

SYNCHRONIZED SINKING?

THE OUTLOOK FOR HOUSING MARKETS AROUND THE WORLD

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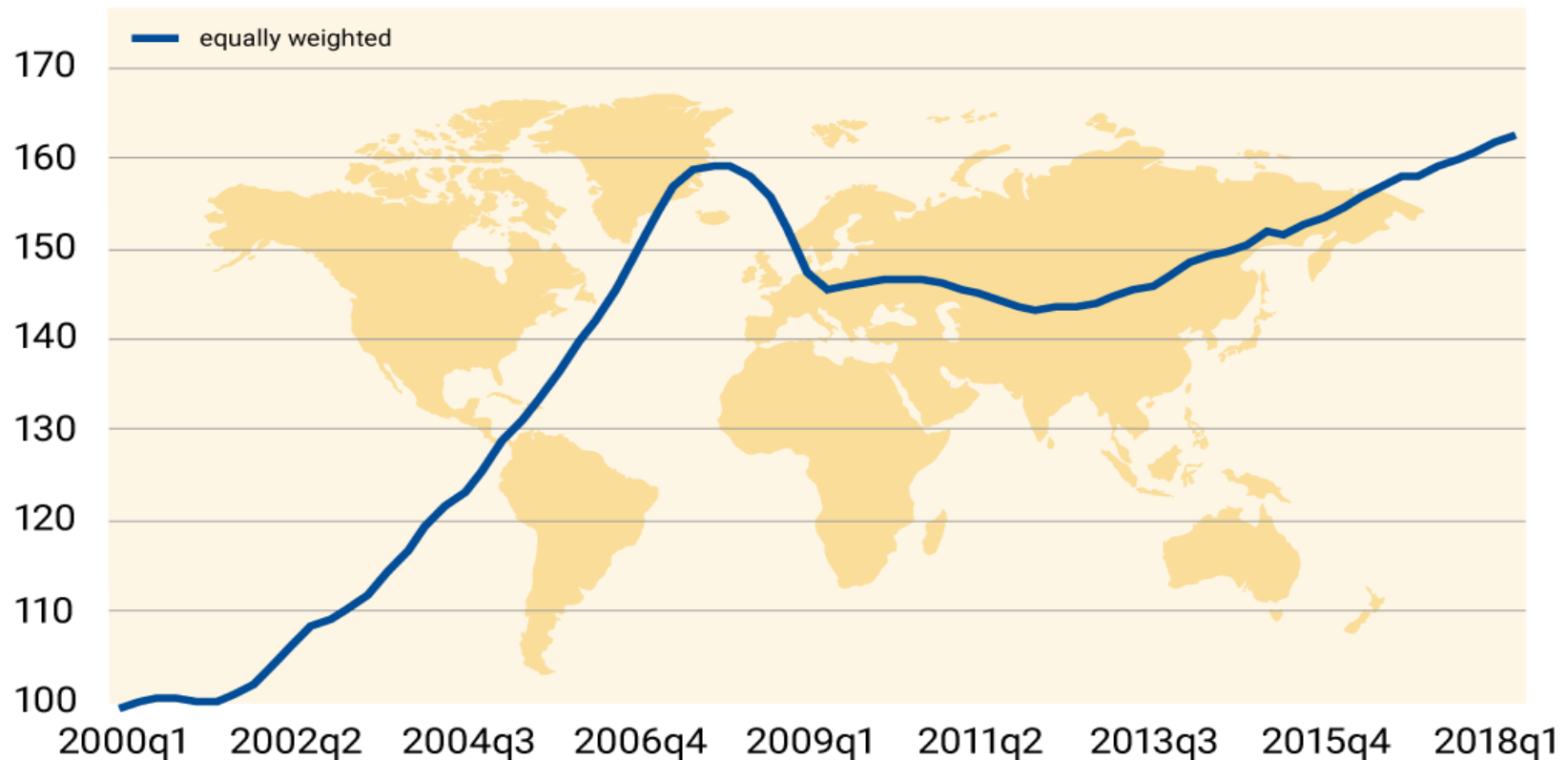
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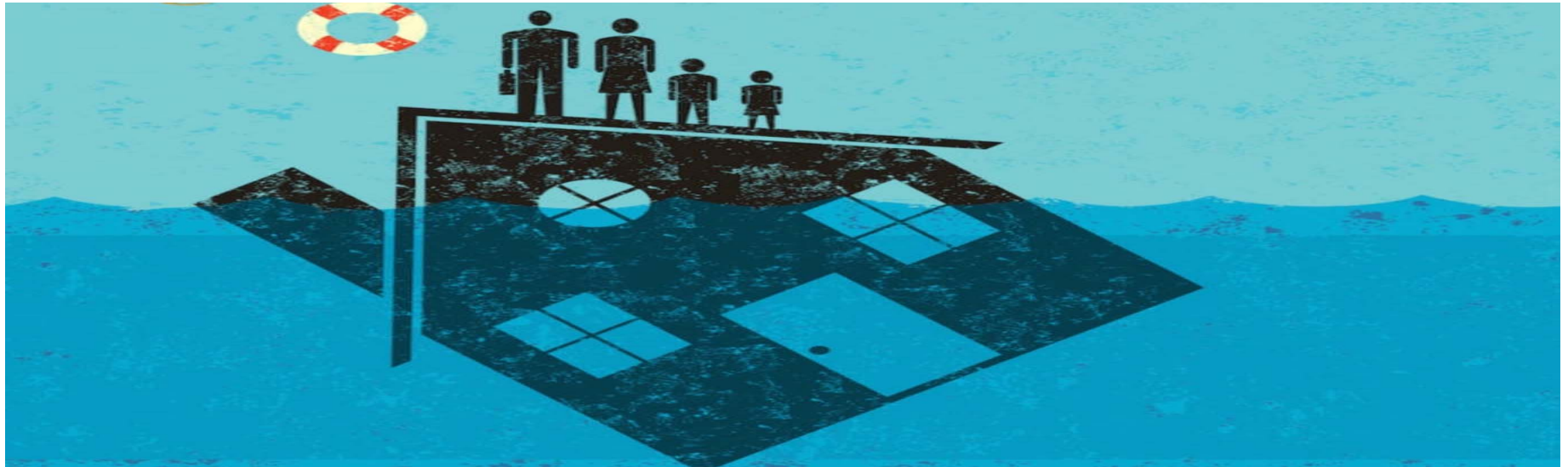
IMF GLOBAL HOUSE PRICE INDEX

