The Chinese housing boom peaked around mid-2021 and has been in decline since

a. Monthly housing starts, sales, investment, and inventory level (12-month average, index, Jun 2021 = 100)
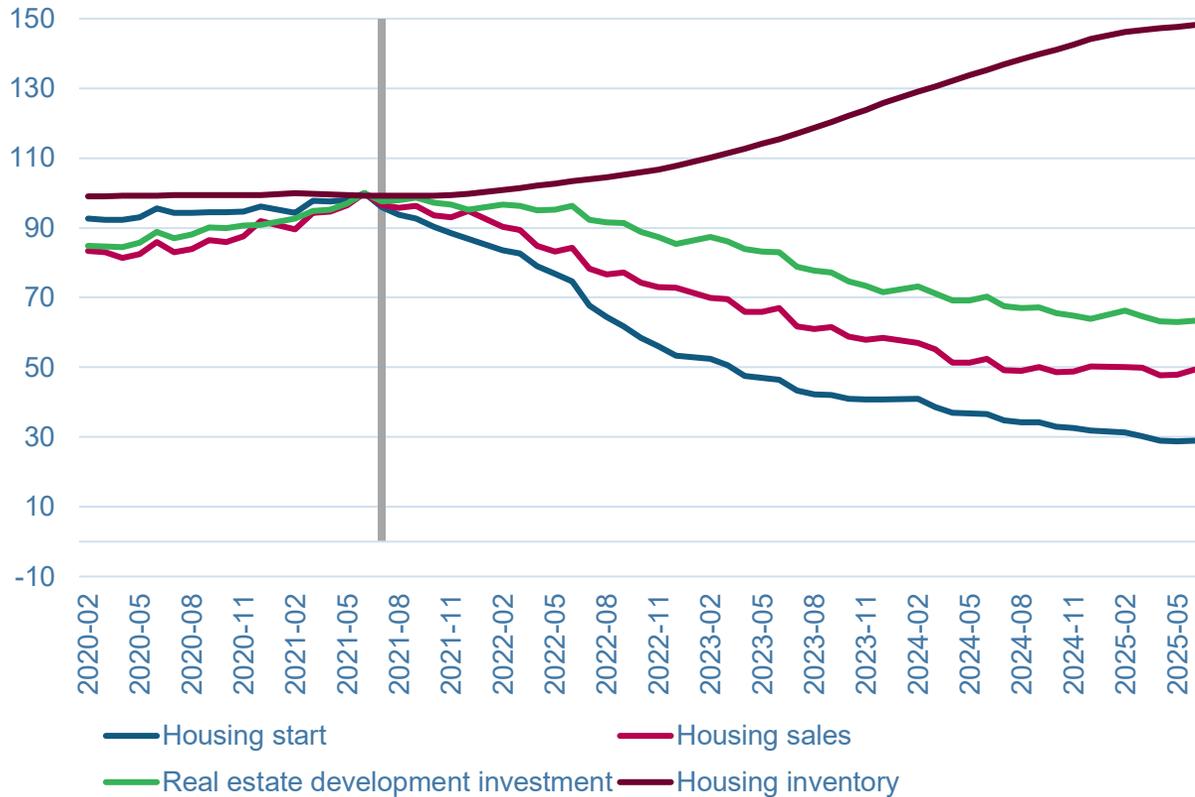
b. NBS 70-city average housing prices (Index, Jun 2021 = 100)


Legend (panel a): Housing start, Housing sales, Real estate development investment, Housing inventory

