

December, 14<sup>th</sup> 2016

Construction: Building permits and completed buildings

3<sup>rd</sup> Quarter 2016 – preliminary data

*Rectified (December, 19<sup>th</sup> 2016)*

[Rectified values \(see table on page 5, column 3<sup>rd</sup> Q-2015\)](#)

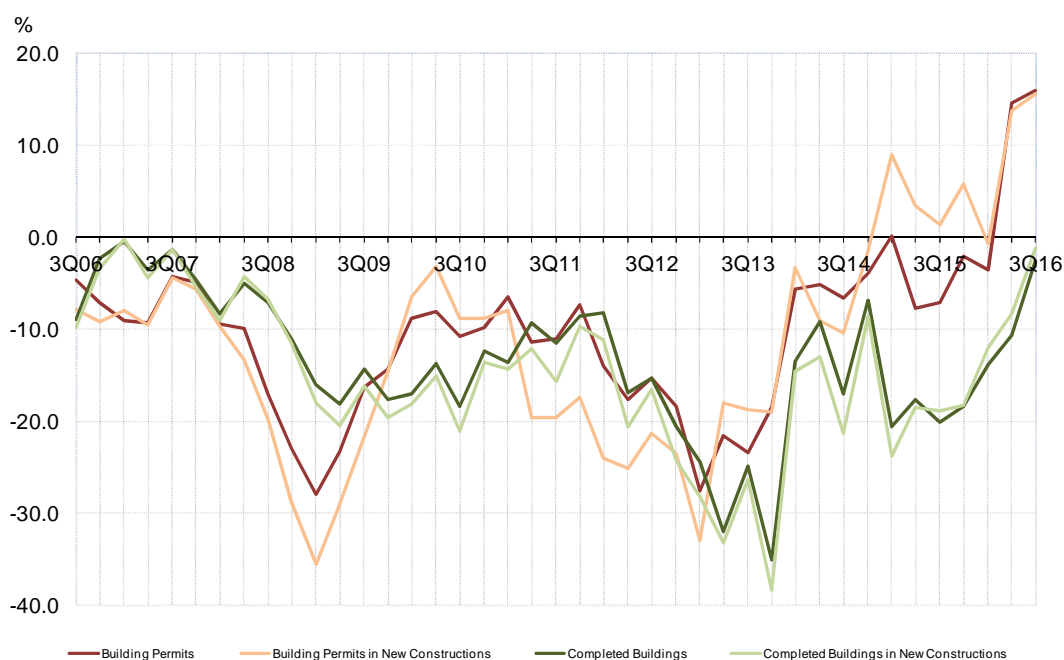
### Building permits increased by 15.9% and completed buildings declined by 2.6%

In the **3<sup>rd</sup> quarter 2016**, building permits increased by 15.9% in comparison with the same period of the previous year (+14.5% in the 2<sup>nd</sup> quarter 2016), corresponding to 4.1 thousand buildings. There was a 15.6% increase in building permits for new constructions (+13.6% in the 2<sup>nd</sup> quarter 2016) while the number of rehabilitation permits increased by 12.2% (+13.9% in the 2<sup>nd</sup> quarter 2016). Completed buildings declined by 2.6% (-10.7% in the 2<sup>nd</sup> quarter 2016) with a total of 2.7 thousand buildings.

When compared with the preceding quarter, the number of building permits declined by 4.1% (+11.3% in the 2<sup>nd</sup> quarter 2016) and the number of completed buildings increased by 8.0% (-1.4% in the 2<sup>nd</sup> quarter 2016).

In the 3<sup>rd</sup> quarter 2016, there were 4.1 thousand building permits and 2.7 thousand completed buildings in Portugal. Building permits increased by 15.9% compared with the 3<sup>rd</sup> quarter 2015, showing a decline when compared with the preceding quarter (-4.1%). The number of completed buildings continued to decline in year-on-year terms (-2.6%) although at a slower pace when compared with the previous quarter (-10.7%).

