



Global Property Guide

MARKET REPORT

# Global Residential Real Estate

Q2  
2022





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## House Price Change (Inflation-Adjusted)

	Y-O-Y (%)		Q-O-Q (%)	
	Q2 2021		Q2 2022	Q2 2022
Turkey	9.97	▲	45.88	16.63
Vietnam (HCMC)	-2.76	▲	19.44	7.17
Romania	7.31	▲	14.17	1.02
Iceland	8.05	▲	12.92	5.10
New Zealand	23.57	▼	11.99	-2.93
Russia	7.87	▲	11.69	-3.80
Slovak Republic	20.26	▼	11.56	1.94
Taiwan	8.49	▲	10.79	0.78
Japan (Tokyo)	11.55	▼	10.21	1.74
Portugal	3.34	▲	8.89	0.33
US (FHFA)	12.26	▼	8.31	0.98
US (Case-Schiller)	12.79	▼	8.18	0.24
Canada	12.55	▼	7.95	3.73
Netherlands	12.29	▼	7.47	2.75
Israel	7.81	▲	7.13	2.45
Australia (8 Capital Cities)	9.20	▼	7.04	-0.70
North Macedonia	3.05	▲	6.93	3.88
Chile	10.71	▼	5.48	2.82
Estonia	7.84	▼	5.34	2.26
Austria (Vienna)	8.01	▼	4.80	0.23
Ireland	5.21	▲	4.60	-0.85
South Korea	14.96	▼	4.20	-1.53
UAE (Dubai)	2.90	▲	4.04	1.58
Singapore	4.62	▲	3.73	-1.40
UK (Nationwide)	8.07	▼	3.24	0.07
Finland	3.66	▲	2.85	5.78
Germany	11.68	▼	2.20	-1.20
China (Beijing)	8.36	▼	1.93	0.81
Sweden	15.14	▼	1.65	-0.63
Pakistan	9.12	▼	1.47	1.47
Jersey	13.66	▼	0.87	1.07
Norway	9.74	▼	0.50	1.55
Mexico	1.67	▼	0.20	0.65

## House Price Change (Nominal)

	Y-O-Y (%)		Q-O-Q (%)	
	Q2 2021		Q2 2022	Q2 2022
Turkey	29.25	▲	106.57	35.19
Romania	11.03	▲	33.82	17.91
Russia	14.36	▲	29.45	1.97
Estonia	11.17	▲	26.66	10.68
Slovak Republic	22.93	▲	25.52	6.41
Vietnam (HCMC)	-0.46	▲	23.26	8.40
New Zealand	27.70	▼	23.37	4.17
Pakistan	19.71	▲	23.09	23.09
Iceland	12.63	▲	22.88	8.72
Lithuania	13.59	▲	21.18	6.27
Chile	14.92	▲	18.65	6.49
US (Case-Schiller)	18.87	▲	17.98	3.31
US (FHFA)	17.71	▲	17.66	3.98
Portugal	4.13	▲	17.58	5.34
Canada	15.99	▲	16.73	6.52
Netherlands	14.55	▲	16.67	2.39
North Macedonia	4.07	▲	16.51	6.84
Taiwan	10.48	▲	14.77	2.19
Latvia (Riga)	4.42	▲	14.45	2.20
Ireland	6.86	▲	14.09	2.31
Australia (8 Capital Cities)	13.36	▲	13.64	1.02
Austria (Vienna)	10.76	▲	13.04	3.33
Japan (Tokyo)	11.11	▲	12.76	2.45
Israel	9.25	▲	11.61	4.40
Montenegro	23.30	▼	11.52	8.70
UK (Nationwide)	10.26	▲	11.43	3.71
Singapore	7.14	▲	10.64	3.49
South Korea	17.72	▼	10.45	0.48
UAE (Dubai)	0.00	▲	10.12	1.10
Germany	14.30	▼	9.98	0.60
Finland	5.82	▲	9.83	8.48
Sweden	17.21	▼	9.20	2.62
Jersey	17.59	▼	8.81	3.93