Legend (panel b): Secondary homes, New homes
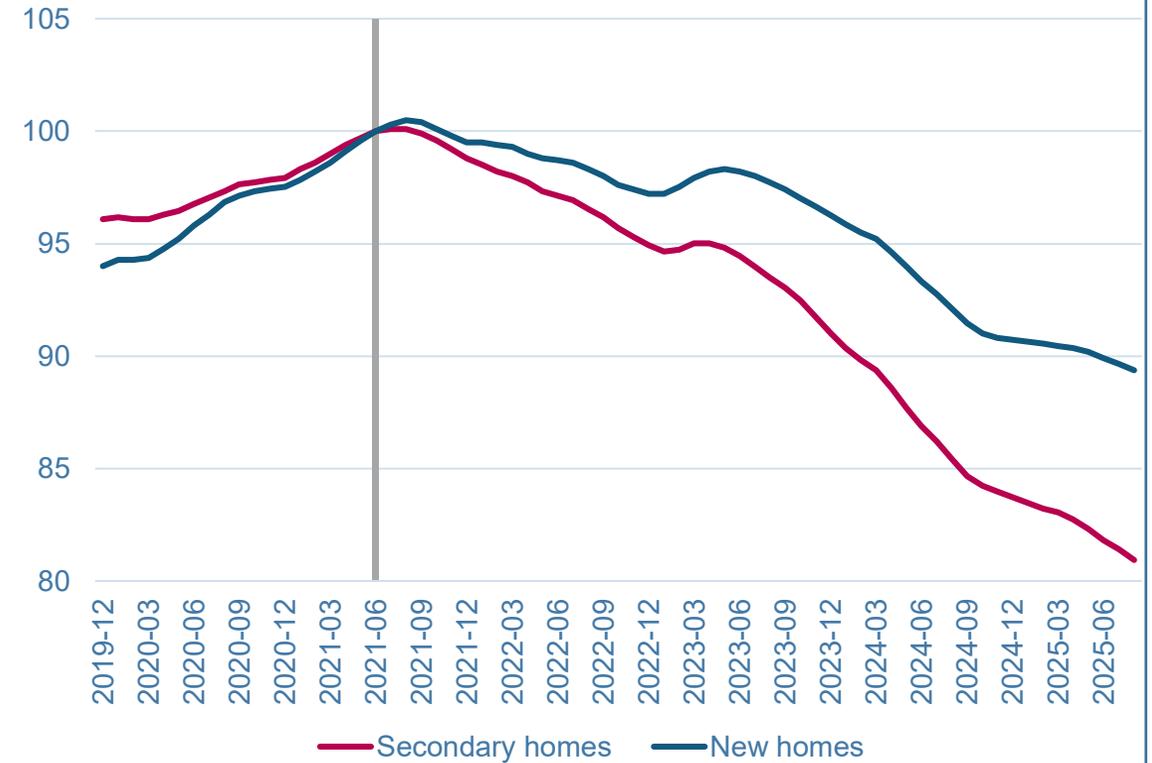
Sources: National Bureau of Statistics of China and author's calculations

While official price data show only modest declines, private sector data point to steeper price declines

Comparing the NBS 70-city index and Centa Leading Index for secondary home prices in select cities, January 2012-July 2025

— Centa Leading Index
— NBS 70-city index

Beijing

Shanghai

Guangzhou

Shenzhen
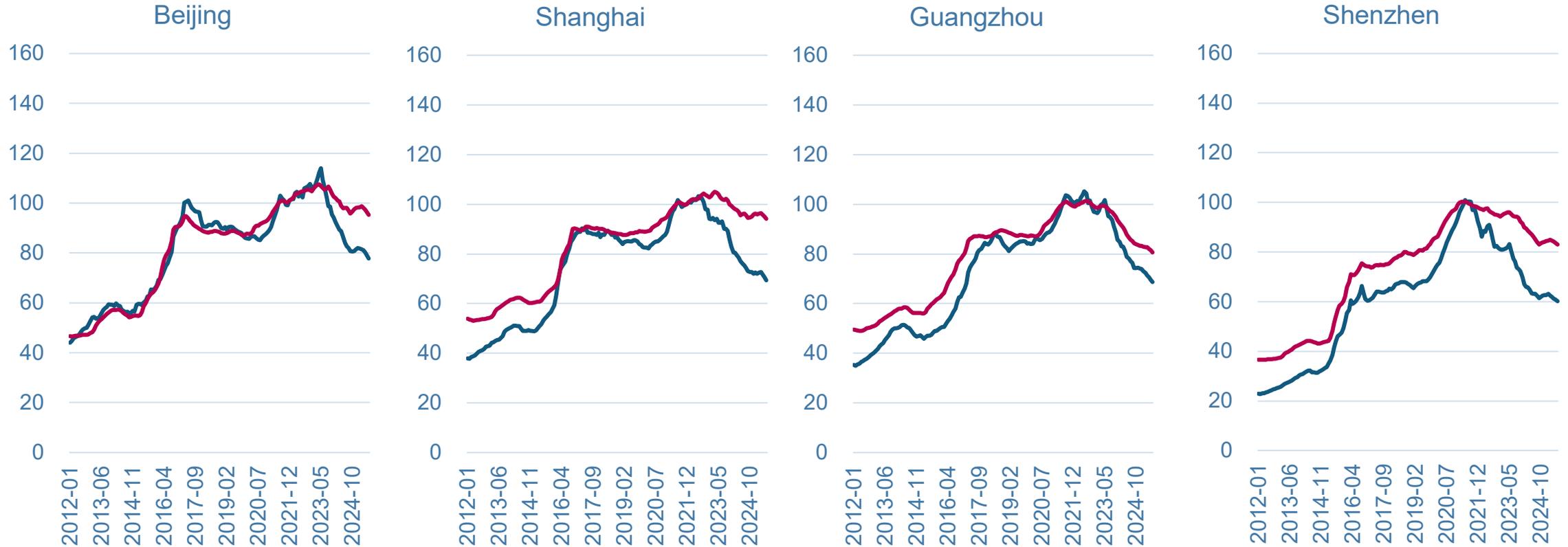
Sources: Centaline Property Agency, National Bureau of Statistics of China, Wind. Note: All series are indexed with June 2021 levels as 100.

