Real Estate Bubbles in Emerging Economies: A Review of Trends and Future Directions

BURBUJAS INMOBILIARIAS EN LAS ECONOMÍAS EMERGENTES: UN ANÁLISIS DE TENDENCIAS Y DIRECCIONES FUTURAS

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Abstract

Purpose: To analyze the scientific literature on real estate bubbles in emerging economies, identifying the most relevant theoretical, contextual, and methodological trends. The findings offer useful information for policymakers, investors, and academics interested in understanding speculative dynamics and financial stability in less developed markets.

Methodology: A systematic literature review was conducted using data from Web of Science and Scopus. Bibliometric and content analysis techniques were applied under the PRISMA framework, ensuring transparency and methodological rigor. Collaboration network analysis, keyword co-occurrence, and trend detection allowed for mapping the intellectual structure and thematic evolution of the field, combining a quantitative and qualitative approach to identify research gaps and emerging topics.

Results: There is evidence of growing academic interest in real estate bubbles in emerging markets since 1996. The main theoretical approaches are related to behavioral finance, monetary policy, and financial integration. Among the most relevant determinants are credit expansion, investor confidence, and government interventions.

Originality: Bibliometric and qualitative methods are integrated to address a poorly systematized phenomenon, offering a novel comparative and contextual perspective on emerging markets.

Implications: It contributes to strengthening risk assessment, financial regulation, and sustainable housing policies in developing countries.

Resumen

Propósito: Analizar la literatura científica sobre las burbujas inmobiliarias en economías emergentes, identificando las tendencias teóricas, contextuales y metodológicas más relevantes. Los hallazgos ofrecen información útil para responsables de políticas públicas, inversores y académicos interesados en comprender las dinámicas especulativas y la estabilidad financiera en mercados menos desarrollados.

Metodología: Se realizó una revisión sistemática de la literatura utilizando datos de Web of Science y Scopus. Se aplicaron técnicas de análisis bibliométrico y de contenido bajo el marco PRISMA, garantizando transparencia y rigor metodológico. El análisis de redes de colaboración, coocurrencia de palabras clave y detección de tendencias permitió mapear la estructura intelectual y la evolución temática del campo, combinando un enfoque cuantitativo y cualitativo para identificar vacíos de investigación y temas emergentes.

Resultados: Se evidencia un interés académico creciente en las burbujas inmobiliarias de mercados emergentes desde 1996. Los principales enfoques teóricos se relacionan con las finanzas conductuales, la política monetaria y la integración financiera. Entre los determinantes más relevantes destacan la expansión del crédito, la confianza de los inversores y las intervenciones gubernamentales.

Originalidad: Se integran métodos bibliométricos y cualitativos para abordar un fenómeno poco sistematizado, ofreciendo una visión comparativa y contextual inédita sobre los mercados emergentes.

Implicaciones: Contribuye a fortalecer la evaluación de riesgos, la regulación financiera y las políticas de vivienda sostenible en países en desarrollo.

INTRODUCTION

Real estate bubbles (REBs), due to their far-reaching effects on factors such as financial stability, economic growth, and social welfare, real estate bubbles (REBs), have long been an area of interest for economists, policymakers, and investors (Li et al., 2021). Driven by speculative demand, quick credit, and excessive optimism, a REB emerges when housing values exceed their natural value.

The bursting of the bubble triggers sharp price declines, financial crises, and economic recessions, as seen in the 2008 global financial crisis and several regional housing crises. Although many of the studies have focused on REB in developed countries, emerging markets present a distinct and often more vulnerable environment. This increased vulnerability arises from their institutional weaknesses, financial market volatility, and external capital needs.

Emerging economies are transforming regional economic relations through a combination of rapid urbanization, capital inflows, macroeconomic instability, and evolving regulatory systems. Horrocks et al. (2025) point out that real estate industries in developing countries often have less openness, investor protection, and monetary policy safeguards than mature markets that display more depth and resilience in financial terms. As a consequence of international investments, credit expansion, and government-driven development projects, speculative booms can emerge very easily. These bubbles often have serious consequences, including banking crises, capital flight, and prolonged economic depression.

Even though their strategic relevance is increasingly acknowledged, the dynamics of REBs in emerging economies—especially from a bibliometric standpoint—remain little studied. Vergara-Perucich (2023) notes that thorough studies tracking the intellectual structure and evolution of this field are conspicuously lacking. Given the important part those regional economic linkages play in promoting inclusive growth, lowering spatial inequalities, and improving resilience to global shocks in the Global South, this gap is especially noteworthy.

By means of a methodical and thorough bibliometric analysis of academic research on REBs in developing nations, this paper seeks to close that gap. This work undertakes a first-of-its-kind investigation into the development of the field, thematic clusters, eminent academics, and institutional networks by synthesizing and mapping the extant literature. By means of sophisticated bibliometric approaches comprising co-citation analysis, keyword co-occurrence mapping, and trend detection, this study reveals the intellectual foundations and methodological paths influencing the field over time.

