BUILDING PERMITS AND WORKS COMPLETED DECREASED AND HOUSE PRICES CONTINUED TO RISE

In 2022, 24,696 buildings were licensed in Portugal, representing a decrease of 4.4% compared to the previous year (+9.3% in 2021). Vis-à-vis 2019, there was a 1.0% growth. In the same year, 37,458 dwellings were licensed, corresponding to a 0.5% decrease compared to the previous year (37,636 dwellings in 2021, +9.5%; +5.3% compared to 2019).

It is estimated that 15,588 buildings were completed, corresponding to a 3.5% decrease compared to the previous year (+5.3% in 2021, with 16,161 buildings; +10.0% compared to 2019), and 23,489 dwellings were completed, indicating a slight decrease of 0.1% compared to the previous year (+13.1% in 2021; 23,522 dwellings; +42.4% compared to 2019).

In 2022, the number of dwellings transactions reached 167,900 units, the highest record in the series started in 2009. The value of the transacted dwellings amounted to €31.8 billion, representing a 13.1% growth compared to 2021.

The median price of family dwellings in Portugal was €1,484 per square meter, representing a 14.4% increase compared to the previous year. The median dwelling price remained higher than the national average in the sub-regions of Algarve (€2,339/m^2), Área Metropolitana de Lisboa (€2,096/m^2), Área Metropolitana do Porto (€1,607/m^2), and the Região Autónoma da Madeira (€1,571/m^2).

The median rent for the 92,664 new lease agreements of family dwellings in Portugal reached €6.52/m^2, representing a 7.9% increase vis à vis 2021. There was also a 6.1% increase in the number of new contracts compared to the previous year.

Statistics Portugal (INE) is releasing today the publication "Construction and Housing Statistics 2022," providing a comprehensive set of indicators on construction and housing in Portugal

Among the information provided, the highlights include data from the Indicators System of Urban Operations (SIOU): completed construction works, and building permits.

This publication includes the main results from the Annual Survey of Construction Enterprises and information on the housing market and commercial properties: sales of residential dwellings; housing price and housing price evolution at the local level; housing bank appraisals; house rental values at the local level; the evolution of the construction costs; and commercial property price indices.

This edition also includes an additional chapter, "Housing in Portugal: Evolution in the Last Decade, according to the CENSUS 2021"

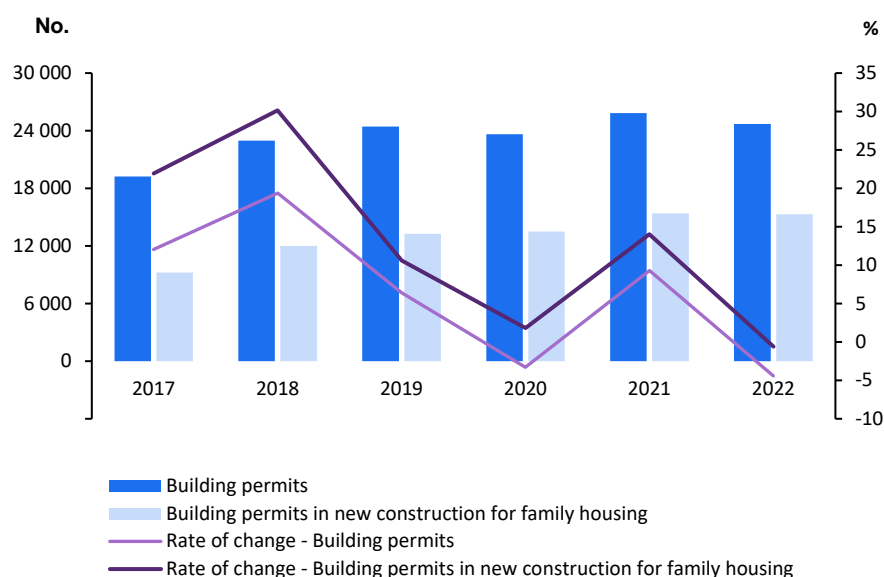Construction and Housing Statistics – 2022

1. Building permits and Works completed

In 2022, 24,696 buildings were licensed in Portugal, representing a decrease of 4.4% compared to the previous year (+9.3% in 2021). When compared to 2019, there was a growth of 1.0%.

