

# *Cities of Opportunity*

*Insights from PwC's global  
asset management practice*

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# Cities of Opportunity

*Taking the pulse of 30 cities at the heart of the world's economy and culture.*

## **Hazem Galal**

Partner  
PwC Abu Dhabi  
hazem.galal@ae.pwc.com  
+971 2 694 6800

## **Peter Raymond**

Partner  
US Capital Projects & Infrastructure &  
Public Sector Financial Services Leader  
PwC US  
peter.d.raymond@us.pwc.com  
+1 703 918 1580

## **Egon de Haas**

Director  
Global Government & Public Services  
PwC Netherlands  
egon.de.haas@nl.pwc.com  
+31 88 792 6513

## **Jan Sturesson**

Partner  
Global Leader Government & Public  
Services  
PwC Sweden  
jan.sturesson@se.pwc.com  
+46 46 286 93 39

The sixth edition of Cities of Opportunity continues an investigation that began in 2007 in an effort to help the world's greatest cities understand what policies and approaches work best for people and economies in a rapidly urbanising world.

This year, we've organised our 10 indicators into three families that reflect the fundamentals of a well-balanced city: forward-looking tools such as education and technology; quality of life; making cities healthy, happy, and sustainable; and the ability to pay the bills for it all. However, reorganisation does not cut down on the observations to be gleaned from the 59 overall data points on our 30 cities. Here are some of the most interesting findings from Cities of Opportunity 6.

### **London claims #1 by a clear margin, with New York and Singapore close behind**

Although London takes the top spot in our rankings for the first time, it was evident from our last report that it was coming up quickly on New York, finishing a hair's breadth (less than a tenth of 1%) behind New York in our last edition in a virtual tie. This year, London clearly takes the lead and is also the only city to finish first in three indicators.

New York, on the other hand, while missing out on the top rank in all indicators, shows continuing superior consistency across most of the indicator categories. The other strong contender is Singapore. It scores an unexpectedly robust third place just behind New York (four spots ahead of its previous ranking) and finishes first in two indicators. Overall, nine cities in the top 10 in our last report remain in the top 10 in this one, albeit with some natural movement up or down.

### **Sydney surprises, but Stockholm remains a constant contender**

The only city that was not in the top 10 in our last report but climbs into that select group in this one is Sydney, which also ranks first in two indicators measuring quality of life, sustainability and the natural environment, as well as demographics and liveability. Stockholm also finishes first in two quality-of-life indicators (tying Sydney in one of them) and seventh overall, just behind Paris. Two other cities renowned for their exceptional quality of life, Toronto and San Francisco, rank fourth and fifth, respectively, confirming their reputation.

### **Nobody's perfect...but the top cities are very good at a lot of things**

The most consistent finding in our current report, echoing previous results, is what we called in Cities of Opportunity 5 "a virtuous circle of social and economic strengths". When "great quality-of-life factors...are balanced with strong businesses and solid infrastructure," the resulting formula – or, better yet, network of reinforcing advantages and assets – creates and sustains resilient cities with high standards of living. Of the cities ranked in the top 10 overall this year, Sydney is the only one that doesn't finish in the top 10 in at least half of our indicators (it makes the top 10 in four out of 10). Most cities score in the top 10 in the majority of indicators, which proves just how comprehensively they attend to most of the factors that enhance (or diminish) urban life and how they actively sweat the details on virtually every aspect of urban policy and organisation.

### **It takes a city to make a citizen and vice versa**

Our other major finding is that it really doesn't matter what size a city is as long as it's a city. Every one of our indicators has both small and large cities in the top 10, usually in a good mix. Even our economic clout and city gateway indicators, which are intuitively associated with the larger (more 'prominent') cities, have several smaller cities in the top ranks. More to the point, all four quality-of-life indicators have a majority

of smaller cities in the top 10. This last fact is critical because it also illustrates the relationship between cities and their people. After a certain level of economic success, a city's residents demand more from municipal administrations. In fact, economic success normally is seen as (and historically has been) the basis for those improvements in urban life that lead to a city's infrastructural development, from schools, hospitals, and police to roads, buses, and metros to libraries, parks, and environmental sustainability. While it might be the simple demographic fact of population density and expansion that turns towns into cities, it is the self-consciousness of citizens – and their proud participation in the growth of their respective cities – that urges cities to improve the quality of life of the men and women who live in them.

