



Bank of Japan

Property Bubbles and Economic Policy

Prepared for the Special Panel on Property Markets,
Financial Stability, and Macroprudential Policies
2013 ASSA-AREUEA Annual Meeting



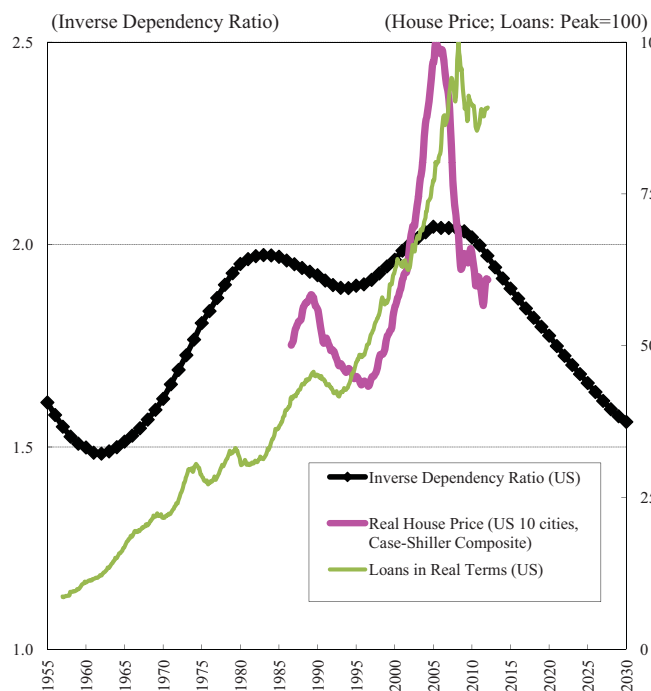
Kiyohiko G. Nishimura
Deputy Governor
Bank of Japan

OUTLINE

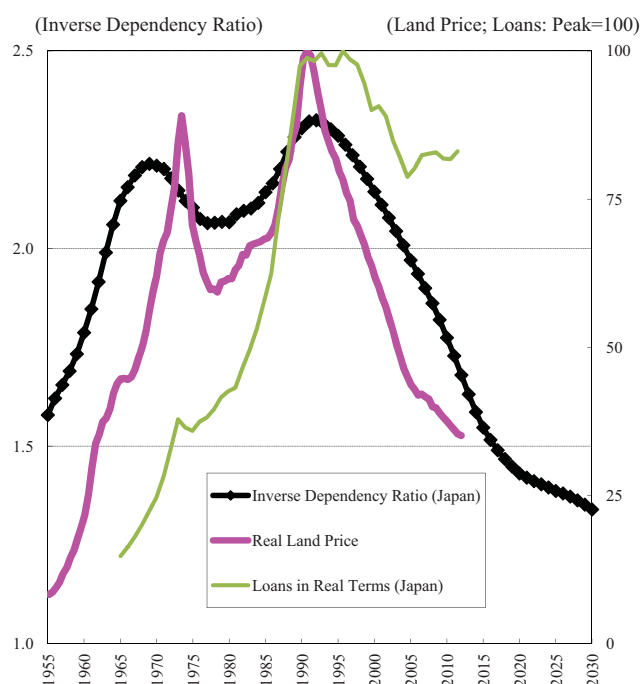
0. Introduction
1. Demographic Trends and Property Markets
2. Policy Implications
3. Property Price Indexes as the Foundation of Policy