The building permits for new construction remained predominant in 2022, accounting for 76.1% of the total licensed buildings (74.7% in 2021). Demolition works corresponded to 5.7% of the building permits in 2022 (6.1% in 2021).

Buildings licensed in new construction for family housing amounted to 15,309, which represents a decrease of 0.6% compared to 2021 (+13.3% vis-à-vis 2019). Of the total licensed buildings, 62.0% were new construction for family housing, an increase of 2.4 percentage points in comparison with the previous year (59.6%).

Figure 1. **Building permits– Total and new construction for family housing**

Source: INE, Construction and housing statistics – Building permits

In 2022, it is estimated that 15,588 buildings were completed, which represents a decrease of 3.5% compared to the previous year (+5.3% in 2021, 16,161 buildings; +10.0% compared to 2019).

The completed works in new construction for family housing accounted for 61.4% of the total completed buildings, showing an increase of 1.4 percentage points compared to the previous year.
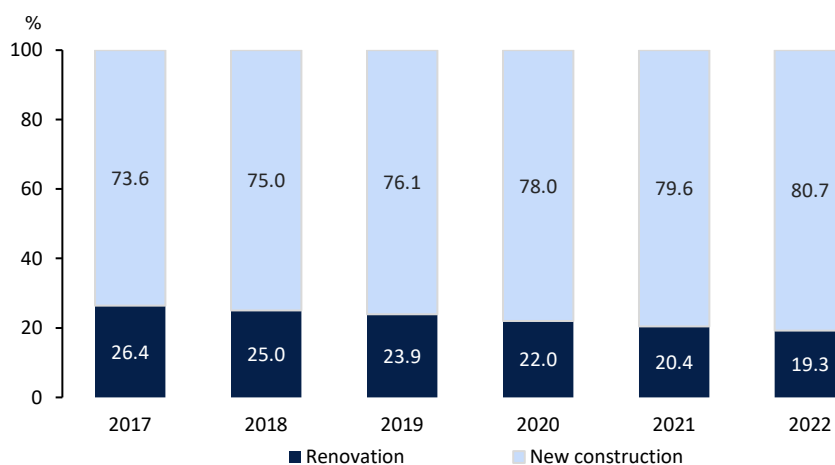
Figure 2. Works completed – Total and new construction for family housing
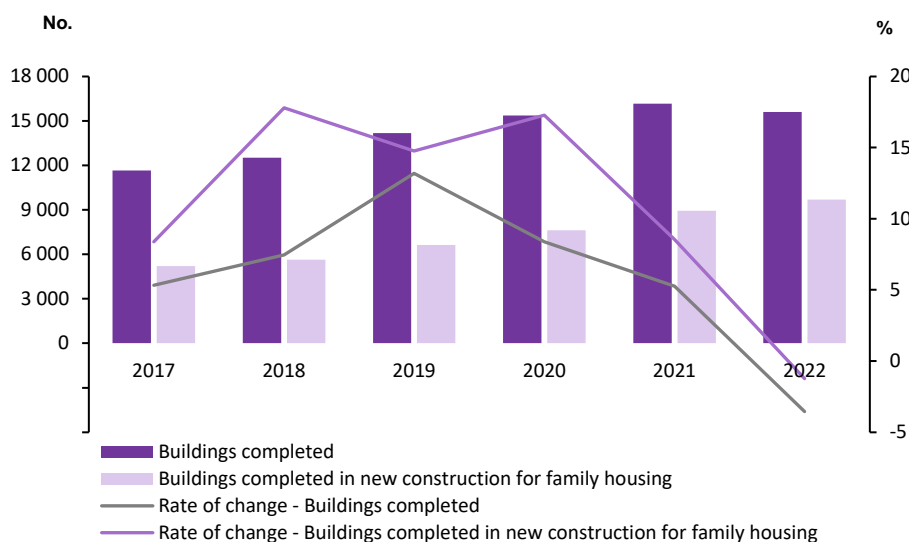
Source: INE, Construction and housing statistics – Works completed

In 2022, 4,491 buildings were licensed for renovation works, which represents a reduction of 9.3% compared to the previous year (+2.1% in 2021; 4,954 buildings). Vis-à-vis 2019, there was a decrease of 17.4%.

