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Construction and Housing Statistics

2016

*Page 5, Figure 7 rectified*

## **Building permits shift downward trend of the past years**

In 2016 the number of building permits in Portugal increased by 10.9% (-3.7% in 2015), with 16 738 buildings being licensed, changing the downward trend of recent years. The total number of dwelling permits increased by 37.4% (+12.4% in 2015), corresponding to 17 944 dwellings.

The number of works completed (based on the estimates for works completed for the period 2015-2016) decreased by 3.2% vis-à-vis the previous year (-13.8% in 2015), corresponding to 10 661 buildings. The number of dwellings completed (around 9.8 thousand) increased by 9.4% (-17.2% in 2015).

In 2016 transactions of dwellings surpassed a total value of EUR 14.8 billion, corresponding to an increase of 18.7% (+30.8% in 2015). Sales of new dwellings accounted for EUR 3.4 billion, decreasing by 3.9% (+7.2% in 2015) while existing dwellings increased by 27.6% (+43.1% in 2015), totaling EUR 11.4 billion.

The House price index increased by 7.1% in 2016 (+4 p.p. vis-à-vis 2015), corresponding to the third consecutive year of growths in the prices level, more intense in the already existing dwellings (+8.7%) than in new dwellings (+3.3%).

With the publication "[Construction and Housing Statistics 2016](#)", Statistics Portugal disseminates the annual series on Construction and Housing Statistics and provides a wide range of indicators on construction and housing in Portugal, updated for 2016.

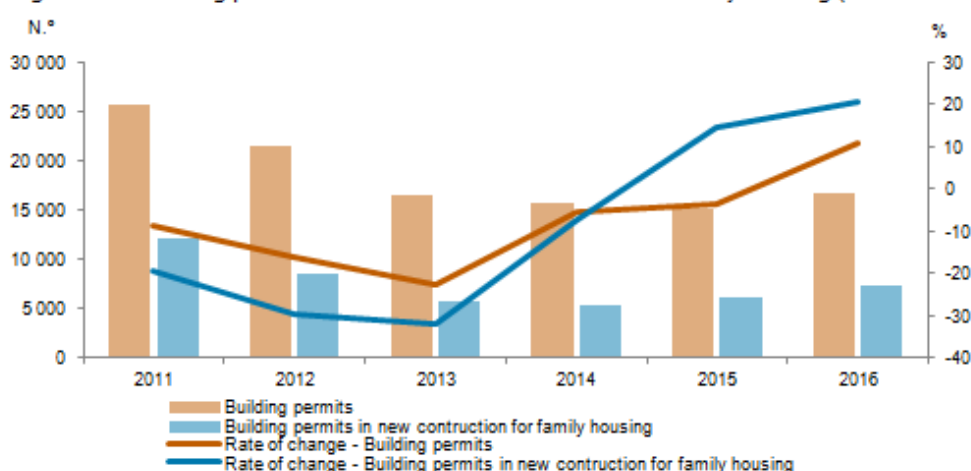


**Building and dwelling permits increased by 10.9% and 37.4%, respectively**

In 2016 the number of building permits in Portugal increased by 10.9% (-3.7% in 2015), with 16 738 buildings being licensed, changing the downward trend of recent years.

The building permits for new construction continued to be prevalent in 2016, representing 64.3% of total building permits, which corresponds to a slight increase vis-à-vis 2015 (63.8%).

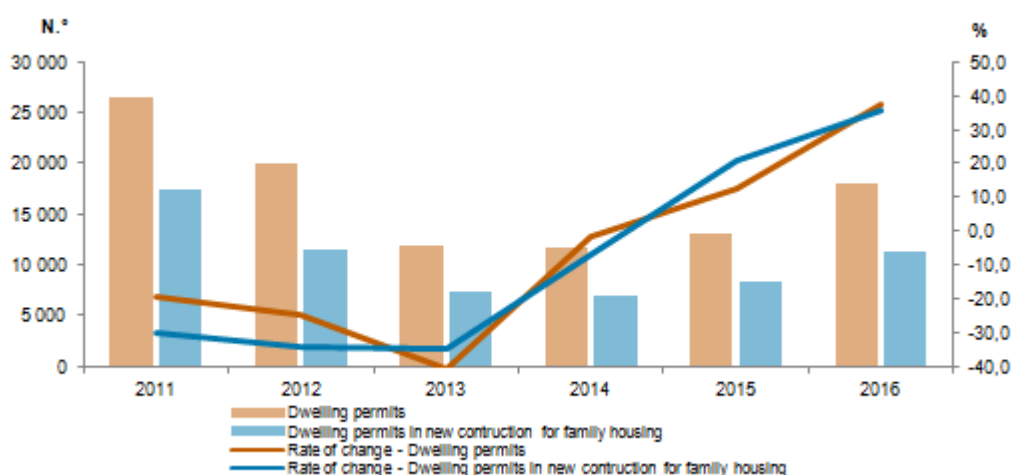
Figure 1 >> Building permits - Total and in new construction for family housing (2011 - 2016)



