

# Housing Services and the National Accounts



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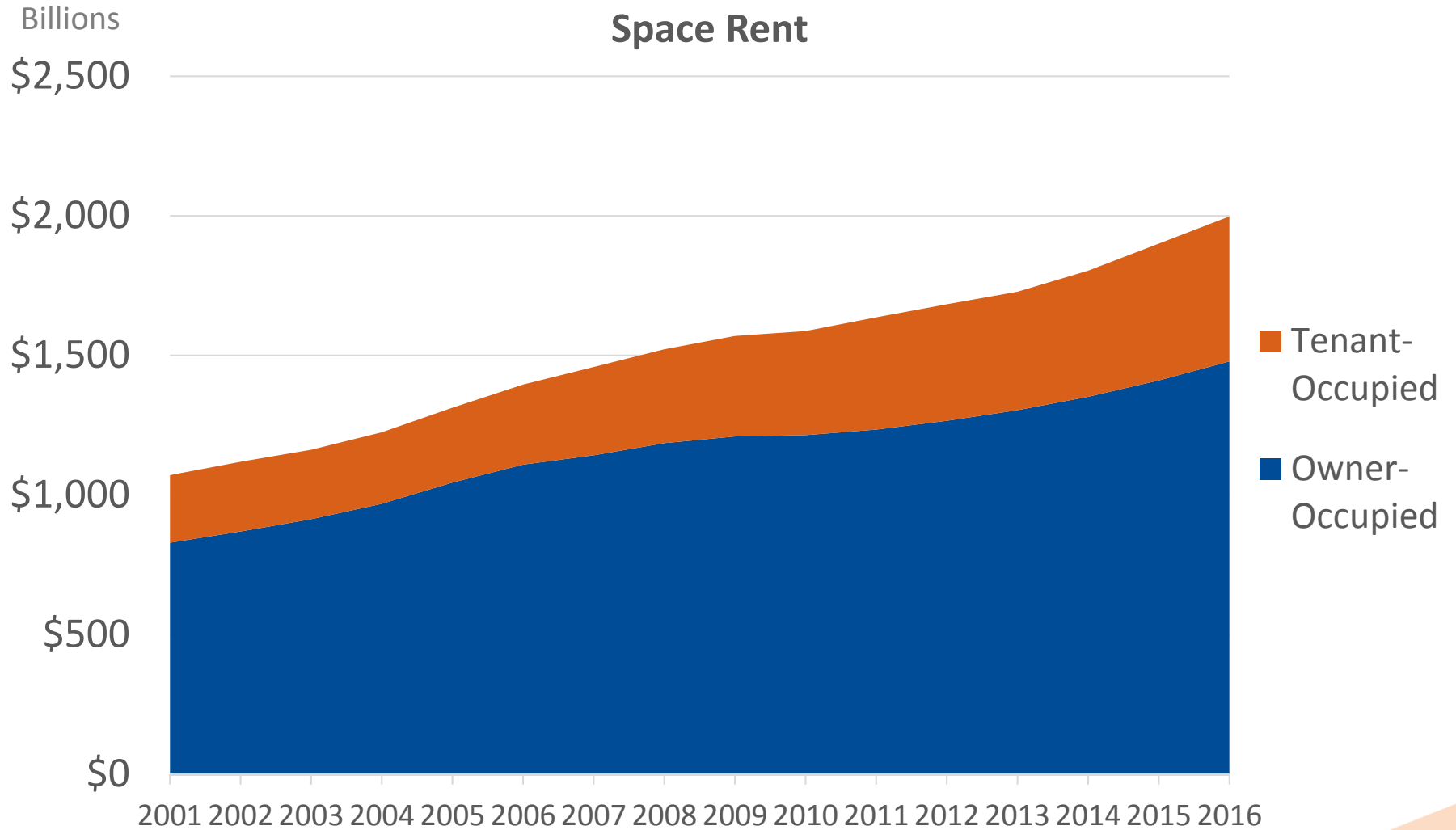
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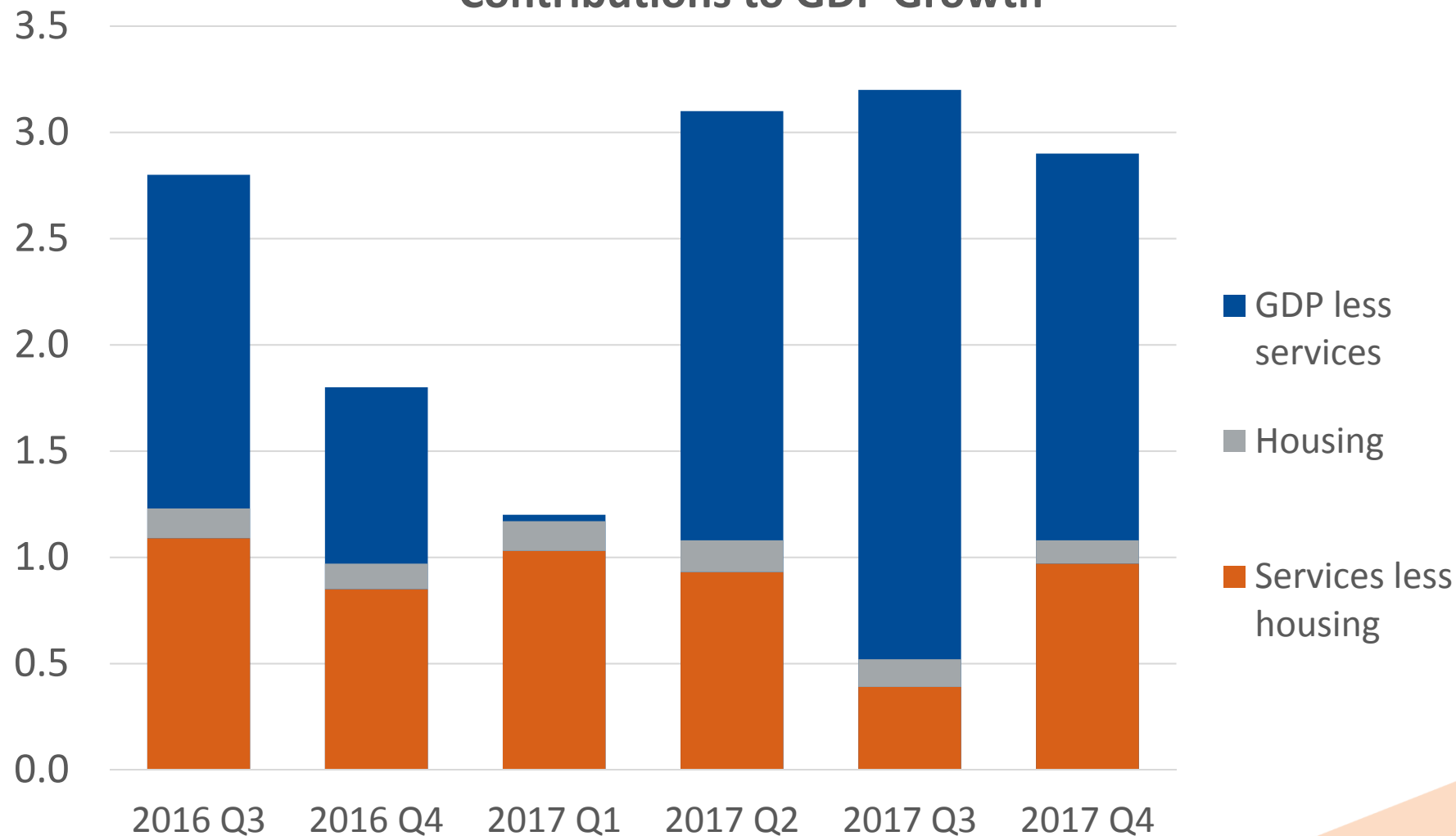
- GDP includes two types of expenditures for housing services:
  - Actual rents paid by renters to landlords (Tenant-Occupied)
  - Imputed rents paid by homeowners who “pay themselves” (Owner-Occupied or Owners’ Equivalent Rent)
    - *Can be thought of as the rent a homeowner could expect to earn if they were to rent their property*
- In 2016, housing services were estimated to make up 11% of gross domestic product, or approximately \$2 trillion
  - *Owner-occupied accounted for \$1.5 trillion*

# Consumption of Housing Services



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## Contributions to GDP Growth



# Why Does BEA Impute Owner-Occupied Rent?

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- Without this imputation, the services of owner-occupied housing would not be included in GDP and related measures
- If the estimation of GDP used only tenant-occupied rent paid to landlords, changes in the proportion of renters to owners could have dramatic and misleading effects on GDP measures
  - *Imputing owner-occupied rents results in consumer spending, GDP, and related income invariant to whether the house is rented by a landlord or is lived in by the homeowner*

# Why Focus on Housing Services Now?

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- Current methodology assumes that rents paid as a percent of the value of the property for a tenant-occupied home are the same as for an owner-occupied property of equivalent value. Is this a reasonable assumption?
- Since 2001, the housing market has seen significant movement in valuations, rents, and quantity of housing stocks
- Primary data source, the Residential Finance Survey (RFS) was discontinued after 2001
  - Many housing surveys are now available: American Housing Survey, Current Population Survey/Housing Vacancy Survey, Residential Finance Housing Survey, American Community Survey (ACS)
  - None provide the complete picture on rent-to-value ratios by property valuation as the RFS
  - Growing availability and usefulness of big data
  - Additionally, there is a need for a Regional view on Housing Services
- Focus now is on exploring options