Partisan Beliefs and Housing Decisions: Evidence from the U.S. Real Estate Market*

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Abstract

Partisanship influences both housing market expectations and home purchase decisions. Using survey data, we first document that individuals expect higher home price growth when their affiliated party controls the White House, and this tendency has increased significantly over time. We then construct a novel dataset linking voter registration with housing transactions in New York State from 1996 to 2023. We find that Republicans have an annual home-purchase probability that is 0.25% higher than Democrats. Moreover, homebuyers whose party affiliation aligns with the sitting president's party are more likely to buy—a partisan-alignment effect equivalent to over 1.2 million additional home purchases nationwide each year. This effect is stronger among men, younger individuals, and consumption-oriented homebuyers. Moreover, we show that political affiliation moderates gender disparities: the gender gap in homebuying is narrower among Democrats and significantly wider among Republicans. These findings highlight the role of partisan bias in shaping major household financial decisions.

Keywords: Household Finance, Real Estate, Partisan Bias, Politics

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"Speculative booms in houses are unusual because purchasing a house is both an investment decision and a consumption decision. Moreover, the decision to purchase rather than rent is a decision not only to consume different kinds of housing services but also to lead a different kind of life; this difference has political ramifications, and so the purchase decision enters the arena of politics."

Robert J. Shiller (2007). Understanding Recent Trends in House Prices and Homeownership

1 Introduction

In the United States, partisanship drives economic expectations. Americans are increasingly exhibiting partisan bias, meaning they tend to be more optimistic about the economy when their affiliated party is in power. While existing studies suggest that partisan alignment may influence economic outlooks, it remains unclear whether this bias extends specifically to housing market expectations and subsequent housing decisions. Using data from the University of Michigan Consumer Survey, this paper first establishes the existence of partisan bias in households' beliefs about housing market conditions from 2007 to 2024. We find that U.S. households expect significantly higher one-year and five-year home price growth when their affiliated party controls the White House, and this tendency has increased significantly over time. Using the unexpected 2016 presidential election outcome—Republican victory in the Electoral College (304 to 227) despite a popular vote loss (46.1\% vs. 48.2\%)—we find that leading up to this election, Republican respondents expressed slightly pessimistic home-price forecasts, shifting toward marked optimism after the election results. Democrats exhibited the inverse pattern. Having established this difference in beliefs, we further investigate whether such partian biases translate into actual housing choices. Thus, our research addresses two interconnected questions: Does partisanship influence housing market expectations, and if so, does this belief meaningfully affect households' decisions to buy homes?

In this paper, we create a novel voter-year-level housing transaction dataset that links

homebuyers' political party affiliations and detailed property transaction records from 1996 to 2023. By analyzing the home purchase decisions of a sample of approximately 20 million American voters residing in New York State, we find that a Republican, on average, is more likely to purchase a house than a Democrat in a single year. Over the 28-year period, a Republican has around 0.75% unconditional probability of making a home purchase transaction in a year on average, compared to 0.48% for a Democrat. Even after controlling for age, gender, and county-year fixed effects, Republicans remain 0.25% more likely than Democrats to purchase a home in a year.

Individuals are more likely to purchase homes when their affiliated political party is in power. The findings confirm that partisan bias influences home purchase decisions. By exploiting the political regime switch, we assess whether individuals align their homebuying choices with the party in power. Our analysis shows that individuals whose party is in power have a 0.02% higher probability of making a home purchase in a given year compared to those whose party is not in power. This difference is economically meaningful, accounting for 2.59% of the sample mean. When extrapolated across the U.S., this partisan alignment effect influences more than 1.2 million home transactions per year.

Men are more likely than women to actively engage in partisan activities (Verba, Burns, and Schlozman (1997)). Consequently, men could experience a larger partisan alignment effect: a higher likelihood of buying homes when their aligned political party is in power. Comparing the partisan alignment effect for men and women during partisan-aligned periods supports this hypothesis. We find that men in politically aligned periods are 2.16% more likely to purchase a home than those in misaligned periods, relative to their average purchase rate. In contrast, we do not see a difference in purchase probabilities among female homebuyers, regardless of whether their affiliated party is in power. The more pronounced effects of partisan alignment on male homebuyers, who are typically more politically active, further support our hypothesis that partisan alignment effects in housing choices are primarily driven by partisan bias.

In addition to shaping individual responsiveness to political alignment, partisanship also moderates the gender gap in home purchase behaviour. We find that the male–female gap in homebuying likelihood varies substantially by party affiliation. Among Democrats, the

gender gap is significantly narrower than the population average—approximately 10.95% smaller—suggesting a more equitable distribution of housing decisions across genders. In contrast, among Republicans, the gender gap is 16.72% larger than the average, indicating that men are disproportionately more likely than women to purchase homes within Republican-affiliated households. These results imply that political identity not only influences individual economic expectations and actions but also interacts with prevailing gender norms to reinforce or mitigate disparities in financial decision-making. The amplification of the gender gap among Republicans may reflect traditional household roles or different social norms regarding economic participation, whereas the narrower gap among Democrats may reflect more egalitarian attitudes toward financial autonomy and asset accumulation.