Building requalification works (alterations, enlargements and reconstructions) represented 27.6% of total permits in 2016 (28.4% in 2015). The demolition works represented 8.1% of the works licensed in 2016 (7.8% in 2015).

In 2016 the total number of dwelling permits in all types of works was 17 944, corresponding to an increase of 37.4% vis-à-vis the previous year (13 062 dwellings in 2015). This rise was mainly due to the evolution of new residential dwelling permits, which recorded a 35.7% increase vis-à-vis 2015.

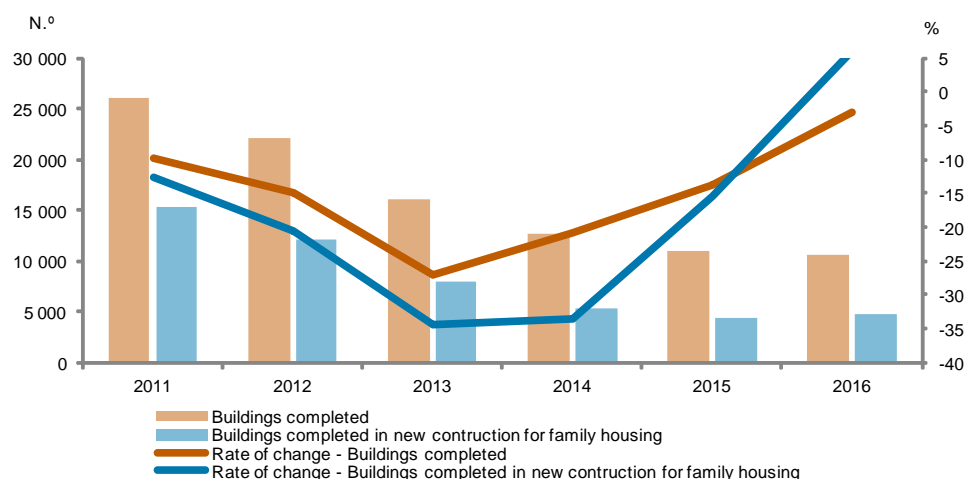
Figure 2 >> Dwelling permits - Total and in new construction for family housing (2011 - 2016)



**Works completed reduced decrease while dwellings completed recorded an increase**

The number of works completed (based on the estimates for works completed for the period 2015-2016) decreased by 3.2% (-13.8% in 2015), corresponding to 10 661 buildings. The majority were residential buildings (63.5%), of which 69.9% referred to new constructions.

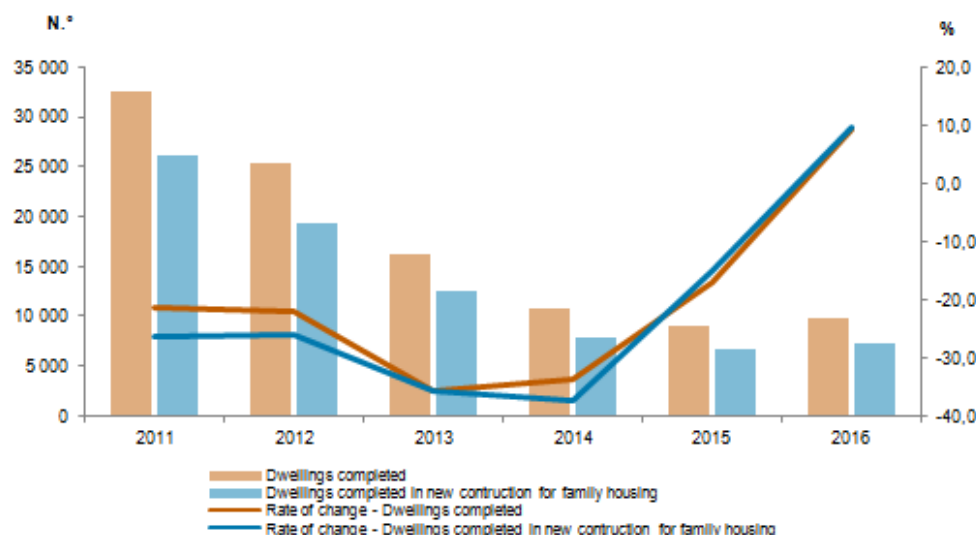
Figure 3 >> Buildings completed - Total and in new construction for family housing (2011 - 2016)



