

European Cities & Regions of the Future 2008/09

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THE UK SWEEPS THE BOARD IN THIS YEAR'S EUROPEAN CITIES & REGIONS OF THE FUTURE, WITH LONDON AND SCOTLAND LEADING THE RANKINGS. CHARLES PIGGOTT REPORTS ON THE RESULTS

London has maintained its lead over other European cities ranking at the top of fDi's 2008 Cities of the Future shortlist, and Scotland ranks top of the Regions of the Future shortlist.

The UK's double victory comes after fDi revised its Locations of the Future methodology to take into account 75 indicators of locations' attractiveness for investment and potential for economic development (see criteria).

London is likely to remain Europe's dominant city for the foreseeable future. PricewaterhouseCoopers predicts London's 2020 GDP will be \$708bn, more than 15% higher than that of Paris, its nearest competitor.

Good economic indicators, including low inflation and one of the most favourable business, tax and regulatory climates, gave all UK locations a good head start in fDi's ranking. Despite some of the worst traffic speeds in Europe, UK locations generally scored well for health and quality of life. Personal income tax rates, although not the lowest in Europe, are modest. Top rate taxpayers will pay less tax in the UK than in most other European countries.

Research into citizens' happiness ranks the UK behind countries such as Switzerland and Ireland, but other studies shows that the UK is still one of the most favoured locations for a foreign posting.

fDi's top 50 Cities of the Future include 16 from the UK, six from Germany and four from the Netherlands. UK locations also account for five of the top 25 regions, while Switzerland and France each have four locations in the top 25.

Methodology

During the summer of 2007, fDi magazine sent questionnaires to more than 1000 cities and regions across Europe. We asked them to tell fDi about inward investment and plans for economic development.

fDi's questionnaire

Cities and regions provided information in five main areas. They were asked to describe their economic potential, including recent GDP growth, government economic initiatives and priorities. They also provided information on inward investment, including the volume and number of inward investments made in the past two years, the



London: likely to be Europe's dominant city for the foreseeable future

most significant investments made in 2007 (including the level of investment and number of jobs created) and the most significant investments of 2006.

Respondents also told **fDi** about their promotional strategy for attracting inward investment, including recent initiatives, incentives and regulatory changes introduced in the past two years. Cities and regions were asked to give details of current and recently completed major infrastructure and urban planning projects, including projected costs.

They were also asked to complete a tie-breaker question in which they outlined their unique selling point for investors. Answers to all these questions were put before a panel of independent judges. ■

JUDGING CRITERIA

ECONOMIC POTENTIAL

- Economic potential (fDi judges)
- Government economic priorities and initiatives (fDi judges)
- Richest cities in 2020 (PricewaterhouseCoopers forecast)
- Economic sentiment (Eurostat indicators)
- Manufacturing capacity utilisation (Eurostat)
- New industrial orders (Eurostat)
- Employment growth (Eurostat)
- Inflation (Eurostat/IMF)
- Trade as a percentage of GDP (Eurostat)
- GDP growth (IMF 2008 forecast)

BUSINESS FRIENDLINESS

- Employer social security contribution (OECD)
- Implicit tax rate on labour (Eurostat)
- Ease of doing business (World Bank)
- Manufacturing reputation (Anholt Nation Brands Index/Simon Anholt)
- Corruption Perceptions Index (Transparency International)
- Corporate income tax rate (OECD)
- Global competitiveness (IMD scoreboard)
- Labour protection legislation (OECD)
- New businesses registered as a percentage of total (World Bank)
- Economic freedom (Heritage Foundation Index of Economic Freedom)

QUALITY OF LIFE

- Relocation appeal (Anholt Nation Brands Index/Simon Anholt)
- Top 'all in' rate of personal income tax (OECD)
- Number of healthy years a 65 year old can expect (Eurostat average)
- Richest cities (PricewaterhouseCoopers)
- Happiness among population (NationMaster Index)
- Quality of living (Mercer worldwide survey)
- Air pollution (levels of particulate matter, World Bank)
- Health and sanitation (Mercer worldwide survey)
- Traffic speeds (KeepMoving survey)
- Purchasing power: working time to buy Big Mac (UBS index)

HUMAN RESOURCES

- Worker reputation (Anholt Nation Brands Index/Simon Anholt)
- Most qualified staff (Cushman & Wakefield)

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Scotland: the top region is one of five UK locations in the shortlist

JUDGING CRITERIA

- Public expenditure on each student (as a percentage of GDP, World Bank)
- Science and technology graduates (per 1000 people aged between 20 and 29, Eurostat)
- Adults in education and training (percentage of people aged between 24 and 64, Eurostat)
- Languages spoken (Cushman & Wakefield study)
- Ease of employing workers (World Bank)
- Labour productivity per hour (Eurostat)
- Overall spending on education (as a percentage GDP, Eurostat)
- Global MBA rankings (FT 100 ranking of top schools)

