



23rd June 2021

HOUSE PRICE INDEX

1st quarter of 2021

HOUSE PRICES DECELERATED TO 5.2% IN THE 1ST QUARTER OF 2021

In the 1st quarter of 2021, the House Price Index (HPI) increased 5.2% compared to the same period of 2020, 3.4 percentage points (pp) less than in the previous quarter. In this period, price increases were more pronounced in the case of existing dwellings compared with new dwellings, 5.4% and 4.5%, respectively.

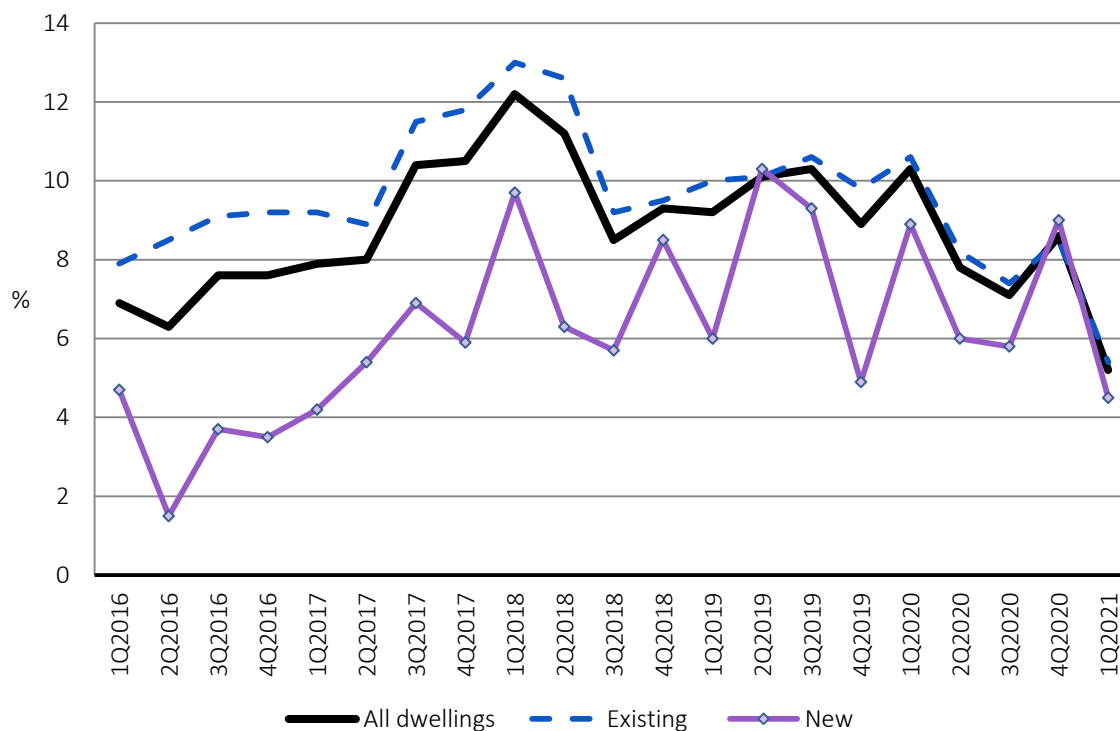
On a quarter-to-quarter basis, the HPI increased by 1.6% (2.1% in the previous quarter). By category, the index for existing dwellings registered a rate of change of 1.7%, 0.1 pp above that recorded for new dwellings (1.6%).

Between January and March 2021, 43,757 dwellings were traded for a total amount of 6.9 billion euros, which represents a year-on-year increase of 0.5% and 2.5%, respectively. By months, January and February presented reductions of 8.3% and 14.1%, respectively, in the number and 8.3% and 8.5%, in value, by the same order. It must be noted that in these two months restrictions on mobility were introduced as the pandemic became worse, compared to 2 months in 2020 when the pandemic was just beginning to take effect. In March, on the contrary, there was a growth of approximately 27.5% in the number and value of transactions, reflecting, to a great extent, a base effect as the comparison is with March 2020, a month already affected by the impacts of the COVID-19 pandemic.



1. House Price Index (100 = 2015)

Figure 1. House Price Index, Annual rate of change, 1Q2016-1Q2021



Source: INE, House Price Index.

