

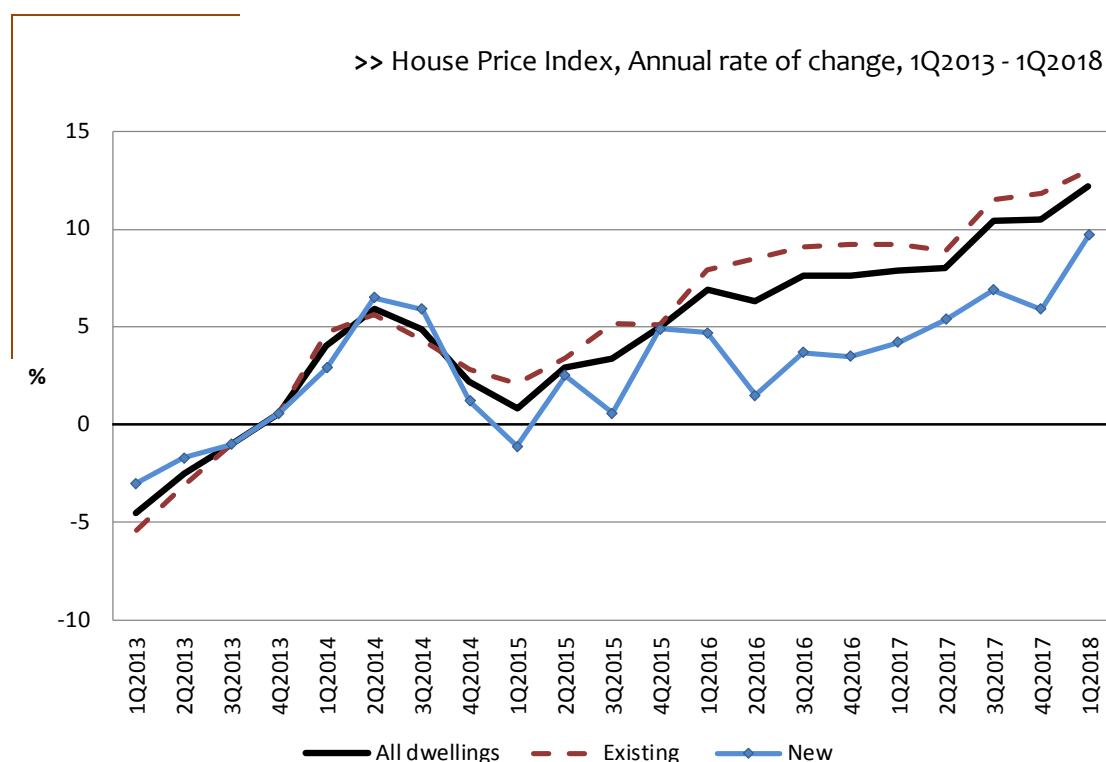
House Price Index  
1<sup>st</sup> Quarter of 2018

**House price increase accelerates to 12.2% in the first quarter of 2018**

In the first quarter of 2018, the House Price Index (HPI) rose 12.2% in relation to the same quarter of the previous year, 1.7 percentage points (p.p.) more than in the fourth quarter of 2017. This was the fifth consecutive quarter in which dwelling prices accelerated. For this period, prices of existing dwellings increased by 13.0%, the highest rate of change in the available series. New dwelling prices also increased significantly by 9.7%, 3.8 p.p. more than in the previous quarter.

Compared to the last quarter of 2017, the HPI increased 3.8%, the highest quarter-on-quarter growth rate ever observed. Existing dwelling prices increased less than new dwelling prices, with the former rising 3.6% and the latter 4.4%.

A total of 40,716 dwellings were traded in the first three months of 2018, 15.7% more than the number of transactions recorded for the same period in 2017. Houses sales in this period exceeded the 5.4 billion euros, 25.7% more than in the first quarter of 2017.



## 1. House Price Index

In the first quarter of 2018, the HPI increased 12.2% when compared with the same period of the last year. This was the highest rate of change ever recorded in available series. Existing dwellings recorded an acceleration in prices for the third consecutive quarter (13.0% in the first three months of the year and 11.8% in the fourth quarter of 2017). The prices of new dwellings increased 9.7%, 3.8 p.p. higher than in the previous quarter (5.9%).

