The Political Economy of Home Buying*

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Abstract

We examine whether partisanship shapes home purchase decisions and their financial consequences using a novel dataset that links individual housing transactions to voter registration records in the United States from 2010 to 2023. We show that Republicans are nearly twice as likely as Democrats to purchase homes and realize 0.69 percent higher housing returns. Individuals are also significantly more likely to purchase a home when their affiliated party controls the White House; an effect we show is causal using the surprise 2016 election as a shock. The alignment effect is strongest for investment-driven purchases and much weaker for consumption-driven purchases. Using survey data on housing market expectations, we provide direct evidence for the mechanism: partisan alignment raises optimism about housing market conditions, and this expectations channel drives purchase decisions. Partisan alignment also distorts purchase timing: aligned buyers tend to purchase too early in a new administration, when partisan optimism is strongest, which is associated with lower subsequent returns. These individual-level shifts in housing demand aggregate to local housing markets, producing higher house prices but lower subsequent housing returns, a pattern consistent with belief-driven overvaluation.

Keywords: Political finance, Partisan alignment, Housing, Real estate, Household finance, Behavioral finance

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"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."—Shiller (2007).

1 Introduction

Political polarization increasingly shapes how Americans live, work, and invest. Yet for most households, no financial decision is larger or more consequential than buying a home: housing is the dominant asset on household balance sheets, and the choice of whether and when to buy can shape a family's finances for decades. We ask whether this decision is shaped by partisan politics: whether Republicans and Democrats differ in their home-buying behavior and housing returns, and whether households respond when their party wins or loses the White House. Answering these questions is central to assessing the broader economic consequences of political polarization.

Whether partisanship extends to home purchase decisions is not obvious ex ante. A growing literature documents that partisan alignment with the president shapes households' economic expectations: individuals report systematically more optimistic views of economic conditions when their affiliated party controls the White House (Mian, Sufi, and Khoshkhou (2023)), and such beliefs affect the equity share and market risk exposure of household portfolios (Meeuwis, Parker, Schoar, and Simester (2022)). However, the evidence that partisan beliefs translate into costly real decisions is limited: Mian, Sufi, and Khoshkhou (2023) find no effect of partisan alignment on new auto purchases or credit card spending. Home purchases occupy a distinct position between these two margins. As the largest investment on most household balance sheets, a home purchase depends heavily on expectations of future prices, the margin along which partisan beliefs operate most directly. At the same time, it is partly constrained by housing consumption needs and shaped by mobility considerations, which may mute the influence of political sentiment. Whether and how partisanship affects home purchase behavior is therefore ultimately an empirical question.

By linking individual housing transactions to voter registration records, we provide the

first systematic evidence that partisanship shapes both individual home purchase decisions and local housing market equilibrium. We combine three complementary data sources for the period 2010 to 2023: voter registration files covering approximately 51.4 million registered voters in Florida, Georgia, North Carolina, Nevada, New York, and Ohio, matched to deed records to form a panel of 718 million voter-year observations and 5.8 million housing transactions; survey data on housing market expectations from the University of Michigan Surveys of Consumers; and county-level housing market outcomes. With these data, we address four questions. First, do Republicans and Democrats differ systematically in home purchase behavior and realized housing returns? Second, does partisan alignment with the president causally affect housing market participation? Third, do partisan beliefs about housing market conditions provide the mechanism? Fourth, what are the financial consequences: does alignment distort purchase timing, and do these individual responses aggregate to local markets, affecting purchase volumes, homeownership, house prices, and subsequent returns?

We first document large and persistent partisan differences in realized housing outcomes. On the purchase margin, the annual probability of buying a home is nearly twice as high among Republicans as among Democrats (0.75 vs. 0.39 percentage points), a gap that remains economically meaningful after controlling for demographics, time-varying county conditions, and zip code and year fixed effects. On the return margin, Republicans earn 0.69 percent higher unlevered annualized returns than Democrats. This partisan return gap lies between the racial and gender return gaps documented in the literature.[1] The gap is also not simply a matter of where and when partisans transact: market timing and location choices explain roughly half of the raw gap, but Republicans earn 0.32 percent higher returns even relative to Democrats who buy and sell in the same zip code in the same months.

We then document a partisan alignment effect in home buying: individuals are significantly more likely to purchase a home when their affiliated party controls the White House, an increase of roughly 13 percent relative to the mean purchase probability. The result holds

[1] Kermani and Wong (2026) document a racial return gap of 0.39 percent between Black and White homeowners; Goldsmith-Pinkham and Shue (2023) document a gender return gap of approximately 1.5 percent.

after controlling for demographic characteristics, time-varying county conditions, and zip code and year fixed effects. This alignment effect varies sharply with the motive underlying the purchase. Relative to the sample mean, alignment increases subsequent investment purchases by 14.4 percent, first-home purchases by 12.6 percent, and subsequent move purchases by only 0.9 percent. The effect is thus concentrated in purchases with an investment motive and nearly absent for moves, which mainly reflect consumption and mobility considerations. This pattern speaks directly to the tension raised above: partisan beliefs move decisions with a strong investment component, echoing their effect on household portfolios (Meeuwis, Parker, Schoar, and Simester (2022)). In contrast, consumption-driven choices are largely untouched, consistent with the absence of alignment effects on auto purchases and credit card spending (Mian, Sufi, and Khoshkhou (2023)). This alignment effect is also stronger among male and younger voters and for single-family home purchases.

We further use the 2016 presidential election as a political shock. The outcome was largely unexpected, and the policy differences between the two major candidates were substantial. Using a difference-in-differences (DiD) design that exploits within–zip code variation over time, we find that partisan alignment with the president causally affects individual housing market participation. Purchase probabilities trended similarly for Republicans and Democrats before the election, supporting the parallel trends assumption. After the election, the alignment effect emerges immediately and strengthens within two years; the static DiD estimate implies an increase of roughly 8 percent relative to the mean.[2] The immediacy of the response is informative about the mechanism: because the shift begins before any policy or economic changes could plausibly take effect, it points to changing expectations rather than realized fundamentals.

What explains these patterns? We provide direct evidence for an expectations channel using the University of Michigan Surveys of Consumers. Both homeowners and renters report significantly more favorable home-buying conditions when their affiliated party controls the presidency, and around elections that shift White House control, expectations adjust sharply: aligned respondents become more optimistic and misaligned respondents

[2]For comparison, Meeuwis, Parker, Schoar, and Simester (2022) find that households in Republican-leaning zip codes increased equity exposure by roughly 0.4 percent of wealth relative to those in the most Democratic-leaning zip codes after the 2016 election.

more pessimistic. These belief responses are asymmetric across parties. Following Republican victories, the odds that aligned respondents report favorable conditions rise by a factor of 2.7 after the 2016 election and 3.7 after the 2024 election; the corresponding shifts after Democratic victories in 2008 and 2020 are substantially smaller. We then link these beliefs directly to behavior. Constructing an annual measure of the partisan gap in home-buying expectations from the survey, we show that Democrats' purchase probability falls relative to Republicans' precisely when Republicans are more optimistic about home-buying conditions: a one standard deviation increase in the expectations gap is associated with a 0.039 percentage point relative decline in Democrats' purchase rate. Partisan beliefs, in other words, do not merely track the political cycle; they map into realized purchase decisions.

Partisan alignment affects not only whether households buy but also when they buy. Using ZIP code-level data, we relate the share of purchases made by politically aligned buyers to subsequent local housing returns across the presidential term. Early in a new administration, when partisan bias is likely strongest, a higher aligned purchase share predicts significantly lower one-year-ahead returns, roughly 1.6 percent lower per one percent increase in the aligned share during the first two years of the term. This relation weakens after the midterm elections and turns positive by the final year. Moreover, in every year of the term, returns from waiting one additional year exceed the returns aligned buyers actually earn, indicating that aligned households systematically buy too early, precisely when their partisan optimism peaks.

Finally, these individual responses aggregate to local housing markets. Relative to misaligned counties, politically aligned counties experience approximately 8.7 percent higher home purchase volumes, 0.6 percentage points higher homeownership rates, and 6.8 percent higher house prices. Despite the higher prices, aligned counties earn lower subsequent returns: total housing returns, including rents, are about 0.8 percentage points lower during aligned periods, a pattern consistent with belief-driven overvaluation. These pricing effects are attenuated in counties with stronger Democratic support, consistent with the weaker partisan bias in expectations among Democrats documented in our survey evidence. Our findings speak to recent calls for evidence on the aggregate asset-pricing implications of political polarization (Kempf and Tsoutsoura (2024)).

Related Literature Our paper contributes to the literature on partisanship and household economic decisions. Partisan alignment with the president shapes households' expectations (Bartels (2002); Mian, Sufi, and Khoshkhou (2023)) and their portfolio choices (Meeuwis, Parker, Schoar, and Simester (2022)). The evidence on costly real decisions is more limited, however, as Mian, Sufi, and Khoshkhou (2023) find no effect of partisan alignment on auto purchases or credit card spending.[3] We show that partisan alignment shapes both housing market expectations and realized home purchases at the individual level, with the effect concentrated in purchases with a strong investment motive and absent for consumption-driven moves. This pattern is consistent with housing's dual role as investment and consumption (Henderson and Ioannides (1983); Flavin and Yamashita (2002)) and reconciles the portfolio and spending findings. More broadly, Das, Kuhnen, and Nagel (2020) show that belief differences measured in the Michigan Survey of Consumers relate to households' consideration of major purchases; we provide direct evidence that such beliefs translate into actual transactions.[4]

Our paper also adds to work on heterogeneity in housing outcomes. Goldsmith-Pinkham and Shue (2023) document a gender gap in housing returns of approximately 1.5 percent, and Kermani and Wong (2026) document a racial return gap of 0.39 percent.[5] We show that party affiliation is a comparably important individual characteristic: Republicans purchase homes at nearly twice the annual rate of Democrats and earn higher realized unlevered returns, a partisan gap that lies between the documented gender and racial gaps in magnitude.

A large literature links partisan alignment to the decisions of finance professionals and firms. Most closely related, Kempf and Tsoutsoura (2021) show that credit rating analysts assign more favorable ratings when aligned with the president, and Engelberg, Guzman, Lu, and Mullins (2022) document that partisan alignment affects entrepreneurship, a real

[3]Related work documents partisan differences in investor beliefs during the COVID-19 pandemic (Cookson, Engelberg, and Mullins (2020)), consumption responses to election outcomes (Gillitzer and Prasad (2018)), and partisan effects on household fertility decisions (Dahl, Lu, and Mullins (2022)).

[4]See also Benhabib and Spiegel (2019), who show that survey-measured sentiment predicts state-level economic activity.

[5]See also Gupta, Hansman, and Mabille (2025) on financial constraints and the racial housing gap, and Baldauf, Favilukis, Garlappi, and Zheng (2026) on politicians' real estate returns.

economic decision with a strong investment component.[6] As Kempf and Tsoutsoura (2024) note in their review, however, relatively little is known about the aggregate asset-pricing implications of polarization. We provide such evidence in the largest household asset market: partisan demand raises local house prices and lowers subsequent housing returns, consistent with belief-driven overvaluation.

Finally, our paper relates to work on political polarization and housing markets. McCartney, Orellana-Li, and Zhang (2024) show that residents are more likely to sell when opposite-party neighbors move in nearby, identifying affective polarization as the channel, and Grotteria, Naaraayanan, and Pagliuca (2025) show that congressional representation shapes local housing markets through credit allocation.[7] We differ in emphasizing a partisan belief channel: households become more optimistic when their party holds the White House, and these beliefs shape whether and when they buy, with consequences for prices and returns.

Our paper is related to independent and contemporaneous work by Chu, James, and Wang (2024), who link voter registration records to housing transactions in North Carolina and also document that politically aligned voters are more likely to transact. Beyond this shared starting point, the two papers pursue different questions. Their paper asks which belief channel, optimism or reduced perceived uncertainty, drives the transaction decision itself.[8] Our paper asks what partisan-driven purchases cost households and markets. We study realized housing returns, purchase timing over the presidential term, and market-level prices and subsequent returns, outcomes their paper does not examine. We also provide direct survey evidence on the mechanism: partisan alignment raises housing

[6] Partisanship also shapes syndicated loan pricing (Dagostino, Gao, and Ma (2023)), mutual fund allocation and information processing (Cassidy, Vorsatz, and Rice (2025); Wang (2025)), institutional investors' international allocation (Kempf, Luo, Schäfer, and Tsoutsoura (2023)), stock prices and return predictability (Addoum and Kumar (2016); Sheng, Sun, and Wang (2024)), executive and inventor decisions (Rice (2024); Engelberg, Lu, Mullins, and Townsend (2025)), monetary policymaking (Pagliuca (2025)), corporate political polarization (Fos, Kempf, and Tsoutsoura (2025); Wu and Zechner (2026); Pan, Pikulina, Siegel, and Wang (2026)), and employment relationships (Colonnelli, Neto, and Teso (2025)).

[7] See also Baldauf, Garlappi, and Yannelis (2020) and Bernstein, Billings, Gustafson, and Lewis (2022) on partisan beliefs, climate risk, and residential sorting.

[8] Chu, James, and Wang (2024) examine buying and selling, as well as trading up and trading down, to separate first-moment optimism from a second-moment channel in which alignment lowers perceived uncertainty and accelerates transactions in both directions. Their identification exploits a local media shock, and their equilibrium analysis shows that increased listings by aligned sellers can depress relative transaction prices across neighborhoods within a market. That result concerns a different margin from ours, which compares price levels and returns across markets, so the two sets of findings are complementary.

market expectations, and this expectations channel maps into purchase decisions, whereas their paper infers belief channels from transaction patterns. Our identification exploits a difference-in-differences design around the surprise 2016 election, with data covering 51.4 million voters across six states.

The remainder of the paper is organized as follows. Section 2 describes the data. Section 3 presents stylized facts on partisanship and housing outcomes. Section 4 examines how partisan alignment affects home purchase decisions. Section 5 provides survey evidence on the expectations channel. Section 6 studies purchase timing. Section 7 examines aggregate effects on local housing markets. Section 8 concludes.

2 Data

2.1 Voter Registration Records

Voter registration records document the administrative enrollment of eligible citizens with election authorities in each state, which is required to participate in US presidential elections. We use official voter registration records from Florida, Georgia, North Carolina, Nevada, New York, and Ohio to classify registrants' party affiliations. These records report each registrant's full name, current residential address, gender, date of birth, and party affiliation if applicable. In states with mandatory party registration, we classify registrants based on their registered party. In states without mandatory party registration, we infer registrants' party affiliations using their historical primary election participation. Although Ohio state formally records party affiliation, these records contain substantial measurement error. Accordingly, we infer registrants' party affiliations based on their historical primary participation for Ohio state.

Across Florida, Georgia, North Carolina, Nevada, New York, and Ohio, there are 51.4 million currently registered voters. Non–party-affiliated voters—defined as individuals not affiliated with either the Democratic or Republican Party—constitute the largest group, with 19.9 million voters (38.71%). Democrats form the second-largest group, totaling 17.7 million voters (34.44%), while Republicans account for the remaining 13.8 million voters (26.85%). We restrict the following analysis to Democrats and Republicans.

2.2 Verisk Consumer Address History

Verisk Consumer Address History is a dataset that tracks up to ten historical addresses for each consumer in the United States over the past thirty years. We process Verisk's Consumer Address History data to construct a clean panel of individuals' historical residential locations in Florida, Georgia, North Carolina, Nevada, New York, and Ohio. Using the address effective date, we sort each consumer's address history from newest to oldest and designate the most recent entry as the consumer's current residence. For each current address, we drop the address if it is associated with more than ten consumers.

2.3 Deeds Data

We utilize Attom deed transaction records to gather information on U.S. home buyers' property transactions. Attom data is similar to the CoreLogic and Zillow datasets widely used by academics. Attom contains data on millions of housing transactions in the U.S. This data is collected from public records such as deeds, and the vast majority of transactions are single-family homes. Though some of the transactions are from the 1970s, the coverage is relatively poor until the late 1990s. For each transaction, Attom reports the location, price, names of the buyer and seller, as well as other information. To ensure that our analysis of home buying is not confounded by the systemic risk during the great financial crisis, we restrict the sample to transactions from 2010 to 2023.

We select transactions of property addresses located in the states of Florida, Georgia, North Carolina, Nevada, New York, and Ohio. We retain only residential properties purchased in the transactions. We discard transactions that are not arm's length. We drop transactions with missing transaction dates. We exclude transactions classified as "Construction loan," "Foreclosure," "Mortgage," and "Timeshare Transfer." We also exclude auction sales and quitclaim transactions. We discard partial interest transactions. We discard documents with types such as affidavits of death, intrafamily transfers, and gift deeds. We also retain the transactions with transfer amounts between 10,000 and 5,000,000.

2.4 Matching House Transactions to Voter Registration Records

We link individual house transactions from 2010 to 2023 to currently registered voters in Florida, Georgia, North Carolina, Nevada, New York, and Ohio. We do so through a multi step record integration process that combines voter registration records, Verisk consumer address history, and ATTOM deed records. First, to obtain each voter's historical addresses, we match the current address in Verisk consumer address history to the current residential address in the voter registration records. Second, to identify whether and when a voter purchased a home, we link the voter's historical addresses to property addresses or mailing addresses in the ATTOM deed records. Finally, our sample comprises 718 million voter year observations from 2010 to 2023 in states Florida, Georgia, North Carolina, Nevada, New York, and Ohio.

2.5 Repeat Sales Home

We follow Goldsmith-Pinkham and Shue (2023) to construct the repeat sales home sample. We restrict the dataset to properties that transact at least twice during the sample period and can be matched across transactions using consistent property identifiers. We then sort transactions chronologically within each property and pair each purchase with the subsequent sale to form repeat sales observations. To further refine the sample, we require ownership consistency across transactions by keeping only cases in which the buyer in the first transaction is the same individual as the seller in the subsequent transaction. This restriction ensures that each repeat sales pair reflects a continuous holding period by a single owner. We then calculate the return for each property over each holding period. We winsorise returns at the 1st and 99th percentiles and obtain a final sample of 480,421 repeat sales observations held by voters.

2.6 Surveys of Consumers from University of Michigan

We measure household expectations in housing markets using the data from the University of Michigan's Consumer Survey. The Michigan survey is a nationally representative survey of about 500 individuals every month. On average two-thirds of the individuals surveyed

in a month are interviewed a second time after six months. The remaining third are only surveyed once. We do not utilize the panel structure of the data, and so the sample is a repeated cross-section in each month. 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' attitudes toward home buying conditions; homeowners' expectations of home values over the next year and the next five year, and their political affiliations.

The University of Michigan's Consumer Survey has been asking comprehensive monthly questions related to home buying attitudes since 1978, such as: "Generally speaking, do you think now is a good time or a bad time to buy a house?". This question is asked to both homeowners and renters. Response options are numerically coded as follows: 1 indicates a "good time", 3 signifies "pro-con" and 5 represents a "bad time." We develop dummy variables for positive house-buying expectations, assigning a value of 1 for responses indicating a "good time" and 0 for responses indicating a "bad time". The respondents evaluate current house buying conditions based on current credit conditions, the current level of house prices, and the expected future change in house prices. Additionally, to measure homeowners' 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 homeowners' 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 party affiliation is more complex. The Michigan survey provides monthly data on party affiliations since the year 2006, but not consistently over time. Specific months across various years include questions related to political leanings. We discern a respondent's political affiliation through two questions from the Michigan Survey. 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?". Responses to either question categorize individuals as Republicans

or Democrats. All other responses are labeled as independent citizens. For subsequent empirical analyses, individuals marked as Independents are not considered.

2.7 Aggregate Level Variables

We collect county-level presidential election voting records from the MIT Election Lab, which compiles presidential election records for the years 2000, 2004, 2008, 2012, 2016, and 2020. We define a county i as a Republican county in year t if the total presidential election votes for Republican candidates are greater than the total votes for Democratic candidates in the most recent election year. We define a county i as a Democratic county in year t if the total presidential election votes for Democratic candidates are greater than the total votes for Republican candidates in the most recent election year.

We directly aggregate the purchase volumes of residential housing in each county from 2010 to 2023 using data from Attom. We collect annual house prices, rents, units of owners, and units of renters at the county level from American Community Survey for the period from 2010 to 2023. We collect the ZIP code level FHFA House Price Index from the Federal Housing Finance Agency for the period 2010 to 2025.

We collect personal income and population for all counties from 2010 to 2023 from the Bureau of Economic Analysis. We collect one unit conforming loan limit for all counties from 2010 to 2023 from the Federal Housing Finance Agency. We collect the unemployment rate for all counties from 2010 to 2023 from the U.S. Bureau of Labor Statistics. We also collect two aggregate macroeconomic variables: national home price and inflation rate. The national home price levels are derived from data available on Robert Shiller's website. The realized inflation rate is computed using the Consumer Price Index for All Urban Consumers from the Federal Reserve Bank of St. Louis.

2.8 Summary statistics

The summary statistics are reported in the Table 1, Table 1, Table A.2, and Table A.2.

Table 1 reports summary statistics for the annual probability of home purchase by individual characteristics, housing type, and purchase type from 2010 to 2023. It presents mean, standard deviation, and proportion of the total population. The final individual-

level sample comprises 718 million individual-year observations. Restricting the sample to Democrats and Republicans yields 441 million observations, which we use in the subsequent analysis, with an average annual home purchase probability of 0.54 percentage points per resident. By partisanship, the mean probability is 0.39 percentage points for Democrats and 0.75 percentage points for Republicans. By gender, males exhibit an average annual home purchase probability of 0.84 percentage points, compared with 0.29 percentage points for females. By age group, the mean annual probability is 0.04 percentage points for individuals aged 18–30, and 0.31 percentage points, 0.67 percentage points, 0.74 percentage points, and 0.69 percentage points for those aged 31–40, 41–50, 51–60, and 61–70, respectively. By housing type, the mean annual purchase probability is 0.49 percentage points for single family houses and 0.03 percentage points for multi-family houses. By home purchase type, the mean annual purchase probability is 0.48 percentage points for first purchase home and 0.06 for subsequent investment purchase, and 0.01 for subsequent move purchase.

Table 1 reports summary statistics for annualized realized unlevered housing returns and holding periods by individual characteristics from 2010 to 2023. We winsorise returns at the 1st and 99th percentiles. It presents mean, standard deviation, and proportion of the total transactions. The final sample comprises 480,421 repeat-sales transactions, with 9.57 percent average annualized realized unlevered housing return and 4.77 years for holding. By partisanship, Democrats have a mean return of 9.16 percent and a mean holding period of 4.89 years, while Republicans have a mean return of 9.79 percent and a mean holding period of 4.71 years. By gender, the males have a mean return of 9.46 percent and a mean holding period of 4.82 years, while the females have a mean return of 9.9 percent and a mean holding period of 4.64 years. By age group, the mean return is 13.69 percent for individuals aged 18–30, and 9.98 percent, 8.54 percent, 9.44 percent, and 10.28 percent for those aged 31–40, 41–50, 51–60, and 61–70, respectively; the holding period is 3.47 years for individuals aged 18–30, and 4.38 years, 5.04 years, 4.85 years, and 4.77 years for those aged 31–40, 41–50, 51–60, and 61–70, respectively

Table A.2 reports summary statistics for the variables used in the paper from the University of Michigan's Surveys of Consumers, spanning September 2006 to October 2024. Table A.2 reports summary statistics for the county-level variables used in the analysis.