In the 1st quarter of 2021, the HPI recorded a year-on-year rate of change of 5.2%, down 3.4 pp from the previous quarter. This result represents the lowest price increase recorded since the 4th quarter of 2015. In the first three months of 2021, the increase observed in prices was more intense for existing dwellings, compared to new dwellings, 5.4% and 4.5%, respectively.

The HPI grew by 1.6% between the 4th quarter of 2020 and the 1st quarter of 2021 (2.1% in the 4th quarter of 2020 and 4.9% in the 1st quarter of 2020). In this period, both categories showed an increase in prices, 1.7% in the case of existing dwellings and 1.6% for new dwellings.

The rolling 4-quarter rate of change of the HPI was 7.1% in the 1st quarter of 2021, 1.3 pp below the growth recorded in the previous quarter. In the reference quarter, the rolling 4-quarter rate of change observed for existing dwellings (7.3%) was higher than the one observed for new dwellings (6.3%).



2. Number and value of House Transactions

Between January and March 2021, 43,757 dwellings were transacted, 0.5% more than in the same period of the previous year. The increase in the number of transactions observed in this period reflected the significant growth registered in March (27.5%), reflecting, to a great extent, a base effect as the comparison is with a monthly already affected by the economic impacts of the COVID-19 pandemic (March 2020). On the contrary, January and February presented year-on-year reductions of 8.3% and 14.1%, respectively. In the reference quarter, 37,227 transactions corresponded to existing dwellings and 6,530 to new dwellings, which represents year-on-year increases of 0.6 and 0.3%, by the same order.

Between the 4th quarter of 2020 and the 1st quarter of 2021, there was a reduction of 12.0% in the number of dwelling transactions (-11.6% in the 1st quarter of 2020). In this period, the decrease in the number of transactions of existing dwellings was more significant than for new dwellings (rates of change of -12.1% and -11.3%, respectively).

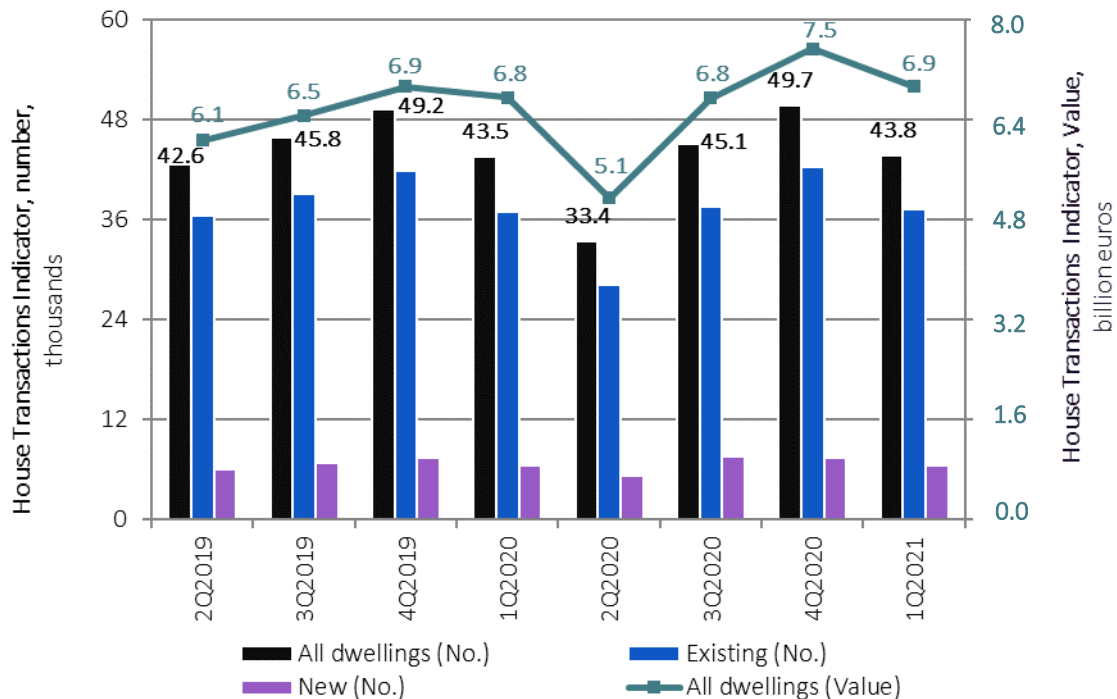
In the 1st quarter of 2021, the value of transacted dwellings totaled 6.9 billion euros, of which 5.6 billion euros related to existing dwellings and 1.3 billion euros to new dwellings. These figures represent year-on-year increases of 2.5% for the total and 4.1% in the existing dwellings category. For new dwellings, the amount shows a decrease of 3.7% compared to the same quarter of 2020. By months, the value of transacted dwellings presented reductions of 8.3% and 8.5%, respectively, in January and February, possibly reflecting the greater restrictions on mobility as a result of the worsening of the pandemic and an increase, of 27.6%, in March.