The old have a shorter horizon to discount future housing consumption than the young. As a result, the same partisan bias on expected future housing consumption could affect the old less than the young. We find that the partisan alignment effect decreases across age groups. Specifically, the young have the most prominent partisan alignment effect: among the age group 18–29, individuals in partisan-aligned periods are 6.90% more likely to purchase a house than those in misaligned periods. The effect declines with age: for individuals aged 30–39 and 40–49, the alignment effect corresponds to 5.02% and 1.32% of their respective mean purchase rates. Among those aged 50–59 and 60–69, the estimated effects are small and statistically insignificant. This age-related decline in the effect supports our main conclusion by highlighting that shorter planning horizons reduce the economic relevance of partisan-driven future economic expectations in older cohorts, thus affecting their home purchase decisions less significantly.

We confirm that partisan bias, rather than purely rational factors, drives differences in home purchase probabilities among buyers with varying levels of market orientation. Following insight from Shiller (2007) that purchasing a home is both an economic and lifestyle choice with political implications, we classify home buyers into three groups: renters, migrants, and second-home buyers. Renters and migrants, primarily motivated by housing consumption, reflect the political and personal identity dimensions emphasized by Shiller and are more likely to be influenced by partisan bias. In contrast, second-home buyers

engage more directly with the housing market as investors, making their decisions with a stronger orientation toward financial returns. Our results indicate that partisan bias has a stronger effect on renters and migrants than on second-home investors. Relative to their sample mean, renters are 4.70% more likely to purchase a home when their political affiliation aligns with the sitting president. Migrants are 4.23% more likely to purchase a home when politically aligned. For second-home buyers, the partisan effect disappears, as political alignment does not significantly impact their home purchase decisions. Taken together, these findings demonstrate that partisan bias predominantly shapes the housing choices of consumption-oriented buyers, while investor-oriented buyers remain largely insulated from such political influences.

Overall, partisan sentiment has a strong impact on home-buying decisions. Since the real estate asset is a major component of the household balance sheet, partisan bias on housing choice could have substantial implications for social welfare and financial markets. As political polarization in the U.S. continues to rise, understanding how political affiliations influence home-buying decisions becomes increasingly important. This underscores the significance and contribution of our paper.

Related Literature. First, our paper establishes that political affiliation is a significant demographic factor influencing households' decisions to purchase homes. While existing literature has explored how characteristics like gender, race and age impact home-buying decisions (e.g., Goldsmith-Pinkham and Shue (2023); Kermani and Wong (2021); Artle and Varaiya (1978)), we argue that political affiliation is an equally important factor. McCartney, Orellana-Li, and Zhang (2024) find that political affiliation affects residential sorting through non-cash-flow channels-affective polarization, where individuals develop increasingly positive feelings toward members of their own party and more negative feelings toward the opposing party. In contrast, our study emphasizes the cash-flow channel by showing how political affiliation influences housing choices through partisan bias. This bias reflects individuals' greater economic optimism when their preferred party is in power.

Second, we contribute to the literature on the relationship between home-buying decisions and buyers' beliefs. Existing studies have examined how these decisions relate

to housing market expectations, such as extrapolation in housing markets (Case, Shiller, and Thompson (2012); Glaeser and Nathanson (2017); Armona, Fuster, and Zafar (2019); De Stefani (2021); Fuster, Perez-Truglia, Wiederholt, and Zafar (2022); Li (2022)). Our paper provides evidence that home-buying decisions are influenced by time-varying housing market optimism driven by partisan sentiment.

Finally, our paper contributes to the emerging literature on the economic consequences of partisanship. At the corporate level, studies have identified partisan effects on credit ratings, syndicated lending, and employee composition (Kempf and Tsoutsoura (2021); Dagostino, Gao, and Ma (2023); Fos, Kempf, and Tsoutsoura (2022); Colonnelli, Neto, and Teso (2022)). At the household level, survey evidence strongly suggests that partisanship influences economic optimism around elections (e.g., Bartels (2002); Evans and Andersen (2006); Gillitzer and Prasad (2018)), though there is mixed evidence on whether this optimism significantly impacts economic decisions. Some studies show a link between political alignment and spending on consumer goods (Gerber and Huber (2009); Benhabib and Spiegel (2019); Yi (2023)), stock market trading (Addoum and Kumar (2016); Cookson, Engelberg, and Mullins (2020); Pan, Pikulina, Siegel, and Wang (2024)), retirement investing (Meeuwis, Parker, Schoar, and Simester (2022)), residential sorting (Baldauf, Garlappi, and Yannelis (2020); Bernstein, Billings, Gustafson, and Lewis (2022); McCartney, Orellana-Li, and Zhang (2024)), fertility choices (Dahl, Lu, and Mullins (2022)), entrepreneurship (Engelberg, Guzman, Lu, and Mullins (2022)), and tax evasion (Cullen, Turner, and Washington (2021)). Other studies, however, find limited evidence of such connections (McGrath et al. (2017); Mian, Sufi, and Khoshkhou (2023)). Our study provides evidence that a key driver of economic activity—home buying, which constitutes the majority of the household balance sheet (Goldsmith-Pinkham and Shue (2023))—responds to partisan sentiment. Unlike investing in stocks or purchasing basic consumption goods, housing decisions entail significant adjustment costs. We demonstrate that partisan bias substantially influences housing decisions, as purchasing a home is not easily reversible, making the impact of partisan bias even more pronounced.

