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OECD Working Party on Territorial Indicators Workshop

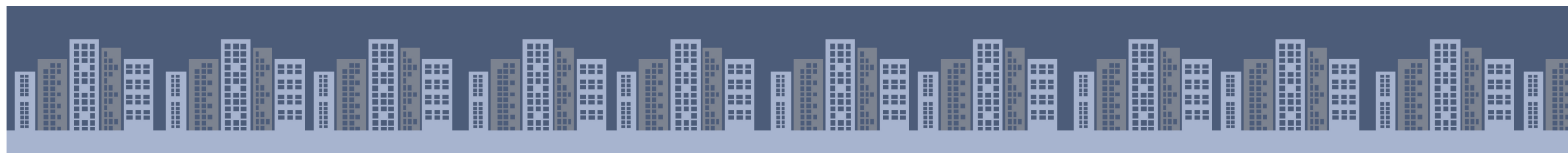
Modernising statistical systems for better data on regions and cities

***Housing policy issues and relevance of Tax Authority data to
produce house prices and rents statistics in Portugal***

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Paris, 5th November 2018



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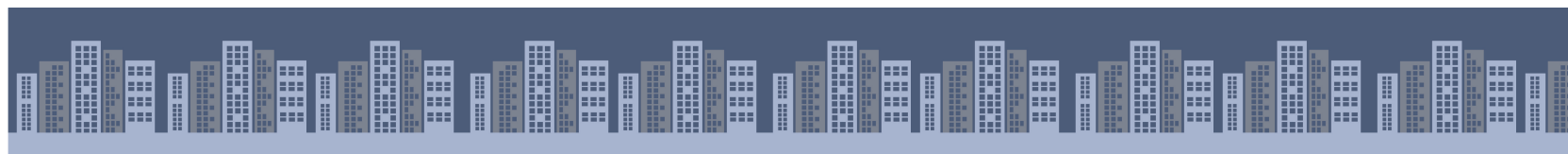


Debates on housing and policy issues

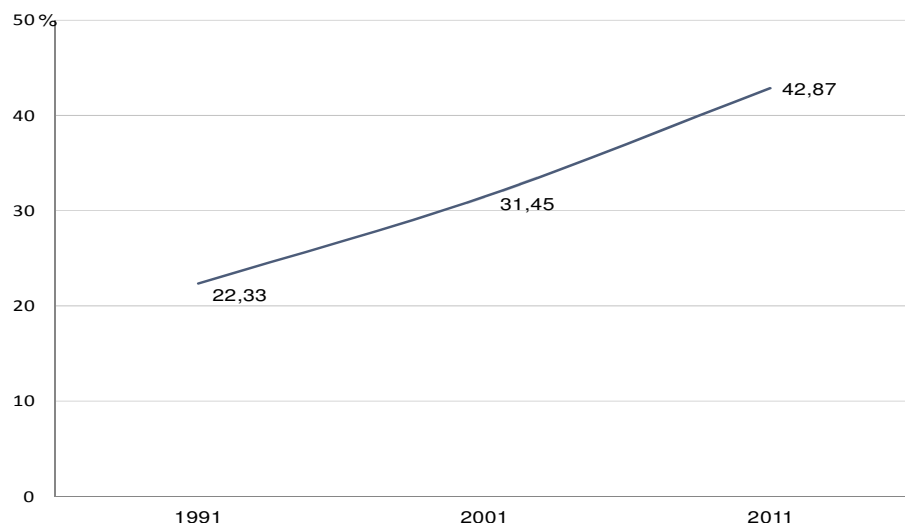
A financial perspective

The 2018 IMF annual report for Portugal addresses the housing market in the Macro-Financial Issues and Policies section stating that:

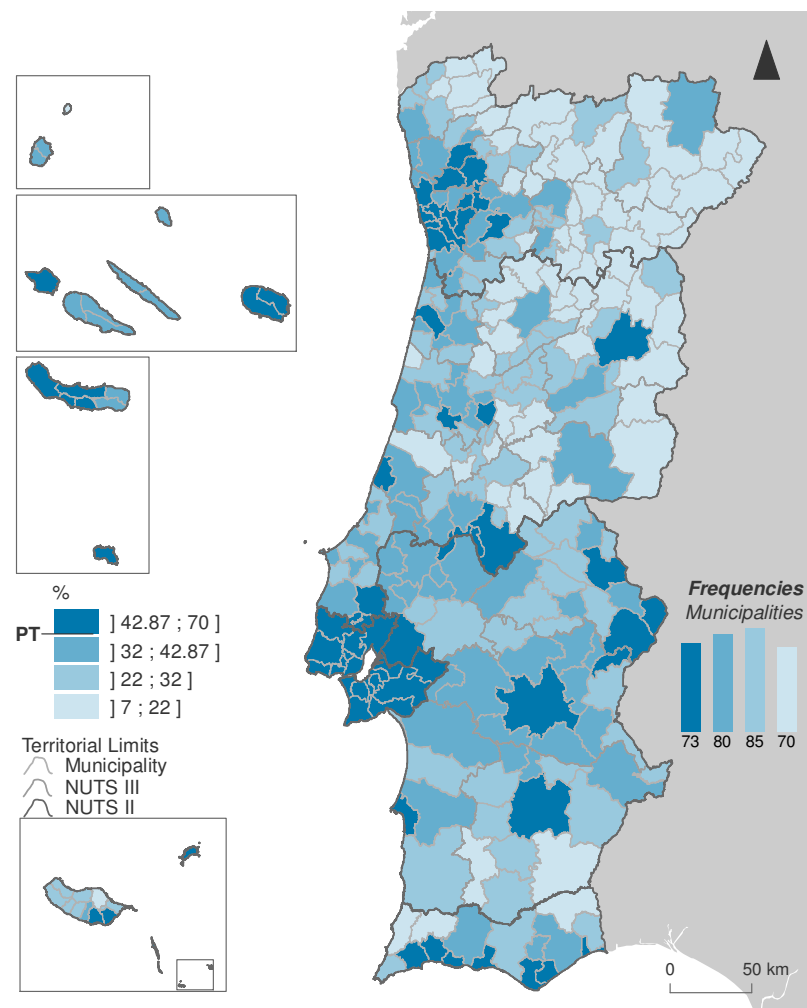
- ✓ Housing prices continue to increase, but there is no significant overvaluation yet
- ✓ Higher prices especially in Lisboa, Porto and the Algarve
- ✓ Increases driven largely by transactions on existing dwellings by non-residents
- ✓ Share of housing transactions financed by Portuguese mortgages has been growing since 2015



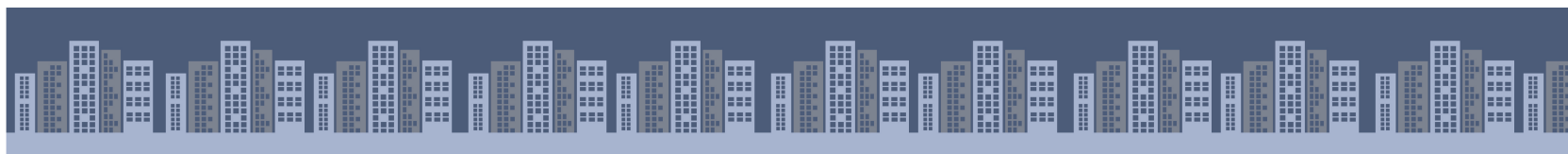
Proportion of owner occupied dwellings with mortgage, Portugal and municipality, 1991, 2001 and 2011