▲ More than one percentage point increase in house price change

▼ Less than 1 percentage point increase in house price change

▼ More than one percentage point decrease in house price change

▲ Less than 1 percentage point decrease in house price change





## House Price Change (Inflation-Adjusted)

	Y-O-Y (%)		Q-O-Q (%)	
	Q2 2021		Q2 2022	Q2 2022
Lithuania	9.61	▼	0.16	-0.40
Malta	-1.82	▲	0.09	-1.71
Saudi Arabia	-4.60	▲	-0.37	-0.29
Switzerland	1.89	▼	-1.03	-0.45
Denmark	9.22	▼	-1.38	-0.83
Montenegro	20.42	▼	-1.77	4.05
Indonesia	0.01	▼	-2.00	-1.43
Thailand	-0.77	▼	-2.25	-0.80
South Africa	-0.53	▼	-3.74	-1.57
Latvia (Riga)	1.67	▼	-4.10	-6.10
Philippines (Makati CBD)	-20.61	▲	-4.61	-1.29
Qatar	-0.83	▼	-4.87	-0.82
Macau	1.47	▼	-5.09	-0.87
Hong Kong	1.18	▼	-5.20	-0.14
Italy	1.05	▼	-6.04	-1.16
Spain	7.13	▼	-6.27	0.28
Ukraine (Kiev)	0.55	▼	-6.43	-2.62
Brazil (Sao Paulo)	-3.63	▼	-6.77	-1.13
Morocco	-3.67	▼	-6.89	-2.52
Poland (Warsaw)	4.48	▼	-7.64	-2.67
Peru	-1.72	▼	-9.60	-1.58
Puerto Rico	13.65	▼	-10.95	-5.47
Cambodia	-10.32	▼	-11.65	-0.36
Egypt	-3.68	▼	-14.09	-12.27
Colombia (Bogota)	-3.22	▼	-14.64	-4.06
Sri Lanka (Colombo)	13.39	▼	-35.55	-12.93

## House Price Change (Nominal)

	Y-O-Y (%)		Q-O-Q (%)	
	Q2 2021		Q2 2022	Q2 2022
Mexico	7.72	▼	7.99	2.55
Denmark	11.12	▼	6.70	2.51
Norway	12.85	▼	6.35	4.00
Thailand	0.49	▲	5.24	1.80
Poland (Warsaw)	9.03	▼	5.24	3.04
China (Beijing)	9.70	▼	4.48	1.00
Brazil (Sao Paulo)	4.41	▲	4.31	1.06
South Africa	4.50	▼	3.40	0.75
Spain	10.06	▼	3.30	2.79
Saudi Arabia	0.83	▲	1.90	0.58
Malta	3.93	▼	1.90	1.18
Switzerland	2.39	▲	1.89	1.10
Indonesia	1.49	▼	1.71	0.40
Ukraine (Kiev)	5.43	▼	1.65	0.27
Italy	2.33	▲	1.44	0.72
Philippines (Makati CBD)	-17.64	▲	1.20	0.81
Qatar	1.14	▲	0.27	0.80
Morocco	-2.26	▲	-0.18	-0.18
Sri Lanka (Colombo)	19.36	▼	-0.33	16.27
Peru	1.48	▼	-1.64	0.93
Egypt	1.12	▼	-2.75	-8.54
Hong Kong	1.89	▼	-3.43	-0.24
Macau	1.05	▼	-3.83	-0.42
Cambodia	-7.86	▲	-4.72	1.40
Puerto Rico	16.68	▼	-5.61	-3.76
Colombia (Bogota)	0.29	▼	-6.38	-1.54

▲ More than one percentage point increase in house price change

▼ Less than 1 percentage point increase in house price change

▼ More than one percentage point decrease in house price change

▲ Less than 1 percentage point decrease in house price change



## Q2 2022: World's housing markets are now visibly cooling

House prices rose in 49 countries, and declined in only 9, of the 58 world's housing markets which have so far published housing statistics during Q2 2022. But this is actually an illusion! High inflation in most countries makes it appear that house prices are still rising strongly.

When we adjust for inflation, house prices have risen in only 34, and actually declined in 24 countries during the year to Q2 2022.

In fact in terms of momentum, most of the world's property markets are now showing signs of slowdown. Momentum is visibly weaker in real terms: only 12 out of the 58 world's housing markets showed stronger momentum than last year, while the remaining 46 housing markets showed weaker momentum. Momentum is a measure of the "change in the change"; simply put, momentum has increased if a property market has risen faster this year than last (or fallen less).

This may indicate that the global housing boom may be beginning to run out of steam, which is not surprising given the combined adverse effects of deteriorating affordability, soaring inflation, the Ukraine crisis, as well as the continuing Covid-19 pandemic.

During the year to Q2 2022:

- In the United States, always a key market, momentum has weakened, with both the Case-Shiller and FHFA indices still rising, but at a noticeably slower pace, amidst falling demand and negative homebuilder sentiment.
- Europe's house price boom is dramatically slowing, with only 7 out of the 27 European countries included in our global survey showing stronger momentum in Q2 2022 compared to a year earlier. Key European markets such as Germany and UK are losing steam while Spain and Italy's real house prices are now falling.
- Asian housing markets are weakening further. Only 3 of the 14 Asian countries included in our global survey showed stronger momentum in Q2 2022 compared to a year ago. The exceptions include Vietnam, Taiwan and Japan.
- Pacific housing markets remain fundamentally strong, yet the pace of house price growth is decelerating.
- The Middle East and Latin America are mixed markets, but more have been losing steam than rising.

The strongest housing markets in our global house price survey during the year to Q2 2022 included: Turkey (+45.88%), HCMC, Vietnam (+19.44%), Romania (+14.17%), Iceland (+12.92%), and New Zealand (+11.99%), using inflation-adjusted figures.

The biggest y-o-y house price decline were in Colombo, Sri Lanka (-35.55%), Bogota, Colombia (-14.64%), Egypt (-14.09%), Cambodia (-11.65%), and Puerto Rico (-10.95%), again using inflation-adjusted figures.