Residential housing purchase volume is sourced from the Attom database and spans 2010–2023. The table also includes house prices and homeownership rates from the American Community Survey, as well as measures of total housing returns (including rents), covering 2010 through 2023. In addition, the table reports county characteristics, including personal income, population, one-unit conforming loan limit, and unemployment rate.

3 Stylized Facts: Partisanship and Housing Outcomes

3.1 Home Purchase Probability by Party

We first estimate regressions of the home purchase probability 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:

$$Y_{i,z,t} = \gamma_D \, Dem_{i,z} + \phi' X_{i,z,t} + \theta' \, CountyChar_{c,t} + \alpha_{z,t} + \varepsilon_{i,z,t} \tag{1}$$

where $Y_{i,z,t}$ is an indicator for whether an individual i purchases a home in zip code z in year t. The variable $Dem_{i,z}$ is a binary indicator equal to one if the individual identifies as a Democrat and zero if the individual identifies as a Republican. $X_{i,z,t}$ includes controls for gender and age group. $CountyChar_{c,t}$ is a vector of county-level financial and socioeconomic characteristics, including population, personal income, one-unit conforming loan limit, and unemployment rate in year t. $\alpha_{z,t}$ denotes zip and year fixed effects. Consequently, our estimates compare Republicans and Democrats living in the same ZIP code in the same year. These fixed effects absorb a large portion of local conditions common to residents of a ZIP code in a given year, including local wealth and economic conditions, housing supply, house prices, and amenities. We also control for age and gender, which proxy for life-cycle and demographic differences in purchase propensity. We cluster standard errors by county. We run regressions at the zip-party-characteristic-year cell level and weighted by the number of voters in each cell as designed in Engelberg, Guzman, Lu, and Mullins (2022).

Table 2 reports estimates from Equation (1). Column (1) shows that Republicans are

0.20 percentage points more likely to purchase a home. The implied Republican–Democrat difference is equivalent to 37 percent of the sample mean. This partisan gap remains sizeable after including demographic controls. In Column (2), which adds gender indicators, the Republican–Democrat gap narrows to 26 percent of the mean. In Column (3), which adds age-group indicators, the Republican–Democrat gap narrows to 32 percent of the mean. In Column (4), adding both age and gender controls, the gap declines further to 21 percent of the mean but remains economically meaningful. These findings are consistent with the widely documented pattern that Republicans are more likely than Democrats to own homes.[9] The model fit improves substantially with the inclusion of controls, with the R^2 rising from 0.25 in Column (1) to 0.41 in Column (4).

3.2 Partisan Unlevered Housing Return Gap

Second, we estimate regressions of the unlevered housing return as a function of party affiliation and demographic characteristics to assess the magnitude and persistence of the partisan gap in housing return. Specifically, we estimate the following specification:

$$R_{i,z,t} = \gamma_D \, Dem_{i,z} + \phi' X_{i,z,t} + \theta' \, CountyChar_{c,t} + \alpha^{B}_{z,t} + \alpha^{S}_{z,t} + \alpha^{B,S}_{t} + \varepsilon_{i,z,t} \qquad (2)$$

where $R_{i,z,t}$ measures the annualized realized unlevered housing return of individual i in zip code z in year t. The variable $Dem_{i,z}$ is a binary indicator equal to one if the individual identifies as a Democrat and zero if the individual identifies as a Republican. $X_{i,z,t}$ includes controls for holding periods, gender and age. $CountyChar_{c,t}$ is a vector of county-level financial and socioeconomic characteristics, including population, personal income, one-unit conforming loan limit, and unemployment rate in year t. $\alpha^{B}_{z,t}$ denotes zip and buy

[9] As 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, suggesting that housing status is closely linked to political identity. 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.

year-month fixed effects. $\alpha^{S}_{z,t}$ denotes zip and sell year-month fixed effects. $\alpha^{B,S}_{t}$ denotes buy and sell year-month fixed effects. Consequently, our estimates compare Republicans and Democrats living in the same ZIP code in the same year. These fixed effects absorb a large portion of local conditions common to residents of a ZIP code in a given year, including local wealth and economic conditions, housing supply, house prices, and amenities. We also control for age and gender, which proxy for life-cycle and demographic differences in purchase propensity. We cluster standard errors by county.

Table 3 reports estimates from Equation (2). We find that Republicans earn 0.69 percent higher unlevered annualized returns relative to Democrats. Approximately 54 percent of this partisan gap in raw housing returns can be explained by market timing, i.e., the choice of where and when to buy, and when to sell. However, a large partisan gap persists even after accounting for market timing.

We begin by showing how housing returns differ by the partisanship. We use observations at the transaction level. The sample is restricted to observations for which the partisanship of all sellers can be identified, and for which we can match the identity of the seller at the time of sale to the identity of the buyer at the time of initial purchase. In column (1) of Table 3, we find that Republicans earn 0.69 percent higher unlevered annualized returns than the Democrats. The estimated partisan return gap of 0.69 percent is economically meaningful. First, Kermani and Wong (2026) find that, among non-distressed housing sales, Black homeowners earn returns that are 0.39 percent lower than those of White homeowners. Goldsmith-Pinkham and Shue (2023) document a gender return gap of approximately 1.5 percent. Our estimate of the partisan return gap lies between these racial and gender return gap estimates, suggesting that partisan affiliation captures a substantial dimension of heterogeneity in household housing outcomes. Second, given the average holding period of 4.8 years, an annual return gap of 0.69 percent corresponds to a cumulative difference of approximately 3.3 percent in realized returns. Relative to the sample mean annual return of 9.6 percent, this implies that the partisan return gap accounts for roughly 7 percent of average annual housing returns.

We then explore how much of this overall partisan gap can be explained by market timing. As we move from column (1) to column (5), we introduce more detailed control

variables for market timing, including zip-year-month fixed effects for the initial purchase transaction and zip-year-month fixed effects for the sell transaction. We also control for the interaction between year-month of purchase and year-month of sell fixed effects, which subsume the control variable for holding length. Approximately 54 percent of the raw partisan return gap can be explained by market timing and location choices, i.e. where and when households buy, and when they sell. However, a substantial partisan gap remains even after accounting for these channels. It is comparable to Goldsmith-Pinkham and Shue (2023), who find that about 45 percent of the gender gap in housing returns can be explained by market timing and location choice. However, a large partisan gap persists even after introducing detailed controls for market timing. Among Republicans and Democrats who buy and sell in the same zip code and year-months, Republicans still earn 0.32 percent higher unlevered annualized returns on housing.

4 Partisan Alignment and Home Purchase Decisions

4.1 Partisan Alignment Effect in Home Buying

In this section, we analyze individual-level panel data from Florida, Georgia, North Carolina, Nevada, New York, and Ohio from 2010 to 2023 to estimate the average relationship between home purchase behavior and partisan alignment with the president.

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

$$Y_{i,z,t} = \beta \cdot Alignment_{i,z,t} + \gamma_D \, Dem_{i,z} + \phi' X_{i,z,t} + \theta' \, CountyChar_{c,t} + \alpha_{z,t} + \varepsilon_{i,z,t} \quad (3)$$

where $Y_{i,z,t}$ is an indicator for whether an individual i purchases a home in zip code z in year t. The variable $Dem_{i,z}$ is a binary indicator that equals one if the individual identifies as a Democrat and zero if the individual identifies as a Republican. The variable $Alignment_{i,z,t}$ equals one when the individual's party affiliation matches that of the sitting president in year t. Alignment equals one for Republicans during 2017–2020 and for Democrats during 2010–2016 and 2021–2023, and zero otherwise. $X_{i,z,t}$ includes controls for age group and gender. $CountyChar_{c,t}$ is a vector of county-level financial and socioeco-

nomic characteristics, including population, personal income, the one-unit conforming loan limit, and the unemployment rate in year t. $\alpha_{z,t}$ denotes zip and year fixed effects. Consequently, our estimates compare Republicans and Democrats living in the same ZIP code in the same year. These fixed effects absorb a large portion of local conditions common to residents of a ZIP code in a given year, including local wealth and economic conditions, housing supply, house prices, and amenities. We also control for age and gender, which proxy for life-cycle and demographic differences in purchase propensity. We cluster standard errors by county. We run regressions at the zip-party-characteristic-year cell level and weighted by the number of voters in each cell as designed in Engelberg, Guzman, Lu, and Mullins (2022).

The coefficient of interest, β, captures the difference in home-purchase probability between politically aligned and misaligned individuals, comparing Republicans and Democrats living in the same ZIP code in the same year and conditioning on age and gender.

Table 4 presents the estimates from Equation (3). Column (1) includes all registered Republican and Democratic voters without controls. Individuals whose party affiliation aligns with that of the sitting president are 0.069 percentage points more likely to purchase a home in a given year than those who are politically misaligned. This effect represents 13 percent of the sample mean of home purchase probability. Extrapolating to the national level, it implies 0.52 million home transactions are impacted by partisanship[10]. Column (2) adds a control for gender, Column (3) includes a control for age group, and Column (4) includes both gender and age group controls. In all four specifications, the coefficient β on political alignment $Alignment_{i,z,t}$ is positive, statistically significant, and stable in magnitude. This results suggest that partisan alignment with the president is associated with an economically meaningful and robust increase in the home purchase probability. The persistence of the alignment effect after adjusting for key demographic characteristics indicates that partisanship plays an important role in explaining time-varying differences in homebuying behavior between Republicans and Democrats.

[10]There are 4.0 million home sales in 2023 according to National Association of Realtors (NAR) see https://www.nar.realtor/research-and-statistics/quick-real-estate-statistics

4.2 Heterogeneous Effects of Partisan Alignment

We first investigate whether the effect of partisan alignment on home purchase probability varies across purchase types. In Table 5 and Figure 1, we estimate equation (3) separately for first-home purchases, subsequent investment purchases, and subsequent move purchases. This alignment effect varies substantially across types of home purchases. Relative to the sample mean, partisan alignment increases first-home purchases by 12.6 percent and subsequent investment purchases by 14.4 percent, but subsequent move purchases by only 0.9 percent. The effect is strongest for purchases with a more direct investment motive. It is relatively smaller for first-home purchases, where housing investment is partly constrained by households' housing consumption needs. The effect is nearly absent for subsequent moves, which are more closely related to consumption and mobility considerations. This pattern echoes existing evidence that partisan beliefs affect households' equity shares and market risk exposure (Meeuwis, Parker, Schoar, and Simester (2022)), while having no effects on auto purchases and credit card spending (Mian, Sufi, and Khoshkhou (2023)).

We then investigate whether the effects of partisan alignment on home purchase probability differ by gender. In Columns (1) and (2) of Table A.3 and Figure 2, we estimate regression (3) separately for subsamples split by household gender. We find that, among men, individuals whose party affiliation aligns with that of the sitting president are 0.11 percentage points more likely to purchase a home in a given year than politically misaligned individuals. This effect represents 13 percent of the sample mean of the home purchase probability. Among women, the corresponding effect is only 0.007 percentage points, or 2 percent of the sample mean. The alignment effect is therefore substantially larger among men than among women.

We also investigate whether the effects of partisan alignment on home purchase probability differ by age. In Columns (3) and (4) of Table A.3 and Figure 2, we estimate regression (3) separately for subsamples split by household age group. We find that, among younger voters aged 18 to 40, individuals whose party affiliation aligns with that of the sitting president are 0.04 percentage points more likely to purchase a home in a given year than politically misaligned individuals. This effect represents 22 percent of the sample mean of the home purchase probability. Among older voters aged 41 to 70, the corre-

sponding effect is 0.07 percentage points, or 9 percent of the sample mean. The effect is substantially larger among younger voters.

We finally investigate whether the effects of partisan alignment on home purchase probability differ by housing type. In Columns (5) and (6) of Table A.3 and Figure 2, we estimate regression (3) separately for subsamples split by housing type. We find that, for single family houses, individuals whose party affiliation aligns with that of the sitting president are 0.06 percentage points more likely to purchase a home in a given year than politically misaligned individuals. This effect represents 13 percent of the sample mean of the home purchase probability. For multifamily houses, the corresponding effect is 0.003 percentage points, or 10 percent of the sample mean. The alignment effect is therefore slightly larger for single family houses than for multifamily houses.

4.3 Event Study: 2016 Surprise Presidential Election Result

The outcome of the 2016 presidential election was largely unexpected, and the policy differences between the two major presidential candidates were substantial. We therefore use the 2016 presidential election as an event to study the causal effect of partisan alignment on home buying. Specifically, We use a static difference-in-differences specification to examine the causal effect of partisan alignment with the president on home purchase behavior. This model focuses specifically on the 2015–2018 period to isolate the effect of the 2016 election transition.

$$Y_{i,z,h} = \beta \cdot Alignment_{i,z,h} \cdot Post_h + \gamma_1 Alignment_{i,z,h} + \gamma_2 Post_h + \delta_1 NationalHomePrice_{year(h)} + \delta_2 Inflation_{year(h)} + \phi' X_{i,z,h} + \theta' CountyChar_{c,year(h)} + \alpha_z + \varepsilon_{i,z,h} \quad (4)$$

where $Y_{i,z,h}$ is an indicator for whether an individual i purchases a home in zipcode z in half year h. The variable $Post_h$ is a binary indicator equal to zero for half-years in 2015–2016 and one for half-years in 2017–2018. $Alignment_{i,z,h}$ is a binary indicator that equals one if the individual identifies as a Republican, which aligns with President Trump, who won the 2016 presidential election, and zero if the individual identifies as

a Democrat. $NationalHomePrice_{year(h)}$ is the annual average of the Case-Shiller U.S. National Home Price Index, computed from monthly observations in year of half year h. $Inflation_{year(h)}$ controls for the annual national inflation rate. $X_{i,z,h}$ includes individual demographic controls for gender and age group. $CountyChar_{c,year(h)}$ represents time-varying county financial and socioeconomic controls, including personal income, population, one-unit conforming loan limit, and unemployment rate. α_z denotes zip fixed effects to control for time-invariant local characteristics. We cluster standard errors by county. We run regressions at the zip-party-characteristic-half-year cell level and weighted by the number of voters in each cell as designed in Engelberg, Guzman, Lu, and Mullins (2022).

Table 6 presents the results from this specification estimating the effect of the 2016 election transition on home purchase probability. The coefficient of interest is β, which captures the differential change in home buying behavior for Republicans relative to Democrats after the 2016 election. Across both specifications, β is positive, stable, and statistically significant. Column (1) reports the β estimate without demographic control variables. The estimate of β is 0.041, which indicates a substantial increase in the probability of purchase for Republicans in the post period relative to the pre period baseline. The post-2016 alignment shift through 2018 corresponds to an increase of roughly 8 percent relative to the mean. Column (2) reports the β estimate with demographic control variables. The estimated β decreases slightly to 0.035 but remains highly significant.

We also estimate a dynamic difference-in-differences specification to examine the causal effect of partisan alignment with the president on home purchase behavior. This model focuses specifically on the 2015–2018 period with half-year frequency to isolate the effect of the 2016 election transition:

$$Y_{i,z,h} = \sum_{\substack{h=2015H1 \\ h\neq 2016H2}}^{2018H2} \beta_h \cdot Alignment_{i,z,h} \cdot \mathbb{1}_h + \gamma Alignment_{i,z,h} + \phi' X_{i,z,h} + \alpha_{z\times h} + \varepsilon_{i,z,h} \tag{5}$$

where $Y_{i,z,h}$ is an indicator for whether individual i purchases a home in zip code z in half year h. $Alignment_{i,z,h}$ is a binary indicator that equals one if the individual identi-

fies as a Republican, which aligns with President Trump, who won the 2016 presidential election, and zero if the individual identifies as a Democrat. We interact $Alignment_{i,z,h}$ with a set of half-year indicators $\mathbb{1}_h$, omitting the second half year of 2016 as the reference period. The coefficients β_h are the primary parameters of interest. For $h < 2016H2$, β_h serves as a test of the parallel trends assumption; these coefficients estimate the difference in home purchasing probability between Republicans and Democrats relative to the second half year of 2016 baseline prior to the election. For $h > 2016H2$, β_h captures the dynamic evolution of the treatment effect following the political transition. $X_{i,z,h}$ includes individual demographic controls for gender and age groups. $\alpha_{z\times h}$ denotes zip $\times$ half-year fixed effects. By exploiting only the purchase probability variation with the same zip code and half year, we substantially mitigate concerns about other unobserved time-varying local characteristics (e.g. population, personal income, as well as mortgage and economic conditions) driving our results. We cluster standard errors by county. We run regressions at the zip-party-characteristic-half-year cell level and weighted by the number of voters in each cell as designed in Engelberg, Guzman, Lu, and Mullins (2022).

Figure 3 (and Table A.4) presents the coefficients on the interaction terms between the Republican indicator and half-year dummies, with 2016H2 serving as the omitted reference category. This approach allows us to test the parallel trends assumption and trace the evolution of the partisan gap surrounding the 2016H2 presidential transition. The results provide strong support for the causal interpretation of our findings. In the pre-treatment period 2015–2016, the estimated coefficients are generally small and lack a consistent trend. The absence of a systematic pre-trend indicates that our results are not driven by long-run differential housing demands between the two groups prior to the political shock. After the 2016 presidential election, the alignment effect shows an immediate relative increase in Republicans' home purchase probability compared with Democrats, and this effect strengthens over time. The alignment effect reaches a magnitude of roughly 4 percent relative to the mean by 2018. Together, these patterns indicate that partisan alignment with the president affects how likely households are to purchase a home.

5 Partisan Housing Market Beliefs: Survey Evidence

5.1 Effect of Partisan Alignment with the President on Expectations

Prior research shows that Republicans and Democrats interpret political events in different ways, which leads to systematic differences in their economic expectations. In particular, individuals tend to hold more optimistic views about future economic conditions when they are affiliated with the party that controls the White House (Mian, Sufi, and Khoshkhou (2023)). Building on this insight, we show that partisan affiliation also shapes housing market expectations, with effects that operate over both the short and the long term.

5.1.1 Effect of Partisan Alignment with the President on Housing Expectations: Around Elections

We examine how households adjust their expectations on the housing market around presidential elections that change the party controlling the White House. In particular, we study expectation shifts around the 2008, 2016, 2020, and 2024 presidential elections because the Michigan Survey records respondents' party affiliation only for these election cycles. We find that these elections are associated with pronounced changes in expectations about home buying among both owners and renters, as well as in homeowners' expectations for one year and five year local house price growth. Partisan bias in home buying expectations is especially strong following Republican victories in 2016 and 2024 (Figure A.2, Figure A.5, Figure A.7), but it is relatively weak following Democratic victories in 2008 and 2020 (Figure A.3, Figure A.4,Figure A.6). In contrast, partisan bias in homeowners' one-year and five-year local house price growth expectations is pronounced following both Republican and Democratic victories (Figure A.8, Figure A.9, Figure A.10, Figure A.11).

5.1.2 Static Difference-in-Differences Estimation

To assess the statistical significance of the observed shifts among aligned respondents within a regression framework, we estimate the following specification for each pseudoyear y:

$$\Pr(Y_{i,m}) = \gamma_1 Alignment_i + \gamma_2 Post + \gamma_3 \cdot Alignment_i \cdot Post$$
$$+\delta_1 NationalHomePrice_m + \delta_2 Inflation_m + \phi' X_{i,m} + \varepsilon_{i,m} \quad (6)$$

where $Y_{i,m}$ is a dummy variable that equals 1 if individual i reports optimistic expectations about home buying in month m of pseudoyear y, and equals 0 if i reports pessimistic expectations. The pseudoyears y correspond to the election windows centred on the 2008, 2016, 2020, and 2024 presidential elections. $\Pr(Y_{i,m})$ denotes the probability that respondent i reports optimistic home buying expectations in month m within pseudoyear y. $Alignment_i$ is an indicator for whether respondent i's partisan affiliation is aligned with the party that wins the presidential election in pseudoyear y, and $Post$ is an indicator for the post-election period, which we define as the six months following the election. We estimate Equation (6) using a logit specification.

$NationalHomePrice_m$ is the Case-Shiller U.S. National Home Price Index in month m of pseudoyear y, and $Inflation_m$ is the month-to-month change in the Consumer Price Index for All Urban Consumers. The vector of controls, $X_{i,m}$, includes age, gender, education, marital status, a homeownership indicator, income, and an indicator for whether the household includes an adult. The coefficient γ_3 captures the differential change in $\Pr(Y_{i,m})$ between aligned and non-aligned respondents during the post-election period of pseudoyear y.

Table A.5 reports the logit estimates of equation (6) for each pseudoyear. The coefficient γ_3 is the difference-in-difference estimate. It captures the differential change in the log odds that a respondent reports optimistic home buying expectations in the post-election period, comparing respondents whose partisan affiliation is aligned with the election winner to those who are not aligned, within the same pseudoyear and conditional on national house prices, inflation, and demographic controls. Across all four elections, the estimated interaction coefficients are positive and statistically significant at the 1% level, which indicates a pronounced post-election increase in home buying optimism among aligned respondents relative to non-aligned respondents. Because the regression is estimated via logit, the re-

ported coefficients are in log-odds units rather than percentages. To aid interpretation, we convert the interaction estimates into odds ratios. The estimates imply that, relative to non-aligned respondents, the odds that aligned respondents report optimistic home buying expectations increase by a factor of $\exp(0.524) = 1.69$ after the 2008 election and $\exp(0.598) = 1.82$ after the 2020 election. The effects are substantially larger following Republican victories: the corresponding odds ratios are $\exp(1.009) = 2.74$ in 2016 and $\exp(1.307) = 3.70$ in 2024. Equivalently, these imply increases in odds of approximately 69 percent, 82 percent, 174 percent, and 270 percent for 2008, 2020, 2016, and 2024, respectively.

