Summary

This Ph.D. dissertation presents four studies, which explore issues in Urban Economics with relevance to research and policy. The first paper discusses a theoretical model of an open city with two sources of externality: agglomeration benefits and traffic congestion. The equilibrium structure can exhibit a variety of land use patterns, including zones shared by businesses and households. Using simulations, it is found that higher transportation system capacity facilitates land use segregation, and as a result, agglomeration externalities are reinforced. The model is calibrated to data from New York and Los Angeles, providing support for the theory.

The second paper focuses on the direct benefits that a proximity to train station provides for businesses. An array of hedonic price regressions is employed on a dataset of real-estate property transactions of office and retail space in the Netherlands. The paper introduces neighborhood fixed effects and controls for agglomeration. The effect is found to be nonlinear, local, and dependent on the type of property as well as the characteristics of the station.

The third paper tests whether labor markets in densely populated regions are more efficient than those in sparsely populated regions in matching job seekers to vacancies. It employs repeated spells in a partial likelihood hazard estimation, thereby addressing a bias stemming from sorting and time-invariant unobserved heterogeneity. This empirical approach leads to results that suggest increasing returns to scale in job search, in contradiction to the results of a naïve model.

The last paper hypothesizes that high housing costs incurred by leveraged homeowners are a driving force behind homeowners’ better performance in job search, compared to renters. However, this theory, which relies on plausible assumptions on risk aversion behavior, is not supported by our findings.