
GLOBAL RESIDENTIAL REAL ESTATE MARKET REPORT Q2 2023





Introduction

The world's housing markets continue to lose steam, amidst falling purchasing power caused by soaring inflation, tighter lending conditions and record-high borrowing costs due to interest rate hikes, as well as heightened global economic uncertainty.

When adjusted for inflation, house prices have risen in only 20, and actually declined in 42 markets which have so far published housing statistics in Q2 2023. In fact US house prices continue to decline, after a decade-long strong house price growth.

However, high inflation in most countries creates an illusion that house prices continue to rise strongly (or the decline is just modest), with nominal house prices still rising in 40 countries, and declining in only 21 of the 62 world's housing markets during the year to Q2 2023. For the US, the FHFA index increased modestly while the Case-Shiller index fell slightly. For instance, in Egypt, nominal house prices rose by a whopping 33.9% year-on-year in Q2 2023 but in real terms, prices have actually dropped 1.33%. Similarly, in Karachi, Pakistan, house prices soared 21.19%, however when adjusted for inflation, real prices have actually fallen by 6.35%.

In terms of momentum, most of the world's property markets continue to slow. Momentum is visibly weaker in real terms: only 27 out of the 62 world's housing markets showed stronger momentum in Q2 2023 than last year, while the remaining 35 housing markets showed weaker momentum. 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).

	HOUSE PRICE CHANGE (NOMINAL)				HOUSE PRICE CHANGE (INFLATION-ADJUSTED)				
	year-on-year (%)		q-o-q (%)		year-on-year (%)			q-o-q (%)	
	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2023		
Turkey	160.68	↓	95.85	13.70	Turkey	45.94	↓	41.70	6.81
Egypt	-2.75	↑	33.90	0.15	North Macedonia	4.55	↑	18.32	6.65
Pakistan (Karachi)	7.76	↑	21.19	4.00	UAE (Dubai)	5.88	↑	14.56	4.52
UAE (Dubai)	10.12	↑	16.91	4.83	Puerto Rico	-10.33	↑	12.88	7.34
Puerto Rico	-3.84	↑	15.52	7.70	Georgia	-7.31	↑	12.46	4.54
Greece	11.00	↑	14.14	2.45	Greece	-0.18	↑	11.33	0.38
Portugal	17.58	↓	13.92	2.41	Japan (Tokyo)	5.90	↑	9.20	-1.06
Georgia	4.54	↑	13.14	2.98	Portugal	8.89	↔	9.16	0.95
North Macedonia	16.57	↓	12.95	1.63	Spain	-7.62	↑	5.63	1.29
Japan (Tokyo)	8.35	↑	12.85	-0.31	Mexico	0.20	↑	5.51	2.17
Mexico	7.99	↑	11.54	2.41	Taiwan	10.79	↓	3.32	1.46
Estonia	26.66	↓	9.90	8.55	Thailand	-2.25	↑	3.10	0.35
Montenegro	11.52	↓	9.09	11.86	China (Beijing)	1.93	↑	2.93	0.68
Lithuania	21.18	↓	9.08	0.35	Singapore	4.48	↓	2.25	-1.17
Malta	1.71	↑	8.30	-0.96	Malta	-4.15	↑	2.01	-6.89
Iceland	22.88	↓	7.88	3.48	Brazil (Sao Paulo)	-6.77	↑	1.90	0.61
Spain	1.82	↑	7.63	2.42	Switzerland	-1.04	↑	1.64	0.47
Singapore	10.64	↓	7.46	-0.21	Montenegro	-1.77	↑	1.50	10.06
Sri Lanka (Colombo)	-0.33	↑	7.29	0.00	Vietnam (HCMC)	19.44	↓	0.17	0.57
Taiwan	14.77	↓	5.12	2.28	Lithuania	0.16	↔	0.03	0.58
Brazil (Sao Paulo)	4.31	↔	5.12	1.38	Israel	8.00	↓	-0.72	-1.91
Chile	18.65	↓	4.83	1.68	Iceland	12.92	↓	-0.91	0.89
Israel	12.49	↓	3.87	-0.60	US (FHFA)	8.01	↓	-0.92	0.49
Switzerland	1.89	↑	3.82	1.01	Estonia	5.34	↓	-1.25	5.55
Philippines (Makati CBD)	1.20	↑	3.62	0.50	Egypt	-14.09	↑	-1.33	-6.06
Thailand	5.24	↓	3.34	0.38	Saudi Arabia	-0.37	↓	-1.60	-0.51
US (FHFA)	17.34	↓	3.02	1.69	Philippines (Makati CBD)	-4.61	↑	-1.68	0.50
China (Beijing)	4.48	↓	2.93	0.20	Indonesia	-2.00	↔	-1.95	-0.08
Vietnam (HCMC)	23.46	↓	2.17	0.40	Ukraine (Kiev)	-6.51	↑	-1.99	-0.83
Ireland	13.95	↓	2.14	0.36	Cambodia (Phnom Penh)	-11.65	↑	-2.39	-1.15
Indonesia	1.71	↔	1.92	0.53	Russia	11.69	↓	-2.43	-3.94
Ukraine (Kiev)	1.56	↔	1.90	0.36	Chile	5.48	↓	-2.54	1.40
South Africa	3.60	↓	1.90	0.55	US (Case-Shiller)	8.15	↓	-2.94	1.06
Italy	1.44	↔	1.75	0.65	Macau	-5.09	↑	-3.48	0.69
Finland	3.67	↓	1.38	4.30	South Africa	-3.55	↔	-3.56	-0.27
Peru	-1.64	↑	1.20	1.39	Qatar	-4.40	↔	-3.69	1.92
Saudi Arabia	1.90	↔	1.09	0.09	Ireland	4.48	↓	-3.73	-1.31
India (Delhi)	7.53	↓	1.00	1.00	India (Delhi)	0.98	↓	-3.83	-0.62
Russia	29.45	↓	0.79	1.62	Sri Lanka (Colombo)	-35.55	↑	-4.21	0.49
France	6.88	↓	0.53	-0.75	Italy	-6.04	↑	-4.37	-0.11
Romania	13.10	↓	0.28	-0.28	France	1.51	↓	-4.42	-3.85
US (Case-Shiller)	17.95	↓	-0.06	2.15	Peru	-9.74	↑	-4.80	0.66
Norway	6.35	↓	-0.14	3.93	Denmark	-1.38	↓	-4.91	2.44
Morocco	-0.34	↔	-0.49	-0.17	Finland	-2.96	↓	-5.25	2.98
Qatar	0.77	↓	-0.58	2.82	Morocco	-6.24	↔	-5.77	0.56
Jersey	8.81	↓	-1.30	0.75	Norway	0.50	↓	-6.22	1.60
Cambodia (Phnom Penh)	-4.72	↑	-2.35	-0.08	Pakistan (Karachi)	-11.16	↑	-6.35	-0.34
Denmark	6.70	↓	-2.56	1.65	Romania	0.06	↓	-8.22	-1.98
Macau	-3.83	↑	-2.71	1.08	Canada	7.95	↓	-9.63	2.67
Austria (Vienna)	13.04	↓	-3.06	-0.64	South Korea	4.35	↓	-9.77	-2.24
UK (Nationwide)	11.43	↓	-3.13	1.50	Australia (8 capital cities)	7.04	↓	-9.94	2.31
Australia (8 capital cities)	13.64	↓	-4.48	3.22	UK (Nationwide)	3.24	↓	-10.04	-0.86
Netherlands	16.67	↓	-5.47	-0.89	Netherlands	7.47	↓	-10.56	-1.77
Colombia (Bogota)	-1.19	↓	-5.75	-0.15	Hong Kong	-4.88	↓	-10.77	-1.61
Slovak Republic	25.52	↓	-6.48	-2.27	Austria (Vienna)	4.80	↓	-10.93	-2.21
Canada	16.73	↓	-7.09	3.93	Jersey	0.87	↓	-11.00	-0.43
South Korea	10.61	↓	-7.33	-1.68	New Zealand	-2.93	↓	-13.41	-0.39
Argentina (Buenos Aires)	-6.31	↓	-7.55	-1.68	Germany	3.06	↓	-14.48	-0.57
New Zealand	4.17	↓	-8.24	0.65	Latvia (Riga)	-4.10	↓	-15.15	-2.05
Latvia (Riga)	14.45	↓	-8.42	-1.87	Colombia (Bogota)	-9.90	↓	-15.95	-1.65
Germany	9.98	↓	-9.03	0.03	Slovak Republic	11.56	↓	-16.64	-3.94
Hong Kong	-3.10	↓	-9.04	-1.42	Sweden	1.45	↓	-20.17	-3.02
Sweden	9.00	↓	-12.33	-1.28	Argentina (Buenos Aires)	-42.87	↓	-57.12	-20.56