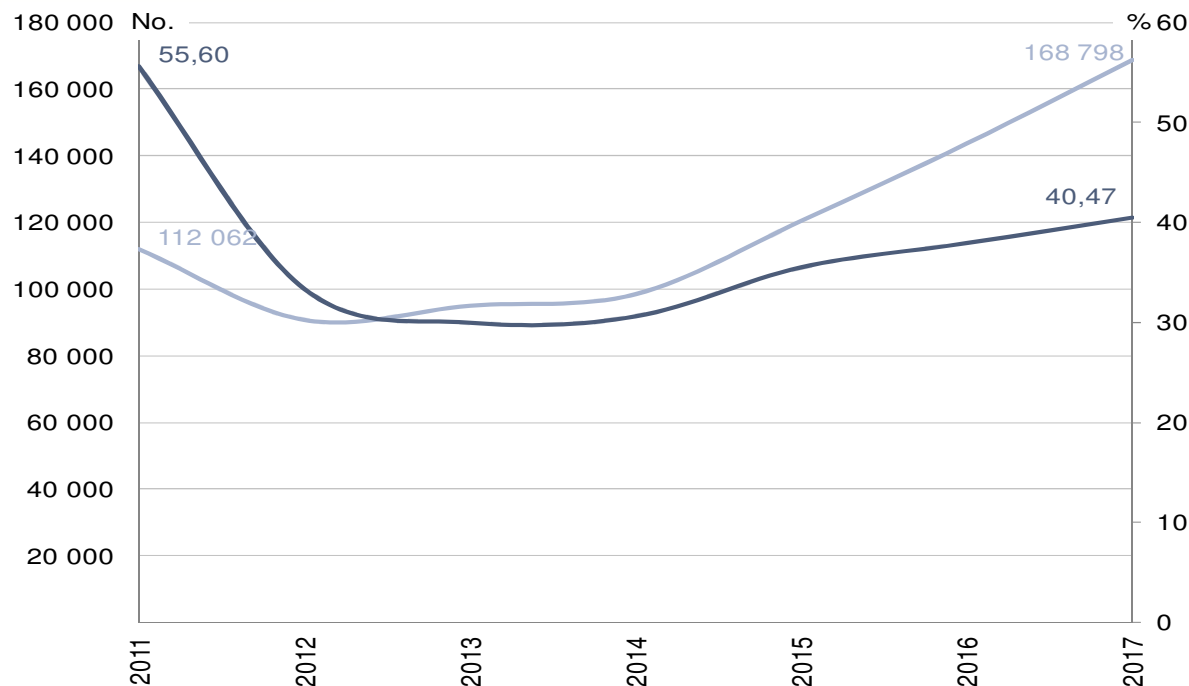
- ✓ 73% of dwellings occupied by the owner
- ✓ Progress of housing ownership with mortgages as the dominant form of housing access
- ✓ An intense phenomena in Metropolitan areas, the Algarve and several medium-sized cities



Source: Statistics Portugal, Population and housing census



Proportion of urban estates purchase and sale contracts with mortgage and Total number of urban real estates purchase and sale contracts, Portugal, 2011-2017



Source: Directorate-General for Justice
Policy, Operations over real estates

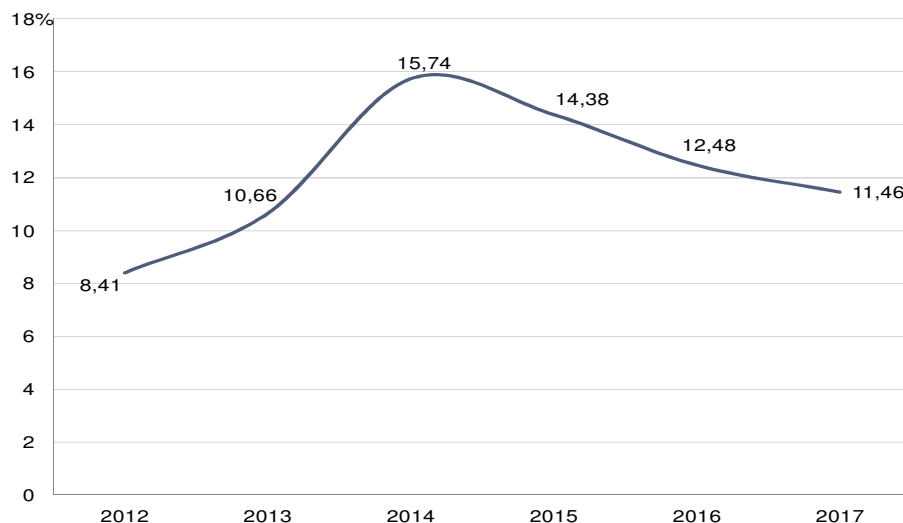
- ✓ Reduction of real estate market activity during the crisis with an intense decline in contracts with mortgages
- ✓ Strong reanimation of the market after 2014:
 - ✓ raise of the number of transactions
 - ✓ Increase in the proportion of contracts with loans





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Proportion of real estate sales to non-residents in the total of real estate sales, Portugal, 2012-2017

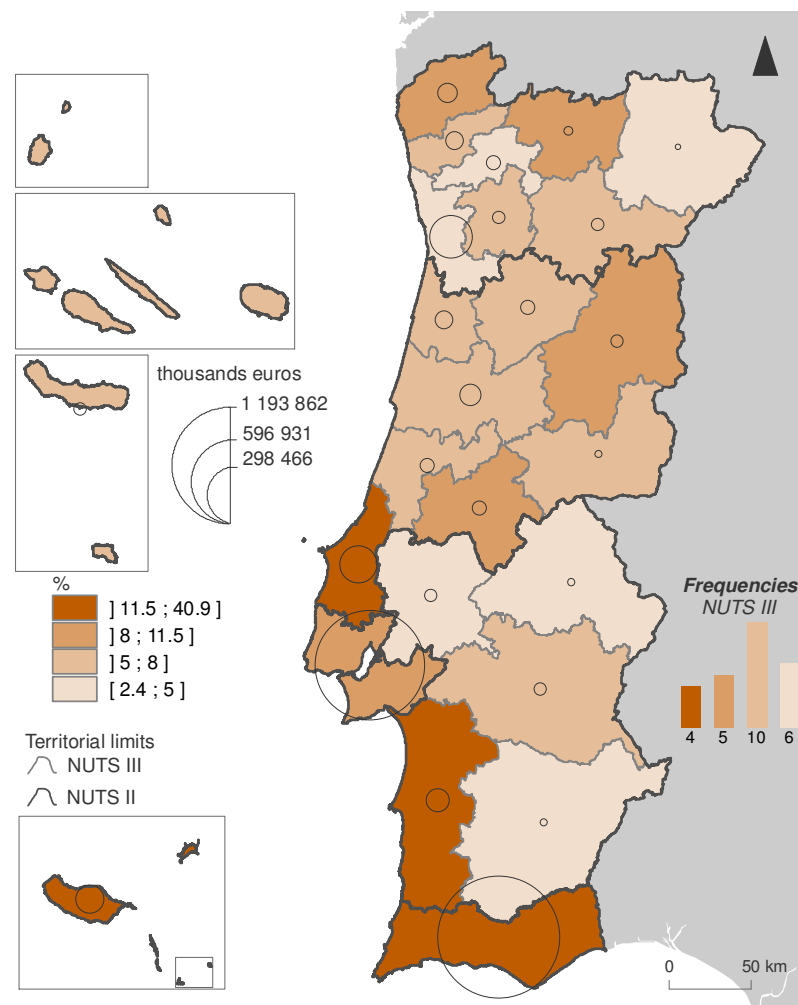


Increasing presence of foreigner investment in the Portuguese Real estate market, but...

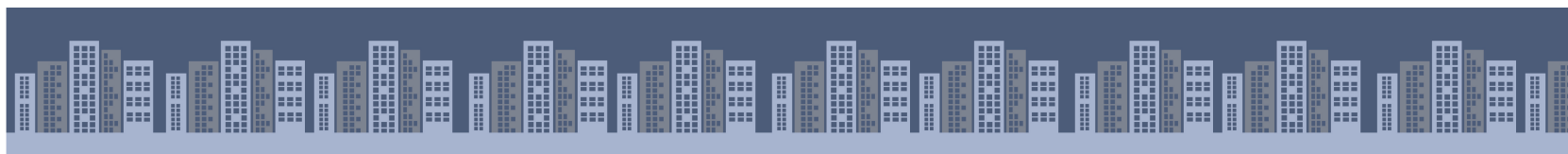
✓ Progressive reduction in the past 3 years

Uneven distribution of the foreign regional investment in housing:

- ✓ Higher values in Algarve and MA
- ✓ More expressive in touristic regions such as Madeira, Oeste and *the South*



