

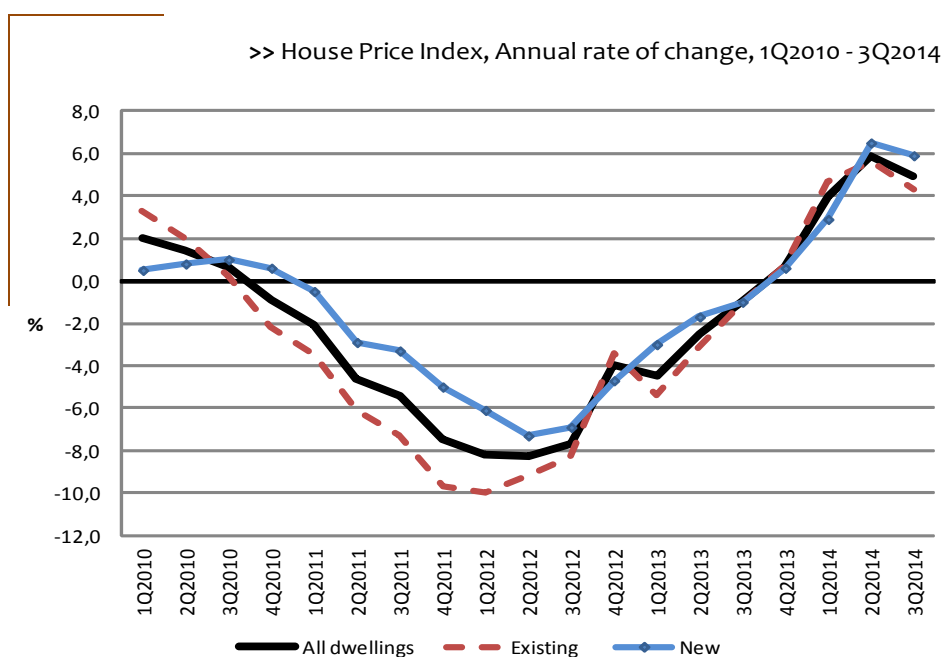
House Price Index
3rd Quarter of 2014

House prices up by 4.9% on a year before

In the third quarter of 2014, the House Price Index (HPI) increased 4.9% when compared with the third quarter of the previous year. This annual rate of change was 1.0 percentage point (p.p.) lower than the observed in the second quarter of 2014. When compared with the previous quarter, the HPI decreased 0.4%.

The HPI for existing dwellings increased 4.3% in the third quarter of 2014 when compared with the same period of 2013. The new dwellings market segment observed a 5.9% price increase over the same period.

The house sales indicator recorded a total of 20,454 transactions in the third quarter of 2014, 0.8% more than in the same period of 2013.



1. House Price Index

The HPI presented a growth rate of 4.9% when compared with the same quarter of the previous year. This figure was 1.0 p.p. lower than the annual rate of change of the previous quarter. In the third quarter 2014, the new dwellings market segment exhibited a higher rate of change (5.9%) than the one shown in the existing dwellings market segment (4.3%).

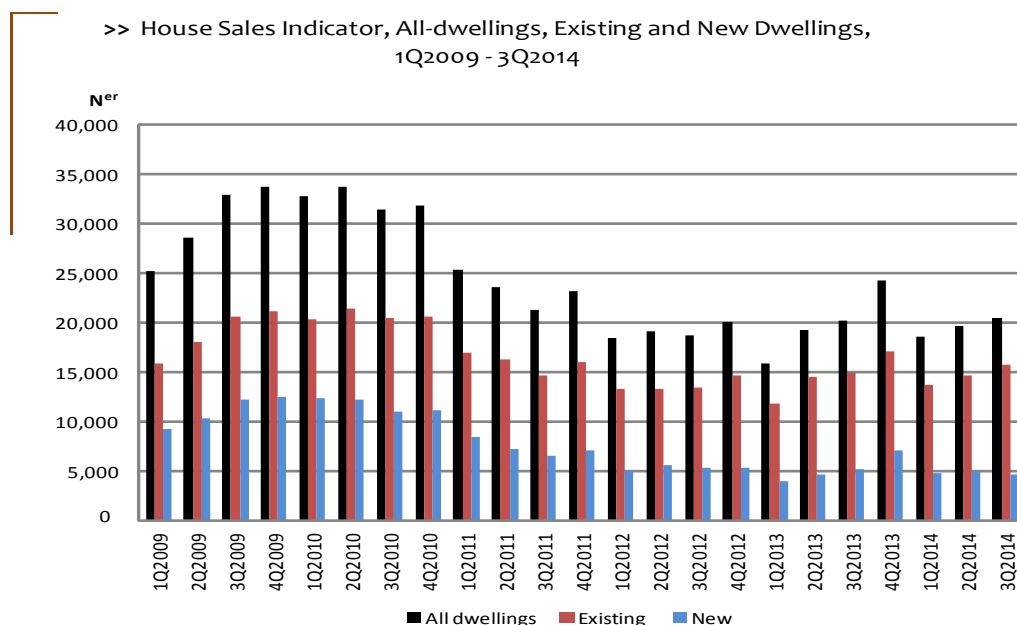
The HPI decreased 0.4% in comparison with the previous quarter. This figure stops the series of four consecutive periods in which the indicator increased.

