**Abstract**

A number of prominent studies examine long-run impacts of neighborhood attributes on children by leveraging exogenous variation in household move destinations. However, much neighborhood change experienced by households and children comes from neighborhoods changing around them rather than through moving. Using an urban economic geography model as a basis, this paper estimates causal effects of shifts in neighborhood labor market opportunities on long-run outcomes for incumbent children and households. For identification, we make use of quasi-random variation in 1990-2000 and 2000-2005 labor demand conditions for each urban census tract in the U.S. with Bartik (1991) type industry shift-share measures. Our results indicate that children in neighborhoods receiving high-skill labor demand shocks performed better on standardized tests, had improved long run labor market outcomes, and had more positive credit histories. Because parental income is not affected by the same local labor demand shocks for some types of households, these results allow us to recover "neighborhood effects" that apply to children living in gentrifying neighborhoods.