

FOREWORD

The fields of *Regional and Urban Economics* have evolved remarkably since 2004 when the last volume of the Handbook series (Volume 4) was published.

The emphasis of Volume 4 was very much on agglomeration at various spatial scales (neighborhood, urban, and regional). Much of the content was theoretical, with a large proportion of theoretical chapters and a clear separation between theory and empirics. Volume 4 also arrived as Krugman's New Economic Geography had reached its peak. This emphasis on agglomeration meant that many traditional urban issues were not covered. As such, policy discussions were limited to agglomeration issues, such as regional inequalities and the effect of market integration (following worries associated with "globalization" and deeper economic integration within Europe and North America). The decade since Volume 4 has seen continued progress on agglomeration and related areas, but it has also seen a significant broadening in both the areas of study and the methods of inquiry.

This volume is in part a return to more traditional urban topics that were covered in Volumes 1–3 of the Handbook series. One example of this is housing, a research topic which has seen major advances in the last 10 years. A major housing crisis in the United States and much of the developed world is certainly part of the explanation for revival of research on housing. In addition, there are also important ongoing debates about urban sprawl and its effects and how land use regulations are shaping cities in the United States and elsewhere. Technology and sometimes legislation are also changing the way we buy and sell houses. This raises some interesting questions about the microstructure of the housing market. Thus, Volume 5 of the *Handbook of Regional and Urban Economics* has a significant emphasis on housing and property markets.

Housing is not the only new focus for urban research. There is also renewed interest in the effects of transportation on cities, neighborhood and city dynamics, urban amenities, urban environmental issues, urban crime, urban costs, land use, migration, and a range of other topics. These issues are considered in both developed and developing world settings. Volume 5 reflects this intellectual broadening as well.

Another important shift in urban and regional economics is in methods. For the first time in the *Handbook of Regional and Urban Economics* series, explicit chapters on methodology are included. The greater availability of data and the gradual adaption of "modern" methodologies have profoundly changed the nature of empirical work. These approaches (structural and quasi-experimental) are becoming more widely adopted. The chapters in this volume acknowledge this, but they also point out that a lot urban and regional research remains in need of a methodological upgrade. In addition, the chapters point to a range of unique methodological challenges arising from the spatial data that is

used in urban and regional research. The direct application of methodologies borrowed from labor economics or industrial organization is, thus, often not enough. Fortunately, both the chapters focusing primarily on methods and those that consider individual topics offer numerous suggestions of how to move forward. In most instances, this involves forging closer links between theory and empirical research.

All of these issues have significant implications for public policy. Volume 5 includes chapters focusing on policy topics that have had little coverage in previous volumes, such as mortgages, place-based policies, and urban crime. The volume also includes chapters on more traditional issues such as tax competition, neighborhood effects, and housing policy. These traditional issues are still extremely important but are now explored using more credible empirical approaches. And although these chapters are particularly oriented toward policy, the applied nature of *Urban and Regional Economics* means that most chapters are policy relevant at least to some degree.

Ultimately, we see the chapters included in the volume as making a strong case for research that appropriately combines theory and empirics, that embraces the many elements of urban economies, and that is policy relevant. Of course, as the volume has come together, it has become apparent that there are gaps in the volume just as there are gaps in the fields of regional and urban economics. For instance, too much of the empirical evidence on urban issues comes from American cities. While the volume does contain two chapters focused on issues in developing countries, more work on urban phenomena in developing countries is needed. As another example, while there is a chapter on transportation focused on evaluation of major inter regional transport networks, there is no coverage of traditional and evolving topics such as modal choice, peak pricing, the use of incurred transport costs to value urban amenities, and the like. We hope that these and other gaps will motivate young (and less young) researchers to expand our knowledge.

We are grateful to many people and organizations for helping to make this project happen. The contribution of the authors is obvious. These contributions were sharpened by the participants at conferences sponsored by the Wharton Real Estate Department and the Centre for Real Estate at the Rotman School of Management at the University of Toronto. Several papers were also presented at the Urban Economics Association sessions at the North American Regional Science Council meetings and at the National Meetings of the American Real Estate and Urban Economics Association. We are grateful to the people and organizations who have made these interactions possible. We also are grateful to various people at Elsevier for their helpfulness and professionalism, especially Joslyn Chaiprasert-Paguio and Scott Bentley. Finally, we are all grateful to all those who are close to us for their patience and support.

Gilles Duranton
Vernon Henderson
William Strange
November 4, 2014