LEGEND

↑ = more than 1 percentage point increase in house price change
 ↕ = less than 1 percentage point increase in house price change
 ↓ = more than 1 percentage point decrease in house price change
 ↔ = less than 1 percentage point decrease in house price change
 compared to same period of last year

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During the year to Q2 2023

- In the United States, always a key market, house prices are now falling, after a decade-long housing boom, amidst falling demand and negative homebuilder sentiment. Canada is also showing a similar trend.
- Europe's housing market correction continues, with house prices rising in only 9 out of the 28 European countries included in our global survey in Q2 2023. Real house prices in key European markets such as Germany, UK, France and Italy are now falling.
- Pacific housing markets, which were previously booming, are now depressed. Australia and New Zealand are now experiencing sharp house price falls, amidst falling property demand.
- Asian housing markets showed mixed results. Real house prices have risen in only 7 of the 16 markets included in the survey but momentum is stronger in most Asian countries. Strong house price increases were seen in Japan and Georgia while Hong Kong and South Korea continued to post double-digit price falls.
- The Middle East remains frail, with house prices rising in only 1 of the 6 countries included in our global survey. Though in terms of momentum, 4 countries performed better in Q2 2023 as compared to a year ago.
- Latin America's housing markets are still weak. Argentina and Colombia are two of the five weakest housing markets in our global survey.

The strongest house price increases in our global survey during the year to Q2 2023 were seen in: **Turkey** (+41.70%), **North Macedonia** (+18.32%), **Dubai, UAE** (+14.56%), **Puerto Rico** (+12.88%), and **Georgia** (+12.46%), using inflation-adjusted figures. The biggest y-o-y house price decline was registered still in Buenos Aires, **Argentina** (-57.12%), followed by **Sweden** (-20.17%), **Slovak Republic** (-16.64%), Bogota, **Colombia** (-15.95%), and Riga, **Latvia** (-15.15%), again using inflation-adjusted figures.

