Housing Price Distribution and Housing Bubble

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Increasing housing price is often a hotly debated topic in many cities around the world. Since the sub-prime mortgage crisis in the United States sparked the global financial crisis in 2008, much more attention have been placed on regulation of housing markets around the world. As such, more data on housing market have since been made available. In this study, we present our review and findings on the equilibrium housing price in various cities around the world (London, Tokyo, Taipei and Singapore). We note that the equilibrium distribution for housing resembles wealth/income distributions and usually takes a Gibbs-Pareto form. However, in several years, we find positive deviations to these equilibrium distributions. These positive deviations are Dragon Kings, which provide an unambiguous definition of a housing bubble.

References

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