



26th May 2022

COMMERCIAL PROPERTY PRICE INDEX

2021

PRICES OF COMMERCIAL PROPERTIES INCREASED 5.1% IN 2021

In 2021, the Commercial Property Price Index (CPPI) rose 5.1%, 2.3 percentage points (pp) more than the rate observed in 2020. This was the highest price increase since 2010. Similarly to what has been happening since 2016, the growth in commercial property prices was less intense than that observed in residential property prices (9.4%).

Introductory Note

This press release, which provides information for 2021, also revises the published information of the Commercial Property Price Index for the years 2019 and 2020. The revision results from the availability to Statistics Portugal of additional and more detailed information by the Tax and Customs Authority (AT), allowing for an improvement of the validation and statistical treatment procedures.

At the end of this press release, in the methodological notes section, the changes introduced as well as the impacts observed in the index are presented.



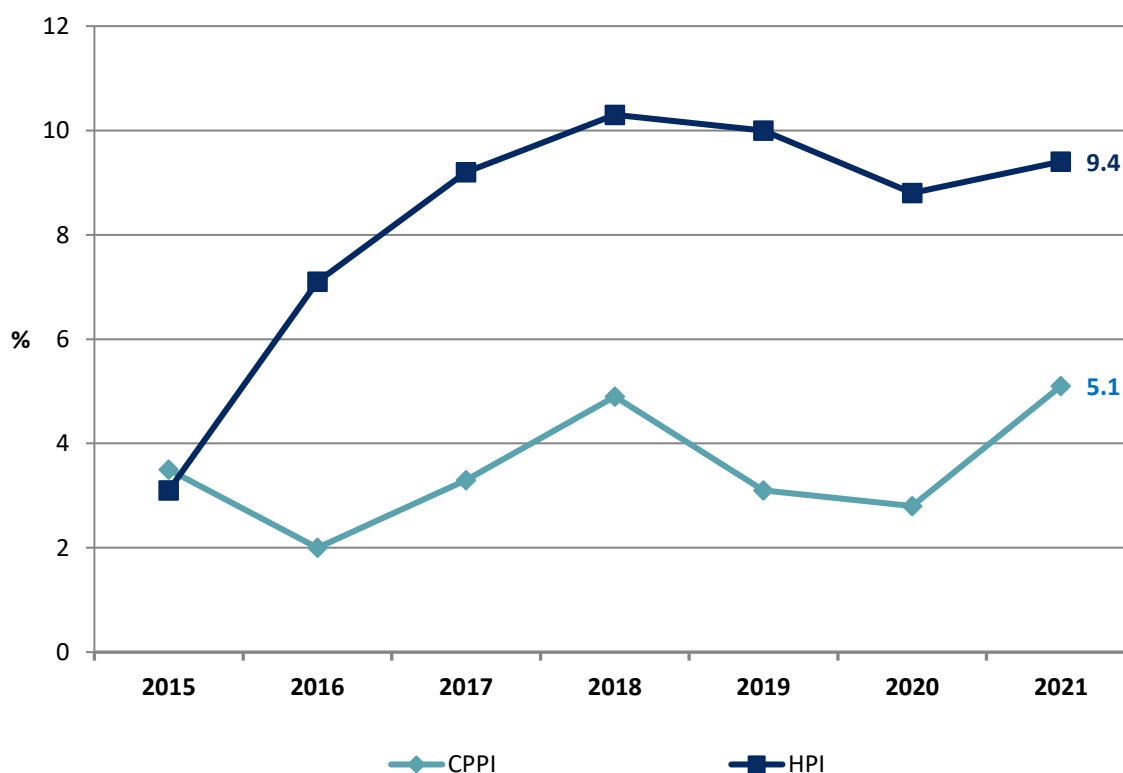
2. Commercial Property Price Index (100 = 2015)

In 2021, commercial properties, similarly to housing, continued to present growth in transaction prices. Last year, CPPI increased by 5.1%, which represents an increase of 2.3 pp compared to the rate observed in 2020. This is the highest rate of change recorded since 2010, interrupting a period of two consecutive years of price deceleration.

The residential property market, whose behaviour is captured by the House Price Index (HPI), presented a price growth of 9.4%, above that registered by the CPPI. In 2021, the growth rates of the two indicators recorded the lowest differential since 2015, 4.3 p.p., 1.7 p.p. less than in 2020.

The following figure illustrates the yearly rates of change for the last seven years of the two main national real estate market price indicators.

Figure 1. Commercial Property Price Index (CPPI) and House Price Index (HPI), Yearly rate of change, 2015-2021



Source: INE, Commercial Property Price Index and House Price Index.