COSTS

- Total office occupancy costs (Global Office Occupancy Costs 2007 survey, DTZ)
- Office cost per workstation (Global Office Occupancy Costs 2007 survey, DTZ)
- Minimum wage (OECD)
- Cost of a call to the US (Eurostat)
- Cost of electricity (kWh, Eurostat)
- International business cost comparison (KPMG study)
- Industrial gas prices (euros per Gigajoule, Eurostat)
- Labour cost growth (Eurostat)
- Average wage costs (UBS study)
- Average prices (122 goods and services, UBS study)

INFRASTRUCTURE

- ICT telecommunication spending (as a percentage of GDP, Eurostat)
- External transport links (Cushman & Wakefield ranking)
- Internal transport system (Cushman & Wakefield ranking)
- Telecommunications investment (World Bank)
- Energy investment (World Bank)
- Telecommunications (Cushman & Wakefield ranking)
- Transport investment (World Bank)
- Bandwidth (bits per capita, World Bank)
- ICT expenditure (per capita, Eurostat)
- Broadband penetration (Eurostat)

FOREIGN DIRECT INVESTMENT

- Total FDI (percentage of GDP, Eurostat)
- FDI inflows (percentage of GDP, World Bank)
- Tax breaks and other incentives (Cushman & Wakefield ranking)
- Capital investment by businesses (as a percentage of GDP, Eurostat)
- Corporate expansion plans (Cushman & Wakefield study)
- Promotion strategy (fDi judges)
- Promotion initiatives (fDi judges)
- Incentives (fDi judges)
- Development projects (fDi judges)
- Development plans (fDi judges)
- Unique selling point (fDi judges)
- Investor confidence (AT Kearney Foreign Direct Investment Confidence Index)
- FDI deals (fDi judges)
- Most significant investment 2007 (fDi judges)
- Most significant investments 2006 (fDi judges)

TOP 50 EUROPEAN CITIES: OVERALL

RANK	CITY	COUNTRY
1	London	UK
2	Paris	France
3	Berlin	Germany
4	Copenhagen	Denmark
5	Amsterdam	Netherlands
6	Edinburgh	UK
7	Cardiff	UK
8	Frankfurt am Main	Germany
9	Brussels	Belgium
10	Manchester	UK
11	Tallinn	Estonia
12	Madrid	Spain
13	Geneva	Switzerland
14	Barcelona	Spain
15	Bristol	UK
16	Birmingham	UK
17	Glasgow	UK
18	Hamburg	Germany
19	Waterford City	Ireland
20	Leeds	UK
21	Dublin	Ireland
22	Rotterdam	Netherlands
23	Lyon	France
24	Vienna	Austria
25	Stockholm	Sweden
26	Ostersund	Sweden
27	Dusseldorf	Germany
28	Warsaw	Poland
29	Dundee	UK
30	Liverpool	UK
31	Munich	Germany
32	Cambridge	UK
33	Sheffield	UK
34	Belfast	UK
35	Leipzig	Germany
36	Prague	Czech Republic
37	Newcastle (Tyne-side)	UK
38	Luxembourg	Luxembourg
39	Helsinki	Finland
40	Bradford	UK
41	Nottingham	UK
42	Zurich	Switzerland
43	Oslo	Norway
44	Krakow	Poland
45	Wroclaw	Poland
46	Tilburg	Netherlands
47	Budapest	Hungary
48	Antwerp	Belgium
49	Utrecht	Netherlands
50	Bratislava	Slovakia

TOP 25 EUROPEAN REGIONS: OVERALL

RANK	REGION	COUNTRY
1	Scotland	UK
2	Flanders	Belgium
3	Northern Ireland	UK
4	Kent	UK
5=	Wallonia	Belgium
5=	Isle of Man	UK
7	Southern Poland	Poland
8	Noord-Brabant	Netherlands
9	East Netherlands	Netherlands
10	Western France	France
11	Lancashire	UK
12	Basel Area	Switzerland
13	Valencia Region	Spain
14	Greater Zurich Area	Switzerland
15	Galway	Ireland
16	Canton of Geneva	Switzerland
17	Canton of Neuchâtel	Switzerland
18	Central Loire Valley Region	France
19	County Limerick	Ireland
20	County Wicklow	Ireland
21	Bratislava Region	Slovakia
22	Bordeaux	France
23	Côte D'Azur	France
24	Andalucia	Spain
25=	Kosice Region	Slovakia
25=	Pardubice Region	Czech Republic