5.1.3 Dynamic Difference-in-Differences Estimation

We also conduct separate dynamic difference-in-differences analyses for each election year, with the sample window centred on November. We exclude the 2012 election because there are insufficient observations with party affiliation information in the months surrounding that election. In addition, the 2012 election does not change the party that controls the White House. We label each election window a "pseudoyear", which runs from June of the election year to May of the following year, with November as the midpoint. For example, the 2008 pseudoyear spans June 2008 through May 2009. For each pseudoyear y, we estimate the following model, suppressing the subscript y for ease of exposition:

$$\Pr(Y_{i,m}) = \sum_{m=\text{Jun}}^{\text{May}} \alpha^m \cdot d_m + \gamma^0 \cdot \text{Alignment}_i + \sum_{\substack{m=\text{Jun} \\ m \neq \text{Oct}}}^{\text{May}} \gamma^m \cdot (d_m \cdot \text{Alignment}_i) + \phi' X_{i,m} + \varepsilon_{i,m} \tag{7}$$

where $Y_{i,m}$ is a dummy variable that equals 1 if individual i reports optimistic expectations about home buying in month m and equals 0 if i reports pessimistic expectations. $\Pr(Y_{i,m})$ denotes the probability that respondent i reports optimistic home buying expectations in month m within a given pseudoyear. d_m is an indicator for month m, where October is the omitted (reference) month October. $Alignment_i$ indicates whether respon-

dent i's partisan affiliation is aligned with the party that wins the presidential election in that pseudoyear. The coefficients α^m capture month fixed effects. γ^0 measures the baseline difference in home buying expectations between aligned and non-aligned respondents in the omitted month. The coefficients γ^m are the main coefficients of interest, which capture the relative shifts in home buying expectations in month m (relative to October) for respondents whose partisan affiliation is aligned with the winning party. The vector of control variables, denoted by $X_{i,m}$, includes age, gender, education, marital status, a homeownership indicator, income, and an indicator for whether the household includes an adult. We estimate Equation (7) using a logit specification.

Figure 4 presents estimates of the coefficients γ^m in Equation (7) for the pseudoyears focused on the 2016 and 2024 presidential elections, when Republicans won. Figure A.12 presents the corresponding estimates for the pseudoyears centered on the 2008 and 2020 elections, when Democrats won. The coefficients γ^m are interpreted as the relative shifts in home buying expectations around the election for respondents whose partisan affiliation is aligned with the party that wins the presidential election. Table A.6 in the Appendix reports the quantitative estimates of the γ^m coefficients.

We find no evidence of pre-trends in the months leading up to the election for any of the 2008, 2016, 2020, or 2024 pseudoyears. In contrast, home buying expectations among aligned respondents rise sharply around six months after the election in the pseudoyears in which Republicans win (2016 and 2024). When Democrats win (2008 and 2020), the post-election increase is smaller and not statistically significant. This pattern accords with Mian, Sufi, and Khoshkhou (2023), who show that the relative shift in economic expectations among Republicans after the 2016 election is unusually large compared with earlier elections such as 2008. In addition, the results suggest that Democrats exhibit less partisan bias in home buying expectations than Republicans, which is consistent with the aggregate and real outcomes analysed in the following sections.

5.1.4 Effect of Partisan Alignment with the President on Housing Expectations: Long Run

We document partisan bias in housing market expectations over the longer run across presidential terms. Both U.S. homeowners and renters report significantly more optimistic home buying expectations when their affiliated party holds the presidency (Figure 5 and Figure A.13). In addition, homeowners report significantly higher expectations for one-year and five-year local house price growth when their preferred party occupies the White House (Figure A.14). For example, during the George W. Bush administration, Democrats reported lower expectations for home buying and for one-year and five-year local house price growth than Republicans. Under the two Obama terms, this pattern reverses, with Republicans reporting lower expectations than Democrats. The partisan ordering reverses again during the first Trump administration, and it flips once more under the Biden administration.

We also provide estimates of a regression version of these figures.

$$Y_{i,r,t} = \sum President_t + \sum \gamma^t \cdot President_t \cdot Rep_{i,r} + \phi' X_{i,r,t} + \alpha_{r,t} + \varepsilon_{i,r,t} \tag{8}$$

where $Y_{i,r,t}$ denotes a vector of dependent variables: (1) an indicator that equals 1 if individual i (either a homeowner or a renter) reports optimistic expectations about home buying in year t and equals 0 if i reports pessimistic expectations; (2) homeowner i's expected one-year local house price growth; and (3) homeowner i's expected five-year local house price growth. $President_t$ is a set of indicator variables for the presidential administration in office at time t. $Rep_{i,r}$ is a dummy variable that equals 1 if respondent i's partisan affiliation is republican, and equals 0 otherwise. The vector of controls, $X_{i,r,t}$, includes age, gender, education, marital status, a homeownership indicator (this control is included only in regressions where the dependent variable is home buying expectations), income, and an indicator for whether the household includes an adult. The coefficient γ^t captures the differential change in $Y_{i,r,t}$ between Republican and Democratic respondents in time t across different presidential administrations. $\alpha_{r,t}$ are the region fixed effect and

the year-month fixed effect.

Table 7 reports linear regression estimates of equation (8) that quantify long run partisan gaps in housing beliefs across presidential administrations. Columns (1) to (3) use the home buying attitude indicator as the dependent variable for the full sample, homeowners, and renters, respectively. Columns (4) and (5) use homeowners' one year and five year local house price expectations as outcomes. Each row reports the estimated coefficient on the interaction between a Republican indicator and an administration indicator. These coefficients correspond to γ^t in equation (8) and measure, within each administration, the difference in the outcome between Republicans and non Republicans, conditional on region fixed effects, year month fixed effects, and demographic controls.

The estimates show a clear partisan pattern that tracks which party holds the presidency. During Republican administrations (Bush 2006 to 2008 and Trump 2017 to 2020), Republicans report significantly higher home buying optimism than non Republicans. For the full sample, the Republican premium is 0.104 during the Bush administration and 0.146 during the Trump administration. The corresponding gaps are present for both homeowners and renters, and they are larger among renters (0.146 under Bush and 0.126 under Trump) than among homeowners (0.086 under Bush and 0.143 under Trump). In contrast, during Democratic administrations (Obama 2009 to 2016 and Biden 2021 to 2024), Republicans report significantly lower home buying optimism. The estimated Republican gap is negative in both periods, with the largest magnitude under Biden (for example, -0.068 in the full sample, -0.072 among homeowners, and -0.043 among renters). A similar reversal appears in homeowners' house price expectations. Republicans report lower expected one year and five year local house price growth under Obama and Biden, but higher expected growth under Trump. Overall, the table documents sizeable and statistically significant partisan differences in housing beliefs that flip sign across administrations, which is consistent with partisan bias that depends on whether a respondent's party is aligned with the party in the White House.

5.2 Partisan Disagreement in Housing Expectations Channel

So far, we document that partisan alignment with the president affects home buying expectations and behavior, as well as broader aggregate and real outcomes in the housing market. One potential explanation for partisan differences in home buying behavior is a partisan divergence in beliefs about future housing market conditions. In this section, we examine whether partisan differences in housing market expectations serve as a channel through which partisan alignment with the president affects home buying behavior. We also discuss that the results are not driven by local economic conditions or political connections.

We test whether partisan differences in housing market expectations drive differences in home purchase behavior. To measure partisan expectations about housing market conditions, we use responses to the following question from the Michigan Survey of Consumers: "Generally speaking, do you think now is a good time or a bad time to buy a house?" Based on these responses, we construct a measure of partisan disagreement, HOMGap, defined as the annual difference in home buying expectations between Republican and Democratic respondents. We standardize this measure to have mean zero and unit standard deviation. A higher value indicates that Republicans are more optimistic about home buying conditions than Democrats, which typically occurs when Republicans control the White House. A lower value indicates that Democrats are more optimistic than Republicans, which typically occurs when Democrats control the White House.

In Table (8), we regress home purchase probability on the Democrat as well as on interactions with the measure of partisan disagreement on home buying expectations. Control variables include county-level financial and socioeconomic characteristics. Regressions are performed at the zip-party-characteristic-year cell level and are weighted by the number of voters in each cell. Standard errors are clustered by county. The estimate in column (1) implies that Democrats are less likely to purchase a home when Republicans are more optimistic about home buying conditions. Specifically, a one standard deviation increase in the gap between Republican and Democratic home buying expectations is associated with a 0.039 percentage point decrease in the home purchase rate of Democrats relative to Republicans.

The results remain robust when adding demographic controls in columns (2). In Table (A.7), we regress log home purchase volume and homeownership rate on the Democratic vote share in county as well as on interactions with the measure of partisan disagreement on home buying expectations. The sample includes all U.S. counties with Democratic vote share, and the outcome is the home purchase volume and homeownership rate in a county in a given year. Control variables include county-level financial and socioeconomic characteristics. Regressions are performed at county level. Standard errors are clustered by county. The estimates imply that counties with higher Democratic vote shares exhibit less home purchase activity when Republicans are more optimistic about home buying conditions. Specifically, a one standard deviation increase in the gap between Republican and Democratic home buying expectations is associated with a lower home purchase volume and a lower homeownership rate in counties with higher Democratic vote shares.

Overall, these results support the view that partisan disagreement on housing market expectations is a key mechanism linking partisan alignment with the president to home buying behavior. When Republicans control the White House, Republican respondents become more optimistic about home-buying conditions. During these periods, Democrats are less likely to purchase homes relative to Republicans, reflecting their relatively pessimistic expectations about housing market conditions. This pattern is consistent with an expectations driven channel through which partisan alignment with the president affects both individual home purchase decisions and aggregate housing market outcomes.

5.3 Alternative Explanations

Local Economic Conditions. Our identification compares Democratic and Republican households within the same ZIP code and half-year period. By exploiting only within–ZIP code variation in purchase probabilities, our specification absorbs local time-varying economic conditions. This substantially mitigates concerns that unobserved local factors (e.g. population changes, personal income growth, mortgage market conditions, or broader economic developments) drive the differences we observe.

Political Connection. The 2016 election outcome was sudden and largely unexpected. The immediate response in home purchases is therefore unlikely to reflect political

connections or policy implementation. Instead, the timing suggests that the effect is driven by changes in housing market expectations.

6 Partisan Alignment and Home Purchase Timing

We next examine whether partisan alignment with the president distorts the timing of home purchases and the subsequent returns to those purchases. To examine whether partisan alignment affects the timing of home purchases, we use ZIP code-level future house price returns rather than transaction-level realized returns. Transaction-level realized returns are informative about households' realized housing outcomes, but they also reflect subsequent resale timing and transaction conditions. Since partisan alignment affects housing transaction decisions on both the purchase and resale margins, transaction-level realized returns combine the price path after purchase with the buyer's later resale decision. Using local future returns allows us to follow the price path of the market that aligned buyers enter, without conditioning on the buyer's later resale decision. This choice is consistent with evidence that individual real estate returns contain sizable idiosyncratic risk arising from search frictions and matching uncertainty in both commercial real estate markets (Sagi (2021)) and residential housing markets (Giacoletti (2021)). Specifically, we estimate ZIP code level regressions of future housing returns on the share of purchases made by partisan aligned individuals, while allowing the effect to vary across the first, second, third, and fourth years of each presidential term.

We estimate the following specification:

$$R_{z,t\to t+h} = \beta\, DemBuyShare_{z,t} + \sum_{k=1}^{4} \gamma_k \left(AlignmentShare_{z,t} \times \mathbf{1}\{TermYear_t = k\} \right) + \theta' CountyChar_{c,t} + \alpha_{z,t} + \varepsilon_{z,t+h} \tag{9}$$

where z denotes ZIP codes and t denotes calendar years. We use the FHFA House Price Index (HPI), which measures changes in the values of repeat sales of single family homes at the ZIP code level, to construct ZIP code level housing returns. $R_{z,t\to t+h}$ denotes the housing return in ZIP code z from year t to year $t+h$, measured in percentage points.

$DemBuyShare_{z,t}$ is the share of purchases made by Democratic home buyers in ZIP code z in year t. $AlignmentShare_{z,t}$ is the share of home purchases made by partisan aligned individuals among all purchases in ZIP code z in year t. Partisan alignment is defined relative to the party of the sitting president. The indicator $\mathbf{1}\{TermYear_t = k\}$ equals one when year t corresponds to the kth year of the presidential term, and zero otherwise. Accordingly, the coefficients γ_k capture how the effect of aligned housing demand varies across the four years of the presidential term. $CountyChar_{c,year(h)}$ represents time-varying county financial and socioeconomic controls, including personal income, population, one-unit conforming loan limit, and unemployment rate. $\alpha_{z,t}$ denotes zip and year fixed effects. We cluster standard errors by zip code. We run regressions at the zip-year level.

Figure 6, Figure A.15 and Table 9 report the estimates from Equation (9). The black line in Figure 6 and Column (1) of Table 9 shows that higher aligned purchase share is associated with negative one year ahead returns before the midterm elections. After the midterm elections, the estimated effect moves closer to zero in the third year of the presidential term and turns positive in the final year of the term. The black line in Figure A.15 and Column (3) of Table 9 show a consistent pattern over a longer horizon. The relation between aligned purchase share and the two year cumulative return also rises monotonically from the first to the fourth year of the presidential term, shifting from negative before the midterm elections to positive after the midterm elections. This pattern suggests that politically aligned buying is associated with the least favorable purchase timing at the beginning of a new administration. The timing of aligned purchases becomes progressively better in later years, especially after the midterm elections, when partisan enthusiasm and the associated timing distortion appear to be weaker.

The green line in Figure 6 and Column (2) of Table 9 helps quantify the economic meaning of this timing effect. The green line focuses on the second year ahead return, which can be interpreted as the gain or loss from waiting one additional year before purchasing. Across all four years of the presidential term, the second year ahead return associated with higher aligned purchase share is higher than the corresponding one year ahead return. In presidential term year 1, a one percent increase in aligned purchase share is associated with a 1.58 percent lower one year ahead housing return, whereas waiting one more year implies

a second year ahead return close to zero. In presidential term year 2, a one percent increase in aligned purchase share is associated with a 1.64 percent lower one year ahead housing return, whereas the second year ahead return is associated with a 0.83 percent gain. In presidential term year 3, a one percent increase in aligned purchase share is associated with a one year ahead return close to zero, but waiting one more year is associated with a 2.15 percent gain. In presidential term year 4, a one percent increase in aligned purchase share is associated with a 1.0 percent gain in the one year ahead return, but waiting one more year is associated with an even larger gain of 5.06 percent. Overall, the evidence suggests that the more favorable strategy, especially early in the presidential term, is to wait longer before purchasing.

7 Aggregate Effects

As highlighted by Kempf and Tsoutsoura (2024), while a growing literature documents the role of partisanship in shaping individuals' financial decisions and trading activity, relatively few studies examine its aggregate implications for equilibrium asset prices. Motivated by this gap, we study the aggregate effects of political alignment on county-level housing market outcomes across the United States, focusing on purchase volume, homeownership rate, and house prices and returns.

We measure the impact of party-switching presidential elections on county-level housing outcomes, including residential housing purchase volume, the homeownership rate, house prices, and housing returns, using the following specification:

$$\begin{aligned} Y_{c,t} = \beta_1 \cdot \mathit{Alignment}_{c,t} + \beta_2 \cdot \mathit{DemShare}_{c,t} + \beta_3 \cdot \mathit{Alignment}_{c,t} \cdot \mathit{DemShare}_{c,t} \\ + \theta' \, \mathit{CountyChar}_{c,t} + \alpha_{c,t} + \varepsilon_{c,t} \end{aligned} \tag{10}$$

where $Y_{c,t}$ denotes the county-level outcome in county c and year t. Depending on the specification, $Y_{c,t}$ is (i) log residential housing purchase volume, (ii) the homeownership rate, (iii) log house prices, or (iv) log total housing returns, including rental income. $\mathit{Alignment}_{c,t}$ is an indicator that equals 1 if county c is politically aligned with the party

that controls the White House in year t. $DemShare_{c,t}$ is the Democratic vote share in county c in the most recent presidential election prior to year t. The interaction term $Alignment_{c,t} \cdot DemShare_{c,t}$ allows the effect of alignment to vary with the intensity of Democratic support. $\alpha_{c,t}$ is county fixed effects and year fixed effects. $CountyChar_{c,t}$ is a vector of county-level financial and socioeconomic characteristics, including population, personal income, the one-unit conforming loan limit, and the unemployment rate in year t.

We use the conforming loan limit (CLL) as the control for local mortgage conditions. This choice is motivated by evidence that shifts in credit conditions are a key driver of house prices. Favilukis, Ludvigson, and Van Nieuwerburgh (2017) show that variation in credit supply and borrowing conditions contributes materially to housing price dynamics, so controlling for mortgage market conditions is important for isolating the mechanism of interest. The CLL is a natural proxy for mortgage credit conditions because it determines the maximum loan size that is eligible for purchase or guarantee by Fannie Mae and Freddie Mac. Loans below this threshold qualify for the conforming segment, which is often associated with more favourable pricing. Since the GSEs have been shown to offer subsidised mortgage rates Ambrose, LaCour-Little, and Sanders (2004), an increase in the CLL constitutes a positive shock to the supply of mortgage credit for borrowers who become newly eligible for conforming financing (Loutskina and Strahan (2015)). Adelino, Schoar, and Severino (2025) exploit annual variation in the CLL jointly with the 80 percent loan-to-value cutoff in a difference-in-differences setting to causally estimate how expanded access to conforming credit translates into higher house prices.

We also control for county economic conditions using the local unemployment rate. This helps to account for time-varying differences in economic performance across counties that could be correlated with both political outcomes and housing market activity. In particular, if a shift in federal leadership is associated with changes in economic policy or policy expectations that differentially affect counties with different political leanings, failing to control for local labour market conditions could confound our estimates. Including the unemployment rate therefore mitigates concerns that our results reflect differential local economic trends rather than the mechanism of interest.

Table 10 reports the estimates from Equation (10). Column (1) shows that political alignment is associated with an 8.7 percent higher residential housing purchase volume relative to non-aligned counties. Column (2) yields a similar pattern for homeownership: aligned counties exhibit a 0.6 percent higher homeownership rate. Because increases in homeownership mechanically reflect renter-to-owner transitions, the observed rise in homeownership is consistent with the idea that home purchases can partly reflect political motivations (Shiller (2007)). Taken together, columns (1) and (2) indicate that alignment is associated with stronger housing market participation, while greater Democratic support is associated with weaker participation. Column (3) shows that aligned counties have 6.8 percent higher house prices. In contrast, columns (4) shows that political alignment is associated with lower returns. Specifically, aligned counties have 0.8 percent lower total housing returns (including rents). Overall, alignment is associated with higher prices but lower returns, which suggests a political driven behavioral bias in housing purchases. Moreover, the return patterns suggest that counties with stronger Democratic support exhibit less partisan-driven overvaluation in housing purchases.

8 Conclusion

This paper studies how partisanship shapes home purchase behavior, housing returns, and local housing market outcomes. Linking individual housing transactions to voter registration records for 51.4 million voters, we document that Republicans are nearly twice as likely as Democrats to purchase a home in a given year and earn higher realized housing returns, a gap that persists even among partisans transacting in the same zip code at the same time. Home buying also responds causally to partisan alignment with the president: aligned individuals buy more, and the effect is concentrated in purchases with an investment motive while nearly absent for consumption-driven moves.

The evidence points to a belief channel. Survey data show that households become more optimistic about home-buying conditions when their party controls the White House, and these expectations map into purchase decisions. The same optimism distorts timing: aligned buyers purchase too early in new administrations, when partisan bias is strongest

and subsequent local returns are lowest. At the market level, politically aligned counties experience greater purchase activity, higher homeownership, and higher house prices, but lower subsequent housing returns, consistent with belief-driven overvaluation.

Taken together, these findings show that political polarization carries economically meaningful consequences in the largest household asset market. Partisan beliefs shape not only what households expect but what they buy, when they buy it, and the returns they earn, and these individual distortions aggregate into local housing markets. As polarization deepens, its footprint on household balance sheets and asset prices is likely to grow, suggesting that political identity belongs alongside income, demographics, and financial literacy as a determinant of household financial outcomes.

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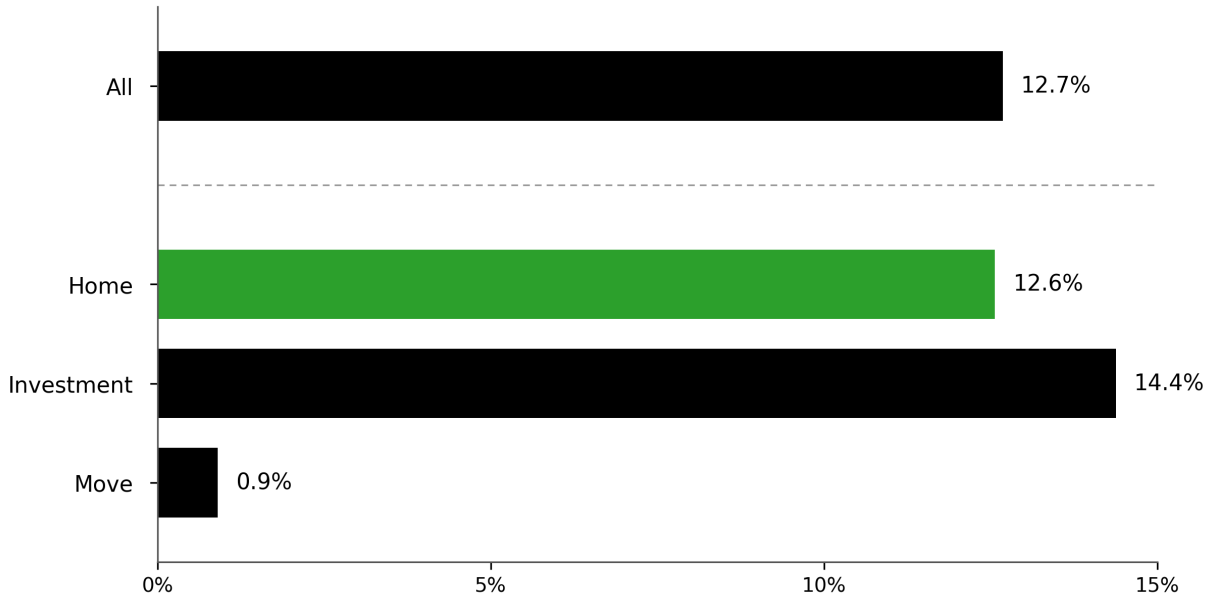


Figure 1: **Partisan alignment effects, by purchase types**
This figure examines the partisan alignment effects (relative to the sample mean) on home purchase by individuals. We estimate the partisan alignment effects (relative to the sample mean) separately by purchase type. Equation (3) gives the exact specification. Regressions are performed at the zip-party-characteristic-year cell level and are weighted by the number of voters in each cell. Standard errors are clustered by county. The sample period is from 2010 to 2023.

