
Editorial: Introduction from the Editor – *IJHMA* Vol. 17 No. 3

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Welcome to the third issue of the 17th volume of the *International Journal of Housing Markets and Analysis*. The 14 research papers provide a diverse range of research approaches as well as from a wide breadth of countries and varying continents. This issue has a record number of papers from developing countries, especially India and China, being also acknowledged as two global countries with very large populations and therefore substantial housing markets by size. This highlights the inclusion of both developed and developing countries where cutting-edge research published in this journal is equally of relevance and significance for both housing market types.

The first paper from *Turkey* examines specific variables, including real effective exchange rates, real mortgage rates, real money supply, real construction cost index and housing sales in relation to real housing prices. The methodology used a non-linear autoregressive distributive lag (NARDL) model based on data aligned with monthly intervals between 2010 and 2021. Arguably, this study is the first NARDL model to investigate asymmetric effects on real housing prices instead of nominal housing prices in this country. The findings confirmed that the real effective exchange rate had a positive and symmetric effect on real housing prices. Furthermore, the decreasing effect of negative changes in real money supply on real housing prices was higher than the increasing effect of positive changes. Only positive changes in the real construction cost index had an increasing and statistically significant effect on real house prices, whereas only negative changes in housing sales had a small negative sign and a small increasing effect on housing prices. Because positive and negative changes in real mortgage rates are negative and positive, respectively, this indicated that both changes had a reducing effect on real housing prices.

The second paper from *China* examines the association between oil prices, gold prices, real income and house prices. Global markets experience economic turbulence because of large variations in the price of gold and oil, as well as significant changes in the housing market. Although these macroeconomic variables have achieved record high values, the primary sector of the Chinese mainland's economy is the housing market at present. The methodology used PV and CMR unit root tests, where the authors used a newly developed Bootstrap autoregressive distributive lag (ARDL) cointegration test to investigate long-term associations among the nominated variables. The data period was from 2010 to 2021. To forecast short- and long-term shocks in oil prices, gold prices, real income and house prices, a relatively new econometric approach ARDL was used. The findings confirmed the ARDL estimations and demonstrated the positive impact of oil price shocks on housing market prices, whereas gold price shocks negatively affected housing prices. It was argued this can be attributed to China's housing market and advanced infrastructure, resulting in a decrease in housing prices as the gold price increases. In addition, the prediction of housing market prices will provide a direction for housing market investors to forecast housing prices and avoid losses.

The third paper from *India* undertakes a comprehensive assessment of the determinants affecting land values in Thiruvananthapuram in the state of Kerala. The influence of 20 explanatory variables on land value was measured using the traditional hedonic price modelling approach. The spatial variations of the influencing parameters are examined



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using the geographically weighted regression (GWR) nonparametric regression method. The data set is based on advertised land value prices sourced from internet sources and validated via field surveys. The findings confirm that access to transportation facilities, commercial establishments, crime sources, wetland classification and disaster history have the strongest influence on land values. The GWR model confirmed the factors influencing land values are not stationary, where most of the variables had a different influence in the residential areas in Kazhakootam than in the central business district region.

The fourth paper explores the relationship between market pricing and design quality in the property development industry in the UK. The objective is to establish whether undermining spatial standards present a significant development risk. Development quality has arguably diminished over the past decades when many investors seemed less interested in the design process. The methodology established a framework for assessing spatial compliance across residential developments in London. Compliance is assessed across ten boroughs, with technical space guidance used as a proxy for design quality. Transaction prices and spatial assessments are aligned within a hedonic pricing model. The findings suggest a relationship between sale time and unit size, where “compliant” units typically transact quicker than “non-compliant” units. Almost half of the 1,600 apartments surveyed appear to undermine technical guidelines. In general, social implications may include improvements in residential design. It is suggested that an array of design attributes should be explored that extend beyond only unit size.

The fifth paper from *India* analyses the influence of home insurance knowledge (both objective and subjective) of homeowners, perceived benefits and perceived vulnerability towards disaster loss on their intention to purchase housing. It is accepted that home insurance is widely recognised as a tool for mitigating economic risk associated with natural disasters. The methodology examines survey data collected from 394 homeowners located in various parts of India. Structural equation modelling (SEM) is used where the findings show that both the objective and subjective knowledge of home insurance had a significant influence on homeowners’ benefit perception and perceived vulnerability. These findings confirm that if homeowners are knowledgeable about home insurance, they perceive the plans as more beneficial and feel less vulnerable to catastrophic events, resulting in positive intentions towards purchasing housing.

The sixth paper from *Malaysia* examines the behaviour of specific macroeconomic factors before and during the COVID-19 pandemic. These macroeconomic factors include residential property prices, gross domestic product, exchange rate, unemployment rate and wages. The data related to the time frame between 1991 and 2019 was collected from various sources, including World Bank open data, Statistics Malaysia, journal articles, Malaysian property websites and government data. In the models, the dependent variable is the residential property price before and during COVID-19. This is accompanied by four independent variables data, namely, gross domestic product (GDP), exchange rate, wages and unemployment. The findings confirm that the increase in COVID-19 cases caused shocks affecting macroeconomic factors. The macroeconomic issues intensified during the pandemic, and this was generally considered to be an obstacle to the country’s economy. It is accepted that macroeconomic issues cannot be eliminated because Malaysia is a developing country, although the effects of these issues can be reduced to maximise the advantages.

The seventh paper from *China* investigates the newly built residential house prices for 70 cities, although an in-depth understanding of house prices and their interrelationships in this country has historically received limited attention. The data relates to a 10-year period between 2011 and 2020. The methodology uses network analysis together with topological and hierarchical characterisations of price co-movements. The findings confirmed there are

eight sectoral groups of cities where house price indices are directly connected and the price synchronisation within each group in comparison to the national level. Co-movements between house prices were generally lower at the national level, commencing in 2018, and also for the eight sectoral groups. Furthermore, it was shown that the synchronisation intensity associated with the house price index of each city generally moved to a lower level, commencing in early 2019.

