

19 October 2018

Acquisitions of real estate by non-residents

2017

Non-residents stood for 11.5% of real estate acquisitions in 2017, with an average value almost 50% higher than that of the market as a whole

In 2017, 7.7% of real estate sales in Portugal were made to non-residents¹, corresponding to 11.5% of the total sales value (7.3% and 12.5%, respectively, in 2016). Sales of real estate to non-residents increased by 19.2% in number and by 22.6% in value, vis-à-vis 2016 (+11.4% and +4.6%, in the preceding year). As in the previous year, residents in France (19.6% of the total value), followed by residents in the United Kingdom (16.2%) were the main buyers of real estate in Portugal.

The average value of real estate sold to non-residents in 2017 (EUR 160,407) was almost 50% higher than the average value of global transactions (EUR 107,381). In the same year, 6.8% of real estate sold to non-residents had a unit value equal or higher than EUR 500,000 and corresponded to 36.3% of the total sales value.

More than $\frac{3}{4}$ in value of acquisitions of real estate by non-residents were located in the regions of Algarve (42.8%) and Área Metropolitana de Lisboa (35.0%). The latter accounted for the highest average value of acquisitions (EUR 276,8 thousand).

In this press release Statistics Portugal disseminates indicators on real estate acquisitions by non-resident allowing a broader understanding of the real estate transactions market in Portugal.

The dissemination of this new statistical data is made within the scope of the European Statistics Day celebrated on the 20 October and is exclusively based on administrative sources. The use of these sources in the production of official statistics, allowing significant efficiency gains and the broadening of public service in terms of making available useful data to the society, is part of the fundamental development guidelines of the European Statistical System.

In this specific case, the data used originates in registers and notary files collected by the Directorate-General of the Policy of Justice of the Ministry of Justice.

Statistics Portugal already disseminates data on real estate transactions within the context of the Housing Price Index. This data is based on the settlement declarations of the Municipal Tax on Real Estate Transfer (IMT).

¹ The classification of non-resident is based on the country of residence, which may not correspond to the country of nationality.

However, the values made available refer exclusively to transactions of family dwellings, thus being restricted to housing. The information now released for the period 2012-2017 has a broader scope, including real estate other than housing.

Real estate can be classified into three categories, urban, rural and mixed, and the records of their transactions allow the identification of the country of residence of the buyer. Knowledge of this characteristic is particularly relevant given the recent impact of the growing importance of non-residents in the real estate market in Portugal.

This press release is divided into 4 sections: the first had the purpose of revisiting the global values of the real estate market in Portugal already disseminated in Statistics Portugal site; the second refers explicitly to new information on the acquisition of real estate by non-residents; the third indicates the countries of residence of the most representative buyers; the fourth and last section unveils the location of non-resident acquisitions at NUTS III level.

1. Total real estate transactions in Portugal

In 2017 the total value of real estate transactions shows the largest increase in recent years

Since 2013, there has been an upward trend in the total value of real estate transactions, after a period of successive decreases that occurred from 2008 onwards (-17.6% in that year).

With regard to the total number of real estate transactions (which include urban, rural and mixed buildings and related to all uses, namely housing, commerce, industry, services, etc.), there has also been growth in the most recent years, beginning in 2014, after successive decreases since 2006, but especially since 2008, when the decline was 14.3%. Since 2014, in average terms, the growth in the number of real estate transactions was around 12.5%.

In 2017, the number of real estate transactions increased by 13.5% compared to the previous year (+14.9% in 2016), and its overall value increased by 33.5% (+20.5% in 2016). This increase was mainly due to transactions of urban estates, which increased by 17.2% in number and by 34.1% in value. As a consequence, its average value also increased by around 14%, from EUR 119 thousand in 2016 to EUR 136 thousand in 2017.

