The Global Real Estate Boom:
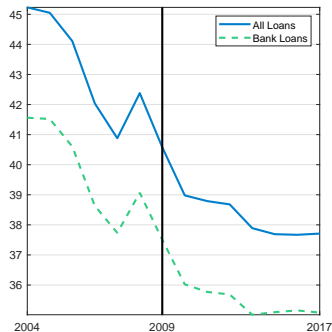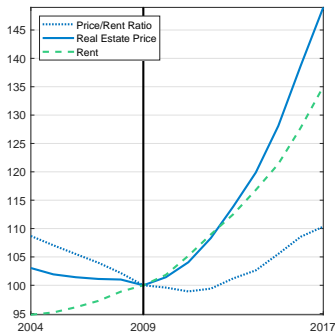**Is It Time to Worry Again?**

Thursday, 24 June 2021

By Alessandro Rebucci
JHU Carey Business School, CEPR and NBER

Germany: a housing boom without credit boom

Panel A: Residential house price and rent indexes (2009=100)   B: Domestic housing credit to households (% GDP)

From te Kaat, Ma, and Rebucci (2021)
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3782131

German household

German household portfolios loads heavily on housing as in other countries, but unlike the US they are not leveraged

- low home ownership
- low leverage
- high share of housing wealth in total assets or net worth

	2005	2010	2015	2019
Home Ownership Rate	0.53	0.53	0.52	0.51
Real Estate/Total Assets	0.53	0.55	0.55	0.56
Real Estate/Non-Financial Assets	0.97	0.97	0.98	0.98
Real Estate/Liquid Assets	1.18	1.27	1.28	1.31
Real Estate/Net Worth	0.64	0.65	0.64	0.64
Leverage (Loans/Total Assets)	0.17	0.15	0.13	0.12

Table: HOUSEHOLD BALANCE SHEET DATA

The German case is not unique

- Many other countries have underdeveloped household credit markets
- **20%** of the **housing booms** in Cerutti, Dell'Ariccia, and Dagher JHU,, 2017) are **without credit booms** (Table 4)
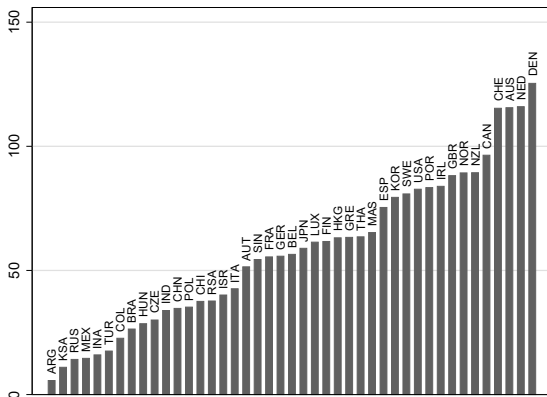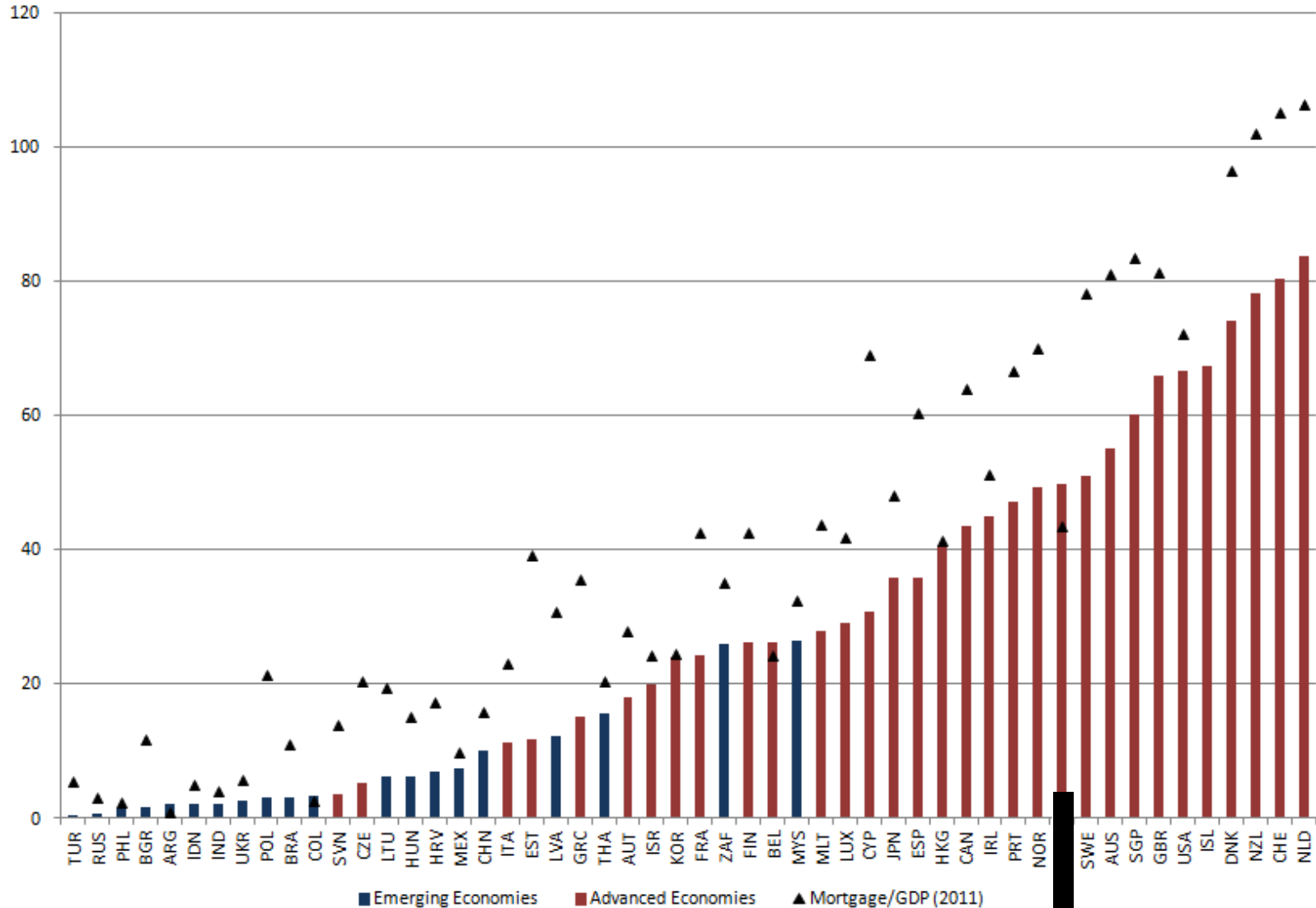

