

IMIE (press release)

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	Index February 10	Index February 11	Year-on-year Variation
General	1925	1839	-4.5%
Capitals and Major Cities	2037	1931	-5.2%
Metropolitan Areas	1906	1804	-5.4%
Mediterranean Coast	2019	1885	-6.7%
Balearic and Canary Islands	1579	1567	-0.8%
Other Municipalities	1883	1820	-3.3%

**“House prices barely change between January and February,
softening the year-on-year variation”**

Following the strong correction at the start of the year, the “General” IMIE figures remained similar to January, softening the year-on-year decline to 4.5%. The accumulated decline since the peak continues to be around 19.5%.

Following 2010, which was subject to major changes in taxation that have significantly affected the performance of the market, new factors have emerged that will dominate the market in the coming months, such as the rise in inflation and the increase in mortgage interest rates. The former could produce a marked fall in house prices in real terms, following a period of static or a modest decreases in the nominal values of properties. On the other hand, an increase in interest rates will make it harder for families to buy a home or simply to continue paying their mortgage taken out at the time of initial purchase.

Returning to the year-on-year declines by area, the evolution was once again divergent. The municipalities on the “Mediterranean Coast” continue to have the highest falls with 6.7%, although this figure was higher in January at 8.4%. However the level of the coastal index, in line with the general index, hardly changed compared to the previous month maintaining its level at 1885 points. This region was followed by “Metropolitan Areas” with

a fall of 5.4% and “Capital and Major Cities” with a figure of 5.2%. The year-on-year decline increased in the case of the former but slowed in the latter.

As usual, “Other Municipalities” was below the average with a fall of 3.3% while the “Balearic and Canary Islands” index recorded a modest decline of 0.8%, substantially less than the year-on-year figure for January. However in both areas the monthly variation barely moved, remaining at similar levels to the previous month.

With regard to the accumulated declines since the peak, the “Mediterranean Coast” continues to be record the highest falls, stabilising at 27.2%. It is followed by “Metropolitan Areas” with an overall decline of 20.7%, followed very closely by “Capitals and Major Cities” with 20.6%. The “Balearic and Canary Islands” were well below 20% with a figure of 17.5% and “Other Municipalities” not included in the previous section ended the month with 16.1%.