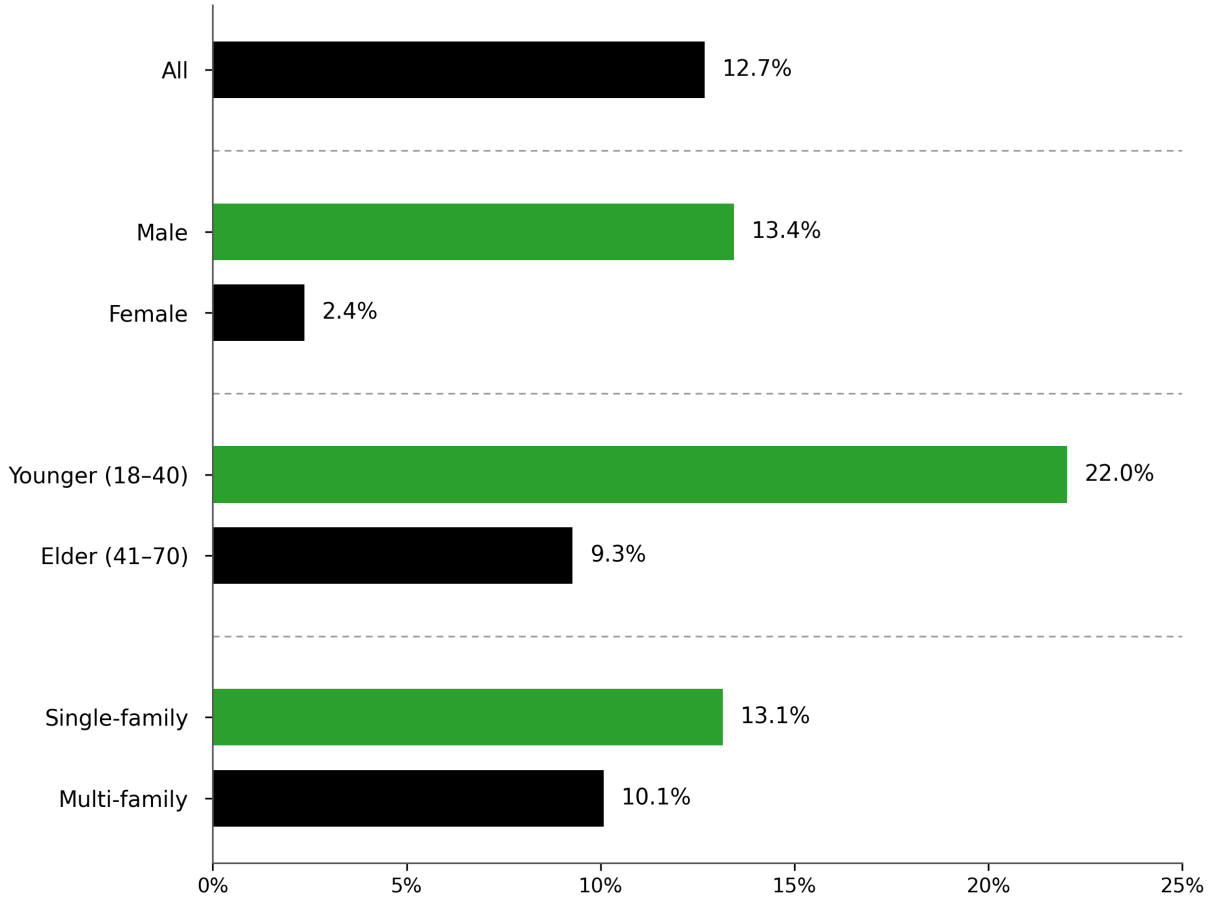


Figure 2: **Partisan alignment effects, by gender, age, and housing type**
This figure examines the partisan alignment effects (relative to the sample mean) on home purchase by individuals. We estimate the partisan alignment effects (relative to the sample mean) separately by gender, age, and housing type. Equation (3) gives the exact specification. Regressions are performed at the zip-party-characteristic-year cell level and are weighted by the number of voters in each cell. Standard errors are clustered by county. The sample period is from 2010 to 2023.

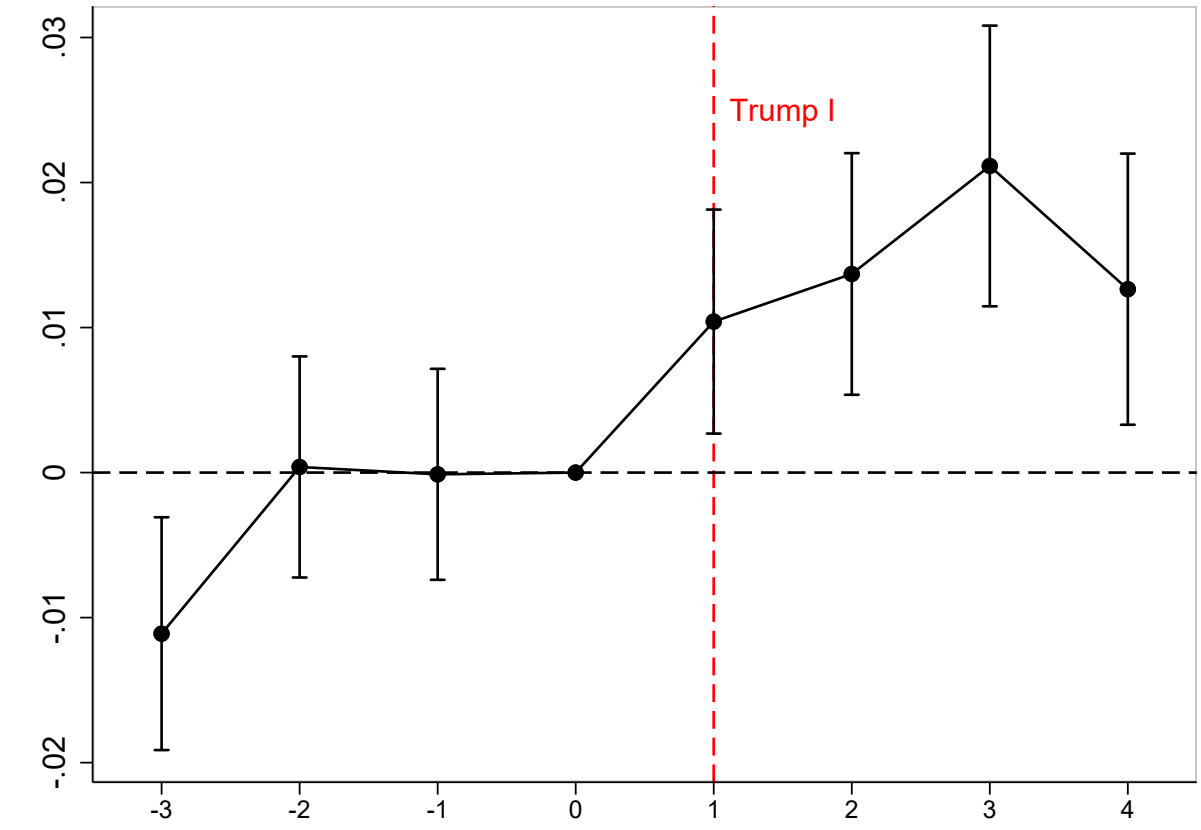
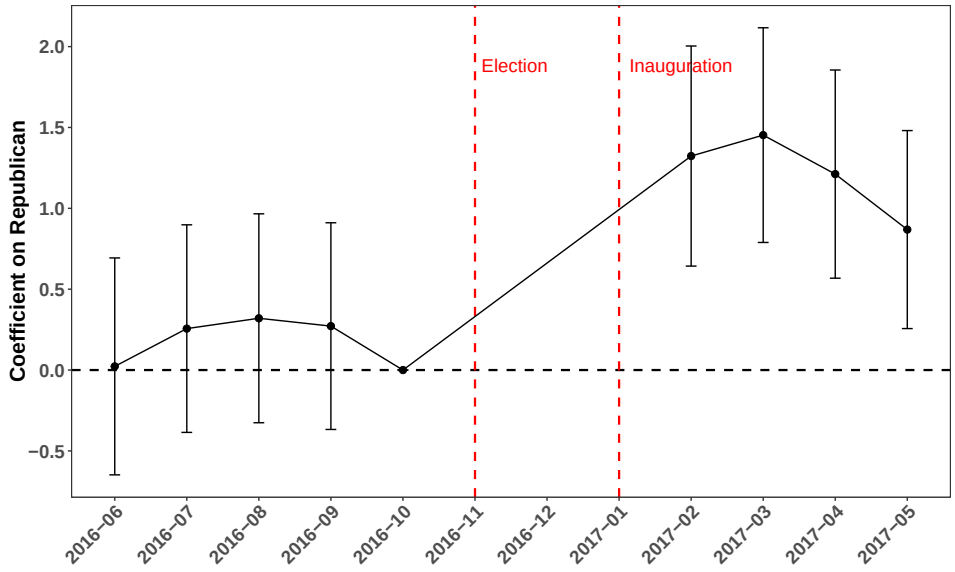
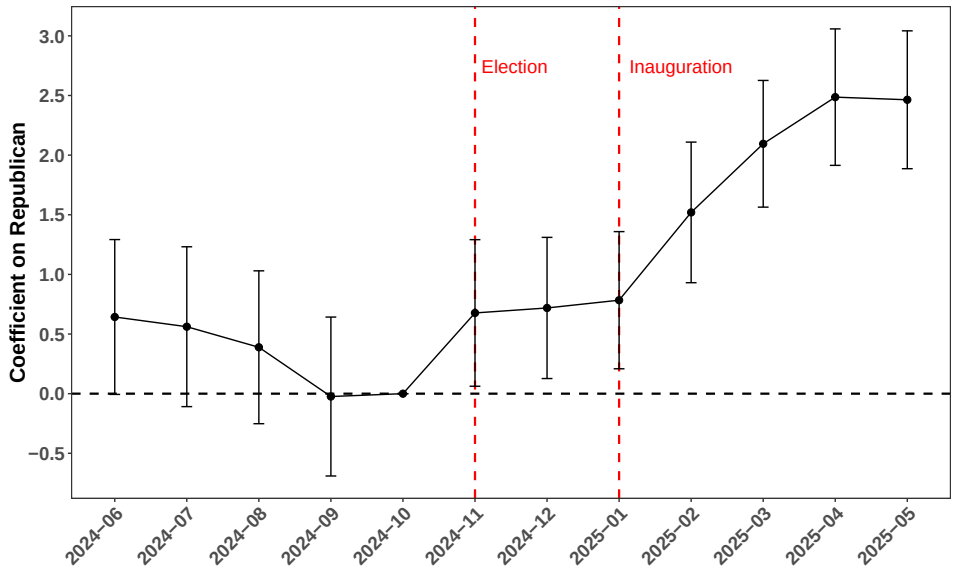


Figure 3: **Alignment shift in home purchase probability around the 2016 presidential election**

This Figure presents the relative change of home purchase rate among Democrat and Republican. The sample consists of Democrats and Republicans, with the outcome measured as an indicator of the probability of home purchase in a given half year. Units are in percentage points. Regressions are run at the zip-party-characteristic-half-year cell level and are weighted by the number of voters in each cell. Equation (5) gives the exact specification. Standard errors are clustered by county. The coefficient bar plots the 95% confidence interval. Sample period is from 2015 to 2018, with t = 0 is the second half year of 2016.



Panel A: Alignment Shift in Home Buying Expectations around the 2016 Presidential Election



Panel B: Alignment Shift in Home Buying Expectations around the 2024 Presidential Election

Figure 4: **Alignment shifts in expectations around the 2016 and 2024 presidential elections**

Both Panel A and Panel B in Figure 3 present coefficient estimates of γ^m for each pseudo year y (June to May) from the Equation (7). γ^m plotted can be interpreted as the relative change in house buying expectations for those affiliated with the Alignment Party around each Presidential election.

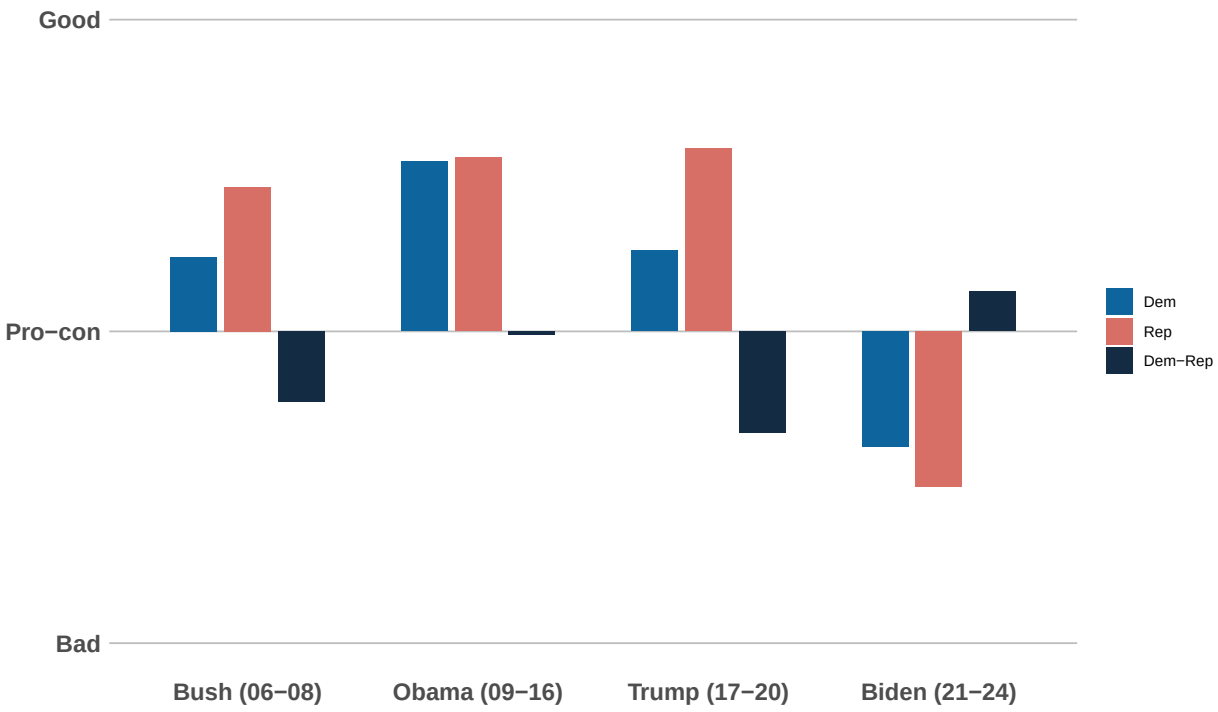


Figure 5: **Partisan home buying expectations**
This Figure presents the average home buying expectations including both renters and owners. The data are from the University of Michigan Survey of Consumers. Home buying expectations are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey. We also report the difference between the two.

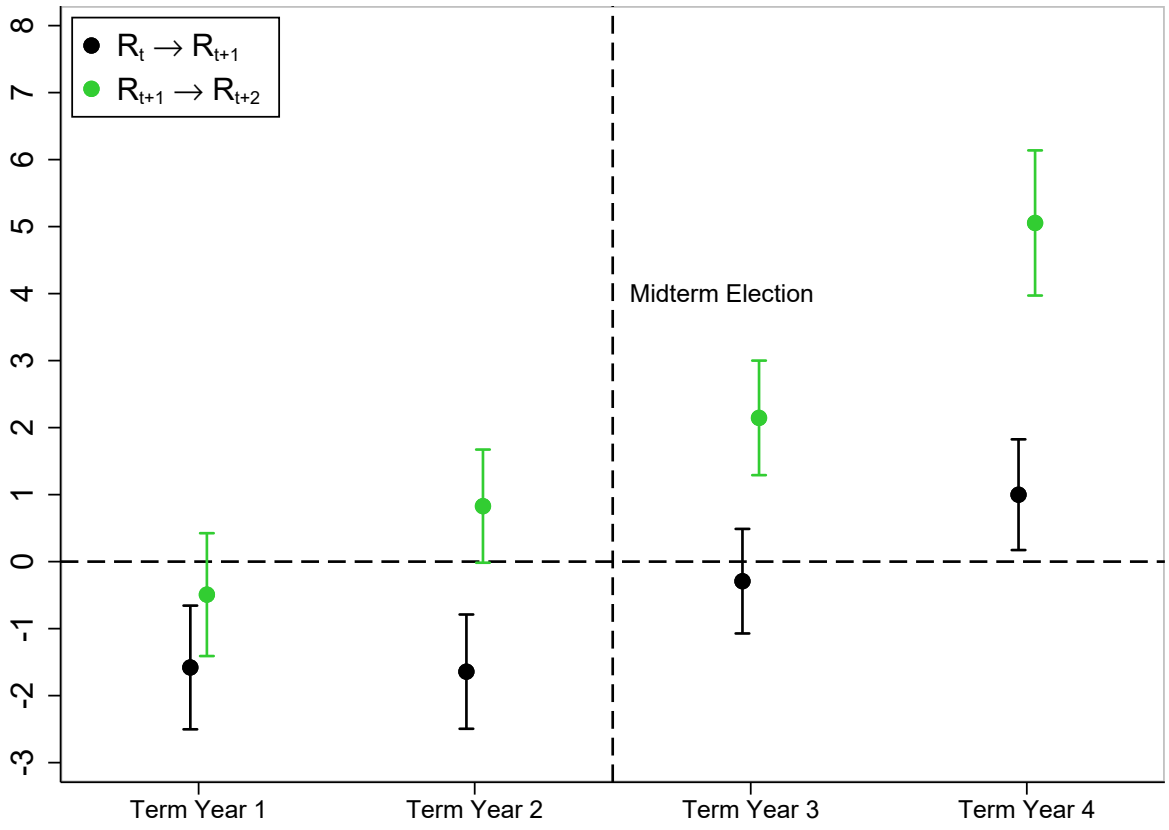


Figure 6: **Gains and losses from partisan purchase timing**
This figure reports coefficient estimates of γ_k and confidence intervals for the interaction terms between partisan alignment and presidential term year indicators in Equation (9). We use black to denote one year ahead house price growth and green to denote second year ahead house price growth. All specifications control for county-level characteristics and include ZIP code and year fixed effects. Standard errors are clustered at the ZIP level.

Table 1: **Summary statistics**

This table reports summary statistics for annual home purchase probabilities by individual characteristics, housing type, and purchase type. It presents the mean, standard deviation, and proportion of the total population for each category. 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 2010 to 2023. Units are in percentage points.

	(1) Overall			(2) Democrat			(3) Republican		
	Mean	SD	Prop.	Mean	SD	Prop.	Mean	SD	Prop.
By Voter Type									
All	0.544	0.881	100.000	0.385	0.695	56.191	0.749	1.039	43.809
Male	0.844	1.130	46.100	0.556	0.911	23.275	1.137	1.250	22.825
Female	0.288	0.455	53.900	0.264	0.450	32.916	0.327	0.460	20.984
Age 18–30	0.042	0.197	12.923	0.020	0.114	7.743	0.076	0.275	5.180
Age 31–40	0.312	0.691	18.247	0.198	0.471	11.531	0.507	0.925	6.716
Age 41–50	0.668	1.059	19.913	0.485	0.839	11.792	0.933	1.268	8.122
Age 51–60	0.737	0.938	23.210	0.580	0.820	12.047	0.907	1.024	11.162
Age 61–70	0.693	0.877	25.707	0.496	0.673	13.078	0.896	1.007	12.629
Younger (Age 18–40)	0.200	0.486	31.170	0.124	0.323	19.274	0.328	0.656	11.350
Elder (Age 41–70)	0.701	0.950	68.830	0.521	0.771	36.917	0.910	1.088	31.913
By Housing Type									
Single Family House	0.486	0.805	100.000	0.347	0.649	56.191	0.664	0.940	43.809
Multi-Family House	0.031	0.130	100.000	0.025	0.102	56.191	0.040	0.158	43.809
By Purchase Type									
First Home Purchase	0.484	0.794	100.000	0.349	0.644	56.191	0.657	0.925	43.809
Subsequent Investment Purchase	0.055	0.202	100.000	0.032	0.150	56.191	0.084	0.251	43.809
Subsequent Move Purchase	0.007	0.056	100.000	0.004	0.045	56.191	0.011	0.067	43.809

Table 1: **Summary statistics (continue)**

This table reports summary statistics for annualized realized unlevered housing returns and holding periods by individual characteristics. We winsorise returns at the 1st and 99th percentiles. This table presents the mean, standard deviation, and proportion of the total transactions for each category. 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 2010 to 2023. Units are in percentage points.

