



Spatial Economics Research Centre

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Family Friendly Hotspots

Lots of coverage in the UK press for a report claiming that [Winkleigh in Devon is the 'best place \[in England and Wales\] to bring up children'](#). As I have explained before, in the context of similar [city rankings](#), I find these kind of exercises fairly uninformative. To allow you to reach your own opinion let me repeat some of the issues.

Economists think of households as facing an earnings, cost of living, amenity tradeoff when they think about where to locate. In [recent SERC research](#) we address this question, by considering the extent to which higher post-tax earnings are offset by higher housing costs. Across Britain, our research shows increased living costs (particularly of housing) tend to completely offset increased wages for the average household. In the lowest wage areas, which are mostly rural, differences in amenities drive the cost-of-living versus wage tradeoff. In (mostly urban) higher wage areas, differences in firm productivity drive the results.

Rankings of places based on one or two characteristics make for interesting stories, but they don't tell us much about the more complex tradeoffs facing households and firms. This report doesn't suffer from that problem, because it considers many different characteristics of places. But multivariate indices (that consider many characteristics) try to get round this by applying arbitrary weights to those different characteristics which likely makes the index not useful for anyone (except those who just happen to have the same weighting as used in the report).

In contrast, urban economists start from observed difference in wages and costs of living, assume that people are pretty mobile across space and then try to figure out from actual behaviour what amenities people appear to value. This approach doesn't always make for such nice stories, but it does make for a more consistent way of evaluating the wage-cost-amenity tradeoff that firms and households face when choosing their city. To this way of thinking a place is 'best' on some dimensions that will then be offset by other factors.

In short, I have a conceptual problem with picking some place as being somehow 'best' for families. Even if, for some reason, Winkleigh currently held this honour - I wouldn't expect that to last for long because as families flood to move there house prices should change so that property is no longer affordable. The fact that they haven't yet makes me wonder about the validity of the claim. Perhaps the locals are very good at keeping secrets (unusual in my experience) so this adjustment hasn't yet happened. More realistically, perhaps the houses are small (making them look cheap) or its full of high skilled people who could earn similar salaries in some other place with much cheaper housing. Or perhaps there are amenities there that make this a bad place to live for parents (or for teenagers so that families have to move as their children get older).

Whatever the reason, while I am sure that Winkleigh is a nice place to live, I (along with many other families) will not be rushing to move there.

Posted by [Prof Henry G. Overman](#) on [Monday, September 26, 2011](#).

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