

The Business of Cities.

EURO Conference, Glasgow 2007

Greg Clark

Contents

- Reflections on current and recent work:
 - OECD, UK Gov, London.
 - ULI, British Council, EIB.
 - Glasgow, Edinburgh, Madrid, Toronto, Auckland, Johannesburg, Cape Town, Riga, Turin, Milan, New York, Belfast.

The Business of Cities.

1987 Cities seeking business.

FDI, Entrepreneurship, Trade and Export Promotion.

1997 Cities as businesses

Markets, competition, leadership, investment, branding, benchmarking, R&D, innovation, human capital, etc

Maybe? Maybe Not?

2007. Business of Cities. Cities with business.
Global firms and global cities.
Niche cities.
Cities as markets for business and population.
City brands.

Businesses seeking cities..

In summary: drivers and opportunities.

- i. World is now changing fast. 6 big Mega-trends impact upon cities and are fostering a new age of urbanisation and metropolitanisation.
- ii. To succeed cities must adjust, and need to be: Open, integrated, diverse, connected, skilful, innovative, investable, attractive, and sustainable, stable, and safe.
- iii. The adjustment requires sustained investment, strong co-ordination of policies and programmes, and effective tools for intervention. Co-ordination action focused on enhancing assets and tackling weaknesses is key. Vertical co-ordination and horizontal action are essential.
- iv. Cities need partnership with global corporations and institutions to achieve this, and, the process of change in cities, and the growing markets it creates is a major opportunity for business growth.

Global economic integration has increased dramatically over recent years...

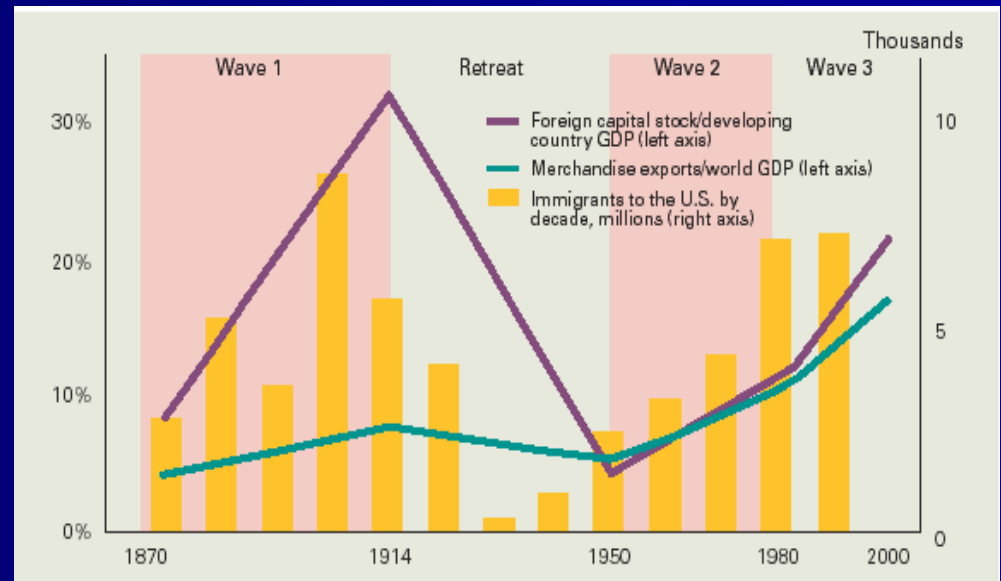
"Globalisation is the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services, free international capital flows, and more rapid and widespread diffusion of technology."

History of Globalisation

- **Globalisation is not a new phenomenon**, there have been numerous examples of markets undergoing structural change and periods of high levels of cross-border trade going back as far as Roman times.
- However globalisation, as we consider it now, **really took off in the late 19th Century** as Britain led the way with a large increase in exports to the world and global migration increased significantly.
- World War I sparked a **period of retreat** but after World War II there has been **further waves** of globalisation.
- The current wave is distinctive because of the **scale and pace of change**; the **international fragmentation of production** and the **maturity of international capital markets**.

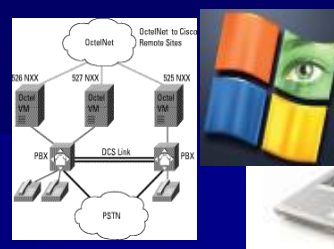
Source: International Monetary Fund

Figure: Three waves of globalisation



Source: World Bank

There are economic, political and social drivers of this recent wave of globalisation...



Falling Transport Costs

- An important factor that has driven globalisation over the last 50 years is the significant falls in the costs of transportation.
- Containerisation and haulage have dramatically increased the capacity and speed with which goods can be transported around the globe and domestically.
- This has reduced the need for goods to be manufactured near to the consumer.
- Recently there has also been significant falls in the cost of air travel allowing people to move easily around the world.

Trade Shift

- Since World War II and especially since the fall of the Soviet Bloc, there has been a strong commitment by many nations to free trade.
- This is achieved in principle through reducing tariffs and other barriers to trade.
- There have been numerous multi-lateral trade agreements between countries and overseen by the World Trade Organisation.
- The establishment of the EU has allowed and encouraged the free movement of goods, services and capital between its member states.

Advances in Technology

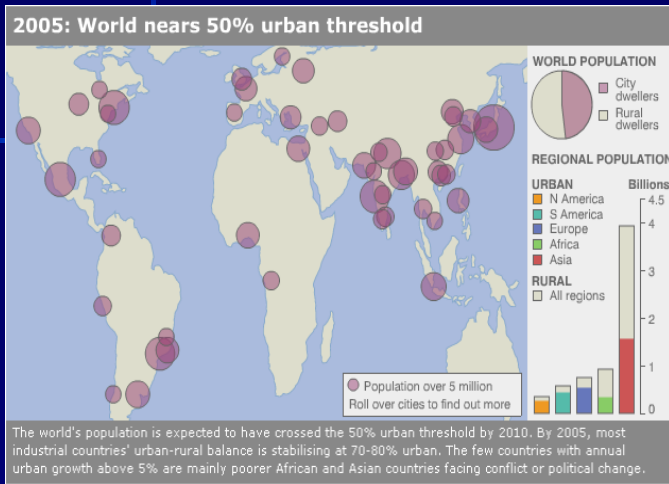
- There have been significant advances in information and communication technology over the last 20-30 years.
- This has facilitated information exchange and has lowered transactions costs.
- Combined with lower transportation costs, this has enabled firms to outsource different elements of their business to various locations and hence the growth of multinationals.
- There is also a direct effect with new technology industries offering opportunities and a greater need for skills.

Mobility of People

- Both internal and international migration have been drivers of globalisation.
- The willingness and ability of people to move has provided an increasingly flexible labour market to meet the needs of growing sectors.
- Internal both inter- and intra-regional migration has increased steadily over the last few decades.
- International migration has also been on the increase, with indications suggesting that this trend will accelerate in the coming years, supporting continued globalisation.

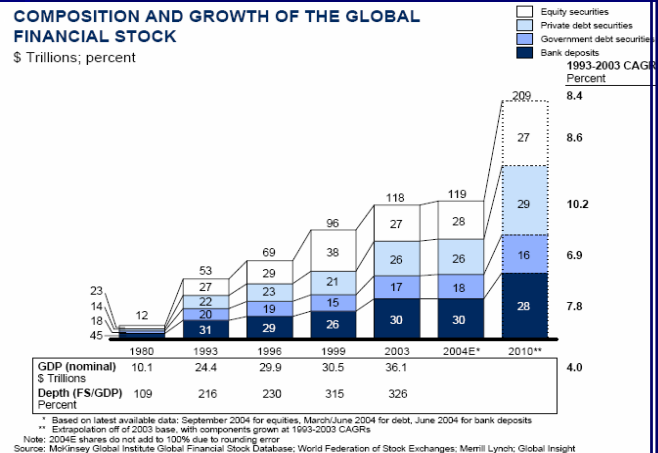
Internationally this has led to urbanisation, increased trade and capital flows and the geographic fragmentation of production...

Urbanisation - Nearly half the world now live in urban areas.

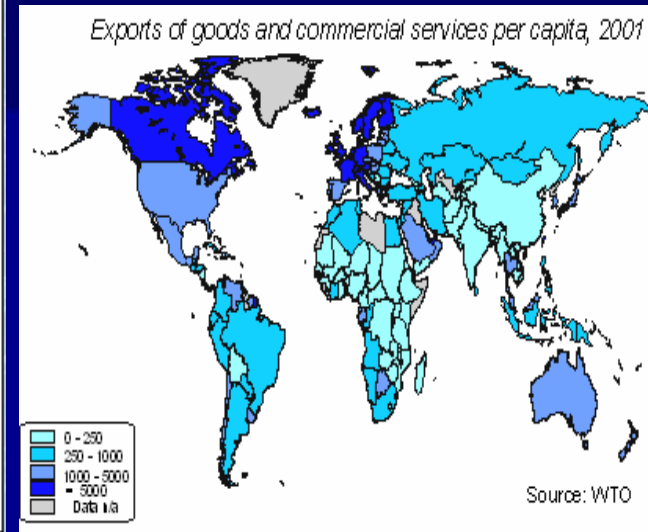


Source: UN DESA (2005)

Capital Markets – Dramatic increases in the last few decades



Trade Flows - World trade has increased dramatically over the last 50 years.



Geographic fragmentation of production – Companies are splitting their production process around the world to where it can be done most efficiently.

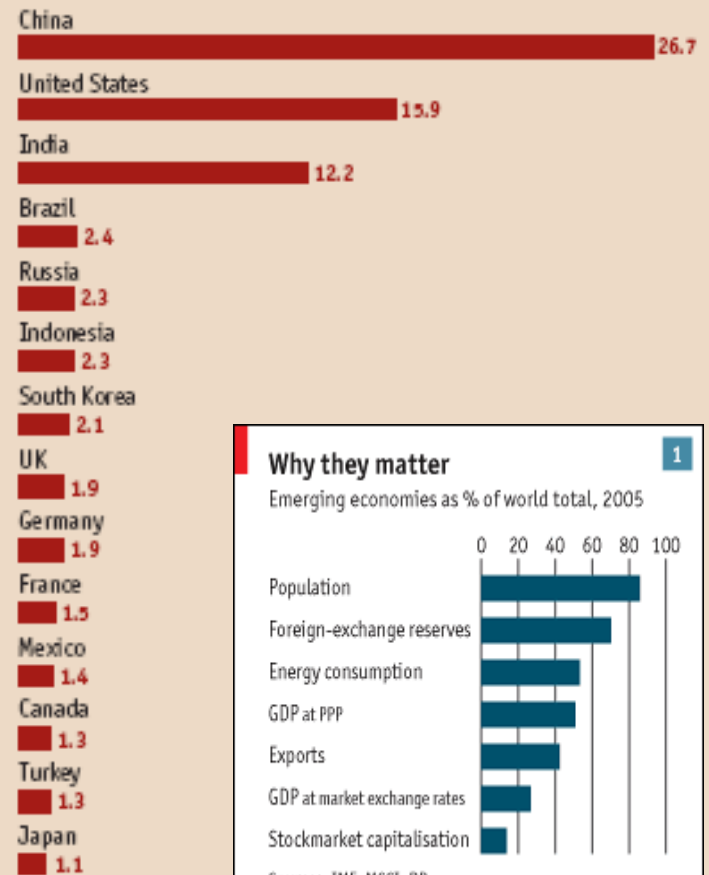
"The globally integrated enterprise, fashions its strategy, management and operations to integrate production worldwide. That has been made possible by shared technologies and shared business standards, built on top of a global information technology and communications infrastructure. New technology and business models are allowing companies to treat their functions and operations as component pieces, companies can pull those pieces apart and put them back together in new combinations." – S Palmisano, head of IBM, 12/6/06 in the FT

The current wave is expected to continue with the emergence of new economies driving the global economy...

