



information notice

Residential Property Price Index Frequently Asked Questions

Why are CSO launching a new Residential Property Price Index (RPPI)?

The CSO are continually looking to improve the quality of our statistics. When it was launched in 2011, the original RPPI was a big step forward based on the data sources available at the time. There have been a number of important improvements in the availability and quality of data sources in the period since 2011. CSO began receiving stamp duty data from the Revenue Commissioners, which opened up the possibility of increasing the coverage of the RPPI to include cash-purchases. The original RPPI only covered transactions that were funded by a mortgage (i.e. approximately 44% of the residential property market in 2013). The quality of stamp duty returns, in terms of their completeness, improved in the move from paper to eStamping. Finally, the launch of Eircodes, Ireland's postcode system, in July 2015 also presented an opportunity to improve the information in the price model on dwelling location.

Why is the new index better than the original index?

The new index covers all market purchases of houses and apartments by households. It covers both cash and mortgage-based transactions whereas the old index only covered mortgage-based transactions. The improvement in accuracy comes from the higher volume of transactions in the price model, the improved quality of the data sources (e.g. less missing information in the stamp duty data compared to mortgage data) and the addition of better quality locational information (Eircodes and CSO Census Small Area Population Statistics).

Are the CSO revising the historical data?

Yes, the CSO are revising the historical data. The main revisions relate to the period from January 2010 to July 2016. This is the period when it was possible to employ the new methodology using the stamp duty data from Revenue. There are minor revisions to the historical data during the period from January 2005 to December 2009.

How large are the revisions to the historical data?

The overall price trends for the new and the original RPPI's are similar. However, the levels differ at some points. For July 2016, the new RPPI is 3.0% lower than the old RPPI. The trough in the new index in March 2013 is also lower, reflecting better coverage of transactions outside of Dublin in particular. The new RPPI indicates that the peak to trough fall in residential property prices was 54.4%, not 50.9% as recorded previously. The price increase from the trough to the latest month of July 2016 is 43.2% using the new RPPI, whereas it was estimated as 37.4% using the old RPPI (See Table 1).

Table 1: Revisions to national Residential Property Price Index

	Original RPPI % change	New RPPI % change
Peak to Trough (2007 to 2013)	-50.9	-54.4
Trough to Present (2013 to July 2016)	37.4	43.2

What additional detail is now available?

The monthly RPPI statistics will include twelve new sub-indices. Seven of these relate to regional house price indices (Border, Midland, West, Mid-East, Mid-West, South-East, South-West), four relate to Dublin house price indices (Dublin City, Dun Laoghaire-Rathdown, Fingal, South Dublin) and one is a price index for apartments outside of Dublin. The CSO are also publishing a range of additional indicators to measure the volume, value and average price of residential property in Ireland. These indicators are broken down by the characteristics of the buyer, the seller, the dwelling and geographical location (region, county and Eircode routing keys). The additional indicators are based on the Stamp Duty data from Revenue.

Will the original RPPI still be available?

The new RPPI will be the headline figure, replacing the original RPPI as the official measure of inflation for residential property. However, we will continue to update the original RPPI series for an interim period, until December 2016, to give users a chance to become acquainted with the new index. The original RPPI series from January 2005 to December 2016 will be available on StatBank, the CSO's main data dissemination service (www.cso.ie/shorturl.aspx/129).

What do you mean when you say that the RPPI is a “constant quality price index”?

The new RPPI is a constant quality price index similar to the original RPPI. This means that it aims to measure the pure price change over time, independent of any changes in the physical or locational mix of properties transacted in a given month. The Consumer Price Index (CPI) measures the prices of exactly the same products every month. However, this is not possible with residential property as a different mix of properties is transacted every month. This problem is solved by employing statistical regression methods to take account of the physical and locational differences, and isolate the price change on a constant quality basis.

What data sources are used to produce the new RPPI?

The new RPPI makes innovative use of four data sources – the stamp duty returns, BER certification data, the Geodirectory and the Census Small Area Population Statistics. By linking these sources together, the CSO has been able to improve both the quality and detail of the RPPI and compile comprehensive additional indicators. This illustrates the potential for obtaining new statistical insights, at aggregate level, from administrative records. Details of the four data sources and how they contribute to the RPPI data model are set out in Table 2.

Table 2: Data sources used in the new RPPI

Data Source	Institution Source	Information used in the RPPI
Stamp Duty Returns	Revenue Commissioners	Price and date of residential property transaction
Building Energy Ratings (BER) Certification Data	Sustainable Energy Authority of Ireland (SEAI)	Floor area and property type
Geodirectory	An Post Geodirectory Ltd	Eircode routing key of residential property
Census 2011 Small Area Population Statistics (SAPS)	Central Statistics Office (CSO)	Pobal HP Deprivation Index score for each small area

What benefit are there to using Eircodes?

There are three uses for Eircodes in the new RPPI. Firstly, as an important pillar in the National Data Infrastructure, Eircodes help to match the stamp duty data to the Geodirectory. Secondly, the first three digits of the Eircode (which are known as routing keys) are used as a price-determining variable in the model in order to help explain the change in residential property prices over time. Thirdly, the CSO is able to present new statistical outputs on volume, value and average price of residential property classified by Eircode routing keys. There are 139 Eircode routing keys.

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