# Article information:

Rent or Buy? The Role of Lifetime Experiences of Macroeconomic Shocks within and across Countries, Alexandra Steiny (UC Berkeley
[https://webcache.googleusercontent.com/search?q=cache%3AnhKaSyDDU5IJ%3Ahttps%3A%2F%2Fwww.ecb.europa.eu%2Fpub%2Fconferences%2Fshared%2Fpdf%2F20171214\_5th\_conference\_hfcs%2FSession1\_HousingMarkets\_Steiny\_Paper.pdf=2=zh-CN=clnk=au](https://webcache.googleusercontent.com/search?q=cache%3AnhKaSyDDU5IJ%3Ahttps%3A%2F%2Fwww.ecb.europa.eu%2Fpub%2Fconferences%2Fshared%2Fpdf%2F20171214_5th_conference_hfcs%2FSession1_HousingMarkets_Steiny_Paper.pdf&cd=2&hl=zh-CN&ct=clnk&gl=au)

# Article summary:

1. Household decisions to rent or buy are strongly influenced by macroeconomic shocks experienced over their lifetimes, according to a study by UC Berkeley's Alexandra Steiny and Ulrike Malmendier. The research found that households are more likely to own their homes if they have experienced high inflation or high growth in the housing market.

2. Using household-level data from 20 countries in the European Central Bank’s Household Finance and Consumption Survey (HFCS), the researchers found that a 1% increase in experienced inflation predicts an increase of 8 percentage points in homeownership at the national level, and an increase of 45% in the odds of homeownership at the individual level.

3. The results suggest that individual lifetime experiences of inflation have a significant and lasting impact on cross-country and within-country homeownership patterns, with implications for policymakers seeking to influence housing markets.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article Rent or Buy? The Role of Lifetime Experiences of Macroeconomic Shocks within and across Countries by Alexandra Steiny and Ulrike Malmendier explores the impact of macroeconomic shocks on homeownership rates in different countries. While the authors provide an interesting perspective on the topic, there are several potential biases and limitations to their analysis.

Firstly, the authors rely heavily on experience-based learning as a theoretical framework for their analysis. While this approach may be useful in explaining some aspects of homeownership decisions, it overlooks other important factors such as cultural norms, social status, and personal preferences. Additionally, the authors do not consider how these experiences may differ based on socioeconomic status or other demographic factors.

Secondly, the authors focus primarily on inflation as a macroeconomic shock that affects homeownership rates. While inflation may be an important factor in some countries, it is not necessarily the only or most significant factor in all cases. For example, housing supply constraints or changes in mortgage lending practices could also have a significant impact on homeownership rates.

Thirdly, while the authors use household-level data from 20 European countries to support their findings, they do not explore how these results may vary across different regions or cultures. For example, cultural attitudes towards renting versus owning may play a larger role in some countries than others.

Finally, while the authors acknowledge that their model assumes certain beliefs and preferences among households, they do not explore alternative models or counterarguments that could challenge their findings. This lack of exploration leaves open questions about whether experience-based learning is truly driving homeownership decisions or if other factors are at play.

Overall, while the article provides an interesting perspective on the relationship between macroeconomic shocks and homeownership rates, it is limited by its narrow focus on experience-based learning and inflation as a primary factor. Further research is needed to fully understand the complex interplay between macroeconomic conditions and individual decision-making when it comes to housing tenure choices.

# Topics for further research:

* Cultural attitudes towards homeownership in different countries
* Impact of housing supply constraints on homeownership rates
* Changes in mortgage lending practices and their effect on homeownership
* Socioeconomic factors influencing homeownership decisions
* Alternative theoretical frameworks for understanding homeownership decisions
* Regional and cultural variations in homeownership rates and preferences

# Report location:

<https://www.fullpicture.app/item/94e2014cccd6bfb269e54a9a836acc1f>