

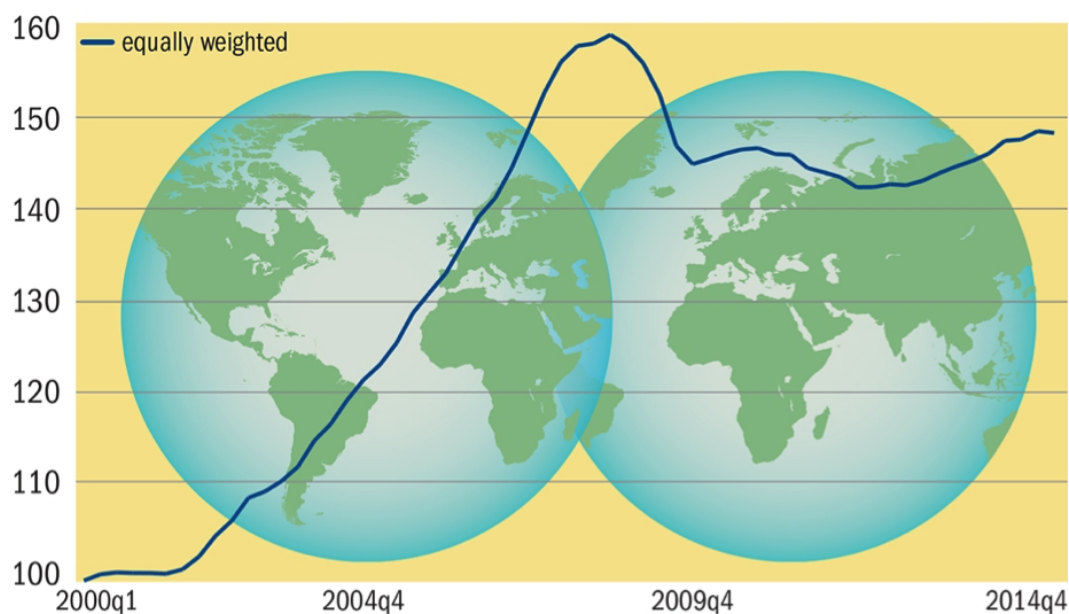
GLOBAL HOUSING WATCH



Global Housing Watch: Quarterly Update (March 2015)¹

Global House Price Index

Global housing markets continue a slow recovery.



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

Figure 1

Housing markets across the globe have broadly followed a two-speed pattern: in one group of countries, housing markets quickly rebounded after modest declines during the Great Recession, while in the other group, they are still recovering from much sharper declines. Reflecting these divergent movements, the IMF's Global House Price Index—an average of real house prices in nearly 60 countries—has inched up slowly during the past two years, after a sharp drop during the crisis (Figure 1).

Two-Speed Recovery in Housing Markets (2002:Q1 = 100)

