



MARKET REPORT

Global Residential Real Estate

Q4
2020



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Global house prices go stratospheric! The boom accelerates, led by Europe, U.S., Canada & New Zealand

During 2020:

House price increases have been accelerating in many countries in Europe, Asia-Pacific, and the U.S. and Canada.

Real house prices (i.e., prices adjusted for inflation) rose in 40 out of the 53 world's housing markets which have so far published housing statistics. The more upbeat nominal figures, more familiar to the public, showed house price rises in 45 countries, and declines in only 8 countries.

After an abrupt pause in H1 due to pandemic-related restrictions, transaction volumes in many countries recovered strongly in H2.

New demand is coming from more properties being bought outside cities. Demand has further been boosted by record low interest rates, as well as quantitative easing.

House prices have accelerated specially in developed countries, where mortgage finance is important.

The North American housing market is booming. The Federal Housing Finance Agency's seasonally-adjusted purchase-only U.S. house price index rose by 9.42% y-o-y in 2020 (inflation-adjusted), the biggest y-o-y increase ever recorded, amidst strong demand and construction activity buoyed by very low interest rates and massive government stimulus spending. All this, despite the U.S. being the new epicentre of the coronavirus outbreak. Likewise in Canada, house prices in the country's eleven major cities rose by 8.57% during 2020, in contrast to a y-o-y fall of 0.29% in the previous year.

Strong house price surges have taken place in European countries, such as Slovak Republic, Turkey, Germany, Estonia, Sweden, and Russia.

Asia-Pacific is gaining momentum, with notable performances from New Zealand, Sri Lanka, South Korea, Taiwan, Japan and China.

The International Monetary Fund (IMF) has revised its 2021 growth forecast for the global economy to 5.5%, an upgrade from its previous estimate of a 5.2% expansion, amidst accelerated vaccine distribution and the influx of new government stimulus efforts in many countries. The global economy contracted by 3.5% last year.

The strongest housing markets in our global house price survey during 2020 included: New Zealand (+16.77%), Sri Lanka (+15.47%), Puerto Rico (+14.59%), Slovak Republic (+14.28%), and Turkey (+13.7%), using inflation-adjusted figures.

The biggest y-o-y house price declines were in Makati CBD, Philippines (-16.11%), Egypt (-14.38%), Montenegro (-10.45%), Phnom Penh, Cambodia (-8.8%), and Qatar (-4.78), again using inflation-adjusted figures.





Momentum is stronger:

37 of the world's housing markets for which figures are available showed stronger upward momentum during 2020, while only 16 housing markets showed weaker momentum, according to Global Property Guide's research.

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).

Inflation-adjusted figures are used throughout this survey. In the case of Kiev, Ukraine, the Global Property Guide adjusts using the official U.S. inflation rate since Ukrainian secondary market dwelling sales are denominated in U.S. dollars.

The strongest performing markets:

New Zealand is now the strongest housing market in our global house price survey, with median house prices surging by 16.77% (inflation-adjusted) during 2020, up from a y-o-y rise of 10.28% in 2019 and its strongest performance since 2003. On a quarterly basis, real house prices increased by 7.62% in Q4 2020.

All figures that follow are inflation-adjusted.

Sri Lanka's housing market is strengthening, with house prices rising by 15.47% during 2020, a sharp improvement from the previous year's 2.46% rise. But in the capital city Colombo house prices have actually been falling, with demand shifting from the city centre to rural areas, amidst the COVID-19 pandemic. Quarter-on-quarter, nationwide house prices increased 14.34% during the latest quarter.

Puerto Rico's housing market saw a strong rebound with the seasonally-adjusted purchase-only house price index rising by a record 14.59% during 2020, a sharp turnaround from y-o-y declines of 0.67% in 2019 and 9.74% in 2018, using inflation-adjusted figures. Quarter-on-quarter, house prices increased 3.1% in Q4 2020.

The Slovak Republic's housing market is gaining momentum, with house prices rising by a huge 14.28% during 2020, a sharp increase on the previous year's 3.34% growth, and the strongest y-o-y rise since 2007. On a quarterly basis, real house prices increased 3.27% during the latest quarter.

Turkey's house price growth is accelerating, buoyed by strong demand from both local and foreign investors. The nationwide house price index surged by a record 13.7% during 2020, a sharp turnaround from the previous year's 1.67% fall. But real house prices fell by 0.25% on a quarterly basis in Q4 2020.



House Price Change (Inflation-Adjusted)

	Y-O-Y (%)		Q-O-Q (%)	
	Q4 2019		Q4 2020	Q4 2020
New Zealand	10.28	▲	16.77	7.62
Sri Lanka	2.46	▲	15.47	14.34
Puerto Rico	-0.67	▲	14.59	3.10
Slovak Republic	3.34	▲	14.28	3.27
Turkey	-1.67	▼	13.70	-0.25
Germany	11.15	▲	11.42	2.29
Estonia	7.57	▲	10.37	14.23
Sweden	2.14	▲	9.79	3.88
US (FHFA)	3.26	▲	9.42	3.57
Russia	3.01	▲	9.14	3.21
US (Case-Shiller)	1.37	▲	8.89	3.27
Canada	-0.29	▲	8.57	2.43
South Korea	-0.53	▲	8.51	4.32
Austria (Vienna)	2.94	▲	8.06	0.44
Netherlands	3.66	▲	7.33	0.93
Taiwan	2.06	▲	6.44	1.14
Portugal	11.20	▼	6.20	2.82
Japan (Tokyo)	3.91	▲	6.05	3.68
China (Beijing)	-4.69	▲	6.01	1.50
Norway	0.95	▲	5.75	0.27
UK (Nationwide)	-0.58	▲	5.56	2.26
Denmark	1.08	▲	5.37	2.31
Jersey	7.87	▼	4.97	6.39
Malta	1.23	▲	4.82	5.53
Iceland	2.20	▲	4.05	1.54
Finland	-2.69	▲	4.01	0.08
Ukraine (Kiev)	-5.26	▲	3.65	0.91
Ireland	-0.97	▲	3.24	1.78
Thailand	4.88	▼	3.08	-0.22
Israel	1.18	▲	2.64	0.08
Singapore	1.90	▼	2.16	1.67
Mexico	4.58	▼	1.79	0.43

House Price Change (Nominal)

	Y-O-Y (%)		Q-O-Q (%)	
	Q4 2019		Q4 2020	Q4 2020
Turkey	9.97	▲	30.30	5.52
Sri Lanka	7.41	▲	20.36	15.76
New Zealand	12.32	▲	18.44	8.13
Slovak Republic	6.32	▲	16.03	3.40
Puerto Rico	-0.15	▲	14.34	3.43
Russia	6.56	▲	13.98	4.37
Germany	11.75	▲	11.10	2.00
US (FHFA)	5.36	▲	10.77	3.81
US (Case-Shiller)	3.69	▲	10.37	3.34
Sweden	3.90	▲	10.14	4.02
Pakistan	3.71	▲	9.73	4.51
Austria (Vienna)	4.30	▲	9.43	1.09
Canada	1.95	▲	9.36	2.81
Estonia	9.42	▲	9.12	13.76
South Korea	0.20	▲	9.08	3.80
Netherlands	6.48	▲	8.38	0.90
Iceland	4.28	▲	7.77	2.22
Norway	2.58	▲	7.11	0.32
Taiwan	3.23	▲	6.50	1.45
UK (Nationwide)	0.82	▲	6.43	2.44
China (Beijing)	-0.48	▲	6.29	1.32
Portugal	11.67	▼	5.96	2.48
Jersey	10.57	▼	5.90	6.39
Denmark	1.87	▲	5.88	2.21
Mexico	7.66	▼	5.38	1.51
Malta	2.53	▲	4.99	0.35
Ukraine (Kiev)	-3.34	▲	4.93	1.14
Japan (Tokyo)	4.73	▼	4.81	2.77
Chile	10.54	▼	4.73	4.90
Poland (Warsaw)	13.97	▼	4.58	0.14
Finland	-1.93	▲	4.23	0.19
Brazil (Sao Paulo)	2.26	▲	3.79	0.94

▲ 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)

House Price Change (Nominal)

