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Housing and Marital Matching: A Signaling Perspective¹

Li Fang^a Chuanhao Tian^b

a. University of Maryland, College Park, Maryland, USA. kfang@umd.edu

b. Corresponding author. Zhejiang University, Hangzhou, Zhejiang, China. tch@zju.edu.cn

Abstract

This paper studies signaling behaviors in marital matching. As some of males' essential traits for marriage are hardly observable, a high-quality male is motivated to signal. This paper applies a modified Spence signaling model to the marriage market and tests the theoretical implications with survey data from rural China. We find that houses are primary signals in marriage markets in China, which explains both the high homeownership and the large housing sizes. We find 1) marriageable males are twice as much likely to build a house five years before marriage than five years after, while females do not behave the same way, 2) housing size is reflective of males' unobservable characteristics, especially in villages with high interest rates. Males with more social connections, higher income rank and greater wealth build larger houses. And 3) a ten-square-meter larger house reduces a male's probability of singlehood by 0.8% at the age of 30, and enables him to marry a wife 0.1 cm taller.

Keywords Housing, marital matching, signaling

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