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Portuguese Household Finance and Consumption Survey
2020

Households' wealth in 2020

- According to the 2020 Portuguese Household Finance and Consumption Survey, between 2017 and 2020 the mean net wealth per household increased by 19.9% in real terms and the median net wealth increased by 31.3%, to 200.4 thousand euros and to 101.2 thousand euros, respectively.
- The evolution of the ratio between the 90th and 10th percentiles of net wealth, the Gini index and the percentage of wealth owned by households in the top 10% of the net wealth distribution point to a slight reduction in inequality between 2017 and 2020.
- Portuguese households have a clear preference for owning their main residence: only 2.0% of the homeowners would rather be renters and 63.5% of the renters would rather be homeowers.
- Debt ratios declined between 2017 and 2020.

The Portuguese Household Finance and Consumption Survey (ISFF) is a representative survey of households residing in Portugal. This Press release presents the main results (on the distribution of households' net wealth) of this statistical operation that was carried out between October 2020 and February 2021. Carrying out the HFCS during of the pandemic crisis led to methodological changes that may have implications for the results, which must be read with due caution.

Households' net wealth increased between 2017 and 2020

In 2020, the Portuguese economy suffered a shock due to the outbreak of the COVID-19 pandemic. Due to movement restrictions, many households stopped working or worked from home, and changed their consumption and savings decisions. In turn, the economic policy response was faster and of greater magnitude and scope than in previous crises. In this context, according to the 2020 Household Financial Situation Survey (ISFF 2020), 69.2% of the households resident in Portugal considered that their financial situation was similar to that before the pandemic, 27.8% considered it got worse and 3.0% considered it improved (see Press Release "What impact had the pandemic on the financial situation of households?" of December 15, 2021).

The net wealth of a household corresponds to the difference between the value of its assets and the value of its liabilities. Compared to 2017, the year in which the previous ISFF edition was colected, the mean net wealth per household increased by 19.9% in real terms, to 200.4 thousand euros (the median wealth increased by 31.3%, to 101.2 thousand euros) (Table 1). Real assets and financial assets contributed to this evolution, which is consistent with the rise in house prices and the increase in household deposits in this period, particularly strong since the pandemic. The mean debt value, considering households with and without debt, remained at around 25.1 thousand euros and the median value remained null, since the percentage of households without debt is above 50%.

Table 1: Net wealth and main components (10^3 euros)

Net wealth	2010 [(a)]	2013 [(a)]	2017 [(a)]	2020
Mean[(b)]	178.1	147.7	167.2	200.4
	(9.3)	(8.9)	(7.4)	(8.1)
Real assets	187.7	155.5	168.4	189.4
Financial assets	24.6	22.3	23.6	36.1
Debt	34.1	30.1	24.8	25.1
Median[(b)]	88.8	70.1	77.1	101.2
	(3.4)	(2.6)	(2.3)	(2.8)
Real assets	108.6	90.5	92.6	107.9
Financial assets	4.6	4.6	4.1	6.1
Debt	0.0	0.0	0.0	0.0

Source: Portuguese Household Finance and Consumption Survey 2010, 2013, 2017 and 2020.

Notes:

(a) Figures for 2010, 2013 and 2017 are adjusted to inflation in order to reflect changes in real terms.

(b) Figures in brackets refer to standard errors.

The asymmetry in the distribution of wealth slightly declined

In 2020, households in the top 10% net wealth class owned 51.2% of total net wealth (53.9% in 2017). The ratio between the 90th and 10th percentiles (P90/P10) of net wealth decreased compared to 2017. The evolution of the Gini index and the percentage of net wealth owned by households in the top 10% of the net wealth distribution also point to a slight reduction in inequality between 2017 and 2020.