(Chart 1) Demographic Trend, Credit Expansion and Asset Price: US and Japan

1.1. US



1.2. Japan

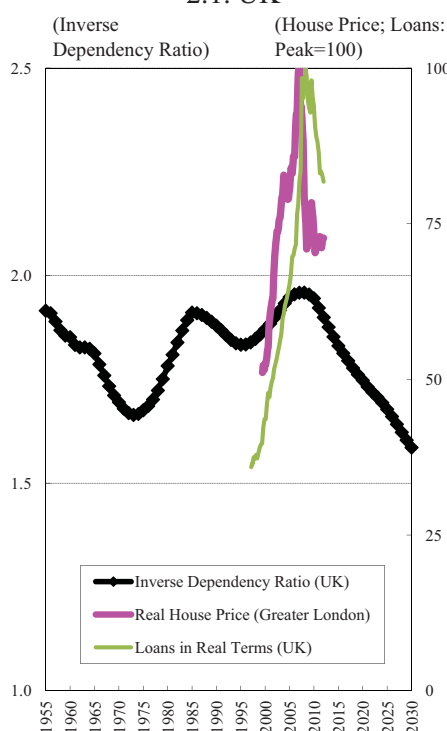


Source: United Nations; Standard and Poor's; U.S. Bureau of Labor Statistics; Federal Reserve
Japan Real Estate Institute; Japan Ministry of Internal Affairs and Communications; Bank of Japan

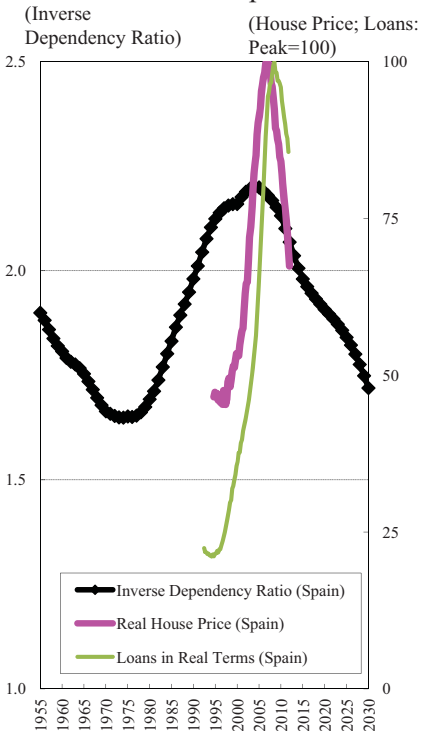
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(Chart 2) Demographic Trend, Credit Expansion and Asset Price: 1st European Group - UK, Spain and Ireland

