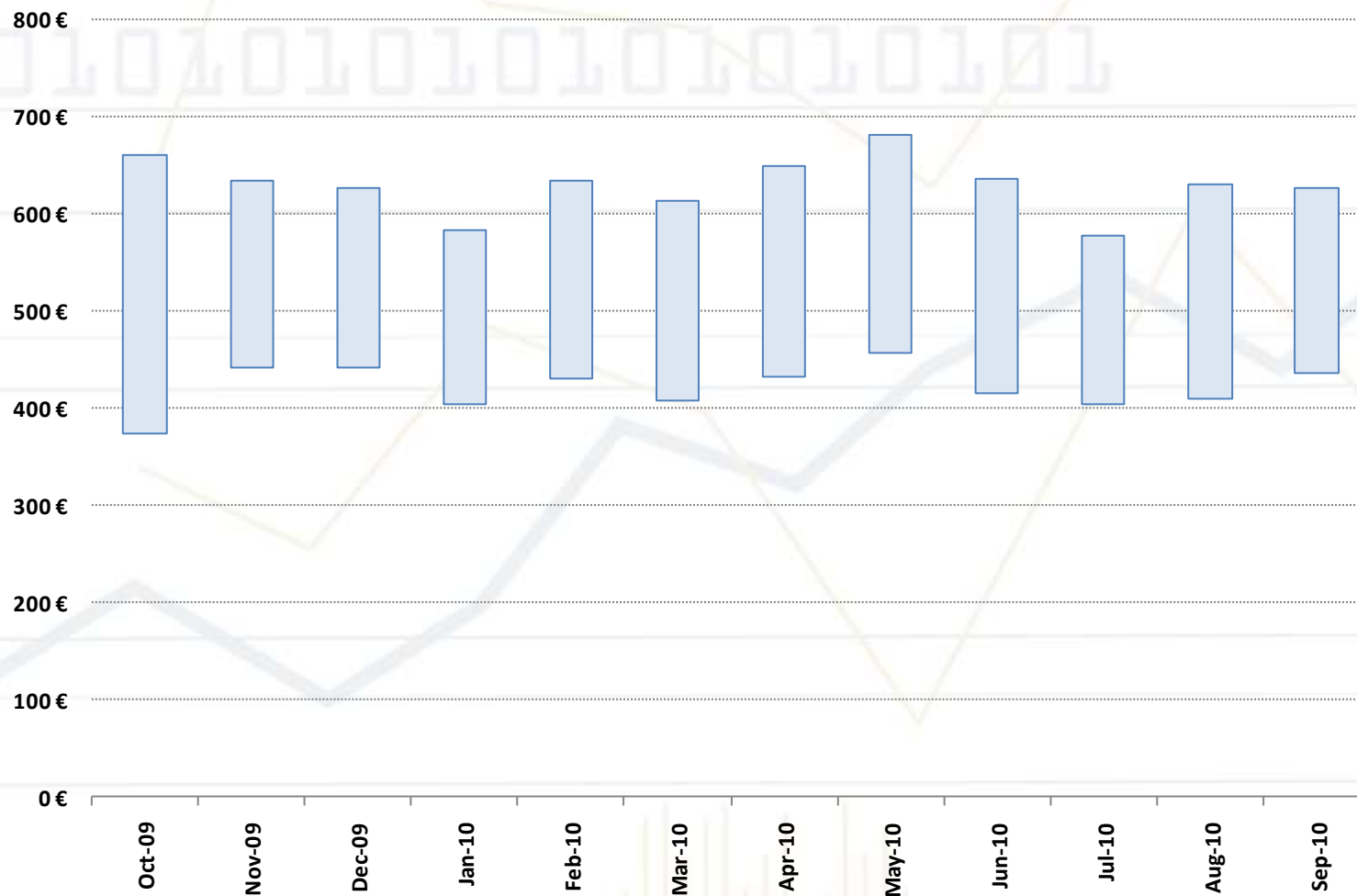
The residential demand structure: To buy or to rent



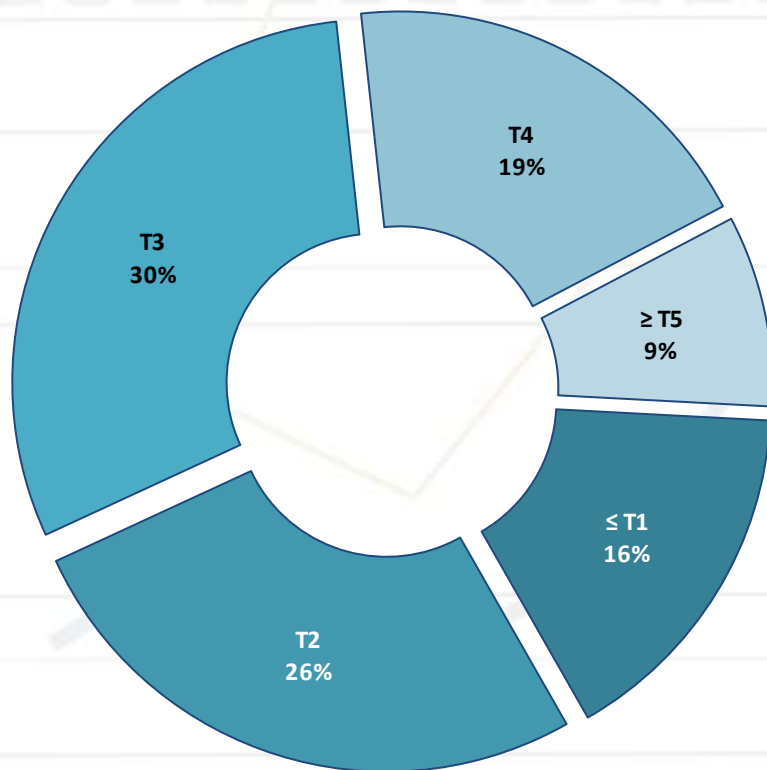
Residential Demand Price Expectations (To buy)



