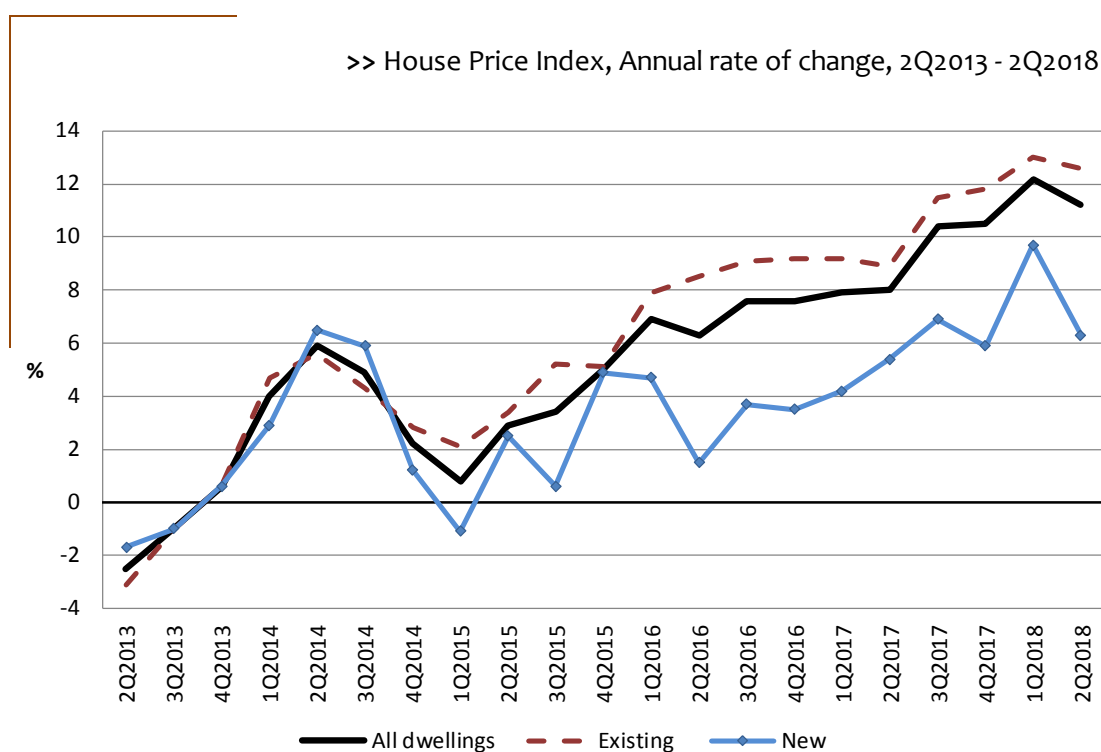House Price Index
2nd Quarter of 2018

House price increased 11.2% in the second quarter of 2018

The House Price Index (HPI) increased 11.2% compared to the same period of 2017, 1.0 percentage point (p.p.) less than in the previous quarter. This result ended a period of five consecutive quarters in which the HPI recorded growing annual rates of change. Price increases were more pronounced in the case of existing dwellings, with this residential property category showing a 12.6% increase, twice the one observed for new dwellings (6.3%).

Compared to the previous quarter, the HPI grew 2.3% (3.7% in the first quarter of 2018). The increase in prices was mainly due to existing dwellings, which recorded a rate of change of 2.9%, while new dwellings depicted a slight increase of 0.1%.

A total of 45,619 dwellings were sold between April and June 2018, which represents an increase of 23.7% over the same period of the previous year. The value of sales was approximately 6.2 billion euros, 34.9% more than in the second quarter of 2017.

>> House Price Index, Annual rate of change, 2Q2013 - 2Q2018

1. House Price Index

In the second quarter of 2018, the HPI recorded an increase of 11.2% over the same period of the previous year. This rate of change was 1.0 p.p. lower than in the previous quarter, discontinuing a period of five consecutive quarters of growing annual rates of change. The price rise was more intense in the case of existing dwellings, which registered a rate of change of 12.6%, twice the one accounted for new dwellings (6.3%).

The HPI grew 2.3% between the first and second quarters of 2018, less 1.4 p.p. compared to the previous quarter. This result was mainly influenced by the behaviour of the existing dwellings, which recorded a price growth of 2.9%, while new dwellings presented only a slight increase in prices (0.1%).

