



Residential property price developments – fourth quarter of 2014¹

In the fourth quarter of 2014, residential property prices increased significantly year on year in real terms (ie deflated by the CPI) in several advanced economies. They grew by 3–5% in Australia, Canada and the United States, and by around 10% in Sweden and the United Kingdom. Real prices increased by 1% in the euro area, although there were important disparities among member states: they rose by 16% in Ireland and more moderately in Germany and Spain, but continued to decline in France, Greece and Italy. Prices also fell in Japan. The picture was also mixed among major emerging market economies. Property price inflation remained strong in India, and to a lesser extent in South Africa and Turkey, but prices continued to fall in China and Russia.

From a longer-term perspective, residential property prices generally peaked in real terms in 2006–07 in most advanced economies. Since the end of 2007, they had decreased by 14% in the euro area, reflecting a fall of around 40% in Greece, Ireland and Spain, and by 23% in Italy, partly offset by a price increase in Germany. As of the fourth quarter of 2014, real prices were also still well below their 2007 levels in the United States (by 13%) and, to a lesser extent, Japan and the United Kingdom. Most other advanced economies, such as Australia, Canada, Norway, Sweden and Switzerland, had registered a significant rise in property prices over the previous seven years. Among major emerging market economies, real residential property prices had almost doubled in Brazil and had risen by 80% in India; but they had declined by almost one third in Russia.

Advanced economies

Real residential property prices continued to increase significantly in most advanced economies in 2014 (Graph A). They rose by 3–5% in Australia, Canada, New Zealand and the United States. They also continued to trend upwards in several European countries outside the euro area, increasing by around 10% in Sweden and in the United Kingdom over one year, and more moderately in Denmark. The euro area saw a slight increase in aggregate, for the first time in seven years (by 1% year on year), although there remained important disparities across the member states. Real property prices grew by 4% in Germany, 2% in both Portugal and Spain, and a whopping 16% in Ireland. On the other hand, price declines continued, especially in Greece (–4%) and, more moderately, in France and Italy. Contrasting with the above developments for major advanced regions, Japanese prices fell on a year-on-year basis in the fourth quarter, by 2%.

¹ This note was prepared by the BIS Monetary and Economic Department. Questions can be addressed to Robert Szemere (robert.szemere@bis.org). A [note on recent developments](#) is published in February, August and November. Q1 2015 data for some countries are already available in the BIS data sets, but Q4 2014 data are not yet available for Chile.

Developments since 2007²

In most advanced economies, real residential property prices were still below their end-2007 levels as of the fourth quarter of 2014, especially in the United States (by 13%), Japan (6%), the United Kingdom (7%) and the euro area (14%). However, the euro area situation masked some important disparities. Real prices had declined by around 40% in Greece, Ireland and Spain, by 23% in Italy, and more moderately in France. But they had risen by 23% in Austria and 7% in Germany (Graph B). Residential property prices bottomed out between mid-2012 and early 2013, and then started to increase in several European countries, especially Ireland and the United Kingdom. Lastly, real property prices were well above their 2007 levels in those few advanced economies that were less affected by the financial crisis (by 17% and 11% in Canada and Australia, respectively) as well as in some European countries outside the euro area, eg by close to 20% in Norway and around 30% in both Sweden and Switzerland.

Emerging market economies

The picture in Asia was mixed. Real residential property prices increased by 10% in India, and to a lesser extent in Hong Kong SAR, Malaysia and Thailand, but fell by 5% in China. Turning to Latin America, real residential property prices remained relatively stable in Brazil and Mexico, but grew by 9% in Colombia. Real prices also increased in South Africa (+4%). In central and eastern Europe, real residential property prices rose in Hungary (by 7%), and to a lesser extent in the Czech Republic and Poland. Prices increased by 6% in Turkey, but fell by 6% in Russia (Graph A).