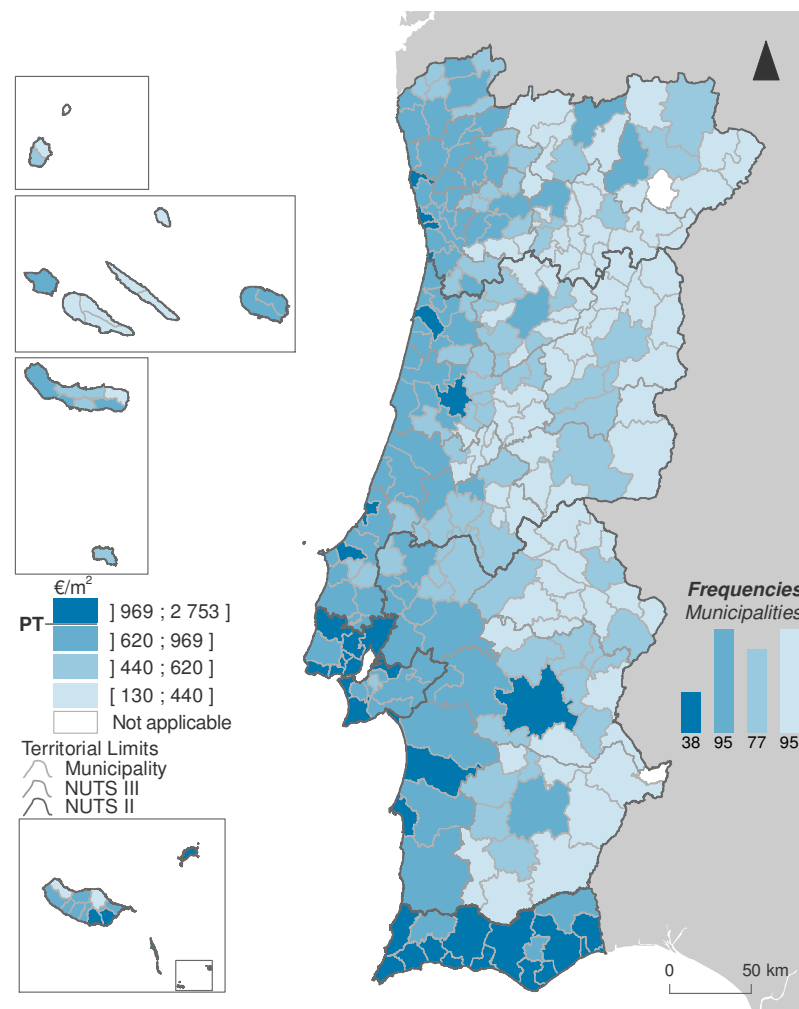
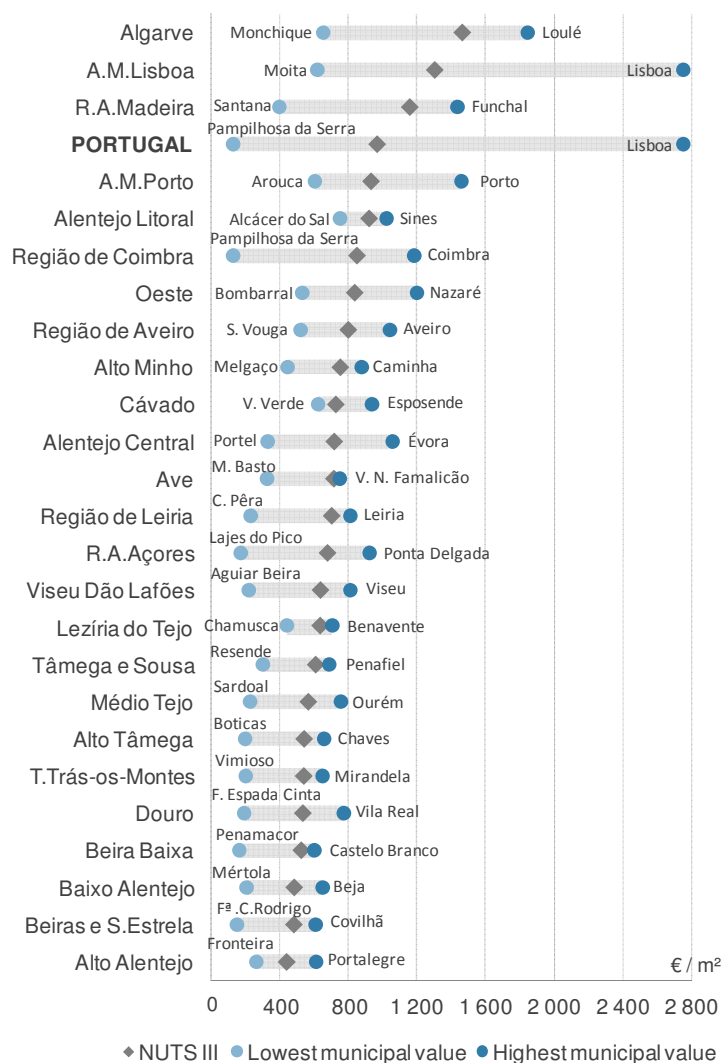
Source: Directorate-General for Justice
Policy, Operations over real estates



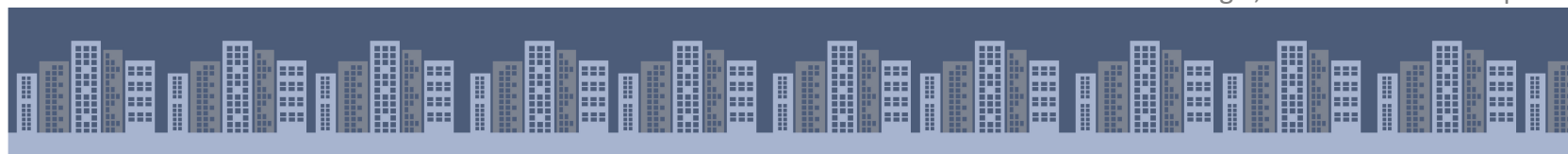


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Median value per m² of dwellings sales, Portugal, NUTS III and municipality, 2nd Q2018



Source: Statistics Portugal, Statistics on house prices at local level



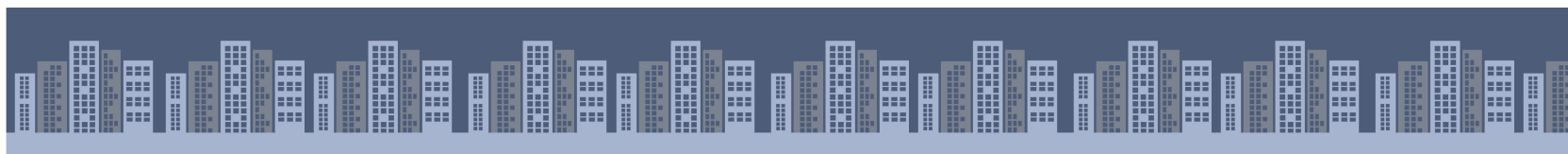
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Debates on housing and policy issues

A sociospatial perspective

The 2017 UN report on adequate housing in Portugal puts focus on the following topics:

- ✓ access to housing, affordability and quality of housing, including informal settlements and housing conditions of deprived social groups
- ✓ social housing, including its extension, maintenance and localization
- ✓ “touristification” and short-term rental and its effects on housing market prices and on community networks and the social fabric
- ✓ “golden visas” program and its eligibility criteria regarding the purchase of real estate property and possible effects on housing market prices





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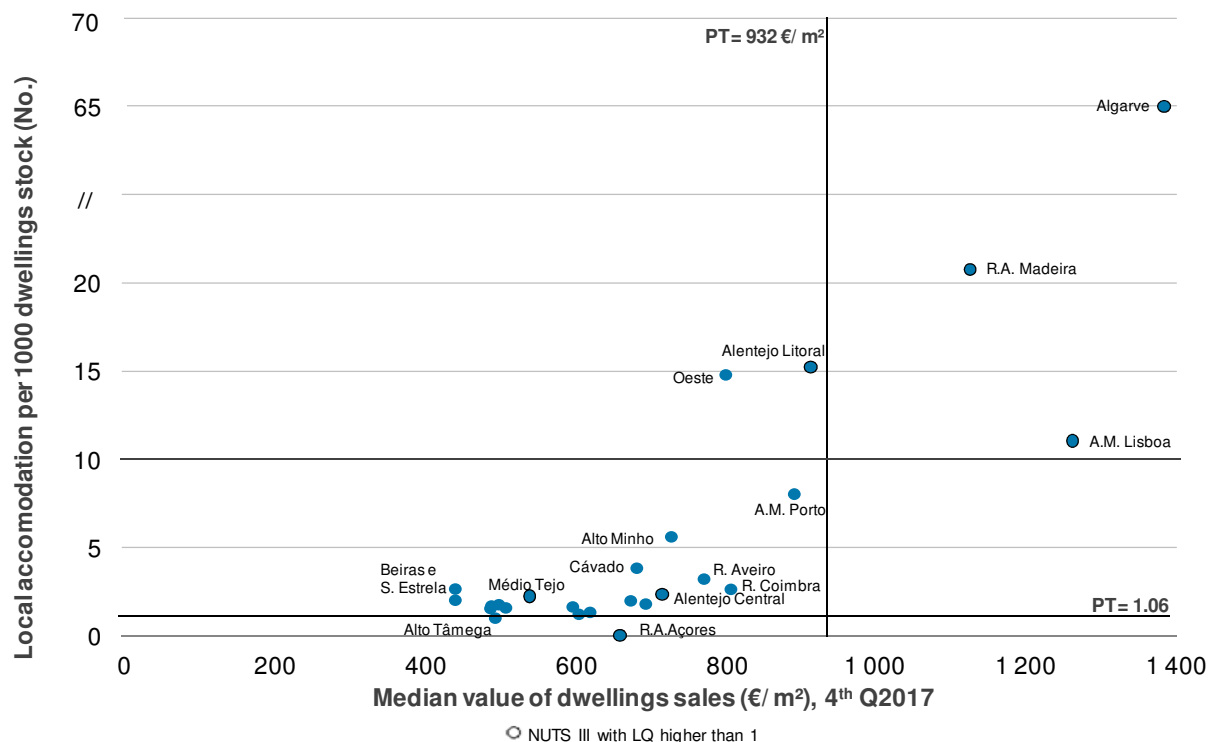
Number of tourist accommodation establishments by type, 2013-2017



