

# GlobalPropertyGuide

■ Your Guide to the World's Housing Markets

## GLOBAL RESIDENTIAL MARKETS REPORT Q3 2020

4 DECEMBER 2020

*An amazing quarter. Despite the pandemic, real house prices rose in 43 of the 55 world's housing markets which have so far published housing statistics. There were strong house price rises in Europe and the U.S., and transaction volumes are surging.*



# Q3 2020: Global house price boom strengthens, despite Covid-19 crisis

## During the year to Q3 2020:

- **House price increases strengthened in many countries** in Europe, Asia-Pacific, and **Canada** and the **US** during the year to Q3 2020.

Real house prices (i.e., prices adjusted for inflation) rose in 43 out of the 55 world's housing markets which have so far published housing statistics.

- The more upbeat nominal figures, more familiar to the public, showed house price rises in 45 countries, and declines in only 10 countries.
- **Transaction volumes are rising again**, in some countries strongly.
- New demand is coming from more properties being bought outside cities.
- Demand has further been boosted by record low interest rates, as well as quantitative easing.

- Strong house price surges have taken place in European countries, such **Turkey, Germany, Slovak Republic, Austria, and The Netherlands.**
- Asia-Pacific is also gathering pace, with notable performances from **Vietnam, New Zealand, and Taiwan.**
- **The U.S. house price boom continues unabated**, despite the country being the new epicentre of the coronavirus outbreak.

**The S&P/Case-Shiller** seasonally-adjusted national **home price index rose by 5.51%** during the year to Q3 2020 (inflation-adjusted), **sharply up from the previous year's 1.46% growth.**

**An even stronger move** came from the Federal Housing Finance Agency's seasonally-adjusted purchase-only U.S. house price index, which rose by 6.51% y-o-y in Q3 2020 (inflation-adjusted), up from the previous year's 3.21% growth and the biggest y-o-y increase since Q3 2015.

**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 housing markets in our global house price survey during the year to Q3 2020 included:** Turkey (+13.96%), Vietnam (+13.83%), New Zealand (+13.77%), Germany (+12.44%), and Slovak Republic (+10.1%), using inflation-adjusted figures.

**The biggest y-o-y house price declines were in** Egypt (-22.31%), Montenegro (-21.99%), Phnom Penh, Cambodia (-7.88%), Dubai, UAE (-4.88%), and Saudi Arabia (-3.51%), again using inflation-adjusted figures.



## Momentum is stronger

34 of the world's housing markets for which figures are available showed stronger upward momentum during Q3 2020, while only 21 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).

In the table, the blue arrows pointing upwards indicate rising momentum, the red downward-pointing arrows, weaker momentum.

COUNTRY	year on year(%)		q-o-q(%)	
	Q3 2019	Q3 2020		
Turkey	-2.19	▲	13.96	2.66
Vietnam (HCMC)	21.37	▼	13.83	-6.72
New Zealand	5.82	▲	13.77	7.11
Germany	9.46	▲	12.14	4.55
Slovak Republic	6.67	▲	10.10	3.47
Puerto Rico	12.90	▼	9.07	6.93
Austria (Vienna)	1.26	▲	7.68	3.27
Netherlands	3.48	▲	6.90	1.51
Taiwan	2.86	▲	6.73	2.65
US (FHFA)	3.21	▲	6.51	1.94
Qatar	-6.86	▲	6.30	-0.12
Canada	-1.19	▲	6.17	2.25
Portugal	11.28	▼	5.96	1.77
Russia	3.63	▲	5.86	2.70
Sweden	1.96	▲	5.67	1.93
US (Case-Shiller)	1.46	▲	5.51	2.19
Thailand	3.32	▲	5.01	-0.91
Poland (Warsaw)	8.86	▼	4.89	0.04
South Korea	0.83	▲	4.73	1.57
Estonia	6.35	▼	4.71	-3.08
Iceland	0.32	▲	4.10	0.94
Japan (Tokyo)	4.46	▲	3.97	4.37
Lithuania (5 cities)	4.05	▲	3.42	0.64
Norway	0.69	▲	2.89	0.62
Malta	3.41	▲	2.77	5.92
Sri Lanka	1.34	▲	2.76	1.05
China (Beijing)	-4.04	▲	2.70	-0.18
Hong Kong	-5.15	▲	2.63	1.31
Denmark	1.93	▲	2.63	1.32
UK (Nationwide)	-1.44	▲	2.62	1.54
Finland	-0.89	▲	2.26	1.50
Ukraine (Kiev)	-5.88	▲	1.89	0.51
Jersey	5.58	▼	1.66	-1.01
Mexico	4.96	▼	1.08	-0.60
North Macedonia	3.61	▼	1.08	-1.28
Israel	-1.12	▲	0.86	-0.72
Singapore	1.67	▼	0.70	0.18
Switzerland	-2.25	▲	0.64	0.34
Macau	-3.66	▲	0.55	1.85
Chile	5.81	▼	0.55	0.80
Romania	0.72	▲	0.45	-1.95
Ireland	0.23	▲	0.36	1.14
Indonesia	-1.68	▲	0.30	0.43
Brazil (Sao Paulo)	-0.88	▲	0.21	-0.04
South Africa	-0.33	▲	-0.31	0.58
Philippines (Makati CBD)	-3.52	▲	-0.52	-6.92
Latvia (Riga)	0.46	▼	-1.34	-0.99
Colombia (Bogota)	-4.62	▲	-2.40	-1.38
Pakistan	-8.13	▲	-2.42	-0.50
India	-2.80	▲	-2.55	-1.10
Morocco	0.18	▼	-2.58	1.78
Saudi Arabia	-2.13	▼	-3.51	-6.09
UAE (Dubai)	-4.52	▲	-4.88	-1.36
Cambodia (Phnom Penh)	-3.47	▼	-7.88	-1.25
Montenegro	-2.26	▼	-21.99	-12.73
Egypt	-9.58	▼	-22.31	-6.92

