

GlobalPropertyGuide

| Your Guide to the World's Housing Markets

GLOBAL RESIDENTIAL MARKETS REPORT 8 JUNE 2021

The magnitude of today's global housing boom is utterly unprecedented



Q1 2021: Global house price boom continues amazingly strong, led by Europe, U.S., Canada and parts of Asia-Pacific

During the year to Q1 2021:

- House price increases have accelerated to an amazing extent in many countries in Europe, Asia-Pacific, and the U.S. and Canada. The magnitude of this boom is utterly unprecedented. Low interest rates and monetary easing must be assumed to be the main cause.
- Real house prices (i.e., prices adjusted for inflation) rose in 43 out of the 57 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 50 countries, and declines in only 7 countries.
- North American housing markets are booming. In **the U.S.**, the S&P/Case-Shiller seasonally-adjusted national home price index rose by 10.28% during the year to Q1 2021 (inflation-adjusted), a sharp improvement from the previous year's 2.94% growth, amidst strong demand and construction activity buoyed by very low interest rates and massive government stimulus spending. Also, the Federal Housing Finance Agency's seasonally-adjusted purchase-only U.S. house price index rose by 10.54% y-o-y in Q1 2021, the highest annual growth ever recorded. Likewise in **Canada**, house prices in the country's eleven major cities rose by 8.39% during the year to Q1 2021, a sharp acceleration from the previous year's 2.92% growth, thanks to a strong rebound in demand amidst improved economic prospects.
- Strong house price surges have taken place in European countries, such as **Montenegro, Slovak Republic, Turkey, Sweden, and Germany.**
- Asia-Pacific housing markets are gathering pace, with notable performances in **New Zealand, Sri Lanka, China, South Korea, Taiwan and Japan.**
- A surprise turnaround is also seen in some countries, such as **Egypt, Puerto Rico, and Pakistan.**

The International Monetary Fund (IMF) has recently revised its 2021 growth forecast for the global economy to 6%, an upgrade from its January estimate of a 5.5% 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 the year to Q1 2021 included: Montenegro (+28.7%), Puerto Rico (+23.68%), Egypt (+22.61%), New Zealand (+22.39%), and Sri Lanka (+15.93%), using inflation-adjusted figures.

The biggest y-o-y house price decline was in Makati CBD, Philippines (-23.59%), followed by Saudi Arabia (-4.68%), Phnom Penh, Cambodia (-3.76%), Romania (-3.28%), and Qatar (-2.94%), again using inflation-adjusted figures.



HOUSE PRICE CHANGE (INFLATION-ADJUSTED)

COUNTRY	year on year (%)		q-o-q(%)	
	Q1 2020	Q1 2021	Q1 2021	Q1 2021
Montenegro	-8.20	↑	28.70	19.46
Puerto Rico	-3.28	↑	23.68	7.77
Egypt	-34.14	↑	22.61	0.72
New Zealand	10.87	↑	22.39	9.98
Sri Lanka	-1.44	↑	15.93	2.02
Slovak Republic	5.66	↑	14.38	3.49
Turkey	2.85	↑	13.59	3.02
Sweden	3.77	↑	11.28	3.29
US (FHFA)	3.96	↑	10.54	2.40
US (Case-Shiller)	2.94	↑	10.28	2.36
Germany	12.00	↓	9.59	2.09
Austria (Vienna)	1.92	↑	9.48	2.94
China (Beijing)	-4.82	↑	9.48	2.47
South Korea	0.70	↑	9.44	2.42
Taiwan	2.70	↑	9.43	3.98
Japan (Tokyo)	-0.23	↑	9.30	1.88
Netherlands	5.56	↑	9.22	4.35
Estonia	6.68	↑	9.09	-1.00
Canada	2.92	↑	8.39	0.73
Jersey	2.49	↑	8.35	0.63
Norway	0.75	↑	7.69	4.02
Chile	3.62	↑	7.31	3.70
Denmark	1.57	↑	7.29	2.03
Australia (8 capital cities)	5.33	↑	6.64	5.80
Portugal	10.29	↓	6.27	1.86
UK (Nationwide)	0.75	↑	5.33	0.61
Singapore	2.40	↑	5.31	2.60
Russia	4.58	↗	5.23	-0.53
Pakistan	-6.74	↑	5.21	2.15
Iceland	3.31	↗	4.03	1.45
Ireland	0.29	↑	3.72	0.25
Ukraine (Kiev)	-2.74	↑	2.99	0.90
Mexico	3.54	↓	2.50	0.96
Malta	-0.17	↑	2.28	0.44
Thailand	5.27	↓	2.10	1.73
Hong Kong	-2.32	↑	2.07	1.12
Israel	5.84	↓	1.80	1.08
Switzerland	-1.00	↑	1.80	0.27
North Macedonia	2.79	↓	1.62	2.10
Finland	-0.47	↑	1.38	0.49
South Africa	-2.65	↑	1.25	-1.83
Morocco	-2.94	↑	1.13	-1.85
Italy	-2.06	↑	0.34	-2.54
Spain	3.25	↓	0.14	-0.10
Macau	-2.26	↑	-0.06	-3.26
Indonesia	-1.20	↗	-0.26	-0.54
UAE (Dubai)	-5.06	↑	-0.48	1.83
Peru	-1.99	↑	-0.53	2.10
Vietnam (HCMC)	15.29	↓	-0.54	-1.58
Latvia (Riga)	0.83	↓	-0.66	-0.37
Colombia (Bogota)	-3.85	↑	-0.98	-2.48
Poland (Warsaw)	6.45	↓	-1.42	-5.85
Brazil (Sao Paulo)	-1.01	↘	-1.73	-0.79
Qatar	-3.57	↗	-2.94	0.77
Romania	9.51	↓	-3.28	-1.11
Cambodia (Phnom Penh)	-5.91	↑	-3.76	4.11
Saudi Arabia	0.57	↓	-4.68	0.41
Philippines (Makati CBD)	-1.65	↓	-23.59	-3.75

↑ - more than 1 percentage point increase in house price change
 ↓ - more than 1 percentage point decrease in house price change
 ↗ - less than 1 percentage point increase in house price change
 ↘ - less than 1 percentage point decrease in house price change compared to same period of last year

Momentum is stronger:

43 of the world's housing markets for which figures are available showed stronger upward momentum during the year to Q1 2021, while only 14 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:

Montenegro is now the strongest housing market in our global house price survey, with the price of dwellings in new residential buildings rising by a record 28.7% (inflation-adjusted) during the year to Q1 2021. This is in sharp contrast to a y-o-y price fall of 8.2% during the previous year. Quarter-on-quarter, prices rose strongly by 19.46% in Q1.

All figures that follow are inflation-adjusted.

HOUSE PRICE CHANGE (NOMINAL)

COUNTRY	year on year (%)		q-o-q(%)	
	Q1 2020	Q1 2021	Q1 2021	
Turkey	15.05	↑	31.98	6.84
Montenegro	-8.20	↑	29.68	21.05
Egypt	-30.78	↑	28.25	1.10
Puerto Rico	-3.13	↑	24.42	8.30
New Zealand	13.68	↑	24.26	10.91
Sri Lanka	3.86	↑	20.71	2.68
Slovak Republic	8.58	↑	15.50	4.16
Pakistan	3.27	↑	14.79	4.78
US (Case-Shiller)	4.53	↑	13.17	4.09
Sweden	4.80	↓	13.00	3.63
US (FHFA)	6.16	↑	12.63	3.50
Germany	13.61	↑	11.46	4.02
Netherlands	7.04	↑	11.28	5.34
South Korea	1.71	↑	11.12	3.87
Russia	7.12	↑	11.07	1.67
Austria (Vienna)	3.83	↑	10.94	3.28
Norway	1.91	↑	10.88	5.59
Taiwan	2.67	↑	10.81	4.25
Canada	3.84	↑	10.77	2.34
Chile	7.50	↑	10.41	5.01
China (Beijing)	-0.75	↑	9.83	3.54
Estonia	8.27	↑	9.80	0.20
Jersey	5.26	↑	9.25	1.85
Japan (Tokyo)	0.17	↑	9.20	2.59
Iceland	5.51	↑	8.54	2.60
Denmark	1.97	↑	8.33	2.91
Australia (8 capital cities)	7.64	↗	7.83	6.43
Portugal	10.34	↓	6.76	2.51
Singapore	2.36	↓	6.64	3.31
Mexico	7.06	↘	6.59	2.83
UK (Nationwide)	2.45	↑	6.30	0.79
Ukraine (Kiev)	-0.67	↑	4.95	1.98
South Africa	1.30	↑	4.50	-0.15
Brazil (Sao Paulo)	2.26	↑	4.27	1.25
Ireland	0.98	↑	3.72	1.53
North Macedonia	1.87	↑	3.23	1.95
Hong Kong	-0.08	↑	2.62	2.21
Finland	0.34	↑	2.44	1.23
Malta	1.01	↑	2.26	0.49
Thailand	5.07	↓	2.08	1.20
Peru	-0.20	↑	2.05	3.60
Israel	5.98	↓	1.74	1.25
Spain	3.23	↓	1.48	0.28
Switzerland	-1.12	↓	1.36	0.39
Poland (Warsaw)	11.32	↓	1.34	-3.94
Morocco	-1.48	↑	1.23	-1.37
Indonesia	1.68	↘	1.17	0.20
Italy	-1.96	↑	1.12	-1.49
Vietnam (HCMC)	20.91	↓	0.65	-0.28
Colombia (Bogota)	-0.15	↗	0.51	-0.97
Saudi Arabia	2.06	↓	0.03	0.36
Latvia (Riga)	2.24	↓	-0.37	1.24
Romania	12.45	↓	-0.86	0.58
Macau	0.27	↓	-1.10	-2.83
Cambodia (Phnom Penh)	-3.21	↗	-2.53	3.35
Qatar	-12.73	↑	-3.25	2.08
UAE (Dubai)	-6.79	↑	-4.33	0.70
Philippines (Makati CBD)	0.82	↓	-20.16	-2.53

