

## **Dynamics of Causality between Real Estate and Stock Prices: Evidence from Turkey**

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### **Abstract**

This paper aims to examine the well-known transmission mechanism between stock and real estate prices from the perspective of the Turkish economy. To reveal whether the wealth effect or credit-price effect is dominant in this relationship, we use monthly data over the 2010-2021 period. We employ both linear and non-linear cointegration approaches to control possible shifts in the long-run relationships and short-run dynamics. Following this methodology, we also hope to shed light on the impact of the outbreak of the COVID-19 pandemic on the relationship between stock and real estate prices. The findings of the study will help both the investors and policymakers to establish effective policies towards developing portfolios and provide a better understanding of the driving forces behind real estate prices.

**Keywords:** Wealth effect; Credit-price effect; Cointegration

**JEL Codes:** E44, G11