

# Economics of Urban Development

UDIA

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pracsys.

# The Question....

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What can be done to advance the economic development of non-central business areas?

# The Situation

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Long term shifts in macroeconomic conditions are driving fundamental changes in urban development economics

While these changes create shocks to our stable urban development systems, there are also exceptional commercial opportunities

# Pracsys Economics

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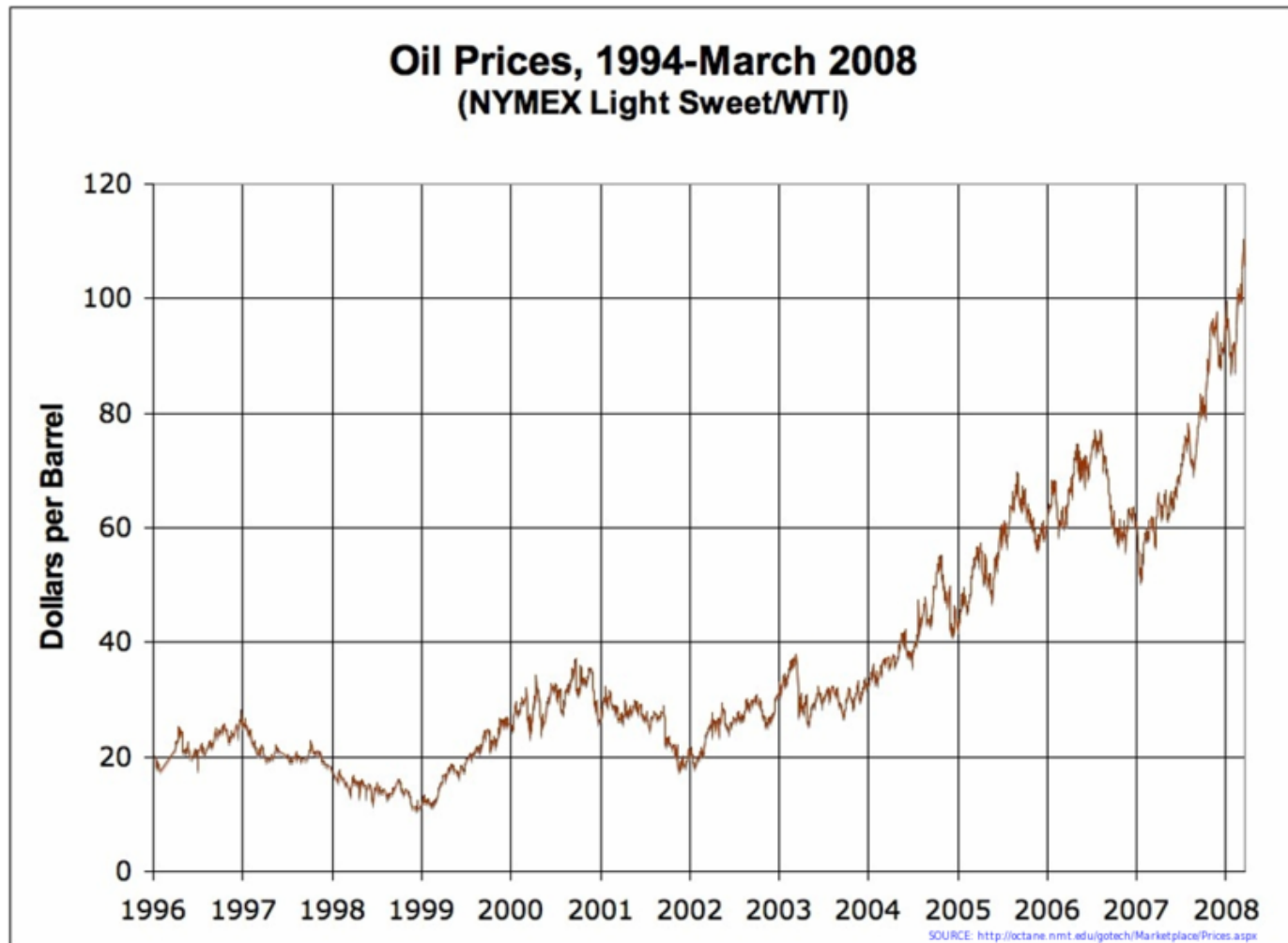
Pracsys has undertaken three years of research & development into economics of urban systems....



# Macroeconomy

<b>Trend</b>	<b>Effect</b>	<b>Result</b>
Global urbanisation	Huge increase in energy and materials consumption	Prolonged boom for Australia
Global shifts in industry mix	Less manufacturing & more knowledge jobs	Metropolitan employment shift towards strategic infrastructure
Increasing energy prices	Reduction in private vehicle use	Fewer larger more diverse centres around public transport nodes (suburban slums?)

