

RESIDENTIAL PROPERTY PRICE INDEX PRACTICAL COMPILATION GUIDE

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Abstract

The *RPPI Practical Compilation Guide* (Guide) will be launched during the 2019 World Bank, IMF Spring Meetings. The *Guide* sets out practical advice on the compilation of a Residential Property Price Index (RPPI) following the conceptual approach described in the *Handbook on Residential Property Price Indices* (Handbook), which was published in 2011.

The Second Phase of the G-20 Data Gaps Initiative (DGI-2) and guidance on Financial Soundness Indicators (FSI) identify price changes on residential property as critical ingredients of financial stability policy analysis.

The *Guide* was prepared by the IMF and builds on lessons learned during missions and training courses delivered by the Statistics Department on RPPI compilation to over 80 countries, over the past five years. The *Guide* is written for data compilers in statistical offices, central banks, housing agencies, or other statistical agencies and it explains step-by-step how a system to calculate this index can be put in place.

The *Guide* will address data sources, weights and the most commonly used methods to compile a RPPI. The choice of the best method depends mostly on the characteristics of the available data. The methods demonstrated are the simple averages, the simple averages with mix-adjustment by stratification, and three hedonic methods; the rolling window time dummy hedonic method, the imputations hedonic method and the characteristics hedonic method. A program using R software was developed. The R program is open and is prepared bearing in mind that compilers should be able to use it for their own data. A dataset was built to support the demonstration of the calculation. The R program and the dataset will be publicly available

Finally, some guidance will be given on dissemination issues.

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