

# Middle East Cities of the Future Winners

DUBAI HAS BEEN CROWNED THE MIDDLE EAST CITY OF THE FUTURE 2010/11, CEMENTING THE EMIRATE'S DOMINANCE WHEN IT COMES TO INVESTMENT IN THE REGION. JACQUELINE WALLS REPORTS ON THE LEADING PERFORMERS





**D**ubai in the United Arab Emirates has once again been ranked fDi Magazine's Middle East City of the Future, having performed well across all categories, achieving top positions in economic potential, infrastructure and business friendliness. This does not come as a surprise given the emirate's successful track record for FDI. According to data from greenfield investment monitor fDi Markets, Dubai was the top destination city globally for FDI projects in 2008 and 2009.

Israeli cities also performed well, accounting for seven of the top 25 Middle East Cities of the Future. Israel's second largest city, Tel Aviv, ranked second, its success attributable to a high number of patents granted and a high presence of companies involved in research and development. Riyadh ranked third, boosted by strong performances in human resources and infrastructure.

fDi Magazine's judging panel awarded Amman the top position in the FDI promotion strategy category, the only category based on information provided by the cities. The panel ranked Dubai and Manama second and third, respectively, as a result of

their FDI promotion strategies.

Al Muharraq, Dammam and Fujairah ranked as the three most cost-effective Middle East cities in 2010/11. According to data collected by fDi Benchmark, the cost of industrial and office rent in these cities was among the lowest in the region. Tehran ranked top in the human resources category. The city boasts a large labour force and a high proportion of people who have graduated at tertiary level.

Doha just edged past Dubai and Abu Dhabi to top the ranking in the quality-of-life category. Doha has the highest GDP per capita and one of the lowest unemployment rates in the region. Dubai and Abu Dhabi scored high across the spectrum of data points for quality of life. Dubai and Abu Dhabi were also placed second and third in the infrastructure category due to their airport and port facilities; Dubai airport caters to more international destinations than any other airport in the region.

Based on jobs created by FDI and the growth of high-tech and knowledge-based companies, Dubai, Ras Al Khaimah and Manama were ranked as the most business-friendly cities in the Middle East.

#### TOP 25 MIDDLE EAST CITIES OF THE FUTURE 2010/11: OVERALL

RANK	CITY	COUNTRY	SCORE
1	Dubai	UAE	52.05
2	Tel Aviv	Israel	35.70
3	Riyadh	Saudi Arabia	34.89
4	Abu Dhabi	UAE	34.71
5	Doha	Qatar	32.26
6	Manama	Bahrain	31.94
7	Jerusalem	Israel	31.31
8	Jeddah	Saudi Arabia	30.85
9	Haifa	Israel	30.79
10	Ras Al Khaimah	UAE	30.75
11	Ramat-Gan	Israel	29.39
12	Sharjah	UAE	28.96
13	Amman	Jordan	28.93
14	Tehran	Iran	28.57
15	Fujairah	UAE	27.91
16	Herzliyya	Israel	27.84
17	As Salimiyah	Kuwait	27.81
18	Muscat	Oman	27.73
19	Suhar	Oman	27.61
20	Dammam	Saudi Arabia	27.47
21	Ra'anana	Israel	27.43
22	Petah Tiqwa	Israel	27.32
23	Ajman	UAE	26.85
24	Al Muharraq	Bahrain	26.15
25	Al Riffa	Bahrain	26.00

**TOP 10 ECONOMIC POTENTIAL**

RANK	CITY	COUNTRY	SCORE
1	Dubai	UAE	100.00
2	Tel Aviv	Israel	39.4
3	Abu Dhabi	UAE	37.1
4	Doha	Qatar	36.0
5	Haifa	Israel	34.0
6	Jerusalem	Israel	28.1
7	Ras Laffan	Qatar	23.5
8	Riyadh	Saudi Arabia	23.3
9	Petah Tiqwa	Israel	22.3
10	Mesaieed	Qatar	21.3

**TOP 10 INFRASTRUCTURE**

RANK	CITY	COUNTRY	SCORE
1	Dubai	UAE	100.00
2	Abu Dhabi	UAE	82.1
3	Ramat-Gan	Israel	81.5
4	Riyadh	Saudi Arabia	80.6
5	Jeddah	Saudi Arabia	79.0
6	Manama	Bahrain	78.0
7	Al Muharraq	Bahrain	70.8
8	Tel Aviv	Israel	70.4
9	Dammam	Saudi Arabia	69.2
10	Ras Al Khaimah	UAE	68.2

