

25 September, 2015

## House Price Index 2<sup>nd</sup> Quarter of 2015

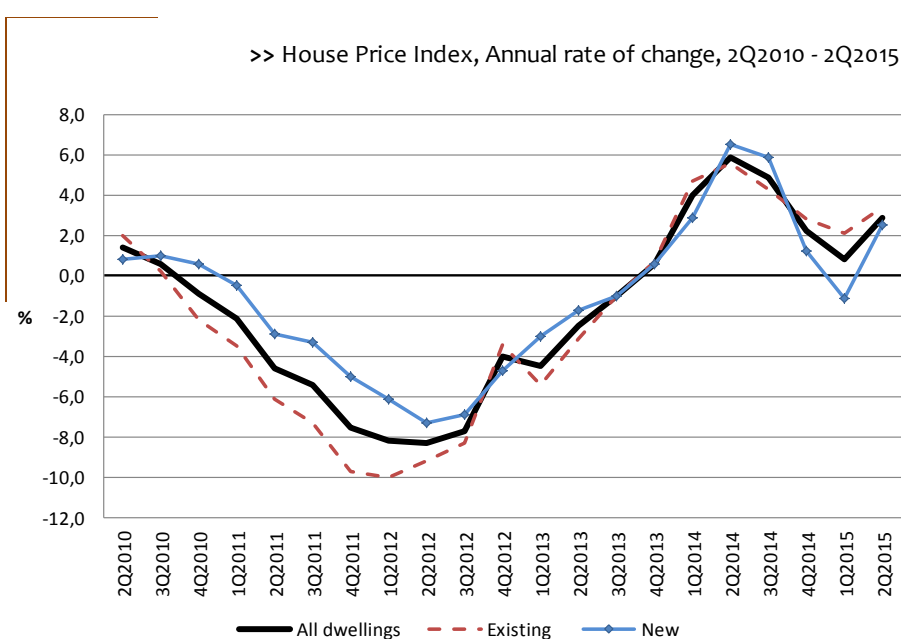
### House prices up by 2.9% on a year before

In the second quarter of 2015, the House Price Index (HPI) increased by 2.9% when compared to the same period of the previous year. This rate, which was 2.1 percentage points (p.p.) higher than in the previous quarter, interrupted the deceleration trend in prices observed since the third quarter of 2014 (the HPI increased 4.9%, 2.2% and 0.8% in the third and fourth quarters of 2014 and in the first quarter of 2015, respectively).

The annual change in prices was essentially driven by the existing dwellings index, which grew 3.4% when compared to the same quarter of 2014, 0.9 p.p. more than the increase recorded by the new dwellings price index (2.5%).

When compared to the first three months of the year, the HPI observed a 3.7% increase in the second quarter of 2015 (0.0% in the previous period).

A total of 24,512 residential dwellings were purchased from April to June 2015, 24.8% more than in the same period of 2014.



## 1. House Price Index

When compared to the same period of 2014, the HPI increased 2.9% in the second quarter of 2015. This result, which was 2.1 percentage points higher than the rate recorded for the first three months of 2015, was the seventh consecutive period in which the HPI exhibited a positive annual rate of change. In the period under analysis, the prices of existing dwellings grew 3.4% in relation to the same period of 2014 and where 0.9 p.p. higher than the price change observed for new dwellings (2.5%).

On a quarter-to-quarter basis, the HPI displayed a 3.7% change rate in the second quarter of 2015. Over the same period, the indexes for existing and new dwellings recorded price changes of 3.0% and 5.3%, respectively.

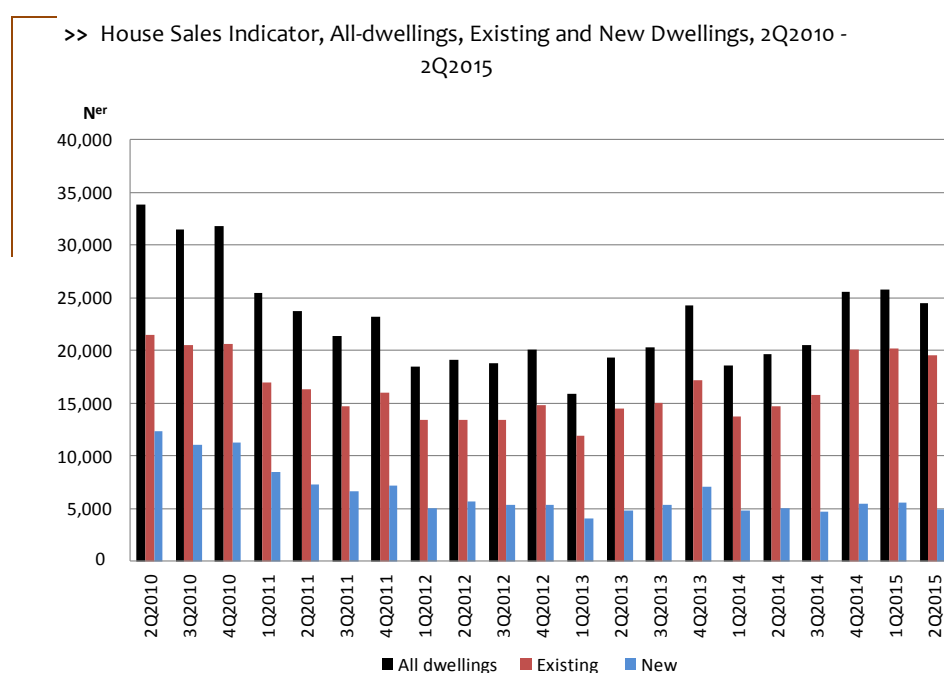
The rolling 4-quarter average rate of change of the HPI was 2.7% in the second quarter of 2015, 0.7 percentage points lower than the value observed in the first quarter of 2015 (3.4%).

## 2. Number of House Sales

In the second quarter of 2015, the house sales indicator totalled 24,512 transactions, 19,576 of which were related to sales of existing dwellings (79.9% of the total sales observed for this period).

Although decreasing 4.7% in relation to the previous period, the number of house sales in the second quarter of 2015 was 24.8% higher than in the same quarter of the previous year. This was the second highest rate of change after the inversion of the downward tendency in sales, which occurred in the second quarter of 2013.

The next graph illustrates the evolution of the house sales indicator from the second quarter of 2010 to the second 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 3<sup>rd</sup> quarter of 2015 will be released on December 17<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
<b>1Q2015</b>	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
<b>2Q2015</b>	93.68	91.18	96.88	3.7	3.0	5.3	2.9	3.4	2.5	2.7	3.1	2.1	24,512	19,576	4,936

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