Global trends on housing markets and housing policies

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Content

- General effects of the Global Financial Crisis (GFC)
- Impact of the GFC on mortgage markets
- Which housing systems are most resilient to financial crisis?
- Latest developments of housing policies in Europe
- Research meets policy
- Conclusions

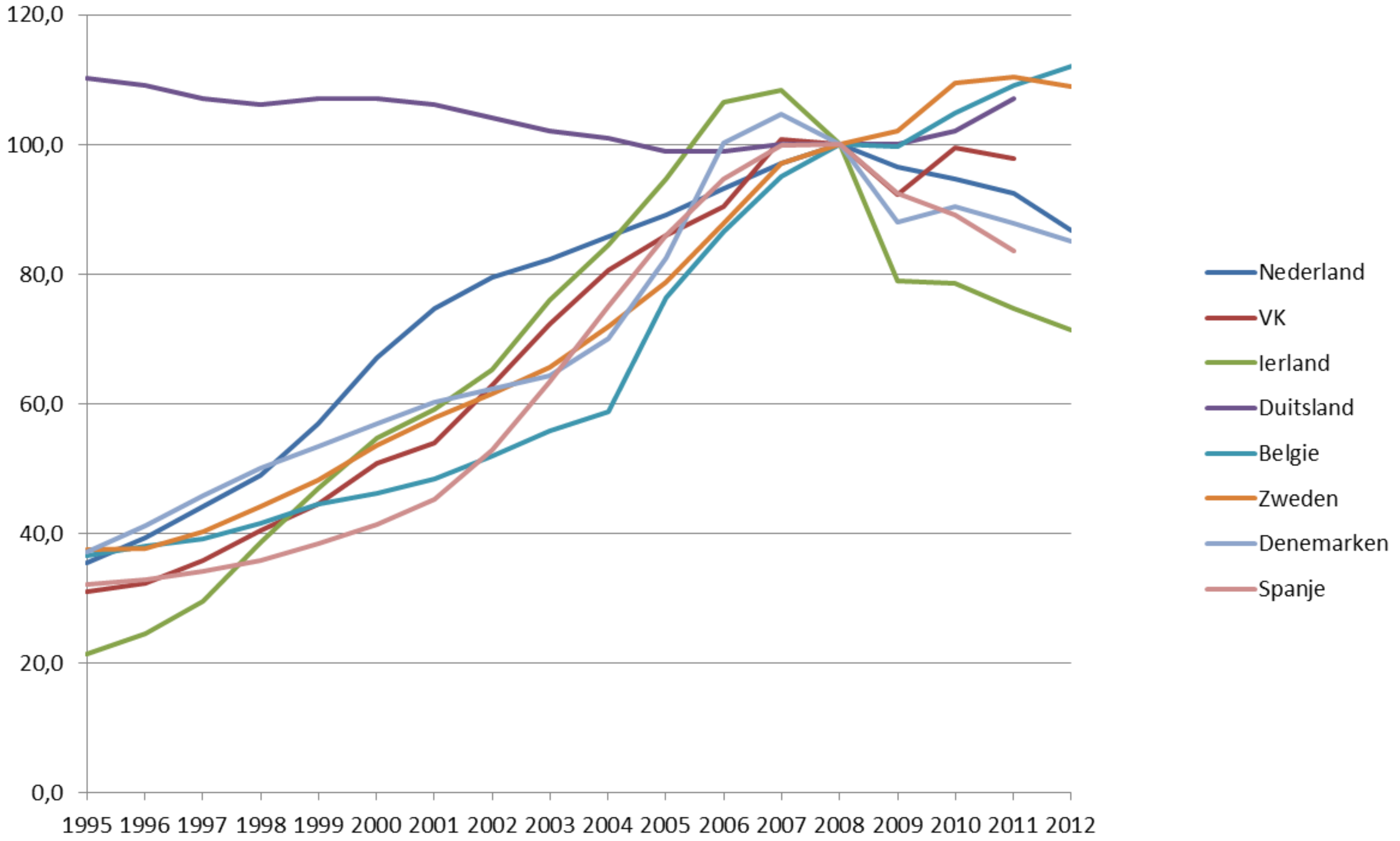
General effects of the Global Financial Crisis (GFC)