Global Real House Price Index

Global housing markets has been steadily climbing up.

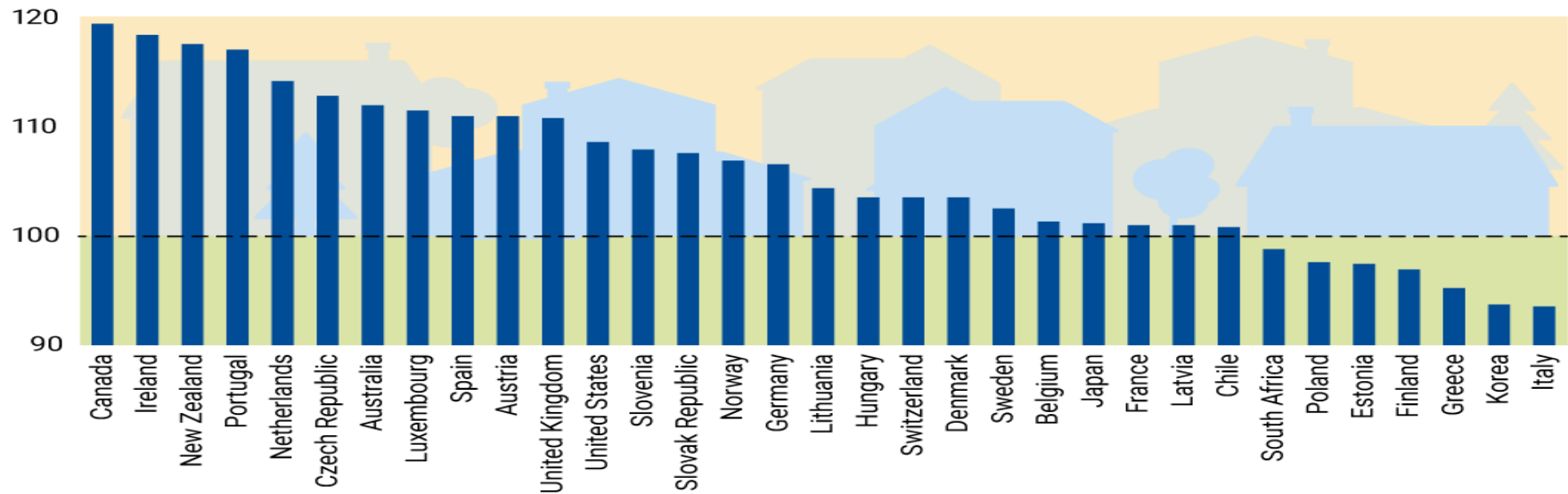


Sources: Bank for International Settlements, European Central Bank, Federal Reserve Bank of Dallas, Savills, and national sources



House Price-to-Income Ratio Around the World

House prices have grown faster than incomes in over half the countries
(2018:Q2 or latest available index, 2015 = 100)



Source: Organisation for Economic Co-operation and Development

Is it time to worry again?