Figure 1. Real estate transactions by type of real estate in Portugal (2012-2017)

Type of real estate	2012		2013		2014		2015		2016			2017			Change rate 2017/2016 (%)		
	No.	Total value (10 ³ €)	No.	Total value (10 ³ €)	No.	Total value (10 ³ €)	No.	Total value (10 ³ €)	No.	Total value (10 ³ €)	Average value (€)	No.	Total value (10 ³ €)	Average value (€)	No.	Total value	Average value
Total	142,053	9,490,407	141,839	10,673,176	148,518	12,117,579	173,692	15,130,531	199,604	18,234,609	91,354	226,617	24,334,399	107,381	13.5	33.5	17.5
Urban	90,809	8,653,864	95,058	9,493,317	98,512	11,299,384	120,474	14,224,586	143,969	17,129,092	118,978	168,798	22,966,521	136,059	17.2	34.1	14.4
In split property regime	52,866	4,596,460	59,490	5,535,184	62,082	6,706,090	76,981	8,533,930	91,652	9,965,271	108,729	108,208	12,029,361	111,169	18.1	20.7	2.2
Rural	49,368	588,020	45,047	968,627	48,049	557,770	50,892	595,924	53,321	741,159	13,900	54,880	868,013	15,817	2.9	17.1	13.8
Mixed	1876	248,522	1734	211,232	1957	260,425	2,326	310,021	2,587	364,358	140,842	2,939	499,865	170,080	13.6	37.2	20.8

Source: Directorate-General of the Policy of Justice of the Ministry of Justice

2. Acquisitions of real estate by non-residents

Real estate acquisitions made by non-residents growing especially since 2013

In the period between 2012 and 2017, of all real estate transactions 6.7% corresponded to acquisitions made by non-residents in Portugal. With the exception of 2016, there was an upward trend as regards this proportion, which was more pronounced in 2014 (7.3%, +1.7 p.p. compared to the previous year).

Regarding the overall value, in average terms, real estate acquisitions made by non-residents in the same period represented 12.2% of total transactions between 2012 and 2017. In turn, the largest increase in the value of real estate acquired by non-residents (15.7%, +5.0 p.p. compared to the previous year) also occurred in 2014 but, after that year, this proportion has been decreasing.

Figure 2. Trend of the number of real estate transactions – total and acquired by non-residents (2012-2017)

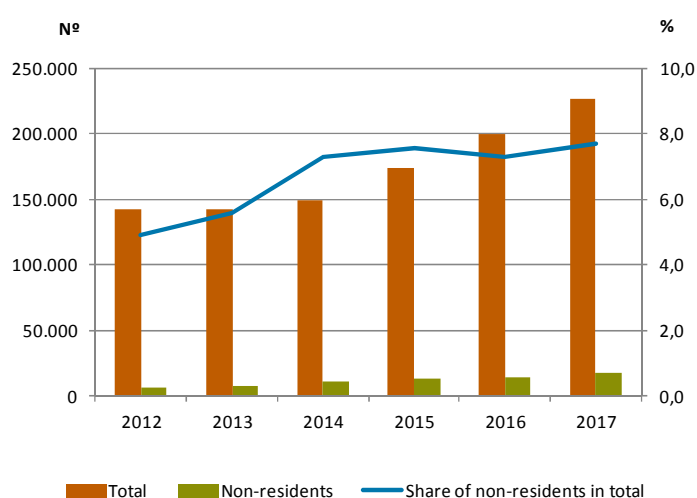
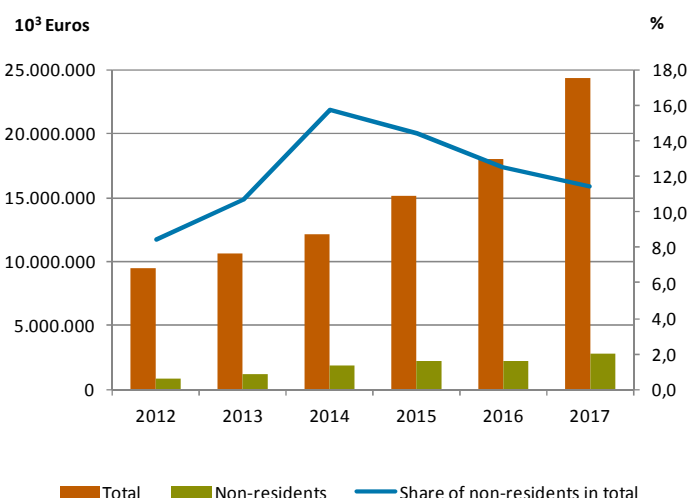


Figure 3. Trend of the value of real estate transactions – total and acquired by non-residents (2012-2017)



Average value of real estate acquisitions made by non-residents is almost 50% higher than the total value of the market as a whole

In 2017, 7.7% of real estate transactions in Portugal were sales made to non-residents in Portugal, corresponding to 11.5% in value (7.3% and 12.5% respectively, in 2016).

