

Study on the Mechanisms through which Macroeconomic Policies Affect Real Estate Market Price Volatility

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Abstract: This study analyzes how macroeconomic policy tools such as monetary policy, fiscal policy, and tax policy affect the real estate market through various channels. The study finds that monetary policy influences real estate demand and, consequently, price fluctuations by adjusting interest rates and credit supply. Fiscal policy, through government spending, tax incentives, and housing subsidies, adjusts market demand and supply, thereby impacting price volatility. Tax policies, particularly property taxes and land taxes, exert a profound influence on the real estate market by altering market expectations and investor behavior. By constructing a theoretical framework and analyzing policy mechanisms, this research uncovers the complex relationship between macroeconomic policies and real estate market price fluctuations and provides relevant policy recommendations. The study concludes that the effectiveness of these policies depends on their timeliness, coordination, and the execution capacity of local governments. Finally, the paper looks forward to future research directions, particularly in the areas of diversified policy combinations, market expectation management, and the application of digital technologies.

Keywords: Macroeconomic Policy; Real Estate Market; Price Fluctuations; Transmission Mechanisms

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1.Introduction

1.1 Research Background and Significance

Macroeconomic policies, as crucial tools for national economic regulation, can directly or indirectly influence the functioning of various markets, including the real estate market. As an important component of the national economy, the real estate market not only drives economic growth but also has a profound impact on wealth accumulation and social stability. In recent years, with the intensification of price fluctuations in the Chinese real estate market, the impact of real estate prices on the economy has gradually attracted significant attention from both academia and policymakers.

The price fluctuations in the real estate market have had a substantial effect on economic stability and people's livelihoods. On one hand, excessive price increases can lead to a real estate bubble, triggering financial risks and suppressing consumption and investment. On the other hand, price declines may negatively affect household wealth, leading to reduced consumption and harming overall economic vitality. Therefore, real estate price fluctuations are not merely the result of market behavior, but are closely related to national economic policy interventions.

Macroeconomic policies, particularly monetary and fiscal policies, play a crucial role in regulating the real estate market. By adjusting interest rates, credit policies, and tax policies, macroeconomic policies influence the supply-demand relationship,

investor expectations, and financial market conditions in the real estate sector, thereby causing price fluctuations. As such, an in-depth study of the transmission mechanisms of macroeconomic policies on real estate market price fluctuations can provide a theoretical foundation for policy formulation and assist decision-makers in better managing regulatory timing and policy tool combinations.

1.2 Research Issues and Objectives

1.2.1 Research Questions

The central question of this study is: How do macroeconomic policies influence real estate market price fluctuations through various channels and mechanisms? Under this framework, this paper will focus on exploring how monetary policy, fiscal policy, and other macroeconomic policies impact the real estate market through channels such as the credit market, interest rate transmission, and government spending. Additionally, the study will analyze the manifestation and mechanisms of these effects in different economic cycles.

1.2.2 Research Objectives

The aim of this study is to uncover the transmission mechanisms between macroeconomic policies and real estate market price fluctuations, and to construct a theoretical framework to systematically understand how these policies influence the real estate market^[1]. The specific objectives include:

Identifying the main channels and transmission paths through which different macroeconomic policies (monetary, fiscal, tax, etc.) affect real estate market price fluctuations.

Analyzing the time-lag effects of policy transmission and its variations under different market conditions.

Proposing corresponding policy recommendations to help policymakers effectively respond to price fluctuations in the real estate market, maintaining a balance between economic stability and social well-being.

2. Literature Review

2.1 The Impact of Macroeconomic Policies on the Real Estate Market

2.1.1 The Impact of Monetary Policy

Monetary policy influences the liquidity and financing costs of the real estate market through channels such as interest rate adjustments and money supply changes. According to Keynesian economic theory, central banks impact market investment and consumption decisions by adjusting interest rates. In the real estate market, lower interest rates typically stimulate demand, driving up housing prices. Fisher (2001) suggests that loose monetary policy reduces financing costs, boosts demand in the real estate market, and increases investors' risk tolerance, thereby intensifying price fluctuations. Conversely, tight monetary policy, by raising interest rates and restricting credit supply, can reduce demand, leading to price stabilization or decline^[2].

