Density or Sprawl? The investment case for smart urban growth

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The world is quickly urbanising

- **60,000** people added to the Chinese and Indian urban population every day\(^1\)
- **66%** of New York City’s rooftops are suitable for solar panels, which could generate half of the city’s peak demand for electricity\(^2\)
- **50%** of global GDP is generated by the 300 largest metropolitan areas\(^3\)
- **$8 trillion** is the amount we predict will need to be spent on infrastructure in New York, Beijing, Shanghai, London over the next 10 years\(^4\)
- **$16bn** is the expected cost to develop the desert city of Masdar in the UAE\(^4\)
- Income inequality in the 50 biggest cities in the US is 20% higher than the US average\(^6\)
- The number of people living in urban slums since 1990 has increased by **33%**\(^5\)
- By 2025, there could be nearly 40 cities with a population of over 10 million\(^6\)
- **1.5 million** people are added to the global urban population every week\(^7\)

“The great urbanisation wave will inevitable require major private and public sector investment in infrastructure for cities to be successful.”
3 fundamental options for global population growth and urbanisation

- Allow Cities to Sprawl
- Build New Cities (or Districts)
- Densify Existing Cities
Density: drivers, dividends and debates

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The Density Dividend: solutions for growing and shrinking cities

October 2015

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What defines good density?

**Outcomes of Good Density**
- Mixed Use
- Connected
- Planned
- Spacious
- Liveable
- Designed
- Green
- Appropriate

**Outcomes of Bad Density**
- Monotonous
- Isolated
- Unmanaged
- Unliveable
- Crowded
- Conspicuous
- Segregated
- Inflexible
- Ugly
- Polluting

[Image 0x522 to 720x540]
[Image 0x72 to 720x90]
[Image 24x24 to 150x60]
[Image 14x298 to 428x474]
[Image 14x110 to 453x276]
[Image 462x104 to 702x270]
[Image 456x304 to 702x457]

Average vs peak density

Berlin’s peak density (21,700 pp/km2) is far lower than NY’s (53,000 pp/km2) but across the metropolitan region Berlin’s average density is slightly higher.
Sprawling City

A dispersed urban area - local centres are not well defined

Compact City

Clear urban districts and distinct neighbourhoods

Urban Capacity

Relative Density Scale

- 6: Higher densities
- 5: Moderate densities

Countryside is being eroded

Protect the countryside
“The Density Dividend: solutions for growing and shrinking cities”
Different cycles and paths for cities

Why densify?

- Attract investment
- Expand sectors
- Street life
- Efficiency

POPULATION CHANGE

ISTANBUL
LONDON
STOCKHOLM

BIRMINGHAM
WARSAW

DRESDEN

TIME

- Re-attract under-40s
- Creativity and culture
- Avoid ‘ghost town’ effect
- Compact sustainability

Capacity
Affordability
Infrastructure stress
Housing demand
Critical mass
Key success factors

The city perspective: A new Equation on Density

Fundamentals
- Leadership and vision
  - Plan
  - Branding

Execution
- Tactics
  - Scale
  - Financing, legal and land-use tools

Momentum
- Multi-cycle approaches
  - Demand
  - Positive psychology

Progress on Densification
**Objective** To evaluate the impact of investment in compact, connected urban development on **investment returns** for real estate investors, **costs per resident** for the public sector, and carbon emissions

**Key concern:** To push urban development from business as usual towards ‘good’ density?
Thank you!

http://europe.uli.org/research/