

# Global Cities of the Future 2016/17

## Winners



SINGAPORE HAS RETAINED ITS TITLE OF **fDi**'S GLOBAL CITY OF THE FUTURE, WITH LONDON HOLDING STRONG IN SECOND PLACE AND DUBLIN EDGING OUT HONG KONG TO CLAIM THIRD. **CATHY MULLAN** REPORTS

**G**lobal FDI has yet to reach the dizzy heights of 2011, which remains the peak year for foreign investment since the global financial crash of 2008. According to greenfield FDI monitor **fDi** Markets, nearly 15,000 projects were recorded in 2011. This fell in 2012, and rebounded slightly in 2013, when 14,186 projects were recorded. In the years following, FDI has been steadily declining, with 13,244 projects recorded in 2014 and 12,882 in 2015.

In this stagnant environment, Singapore has remained at the top of the table as **fDi**'s Global City of the Future 2016/17. The city's economic health contributed to its first place ranking in the Economic Potential category, with a low unemployment rate of 1.9% and GDP per capita among the highest of all 131 locations analysed (more than \$85,000 per capita at purchasing power parity). The city witnessed 1907 inward FDI projects between 2011 and 2015, the highest number of investments of all cities globally. Singapore is well

established as a services hub, with more than half of the city's investment in the software and IT, business services and financial services sectors. In terms of business activities, sales, marketing and support and business services operations are the most common, accounting for 38% and 27% of FDI projects, respectively, followed by headquarter activities, which accounts for 9%.

London, the UK's capital, came second in this year's overall ranking, placing first in the Connectivity category and second for Economic Potential and Business Friendliness. London's six international airports serve more than 300 global locations directly, the highest of all locations analysed, making the city the most accessible in our ranking for air passengers.

#### **What will Brexit mean?**

London attracted the second highest number of projects in the study – of which 32% were in business services and financial services sectors,

cementing the city's reputation as a leading financial centre.

However, following the vote to leave the EU in June 2016, the composition of London's FDI will be one of the closely monitored developments of the Brexit process. There are concerns that failure to secure a deal to include some level of access to the EU market for financial services could change London's FDI landscape entirely, with investments being scooped up by Frankfurt, Paris or Dublin.

Irish capital Dublin has displaced Hong Kong to rank third in this year's overall ranking, placing third in both the Economic Potential and Business Friendliness categories. The city continues to go from strength to strength as a hub for software and IT FDI, which accounted for 45.2% of all Dublin's FDI between 2011 and 2015. Job creation from software-related FDI experienced year-on-year growth in this time, peaking in 2015 with 3719 jobs. Major investors in the sector include Microsoft, Google and LinkedIn. ■



Clear leader: Singapore's low unemployment rate of 1.9% and high GDP per capita keep it at the top of fDi's Global Cities rankings

**TOP 25 EMERGING MARKET CITIES ONLY –  
OVERALL – GDP PER CAPITA < \$35,000**

RANK	CITY	COUNTRY
1	Shanghai	China
2	Beijing	China
3	Bucharest	Romania
4	Tianjin	China
5	Guangzhou	China
6	Bangalore	India
7	Shenzhen	China
8	Nanjing	China
9	Bangkok	Thailand
10	Ho Chi Minh	Vietnam
11	Silao	Mexico
12	Chongqing	China
13	Istanbul	Turkey
14	Wuhan	China
15	St Petersburg	Russia
16	Chengdu	China
17	Hanoi	Vietnam
18	Pune	India
19	São Paulo	Brazil
20	Mumbai	India
21	Chennai	India
22	Santiago	Chile
23	Monterrey	Mexico
24	Panama City	Panama
25	Gurgaon	India

**TOP 25 OVERALL (INCLUDES EMERGING  
AND DEVELOPED)**

RANK	CITY	COUNTRY
1	Singapore	Singapore
2	London	UK
3	Dublin	Ireland
4	Shanghai	China
5	New York	US
6	Hong Kong	Hong Kong
7	Amsterdam	Netherlands
8	Dubai	UAE
9	Paris	France
10	San Francisco	US
11	Tokyo	Japan
12	Beijing	China
13	Zurich	Switzerland
14	Houston	US
15	Atlanta	US
16	Bucharest	Romania
17	Seoul	South Korea
18	Stockholm	Sweden
19	Sydney	Australia
20	Miami	US
21	Doha	Qatar
22	Aberdeen	UK
23	Geneva	Switzerland
24	Helsinki	Finland
25	Copenhagen	Denmark

