



1. IMF'S LATEST HOUSING MARKET ASSESSMENTS

- **Czech Republic ([Article IV](#)):** “A strong housing market is becoming a potential source of risk”, according to the IMF’s [report](#) on Czech Republic.
- **Denmark ([Article IV](#)):** “Rapid house price increases call for early policy action—including loosening housing supply restrictions, eliminating adverse tax incentives, and developing and timely implementing well-targeted macro prudential tools”, says to the latest IMF report on Denmark. On a related note, a new IMF [report](#) provides a deeper analysis on house price and supply developments as well as macroprudential policies in Denmark.
- **Germany ([Article IV](#)):** “Housing prices in the most dynamic cities deserve close monitoring, but concerns about across-the-board excesses in the mortgage market look premature. (...) Housing price inflation also reflects a tepid response of housing supply to a swell in demand”, says the IMF’s latest [report](#) on Germany. On a related note, a new IMF [report](#) takes a look at the price responsiveness of residential investment.
- **Norway ([Article IV](#)):** “High and rising house prices and household debt in Norway pose important macro-financial stability risks. Real house prices have risen more than 80 percent in Norway since 2000. Currently, house prices are estimated to be 40 percent overvalued (...) The authorities have introduced a number of measures targeted at the housing market in recent years”, according to the IMF [report](#) on Norway. Also, see a special [report](#) on macroprudential policies in Norway.
- **Peru ([Article IV](#)):** “Housing prices have risen in recent years, but remain close to fundamentals”, according to IMF’s [report](#) on Peru.
- **Poland ([Article IV](#)):** “Credit standards on loans have remained broadly unchanged in recent quarters, with the exception of housing loans, where standards tightened on the back of new prudential recommendations and reduced appetite among some banks for expanding the housing loan portfolio”, says IMF new [report](#) on Poland.

2. ISSI ROMEM ON BUILDZOOM AND THE U.S. HOUSING MARKET

Issi Romem is the Chief Economist at [BuildZoom](#)—a start-up in San Francisco. For this issue of the Global Housing Watch newsletter, he talked to Hites Ahir about BuildZoom and what it offers, whether the expansion of American cities has slowed down, and what BuildZoom's data tell us about the current state and the short term outlook for the U.S. housing market.

Hites Ahir: Tell us a bit about your background and what sparked your interest in housing markets.

Issi Romem: In pursuit of my life long passion for observing and understanding cities, I earned a PhD in economics at the University of California at Berkeley. Economics offers a particular lens with which to analyze cities and contains several fields that relate to them. I chose to focus on labor and housing markets. As the Chief Economist at BuildZoom, I leverage my role to continue studying cities in alignment with the company's needs.

Hites Ahir: Tell us about BuildZoom and your role in the company?

Issi Romem: BuildZoom actively helps people find good, reliable and communicative contractors, and helps see the projects through to completion. In order to inform the matching of people and contractors, BuildZoom collects data on contractor licensing as well as a growing national repository of building permit data. BuildZoom makes the data easy and free for the public to view on the web, which is particularly valuable because - unlike customer recommendations or photos - a paper trail of building permits shows a contractor's professional experience in a way that cannot be falsified.

