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# Modernizing the CPI: Housing/Shelter

## Discussant Comments

National Academy of Sciences  
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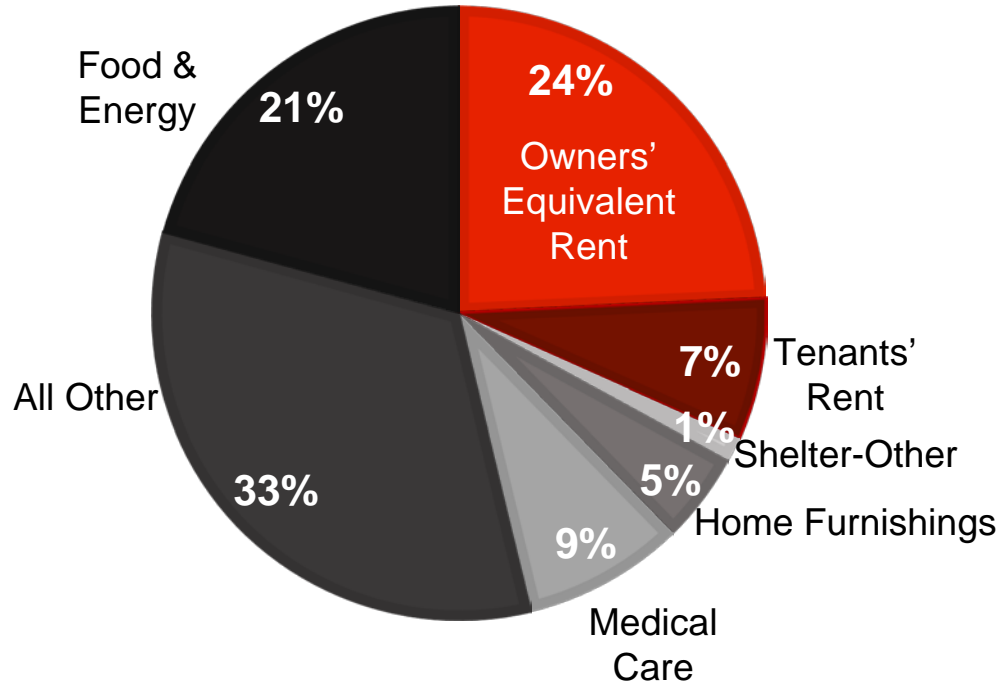
# How to Improve Measurement of Housing Costs: Comments

- Excellent summary , agree with Panel's recommendations
  - Keep current approach (rental equivalence)
  - Expand data sources and coverage
  - Publish additional detail
- One-family rental homes underrepresented in CPI housing sample
  - Imputed rent on owner homes an important part of CPI and PCE
  - Important to expand coverage of high-end rentals for Owner Equivalent Rent (OER)
  - Expanded sample may allow use of new techniques (e.g., repeat rent index<sup>1</sup>)

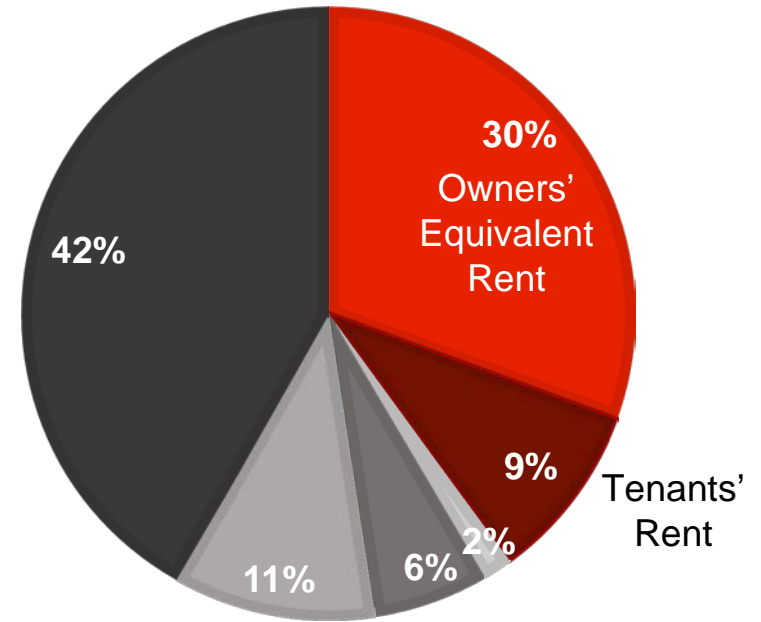
1. For a discussion of repeat rent indexes, see M. Boesel, S. Chen, and F. Nothaft, "Housing Preferences During the Pandemic: Effect on Home Price, Rent, and Inflation Measurement," *Business Economics* (October 2021, Volume 56, Number 4), pp. 200-11.

