

## **Are Asset Prices Sticky?**

### **Abstract**

We use an unexpected and geographically confined change in residential electricity prices to shock the fundamental value of a large cross section of homes. We identify a negative 5% effect on residential real estate prices and a negative 10% effect on sales volume. The negative effect on sales volume comes from longer time-on-market, a decrease in the number of listed homes, and a higher share of unsold homes. The negative sales volume effect suggests that asset prices do not drop enough but are downward-sticky, which carries potential implications for asset pricing, macro, and monetary theory.