

House Price Index
2nd Quarter of 2020

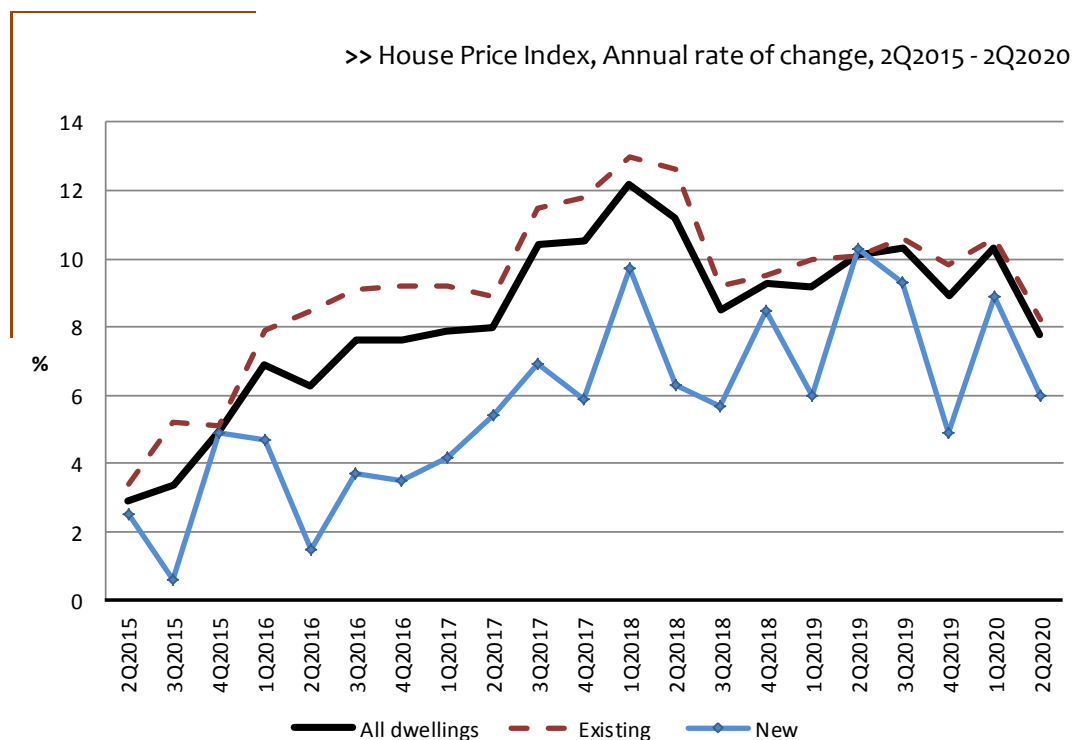
House prices decelerated to 7.8% and the value of house sales diminished 15.2%

In the 2nd quarter of 2020, the House Price Index (HPI) presented a year-on-year increase of 7.8%, 2.5 percentage points (pp) less than the previous quarter. In the reference quarter, the prices of existing dwellings increased 8.2%, above that observed for new dwellings (6.0%).

When compared to the previous quarter, the HPI increased 0.8% (4.9% in the 1st quarter of 2020). In this period, the new dwellings price growth exceeded that of existing dwellings, 1.2% and 0.7% respectively.

Between April and June 2020, 33,398 dwellings were traded for a total amount of 5.1 billion euros, which represents a year-on-year reduction of 21.6% and 15.2%, respectively. By months, April was the one that registered the strongest decrease in transactions, 35.2% in number and 25.0% in value. In May and June, the rates of change were less negative, which stood at -22.0% and -7.6%, respectively, for the number of house sales, and -14.2% and -7.0%, by the same order, in value.

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal calls for the best collaboration by companies, families and public entities in responding to Statistics Portugal’s data requests. The quality of official statistics, particularly its ability to identify the impacts of the pandemic COVID-19, crucially depends on this collaboration, which Statistics Portugal thanks in advance.



