URBAN ECONOMICS SHORT COURSE

Monday 22 September - Wednesday 24 September 2025

Auckland City Mission

Matapihi Room, 9th Floor

195 Federal Street

Auckland Central, Auckland 1010

Motu 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	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 model 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/rent 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 characterise differences between locations. To finish, we complement this intuition with discussion of empirical evidence, policy insights, and dynamics. Which types of 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.
	Political economy of cities	Heterogeneous agents sorting between locations can interact with political processes in interesting ways. In this session, we will consider the role of local government and consider the efficient and equity of local decision-making processes. This session will consider the Tiebout model and its implications for the provision of local public goods as well as the consultation conundrum.
	Infrastructure policy	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.
	Place-based policies	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, and commercial land uses. We finish by considering implications for the effectiveness of place-based policies.
WEDNESDAY (8:30am -4pm)	Housing economics	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 theoretical basis and using empirical evidence from Auckland.
	Land use policy	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 policies like Going for Housing Growth (GfHG). We will talk about the proposed shift from development contributions (DCs) to development levies, changes to the targeted rates legislation, and other topical policy changes and proposals.
	New Zealand evidence	We will review the large and rapidly growing body of economic evidence on the effects of housing policy reforms in New Zealand. The discussion will cover both the underlying methods of the studies as well as their key findings. To finish, we will consider the external validity of these findings to other settings.
	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 PRESENTERS

DR STUART DONOVAN
Senior Fellow, Motu Research

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Drawing on 20 years of experience working as both a consultant and a researcher, Stuart will provide an evidence-based and policy-relevant introduction to key urban economic concepts and recent findings. In recent years, Stuart has delivered similar urban economics short courses to audiences in Auckland, Brisbane, Wellington, Christchurch, London, and Amsterdam.

DR SHANE MARTIN
Principal Economist, MRCagney

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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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