

Developing Land and Structure Price Indexes for Ottawa Condominium Apartments

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Measuring the service flow and the stock value of condominium apartments in Canada and decomposing these values into constant quality price and quantity components is important for many purposes. In addition, the System of National Accounts requires that these service flows and stock values for condos be decomposed into constant quality land and structure components. In Canada and most other countries, such a land and structure decomposition of condominium apartment sale prices does not currently exist. In this paper, we provide such a decomposition of condominium apartment sales in Ottawa for the period 1996-2009. Specific attention is paid to the roles of communal land and structure space, as well as building commercial space, on condominium apartment unit selling prices. Key findings include methods to allocate land and building space to a single condominium unit, identifying the characteristics that best explain condominium prices, and developing an average depreciation rate for condos for the 14 year time period.