

# GlobalPropertyGuide

| Your Guide to the World's Housing Markets

## GLOBAL RESIDENTIAL MARKETS REPORT 8 SEPTEMBER 2021

*The world's housing markets have surged to an extent never previously experienced.  
Will some kind of reckoning follow?*



# Q2 2021: Global house price boom seems unstoppable, particularly in Europe, U.S., Canada and parts of Asia-Pacific

## During the year to Q2 2021:

- Double-digit house price increases are now becoming the norm in many countries, particularly in Europe, Asia-Pacific, and the U.S. and Canada. The magnitude of this great housing boom is utterly unprecedented. Low interest rates, monetary easing, as well as massive government stimulus in many countries must be assumed to be the main causes.
  - Real house prices (i.e., prices adjusted for inflation) rose in 43 out of the 56 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, unchanged in one country and declines in only 5 countries.
  - North American housing markets are booming. In the **U.S.**, house prices have reached record-highs, as limited supply is restricting sales activity despite the continued strong interest in homebuilding, buoyed by very low interest rates and massive government stimulus spending.
- Likewise in **Canada**, house prices in the country's eleven major cities are rising strongly again, after a two-year slowdown, thanks to robust demand, as well as improved economic prospects.
- Strong house price surges have taken place in European countries, such as **Montenegro, Slovak Republic, Sweden, the Netherlands, Germany, and the UK.**
  - Asia-Pacific housing markets are gathering pace, with notable performances in New Zealand, South Korea, Japan, Sri Lanka, and Australia.
  - A strong comeback is also seen in some countries, such as **Puerto Rico, Chile, Pakistan, and Spain.**

In its July 2021 World Economic Outlook Update, **The International Monetary Fund (IMF)** affirmed its 2021 growth forecast for the global economy at 6%, amidst accelerated vaccine distribution and new government stimulus efforts in many countries, particularly in advanced economics. The global economy contracted by 3.5% last year.

**The strongest housing markets in our global house price survey during the year to Q2 2021 included:** New Zealand (+24.18%), Montenegro (+20.42%), Slovak Republic (+15.96%), Sweden (+15.14%), and the U.S. (+12.56%), using inflation-adjusted figures.

**The biggest y-o-y house price decline** was in Makati CBD, Philippines (-20.93%), followed by Phnom Penh, Cambodia (-10.14%), Saudi Arabia (-5.02%), Bogota, Colombia (-4.17%), and Egypt (-3.68%), again using inflation-adjusted figures.



HOUSE PRICE CHANGE (INFLATION-ADJUSTED)				
COUNTRY	year on year (%)		q-o-q(%)	
	Q2 2020	Q2 2021	Q2 2021	
New Zealand	7.67	↑	24.18	-2.04
Montenegro	-16.9	↑	20.42	0.11
Slovak Republic	9.13	↑	15.96	4.87
Sweden	5.52	↑	15.14	5.40
US (Case-Shiller)	3.75	↑	12.56	2.84
Canada	5.19	↑	12.55	6.68
Jersey	8.10	↑	12.50	8.96
Puerto Rico	1.92	↑	12.42	-0.04
Netherlands	5.97	↑	12.29	4.11
US (FHFA)	5.45	↑	11.99	2.52
Germany	10.85	↗	11.68	2.30
South Korea	2.90	↑	11.22	3.15
Japan (Tokyo)	1.28	↑	10.89	0.58
Chile	-0.14	↑	10.71	1.86
Sri Lanka	-2.06	↑	10.08	-6.60
Turkey	11.59	↓	9.91	4.12
Norway	1.12	↑	9.42	4.27
Denmark	2.13	↑	9.22	3.27
Australia (8 capital cities)	9.06	↗	9.20	4.06
Pakistan	-4.62	↑	9.12	3.74
Portugal	8.12	↗	8.42	1.54
Taiwan	3.55	↑	8.19	0.23
UK (Nationwide)	1.11	↑	8.07	3.45
Iceland	3.92	↑	8.05	3.91
Austria (Vienna)	3.08	↑	8.01	1.07
Russia	4.82	↑	7.87	2.31
China (Beijing)	-0.25	↑	7.82	3.85
Romania	7.30	↗	7.31	6.02
Spain	-4.46	↑	7.13	-0.34
Malta	-3.29	↑	6.32	0.08
Israel	-1.13	↑	5.76	-4.09
Ireland	0.39	↑	5.21	2.17
Singapore	1.74	↑	4.62	0.11
Finland	-0.63	↑	3.49	2.86
North Macedonia	0.03	↑	3.01	2.37
UAE (Dubai)	-3.27	↑	2.90	1.91
Switzerland	0.61	↑	1.89	-0.07
Mexico	2.93	↓	1.67	0.87
Latvia (Riga)	0.85	↗	1.67	2.45
Macau	-2.33	↑	1.47	2.88
Hong Kong	-2.49	↑	1.02	1.08
Ukraine (Kiev)	-0.27	↗	0.55	-1.74
Thailand	7.66	↓	0.19	0.07
Indonesia	-0.52	↗	0.01	0.07
Italy	-0.67	↘	-0.85	0.16
Qatar	2.38	↓	-1.01	1.93
South Africa	-0.53	↘	-1.30	0.05
Peru	-1.78	↗	-1.72	-0.22
Poland (Warsaw)	7.85	↓	-2.06	-0.69
Vietnam (HCMC)	24.59	↓	-2.76	3.91
Brazil (Sao Paulo)	0.31	↓	-3.63	-0.72
Morocco	-3.40	↘	-3.67	-6.37
Egypt	-17.00	↑	-3.68	3.72
Colombia (Bogota)	-0.84	↓	-4.17	-2.54
Saudi Arabia	1.31	↓	-5.02	-0.33
Cambodia (Phnom Penh)	-9.45	↘	-10.14	-10.08
Philippines (Makati CBD)	11.52	↓	-20.93	-3.33

↑ - 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:

42 of the world's housing markets for which figures are available showed stronger upward momentum during the year to Q2 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:

**New Zealand** is now the strongest housing market in our global house price survey, with the nationwide median house price rising by a record 24.18% (inflation-adjusted) during the year to Q2 2021, more than tripled the y-o-y increase of 7.67% in Q2 2020. Though on a quarterly basis, real house prices fell by 2.04% in Q2 2021.

All figures that follow are inflation-adjusted.

HOUSE PRICE CHANGE (NOMINAL)				
COUNTRY	year on year (%)		q-o-q(%)	
	Q2 2020	Q2 2021	Q2 2021	Q2 2021
Turkey	25.68	▲	29.18	8.88
New Zealand	9.23	▲	28.33	-0.76
Montenegro	-17.08	▲	23.30	1.15
Pakistan	4.06	▲	19.71	5.24
US (Case-Shiller)	4.42	▲	18.63	5.49
Slovak Republic	11.25	▲	18.54	6.32
US (FHFA)	5.83	▲	17.42	4.92
Sweden	5.63	▲	17.21	6.03
Jersey	8.65	▲	16.39	10.09
Canada	5.88	▲	15.99	8.06
Sri Lanka	1.77	▲	15.86	-4.25
Puerto Rico	0.18	▲	15.42	0.89
Chile	2.48	▲	14.92	2.60
Netherlands	7.64	▲	14.55	4.87
Russia	8.08	▲	14.36	4.37
Germany	11.79	▲	14.30	3.82
South Korea	2.89	▲	13.89	3.37
Australia (8 capital cities)	8.68	▲	13.36	4.83
Iceland	6.67	▲	12.63	5.36
Norway	2.27	▲	12.52	4.75
Denmark	2.43	▲	11.12	3.96
Japan (Tokyo)	1.38	▲	11.11	0.68
Romania	9.62	▲	11.03	7.32
Austria (Vienna)	4.16	▲	10.72	2.24
UK (Nationwide)	1.96	▲	10.26	4.78
Taiwan	2.77	▲	10.24	1.35
Spain	-4.79	▲	10.06	1.79
China (Beijing)	2.25	▲	9.70	3.54
Portugal	8.25	▲	8.97	2.36
Malta	-2.58	▲	7.86	1.48
Mexico	5.78	▲	7.72	2.29
Israel	-2.20	▲	7.17	-3.04
Singapore	1.19	▲	7.14	0.80
Ireland	0.00	▲	6.86	3.17
Finland	-0.81	▲	5.65	3.62
Ukraine (Kiev)	0.10	▲	5.43	0.55
Latvia (Riga)	0.12	▲	4.42	4.16
Brazil (Sao Paulo)	2.45	▲	4.41	0.95
North Macedonia	1.42	▲	4.02	2.97
South Africa	1.60	▲	3.70	1.14
Switzerland	-0.62	▲	2.39	0.62
Poland (Warsaw)	11.28	▼	2.21	1.16
Hong Kong	-1.78	▲	2.02	1.26
Indonesia	1.59	▲	1.49	0.45
Peru	-0.21	▲	1.48	0.46
Thailand	5.88	▼	1.45	0.85
Egypt	-12.25	▲	1.12	5.56
Macau	-0.82	▲	1.05	2.99
Qatar	-9.37	▲	0.95	2.64
Saudi Arabia	1.84	▼	0.83	0.18
Italy	-0.86	▲	0.41	0.64
UAE (Dubai)	-6.60	▲	0.00	2.19
Vietnam (HCMC)	28.52	▼	-0.46	4.13
Colombia (Bogota)	1.34	▼	-0.69	-1.03
Morocco	-4.07	▲	-2.26	-5.83
Cambodia (Phnom Penh)	-6.55	▼	-7.86	-9.23
Philippines (Makati CBD)	14.31	▼	-17.64	-3.18

