

Getting SMEs the neighbourhood they need

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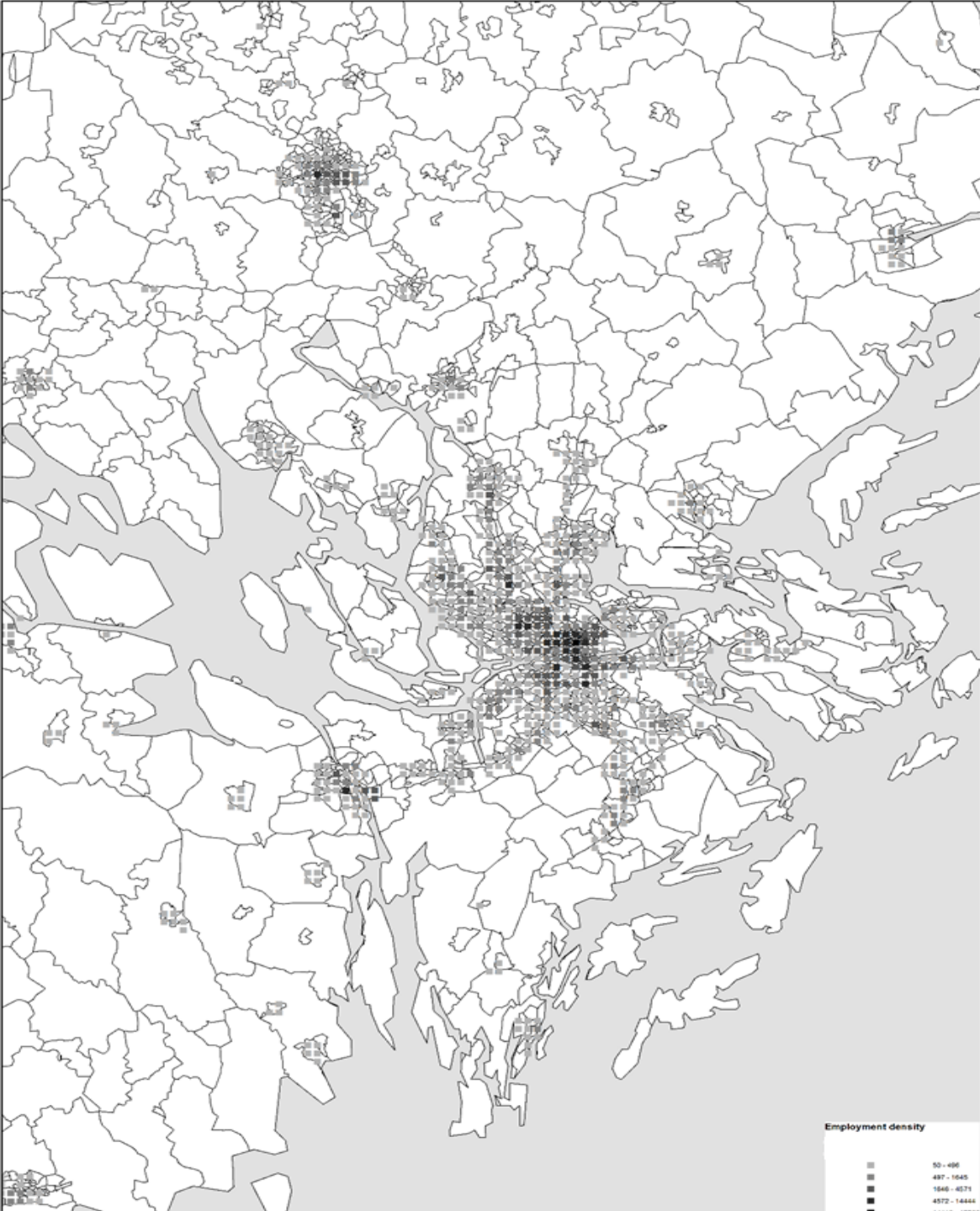
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Two questions:

1. Does the neighborhood-level matter?
2. What makes a "good" neighborhood?



1. Attenuation of agglomeration economies

2. Local industry structure

- *Diversity*
- *Specialization*
- *Relatedness*

Attenuation of agglomeration economies

- Learning
 - Matching
 - Sharing
-
- **Different "distance sensitivities":**

High
Learning

Medium
Matching

Low
Sharing

Local Industry Structure

- Diversity or specialization? Relatedness?
 - *what matters more in explaining urban growth?*
- Classic line of inquiry
 - *few clear answers*
 - ***Limited attention to spatial scales***



Why is this important?