Accordingly, this study addresses the following research question: How has the academic literature on REBs in emerging economies evolved in terms of theoretical foundations, research contexts, methodological approaches, and thematic focus, and what gaps remain for future inquiry? The originality of this work resides in its integrated approach. Although earlier studies have mostly concentrated on qualitative or case-specific analyses, this article uses a systematic approach to expose the more general trends and knowledge structures supporting regional economic research in developing countries. Furthermore, by placing the results in the framework of global financial interdependence and growing concerns about events such as real estate speculation and regional investment volatility, the research offers policy-relevant insights that cut across intellectual lines.

LITERATURE REVIEW

The notion of REB is fundamentally anchored in financial and economic theories that elucidate price dynamics, speculative conduct, and market inefficiencies (Lind, 2009). Comprehending the genesis, expansion, and dissolution of these bubbles necessitates an interdisciplinary approach that integrates classical economic models, behavioral finance theories, and institutional viewpoints. The underlying mechanisms of REB exhibit unique characteristics that warrant further analysis in the context of emerging markets, where financial systems are often less mature and regulatory environments are less stringent (Huangfu et al., 2024).

In developed countries, real estate markets are better regulated, and financial systems are stronger. But in emerging markets, structural weaknesses make boom-and-bust cycles worse (Canuto & Ghosh, 2013). Macroeconomic instability, encompassing inflationary pressures, exchange rate variations, and erratic interest rate policies, fosters speculative real estate investments, as investors pursue tangible assets for value preservation. Credit expansion and lax monetary policy exacerbate these concerns, as numerous emerging nations undergo swift credit growth driven by government-supported housing initiatives and foreign direct investment (Elekdag & Wu, 2013). Fragile institutional frameworks, characterized by weak property rights, corruption, and insufficient financial regulation, foster an environment conducive to speculative real estate practices, frequently leading to land banking, ghost cities, and rampant construction booms.

Foreign capital inflows and global financialization significantly contribute to the escalation of real estate bubbles, as overseas investors pursuing substantial returns inflate property values. Nonetheless, these investments may exhibit significant volatility, with unexpected capital withdrawals resulting in rapid price adjustments. Moreover, demographic and urbanization pressures exacerbate real estate inflation, as swift urban growth engenders housing shortages that further stimulate speculative investment. Nonetheless, speculative demand does not invariably result in actual occupancy, resulting in an overstock that finally precipitates market corrections (Barras, 2005).

Governments and central banks are essential in alleviating REB through monetary policy instruments, fiscal measures, and macroprudential restrictions. Strategies including elevated interest rates, capital flow limitations, property taxation, and more stringent lending standards might mitigate speculative excesses (Simsek, 2021). In emerging economies, such interventions tend to be reactive rather than proactive, resulting in delayed responses that worsen market corrections (Singh, 2023). Moreover, real estate bubbles in emerging nations frequently align with banking sector vulnerabilities, as excessive exposure to real estate inside financial institutions may result in systemic concerns (Füss & Ruf, 2021). Previous crises, including the Asian Financial Crisis of 1997 and the 2008 housing collapse, highlight the necessity for thorough risk management systems that consider the interrelated dynamics of financial and real estate markets.

METHODOLOGY

Data Description

The Web of Science (WoS) and Scopus databases were chosen for their exhaustive coverage of high-impact academic journals across multiple disciplines, from which the data used in this research were obtained. The search equations (1) and (2) were formulated to obtain literature that explores the nexus between REB and emerging economies.

In this study, emerging economies are defined according to the classification used by international organizations such as the International Monetary Fund (International Monetary Fund, 2025), which identify them as countries experiencing rapid economic growth and industrialization but still facing structural and institutional challenges typical of developing economies. These economies are characterized by increasing integration into global financial markets, moderate per capita income levels, and evolving regulatory frameworks.

Accordingly, the empirical focus of this research encompasses nations typically categorized as emerging or developing by the IMF, including Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Türkiye. These countries were selected because they recurrently appear in the WoS and Scopus records retrieved through the search equations (1) and (2) and reflect diverse macroeconomic and institutional contexts representative of the Global South.

