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PERSISTENT TRENDS AND INEFFICIENCIES IN THE GREEK HOUSING MARKET: A SENTIMENT BASED APPROACH**Abstract:**

In this study, we examine the aggregate price trend of the Greek housing market from a behavioral perspective. We construct a behavioral real estate sentiment index, based on relevant real estate search terms from Google Trends and websites, and examine its association with real estate price distributions and trends. By employing EGARCH(1,1) on the New Apartments Index data from the Bank of Greece, we capture real estate price volatility and asymmetric effects resulting from changes in the real estate search index. The results show a significant relationship between the Greek housing market and our real estate sentiment index; an increase (decrease) in search activity, indicating a growing interest in the real estate market, is strongly linked to potential increases (decreases) in real estate prices. These results remain robust across various estimation procedures and control variables. These findings underscore the influential role of real estate sentiment on the Greek housing market and highlight the importance of considering behavioral factors when analyzing and predicting trends in the housing market.

Keywords:

Google Trends; Investor Sentiment; Market Efficiency; Real Estate Prices; Housing Market

JEL Classification: G02, R20, R30