	Y-O-Y (%)		Q-O-Q (%)	
	Q4 2019		Q4 2020	Q4 2020
Poland (Warsaw)	11.01	▼	1.78	-0.13
Chile	7.32	▼	1.70	3.98
Pakistan	-7.75	▲	1.60	3.49
Macau	-3.04	▲	1.25	0.10
Switzerland	-1.15	▲	1.09	1.34
Morocco	-1.75	▲	1.08	2.98
Hong Kong	2.57	▼	0.66	-3.05
South Africa	-0.90	▲	0.40	0.03
Romania	4.02	▼	0.39	4.39
Indonesia	-0.65	▼	-0.04	-0.13
North Macedonia	4.08	▼	-0.13	-0.20
Brazil (Sao Paulo)	-1.96	▲	-0.70	-2.12
Latvia (Riga)	0.49	▼	-0.97	0.60
Colombia (Bogota)	-3.98	▲	-1.12	1.31
Peru	-2.52	▼	-2.03	-3.51
UAE (Dubai)	-4.05	▲	-2.93	0.52
Saudi Arabia	0.97	▼	-4.63	0.42
Qatar	0.55	▼	-4.78	-3.39
Cambodia (Phnom Penh)	-5.24	▼	-8.80	-1.59
Montenegro	2.29	▼	-10.45	15.39
Egypt	-2.28	▼	-14.38	-0.95
Philippines (Makati CBD)	-1.03	▼	-16.11	-8.70

	Y-O-Y (%)		Q-O-Q (%)	
	Q4 2019		Q4 2020	Q4 2020
South Africa	3.10	▼	3.50	0.54
Thailand	5.25	▼	2.80	-0.07
Romania	8.23	▼	2.24	5.14
Ireland	0.30	▲	2.24	1.78
Singapore	2.67	▲	2.21	2.08
Israel	1.62	▼	1.93	0.15
North Macedonia	3.57	▼	1.71	0.14
Indonesia	1.77	▲	1.43	0.22
Morocco	-0.60	▲	0.78	2.01
Colombia (Bogota)	-0.33	▼	0.48	1.50
Saudi Arabia	0.79	▲	0.46	0.17
Macau	-0.41	▼	0.41	-0.07
Switzerland	-1.22	▲	0.39	1.14
Hong Kong	5.51	▼	0.03	-0.99
Peru	-0.67	▼	-0.09	-2.94
Latvia (Riga)	2.76	▼	-1.47	0.25
Cambodia (Phnom Penh)	-2.33	▼	-6.19	-0.76
UAE (Dubai)	-6.00	▼	-7.12	-0.62
Qatar	-8.10	▼	-8.00	-3.91
Egypt	4.66	▼	-9.64	1.24
Montenegro	3.37	▼	-11.28	14.95
Philippines (Makati CBD)	0.87	▼	-13.15	-6.63

▲ 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



The World's Regions:

Europe's great house price boom continues

Europe remains in full-fledged house price boom, despite the economic repercussions of the COVID-19 pandemic. Six of the ten strongest housing markets in our global survey are in Europe. House prices have risen in no less than 21 of the 24 European housing markets for which figures were available during 2020.



Figure 1. Change in real house prices (%) over 1 year to Q4 for countries which have released Q4 figures

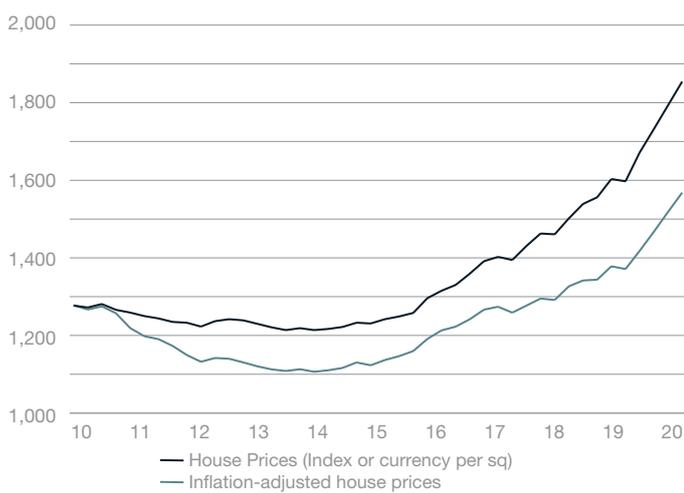


The Slovak Republic is now the strongest housing market in Europe, with house prices rising by a huge 14.28% during 2020, a sharp improvement from the previous year's 3.34% growth its strongest y-o-y increase since 2007. On a quarterly basis, real house prices rose 3.27% during the latest quarter.

Despite the pandemic, property demand, both from local and from foreign investors, remains fundamentally strong.

The Slovak Republic's economy contracted by about 5.9% during 2020, in contrast to expansions of 2.4% in 2019, 3.9% in 2018 and 3% in 2017, as the COVID-19 pandemic delivered a heavy blow to economic activity. The European Commission expects the Slovak Republic to grow by 4% this year and by another 5.4% in 2022. The National Bank of Slovakia has a more optimistic forecast of a 5.7% expansion this year.

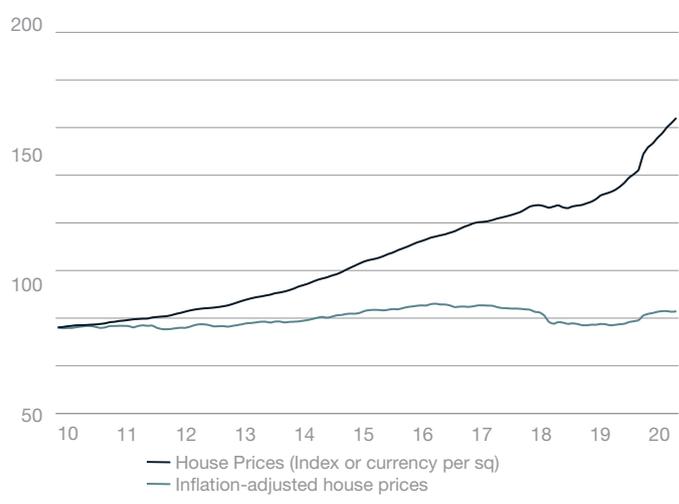
Slovak Republic residential property prices (Euro per sq. m.)



Turkey's housing market continues to grow stronger, buoyed by strong demand from both local and foreign investors. The nationwide house price index surged by a record 13.7% during 2020, a sharp turnaround from the previous year's 1.67% y-o-y fall. Yet on a quarterly basis, real house prices fell by 0.25% in Q4 2020. For foreigners, Turkey's currency devaluation means that the property market is very attractively priced, luring many buyers from the Gulf.

In 2020, home sales surged 11.2% y-o-y to nearly 1.5 million, exceeding the previous record of 1.41 million units set in 2017, according to the Turkish Statistical Institute (TurkStat). Turkey's economy grew by 1.8% y-o-y in 2020 - emerging as one of the few countries globally to avoid a contraction due to the pandemic. The economy is expected to grow strongly by 6% this year, according to the IMF.

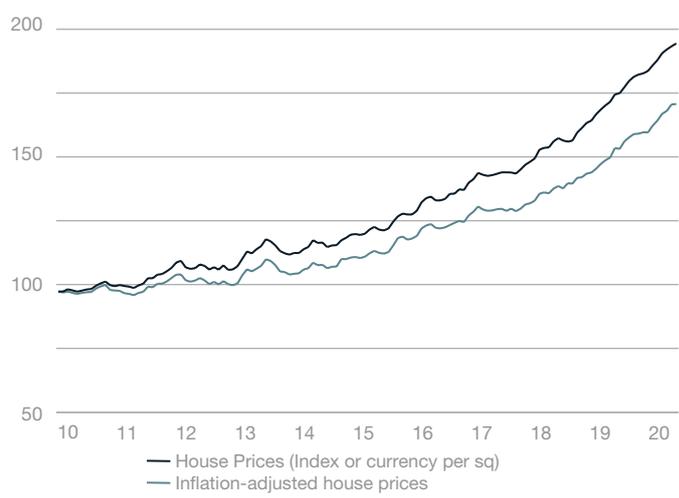
House prices in Turkey: house price index (2017=100)



Germany's house price boom continues strong. The average price of apartments rose by 11.42% during 2020, at par with the previous year's 11.15% growth. On a quarterly basis, house prices increased 2.29% in Q4 2020. Demand for residential property in Germany remains strong, buoyed by low interest rates, urbanization, and healthy household finances. In recent years, the migration crisis and strong economic growth have added to already strong demand. Despite the pandemic, residential construction activity continues to rise. In the first eleven months of 2020, dwelling permits rose by 4.8% y-o-y to 294,739 units, following 1% growth in 2019, according to Destatis.

Germany's economy contracted by 5% in 2020, less than expected and a smaller decline than the 5.7% contraction recorded during the global financial crisis, as massive government stimulus measures helped lessen the impact of the COVID-19 pandemic. The European Commission expects the German economy to grow by 3.2% this year.

