Seminario de Microeconomía Aplicada - Skills, Migration, and Urban Amenities over the Life Cycle

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Abstract: We examine sorting behavior across metropolitan areas by skill over individuals' life cycles. We show that high-skill workers disproportionately sort into high-amenity areas, but do so relatively early in life. Workers of all skill levels tend to move towards lower-amenity areas during their thirties and forties. Consequently, individuals' time use and expenditures on activities we identify as leisure on local amenities are U-shaped over the life cycle. This contrasts with well-documented life-cycle consumption profiles, which are hump-shaped and peak during middle age. We present evidence that the move towards lower-amenity (and lower-cost) metropolitan areas is driven by changes in the number of household children over the life cycle—individuals, particularly the college-educated, tend to move towards lower-amenity areas following the introduction of their first household child. We develop an equilibrium model of location choice, labor supply, and amenity consumption and introduce life-cycle shocks to household composition that affect consumption choices and required home production time. Key to the model is a complementarity between leisure time and local amenities, which we estimate to be greater than one. Ignoring this complementarity misses the dampening effect child rearing has on urban agglomeration. Since the value of local amenities is capitalized into housing prices, individuals will tend to move to lower-cost locations to avoid paying for a good they are not consuming.

Acerca del expositor: Jason Faberman is a senior economist and economic advisor in the research, policy, and public engagement department of the Federal Reserve Bank of Chicago. His research focuses broadly on the labor market, with a particular focus on the interaction between employers and workers. He has studied these interactions at the micro level, across the broader macroeconomy, and across urban areas. Faberman's research has been published in various journals, including Econometrica, the Quarterly Journal of Economics, the American Economic Review, and the Journal of Economic Perspectives, among others. He received a B.S. in environmental science and a B.A. in economics from Lehigh University, and an M.S. and Ph.D. in economics from the University of Maryland, College Park.

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