

This note presents a description of the improvement made to the methodology specifically: The Real Estate Activity.

Real estate services comprise three sub-activities: (i) housing services provided by real estate agents; (ii) housing services provided by owner-occupiers (who are deemed to supply these services to themselves and their households); and (iii) other real estate services, including business rentals.

For housing services, the previous methodology estimated annual volume changes by assuming that the housing stock increased by a fixed 0.5 per cent each year. No distinction was made between rental and owner-occupied components.

The improved methodology uses observed data on the housing stock, disaggregated between owner-occupied and rented properties, based on household survey data for 2009–10, 2012, and 2018. Annual estimates of the housing stock are derived by interpolating between survey years using data on construction permits issued each year.

At current prices, the volume series for both owner-occupied housing services and actual rentals are reflatd using the corresponding components of the Consumer Price Index (CPI).

For “other” real estate activities (i.e. those not directly related to housing), the previous approach used turnover data from VAT records to estimate the current price series, with volume estimates derived by deflating this using the CPI for property maintenance. The improved method continues to use VAT data for current price estimates but introduces a more appropriate deflator. Specifically, the deflator is now constructed as a weighted composite of price indices for activities more closely aligned with real estate services, including architectural and engineering services, advertising, and office support services.