An increase in interest rates as expected by futures markets would slow down house price growth in the United States and the United Kingdom; in the United Kingdom, a drop in prices cannot be ruled out.

Figure 2.7. How Would House Prices React to an Increase in Interest Rates? (Percent change; constant prices)

Sources: Bloomberg Financial, LP; Haver Analytics; IMF, International Financial Statistics; national sources; OECD; and IMF staff estimates.