

Housing price bubble in Hong Kong : A multi - indicator analysis

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ABSTRACT

Housing price increase by almost 24 percent recently in Hong Kong and it has been become the leading housing markets in urban China. It is third expensive city in Asia and 8th in the world. After becoming part to china in 1997, this city experienced a very high growth in the housing price appreciation. The purpose of this paper is to examine whether there exists housing price bubble in this largest city of China.

Design/methodology/approach: The study is based on a set of a comparison of housing market prices with the rational expectation price and mortgage loans. Control chart which is a Statistical tool is introduced to quantify housing bubbles.

Findings: The study shows that Hong Kong has been on the way of forming a housing price bubble between in year 2004, 2009 and in 2011. The housing market of Hong Kong is very volatile, every year it moves upward and downward.

Originality/value: In an attempt to explain the housing bubble in Hong Kong, this paper uses an integrated strategy involved with such fundamentals as interest rates, rent, GDP.

KEY WORDS : Housing price, Bubble

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