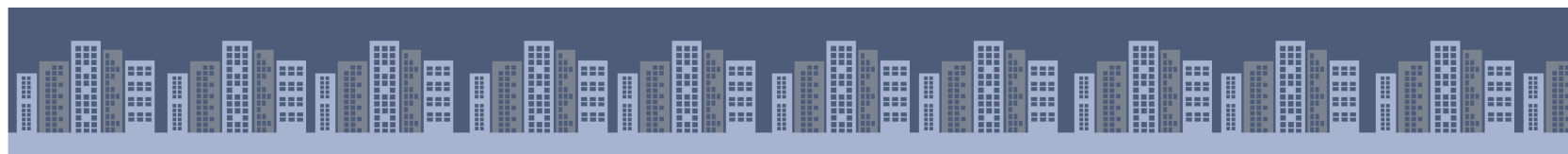
Source: INE, Guests stays and other data on hotel activity survey

Tourism dynamics and housing prices

Ratio of local accommodation per dwellings stock and Median value per m² of dwellings sales, Portugal and NUTS 3, 4th Q 2017

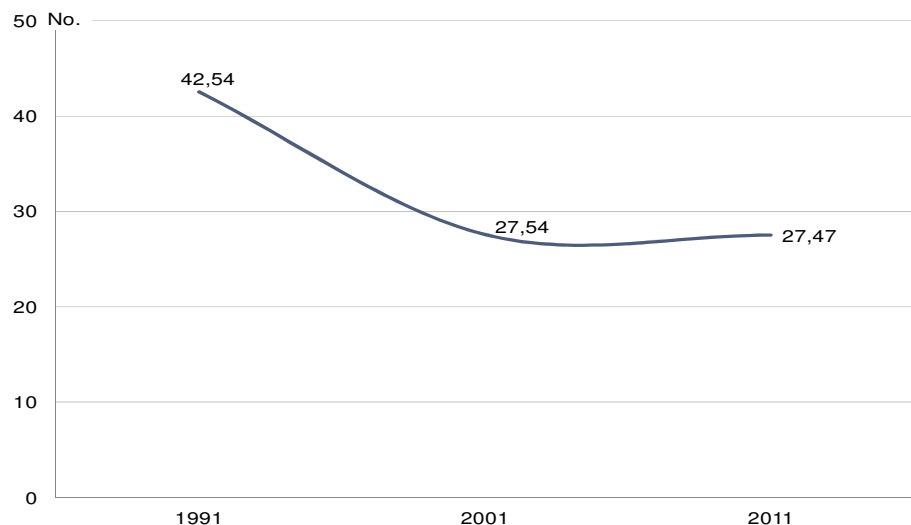


- ✓ Increase of local accommodation establishments from 2014 onwards especially in touristic regions and historical centers of main cities

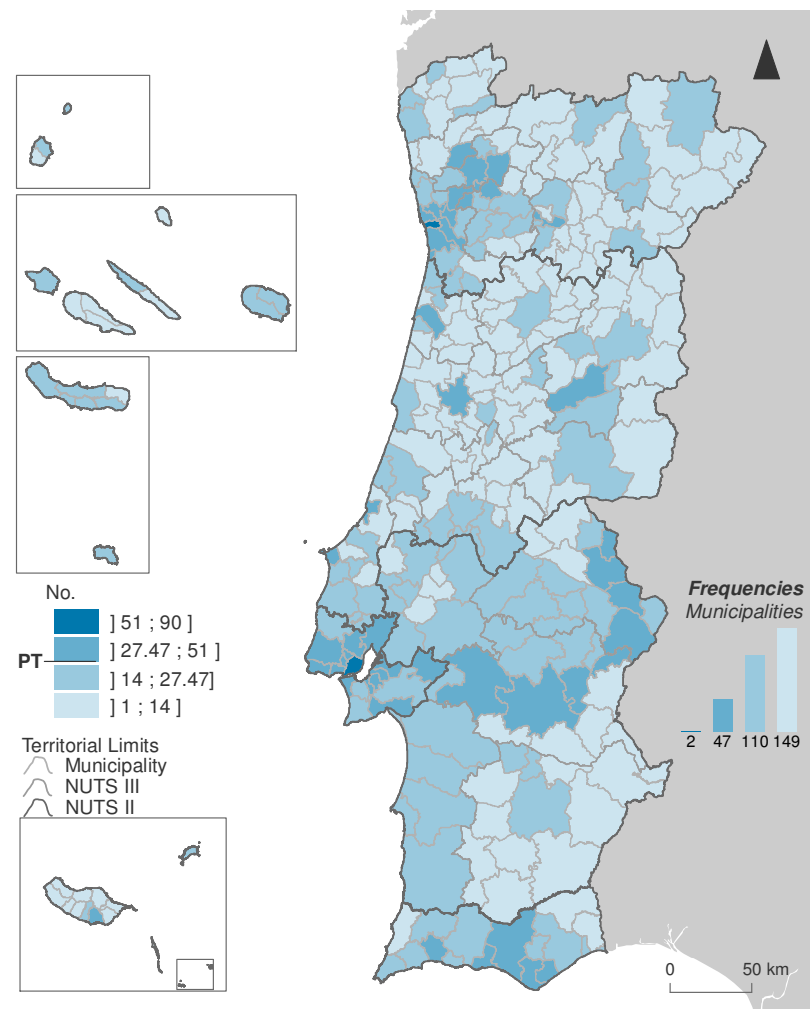


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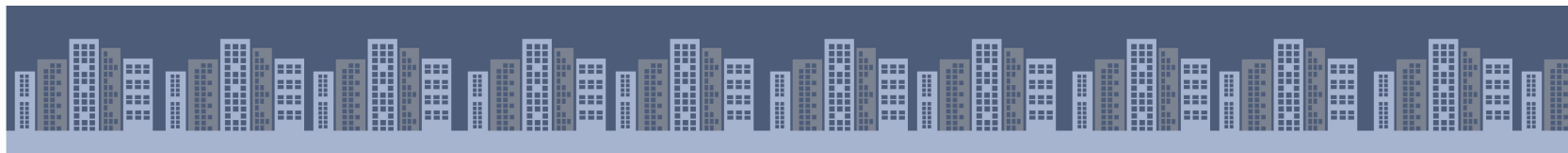
Ratio of conventional dwellings of usual residence rented per 100 dwellings occupied by the owner, Portugal and municipality, 1991, 2011 and 2011



- ✓ Evidences of a rental market limited and in decline, but experiencing a recovery in the crisis period
- ✓ Rental housing market stocks particularly relevant in Lisbon and Porto
- ✓ Also relevant in the inner metropolitan crowns and in some medium-sized cities

