

Macro Roundup Article

Headline: [Housing, Household Debt, and the Business Cycle: An Application to China and Korea](#)

Article Link: <https://www.nber.org/papers/w31489>

Author(s)	Amir Sufi
Publication	National Bureau of Economic Research
Publication Date	July 27, 2023

Tweet: [The rapid rise of China and South Korea's household debt to GDP ratio has strong parallels to EU and North American real-estate boom-bust cycles in 2007. @profsufi](#)

Summary: The Chinese and Korean booms are comparable with the booms that occurred in the United States and United Kingdom from 2001 to 2007. [Going forward] in both countries, consumer spending could be quite weak. This is an especially pronounced problem in Korea, where the debt service ratio has risen substantially and is now at an exceptionally high level. A rise in the debt service ratio during a household debt boom portends slower growth in the historical data, and Korea appears likely to follow that historical pattern. The allocation of production to real estate and construction activities over the past decade in China is historically unprecedented. It is difficult to imagine that the rate of activity in the real estate sector is sustainable, and it is difficult to see what sectors can take up the production slack if there is a continued decline in real estate activity. Related: [Can China's Long-Term Growth Rate Exceed 2–3 Percent?](#)

Primary Topic: Housing

Topics: Academic paper, Business Cycle, GDP, Housing, Weekly

PDF File URL: <https://www.edwardconard.com/wp-content/uploads/2024/07/w31489.pdf>

Permalink: <https://www.edwardconard.com/macro-roundup/the-rapid-rise-of-china-and-south-koreas-household-debt-to-gdp-ratio-has-strong-parallels-to-eu-and-north-american-real-estate-boom-bust-cycles-in-2007-profsufi?view=detail>

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/07/Debt-Boom-Comps.png>