Assessment Report: "Housing Market Bubbles and Business Cycles in an Agent-Based Credit Economy" by Einar Jon Erlingsson, Silvano Cincotti, Hlynur Stefansson, Jon Thor Sturlusson, Andrea Teglio, and Marco Raberto

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This is an interesting paper that examines the endogenous mechanism of housing market cycles. It looks at how easy credit can potentially lead to boom-bust in the housing prices, which will ultimately contribute to macroeconomic instability. The model presented in the paper is rigorously based on a stock-flow consistent framework. From my personal point of view, I have three main suggestions:

First, the model presented in the paper has successfully simulated the endogeneity of housing and real macroeconomic cycles. However, it seems to me that there is a lack of analysis on how these two sectors are interrelated. How did the boom-bust of housing cycles lead to the cycles in the macroeconomy?

Second, it would be interesting to take a further look at behavioural factors. For example, what is the role of heterogeneity and herding in explaining the cycles? How does the lending attitude of banks and the sentiment amongst the investors affect the cycle?

Last, I am also interested in the policy implication of the model. For example, what is the maximum amount of debt the financial & banking sector can sustain? And can property tax or Basel regulation be potentially useful in curbing the cycles?