Table 2: Distribution of net wealth

	2010	2013	2017	2020
Gini index of the net wealth (%) [(a)]	66.0	68.4	67.9	65.7
Share of net wealth held by:				
Top 10% of households	51.6	53.0	53.9	51.2
Bottom 50% of households in terms of net wealth	8.7	7.2	8.1	8.7
40% of households between P50 and P90	39.7	39.8	38.0	40.0
Percentile ratios [(b)]				
P75/P25	7.7	9.8	7.7	6.8
P90/P10	197.9	701.9	365.3	299.0
P90/P50	3.9	4.2	4.3	4.1

Source: Portuguese Household Finance and Consumption Survey 2010, 2013, 2017 and 2020.

Notes:

(a) The Gini index measures the concentration in the distribution of a given variable, ranging from zero, in the case of minimum concentration (for instance, when all households have similar net wealth), to 100, in the case of maximum concentration (for instance, when total net wealth is held by a single household).

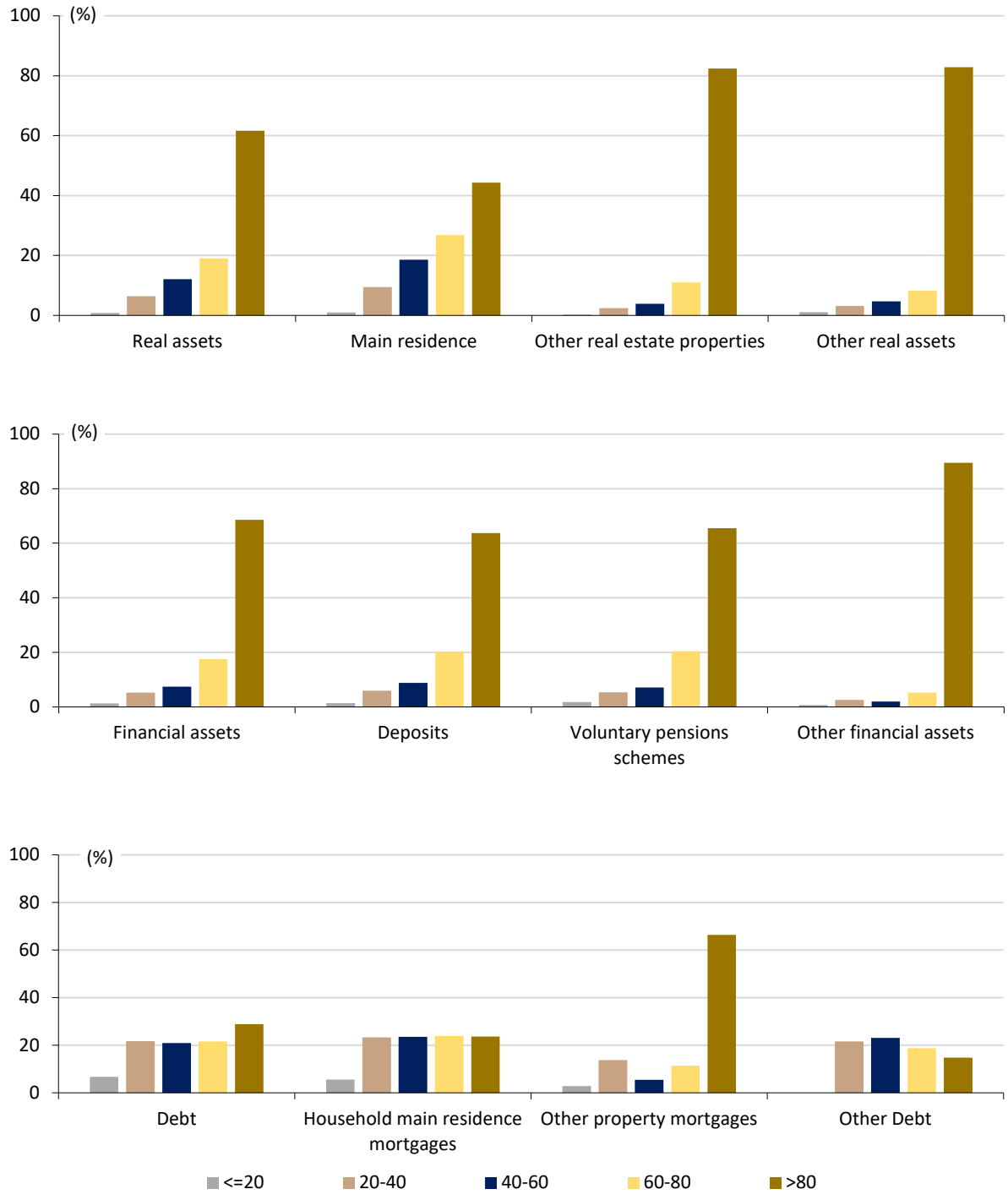
(b) The percentiles of a variable correspond to the values within that variable breaking down households, listed in increasing order of the variable, into 100 same sized groups. As such, for instance, there are 10% of households with net wealth below the P10 of net wealth.