Residential Demand Price Expectations (To rent)

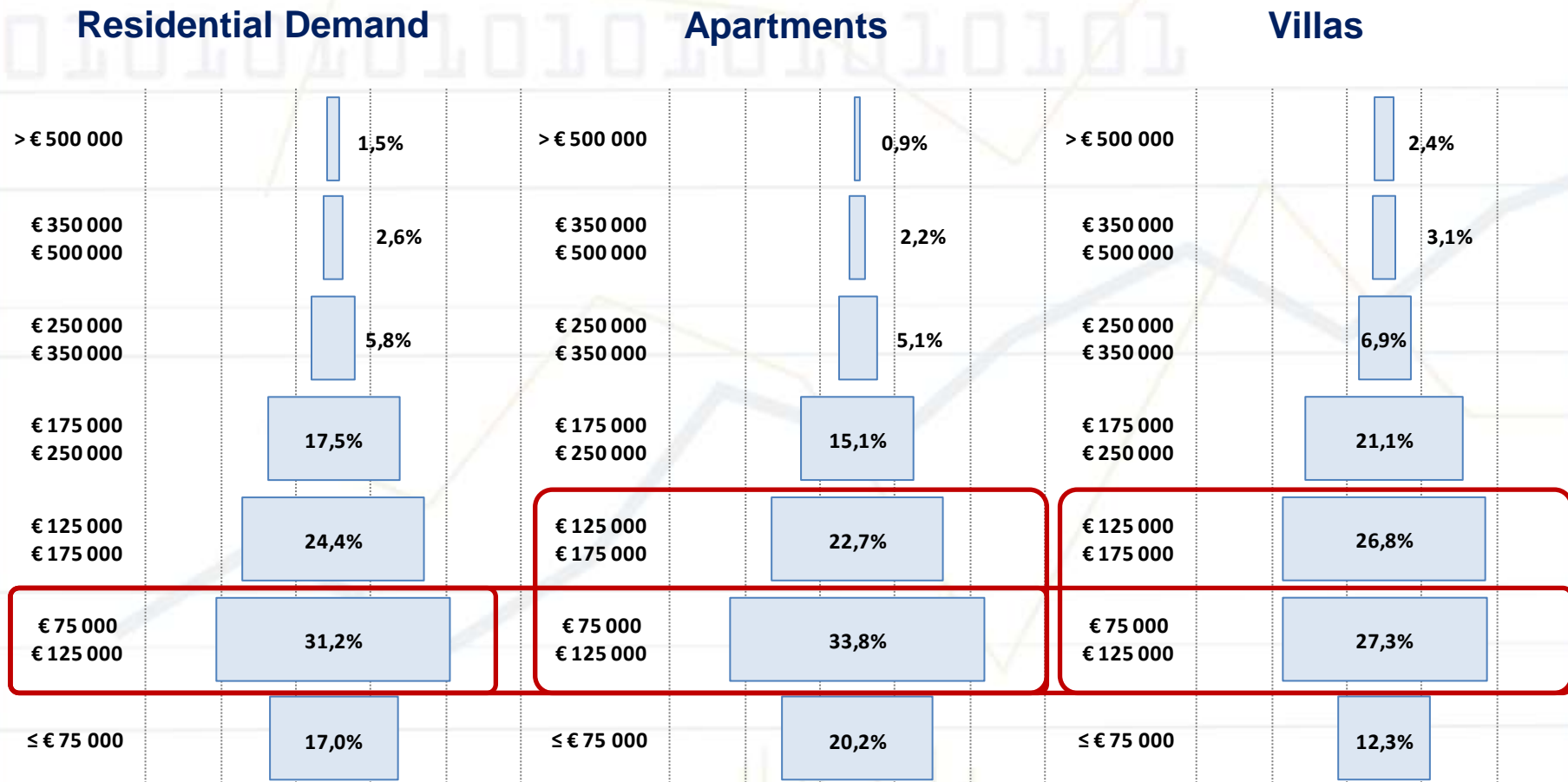


Residential Demand by number of rooms

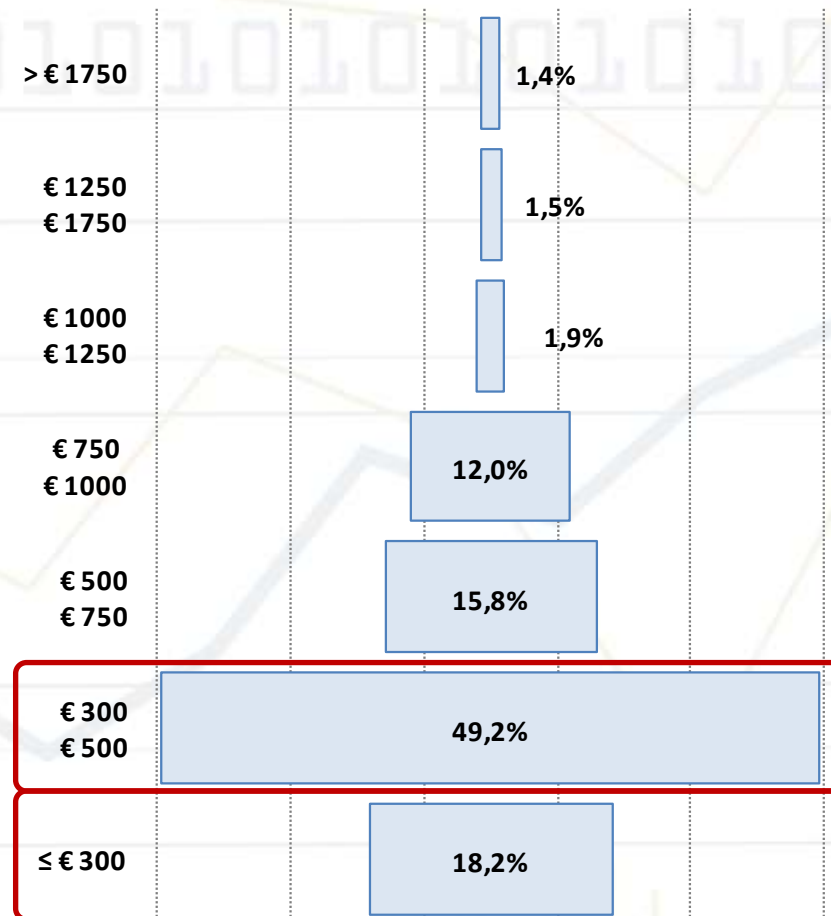


The demand for residential dwellings with two or three bedrooms represents more than 56% of all the demand intentions expressed on the real estate website www.casayes.pt