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



## 1. Building permits

In the 3<sup>rd</sup> quarter 2016, the number of building permits issued in Portugal reached 4.1 thousand, corresponding to an increase of 15.9% in year-on-year terms.

Of the total building permits, 63.7% corresponded to new constructions and of these, 70.7% referred to family housing. Demolished buildings (346 units) corresponded to 8.5% of the total of building permits in the 3<sup>rd</sup> quarter 2016.

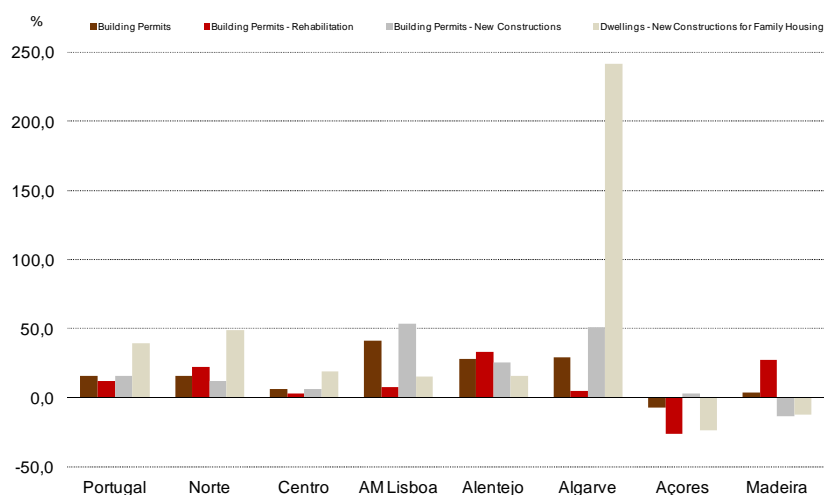
All regions recorded positive year-on-year change rates as regards building permits, with the exception of the Região Autónoma dos Açores (-7.4%). The highest change rates were recorded in the Área Metropolitana de Lisboa (+41.5%) and in the Algarve (+29.5%).

Building permits for new constructions in Portugal grew by 15.6% vis-à-vis the 3<sup>rd</sup> quarter 2015, while rehabilitation works increased by 12.2%. When compared with the preceding quarter, permits for new constructions declined by 5.5% while rehabilitation works decreased by 1.4%.

The Região Autónoma da Madeira was the only region to present a declining change rate in building permits for new constructions (-13.3%). All the remaining regions presented positive year-on-year change rates, more so, yet again, the Área Metropolitana de Lisboa and the Algarve with +53.7% and +50.7% respectively. In what concerns permits for building rehabilitation, the Região Autónoma dos Açores was the only region to present a declining year-on-year change rate (-26.0%). All the other regions presented positive year-on-year change rates, more so the Alentejo (+33.0%) and the Região Autónoma da Madeira (+27.3%).

In comparison with the 3<sup>rd</sup> quarter 2015, licensed dwellings in new constructions for family housing increased by 39.3%, corresponding to 21.3 p.p. less over the change rate recorded in the preceding quarter (+60.7%). The Região Autónoma dos Açores and the Região Autónoma da Madeira presented declining year-on-year change rates as regards to this variable with -23.4% and -12.0% respectively. All the remaining regions recorded positive year-on-year change rates in this variable, with the emphasis on the Algarve (+241.6%). This outcome is mainly a result 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 (3<sup>rd</sup> Quarter 2016)



When focussing the analysis on the municipalities, there is a huge concentration of licensed dwellings in a reduced number of municipalities, considering that in just five municipalities there were 28.3% of the total licensed dwellings in the 3<sup>rd</sup> quarter 2016.

