

September, 12th 2016

Construction: Building permits and completed buildings

2nd Quarter 2016 – preliminary data

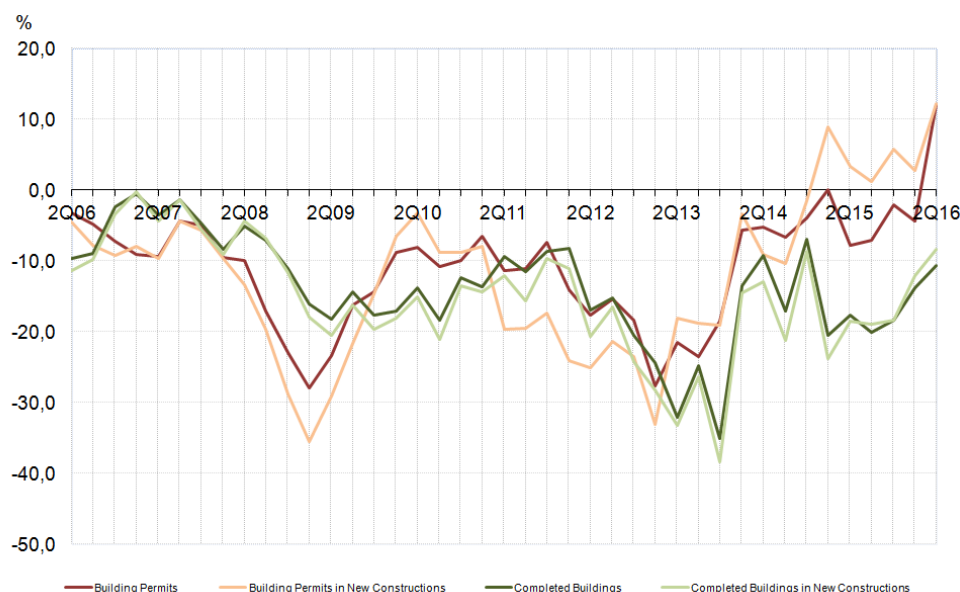
Building permits increased by 12.0% and completed buildings declined by 10.7%

In the **2nd quarter 2016**, building permits increased by 12.0% in comparison with the same period of the previous year (-4.3% in the 1st quarter 2016), corresponding to 4.2 thousand buildings. There was a 12.2% increase in building permits for new constructions (+2.8% in the 1st quarter 2016) while the number of rehabilitation permits increased by 10.6% (-11.3% in the 1st quarter 2016). Completed buildings declined by 10.7% (-13.8% in the 1st quarter 2016) with a total of 2.5 thousand buildings.

When compared with the preceding quarter, the number of building permits grew by 9.7% (+1.0% in the 1st quarter 2016) and the number of completed buildings declined by 1.4% (-4.6% in the 1st quarter 2016).

In the 2nd quarter 2016, there were 4.2 thousand building permits and 2.5 thousand completed buildings in Portugal. Building permits increased by 12.0% compared with the 2nd quarter 2015, showing a growth when compared with the preceding quarter (-4.3%). The number of completed buildings continued to decline in year-on-year terms (-10.7%) although at a slower pace when compared with the previous quarter (-13.8%).

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



1. Building permits

In the 2nd quarter 2016, the number of building permits issued in Portugal reached 4.2 thousand, corresponding to an increase of 12.0% in year-on-year terms.