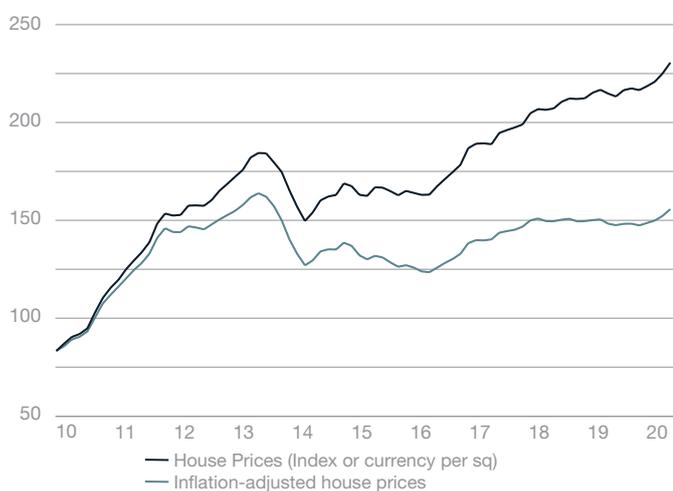
House price index Germany: apartments (Aug 2005=100)





A surprising turnaround was also seen in the UK, with real house prices rising robustly by 5.56% during 2020, in contrast to the previous year's 0.58% decline and the market's strongest performance since 2013. Quarter-on-quarter, real house prices rose 2.26% during the latest quarter.

 **United Kingdom average house price (£1,000 British Pounds)**



In London, real house prices rose by 5.3% (inflation-adjusted) during 2020, in contrast to a fall of 3.2% in 2019; however while house prices rose in outer London they fell in inner London. All other regions also saw house price rises during 2020. East Midlands saw the biggest growth, with house prices rising by 7.6% (inflation-adjusted) during 2020, followed by Outer South East (7.08%), North West (7.07%), Yorkshire and Humberside (6.71%), and West Midlands (6.47%).

Yet the UK economy is struggling, with real GDP contracting by 9.9% in 2020, the biggest annual decline on record according to the Office for National Statistics. The IMF recently downgraded its 2021 economic growth forecast for the UK to 4.5%, down from its initial projection of 5.9% growth.

Other strong European housing markets include Estonia, with house prices rising by 10.37% during 2020, Sweden (9.79%), Russia (9.14%), Vienna, Austria (8.06%), Netherlands (7.33%), Portugal (6.2%), Norway (5.75%), and Denmark (5.37%). All recorded positive quarterly growth during the latest quarter (Q4). All, except Portugal, had stronger performances in 2020 compared to the previous year.



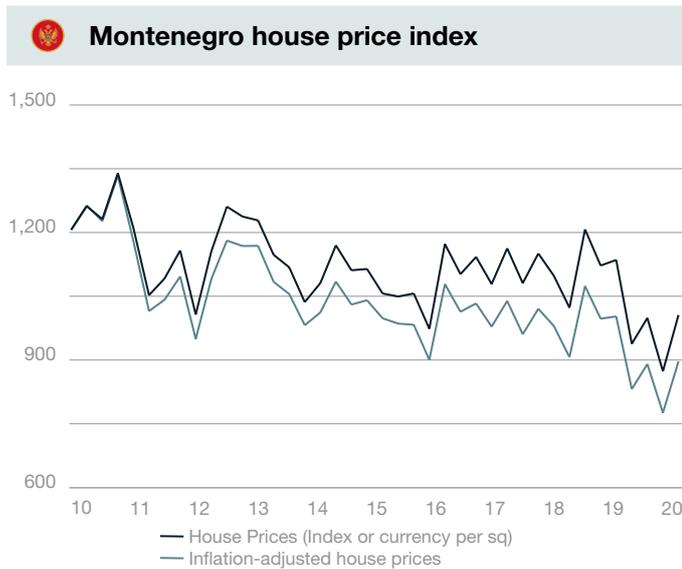
There have been modest annual house price rises in Jersey (4.97%), Malta (4.82%), Iceland (4.05%), Finland (4.01%), Kiev, Ukraine (3.65%), and Ireland (3.24%). All saw quarterly price growth during the latest quarter. All, except Jersey, performed better in 2020 compared to a year earlier.

European housing markets with minimal house price increases include Warsaw, Poland (1.78%), Switzerland (1.09%), and Romania (0.39%). Of these only Switzerland had stronger performances during 2020 as compared to a year earlier. Switzerland and Romania recorded a quarterly price increase during the latest quarter.

Europe's weakest housing markets

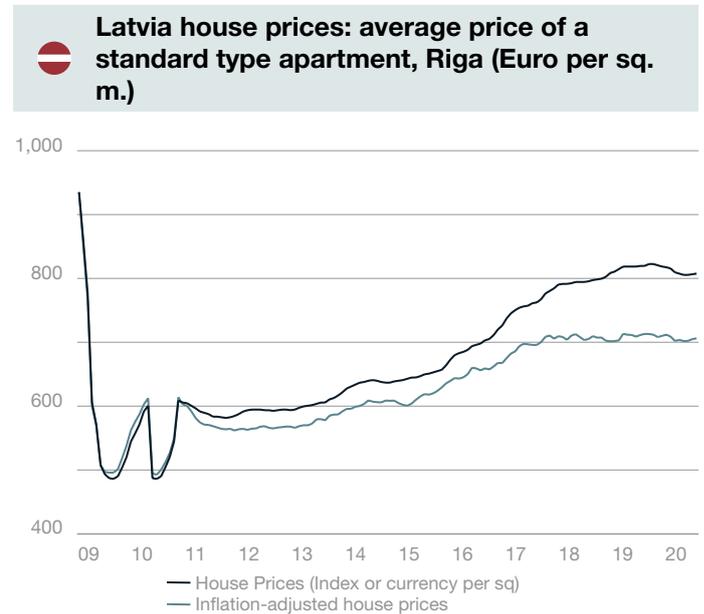
House prices fell in only three of the 24 European housing markets for which figures were available during 2020: Montenegro, Latvia and North Macedonia.

Montenegro's housing market condition is now rapidly deteriorating, amidst a declining economy. Prices of dwellings in new residential buildings plummeted by 10.45% during 2020, in contrast to the previous year's 2.29% y-o-y rise.



Montenegro's tourism-reliant economy suffered the worst contraction in the Western Balkans in 2020, with real GDP plunging by about 14.3%, in contrast to expansions of 3.6% in 2019 and 5.1% in 2018. The economy is projected to partially recover this year.

Latvia's housing market continues to cool with average apartment prices in Riga falling by 0.97% during 2020, following a slight y-o-y rise of 0.49% in 2019.



Quarter-on-quarter, house prices in the capital city increased 0.6% during the latest quarter. The European Commission expects Latvia's economy to grow by 3.5% this year, following a contraction of 3.5% in 2020.

North Macedonia's housing market is now losing steam, with the nationwide residential property price index falling slightly by 0.13% during 2020, in contrast to a y-o-y rise of 4.08% the previous year. On a quarterly basis, prices fell 0.2% during the latest quarter. The economy is projected to grow by 5.5% this year, after contracting by 5.4% last year, according to the IMF.



The Asia-Pacific region is gathering pace

Ten of the fourteen Asia-Pacific housing markets included in our global survey showed stronger momentum in 2020 compared to a year earlier. House prices rose in eleven countries, with notable increases in New Zealand in Sri Lanka.