Figure 3. Evolution of the distribution of building permits - new construction and renovations
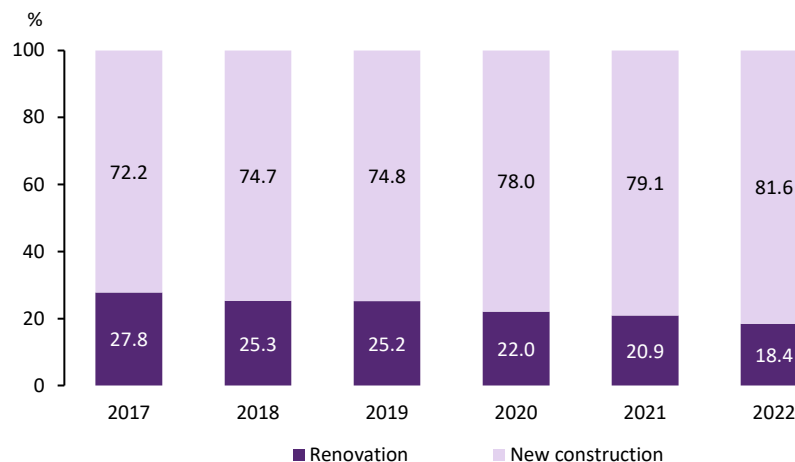

Source: INE, Construction and housing statistics – Building permits

There was a decrease of 15.0% in the total number of completed renovation works compared to 2021, totalling 2,871 buildings (-0.1% in 2021, corresponding to 3,378 completed buildings).

Figure 4 – **Evolution of the distribution of works completed - new construction and renovations**

In 2022, 37,458 dwellings were licensed in Portugal, representing a decrease of 0.5% compared to the previous year (37,636 dwellings in 2021, corresponding to an increase of 9.5%; +5.3% compared to 2019). Of the dwellings licensed in 2022, 30,247 were in new construction for family housing, representing an increase of 3.2% compared to the previous year (+12.0% in 2021, totalling 29,312 dwellings). When comparing the year 2022 with 2019, a 5.3% growth was recorded in the total number of licensed dwellings and 17.1% in the dwellings licensed in new construction for family housing.

Figure 5 – **Dwelling permits– Total and new construction for family housing**
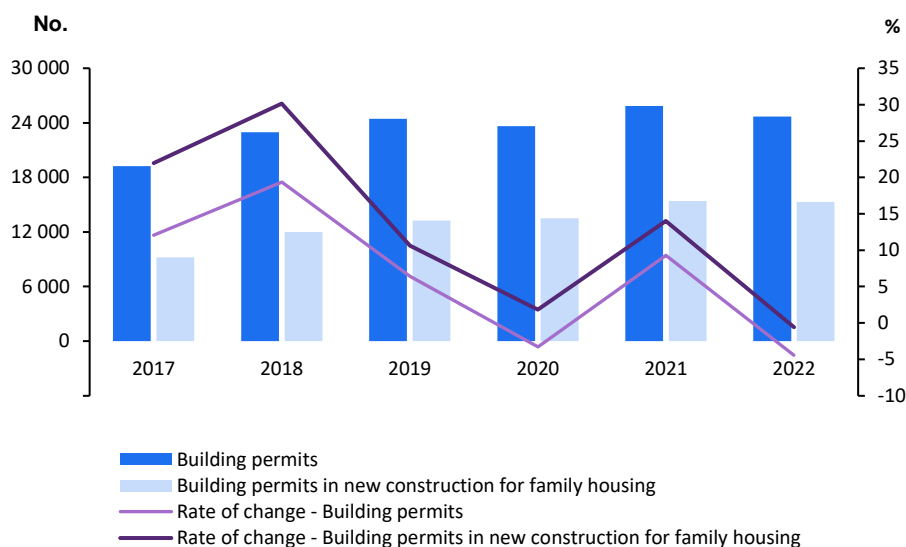
Construction and Housing Statistics – 2022

