

Housing's Contribution to Economic Development – Reframing the Narrative

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Measuring Housing's Impact Requires Data

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Disclaimer: views expressed here have no institutional affiliation

A specific and important area of housing: a residential property price index (RPPI)

- ❑ My focus is on a specific housing analytical and data need based on a particular central bank perspective: house price bubbles.
- ❑ **The IMF Global Housing Watch** - Hites Ahir - reference
- ❑ A stimulus for the statistical work was in 2009; the G20 Finance Ministers and Central Bank Governors endorsed recommendations to close identified Data Gaps (DGI-1 and DGI-2). One of these was on residential property price indexes (RPPIs).

Achievements

- ❑ Completion of International standards on *Residential Property Price Indexes (RPPI) Measurement* - 2013.
- ❑ Successful adoption of RPPIs in G20 and other advanced economies (particularly EU).
- ❑ Training and technical assistance primarily by IMF in developed, emerging and developing economies.

Coverage:

Geographical (capital, national, cities, rural)
Type (sfh, apartment, terrace)
Vintage(existing, new)
Cash/loan limit
Residency

Quality-mix adjustment:

Hedonic characteristics
Repeat sales
Mix-adjusted
SPAR

Land registry
Lender
Realtor/Estate agent
Buyer
Builders (new)

Price:

Asking, transaction, appraisal

Weight:

Stock/transaction

Private/administrative data:

Timeliness
Reliability/transparency/reputational risk
Longevity

As good as it gets

- ❑ Data availability dictated by the institutional setting for buying and selling houses. UK hampered by extensive search times
- ❑ United States (US): between 2000 and 2015 the Zillow database comprised over 300 million transaction prices on residential properties, location, and their detailed characteristics. Included data on schools, crime, linked to Census data, and potential for geo-locational measures: proximity to transport, shopping, and so forth. Not used for US RPPI.
- ❑ UK, Swiss and others: banking (lender) data. Excludes cash sales.
- ❑ France: Monopolistic network of notaries who draw up deeds and collect stamp duty. Characteristics requested.

Data in emerging and developing countries – innovative approaches: other panel members

- ❑ Rental markets: shelter.
- ❑ Sample selectivity bias; wealthier as opposed to entry, affordable, informal, and traditional housing.
- ❑ Inaccurate data: tax avoidance.
- ❑ Properties rarely sold: inter-generational, extended families.
- ❑ The positive
 - Emerging use of electronic data: advertising - micro evaluations, Deeds offices, lenders.
 - Taxation and Ministry of Finance, central bank, statistical office.
 - South Africa – Affordable housing, entry market (Butcher, 2020). Land Reform initiatives. (Kecia Rust).
 - Merger of housing databases: social and economic.