

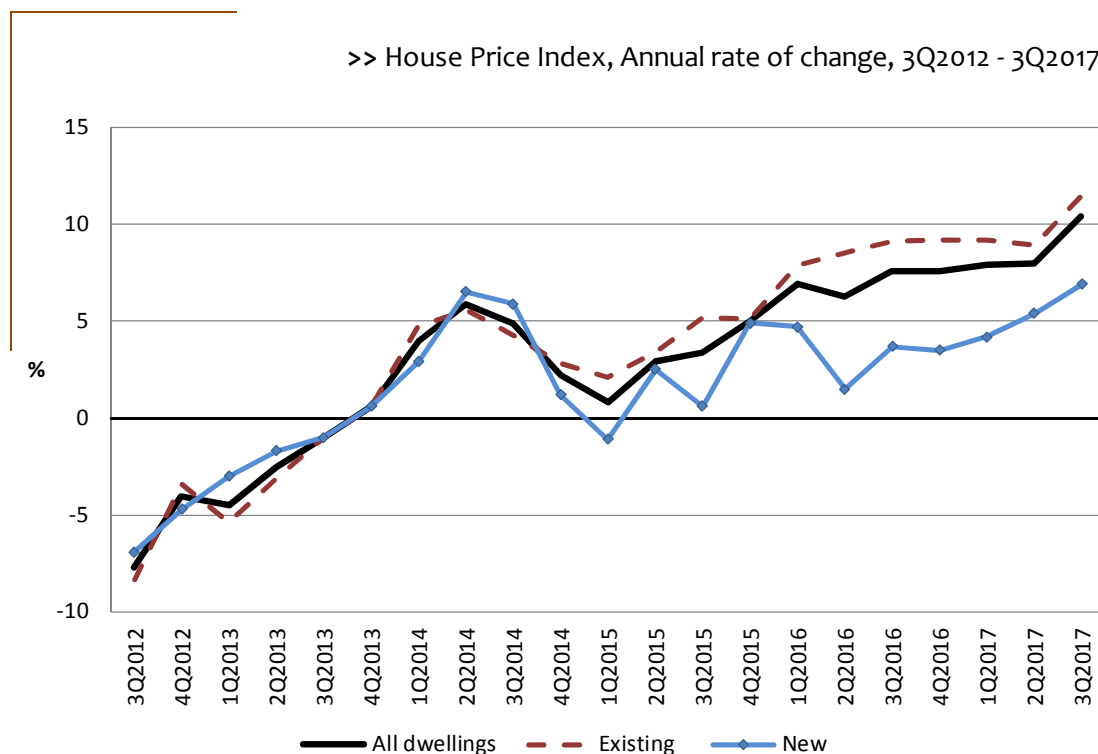
House Price Index
3rd Quarter of 2017

House prices up by 10.4% on a year before

In the third quarter of 2017, the House Price Index (HPI) increased 10.4% in relation to the same period of 2016 (8.0% in the previous quarter). This rate of change, the highest ever recorded for the series starting in 2009, was essentially determined by the price behaviour of existing dwellings, which increased 11.5% in relation to the same quarter of 2016. The prices of new dwellings also grew significantly, increasing 6.9% over the third quarter of the previous year.

The HPI increased 3.5% between the second and third quarters of 2017. For this period, prices of existing and new dwellings increased 4.1% and 1.7%, respectively.

A total of 38,783 dwellings were transacted between July and September 2017, a new maximum in the available series. The sales value of all transactions reached, for the first time, the 4.9 billion euros.



1. House Price Index

In the third quarter of 2017, the HPI increased 10.4% when compared with the same period of the last year, the highest rate of change ever recorded since 2009 for this indicator. Existing dwelling prices, which grew 11.5% in relation to the same period of the last year, contributed decisively to this index result. New dwelling prices also observed substantial price increases over the same period of the last year (6.9%).

On a quarter-to-quarter basis, the HPI displayed a 3.5% increase, 0.3 percentage points (p.p.) more than in the previous quarter. This result was essentially driven by existing dwelling prices, which increased 4.1% in the third quarter (2.5% and 3.2% in the first and second quarters, respectively). Although increasing 1.7%, new dwelling prices increased at a slower pace than in the previous quarter (3.3%).