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Puerto Rico's housing market saw a strong rebound with the seasonally-adjusted purchase-only house price index rising by a record 23.68% during the year to Q1 2021, a sharp turnaround from a y-o-y decline of 3.28% in Q1 2020. Quarter-on-quarter, house prices rose 7.77%.

Egypt made a surprise comeback, with the nationwide real estate index rising by an impressive 22.61% during the year to Q1 2021, in stark contrast to the 34.14% y-o-y decline the previous year. Real house prices increased 0.72% q-o-q during the latest quarter.

New Zealand's house prices are skyrocketing, buoyed by ultra-low interest rates, as well as by limited housing supply. Median house prices rose by a whopping 22.39% during the year to Q1 2021, a sharp acceleration from a y-o-y expansion of 10.87% in Q1 2020. On a quarterly basis, real house prices increased 9.98%.

Sri Lanka's housing market is growing rapidly, with nationwide house prices rising by 15.93% during the year to Q1 2021, in stark contrast to the previous year's 1.44% fall. During the latest quarter, house prices increased 2.02% q-o-q.



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THE WORLD'S REGIONS:

Europe remains in full-fledged house price boom

Europe's great house price boom is strengthening further, despite the economic repercussions of the COVID-19 pandemic. House prices have risen in no less than 23 of the 26 European housing markets for which figures were available during the year to Q1 2021. Four of the ten strongest housing markets in our global survey are in Europe.

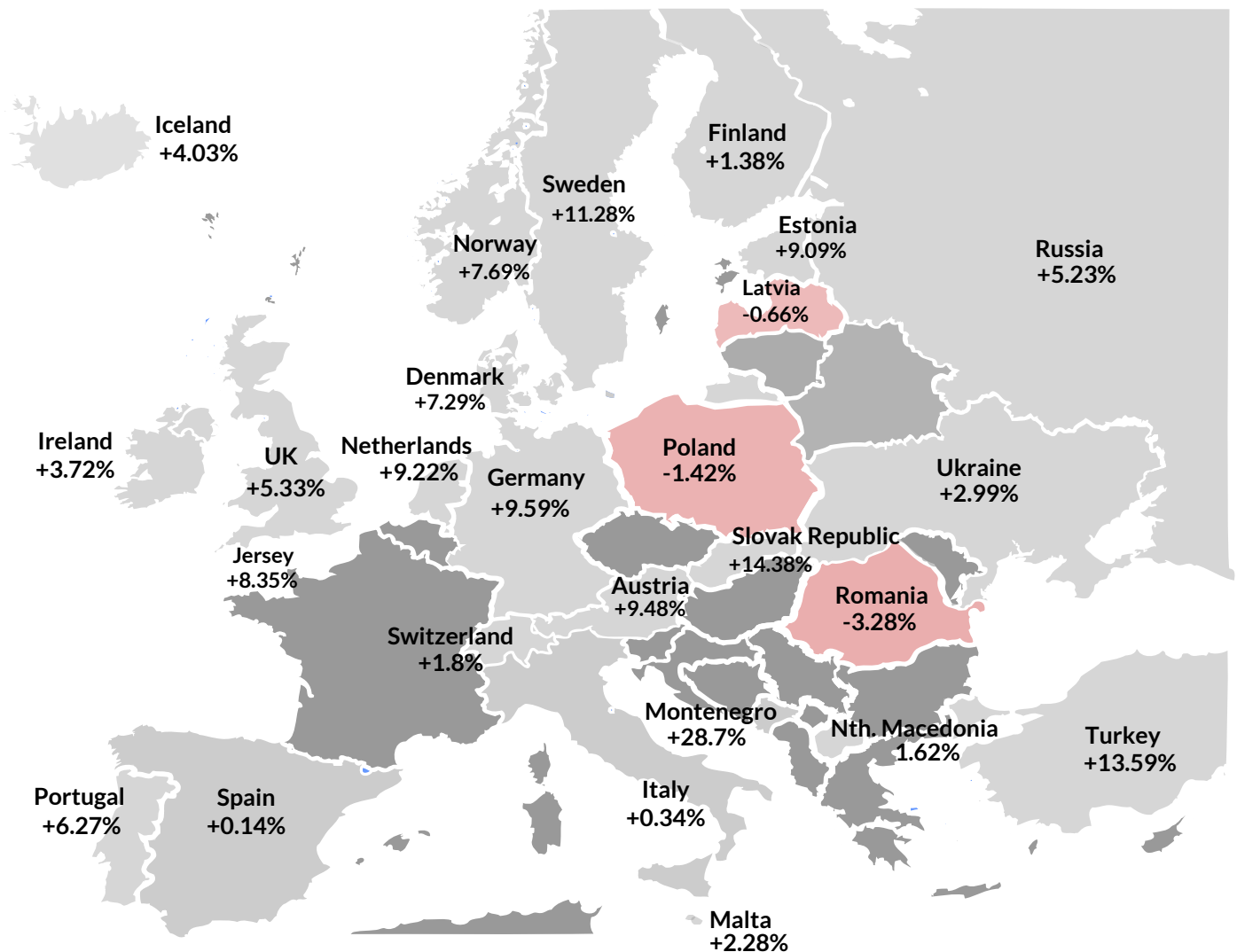


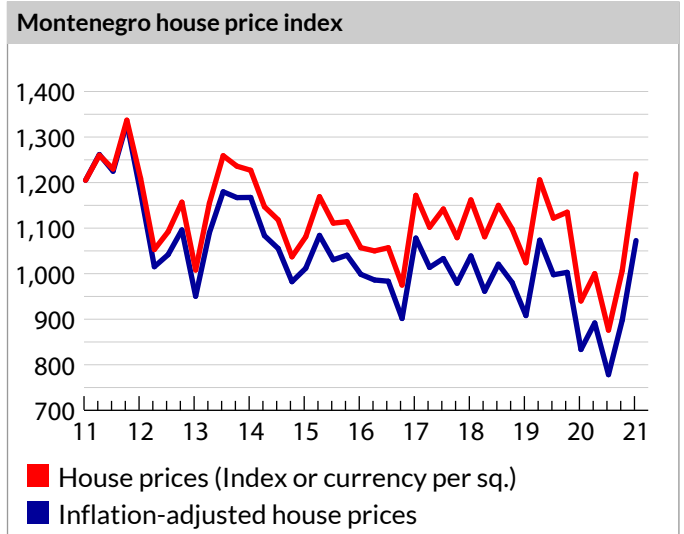
Figure 1. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

Montenegro's housing market made a surprise comeback, with the price of dwellings in new residential buildings rising by a record 28.7% during the year to Q1 2021. This is in sharp contrast to a y-o-y price fall of 8.2% in the previous year. Quarter-on-quarter, prices rose strongly by 19.46% in Q1 2021.

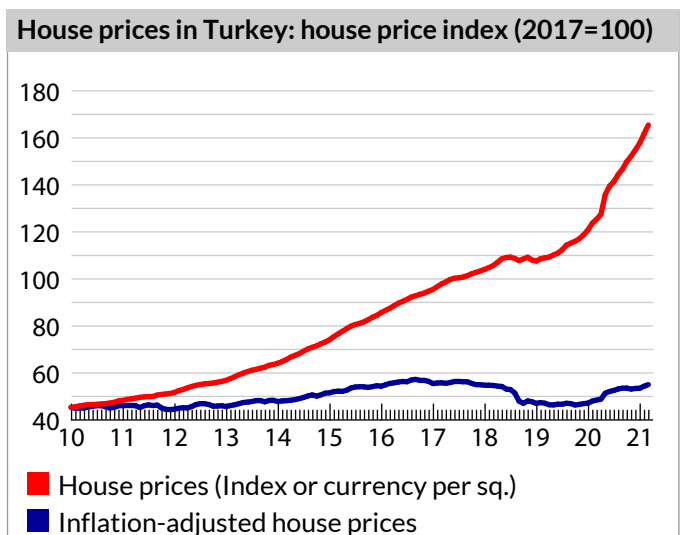
Demand is rising again, especially from foreign homebuyers. In Q1 2021, foreign direct investment in real estate rose by 35.9% y-o-y to €37.1 million, according to the Central Bank of Montenegro. Montenegro's economy is expected to grow strongly this year, with a growth forecast of 9% - partially offsetting the 15.2% contraction that it suffered last year.

