

The Effect of Ecclesiastical Restructuring on Housing Prices: Evidence from the U.S.*

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Abstract

This study examines the impact of repurposed parishes on the prices of surrounding houses. We believe in the importance of studying non-market interactions, particularly those within religious organizations, to capture the transition of tradition in our society. Secularization of modern culture and praising of commercialization in both personal and professional lives invite us to test whether decaying tribalism, through mutative social networks, can be capitalized into the prices of residential houses and vacant lots at the neighborhood level ($n = 8,274,620$). We are unaware of an empirical study analyzing the density, diversity, and distribution of Catholic parishes on a national scale. We accomplish this mission by constructing a comprehensive data set of churches worldwide and particularly focus on the institutional properties in the U.S. ($n = 17,007$). We document numerous closures of parishes in the recent five-year period ending 2018 (treatment villages: $n \sim 500$). We track their conversions into either nursing homes, luxury condominiums, or demolition by extracting information from (1) scanned pages from religious publications and (2) textual analysis of archived local newspapers. These changes trigger local residential markets to respond differently to both religious and commercial gentrification. We are in the process of implementing a difference-in-difference method to showcase how these conversions impact residential market outcomes in two villages that otherwise share demographic, socioeconomic, ethnic and cultural resemblance. The results highlight how evolving cultural identities within and across the American communities impact both the return on and efficiency of investments in residential housing markets at the (sub-)urban level. Our study sheds light on the effect of transitioning culture on a household's largest financial asset: A house. (274 words)

Keywords: Finance and Culture, Housing Market Efficiency, Neighborhood Gentrification, Cultural Transformation, Social Capital, Secularization, Religion

JEL Classifications: R21, R30, Z12, Z13, G11

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