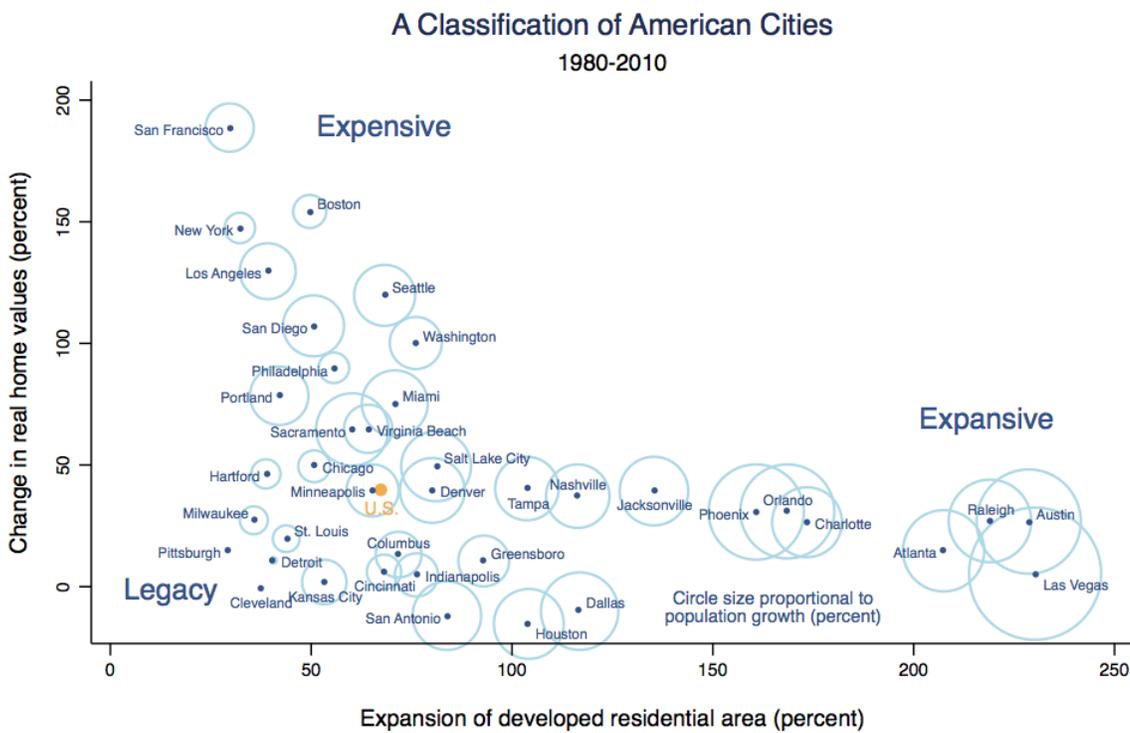
My role at BuildZoom includes the production of data-driven content for the website, as well as oversight of data science and the company's data collection efforts. The data-driven content includes the production of economic indices of remodeling and new construction activity, as well as one-off economic analyses. It also includes trawling new building permits for newsworthy information, such as projects undertaken by companies that are particularly interesting to the public.

Hites Ahir: In the United States, there are a lot of companies that provide data and analysis on the U.S. housing market. So what is unique about BuildZoom?

Issi Romem: BuildZoom's data sheds light on all types of new construction and remodeling activity. Remodeling, in particular, is an otherwise *hidden* aspect of the nation's real estate stock, on which there are very few sources of information. Moreover, as some of the greatest metro areas in the nation restrict their supply of new housing, more and more of the action in these cities' real estate markets involves the renovation and/or repurposing of the existing stock of structures, into which BuildZoom's data sheds light.

Hites Ahir: You recently wrote on whether the expansion of American cities has slowed down. What is the verdict?

Issi Romem: The expansion of American Cities as a whole has not slowed down. It has kept progressing at a more or less steady pace each decade since World War II. However, there are important differences between cities. One group of cities, consisting mostly of large coastal cities, have indeed slowed down their expansion, and in so doing have channeled their economic strength away from population growth and into housing price growth. I refer to these as expensive cities. Another group of cities, mostly in the south, have continued to expand with gusto, and as a result have experienced tremendous population growth while maintaining housing prices at affordable levels. I refer to these as the expansive cities, with an *a*. Finally, a third group of cities mostly in the rust belt had thriving economies in the past, but have lost much of their economic base, and experienced neither housing price growth nor population growth. I refer to this last group as legacy cities. See the full report [here](#).



Hites Ahir: Based on BuildZoom’s building permits and remodeling data, what can you tell us about the current state of the U.S. housing market?

Issi Romem: The index tells us that, during the last decade's boom and bust cycle, residential remodeling peaked and plummeted in sync with residential new construction. However, it also tells us that during the bust, new residential construction suffered much more than residential remodeling, and that residential remodeling is currently much closer to its pre-bust level than new construction. During downturns, new construction

essentially grinds to a halt, but remodeling combines procyclical elements, like renovations preceding or following a home sale, with elements that are acyclical, like maintenance. The latter keep fluctuations in remodeling less pronounced than those of new construction.

Hites Ahir: What is your view on the short term outlook for the U.S. housing market?

Issi Romem: Predicting where the housing market is going in the short term is tricky business. I suspect that a downward correction in housing prices is possible, but far from certain, and that if it occurs it will be very minor compared to the previous decade's bust, and will be concentrated in the expensive coastal cities. If and until such a correction occurs, we are likely to see particularly robust housing price increases in places that receive the greatest influx of homeowners migrating out of the expensive coastal cities. Portland (Oregon), Seattle and Denver, for example, draw particularly large inflows of former residents priced out of California. Such places are also susceptible to experiencing a price correction if the influx of homeowners migrating out of the expensive coastal cities were to ease, following a price correction there.