### Municipalities with the highest variation in the total no. of licensed dwellings (3<sup>rd</sup> quarter 2016)

|             |                 | 3 <sup>rd</sup> Q 2016 | 3 <sup>rd</sup> Q 2015 | Difference (No.) | Year-on-Year change rate 3 <sup>rd</sup> Q (%) |
|-------------|-----------------|------------------------|------------------------|------------------|--|
| <b>Rank</b> | <b>Portugal</b> | <b>3992</b>            | <b>2799</b>            | <b>1193</b>      | <b>42.6%</b>                                   |
| <b>1</b>    | Lisboa          | 423                    | 165                    | 258              | 156.4%   |
| <b>2</b>    | Porto           | 224                    | 20                     | 204              | 1020.0%  |
| <b>3</b>    | Lagos           | 206                    | 51                     | 155              | 303.9%   |
| <b>4</b>    | Braga           | 173                    | 30                     | 143              | 476.7%   |
| <b>5</b>    | Paredes         | 104                    | 24                     | 80               | 333.3%   |

In Portugal, in the 3<sup>rd</sup> quarter 2016, there was a 27.5% growth in year-on-year terms in the total licensed construction area. The region of the Algarve recorded the highest change rate (113.2%). The Região Autónoma da Madeira was the only region with a decline in this variable (-38.0%).

## 2. Completed buildings

In the 3<sup>rd</sup> quarter 2016, the total number of completed buildings (new constructions, building enlargements, alterations and reconstructions) decreased by 2.6% when compared with the 3<sup>rd</sup> quarter 2015. In this period, it is estimated that 2.7 thousand buildings were completed in Portugal, mostly corresponding to new constructions (68.3%) of which 65.1% were to become family housing.

The Região Autónoma da Madeira, Área Metropolitana de Lisboa, Região Autónoma dos Açores and the Região Centro recorded increases in the number of completed buildings: +24.2%, +13.4%, +10.1% and +1.6% respectively. All the remaining regions had declines in this variable, more so in the Algarve (-16.5%).

Completed works for new constructions in Portugal declined by 1.2% compared with the 3<sup>rd</sup> quarter 2015 and rehabilitation works recorded a 5.5% decline. Completed works for new constructions increased by 8.4% and rehabilitation works grew by 7.1% in comparison with the preceding quarter.

Completed works in new constructions have increased in the Área Metropolitana de Lisboa (+24.1%), Região Autónoma dos Açores (+11.5%) and in Região Centro (+4.2%). The remaining regions presented declining year-on-year change rates, with the emphasis on the Alentejo (-15.0%).

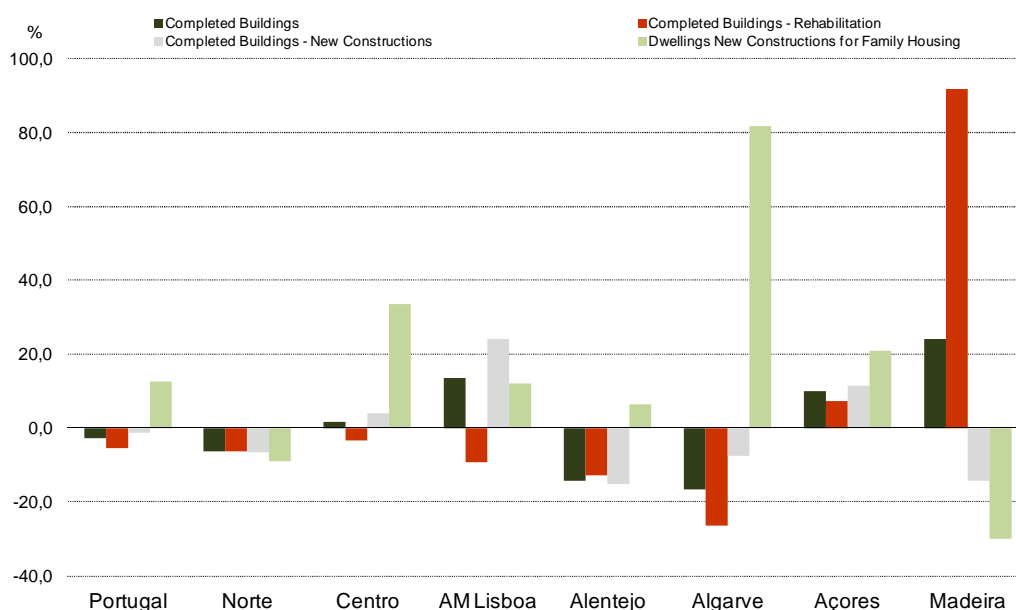
The Região Autónoma da Madeira and the Região Autónoma dos Açores recorded positive year-on-year change rates in the number of completed rehabilitation works: +91.7% and +7.3% respectively. The remaining regions presented reductions in this variable, more so in the Algarve (-26.2%).

