

## Welcome remarks

Frank Packer<sup>1</sup>

Allow me on behalf of the Asian Representative Office of the BIS also to welcome you all here. I also want to thank the Monetary Authority of Singapore (MAS) for being so receptive to our proposal nearly one year ago that we co-host this workshop on property markets and financial stability.

The BIS Asian Office was asked in 2010 by its Consultative Council of Asian central bank Governors (ACC) to focus a significant portion of its research work and the support it gives central banks over the next few years on the theme of property markets and financial stability in the region. We were asked to collaborate with ACC member central banks to design and implement research work.

There are four broad general areas that the Governors asked us to look at. First of all, how should authorities best monitor and assess valuations in housing markets? Important methodological issues include how to check the representativeness and completeness of sample transactions that underlie housing price indices, as well as how to account for the heterogeneity of the housing market.

The second topic covers housing finance arrangements and their market impact. In particular, we are interested in what institutional variables might contribute to unsustainable growth in mortgage markets. Might some types of housing finance systems be less prone to crisis?

A third category on our research agenda is the relationship between property markets and the health of the banking sector. Here we are particularly interested in the tendency of bank lending in the real estate sector to be procyclical.

Finally, the Governors have asked for work on the impact of various policy instruments on property prices and related transactions. This is a topic very close to the hearts of policymakers in Asia, where there is a very rich record of macroprudential policies.

This research workshop, which brings academic scholars together with central bank and financial supervisory experts, covers all of these topics and more.

A paper selection committee consisting of John Sequeira and Wong Nai Seng from the MAS, myself and Haibin Zhu of the BIS and scholars Frank Warnock and Yongheng Deng chose what we thought were the seven best papers from around 70 submissions. We were looking for papers that not only showed rigour and care in research, but were also relevant to policymakers and might provoke an active discussion. I think we've got an excellent line-up of papers and speakers, the fruits of which we will be enjoying over the next few days.

I'd like to brief you all here a bit on the format of the workshop. The first day's proceedings will consist of the presentation of a keynote address by Tim Riddiough, Professor at the University of Wisconsin-Madison and incoming President of the American Real Estate and Urban Economics Association, as well as the presentation and discussion of the selected research papers.

Tomorrow, there will be presentations by central banks and supervisors about current conjunctural developments in property markets as well as policy responses. The second

---

<sup>1</sup> Head of Financial Stability and Markets for Asia and the Pacific, Bank for International Settlements.

day's sessions will be in front of a somewhat smaller audience in the interest of confidentiality.

So without further ado, allow me to introduce the chair of Session 1 on the lessons of the financial crisis, Wong Nai Seng of the MAS. Nai Seng heads the Macroeconomic Surveillance Department of the MAS which is responsible for conducting research and surveillance and providing policy advice on financial stability issues. We are very lucky to have him here chairing the next session, and the floor is now his.