2.1.2 The Impact of Fiscal Policy

Fiscal policy primarily regulates the economy through government spending and tax policies, which in turn affects the demand side of the real estate market. Fiscal measures such as increased infrastructure construction and housing subsidies directly boost demand in the real estate market. Additionally, government tax policies, especially real estate-related taxes (e.g., property tax, land appreciation tax), can alter market expectations and affect the supply-demand dynamics by increasing holding costs or changing buyers' expectations (Brunnermeier & Sannikov, 2014)^[3]. For example, tax cuts may encourage more consumers to enter the market, pushing prices higher, while higher tax burdens could dampen market demand and curb price increases.

2.1.3 Economic Theories Explaining the Role of Macroeconomic Policies

Keynesian theory emphasizes the role of government intervention in balancing market supply and demand, arguing that macroeconomic policies can effectively prevent economic overheating or cooling. Supply-demand theory, rooted in basic economic principles, explores how demand and supply fluctuate under the influence of monetary and fiscal policies, which subsequently affects price levels^[4]. Financial market theory focuses more on asset pricing and market sentiment, suggesting that changes in interest rates and money supply not only directly affect real estate markets through capital flows but also indirectly influence price fluctuations by affecting investor risk preferences and market confidence (Shiller, 2000).

2.2 Research on Real Estate Market Price Fluctuations

2.2.1 Causes and Characteristics of Price Fluctuations

The causes of real estate price fluctuations are often attributed to supply-demand factors, policy regulation, financial market volatility, and speculative behavior. Imbalances between supply and demand are direct causes of price fluctuations, but market irrationality, such as excessive speculation, often exacerbates these fluctuations. Himmelberg et al. (2005) note that speculative behavior in the real estate market, particularly speculative home purchases, can cause sharp changes in demand in the short term, leading to significant price volatility^[5].

Additionally, real estate price fluctuations exhibit cyclical patterns. Traditional market cycle theory suggests that real estate market fluctuations are closely tied to economic cycles (Case & Shiller, 2003). During periods of economic expansion, demand for real estate is strong, driving up prices; during economic downturns, credit tightening and reduced demand lead to price declines.

2.2.2 Patterns and Factors of Price Fluctuations

Existing studies show that real estate price fluctuations are influenced by multiple factors. Firstly, the macroeconomic cycle is a significant driver of real estate price fluctuations. During periods of economic growth, strong demand drives up prices, whereas during economic recessions, reduced demand causes prices to fall. Secondly, policy regulation plays a crucial role in moderating price fluctuations^[6]. Governments can stabilize the market through measures like purchase restrictions, credit controls, and tax policies. Furthermore, market expectations are also a key driver of price fluctuations. Real estate prices are often influenced not only by current market conditions but also by future expectations (Saiz, 2010).

2.3 Research on the Transmission Mechanism of Macroeconomic Policies

2.3.1 Interest Rates and Credit Channels

Interest rates are one of the core factors in the transmission of macroeconomic policies. By adjusting interest rates, central banks can influence loan rates and the financing costs in the market, thereby altering demand in the real estate market. For example, lower interest rates typically reduce borrowing costs, stimulating demand for real estate and driving up prices (Mian & Sufti, 2011). The credit market serves as an essential bridge between macroeconomic policies and the real estate market. A relaxed credit policy increases the supply of funds to the real estate market, driving up prices, while a tightening of credit may suppress demand, causing prices to fall.

2.3.2 Government Spending and Tax Policies

Government spending, particularly on infrastructure and housing policies, influences real estate markets by altering market expectations and actual demand. Government spending stimulates economic growth, which in turn boosts demand for real estate, particularly during economic downturns. Tax policies also play an important role in influencing the real estate market. Government adjustments to real estate taxes can directly affect supply and demand in the market. For instance, the introduction or increase of property taxes may reduce investors' willingness to purchase homes, thus limiting price increases.