In its July 2023 World Economic Outlook Update, the International Monetary Fund (IMF) expects the global economy to expand by 3% this year, slightly higher than its earlier estimate of a 2.8% growth released in April, but a



slowdown from expansions of 3.5% in 2022 and 6.1% in 2021. In fact, advanced economies are projected to post a meager growth of 1.5% this year. Accordingly, the continued rise in central bank interest rates to fight surging inflation, as well as Russia's invasion of Ukraine continue to weigh on economic activity. Global headline inflation is expected to fall from 8.7% in 2022 to 6.8% this year, but remains high by historical standards.





THE WORLD'S REGIONS

Europe's housing market slowdown continues

House prices have risen in only 9 of the 28 European housing markets for which figures were available in Q2 2023. Also, only 9 countries had stronger momentum in Q2 2023 compared to a year earlier. Most European housing markets are now slowing rapidly, amidst falling global demand, the ongoing Ukraine crisis and supply chain disruptions. Notable exceptions are Turkey, North Macedonia and Greece.

Turkey remains the strongest housing market in our global house price survey, buoyed by strong demand from both local and foreign investors. The nationwide house price index rose by a spectacular 41.70% in Q2 2023 from a year earlier, following year-on-year increases of 54.79% in Q1 2023, 63.06% in Q4 2022, 57.58% in Q3, 45.94% in Q2 and 30.30% in Q1. In fact in nominal terms, prices skyrocketed by 95.85%. On a quarterly basis, real house prices were up by 6.81% in Q2 2023.



Source: Central Bank of the Republic of Turkey



Turkish President Tayyip Erdogan introduced an economic plan that prioritizes growth, investment, employment, and exports, pushed by a series of unorthodox interest rate cuts. The plan sparked hyperinflation and a currency crisis, with the nationwide inflation rate skyrocketing to an average of 73% in 2022 – the highest level since 1998. Inflation remains high this year, at 58.9% in August 2023. The value of the lira against the dollar tumbled by 44% in 2021, by 27% last year and by another 30% in the first eight months of 2023 – its worst since Erdogan came to power nearly two decades ago. But for foreigners, the plunge in Turkey’s currency value means that the property market is very attractively priced, luring many buyers from the Gulf.

Turkey’s economy is projected to grow by a modest 3% this year, following expansions of 5.6% in 2022 and 11.4% in 2021, as inflation remains high following the lira’s crash, and with the Ukraine crisis adversely impacting tourism.

[North Macedonia](#)’s housing market continues to expand, with nationwide residential property prices rising strongly by 18.32% in Q2 2023 from a year earlier, a sharp acceleration from the prior year’s 4.55% increase. Quarter-on-quarter, prices were up by 6.65% in Q2 2023.

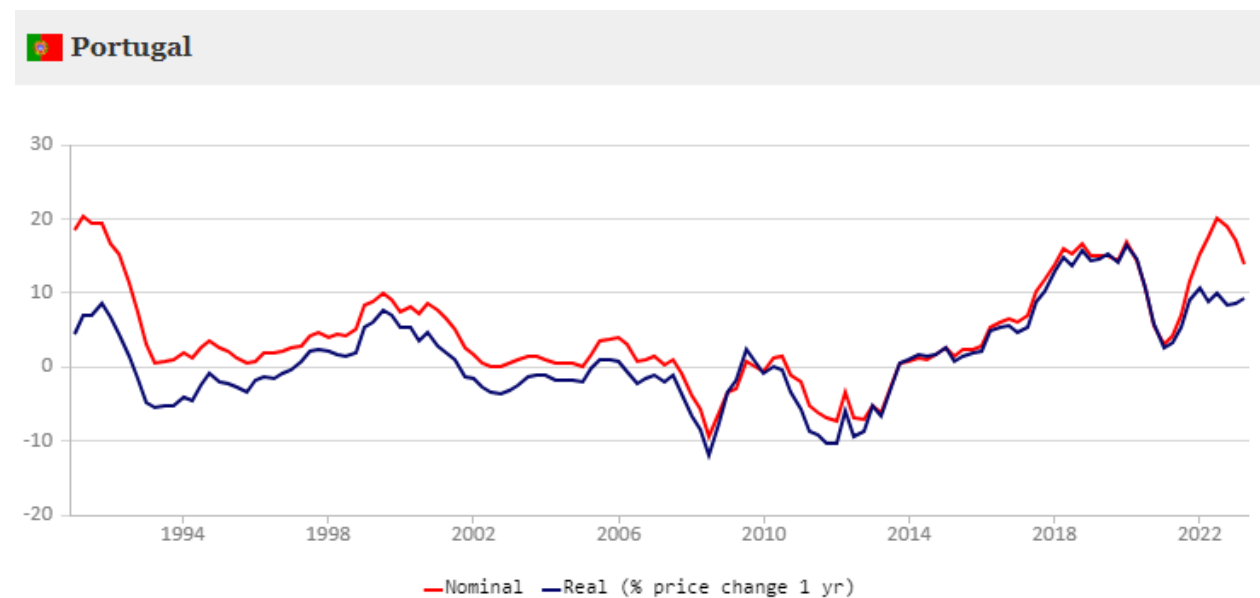
The government’s decision to officially change the country’s name from “Macedonia” to “North Macedonia” under the name deal with Greece in 2019 solved the long-standing dispute between the neighboring countries and opened the way for NATO and EU integration. North Macedonia became an official member state of NATO on March 27, 2020 and its EU accession talks have finally begun. After expanding by 3.9% in 2021 and 2.2% in 2020, the economy will slow this year, with a projected real GDP growth rate of just 1.4%, based on IMF estimates.