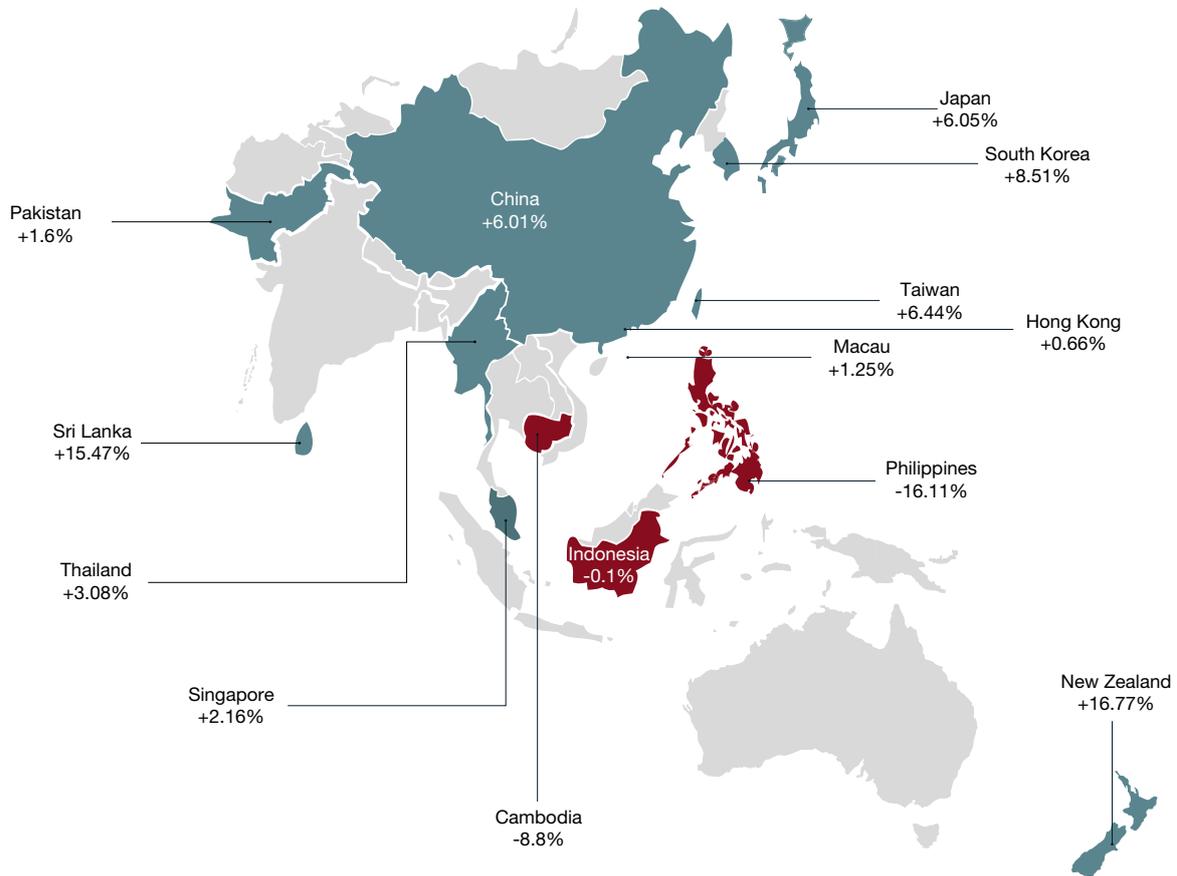
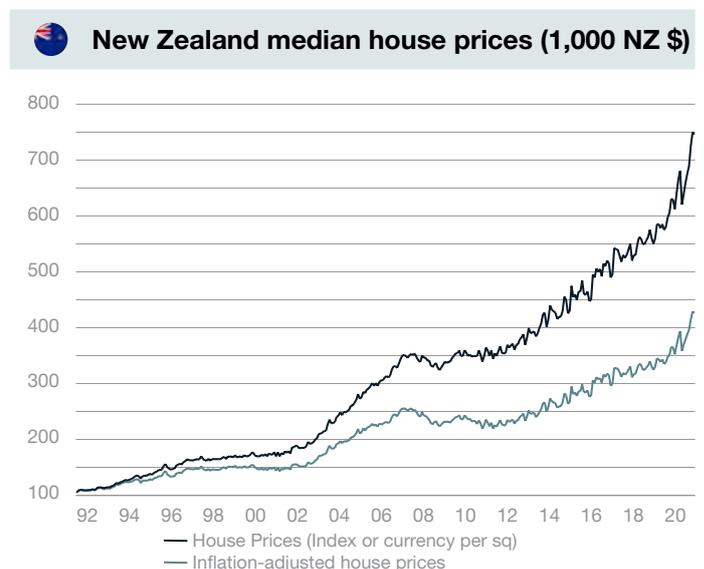


Figure 2. Change in real house prices (%) over 1 year to Q4 for countries which have released Q4 figures

New Zealand's house price rises continue to accelerate, buoyed by ultra-low interest rates, as well as limited housing supply.

Median house prices rose by 16.77% during 2020, up from a y-o-y rise of 10.28% in 2019 and the market's strongest performance since 2003. On a quarterly basis, real house prices increased by 7.62% in Q4 2020.

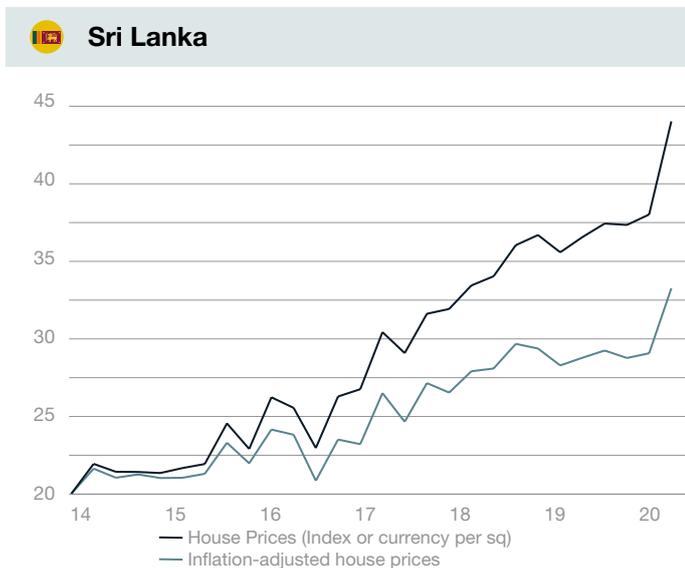
Property sales in New Zealand surged 36.6% to 8,935 units during the year to December 2020, according to the Real Estate Institute of New Zealand (REINZ). In Auckland, the number of properties sold soared 66% y-o-y to 3,219 units. The limited supply of homes in the market is putting further pressure on prices. In December 2020, the number of properties available for sale fell by 29.1% y-o-y to 12,932 units - the lowest level of inventory since records began.





New Zealand's economy is estimated to have contracted by 6.1% in 2020, in contrast to its robust performance during the past decade as the effect of lockdowns and travel restrictions associated with the pandemic hit. The economy is expected to recover this year, with growth of 4.4% forecast by the IMF.

Sri Lanka's housing market saw nationwide house prices rising by 15.47% during 2020, a sharp improvement from the previous year's 2.46% rise. But house prices are actually falling in the capital Colombo, because demand has been shifting from the city centre to rural areas, amidst the COVID-19 pandemic. The economy is projected to grow by 5.3% this year, after declining by 4.6% in 2020.

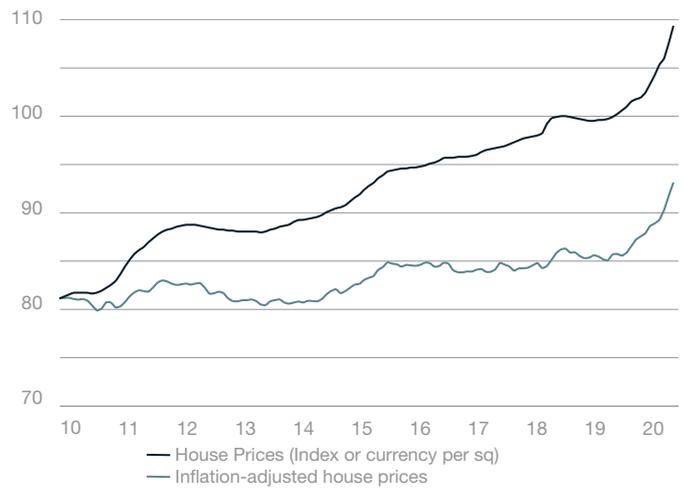


After several years of lacklustre performance South Korea's housing market is strengthening, buoyed by falling interest rates. House prices rose by 8.51% during 2020, a sharp turnaround from the previous year's 0.53% growth and its highest growth in 14 years. During the latest quarter, house prices increased 4.32% from the previous quarter.

Foreigners have been buying more properties in South Korea in recent years, though the country has a reputation of not being easy to navigate. The housing market is unusual, with huge key money deposits (the Chonseil system), and significant government intervention. Yet judging by results this is a well-run market. It has been stable since the 2007 crisis.

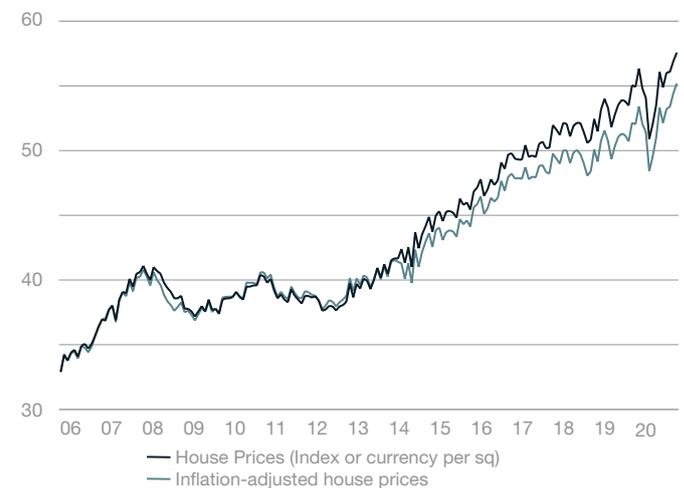
South Korea's trade-reliant economy is projected to grow by 3% this year, according to Bank of Korea (BOK), after contracting by 1% last year - its first decline in 22 years on the back of the COVID-19 pandemic.

