A majority of the world population currently lives in cities, and this number is still rising. An open question is why people flock to cities and how cities are formed. Economists only recently became interested in what forces shape the internal structure of cities. In this thesis we analyse three, arguably the most important, economic forces that may have an impact on the structure of contemporary cities: agglomeration, amenities and accessibility. Using empirical data from the Netherlands, these economic forces are all found to be relevant and tend to shape the urban spatial structure. Despite the vast decrease in transportation costs of goods in the last century and the dramatic reduction in communication costs, agglomeration economies still seem to be a main driver of firms’ location choices, likely caused by the need for costly face-to-face contacts that are crucial in deal-making, relationship adjustments and exchanging ideas. Consumer amenities are an important driver of location choices of households, and seem to increasingly shape the urban spatial structure. Likely because of the excellent accessibility of Dutch cities by car and public transport, we find limited effects of increased public transport accessibility.

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