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ECON 496

Homework 1

Subject 1: (Actually wrote about this for my honors sample writing. I’ll send an email with it!)

How does society structurally respond to a rapid growth in both supply and demand, therefore an economy? Focusing on the effects of Seattle and Portland’s tech-industry boom on their local economy, we can easily list the benefits bestowed upon the center of expansion and the neighboring cities. However, there are also costs that these cities have to pay for being unable to satisfy the ever-increasing demand and growth of this industry. For example, housing prices skyrocketed, traffic congestion aggravated, and gridlocks at ports peaked on a record volume (Millsap, 2018). To alleviate the strain on the physical location of the industry, cities can introduce construction projects to solve transportation issues and restructure the city. This logically makes sense, but what about the reverse?

How do the brand new large scale transportation system construction projects appeal tech-giants to move to the Pacific Northwest (PNW)? How are they affecting the local economy and influencing the tech-talent market? Implicitly speaking, what do these firms see in Seattle and Portland’s physical future? Unfortunately, there was difficulty finding any previous literature on answering the relation between transportation construction to the tech demand in the PNW. However, many research have been done separately on transportation and the tech market. Dorfman, Partridge, and Galloway (2011) studied the relationship between high-tech job demand and amenities present in urban and rural areas. Weisbrod (2008) examines various types of predictive economic models made for accessing the nature of economic growth impacts of transportation projects from historical examples.

Citation and Additional Links

* Adam Millsap, Forbes. 2018. “Is Seattle Doomed?" Visited on 03/01/2019. https://www.forbes.com/sites/adammillsap/2018/05/21/is-seattle-doomed/#442ad39b74f4.
* Dorfman, Jeffrey H., Mark D. Partridge, and Hamilton Galloway. 2011. “Do Natural Ameni-ties Attract High-Tech Jobs? Evidence from a Smoothed Bayesian Spatial Model". Spatial Economic Analysis 6, no. 4 (): 397-422. doi:http://www-tandfonline-com.offcampus.lib.washington.edu/loi/rsea20.
* Weisbrod, Glen. 2008. “Models to predict the economic development impact of transportation projects: historical experience and new applications". The Annals of Regional Science 42, no. 3 (): 519-543. doi:https://doi.org/10.1007/s00168-007-0184-9.
* <https://www.seattletimes.com/seattle-news/transportation/sound-transit-ceo-considers-outside-contractors-to-run-highway-520-buses/>

Subject 2:

Extending from the conditions of Seattle and Portland discussed above, the growth of economy and increased demand in terms of housing and office space is deemed unsustainable. We often see headlines similar to “King County running out of room.” Although Seattle’s housing price increase has slowed down, initial rent is continuously increasing according to CBRE’s quarterly report. On the other hand, some economists argue that “There is no such thing as a city that has run out of room.” (Badger, 2019) They claim that the only issues are politics and opportunity costs. Likewise, according to Seattle Business Magazine (2019) and Cushman & Wakefield’s quarterly report (2019), the Seattle office space market is wildly active, with increasing construction ongoing and increasing vacancy of space since 2017. Amidst these opposing positions, it is important to understand the current state of available land/space. This leads to my topic.

Then how do we really know if there is abundant space in Seattle and neighboring cities? If there is a shortage for space, how do we deal with it and how does it affect the quality of life or workers and citizens? It’s clear that much of the benefits and sustainability are tailored towards the tech workers, which applies to both Portland and Silicon Valley as well. The non-tech workers are then washed out from these cities (Kemeny and Osman, 2018). Many efforts have been done to solve this issue by studying the effects of spatial diffusion (Kang, 2011) and estimating the optimal city size with efficient urban sprawl (Burnett, 2016). There are potential solutions to alleviate shortage problems, but these studies fail to accurately evaluate the current state of the tech-hub metropolitan cities in terms of the availability and demand of office space.

