

# 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

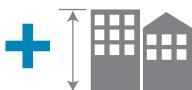


Flat model



Location

### IMPROVED



Flat attributes



Micro location

## 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%