

## House Price Index 4<sup>th</sup> Quarter of 2015

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### House Price Index increased 3.1% in 2015

The House Price Index (HPI) increased 3.1% in 2015 when compared with the previous year. This result was 1.2 percentage points (p.p.) lower than what was observed for 2014.

In the fourth quarter of 2015, the HPI increased 5.0% when compared with the same quarter of 2014 and 1.2% in relation to the previous period. For the fifth consecutive quarter, the HPI exhibited a higher annual price increase for existing dwellings (5.1%) than for new dwellings (4.8%).

The number of transacted dwellings in 2015 increased 27.4% in relation to the previous year, which corresponded to a total of 107,302 residential units sold and to a total sales value of approximately 12.5 billion Euros (30.8% more than in 2014).

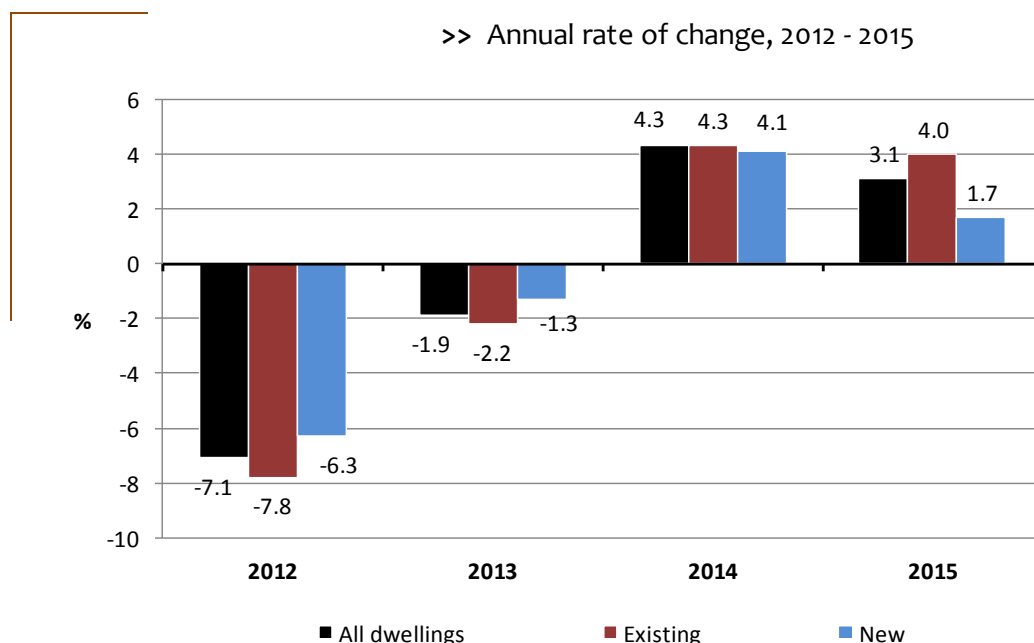
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### New statistical series

This press release presents for the first time information on the value and number of house sales in Portugal with a NUTS II regional breakdown (and also for the Oporto metropolitan area). Additional information regarding the new data series, which start in the 1<sup>st</sup> quarter of 2009, is available in a special note included at the end of this press release.

## 1. House Price Index

In 2015, the HPI presented an annual average rate of change of 3.1%, 1.2 percentage points lower than the recorded in 2014 (4.3%). This is the second consecutive year in which house prices increased on an annual basis, which reinforced the break in the series of three consecutive price decreases occurred from 2011 to 2013. The next figure presents the annual rates of change given by the HPI for the last four years.



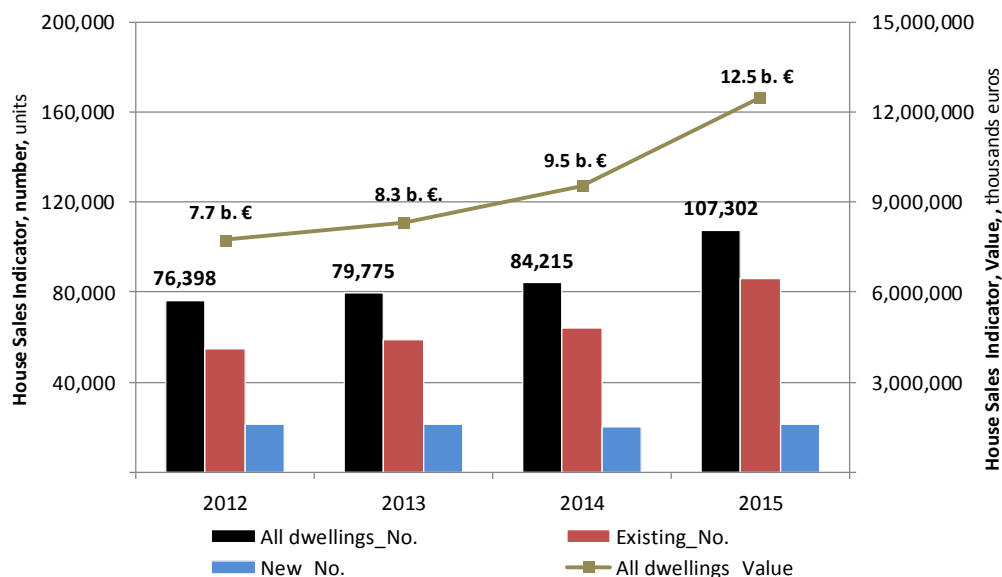
When compared with the same quarter of 2014, the HPI increased 5.0% in the last quarter of 2015, 1.6 p.p. higher than in the third quarter of 2015. This was the ninth consecutive period in which the HPI recorded a positive annual rate of change. As in the previous four consecutive quarters, house prices for existing dwellings increased more than for new dwellings (5.1% and 4.8%, respectively).