▲ 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

## HOUSE PRICE CHANGE (NOMINAL)

COUNTRY	year on year(%)		q-o-q(%)	
	Q3 2019	Q3 2020	Q3 2019	Q3 2020
Turkey	6.86	↑	27.34	5.16
Vietnam (HCMC)	23.77	↓	17.22	-6.16
New Zealand	7.37	↑	15.41	7.82
Germany	10.66	↑	11.93	3.76
Slovak Republic	9.72	↑	11.79	3.52
Russia	8.09	↑	9.60	3.25
Austria (Vienna)	2.67	↑	9.36	3.72
Netherlands	6.24	↑	8.14	2.35
Poland (Warsaw)	11.77	↓	8.06	0.17
US (FHFA)	5.03	↑	7.81	3.09
Puerto Rico	12.95	↓	7.78	7.17
Iceland	3.32	↑	7.74	1.93
US (Case-Shiller)	3.20	↑	6.95	3.17
Sri Lanka	6.37	↔	6.83	1.79
Canada	0.66	↑	6.71	2.02
Pakistan	3.39	↑	6.37	3.87
Sweden	3.51	↑	6.27	2.67
Taiwan	3.30	↑	6.10	2.85
Portugal	11.16	↓	5.82	1.17
South Korea	0.40	↑	5.72	2.85
Mexico	8.44	↓	5.02	0.88
Norway	2.35	↑	4.50	1.40
China (Beijing)	-1.16	↑	4.48	1.00
Thailand	3.94	↔	4.28	-0.07
Lithuania (5 cities)	6.35	↓	4.19	0.58
Japan (Tokyo)	4.67	↔	4.07	4.67
Estonia	8.69	↓	3.72	-2.41
Chile	8.18	↓	3.66	1.68
UK (Nationwide)	0.33	↑	3.47	1.91
Brazil (Sao Paulo)	1.99	↑	3.35	1.21
Malta	5.11	↓	3.26	5.40
Denmark	2.43	↔	3.22	1.62
Ukraine (Kiev)	-4.23	↑	3.14	1.64
India	3.44	↔	2.81	1.19
North Macedonia	2.38	↔	2.69	-1.09
Jersey	8.41	↓	2.62	0.15
South Africa	3.80	↓	2.60	2.25
Finland	0.05	↑	2.59	2.00
Romania	4.26	↓	2.52	-2.18
Saudi Arabia	-3.51	↑	2.03	-0.51
Philippines (Makati CBD)	-3.20	↑	1.79	-6.54
Indonesia	1.80	↔	1.50	0.42
Singapore	2.07	↓	0.65	0.79
Macau	-1.04	↑	0.52	1.05
Hong Kong	-2.05	↑	0.31	-1.06
Israel	-0.65	↔	0.16	-0.72
Switzerland	-2.00	↑	-0.23	0.23
Colombia (Bogota)	-0.98	↔	-0.48	-1.08
Ireland	1.12	↓	-0.81	0.45
Morocco	0.43	↓	-1.21	3.16
Latvia (Riga)	3.02	↓	-1.59	-1.23
Qatar	-6.49	↑	-5.44	0.40
Cambodia (Phnom Penh)	-1.12	↓	-5.64	-1.02
UAE (Dubai)	-7.26	↔	-8.12	-2.22
Egypt	-5.26	↓	-19.35	-6.40
Montenegro	-2.43	↓	-21.93	-12.40

↑ 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

## The strongest performing markets:

**Turkey's** retained its spot as the strongest housing market in our global house price survey, with the nationwide house price index surging by a record 13.96% during the year to Q3 2020, a sharp turnaround from the previous year's 2.19% y-o-y fall. It was the third consecutive quarter of y-o-y growth in real house prices since Q1 2017. On a quarterly basis, real house prices rose 2.66% in Q3 2020.

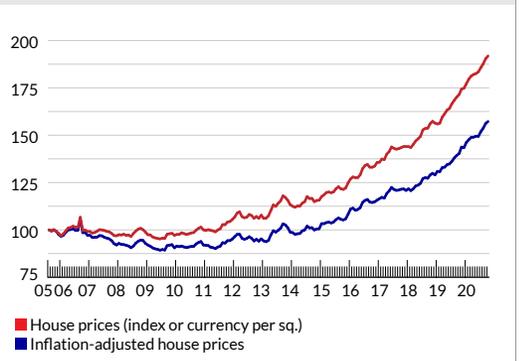
All figures that follow are inflation-adjusted.

**Vietnam's** housing market remains fundamentally strong, buoyed by robust demand, partly reflecting an outstanding response to the pandemic. In Ho Chi Minh City, apartment prices surged 13.83% during the year to Q3 2020, following y-o-y rises of 24.6% in Q2 and 15.3% in Q1. However quarter-on-quarter, prices in HCMC dropped 6.72% in Q3 2020.

**New Zealand's** house price rises continue to accelerate, as the impact of the ban on non-resident foreign homebuyers has waned. Median house prices rose by 13.77% during the year to Q3 2020, up from y-o-y rises of 7.67% in Q2 2020, 10.87% in Q1 2020, 10.28% in Q4 2019, and 5.82% in Q3 2019. On a quarterly basis, real house prices increased strongly by 7.11% in Q3 2020.

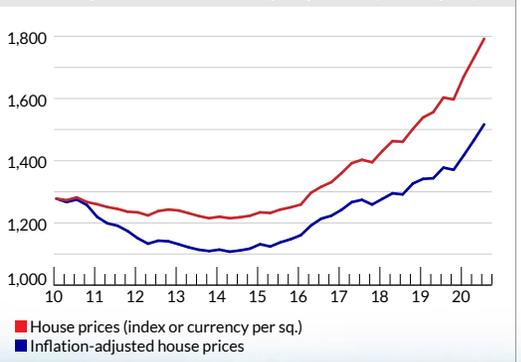
**Germany's** house price boom continues strong, as the economy recovers from its severe recession, caused by the coronavirus pandemic. The average price of apartments increased by a huge 12.14% during the year to Q3 2020, up from the previous year's 9.46% growth. House prices increased 4.55% during the latest quarter.