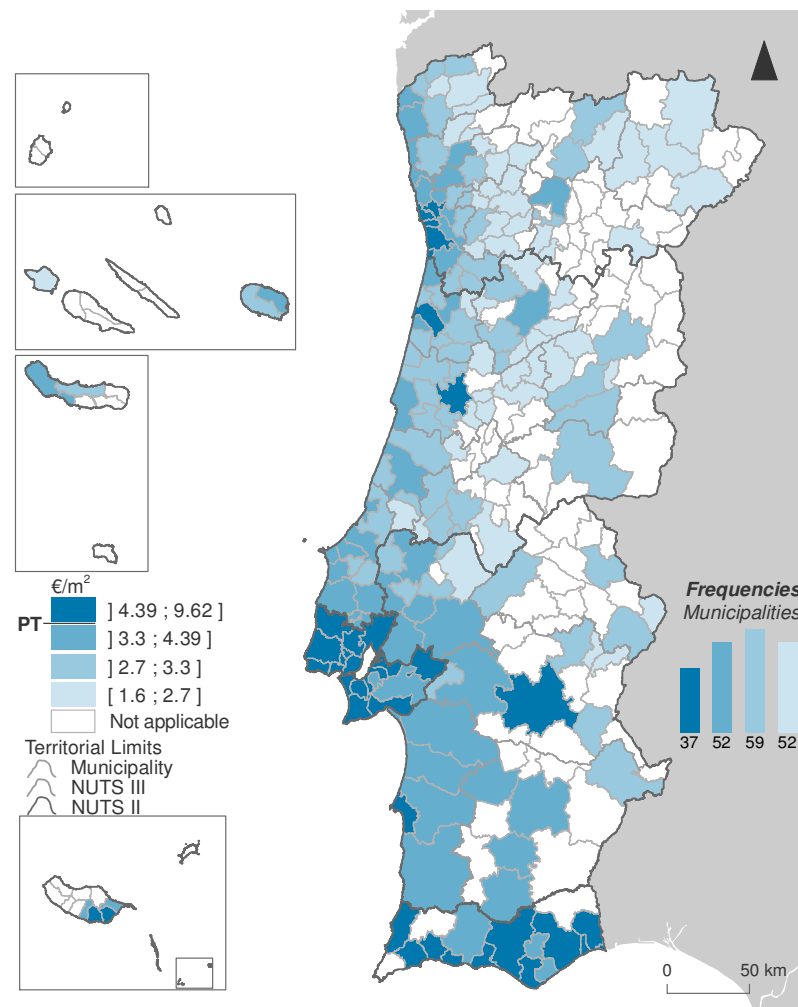
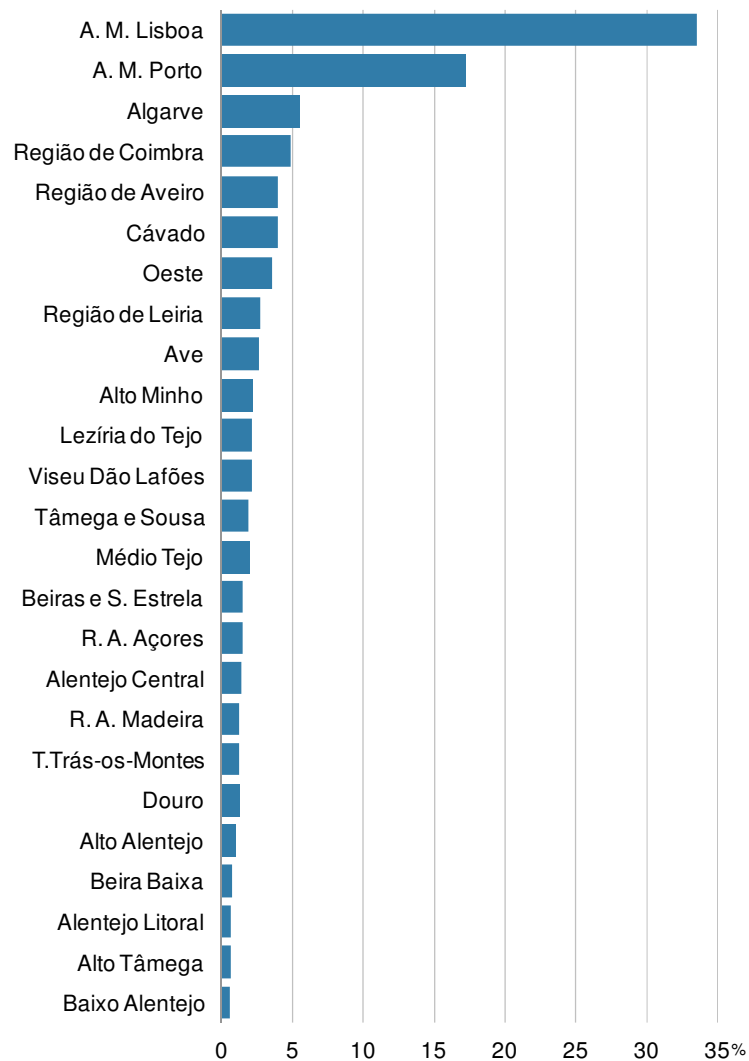


Source: Statistics Portugal, Population and housing census

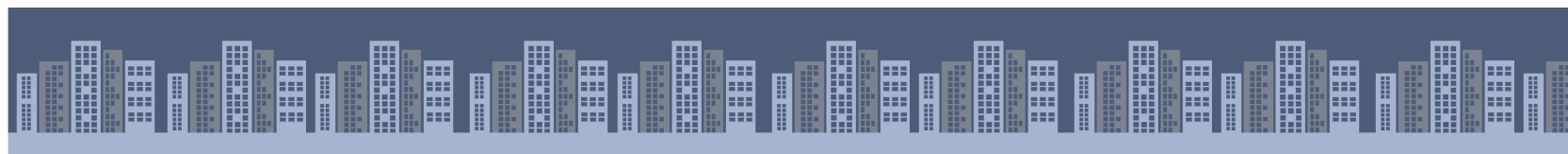


Median value per m² of new lease agreements of dwellings, Portugal, NUTS III and municipality, 2017

Sub-regional contribution to Total new lease agreements, 2017



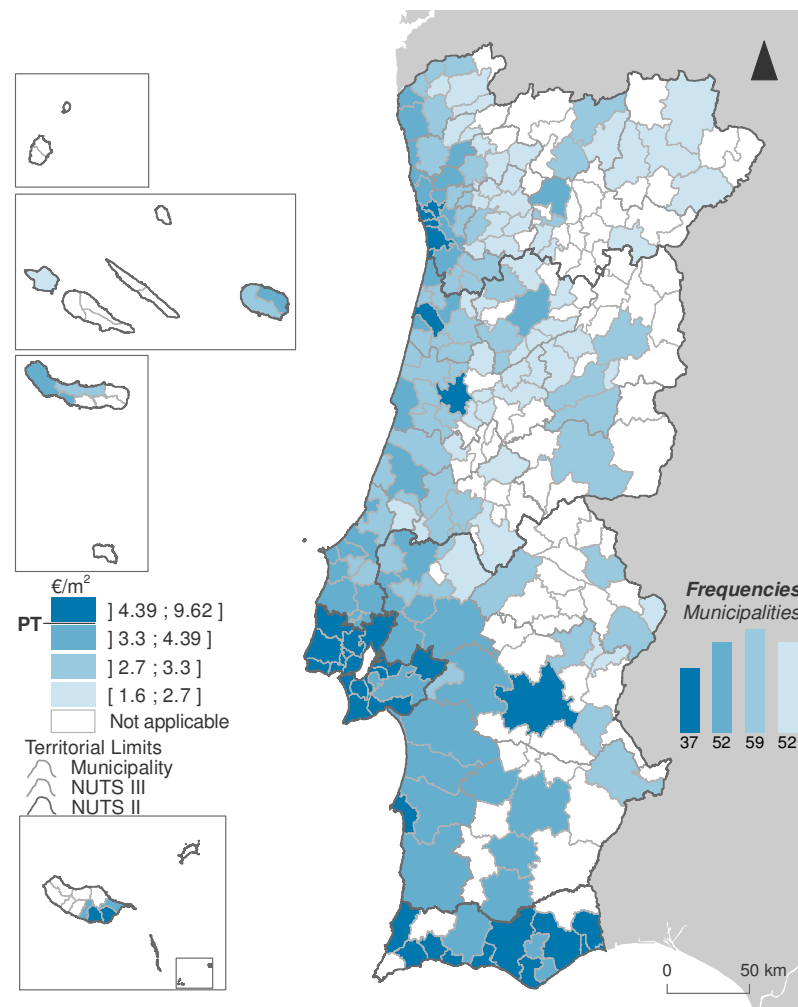
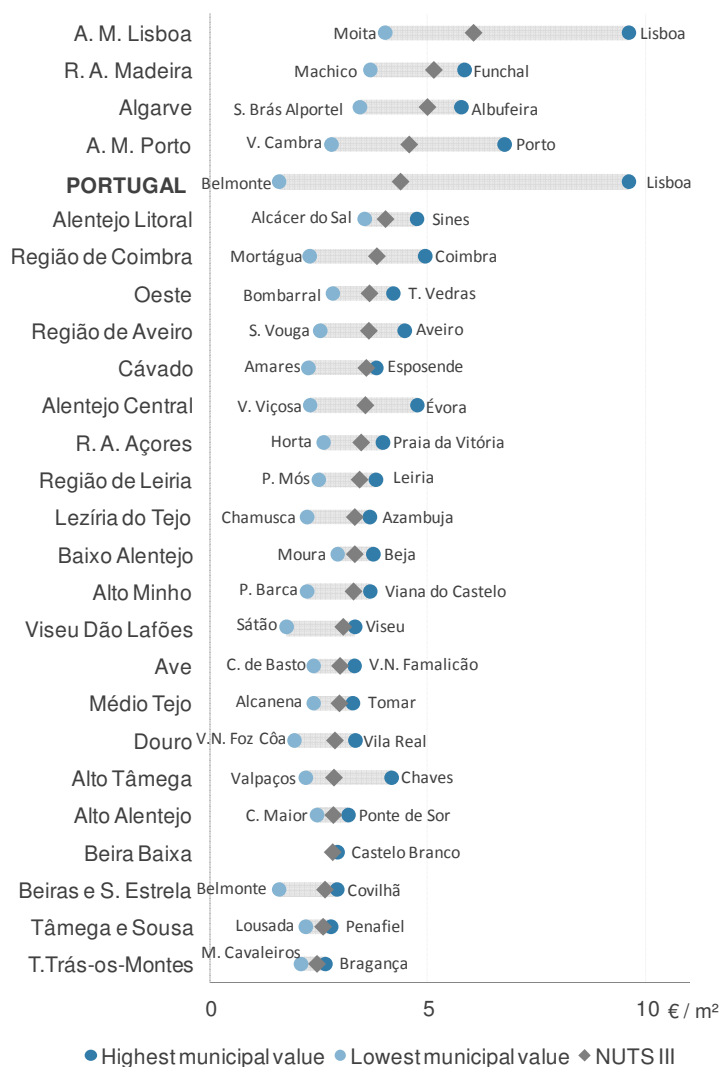
Source: Statistics Portugal, Statistics on house rents at local level



