

---

[Working Paper No. 1005](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

[J. Sebastian Amador-Torres](#) [Jose Eduardo Gomez-Gonzalez](#) [Sebastian Sanin-Restrepo](#)

AUTHORS AND/OR EDITORS

[J. Sebastian Amador-Torres](#) [Sebastian Sanin-Restrepo](#)

We use hazard models to study the determinants of housing price bubbles' duration. We answer two

---

related questions: i). Does prolonged domestic monetary policy easing increase the duration of housing price bubbles? And, ii). Does prolonged monetary policy easing in the US influences housing bubbles' duration in other OECD countries? Our results suggest that the answer to the first question is a clear yes, while the answer to the second question is an indirect yes. Other variables that are also good predictors of the duration of bubbles are GDP growth and the degree of financial market development. Bubbles in developed financial markets tend to last longer. Other institutional variables, such as loan-to-value caps and limits to banking leverage, population growth and the consumer confidence index, have no effect on the probability of ending a bubble. Our results have relevant policy implications.

The series Borradores de Economía is published by the Economic Studies Department at the Banco de la República (Central Bank of Colombia). The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.