

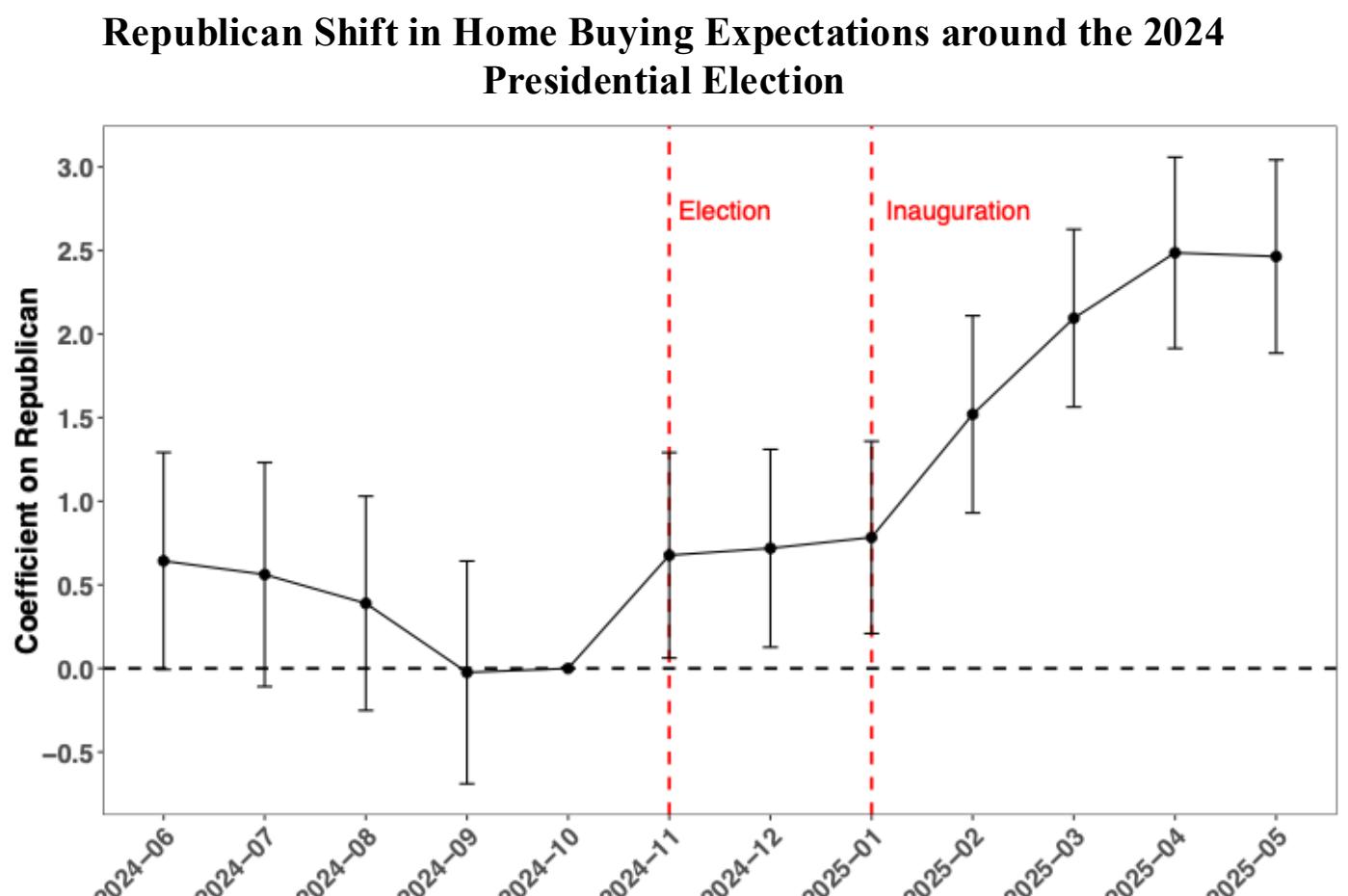
#### Research Questions

1. Does political alignment affect housing market expectations?
2. Does political alignment affect home purchase behaviors?
3. What's the real impact of political alignment on the U.S. housing market?