# Overall

## TOP 10 HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	COUNTRY
1	Melbourne	Australia
2	Chicago	US
3	New York	US
4	Sydney	Australia
5	Montreal	Canada
6	Houston	US
7	Zurich	Switzerland
8	Hong Kong	Hong Kong
9	London	UK
10	Brisbane	Australia

## TOP 10 BUSINESS FRIENDLINESS

RANK	CITY	COUNTRY
1	Singapore	Singapore
2	London	UK
3	Dublin	Ireland
4	Shanghai	China
5	Hong Kong	Hong Kong
6	Bucharest	Romania
7	Dubai	UAE
8	Warsaw	Poland
9	Tokyo	Japan
10	Beijing	China

“Due to its highly supportive business environment, many international businesses have chosen Greater Copenhagen for their Nordic headquarters, and I hope many more will come”

Claus Lønborg, CEO, Copenhagen Capacity

“São Paulo assumes a cosmopolitan, multicultural and innovative essence, positioning the city as a place of sustainable choice for companies from all around the world to establish their businesses”

Rodrigo Pirajá, president, SP Negócios

## TOP 10 COST EFFECTIVENESS

RANK	CITY	COUNTRY
1	Yangon	Myanmar
2	Kiev	Ukraine
3	Manama	Bahrain
4	Belgrade	Serbia
5	Tunis	Tunisia
6	Addis Ababa	Ethiopia
7	Dammam	Saudi Arabia
8	Manila	Philippines
9	Accra	Ghana
10	Bangkok	Thailand

“Tel Aviv is home to 1450 start-ups, the highest density of start-ups per capita and per square kilometre in the world. We are very proud of this advancement, which demonstrates our city’s strong economic strategy”

Ron Huldai, mayor, Tel Aviv

“It is great to see Glasgow continue to feature as a leading global city for FDI. We will deliver future economic growth for Glasgow through our focus on skills development and sectors such as life sciences”

Councillor Frank McAveety, leader, Glasgow City Council

“Perth plays a significant role in international engagement and our connectivity allows us to focus on growing industries and trade opportunities. The best time to invest in Perth is now”

Lisa Scaffidi, lord mayor, Perth



Capital investment: London reported the second highest number of inward investment projects in the fDi study

**TOP 10 CONNECTIVITY**

RANK	CITY	COUNTRY
1	London	UK
2	Singapore	Singapore
3	Hong Kong	Hong Kong
4	Amsterdam	Netherlands
5	Paris	France
6	Sharjah	UAE
7	Frankfurt	Germany
8	Manchester	UK
9	Miami	US
10	Dubai	UAE

**TOP 10 ECONOMIC POTENTIAL**

RANK	CITY	COUNTRY
1	Singapore	Singapore
2	London	UK
3	Dublin	Ireland
4	San Francisco	US
5	Shanghai	China
6	New York	US
7	Dubai	UAE
8	Amsterdam	Netherlands
9	Tokyo	Japan
10	Paris	France

“I am convinced that the operation of our research and science centres will gradually strengthen Warsaw’s position as a modern, development and innovations-oriented city”

Hanna Gronkiewicz-Waltz, mayor, Warsaw

“The city of Zürich’s high standard of living, political stability, top-notch quality of life and wide range of cultural and recreational activities attract highly educated and specialised people from all over the world. We welcome them with open arms”

Corine Mauch, mayor, Zürich

# FDI Strategy

Scotland's capital, Edinburgh, has ranked first in the 2016/17 FDI Strategy category for Global Cities of the Future. The investment department in the city council is responsible for the promotion of the city as an investment destination, and focuses on working with, and sharing knowledge with, other agencies. The council regularly hosts colleagues from cities including Shenzhen and Munich, and staff in the council benefit from EU-funded staff exchange programmes.

The city has entered into an agreement with the southern Chinese city of Shenzhen to encourage investment and broaden links between the cities. The council has embarked upon several bilateral trade delegations, while incubator space has been set up in Edinburgh to accommodate incoming investors from Shenzhen. A counterpart facility has been established in China to attract and facilitate investors from Edinburgh.

