



Global Property Guide

MARKET REPORT

Global Residential Real Estate

Q3
2022



House Price Change (Inflation-Adjusted)

	Y-O-Y (%)		Q-O-Q (%)	
	Q3 2021		Q3 2022	Q3 2022
Turkey	13.38	▲	57.64	14.32
Vietnam (HCMC)	8.5	▲	22.35	6.63
Taiwan	7.36	▲	12.53	3.18
Iceland	9.88	▲	12.15	1.95
Russia	7.21	▲	11.57	1.97
Portugal	5.46	▲	10.05	3.94
Japan (Tokyo)	10.76	▼	7.98	1.85
Israel	6.85	▼	7.39	0.44
Slovak Republic	19.52	▼	7.08	-1.3
North Macedonia	4.01	▲	5.92	1.01
Singapore	4.8	▼	5.7	2.27
Chile	11.73	▼	4.1	0.4
US (FHFA)	12.59	▼	3.76	-1.25
UAE (Dubai)	7.71	▼	3.3	2.52
Ireland	8.33	▼	2.39	2.06
Estonia	7.07	▼	2.32	-6.53
US (Case-Shiller)	13.61	▼	2.28	-2.36
Malta	-8.57	▲	1.76	0.05
Canada	12.34	▼	1.75	-3.8
Jersey	15.08	▼	1.57	0.36
China (Beijing)	9.09	▼	1.55	0.12
UK (Nationwide)	7.48	▼	1.46	-0.75
Mexico	2.73	▼	0.8	1.04
France	5.79	▼	0.56	-0.63
Austria (Vienna)	6.87	▼	-0.13	-2.53
Romania	9.82	▼	-0.26	-4.06
Greece	7.45	▼	-0.31	3.78
Saudi Arabia	0.64	▼	-0.38	-0.69
Switzerland	1.48	▼	-0.64	0.35
Georgia	-3.03	▲	-0.78	1.96
Lithuania	12.26	▼	-1.09	1.78
South Korea	17.64	▼	-1.46	-1.48
Norway	7.15	▼	-1.81	-4.02

House Price Change (Inflation-Adjusted)

	Y-O-Y (%)		Q-O-Q (%)	
	Q3 2021		Q3 2022	Q3 2022
Turkey	35.58	▲	189.19	22.38
Vietnam (HCMC)	10.73	▲	27.17	7.53
Russia	14.56	▲	26.86	1.37
Estonia	13.01	▲	26.61	-0.83
Lithuania	19.35	▲	22.77	7.07
Iceland	14.66	▲	22.63	3.55
Slovak Republic	24.16	▼	21.98	1.61
North Macedonia	5.84	▲	21.24	4.72
Portugal	7.03	▲	20.08	5.03
Pakistan	23.59	▼	19.13	3.79
Chile	17.69	▼	18.39	3.9
Sri Lanka (Colombo)	12.71	▼	16.54	6.18
Taiwan	10.15	▲	15.64	3.32
Singapore	7.48	▲	13.61	3.81
Romania	15.57	▼	13.14	-2.29
Israel	9.21	▲	12.54	1.9
US (FHFA)	18.6	▼	12.4	0.05
Jersey	18.44	▼	12.17	3.42
Greece	9.4	▲	11.32	4
Japan (Tokyo)	10.99	▼	11.22	3.15
Ireland	12.39	▼	10.76	2.69
US (Case-Shiller)	19.73	▼	10.67	-2.2
Georgia	8.86	▲	10.66	3.2
Montenegro	36.3	▼	10.47	-4.07
UK (Nationwide)	10.34	▼	10.34	0.99
Austria (Vienna)	10.22	▲	9.65	0.16
Netherlands	18.44	▼	9.39	-0.37
Mexico	8.69	▼	9.38	3.11
UAE (Dubai)	6.1	▲	8.89	2.59
Canada	17.26	▼	8.73	-3.92
Latvia (Riga)	10.19	▼	6.65	-2.87
France	7.61	▼	6.44	2.84
Germany	13.39	▼	5.28	-1.46

▲ 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 (%)	
	Q3 2021		Q3 2022	Q3 2022
Australia (8 capital cities)	16.08	▼	-2	-5.16
Brazil (Sao Paulo)	-5.51	▲	-2.45	2.55
Thailand	0.32	▼	-2.64	-0.03
Puerto Rico	7.82	▼	-2.67	8.08
Pakistan	13.39	▼	-3.3	-1.48
Indonesia	-0.16	▼	-3.48	-1.26
Malaysia	-1.17	▼	-3.58	-2.76
Spain	0.07	▼	-4.1	1.61
Philippines (Makati CBD)	-16.28	▲	-4.21	-1.5
Germany	8.96	▼	-4.28	-4.47
Netherlands	15.33	▼	-4.49	-6.53
Montenegro	32.4	▼	-4.76	-6.98
New Zealand	9.96	▼	-4.83	-6.56
Finland	2.75	▼	-4.96	-3.03
Denmark	8.67	▼	-5.08	-2.98
Sweden	17.85	▼	-6.09	-3.51
Ukraine (Kiev)	-1.37	▼	-6.11	-0.79
Peru	-5.58	▲	-6.22	-1.5
Morocco	-7.45	▼	-6.67	-2.8
Italy	-1.54	▼	-7.06	-2.51
Macau	-0.57	▼	-8.06	-3.31
Cambodia	-11.2	▲	-9.09	0.18
Qatar	-0.11	▼	-9.26	-4.8
Poland (Warsaw)	5.11	▼	-12.01	-2.53
Egypt	0.28	▼	-12.35	-1.14
Latvia (Riga)	5.13	▼	-12.71	-6.81
Hong Kong	2.45	▼	-12.82	-5.43
Colombia (Bogota)	-2.72	▼	-15.9	-5.02
Sri Lanka (Colombo)	6.61	▼	-31.37	-4.45
Argentina (Buenos Aires)	-38.74	▼	-49.25	-21.49

House Price Change (Inflation-Adjusted)

	Y-O-Y (%)		Q-O-Q (%)	
	Q3 2021		Q3 2022	Q3 2022
Malta	-2.73	▲	5.16	1.61
Australia (8 capital cities)	19.61	▼	5.05	-3.45
Norway	10.89	▼	4.84	-1.78
Brazil (Sao Paulo)	4.17	▼	4.54	1.2
Denmark	11.09	▼	4.43	-0.58
Spain	4.08	▼	4.41	0.91
China (Beijing)	9.6	▼	4.37	0.8
South Korea	20.56	▼	4.06	-0.54
Thailand	2.01	▲	3.6	0.07
Puerto Rico	11.6	▼	3.31	8.24
Sweden	20.19	▼	3.05	-0.57
Switzerland	2.33	▼	2.72	0.98
Saudi Arabia	1.09	▲	2.52	0.35
Finland	5.01	▼	2.49	-1.48
Poland (Warsaw)	10.64	▼	2.43	0.58
Philippines (Makati CBD)	-12.77	▲	2.36	0.13
New Zealand	15.38	▼	2.01	-4.59
Ukraine (Kiev)	3.9	▼	1.74	0.54
Indonesia	1.41	▼	1.53	0.16
Italy	0.96	▼	1.18	-1.04
Egypt	6.88	▼	0.81	2.55
Morocco	-6.3	▲	0.8	-0.13
Malaysia	1.05	▲	0.74	-2.07
Peru	-0.64	▼	0.09	0.09
Qatar	2.59	▼	-3.77	-3.04
Cambodia	-8.57	▲	-4.15	-1.2
Colombia (Bogota)	1.67	▼	-6.28	-2.37
Macau	0.11	▼	-7.02	-3.21
Argentina (Buenos Aires)	-6.59	▲	-7.11	-4.24
Hong Kong	3.92	▼	-9	-5.16

