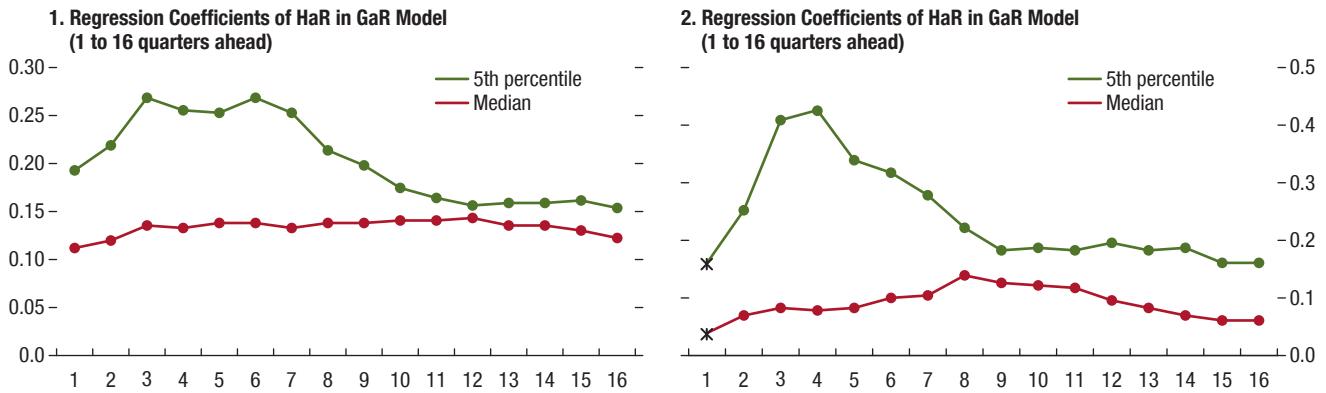
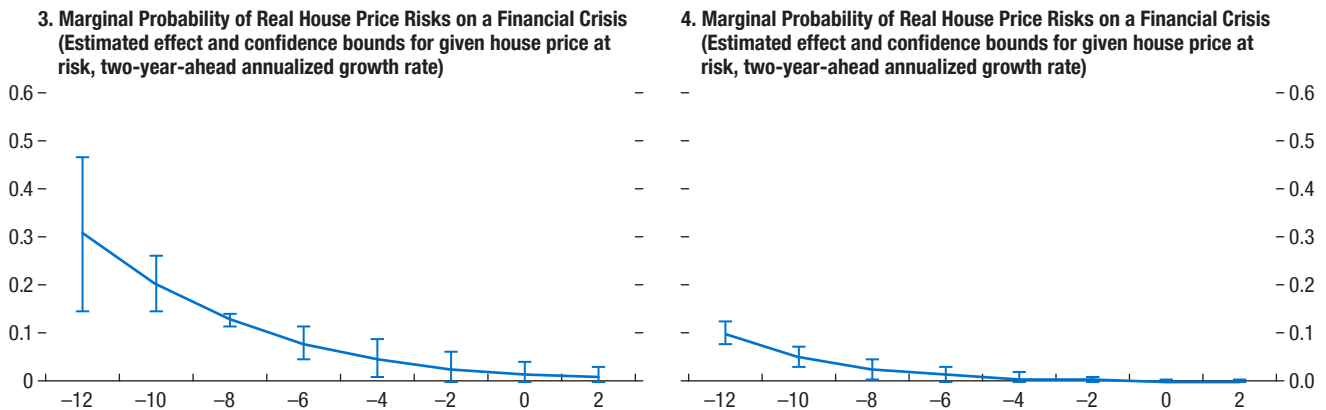


Figure 2.11. House Prices at Risk and Financial Stability

The house-prices-at-risk estimate used in this chapter significantly helps predict future growth at risk ...



... and the largest downside risks to house prices substantially raise the probability of a financial crisis.



Source: IMF staff calculations.

Note: Panels 1 and 2 depict a positive and significant association between GaR and HaR, at the 5th quantile and at the median over different projection horizons. Black markers indicate insignificant coefficients; colored circles denote coefficients significant at the 10 percent level or higher. Panels 3 and 4 show marginal probabilities of real house price declines (HaR) at given values on the occurrence of a financial (banking) crisis from a model with fixed effects, output growth, the financial conditions index, credit-to-GDP gap, and HaR. Vertical lines delineate the 95 percent confidence bounds around the point estimates. GaR = growth at risk; HaR = house prices at risk.