The HPI (base 2010 = 100) was 90.64 in the third quarter of 2014 and the rolling 4-quarter average rate was 3.8%. The latter figure was 1.4 p.p. higher than in the second quarter of 2014 (2.4%). This was the third consecutive quarter in which the HPI showed a positive 4-quarter average rate of change.

2. Number of House Sales

The house sales indicator accounted for a total of 20,454 house transactions in the third quarter of 2014 (77% of which were transactions of existing dwellings), 0.8% more than in the same period of the previous year (20,295).

On a quarter-to-quarter basis, the house sales indicator recorded a 4.2% increase. This rate of change is consistent with the dwelling sales behaviour observed over the same period of the last year (5.3%). The next graph illustrates the evolution of the house sales indicator.



The average of house sales in the last four quarters was of approximately of 2,740 transactions, 74% of which were of purchases of existing dwellings.

EXPLANATORY NOTES

House Price Index

The House Price Index (HPI) measures the evolution of the acquisition prices of the dwellings purchased in the residential market in Portugal. The HPI is compiled using anonymised fiscal administrative information provided by the Tax and Customs Authority on the Municipal Property Transfer Tax (IMT) and the Municipal Property Tax (IMI).

The HPI is derived through the estimation of a functional relationship between the logarithm of the transaction prices of dwellings and their characteristics (e.g., area, location), being included in the probabilistic models of hedonic prices. The estimation is performed quarterly with data from two adjacent quarters. With this approach, it is possible to estimate the rate of change of prices controlling for changes in the quality of dwellings.

The HPI is a chained index with base 100 = 2010. The followed methodology enables the weighting structure to be updated annually with information on the value of dwelling transactions in the year immediately preceding the year in which the index refers.

Quarterly rate

The quarterly rate is the change in the index of a certain quarter compared with the index of the previous quarter expressed as a percentage. Although up-to-date, this measure can be affected by seasonal and other effects.

Annual rate

The annual rate is the change in the index of a certain quarter compared with the index of the same quarter in the previous year expressed as a percentage. In the presence of a stable seasonal pattern, seasonal effects do not influence this measure.

4-quarter average rate

The rolling 4-quarter average rate is the change in the average index of one year compared with the average index of the previous year expressed as a percentage. This moving average is less sensitive to transient changes in prices.

New dwellings

Dwellings that, at the time of the transaction, had never been used for residential purposes.

Existing dwellings

Dwellings that, at the time of the transaction, had already been used for residential purposes.

House Sales Indicator

Indicator that estimates the number of housing transactions carried out in a quarter for the national total and the segments of new homes and existing homes. The compilation of this statistic is based on information from the IMT and is based on transactions of urban articles. In calculating this indicator are not considered, similarly to what happens with the estimation of the rate of change in prices between two successive quarters, transaction parts of dwellings (i.e., are considered only transactions of dwellings in full).

Additional information

Further methodological information on the HPI is available on the National Statistics Institute website (<http://smi.ine.pt/DocumentacaoMetodologica/Detalhes/1269>; available only in Portuguese).