2.3.3 Differences in Macro Policy Transmission Mechanisms

The transmission mechanisms of macroeconomic policies differ across countries and regions. Schularick & Taylor (2012) found that in developed economies, monetary policy is transmitted through well-developed financial markets, while in developing countries, where financial markets are less mature, policy transmission tends to be weaker. Furthermore, different economies react to macroeconomic policies in different ways. In China, for example, the real estate market's price fluctuations are more heavily influenced by direct government intervention, whereas in the U.S., with its more market-driven financial system, price fluctuations are largely determined by market supply and demand forces.

3. Theoretical Framework

3.1 Classification and Mechanism of Macroeconomic Policies

Macroeconomic policies, as important tools for government economic regulation, influence the operation of various markets, including the real estate market, through different instruments and channels. This section explores the impact of monetary policy, fiscal policy, and tax and regulatory policies on the real estate market and their transmission mechanisms.

3.1.1 The Mechanism of Monetary Policy

Monetary policy regulates economic activity mainly through adjusting interest rates, money supply, and credit conditions. The mechanism of its influence can be summarized as follows:

Interest Rate Channel: The central bank adjusts the benchmark interest rate, which affects commercial bank lending and deposit rates, thus influencing the financing costs of consumers and businesses. In the real estate market, lower interest rates stimulate housing demand and real estate investment, driving up housing prices, while higher interest rates may suppress demand, leading to price declines (Mian & Sufi, 2011).

Money Supply Channel: By altering the money supply in the market, the central bank influences the liquidity of funds. An increase in the money supply enriches the capital available in the real estate market, which can lead to higher housing prices. Conversely, when the money supply is tightened, market liquidity is constrained, which may cause housing prices to fall.

Credit Channel: Monetary policy directly affects the financing costs and credit supply of the real estate market by adjusting credit conditions in banks. A relaxed credit policy enables more consumers to access home loans, boosting demand and potentially driving up prices; whereas a tight credit policy restricts loan access, reducing demand in the real estate market and suppressing price growth.

3.1.2 The Mechanism of Fiscal Policy

Fiscal policy adjusts economic activity through government spending and taxation, thereby impacting the demand and supply sides of the real estate market:

Government Spending: The government directly influences the real estate market supply through investments in infrastructure and public housing projects. During economic downturns, increased government spending on infrastructure not only stimulates overall economic demand but also affects the supply-demand relationship in the real estate market by increasing housing supply. Improvements in infrastructure (e.g., transportation, education) can also increase the real estate value in specific areas, thereby influencing housing price fluctuations.

Tax Policies: Real estate-related tax policies (such as property tax, land appreciation tax) affect the supply-demand structure by changing the costs of purchasing and holding property. For example, an increase in property taxes may reduce the attractiveness of real estate investments and decrease speculative demand, thus curbing price increases. On the other hand, tax reductions may stimulate consumer demand for housing and push prices higher.

3.1.3 The Mechanism of Tax and Regulatory Policies

Tax and regulatory policies play an essential role in regulating the real estate market by adjusting market cost structures and expectations, thus influencing price fluctuations:

Property Taxes and Land Taxes: Policies such as property and land taxes raise the cost of purchasing and holding property, which suppresses both investor and consumer demand, thus controlling excessive demand and reducing price volatility.

Purchase and Loan Restrictions: Governments use purchase and loan restrictions to limit excessive demand in the real estate market. These policies effectively curb speculative behavior by limiting the eligibility of homebuyers (e.g., policies on first- and second-home purchases) and controlling loan amounts, thus preventing irrational price hikes.

3.2 Price Fluctuation Mechanism in the Real Estate Market

3.2.1 Supply-Demand Relationship

The primary factor influencing price fluctuations in the real estate market is the supply-demand relationship. When market demand is strong and supply is insufficient, housing prices tend to rise; conversely, when demand weakens and supply exceeds demand, prices are likely to fall (Case & Shiller, 2003). Under the influence of macroeconomic policies, changes in both demand and supply sides magnify price fluctuations. For instance, loose monetary policies stimulate housing demand, while supply-side reforms from the government may alter the supply structure in the real estate market.

