

ABSTRACT:

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**Transport Infrastructure Improvements and Spatial Sorting:
Evidence from Buenos Aires**

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How do improvements in the urban transport infrastructure affect the spatial sorting of residents with different levels of income and education within a city? What are the welfare effects of improving urban transit once we take into account these patterns of spatial sorting? In this paper, I study the effects of the construction of a bus rapid transit system (BRT) on the spatial reorganization of residents within the city of Buenos Aires, Argentina. To do so, I leverage an individual level panel data set of more than two million residents with which I can describe intra-city migration patterns. I first find reduced form evidence that the construction of the BRT increased the spatial segregation between high and low-skilled residents within the city. I then develop a dynamic quantitative spatial equilibrium model of a city with heterogeneous workers that allows me to quantify the welfare effects of this BRT system while taking into account these spatial sorting patterns. With this quantitative framework, I can measure the average welfare gains for residents that were living near the BRT lines before these were built