Panel A: Returns

	(1) Overall			(2) Democrat			(3) Republican		
	Mean	SD	Prop.	Mean	SD	Prop.	Mean	SD	Prop.
All	9.570	11.109	100.000	9.159	10.460	34.808	9.790	11.434	65.192
Male	9.459	11.139	74.922	8.971	10.451	22.437	9.668	11.414	52.484
Female	9.903	11.012	25.078	9.500	10.467	12.370	10.294	11.504	12.708
Age 18–30	13.692	12.286	1.628	12.722	11.641	0.427	14.036	12.490	1.202
Age 31–40	9.978	9.603	19.724	9.742	8.950	6.708	10.099	9.921	13.016
Age 41–50	8.535	10.170	24.628	8.197	9.376	9.364	8.743	10.623	15.264
Age 51–60	9.440	11.789	18.249	8.960	10.983	6.057	9.679	12.163	12.192
Age 61–70	10.282	12.331	17.574	9.933	11.965	5.723	10.450	12.500	11.851

Panel B: Holding Period

	(1) Overall			(2) Democrat			(3) Republican		
	Mean	SD	Prop.	Mean	SD	Prop.	Mean	SD	Prop.
All	4.773	2.628	100.000	4.886	2.641	34.808	4.713	2.619	65.192
Male	4.816	2.624	74.922	4.954	2.635	22.437	4.758	2.617	52.484
Female	4.644	2.636	25.078	4.763	2.648	12.370	4.528	2.620	12.708
Age 18–30	3.467	2.203	1.628	3.633	2.310	0.427	3.407	2.162	1.202
Age 31–40	4.380	2.248	19.724	4.378	2.212	6.708	4.380	2.266	13.016
Age 41–50	5.035	2.602	24.628	5.116	2.587	9.364	4.984	2.609	15.264
Age 51–60	4.845	2.721	18.249	4.992	2.739	6.057	4.772	2.708	12.192
Age 61–70	4.769	2.734	17.574	4.889	2.762	5.723	4.712	2.718	11.851

Table 2: **Partisan home purchase probability**

This table analyzes the home purchase probability based on party affiliation, and the outcome is the indicator of individual's home purchase in a given year. Units are in percentage points. Individuals are classified into two categories: Democrats and Republicans. The variable *Democrat* equals one if a person identifies as a Democrat and zero otherwise. Control variables include gender and age group, as well as county-level financial and socioeconomic characteristics. Equation (1) gives the exact specification. The regressions are conducted at the zip-party-characteristic-year cell level, weighted by the number of voters in each cell. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	(1)	(2)	(3)	(4)
	Purchase Probability	Purchase Probability	Purchase Probability	Purchase Probability
Democrat	-0.202***	-0.141***	-0.174***	-0.111***
	(0.012)	(0.010)	(0.011)	(0.010)
Observations	440,593,692	440,593,692	440,593,692	440,593,692
R^2	0.247	0.337	0.316	0.408
Gender Control	No	Yes	No	Yes
Age Control	No	No	Yes	Yes
County Controls	Yes	Yes	Yes	Yes
ZIP FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes

Note: $^{*}\ p < 0.1$, $^{**}\ p < 0.05$, $^{***}\ p < 0.01$

Table 3: **Partisan unlevered housing returns**

This table analyzes the annualized realized unlevered housing returns based on party affiliation. Units are in percent. Individuals are classified into two categories: Democrats and Republicans. The variable *Democrat* equals one if a person identifies as a Democrat and zero otherwise. Control variables include holding periods, gender and age, as well as county-level financial and socioeconomic characteristics. Equation (2) gives the exact specification. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	(1)	(2)	(3)	(4)	(5)
	Return	Return	Return	Return	Return
Democrat	-0.689***	-0.482***	-0.372***	-0.374***	-0.320***
	(0.097)	(0.045)	(0.050)	(0.063)	(0.055)
Observations	480,418	386,567	369,950	273,865	273,144
R-squared	0.037	0.404	0.455	0.676	0.716
Holding Period Control	No	No	Yes	Yes	No
Gender + Age Controls	Yes	Yes	Yes	Yes	Yes
County Controls	Yes	Yes	Yes	Yes	Yes
ZIP-BuyYM FE	No	No	Yes	Yes	Yes
ZIP-SellYM FE	No	Yes	No	Yes	Yes
BuyYM x SellYM FE	No	No	No	No	Yes
Note:				$^{*}\ p<0.1$, $^{**}\ p<0.05$, $^{***}\ p<0.01$	

Table 4: **Partisan alignment effects on 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 sample includes Democratic and Republican voters, and the outcome is the indicator of individual's home purchase in a given year. Units are in percentage points. The variable, *Alignment*, equals one if the party in power is the same as an individual's party affiliation in the home purchase year. The variable *Democrat* equals one if a person's party affiliation is Democrat and zero otherwise. Control variables include county-level financial and socioeconomic characteristics. Equation (3) gives the exact specification. Regressions are performed at the zip-party-characteristic-year cell level and are weighted by the number of voters in each cell. We also estimate the regressions separately by gender and age. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	(1)	(2)	(3)	(4)
	Purchase	Purchase	Purchase	Purchase
Alignment	0.069***	0.069***	0.069***	0.069***
	(0.008)	(0.008)	(0.008)	(0.008)
Democrat	-0.232***	-0.170***	-0.203***	-0.141***
	(0.011)	(0.010)	(0.011)	(0.011)
Observations	440,593,692	440,593,692	440,593,692	440,593,692
R^2	0.248	0.338	0.317	0.409
Gender Control	No	Yes	No	Yes
Age Control	No	No	Yes	Yes
Control	Yes	Yes	Yes	Yes
ZIP FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Note:				* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 5: **Partisan alignment effects on home purchase probability, by purchase types**

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 sample includes Democratic and Republican voters, and the outcome is the indicator of individual's home purchase in a given year. Units are in percentage points. The variable, *Alignment*, equals one if the party in power is the same as an individual's party affiliation in the home purchase year. Control variables include indicator for Democrat, county-level financial and socioeconomic characteristics. Equation (3) gives the exact specification. Regressions are performed at the zip-party-characteristic-year cell level and are weighted by the number of voters in each cell. We estimate the regressions separately by purchase types. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	(1) Home	(2) Investment	(3) Move
Panel A: Regression estimates			
Alignment (β)	0.061***	0.008***	0.000
	(0.008)	(0.001)	(0.000)
Effect relative to mean (%)	12.566	14.379	0.907
Outcome mean (μ)	0.484	0.055	0.007
Observations	440,593,692	440,593,692	440,593,692
R^2	0.401	0.179	0.043
Gender control	Yes	Yes	Yes
Age controls	Yes	Yes	Yes
County controls	Yes	Yes	Yes
ZIP FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Clustering	County	County	County
Panel B: Pairwise relative-effect comparisons			
H_0 :	$\frac{\beta_{(1)}}{\mu_{(1)}} - \frac{\beta_{(2)}}{\mu_{(2)}} = 0$	$\frac{\beta_{(2)}}{\mu_{(2)}} - \frac{\beta_{(3)}}{\mu_{(3)}} = 0$	$\frac{\beta_{(1)}}{\mu_{(1)}} - \frac{\beta_{(3)}}{\mu_{(3)}} = 0$
Relative-effect difference	-1.813	13.472	11.659
p-value of F-statistic	0.283	0.000	0.000

Table 6: **Alignment shift in home purchase probability around the 2016 presidential election (Static DID)**

This table presents alignment shift in home purchase probability around the 2016 presidential election in a static difference-in-differences framework. The sample includes Democratic and Republican voters, and the outcome is the indicator of individual's home purchase in a given year. Units are in percentage points. *Alignment* is one for Republicans and zero for Democrats. Equation (4) gives the exact specification. Standard errors are clustered by county. Regressions are run at the zip-party-characteristic-half-year cell level and are weighted by the number of voters in each cell. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2015 to 2018.

	(1)	(2)
	Purchase Probability	Purchase Probability
Post × Alignment	0.041***	0.035***
	(0.005)	(0.004)
Post	0.051***	-0.017***
	(0.007)	(0.004)
Alignment	0.092***	0.034***
	(0.007)	(0.004)
Observations	246,438,272	246,438,272
R^2	0.190	0.421
Gender + Age Control	No	Yes
County Controls	Yes	Yes
Macro Condition Controls	Yes	Yes
ZIP FE	Yes	Yes
Note:	* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$	

Table 7: **Partisan home buying expectations**

This table reports estimates of housing market expectations by partisan affiliation by Presidential administration in time t. Equation (8) gives the exact specification. Standard errors are clustered by individual. Standard errors are reported in parentheses. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Home Buying Expectations			1-year HPE	5-year HPE
	(1)	(2)	(3)	(4)	(5)
	Total	Owner	Renter	Owner	Owner
Republican					
× Bush (06-08)	0.104***	0.086***	0.146***	0.875***	0.123
	(0.014)	(0.016)	(0.039)	(0.261)	(0.218)
× Obama (09-16)	−0.008	−0.018**	−0.0005	−0.550***	−0.293**
	(0.008)	(0.009)	(0.023)	(0.130)	(0.117)
× Trump (17-20)	0.146***	0.143***	0.126***	0.536***	0.329***
	(0.006)	(0.007)	(0.013)	(0.087)	(0.073)
× Biden (21-24)	−0.068***	−0.072***	−0.043***	−1.119***	−0.852***
	(0.006)	(0.006)	(0.011)	(0.109)	(0.099)
Observations	60,056	45,653	14,403	44,489	44,001
R^2	0.262	0.286	0.183	0.061	0.021
Individual Characteristic Controls	Yes	Yes	Yes	Yes	Yes
Region FE	Yes	Yes	Yes	Yes	Yes
Year-month FE	Yes	Yes	Yes	Yes	Yes
Note:					*p<0.1; **p<0.05; ***p<0.01

Table 8: **Interaction with partisan expectations gap - individual**

This table regresses home purchase probability on Democrat as well as on interactions with a measure of partisan disagreement on home buying expectations. The sample includes Democratic and Republican voters, and the outcome is the indicator of individual's home purchase in a given year. Units are in percentage points. To measure partisan expectations about the housing market, we use responses to the following question from the Michigan Consumer Survey: "Generally speaking, do you think now is a good time or a bad time to buy a house?" Based on these responses, we construct a measure of partisan disagreement as the annual difference in home buying expectations between Republican and Democratic respondents (HOMGap). We standardize this measure to have a mean of zero and a standard deviation of one, where a higher value indicates that Republicans are more optimistic about home-buying conditions. The variable *Democrat* equals one if a person's party affiliation is Democrat and zero otherwise. Control variables include county-level financial and socioeconomic characteristics. Regressions are performed at the zip-party-characteristic-year cell level and are weighted by the number of voters in each cell. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	(1)	(2)
	Purchase Probability	Purchase Probability
Democrat	-0.211***	-0.119***
	(0.013)	(0.011)
Democrat × HOMGap	-0.039***	-0.039***
	(0.008)	(0.008)
Observations	377,651,736	377,651,736
R^2	0.252	0.416
Gender + Age Controls	No	Yes
County Controls	Yes	Yes
ZIP FE	Yes	Yes
Year FE	Yes	Yes
Note:		* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 9: **Gains and losses from partisan purchase timing**

This table examines the relationship between the partisan alignment and future return. The outcome is the housing return. Units are in percentage points. The variable, *AlignmentShare* is the share of purchases by partisan aligned individuals among all purchases in a given ZIP code. *Year k* is an indicator equal to one if the year is the kth year of the presidential term. Equation (9) gives the exact specification. Regressions are performed at the zip-year level. Standard errors are clustered by zipcode. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	(1)	(2)	(3)
	t → t+1	t+1 → t+2	t → t+2
Democratic Purchase Share	-0.054	-0.964**	-1.004*
	(0.416)	(0.477)	(0.602)
Alignment × Year 1	-1.579***	-0.492	-1.892***
	(0.471)	(0.468)	(0.597)
Alignment × Year 2	-1.642***	0.828*	-0.767
	(0.435)	(0.431)	(0.550)
Alignment × Year 3	-0.292	2.146***	2.096***
	(0.398)	(0.436)	(0.560)
Alignment × Year 4	0.999**	5.055***	7.466***
	(0.422)	(0.552)	(0.666)
Observations	49,506	48,838	48,168
R^2	0.443	0.383	0.634
Gender + Age Controls	Yes	Yes	Yes
County Controls	Yes	Yes	Yes
ZIP FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
Note:	* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$		

Table 10: **Aggregate and real effects**

This table reports the effect of political alignment on log residential purchase volumes, homeownership rate, residential house price, and residential house total return. Equation (10) gives the exact specification. Standard errors are clustered by county. Standard errors are reported in parentheses. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	(1)	(2)	(3)	(4)
	Volume	Ownership	Price	Return
Alignment	0.083*	0.006***	0.066***	−0.008**
	(0.050)	(0.002)	(0.008)	(0.003)
Democratic Share	−1.181***	−0.023***	−0.058*	0.038***
	(0.203)	(0.008)	(0.033)	(0.010)
Alignment × Democratic Share	−0.133	−0.011***	−0.110***	0.011
	(0.111)	(0.004)	(0.017)	(0.007)
Observations	31,955	42,760	42,759	39,705
R^2	0.936	0.927	0.975	0.453
County Controls	Yes	Yes	Yes	Yes
County FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Note:				*p<0.1; **p<0.05; ***p<0.01

A Online Appendix

A.1 Data Merging Process

We construct the analysis sample by linking voter registration records, consumer address histories, and residential deed transactions. The goal of the merge is to recover whether and when registered voters purchase homes, while also preserving information on each voter's party affiliation, demographic characteristics, and historical residential location.

We begin with official voter registration records from Florida, Georgia, North Carolina, Nevada, New York, and Ohio. These records provide each registrant's name, current residential address, gender, date of birth, and party affiliation when available. For states with party registration, we classify voters using their registered party. For states without reliable party registration, we infer partisan affiliation from primary election participation. The main analysis focuses on voters classified as Democrats or Republicans.

We then use Verisk consumer address history data to recover voters' historical residential locations. Verisk reports up to ten historical addresses for each consumer over the past thirty years. We first clean and standardize names and addresses in both the voter files and Verisk records. We match the current residential address in the voter records to the current address in Verisk and then use the matched Verisk address histories to construct a historical address panel for each voter. To reduce false matches in dense or ambiguous locations, we drop current addresses that are associated with more than ten consumers.

Next, we process ATTOM residential deed transactions from 2010 to 2023. The deed records provide property addresses, transaction dates, transfer prices, buyer and seller names, and mailing-address information. We retain residential transactions with valid transaction dates and transfer amounts and apply standard screens to remove non-arm's-length or mechanically generated transfers, including construction loans, foreclosures, mortgage records, timeshare transfers, auction sales, quitclaim deeds, partial-interest transfers, affidavits of death, intrafamily transfers, and gift deeds.

The final merge links the voter-address panel to the cleaned ATTOM deed records. We match voters to deed transactions using standardized individual names and addresses. The address match uses either the property address or the guarantor mailing address recorded in the deed data. This approach allows us to identify purchases even when a buyer's mailing address differs from the purchased property's address. A voter is classified as purchasing a home in a given period when we observe a matched deed transaction for that voter in that period.

We use the matched transaction records to construct the individual-year panel for 2010–2023. Each registered voter contributes one observation per year, and the main purchase outcome equals one if the voter purchases a home in that year. The final panel contains 718 million individual-year observations and is built from 5.8 million matched housing transactions. For analyses of realized housing returns, we further construct a repeat-sales sample by linking properties that transact at least twice, pairing each purchase with the subsequent sale, and requiring ownership consistency across the purchase-sale pair.

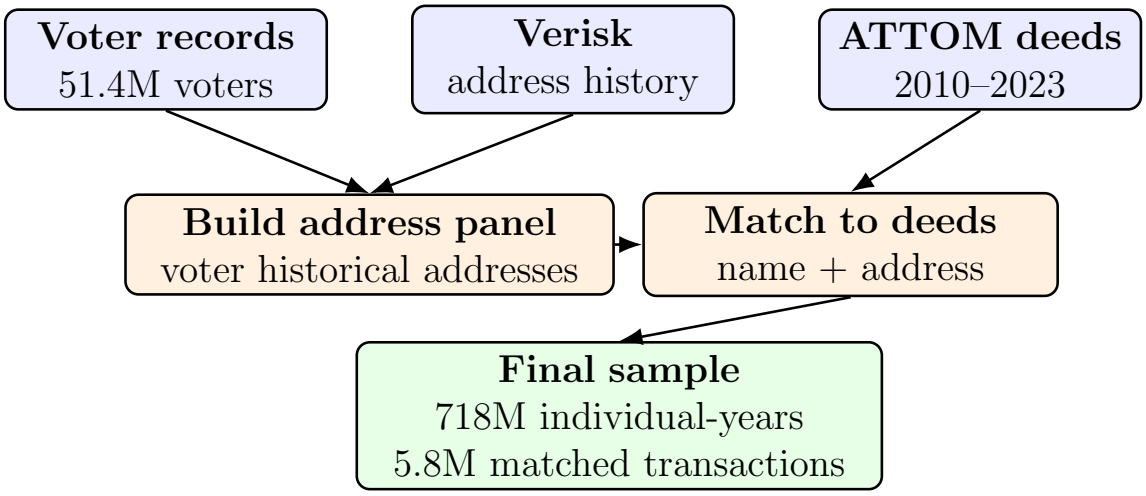
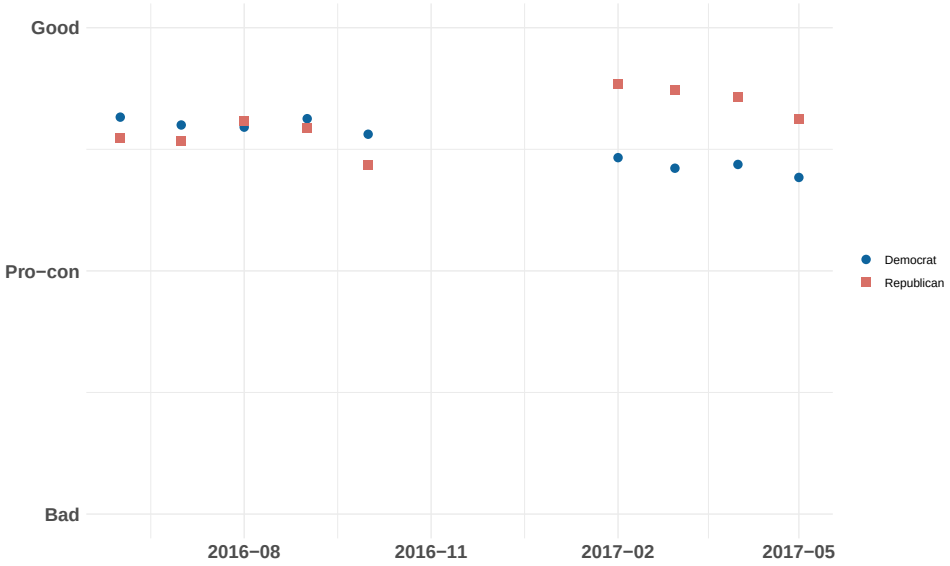
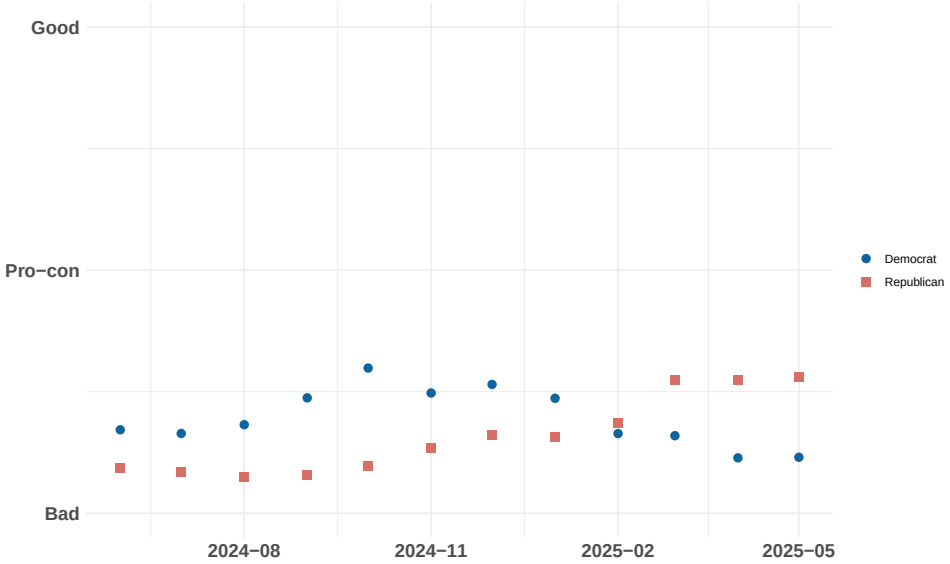


Figure A.1: **Data merging process**
This figure summarizes the construction of the final individual-year sample. We combine voter registration records from Florida, Georgia, North Carolina, Nevada, New York, and Ohio with Verisk consumer address histories to construct historical voter address panels. We then merge these records to ATTOM deed transactions from 2010 to 2023 using individual names and addresses. The address match uses either the property address or the guarantor mailing address. The final sample contains 718 million individual-year observations from 5.8 million matched housing transactions.



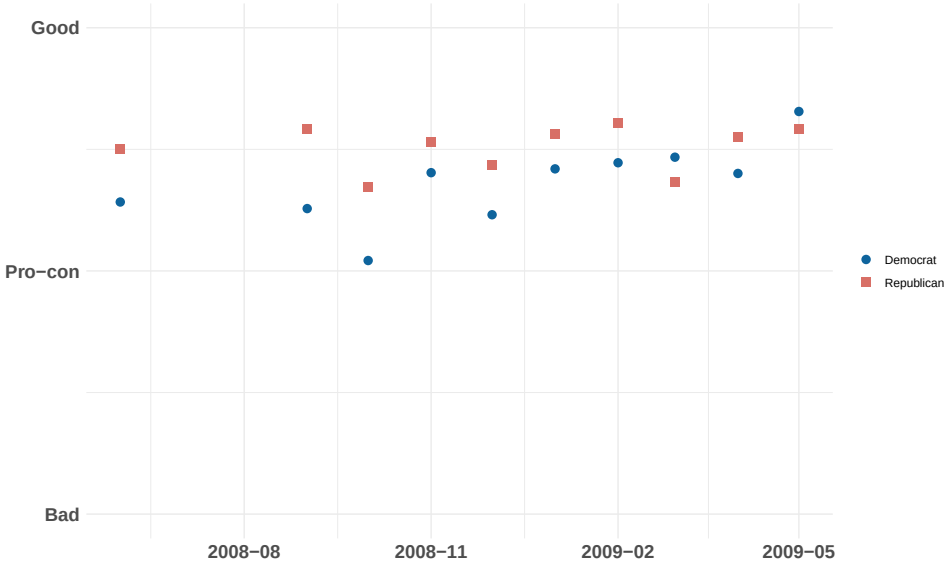
Panel A: Home buying expectations around 2016 presidential election by partisanship



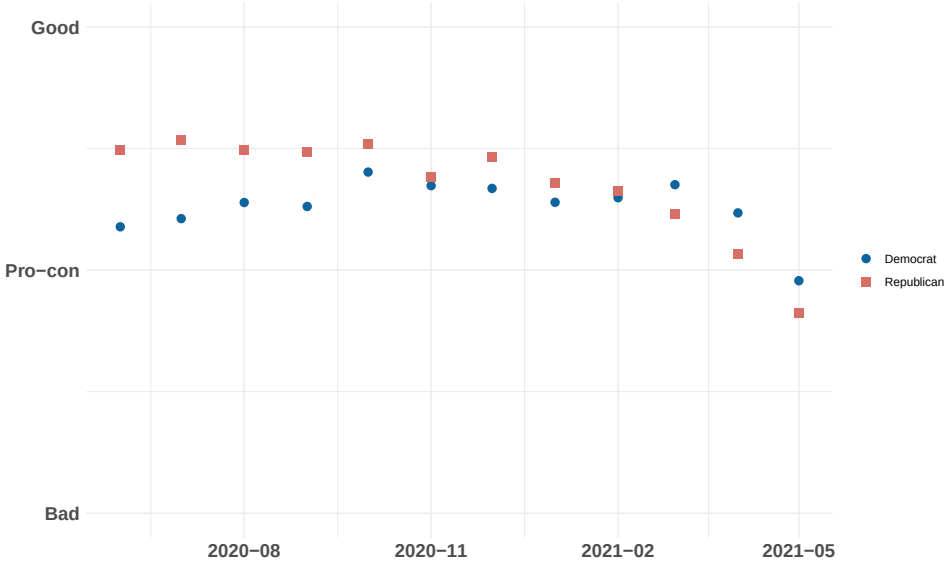
Panel B: Home buying expectations around 2024 presidential election by partisanship

Figure A.2: **Partisan expectations shifts around 2016 and 2024 presidential elections**

Panel A presents Home buying expectations including both renters and owners, half a year before and after the 2016 partisanship election. Panel B presents the Home buying expectations including both renters and owners, half a year before and after the 2024 partisanship election. The data are from the University of Michigan Survey of Consumers. Home buying expectations are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey.



