

ONLINE WORKSHOP

Public dissemination of the project “Cooling measures in Hong Kong and its residential property market”

By Prof. WANG Yonglin, Laura

Assistant Professor, Department of Economics, Lingnan University

Abstract:

Since the Global Financial Crisis, Hong Kong has witnessed house prices surge from one record high to the next. As an attempt to rein in the overheated housing market, the Hong Kong government rolled out twelve rounds of interventions (cooling measures) during October 2009-May 2017, including tightening the mortgage supply and imposing various stamp duties. Despite intensive debate among market observers, no consensus has been reached on whether the measures have successfully reined in the overheated property market. Also, there has been growing concern over the unintended consequences of the cooling measures. With the economy hit hard by the US-China trade war, the unprecedented social unrest in 2019, and the subsequent Covid-19 outbreak, Hong Kong has inevitably slipped into economic recession. Given this situation, calls have been made to ease certain restrictions on the residential property market.

This project provides a comprehensive empirical analysis using a transaction-level data containing over 90% of transactions of residential properties in Hong Kong from January 2008 to October 2018. Considering the inherent heterogeneities across submarkets, the residential housing market is further classified along two dimensions: market type and the floor area. The regression discontinuity design (RDD) is employed to explore the overall effectiveness, unintended consequences, and transmission mechanisms of each round of cooling measures on submarkets.

The empirical results suggest that mortgage-tightening measures have effectively curbed the overheated property market in reducing price and trading volume in the short term. However, specific submarkets have still experienced volatilities on occasion. Tax-driven measures, compared to mortgage-tightening measures, are more efficient in suppressing trading activities, they also trigger price volatilities across market sectors. Moreover, the subsidized public housing (HOS) market saw a higher price and lower transaction volume in response to certain measures, suggesting a “spillover” effect of cooling measures that were initially targeting the private housing market.

.....

Guest Speakers:

Prof. Yongheng DENG

John P. Morgridge Distinguished Chair in Business, Wisconsin School of Business, University of Wisconsin – Madison.

Prof. Jing WU

Associate Professor, Vice Dean, School of Civil Engineering, Tsinghua University

Date: 22 March 2022 (Tue)

Time: 11:00-13:00

Venue: Online via Zoom

Join Zoom Meeting:

Meeting ID: 999 9880 0134

Passcode: 14450310



[https://lingnan.zoom.us/j/99998800134?](https://lingnan.zoom.us/j/99998800134?pwd=UUtDK1Mvc0JFK0M2c3pkSzBVcFBsQT09)

[pwd=UUtDK1Mvc0JFK0M2c3pkSzBVcFBsQT09](https://lingnan.zoom.us/j/99998800134?pwd=UUtDK1Mvc0JFK0M2c3pkSzBVcFBsQT09)

Enquiry: 26167384 (Ceci)