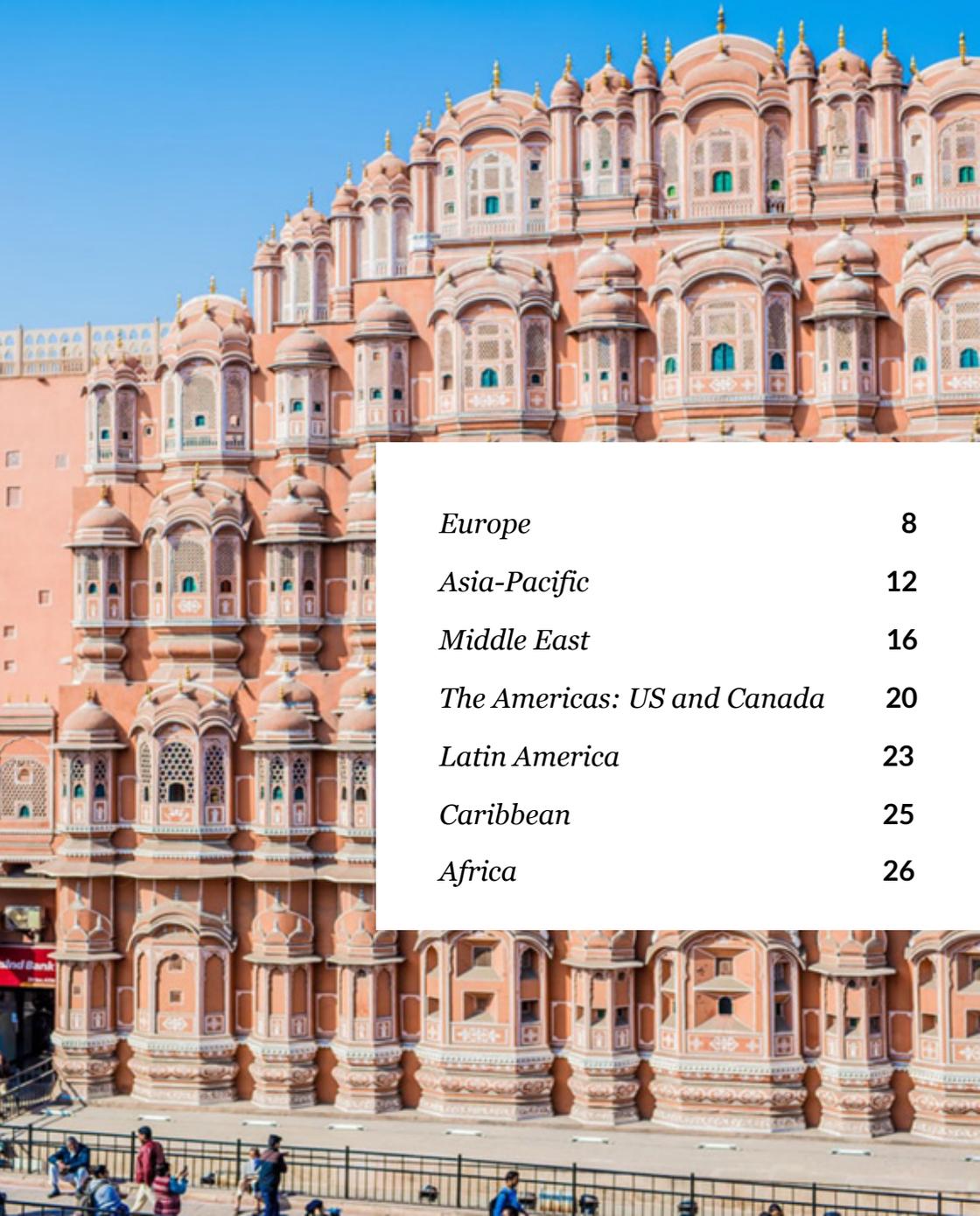
**House Price Index Germany: Apartments (August 2005=100)**



**Slovak Republic's** house price growth is accelerating, rising by 10.1% during the year to Q3 2020, up from the previous year's 6.67% growth and its biggest y-o-y increase since Q3 2008. On a quarterly basis, real house prices increased 3.47% during the latest quarter.

**Slovak Republic Residential Property Prices (Euro/sq. m.)**





<i>Europe</i>	8
<i>Asia-Pacific</i>	12
<i>Middle East</i>	16
<i>The Americas: US and Canada</i>	20
<i>Latin America</i>	23
<i>Caribbean</i>	25
<i>Africa</i>	26

# THE WORLD'S REGIONS:

## Europe remains in full-fledged boom

Europe's great house price boom continues unabated. Three of the five strongest housing markets in our global survey are in Europe. House prices have risen in no less than 23 of the 25 European housing markets for which figures were available during the year to Q3 2020.

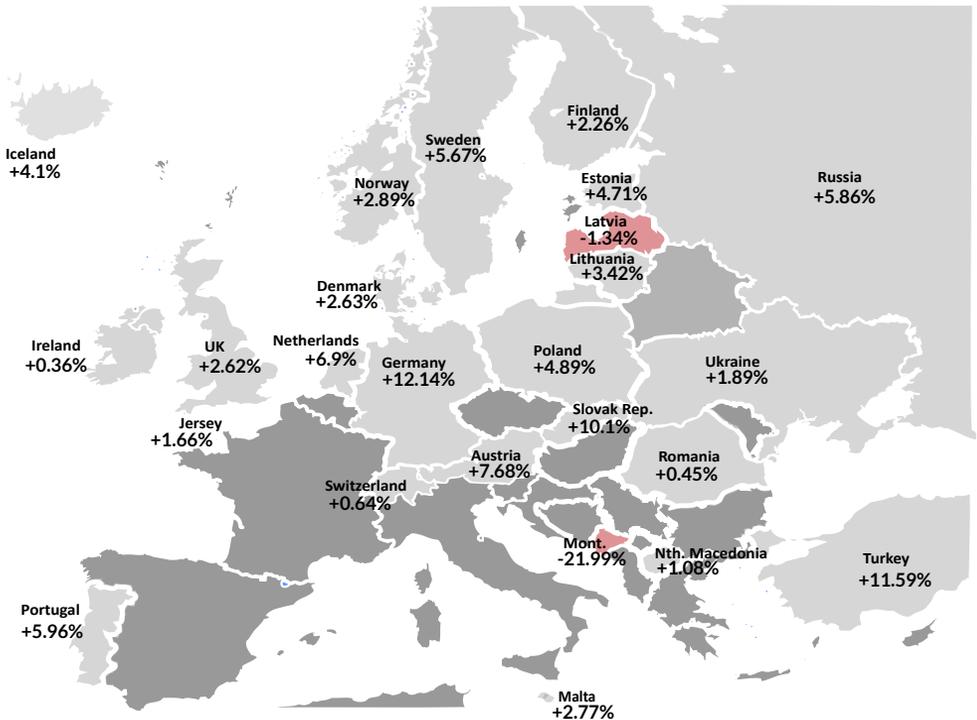
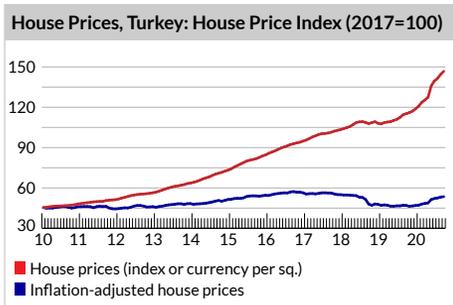


