

Asian Cities of the Future 2007/08

JUDGING PANEL



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HONG KONG RETAINS ITS LEAD SPOT IN THIS YEAR'S ASIAN CITIES OF THE FUTURE RANKINGS BUT SINGAPORE IS IN HOT PURSUIT AND THE GAP IS NARROWING. CHARLES PIGGOTT ANALYSES THE RESULTS

Hong Kong has maintained a narrow lead over Singapore in this year's Asian Cities of the Future competition. The former UK crown colony demonstrated high levels of FDI, strong economic potential, falling unemployment and a high standard of living.

However, its rival, the island nation of Singapore, is fast catching up and this year's study shows just how far the gap has narrowed: Hong Kong scored a total of 261.89 points while Singapore scored 260.97, representing a lead of just one third of a percentage point.

The ranking shows Singapore ahead of Hong Kong for human resources, infrastructure, international investment promotion and overall business friendliness. Lawrence Yeo, CEO of Singapore-based international consultancy firm AsiaBIZ Strategy and one of *fDi* magazine's Locations of the Future judges, says: "I think Hong Kong's lead this year is justified. However, the point is that the lead gap has narrowed tremendously. Singapore might just win in the next series if Hong Kong does not improve by then."

Of Asia's major cities, Tokyo scores top for infrastructure, while Melbourne comes out top for quality of life. Alor Star, the state capital of Kedah in Malaysia, is *fDi*'s Small Asian City of the Future, scoring well across several categories, including economic potential, cost effectiveness and business friendliness.

Methodology

fDi's Locations of the Future competition covers each region once every two years. The next Asian Cities of the Future rankings will be published in 2009.

During the spring and summer of 2007, *fDi* magazine invited key cities across Asia to answer more than 60 questions in the seven broad categories listed below. *fDi*'s judges scored each of the 38 cities that responded according to the criteria listed (far right).

Cities scored up to 10 points for each criterion. The winners in each category are the cities that scored the most points in that category and the overall winner is the city that scored the most points across all seven categories.

Cities were scored by members of *fDi*'s editorial team and by independent guest judges (see judging panel). ■



Singapore: closing the gap with Asia winner Hong Kong



JUDGING CRITERIA

ECONOMIC POTENTIAL

- Percentage of the population under 25
- Adult unemployment level in 2006
- Change in adult unemployment 2004-06
- Average annual earnings of employees in 2006
- Average annual earnings growth 2004-06
- FDI stock per capita at the city level
- FDI stock per capita at the state/province level
- Level of FDI in 2006
- Number of foreign investment deals signed in 2006
- Three most significant inward investment projects
- FDI retention rate

COST EFFECTIVENESS

- Town centre office rental costs
- Out-of-town office rental costs
- Factory/industrial premises rental costs
- Warehouse rental costs
- Town centre office purchase costs
- Out-of-town office purchase costs
- Factory/industrial premises purchase costs
- Warehouse purchase costs
- Secretarial salaries
- Entry level manager salaries
- Middle manager salaries
- Senior manager salaries
- Manual worker wages
- Electricity tariffs for business/industrial users
- Water tariffs for business/industrial users
- Gas tariff for business/industrial users
- Unleaded fuel costs
- Diesel fuel costs

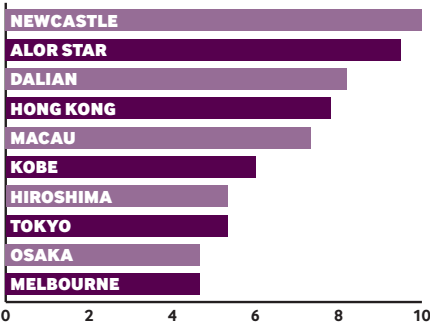
HUMAN RESOURCES

- Number of university-level educational institutions in the city
- Number of university-level educational institutions in the state/province
- Leading university and research institutions in the city
- Leading university and research institutions in the state/province

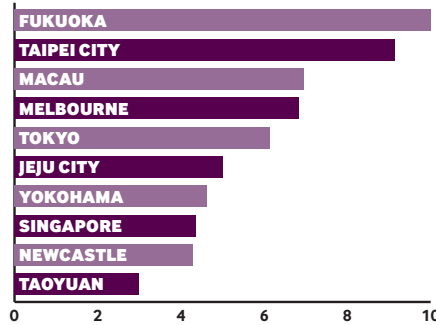
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TOP 10 CITIES OF THE FUTURE – BY CATEGORY

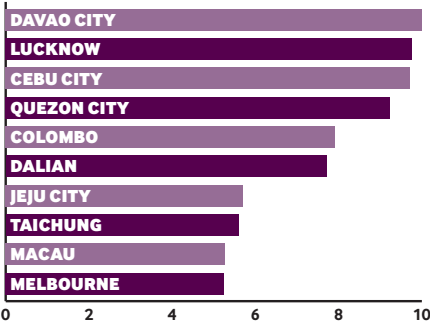
BIGGEST FALL IN UNEMPLOYMENT (LAST TWO YEARS)



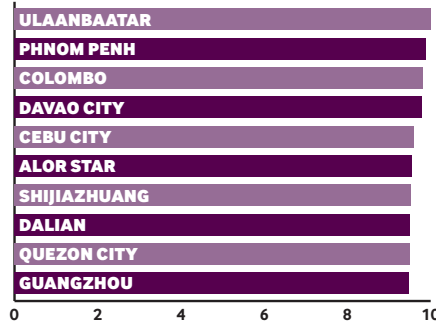
BIGGEST GROWTH IN AVERAGE EARNINGS



YOUNGEST CITIES (% POP UNDER 25)

