Comments on ‘The effect of house prices on fertility: evidence from Canada’

Major comments

- The analysis examines how the level of house prices is related to fertility for women aged 18-45 in Canada. The analysis suggest that for homeowners lagged house prices have a positive effect on fertility and completed fertility, while for renters there is no significant effect. It is notable that the effect of a change in house prices is relatively large compared to evidence for other countries.

- The paper is in general well written and the analysis is relatively comprehensive given the data that is available.

- The key issue around the paper is the quality of the house price data and in particular the relatively aggregated nature of the data. Figure 2 does suggest that there has been substantial variation across and within Provinces in the level of house prices over time. A reference is made to increases in some housing markets of around 30% per annum in some years. What would be good to have a clearer understanding of is how much variation within the data and how much of that variation is driven by specific property markets such as Vancouver, Toronto and possibly Alberta around changes in the price of oil. If some (or all) of those markets excluded from the analysis are the results robust? The REB areas in places like Vancouver or Toronto would presumably show a great deal of diversity in terms of the change in the level of house prices, so there is likely to be greater mismeasurement within those areas. Some discussion of this would be useful and help alleviate concerns about what the regression results are truly reflecting.

- Also, where there has been rapid increases in prices is this associated with any particular events such as an oil price increase in the resource Provinces such as Alberta? In turn, is there any reason to argue that the change in house prices is truly exogenous and would not have been foreseen by homeowners? This would bolster the argument that what is being captured by the regression models is in fact a fertility response to a change in house prices.

- Have models been run using changes in house prices (rather than levels) and how do the results compare?

- The authors are careful about assigning a causal interpretation to the results – I think this is the appropriate approach. There are presumably a range of factors that influence fertility decisions and the analysis by its nature is relatively parsimonious. One issue is that the estimated impacts of changes in the level of house prices appears to be relatively large – is there any reason why this might be the case? Are the estimated impacts plausible? Some discussion of these issues would be useful.

Minor comments
• Please check references are done consistently – Farnham, Schmidt and Sevak has full names rather than initials.
• Li, Whelan and Atalay (2017) should read Atalay, Li and Whelan (2017). Also, please note there is a paper by Aksoy (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2846173) that should also be referenced.