# Rent Is 32% of CPI and 40% of Core CPI

## Percent of CPI



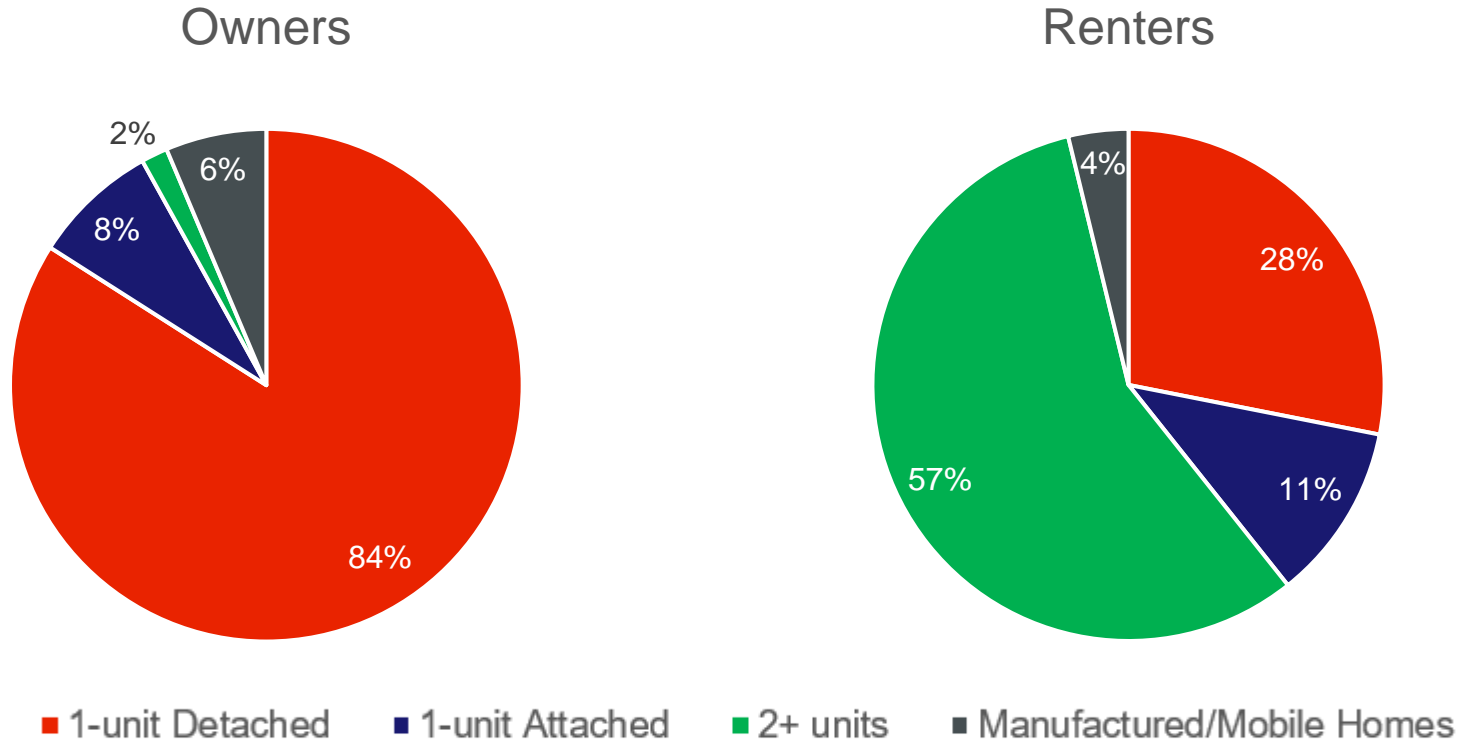
## Percent of Core CPI



Source: Bureau of Labor Statistics (December 2021 Consumer Price Index, 2019-2020 weights)

# Property Type Differs for Owner-Occupants vs. Renters

92% of owners live in 1-unit properties



Source: 2019 American Housing Survey; condominium homes in multi-unit structures are included in 1-unit Attached.