On a quarter-on-quarter basis, the HPI grew 3.7%, 2.5 p.p. more than in the previous quarter. The increase of prices was more intense in the case of new dwellings, which presented a rate of change of 4.4% (0.0% in the previous quarter). Relatively to existing dwellings, the observed rate of change of 3.6% was the second highest in the last three years.

The rolling 4-quarter rate of change of the HPI was 10.3%, which represents an increase of 1.1 p.p. when compared to the previous quarter.

## 2. Number and value of house sales

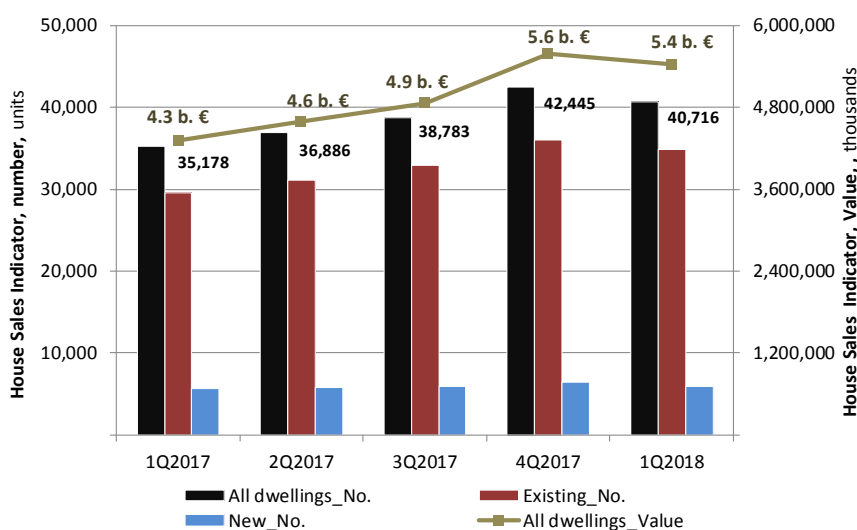
A total of 40,716 dwellings were transacted in the first quarter of 2018, 15.7% more than in the same period of the last year. The sales of existing dwellings reached 34,822 units, 18.0% more than in the first quarter of 2017. New dwellings sales accounted for 14.5% of the total and increased 4.0% when compared to the first three months of 2017.

Between the last quarter of 2017 and the first quarter of 2018, there was a 4.1% reduction in the number of transactions. This was the first time since the third quarter of 2016 in which a decrease in the number of house sales was observed. New dwelling transactions recorded the largest drop in transactions (-8.0%, compared to -3.4% for existing dwellings).

In the first three months of 2018, the total value of the transacted dwellings exceeded the 5.4 billion euros, 25.7% more than in the same period of 2017. For this period, the sales of existing dwellings surpassed the 4.4 billion euros and those of new dwellings reached the 1 billion euros.

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

>> House Sales Indicator, number and value, All-dwellings, Existing and New Dwellings, 1Q2017 - 1Q2018

