

25 September 2019

## Acquisitions of real estate by non-residents

2018

### **Non-residents stood for 13.0% of real estate acquisitions in 2018**

In 2018, 8.2% of real estate sales in Portugal were made to non-residents<sup>1</sup>, corresponding to 13.0% of the total sales value (7.7% and 11.5%, respectively, in 2017). The significant increase in real estate sales to non-residents in 2018, 14.5% in number and 22.2% in value, was rather lesser than in 2017, +19.2% and +22.6%, respectively.

In 2018 the average value of real estate sold to non-residents was EUR 171,178, 58% higher than the average value of global transactions (EUR 108,016). This relative difference increased vis-à-vis 2017 (49% in that year).

As in the previous year, residents in France (19.7% of the total value), followed by residents in the United Kingdom (16.9%) were the main buyers of real estate in Portugal. It is worth noting the sales of real estates to residents in China, with a median value (EUR 297.2 thousand) almost six times as much as the median value of global transactions in Portugal (EUR 53 thousand).

More than  $\frac{3}{4}$  in value of acquisitions of real estate by non-residents were located in the regions of Área Metropolitana de Lisboa (39.5%) and Algarve (35.9%). The Área Metropolitana de Lisboa also accounted for the highest average value of acquisitions (EUR 322.5 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.

Data is exclusively based on administrative sources, namely from 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). However, the values made available refer exclusively to transactions of family dwellings, thus being restricted to housing. The information now released for the period 2012-2018 has a broader scope, including real estate other than housing.

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

#### 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 2012-2018.

#### 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.