



Commercial property price indicators in Brazil and Iceland

The BIS started to publish data on commercial property prices in September 2016,^① in the context of recommendations from the second phase of the Data Gaps Initiative (DGI)^② endorsed by the G20. Despite the importance of commercial property price indicators from a financial stability perspective, their availability is still limited and information currently published by the BIS covers only 14 countries. Nevertheless, the BIS is gradually expanding country coverage. As from February 2017, the data set contains indicators for Brazil and Iceland.

As regards Brazil, commercial property price indicators are compiled only by private sources, and are based on information provided by institutional investors and companies linked to the real estate sector. The longest available commercial property price index is constructed by combining price valuations (ie “appraisal values”) of just over 500 individual properties, consisting primarily of offices, commercial establishments, hotels and industrial warehouses. All the states of the Federative Republic of Brazil are represented, but most of the properties are located in São Paulo and Rio de Janeiro.^③ Both commercial and residential property prices were trending upwards in real terms in the 2000s, but they have fallen markedly since 2013 (Graph 1). In this context, commercial property prices have been less volatile than residential property prices. Commercial property prices grew by 30% from 2001 to 2013, and subsequently fell by a relatively limited rate (–15%). In contrast, residential property prices grew by almost 140% before 2013 and have fallen by one third since.

With regard to Iceland, the central bank compiles its commercial property price index on the basis of official transaction records. The indicator measures price developments of industrial (including warehouses), retail and office premises in the capital area. Commercial real estate prices grew by more than 80% in real terms between 2001 and 2008, before plummeting by almost two thirds at the height of the GFC (Graph 2). The movements in these prices were slightly more pronounced than those in residential property prices, which rose by 68% in the run-up to the crisis and corrected by 33% afterwards. In the most recent years, both commercial and residential property prices have been recovering significantly from their post-crisis trough.

^① Available at www.bis.org/statistics/pp_commercial.htm. ^② The *Financial Crisis and Information Gaps*, second phase of the G20 Data Gaps Initiative, September 2016. ^③ The BIS data set additionally contains a commercial property price series based on advertisements. While the coverage of the advertisement-based series is limited to four big cities, and starts in 2012 only, it is based on a significantly larger sample of properties than the appraisal-based indicator analysed here.