GLOBAL CITIES INVESTMENT MONITOR 2017
NEW RANKINGS, TRENDS AND CRITERIA
Cities concentrate a disproportionate part of talents, businesses and capital. They are the places where most decisions are made, innovations launched, and people enabled. Global cities are to the world what cities are to a country. And then there are top global cities, where everyone expects the world of tomorrow to be shaped and where, as a result, world-changing moments actually happen.

This Monitor is designed to perceive and describe the fluid and ever-changing dynamics of our contemporary world, by focusing on the latest decisions rather on accumulated stocks of wealth. It uses homogenous indicators* that reflect global movements and pinpoint the latest fluctuations.

As a result its rankings are much more open and evolving that other rankings, which focus on global cities’ accumulated wealth and “power”. Our Monitor is turned, not towards the past, but towards the future.

(* The Monitor uses the simplest possible unit: a published investment project, by contrast with expected job creations or capex, so as to maximize comparability and minimize interferences from local factors – currency fluctuations, governmental promotion, etc.)
Global cities are attractive and stimulating environments where top decision-makers, talents and financiers join to produce business and social innovation. They are a global network of densely connected focal points, each intensely competing with the other to define the best economic and political standards.

The club of top global cities has opened and expanded far beyond the 20th century happy few. While Paris, London and New York have successfully reinvented themselves, and still possess unique brands, competition among global cities is more open than ever before.

The Global Cities Investment Monitor demonstrates that Greater Paris is an attractive business player with a remarkable global image. It is also a unique instrument for the Greater Paris Investment Agency to advocate and support world-class investments in infrastructure, architecture, and clusters in Greater Paris, to make it one of the world’s leading business capitals of the twenty-first century.

The Monitor is a reliable tool for policymakers and investors, with a rigorous, transparent and stable methodology. It is an exclusive benchmark study by Greater Paris Investment Agency in partnership with KPMG.
2017: KEY GLOBAL RESULTS

**A positive global trend:**
international greenfield investments’ yearly global growth (+10.8% in number of projects) is strongest since 2009, in contrast with a decade marked by global decline (-23% since 2009).

**Europe is once again the first**
Europe is once again the first continental destination for international greenfield investments (with a 36% market share). Europe, West and East, experiences the highest year-on-year growth (+22%), far ahead of the next-largest destinations: Asia (5%) and Northern America (-4%). Europe is also the continent where intra-zone investments is the highest (57% against 36% in Asia and 15% in Northern America).

**Asia’s attractiveness is driven by major cities.**
Asia dominates the top 10 global cities with 7 out of 10 cities. Outside the mega-continent, only London, New York and Paris make it too in the top 10. The share of European and American cities is much higher in the 10-20 and 20-30 leagues. The first African city in the ranking is Johannesburg (34th).

**The hierarchy of global cities is almost unchanged**
The hierarchy of global cities is almost unchanged since 2015 in the top 5: only Hong Kong (5th) and New York (6th) swap positions. The rankings’ volatility increases as the ranks get lower. Among remarkable progressions: Bangalore (8th), Sydney (9th) and Tokyo (10th).

**Could Brexit unseat the world leader?**
Our survey suggests so and the big winners could be the other European global cities, first of all Paris, followed by the German cities, most notably Berlin.
WHAT ABOUT... PARIS?

PARIS: A POSITIVE OUTLOOK FOR A TOP BRAND AND A MAJOR DESTINATION

Paris is ranked 7th for real global attractiveness, among the top players. However, it far even better (5th) for strategic investments: (headquarters, regional research centres...). Our worldwide panel of investors (510 top decision-makers) is even more optimistic: they consider Paris capable of reaching 3rd rank in the coming years, the 4th best potential among global cities.

**Paris is the first global city in the Eurozone** and will (soon) be first in the European Union. It is poised to benefit chiefly from transfers from London after Brexit.

Perceived attractiveness is higher than observed levels of investments in Paris and New York, unlike in Singapore, Dubai or Hong Kong (London and Shanghai enjoy equal levels of real and perceived attractiveness).

Paris and New York can be seen as strong traditional brands compared to Singapore or Dubai. They may thus be over valorized. But, at the same time, it is reasonable to estimate that they may simply be under-invested by international players which increasingly realize the untapped potential. Both global cities have proven **extremely resilient in the face of growing international competition** (unlike other traditional brands) and actually enjoy increasingly positive perceptions regarding their economic attractiveness.

