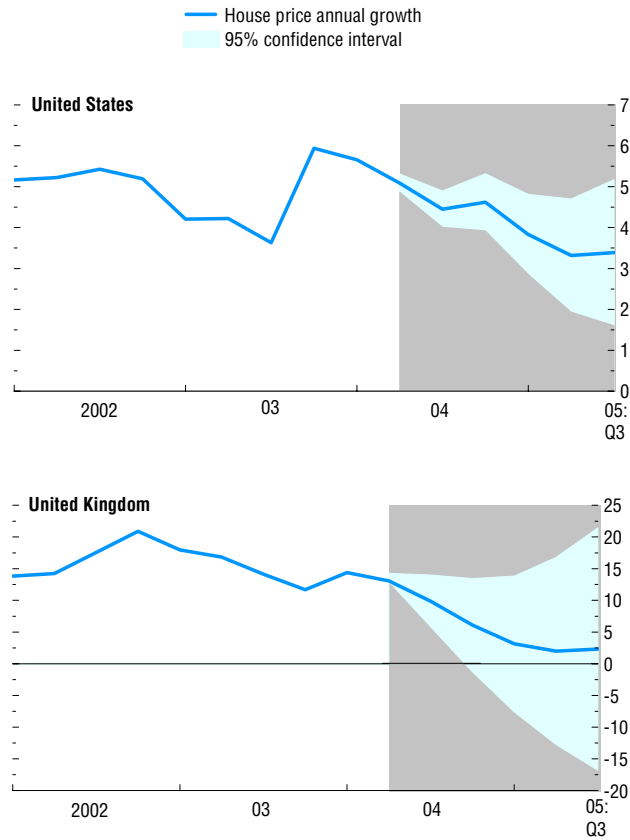


Figure 2.7. How Would House Prices React to an Increase in Interest Rates?

(Percent change; constant prices)

An increase in interest rates as expected by futures markets would slow down house price growth in the United States and the United Kingdom; in the United Kingdom, a drop in prices cannot be ruled out.



Sources: Bloomberg Financial, LP; Haver Analytics; IMF, *International Financial Statistics*; national sources; OECD; and IMF staff estimates.