Emerging economies

- Globalisation is expected to continue at an ever increasing pace driven by emerging economies, such as China and India.
- They are growing at a rapid rate and are forecast to account for nearly 40% of the growth in the world economy over the next 15 years.
- Emerging economies have access to a huge labour force; over 80% of the world's population live in emerging economies.
- This supply of labour, combined with an increasing openness to trade and improved communications has allowed these emerging markets to forge strong manufacturing based, export economies.
- This shift in power away from developed countries will have a profound effect over the coming years across the global economy and specifically for Britain.
- In general, the emergence of these economies has and will be good for the developed world with consumer goods becoming cheaper and productivity being boosted by increased competition.
- However, there are likely to be losers as a result of increased competition with rising inequality as the rising ascendancy of emerging economies alter the relative returns to labour and capital.
- The impact on the UK over the coming years is likely to follow a similar pattern to what has been going on over the previous 30 years, with the comparative advantage shifting towards innovative and knowledge-intensive service sectors.

Contribution to global growth (2006-20, %)



Increase in a country's real GDP, at constant 2005 PPP, as a share of increase in global GDP over the same period.

Source: Economist Intelligence Unit.



Leadership challenges in cities and regions.

1. Rapid and dynamic growth of **metropolitan regions**.
Megatrends driving metropolitan growth.
2. **Investment** not enough.
Financial resources are finite and national public finance is slow to follow growth. Lack of investment tools.
3. **Formal power and competence** less than needed
City and regional governments do not control everything:
boundaries.
competences.
division of labour with higher/lower tiers
markets.
regulation/freedom
4. **National and sub-national** governments guard their own space.

Agenda building and influencing roles to the fore.

The Indexes: Reports on city performance in the Global and European Economies

- i. OECD: Competitive Cities in the Global Economy
- ii. BAK Basel: International Benchmarking (2006)
- iii. UN-Habitat's 'State of the World's Cities'
- iv. PricewaterhouseCoopers City Leadership
- v. PricewaterhouseCoopers UK Economic Outlook Report
- vi. EU State of the Cities Report
- vii. Cheshire and Magrini (2006)
- viii. Siemen's Megacities Report

The Indexes: Composite city-regional benchmarks

- ix. Globalisation and World Cities Group (GAWC)
- x. Jones Lang LaSalle World Winning Cities
- xi. Jones Lang LaSalle 'World Winning Cities: Deciding Where to Offshore'
- xii. The EU Urban Audit
- xiii. H&B C&W European Cities Monitor
- xiv. Ideopolis by the Work Foundation
- xv. The Climate Group: 'Low Carbon Leader: Cities' Report
- xvi. Brookings Institute on Living Cities
- xvii. Brookings Institute Report: 'Weak Market Cities in the US'
- xviii. Mastercard: The World's Best Financial Cities

The Indexes: Singular city indexes

- xix. Standard & Poor's
- xx. Anholt GMI City Brands Index
- xxi. Mercer Human Resources 'Quality of Living' Index
- xxii. Mercer Human Resources Cost of Living Survey
- xxiii. Richard Florida's 'Boho' Index
- xxiv. Boho Britain Creativity Index
- xxv. Robert Huggins Associates 'World Knowledge Competitiveness Index'
- xxvi. Shanghai Jiao Tong University's 'Academic ranking of world universities'
- xxvii. Urban Land Institute: Emerging Trends in Real Estate
- xxviii. IPPR Centre for Cities Report 'Two Track Cities'

Some examples of selected approaches.

- i. EU State of the Cities Report.
- ii. GaWC.
- iii. JLL World Winning Cities.
- iv. European Cities Monitor.
- v. Standard and Poor Credit Ratings.
- vi. Anholt GMI Index.
- vii. Mercer Quality of Living.
- viii. Mercer Cost of Living.
- ix. Shanghai Index.
- x. ULI Real Estate Trends
- xi. Mastercard Cities of Commerce.

OECD: COMPETITIVE CITIES IN THE GLOBAL ECONOMY

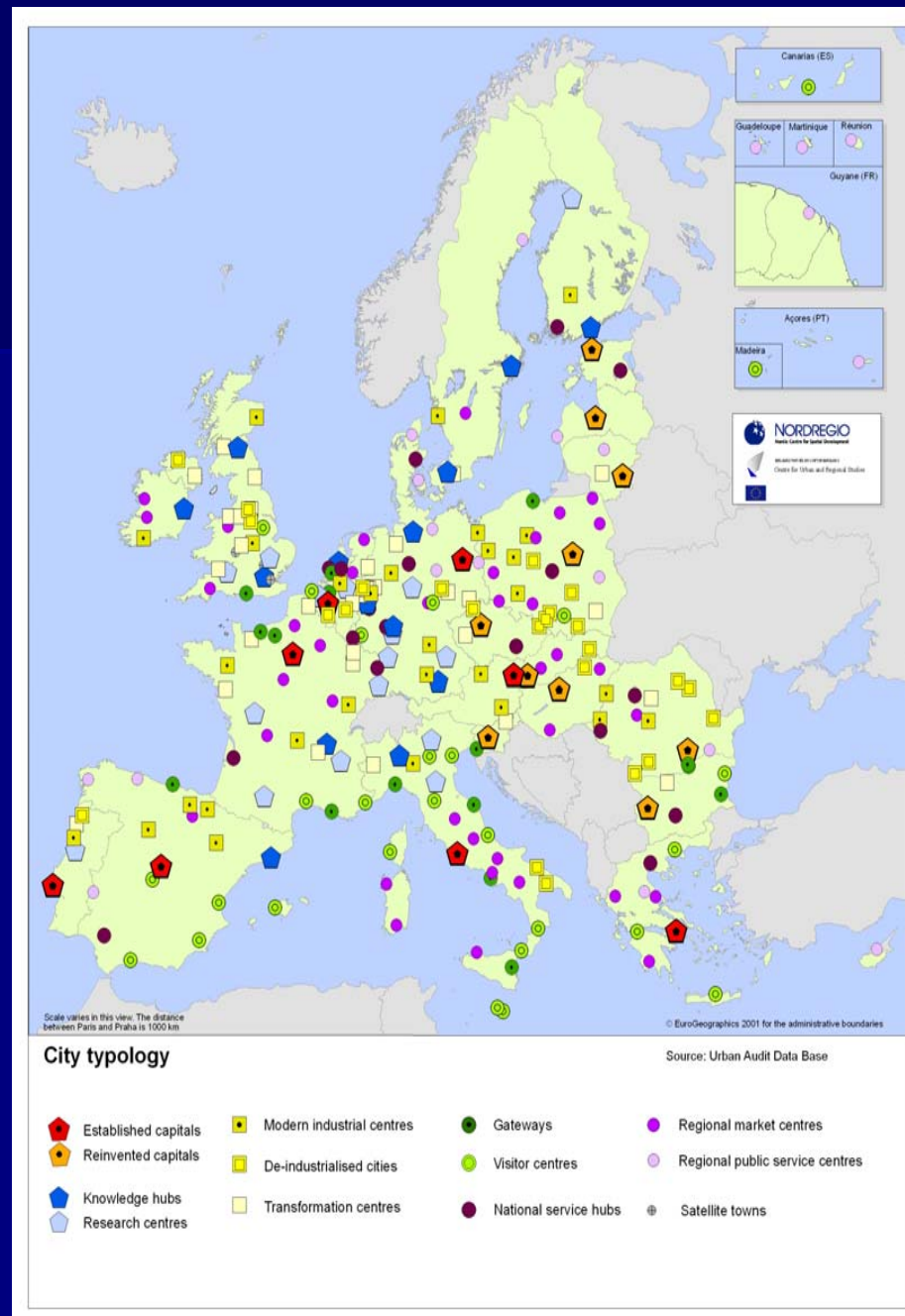
- The OECD's report *Competitive Cities in the Global Economy* (2006) provides a valuable introduction to the state of metropolitan regions in the twenty-first century. It stresses the links between governance, innovation, competitiveness and inclusion.
- It presents a more holistic view of city environments than that offered by many of the indexes examined in this presentation
- The report does not produce a single index or ranking of cities but instead discusses and analyses a wide range of indicators and covers a number of metropolitan-regions, whilst particularly focusing upon city competitiveness
- The factors examined range from GDP per capita to higher education, levels of innovation, metropolitan governance strategies and ideas for policy reform

EU State of the Cities Report

- The EU State of the Cities Report assesses and analyses various facets of the EU's cities. In particular, it is concerned with social and economic inclusion, city governance and leadership and the state of the knowledge economy within cities.
- It makes qualitative assessments of what factors can influence city performance. For instance, employment and unemployment, housing, education, gender equality and life expectancy are seen to be important factors in determining the level of social and economic inclusion within cities. In contrast, innovation, talent, entrepreneurship and connectivity are seen to be important factors in maintaining urban competitiveness.
- A 'Lisbon Benchmark' built on a range of variables was constructed within the report in order to provide insight into economic performance.
- The 2007 Report also includes the results of an international survey which measures local perceptions of quality of life in 75 cities

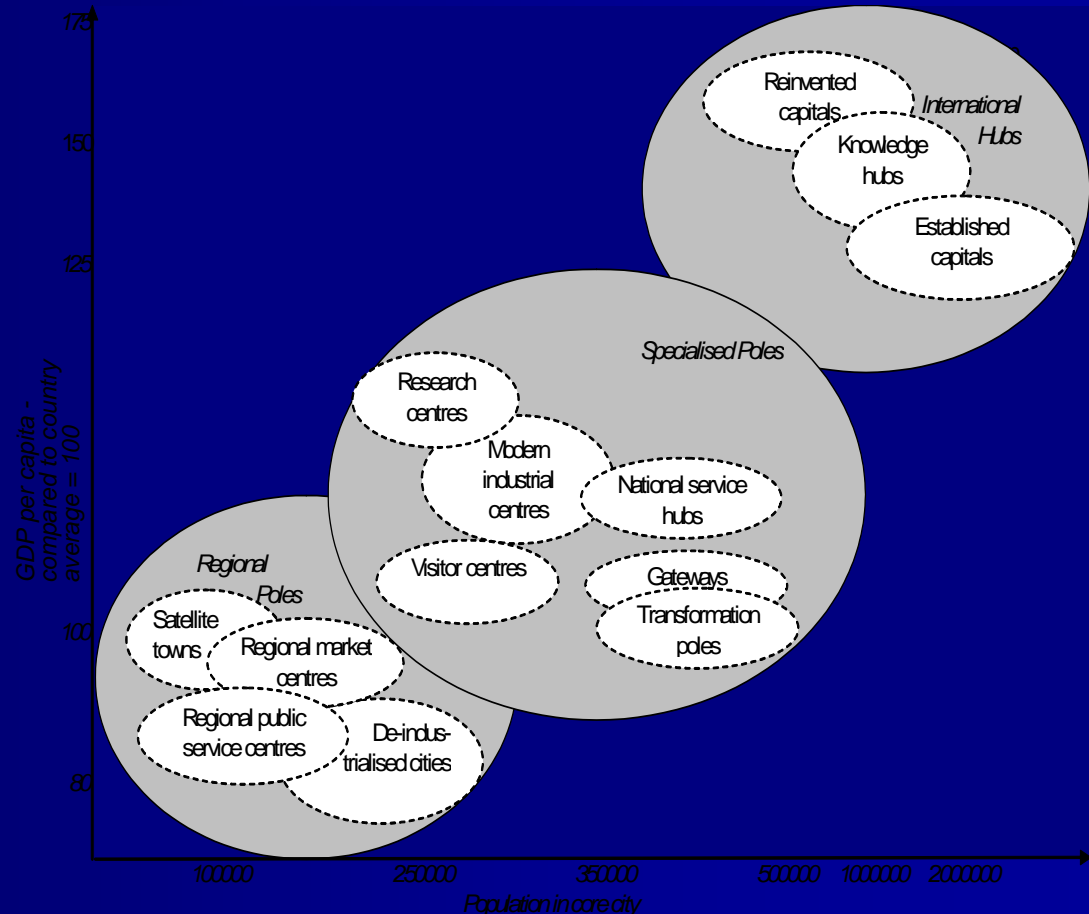
EU State of the Cities Report

- The report divides cities into three broad groups: International Hubs, Specialised Poles and Regional Poles.
- Within these groups, the Report goes on to define 13 city-types (mapped on the right).
- Examples of these typologies include: 'established capitals' e.g. Madrid, Lisbon, Vienna, Rome; 'gateway cities' e.g. Rotterdam, Le Havre, Marseille and Visitor Centres e.g. Nice, Bruges, Irakleio



