



Spatial Economics Research Centre

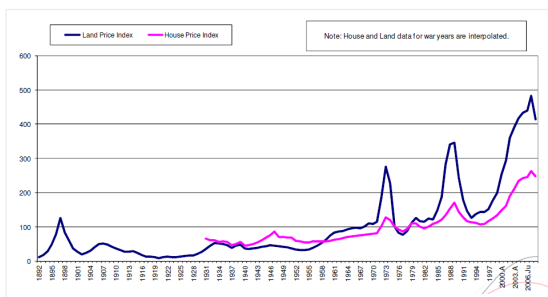
Tuesday, 29 May 2012

House prices and the Diamond Jubilee

I notice that the Times the latest paper to pick up on [changes to the housing market over the last sixty years](#) (£). HSBC put out [something similar](#) last week. These articles show very large increases in house prices (both real and nominal). This inspired me to go and dig out two great figures from my colleague Paul Cheshire that put this growth in context.

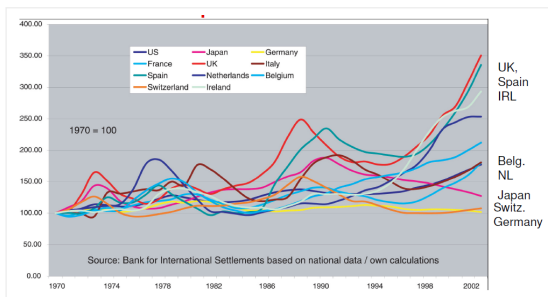
1. Growth in real house prices a post-war phenomena.

The figure shows real house price growth since 1892 (1975=100). Notice that the incredible growth in real house prices is relatively recent. Before the war (and the introduction of the town and country planning act) real prices were flat despite large growth in population. The figure also shows that land price growth has been even more spectacular. [I think this uses data from the land registry].



2. Plenty of other European countries manage low real growth (through a combination of market sensitive planning and incentives for development).

The figure shows house prices (with 1970=100) for a number of EU countries. Spain and Ireland show big bubbles - high house price growth and high building numbers. But the UK is experiencing the first, without the latter, suggesting that long run price movements results from the fundamental underlying problem of rising demand with restricted supply.



Posted by [Prof Henry G. Overman](#) on [Tuesday, May 29, 2012](#)

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