



Graduate Seminar

Department of
Economics and Finance

College of Business
and Economics

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MA Candidate

Supervisor: Dr. Mei Li



Is there a bubble in Beijing's Housing Market?

It is undeniable that Beijing's ever-increasing prices for housing to possess an influence over the entirety of the Chinese economy due to its potential to generate a bubble, which is capable of jeopardizing the Chinese housing market. This paper examines if there exists a housing price bubble in Beijing. The analysis in this paper is based on data collected from 1998 to 2017. We begin by using the user cost model to identify if the housing price is overvalued in Beijing. Then, we take ratio measures to justify the housing affordability. Lastly, we utilize the OLS model to target the problem of whether a bubble exists in the housing market by determining the demand-side and the supply-side factors. We find that Beijing's housing price is overvalued, and the housing price has far exceeded the purchasing power of the resident. We also find there exists a bubble in Beijing's housing market from the result of the OLS model.

Date: Friday August 3rd 2018

Time: 3:00 - 4:00 pm

Room: Mackinnon 720