EU State of the Cities Report

- The city typology developed by the report is related to city population and economic output
- The report's quality of life survey indicates that generally inhabitants of EU cities are satisfied with their quality of life
- The survey commends Newcastle and Liege as cities where inhabitants are very satisfied with their health service, and Prague, Copenhagen and Dublin as cities where it is easy to find a good job
- However it highlights problems in some cities: housing is especially hard to find in Paris, Luxembourg and Dublin, whilst inhabitants in Malmo, Stockholm and Berlin feel foreigners are poorly integrated.



GLOBALISATION AND WORLD CITIES GROUP (GaWC)

- The GaWC research group based at Loughborough University has been responsible for many of the theoretical and analytical understandings of world cities
- The group produces a listing of world cities, ranked according to tertiary sector activity. This is conducted by examining the range of international service firms present in a city within the accountancy, advertising, banking/finance, insurance, law and management sectors. A total of 100 firms are included within the analysis
- The level of 'connectedness' of cities into the global circuits of capital and information is measured by the number of head offices and branch offices of these 100 firms in the city. Over 300 cities, from Abu Dhabi to Zurich, are measured against these criteria

GLOBALISATION AND WORLD CITIES GROUP (GaWC)

- London, Paris, New York and Tokyo are ranked as the key alpha world cities
- Reports by the GaWC suggest that Frankfurt, Chicago and Hong Kong are increasingly world city like

www.citiesandregions.com

World Cities as defined by the GaWC

A. ALPHA WORLD CITIES

12: London, Paris, New York, Tokyo

10: Chicago, Frankfurt, Hong Kong, Los Angeles, Milan, Singapore

B. BETA WORLD CITIES

9: San Francisco, Sydney, Toronto, Zurich

8: Brussels, Madrid, Mexico City, Sao Paulo

7: Moscow, Seoul

C. GAMMA WORLD CITIES

6: Amsterdam, Boston, Caracas, Dallas,

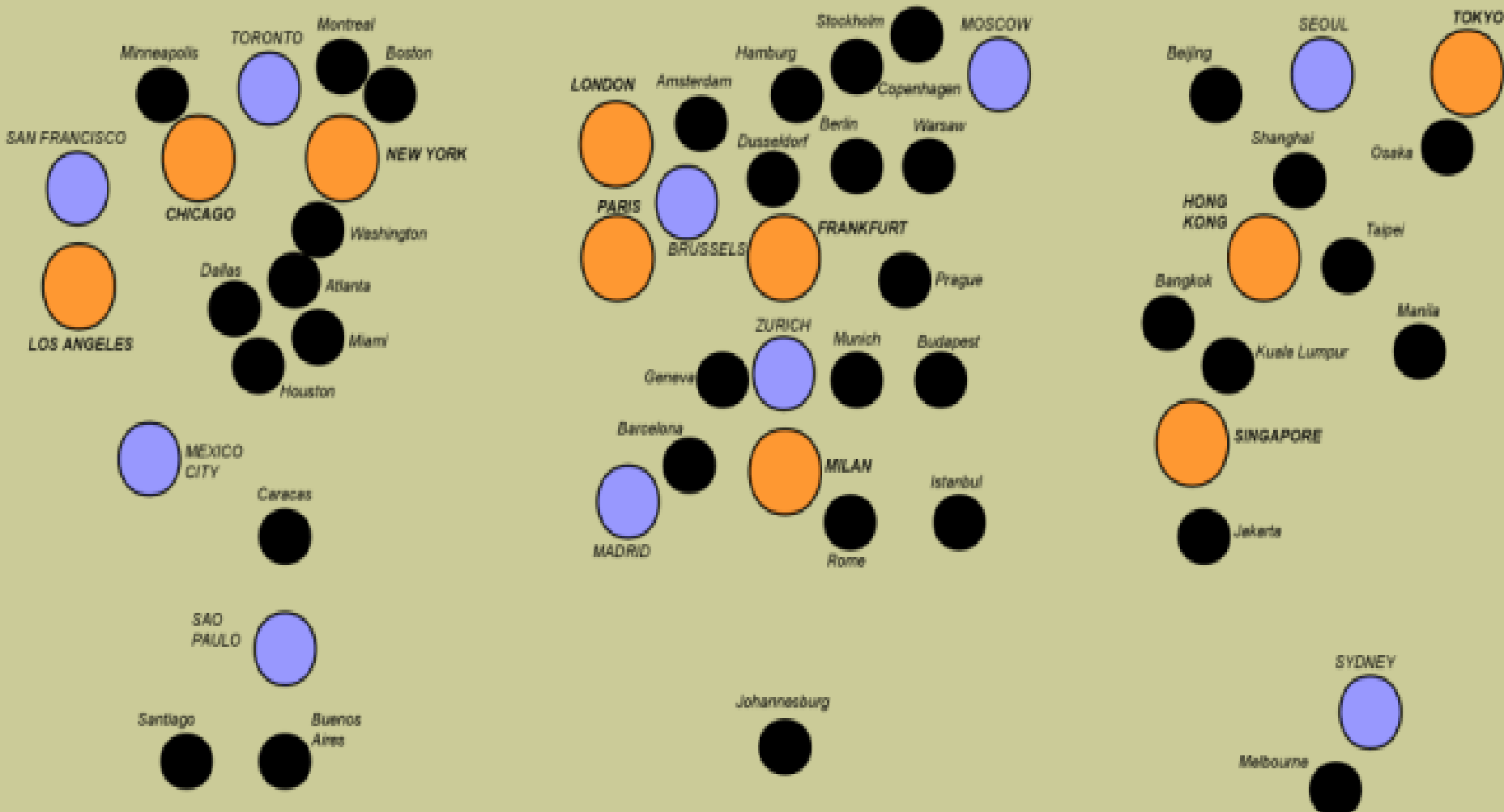
Dusseldorf, Geneva, Houston, Jakarta, Johannesburg, Melbourne, Osaka, Prague, Santiago, Taipei, Washington

5: Bangkok, Beijing, Rome, Stockholm, Warsaw

4: Atlanta, Barcelona, Berlin, Buenos Aires, Budapest, Copenhagen, Hamburg, Istanbul, Kuala Lumpur, Manila, Miami, Minneapolis, Montreal, Munich, Shanghai

20

NB. The numbers refer to the score for each group's 'world city-ness'



The GaWC Inventory of World Cities:



JONES LANG LASALLE: WORLD WINNING CITIES SERIES

- Jones Lang LaSalle has produced a research series entitled 'World Winning Cities' through which they have developed a framework for understanding what makes a competitive city
- The World Winning Cities model has identified what 'city users' (e.g. investors or tourists) and 'city residents' (e.g. corporate occupiers or residents) require from a city, as a business location, a high quality of life and a cultural environment
- The report detailed here investigates the governance structure of cities around the world

JONES LANG LASALLE: WORLD WINNING CITIES SERIES

Cities exhibiting successful governance

- The report suggests that interaction in the decision making progress between different actors is necessary to improve city governance
- Similarly, city management and city marketing are key for successful governance
- The report argues that there is an optimal size for cities to be successfully managed and that mega-cities are too large



Successful Performers

City Management

Singapore
Auckland
Dubai
Barcelona
Hong Kong
Brisbane
Paris
Dublin
Cape Town
Tokyo

City Marketing

New York
Shanghai
Barcelona
Singapore
Beijing
Dubai
Budapest
London
Berlin
Frankfurt

JONES LANG LASALLE: WORLD WINNING CITIES SERIES 'Deciding where to offshore'

- 'World Winning Cities: Deciding Where to Offshore' (2004) examined 20 competing offshoring cities across 4 global regions. The data gathered included 45 different variables grouped together to form six drivers: cost, human capital, business environment, infrastructure, real estate and market
- From these, three scenarios (cost-driven, quality driven and market-driven) are identified. The cities are subsequently ranked according to their overall performance and their performance on each of the six drivers and three scenarios

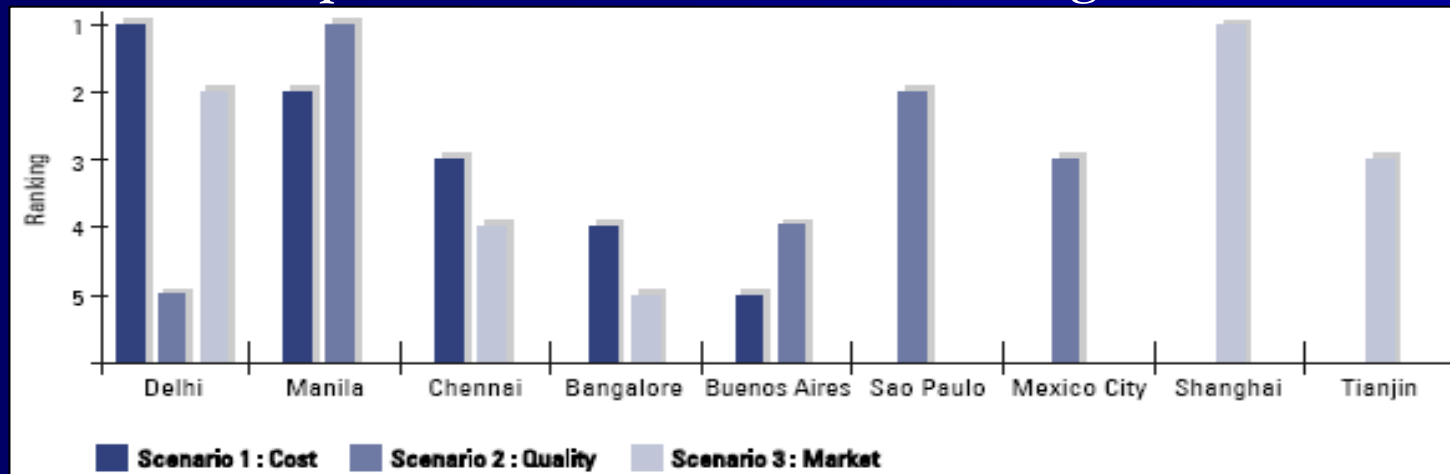
Offshoring scenarios

Scenario 1 (Cost driven)	Likely to favour most cost competitive cities, especially those with lowest labour costs.	This scenario will apply to most contact centre and routine back office functions.
Scenario 2 (Quality driven)	More even weighting between cost, quality of human capital and the business environment.	Applies to activities that require significant value add in the form of high-level technical or financial skills. Would include software development and R&D activities.
Scenario 3 (Market driven)	While not underestimating the importance of cost, the major driver of such activities will be the size of the local market.	Would include the tailoring of global products to local markets (eg producing Chinese version software) as well as services being provided for the local market.

