

Regional house price developments during the Covid-19 pandemic

Anecdotal evidence suggests that demand for housing may have shifted towards suburban and rural residential properties and away from the largest cities during the pandemic, reflecting the impact of several potential factors, such as lockdowns, restrictions, social distancing rules and home office arrangements developed to adapt to the consequences of the pandemic. Preliminary data suggest that this shift has started to be reflected in terms of regional differences among house price developments observed in a number of countries.^①

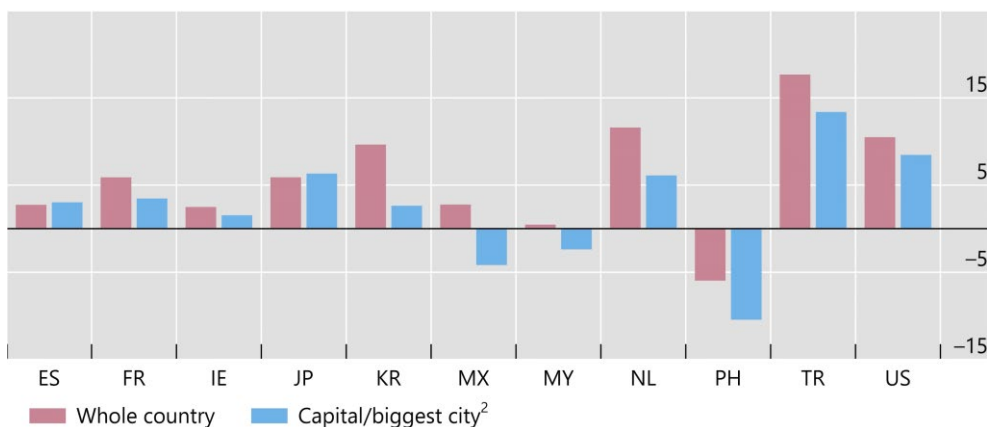
The BIS has recently expanded its [detailed residential property price data set](#) to also cover regional data for several countries.^② As a result, sub-national house price indicators are now available for most of the 60 jurisdictions covered, though with varying scope. For some jurisdictions, the regional breakdown is limited to the capital and/or the largest city. In other countries, time series are available for several big cities in parallel, or composite indicators have been developed to show price developments in specific areas, such as big and/or medium-sized cities or urban versus rural areas. In several cases, the detailed BIS data set also includes breakdowns by property vintages (eg new or existing dwellings) or types (eg single detached houses, town houses, flats). Lastly, indicators for a few countries are compiled by various alternative sources providing complementary information.

Regional information available in BIS statistics shows that since the outbreak of the Covid-19 pandemic housing inflation appears to have been less strong in capital/biggest cities compared with the other parts of the countries. Among the largest 21 jurisdictions covered, real house price inflation was lower in the capital/biggest city in 11 countries, and higher in five. This seems particularly evident in Korea and the Netherlands (with a difference of more than 5 percentage points among the various rates observed), Turkey (4 percentage points) and, to a lesser extent, France and the United States (2 percentage points in both). In Mexico and Malaysia, real house prices have risen slightly in the whole country but have fallen in the capital city, while in the Philippines they have fallen more rapidly in the capital region. In Japan, however, house prices appear to have expanded slightly more rapidly in Tokyo than in the whole country, a situation also observed in Spain (Graph A).

Real residential property prices in selected countries and areas¹

Cumulative changes since the end of 2019, in per cent

Graph A



¹ Based on quarterly averages; CPI-deflated. ² For Spain, Madrid; for France, Paris; for Ireland, Dublin; for Japan, Tokyo; for Korea, Seoul; for Mexico, Mexico City; for Malaysia, Kuala Lumpur; for the Netherlands, Amsterdam; for the Philippines, National Capital Region (16 cities including Manila); for Turkey, Istanbul; for the United States, New York-Jersey City-White Plains.

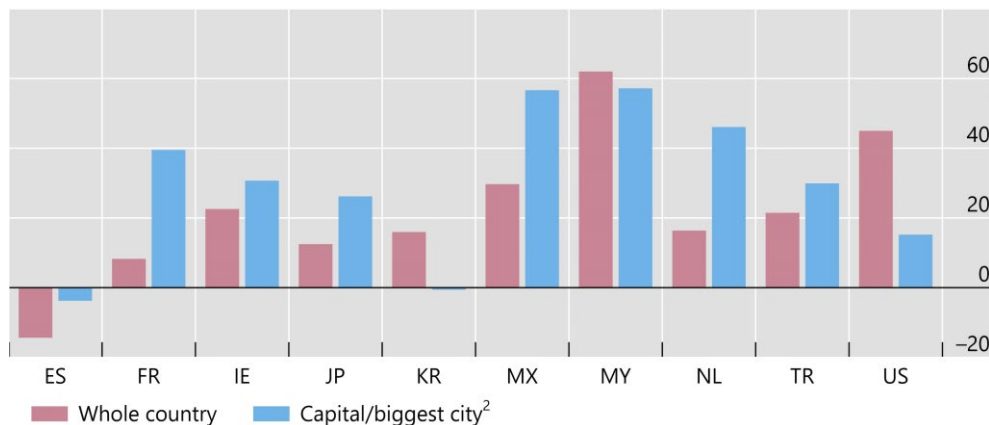
Source: BIS detailed and selected residential property price series.

These very recent developments appear to be in contrast with longer-term house price movements. When looking at the entire post-GFC period, real residential property prices have increased more in the capital/main cities than in the whole country in most jurisdictions.^③ This long-term trend has been particularly marked in France, the Netherlands and Mexico, and was also noticeable in Japan and Turkey (Graph B), while Korea and the United States have represented notable exceptions.

Real residential property prices in selected countries and areas¹

Cumulative changes since 2010, in per cent

Graph B



¹ Based on quarterly averages; CPI-deflated. ² For Spain, Madrid; for France, Paris; for Ireland, Dublin; for Japan, Tokyo; for Korea, Seoul; for Mexico, Mexico City; for Malaysia, Kuala Lumpur; for the Netherlands, Amsterdam; for the Philippines, National Capital Region (16 cities including Manila); for Turkey, Istanbul, for the United States, New York-Jersey City-White Plains.

Source: BIS detailed and selected residential property price series.

① Comparison of national and regional data faces important limitations, reflecting two main factors. First, regional house price data are still scarce and, when available, sub-national information is often limited to the capital or the largest city. Second, regional data may come from a different source and/or cover different market segments than countrywide indicators; this appears to be particularly the case for the BIS data collected on Korea and the United States. ② For the list of recently added series, see: www.bis.org/statistics/pp/newseries.htm.

③ In 13 of the 18 jurisdictions covered in the BIS sample since the GFC, real house prices have increased more in the capital/biggest city than in the rest of the country.