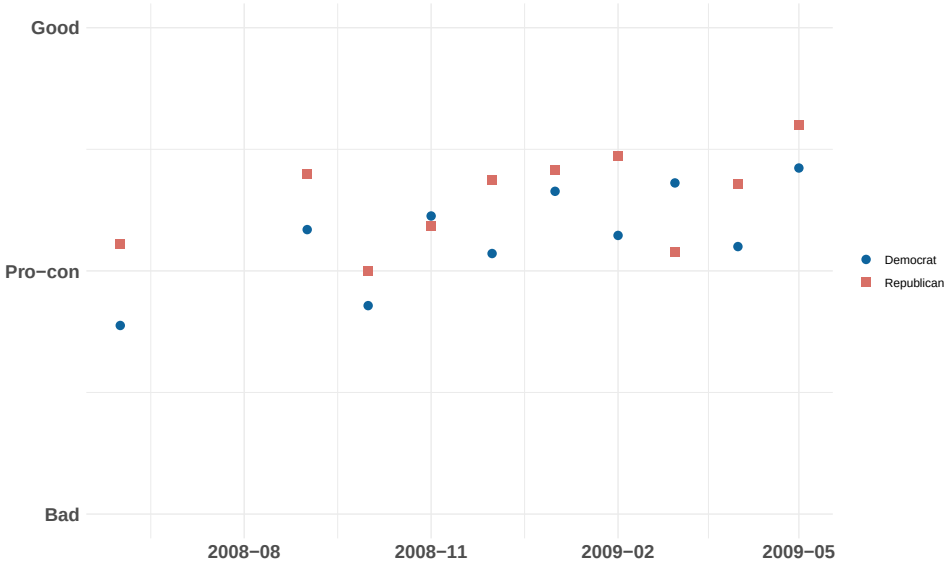
Panel A: Home buying expectations around 2008 presidential election by partisanship



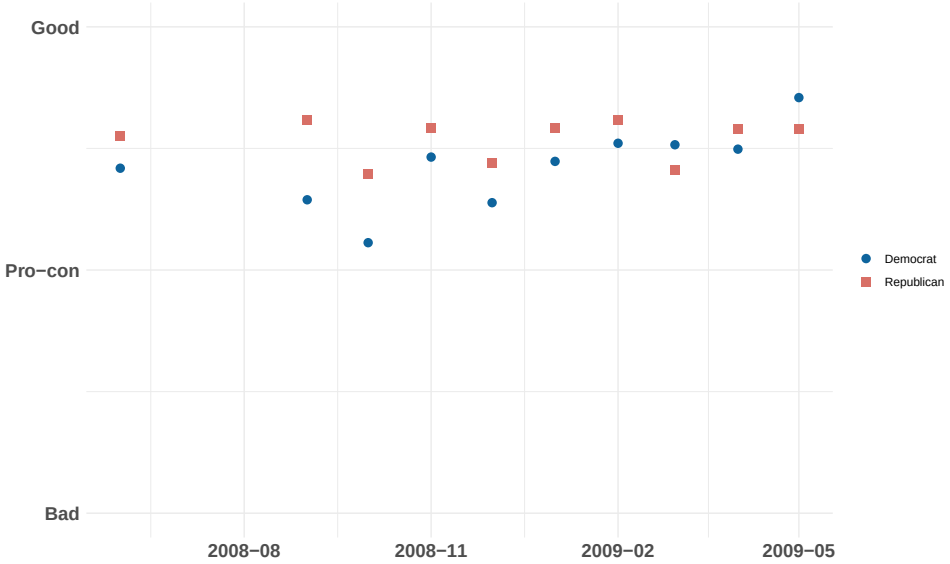
Panel B: Home buying expectations around 2020 presidential election by partisanship

Figure A.3: **Partisan expectations shifts around 2008 and 2020 presidential elections**

Panel A presents Home buying expectations including both renters and owners, half a year before and after the 2008 partisanship election. Panel B presents the Home buying expectations including both renters and owners, half a year before and after the 2020 partisanship election. The data are from the University of Michigan Survey of Consumers. Home buying expectations are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey.



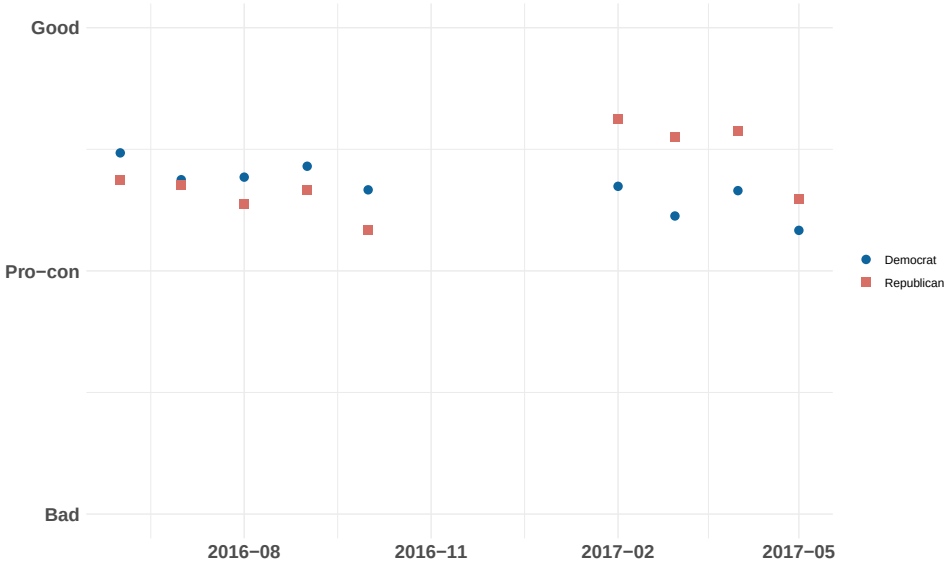
Panel A: Renters' home buying expectations around 2008 presidential election by partisanship



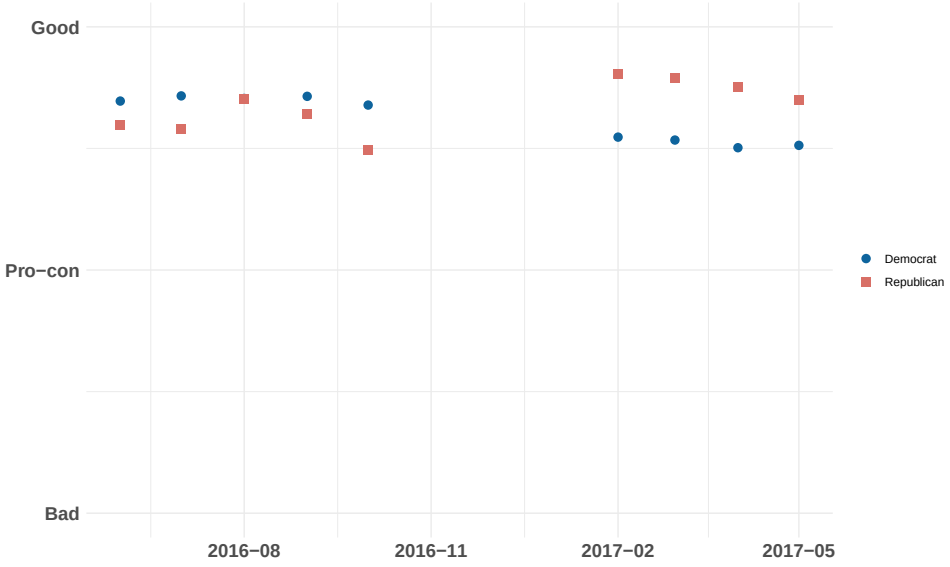
Panel B: Owners' home buying expectations around 2008 presidential election by partisanship

Figure A.4: **Partisan renters' and owners' expectations shifts around 2008 presidential election**

Panel A presents the survey Renters' home buying expectations, half a year before and after the 2008 partisanship election. Panel B presents the survey Owners' home buying expectations, half a year before and after the 2008 partisanship election. The data are from the University of Michigan Survey of Consumers. Both Renters' and Owner's home buying expectations are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey.



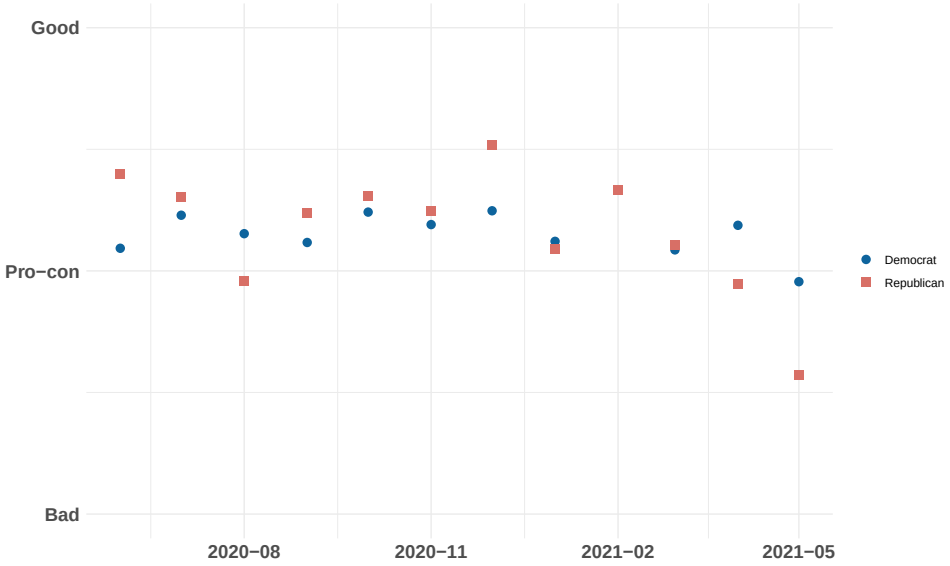
Panel A: Renters' home buying expectations around 2016 presidential election by partisanship



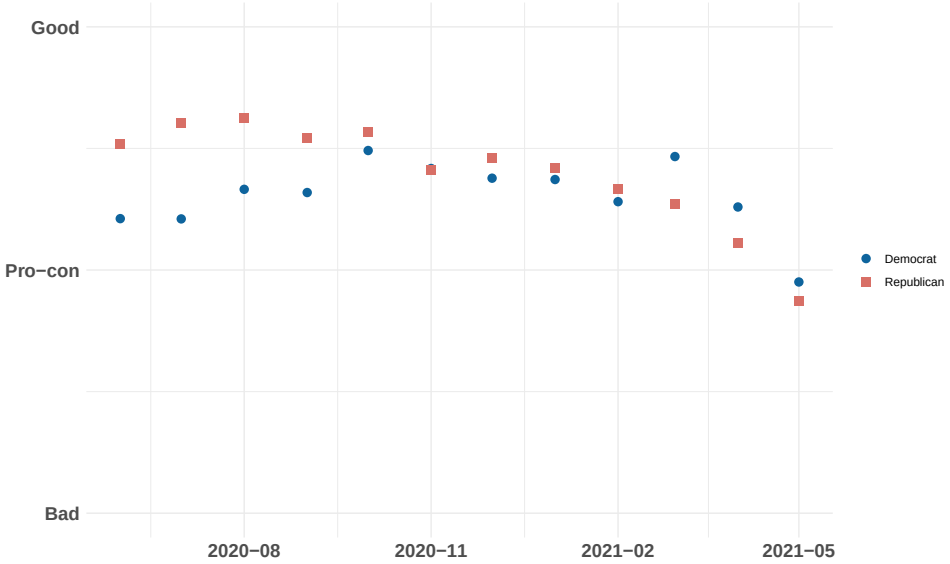
Panel B: Owners' home buying expectations around 2016 presidential election by partisanship

Figure A.5: **Partisan renters' and owners' expectations shifts around 2016 presidential election**

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



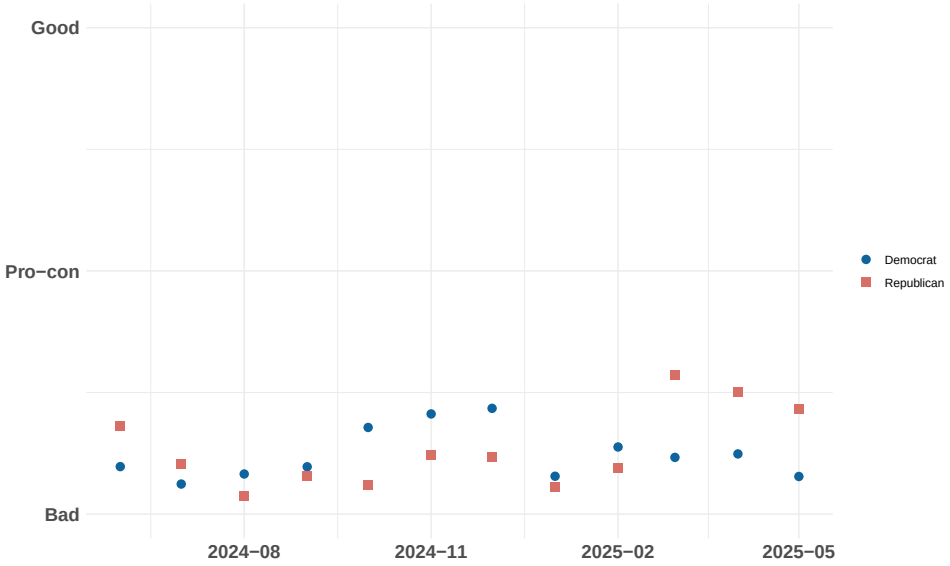
Panel A: Renters' home buying expectations around 2020 presidential election by partisanship



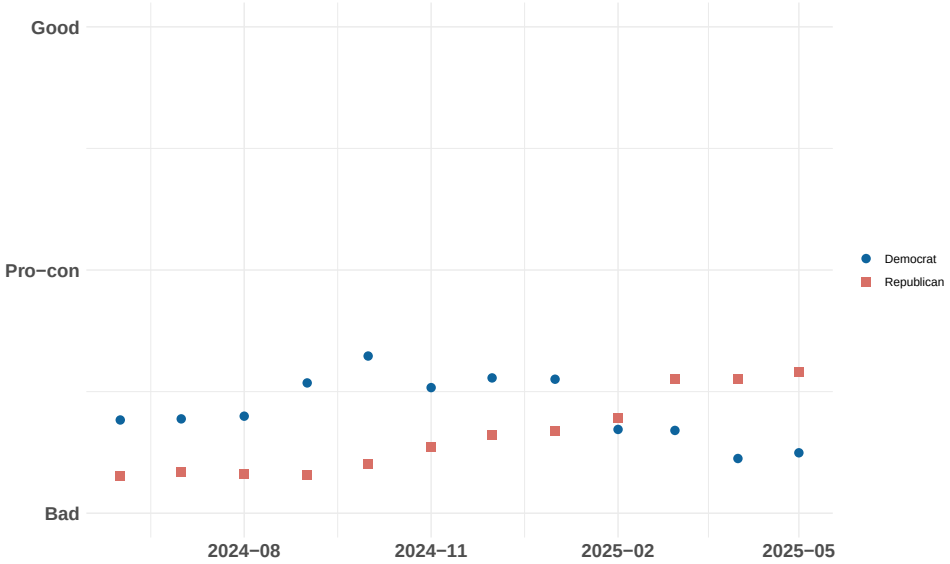
Panel B: Owners' home buying expectations around 2020 presidential election by partisanship

Figure A.6: **Partisan renters' and owners' expectations shifts around 2020 presidential election**

Panel A presents the survey Renters' home buying expectations, half a year before and after the 2020 partisanship election. Panel B presents the survey Owners' home buying expectations, half a year before and after the 2020 partisanship election. The data are from the University of Michigan Survey of Consumers. Both Renters' and Owner's home buying expectations are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey.



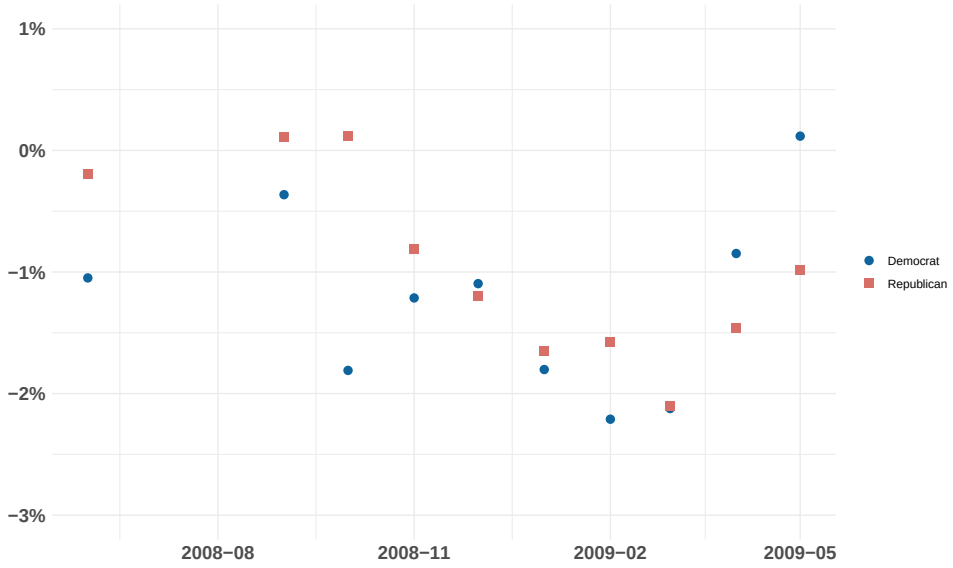
Panel A: Renters' home buying expectations around 2024 presidential election by partisanship



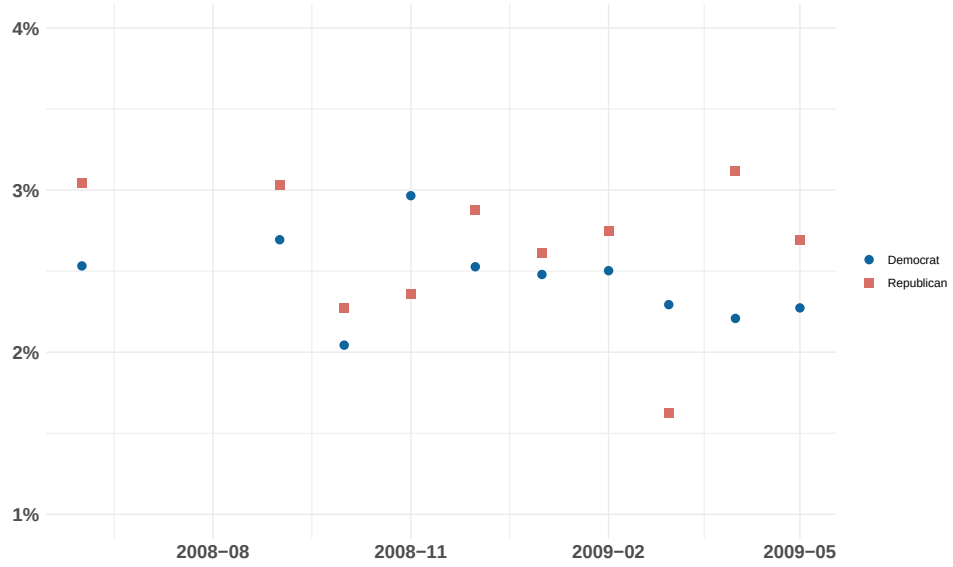
Panel B: Owners' home buying expectations around 2024 presidential election by partisanship

Figure A.7: **Partisan renters' and owners' expectations shifts around 2024 presidential election**

Panel A presents the survey Renters' home buying expectations, half a year before and after the 2024 partisanship election. Panel B presents the survey Owners' home buying expectations, half a year before and after the 2024 partisanship election. The data are from the University of Michigan Survey of Consumers. Both Renters' and Owner's home buying expectations are segmented by partisan affiliation and Presidential term. Party affiliation is measured directly from the individual's response to the survey.



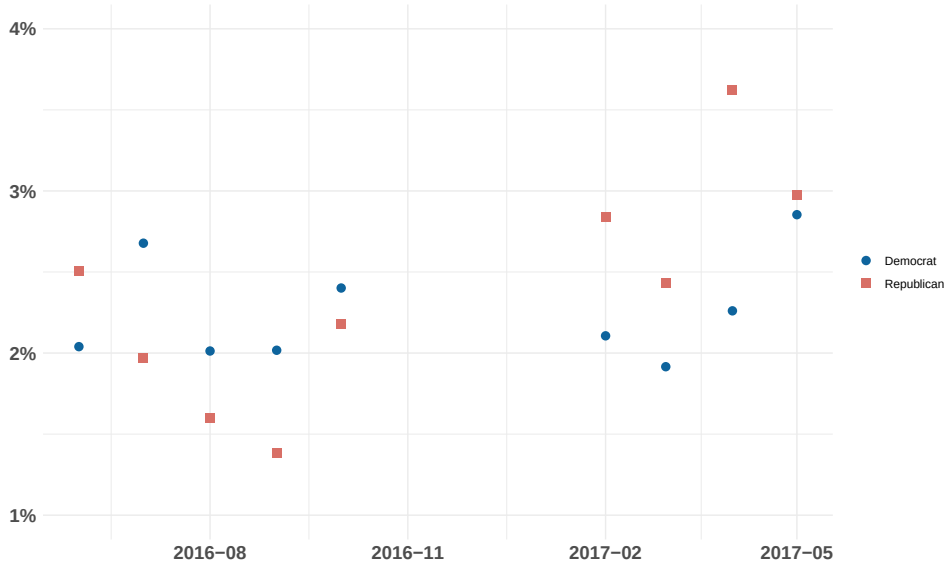
Panel A: One-year home price growth expectation around 2008 presidential election by partisanship



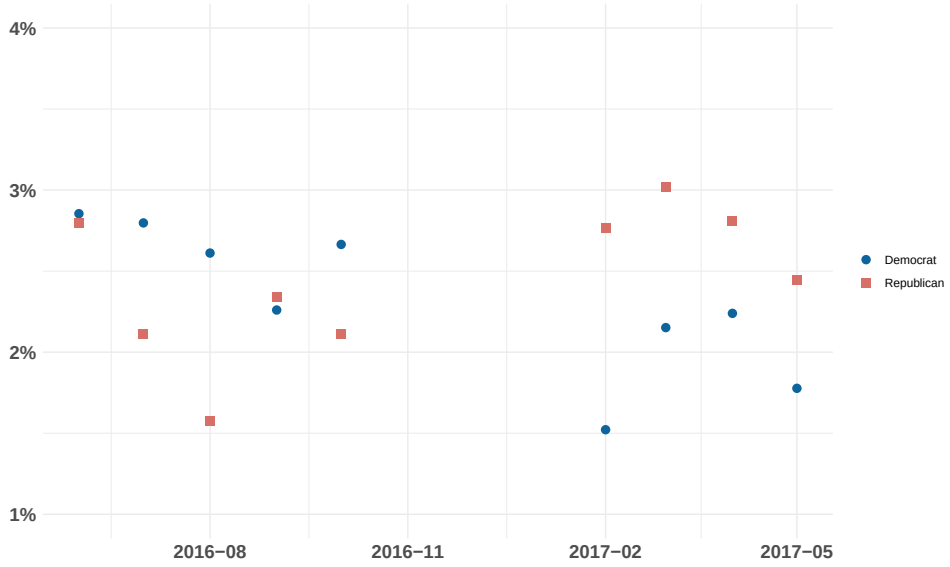
Panel B: Five-year home price growth expectation around 2008 presidential election by partisanship

Figure A.8: **Partisan expectations shifts (one-year and five-year price growth) around 2008 presidential election**

Panel A presents the survey one-year home price growth expectation, half a year before and after the 2008 partisanship election. Panel B presents the survey five-year home price growth expectation, half a year before and after the 2008 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.



