

June 14, 2016

Construction: Building permits and completed buildings

Rectified (August 09, 2016)

1<sup>st</sup> Quarter 2016 – preliminary data

Rectified values (see table on page 5)

### Building permits decreased by 6.7% and completed buildings declined by 22.0%

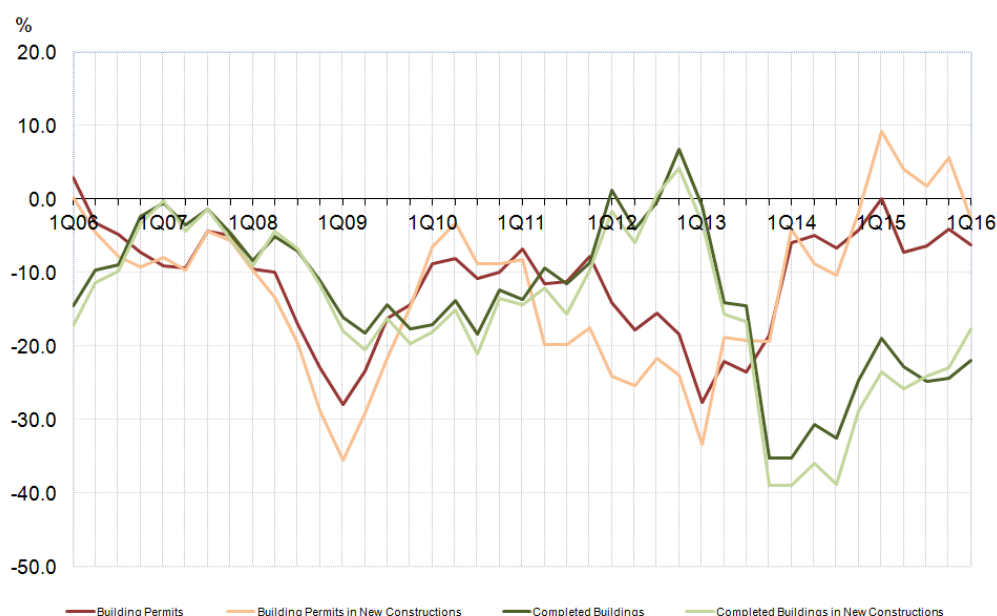
In the **1<sup>st</sup> quarter 2016**, building permits declined by 6.7% in comparison with the same period of the previous year (-1.1% in the 4<sup>th</sup> quarter 2015), corresponding to 3.7 thousand buildings. There was a 3.7% decline in building permits for new constructions (+7.1% in the 4<sup>th</sup> quarter 2015) while the number of rehabilitation permits declined by 13.6% (-13.5% in the 4<sup>th</sup> quarter 2015). Completed buildings declined by 22.0% (-24.4% in the 4<sup>th</sup> quarter 2015) with a total of 2.5 thousand buildings.

When compared with the previous quarter, the number of building permits decreased by 1.6% (-6.2% in the 4<sup>th</sup> quarter 2015) and the number of completed buildings declined by 5.0% (-6.0% in the 4<sup>th</sup> quarter 2015).

In the 1<sup>st</sup> quarter 2016, there were 3.7 thousand building permits and 2.5 thousand completed buildings in Portugal.

Building permits declined by 6.7% compared with the 1<sup>st</sup> quarter 2015, deepening the decline compared with the preceding quarter (-1.1%). The number of completed buildings continued to decline in year-on-year terms (-22.0%) although at a slower pace when compared with the previous quarter (-24.4%).

### Quarterly year-on-year change rates (Building permits and completed buildings)



## 1. Building permits

In the 1<sup>st</sup> quarter 2016, the number of building permits issued in Portugal reached 3.7 thousand, corresponding to a decline of 6.7% in comparison with the same quarter 2015.

