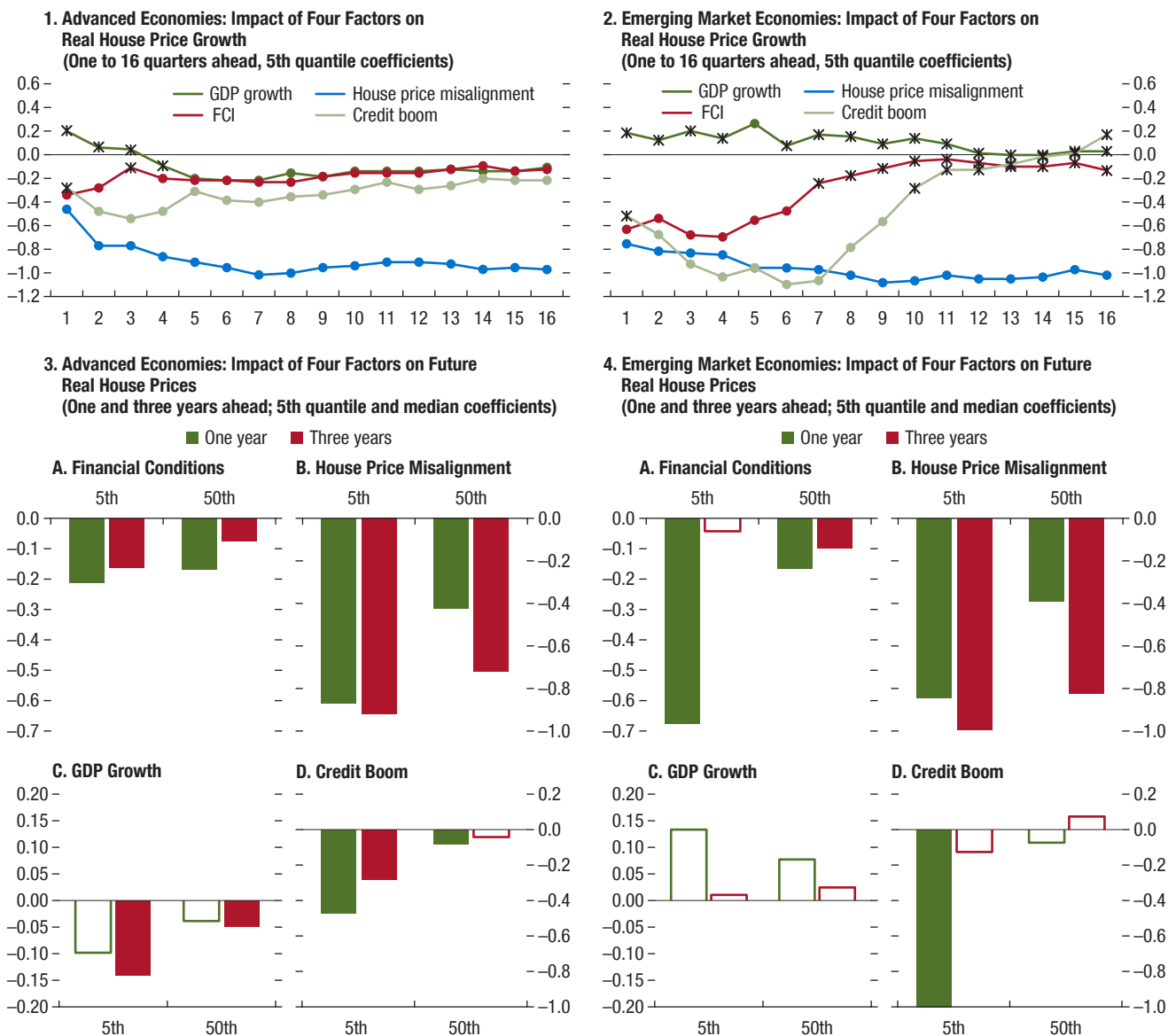


Figure 2.5. House Prices and Fundamentals: Quantile Regression Results

Variables related to financial conditions, real GDP growth, household leverage, and overvaluation are informative about sharp declines in real house prices.



Source: IMF staff calculations.

Note: Panels 1 and 2 show panel quantile coefficients for four standardized variables in regression with average real house price growth over different horizons, estimated at the 5th percentile. Black markers indicate insignificant coefficients; colored circles denote coefficients significant at the 10 percent level or higher. Panels 3 and 4 (A–D) show coefficients from panel quantile regressions estimated at the 5th and 50th (median) quantiles for one- and three-year real house price growth and lagged house prices, financial conditions, house price misalignment, real GDP growth, and a credit boom dummy. All variables (except the credit boom dummy) are standardized so that magnitudes of coefficients indicate relative importance of variables. Colored bars indicate that the coefficients are statistically significant at the 10 percent level or higher. Outlined bars indicate insignificant coefficients. FCI = financial conditions index.