- House prices and confidence
- Reduction in residential mobility
- Difficulties in providing mortgage loans
- Shifting housing demand from buying to lending
- Shifting housing demand from the top end of the market to the lower segments
- Reduction in housing transactions
- Large scale reduction in housing investments
- Large effect of the housing crisis on the general economy (Boomerang effect)
- Big differences between countries

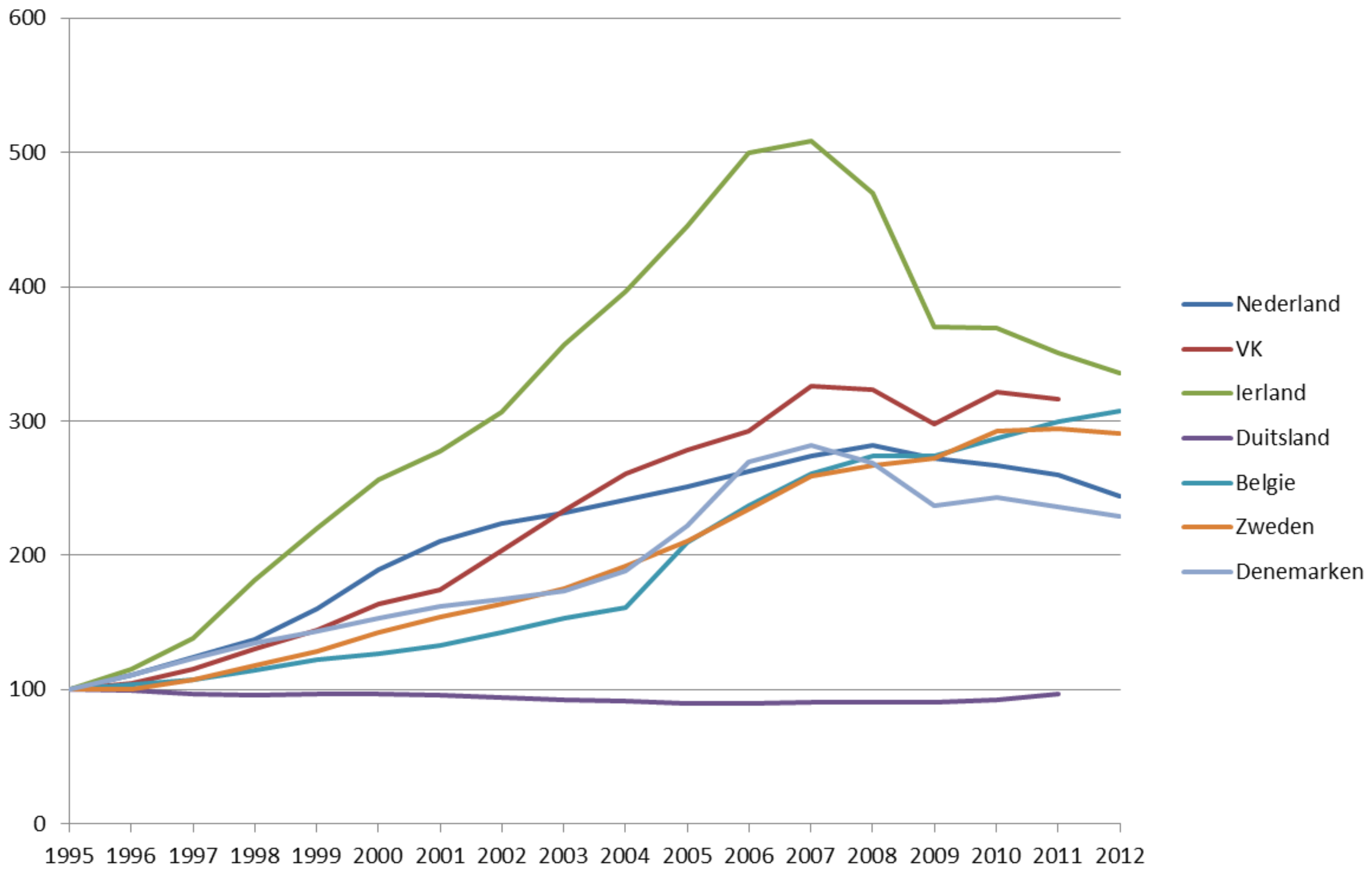
Impact of the GFC on mortgage markets (Priemus and Whitehead 2013)

