



Measuring property prices: the BIS contribution

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Abstract

Residential property prices (RPP) play a key role in complementing financial stability analysis. The Bank for International Settlements (BIS) has monitored their evolution for more than two decades and has started their collection as early as 1989. In line with G20-endorsed recommendations, in July 2010 the BIS started the regular monthly publication of a detailed data set of residential property prices. The coverage of these statistics has increased from 37 countries at that time to 57 to date.

International organisations usually focus on cross-country RPP comparisons. Despite of the heterogeneity of RPP indicators in terms of type of property, covered area, property vintage, priced unit, compilation method and seasonal adjustment, turning points in their developments can easily be spotted. The publication of the Handbook on Residential Property Price Indices (HRPP) should very likely generate significant improvements regarding the cross-country homogeneity of property prices.

At the BIS, analyses embracing a longer term perspective are favoured. Property prices are used to monitor the financial cycles, which are key to gauge financial stability. These financial cycles have much larger amplitude than business cycles, and they develop over a longer time frame. In this context, the heterogeneity of property prices across countries is a secondary issue compared to their usefulness to assess the building up of financial vulnerabilities in the long run. To help support such financial stability analyses, a set of long-term RPP series is now being updated on a regular basis on the BIS website.

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