

# China's Housing-Service Revision

## Reconciling Official Statistics and International Productivity Databases

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### KEY MESSAGE

The 2023 revision raised China's nominal GDP by 2.7 percent, with a substantial share arising from the adoption of a rental-equivalence approach for owner-occupied housing services. While this change moves China's national accounts closer to international standards, important measurement issues remain. Unlike most international productivity databases, the APO Productivity Database (APO-PDB) introduced explicit housing-service adjustments for China in its 2022 revision; for the forthcoming 2026 edition, it reconciles these adjustments with the revised official statistics while maintaining cross-country comparability.

### WHY THIS MATTERS

China has long been characterized as a highly investment-oriented economy with a relatively low share of consumption. However, measured expenditure structures depend not only on underlying economic behavior but also on national accounting conventions. In particular, the treatment of owner-occupied housing services can materially affect both GDP and household consumption. While APO-PDB has already adjusted Chinese housing services for international comparison purposes, the recent revision of the official national accounts raises a new question: how should existing harmonization adjustments be reconciled with the revised official statistics?

### EVIDENCE FROM THE 2023 GDP REVISION

Following the Fifth National Economic Census, the National Bureau of Statistics (NBS) revised China's 2023 GDP in December 2024 and subsequently released revised historical series in September 2025. The revision raised nominal GDP in 2023 by 3.37 trillion yuan, equivalent to 2.7% of GDP. According to the NBS (2024), 2.03 trillion yuan of the revision reflects updated economic census information, while 1.34 trillion yuan results from a methodological change in the treatment of owner-occupied housing services, shifting from a cost approach to a rental-equivalence approach.

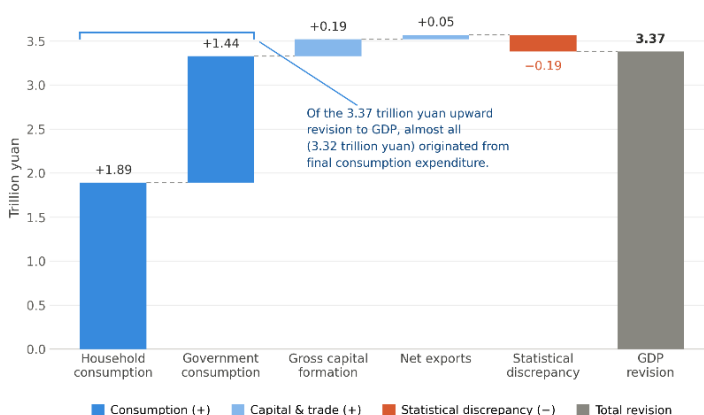


Figure 1. Contributions to the Revision of China's GDP, 2023

Several features are notable. Final consumption expenditure increased by 4.7% as a result of the revision, while gross capital formation rose by only 0.4%. Household consumption increased by 3.8%, raising the consumption share of GDP from 39.1% to 39.6%. At the same time, the

investment share declined from 42.1% to 41.1%. The revision therefore shifts the measured composition of demand modestly away from investment and toward consumption.

## INTERPRETATION

The revision should be interpreted primarily as a change in measurement rather than an economic one. Households did not consume more housing services in 2023; rather, the same services were assigned a higher value under the rental-equivalence approach. The revision therefore affects the measured composition of GDP and final demand without implying a corresponding change in underlying economic activity.

## MEASUREMENT CONSIDERATIONS

The revision nevertheless raises an important issue for international productivity databases. Beginning with APO-PDB 2022, adjustments developed in consultation with W. Erwin Diewert (University of British Columbia) were introduced to address the perceived underestimation of housing services in the Chinese national accounts. These adjustments covered two components from 1970: (a) imputed land rent associated with owner-occupied housing, added to capital income; and (b) rent differentials associated with free housing provision, treated as labor income in kind and concentrated primarily in the pre-2000 period.

The recent NBS revision introduces two additional elements: (c) imputed returns associated with owner-occupied housing structures under the rental-equivalence approach, and (a') land-related services that may already be captured through market rents. Because the detailed methodology underlying the revised series has not yet been fully documented, the extent of overlap between (a') and the earlier land-rent adjustment (a) remains uncertain.

While market rents normally incorporate land-related services, the relatively modest size of the official revision compared with previous APO-PDB adjustments suggests that the overlap is only partial. Accordingly, for APO-PDB 2026 (forthcoming), 20% of the official housing-service revision is provisionally treated as overlapping with the existing land-rent adjustment. The resulting additional adjustment may therefore be represented as: Additional adjustment =  $(a - a') + b$ . This assumption treats most of the official revision as reflecting the newly recognized structure-related return component of owner-occupied housing, while allowing for partial overlap with the land-rent adjustment already incorporated in APO-PDB.

## IMPLICATIONS

### 01

Revisions to housing-service measurement raise China's measured consumption share and reduce its apparent reliance on investment in the official national accounts.

### 02

Housing-service measurement remains a significant source of uncertainty in international comparisons of GDP, productivity, and expenditure structures.

### 03

Harmonized international productivity databases must continually adapt to benchmark revisions in official statistics while maintaining cross-country comparability.

## REFERENCES

NBS (2024). "Questions and Answers on the Revision of 2023 GDP Data Following the Fifth National Economic Census," December 27. (in Chinese)

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*This note is part of the Productivity Research Notes series, examining key issues in productivity and economic performance in Asia. The views expressed are those of the author(s). Inquiries may be directed to [sankenoffice@info.keio.ac.jp](mailto:sankenoffice@info.keio.ac.jp).*