South Korea: purchase price index (Jan 2019=100)



Other strong Asia-Pacific housingmarkets include Taiwan, with house prices rising by 6.44% during 2020, Tokyo, Japan (6.05%), and Beijing, China (6.01%). All had stronger performances in 2020 as compared to the previous year, as well as quarterly price growth during the latest quarter.

Japan - Average price of existing condominium sales in Tokyo Metropolitan Area (JPY 10,000 per sq. m.)



Modest to minimal house price rises were seen in Thailand (3.08%), Singapore (2.16%), Pakistan (1.6%), Macau (1.25%), and Hong Kong (0.66%). All, except Thailand and Hong Kong, performed more strongly in 2020 than a year earlier. Also, all except Thailand and Hong Kong, saw house price rises during the latest quarter.

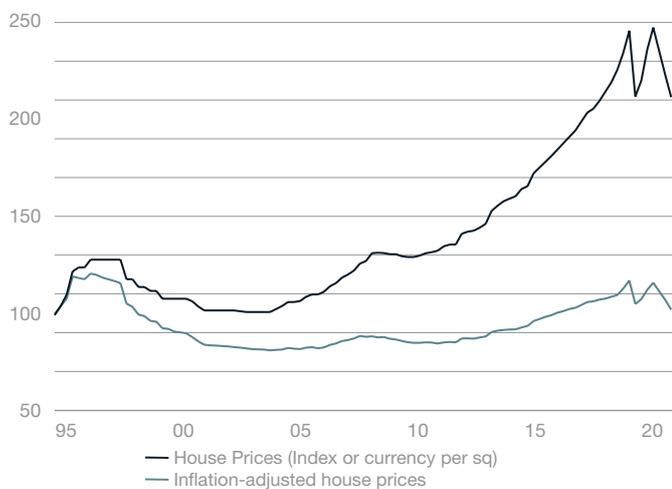


Some Asian housing markets rapidly worsening

The Philippines is now the worst performing housing market in our global house price survey, amidst a pandemic-induced economic downturn. The average price of a luxury 3-bedroom condominium unit in Makati CBD plummeted by 16.11% during 2020, far worse than the previous year's 1.03% fall. In fact it was the housing market's worst performance since 1998. Quarter-on-quarter, apartment prices fell 8.7% during the latest quarter.

The Philippines experienced a house price boom from 2010 to 2018, with Makati CBD prices rising by more than 132% (76% inflation-adjusted) due to strong demand and rapid economic growth. But with a slowing domestic economy, coupled with the US-China trade war, the housing market slowed sharply in 2019. Further impacting the housing market the economy shrank by 9.5% in 2020, its biggest contraction since the Philippine Statistics Authority (PSA) started collecting data in 1946. The Philippine economy is expected to recover this year, with projected real GDP growth of 6.6%.

 **Apartment prices in Makati, Philippines: prime 3BR condos (1,000 PHP/ sq. m.)**



Cambodia's housing market remains depressed amidst an oversupply of apartments and weak demand due to the pandemic. The average price of high-end condominium units in Phnom Penh fell by 8.8% during 2020, worse than the previous year's 5.24% y-o-y fall. On a quarterly basis, prices fell by 1.59% during the latest quarter. Recently, the World Bank recommended that the Cambodian government should closely monitor the construction and real estate boom and curb speculation. The Cambodian economy is projected to grow by 6.8% this year, according to IMF forecasts, following a 2.8% contraction last year.

Indonesia's housing market has hardly moved, with real residential prices in the country's 14 largest cities falling by less than 0.1% during 2020, following y-o-y declines of 0.65% in 2019, 0.17% in 2018, 0.1% in 2017, and 0.63% in 2016. House prices fell slightly by 0.13% q-o-q during the latest quarter.

After two decades of uninterrupted growth, Indonesia's economy shrank by 2.07% in 2020, in contrast to 5% growth in 2019. The government expects the economy to grow between 4.5% and 5.5% this year, a slightly more optimistic forecast than the World Bank's recent projection of a 4.4% growth.





Middle East's housing markets remain weak

The Middle East's housing markets have been struggling for several years now, due to plummeting oil prices and the ongoing political and diplomatic crisis. Now, the coronavirus pandemic has aggravated the situation. The IMF has recently forecast 3.3% economic growth for the MENA region this year, not enough to fully offset the 3.8% contraction last year. In fact, four of the eight weakest housing markets in our global survey are in the Middle East.

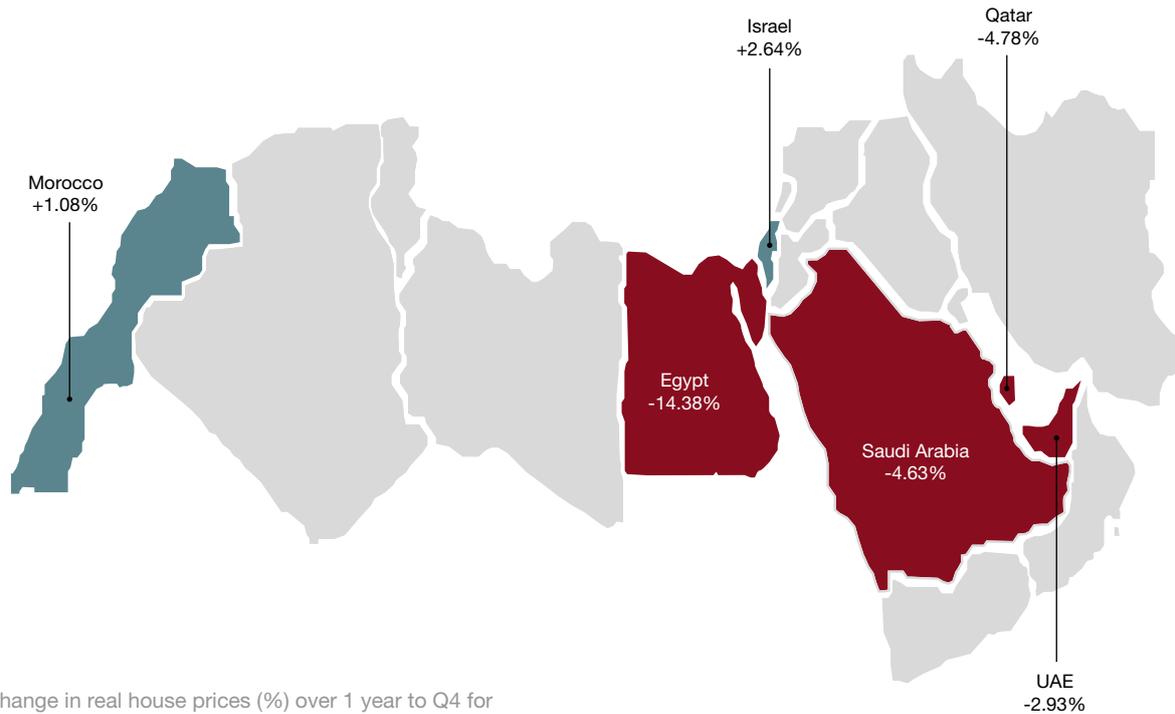
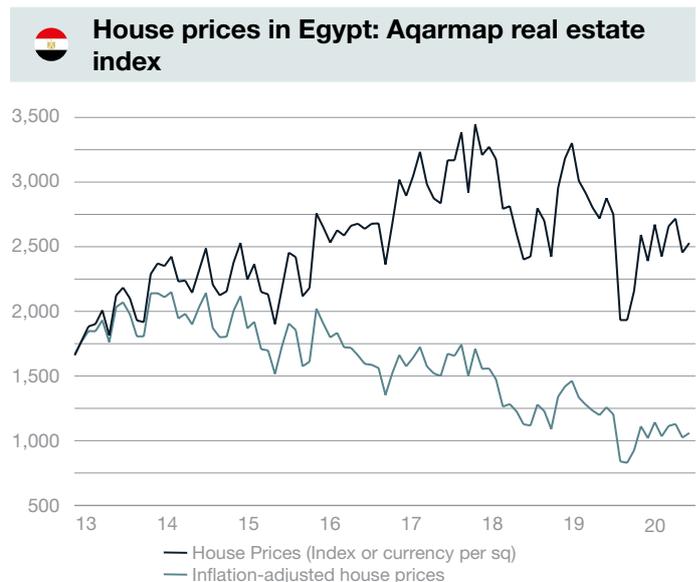


Figure 3. Change in real house prices (%) over 1 year to Q4 for countries which have released Q4 figures

Egypt's housing market remains depressed, with the nationwide real estate index falling by 14.38% during 2020, far worse than the 2.28% y-o-y decline seen in the previous year. Part of the explanation is possibly the very high interest rates available on deposits in Egyptian Pounds. Real house prices fell by 0.95% q-o-q during the latest quarter.