Both real and financial assets are very asymmetrically distributed

In real assets, the asymmetry is less pronounced in the case of the main residence than in the case of other real estate properties and other real assets (in which self-employment businesses stand out in terms of their share) (Figure 1). Households in the top 20% net wealth class own 82.4% of the total value of other real estate properties (other than the main residence) and of other real assets, and 44.3% of the value of all main residences.

Debts are less asymmetrically distributed than assets across households in the different classes of net wealth, except in the case of mortgages on real estate properties other than the main residence. In the case of the main residence mortgages, except for the bottom 20% class, which holds less than 6% of the value of debt, the other classes share the value in similar proportions, of about 24%.

Figure 1: Distribution of real assets, financial assets and debt, by classes of net wealth (percentiles)



Source: Portuguese Household Finance and Consumption Survey 2020.

Households prefer to be homeowners instead of renters

The main residence is the most important asset of the households' real wealth in all net wealth classes except the top 10% (Table 3). In this class, real assets are more diversified and the main residence, other real estate properties and self-employment businesses individually account for one third of real assets. Even in the bottom 20% net wealth class, where the percentage of homeowners is relatively low, 8.3% (Table 4 A), the main residence is prevailing in the value of all real assets of this group.

Table 3: Distribution of the value of real assets, by type of real asset

Household characteristics	Real asset type						Share of real assets on total assets
	Main residence	Other real estate properties	Self-employment businesses	Vehicles	Valuables	Total	
	(%)						
Total	**54.8**	**22.5**	**17.4**	**4.7**	**0.7**	**100.0**	**87.4**
Net wealth groups (in percentiles)							
≤ 20	63.0	x	x	26.8	2.1	100.0	78.2
20 a 40	78.7	9.8	1.0	10.1	0.4	100.0	86.8
40 a 60	83.8	7.2	2.4	6.4	0.2	100.0	90.5
60 a 80	77.6	12.7	3.3	6.1	0.3	100.0	87.9
80 a 90	65.4	20.7	8.4	4.8	0.7	100.0	88.2
90 a 100	31.0	33.0	32.5	2.6	0.9	100.0	86.4

Source: Portuguese Household Finance and Consumption Survey 2020.
Note: x – Data not available

The percentage of homeowners is over 90% in the four classes with higher wealth.

The median value of the main residence for homeowners is around 120.0 thousand euros (Table 4 B). In all net wealth classes, except the top 10%, the median value of the main residence is much higher than that of the other real assets. In the wealthiest class, the median values of the main residence, other real estate properties and self-employment businesses are similar (about 250 thousand euros).