TOP 25 MOST ATTRACTIVE FOR FDI

RANK	CITY/REGION	COUNTRY
1	London	UK
2	Flanders	Belgium
3	Paris	France
4	Leipzig	Germany
5	Wallonia	Belgium
6	Tallinn	Estonia
7	Cardiff	UK
8	Bristol	UK
9	Berlin	Germany
10	Scotland	UK
11	Ostersund	Sweden
12	Valencia Region	Spain
13	Dundee	UK
14	Luxembourg	Luxembourg
15	Waterford City	Ireland
16	Miskolc	Hungary
17	Copenhagen	Denmark
18	Indjija	Serbia
19	Razgrad	Bulgaria
20	Northern Ireland	UK
21	Amsterdam	Netherlands
22	Warsaw	Poland
23	Flensburg	Germany
24	Madrid	Spain
25=	Frankfurt (Oder)	Germany
25=	Budapest	Hungary

TOP 10 MAJOR EUROPEAN CITIES

RANK	CITY	COUNTRY
1	London	UK
2	Paris	France
3	Berlin	Germany
4	Copenhagen	Denmark
5	Amsterdam	Netherlands
6	Frankfurt am Main	Germany
7	Brussels	Belgium
8	Manchester	UK
9	Madrid	Spain
10	Barcelona	Spain

TOP 10 SMALL EUROPEAN CITIES

RANK	CITY	COUNTRY
1	Edinburgh	UK
2	Cardiff	UK
3	Tallinn	Estonia
4	Dundee	UK
5	Cambridge	UK
6	Bradford	UK
7	Tilburg	Netherlands
8	Antwerp	Belgium
9	Oxford	UK
10	Plymouth	UK

TOP 10 BEST ECONOMIC POTENTIAL

RANK	CITY/REGION	COUNTRY
1	Luxembourg	Luxembourg
2	Tallinn	Estonia
3	Paris	France
4	London	UK
5	Pardubice Region	Czech Republic
6	Krakow	Poland
7	Southern Poland	Poland
8	Vilnius	Lithuania
9	Riga	Latvia
10	Gorna Oryahovitsa	Bulgaria

TOP 10 MOST BUSINESS FRIENDLY

RANK	CITY/REGION	COUNTRY
1	London	UK
2	Scotland	UK
3	Geneva	Switzerland
4	Isle of Man	UK
5	Edinburgh	UK
6	Dublin	Ireland
7	Manchester	UK
8	Glasgow	UK
9	Copenhagen	Denmark
10	Kent	UK

TOP 10 BEST QUALITY OF LIFE

RANK	CITY/REGION	COUNTRY
1	London	UK
2	Dublin	Ireland
3	Paris	France
4	Frankfurt am Main	Germany
5	Madrid	Spain
6	Geneva	Switzerland
7	Oslo	Norway
8	Lyon	France
9	Brussels	Belgium
10	Barcelona	Spain

TOP 10 LARGE EUROPEAN CITIES

RANK	CITY	COUNTRY
1	Geneva	Switzerland
2	Bristol	UK
3	Leeds	UK
4	Rotterdam	Netherlands
5	Sheffield	UK
6	Belfast	UK
7	Leipzig	Germany
8	Luxembourg	Luxembourg
9	Nottingham	UK
10	Krakow	Poland

TOP 10 MICRO EUROPEAN CITIES

RANK	CITY	COUNTRY
1	Waterford City	Ireland
2	Ostersund	Sweden
3	Warwick	UK
4	Flensburg	Germany
5	Frankfurt (Oder)	Germany
6	Baden Baden	Germany
7	Barnsley	UK
8	Bath	UK
9	Bedford	UK
10	Durham	UK

TOP 10 BEST HUMAN RESOURCES

RANK	CITY/REGION	COUNTRY
1	London	UK
2	Edinburgh	UK
3	Paris	France
4	Berlin	Germany
5	Copenhagen	Denmark
6	Cambridge	UK
7	Oxford	UK
8	Frankfurt am Main	Germany
9	Brussels	Belgium
10	Geneva	Switzerland

TOP 10 MOST COST EFFECTIVE

RANK	CITY/REGION	COUNTRY
1	Warsaw	Poland
2	Krakow	Poland
3	Wroclaw	Poland
4	Southern Poland	Poland
5	Prague	Czech Republic
6	Budapest	Hungary
7	Sofia	Bulgaria
8	Bratislava	Slovakia
9	Tallinn	Estonia
10	Bucharest	Romania

TOP 10 BEST INFRASTRUCTURE

RANK	CITY/REGION	COUNTRY
1	London	UK
2	Paris	France
3	Frankfurt am Main	Germany
4	Berlin	Germany
5	Brussels	Belgium
6	Amsterdam	Netherlands
7	Madrid	Spain
8	Manchester	UK
9	Birmingham	UK
10	Copenhagen	Denmark

Top spot: London leads in human resources, business friendliness, quality of life and infrastructure



City of London