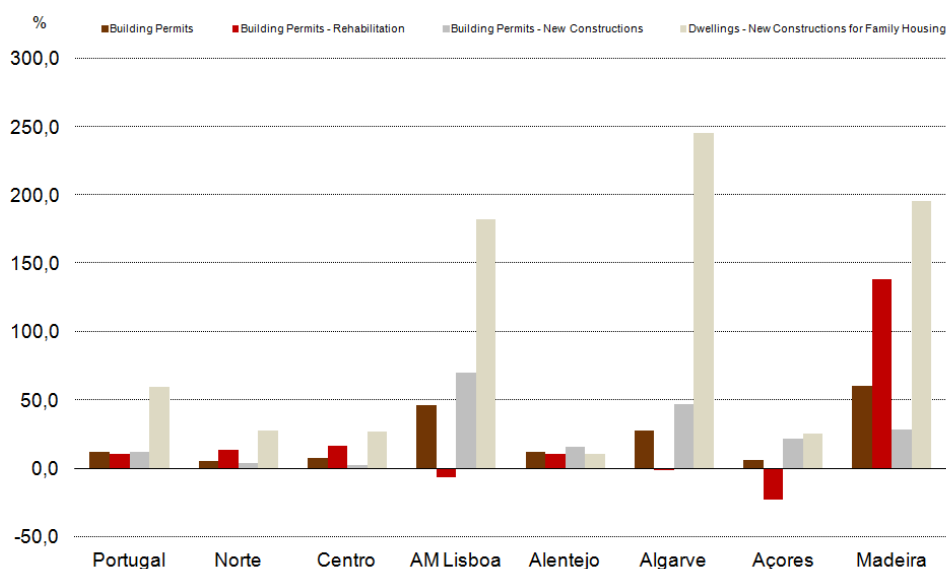
Of the total building permits, 65.2% corresponded to new constructions and of these, 69.8% referred to family housing. All regions recorded positive year-on-year change rates on building permits, with the emphasis on the Região Autónoma da Madeira (+60.0%) and in the Área Metropolitana de Lisboa (+46.4%)

With regard to building permits for new constructions in Portugal, there was an increase of 12.2% vis-à-vis the 2nd quarter 2015, while rehabilitation works increased by 10.6%. When compared with the preceding quarter, permits for new constructions increased by 9.7% and rehabilitation works grew by 6.8%.

All regions presented positive year-on-year change rates in building permits for new constructions, more so in the Área Metropolitana de Lisboa and in the Algarve with +69.8% and +47.2% respectively. In what concerns permits for building rehabilitation, the Região Autónoma da Madeira recorded the steepest positive year-on-year change rate (+138.5%), while the Região Autónoma dos Açores recorded the highest reduction (-22.6%).

In comparison with the 2nd quarter 2015, licensed dwellings in new constructions for family housing increased by 59.8%, corresponding to 38.2 p.p. more over the change rate recorded in the preceding quarter (+21.7%). All regions recorded positive year-on-year change rates in this variable, with the emphasis in the Algarve (+245.2%), Região Autónoma da Madeira (+195.5%) and Área Metropolitana de Lisboa (+182.6%). In the Área Metropolitana de Lisboa and in the Algarve, this outcome resulted mainly from building permits for new apartment constructions with a high number of floors and dwellings.

Buildings and dwellings permits – Quarterly year-on-year change rates (2nd Quarter 2016)



In Portugal, in the 2nd quarter 2016, there was a 26.2% growth in year-on-year terms in the total construction area licensed. The Região Autónoma da Madeira and the Área Metropolitana de Lisboa recorded the highest change rates in this variable: 234.1% and 86.3% respectively, also having been two of the regions where the steepest increase in licensed dwellings occurred. The Alentejo was the only region with a decline in this variable: -6.9%.

2. Completed buildings

In the 2nd quarter 2016, the total number of completed buildings (new constructions, building enlargements, alterations and reconstructions) decreased by 10.7% when compared with the 2nd quarter 2015. In this period, it is estimated that 2.5 thousand buildings were completed in Portugal, mostly corresponding to new constructions (68.0%) of which 62.7% were destined to become family housing.

The Região Autónoma da Madeira and the Região Autónoma dos Açores recorded increases in the number of completed buildings (+17.1% and +12.0% respectively). All the remaining regions had declines in this variable, more so in the Área Metropolitana de Lisboa (-25.9%).