Figure 1. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

**Turkey's** housing market continues to strengthen, buoyed by strong demand from both local and foreign investors. The nationwide house price index surged by a record 13.96% during the year to Q3 2020, a sharp turnaround from the previous year's 2.19% y-o-y fall. It was the third consecutive quarter of y-o-y growth in real prices since Q1 2017. On a quarterly basis, real house prices rose 2.66% in Q3 2020



For foreigners, Turkey's currency devaluation means that the property market is very attractively priced, luring many buyers from the Gulf. In the first ten months of 2020, home sales rose strongly by 27% y-o-y to 1.28 million units, according to the Turkish Statistical Institute (TurkStat). Yet Turkey's economy is projected to contract by 5%, according to the IMF, due to the lockdowns and travel restrictions imposed since reporting its first COVID-19 case on March 10, 2020. It would be the Turkish economy's first contraction since 2009.

**Germany's** house price boom continues strong. The average price of apartments rose by a huge 12.14% during the year to Q3 2020. On a quarterly basis, house prices increased 4.55% in Q3 2020. However, on an annual basis, the economy contracted by 4.3% in Q3 2020. The government recently revised up its economic forecast for 2020, now expecting a GDP decline of 5.5%, an improvement from its previous estimate of a 5.8% contraction.

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 the already strong demand in the country.

**Slovak Republic's** house price growth is accelerating, rising by 10.1% during the year to Q3 2020, an improvement from the previous year's 6.67% growth and its strongest y-o-y increase since Q3 2008. On a quarterly basis, real house prices increased 3.47% during the latest quarter. Despite the pandemic, property demand, both from local and from foreign investors, remains fundamentally strong.

The Slovak Republic's economy declined at a softer pace in Q3 2020, with GDP falling by a modest 2.4% from a year earlier, following y-o-y contractions of 12.1% in Q2 and 3.6% in Q1. The economy is projected to shrink by 7.5% this year, following annual expansions of 2.3% in 2019 and 4% in 2018, according to the European Commission.

**The UK's** housing market continues to improve. Real house prices rose by 2.62% during the year to Q2 2020, in contrast to the previous year's 1.44% decline and its best performance since Q4 2016. Quarter-on-quarter, real house prices increased 1.54% during the latest quarter, partly due to a stamp duty holiday.

In September 2020, UK residential transactions reached 101,920, up by 20.7% from the previous month and by 2.4% from a year earlier, according to HM Revenue & Customs.

The South West was the UK's best performing region during the year to Q3 2020, with real house prices rising by 4.67%, followed by the Outer Metropolitan Area (4.11%), Outer South East (3.91%), and Yorkshire and Humberside (3.74%). London real house prices increased 3.52%.

For full year of 2020, the UK's GDP is expected to have fallen by about 9.8%, based on IMF forecasts.

Other strong European housing markets include **Vienna, Austria**, with house prices rising by 7.68% during the year to Q3 2020, **Netherlands** (6.9%), **Portugal** (5.96%), **Russia** (5.86%), **Sweden** (5.67%), **Warsaw, Poland** (4.89%), **Estonia** (4.71%), and **Iceland** (4.1%). All, except **Portugal, Poland** and **Estonia**, had stronger performances in Q3 2020 compared to the previous year. All, except Estonia, recorded positive quarterly growth during the latest quarter.

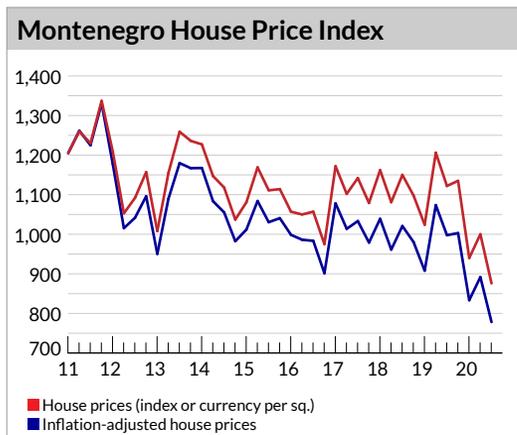
There have been modest annual house price rises in **Lithuania** (3.42%), **Norway** (2.89%), **Malta** (2.77%), **Denmark** (2.63%), and **Finland** (2.26%). All saw quarterly price growth during the latest quarter. All, except Lithuania and Malta, performed better in Q3 2020 compared to a year earlier.

European housing markets with minimal house price increases include **Kiev, Ukraine** (1.89%), **Jersey** (1.66%), **North Macedonia** (1.08%), **Switzerland** (0.64%), **Romania** (0.45%), and **Ireland** (0.36%). Only Switzerland, Ukraine, and Ireland had stronger performances during Q3 2020 as compared to a year earlier, as well as recorded quarterly price growth during the latest quarter.

## Europe's weakest housing markets

House prices fell in only two of the 22 European housing markets for which figures were available during the year to Q3 2020: Montenegro and Latvia.

**Montenegro's** housing market condition is now rapidly worsening, amidst a plunging economy. Prices of dwellings in new residential buildings plummeted by a record 21.99% during the year to Q3 2020, a much worse decline than the previous year's 2.26% y-o-y fall. Quarter-on-quarter, prices dropped sharply by 12.73% in Q3.



Recently, the European Commission downgraded its 2020 economic forecast for Montenegro to a contraction of 14.3%, much worse than its earlier estimate of a 5.9% decline, after a much bigger second wave of infections adversely impacted tourism and retail services, as well as trade and investment.

**Latvia's** housing market is now weakening with average apartment prices in Riga falling by 1.34% during the year to Q3 2020, following y-o-y rises of 0.85% in Q3 2020, 0.83% in Q1 2020, 0.49% in Q2 2020, 0.83% in Q1 2020, 0.49% in Q4 2019 and 0.46% in Q3 2019. Quarter-on-quarter, house prices in the capital city fell by 1% during the latest quarter. The European Commission expects Latvia's economy to shrink by 5.6% this year, a sharp turnaround from growth of 2.1% in 2019 and 4.6% in 2018.

## The Asia-Pacific region is regaining momentum

Twelve of the sixteen Asia-Pacific housing markets included in our global survey showed stronger momentum in Q3 2020 compared to a year earlier. House prices rose in twelve countries, with notable increases in Vietnam and New Zealand.

