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Property Price Index and Property Volume Index: Q1/2016

In the first quarter this year, the Property Price Index stood at 107.41, a rise of 2.6 per cent compared with the corresponding period last year. The main driver was a rise of 2.6 per cent in the Apartments Index compared with the corresponding quarter last year. The price of the maisonettes increased by 3.5 per cent, when compared to the same quarter last year. This resulted in a 2.7 per cent increase in the Aggregate (Apartments and Maisonettes) Index (Table 3).

The Property Volume Index (PVI) showed that the number of transactions in the first quarter of this year decreased by 14.2 per cent when compared to the corresponding quarter last year. A decrease in the Property Volume Index was recorded in both Apartments Index and Maisonettes Index, by a 15.4 per cent and 14.2 per cent respectively (Table 4). Apartments accounted for 74.1 per cent of the total transactions recorded in the past year, whereas the locality registering the largest number of transactions was St. Paul's Bay with 9.8 per cent of total transactions (Tables 5 and 6) ■

Chart 1. Annual price changes

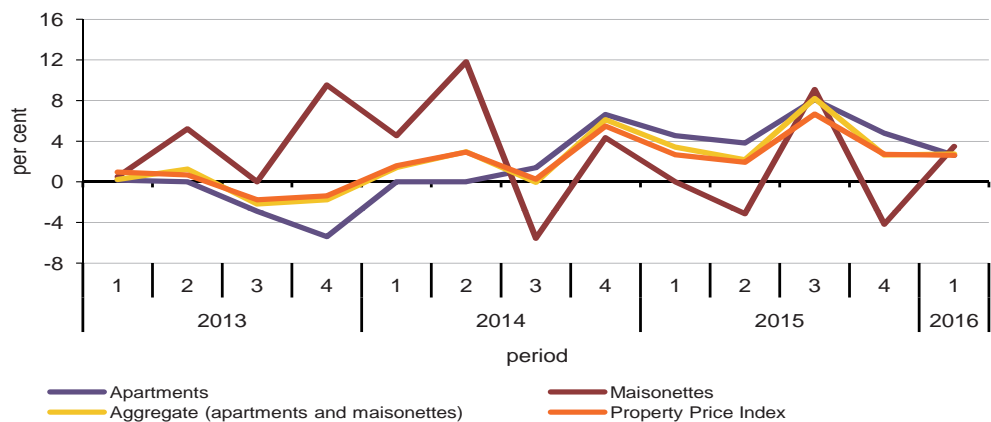
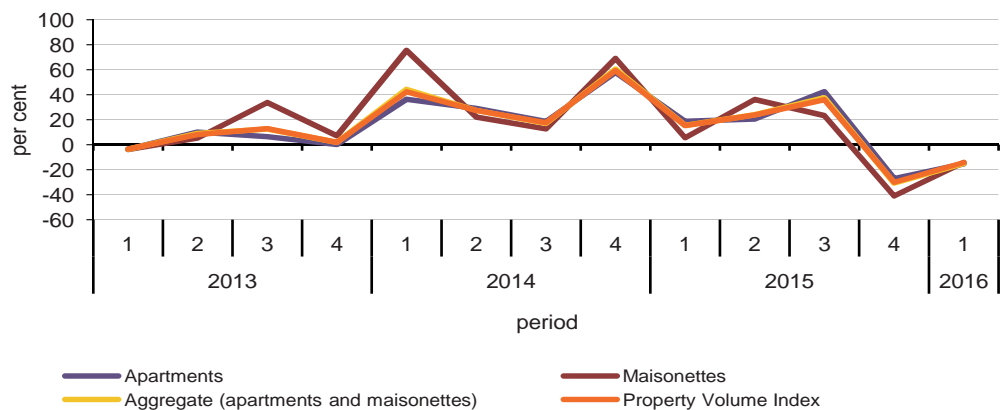


Chart 2. Annual volume changes



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Table 1. Property Price Indices (PPI) by type and period

Year	Quarter	Apartments	Maisonettes	Aggregate (apartments and maisonettes)	PPI *
2012	1	98.45	102.30	99.45	99.41
	2	98.45	95.79	97.83	98.30
	3	103.07	113.09	105.61	105.48
	4	103.31	102.81	103.23	103.40
2013	1	98.62	102.81	99.68	100.37
	2	98.45	100.80	99.06	98.97
	3	100.08	113.09	103.30	103.62
	4	97.74	112.60	101.41	101.97
2014	1	98.62	107.48	101.08	101.96
	2	98.45	112.70	102.00	101.86
	3	101.47	106.81	103.24	103.90
	4	104.22	117.50	107.61	107.56
2015	1	103.10	107.48	104.54	104.68
	2	102.21	109.16	104.20	103.82
	3	109.70	116.52	111.70	110.82
	4	109.20	112.60	110.45	110.47
2016	1	105.79	111.22	107.41	107.41

* Includes terraced houses

Table 2. Property Volume Indices (PVI) by type and period

Year	Quarter	Apartments	Maisonettes	Aggregate (apartments and maisonettes)	PVI *
2012	1	97.02	97.97	97.27	99.17
	2	106.39	96.28	103.71	105.81
	3	104.20	84.46	98.97	100.22
	4	118.20	102.36	114.00	116.03
2013	1	93.49	94.26	93.69	95.67
	2	117.16	101.48	113.03	114.50
	3	110.81	112.87	111.30	113.18
	4	118.47	109.70	116.10	118.18
2014	1	127.42	165.35	135.15	136.10
	2	151.13	123.85	143.98	145.73
	3	131.46	127.26	130.30	132.97
	4	186.91	185.42	186.35	188.23
2015	1	151.41	174.51	156.15	156.85
	2	182.16	168.60	178.55	180.49
	3	187.21	156.80	179.14	180.84
	4	136.08	109.32	129.05	131.43
2016	1	128.10	149.73	132.54	134.52