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**Montenegro's** housing market made a surprise comeback, with the price of dwellings in new residential buildings rising by a whopping 20.42% during the year to Q2 2021. This is in sharp contrast to a y-o-y price fall of 16.93% during the previous year. Quarter-on-quarter, prices rose slightly by 0.11% in Q2 2021.

**Slovak Republic's** house price boom continues strong, with house prices rising by a huge 15.96% during the year to Q2 2021, up from the previous year's 9.13% growth and its biggest annual increase since Q2 2008. On a quarterly basis, real house prices increased 4.87% in Q2. Slovak house prices have been rising since 2014.

**Sweden's** nationwide house price index rose by 15.14% during the year to Q2 2021 – almost triple the previous year's 5.52% y-o-y increase. Quarter-on-quarter, house prices increased 5.4% in Q2.

**The U.S.** amazing housing boom continues strong, with the S&P/Case-Shiller seasonally-adjusted national home price index surging by 12.56% during the year to Q2 2021, sharply up from the previous year's 3.75% growth and the biggest y-o-y increase ever recorded. This is supported by figures released by the Federal Housing Finance Agency, which showed that its seasonally-adjusted purchase-only U.S. house price index rose by 11.99% y-o-y in Q2 2021, the highest annual growth on record. The S&P/Case-Shiller index rose by 2.84% q-o-q in Q2 2021, while the FHFA index increased 2.52%.



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# THE WORLD'S REGIONS:

## Europe remains in full-fledged house price boom

Europe's great house price boom continues to strengthen, despite the economic repercussions of the COVID-19 pandemic. House prices have risen in no less than 23 of the 25 European housing markets for which figures were available during the year to Q2 2021. Three of the five strongest housing markets in our global survey are in Europe.

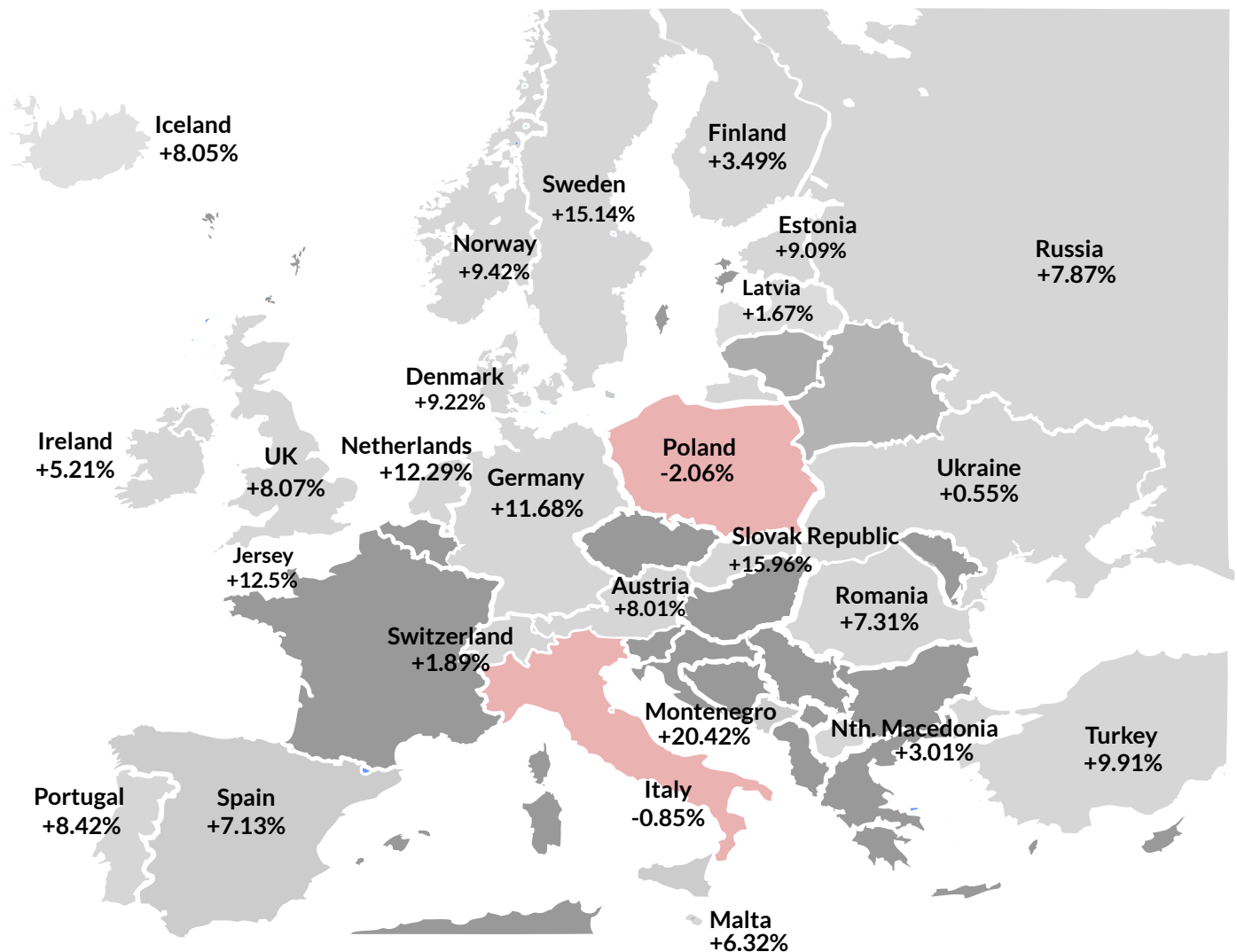


Figure 1. Change in real house prices (%) over 1 year to Q2 for countries which have released Q2 figures

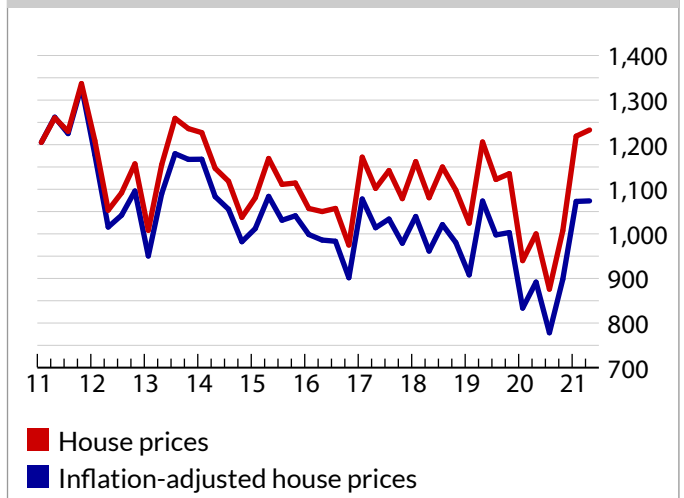
**Montenegro's** housing market made a surprise comeback, with the price of dwellings in new residential buildings rising by a whopping 20.42% during the year to Q2 2021. This is in sharp contrast to a y-o-y price fall of 16.93% the previous year. Quarter-on-quarter, prices rose slightly by 0.11% in Q2 2021.