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Q3 2022: Global Residential Real Estate Market Analysis

The global house price boom is now running out of steam, which is not surprising given the combined adverse impacts of increasing interest rates, soaring inflation, global economic slowdown, and supply chain disruptions which was aggravated further by the Ukraine crisis.

When adjusted for inflation, house prices have risen in only 23, and actually declined in 39 markets which have so far published housing statistics during Q3 2022.

However, high inflation in most countries creates an illusion that house prices continue to rise strongly (or the decline is just small), with nominal house prices still rising in 56 countries, and declined in only 6 of the 62 world's housing markets during the year to Q3 2022. For instance, in Lithuania, house prices rose by a huge 22.77% year-on-year in Q3 2022 but in real terms, prices have actually dropped 1.09%. Likewise in Buenos Aires, Argentina, it seems that the house price fall is manageable at 7.11%, however if we adjust for inflation, real prices have actually plummeted by a whopping 49.25%.

In terms of momentum, most of the world's property markets are now slowing rapidly. Momentum is visibly weaker in real terms: only 15 out of the 62 world's housing markets showed stronger momentum than last year, while the remaining 47 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).





During the year to Q3 2022:

North America

In the United States, always a key market, momentum has dramatically weakened, with both the Case-Shiller and FHFA indices only rising modestly now, as compared to the several quarters of double-digit growth, amidst falling demand and negative homebuilder sentiment. Canada is also showing similar trend.

Europe

Europe's house price boom seems to be over, with only 7 out of the 30 European countries included in our global survey showing stronger momentum in Q3 2022 compared to a year earlier. Key European markets such as UK are losing steam, while Germany, Spain and Italy's real house prices are now falling.

Asia

Asian housing market conditions are deteriorating. Real house prices have risen in only 5 of the 15 markets included in the survey and momentum is also weaker in most Asian countries. Striking exceptions include Vietnam and Taiwan.



The Middle East

The Middle East is weakening sharply, with notable house price falls in Egypt, Qatar and Morocco.

Latin America

Latin America's housing markets continue to struggle, with huge house price falls in Argentina and Colombia.

Pacific

Pacific housing markets, which were previously booming, experienced a sharp turnaround this quarter. House prices in both Australia and New Zealand are now falling, amidst falling property demand.

The strongest house price increases in our global survey during the year to Q3 2022 were seen in: Turkey (+57.64%), HCMC, Vietnam (+22.35%), Taiwan (+12.53%), Iceland (+12.15%), and Russia (+11.57%), using inflation-adjusted figures.

The biggest y-o-y house price declines were in Buenos Aires, Argentina (-49.25%), Colombo, Sri Lanka (-31.37%), Bogota, Colombia (-15.9%), Hong Kong (-12.82%), and Riga, Latvia (-12.71%), again using inflation-adjusted figures.

In its October 2022 World Economic Outlook Update, the International Monetary Fund (IMF) expects the global economy to expand by 3.2% this year, down from its April's estimate of 3.6%, and from the previous year's strong growth of 6.1%. It is the weakest growth since 2001, except from the global financial crisis and the acute phase of the Covid-19 pandemic.



The World's Regions

Europe's housing markets losing steam

House prices have risen in only 12 of the 30 European housing markets for which figures were available in Q3 2022. In fact, only 7 countries had stronger momentum in Q3 2022 compared to a year earlier. The pace of growth is dramatically slowing, amidst the economic repercussions of the Covid-19 pandemic, coupled with the ongoing Ukraine crisis and global supply chain disruptions. A notable exception is Turkey.



Figure 1. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures



[Turkey's](#) 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 57.64% during the year to Q3 2022, far higher than the previous year's 13.38% y-o-y increase and its best showing in recent history. In fact, in nominal terms, prices skyrocketed by more than 189%. On a quarterly basis, real house prices rose strongly by 14.32% in Q3.

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 85.51% in October 2022 – the highest level since 1998. The value of the lira against the dollar tumbled by 44% in 2021 and by another 27% 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 11.4% in 2021 from a year earlier, its highest growth in a decade. Economic growth however is projected to slow to 5% this year, as inflation surges following the lira's crash, and with the Ukraine crisis adversely impacting tourism.

[Iceland's](#) housing market remains strong, amidst limited supply and improving economic conditions. The nationwide residential property price index rose by 12.15% in Q3 2022 from a year earlier, up from the prior year's 9.88% increase. On a quarterly basis, real house prices increased 1.95% in Q2. The Icelandic economy is projected to expand by a robust 6.2% this year, following a 4.4% expansion in 2021 and a 6.8% contraction in 2020, according to the IMF.

[Russia](#) recorded a surprise surge in houses prices, despite the ongoing Russia-Ukraine war. Nationwide real house prices soared by 11.57% in Q3 2022 from a year earlier, an acceleration from the previous year's 7.21% growth. During the latest quarter, nationwide house prices increased 1.97%.

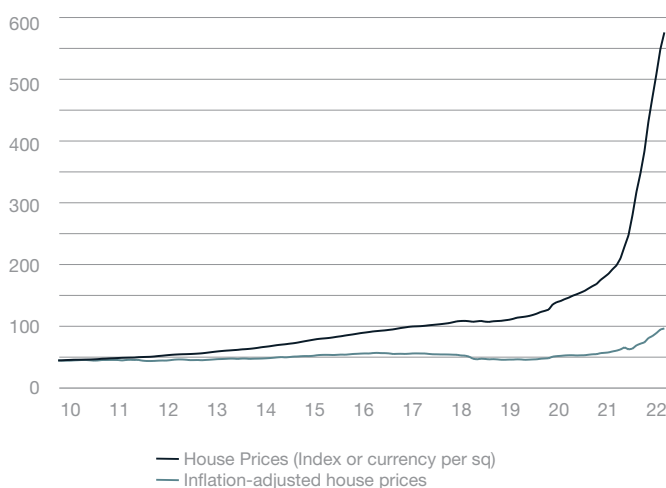
However, the outlook remains gloomy as hundreds of thousands of Russians have left the country in recent months and have been purchasing properties in other countries instead, such as Dubai. The Central Bank of Russia expects the economy to contract by 3% to 3.5% this year, after expanding by 4.7% in 2021 and contracting by 2.7% in 2020.

