

November 12, 2013

# The next 10 investment bubbles



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## 6. China's housing market

In October, new home prices in 100 Chinese cities rose 10.7% on average, year-on-year, according to data tracker China Real Estate Index System. That was the highest growth rate since records became available in June 2011. "Fears of a renewed housing bubble are probably driving the central bank's credit tightening policies, which may help to stabilize China's growth through into next year, but could also contribute to social unrest," said Usha Haley, a professor at West Virginia University and author of Subsidies to Chinese Industry. "Indeed, many Chinese view investing in the U.S. housing market as a better alternative for their investments, as they also seem to have lost faith in their murky stock market," said Haley. "U.S. housing is viewed as cheaper and better quality. This will have an effect on U.S. property prices, probably artificially boosting them." In the photo, empty apartment developments stand in the city of Ordos, Inner Mongolia on September 12, 2011.

—Myra Picache

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