Demand is rising again, especially from foreign homebuyers. In the first half of 2021, foreign direct investment in real estate more than doubled to €90.5 million compared to €43.6 million a year earlier, 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's** house price boom continues strong, with house prices rising by a huge 15.96% during the year to Q2 2021, up from the previous year's 9.13% growth and its biggest annual increase since Q2 2008. On a quarterly basis, real house prices increased 4.87% in Q2.

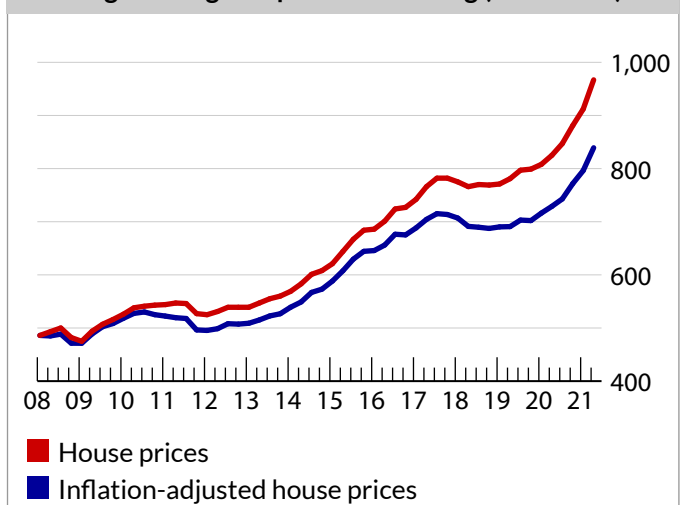
Slovak house prices have been rising since 2014. Despite the pandemic, property demand, both from local and from foreign investors, remains fundamentally strong. The Slovak economy is projected to grow by 4.9% this year, following a contraction of 4.8% in 2020, according to the European Commission.

Montenegro house price index



**Sweden's** housing market has strengthened further, with the nationwide house price index rising by 15.14% during the year to Q2 2021 - almost triple the previous year's 5.52% y-o-y increase. Quarter-on-quarter, house prices increased by 5.4% in Q2. The Swedish economy is projected to grow by 4.6%, fully offsetting its modest contraction of 2.8% last year, according to the European Commission.

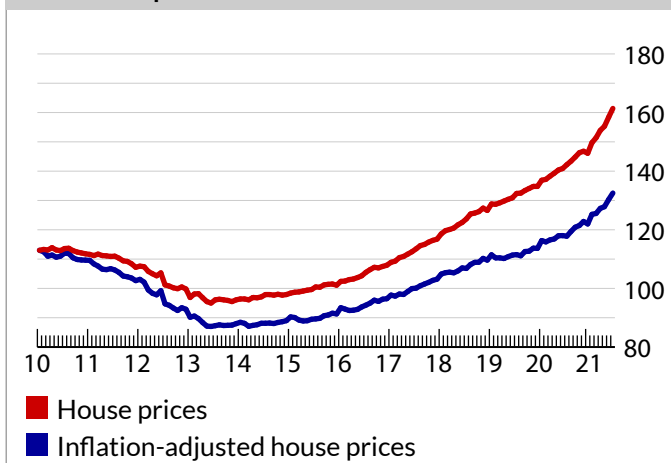
House prices in Sweden: price index for 1 and 2 dwelling buildings for permanent living (1990=100)





The **Netherlands'** house price growth has continued to accelerate, buoyed by record low interest rates, and with supply unable to keep up with strong demand. The average purchase price of all dwellings rose strongly by 12.29% during the year to Q2 2021, up from the previous year's 5.97% growth. It was the country's best showing since Q4 2000. On a quarterly basis, house prices increased 4.11% during the latest quarter. In the first seven months of 2021, the number of dwellings sold rose by 7.3% y-o-y to 138,457 units, following 7.7% growth in 2020, according to Statistics Netherlands (CBS). The Dutch economy is projected to grow by an average of 3.3% annually in the next two years, following a decline of 3.7% in 2020.

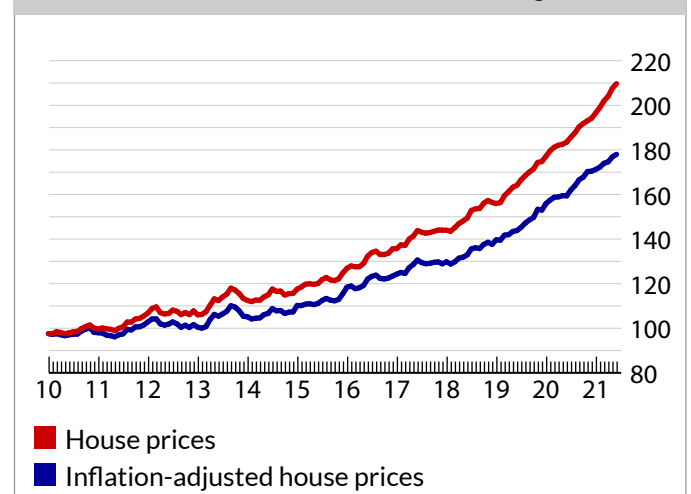
Average house price in Netherlands, existing owner-occupied homes



**Germany's** housing market remains vibrant, amidst improving economic conditions. The average price of apartments rose by a huge 11.68% during the year to Q2 2021, following y-o-y rises of 9.59% in Q1 2021, 11.42% in Q4 2020, 12.14% in Q3, and 10.85% in Q2.

On a quarterly basis, house prices increased 2.3% in Q2 2021.

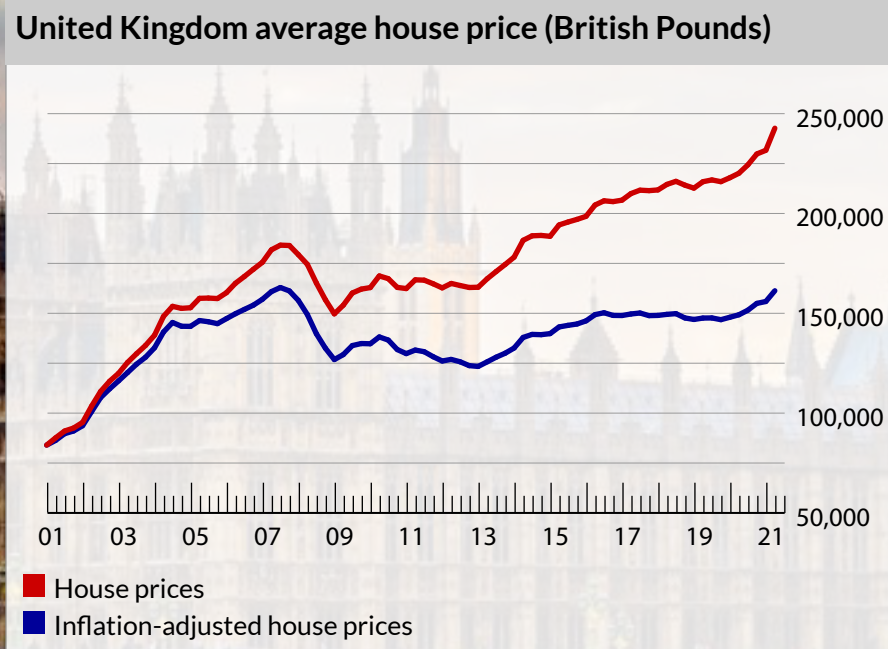
House price index Germany: apartments (Aug 2005=100)



Germany's housing market has been growing continuously in the past six years, with house prices up by more than 70% 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 robust demand. The German economy is projected to expand by 3.6% this year, following a 4.8% contraction in 2020.

The **UK's** housing market is strengthening, with real house prices rising rapidly by 8.07% during the year to Q2 2021, a sharp improvement from the previous year's minuscule growth of 1.11%. Quarter-on-quarter, real house prices increased 3.45% during the latest quarter. In London, real house prices rose by 5.13% (inflation-adjusted) during the year to Q2 2021, far better than the y-o-y rise of 1.24% in Q2 2020. All other regions also saw house price rises during the year to Q2 2021.