Other European housing markets with impressive growth include [Portugal](#), with house prices rising by 10.05% y-o-y in Q3 2022, [Slovak Republic](#) (7.08%), and [North Macedonia](#) (5.92%). Both Portugal and North Macedonia performed better in Q3 2022 compared to the previous year and recorded positive quarterly house price growth during the latest quarter.

Modest to minimal house price increases were seen in [Ireland](#) (2.39%), [Estonia](#) (2.32%), [Malta](#) (1.76%), Jersey (1.57%), and [France](#) (0.56%). All, except Malta, had weaker performances in Q3 2022 compared to the same period last year. Only Ireland, Malta and Jersey saw positive quarterly price rises during Q3 2022.



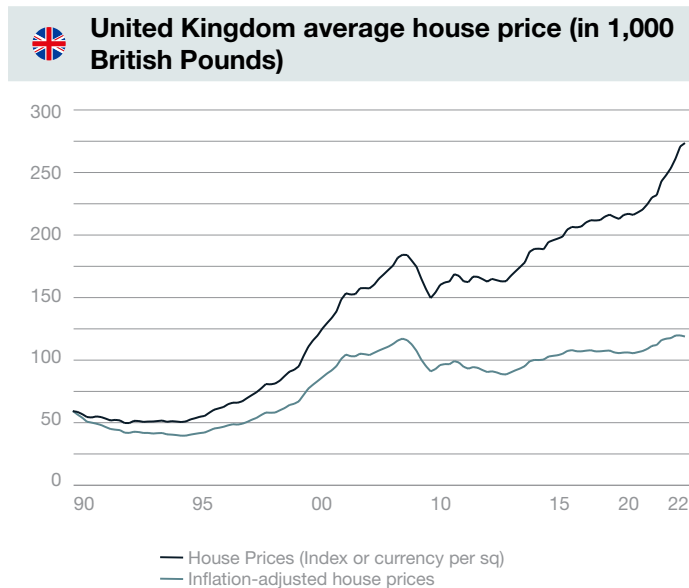
House prices in Turkey: house price index (2017=100)





The [UK](#)'s housing market is cooling dramatically, amidst slowing economic growth. Real house prices rose by just 1.46% in Q3 2022 from a year earlier, a sharp slowdown from the annual growth of 7.48% in Q3 2021. It was the slowest year-on-year increase since Q2 2020.

Quarter-on-quarter, real house prices fell by 0.75% during the latest quarter. Yet in nominal terms, UK house prices actually rose by a huge 10.34% during the year to Q3 2022. The wide variation between the real and nominal figures was due to soaring inflation, which stood at 10.7% in November 2022, after reaching a 41-year record high of 11.1% in the previous month.

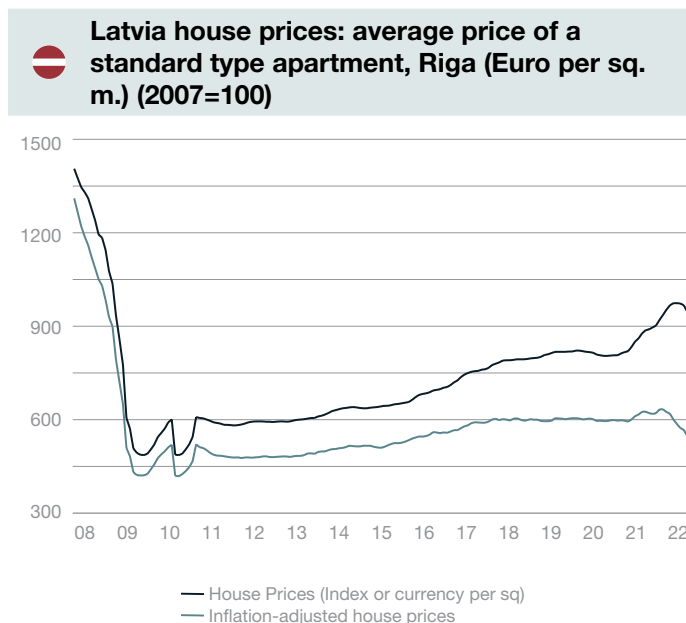


Demand is falling, with the residential property transactions in the UK falling by a huge 21.3% y-o-y to 950,360 units in the first three quarters of 2022, following a 42.4% growth during 2021, according to HM Revenue & Customs. Economic growth is projected at a modest 3.6% this year, following a strong growth of 7.4% in 2021 and a historic plunge of 9.3% in 2020.



Europe's weakest housing markets

Latvia's high inflation is giving an illusion that house prices are still rising. However, when adjusted for inflation, the average apartment price in Riga actually plunged by 12.71% y-o-y in Q3 2022, in contrast to the prior year's 5.13% increase.



Quarter-on-quarter, house prices in the capital city dropped 6.81% in Q3. Because of weakening economic activity, Latvijas Banka, the country's central bank, has recently revised its 2022 GDP growth forecast for Latvia to 2.1%, down from its earlier estimate of 3%.

Poland's housing market is now struggling, with market sentiment adversely affected by surging inflation and the fallout from the Ukraine crisis. In Warsaw, inflation-adjusted house prices fell by 12.01% during the year to Q3 2022, a sharp turnaround from the prior year's 5.11% increase.

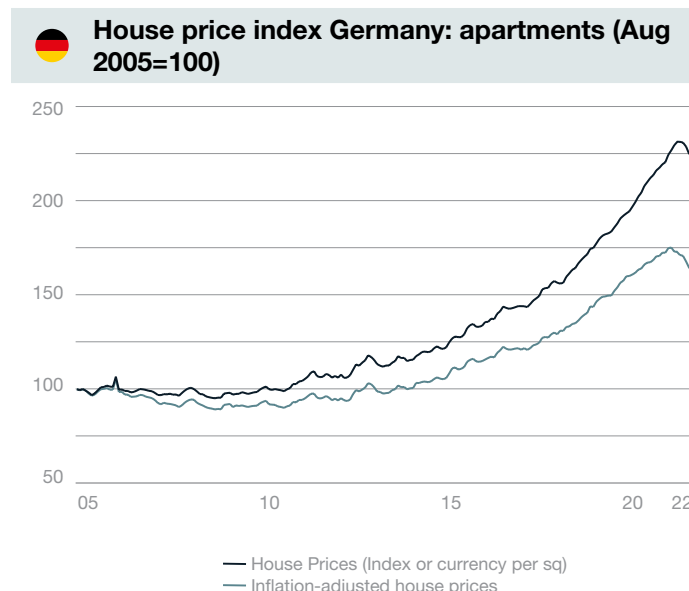
Quarter-on-quarter, prices dropped 2.53% in Q3. Recently, the European Commission downgraded its 2022 economic growth forecast for Poland to 4%, from its earlier projection of 5.2%. Poland's economy grew strongly by 6.8% last year.

