



The price for owner occupied housing

For measuring the price of owner occupied housing various methods are known in literature. None of these methods fits perfectly with the basic principles of the Consumer Price Index (CPI) and therefore there is no international agreement on the use of one method by all countries. For the compilation of the Dutch CPI the purchase of an own house is considered an investment, and not as consumption expenditure. Instead, an imputed rent is allocated to the consumption of owner-occupiers. The allocated rent and its development are, in the CPI, equated with the rent and rental development of a comparable property. All expenses for the purchase and possession of the home are deemed to be included in the imputed rent and are therefore kept out of the coverage of the CPI.

Not all European countries use this rental equivalence method in their national CPI. For example, the method is less suitable in countries where the rental sector is relatively small and there are many owner-occupiers. Because there is no harmonized method that is used all over Europe, the expenditure on the owner-occupied housing is not included in the European harmonized consumer price index (HICP) at all.

There is a need for information about the housing market at European level. That is why in recent years a new European harmonized statistic has been developed on the price development of the expenditure on the purchase and ownership of owner-occupied houses. The purchase of the property is treated in approximately the same way as the purchase of consumer goods in the HICP. This means, for example, that only the acquisition of property that is new to private households is included in this statistic. This concerns, for example, rental housing sold by housing associations to households or newly built housing purchased by households. If a private homeowner sells his home to another household, this is a transaction within the private household sector and the expenses and receipts fall against each other for all households. These transactions therefore do not count in the price development. In addition to the purchase of new homes, the statistics also includes expenses for acquisition of the home, for major maintenance and for home insurance.

The price for owner occupied housing is considered important additional information about inflation in Europe. The price index is not included in the outcome of the HICP for the time being. Eurostat will in the near future write a report on the suitability of the index figure to be included in the HICP.

Incidentally, in addition to this statistic, which includes the purchase of owner-occupied houses that are new to the household sector, Statistics Netherlands also publishes monthly statistics on the price development of existing owner-occupied houses, in collaboration with the Land Registry.

Related items:

Method description [Huurwaarde in de CPI \(only available in Dutch\)](#)

Method description [Owner-occupiers Housing Expenditures](#)

[Housing information of CBS](#)