Residential demand segmentation – To buy

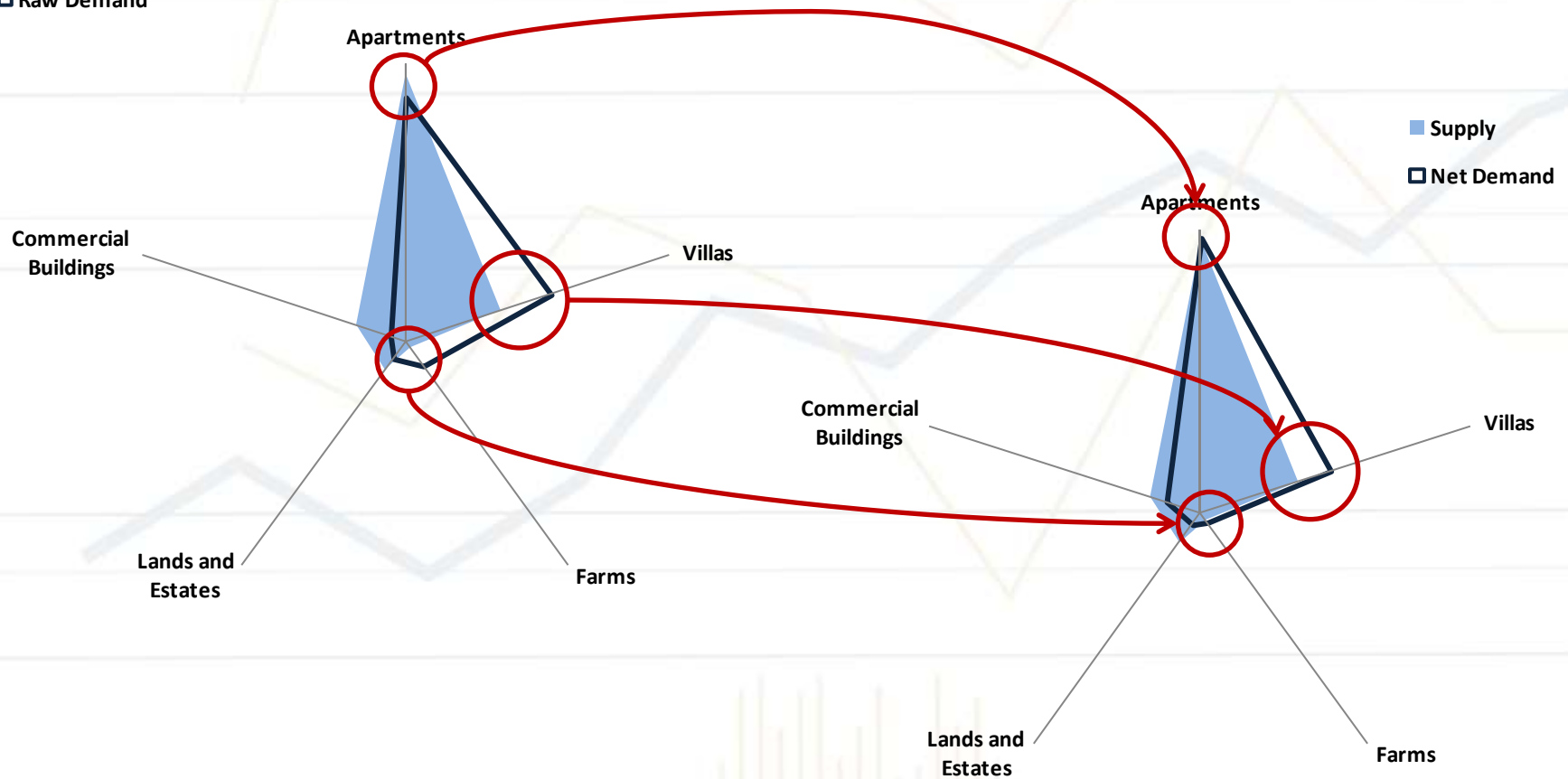


Residential demand segmentation – To rent