### **Parlez-vous intellectual capital?**

What is perhaps most impressive about Paris's #1 ranking in intellectual capital and innovation this year is not so much that it finishes first; after all, it only beats out London by just under 2% of the final top score. What is most striking is the group that Paris rises above. Look at the top 10 again: Seven of the cities are English-speaking, and an eighth, Stockholm, is a city in which English is almost a second language (and often a first one in various fields of technology). The only other city in which the natural language of intellectual investigation and research is not English is #10 Tokyo. This is a resonant achievement that plainly refutes the notion that non-English-speakers can't compete, intellectually or technologically, within the context of today's globalisation of English. It also encourages cities such as Berlin and Seoul – which just fall out of the top 10 – not to mention Shanghai and Beijing or São Paulo and Rio de Janeiro. Clearly, these results demonstrate the value of education and innovation in themselves – as opposed to the language in which they are conducted – precisely because, as this section says, they are the most important tools of a changing world.

### **Think locally, connect globally...**

Technology's obvious capacity to level the playing field between developed and developing cities (as well as East and West) is confirmed by the technology readiness indicator, in which Seoul ties London for first place. Much more than in our previous indicator, we see a geographical and cultural dispersion among the top 10 here that confirms technology's innately disruptive ability to upend traditional patterns of economic sway and competitiveness.

### **...but connect, in any case**

The city gateway indicator exemplifies the truth that, year after year, the most successful cities are those tenacious, persistent ones that persevere through good times and bad regardless of whatever is thrown at them economically, socially, politically, or environmentally. And a critical reason they survive so well is because they've always been open to the world. London, ranked first in this indicator, is, of course, an icon of global trade and commerce. But if we look at the other nine cities in the top 10, we immediately notice that six are ports – and almost all of them famous ones. One (Paris) is located on a celebrated commercial waterway, and only two, Beijing and Madrid, are inland, although both have rivers running through them (and, in Beijing's case, several). The city gateway indicator means a number of things, but, before and beyond everything else, it means exactly what it says: city gateway. For a city to be looked upon by the world as a model, a symbol, or even a haven, it has itself to be continually looking to the world and to be open to it for that fundamental exchange of ideas, people, and commerce that, in the past as well as in the future, has always defined a transnational city.

### **Singapore moves people – and houses them as well**

Singapore dominates among the cities of opportunity in transportation and infrastructure. It ranked first by a small margin in our previous report; it ranks first by a much larger margin in this one.

Moreover, the difference in score between Singapore and #2 Toronto is great (even more than that between the Canadian city and #15 Mexico City). Singapore clearly understands the fundamental role of infrastructure in a city's development and in its contribution to the well-being of its citizens. It is particularly telling that Singapore ranks first in the critical variable that measures the availability, cost, and quality of housing (which shows a strong, positive correlation with the overall social and economic health of a city). The other noteworthy result in this indicator is the exceptionally wide range of cities that make up the top 10. Buenos Aires and Seoul tie for third place, followed by Paris, London, and Madrid (tied, again, for sixth place), Stockholm, Berlin, and Dubai. This is, to say the least, an unusual mix of cities, which illustrates that good infrastructure is not necessarily a product just of economic clout or global prominence (as measured by our city gateway indicator).

### **Whether or not small is beautiful, it's decidedly healthy and safe**

Although we changed the variables slightly in this edition, the results in health, safety, and security have hardly changed from our last report. Stockholm finishes first, with a marginal difference, as it did previously. Sydney and Toronto tie for second, currently with a tiny difference between them, while they finished #2 (Toronto) and #3 (Sydney) in our previous report. In the end, nine of the cities in the top 10 in the last report remain in the top 10 in this one. What is perhaps more interesting than the actual ranking of the cities is their size. The top five cities in this indicator have an average population of just under 2.5 million. And even if we add the populations of the top 10 – which includes London, Singapore, and New York – we're still left with an average just about 1.4 million larger. The result is no less compelling for being so obvious: Larger cities, with larger populations, must strive harder, and expend more resources, to secure the health and safety of their residents.





### **Where health and safety lead, sustainability follows**

Seven of the cities in the top 10 in the previous indicator are also the first seven cities in the top 10 in sustainability and the natural environment. And, again, if we average out the populations of these 10 cities, it comes to roughly 3.61 million people – and that’s only because of one city, Moscow, whose population is almost 12 million. If we delete Moscow from the average of the other nine cities, the figure drops almost by a million to 2.69 million. Clearly, urban sustainability means just that: sustainable urban magnitudes.

### **Sydney finishes first in liveability, but London beckons to would-be expats**

Demographics and liveability rounds out the quality-of-life section of our study. It is also the indicator that benefits from PwC’s global staff survey of 15,000 professionals that supplements this year’s Cities of Opportunity. Two variables are based on survey results, one of which measures responses to the question, ‘Of the cities in Cities of Opportunity (other than your own), which are the top three in which you’d most like to work?’ London places first in that answer. But Sydney finishes a whisker ahead of London in the overall demographics and liveability ranking and places third as most desired city for relocation. As for the other most desired cities for relocation, New York comes in a close second to London (41% to 47%, respectively) – showing professionals are powerfully attracted to the energy and opportunity of the world’s most competitive cities. Sydney, however, comes in third most desirable at just under 28% with San Francisco following close behind at 26% – suggesting that good quality of life has a powerful pull, perhaps made even more seductive by beautiful beaches and sophisticated culture.