Answer: A guarded “no” for five reasons

Lack of synchronicity

- 1) Not a synchronized boom across countries
- 2) Booms localized to a few cities in many countries

No more ‘benign neglect’

- 3) Active use of macroprudential policies to tame booms

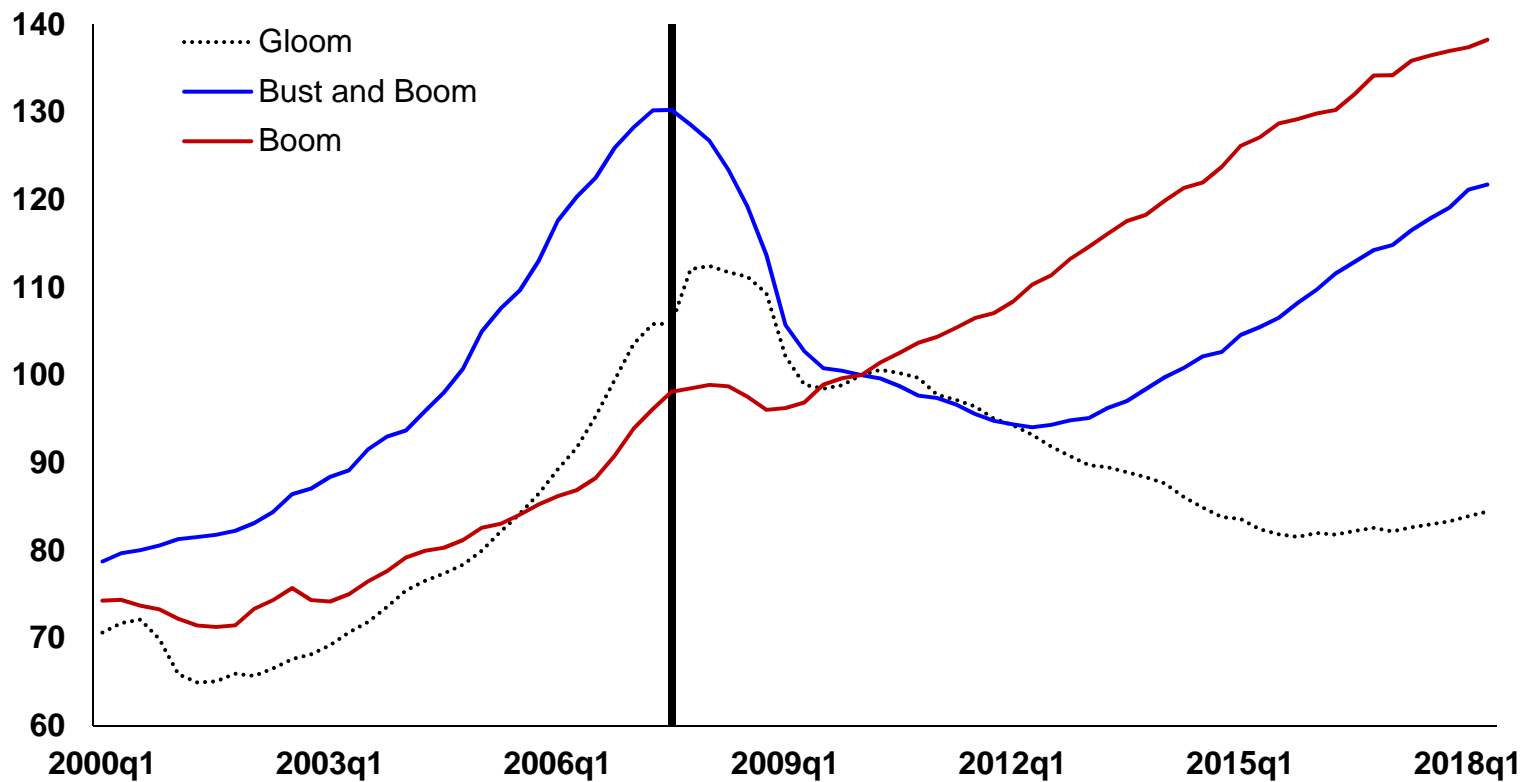
Not an ‘excessive credit’-driven boom everywhere

