



Residential property price developments – fourth quarter of 2013¹

Yearly growth rates of residential property prices deflated by CPI remained high in the fourth quarter of 2013² in a number of advanced economies, such as Australia, Canada, Ireland, New Zealand and the United States. In contrast, they stayed in negative territory in some others, especially Italy, the Netherlands and Spain. The picture was also mixed among major emerging market economies, with strong real price increases still observed in China and several Asian economies, more subdued developments in Latin America, and falling prices in Russia.

From a longer-term perspective, residential property prices generally peaked in real terms in 2006–07 in most advanced economies. Since then, they have decreased by 14% in the euro area, with a fall of around 40% or more in a number of countries such as Greece, Ireland and Spain. The cumulated fall in real prices has been more moderate in the United Kingdom and the United States (around 15%). Some other advanced economies, such as Austria, Canada, Norway, Sweden and Switzerland, have continued to register property price growth. Among the major emerging economies, real residential property prices have almost doubled in Brazil since 2007, risen by more than half in China and declined substantially in Russia (by one quarter).

Advanced economies

Year-on-year growth rates in real residential property prices remained strong in most non-European advanced economies in the fourth quarter of 2013. Year on year, real prices rose by 10% in the United States, 9% in Canada and 7% in Australia. Real prices were also on an upward trend in several European countries outside the euro area, including Iceland, Sweden, Switzerland and the United Kingdom.

In contrast, real residential property prices remained on a downward trend in Japan³ (–3 %) and the euro area as a whole, with a decline of around 2% from the fourth quarter of 2012. Within the euro area, prices fell by 8% in Spain, 6% in Greece and 5% in Italy, but increased by 1% in Germany and 6% in Ireland (Graph A).

Developments since 2007

Real residential property prices in major advanced economies were still well below the levels reached at the end of 2007, by 17% in the United States, 15% in Japan, 15% in the United Kingdom and 14% in the euro area. In contrast, real prices remained higher than their 2007 levels in a number of countries, such as Canada (+13%), Switzerland (+30%) and Sweden (+16 %). Real prices were close to the levels observed six years previously in Australia.

¹ This note was prepared by the BIS Monetary and Economic Department. Questions can be addressed to Michela Scatigna (michela.scatigna@bis.org) and Robert Szemere (robert.szemere@bis.org).

² When Q1 2014 data are already available in some countries, they are included in our data set but not commented on.

³ The series monitored for Japan relates to land prices.

Within the euro area, the 14% decline in real prices observed since 2007 masks some important disparities. Significant declines were observed in Ireland (–47%), Spain (–43%), Greece (–40%), the Netherlands (–28%) and Italy (–20%). A smaller decline was observed in France (–8%) and real prices went up slightly in Germany over the period (+3%).

Emerging markets

Recent price developments were uneven across emerging regions. Year-on-year growth rates in real residential property prices remained high in a number of Asian countries in the fourth quarter of 2013 – for instance, prices increased in real terms in China (+16%), the Philippines (+13%) and Malaysia (+5%).

Turning to Latin America, the increase in real residential property prices in Brazil continued at a more moderate pace in the fourth quarter of 2013 (+3%), whereas in Mexico real prices were mostly stable compared with one year previously.

Among central and eastern European countries, real residential property prices increased by 6% in Turkey from the fourth quarter of 2012; they remained stable in a number of other places and declined by 15% in Croatia and 6% in Russia.

Developments since 2007⁴

In contrast to the situation in advanced economies, real residential property prices were well above their end-2007 levels in a large number of emerging market economies. This was particularly the case in Asia, especially in Hong Kong SAR (+77%), Malaysia (+35%) and China (estimated at well over 50%). Real prices were also higher in a number of Latin American countries, having doubled since 2007 in Brazil and Peru (but they barely moved in Mexico).