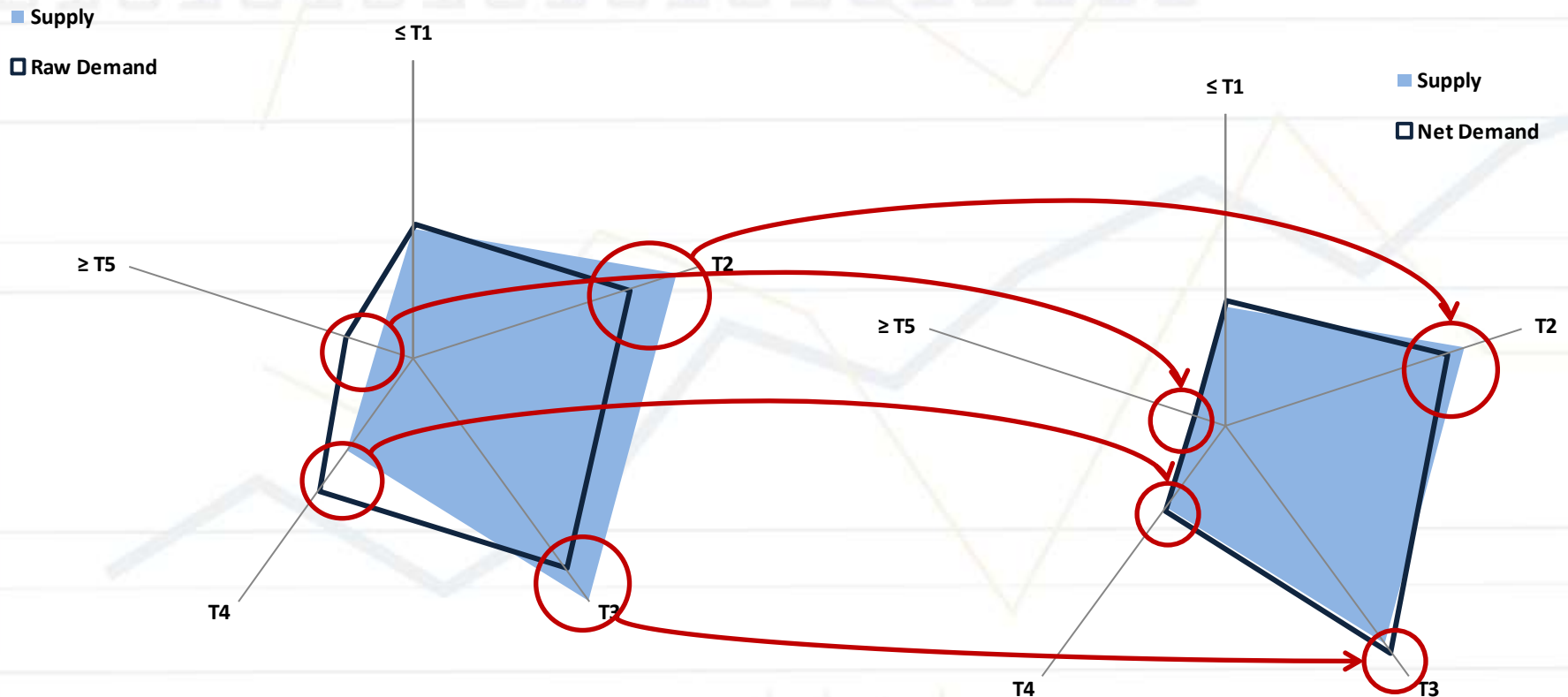


Market dynamics – Product perspective

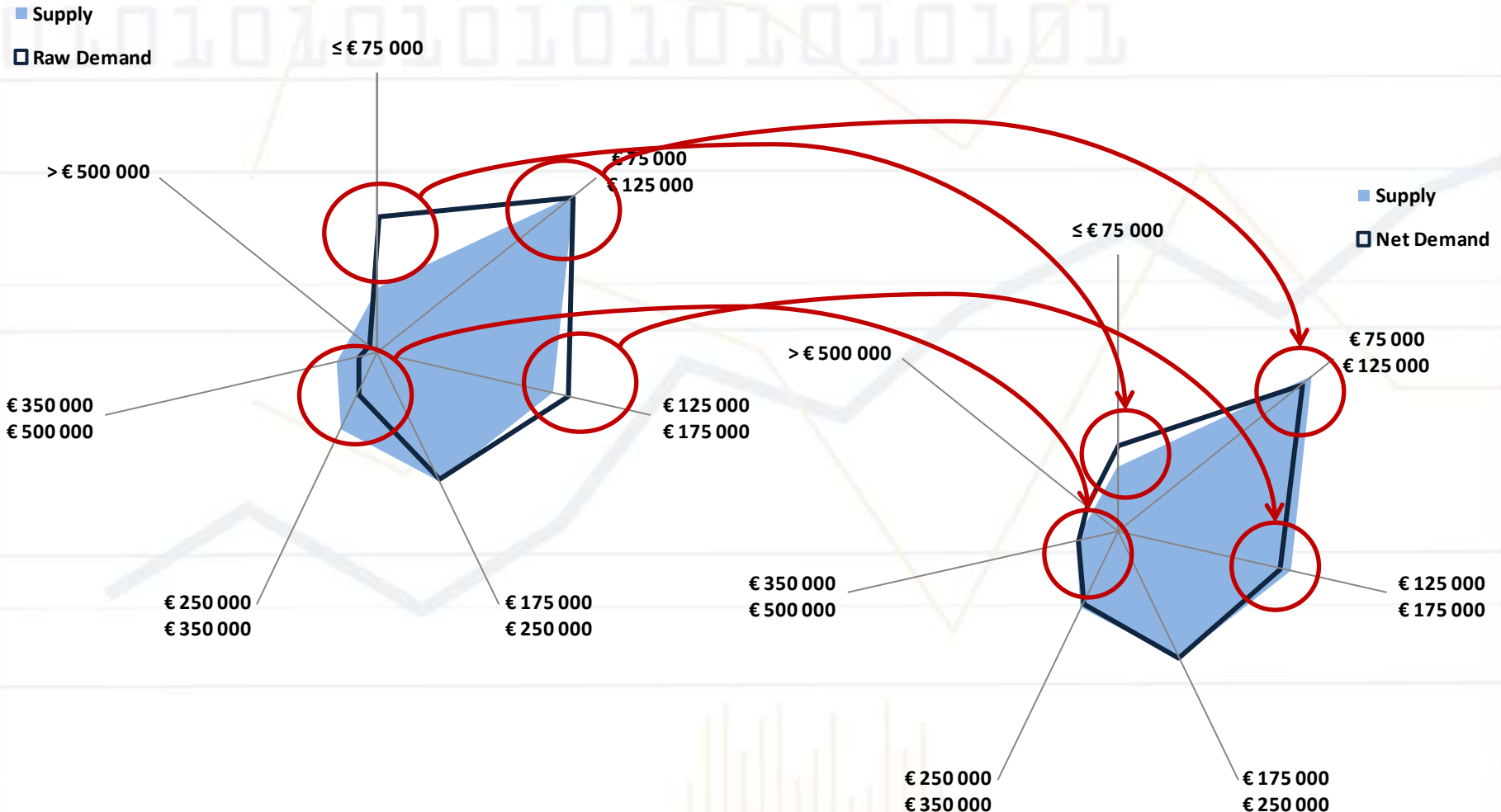