The **Slovak Republic** saw house prices rising by a huge 14.38% during the year to Q1 2021, a sharp improvement from the previous year's 5.66% growth and its biggest annual increase since Q2 2008. On a quarterly basis, real house prices increased 3.49% in Q1.

Despite the pandemic, property demand, both from local and from foreign investors, remains fundamentally strong. The Slovak economy is projected to grow by 4.7% this year, following a contraction of 5.2% in 2020, according to the IMF.

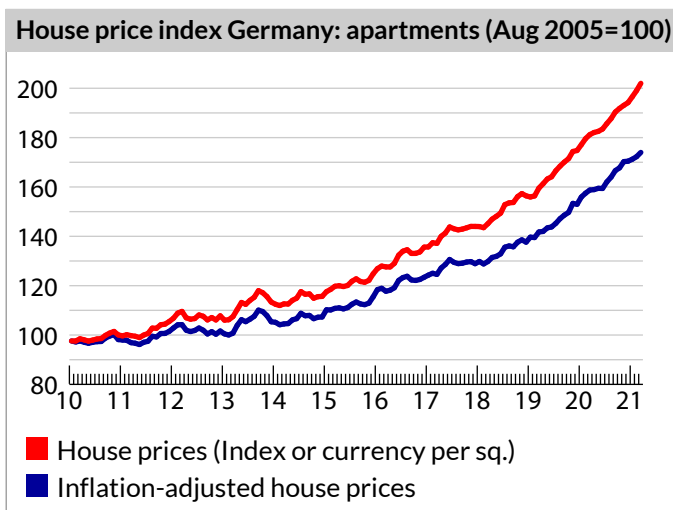


Turkey's housing market remains vibrant, buoyed by strong demand from both local and foreign investors. The nationwide house price index surged by 13.59% during the year to Q1 2021, far higher than the previous year's 2.85% y-o-y increase. On a quarterly basis, real house prices rose by 3.02% in Q1 2021. For foreigners, Turkey's currency devaluation means that the property market is very attractively priced, luring many buyers from the Gulf. Turkey's economy is projected to grow by 6% this year, following an expansion of 1.8% in 2020.



Sweden's housing market is gathering pace, with the nationwide house price index rising by 11.28% during the year to Q1 2021 - sharply up from the previous year's 3.77% y-o-y increase. Quarter-on-quarter, house prices increased 3.29% in Q1. The Swedish economy is projected to grow by 4.4%, fully offsetting its modest contraction of 2.8% last year, according to the European Commission.

Germany's house price boom continues strong. The average price of apartments rose by 9.59% during the year to Q1 2021, following a y-o-y rise of 12% in Q1 2020. On a quarterly basis, house prices increased 2.09% during the latest quarter. Germany's housing market has been growing continuously in the past six years, with house prices up by almost 67% from Q1 2014.



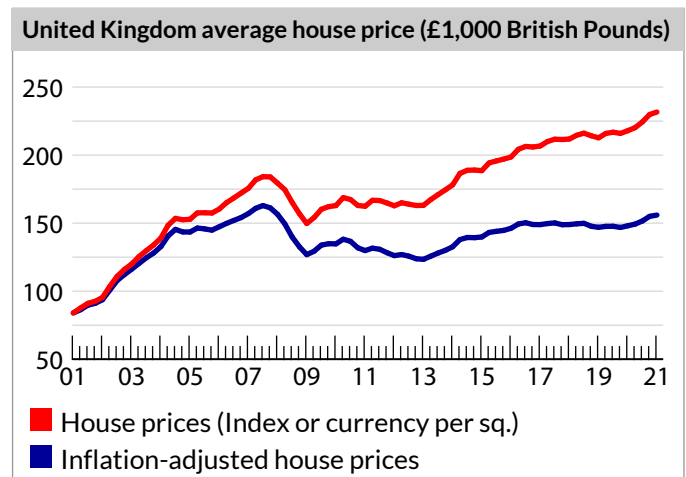
Demand for residential property in Germany remains strong, buoyed by low interest rates, urbanization, and healthy household finances.


In recent years, the migration crisis and strong economic growth have added to already strong demand. The German economy is projected to expand by 3.4% this year, following a 4.9% contraction in 2020.

The **UK's** housing market is strengthening, with real house prices rising robustly by 5.33% during the year to Q1 2021, a sharp improvement from the previous year's miniscule increase of 0.75%.

Quarter-on-quarter, real house prices increased 0.61% during the latest quarter. In London, real house prices rose by 3.9% (inflation-adjusted) y-o-y in Q1 2021, in contrast to a fall of 0.7% in Q1 2020. All other regions also saw house price rises during the year to Q1 2021.

Residential property transactions in the UK soared 54.6% y-o-y in Q1 2021 to 392,170, according to HM Revenue & Customs. In England, transactions rose strongly by almost 58% to 341,630 over the same period. The UK economy is expected to expand by 5.7% this year, after falling by a record 10.3% in 2020.





Other strong European housing markets include Vienna, **Austria**, with house prices rising by 9.48% during the year to Q1 2021, **Netherlands** (9.22%), **Estonia** (9.09%), **Jersey** (8.35%), **Norway** (7.69%), **Denmark** (7.29%), and **Portugal** (6.27%). All, except Estonia, recorded positive quarterly growth during the latest quarter. All, except Portugal, had stronger performances in Q1 2021 compared to the previous year.

More modest annual house price rises were seen in **Russia** (5.23%), **Iceland** (4.03%), **Ireland** (3.72%), Kiev, **Ukraine** (2.99%), and **Malta** (2.28%). All, except Russia, saw quarterly price growth during the latest quarter. All performed better in Q1 2021 compared to a year earlier.

European housing markets with minimal house price increases include **Switzerland** (1.8%), **North Macedonia** (1.62%), **Finland** (1.38%), **Italy** (0.34%), and **Spain** (0.14%). All, except North Macedonia and Spain, had stronger performances during Q1 2021 as compared to a year earlier. All, except Italy and Spain, recorded a quarterly price increase during the latest quarter.

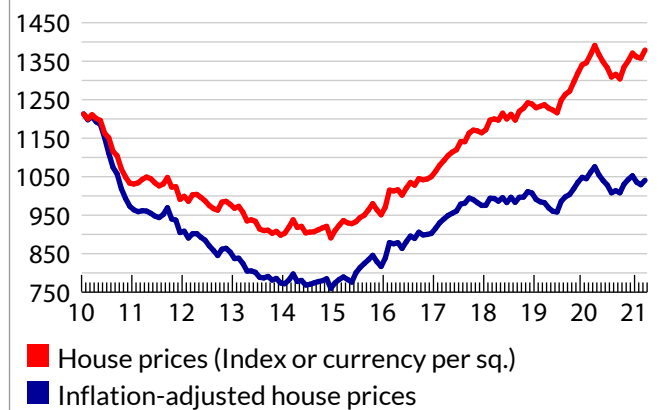
Europe's weakest housing markets

House prices fell in only three of the 26 European housing markets for which figures were available during the year to Q1 2021: Romania, Poland and Latvia.

Romania's housing market is cooling rapidly, with real house prices falling by 3.28% during the year to Q1 2021 - in sharp contrast to a y-o-y growth of 9.51% in the previous year. Quarter-on-quarter, house prices fell by 1.11% in Q1. The Romanian economy contracted by 0.2% y-o-y in Q1 2021 - a big improvement from annual declines of 1.4% in Q4 2020, 5.6% in Q3 and 10% in Q2. Economic growth is expected to reach 5% this year, after shrinking by 3.9% during 2020.

