

RESIDENTIAL PROPERTY PRICE INDEX

1st Quarter 2019 - 4th Quarter 2021 (Base period: Year 2019 = 100)

1. Introduction

The Residential Property Price Index (RPPI) is an indicator of how the prices of transacted residential properties (houses and apartments) develop over time.

This issue of the RPPI, presents the evolution of residential property prices from the first quarter of 2019 to the fourth quarter of 2021, with the year 2019 as base period.

Please note that this RPPI series and the series that has been previously published are not strictly comparable as they are based on different weights and base periods.

The RPPI is compiled using the *mix-adjustment-by-stratification* methodology, which is discussed in the Annex. Figures have been rounded to one decimal place, although they have been calculated to many decimal places. Note that these figures are provisional.

2. Evolution of the Residential Property Price Index from 2019 to 2021

Chart 1 illustrates the evolution of the RPPI. The overall trend of the RPPI indicates that residential property prices rose from Q3 2019 to Q3 2020.

The index for the first quarter of 2021 reached 113.1, compared to 121.8 in the fourth quarter of 2020, representing a decrease of 7.1%. The index further decreased by 17.4% in the second quarter of the same year. Subsequently, an increase of 36.9% was observed in the third quarter followed by a decrease of 14.7% in the fourth quarter of 2021.

While comparing the RPPI with the corresponding quarters of the previous year, the index increased by 13.0% in the first quarter of 2021, decreased by 9.9% in the second quarter, increased by 5.2% in the third quarter and decreased by 10.4% in the fourth quarter of 2021 to reach 109.1.



3. Residential Property Price Index from Q1 2019 to Q4 2021 (Base period Year 2019 = 100)

The table below shows the RPPI as calculated for Q1 2019 to Q4 2021.

Period	RPPI (2019 = 100)
Q1 2019	112.4
Q2 2019	111.1
Q3 2019	87.7
Q4 2019	88.8
Q1 2020	100.1
Q2 2020	103.7
Q3 2020	121.6
Q4 2020	121.8
Q1 2021	113.1
Q2 2021	93.4
Q3 2021	127.9
Q4 2021	109.1

N.B: *Please note that the indices presented in this series for Q1 2019 and Q2 2019 differ from the indices published previously for the same period as they have been calculated based on different weights and base periods.*

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Annex

Technical Note

Methodology used for the computation of the Residential Property Price Index

(i) Introduction

The Residential Property Price Index (RPPI) is an indicator of changes over time in the prices of residential properties (houses and apartments) purchased.

(ii) Uses

As mentioned in the Handbook on Residential Property Price Indices (2013), the *Residential Property Price Indices* have a number of important uses:

- a) *as a macro-economic indicator of economic growth;*
- b) *for use in monetary policy and inflation targeting;*
- c) *as an input into estimating the value of housing as a component of wealth;*
- d) *as a financial stability or soundness indicator to measure risk exposure;*
- e) *as a deflator in the national accounts;*
- f) *as an input into an individual citizen's decision making on whether to buy (or sell) a residential property;*
- g) *for use in making inter-area and international comparisons.*