3.2.2 Speculative Behavior

The real estate market is highly speculative, especially under uncertain market expectations, where speculative behavior intensifies price fluctuations. Real estate, as a high-leverage investment tool, often leads investors to make speculative purchases based on future price predictions. This speculative behavior can drive prices up sharply in the short term, but may result in significant price drops when policies tighten or market confidence collapses.

3.2.3 The Role of Financial Markets

Financial markets also play an important role in real estate price fluctuations, particularly in regions with a high degree of real estate financialization. The financing costs, capital liquidity, and other financial factors in the real estate market are often closely tied to macroeconomic policies. When monetary policies are loose, financing costs in the real estate market tend to decrease, encouraging investors to increase investments in real estate, thereby pushing prices higher. In contrast, under monetary tightening, liquidity in the real estate market may be restricted, leading to rapid price declines.

3.2.4 Irrational Factors

Price fluctuations in the real estate market are not only driven by rational economic behavior but also influenced by irrational factors, such as consumer psychology and investor sentiment. When macroeconomic policies trigger certain expectations, consumers and investors often make purchasing decisions based on predictions of future price trends. For example, expectations of policy loosening can spark a buying frenzy, while expectations of policy tightening may cause panic selling, exacerbating price fluctuations.

3.3 Transmission Pathways of Macroeconomic Policies to the Real Estate Market

3.3.1 Policy Transmission Pathway Model

According to the theoretical model, macroeconomic policies influence real estate price fluctuations mainly through the following transmission channels:

Interest Rate Transmission Channel: Adjustments in monetary policy directly affect market interest rates, which in turn influence the cost of home loans and financing for investors. Lower interest rates reduce housing purchase costs, stimulating real estate demand and driving up housing prices. In contrast, higher interest rates suppress demand and lead to price declines.

Credit Transmission Channel: Credit policies adjust the availability of loans and loan conditions, directly affecting the capital supply to the real estate market. When banks loosen lending conditions, more consumers can obtain home loans, which boosts demand and raises prices.

Government Spending and Tax Transmission Channel: Government spending, tax policies, and other measures directly affect the supply and demand relationships in the market, thus influencing price fluctuations. For instance, infrastructure investments increase market demand for real estate, while property taxes and similar policies raise purchase and holding costs, suppressing demand.

3.3.2 Time Lags in Policy Changes

The effects of macroeconomic policies on the real estate market typically exhibit time lags. Policy adjustments usually take time to manifest in the market. For instance, changes in monetary policy may take months or even years to affect the real estate market through the credit market. Furthermore, the effects of these policies may be constrained by factors such as economic cycles and market expectations, thereby influencing the final impact on price fluctuations.

4. Analysis of the Relationship Between Macroeconomic Policies and Real Estate Market Price Fluctuations

4.1 The Relationship Between Monetary Policy and Real Estate Market Price Fluctuations

4.1.1 The Impact of Interest Rate Adjustments on the Real Estate Market

Interest rates are one of the most direct tools of monetary policy. When the central bank adjusts the benchmark interest rate, it affects both lending and deposit rates, influencing the cost of capital in the market. In the real estate market, changes in interest rates have a significant impact on the demand side. A low interest rate environment typically reduces borrowing costs, stimulates consumer demand for housing, and drives up real estate prices. Conversely, a high interest rate environment increases the burden on homebuyers, suppressing housing demand and leading to price declines (Mian & Sufi, 2011). Additionally, interest rate fluctuations affect investor capital costs, which in turn influence the investment decisions of real estate developers and market supply.

4.1.2 The Impact of Money Supply on the Real Estate Market

Changes in money supply significantly influence the liquidity and capital supply in the real estate market. An increase in the money supply raises market liquidity, lowers borrowing costs, and stimulates activity in the real estate market, leading to

price increases. During periods of monetary easing, the real estate market may become overheated, resulting in significant price hikes (Glaeser et al., 2010). In contrast, tightening the money supply restricts the flow of capital, increases financing difficulties, and may cause housing prices to fall or experience reduced fluctuations.