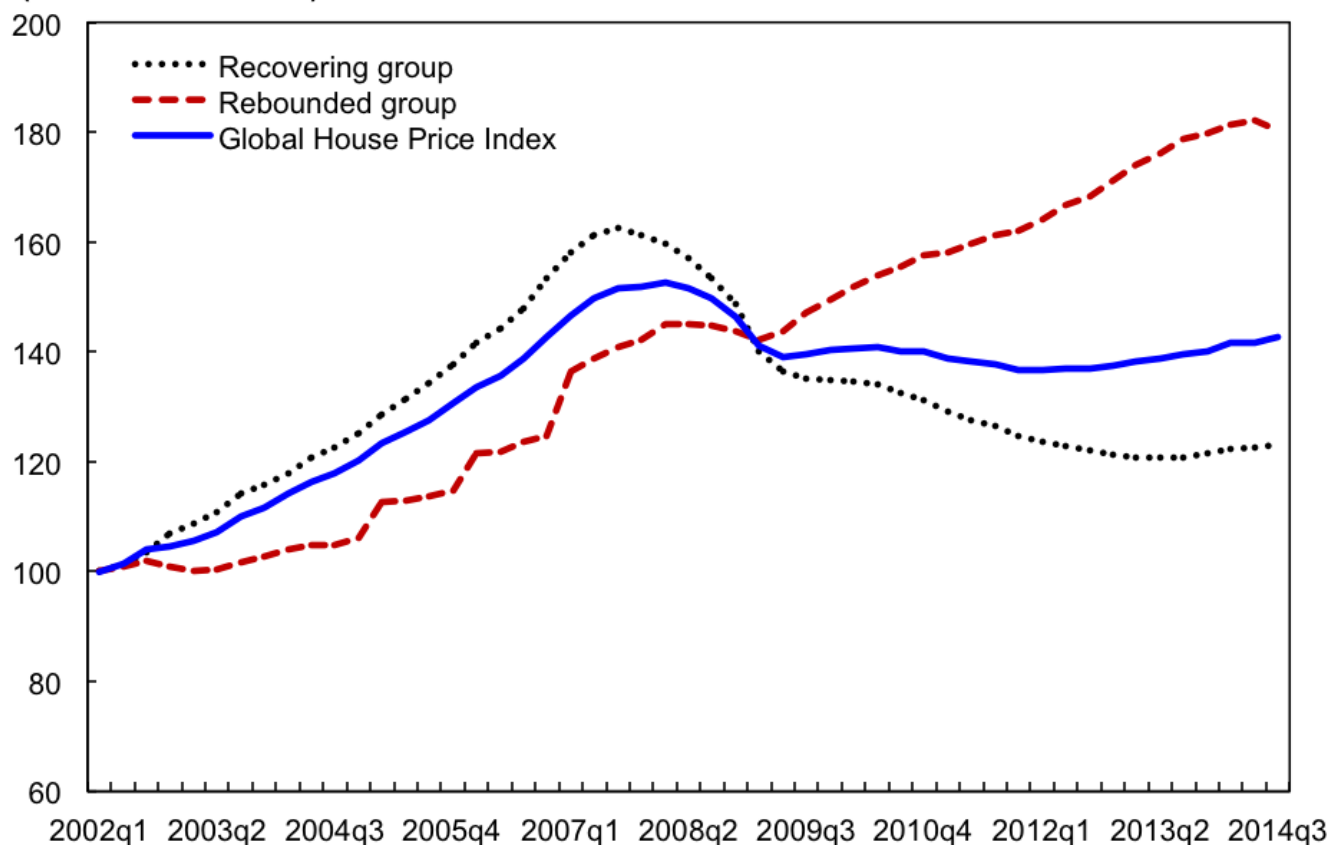


Figure 2

The ‘recovering’ group consists of 34 economies in which house prices in general dropped sharply at the onset of the Great Recession and the subsequent recovery has been slow. The second cluster comprises 25 economies where housing markets have ‘rebounded’: the drop in house prices in 2007–08 was more modest and was followed by a quick rebound (Figure 2).

As noted in the previous quarterly update, in the rebounded economies credit has expanded much faster than in the recovering group, and construction gross value added and real residential investment are higher than in 2008. In recovering economies, construction activity began to show a small uptick only in the past year.

The remainder of this update provides a look at developments over the past year in house prices and credit. For OECD economies we also show where the ratios of house prices to incomes and rents stand today relative to 2010.

¹This update was produced by Hites Ahir (IMF), Philippe Bracke (Bank of England), Ambrogio Cesa-Bianchi (Bank of England), Prakash Loungani (IMF) and Alessandro Rebucci (Johns Hopkins University). The views expressed are those of the authors and should not be ascribed to any of the institutions with which they are affiliated.

House Prices over the Past Year

House prices increased over the past year in most countries.

(2014:Q4 or latest, annual percent change)

