



The Elephant in the Room: Housing is an Important Economic Sector

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The views expressed here are those of the presenter and do not necessarily represent those of the BIS.

Housing is special

- Highly leveraged
 - Link to crisis
- Large storage of wealth
- Major supply-side effects
- Significant frictions
- Substantial network externalities
- Social welfare implications

Share of Poor Households Overburdened by Housing Costs

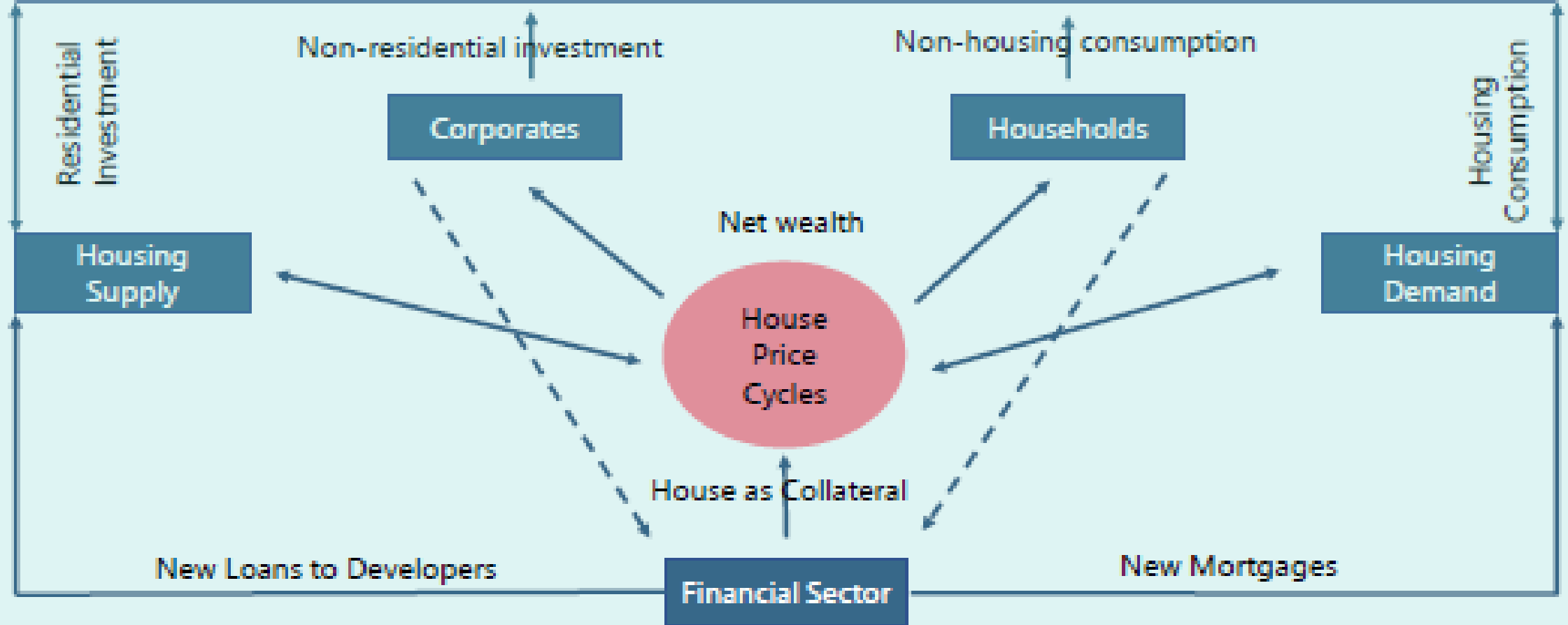
(Percent, 2014 or latest available)