In its July 2022 World Economic Outlook Update, the International Monetary Fund (IMF) slashed its 2022 global economic growth projection again to 3.2%, down from its April's estimate of 3.6%, and from the previous year's strong growth of 6.1%.

Inflation has been a factor in house price rises in many countries. Most obviously in Turkey. Turkish inflation was a scary 79.6% in July 2022 – the highest in 24 years. Turkish house prices have risen by 160.57% during the year to Q2 2022 – and even in inflation-adjusted terms Turkish house prices have risen by a huge 45.88%.

To rein in inflationary pressures, many central banks are now raising their key interest rates rapidly. High inflation reduces consumers' purchasing power while successive rate hikes increase borrowing costs – both essential recipes for a disastrous housing market crash. Add the gloomy and uncertain global economic outlook and the fallout from the Russian invasion of Ukraine, and the prospect for the world's housing markets are now overwhelmingly tilted to the downside.



# The World's Regions:

## Europe's housing market growth slowing

House prices have risen in 19 of the 27 European housing markets for which figures were available in Q2 2022. Yet only 7 countries had stronger momentum in Q2 2022 compared to a year earlier. The pace of growth is noticeably slowing, amidst the economic repercussions of the Covid-19 pandemic, coupled with the ongoing Ukraine crisis and global supply chain disruptions. Some notable exceptions are Turkey, Romania, and Iceland.





Turkey remains the strongest housing market in our global house price survey, buoyed by strong demand from both local and foreign investors. The nationwide house price index rose by a spectacular 45.88% during the year to Q2 2022, far higher than the previous year's 9.97% y-o-y increase and its best showing in recent history. In fact, in nominal terms, prices skyrocketed by more than 160%. On a quarterly basis, real house prices rose strongly by 16.63% in Q2.

Turkish President Tayyip Erdogan introduced an economic plan that prioritizes growth, investment, employment, and exports, pushed by a series of unorthodox interest rate cuts. The plan sparked hyperinflation and a currency crisis, with the nationwide inflation rate skyrocketing to 79.6% in July 2022 – the highest level since September 1998. The value of the lira against the dollar tumbled by 44% in 2021 and by another 25% this year – its worst since Erdogan came to power nearly two decades ago. But for foreigners, the plunge in Turkey's currency value means that the property market is very attractively priced, luring many buyers from the Gulf.

Turkey's economy grew by a robust 11% in 2021 from a year earlier, its highest growth in a decade. The economy however is projected to slow sharply this year, as inflation surges following the lira's crash, and with the Ukraine crisis adversely impacting tourism.

Romania's housing market growth is very impressive, amidst strong demand and improving economic conditions. The nationwide average selling price of apartments soared 14.17% in Q2 2022 from a year earlier, almost double the y-o-y growth of 7.31% recorded a year ago. On a quarterly basis, Romanian real house prices increased 1.02% in Q2.

Demand remains robust, with the total number of properties sold nationwide rising by 6.3% y-o-y to 125,069 units in the first half of 2022, following annual growth of 15.6% during 2021 and 11.6% in 2020, according to the National Agency for Cadastre and Land Registration (NACLR). The European Commission expects the Romanian economy to grow by 3.9% this year and by another 2.9% in 2023.

Other European housing markets with impressive growth include Iceland, with house prices rising by 12.92% y-o-y in Q2 2022, Russia (11.69%), Slovak Republic (11.56%), Portugal (8.89%), Netherlands (7.47%), and North Macedonia (6.93%). All, except Slovak Republic and Netherlands, performed better in Q2 2022 compared to the previous year. All, except Russia, recorded positive quarterly house price growth during the latest quarter.

More modest house price increases were also seen in Estonia (5.34%), Vienna, Austria (4.8%), Ireland (4.6%), and Finland (2.85%). All, except Ireland, saw positive quarterly price rises during Q2 2022. However, all had weaker performances in Q2 2022 compared to the previous year.

The UK's housing market is noticeably cooling, amidst slowing economic growth and surging inflation. Real house prices rose by a modest 3.24% y-o-y in Q2 2022, a sharp slowdown from the annual growth of 8.07% in Q2 2021. Quarter-on-quarter, real house prices increased slightly by 0.1% during the latest quarter. Yet in nominal terms, UK house prices actually rose by a huge 11.43% during the year to Q2 2022. The wide variation between the real and nominal figures was due to soaring inflation, which increased to 10.1% in July 2022 – the highest reading since February 1982.

Demand is falling, amidst a chronic housing shortage in the country. Residential property transactions in the UK fell by 26.8% y-o-y to 637,710 units in the first half of 2022, following a 42.4% growth during 2021, according to HM Revenue & Customs. Economic growth is projected at a modest 3.2% this year, following a strong growth of 7.4% in 2021 and a historic plunge of 9.3% in 2020,

Germany's housing market growth is also slowing sharply, as higher mortgage interest rates and rising inflationary pressures have compounded affordability constraints. The average price of apartments rose by 2.2% during the year to Q2 2022, a sharp slowdown from the previous year's 11.68% growth. It was the lowest annual growth in four years. On a quarterly basis, real house prices actually declined 1.2% in Q2. Germany's housing market has been growing continuously in the past eight years, with house prices up by more than 70% from Q1 2014.