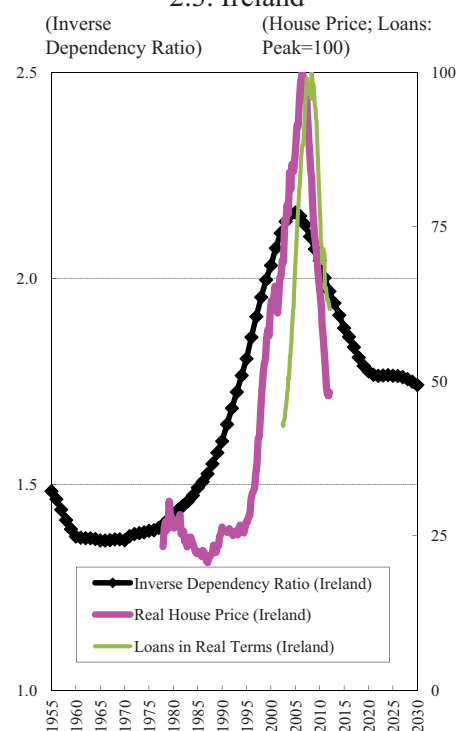
2.1. UK



2.2. Spain



2.3. Ireland

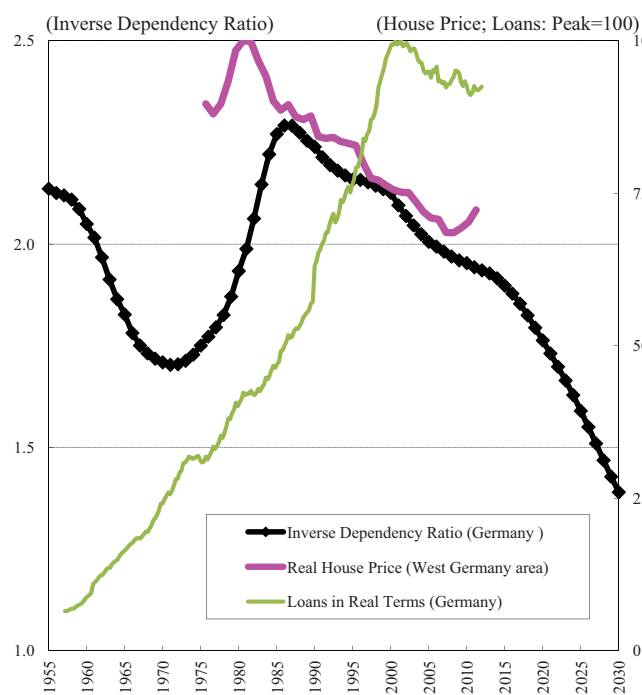


Source: United Nations; Halifax; Bank of England; Office for National Statistics; Banco de Espana; IMF

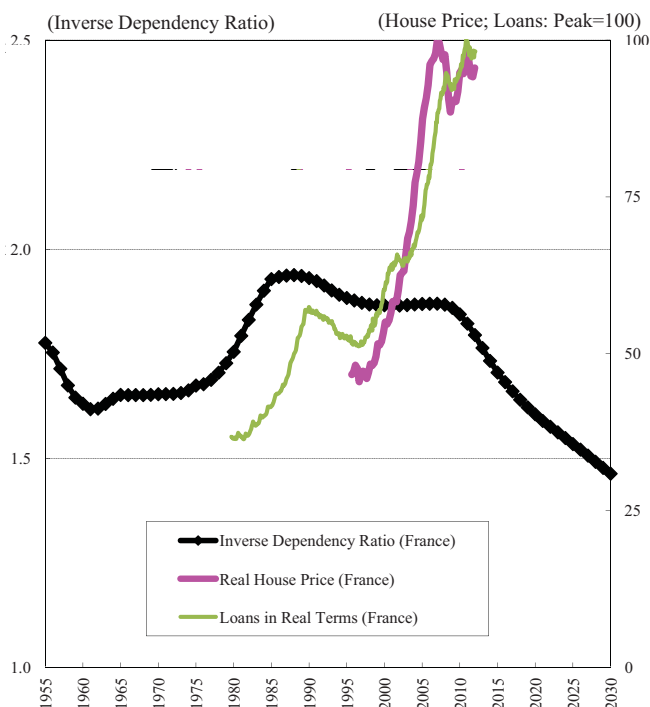
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(Chart 3) Demographic Trend, Credit Expansion and Asset Price: 2nd European Group: Germany and France

