



# Price Indices for Heterogeneous Thinly Traded Goods

## The Case For House Prices

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# Price Revelation- No Google

- All Homes Have Value at All Times, but
- Housing is a Perfectly Heterogeneous Good
- Housing Is a Thinly Traded Good
- Therefore Price Revelation Is Complicated
  - The Curse of Dimensionality
  - Prices Can Be Measured with Error



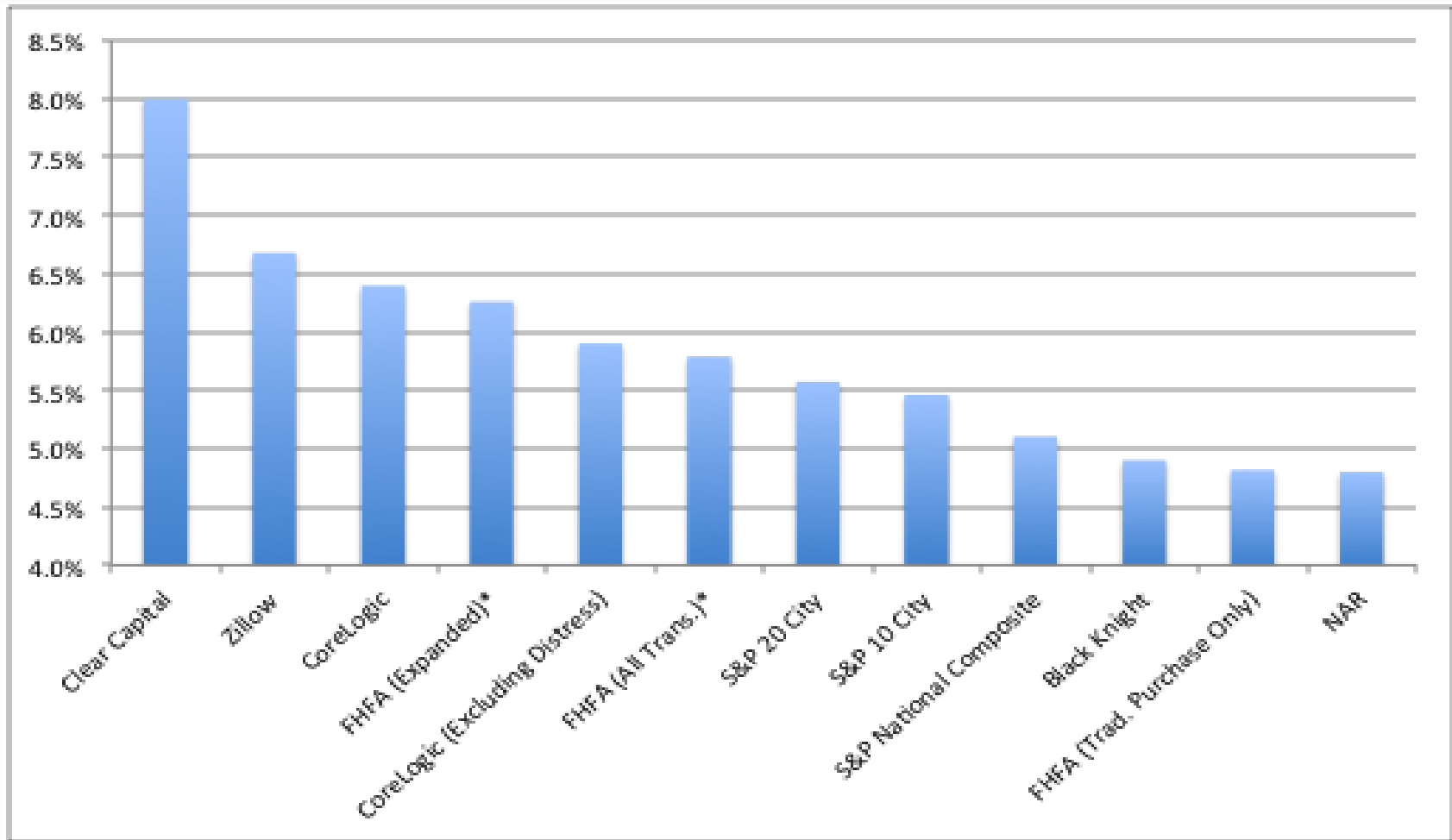
# The Curse of Dimensionality



5.17 MM (SAAR) Existing Home Sales in September- 24 per cohort.

Sources: First American, Sept. 2014

