

House Price Index
1st Quarter of 2015

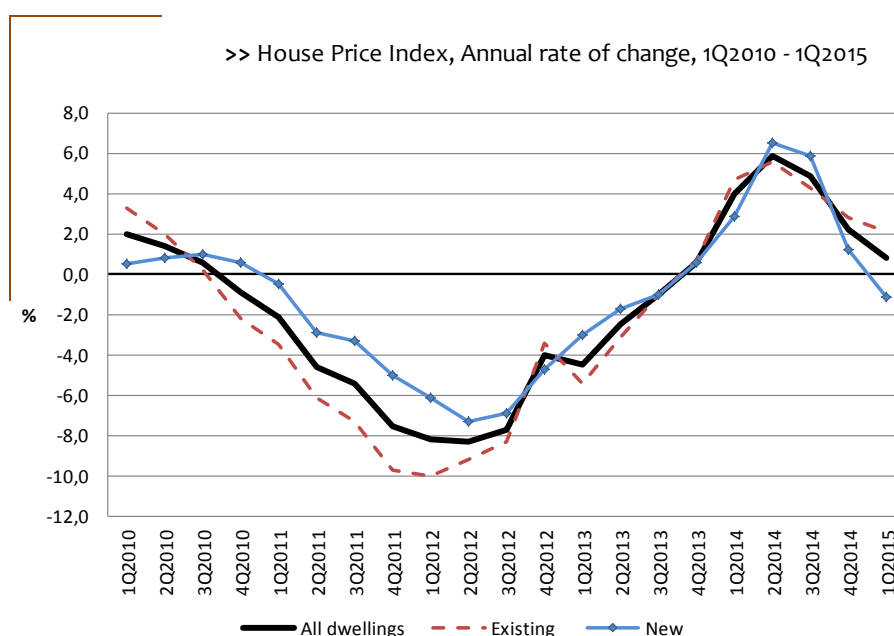
House prices up by 0.8% on a year before

In the first quarter of 2015, the House Price Index (HPI) registered an increase of 0.8% when compared to the same period of the previous year. This rate was 1.4 percentage points lower than in the previous quarter, maintaining the deceleration trend of dwelling prices observed since the third quarter of 2014 (the HPI increased 4.9% and 2.2% in the third and fourth quarters of 2014, respectively).

On an annual basis, the prices for existing and new dwellings behaved differently, with the former exhibiting a 2.1% increase and the latter a 1.1% decrease.

When compared to the previous quarter, the HPI observed a zero price change in the first quarter of 2015 (-0.3% in the previous period).

In the first three months of 2015, a total of 25,716 dwellings were traded, 38.3% more than in the same period of 2014.



1. House Price Index

When compared with the same quarter of 2014, the HPI increased 0.8% in the first quarter of 2015. This result, which was 1.4 percentage points lower than the rate recorded in the previous quarter, was the sixth consecutive period in which the HPI exhibited a positive annual rate of change. For the first time since the last quarter of 2010, house prices for existing and new dwellings evolved in different directions, with prices for the former group of dwellings increasing 2.1% and the latter decreasing 1.1%.

On a quarter-to-quarter basis, the HPI registered a zero change rate in the first three months of 2015. For the same period, the indexes covering existing and new dwellings observed a 0.2% price decrease and a 0.2% price increase, respectively.

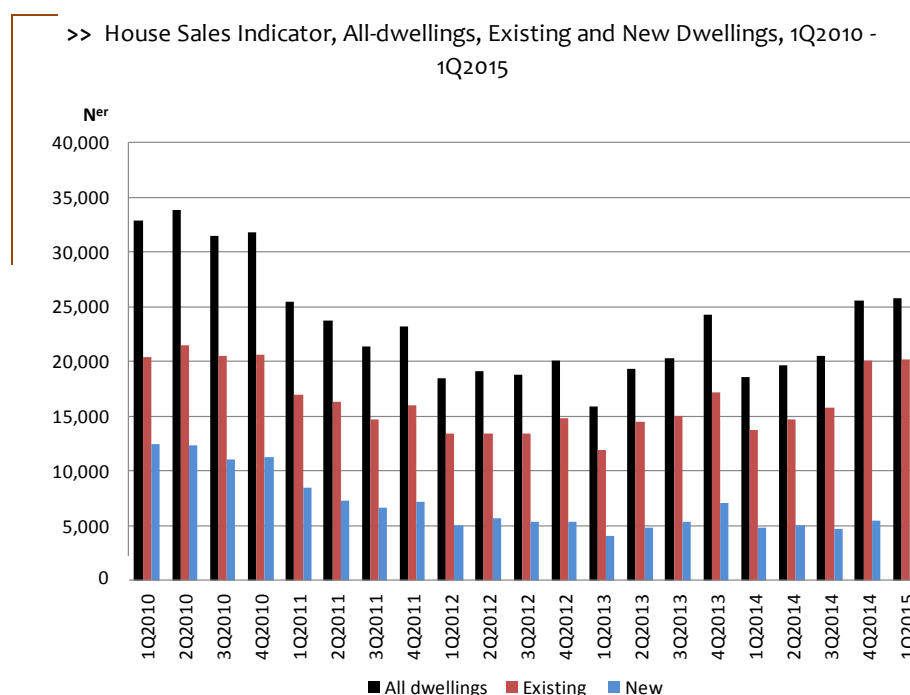
The rolling 4-quarter average rate of change of the HPI was 3.4% in the first quarter of 2015, 0.9 percentage points lower than the value observed for the last quarter of 2014 (4.3%).

2. Number of House Sales

In the first three months of 2015, the house sales indicator totalled 25,716 transactions, 20,162 of which were related to sales of existing dwellings (78.4% of total sales observed for this period).

The house sales indicator increased 0.7% in comparison with the previous quarter (24.8% in the fourth quarter of 2014) and 38.3% when compared with the first quarter of 2014 (48.7% and 14.4% for existing and new dwellings, respectively). This rate of change was the highest observed since the first quarter of 2010.

The next graph illustrates the evolution of the house sales indicator from the first quarter of 2010 to the first quarter of 2015.



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 2nd quarter of 2015 will be released on September 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
4Q2014	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
1Q2015	90.30	88.55	92.02	0.0	-0.2	0.2	0.8	2.1	-1.1	3.4	3.7	3.1	25,716	20,162	5,554