4.1.3 The Relationship Between Bank Credit Policies and the Real Estate Market

Bank credit policies are another important transmission mechanism of monetary policy. Bank credit supply is influenced not only by the central bank's monetary policies but also by banks' own risk management practices and capital costs. In the context of an accommodative monetary policy, banks often ease loan conditions, increase credit support to the real estate market, and further drive up demand, which leads to price increases. On the other hand, when monetary policy tightens, banks raise loan rates and reduce loan amounts, which restricts liquidity in the real estate market and decreases demand, putting downward pressure on prices. Moreover, the balance sheet effect of banks may also affect the real estate market, especially when banks face capital pressures, as credit supply may contract, which impacts the real estate market performance.

4.2 The Impact of Fiscal Policy on the Real Estate Market

4.2.1 The Impact of Government Spending on the Real Estate Market

Government spending on infrastructure and real estate development projects directly impacts both supply and demand in the real estate market. An increase in government spending, especially in infrastructure and public services, usually stimulates local economic development, increases regional housing demand, and pushes up housing prices. For instance, in large-scale urban construction or transportation network projects, surrounding real estate prices tend to rise. Moreover, the government's direct participation in real estate development can also change the market supply structure, thus affecting market prices.

4.2.2 The Impact of Tax Policies on the Real Estate Market

Tax policies, particularly those related to real estate, such as property tax and land appreciation tax, have a direct impact on the supply and demand dynamics in the real estate market. High property taxes or land appreciation taxes increase the holding costs of real estate, potentially reducing investors' incentives to purchase property, thus suppressing demand and exerting downward pressure on prices (Brunnermeier & Sannikov, 2014). Conversely, tax reductions or tax incentives, such as tax exemptions for first-time homebuyers, can boost consumers' willingness to purchase property, thereby driving up housing prices.

4.2.3 Housing Subsidies and Fiscal Stimulus Policies

Housing subsidies and other fiscal stimulus measures, especially during economic downturns or crises, can significantly increase demand in the real estate market. For example, under government-sponsored home purchase subsidy policies, low-income groups can more easily enter the housing market, thus stimulating demand and driving up housing prices. Additionally, fiscal stimulus policies can indirectly influence market expectations and, in turn, affect price fluctuations.

4.3 The Transmission Mechanism of Tax Policies on Real Estate Market Price Fluctuations

4.3.1 The Impact of Property Tax and Land Tax

Policies such as property tax and land tax affect investors' and consumers' purchasing behavior by altering the holding costs in the real estate market. Higher property taxes increase holding costs, reducing investors' motivation to purchase properties, potentially leading to a decrease in housing prices. Land taxes, which increase developers' landholding costs, can restrict real estate development and supply, thus exacerbating upward pressure on prices (Glaeser et al., 2008). In certain cases, high tax burdens may compel some investors to shift their funds to other asset classes, thus reducing real estate investment demand and slowing down price fluctuations.

4.3.2 The Impact of Tax Policies on Market Expectations

Tax policies also influence housing prices by altering market participants' expectations. When the government announces plans to increase property taxes or implement new tax policies, market participants may expect reduced returns from the real estate market, leading to a decline in investment willingness and price drops. On the other hand, tax reduction policies can boost consumer expectations, stimulate demand for housing, and push prices higher.

4.3.3 The Impact of Tax Policies on Purchase Costs

Tax policies directly affect the purchase costs for homebuyers, especially transaction taxes involved in real estate transactions

(e.g., deed tax, value-added tax). For example, under tax relief policies, the actual purchase cost for homebuyers is reduced, which may encourage them to purchase homes more quickly, boosting demand and driving up prices. On the other hand, if taxes increase, the cost of purchasing property rises, which may weaken demand and lead to a decline in prices.

4.4 The Impact of Other Policy Factors

4.4.1 The Impact of Foreign Exchange Policies

Foreign exchange policies affect the real estate market indirectly by influencing currency exchange rates, capital flows, and cross-border investments. For example, the relaxation of foreign exchange policies may attract foreign investors into the real estate market, increasing demand and raising prices. In contrast, tightening foreign exchange policies may restrict foreign capital inflows, reduce market purchasing power, and put downward pressure on prices.

