

SUMMARY OF PHD THESIS "INACTION AND LONG TERM PROPERTIES IN THE HOUSING MARKET"

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16 MARCH 2012

THE WORK IS FOCUSED ON THE HOUSING MARKET, EXPLORING MAINLY LONG-RUN PROPERTIES OF PRICES AND LONG-TERM BEHAVIOR OF SALES AND PURCHASES AT MICROECONOMIC LEVEL.

THE ASSET IS CONSIDERED IN THIS WORK AS A DURABLE AND ILLIQUID GOOD, WHICH IS CONSISTENT WITH ITS INTRINSIC NATURE. LONG-RUN PROPERTIES OF PRICES AND SALES HAVE BEEN INVESTIGATED, WHILE THE STUDY OF SWINGS DUE TO MACROECONOMIC AND CONTINGENT FACTORS ARE LEFT FOR FURTHER WORK.

TRANSACTION COSTS AFFECT SALES AND THEREFORE PRICES. THE HOUSEHOLD IS NOT WILLING TO ADJUST AT ANY POINT IN TIME THE AMOUNT OF DURABLE CONSUMPTION, SINCE THE CHOICE IN THIS CASE IS SUBOPTIMAL.

IN RESULTS, SALES/PURCHASES ARE DELAYED AND AN INACTION REGION, A PERIOD OF TIME IN WHICH NO (TRANS)ACTION IS TAKEN, IS EXPERIENCED.

IN THE FIRST PAPER, THE LONG-RUN PROPERTIES OF PRICES CAUSED BY AGENTS INACTIVITY HAVE BEEN ANALYZED UNDER A STATISTICAL PERSPECTIVE.

INACTIVITY SHOULD INDUCE PERSISTENCE IN PRICES, LONG-MEMORY THE STATISTICAL PROPERTY CORRESPONDING THIS CHARACTERISTICS.

AFTER THE APPLICATION OF EURISTICAL TOOLS, LONG-MEMORY PROPERTY OR LONG-RANGE DEPENDENCE, HAS BEEN DETECTED AND ESTIMATED. MODELS CONSIDERING LRD FOR FORECASTING PURPOSES HAVE BEEN ALSO DEVELOPED, I.E. FARIMA AND FRACTIONAL GAUSSIAN NOISE (FGN).

IN THE SECOND PAPER, A THEORETICAL MODEL FOR HOUSING ADJUSTMENTS IS PROVIDED.

THE INVESTIGATION BUILDS ON THE SEMINAL WORK OF GROSSMAN AND LAROQUE, IN WHICH IT HAS BEEN CONSTRUCTED A LINK BETWEEN THE LITERATURE ON DURABLE CONSUMPTION AND ASSET PRICING, ALLOWING THE AGENT TO INVEST AT ANY POINT IN TIME IN THE OPTIMAL PORTFOLIO.

AFTER THIS WORK WRITTEN 1990, THERE ARE NOT STUDIES CONSIDERING JOINTLY THE CONTRIBUTES COMING FROM THIS TWO DISTINCT FIELDS AND ONLY RECENTLY IN ASSET PRICING LITERATURE IT WAS UNDERSTOOD THE IMPORTANCE OF INCOME FROM LABOR FOR HOUSEHOLDS' FINANCIAL CHOICES.

IN RESULT, WE EXPERIENCE A SUBSTANTIAL DIFFERENCE WITH THE MODEL PROVIDED BY GROSSMAN AND LAROQUE. CONSIDERING EARNINGS AS A CRUCIAL COMPONENT OF AGENT WEALTH, THE INACTION BANDS SWIFT DURING TIME, I.E. AGE.

ONE OF THE IMPLICATION OF OUR RESULTS IS THE IMPORTANCE OF THE COMPOSITION OF WEALTH FOR THE HOUSING CHOICE (AND THEREFORE IN PORTFOLIO CHOICE) AND NOT ONLY THE WEALTH LEVEL.

IN THIS WORK, BORROWING ARE NOT CONSIDERED AND A FUTURE INVESTIGATION OF THIS ASPECTS WOULD ENHANCE THE RESULTS.