

Euro Area Business Cycle Network Training School
Housing and the Macroeconomy

By

David Berger (Duke University)

Banco de Portugal

8-10th of May 2023

Deadline: 6pm (UK time), Friday 17 March 2023

General description

We are pleased to announce details of the latest EABCN Training School; a three-day course entitled “Housing and the Macroeconomy”. Professor David Berger will teach the course. It is primarily aimed at participants in the Euro Area Business Cycle Network but applications will also be considered from doctoral students, post-doctoral researchers, and economists working in central banks and government institutions outside of the network, as well as commercial organisations (fees are applicable for non-network non-academic organisations).

Tentative course description and outline

The housing sector is one of the largest and most cyclical sectors in modern economies. It is the largest asset and liability on the household sector’s balance sheet, while the mortgage market (in the US) is the second largest U.S. credit market, just behind Treasuries and well ahead of corporate debt. In this mini-course we study the economic forces driving housing and mortgage markets, and their interactions with the wider macro economy.

We will study housing markets both theoretically and empirically with a goal of introducing students to standard modelling and empirical approaches. Participants should expect to have a firm grasp of the models, current state of the research and open questions, modern empirical approaches and the use in policymaking of these techniques at the end of the course.

The following broad topics will be covered each day:

Lecture Sessions

Day 1: Intro to housing markets and models of housing markets

- Motivating facts and evidence from the Great Recession
- What drives housing prices at the macro and local levels?
- What drove house price dynamics during the Great Recession?
- Housing wealth effects: house prices and consumption dynamics
- Housing and Wealth Inequality

Day 2: Economics of mortgage markets

- Discussion of mortgage types and pricing mortgages
- What drives default in housing markets?
- MBS and the role of governmental interventions, the case for securitization
- Optimal mortgage design (theory and empirics)

Day 3: Housing and Policy

- Policy tools during recessions
- Housing and monetary policy: the role of refinancing and prepayment
- Housing and fiscal policy
- Government involvement in the housing markets

Practice sessions

The goal of the practice sessions is to apply the facts, theory and empirical strategies that are covered in the main lecture. The practice sessions will have both a computational and empirical component in order to introduce participants to the full range of skills that are useful to doing research in this area. Significant time will be spent developing and discussing the participants research ideas.

Day 1: The first practice session will have two parts. In the first half basic code for a standard life-cycle housing model will be provided (in MATLAB) which the students will use to explore how it affects consumption dynamics. The second half will be an initial discussion of participants' research or policy questions, with feedback.

Day 2: The second practice section code will focus on introducing students to the variety of datasets that are used in housing research. Participants will get hands on experience by doing two empirical exercises in either STATA or R. The first is to using a bunching approach to estimate the elasticity of mortgage demand by exploiting a jump at the conforming loan limit. The second explores the role of individuals experiences and how it shapes their expectations of house prices.

Day 3: The third practice session will again have two parts. The first half will present an empirical application on the determinants of prepayment and how it affects the monetary transmission mechanism. In the second half of the session we will return to participants' research and policy questions. Each participant will discuss the data and methodology of a potential research idea and receive feedback.

Administrative Information

We ask that you send a **current** version of your CV. PhD students **must** also specify in which way the school will be useful for their current research (**max** 300 words).

The course will take place in Lisbon, Portugal. More information about logistics will be circulated closer to the date.

Participants will be invited to make their own arrangements regarding their travel, accommodation and meals. Further information about hotel options will be available to successful applicants.

Participants from non-academic institutions where the employer is not a member of the EABCN network are charged a course fee of **EUR2000**.

How to Apply

Candidates who are CEPR affiliated or already have a CEPR profile should apply by submitting their CV online:

1. Log in to the CEPR hub online at <https://hub.cepr.org/>
2. Go to <https://hub.cepr.org/event/3863>
3. Click on "Step 1: Apply"
Members of the MEF programme area, click on "Change registration details"
4. Complete requested information and upload **required documentation:**
Applications without required documents will not be considered.
 - a. **All applicants must submit a CV.** PDF or word document preferred but option to provide a link to CV available.
 - b. **PhD Students must include a supporting statement (max 300 words)** specifying how the school will be useful for their current research.
 - i. To do so click 'Would you like to submit additional files?'
 - ii. Upload PDF or Word Document.
 - iii. The Supporting Statement **must be in a document separate from the CV file.**
5. Click "Submit Information".

Candidates who are not CEPR affiliated or do not have a CEPR profile should apply by submitting their CV online:

1. Create an online profile <https://hub.cepr.org/user/register>
2. Log in to the CEPR hub online at <https://hub.cepr.org/>
3. Go to <https://hub.cepr.org/event/3863>
4. Click on "Step 1: Apply"
5. Complete requested information and upload **required documentation:**
Applications without required documents will not be considered.
 - a. **All applicants must submit a CV.** PDF or word document preferred but option to provide a link to CV available.
 - b. **PhD Students must include a supporting statement (max 300 words)** specifying how the school will be useful for their current research.
 - i. To do so click 'Would you like to submit additional files?'
 - ii. Upload PDF or Word Document.
 - iii. The Supporting Statement **must be in a document separate from the CV file.**
6. Click "Submit Information".

If you have any difficulty in applying please contact, Lydia Williams, CEPR Senior Events Officer at lwilliams@cepr.org for assistance, with the subject line 'EABCN Training School – Berger – Lisbon 2023'

About the Instructor

[David Berger](#) is a Professor of Economics at Duke University. He obtained his Ph.D. at Yale University. He has been a visiting professor or scholar at several major universities and Central Banks around the world. He is currently serving as an Associate Editor of the Journal of the European Economics Association and the Review of Economic Dynamics and is a

Research Associate in the EFG and ME groups at the NBER. He has published numerous articles in top economics and finance journals such as the American Economic Review, Econometrica, the Journal of Political Economy, the Review of Economic Studies and the Journal of Finance. His research focuses broadly on empirical macroeconomics, with a focus on housing, monetary policy, labor markets and finance.