JONES LANG LASALLE: WORLD WINNING CITIES SERIES 'Deciding where to offshore'

- Asian cities were for all three scenarios. Delhi ranks highest for cost, Manila ranks highest for quality and Shanghai ranks highest for the market. Delhi stands out as the best all-round city, being the only location to be scored in the top five for each of the 3 scenarios
- Latin American cities score best in terms of the availability of human capital. Bangalore and Chennai also score well, reflecting India's status as the current world leader in offshoring.

Top cities for each of the 3 offshoring scenarios



CWH&B: EUROPEAN CITIES MONITOR

- The European Cities Monitor is an annual index produced by property consultants Cushman Wakefield Healey and Baker
- Each year, the firm surveys prominent business people and managers (501 people in 2005) to collect data on peoples' perceptions of cities
- The data gathered covers a wide range of factors, including:
 - reasons to locate a business in that city
 - how well known the city is
 - the impact of a major world event (sporting, cultural etc) on a city
 - cities which are seen to be doing the most to improve themselves
 - the best cities in terms of value for money for office space
 - quality of life for employees in the city
 - how free the city is from pollution

CWH&B: EUROPEAN CITIES MONITOR

The Top 20 European cities as business locations, 2005

- In 2005, London, Paris and Frankfurt were the top ranking cities in terms of business location
- Spanish and Central European cities in the new EU countries have made the most progress on the measures
- The key aspect identified as necessary for a successful city was transport: 33% of respondents wanted to see improved inter-city transport links, 30% improved transport circulation and 29% improved public transport

City	Rank			Weighted Score
	1990 *	2004	2005	2005
London	1	1	1	0.87
Paris	2	2	2	0.60
Frankfurt	3	3	3	0.33
Brussels	4	4	4	0.30
Barcelona	11	6	5	0.28
Amsterdam	5	5	6	0.24
Madrid	17	7	7	0.24
Berlin	15	9	8	0.19
Munich	12	8	9	0.18
Zurich	7	10	10	0.18
Milan	9	11	11	0.15
Dublin	-	12	12	0.14
Prague	23	13	13	0.14
Lisbon	16	16	14	0.12
Manchester	13	14	15	0.12
Düsseldorf	6	18	16	0.10
Stockholm	19	15	17	0.10
Geneva	8	17	18	0.10
Hamburg	14	19	19	0.09
Warsaw	25	20	20	0.09

CWH&B: EUROPEAN CITIES MONITOR

- The report presents a wide range of the data gathered in tabulated form, as illustrated below:

10 European cities most familiar to respondents as a business location, 1990-2005

City	2005 %	2004 %	1990 %
London	88	90	94
Paris	82	86	94
Barcelona	69	67	64
Milan	66	63	74
Brussels	65	69	85
Frankfurt	64	68	78
Madrid	62	63	68
Amsterdam	61	64	67
Munich	60	61	64
Berlin	55	58	43

10 European cities perceived to be doing most to improve themselves, 2005

City	%
Barcelona	20
Prague	19
Madrid	17
Budapest	13
Warsaw	13
London	12
Berlin	11
Paris	11
Dublin	10
Lisbon	8

Standard & Poor's Credit Ratings of the World's Top 10 Economic Centres

- Standard & Poor's rates over 15,000 local, state and regional governments in the US and more than 340 in 27 countries around the world. For this particular report, the top 10 global economic centres were rated and were selected upon:
 - The economic importance of the countries in which they are located (all G8 members);
 - Their role as the major economic centre(s) in their respective country;
 - The depth of the services that they provide and the economic importance that each city provides to its respective services area and to the country as a whole, and;
 - Their size – all selected cities have more than one million inhabitants

[US Weakness](#)

Standard & Poor's Credit Ratings of the World's Top 10 Economic Centres

Standard & Poor's suggest that the strong credit rating of all the world's top ten economic centres

"... partly reflects the importance of economic performance as a key factor when evaluating the creditworthiness of local and regional governments (LRGs). A strong, dynamic, and diversified economy often correlates with robust and growing tax revenues with positive implications on a government's financial flexibility and budgetary performance." (Standard & Poor's, 2006).

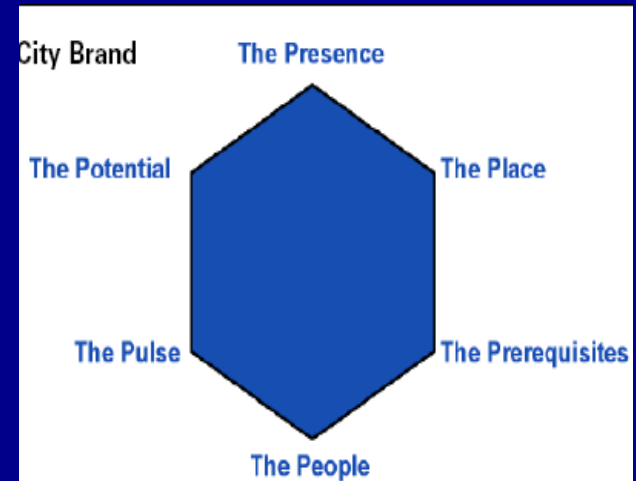
Credit Ratings of the World's Top 10 Economic Centres (2006)

Ranking	City	Credit rating
1	Paris	AAA/ Stable/ --
2	Greater London Authority	AA+/ Stable/ --
3	Los Angeles	AA/ Stable
4	Madrid	AA/ Stable/A-1+
4	Toronto	AA/ Stable/A-1+
6	Yokohama	AA-/ Positive/ --
7	Chicago	AA-/ Stable
7	New York City	AA-/ Stable
9	Milan	A+/ Stable/ --
10	Moscow	BBB+/ Stable/ --

ANHOLT GMI CITY BRANDS INDEX

- The Anholt GMI City Brands Index is compiled from the results of a survey conducted online among 17,502 men and women aged 18-64 in 18 countries
- 30 cities are examined through the respondents' perceptions of six aspects of each city in order to assess the city's brand. The 'brand hexagon' consists of: Presence (city's international status and standing); Place (perceptions of city's physical aspect); Potential (economic and educational opportunities offered to visitors, businesses and immigrants); Pulse (appeal of vibrant urban lifestyle); People (impressions of inhabitants, community and safety); Prerequisites (perceptions of basic qualities of city)

The City Brand Hexagon



ANHOLT GMI CITY BRANDS INDEX

The Anholt City Brands Index, 2005

- In the 2005 index, London was ranked as the world's favourite city brand, followed by Paris and Sydney. The highest American entry was New York in 7th place
- Most respondents felt they knew more about London than any other city by a wide margin. London was the 2nd most visited city, the top for ease of finding a job, for doing business in, for obtaining a valuable educational qualification and for ease of finding a community to fit into. It came 2nd to Geneva for the general standard of public amenities and was 2nd after Paris for overall lifestyle



Overall Rankings	Rank
London	1
Paris	2
Sydney	3
Rome	4
Barcelona	5
Amsterdam	6
New York	7
Los Angeles	8
Madrid	9
Berlin	10
San Francisco	11
Toronto	12
Geneva	13
Washington	14
Brussels	15
Milan	16
Stockholm	17
Edinburgh	18
Tokyo	19
Prague	20
Hong Kong	21
Singapore	22
Rio de Janeiro	23
Beijing	24
Mexico City	25
Moscow	26
Johannesburg	27
Cairo	28
Mumbai	29
Lagos	30

MERCER'S QUALITY OF LIVING INDEX

Measures used to assess quality of living

- Mercer Human Resources Consulting produce an annual Quality of Living Index, analysing the quality of living in over 350 cities worldwide
- The survey aims to provide companies with information upon which to base hardship pay for expatriate employees
- New York is given a baseline score of 100 against which other cities are ranked
- 39 measures are used to assess the quality of living in each city

- *Political and social environment* (political stability, crime, law enforcement, etc.)
- *Economic environment* (currency exchange regulations, banking services, etc.)
- *Socio-cultural environment* (censorship, limitations on personal freedom, etc.)
- *Medical and health considerations* (medical services, infectious diseases, air pollution, etc.)
- *Schools and education* (standard & availability) *Public services and transportation* (electricity, water, public transport, traffic congestion, etc.)
- *Recreation* (restaurants, cinemas, sports etc)
- *Consumer goods* (availability of food/daily consumption items, cars, etc.)
- *Housing* (housing, household appliances, furniture, maintenance services, etc.)
- *Natural environment* (climate, natural disasters)

MERCER'S QUALITY OF LIVING INDEX

- Zurich ranks as the city with the world's highest quality of living in both 2005 and 2006, closely followed by Geneva and Vancouver

- A number of cities have made progress up the rankings including Mumbai, Bangalore, several Chinese cities and Argentinean cities

The top 10 cities in the Mercer Worldwide Quality of Living Survey, 2005 and 2006

Rank 2006	Rank 2005	City	Country	Index 2006	Index 2005
1	1	ZURICH	Switzerland	108.2	108.0
2	2	GENEVA	Switzerland	108.1	107.9
3	3	VANCOUVER	Canada	107.7	107.4
4	3	VIENNA	Austria	107.5	107.4
5	8	AUCKLAND	New Zealand	107.3	106.5
6	5	DUSSELDORF	Germany	107.2	107.0
7	6	FRANKFURT	Germany	107.0	106.8
8	7	MUNICH	Germany	106.8	106.7
9	9	BERN	Switzerland	106.5	106.4
9	9	SYDNEY	Australia	106.5	106.4

MERCER COST OF LIVING REPORT

- Mercer's Cost of Living Survey is produced annually to help multinational companies and governments determine compensation allowances for their expatriate employees.
- The survey covers 144 cities across six continents and measures the comparative cost of over 200 items in each location
- New York is used as the base city scoring 100 points from which other cities are then compared.