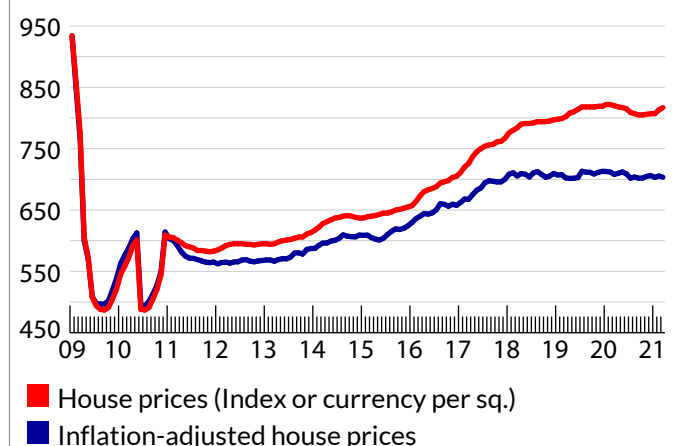
Poland's housing market is now losing steam, with the existing residential property prices in Warsaw falling by 1.42% during the year to Q1 2021, a sharp turnaround from the previous year's 6.45% increase. On a quarterly basis, prices in the capital city fell 5.85% during the latest quarter. The economy is projected to grow by 3.5% this year, after contracting by 2.7% last year, according to the IMF.

Apartment prices in Romania: average sale prices



Latvia's housing market continues to cool with average apartment prices in Riga falling by 0.66% during the year to Q1 2021, following a slight y-o-y rise of 0.83% in Q1 2020. Quarter-on-quarter, house prices in the capital city dropped 0.37%. The European Commission expects Latvia's economy to grow by 3.5% this year, following a contraction of 3.6% in 2020.

Latvia house prices: average price of a standard type apartment, Riga (Euro per sq. m.)



Pacific housing markets strengthening

New Zealand house price rises are accelerating and Australia's housing market is gathering pace, despite the severe economic repercussions brought by the coronavirus outbreak.

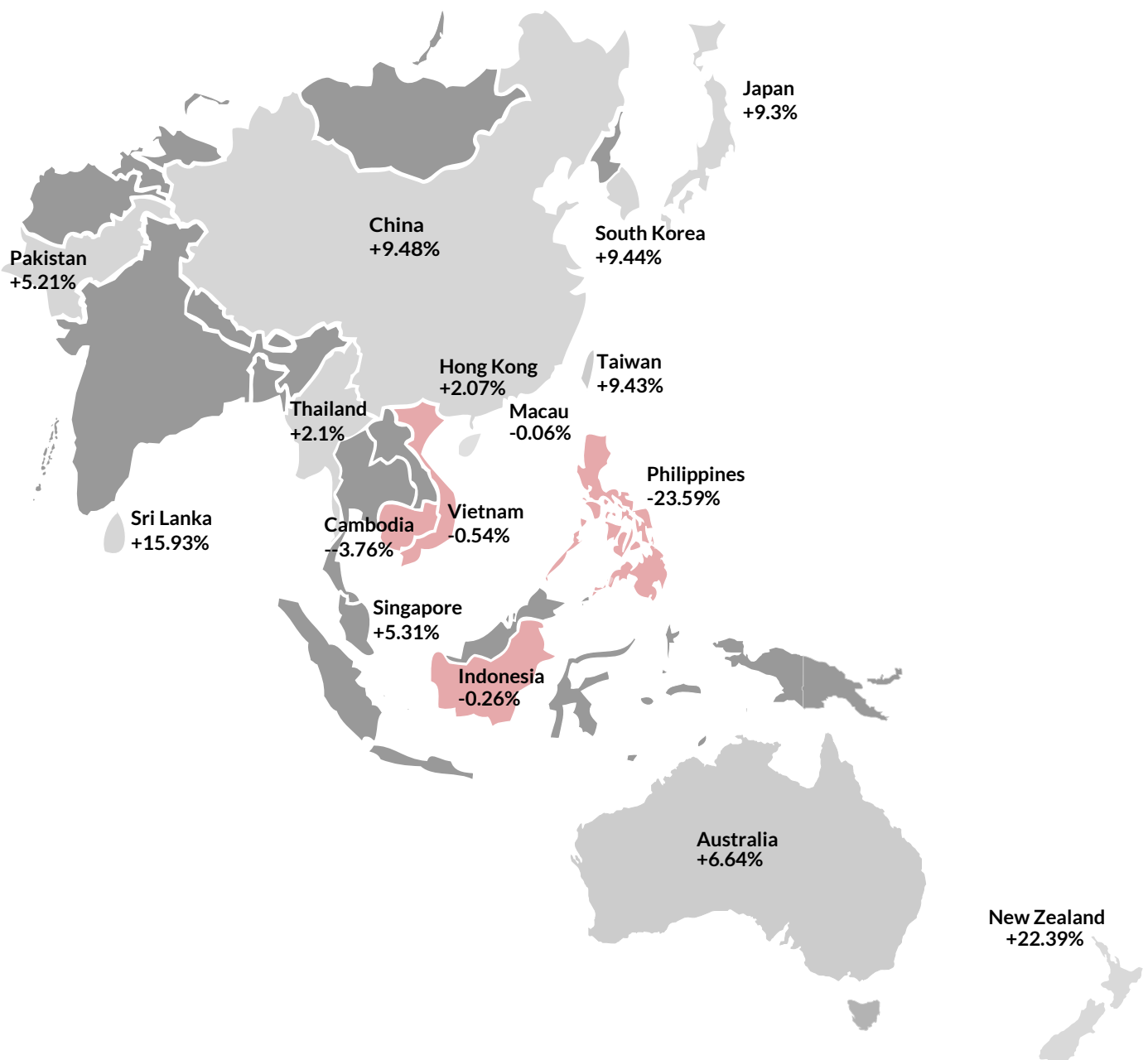
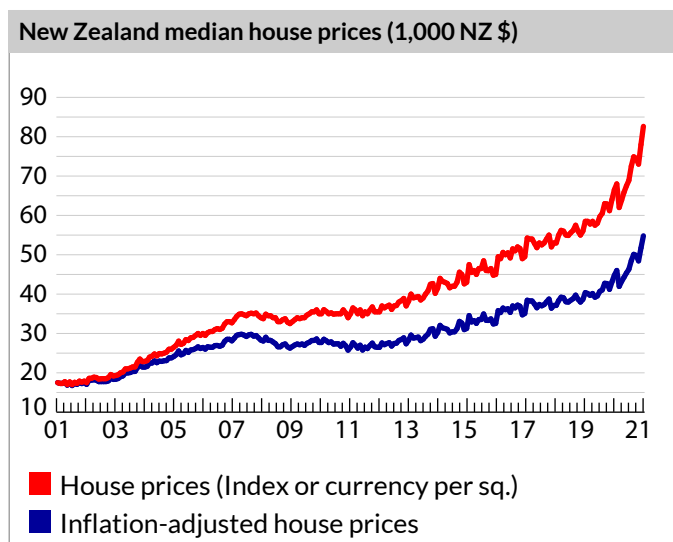


Figure 2. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

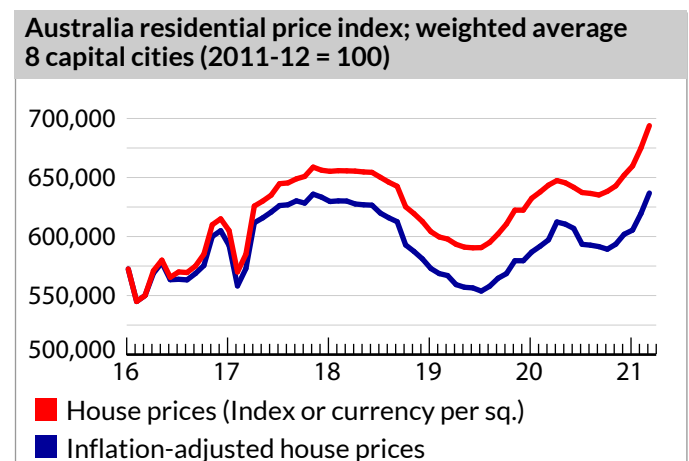
New Zealand's house prices are skyrocketing, buoyed by ultra-low interest rates, as well as limited housing supply. Median house prices rose by a whopping 22.39% during the year to Q1 2021, a sharp acceleration from a y-o-y expansion of 10.87% in Q1 2020. On a quarterly basis, real house prices increased strongly by 9.98% in Q1 2021.



Property sales in New Zealand reached 7,218 units in April 2021 - the highest number of properties sold in a month of April for five years, according to the Real Estate Institute of New Zealand (REINZ). Similarly Auckland saw the busiest April in five years, with the number of properties sold rising to 2,591 units. The limited supply of homes in the market is putting further pressure on prices. In April 2021, the number of properties available for sales in New Zealand fell by 19.6% y-o-y to 15,838 units - the lowest level of inventory for a month of April since records began.

New Zealand's economy contracted by 3% during 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% forecast by the IMF.

Australia's housing market continues to grow stronger, with record-low interest rates fuelling demand. House prices in the country's eight major cities rose by 6.64% during the year to Q1 2021, up from the previous year's 5.33% rise. Quarter-on-quarter, prices increased 5.8%.



Demand is surging. In Q1 2021, existing dwelling purchases by owner-occupiers soared 32.3% y-o-y to 76,363 units, following a 7.3% rise during 2020. Likewise, new dwelling purchases also increased 35.4% y-o-y to 7,909 units, after rising by 21.2% last year.

