U.S. house prices are now at or below the levels implied by regression-based estimates and some historical valuation ratios.

Figure 3.8. Estimated House Price Misalignment in the United States

(Percent)

U.S. house prices are now at or below the levels implied by regression-based estimates and some historical valuation ratios.


Note: The regression model measure indicates the implied house price misalignment when house price changes are modeled as a function of changes in personal disposable income, working-age population, credit and equity prices, interest rate levels, and construction costs. See Chapter 1 of the October 2009 World Economic Outlook, Box 1.4, and Igan and Loungani (forthcoming) for further details. The price-to-rent ratio and price-to-income ratio depict the percent deviation of these ratios from their historical averages, calculated over 1970–2000.