#### Data

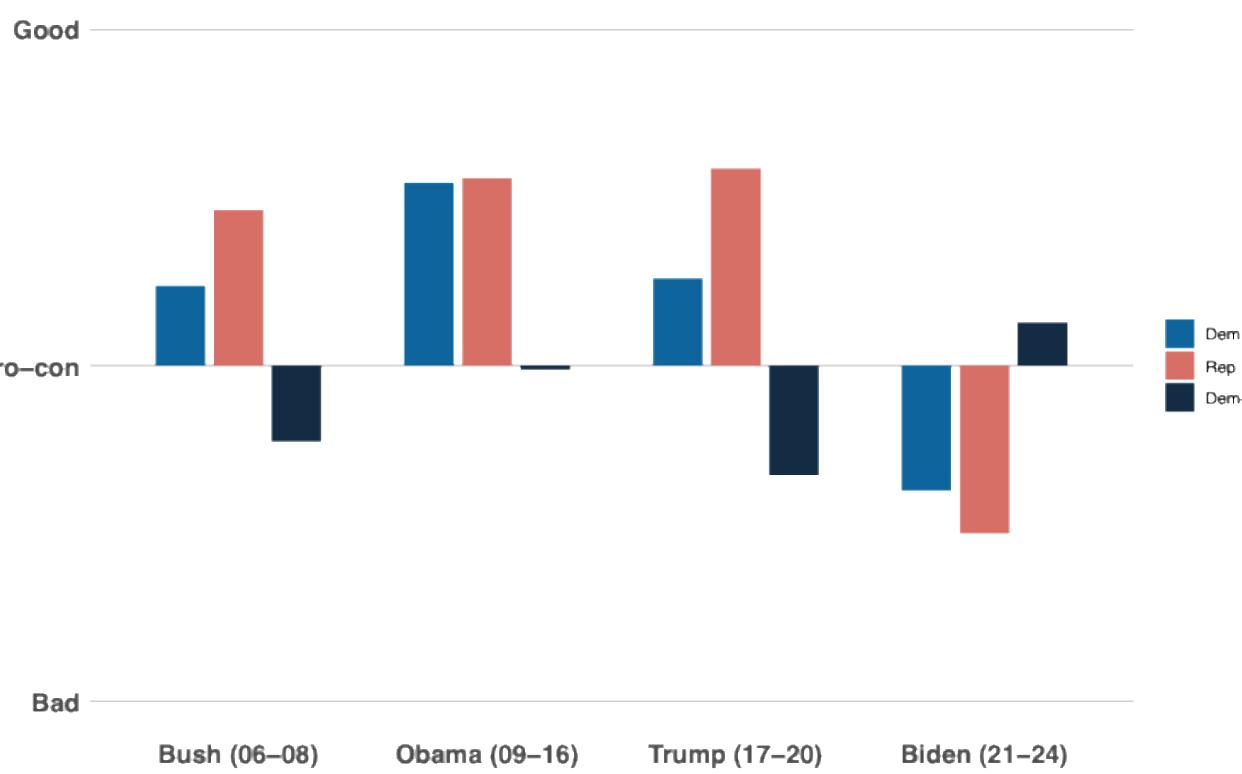
- Expectations
  - Michigan Survey: We measure home buying expectations and respondents' party affiliations using survey questions.
- Behaviors
  - Voter registration records: We classify households' political affiliations using records from NY, FL, NC, GA, OH, NV states.
  - Verisk: We collect consumers' address histories.
  - Attom: We use deed database to track U.S. homebuyers' property transactions from 2010 to 2023.
- Matching of Homebuyers to Voter Registration Records
  - We link homebuyers to voter registration records by matching names and addresses.
- County-level Variable
  - American Community Survey : We collect annual house prices, rents and homeownership for all U.S counties.
  - MIT Election Lab: We collect county level presidential election results from 2008 to 2020.

#### Effect of Political Alignment on Expectations



- The plotted coefficients measure the relative shift in home buying expectations around the 2024 presidential election for those who identify with the Republican Party.
- There is no evidence of a pre trend before the November 2024 election. The relative optimism among Republicans becomes statistically significant after the election and increases further following the January 2025 inauguration. The effect strengthens and remains elevated through May 2025.