Residential property transactions in the UK almost tripled to 429,290 in Q2 2021 from a year earlier, according to HM Revenue & Customs. It was also 50% higher than in Q2 2019 and the biggest sales volume since Q3 2007. In England, transactions rose by 184% to 375,610 in Q2 2021 from a year earlier. The UK economy is expected to expand by 6.8% this year, after shrinking by a record 10.3% in 2020.



Other strong European housing markets include **Jersey**, with house prices rising by 12.5% during the year to Q2 2021, Turkey (9.91%), **Norway** (9.42%), **Denmark** (9.22%), **Portugal** (8.42%), **Iceland** (8.05%), **Vienna, Austria** (8.01%), **Russia** (7.87%), **Romania** (7.31%), **Spain** (7.13%), and **Malta** (6.32%). All, except Spain, recorded positive quarterly growth during the latest quarter. All, except Turkey, had stronger performances in Q2 2021 compared to the previous year.

Modest to minimal annual house prices rises were seen in **Ireland** (5.21%), **Finland** (3.49%), **North Macedonia** (3.01%), **Switzerland** (1.89%), Riga, **Latvia** (1.67%), and Kiev, **Ukraine** (0.55%). All, except Switzerland and Ukraine, saw quarterly price growth during the latest quarter. All performed better in Q2 2021 compared to a year earlier.

Interestingly, only Warsaw, **Poland** and **Italy** registered minimal house price declines, falling by 2.06% and 0.85%, respectively, during the year to Q2 2021. Both recorded weaker performances in Q2 2021 compared to a year earlier but only Poland saw slight quarterly price fall of 0.69% during the latest quarter.

## Pacific housing markets continue to grow stronger

New Zealand has had record-breaking house price growth and Australia's housing market continues to grow stronger, despite the severe economic repercussions of the coronavirus outbreak.

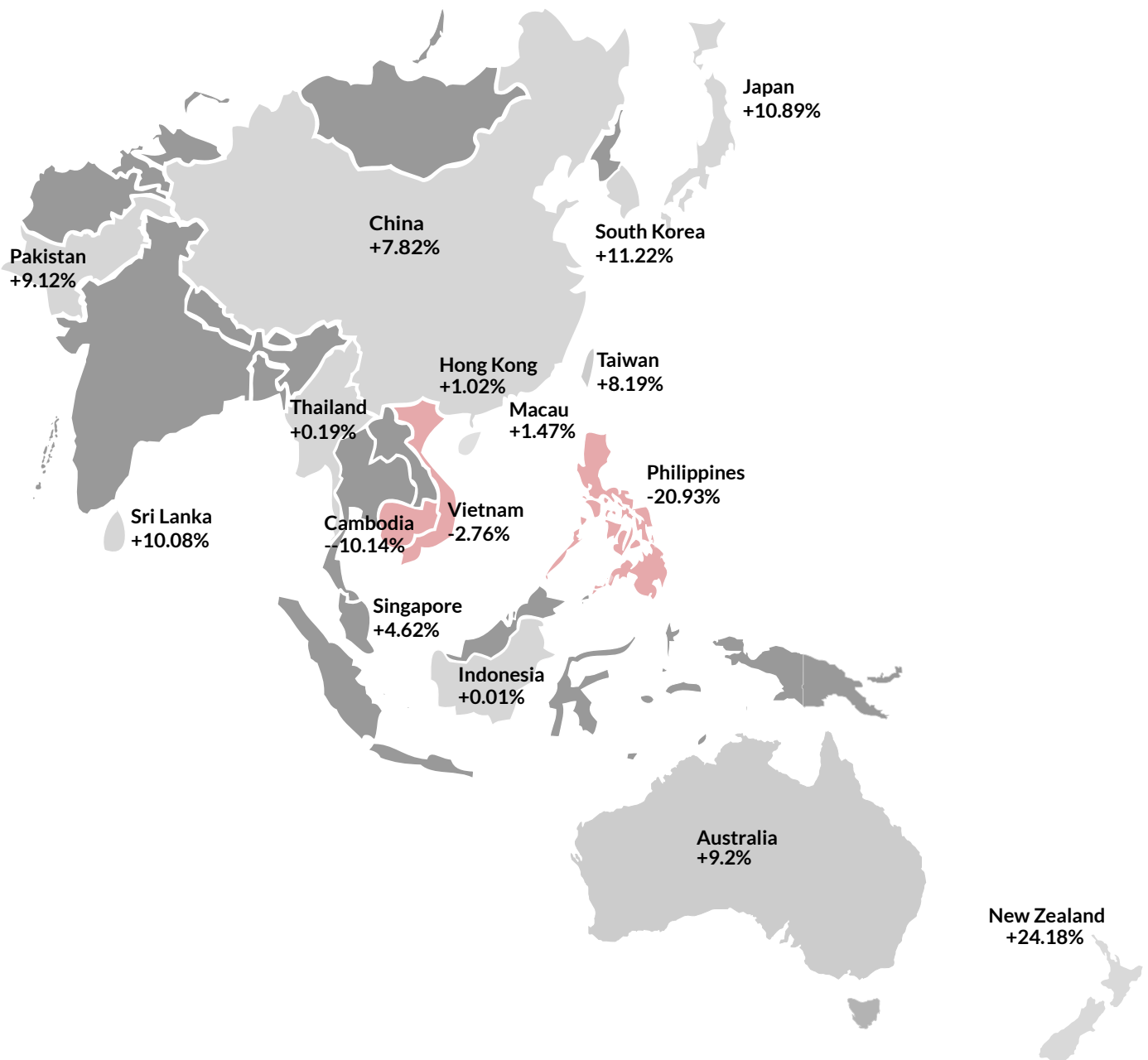


Figure 2. Change in real house prices (%) over 1 year to Q2 for countries which have released Q2 figures

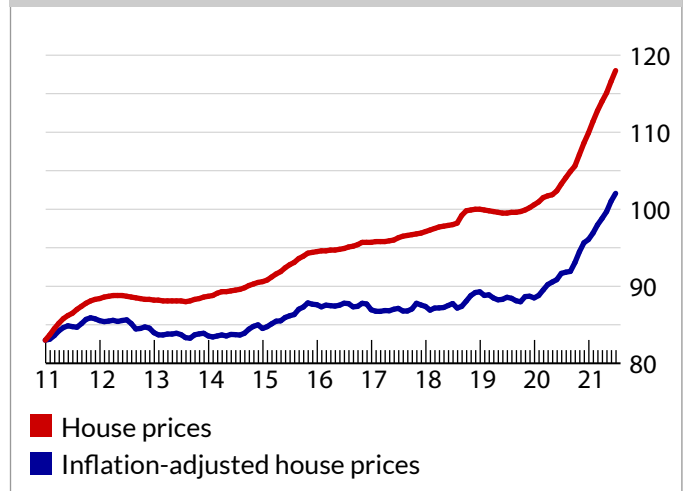
## Asian region gaining momentum

Ten of the fourteen Asian housing markets included in our global survey showed stronger momentum in Q2 2021 compared to a year earlier. House prices rose in eleven countries, with notable increases in South Korea, Japan, Sri Lanka, as well as Pakistan.

After several years of lacklustre performance, **South Korea's** housing market has been gathering pace, buoyed by falling interest rates. House prices rose by 11.22% during the year to Q2 2021, a sharp improvement from the previous year's 2.9% growth and its highest growth in more than 18 years. On a quarterly basis, house prices increased by 3.15% in Q2.

Foreigners have been buying more properties in South Korea in recent years, though the country has the 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.

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

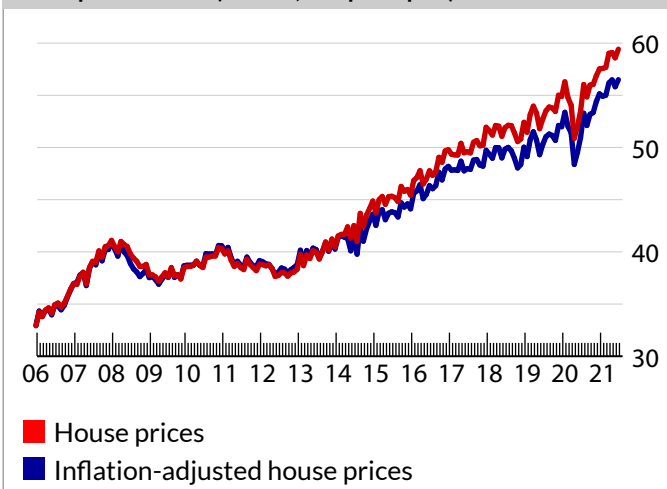


It has been stable since the 2007 crisis. Early this year, the government announced a plan to construct 830,000 new housing units nationwide, including 320,000 units in Seoul by 2025, in an effort to address the shrinking supply and control house price rises.

