

Revisions of the CPI Housing Sample and Estimation Process

BLS will implement the housing portion of the ongoing CPI revision process with the index for January 1999. This portion of the CPI revision is directed at the CPI's principal shelter index series—rent of primary residence and owners' equivalent rent of primary residence. The CPI will shift to an improved estimation method for homeowner shelter costs and will use a new housing unit sample based on the 1990 Decennial Census. The new estimator for the owners' equivalent rent of primary residence index will employ the same rental observations that form the basis of the revised rent of primary residence index. These observations will be weighted to reflect the total urban stock of owner- and renter-occupied housing, respectively, in the two indexes. The current CPI estimates the change in the implicit rents of a sample of owner-occupied units from the rent change of rental units matched specifically to the owner units. Among other advantages, this new method will not require selection of an owner-occupied sample.

The new sample will provide a current set of rental housing units that, as noted above, will be the basis of both the rent of primary residence and owners' equivalent rent of pri-

mary residence indexes. The decennial census provided information that BLS statisticians used to select small geographic areas (called segments) within the CPI's 87 pricing areas representing the urban United States. The segment selection process uses random sampling, so the housing sample will represent all varieties and locations of the housing stock throughout each CPI pricing area. Segments have been selected for the initial sample, and augmentation segments will also be supplied to replenish the current sample. (The CPI uses another additional sample augmentation process to bring housing units constructed since the decennial census into the CPI housing sample.)

Additional information on these and other changes to the housing component of the CPI can be found in the December 1996 *Monthly Labor Review* article "Revision of the CPI housing sample and estimators." For additional information, write to the Bureau of Labor Statistics, Division of Consumer Prices and Price Indexes, 2 Massachusetts Ave. NE, Room 3615, Washington, DC 20212-0001 or telephone Frank Ptacek at (202) 606-6991, ext. 278.

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BLS will implement the housing portion of the ongoing CPI revision process with the index for January 1999. This portion of the CPI revision is directed at the CPI's principal shelter index series—rent of primary residence and owners' equivalent rent of primary residence. The CPI will shift to an improved estimation method for homeowner shelter costs and will use a new housing unit sample based on the 1990 Decennial Census. The new estimator for the owners' equivalent rent of primary residence index will employ the same rental observations that form the basis of the revised rent of primary residence index. These observations will be weighted to reflect the total urban stock of owner- and renter-occupied housing, respectively, in the two indexes. The current CPI estimates the change in the implicit rents of a sample of owner-occupied units from the rent change of rental units matched specifically to the owner units. Among other advantages, this new method will not require selection of an owner-occupied sample.

The new sample will provide a current set of rental housing units that, as noted above, will be the basis of both the rent of primary residence and owners' equivalent rent of pri-

mary residence indexes. The decennial census provided information that BLS statisticians used to select small geographic areas (called segments) within the CPI's 87 pricing areas representing the urban United States. The segment selection process uses random sampling, so the housing sample will represent all varieties and locations of the housing stock throughout each CPI pricing area. Segments have been selected for the initial sample, and augmentation segments will also be supplied to replenish the current sample. (The CPI uses another additional sample augmentation process to bring housing units constructed since the decennial census into the CPI housing sample.)

Additional information on these and other changes to the housing component of the CPI can be found in the December 1996 *Monthly Labor Review* article "Revision of the CPI housing sample and estimators." For additional information, write to the Bureau of Labor Statistics, Division of Consumer Prices and Price Indexes, 2 Massachusetts Ave. NE, Room 3615, Washington, DC 20212-0001 or telephone Frank Ptacek at (202) 606-6991, ext. 278. Mr. Ptacek may also be reached by e-mail at ptacek_f@bls.gov.

Revisions of the CPI Housing Sample and Estimation Process

BLS has implemented the housing portion of the ongoing CPI revision process effective with the index for January 1999. This part of the CPI revision is directed at the major shelter indexes, “rent of primary residence” and “owners’ equivalent rent of primary residence.” The CPI has shifted to an improved estimation method for homeowner shelter costs and has introduced a new housing unit sample based on the 1990 decennial census.

The new estimator for “owners’ equivalent rent of primary residence” employs the same rental observations that form the basis of the revised “rent of primary residence” index. Those observations are weighted to reflect the total urban stock of owner-occupied and renter-occupied housing, respectively. The former CPI estimated the change in the implicit rents of a sample of owner-occupied units from the rent change of rental units matched specifically to them. Among other advantages, the new method does not require selection of an owner-occupied sample.

The new sample provides a current set of rental housing units that, as noted above, are the basis of both the “rent of

primary residence” and “owners’ equivalent rent of primary residence” indexes. The decennial census provided information that BLS has used to select small geographic areas (called segments) within the CPI’s 87 pricing areas that represent the urban United States. The segment selection process utilizes random sampling, so the housing sample represents all varieties and locations of the housing stock throughout each CPI pricing area. Segments have been selected for the initial sample. Augmentation segments also will be supplied to replenish the current sample. The CPI will use another sample augmentation process to bring housing units constructed since the decennial census into the CPI housing sample.

Additional information on these and other changes to the housing component of the CPI can be found in the December 1996 *Monthly Labor Review* article, “Revision of the CPI Housing Sample and Estimators.” For additional information, write to the Bureau of Labor Statistics, Division of Consumer Prices and Price Indexes, 2 Massachusetts Ave., NE, Room 3615, Washington, DC 20212-0001, telephone Frank Ptacek at 202-606-6991 ext. 278, or send e-mail (ptacek_f@bls.gov).