

THE IMPACT OF COUNTRY'S ECONOMIC FACTORS IN HOUSE PRICES: THE CASE OF PORTUGAL

Saira Khalil ur Rehman, khalilsaira@gmail.com, Instituto Politécnico de Bragança
Jorge Manuel Afonso Alves, jorge@ipb.pt, Instituto Politécnico de Bragança
Nuno Filipe Lopes Moutinho, nmoutinho@ipb.pt, Instituto Politécnico de Bragança

ABSTRACT: House market is an important sector not only in the economy of a country, but also for the living conditions of the population. This research seeks to understand the main drivers of the house prices of an European country using the Engle-Granger (EG) Cointegration analysis. Analysing the Portuguese housing market with quarterly data between 1998 and 2019 it is possible to show that in long term unemployment and interest rate are negatively related and that population, inflation and money supply are positively related with house prices.

KEYWORDS: House prices, Cointegration, Error Correction, long-term effects, short-term effects.