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Morris A. Davis, Stephen D. Oliner, Edward J. Pinto, Sankar Bokka

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Morris A. Davis
Rutgers University

Stephen D. Oliner
American Enterprise Institute and UCLA

Edward J. Pinto
American Enterprise Institute

Sankar Bokka
FNC, Inc.

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Abstract

We use a new property-level data set and an innovative methodology to estimate the price of land from 2000 to 2013 for nearly the universe of detached single-family homes in the Washington, DC metro area and to characterize the boom-bust cycle in land and house prices at a fine geography. The results show that land prices were more volatile than house prices everywhere, but especially so in the areas where land was inexpensive in 2000. We demonstrate that the change in the land share of house value during the boom was a significant predictor of the decline in house prices during the bust, highlighting the value of focusing on land in assessing house-price risk.

JEL Classification Numbers: C55, E32, R14, R23, R31, R32
Keywords: Land, Housing, House Prices, Housing Boom and Bust, Financial Crisis

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