Compared with the previous quarter, the value of dwelling transactions, in the 1st quarter of 2021, registered a decrease of 8.1%. In the first three months of the year, the decrease in transaction value of new dwellings (-12.0%) exceeded that observed in existing houses (-7.1%).

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



Figure 2. House Transactions Indicator, number and value, All-dwellings, Existing and New Dwellings, 2Q2019 – 1Q2021



Source: INE, House Price Index.

In the 1st quarter of 2021, 14,713 dwellings were transacted in the *Área Metropolitana de Lisboa*, which represents 33.6% of the total number of transactions. This was the third consecutive quarter in which there was a reduction, -1.9 pp, in the relative weight of this region. The *Norte*, with 12,713 transactions, concentrated 29.1% of the total (+1.1 pp in year-on-year terms). The *Centro* region, where 8,541 dwellings were transacted is, similarly to the *Norte* region, increasing its relative regional share for four consecutive quarters, reaching 19.5% in the first three months of 2021. In the *Algarve*, the number of transactions totaled 3,240 units, a register very close to that observed in the *Alentejo*, 3,035. In the *Algarve*, this result led to a reduction in its relative weight, -1.2 pp, to a total of 7.4%, while in the *Alentejo*, this was the fifth consecutive quarter where there was an increase in the relative regional share, to 6.9% in the quarter under review. In the *Região Autónoma dos Açores* and the *Região Autónoma da Madeira*, there were 606 and 909 dwellings transacted, respectively, representing, 1.4% and 2.1%, by the same order, of the total number of transactions.

In the first three months of 2021, the *Área Metropolitana de Lisboa* accounted for 45.6% of the total value of transacted dwellings, 2.2 pp less than in the same period of 2020. In the *Norte* region, transacted dwellings totalled 1.7 billion euros, approximately twice as much as in the *Centro* region. In both regions there were increases in the respective relative regional shares, of 1.8 pp and 1.0 pp, respectively. The *Alentejo*, with a value of 299 million euros, 4.3% of the total, also presented an increase in its regional share (+0.8 pp). In the

