



23rd march 2022
HOUSE PRICE INDEX
4th quarter of 2021

HOUSE PRICES INCREASED 9.4% IN 2021 AND 11.6% IN THE 4TH QUARTER OF 2021

In 2021, the House Price Index (HPI) increased 9.4% when compared with the previous year. This rate of change was 0.6 percentage points (pp) higher than in 2020. The price increase was more intense in existing dwellings (9.6%) than in new dwellings (8.7%).

In the 4th quarter of 2021, the House Price Index (HPI) registered a year-on-year growth rate of 11.6%, 0.1 pp higher than that observed in the previous quarter. In this period, prices of existing dwellings increased at a faster pace than that of new dwellings, by 11.9% and 10.6% respectively.

In 2021, 165,682 houses were transacted, 20.5% more than in 2020. In this period, the value of transactions totaled 28.1 billion euros, corresponding to a growth of 31.1% compared to the previous year. Existing dwellings registered an increase of 22.1% and 34.2%, respectively, in the number and value of transactions. As regards new dwellings, there was a 12.9% increase in the number of transactions and a 21.7% increase in value.

In the last three months of 2021, there were 45,885 transactions, which represents a year-on-year growth of 17.2% and an increase, compared to the previous quarter, of 5.6%. In the 4th quarter of 2021, transactions totalled 8.2 billion euros, 34.9% more than in the same period of 2020.

In 2021, purchases of dwellings by Households represented 85.6% and 85.7%, respectively, of the total number and value of registered transactions.

In the period from 2019 to 2021, the value of dwelling sales whose buyer had the *National Territory* as their tax residence reached €64.8 billion (89.8% of the total). The *European Union* and the *Remaining Countries*, as tax residences of the buyers, recorded similar amounts, €3.8 billion and €3.5 billion, in the same order.



1. Introductory note

This press release initiates the publication of new series of the House Price Index (HPI), of the number and value of dwelling's transactions. The release of these new series is the result of additional and more detailed information made available to INE by the Tax and Customs Authority (AT).

This information makes it possible, among other aspects: i) to know the institutional sector of those involved in the transactions, namely allowing to separate acquisitions made by individuals from those made by corporate entities; ii) to identify acquisitions by purchasers with tax residence outside Portugal; iii) with the increase in the degree of detail, to improve the validation and statistical processing procedures, namely regarding the identification of the universe of transactions actually carried out at each moment.

Before this change, the administrative data used did not allow a distinction to be made between purchases made exclusively by households, which should be the reference for the HPI, in accordance with European regulations (Regulations (EU) No. 2016/792 of 11 May 2016 and 2020/1148 of 31 July 2020). With these changes for the period after 2019, the HPI will now be fully in line with that regulation, i.e., being calculated exclusively based on purchases by Households.

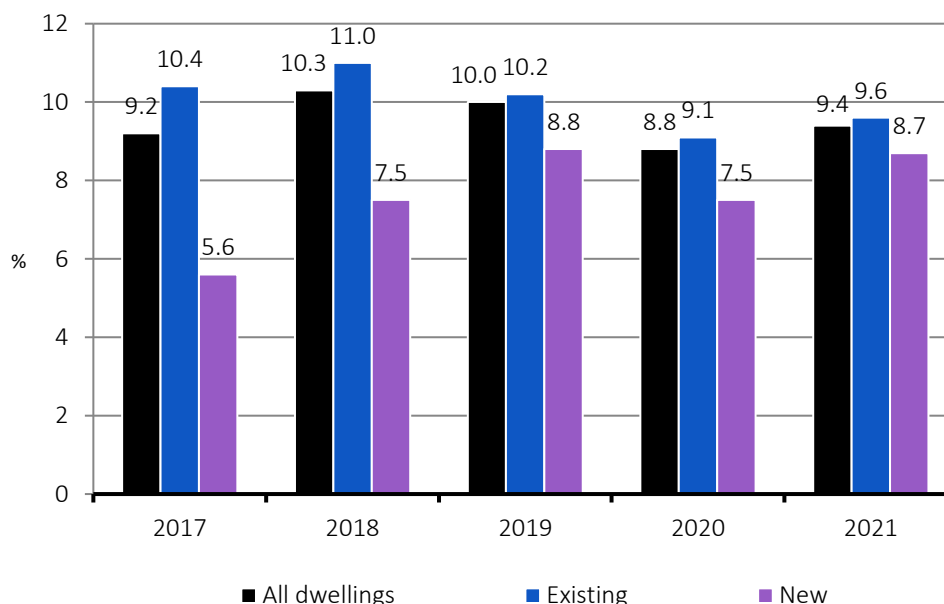
In addition, new indicators are presented for the number and value of dwelling transactions, broken down by institutional sector of the buyer (households and other sectors) and tax residence of the buyer (***National Territory, European Union*** and ***Remaining Countries***). It should be noted that the additional information provided to Statistics Portugal has allowed the elimination of redundant records of IMT settlement statements, determining a downward revision of the number and total value of dwelling transactions.

At the end of this press release, in the methodological notes section, the changes introduced are presented in greater detail, as well as the impacts on the various indicators made available.



2. House Price Index (100 = 2015)

Figure 1. Annual rate of change, 2017-2021



Source: INE, House Price Index.

In 2021, still in an economic context conditioned by the COVID 19 pandemic, the prices of traded dwellings continued to present a growth dynamic. The annual rate of change of the HPI was 9.4%, 0.6 pp above the growth recorded in 2020. Price growth was observed in both categories of dwellings, but more intense in existing dwellings (9.6%) than in new dwellings (8.7%).