The remainder of the paper is organized as follows: Section 2 describes the data. Section 3 presents evidence of partisan influence on home price expectations. Section 4 provides

evidence of partisan influence on home purchase decisions using merged individual deed and voter data. Section 5 presents the heterogeneity analysis in the subsample. Section 6 concludes.

2 Data and Measurement

2.1 New York State Voter Data

We classify households' political affiliations using voter registration data from the New York State Board of Elections. This dataset includes each registered voter's full name, complete mailing address, gender, date of birth, and registered party, covering records from the late 1880s to 2023. Since this is an official record of eligible voters, data entry errors are minimal. If a voter is registered with a specific party, we consider them a member of that party.

2.2 Deeds Data

We utilize Attom deed transaction data to gather information on U.S. home buyers' property transactions. This comprehensive database covers over 3,100 U.S. counties, representing more than 99% of the population. From Attom, we collect detailed transaction information, including the transaction date, property address, and buyer and seller details. While Attom data dates back to the early 1990s, data coverage declines significantly before 1996. Therefore, for this research, we restrict our sample to transactions from 1996 to 2023.

2.3 Matching of Home Buyers with Voters

We link home buyers with New York State voter data. For each home buyer residing in New York State, we match first names, last names, and mailing addresses with those in the voter registry. We assume that the owner of each matched home resides at that address, a reasonable assumption given that voters in New York are registered at only one location at a time.

Matching voters' mailing addresses to deed transactions is challenging due to the lack

of parcel numbers for home buyers' mailing addresses. To identify home buyers' properties, we use a two-step matching process that includes the first and last names of voters and home buyers, along with zip codes, street names, and street numbers from deed records. Initially, we perform exact matching to align mailing addresses with properties within the designated zip code. We then match the street name and number to complete the process.

2.4 Renter, Second-home Buyer, and Migrant

We adopt the strategy from Li (2022) to classify home buyers into three groups: renters, second-home buyers, and migrants. Renters are defined as those who have not previously owned property. Second-home buyers are those who retain their properties for at least two years following the transaction. Migrants are homeowners who sell their properties within two years of purchase.

2.5 Household Expectation Data

Household expectation data comes from the University of Michigan's Consumer Survey, which provides nationally representative insights by engaging around 500 participants each month. Using a repeated cross-sectional design, the survey re-interviews about two-thirds of its monthly respondents after six months. The dataset available for research spans from 1978 to the present. The key variables used to assess housing market beliefs in this paper include three main metrics: individuals' expectations of home values over the next year, their attitudes toward home-buying conditions, and their political affiliations. To measure individuals' expectations of home values over the next year, the survey asks, "By about what percent do you expect prices of homes like yours in your community to go (up/down), on average, over the next 12 months?" To assess individuals' expectations of home values over the next five years, the survey inquires, "By about what percent do you expect prices of homes like yours in your community to go (up/down), on average, over the next 5 years?".

Determining the political affiliation is more complex. The Michigan survey provides monthly data on political affiliations, but not consistently over time. We discern a respondent's political affiliation through two questions. The primary question asks: "Generally speaking, do you usually think of yourself as a Republican, a Democrat, an Independent, or what?". Those who identify as Independents are further queried: "Do you think of yourself as closer to the Republican Party or to the Democratic Party?". When calculating average one-year home price expectations and five-year home price expectations over the past 20 years by partisanship, we categorize respondents who identify as Republicans or Democrats in either question as such, while all other responses are classified as Independents. When calculating average one-year home price expectations and five-year home price expectations around the 2016 presidential election by partisanship, we categorize respondents who identify as Republicans or Democrats in the primary question. For those who identify as Independents but answered as closer to the Republican Party in the second question, we classify as weak Republicans; for those who identify as Independents but answered as closer to the Democratic Party, we classify as weak Democrats; and for those who identify as Independents and answered neither as close to either party, we classify as Independents.

3 Evidence from Reported Belief

Prior research indicates that Republicans and Democrats interpret political events differently, resulting in varied economic expectations. Specifically, individuals tend to exhibit more optimistic views on future economic conditions when affiliated with the party controlling the White House (Mian, Sufi, and Khoshkhou (2023)). Extending this insight, we demonstrate that partisan affiliation similarly influences housing market expectations, affecting both short-term and long-term perspectives.

Using data from the University of Michigan Consumer Survey (Figure 1), we establish the existence of partisan bias in housing market beliefs. U.S. households display significantly higher one-year and five-year home price growth expectations when their preferred political party occupies the presidency. For example, during the George W. Bush administration, Democrats reported notably lower one-year and five-year home price expectations relative to Republicans. Conversely, under the two Obama administrations, Republicans exhibited lower expectations. This partisan ordering reversed again during the first Trump administration and subsequently under the Biden administration. Importantly, this ten-

dency has increased significantly over time, which aligns with the results in (Mian, Sufi, and Khoshkhou (2023)) showing a rise in partisan bias in expectations formation over time.