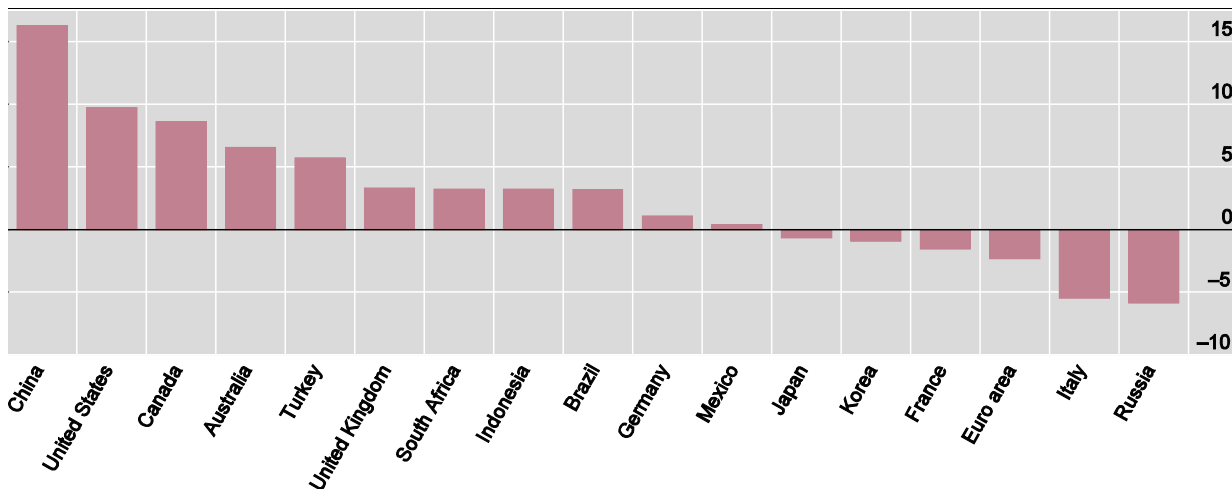
The main exceptions to this situation in emerging markets were Russia, where real prices have fallen by 26% from 2007, and some major central European countries: prices are estimated to have decreased by around 40% in Romania and around 10% in the Czech Republic (Graph B).

⁴ For the Czech Republic, development since the first quarter of 2008; for Romania, since the first quarter of 2009.

Real residential property prices in selected G20 countries

Year-on-year changes in Q4 2013, in per cent

Graph A

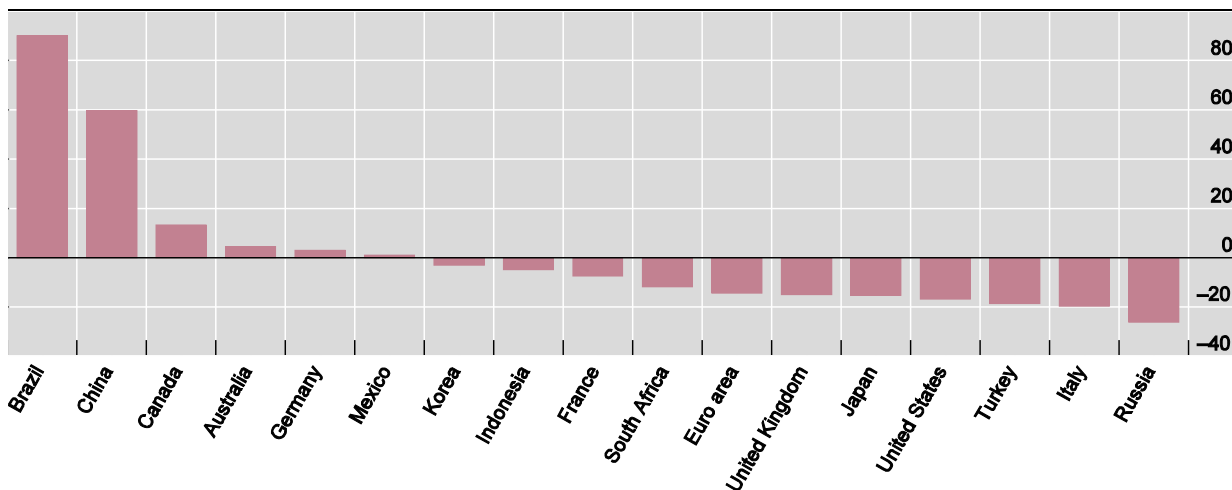


Sources: See documentation on selected representative property price series.