Completed works for new constructions in Portugal declined by 8.3% compared with the 2nd quarter 2015 and rehabilitation works recorded a 15.2% decrease. In comparison with the preceding quarter, completed works for new constructions decreased by 0.9% and rehabilitation works declined by 2.4%.

Completed works in new constructions have increased in the Região Autónoma da Madeira (+30.8%), in the Algarve (+13.0%) and in the Região Autónoma dos Açores (+11.1%). The remaining regions presented declining year-on-year change rates, with the emphasis in the Área Metropolitana de Lisboa (-22.3%).

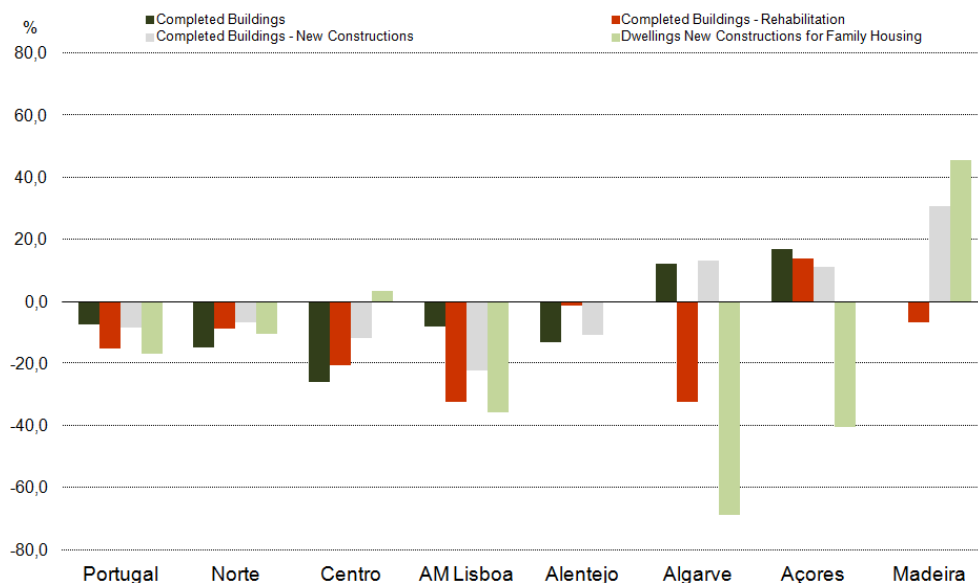
The Região Autónoma dos Açores was the only region to present a positive year-on-year change rate in the number of completed rehabilitation works (+13.9%). All the remaining regions presented reductions in this variable, more so in the Área Metropolitana de Lisboa (-32.5%) and in the Algarve (-32.3%).

In the 2nd quarter 2016, the number of completed dwellings in new constructions for family housing recorded a year-on-year change rate of -16.9%, corresponding to a 1.1 p.p. decline vis-à-vis the change rate recorded in the preceding quarter (-15.8%). The Região Autónoma da Madeira (+45.5%) and the Centro (+3.6%) were the only regions that presented positive year-on-year change rates. In the Alentejo there was a nil change rate and the remaining regions presented declines, more so in the Algarve (-68.8%). The recovery signs shown in building permits continue to have no correspondence in completed buildings. This outcome is in line with the decline recorded in the latest years in building permits associated to the average deadline for completion which, in 2015, was 21 months (30 months in the case of apartment buildings).

Of the total buildings completed in the 2nd quarter 2016, about 72.4% were located in the regions of Norte and Centro, with a corresponding 73.3% of the total completed dwellings. The Norte region accounted for a 39.9% weight in buildings and 40.9% in completed dwellings in the whole country. The works completed in the Área Metropolitana de Lisboa corresponded to 6.9% of the total buildings and 9.8% of the total dwellings completed in Portugal in this period.