In the 4th quarter of 2021, the HPI recorded a year-on-year rate of change of 11.6%, the highest rate of the whole year (11.5%, in the 3rd quarter of 2021). In this period, existing dwellings registered a price increase higher than that observed in new dwellings, 11.9% and 10.6%, respectively.

Between the 3rd and 4th quarters of 2021, the HPI grew 2.7% (2.9% in the 3rd quarter of 2021 and 2.7% in the 4th quarter of 2020). By category, existing dwellings showed a price increase of 3.1%, 1.4 pp more than the rate of change observed in new dwellings (1.7%).

2. Number and value of House Sales

In 2021, 165,682 dwellings were transacted, which represents an increase of 20.5% compared to 2020 and, at the same time, the maximum number of transactions since the beginning of this series. The beginning of the year was characterised by a year-on-year reduction in the number of transactions, reflecting the restrictions imposed in the context of the COVID-19 pandemic in the months of January and February. March began a



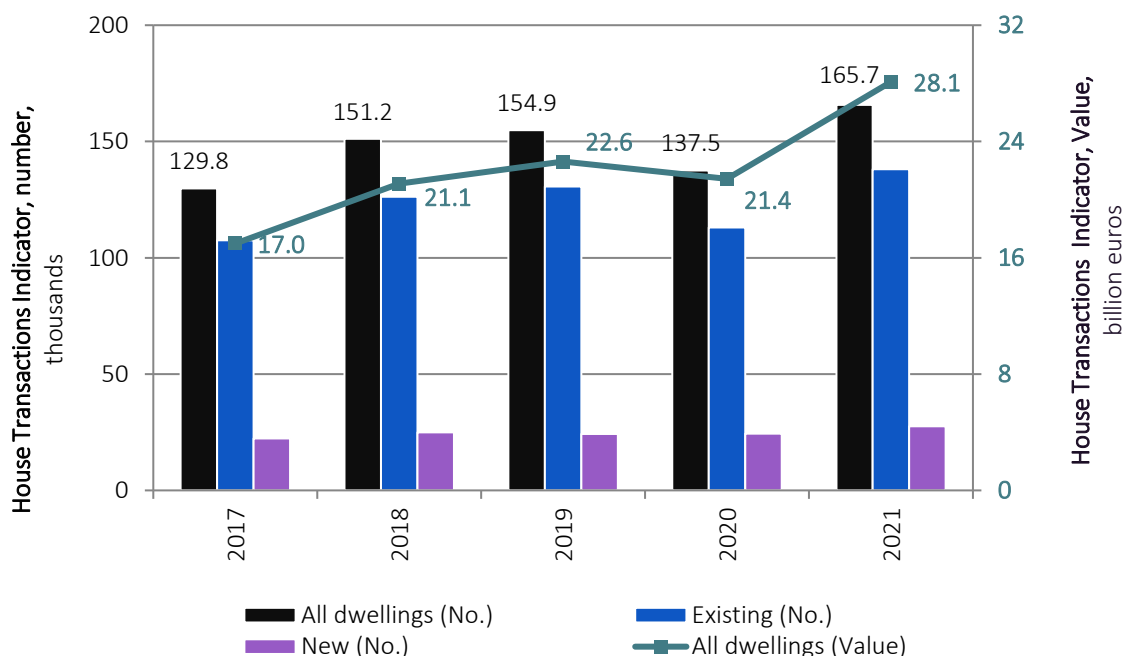
sustained growth in the number of transactions, which reached its peak between April and June, a period during which increases of more than 50% were recorded. In the second half of the year, the increase in the number of transactions continued, although at a lower rate, close to 22% and 17%, respectively, in the 3rd and 4th quarters. In the reference year, existing dwellings represented 83.3% of the total, up 1.1 pp over the previous year. In addition to representing the majority of transactions, existing dwellings registered, in 2021, a growth in the number of transactions above that observed in new dwellings, 22.1% and 12.9%, respectively.

The value of transacted dwellings in 2021 amounted to 28.1 billion euros, 31.1% more than in 2020. January and February were the only months to register year-on-year decreases, around 20.0% and 10.0%, respectively, in the value of transacted dwellings, starting in March the growth trend in the value of transactions (27.8%). In the 2nd quarter, the increase in the value of the transacted dwellings reached its peak, 68.1%, having diminished to approximately 35.0% in the following two quarters.

Of the total value, 21.6 billion corresponded to transactions of existing dwellings and 6.5 billion to new dwellings. In the last 5 years, the value of the transacted dwellings increased by 65.5%, a percentage that is roughly double that observed in the number of transactions (27.6%).

The following figure depicts the evolution of the number and value of sales of dwellings in the last five years.

Figure 2. House Transactions Indicator, number and value, All-dwellings, Existing and New Dwellings, 2017 - 2021



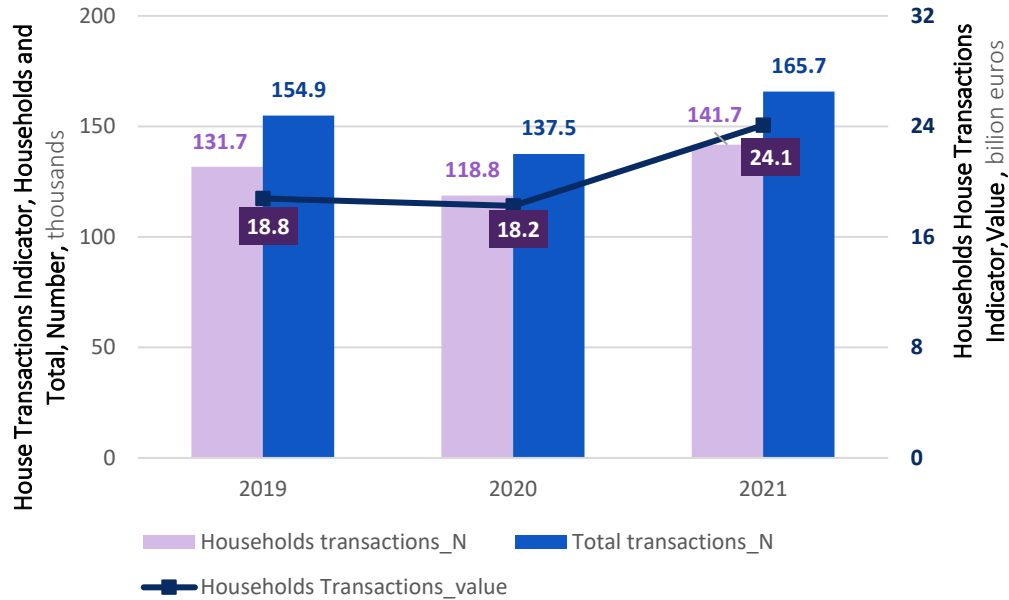
Source: INE, House Price Index.