[Greece](#)’s housing market saw a surprise comeback, with its inflation-adjusted dwelling price index in urban areas rising strongly by 11.33% in Q2 2023 from a year earlier, in contrast to the year-on-year decline of 0.18% in Q2 2022. On a quarterly basis, prices increased slightly by 0.38% during the latest quarter.



Aside from strong local demand, demand from foreign homebuyers is rising rapidly. Foreign investors have been attracted to Greece, mainly due to the Golden Visa Program, which offers residency to non-EU investors purchasing or renting property worth over €250,000. Though the overall economy is now slowing, with a projected real GDP growth of 2.4% this year and 1.9% in 2024, as compared to an expansion of 5.9% in 2022, according to the European Commission.

Portugal's housing market continues to grow, amidst strong demand and a housing shortage. Nationwide property prices rose by 9.16% during the year to Q2 2023, following year-on-year expansions of 8.49% in Q1 2023, 8.33% in Q4 2022, 10.06% in Q3 2022, and 8.89% in Q2 2022. On a quarterly basis, house prices were up by 0.95% in Q2 2023.



Source: Instituto Nacional de Estatística

As a response to strong demand, residential construction activity continues to rise. The number of licensed dwelling permits in Portugal rose by 5.9% to 30,189 units in 2022, following annual growth of 11% in 2021 and 2.6% in 2020, according to figures from the Instituto Nacional de Estatística (INE). Then in the first seven months of 2023, dwelling permits continued to increase, albeit at a much slower pace of 1.5% to 18,973 units as compared to the same period last



year. Recently, Bank of Portugal raised its 2023 growth forecast for the country to 2.7%, from the initial estimate of 1.8% and following annual expansion of 6.7% in 2022 and 5.5% in 2021.

Modest to minimal house price increases were seen in [Spain](#) (5.63%), [Malta](#) (2.01%), [Switzerland](#) (1.64%), [Montenegro](#) (1.50%), and [Lithuania](#) (0.03%). All, except Lithuania, had stronger performances in Q2 2023 compared to a year earlier. All, except Malta, saw quarter-on-quarter price declines during the latest quarter.

Europe's worst performing housing markets

[Sweden](#)'s house prices are now in freefall, amidst slowing economy, rising interest rates and soaring inflation. The nationwide residential property price index fell sharply by 20.17% in Q2 2023 from a year ago, in stark contrast to a y-o-y increase of 1.45% in Q2 2022. It was the fourth consecutive quarter of y-o-y fall and the biggest decline in recent history. Quarter-on-quarter, prices fell by 3.02% in Q2 2023.

Demand continues to fall. In the first half of 2023, the total number of sold one- and two-dwelling buildings in Sweden fell by 21.1% to 21,082 units from the same period last year. The Swedish economy is projected to contract by 0.5% this year, after expanding by 2.6% in 2022, according to the European Commission.

[Slovak Republic](#)'s housing market conditions are also deteriorating fast. Inflation-adjusted house prices in Slovakia dropped by a huge 16.64% in Q2 2023 from a year earlier, in stark contrast to the year-on-year growth of 11.56% recorded in Q2 2022. It is its third consecutive quarter of y-o-y price fall and its worst showing in recent history. On a quarterly basis, real house prices fell by 3.94% during the latest quarter.

Residential property demand, both from local and from foreign investors, is slowing rapidly, mainly due to geopolitical events such as the conflict in Ukraine



which caused an increase in energy prices and led to a surge in inflation. This coupled with a rapid rise in interest rates discourages potential demand. The overall economy is expected to remain weak, with a projected growth of 1.7% this year, at par with the previous year's expansion.

Germany's housing market continues to struggle, as higher mortgage interest rates and rising inflationary pressures have compounded affordability constraints. The average price of apartments fell by a huge 14.48% (inflation-adjusted) during the year to Q2 2023, in stark contrast to the previous year's 3.06% growth. It is now its fourth straight quarter of y-o-y decline. On a quarterly basis, real house prices were down slightly by 0.57% in Q2 2023. Until last year, Germany's housing market has been growing continuously since 2014, with house prices up by more than 70%.

With falling demand, residential construction in Germany is slowing rapidly. In the first seven months of 2023, the number of dwelling permits plunged by 27.8% y-o-y to 156,174 units, following an annual decline of 7% in 2022. The German economy is expected to suffer another mild contraction, amidst a decline in construction investment, weak private consumption and falling external demand. As a result, the European Commission expects Europe's biggest economy to shrink by 0.4% in 2023, after expanding by 1.8% in 2022 and 2.6% in 2021.

The **UK's** housing market conditions are worsening, amidst slowing economic growth. Real house prices fell by a huge 10.04% in Q2 2023 from a year earlier, in stark contrast to the annual growth of 3.24% in Q2 2022. It is its third straight quarter of y-o-y price fall and its worst showing since Q2 2009.

Quarter-on-quarter, real house prices fell by 0.86% during the latest quarter. Even in nominal terms, UK house prices declined by 3.13% during the year to Q2 2023, a sharp turnaround from the previous year's 11.43% growth.

Demand continues to fall, with residential property transactions (seasonally-adjusted) in the UK falling to 250,380 units in Q2 2023, down by 8% from the previous quarter and by 22.6% from a year earlier, according to HM Revenue & Customs. This followed a 14.9% decline during the full year of 2022.



The National Institute of Economic and Social Research expects the UK economy to grow by a meager 0.4% this year and by 0.3% in 2024, a slowdown from an expansion of 4% in 2022 and 7.6% in 2021.