On a quarter-to-quarter basis, the HPI increased 1.2%. Over the same period, existing and new dwellings increased at the same rate (1.2%).

## 2. Number and value of house sales

A total of 107,302 dwellings were traded in 2015. This result was the highest since 2010. The value of transacted dwellings in 2015 was approximately 12.5 billion Euros, which represented a 30.8% increase over 2014 (a difference of 2.9 billion Euros). The following figure depicts the evolution of the number and value of sales of dwellings in the last four years.

>> House Sales Indicator, number and value, All-dwellings, Existing and New Dwellings, 2012 - 2015

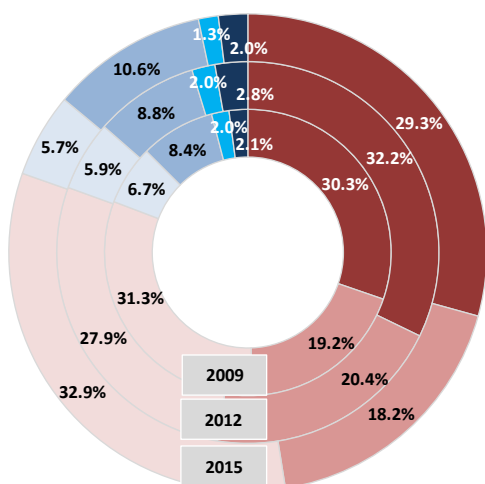


The increase in the number of transactions was mainly driven by existing dwellings, whose sales increased 4.0 p.p. when compared to 2014 and represented 80% of the total of the transactions in 2015.

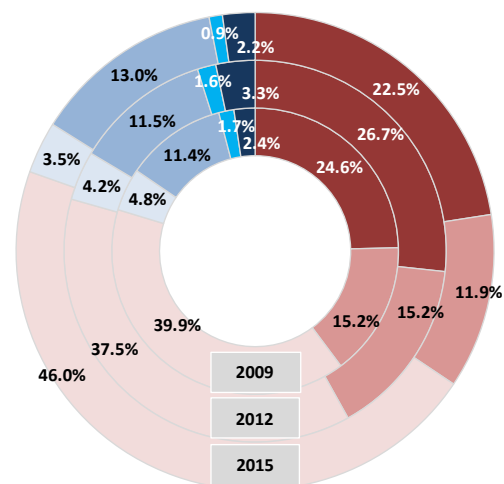
The next figure shows the distribution of the number and value of house sales by NUTS II region for 2009, 2012 and 2015.

>> Percentage distribution of the number and value of house sales, by NUTS II, 2009, 2012 and 2015

**No. of house sales**



**House sales value**



In 2015, the *Norte* and *Área Metropolitana de Lisboa* regions represented 62.2% of the total number of sales (66,767 transactions). In terms of sales value, the *Área Metropolitana de Lisboa* accounted for the highest share in 2015, with approximately 5.7 billion Euros (46% of the country's total).

In 2012, which was the year with the lowest number of transactions (76,398), the *Norte* region represented the highest share in the number of sales (32.2%). However, this region ranked second in terms of sales value, with the *Área Metropolitana de Lisboa* accounting for the highest share of sales value in 2012 (37.5% of the country's total).

When compared with 2009, the *Algarve* and *Área Metropolitana de Lisboa* regions were the ones that amplified their relative importance (in number of house sales) the most, with increases of 2.2 p.p. and 1.6 p.p., respectively. In terms of sales value, the *Área Metropolitana de Lisboa* raised its relative importance by 6.1 p.p. from 2009 to 2015, the highest increase recorded for this period. With the exception of the *Algarve*, the increase of importance of the *Área Metropolitana de Lisboa* was achieved at the expenses of the other geographical areas such as the *Norte* and *Centro*, which accounted for approximately 40% of total transaction value in 2009 and represented 35% of the country's total sales value in 2015.