In 2021, purchases of dwellings by Households represented 85.6% and 85.7%, respectively, of the total number and value of registered transactions. The 141,744 transactions and 24.1 billion euros observed represent, compared to 2020, increases of 19.4% in the number of transactions and 32.0% in value.

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Figure 3. House Transactions Indicator, Households and Total, Number and Value, 2019 - 2021

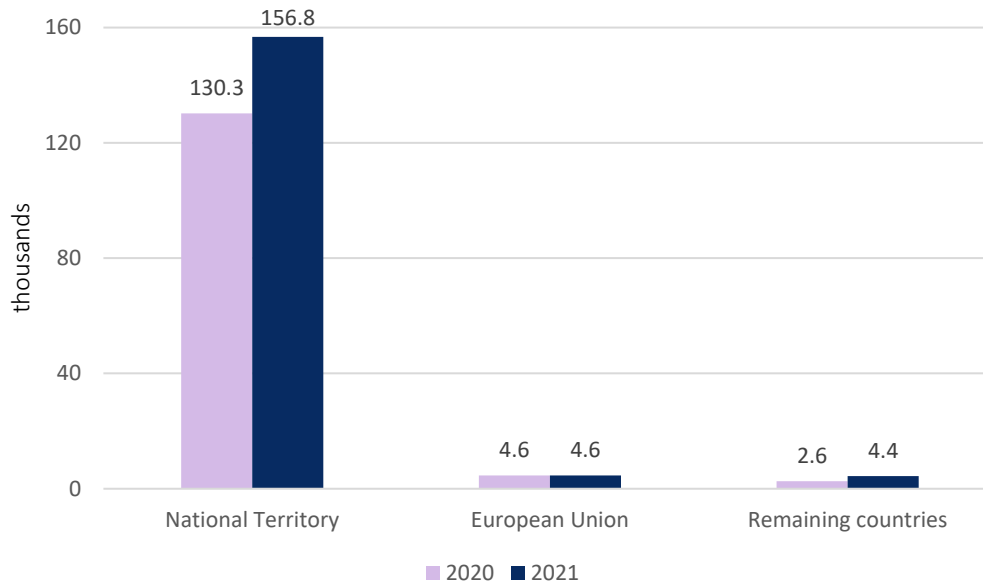


Source: INE, House Price Index.

In the total number of dwelling sales recorded in 2021, 94.6% had a buyer with tax residence in *National Territory* (156,759 transactions), followed by the *European Union* with 2.8% (4,557) and *Remaining Countries* with 2.6% (4,366). Of the three categories mentioned, the *European Union* was the only one to register a reduction in the number of transactions compared to the previous year, -1.6%, since the transactions involving buyers with tax residence in the *National Territory* and the *Remaining Countries*, grew 20.3% and 66.5%, in the same order.



Figure 4. House Transactions Indicator, Number, by tax residence of the purchaser, 2020 – 2021



Source: INE, House Price Index.

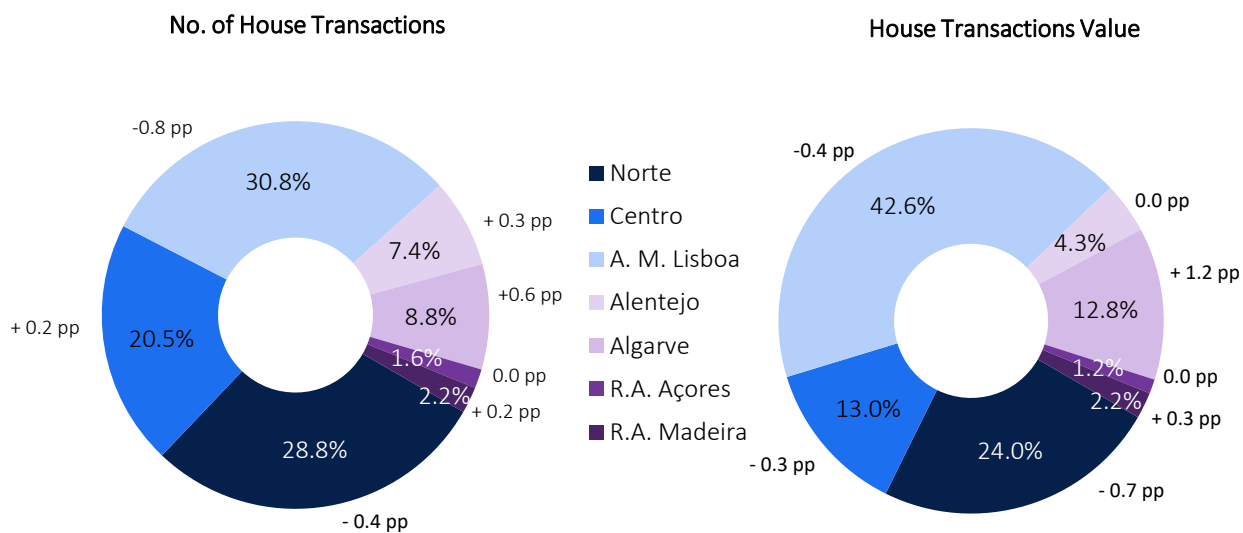
In 2021, the *Norte*, with a total of 47,699 transactions and the *Área Metropolitana de Lisboa*, with 51,014 units, concentrated 59.6% of the total number of transactions, the lowest joint relative weight since 2009. These two regions were the only ones to show year-on-year reductions in their respective relative regional shares, of 0.4 pp and 0.8 pp, in the same order. In the *Centro* region, 33,885 transactions were registered, corresponding to 20.5%, more 0.2 pp than in the previous year. In *Alentejo* and *Algarve*, the transactions reached 12,227 and 14,563 units, respectively. In both cases, they represented increases in the respective relative weights, of 0.3 pp to a total of 7.4%, in the *Alentejo*, and of 0.6 pp in the *Algarve*, to 8.8%. In the *Região Autónoma dos Açores* there were 2,723 transactions, that is, 1.6% of the total, the same percentage observed in 2020. The *Região Autónoma da Madeira* represented 2.2% of the total number of transactions, 0.2 pp more than in the previous year.