When will the Chinese housing crisis bottom out?

Real housing price indexes in China, the US, Ireland, Spain, and Japan since the housing market peaks

Quarters since housing market peak

— Japan (1993Q1-2009Q2) — Spain (2007Q3-2013Q4) — US (2006Q1-2011Q2) — Ireland (2007Q1-2013Q1) — China (2021Q3-)

Source: Bank for International Settlements. Note: All price indexes are in real terms and normalized to 100 at the quarter of each country's housing market peak. The data for China are compiled by the BIS based on China's official NBS 70-city index for secondary homes.

Housing has lost its status as the preferred investment class by Chinese households

a. Real returns on household one-year bank deposits and real yoy change of NBS 70-city housing prices


Real yoy change of NBS 70-city average housing prices

Real returns on household one-year bank deposits (RHS)
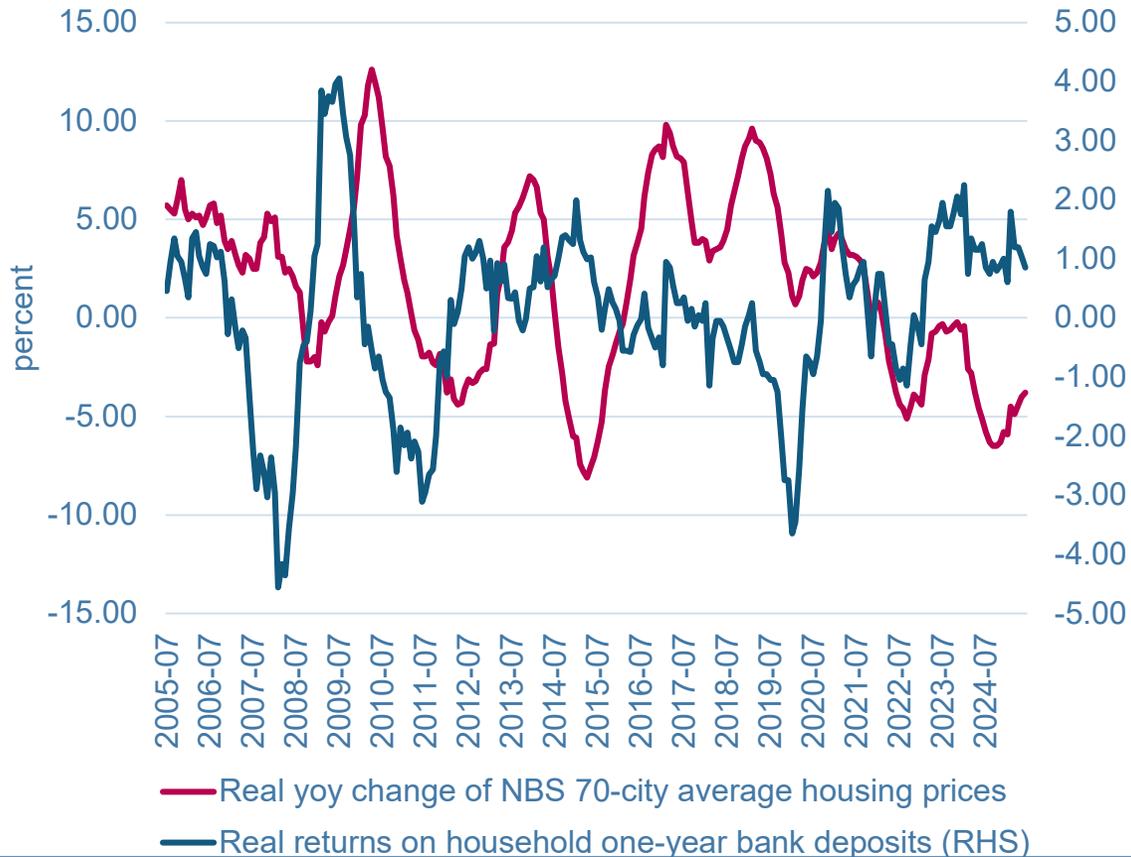
b. Housing price expectation index and income confidence index