4.4.2 The Impact of Import Tariffs and Trade Policies

Import tariffs and trade policies typically affect the cost structure of real estate developers by influencing the cost of imported construction materials. When import tariffs rise, the cost of building materials increases, which raises developers' costs and may eventually lead to higher housing prices as these costs are passed on to consumers. Similarly, changes in trade policies may influence the overall economic situation, which can indirectly affect demand in the real estate market.

5. Policy Implications and Recommendations

5.1 Effectiveness Analysis of Policy Regulation

5.1.1 Current Effectiveness of Macroeconomic Policies

Currently, macroeconomic policies, including monetary, fiscal, and tax policies, have achieved some success in regulating the real estate market. For instance, monetary policy has been effective in curbing excessive expansion in certain economic cycles by adjusting interest rates and credit supply. Fiscal policy, through infrastructure investment and housing subsidies, has helped stabilize the real estate market's development. However, the effects of these policies are not always consistent, and issues such as high housing prices and market instability persist in some regions.

Monetary Policy: While monetary policy can effectively limit market expansion in some cases, its tightening often has significant negative impacts on other economic sectors (such as consumption and investment), potentially leading to broader economic instability. In some cities, especially those with high population inflows, monetary policy has had limited impact on curbing high housing prices.

Fiscal Policy: Government spending on infrastructure and housing subsidies has stimulated market demand and driven short-term prosperity. However, long-term reliance on fiscal spending may lead to overdependence on government funds, making the market more sensitive to changes in fiscal conditions, which could lead to drastic fluctuations.

Tax Policy: Although property and land taxes have to some extent restricted speculative behavior in the real estate market, their impact on market expectations has been delayed. In some cities, the market has not fully responded to the regulatory effects of tax policies.

5.1.2 Shortcomings and Room for Improvement

Lag in Regulation: Current macroeconomic policies exhibit certain lags, particularly in monetary and tax policies, which are often slow to adjust to market changes, resulting in delayed responses to price fluctuations. A more flexible policy response mechanism is needed to minimize delays and enhance the timeliness and effectiveness of policies.

Lack of Policy Coordination: Although monetary and fiscal policies play roles in real estate market regulation, they often suffer from a lack of coordination due to differing objectives and implementation bodies. For example, while monetary policy may tighten, fiscal policy may focus on increasing infrastructure investment, leading to conflicting effects that weaken the overall regulatory impact.

Execution Issues at Local Government Level: Local governments may fail to implement central government policies effectively, especially when they prioritize local economic growth. Some local governments may adopt lenient real estate policies, leading to rapid price increases in the housing market.

5.2 Policy Optimization Suggestions

5.2.1 Optimization of Macroeconomic Policies

Enhance Policy Proactiveness and Flexibility: Governments should closely monitor market trends and adjust policies promptly. For example, flexible interest rate bands and credit policies should be introduced to respond quickly to market changes, preventing both excessive expansion and sharp price declines in the real estate market. Furthermore, the government should invest more in managing market expectations through transparent information dissemination and policy forecasting mechanisms, reducing market uncertainty.

Strengthen Policy Coordination and Synergy: Greater coordination between monetary, fiscal, and tax policies is crucial to avoid conflicting objectives. For instance, tightening monetary policy can be complemented by fiscal investment stimulus, controlling demand while ensuring stable economic growth.

Improve Local Government Regulation Capability: To address execution problems at the local level, a robust policy evaluation mechanism should be established. The central government should strengthen its supervision of local policy implementation to ensure that local governments strictly adhere to national real estate regulatory policies, preventing overheating of the market.

5.2.2 Adaptive Regulation Recommendations

Addressing Overheating in the Real Estate Market: When the real estate market shows signs of overheating, it is recommended to intensify policy regulation by raising property taxes, increasing down payment requirements, and raising loan interest rates. Additionally, stronger financial market supervision is needed to prevent excessive financialization of the real estate market and avoid accumulating financial risks.

