

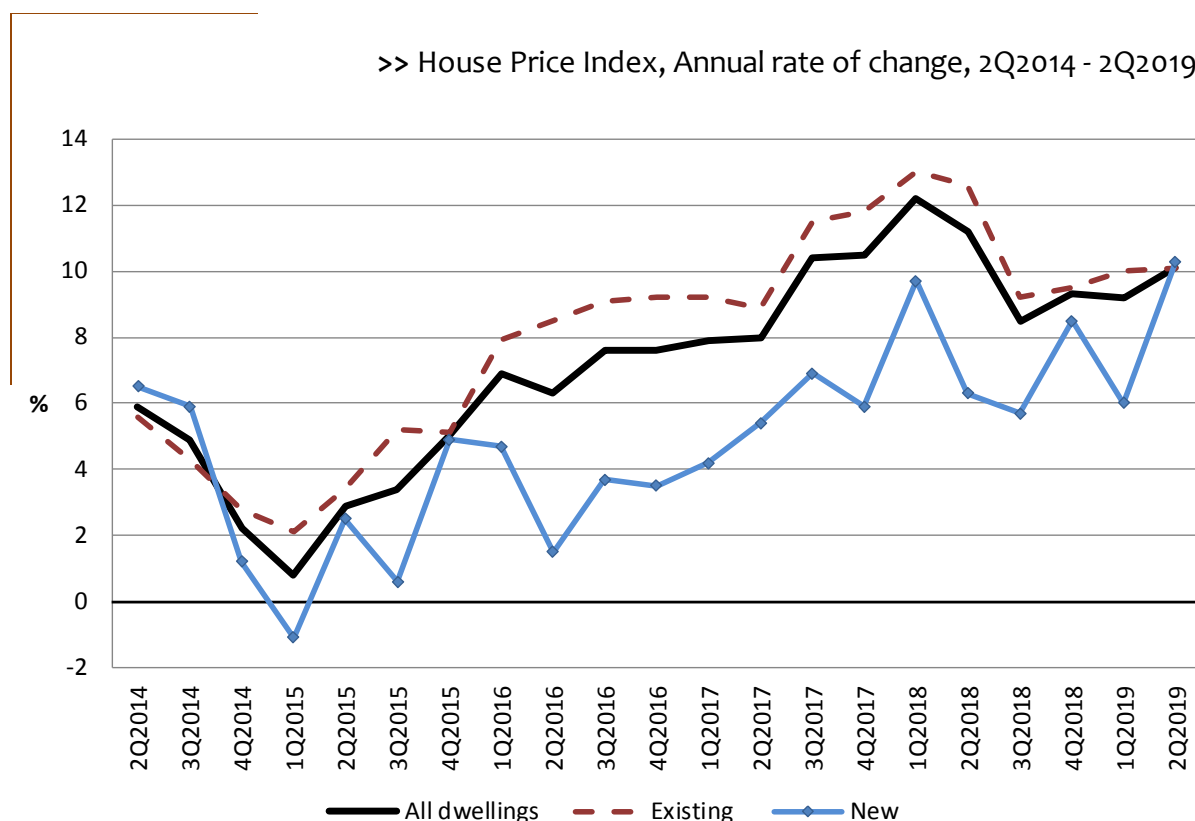
House Price Index
2nd Quarter of 2019

House prices increased 10.1% in the 2nd quarter of 2019

The House Price Index (HPI) increased 10.1% in the 2nd quarter of 2019, when compared to the same period of 2018, 0.9 percentage point (pp) more than in the previous quarter. Existing dwellings and new dwellings recorded similar growth rates (10.1% and 10.3%, respectively).

On a quarter-to-quarter basis, the HPI grew 3.2%. The increase in prices was more intense for new dwellings, which increased by 4.1%, 1.1 p.p. above the increase observed for existing dwellings (3.0%).

From April to June 2019, a total of 42,590 dwellings were transacted, 6.6% less than in the 2nd quarter of 2018. The value of sales in this period was approximately 6.1 billion euros, which represents a year-on-year decrease of 1.9%.



1. House Price Index

In the 2nd quarter of 2019, the HPI increased by 10.1% over the same period of the last year, 0.9 pp more when compared to the previous quarter. The growth in residential property prices was similar in both categories. Existing dwellings presented a year-on-year rate of change of 10.1%, 0.1 pp more when compared to the previous quarter. New dwellings prices accelerated 10.3%, registering the highest rate of change in the series (6.0% in the 1st quarter of 2019).

On a quarter-on-quarter basis, HPI grew 3.2%, 0.4 pp below the previous quarter. In the period under review, existing dwelling prices increased by 3.0%, 1.0 pp less when compared to the 1st quarter of 2019. For new dwellings, the rate of change stood at 4.1%, which is more than the double of what was observed for the first three months of 2019 (2.0%).