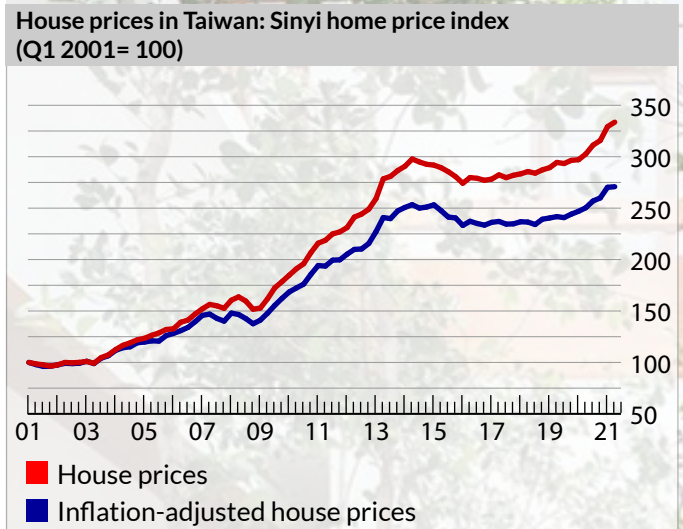
Recently, the IMF upgraded its 2021 economic growth forecast for South Korea to 4.3%, from its initial projection of 3.6%. During 2020, the country's trade-reliant economy contracted by 1%, its first decline in 22 years due to COVID-19.

**Japan's** housing market continues to impress, with the average price of existing condominiums in Tokyo rising strongly by 10.89% during the year to Q2 2021, a sharp improvement on the previous year's 1.28% y-o-y increase. During the latest quarter, existing condominium prices increased by 0.58%. However, the recent reimposition of coronavirus emergency curbs in Tokyo is clouding the economic outlook, prompting the IMF to cut its 2021 growth projection for Japan to 2.8%, from its earlier estimate of 3.3%.

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



**Sri Lanka's** housing market continues to grow strongly, with nationwide house prices rising by 10.08% during the year to Q2 2021, in stark contrast to the previous year's 2.06% fall. In the capital Colombo, real house price rises were up 13.39%, a sharp improvement from a miniscule growth of 0.98% in Q2 2020. The economy is projected to grow by 4% this year, after declining by 3.6% in 2020.



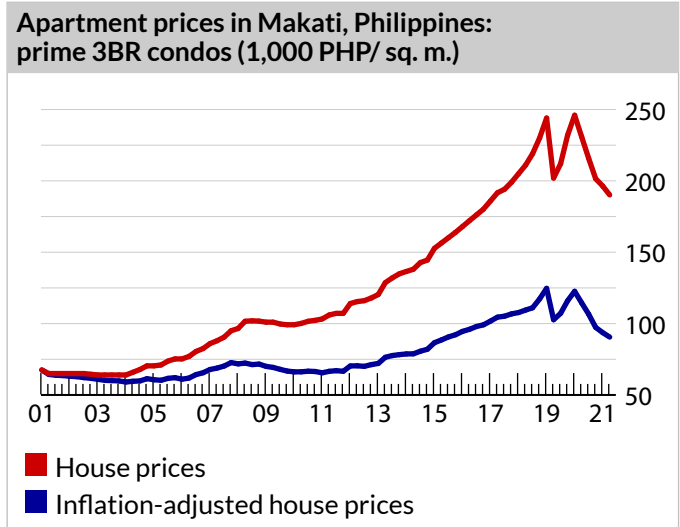
Strong house price increases were also recorded in **Pakistan**, with house prices rising by 9.12% during the year to Q2 2021, **Taiwan** (8.19%), Beijing, **China** (7.82%) and **Singapore** (4.62%). All saw quarterly price growth during the latest quarter and performed better in Q2 2021 as compared to a year earlier.

Asian housing markets with minimal house price rises include **Macau** (1.47%), **Hong Kong** (1.02%), **Thailand** (0.19%), and Indonesia (0.01%). All recorded a quarterly price increase during the latest quarter. All, except Thailand, had stronger performances during Q2 2021 as compared to a year earlier.

## Asia's weakest housing markets

The **Philippines** remains the worst performing housing market in our global house price survey, as the economy continues to struggle amidst the reimposition of pandemic-related containment measures due to the resurgence of infections. The average price of a luxury 3-bedroom condominium unit in Makati CBD plummeted by 20.93% during the year to Q2 2021, in stark contrast to the previous year's 11.52% y-o-y increase. It was the housing market's second worst performance since Q4 1998. Quarter-on-quarter, apartment prices fell 3.33% during the latest quarter.

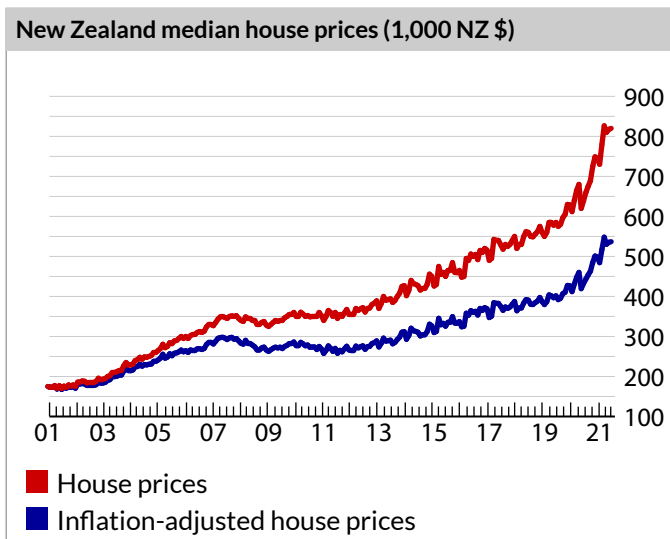
The Philippines experienced a house price boom from 2010 to 2018, with Makati CBD prices rising by more than 132% (76% inflation-adjusted) due to strong demand and rapid economic growth. But with a slowing domestic economy, coupled with the US-China trade war, the housing market slowed sharply in 2019. 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. Recently, the IMF downgraded its 2021 growth forecast for the Philippines to 5.4%, from its earlier estimate of 6.9%.



**Cambodia's** housing market continues to struggle, with the average price of high-end condominium unit in Phnom Penh falling by 10.14% during the year to Q2 2021, worse than the previous year's 9.45% decline. Quarter-on-quarter, prices dropped 10.08% in Q2. The economy is expected to grow by 4.2% this year, following a 3.5% contraction last year.

**Vietnam's** housing market is also cooling rapidly, with house prices in Ho Chi Minh City falling by 2.76% during the year to Q2 2021, a sharp turnaround from the whopping 24.59% y-o-y rise recorded in Q2 2020. Yet on a quarterly basis, prices in HCMC increased 3.91%. After slowing last year, the Vietnamese economy is projected to grow strongly again by 6.5% this year.

**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 record 24.18% (inflation-adjusted) during the year to Q2 2021, more than triple the y-o-y increase of 7.67% in Q2 2020. However on a quarterly basis, real house prices fell by 2.04% in Q2 2021.



Despite the pandemic and the subsequent lockdowns, demand remains very strong. In June 2021, residential property sales in New Zealand reached 7,345 units – the highest number of properties sold in the month of June for five years, according to the Real Estate Institute of New Zealand (REINZ). Similarly Auckland saw the busiest June in 15 years, with the number of properties sold rising by 29% y-o-y to 2,766 units. The limited supply of homes in the market is putting further pressure on prices.

In June 2021, the number of properties available for sale in New Zealand fell by 33.3% y-o-y to 13,861 units – the second lowest inventory level ever recorded. 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%, according to 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 9.2% during the year to Q2 2021, slightly up from the previous year's 9.06% rise. Quarter-on-quarter, prices increased 4.06%.

