

The Emergence of Cities: A Microeconomic Explanation of Zipf's Law

Rob Axtell
Axtell Brookings Institution
raxtell@brook.edu

Richard Florida
Carnegie Mellon
florida+@andrew.cmu.edu

A model of city formation and evolution is proposed, based on a multi-agent model of endogenous firm formation. Each firm has a location and individual agents search for utility-improving jobs. Agents migrate if their new jobs are in different locations from their old jobs. For broad ranges of parameters, this model reproduces the well-known Zipf-distribution of city sizes.