■ Supply
□ Raw Demand



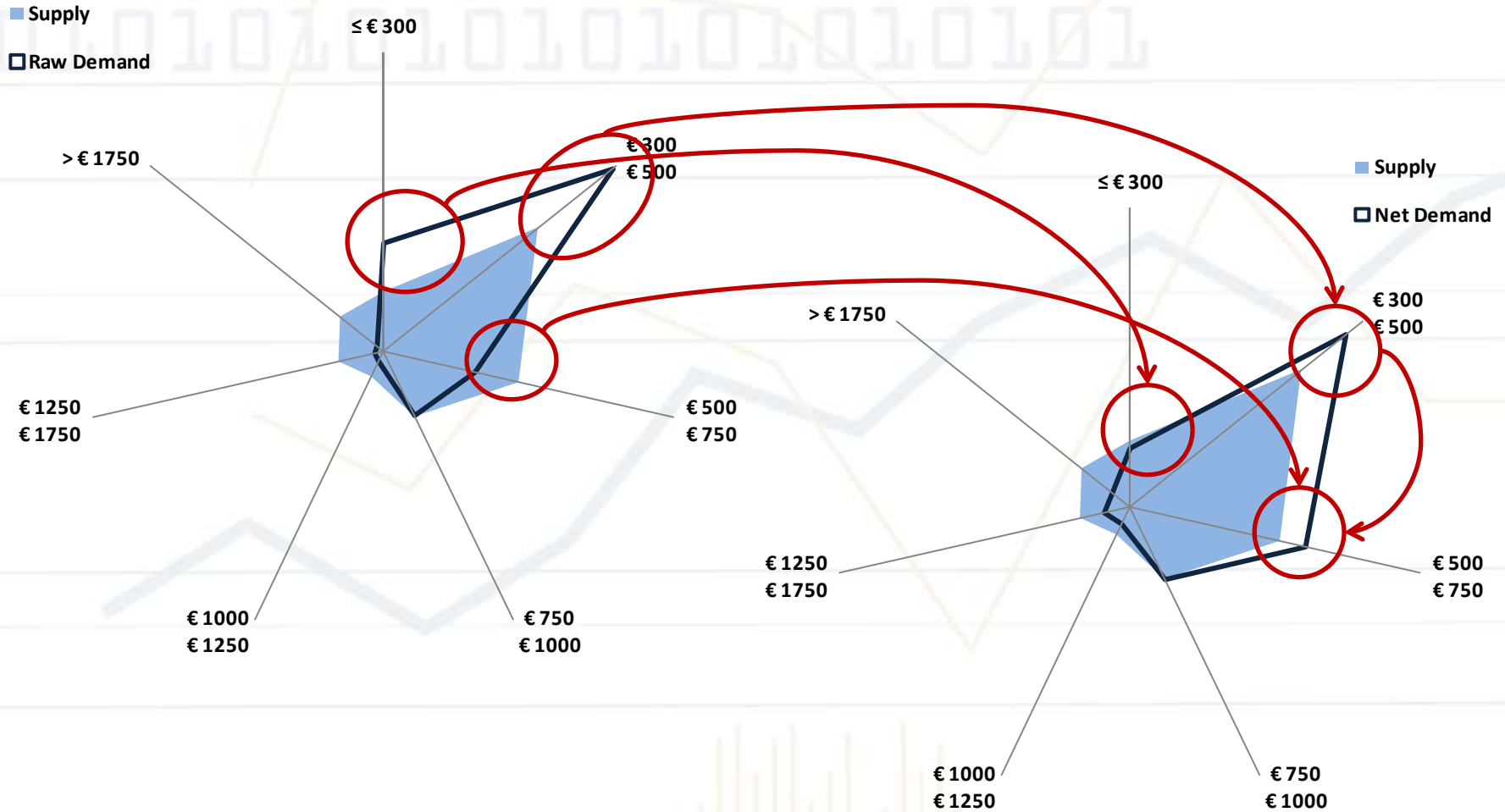
Market dynamics – Number of rooms perspective



