[Glaeser and Gyourko, “America’s Housing Affordability Crisis and the Decline of Housing Supply” (March 2025)](https://www.brookings.edu/wp-content/uploads/2025/03/6_Glaeser-Gyourko.pdf?utm_source=substack&utm_medium=email)

Report four key facts, using decennial census and ACS data (1950-2023):

1. Intensity of housing production has declined substantially over last ~50 years
   1. Tepid combination of rising prices and slowing production growth
   2. National changes mask heterogeneity in six key metropolitan housing markets that are focus of paper: Atlanta, Dallas, Detroit, Los Angeles, Miami, and Phoenix
   3. Twenty years ago, prominent heterogeneity in US housing supply was between very high housing production in sunbelt markets and low in large coastal markets / long-term decline from deindustrialization
      1. Today, building levels in key sunbelt markets like Miami/Phoenix don’t look all that different from historically supply-constrained markets like LA
2. Estimate supply curves *within* metropolitan areas to understand changes
3. Simple model of supply and demand
   1. Central theme: over periods of twenty years or more, it’s possible to imagine variable that would shift demand and **not** shift supply as well
   2. Two core implications:
      1. When supply limitations become more important, no positive correlation between price and construction
      2. When supply limitations become more important, negative correlation between price and density moves towards zero…or might even flip sign
4. Also estimates “empirical housing supply curve”
   1. Wharton Residential Land Use Regulatory Index (WRLURI) reliably correlated with downward shift of empirical housing supply curve
   2. Estimated relationship between density and growth of housing was initially negative, but became closer to zero over time

**State of the American Housing Market**

1. Housing production has declined dramatically over last 50 years
2. Housing prices have continued to rise
3. Construction industry has been transformed
   1. There were 200,000 fewer residential construction workers in 2022 than in 2006 and 100,000 more people remodel homes

Data sources:

* Decennial census data from 1950 to 2020
  + IPUMs NHGIS files
* Longitudinal Tract Database (LTDB); tracts are defined in 2010 based on population
* Construct 1970-constant census tract database…harmonizing tract boundaries
* ‘reverse’ LTDB provides three key advantages:
  + By working forward through time…face no endogenous growth problems
  + Consistent geography over time
  + Can account for large additions or losses in units for specific tracts
* Two key disadvantages:
  + Starting in 1970 reduces effective sample size since there were fewer tracts in 1970 than in 2010
  + Covers less growing metropolitan areas…1970-based sample of tracts do **not** cover the whole market today

Evidence of “density wall”:

A graph of the distribution of housing density over time in the phoenix meta

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AI-generated content may be incorrect.

* “lack of land hypothesis seems somewhat incompatible with enormous expanses of open country surrounding Atlanta, Dallas, and Phoenix”; one possibility is that rising prices for metro area as whole reflect highly constrained/desirable interior w/high and increasing prices…unconstrained and far less attractive urban fringe w/lower prices closely tied to construction costs