In the last year, the value of dwellings transacted in the *Área Metropolitana de Lisboa* totalled 12.0 billion euros, 42.6% of the total value. For the third consecutive year there was a year-on-year reduction, in this region, of the respective relative weight, of -0.4 pp. The decrease of the relative regional shares was also observed in the *Norte* (-0.7 pp) and *Centro* (-0.3 pp) regions, representing, in the first case, 24.0% of the total transacted value, and 13.0%, in the second. Of the other regions, the *Algarve* had the highest increase in relative weight, 1.2 pp, reaching 12.8%. The *Alentejo* maintained its relative share of 4.3%. The *Região Autónoma da Madeira*, with an increase of 0.3 pp in its relative weight, represented 2.2% of the total value of transactions and the *Região Autónoma dos Açores* maintained its relative share of 1.2%, from the previous year.



The next figure shows the distribution of the number and value of house sales by NUTS II region for 2021.

Figure 5. Percentage distribution of the number and value of house transactions, by NUTS II, 2021
(percentage points difference compared with 2020)



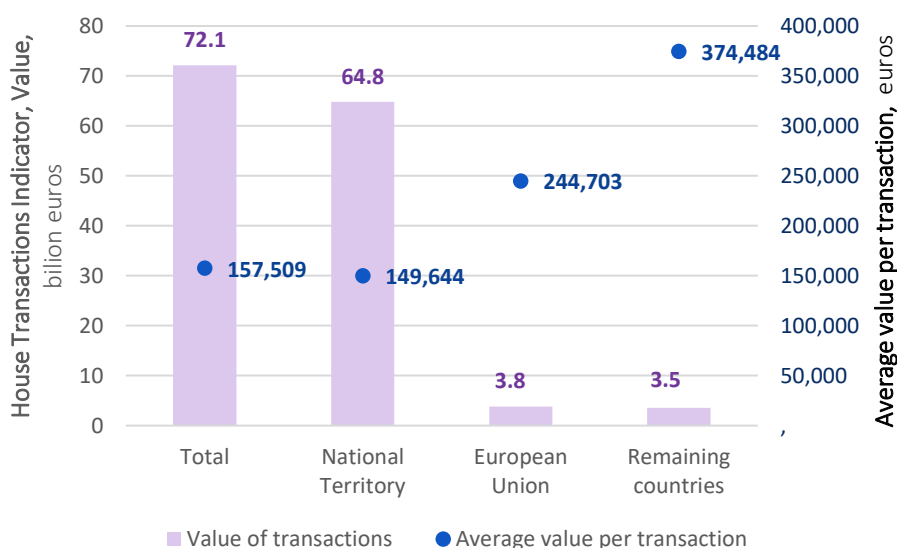
Source: INE, House Price Index.



Box: Tax residence of the buyer

In the period between 2019 and 2021, the value of dwelling sales exceeded 72 billion euros, of which 64.8 billion euros (89.8% of the total) corresponded to transactions in which the buyer had the *National Territory* as its tax residence. The *European Union* and the *Remaining Countries*, as tax residencies, registered similar amounts, 3.8 billion euros and 3.5 billion euros, in the same order. Concerning the average value *per* transaction, sales that involved buyers with tax residence outside the *National Territory* registered a more expressive value, which in the case of the *Remaining Countries* category, was more than double the value for the *National Territory*, 374,484 euros and 149,644 euros, respectively.

Figure 6. Value of House Transactions Indicator, Value, and Average value per transaction, Acumulate 2019-2021

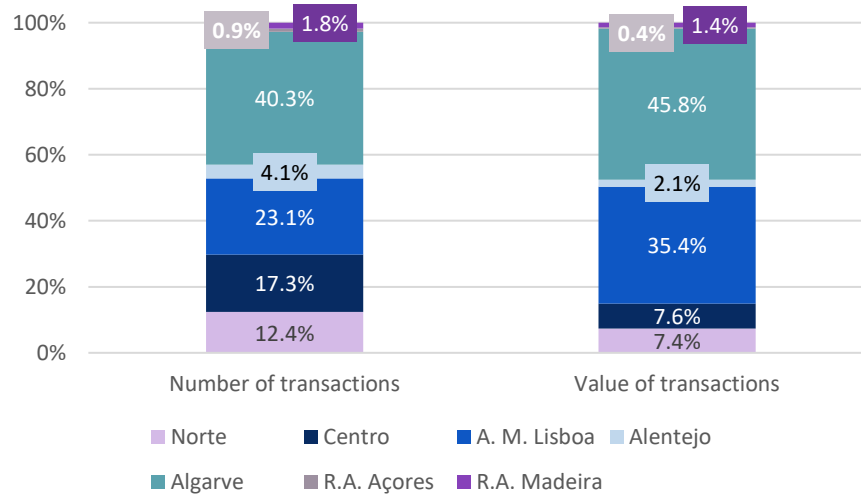


Source: INE, House Price Index.