Market Dynamics – Price perspective (Sales market)



Market dynamics – Price perspective (Rent market)

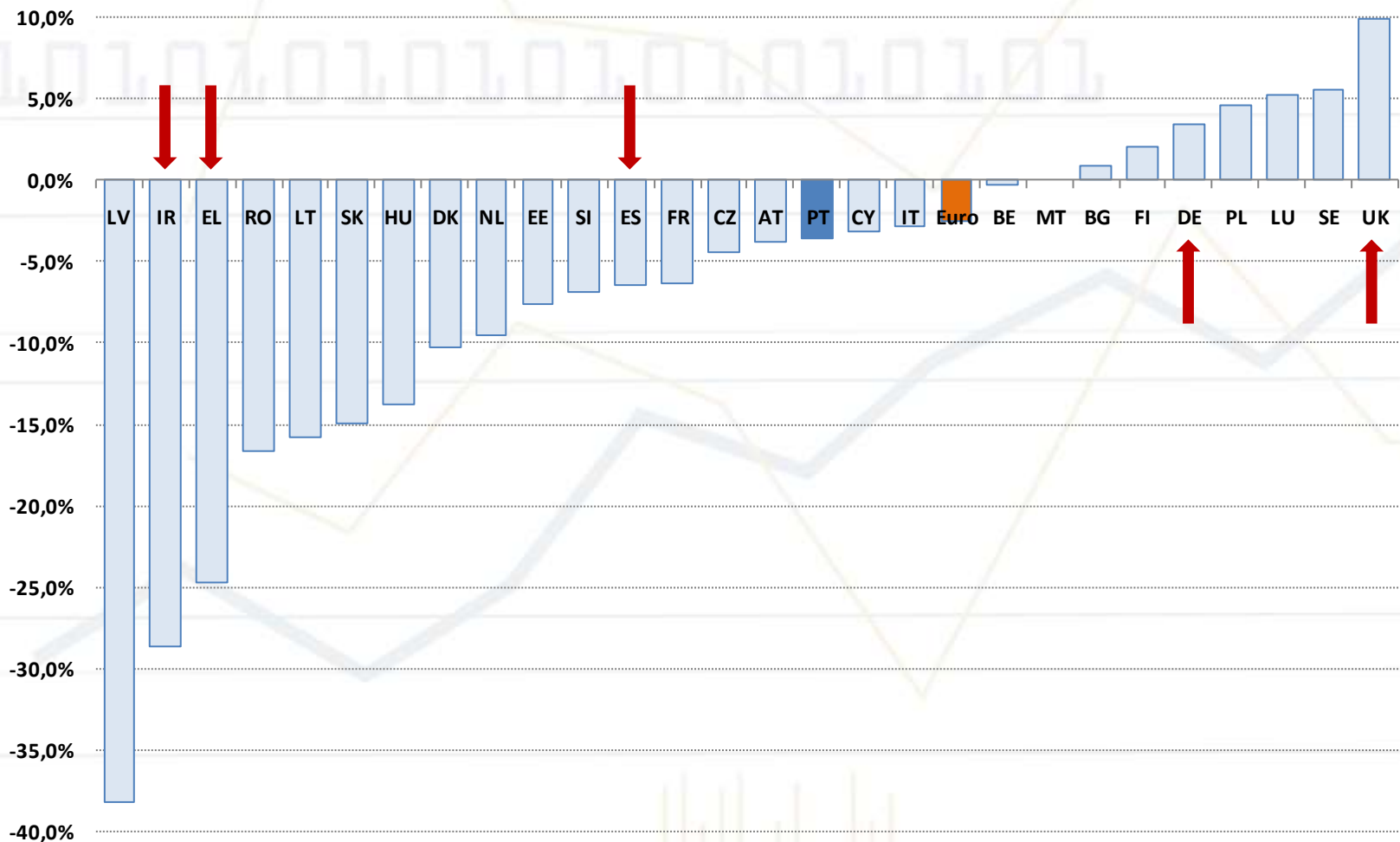


