

URBAN ECONOMICS SHORT COURSE

Monday 20 October - Tuesday 21 October

Auaha Hīhī/Spark Place, Tūranga,

60 Cathedral Square, Christchurch, 8011

Motu Research is excited to offer an urban economics short course to a Christchurch audience. Over two inclusive 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	CONTENT
Monday (8:30am - 4pm)	Introduction to urban and spatial economics	We will introduce the field of urban economics as a social science that studies location choice within and between cities. We will discuss why location choices are interesting and highlight how cities fit within a larger spatial economic system that is characterised by technological shocks, ongoing urbanisation, persistent core-periphery patterns, and the co-existence of widespread urbanisation with urban decline
	The Alonso-Muth-Mills model	In the Alonso-Muth-Mills (AMM) model, workers trade-off commuting costs and housing costs. This trade-off gives rise to a “bid-rent curve”, where housing costs fall as commuting costs increase. 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 AMM for policy, e.g. the effects of growth on commuting distances and urban form.
	Agglomeration economies	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.
	The Rosen-Roback model	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?
Tuesday (8:30am - 4pm)	Heterogeneity and sorting	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.
	Housing economics	This session explores the economics of housing through the lens of 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? How do interest rates affect housing demand and supply? The discussion combines conceptual frameworks with empirical evidence from New Zealand.
	Land use policy and infrastructure	This session examines land use and infrastructure policy and its implications for the location choices of people and firms, drawing on the Tiebout model of local public goods provision and implications for local government. We will consider the National Policy Statement on Urban Development (NPS-UD) and related changes, such as Going for Housing Growth.
	Conclusions: Push, pull, and sort	We will distil the key themes from earlier sessions emphasising the underlying intuition and highlighting links and synergies between the content. The purpose of this session is to bed in core concepts and highlight linkages between content in a way that is intuitive and suited to a wider audience.

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COURSE PRESENTER



STUART DONOVAN

Senior Fellow, Motu Economic and Public Policy Research

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Drawing on 20 years of experience working as both a consultant and a researcher in Australia, New Zealand, and the Netherlands, Stuart will provide an evidence-based and policy-relevant introduction to key urban economic concepts and findings. Stuart has delivered similar short courses to international audiences for more than 5 years.

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