

House price bubbles - how to detect, predict and prevent them?

Venue: Danmarks Nationalbank, Havnegade 5, DK-1093 Copenhagen K (R-salen)
20 September 2016
(by invitation only)

9.00 – 9.30: Registration and coffee

9.30 – 9.45: Opening Remarks: Per Callesen, Danmarks Nationalbank

Morning session 1: Fundamental drivers of real house prices

Chair: Kim Abildgren, Danmarks Nationalbank

9.45 – 10.10: House prices in Norway since 1819
by Øyvind Eitrheim and André Kallåk Anundsen, Norges Bank

10.10 – 10.35: House Prices in Denmark and Sweden
by Peter Birch Sørensen, University of Copenhagen

10.35 – 11.00: Policy discussion
10 minutes introduction followed by a general discussion.
Introduction by: David Lando, Copenhagen Business School

11.00 – 11.15: Coffee break

Morning session 2: Detection and prediction of house price bubbles

Chair: Thomas Sangill, Danmarks Nationalbank

11.15 – 11:40: Identifying early warning indicators for real estate-related banking crises
by Stijn Ferrari, National Bank of Belgium

11.40 – 12:05: Leading indicators for house price bubbles
by Simon Juul Hviid, Danmarks Nationalbank

12.05 – 12.30: Policy discussion
10 minutes introduction followed by a general discussion.
Introduction by: Peter Norman Sørensen, University of Copenhagen

12.30 – 13.30: Lunch (Visitors' Dining Room: Svanen + Arne Jacobsen + Myren)

Afternoon session: House prices, financial stability and monetary policy

Chair: Federico Ravenna, Danmarks Nationalbank

13.30 – 13.55: The interaction of the UK's Monetary and Financial Policy Committees in the context of the domestic housing market
by Matthew Trott, Bank of England

13.55 – 14.20: Distributional consequences of asset price inflation in the euro area
by Panagiota (Tetti) Tzamourani, Deutsche Bundesbank

14.20 – 14.45: Monetary policy and asset price bubbles
by Andrew Filardo, Bank for International Settlements

14.45 – 15.10: Policy discussion
10 minutes introduction followed by a general discussion.
Introduction by: Jesper Lindé, Sveriges Riksbank/IMF

15.10 – 15.30: Coffee break

15.30 – 17.00 *Panel discussion: How can we prevent house price bubbles?*

Chair: Niels Lynggård Hansen, Danmarks Nationalbank

House price bubbles are usually loosely defined as self-reinforcing price increases driven by expectations of fast returns rather than underlying supply and demand factors and the fundamental value of the house. House price bubbles are often related to strong credit growth and inflated construction activity and private consumption. Furthermore, economies often perform very poorly after a bubble bursts. House price bubbles can therefore pose a serious risk to financial stability, macroeconomic stability and an efficient resource allocation. So, how can we prevent house price bubbles in the future? Possible key issues that could be addressed by the panel: Which instruments are best suited for managing house price volatility? What are the pros and cons of monetary policy, macro-prudential instruments such as loan-to-value ratios, loan to income ratios or capital requirements, housing taxation, more general demand management policy such as fiscal policy, *etc.*? Are there special issues to take into account in a low interest rate environment? How should we treat the risk of local house price bubbles compared to nation-wide bubbles? Are there cross-border spill-over effects from national housing bubbles via the financial system and if so, how can they be addressed?

10 minutes introduction from each of the following panelists:

Jakob de Haan, De Nederlandsche Bank

Kristian Vie Madsen, Danish FSA

Ulrik Nødgaard, Danish Bankers Association

Sigríður Benediktsdóttir, Seðlabank Islands and member of the Danish Systemic Risk Council

Lars Jonung, Lund University

Followed by panel discussion and a general discussion

17.00: End of workshop