Citation and Additional Links

* Badger, Emily. “Analysis | There Is No Such Thing as a City That Has Run out of Room.” The Washington Post, WP Company, 26 Apr. 2019, www.washingtonpost.com/news/wonk/wp/2015/10/06/there-is-no-such-thing-as-a-city-that-has-run-out-of-room/.
* “The Seattle Office Market Shines in Q3 With Tech Firms Leading the Charge.” Seattle Business Magazine, 3 Oct. 2019, seattlebusinessmag.com/commercial-real-estate/seattle-office-market-shines-q3-tech-firms-leading-charge.
* “Seattle Office Snapshot.” Cushman &amp; Wakefield, www.cushmanwakefield.com/en/research-and-insight/unitedstates/seattle-office-snapshot.
* Burnett, Perry. “Overpopulation, Optimal City Size And The Efficiency Of Urban Sprawl.” Review of Urban &amp; Regional Development Studies, vol. 28, no. 3, 2016, pp. 143–161., doi:10.1111/rurd.12051.
* Kang, Wensheng. “Housing Price Dynamics and Convergence in High-Tech Metropolitan Economies.” The Quarterly Review of Economics and Finance, vol. 51, no. 3, 2011, pp. 283–291., doi:10.1016/j.qref.2011.05.001.
* Kemeny, Tom, and Taner Osman. “The Wider Impacts of High-Technology Employment: Evidence from U.S. Cities.” Research Policy, vol. 47, no. 9, 2018, pp. 1729–1740., doi:10.1016/j.respol.2018.06.005.
* <http://web.a.ebscohost.com/ehost/detail/detail?vid=0&sid=7c9c4c6f-b385-40bb-93fc-f0bde39febaf%40sdc-v-sessmgr02&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=1766757&db=ecn>

Subject 3:

The Pacific Northwest is often mistaken to be within the “safezone” from large scale earthquakes. With the Juan de Fuca plate directly subducting under the North American platonic plate, the nearby area is always prone to small to medium magnitude earthquakes. In fact, Washington state has the second highest risk in the U.S. for large scale earthquakes that can cause major damage to the citizen’s daily lives (DNR). Although the awareness for potential danger, Seattle and nearby cities are not prepared (Seattle.gov). This can also be observed in how major insurance firms provides little to no coverage and all insurance policies are quoted in smaller Managing General Agencies (MGAs) that have little assets to actually guarantee compensation in case of a major earthquake. We always want to be able to predict or evaluate the earthquakes damages and know how to prevent or minimize the damages. This leads to my topic.

How can Seattle skyscrapers and smaller buildings be damaged by potential major earthquakes? How can the damages affect the Seattle economy? With over 1100 unreinforced buildings just in Seattle, these buildings are extremely versatile to damage and will cause collateral damage in the nearby area in case of a collapse. Such high risk will eventually raise homeowner’s insurance rates by at least a few hundred dollars. Seattle also is not well prepared for secondary damages caused by earthquakes (landslides, fires, tsunamis, etc.), hence the minor damages 4.6 magnitude earthquake the past July (Bush, Evan, and Gutman, 2019). Thankfully much research is being done, and many buildings are being updated (Oriaku, 2019). Also, many studies have been done on studying impacts of natural disasters in areas that are more prone like Japan and Chile. My focus will be on Seattle. I would also like to see how citizens of Seattle prepare for or react to earthquakes.

Citation and Additional Links

* Bush, Evan, and David Gutman. “4.6 Earthquake Shakes Seattle Region, No Damage Reported.” The Seattle Times, The Seattle Times Company, 12 July 2019, www.seattletimes.com/seattle-news/magnitude-4-4-earthquake-shakes-seattle-overnight/.
* “Earthquake.” Earthquake - Emergency Management, www.seattle.gov/emergency-management/hazards/earthquake.
* “Earthquakes and Faults: WA - DNR.” WA, www.dnr.wa.gov/programs-and-services/geology/geologic-hazards/earthquakes-and-faults.
* Oriaku, Ali. “Seattle Boosts Building Codes for High-Rises after Study Deems Them at Risk.” Archpaper.com, 4 Jan. 2019, archpaper.com/2019/01/seattle-boosts-building-codes-for-high-rises-after-study-deems-them-at-risk/.
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* <http://web.a.ebscohost.com/ehost/detail/detail?vid=0&sid=f36e372b-6b40-4f85-b3c5-430e678e3393%40sdc-v-sessmgr03&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#AN=1682122&db=ecn>
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* Mohan, Preeya S., et al. “Decomposing the Macroeconomic Effects of Natural Disasters: A National Income Accounting Perspective.” Ecological Economics, vol. 146, 2018, pp. 1–9., doi:10.1016/j.ecolecon.2017.09.011.
* Wang, Lin, and Ali M Kutan. “The Impact of Natural Disasters on Stock Markets: Evidence from Japan and the US.” Comparative Economic Studies, vol. 55, no. 4, 2013, pp. 672–686., doi:10.1057/ces.2013.16.