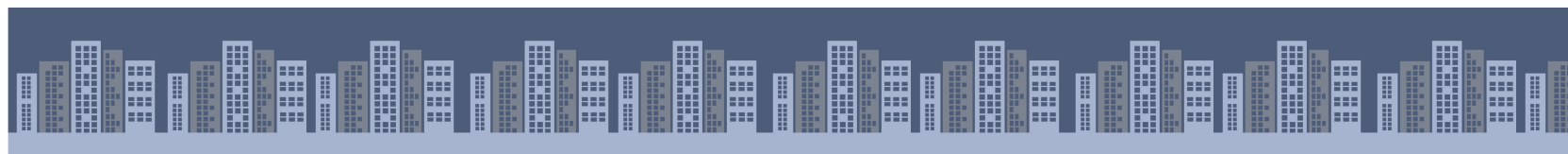


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Median value per m² of new lease agreements of dwellings, Portugal, NUTS III and municipality, 2017

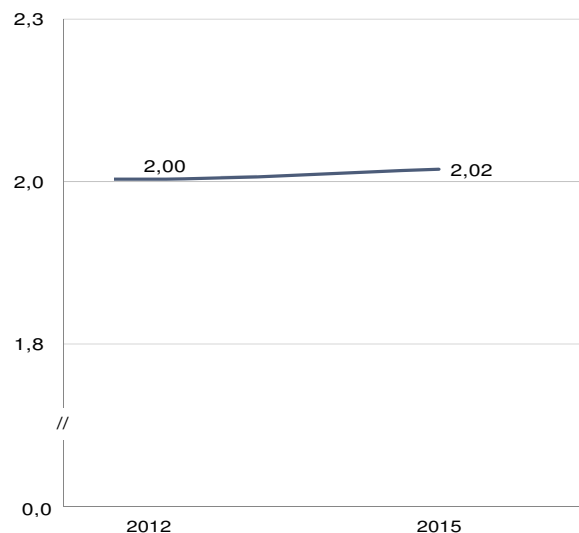


Source: Statistics Portugal, Statistics on house rents at local level

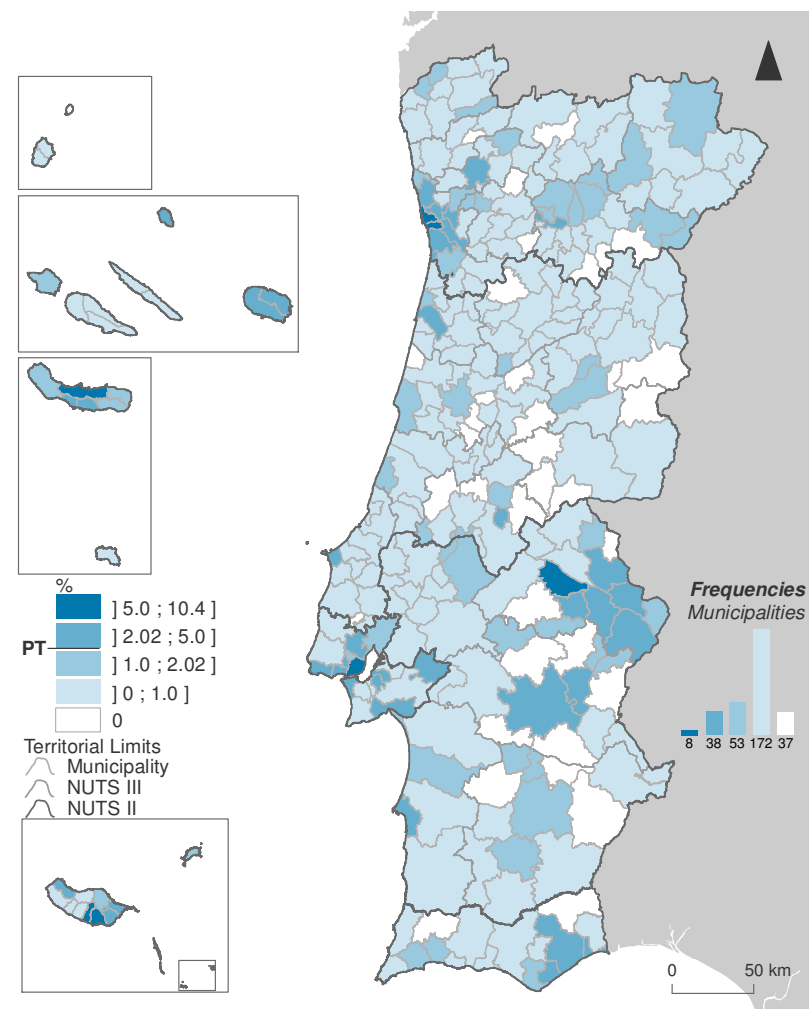


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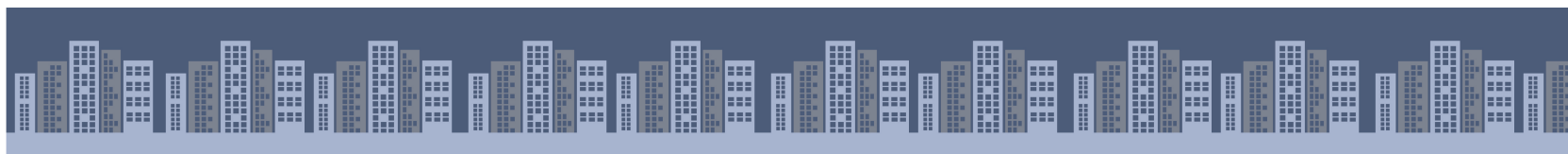
Ratio of social housing dwellings per 100 dwellings stock, Portugal and municipality, 2012 and 2015



- ✓ Residual stock of public housing (2%) and production negligible in the last decade
- ✓ Public housing stocks particularly important in Lisbon and Porto metropolitan areas and in some middle-sized cities



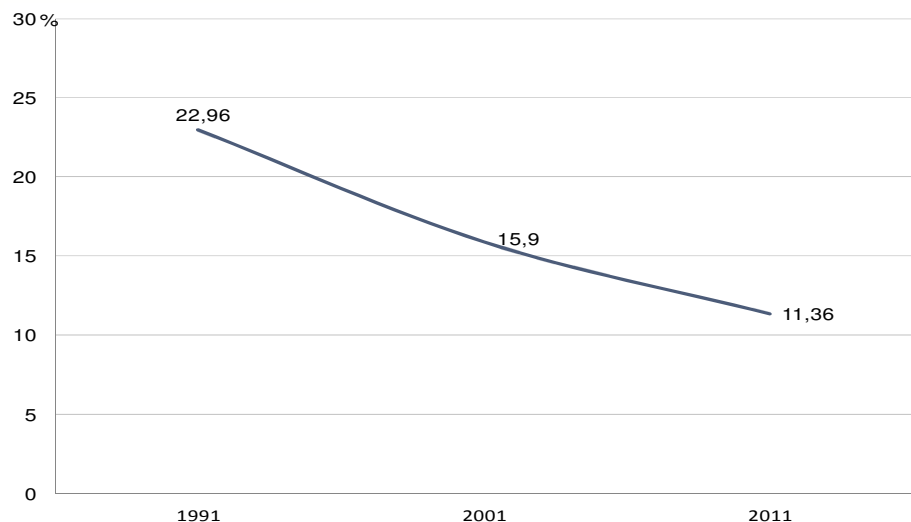
Source: INE, Social Housing Survey and Statistics on construction works completed