- Heavily impacted: Ireland, Spain, Netherlands, UK
- Limited effect because of government stabilisation policies: France Australia
- Limit in Sweden, Germany and Italy

Nominal house prices in Europe 1995-2012

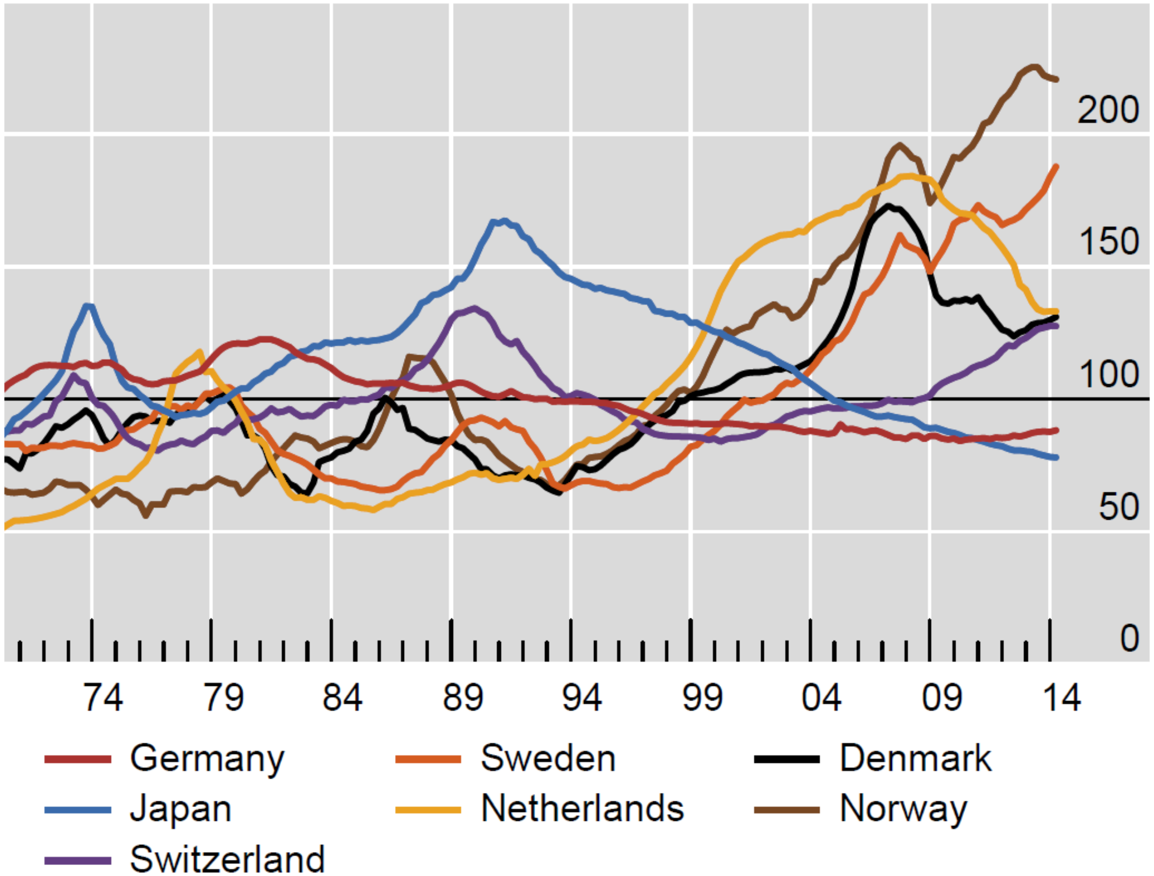


Nominal house prices in Europe 1995-2012



International house price indices[1]