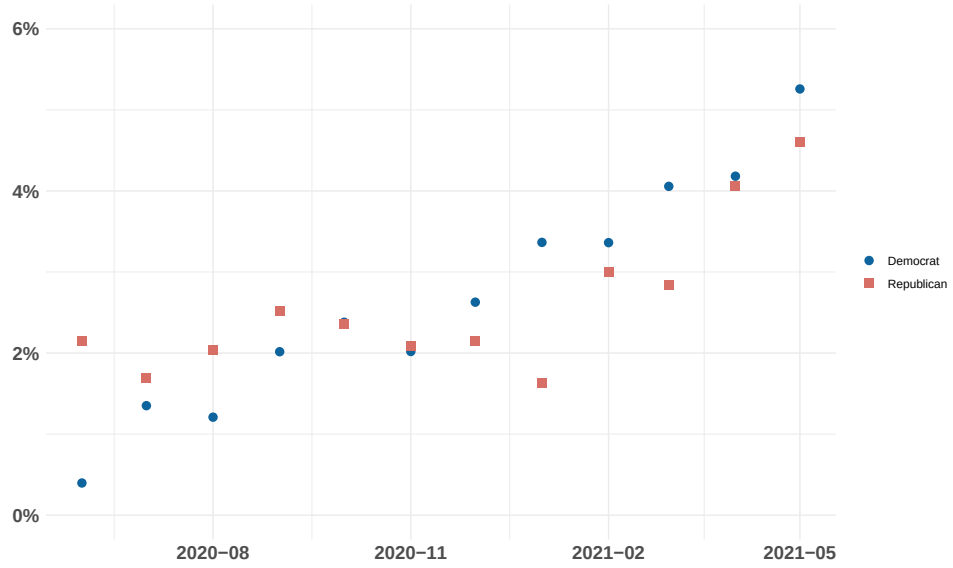
Panel A: Partisan expectations shifts (one-year and five-year growth) around 2016 presidential election



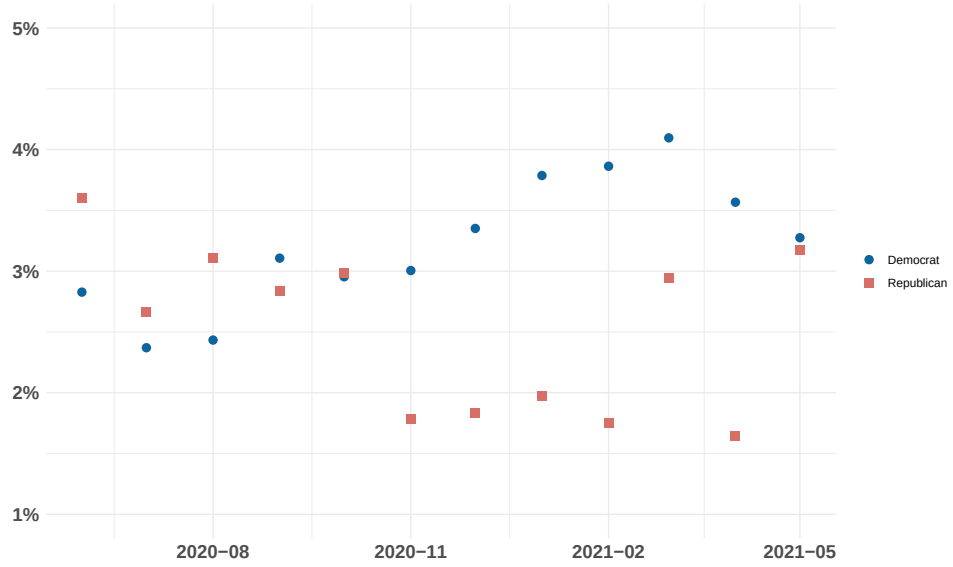
Panel B: Five-year home price growth expectation around 2016 presidential election by partisanship

Figure A.9: **Partisan expectations shifts (one-year and five-year price growth) around 2016 presidential election**

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.



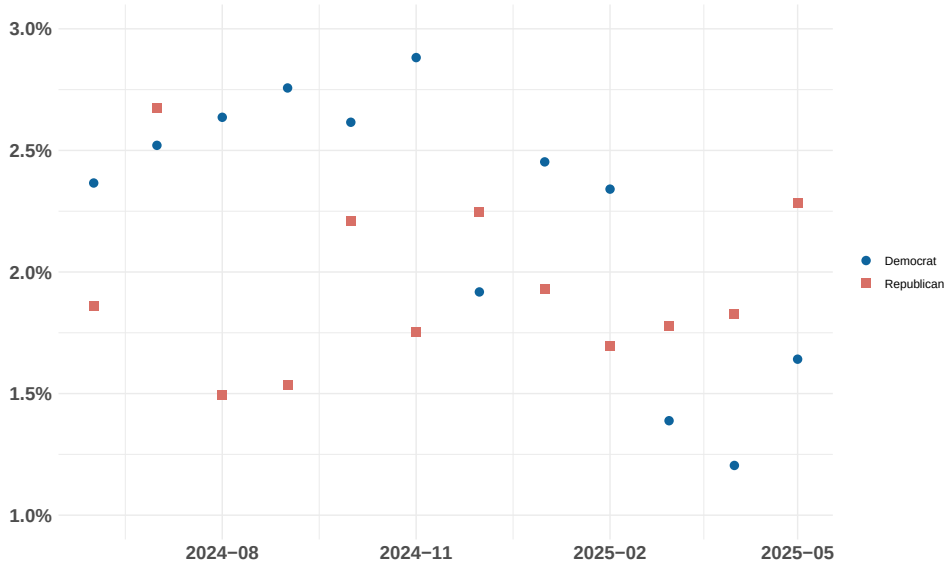
Panel A: One-year home price growth expectation around 2020 presidential election by partisanship



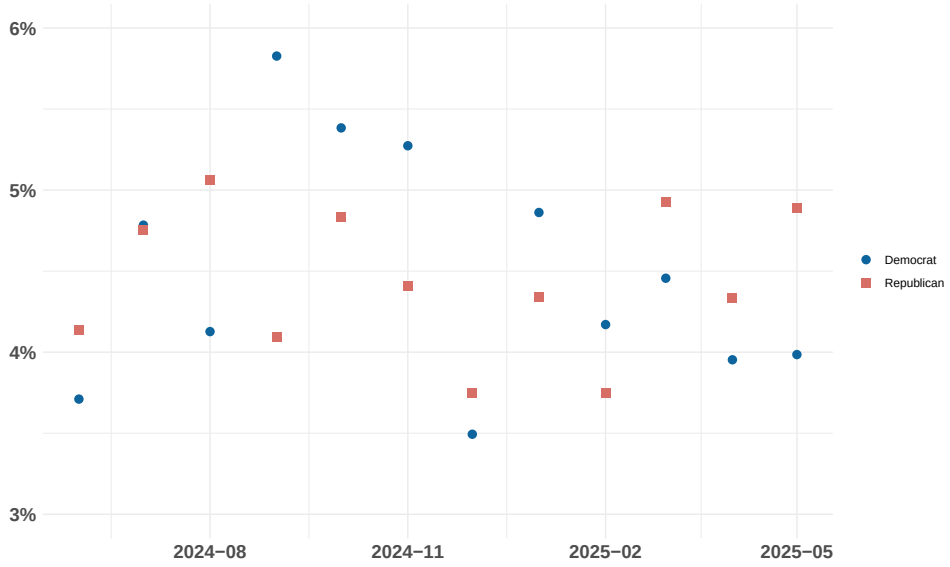
Panel B: Five-year home price growth expectation around 2020 presidential election by partisanship

Figure A.10: **Partisan expectations shifts (one-year and five-year price growth) around 2020 presidential election**

Panel A presents the survey one-year home price growth expectation, half a year before and after the 2020 partisanship election. Panel B presents the survey five-year home price growth expectation, half a year before and after the 2020 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.



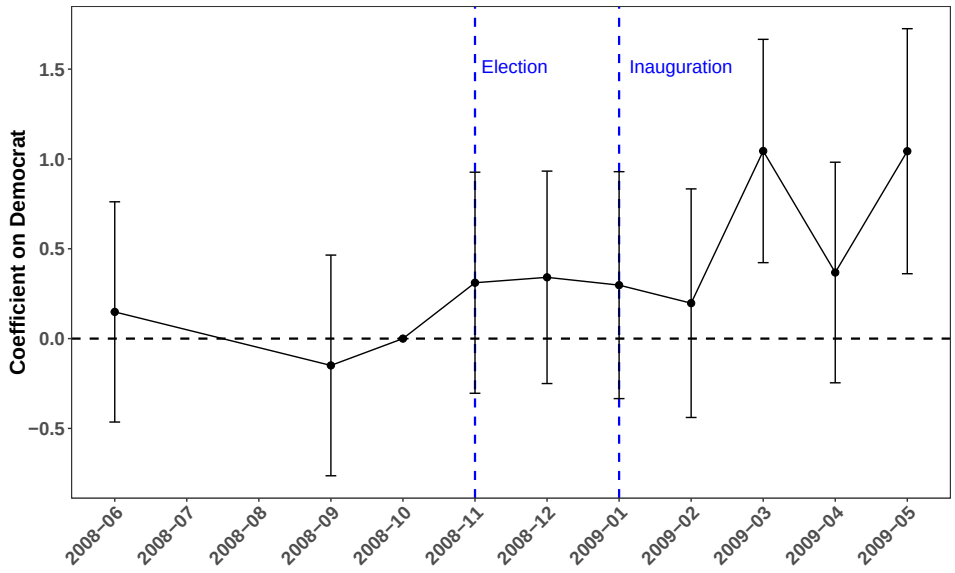
Panel A: One-year home price growth expectation around 2024 presidential election by partisanship



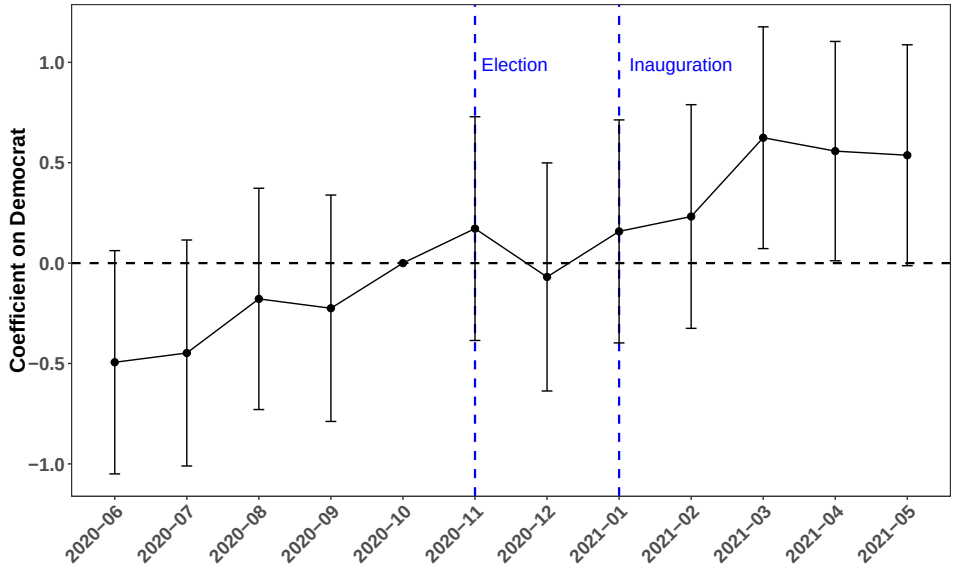
Panel B: Five-year home price growth expectation around 2024 presidential election by partisanship

Figure A.11: **Partisan expectations shifts (one-year and five-year price growth) around 2024 presidential election**

Panel A presents the survey one-year home price growth expectation, half a year before and after the 2024 partisanship election. Panel B presents the survey five-year home price growth expectation, half a year before and after the 2024 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.



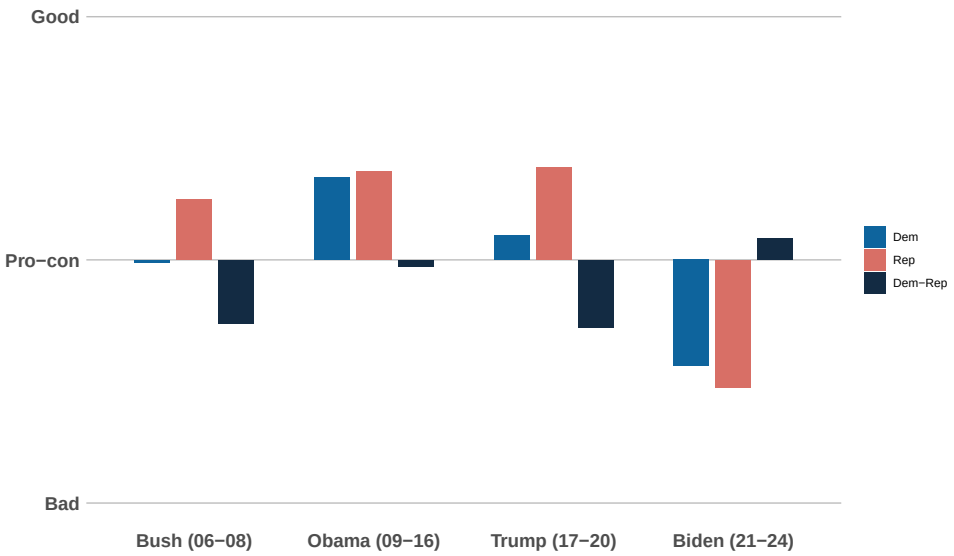
Panel A: Alignment Shift in Home Buying Expectations around the 2008 Presidential Election



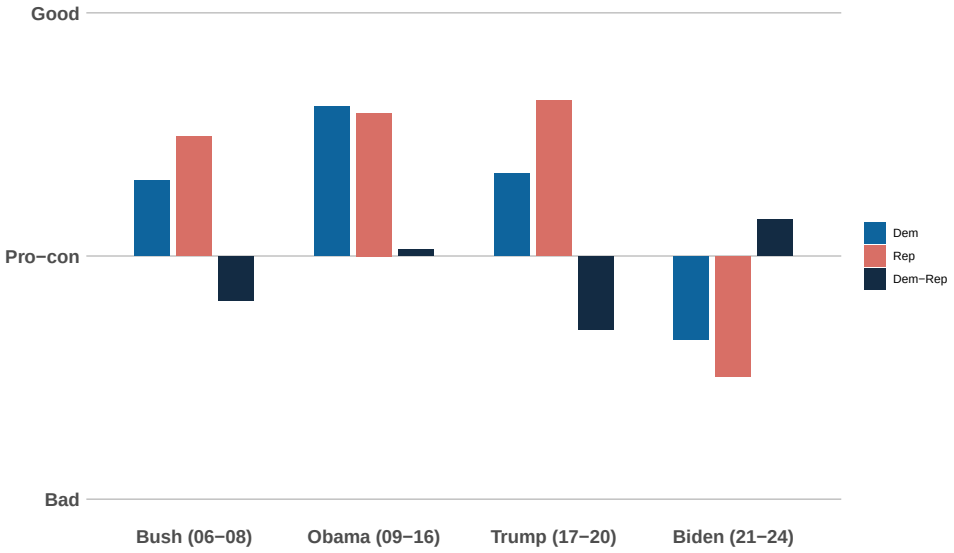
Panel B: Alignment Shift in Home Buying Expectations around the 2020 Presidential Election

Figure A.12: **Alignment shifts in expectations around the 2008 and 2020 presidential elections**

Both Panel A and Panel B in Figure 4 present coefficient estimates of γ^m for each pseudo year y (June to May) from the Equation (7). γ^m plotted can be interpreted as the relative change in house buying expectations for those affiliated with the Alignment Party around each Presidential election.

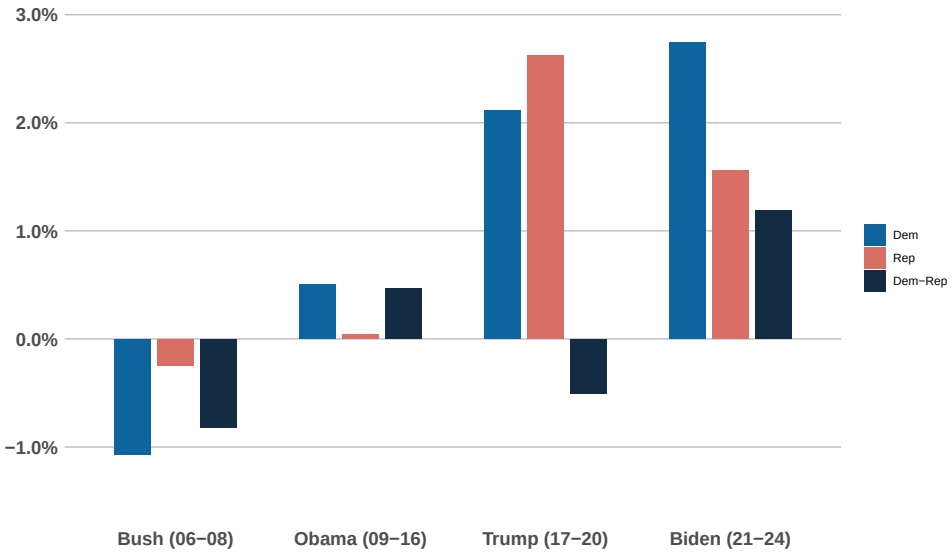


Panel A: Average renters' home buying expectations by partisan affiliations, by presidential term

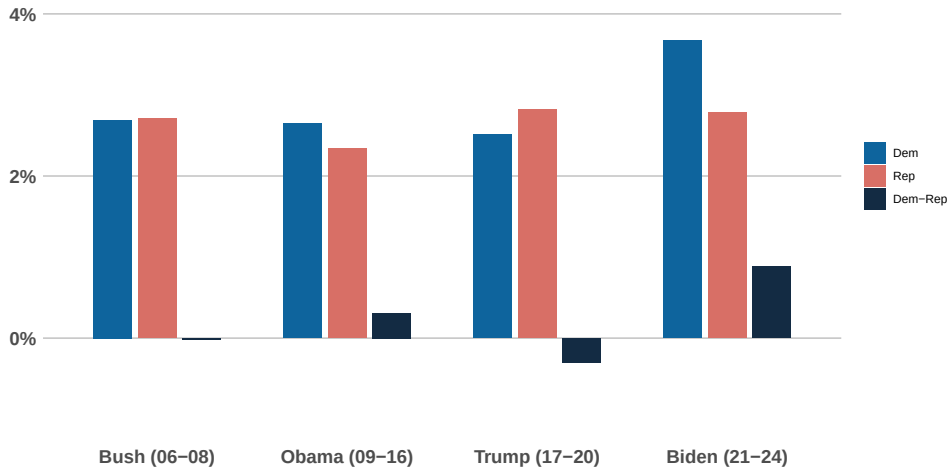


Panel B: Average owners' home buying expectations by partisan affiliations, by presidential term

Figure A.13: **Partisan renters' and owners' expectations**
Panel A presents the average renters' home buying expectations. Panel B presents the average owners' home buying expectations. The data are from the University of Michigan Survey of Consumers. Both renters' and owners' home buying expectations 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: Average one-year home price growth expectations by partisan affiliations, by presidential term



Panel B: Average five-year home price growth expectations by partisan affiliations, by presidential term

Figure A.14: **Partisan expectations (one-year and five-year price growth)**
Panel A presents the average one-year home price growth expectations. 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.

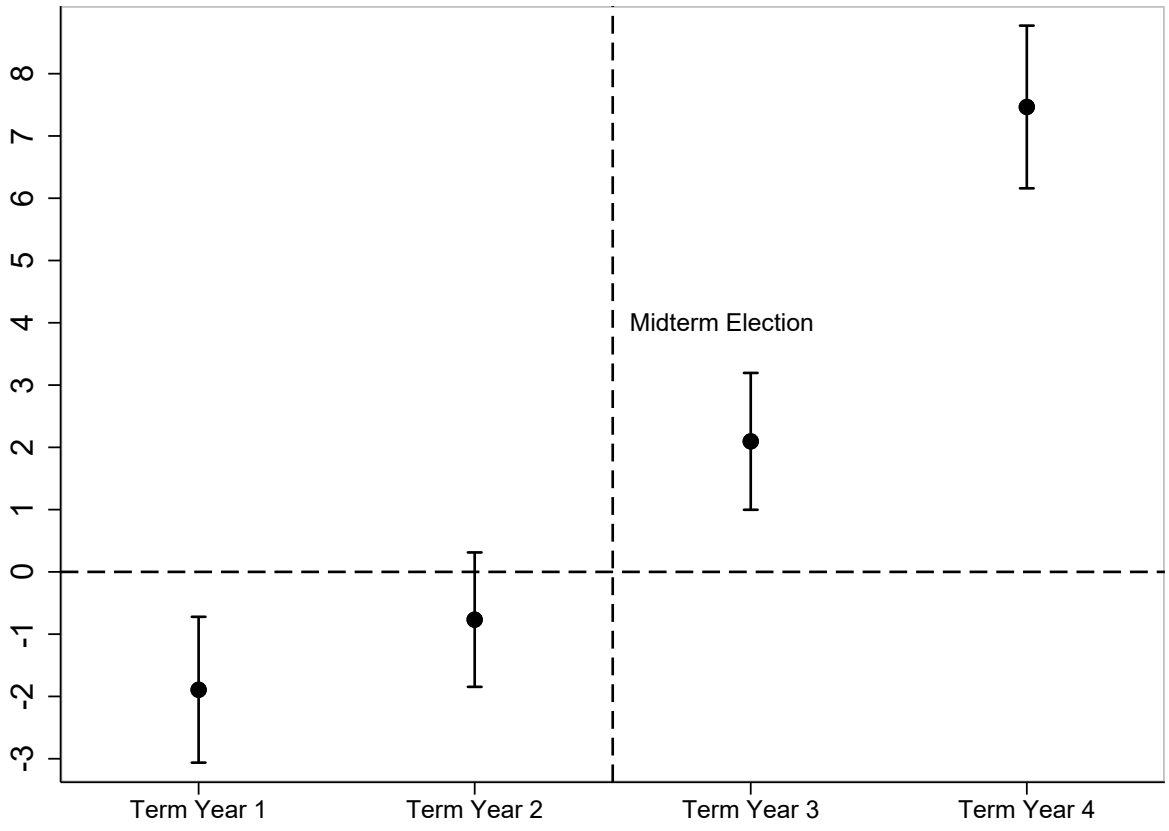


Figure A.15: **Gains and losses from partisan purchase timing**
This figure reports coefficient estimates of γ_k and confidence intervals for the interaction terms between partisan alignment and presidential term year indicators in Equation (9). We use two year cumulative future house price growth as the dependent variable. All specifications control for county-level characteristics and include ZIP code and year fixed effects. Standard errors are clustered at the ZIP level.