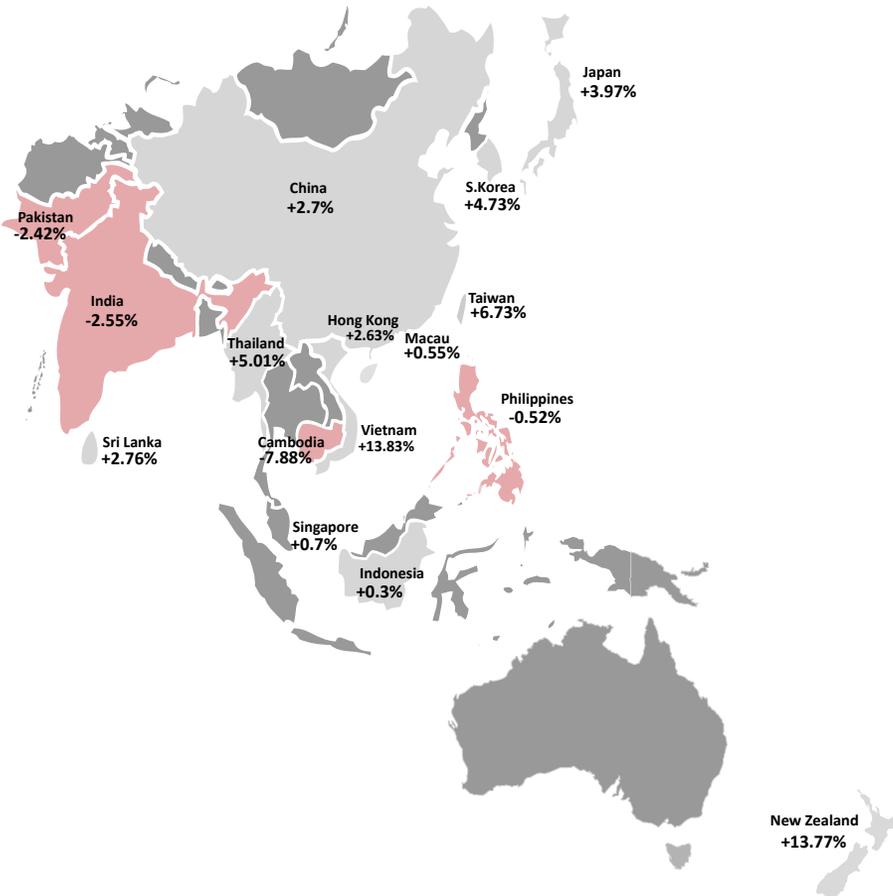
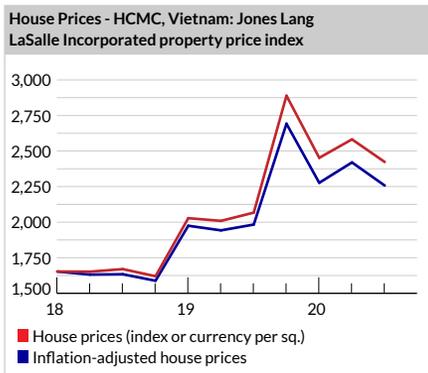


Figure 2. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

**Vietnam's** housing market remains fundamentally strong, buoyed by robust demand. In Ho Chi Minh City, apartment prices surged 13.83% during the year to Q3 2020, following y-o-y rises of 24.6% in Q2 and 15.3% in Q1. Sales events are starting to pick up again after COVID-19 related social gathering and travel restrictions were eased. However quarter-on-quarter, prices in HCMC fell 6.72% in Q3 2020.

The Vietnamese economy is now gradually returning to normal. It grew by 2.62% in Q3 2020 from a year earlier, an improvement from the previous quarter's minuscule growth of 0.39%, as the the IMF recently forecast that Vietnam's economy will grow by 1.6% this year, a slowdown from 2019's robust growth of 7%.



**New Zealand's** house price rises continue to accelerate, as the impact of the ban on non-resident foreign homebuyers has waned. Median house prices rose by 13.77% during the year to Q3 2020, up from y-o-y rises of 7.67% in Q2 2020, 10.87% in Q1 2020, 10.28% in Q4 2019, and 5.82% in Q3 2019. On a quarterly basis, real house prices increased strongly by 7.11% in Q3 2020.

Demand is rising strongly despite the COVID-19 pandemic and lockdowns. Property sales in New Zealand soared 25% y-o-y to 8,830 units in October 2020, the highest number of properties sold since May 2016, according to the Real Estate Institute of New Zealand (REINZ). In contrast, the number of properties available for sale fell by 18.7% to 18,141 units in October 2020 from a year earlier.

New Zealand's GDP is projected to fall by 6.1% this year, according to the IMF, due to the effect of lockdowns and travel restrictions associated with COVID-19. For the last six years New Zealand's economic performance has been robust, with growth of 2.2% in 2019, 3.2% in 2018, 3.8% in 2017, 4.2% in 2016, 4.1% in 2015 and 3.2% in 2014.

Taiwan's housing market is strengthening, with nationwide house prices rising by 6.73% in Q3 2020 from a year earlier, up from the previous year's modest growth of 2.86% and its strongest showing since Q1 2014. Quarter-on-quarter, house prices increased 2.65% in Q3 2020. Demand is robust. For the first nine months of 2020, housing transactions were up 5.4% y-o-y to 177,600 units, following 9.4% growth in 2019.



The economic repercussions of the COVID-19 outbreak in Taiwan have been milder than in neighbouring countries, with the Taiwanese economy growing by 3.33% year-on-year in Q3 2020, following a slight contraction of 0.58% in Q2 and growth of 2.2% in Q1. The Directorate General of Budget, Accounting and Statistics (DGBAS) predicted that the economy will grow by 1.56% this year, following expansions of 2.71% in 2019 and 2.75% in 2018.

Thailand's housing market remains healthy, despite its ailing economy. Nationwide house prices rose by a healthy 5.01% during the year to Q3 2020, an improvement from the previous year's 3.32% increase. It was the thirteenth consecutive quarter of y-o-y price increases. However house prices fell slightly by 0.91% q-o-q during the latest quarter.

Thailand's National Economic and Social Development Council (NESDC) recently revised upwards its 2020 economic forecast to a contraction of 6%, from an earlier estimate of a 7.3% to 7.8% decline.

