

Why Iranians Are Buying Apartments Instead of Holding Cash

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Note: the original article is provided as a separate file (attached to the email or downloadable from the website).

1. Reading Passage

For five years, Iran's housing market barely moved. Investors who could get their money out preferred gold or foreign currency, and ordinary Iranians watched real home prices drift downward. Then, in late February, US and Israeli bombs began falling on the country – and Tehran's property market, of all things, came roaring back to life. According to estimates from the capital's estate agents' union, house prices and rents have climbed roughly 80 per cent in the roughly forty days since the bombardment began. That pace appears to outrun even Iran's official inflation rate, now running at about 84 per cent year-on-year – the highest in decades.

The boom is not a sign of confidence. It is the opposite. With the rial having lost about 53 per cent of its value against the dollar over the past year on the open market, Iranians are scrambling to convert cash into anything that holds its worth. Gold, the traditional hedge, has already surged to historic highs and recently fallen back, making it a riskier bet. Property has become the next obvious destination. One Tehran estate agent described an apartment selling this week for 58 billion tomans – roughly double the 30 billion it had been worth before the war. 'The war brought nothing but higher prices,' he said.

Here's the catch. Iran has no developed mortgage system, so most purchases are made entirely in cash, either upfront or in instalments stretched over a few months. That makes the market unusually sensitive to panic. Sellers, expecting prices to keep climbing, are pulling listings off the market. Buyers, desperate to dump rials before inflation erodes them further, are bidding aggressively for whatever remains. The same dynamic has spread beyond the capital: resort towns along the Caspian Sea coast, which became refuges for those fleeing the conflict, have seen sharp price jumps as well.

The broader economic backdrop is grim. Iran has long suffered from double-digit inflation, a fragile banking system, and entrenched corruption. Food prices have now crossed into triple-digit territory and are hitting lower-income households particularly hard. Official figures cited in the article show vegetable oil up 354 per cent year-on-year, chicken up 287 per cent, eggs up 343 per cent, imported rice up 223 per cent, and dairy products up as much as 139 per cent. Saeed Laylaz, a reformist analyst, argues that Iranian officials have spent years blaming sanctions for every economic problem and are now 'hiding behind the war' to cover up their own mismanagement. He warns that the full consequences of the conflict have not yet appeared and will become more visible in the coming months.

For Iranians without significant savings, the boom is not a story about getting rich – it's a story about being left behind. A 58-year-old housewife in a middle-class Tehran neighbourhood told the reporter that owning a home in the capital had become 'a fantasy.' She added that her family would consider themselves lucky simply if they could still afford food. Iran's housing market has a history of speculative bubbles, and the latest official data showed prices nationwide rising about 35 per cent year-on-year before the war – already well behind inflation. The new surge does not represent the start of a healthy recovery so much as a flight from a currency that fewer and fewer Iranians believe in.

2. Explanation

After 40 days of US and Israeli bombs, you'd expect Iranians to flee real estate – instead, they're piling in. The reason isn't optimism. It's inflation panic.

What's Going On?

Iran's housing market just woke up from a five-year slump – and the trigger wasn't peace or prosperity. It was war. After bombing campaigns that began in late February, Iranians have been racing to swap their rapidly devaluing rials for something tangible: apartments. Tehran's estate agents' union estimates home prices and rents have jumped about 80% since the conflict began.

Annual inflation is running at roughly 84%, the highest in decades, and the rial has lost about 53% against the dollar in the past year on the open market. With gold prices already at historic highs, property has become the next-best vault for savings – even as the war's full economic damage hasn't yet landed.

How To Think About It

Iranians aren't 'investing' in property in the way an American might think about it. They're doing something closer to refugee logistics for their money – moving wealth across the border from 'cash' into 'stuff' before the border closes.

- Think of musical chairs where the music is inflation. Every month you hold cash, a chair disappears. Buying an apartment is grabbing a chair early, even if it's an uncomfortable one in a bad part of the room.
- Or think of a grocery store the day before a hurricane: people don't buy bottled water because they love water – they buy it because they know shelves will be empty tomorrow. Iranian sellers are the shopkeepers refusing to restock, betting prices climb higher next week.

Key Things To Know

- An apartment that sold for 30 billion tomans before the war went for 58 billion tomans this week, according to a Tehran estate agent – nearly double in weeks.
- Iran has almost no mortgage system, so buyers usually pay the entire price upfront in cash, often in instalments over a few months. That's part of why the market is so jittery.
- Food inflation is even uglier than housing: vegetable oil is up 354% year-on-year, chicken 287%, eggs 343%, imported rice 223%, dairy as much as 139%.
- Sellers are deliberately holding properties off the market expecting bigger gains, while buyers are desperate to dump rials before they evaporate – a textbook recipe for chaos.
- Most people assume war crashes housing markets. In a hyperinflating economy with capital controls, the opposite can happen: real estate becomes the safest harbour available.

