

Discussion of “How Housing Supply Expansions Reshape Cities”

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Discussion by Isaac Hacamo
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Overview of the Paper

- This paper studies the **Vinex program**: a large-scale, centrally planned relaxation of residential land supply constraints near major Dutch cities in the mid-1990s.
 1. **Moving chains**: Vinex attracted $\sim 600,000$ high-income residents into new owner-occupied homes, triggering a chain that relocated more than a million people ($\sim 10\%$ of Dutch population).
 2. **Price effects**: High-exposure neighborhoods experienced 2–3% lower house prices relative to zero-exposure areas in the same municipality. Effects concentrated in high-income neighborhoods.
 3. **Labor market effects**: Employment in highly exposed non-Vinex neighborhoods grew 11–15 pp more than in other neighborhoods, driven by Tradable Services.
 4. **Structural model**: Quantitative spatial equilibrium model shows welfare effects depend critically on city openness and job reallocation.

Why Is This Paper Important?

- A large literature tries to identify the impact of housing supply shocks on prices, sorting, and labor markets (Mast, 2022; Pennington, 2022; Asquith, Mast, and Reed, 2023).
- **The problem:** most empirical settings involve **small, localized** supply changes — a new apartment building, a rezoned block. These shocks are too small to generate the general-equilibrium effects that theory predicts.
- **What makes Vinex special:** a government-mandated expansion of ~500,000 homes that relocated **~10% of the Dutch population**. This is orders of magnitude larger than any setting studied before.
- At this scale, we can finally observe:
 - Multi-round **moving chains** cascading through the housing market
 - **Citywide price effects**, not just block-level spillovers
 - **Labor market reallocation** across neighborhoods and sectors
 - Whether predictions from spatial equilibrium models actually hold at scale

My Overall Assessment

- Important research question with an **exceptional setting**. The Vinex program is a rare, large-scale, quasi-exogenous supply shock — ideal for studying broad effects of housing supply expansions.
- Rich administrative microdata on properties, residents, and jobs. Impressive scope.
- Thoughtful combination of reduced-form empirics and structural modeling.

My comments and suggestions:

- Empirical design ([Comment 1](#)).
- Institutional aspects ([Comment 2](#)).
- Commuting costs in the model ([Comment 3](#)).
- Policy counterfactuals ([Comment 4](#)).

Comment 1: Empirical Design

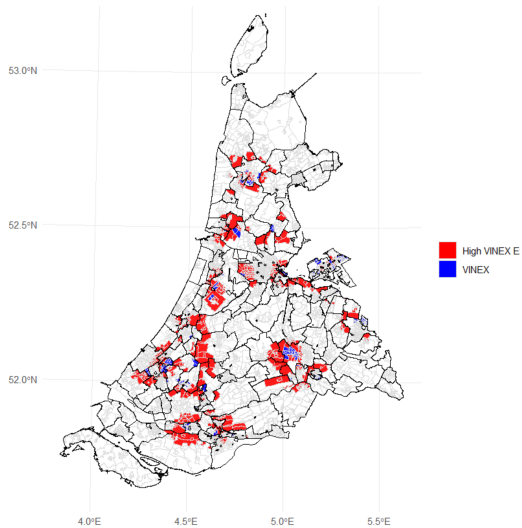


Figure 1: Spatial distribution of Vinex (blue) and high-exposure (red) buurts.

Comment 1: Empirical Design

- It would be helpful to have a better understanding of **pre-Vinex differences** between neighborhoods close (treatment) to and far (control) from Vinex developments.
 - Table 2 is very helpful! Pre-program price growth is uncorrelated with exposure.
 - But the paper does not present a systematic comparison of **baseline observable characteristics** — income levels, population density, housing stock, demographics, employment mix, amenities.
 - A **balance table** comparing high-exposure and zero-exposure buurts on pre-treatment observables would strengthen the identification argument.
- I don't think this is necessarily a problem for identification, but it would help **interpret the results**.

Comment 1: Empirical Design (cont.)

- **Pre-period for labor market:** The employment analysis starts in 1996, but Vinex construction was already underway. Without a genuine pre-period, parallel trends in employment cannot be established.
- **Pre-period for prices:** The NVM data starts only in 1991 — just 3 years before the policy. A longer baseline would be more convincing.
- **Suggestion: Matching:** The authors could create a matched sample between high-exposure (top quartile) and low-exposure buurts. This might help sharpen the effects.
 - Right now there is potentially noise in the control group (zero-exposure buurts deep in urban core), which might **attenuate** the results.