In the 2nd quarter 2016, there was a 17.2% decline in the total completed construction area in Portugal compared with the 2nd quarter 2015. The Área Metropolitana de Lisboa presented an increase in this variable (+75.0%). In the remaining regions, there were declines in this variable, more so in the Região Autónoma da Madeira (-90.4%).

Completed buildings and dwellings – Quarterly year-on-year change rates (2nd Quarter 2016)



Construction: Building Permits	Building Permits**					Quarterly year-on- year change rate (2 nd Q)*
	2 nd Q- 2015	3 rd Q- 2015	4 th Q- 2015	1 st Q- 2016	2 nd Q- 2016	
	Number					
Portugal						
Building Permits	3 706	3 510	3 747	3 784	4 152	12,0
Rehabilitation	1 008	1 009	1 079	1 044	1 115	10,6
New Construction	2 413	2 241	2 382	2 535	2 707	12,2
for Family Housing	1 515	1 444	1 527	1 596	1 889	24,7
Dwellings	1 995	2 005	2 291	2 285	3 189	59,8
Total area (m ²)	1 183 603	1 163 811	1 460 631	1 543 403	1 493 767	26,2
Norte						
Building Permits	1 513	1 387	1 501	1 483	1 595	5,4
Rehabilitation	377	364	406	392	429	13,8
New Construction	1 022	920	983	1 096	1 063	4,0
for Family Housing	650	615	627	657	757	16,5
Dwellings	857	792	898	867	1 092	27,4
Total area (m ²)	489 548	434 553	592 555	643 206	612 845	25,2
Centro						
Building Permits	1 158	1 117	1 175	1 141	1 242	7,3
Rehabilitation	307	319	347	305	357	16,3
New Construction	765	732	743	757	785	2,6
for Family Housing	473	425	459	471	511	8,0
Dwellings	552	544	645	608	699	26,6
Total area (m ²)	372 869	370 640	453 390	437 725	410 615	10,1
Area Metropolitana de Lisboa						
Building Permits	338	352	345	425	495	46,4
Rehabilitation	123	117	90	123	115	-6,5
New Construction	182	188	214	234	309	69,8
for Family Housing	141	141	170	190	250	77,3
Dwellings	224	327	381	392	633	182,6
Total area (m ²)	119 679	172 921	204 975	148 135	222 903	86,3
Alentejo						
Building Permits	339	303	325	315	380	12,1
Rehabilitation	74	78	93	81	82	10,8
New Construction	241	210	223	221	278	15,4
for Family Housing	116	131	119	116	151	30,2
Dwellings	153	152	121	136	169	10,5
Total area (m ²)	101 768	104 951	111 528	80 946	94 741	-6,9
Algarve						
Building Permits	172	149	194	207	219	27,3
Rehabilitation	61	59	73	74	60	-1,6
New Construction	89	71	87	99	131	47,2
for Family Housing	71	56	68	77	120	69,0
Dwellings	135	101	151	162	466	245,2
Total area (m ²)	61 327	31 404	54 271	176 018	77 501	26,4
R.A. Açores						
Building Permits	141	149	143	156	149	5,7
Rehabilitation	53	50	44	46	41	-22,6
New Construction	82	90	95	95	100	22,0
for Family Housing	44	52	54	58	63	13,5
Dwellings	52	64	63	62	65	25,0
Total area (m ²)	30 905	33 201	31 237	35 470	50 078	62,0
R.A. Madeira						
Building Permits	45	53	64	57	72	60,0
Rehabilitation	13	22	26	23	31	138,5
New Construction	32	30	37	33	41	28,1
for Family Housing	20	24	30	27	37	85,0
Dwellings	22	25	32	58	65	195,5
Total area (m ²)	7 507	16 141	12 675	21 903	25 084	234,1

