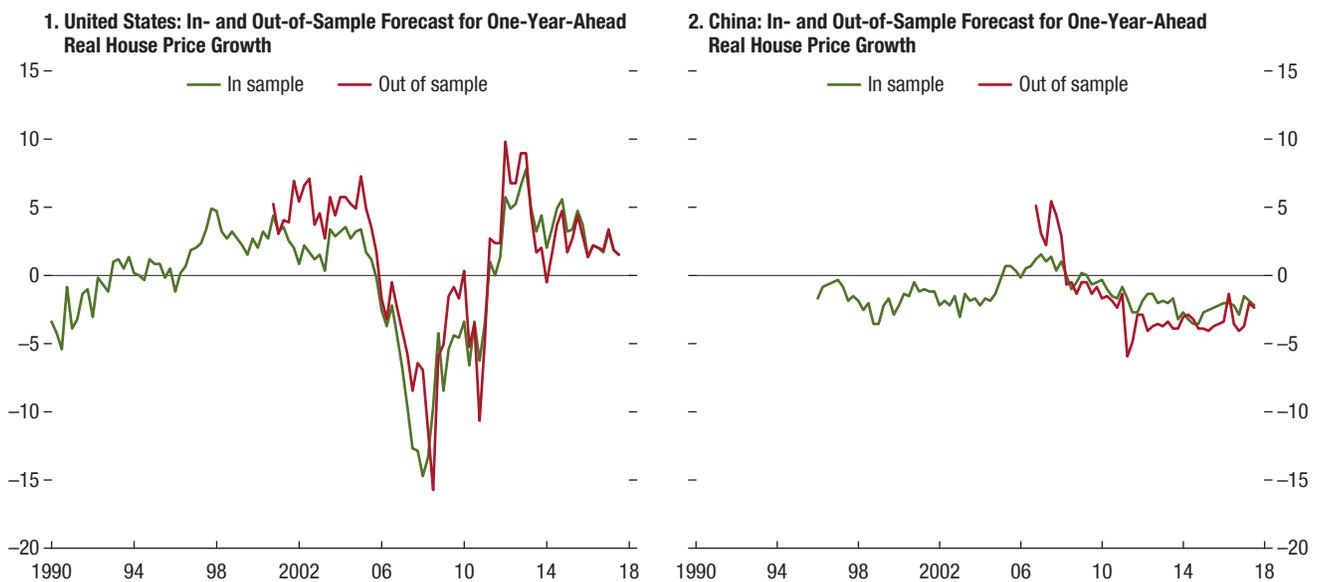


**Figure 2.10. Out-of-Sample Forecasting Accuracy**  
*(In-sample versus out-of-sample forecasts, annual percent change)*

Out-of-sample predictions closely track the in-sample estimates for one-year-ahead house prices at risk.



Source: IMF staff calculations.

Note: The figure compares in-sample and out-of-sample forecasts, using the real house price baseline model from Figure 2.5 (green lines) and using recursive estimation for the out-of-sample model (red lines). The out-of-sample analysis shown in this figure uses a country-specific model instead of the panel model to illustrate the fit of the model in a concrete application. This reduces the degrees of freedom of the estimation and the robustness of the results when applied to low quantiles of the distribution. For that reason, the figure shows results for the 20th and 25th percentiles for the United States and China, respectively.