WoS: TS=(real-estate-bubble* OR housing-bubble* OR property-bubble*) AND TS=(emerging-country* OR emerging-market* OR emerging-economy* OR developing-country* OR developing-market* OR developing-economy* OR transition-country* OR transition-market* OR transition-economy* OR Brazil* OR Chile* OR China* OR Colombia* OR Czech-Republic* OR Egypt* OR Greece* OR Hungary* OR India* OR Indonesia* OR South-Korea* OR Malaysia* OR Mexico* OR Peru* OR Philippines* OR Poland* OR Russia* OR South-Africa* OR Taiwan* OR Thailand* OR Türkiye*) (1)

Scopus: TITLE-ABS-KEY (*real-estate-bubble OR *housing-bubble OR *property-bubble) AND TITLE-ABS-KEY (*emerging-country OR *emerging-market OR *emerging-economy OR *developing-country OR *developing-market OR *developing-economy OR *transition-country OR *transition-market OR *transition-economy OR *Brazil OR *Chile OR *China OR *Colombia OR *Czech-Republic OR *Egypt OR *Greece OR *Hungary OR *India OR *Indonesia OR *South-Korea OR *Malaysia OR *Mexico OR *Peru OR *Philippines OR *Poland OR *Russia OR *South-Africa OR *Taiwan OR *Thailand OR *Türkiye) (2)

Inclusion and exclusion criteria

The selection of documents followed the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework to ensure methodological transparency (see Figure 1). The initial search across the WoS and Scopus databases retrieved 447 records (WoS = 193; Scopus = 254). After removing 143 non-eligible documents—comprising conference proceedings, books, book chapters, and reviews—304 articles advanced to the screening stage. Duplicates and non-indexed items were then excluded (n = 122), leaving 182 unique records for eligibility assessment.

Each article was reviewed in full to verify thematic relevance to real estate bubbles and emerging or developing economies. A total of 53 manuscripts were excluded at this stage: 17 did not focus on emerging countries, and 36 lacked direct analysis of real estate dynamics. Finally, 129 articles (WoS = 84; Scopus = 45) satisfied all inclusion criteria and were incorporated into the bibliometric and content analyses. These studies form the empirical foundation for mapping research trends and thematic clusters in the field.
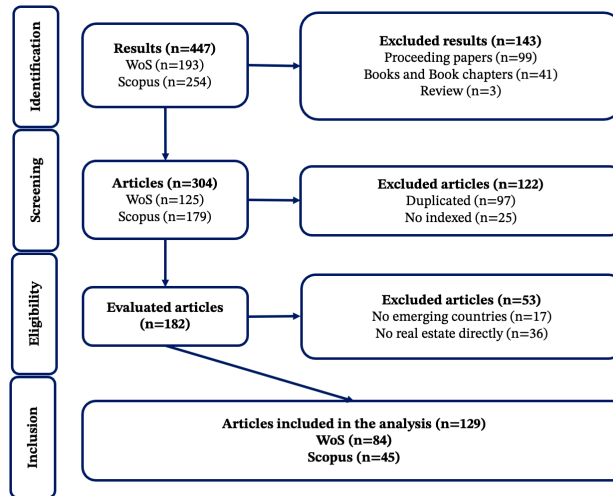
Figure 1. Inclusion and exclusion criteria of results using the PRISMA method. Source: own elaboration.

Data analysis

This paper uses a thorough and methodical approach to data analysis in order to investigate the thematic evolution and bibliometric properties of research on REB in emerging economies. Three main components—bibliometric analysis, network analysis, and content analysis inside the Theory–Context–Characteristics–Methodology (TCCM) framework—are included into the analytical process. This multifarious approach provides a strong knowledge of the intellectual structure and thematic development of the field by allowing both quantitative and qualitative insights.

By means of bibliometric analysis, publication trends, prolific authors, influential journals, and citation patterns were found, thus offering a macroscopic picture of scholarly output and impact. Using R Bibliometrix, network analysis revealed important research clusters and cooperative dynamics, thus allowing the visualization and study of country collaboration networks and keyword co-occurrence. Complementing these techniques, content analysis following the TCCM framework provided a methical synthesis of the chosen literature, capturing theoretical foundations, contextual focus, key research features, and methodological approaches applied across studies.