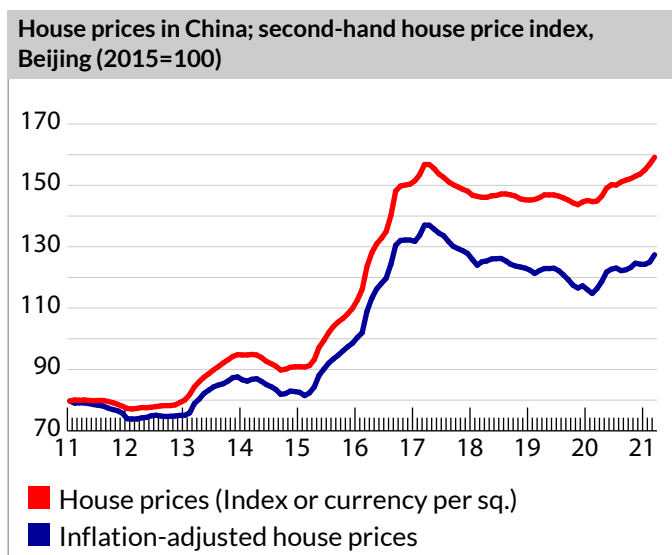
Recently, the IMF upgraded its 2021 economic growth forecast for Australia to 4.5%, from its initial projection of 3.5%. The economy contracted by 2.4% last year due to the pandemic.

Asian region strengthening

Eleven of the fourteen Asian housing markets included in our global survey showed stronger momentum in Q1 2021 compared to a year earlier. House prices rose in nine countries, with notable increases in Sri Lanka, China, South Korea, Taiwan, as well as Japan.

Sri Lanka's housing market is growing rapidly, with nationwide house prices rising by 15.93% during the year to Q1 2021, in stark contrast to the previous year's 1.44% fall. Though in the capital Colombo, real house price rises are far more modest because demand has been shifting from the city centre to rural areas, amidst the COVID-19 pandemic. The economy is projected to grow by 4% this year, after declining by 3.6% in 2020.

China's housing market made a strong comeback, amidst improving economic conditions.



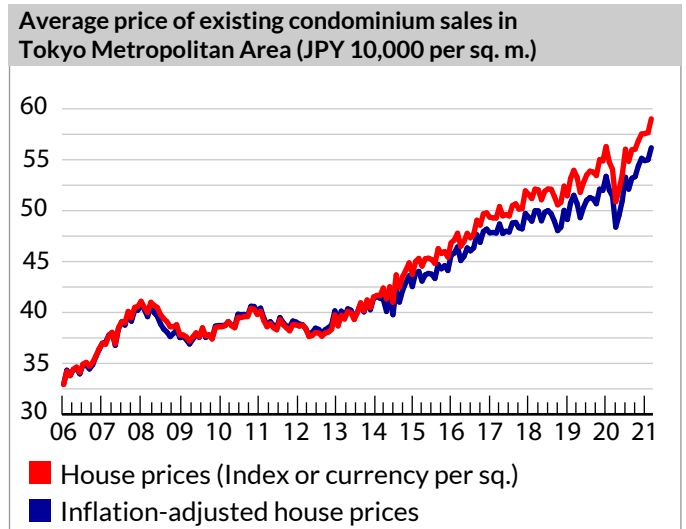
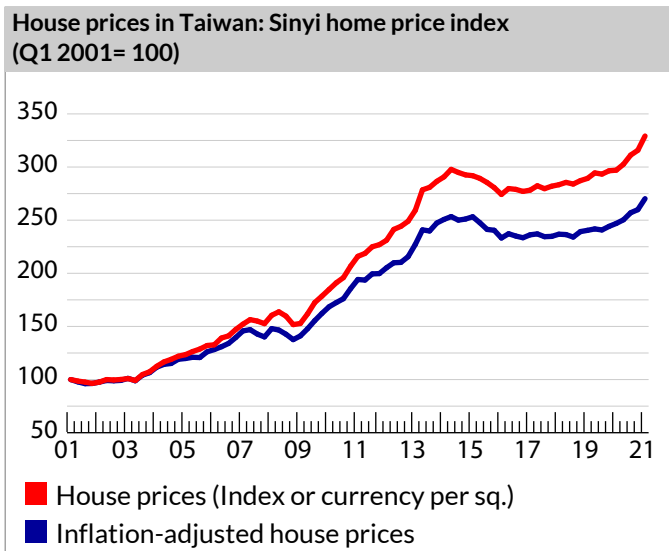
In Beijing, the price index of second-hand houses rose by 9.48% during the year to Q1 2021, in sharp contrast to a y-o-y fall of 4.82% in Q1 2020 at the onset of the pandemic. The Chinese economy is expected to grow strongly by 8.4% this year, following a modest growth of 2.3% in 2020.

After several years of lacklustre performance, **South Korea's** housing market is growing stronger, buoyed by falling interest rates. House prices rose by 9.44% during the year to Q1 2021, a sharp improvement from the previous year's 0.7% growth and its highest growth in 14 years. On a quarterly basis, house prices increased 2.42% in Q1.

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 Chonse 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 3.6% this year, after contracting by 1% last year - its first decline in 22 years on the back of the COVID-19 pandemic.

Taiwan's housing market is growing rapidly, with nationwide house prices rising strongly by 9.43% y-o-y in Q1 2021, a sharp acceleration from the previous year's modest growth of 2.7%. Quarter-on-quarter, prices increased 3.98% in Q1.

Housing transactions in Taiwan's six major cities rose by 19.3% y-o-y to 84,677 units in the first four months of 2021, after reaching a six-yearhigh in 2020. Due to better-than-expected results in Q1, the Directorate General of Budget, Accounting and Statistics (DGBAS) upgraded its economic growth forecast this year to 4.64%, from its initial projection of 3.83%.



Japan's housing market is gaining momentum again, with the average price of existing condominiums in Tokyo rising strongly by 9.3% during the year to Q1 2021, a sharp turnaround from the prior year's 0.23% fall. During the latest quarter, existing condo prices increased 1.88%. The Japanese economy is projected to grow by 3.3% this year, after shrinking by 4.8% in 2020.

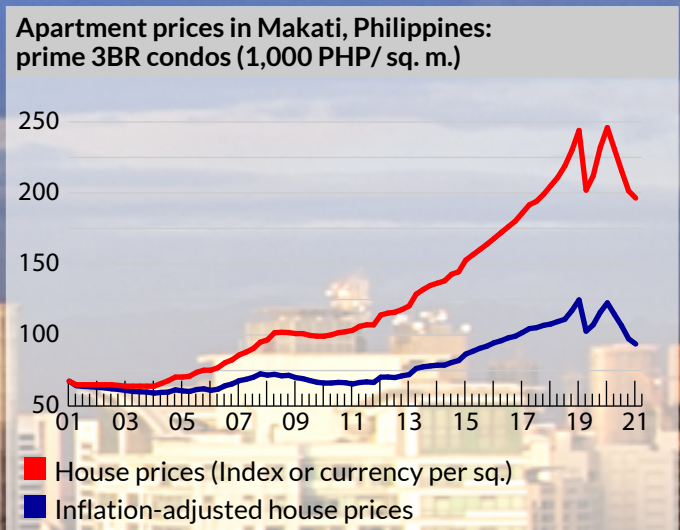
More modest house price rises were seen in **Singapore**, with house prices rising by 5.31% during the year to Q1 2021, **Pakistan** (5.21%), **Thailand** (2.1%), and **Hong Kong** (2.07%). All recorded quarterly price growth during the latest quarter. All, except Thailand, had stronger performances in Q1 2021 as compared to the previous year.

Asia's weakest housing markets

The **Philippines** remains the worst performing housing market in our global house price survey, amidst a pandemic-induced economic recession. The average price of a luxury 3-bedroom condominium unit in Makati CBD plummeted by 23.59% during the year to Q1 2021, far worse than the previous year's 1.65% fall. In fact it was the housing market's worst performance since Q4 1998. Quarter-on-quarter, apartment prices fell 3.75% 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. The pandemic aggravated the situation, causing the economy to shrink by 9.5% in 2020, its biggest contraction since the Philippine Statistics Authority (PSA) started collecting data in 1946. The economy shrank further by 4.2% in Q1 2021, its fifth consecutive quarter of y-o-y decline, but the government remains hopeful that it will achieve its 6.5% to 7.5% full-year growth this year.

Modest to minimal house price falls were recorded in Phnom Penh, **Cambodia** (-3.76%), HCMC, **Vietnam** (-0.54%), **Indonesia** (-0.26%), and **Macau** (-0.06%). All, except Cambodia, saw quarterly price falls during the latest quarter. Despite this, only Vietnam had a weaker performance in Q1 2021 from a year earlier.



