

December 17, 2015

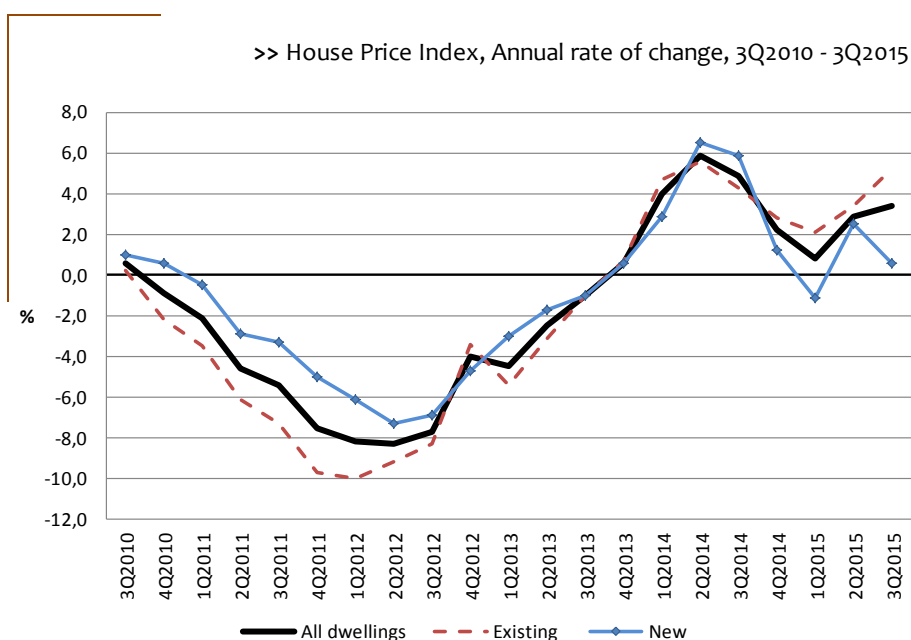
## House Price Index 3<sup>rd</sup> Quarter of 2015

### House prices up by 3.4% on a year before

In the third quarter of 2015, the House Price Index (HPI) increased by 3.4% when compared to the same period of the previous year, 0.5 percentage points (p.p.) higher than in the previous quarter. On an annual basis, the prices of existing dwellings presented, for the fourth consecutive period, a variation (5.2%) that was higher than the one observed for new dwellings (0.6%).

When compared to the second quarter of the year, the HPI increased by 0.1% (3.7% in the previous period).

A total of 27,239 residential dwellings were purchased from July to September 2015, 33.2% more than in the same period of 2014.



## 1. House Price Index

When compared to the same period of 2014, the HPI increased 3.4% in the third quarter of 2015. This result, which was 0.5 percentage points higher than the rate recorded for the second quarter of 2015, was the eighth consecutive period in which the HPI exhibited a positive annual rate of change. In the third quarter of 2015, the prices of existing dwellings rose 5.2% and those of new dwellings increased 0.6% in relation to the same period of 2014.

On a quarter-to-quarter basis, the HPI displayed a 0.1% rate of change in the third quarter of 2015. Over the same period, the indexes for existing and new dwellings recorded price changes of 1.1% and -1.8%, respectively.

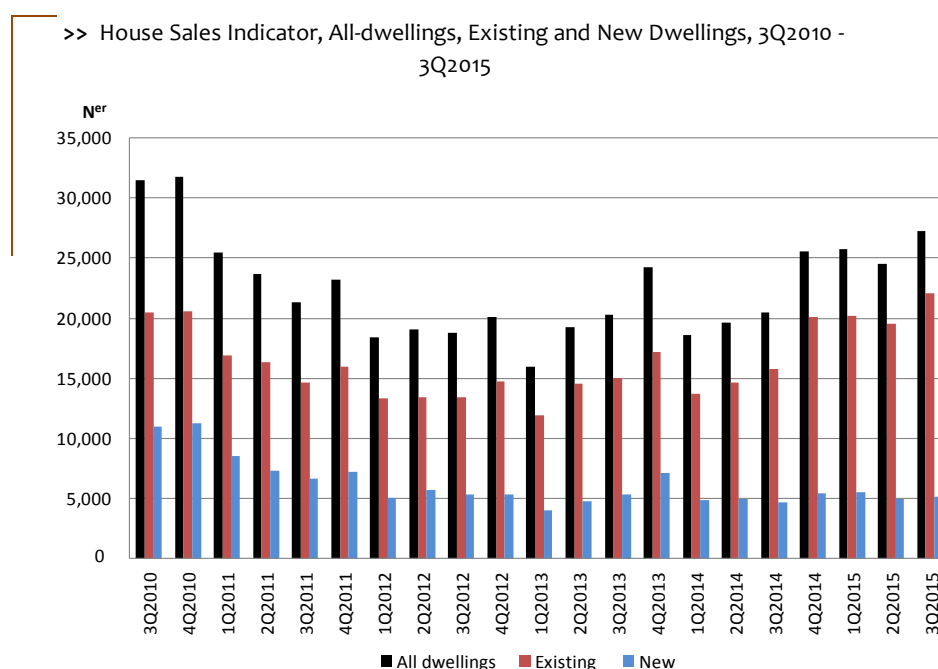
The rolling 4-quarter average rate of change of the HPI was 2.4% in the third quarter of 2015, 0.3 percentage points lower than the value observed in the second quarter of 2015 (2.7%).

## 2. Number of House Sales

In the third quarter of 2015, the house sales indicator totalled 27,239 transactions, 22,094 of which were purchases of existing dwellings (81.1% of the total number of transactions).

Between July and September 2015, the number of transactions increased 33.2% over the same period of the last year. This was the tenth consecutive quarter in which the number of house sales increased when compared to a similar period of a year before.

The next graph illustrates the evolution of the house sales indicator from the third quarter of 2010 to the third 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 4<sup>th</sup> quarter of 2015 will be released on March 22<sup>th</sup>, 2016.

**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>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  |
| <b>3Q2015</b> | 93.75         | 92.16    | 95.11  | 0.1                          | 1.1      | -1.8 | 3.4                       | 5.2      | 0.6  | 2.4  | 3.4      | 0.8  | 27,239             | 22,094   | 5,145  |