

Revisions in Korean Repeat Sales Price Indices: Where we were?

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Abstract

In this study, we explore the index revision in reflecting the home price for single-family housing in Seoul Metropolitan Area in South Korea. Especially, we attempt to measure the magnitude of the revision from the context of recent residential market conditions, using repeat-sales transaction data from the Korean Appraisal Board(KAB) and Ministry of Land, Infrastructure and Transport(MLIT), a co-publisher of residential housing market index. To overcome index revision issues, we also construct a alternative residential market index adopting pre- and post-estimates by Standard & Poor's Case/Shiller(S&P C/S) Home Price Indices. Results reveal that the proposed index method provide a systematic downward index value compared to the current home price index published by KAB and MLIT. The application of pre- and post- estimates followed by S&P C/S methodology implies that the coefficient estimates determining value weight of transactions has systematically downward housing index in the repeat sale index.

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