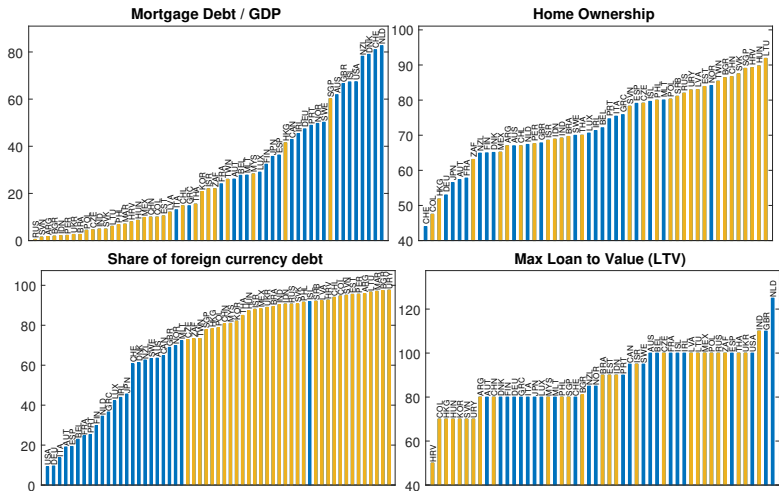Figure: HOUSEHOLD CREDIT AS A SHARE OF GDP: 2010-2017 AVERAGE (BIS)

MORTGAGE MARKETS/GDP (2001-05 avg. and Max 2011)

From Cerutti, Dagher, Dell'Ariccia (JHE, 2017)

Countries differ in important dimensions, and the EMs vs. AEs divide may not be whole story
Cesa-Bianchi, Ferrero, Rebucci (JIE, 2018)

China: the Mother all Housing Booms without a Credit Boom

» Home holding in China was 1.4 "houses" per household with a standard deviation of 0.7 in 2015 according to CHSF data

» 25% percent of all transactions estimated to be for second and third homes in 2015 based on household survey data

» Mean Total Assets to Net Worth is 1
- This means the typical urban household holds more than one property and it was bought on cash, not on credit