1. Motivation and Data

- International comparisons of Purchasing Power Parities (PPP) are inhibited by heterogeneity of products, currencies, and consumption patterns.
- Interregional price comparisons are not plagued by such a degree of heterogeneity.
- Knowing a country’s regional price levels allows for an accurate comparison of regional real GDPs, real wages, and standards of living.

However, there is a lack of regional price data.

For no country regional price levels have been published that are comprehensive (complete country) and include cities as well as rural counties.

This poster presents such price levels for Germany (data from May 2016).

The price data have been collected for CPI measurement purposes by the Federal Statistical Office of Germany.

The regionalized structure of these data allow for spatial price comparisons.

2. Methodology

- On the lowest level of product classification there are large data gaps.
- Therefore, a multi-stage version of the Country Product Dummy (CPD) method is used; unweighted below basic headings and weighted by expenditure shares above basic headings.
- Hedonic regression for rents below basic heading:

\[ \ln(\frac{rent}{sqm}) = \alpha_i D_1 + \ldots + \alpha_i D_i + \ldots + \alpha_{335} D_{335} + \beta_1 \ln (sqm) + \beta_2 \ln (duration) + \ldots + u_i \]

for all regions \( r = 1,2,\ldots,335 \) and flats \( i = 1,2,\ldots,13969 \) (regression includes categorical variables for residential quality, equipment, and public housing).
- Average rents for further 65 regions are directly computed based on 3792 observations.

3. Regional Price Levels in Germany

Non-housing Price Levels

Housing Price Levels

Aggregated Price Levels

Contact

Ludwig von Auer
Universität Trier
Email: vonauer@uni-trier.de

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