RESULTS

The temporal distribution of publications reveals a marked acceleration in research output on REBs in emerging economies beginning in the mid-2010s, coinciding with increasing globalization of housing markets and heightened post-crisis regulatory interest. Peaks in 2017 and 2020 reflect intensified scholarly attention following major market adjustments and the growing use of advanced econometric and spatial modeling techniques. The steady diversification of journals and author participation underscores the interdisciplinary nature of the field, integrating insights from economics, finance, and urban studies. However, the decline observed after 2021 suggests a potential saturation in traditional approaches, highlighting the need for future research to incorporate behavioral, environmental, and digital-finance perspectives to advance understanding of speculative dynamics in developing housing markets (Figure 2).
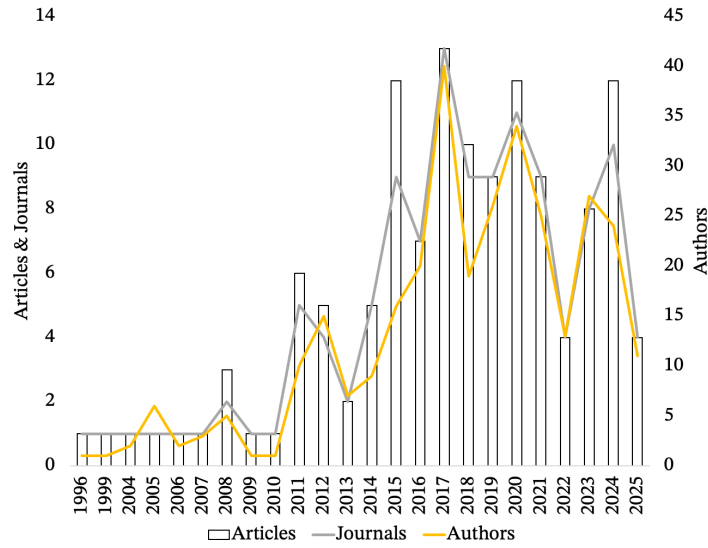
Figure 2. Evolution of REB in emerging economies. Source: own elaboration.

Table 1 presents the main bibliometric indicators derived from WoS and Scopus, highlighting the research structure and impact of studies on REBs in emerging economies. A total of 129 articles authored by 335 researchers across 97 journals demonstrates a moderate yet expanding academic engagement in the field. The average of 2.6 authors per article indicates a growing trend toward collaborative research, consistent with the interdisciplinary nature of housing and financial market studies.

WoS exhibits a higher citation impact (20.8 citations per article) compared to Scopus (12.3), reflecting stronger academic visibility in more established outlets. The 46 contributing countries and 227 organizations suggest a geographically diverse yet fragmented research landscape, with relatively low institutional concentration (0.6 articles per organization). These metrics reveal an emerging but increasingly connected scholarly network that is progressively shaping the global discourse on speculative real estate dynamics and market stability in developing economies.

Table 1. Main Bibliometric Indicators.

Indicator	WoS	Scopus	Total
Articles	84	45	129
Authors	200	135	335
Journals	60	37	97
Organizations	149	78	227
Countries	24	22	46
Citations	1747	553	2300
Authors/Article	2.4	3.0	2.6
Articles/Author	0.4	0.3	0.4
Articles/Journal	1.4	1.2	1.3
Articles/Organization	0.6	0.6	0.6
Articles/Country	3.5	2.0	2.8
Journals/Country	2.5	1.7	2.1
Organizations/Country	6.2	3.5	4.9
Authors/Organization	1.3	1.7	1.5
Authors/Country	8.3	6.1	7.3
Citations/Article	20.8	12.3	17.8
Citations/Author	8.7	4.1	6.9
Citations/Journal	29.1	14.9	23.7
Citations/Organization	11.7	7.1	10.1
Citations/Country	72.8	25.1	50.0

Source: own elaboration.

The international collaboration network reveals a geographically asymmetrical research structure, with China emerging as the central hub of scientific production and collaboration on REBs in emerging economies. Strong academic linkages are observed between China and developed research centers such as the United States, the United Kingdom, and Australia, indicating a North–South knowledge exchange dynamic. Peripheral but growing contributions from countries in Latin America, Africa, and Southeast Asia suggest expanding global interest yet limited interregional collaboration.
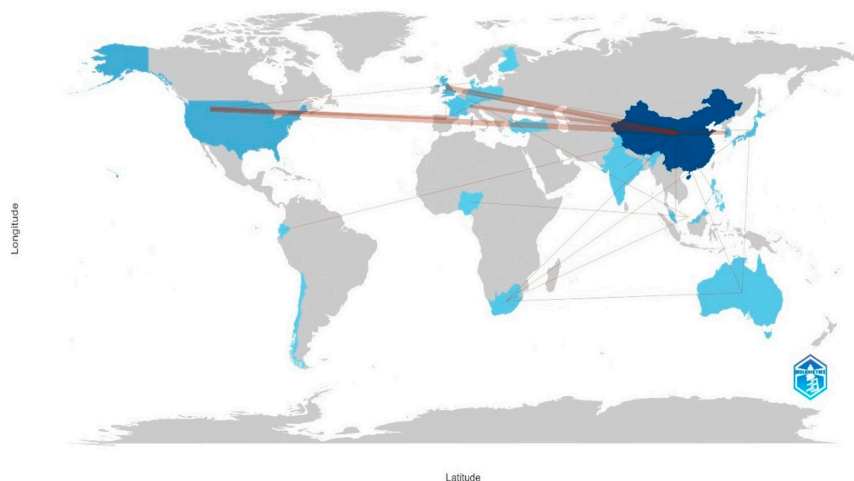
Figure 3. Country collaboration map on REB in emerging economies Research. Source: own elaboration.

