

The Financial Crisis and Information Gaps

Recommendation 19:
Real estate prices

Senior Officials Conference
Basel, April 8 and 9, 2010

G-20 recommendation

- **Recommendation 19:** *The Inter-Secretariat Working Group on Price Statistics (IWGPS) to complete the planned handbook on real estate price indices. The BIS and member central banks to investigate dissemination on the BIS website of publicly available data on real estate prices. The IAG to consider including real estate prices (residential and commercial) in the Principal Global Indicators (PGI) website.*
- Lead agencies: Eurostat and BIS

Methodological developments

- Some guidance in IMF FSI Compilation Guide
- Handbook on Residential Property Price Indices (RPPIs):
 - Eurostat is sponsoring the drafting; handbook will be issued under the aegis of the IWGPS
 - Methodological framework based on discussions at series of conferences on RPPIs —IMF-BIS, 2003; OECD-IMF 2006; and Eurostat-IAOS-IFC, 2009
 - Focus on RPPIs but handbook could be basis for Commercial PPI (CPPIs) also
 - Provide conceptual framework to improve national RPPI compilations (by public or private sector bodies)
 - Facilitate comparison of national data, initially by encouraging better metadata, later through peer pressure to improve national data

Availability of data

- BIS currently receives RPPIs for 13 G20 countries and CPPI for one G20 country
 - Only shared amongst BIS member central banks
 - Frequencies: from monthly to annual
 - Timeliness: from six weeks to fourteen months
 - Each series has individual metadata
- In February 2010, the BIS solicited authorisation from the central banks to allow dissemination on the BIS web site
- ECB collects RPPIs for all EU countries
 - Frequencies: from quarterly to annual
 - Timeliness: one month to more than one year
 - Publishes a semi-annual aggregate indicator for the euro area

Availability of data (2)

- ECB has run an EU-wide survey on the availability of CPPIs.
 - The available data exclusively from non-official sources
 - Further investigations required to assess quality – both in terms of data and metadata – and usability of these indices
- Data *sources* and methodologies in G20 countries very different (public and private sector bodies, different approaches)
- Data *reporting* by G-20 countries to BIS and by EU countries to ECB is uneven

Way forward

- Handbook on RPPIs (Eurostat)
 - May 2010: first draft
 - May 2011: final draft (after various international consultations)
 - Eurostat and the EU NSIs carrying out pilot to develop harmonised RPPIs during the course of 2010-2011; first release of an experimental index for the euro area as a whole planned for September 2010
- IMF: study of the impact of methodological issues on national RPPIs
- BIS: upon authorisation by central banks to disseminate national RPPIs and CPPIs data will be posted on the BIS website (to commence soon)
- The IWGPS will consider issues regarding the implementation of the RPPI Handbook recommendations in 2014

Questions

- Are participants aware of any plans to compile additional RPPIs or CPPIs in their country?
- What is a realistic time frame to expect improved data on real estate prices (residential and commercial property)?