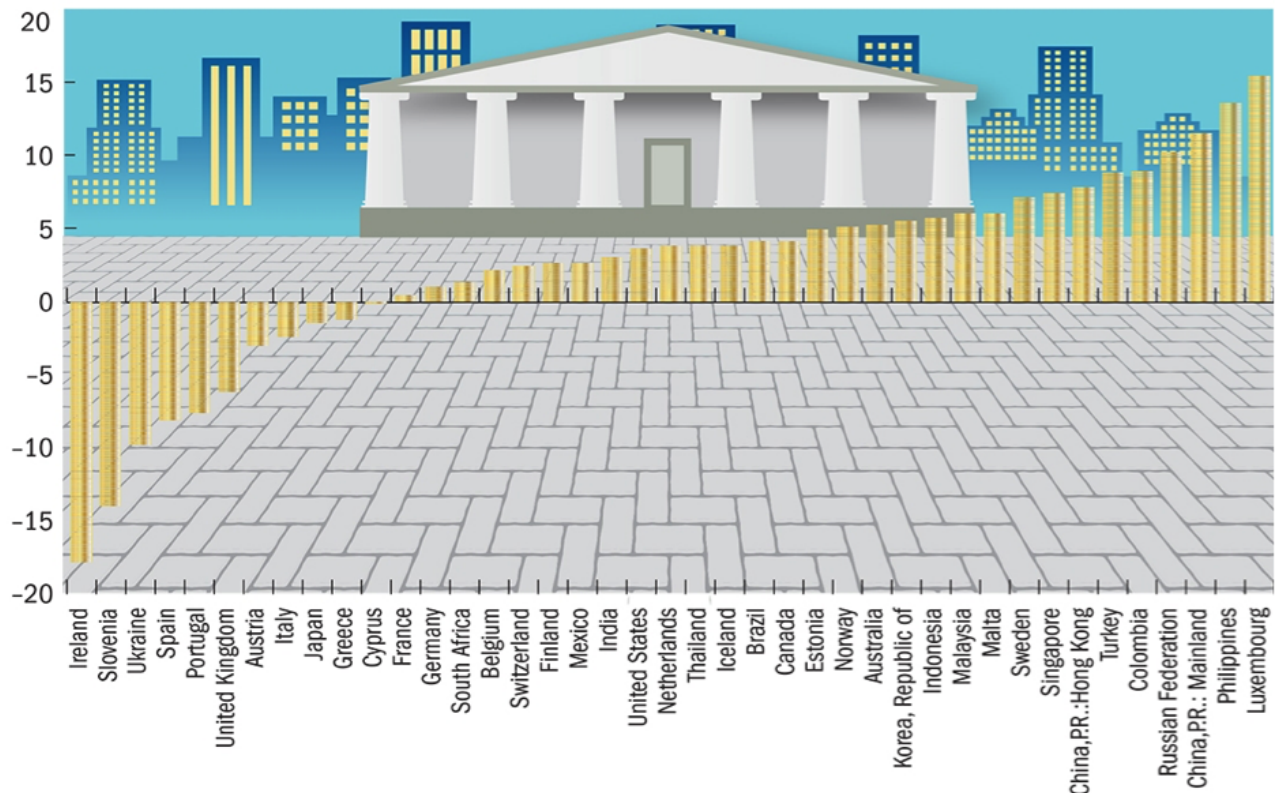


Sources: Bank of International Settlements, Colliers International, European Central Bank, Federal Reserve Bank of Dallas, Savills, Sinyi Real Estate Planning and Research, and national sources.

Credit Growth over the Past Year

Credit Growth, often associated with house price increases, was strong in many countries.

(2014:Q4 or latest, annual percent change)