In the 3<sup>rd</sup> quarter 2016, the number of completed dwellings in new constructions for family housing recorded an increase of 12.7%, corresponding to a 29.6 p.p. growth vis-à-vis the change rate recorded in the preceding quarter (-16.9%). The Algarve (+81.8%), Região Centro (+33.7%), Área Metropolitana de Lisboa (+12.0%) and the Alentejo (+6.5%) presented positive year-on-year change rates.

Of the total buildings completed in the 3<sup>rd</sup> quarter 2016, about 71.4% were located in the regions of Norte and Centro, with a corresponding 65.6% of the total completed dwellings. The Norte region accounted for a 38.0% weight in buildings and 34.0% in completed dwellings in the whole country. The works completed in the Área Metropolitana de Lisboa corresponded to 8.6% of the total buildings and to 12.0% of the total dwellings completed in Portugal in this period.

In the 3<sup>rd</sup> quarter 2016, there was a 17.6% decline in the total completed construction area in Portugal compared with the 3<sup>rd</sup> quarter 2015. The Região Autónoma da Madeira and the Região Autónoma dos Açores presented increases in this variable: +99.6% and +9.6% respectively. In the remaining regions, there were declines in this variable, more so in the Algarve (-55.0%).

### Completed buildings and dwellings – Quarterly year-on-year change rates (3<sup>rd</sup> Quarter 2016)



| Construction: Building Permits | Building Permits**      |                         |                         |                         |                         | Quarterly<br>year-on-<br>year<br>change<br>rate (3 <sup>rd</sup> Q) |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|
|                                | 3 <sup>rd</sup> Q- 2015 | 4 <sup>th</sup> Q- 2015 | 1 <sup>st</sup> Q- 2016 | 2 <sup>nd</sup> Q- 2016 | 3 <sup>rd</sup> Q- 2016 |   |
|                                | Number                  |                         |                         |                         |                         |   |
| Portugal                       |                         |                         |                         |                         |                         |   |
| Building Permits               | 3 510                   | 3 747                   | 3 811                   | 4 243                   | 4 068                   | 15,9  |
| Rehabilitation                 | 1 009                   | 1 079                   | 1 050                   | 1 148                   | 1 132                   | 12,2  |
| New Construction               | 2 241                   | 2 382                   | 2 449                   | 2 742                   | 2 590                   | 15,6  |
| for Family Housing             | 1 444                   | 1 527                   | 1 602                   | 1 899                   | 1 832                   | 26,9  |
| Dwellings                      | 2 005                   | 2 291                   | 2 288                   | 3 205                   | 2 793                   | 39,3  |
| Total area (m²)                | 1 163 811               | 1 460 631               | 1 526 567               | 1 499 517               | 1 484 019               | 27,5  |
| Norte                          |                         |                         |                         |                         |                         |   |
| Building Permits               | 1 387                   | 1 501                   | 1 501                   | 1 639                   | 1 607                   | 15,9  |
| Rehabilitation                 | 364                     | 406                     | 400                     | 445                     | 446                     | 22,5  |
| New Construction               | 920                     | 983                     | 1 002                   | 1 081                   | 1 032                   | 12,2  |
| for Family Housing             | 615                     | 627                     | 659                     | 760                     | 762                     | 23,9  |
| Dwellings                      | 792                     | 898                     | 866                     | 1 097                   | 1 179                   | 48,9  |
| Total area (m²)                | 434 553                 | 592 555                 | 630 844                 | 614 156                 | 533 420                 | 22,8  |
| Centro                         |                         |                         |                         |                         |                         |   |
| Building Permits               | 1 117                   | 1 175                   | 1 145                   | 1 258                   | 1 190                   | 6,5   |
| Rehabilitation                 | 319                     | 347                     | 304                     | 361                     | 329                     | 3,1   |
| New Construction               | 732                     | 743                     | 761                     | 794                     | 779                     | 6,4   |
| for Family Housing             | 425                     | 459                     | 473                     | 515                     | 532                     | 25,2  |
| Dwellings                      | 544                     | 645                     | 610                     | 703                     | 646                     | 18,8  |
| Total area (m²)                | 370 640                 | 453 390                 | 433 170                 | 409 115                 | 480 882                 | 29,7  |
| Area Metropolitana de Lisboa   |                         |                         |                         |                         |                         |   |