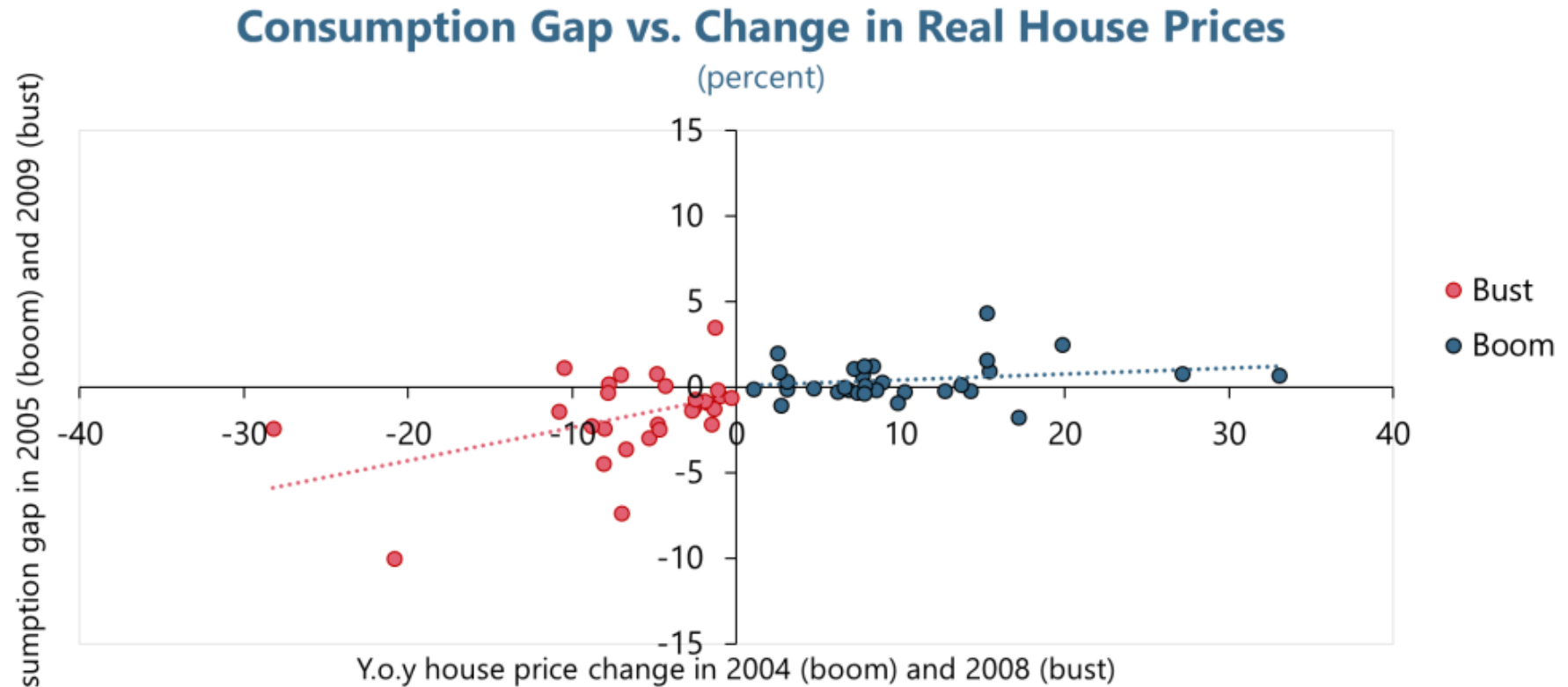
Source: OECD Affordable Housing Database. The chart covers 37 countries, mostly advanced economies. Poor households refer to the bottom quintile of the income distribution; housing cost overburden is defined as spending above 40 percent of disposable income on mortgage or rent.