Both demand and supply are rising strongly. During the year to June 2021, sales transactions reached 582,900 units – the highest annual sales volume since February 2004, according to CoreLogic. All greater capital cities, except Hobart, saw strong growth in annual sales volume over the same period. Likewise, dwelling approvals surged by almost 37% to 98,789 units in the first five months of 2021 compared to a year ago, following an annual increase of 5.6% in 2020, according to Australian Bureau of Statistics.

Recently, the IMF upgraded again its 2021 economic growth forecast for Australia to 5.3%, from its earlier projection of 4.5%. The economy contracted by 2.4% last year due to the pandemic.



## 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 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.

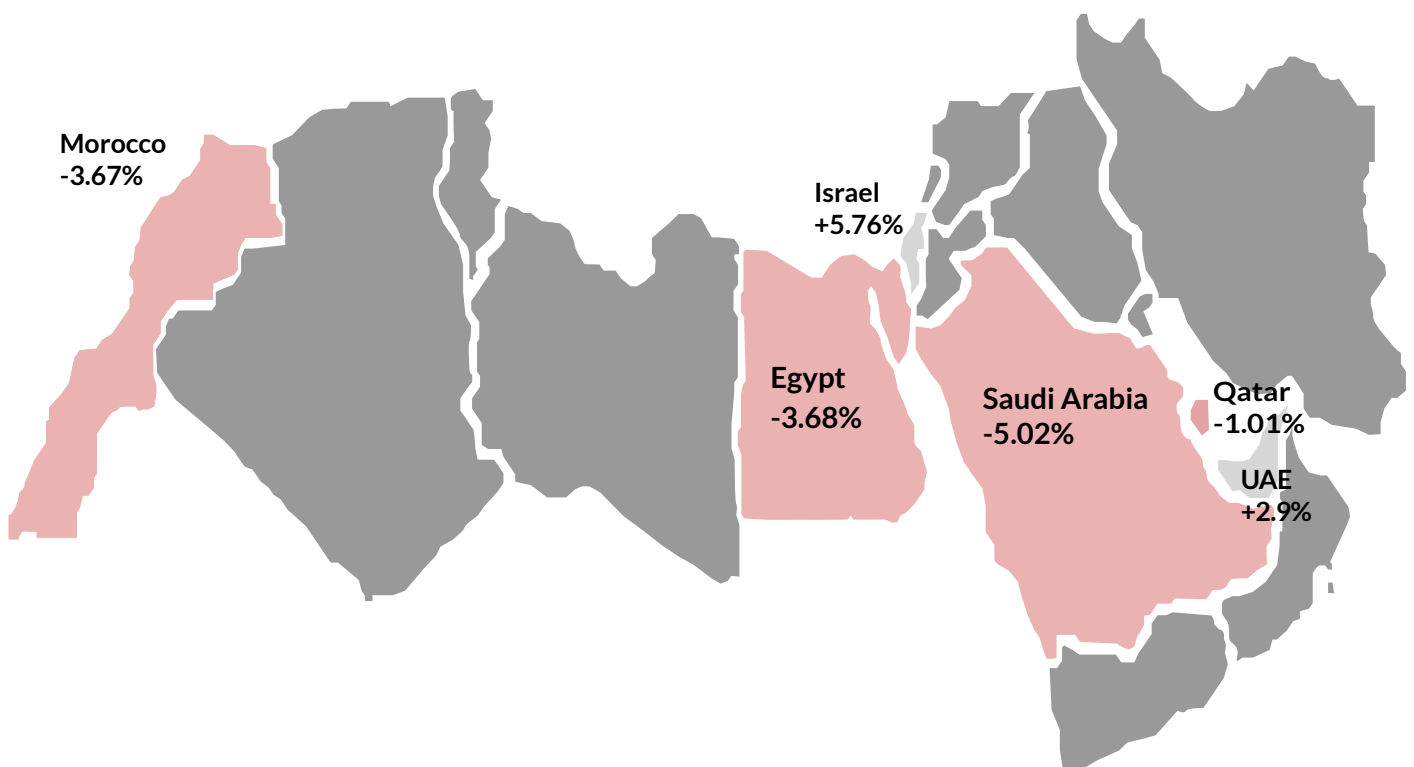
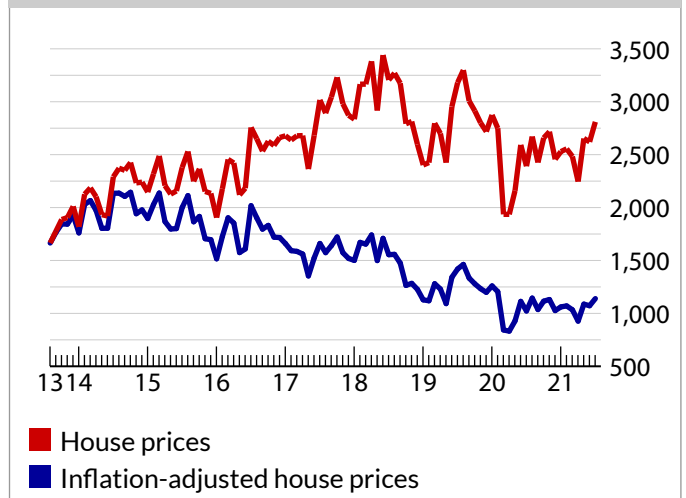


Figure 3. Change in real house prices (%) over 1 year to Q2 for countries which have released Q2 figures

**Saudi Arabia's** housing market is still struggling, with the residential real estate price index falling by 5.02% during the year to Q2 2021, in contrast to the previous year's 1.31% increase. Quarter-on-quarter, prices fell slightly by 0.33% during the latest quarter. The economy is projected to grow by a modest 2.4% this year, still not enough to offset the 4.1% decline last year.

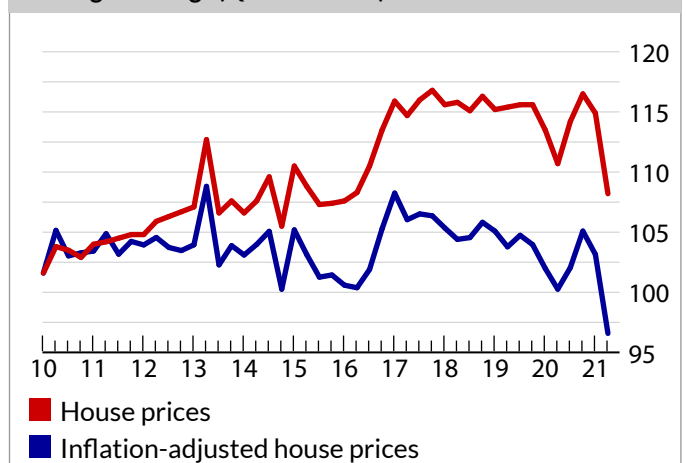
**Egypt's** house price movements have been very erratic recently, amidst global economic uncertainty. The nationwide real estate index fell by 3.68% during the year to Q2 2021, in stark contrast to the 22.61% y-o-y surge seen in the previous quarter but better than the previous year's annual decline of 17%. Real house prices fell 0.33% 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. The economy is projected to expand by 2.8% this year and by another 5.2% in 2022, following a 3.6% expansion in 2020, according to the IMF.

House prices in Egypt: Aqarmap real estate index

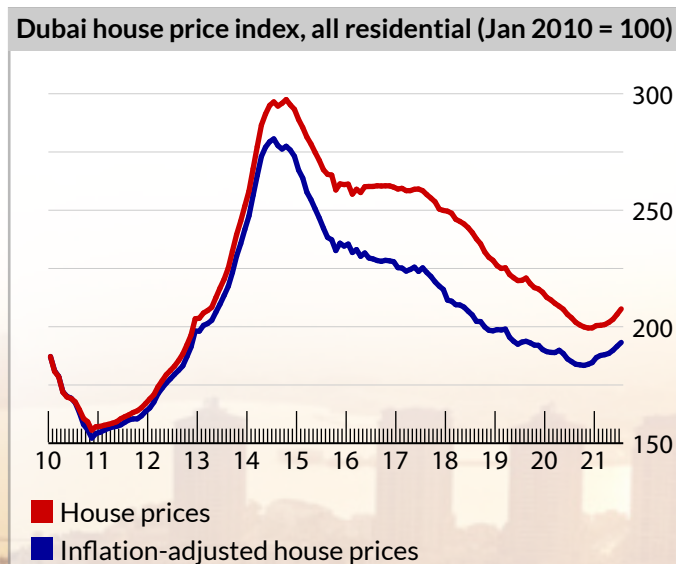


**Morocco's** housing market is still weak, with residential property prices falling by 3.67% during the year to Q2 2021, almost at par with the prior year's 3.4% decline. Quarter-on-quarter, house prices fell by 6.37% in Q2. The Moroccan economy will expand by a bout 4.5% this year, partially offsetting the 7% decline last year.

