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## Momentum in Residential Real Estate

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### Abstract

This paper examines whether there is return momentum in residential real estate in the U.S. Case and Shiller (American economic review 79(1):128–137, [1989](#)) document evidence of positive return correlation in four U.S. cities. Similar to Jegadeesh and Titman's (Journal of finance 56:699–720, [1993](#)) stock market momentum paper, we construct long-short zero cost investment portfolios from more than 380 metropolitan areas based on their lagged returns. Our results show that momentum of returns in the U.S. residential housing is

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owners, mortgage originators and traders of real estate options.

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2. Mortgage lenders can use momentum information on housing to better estimate the future value of their collateral.

3. See data section for more detail about the FHFA housing indices.

4. The OFHEO index data are available at <http://www.fhfa.gov>.

5. For more detail about the index construction see Calhoun (1996) and OFHEO's website at <http://www.fhfa.gov>

6. [www.census.gov/geo/www/us\\_regdiv.pdf](http://www.census.gov/geo/www/us_regdiv.pdf) provides detailed region classification at the state level.

7. The specification suggested by the AIC is an AR model with five lags.

8. Results of the full sample Arellano-Bond estimation are similar to our autoregression results. We do not include the results for brevity, and they are available upon request.

9. The results from the full sample Arellano-Bond

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