The sales of real estate to non-residents increased by 19.2% in number and by 22.6% in value compared to 2016 (+11.4% and +4.6% respectively, in the previous year). In 2017, the average value of the buildings sold to non-residents (EUR 160,407) was almost 50% higher than the average value of the global transactions (EUR 107,381).

Figure 4. Real estate acquisitions made by non-residents by type of real estate in Portugal (2016 and 2017)

Type of real estate	2016			2017			Change rate 2017/2016 (%)			Share of non-residents in total - 2016		Share of non-residents in total - 2017	
	No.	Total value (10 ³ €)	Average value (€)	No.	Total value (10 ³ €)	Average value (€)	No.	Total value (10 ³ €)	Average value (€)	No.	Total value	No.	Total value
Total	14,592	2,275,494	155,941	17,388	2,789,156	160,407	19.2	22.6	2.9	7.3	12.5	7.7	11.5
Urban	11,716	2,146,317	183,195	14,101	2,627,753	186,352	20.4	22.4	17	8.1	12.5	8.4	11.4
In split property regime	6,985	1,268,555	181,611	8,565	1,552,907	181,308	22.6	22.4	-0.2	7.6	12.7	7.9	12.9
Rural	2,439	51,703	21,199	2,723	49,920	18,333	11.6	-3.4	-13.5	4.6	7.0	5.0	5.8
Mixed	437	77,473	177,284	564	111,483	197,664	29.1	43.9	115	16.9	21.3	19.2	22.3

Source: Directorate-General of the Policy of Justice of the Ministry of Justice

In 2017, 6.8% of real estate (36.3% of the total value) sold to non-residents had a unit value of EUR 500,000 or more.

From 2013 onwards, the number and value of real estate acquired by non-residents with a value equal to or greater than EUR 500 thousand grew the most in Portugal, more than doubling in number and almost doubling in value compared to 2012. In 2014 that growth has intensified especially in terms of value, with these properties accounting for almost half of the total value of real estate acquired by non-residents in that year. It should be noted that, in this period, the granting of "Residence Permits in Portugal for Investment Activities - ARI", commonly known as *Golden Visas*, came into effectiveness.

Figure 5. Real estate acquisitions made by non-residents by unit value bracket in Portugal (2012 to 2017)

Year	Total real estate acquired by non-residents			Real estate acquired by non-residents, with unit value ≥500.000€			Share of real estate with unit value ≥500.000€, in total acquisitions by non-residents		Share of real estate acquisitions by non-residents in the total transactions in Portugal	
	No.	Total value (10 ³ €)	Average value (€)	No.	Total value (10 ³ €)	Average value (€)	No.	Total value	No.	Total value
2012	6,902	798,484	115,689	205	219,515	1,070,807	3.0	27.5	4.9	8.4
2013	7,926	1,137,532	143,519	528	410,014	776,542	6.7	36.0	5.6	10.7
2014	10,814	1,907,432	176,385	1,128	827,938	733,988	10.4	43.4	7.3	15.7
2015	13,104	2,176,454	166,091	1,043	864,392	828,756	8.0	39.7	7.5	14.4
2016	14,592	2,275,494	155,941	908	824,266	907,782	6.2	36.2	7.3	12.5
2017	17,388	2,789,156	160,407	1,185	1,012,039	854,041	6.8	36.3	7.7	11.5

Source: Directorate-General of the Policy of Justice of the Ministry of Justice

3. Main countries of residence of non-resident buyers

France, China and the United Kingdom were the most representative countries

In 2017, 19.6% of the total value of real estate sold in Portugal to non-residents corresponded to sales to residents in France, the main country of residence of real estate buyers in 2017, as in 2016.

The United Kingdom (16.2%), Brazil (6.9%), China (6.3%) and Switzerland (5.5%) followed. Together, the top five countries of residence of buyers who purchased real estate in Portugal in 2017 accounted for 54.5% of the total value of sales to non-residents in that year.

