

The Unassuming Economist

[Home](#)[About me](#)[Publications](#)[Presentations](#)[Profiles of Economists](#)[Book Reviews](#)[Events](#)[Teaching](#)[Photos](#)

Sunday, February 25, 2018

G-20 Thematic Workshop on Residential and Commercial Property Price Indices

Global Housing Watch Newsletter: **February 2018**

This post is written by Niall O'Hanlon. Mr. O'Hanlon joined the IMF in 2015 as a senior economist in the Real Sector Division of the IMF's Statistics Department. Prior to joining the IMF, Mr. O'Hanlon was Head of Prices Division at the Central Statistics Office Ireland (CSO). During his 14-year career at the CSO he introduced a number of new statistical products including the Residential Property Price Index (RPPI) and the Services Producer Price Index (SPPI).

A recent G-20 Thematic Workshop on Residential and Commercial Property Price Indices provided the participating countries with an opportunity to exchange views on compilation practices and use of the residential and commercial property prices for policy purposes, as well as on country-specific challenges. It highlighted progress and identified key challenges in the compilation of such indices. To advance work, participants agreed on the need to be pragmatic, data-oriented, and take account of available private source data.

The workshop, which is part of the 2018 work program of the G-20 Data Gaps Initiative (DGI), aimed to support the participant economies' efforts to advance the implementation of two challenging recommendations on the compilation of real estate price statistics. As Argentina holds the G-20 Presidency in 2018, the event was hosted by the Instituto Nacional de Estadística y Censos de la República Argentina in Buenos Aires on January 29-30, 2018. The workshop was jointly organized by the Bank for International Settlements (BIS), Eurostat, IMF, and the Organisation for Economic Co-operation and Development. About 80 officials attended the event.

DGI and Real Estate Price Statistics

In 2009, the G-20 Finance Ministers and Central Bank Governors endorsed twenty recommendations to address data gaps revealed by the global financial crisis. The initiative, aimed at supporting enhanced policy analysis, is led by the Financial Stability Board and the IMF. The first phase of the DGI was successfully concluded in September 2015 when the second phase (DGI-2) was launched. The DGI-2 aims to implement, through the five-year horizon of the initiative, the regular collection and dissemination of common datasets that are relevant for policy use in the G-20 economies. Two of the DGI-2 recommendations specifically cover real estate price statistics: Recommendation II.17 on Residential Property Price Indices (RPPIs) and Recommendation II.18 on Commercial Property Price Indices (CPPIs).

Compilation of Residential Property Price Indices

For residential property prices, Recommendation II.17 aims that, by 2021, the G-20 economies compile and publish RPPIS broadly representative of the residential property market and consistent with the *Handbook on Residential Property Price Indices* preferably as official statistics. Additionally, it has been agreed that associated indicators on housing would be included in the project to provide as complete a picture as possible of the residential real estate market.

The recent workshop in Argentina confirmed that good progress was made by the participants in compiling and reporting the RPPI data with 19 of the economies now reporting indices to the Bank for International Settlements. However, compilation practices across participating economies vary in terms of coverage, source of data; quality-mix adjustment methods, the length of timeseries, and the availability of aggregated data.

Key challenges for compilers include availability of transaction prices (as opposed to appraised prices) and the time lag between the actual transaction and its recording. Several participating countries discussed research on using Big Data, primarily collected from real estate websites, in place of administrative data found to be inadequate. Compilation of RPPIs is an ongoing process and even after indexes are published, compilers should continuously strive to improve them through better source data and improved compilation methods. Presentations from a number of countries highlighted recent and ongoing developments in respect of such improvements.

Indicators on Housing

Following the June 2017 Global Conference on the DGI, a template on house prices and related housing indicators was put forward to the G-20 economies for written consultation, and subsequently endorsed at the January 2018 workshop. The template is organized around five topics aimed at better understanding the housing market situation in individual countries:

- RPPIs;
- Other price indicators relating to housing;
- The residential property market;
- Housing stock – size, value and vacancy rates; and
- Construction.

The template provides for all indicators definitions, breakdown, geographical coverage, frequency, measures and starting periods and distinguishes between higher and lower priority indicators.

Participants emphasized the strong demand for RPPI data for policy use such as monetary policy, monitoring economic performance (including at regional level) and forecasts, and for financial stability surveillance.

Compilation of Commercial Property Price Indices

For the emerging development of CPPIs, Recommendation II.18 of the DGI aims to enhance the guidance on the compilation of CPPIs and to encourage dissemination of data prices via the BIS website.

Eurostat has recently published a statistical report on “*Commercial property price indicators: sources, methods and issues.*” The publication underscores the challenges in compiling official CPPIs and related measures of the commercial property market. These include the limited availability of information on transactions, heterogeneity of commercial properties complicating the quality mix-adjustment methods, and scarce expertise.

Recognizing these difficulties, the participants in DGI thematic workshop broadly agreed that the way forward should be pragmatic, data-oriented, and should also support the compilation of other commercial property

market indicators—consistent with the requirements for a broader range of real estate market indicators to inform financial sector risk and macroprudential policy. Participants also broadly agreed that a short to medium-term solution is to rely on already available price and associated indicators from private sources.

Relative to the availability of RPPIs, a reduced number of G-20 economies compile CPPI data, and in most cases, improvements are needed.

Upcoming Events on Real Estate Price Statistics

The Central Bank of the Republic of Turkey will host a workshop on compilation of CPPIs in May 2018. In February 2019, Eurostat will organize an International Conference on Real Estate Statistics.

Posted by Prakash Loungani at 7:17 PM



Labels: [Housing](#)

[Home](#)

Subscribe to: [Posts](#)

SEARCH

Search for:

Search

LATEST NEWSLETTER

[Global Housing Watch Newsletter](#)

POSTS BY TOPIC

- [Economic Forecast](#) (59)
- [Energy](#) (51)
- [Events](#) (7)
- [Housing](#) (379)
- [Macro Demystified](#) (28)
- [Profiles of Economists](#) (30)
- [Uncategorized](#) (10)
- [Unemployment](#) (238)

BLOG ARCHIVE

- ▶ [2018](#) (94)
- ▶ [2017](#) (200)
- ▶ [2016](#) (131)
- ▶ [2015](#) (108)
- ▶ [2014](#) (76)
- ▶ [2013](#) (61)
- ▶ [2012](#) (56)

▶ 2011 (41)

▶ 2010 (14)

Copyright Unassuming Economist 2018