The rolling 4-quarter rate of change of the HPI was 8.5%, which represents an increase of 0.7 p.p. when compared to the previous quarter.

2. Number and value of house sales

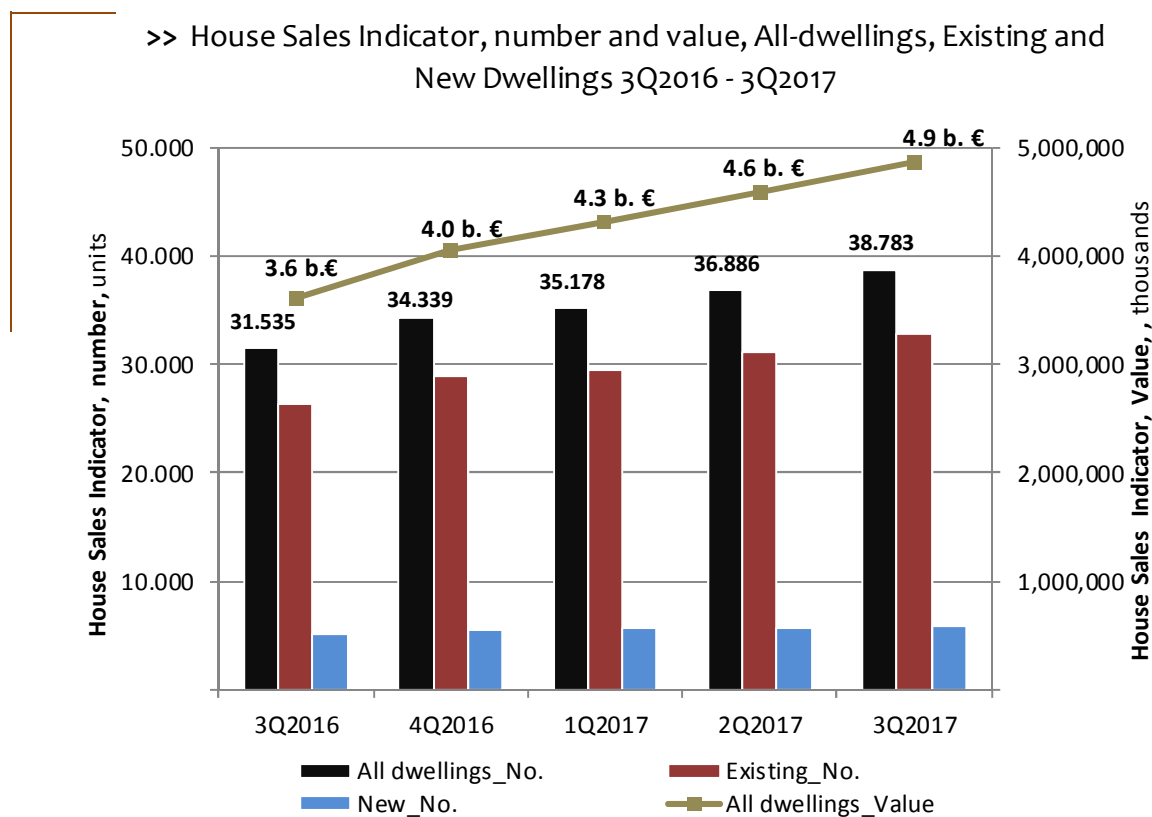
A total of 38,783 dwellings were transacted in the third quarter of 2017. This was the highest number of house sales ever recorded since 2009. On an annual basis, the number of transacted dwellings increased 23.0%. In the first and second quarters of 2017, the number of transactions increased 19.4% and 16.1%.

The transactions of existing dwellings accounted for the majority of sales (84.7%). These reached 32,864 transactions, which represents a year-on-year increase of 24.8%, the highest rate of change since the second quarter of 2016. New dwelling sales increased 14.0% over the same period of the previous year, the highest rate of change since the first quarter of 2015.

The number of transactions rose 5.1% between the second and third quarters of 2017, 0.2 p.p. more than in the previous quarter. Although it was possible to observe an increase in both existing and new dwelling sales numbers, the former dwelling type had a stronger increase in transactions (5.5%) than the latter (3.2%).