This positive evolution is even more marked regarding international investors’ perceptions of Paris’ future attractiveness.

However Paris’ perceived global attractiveness is not yet matched by perceptions on a criterion-by-criterion analysis. Paris’ promoters need to communicate better about the city’s many and diversified assets, from infrastructures to human resources and from real estate to political stability, without forgetting political stability and innovation.
2017 RANKINGS: THE LEADING GLOBAL CITIES FOR INTERNATIONAL GREENFIELD INVESTMENTS

Source fDi Markets

These maps illustrate the long-term multipolar competition for international greenfield investments.

In this “great game” of the 21st century, all continents have their global city in the Top 10, but two stand out: Western Europe and Eastern Asia.
NUMBER OF INTERNATIONAL GREENFIELD INVESTMENTS IN THE 34 LEADING CITIES WORLDWIDE

The Top global cities for international greenfield investments list has been updated to take account of the significant rebalances in the global economy. Global cities continue to receive the lion's share of international greenfield investments.

FOCUS ON...

1. STRATEGIC FUNCTIONS:
INVESTMENTS CONCENTRATE IN TOP CITIES

International greenfield investments in strategic functions: top 10 cities

2. STABLE LEADERSHIP: FEW CHANGES OVER THE LAST 5 YEARS IN THE TOP 10

2013-2017 Rankings: cumulated IGI over 5 years

GREAT PARIS INVESTMENT AGENCY

Strategic investments, the rarest and most coveted type of investments, tend to be even more concentrated in the Top global cities. Strategic business activities comprise customer contact centers, design, development & testing, education and training, headquarters, research and development, sales, marketing & support, and shared service centers.
INTERNATIONAL GREENFIELD INVESTMENTS: GLOBAL DYNAMICS

DESTINATION OF INTERNATIONAL GREENFIELD INVESTMENTS BY WORLD REGION
Percentage of total

GREAT PARIS INVESTMENT AGENCY
ORIGINS OF INTERNATIONAL GREENFIELD INVESTMENTS BY WORLD REGION

Percentage of total

- NORTHERN AMERICA: 15%
- SOUTH AMERICA: 8%
- EUROPE: 57%
- AFRICA: 15%
- ASIA PACIFIC: 36%
- MIDDLE EAST: 3%

ORIGINS OF INTERNATIONAL GREENFIELD INVESTMENTS IN SELECTED CITIES

Percentage of total

- NEW YORK: 5%
- LONDON: 47%
- PARIS: 12%
- SHANGHAI: 49%
- BANGALORE: 57%
CITIES’ GLOBAL ATTRACTIVENESS IN 2017

“In your view, which 3 major world capitals are currently the most attractive locations for setting up a business in general (whether another business or yours)?”

Percentage of quotations by city

1. London 33%
2. New York 31%
3. Paris 16%
4. Shanghai 15%
5. Singapore 11%
6. Tokyo 10%
7. Dubai 8%
8. Berlin 7%
8. Hong Kong 7%
8. Los Angeles 7%
11. Beijing 5%
12. San Francisco 4%
12. Mumbai 4%
12. Toronto 4%
12. Moscow 4%
12. Detroit 4%
12. Francfort 4%
18. Sao Paulo 3%
18. Vancouver 3%
18. Milan 3%
CITIES’ GLOBAL FUTURE (ANTICIPATED) ATTRACTIVENESS

1. Shanghai
2. Beijing
2. Mumbai
4. Paris
5. Dublin
5. Berlin
7. Singapore
7. London
7. Toronto
7. Abu Dhabi

GLOBAL CITIES INVESTMENT MONITOR 2017
**CITIES’ GLOBAL IMAGE**

“In your view, which 3 cities or major world capitals have the best overall image?”

Percentage of quotations by city

1. New York  60%
2. London   58%
3. Paris    28%
4. Tokyo    11%
5. Hong Kong 10%
6. Shanghai  9%
7. Berlin    9%
8. Singapore 9%
9. Francfort 6%
9. Dubai     6%
9. Los Angeles 6%
12. San Francisco 5%
13. Sydney   4%
14. Beijing  3%
14. Barcelona 3%
14. Chicago  3%
14. Washington 3%
14. Vancouver 3%
19. Zurich   2%
19. Toronto  2%
CITIES’ REGIONAL IMAGES

“In which major cities will your company invest over the next 3 years?”

