

Current Trends and Policy Issues in Housing Market:

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Summary

1. While the increase in housing sales price nationwide was going up from the same time last year, jeonse price is relatively stable.

- A 0.5 percent of increasing rate in housing sales price until June in 2017 was going up 0.1 percent from the same time last year.

- The jeonse price is relatively stable but the burden of high jeonse price still remains with 66.8 percent of high housing price rate (Apartment 74.6%).

2. Recent excessive housing market in certain areas and new apartment subscription boom are concerned.

- Absolute low interest and liquidity expand housing market under the lacking circumstances of investment market

- The possibility of gap investment is increasing which is to buy houses with high jeonse to purchase price ratio.

3. As a result of survey on awareness of 6.19 measure's effect,

- The 6.19 measure is aimed to selectively react to excessive areas and reinforce subscription restrictions in targeted areas and establish order in sound housing market.

- As a result of the survey on effective policies toward housing stability, strengthening the regulations for mortgage loan (Capital: 51.5%. Provinces:38.2%) and tightening restriction on resales purchase ownership are stressed (Capital area: 22.4%, provinces: 36%).

4. As a result of survey for awareness of housing market during the second half of the year, it is suggested that the price of areas with favorable factors such as redevelopment and reconstruction is expected to rise.

- Compared to real state agencies, households' expectations are higher, especially to the regions of Seoul, Busan, Gyeonggi, Kangwon, Jeonnam and Sejong.

Policy Implications

- 1) To increase transparency by establishing measures to check financial flow in housing market
- 2) To guarantee middle payment for end users and reinforce transfer tax rate
- 3) To resolve uncertainty of housing quality and build foundation for gradual post sales
- 4) To improve resident stability and lower cost of housing for the homeless population by increasing public rental houses
- 5) To watch over temporal and regional boom in order to manage volatility of housing market.