### **When it comes to economic success, be strong but also be competitive**

The final section of our report includes its three economic indicators. Together, they point to the synergies needed if economic growth is to lead to permanent economic strength. It’s not surprising that the top five cities in our first indicator, economic clout, are London, Beijing, New York, Paris, and Shanghai. They are all legendary cities that mirror the economic history of the urban world during the last couple of hundred years.

Not one city in the top five in our second indicator, cost, is in the top five in economic clout, however. But the three cities in the top 10 in cost and economic clout are also in the top 10 in our third indicator, ease of doing business. In addition to their success in all three indicators, these three mature cities – New York, San Francisco, and Toronto – also rebut the notion that developed cities can’t compete on costs. Finally, given that six of the cities in the top 10 in economic clout are also in the top 10 in ease of doing business, our findings validate the obvious expectation that a city in which it is easy to do business will actually do so successfully.

### **The texture of city life emerges beyond the numbers**

While quantitative results tell one sort of story, the human experience of leaders and thinkers at any moment in time adds a different layer of insight. This year, those we spoke with mention technology often but quickly bridge to innovation, creativity, and the need to be one with the spirit of a great city. It seems, to borrow from Dylan Thomas, “the force that through the green fuse drives the flower,” drives our urban age.

### **Roll over Leif Eriksson and tell Valhalla the news!**

Accompanied to New York by a horde of Nordic software developers, if not bloodthirsty Vikings, Stockholm's vice mayor for entrepreneurship, Ulla Hamilton, told us her small, sustainable city with a powerful broadband network has been "lucky in the area [of entrepreneurship] for several reasons. We have a very interesting mix of life science companies, information and communications technology companies, clean tech companies, and the entertainment industries.... That creates an innovative climate. Also, Swedes are very interested in solving problems, and it has become fashionable to start your own company." One of Stockholm's most successful start-ups, DICE, even brought us Battlefield 1, 2, 3, and 4. It seems the old Viking spirit is not dimmed by a pair of jeans or a business suit.

### **Change those bad behaviours or else!**

At New York University's Centre for Urban Science and Progress (CUSP), the hope of urban informatics is being explored everywhere from traffic to health and safety and energy management. But according to CUSP's director Steven Koonin, big data isn't so much a driving force to manage cities but a tool to help people see and improve urban patterns. Koonin explains "science with a social dimension" holds the promise of urban informatics to make city life better, but it's less a technological "fix" than a way to understand our own collective behaviour and, with the help of behavioural economics, build better, more logical approaches to city dynamics.

In other words, individually, it may be hard to start healthy eating looking straight at a bowl of vanilla ice cream, but we may be able to push collective behaviours in the right direction guided by the power of information and the need to serve the common good in massive, densely populated cities where we all share in success.

### **Shanghai surprise: A huge city manages breathtaking growth with an eye on its heritage**

"A city is a place for people to live, so you need to adapt and make use of heritage," explains Wang Lin, director of historic conservation in Shanghai. Her city's explosion to 14.3 million permanent residents (nearly 24 million if migrants are included) may not have begun with as big an eye on Shanghai's history, but, today, Lin says "the first important thing is we need to be sustainable. We need to pay more attention to the quality of the city. We need to keep a balance between the environment and the economy. And equality is very important." Careful management of the great city's past – its 12 historic conservation areas – weaves right into the fabric of Shanghai's future. Lin's focus on Shanghai is complemented by Ron van Oers of the World Heritage Institute of Training and Research for Asia and the Pacific and previously UNESCO's World Heritage Cities Programme, who offers a global perspective.

### **The Prado unveils an Enlightenment approach to crisis management**

Despite 60% government funding cuts to Madrid's splendid museum, Prado director Miguel Zugaza tells us "our reaction was to actually invigorate our activities, do more that would appeal to more visitors." And his approach is working. Extended hours and notable shows are attracting more visitors from the city, the nation and the world. In fact, Zugaza says "one of the ways we will exit the crisis in our country will come from the cultural sector. Spain has a very important asset in its cultural heritage.... It generates excellent employment. It generates appealing activities for tourists. It enriches the economic fabric around us. And it's important that politicians and society know this.... Every 1,000 visitors who come to the Prado generate one job in Madrid."

