Discussion of Barcelona, Converse and Wong "U.S. Housing as a Global Safe Asset: Evidence from China Shocks"

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The paper in a picture
Very important topic

- Real estate and foreign capital flows
Very difficult topic

- Lack of good data
My summary

- Important step to understand U.S. statistical discrepancy
- Not convinced about micro results on housing prices
  - Identification is a problem
Comment #1a: Great results

Figure 2: Outflows from China and U.S. inflows

(a) China Outflows & Chinese Deposits in US Banks
   Correlation: 0.625

(b) Chinese Deposits in US Banks & U.S. Statistical Discrepancy
   Correlation: 0.472

Source: Haver, TIC System, and authors' calculations. Series are 4-quarter sums.
Comment #1b:

- More work on why the U.S. statistical discrepancy matters
- Can you explain housing prices? financial variables?
  - SVAR analysis
Comment #1c:

- More work on explaining the statistical discrepancy
  - What is key to improve R-squared?
Comment #1d:

- If the discrepancy proxies for purchases, can we separate direct vs indirect channels?
- Measured FDI also affects prices
  - High tech firms receiving with Chinese FDI create high pay jobs, indirect effect on prices
Comment #1e:

- How do we know it is residential investment and not commercial?
- Public Citizen database reports large Chinese investments in electronics and energy for example.
Comment #1f:

- More work on Chinese deposit outflows landing on U.S. banks
  - Implications for financial stability?
  - For exchange rates?
Comment #2a: Identification problems

- Omitted variables, reverse causality
- Lack of parallel trends
- The decision to list a property in Juwai is endogenous
Comment #2b: Not convincing parallel lines
Comment #2c: Identification solutions

- Need exogenous variation in what cities the Chinese buy properties

- E.g. regulatory change, or change in college admissions towards Chinese
Comment #3a: Identification alternative

- Focus on explaining where do the Chinese search for real estate
  - The geography of non-housing FDI vs housing FDI
Barcelona, Converse and Wong (2019)

**Figure 3:** Web Traffic Hits from China of U.S. Listed Properties, by CBSA
From Public citizens

Large-Scale Chinese Investment Now Located in 40 U.S. States and Territories

SOURCE: Public Citizen's Chinese Corporate Investment Database
Comment #3b: Identification alternative

- Explore deeds data
  - E.g. Corelogic or ZTRAX
- Can we identify the Chinese buyers?
Conclusions

- Great topic
- Promising paper
- Keep working!