Housing Price Expectation Index — Income Confidence Index
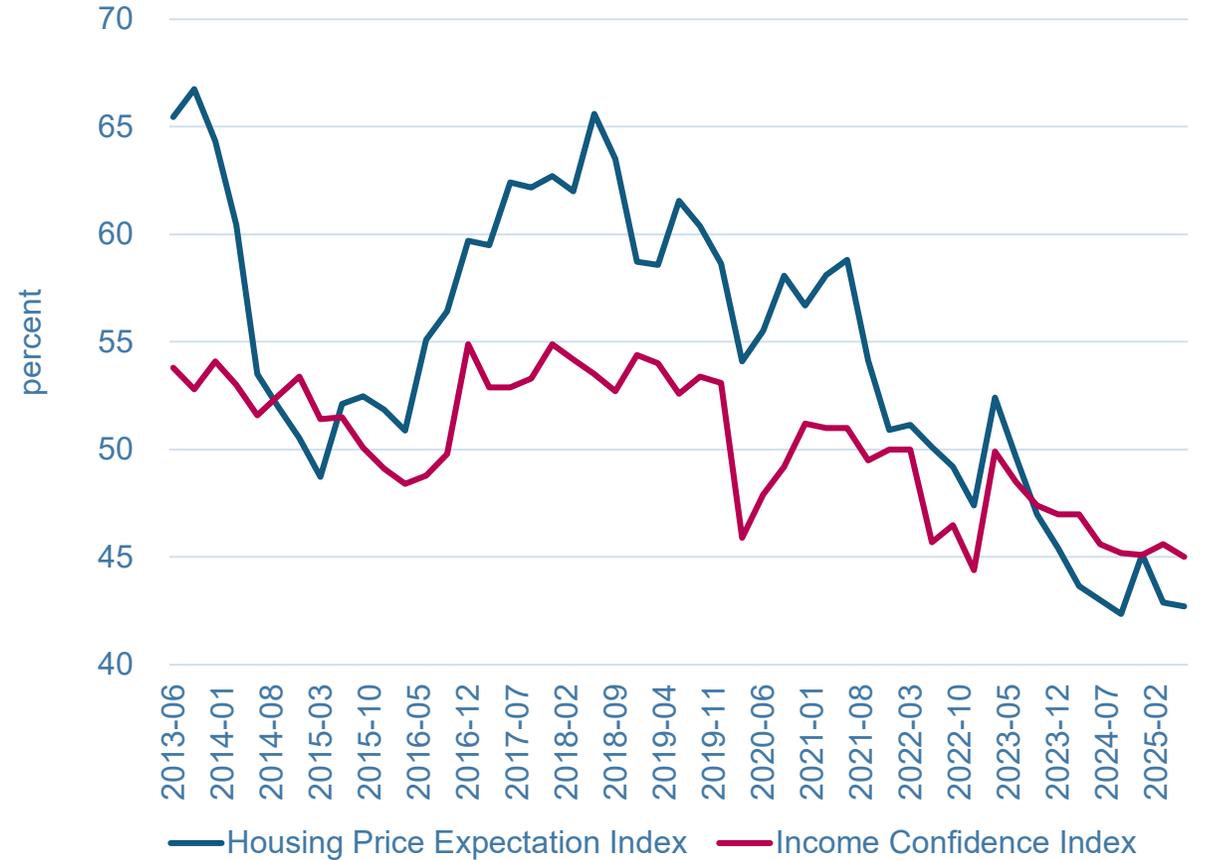
Note: The Income Confidence Index is published directly by the PBOC in its quarterly urban depositor survey reports. It is a diffusion index calculated by excluding uncertain responses and assigning weights of 1 to the share of households expecting income to increase and 0.5 to those expecting it to remain unchanged. The Housing Price Confidence Index is constructed by the author using PBOC survey data and applying the same methodology as the Income Confidence Index. The real returns on bank deposits are the nominal deposit rates minus CPI inflation.