In 2022, it is estimated that 23,489 dwellings were completed in the country, representing a slight decrease of 0.1% compared to the previous year (+13.1% in 2021; 23,522 dwellings; +42.4% compared to 2019). In new construction for family housing, the number of dwellings totalled 20,156, with an annual growth of 3.0% (+15.6% in 2021, with 19,565 dwellings; +55.6% compared to 2019).

Figure 6 – Dwelling completed – Total and new construction for family housing
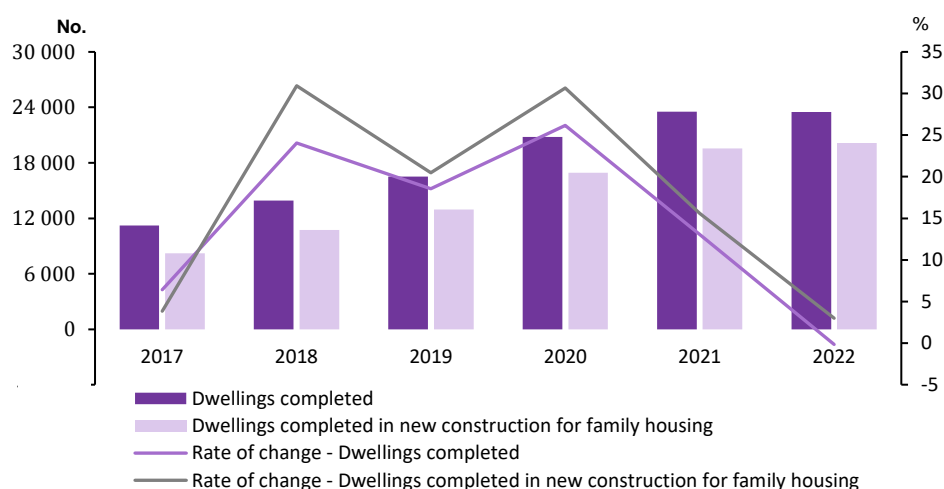
**Source:** INE, Construction and housing statistics – Works completed

2. Housing Transactions

In 2022, the number of dwellings transactions reached 167,900 units, the highest record in the series started in 2009. Compared to the previous year, there were 2,218 more dwellings transactions, resulting in a 1.3% increase. This growth, excluding the heavily impacted year of 2020 due to the COVID-19 pandemic, was the lowest since 2012.

The total value of the transacted dwellings in 2022 amounted to €31.8 billion, representing a 13.1% growth compared to 2021. By category, transactions of existing dwellings totalled €24.1 billion, surpassing the €7.7 billion for new dwellings. In comparison to 2021, the growth in the value of transactions for new dwellings exceeded that of existing dwellings, with increases of 18.2% and 11.6%, respectively.