Categories used in the Cost of Living Index

- | | |
|-------------------------|----------------------------|
| ■ Alcohol and Tobacco | ■ Health and personal care |
| ■ Clothing and footwear | ■ Household supplies |
| ■ Domestic services | ■ Sports and leisure |
| ■ Food at home | ■ Transportation |
| ■ Food away from home | ■ Utilities |

MERCER COST OF LIVING REPORT

25 most expensive cities, 2006

- In 2006, Moscow was ranked as the most expensive city in the world, with a score of 123.9. This was attributed to steep accommodation costs
- Moscow was followed closely by Seoul (121.7) and Tokyo (119.1)
- Asuncion in Paraguay remained the least expensive city globally, in 144th position with a score of 43.5

Mercer Human Resource Consulting Cost of Living Survey - Worldwide Rankings 2006					
Rankings		City	Country	COL Index	
March 2008	March 2005			March 2008	March 2005
1	4	MOSCOW	Russia	123.9	119
2	5	SEOUL	South Korea	121.7	115.4
3	1	TOKYO	Japan	119.1	134.7
4	9	HONG KONG	Hong Kong	118.3	109.5
6	3	LONDON	United Kingdom	110.8	120.3
8	2	OSAKA	Japan	108.3	121.8
7	6	GENEVA	Switzerland	103	113.5
8	8	COPENHAGEN	Denmark	101.1	110
9	7	ZURICH	Switzerland	100.8	112.1
10	10	OSLO	Norway	100	105.3
10	13	NEW YORK CITY	United States	100	100
12	15	ST.PETERSBURG	Russia	99.7	99.5
13	11	MILAN	Italy	98.8	104.9
14	19	BEIJING	China	94.8	95.6
16	22	ISTANBUL	Turkey	93.1	93.8
16	12	PARIS	France	93.1	102.2
17	34	SINGAPORE	Singapore	82	88
18	13	DUBLIN	Ireland	91.8	100
19	20	SYDNEY	Australia	91.3	95.2
20	30	SHANGHAI	China	91.2	90.4
21	17	ROME	Italy	89.8	97.3
21	54	KIEV	Ukraine	89.8	84.5
21	16	VIENNA	Austria	89.8	97.8
24	39	TEL AVIV	Israel	89.7	87.6
26	20	HELSINKI	Finland	87.8	95.2

SJTU: ACADEMIC RANKING OF WORLD UNIVERSITIES: 'The Shanghai Index'

Ranking Criteria

- In the global knowledge economy, cities have become key sites of education and knowledge transfer
- The annual *Academic Ranking of World Universities* carried out by Shanghai Jiao Tong University provides one way in which to examine how cities may be ranked according to their higher educational offering
- Universities are ranked according to a number of criteria

Criteria	Indicator	Weight
Quality of Education	Alumni of an institution winning Nobel Prizes and Fields Medals	10%
Quality of Faculty	Staff of an institution winning Nobel Prizes and Fields Medals	20%
	Highly cited researchers in 21 broad subject categories	20%
Research Output	Articles published in Nature and Science*	20%
	Articles in Science Citation Index-expanded, Social Science Citation Index	20%
Size of Institution	Academic performance with respect to the size of an institution	10%
Total		100%

SJTU: ACADEMIC RANKING OF WORLD UNIVERSITIES

Academic ranking of world universities, 2005

- In the 2005 edition of the index, US cities occupy 17 of the 20 highest places
- Cambridge (2nd place), Oxford (10th) and Tokyo (19th) are the only non-US cities in the top 20 ranked universities

World Rank	Institution
1	Harvard Univ
2	Univ Cambridge
3	Stanford Univ
4	Univ California - Berkeley
5	Massachusetts Inst Tech (MIT)
6	California Inst Tech
7	Columbia Univ
8	Princeton Univ
8	Univ Chicago
10	Univ Oxford
11	Yale Univ
12	Cornell Univ
13	Univ California - San Diego
14	Univ California - Los Angeles
15	Univ Pennsylvania
16	Univ Wisconsin - Madison
17	Univ Washington - Seattle
18	Univ California - San Francisco
19	Tokyo Univ
20	Johns Hopkins Univ

Urban Land Institute: Emerging Trends in Real Estate

- 'Emerging Trends in Real Estate' Reports are produced annually for Europe, the USA and Asia- Pacific and 'provide an outlook on European real estate investment and development trends, real estate finance and capital markets, property sectors, metropolitan areas, and other real estate issues.'
- The reports represent the views of a wide range of industry experts - investors, developers, property companies, lenders, brokers, and consultants. Views are collated through questionnaires or interviews.
- The report includes ranking of cities based upon experts' views of development/investment potential and the ratio of experts who would buy/sell/hold property in each city.

ULI: Emerging Trends in Real Estate 2007

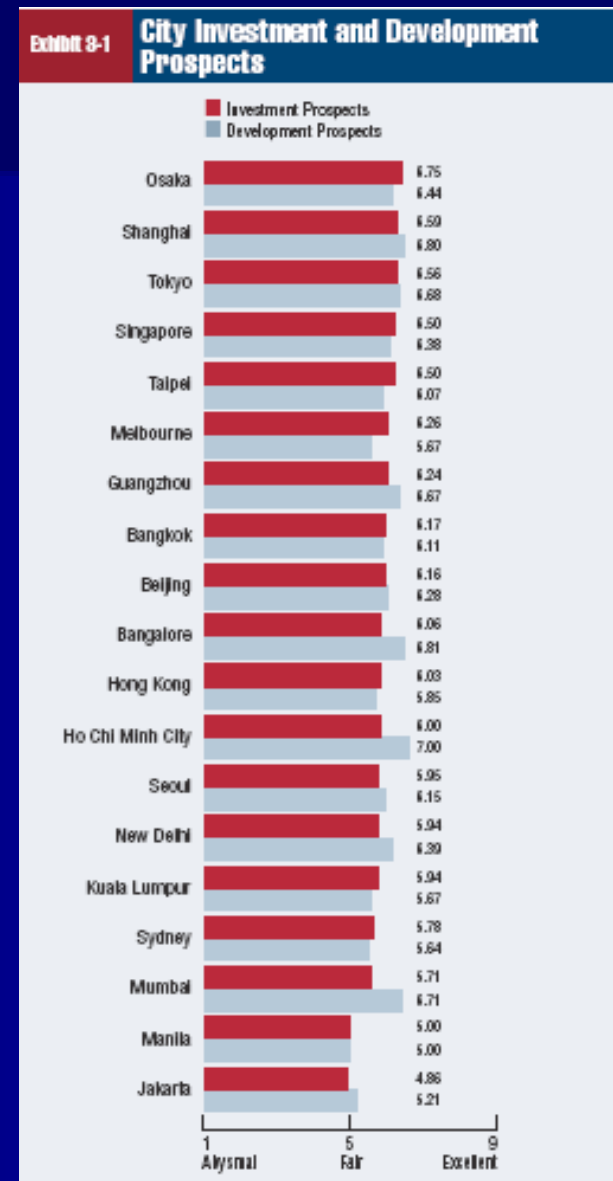
- Europe: Paris and London hold 1st and 2nd position for the second consecutive year. Munich and Hamburg are amongst the cities making the most progress



- USA: “Bicoastal” cities are the best performers. New York, Washington and L.A. hold the top three spots overall.
- Trends vary for different property types however; New York has the highest proportion of “buy” recommendations in Retail and Warehouse stock, San Francisco is the most desirable city for Apartments, whilst Seattle is the experts’ top choice for Office property.

ULI: Emerging Trends in Real Estate 2007

- Asia Pacific: Osaka, Shanghai, Tokyo, Singapore and Taipei are identified as “Top Investment Cities”
- Ho Chi Minh, Shanghai, Bangalore and Mumbai score particularly highly in the “development prospects” category.
- Jakarta and Manila suffer from limited interest from buyers, partly due to political instability



Mastercard: Worldwide Centres of Commerce Index

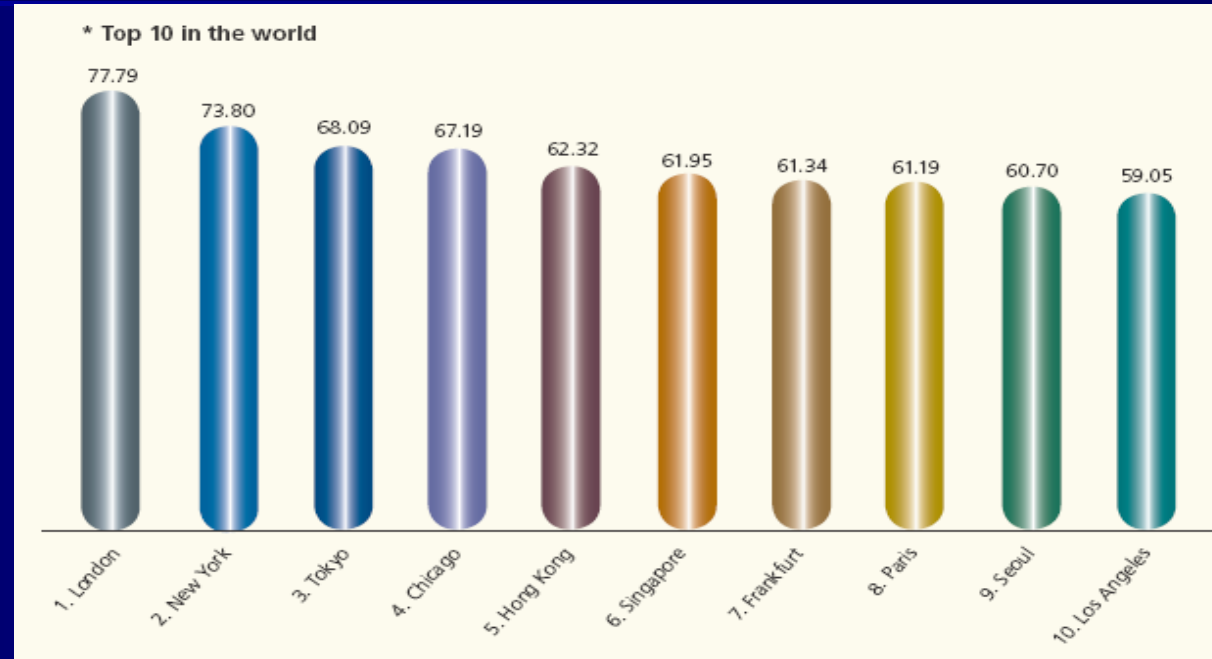
- The index is not intended as a simple competitive ranking of the ease of doing business in cities, but mixes together measures of output, such as the volume of financial market transactions in equities and bonds, with indicators of business inputs such as the ease of employing workers and opening and closing businesses
- 63 cities around the world were rated on six dimensions . Each dimension consists of a number of indicators, and each indicator is made up of a number of sub-indicators. All told, the index involves six dimensions, 41 indicators and more than 100 sub-indicators.

The Six Dimensions Used and their Relative Weightings in the Final Index

- Legal and Political Framework (10%)
- Economic Stability (10%)
- Ease of Doing Business (20%)
- Financial Flow (22%)
- Business Center (22%)
- Knowledge Creation and Information Flow (16%)

Mastercard: Worldwide Centres of Commerce Index

- Canadian cities perform well in the “Ease of Doing Business” category, due to their exceptional quality of life
- Santiago, Mexico City and Sao Paulo do not make the top 25, but they are the best performers in Latin America.



- London beat New York to the title of World’s Best Financial City. Its success is attributed to its higher volume of bond trading, which gave it a significantly higher score in the “financial flows” category.

Siemen's Megacities Report

- Forms part of the larger Siemens “Megatrends” programme.
- The goal of the project was to carry out research at the individual megacity level to gather objective data as well as individual expert perspectives on local infrastructure challenges and trends
- Over 500 public and private sector experts from the world's 25 largest cities were interviewed for this purpose including elected officials, public and private sector employees, academics, NGOs and the media. Surveys was supplemented with extensive secondary research.
- The report reclassifies cities into “emerging”, “transitional” and “mature” megacities and has lead to the production of further publications which outline how Siemens can (and do) provide infrastructural solutions for Shanghai and New York.

Whose indexes?

