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A transactions-based commercial property price index for Portugal

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The last decade has witnessed a renewed interest in the production of real estate price indicators. Despite of the progress in the production of residential property price indexes, commercial property price indexes (CPPI) have remained a less researched topic. This paper presents the work of *Instituto Nacional de Estatística* and *Banco de Portugal* to develop the official CPPI for Portugal. It is the first time that the evolution of national commercial real estate prices has been traced down using a dataset that covers the population of transactions and that provides information on property transaction prices and their characteristics. This paper presents the results of a quarterly CPPI from the beginning of 2009 to the first quarter of 2016 using the hedonic method, which is also applied in the production of the House Price Index (HPI). Although with a similar trend as the HPI, the new indicator reveals that the prices of commercial properties have decreased more than the prices of residential properties in 2012 and 2013, a period during which real estate markets were depressed. The work presented is not only of interest to the price index compilers involved in the development of similar indexes but also to researchers and all those interested in the evolution of commercial property markets.