Deutsche Bundesbank, Germany's central bank, has recently slashed its growth forecast for 2022 to 1.9%, from its previous projection of 4.2%. In fact, the European Commission takes a more pessimistic stand, projecting the German economy to pose a meager growth of 1.4% this year, following a 2.9% growth in 2021.

Minimal house price rises were recorded in Sweden (1.65%), Jersey (0.87%), Norway (0.5%), Lithuania (0.16%), and Malta (0.09%). All, except Malta, had weaker performances in Q2 2022 from a year earlier and all, except Jersey and Norway, saw slight quarterly price falls during the latest quarter.





### Europe's weakest housing markets

Poland's housing market conditions are deteriorating, with market sentiment adversely affected by continued pandemic fears, coupled with surging inflation and the fallout from the Ukraine crisis. In Warsaw, inflation-adjusted house prices fell by 7.64% during the year to Q2 2022, a sharp turnaround from the prior year's 4.48% increase. Quarter-on-quarter, prices dropped 2.67% in Q2. Despite this, Poland's economy is projected to grow by 5.2% this year, following a 5.9% expansion in 2021 and a 2.2% contraction in 2020.

Ukraine's housing market is weakening further, amidst struggling economy caused by the ongoing Russia-Ukraine war. Secondary market apartment prices in Kiev fell by 6.43% during the year to Q2 2022, following y-o-y contractions of 5.67% in Q1 2022, 3.09% in Q4 2021, and 1.37% in Q3 2021. On a quarterly basis, real house prices fell by 2.62% in Q2 2022. The overall economic outlook is now very gloomy, with the IMF projecting the Ukrainian economy to plummet by 30% during 2022 while the World Bank expects a whopping 45.1% contraction.

Spain's housing market is also losing steam, with house prices falling by 6.27% in Q2 2022 from a year earlier, in sharp contrast to a y-o-y increase of 7.13% in Q2 2021. On a quarterly basis, house prices rose by a miniscule 0.28% during the latest quarter. Yet the overall economy remains robust, and is expected to expand by 4% this year, following a 5.1% growth in 2021 and a 10.8% contraction in 2020, according to the European Commission.

Moderate to minimal house price falls were also registered in Italy (-6.04%), Riga, Latvia (-4.1%), Montenegro (-1.77%), Denmark (-1.38%), and Switzerland (-1.03%). All recorded weaker performances in Q2 2022 compared to a year earlier. All, except Montenegro, saw quarterly price falls during the latest quarter.