Furthermore, we investigate adjustments in households' home-price expectations surrounding elections that alter the party controlling the White House (Figure 2). Our analysis focuses on the 2016 presidential election due to its unexpected outcome—Republican victory in the Electoral College (304 to 227) despite a popular vote loss (46.1% vs. 48.2%). Leading up to this election, Republican respondents expressed slightly pessimistic home-price forecasts, shifting toward marked optimism after the election results. Democrats exhibited the inverse pattern. This evidence around the election provides robust evidence of a significant partisan shift in housing price expectations, underscoring the tangible impact of partisan affiliation on economic beliefs in response to political events.

4 Evidence from Individual Transaction

4.1 Descriptive statistics

The final individual-level sample comprises 197,926,935 individual-year observations, with an average annual home purchase rate of 0.58% per resident. Disaggregated by partisanship, the average rate is 0.48% for Democrats and 0.75% for Republicans. By gender, males exhibit an average annual home purchase rate of 0.74%, while the rate for females is 0.44%. When stratified by age group, the average annual rate is 0.35% for individuals aged 18–29, and 0.74%, 0.62%, 0.61%, and 0.58% for those aged 30–39, 40–49, 50–59, and 60–69, respectively.

We first estimate regressions of the probability of home purchase as a function of party affiliation and demographic characteristics to assess the magnitude and persistence of the partisan gap in housing behavior. Specifically, we estimate the following specification:

$$Y_{i,c,t} = \gamma_R Rep_{i,c} + \gamma_D Dem_{i,c} + \gamma'_x X_{i,c,t} + \alpha_{c,t} + \varepsilon_{i,c,t}$$
(1)

where $Y_{i,c,t}$ is an indicator equal to one for whether individual i in county c purchases a home in year t. The variable $Rep_{i,c}$ is a binary indicator equal to one if the individual

identifies as Republican and zero otherwise. The variable $Dem_{i,c}$ is a binary indicator equal to one if the individual identifies as a Democrat and zero otherwise. $X_{i,c,t}$ includes controls for age group and gender. $\alpha_{c,t}$ denotes county \times year fixed effects. We run regressions at the county-party-characteristic-year cell level and weight the number of observations in each cell as designed in Engelberg, Guzman, Lu, and Mullins (2022).

Table 2 shows the regression results in Equation (1). Column (1) shows that, relative to Independents, Democrats are 0.11 percentage points less likely to purchase a home in a given year, while Republicans are 0.18 percentage points more likely. The implied Republican–Democrat difference in homebuying propensity is 0.29 percentage points, which corresponds to 50.17% of the sample mean purchase rate. This partisan gap remains sizeable even after including additional controls. In Column (2), which adds age-group controls, the Republican–Democrat gap narrows slightly to 48.97% of the mean. In Column (3), controlling for both age and gender, the gap declines further to 43.79% of the mean but remains economically meaningful. Our analysis provides rigorous empirical confirmation of the widely observed pattern that Republicans are more likely than Democrats to be homeowners.¹

Finally, Column (4) introduces interaction terms between party affiliation and gender to examine whether the partisan gap in home purchase rates varies by gender. The results indicate that, relative to politically unaffiliated individuals, the gender gap in home purchase rates is 10.95% smaller among Democrats and 16.72% larger among Republicans, suggesting that political affiliation moderates gender dynamics in housing market participation. This pattern may reflect differing social norms across party lines, as Democrats are generally more supportive of gender equality initiatives.

¹As noted by Fortune, "Homeowners are red, renters are blue"—reflecting a broader political divide in housing tenure. The article highlights that homeowners tend to lean Republican, while renters overwhelmingly support Democrats. See: Homeowners are red, renters are blue: The broken housing market is merging with America's polarized political culture, Fortune, March 16, 2024. https://fortune.com/2024/03/16/homeowners-red-renters-blue-broken-housing-market-polarized-political-culture/. See also: Yahoo Finance reporting that in all but seven states, homeowners are much more likely to be affiliated with the Republican Party. https://finance.yahoo.com/news/homeowners-red-renters-blue-broken-090000000.html.

4.2 Main Specification

In this section, we analyze individual-level panel data from New York State from 1996 to 2023 to estimate the average relationship between home purchase behavior and political alignment with the sitting president. We exploit within-county comparisons of individuals from different political parties around presidential election years, helping to mitigate confounding factors that may systematically affect Democratic- or Republican-leaning regions.

Leveraging the panel structure of our data, we estimate the following:

$$Y_{i,c,t} = \beta \operatorname{Align}_{i,c,t} + \gamma_R \operatorname{Rep}_{i,c} + \gamma'_r X_{i,c,t} + \alpha_{c,t} + \varepsilon_{i,c,t}$$
 (2)

where $Y_{i,c,t}$ is an indicator equal to one if individual i in county c purchases a home in year t, and zero otherwise. The variable $Rep_{i,c}$ is a binary indicator equal to one if the individual identifies as Republican and zero if Democrat. The variable $Align_{i,c,t}$ equals one when the individual's party affiliation matches that of the sitting president in year t—that is, for Republicans during 2001–2008 and 2017–2020, and for Democrats during 1996–2000, 2009–2016, and 2021–2023. $X_{i,c,t}$ includes controls for age group and gender. $\alpha_{c,t}$ denotes county \times year fixed effects. We cluster standard errors by county. We run regressions at the county-party-characteristic-year cell level and weight the number of observations in each cell as designed in Engelberg, Guzman, Lu, and Mullins (2022).

