

HM1.2 HOUSE PRICES

Definitions and methodology

House prices capture the financial burden of purchasing a dwelling, and their development over time is measured by a (real) house price index. The evolution of rental prices can be monitored over time by the (real) rent price index. Alternatively, house prices can be compared to income (price-to-income ratio) as a measure of the affordability of owning a dwelling. The price-to-income ratio is the nominal house price index divided by the nominal disposable income per head (OECD, 2025a). If the price-to-income ratio is above (below) their long-term average, house prices are considered to be overvalued (undervalued).

Meanwhile, the OECD database on regional house price indices shows how house price developments vary across regions and cities within countries (for further discussion, see the OECD National and Regional House Price Indices Database, as well as OECD, 2020).

Key findings

In recent decades, real house prices have increased considerably in the OECD, and housing has become less affordable relative to household incomes.

Over the past three decades, real house prices increased by nearly 60 index points on average across the OECD (Figure HM1.2.1). There have been important fluctuations over this period. In the decades leading up to the Global Financial Crisis, between 1996-Q1 and 2007-Q1, real house prices increased by over 31 index points on average (from 74.9 to 106.2), before dropping sharply to reach its lowest point in the first half of 2012. From the second half of 2012, real house prices resumed an upward climb, surpassing the pre-Crisis peak in 2017-Q2 (107.2 index points) and then accelerating rapidly at the onset of the COVID-19 pandemic in 2020. In 2022-Q2, real house prices reached their highest point over the past three decades – at 134 index points – before a slight decline that began in early 2023. The latest data from early 2025 suggest that prices have begun to trend upwards, albeit slowly.

The price-to-income ratio has, on average, generally followed a similar trajectory as real house prices over this period. The evolution of the price-to-income ratio suggests that housing became relatively less affordable in the period leading up to the Global Financial Crisis, followed by a period of relative affordability until the second half of the 2010s, when housing affordability began to steadily decline. Housing became, on average, much less affordable at the outset of the COVID-19 pandemic, as house prices increased faster than incomes; the increase in the ratio also reflects the income shocks faced by some households over the course of the pandemic. The price-to-income ratio declined after 2022 but has been gradually rising since early 2024. It is important to note that these data do not take into account the cost of borrowing; higher interest rates in recent years have increased the cost of borrowing, making housing less affordable for households (for further discussion, see OECD, 2023).

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The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

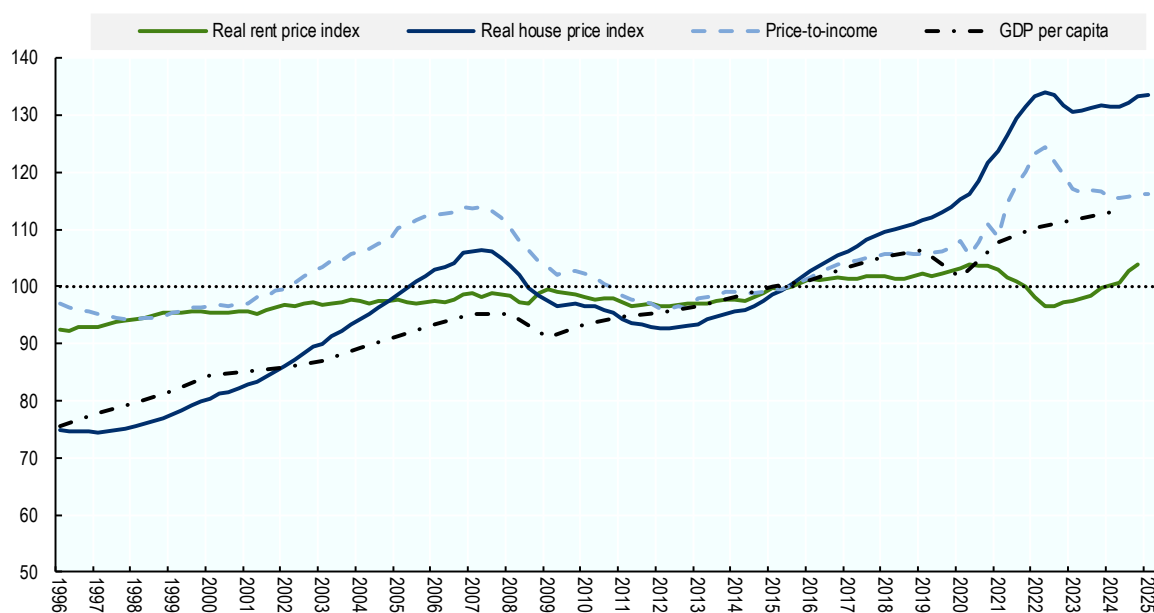
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Over the same period, GDP per capita across the OECD increased on average, but to a more limited extent relative to real house prices.

Long-term trends data for the EU can be found in the online worksheet HM1.2.1b.

Figure HM1.2.1: Development of house prices, OECD average, 1996-2025

Real house price index, rent price index, price-to-income ratio and GDP per capita indexed to 2015



Note: Rent price index refers to 32 OECD countries and does not include Colombia, Costa Rica, Japan, Estonia, Hungary and Slovenia for which data were not available over the entire period. Due to data constraints, data for real rent prices for 2024 and 2025 are calculated using CPI country weights data from 2023. Data for the real rent price index are provisional for 2024.
Source: OECD Analytical House Price Database (accessed July 2025).