1. Understanding of the nature of agglomeration economies
 - inform our understanding of the nature of density externalities, and help us discriminate between micro-foundations
2. Policy
 - Built environment
 - Cluster policies
 - Land-use strategies // city planning
 - Who "controls" agglomeration economies?

EMPIRICAL EVIDENCE

1. Significant "density effects" operate at small spatial scales



Journal
Regional Studies >

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How Local are Spatial Density Externalities? Neighbourhood Effects in Agglomeration Economies

Martin Andersson , Johan Klaesson & Johan P. Larsson

Pages 1082-1095 | Received 19 Aug 2013, Accepted 16 Sep 2014, Published online: 03 Nov 2014

 Download citation  <https://doi.org/10.1080/00343404.2014.968119>

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Nonmarket Interactions and Density Externalities

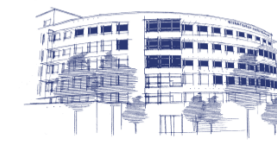
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Nonmarket Interactions and Density Externalities

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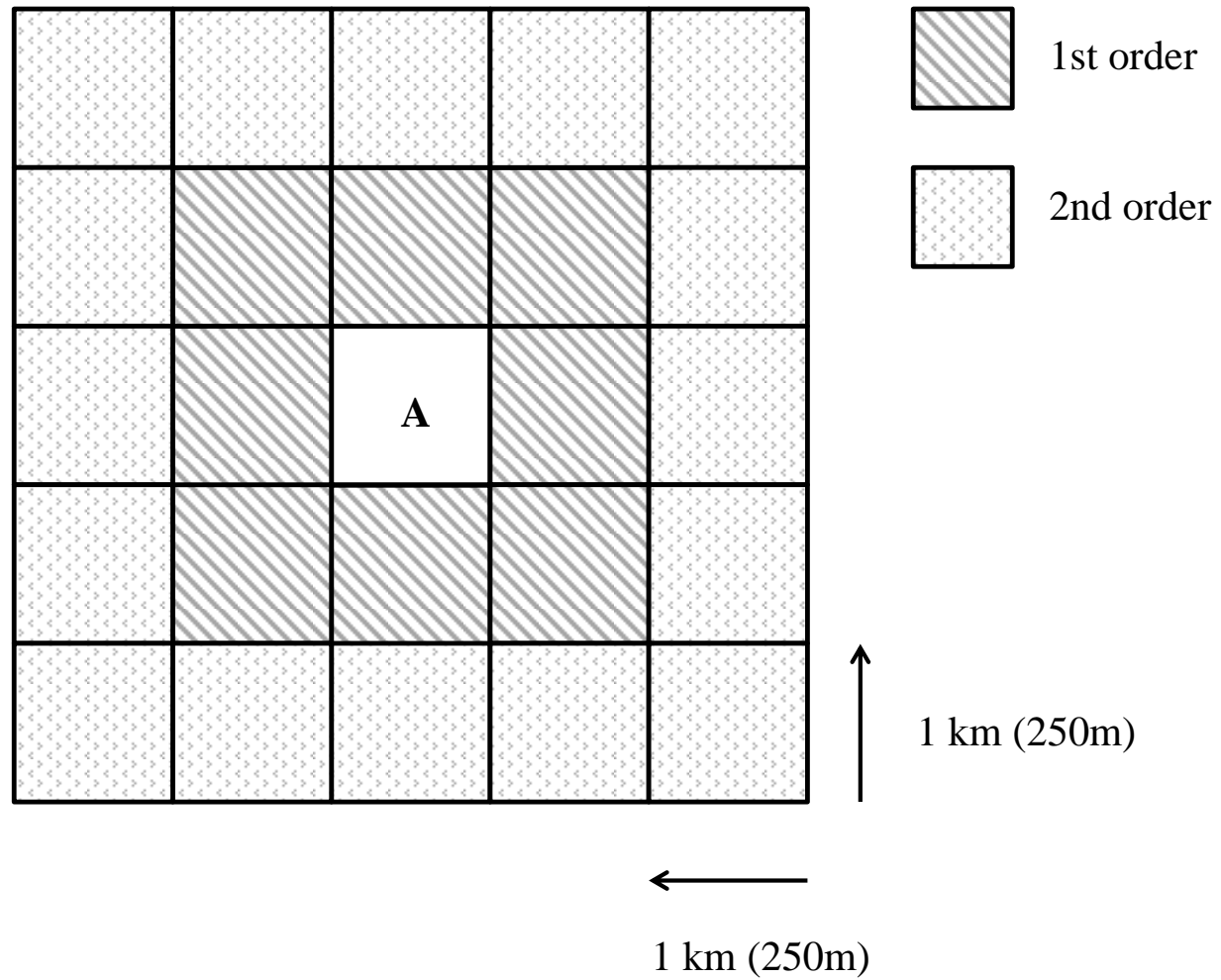


