



1. IMF'S LATEST HOUSING MARKET ASSESSMENTS

- **Canada ([Article IV](#)):** “The oil shock has caused housing market trends to “trifurcate” (...). So far, there has been no contagion risk between the diverging markets”, according to the IMF’s latest [report](#) on Canada. The report also points out that “Additional macroprudential measures may be needed if housing market vulnerabilities intensify.”
- **United Kingdom ([Article IV](#)):** “Housing and mortgage markets have re-accelerated since mid-2015 (...) However, the recent acceleration in housing markets could partly be a temporary response to tax changes (...) Macroprudential policies will need to be tightened later this year if the acceleration does not prove temporary (...) The buy-to-let (BTL) segment, which has grown rapidly in recent years, needs to be put on an equal regulatory footing with the owner-occupied segment (...) Efforts should also continue to address supply constraints (...)”, says the IMF’s latest [report](#) on the United Kingdom.

2. STATE OF GLOBAL HOUSE PRICES: AN UPDATE FROM THE EXPERTS

Global house prices remain “two-tiered”, says [Global Property Guide](#). The “two-tiered” is reflected in house price increases in Europe and North America, while there is a sharp slowdown in Asia and the Middle East.

Looking in more detail, during the first quarter of this year, “house prices rose in 31 out of the 45 world’s housing markets (...). [Also,] only 21 housing markets showed stronger upward momentum, while 24 housing markets showed weaker momentum. Momentum is a measure of the “change in the change”; simply put, momentum has increased if a property market has risen faster this year than last (or fallen less)”, according to the analysis done by Global Property Guide.

The “two-tiered” view is also seen in the performance of house prices in advanced vs. emerging markets. Analysis by [Scotiabank](#) says that there is positive momentum in most housing markets internationally. However, momentum in general favours advanced nations over emerging markets.

Moreover, [Knight Frank](#) says that “Aside from Turkey, emerging markets have seen prices enter a period of flat or low growth since mid-2014 (...). The BRIC nations recorded annual price growth of 3% on average in the 12 months to March 2016, while four years ago this figure was closer to 11%. Capital flight, currency shifts (partly due to the US rate rise), volatile equity markets and slowing wages are hampering demand.”

Developments by region

Asia and the Pacific: House prices are weakening in Asia, except China. House prices rose in China, Japan, Korea, Philippines, Thailand, and Vietnam. Meanwhile house prices are falling in Hong Kong, Indonesia, Mongolia, Singapore, and Taiwan (Global Property Guide). “China’s housing recovery is broadening, with roughly two-thirds of major centres reporting annual price growth through April. However, authorities face a tough policy balancing act in their attempt to cool skyrocketing prices in top-tier cities while at the same time support the nascent recovery in oversupplied smaller centres”, according to Scotiabank.

Europe: In Europe, house price booms continue. Six of the ten strongest housing markets in the global survey are in Europe. Overall, house prices rose in 18 of the 22 European housing markets (Global Property Guide). However, conditions remain uneven, with strengthening labour markets supporting solid price gains in some member countries, notably Ireland, Spain and Germany, while other markets, including France and Italy, continue to languish alongside a more tepid economic recovery (Scotiabank). Separately, the National Association of Home Builders ([NAHB](#)) has looked into the impact of negative rates on housing markets in the Euro area. It finds that “(...) the balance of evidence to date suggests that a slightly negative policy rate has supported mortgage lending.”

On the UK EU referendum result, “For both residential and commercial property, there will be short-term market volatility. Potentially, and in selective instances, pricing could come under pressure (...) However, for both residential and commercial property, the long term market dynamics remain unchanged. Low supply will continue to be a day-to-day market reality”, says [Knight Frank](#). Meanwhile, the Financial Times reports that on [one end](#), buyers are pulling out of purchases amid house price and job security fears, while at the [other end](#), overseas buyers race to secure London property bargains. Other experts have looked into what Brexit means for the U.S. housing market ([Capital Economics](#), [Housing Wire](#), [NAHB](#), [Trulia](#), and [Washington Post](#)).

Middle East and Central Asia: housing markets are weakening. All of the three Middle Eastern housing markets included in the survey performed worse in Q1 2016 than the previous year (Global Property Guide).

Western Hemisphere: North America's housing markets remain healthy. The US housing market has now regained enough momentum to provide an engine of growth for the US economy, according to the latest *The State of the Nation's Housing* report by Harvard Joint Center for Housing Studies. Meanwhile, Latin America’s housing markets are mixed. Brazil’s housing market remains depressed, while Mexico's housing market grew stronger (Global Property Guide).

Developments in prime residential markets

Prime residential prices are moderating. Prime residential prices across the 35 cities increased on average by 3.6 percent in the 12 months to March 2016, according to analysis done by [Knight Frank](#). Knight Frank's narrative of overall moderate growth in prime residential prices is also in line with the view of [Scotiabank](#). "Sales of high-end luxury properties have cooled in a number of large markets over the past year, including New York, Hong Kong and London", says Scotiabank.

What explains the slowdown in prime residential prices? Scotiabank says that the "softening in demand mirrors the economic slowdowns in China and the Middle East, and deep recessions in Russia and Brazil, all key source markets of luxury foreign buyers." Meanwhile, Knight Frank adds that "new regulation in the form of measures to improve transparency, new taxes or fees for foreign buyers are increasing in number. However, the impact on the market of such measures is largely dependent on market fundamentals and where each market is in relation to its property market cycle."