3.1. Germany



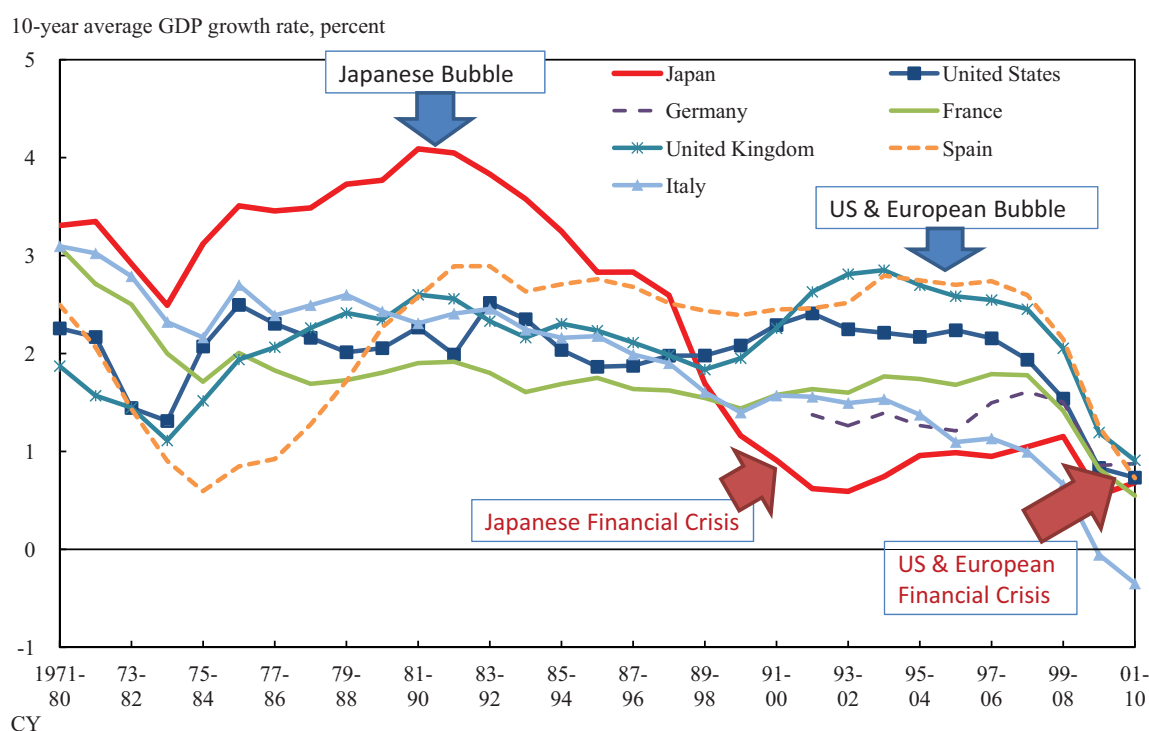
3.2. France



Source: United Nations; Bundesbank; National Statistical Office; IMF

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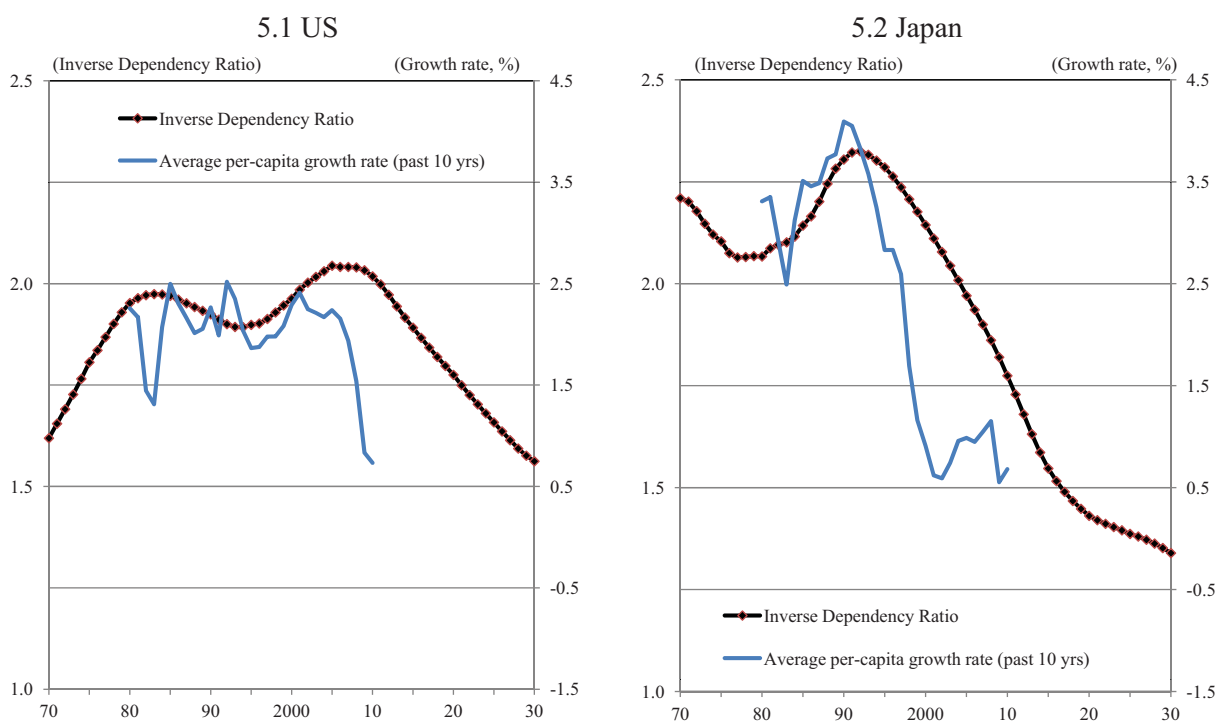
(Chart 4) Bubble, Crisis and Long-run Per-capita Growth in Advanced Countries



Source: United Nations; statistics by individual countries.

