

10 Hot Topics in  
Urban Economics  
(*including* Housing Economics)

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# Hot Topics related to Land and Housing Markets

## 1. Costs and benefits of land use planning

- Benefit side well know but costs are largely ignored
- Regulatory cost = reason for 'affordability crisis' in countries such as UK?
- Recommended readings: *Cheshire and Hilber (2008, *Economic Journal*); Hilber and Vermeulen (2010, Final Report, Department for CLG)*

## 2. Housing 'bubbles': the role of lending standards and supply constraints

- Which factors caused the housing 'bubble'?
- Is it really a 'bubble' (= prices deviate from 'fundamentals')?
- Role of loosening of lending standards and supply constraints
- Recommended readings: *Glaeser et al. (2010, *Harvard Kennedy School Policy Briefs*), Glaeser et al. (2008, *Journal of Urban Economics*), Duca et al. (2011 a and b, SERC DPs); Hilber and Vermeulen (2010, Final Report, Department for CLG)*

# Hot Topics related to Land and Housing Markets (*cont.*)

## 3. Homeownership, mortgage defaults and the credit crunch crisis

- Which factors caused housing 'bubble'?
- Is it really a 'bubble' (= prices deviate from 'fundamentals')?
- Role of loosening of lending standards (and land use planning, see 'hot topic 1' above)
- Recommended readings: *Mian and Sufi (forthcoming, American Economic Review)*, *Hilber and Turner (2010, SERC DP)*

## 4. Green buildings & sustainability

- What is the economic value of the certification of green buildings?
- Preliminary results suggest that green buildings command higher rents and selling prices?
- What are the causes of these price premiums?
- Recommended reading: *Eichholtz et al. (2010, American Economic Review)*

# Hot Topics related to Growth of Cities and Productivity

## 5. Agglomeration Economies (a hot topic since 20 years!)

- What types of agglomeration forces facilitate strong economic growth in cities (e.g., specialization, competition, diversification)?
- What are the benefits and costs of agglomerations?
- How important are the benefits and costs economically (attempt to quantify magnitude)
- Recommended readings: *Combes et al. (2009, CEPR DP)*, *Combes et al. (2011, Journal of Economic Geography)*

## 6. Entrepreneurship and the city

- What makes a city entrepreneurial?
- Why do some cities have many entrepreneurs and others don't?
- What kind of entrepreneurs encourage growth?
- Recommended readings: *Glaeser et al. (2010a and 2010b, Journal of Urban Economics)*

## 7. Productivity in the retail sector

- What factors determine retail productivity?
- Does land use planning reduce productivity?
- What is the role of entry barriers?
- Recommended readings: *Cheshire et al. (2011, SERC DP)*, *Schivardi and Viviano (2011, Economic Journal)*

# Hot Topics related to Equity Issues and the Future of Cities

## 8. Real earnings disparities & declining places

- How big are disparities really when accounting for housing costs?
- To what extent are disparities driven by sorting of skilled households into more productive places?
- 'Recommended readings': *Combes et al. (2008, Journal of Urban Economics)*, *Gibbons et al. (2011, SERC DP)*

## 9. Information technology and urban structure: Do cities have a future?

- Will they make cities obsolete or more important?
- How easy to outsource tasks / role social interactions
- 'Recommended reading': *Sinai and Waldfogel (2004, Journal of Urban Economics)*, *Ioannides et al. (2008, Economic Policy)*

## 10. Spatial impact of globalization/the role of transport costs & transport infrastructure investments

- Will globalization cause cities in developed countries to loose out?
- Will manufacturing production disappear in Western Europe and the US?
- Cost benefit analysis of transport infrastructure investment
- Do IS-investments help overcome spatial disparities?
- 'Recommended readings': *Krugman (1991)*, *Glaeser (2011)*

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