

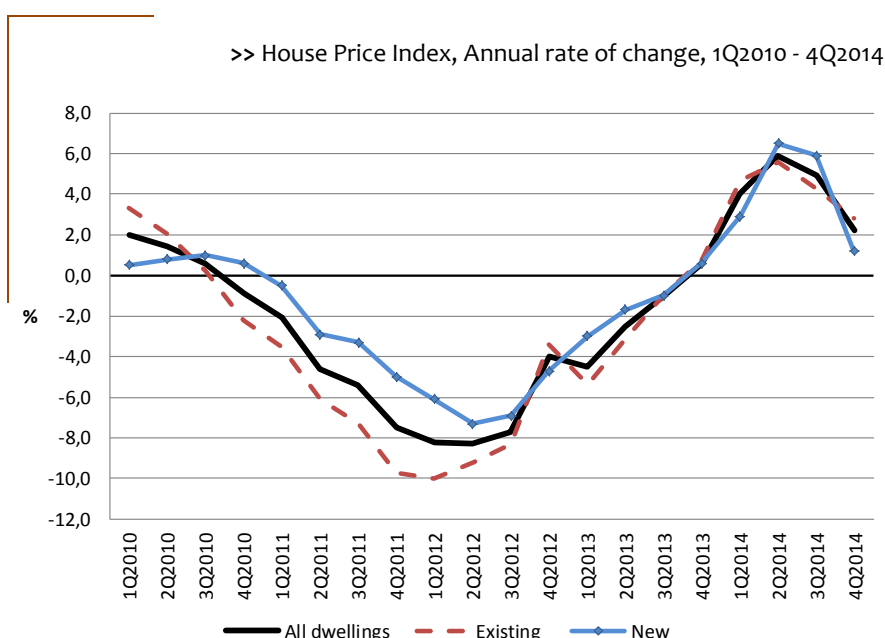
House Price Index  
4<sup>th</sup> Quarter of 2014

**House prices annual average rate of change was 4.3% in 2014**

In 2014, the House Price Index (HPI) increased 4.3% when compared with 2013. This result interrupted the series of three consecutive years in which the prices of dwellings decreased (-1.9%, -7.1% and -4.9% in 2013, 2012 and 2011, respectively).

In the fourth quarter of 2014, the HPI increased 2.2% when compared with the same quarter of the previous year. This was the second consecutive quarter in which house prices decelerated (5.9% and 4.9%, respectively, in the second and third quarters of 2014). In the reference quarter, the annual rate of change in the new dwellings market segment was 1.2%, below the value observed for existing dwellings (2.8%). When compared to the previous quarter, the HPI presented a price variation of -0.3% (-0.4% in the third quarter of 2014).

In the last three months of 2014, a total of 25,534 dwellings were traded, 5.2% more than in the same period of the last year.





## 1. House Price Index

When compared with the same quarter of 2013, the HPI increased 2.2% in the last quarter of 2014. This result, which was 2.7 percentage points lower than in the third quarter of 2014, was the fifth consecutive period in which the HPI recorded a positive annual rate of change. Unlike the two previous quarters, house prices for existing dwellings increased more than for new dwellings (2.8% and 1.2% for existing and new dwellings, respectively).

On a quarter-to-quarter basis, the HPI registered a negative quarterly rate of change (-0.3%) in the fourth quarter of 2014. For the same period, new and existing dwellings observed opposite price behaviours, with prices for new dwellings decreasing by 2.9% while existing dwelling prices went up by 1.3%.