The coefficient of interest, β , captures the difference in the probability of home purchase when an individual is politically aligned with the president's party compared to when they are not, holding individual characteristics and local time-varying factors constant.

4.3 Main Estimates

Table 3 presents the estimates from Equation (2). Column (1) includes all registered Republican and Democratic voters, without controlling for gender or age. Column (2) adds a control for gender, Column (3) includes a control for age, and Column (4) includes both gender and age controls. In all four specifications, the coefficient β on political alignment ($Align_{it}$) is positive, statistically significant, and stable in magnitude.

In Column (1), individuals whose party affiliation aligns with that of the sitting pres-

ident are 0.02% more likely to purchase a home in a given year than those who are politically misaligned. This effect represents 2.59% of the sample mean home purchase rate. Extrapolating to the national level, it implies an annual change in the partisan gap of approximately 1,248,639 home transactions. In Column (2), the effect declines slightly to 0.015% after controlling for gender. Column (3), which adds an age control, estimates an effect of 0.01%. Finally, Column (4), which controls for both age and gender, also yields a statistically significant coefficient of 0.01%. While modest in absolute terms, this effect still corresponds to 2.59% of the mean home purchase probability.

Taken together, these results suggest that political alignment with the sitting president is associated with an economically meaningful and robust increase in the likelihood of purchasing a home. The persistence of the alignment effect after adjusting for key demographic characteristics indicates that partisanship plays a nontrivial role in explaining time-varying differences in homebuying behavior between Republicans and Democrats.

5 Heterogeneity and Subsample Analysis

In this section, we explore how partisan effects differ among various characteristics of homebuyers. We estimate regression (2) on subsamples divided by household gender, age, and homebuyer type.

5.1 Heterogenity by Gender

To explore gender differences in the partisan effect on homebuying, we begin by estimating Equation (2) separately for men and women. Prior literature has documented gender-based heterogeneity in economic behavior, particularly in the housing market (Goldsmith-Pinkham and Shue (2023)). Columns (1) and (2) of Table 4 replicate the analysis from Column (3) of Table 3, which controls for age but not gender, using male and female subsamples, respectively.

The results indicate that men are more responsive to political alignment than women. Specifically, the estimated coefficient on political alignment for men implies a 0.016% increase in the probability of home purchase when aligned with the presidential party. Given

the mean home purchase rate for men is 0.74%, this effect corresponds to a 2.16% relative increase. In contrast, the alignment effect for women is 0.0028%, which, relative to the female mean purchase rate of 0.443%, represents only a 0.63% increase.

Men are more likely than women to actively engage in partisan activities (Verba, Burns, and Schlozman (1997)). Consequently, men could experience a larger partisan alignment effect: a higher likelihood of buying homes when their aligned political party is in power. These findings are also consistent with Engelberg, Guzman, Lu, and Mullins (2022), who show that men exhibit greater responsiveness to political environments in the context of entrepreneurial activity. Our results suggest that similar gender-based asymmetries apply to homebuying behavior, further highlighting the role of partisanship in shaping economically significant decisions.

5.2 Heterogeneity by Age Groups

We also examine how partisan effects vary by age group, as homeownership status is closely tied to life cycle stages Artle and Varaiya (1978). Columns (3) through (7) of Table 4 report the results of estimating Equation (2) separately for five age groups.

The results indicate that the partisan alignment effect is strongest among individuals aged 18–29, who are 6.90% more likely to purchase a home when politically aligned, relative to their group-specific mean. The effect declines with age: for individuals aged 30–39 and 40–49, the alignment effect corresponds to 5.02% and 1.32% of their respective mean purchase rates. Among those aged 50–59 and 60–69, the estimated effects are small and statistically insignificant, suggesting no meaningful difference in home purchase behavior based on political alignment in these older cohorts.

This decreasing trend across age groups is consistent with the notion of partisanship-induced economic optimism: younger individuals may perceive aligned political leadership as more consequential for their long-term economic outlook and thus adjust their major financial decisions accordingly. In contrast, older individuals—who are more likely to have already entered the housing market and face shorter planning horizons—may be less responsive to such political cues. These results align with the findings of Engelberg, Guzman, Lu, and Mullins (2022), who report a similar age gradient in political responsiveness in the

context of entrepreneurial activity.

The absolute effect for individuals aged 18–29 is smaller than for those aged 30–35 (0.02% versus 0.04%); however, when evaluated relative to their sample mean, the proportional effect is larger for the younger group. This pattern indicates a potential wealth effect. People aged 30–35 generally have greater financial resources and are more inclined to settle down and buy a house, whereas those aged 18–29 are more likely to still be in school or recent graduates experiencing financial constraints.

5.3 Heterogeneity by Type of Home Buyer

In this section, we examine how partisan effects vary by type of home buyer, as evidence suggests differences in purchasing behavior among renters, second-home buyers, and migrants Li (2022). Following Li (2022), we classify home buyers into these three groups, with the criteria for classification outlined in Section 2.4.