The eighth paper from *Thailand* examines the impact of condominium attributes on resident satisfaction and word-of-mouth from the perspective of elderly residents. Data were collected from 338 elderly residents via a questionnaire survey and analysed using descriptive statistics and SEM procedures. The findings confirmed the strongest predictor of resident satisfaction was design functionality, followed by social environment, safety and security, and then service quality. In addition, the strongest predictors of word of mouth were safety and security, followed by design functionality, proximity, service quality and then social environment. The study suggests that condominium developers and designers should pay attention to design functionality both physically and mentally, such as suitable materials, lighting and common areas. Moreover, the developers should focus on the proximity of the nearest hospitals, safety and security measures, well-trained security personnel and social activity arrangements.

The ninth paper from *China* merges globally accepted approaches towards housing finance, including “Musharakah Mutanaqisah”, housing cooperatives and real estate crowdfunding, to present an alternative housing unaffordability solution based on the Islamic finance principle. This approach is intended to reduce the burden of funding for the two major stakeholders, namely, consumers and developers, to create win-win chances for all stakeholders, including intermediaries. The methodology examined the opinions of potential Chinese homebuyers (minority Muslims and most non-Muslims) and specific industry experts towards the proposed model via a mixed research method approach. The findings confirmed the majority of respondents agreed with the proposal; however, there were some reservations about the country’s potential lack of community culture and trust, which could pose a major threat to implementation. The proposed model would increase the applicability of Islamic finance as a means of protecting the social order of communities in the spirit of upholding justice and fairness. In particular, the study identified the impact of Chinese Islamic financing on government and cultural needs.

The tenth paper from the *Malaysia* study examined the impacts of macroeconomic determinants including GDP, consumer confidence index, existing stocks (ES), incoming supply (IS) and completed projects on serviced apartment price changes. In the methodology, a Serviced Apartment Price Index (SAPI) was constructed via a hedonic price index model. The data set incorporated 1,567 transactions in Kuala Lumpur, covering the period between 2009 and 2018. The data was analysed using a vector autoregressive model, vector error correction model and a fully modified OLS model. The outcomes from the regression model showed only GDP, ES and IS were significantly associated with SAPI, whereas both ES and IS had inverse relationships with SAPI. It was predicted that the price of serviced apartments will be reduced by 0.56% and 0.21% for every 1% increase in ES and IS, respectively. The government’s monitoring of the future supply of serviced apartments should be undertaken by enforcing land use planning regulations via stricter development approval of serviced apartments to safeguard and achieve stable property price levels.

The 11th paper from *India* examines the dynamics of house prices in metropolitan cities. The research analysed spatial heterogeneity in house price dynamics using data sourced from 35 Indian cities, with each city housing a population exceeding one million residents. The methodology used panel econometrics that allow for spatial heterogeneity, cross-sectional

dependence and non-stationary data. There was also a test for spatial differences and an analysis of the income elasticity of prices, the role of construction costs and lending to the real estate industry by commercial banks. The findings showed that the long-term elasticity of house prices in relation to aggregate deposits (i.e. wealth proxy) varied considerably between cities. Short-term momentum and reversion dynamics showed substantial spatial heterogeneity, where the momentum factor is the crucial dynamic in the short term. The reversion rate to long-term equilibrium is higher than rates reported in developed markets.

The 12th paper from *France* assesses if residential assets in “Grand Paris” are a hedge against inflation and particularly against its unexpected component. This is based on the premise that long-term investors, being concerned with the protection of their wealth, seek to hold effective hedging assets. The data set incorporated residential markets in 127 communes in Paris, with the Parisian first-ring suburbs considered as potential asset classes. The research simplified the analysis by clustering the 127 communes into five homogenous groups using ascending hierarchical classification. The methodology involved testing the hedging ability of these groups within mixed asset portfolios using both correlation and regression analysis. The findings confirm that the five housing groups acted as a highly positive hedge against unexpected inflation. Cash provided a partial hedge against unexpected inflation, and bonds seem to provide an over-hedge against unexpected inflation. Stocks act as a perverse hedge against unexpected inflation and provide no significant hedge against expected inflation. Also, indirect listed real estate demonstrated a low correlation with inflation, and therefore it is possible to reject its hedging ability, contrary to physical residential real estate.

The 13th paper from *South Africa* examines the impact of power outages on the local housing market. The methodology uses ARDL and quantile autoregressive distributive lag (QARDL) models, where the data is assessed on an annual time series basis between 1971 and 2014. The interest rate, real income and inflation levels were used as control variables to enable a multivariate framework. The results from the ARDL model showed that real income is the only factor influencing housing prices over the long run, whereas other variables only have short-run effects. The estimates from the QARDL highlight a hidden cointegration relationship over the long run where higher quantile levels of distribution and transmission losses increased residential price growth. It was concluded that this housing market is more vulnerable to property devaluation caused by power outages over the short run and yet remains resilient to load shedding over the long run. Other macroeconomic factors, such as real income and inflation, are accepted as more influential factors in long-run developments in the residential market.

All prospective authors are welcome to contact the editor before submission to ensure their paper is in an acceptable format for publication. This includes ensuring the submitted paper conforms to the author guidelines for the journal, which can reduce the time the paper spends in the double-blind review process. Please contact the editor directly if I can be of assistance before submission and/or discuss the procedure for admission into the review process. If you are interested in submitting a research paper or reviewing potential publications, please contact the editor directly at ijhma@ijhma.com.

Richard Reed
Reed Property Insights, Melbourne, Australia