The rolling 4-quarter average rate of change of the HPI was 9.3% (9.5% in the 1st quarter of 2019). This was the fourth consecutive quarter in which this rate diminished. On an annual basis, existing dwellings continued to show a rate of change above the one that was observed for new dwellings (9.7% and 7.6%, respectively).

2. Number and value of house sales

In the second quarter of 2019, a total of 42,590 dwellings were traded. This represents a reduction of 6.6% when compared to the same period of 2018 and the first year-on-year decrease in the number of transactions since the 1st quarter of 2013. The number of transactions of new dwellings was 6,107, 9.4% less than in the 2nd quarter of 2018. Existing dwellings sales continued to represent the majority of transactions (85.7%) and accounted for 36,483 units, a figure that represents a year-on-year rate of change of -6.2%.

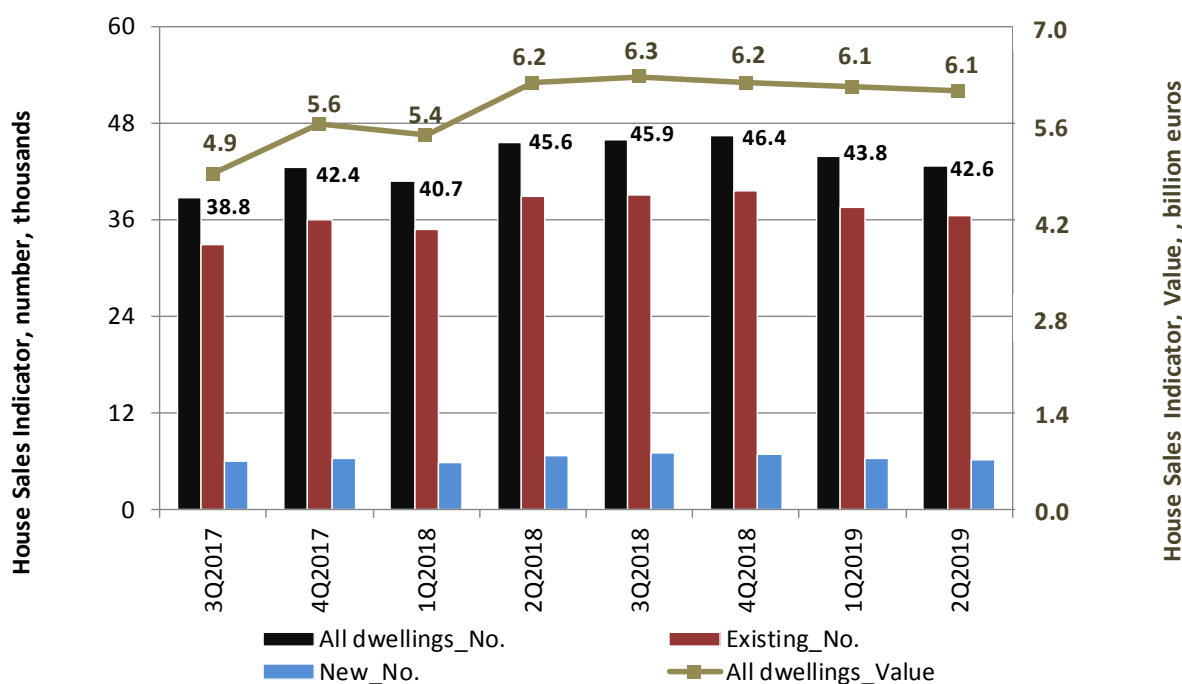
Between the 1st and the 2nd quarter of 2019, the number of transactions decreased by 2.8% (-5.6% in the previous quarter). The reduction in the number of transactions was more significant in the case of new dwellings (4.4%) compared to existing dwellings (-2.5%).

In the 2nd quarter of 2019, the value of house sales totalled approximately 6.1 billion euros, of which 4.9 billion euros corresponded to existing dwellings and 1.2 billion euros to new dwellings. Compared to the same period of 2018, the values for 2019 constitute reductions of 1.9%, 2.1% and 1.1% for the total, existing and new dwellings, respectively.

When compared to the previous quarter, the value of house sales in the 2nd quarter of 2019 decreased by 0.9%. This was the third consecutive quarter in which there was a reduction in the rate of change in the transactions value (0.9% in the first two quarters of 2019 and 1.6% in the 4th quarter of 2018). By category, it was observed a decrease in the value of existing dwellings (-1.3%) and an increase in the value of new dwellings (1.0%).