* Includes terraced houses

Table 3. Annual price changes by type and period
(%)

Year	Quarter	Apartments	Maisonettes	Aggregate (apartments and maisonettes)	PPI *
2013	1	0.2	0.5	0.2	1.0
	2	0.0	5.2	1.3	0.7
	3	-2.9	0.0	-2.2	-1.8
	4	-5.4	9.5	-1.8	-1.4
2014	1	0.0	4.5	1.4	1.6
	2	0.0	11.8	3.0	2.9
	3	1.4	-5.6	-0.1	0.3
	4	6.6	4.3	6.1	5.5
2015	1	4.5	0.0	3.4	2.7
	2	3.8	-3.1	2.2	1.9
	3	8.1	9.1	8.2	6.7
	4	4.8	-4.2	2.6	2.7
2016	1	2.6	3.5	2.7	2.6

* Includes terraced houses

Table 4. Annual volume changes by type and period
(%)

Year	Quarter	Apartments	Maisonettes	Aggregate (apartments and maisonettes)	PVI *
2013	1	-3.6	-3.8	-3.7	-3.5
	2	10.1	5.4	9.0	8.2
	3	6.3	33.6	12.5	12.9
	4	0.2	7.2	1.8	1.8
2014	1	36.3	75.4	44.3	42.3
	2	29.0	22.0	27.4	27.3
	3	18.6	12.8	17.1	17.5
	4	57.8	69.0	60.5	59.3
2015	1	18.8	5.5	15.5	15.2
	2	20.5	36.1	24.0	23.9
	3	42.4	23.2	37.5	36.0
	4	-27.2	-41.0	-30.7	-30.2
2016	1	-15.4	-14.2	-15.1	-14.2

* Includes terraced houses

Table 5. Distribution of transactions by type of property *

Type of property	Per cent
Apartments	74.1
Maisonettes	22.3
Terraced Houses	3.6
Total	100.0

* Between Q2/2015 and Q1/2016

Table 6. Localities registering the largest number of transactions *

Rank	Locality	% of total transactions
1	St. Paul's Bay	9.8
2	Sliema	7.1
3	Marsascala	5.5
4	St Julians	5.5
5	Mosta	4.3
6	Birkirkara	4.2
7	Msida	3.4
8	Naxxar	3.1
9	Swieqi	3.1
10	Mellieħa	2.8

* Between Q2/2015 and Q1/2016

Methodological Notes

1. The Property Price Index (PPI) and Property Volume Index (PVI) are compiled on a quarterly basis rather than on a monthly basis as other indices, to ensure that such index observation is substantiated by a larger sample.
2. Both the PPI and PVI cover apartments, maisonettes and terraced houses only. The price and volume data for the properties being included are deemed to be indicative of developments in land and construction prices and the property market in general.
3. No distinction is made between new and old houses. Over 1,000 transactions are considered every quarter.
4. The PPI is compiled on the basis of the median price in respect of each house type. The PPI aggregates together the indices of apartments, maisonettes and terraced houses using a Laspeyres-type formula, relying on the value of transactions (for each house type) recorded annually as a basis for weights. Moreover, the PPI is chain-linked every year. This enables the revision of weights on an annual basis and thus, the regular capture of trends observed in the property market.
5. While price indices are indicative of price trends in the markets for the reference properties and the property market in general, they are limited by the heterogeneity of the properties under reference. It is widely recognised that the price of a property is dependent on its location, type, state of maintenance and finish, age, tenure, the number of bedrooms and bathrooms, size and the availability of other amenities like yards and gardens. The available data do not allow for the use of any quality adjustment methodologies. However, the use of median prices compensates in part for this.
6. The PVI is compiled on the basis of the number of transactions in respect of each dwelling type. The PVI reflects the percentage changes registered in the total number of transactions recorded by the Inland Revenue Department in the three dwelling types considered for the scope of this release.
7. Terraced houses are reflected in both the PPI and PVI. However, the price and volume indices of terraced houses are not published due to under-representation of the data and the heterogeneity issue, which is more pronounced for this dwelling type. An additional indicator being compiled is an Aggregate Index based on apartments and maisonettes.
8. The base year of all the indices is 2010.
9. The indices referring to the period 2014Q2 - 2015Q1 in this release have been updated as a result of newly available information. Data for the last four quarters are provisional.
10. **Definitions:**
 - **Apartment:** a self-contained room or suite of rooms with a separate entrance that is accessible from a common passage, landing or stairway. This category includes penthouses.
 - **Maisonette:** a self-contained room or suite of rooms with a separate entrance that is accessible from the street and is either at ground-floor level with overlying habitation, or at first-floor level with underlying habitation. A ground-floor maisonette may be classified either as a ground-floor tenement without its own airspace or as a maisonette. The category includes solitary maisonettes.
 - **Terraced house:** a dwelling with at least two floors, with its own access at street level, with its own airspace and no underlying structures that are not part of the house itself. A terraced house is attached to other structures on both sides. This housing category includes a corner house at the end of a row of terraced houses.
11. More information relating to this news release may be accessed at: <http://nso.gov.mt/metadata/concepts.aspx>