

# URBAN ECONOMICS SHORT COURSE

**Monday 3 July - Wednesday 5 July 2023**

The Powerplant, 12 Madden Street

Auckland CBD, Auckland 1010



VLC and MRCagney are excited to offer this three-day urban economics short course to a New Zealand audience. Over three intensive days, the course will provide participants with an intuitive introduction to urban economic concepts and consider their implications for policy.

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# COURSE CONTENT

DAY	SESSION	OUTLINE
MONDAY (8:30am -4pm)	<b>The monocentric city model</b>	In the monocentric city model (MCM), the trade-off between commuting costs and housing costs gives rise to a “bid-rent curve”. We consider evidence of how the bid-rent curves varies over time and space and link it to the related concept of “density gradients”. To finish, we consider implications of the MCM for policy, e.g. the effects of growth on commuting distances and urban form.
	<b>Agglomeration economies</b>	The economic advantages of cities (“agglomeration economies”) give rise to clustering as well as urban wage/rents premiums. Using a simple model of city formation and size, we discuss the interplay between agglomeration benefits and congestion costs before considering their underlying microeconomic foundations and empirical evidence. To finish, we touch on types of agglomeration and potential benefits for consumers.
	<b>Transport economics</b>	Transport plays a critical role in urban economic models, where it influences both the shape and size of cities. This session covers key topics in transport economics, including transport models, generalised costs, dynamic/static models of congestion, the components of transport systems, and (dis)economies of scale/density. To finish, we consider empirical evidence on suburbanisation and “induced demand”.
TUESDAY (8:30am -4pm)	<b>The Rosen-Roback model</b>	The Rosen-Roback model provides a useful conceptual framework for thinking about inter-city location choice. We introduce the model and build an intuitive understanding for how spatial variation in prices and amenities help us to understand differences between locations. To finish, we complement this intuition with discussion of empirical evidence, policy insights, and dynamics. What cities are “winning” and why?
	<b>Heterogeneity / sorting</b>	Many urban economic concepts and models can be extended to explicitly accommodate differences (“heterogeneity”) in various dimensions, such as income, education, age/gender, and industry sector. These differences can, in turn, give rise to spatial sorting, whereby similar people and firms sort into similar locations. We consider gnarly normative questions of “good” versus “bad” sorting and potential implications for policy.
	<b>Infrastructure policy</b>	Infrastructure helps to transform cities “from dark and isolated” to “bright and networked”. This includes economic infrastructure—such as transport, electricity, and water—as well as social infrastructure—such as education, health, and recreational facilities. We consider the demand for infrastructure, supply-side characteristics, and institutional arrangements. We finish with a case study of congestion pricing in Stockholm.
WEDNESDAY (8:30am -4pm)	<b>The economics of place</b>	Urban economic concepts for thinking about intra- and inter-city location choice are also useful when applied to land use and development of small areas. The session will illustrate how the variety of competitive and dynamic forces in our cities and suburbs influence growth and how this differs between industrial, retail, commercial land uses. We finish by considering implications for the effectiveness of place-based policies.
	<b>Housing economics</b>	This session explores the economics of housing. Like all market goods, the price of housing is determined by supply and demand. In this session we consider the main drivers of housing prices. How do location and amenity affect prices? What are the patterns of demand? This is discussed on both a theoretic basis and using empirical evidence from Auckland.
	<b>Land use policy</b>	This session examines land use policy, how it affects housing supply, and how it shapes our cities. We will consider the National Policy Statement on Urban Development (NPS-UD) and related policy settings, such as MDRS. We will talk about the effects of these changes on New Zealand’s cities and towns, local government responses to the NPS-UD, and areas where policy remains unclear and/or further reforms are likely.

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## WHAT WILL YOU LEARN?

**Days 1 & 2** of the course will address important conceptual questions such as:

- What economic factors influence where people and firms choose to locate?
- How does transport shape our cities and how have these effects changed over time?
- Does quality-of-life or the business environment matter more to the attractiveness of urban areas?
- How do incomes, preferences, and technologies affect urban structure?
- What is the role of urban infrastructure and how might it be funded?

**Day 3** of the course will then consider:

- How can urban economics inform planning and policy development?
- What is the role of housing markets and land use policy?

## WHO SHOULD ATTEND?

The course is designed for people with a variety of academic backgrounds and professional interests, including but not limited to economics, engineering, planning, and policy. Please note that no formal training in economics is required.

**Want information on pricing?** Click Register Now to learn more, or email either of our course presenters if you have further questions.



## COURSE PRESENTERS



**STUART DONOVAN**

**Executive Consultant, Veitch Lister Consulting**

[stuart.donovan@veitchlister.com](mailto:stuart.donovan@veitchlister.com)

Drawing on his 18 years experience working as both a consultant and a researcher in Australia, New Zealand, and the Netherlands (particularly in Brisbane and Auckland), Stuart will provide an evidence-based and policy-relevant introduction to urban economics. Stuart has been delivering similar short courses to international audiences for more than 5 years.



**SHANE MARTIN**

**Principal Economist, MRCagney**

[smartin@mrcagney.com](mailto:smartin@mrcagney.com)

Shane has 15 years of experience as an economist in the tertiary education, public, and private sectors in New Zealand and the USA. An experienced transport and urban economist, Shane previously served a term as Auckland Council's Chief Economist and is currently leading much of MRCagney's work on how the economics of land-use and transport shape our cities.

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