Other European housing markets which are also struggling include Riga, [Latvia](#) with house prices falling by 15.15% year-on-year in Q2 2023, [Jersey](#) (-11%), Vienna, [Austria](#) (-10.93%), [Netherlands](#) (-10.56%), [Romania](#) (-8.22%), [Norway](#) (-6.22%), and [Finland](#) (-5.25%). All recorded weaker performances in Q2 2023 from the previous year. All, except Finland and Norway, saw quarter-on-quarter price falls in Q2 2023.

Moderate to minimal house price falls were recorded in [Denmark](#) (-4.91%), [France](#) (-4.42%), [Italy](#) (-4.37%), [Ireland](#) (-3.73%), [Russia](#) (-2.43%), Kiev, [Ukraine](#) (-1.99%), [Estonia](#) (-1.25%), and [Iceland](#) (-0.91%). All, except Italy and Ukraine, had weaker performances in Q2 2023 as compared to a year earlier. All, except Denmark, Iceland, and Estonia, saw quarterly price falls during the latest quarter.



Pacific housing markets are suffering badly

House prices in the Pacific region continue to fall sharply, amidst slowing demand caused by rising interest rates and declining purchasing power of consumers caused by soaring inflation. In fact, New Zealand and Australia are now two of the weakest housing markets in our global house price survey.

Australia's housing market woes continue, amidst falling demand and construction activity. Inflation-adjusted house prices in the country's eight major cities fell by 9.94% in Q2 2023 from a year earlier, in sharp contrast to the previous year's strong growth of 7.04%. It is its fourth straight quarter of y-o-y price fall. Yet quarter-on-quarter, house prices increased 2.31% in Q2 2023.

Both demand and supply are weakening. Home sales over the three months ending August 2023 declined by 4.6% from a year ago, according to CoreLogic. Capital city sales activity was about 3.6% lower than a year ago while regional home sales were down 6.4% over the same period. For the whole year of 2022, capital city sales were down by 16.5% relative to 2021 figures. Similarly, dwelling approvals plunged 16.7% y-o-y to 106,319 units in the first eight months of 2023, following a decline of 16.1% in 2022 and an increase of 21.5% in 2021, according to the Australian Bureau of Statistics (ABS).

The Reserve Bank of Australia (RBA) expects the country to post minimal economic growth of 0.9% this year and 1.6% in 2024, after an expansion of 2.7% in 2022 and 5.9% in 2021.

New Zealand's housing market remains depressed, amidst declining demand caused by rising borrowing costs. Median house prices dropped by a whopping 13.41% (inflation-adjusted) in Q2 2023 from a year earlier, far worse than the y-o-y decline of 2.93% seen in the previous year. In fact, it is now its fifth consecutive quarter of annual price fall. On a quarterly basis, real house prices dropped slightly by 0.39% in Q2 2023.

Residential property sales across New Zealand rose slightly by 1.6% year-on-year to 4,903 units in July 2023, but down by 15.6% from the previous



month, according to the Real Estate Institute of New Zealand (REINZ). New Zealand excluding Auckland sales counts decreased 2.5% in July 2023 from a year earlier. The total number of properties available for sale nationally was 23,090 units in July 2023, down by 12.4% from a year ago.

New Zealand's economy is projected to grow by just 1.1% this year and 0.8% in 2024, a slowdown from expansions of 2.4% in 2022 and 5.6% in 2021, as rising interest rates and high inflation weigh on private consumption.



Asia's housing markets are two-tiered

House prices rose in 7 of the 16 Asian housing markets included in our global house price survey. Ten countries showed stronger momentum in Q2 2023 compared to a year earlier. Strong house price increases were seen in Georgia and Japan.

[Georgia](#)'s housing market made a surprise comeback, buoyed by strong demand and limited supply, coupled with a strong economy. The inflation-adjusted residential property price index rose by 12.46% during the year to Q2 2023, in stark contrast to the year-on-year decline of 7.31% in the previous year. It was its third consecutive quarter of year-on-year price increase. On a quarterly basis, real house prices were up by 4.54% during the latest quarter.

Georgia's economy remains robust, with real GDP growing by 10.1% during 2022, at par with the prior year's 10.5% expansion. The economy is projected to expand by 6.2% this year and by another 4.8% in 2024, based on IMF estimates.

[Japan](#)'s house prices are rising strongly, despite falling demand and weakening residential construction. The average price of existing condominiums in Tokyo rose by 9.2% in Q2 2023 from a year earlier, an acceleration from the previous year's 5.9% price increase. Though during the latest quarter, existing condo prices fell by 1.06% q-o-q.

Sales of existing condominium units in Tokyo fell by 9.5% y-o-y to 24,180 units in the first eight months of 2023, following a 10.8% decline in the full year to 2022. Likewise, sales of existing detached houses in Tokyo dropped 13.9% to 12,325 units in Jan-Aug 2023 from a year earlier, after falling by 13.1% during 2022. Construction activity is also falling, with dwelling starts decreasing by 3.7% to 548,099 units in the first eight months of 2023, following a slight growth of 0.3% during 2022. The IMF expects the Japanese economy to grow by a meager 1.4% for the full year of 2023, after expanding by 1.1% in 2022 and 2.1% in 2021.