Why It Matters

When people in your high school economics class learn about inflation, it sounds abstract – a number on a chart. Iran shows what triple-digit inflation actually does to families: a middle-class housewife

quoted in the article says owning a home in Tehran has become 'a fantasy,' and feeling lucky just means still being able to afford food. The same forces — currency collapse, sanctions, distrust in banks — are reshaping life in Turkey, Argentina, Lebanon, and Venezuela. Understanding how they work is increasingly essential global literacy, not a niche topic.

The Bigger Picture

Reformist analyst Saeed Laylaz argues that for years, Iranian officials blamed sanctions for every economic problem to mask their own mismanagement — and now they're hiding behind the war. That suggests the price spikes may outlast the bombing. Watch for two second-order effects: a widening gap between Iranians wealthy enough to own property and everyone else priced out forever, and political pressure on a government that can no longer credibly point to outside enemies for an economy already in triple-digit-inflation territory.

3. Key Terms Glossary

Store of value

An asset that holds its purchasing power over time. Cash is a bad store of value during high inflation; gold, property, and stable foreign currencies tend to be better ones.

Toman

Iran's everyday currency unit in colloquial use, equal to 10 rials. Iranians quote prices in tomans even though the official currency is the rial.

Hyperinflation / triple-digit inflation

When prices rise so fast that money loses meaningful value within months. 'Triple-digit' means annual price increases of 100% or more – prices at least doubling in a year.

Speculative bubble

A market where prices rise mostly because buyers expect to resell at a higher price, not because the underlying asset is genuinely more valuable. Bubbles tend to pop.

Mortgage system

The financial infrastructure (banks, long-term loans, legal contracts) that lets ordinary people borrow most of a home's price and pay it back over decades. Iran lacks a developed one, forcing cash purchases.

Sanctions

Economic penalties – bans on trade, banking access, or oil exports – imposed by one country on another to pressure its government. The US has layered sanctions on Iran for decades.

Open market exchange rate

The unofficial rate at which a currency actually trades on the street, often far worse than the government's official rate. In Iran, this is the rate that matters for everyday savers.

Real-terms decline

A price drop after adjusting for inflation. A house whose price rose 10% in a year of 20% inflation actually became 10% cheaper in real terms.

4. Reading Comprehension Quiz

Circle the best answer for each question.

- Q1.** The passage primarily argues that Iran's housing boom reflects which of the following?
- A) Renewed economic confidence following the end of the war
 - B) A defensive scramble to protect savings from rapid inflation
 - C) Government incentives designed to revive the property sector
 - D) Foreign investment flowing into Tehran's real estate market
- Q2.** According to the passage, home prices in Tehran have risen sharply because
- A) the war destroyed much of the city's existing housing stock
 - B) the government raised interest rates to slow borrowing
 - C) sellers are withholding property while buyers rush to spend rials
 - D) new mortgage products have made home loans widely available
- Q3.** Which choice best states the central idea of the passage?
- A) War damage in Tehran has permanently destabilised Iran's housing supply.
 - B) Iran's middle class is benefiting from a long-awaited real estate boom.
 - C) Sanctions are the single cause of Iran's current economic crisis.
 - D) Iranians are turning to property as a shelter from collapsing currency value.
- Q4.** As used in the passage, the word 'refuge' most nearly means
- A) a physical shelter from violence
 - B) a safe place to store value
 - C) an escape from political repression
 - D) a temporary home for displaced people
- Q5.** As used in the passage, the word 'chaos' most nearly means
- A) physical destruction caused by bombing
 - B) violent civil unrest in the streets
 - C) disorderly market behaviour driven by panic
 - D) the breakdown of government authority
- Q6.** Which statement about Iran's economy can most reasonably be inferred from the passage?
- A) Most Iranian households trust banks to protect their long-term savings.
 - B) Ordinary Iranians have limited tools for safeguarding the value of cash.
 - C) Iran's central bank has successfully stabilised the rial in recent months.
 - D) The wealthy in Iran are unaffected by the country's current inflation.
- Q7.** The passage suggests that the lack of a developed mortgage system in Iran
- A) protects households from sudden interest rate increases
 - B) makes buying property less accessible and more cash-intensive
 - C) encourages younger Iranians to delay buying their first home
 - D) has been deliberately created by the central bank's policies

Q8. The tone of the housewife's quoted remark about Tehran property is best described as

- A) hopeful and forward-looking
- B) indignant and politically charged
- C) resigned and quietly disillusioned
- D) nostalgic for a recent prosperous era

Q9. Based on the passage, which of the following is most likely to happen in the coming months?

