

Methodology for Collecting Rental Prices on Sint Maarten

According to the last conducted Household Budget Survey (2015), Rent accounts for 27.9% of the total Household Expenditure. This means that 27.9% of the total CPI is attributed to rent. Of this figure, 12.8% is actual rent paid by tenants and 15.1% is imputed rent of owner-occupiers.

Due to the fact that the Department of Statistics (STAT) has never conducted a Rental Survey, we have designed an approach to collect prices for rent in St. Maarten.

The product to be observed is **rent actually paid by tenants or subtenants occupying unfurnished or furnished premises**. Based on the 2018 Labour Force Survey (LFS) and 2011 Census, the most common rented properties to be observed are a 1 bedroom, 1 bathroom apartment and a 2 bedroom, 1 bathroom apartment.

The rent price includes a combination of the cost of vacant properties (collecting prices through Real Estate Agencies, the local newspaper, and Facebook forums), and the cost paid by renters in occupied properties (collecting prices through household surveys such as the LFS, which contain a rent module).

Rent is collected for 1 bedroom and 2 bedroom vacant properties during the observation period every month, from the following 12 outlets:

1. Antillean Properties – Facebook prices and other realtors are included
2. Island Real Estate Team
3. Remax Island Properties
4. Sunshine Properties
5. Century 21 Island
6. St. Maarten Investments
7. Maho Real Estate
8. Lion Crest Realty
9. Trust Real Estate SXM
10. Leopold Gumbs
11. Facebook
12. The Daily Herald Newspaper

If the rent price for the properties that are observed in the above outlets include utilities, an estimation of utility usage is subtracted from the price. This is to ensure that the recorded price is the pure price. GEBE bills for 1 bedroom and 2 bedroom properties were compared and an average for each was calculated¹. Electricity and Water for a 1 bedroom, 1 bathroom property is estimated at USD 80.00 = NAf 144.00 and for a 2 bedroom, 1 bathroom property it is estimated at USD 150.00 = NAf 270.00.

¹ The calculation to arrive at \$80 for utilities in a 1-bedroom, 1-bathroom and \$150 for utilities in a 2-bedroom, 1-bathroom can be found in *Rental Prices2019_GF* (in April's sheet/rows 25-50).

It was also determined that water constitutes approximately 1/3 of the utilities bill, as such, if only water is included in the rental cost, USD 25.00 = NAf 45.00 is subtracted for a 1 bedroom property, and USD 50.00 = NAf 90.00 is subtracted for a 2 bedroom property.

There are also cases where properties are rented with some or all furniture items included. It is expected that this also has an effect on the rental price, however, we do not currently have a reliable way to estimate the difference between a property rented furnished and one rented unfurnished. As such, at this time, no deductions are made to properties that are furnished or semi-furnished. STAT has a Population and Housing Census planned for the near future, and there will be a rent module inserted to the questionnaire that should allow us to collect the necessary information to estimate an amount to be deducted for furnished and semi-furnished properties.

Once prices have been collected, the prices for each outlet are averaged and inserted to be used in the calculation of the price of rent every 6 months.

The Labour Force Survey (LFS) is done every year and is used to obtain data of currently rented properties. This frequency is deemed sufficient to be used to record the cost of occupied rental properties because rent changes less frequently. Often times persons are bound to a lease which has a minimum 12-month period.

Currently, the Level 2 category ***Actual rentals for housing*** has a weight of 12.7527% and has one observable product: '*Actual rental paid by tenants*'. Hence, the sole product is weighted the same as the category. The proposal going forward, is to divide the weight of the Level 2 category into two products: '*Actual rental paid by tenants*' and '*Rental cost of vacant properties*', each weighted equally as 6.37635%.

The imputed rent of owner-occupiers will maintain the same weight of 15.1288%.