

Building Better Cities: Competitive, sustainable and liveable metropolises in APEC (and how to become one)

*Insights from PwC's global
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Two hundred and ten million people. That's the aggregate population of the 28 urban centres covered in our first-ever Asia-Pacific Economic Cooperation (APEC) city study. Two hundred and ten million people who are looking for work, for a safe home, for food, water, and care.

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Two hundred and ten million people who might hope for even more: maybe a more responsive government, public transport, and clean air. Or, perhaps, an airport with regular connections to the rest of the world or rapid-fire online access to global knowledge. They're also expecting that their home city is working to provide such benefits equitably – that each and every resident has the possibility of playing in parkland with their children or finding care in a well-functioning hospital. They might aspire to intellectual stimulation and a quick route to beauty.

How do 210 million people create a home like this for themselves? And can that welcome be extended to all the home's visitors, and to its businesses and investors? Is it possible? We looked at just that. Our Building Better Cities study, which this article introduces, ranks 28 APEC cities – representing all APEC's 21 economies – according to their relative performance across 39 indicators measuring, quite simply, a city's liveability, sustainability, and competitiveness.

Why this study now?

APEC has experienced rapid urbanisation in the last couple of decades. Just consider, for instance, that in 2014 Malaysia's population was 74% urbanised, up from 50% in 1990, adding 13 million urbanites; and that Thailand's urban population rose

to 48% from 29% over the same period.¹ These numbers clearly have worldwide ramifications, since APEC's area, with 39% of the world's population, constitutes 46% of global trade and 57% of the GDP².

In this study, we focus on the role urban centres play in the context of APEC's economic and social growth. We also explore their growing influence outside their city borders. If Lima represents 70% of Peru's GDP, and if Los Angeles boasts a GDP almost 1.5 times greater than Saudi Arabia, then some cities essentially carry the opportunities and responsibilities of nations³. APEC cities, then, will be likely to continue to become more influential, forming deeper economic ties to other cities – and even to other national economies. Yet, we were surprised, when creating this report, how few formal mechanisms exist to share innovative ideas (and products and services) amongst cities. And city officials in the region were relieved to have an opportunity to exchange solutions and forge connections at an APEC City Summit held in Cebu, Philippines, in September 2015.

APEC's idea to begin studying cities as a separate agenda item is wise and welcome. City mayors know they need models. They often want a more fluid process than national government and infrastructure offers; they fear that rapidly evolving technology developments will make large tech bets outmoded overnight; and they contend with stretched municipal budgets. So they want to learn from each other, whether it be how to install a bike-sharing programme or gradually grow an entire new business district; how to protect relics of their past or build a highway for flood relief. Formal exchanges could be put in place to speed the process. Our report aims to push that sort of dialogue along.

1 The World Bank <http://wdi.worldbank.org/table/3.12#>

2 2015 Meeting of APEC Ministers Responsible for Trade, Boracay, the Philippines; May 24, 2015;

3 For Los Angeles statistic: Mathew Boesler, 12 American Cities That Rank Among the Biggest Economies in the World, Business Insider, July 20, 2012; <http://www.businessinsider.com/12-american-cities-that-rank-among-the-biggest-economies-in-the-world-2012-7?op=1>; For Peru: APEC Cities – Urbanization and Economic Sustainability in Latin America: Chile, Mexico, Peru http://mddb.apec.org/Documents/2014/SOM/PD/14_som_pd_006.pdf, p 6

So which city topped our list?

City	Culture & social health	Connectivity	Health and welfare	Environmental sustainability	Economics
1 Toronto	28	21	26	27	21
2 Vancouver	25	20	25	28	20
3 Singapore	20	28	24	20	27
4 Tokyo	24	26	28	17	26
5 Seattle	23	17	21	26	23
6 Auckland	26	14	22	25	18
7 Seoul	22	23	19	24	12
8 Melbourne	27	16	23	23	15
9 Los Angeles	22	13	20	22	24
10 Osaka	20	25	27	10	20
11 Hong Kong	17	27	18	11	28
12 Taipei	11	15	17	21	23
13 Shanghai	14	24	16	19	18
14 Beijing	10	22	15	15	16
15 Kuala Lumpur	13	19	11	12	25
16 Bangkok	18	18	8	8	13
17 Santiago	16	11	12	4	14
18 Mexico City	6	11	10	16	10
19 Novosibirsk	7	12	13	18	2
20 Chiang Mai	10	5	9	14	4
21 Bandar Seri Begawan	2	7	14	13	3
22 Manila	15	9	2	3	7
23 Lima	10	6	6	1	11
24 Ho Chi Minh City	5	8	7	2	9
25 Jakarta	4	4	5	7	8
26 Cebu	12	2	3	6	6
27 Surabaya	3	1	5	5	5
28 Port Moresby	1	3	1	9	1

