



26 May 2021

COMMERCIAL PROPERTY PRICE INDEX

2020

PRICES OF COMMERCIAL PROPERTIES INCREASED 1.7% IN 2020

In 2020, the Commercial Property Price Index (CPPI) increased 1.7%, 0.2 percentage points (pp) less than in 2019. Commercial property prices have increased since 2014, with the lowest rate being recorded in 2020. Similarly to previous years, the increase of commercial property prices in 2020 was lower than that observed in residential properties (8.4%).

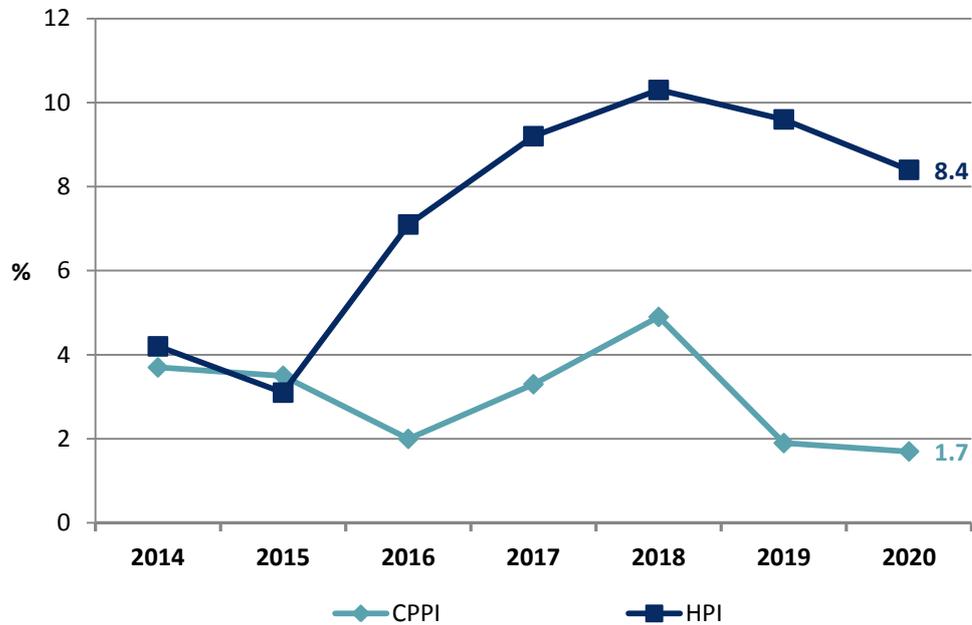
In 2020, the CPPI presented an annual rate of change of 1.7%. For the second consecutive year, there was a reduction in the growth rate of commercial property prices, reflected in increases of 4.9%, 1.9%, and 1.7%, respectively, in 2018, 2019 and 2020.

The housing market, whose price evolution is presented by the House Price Index (HPI), once again evidenced in 2020, as it has happened since 2016, a price growth above that registered in commercial properties. Last year, the HPI annual rate of change was 8.4%, 6.7 pp above that recorded by the CPPI. Compared to 2019, the difference between the growth rates of the two indicators was reduced in 1.0 pp.

The following figure illustrates the annual rates of change for the last seven years of the two main national real estate market price indicators.



Figure 1. Commercial Property Price Index (CPPI) and House Price Index (HPI), Annual rate of change, 2014-2020



Source: INE, Commercial Property Price Index and House Price Index.



Annex 1: Commercial Property Price Index (CPPI) and House Price Index (HPI), National total, 2009-2020

Year	Indexes ^(*)		Annual rate of change (%)	
	CPPI	HPI	CPPI	HPI
2009	112.33	106.54	-	-
2010	110.05	107.36	-2.0	0.8
2011	105.52	102.09	-4.1	-4.9
2012	96.43	94.87	-8.6	-7.1
2013	93.15	93.09	-3.4	-1.9
2014	96.59	97.04	3.7	4.2
2015	100.00	100.00	3.5	3.1
2016	101.98	107.12	2.0	7.1
2017	105.38	117.02	3.3	9.2
2018	110.52	129.03	4.9	10.3
2019	112.67	141.46	1.9	9.6
2020	114.57	153.38	1.7	8.4

Notes: (*) base 100 = 2015. The definition of the rates of change used in this table are available in the explanatory notes.

Source: INE, Commercial Property Price Index and House Price Index.



METHODOLOGICAL NOTES

Commercial Property Price Index

The Commercial Property Price Index (CPPI) measures the price developments of the commercial properties transacted in Portugal. As the House Price Index (HPI), which is being published since July 2014, the CPPI is compiled using anonymized fiscal administrative information provided by the Tax and Customs Authority (AT) on the Municipal Property Transfer Tax (IMT) and the Municipal Property Tax (IMI). The IMT and IMI information is provided on a monthly basis to Statistics Portugal under a data transmission protocol that was signed between the two institutions. Statistics Portugal thanks the collaboration of AT in this area.

The CPPI is derived through the estimation of a functional relationship between the logarithm of the transaction prices of commercial properties and their price-determining characteristics such as area or location. With this approach (i.e., hedonic price model), it is possible to estimate the price change controlling for changes in the quality of commercial properties.

The CPPI is a chained index with base 100 in 2015. This compilation methodology enables the weighting structure to be updated annually with information on the value of commercial property transactions in the year immediately preceding the year in which the index refers.

ACRONYMS AND DESIGNATIONS

Annual rate

The annual rate is the change in the average index of one year compared with the average index of the previous year expressed as a percentage.

Commercial property

A commercial property is an urban property that consists of a building (or a structure) that has been licensed for commercial purposes or that, in the absence of a license, is used for commercial purposes.

Additional information

Further methodological information on the CPPI is available on the National Statistics Institute website (<http://smi.ine.pt/DocumentacaoMetodologica/Detalhes/665>; available only in Portuguese).

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