
We thank the referees for reading our work and providing thoughtful and fair comments on it. Below we will outline how we would respond to the referees’ suggestions in the event that our paper receives a revise and resubmit or conditional acceptance from Economics. Please note that my coauthor is currently away from the office and unable to access the secured research center where the data is hosted. She will return on June 10th and could start working on the revisions then.

From Referee 1’s “Specific Comments”:

1. “…it might be a worthwhile exercise to see if [you] still find similar results using changes in housing price (if not for the panel models, then for the pooled cross section).”

   Our response: both referees have made this same point. So we would repeat our key specifications (the regressions in Table 2 for homeowners, and Table 3 for renters) using change in REB house price from year t-2 to t-1, rather than (lagged) level year t-1. We will try it for both pooled cross section and fixed effects, since the second referee makes no distinction.

2. “For the instrument, can [you] show the first stage and F-stat [results]? This could be placed in an appendix.”

   Our response: yes, we are happy to do this.

3. “I would add some [other] tests for heterogeneity…using the same interaction model from Table 5.” In particular, for household income, and for the number of children a woman already has.

   Our response: we are happy to do this. Given that we are already planning on simplifying Table 5, we could provide these income and ‘previous children’ interaction effect results also in that Table. Or, if we find interesting results, where house price effects do depend on income and previous children, we could add a separate Table.

4. Correct small typo in descriptive statistics Table 1 – mean rate of being married/common law for homeowners should be .903, not 90.3.

   Our response: we would correct this.
From Referee 2’s “Major Comments”:

Bullet point 3: “What would be good to have a clearer understanding of is how much [of the] variation within the data and how much that variation is driven by specific property markets such as Vancouver, Toronto and possibly Alberta [,the latter] around changes in the price of oil. If some (or all) of those markets are excluded from the analysis, are the results robust?”…“Some discussion of this would be useful.”

Our reply: While it’s true that Vancouver, Toronto and Calgary (in Alberta) will have seen some of the greatest variation in house prices over our sample period, our current Appendix shows that these three centres comprise only 3 REB time series. (This is because the CREA MLS I data we use lumps the major urban centres as single locations.) On the other hand, REB’s outside these major urban centres also look to have experienced substantial (even if lesser) variation in real house prices.

So we are happy to try some key specifications from Tables 2 and 3 excluding these 3 major urban centres. If we end up getting different effects as a result, it may be because we are losing some variation. But it won’t likely be because of reduced sample size.

Bullet point 4: “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 [truly] a fertility response to a change in house prices.” Say in the province of Alberta, with oil price increases.

Our reply: We agree with the referee that, if we had ways of knowing that the house prices changes in our data are truly exogenous shocks, then our ability to be sure we were identifying causal effects of house price on fertility would be greatly strengthened. As this referee notes in bullet point 6, we are currently careful about assigning a causal interpretation to the results. This is precisely because we do not have ways of knowing the extent to which the house price changes in each region have been exogenous and unforeseen. Nor have the papers we have followed in this literature.

It does seem plausible to suggest that, if house price changes anywhere in Canada have been predominantly exogenous shocks, it has been in the province of Alberta, where the economy is heavily reliant on world oil prices. However, Alberta is not the most populous of Canadian provinces, and has only 10 real estate board price series.

We are thus willing to try repeating some key specifications from Table 2 or 3 for Alberta alone. However, we are not sure that the vastly reduced sample size would generate results that are strong enough to report.

Bullet point 5: “Have models been run using changes in house prices (rather than levels) and how do the results compare?”

Our reply: We are happy to try this (see responses to ref. 1)
Bullet point 6: “...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.”

Our reply: We are happy to provide discussion of potential reasons why our estimated pro-natal effects of house price changes for homeowners are greater than those found for the United States. We already foreshadow at the end of Section II that the institutional differences between Canadian and U.S. housing markets (greater home equity in Canada, greater housing price stability) might result in larger effects of house price changes on fertility. But we currently provide no discussion of these factors in our final section, when we explain that our estimated effects are relatively large.

From Referee 2’s “Minor Comments”:

Bullet point 1: Check that your references are done consistently – using initials vs. full first names.

Our reply: We would do this.

Bullet point 2: Correct the order of names for one reference, and add another relevant reference.

Our reply: We would do this.