WHY WE NEED A COHERENT DEFINITION OF URBAN AREAS ACROSS COUNTRIES

- Policies need to reflect the reality of where people live and work (functional economic areas), as do the institutions that design and implement such policies.
- The connections between cities and surrounding areas influence national growth performance and quality of life.
- The economic crisis has underscored the need to better understand the potential of metropolitan areas to create jobs and drive sustainable development.
- Policy makers and residents are seeking to compare their city’s performance with similar realities around the world to find inspiration for implementing successful new policy ideas.

The coming together of people, business and other activities in cities is a key process in the development of economies and societies. How urban systems function is crucial to future economic prosperity and better quality of life for more than three billion people, and counting.

There is no shortage of research on the changing nature of cities and in the ways the increasing urbanisation is shaping modern life. Yet too often we fail to ask a simple, but fundamental question: What is a city? How do we determine what is and what is not an urban reality?

The OECD, in collaboration with EC and Eurostat, has developed a new approach to classifying urban areas with the aim to better monitor urban development within and across countries. Redefining what is urban responds to a need of governments for evidence to design better policies for different types of urban areas.

The OECD-EU classification identifies functional urban areas beyond city boundaries, to reflect the economic geography of where people live and work. Figure 1 shows that the administrative area of Paris is much smaller than its functional area, while inside administrative Rome, urban and non-urban areas are manifest. Defining urban areas as functional economic units can better guide the way national and city governments plan infrastructure, transportation, housing and schools, space for culture and recreation. Improved planning will make these urban areas more competitive to support job creation, and more attractive for its residents. Such a definition is applied to 28 OECD countries and identifies 1148 urban areas with at least 50 000 inhabitants.

Figure 1. What are Paris and Rome?

Source: OECD calculations based on population density disaggregated with Corine Land Cover database.
Two-thirds of OECD population live in urban areas, but the urban experience is very different according to country. Of the 21 million Canadians living in urban areas, half of them reside in large metropolitan areas with at least 1.5 million people. For 21 million of the urban population in Poland, only 25% live in large metropolitan areas, while half of them reside in cities with fewer than 500 000 people (Figure 2).

In the last decade, urban population has grown the most either in small urban areas (less than 200 000 people) or in metropolitan areas (with a population between 500 000 and 1.5 million). However, within urban areas, the population of the hinterlands has been growing at a faster rate than the population of the core; a clear trend of “sub-urbanisation” involves the hinterlands of large metropolitan areas where population grew at a rate of 2% a year, twice as fast as in any other sized urban area.

![Figure 2. Percentage of urban population by city size (2008)](image)

Source: Calculations based on the OECD Regional Database.

The form and quality of urbanisation processes are of concern for policy makers. This is particularly important when the expansion of land for urban uses (residential and commercial buildings, major roads and railways, sport facilities and urban parks) threatens the quality of the landscape or bio-diversity. Expansions of land for urban uses were the largest in Estonia, Ireland, Japan, Portugal, Spain and the United States between 2000 and 2006. In Japan and Spain, during the same period, the densification of territory (i.e. changes in land use to urban zoning) in metropolitan areas was faster than population growth.

As a result, the urban population density can be very different in cities of the same size, such as Phoenix (United States) and Daegu (Korea). And different sized cities can display similar urban population density, like Tokyo (Japan) and Naples (Italy), with Tokyo’s population 10 times larger than Naples (Figure 3).
Redefining “Urban”
A NEW WAY TO MEASURE METROPOLITAN AREAS

Figure 3. Urban population density and size of cities in selected metropolitan areas (2008)
size of bubbles = population
- Europe
- North America
- Japan and Korea

Cities seek to compare their performance with others in the world.
While metropolitan areas tend to be wealthier than the rest of the economy, their competitiveness is mixed.

The OECD definition classifies the urban areas in four categories according to the population size. The two largest categories include 264 urban areas with at least 500,000 people (metropolitan and large metropolitan areas), referred as metro areas.

The 264 metropolitan and large metropolitan areas account for 48% of the OECD population and 53% of Gross Domestic Product (GDP; estimated values). The metropolitan areas in Northern and Eastern Europe, Portugal and the United Kingdom have a share of national GDP significantly higher than the share of national population. Conversely, the metropolitan areas in Italy, Korea, Mexico, Spain and Canada are contributing less to national GDP on a per person basis.

Agglomeration economies can be powerful drivers of national growth. Metropolitan areas tend to be wealthier than the rest of the economy and the GDP per capita premium is particularly significant in large metropolitan areas (Figure 4).

Figure 4. GDP per capita premium varies by country and continent
- Metropolitan areas (pop between 500,000 and 1.5 mln)
- Large Metropolitan Areas (pop above 1.5 mln)

GDP per capita gap between metro areas and the rest of the economy (2008)
While the overall performance of metropolitan areas has been strong, some cities are growing fast and others are stagnant or shrinking. The most dynamic metropolitan areas in the period before the economic crisis show that also among the best performers there is no single model for achieving economic growth. The diversity of patterns in GDP per capita growth and population increases are apparent. Some fast growing metropolitan areas, like Edmonton and Calgary in Canada or Queretaro and Monterrey in Mexico, increased both their population and per capita GDP, attracting people while also being more productive. Many fast growing cities, like Las Vegas, Austin or Phoenix in the United States, have attracted population while experiencing only moderate increases in productivity. Among the most dynamic cities, some of them like Paris (France), Rome (Italy) or Bonn (Germany), have been less productive and attractive than the others. Finally, some capital cities in Europe have experienced increasing wealth compared to the other cities benefitting from a moderate growth of population (Figure 5).

Figure 5. The most dynamic metro areas are driven by different growth models

New statistics on urban development factors can provide guidance on the sustainability of urbanisation trends.

A common framework for collecting social, economic, environmental and governance data for urban areas is crucial. Such a framework would help to better assess urban development and improve conditions of citizens around the world. Evidence shows, for example, some cities have much higher air quality and lower levels of CO₂ emissions per capita than others. These differences suggest that many cities have the potential to grow in more environmentally friendly ways.

The OECD is building an international dataset for the largest OECD metropolitan areas (with at least 500 000 people) and will extend it to emerging economies. Some indicators are already publicly accessible through interactive maps and graphs at www.oecd.org/gov/regional/measuringurban.


Contact: GOV.RegionStat@oecd.org; www.oecd.org/gov/regional/statisticsindicators.

For further reading

