

Effect of Real Estate Control Policies on the Real Estate Market: Evidence from Taiwan

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Abstract: This study examines the effectiveness of government real estate control policies implemented in Taiwan from Q4 2020 to Q1 2022 on the real estate market. We investigate the impact on five key market indicators: the Cathay Real Estate Index, Residential Price Index, Transaction Volume Index, House Price-to-Income Ratio, and Bargaining Ratio. The sample covers six major metropolitan areas (Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City, and Kaohsiung City) from Q1 2018 to Q1 2022. Empirical results reveal that despite the implementation of comprehensive control policies—including Real Estate Consolidation Tax 2.0, actual price registration amendments, and four waves of real estate control reforms selective credit controls—housing prices continued to rise significantly. The Cathay Real Estate Index increased by 19.1%, the Residential Price Index rose by 11.1%, and the House Price-to-Income Ratio expanded by 5.9% during the policy implementation period. Additionally, the bargaining rate contracted by 26.4%, indicating reduced negotiation space for buyers. These findings suggest that government control policies had limited effectiveness in curbing housing market speculation and price appreciation, highlighting the need for more comprehensive policy approaches to achieve housing affordability goals.

Keywords: Housing Market, Price Index, Price-to-Income Ratio, Real Estate Control Policies, Selective Credit Control

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