- 4) Prices up, not permits (due to macroprudential policies & supply constraints)
- 5) Low interest rates driving some of the appreciation

REASON 1: NOT A SYNCHRONIZED BOOM

THREE -TRACK RECOVERY

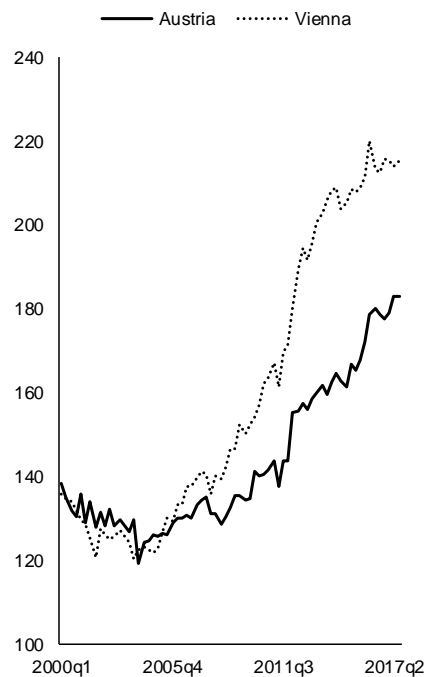
Real House Price Index
2010Q1=100



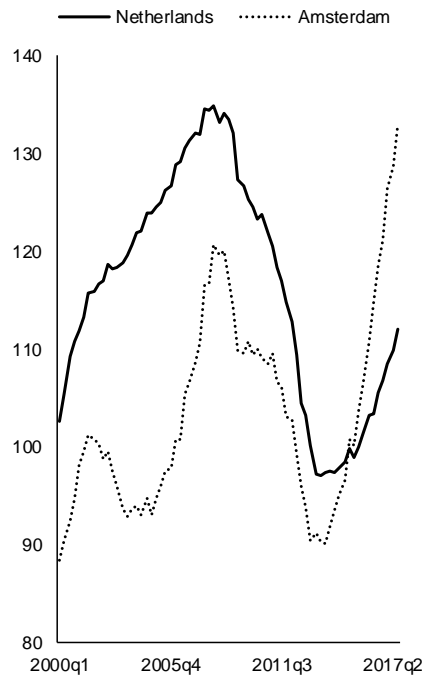
Source: Bank for International Settlements, European Central Bank, Federal Reserve Bank of Dallas, Savills, and national sources