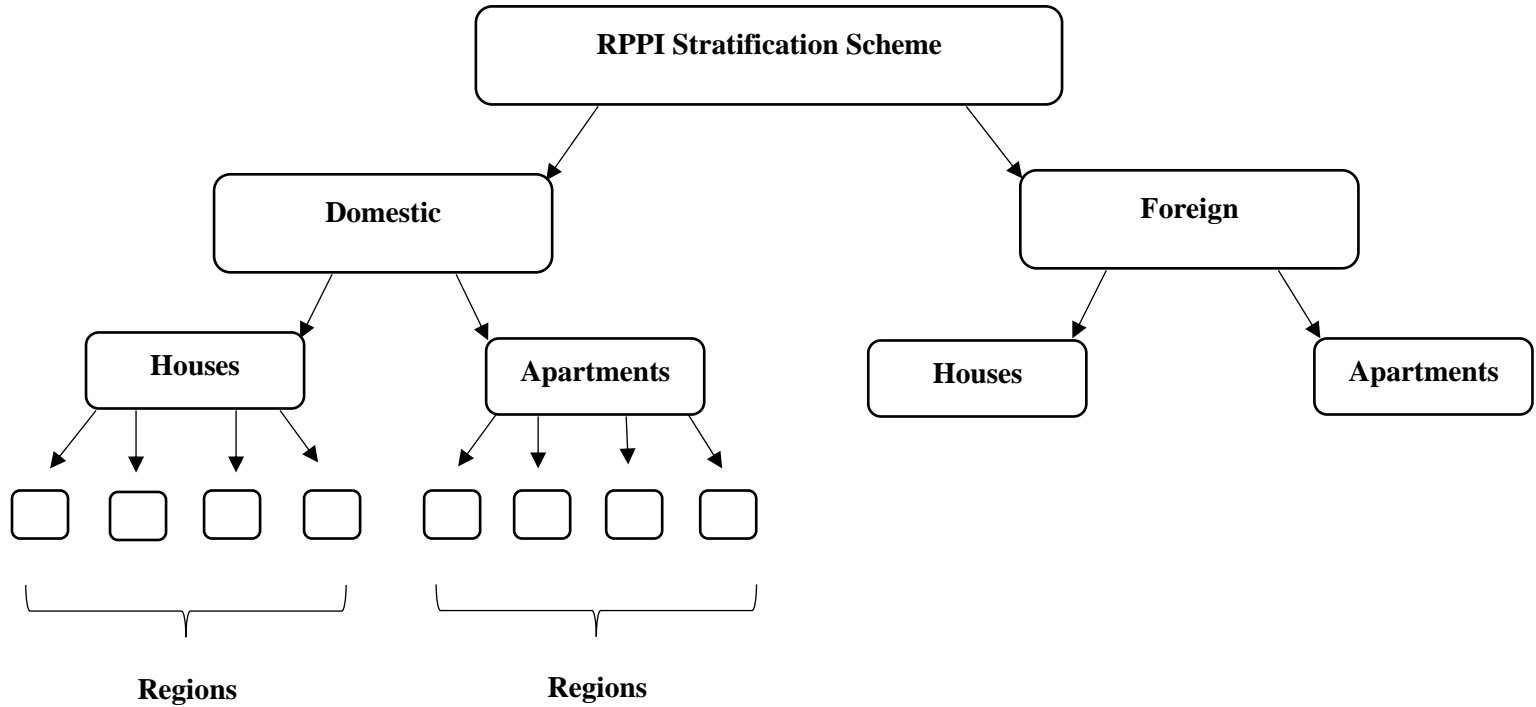
(iii) Method

The index is compiled using the *mix-adjustment-by-stratification* approach. The design of the index is based on three stratification levels, namely:

- (a) Domestic versus foreign transactions;
- (b) Property type (apartments versus houses);
- (c) Four regions, for which the different districts of Mauritius were combined as follows:
 - Pamplemousses and Rivière du Rempart;
 - Moka, Flacq, Grand Port, Savanne and Port Louis;
 - Plaines Wilhems;
 - Black River.

Sub-indices are compiled for each of these stratification levels and are then aggregated into the country-level RPPI.

The stratification scheme for the Residential Property Price Index is illustrated below:



(iv) Weighting scheme

The weights are based on the total value of transactions in year 2019 for each stratum.

(v) Data source

The index is compiled based on all transactions for apartments and houses for which the title deeds were registered at the Registrar General Department between Q1 2019 and Q4 2021.

(vi) Calculation of the Residential Property Price Index

The Residential Property Price Index is a weighted average of price relatives of houses and apartments, based on the modified Laspeyres formula:

$$I_t = \frac{\sum W_i (P_{it} / P_{i0}) \times 100}{\sum W_i}$$

where I_t = index for current period t

P_{i0} = price per meter square of item i at base period 0 (Year 2019)

P_{it} = price per meter square of item i at current period t

W_i = weight of item i

At the level of individual items, the Jevons formula is used to calculate price relatives.

During the 2020 COVID pandemic, the sale of apartments dropped significantly in Mauritius, resulting in data gaps for some region-quarter combinations. In these cases, where the number of transactions for a region were too low for a particular quarter, data were imputed based on past trends as per the recommendations of an IMF expert.

(vii) Special treatment

Not all transaction data from the Registrar General Department have been used in the computation of the index. In cases where the transaction prices were not consistent with the other market transactions in the same stratum, they were treated as outliers and removed from the calculations.

(viii) Limitations

- a) The value of land could not be excluded from transactions where sales values cover both land and building.
- b) Currently, only the aggregated country-level RPPI for Mauritius is published.