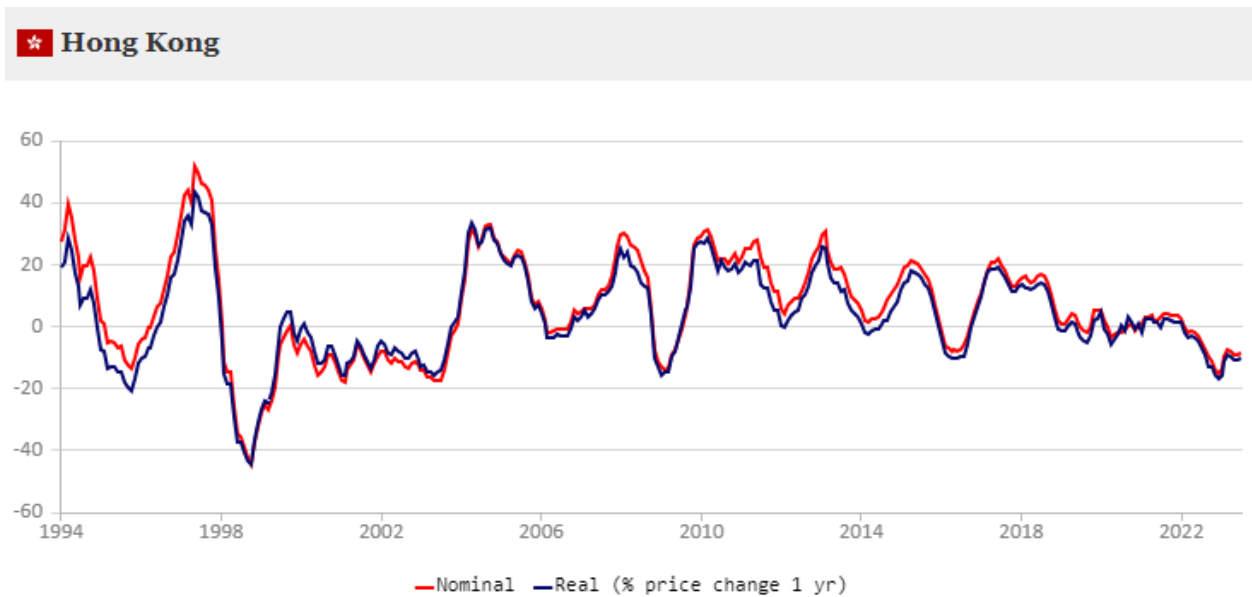
Modest to minimal house prices increases were recorded in [Taiwan](#) (3.32%), [Thailand](#) (3.10%), Beijing, [China](#) (2.93%), [Singapore](#) (2.25%), and Ho Chi Minh



City, [Vietnam](#) (0.17%). All, except Singapore, recorded quarterly price rises in Q2 2023. Though only China and Thailand performed better in Q2 2023 as compared to a year earlier.

Asia’s weakest housing markets

[Hong Kong](#)’s housing market conditions continue to deteriorate, amidst a struggling economy. The inflation-adjusted residential property prices plunged by 10.77% in Q2 2023 from a year earlier, following y-o-y declines of 9.13% in Q1 2023, 16.66% in Q4 2022, 13.26% in Q3 2022 and 4.88% in Q2 2022. On a quarterly basis, house prices declined by 1.61% in Q2 2023. Property demand shows mixed results. The total number and value of new property sales soared by 19.1% and 21.8% y-o-y, respectively, in the first seven months of this year. In contrast, the number of existing property sales fell modestly by 2.3% y-o-y in Jan-Jul 2023 and sales value dropped 9.6% over the same period.



Source: Rating and Valuation Department

Hong Kong’s economy suffered a 3.5% contraction last year, following an expansion of 6.3% in 2021, and contractions of 6.5% in 2020 and 1.7% in 2019, as weakening global demand and strict Covid-19 restrictions hurt consumer



spending and exports. The HK economy is projected to grow by between 4% and 5% this year, after the government unveiled a number of measures, including offering cash handouts to residents, cutting salaries tax, and attracting more workers and foreign investments.

South Korea's housing market continues to struggle, after a surge in house prices in recent years. The slowdown can be primarily attributed to the recent introduction of stricter lending criteria and interest rate hikes.

Inflation-adjusted house prices fell by 9.77% in Q1 2023 from a year earlier, a sharp turnaround from the previous year's 4.35% growth. In fact, it was its worst showing since Q4 1998. On a quarterly basis, real house prices dropped 2.24% in Q2 2023.

Even in nominal terms, house prices declined by 7.33% in Q2 2023 from the previous year, the third consecutive quarter of year-on-year falls. South Korea's trade-reliant economy grew by 2.6% in 2022 following a 4.1% expansion in 2021, primarily driven by robust private consumption and fixed investment. However the country recorded an economic growth of just 0.9% year-on-year both in Q1 and Q2 2023 – the lowest annual growth rates since Q4 2020. As a result, the IMF recently lowered further its 2023 growth forecast for Korea to 1.4%, amidst continued global economic uncertainty.

Other weak Asian housing markets included Karachi, **Pakistan**, with house prices falling by 6.35% during the year to Q2 2023, followed by Colombo, **Sri Lanka** (-4.21%), Delhi, **India** (-3.83%), **Macau** (-3.48%), Phnom Penh, **Cambodia** (-2.39%), **Indonesia** (-1.95%), and Makati CBD, **Philippines** (-1.68%). All, except the Philippines, Macau and Sri Lanka, saw quarterly price falls during the latest quarter. Surprisingly, all, except India, performed better in Q2 2023 as compared to a year earlier.



Middle East's housing markets weakening

House prices rose in only 1 of the 6 Middle East housing markets included in our global house price survey. However, 4 of them showed stronger momentum in Q2 2023 as compared to the previous year.

