

Housing price index

Presentation

The housing price index (HPI) is a quarterly index, base 100 as an annual average in 2010. It is a transaction price index measuring pure price changes between two consecutive quarters for dwellings sold.

For a given quarter, the index is calculated as the weighted mean of the following two indices:

- Notaires-INSEE second-hand housing price index¹
- new housing price index

Calculation method

The Notaires-INSEE second-hand housing price index is based on a methodology validated by the Scientific Board of the Notaires-INSEE indices (Conseil scientifique des indices Notaires-Insee - CSIN).²

The new housing price index is based on an econometric model linking the new housing price logarithm to different variables that characterise the property: its type (house or apartment), its physical characteristics (floor space, number of rooms) and the geographic characteristics of the municipality in which it is located (size of the urban unit, ZEAT³, coastal municipalities, winter sports and mountaineering resorts, etc.). This econometric model (in this case a hedonic model) is estimated over two consecutive quarters. There is also a time dummy variable among the explanatory variables which is used to adjust the average change in transaction prices between the two quarters, all other things being equal (i.e. with constant dwelling characteristics). The quarterly change in the index is obtained from the exponential of the coefficient associated with the time dummy. The model is said to be of "adjacent periods" as it is based on the price transition between two consecutive periods. The housing price index for quarter Q of year Y is calculated in two steps: 1) weighted mean of the new and second-hand housing price indices, base 100 in Q4 of year Y-1; 2) chain-linking of the index to obtain an index expressed in base 100, as an annual average for 2010. The weightings of each of the two indices correspond to the respective share of new and second-hand housing in household expenditure on the purchase of dwellings in the course of year Y-2. This expenditure is obtained from the housing accounts published by the Observation and Statistics Service (Service de l'Observation et des Statistiques - SOeS) of the Ministry for Ecology, Sustainable Development, Transport and Housing.

Scope

The geographical scope is Metropolitan France excluding Corsica.

The second-hand dwellings considered are those included in the scope of the Notaires-INSEE index.

The new dwellings considered are those included in the scope of the ECLN survey (see below).

¹ Raw series (i.e. not adjusted for seasonal variations)

² See the description: <http://www.insee.fr/en/methodes/default.asp?page=sources/sou-ind-prix-logements-anciens.htm>

³ Zone for study and development. Find out more: <http://www.insee.fr/en/methodes/default.asp?page=definitions/zone-etude-amenagement-territ.htm>

Sources

The Notaires-INSEE second-hand housing price index is calculated by Min.not and Paris Notaires Services (PNS) in collaboration with INSEE, using property transaction data from the Notarial Economic Database (BIEN - Base d'informations économiques notariales) and the PERVAL database. The new housing price index is calculated by INSEE from property transaction data derived from the Sale of New Dwellings survey (ECLN). This quarterly survey, conducted since 1985 by the SOeS, was extensively revised in Q1 2006.

Définition

The Notaires-INSEE second-hand housing price index provides a means of measuring changes in the prices of second-hand dwellings at constant quality. The price used is the net selling price, excluding property transfer duties, notary fees and agency commission.

The new housing price index provides a means of measuring changes in the prices of new houses at constant quality. The price used is the reservation price, i.e. when the first contract is signed. VAT is included in this price. Notary fees are not.

Publication

The provisional housing price index for quarter Q and the definitive index for quarter Q-1 are published on the INSEE and Eurostat⁴ websites during the following quarter. The index series can also be found individually in the "Statistical indices and series" section of the INSEE website.

Detailed documentation

- **Price index for second-hand dwellings stock : description and methodology**
<http://www.insee.fr/en/methodes/default.asp?page=sources/sou-ind-prix-logements-anciens.htm>
- « [The Notaires-Insee housing prices indexes](#) », *Insee Méthodes* n°128, July 2014
- « [Sale of New Dwellings Survey](#) », presentation on the website of the Ministry of Ecology, Sustainable Development and Energy (in French)

⁴ <http://ec.europa.eu/eurostat>