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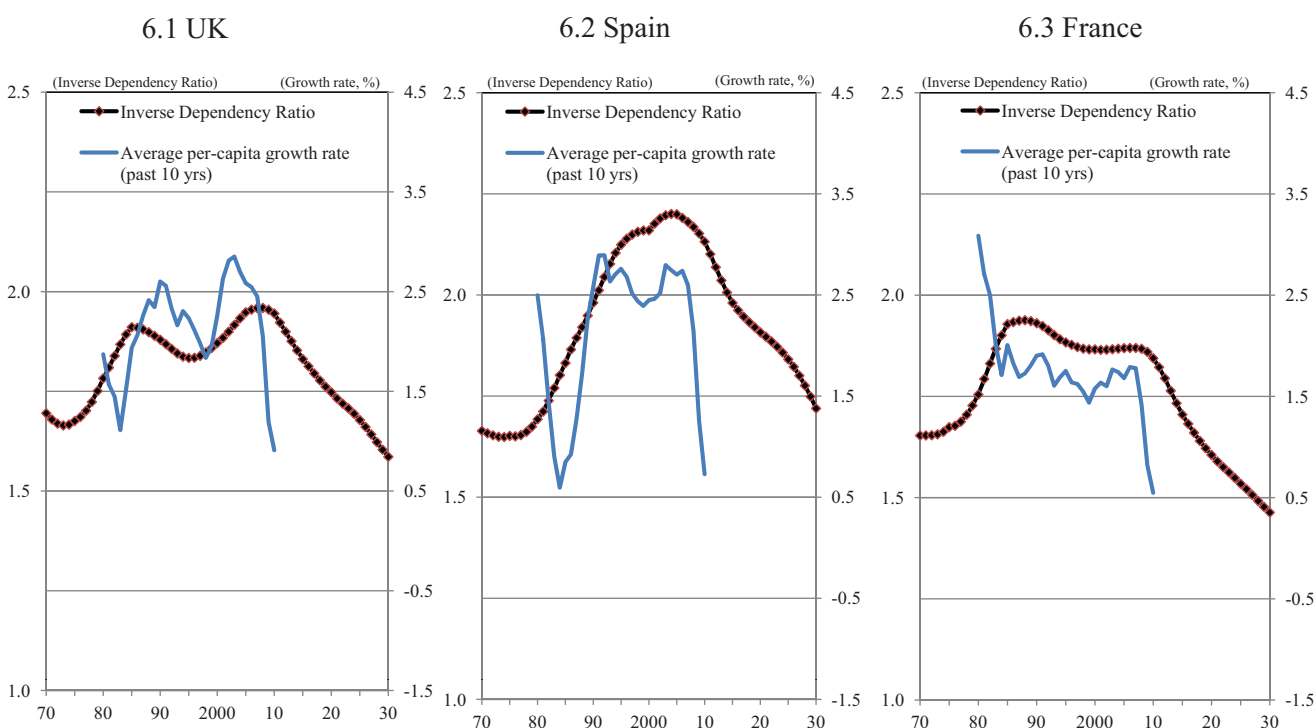
(Chart 5) Demographic Trend and Long-Term Per Capita Growth: US and Japan



Source: United Nations; statistics by individual countries.

