"Matching and credit frictions in the housing market" by Essi Eerola and Niku Määttänen

Discussion by Marlène Isoré

(University of Helsinki, HECER)

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- Buyers and sellers meet randomly and Nash bargain over the transaction price.

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- Borrowing constraints potentially matter, on *both* sides:

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- The interaction is important: borrowing constraints affect the bargaining process by modifying the outside options of both parties.

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- A toy model which can be a starting point for 3 alternative stories, but require either another database or some practical assumptions.

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- Adapting the model is quite easy, but more data required.

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- High-frequency data and a homogeneous good, by definition (unlike housing where hedonistic characteristics matter).

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- The intro mentions a macroprudential policy, but not in the model.

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- Figure 3: How do the regions move according to the parameters of the model? this is what makes the story interesting theoretically.