REASON 2: IN MANY COUNTRIES, BOOMS ARE AT CITY-LEVEL

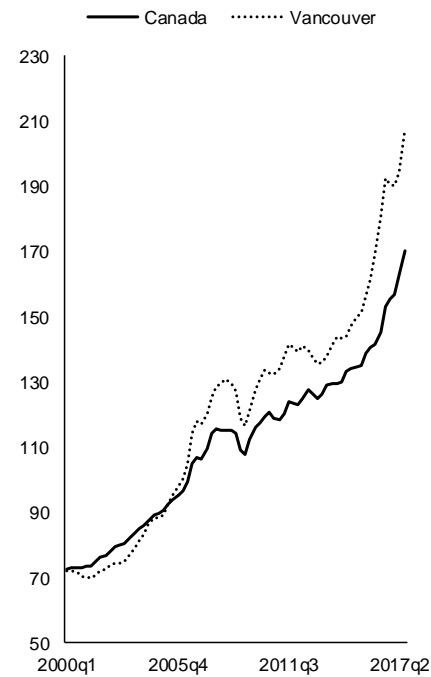
Austria



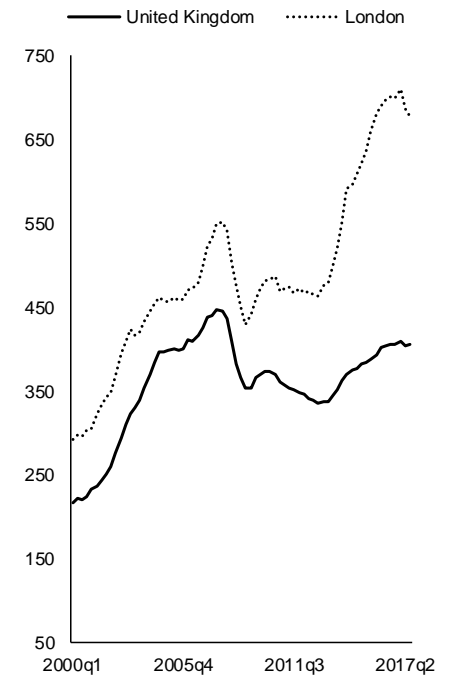
Netherlands



Canada

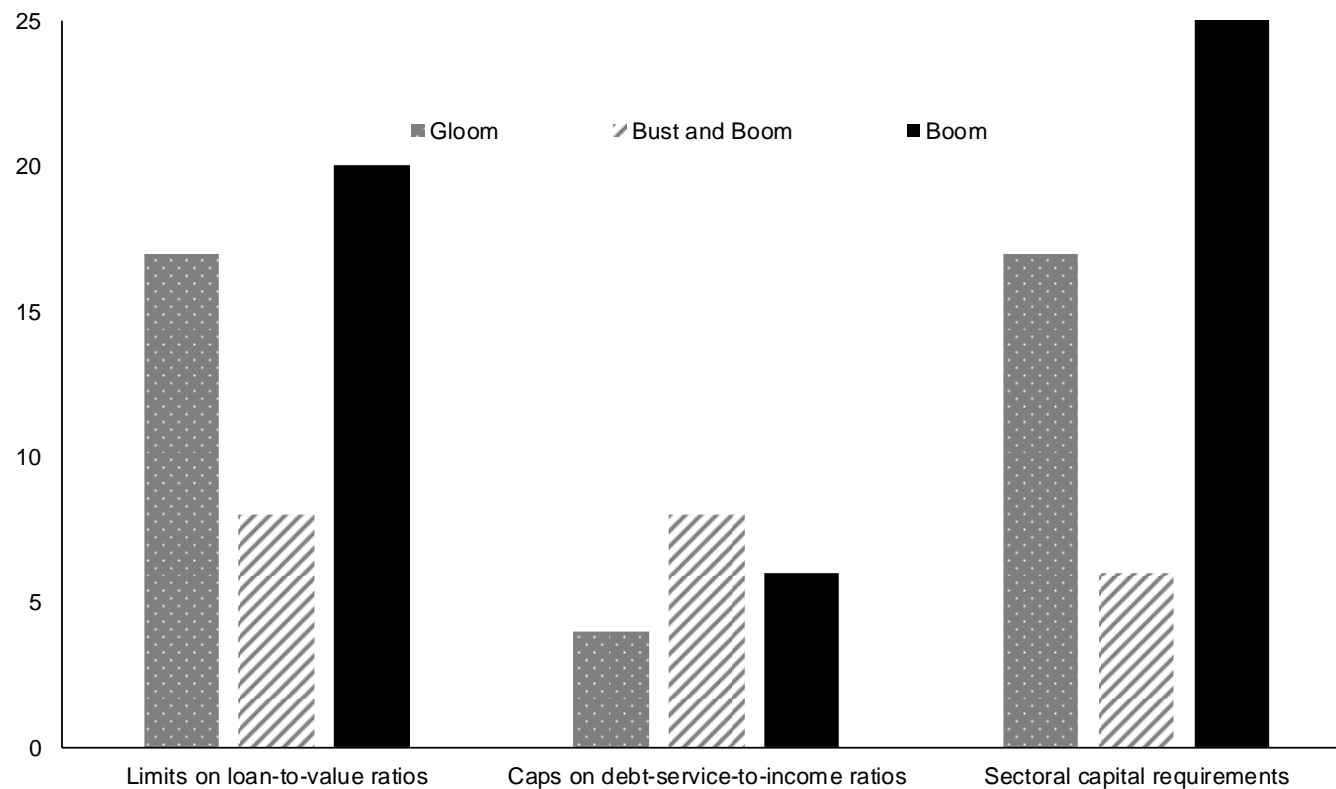


United Kingdom



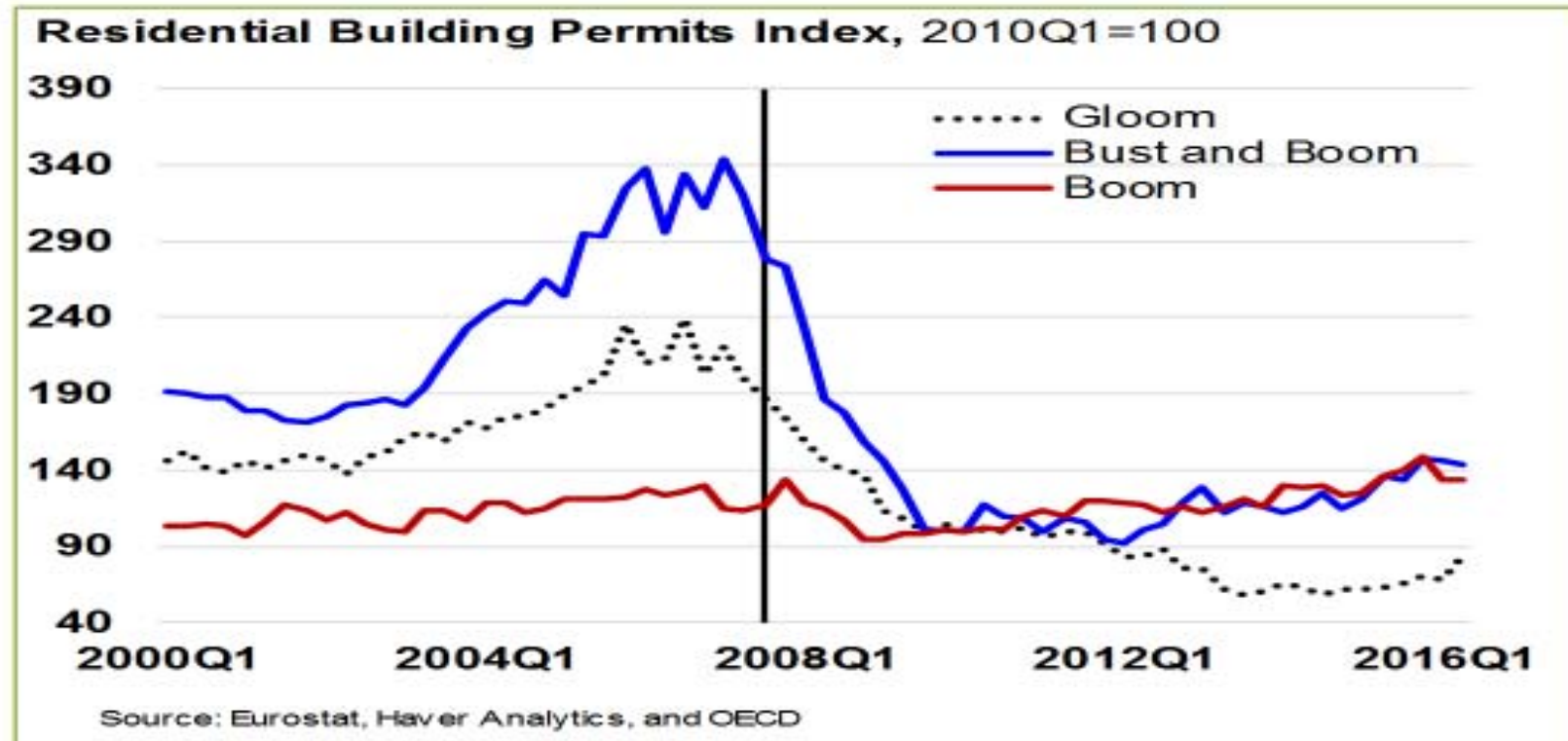
REASON 3: ACTIVE USE OF MACROPRUDENTIAL POLICIES

Number of macroprudential policies implemented and any subsequent tightening: 2007-16



REASON 4: PRICES ARE UP, NOT PERMITS

Housing permits in each cluster



REASON 5: INTEREST RATES HAVE BEEN LOW



Recap: Is it time to worry again?

Suggested answer: time for caution, not panic

Lack of synchronicity

- 1) Not a synchronized global boom across countries
- 2) Booms localized to a few cities in many countries
-- increasing synchronization across cities? increasing role of foreign investors?

No more 'benign neglect'

- 3) Active use of macroprudential policies to tame booms
-- are these policies needed and effective? are they going too far?

Not an 'excessive credit'-driven boom everywhere

- 4) Some booms due to supply constraints
-- impact of migration? Role of technology (Airbnb)
- 5) Low interest rates driving some of the appreciation
-- what will happen if interest rates rise? Will interest rates ever rise?