Table 5 shows that renters and migrants are more responsive to political shifts than second-home buyers. Column (1) of Table 5 indicates that renters are 4.70% more likely to purchase a home when politically aligned, relative to their sample mean. Similarly, Column (3) shows that migrants are 4.23% more likely to purchase a home when politically aligned, relative to their sample mean. In contrast, Column (2) shows no significant difference in home purchase probability between politically aligned and misaligned individuals among second-home buyers.

As Shiller (2007) notes, the decision to purchase a home contributes not only to pecuniary utility but also to non-pecuniary utility, including political engagement. Homeowners tend to be more involved in local governance, better informed about political leaders, and participate in more community organizations than renters (DiPasquale and Glaeser (1999)). Consequently, the heightened sensitivity of renters and migrants to political shifts may stem not only from politically biased economic expectations but also from their aspiration to become homeowners and engage more fully in political and civic activities. We confirm that partisan bias, rather than purely rational considerations, drives differences in home purchase probabilities among buyers with varying levels of market orientation. Renters and migrants, primarily motivated by housing consumption, embody the political

and personal identity dimensions emphasized by Shiller and are thus more susceptible to partisan bias. In contrast, second-home buyers engage more explicitly with the housing market as investors, making their decisions with a stronger emphasis on financial returns. Consistent with this distinction, our findings indicate that partisan bias exerts a stronger influence on renters and migrants compared to second-home investors.

6 Conclusion

This paper presents new evidence demonstrating how political partial partial influences highstakes financial decisions, particularly in the housing market.

We first establish the existence of partisan bias in households' beliefs about housing market conditions from 2007 to 2024. We find that U.S. households expect significantly higher one-year and five-year home price growth when their affiliated party controls the White House, and this tendency has increased significantly over time. Using the unexpected 2016 presidential election outcome, we find that leading up to this election, Republican respondents expressed slightly pessimistic home-price forecasts, shifting toward marked optimism after the election results. Democrats exhibited the inverse pattern.

We then document four core findings about how partisanship affects home purchase behaviour.

First, we identify a persistent partisan gap: Republicans are 0.25% more likely than Democrats to purchase a home in any given year. This difference is substantial, accounting for 43.8% of the average home purchase probability, and remains robust after controlling for age, gender, and county-by-year fixed effects. This suggests that political affiliation is a powerful and economically relevant determinant of housing behaviour.

Second, we document robust evidence of partisan bias in homebuying behavior. Individuals are more likely to purchase homes when their political affiliation aligns with the sitting president's party. This alignment effect, while modest in absolute terms, is economically meaningful—amounting to as much as 2.59% of the sample mean purchase probability—and corresponds to more than 1.2 million additional home purchase transactions per year at the national level.

Third, we also uncover a persistent gender gap in home purchase rates: men are significantly more likely to buy homes than women. Crucially, we find that this gender gap is shaped by political affiliation. Among Democrats, the male–female gap in purchase likelihood is approximately 11% smaller than the sample average, indicating that Democratic affiliation is associated with more gender-equal participation in the housing market. In contrast, among Republicans, the gender gap is 17% larger than average, suggesting that Republican-affiliated households exhibit greater male dominance in housing decisions. These findings imply that partisanship not only influences homebuying behaviour at the individual level, but also reinforces or mitigates broader gender disparities in economic decision-making. The interaction between political identity and social norms helps explain variation in financial behaviour across demographic subgroups.

Fourth, the partisan alignment effect varies significantly across subgroups. It is stronger among men, younger individuals, and consumption-oriented homebuyers.

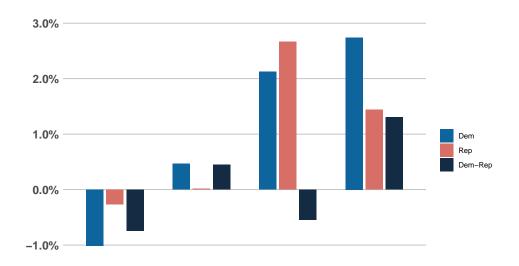
Taken together, our findings indicate that political identity affects both economic expectations and actual financial decisions in the housing market. Since housing represents the largest asset on most household balance sheets, these partisan-driven patterns have farreaching implications for wealth accumulation, market dynamics, and social welfare. In an era of rising political polarization, understanding the channels through which partisanship shapes economic behaviour is increasingly vital.

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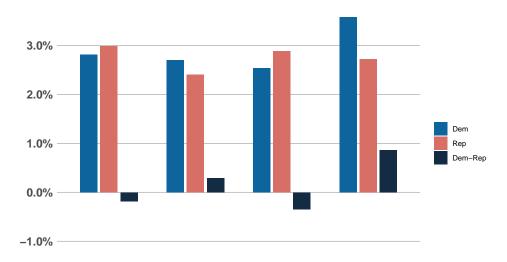
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Bush (06-08) Obama (09-16) Trump (17-20) Biden (21-24)

Panel A: Average one-year home price growth expectation over past 20 years by partisanship

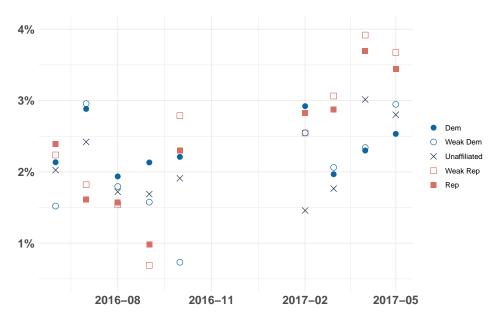


Bush (06-08) Obama (09-16) Trump (17-20) Biden (21-24)

