

Problems and issues in compiling price indices for owner-occupied housing in Georgia

Lia Minaridze
The National Statistics Office of Georgia

The National Statistics Office of Georgia over the last two decades has been developing the statistical system with the aim of bringing national statistics closer to the international standards. This includes also price statistics. The Consumer Price and Producer's price Indices has been developed with the assistance of the International Monetary Fund and Eurostat, and the statistics offices continues work to improve the quality and international comparability of the price indices.

However, separate, independent surveys for price indices for owner-occupied housing have not begun in Georgia yet. It may be this said that we are taking the first steps in this trend. We have begun a registration on owner-occupied housing from 2004, when according to the recommendation of the International Monetary Fund owner-occupied housing was added to the consumer goods basket within the CPI's framework.

Accordingly, since then sales prices has been collected and recorded. The sales prices of owner-occupied housing as well as the rest positions in the consumer goods basket are collected monthly both in the capital and in four cities of Georgia (Consumer price registration is carried out in five big cites of Georgia). Only prices of flats are sampled, we have not yet monitored private, individual houses.

Different real estate agencies, including individual so-called "brokers", which carry out mediatory activity between the seller and buyer of the dwelling are the main source of information. The types of the owner-occupied housing that have sufficiently big share in the total volume of sale of owner-occupied housing are sampled for the price monitoring.

Maximum attention is devoted to ensure comparability over time. Monitoring of prices is carried out in different parts of the cities (in the center, periphery or outskirts) where prices for owner-occupied housing of the same type in terms of parameters such as type of block buildings, living space and equipment are compared. Also the floor of the flat is taken into account.

Both price collectors and the staff working in the main office come across problems during price registration for owner-occupied housing, in particular:

- Unstable data sources (over the last couple of years the data sources have become more stable, but continues to pose problems)
- In spite of providing information to the respondents some agencies decline cooperation
- The most serious problem is that it is not always possible to observe price on comparable flats with similar parameters. Thus, we often have to observe prices for flats with different parameters, which create problems with the index calculation.

Further practical guidance on the compilation of price indices for owner-occupied housing will be most useful as a help in developing such indices.