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\(^1\))

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

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

<table>
<thead>
<tr>
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<th>2015</th>
<th>2019</th>
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<tbody>
<tr>
<td>1-Unit Rental (median)</td>
<td>$100,000</td>
<td>$124,000</td>
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<tr>
<td>Owner-Occupied Home (median)</td>
<td>$180,000</td>
<td>$230,000</td>
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<tr>
<td>Rental as % of Owner-Occupied</td>
<td>56%</td>
<td>54%</td>
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(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

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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