In the third quarter of 2017 the total value of the transacted dwellings reached the 4.9 billion Euros. This figure represents an increase of 34.4% over the same period of 2016, which is the highest annual rate of change in the last two years.

The following figure depicts the evolution of the number and value of sales over the last five quarters.

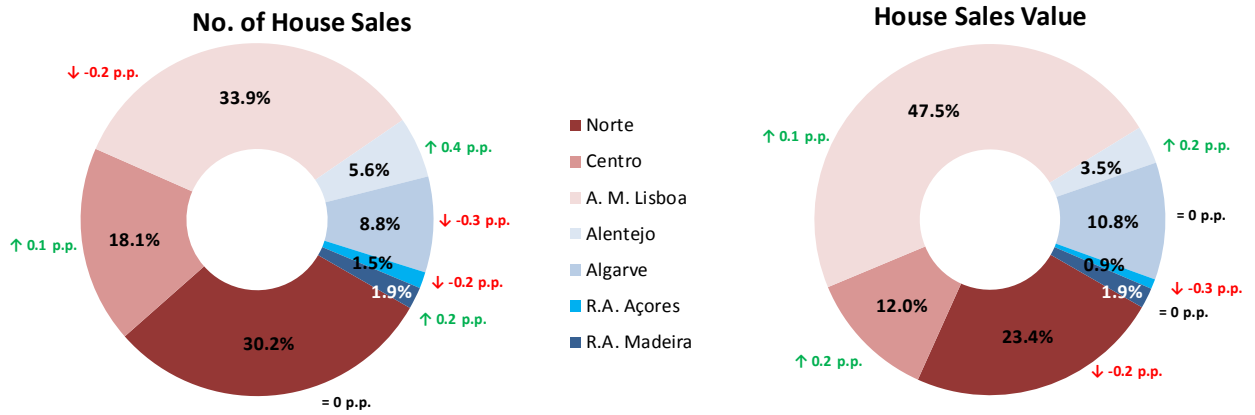


The *Área Metropolitana de Lisboa*, the *Norte* and the *Centro* regions observed maximum sales numbers, with the first two regions accounting for approximately 64% of total transactions in the third quarter of 2017. The *Norte* region exceeded, for the first time, the 11 thousand transactions, 6,719 of which were carried out in the *Área Metropolitana do Porto*, 57.4% of the total of the *Norte* region. The *Centro* region surpassed the 7 thousand transactions for the first time and the *Área Metropolitana de Lisboa* surpassed the 13 thousand sales for the second consecutive quarter.

The information obtained between July and September 2017 also reveals the high concentration of the value of transactions in some regions of the country. The total value of the transacted dwellings located in the *Área Metropolitana de Lisboa* exceeded, for the third consecutive quarter, the 2 billion Euros, 47.5% of the total of the country. More than 70% of the sales value was carried out in this area and in the *Norte* region.

The next figure shows the distribution of the number and value of house sales by NUTS II region for the third quarter of 2017.

>> Percentage distribution of the number and value of house sales, by NUTS II, 3rd quarter 2017
(percentage points difference compared with the same period in the previous year)



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 = 2015. 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/1464>; available only in Portuguese).

Next press release

The HPI of the 4th quarter of 2017 is expected to be released on March 23rd, 2018.

Annex I: House Price Index and House Sales Indicator
All dwellings, 3rd quarter 2011 - 3rd quarter 2017