### **A writer embraces the "messy heterogeneity" that defines a great city**

Suketu Mehta is author of *Maximum City: Bombay Lost and Found*, a forthcoming book on New York, as well as many articles on the favelas of Brazil. Here he pauses amid travels and teaching to explain the lure of urban life from many angles. "A young person in an Indian village moves to Bombay not just to make more money but because the city signifies freedom. It's also a place where your caste doesn't matter as much." As for rich cities like London, he warns "it doesn't matter how welcoming the city is if you can't find an apartment there for a reasonable price, because you won't be part of the city at all. That's dangerous to the city's well-being. You need the great middle class – good people who will keep faith in the city during a downturn."

### **Yikes! Robots advance... Are we innovating ourselves out of a day job?**

Erik Brynjolfsson, director of MIT's Centre for Digital Business and author of *The Second Machine Age*, keeps his finger on the pulse of economic and technological change. Nowhere is 'creative destruction' more potentially dramatic than the rise of smart machines and their ability to do our jobs. How do cities and their citizens avoid future unemployment and potential social unrest? Brynjolfsson says a number of jobs will be even more in demand: "One is creative work. The second is interpersonal interactions. And those are areas where cities can excel. They can stoke creativity by bringing people together... They're attracted partly by the culture, partly by proximity to other creative people. These people will be even more in demand in the next ten years, and the successful cities will be the ones that cultivate and attract them."

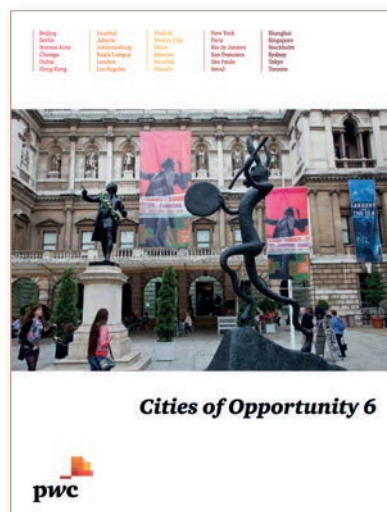
### How the cities rank

		Intellectual capital and innovation	Technology readiness	City gateway	Transportation and infrastructure
30	London	200	107	172	112
29	New York	186	98	137	95
28	Singapore	148	91	153	139
27	Toronto	190	73	98	118
26	San Francisco	195	96	109	89
25	Paris	204	75	143	114
24	Stockholm	192	105	96	111
23	Hong Kong	158	100	151	99
22	Sydney	181	71	119	80
21	Chicago	174	86	93	91
20	Berlin	162	74	113	107
19	Los Angeles	182	93	105	74
18	Tokyo	172	84	151	104
17	Seoul	161	107	125	115
16	Madrid	121	60	148	112
15	Dubai	98	57	141	105
14	Kuala Lumpur	75	62	131	103
13	Milan	117	58	93	91
12	Beijing	96	44	156	90
11	Shanghai	117	40	137	94
10	Moscow	106	52	97	101
9	Mexico City	94	28	88	98
8	Johannesburg	72	33	94	43
7	Buenos Aires	73	44	68	115
6	Istanbul	68	28	111	70
5	São Paulo	61	23	76	87
4	Rio de Janeiro	55	19	51	83
3	Mumbai	35	35	57	87
2	Jakarta	30	32	58	79
1	Nairobi	30	14	34	31

Health, safety, and security	Sustainability and the natural environment	Demographics and livability	Economic clout	Ease of doing business	Cost	Score
112	79	141	118	173	76	1,290
110	89	119	114	194	93	1,235
112	71	133	95	219	69	1,230
130	106	123	90	182	105	1,215
113	112	136	92	167	102	1,211
108	116	128	107	142	59	1,196
132	121	126	77	158	73	1,191
86	63	133	91	197	78	1,156
130	121	142	82	146	81	1,153
112	96	119	78	167	117	1,133
128	116	135	64	134	95	1,128
100	96	98	78	172	120	1,118
105	69	96	88	151	66	1,086
79	61	67	84	160	84	1,043
98	91	101	77	124	83	1,015
91	37	108	73	100	103	913
53	55	80	76	156	94	885
103	84	91	81	98	64	880
42	63	70	115	97	40	813
59	46	85	105	72	53	808
32	96	77	86	77	57	781
52	71	63	60	126	67	747
51	57	79	53	108	108	698
58	82	65	47	51	61	664
35	61	59	59	79	75	645
37	64	59	61	79	51	598
33	70	65	58	71	42	547
30	57	25	73	66	58	523
25	42	35	50	70	75	496
15	74	64	36	62	79	439

Each city's score (here 1,290 to 439) is the sum of its rankings across variables. The city order from 30 to 1 is based on these scores.

- High
- Medium
- Low
- Highest rank in each indicator



This is an extract from *Cities of Opportunity 6*. The full report can be downloaded from: <https://www.pwc.com/us/en/cities-of-opportunity.html>