Developments since 2007³

Real residential property prices were generally 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 (+89%), India (+52%) and Malaysia (+42%). Major exceptions to this picture were China and Korea, where price levels were roughly comparable to the ones observed in 2007. Real prices had also increased substantially since 2007 in Israel, as well as in a number of Latin American countries: they had doubled in Brazil and Peru, and had increased by 50% in Colombia – but had barely moved in Mexico. By contrast, prices declined in several central European countries, including Russia. That said, prices had bounced back most recently in several countries of the region. (Graph B).

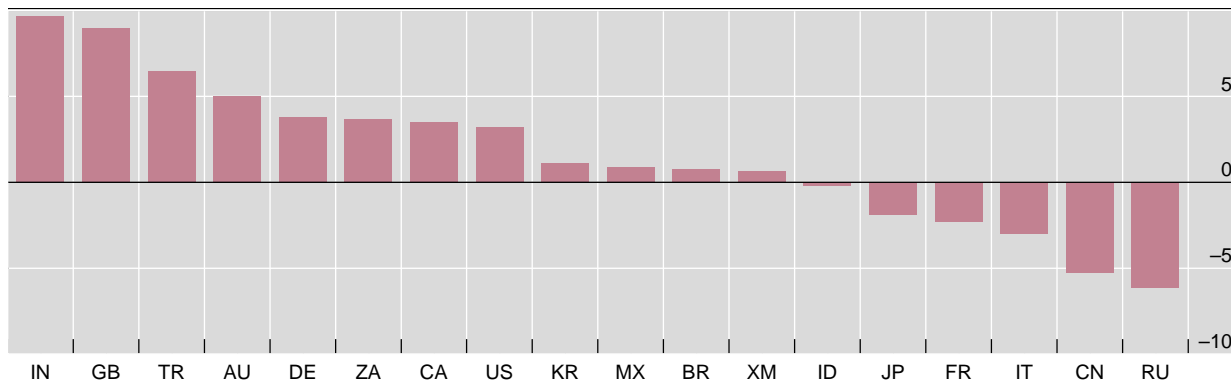
² Price developments since early 2008 for Japan and Portugal.

³ Developments since the first quarter of 2008 for the Czech Republic, and since the first quarter of 2009 for India and Romania. For China, BIS estimates based on market data.

Real residential property prices in selected G20 countries

Year-on-year changes in Q4 2014, in per cent

Graph A

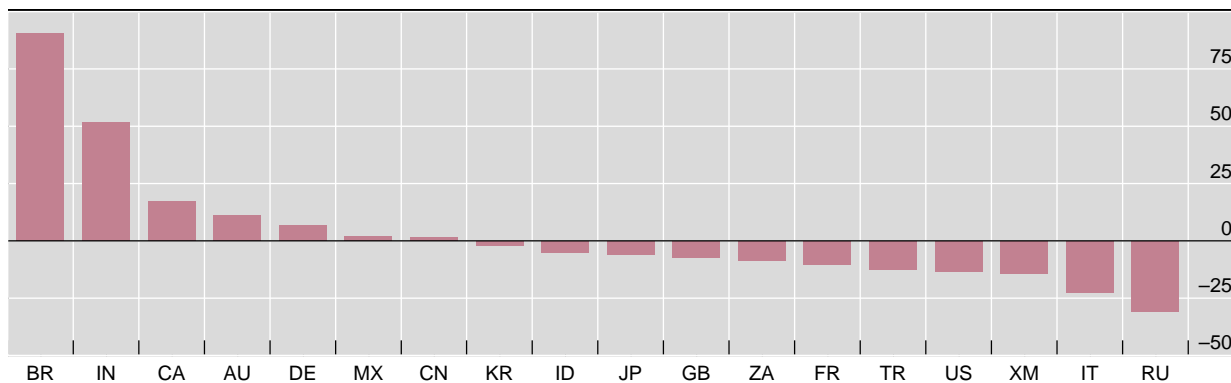


Source: BIS documentation on selected representative property price series.