AMERICAN INVESTORS
- Brazil excluded
- New York
- London
- Paris
- 🟢 Frankfurt
- Los Angeles

EUROPEAN INVESTORS
- Russia excluded
- London
- New York
- Paris
- 🟢 Francfort
- Shanghai

BRIC INVESTORS
- New York
- London
- Shanghai
- Hong Kong
- 🟢 Singapore

ASIAN INVESTORS
- India and China excluded
- Tokyo
- New York
- London
- Paris
- 🟢 Los Angeles
- Shanghai

MIDDLE EAST INVESTORS
- Dubai
- 🟢 Abu Dhabi
- Singapore
- London
- New York

enter the top 5

GLOBAL CITIES INVESTMENT MONITOR 2017
INVESTMENT CRITERIA

TOP 10 INVESTMENT CRITERIA

1. POLITICAL STABILITY AND JURIDICAL SECURITY
2. AVAILABILITY OF SKILLED HR
3. MARKET ACCESSIBILITY AND SIZE
4. INFRASTRUCTURE
5. ECONOMIC GROWTH
6. LIVING COSTS, SALARIES AND TAX LEVELS
7. QUALITY OF EDUCATION
8. AVAILABILITY AND COST OF REAL ESTATE
9. QUALITY OF RESEARCH AND INNOVATION
10. QUALITY OF LIFE
11. STARTUP ECOSYSTEM
TOP CITIES’ RANKING BY INVESTMENT CRITERIA

Of course, investors want to select the best opportunities, combining the highest returns with the lowest risks. As a result, fundamentals matter when selecting a place to invest. Building the sort of economic and political environment that makes a truly global city is a rare achievement and the global city a rare commodity. Political stability and juridical security are probably the most difficult to achieve, yet they are the first criterion for investors. Availability of skilled RH, market accessibility and size, infrastructure and economic growth come next. Quality in education, innovation and R&D, quality of life or startup ecosystem are a less often quoted, yet this does not mean that they are not often decisive means of differentiation in the competition between global cities.

<table>
<thead>
<tr>
<th>TOP CITIES’ RANKING BY INVESTMENT CRITERIA</th>
<th>1st</th>
<th>2nd</th>
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<th>5th</th>
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<tr>
<td>1. POLITICAL STABILITY AND JURIDICAL SECURITY</td>
<td>London</td>
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<td>New York</td>
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<td>2. AVAILABILITY OF SKILLED HR</td>
<td>London</td>
<td>New York</td>
<td>Francfort</td>
<td>San Francisco</td>
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<td>Shanghai</td>
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<td>3. MARKET ACCESSIBILITY AND SIZE</td>
<td>New York</td>
<td>Shanghai</td>
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<td>4. INFRASTRUCTURE</td>
<td>London</td>
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<td>5. ECONOMIC GROWTH</td>
<td>Shanghai</td>
<td>Beijing</td>
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<td>6. LIVING COSTS, SALARIES AND TAX LEVELS</td>
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<td>9. QUALITY OF RESEARCH AND INNOVATION</td>
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<td>11. STARTUP ECOSYSTEM</td>
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“In your view, which 3 major world capitals are currently the most attractive locations for setting up a business in general (whether another business or yours)?”

La Défense, financial district, Paris, France
“In your view, will Paris over the three next years become more or less attractive as a location for setting up a business in general (whether another business or yours) or will its attractiveness be stable?”

Percentage of quotations of Paris

- **More**
  - “Because after Brexit investors will exit London and move to Paris”
  - “Because of political change in France”
  - “Paris is the city of fashion and tourism. This helps”
  - “Political stability is an asset for France”
  - “It is one of the most beautiful cities in the world”
  - “Because of all the development projects, the new infrastructure and possibly the Olympics”

- **Stable**
  - “Paris is a major business center. Terrorism cannot change business climate”
  - “France is stable as a European Union and Euro member”
  - “Politics and economics will be stable”
  - “This is a mature market. Upheaval is unlikely”
  - “Growth is not equivalent as Germany’s”

- **Less**
  - “Because of terrorism”
  - “Insecurity is on the rise in Paris”
  - “Because of immigration, like the rest of Europe”
  - “Because of the language”

**Don’t know**

More: 27% (+2 pts)
Less: 19% (-9 pts)
Stable: 46% (+6 pts)
“In your view, which city would be the most attractive to set up a business in Europe?”