Quarter	Indexes			Quarterly rate of change (%)			Annual rate of change (%)			Rolling 4-quarter average rate of change (%)			House sales (n ^o)		
	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New
3Q2011	101.49	101.38	101.84	-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	98.25	97.29	99.56	-3.2	-4.0	-2.2	-7.5	-9.6	-5.0	-4.9	-6.6	-2.9	23,199	16,005	7,194
1Q2012	96.84	95.91	98.12	-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	94.64	94.40	95.00	-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	93.70	92.92	94.77	-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	94.31	93.94	94.84	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	92.45	90.72	95.13	-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	92.25	91.51	93.36	-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	92.75	92.01	93.85	0.5	0.5	0.5	-1.0	-1.0	-1.0	-3.0	-3.2	-2.7	20,295	14,984	5,311
4Q2013	94.89	94.55	95.38	2.3	2.8	1.6	0.6	0.6	0.6	-1.9	-2.2	-1.3	24,275	17,163	7,112
1Q2014	96.16	95.02	97.92	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	97.70	96.60	99.41	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	97.31	95.95	99.42	-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	96.98	97.19	96.57	-0.3	1.3	-2.9	2.2	2.8	1.2	4.2	4.3	4.1	25,534	20,093	5,441
1Q2015	96.94	97.01	96.80	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	100.57	99.89	101.90	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	100.65	100.96	100.04	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	101.84	102.14	101.26	1.2	1.2	1.2	5.0	5.1	4.9	3.1	4.0	1.7	29,835	24,067	5,768
1Q2016	103.67	104.66	101.34	1.8	2.5	0.1	6.9	7.9	4.7	4.6	5.4	3.1	29,464	23,956	5,508
2Q2016	106.91	108.34	103.46	3.1	3.5	2.1	6.3	8.5	1.5	5.4	6.7	2.9	31,768	26,329	5,439
3Q2016	108.31	110.18	103.76	1.3	1.7	0.3	7.6	9.1	3.7	6.5	7.7	3.7	31,535	26,341	5,194
4Q2016	109.57	111.53	104.77	1.2	1.2	1.0	7.6	9.2	3.5	7.1	8.7	3.3	34,339	28,876	5,463
1Q2017	111.89	114.34	105.58	2.1	2.5	0.8	7.9	9.2	4.2	7.4	9.0	3.2	35,178	29,511	5,667
2Q2017	115.51	118.03	109.02	3.2	3.2	3.3	8.0	8.9	5.4	7.8	9.1	4.2	36,886	31,150	5,736
3Q2017	119.60	122.82	110.92	3.5	4.1	1.7	10.4	11.5	6.9	8.5	9.7	5.0	38,783	32,864	5,919

Notes: (*) HPI base 100 = 2015. The definition of the rates of change used in this table are available in the explanatory notes.

Source: Statistics Portugal, National Accounts Department

Annex II: Value (*) and number of dwelling sales National and regional totals, 3rd quarter 2011 - 3rd quarter 2017

Quarter	PORTUGAL		Norte				Centro		Área Metropolitana de Lisboa		Alentejo		Algarve		Região Autónoma dos Açores		Região Autónoma da Madeira	
	Value (10 ³ euros)	N ^o	Value (10 ³ euros)	N ^o	Área Metropolitana do Porto (NUTS III)		Value (10 ³ euros)	N ^o	Value (10 ³ euros)	N ^o	Value (10 ³ euros)	N ^o	Value (10 ³ euros)	N ^o	Value (10 ³ euros)	N ^o	Value (10 ³ euros)	N ^o
					Value (10 ³ euros)	N ^o												
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
1Q2016	3,424,551	29,464	798,707	8,735	524,767	5,035	395,615	4,980	1,581,665	10,453	116,611	1,593	415,675	2,749	33,635	401	82,642	553
2Q2016	3,718,224	31,768	830,684	8,980	546,089	5,348	433,710	5,425	1,747,666	11,311	142,022	1,831	468,783	3,244	37,027	454	58,332	523
3Q2016	3,617,902	31,535	853,133	9,518	554,316	5,398	428,306	5,664	1,714,917	10,756	120,500	1,638	390,871	2,865	42,596	532	67,579	562
4Q2016	4,047,495	34,339	906,377	9,923	585,498	5,620	483,225	6,040	1,914,969	11,791	139,849	1,971	492,999	3,503	42,796	502	67,281	609
1Q2017	4,312,982	35,178	982,350	10,236	651,996	6,090	479,122	5,976	2,089,822	12,381	152,751	1,946	474,873	3,370	48,944	576	85,119	693
2Q2017	4,585,612	36,886	1,038,860	10,752	706,207	6,494	519,017	6,219	2,209,146	13,111	157,305	2,050	543,363	3,621	44,895	517	73,028	616
3Q2017	4,861,127	38,783	1,139,491	11,714	755,137	6,719	582,644	7,014	2,306,796	13,140	169,074	2,171	526,916	3,397	44,428	589	91,778	758

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: Statistics Portugal, National Accounts Department