The rolling 4-quarter rate of change of the HPI was 11.1%, which represents a rise of 0.8 p.p. when compared to the previous quarter. By category, the rate of change of existing dwellings was 12.2%, higher than that of new housing units (7.2%).

2. Number and value of house sales

The second quarter of 2018 accounted for a total of 45,619 dwelling transactions, which corresponds to a new maximum of the available series, representing a year on year increase of 23.7%. In relation to existing dwellings, there were 38,880 sales, corresponding to a growth of 24.8% over the same period of the last year. Out of the total sales, 6,739 referred to new dwellings, 17.5% more than in the same quarter of the previous year. The number of transactions in this category was the highest in the last four and a half years.

The number of transactions rose 12.0% between the first and second quarters of 2018 (-4.1% in the previous quarter). The increase was more intense for new housing units, which registered a rate of change of 14.3%, the highest since the fourth quarter of 2014. For existing dwellings, the increase in the number of transactions was 11.7%.

The dwellings transacted between April and June 2018 totalled approximately 6.2 billion euros. This figure represents an increase of 34.9% when compared to the same quarter of 2017. Out of the total value of transactions, 5 billion euros corresponded to sales of existing dwellings.

Compared to the previous quarter, the value of sales were up by 14.1%, with new housing units having a more intense increase (17.5%) than existing dwellings (13.3%).

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

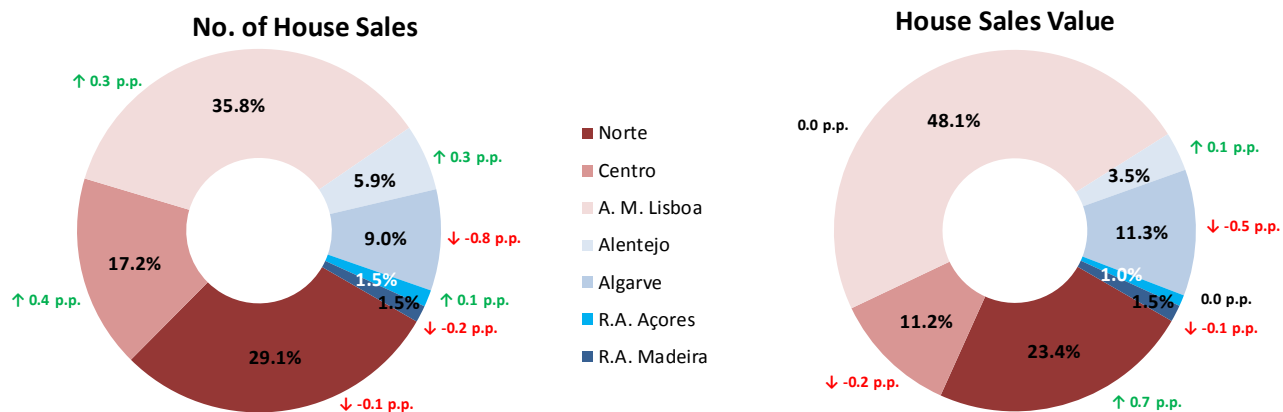>> House Sales Indicator, number and value, All-dwellings, Existing and New Dwellings, 2Q2017 - 2Q2018
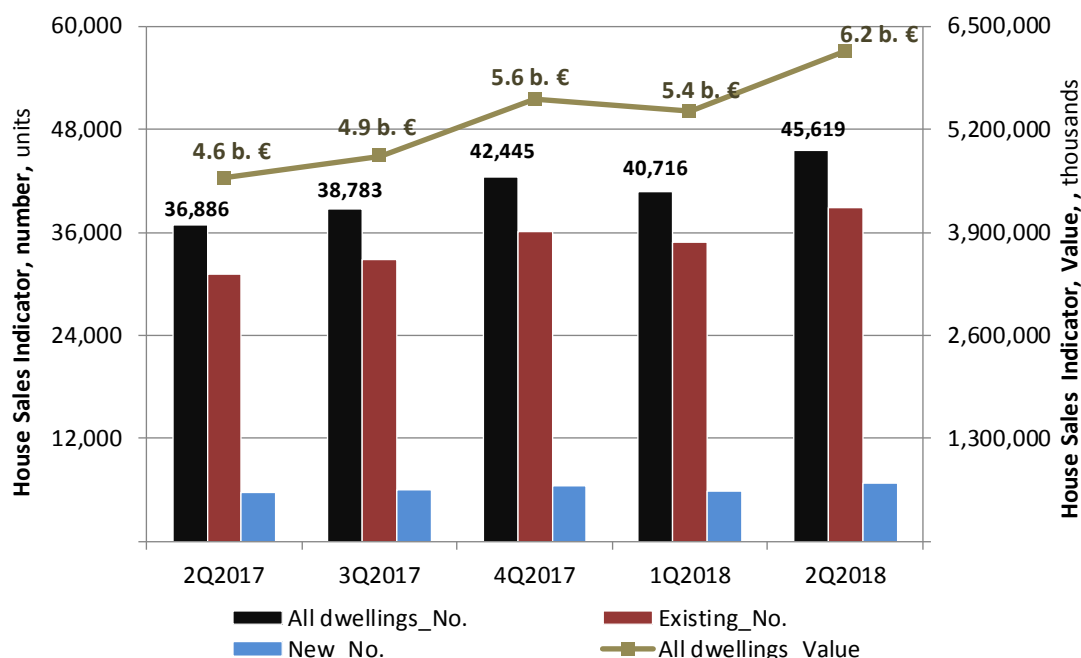
In the second quarter of 2018, all regions of the mainland recorded the maximum sales figures in a single quarter. In the Área Metropolitana de Lisboa, which accounted for 35.8% of total transactions, 16,331 sales were recorded. The Norte region, the second largest in terms of number of transactions (29.1%), accounted for the first time more than 13,000 transactions. The Centro region, for the third time in the last four quarters, presented more than 7,000 transactions, while in the Algarve region, more than 4,000 houses were transacted. For the fifth consecutive quarter, the Alentejo region had a sales number above the 2,000 units.

