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Narodowy Bank Polski

Krzysztof Olszewski, Financial Stability Department

Comments on:

Housing Finance and Real-Estate Booms: A Cross-Country Perspective

By: Eugenio Cerutti, Jihad Dagher, and Giovanni Dell'Ariccia

Disclaimer: The comments present the personal opinion of the author and do not necessarily reflect the official position of the Narodowy Bank Polski.

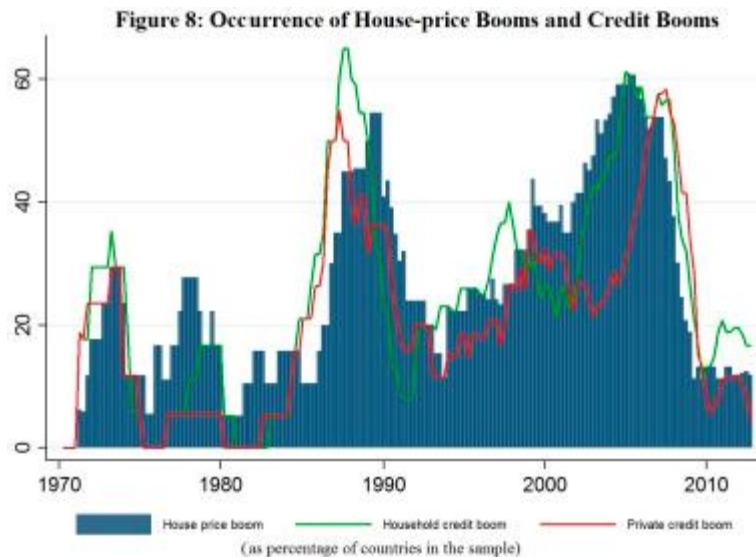


Housing Finance and Real-Estate Booms: A Cross-Country Perspective

Main findings:

- The paper analyzes the conflict between the objective of increasing access to housing finance and the dangers associated with fast-growing housing credit (data on 50 countries, new data on housing finance, house prices and household credit).
- Housing finance is very heterogenous
- LTV, wholesale funding, loan maturity are positively correlated

Housing Finance and Real-Estate Booms: A Cross-Country Perspective



Household-credit booms and house-price booms tend to occur together. Moreover, they seem more in sync than private-credit booms and house-price booms.

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Policy implications:

- Deeper mortgage markets associated with crisis risk
- Countries should not relax housing finance standards
- Macroprudential policies, housing finance regulations are first line of defence
- Monetary policy plays a major role
 - But it is a too strong tool, sometimes.
- Dealing with real-estate booms effectively requires a broad mix of policies that goes beyond the use of macroprudential and monetary policies, and may also involve realignment of incentives over the long run.
 - **PROBLEM:** How to coordinate the measures? There are different goals of different institutions and market participants.
 - **POSSIBLE SOLUTION:** strenghtening of the rental market decreases OOH, can decrease occurence of booms.