President Abdel Fattah el-Sisi recently removed the last restrictions on foreign ownership of land and property in Egypt, in an effort to buoy the housing market. He also allowed the government, the biggest landowner in Egypt, to use its land for public-private partnership schemes.

However house prices are being undermined by the vast amount of new construction, for instance in the new capital. On a positive note, Egypt's overall economy has successfully weathered the adverse impact of the COVID-19 pandemic, with its real GDP rising by 3.5% y-o-y in 2020, according to the Institute of International Finance (IIF). In fact, Egypt is the only nation in the MENA that avoided a negative GDP growth last year. The economy is projected to expand by 2.8% this year and by another 5% in 2022, according to the IMF.





Qatar's housing market remains weak, with the real estate price index falling by 4.78% during 2020, after the previous year's minimal rise of 0.55%. Property prices fell by 3.39% q-o-q during the latest quarter. The Qatari economy contracted by about 4.5% last year, following almost zero growth in 2019, according to the IMF. The economy is projected to grow by a modest 2.5% this year.

Saudi Arabia's housing market is still struggling, with the residential real estate price index falling by 4.63% during 2020, in contrast to the previous year's 0.97% increase. Quarter-on-quarter, prices increased by a minuscule 0.42% during the latest quarter. The economy is projected to grow by a modest 2.6% this year, following a contraction of 5.4% last year. S REPORTED FOR Q4 2020

The UAE's housing market sufferings seem unending, amidst a huge supply glut of both apartments and oil. In Dubai, residential property prices fell by 2.93% during 2020, an improvement from the previous year's 4.05% decline. During the latest quarter, house prices in Dubai increased slightly by 0.52% q-o-q. The UAE economy is expected to grow by an unimpressive 1.3% this year, following a slump of 6.6% last year due to a crude oil price crash caused by the COVID-19 outbreak.

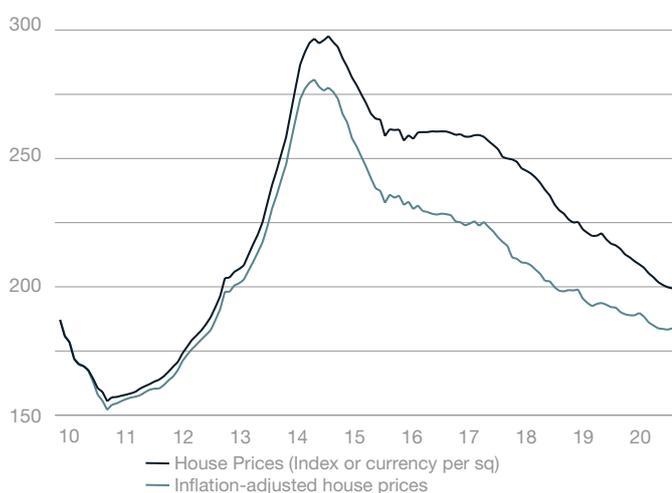
Morocco's housing market is gradually improving, with residential property prices rising by 1.08% during 2020, following declines of 1.75% in 2019 and 0.51% in 2018. During the latest quarter, house prices increased 2.98%. The Moroccan economy will expand by about 4.9% this year, partially offsetting the 7% decline last year.

Morocco: residential property price index , existing dwellings (Q1 2010=100)



Israel's housing market is stabilizing, with the nationwide average price of owner-occupied dwellings rising by a modest 2.64% during 2020, an improvement from the previous year's 1.18% growth. Israeli house prices were almost unchanged during the latest quarter. The Israeli economy contracted by about 5.9% last year, in contrast to an annual average growth of 3.5% in 2017-19. The economy is projected to recover this year with 4.9% growth.

Dubai house price index, all residential (Jan 2010 = 100)





The Americas: US and Canada's housing boom continues

U.S. house price rises are accelerating and Canada's housing market continues to grow stronger, despite the severe economic repercussions brought by the coronavirus outbreak.



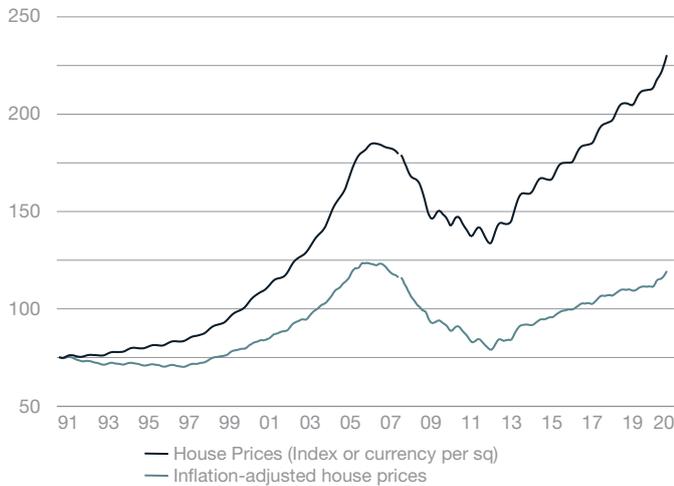
Figure 4. Change in real house prices (%) over 1 year to Q4 for countries which have released Q4 figures

The U.S. house price boom continues to strengthen. The Federal Housing Finance Agency's seasonally-adjusted purchase- only U.S. house price index rose by 9.42% y-o-y in 2020 (inflation-adjusted), up from the previous year's 3.26% growth and the biggest y-o-y increase ever recorded. The S&P/Case-Shiller seasonally-adjusted national home price index rose by 8.89% during 2020 (inflation-adjusted), a sharp improvement from the previous year's 1.37% growth. The FHFA index rose by 3.57% q-o-q during the latest quarter, while the S&P/Case-Shiller increased 3.27%.

Housing demand continues to rise strongly. Sales of new single-family houses surged 19.3% y-o-y to January 2021, to a seasonally-adjusted annual 923,000 units. Likewise, existing home sales rose by 23.7% y-o-y to January 2021, to a seasonally-adjusted annual 6.69 million units. New housing starts fell by 2.3% during the same period, while completions were up 2.4%. Israel's housing market is stabilizing, with the nationwide average price of owner-occupied



U.S. national home price index, S&P Case-Shiller (Q1 2000=100)

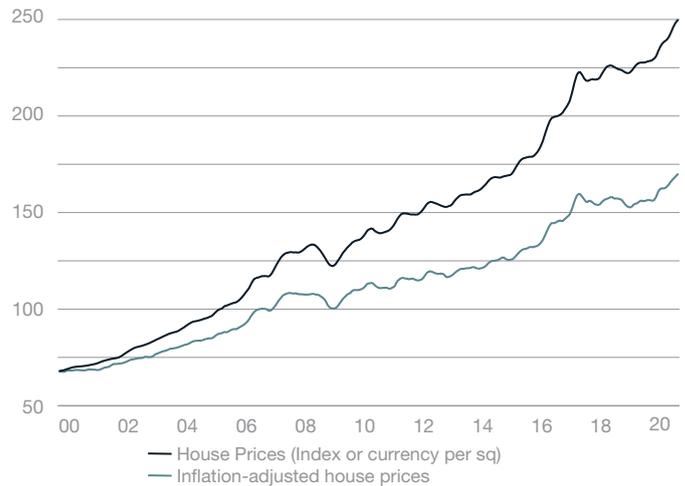


U.S. homebuilder sentiment rose to 84 in February 2021, up from 83 the previous month, as low interest rates continue to buoy the housing market, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). Sentiment plunged to 30 in April 2020 when the COVID-19 pandemic shut down the US economy. A reading of 50 is the midpoint between positive and negative sentiment.

After contracting by 3.5% in 2020, the U.S. economy is expected to bounce back this year with GDP growth of about 5.1%, according to the IMF, amidst accelerated vaccine distribution and new government stimulus efforts. Last year, the federal government spent about US\$3 trillion in emergency funding - equivalent to 15% of the country's GDP.

