



RESIDENTIAL PROPERTY PRICE INDEX

2011Q2

Reduction of 0,9% in residential property prices

- Reduction of 0,9% in residential property prices (apartment and house prices) recorded in the second quarter of 2011 compared with the first quarter of the same year. More specifically, house prices in coastal areas recorded decreases with the largest being in Paphos (2,3%). House prices in Nicosia registered a marginal decrease of 0,2%.
- The prices of apartments in coastal areas also recorded decreases, with the biggest registered in Famagusta (3,5%), while the prices of apartments in Nicosia stabilised.
- The construction industry continued to record a negative trend in the second quarter of 2011.

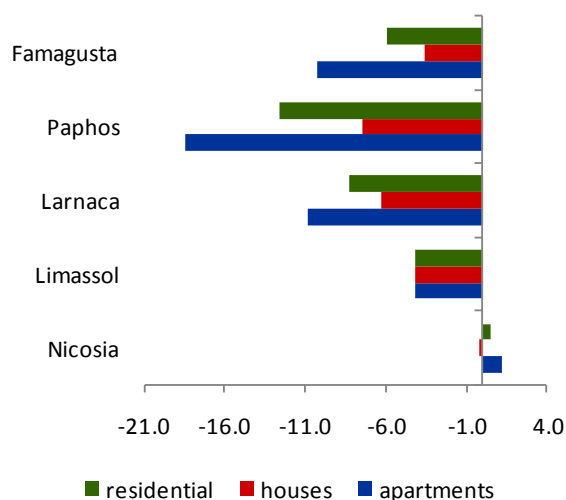
Headlines	2011Q1	2011Q2
Quarterly Index (2010Q1=100)	95,0	94,2
Quarterly Change	-2,2%	-0,9%
Annual Change	-5,0%	-4,9%

Results for residential property price indices (RPPIs)

Property prices (houses and apartments) continued on a downward trend during the second quarter of 2011. Specifically, prices decreased marginally by 0,9% compared with the first quarter of 2011. The respective annual reductions in house and apartment prices during the same period were 1,0% and 0,8%.

The largest reductions in house prices were registered in Paphos (2,3%) and Larnaca (1,8%). The largest reductions in apartment prices were registered in Famagusta (3,5%) and Paphos (2,5%), respectively.

CHART 1 Annual percentage change by district and by type of property, 2011Q2



Source: CBC.

As regards the other districts, the prices of houses and apartments recorded a marginal decrease with the exception of Nicosia where prices remained stable.

Compared to the second quarter of 2010, the overall housing price index showed a decrease of 4,9%. This reduction was mainly due to the fall in the prices of apartments, except in Nicosia where there was a marginal increase in apartment prices of 1,2%. According to the general price index, the decrease in the prices of apartments was 6,5% on an annual basis, while the corresponding reduction in house prices was only 3,7%. A similar picture is presented in the by district apartment price indices, which registered greater reductions than house price indices. The largest decreases in apartment prices occurred in Paphos and Larnaca, 18,4% and 10,8% respectively on an annual basis.

Major developments in the property market

According to data published by the Statistical Service of Cyprus, construction activity continued to record a negative growth in the second quarter of 2011, confirming that the housing sector remains in recession.

Specifically, domestic cement sales recorded an annual decrease of 9,3% in the second quarter of 2011, while the price index of construction materials rose by 4,1%.

Additionally, according to data collected from the Department of Lands and Surveys, during the second quarter of 2011 the number of sale contracts decreased by 21,9% compared with the corresponding quarter of 2010. The largest annual decreases in the number of sale contracts for the first quarter of 2011 were recorded in Larnaca (34,8%) and Paphos (32,2%).

The number of unemployed in the construction sector increased by 22,3% in the second quarter of 2011 compared with the second quarter of 2010, while building permits for residential properties decreased by 41,8%, signifying an even greater decline in future building activity.

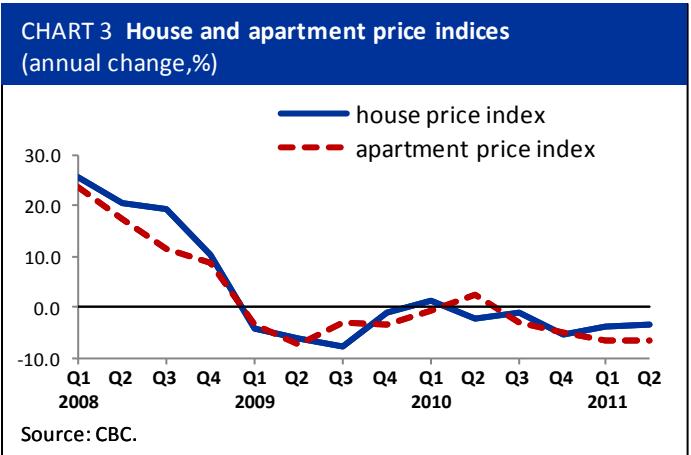
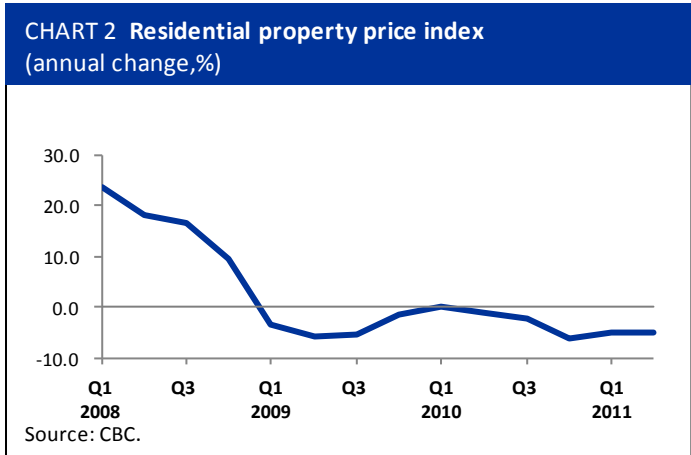