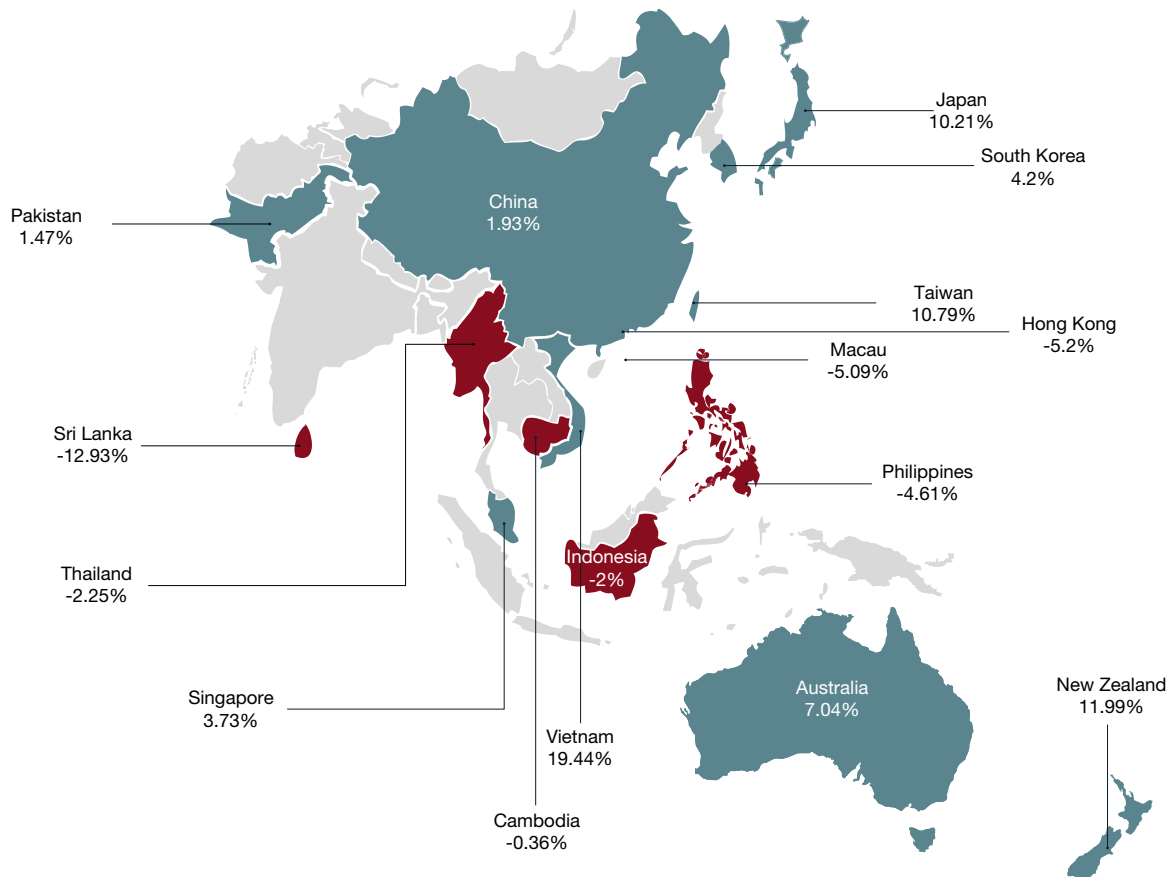






## Pacific housing markets continue to grow, albeit at a slower pace

The Pacific house prices continue to rise. But the rate of growth in both Australia and New Zealand has unsurprisingly weakened, given slowing demand caused by rising interest rates and declining purchasing power of consumers caused by soaring inflation.



Australia's house prices continue to rise strongly, amidst weakening demand and construction activity. House prices in the country's eight major cities rose by 7.04% during the year to Q2 2022, following the previous year's 9.2% rise. Quarter-on-quarter, prices fell slightly by 0.7%.

Both demand and supply are falling. In the three months to July 2022, national sales activity dropped 16% as compared to the same period last year, with Sydney and Melbourne registering sales declines of 39.8% and 26.3%, respectively, according to CoreLogic. This was in sharp contrast to 2021's total dwelling sales which reached 653,000 units – about 40% above the decade's average and the highest annual sales on record. Similarly, dwelling approvals plunged 22% y-o-y to 108,495 units in the first seven months of 2022, according to the Australian Bureau of Statistics (ABS).

Australia's economy grew by 4.7% in 2021, and is expected to grow by another 3.25% this year, buoyed by continued growth in household consumption and a recovery in services exports, according to the Reserve Bank of Australia (RBA).

New Zealand's house price growth continues strong, despite falling demand caused by rising borrowing costs. Median house prices rose by 11.99% in Q2 2022 from a year earlier, a sharp improvement from a meager y-o-y growth of 0.93% in the previous quarter but still far lower than the 23.57% increase seen in Q2 2021. During the latest quarter, real house prices dropped 2.93% q-o-q.

However, residential property sales across New Zealand plunged 36.7% y-o-y to 4,678 units in July 2022, amidst the combined effects of rising interest rates, high inflation, the recent changes to the Credit Contracts and Consumer Finance Act (CCCFA) lending rules, as well as the significant increase in the number of available stock in the market, according to the Real Estate Institute of New Zealand (REINZ). In July 2022, the total number of properties available for sale nationally increased by a whopping 107.8% to 26,358 units from just 12,684 units a year earlier.

New Zealand's economy is projected to grow by a modest 2.7% this year, after a growth of 5.6% in 2021 and a contraction of 2.1% in 2020.



## Asian housing markets weaken further

House prices rose in half of the fourteen Asian housing markets included in our global house prices survey. However, only three countries showed stronger momentum in Q2 2022 compared to a year earlier. Striking exceptions to the slowdown in Asian markets include Vietnam, Taiwan, and Japan.

Vietnam's property market made a surprise comeback, after a sharp slowdown in recent years due to the Covid-19 pandemic. Apartment prices in Ho Chi Minh City rose strongly by 19.44% y-o-y in Q2 2022, in stark contrast from a y-o-y decline of 2.76% in Q2 2021. Quarter-on-quarter, house prices increased 7.17% in Q2 2022. The economy is projected to grow strongly by 6% this year, following modest growth of 2.58% in 2021 and 2.91% in 2020.

Taiwan's house price growth is accelerating, supported by healthy demand. Nationwide real house prices rose strongly by 10.79% in Q2 2022 from a year earlier, up from the previous year's 8.49% growth and its second best showing since Q4 2013. Quarter-on-quarter, house prices increased slightly by 0.78%. Property transactions in Taiwan's six major cities – Taipei, New Taipei, Taoyuan, Taichung, Tainan and Kaohsiung – rose slightly by 0.7% y-o-y in the first five months of 2022, despite the introduction of market-cooling measures. The Taiwanese economy is projected to grow by a modest 3.76% this year, following a 6.28% expansion in 2021.

Japan's house prices continue to increase strongly, despite weakening demand. The average price of existing condominiums in Tokyo rose by 10.21% during the year to Q2 2022, following y-o-y increases of 9.49% in Q1 2022 and 10.65% in Q4 2021. During the latest quarter, existing condo prices increased 1.74%. Yet sales of existing condominium units and detached houses in Tokyo fell by 14.7% and 17.5% y-o-y, respectively, in the first five months of 2022. The Japanese economy is projected to grow by 1.7% this year, almost the same as the previous year's 1.6% expansion.