Table 4: Proportion of owners and median value of real assets, by type of real asset

A - Proportion of owners

Household characteristics	Real asset type					
	Main residence	Other real estate properties	Self-employment businesses	Vehicles	Valuables	Any real asset
	(%)					
Total	**70.0**	**29.4**	**14.5**	**78.6**	**10.8**	**90.5**
Net wealth groups (in percentiles)						
≤ 20	8.3	x	x	52.1	6.3	57.8
20 a 40	66.6	19.9	6.0	77.6	6.8	95.5
40 a 60	91.6	22.9	12.0	83.2	8.2	99.8
60 a 80	90.6	36.4	14.9	89.0	8.3	99.4
80 a 90	93.5	53.7	25.7	89.4	19.5	100.0
90 a 100	92.5	76.6	47.8	92.8	29.3	100.0

B - Median value of the asset for the owners

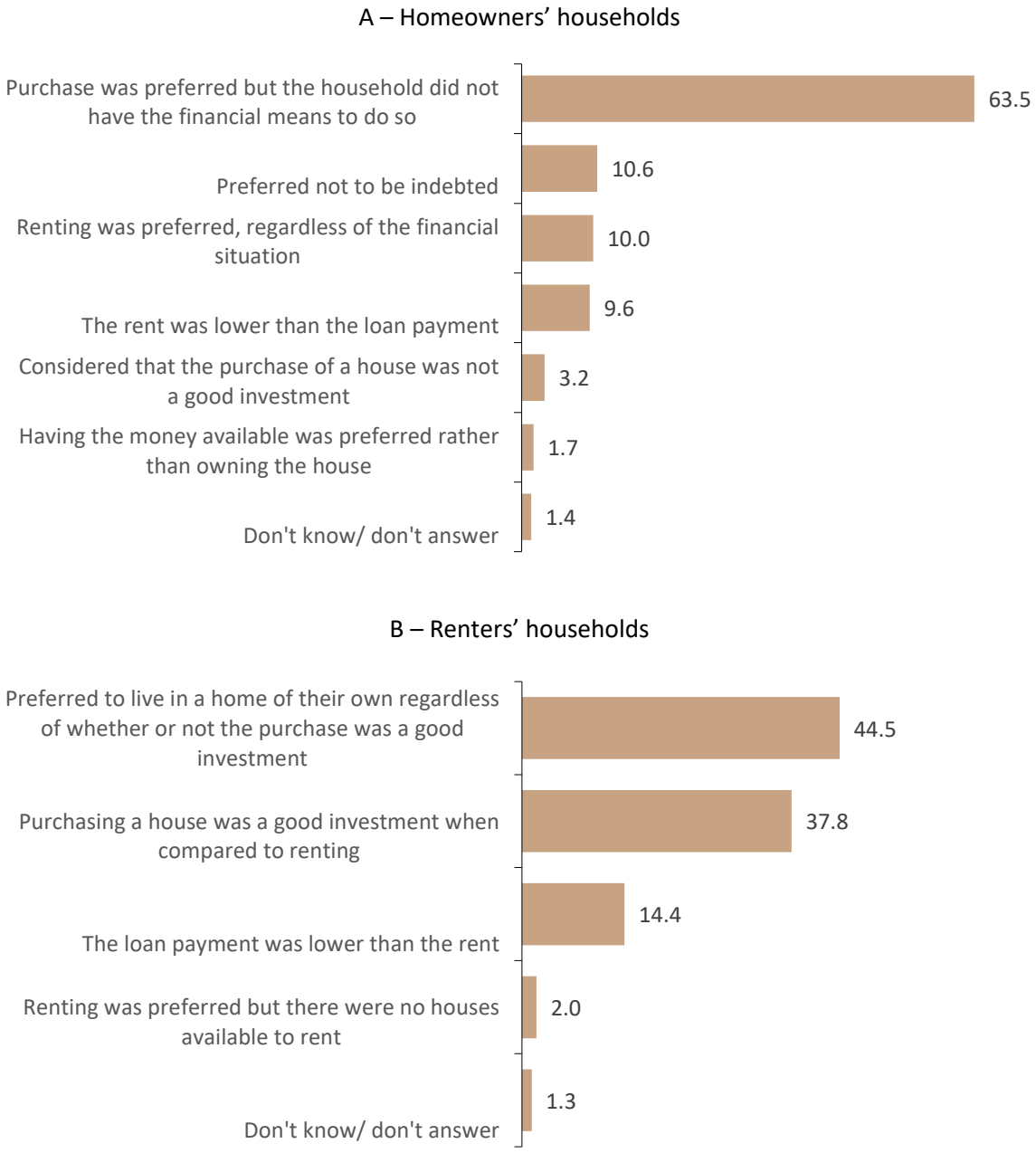
Household characteristics	Asset type					
	Main residence	Other real estate properties	Self-employment business	Vehicles	Valuables	All real assets
	(10^3 euros)					
Total	**120.0**	**69.6**	**28.7**	**7.0**	**3.0**	**121.4**
Net wealth groups (in percentiles)						
≤ 20	64.3	x	x	2.0	1.6	3.5
20 a 40	66.0	17.4	8.4	4.9	1.8	57.0
40 a 60	100.0	23.2	7.5	5.5	1.1	106.0
60 a 80	150.0	50.5	18.0	9.6	3.0	178.6
80 a 90	200.0	99.4	92.8	10.9	3.7	292.1
90 a 100	250.0	248.0	257.2	19.2	9.8	578.0

