

## **The Effect of Housing Market on Unemployment Rates: Evidence from Turkey**

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### **Abstract:**

The importance of the housing market and the labor market has been recognized and explored in macroeconomics especially after the global financial crisis. This paper investigates the role of housing market variables in unemployment dynamics in Turkey. Housing cost, house price, and housing investment are the important variables that are considered to affect unemployment levels. To figure out the relationship between the housing market and unemployment rates, this paper examines the monthly data over the 2010-2020 period by using the Structural VAR model. The preliminary findings reveal that housing market shocks play a substantial role in explaining recent unemployment rate fluctuations in Turkey. The paper also offers some policy advice considering the different types of housing market reforms and macro-prudential regulation for the labor market.

**Keywords:** Housing Market, House Prices, Unemployment Rate, Structural VAR

**JEL Codes:** C22, E24, R31