Figure 7 – **Number of Dwellings Transactions , All, Existing and New Dwellings**
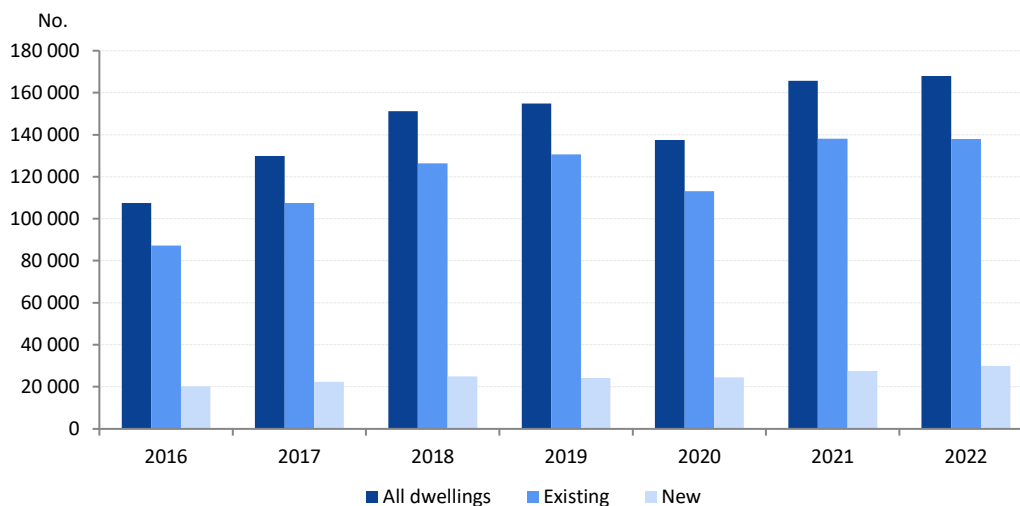
Source: INE, House Price Index

3. Bank evaluation

Approximately 120,000 bank appraisals were conducted by experts employed by financial institutions, for the purpose of housing credit in 2022. This number represents a 2.7% reduction compared to the 2021 record, showing a contrasting trend to the number of transactions (+1.3%).

In the reference year, there was a 3.0 percentage points reduction in the relative weight of the number of bank appraisals compared to the number of housing transactions, settling at 71.4%.