Next press release

The HPI of the 4th quarter of 2014 will be released on March 25th, 2015.

**Annex: House Price Index
(100 = 2010)**

Quarter	Indexes			Quarterly rate of change (%)			Annual rate of change (%)			Rolling 4-quarter average rate of change (%)			House sales (n ^{er})		
	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New
1Q2009	98.43	97.59	99.39	-	-	-	-	-	-	-	-	-	25,214	15,972	9,242
2Q2009	99.34	99.11	99.61	0.9	1.6	0.2	-	-	-	-	-	-	28,550	18,135	10,415
3Q2009	99.39	99.65	99.12	0.1	0.5	-0.5	-	-	-	-	-	-	32,940	20,619	12,321
4Q2009	99.79	100.45	99.07	0.4	0.8	-0.1	-	-	-	-	-	-	33,727	21,235	12,492
1Q2010	100.36	100.79	99.88	0.6	0.3	0.8	2.0	3.3	0.5	-	-	-	32,849	20,386	12,463
2Q2010	100.75	101.07	100.39	0.4	0.3	0.5	1.4	2.0	0.8	-	-	-	33,805	21,495	12,310
3Q2010	99.96	99.85	100.09	-0.8	-1.2	-0.3	0.6	0.2	1.0	-	-	-	31,487	20,478	11,009
4Q2010	98.93	98.29	99.64	-1.0	-1.6	-0.4	-0.9	-2.2	0.6	0.8	0.8	0.7	31,809	20,583	11,226
1Q2011	98.23	97.24	99.34	-0.7	-1.1	-0.3	-2.1	-3.5	-0.5	-0.3	-0.9	0.4	25,430	16,944	8,486
2Q2011	96.11	94.93	97.44	-2.2	-2.4	-1.9	-4.6	-6.1	-2.9	-1.8	-2.9	-0.5	23,676	16,360	7,316
3Q2011	94.53	92.54	96.82	-1.6	-2.5	-0.6	-5.4	-7.3	-3.3	-3.3	-4.8	-1.5	21,313	14,682	6,631
4Q2011	91.51	88.80	94.65	-3.2	-4.0	-2.2	-7.5	-9.7	-5.0	-4.9	-6.6	-2.9	23,199	16,005	7,194
1Q2012	90.21	87.55	93.28	-1.4	-1.4	-1.4	-8.2	-10.0	-6.1	-6.4	-8.2	-4.3	18,440	13,370	5,070
2Q2012	88.16	86.17	90.31	-2.3	-1.6	-3.2	-8.3	-9.2	-7.3	-7.3	-9.0	-5.4	19,100	13,401	5,699
3Q2012	87.28	84.82	90.10	-1.0	-1.6	-0.2	-7.7	-8.3	-6.9	-7.9	-9.3	-6.3	18,755	13,422	5,333
4Q2012	87.85	85.75	90.16	0.7	1.1	0.1	-4.0	-3.4	-4.7	-7.1	-7.8	-6.3	20,103	14,768	5,335
1Q2013	86.11	82.81	90.44	-2.0	-3.4	0.3	-4.5	-5.4	-3.0	-6.2	-6.7	-5.5	15,927	11,891	4,036
2Q2013	85.93	83.53	88.76	-0.2	0.9	-1.9	-2.5	-3.1	-1.7	-4.7	-5.1	-4.2	19,278	14,522	4,756
3Q2013	86.39	83.99	89.23	0.5	0.6	0.5	-1.0	-1.0	-1.0	-3.0	-3.2	-2.6	20,295	14,984	5,311
4Q2013	88.39	86.31	90.68	2.3	2.8	1.6	0.6	0.7	0.6	-1.9	-2.2	-1.3	24,275	17,163	7,112
1Q2014	89.57	86.74	93.09	1.3	0.5	2.7	4.0	4.7	2.9	0.3	0.3	0.2	18,590	13,743	4,847
2Q2014	91.01	88.18	94.51	1.6	1.7	1.5	5.9	5.6	6.5	2.4	2.5	2.2	19,637	14,667	4,970
3Q2014	90.64	87.59	94.52	-0.4	-0.7	0.0	4.9	4.3	5.9	3.8	3.8	4.0	20,454	15,808	4,646