The author keyword network reveals the conceptual structure and thematic evolution of research on REBs in emerging economies. Four major clusters emerge, reflecting distinct but interconnected research directions. The blue cluster centers on "real estate bubbles" and "Chinese housing market," underscoring China's dominance in empirical studies. The green cluster links "housing prices," "financial stability," and "macroeconomic dynamics," illustrating the integration of housing and financial systems. The red cluster emphasizes "market efficiency," "speculative behavior," and "asset pricing," reflecting the application of financial economics theories. Finally, the purple cluster highlights "urbanization" and "housing affordability," signaling growing social and policy-oriented concerns.
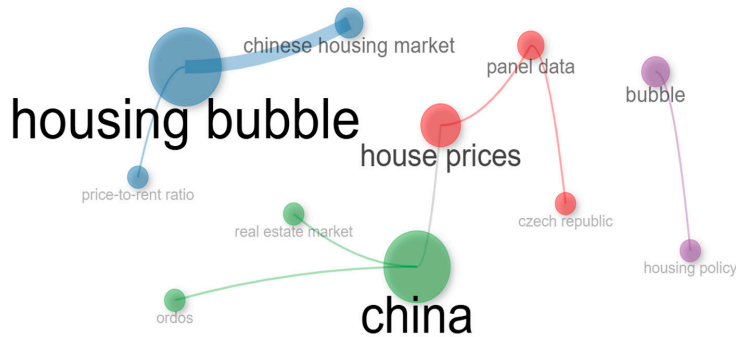

Figure 4. Author Keywords Network in REB in emerging economies Research. Source: own elaboration.

Table 2 synthesizes the theoretical, contextual, characteristic, and methodological dimensions of the literature on REBs in emerging economies. The field remains grounded in traditional economic theories—notably Asset Price Bubble Theory, Rational Expectations, and Keynesian perspectives—complemented by recent advances in behavioral finance, evolutionary game theory, and systemic risk frameworks. Despite this diversity, a key gap lies in the limited theoretical integration of REBs with sustainability, urban resilience, and socio-behavioral dynamics.

Geographically, research is heavily concentrated in Asia, with China representing nearly half of all studies, while regions such as Latin America, Sub-Saharan Africa, and the Middle East remain underexplored. Empirical evidence reflects the structural vulnerabilities of emerging markets—rapid urbanization, speculative demand, and policy asymmetries—exacerbated by shocks like the Global Financial Crisis and COVID-19.

Methodologically, the literature is dominated by quantitative econometric techniques, especially unit root tests (ADF, GSADF), VAR/VECM, Markov Switching, and Bayesian approaches, while qualitative and mixed-method designs are still incipient. Emerging trends include the use of machine learning, spatial econometrics, and DSGE models, signaling a shift toward multidimensional analyses.

Table 2. TCCM Framework for REB in emerging economies.

Dimension	Description
Theories	**Dominant Theoretical Foundations** *For explain deviations between housing prices and market fundamentals:* -Asset Price Bubble Theory -Rational Expectations Theory -Keynesian perspectives *Complementary theories:* -Behavioral Finance -Evolutionary Game Theory -Capital Switch Theory -Systemic Risk Theory **Emerging Theoretical Trends** -Dynamic Stochastic General Equilibrium (DSGE) -Bayesian estimation -Sustainability and Energy Transition frameworks -Macroprudential and Monetary Policy theories **Conceptual Gaps** -Limited theoretical integration between REBs and broader sustainability or urban resilience frameworks. -Most models remain economically deterministic, overlooking social and behavioral factors like emotion, trust, and demographic shifts.
Contexts	**Geographical Focus** -Research is concentrated in Asia—especially *China (≈50% of studies)*, followed by *Turkey*, *Malaysia*, *India*, *South Korea*, and *Chile*. -A few studies address *Africa (South Africa)* and *Eastern Europe (Poland)*. **Economic Context** Most countries are *emerging or developing economies* with rapid urbanization, rising household leverage, and capital inflows. **Temporal Context** Studies span 1996–2025, covering periods before and after the *Global Financial Crisis*, *COVID-19 pandemic*, and local crises such as the *2023 Türkiye Earthquake*. **Institutional Context** -Varied government intervention levels—ranging from China's state-regulated housing to Malaysia's mixed market system. -Contextual factors such as *monetary policy, macroprudential regulation, inflation, and land finance* strongly influence housing price dynamics. **Neglected Contexts** Latin America (except Chile), Sub-Saharan Africa (except South Africa), and Middle Eastern markets are underrepresented.