**TOP 10 COST EFFECTIVENESS**

RANK	CITY	COUNTRY	SCORE
1	Al Muharraq	Bahrain	100.00
2	Dammam	Saudi Arabia	98.2
3	Fujairah	UAE	97.2
4	Ajman	UAE	97.1
5	Al Khobar	Saudi Arabia	96.9
6	Ras Al Khaimah	UAE	96.8
7	Sharjah	UAE	95.9
8	Manama	Bahrain	95.0
9	Suhar	Oman	94.6
10	Al Hidd	Bahrain	94.2

**TOP 10 BUSINESS FRIENDLINESS**

RANK	CITY	COUNTRY	SCORE
1	Dubai	UAE	100.00
2	Ras Al Khaimah	UAE	82.9
3	Manama	Bahrain	81.2
4	As-Salimiyah	Kuwait	79.5
5	Abu Dhabi	UAE	78.9
6	Rabigh	Saudi Arabia	77.3
7	Riyadh	Saudi Arabia	75.8
8	Fujairah	UAE	74.5
9	Sharjah	UAE	73.2
10	Assalouyeh	Iran	72.0

**TOP 10 HUMAN RESOURCES**

RANK	CITY	COUNTRY	SCORE
1	Tehran	Iran	100.00
2	Tel Aviv	Israel	84.8
3	Riyadh	Saudi Arabia	74.4
4	Jerusalem	Israel	63.7
5	Suhar	Oman	63.0
6	Jeddah	Saudi Arabia	62.2
7	Haifa	Israel	59.4
8	Muscat	Oman	56.0
9	Dubai	UAE	55.2
10	Amman	Jordan	54.8

**TOP 10 FDI POTENTIAL**

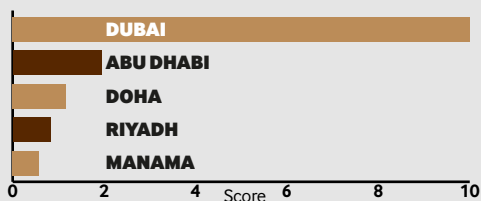
RANK	CITY	COUNTRY	SCORE
1	Amman	Jordan	100.00
2	Dubai	UAE	97.7
3	Manama	Bahrain	88.5
4	Ras Al Khaimah	UAE	80.5
5	Arbil	Iraq	77.0
6	Muscat	Oman	71.3
7	Ra'anana	Israel	65.5
8	Herzliyya	Israel	64.4
9	Riyadh	Saudi Arabia	58.6
10	Jerusalem	Israel	51.7

**TOP 10 QUALITY OF LIFE**

RANK	CITY	COUNTRY	SCORE
1	Doha	Qatar	100.00
2	Abu Dhabi	UAE	85.5
3	Dubai	UAE	85.0
4	Ras Laffan	Qatar	83.4
5	Mesaieed	Qatar	83.2
6	Tel Aviv	Israel	73.3
7	Ramat-Gan	Israel	72.3
8	Herzliyya	Israel	71.8
9	Yanbu' Al Bahr	Saudi Arabia	71.7
10	Ra'anana	Israel	71.6

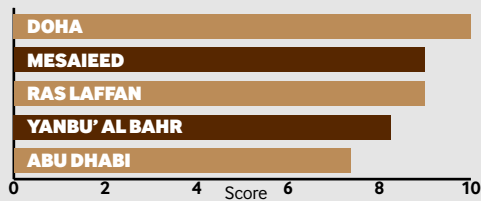
"Two years ago fDi's Middle East ranking was the first assurance for Dubai and where it is in the investor's eye. And to have come back again with the same result, we are so happy as it shows that we are, from the investor's point of view, on the right track as an economy... And when it comes from fDi Magazine, it's an important message. It reassures people of what Dubai is about: a multi-sector city with diverse cultures and strengths. And at the same time the vision that Dubai took was right, we are on the right track and we'll continue as our government has assured the investors that we're going on the same path we started on," **Fahad Al Gergawi, chief executive officer, Dubai Foreign Investment office**