Source: Portuguese Household Finance and Consumption Survey 2020.

Note: x - Data not available.

Portuguese households have a clear preference for owning their main residence (Figure 2). Among the homeowners (70.0% of households), only 2.0% would rather be renters. Among the renters, 63.5% would rather be homeowners and did not become because they could not afford it.

Figure 2: Renters or homeowners households, by reason for renting or being homeowner (%)



Source: Portuguese Household Finance and Consumption Survey 2020.

Note:
Homeowners data refers to those who bought or construct their main residence, and therefore exclude those who inherited or received their residence as a donation.

The financial assets of the top 10% net wealth class is much more diversified than that of the other classes

The value of deposits dominates the composition of financial wealth in all classes of net wealth, with a share of around 80% or more in the financial assets of all net wealth classes, except for the top 10%, where the share is 57.5% (Table 5). The financial wealth of the highest wealth class is much more diversified than that of the other wealth classes. Tradable assets (listed shares, bonds and investment funds) and other financial assets have a considerable share in this class. Voluntary pension plans have a similar share in all wealth classes, between 7% and 10%.

In most types of financial assets the participation and the median values increase with net wealth (Tables 6 A and 6B). Term deposits, which is the asset with the highest share in the financial wealth, are held by 46.9% of households and have a median value of 12.6 thousand euros.

Table 5: Distribution of the value of financial assets, by type of financial asset

Household characteristics	Asset type					
	Sight accounts	Saving accounts	Tradable assets	Voluntary pensions schemes	Other	Total
	(%)					
Total	**28.8**	**41.2**	**10.2**	**8.6**	**11.2**	**100.0**
Net wealth groups (in percentiles)						
≤ 20	57.2	24.6	x	8.8	x	100.0
20 a 40	42.5	39.7	x	7.5	5.7	100.0
40 a 60	37.9	48.6	2.2	7.3	3.9	100.0
60 a 80	30.2	53.7	2.3	10.1	3.7	100.0
80 a 90	31.1	48.1	5.2	9.6	6.0	100.0
90 a 100	23.4	34.0	16.9	8.2	17.4	100.0

Source: Portuguese Household Finance and Consumption Survey 2020.

Notes:

(a) Other financial assets include unquoted shares of businesses in which the household members have a role solely as investors, money owed to the household, assets in managed accounts and other (such as options, futures or royalties).

(b) x - Data not available.