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

- **Upcoming Conferences:** Commercial-Housing-Urban-Macro (CHUM) Conference ([Federal Reserve Bank of Atlanta and University of Wisconsin-Madison](#)) | The Housing Policies of our Future: How to make them work ([Housing Europe](#)) | Housing and Africa's Growth Agenda ([African Union for Housing Finance](#)) | Housing, Household Debt, and Macroeconomics ([University of Chicago](#)) |
- **Cross country:** Prime Global Rental Index - Q1 2016 ([Knight Frank](#)) | Market Insights & Updates - the EMF-ECBC monthly newsletter ([EMF-ECBC](#)) | Habitat III: the global housing conference the world must stop ignoring ([the Guardian](#)) | Experiences with the ex ante appraisal of macroprudential instruments ([Bank for International Settlements](#)) | International Transmission Mechanisms and Contagion in Housing Markets ([SSRN](#)) | Global Residential Cities Index - Q1 2016 ([Knight Frank](#)) | Eight stubborn facts about housing policies ([World Bank](#)) | Housing is at the center of the sustainable development agenda ([World Bank](#)) | Macroeconomic effects of mortgage interest deduction ([De Nederlandsche Bank NV](#)) | Brexit Briefing: The Impact on Global Real Estate ([Savills](#)) | Get Housing Finance on the New Urban Agenda ([Centre for Affordable Housing Finance in Africa](#)) | The importance of affordable rental housing ([International Union of Tenants](#)) |
- **Australia:** Australian housing market update: June 2016 ([NAB](#)) |
- **Canada:** Can Government Intervention Cool The Housing Market? ([Huffington Post](#)) | Calgary's housing demand is set to slow down following population trends ([CMHC](#)) | Canada Banking Regulator Tightens Mortgage-Lending Oversight ([Wall Street Journal](#)) | B.C. municipalities should reduce barriers to housing construction, not foreign ownership ([Fraser Institute](#)) | Foreign Investment in Montréal Real Estate Market is Relatively Low ([CMHC](#)) | Vancouver, Toronto Home Prices Being Hiked By Foreign Money, BMO Says ([Huffington Post](#)) | 'Secret Tax Crackdown' Coming To B.C. Real Estate: Report ([Huffington Post](#)) | Risks mitigated in condo building in Toronto ([CMHC](#)) |
- **China:** Introduction to the special issue "China's Urbanization and Housing Market" ([Journal of Housing Economics](#)) | A Note on Geographical Constraints and Housing Markets in China ([Journal of Housing Economics](#)) | Housing Prices Raise Wages: Estimating the Unexpected Effects of Land Supply Regulation in China ([Journal of Housing Economics](#)) | Real estate to remain a growth lifeline for China through 2016 ([Financial Times](#)) |
- **Denmark:** Brexit Shock Leads to Record Negative Mortgage Rates in Denmark ([Bloomberg](#)) | Denmark Faces 'Out of Control' Housing Market ([Bloomberg](#))
- **Egypt:** Is Inequality Underestimated in Egypt? Evidence from House Prices ([SSRN](#)) |
- **Estonia:** Estonia's property market slowing sharply ([Global Property Guide](#)) |

- **Germany:** Despite its boom construction sector cannot address the demand in Germany ([Housing Europe](#)) | Germany residential investment market Q2 2016 ([Savills](#)) |
- **Hong Kong:** Fundamentals and Market Sentiment in Housing Market ([Taylor & Francis Group](#)) | Hong Kong property prices are now in free fall ([Global Property Guide](#)) | Hong Kong: Further sales growth does not indicate market recovery ([Knight Frank](#)) | Tough outlook for Hong Kong property ([Financial Times](#)) |
- **India:** Housing prices rise at slowest pace in six years ([Times of India](#)) |
- **Ireland:** The Return of Ireland's Housing Bubble ([Project Syndicate](#)) | What impact will Brexit have on the Irish property market? ([MyHome.ie](#)) | Are rising house prices affecting Ireland's competitiveness? ([MyHome.ie](#)) | Census results another reminder that action is needed on housing ([MyHome.ie](#)) | Experts warn helping first-time buyers may increase house prices ([Irish Times](#)) | Macroprudential Measures and Irish Mortgage Lending: A Review of Recent Data ([Central Bank of Ireland](#)) | Cash buyers dominate Irish housing market ([Financial Times](#)) |
- **Israel:** Demographics and Housing Affordability in Israel ([Bank of Israel](#)) |
- **Jamaica:** Jamaican housing market growing strongly ([Global Property Guide](#)) |
- **Kenya:** Affordable housing finance in Kenya - developing a strategic framework ([Central Bank of Kenya](#))
- **Korea:** The Effects of Macro-Prudential Policies on House Prices Using Real Transaction Data: Evidence from Korea ([SSRN](#)) |
- **New Zealand:** Housing risks require a broad policy response ([Reserve Bank of New Zealand](#)) | New house building prices up in Canterbury and Auckland ([Statistics New Zealand](#)) | New statistics show mortgage lending by payment type ([Reserve Bank of New Zealand](#)) | New or tighter rules on home lending on the cards as market regains momentum ([NZ Herald](#)) | Rocketing property prices a recipe for inequality ([NZ Herald](#)) | RBNZ to Rein in Housing Boom With Investor Lending Limits ([Bloomberg](#)) |
- **Singapore:** How can governments collaborate with the private sector to provide affordable housing? ([World Policy Blog](#)) |
- **Spain:** La demanda residencial mejora, pero se añaden nuevos eventos de incertidumbre ([BBVA](#)) | What's Behind the Spike in Spanish Mortgage Activity? ([Wall Street Journal](#)) |
- **Sweden:** Sweden's housing crisis hits tech start-ups and migrants ([Financial Times](#)) |
- **Ukraine:** Kiev surprisingly vibrant, as Ukraine's house price decline slows ([Global Property Guide](#)) |