1. House Price Index

In the 2nd quarter of 2020, the HPI grew 7.8% compared to the same period of 2019, 2.5 pp less than in the previous quarter. This rate of change is the lowest since the 4th quarter of 2016 and may have been influenced by the restrictions imposed in the context of the COVID-19 pandemic. By category, existing dwellings registered a price increase of 8.2%, 2.4 pp less than in the previous quarter. For new dwellings, prices decelerated to 6.0% (8.9% in the 1st quarter of 2020).

The HPI increased 0.8% between the 1st and the 2nd quarter of 2020, below the rate of change recorded in the first three months of 2020 (4.9%). In the reference period and for the second consecutive quarter, new dwellings registered a higher price increase than existing dwellings, 1.2% and 0.7% respectively.

The rolling 4-quarter rate of change of the HPI was 9.3%, which corresponds to a deceleration of 0.6 pp compared to the previous quarter. Between April and June 2020, existing dwellings showed a rolling 4-quarter rate of change above that observed for new dwellings, 9.8% and 7.2%, respectively.

2. Number and value of house sales

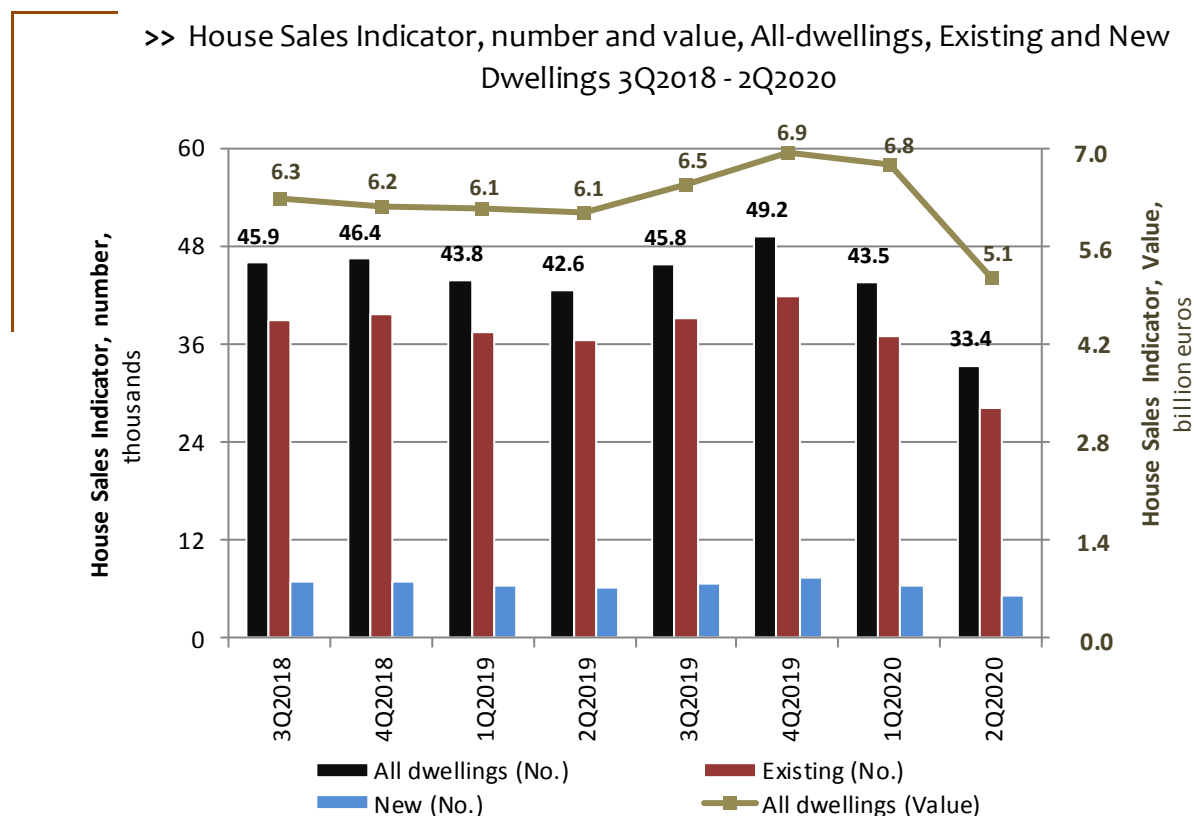
Between April and June 2020, 33,398 houses were traded, which represents a reduction of 21.6% compared to the same period in 2019. The performance of the real estate market, in terms of number of transactions, seems to have followed the level of constraints imposed in the context of the COVID-19 pandemic. In the quarter under review, April, a period during which the state of emergency was in effect, was the month with the largest contraction in the number of transactions, in year-on-year terms (-35.2%). In May and June, when the economy began to reopen, reductions were less significant (rates of change of -22.0% and -7.6% respectively). In the reference quarter, the drop in the number of sales was observed in both categories of dwellings. Existing dwellings, which accounted for 84.4% of total transactions, registered a reduction of 22.8%, higher than that presented by new dwellings (-14.4%).

