



[History Dependence in the Housing Market](#)

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Using the universe of housing transactions in England and Wales in the last twenty years, we document a robust pattern of history dependence in housing markets. Sale prices and selling probabilities today are affected by aggregate house prices prevailing in the period in which properties were previously bought. We investigate the causes of history dependence, with its quantitative implications for the post-crisis recovery of the housing market. To do so we complement our analysis with administrative data on mortgages and online house listings, which we match to actual sales. We find that high leverage in the pre-crisis period and anchoring (or reference dependence) both contributed to the collapse and slow recovery of the volume of housing transactions. We find no asymmetric effects of anchoring to previous prices on current transactions; in other words, loss aversion does not appear to play a role over and above simple anchoring.