Figure 8 – **Number of bank appraisals and number of dwelling transactions**
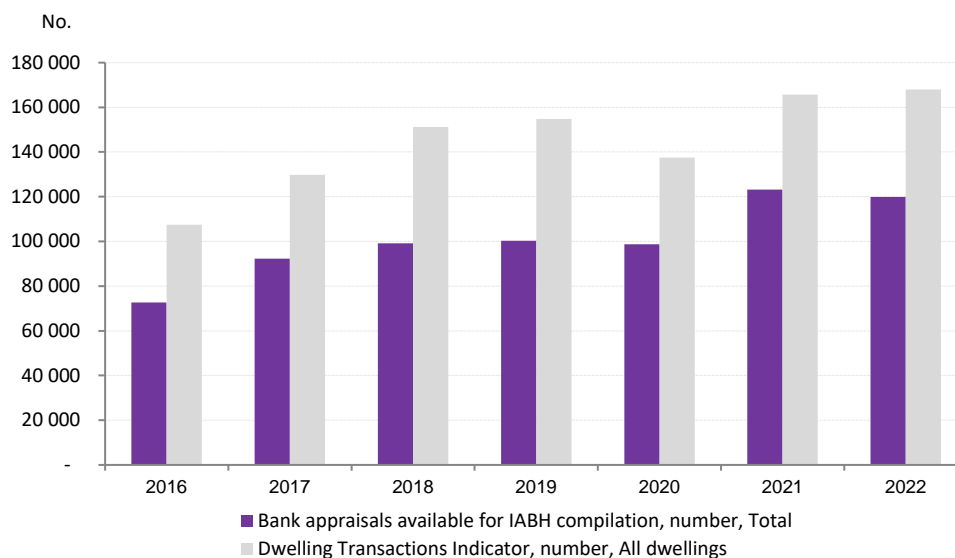
Source: INE, House Price Index and INE, Survey on bank evaluation on housing
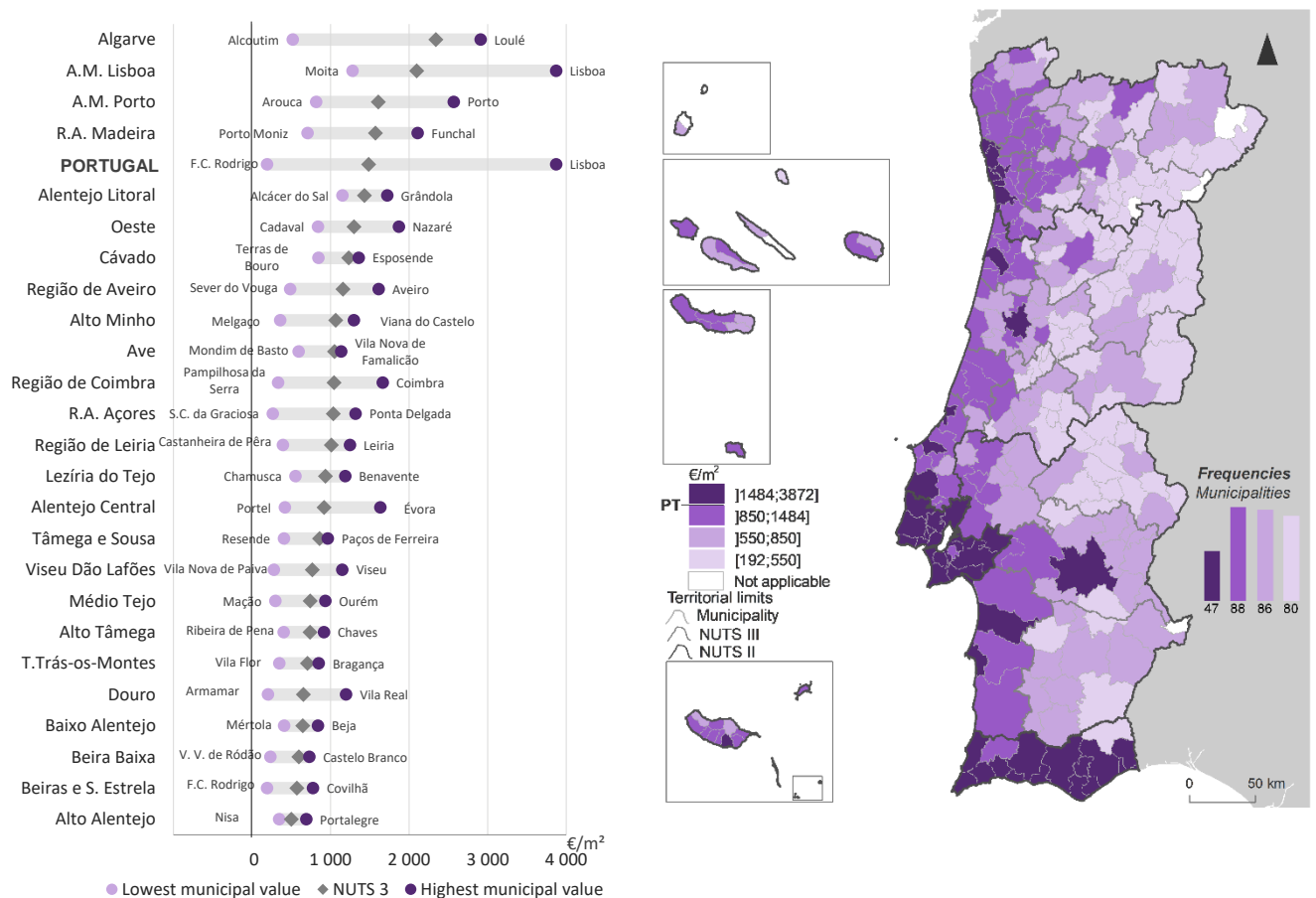
4. House prices at local level

In 2022, the median price of family dwellings in Portugal was €1,484 per square meter, representing a 14.4% increase compared to the previous year. The median dwelling price remained higher than the national average in the sub-regions of Algarve (€2,339 /m^2), Área Metropolitana de Lisboa (€2,096 /m^2), Área Metropolitana do Porto (€1,607 /m^2), and Região Autónoma da Madeira (€1,571 /m^2).

During the analysed period, 47 municipalities had a median price higher than the national average, mostly located in the sub-regions of Algarve (14 out of 16 municipalities) and Área Metropolitana de Lisboa (17 out of 18 municipalities). The municipality of Lisboa (€3,872 /m^2) recorded the highest price in the country. Values above €2,750 /m^2 were also observed in Cascais (€3,473 /m^2), Oeiras (€3,001 /m^2), and Loulé (€2,910 /m^2).