Cross-country data reveal important differences in the evolution of house prices and housing affordability.

Real house prices

There are important cross-country differences in the evolution of real house prices in recent decades (Figure HM1.2.2 – Panel A). Between 2010 and 2019, real house prices increased in 32 countries, with Chile, Hungary and Iceland recording the largest increases (by at least 45 index points) over this period. Just five countries recorded a drop in real house prices over this period, most significantly in Greece, Italy and Spain (by at least 20 index points).

Between 2019 and 2024, which reflect the evolution of real house prices before and after the COVID-19 pandemic, real house prices increased in all but seven countries (Colombia, Finland, France, Germany, Korea, Italy and Sweden). In 10 countries, real house prices increased by over 25 index points, most notably in Türkiye (by 86 index points), Portugal (46 points), Iceland (41 points), and the United States (38 points). By contrast, real house prices decreased during this period by over 15 points in Finland, seven points in Sweden, six points in Germany and Korea, and by five index points or less in Colombia, Korea and France.

To assess the evolution of housing prices within countries, the [OECD National and Regional House Price Indices Database](#) provides data on housing price developments at national and regional level (see OECD, 2020 and OECD, 2025c).

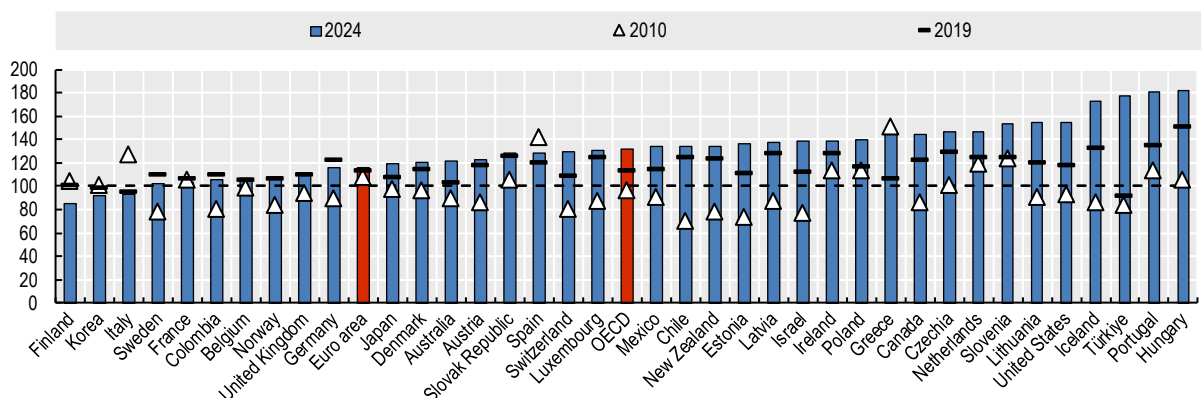
Real rental prices

In the rental market, rent prices increased in real terms in 24 countries between 2010 and 2019 (Figure HM1.2.2 – Panel B). Estonia and Lithuania recorded the largest increases over this period (by around 62 and 47 index points, respectively). By contrast, Greece, Mexico and Türkiye recorded a drop in real rent prices over this period of about 33, 15 and 20 points, respectively. However, in Greece, the drop in real rent prices (33 points decline) was smaller than that of real house prices (45 points).

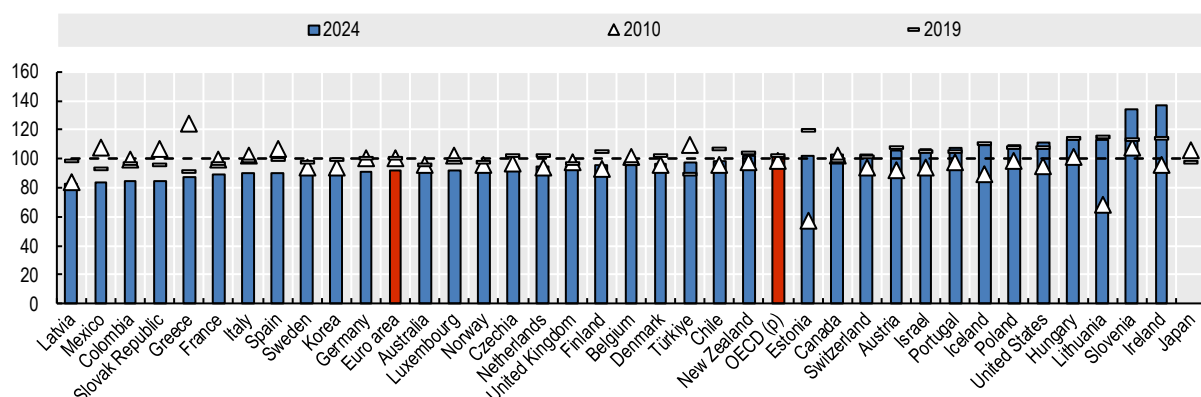
Between 2019 and 2024, rental prices declined, on average, in 28 countries, in contrast to the dramatic growth of real house prices over the same period. Real rent prices declined by over 10 points in 4 countries during this period. The largest declines were recorded in Estonia (around 17 points) and Latvia (around 15 points). In contrast, Ireland and Slovenia recorded the highest real growth in rent prices from 2019 to 2024, both by over 20 points.