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

Construction: Completed Buildings	Completed Buildings					Quarterly year-on- year change rate (2 nd Q)*
	2 nd Q- 2015	3 rd Q- 2015	4 th Q- 2015	1 st Q- 2016	2 nd Q- 2016	
	Number					
Portugal						
Completed Buildings	2 749	2 723	2 610	2 491	2 456	-10,7
Rehabilitation	927	891	873	805	786	-15,2
New Construction	1 822	1 832	1 737	1 686	1 670	-8,3
for Family Housing	1 087	1 155	1 086	1 092	1 047	-3,7
Dwellings	1 826	1 523	1 358	1 668	1 518	-16,9
Total area (m ²)	1 294 720	1 125 940	1 102 867	1 004 904	1 071 712	-17,2
Norte						
Completed Buildings	1 059	1 076	1 022	1 007	980	-7,5
Rehabilitation	327	326	323	310	298	-8,9
New Construction	732	750	699	697	682	-6,8
for Family Housing	458	504	461	478	447	-2,4
Dwellings	693	641	571	627	621	-10,4
Total area (m ²)	434 163	406 819	508 739	390 590	381 228	-12,2
Centro						
Completed Buildings	937	873	872	793	798	-14,8
Rehabilitation	337	299	299	257	268	-20,5
New Construction	600	574	573	536	530	-11,7
for Family Housing	332	323	332	329	332	0,0
Dwellings	475	407	365	501	492	3,6
Total area (m ²)	395 429	364 362	308 529	288 316	374 661	-5,3
Área Metropolitana de Lisboa						
Completed Buildings	228	202	193	181	169	-25,9
Rehabilitation	80	65	56	48	54	-32,5
New Construction	148	137	137	133	115	-22,3
for Family Housing	117	107	103	99	87	-25,6
Dwellings	232	184	165	166	149	-35,8
Total area (m ²)	74 462	100 526	75 048	63 748	130 333	75,0
Alentejo						
Completed Buildings	268	293	241	247	246	-8,2
Rehabilitation	70	87	75	77	69	-1,4
New Construction	198	206	166	170	177	-10,6
for Family Housing	91	104	82	93	69	-24,2
Dwellings	101	124	91	120	101	0,0
Total area (m ²)	105 046	108 375	77 834	106 802	70 461	-32,9
Algarve						
Completed Buildings	108	127	105	99	94	-13,0
Rehabilitation	62	61	55	44	42	-32,3
New Construction	46	66	50	55	52	13,0
for Family Housing	32	54	38	37	38	18,8
Dwellings	202	99	93	153	63	-68,8
Total area (m ²)	105 046	108 375	77 834	106 802	70 461	-32,9
R.A. Açores						
Completed Buildings	108	119	121	119	121	12,0
Rehabilitation	36	41	46	49	41	13,9
New Construction	72	78	75	70	80	11,1
for Family Housing	39	46	37	38	45	15,4
Dwellings	101	48	38	39	60	-40,6
Total area (m ²)	51 462	30 500	44 421	29 242	32 206	-37,4
R.A. Madeira						
Completed Buildings	41	33	56	45	48	17,1
Rehabilitation	15	12	19	20	14	-6,7
New Construction	26	21	37	25	34	30,8
for Family Housing	18	17	33	18	29	61,1
Dwellings	22	20	35	62	32	45,5
Total area (m ²)	129 112	6 983	10 462	19 404	12 362	-90,4

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. Taking into account that this press release also includes the revisions in the series 2011-2015, the revisions in the year-on-year change rate also reflect the correspondent changes, namely those concerning 2015.

Year-on-year change rate		
1 st Quarter 2016		
	Previous publication	Current Publication
Building Permits	-6,7%	-4,3%
Licensed Dwellings	18,6%	21,7%

Series revision:

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

Data contained in this press release also includes the revision of the series of Building Permits and Completed Buildings, from 2011 to 2015, according to the SIUO revisions policy.

Further data

For further data on Building Permits and Completed Works, please access the Statistics Portugal database at www.ine.pt, where available data on Building Permits for JULY 2016 can be found.

DATE OF NEXT PRESS RELEASE: **14 December 2016.**