Middle East remains frail, but Egypt is an exception

The Middle East's housing markets have been struggling for several years now, due to plummeting oil prices and the recently concluded political and diplomatic crisis in the region. The coronavirus pandemic has aggravated the situation. In fact, two of the five weakest housing markets in our global survey are in the Middle East.

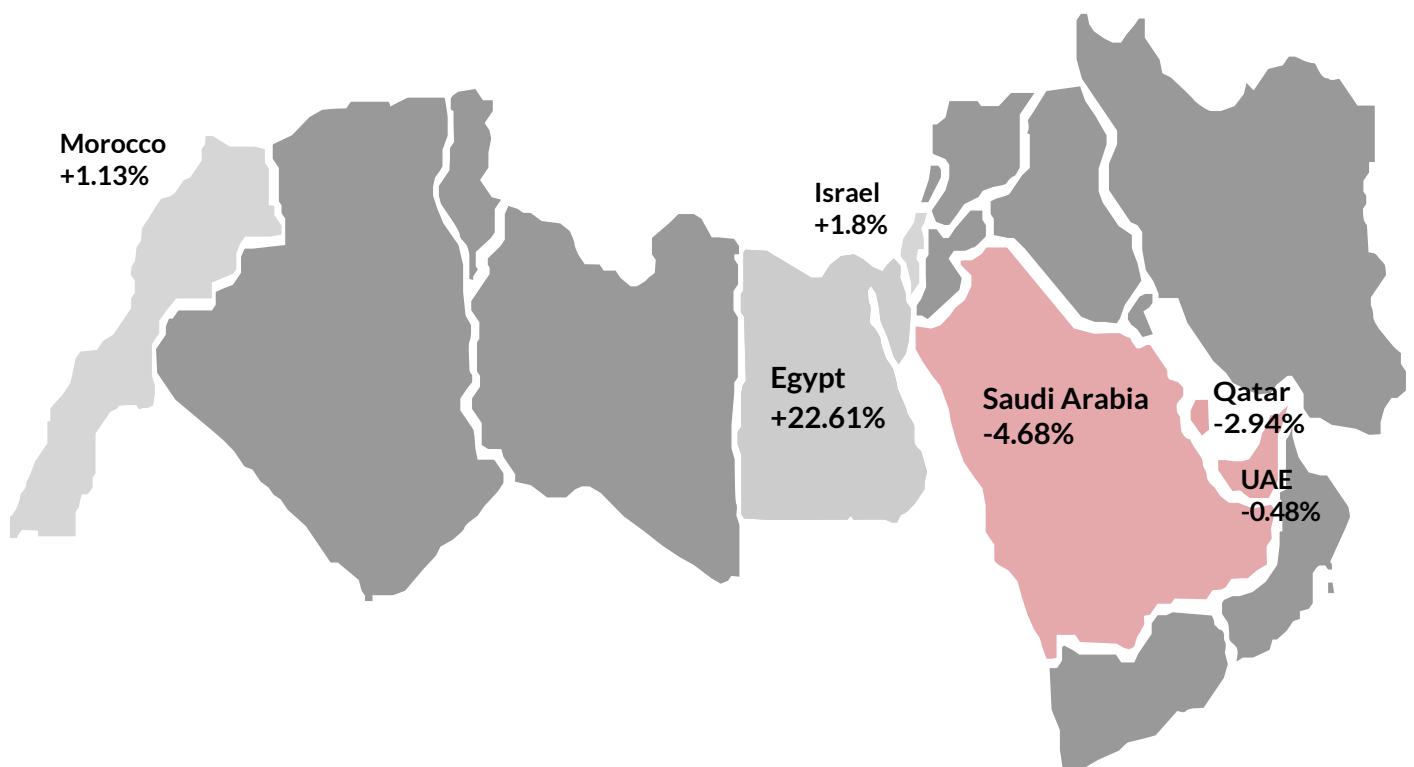
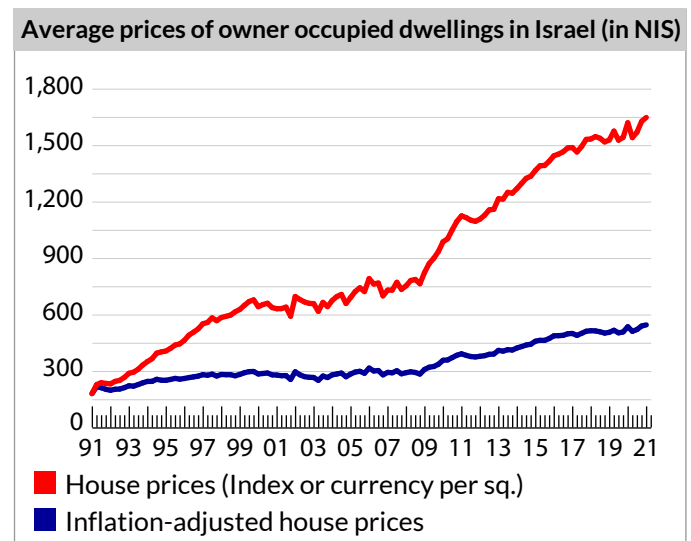
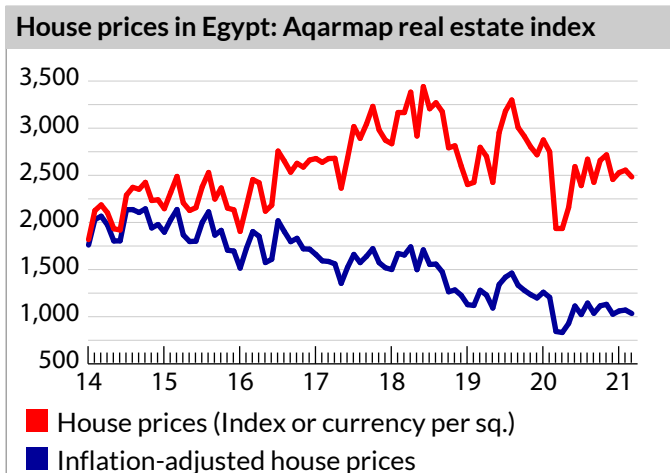


Figure 3. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

Egypt's housing market is heating up, with the nationwide real estate index rising by a huge 22.61% during the year to Q1 2021, in stark contrast to the 34.14% y-o-y decline seen in the previous year. Real house prices increased slightly by 0.72% 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. These improvements, together with the fundamentally strong local demand, are expected to boost the housing market in the coming years.

Egypt's overall economy has successfully weathered the adverse impact of the COVID-19 pandemic, with its real GDP rising by 3.6% y-o-y in 2020. 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 2.5% this year and by another 5.7% in 2022, according to the IMF.



Except Egypt, other housing markets in the region remain weak

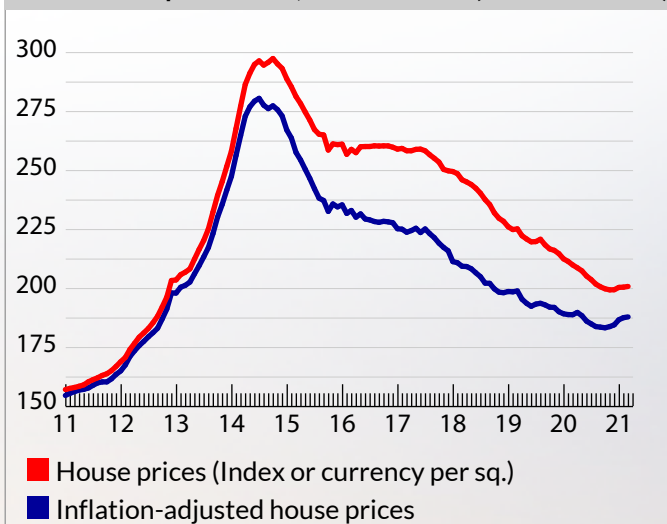
Israel's housing market is cooling, with the nationwide average price of owner-occupied dwellings rising by 1.8% during the year to Q1 2021, a slowdown from the previous year's 5.84% growth.

Israeli house prices increased 1.08% during the latest quarter. The economy is projected to grow by 5% this year, after shrinking by 2.4% in 2020. .

Morocco's housing market is gradually improving, with residential property prices rising by 1.13% during the year to Q1 2021, an improvement from a fall of 2.94% in Q1 2020. Yet during the latest quarter, house prices fell by 1.85%. The Moroccan economy will expand by about 4.5% this year, partially offsetting the 7% decline last year.

The **UAE's** housing market is finally stabilizing, with Dubai's residential property prices falling slightly by 0.48% during the year to Q1 2021, an improvement from the previous year's 5.06% decline. During the latest quarter, house prices in Dubai increased 1.83% q-o-q. The UAE economy is expected to grow by 3.1% this year, following a slump of 5.9% last year due to a crude oil price crash caused by the COVID-19 outbreak.

