

Commercial Property Price Index

2018

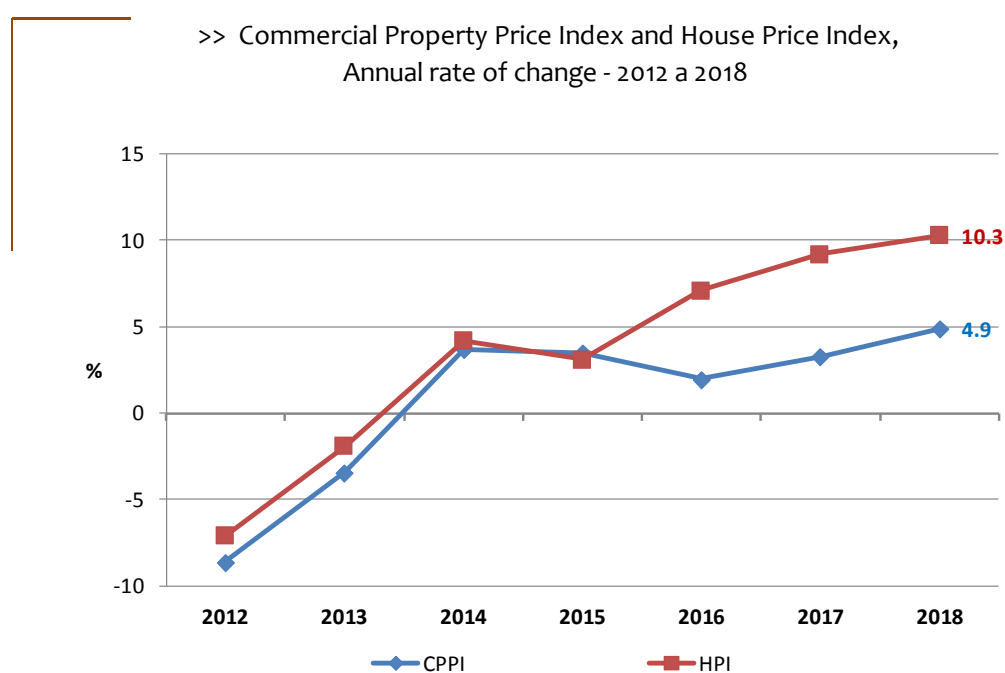
Prices of commercial properties increased 4.9% in 2018

The Commercial Property Price Index (CPPI) rose 4.9% in 2018, 1.6 percentage points (pp) more than in 2017. This was the highest price increase since 2010 and the second consecutive year in which the prices of commercial properties accelerated. Since 2016, commercial property prices have been increasing less than residential property prices.

In 2018, the CPPI maintained the growth trajectory started in 2014, presenting the highest annual average rate of change of the available series (4.9%). This was the second consecutive year in which the prices of commercial properties accelerated, with increases of 2.0% in 2016, 3.3% in 2017, and 4.9% in 2018.

As in the previous two years, residential real estate prices increased at a higher pace than commercial property prices in 2018, with the annual rate of change of the Housing Price Index (HPI) exceeding by 5.4 pp the variation of the CPPI. When compared with the previous year, there was however a reduction in the growth rate differential between the two indicators (from 5.9 pp in 2017, to 5.4 pp in 2018).

The following figure illustrates the annual rates of change for the last seven years of the CPPI and HPI.



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 - 2018**

Year	Indexes (*)		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
2018	110.52	129.03	4.9	10.3

Note: (*) base 100 = 2015.

Source: Statistics Portugal, National Accounts Department