Real residential property prices in selected G20 countries¹

Cumulative changes from end-2007 to end-2013, in per cent

Graph B

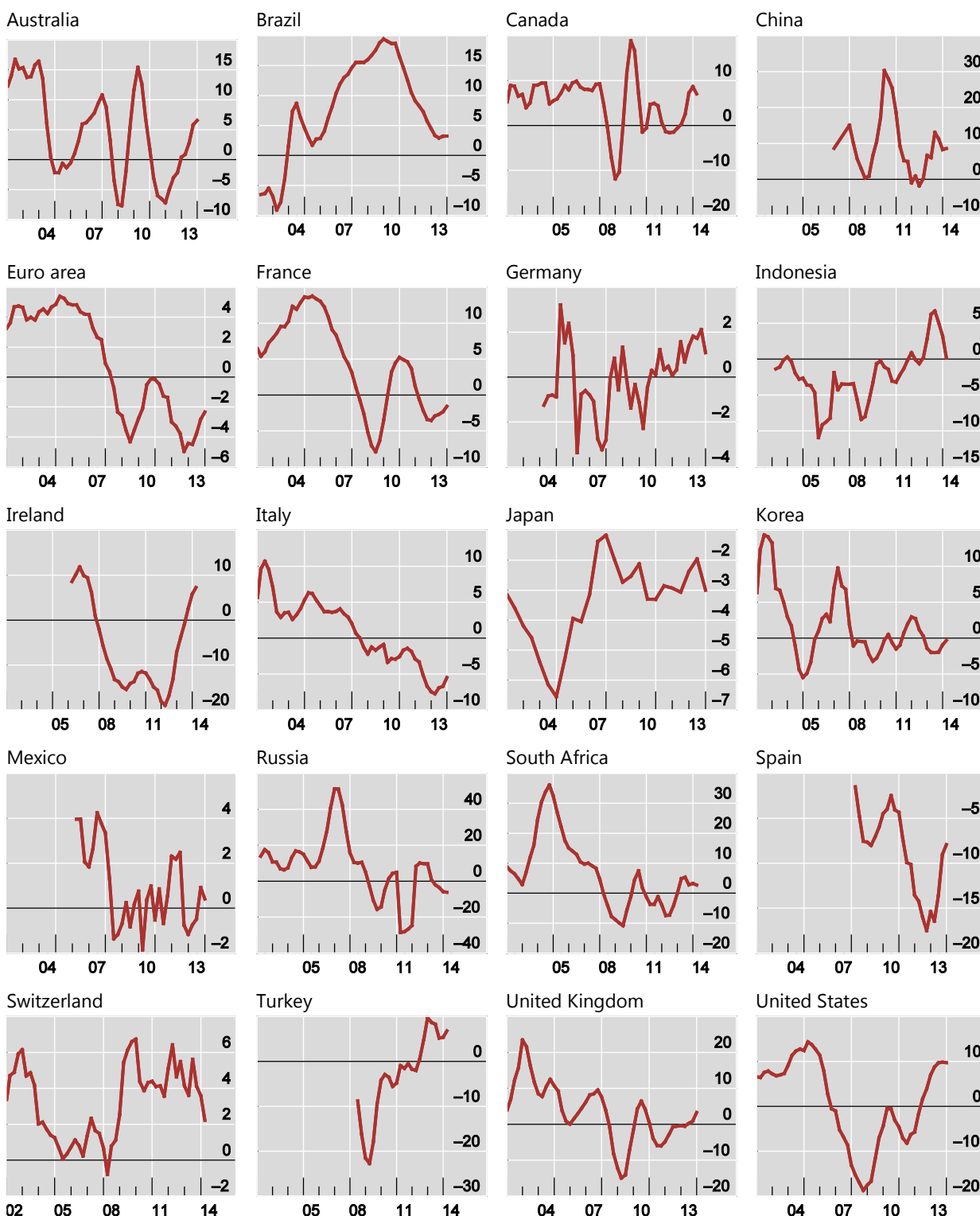


¹ For China and Turkey, BIS estimates based on market data.

Sources: See documentation on selected representative property price series.

Residential property prices, real¹

Year-on-year changes, in per cent



¹ Nominal residential property prices deflated by CPI.

Sources: See documentation on selected representative property price series.