The number of dwellings completed (around 9.8 thousand) increased by 9.4% (-17.2% in 2015). Dwellings completed in new constructions for family housing increased by 9.8% (-15.2% in 2015).

They have, in general, kept their characteristics and T3 typology continued to be the most common, except for the region of Algarve, where typology T2 dominated.

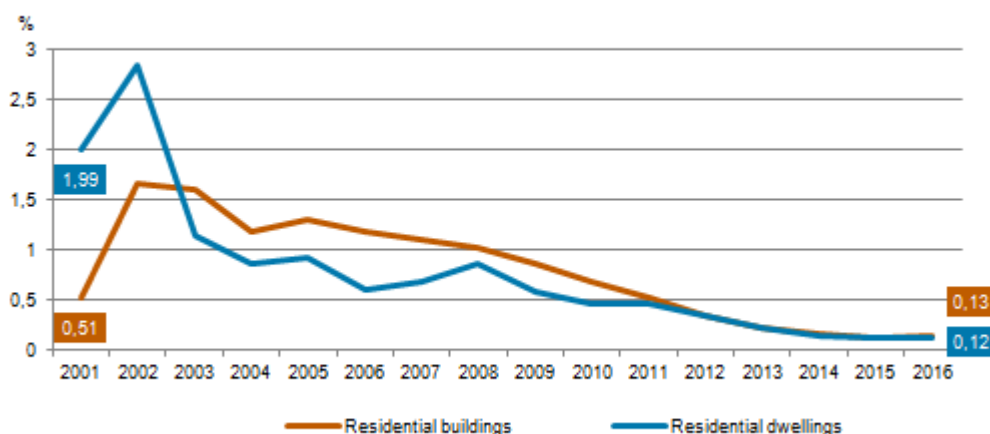
Figure 4 >> Dwellings completed - Total and in new construction for family housing (2011 - 2016)



**Stock house estimates indicators stabilized vis-à-vis the previous year (+0.1%)**

The stock house estimates suggest that, in 2016, there were around 3.6 million classic residential buildings and 5.9 million dwellings in Portugal. Both indicators stabilized (+0.1%), vis-à-vis the previous year.

Figure 5 >> Annual rate of change on residential buildings and dwellings - Portugal (2001-2016)

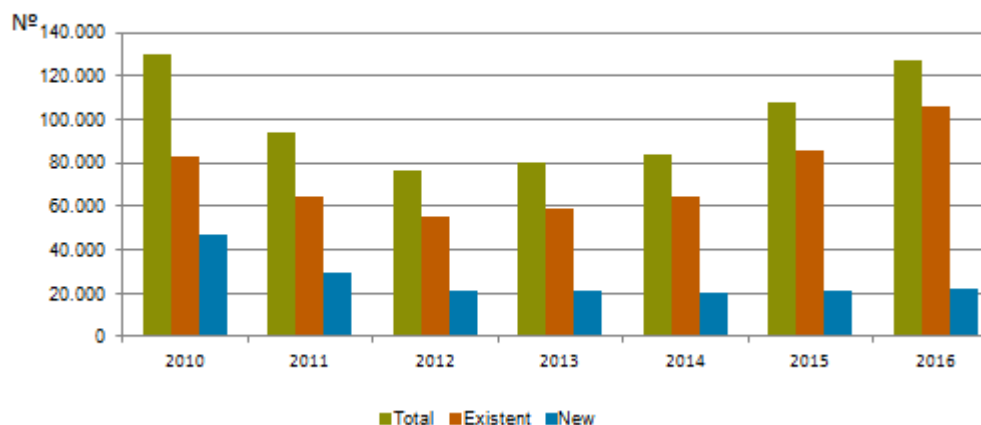


**Transactions of dwellings increased by 18.5%**

In 2016 an increase of 18.5% was recorded in the transactions of dwellings, totaling 127 106 family dwellings (+27.4 in 2015), a value similar to the one recorded in 2010 (129 950). Among those transactions, 105 502 were related to already existing dwellings and 21 604 corresponded to new dwellings.