Real residential property prices in selected G20 countries¹

Cumulative changes from end-2007 to end-2014, in per cent

Graph B

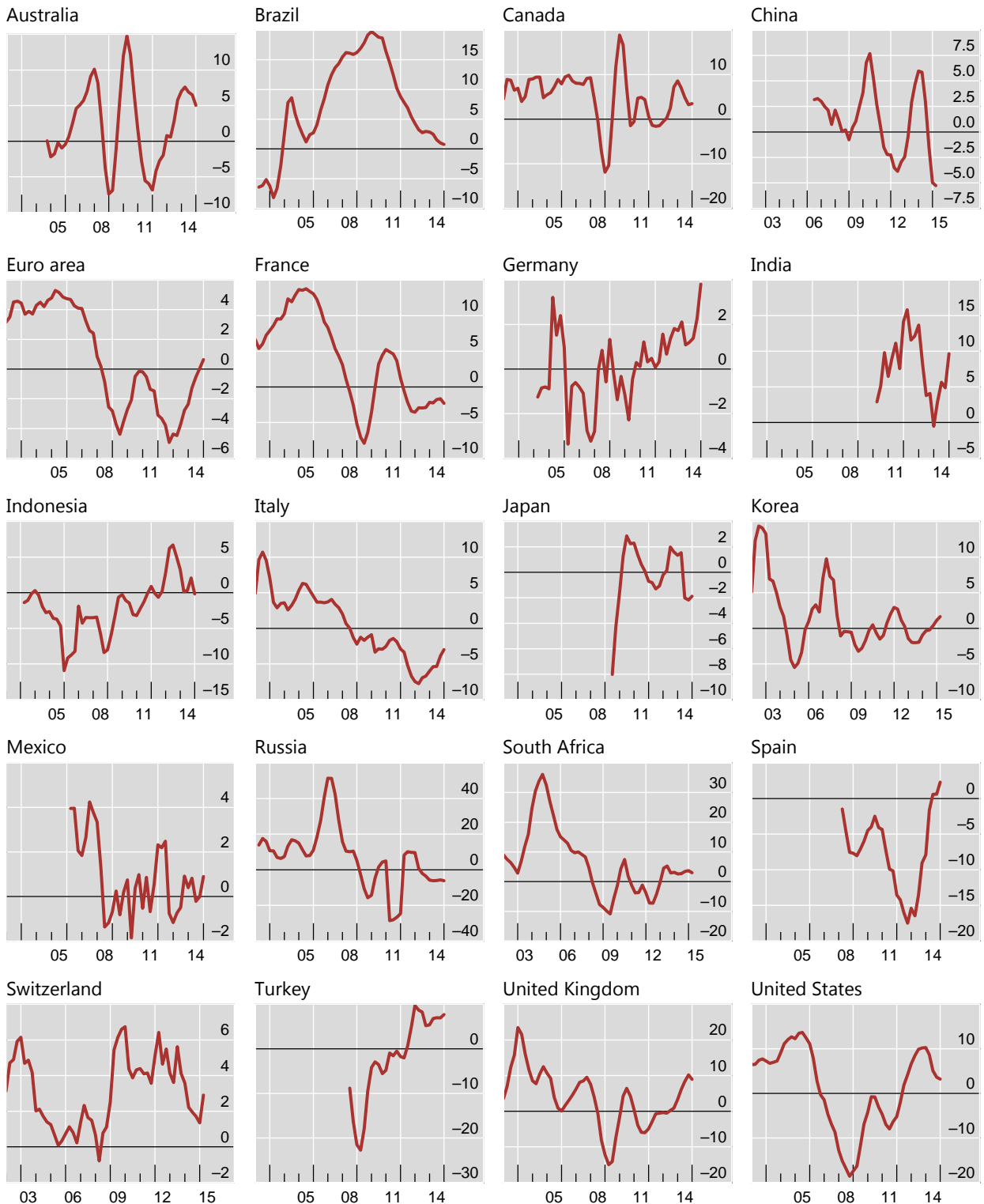


¹ For China and Turkey, BIS estimates based on market data; for India, cumulative change from Q1 2009; for Japan, cumulative change from Q2 2008.

Source: BIS 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.