Saudi Arabia's housing market is still weak, with the residential real estate price index falling by 1.6% during the year to Q2 2023, following slight y-o-y declines of 1.38% in Q1 2023, 0.43% in Q4 2022, 0.38% in Q3, 0.37% in Q2 and 0.12% in Q1. Quarter-on-quarter, prices were down 0.51% in Q2. Recently, the IMF lowered further its 2023 GDP growth forecast for the Kingdom to a meager 0.8%, down from its earlier estimate of 3.1% and a sharp slowdown from the previous year's robust growth of 8.7%.

Israel's housing market remains fragile, with the nationwide average price of owner-occupied dwellings falling slightly by 0.72% y-o-y in Q2 2023, in sharp contrast from the 8% increase in the same period last year. On a quarterly basis, Israeli house prices were down by 1.91% in Q2 2023. The IMF projects Israel's economy to grow by a modest 3.1% this year, a slowdown from expansions of 6.1% in 2022 and 8.6% in 2021. Though, economic conditions are expected to worsen further in the coming months, amidst the ongoing Israel-Hamas war.

Qatar's housing market conditions remain gloomy, with the nationwide real estate price index falling by 3.69% in Q2 2023 from a year earlier, as compared to the previous year's 4.4% decline. It was its eleventh quarter of year-on-year price fall. Though on a quarterly basis, prices increased 1.92% during the latest quarter. The oversupply of residential properties in Qatar associated with the 2022 FIBA World Cup, coupled with slowing demand, is pulling down prices. In the first five months of 2023, residential sales transactions volume declined by 25.6% y-o-y while sales value dropped 14%. The Qatari economy is expected to expand by a modest 2.4% this year, following annual growth of 3.4% in 2022 and 1.5% in 2021.

Egypt's erratic housing market movements continue, with the nationwide inflation-adjusted real estate index falling by 1.33% in Q2 2023 from a year



earlier, following a decline of 7.85% in Q1 2023, a growth of 3.37% in Q4 2022, declines of 12.35% in Q3 and 14.09% in Q2, and an increase of 1.57% in Q1. Quarter-on-quarter, real house prices declined 6.06% in Q2 2023. Though soaring inflation masks the real situation, with nominal house prices surging by 33.9% during the year to Q2 2023. After growing by an estimated 6.6% in 2022, the Egyptian economy is projected to grow by 3.7% this year and by another 5% in 2024.

[Morocco](#)'s housing market continues to struggle, with residential property prices falling by 5.77% in Q2 2023 from a year earlier, following a y-o-y decline of 7.5% in the previous quarter. Quarter-on-quarter, house prices were up slightly by 0.56% during the latest quarter. Morocco registered a meager economic growth of 1.3% in 2022, sharply down from an expansion of 8% in 2021, amidst a severe drought and a surge in commodity prices. The economy is now expected to grow by a modest 2.4% this year.

[UAE](#) is an exception. The housing market continues to grow strongly, with Dubai's inflation-adjusted residential property prices surging by 14.56% during the year to Q2 2023, following y-o-y growth of 8.08% in Q1 2023, 5.96% in Q4 2022, 5.11% in Q3, 5.88% in Q2, and 9.43% in Q1. In fact, it was its best showing since Q3 2014. On a quarterly basis, house prices in Dubai were up by 4.52% in Q2 2023. Property demand is rising robustly. In the first half of 2023, the total number of real estate transactions in Dubai increased by an impressive 44% to 57,700 units from the same period last year, according to Savills.

Though, the overall UAE economy is expected to slow this year, with a projected real GDP growth rate of 3.4%, a slowdown from an expansion of 6.6% in 2022, mainly due to weaker global activity, tighter financial conditions, and stagnant oil output.



Americas: housing market downturn continues in the U.S. and Canada

Both the U.S. and Canada are now experiencing house price falls, in contrast to double-digit increases just last year, amidst slowing economy, surging inflation, and heightened global economic uncertainty.

The **U.S.** housing market continues to lose steam, after a decade-long house price boom, amidst falling demand and weakening economy. The S&P/Case-Shiller seasonally-adjusted national home price index fell by 2.94% in Q2 2023 from a year earlier (inflation-adjusted), in sharp contrast to a year-on-year increase of 8.15% in Q2 2022. It is now its third consecutive quarter of year-on-year decline.

This is supported by figures released by the Federal Housing Finance Agency (FHFA), which showed that its seasonally-adjusted purchase-only U.S. house price index also declined by 0.92% during the year to Q2 2023 (inflation-adjusted), in stark contrast to the prior year's 8.01% growth.

The S&P/Case-Shiller index increased by 1.06% q-o-q in Q2 2023, while the FHFA index declined slightly by 0.49%.

Demand showed mixed results. In August 2023, existing home sales fell by 15.3% to a seasonally-adjusted annual rate of 4.04 million units as compared to a year earlier, according to the National Association of Realtors (NAR). This followed a full year decline of 17.8% during 2022. On the other hand, sales of new single-family houses increased by 5.8% y-o-y to a seasonally-adjusted annual rate of 675,000 units in August 2023, according to the U.S. Census Bureau.

The U.S. homebuilder sentiment fell by five points in September 2023 to 45, following a six-point drop in the previous month, as developers are now feeling pessimistic about their business amidst stubbornly high mortgage rates, 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. economy grew by an annual rate 2.1% in Q2 2023, following an expansion of 2.2% in the previous quarter, as growth in consumer spending, government expenditures, and nonresidential fixed investment are partially offset by declines in exports and residential investment. The world's biggest economy will slow in the medium term, with The Conference Board forecasting that real GDP will grow by 2.2% in 2023 and then fall to 0.8% in 2024, mainly due to persistent inflation, Federal Reserve hawkishness, fallout from the banking crisis, and slowing consumer spending and business investment.

