

Faculti Summary

<https://faculti.net/the-price-of-housing-in-the-united-states-1890-2006/>

This video presents an overview of a study on housing prices and rental trends in the United States, highlighting a gap in existing literature regarding systematic data collection. The authors identified that previous research relied on limited data sources and methodologies, often leading to unreliable outcomes.

The study utilizes a new dataset derived from newspaper listings covering 30 mid-sized and large U.S. cities from 1890 to 2006. This video dataset aims to provide annual, city-level data that reflects contemporary market conditions, allowing for a more accurate analysis of long-term trends in housing prices and rents. The authors incorporated data from the Bureau of Labor Statistics and the U.S. Census, but addressed their limitations, such as infrequent surveys and geographic restrictions.

Key findings indicate that real rents have increased by about 20% over the century, challenging previous interpretations that suggested a decline. The study also reveals increased inflation in housing prices dating back to the late 1960s, earlier than previously documented. These findings have implications for the Consumer Price Index (CPI) as housing constitutes a significant portion of consumer budgets.

The authors discuss the broader economic significance of housing prices on living standards and wealth accumulation, noting substantial variations across different regions and cities. They suggest that housing investments, while generally more stable, yield lower returns than stocks.

The study was supported by the National Science Foundation and included collaborations with several researchers, allowing a large-scale data collection effort. The data is made freely available for future research, encouraging further exploration on housing cycles and affordability.

Lastly, the authors advocate for policymakers to consider the long-term trends in housing prices when crafting policies to address housing supply and affordability issues, stressing the importance of this data in understanding economic conditions affecting consumers.