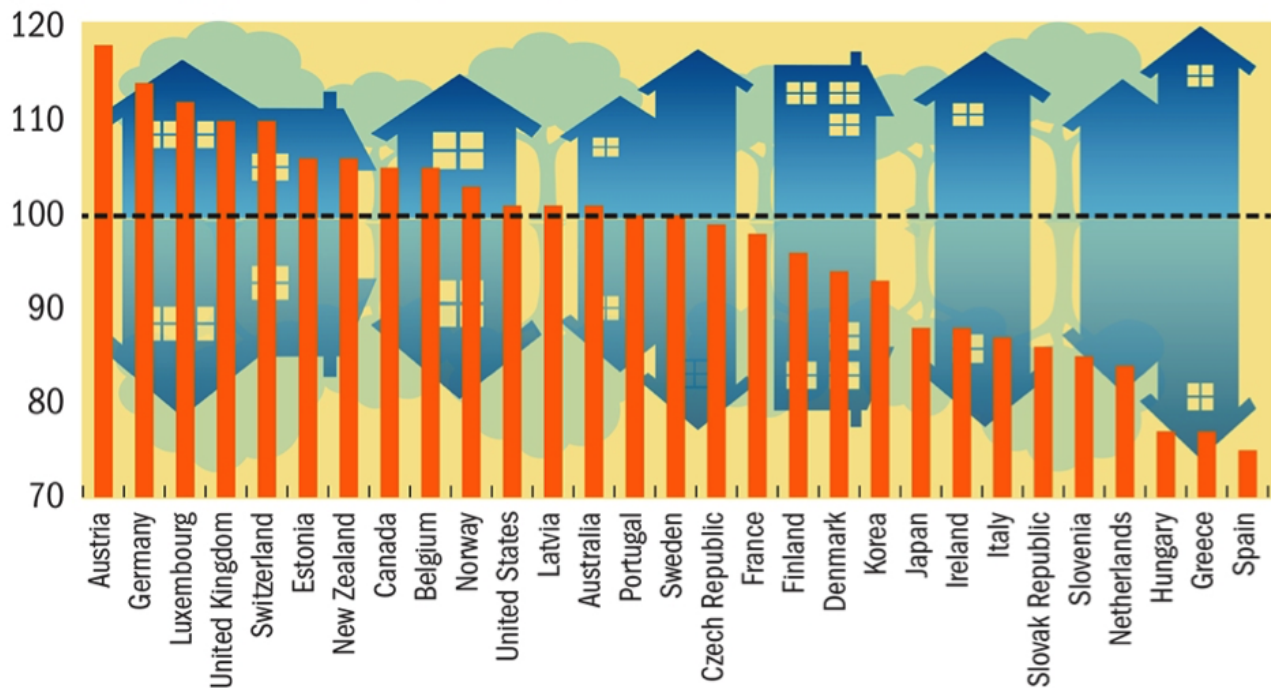


Sources: Haver Analytics and IMF.

House Price-to-Income Ratio in OECD Countries

House Prices have grown faster than incomes in a number of countries.

(2014:Q4 or latest available index, 2010 = 100)

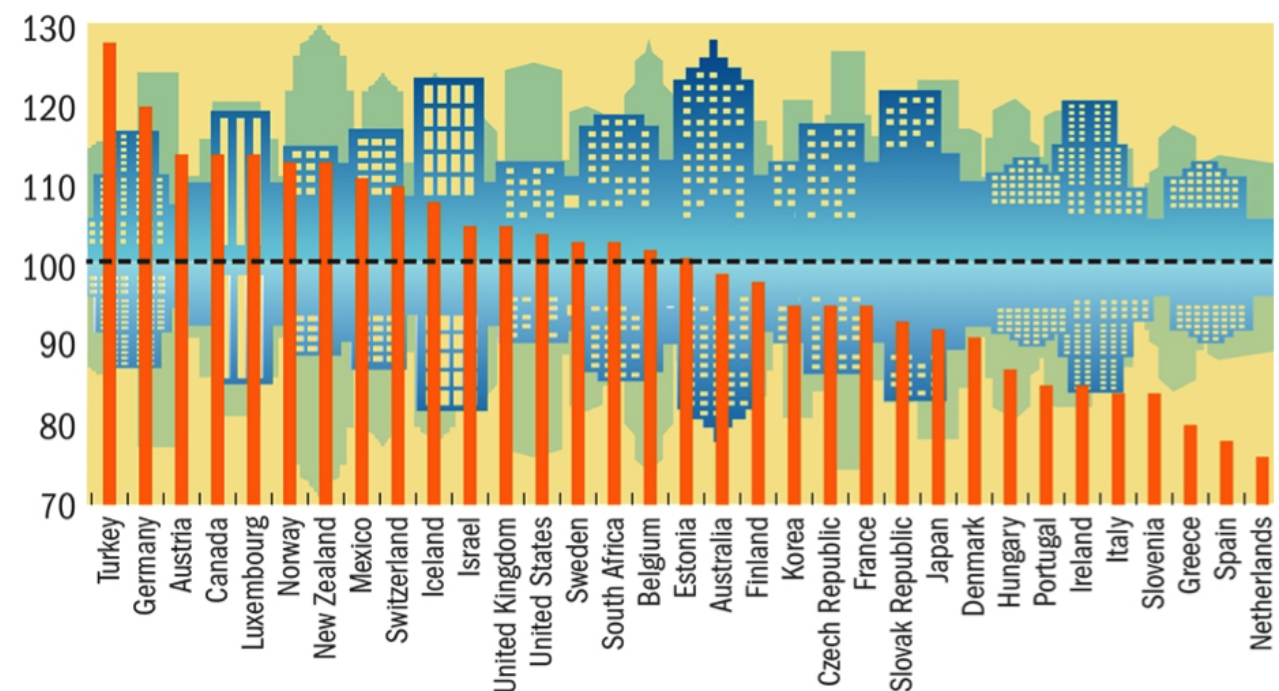


Source: Organisation for Economic Co-operation and Development.

House Price-to-Rent Ratio in OECD Countries

House prices have grown faster than rents in over half the countries.

(2014:Q4 or latest available index, 2010 = 100)



Source: Organisation for Economic Co-operation and Development.