

Cities Research Center, 2014

Global300

The New Commercial Geography of Cities



JLL Global300, 2014

JLL's Global300 cities are the bedrock of global commercial real estate activity

The cities which make up JLL's latest Global300 account for more than one-third of the world's economy, along with nearly three-quarters of global real estate investment and over 80% of the world's prime office stock. We expect the Global300 to represent the bulk of economic and commercial real estate activity over the next decade.

Real estate activity continues to be concentrated into the Global Top30 cities

Despite the increasing choice of cities, commercial real estate activity continues to be highly concentrated into the Global Top30 cities, which are the destination of over half of total commercial real estate investment into the Global300. The cities comprising the Global Top30 have remained broadly consistent since 2012 - Manila is a new entrant to the Top30, while Madrid has fallen out, which is symptomatic of the steady shift in the balance of real estate activity towards the Asia Pacific region.

The rise of the 'Super Cities'

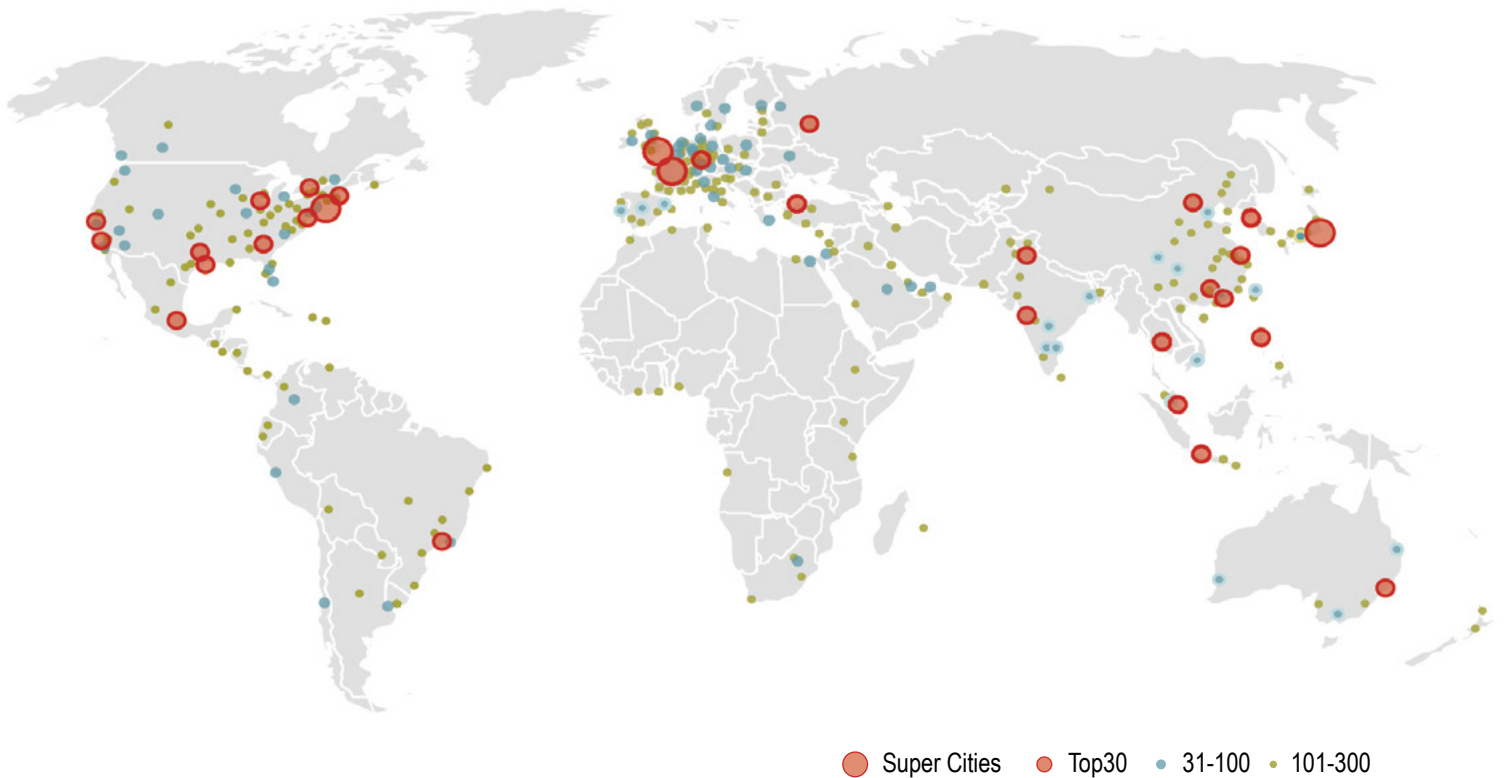
Globalisation is propelling four cities into the realm of 'Super City' status – Tokyo, New York, London and Paris – an elite group that possesses a powerful combination of economic scale and influence, deep corporate bases, highly liquid real estate investment markets and large, diverse and high-quality commercial real estate stocks. These four cities wield significant economic might, particularly in the commercial real estate market. They account for nearly one-fifth of the office stock and commercial real estate investment volumes in the Global300.

The geography of real estate opportunity continues to expand

Emerging cities have increased their presence in the Global300. China remains at the forefront of these opportunities adding three new cities to this year's Global300, while there are two new cities from Sub-Saharan Africa, which is now home to some of the world's fastest-growing city economies.