Italy's housing market conditions continue to deteriorate, amidst surging inflation, slowing economy, and ongoing political uncertainty, coupled with the adverse impact of Russia's invasion of Ukraine.

Nationwide house prices dropped 7.06% in Q3 2022 from a year earlier, far worse than the prior year's 1.54% decline. Quarter-on-quarter, house prices were down by 2.51% in Q3 2022. Italy's economy is projected to expand by a modest 3.8% this year, following a 6.7% growth in 2021.

Other European housing markets which are also struggling include Kiev, Ukraine with house prices falling by 6.11% y-o-y in Q3 2022, Sweden (-6.09%), Denmark (-5.08%), Finland (-4.96%), Montenegro (-4.76%), Netherlands (-4.49%) and Spain (-4.1%). All recorded weaker performances in Q3 2022 compared to a year earlier. All, except Spain, saw quarterly price falls during the latest quarter.

Germany's housing market is cooling rapidly, as higher mortgage interest rates and rising inflationary pressures have compounded affordability constraints. The average price of apartments fell by 4.28% during the year to Q3 2022, in stark contrast to the previous year's 8.96% growth. In fact, it was the first quarter of y-o-y decline in eight long years. On a quarterly basis, real house prices declined 4.47% in Q3 2022.



Germany's economy grew by 1.3% in Q3 2022 from a year earlier, a slowdown from year-on-year expansions of 1.6% in Q2 and 3.6% in Q1, according to Destatis, mainly due to declining trade, coupled with the adverse impact of the war in Ukraine. As such, Europe's biggest economy is projected to grow by just 1.6% this year and to contract by 0.6% in 2023, following a 2.6% expansion in 2021.

Minimal house price falls were recorded in Norway (-1.81%), Lithuania (-1.09%), Georgia (-0.78%), Switzerland (-0.64%), Greece (-0.31%), Romania (-0.26%), and Vienna, Austria (-0.13%). All, except Georgia, had weaker performances in Q3 2022 from a year earlier. Yet only Austria, Romania and Norway saw quarterly price falls during the latest quarter.



Pacific house price boom is now over

House prices in both Australia and New Zealand are now falling, amidst slowing demand caused by rising interest rates and declining purchasing power of consumers caused by soaring inflation.

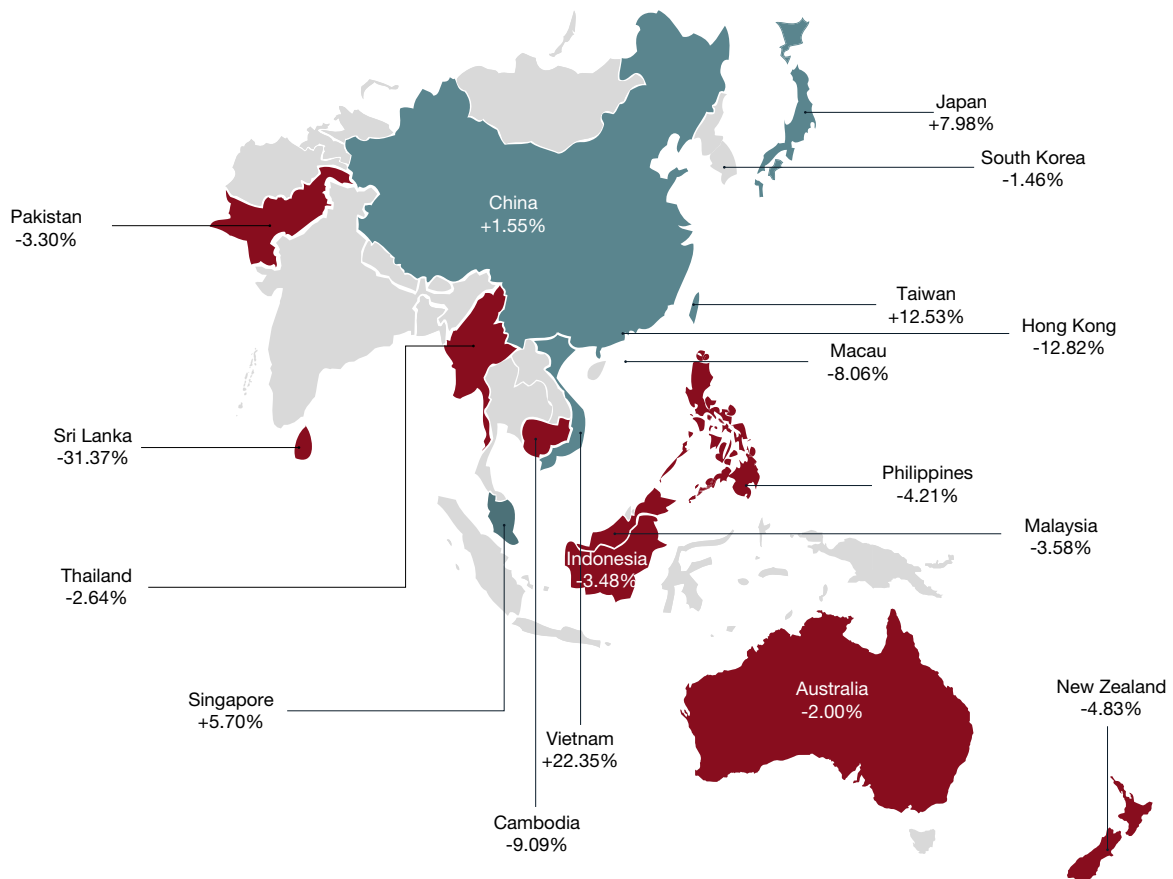


Figure 2. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

Australia's housing market is now weakening fast, amidst falling demand and construction activity. House prices in the country's eight major cities fell by 2% during the year to Q3 2022, in stark contrast to the previous year's 16.08% rise. It was the first year-on-year decline since Q4 2019. Quarter-on-quarter, prices dropped 5.16%.

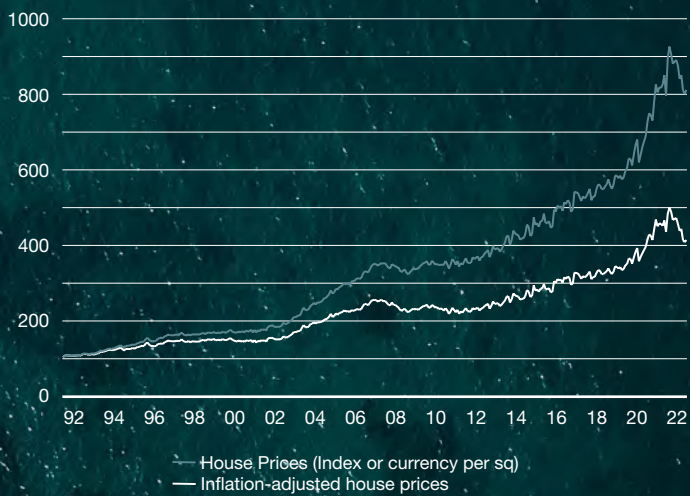
Both demand and supply are falling. In the three months to November 2022, capital city home sales activity dropped 23.2% as compared to the same period last year, with Sydney and Melbourne registering sales declines of 38.6% and 33.8%, respectively, according to CoreLogic. This was in sharp contrast 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 17.9% y-o-y to 158,987 units in the first ten months of 2022, according to the Australian Bureau of Statistics (ABS).