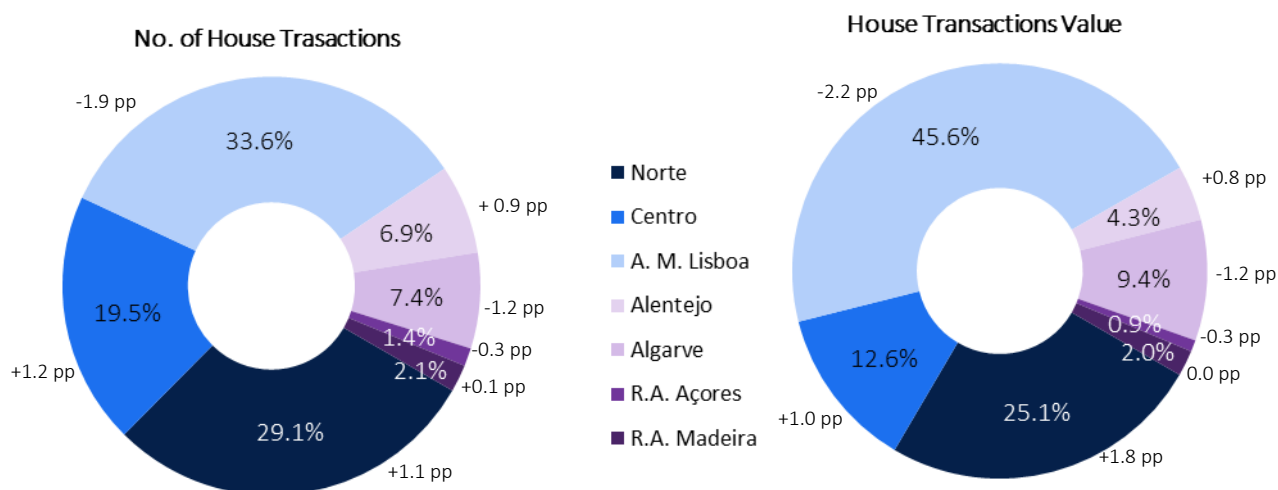
HOUSE PRICE INDEX – 1st quarter of 2021



period under review, the *Algarve* represented 9.4% of the total value of transactions, a decrease of 1.2 pp compared to the same period of the previous year. The value of dwelling transactions in the *Região Autónoma dos Açores* and the *Região Autónoma da Madeira* corresponded to 0.9% and 2.0%, respectively, of the total, a year-on-year reduction of 0.3 pp in the first case and an unchanged relative weight, in the second region.

The next figure shows the distribution of the number and value of house transactions by NUTS II region for the 1st quarter of 2021.

Figure 3. Percentage distribution of the number and value of house transactions, by NUTS II, 1st quarter of 2021
(percentage points difference compared with the same period in the previous year)



Source: INE, House Price Index.



Annex 1: House Price Index and House Transactions Indicator - All dwellings, 1st quarter 2015 - 1st quarter 2021

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
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
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
3Q2020	153.27	159.26	135.50	0.5	0.6	0.1	7.1	7.4	5.8	8.5	9.0	6.4	45,136	37,618	7,518
4Q2020	156.53	162.87	137.59	2.1	2.3	1.5	8.6	8.5	9.0	8.4	8.7	7.4	49,734	42,372	7,362
1Q2021	159.10	165.56	139.77	1.6	1.7	1.6	5.2	5.4	4.5	7.1	7.3	6.3	43,757	37,227	6,530

Notes: (*) HPI base 100 = 2015. The definition of the rates of change used in this table are available in the explanatory notes.

Source: INE, House Price Index.



Annex 2: Value (*) and number of dwelling transactions - National and regional totals, 1st quarter 2015 - 1st quarter 2021

Quarter	PORTUGAL		Norte				Centro		Área Metropolitana de Lisboa	
	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				
1Q2015	3,031,232	25,716	663,418	7,474	421,554	4,214	351,455	4,727	1,392,264	8,169
2Q2015	2,872,690	24,512	655,968	7,192	441,380	4,192	341,419	4,432	1,329,323	8,173
3Q2015	3,077,389	27,239	697,899	8,057	450,137	4,418	374,228	4,910	1,401,297	8,994
4Q2015	3,493,876	29,835	794,859	8,727	521,209	4,984	411,796	5,403	1,616,789	9,981
1Q2016	3,424,551	29,464	798,707	8,735	524,767	5,035	395,615	4,980	1,581,665	10,453
2Q2016	3,718,224	31,768	830,684	8,980	546,089	5,348	433,710	5,425	1,747,666	11,311
3Q2016	3,617,902	31,535	853,133	9,518	554,316	5,398	428,306	5,664	1,714,917	10,756
4Q2016	4,047,495	34,339	906,377	9,923	585,498	5,620	483,225	6,040	1,914,969	11,791
1Q2017	4,312,982	35,178	982,350	10,236	651,996	6,090	479,122	5,976	2,089,822	12,381
2Q2017	4,585,612	36,886	1,038,860	10,752	706,207	6,494	519,017	6,219	2,209,146	13,111
3Q2017	4,861,127	38,783	1,139,491	11,714	755,137	6,719	582,644	7,014	2,306,796	13,140
4Q2017	5,578,682	42,445	1,221,644	12,180	787,526	6,891	634,826	7,394	2,721,083	15,030
1Q2018	5,423,303	40,716	1,276,502	11,898	854,284	6,969	587,377	6,888	2,616,261	14,548
2Q2018	6,186,741	45,619	1,445,835	13,269	977,266	7,801	690,591	7,848	2,978,350	16,331
3Q2018	6,275,433	45,935	1,445,922	13,699	958,393	7,654	689,406	8,180	3,115,083	16,188
4Q2018	6,176,220	46,421	1,486,664	13,968	969,359	8,026	767,286	8,674	2,847,492	15,422
1Q2019	6,120,645	43,826	1,422,875	12,428	952,690	7,183	724,584	8,132	2,908,390	15,506
2Q2019	6,066,934	42,590	1,405,650	12,043	916,874	6,842	756,928	8,050	2,809,530	14,804
3Q2019	6,465,515	45,830	1,530,197	13,302	989,446	7,420	851,920	9,079	3,015,927	15,489
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
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
2Q2020	5,144,974	33,398	1,263,120	9,592	832,511	5,572	670,514	6,392	2,400,515	11,713
3Q2020	6,752,214	45,136	1,666,732	13,351	1,058,033	7,063	933,811	9,631	2,931,634	14,141
4Q2020	7,534,124	49,734	1,853,869	14,142	1,189,846	7,675	1,010,114	10,349	3,334,064	16,184
1Q2021	6,927,233	43,757	1,741,654	12,713	1,169,199	7,291	871,177	8,541	3,160,541	14,713