More modest house price rises were seen in **South Korea** (4.73%), **Tokyo, Japan** (3.97%), **Sri Lanka** (2.76%), **Beijing, China** (2.7%), and **Hong Kong** (2.63%). All, except Japan, performed more strongly in Q3 2020 than a year earlier. Also, all except China saw house price rises during the latest quarter.

Minimal house price increases were also recorded in **Singapore** (0.7%), **Macau** (0.55%), and **Indonesia** (0.3%). Both Macau and Indonesia performed better in Q3 2020 from a year ago. All saw house price increases during the latest quarter.

## Some Asian housing markets remain weak

**Cambodia's** housing market is cooling amidst an oversupply of apartments and weaker demand due to the pandemic. The average price of high-end condominium units in Phnom Penh fell by 7.88% y-o-y during the year to Q3 2020, worse than the previous year's 3.47% y-o-y fall. On a quarterly basis, prices fell by 1.25% during the latest quarter.

Recently, the World Bank recommended that the Cambodian government should closely monitor the construction and real estate boom and curb speculation.

ASIA-PACIFIC'S STRONGER HOUSING MARKETS	
VIETNAM	13.83%
NEW ZEALAND	13.77%
TAIWAN	6.73%
THAILAND	5.01%

*Annual increase (%) in real house prices*

Cambodia's economy is projected to contract by 2.8% this year, in stark contrast to a 7% expansion in 2019, as its main drivers of growth such as manufacturing, exports, and tourism have been heavily impacted by the COVID-19 pandemic, according to the IMF. The economy grew by an annual average of 7.2% from 2011 to 2019.

Other weak Asian housing markets included **India**, with house prices falling by 2.55% during the year to Q3 2020, **Pakistan** (-2.42%), and Makati CBD, **Philippines** (-0.52%). All saw house price falls during the latest quarter. Yet it is important to note that all performed better in Q3 2020 than during the previous year.



## The performance of the Middle East remains dismal, but Qatar is an exception

The Middle East's housing markets have been struggling for several years now, due to plummeting oil prices and the ongoing political and diplomatic crisis and over-building. Now, the coronavirus pandemic has aggravated the situation.

Last October, the World Bank downgraded its 2020 economic forecast for MENA region to -5.2%, 4.1 percentage points below its April projection, reflecting an increasingly pessimistic outlook for the region. In fact, four of the six weakest housing markets in our global survey are in the Middle East.

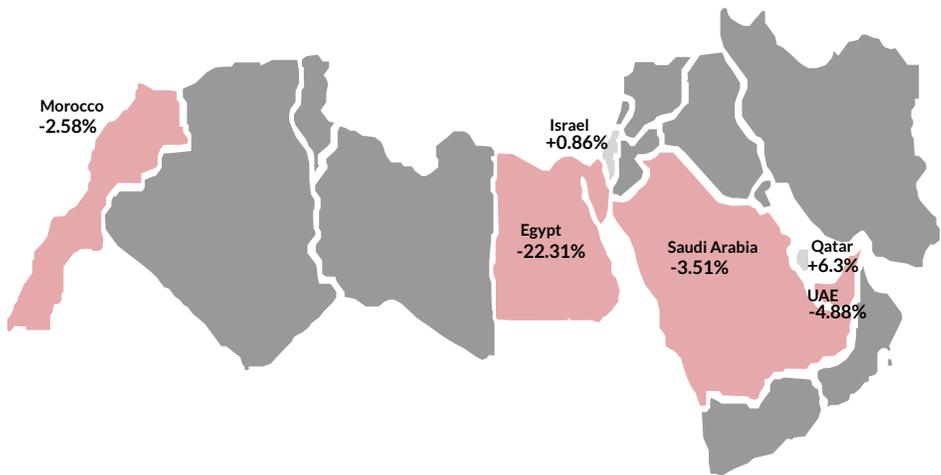
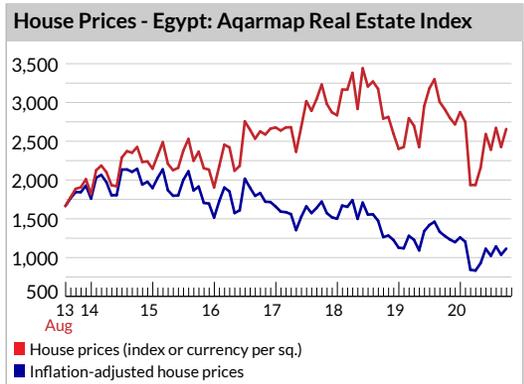


Figure 3. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures



**Egypt's** housing market remains the weakest housing market in our global survey, with the nationwide real estate index plunging by 22.31% during the year to Q3 2020, following y-o-y declines of 17% in Q2 2020, 34.14% in Q1 2020, 2.28% in Q4 2019, and 9.58% in Q3 2019. Part of the explanation is possibly the very high interest rates available on deposits in Egyptian Pounds. Real house prices fell by 6.92% q-o-q during the latest quarter.



President Abdel Fattah el-Sisi recently removed the last restrictions on foreign ownership of land and property in Egypt, in an effort to buoy the housing market. He also allowed the government, the biggest landowner in Egypt, to use its land for public-private partnership schemes. However house prices are being undermined by the vast amount of new construction, for instance in the new capital. On a positive note, Egypt's overall economy remains fundamentally strong, with the IMF recently upgrading its 2020 economic forecast for the country to a 3.5% expansion, up from its initial projection of a 2% growth.

**The UAE's** housing market downturn seems unending, amidst a huge supply glut of both apartments and oil. In Dubai, residential property prices fell by 4.88% during the year to Q3 2020, following y-o-y declines of 3.27% in Q2 2020, 5.06% in Q1 2020, 4.05% in Q4 2019, and 4.52% in Q3 2019. During the latest quarter, house prices in Dubai fell by 1.36% q-o-q. Recently, the IMF downgraded its 2020 economic forecast for UAE to a contraction of 6.6%, worse than its earlier projection of a 3.5% decline, amidst a crude oil price crash caused by the COVID-19 outbreak.

**Saudi Arabia's** housing market remains weak, with the residential real estate price index falling by 3.51% during the year to Q3 2020, worse than the previous year's 2.13% decline. Quarter-on-quarter, prices fell 6.09% during the latest quarter. The economy is projected to shrink by 5.4% this year, from a minuscule growth of 0.3% in 2019.

**Morocco's** housing market remains depressed, with residential property prices falling by 2.58% during the year to Q3 2020, following y-o-y falls of 3.4% in Q2 2020, 2.94% in Q1 2020 and 1.75% in Q4 2019. However house prices increased 1.78% during the latest quarter. The Moroccan economy will contract by about 7% this year, in contrast to 2.2% growth last year.

