

# Resale Residential Property Price Index (rRPPI)

## Methodology

Following the global financial crisis in 2008, the G-20 identified real estate price indices as an important financial soundness indicator. Linked to these efforts, residential property price indices form a core set of data necessary for financial stability analysis under a new tier of the IMF's Special Data Dissemination Standard, known as SDDS Plus. In order to meet these new data requirements, and to improve the relevance of housing price statistics, the 2016 Federal Budget mandated Statistics Canada to develop an official Residential Property Price Index (RPPI).

The RPPI covers prices for both resale and new housing, with the resale component captured by the Resale Residential Property Price Index (rRPPI).<sup>1</sup> This is a constant-quality price index that measures the change in transaction prices for resale houses and condominium apartments in Calgary, Montreal, Ottawa, Toronto, Vancouver, and Victoria. The data collection, ingestion, editing, and calculation is done in partnership with Teranet and National Bank.

The rRPPI is a quarterly index, composed of 12 sub-indices—two for each property type (house and condo) in each of the six cities—and a set of weights for aggregating these sub-indices to produce a national property price index. Each sub-index is computed using the repeat-sales method, an internationally accepted method for constructing a constant-quality price index as outlined in Eurostat's *Handbook on Residential Property Prices Indices* (IMF, 2015). The purpose of this document is to provide the details of the repeat-sales methodology used for the rRPPI, and how this index is compiled to a national total.

The remainder of the documents proceeds as follows: section 2 summarizes the key concepts and definitions used for the rRPPI; section 3 outlines the data sources for the rRPPI and how these data are prepared; section 4 details the repeat-sales method and how this is used to construct a constant-quality price index; section 5 discusses aggregation of the city-level sub-indices into a national property price index; and section 6 outlines revisions to the rRPPI.

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<sup>1</sup> Statistics Canada's New House Price Index (NHPI) and New Condominium Apartment Price Index (NCAPI) capture price changes for new housing. These indices, along with the rRPPI, are aggregated to create the RPPI.