Recently, the Reserve Bank of Australia (RBA) slashed its 2022 economic growth forecast for the country by 0.3 percentage points to 2.9%, a slowdown from the prior year's 4.7% expansion.

New Zealand's housing market is also dramatically slowing, mainly due to falling demand caused by rising borrowing costs. Median house prices dropped 4.83% in Q3 2022 from a year earlier, a sharp turnaround from a y-o-y growth of 9.96% in the previous year. It was the second consecutive quarter of y-o-y decline. During the latest quarter, real house prices dropped 6.56% q-o-q.



New Zealand median house prices (in NZ \$1,000) (1992=100)



Residential property sales across New Zealand plunged by 36.1% y-o-y to 5,525 units in November 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 November 2022, the total number of properties available for sale nationally increased by a huge 47.7% to 28,449 units from a year ago.

New Zealand's economy is projected to grow by a modest 2.3% this year, after a growth of 5.6% in 2021 and a contraction of 2.1% in 2020.



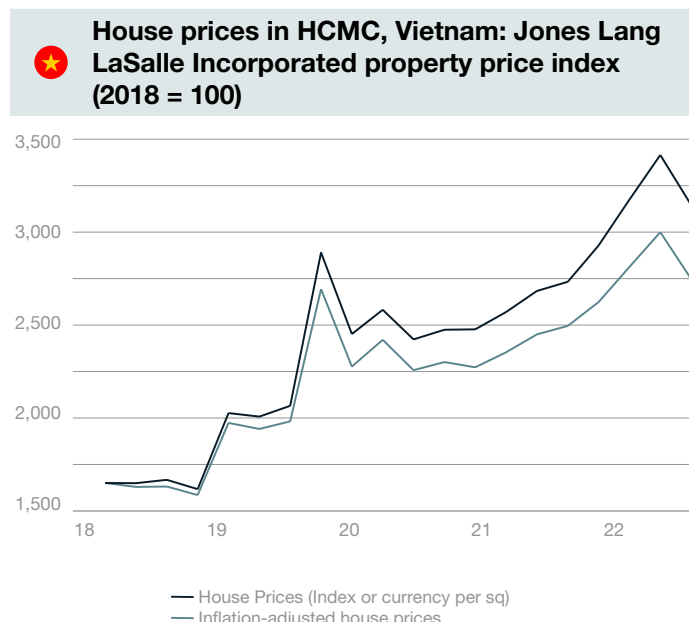
Asian housing market conditions deteriorating

House prices rose in only 5 of the 15 Asian housing markets included in our global house price survey. Likewise, only 5 countries showed stronger momentum in Q3 2022 compared to a year earlier. Striking exceptions to the slowdown in Asian markets include Vietnam and Taiwan.

Vietnam's housing market continues to gather pace, after a sharp slowdown in recent years due to the Covid-19 pandemic. Apartment prices in Ho Chi Minh City rose strongly by 22.35% in Q3 2022 from a year earlier, an acceleration from a y-o-y rise of 8.5% in Q3 2021. Quarter-on-quarter, house prices increased 6.63% in Q3 2022.

The Vietnamese economy grew by 13.67% in Q3 2022 from a year earlier, up from a year-on-year expansion of 7.72% in Q2 and the strongest pace at least since 2000. IMF expects the economy to expand by a healthy 7% this year, following a modest growth of 2.58% in 2021.

Taiwan's housing market remains robust, supported by stable demand. Nationwide real house prices rose strongly by 12.53% in Q3 2022 from a year earlier, up from the previous year's 7.36% growth and its best showing since Q1 2014. Quarter-on-quarter, house prices increased by 3.18%. Property transactions in Taiwan's six major cities – Taipei, New Taipei, Taoyuan, Taichung, Tainan and Kaohsiung – rose slightly by 0.5% y-o-y to 55,990 units in Q3 2022, despite the introduction of market-cooling measures. The Taiwanese economy is projected to grow by a modest 3.06% this year, following a 6.28% expansion in 2021.



Japan's house prices are still rising, despite weakening demand. The average price of existing condominiums in Tokyo rose by 7.98% during the year to Q3 2022, following y-o-y increases of 10.19% in Q2 and 9.49% in Q1.

During the latest quarter, existing condo prices increased 1.85%. Yet sales of existing condominium units and detached houses in Tokyo fell by 10.8% and 14.8% y-o-y, respectively, in the first three quarters 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 also increased in Singapore (5.7%) and Beijing, China (1.55%) during the year to Q3 2022. While Singapore showed slightly stronger performance in Q3 2022 compared to a year earlier and China had noticeably weaker performance, both countries saw positive quarterly price rises during the latest quarter.





Asia's weakest housing markets

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

[Sri Lanka](#) is the second 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 31.37% y-o-y in Q3 2022, in stark contrast to the previous year's 6.61% increase. Quarter-on-quarter, prices dropped 4.45% in Q3.

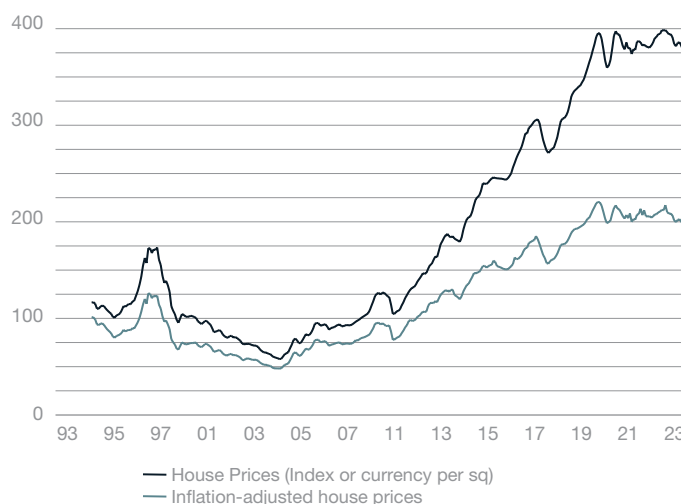
Sri Lanka is now on the brink of bankruptcy, as it suffers its worst financial crisis in more than 70 years, leaving millions of Sri Lankans struggling to buy food, medicine and fuel.

In July 2022, Ranil Wickremesinghe was elected as the new president, less than a week after his predecessor Gotabaya Rajapaksa was forced to flee the country, amidst mass protests over Sri Lanka's stifling economic crisis. 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. Nationwide inflation was 61% in November 2022. The economy is projected to contract by 8.7% this year.

