



Spatial Economics Research Centre

Tuesday, 28 February 2012

Rethinking our cities; density or size?

Will Hutton bemoans the quality of the first London Mayoral debate arguing that the candidates shouldn't focus narrowly on transport and the police, but should address the wider issue of [what makes London great and what could make it greater?](#)

Hutton highlights two features of cities which he thinks of as crucial to their success - the ability to attract a diverse mix of high quality people and the willingness to house them at high density. He links the first of these issues to immigration, a policy area over which the mayor has no control. The mayor has much more control over density (through decisions made about the London plan) and here Hutton sides with Livingstone who tends to favour more tall buildings as a way of achieving greater density. I have suggested before that the arguments in favour of [more tall buildings](#) in London - and some other UK cities - seem pretty compelling (in the sense that the price signals from the market clearly indicate that they would have huge social value). We don't get them for a variety of reasons including, but not limited to, planning restrictions.

I'd express one note of caution, however. Hutton assumes that density is key to innovation and the success of cities. But we don't actually know whether it is density or size (or concentrations of particular types of workers or industry) that drive economic performance. Researchers are trying to separate these effects out, but it's difficult because size and density tend to move together. People who like 'compact' walkable cities tend to interpret evidence of density effects as somehow solving this debate without recognising that the effects could come from size.

Where does that leave us in terms of buildings in our larger cities? The evidence on positive externalities is inconclusive about whether we should favour density over size. There are negative externalities from building on undeveloped land, but also from destroying sight lines by building up. Overall, the evidence suggests that these externalities may not be big relative to the value of new building (as indicated by the price of new development). That is, we should consider both 'up' and 'out' when the price signals are sufficiently strong to suggest the social benefits outweigh the social costs.

Posted by [Prof Henry G. Overman](#) on [Tuesday, February 28, 2012](#)



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