

# Accepted Manuscript

## Market Thickness and the Impact of Unemployment on Housing Market Outcomes

Li Gan , Pengfei Wang , Qinghua Zhang

PII: S0304-3932(18)30198-3  
DOI: [10.1016/j.jmoneco.2018.04.007](https://doi.org/10.1016/j.jmoneco.2018.04.007)  
Reference: MONEC 2989

To appear in: *Journal of Monetary Economics*

Received date: 4 September 2014  
Revised date: 12 April 2018  
Accepted date: 13 April 2018

Please cite this article as: Li Gan , Pengfei Wang , Qinghua Zhang , Market Thickness and the Impact of Unemployment on Housing Market Outcomes, *Journal of Monetary Economics* (2018), doi: [10.1016/j.jmoneco.2018.04.007](https://doi.org/10.1016/j.jmoneco.2018.04.007)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



## Highlights

- A search-and-matching model with endogenous entry of sellers and buyers is developed to study the impact of the unemployment rate on the residential housing market when the thick-market effect is present.
- A structural estimation of the model is conducted based on Texas city-level data that covers three years—1990, 2000 and 2010.
- Simulations demonstrate that a decrease in unemployment rates lead to higher housing prices and larger sales volumes, creating a positive relationship between the housing price and transaction volume. When the unemployment rate increases from 5% to 8%, the housing price falls by 10.74% and the sales volume falls by 5.49%.
- Simulations help identify the thick-market effect. Both the price responsiveness with respect to the unemployment rate and the sales volume responsiveness are significantly higher in the benchmark model than in the cases where the thick-market effect is absent.
- When a feedback mechanism from housing prices to unemployment is incorporated, the thick-market effect amplifies the impact of initial unemployment shocks to an even greater extent.

Download English Version:

<https://daneshyari.com/en/article/10153726>

Download Persian Version:

<https://daneshyari.com/article/10153726>

[Daneshyari.com](https://daneshyari.com)