

## Research Statement

My research centers on the spatial dimension of the labor market, and lies at the intersection of labor, public and urban economics. My primary line of research studies how local economic conditions shape the optimal design of labor market policies, particularly unemployment benefits. My second line examines how locations affect individual labor market trajectories, with a focus on young workers. My third line of research investigates a key barrier that prevents many workers from accessing productive local labor markets: the affordability of housing. Across my projects, I combine economic theory with methods from applied microeconomics—using theory to guide the empirical analysis, to structurally quantify the importance of my empirical findings, and to construct policy-relevant counterfactuals. In my work, I often construct new databases from raw sources and combine them with large administrative datasets.

### How Do Local Economic Conditions Shape the Optimal Design of Labor Market Policies?

In my primary line of research, I examine how local economic conditions affect the optimal design of unemployment benefits—one of the most important transfer programs in modern welfare states.

In my Job Market Paper, *Cities with Benefits*, I study theoretically and empirically how unemployment benefits should vary across space. I develop a novel theoretical framework that characterizes the welfare effects of redistributing benefits across locations as a trade-off between social insurance and efficiency. Unemployment benefits are especially valuable to jobseekers in locations with high costs of living. Yet, higher benefits in cities can raise fiscal costs through behavioral distortions along two margins—search effort and migration. Combining newly collected data with rich administrative data, I estimate the fiscal costs associated with the two behavioral responses by leveraging novel quasi-experimental variation from Germany’s Hartz IV reform. Using a regression kink design, I find that higher benefits prolong unemployment spells to a similar extent in both high- and low-price locations. However, higher benefits in expensive regions attract jobseekers from other locations. These movers experience lower reemployment rates, which increases fiscal costs. Combining theory and empirics, I show that indexing unemployment benefits to local prices—as implemented after the Hartz IV reform—makes benefits excessively generous in high-price locations. Consequently, reforms that redistribute benefits toward regions with lower prices yield sizable welfare gains.

I am developing two follow-up projects that build on my Job Market Paper. The first investigates how unemployment benefits should be designed for workers whose job-finding opportunities vary across local labor markets—unlike the long-term unemployed in Germany. Exploiting quasi-experimental variation in the generosity of unemployment insurance in Germany, I aim to examine how the effects of higher benefits on unemployment durations and reemployment wages differ across locations for high-skilled jobseekers. The second project studies how unemployment benefits that are uniformly set within commuting zones affect households differently across neighborhoods and shape residential sorting within local labor markets. Combining neighborhood-level data on the long-term unemployed with measures of local benefit generosity following the Hartz IV reform, this project analyzes whether the regional design of unemployment benefits contributes to the spatial concentration of unemployed workers and how such clustering influences labor market outcomes.

## How Do Locations Influence the Labor Market Trajectories of Workers?

In my second line of research, I study how locations—and in particular cities—shape the long-run labor market outcomes of workers.

In *Stepping Stones or Dead Ends? How Geography Shapes the Effects of Low-Skill Employment* (with Nathan Jones), we examine whether the long-run consequences of starting a career in low-skill jobs differ across locations. We focus on Spain's tourism sector, a major employer of young workers in both rural and urban areas. We combine newly digitized data on tourist flows spanning four decades with administrative labor market biographies to quantify the long-run effects of graduating during a local tourism boom. For identification, we exploit changes in local tourism demand over time, together with individual variation in exposure at the time of graduation based on month of birth. We find that greater exposure to tourism demand at graduation persistently increases employment in the tourism sector, lowers earnings, and affects location choices. Going forward, we aim to explore whether these long-run effects differ across space—specifically, whether low-skill jobs can serve as stepping stones that enable young workers to access urban labor markets and ultimately benefit from working in more productive locations.

In other ongoing work, I study how cities influence the long-run labor market trajectories of children whose parents migrate to urban areas during unemployment. Combining administrative data on the labor market biographies of all household members with quasi-experimental variation in parental location choices induced by Germany's Hartz IV reform, I examine whether children—unlike their parents—benefit from early exposure to urban labor markets.

## How Can Housing in Productive Local Labor Markets Become More Affordable?

While my first two lines of research examine how local economic conditions affect the design of labor market policies and individual labor market outcomes, my third line studies a key barrier that prevents many workers from accessing productive local labor markets: housing affordability.

In *The Incumbents' Cost of Living Advantage* (with Albrecht Glitz and Joan Monràs) we study how housing costs vary across renters in the same location and what drives these differences in the rental market. We combine a panel of German households with comprehensive data on rental market listings to examine whether incumbent tenants pay above- or below-market rents. We show that incumbents pay substantially lower rents compared to similar housing units available on the market, and that this gap increases with the length of housing tenure. We further show that roughly half of this difference can be explained by rent control regulations, while the remainder reflects other frictions in the rental market. We embed these housing frictions in an overlapping generations spatial equilibrium model to derive additional empirical predictions and quantify the implications of incumbents' cost of living advantage. Consistent with the model, we find that household mobility declines with housing tenure, which, in turn, reduces the supply of available housing units. The model predicts that locations experiencing faster productivity growth develop larger rent gaps, which further restricts housing supply—a pattern often described as a "housing affordability crisis". In ongoing work, we aim to use a quantitative version of the model to evaluate the role of incumbents' cost of living advantage for individual cities and the economy as a whole.