Comment 1: Price Effects (Figure 5)

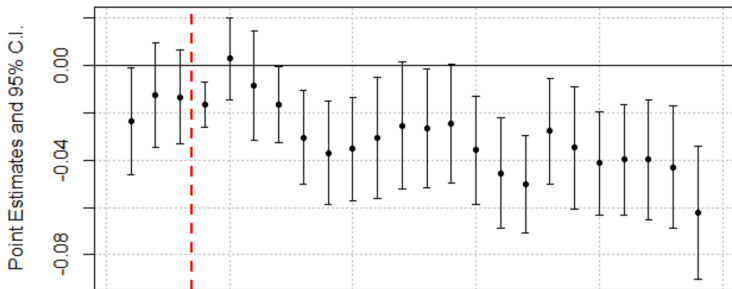


Figure 5: Effects on prices in non-Vinex neighborhoods. Event study estimates show 2–3% price declines after Vinex construction begins, with parallel pre-trends.

Comment 2: Institutional Aspects

- Effects must depend on **what are the surrounding neighborhoods** and **what quality of housing** builders decide to build.
 - Massive building required, builders to use economies of scale: similar homes targeted to average household.
- News reading told me that Vinex neighborhoods are commonly criticized for:
 - **Uniform architecture** (the “VINEXwijk” look)
 - **Car dependence initially** before transit arrived. Problems with expanding public transit.
 - **Middle-class focus** (many family homes)
 - Limited urban character compared to city centers
- Given this, I was expect that the majority of families that moved to VINEX buurts are more **middle income** households.

Comment 2: Institutional Aspects

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Suburban estates don't encourage divorce, survey finds

August 5, 2016



Photo: Depositphotos.com

People who live in out-of-town residential areas built in the 1990s onwards to cope with the rising population are less likely to divorce than couples in traditional towns, according to national statistics office CBS.

Typical Vinex neighborhood: uniform terraced houses, car-dependent suburban layout.

Comment 3: Commuting Costs in the Model

- Does the model consider that Vinex neighborhoods had **worse public transit**? Construction of public transit to Vinex was delayed — first buyers needed a car, or work close to home.
- Currently, commuting cost $d_{ni}^g = \exp(\kappa^{\text{work},g} \bar{\tau}_{ni})$ uses a symmetric distance measure. It does not vary with transit accessibility.

- **Simple approach:** Let travel impedance vary with transit quality:

$$\bar{\tau}_{ni} = f(\text{distance}_{ni}, \text{transit}_n, \text{transit}_i)$$

where transit_n measures public transit connections at location n .

- **Structural approach:** Model mode choice explicitly — workers choose car vs. public transit, each with its own cost structure.

Comment 3: Could This Help Fit the Model to the Data?

- **Model vs. data on prices:** In the Closed City scenario, the model predicts land rent declines of $\sim 6.6\%$, but the empirical estimate is only 2–3%. The model **overpredicts** the price effect.
- Introducing **higher commuting costs** at Vinex would make these neighborhoods **less attractive** \rightarrow fewer people move there \rightarrow less out-migration from nearby areas \rightarrow **smaller price declines**. This could bring the model closer to the data.
- It would also **reinforce income sorting**: tradable workers (κ^G is $6\times$ smaller than κ^S) are less commute-sensitive and more likely to own cars \rightarrow Vinex disproportionately attracts G-sector workers.
- **Speculation:** Weaker local employment spillovers fewer service workers near Vinex \rightarrow less local service-sector agglomeration.

Comment 4: Policy Counterfactuals

- Some dynamics not in the model: increasing supply this quickly requires **large builders** that want to build many homes fast → very similar homes. This could affect the type of housing available and the sorting patterns.
 - What if only a **small amount** of land was made available? How do the effects scale?
- **Interesting counterfactual:** What if supply were relaxed close to **low-income neighborhoods** instead?
 - Even if Vinex was exogenous to market conditions, it would be valuable to understand (in the model) the differential effects of relaxing land supply constraints near rich vs. poor neighborhoods.

Conclusions

- Excellent setting, rich data, and important question about large-scale housing supply expansions.
- I think the paper could gain by:
 - sharpening a bit more the identification;
 - incorporating heterogeneous commuting costs in the model;
 - exploring a few more policy counterfactuals.