## **PRESENTATION OF THE NEW DATA SERIES ON THE NUMBER AND VALUE OF RESIDENTIAL PROPERTY TRANSACTIONS**

### **Introduction**

With the release of the HPI for the last quarter of 2015, INE began the dissemination of the number of house sales with a geographical breakdown and the dissemination of the value of dwellings transactions.

The number and value of residential property transactions are calculated based on information provided to INE by the Tax and Customs Authority, which was generated for the purposes of the Municipal Tax on Onerous Transfer of Real Estate (IMT). The data covers all transactions of urban articles carried out in Portugal.

With this initiative, INE continues the work that started in July 2014 with the release of the HPI and the house sales indicator and contributes, in this way, to a better understanding of the housing market in Portugal.

### **Main features of the new data series**

As the HPI, the number and value of residential property transactions start in the first quarter of 2009 and have a quarterly frequency. In addition to the national aggregate, the new statistics are broken down by NUTS II regional level and for the Lisbon and Oporto Metropolitan areas.

The new series are available in Annex II of this press release.

### **Revisions**

The HPI, value and number of dwellings transactions are not subject to periodic reviews and are considered definitive when disseminated. However, in line with established practices (see, for example, Regulation (EC) No 1921/2001 of the European Commission on the Harmonized Index of Consumer Prices), there may be non-periodic revisions whenever there is a change of the definitions underlying the construction of these indicators or an improvement in the information used in their compilation.

## 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).

The number of sales is available for the whole country and for the second level of geographical breakdown, as defined by the Nomenclature of Territorial Units for Statistics (NUTS II).

### **House Value Indicator**

As the indicator of the number of sales, this statistic is based on information taken from the IMT on paid real estate tax. Following what was defined for the house sales indicator, the total value of transactions does not cover transactions of parts of dwellings.

The value of sales is also available to the second level of geographical breakdown, as defined by NUTS II.

### **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 2016 is expected to be released on June 21<sup>st</sup>, 2016.

**Annex I: House Price Index and House Sales Indicator**  
**All dwellings, 1st quarter 2009 - 4th quarter 2015**

Quarter	Indexes			Quarterly rate of change (%)			Annual rate of change (%)			Rolling 4-quarter average rate of change (%)			House sales (n °)		
	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
2Q2015	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
3Q2015	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
4Q2015	94.86	93.23	96.26	1.2	1.2	1.2	5.0	5.1	4.8	3.1	4.0	1.7	29,835	24,067	5,768

**Notes:** (\*) HPI base 100 = 2010. The definition of the rates of change used in this table are available in the explanatory notes.