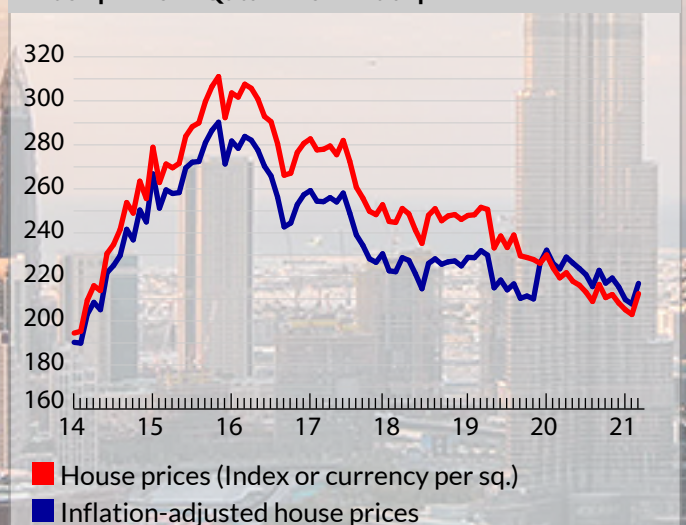
Dubai house price index, all residential (Jan 2010 = 100)



Saudi Arabia's housing market is still struggling, with the residential real estate price index falling by 4.68% during the year to Q1 2021, in contrast to the previous year's 0.57% increase. Quarter-on-quarter, prices increased by a meager 0.41% during the latest quarter. The economy is projected to grow by a modest 2.9% this year, still not enough to offset the 4.1% decline last year.

Qatar's housing market remains fragile, with the real estate price index falling by 2.94% during the year to Q1 2021, following a y-o-y decline of 3.57% in the previous year. On a quarterly basis, prices increased by a minuscule 0.77%. The outlook is now improving after the Saudis agreed in January to end their sweeping economic and political blockade, begun four years ago. The new deal, which may reflect Saudi's attempts to conciliate Biden after its previous love-fest with Trump, restores the air, land and sea links to the emirate severed in June 2017. The Qatari economy is expected to grow by 2.4% this year, after shrinking by 2.6% in 2020.

House prices in Qatar: residential price index



The Americas: US and Canada's housing boom continues

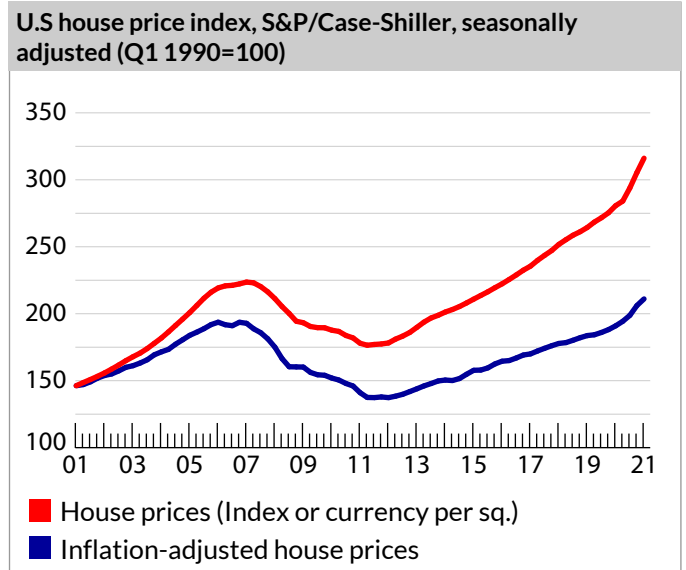
The U.S. housing market continues to amaze with double-digit house price rises and Canada's housing market is growing stronger, despite the severe economic repercussions brought by the coronavirus outbreak.



Figure 4. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

After eight years of strong house price growth, the **U.S.** house price boom continues unabated. The S&P/Case-Shiller seasonally-adjusted national home price index rose by 10.28% during the year to Q1 2021 (inflation-adjusted), a sharp improvement from the previous year's 2.94% growth. This is supported by figures released by the Federal Housing Finance Agency (FHFA), which showed that its seasonally-adjusted purchase-only U.S. house price index rose by 10.54% y-o-y in Q1 2021 (inflation-adjusted), up from the prior year's 3.96% growth and also the highest annual growth ever recorded. The S&P/Case-Shiller index rose by 2.36% q-o-q in Q1 2021, while the FHFA index increased 2.4%.

Housing demand in the U.S. continues to rise strongly, as the economy recovers. Due to very low base last year, sales of new single-family houses surged 48.3% y-o-y to a seasonally-adjusted annual rate of 863,000 units in April 2021. Likewise, existing home sales rose strongly by 33.9% y-o-y to a seasonally-adjusted annual rate of 5.85 million units in April 2021. New housing starts soared 67.3% y-o-y during the same period, while completions were up 21.7%.



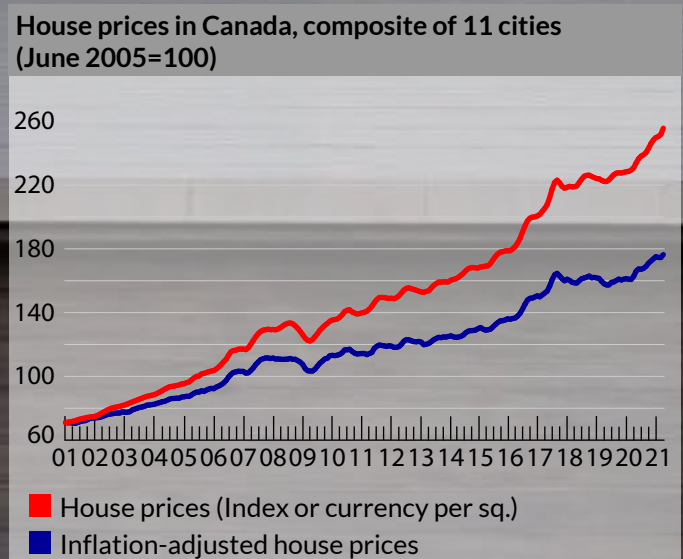
U.S. homebuilder sentiment remains high at 83 in May 2021, sharply up from just 37 in the same month last year, as pandemic-related lockdowns hit housing market activities, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). A reading of 50 is the midpoint between positive and negative sentiment.

The U.S. Fed recently upgraded its 2021 economic growth forecast to 6.5%, from its earlier estimate of a 4.2% growth, amidst accelerated vaccine distribution and new government stimulus efforts. Last year, the U.S. economy contracted by 3.5%, the biggest decline since the demobilization from World War II in 1946.

Canada's housing market is rapidly gaining momentum. House prices in the country's eleven major cities rose by 8.39% during the year to Q1 2021, a sharp acceleration from the prior year's 2.92% growth. Quarter-on-quarter, house prices increased 0.73% in Q1.

Demand has rebounded quickly with actual sales activity rising by a whopping 256% y-o-y in April 2021, reflecting the chasm between the best April ever this year and the worst ever in 2020 during the onset of the pandemic, according to the Canadian Real Estate Association (CREA). During 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. Housing starts surged by 48.2% y-o-y to 59,177 units in Q1 2021 and completions increased 5.3% to 46,019 units.

The Bank of Canada (BoC) has recently upgraded its full-year GDP growth forecast for Canada this year to around 6.5%, up from its January estimate of a 4% expansion.



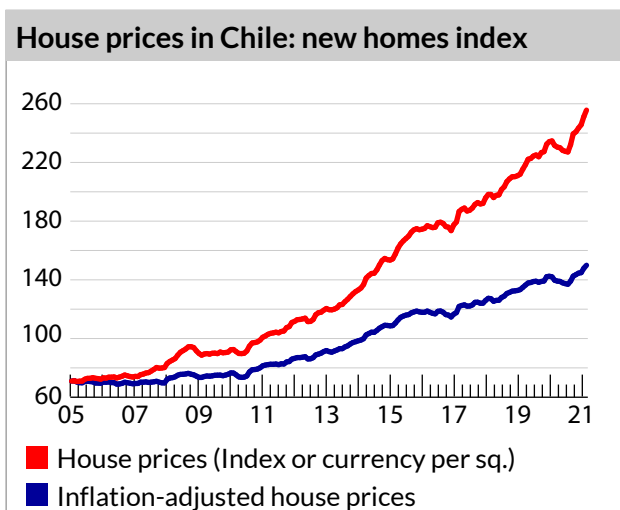
Latin America's housing markets mixed



Chile's house price growth is accelerating while Mexico remains more or less steady. In contrast, Brazil, Colombia, as well as Peru are still struggling.

