Our collective thought right now is to build a project around real estate values, possibly being able to create a method through which we can predict future values in the marketplace. This is a tentative decision at the moment for us but one we are committed to exploring further.

The first article I thought was relevant to review is named Homeownership and the American Dream by Laurie S Goodman & Christopher Mayer which was published by the American Economics Association. The article discusses the historic perception that existed about the homeownership in America and how it was the cornerstone of a stabilized domestic economy as well as a sign of individual achievement in life. However the article claims that this perception was altered as a result of the recession and works through the paper to derive this result by analyzing international perspectives compared to our domestic ones, the demographic shifts that have taken place over time and the financial benefits associated with homeownership. They review data sets primarily based on the American Housing Survey from 1985, 1995, 2005 and 2015. Additionally, they manipulate the data themselves by formulating financial return using IRR. I thought this could be helpful as it addresses partly the problem we are trying to tackle in that to predict future pricing we need to understand the current and historic view and understand variables like demographics and their impact on trends regarding homeownership. Also it is very helpful because the data sourced is available for download which if needed can be very helpful in presenting our argument.

The second article I chose is House Price and Fundamentals: 355 years of evidence by Brent W Ambrose, Piet Eichholtz & Thies Lindenthal and was published by Journal of Money, Credit and Banking. This article discusses the long run relationship between the sales pricing and rental pricing of houses in a marketplace. Even though they focused on a foreign country, I liked this article because I think it provides us a foundation to work off of in regard to what we are aiming to do with this project. The authors seem to tackle this forecast by trying to create a model to understand that takes into consideration what they define as fundamentals which are economic development, demographics, technological change, and disasters including wars. They reference a lot of data points and calculations in the article but unfortunately the data itself is not accessible for this study however I still think this will be very helpful is providing an outline of how we can approach this project like for example a key learning that will be helpful along this project is where they review their data to conclude that while the housing prices fluctuate over time through over pricing or corrections, the rent prices stay rather stabilized even when there is a pricing correction and in retrospect this makes sense as landlords wouldn’t want to decrease the rent on their property when they are already receiving a higher rate, and having learned this we can focus our project more towards the housing prices and not look at the rental pricing as an indicator.