Table 6: Proportion of owners and median value of financial assets, by type of financial asset

A - Proportion of owners

Household characteristics	Asset type					
	Sight accounts	Saving accounts	Tradable assets	Voluntary pensions schemes	Other	Any real asset
	(%)					
Total	**97.8**	**46.9**	**7.6**	**18.7**	**7.5**	**98.2**
Net wealth groups (in percentiles)						
≤ 20	93.5	17.3	x	7.6	x	94.4
20 a 40	98.1	42.5	x	14.0	4.6	98.3
40 a 60	98.4	48.7	5.6	14.9	4.7	98.7
60 a 80	99.4	57.1	6.7	20.8	9.6	99.4
80 a 90	99.7	68.2	15.2	30.6	10.6	99.8
90 a 100	99.9	69.9	30.4	41.9	18.2	100.0

B - Median value of the asset for the owners

Household characteristics	Asset type					
	Sight accounts	Saving accounts	Tradable assets	Voluntary pensions schemes	Other	All financial assets
	(10^3 euros)					
Total	**1.6**	**12.6**	**5.6**	**5.0**	**5.0**	**6.5**
Net wealth groups (in percentiles)						
≤ 20	0.5	2.3	x	2.2	x	0.8
20 a 40	1.0	6.0	x	2.6	9.5	4.1
40 a 60	1.7	10.0	1.8	3.4	2.3	5.5
60 a 80	2.6	19.8	3.6	5.4	3.4	15.6
80 a 90	4.7	24.1	5.6	9.5	7.8	30.4
90 a 100	10.0	53.7	12.0	14.5	31.1	72.7

Source: Portuguese Household Finance and Consumption Survey 2020.

Note: x - Data not available.

In the bottom net wealth class, the percentage of households with debt and the respective median debt value are lower than in the other classes

In 2020, 46.6% of households residing in Portugal had some type of debt (Table 7 A). The percentage of indebted households was close to 50% in all net wealth classes, except in the bottom 20% group, where it was 31.7%. For the overall households, the most common type of debt are mortgages on the main residence (30.5% of households). The percentage of households with this type of debt is over 30%, in all net wealth classes except the bottom 20%, reaching the highest value between the 40th and 60th percentile. In the bottom 20% net wealth class, where homeownership was 8.3%, only 5.4% of the households had a mortgage on the main residence.

Non-mortgages loans are the second most common debt type (21.5% of households). The percentage of households with this type of loan varies between 25.9% in the bottom of the net wealth distribution and 12.3% in the top.

The median amount of debt for the indebted households stood at 38.5 thousand euros (Table 7 B). Households in the bottom net wealth class had a much lower median amount of debt than the rest, which largely reflects the low percentage of mortgages on real estate properties. In all net wealth classes, the median amount of debt is much higher for mortgages than for the other debt types.

Table 7: Proportion of households with debt and median debt value, by type of debt

A - Proportion of households with debt

Household characteristics	Debt type				
	Household main residence mortgage	Other property mortgages	Non-mortgage loans	Credit lines, overdrafts and credit cards	Any debt
	(%)				
Total	**30.5**	**4.6**	**21.5**	**10.0**	**46.6**
Net wealth groups (in percentiles)					
≤ 20	5.4	3.5	25.9	9.5	31.7
20 a 40	36.4	1.7	23.8	10.6	49.8
40 a 60	39.5	4.3	23.1	9.2	50.5
60 a 80	37.9	4.7	20.1	9.9	51.6
80 a 90	33.7	17.4	16.6	7.5	48.5
90 a 100	32.4	46.2	12.3	13.7	50.5

B - Median debt value for households with debt

Household characteristics	Debt type				
	Household main residence mortgage	Other property mortgages	Non-mortgage loans	Credit lines, overdrafts and credit cards	All debt
	(10^3 euros)				
Total	**54.6**	**57.1**	**6.6**	**0.7**	**38.5**
Net wealth groups (in percentiles)					
≤ 20	88.1	53.0	5.9	0.7	6.7
20 a 40	54.7	45.5	7.2	0.6	50.4
40 a 60	48.1	39.7	7.4	0.7	38.3
60 a 80	54.5	52.3	6.8	0.6	37.0
80 a 90	50.4	78.8	6.7	0.9	43.6
90 a 100	57.4	57.1	5.8	1.0	59.6

Source: Portuguese Household Finance and Consumption Survey 2020.