Potential upsides of the housing slump?

a. Price-to-income ratios by city tier, 2003-23
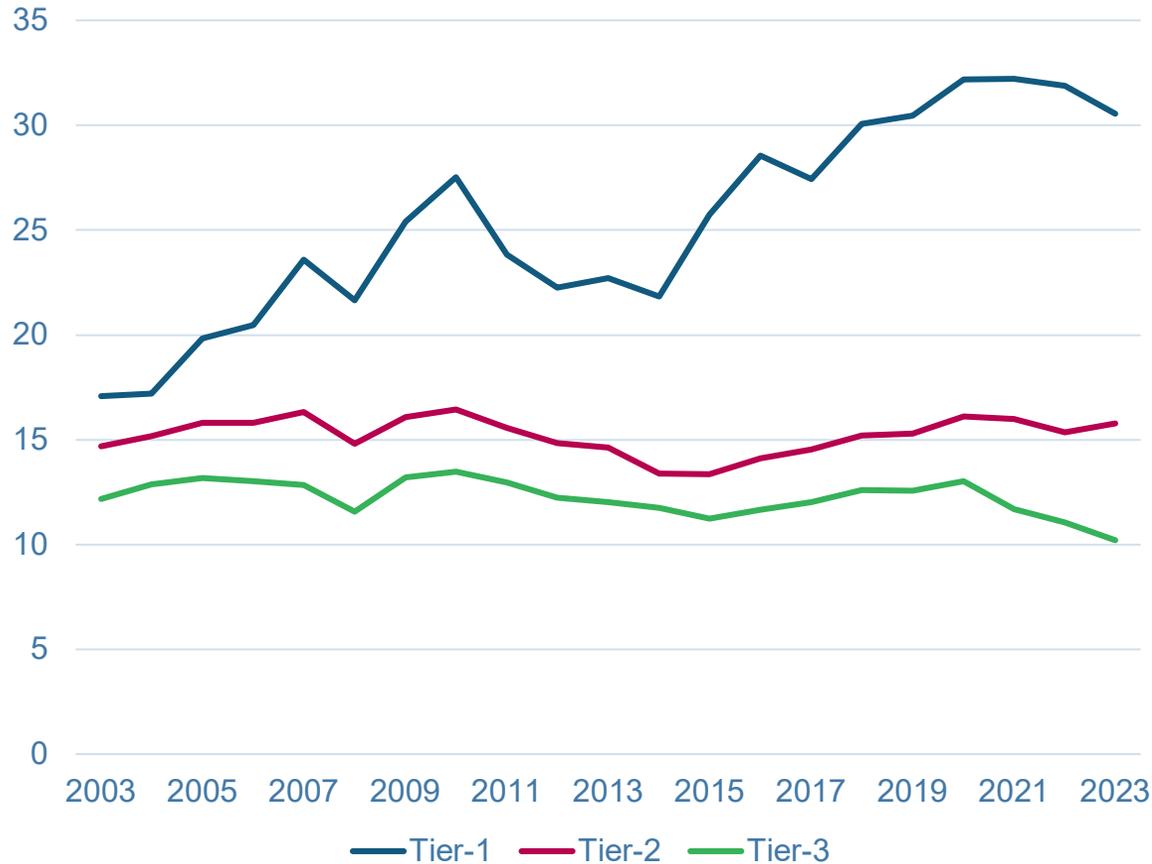
b. Provincial total fertility rates and price-to-income ratios in provincial capitals in 2020
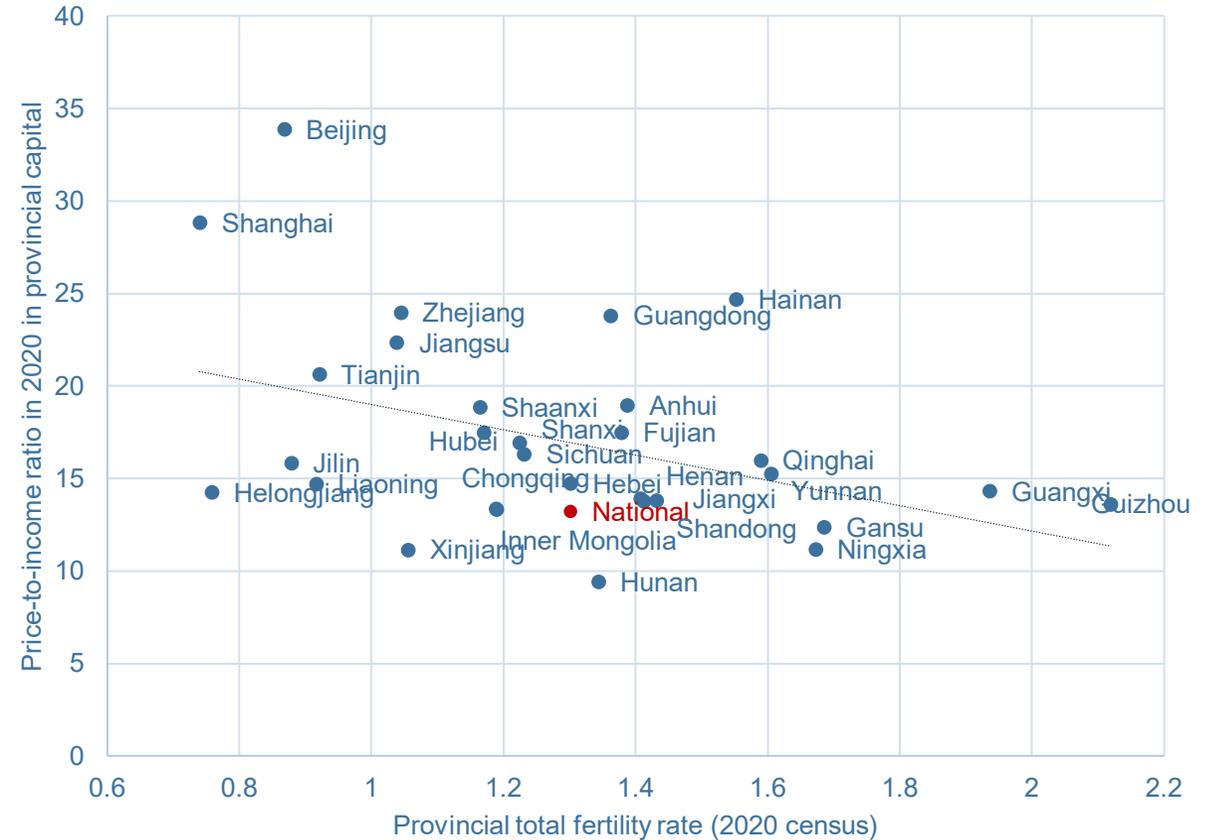
Sources and notes: Price-to-income ratios are author's calculations based on data from National Bureau of Statistics of China and local statistical bureaus. The calculation follows the same formula used by Numbeo, assuming that net disposable household income equals 1.5 times the per capita average disposable income, and that the median apartment size is 90 square meters. Provincial total fertility rates are from China's 2020 population census.

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China's Great Housing Slump: Where Are We Now?

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