[Hong Kong](#)'s housing market conditions are worsening, amidst falling demand and ailing economy. The inflation-adjusted residential property prices fell by 12.82% during the year to Q3 2022, in sharp contrast to the previous quarter's 2.45% increase. On a quarterly basis, house prices fell by 5.43% in Q3 2022. Sales for both new and existing houses plunged by 32% and 39.1% y-o-y in the first ten months of 2022.

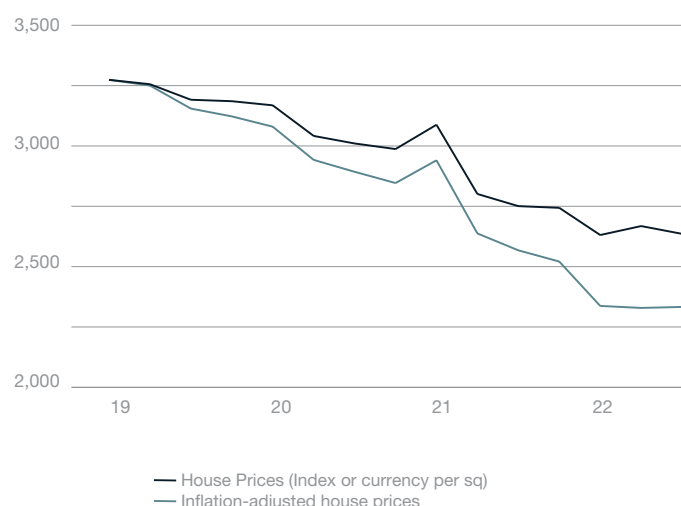
Hong Kong's economy shrank by 4.5% year-on-year in Q3 2022, following annual contractions of 1.3% in Q2 and 3.9% in Q1, mainly due to the weak performance of external trade, as well as declining gross fixed investment. As such, the government has recently downgraded its 2022 economic forecast for Hong Kong – from its earlier projections of a 1% to 2% growth to a contraction of 3.2%.

Hong Kong house prices: private domestic price index, all classes (1999=100)



[Cambodia](#)'s house market continues to struggle, amidst an oversupply of apartments. The average price of high-end condominium units in Phnom Penh fell sharply by 9.09% during the year to Q3 2022, following annual declines of 11.65% in Q2 2022, 20.43% in Q1 2022, 11.38% in Q4 2021, and 11.2% in Q3 2021. On a quarterly basis, high-end condo prices increased by a miniscule 0.18% in Q3. 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, buoyed by a strong rebound in exports and domestic consumption.

Cambodia House Price Trends



Other weak Asian housing markets included [Macau](#), with house prices falling by 8.06% during the year to Q3 2022, Makati CBD, [Philippines](#) (-4.21%), [Malaysia](#) (-3.58%), [Indonesia](#) (-3.48%), [Pakistan](#) (-3.3%), [Thailand](#) (-2.64%), and [South Korea](#) (-1.46%). All saw quarterly price declines during the latest quarter. All, except the Philippines, registered weaker performances in Q3 2022 compared to the same period last year.



The Middle East is weakening sharply

The Middle East is now showing signs of slowdown, with notable house price falls in Egypt, Qatar and Morocco. The only exception is Israel.

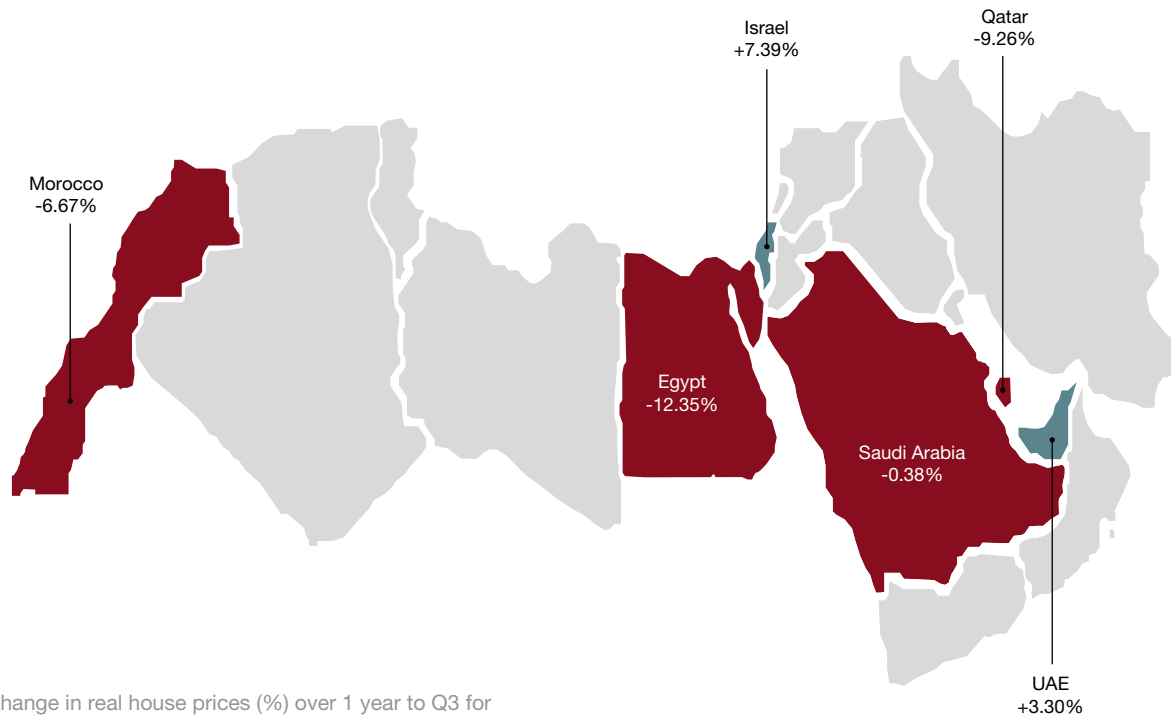
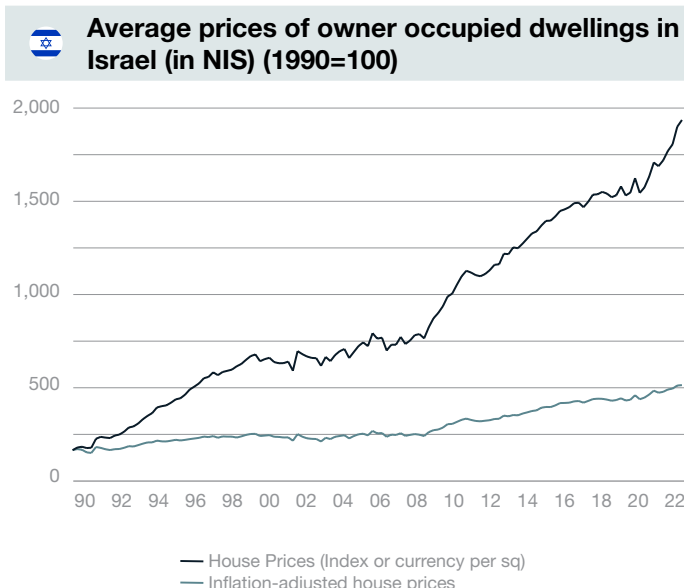


Figure 3. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

[Israel](#)'s housing market continues to strengthen, with the nationwide average price of owner-occupied dwellings rising by 7.39% during the year to Q3 2022, slightly up from the 6.85% increase the previous year. On a quarterly basis, Israeli house prices increased slightly by 0.44% in Q3. The economy is expected to grow by 6.1% this year, following an 8.6% expansion in 2021 and a 1.9% contraction in 2020.