House prices continue to rise in South Korea (4.2%), Singapore (3.73%), Beijing, China (1.93%), and Pakistan (1.47%) but all showed weaker performances in Q2 2022 compared to a year earlier. All, except South Korea, saw positive quarterly price rises during Q2 2022.





## Asia's weakest housing markets

The two of the five weakest housing markets in our global survey are in Asia.

Sri Lanka remains the weakest housing market in our global house price survey, amidst the country's ongoing economic crisis. The average price of high-end condominium unit in Colombo fell by a huge 35.55% y-o-y in Q2 2022, in stark contrast to the previous year's 13.39% increase. Quarter-on-quarter, prices dropped 12.93% in Q2.

Sri Lanka is now on the brink of bankruptcy, as it suffers its worst financial crisis in more than 70 years, leaving millions of Sri Lankans struggling to buy food, medicine and fuel. Worse, the ongoing economic crisis have fueled anti-government protests and a political crisis, with a power struggle between President Gotabaya Rajapaksa and the Parliament.

Recently, Sri Lanka and the IMF have reached preliminary deal on a US\$2.9 billion bailout loan to help restore economic stability in the country.

Cambodia's house prices continue to plummet, amidst an oversupply of apartments. The average price of high-end condominium units in Phnom Penh fell sharply by 11.65% during the year to Q2 2022, following y-o-y declines of 20.43% in Q1 2022, 11.38% in Q4 2021, 11.2% in Q3 2021 and 10.32% in Q2 2021. On a quarterly basis, high-end condo prices fell slightly by 0.36% in Q2 2022. Yet the overall economy is projected to grow by 5.1% this year and by another 5.9% in 2023, following a 5.1% expansion in 2021.

Hong Kong's housing market remains fragile, amidst falling demand and ailing economy. The inflation-adjusted residential property prices fell by 5.2% during the year to Q2 2022, in contrast to the prior year's 1.18% increase. On a quarterly basis, house prices dropped slightly by 0.14% in Q2. Sales of both new and existing houses plunging by 41.4% and 36.8% y-o-y in the first half of 2022.

After registering y-o-y contractions of 3.9% in Q1 and 1.3% in Q2 2022, the HK government recently downgraded its 2022 growth forecast to just 1% to 2%, from its earlier projections of a 2% to 3.5% expansion.

Other weak Asian housing markets included Macau, with house prices falling by 5.09% during the year to Q2 2022, Makati CBD, Philippines (-4.61%), Thailand (-2.25%), and Indonesia (-2%). All saw quarterly price declines during the latest quarter. All, except the Philippines, registered had weaker performances in Q2 2022 compared to a year earlier.