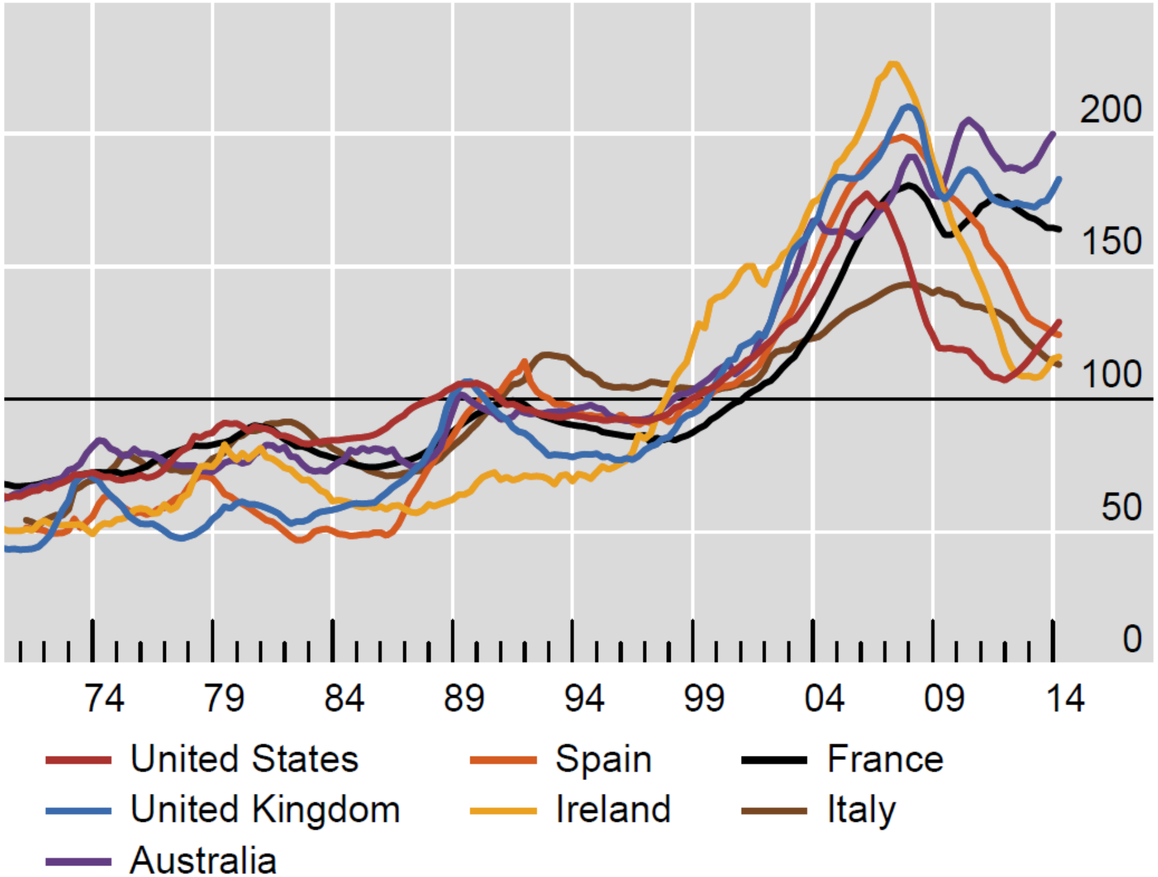
Advanced economies



[1)] *Figures are CPI-deflated and seasonally adjusted*
Sources: National data; BIS long series and selected property price database

International house price indices[1]

