Residential property prices increased significantly in real terms (i.e. deflated by the CPI, year on year) in the third quarter of 2014 in several advanced economies. Prices grew by 3–7% in Australia, Canada and the United States, and even by 10% or more in Sweden and the United Kingdom. In the euro area, real prices were stable, reflecting price declines in France, Greece and Italy offset by increases in other countries such as Germany, Ireland and Portugal. The picture was mixed in the major emerging market economies. Property price inflation remained strong in India and Turkey but price levels continued to fall in Russia.

Advanced economies

Real residential property prices continued to increase significantly year on year in most non-European advanced economies in the third quarter of 2014 (Graph A). They rose by 4% in the United States, 7% in Australia and 3% in Canada. Japan was the notable exception, as prices continued to fall there, by 4%. Real prices trended upwards in several European countries outside the euro area, increasing by 10% in the United Kingdom and 11% in Sweden.

Real prices were stable in the euro area, although there were important disparities among the member states. On the one hand, significant declines were observed in Greece (–6%) and Italy (–4%) while prices fell more moderately in France (–2%). On the other hand, real prices grew by 2% in Germany, 5% in Portugal and a noticeable 15% in Ireland.

Emerging market economies

In the third quarter of 2014, real residential property prices remained broadly stable in a number of Asian countries, although they increased by 8% year on year in India. In China, in contrast with their significant increase recorded in recent years (+12 since mid-2012), prices fell by 2%. In Singapore, the rate of decline was 5%. Turning to Latin America, real residential property prices remained relatively stable in Brazil and Mexico, but grew by 8% in Colombia.

In central and eastern Europe, real residential property prices rose by 2% in Poland but declined by 3% in Romania and 6% in Russia. House prices remained stable in a number of other countries in the region, but increased by 5% both in Turkey and Israel.

1 This quarterly update on property prices in Q3 2014 was prepared by the BIS Monetary and Economic Department. Questions can be addressed to Robert Szemere (robert.szemere@bis.org). Longer-term developments are analysed more extensively once a year, in the context of the May quarterly release. Q4 2014 data already published for some countries are already available in the BIS data sets but Q3 2014 data are not yet available for Chile and Peru.

2 For longer-term developments in emerging market economies, see box on next page.
Long series on residential property prices for emerging market economies: Hong Kong SAR, Korea, Malaysia, Thailand and South Africa

The BIS started to publish long-term residential property prices series for 18 advanced economies in 2014. From now on, this long residential property price data set will also include series for five emerging market economies. For Hong Kong SAR and South Africa, the selected indicator is already sufficiently extensive to qualify as a long series. For the other countries, the selected series are extended backwards with information from alternative sources. The documentation for the long series data set summarises the compilation methodology for each country.

While real price developments have varied across countries in past decades, price trends in the Asian emerging market countries show similarities in two periods: in the second half of the 1990s, real prices fell in all four Asian countries. Similarly, after 2007, prices have remained stable or even increased significantly in these countries, in sharp contrast to those in many advanced economies.

Real residential property price developments in the individual countries

Hong Kong: Residential property prices deflated by CPI have increased continuously over the last 30 years, with the notable exception of the 1997–2003 period, when they fell by 60%. Real prices have increased fivefold during the last three decades, with most of this surge concentrates in the past decade.

Korea: Real residential property prices fell by close to 50% between 1991 and 2001, and then rebounded by 30% up to 2007. They have remained broadly unchanged since 2007, so that at end-2014 real residential property prices were still one third below their 1991 peak.

Malaysia: Real residential property prices have risen steadily over the last quarter century, with a brief hiatus during the late 1990s. Prices have risen by 40% over the last 10 years, and have more than doubled since 1988.

Thailand: As in some other countries in the region, CPI-deflated residential property prices fell significantly in the second half of the 1990s. Thailand was exceptional, however, in that no rebound followed this slump. As a result, the real price level in 2014 was close to that of 1991.

South Africa: Real residential property prices remained broadly unchanged during the 1990s, but grew by 150% in the 2000–07 period. Prices then fell somewhat before stabilising, and their current level is still below the 2007 peak despite a recent rebound.

Long-term real residential property price developments in five emerging market economies (Q1 2005 = 100)

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1 This box analyses developments in real terms while the long series data set presents the data in nominal terms, which can diverge substantially from real price developments in the long run.
Real residential property prices in selected G20 countries

Year-on-year changes in Q3 2014, in per cent

Graph A

AU = Australia; BR = Brazil; CA = Canada; CN = China; DE = Germany; FR = France; GB = United Kingdom; ID = Indonesia; IN = India; IT = Italy; JP = Japan; KR = Korea; MX = Mexico; RU = Russia; TR = Turkey; US = United States; XM = euro area; ZA = South Africa

Residential property prices, real$^1$

Year-on-year changes, in per cent

Australia  Brazil  Canada  China  
Euro area  France  Germany  India  
Indonesia  Italy  Japan  Korea  
Mexico  Russia  South Africa  Spain  
Switzerland  Turkey  United Kingdom  United States  

$^1$ Nominal residential property prices deflated by CPI. For China and Turkey, BIS estimates based on market data.