

## MASTER'S THESIS

### Two essays on private and public housing markets in Hong Kong

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**Two Essays on Private and Public Housing Markets in  
Hong Kong**

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A thesis submitted in partial fulfillment of the requirements  
for the degree of  
Master of Philosophy

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## **Abstract**

The thesis contains two papers focusing on different aspects of housing markets in Hong Kong. The first paper investigates the nexus between housing price index, exports, loans and housing rental index. Using the vector error-correction models, it provides empirical evidence on the links among housing price, rents, exports and private loans. Although some past studies have argued for the importance of exports on housing price growth in the long run, we observe a less dominating effect. Instead, we find that private loans and housing rental index are more important determinants of housing price index. The second paper studies the crowding out effect between public and private housing stocks. Our empirical results reject the hypothesis that public housing stock crowds out private housing stock. Instead, they confirm a strong positive long-run relationship between the private and public owner-occupied housing stocks. Our model also provides evidence for a positive relationship between private housing stock and household size, and a negative relationship between public housing stock and household size. These relations imply that the government should bring housing issues into the formulation of population policy.

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