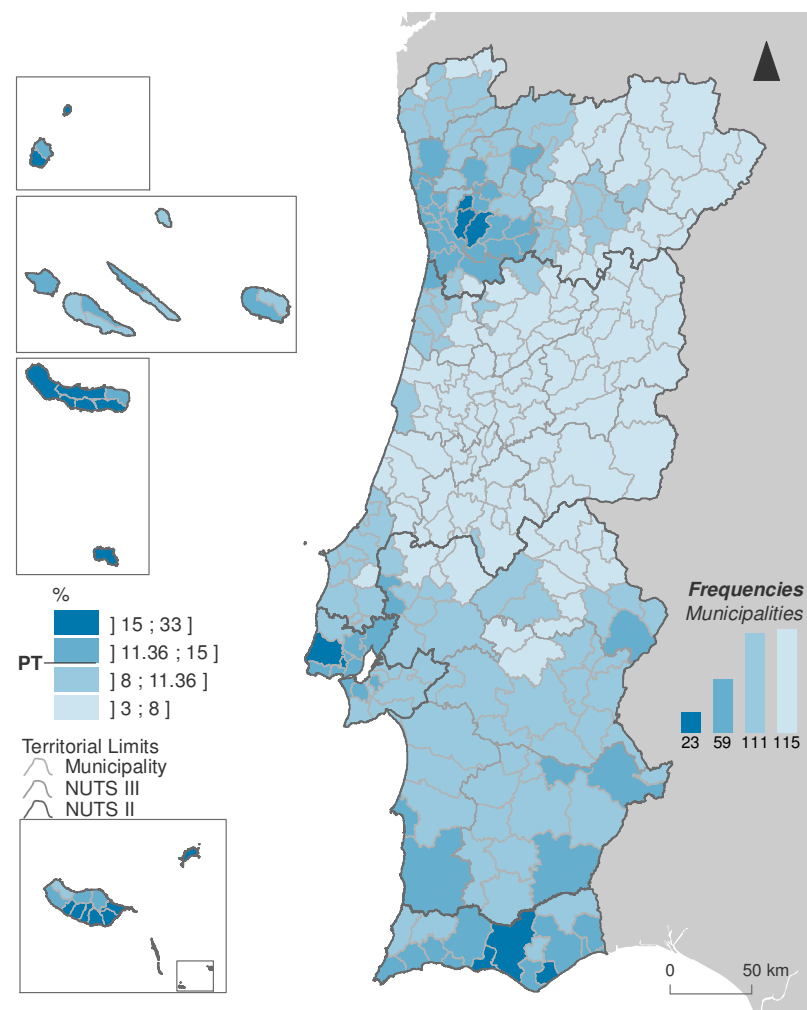


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Proportion of overcrowded living dwellings, Portugal and municipality, 1991, 2001 and 2011



- ✓ General trend to a reduction in overcrowding: reduction in family size; standards of new housing
- ✓ Lower overcrowding in areas combining ageing and higher levels of emigration
- ✓ Higher over crowding in the Algarve, LMA, Northwest and Autonomous Regions of Azores and Madeira



Source: Statistics Portugal, Population and housing census



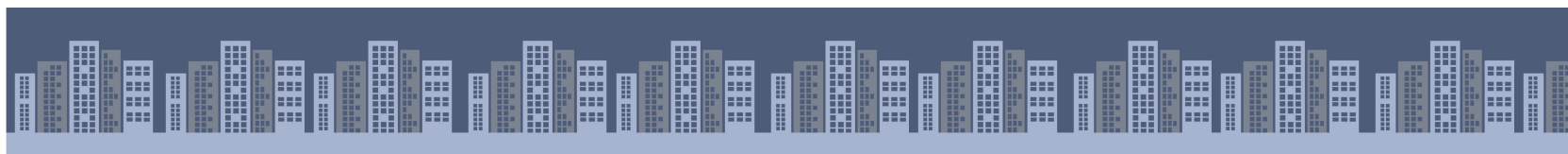
Debates on housing and policy issues

New generation of Housing Policies in PT

In 2018 the Government outlined new policy instruments to reach the following **strategic targets**:

- ✓ To meet the needs of families that live in a severe situation of housing deprivation
- ✓ To guarantee access to housing for those who are unable to meet their needs in the housing market
- ✓ To set the conditions so that rehabilitation is the main form of intervention on buildings and at the urban development level
- ✓ To promote social and territorial inclusion and opportunities for housing choice

Information for monitoring: housing prices and rents and accessibility



Key questions to be answered

Data needs at regional and local levels

- ✓ Housing stock, production and rehabilitation – Construction works Stats
- ✓ Housing prices and rents evolution by segment
- ✓ Evolution of housing market tenure ...
- ✓ Metrics on affordability and families effort to housing access
- ✓ Foreign demand and corporate investments in the housing market
- ✓ Social housing dynamics – Social Housing Survey
- ✓ Metrics on housing conditions – Survey on Income and Living Conditions
- ✓ Impact of housing market regulation, including supply and demand side subsidies, fiscal benefits and spatial planning
- ✓ Impact of touristification in the housing market



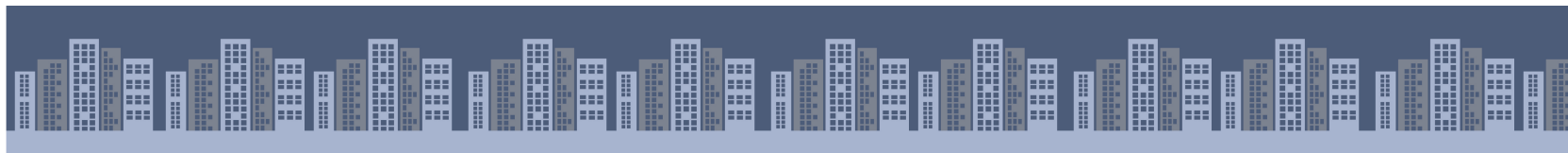
National Statistical System - Legal basis

Law no. 22/2008



Establishes principles, rules and structure of the NSS
Framework for the production of **official statistics** in PT

- ✓ It defines the mandate for Statistics Portugal to have access to administrative data
 - ✓ Access to administrative data is usually framed by means of a bilateral **Protocol**
- Protocol with Tax Authority**
- ✓ First established in 2005 and reviewed in April 2018
 - ✓ It includes now more detailed and disaggregated data covering several tax domains
 - ✓ Relevant for housing statistics → Data on **Patrimony** (Municipal Property Transfer Tax, Municipal Property Tax and Lease Agreements) and Data on **Income**

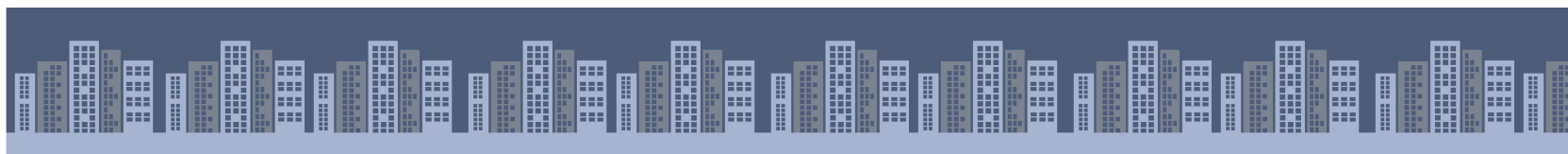
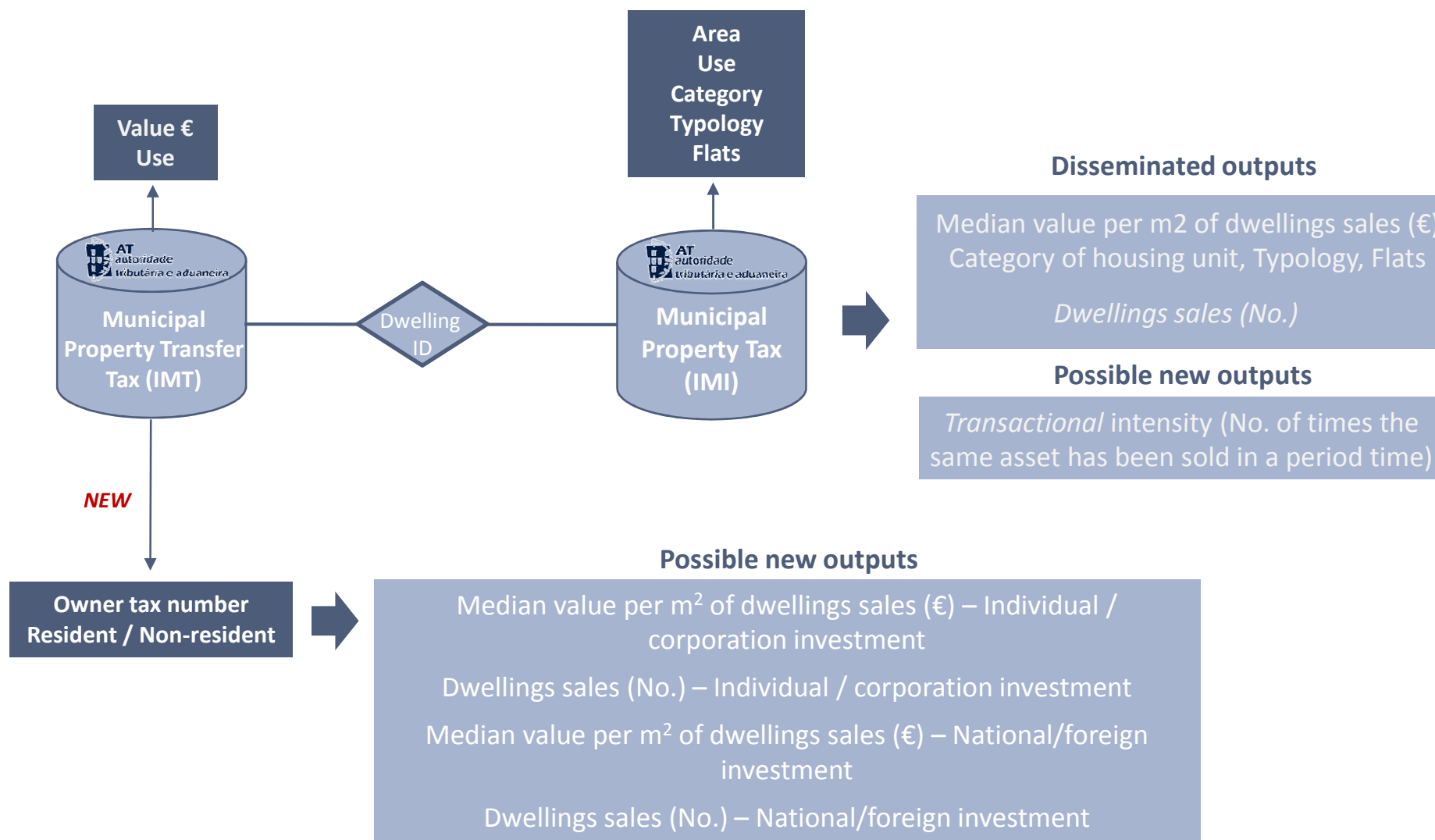