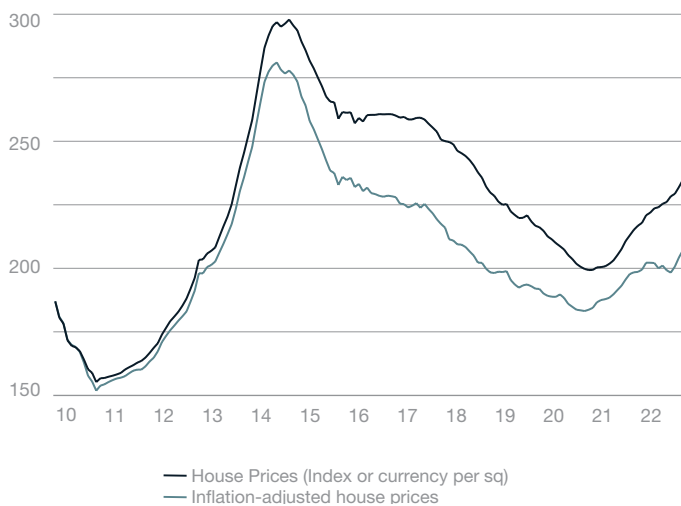
[Saudi Arabia](#)'s housing market is more or less steady, with the residential real estate price index falling slightly by 0.38% during the year to Q3 2022, from the previous year's meager growth of 0.64%. Quarter-on-quarter, prices dropped 0.69% in Q3. The economy is projected to grow strongly by 7.6% this year, after a modest growth of 3.2% in 2021 and a decline of 4.1% in 2020, according to the IMF.



The [UAE](#)'s house prices continue to increase, albeit at a much slower pace. During the year to Q3 2022, Dubai's residential property prices rose by a modest 3.3%, a slowdown from a y-o-y increase of 7.71% in the previous year. It was its sixth consecutive quarter of annual price increases after continuously falling from Q1 2015 to Q1 2021. During the latest quarter, house prices in Dubai increased 2.52% q-o-q. The UAE's economy is projected to expand by over 6% this year, following a modest growth of 3.8% in 2021, thanks to increased foreign investment inflow, coupled with the new socio-economic initiatives taken by the government.



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



Morocco's housing market is still weak, with residential property prices falling by 6.67% during the year to Q3 2022, following a y-o-y decline of 7.65% in Q3 2021. Quarter-on-quarter, house prices fell 2.8% in Q2. Morocco's economic growth is projected to slow dramatically to just 0.8% this year, according to the IMF, following a 7.9% growth in 2021.

Qatar's housing market remains depressed, with the nationwide real estate price index falling by a huge 9.26% in Q3 2022 from a year earlier, following y-o-y declines of 4.4% in Q2 2022, 1.44% in Q1 2022, and 4.06% in Q4 2021. On a quarterly basis, prices declined by 4.8%. 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.

Egypt's housing market remains gloomy, with the nationwide real estate index falling by a huge 12.35% in Q3 2022 from a year earlier, following a 14.09% year-on-year decline in the previous quarter. Quarter-on-quarter, real house prices dropped 1.14%. Yet the Egyptian economy is projected to grow strongly by 6.6% this year, after expanding by 3.3% in 2021 and 3.6% in 2020.

Americas: U.S. and Canada's housing markets slowing dramatically

Both the U.S. and Canada's house price appreciation is decelerating sharply, amidst slowing economy, surging inflation, and heightened global economic uncertainty.



Figure 4. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

After nine long years of strong house price growth, the [U.S.](#) housing market seems to be stabilizing, amidst falling demand and slowing economy. The S&P/Case-Shiller seasonally-adjusted (inflation-adjusted) national home price index rose by just 2.28% y-o-y in Q3 2022, following annual increases of 8.25% in Q2 2022, 11.25% in Q1 2022, 11.06% in Q4 2021 and 13.61%

in Q3 2021. It was the lowest growth recorded since Q4 2019. This is supported by figures released by the Federal Housing Finance Agency, which showed that its seasonally- and inflation-adjusted purchase- only U.S. house price index rose by a modest 3.76% y-o-y in Q3 2022, a sharp slowdown from the prior year's 12.59% growth.

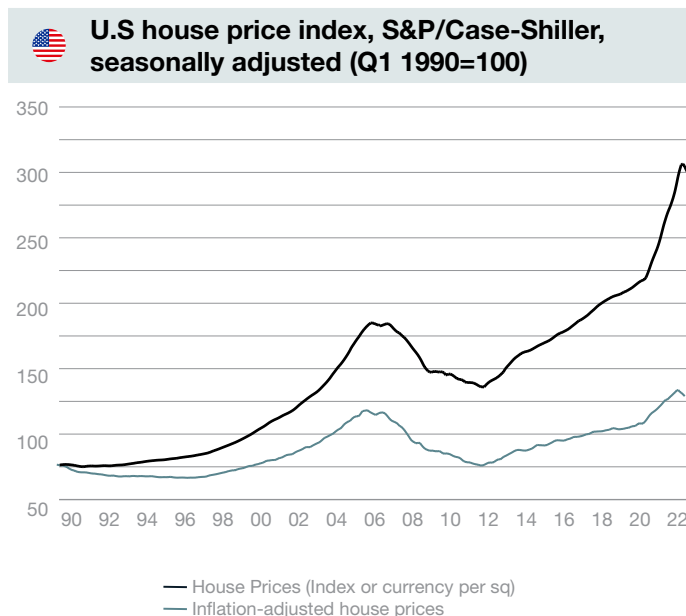
On a quarterly basis, the S&P/Case-Shiller index fell by 2.36% in Q3 2022, while the FHFA index declined 1.25%.

Demand is now falling sharply. In November 2022, existing home sales fell by a huge 35.4% from a year earlier to a seasonally- adjusted annual rate of 4.09 million units. Likewise, sales of new single-family houses fell by 5.8% y-o-y to a seasonally-adjusted annual rate of 632,000 units in October 2022.



U.S. homebuilder sentiment fell for a twelve straight month to just 31 in December 2022, sinking to its lowest reading since June 2012 excluding the onset of the Covid-19 pandemic, amidst persistently high inflation and rising interest rates, and 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.