In the same period, a total of 24,988 transactions, amounting to 7.3 billion euros, involved buyers with tax residence outside the *National territory*. Of the national regions, the *Algarve* was the preferred region for buyers, registering a relative weight of 40.3% and 45.8%, in number and value of all transactions. The *Área Metropolitana de Lisboa* was the second most representative location with a relative share of 23.1% in the number of transactions and 35.4% in value.



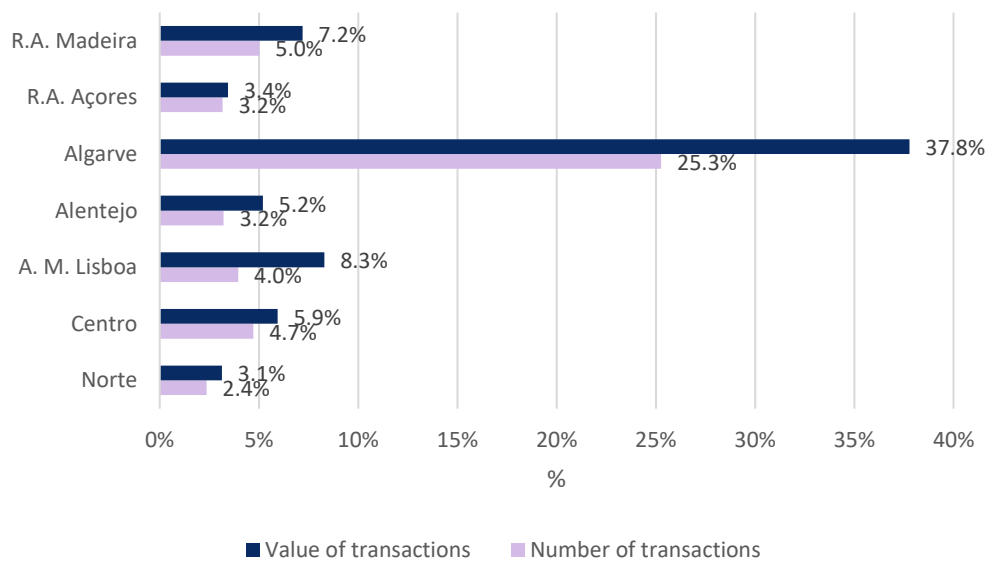
Figure 7. Percentage distribution of the number and value of house transactions with a purchaser outside National Territory, by NUTS II, Accumulate 2019-2021



Source: INE, House Price Index.

The contribution of purchasers with tax residence outside the *National Territory* to the number and value of total sales shows significant differences among the various regions, with the highest weight in the *Algarve* (25.3% and 37.8%) and the lowest in the *Norte* (2.4% and 3.1%).

Figure 8. Percentage distribution of the number and value of house transactions with a purchaser outside National Territory, by NUTS II, Accumulate 2019-2021



Source: INE, House Price Index.



Annex 1: House Price Index and House Transactions Indicator - All dwellings, 4th quarter 2015 - 4th quarter 2021

Quarter	Indexes			Quarterly rate of change (%)			Annual rate of change (%)			Rolling 4-quarter average rate of change (%)			House transactions (n °)		
	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New	All dwellings	Existing	New
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	25,205	19,819	5,386
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	24,926	19,759	5,167
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	26,890	21,803	5,087
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	26,675	21,807	4,868
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	28,999	23,935	5,064
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	29,975	24,571	5,404
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	31,197	25,827	5,370
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	32,722	27,183	5,539
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	35,940	29,907	6,033
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	34,449	28,878	5,571
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	38,730	32,409	6,321
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	38,964	32,381	6,583
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	39,066	32,633	6,433
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	36,954	31,321	5,633
2Q2019	140.65	145.19	127.88	2.6	2.2	4.2	9.5	9.2	10.4	9.1	9.5	7.6	36,681	31,116	5,565
3Q2019	143.67	148.63	129.43	2.1	2.4	1.2	10.8	10.8	10.4	9.7	9.9	8.8	39,554	33,233	6,321
4Q2019	146.07	151.48	130.27	1.7	1.9	0.6	10.4	10.9	8.3	10.0	10.2	8.8	41,676	34,951	6,725
1Q2020	151.67	157.37	134.99	3.8	3.9	3.6	10.6	10.8	10.0	10.3	10.4	9.7	36,399	30,489	5,910
2Q2020	154.34	160.28	136.94	1.8	1.8	1.4	9.7	10.4	7.1	10.4	10.7	8.9	26,379	21,355	5,024
3Q2020	153.61	159.44	136.57	-0.5	-0.5	-0.3	6.9	7.3	5.5	9.4	9.8	7.7	35,596	28,767	6,829
4Q2020	157.69	163.64	140.27	2.7	2.6	2.7	8.0	8.0	7.7	8.8	9.1	7.5	39,139	32,458	6,681
1Q2021	161.70	168.40	142.35	2.5	2.9	1.5	6.6	7.0	5.5	7.8	8.1	6.4	34,614	28,704	5,910
2Q2021	166.40	173.24	146.63	2.9	2.9	3.0	7.8	8.1	7.1	7.3	7.6	6.4	41,736	35,119	6,617
3Q2021	171.30	177.71	152.50	2.9	2.6	4.0	11.5	11.5	11.7	8.5	8.7	8.0	43,447	36,092	7,355
4Q2021	175.96	183.18	155.12	2.7	3.1	1.7	11.6	11.9	10.6	9.4	9.6	8.7	45,885	38,173	7,712