Tax Authority data to produce house prices and rents statistics

- ✓ **House prices statistics** – quarterly, up to parish level + 500 m grid:
 - Municipal Property Transfer Tax (IMT): from which the transaction prices are obtained → flow data
 - Municipal Property Tax (IMI): from which identifying characteristics of the transacted dwelling are obtained → stock data
- ✓ **House rents statistics** – yearly, up to municipality:
 - Communication of lease agreements (Stamp tax): from which the house rental value of new lease agreements are obtained → flow data
 - Municipal Property Tax (IMI) → stock data
- ✓ The link between sources is made at the dwelling level
- ✓ Data transmission framed by the new protocol will include 'pseudonymized' data and characteristics of fiscal individuals



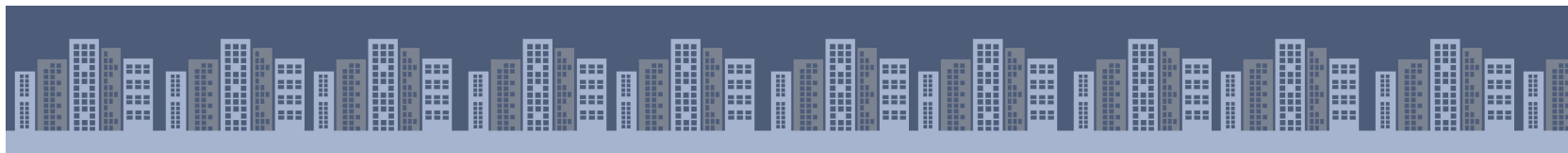
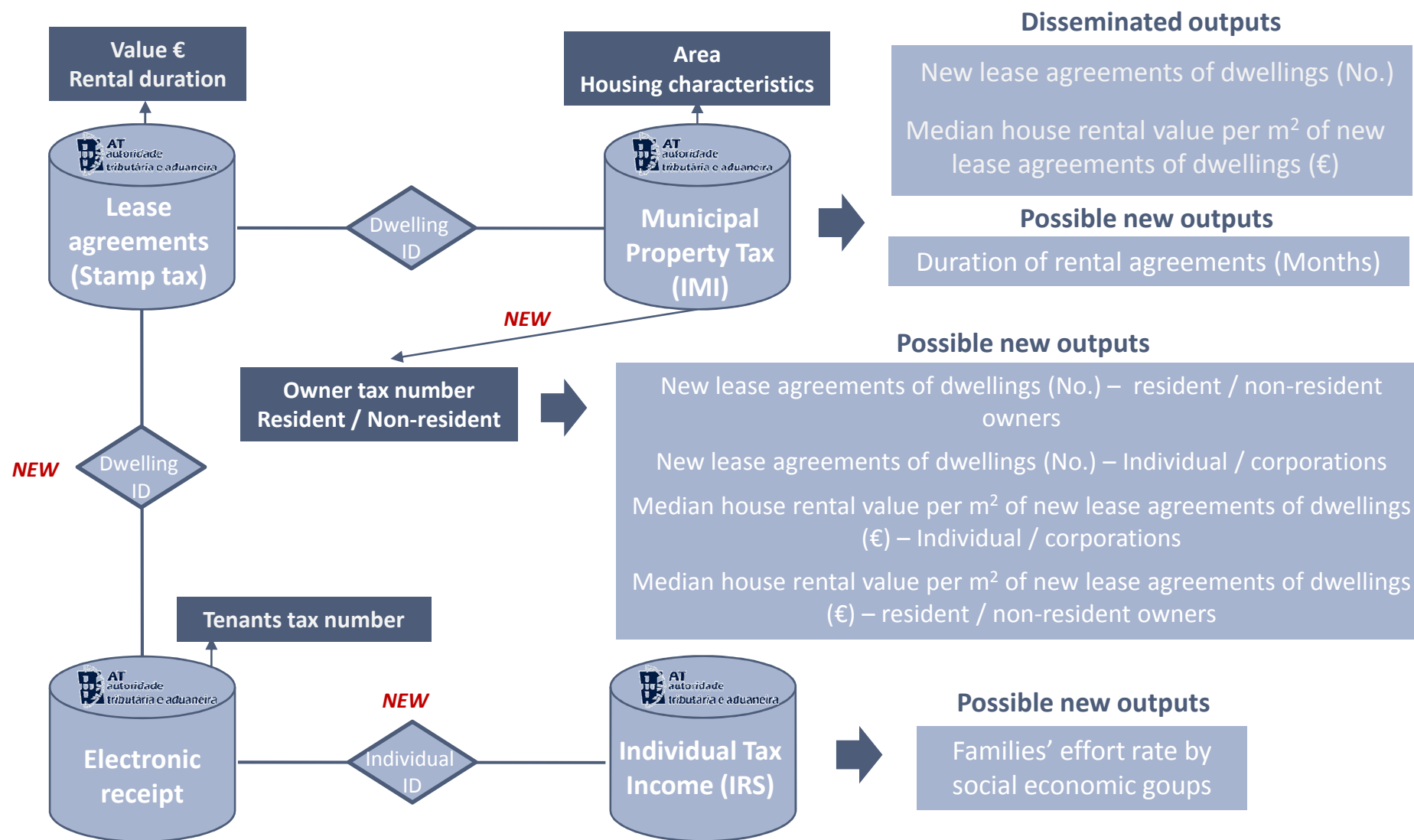
Tax Authority data to produce house prices





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Tax Authority data to produce house rentals



Final remarks

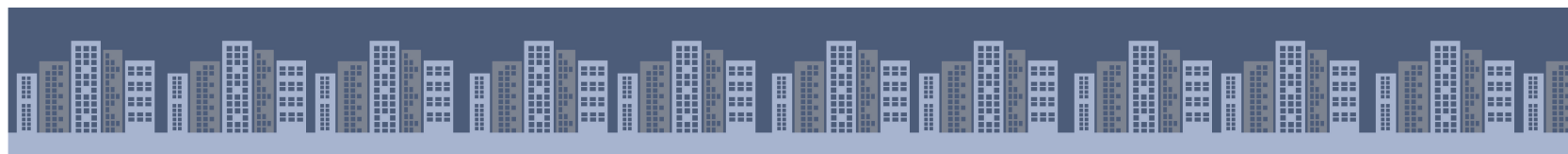
Tax Authority data, due to its high spatial granularity and domains covered, is extremely relevant to provide new statistics for monitoring the housing market evolution, but...

... viability analysis for new statistics will still have to be carried out

- ✓ Housing prices and rents evolution by segment
- ✓ Metrics on affordability and families effort to housing access
- ✓ Foreign demand and corporate investments in the housing market

Stronger integration at micro level of Tax Authority data with other sources is essential to leverage the insights on housing and real estate markets...

... the single system of real estate codification being put in place for Public Administration will be crucial for further data integration





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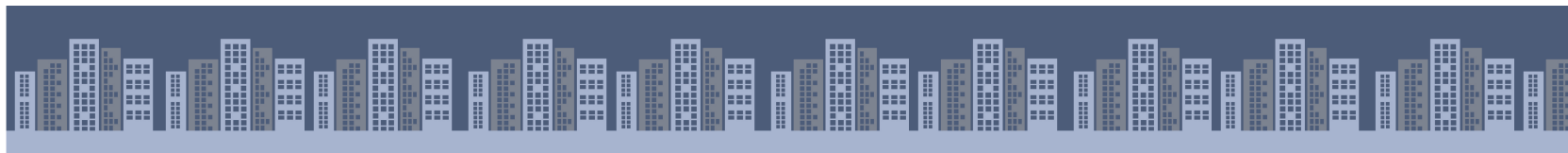
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