Debt ratios declined between 2017 and 2020

Debt ratios, which measure households' ability to service debt in the short term and their financial vulnerability, declined between 2017 and 2020. In the case of the debt service-to-income ratio, which in 2020 stood at 12.9% (14.4% in 2017), the reduction reflects to a large extent the decrease in interest rates to historically low levels (Table 8). In the case of the debt-to-assets ratio, the reduction mainly reflects the increase in the real estate prices.

Households in the lowest income class are particularly vulnerable to rising interest rates, as they have a median debt service to income ratio of around 50%, well above the ratio of other income classes.

Table 8: Debt Ratios, median values

Household characteristics	Median values for the indebted households		
	Debt-service income ratio	Debt-income ratio	Debt-asset ratio
	(%)		
Total	**12.9**	**130.6**	**24.9**
Net wealth groups (in percentiles)			
≤ 20	11.6	34.7	85.9
20 a 40	16.3	199.4	52.1
40 a 60	14.7	155.8	27.4
60 a 80	11.1	133.0	17.2
80 a 90	11.6	106.2	12.0
90 a 100	11.7	112.5	6.9
Income groups (in percentiles)			
≤ 20	50.6	362.6	23.8
20 a 40	22.0	172.3	28.9
40 a 60	14.8	138.1	29.0
60 a 80	11.6	127.6	28.5
80 a 90	9.1	133.1	25.3
90 a 100	7.4	74.7	15.3

Source: Portuguese Household Finance and Consumption Survey 2020.

Methodological note

The 2020 Portuguese Household Finance and Consumption Survey (ISFF 2020), carried out between October 2020 and February 2021, is part of the European project Household Finance and Consumption Survey (HFCS), whose purpose is to obtain harmonised data on the financial situation of households in euro area countries and other European countries.

The project originated in the Eurosystem and is coordinated by the European Central Bank (ECB) and by the Household Finance and Consumption Network, being implemented at the national level. In Portugal, the survey is conducted by Banco de Portugal and Statistics Portugal.

The ISFF questionnaire makes it possible to obtain the variables set out in the HFCS, but is adapted to the Portuguese situation and conditions.

The ISFF collects data on household wealth, namely on real assets, financial assets and debt. Information collected at household level is supplemented with questions about received inheritances, future entitlements to pensions, income and consumption, as well as a number of socio-demographic aspects of individuals (e.g. age group, labour status, level of education).

The ISFF 2020 sample included a reinforcement sub-sample in order to mitigate, even if only partially, the issues arising from the asymmetry in the distribution of wealth and the higher incidence of non-responses in wealthier households. For this purpose, the dimensioning in 2020 took into account the reinforcement of dwellings based on a set of geographic areas with higher income, in addition to the one related to the classes of useful floor area of dwellings, already used in the 2013 and 2017 waves (based on crossing nine NUTS subdivisions with two classes of useful floor area of dwellings, and reinforcement in the upper classes of useful floor area). The geographic areas with highest income were obtained based on the total income of the tax aggregates of the 2016 Personal Income Tax Settlement Notes, and on the data on the price of housing in 2017.

The sample size usually considers a compensation factor of the effect of total non-responses. Being impossible to carry out face-to-face interviews due to the context of the COVID-19 pandemic, this factor has been substantially reinforced by taking into account that telephone and web data collections usually have lower response rates than face-to-face interviews, as well as the effect of outdating of telephone numbers in the database.

The sample was selected from a sampling frame comprising main residence dwellings of the National Dwelling Register (FNA), built from the results of the 2011 Census.

The sample selection used a stratified multistage sampling scheme, in which primary units (areas consisting of one or more square cells with 1 km on the side of the European INSPIRE grid) were selected in each of the nine subdivisions of NUTS with probability proportional to the number of main residence dwellings and the secondary units (dwellings) were selected systematically from the first stage sampling units.