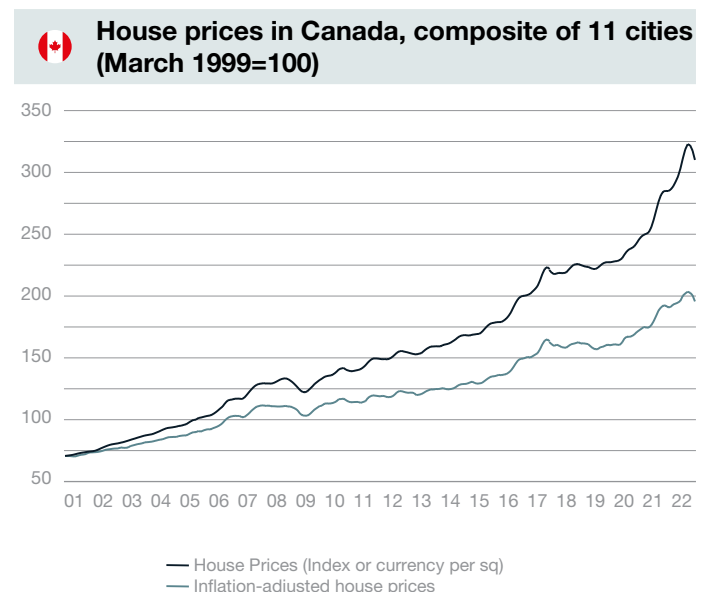
Recently, the IMF downgraded its 2022 growth projections for the world's biggest economy to 1.6%, from its earlier forecast of a 2.3% expansion. The U.S. economy grew strongly by 5.7% in 2021, following a 3.4% contraction in 2020 due to the Covid-19 pandemic.



[Canada's](#) housing market is also cooling fast, amidst slowing demand due to sharply rising interest rates. In Q3 2022, real house prices in the country's eleven major cities rose by a meager 1.75% from the same period last year, following y-o-y increases of 7.95% in Q2 2022, 11.01% in Q1 2022, 10.17% in Q4 2021 and 12.34% in Q3 2021. Quarter-on-quarter, house prices actually declined by 3.8%.

Both demand and supply are weakening. In September 2022, the actual number of sales transactions fell by 32.2% from a year earlier, according to the Canadian Real Estate Association (CREA). It was about 12% below the pre-pandemic 10-year average for that month. This is a sharp turnaround from a record 666,995 residential properties sold last year. Likewise, housing starts fell by 4% y-o-y in the first three quarters of 2022 while completions dropped slightly by 1.9%.

The Bank of Canada (BoC) has downgraded its 2022 growth projection for the country several times, now to 3.25%, from its initial 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 continue to struggle

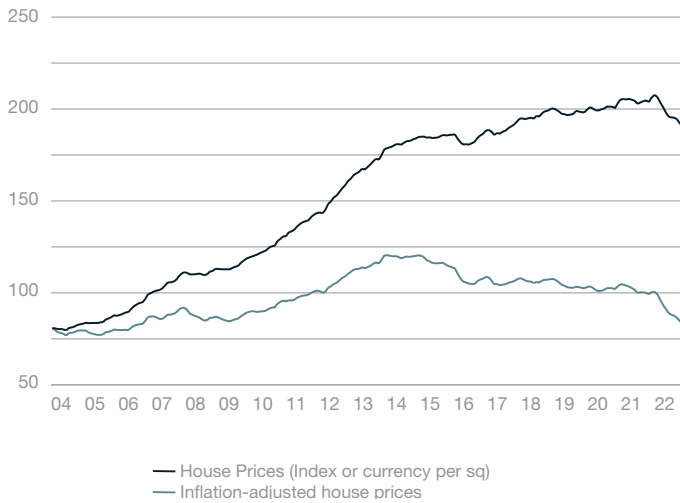
The two of the three weakest housing markets in our global survey are in Latin America.



Figure 5. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures



New home prices in Bogotá, Colombia (2004=100)



Peru's housing market woes continues with house prices falling by 6.22% during the year to Q3 2022. It followed y-o-y declines of 8.55% in Q2 2022, 8% in Q1 2022, 8.87% in Q4 2021 and 5.58% in Q3 2021. Quarter-on-quarter, house prices dropped 1.5% during the latest quarter.

Brazil's housing market remains weak, with real house prices in Sao Paulo falling by 2.45% during the year to Q3 2022, following a 5.51% decline in the same period last year. On a quarterly basis, Sao Paulo prices increased 2.55% in Q3. Inflation-adjusted house prices in the capital city have been falling since 2015, and the Covid-19 pandemic has worsened the situation.

Mexico's housing market continues to stabilize, with the nationwide house price index rising by a miniscule 0.8% in Q3 2022 from a year earlier, following y-o-y growth of 2.73% a year ago. On a quarterly basis, house prices increased slightly by 1.04% during the latest quarter.

Chile's housing market is cooling rapidly, amidst a sharp economic slowdown. The nationwide average price of new apartments rose by 4.1% y-o-y in Q3 2022, a sharp slowdown from the previous year's 11.73% growth. Quarter-on-quarter, house prices increased by a meager 0.4%.

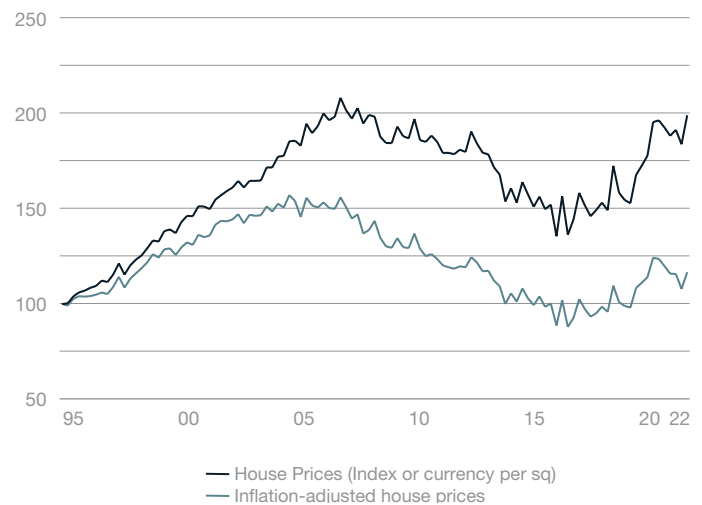
Puerto Rico's housing market still fragile

Puerto Rico's housing market remains weak, with the seasonally-adjusted purchase-only house price index falling by 2.67% in Q3 2022 from a year earlier, following year-on-year declines of 12.67% in Q2 2022 and 6.8% in Q1 2022 and annual increases of 1.67% in Q4 2021 and 7.82% in Q3 2021. Yet quarter-on-quarter, house prices actually increased 8.08% 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 2.7% expansion, after travel restrictions were fully lifted and ample fiscal support for tourism was introduced, based on IMF figures.



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





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