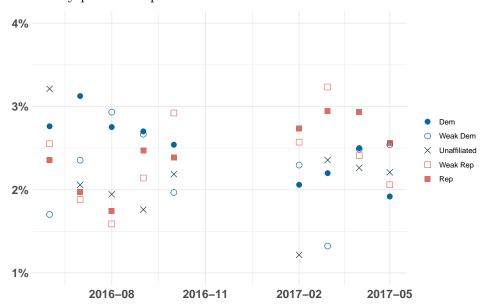
Panel B: Average five-year home price growth expectation over past 20 years by partisanship

Figure 1: Average one-year home price growth expectation and five-year home price growth expectation over past 20 years by partisanship

Panel A presents the average one-year home price growth expectation. Panel B presents the average five-year home price growth expectation. The data are from the University of Michigan Survey of Consumers. Both one-year home price growth expectations and five-year home price growth expectation are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey. We also report the difference between the two.



Panel A: One-year home price growth expectation around 2016 presidential election by partisanship



Panel B: Five-year home price growth expectation around 2016 presidential election by partisanship

Figure 2: One-year home price growth expectation and five-year home price growth expectation by partisanship around 2016 presidential election by partisanship

Panel A presents the survey one-year home price growth expectation, half a year before and after the 2016 partisanship election. Panel B presents the survey five-year home price growth expectation, half a year before and after the 2016 partisanship election. The data are from the University of Michigan Survey of Consumers. Both one-year home price growth expectations and five-year home price growth expectation are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey.

Table 1: Summary statistics of home purchase probability at individual level

This table provides the summary statistics on the mean and standard deviation of the probability of home purchase per individual, broken down by gender and age groups. Column 1 shows the statistics for the entire sample, while Columns 2 and 3 show the statistics of Democrats and Republicans, respectively. The sample period is from 1996 to 2023. Units are in percentage points.

	(1)			(2)			(3)		
	Overall			Democrat			Republican		
	Count	Mean	SD	Count	Mean	SD	Count	Mean	SD
All	268,823,227	0.580	0.397	131,923,622	0.481	0.298	66,003,313	0.745	0.462
Male	$124,\!197,\!691$	0.740	0.436	$54,\!475,\!412$	0.612	0.325	$34,\!576,\!917$	0.929	0.486
Female	$144,\!437,\!627$	0.443	0.289	$77,\!343,\!650$	0.390	0.232	31,404,600	0.544	0.319
Age 18-29	$51,\!729,\!517$	0.348	0.290	$25,\!385,\!062$	0.255	0.158	$9,\!419,\!062$	0.576	0.404
${\rm Age}~30\text{-}39$	57,408,313	0.737	0.478	28,091,174	0.631	0.348	$12,\!591,\!574$	0.925	0.621
${\rm Age}\ 40\text{-}49$	$59,\!250,\!015$	0.622	0.393	28,474,188	0.546	0.324	$15,\!529,\!894$	0.725	0.437
${\rm Age}~50\text{-}59$	$56,\!583,\!272$	0.608	0.347	27,788,741	0.492	0.244	15,798,624	0.770	0.386
Age 60-69	43,852,110	0.557	0.320	22,184,457	0.454	0.207	12,664,159	0.687	0.357

Table 2: Home purchase probability by partisanships and demographics

This table analyzes the likelihood of purchasing a home based on party affiliation and demographic characteristics. The outcome variable represents the probability of home purchase in a given year, expressed in percentage points. Individuals are classified into three categories: Democrats, Republicans, or Independents. The variable *Dem* equals one if a person identifies as a Democrat and zero otherwise. Similarly, the variable *Rep* is defined for Republicans. The regressions are conducted at the county-party-characteristic-year cell level, weighted by the number of observations in each cell. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	(1)	(2)	(3)	(4)
	Pr(Purchase)	Pr(Purchase)	Pr(Purchase)	Pr(Purchase)
Rep	0.1794***	0.1681***	0.1605***	0.1093***
	(0.0018)	(0.0018)	(0.0018)	(0.0019)
Dem	-0.1116***	-0.1159***	-0.0931***	-0.0664***
	(0.0012)	(0.0013)	(0.0013)	(0.0010)
Age 18-29		-0.1658***	-0.1647***	-0.1661***
		(0.0013)	(0.0013)	(0.0013)
Age 30-39		0.2279***	0.2289***	0.2278***
		(0.0011)	(0.0011)	(0.0011)
Age 40-49		0.1151***	0.1139***	0.1132***
		(0.0013)	(0.0013)	(0.0013)
Age 50-59		0.0731***	0.0714***	0.0710***
		(0.0013)	(0.0013)	(0.0013)
Male			0.2752***	0.2817***
			(0.0008)	(0.0020)
Dem X Male				-0.0635***
				(0.0027)
Rep X Male				0.0970***
				(0.0022)
Observations	268,762,687	268,762,687	268,762,687	268,762,687
R2	0.483	0.592	0.710	0.717
County X Year FE	Yes	Yes	Yes	Yes

