

BEA's Use of Housing Related Data from the Consumer Expenditure Survey

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Disclaimer

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Some CE Data Are Used In Benchmarking

- BEA uses some CE data to establish benchmark levels of estimates.
- Benchmark estimates:
 - Are made every 5 years in a comprehensive revision of the NIPAs.
 - Are consistent with a very detailed input-output table.
 - Use the most detailed and accurate source data.
 - Anchor the levels of the various series.

The header features a blue gradient background. On the left, there is a faint bar chart with gold bars of varying heights. The text "Other CE Data Are Used As Extrapolators for Annual Estimates" is written in a large, white, serif font across the top. In the top right corner, the BEA logo is visible, which includes the text "BUREAU OF ECONOMIC ANALYSIS" and "U.S. DEPARTMENT OF COMMERCE" in small letters.

Other CE Data Are Used As Extrapolators for Annual Estimates

- BEA uses other CE data to obtain annual growth rates. These are used to interpolate between two benchmarks and to extrapolate from the latest benchmark levels.
- The growth rates of this data are important, not their levels.
- The timeliness of this data is a major concern.



Specific Areas Where CE Data Is Used

- National income and product accounts use CE data related to:
 - owner-occupied space rent
 - employee payments for group health insurance
 - taxi fares
 - prior to 2007, auto and truck lease payments.
- BEA's travel and tourism accounts use detailed data from the CE that distinguishes expenditures made at home from those made away from home.



Less Use of CE Data Since 1998

- BEA made extensive use of CE data prior to 1999.
- Since then much CE data has been replaced by data from expanded business surveys, particularly in services.
- Business surveys are more reliable than household surveys because they are:
 - Based on accounting data
 - Based on a larger percentage of the sampling universe
 - Less subject to recall bias
- CE data is still used to judge the accuracy of data from other sources.



CE Data is Used to Estimate Two Key Housing Related Aggregates

- Space rent – the actual rent paid by tenant-occupiers and the imputed rent paid by owner-occupiers on their homes. It is a major component of personal consumption expenditures.
- Rental income of persons – consists mostly of the actual rental income received by individuals who rent out real property plus the imputed net rental income of owner occupants. These are measured as the space rent of owner and tenant occupiers less housing related expenses.

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CE Data Used to Estimate Space Rent

- BEA estimates annual values of space rent on owner-occupied homes using a special tabulation of the CE. CE data on homeowners' assessments of what their homes could be rented for are used to estimate a mean rent. This rent is multiplied by the number of housing units, which is obtained from other sources.
- The space rent of renter-occupied homes is estimated using a similar methodology. Here, however, the CE is not used.



Data Gaps that the CE Might Help With -I

- Loss of benchmark data on actual rents paid on single-family homes due to the discontinuance of the Residential Finance Survey.
- Better data is needed on closing costs.
- Lack of data on expenditures and rents paid on second and vacation homes and other dwellings that are not someone's principal residence. Lack of data on the number of second homes and timeshares.

The top of the slide features a blue header bar. On the left, there is a faint background image of a bar chart with various state names listed vertically (e.g., New Hampshire, Rhode Island, Vermont, Connecticut, Delaware, District of Columbia, Maryland, New Jersey, New York). On the right, the BEA logo is visible, consisting of a stylized 'M' and 'B' followed by 'BEA' in large letters, and 'BUREAU OF ECONOMIC ANALYSIS' and 'U.S. DEPARTMENT OF COMMERCE' in smaller text below. The main title 'Data Gaps that the CE Might Help With -II' is centered in the header bar in a large, white, serif font.

Data Gaps that the CE Might Help With -II

- Lack good estimates of the average interest rates paid on various types of loans.
 - Lack rates paid on mortgages. Also lack data on the amount of mortgage debt subject to adjustable interest rates.
 - Lack data on the average interest rates paid on other loans.
 - Could use data on foreign/domestic split on expenditures made on trips.
 - Could use data on relative amount of driven mileage spent on vacation trips.

The slide features a blue header with a background image of a bar chart and a map of the United States. The BEA logo is in the top right corner. The title 'CE Data Concerns: Timeliness' is written in large white letters across the top.

CE Data Concerns: Timeliness

- CE data is not received in time for the first annual revision after quarterly estimates are made. So far this year, we have been extrapolating space rent using data from the 2007 CE Survey. Data from the 2008 CE Survey will be introduced this July.
- Long periods of mechanical extrapolation can produce problems especially around cyclical turning points.



CE Data Concerns: Accuracy

- There may be a substantial difference between the amount that a home could actually be rented for and the amount that the homeowner thinks that he could receive if he rented the property out.
- BEA has a distinct preference for data on actual transactions. Perhaps BLS could identify which rents paid were for single-family homes.
- Without such transactions data BEA can not directly assess the accuracy of the CE data that we are currently using.