**Israel's** housing market remains fragile with the nationwide average price of owner-occupied dwellings rising slightly by 0.86% during the year to Q3 2020, an improvement from the previous year's 1.12% decline. Israeli house prices fell 0.72% q-o-q in Q3 2020. The Israeli economy will contract by about 5.9% this year, in contrast to an annual average growth of 3.5% during the past three years.

#### MIDDLE EAST'S WEAKEST HOUSING MARKETS

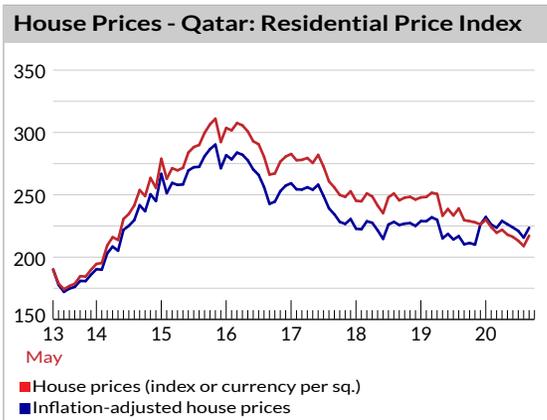
EGYPT	-22.31%
UAE	-4.88%
SAUDI ARABIA	-3.51%
MOROCCO	-2.58%
ISRAEL	+0.86%

*Annual increase (%) in real house prices*

**Qatar** is an exception. The nationwide real estate price index rose by 6.3% during the year to Q3 2020, a sharp turnaround from the previous year's 6.86% fall. Property prices fell slightly by 0.12% q-o-q during the latest quarter.

In an effort to buoy foreign demand, the Qatari government loosened its foreign property ownership rules further in October 2020. The new law includes two important changes: it increased the number of locations where non-Qataris can purchase real estate outright; and it introduced a two-tiered residency program that rewards large investors with government-provided services.

The Qatari economy is projected to decline by 4.5% this year, following almost zero growth in 2019, according to the IMF.



## The Americas: US and Canada booming

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

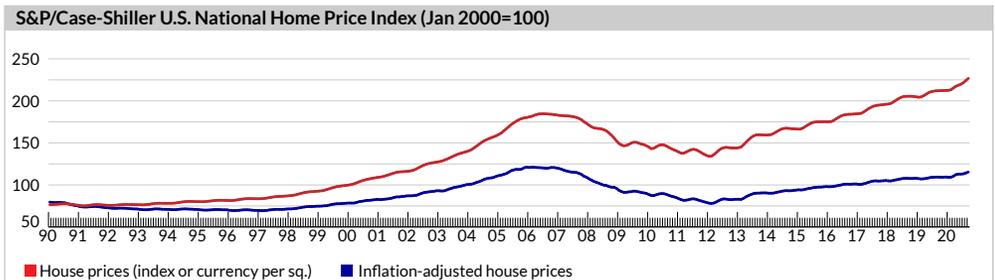


Figure 4. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

The **U.S.** great house price boom continues unabated, with the S&P/Case-Shiller seasonally-adjusted national home price index rising by 5.51% during the year to Q3 2020 (inflation-adjusted), a sharp improvement from the previous year's 1.46% growth. Real house prices increased 2.19% during the latest quarter.

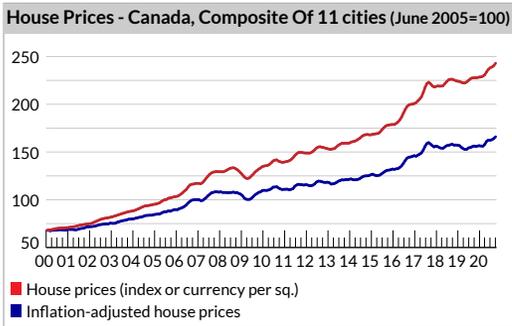
An even stronger showing came from the Federal Housing Finance Agency's seasonally-adjusted purchase-only U.S. house price index, which rose by 6.51% y-o-y in Q3 2020 (inflation-adjusted), up from the previous year's 3.21% growth and the biggest y-o-y increase since Q3 2015. The FHFA index rose by 1.94% q-o-q during the latest quarter.

U.S. homebuilder sentiment soared to a record high of 90 in November 2020, sharply up from 85 in October 2020 and 71 in November 2019, as homebuyers sought more space in less urban areas, amidst limited supply, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). Sentiment had plunged to 30 in April 2020 when the COVID-19 pandemic shut down the US economy. A reading of 50 is the midpoint between positive and negative sentiment.



Both housing demand and supply continue to rise strongly. Sales of new single-family houses surged 32.1% y-o-y to a seasonally-adjusted annual rate of 959,000 units in September 2020. Likewise, existing home sales rose strongly by 26.6% y-o-y to a seasonally-adjusted annual rate of 6.85 million units in October 2020. New housing starts rose by 14.2% y-o-y to a seasonally-adjusted annual rate of 1,459,000 units in October 2020, while completions were up 5.4% y-o-y to 1,343,000 units.

The IMF revised recently upwards its 2020 economic forecast for the U.S. to a contraction of 4.3%, up from its earlier projection of an 8% decline. Unemployment fell to 6.9% in October 2020, down from a record high of 14.7% in April 2020. However, it remains far above the previous year's 3.6% jobless rate.