Between the 1st and the 2nd quarter of 2020, the number of transactions decreased 23.3% (-11.6% in the previous quarter). The extent of the reduction in the rate of change is the second highest in the series and it is necessary to go back to the 1st quarter of 2014 to obtain a higher decrease in the number of transactions. The reduction in the number of transactions was more significant for existing dwellings (-23.9%) than for new dwellings (-19.8%).

The dwellings traded between April and June 2020 totaled 5.1 billion euros, down by 15.2% compared with the same quarter of 2019. In this period, the value of existing dwellings transactions decreased 16.3% year-on-year, to 4.1 billion euros. As far as new dwellings are concerned, the decrease in the value of transactions stood at 10.6%, reaching 1.1 billion euros. April was the month with the largest year-on-year decrease in the house sales value, 25.0%. In May and June, the rates of change, although negative, recorded decreasing amplitudes, -14.2% and -7.0%, respectively.

On a quarterly basis, the value of transactions decreased 23.8% in the 2nd quarter of 2020 (-2.5% in the 1st quarter of 2020). By category, existing dwellings presented a rate of change in the value of transactions of -24.3%, higher than that calculated for new dwellings (-21.9%).

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

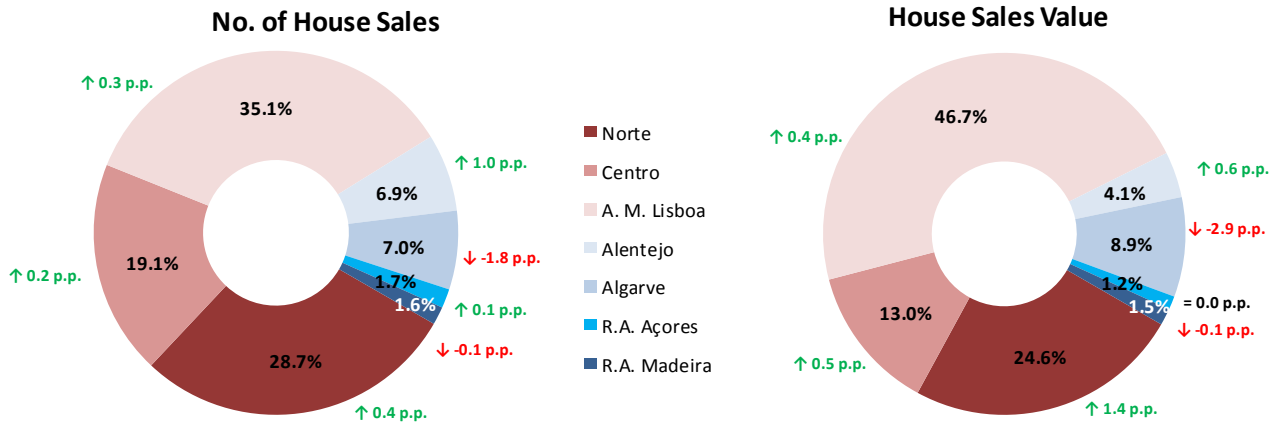


In the 2nd quarter of 2020, 11,713 dwellings were transacted in the *Área Metropolitana de Lisboa* and 9,592 in the *Norte*. For the second consecutive quarter, these two regions, which together accounted for 63.8% of the total number transactions, increased their combined relative weight, which reached the highest figure since the 3rd quarter of 2018. Besides the two regions mentioned above, the *Centro* (6,392 transactions), the *Alentejo* (2,293 transactions) and the *Região Autónoma dos Açores* (560 transactions) also registered year-on-year increases in their regional shares, of 0.2 pp, 1.0 pp and 0.1 pp, by the same order. The *Algarve*, with a total of 2,323 transactions, showed the largest drop in its relative weight, 1.8 pp. In the *Região Autónoma da Madeira*, 525 dwellings were traded, representing 1.6% of the national total (-0.1 pp compared to the same quarter of the previous year).

