Not all cities are alike: House price heterogeneity and the design of macro-prudential policies in China

Abstract
This paper investigates the implementation of regionally differentiated macro-prudential policies in China. To assess the relative intensity of the city-level macro-prudential policies over time, we construct a time-varying city-level macro-prudential policy intensity indicator for 70 Chinese cities from 2010-2017. The empirical evidence shows China’s macro-prudential toolbox has gradually evolved toward city-level policies tailored to granular local conditions to mitigate risks.

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Keywords: China, House Prices, Macro-Prudential Policies, Cities

JEL-Classification: O18, E52, C38