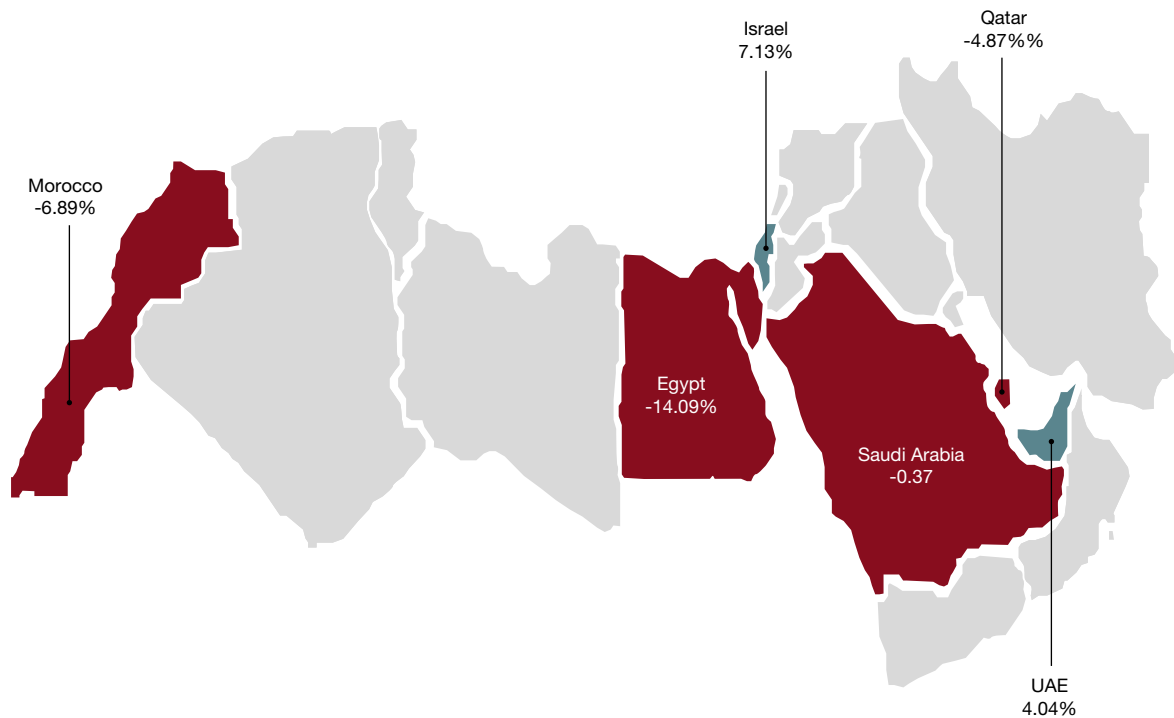






## The Middle East's diverse housing markets

The Middle East showed mixed results, with Israel and Dubai, UAE registering house price rises and Saudi Arabia showing signs of improvement. In contrast, Egypt, Morocco, and Qatar remain depressed.



Israel's housing market remains strong, with the nationwide average price of owner-occupied dwellings rising by 7.13% during the year to Q2 2022, at par with the 7.81% increase the previous year. On a quarterly basis, Israeli house prices increased 2.45% in Q2. The economy is expected to grow by 5% this year, following a 8.2% expansion in 2021 and a 2.2% contraction in 2020.

The UAE's housing market is still healthy, with Dubai's residential property prices rising by 4.04% y-o-y in Q2 2022, down from 7.54% in the previous quarter but up from 2.9% a year ago. It was its fifth consecutive quarter of annual price increases after continuously falling from Q1 2015 to Q1 2021. Yet during the latest quarter, house prices in Dubai fell by 1.4% q-o-q. The UAE's economy is projected to expand by 4.2% this year, following a modest growth of 2.3% in 2021, thanks to strong gains in oil prices and increased oil output, coupled with looser restrictions.

Saudi Arabia's housing market is stabilizing, with the residential real estate price index falling slightly by 0.37% during the year to Q2 2022, an improvement from the previous year's 4.6% fall. Quarter-on-quarter, prices dropped 0.29% in Q2. The economy is projected to grow strongly by 7.6% this year, after a modest growth of 3.2% in 2021 and a decline of 4.1% in 2020, according to the IMF.

Qatar's housing market weakens further, with the nationwide real estate price index falling by 4.87% in Q2 2022 from a year earlier, worse than the prior year's 0.83% decline. On a quarterly basis, prices dropped slightly by 0.82%. Yet Qatar's economic outlook has substantially improved after the Saudis agreed to end their sweeping economic and political blockade in January 2021, restoring the air, land and sea links to the emirate, severed in June 2017. The Qatari economy is expected to expand by 3.4% this year, a sharp improvement from 1.5% growth in 2020 and a 3.6% contraction in 2020.

Morocco's housing market is still gloomy, with residential property prices falling by 6.89% during the year to Q2 2022, worse than the y-o-y decline of 3.67% seen in Q2 2021. Quarter-on-quarter, house prices fell 2.52% in Q2. Morocco's economic growth is projected to slow dramatically to 1.1% this year, according to the IMF, following a 7.2% growth in 2021.

Egypt's housing market continues to struggle, with the nationwide real estate index falling by a huge 14.09% in Q2 2022 from a year earlier, far worse than the 3.68% decline in the same period last year. Real house prices dropped 12.27% q-o-q during the latest quarter. Yet the Egyptian economy is projected to grow by a healthy 5.9% this year, after expanding by 3.3% in 2021 and 3.6% in 2020.



## The Americas: U.S. and Canada's house price appreciation moderates

Both the U.S. and Canada's house price boom continues, albeit at a much slower pace, amidst slowing economy, surging inflation, and heightened global economic uncertainty.



After nine years of strong house price growth, U.S. house prices continue to rise, albeit at a slower pace, amidst falling demand and slowing economy. The S&P/Case-Shiller seasonally-adjusted national home price index rose by 8.18% y-o-y in Q2 2022 (inflation-adjusted), following annual increases of 10.12% in Q1 2022, 10.38% in Q4 2021, 12.6% in Q3 2021 and 12.26% in Q2 2021. This is supported by figures released by the Federal Housing Finance Agency, which showed that its seasonally-adjusted purchase-only U.S. house price index rose by 8.31% y-o-y in Q2 2022 (inflation-adjusted), down from the prior year's 12.26% growth.

On a quarterly basis, the S&P/Case-Shiller index rose by 0.24% in Q2 2022, while the FHFA index increased 0.98%.

Worsening housing affordability is now hurting demand. In July 2022, existing home sales fell sharply by 20.2% from a year earlier to a seasonally-adjusted annual rate of 4.81 million units. Likewise, sales of new single-family houses fell by 29.6% y-o-y to a seasonally-adjusted annual rate of 511,000 units in July 2022.

U.S. homebuilder sentiment fell for eighth straight month to 49 in August 2022, the lowest reading since May 2020, amidst rising mortgage rates and building materials costs, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). A reading of 50 is the midpoint between positive and negative sentiment.