Figure 5. Change in real house prices (%) over 1 year to Q1 for countries which have released Q1 figures

Chile's housing market is strengthening, as the economy gradually recovers from the pandemic. The average price of new apartments in Greater Santiago rose strongly by 7.31% during the year to Q1 2021, a sharp improvement from the previous year's 3.62% growth. On a quarterly basis, house prices increased 3.7% in Q1. The copper-rich South American country is expected to grow by 6.2% this year, following a decline of 5.8% in 2020.



Mexico's housing market continues to register modest growth, despite the Mexican economy contracting by a huge 8.2% last year, its biggest annual contraction since the 1930s. The nationwide house price index rose by 2.5% during the year to Q1 2021, following a y-o-y growth of 3.54% in Q1 2020. On a quarterly basis, house prices increased 0.96% during the latest quarter. The IMF expects the Mexican economy to expand by 5% this year.

The pandemic halts **Brazil's** housing market recovery, with house prices in Sao Paulo falling by 1.73% during the year to Q1 2021, following a y-o-y decline of 1.01% last year. On a quarterly basis, Sao Paulo prices dropped 0.79% during the latest quarter. The Brazilian economy is projected to expand by a modest 3.2% this year, following a 4.1% contraction last year.

Colombia's housing market is still weak, after several years of vigorous price rises. In Bogotá, house prices fell by 0.98% during the year to Q1 2021, following a decline of 3.85% y-o-y in Q1 2020. During the latest quarter, house prices dropped 2.48% q-o-q. After plunging by 6.8% last year, Colombia's economy is projected to grow by 5.2% this year - leaving it still below its pre-pandemic level.

Peru's housing market remains fragile, with house prices falling slightly by 0.53% during the year to Q1 2021, an improvement from a y-o-y fall of 1.99% in the previous year. Quarter-on-quarter, house prices increased 2.1% during the latest quarter. The economy is expected to grow strongly by 8.5% this year, but still not enough to fully offset the 11.1% contraction recorded last year, according to the IMF.

South Africa's housing market recovering

South Africa's housing market is showing signs of improvement, after being depressed in the past five years. The price index for medium-sized apartments rose by 1.25% the year to Q1 2021, an improvement from the previous year's 2.65% fall. Yet on a quarterly basis, house prices fell 1.83% in Q1. The South African economy is expected to post a modest growth of 3.1% this year after shrinking by 7% last year due to the pandemic.

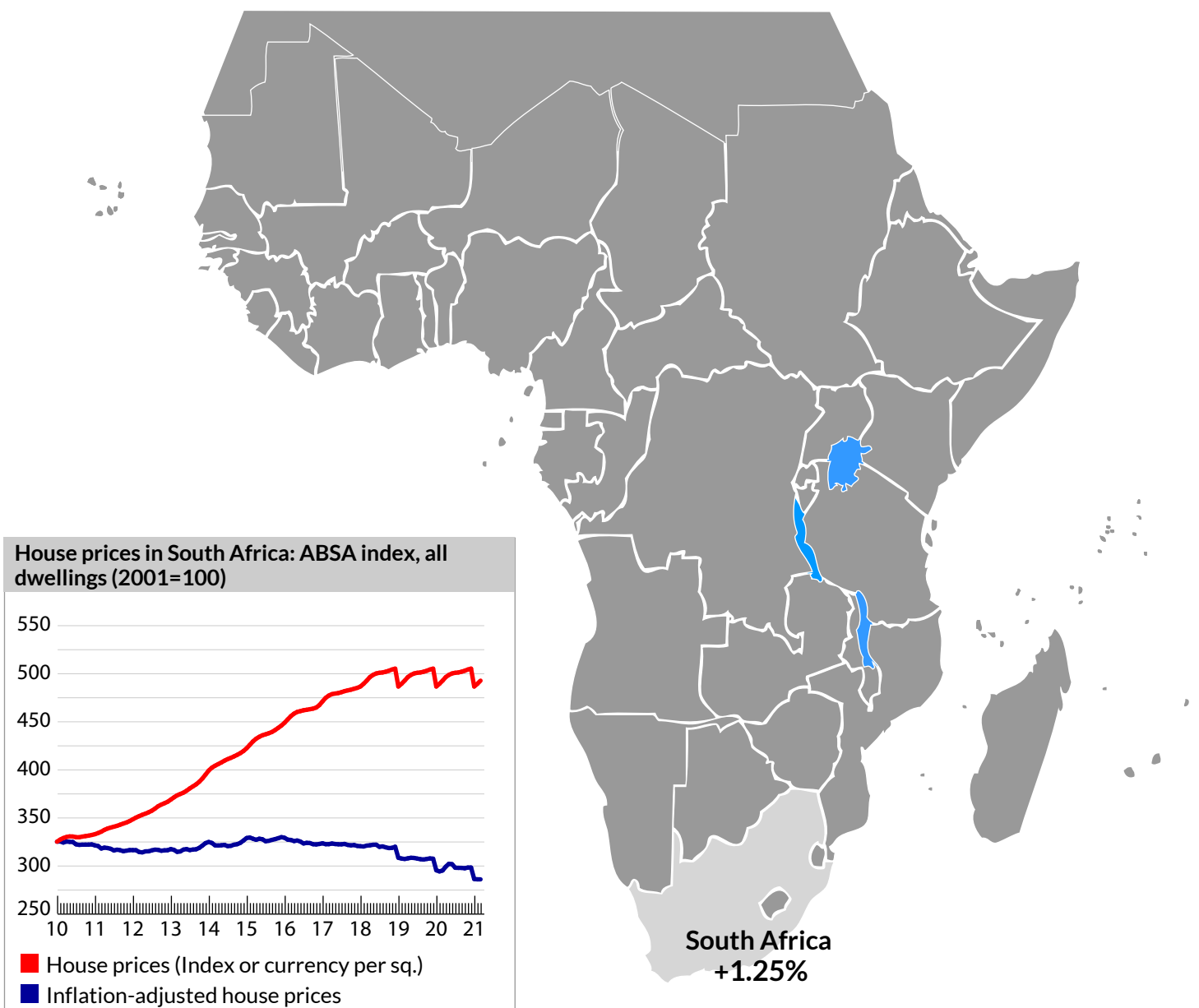


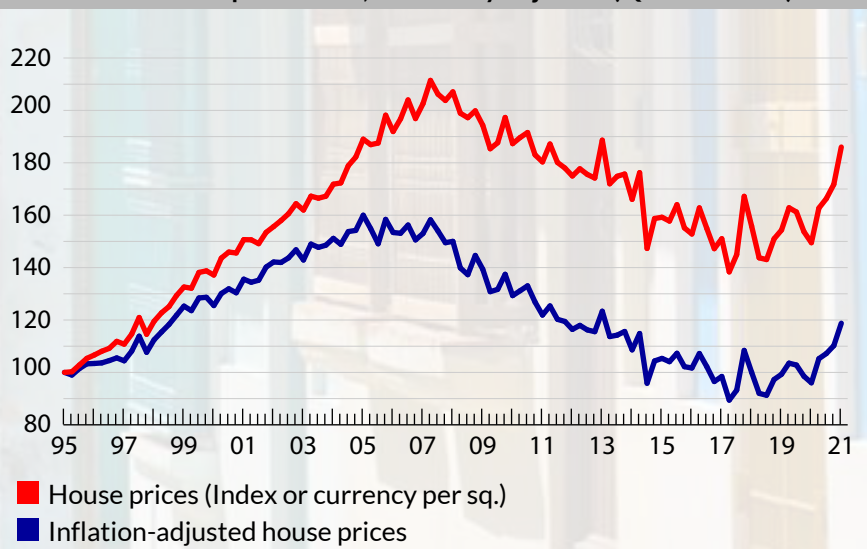
Figure 6. Change in real house prices (%) over 1 year to Q4 for countries which have released Q4 figures

Puerto Rico's impressive growth

Puerto Rico's housing market saw a strong rebound with the seasonally-adjusted purchase-only house price index rising by a whopping 23.68% during the year to Q1 2021, a sharp turnaround from a y-o-y decline of 3.28% in Q1 2020, using inflation-adjusted figures. It is the biggest annual rise in house prices since records began in 1995. Quarter-on-quarter, house prices rose 7.77% in Q1 2021.

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 2.5% this year, following a contraction of 7.5% in 2020.

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

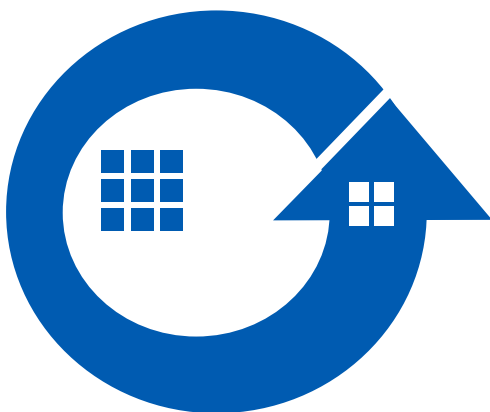


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