Marlena Lee

CONTACT INFORMATION

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RESEARCH INTERESTS

Asset pricing, macroeconomics, household behavior, housing

EDUCATION

University of Chicago, Graduate School of Business
Ph.D. Finance (2008, expected)
M.B.A. (2008, expected)

University of California, Davis
M.S. Agricultural and Resource Economics (2002)
B.S. Managerial Economics (2001)

DISSERTATION COMMITTEE

Erik Hurst (chair)
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5807 South Woodlawn Avenue
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ACADEMIC EXPERIENCE

University of Chicago, Graduate School of Business
Teaching Assistant:
- Eugene Fama, *Theory of Financial Decisions* (Fall quarters, 2005-2006)
- John Heaton, *Investments* (Fall quarters, 2004-2006)
- Ioanid Rosu, *Investments* (Winter 2006)
- Terrence Belton, *Forwards, Futures, Swaps, and Options* (Winter 2005)

Manhattan Institute for Policy Research
Research Assistant:
- Thomas Hazlett (2002)

CONSULTING EXPERIENCE

Economic Consultant:
Reference: Arthur Havenner (530) 752-7079 / (530) 753-3182
- Microcrystalline/cellulose ("MCC") Antitrust Class Action Litigation (2002-2005)
- Rubber Chemicals Antitrust Litigation (2005-2006)
- Bar/Bri Antitrust Class Action Litigation (2006-2007)

WORKING PAPERS

"House prices, household consumption, and their common causes", 2007

ABSTRACT: This paper provides evidence that common drivers of consumption and house prices, as opposed to wealth or collateral channels, are responsible for most of the positive correlation between the two series. Using micro data from the PSID and the CEX, I illustrate the relative importance of the common causality channel using three different methods. First, I show that consumption elasticities for owners with respect to statewide housing appreciation can be reduced by about half with the inclusion of controls for the per capita income and the unemployment rate of the household's state of residence. In the second approach, I use renters as a control group and show that owners do not display any significant difference in their consumption response to house price changes. Lastly, the paper presents evidence showing that consumption elasticities are statistically and economically significant with respect to broad changes in house prices, at the state or MSA levels but are insignificant with respect to self-reported owner estimates. I argue that the differential effects found using these alternative measures is the result of a trade-off between two different types of noise. While owners' estimates contain a great deal of sampling noise, the change in HPI is a noisy measure for individual housing appreciation because the substantial heterogeneity in individual appreciation rates within a locality. If owners make consumption and savings decision based on perceived wealth, owners' estimates are the appropriate measure to estimate wealth effects. If heterogeneity in individual home appreciation rates is significant, change in HPI is a poor measure for changes in household housing wealth, though it could still be spuriously correlated with consumption due to common drivers.

HONORS AND AWARDS

Ewing Marion Kauffman Foundation
Ph.D. Dissertation Fellowship, 2007

University of Chicago, Graduate School of Business
Center for Research in Securities Prices Summer Paper Award, 2004
GSB, Doctoral Scholarship
Sanford J. Grossman Dissertation Fellowship

PROFESSIONAL

Referee: Review of Financial Studies