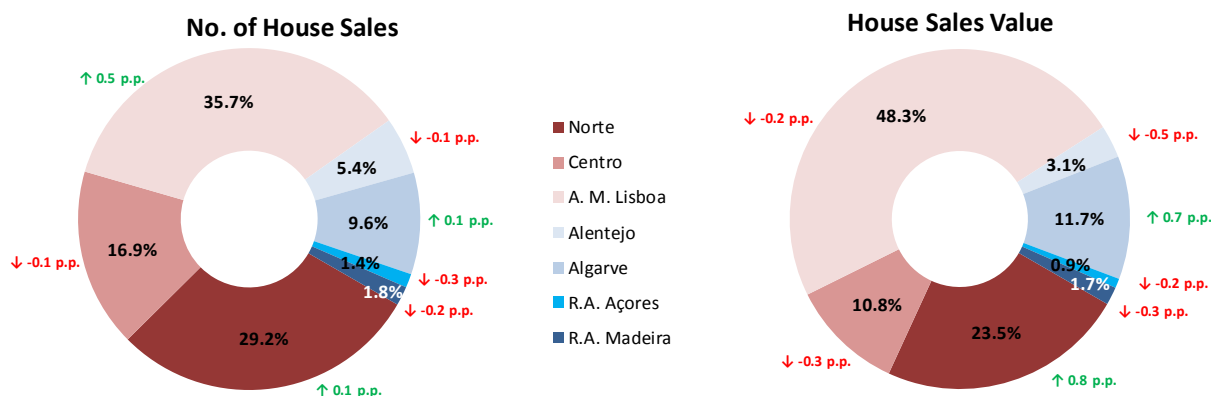


The *Área Metropolitana de Lisboa* and the *Norte* region accounted for 65.0% of the total number of dwelling sales, the highest of the last two years. For the third consecutive quarter, the *Norte* region exceeded the 11 thousand transactions, while the *Área Metropolitana de Lisboa* reached the 14,548 sales. In addition to these two regions, the *Algarve*, with a total of 3,920 transactions, was the other region that increased (by 0.1 p.p.) its relative importance in total sales.

In sales value, 71.8% of the dwelling sales were carried out in the *Área Metropolitana de Lisboa* and in the *Norte* region. In the period under review, the *Norte* region reached almost 1.3 billion euros in sales in a single quarter, while the *Área Metropolitana de Lisboa* accounted for 2.6 billion euros. In terms of the regional relative share, the *Norte* and *Algarve* regions were the only ones to present increases (0.8 p.p. and 0.7 p.p. respectively).

The next figure shows the distribution of the number and value of house sales by NUTS II region for the first quarter of 2018.

>> Percentage distribution of the number and value of house sales, by NUTS II, 1<sup>st</sup> quarter 2018 (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 2<sup>nd</sup> quarter of 2018 is expected to be released on September 21<sup>st</sup>, 2018.

**Annex I: House Price Index and House Sales Indicator**  
**All dwellings, 1st quarter 2012 - 1st quarter 2018**

Quarter	Indexes			Quarterly rate of change (%)			Annual rate of change (%)			Rolling 4-quarter average rate of change (%)			House sales (n <sup>o</sup> )		
	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New
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
4Q2017	121.06	124.72	110.96	1.2	1.5	0.0	10.5	11.8	5.9	9.2	10.4	5.6	42.445	36.040	6.405
1Q2018	125.58	129.18	115.80	3.7	3.6	4.4	12.2	13.0	9.7	10.3 <sup>(*)</sup>	11.3 <sup>(*)</sup>	7.0 <sup>(*)</sup>	40.716	34.822	5.894

Notes: (\*) HPI base 100 = 2015. The definition of the rates of change used in this table are available in the explanatory notes. <sup>(†)</sup> Corrected on June 28.

Source: Statistics Portugal, National Accounts Department

**Annex II: Value (\*) and number of dwelling sales  
National and regional totals, 1st quarter 2012 - 1st quarter 2018**

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 <sup>o</sup>	Value (10 <sup>3</sup> euros)	N <sup>o</sup>	Área Metropolitana do Porto (NUTS III)		Value (10 <sup>3</sup> euros)	N <sup>o</sup>	Value (10 <sup>3</sup> euros)	N <sup>o</sup>	Value (10 <sup>3</sup> euros)	N <sup>o</sup>	Value (10 <sup>3</sup> euros)	N <sup>o</sup>	Value (10 <sup>3</sup> euros)	N <sup>o</sup>	Value (10 <sup>3</sup> euros)	N <sup>o</sup>
					Value (10 <sup>3</sup> euros)	N <sup>o</sup>												
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
4Q2017	5,578,682	42,445	1,221,644	12,180	787,526	6,891	634,826	7,394	2,721,083	15,030	195,949	2,436	656,868	4,018	56,460	658	91,852	729
1Q2018	5,423,303	40,716	1,276,502	11,898	854,284	6,969	587,377	6,888	2,616,261	14,548	165,925	2,198	636,227	3,920	48,892	548	92,119	716

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