Advanced economies



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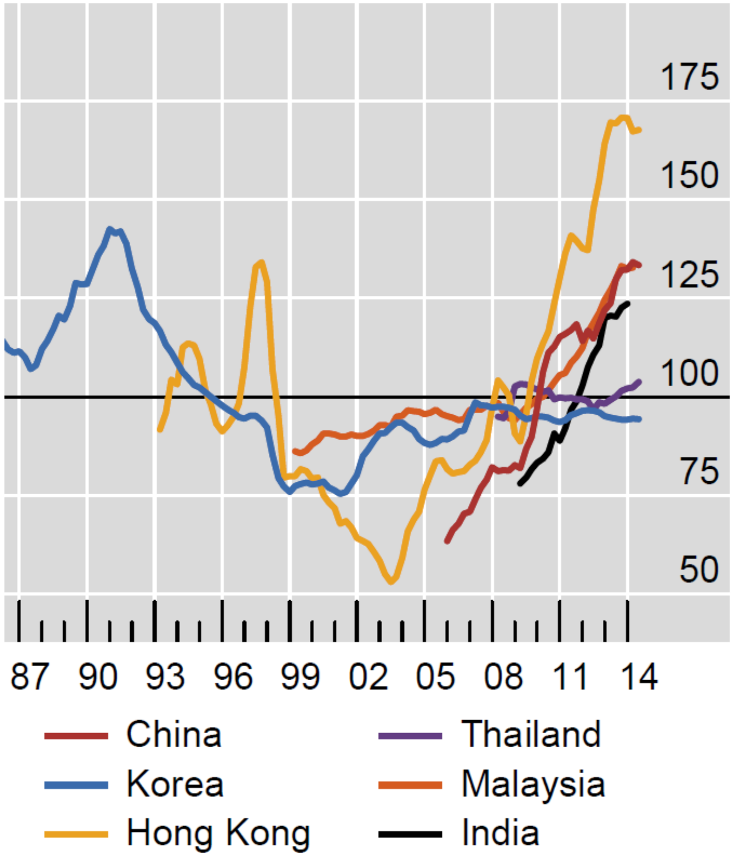
International house price indices[1]

Emerging Asia



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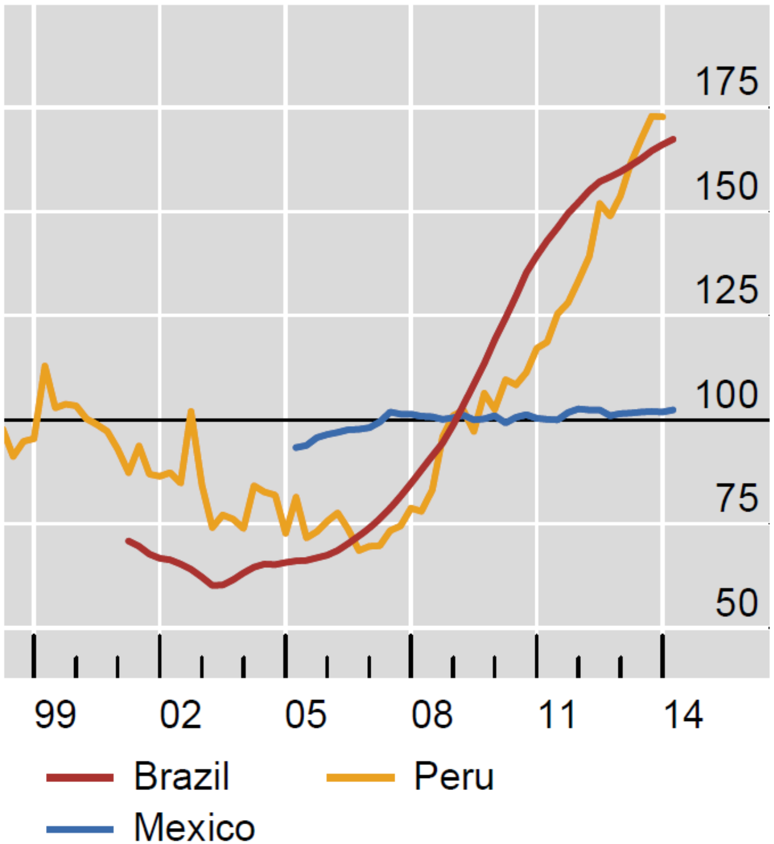
International house price indices[1]

