Housing Markets around the World

"Buy land, they aren't making anymore of it." – Mark Twain

Warm-up

- How would you describe the housing market in your hometown?
- What would your dream home look like, and where would it be located?
- What do you think will happen to the price of accommodation in your hometown in the next decade? Give reasons.
- What cities do you think have the most expensive housing markets?
- What do you think will happen to the price of land in rural areas and small towns in your country in the coming years? Give reasons.

1. Read the text and choose the correct word from the options below for each gap.

More and more Europeans are now living in *urban* (a) areas, with 40% living in cities and a further 32% living in suburbs and towns. In some countries, such as Spain and Italy, this mass exodus to cities has hit *rural* (b) areas particularly hard, leaving many small villages struggling to fill empty houses. In Spain, the government has even taken the unusual step of paying people under the age of 35 to either purchase or *rent* (c) a home in towns with a population of 5000 or less. Some new studies have shown that corona may have actually helped the situation. With more and more employees working from home, the *demand* (d) for inner city housing has somewhat *decreased* (e) as remote workers are increasingly choosing to live and work outside the city. However, this means that in recent months many companies have been trying to *renegotiate*(f) their office leases, as they no longer require as much space. So while the future for the property market in the countryside may be looking a little brighter, the *forecast* (g) for the office space market is decidedly more grim.

(a) 1. derelict	2. urban	3. oceanic	4. agricultural
(b) 1. rural	2. industrial	3. developed	4. gentrified
(c) 1. furnish	2. sublet	3. demolish	4. rent
(d) 1. demand	2. requirement	3. necessity	4. supply
(e) 1. decreased	2. stabilised	3. skyrocketed	4. Increased
(f) 1. reinvest	2. return	3. renegotiate	4. relocate
(g) 1. indication	2. forecast	3. frontrunner	4. lookout

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2. Read about the property markets around the world and answer the questions

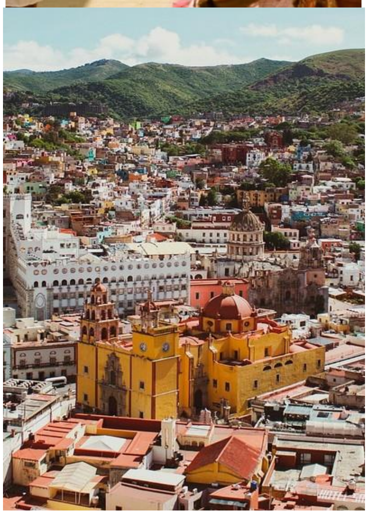
Germany

Germany's housing market continues to boom, largely due to low interest rates, slow rates of construction, and increased demand from more than 1 million refugees. Apartment prices rose by 11.46% and new home prices rose by 7.51%. That being said, Germany's large cities are producing low rental yields (rental yield= profit from renting a property). In Berlin a 120 sq. meter apartment averages 2,250 euros a month, earning a rental yield of 3.5%. The primary reasons for such low yields is high rental income taxes and rental laws that tend to favour the tenants.

India

India's housing market has suffered its worst decline in history due to the economic repercussions of the coronavirus. Housing prices have fallen sharply in all major cities with the exceptions of Hydrabad and Ahmedabad. The housing price index rose by 3.9%, but when adjusted for inflation housing prices actually dropped by 1.21%. Rental yields are depressed across India, and investors are unlikely to make a profit after costs and depreciation. The market is further hurt by strict rental laws, restricting the maximum annual rent of a property 10% of the construction costs and the price of the land.

Mexico



The housing price index rose by 7.72% following y-o-y (year over year) increases in Q2. For the previous decade Mexico's housing market has been hazardous for investors, but the expansion of the middle class has fortified the housing market enormously. In 2020 it was estimated that half of the households were owned by the middleclass. Rental yields are moderately good, but home ownership is a far more popular option in Mexico than most other countries, and the scarcity of tenants may cause problems.

a) Which country sets a limit on how much you can charge for rent?
India

b) Which country was a poor choice for investment in the past, but is now a good option?
Mexico

c) Which county's housing market has benefitted from immigration? *Germany*

d) In which country could it be difficult to find someone to rent an apartment? *Mexico*

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3. You are going to watch a video about the housing market in Hong Kong. The video contains the vocabulary in the box. Use the vocabulary to complete the sentences.

scarcity	densely	by a long shot
squeezed	tempting	advocate

a) 12 people *squeezed* into the elevator.

b) It may be *tempting* to invest in high risk, high reward stocks, but it's not a good long-term strategy.

c) The mayor of my city is an *advocate* for longer prison sentences, he's tough on crime.

d) The most *densely* populated city in the world is Malé, a city in Maldives.

e) He's the best salesman we have *by a long shot*, no one else is even close.

f) The *scarcity* of oil meant the petrol prices went through the roof.

4. Watch the first 5 minutes of "Inside Hong Kong's Cage Homes"[1] and answer the questions.

a) What are the 3 least affordable cities to live in? *Hong Kong, Sydney, Los Angeles*

b) Why is the subdivided house model so common? *Because it allows people to share kitchen and bathroom thereby cutting down on space they have to pay for*

c) What is the population of Hong Kong? *7.5 million people*

d) What do the two experts believe is the root of the problem with Hong Kong's property market? *Poor land management*

e) What percent of land in Hong Kong is zoned as urban housing? *3.7 percent*

f) What is the one piece of land in Hong Kong that does not belong to the government? *A British church*

[1] https://www.youtube.com/watch?v=hLrFyjGZ9NU&ab_channel=Vox

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5. The second half of the video contains the vocabulary in the box. Complete the sentences below with the vocabulary.

status quo	ADHD	revenue
incentive	band-aid	auction

a) The company makes most of it's *revenue*. through trading stocks.

b) My grandpa bought a horse at an *auction*, now my grandma isn't speaking to him.

c) The council doesn't want to change anything, they just want to maintain the *status quo*.

d) He can't focus in class, his teacher thinks he may have *ADHD*.

e) Do you have a *band-aid*? I cut myself opening a can.

f) We need to give our staff members an *incentive* to work harder.

6. Watch the last five minutes of "Inside Hong Kong's Cage Homes" and answer the questions.

a) How long is land usually leased for in Hong Kong? *50 years*

b) How much did the most expensive lease in Hong Kong's history cost? *2 billion USD*

c) Do you think Eric Wong's capsules are a good solution to the problem?

d) What do you think the narrator means when he says the capsules "just put a band-aid on the housing problem"? *He means they don't solve the problem.*

e) Why does the government restrict building zones so strictly, despite having plenty of undeveloped land? *Because they want to have low taxes but need to make revenue somewhere. They create scarcity by making sure there is very little space to build, and then rent the land to companies for extremely expensive prices.*

7. Go to www.globalpropertyguide.com and choose a region, then choose a country within that region. Read about the property market in that country and present what you found to your class. Your presentation should include the following points:

- A general overview of the property market in the country.
- A statement about the rental yields (the profit made from renting) in the country.
- An explanation of the taxes and costs in the country.
- Whether the country's laws are pro-tenant or pro-landlord.
- Whether or not you think this would be a good country to invest in property, and why.

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