| Building Permits               | 352                     | 345                     | 425                     | 515                     | 498                     | 41,5  |
| Rehabilitation                 | 117                     | 90                      | 123                     | 126                     | 126                     | 7,7   |
| New Construction               | 188                     | 214                     | 234                     | 308                     | 289                     | 53,7  |
| for Family Housing             | 141                     | 170                     | 190                     | 250                     | 217                     | 53,9  |
| Dwellings                      | 327                     | 381                     | 392                     | 636                     | 376                     | 15,0  |
| Total area (m²)                | 172 921                 | 204 975                 | 147 944                 | 226 051                 | 249 455                 | 44,3  |
| Alentejo                       |                         |                         |                         |                         |                         |   |
| Building Permits               | 303                     | 325                     | 317                     | 389                     | 387                     | 27,7  |
| Rehabilitation                 | 78                      | 93                      | 82                      | 84                      | 104                     | 33,3  |
| New Construction               | 210                     | 223                     | 222                     | 285                     | 264                     | 25,7  |
| for Family Housing             | 131                     | 119                     | 117                     | 154                     | 158                     | 20,6  |
| Dwellings                      | 152                     | 121                     | 137                     | 172                     | 176                     | 15,8  |
| Total area (m²)                | 104 951                 | 111 528                 | 81 060                  | 98 831                  | 106 140                 | 1,1   |
| Algarve                        |                         |                         |                         |                         |                         |   |
| Building Permits               | 149                     | 194                     | 208                     | 220                     | 193                     | 29,5  |
| Rehabilitation                 | 59                      | 73                      | 72                      | 60                      | 62                      | 5,1   |
| New Construction               | 71                      | 87                      | 100                     | 132                     | 107                     | 50,7  |
| for Family Housing             | 56                      | 68                      | 76                      | 119                     | 94                      | 67,9  |
| Dwellings                      | 101                     | 151                     | 161                     | 465                     | 345                     | 241,6   |
| Total area (m²)                | 31 404                  | 54 271                  | 176 131                 | 75 938                  | 66 955                  | 113,2   |
| R.A. Açores                    |                         |                         |                         |                         |                         |   |
| Building Permits               | 149                     | 143                     | 158                     | 150                     | 138                     | -7,4  |
| Rehabilitation                 | 50                      | 44                      | 46                      | 41                      | 37                      | -26,0   |
| New Construction               | 90                      | 95                      | 97                      | 101                     | 93                      | 3,3   |
| for Family Housing             | 52                      | 54                      | 60                      | 64                      | 49                      | -4,0  |
| Dwellings                      | 64                      | 63                      | 64                      | 67                      | 49                      | -23,4   |
| Total area (m²)                | 33 201                  | 31 237                  | 35 515                  | 50 342                  | 37 155                  | 11,9  |
| R.A. Madeira                   |                         |                         |                         |                         |                         |   |
| Building Permits               | 53                      | 64                      | 57                      | 72                      | 55                      | 3,8   |
| Rehabilitation                 | 22                      | 26                      | 23                      | 31                      | 28                      | 27,3  |
| New Construction               | 30                      | 37                      | 33                      | 41                      | 26                      | -13,3   |
| for Family Housing             | 24                      | 30                      | 27                      | 37                      | 20                      | -16,7   |
| Dwellings                      | 25                      | 32                      | 58                      | 65                      | 22                      | -12,0   |
| Total area (m²)                | 16 141                  | 12 675                  | 21 903                  | 25 084                  | 10 012                  | -38,0   |