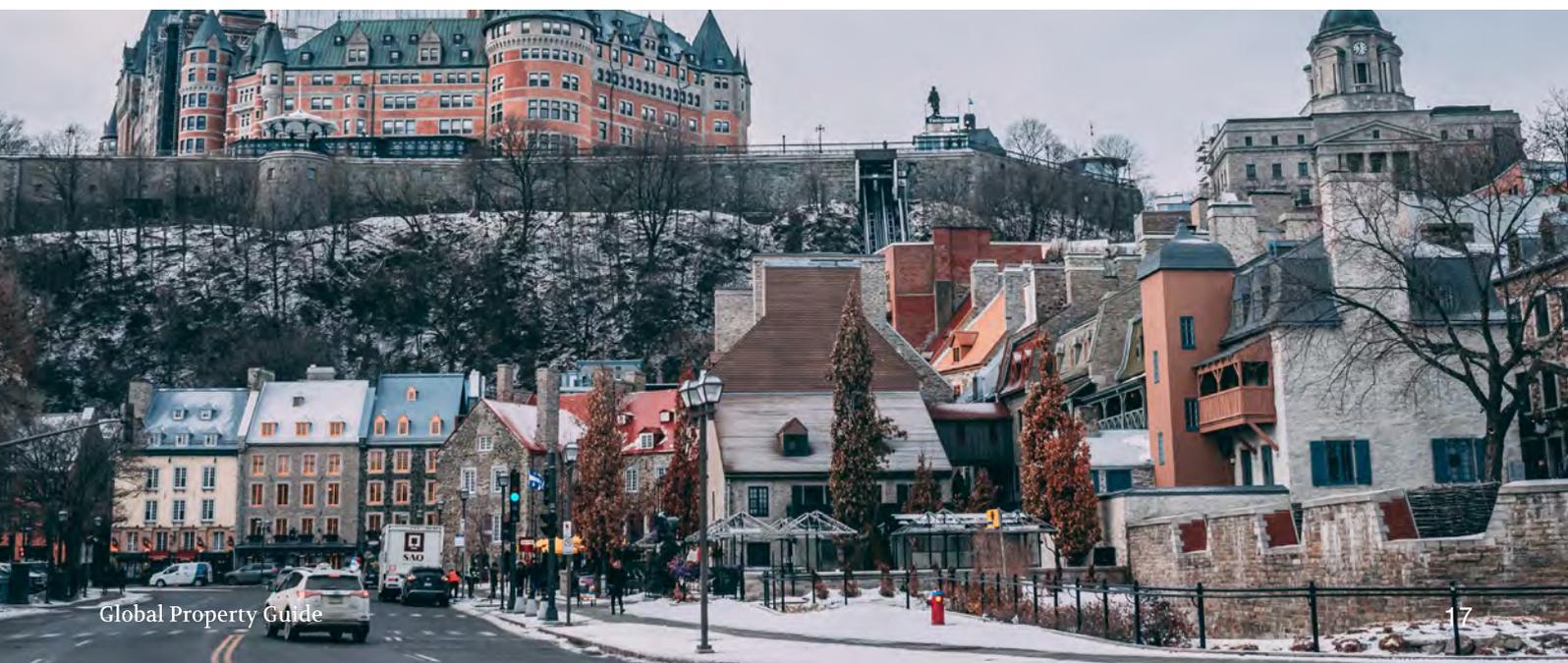
Canada's housing market is rapidly gaining momentum. House prices in the country's eleven major cities rose by 8.57% during 2020, in contrast to fall of 0.29% during 2019. Quarter-on-quarter, house prices rose 2.43% in Q4 2020.

House prices in Canada, composite of 11 cities (June 2005=100)



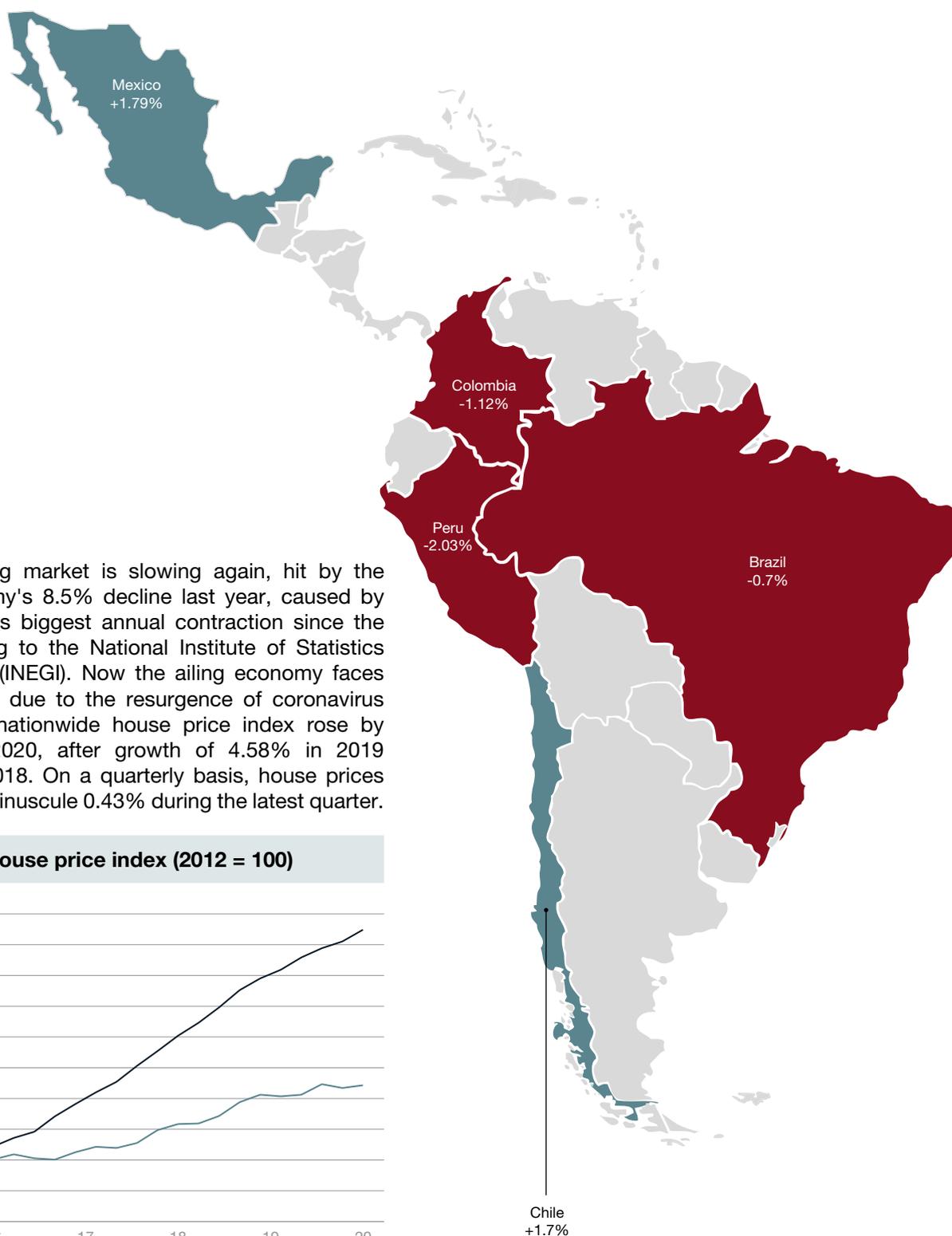
Demand has rebounded quickly with sales surging by 47.2% in December 2020 from a year earlier, the biggest y-o-y growth in 11 years, according to the Canadian Real Estate Association (CREA). For the whole year of 2020, home sales reached a new record of 551,392 units, up 12.6% from a year earlier, and 2.3% above the previous peak set in 2016. Residential construction is also increasing, with housing starts rising by 4.4% y-o-y to 217,802 units in 2020 and completions up by 6.1% to 198,636 units.

Despite a new surge in infections, the Bank of Canada (BoC) is still optimistic, projecting a full-year growth of around 4% in 2021 and close to 5% in 2022, following a contraction of 5.1% last year.





Latin America's housing markets still fragile



Mexico's housing market is slowing again, hit by the Mexican economy's 8.5% decline last year, caused by the pandemic, its biggest annual contraction since the 1930s, according to the National Institute of Statistics and Geography (INEGI). Now the ailing economy faces fresh headwinds due to the resurgence of coronavirus infections. The nationwide house price index rose by 1.79% during 2020, after growth of 4.58% in 2019 and 4.32% in 2018. On a quarterly basis, house prices increased by a minuscule 0.43% during the latest quarter.