Latin America



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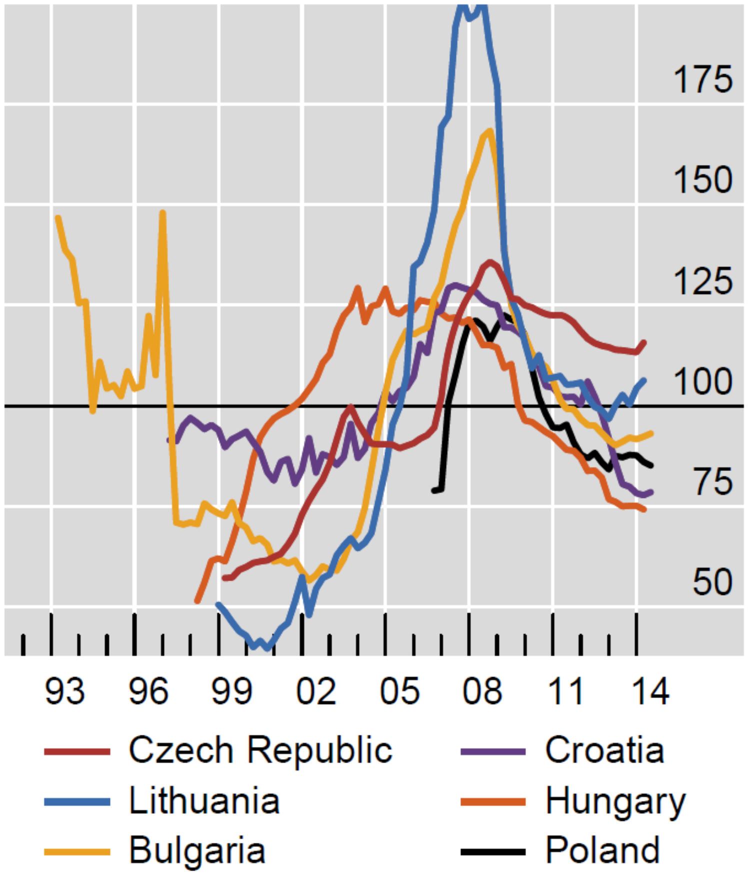
Emerging Europe



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Housing finance across Europe (Lunde en Whitehead 2014)

- Financial markers are global, housing markets and housing finance systems are very specific to each country; so outcomes are extraordinarily diverse
- Highly deregulated markets are out of favour
- Implementation of Basel III capital requirements will limit the revival of mortgage markets in many mature systems
- Increased indebtedness and poor access for young people
- Many households still find difficulties
- Concerns about rising interest rates
- European mortgage markets have not adjusted yet to the post-crisis realities and are not resilient to further shocks

Which housing systems are most resilient to financial crisis? (Priemus and Whitehead 2013)

- More open systems (Iceland, UK, Netherlands) are less resilient
- Speculative supply systems (Ireland, Spain) are less resilient
- Large rented sector can act as a buffer (Germany) to shocks in the owner-occupied sector and mortgage markets (see also Bridging the gap)

Latest developments of housing policies in the EU (Housing Europe 2015)

- Tackling over-indebtedness
- Tackling taxation bias towards home ownership
- Fostering the rental market (see also Bridging the gap)
- Reforming social housing
- Mobilizing existing housing stock as private property for social use
- Introduction / increase of housing allowances
- Programmes to facilitate access to home ownership
- Introduction of homelessness strategies

Research meets policy

- Special units in scientifc organisations: ENHR working group Policy and Research
- Umbrella organisations with research divisions: EMF, Housing Europe, Living and housing
- EU (Horizon 2020)
- Studies as background to reform the housing system: Barker report UK, several comprehensive studies for the Dutch government and parliamentary enquiry commissions
- Ex-ante studies for specific policy arrangements
- Ex-post evaluations of current policies

Conclusions

- Countries that are severely affected by the crisis are also confronted with the largest problems on the housing market
- Difficult to establish the effects of the economic crisis and the effect of the structure of the housing market and stabilizing factors
- Possible relation to the general economic structure and the housing market structure: a nation that is highly sensitive to the general economic climate also has a housing market structure that is sensitive to the economic climate

END

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