

Macro Roundup Article

Headline: Repeat After Me: Building Any New Homes Reduces Housing Costs For All

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Tweet: Recent studies in the US, Sweden, and Finland demonstrate that new unsubsidized housing construction enhances overall affordability by freeing up housing for people with lower incomes. @jburnmurdoch

Summary: Recent studies from the US, Sweden, and Finland all demonstrate that although most people who move directly into new unsubsidised housing may come from the top half of earners, the chain of moves triggered by their purchase frees up housing in the same cities for people on lower incomes. The US study found that building 100 new market-rate dwellings ultimately leads to up to 70 people moving out of below-median income neighbourhoods, and up to 40 moving out of the poorest fifth. Those numbers don't budge even if the new housing is priced towards the top end of the market. It's a similar story in the American Midwest, where Minneapolis has been building more housing than any other large city in the region for years, and has abolished zones that limited construction to single-family housing. Adjusted for local earnings, average rents in the city are down more than 20% since 2017, while rising in the five other similarly large and growing cities. Related: On the Move: Which Cities Have The Biggest Housing Shortage? and A \$100 Billion Wealth Migration Tilts US Economy's Center of Gravity South and Young Families Have Not Returned to Large Cities Post-Pandemic

Primary Topic: Housing

Topics: Database, GDP, Housing, Op-Ed/Blog Post

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