Between April and June 2018, the value of the transactions carried out in the Área Metropolitana de Lisboa was approximately 3.0 billion euros (48.1% of the total). In the Norte region, for the fifth consecutive quarter, the value of transactions exceeded 1 billion euros. The Alentejo and the Algarve surpassed, for the first time in a quarter, the 200 and 700 million euros, respectively.

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

>> Percentage distribution of the number and value of house sales, by NUTS II, 2nd quarter 2018
(percentage points difference compared with the same period in the previous year)

No. of House Sales

↑ 0.3 p.p. — 35.8%
↑ 0.3 p.p. — 5.9%
↓ -0.8 p.p. — 9.0%
↑ 0.1 p.p. — 1.5%
↓ -0.2 p.p. — 1.5%
↓ -0.1 p.p. — 29.1%
↑ 0.4 p.p. — 17.2%

■ Norte
■ Centro
■ A. M. Lisboa
■ Alentejo
■ Algarve
■ R.A. Açores
■ R.A. Madeira

House Sales Value

0.0 p.p. — 48.1%
↑ 0.1 p.p. — 3.5%
↓ -0.5 p.p. — 11.3%
0.0 p.p. — 1.0%
↓ -0.1 p.p. — 1.5%
↑ 0.7 p.p. — 23.4%
↓ -0.2 p.p. — 11.2%

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 3rd quarter of 2018 is expected to be released on December 21st, 2018.

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Annex I: House Price Index and House Sales Indicator

All dwellings, 2nd quarter 2012 - 2nd quarter 2018

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
2Q2012	94.64	94.40	95	-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	11.3	7.0	40,716	34,822	5,894
2Q2018	128.49	132.90	115.86	2.3	2.9	0.1	11.2	12.6	6.3	11.1	12.2	7.2	45,619	38,880	6,739

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

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

National and regional totals, 2nd quarter 2012 - 2nd quarter 2018

Quarter	PORTUGAL Value (10³ euros)	Nº.	Norte Value (10³ euros)	Nº.	Área Metropolitana do Porto (NUTS III) Value (10³ euros)	Nº.	Centro Value (10³ euros)	Nº.	Área Metropolitana de Lisboa Value (10³ euros)	Nº.	Alentejo Value (10³ euros)	Nº.	Algarve Value (10³ euros)	Nº.	Região Autónoma dos Açores Value (10³ euros)	Nº.	Região Autónoma da Madeira Value (10³ euros)	Nº.
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	1221,644	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	1276,502	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
2Q2018	6,186,741	45,619	1445,835	13,269	977,266	7,801	690,591	7,848	2,978,350	16,331	217,935	2,679	701,471	4,127	62,401	684	90,158	681

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