

Measurement of Inflation of Owner-Occupied Housing in the CPI : Overview and outcomes of the prices sprint

Presentation to the UN Network of Economic Statisticians

Statistics Canada

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UN Network of Economic Statisticians





Rationale and objectives

- Facilitate networking, coordination and communication on the various approaches to the measurement of inflation of owner-occupied housing and learn from experiences of CPI compilers and users in different parts of the world.
 - Practical, conceptual and methodological objectives
 - provide practitioners with an appreciation for how compilers across the world approach this work, and their observed outcomes.
 - discuss advantages and disadvantages of using a specific methodology, based on country experiences and evidence.
 - learn how specific countries address challenges, such as the separation of the price of the land from that of the actual home, data availability and communicating approaches to users.
 - Propose non-binding recommendations regarding the use of the various compilation methods towards identifying a harmonized approach.



Overview and design of sprint sessions

- 3 sprint sessions
 - 22 June 2022 – Overview presentation by IMF, followed by country presentations: UK, Canada, US, Botswana
 - 20 September 2022 – Eurostat, European Central Bank, and country experiences: Ireland, Finland, Netherlands
 - 24 October 2022 – South African experience and plenary discussion
- Presentations of country experiences, including current methods, planned changes and challenges/communication with users, user perspectives and questions and discussion.
- Focus of third and final sprint was to gather feedback on the way forward with a view toward identifying non-binding recommendations for advancing comparability and utility of CPIs across the globe.



Participants and representativeness

- More than 100 participants joined the sprint sessions
- National Statistical Organisations
- Central Banks
- International organisations
- Price experts and academics
- More than 20 participants took on roles of either presenter, speaker or chair



Summary of key points

- Including OOH in the CPI is not just desirable, but critical to ensuring that the measurement of inflation is representative of the basket of goods and services purchased by the typical consumer and allowing for accurate international comparisons
- Results of the 2020 IMF Global Survey of CPI methods indicate 51% of countries exclude OOH. Of the countries that include it, the rental equivalence method is the most prevalent.
- Five main considerations emerged for choosing a specific approach for measuring OOH in the CPI:
 - alignment with the primary use of the CPI
 - access to appropriate data sources
 - consistency and comparability of CPIs
 - ease of communication of the methods with users
 - specificities of the housing market in a country
- Continuing to experiment with various methods of measuring the OOH in the CPI will improve the suite of indicators available to users



Recommendations and next steps

1. Given its importance in household expenditures and as recommended by the CPI manual, OOH should be included in official CPIs;
2. The international statistical community is encouraged to explore the identification of a harmonized method for measuring OOH to use for international comparisons of inflation. This can be done as the main CPI or as an “add-on”, analytical CPI series;
3. The exploration of a harmonized OOH method is entrusted jointly to the existing groups dedicated to improving the quality of the CPI, i.e. the Intersecretariat Working Group on Price Statistics and the Ottawa Group on Price Indices. Additionally, the same networks are entrusted with further refinement of existing OOH methods described in the CPI manual – clarity is needed to guide practitioners through the complexities of data availability, local housing market characteristics (especially countries with large informal housing sector) and technical details.



For more information

[Meeting website](#)

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