

Revision of HDB Resale Price Index (RPI)

1 Expand data coverage

Revised index to cover all towns and flat models

• Excluded towns and flat models that were inactively transacted or non-existent before the 2002 review



• Include all towns and flat models
• Towns to be included are Bishan, Bukit Panjang, Bukit Timah, Clementi, Central, Jurong East, Marine Parade, Punggol, Queenstown, Sembawang, Serangoon, Sengkang

Outcome

• Data usage is maximised
• Index is more representative of expanded market

2 Change index methodology

Stratification method

• Similar flats are grouped into cells (by flat type, model, region) and price change over time is computed based on average prices of these cells



Stratified hedonic regression method

Similar flats are sorted into cells by flat types and price change over time for each cell is computed by running a regression to control for different property attributes

• Greater control for quality differences, changes in market structures
• More resilient to low volumes and outliers
• More flexible to change

CURRENT



Flat type



Flat model



Location



Flat attributes



Micro location

IMPROVED

3 Change index weights

• Cells are weighted based on 12-quarter moving average of past transacted volumes



• Weights are fixed based on 5 quarters of transacted values
• Weights will be updated every three years

• Changes in index will reflect pure price changes

4 Change base period

Q4 1998

Q1 2009

The most recent low

Quarterly index movement

QUARTER	CURRENT RPI	REVISED RPI
Q1 2014	-1.6%	-1.9%
Q2 2014	-1.4%	-1.5%
Q3 2014	-1.7%	-1.8%