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



The **UAE's** housing market is now stabilizing, with Dubai's residential property prices rising by 2.9% during the year to Q2 2021, in contrast to a y-o-y decline of 3.27% in Q2 2020. During the latest quarter, house prices in Dubai increased 1.91% 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.



**Israel's** housing market continues to recover, with the nationwide average price of owner-occupied dwellings rising by 5.76% during the year to Q2 2021, in contrast to the previous year's 1.13% fall. Yet on a quarterly basis, Israeli house prices were down 4.09% during the latest quarter. The economy is projected to grow by 5% this year, after shrinking by 2.4% in 2020.

**Qatar's** housing market remains frail, with the real estate price index falling by 1.01% during the year to Q2 2021, following y-o-y declines of 2.83% in Q1 2021 and 4.78% in Q4 2020. Yet on a quarterly basis, prices increased 1.93%. The overall economic 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.

Though a few housing markets in the region are now showing signs of improvement.

## The Americas: US and Canada's impressive housing boom continues

The U.S. housing market remains overwhelmingly strong with double-digit house price rises and Canada's housing market is now heating up, despite the severe economic repercussions brought by the coronavirus outbreak.



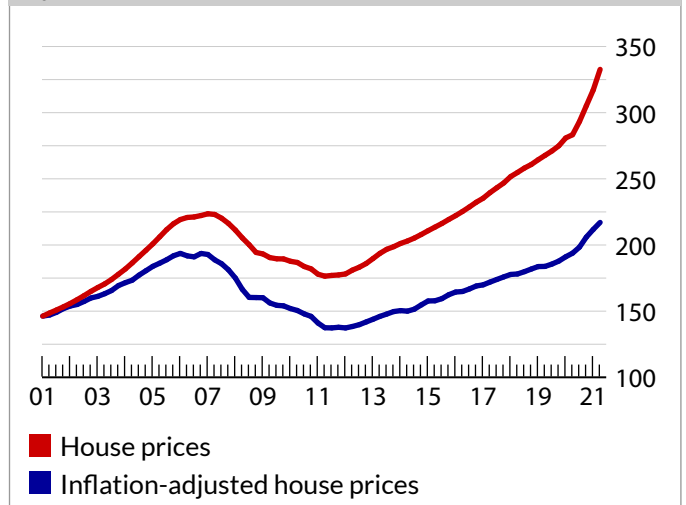
Figure 4. Change in real house prices (%) over 1 year to Q2 for countries which have released Q2 figures

After eight years of strong house price growth, the **U.S.** great housing boom continues unabated. The S&P/Case-Shiller seasonally-adjusted national home price index surged by 12.56% during the year to Q2 2021 (inflation-adjusted), a sharp improvement from the previous year's 3.75% growth and the biggest y-o-y increase ever recorded. This is supported by figures released by the Federal Housing Finance Agency, which showed that its seasonally-adjusted purchase-only U.S. house price index rose by 11.99% y-o-y in Q2 2021 (inflation-adjusted), sharply up from the prior year's 5.45% growth and also the highest annual growth on record.

The S&P/Case-Shiller index rose by 2.84% q-o-q in Q2 2021, while the FHFA index increased 2.52%.

Limited supply is restricting sales activity. Existing home sales rose by 1.5% y-o-y to a seasonally-adjusted annual rate of 5.99 million units in July 2021. On the other hand, sales of new single-family houses fell by 27.2% y-o-y to a seasonally-adjusted annual rate of 708,000 units in July 2021. Despite the continued strong interest for home buying, limited supply as well as higher prices and material access issues have constrained some new home sales and resulted in lower levels of home building, according to NAHB Chief Economist Robert Dietz.

U.S. house price index, S&P/Case-Shiller, seasonally adjusted (Q1 1990=100)



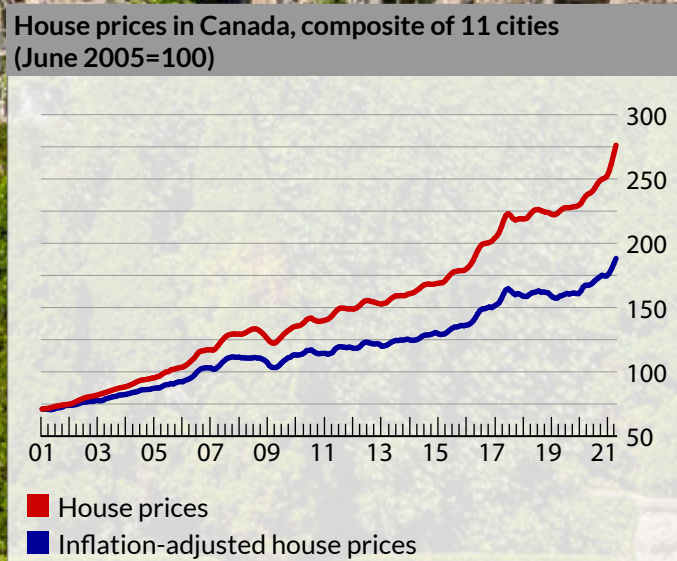
U.S. homebuilder sentiment fell to a 13-month low at 75 in August 2021 amidst high prices and continued supply shortages, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). A reading of 50 is the midpoint between positive and negative sentiment.

The U.S. Fed recently upgraded its 2021 economic growth forecast to 7%, from its earlier estimate of a 6.5% 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.

After a two-year slowdown, **Canada's** housing market is now growing impressively again, despite the COVID-19 pandemic. Real house prices in the country's eleven major cities rose by a huge 12.55% during the year to Q2 2021, a sharp acceleration from the prior year's 5.19% growth. In fact it was the biggest y-o-y increase since Q2 2017. Quarter-on-quarter, house prices increased 6.68% in Q2.

The actual number of sales transactions fell by 15.2% y-o-y in July 2021 from the record for that month set last year, yet it remains the second-best month of July on record, 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 rising sharply. Housing starts surged 46.7% y-o-y to 133,809 units in the first half of 2021 and completions increased 17.9% to 106,669 units over the same period.

The IMF has upgraded its full-year GDP growth forecast for Canada this year several times to 6.3%, up from its April projection of a 5% growth. This is in line with the Bank of Canada's latest estimate of a 6% growth.



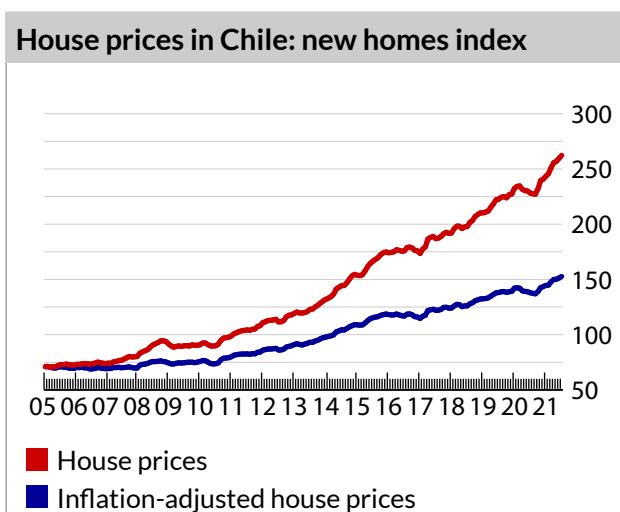
## Latin America remains weak, but Chile an exception



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 Q2 for countries which have released Q2 figures

**Chile's** housing market continues to gather pace, as the economy gradually recovers from the pandemic. The average price of new apartments in Greater Santiago rose strongly by 10.71% during the year to Q2 2021, a sharp turnaround from the previous year's 0.14% y-o-y fall. On a quarterly basis, house prices increased 1.86% in Q2. 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 stable, 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 1.67% during the year to Q2 2021, following a y-o-y growth of 2.93% in Q2 2020. On a quarterly basis, house prices increased 0.87% during the latest quarter. The IMF expects the Mexican economy to expand by 6.3% this year.