- A) Iran's inflation rate will fall sharply as the war's effects fade.
- B) More economic damage from the war will become visible.
- C) Foreign banks will begin offering mortgages inside Iran.
- D) The Iranian government will admit that its policies caused inflation.

Q10. Which choice provides the best evidence for the answer to the previous question?

- A) The mention that gold prices have fallen sharply this year from historic highs
- B) The estimate that house prices have risen 80 per cent since late February
- C) Laylaz's statement that effects of the war 'will become more visible in the coming months'
- D) The statistic that the rial has fallen 53 per cent against the dollar in a year

My Score: _____ / 10

5. Answer Key with Explanations

Q1. The passage primarily argues that Iran's housing boom reflects which of the following?

Answer: B

The passage explicitly frames the surge as Iranians seeking 'refuge from inflation' and converting cash into assets before it loses value – a defensive move, not optimism. A is wrong (Trap A: opposite direction – buyers are anxious, not confident). SAT Tip: When a question asks for the 'primary' argument, look for the thesis stated near the opening and echoed in the closing – beware options that contradict the article's overall mood.

Q2. According to the passage, home prices in Tehran have risen sharply because

Answer: C

The passage states sellers are 'holding back, expecting prices to rise even further' while buyers are 'desperate to convert' cash into assets. D is the main trap (Trap B: uses the article's vocabulary about mortgages but reverses the fact – Iran has almost no mortgage system). SAT Tip: When a cause-and-effect question gives options that use the passage's keywords, check whether the relationship between those words matches the passage or flips it.

Q3. Which choice best states the central idea of the passage?

Answer: D

The article's through-line is that property has become a store of value as the rial collapses. B (Trap C) sounds true but the passage stresses that owning a home is becoming 'a fantasy' for ordinary Iranians – not a benefit. SAT Tip: 'Central idea' answers should match both the article's facts AND its tone; reject options that feel cheerful when the article is grim.

Q4. As used in the passage, the word 'refuge' most nearly means

Answer: B

The passage uses 'refuge from inflation,' meaning a financial hiding place for savings – not a literal building. A is the trap (Trap B: the common meaning of 'refuge,' which doesn't fit the financial context). SAT Tip: On vocab-in-context questions, substitute each option into the original sentence – only the answer that preserves the sentence's meaning is correct.

Q5. As used in the passage, the word 'chaos' most nearly means

Answer: C

The estate agent describes 'the market' as being in chaos – referring to erratic buyer-seller behaviour, not literal violence. A is the trap (Trap B: borrows the article's war imagery but applies it to the wrong subject). SAT Tip: Identify what noun the vocabulary word actually modifies in context – 'chaos' here describes a market, so the answer must describe market behaviour.

Q6. Which statement about Iran's economy can most reasonably be inferred from the passage?

Answer: B

The passage notes Iranians have shifted from gold (now too expensive) to property because of inflation and a 'fragile banking system' – implying few safe options remain. D is the trap (Trap C: plausible in the real world, but the article never claims the wealthy escape inflation). SAT Tip: For inference questions, the right answer is what the passage forces you to conclude – not what's generally true about the world.

Q7. The passage suggests that the lack of a developed mortgage system in Iran

Answer: B

The passage states buyers must pay full price over a few months or in a single payment because mortgages don't exist – a major barrier. C (Trap C) may be true in reality but isn't supported in the text. SAT Tip: 'The passage suggests' means the answer must be traceable to specific lines, not just consistent with common sense.

Q8. The tone of the housewife's quoted remark about Tehran property is best described as

Answer: C

She calls home ownership a 'fantasy' and frames being able to afford food as feeling 'fortunate' – language of acceptance under pressure, not anger or hope. B is the trap (Trap A: she's critical but not openly political). SAT Tip: Tone questions hinge on a speaker's adjectives – focus on the emotional weight of the actual words quoted, not the topic being discussed.

Q9. Based on the passage, which of the following is most likely to happen in the coming months?

Answer: B

Analyst Saeed Laylaz is quoted predicting that the war's full economic consequences haven't appeared yet and will surface in coming months. A (Trap A) reverses the article's direction – things are expected to worsen, not improve. SAT Tip: Future-prediction questions reward picking answers that match an expert source quoted in the passage, not your own outside guesses.

Q10. Which choice provides the best evidence for the answer to the previous question?

Answer: C

The Laylaz quote directly predicts more visible damage ahead, matching the previous answer. B is the main trap (Trap B: it's a real statistic from the article but describes past, not future, developments). SAT Tip: On evidence-pairing questions, locate the exact sentence that supports your previous answer first – then match it to an option, ignoring other true-but-irrelevant facts.