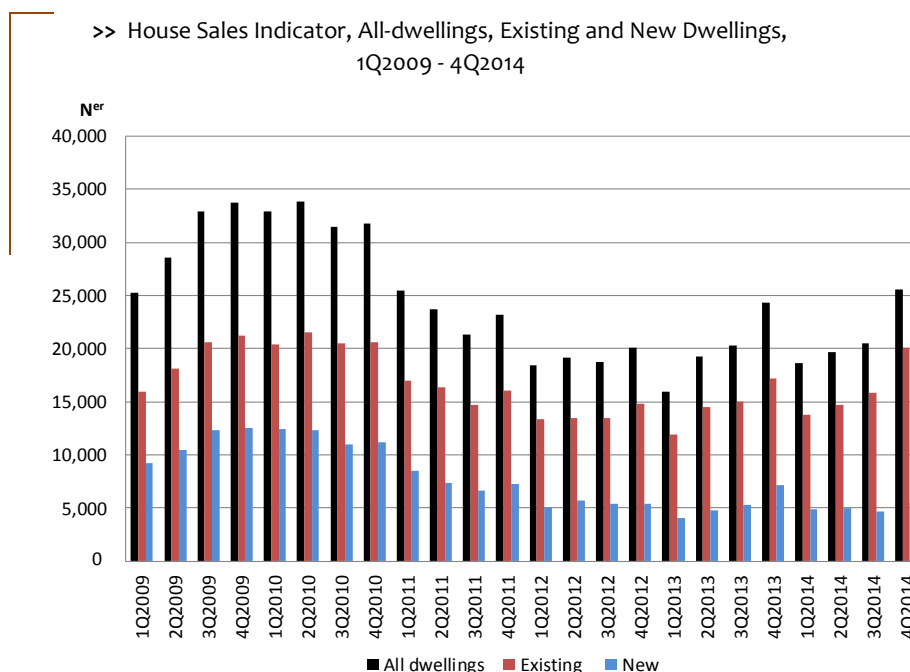
In 2014, the HPI presented an annual average rate of change of 4.3%, 0.5 percentage points higher than the value recorded in the previous quarter (3.8%) and the highest rate of the HPI series. This result interrupts a series of three consecutive years where house prices decreased (-1.9%, -7.1% and -4.9% in 2013, 2012 and 2011, respectively).

## 2. Number of House Sales

### 2.1 Quarterly analysis

In the last three months of 2014, the house sales indicator totalled 25,534 transactions, 20,093 of which were related to sales of existing dwellings. The relative weight of this dwelling type in total sales was 78.7%, the highest value of the available series.

The house sales indicator increased 24.8% in comparison with the previous quarter (4.2% in the third quarter of 2014). This rate of change was the highest observed for 2014, which is in line with the tendency for the existence of more dwelling transactions in the last quarter of each year. The next graph illustrates the evolution of the house sales indicator.



In the fourth quarter of 2014, the number of transactions was 5.2% higher than in the same period of the previous year, a result which maintained the dynamics (of positive rates of change) started in the second quarter of 2013.

## 2.2 Annual analysis

A total of 84,215 dwellings were traded in 2014. This figure represents an increase of 4,440 transactions in relation to 2013. After the minimum value in sales observed in 2012, this was the second consecutive year to register an increase in the number of dwelling transactions (sales increased 5.6% and 4.4% in 2014 and 2013, respectively).

The increase in the number of transactions was mainly driven by existing dwellings, whose sales increased 3 percentage points when compared to 2013 and represented 76.4% of the total of the transactions in 2014.

## 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 1<sup>st</sup> quarter of 2015 will be released on June 25<sup>th</sup>, 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
<b>1Q2009</b>	98.43	97.59	99.39	-	-	-	-	-	-	-	-	-	25,214	15,972	9,242
<b>2Q2009</b>	99.34	99.11	99.61	0.9	1.6	0.2	-	-	-	-	-	-	28,550	18,135	10,415
<b>3Q2009</b>	99.39	99.65	99.12	0.1	0.5	-0.5	-	-	-	-	-	-	32,940	20,619	12,321
<b>4Q2009</b>	99.79	100.45	99.07	0.4	0.8	-0.1	-	-	-	-	-	-	33,727	21,235	12,492
<b>1Q2010</b>	100.36	100.79	99.88	0.6	0.3	0.8	2.0	3.3	0.5	-	-	-	32,849	20,386	12,463
<b>2Q2010</b>	100.75	101.07	100.39	0.4	0.3	0.5	1.4	2.0	0.8	-	-	-	33,805	21,495	12,310
<b>3Q2010</b>	99.96	99.85	100.09	-0.8	-1.2	-0.3	0.6	0.2	1.0	-	-	-	31,487	20,478	11,009
<b>4Q2010</b>	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
<b>1Q2011</b>	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
<b>2Q2011</b>	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
<b>3Q2011</b>	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
<b>4Q2011</b>	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
<b>1Q2012</b>	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
<b>2Q2012</b>	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
<b>3Q2012</b>	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
<b>4Q2012</b>	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
<b>1Q2013</b>	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
<b>2Q2013</b>	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
<b>3Q2013</b>	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
<b>4Q2013</b>	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
<b>1Q2014</b>	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
<b>2Q2014</b>	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
<b>3Q2014</b>	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
<b>4Q2014</b>	90.34	88.72	91.81	-0.3	1.3	-2.9	2.2	2.8	1.2	4.3	4.3	4.1	25,534	20,093	5,441

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