Session 5: Consumption Aggregate – Housing

Housing is often on of the most problematic components of the household consumption aggregate. As with durable goods, the appropriate measure of housing consumption is a measure in monetary terms of the flow of services that the household receives from occupying its dwelling. If rental markets are *perfect* and all households rent their dwellings, the rent paid is the obvious choice to include in the consumption aggregate. But this is not often the case, either because rents are subsidized, or because households own their dwellings. Even if the dwelling is owned by the household or received free of charge or with a subsidized rent, an estimate of the annual rental equivalent must be included, when possible, in the consumption aggregate.

After presenting motivations and a brief literature review on the problem of rent imputation, this session will focus on the different methods to estimate rent for home-owners. It ends with examples of empirical applications of the different methodologies and their impacts on poverty measures.