1. PARIS 13%

2. LONDON 12%

3. FRANCFORT 8%

4. BERLIN 8%

5. WARSAW 6%

“In your view, will Brexit, the United Kingdom’s decision to leave the European Union, make it more or less likely that your company sets up a business...”

IN LONDON

43% 51%

IN THE EUROPEAN UNION?

19% 23% 58%

GLOBAL CITIES INVESTMENT MONITOR 2017

FOCUS ON POST-BREXIT EUROPE

In your view, which city would be the most attractive to set up a business in Europe?"

"In your view, will Brexit, the United Kingdom’s decision to leave the European Union, make it more or less likely that your company sets up a business..."
"In your view, which city would be the most attractive to set up a business in Europe?"

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<th>European Investors</th>
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A poll conducted with a representative sample of 510 companies with international business settlements:
• 22 countries
• 3 criteria:
  - Location of headquarters
  - Industry
  - Turnover
• Phone interviews with global business leaders
  (CEO, managing director, administrative and financial manager, sales manager, head of international investment)

From 12 January to 16 March 2017
International Greenfield Investment

The Monitor measures the number of published international “greenfield” investments collected in the fDi Markets database. International greenfield investments occur when a company launches new activities in a global city. They built up its economic potential and create jobs. Purely financial investments, like real estate transactions, privatisations or alliances are not included. Join ventures are included only when they result in job creation.

Database

• “fDi markets” Financial Times, since January 2003
• 175,782 international investment projects
• 80,297 businesses all over the world
• 15,929 information sources: newspapers, magazines, associations, websites...
**Greater Paris Investment Agency** is a non-profit organization founded 25 years ago by the Paris Chamber of Commerce and Industry to attract new international investors in Greater Paris and to bolster its attractiveness. It is comprised of major companies; they guarantee total independence and provide support in fulfilling the Association’s main missions. As Greater Paris business ambassador, our Agency is a key partner and advisor linking government decision-makers and our prestigious business partners’ network. It is a major player in the Greater Paris project.

**GPIA MEMBERSHIP**: A GLOBAL REACH FOR A GLOBAL CITY

ABB, ACCENTURE, ACCORHOTELS, PARIS AEROPORT, AIR FRANCE, ALTAREA COGEDIM, BNP PARIBAS, BOUYGUES IMMOBILIER, CAILLIAU DEDOUIT & ASSOCIES, CAISSE DES DEPOTS, CEA, CHAMBRE DE COMMERCE ET D’INDUSTRIE DE PARIS ILE-DE-FRANCE, CHAMBRE DES NOTAIRES DE PARIS, CISCO, COLONYNORTHSTAR, COMEXPOSITION, COMITE REGIONAL DU TOURISME, CONDUCENT, CREDIT AGRICOLE CIB (Calyon), DEFACTO, EDF, ENEDIS, ENGIE, EPA PLAINE DE FRANCE, EPADESA, EPT GRAND ORLY VAL DE BIEVRE SEINE-AMONT, EUROPACITY, EY, FEDERATION REGIONALE DES TRAVAUX PUBLICS ÎLE-DE-FRANCE, FIFTYS, FRANCE AMERIQUES, FRESHFIELDS BRUCKHAUS DERINGER LLP, GALERIES LAFAYETTE, GECINA, GENERALE CONTINENTALE INVESTISSEMENTS, GIDE LOYRETTE NOUEL, GROUPE G7, HERITAGE LIFESTYLE, HINDUJA GROUP, ICADE, INVIVO, KEOLIS, KPMG, LA FRANCAISE, LA POSTE, MARNE-LA-VALLée EPAMARNE/EPAFRANCE, MEDEF ÎLE-DE-FRANCE, ORANGE, HAROPA, PWC, RATP, SEMMARIS, SNCF, SOCIETE DU GRAND PARIS, TATA COMMUNICATIONS, TRANSDEV UNIBAIL-RODAMCO, VINCI SA, VIPARIS, WILMOTTE & ASSOCIES, WIPRO...
EDITORIAL BOARD

Nicolas Beaudouin,
Partner, Head of Development for Paris, KPMG
nbeaudouin@kpmg.fr

Alexandre Missoffe,
Managing Director,
Greater Paris Investment Agency
amissoffe@gp-investment-agency.com

Christophe Scheidhauer,
Benchmarking & Studies Leader,
Greater Paris Investment Agency
cscheidhauer@cci-paris-idf.fr

Jeanne-Marie Monpeurt
Graphic design

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