- **United Arab Emirates:** Dubai/Abu Dhabi Residential Property Price Indices: May 2016 Results ([Reidin](#)) | UAE Residential market 2016 mid-year market review ([Knight Frank](#)) |
- **United Kingdom:** Brexit uncertainty for the housing market ([Financial Times](#)) | Impact of the ‘Leave’ vote on UK property ([Knight Frank](#)) | Housing Supply in the UK ([Knight Frank](#)) | Sentiment on future price growth slips to three-year low ([Knight Frank](#)) | Construction becomes first casualty of Brexit as housebuilders get jitters ([the Guardian](#)) | The Real Post-Brexit Risk Is in Residential Property ([Wall Street Journal](#)) | The vote to leave the EU – considerations for housing associations ([National Housing Federation](#)) | The Impact on the Mainstream Market ([Savills](#)) | The ballad of the landlord and the loan ([Bank of England](#)) | The Business Case for Affordable Housing ([Peabody](#)) | The Impact on the Prime Market ([Savills](#)) | Will Theresa May try to fix the broken housing market? ([Guardian](#)) | Surge in first-time buyers thanks to Bank of Mum and Dad ([Financial Times](#)) |
- **United States:**
Working Paper: Recourse Mortgage Law and Housing Speculation ([SSRN](#)) | Washington County Affordable Housing Development Strategy ([Portland State University](#)) | The Big Short: Short Selling Activity and Predictability in House Prices ([SSRN](#)) | How Much House Do Americans Really Own? Measuring America’s Accessible Housing Wealth by Geography and Age ([Urban Institute](#)) | House Prices and Bequests ([SSRN](#)) | Housing Price Bubbles, New Supply, and Within-City Dynamics ([Cornel University](#)) | Housing for an Aging Population ([NYU Furman Center](#)) | What Have We Learned About the Causes of Recent Gentrification? ([Federal Reserve Bank of Philadelphia](#)) | New Insights into Rental Housing Markets Across the United States: Web Scraping and Analyzing Craigslist Rental Listings ([SSRN](#)) | Wage Flexibility and Employment Fluctuations: Evidence from the Housing Sector ([London School of Economics](#)) |
Other Analysis: Profile of International Activity in U.S. Residential Real Estate ([National Association of Realtors](#)) | Reasons Foreign Buyers Purchased U.S. Residential Property in April 2015—March 2016 ([National Association of Realtors](#)) | Stop pretending America’s housing boom had nothing to do with lending standards ([Financial Times](#)) | Housing Highs & Lows: How the Home Affordability Gap Between the Rich and Poor is Widening ([Zillow](#)) | Home Price Growth Expectations Decline, but Consumers’ Outlook on Housing Remains Positive ([Federal Reserve Bank of New York](#)) | Will the homeownership rate fall below 50 percent? ([Freddie Mac](#)) | Brexit Causes Uncertainty; Housing Remains a Bright Spot ([NAHB](#)) | Rising Costs to Originate Mortgages Spurring Innovation ([FannieMae](#)) | What Can Measures of Residual Income Tell Us About Affordability? ([JCHS](#)) | Housing Finance Reform Incubator ([Urban Institute](#)) | Congress Unanimously Approves Bill to Improve Housing Programs ([Center on Budget and Policy Priorities](#)) | Curb Your Enthusiasm Keeping an Eye on Home Prices ([Real Estate Center—Texas A&M University](#)) |

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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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