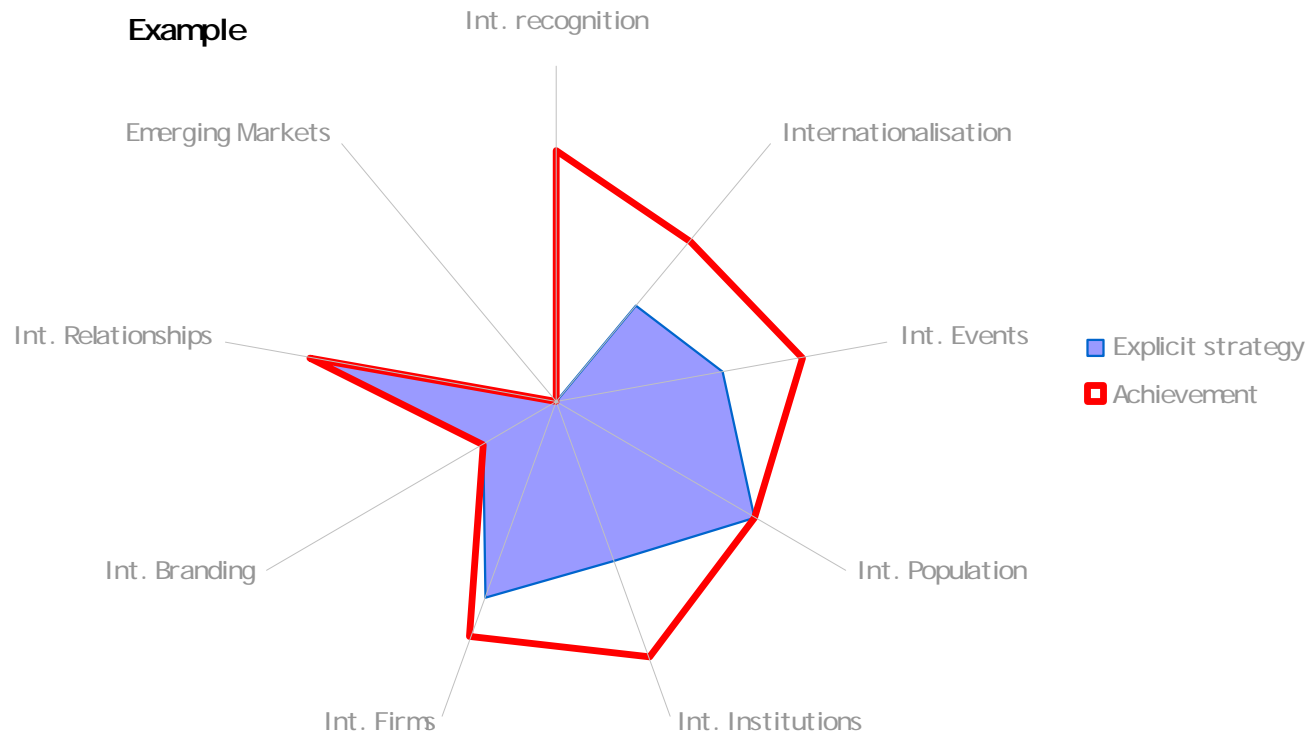
- Mercer
- Anholt GMI
- Siemens
- Mastercard
- Jones Lang Lasalle
- Healey and Baker Cushman Wakefield.
- Standard and Poor
- PWC
- ULI

Lenses on cities

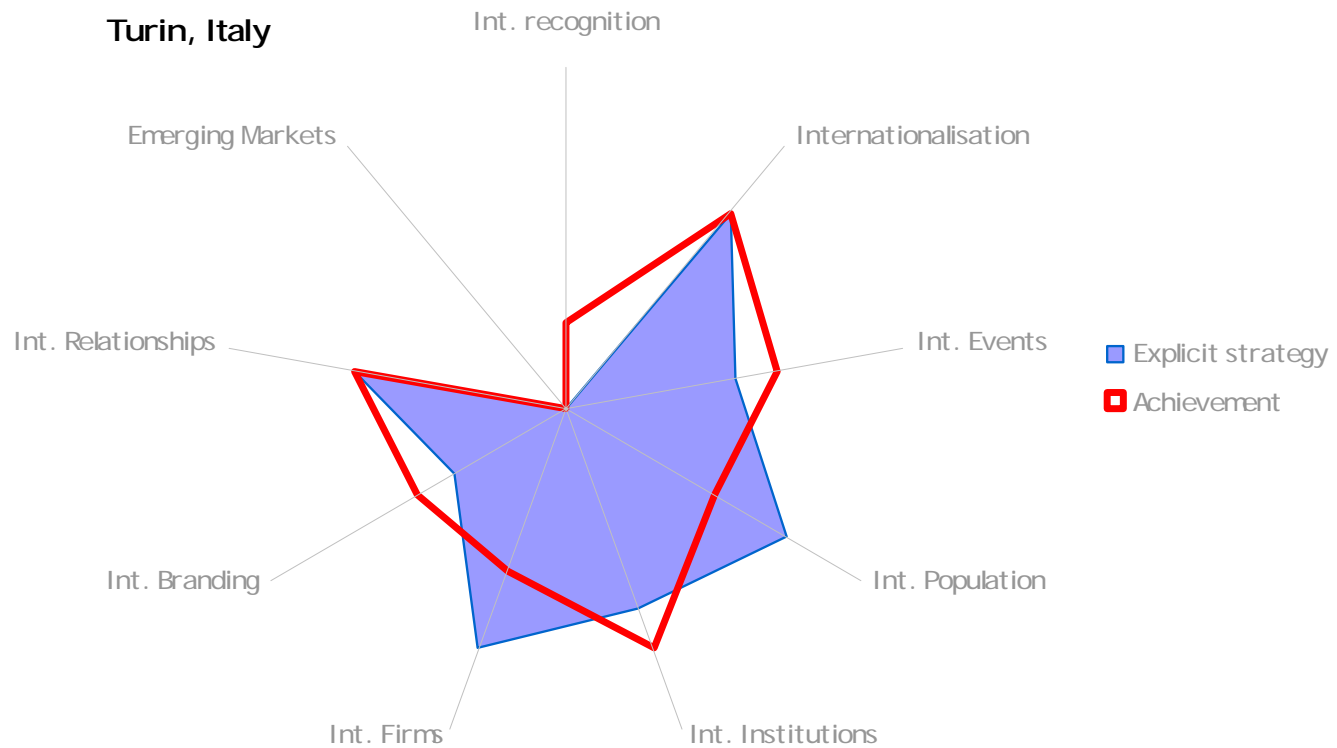
- Cities as markets, business perspectives in cities. The rate of return in cities.
- Cities as agents of their own performance.
- Cities in a global context/system.
- Cities as locations of leadership challenges.
- Cities as sites for larger policies.
- Cities as brands.
- Cities a strategic partners for firms.

Perception or performance of cities?

Internationalisation: 50 case studies.



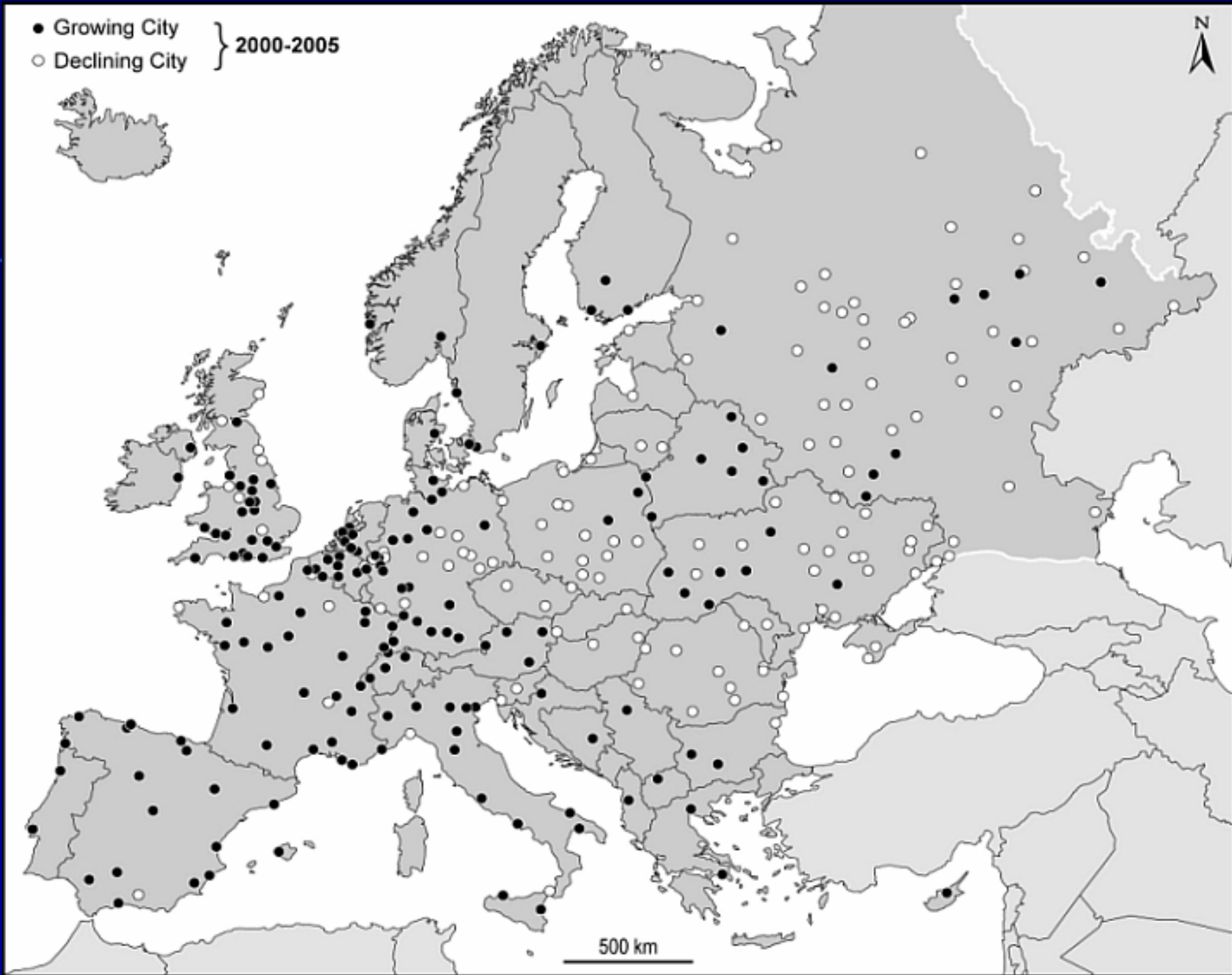
Internationalisation: 50 case studies.



