



Economic Review

Crowdedness, Centralized Employment, and Multifamily Home Construction

by: Jordan Rappaport

March 14, 2017

Factors related to crowding and centralized employment are driving the variation in multifamily construction across metro areas.

After the 2007–08 financial crisis, both multifamily and single-family home construction collapsed. But multifamily construction, unlike single-family construction, has since rebounded strongly. This recent aggregate strength has varied considerably across metropolitan areas: multifamily construction boomed in metros such as Austin, TX, and Charlotte, NC, but remained weak in others such as Pittsburgh, PA, and Chicago, IL. Jordan Rappaport examines potential drivers behind the recent variation in multifamily construction and finds that factors related to population, population density, and centralized employment played important roles. More specifically, he finds multifamily construction was stronger in metropolitan areas with larger populations, lower average population density, and more concentrated employment in the city center. These relationships appear to largely capture differences in metros' productivity, urban amenities, and availability of land for development.

[Data Supplement](#)

Publication information: First Quarter 2017

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*.
