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)  
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

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

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