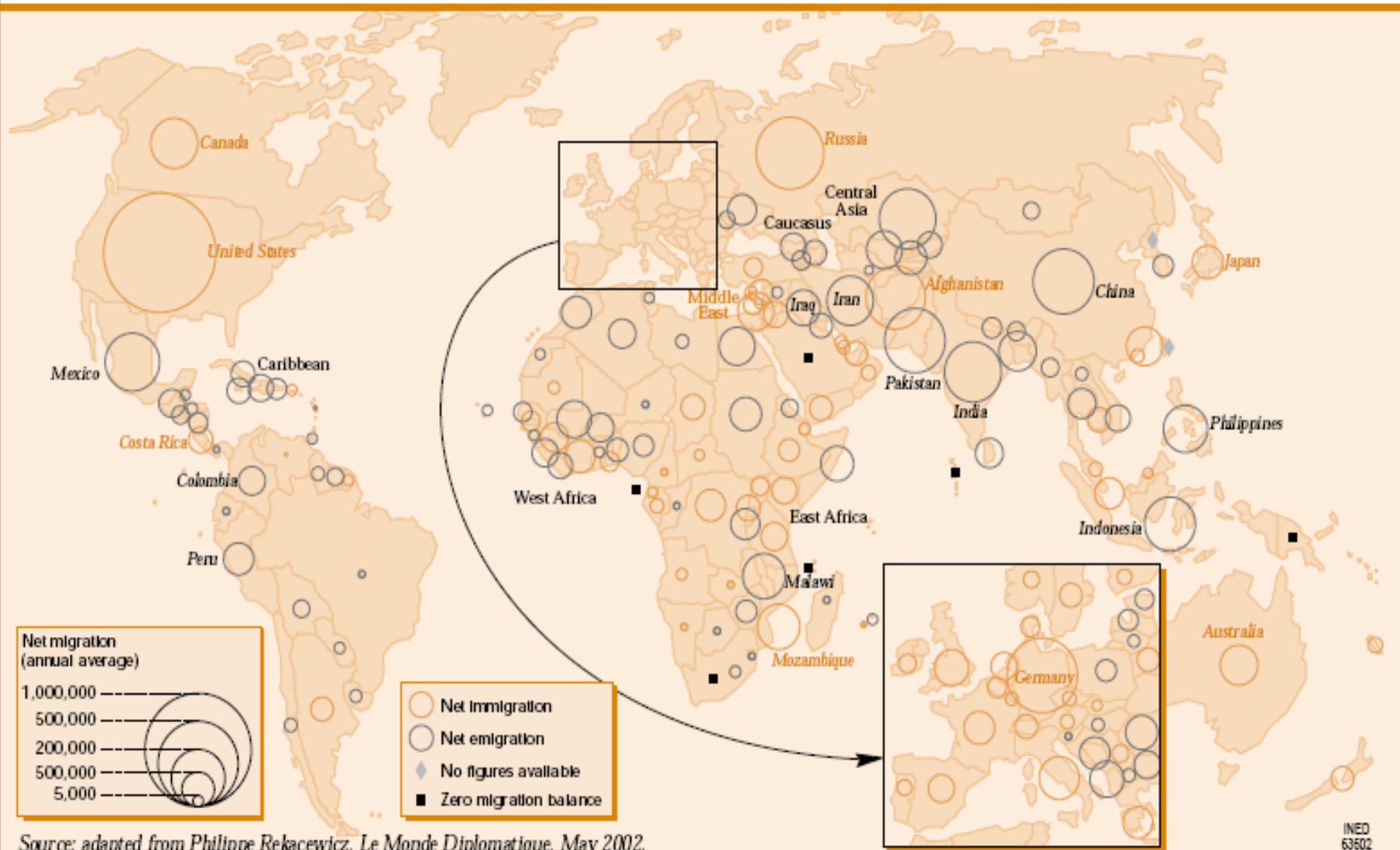
Open-ness ?

- Advantage of diversity to cities.
- Not evenly spread.
- Adjustment processes.
- Factors: economic, regulatory, amenity, connectivity, cultural, risk, internationalisation, and leadership.
- But: different cities with different options and challenges.

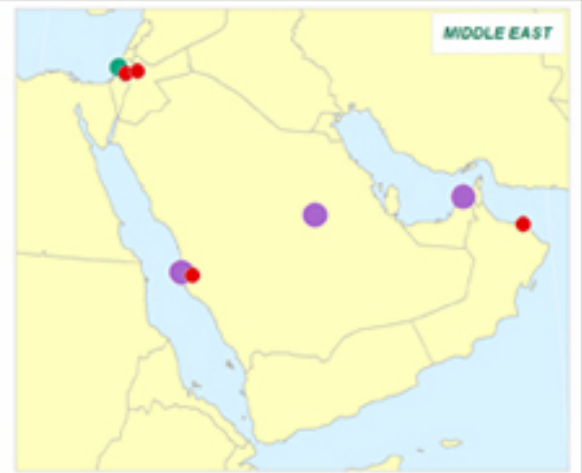
- Growing City
 - Declining City
- } 2000-2005



Map of net migration—arrivals less departures—in the period 1990-2000



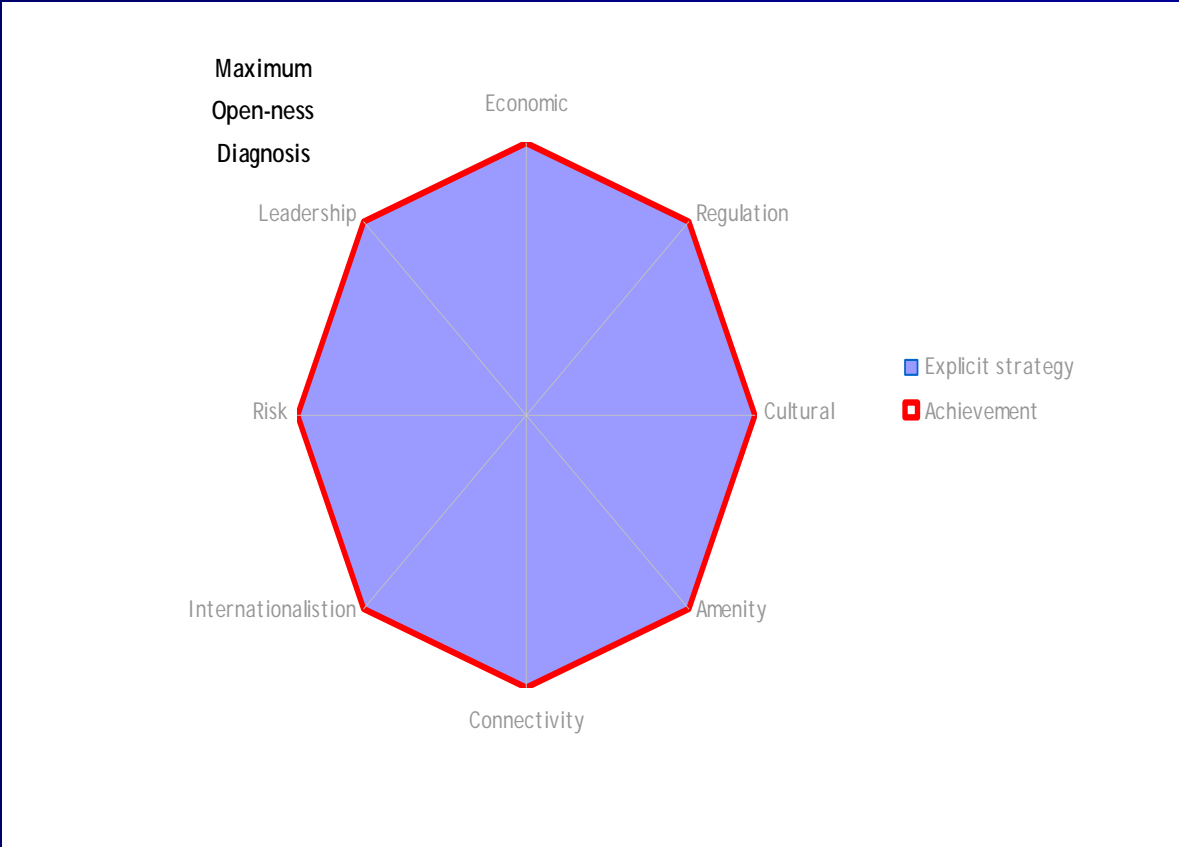
Cities with 100,000 or More Foreign-Born Residents



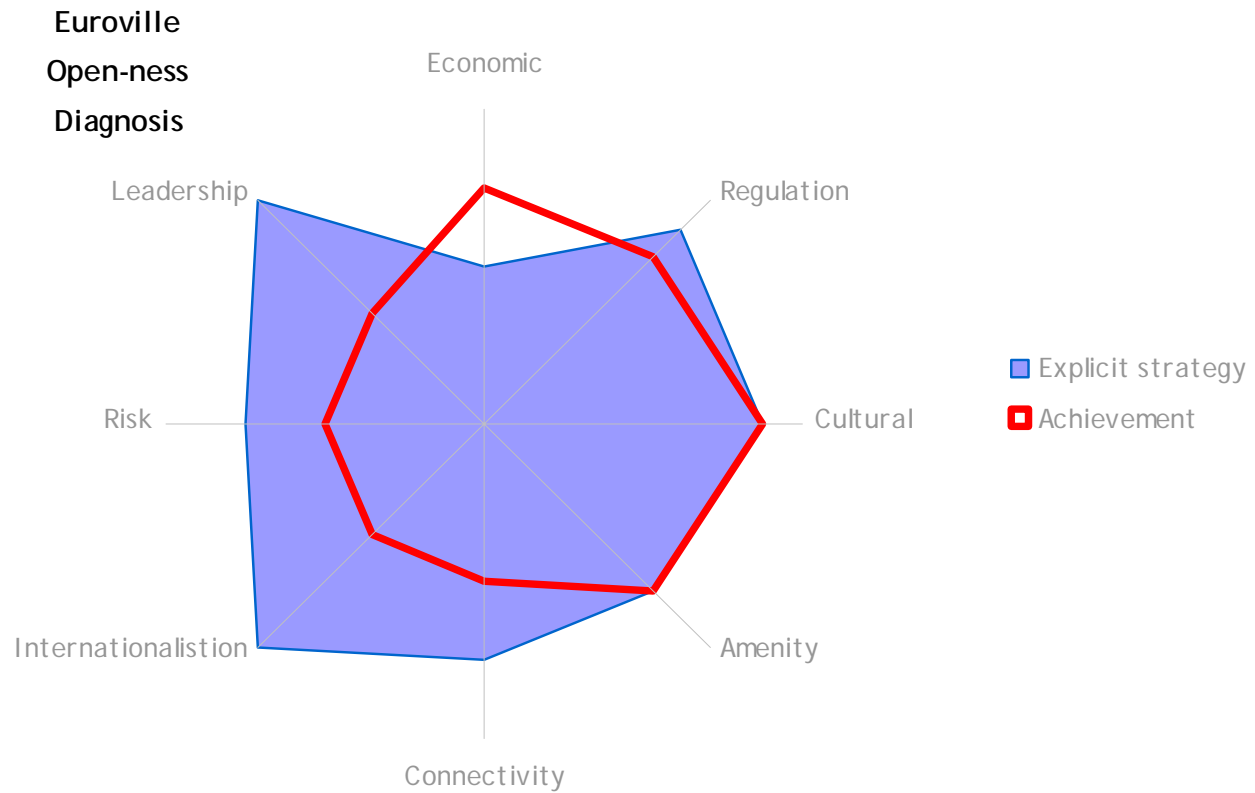
8 factors and 40 measures of Open-ness?

- Economic factors: Population, Employment, Enterprise, Skills & Qualifications.
- Regulatory factors: Citizenship, Welfare, Health, Housing, social inclusion.
- Cultural factors: Civic organisations, mixed marriages, creative expressions, media, food.
- Amenity factors: Signage/information, language, education, retail, and neighbourhood mixity.
- Connectivity/Accessibility factors: Ports and Gateways, digital access, public transport, city centres.
- Internationalisation factors: International populations, business, events, institutions, visitors, and students.
- Risk factors: Crime, security, disasters, deportation, racism and xenophobia.
- Leadership factors: Diversity strategy, brand and belonging, voting and representation, active projects.

Diagnosing Open-ness of a city?



Example?



Underlying value of hosting global events.

- i. Unify the country around a purpose.
- ii. Nation building and international development.
- iii. High visibility, prestige, and status.
- iv. Real deadlines avert avoidance.
- v. Makes local investment a national priority.
- vi. Accelerates pace of change and delivery of goals.
- vii. Collaboration with other places, that leads onto..
- viii. Changes rules of engagement.