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, column 3<sup>rd</sup> Q-2015, were rectified on 19/12/2016.

| Construction: Completed Buildings   | Completed Buildings     |                         |                         |                         |                         | Quarterly<br>year-on-<br>year<br>change rate<br>(3 <sup>rd</sup> Q) |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---|
|                                     | 3 <sup>rd</sup> Q- 2015 | 4 <sup>th</sup> Q- 2015 | 1 <sup>st</sup> Q- 2016 | 2 <sup>nd</sup> Q- 2016 | 3 <sup>rd</sup> Q- 2016 |   |
|                                     | Number                  |                         |                         |                         |                         |   |
| <b>Portugal</b>                     |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 2 723                   | 2 610                   | 2 491                   | 2 456                   | 2 652                   | -2,6  |
| Rehabilitation                      | 891                     | 873                     | 805                     | 786                     | 842                     | -5,5  |
| New Construction                    | 1 832                   | 1 737                   | 1 686                   | 1 670                   | 1 810                   | -1,2  |
| for Family Housing                  | 1 155                   | 1 086                   | 1 092                   | 1 047                   | 1 178                   | 2,0   |
| Dwellings                           | 1 523                   | 1 358                   | 1 668                   | 1 518                   | 1 717                   | 12,7  |
| Total area (m <sup>2</sup> )        | 1 125 940               | 1 102 867               | 1 004 904               | 1 071 712               | 928 307                 | -17,6   |
| <b>Norte</b>                        |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 1 076                   | 1 022                   | 1 007                   | 980                     | 1 007                   | -6,4  |
| Rehabilitation                      | 326                     | 323                     | 310                     | 298                     | 306                     | -6,1  |
| New Construction                    | 750                     | 699                     | 697                     | 682                     | 701                     | -6,5  |
| for Family Housing                  | 504                     | 461                     | 478                     | 447                     | 474                     | -6,0  |
| Dwellings                           | 641                     | 571                     | 627                     | 621                     | 583                     | -9,0  |
| Total area (m <sup>2</sup> )        | 406 819                 | 508 739                 | 390 590                 | 381 228                 | 345 057                 | -15,2   |
| <b>Centro</b>                       |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 873                     | 872                     | 793                     | 798                     | 887                     | 1,6   |
| Rehabilitation                      | 299                     | 299                     | 257                     | 268                     | 289                     | -3,3  |
| New Construction                    | 574                     | 573                     | 536                     | 530                     | 598                     | 4,2   |
| for Family Housing                  | 323                     | 332                     | 329                     | 332                     | 370                     | 14,6  |
| Dwellings                           | 407                     | 365                     | 501                     | 492                     | 544                     | 33,7  |
| Total area (m <sup>2</sup> )        | 364 362                 | 308 529                 | 288 316                 | 374 661                 | 315 484                 | -13,4   |
| <b>Area Metropolitana de Lisboa</b> |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 202                     | 193                     | 181                     | 169                     | 229                     | 13,4  |
| Rehabilitation                      | 65                      | 56                      | 48                      | 54                      | 59                      | -9,2  |
| New Construction                    | 137                     | 137                     | 133                     | 115                     | 170                     | 24,1  |
| for Family Housing                  | 107                     | 103                     | 99                      | 87                      | 122                     | 14,0  |
| Dwellings                           | 184                     | 165                     | 166                     | 149                     | 206                     | 12,0  |
| Total area (m <sup>2</sup> )        | 100 526                 | 75 048                  | 63 748                  | 130 333                 | 96 345                  | -4,2  |