High Medium Low Highest rank in each variable

How we ranked the cities

Our guiding principle in choosing these 28 cities was to have at least one from each of the 21 APEC economies. All of the chosen cities are vital geographic and economic gateways to their respective markets, as well as to the wider APEC region. The metropolises were then analysed according to 39 different indicators grouped into five categories which we believe begin to inscribe urban health.

1. Culture and social health: We assess a city's cultural character, such as its cultural vibrancy and how well educated its citizens are. We also measure other strands binding the social fabric, including income equality, tolerance and inclusion, and the openness of government and commerce.

2. Connectivity: We consider indicators of physical connectivity – that is, how cities accommodate the movement of people within (and in and out) of their environs – including mass transit, road congestion, and airport connectivity. We also look at the movement of information, how a city builds and promotes equitable digital connectivity, namely via accessible broadband and mobile communications.

3. Health and welfare: We look at how well a city is tending to the health and well-being of its citizens through conventional indicators such as physician density and healthcare system performance. But we also consider other factors critical to the well-being of residents, including crime levels and food security.

4. Environmental sustainability: We rank cities' relative sustainability in two ways. First, we measure cities' vulnerability to environmental risks such as natural disasters and water shortages. We also include indicators reflecting a city's performance on environmental protection – such as air pollution, waste management and renewable energy generation.

5. Economics: We examine urban economies as if they were national economies, looking at their GDP growth, household consumption, and foreign direct investment. But we also consider other key aspects of economic health including incidence of economic crime, ease of doing business, and cost of living.



The top city managed to gain its position by charting strongly in city basics, compromisers and differentiators. It is mid-sized, but has successfully navigated the challenges of a diverse population, 46% of which is foreign-born⁴. The city is Toronto. What's interesting is that Toronto was number one in just one of our five categories – but did well across all five (although even that city has room for improvement in such indicators as connectivity, middle-class growth, and most significantly, cost of living). Number two (Vancouver) and number three (Singapore) also showed balanced performance.

From Tokyo (ranked four) on down the list, we begin to see less consistent performance. In Tokyo's case, it was relatively lower in just one pillar – environmental sustainability – due largely to its vulnerability to natural disaster; it also had middling showings on recycling and water available for industrial use.

All cities' rankings, though, need to be approached with added perspective. For instance, it's important to consider that Tokyo's population is twice as big as Toronto's. For cities of its scale, then, Tokyo is a best performer. So, if it were to seek areas of improvement, it might look to a city closer to its peer group – Seoul, for example, for recycling ideas that would keep it climbing.

Similarly, if we break the rankings by population, high-performing Auckland and Vancouver could very well have lessons to teach each other in the areas in which they excel – Auckland on its political environment, and Vancouver on its handling of air, water, and waste.

If we look to cities midway through the rankings, a few suggest promise for improvement. Like Toronto, Chiang Mai gets its best scores in culture and social health and environmental sustainability, albeit at a lower level of development. Its weakest areas are Connectivity and Economics but those are linked – shoring up its transport and digital infrastructure would surely have a multiplier effect on other areas, especially Economics. In this way, we see a great interconnectedness among our five categories, and encourage readers to appreciate our rankings with that in mind.

This is an extract from Building Better Cities: Competitive, sustainable and liveable metropolises in APEC (and how to become one). The full study can be downloaded from: www.pwc.com/apec



⁴ Statistics Canada. 2011 Immigration and Ethnocultural Diversity in Canada (public-use microdata file). Statistics Canada (producer); <http://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-010-x/99-010-x2011001-eng.cfm>