However, in terms of the number of real estate transactions, the ranking is slightly different, with France standing out in the lead (with around 5,000 real estates, i.e. 28.3% of the total), followed by the United Kingdom (around 2,600 real estates; 14.9%), Switzerland (7.6%), Germany (6.5%) and Belgium (4.7%).

China led in 2013 and 2014, and in the six years under review registered a total of approximately 3,500 real estate acquisitions made by its residents.

The United Kingdom, which led the list in 2012 and 2015, recorded a total of approximately 12,300 real estate acquisitions made by its residents.

With regard to the number of real estate transactions, in the period 2012-2017, France has always led by far, in such a way that, in the last six years, more than 19,000 real estate sales in Portugal were bought by French residents. It should however be noted that this result is influenced by the acquisitions of real estate made by Portuguese emigrants and descendants settled in that country.

A similar situation is likely to have led Switzerland to remain in the top five, in the ranking of countries of residence of non-resident buyers in Portugal, registering a total of 5,200 real estate transactions in the period 2012-2017.

Figure 6. Main countries of residence of non-resident buyers by sales value (and weight in the total of acquisitions made by non-residents) (2012 to 2017)

Ranking	2012	2013	2014	2015	2016	2017
1	United Kingdom (23.7%)	China (18.9%)	China (29.4%)	United Kingdom (20.6%)	France (19.6%)	France (19.6%)
2	France (14.9%)	United Kingdom (17.9%)	France (16.6%)	France (17.9%)	United Kingdom (19.3%)	United Kingdom (16.2%)
3	Germany (7.1%)	France (14.2%)	United Kingdom (15.3%)	China (14.4%)	China (6.3%)	Brazil (6.9%)
4	Switzerland (5.7%)	Switzerland (4.7%)	Brazil (4.2%)	Brazil (6.2%)	Spain (6.2%)	China (6.3%)
5	Angola (4.9%)	Germany (4.5%)	Switzerland (3.9%)	Switzerland (5.1%)	Switzerland (4.9%)	Switzerland (5.5%)
Total Top 5 countries	56.3%	60.3%	69.3%	64.2	56.4%	54.5%

Source: Directorate-General of the Policy of Justice of the Ministry of Justice

4. Regional breakdown of real estate acquired by non-residents in Portugal

Mostly the Algarve and Área Metropolitana de Lisboa concentrate real estate acquisitions of non-residents (53.8%)

Of the 226,617 real estate transactions made in 2017, 29.7% were located in the Norte, followed by the Centro (25.6%) and Área Metropolitana de Lisboa (25.1%). As regards the sales value, the Área Metropolitana de Lisboa corresponded to 49.8% of the total, followed by the Norte region (20.3%). The average value of transactions of real estate in 2017 was significantly higher in Área Metropolitana de Lisboa (EUR 212,927) and in Algarve (EUR 143,592), with values above the national average (EUR 107,381).

The regional breakdown of the number and value of real estate acquired by non-residents was different. The Algarve led in both number (33.5%) and value (42.8%). It was followed by Área Metropolitana de Lisboa, with 20.3% in number and 35.0% in value.

Figure 7. Real estate transactions - total and acquired by non-residents by NUTS III (2017)

Region NUTS III	Total number of real estate transactions	Total value of real estate transactions (10 ³ €)	Number of real estate acquired by non-residents	Value of real estate acquired by non-residents (10 ³ €)	Share of value of real estate acquired by non-residents in the total value of real estate transactions (%)
Portugal	226,617	24,334,399	17,388	2,789,156	11.5
Norte	67,200	4,942,302	3,080	245,356	5.0
Alto Minho	5,361	268,983	408	29,243	10.9
Cávado	7,295	512,604	365	26,326	5.1
Ave	6,488	436,758	266	15,998	3.7
Área Metropolitana do Porto	30,457	3,200,628	1,222	142,479	4.5
Alto Tâmega	2,611	48,269	189	4,881	10.1
Tâmega e Sousa	5,752	246,082	236	13,186	5.4
Douro	5,457	151,041	258	11,267	7.5
Terras de Trás-os-Montes	3,779	77,937	136	1,976	2.5
Centro	58,024	2,506,340	3,609	226,148	9.0
Oeste	8,854	649,552	886	106,772	16.4
Região de Aveiro	8,406	422,885	351	22,097	5.2
Região de Coimbra	12,950	511,984	794	34,235	6.7
Região de Leiria	7,342	323,413	407	17,154	5.3
Viseu Dão Lafões	6,931	190,924	375	14,181	7.4
Beira Baixa	2,411	73,115	166	3,663	5.0
Médio Tejo	5,601	186,730	298	16,125	8.6
Beiras e Serra da Estrela	5,529	147,737	332	11,922	8.1
Área Metropolitana de Lisboa	56,935	12,123,001	3,522	974,942	8.0
Alentejo	13,712	1,094,120	567	74,999	6.9
Alentejo Litoral	2,162	288,031	201	42,098	14.6
Baixo Alentejo	2,676	190,337	66	4,515	2.4
Lezíria do Tejo	4,145	290,463	117	12,170	4.2
Alto Alentejo	2,147	101,515	93	4,358	4.3
Alentejo Central	2,582	223,775	90	11,857	5.3
Algarve	20,311	2,916,501	5,827	1,193,862	40.9
Reg. Aut. Açores	5,567	248,197	307	13,378	5.4
Reg. Aut. Madeira	4,868	503,938	476	60,471	12.0