(continues)



Annex 2: Value (*) and number of dwelling sales - National and regional totals, 1st quarter 2015 - 1st quarter 2021

(continuation)

Quarter	PORTUGAL		Alentejo		Algarve		Região Autónoma dos Açores		Região Autónoma da Madeira	
	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
1Q2015	3,031,232	25,716	102,635	1,451	386,314	2,930	27,531	311	107,614	654
2Q2015	2,872,690	24,512	96,015	1,362	379,111	2,570	21,393	303	49,461	480
3Q2015	3,077,389	27,239	112,583	1,535	411,926	2,876	27,735	390	51,720	477
4Q2015	3,493,876	29,835	126,752	1,757	443,712	3,015	35,660	440	64,307	512
1Q2016	3,424,551	29,464	116,611	1,593	415,675	2,749	33,635	401	82,642	553
2Q2016	3,718,224	31,768	142,022	1,831	468,783	3,244	37,027	454	58,332	523
3Q2016	3,617,902	31,535	120,500	1,638	390,871	2,865	42,596	532	67,579	562
4Q2016	4,047,495	34,339	139,849	1,971	492,999	3,503	42,796	502	67,281	609
1Q2017	4,312,982	35,178	152,751	1,946	474,873	3,370	48,944	576	85,119	693
2Q2017	4,585,612	36,886	157,305	2,050	543,363	3,621	44,895	517	73,028	616
3Q2017	4,861,127	38,783	169,074	2,171	526,916	3,397	44,428	589	91,778	758
4Q2017	5,578,682	42,445	195,949	2,436	656,868	4,018	56,460	658	91,852	729
1Q2018	5,423,303	40,716	165,925	2,198	636,227	3,920	48,892	548	92,119	716
2Q2018	6,186,741	45,619	217,935	2,679	701,471	4,127	62,401	684	90,158	681
3Q2018	6,275,433	45,935	236,335	2,762	627,562	3,703	54,660	624	106,466	779
4Q2018	6,176,220	46,421	235,597	2,947	652,371	3,789	79,917	804	106,893	817
1Q2019	6,120,645	43,826	217,726	2,565	672,227	3,724	71,335	672	103,508	799
2Q2019	6,066,934	42,590	212,774	2,534	714,298	3,735	69,912	688	97,841	736
3Q2019	6,465,515	45,830	260,070	3,074	631,246	3,334	72,695	768	103,460	784
4Q2019	6,930,646	49,232	264,967	3,106	772,978	4,200	70,208	692	116,455	852
1Q2020	6,755,222	43,532	235,456	2,623	713,319	3,746	80,502	735	133,701	853
2Q2020	5,144,974	33,398	213,061	2,293	460,420	2,323	62,291	560	75,053	525
3Q2020	6,752,214	45,136	302,741	3,186	719,679	3,305	71,554	658	126,063	864
4Q2020	7,534,124	49,734	349,926	3,745	777,758	3,697	72,942	691	135,451	926
1Q2021	6,927,233	43,757	298,510	3,035	648,505	3,240	65,320	606	141,526	909

Notes: (*) The sum of the regional values may not be exactly the same as the national total due to the presence of rounding errors.

Source: INE, House Price Index.



METHODOLOGICAL 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.

ACRONYMS AND DESIGNATIONS

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).

Date of next the press release - 22nd september 2021