Free soft landing services are offered to all new investors coming into Edinburgh, which includes advice on property options, information on relocating staff and access to meeting and work spaces in the city. The Invest Edinburgh website is published in French, German, Spanish, Mandarin and Arabic, as well as its native English, while a parallel website has been created in Chinese – a further bolster to the council's China strategy.

## Hong Kong improves

Hong Kong has ranked second for FDI Strategy, with Invest Hong Kong impressing judges with its network of 30 overseas offices and its extensive reach in global markets. The city's start-up strategy (StartmeupHK) encourages young innovative companies to use the city as a springboard for business growth. The first StartmeupHK festival was held in Hong Kong in January 2016, showcasing the city as a destination for fintech and healthtech sector investments, as well as for the Internet of Things and data analytics.

Chicago, the third most populous city in the US and a newcomer to the FDI Strategy category in this year's ranking, has placed third. World



At the summit: Edinburgh ranks first for FDI Strategy

Business Chicago (WBC), in charge of investment promotion for the city, has a staff of 42 people based in both Chicago and at the organisation's permanent office in Shanghai. The agency is also responsible for the Sister Cities International programme, which is an investment and cultural exchange programme with 28 other global cities.

The city's China initiative has established Chicago as the US FDI gateway for investment from Beijing, Shanghai, Tianjin, Qingdao, Shenyang, Hangzhou, Wuhan and Chengdu. WBC's international outlook extends further than China, with an outreach to global cities including London, Paris and Toronto, and an official economic partnership with Mexico City. A range of benefits are available to prospective investors, including state tax credits; relief from training costs; industrial growth zones with streamlined development incentives; and green incentives to encourage environmentally responsible development. ■

## Editors' choice award

### TOP 25 FDI STRATEGY

RANK	CITY	COUNTRY
1	Edinburgh	UK
2	Hong Kong	Hong Kong
3	Chicago	US
4	Brisbane	Australia
5	Barcelona	Spain
6	Manchester	UK
7	Glasgow	UK
8	Austin	US
9	Copenhagen	Denmark
10	Perth	Australia
11	London	UK
12	Toronto	Canada
13	Amsterdam	Netherlands
14	Bogotá	Colombia
15	Miami	US
16	Tel Aviv	Israel
17	Taipei	Taiwan
18	Belfast	UK
19	Auckland	New Zealand
20	Montreal	Canada
21	Cape Town	South Africa
22	Budapest	Hungary
23	Cologne	Germany
24	São Paulo	Brazil
25	Hamburg	Germany

"Strengthening partnerships, both regionally and worldwide, will ensure that Manchester, and the UK, continues to welcome international businesses to innovate in the areas of science, commerce and culture"

Tim Newns, chief executive, Midas, Manchester's inward investment agency

**METHODOLOGY**

To create a shortlist for fDi's Global Cities of the Future 2016/17, the fDi Intelligence division of the *Financial Times* collected data using the specialist online tools fDi Markets and fDi Benchmark.

The list of 131 locations was drawn up to include the top 100 locations in terms of inward FDI projects on fDi Markets, plus

any additional locations in the top 15 as classed for each region, not in the original list of 100 locations. Data was then collected for these 131 locations under five categories: Economic Potential, Business Friendliness, Human Capital and Lifestyle, Cost Effectiveness and Connectivity. Locations scored up to a maximum of 10 points for each datapoint,

which were weighted by importance to the FDI decision-making process in order to compile both the subcategory rankings as well as the overall 'Global Cities of the Future 2016/17' ranking.

In addition, surveys were collected under a sixth category, FDI Strategy. This category is the only qualitative category, and does not feed into the

overall result. For this category there were 53 submissions – locations submitted details about their strategy for promoting FDI, which was then scored by fDi's judging panel

An emerging cities location list was determined and ranked, comprised of locations where GDP per capita is below 35,000 international dollars.