# Oil Price – What happens at \$200 pb?



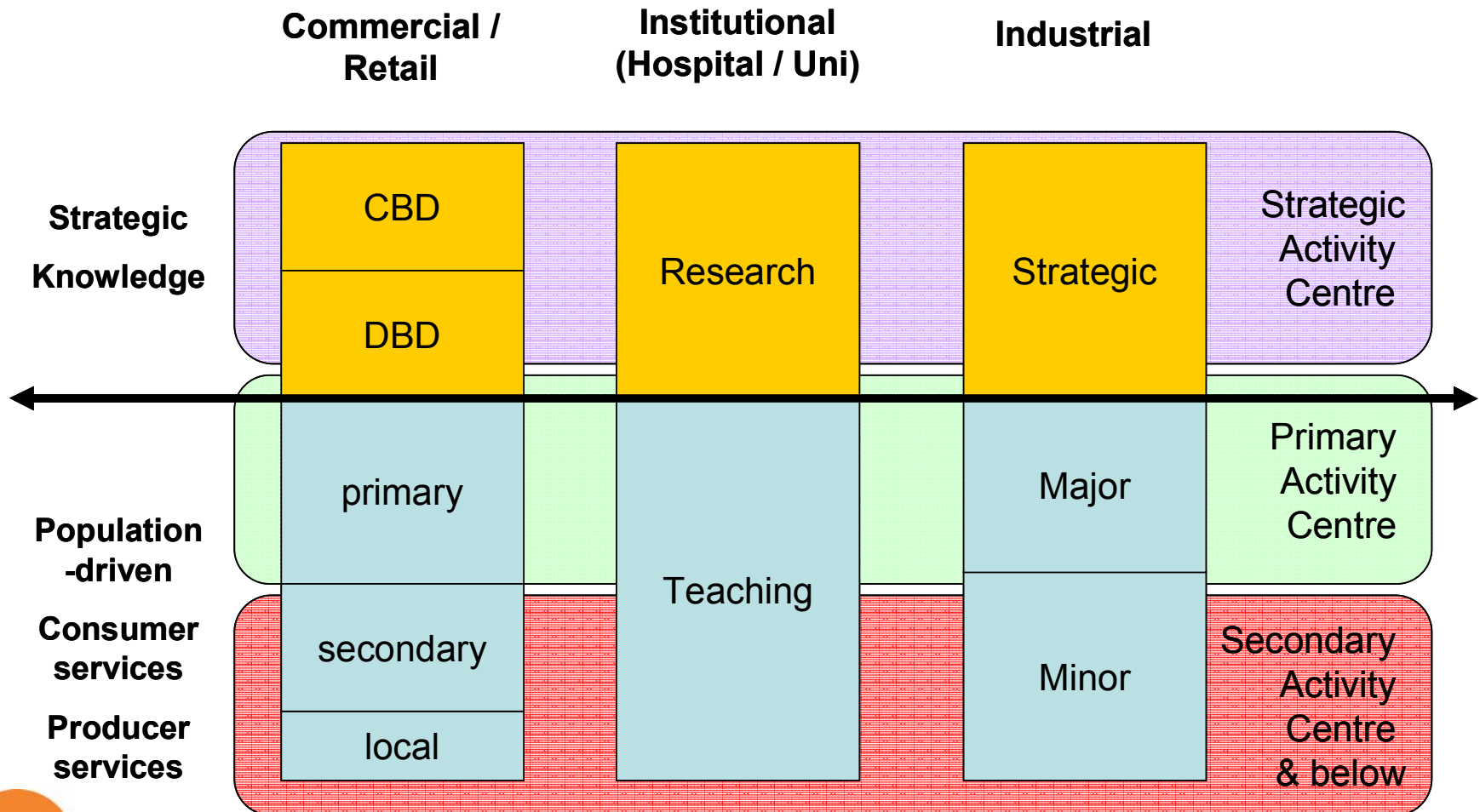
# Urban Economy

<b>Trend</b>	<b>Effect</b>	<b>Result</b>
Suburban centre catchments contract	Growth in multi-functionality of centres	Diversification of uses away from retail Centre design must change
Increase in intra-regional live-work arrangements	Greater mix in knowledge economy jobs in urban centres	Private and public employers must attract variety of investment

# Making sustainable centres

- Employment self sufficiency
- Population-driven & strategic employment
- Knowledge economy growth 8%+ pa
- Knowledge intensive producer services
- Knowledge intensive consumer services

# Economic Model of Activity Centres



# Where are the jobs?

- WA exported many low productivity jobs
- Skilled migration has boosted professionals
- In northern suburbs, 76,000 jobs short, growing to more than 150,000+ by 2030
- Particularly lacking the jobs that are not ‘population-driven’

# Quality of Employment Matters

	North-West Corridor		
	Resident	Job	Gap
Oil and Gas Extraction	601	18	583
Metal Ore Mining	1,505	32	1,473
Exploration	523	42	481
Other Mining Support Services	507	84	423
Architectural / Engineering	2,682	607	2,075
Legal and Accounting	2,232	565	1,667
Management & Related Consulting	736	235	501
Computer Systems	1,416	287	1,129
Central Government Administration	1,099	168	931
State Government Administration	2,166	459	1,707
Health	4,632	1,381	3,251

# So what?

- NW residents - good jobs and high incomes
- Few jobs for them, so they travel to work
- Freeways and public transport are clogged
- Travel costs are skyrocketing
- Move jobs to people, or people will move to jobs
- Less demand – lower housing prices & less amenity

# Reasons

- ❑ Industrial infrastructure
- ❑ Activity centres are too retail
- ❑ Low concentration of residential population
- ❑ No coordinated investment attraction
- ❑ No economic planning framework for Perth
- ❑ No integration of land use, transport and economic considerations

# What works?

- Diverse employment
- Quality employment
- Access to public transport
- Residential density
- Centre development/management alliances

# What doesn't?

- Monocultural retail centres
- Private car dependence
- Urban sprawl
- Lack of focus on employment outcomes
- Uncertainty from short term planning

# What's needed?

- Strong policy leadership in creating multifunctional suburban cities (population density, employment quality and transport)
- Work with property owners to adjust to urban growth and industry mix changes in urban centres
- Integrate core economic elements in urban design process