Trade value surpassed EUR 14.8 billion, corresponding to an increase of 18.7% (30.8% in 2015). Sales of new dwellings accounted for EUR 3.4 billion, decreasing by 3.9% (+7.2% in 2015) while existing dwellings increased by 27.6% (+43.1% in 2015), totaling EUR 11.4 billion.

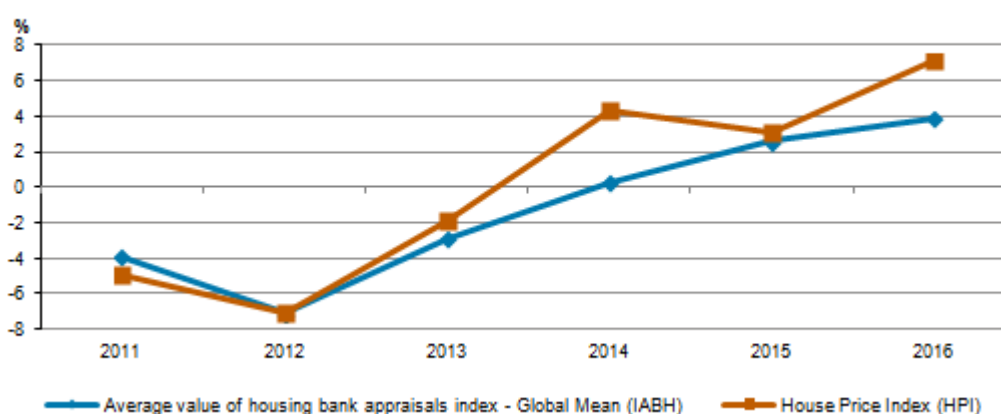
Figure 6 >> Number of dwelling sales - Total, existent and new, 2010 – 2016



The house price index increased by 7.1% in 2016 (+4 p.p. vis-à-vis 2015), corresponding to the third consecutive year of growths in the prices level, more intense in the already existing dwellings (+8.7%) than in the new dwellings (+3.3%).

The average value of housing bank appraisals kept the upward trend in 2016, corresponding to +3.8% in 2016 (+1.2 p.p. vis-à-vis 2015).

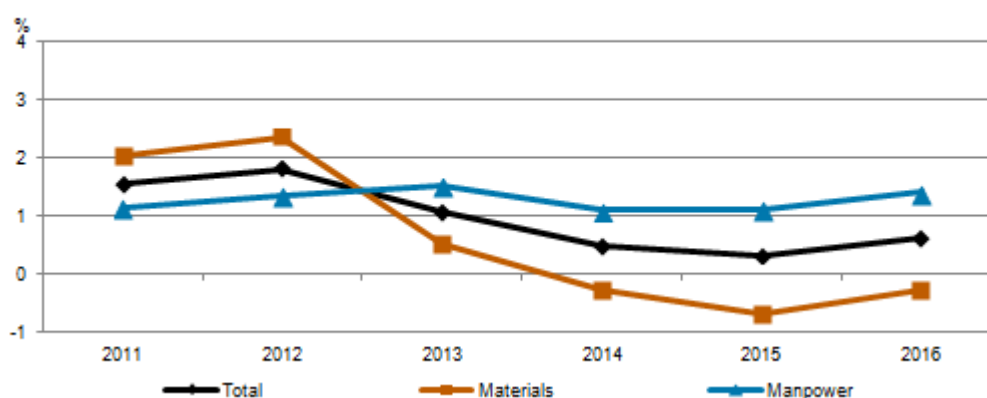
Figure 7 >> Average rate of change of HPI and Average value of housing bank appraisals , 2011 – 2016