# SF Rental Homes Are Valued Less Than Owner-Occupied

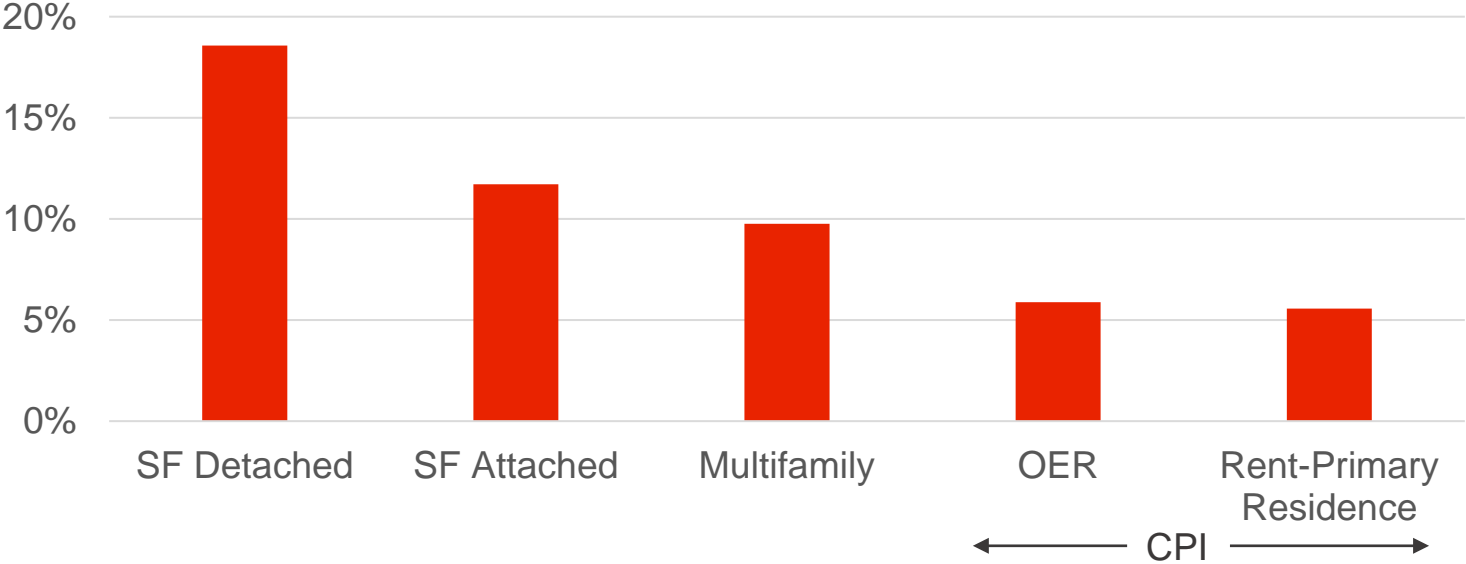
	2015	2019
1-Unit Rental (median)	\$100,000	\$124,000
Owner-Occupied Home (median)	\$180,000	\$230,000
Rental as % of Owner-Occupied	56%	54%

Source: Census Bureau, 2015 and 2019 American Housing Survey, 2015 and 2018 Rental Housing Finance Survey  
(median rental value in 2018 of \$119,000 increased by 4% to reflect CoreLogic HPI price growth from 2018 to 2019)

# Rent Gain for New Tenants Higher Than CPI Measures

Cumulative 2-year gain for SF detached (19%) nearly double that of MF (10%)

2-Year Rent Price Growth, 2019Q4 to 2021Q4



Source: CoreLogic Single-Family Rent Index, Single-family Detached and Single-family Attached (Oct-Nov-Dec average 2019 to Oct-Nov-Dec average 2021); Moody's CRE multifamily effective rent (2019Q4 to 2021Q4); Bureau of Labor Statistics, Consumer Price Index

# Where to find more information

Look for regular updates to our housing forecast, commentary and data at

<https://www.corelogic.com/intelligence/>

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