| <b>Alentejo</b>                     |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 293                     | 241                     | 247                     | 246                     | 251                     | -14,3   |
| Rehabilitation                      | 87                      | 75                      | 77                      | 69                      | 76                      | -12,6   |
| New Construction                    | 206                     | 166                     | 170                     | 177                     | 175                     | -15,0   |
| for Family Housing                  | 104                     | 82                      | 93                      | 69                      | 103                     | -1,0  |
| Dwellings                           | 124                     | 91                      | 120                     | 101                     | 132                     | 6,5   |
| Total area (m <sup>2</sup> )        | 108 375                 | 77 834                  | 106 802                 | 70 461                  | 75 222                  | -30,6   |
| <b>Algarve</b>                      |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 127                     | 105                     | 99                      | 94                      | 106                     | -16,5   |
| Rehabilitation                      | 61                      | 55                      | 44                      | 42                      | 45                      | -26,2   |
| New Construction                    | 66                      | 50                      | 55                      | 52                      | 61                      | -7,6  |
| for Family Housing                  | 54                      | 38                      | 37                      | 38                      | 44                      | -18,5   |
| Dwellings                           | 99                      | 93                      | 153                     | 63                      | 180                     | 81,8  |
| Total area (m <sup>2</sup> )        | 108 375                 | 77 834                  | 106 802                 | 70 461                  | 48 819                  | -55,0   |
| <b>R.A. Açores</b>                  |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 119                     | 121                     | 119                     | 121                     | 131                     | 10,1  |
| Rehabilitation                      | 41                      | 46                      | 49                      | 41                      | 44                      | 7,3   |
| New Construction                    | 78                      | 75                      | 70                      | 80                      | 87                      | 11,5  |
| for Family Housing                  | 46                      | 37                      | 38                      | 45                      | 51                      | 10,9  |
| Dwellings                           | 48                      | 38                      | 39                      | 60                      | 58                      | 20,8  |
| Total area (m <sup>2</sup> )        | 30 500                  | 44 421                  | 29 242                  | 32 206                  | 33 440                  | 9,6   |
| <b>R.A. Madeira</b>                 |                         |                         |                         |                         |                         |   |
| Completed Buildings                 | 33                      | 56                      | 45                      | 48                      | 41                      | 24,2  |
| Rehabilitation                      | 12                      | 19                      | 20                      | 14                      | 23                      | 91,7  |
| New Construction                    | 21                      | 37                      | 25                      | 34                      | 18                      | -14,3   |
| for Family Housing                  | 17                      | 33                      | 18                      | 29                      | 14                      | -17,6   |
| Dwellings                           | 20                      | 35                      | 62                      | 32                      | 14                      | -30,0   |
| Total area (m <sup>2</sup> )        | 6 983                   | 10 462                  | 19 404                  | 12 362                  | 13 940                  | 99,6  |

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     |                     |
|--------------------|------------------------------|---------------------|
|                    | 2 <sup>nd</sup> Quarter 2016 |                     |
|                    | Previous publication         | Current Publication |
| Building Permits   | 12.0%                        | 14.5%               |
| Licensed Dwellings | 59.8%                        | 60.7%               |

### 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 OCTOBER 2016 can be found.

DATE OF NEXT PRESS RELEASE: **16 March 2017.**