City Benefits from Global Events

Table 1: The benefits of hosting different types of event

Impact Diagnostic Event Category	Visitor economy	Transport Infr.	Urban Infr.	Cultural Infr.	Sporting Infr.	Visible Legacy	City Image	Business Interest
Trade - bigger ^a	✓✓✓	✓	✓	✓	-	✓✓	✓✓✓	✓✓
Trade - smaller ^b	✓	-	-	-	-	-	✓✓✓	✓✓✓
Culture - bigger ^c	✓✓✓	✓✓	✓✓	✓✓✓	-	✓✓	✓✓	✓
Culture - smaller ^d	✓	-	-	✓	-	-	✓✓	✓
Sports - bigger ^e	✓✓✓	✓✓✓	✓✓	✓	✓✓✓	✓✓✓	✓✓✓	✓
Sports - smaller ^f	✓✓✓	✓✓	✓	✓	✓✓	✓✓	✓✓	✓
Political - bigger ^g	✓✓	✓	✓	-	-	-	✓✓	✓✓
Political - smaller ^h	✓	✓	✓	-	-	-	✓	✓

^a e.g. World's Fair

^b e.g. World Petroleum Congress

^c e.g. European Capital of Culture

^d e.g. Eurovision

^e e.g. Olympics; Commonwealth Games

^f e.g. World Cup; America's Cup

^g e.g. G8

^h e.g. World Summit on Sustainable Development

City Benefits from Global Events

Table 2: The timing of benefits by event

Timing	Deciding to bid	Bidding	Winning	Preparing	Hosting	Host + 1 yr	Host + 5 yrs	Host + 10 yrs
Event Category								
Trade – bigger ^a	8	2 6 7 8	6 7 8	2 3 7 8	1 2 3 6 7 8	1 2 3 5 6 7 8	1 2 3 5 6 7 8	2 3 6 7 8
Trade – smaller ^b	8	6 7 8	6 7 8	7 8	1 6 7 8	6 7 8	7 8	7 8
Culture – bigger ^c	8	6 7 8	6 7 8	2 3 7 8	1 2 3 6 7 8	1 2 3 5 6 7 8	1 2 3 5 6 7 8	2 3 5 6 8
Culture – smaller ^d	8	6 7 8	6 8	8	1 6 7 8	1 6 8	8	8
Sports – bigger ^e	8	2 6 7 8	6 7 8	2 3 4 7 8	1 2 3 4 6 7 8	1 2 3 4 5 6 7 8	1 2 3 4 5 6 7 8	2 3 4 5 6 8
Sports – smaller ^f	8	6 7 8	6 7 8	2 3 4 7 8	1 2 3 4 6 7 8	1 2 3 4 5 6 7 8	2 3 5 4 6 7 8	2 3 4 5 8
Political – bigger ^g	8	6 7 8	6 8	2 8	1 2 6 7 8	1 2 6 7 8	2 6 7 8	2 7 8
Political – smaller ^h	8	6 7 8	6 8	2 8	1 2 6 7 8	2 6 7 8	2 7 8	2 8

- ^a e.g. World's Fair
- ^b e.g. World Petroleum Congress
- ^c e.g. European Capital of Culture
- ^d e.g. Eurovision
- ^e e.g. Olympics; Commonwealth Games
- ^f e.g. World Cup; America's Cup
- ^g e.g. G8
- ^h e.g. World Summit on Sustainable Development

- Visitor economy 1
- Transport & urban infr. 2
- Cultural infr. 3
- Sporting infr. 4
- Visible legacy 5
- City image 6
- Business interest 7
- Managerial & events strategy dev't 8

Why are development tools and agencies competitive advantage to cities and regions?

- i. Pace of response to investors/developers.
- ii. Scale of intervention possible. Multiple and simultaneous.
- iii. Reputation and credibility of city 'negotiators'.
- iv. Costs and risk sharing opportunities.
- v. Value and benefit capture opportunities.
- vi. Unlock under-used assets.
- vii. Devise new sources of investment.
- viii. Improve investment-readiness: develop propositions.
- ix. Increase efficiency in land, property, and local investment markets.
- x. Overcome 'co-ordination failures' arising from fragmented jurisdiction.

But these advantages don't exist in isolation from wider context, they are part of it.

How does the 'development tool box' make a difference to cities? Implementation is everything.

- Tools: Investment, land, cost base, attraction of high value assets infrastructure / connectivity, asset management, talent development, logistical orientation.
- Tools: Leadership, strategic decision taking, co-ordination, alignment of authorities, marshal resources and assets, prioritisation, risk and cost sharing, asset pooling.
- Tools: Implementation, capable intermediaries, development entities, project management, scale of change impact.

Division of Labour with other entities.

- Development Corporation.
- City Departments.
- Private sector.
- Higher Tier Govs

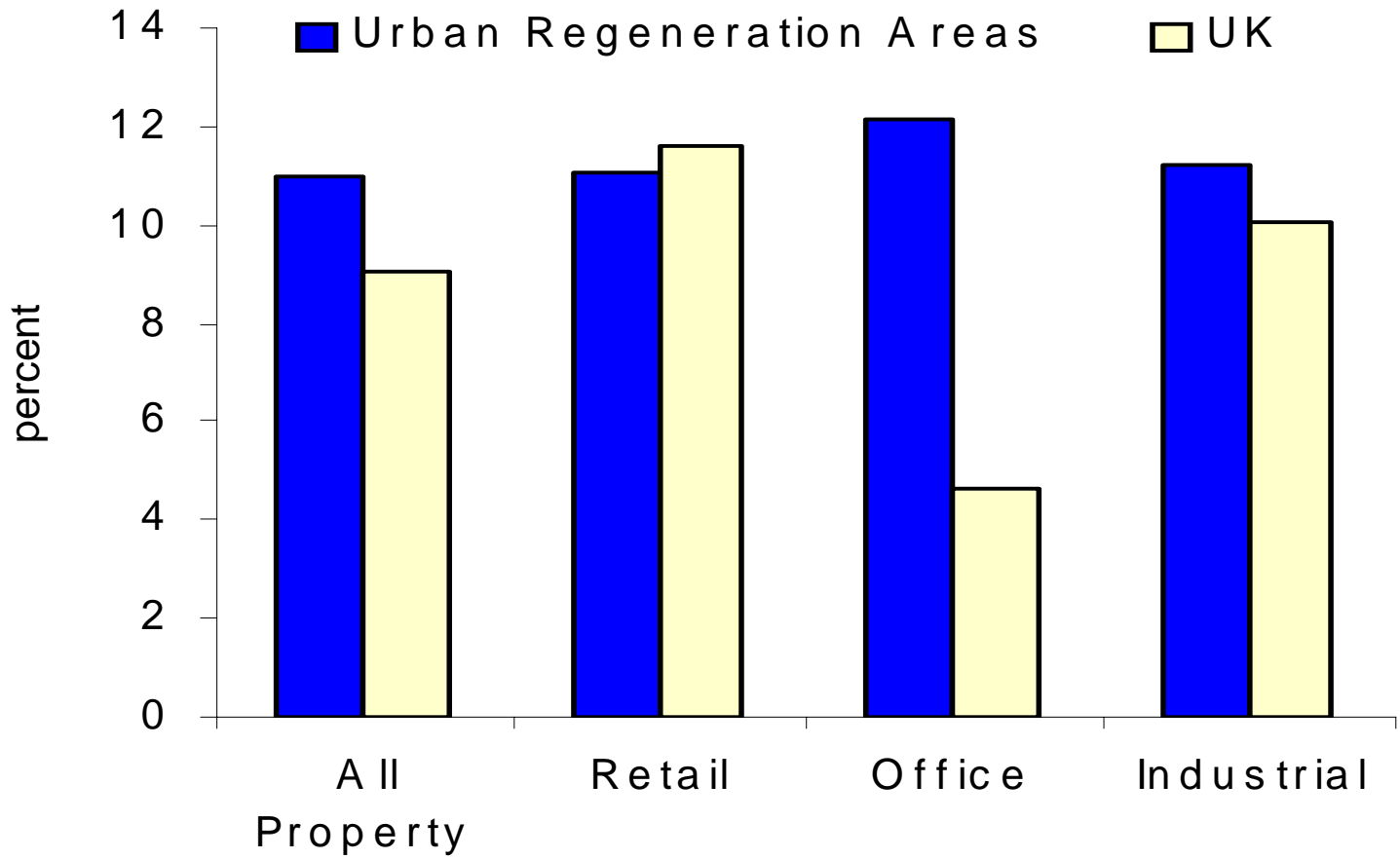
	Dev Corp	City Depts	Private sector	Higher Tier Govs
London	Wide Powers	Oversight and key Functions	Wide roles.	Invest in Dev Corp
New York	Wide Powers	Wide Powers	Advocacy. Limited delivery.	Engaged. Funds. Progs.
Chicago	None	Wide Powers	Well Organised engaged	Enabling roles and finance
Boston	V wide powers	Many powers delegated	Well Organised engaged	Enabling roles and finance.
Baltimore	Wide powers.	Wide powers & delegate	Active & organised	Engaged and finance.
Joburg	Limited Powers	Leading Strategy	Growing roles	Competitive

City collaboration: joint ventures and strategic alliances

1. Glasgow and Edinburgh
2. Copenhagen-Malmo/ The Oresund Region
3. Seattle and Vancouver
4. Baltmet
5. Quatropole
6. Milan, Turin and Genoa
7. Centrope
8. Randstad
9. Rhine- Ruhr
10. Tshwane and Johannesburg
11. Buffalo and Niagara
12. San Diego and Tijuana
13. The Pan -Pearl River Delta
14. Cities of the Yellow Sea Rim

Pension Funds Investment return in Cities

Total returns 2002-03, % per year



OECD 10 principles for city investment

- i. Smart finance for smart cities and regions: getting the fiscal relationships with higher tiers of Government right
- ii. Promote active private sector leadership in city & regional investment
- iii. Metropolitan finance for metropolitan amenities
- iv. Sharing the benefits of growth locally
- v. Flexibility in public funding to enable private co-investment
- vi. A new approach to public assets
- vii. Financial innovation in public and private sectors
- viii. Long term market building by the private sector
- ix. Focus on the quality of the propositions not on the supply of finance
- x. Build capable specialist intermediaries

London v New York ?



- i. Financial Services dynamism and regulation
- ii. Cost of Living, Wages and Wealth
- iii. Global Reach: Presence of global firms, Openness to migration, Success in Capturing Emerging Markets, International Institutions.
- iv. Fiscal Health and City Credit Ratings
- v. City Leadership
- vi. City Image and Identity.
- vii. Security, Terrorism, and Crime
- viii. Connectivity: Airport and Underground Systems
- ix. Construction, Urban Management and Urban Regeneration
- xii. Housing Affordability
- xiii. Tackling Urban Poverty
- xiv. 2012 Olympics
- xv. Higher Education, Science, and R&D.
- xvi. Climate Change
- xvii. The Arts, Fashion, and Food

Global cities and global firms

Siemens and Munich
LG/Samsung and Seoul
Nokia and Helsinki

But also new alliances.....

EDF Energy and London
Veolia and Paris
Telefonica and Madrid
Omers and Toronto

New city strategies.....

Siemens, Arup, Microsoft

Conclusions

- i. Not that cities are becoming more like businesses per se
- ii. Limitations of the analogy are still there
- iii. Some cities are more exposed to competitive environments and flows than others, not all cities appear in the indexes and assessments

But,

- iv. Many cities are seen to be operating in a more dynamic and open environment
- v. Changing lenses on city performance and perception
- vi. Greater variety of assessments of cities, but continued lack of a common overall language - lack of lexicon on cities that is widely used
- vii. Language of business performance seen as helpful
- viii. Business interest in cities is really growing - groups of cities are an emerging markets for global business and potential locations for newly mobile populations.
- ix. Business of cities will be both to adjust to these interests and to incentives but also to develop a new language for explaining city success and change.
- x. In this endeavour Urban Research professionals have a leadership role to play.