Table 3: Political alignment and home purchase probability

This table examines the relationship between the probability of home purchase by individuals and their political alignment through the sample of Democrats and Republicans. The outcome variable represents the probability of a home purchase in a given year, expressed in percentage points. The variable, *Aligned*, equals one if the party in power is the same as an individual's party affiliation in the housing transaction year. The variable *Rep* equals one if a person claims as a Republican and zero otherwise. Regressions are performed at the county-party-characteristic-year cell level and are weighted by the number of observations in each cell. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	(1)	(2)	(3)	(4)
	Pr(Purchase)	Pr(Purchase)	Pr(Purchase)	Pr(Purchase)
Aligned	0.0150***	0.0149***	0.0135***	0.0134***
	(0.0013)	(0.0013)	(0.0013)	(0.0013)
Rep	0.2922***	0.2618***	0.2863***	0.2559***
	(0.0012)	(0.0012)	(0.0012)	(0.0013)
Male		0.2729***		0.2727***
		(0.0011)		(0.0011)
Age 18-29			-0.1446***	-0.1460***
			(0.0014)	(0.0014)
Age 30-39			0.2388***	0.2379***
			(0.0017)	(0.0017)
Age 40-49			0.1247***	0.1223***
			(0.0011)	(0.0011)
Age 50-59			0.0760***	0.0738***
			(0.0016)	(0.0016)
Observations	197,882,324	197,882,324	197,882,324	197,882,324
R2	0.560	0.685	0.666	0.791
County X Year FE	Yes	Yes	Yes	Yes

Table 4: Heterogeneity by gender and age

This table relates the probability of home purchase by individuals to their political alignment. The sample consists of Democrats and Republicans, with the outcome measured as an indicator of the probability of home purchase in a given year. Units are in percentage points. Rep is one for Republicans and zero for Democrats. Regressions are conducted on subsamples divided by gender (male and female) and age groups (18–29, 30–39, 40–49, 50–59, and 60–69). Regressions are run at the county-party-characteristic-year cell level and are weighted by the number of observations in each cell. Standard errors are clustered by county. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

]	Pr(Purchase)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Male	Female	Age 18-29	${\rm Age}~30\text{-}39$	${\rm Age}\ 40\text{-}49$	${\rm Age}~50\text{-}59$	${\rm Age}~60\text{-}69$
Aligned	0.0155***	0.0028*	0.0240***	0.0374***	0.0082***	0.0023	-0.0030
	(0.0024)	(0.0015)	(0.0023)	(0.0035)	(0.0025)	(0.0036)	(0.0020)
Rep	0.3444***	0.1709***	0.3171***	0.3404***	0.1725***	0.2595***	0.2285***
	(0.0017)	(0.0015)	(0.0019)	(0.0027)	(0.0021)	(0.0029)	(0.0039)
Male			0.2213***	0.3514***	0.2964***	0.2383***	0.2435***
			(0.0016)	(0.0025)	(0.0026)	(0.0024)	(0.0026)
Age 18-29	-0.1428***	-0.1518***					
	(0.0029)	(0.0015)					
Age 30-39	0.3178***	0.1725***					
	(0.0031)	(0.0022)					
Age 40-49	0.1565***	0.0933***					
	(0.0026)	(0.0019)					
Age 50-59	0.0744***	0.0726***					
	(0.0025)	(0.0020)					
Observations	89,032,411	108,849,871	34,796,093	40,673,613	43,994,254	43,577,597	34,840,679
R2	0.838	0.774	0.753	0.830	0.865	0.846	0.812
County X Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 5: Heterogeneity by type of home buyer

This table relates the probability of home purchases to their political alignment. The sample consists of Democrats and Republicans, with the outcome measured as an indicator of the probability of home purchase in a given year. Units are in percentage points. Rep is one for Republicans and zero for Democrats. Regressions are conducted on subsamples divided by types of home buyers (renters, second-home buyers, and migrants). Regressions are run at the county-party-characteristic-year cell level and are weighted by the number of observations in each cell. Standard errors are clustered by county. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Pr(Purchase)				
	(1)	(2)	(3)		
	Renter	Second-home Buyer	Migrant		
Aligned	0.0178***	0.0008	0.0033***		
	(0.0016)	(0.0009)	(0.0006)		
Rep	0.2169***	0.1300***	0.0800***		
	(0.0016)	(0.0008)	(0.0006)		
Male	0.2051***	0.0757***	0.0328***		
	(0.0012)	(0.0006)	(0.0005)		
Age 18-29	-0.0960***	-0.1143***	-0.0798***		
	(0.0015)	(0.0010)	(0.0007)		
Age 30-39	0.2979***	0.0006	-0.0073***		
	(0.0021)	(0.0011)	(0.0010)		
Age 40-49	0.0941***	0.0328***	-0.0039***		
	(0.0012)	(0.0013)	(0.0010)		
Age 50-59	0.0266***	0.0500***	0.0022**		
	(0.0020)	(0.0013)	(0.0009)		
Observations	197,882,324	197,882,324	197,882,324		
R2	0.719	0.648	0.549		
County X Year FE	Yes	Yes	Yes		