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, 4th quarter 2015 - 4th 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				
4Q2015	3,071,762	25,205	697,239	7,351	444,495	4,174	382,604	4,630	1,349,007	8,151
1Q2016	3,001,077	24,926	696,618	7,328	444,792	4,168	354,092	4,229	1,321,003	8,533
2Q2016	3,267,885	26,890	738,477	7,580	479,140	4,461	402,628	4,670	1,450,411	9,184
3Q2016	3,173,236	26,675	757,252	7,952	476,650	4,460	393,483	4,836	1,413,768	8,805
4Q2016	3,551,512	28,999	795,329	8,333	506,171	4,710	432,186	5,076	1,598,668	9,657
1Q2017	3,800,102	29,975	883,458	8,716	581,210	5,168	453,144	5,241	1,730,750	10,090
2Q2017	4,021,419	31,197	915,581	8,997	613,395	5,411	475,805	5,340	1,836,945	10,750
3Q2017	4,258,992	32,722	1,006,657	9,788	659,671	5,603	535,866	5,989	1,906,726	10,771
4Q2017	4,898,678	35,940	1,111,659	10,295	701,207	5,790	603,926	6,459	2,196,924	12,124
1Q2018	4,755,125	34,449	1,139,059	9,982	757,956	5,865	552,719	5,966	2,155,713	11,867
2Q2018	5,425,227	38,730	1,281,421	11,308	851,254	6,619	655,759	6,862	2,472,932	13,281
3Q2018	5,512,302	38,964	1,316,688	11,574	863,338	6,585	663,300	7,072	2,538,294	13,313
4Q2018	5,414,883	39,066	1,334,767	11,798	852,547	6,661	695,985	7,412	2,372,709	12,517
1Q2019	5,261,090	36,954	1,234,131	10,487	828,137	6,123	634,533	6,877	2,373,597	12,631
2Q2019	5,414,806	36,681	1,258,564	10,413	829,917	5,977	670,927	6,923	2,454,345	12,419
3Q2019	5,800,028	39,554	1,365,258	11,433	886,422	6,457	764,888	7,811	2,578,065	12,819
4Q2019	6,136,268	41,676	1,444,479	11,849	956,244	6,778	783,052	8,239	2,721,914	13,674
1Q2020	5,785,538	36,399	1,372,712	10,347	934,823	6,171	681,927	6,723	2,624,921	12,287
2Q2020	4,125,502	26,379	1,051,789	7,784	690,425	4,534	559,245	5,226	1,809,754	8,630
3Q2020	5,427,603	35,596	1,354,648	10,669	848,134	5,634	772,951	7,707	2,221,756	10,527
4Q2020	6,098,441	39,139	1,522,354	11,313	964,424	6,139	832,067	8,282	2,560,729	11,942
1Q2021	5,595,240	34,614	1,410,222	10,127	936,545	5,826	731,655	6,991	2,420,153	11,018
2Q2021	6,933,006	41,736	1,634,272	11,887	1,074,740	6,828	910,777	8,664	3,011,748	12,971
3Q2021	7,345,978	43,447	1,758,824	12,527	1,122,062	6,881	971,245	8,951	3,070,490	13,073
4Q2021	8,225,207	45,885	1,927,112	13,158	1,262,394	7,300	1,027,219	9,279	3,459,817	13,952

(continues)



Annex 2: Value (*) and number of dwelling sales - National and regional totals, 4th quarter 2014 - 4th quarter 2020

(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
4Q2015	3,071,762	25,205	109,134	1,423	433,348	2,749	37,591	423	62,839	478
1Q2016	3,001,077	24,926	102,476	1,369	407,173	2,581	32,783	364	86,933	523
2Q2016	3,267,885	26,890	120,656	1,587	463,655	2,976	34,767	403	57,293	489
3Q2016	3,173,236	26,675	111,433	1,457	393,631	2,666	39,424	461	64,244	499
4Q2016	3,551,512	28,999	127,884	1,714	490,298	3,221	41,282	451	65,865	547
1Q2017	3,800,102	29,975	140,039	1,724	465,015	3,071	45,833	517	81,864	616
2Q2017	4,021,419	31,197	141,919	1,749	539,459	3,366	40,934	439	70,776	556
3Q2017	4,258,992	32,722	156,540	1,883	522,682	3,130	40,069	489	90,452	673
4Q2017	4,898,678	35,940	185,812	2,127	655,522	3,712	53,436	567	91,399	656
1Q2018	4,755,125	34,449	156,406	1,938	614,718	3,591	47,585	482	88,925	623
2Q2018	5,425,227	38,730	196,880	2,334	676,893	3,771	55,470	573	85,872	600
3Q2018	5,512,302	38,964	221,102	2,408	609,153	3,309	54,434	567	109,331	722
4Q2018	5,414,883	39,066	220,382	2,599	621,717	3,371	73,350	661	95,972	709
1Q2019	5,261,090	36,954	195,766	2,262	669,517	3,438	61,573	575	91,973	684
2Q2019	5,414,806	36,681	197,788	2,264	684,034	3,461	63,818	587	85,331	614
3Q2019	5,800,028	39,554	242,412	2,781	678,547	3,274	69,958	709	100,901	727
4Q2019	6,136,268	41,676	234,206	2,717	775,392	3,807	65,570	616	111,656	774
1Q2020	5,785,538	36,399	214,573	2,300	696,205	3,322	76,583	668	118,617	752
2Q2020	4,125,502	26,379	177,188	1,892	412,644	1,968	49,832	435	65,049	444
3Q2020	5,427,603	35,596	254,581	2,605	651,496	2,807	61,424	555	110,747	726
4Q2020	6,098,441	39,139	282,421	3,034	719,731	3,177	65,370	607	115,769	784
1Q2021	5,595,240	34,614	243,206	2,457	610,304	2,757	57,361	510	122,338	754
2Q2021	6,933,006	41,736	306,933	3,117	826,780	3,453	78,564	684	163,932	960
3Q2021	7,345,978	43,447	319,299	3,253	997,596	4,040	85,609	726	142,917	877
4Q2021	8,225,207	45,885	348,316	3,400	1,170,812	4,313	109,753	803	182,178	980

