

## Taking Account...

### Study Explores Hedonic Indexes for Real Estate

In keeping with BEA's long-standing use of quality-based price indexes for real estate, BEA economist Leonard Loebach has explored the creation and use of quality-based price indexes for various apartment and nonresidential buildings. In a working paper, he concluded that the approach shows much promise for statistical agencies and should be further studied.

Using a national set of data about various characteristics of structures, such as square footage and number of stories, Loebach generated and analyzed both annual and quarterly price indexes for eight types of structures, including apartments, shopping centers, warehouses, and office buildings among others, for 1995–2004.

Loebach's analysis found that hedonic price measures do not increase faster than those indexes currently used in the national income and product accounts (NIPAs), and many hedonic price measures increase 0.5–2 percent per year less than those currently used.

Loebach's working paper builds upon his previous work, which explored the use of contract data to construct price indexes. The updated working

paper takes into account several relatively recent national economic accounting developments, notably the adoption of chain-type quantity indexes as the featured measure for real expenditures in the NIPAs.

Loebach's study also suggested a few areas where further research would be beneficial, such as issues related to the volatility of quarterly real estate price indexes.

The working paper is available on the BEA Web site at <[www.bea.gov](http://www.bea.gov)> by clicking on "Papers and Working Papers."

### BEA's Landefeld Moderates Panel on Health Accounts

In January, BEA organized two sessions at the annual Allied Social Sciences Association meetings in Chicago. The sessions brought together academic experts and BEA researchers to discuss issues related to the development of national health accounts. Among the academic participants were Joseph Newhouse (Harvard University), who chairs a National Academies panel on national health accounts, and Dr. Allison Rosen (University of Michigan), who is working with David Cutler (Harvard University) to develop a prototype set of health accounts. Other participants in-

cluded key researchers in the area of health economics: Ernst Berndt (Massachusetts Institute of Technology), David Meltzer (University of Chicago), and Jack Triplett (Brookings Institution).

During the sessions, BEA staff also presented their research on related issues. Michael Christian reported findings from his study that used data on treatment outcomes to measure the quality-adjusted output of hospitals. Two papers, one by Ana Aizcorbe and Nicole Nestoriak and another by Alan White and Jaison Abel (from Analysis Group, working under contract for BEA), focused on the use of treatment episodes constructed from health claims data as a means of measuring the cost of health care. BEA intends to publish selected papers from these sessions in a future issue of the SURVEY OF CURRENT BUSINESS.

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