

## Commercial Property Price Index

2017

### Prices of commercial properties increased 3.3% in 2017

In 2017, the Commercial Property Price Index (CPPI) rose 3.3% when compared with the previous year, 1.3 percentage points (p.p.) more than in 2016.

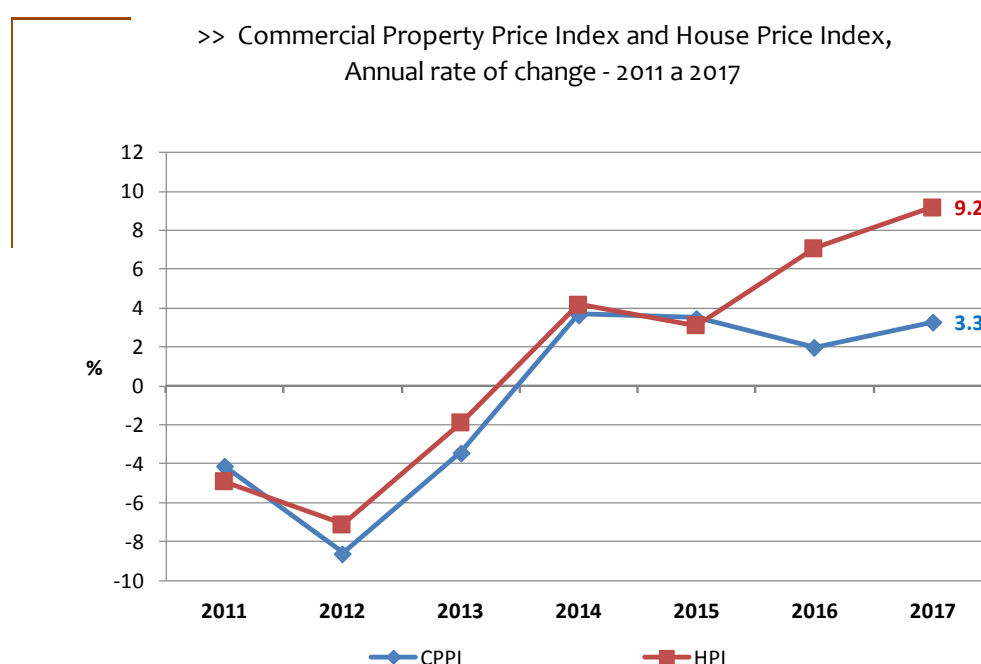
Despite this acceleration, the rise in commercial real estate prices was significantly lower than for residential property prices (9.2%).

#### 1. Commercial Property Price Index

In 2017, the commercial property market continued to show price increases, with the CPPI recording an annual average rate of change of 3.3%. This value exceeded by 1.3 p.p. the rate of change observed in 2016.

Compared with the Housing Price Index (HPI), commercial real estate prices rose at a rate that was 5.9 p.p. lower than the one that was obtained for residential real estate prices. The difference between the CPPI and the HPI accentuated from the previous year, climbing from 5.1 p.p. in 2016 to the 5.9 p.p. in 2017.

The following figure illustrates the annual rates of change for the last seven years of the two main national real estate market price indicators.



## **EXPLANATORY NOTES**

### **Commercial Property Price Index**

The Commercial Property Price Index (CPPI) measures the price developments of the commercial properties transacted in Portugal. As the House Price Index (HPI), which is being published since July 2014, the CPPI is compiled using anonymized fiscal administrative information provided by the Tax and Customs Authority (AT) on the Municipal Property Transfer Tax (IMT) and the Municipal Property Tax (IMI). The IMT and IMI information is provided on a monthly basis to Statistics Portugal under a data transmission protocol that was signed between the two institutions. Statistics Portugal thanks the collaboration of AT in this area.

The CPPI is derived through the estimation of a functional relationship between the logarithm of the transaction prices of commercial properties and their price-determining characteristics such as area or location. With this approach (i.e., hedonic price model), it is possible to estimate the price change controlling for changes in the quality of commercial properties.

The CPPI is a chained index with base 100 in 2015. This compilation methodology enables the weighting structure to be updated annually with information on the value of commercial property transactions in the year immediately preceding the year in which the index refers.

### **Annual rate**

The annual rate is the change in the average index of one year compared with the average index of the previous year expressed as a percentage.

### **Commercial property**

A commercial property is an urban property that consists of a building (or a structure) that has been licensed for commercial purposes or that, in the absence of a license, is used for commercial purposes.

### **Additional information**

Further methodological information on the CPPI is available on the website of Statistics Portugal: <http://smi.ine.pt/DocumentacaoMetodologica/Detalhes/1472> (available only in Portuguese).

**Annex: Commercial Property Price Index and House Price Index  
(National total, 2009-2017)**

Year	Indexes <sup>(*)</sup>		Rate of change (%)	
	CPPI	HPI	CPPI	HPI
2009	112.33	106.54	-	-
2010	110.05	107.36	-2.0	0.8
2011	105.52	102.09	-4.1	-4.9
2012	96.43	94.87	-8.6	-7.1
2013	93.15	93.09	-3.4	-1.9
2014	96.59	97.04	3.7	4.2
2015	100.00	100.00	3.5	3.1
2016	101.98	107.12	2.0	7.1
2017	105.38	117.02	3.3	9.2

**Note:** (\*) base 100 = 2015.

**Source:** Statistics Portugal, National Accounts Department.