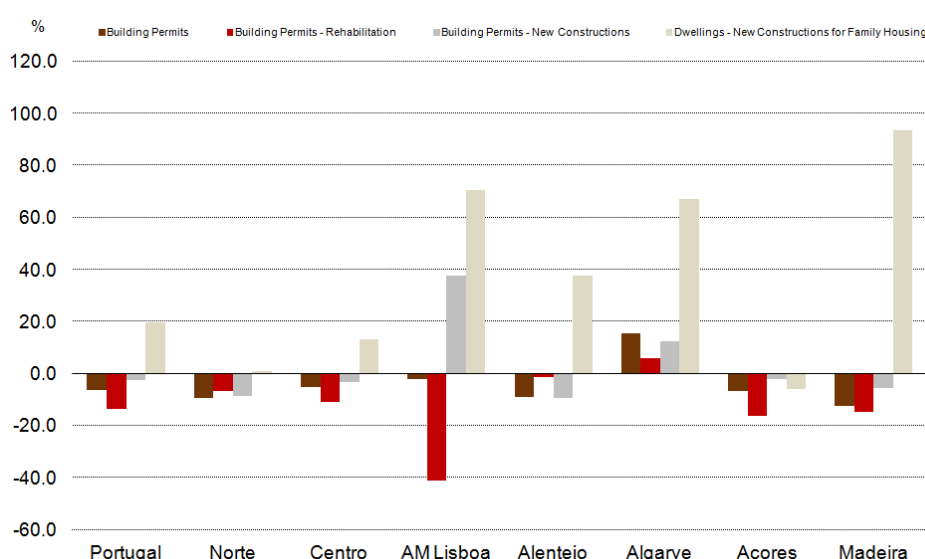
Of the total building permits, 64.4% corresponded to new constructions and of these, 65.8% referred to family housing. The region of Algarve was the only one to present a positive year-on-year change rate in building permits (15.0%). All the remaining regions presented declining year-on-year change rates, with the emphasis on Região Autónoma da Madeira (-10.9%) and on the Norte (-10.3%).

With regard to building permits for new constructions in Portugal, there was a decrease of 3.7% vis-à-vis the 1<sup>st</sup> quarter 2015, while rehabilitation works decreased by 13.6%. When compared with the preceding quarter, permits for new constructions decreased by 0.3% and rehabilitation works declined by 5.9%.

The regions of Área Metropolitana de Lisboa and the Algarve presented positive year-on-year change rates in building permits for new constructions: +36.0% and +12.5% respectively. All the remaining regions presented declining year-on-year change rates, with the steepest having occurred in the Alentejo (-11.5%). In what concerns permits for building rehabilitation, the region of the Algarve was the only one to present a positive year-on-year change rate of 5.7%. The Área Metropolitana de Lisboa recorded the highest reduction (-41.1%).

In comparison with the 1<sup>st</sup> quarter 2015, licensed dwellings in new constructions for family housing recorded an 18.6% increase, corresponding to a 6.3 p.p. decline over the change rate recorded in the preceding quarter (+24.9%). Região Autónoma dos Açores (-6.1%) was the only region to record a declining year-on-year change rate with regard to this variable. The highest positive change rates were recorded in Região Autónoma da Madeira (+93.3%), Área Metropolitana de Lisboa (+69.7%) and the Algarve (+67.0%), with all these regions essentially presenting building permits for new apartment constructions with a high number of floors and dwellings.

### Buildings and dwellings permits – Quarterly year-on-year change rates (1<sup>st</sup> Quarter 2016)



In Portugal, in the 1<sup>st</sup> quarter 2016, there was a 26.2% growth in year-on-year terms in the total completed construction area licensed. The Algarve and the Região Autónoma da Madeira recorded the highest change rates in this variable: 342.3% and 101.0% respectively, in line with the increase recorded in licensed dwellings. In the case of the Algarve, the increase in the total completed construction area is also a consequence of the licensing of new commercial spaces in this region. The Região Autónoma dos Açores and the Alentejo were the only regions with declines in this variable: -32.4% and -18.0% respectively.

## 2. Completed buildings

In the 1<sup>st</sup> quarter 2016, the total number of completed buildings (new constructions, building enlargements, alterations and reconstructions) decreased by 22.0% compared with the 1<sup>st</sup> quarter 2015. In this period, it is estimated that 2.5 thousand buildings were completed in Portugal, mostly corresponding to new constructions (67.7%) of which 64.8% were destined to become family housing.

The number of completed buildings continued to decline in all regions, with the emphasis on the Área Metropolitana de Lisboa (-31.4%) and the Centro (-29.8%).

Completed works for new constructions in Portugal declined by 17.6% compared with the 1<sup>st</sup> quarter 2015 and rehabilitation works recorded a 29.8% decrease. Completed works for new constructions decreased by 3.2% and rehabilitation works declined by 8.7%, in comparison with the preceding quarter.

Completed works in new constructions have increased in Região Autónoma da Madeira (+8.7%) and in Algarve (+1.9%). The remaining regions presented declining year-on-year change rates, with the emphasis on the regions of Região Autónoma dos Açores (-27.1%) and Centro (-25.2%).