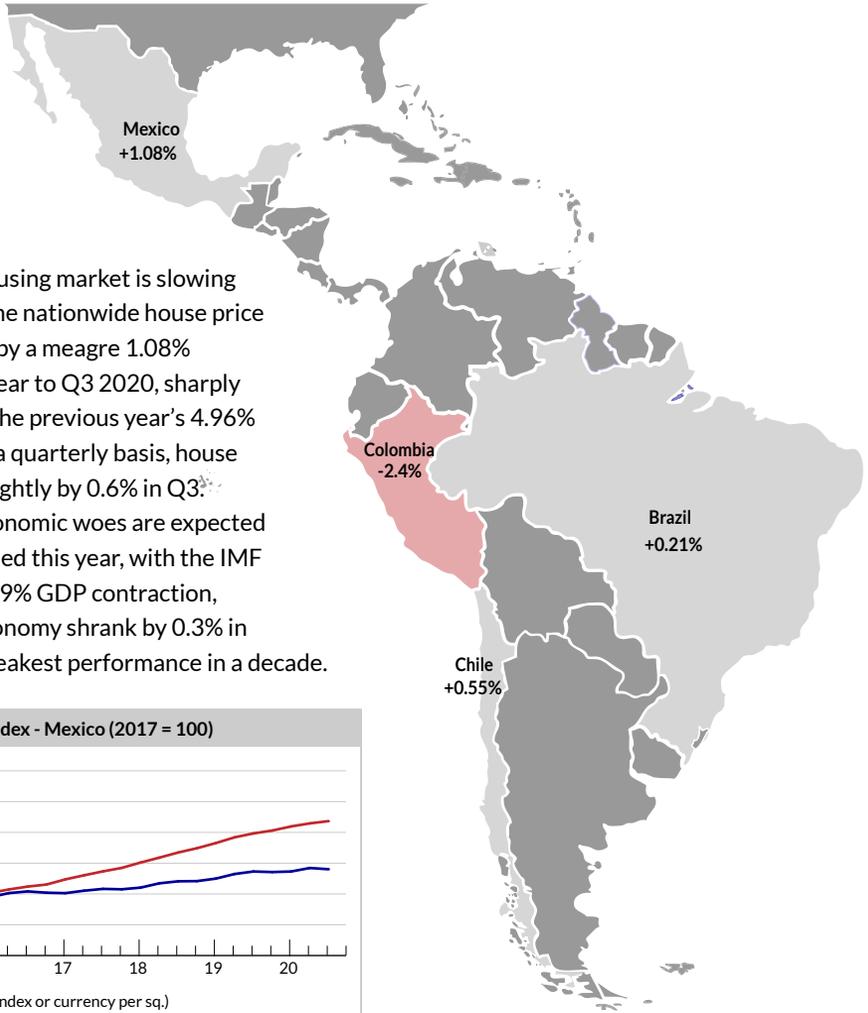
**Canada** is gaining momentum. House prices in the country's eleven major cities rose by 6.17% during the year to Q3 2020, in contrast to a y-o-y fall of 1.19% in the previous year. Quarter-on-quarter, house prices increased 2.25% in Q3 2020.

Demand has rebounded quickly with sales surging by 32.1% in October 2020 from a year earlier, according to the Canadian Real Estate Association (CREA). Construction activity showed mixed results with housing starts falling slightly by 0.8% y-o-y to 162,449 units in the first ten months of 2020 while completions increased 6.8% to 154,313 units.

The Canadian economy is projected to contract by 5.5% this year, according to the Bank of Canada.



## Latin America's housing markets remain weak



Mexico's housing market is slowing again with the nationwide house price index rising by a meagre 1.08% during the year to Q3 2020, sharply down from the previous year's 4.96% growth. On a quarterly basis, house prices fell slightly by 0.6% in Q3. Mexico's economic woes are expected to be extended this year, with the IMF projecting a 9% GDP contraction, after the economy shrank by 0.3% in 2019, the weakest performance in a decade.

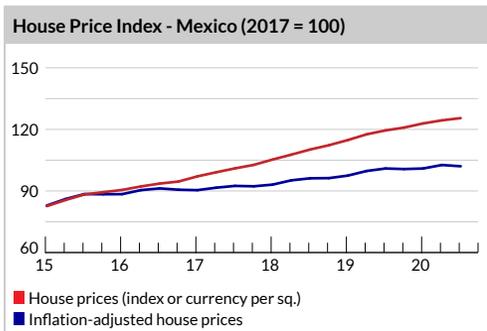


Figure 5. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

**Brazil's** housing market remains fragile. In Sao Paulo, house prices rose by a minuscule 0.21% y-o-y in Q3 2020, a slight improvement from the previous year's 0.88% decline. On a quarterly basis, house prices in Sao Paulo were almost unchanged in Q3. The economy is expected to contract by 4.7% this year, the country's biggest decline in more than a century, after growing by a minuscule 1.1% in 2019.

**Chile's** housing market is slowing rapidly, as the coronavirus pandemic shatters its economy. The average price of new apartments in Greater Santiago rose by a minuscule 0.55% during the year to Q3 2020, sharply down from the previous year's 5.81% growth. On a quarterly basis, house prices rose by 0.8% in Q3 2020. The Central Bank of Chile expects the economy to contract by 4.5% to 5.5% this year.

**House Prices - Brazil: FIPEZAP Price Index, Real Estate Sao Paulo (August 2010=100)**



**Colombia's** housing market continues to suffer, after several years of vigorous price rises. In Bogotá, house prices fell by 2.4% during the year to Q3 2020, following a decline of 4.62% y-o-y the previous year. During the latest quarter, house prices dropped 1.38% q-o-q. The country's central bank expects the economy to contract between 6.5% and 9% this year due to the pandemic, as well as falling oil prices.

## Puerto Rico's surprising comeback

Puerto Rico's housing market saw a strong rebound with the seasonally-adjusted purchase-only house price index rising by 9.07% during the year to Q3 2020, a sharp turnaround from y-o-y declines of 0.8% in Q2 and 6.86% in Q1, using inflation-adjusted figures. Yet the rise remains lower than the prior year's 12.9% y-o-y increase. Quarter-on-quarter, house prices increased 6.93% in Q3 2020.

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 contract by 7.5% this year, amidst the COVID-19 pandemic.



Figure 7. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

## South Africa's housing market is still weak

South Africa's housing market remains sluggish, amidst a depressed macroeconomic environment. The price index for medium-sized apartments fell by 0.31% during the year to Q3 2020, its nineteenth consecutive quarter of y-o-y price declines. However on a quarterly basis, house prices increased slightly by 0.58% in Q3 2020.

Recently, the South African Reserve Bank (SARB) downgraded its 2020 economic forecast for the country to -8.2%, from its July estimate of -7.3%. The economy grew by only 0.2% last year, following expansions of 0.8% in 2018, 1.4% in 2017 and 0.4% in 2016.



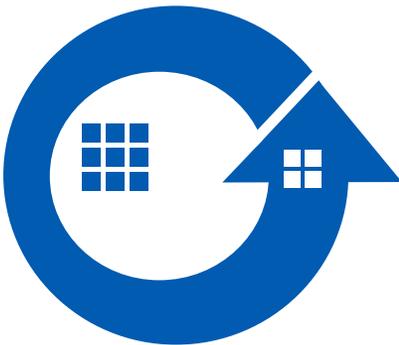
Figure 6. Change in real house prices (%) over 1 year to Q3 for countries which have released Q3 figures

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