**Colombia's** housing market continues to struggle, after several years of vigorous price rises. In Bogotá, house prices fell by 4.17% during the year to Q2 2021, worse than the prior year's 0.84% y-o-y decline. During the latest quarter, house prices dropped 2.54% 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.

The pandemic has halted **Brazil's** housing market recovery, with house prices in Sao Paulo falling by 3.63% during the year to Q2 2021, following a y-o-y increase of 0.31% last year. On a quarterly basis, Sao Paulo prices fell slightly by 0.72% during the latest quarter. The Brazilian economy is projected to expand by 5.3% this year, following a 4.1% contraction last year.

**Peru's** housing market remains fragile, with house prices falling by 1.72% during the year to Q2 2021, almost at par with the y-o-y fall of 1.78% the previous year. Quarter-on-quarter, house prices fell 0.22% 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.



## South Africa's housing market remains fragile

**South Africa's** housing market remains weak, having been depressed for the past five years. The price index for medium-sized apartments fell by 1.3% during the year to Q2 2021, following y-o-y rises of 1.25% in Q1 2021 and 0.6% in Q4 2020 and annual declines of 0.02% in Q3 and 0.53% in Q2. On a quarterly basis, house prices were almost steady in Q2. The SA economy is expected to post a modest growth of 4% this year, after shrinking by 7% last year due to the pandemic.

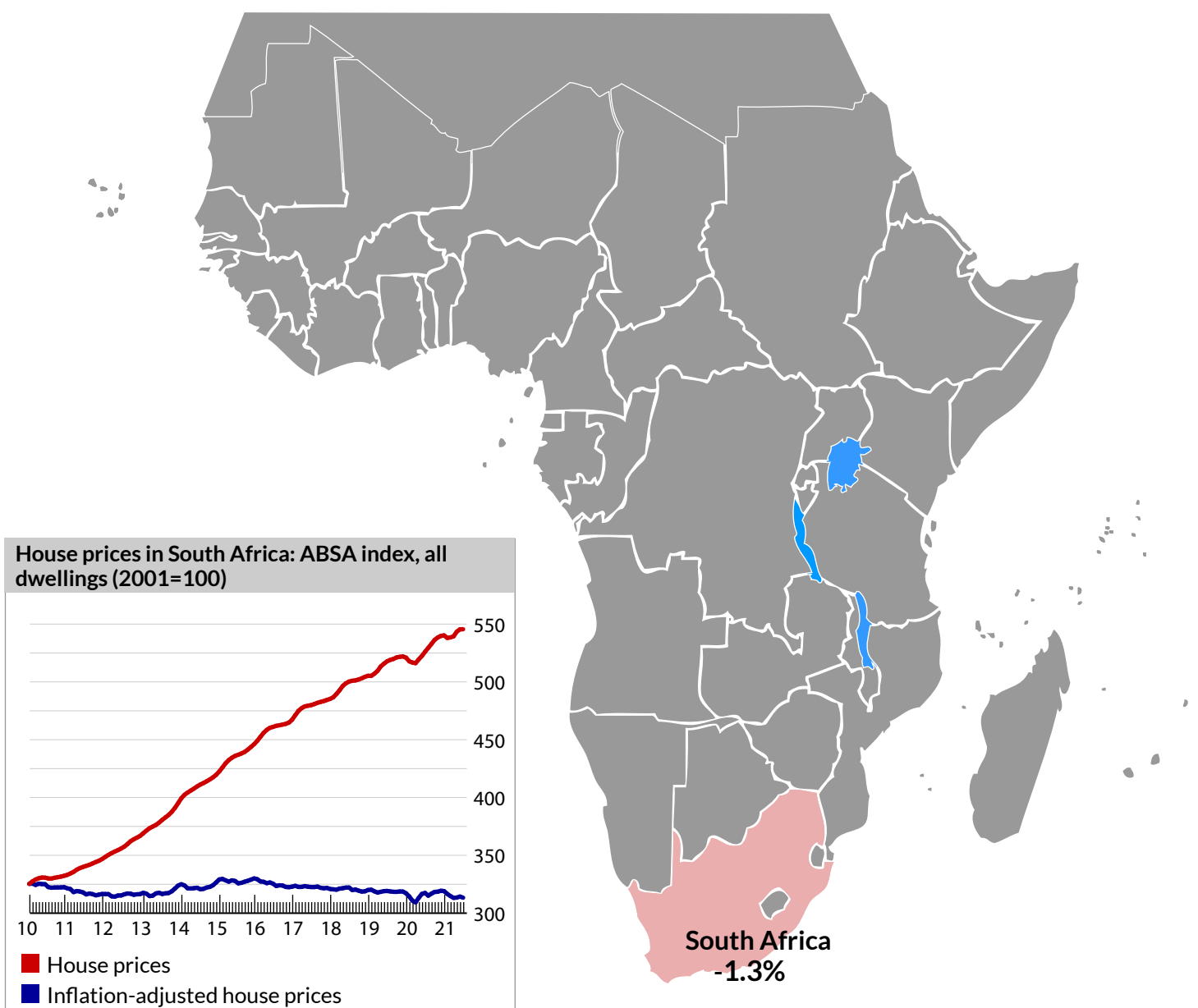


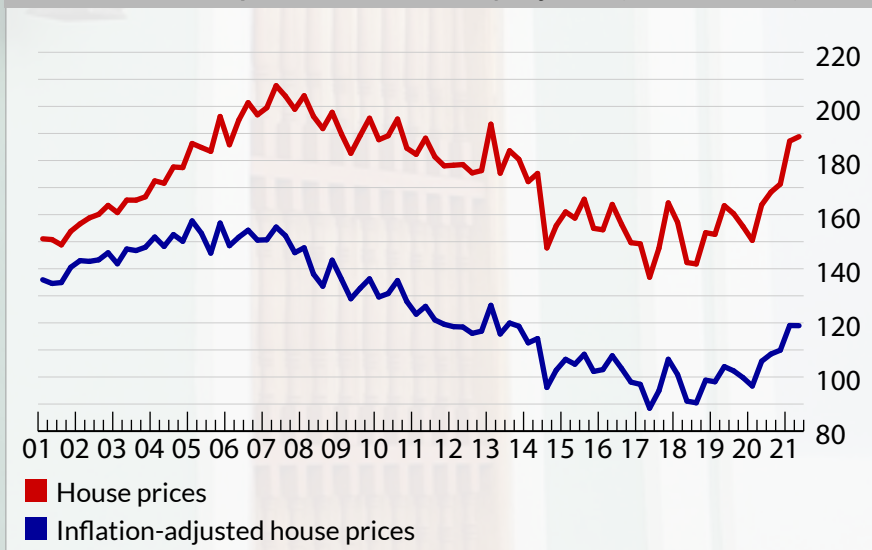
Figure 6. Change in real house prices (%) over 1 year to Q2 for countries which have released Q2 figures

## Puerto Rico's housing market continues to amaze

**Puerto Rico's** housing market saw a strong rebound with the seasonally-adjusted purchase-only house price index rising by 12.42% during the year to Q2 2021, a sharp improvement from a y-o-y increase of 1.92% in Q2 2020, using inflation-adjusted figures. Quarter-on-quarter, house prices were almost unchanged in Q2 2021.

The Puerto Rican housing market has shown improvements only recently after falling continuously 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)

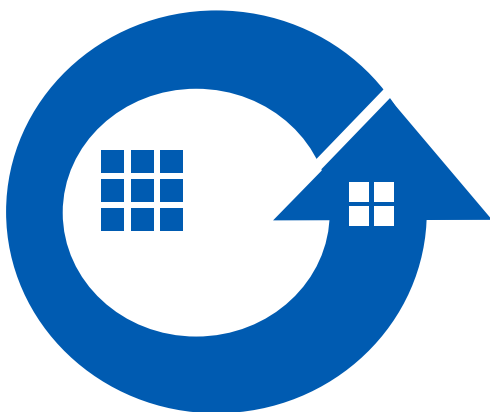


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