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

New series on the House Price Index and number and value of transactions

This press release initiates the publication of new series of the House Price Index (HPI), of the number and value of dwelling's transactions. The release of these new series is the result of additional and more detailed information made available to INE by the Tax and Customs Authority (AT).

This information makes it possible, among other aspects: i) to know the institutional sector of those involved in the transactions, namely allowing to separate acquisitions made by individuals from those made by corporate entities; ii) to identify acquisitions by purchasers with tax residence outside Portugal; iii) with the increase in the degree of detail, to improve the validation and statistical processing procedures, namely regarding the identification of the universe of transactions actually carried out at each moment.

Before this change, the administrative data used did not allow a distinction to be made between purchases made exclusively by households, which should be the reference for the HPI, in accordance with European regulations (Regulations (EU) No. 2016/792 of 11 May 2016 and 2020/1148 of 31 July 2020). With these changes, for the period after 2019, the HPI will now be fully in line with that regulation, i.e., being calculated exclusively based on purchases by Households.

In addition to changes in the scope of the universe considered in the compilation of the HPI with access to new information, amendments were also incorporated in the indicators of the number and value of transactions. The changes that occurred are summarised as follows:

1) HPI calculation:

- Only dwellings bought by Households are considered;
- Only dwellings with a private gross area equal or superior to 20m² will be considered;
- Exclusion of transactions involving properties under construction (with or without an approved project);
- Exclusion of transactions of the same dwelling involving the same participants (buyer and seller at the same time, the same buyer, or the same seller, the latter two cases, without transactions having occurred at an intermediate moment) at different moments in time. In fact, with the new information, it was possible to identify situations of redundant registrations of IMT declarations, which were corrected by accounting only the last declaration registered.



2) Number and value of transactions indicators:

- The four restrictions mentioned in the index calculation are applied;
- Real-estate transactions in which the use of the property, obtained through the Municipal Property Tax (IMI), does not correspond to "housing" are excluded;
- Only the transactions related to sales are considered, excluding all barter deals.

The procedures now adopted bring the universes used in the calculation of the index and the indicators of the number and value of transactions closer together, in addition to enabling greater standardisation between the different statistics produced by the National Statistics Office (namely the Housing Price Statistics at local level).

With this press release, in addition to the methodological changes, and as long as there is a sufficient number of observations, the following indicators are available:

- i) House Price Index for the National total and disaggregated by housing category, at quarterly frequency;
- ii) Number of dwelling transactions, for the national total and disaggregated by NUTS II, by category of dwelling, institutional sector of the buyer, and tax residence of the buyer, at a quarterly frequency;
- (iii) Value of transactions of dwellings for the national total and disaggregated by NUTS II, by dwelling category, institutional sector of the buyer, and tax residence of the buyer, at a quarterly frequency;
- (iv) Number of transactions of dwellings for the national total and disaggregated by NUTS II, by dwelling category, institutional sector of the buyer, and tax residence of the buyer, at annual frequency;
- (v) Value of transactions of dwellings for the national total and broken down by NUTS II, by dwelling category, institutional sector of the buyer, and tax residence of the buyer, at annual frequency;

A price index based on all dwelling transactions, i.e. regardless of the institutional sector of the purchasers, is planned to be released on an annual basis.



Revision in the House Price Index

As mentioned, the provision of additional information by the Tax and Customs Authority has made it possible to calculate a new index, for the period 2Q2019-3Q2021, exclusively considering purchases made by households. The connection with the previous series is made easier by the fact that the HPI is a chained index, i.e. it is an index that results from the integration of successive quarterly changes. This connection also seems natural considering that the range of the differences between the changes in the old and the new series are not qualitatively very relevant in the common period, as can be seen in the figure below.

Figure 9. House Price Index, Quarterly rate of change, 1Q2019-3Q2021



Source: INE, House Price Index.