Área Metropolitana de Lisboa and Algarve had price differentials among municipalities exceeding €2,000 /m^2.

Figure 9 - **Median value of dwellings sales per m², Portugal, NUTS III and municipality**

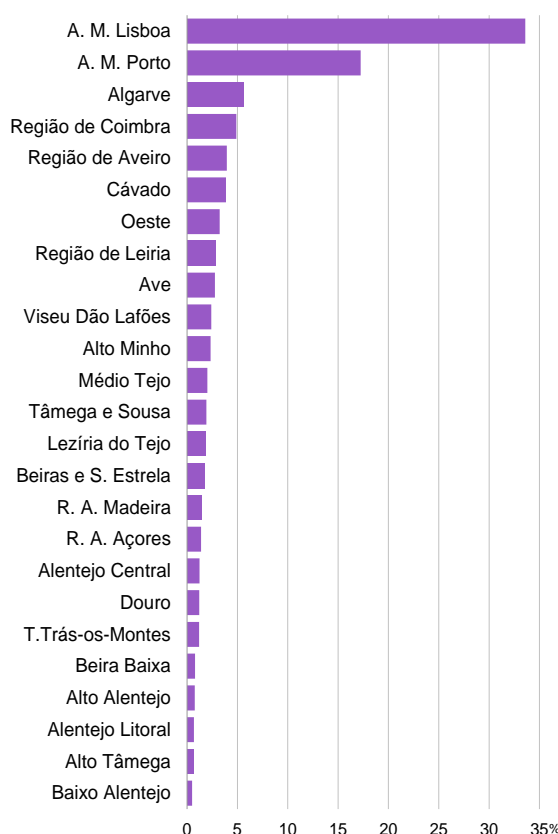Source: INE, House Prices Statistics at Local Level

5. House rentals

In 2022, the median rent for the 92,664 new lease agreements of family housing in Portugal reached €6.52 /m², increasing by 7.9% vis-à-vis 2021. There was also a 6.1% increase in the number of new contracts compared to the previous year.

Rental prices were higher than the national average in the sub-regions of the Área Metropolitana de Lisboa (€9.86 /m²), Algarve (€7.47 /m²), Região Autónoma da Madeira (€7.35 /m²), and Área Metropolitana do Porto (€7.14 /m²).

The Área Metropolitana de Lisboa accounted for over one-third of the new lease agreements (31,123). Área Metropolitana de Lisboa and Área Metropolitana do Porto together represented 50.8% of the country's total new contracts, while the Algarve accounted for 5.6%. The Baixo Alentejo region had the lowest number of new lease agreements (459).

Figure 10. **Proportion of new dwellings' lease agreements in total new lease agreements of the country, NUTS III, 2022**
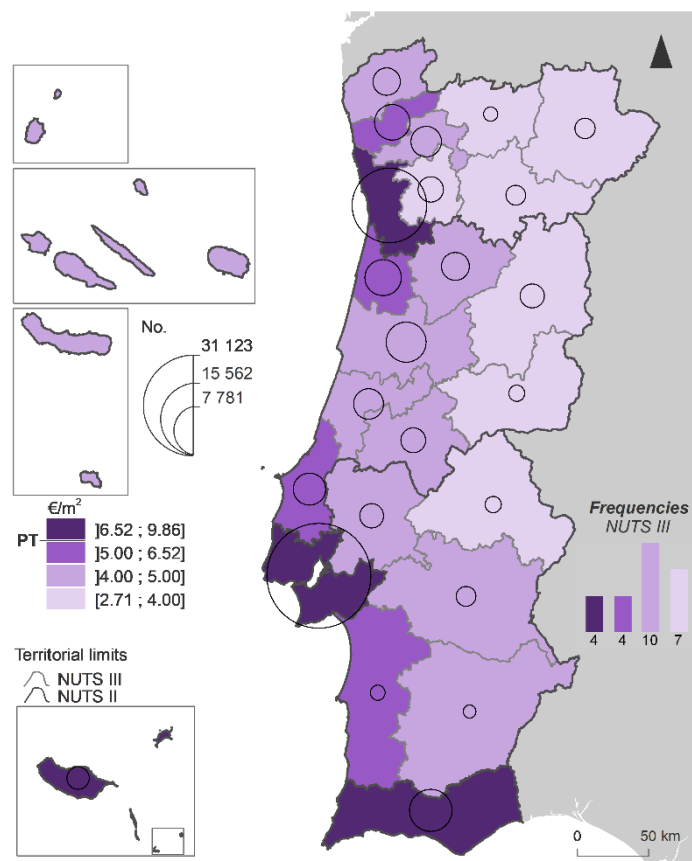