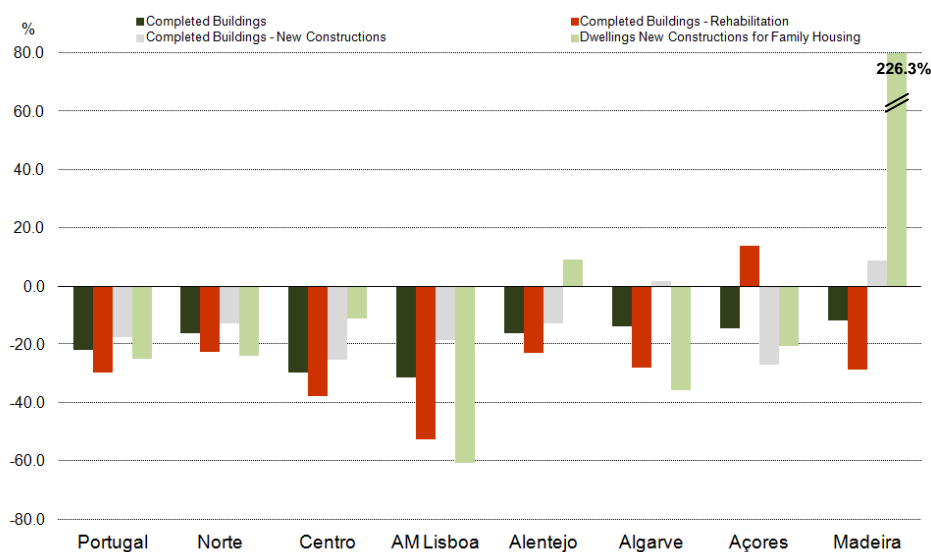
The Região Autónoma dos Açores was the only region to present a positive year-on-year change rate in the number of completed rehabilitation works (+14.0%). All the remaining regions presented reductions in this variable, more so in Área Metropolitana de Lisboa (-52.5%), and in the Centro (-37.6%).

In the 1<sup>st</sup> quarter 2016, the number of completed dwellings in new constructions for family housing recorded a year-on-year change rate of -25.0%, corresponding to a 6.6 p.p. improvement vis-à-vis the change rate recorded in the preceding quarter (-31.6%). The Região Autónoma da Madeira and the Alentejo were the only regions that presented positive year-on-year change rates: +226.3% and +9.1% respectively. All the remaining regions presented declining rates, more so in the case of Área Metropolitana de Lisboa (-60.6%). The recovery signs shown in building permits had no follow in completed buildings due to the fact that a large number of apartment buildings have been registered which in turn have a longer deadline for completion.

Of the total buildings completed in the 1<sup>st</sup> quarter 2016, about 72.3% were located in the regions of Norte and Centro, with a corresponding 67.6% of the total completed dwellings. The Norte region accounted for a 40.4% weight in buildings and 37.6% in completed dwellings in the whole country. The works completed in Área Metropolitana de Lisboa corresponded to 7.3% of the total buildings and 10.0% of the total dwellings completed in Portugal in this period.

In the 1<sup>st</sup> quarter 2016, there was a 33.5% decline in the total completed construction area in Portugal compared with the same period of 2015. The Região Autónoma da Madeira presented an increase in this variable (+126.9%), in line with the increase in completed dwellings. There were declines in this variable in all the remaining regions, more so in the regions of Área Metropolitana de Lisboa (-56.9%) and Centro (-40.7%).