**DATA POINTS**

**ECONOMIC POTENTIAL**

- Population
- Average annual population growth rate (2011-2015)
- Unemployment rate
- Inflation
- GDP (PPP current \$m)
- GDP per capita (PPP current \$m)
- Average annual growth in GDP 2011-2015
- Average annual forecast GDP growth (2016-2020)
- Outward FDI (Jan 2011 - Dec 2015)
- Outward FDI per 100,000 people (Jan 2011 - Dec 2015)
- Inward FDI (Jan 2011 - Dec 2015)
- Inward FDI per 100,000 people (Jan 2011 - Dec 2015)
- FDI in advanced manufacturing (Jan 2011 - Dec 2015)
- FDI in R&D and DDT (Jan 2011 - Dec 2015)
- Number of mega projects by capex (over \$100m) (Jan 2011 - Dec 2015) inc estimates
- Number of mega projects by capex (over \$100m) per 100,000 people (Jan 2011 - Dec 2015) inc estimates
- Number of mega projects by jobs (over 1000 jobs) (Jan 2011 - Dec 2015) inc estimates
- Number of mega projects by jobs (over 1000 jobs) per 100,000 people (Jan 2011 - Dec 2015) inc estimates
- Number of patents 2003-2015
- Number of patents 2003-2015 per 100,000 people

**HUMAN CAPITAL AND LIFESTYLE**

- Labour force as % of population aged 15+
- Literacy rate (%)
- Secondary enrollment rate (%)
- Tertiary enrollment rate (%)
- Education expenditure (% of GNI)
- Number of higher education institutions
- Number of higher education institutions per 100,000 population
- Number of IB schools
- Number of IB Schools per 100,000 population
- Number of top 500 universities
- Number of students
- Third-level students as % of population
- HDI
- Number of physicians per 1000 people
- Life expectancy
- Ability to attract and retain talent

**COST EFFECTIVENESS**

- Average salary (\$) for unskilled worker
- Average salary (\$) for semi-skilled worker
- Average salary (\$) for skilled worker
- Annual rent for prime Grade A office space (\$ per sq m)
- Annual rent for prime Grade A industrial space (\$ per sq m)
- 4\*/5\* hotel in city centre (\$ per night)
- Minimum wage (\$ per month)
- Cost of establishing a business (absolute value using GNI)
- Cost of registering a property

- (absolute value using GNI)
- Cost of construction permits (% of warehouse value)
- Petrol prices (\$ per litre)
- Cost of establishing an electricity connection (absolute value using GNI)
- Corporation tax rate (%)
- VAT/ common indirect tax rate (%)
- Total tax rate, % of profit
- Country PPP/exchange rate 2015

**CONNECTIVITY**

- Upload speed (kb/s)
- Download speed (kb/s)
- People using the internet (%)
- ICT Development Index
- Number of airports - within 50 miles of the city
- Number of international destinations served
- Number of ports (medium)
- Number of ports (large)
- Number of ports (very large)
- Number of ports (medium+)
- Liner shipping connectivity index (2015)
- Mobile phone subscribers (2014) per 100
- Environmental Performance Index 2016
- Logistics Performance Index 2016
- Networked Readiness Index 2015
- Quality of overall infrastructure
- Quality of roads
- Quality of railroad infrastructure
- Companies in transportation per 100,000 people

**BUSINESS FRIENDLINESS**

- Total number of companies within hi-tech manufacturing sector 2015
- Total number of companies

- within hi-tech service sector 2015
- Total number of companies within the knowledge-based sector 2015
- Proportion of companies within hi-tech manufacturing sector 2015 (%)
- Proportion of companies within hi-tech service sector 2015 (%)
- Proportion of companies within the knowledge based sector 2015 (%)
- Number of companies within hi-tech manufacturing sector per 100,000 population
- Number of companies within hi-tech service sector per 100,000 population
- Number of companies within the knowledge based sector per 100,000 population
- Number of jobs created by all inward FDI (2011-2015)
- Number of jobs created by all inward FDI (Jan 2011 - Dec 2015) per 100,000 people
- Number of expansion/ co-location projects (2011-2015)
- Top 1000 World Banks 2015
- FT Global 500 companies (2015)
- Corporation tax rate (%)
- Days taken to start a business
- Firing costs
- Ease of doing business index 2015
- Index of Economic Freedom
- Corruption Perception Index 2015
- Strength of Investor Protection Index
- Fragile States Index 2015