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

>> House Sales Indicator, number and value, All-dwellings, Existing and New Dwellings 3Q2017 - 2Q2019

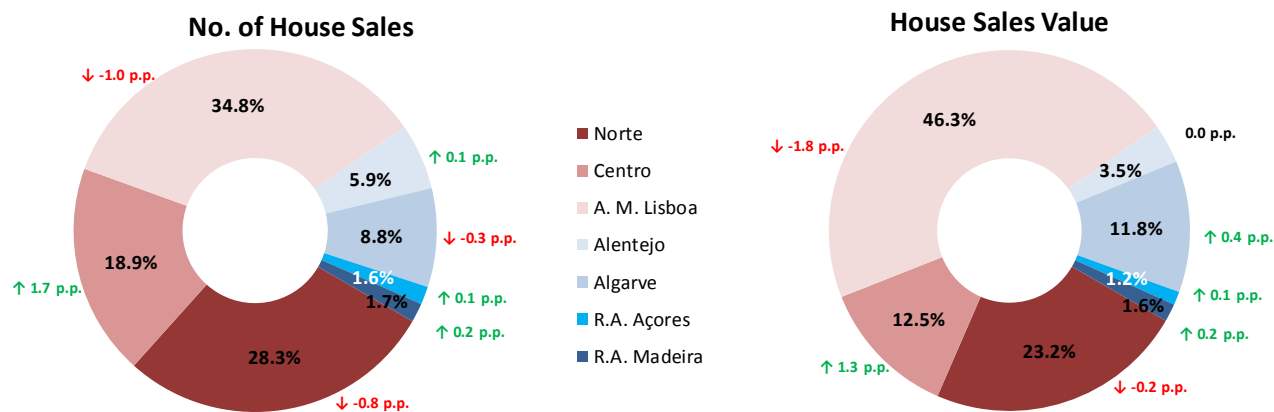


In the quarter under analysis, a total of 14,804 and 12,043 dwellings were transacted in the *Área Metropolitana de Lisboa* and the *Norte*, respectively. These two regions together accounted for 63.1% of total transactions, the lowest since the 4th quarter of 2016. In addition to these regions, the *Algarve*, with a total of 3,735 sales, was the other having a reduction in its regional relative weight (-0.3 pp). On the other hand, the *Centro*, *Alentejo*, *Região Autónoma dos Açores* and the *Região Autónoma da Madeira* presented, for the third consecutive quarter (in the case of *Alentejo*, the fifth quarter), an increase in their relative regional quotas.

In the 2nd quarter of 2019, the *Área Metropolitana de Lisboa* accounted for 46.3% of the total value of house sales, followed by the *Norte* with a relative weight of 23.2%. The transaction value of the dwellings sold in these two regions (approximately 2.8 and 1.4 billion euros, respectively), were the lowest of the last five quarters. Both cases reduced their relative weights: -1.8 pp in the *Área Metropolitana de Lisboa* and -0.2 pp in the *Norte*. The value of transactions calculated for the *Centro* region, 757 million euros, was the second highest in the series and represented a 1.3 pp increase in the regional relative share. In the period under review, the *Algarve* recorded the highest value of transactions (714 million euros), while the *Região Autónoma dos Açores* and the *Região Autónoma da Madeira* had sales in the amount of 70 and 98 million euros, respectively.

The next figure shows the distribution of the number and value of house sales by NUTS II region for the 2nd quarter of 2019.

>> Percentage distribution of the number and value of house sales, by NUTS II, 2nd quarter 2019 (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 3rd quarter of 2019 is expected to be released on December 23rd, 2019.

Annex I: House Price Index and House Sales Indicator

All dwellings, 2nd quarter 2013 - 2nd quarter 2019

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
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	14,514	4,764
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	14,981	5,314
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	17,155	7,120
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	13,739	4,851
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	14,664	4,973
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	15,806	4,648
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	20,088	5,446
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	20,170	5,546
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	19,573	4,939
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	24,069	5,766
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
4Q2018	132.34	136.60	120.34	2.0	1.9	2.7	9.3	9.5	8.5	10.3	11.0	7.5	46,421	39,522	6,899
1Q2019	137.14	142.08	122.76	3.6	4.0	2.0	9.2	10.0	6.0	9.5	10.3	6.6	43,826	37,436	6,390
2Q2019	141.49	146.30	127.74	3.2	3.0	4.1	10.1	10.1	10.3	9.3	9.7	7.6	42,590	36,483	6,107

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 – 2nd Quarter of 2019

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Annex II: Value (*) and number of dwelling sales
National and regional totals, 2nd quarter 2013 - 2nd quarter 2019

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												
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
4Q2018	6,176,220	46,421	1,486,664	13,968	969,359	8,026	767,286	8,674	2,847,492	15,422	235,597	2,947	652,371	3,789	79,917	804	106,893	817
1Q2019	6,120,645	43,826	1,422,875	12,428	952,690	7,183	724,584	8,132	2,908,390	15,506	217,726	2,565	672,227	3,724	71,335	672	103,508	799
2Q2019	6,066,934	42,590	1,405,650	12,043	916,874	6,842	756,928	8,050	2,809,530	14,804	212,774	2,534	714,298	3,735	69,912	688	97,841	736

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