Source: INE, House Rental Statistics at Local Level

Among the 308 municipalities in the country, 37 municipalities had rents above the national average. Lisboa had the highest value (€12.88 /m²), with other municipalities having values above €8.00 /m², including Cascais (€12.58 /m²), Oeiras (€11.36 /m²), Porto (€9.98 /m²), Almada (€9.49 /m²), Amadora (€9.48 /m²), Matosinhos (€9.03 /m²), Odivelas (€9.00 /m²), Lagos (€8.66 /m²), Loures (€8.54 /m²), Funchal (€8.43 /m²), Loulé (€8.33 /m²), Albufeira (€8.22 /m²), Seixal (€8.07 /m²), Sintra (€8.06 /m²), and Tavira (€8.04 /m²).

Figure 11. Median house rent per m² and number of new lease agreements for family housing in Portugal and NUTS III, 2022

Source: INE, House Rental Statistics at Local Level

METHODOLOGICAL NOTE

Building permits and Works Completion Statistics - Set of surveys that aim to produce data on building construction projects, namely regarding the titleholder, type of work, intended use, licensing date, as well as the quantification of elements for physical characterisation.

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 building construction plans. Data are based on the monthly permits issued by the 308 Municipalities across the country, under the scope of the Indicators System of Urban Operations (SIOU).

Estimates on Works Completions – Data on Works Completions are based on a methodology that allows 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.

Annual Survey of Construction Enterprises — This survey has as its main objective the collection, compilation, and dissemination of data on the structure of purchases of materials, equipment, and land by construction companies, as well as the value of the work they carry out in function of the various types of work.

Housing Price Index – The main objective of the Housing Price Index is to measure the evolution of the prices of family dwellings purchased in the residential market in Portugal. In addition to the total index, indices for existing and new housing segments are compiled and released on a quarterly basis.

House Prices Statistics at Local Level – The House Prices Statistics at local level result from the use of administrative sources, namely the anonymous tax data obtained from the Tax and Customs Authority (AT), relating to the Municipal Transfer Tax (IMT) and the Municipal Property Tax (IMI). The calculation is based on linking the IMT information (from where the transaction prices are obtained) with that of the IMI (from which the identifying characteristics of the transacted accommodation are taken). The link between these two tax administrative sources is made using the variable "generated article".

House Rental Statistics at Local Level – The House Rental Statistics at local level has as its main objective to provide, on a regular basis, results that allow to monitor the national territorial differentiation of the value and dynamics of the rental market for family housing for permanent housing, including results by parish for the metropolitan areas of Lisboa and Porto.

New Housing Construction Cost Index – The New Housing Construction Cost Index is a statistical study designed to monitor the evolution of the cost of new housing construction, by type of construction: Single-house residential building, or with more than one dwelling, at the level of production factors.

Commercial Property Price Index — The Commercial Property Price Index (IPPCom) has as its main objective to measure the evolution of the prices of commercial properties traded in the national territory. Similar to the Housing Price Index (IPHab), released by Statistics Portugal since July 2014, the IPPCom compilation uses fiscal administrative information from the Municipal Transfer Tax (IMT) and the Municipal Property Tax (IMI).

Other information - For more related information, please access the "Construction and Housing Statistics 2022" publication, where you can find a more detailed analysis of this information, as well as links to the main indicators, which are available in the Database of Statistics Portugal website.