### Completed buildings and dwellings – Quarterly year-on-year change rates (1<sup>st</sup> Quarter 2016)



Construction: Building Permits	Building Permits**					Quarterly year-on- year change rate (1 <sup>st</sup> Q)*
	1 <sup>st</sup> Q - 2015	2 <sup>nd</sup> Q - 2015	3 <sup>rd</sup> Q - 2015	4 <sup>th</sup> Q - 2015	1 <sup>st</sup> Q - 2016	
	Number					
<b>Portugal</b>						
Building Permits	3 954	3 719	3 528	3 747	3 688	-6,7
Rehabilitation	1 175	1 004	1 005	1 079	1 015	-13,6
New Construction	2 467	2 417	2 247	2 382	2 375	-3,7
for Family Housing	1 507	1 517	1 451	1 527	1 563	3,7
Dwellings	1 878	2 008	2 042	2 291	2 228	18,6
Total area (m <sup>2</sup> )	1 214 862	1 172 958	1 158 646	1 455 323	1 533 543	26,2
<b>Norte</b>						
Building Permits	1 573	1 513	1 387	1 501	1 411	-10,3
Rehabilitation	394	375	362	405	367	-6,9
New Construction	1 057	1 022	920	983	958	-9,4
for Family Housing	677	650	615	627	632	-6,6
Dwellings	829	857	792	898	831	0,2
Total area (m <sup>2</sup> )	508 541	483 423	434 429	591 465	630 732	24,0
<b>Centro</b>						
Building Permits	1 189	1 158	1 117	1 175	1 121	-5,7
Rehabilitation	340	307	319	348	303	-10,9
New Construction	774	765	732	743	740	-4,4
for Family Housing	442	473	425	459	464	5,0
Dwellings	526	552	544	645	588	11,8
Total area (m <sup>2</sup> )	376 668	368 877	368 310	449 667	437 740	16,2
<b>Area Metropolitana de Lisboa</b>						
Building Permits	439	351	370	345	428	-2,5
Rehabilitation	209	122	116	90	123	-41,1
New Construction	172	186	194	214	234	36,0
for Family Housing	130	143	148	170	190	46,2
Dwellings	231	237	364	381	392	69,7
Total area (m <sup>2</sup> )	126 245	119 573	171 058	203 127	149 542	18,5
<b>Alentejo</b>						
Building Permits	342	339	303	325	308	-9,9
Rehabilitation	80	73	78	93	79	-1,3
New Construction	244	241	210	223	216	-11,5
for Family Housing	94	116	131	119	115	22,3
Dwellings	99	153	152	121	135	36,4
Total area (m <sup>2</sup> )	100 226	101 748	104 874	112 881	82 138	-18,0
<b>Algarve</b>						
Building Permits	180	172	149	194	207	15,0
Rehabilitation	70	61	59	73	74	5,7
New Construction	88	89	71	87	99	12,5
for Family Housing	75	71	56	68	77	2,7
Dwellings	97	135	101	151	162	67,0
Total area (m <sup>2</sup> )	39 798	61 327	31 257	54 271	176 018	342,3
<b>R.A. Açores</b>						
Building Permits	167	141	149	143	156	-6,6
Rehabilitation	55	53	49	44	46	-16,4
New Construction	97	82	90	95	95	-2,1
for Family Housing	62	44	52	54	58	-2,2
Dwellings	66	52	64	63	62	-6,1
Total area (m <sup>2</sup> )	52 489	30 503	32 577	31 237	35 470	-32,4
<b>R.A. Madeira</b>						
Building Permits	64	45	53	64	57	-10,9
Rehabilitation	27	13	22	26	23	-14,8
New Construction	35	32	30	37	33	-5,7
for Family Housing	27	20	24	30	27	0,0
Dwellings	30	22	25	32	58	93,3
Total area (m <sup>2</sup> )	10 895	7 507	16 141	12 675	21 903	101,0

Note:\* Quarterly year-on-year change rate: compares the change between the current quarter and the same quarter of the previous year. \*\*Preliminary data

The total building permits includes new construction works, rehabilitation (enlargements, alterations and reconstructions) and building demolitions.

