Regional Variation in Housing Markets: Implications for Measurement

Gary Cornwall[a]
Bureau of Economic Analysis

Marina Gindelsky[b]
Bureau of Economic Analysis

Kyle Hood[c]
Bureau of Economic Analysis

Jeremy Moulton[d]
University of North Carolina - Chapel Hill

Scott Wentland[e*]
Bureau of Economic Analysis

Abstract

Unlike globally priced, physically homogeneous commodities such as crude oil or wheat, housing is often highly heterogeneous and priced locally. In this paper, we present new evidence on regional variation in U.S. housing markets, and we discuss the implications of this evidence for measuring housing in national economic accounts. Using nearly two decades of detailed microdata from Black Knight, covering almost the entire universe of U.S. home transactions, we document two key stylized facts. First, while U.S. home prices exhibit seasonality, the degree of this seasonality varies significantly across states and regions. We quantify this variation and assess its implications for seasonal adjustments in national accounts. Second, the age of the U.S. housing stock also differs markedly by location, potentially affecting residential capital stock depreciation rates in different states or regions. We discuss how granular microdata can enhance the measurement of housing for statistical agencies. Although previous research has examined these issues using different data sources, our study highlights how the scale and precision of "big data" reveal new insights into regional housing market dynamics, ultimately contributing to more accurate economic measurement.

Keywords: housing measurement, regional, seasonality, depreciation, national economic accounts, Big Data
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[a] Office of the Chief Economist 4600 Silver Hill Rd, Suitland, MD 20746; gary.cornwall@bea.gov
[b] Office of the Chief Economist 4600 Silver Hill Rd, Suitland, MD 20746; marina.gindelsky@bea.gov
[c] Regional Economic Accounts 4600 Silver Hill Rd, Suitland, MD 20746; kyle.hood@bea.gov
[d] Department of Public Policy, Abernethy Hall, CB 3435, Chapel Hill, NC 27599; moulton@email.unc.edu
[e] Contact Author*. Office of the Chief Economist 4600 Silver Hill Rd, Suitland, MD 20746; scott.wentland@bea.gov