

Convergence of House Prices within the Eurozone: Evidence from Non-Parametric Rank Test

Gyamfi E.N.*

*School of Public Service & Governance
Ghana Institute of Management and Public Administration*

Nsiah F.

*Ghana Communication Technology University
Email: fnsiah@gctu.edu.gh*

Antwi E.

*University of Skills Training and Entrepreneurial Development
Email: emmanuelantwi@usted.edu.gh*

Abstract: We examine if house prices are converging within the Eurozone. House price index data from 11 countries which are publicly available were obtained from Mack and Martínez-García (2011) for the period Q12002 to Q12025. A rank and score test of Breitung (2001) was employed to analyze data for the period under study. It was observed from the study that there was no cointegration between the house prices of Germany and the other ten European countries for the raw, de-measured and de-trended data. Also, tests for pairwise convergence of the countries to investigate if there would be club convergence proved otherwise. Thus, the introduction of a common currency has failed in seeing house prices converge within the Eurozone. The study adds to the extant literature on house price convergence within the Eurozone by employing a non-parametric rank and score test.

Keywords: House Price Convergence, Eurozone, Cointegration, Rank And Score Test

JEL Classification Number: C14, R31

* Corresponding author. Email: engyamfi@gimpa.edu.gh