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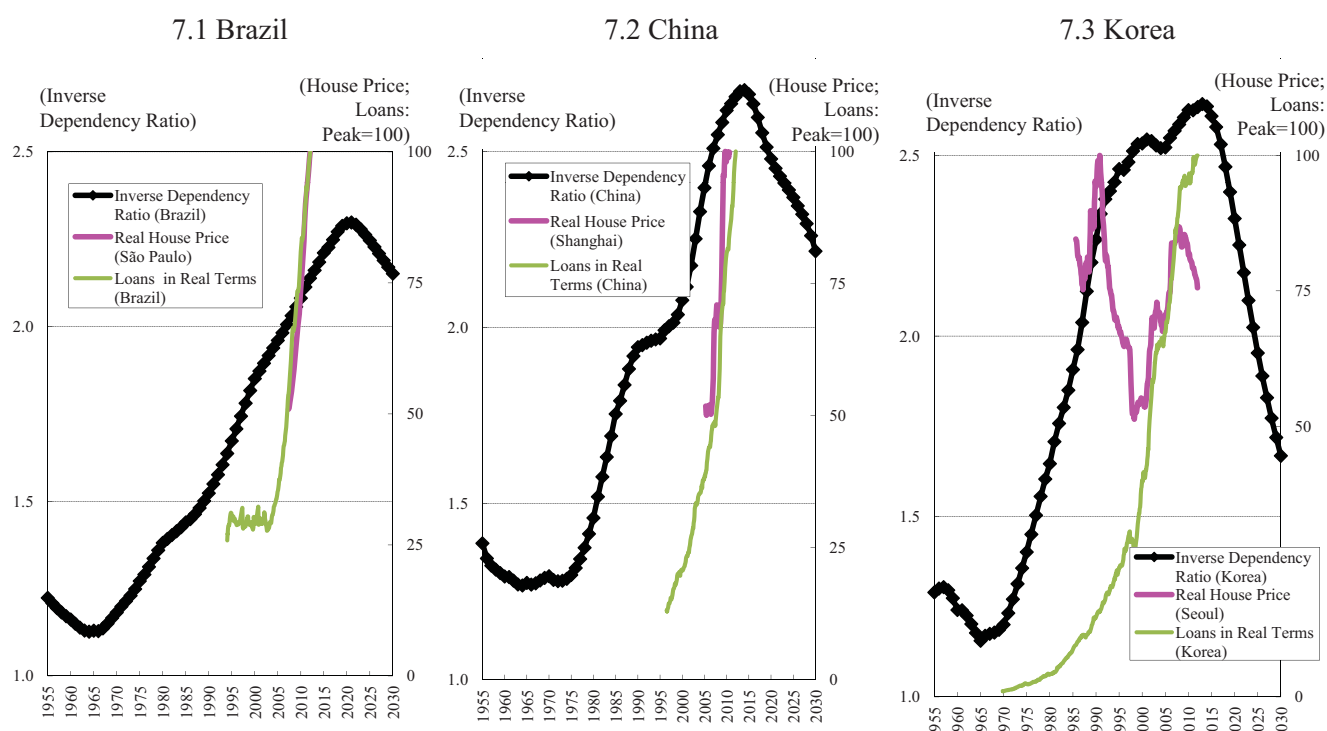
(Chart 6) Demographic Trend and Long-Term Per Capita Growth: UK, Spain, and France



Source: United Nations; statistics by individual countries.

