10 Hot Topics in Urban Economics
(including Housing Economics)

Christian Hilber
London School of Economics
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
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)
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)

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?
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

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)
References


References (cont.)


References (cont.)


References (cont.)