3. THE CORDON: OTHER VIEWS AND ANALYSIS ON HOUSING MARKETS

- **Upcoming Conferences:** Fifth annual AEI and CRN conference on housing risk ([American Enterprise Institute](#)) |
- **Cross country:** Housing and Macroeconomics ([NBER](#)) | Cross-Border Bank Flows, Funding Liquidity and House Prices ([SSRN](#)) | The credit and housing boom in Sweden, 1995-2015: Forewarned is forearmed ([Vox](#)) | Viento a favor para el sector inmobiliario en Europa ([Expansion](#)) | The Future of Cities ([Financial Times](#)) |
- **Australia:** Is deteriorating housing affordability reducing lower income central city worker supply and productivity? ([AHURI](#)) | Australian house prices are surging again ([Business Insider](#)) |
- **Canada:** Scotiabank Curbs Mortgages in Vancouver, Toronto as Prices Soar ([Bloomberg](#)) | Growing call for money laundering in Canada's real estate industry ([Global Property Guide](#)) | Investment in new housing construction, April 2016 ([Statistics Canada](#)) |
- **China:** How Big a Shock to China's Real Estate Sector Will Throw the Country into Recession, and Why Does It Matter? ([University of Oxford](#)) | With house prices rocketing, China aims to boost rentals ([Reuters](#)) |
- **Finland:** Low interest rates reflected in house prices ([Bank of Finland](#)) |
- **Greece:** Greek house price falls continue for seventh year, albeit at a slower pace ([Global Property Guide](#))
- **India:** Capability Based Approach in Measuring Affordable Housing Policy in Urban India ([Indian Institute Technology](#)) | Will falling interest rates save India's residential market? ([Global Property Guide](#)) |
- **Ireland:** Too many houses in the wrong place ([Financial Times](#)) |
- **Italy:** Does Homeownership Partly Explain Low Participation in Supplementary Pension Schemes? ([SSRN](#)) |
- **Macedonia:** Macedonian property market weak, amid severe political crisis ([Global Property Guide](#))
- **Netherlands:** In Amsterdam, the Housing Market Is Showing Signs of Overheating ([Bloomberg](#)) |
- **Morocco:** Morocco's property market remains weak ([Global Property Guide](#)) |
- **Philippines:** New price indicator shows no housing bubble in Philippines - c.bank ([Reuters](#)) |

- **Saudi Arabia:** What factors are restraining the Saudi property market? ([Knight Frank](#)) |
- **Spain:** Supply of new homes increasing in Madrid ([Knight Frank](#)) |
- **Sweden:** Vulnerabilities and risks linked to high housing prices and high indebtedness ([Sveriges Riksbank](#)) | Sweden's central bank is sounding the alarm on the country's insane housing bubble ([Business Insider](#)) | Is Stockholm's House Party Over? ([Bloomberg](#)) | Swedish government presents housing proposals ([Reuters](#)) |
- **Switzerland:** Geneva sees prime sales strengthen in 2016 ([Knight Frank](#)) |
- **Trinidad and Tobago:** Trinidad and Tobago's property prices are now rising modestly ([Global Property Guide](#)) |
- **Turkey:** House price return volatility patterns in Turkey, Istanbul, Ankara and Izmir ([Journal of European Real Estate Research](#)) |
- **United Arab Emirates:** Dubai: This time it's Different ([Reidin](#)) | Dubai/Abu Dhabi Residential Property Price Indices: April 2016 Results ([Reidin](#)) |
- **United Kingdom:** Residential Data Shot ([Colliers](#)) | Retirement Housing for the UK ([Knight Frank](#)) | Dramatic surge in UK's housing market caused by stamp duty increase - but central London may be at tipping point ([Global Property Guide](#)) | What to Do about London Housing ([Econlog](#)) | How to fix London real estate problems ([Marginal Revolution](#)) |
- **United States:**
Working Paper: On the Nature of Self-Assessed House Prices ([SSRN](#)) | Crime and the Geography of the City: Measuring the Effect of Crime on Urban Residential Patterns ([Yale University](#)) | Ensuring that Homeownership is Sustainable ([SSRN](#)) |
Other Analysis: It's Time to Put the Market Back in Housing Finance ([Urban Institute](#)) | The Housing Trilemma ([Oregon Office of Economic Analysis](#)) | The State of the Nation's Housing 2016 ([Joint Center for Housing Studies](#)) | Briefing on National Mortgage Risk Index and Other Risk Measures ([American Enterprise Institute](#)) | Housing Demand Fell 5 Percent in April Following a Year of Dwindling Home Supply ([Redfin](#)) | How Much Housing Will Be Built? ([Terner Center for Housing Innovation, UC Berkeley](#)) | Bringing Down the Housing Restrictions ([Texas Public Policy Foundation](#)) | Preservation of Affordable Rental Housing ([MacArthur Foundation](#)) | If Housing Markets Are Recovering, Why Is the Homeownership Rate Still Falling? ([Federal Reserve Bank of St. Louis](#)) | It's Not Just Millennials Who Aren't Buying Homes ([Federal Reserve Bank of Atlanta](#)) | The Problem with Work Requirements for Federal Housing Assistance ([Citylab](#)) | Purchase Mortgage Demand Expected to Grow, Credit Standards to Remain Unchanged, According to Lenders ([FannieMae](#)) | The Great Real Estate Bubble – Explained ([Real Estate Decoded](#)) | Wisconsin Real Estate: A Century of Tradition, and Innovation ([Real Estate and Urban Development](#))

ABOUT GLOBAL HOUSING WATCH NEWSLETTER

The Global Housing Watch Newsletter aims to present a snapshot of the month's news and research on global housing markets. If you have suggestions on new material that could be included or ideas to improve this newsletter, you can send it to Hites Ahir (hahir@imf.org).

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