Values in this table were rectified on 09/08/2016

Construction: Completed Buildings	Completed Buildings					Quarterly year-on- year change rate (1 <sup>st</sup> Q)
	1 <sup>st</sup> Q- 2015	2 <sup>nd</sup> Q- 2015	3 <sup>rd</sup> Q- 2015	4 <sup>th</sup> Q- 2015	1 <sup>st</sup> Q- 2016	
	Number					
<b>Portugal</b>						
Completed Buildings	3 192	2 878	2 791	2 623	2 491	-22.0
Rehabilitation	1 146	1 051	971	882	805	-29.8
New Construction	2 046	1 827	1 820	1 741	1 686	-17.6
for Family Housing	1 224	1 072	1 116	1 040	1 092	-10.8
Dwellings	2 224	2 006	1 649	1 515	1 668	-25.0
Total area (m <sup>2</sup> )	1 408 964	1 211 185	1 185 138	1 142 482	936 668	-33.5
<b>Norte</b>						
Completed Buildings	1 199	1 104	1 108	1 023	1 007	-16.0
Rehabilitation	401	377	371	347	310	-22.7
New Construction	798	727	737	676	697	-12.7
for Family Housing	529	452	482	426	478	-9.6
Dwellings	824	781	675	576	627	-23.9
Total area (m <sup>2</sup> )	536 003	455 697	444 337	516 285	390 590	-27.1
<b>Centro</b>						
Completed Buildings	1 129	982	904	876	793	-29.8
Rehabilitation	412	374	330	304	257	-37.6
New Construction	717	608	574	572	536	-25.2
for Family Housing	392	327	321	324	329	-16.1
Dwellings	563	495	462	407	501	-11.0
Total area (m <sup>2</sup> )	486 374	412 992	446 234	331 610	288 316	-40.7
<b>Area Metropolitana de Lisboa</b>						
Completed Buildings	264	236	200	199	181	-31.4
Rehabilitation	101	97	70	57	48	-52.5
New Construction	163	139	130	142	133	-18.4
for Family Housing	116	107	95	101	99	-14.7
Dwellings	421	253	186	202	166	-60.6
Total area (m <sup>2</sup> )	147 745	81 810	107 060	111 221	63 748	-56.9
<b>Alentejo</b>						
Completed Buildings	295	275	284	256	247	-16.3
Rehabilitation	100	78	80	76	77	-23.0
New Construction	195	197	204	180	170	-12.8
for Family Housing	89	93	99	80	93	4.5
Dwellings	110	116	121	90	120	9.1
Total area (m <sup>2</sup> )	135 945	119 758	98 783	99 824	106 802	-21.4
<b>Algarve</b>						
Completed Buildings	115	112	129	110	99	-13.9
Rehabilitation	61	64	58	45	44	-27.9
New Construction	54	48	71	65	55	1.9
for Family Housing	37	31	53	47	37	0.0
Dwellings	238	230	113	176	153	-35.7
Total area (m <sup>2</sup> )	53 218	65 847	39 874	40 327	38 566	-27.5
<b>R.A. Açores</b>						
Completed Buildings	139	124	121	109	119	-14.4
Rehabilitation	43	45	46	41	49	14.0
New Construction	96	79	75	68	70	-27.1
for Family Housing	43	40	44	30	38	-11.6
Dwellings	49	102	47	30	39	-20.4
Total area (m <sup>2</sup> )	41 129	57 241	35 803	33 947	29 242	-28.9
<b>R.A. Madeira</b>						
Completed Buildings	51	45	45	50	45	-11.8
Rehabilitation	28	16	16	12	20	-28.6
New Construction	23	29	29	38	25	8.7
for Family Housing	18	22	22	32	18	0.0
Dwellings	19	29	45	34	62	226.3
Total area (m <sup>2</sup> )	8 550	17 840	13 047	9 268	19 404	126.9

Note: \* Quarterly year-on-year change rate: compares the change between the current quarter and the same quarter of the previous year.



## EXPLANATORY NOTES:

### Building Permits

The goal behind this statistical operation is the gathering of data enabling to follow the evolution of the building construction sector, in a perspective of future starts in building construction. Data disseminated in this press release are based on the monthly permits issued by the 308 Municipalities across the country, under the scope of the Indicators System of Urban Operations (SIUO).

### Estimates on Completed Works – Methodological note

With the introduction of the Indicators System of Urban Operations in 2002, based on the regulation of the set of urban operations subject to administrative control proceedings, the goal was to improve the accuracy of the data based on indicators and obtain data on Completed Works from the Municipalities in due time, mirroring what is currently done with regard to data on Building Permits. However, in practical terms, the aforementioned scenario was not accomplished and the data concerning completed works is mostly obtained from surveys sent to building contractors. This method of data retrieval implies substantial delays in data collection and, as a consequence, the final annual data only becomes available with considerable calendar deviations in relation to the quarterly dissemination of the provisional data. Therefore, it became necessary to rethink how to estimate results concerning Completed Works by conceiving a methodology that allows a quarterly dissemination of estimated data subject to the least possible deviation consisting of an estimation of the deadline for the conclusion of a building based on the previewed deadline (i.e., the time elapsed between the permission to build and the effective conclusion of the building, stated in the permit), based on a linear regression model, according to the different types and final use of the buildings.

### Quarter-on-quarter change rate

The quarter-on-quarter change rate compares the level of each variable with the quarter immediately before.

### Year on year change rate

The year on year change rate compares the level of each variable between the current period and the same period a year earlier. On this press release, the year on year change rate of data related to building permits presents revisions on both buildings and dwellings, following the corrections sent by the Municipalities. A special emphasis should be put on the upward revision of the year-on-year change rate of the number of building permits, mostly as a result of the retrieval of data from the Lisbon Municipality which was missing in the previous press release.

Year-on-year change rate		
4th Quarter 2015		
	Previous publication	Current Publication
Building Permits	-4.0%	-1.1%
Licensed Dwellings	23.2%	24.9%

### Series revision:

On January 1<sup>st</sup>, 2015, a new version of NUTS (NUTS 2013) was implemented. As a consequence, some adjustments had to be made in the 2002-2015 series (1<sup>st</sup> quarter 2015).

### Further data

For further data on Building Permits and Completed Works, please access the Statistics Portugal database at [www.ine.pt](http://www.ine.pt), where available data on Building Permits for April 2016 can be found.

DATE OF NEXT PRESS RELEASE: **13 September 2016.**