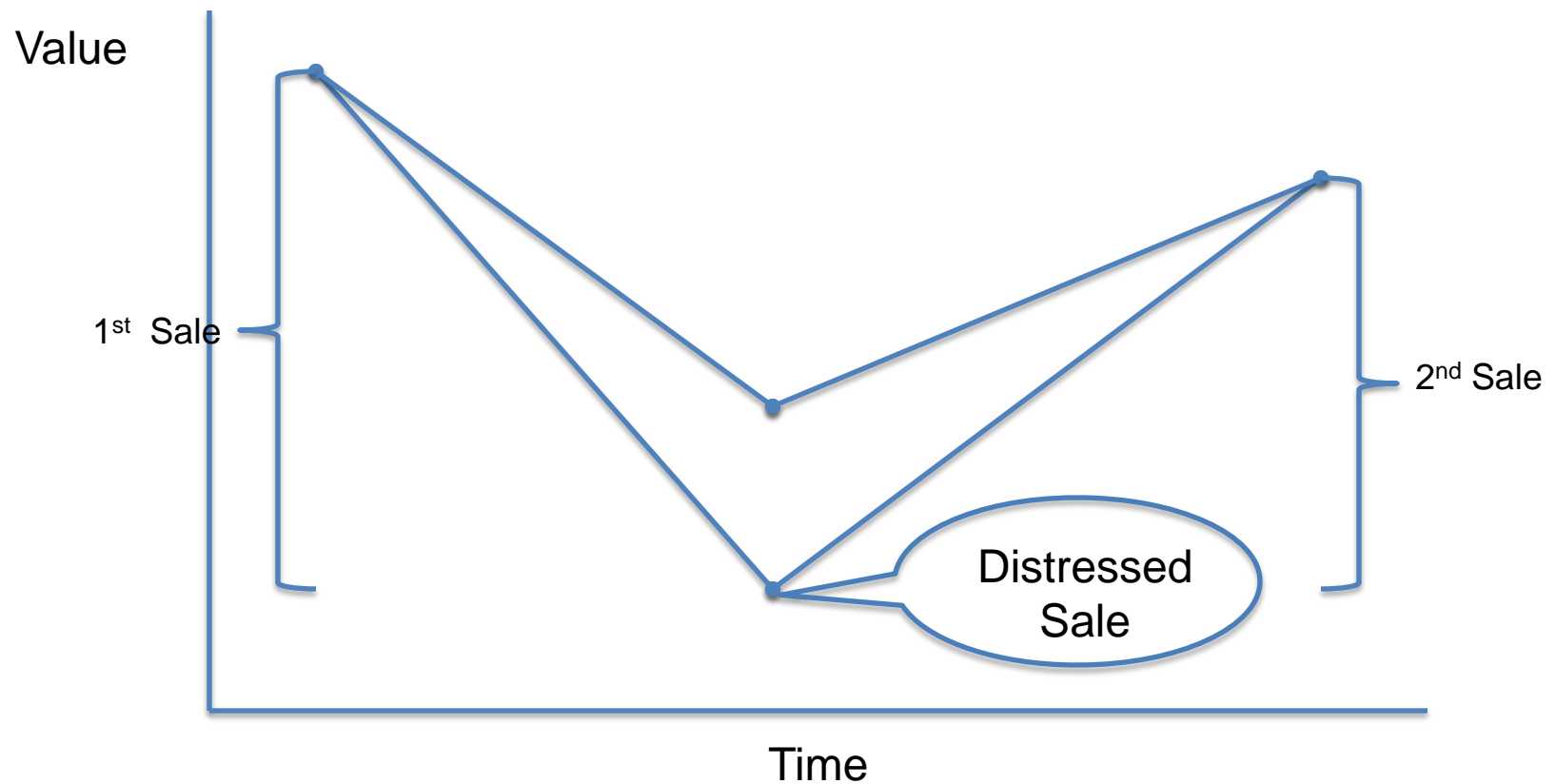
# US Price Appreciation in August



Sources: As Listed, August 2014, \*2<sup>nd</sup> Qtr. YOY

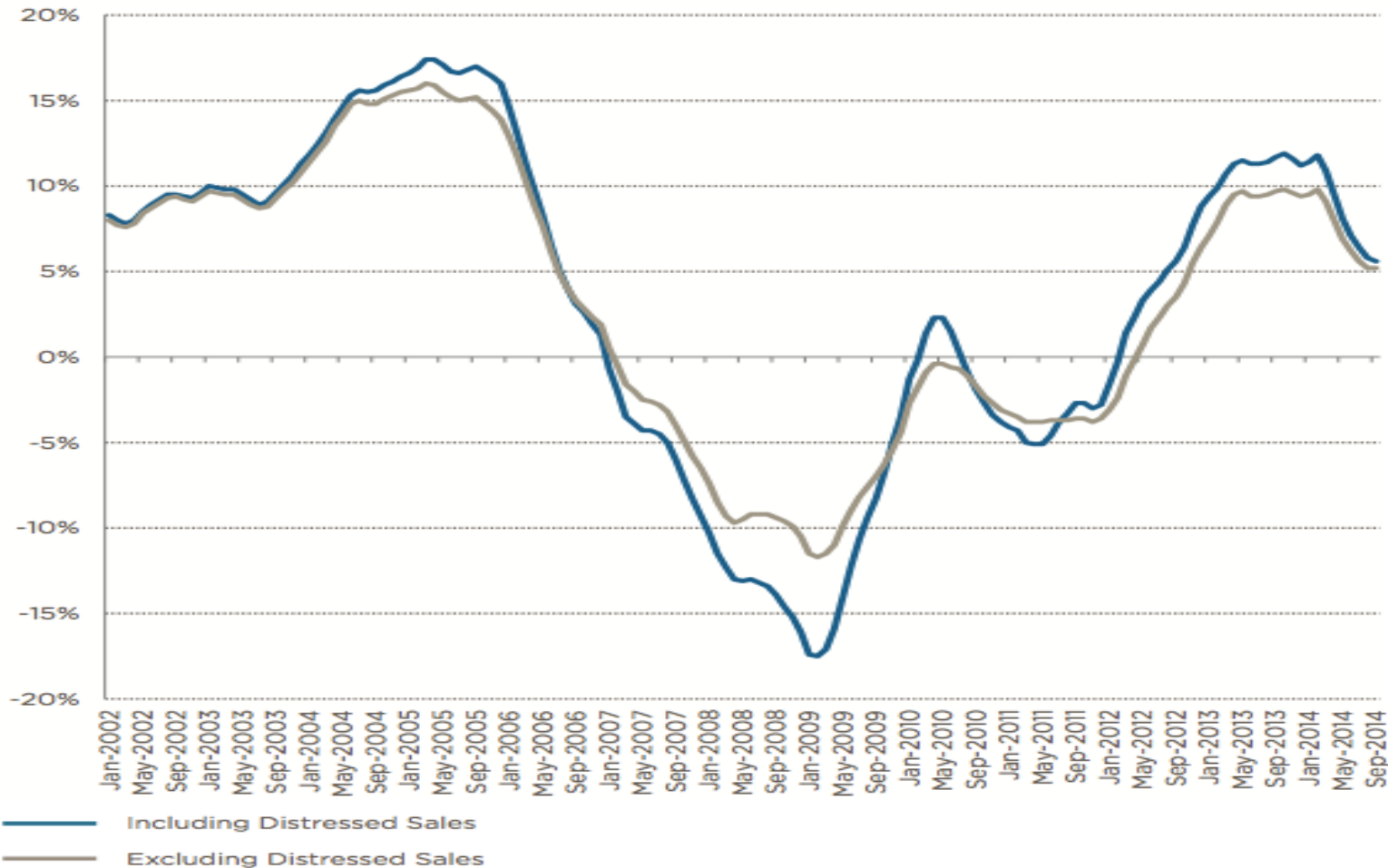


# RS Influence of Distress



Source: First American, November 2014

# The Influence of Distress



Sources: CoreLogic, Sept. 2014

