

## Increasing property prices a key driver in worsening wealth inequality: MAS Chief

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Ravi Menon, Managing Director of The Monetary Authority of Singapore (MAS) believes that rising property prices is one of the key drivers in the worsening wealth inequality across many parts of the world – a trend he considers to be worrying, reported TODAY.

**“Market processes are allocating an increasing share of national income to income from property and other financial assets and a reducing share to income from work,” he said Ravi Menon during a lecture series organised by the Institute of Policy Studies, a think tank under the National University of Singapore (NUS).**

“This is a development that we should be deeply concerned about,” he added as quoted by TODAY.

Wealth inequality can also undermine meritocracy, which refers to a social system where people are rewarded or gain success based on their hard work, talent and abilities.

“Because the accumulation of wealth can far exceed the differences in income from differences in abilities and performance, because of the way prices of financial assets and real estate moves, with little effort, one becomes extraordinarily rich... And so, wealth inequality creates a sense of unfairness,” explained Menon during a question-and-answer session.

With growing land prices driving up property values, wealth has become more unequally distributed compared to income in almost all societies, he said.

He noted that as people's income increase, they also tend to allocate more of their disposable income to acquiring property within prime locations.

This leads to rising house prices relative to income, which in turn stimulates investment demand for residential properties.

“Globally, property has become an investment asset class,” said Menon, adding that getting on the property ladder to be rich has become a trend across major urban centres in the world, including Singapore.