Table 2. TCCM Framework for REB in emerging economies *(Continuation).*

Characteristics	**Research Themes Identified** -Bubble Detection and Measurement: GSADF, LPPLS, PANICCA, Markov Switching, and price-to-rent ratio analyses -Determinants of Bubbles: Credit expansion, interest rates, inflation, foreign investment, buyers' expectations, and emotional value perceptions -Policy and Regulatory Impact: Property tax, macroprudential tools, and housing purchase restrictions -Affordability and Social Consequences: Housing inequality, generational burden, and Confucian or cultural influences -Spillover and Systemic Effects: Transmission to financial sectors and industrial productivity -Sustainability and Energy Transition: Role of green finance and energy reforms in moderating speculative behavior **Observed Patterns** -Bubbles in emerging economies are *multi-causal* and often *regionally heterogeneous* (e.g., first-tier vs. third-tier cities in China). -Speculative behavior is amplified by *cultural expectations of homeownership* and *limited investment alternatives*. -*Exogenous shocks* (earthquakes, pandemics) accelerate speculative trends but also lead to short-lived corrections
Methodologies	**Quantitative Dominance** -Over 80% of studies use quantitative econometric techniques. The most frequent methods include: Unit root and cointegration tests (ADF, GSADF, PANICCA). -VAR/VECM models for dynamic relationships. -Markov Switching and Bayesian estimation for regime changes. -Panel data analysis (fixed and random effects). -Machine learning and spatial econometrics. **Emerging Techniques** Application of *SmartPLS* for structural modeling, *DSGE frameworks*, and *Evolutionary Game Theory*. **Qualitative or Mixed Approaches** Limited but growing—examples include cultural-historical analysis and expert opinion surveys. **Data Sources** National housing indexes, city-level data, financial market indicators, and surveys. **Gaps** -Scarce longitudinal and cross-country comparative designs. -Few mixed-methods approaches linking quantitative results with socio-political explanations. -Limited incorporation of sustainability and behavioral data into bubble detection models.

Table 2. TCCM Framework for REB in emerging economies *(Continuation).*

Dimension	Description
1. Theory	**Dominant Theoretical Foundations:** *Most studies draw on Asset Price Bubble Theory, Rational Expectations Theory, and Keynesian perspectives to explain deviations between housing prices and market fundamentals. Complementary theories include Behavioral Finance, Evolutionary Game Theory (Tang et al., 2021), Capital Switch Theory (Zhang et al., 2021), and Systemic Risk Theory (Zhang et al., 2023).* **Emerging Theoretical Trends:** *Integration of Dynamic Stochastic General Equilibrium (DSGE) and Bayesian estimation for macroeconomic simulation (Deng et al., 2023; Wang & He, 2024).Use of Sustainability and Energy Transition frameworks (Jin et al., 2024) linking green finance and real estate bubbles.Increasing reliance on Macroprudential and Monetary Policy theories to assess the impact of fiscal and financial regulation (Chiang & Chen, 2023; Zhou et al., 2022).* **Conceptual Gaps:** *Limited theoretical integration between real estate bubbles and broader sustainability or urban resilience frameworks (Ayub et al., 2020). Most models remain economically deterministic, overlooking social and behavioral factors like emotion, trust, and demographic shifts.*
2. Context	**Geographical Focus:** *Research is concentrated in* **Asia**—*especially China (≈50% of studies), followed by Turkey, Malaysia, India, South Korea, and Chile. A few studies address Africa (South Africa) and Eastern Europe (Poland).* **Economic Context:** *Most countries are emerging or developing economies with rapid urbanization, rising household leverage, and capital inflows.* **Temporal Context:** *Studies span 2000–2025, covering periods before and after the Global Financial Crisis, COVID-19 pandemic, and local crises such as the 2023 Türkiye Earthquake.* **Institutional Context:** *Varied government intervention levels—ranging from China's state-regulated housing to Malaysia's mixed market system. Contextual factors such as monetary policy, macroprudential regulation, inflation, and land finance strongly influence housing price dynamics.* **Neglected Contexts:** *Latin America (except Chile), Sub-Saharan Africa (except South Africa), and Middle Eastern markets are underrepresented.*
3. Characteristics	**Research Themes Identified:** *Bubble Detection and Measurement: GSADF, LPPLS, PANICCA, Markov Switching, and price-to-rent ratio analyses (Goekler, 2025; Kevser et al., 2025; Zhi et al., 2019).Determinants of Bubbles: Credit expansion, interest rates, inflation, foreign investment, buyers' expectations, and emotional value perceptions (Doruk, 2024; Tang et al., 2021).Policy and Regulatory Impact: Property tax, macroprudential tools, and housing purchase restrictions (Hou et al., 2022; Deng et al., 2023).Affordability and Social Consequences: Housing inequality, generational burden, and Confucian or cultural influences (Liu & Liang, 2025; Ma et al., 2024).Spillover and Systemic Effects: Transmission to financial sectors and industrial productivity (Wan, 2024; Zhang et al., 2023).Sustainability and Energy Transition: Role of green finance and energy reforms in moderating speculative behavior (Jin et al., 2024).* **Observed Patterns:** *Bubbles in emerging economies are multi-causal and often regionally heterogeneous (e.g., first-tier vs. third-tier cities in China). Speculative behavior is amplified by cultural expectations of homeownership and limited investment alternatives.Exogenous shocks (earthquakes, pandemics) accelerate speculative trends but also lead to short-lived corrections (Kartal, 2024).*
4. Methodology	**Quantitative Dominance:** *Over 80% of studies use quantitative econometric techniques. The most frequent methods include: Unit root and cointegration tests (ADF, GSADF, PANICCA)VAR/VECM models for dynamic relationshipsMarkov Switching and Bayesian estimation for regime changesPanel data analysis (fixed and random effects)Machine learning and spatial econometrics (Li, 2024)* **Emerging Techniques:** *Application of SmartPLS for structural modeling (Yin et al., 2024), DSGE frameworks (Deng et al., 2023), and Evolutionary Game Theory (Tang et al., 2021).* **Qualitative or Mixed Approaches:** *Limited but growing—examples include cultural-historical analysis (Ling & Zhang, 2024) and expert opinion surveys (Ma et al., 2024).* **Data Sources:** *National housing indexes, city-level data, financial market indicators, and surveys.* **Gaps:** *Scarce longitudinal and cross-country comparative designs.Few mixed-methods approaches linking quantitative results with socio-political explanations.Limited incorporation of sustainability and behavioral data into bubble detection models.*