**Source:** Instituto Nacional de Estatística, National Accounts Department



## Annex II: Value (\*) and number of dwelling sales

### National and regional totals , 1st quarter 2009 - 4th quarter 2015

Quarter	PORTUGAL		Norte				Centro		Área Metropolitana de Lisboa		Alentejo		Algarve		Região Autónoma dos Açores		Região Autónoma da Madeira	
	Value (10 <sup>3</sup> euros)	N.º	Value (10 <sup>3</sup> euros)	N.º	Área Metropolitana do Porto (NUTS III)		Value (10 <sup>3</sup> euros)	N.º	Value (10 <sup>3</sup> euros)	N.º	Value (10 <sup>3</sup> euros)	N.º	Value (10 <sup>3</sup> euros)	N.º	Value (10 <sup>3</sup> euros)	N.º	Value (10 <sup>3</sup> euros)	N.º
					Value (10 <sup>3</sup> euros)	N.º												
1Q2009	2,969,031	25,214	707,816	7,572	437,241	4,133	449,567	4,895	1,187,328	7,713	150,771	1,775	357,354	2,306	59,096	496	57,100	457
2Q2009	3,402,444	28,550	836,069	8,496	530,596	4,740	531,354	5,441	1,305,452	8,924	161,229	1,893	436,828	2,657	45,507	473	86,005	666
3Q2009	3,875,903	32,940	943,562	9,976	576,657	5,371	599,510	6,488	1,580,544	10,527	182,942	2,155	412,655	2,464	58,934	625	97,757	705
4Q2009	3,952,561	33,727	1,008,189	10,398	635,888	5,862	575,145	6,259	1,590,179	10,515	191,249	2,265	412,575	2,700	79,062	789	96,162	801
1Q2010	4,003,365	32,849	997,218	9,981	646,487	5,745	608,766	6,338	1,707,076	10,993	172,262	1,886	383,617	2,518	52,718	529	81,707	604
2Q2010	4,038,412	33,805	1,029,309	10,139	665,225	5,858	611,651	6,338	1,730,080	11,633	177,235	2,068	359,716	2,436	53,739	541	76,681	650
3Q2010	3,747,199	31,487	944,266	9,526	598,061	5,254	573,309	6,241	1,569,895	10,145	172,997	1,988	354,772	2,414	48,393	533	83,567	640
4Q2010	3,811,200	31,809	952,218	9,670	603,680	5,339	529,655	5,925	1,548,254	9,980	174,666	1,936	417,948	2,558	96,871	947	91,586	793
1Q2011	3,005,938	25,430	749,940	7,642	484,763	4,310	442,010	4,855	1,223,274	7,942	124,028	1,492	313,819	2,039	62,432	686	90,436	774
2Q2011	2,694,706	23,676	672,908	7,281	436,958	4,234	401,549	4,766	1,160,160	7,569	102,257	1,378	266,299	1,841	28,353	343	63,182	498
3Q2011	2,267,907	21,313	635,411	7,153	392,970	3,830	364,821	4,581	833,256	5,709	98,032	1,331	250,802	1,721	27,500	348	58,086	470
4Q2011	2,456,555	23,199	714,007	7,610	447,364	4,066	379,893	4,663	872,095	6,326	118,318	1,383	266,917	2,128	35,884	440	69,442	649
1Q2012	1,927,800	18,440	534,762	6,021	345,025	3,260	289,763	3,722	721,841	5,231	79,095	1,049	218,245	1,625	26,210	354	57,885	438
2Q2012	1,931,395	19,100	511,833	6,198	335,840	3,616	298,372	3,769	756,247	5,559	84,895	1,209	223,617	1,756	14,942	236	41,489	373
3Q2012	1,812,249	18,755	503,694	6,211	302,311	3,259	288,799	3,919	618,789	4,828	75,548	1,038	220,352	1,603	32,147	431	72,920	725
4Q2012	2,054,821	20,103	512,317	6,167	311,625	3,264	301,635	4,166	797,669	5,734	82,341	1,232	230,153	1,754	47,730	477	82,976	573
1Q2013	1,573,794	15,927	396,866	5,013	237,398	2,694	242,576	3,232	632,626	4,770	62,109	948	169,804	1,338	16,139	231	53,675	395
2Q2013	1,922,703	19,278	477,955	5,995	302,525	3,362	276,195	3,723	804,493	5,905	77,334	1,252	224,061	1,768	18,679	234	43,985	401
3Q2013	2,117,652	20,295	523,989	6,295	330,443	3,384	269,258	3,899	909,874	5,986	74,645	1,111	267,309	2,242	25,978	373	46,597	389
4Q2013	2,704,766	24,275	635,560	7,060	422,606	4,060	357,128	4,558	1,140,482	7,590	112,440	1,528	372,928	2,675	32,307	403	53,921	461
1Q2014	2,103,538	18,590	481,303	5,603	300,134	2,962	253,976	3,318	946,509	6,096	79,091	1,099	276,670	1,818	19,691	285	46,297	371
2Q2014	2,287,940	19,637	510,421	5,701	332,323	3,253	275,311	3,671	1,025,992	6,435	82,215	1,110	333,766	2,100	18,745	254	41,489	366
3Q2014	2,270,175	20,454	506,134	6,171	324,223	3,315	279,557	3,913	1,038,427	6,412	77,213	1,094	302,184	2,205	20,529	286	46,132	373
4Q2014	2,879,367	25,534	629,926	7,624	383,504	3,923	363,065	5,041	1,326,988	7,995	97,140	1,426	354,430	2,435	42,228	562	65,590	451
1Q2015	3,031,232	25,716	663,418	7,474	421,554	4,214	351,455	4,727	1,392,264	8,169	102,635	1,451	386,314	2,930	27,531	311	107,614	654
2Q2015	2,872,690	24,512	655,968	7,192	441,380	4,192	341,419	4,432	1,329,323	8,173	96,015	1,362	379,111	2,570	21,393	303	49,461	480
3Q2015	3,077,389	27,239	697,899	8,057	450,137	4,418	374,228	4,910	1,401,297	8,994	112,583	1,535	411,926	2,876	27,735	390	51,720	477
4Q2015	3,493,876	29,835	794,859	8,727	521,209	4,984	411,796	5,403	1,616,789	9,981	126,752	1,757	443,712	3,015	35,660	440	64,307	512

**Note:** (\*) The sum of the regional values may not be exactly the same as the national total due to the presence of rounding errors.

**Source:** Instituto Nacional de Estatística, National Accounts Department

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