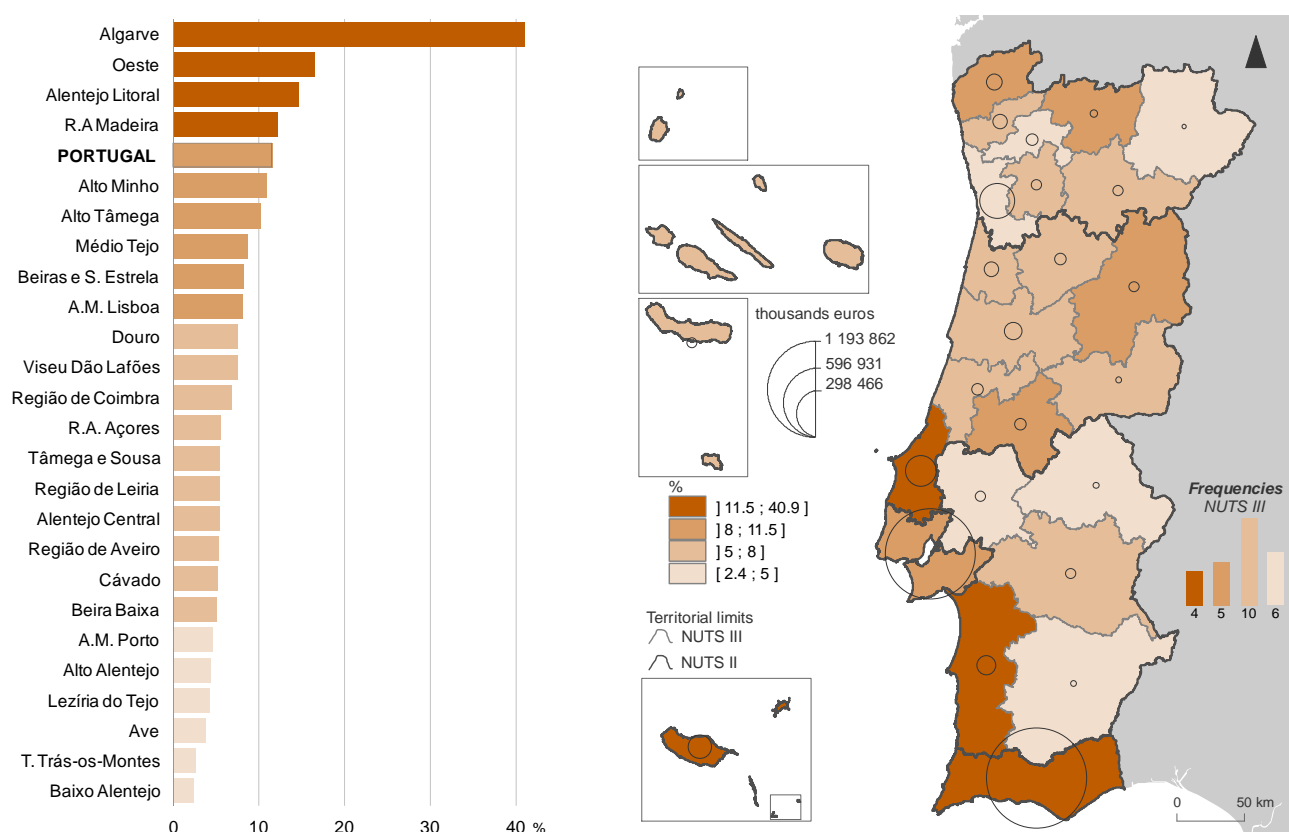
Source: Directorate-General of the Policy of Justice of the Ministry of Justice

