

Algarve property market prices fall

Written by Administrator

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Residential Property Prices in Portugal fell even further in January with the Algarve emerging as the country's weakest real estate market, according to the latest figures.

At a national level, weakening demand is the main factor weighing down on prices, the January Royal Institute of Chartered Surveyors and Confidencial Imobiliário Portuguese Housing Market survey shows.

And although there have been improvements in both the national Activity and Confidence indices they both remain negative overall at -14 and -31 respectively compared with -32 and -35 the previous month. The indices range between -100 and +100, with 0 marking the dividing line between improvement and deterioration.

The detail of the survey shows that the outlook for prices remains far more negative than that for sales. However, there is marked variation at the regional level. Indeed, the Algarve stands out as the region experiencing the worst market conditions in Portugal.

In the Algarve a combination of sharply rising new vendor instructions and falling new buyer enquiries is weighing down more heavily on prices and price sentiment.

'The Algarve market is heavily oriented towards second homes and therefore it tends to be prone to sharper seasonal fluctuations than the Lisbon and Porto markets,' said CI Spokesman, Ricardo Guimaraes.

In Lisbon and Porto, market conditions are slightly more favourable. Although prices are still falling in these markets thanks to weakening demand, new vendor instructions are not rising at the same time. Therefore, the downward pressure on prices is not quite as intense, the report says.

'The main issue affecting the Portuguese housing market is weak demand, related to the near record high level of unemployment (10.9%) and near record low level of consumer confidence,'

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said RICS Senior Economist, Josh Miller.

'The Lisbon and Porto markets are faring comparatively better than the Algarve; in addition to weak demand, the Algarve is also experiencing increased home selling, which is putting additional downward pressure on prices,' he added.

source: propertywire.com

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