Figure 1. *Squares and neighbors.*

Table 2. Estimated effects of density on productivity across 1 km² squares.

	OLS	FE
Density (log)	0.0361*** (0.00158)	0.0286*** (0.000839)
Density (first order neighbors, log)	-0.00251 (0.00193)	0.00274** (0.00110)
Density (second order neighbors, log)	-0.00106 (0.00180)	-0.00204 (0.00126)
Region-wide density (accessibility, log)	0.0135*** (0.00151)	0.0109*** (0.00125)
Human capital (share graduate workers)	1.078*** (0.0407)	0.862*** (0.00798)
Manufacturing share	0.153*** (0.0123)	0.0710*** (0.00350)
Low-end services share	0.111*** (0.0132)	0.0628*** (0.00348)
Male share	0.509*** (0.00941)	0.469*** (0.00427)
Year dummies?	YES	YES
Square fixed effects?	NO	YES
# observations	67 327	67 327
# of 1 km ² squares	4 840	4 840
R ²	0.83	0.91

← Neighborhoods matter!!

there are strong and economically significant neighborhood effects that attenuate sharply with distance.

2. (the very) local industry structure matters

- How important is the economic structure of city and/or neighborhood?
- A diversified city may be a result of many specialized within-city neighborhoods
 - Issues of spatial scales

“The best setting for innovation would then seem to be a diversified city made up of many specialized clusters - which is historically what most important cities have been”.

Desrochers (2001, p. 388)



The economic microgeography of diversity and specialization externalities – firm-level evidence from Swedish cities

Martin Andersson ^a  , Johan P Larsson ^b  , Joakim Wernberg ^c  

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Mysteries of the trade? Skill-specific local agglomeration economies

Martin Andersson & Johan P. Larsson

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- **What we find:**

- Significant **local specialization effects**

- Firm-level productivity (*close proximity to firms in similar industries*)
- Worker wages (*close to workers with similar occupations*)
- These effects are bounded to the neighborhood level WITHIN cities

- City-wide significant effects of diversity and overall density

- Neighborhood AND city-wide level

Broad policy reflections

- City planning policy (and education/training programs!) should be informed by the empirical literature on the attenuation, and nature, of agglomeration effects.
- City governments have great power to control agglomeration effects
- City planning policies have potentially large influences on economic performance of SMEs in the city as they set the conditions for the sub-city organization of land and office space
 - employment density of districts in cities is directly related to the structure of buildings and transportation networks.

- A multitude of specialized business districts seem to be preferable to a city-wide or regional specialization strategy
- Does this mean that every firm has “its place” and that there is a “predetermined order” to the industrial microgeography of a city?
 - **NO!**
- Heterogeneity and place-specificity
- Baseline: create pre-conditions for self-organization within the city

Understanding heterogeneous spatial production externalities as a missing link between land-use planning and urban economic futures

Haozhi Pan , Tianren Yang , Ying Jin, Sandy Dall'Erba & Geoffrey Hewings 

Pages 90-100 | Received 26 Feb 2019, Published online: 13 Jan 2020

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ABSTRACT

Land-use planning influences economic performance as it can intervene with location-specific and heterogeneous production externalities. This paper examines the impacts of

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Abstract

There is emerging evidence that restrictive land use practices can misallocate economic activity across space and generate significant costs for regional and national economies. Work in this area has considered how land use regulations affect the supply of housing within, and the efficient migration of workers among, regions. According to some estimates, by restricting migration to the most productive regions in the United States, land use regulations generate an annual cost to the economy of up to US\$1.95 trillion or 13.6 percent

Thank you!