Comparing the value of real estate bought by non-residents with the total value of the transactions made in 2017, the Algarve region stands out with a weight of 40.9%. The Oeste region follows, where 16.4% of the total sales value came from sales made to non-residents in Portugal.

Considering the country's total real estate sales value, 11.5% of that value originated in sales made to non-residents. The regions of Alentejo Litoral (14.6%) and Região Autónoma da Madeira (12.0%) also recorded proportions higher than the value for Portugal.

In Área Metropolitana de Lisboa, despite registering the second largest absolute value of real estate sales to non-residents, the proportion of this value in relation to total transactions in 2017 was 8.0%, below the country's total.

Figure 8. Value and proportion of values of real estate acquisitions made by non-residents, by NUTS III, 2017

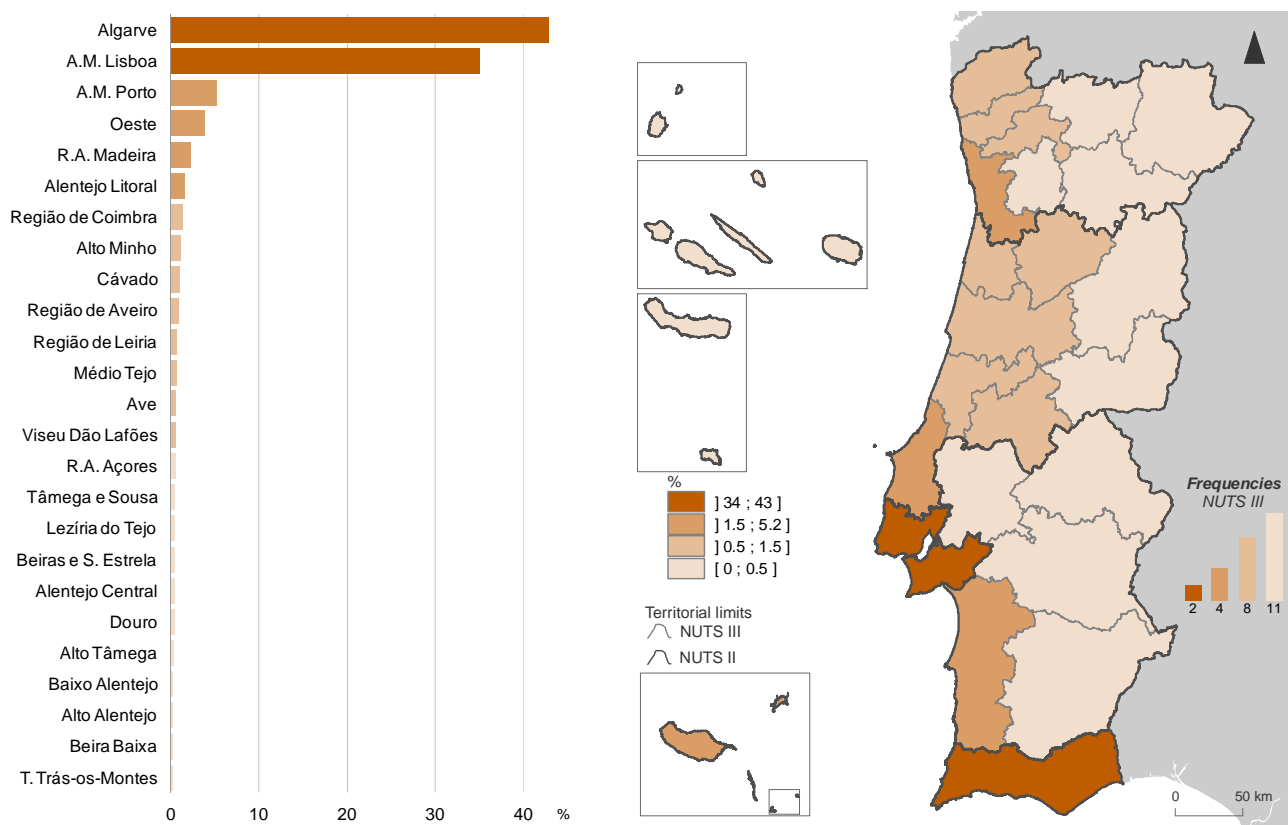


The Algarve region accounted for almost half (42.8%) of the value of real estate sales to non-residents in 2017, corresponding to 33.5% of the number of real estate transactions. The contribution of real estate located in Área Metropolitana de Lisboa, and sold to non-residents in 2017, stood at 35.0% in value. These two regions accounted for more than ¾ of the value of real estate acquisitions made by non-residents in that year.

Nonetheless, the Área Metropolitana de Lisboa stood out with the highest average value for real estate sales made to non-residents (EUR 276,825), followed by the Algarve (EUR 201,885). In both cases, the average values of real estate sold to non-residents were significantly higher than the overall average in these regions (real estate sold to residents in Portugal included in the overall average) at +30.0% and +42.7%, respectively.

The overall average values also diverged when comparing all real estate transactions made in 2017 with those involving only non-residents in Portugal, the latter being EUR 160,407, around 50% above the national average for total transactions (EUR 107,381).

Figure 9. Regional contribution to value of real estate acquisitions made by non-residents by NUTS III, 2017



Methodological note:

Transactions of real estate: the data used is collected by the Directorate-General of the Policy of Justice of the Ministry of Justice, and originates in registers and notary files registered with the respective Land Registry Office (according to Decree-Law 263-A/2007 of July 23 and article 24 from Decree-Law 116/2008 of July 4).

The information now released is based on purchase and sale contracts, but the values correspond to the total number of real estate included in each contract, with a breakdown in urban (total and in split property regime), rural and mixed estate, regardless of their use (housing, commerce, services, industry, etc.) and the nature of the intervener (natural or legal persons).

The purchase and sale acts include complete buildings and fractions, sold in whole or in part. Information concerning inheritance and division of inheritances are not included, given that those acts do not lead to a purchase and sale contract.