The size of the ISFF 2020 sample was set at 14,814 households' main residence dwellings. Preliminary data of the survey include valid responses in 6,107 households.

A multiple imputation method was used to treat item non-response in the ISFF. This method makes it possible to impute different values to a single missing observation, thereby accounting for uncertainty on the missing value and avoiding underestimating the variability of the variable. This safeguards the characteristics of the distribution of the imputed variable as well as its links to other variables.

The results presented were obtained on the basis of household final weights, which make it possible to extrapolate responses for total households residing in Portugal. Estimates based on less than 25 observations are not available (cells identified with x – Data not available).

A correction factor for total non-responses was incorporated in the calculation of weights, as well as a calibration process based on: for the variables at the individual level, estimates for the resident population as at December 31, 2020; for the variables at the households level, the results of the 2021 Census and of the Banco de Portugal's Central Credit Register. The margin variables were: distribution by sex and age groups (0-15, 16-19, … , 70-74, 75+) and by level of education for individuals aged 16+, at national level; the household size (1, 2, 3, 4 or more members); the number of households by tenure status of the main residence and the number of households by typology of urban areas (TIPAU), at national level; and the number of households and total outstanding amount of mortgage loans, by NUTS 2.

Key concepts:

Financial assets: include sight accounts, saving accounts (which include saving and Treasury certificates), tradable assets (quoted shares, debt securities and mutual funds), the cumulated value of voluntary pension schemes and other financial assets. Other financial assets include unquoted shares of businesses in which the household members have a role solely as investors, money owed to the household, assets in managed accounts and other (such as options, futures, royalties, etc.). The value of financial assets refers to the time of the interview.

Real or non-financial assets: include real estate properties, cars and other vehicles, ownership of self-employment businesses and other valuables owned by the household. Real estate properties include, in addition to the household main residence, other real estate. Other valuables include, for instance, jewelry, antiques and works of art. The value of real assets refers to the time of the interview.

Liabilities: mortgages i.e. loans collateralised by real estate owned by the household (main residence or other real estate properties), loans not collateralised by real estate (non-mortgage loans), as well as debts associated with credit cards, credit lines or overdrafts, on which interest is charged. The value of liabilities corresponds to amounts outstanding at the time of the interview.

Self-employment businesses: participation in businesses (excluding publicly traded shares) in which a household member is either self-employed or has an active role in running it.

Other real estate properties: houses, apartments, garages, offices, hotels, other commercial buildings, farms, land, etc. other than the household main residence.

Gross cash income: cash income received by households and each individual member, from their job (employee and self-employment income), other private income (capital gains, property income and private transfers), pensions and other social transfers, before paying taxes and contributions to Social Security. This includes regular and irregular income. In this press release, income refers to 2019.

Main residence: dwelling that is the residence of at least one household for most of the year, or where a household has transferred all or most of its assets.

Net wealth: corresponds to the difference between the total wealth value (real assets and financial assets) and the total value of liabilities at the time of the interview.

Debt service: sum of the instalments on all loans (collateralised by the main residence, collateralised by other real estate properties and not collateralised by real estate) and the regular payments associated with leasing contracts.

Income and net wealth groups were established according to the distribution percentiles of these variables estimated for the population. Percentiles divide the population in ascending order of data into 100 equal parts. In Figure 1, five classes of net wealth (quintiles) were considered, namely: households whose net wealth is equal to or below the 20th percentile; between the 20th and 40th percentiles; between the 40th and 60th percentiles; between the 60th and 80th percentiles; and also those above the 80th percentile. The quintiles of a variable thus consist of five groups each with 20% of the households ordered by the values of that variable. For example, the first quintile of net wealth includes the set of 20% of households with the lowest values of net wealth, i.e., households with a value of net wealth below the 20th percentile. In the tables six groups of net wealth and income were considered, which correspond to the first four quintiles and a division of the last quintile into equal parts.