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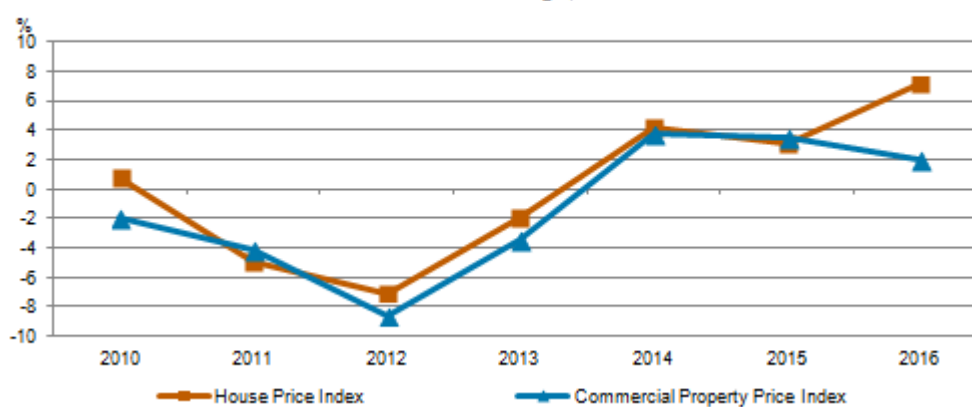
The new housing construction costs index reversed the recent downward trend, and registered a positive annual change rate of 0.6%, the double of the annual change rate recorded in 2015.

Figure 8 >> New housing construction cost index - Average rate of change, 2011 - 2016



The commercial property price index registered a growth rate of 2.0% in 2016, 1.5 p.p. lower than in the previous year. This was the third consecutive year in which this indicator showed an annual increase in commercial property prices. When compared to the house price index, the increase in commercial property prices in 2016 was 5.1 p.p. lower than the one that was recorded for the residential property market. This difference was the highest ever observed between the commercial property price index and the house price index.

Figure 9 >> Commercial Property Price Index and House Price Index, Annual rate of change, 2010-2016



## ABBREVIATIONS

- IABH – Survey on Bank Evaluation on Housing
- HPI – House Price Index
- IMT – Municipal Property Transfer Tax
- CPPI – Commercial Property Price Index

## EXPLANATORY NOTES

1. Data concerning Completed Construction Works are based on estimates for the period 2015-2016.
2. Based on data from the Population and Housing Census for 2011 a calibration and adjustment on Dwelling Stock Estimates was made, for the period 2001-2011, in order to guarantee the coherence between data on Census year and data for the whole decade. Data with a more refined geographical breakdown (parish) is available on the Portuguese Official Statistics Portal.
3. Data concerning dwelling sales is based on administrative data from the Municipal Property Transfer Tax (IMT), exclusively for transactions of urban estate. Transactions of parts of dwellings are not considered. The breakdown for sales of new and existent dwellings is estimated according to the available data on transactions of real estate.
4. The annual change rate of House Price Index compares the average index for the four previous quarters with the four immediately preceding quarters. The result corresponds to a moving average, less sensitive to seasonal fluctuations and to non regular changes in prices.
5. The number of bank evaluations refers to the total number of dwellings being subjected of technical evaluation, under a process of request of mortgage credit granted by loan agreement. This information is collected by Statistics Portugal via Survey on Bank Evaluation on Housing.
6. The Commercial Property Price Index (CPPI) measures the price developments of the commercial properties transacted in Portugal. As the House Price Index (HPI), which is being published since July 2014, the CPPI is compiled using anonymized fiscal administrative information provided by the Tax and Customs Authority (AT) on the Municipal Property Transfer Tax (IMT) and the Municipal Property Tax (IMI). The IMT and IMI information is provided on a monthly basis to Statistics Portugal under a data transmission protocol that was signed between the two institutions. The CPPI is derived through the estimation of a functional relationship between the logarithm of the transaction prices of commercial properties and their price-determining characteristics such as area or location. With this approach (i.e., hedonic price model), it is possible to estimate the price change controlling for changes in the quality of commercial properties. The CPPI is a chained index with base 100 in 2015. This compilation methodology enables the weighting structure to be updated annually with information on the value of commercial property transactions in the year immediately preceding the year in which the index refers.