

Unified Approach to Statistics Canada's Residential Property Price Index

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Accounting for quality differences between goods is a concern when constructing a price index, in particular for very heterogeneous goods like residential properties. The goal of a price index is to capture a pure price movement across two periods, but if there are systematic differences in the goods being compared over time that also affect price—so called differences in quality—then a pure price movement cannot be captured using transaction prices.

Statistics Canada publishes a New Housing Price Index (NHPI), an Experimental New Condominium Apartment Price Index (NCAPI), and is developing a Resale Residential Property Price Index (rRPPI) to capture these three distinct markets. Each of these sectors have their own unique dynamics that require individualized approaches to index methodology and quality adjustment. Statistics Canada will be combining the NHPI, NCAPI and rRPPI into one Residential Property Price Index (RPPI) in order to capture the price inflation in the residential property market. Bringing these unique markets together into one price index requires a unified approach to the concepts of constant quality indexes.



References
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