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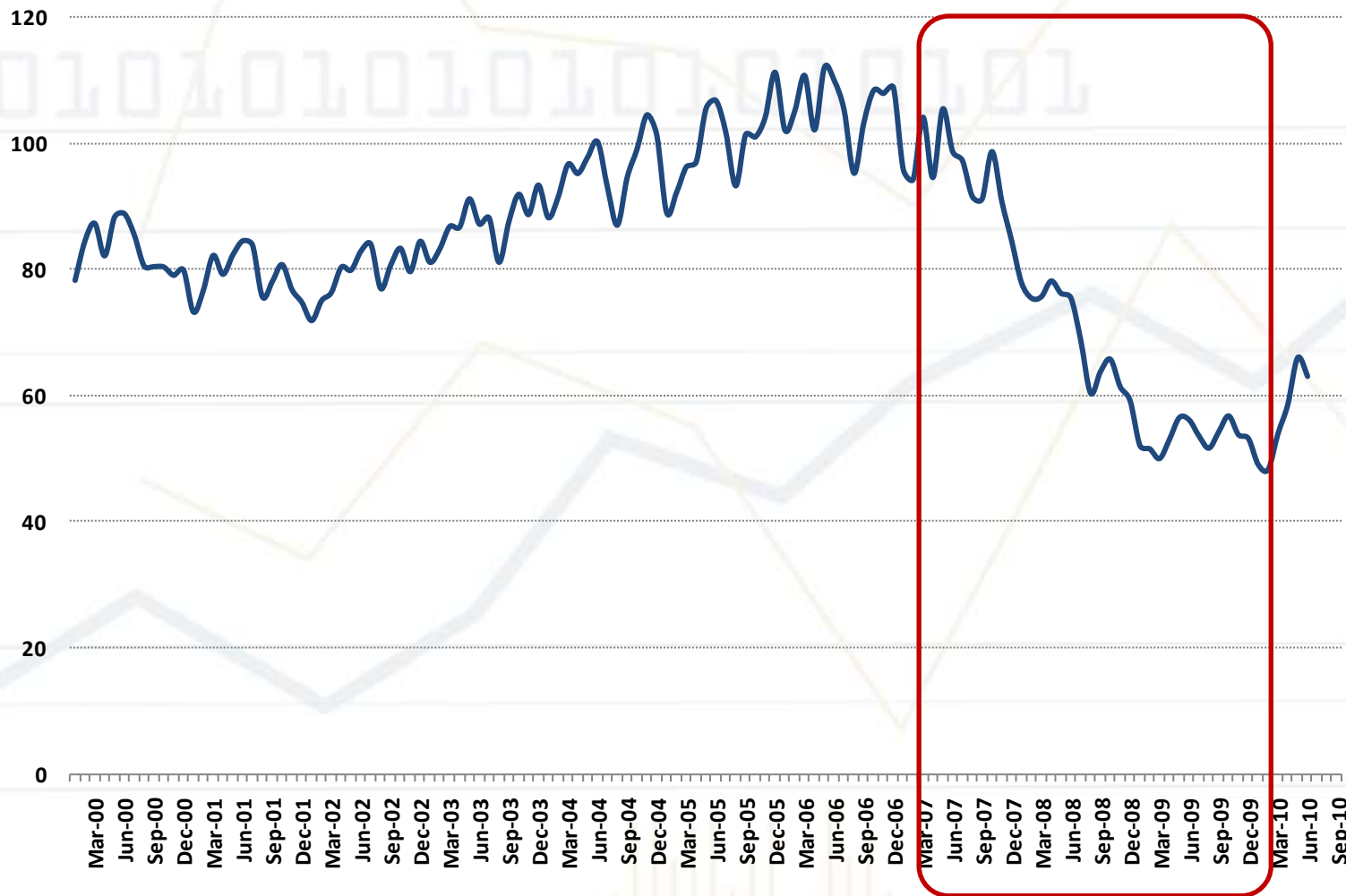
One Europe: Multiple challenges