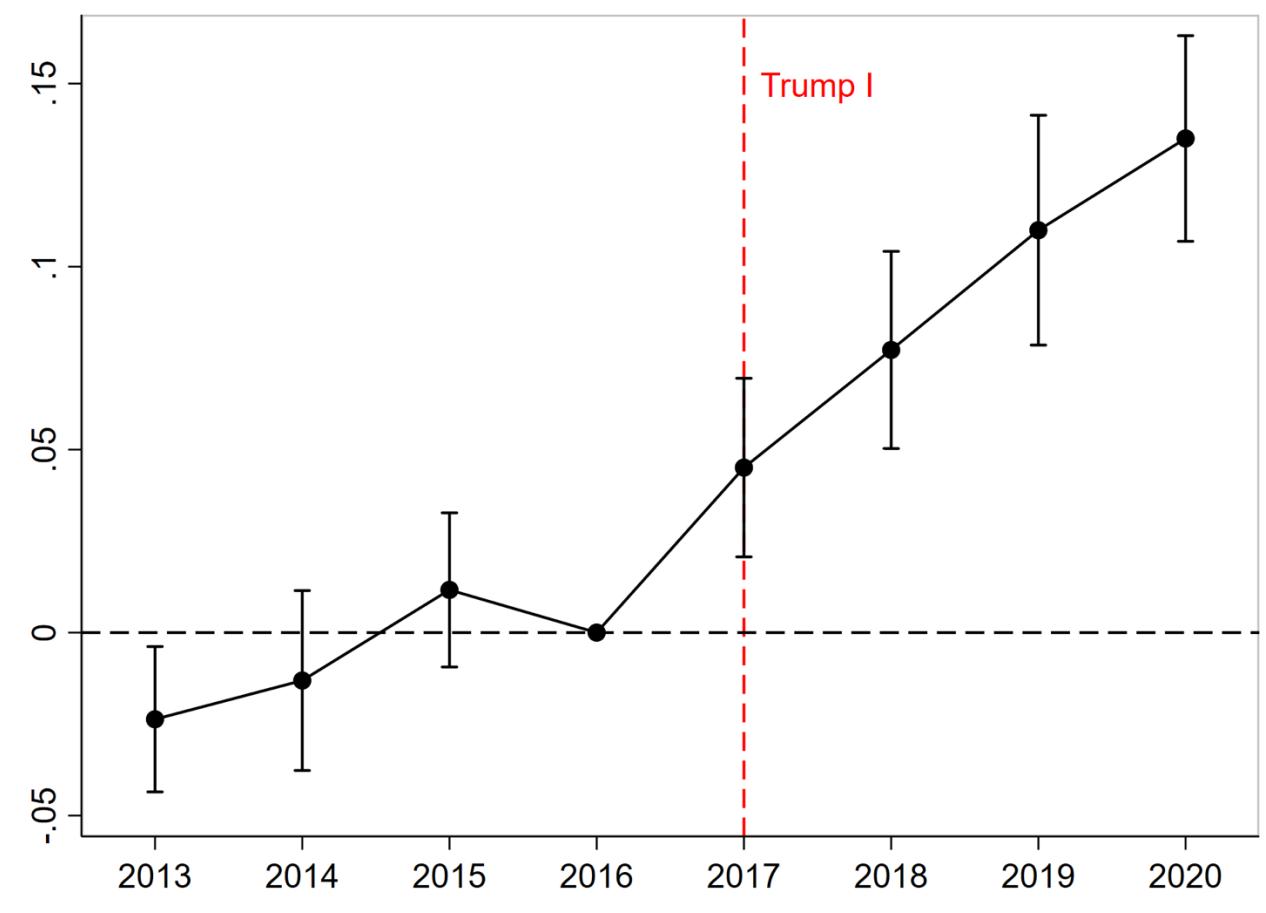
#### Average Home Buying Expectations by Partisan Affiliation, by Presidential Term



- U.S. households tend to exhibit higher home buying expectations when their affiliated party controls the White House.

#### Effect of Political Alignment on Behaviors

##### Republican Shift in Home Purchase Rates Pre and Post the 2016 Presidential Election



- The plotted coefficients measure the year by year shifts in home purchase rates difference between Republican and Democratic voters, relative to the presidential election year 2016.
- There is no evidence of a pre trend prior to the 2016 presidential election. The relative increase in home purchase rates among Republicans becomes statistically significant after the election. The effect strengthens and remains elevated throughout the first Trump administration, from 2017 to 2020.

#### Individual-level Political Alignment and Home Purchase Rates

	Home Purchase Rates		
Aligned	<b>0.128***</b> (0.009)	<b>0.092***</b> (0.010)	<b>0.091***</b> (0.010)
Democrat	-0.180*** (0.013)	-0.196*** (0.013)	-0.186*** (0.013)
Male	0.091*** (0.006)		0.096*** (0.007)
Age 18-30		-0.686*** (0.039)	-0.686*** (0.040)
Age 31-40		-0.346*** (0.028)	-0.346*** (0.028)
Age 41-50		0.027 (0.016)	0.028* (0.017)
Age 51-60		0.065*** (0.011)	0.065*** (0.011)

- We regress individual home purchase rates on household political alignment from 2010 to 2023, controlling for gender, age, and county level personal income, population, mortgage conditions, and unemployment rate.
- Aligned homebuyers are associated with a 17% higher purchase rates relative to non-aligned homebuyers.
- Democrats, women and younger individuals are less likely to purchase a home.

#### Aggregate and Real Effects

##### Impact of Political Alignment on Housing Markets: National Evidence

	Purchase Volume	Price	Price Return	Total Return	Home Ownership Rate
Aligned	<b>0.094*</b> (0.050)	<b>0.066***</b> (0.008)	<b>-0.010***</b> (0.004)	<b>-0.010***</b> (0.003)	<b>0.006***</b> (0.002)
Dem Share	-0.133 (0.110)	-0.110*** (0.017)	0.017** (0.008)	0.015** (0.007)	-0.011*** (0.004)
Aligned $\times$ Dem Share	-1.170*** (0.203)	-0.058* (0.033)	0.023** (0.010)	0.025*** (0.009)	-0.023*** (0.008)

- We regress county level home purchase volumes, house prices, housing returns and homeownership rates on county level alignment and Democratic vote share from 2010-2023, controlling for personal income, population, mortgage conditions and unemployment rate.
- Political alignment is associated with 9.8% higher purchase volumes relative to non-aligned counties, which provides nationwide evidence that alignment positively affects homebuying behaviors.
- Political alignment is associated with higher prices and homeownership rates but lower returns, which suggests a political driven behavioural bias in housing purchases.
- Democratic counties exhibit less partisan bias in housing purchases.