Table A.1: **Variable Definitions: Home Purchase Outcomes**

Variable	**Definition**	**Source**
Panel A: Home Purchase Outcomes		
$Y_{i,z,t}$	Indicator equal to one if individual i purchases a home in ZIP code z in year t, and zero otherwise.	Voter records, ATTOM
$Y_{i,z,h}$	Indicator equal to one if individual i purchases a home in ZIP code z in half-year h, and zero otherwise. This variable is used in the 2016 election event-study and difference-in-differences analyses.	Voter records, ATTOM
Home purchase probability	Annual probability that an individual purchases a home. In cell-level regressions, the variable is measured at the ZIP code–party–demographic–year cell level and weighted by the number of voters in the cell.	Voter records, ATTOM
Single-family purchase	Indicator equal to one if the purchased property is a single-family residential property.	ATTOM
Multi-family purchase	Indicator equal to one if the purchased property is a multi-family residential property.	ATTOM
First home purchase	Indicator equal to one if the transaction is the individual's first observed home purchase in the matched deed-voter sample.	Voter records, ATTOM
Subsequent investment purchase	Indicator equal to one if the transaction occurs after the individual's first observed home purchase and the individual does not move to the newly purchased property.	Voter records, ATTOM
Subsequent move purchase	Indicator equal to one if the transaction occurs after the individual's first observed home purchase and the individual moves to the newly purchased property.	Voter records, ATTOM

Table A.1: **Variable Definitions (continued): Political Alignment and Geography**

Variable	Definition	Source
Panel C: Political Alignment and Geography		
$Alignment_{i,z,t}$	Indicator equal to one if individual i's party affiliation matches the party of the sitting president in year t. It equals one for Republicans during 2017–2020 and for Democrats during 2010–2016 and 2021–2023, and zero otherwise.	Voter records, presidential party
$Alignment_{i,z,h}$	Political alignment indicator used in the 2016 election event-study and difference-in-differences analyses. It equals one for Republicans, who become aligned with President Trump after the 2016 election, and zero for Democrats.	Voter records, presidential party
$Post_h$	Indicator equal to one for half-years in 2017–2018 and zero for half-years in 2015–2016 in the 2016 election static difference-in-differences specification.	Constructed
$\mathbb{1}_h$	Half-year indicator used in the dynamic difference-in-differences specification around the 2016 presidential election. The omitted reference period is 2016H2.	Constructed
$TermYear_t$	Indicator for the year of the presidential term. It takes values from one to four, corresponding to the first, second, third, and fourth years of a presidential term.	Constructed
$DemBuyShare_{z,t}$	Share of home purchases in ZIP code z and year t made by Democratic home buyers.	Voter records, ATTOM
$AlignmentShare_{z,t}$	Share of home purchases in ZIP code z and year t made by partisan-aligned buyers, where alignment is defined relative to the party of the sitting president.	Voter records, ATTOM
Democratic vote share	County-level share of presidential election votes cast for Democratic candidates in the most recent presidential election.	MIT Election Lab
Republican county	Indicator equal to one if the Republican presidential candidate received more votes than the Democratic presidential candidate in the county in the most recent presidential election.	MIT Election Lab
Democratic county	Indicator equal to one if the Democratic presidential candidate received more votes than the Republican presidential candidate in the county in the most recent presidential election.	MIT Election Lab

Table A.1: **Variable Definitions (continued): Housing Returns and Timing**

Variable	Definition	Source
Panel D: Housing Returns and Timing Variables		
$R_{i,z,t}$	Annualized realized unlevered housing return earned by individual i on a repeat-sale property in ZIP code z. Returns are constructed from matched purchase and subsequent sale prices and are winsorized at the 1st and 99th percentiles.	ATTOM
Holding period	Number of years between the initial purchase date and the subsequent sale date for a repeat-sale property.	ATTOM
Buy year-month	Calendar year-month of the initial purchase transaction in the repeat-sales sample.	ATTOM
Sell year-month	Calendar year-month of the subsequent sale transaction in the repeat-sales sample.	ATTOM
$\alpha^{B}_{z,t}$	ZIP code by buy year-month fixed effects used to absorb local purchase timing in repeat-sales return regressions.	Constructed
$\alpha^{S}_{z,t}$	ZIP code by sell year-month fixed effects used to absorb local sale timing in repeat-sales return regressions.	Constructed
$\alpha^{B,S}_{t}$	Buy year-month by sell year-month fixed effects used to absorb holding-period and aggregate timing effects in repeat-sales return regressions.	Constructed
$R_{z,t\to t+h}$	ZIP code-level housing return from year t to year $t+h$, measured in percentage points. The variable is constructed using the FHFA ZIP code-level House Price Index.	FHFA
One-year-ahead return	ZIP code-level housing return from year t to year $t+1$.	FHFA
Two-year cumulative future return	ZIP code-level cumulative housing return from year t to year $t+2$.	FHFA

Table A.1: **Variable Definitions (continued): Housing Beliefs**

Variable	Definition	Source
Panel E: Housing Beliefs from the Michigan Survey		
Optimistic home-buying expectations	Indicator equal to one if a respondent reports that now is a good time to buy a house, and zero if the respondent reports that now is a bad time to buy a house. Responses coded as pro-con are excluded from this binary outcome.	Michigan Survey
$Y_{i,m}$	Belief outcome for respondent i in month m in the election-window analyses. In the home-buying expectation specifications, it equals one for optimistic home-buying expectations and zero for pessimistic expectations.	Michigan Survey
Expected one-year local house price growth	Homeowner respondent's expected percentage change in the prices of homes like theirs in their community over the next twelve months.	Michigan Survey
Expected five-year local house price growth	Homeowner respondent's expected average annual percentage change in the prices of homes like theirs in their community over the next five years.	Michigan Survey
$Alignment_i$	Indicator equal to one if respondent i's partisan affiliation is aligned with the party that wins the presidential election in the corresponding election pseudoyear.	Michigan Survey, presidential election results
Election pseudoyear	Twelve-month election window running from June of the election year to May of the following year, with November as the midpoint. The election-window analyses use the 2008, 2016, 2020, and 2024 presidential elections.	Constructed
d_m	Month indicator in the election pseudoyear. October is the omitted reference month in the dynamic difference-in-differences specification.	Constructed

Table A.1: **Variable Definitions (continued): Survey and Aggregate Controls**

Variable	**Definition**	**Source**
Panel F: Survey and Aggregate Controls		
$Post$	Indicator equal to one for the six months following the presidential election in the election-window belief analyses, and zero otherwise.	Constructed
$President_t$	Set of indicators for the presidential administration in office at time t.	Constructed
$HOMGap_t$	Annual difference in home-buying expectations between Republican and Democratic respondents. The measure is standardized to have mean zero and unit standard deviation. A higher value indicates that Republicans are more optimistic about home-buying conditions than Democrats.	Michigan Survey
Michigan demographic controls	Respondent-level controls including age, gender, education, marital status, homeownership status, income, and an indicator for whether the household includes an adult.	Michigan Survey
$NationalHomePrice_m$	Case–Shiller U.S. National Home Price Index in month m.	Robert Shiller website
$Inflation_m$	Month-to-month percentage change in the Consumer Price Index for All Urban Consumers.	FRED

Table A.1: **Variable Definitions (continued): County and Housing Market Controls**

Variable	Definition	Source
Panel G: County and Housing Market Controls		
$CountyChar_{c,t}$	Vector of county-level financial and socioeconomic controls for county c in year t. The main specifications include population, personal income, one-unit conforming loan limit, and unemployment rate.	BEA, FHFA, BLS
Population	County-level population in year t.	BEA
Personal income	County-level personal income in year t.	BEA
One-unit conforming loan limit	County-level one-unit conforming loan limit in year t.	FHFA
Unemployment rate	County-level unemployment rate in year t.	BLS
Residential purchase volume	Number of residential housing purchases in a county-year, aggregated from ATTOM deed transactions.	ATTOM
Log purchase volume	Natural logarithm of county-level residential housing purchase volume.	ATTOM
House price	County-level house price measure from the American Community Survey.	ACS
Rent	County-level rent measure from the American Community Survey.	ACS
Homeownership rate	County-level share of occupied housing units that are owner occupied.	ACS
Owner units	Number of owner-occupied housing units in a county-year.	ACS
Renter units	Number of renter-occupied housing units in a county-year.	ACS
ZIP HPI	ZIP code-level FHFA House Price Index used to construct ZIP code-level housing returns.	FHFA
National home price	Annual average of the Case-Shiller U.S. National Home Price Index, computed from monthly observations.	Robert Shiller website
Inflation rate	Realized inflation rate computed using the Consumer Price Index for All Urban Consumers.	FRED

Table A.2: **Summary statistics**

Notes: The table reports the summary statistics of variables used in the paper in the Surveys of Consumers at the University of Michigan from September 2006 to October 2024. We report summary statistics for the full sample as well as for subsamples by political affiliation (Republican and Democrat).

All Respondents

Variable	N	Mean	SD	Min	P25	Median	P75	Max
Is Republican	64,436	0.484	0.500	0	0	0	1	1
HOM	63,792	0.099	0.991	−1	−1	1	1	1
HOMPX1	46,673	1.745	6.497	−35	0	0	5	35
HOMPX5	46,133	2.856	5.564	−35	0	3	5	35
Is College	64,357	0.520	0.500	0	0	1	1	1
Is Male	64,392	0.588	0.492	0	0	1	1	1
Is Marry	64,345	0.643	0.479	0	0	1	1	1
Is Owner	64,436	0.761	0.427	0	1	1	1	1
Age	63,953	53.137	17.081	18	40	55	66	97
Income	61,676	109,911	94,632	0	47,500	84,000	140,000	500,000
Is Adult	64,388	0.778	0.416	0	1	1	1	1

Republican Respondents

Variable	N	Mean	SD	Min	P25	Median	P75	Max
HOM	30,922	0.140	0.986	−1	−1	1	1	1
HOMPX1	24,393	1.606	6.622	−35	0	0	5	35
HOMPX5	24,075	2.720	5.699	−35	0	2	5	35
Is College	31,149	0.457	0.498	0	0	0	1	1
Is Male	31,167	0.660	0.474	0	0	1	1	1
Is Marry	31,151	0.697	0.459	0	0	1	1	1
Is Owner	31,196	0.820	0.384	0	1	1	1	1
Age	30,928	54.469	16.535	18	42	56	67	97
Income	29,687	111,929	93,032	0	50,000	87,500	141,000	500,000
Is Adult	31,168	0.805	0.396	0	1	1	1	1

Democratic Respondents

Variable	N	Mean	SD	Min	P25	Median	P75	Max
HOM	32,870	0.059	0.993	−1	−1	1	1	1
HOMPX1	22,280	1.897	6.354	−35	0	0	5	35
HOMPX5	22,058	3.006	5.409	−35	0	3	5	35
Is College	33,208	0.578	0.494	0	0	1	1	1
Is Male	33,225	0.520	0.500	0	0	1	1	1
Is Marry	33,194	0.592	0.491	0	0	1	1	1
Is OWNER	33,240	0.705	0.456	0	0	1	1	1
Age	33,025	51.890	17.485	18	37	53	66	97
Income	31,989	108,038	96,057	0	42,500	80,000	140,000	500,000
Is Adult	33,220	0.752	0.432	0	1	1	1	1

Table A.2: **Summary statistics (continue)**

Notes: The table presents summary statistics for the county-level variables used in the paper. We report summary statistics for the full sample as well as for subsamples by political affiliation (Republican and Democrat).

All counties

Variable	N	Mean	SD	Min	P25	Median	P75	Max
Home purchase volume	32,720	1,612.171	4,439.298	1	67	343	1,207	103,078
Homeownership rate	45,090	0.721	0.082	0	0.681	0.733	0.776	0.974
House price	45,075	149,711	96,913	16,800	91,600	122,400	172,000	1,494,500
Housing return	41,842	0.102	0.062	-1.03	0.066	0.095	0.13	1.137
Democratic share	43,593	0.36	0.155	0.031	0.242	0.342	0.458	0.934
Personal income	43,224	5,444,034	20,249,430	1,899	421,945	1,006,935	2,895,187	756,659,481
Population	43,224	103,566	330,454	43	10,847	25,732	67,794	10,125,014
Credit loan limit	45,062	490,398	107,005	417,000	41,700	424,100	535,900	1,089,300
Unemployment rate	44,888	0.06	0.031	0.011	0.037	0.052	0.075	0.291

Republican counties

Variable	N	Mean	SD	Min	P25	Median	P75	Max
Home purchase volume	24,931	955.781	2,750.99	1	54	277	855	102,316
Homeownership Rate	34,623	0.737	0.067	0.104	0.699	0.744	0.782	0.974
House Price	34,623	135,078	64,708	22,600	90,000	118,200	161,000	724,400
Housing Return	32046	0.107	0.061	-1.03	0.072	0.099	0.135	1.137
Democratic share	34,623	0.3	0.102	0.031	0.22	0.3	0.384	0.497
Personal income	34,236	2,552,585	6,856,514	1,899	392,590	877,356	2,126,021	248,921,831
Population	34,236	55,153	132,464	43	9,946	22,406	51,156	4,445,059
Credit loan limit	34,623	485,838	99,144	417,000	417,000	424,100	510,400	1,089,300
Unemployment rate	34,605	0.056	0.026	0.011	0.036	0.049	0.07	0.257

Democratic counties

Variable	N	Mean	SD	Min	P25	Median	P75	Max
Home purchase volume	7,712	3,746.785	7,290.946	1	159	977.5	4,359.5	103,078
Homeownership rate	8,970	0.664	0.103	0.19	0.604	0.677	0.738	0.909
House price	8,969	208,242	161,103	16,800	99,400	157,600	257,500	1,494,500
Housing return	8430	0.088	0.061	-0.311	0.054	0.082	0.115	0.566
Democratic share	8,970	0.593	0.09	0.42	0.522	0.57	0.64	0.934
Personal income	8,620	17,098,568	4,1208,584	11,826	709,781	2,918,044	15,490,973	756,659,481
Population	8,620	299,340	655,604	348	19,391	67,828	300,466	10,125,014
Credit loan limit	8,970	497,850	122,993	417,000	417,000	417,000	548,250	1,089,300
Unemployment rate	8,883	0.067	0.032	0.015	0.043	0.061	0.085	0.291

Table A.3: **Partisan alignment effects on home purchase probability, by gender and age and housing types**

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 sample includes Democratic and Republican voters, and the outcome is the indicator of individual's home purchase in a given year. Units are in percentage points. The variable, *Alignment*, equals one if the party in power is the same as an individual's party affiliation in the home purchase year. Control variables include indicator for Democrat, county-level financial and socioeconomic characteristics. Equation (3) gives the exact specification. Regressions are performed at the zip-party-characteristic-year cell level and are weighted by the number of voters in each cell. We estimate the regressions separately by gender, age and housing types. Standard errors are clustered by county. *, **, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	A. By Gender		B. By Age		C. By Property Type	
	(1)	(2)	(3)	(4)	(5)	(6)
	Male	Female	Younger	Elder	Single Family	Multiple Family
Panel A: Regression estimates						
Alignment β	0.113***	0.007	0.044***	0.065***	0.064***	0.003***
	(0.012)	(0.006)	(0.004)	(0.012)	(0.008)	(0.001)
Effect relative to mean (%)	13.439	2.364	22.030	9.279	13.150	10.077
Outcome mean μ	0.844	0.288	0.200	0.700	0.486	0.031
Observations	203,113,820	237,479,872	137,333,630	303,260,062	440,593,692	440,593,692
R^2	0.451	0.390	0.289	0.448	0.402	0.211
Gender control	No	No	Yes	Yes	Yes	Yes
Age controls	Yes	Yes	No	No	Yes	Yes
County controls	Yes	Yes	Yes	Yes	Yes	Yes
ZIP FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Clustering	County	County	County	County	County	County
Panel B: Pairwise relative-effect comparisons						
H_0 :	$\frac{\beta_{(1)}}{\mu_{(1)}} - \frac{\beta_{(2)}}{\mu_{(2)}} = 0$		$\frac{\beta_{(3)}}{\mu_{(3)}} - \frac{\beta_{(4)}}{\mu_{(4)}} = 0$		$\frac{\beta_{(5)}}{\mu_{(5)}} - \frac{\beta_{(6)}}{\mu_{(6)}} = 0$	
Relative-effect difference	11.074		12.750		3.073	
p-value of F-statistic	0.000		0.000		0.070	

Table A.4: **Alignment shift in home purchase probability around the 2016 presidential election (Dynamic DID)**

This table relates the home purchase probability by individuals to their political alignment. The sample includes Democratic and Republican voters, and the outcome is the indicator of individual's home purchase in a given half-year. Units are in percentage points. *Alignment* is one for Republicans and zero for Democrats. Equation (5) gives the exact specification. Standard errors are clustered by county. Regressions are run at the zip-party-characteristic-half-year cell level and are weighted by the number of voters in each cell. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2015 to 2018.

	(1)	(2)
	Purchase Probability	Purchase Probability
2015H1 × Alignment	-0.011***	-0.011***
	(0.004)	(0.004)
2015H2 × Alignment	0.000	0.000
	(0.004)	(0.004)
2016H1 × Alignment	-0.000	-0.000
	(0.004)	(0.004)
2017H1 × Alignment	0.010***	0.010***
	(0.004)	(0.004)
2017H2 × Alignment	0.014***	0.014***
	(0.004)	(0.004)
2018H1 × Alignment	0.021***	0.021***
	(0.005)	(0.005)
2018H2 × Alignment	0.013***	0.013***
	(0.005)	(0.005)
Alignment	0.107***	0.046***
	(0.006)	(0.005)
Observations	246,438,272	246,438,272
R^2	0.223	0.452
Gender + Age Controls	No	Yes
ZIP × Half-year FE	Yes	Yes
Note:		* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table A.5: **Alignment shifts in expectations around presidential elections (Static DID)**

This table presents estimates of home buying expectations change differentially around Presidential Elections for individuals based on their party affiliation. Equation (6) gives the exact specification. Standard errors are clustered by individual. Standard errors are reported in parentheses. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Home Buying Expectations			
	(1)	(2)	(3)	(4)
	Obama 2008	Trump 2016	Biden 2020	Trump 2024
Post × Alignment	0.524***	1.009***	0.598***	1.307***
	(0.156)	(0.159)	(0.114)	(0.130)
Post	0.291	−0.232	−0.137	−0.135
	(0.192)	(0.158)	(0.118)	(0.084)
Alignment	−0.579***	−0.285***	−0.543***	−1.112***
	(0.130)	(0.108)	(0.090)	(0.110)
Observations	4,161	4,178	5,964	8,868
Log Likelihood	−2,307.881	−2,043.981	−3,712.429	−3,964.743
Akaike Inf. Crit.	4,641.763	4,113.961	7,450.859	7,955.486
Individual Characteristic Controls	Yes	Yes	Yes	Yes
Macro Condition Controls	Yes	Yes	Yes	Yes
Note:				*p<0.1; **p<0.05; ***p<0.01

Table A.6: **Alignment shifts in expectations around presidential elections (Dynamic DID)**

This table presents the interaction coefficient of alignment shift in home buying expectations around the 2008, 2016, 2020 and 2024 Presidential elections. Equation (7) gives the exact specification. Standard errors are clustered by individual. Standard errors are reported in parentheses. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively.

	Home Buying Attitude			
	(1)	(2)	(3)	(4)
	Obama 2008	Trump 2016	Biden 2020	Trump 2024
June × Alignment	0.149	0.023	−0.494*	0.643*
	(0.313)	(0.342)	(0.284)	(0.331)
July × Alignment		0.256	−0.448	0.562
		(0.327)	(0.287)	(0.342)
August × Alignment		0.320	−0.178	0.389
		(0.330)	(0.281)	(0.327)
September × Alignment	−0.149	0.272	−0.225	−0.024
	(0.313)	(0.326)	(0.288)	(0.340)
November × Alignment	0.311		0.172	0.677**
	(0.314)		(0.284)	(0.314)
December × Alignment	0.341		−0.069	0.719**
	(0.302)		(0.290)	(0.302)
January × Alignment	0.298		0.158	0.784***
	(0.322)		(0.283)	(0.293)
February × Alignment	0.197	1.323***	0.232	1.520***
	(0.325)	(0.347)	(0.284)	(0.301)
March × Alignment	1.044***	1.453***	0.625**	2.095***
	(0.317)	(0.339)	(0.282)	(0.271)
April × Alignment	0.368	1.212***	0.558**	2.486***
	(0.313)	(0.328)	(0.279)	(0.292)
May × Alignment	1.043***	0.869***	0.537*	2.464***
	(0.348)	(0.312)	(0.281)	(0.295)
Observations	4,161	4,178	5,964	8,868
Log Likelihood	−2,282.085	−2,038.914	−3,692.165	−3,892.613
Akaike Inf. Crit.	4,618.170	4,127.828	7,446.330	7,847.226
Individual Characteristic Controls	Yes	Yes	Yes	Yes
Note:				*p<0.1; **p<0.05; ***p<0.01

Table A.7: **Interaction with partisan expectations gap - aggregate**

This table regresses log home purchase volume and homeownership rate on Democratic vote share in county as well as on interactions with a measure of partisan disagreement on home buying expectations. The sample includes all U.S. counties with Democratic vote share, and the outcome is the home purchase volume and homeownership rate in a county in a given year. To measure partisan expectations about the housing market, we use responses to the following question from the Michigan Consumer Survey: "Generally speaking, do you think now is a good time or a bad time to buy a house?". Based on these responses, we construct a measure of partisan disagreement as the annual difference in home buying expectations between Republican and Democratic respondents (HOMGap). We standardize this measure to have a mean of zero and a standard deviation of one, where a higher value indicates that Republicans are more optimistic about home-buying conditions. The variable *Dem Share* is the Democratic vote share in a county in the most recent presidential election prior to year t. Control variables include county-level financial and socioeconomic characteristics. Regressions are performed at county level. Standard errors are clustered by county. *,**, and *** denote statistical significance at the 10%, 5%, and 1% levels, respectively. The sample period is from 2010 to 2023.

	(1)	(2)
	Volume	Ownership
Dem Share	-1.278^{***}	-0.022^{***}
	(0.199)	(0.007)
Dem Share × HOMGap	-0.132^{***}	-0.002^{*}
	(0.024)	(0.001)
Observations	27,062	36,652
R^2	0.938	0.929
County Controls	Yes	Yes
County FE	Yes	Yes
Year FE	Yes	Yes
Note:	*p<0.1; **p<0.05; ***p<0.01	