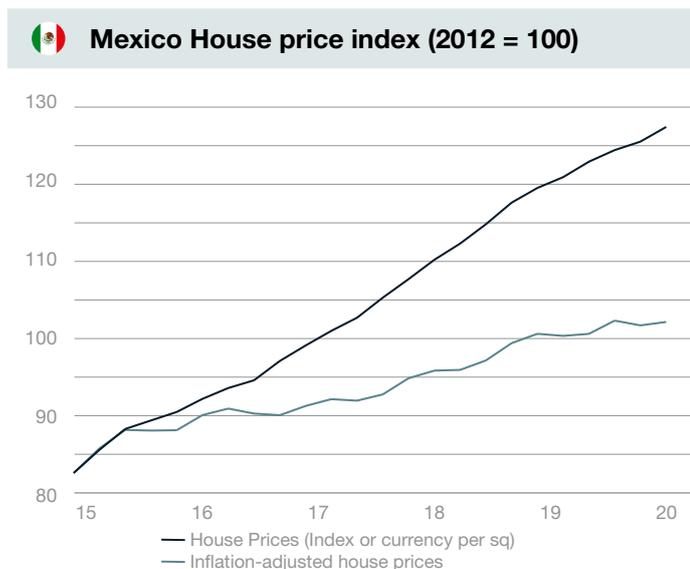
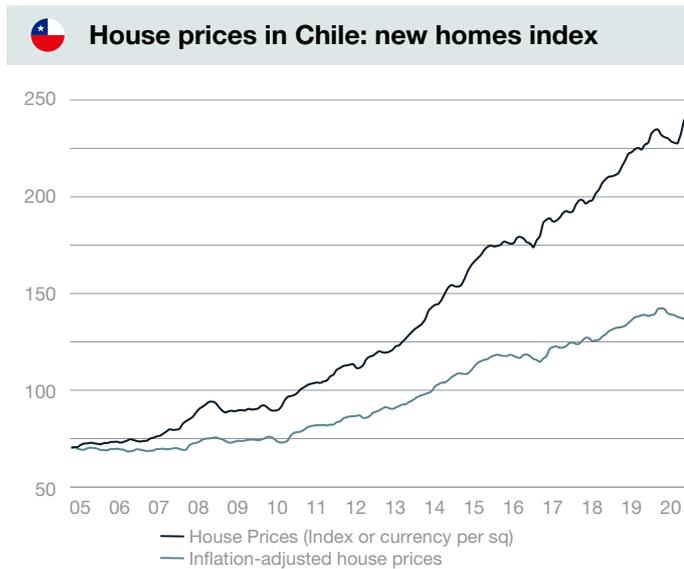


Figure 5. Change in real house prices (%) over 1 year to Q4 for countries which have released Q4 figures



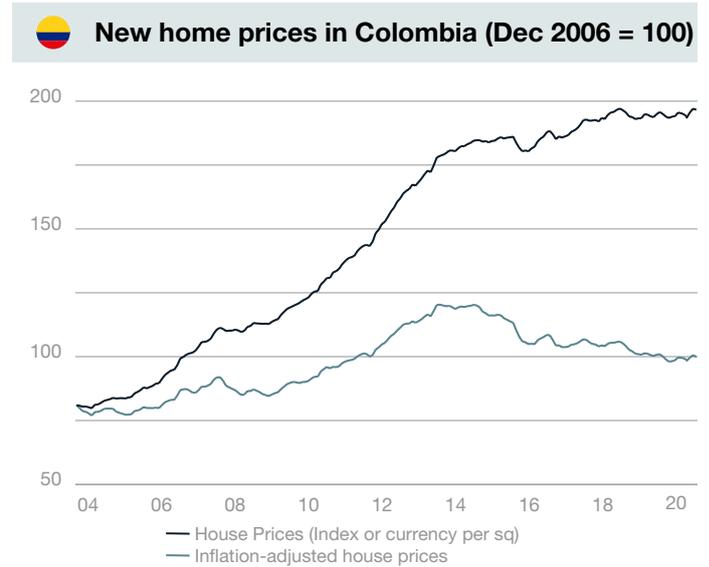
Chile's housing market is cooling rapidly, due to the economic impact of the pandemic. The average price of new apartments in Greater Santiago rose by 1.7% during 2020, sharply down from the previous year's 7.32% growth. Yet on a quarterly basis, house prices increased 3.98% in Q4 2020. During 2020, new home sales in Greater Santiago area plummeted by 28.2% y-o-y to 22,672 units, according to the Chilean Chamber of Construction (CChC). Chile is projected to grow by 4.5% this year, following a decline of 6% last year, according to the IMF.



Brazil's housing market remains fragile. In Sao Paulo, house prices fell by 0.7% during 2020, following y-o-y declines of 1.96% in 2019, 1.89% in 2018, 1.5% in 2017, 5.53%

in 2016 and 7.38% in 2015. On a quarterly basis, house prices in Sao Paulo declined 2.12% in Q4 2020. The Brazilian economy contracted by about 4.5% in 2020, following expansions of 1.1% in 2019 and 1.3% in both 2017 and 2018. The economy is projected to expand by 3% this year, according to the World Bank.

Colombia's housing market is still weak, after several years of vigorous price rises. In Bogotá, house prices fell by 1.12% during 2020, following a decline of 3.98% y-o-y in 2019. During the latest quarter, house prices increased 1.31% q-o-q. Colombia's economy plunged by 6.8% last year, its first annual contraction in over two decades. The economy is now projected to grow by 4% this year.



Peru's housing market remains weak, with house prices falling by 2.03% during 2020, following a y-o-y fall of 2.52% in the previous year. Quarter-on-quarter, house prices declined 3.51% during the latest quarter.

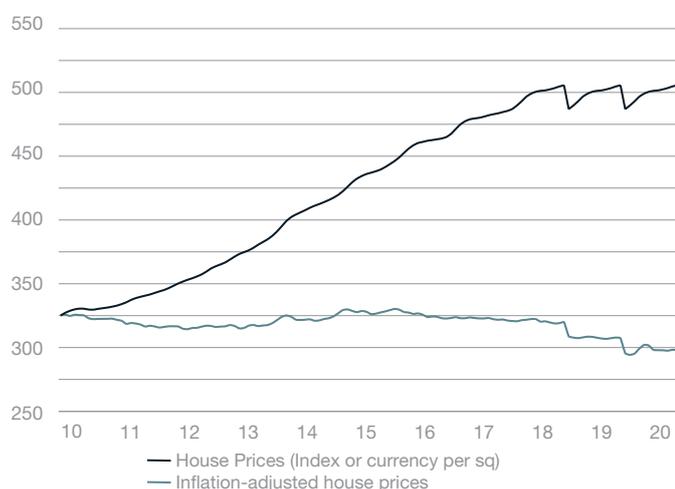
The economy is expected to grow strongly by 7.3% this year, but still not enough to fully offset the 13.9% contraction recorded last year, according to the IMF.



South Africa's housing market has hardly moved

South Africa's housing market has been more or less steady, amidst a depressed macroeconomic environment. The price index for medium-sized apartments rose by a minuscule 0.4% during 2020, an improvement from the previous year's 0.9% fall. On a quarterly basis, house prices were almost unchanged. The economy contracted by a huge 8% last year, following sluggish growth of 0.2% in 2019, 0.8% in 2018, 1.7% in 2017, and 0.4% in 2016. The SA economy is expected to post a modest growth of 2.8% this year.

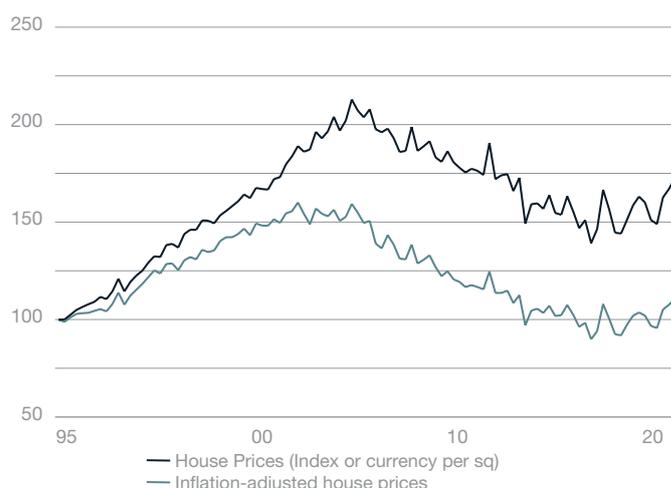
 House prices in South Africa: ABSA index, all dwellings (2001=100)



Puerto Rico continues to amaze

Puerto Rico's housing market saw a strong rebound with the seasonally-adjusted purchase-only house price index rising by a record 14.59% during 2020, a sharp turnaround from y-o-y declines of 0.67% in 2019 and 9.74% in 2018, using inflation-adjusted figures. Quarter-on-quarter, house prices increased 3.1% in Q4 2020.

 Puerto Rico house price index, seasonally adjusted (Q1 1995=100)



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 expected to remain weak with projected GDP growth of just 1.5% this year, following a contraction of 7.5% in 2020.





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