The U.S. economy grew by 5.7% during 2021, in contrast to a 3.4% contraction in 2020 and the largest gain since 1984, according to the U.S. Bureau of Economic Analysis (BEA). However, economic growth is projected to slow to 2.3% this year, according to the IMF, amidst surging inflation, coupled with the fallout from the Russian invasion of Ukraine.

Canada's housing market continues to grow, but the rate of seems moderating. In Q2 2022, real house prices in the country's eleven major cities rose by 7.95% from the same period last year, a slowdown from y-o-y increases of 11.01% in Q1 2022, 10.17% in Q4 2021, 12.34% in Q3 2021, and 12.55% in Q2 2021. Quarter-on-quarter, house prices were up 3.73% in Q2.





Demand is slowing. In July 2022, the actual number of sales transactions fell by 29.3% from a year earlier, according to the Canadian Real Estate Association (CREA). Sales were down in about three-quarters of all local markets, led by the Greater Toronto Area (GTA), Edmonton, Calgary, and Greater Vancouver and the Fraser Valley. This is a sharp turnaround from a record 666,995 residential properties sold last year. Residential construction is also weakening, with housing starts falling by 9.8% y-o-y in the first half of 2022 and completions declining slightly by 1.4%.

Recently, the Bank of Canada (BoC) downgraded its 2022 growth projection for the country to 3.5%, from its earlier forecast of a 4.25% expansion, as rising inflation reduces household wealth and as the global supply chain disruptions are negatively affecting the manufacturing sector.







## Latin America's housing markets suffering

House prices continue to rise in Chile, albeit at a much slower pace, while Mexico remains more or less steady. On the other hand, Brazil, Peru and Colombia are still struggling. All registered weaker performances in Q2 2022 compared to a year earlier.

Chile's housing market is cooling rapidly, amidst a sharp economic slowdown. The nationwide average price of new apartments rose by 5.48% y-o-y in Q2 2022, a slowdown from the previous year's 10.71% growth. Quarter-on-quarter, house prices increased 2.82% in Q2. Chile's economy is projected to grow by a meagre 1.5% this year, sharply down from the strong expansion of 11.7% in 2021.

Mexico's housing market is steady, with the nationwide house price index rising by a miniscule 0.2% in Q2 2022 from a year earlier, following y-o-y growth of 1.67% in Q2 2021. On a quarterly basis, house prices increased slightly by 0.65% during the latest quarter. Mexico's economy grew by about 4.8% in 2021, partially recovering from the huge contraction of 8.2% in 2020, and is now expected to expand by a modest 2.4% this year.

Brazil's housing market remains in distress, with real house prices in Sao Paulo falling by 6.77% during the year to Q2 2022, worse than the previous year's 3.63% decline. On a quarterly basis, Sao Paulo prices fell by 1.13% in Q2. Inflation-adjusted house prices in the capital city have been falling since 2015, and the rate of decline has intensified again since the Covid-19 pandemic. Brazil's economic growth is projected to slow to 1.7% this year, sharply down from 2021's expansion of 4.6%.

Peru's housing market woes are worsening. House prices fell by a huge 9.6% during the year to Q2 2022, far worse than the y-o-y fall of 1.72% in the previous year. Quarter-on-quarter, house prices dropped 1.58% during the latest quarter. Peru's economy is expected to grow by 3% in 2022, a sharp slowdown from the 13.3% expansion last year.

Colombia's housing market continues to suffer, after several years of vigorous price rises. In Bogotá, house prices plummeted by a huge 14.64% during the year to Q2 2022, far worse than the previous year's 3.22% y-o-y decline. During the latest quarter, house prices dropped 4.06% q-o-q. Colombia's economy is projected to expand by 5.8% in 2022, following a 10.6% growth in 2021 and a 7% decline in 2020.







## South Africa's housing market still depressed

South Africa's housing market remains weak, having been depressed for the past five years. The price index for medium-sized apartments fell by 3.74% during the year to Q2 2022, following y-o-y declines of 1.83% in Q1 2022, 2.06% in Q4 2021, 1.47% in Q3 2021 and 0.53% in Q2 2021. On a quarterly basis, house prices fell by 1.57% during the latest quarter. The SA economy is expected to post a modest 2.3% expansion this year, a slowdown from the previous year's 4.9% growth.

## Puerto Rico's housing market losing steam

After a short-lived recovery, Puerto Rico's housing market is slowing again, with its seasonally-adjusted purchase-only house price index falling sharply by 10.95% in Q2 2022 from a year earlier, in contrast to a y-o-y increase of 13.65% in Q2 2021. Quarter-on-quarter, house prices dropped 5.47% during the latest quarter.

The Puerto Rican housing market has suffered tremendously for most of the decade. The island has experienced a prolonged economic crisis, massive debt, high unemployment and continuing population loss. With US\$70 billion in debt and US\$50 billion in pension liabilities, Puerto Rico's bankruptcy filing in May 2017 was the biggest in the history of the United States. The economy is projected to grow by 4.8% this year, up from the previous year's 1% expansion, after travel restrictions were fully lifted and ample fiscal support for tourism was introduced, based on IMF estimates.





# Global Property Guide

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