Área Metropolitana de Lisboa concentrated 46.7% of the total amount of dwellings transactions in the 2nd quarter of 2020, i.e. 2.4 billion euros, which represents a year-on-year increase of 0.4 pp in its relative regional weight. Among the other regions, the *Norte* (24.6%), the *Centro* (13.0%) and the *Alentejo* (4.1%), recorded increases in their relative shares of 1.4 pp, 0.5 pp and 0.6 pp, respectively. In the *Algarve* there was a reduction of 2.9 pp in its regional quota, which was set at 8.9% of the total house sales value. Traded houses in the *Região Autónoma da Madeira* represented 1.5% of the total, 0.1 pp less when compared to the same quarter of the previous year. In the *Região Autónoma dos Açores*, 560 houses were sold, corresponding to a regional share of 1.2%, the same as in the identical period in the last year.

The next figure shows the distribution of the number and value of house sales by NUTS II region for the 2nd quarter of 2020.

>> Percentage distribution of the number and value of house sales, by NUTS II, 2nd quarter 2020
(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 anonymized 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.

Presentation of data

In this press release, the descriptive analysis focuses on values rounded to one decimal place so that the sum of the disaggregated values may not correspond to the value presented for the national total.

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 2020 is expected to be released on December 22nd, 2020.

Annex I: House Price Index and House Sales Indicator
All dwellings, 2nd quarter 2014 - 2nd quarter 2020

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
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
3Q2019	143.12	148.29	128.08	1.2	1.4	0.3	10.3	10.6	9.3	9.8	10.1	8.5	45,830	39,054	6,776
4Q2019	144.10	150.05	126.22	0.7	1.2	-1.5	8.9	9.8	4.9	9.6	10.1	7.6	49,232	41,861	7,371
1Q2020	151.23	157.13	133.74	4.9	4.7	6.0	10.3	10.6	8.9	9.9	10.3	8.3	43,532	37,019	6,513
2Q2020	152.50	158.30	135.37	0.8	0.7	1.2	7.8	8.2	6.0	9.3	9.8	7.2	33,398	28,172	5,226

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

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

National and regional totals, 2nd quarter 2014 - 2nd quarter 2020

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 .												
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
3Q2019	6,465,515	45,830	1,530,197	13,302	989,446	7,420	851,920	9,079	3,015,927	15,489	260,070	3,074	631,246	3,334	72,695	768	103,460	784
4Q2019	6,930,646	49,232	1,615,851	13,888	1,065,615	7,920	897,356	9,763	3,192,832	16,731	264,967	3,106	772,978	4,200	70,208	692	116,455	852
1Q2020	6,755,222	43,532	1,575,152	12,168	1,074,384	7,209	786,142	7,974	3,230,951	15,433	235,456	2,623	713,319	3,746	80,502	735	133,701	853
2Q2020	5,144,974	33,398	1,263,120	9,592	832,511	5,572	670,514	6,392	2,400,515	11,713	213,061	2,293	460,420	2,323	62,291	560	75,053	525

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