

## House price and credit cycles: effects of global liquidity and risk perception

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This paper explores the determinants of house prices and bank credit. An empirical analysis of panel data of 22 developed countries during 1990–2015 reveals cross-border bank inflows and risk perception in global markets as the key drivers of house prices and bank credit. Moreover, it indicates that house prices in economies with higher leveraged financial sectors and mortgage lending are more strongly associated with risk perception. These results suggest that local financial cycles are exposed to spillover effects of U.S. monetary policy, and that local banking sectors play key roles in transmitting the effects to local house price cycles.