Annex: Commercial Property Price Index (CPPI) and House Price Index (HPI), National total, 2009-2021

Year	Indexes ^(*)		Yearly 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
2019	113.94	141.88	3.1	10.0
2020	117.16	154.33	2.8	8.8
2021	123.17	168.84	5.1	9.4

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

Source: INE, Commercial Property Price Index and House Price Index.



BOX: Acquisition of Dwellings by the Remaining Institutional Sectors (other than Households)

In March 2022, INE started publishing a new series of the HPI following access to additional and more detailed information made available by the Tax and Customs Authority. It is now possible, among other things, to distinguish the purchases exclusively made by Households which should be the reference for the HPI, under the terms of European regulations (Regulations (EU) no. 2016/792 of 11 May 2016 and no. 2020/1148 of 31 July 2020). The change in the scope of the HPI, now limited to dwelling acquisitions by Households, has meant that dwelling acquisitions by other institutional sectors are no longer covered by the index. However, the transactions carried out by other institutional sectors, predominantly companies, do have some significance in the market. In fact, in 2021, dwellings purchased by sectors other than Households totalled almost 24 thousand transactions, corresponding to just over 4 billion euros (around 14% of the total number and value of dwellings transacted).

The figure 2, shows the year-on-year rate of change of a price index, calculated based on a methodology identical to that used in the HPI, with reference to dwellings acquired by the remaining institutional sectors. In the period under analysis, as a rule, the growth in prices of dwellings acquired by the other institutional sectors was lower than that calculated by the HPI, thus coming closer to the dynamics of the CPPI. The most significant differences were observed in the 2nd and 3rd quarters of 2020 and in the 1st quarter of 2021, a period in which the COVID-19 pandemic strongly conditioned real estate market activity.

Figure 2. HPI and Prices of dwellings purchased by the remaining institutional sectors, Annual rate of change, 1Q2020-4Q2021



Source: INE, Commercial Property Price Index and House Price Index.



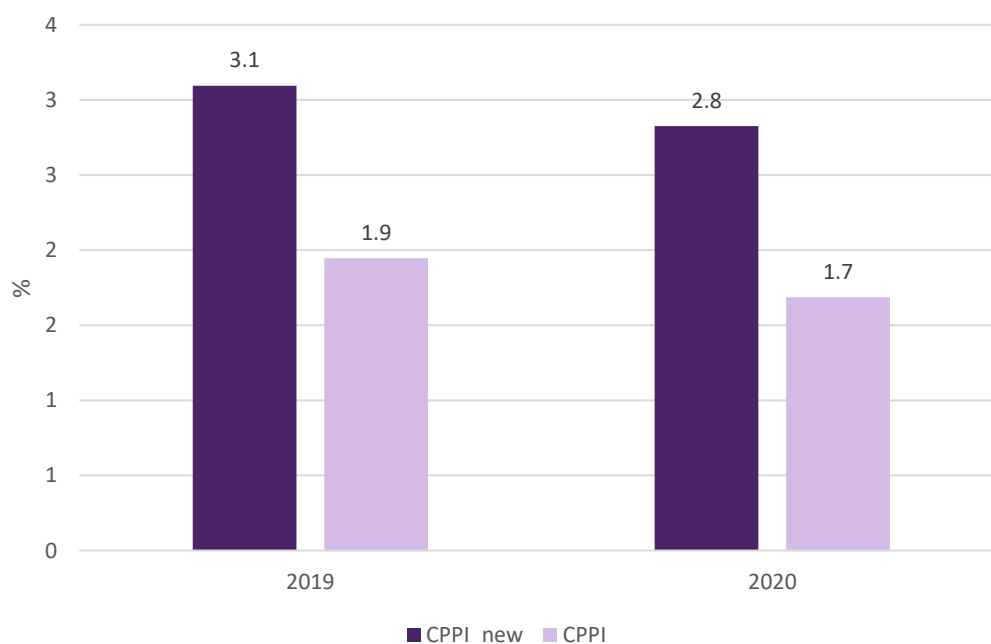
METHODOLOGICAL NOTES

New series on the Commercial Property Price Index

As a result of more detailed additional information provided to INE by the Tax and Customs Authority, the values of the Commercial Property Price Index for 2019 and 2020 were revised. This information made it possible to improve the validation and statistical treatment procedures, namely regarding the identification of the universe of transactions actually carried out at each moment, eliminating redundant records.

These changes have now shown higher increases than those indicated by the previous index as can be seen in the figure below.

Figure 3. Commercial Property Price Index, yearly rate of change, 2019-2020



Source: INE, Commercial Property Price Index and House Price Index.



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.

ACRONYMS AND DESIGNATIONS

Yearly change rate

Change rate that displays the variation between two annual values (year t and year $t-1$) of a certain variable.

Annual change rate

The annual change 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.

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 [National Statistics Institute website](#).

Date of next the press release - 26th May 2023