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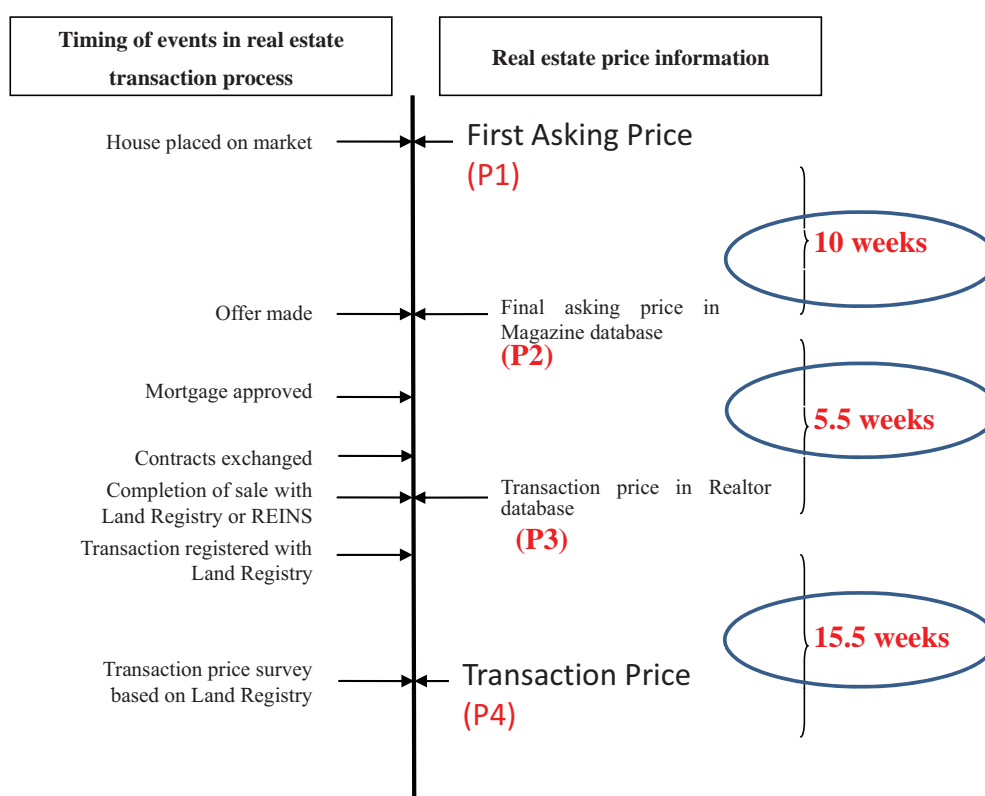
(Chart 7) Demographic Trend, Credit Expansion and Asset Price: Emerging Economies: Brazil, China and Korea



Source: United Nations; Zhongfang Shanghai Real Estate Index Office; National Bureau of Statistics, China; People's Bank of China; Kookmin Bank; Korea National Statistical Office; Bank of Korea; Zap Imóveis; IBGE; IMF

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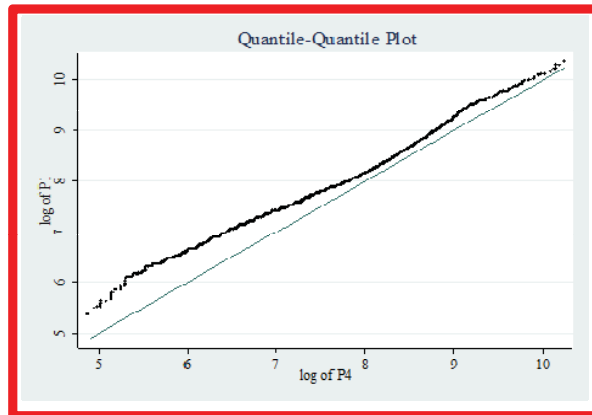
(Chart 8) Timeline of Property Transactions and Corresponding Price Information in Japan



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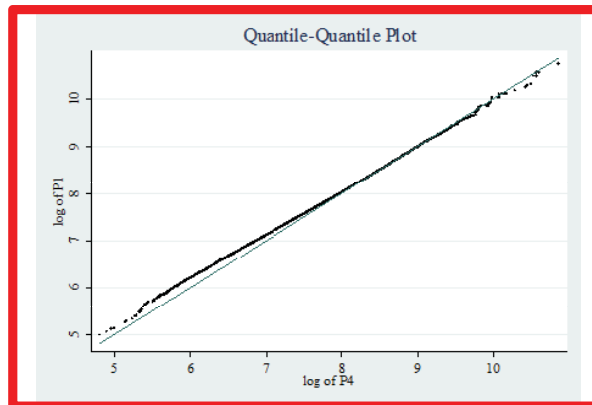
(Chart 9) First Asking Prices and Transaction Prices: Quantile-Quantile Plot of Price Distribution

Raw Data



Asking price distribution (P1) and transaction price distribution (P4) are clearly different.

Quality-Adjusted
Prices generated
from hedonic
quantile regression
results



Quality-adjusted price distribution based on P1 is almost indistinguishable from that based on P4.

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