Addressing a Cooling Real Estate Market: When the market shows signs of stagnation, the government can relax housing loan conditions, lower interest rates, and increase infrastructure investment to stimulate demand and boost market activity. Tax reduction policies aimed at first-time homebuyers and low-income groups can encourage broader market participation, promoting healthy market development.

Balancing Economic Growth with Market Stability: In regulating the real estate market, the government should focus on balancing economic growth and market stability. Over-regulation could cause demand to fall sharply, negatively affecting overall economic growth. Therefore, flexible policy adjustments are crucial to avoid market volatility caused by overly aggressive regulatory measures.

5.3 International Experience and Insights

5.3.1 U.S. Macroeconomic Policy Experience

The United States has extensive experience in real estate market regulation, particularly following the 2008 financial crisis. Through a combination of accommodative monetary policies (such as interest rate cuts and quantitative easing) and fiscal stimulus measures (such as government home purchase subsidies and mortgage interest rate reductions), the U.S. successfully alleviated the downturn in the real estate market. The U.S. experience shows that a well-coordinated mix of monetary and fiscal policies can effectively address market crises and balance supply and demand.

5.3.2 U.K. Real Estate Regulatory Policies

In the U.K., real estate regulation focuses on using tax policies to intervene in the market, particularly by increasing property taxes and capital gains taxes to reduce speculative behavior. These strict tax policies have helped lower speculative trading and stabilize price fluctuations in the real estate market.

5.3.3 Applicability to China

Drawing on the experiences of the U.S. and the U.K., China can place greater emphasis on the coordination between monetary and fiscal policies in future real estate market regulation. Adjusting interest rates, credit policies, and tax policies should be done carefully to manage market fluctuations. Furthermore, introducing property taxes and related tax policies at the right time can help suppress excessive speculation and reduce the risk of a real estate bubble. Additionally, market expectations should be better managed through transparent communication and policy forecasting to enhance market trust and responsiveness to government regulations.

6. Conclusion

6.1 Summary of Research

This study explored how macroeconomic policies influence real estate market price fluctuations through various channels, revealing the complex transmission mechanisms at play. By analyzing monetary, fiscal, and tax policies, the study concludes: Monetary policy impacts real estate market demand and supply by adjusting interest rates, credit supply, and money liquidity. In low interest rate and easy credit conditions, price bubbles can form, while tightening monetary policy suppresses demand and reduces prices.

Fiscal policy, through government spending, tax incentives, and housing subsidies, not only stimulates demand but also regulates market supply. Infrastructure and public housing projects significantly influence short-term price fluctuations, but long-term effects may increase the market's dependence on government support.

Tax policy, especially property and land taxes, directly affects holding costs and market expectations, influencing both consumer behavior and investor incentives, which in turn affects price volatility.

Additionally, the study highlights that the transmission mechanisms of macroeconomic policies are not linear but interact through financial markets, consumer behavior, and investor psychology. As such, the impact of macro policies on the real estate market is inherently uncertain, making timeliness and coordination critical for effective regulation.

6.2 Research Limitations and Future Outlook

Despite exploring the transmission mechanisms of macroeconomic policies on real estate market price fluctuations and offering relevant policy suggestions, the study has limitations. First, the research focuses mainly on monetary, fiscal, and tax policies, excluding other policy tools such as foreign exchange or land use policies. Thus, a more comprehensive evaluation of policy impacts is needed. Secondly, the study relies on theoretical analysis based on literature and secondary data, without empirical research to accurately reflect the policy transmission effects. Additionally, the international comparisons are limited, mainly drawing on the U.S. and U.K. experiences, and do not deeply explore practices in emerging market economies.

Future research can address several areas: optimizing policy combinations, particularly how to effectively regulate the real estate market in different economic cycles and market conditions through flexible combinations of monetary, fiscal, and tax policies. Further studies can also investigate how macroeconomic policies influence market expectations and how transparency and expectation management strategies can help stabilize the market. Cross-country comparison studies will also be valuable in understanding the policy applicability differences across economies and offering tailored frameworks for real estate regulation. Lastly, with the advancement of digital technologies, future research could explore how big data and artificial intelligence can optimize policy implementation, particularly in analyzing market expectations and consumer behavior.

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