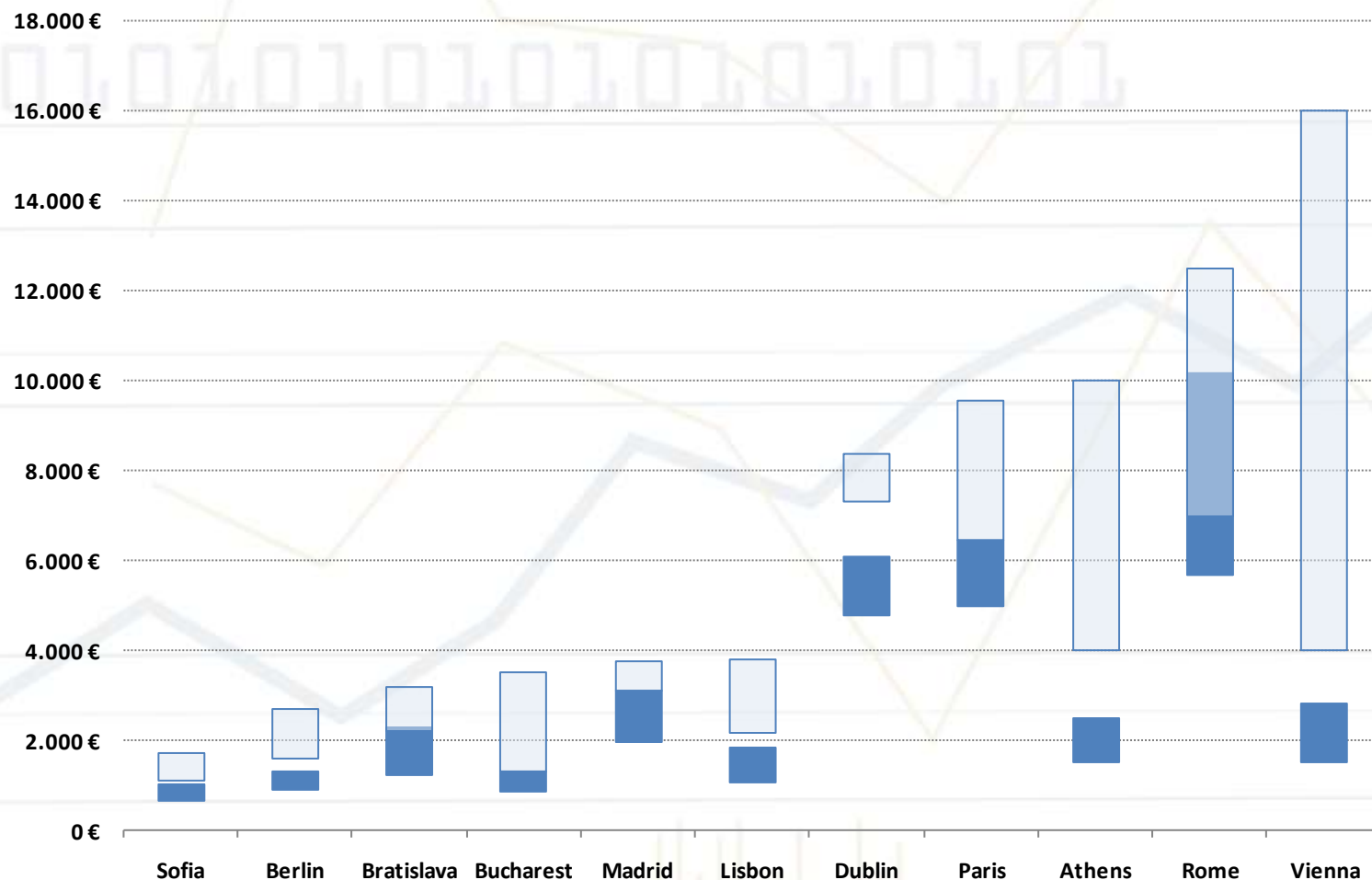
Evolution of the Construction's contribution to GDP



Residential permits on the European Union (2005=100)



Reference prices on some European capitals (apartments)



2010: Different perspectives on the period

Ireland

Real estate market completely paralysed

35% to 40% drop on the average rent values in Dublin

25% to 30% drop on the average sales' price in the residential segment

Spain

Market completely halted

The transaction values continue to drop between 10% to 20%

Bulgaria

Real estate market deeply marked by the contraction of the Demand

Strong reduction of the credit supply by the financial institutions

2010: Different perspectives on the period

France

Steady real estate market

Slight increase on the market values

Slight deterioration of the effort index of the families

Holland

Real estate market expansion around 2,6%

The market prices are stable and prove to be in equilibrium

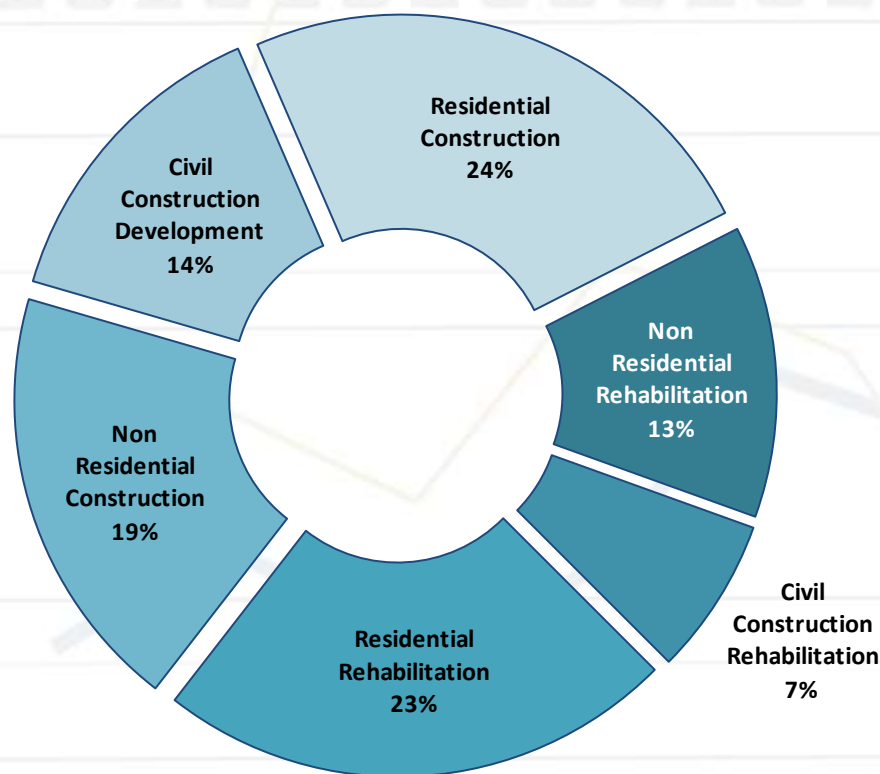
United Kingdom

Real estate market in recovery

The residential average price has increased between 2% to 10%

Strong contribution of the governmental policies to ease the concretization of the businesses

Construction Investment composition (2007)



- The residential segment represented 47% of the European construction investment in 2007

- The urban rehabilitation (residential and non residential) represented more than 36% of the European construction investment in 2007

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