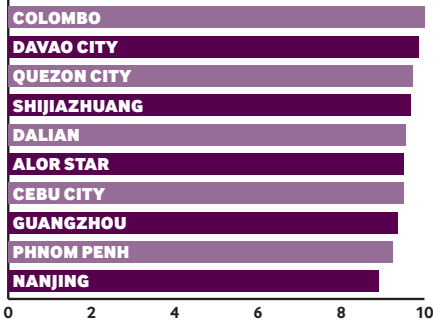


LOWEST SECRETARIAL COSTS

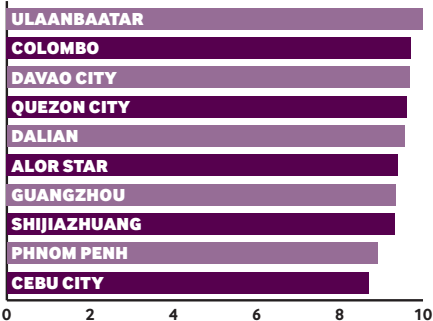


TOP 10 CITIES OF THE FUTURE

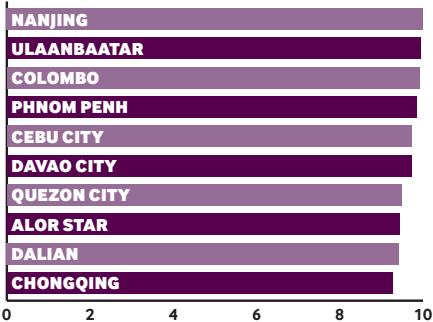
LOWEST MIDDLE MANAGEMENT SALARY COSTS



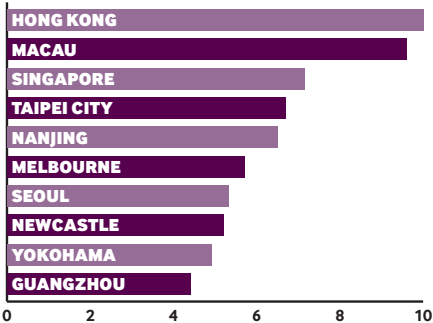
LOWEST SENIOR MANAGEMENT COSTS



LOWEST MANUAL LABOUR COSTS



HIGHEST LEVEL OF MOBILE PHONE OWNERSHIP



Hong Kong: strong economic potential and a high standard of living help push the city to the top

TOP 10 ASIAN CITIES: OVERALL

RANK	CITY	COUNTRY
1	Hong Kong	
2	Singapore	
3	Taipei City	Taiwan
4	Melbourne	Australia
5	Dalian	China
6	Shijiazhuang	China
7	Quezon City	Philippines
8	Cebu City	Philippines
9	Guangzhou	China
10	Davao City	Philippines

TOP 6 SMALL ASIAN CITIES: OVERALL

RANK	CITY	COUNTRY
1	Alor Star	Malaysia
2	Newcastle	Australia
3	Jeju City	South Korea
4	Taoyuan City	Taiwan
5	Gifu	Japan
6	Ipswich	Australia

ASIAN CITIES: TOP FIVE BEST ECONOMIC POTENTIAL

RANK	CITY	COUNTRY
1	Hong Kong	
2	Singapore	
3	Dalian	China
4	Guangzhou	China
5	Quezon City	Philippines

ASIAN CITIES: TOP FIVE MOST COST EFFECTIVE

RANK	CITY	COUNTRY
1	Shijiazhuang	China
2	Dalian	China
3	Quezon City	Philippines
4	Cebu City	Philippines
5	Guangzhou	China

ASIAN CITIES: TOP FIVE BEST HUMAN RESOURCES

RANK	CITY	COUNTRY
1	Singapore	
2	Melbourne	Australia
3	Hong Kong	
4	Taipei City	Taiwan
5	Davao City	Philippines

JUDGING CRITERIA

- Number of student graduates in 2006
- Percentage of the city population with a university-level degree
- Government-sponsored worker training programmes
- Number of strikes in past three years
- Number of working hours per week

QUALITY OF LIFE

- Best housing areas
- Average residential property purchase price
- Average residential rental costs
- Public health care facilities
- Private health care facilities
- Leading schools
- Leading international schools
- Cultural heritage
- Environmental heritage
- Incidents of crime per 1000 people
- Number of soldiers and police personnel (% of general population)
- Number of foreigners becoming residents in past two years

INFRASTRUCTURE

- Strategic transport links
- Mobile phone ownership (% of adult population)
- Internet connection speeds (maximum available bandwidth)

BUSINESS FRIENDLINESS

- Basic level of corporate taxation
- Business-related taxes at the city level
- Business-related taxes at the state/province level
- Property transaction tax
- Number of non-local companies in the city
- Number of non-local companies in the state/province
- Number of jobs created by non-local companies in the past year
- Mandatory employer contributions, eg welfare taxes, health care benefits, etc

FDI PROMOTION STRATEGY

- Sectors targeted for inward investment
- Financial support available to investors
- Non-financial investment support available to investors
- Major infrastructure and urban planning projects
- Environmental strategies and grants
- Percentage of GDP allocated to FDI promotion