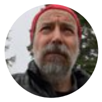

paulbeard @paulbeard

18 Oct 19 • 3 tweets • paulbeard/status/1185198537165819904

@andrewvandam reminds us that consolidation/concentration in industries is still bad, no matter the industry. But note how many times land is mentioned indirectly… 1/ https://www.washingtonpost.com/business/2019/10/17/economists-identify-an-unseen-force-holding-back-affordable-housing/

Is land scarce? Did some disappear? Or do we mean land land that's close to existing commercial activity, which is what we mean by "location, location, location." A plot on the bluff by itself is nice but one with a full suite of services and good schools close by is better. 2/

> But oligopolies in housing are fundamentally different due to three simple factors, which we will list for the first time here: location, location and location.

There is a great argument here for ground rents or land value taxation...cities or counties should use the value of their investment to steer development where it makes the most sense, preserving green space and driving density which increases (taxable) commercial activity. 3/F

> To be sure, industry experts note that the creeping oligopolies that have come to define the housing market are often a symptom of deeper problems with scarcity of land, cost of labor, restrictive zoning, NIMBYISM (also known as not-in-my-backyardism) and the financial markets.

> To understand the difference, consider the cardigan sweater. They are easy to ship, and — if we're being honest — one wool sweater is about as good as the next. Consumers who could not afford something knitted in Virginia could still get an affordable sweater from a supplier in Alaska or Arkansas.
>
> But land is not like sweaters. It is harder to ship across state lines, for one thing. A beautiful shovel-ready plot in Alaska is useless to a federal worker who's being priced out of the market in Northern Virginia. A wealth of competitors in Anchorage would do little to intimidate a developer in Arlington.

> Housing and land costs could be a cause of consolidation, not an effect. As land prices and other costs rise, developers sometimes acquire smaller competitors to gain access to their inventory of lots, Dietz said. "Market concentration is occurring in many markets, but it is often due to a lack of land and a lack of builder loan availability."

> "Land is a scarce resource, and once you use it, it's gone," Wolf said, adding later that "it's not like we have those huge tracts of land in the most desirable cities that are available to be built on today like in the past."

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