Canada's housing market is now plummeting, amidst declining demand. In Q2 2023, inflation-adjusted house prices in the country's eleven major cities fell by 9.63% from a year earlier, in sharp contrast to a year-on-year price growth of 7.95% in Q2 2022. It is now the third straight quarter of y-o-y price decline and its worst performance in recent history. Though quarter-on-quarter, real house prices increased 2.67% during the latest quarter.

Both demand and supply are falling. During 2022, the actual number of sales transactions plunged by 25.2% to 498,175 units from a record high of 666,390 units a year earlier, according to the Canadian Real Estate Association (CREA). This was in sharp contrast to the annual growth in sales of 20.5% in 2021 and 12.6% in 2020. Recently, CREA projects that about 464,239 properties will be sold this year via the Canadian MLS Systems, down by 6.8% from the previous year. Likewise, housing starts dropped by 8.1% y-o-y to 110,893 units in H1 2023, following a 3.4% decline during 2022.

The Canadian economy grew by a modest 3.6% during 2022, following an expansion of 4.5% in 2021 and a contraction of 5.2% in 2020, according to the Bank of Canada. However, the economic outlook is now bleak, as higher borrowing costs adversely affect consumer spending and as export growth moderates amidst deteriorating global economic conditions. The central bank expects Canada's economy to grow by a meager 1.4% this year and 1.3% in 2024.



Latin America's housing markets remain fragile

House prices rose in only two of the six Latin American housing markets included in our global survey. In fact, two of the five weakest housing markets in our global house price survey are in Latin America.

Argentina remains the weakest housing market in our global house price survey, amidst slowing economy, surging inflation and nervous political situation.

During the year to Q2 2023, apartment prices in Buenos Aires plunged by a whopping 57.12%, worse than the y-o-y decline of 42.87% in the previous year. On a quarterly basis, prices dropped by a huge 20.56%. The overall economy is projected to shrink by 2.5% this year, from expansions of 5% in 2022 and 10.7% in 2021.

Colombia's housing market conditions continue to deteriorate, after several years of vigorous price rises. In Bogotá, house prices plummeted by a huge 15.95% during the year to Q2 2023, worse than the previous year's 9.9% decline. In fact, it was its ninth straight quarter of y-o-y fall. During the latest quarter, house prices dropped 1.65% q-o-q. Colombia's economic growth is expected to slow sharply to just 1.4% this year, from strong expansions of 7.3% in 2022 and 11% in 2021.

Peru's housing market continues to suffer, with the inflation-adjusted hedonic property price index falling by 4.8% in Q2 2023 as compared to a year earlier. It was its tenth straight quarter of y-o-y price decline. Quarter-on-quarter, prices increased by a meager 0.66%. The overall economy will slow this year, with a projected GDP growth rate of just 1.1%, down from expansions of 2.7% in 2022 and 13.4% in 2021.

Chile's house prices continue to fall, despite increasing demand. The nationwide average price of new apartments fell by 2.54% y-o-y in Q2 2023, in contrast to the previous year's 5.48% growth. Quarter-on-quarter, house prices increased 1.4%. The number of residential properties sold nationwide rose by 12% y-o-y to 23,107 units in the first half of 2023. Chile's economy will contract by 0.5% this year, following growth of 2.4% in 2022 and 11.7% in 2021.



Brazil, in contrast, is now showing signs of improvement, with real house prices in Sao Paulo rising by 1.9% during the year to Q2 2023, in contrast to the prior year's 6.77% fall. On a quarterly basis, Sao Paulo prices increased slightly by 0.61% in Q2. Inflation-adjusted house prices in the capital city have been falling since 2015, and the Covid-19 pandemic has prolonged the downturn. Brazil's economy is projected to expand by 3.1% this year, slightly up from the 2.9% growth seen in 2022.

Mexico's housing market continues to recover, with the nationwide house price index rising by 5.51% in Q2 2023 from a year earlier, a sharp improvement from a y-o-y growth of just 0.2% in Q2 2022. In fact, it was its best showing since Q1 2016. On a quarterly basis, house prices increased 2.17% during the latest quarter. The overall economy is projected to grow by a modest 3.2% this year, following expansions of 3.9% in 2022 and 5.8% in 2021.



Puerto Rico's surprising house price surge

[Puerto Rico](#)'s housing market is still unpredictable, with the seasonally-adjusted purchase-only house price index rising strongly by 12.88% in Q2 2023 from a year earlier, in contrast to y-o-y declines of 3.02% in Q1 2023, 2.19% in Q4 2022, 4.23% in Q3, 10.33% in Q2 and 6.92% in Q1. Quarter-on-quarter, house prices were up 7.34% during the latest quarter.

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. After expanding by 2% in 2022, the economy is projected to contract by 0.7% this year.

South Africa's housing market outlook still gloomy

[South Africa](#)'s housing market remains weak, having been depressed for most of the past seven years. The price index for medium-sized apartments fell by 3.56% during the year to Q2 2023, at par with the y-o-y decline of 3.55% in the previous year. On a quarterly basis, house prices dropped slightly by 0.27%.

After registering a post-pandemic growth of 4.9% in 2021, SA's economic growth slowed to 2% in 2022, amidst the fallout of the war in Ukraine coupled with several domestic setbacks, such as floods and energy crisis. The SA economy will likely post a meager growth of 0.7% this year, according to the South African Reserve Bank (SARB).



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