

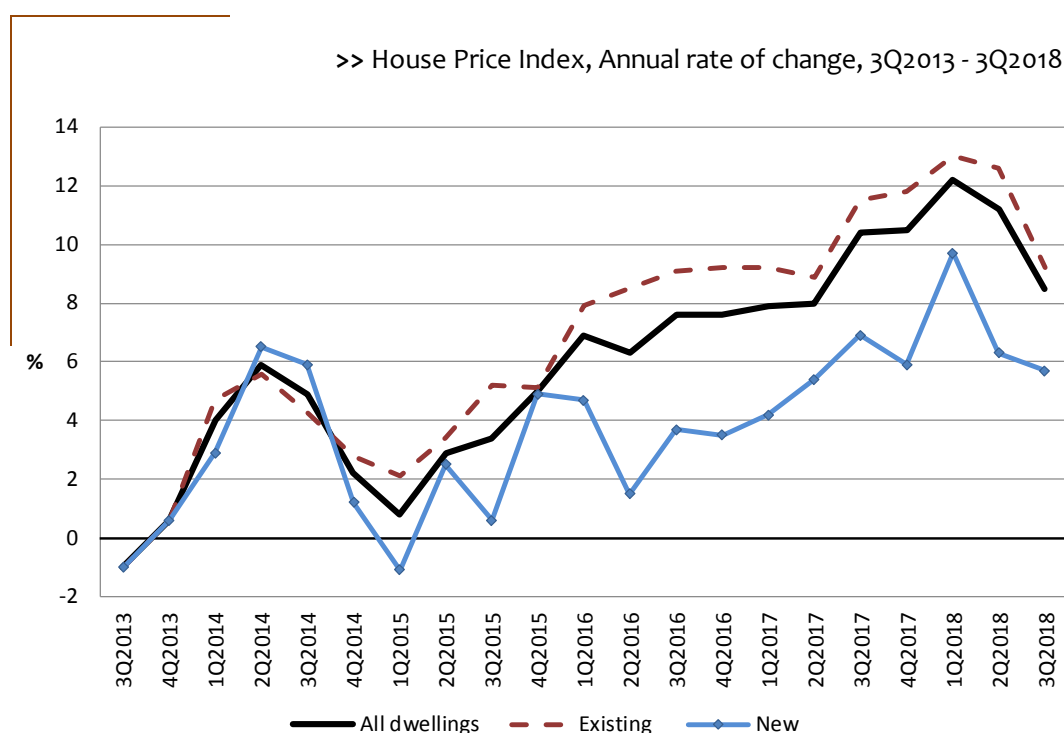
House Price Index
3rd Quarter of 2018

House price increased 8.5 %

In the third quarter of 2018, the Housing Price Index (HPI) grew by 8.5% when compared to the same period of 2017. This rate was 2.7 percentage points (p.p.) lower than in the previous quarter and corresponded to the second consecutive quarter where an deceleration occurred. In the reference quarter, the rate of change for existing dwellings was higher than the one observed for new dwellings (9.2% and 5.7%, respectively).

When compared to the previous quarter, the HPI increased by 1.0% (2.3% in the second quarter of 2018). The rate of change observed for both residential categories was similar, 1.1% for new dwellings and 0.9% for existing dwellings.

A total of 45,935 dwellings were transacted between July and September 2018. This was 18.4% more than the recorded in the same period of the previous year, and 0.7% more than the previous quarter. Dwelling transactions totalled 6.3 billion euros, rising 29.1% over the third quarter of 2017.



1. House Price Index

In the third quarter of 2018, the HPI presented a year-on-year change rate of 8.5%, 2.7 p.p. less than in the previous quarter. This was the second consecutive quarter where a deceleration of the rate of change of the index was observed. In this period, the prices of existing dwellings increased by 9.2%, above that of new dwellings (5.7%).

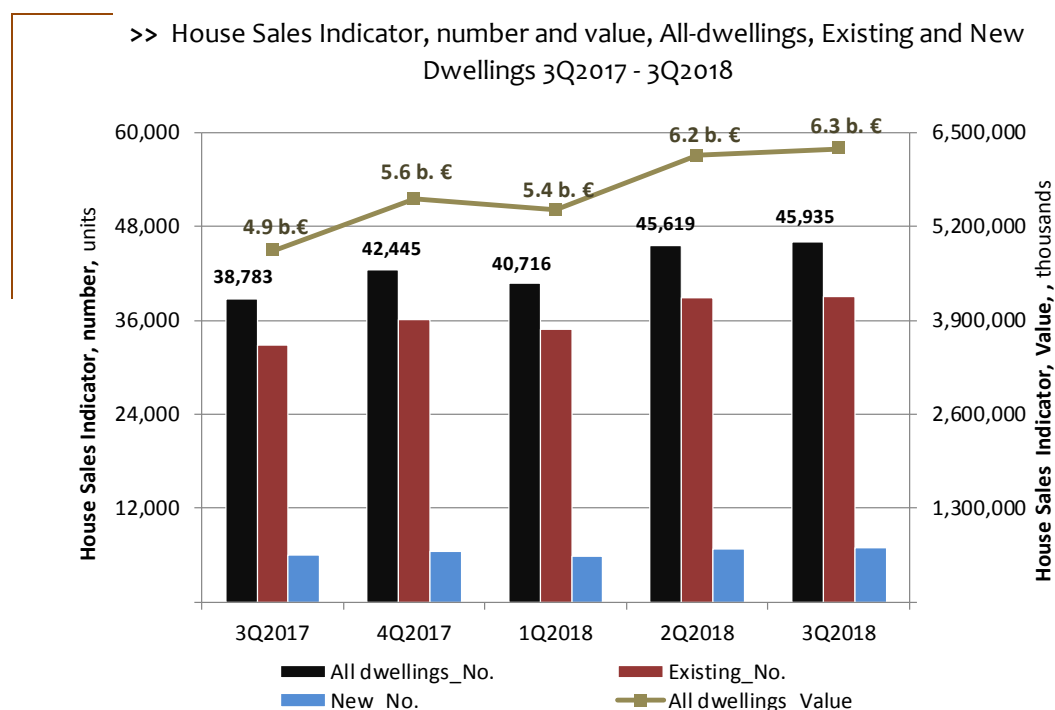
Between the second and third quarter of 2018, the HPI grew by 1.0% (2.3% in the previous quarter), the lowest over the last three years. Existing dwellings and new dwellings recorded similar growth rates (0.9% and 1.1%, respectively).