Table 2. TCCM Framework for REB in emerging economies *(Continuation).*

Future Research Directions	**(a) Theoretical Expansion:** *Integrate sustainability and behavioral economics with macro-financial theories to explain long-term speculative cycles.* **(b) Contextual Diversification:** *Expand research to Latin America, Africa, and post-conflict economies where informal housing and credit constraints shape unique bubble dynamics.* **(c) Methodological Innovation:** *Adopt hybrid models (econometrics + machine learning), agent-based simulations, and cross-country panel analyses.* **(d) Policy and Governance:** *Examine the interplay between housing taxation, macroprudential policies, and social housing systems as anti-speculation tools.* **(e) Socio-environmental Integration:** *Explore how housing bubbles interact with energy transition, green finance, and urban sustainability goals.*

Source: own elaboration

DISCUSSION

The results of this review provide an integrated understanding of the evolution, determinants, and limitations of the literature on REBs in emerging economies. The findings emphasize the complex interplay among financial mechanisms, investor psychology, and macroeconomic regulation, showing that housing markets in developing regions are particularly sensitive to credit expansion, policy uncertainty, and behavioral distortions.

Theoretical and Empirical Insights

The literature remains anchored in classical economic theories such as the Asset Price Bubble Theory, Rational Expectations, and Keynesian perspectives (Zhang et al., 2023), which explain deviations between housing prices and market fundamentals. However, an important theoretical shift is evident with the integration of behavioral finance and systemic risk frameworks (Simsek, 2021). These perspectives challenge the rationality assumption of traditional models, emphasizing the roles of herding behavior, overconfidence, and market sentiment in shaping speculative cycles.

Empirical findings corroborate that credit expansion and financial liberalization are major catalysts for bubble formation. Studies in Turkey, India, and China demonstrate that rapid credit growth, often coupled with pro-growth monetary policies, leads to overvaluation and volatility in property prices (Coskun et al., 2020; Doruk, 2024). This aligns with earlier findings by Caraiani & Călin (2020), who identified excessive credit supply and deregulation as key antecedents of banking and housing crises.

From a behavioral perspective, investor psychology has gained increasing relevance in explaining market exuberance. Factors such as emotional attachment to property ownership, fear of missing out, and cultural expectations—particularly in East Asian societies—reinforce speculative tendencies (Liu & Liang, 2025). These behavioral drivers amplify price misalignments, creating self-reinforcing cycles of optimism and overvaluation. Integrating behavioral variables into econometric frameworks is thus essential to better predict market turning points.

Market Integration and Systemic Vulnerability

The findings confirm that housing markets in emerging economies are increasingly intertwined with global financial dynamics (Martínez-García & Grossman, 2020). REBs often coincide with external capital inflows, exchange rate fluctuations, and stock market movements, suggesting cross-asset contagion. As Horrocks et al. (2025) and Huangfu et al. (2024) argue, international financial integration amplifies systemic risk by transmitting volatility from advanced markets to domestic property sectors. This dynamic is particularly acute in countries with fragile financial institutions and limited macroprudential oversight. Consequently, effective risk management requires a holistic macro-financial framework that combines monetary policy, housing market surveillance, and financial stability indicators (Füss & Ruf, 2021).

