

Impact of Monetary Policy on House Prices: A Structural VAR Approach

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Main results:

- 1 A contractionary monetary policy shock by the Central Bank of Türkiye leads to a ↓ in the house prices

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Main results:

- ① A contractionary monetary policy shock by the Central Bank of Türkiye leads to a ↓ in the house prices
- ② Housing demand & aggregate demand shocks are important variable for explaining the fluctuations in house prices

Comments

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- ① Changes in **government spending** or in **taxes** \Rightarrow affect aggregate supply or demand \Rightarrow affect house prices changes (Romer and Romer, 2004)

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- ① Changes in **government spending** or in **taxes** \Rightarrow affect aggregate supply or demand \Rightarrow affect house prices changes (Romer and Romer, 2004)
- ② CBRT aggressiveness of responding to aggregate demand/supply fluctuations may depend on the elected governor \Rightarrow could affect the magnitude of house prices response \Rightarrow **Proxy-SVAR + sign restrictions** (Mertens and Ravn, 2013; Braun and Brüggemann, 2022)