

Barcelona tops Spanish and Portuguese cities list

WITH SPAIN AND PORTUGAL ATTRACTING MORE THAN 8% OF EUROPE'S FDI LAST YEAR, CITIES FROM THE TWO COUNTRIES ARE PROVING TO BE INCREASINGLY ATTRACTIVE TO FOREIGN INVESTORS. BARCELONA RANKED TOP OF THE MAJOR CITIES, WHILE SANTA CRUZ DE TENERIFE IN THE CANARIES LED THE MEDIUM-SIZED TABLE. GERALDINE EWING AND CHRISTINE McMILLAN ANALYSE THE RESULTS

While Spain and Portugal may have made up two of the original 'Pigs' economies – joining Ireland and Greece as the eurozone's post-global recession crisis areas – the countries have managed to achieve relative stability in their FDI attraction. Spain and Portugal combined made up 8.37% of the total 2015 capital expenditure on greenfield FDI projects in Europe, according to crossborder investment monitor **fDi** Markets. Similarly, the two countries attracted 8.28% of all FDI projects in the same year.

With both countries long seen as tourist destinations, some might assume that touristic sectors were prevalent in the country's attracted FDI. However, knowledge-intensive sectors such as software, business services and financial services accounted for most FDI into Spain and Portugal. But which cities were taking the bulk of the investments?

Regional powerhouse

In an assessment of inbound greenfield FDI from 2011 to 2015, Barcelona ranked top for large Spanish and Portuguese cities with populations of 400,000 or more, combining capital expenditure and project numbers per 100,000 people between the two years. The city is an undisputed economic powerhouse for the region and ranked as the fifth most popular destination city for FDI in Europe across all sectors. For the three top sectors by project numbers highlighted for this study – namely software and IT, business services and financial services – Barcelona was in the top two for each.

Spanish capital Madrid finished third in the large cities category, but ranked in the top five for the region's top three sectors by capital investment: automotive original equipment manufacturing, communications and transportation. Major investors in Madrid include OnMobile, a communications firm, which opened its \$8m southern Europe headquarters in the city.

Portuguese capital Lisbon ranked second in the large cities category yet attracted only 4.56% of FDI projects among Spanish and Portuguese cities from 2011 to 2015. This could be attributed to its top sectors being relatively low value, such as consumer products ▶

TOP FDI CITIES IN SPAIN AND PORTUGAL, 2011 TO 2015

LARGE CITIES

RANK	CITY
1	Barcelona
2	Lisbon
3	Madrid
4	Valencia
5	Palma de Mallorca

MEDIUM-SIZED CITIES

RANK	CITY
1	Santa Cruz de Tenerife
2	Porto
3	Getafe
4	Bilbao
5	La Coruna

SMALL CITIES

RANK	CITY
1	El Prat de Llobregat
2	Irun
3	Rubi
4	Sant Cugat del Valles
5	Algeciras

Source for all tables: **fDi** Markets

Notes: Cities ranked are only those with a population of more than 50,000. Cities ranked have recorded five or more projects. This data is based on projects per 100,000 of the population and capex per 100,000 of the population combined and ranked by overall score.



Pointing up: Santa Cruz de Tenerife ranks first among mid-sized cities



Top billing: Barcelona is also the fifth most popular destination city for FDI in Europe across all sectors

(\$895.9m) and transportation (\$563.3m). However, one growth sector, renewable energy, was the third most capital-intensive sector into Lisbon, with \$547.5m invested by foreign companies.

A major centre for commerce in the Canary Islands, Santa Cruz de Tenerife topped the ranking for medium-sized cities with a population of between 150,000 and 400,000. The city also ranked fifth for number of projects in the financial services sector. Porto, Portugal's second city, ranked second in the medium-sized cities category.

Catalonia's El Prat de Llobregat ranked top in the smaller cities category for locations with populations of between 50,000 and 150,000. This performance was based on its strength as a hub for air, rail and marine transportation. It also benefited from its close proximity to the Barcelona Free Zone. This led to the city being ranked fifth overall in the transportation sector for the entire region, ahead of major coastal cities such as Porto.

Methodology

Cities in Spain and Portugal were broken down into three categories: large (with a population of more than 400,000), medium (150,000 to 400,000) and small (50,000 to 150,000). Each category was then based on projects per 100,000 of the population and capital expenditure per 100,000 of the population. These two data points were given equal weightings and scored. These scores were then combined to give a final overall score which provided the ranking.

Please note only cities with a population of 50,000 or more were ranked and each city had to have recorded total project numbers of five or more to be included.

The top three sectors for inbound green-field FDI in Spain and Portugal were broken down by city. This was based on the absolute project numbers and absolute capital investment values from fDi Markets (with a different rankings provided for each). Only cities with a population of 50,000 or more were ranked. ■

CITY RANKING OF TOP THREE SECTORS BY NUMBER OF PROJECTS IN SPAIN AND PORTUGAL, 2011 TO 2015

SOFTWARE AND IT SERVICES

RANK	CITY
1	Madrid
2	Barcelona
3	Lisbon
4	Sant Cugat del Valles
5=	Malaga
5=	Seville

BUSINESS SERVICES

RANK	CITY
1	Madrid
2	Barcelona
3	Lisbon
4	Malaga
5	Seville

FINANCIAL SERVICES

RANK	CITY
1	Madrid
2	Barcelona
3	Lisbon
4	Malaga
5	Santa Cruz de Tenerife

Notes: Cities ranked are only those with a population of above 50,000. This data is based on absolute project numbers.

CITY RANKING OF TOP THREE SECTORS BY CAPEX IN SPAIN AND PORTUGAL, 2011 TO 2015

AUTOMOTIVE OEM

RANK	CITY
1	Vitoria
2	Barcelona
3	Vigo
4	Madrid
5	Valencia

COMMUNICATIONS

RANK	CITY
1	Madrid
2	Barcelona
3	Lisbon
4	La Coruna
5	Cerdanyola del Valles

TRANSPORTATION

RANK	CITY
1	Barcelona
2	Lisbon
3	Madrid
4	El Prat de Llobregat
5	Porto

Notes: Cities ranked are only those with a population of above 50,000. This data is based on absolute capital investment values which include estimates.