The Impact of Covid-19 Lockdown and Re-opening on the Housing Market: Evidence from China

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Abstract:
This paper evaluates the performance of the housing market in China after the Covid-19 outbreak and subsequent economy re-opening. We construct both daily and weekly housing price indices for more than 30 cities by analyzing 600 thousand housing transaction data in 2019 and 2020. The empirical evidence shows that both the housing price and the number of transactions decrease sharply in the several weeks after the outbreak of the coronavirus, even after accounting for the effect of the spring festival. However, housing price and trading volume gradually return to the pre-outbreak level by the end of March, one month after the re-opening of the economy. These results indicate that the negative shock of the new coronavirus on the housing market is likely to be temporary. Possible mechanisms are also explored.

Data Description:
Our housing transaction data is gathered from two major real estate agencies in China by a script. The dataset has about 600 thousand housing transactions in more than 30 cities. For each transaction, we know the housing unit’s characteristics, location, price, and time on the market. The information on location enables us to control neighborhood (xiaoqu) fixed effects, which eliminate most unobserved neighborhood amenities. The transaction date is from the beginning of 2019 to April, 2020 and will be updated regularly.

JEL code: R30, I10.

Key words: Housing market; Covid-19; Housing price; Trading volume.