TOTAL NUMBER OF FDI PROJECTS, JANUARY 2003-JUNE 2010



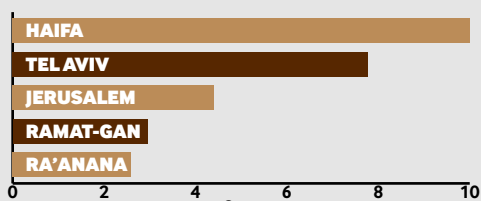
Source: fDi Markets

GDP PER CAPITA, PURCHASING POWER PARITY 2006



Source: fDi Benchmark

TOTAL NUMBER OF PATENTS: PATENTS PER 100,000 OF POPULATION, JANUARY 2003-DECEMBER 2009



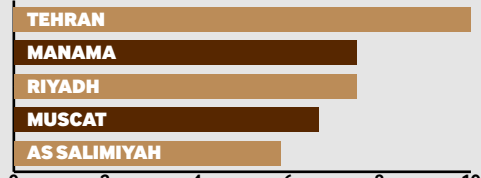
Source: fDi Benchmark based on USPTO

OFFICE RENT AVERAGES



Source: fDi Benchmark/Cushman & Wakefield/Colliers International

ENTRANTS IN THE BANKER'S TOP 1000 WORLD BANKS RANKING, 2009



Source: thebankerdatabase.com

## JUDGING PANEL



**DR JOHN SFAKIANAKIS**  
Group general manager and chief economist, Banque Saudi Fransi



**KYLE STELMA**  
Emerging markets managing director, Dunia Frontier Consultants



**ROBERT STARBUCK**  
Chairman, Pan Buck



**LUCIA DORE**  
Gulf correspondent, mergermarket Middle East



**JACQUELINE WALLS**  
Senior investment analyst, fDi Intelligence

## METHODOLOGY

To create the shortlists, the fDi Intelligence division collected data on 46 cities under six categories: economic potential, human resources, cost-effectiveness, quality of life, infra-

structure and business friendliness. A seventh category was added: FDI promotion strategy. In this category, 12 cities submitted details about their strategy and this was scored by our

independent judging panel. Cities scored up to a maximum of 10 points under each individual criterion, which were weighted by importance to give the overall scores.

## JUDGING CRITERIA

### ECONOMIC POTENTIAL

- Population
  - Population growth rate
  - Total number of patents
  - GDP per capita, PPP
  - GDP, PPP
  - Total number of FDI projects
  - Number of companies in R&D
  - Total number of FDI mega-projects
  - Capital expenditure on R&D FDI projects
  - Global competitiveness index
  - Inflation (2010 projected % change)
  - Forecast GDP growth rate (2011)
- (Information collected by fDi Benchmark)

### COST EFFECTIVENESS

- Office rent
  - Industrial rent
  - Price of unleaded petrol
  - Cost of a luxury hotel in city centre
  - Minimum wage equivalent
  - Cost of registering property
  - Cost of handling construction permits
  - Profit tax
  - Cost to export and import
  - Cost of establishing a business
  - Cost of getting an electricity connection
  - Redundancy costs
  - Average wages
  - Average residential property price
- (Information collected by fDi Benchmark)

### HUMAN RESOURCES

- Unemployment rate
- No. of 'world top 500' universities
- Universities per 100,000 population

- Graduates, tertiary (total)
  - Tertiary enrolment rate (%)
  - Secondary enrolment rate (%)
  - Primary enrolment rate (%)
  - Total labour force
  - Literacy rate
- (Information collected by fDi Benchmark)

### QUALITY OF LIFE

- Unemployment rate
  - No. of IB schools
  - Average residential property price
  - Hospital beds per 1000 population
  - Death rate per 1000 population
  - Health expenditure
  - Life expectancy
  - Quality of life index
  - Global peace index
  - International tourism arrivals
  - GDP per capita
- (Information collected by fDi Benchmark)

### INFRASTRUCTURE

- No. of international destinations served
- Airlines served
- Upload and download speeds
- Port size
- World port rankings 2007
- Time to export
- Time to import
- Internet users
- Mobile and fixed-line phone subscribers
- Mobile cellular subscriptions
- Logistics performance index
- No. of personal computers
- Population covered by cellular network

- International internet bandwidth
  - Fixed broadband internet access tariff
  - E-government web measure index
- (Information collected by fDi Benchmark)

### BUSINESS FRIENDLINESS

- No. of jobs created by FDI
  - Growth of high-tech manufacturing firms
  - Growth of high-tech services firms
  - Growth of knowledge based firms
  - No. of Top 1000 World Banks
  - No. of days to start a business
  - Difficulty of hiring index
  - Difficulty of redundancy index
  - Ease of doing business index
  - Corruption perception index
  - Economic freedom index
  - Innovation index
  - Top 100 Arab Banks
  - Top 500 Islamic Financial Institutions
- (Information collected by fDi Benchmark)

### FDI PROMOTION STRATEGY

- No. of staff dedicated to promoting inward investment; programmes in place to train staff and measure performance
  - Key initiatives implemented to attract more investment
  - Details of high-growth sectors/sub-sectors with potential for inward FDI
  - Incentives available to inward investors
  - Major infrastructure/urban projects
  - Vision for achieving full FDI potential and why it is a location of the future
- (Information provided by cities and judged by our judging panel)