



## Economic Review

# Hybrid Working, Commuting Time, and the Coming Long-Term Boom in Home Construction

by: Jordan Rappaport

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In the long run, hybrid working could lead single-family home construction to almost double in the largest metropolitan areas.

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The long commuting times from outer suburbs to the central business districts of large metropolitan areas have depressed single-family home construction over the last two decades. The shift to hybrid working during the COVID-19 pandemic, however, has reduced the time many people spend commuting and potentially increased their willingness to live farther from employers. Lightly settled land at the peripheries of metropolitan areas may become more desirable for development, relaxing a long-standing constraint on single-family home construction.

In this article, Jordan Rappaport estimates the statistical relationship between single-family home construction and commute duration, finding a significant negative correlation across the largest U.S. metropolitan areas. Across metropolitan areas with a population of at least 1 million in 2020, the time employees save commuting from outer suburbs to central business districts by working remotely two days a week ranges from 130 to 406 hours per year. These results suggest that in the long run, the time savings from fewer commutes could almost double single-family home construction in these metropolitan areas from its level just prior to the pandemic, an aggregate increase of 427,000 units per year. The largest metropolitan areas are likely to see an especially strong boost.

### **Supplemental Maps: Commuting Time to Central Business District**

[Supplement A: Largest Metropolitan Areas in the United States](#)

[Supplement B: Largest Metropolitan Areas in the United States \(continued\)](#)

[Supplement C: Tenth District Metropolitan Areas](#)

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## Author



### Jordan Rappaport Senior Economist

Jordan Rappaport is a senior economist at the Federal Reserve Bank of Kansas City. He joined the Bank in 1999 following completing his Ph.D. in economics at Harvard University. Jordan also holds a bachelors' degree from Brown University, from which he graduated in 1990. Jordan's research focuses on issues related to local growth. His articles for the Bank's *Economic Review* primarily focus on U.S. metropolitan area growth and on housing. His empirical research published in peer-reviewed journals has documented the persistence and causes of long run local population growth. His published theoretical research shows that even small costs associated with moving are sufficient to cause high persistence in net population flows and that small productivity and amenity differences can cause very large differences in local population density. Jordan is an associate editor of *Regional Science and Urban Economics* and the *Journal of Regional Science*.

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