Figure HM1.2.2. Housing prices have increased in most countries since 2010.

A. Real house price index 2010, 2019 and 2024, 2015=100



B. Real rent price index, 2010, 2019 and 2024, 2015=100



Note: 1. House price indices, also called Residential Property Prices Indices (RPPIs), are index numbers measuring the rate at which the prices of all residential properties (flats, detached houses, terraced houses, etc.) purchased by households are changing over time. Both new and existing dwellings are covered if available, independently of their final use and their previous owners. Only market prices are considered. They include the price of the land on which residential buildings are located (see (OECD et al., 2013)).

2. The present publication presents time series which extend beyond the date of the United Kingdom's withdrawal from the European Union on 1 February 2020. In order to maintain consistency over time, the "European Union" aggregate presented here excludes the UK for the entire time series.

3. Panel B: Due to data constraints, the OECD - Total for 2024 is calculated using CPI country weights data from 2023.

4. Panel B: 2024 data for Mexico and Chile refer to 2023.

5. Panel B: Rent price index refers to 32 OECD countries and does not include Colombia, Costa Rica, Japan, Estonia, Hungary and Slovenia.

6. Panel B: Data for OECD in 2024 are provisional.

Source: Calculations based on OECD Housing prices (indicator), <https://dx.doi.org/10.1787/63008438-en> (accessed July 2025).

Price-to-income ratio

When considering the evolution of the price-to-income ratio, there are also marked differences across countries. Between 2015 and 2019, OECD countries can be broadly grouped into two categories (see the online worksheet HM1.2.1 for country-specific results):

- *Price-to-income ratio within +/- 10 index points of the base value (100):* Australia, Belgium, Colombia, Denmark, Estonia, Finland, France, Greece, Italy, Japan, Korea, Latvia, Lithuania, New Zealand, Norway, Poland, the Slovak Republic, Slovenia, Sweden, Switzerland, Türkiye, the United Kingdom and the United States.
- *Steady increase in price-to-income ratios above 110 index points:* Austria, Canada, Chile, Czechia, Germany, Hungary, Ireland, Luxembourg, Mexico, the Netherlands, Portugal and Spain.

From the onset of the COVID-19 pandemic in most countries (second quarter of 2020) until the most recently available data (including the second quarter of 2025 where available), four scenarios can be highlighted (see the online worksheet HM1.2.1 for country-specific results):

- *Increase in price-to-income ratio before reducing slightly, staying above pre-pandemic levels:* Australia, Canada, Czechia, Estonia, Japan, Lithuania, the Netherlands, New Zealand, Norway, Portugal, Spain and the United States.
- *Increase in price-to-income ratio before declining to pre-pandemic levels:* Austria, Belgium, Germany, Denmark, Hungary, Ireland, Latvia, Luxembourg, Poland, the Slovak Republic and the United Kingdom.
- *Initial increase in price-to-income ratio before dropping below pre-pandemic levels:* Finland, France, Italy, Korea and Sweden.
- *Initial decline in price-to-income ratio before a steady increase:* Chile, Greece and Switzerland.

However, in many OECD countries, including Chile, Denmark, Greece, Japan, the Netherlands, Portugal, the Slovak Republic, Spain and Switzerland, the price-to-income ratio has been increasing since the end of 2024.

Data and comparability issues

The items in this indicator that reflect historical trends are in part based on national house price indices. The OECD Analytical House Price Database shows indices of residential property prices over time, including rent prices, real and nominal house prices, and the price-to-rent ratio and the price-to-income ratio. In most cases, the nominal house price covers the sale of newly built and existing dwellings, following the recommendations from the RPPI (Residential Property Prices Indices) manual. The real house price is given by the ratio of the nominal price to the consumer expenditure deflator in each country, both seasonally adjusted, from the OECD National Accounts Database. As indicated in OECD (2025a), this provides information on how nominal house prices have changed over time relative to prices in the general economy. The price-to-income ratio is the nominal house price divided by the nominal disposable income per head and can be considered as a measure of affordability. The rental

prices come from the OECD Main Economic Indicators database or from Eurostat and refer to Consumer Price Indices (CPIs) for Actual rentals for housing (COICOP 04.1) (OECD, 2025a). OECD countries include in their CPI a measure of rentals for housing. However, decisions on the coverage, the adjustment for quality, the treatment of regulated rents and the design of price surveys in cases where the rental market is small or unregulated, may affect comparability of the rent price index across countries. This indicator is an index with base year 2015.

A comparison of nominal house prices levels across countries is difficult, as definitions differ across countries. For example, the level of house prices may refer to different entities (dwellings as opposed to square meters, for example), to different types of dwellings and different periodicity (monthly, quarterly, semi-annual, annual).

Sources and further reading

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