Geographic and Institutional Asymmetries

Despite the growing sophistication of REB research, significant geographical imbalances persist. The analysis confirms that over 50% of studies focus on Asia, notably China, Malaysia, Turkey, India, and South Korea, reflecting both data accessibility and regional academic dominance (Li et al., 2021; Vergara-Perucich, 2023). Meanwhile, Latin America, Sub-Saharan Africa, and the Middle East remain underrepresented. This uneven distribution constrains the global applicability of current theoretical frameworks and reinforces a regional bias in policy prescriptions. As Risager (2013) notes, emerging economies differ widely in financial depth, regulatory capacity, and institutional maturity, which affects how speculative cycles develop and resolve.

To address this, future studies should employ a comparative regional approach distinguishing Asia, Latin America, and Eastern Europe. Such a framework would visualize disparities in research volume and citation density, thereby encouraging balanced contributions from diverse geographic contexts. Expanding coverage beyond Asia would not only improve representativeness but also enhance theoretical pluralism in understanding speculative behavior.

Latin American Perspective: A Research Frontier

Among the most neglected contexts, Latin America offers substantial opportunities for empirical and theoretical advancement. Except for isolated work on Chile, the region's structural features—credit constraints, informality in housing markets, high inequality, and dependence on land-based fiscal revenues—create distinct conditions for speculative dynamics. Countries like Brazil, Mexico, Colombia, and Peru have experienced urban expansion and financialization processes that parallel early patterns observed in Asia (Horrocks et al., 2025). These similarities make Latin America a fertile ground for comparative cross-market analyses assessing whether determinants such as monetary policy shocks, investor expectations, and regulatory interventions exhibit similar effects across regions.

Furthermore, integrating ESG finance and sustainability frameworks into Latin American REB studies could illuminate the dual challenge of speculative moderation and social housing equity. The emerging use of green finance and energy transition policies (Jin et al., 2024) could help counteract bubble dynamics while promoting sustainable urban growth.

Methodological and Theoretical Expansion

Methodologically, the field remains dominated by quantitative econometric designs, particularly unit root and cointegration tests (ADF, GSADF, PANICCA), VAR/VECM, and Bayesian models (Goekler, 2025; Deng et al., 2023; Li, 2024). While these tools enhance precision, they often neglect social, institutional, and behavioral dimensions. Emerging approaches—such as machine learning, agent-based simulations, and spatial econometrics—offer potential to model heterogeneous market behaviors and spatial contagion more effectively (Wang & He, 2024).

At the same time, qualitative and mixed-method approaches remain scarce. Studies employing expert surveys (Ma et al., 2024) and cultural-historical analysis (Ling & Zhang, 2024) represent valuable exceptions that bridge the gap between statistical modeling and contextual interpretation. Theoretical expansion should also aim to integrate urban resilience and sustainability transition frameworks, acknowledging that speculative real estate phenomena intersect with social inequality and environmental transformation (Ayub et al., 2020).

CONCLUSIONS

This study provides a comprehensive bibliometric and conceptual overview of REBs in emerging economies, clarifying how theoretical, methodological, and contextual elements have shaped the field's evolution. Over the past two decades, research has advanced from descriptive examinations of housing price dynamics toward multidimensional frameworks that integrate financial, behavioral, and macroeconomic perspectives.

The results confirm that credit expansion and monetary policy play pivotal roles in

generating speculative distortions within emerging housing markets. Excessive credit growth—often facilitated by deregulation and pro-growth policy agendas—amplifies volatility and systemic vulnerability. Concurrently, the incorporation of behavioral finance has deepened understanding of how psychological mechanisms such as overconfidence, herd behavior, and emotional attachment reinforce speculative pressures. These findings underscore that REBs are not merely structural or financial phenomena, but also socio-psychological processes embedded in broader institutional and cultural contexts.

The growing interconnection between housing and financial markets highlights the urgency of integrated macroprudential policy frameworks combining financial supervision, housing regulation, and capital flow management to contain contagion and systemic risk. Nonetheless, the literature remains geographically unbalanced. Research has concentrated predominantly on Asian economies—particularly China, Malaysia, and Turkey—while Latin America, Sub-Saharan Africa, and the Middle East remain marginally explored. This asymmetry constrains the development of comparative insights and limits the formulation of globally relevant policy solutions.

Future research should expand toward underrepresented regions, especially Latin America, to capture the influence of informality, inequality, and institutional diversity on speculative housing dynamics. Moreover, advancing the field requires integrating sustainability, governance, and behavioral dimensions into unified analytical models capable of explaining cross-regional variations.

In this way, research on REBs in emerging economies is progressing toward greater theoretical pluralism and interdisciplinary integration. Strengthening this trajectory through comparative analyses and empirical validation will be essential to develop a global theory of speculative housing cycles and to support policymakers in achieving financial stability, social equity, and sustainable urban development across the Global South.

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