The geographical breakdown of this data (available at the level of municipality) is based on the location of the real estate, and information concerning the country of the buyer is based on the country of residence. Information is available on an annual basis and since 1994 for the total real estate transactions in Portugal. However, data for acquisitions of real estate by non-residents is only available for the period 2012-2017.

Comparison with other sources:

Statistics Portugal already disseminates data on number and value of housing real estate transactions, within the context of the Housing Price Index. This data is based on the settlement declarations of the Municipal Tax on Real Estate Transfer (IMT), over the paid transfer of the right of ownership of real estate (via the "acquisition of the ownership right" or "exchange or barter contracts"). This tax is paid to the Portuguese Customs and Taxes Authority via a tax return submitted by the taxable person, and mandatory for the purchase and sale contract signature. The information now released has a broader scope, including real estate other than housing, so, as consequence, comparisons between both data sources need to take those differences into account. Data concerning purchase and sale contracts of real estate include urban, rural and mixed real estate and, for the urban estate, other uses in addition to housing are included (namely commerce, services, industry and land for construction).

Concepts:

real estate - this is said of rural or urban estates and of values that, although they are not immovable, are declared by law to be so, as the fruits of properties, rights inherent in properties and consolidated funds (jurisprudence).

mixed estate - whenever a estate has a rural part and an urban part it is classified as a whole according to the main part. If neither part can be classified as the main part, it is considered mixed.

rural estate - land situated outside an urban agglomeration that is not classified as buildable land, provided that: a) it is allocated, or if not officially allocated, its normal use is to generate agricultural income as considered for personal income tax purposes (IRS); b) if it is not allocated as described in a), it is not built up and only has accessory buildings or constructions with no economic autonomy and of low value.

urban estate - buildings and constructions licensed or to be used for housing, commercial, industrial or services purposes; land that is recognized as suitable for urbanization and building, including urbanized ground plots or ground plots for which urbanization has been planned or considered like that in the purchase deed, except in the cases that the licensing process is not allowed due to the localisation in green zones, protected areas or, according to the municipal territorial plans, are intended for public spaces, infrastructures and equipments.