The rolling 4-quarter rate of change of the HPI was 10.6%, 0.5 p.p. less when compared to the previous quarter. For the first time since the second quarter of 2015, this rate diminished. In this period, existing dwellings showed a price increase of 11.6%, 4.7 p.p. more than what was registered for new dwellings.

2. Number and value of house sales

A total of 45 935 dwellings were sold in the third quarter of 2018, 18.4% more than in the same period of the last year. Existing dwellings transactions accounted for the majority of sales (84.9%), totalling 38 988 units and representing a year-on-year growth of 18.6%. In relation to new dwellings, a total of 6 947 units were sold, 17.4% more than the third quarter of 2017.

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



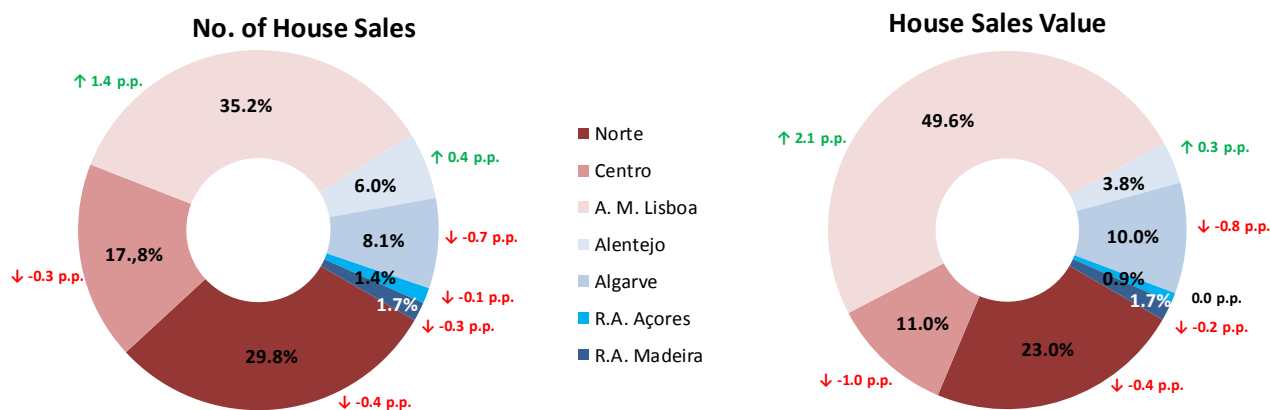
The number of transactions between the second and the third quarter of 2018 remained practically unchanged, with a growth of 0.7% (12.0% variation in the previous quarter). In this period, existing dwellings registered a rate of change of 0.3%, and new dwellings showed an increase of 3.1%.

Between July and September 2018, the house sales value reached 6.3 billion euros, with 5.1 billion euros corresponding to existing dwelling transactions and the remaining 1.2 billion euros to sales of new dwellings. In the period under review, the total value represents an increase of 29.1% when compared to the same quarter of 2017, and 1.4% in comparison with the previous quarter.

In the third quarter of 2018, three of the seven regions recorded maximums in the number of transactions for the series started in the first quarter 2009. The Norte region, for the second consecutive quarter, presented more than 13,000 transactions, while the Centro region exceeded the threshold of 8,000 sales for the first time. In the Alentejo, 2,762 houses were traded, 83 more than the previous maximum observed in the previous quarter.

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

>> Percentage distribution of the number and value of house sales, by NUTS II, 3rd quarter 2018 (percentage points difference compared with the same period in the previous year)



Comparing with the same quarter of the previous year, the Área Metropolitana de Lisboa, with a total of 16,188 sales (35.2% of the national total), and the Alentejo region were the only presenting an increase in their relative regional quotas, 1.4 p.p. and 0.4 p.p., respectively.

Between July and September 2018, the Área Metropolitana de Lisboa accounted for 49.6% of the total value of the transactions, which represents the highest percentage in the series and an increase of 2.1 p.p. in the relative regional share compared to the same quarter of 2017. In this region, was also observed a new maximum value of transactions, more than 3.1 billion euros. The same situation was observed in the Norte with a total of 1.4 billion euros and in the Alentejo, where the dwellings sold added up 236 million euros.

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 2018 is expected to be released on March 22nd, 2019.

Annex I: House Price Index and House Sales Indicator

All dwellings, 3rd quarter 2012 - 3rd quarter 2018

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
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
3Q2018	129.72	134.11	117.19	1.0	0.9	1.1	8.5	9.2	5.7	10.6	11.6	6.9	45,935	38,988	6,947

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

House Price Index – 3rd Quarter of 2018

**Annex II: Value (*) and number of dwelling sales
National and regional totals, 3rd quarter 2012 - 3rd quarter 2018**

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												
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
2Q2018	6,186,741	45,619	1,445,835	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
3Q2018	6,275,433	45,935	1,445,922	13,699	958,393	7,654	689,406	8,180	3,115,083	16,188	236,335	2,762	627,562	3,703	54,660	624	106,466	779

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