TABLE 1 Residential property price indices by type and by district
(quarterly data , 2010Q1 = 100)

Quarter	<u>Residences by type</u>			<u>Residences by district</u>					RPPI
	Apartments	Houses	N/sia	L/sol	L/ca	Paphos	F/sta		
2007 Q1	84,5	82,2	82,8	75,8	82,3	88,6	82,9	83,6	
Q2	89,1	89,6	90,1	82,2	87,9	90,8	89,2	90,0	
Q3	93,8	91,3	91,2	88,0	93,2	93,1	90,6	92,2	
Q4	97,5	94,7	91,0	91,1	99,3	98,5	98,7	96,1	
2008 Q1	104,4	103,2	103,0	99,7	103,6	99,7	102,9	103,5	
Q2	104,6	107,9	104,3	103,5	104,9	99,9	100,6	106,3	
Q3	104,4	108,9	106,9	103,2	104,3	102,5	113,4	107,3	
Q4	105,8	104,3	104,4	106,6	100,0	102,4	108,9	105,1	
2009 Q1	100,9	98,8	99,7	95,6	99,4	103,7	108,3	100,0	
Q2	96,8	101,2	100,8	93,7	99,3	104,1	106,0	100,1	
Q3	101,0	100,6	101,1	96,7	103,4	102,6	101,1	101,3	
Q4	102,1	103,0	100,2	101,5	103,0	101,6	102,3	103,6	
2010 Q1	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	
Q2	99,2	98,8	100,1	96,7	99,5	96,8	95,9	99,0	
Q3	97,9	99,5	100,7	96,0	95,9	94,2	95,1	98,8	
Q4	96,9	97,4	101,1	96,5	95,8	90,3	94,9	97,2	
2011 Q1	93,5	96,1	100,7	93,6	92,7	86,6	91,7	95,0	
2011 Q2	92,7	95,2	100,6	92,7	91,3	84,6	90,2	94,2	

Source: CBC.

TABLE 2 Residential property price by type and by district
(quarterly data, 2010Q1 = 100)

Quarter	<u>Apartments</u>					<u>Houses</u>				
	N/sia	L/sol	L/ca	Paphos	F/sta	N/sia	L/sol	L/ca	Paphos	F/sta
2010 Q1	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Q2	100,0	96,8	100,0	95,0	94,5	100,3	96,7	99,1	98,2	97,0
Q3	100,9	93,1	98,3	91,6	95,9	100,6	97,6	94,0	96,2	93,9
Q4	102,4	97,6	97,2	84,5	94,2	100,2	96,0	94,8	94,1	95,4
2011 Q1	101,2	93,4	90,2	79,5	87,9	100,3	93,7	94,6	93,1	94,1
2011 Q2	101,2	92,8	89,2	77,5	84,8	100,1	92,7	92,9	90,9	93,5

Source: CBC.

Notes:

The residential property price index and other residential property price indices and sub-indices presented in the current report are produced by the Real Estate Unit of the Economic Research Department at the Central Bank of Cyprus (CBC).

Data from 2006 to 2009 were collected retrospectively from a number of monetary financial institutions. The data for the period after 2009 are collected by the CBC from the member banks of the Association of Cyprus Banks (BOC, Marfin Popular Bank, Hellenic Bank, Alpha Bank, Emporiki Bank, National Bank of Greece, Piraeus Bank, USB Bank, Cyprus Development Bank, Societe Generale and Eurobank) and the Cooperative Central Bank in a standardised form, through an online data submission platform.

The partnered banks receive the relevant information from independent property surveyors for the purpose of granting mortgage loans. The data received are representative of the Cyprus residential property market, covering the whole of the government controlled territory of the Republic of Cyprus (Nicosia, Limassol, Larnaca, Paphos and Famagusta districts) and they refer to all types of residential property (houses and apartments).

All the estimated indices have been rebased so that the first quarter of 2010 equals 100. The RPPI is calculated as the weighted sum of the two by type sub-indices (house and apartment price indices), using the quarterly number of observations as weights.

The RPPI was calculated by merging the two house and apartment price indices and then rebasing the merged index so that 2010Q1 = 100. Thus, the calculated RPPI may differ marginally from the simple weighted average of the two sub-indices.

In constructing the indices the hedonic methodology was employed. Further details about the methodology and other relevant information are available on the CBC website, www.centralbank.gov.cy.

The current report is available at: http://www.centralbank.gov.cy/nqcontent.cfm?a_id=8054&lang=gr