Legal Framework

Economic Activity



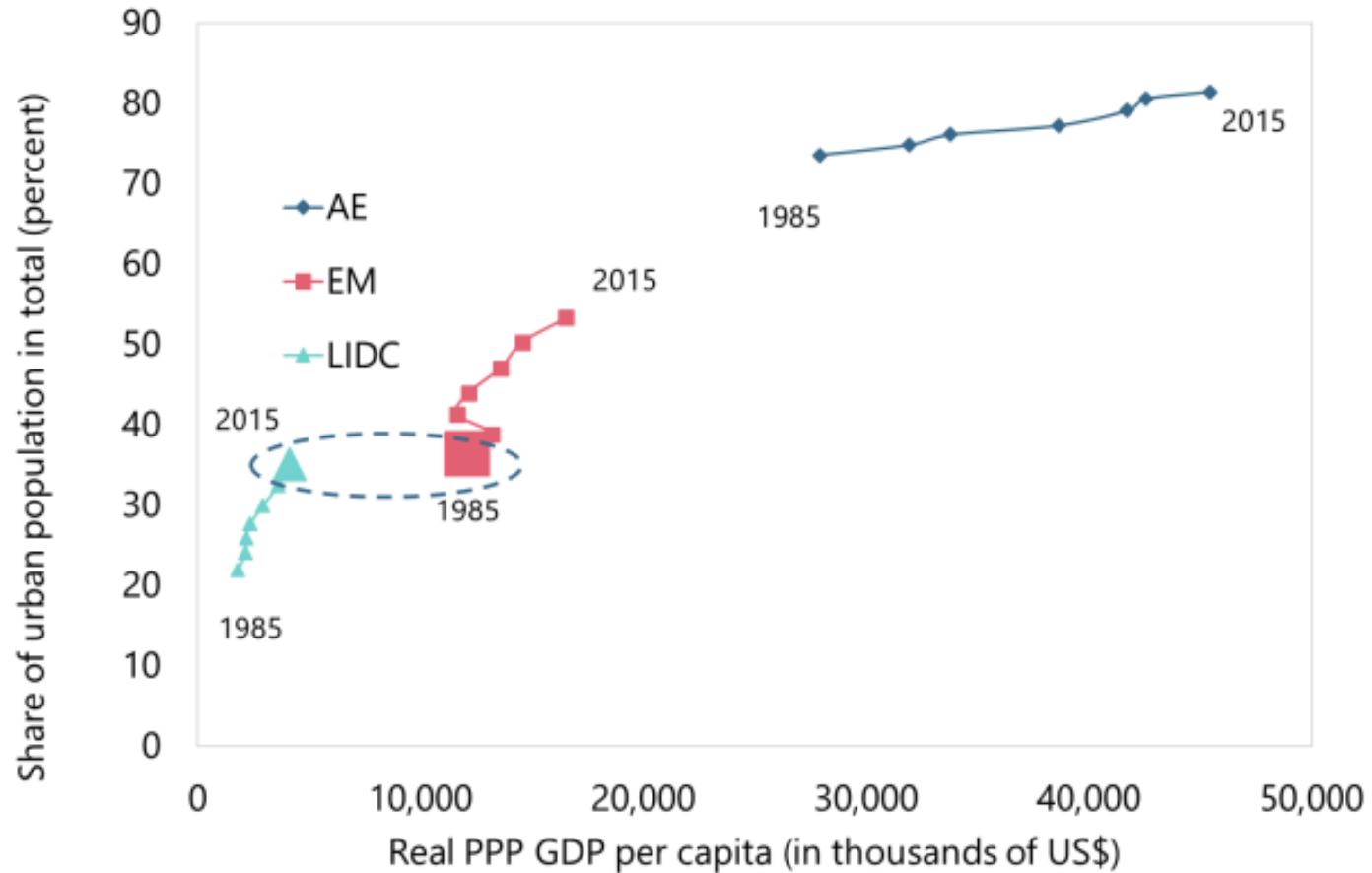
Housing developments have broad economic effects



Source: WEO, IMF Staff Calculations

Note: Consumption gap is calculated as the percent difference between projected values using pre-crisis trends and historical values of 2005 and 2009 respectively

Housing affects the economy beyond the business cycle frequency



Source: WB, IMF