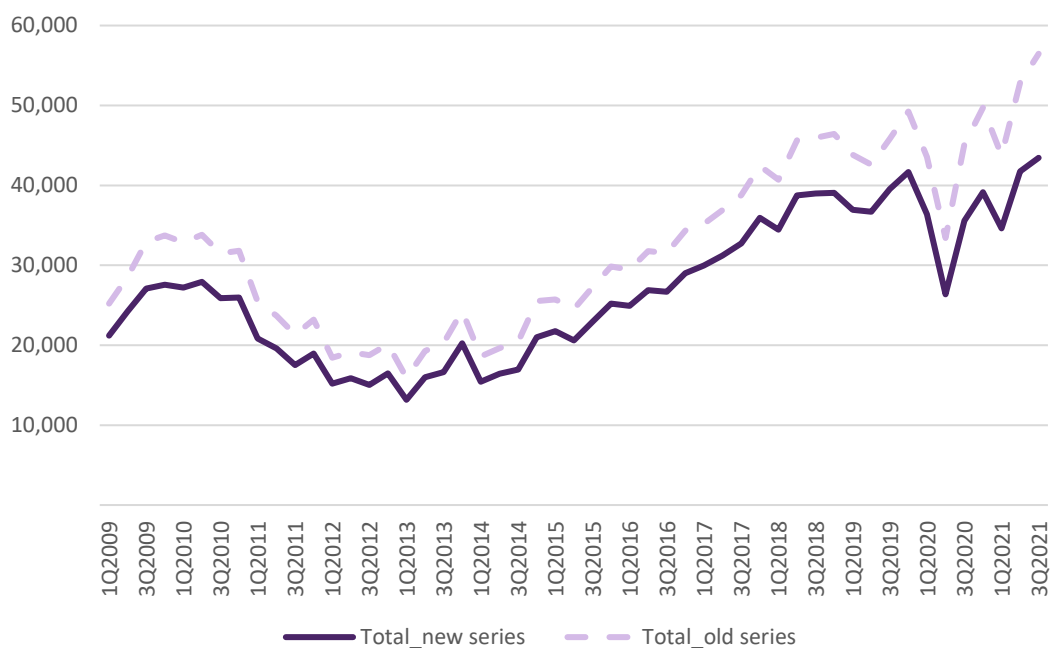


Revision in the number and value of dwelling transactions

Together with the release of new breakdown variables for the indicators of number and value of dwelling transactions, this press release provides updated series for total transactions as a result of access to new and more complete administrative information for the period 2019 onwards.

As referred to above, access to new administrative information made it possible to restrict the scope of the IMT settlement statements considered in the calculation of the indicators of the number and value of transactions, which resulted in the downward revision of the two indicators. As may be observed in the figure below, the Total_new series (new series) has the same behaviour as the Total_old series (old series). After the start of the series in 2009, there continues to be a reduction in the number of transactions from the second half of 2010 onwards, culminating with the lowest amount of housing sales in the 1st quarter of 2013, following the financial crisis. Since then, there has been a dynamic growth in transactions, with a slowdown in 2019, and a reduction in 2020 following the constraints determined by the COVID-19 pandemic.

Figure 10. House Transactions Indicator, number, National total, 1Q2009-3Q2021

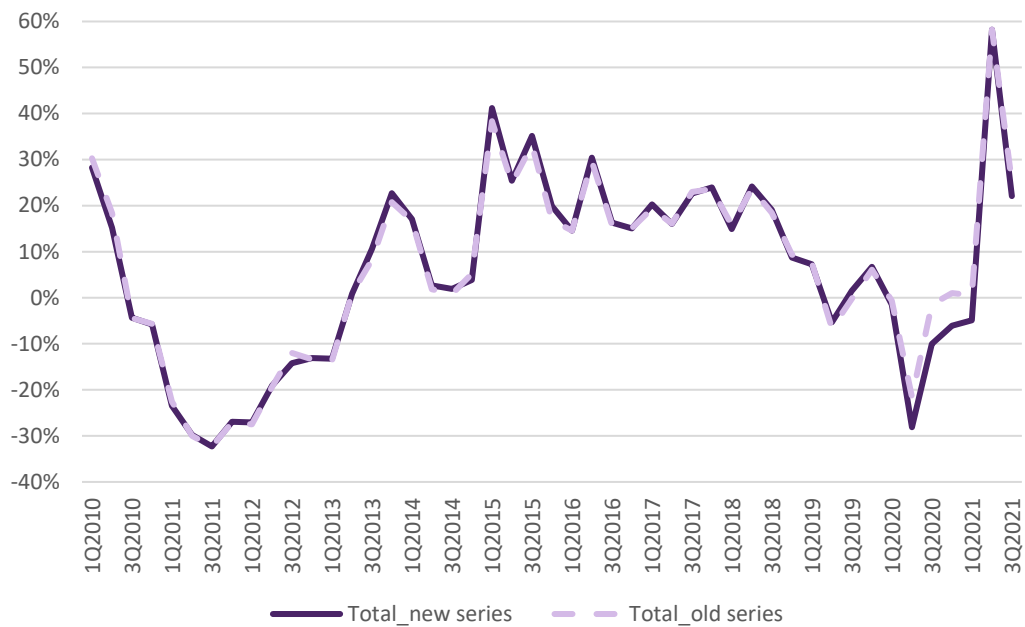


Source: INE, House Price Index.

For the period with more complete administrative information, from 2019 onwards, it can be seen that in the period between the 2nd quarter of 2020 and the 1st quarter of 2021, the revised series shows a more pronounced reduction in the number of transactions than the results initially calculated.



Figure 11. House Transactions Indicator, number, National total, annual rate of change, 1Q2010-3Q2021



Source: INE, House Price Index.



House Price Index

The House Price Index (HPI) measures the evolution of the acquisition prices of the dwellings purchased by Households 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.

Households

Institutional sector that consists of individuals or groups of individuals as consumers and entrepreneurs producing market goods and non-financial and financial services (market producers) provided that the production of goods and services is not by separate entities treated as quasi-corporations. It also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use.

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 dwelling 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). For some levels of disaggregation, it is also available the breakdown between purchases by households and other institutional sectors, as well as by place of tax residence of the buyer.

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. For some levels of disaggregation, it is also available the breakdown between purchases by households and other institutional sectors, as well as by place of tax residence of the buyer.

Tax residence

- a) Place of usual residence, for private or singular individuals;
- b) Place of the head office or place of effective management or, failing that, place of permanent establishment in Portugal for legal entities.

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 will be available on the National Statistics Institute website.

Date of next the press release - 23rd June 2022
