

✘ A couple of weeks ago, [I noted a study casting some doubt on whether upzoning leads to a decline \(or at least a stabilization\) of housing prices](#). The theory is that by building more, developers are simply inducing demand, pushing out low-income people, and not reducing overall prices because of the higher demand. It would be the housing equivalent of building more freeways and getting more congestion as a result. Now here comes a study suggesting that building more does really reduce prices.

Professor Michael Lewyn, [blogging at Planetizen](#), points us to a [recent study](#) from [Brian James Asquith](#), [Evan Mast](#), and [Davin Reed](#), that

covered buildings in 11 major cities that were built between 2014 and 2016. As a proxy for gentrification, the study focused on areas where there was “no other luxury building within 500 meters.” However, these areas were already wealthier than the citywide average, with rising rents and an above-average percentage of new housing built since 2010.

The study found that before construction, rents *rose more rapidly* within 200 meters of these new buildings than in areas 200-800 meters away. By contrast, after construction rents *rose more slowly* within 200 meters of these buildings. Thus, it appears that these new buildings caused rents to rise less rapidly (at a time when rents were increasing almost everywhere). Although neighborhood population increased near these buildings, the increased demand was not sufficient to raise rents.

The question that immediately came to mind, and what Lewyn notes as well, is whether the same principles would apply in areas that are *not* as wealthy as the city average. That is really where a lot of current gentrification debate is occurring. Many developers will go to areas where land is cheap, and those are lower-income areas. (Not always: they will also want to go where there is a lot of demand, and many low-income areas do not have that demand. But then are they inducing the demand?).

✘ You can't do controlled experiments in social science. So none of these studies is definitive. All will have confounding variables, and traditionally, it has been difficult to get good studies because the data on land use regulations has been so poor. As it gets better, we will learn more, and I suspect we will be able to make more fine-grained assessments of where and when more building will be able to lower prices, and where it will not.

