

# Fertility, Housing Costs and City Growth

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## Abstract

Developed economies moved from a baby boom to a baby bust, with very low fertility in large urban centers. We develop a spatial theory of demographic change and urban growth, whereby the housing market acts as an endogenous automatic stabilizer of fertility: high housing costs deter fertility while lower demographic growth mitigates future housing price increase. Our theory predicts rich dynamics of fertility and housing costs across space and time. The aging of baby boomers and their sorting across space triggers a later baby bust, more pronounced in larger cities, together with a long-lasting fertility and house price cycle that varies across locations. The predictions of the theoretical model with endogenous demographics and city growth are confronted to the data for French urban areas over the last decades.

**Keywords :** Fertility, Population Dynamics, Housing Prices, Sorting.

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