JLL Global300 cities are the focus of global commercial real estate activity



JLL Global300 account for 72% of real estate investment and over 80% of commercial office stock globally



% of global total

JLL Global300 are derived from a weighted basket of variables covering population, GDP, corporate presence, air connectivity, commercial real estate stock and real estate investment volumes

Source: JLL, November 2014

Introducing the JLL Global300

The New Global300

Cities are the new economic and political powerhouses. There are now in excess of 1,600 major cities¹ across the world housing 2.2 billion people ... all jostling for global attention and looking for a winning edge. Competition between cities for capital, corporations and talent has never been stronger. So as to make sense of the massive opportunities that rapid urbanisation is offering the real estate industry, JLL has identified its Global300 - 300 cities that we predict will account for the bulk of economic and commercial real estate activity over the next decade. This latest Global300 represents an update of research originally undertaken in 2012², and is a key element of JLL's Cities Research Center, a multi-year programme that assesses city competitiveness and the role of real estate.

Defining the Global300

JLL's Global300 is based on an Index of Commercial Attraction which measures a city's economic and real estate power and status. The Index is distinct in that it includes key real estate measures (namely investment volumes and commercial real estate stock), as well as socio-economic and business indicators such as economic output, population, air connectivity and corporate presence. The analysis is underpinned by a proprietary database of key performance indicators covering 660 cities worldwide.

The Global300 are the world's most populous, productive and connected cities; their one billion citizens are responsible for close to 40% of global economic activity, more than the US and EU combined. They host 85% of the headquarters of the world's 2,000 largest listed companies, generate 45% of the world's finance and business employment, and more than 80% of the world's air passengers pass through their airports. The Global300 represent the bedrock of commercial real estate market activity; for example, they have a combined modern office stock of over 1.2 billion m² which, we estimate, is more than 80% of the world's total. They account for 72% of global direct commercial real estate investment and are the overwhelming focus of international retailers, international hotel brands and real estate investors.

¹ Cities over 300,000 population as defined by the UN, World Urbanization Prospects: The 2014 Revision

² 'A New World of Cities'. The Redefining of Real Estate Geography, JLL, January 2012

Tracking Global300 City Performance

City Momentum Index	Investment Intensity Index	Real Estate Investment	Cross-Border Investment	Office Rental Growth
				
<ol style="list-style-type: none"> 1 San Francisco 2 London 3 Dubai 4 Shanghai 5 Wuhan 6 New York 7 Austin 8 Hong Kong 9 San Jose 10 Singapore 11 Shenzhen 12 Jakarta 13 Beijing 14 Chengdu 15 Los Angeles 16 Tianjin 17 Boston 18 Seattle 19 Tokyo 20 Lima 	<ol style="list-style-type: none"> 1 Oslo 2 Munich 3 London 4 Stockholm 5 Sydney 6 Copenhagen 7 Gothenburg 8 Paris 9 Frankfurt 10 Warsaw 11 San Jose 12 Brisbane 13 San Francisco 14 Taipei 15 Dublin 16 Austin 17 Singapore 18 Boston 19 Melbourne 20 Berlin 	<ol style="list-style-type: none"> 1 London 2 New York 3 Paris 4 Tokyo 5 Los Angeles 6 Chicago 7 Washington DC 8 Boston 9 San Francisco 10 Seoul 11 Hong Kong 12 Shanghai 13 Singapore 14 Sydney 15 Dallas 16 Houston 17 Seattle 18 San Jose 19 Toronto 20 Munich 	<ol style="list-style-type: none"> 1 London 2 New York 3 Paris 4 Tokyo 5 Los Angeles 6 San Francisco 7 Washington DC 8 Chicago 9 Shanghai 10 Boston 11 Sydney 12 Stockholm 13 Munich 14 Houston 15 Dallas 16 Moscow 17 Seattle 18 Seoul 19 Frankfurt 20 Atlanta 	<ol style="list-style-type: none"> 1 Dublin 2 Singapore 3 Lyon 4 Wellington 5 Houston 6 Jeddah 7 Taipei 8 Boston 9 San Francisco 10 Auckland 11 Ho Chi Minh City 12 Bangkok 13 Mexico City 14 Abu Dhabi 15 Austin 16 Tokyo 17 Manila 18 Portland 19 Tampa 20 Los Angeles

JLL City Momentum Index - Covers 111 cities and measures socio-economic and commercial real estate momentum. January 2014

Real Estate Investment rankings are based on three-year rolling direct commercial real estate investment volumes to Q3 2014.

JLL Investment Intensity Index compares the volume of direct commercial real estate investment over a three-year period (to Q3 2014) relative to a city's economic size. The Index provides a measure of real estate market liquidity.

JLL Office Index measures Grade A rental performance of 95 major markets year to Q3 2014.

Profiling the Global300

The regional composition of the Global300 is heavily focused on the three core regions of North America, Western Europe and Asia, but the balance is steadily shifting towards emerging cities in Asia, as well as Africa.

Asia Pacific

Asia Pacific cities now account for almost one-quarter of commercial real estate investment into the Global300. China has added three cities to this year's list, despite slowing national economic growth. Recognising the enormous potential of Chinese cities, JLL will be launching its China60 research in March 2015 – covering 60 secondary and tertiary cities that are being transformed by unprecedented levels of urbanisation, and which are the strong focus of corporate occupiers, international retailers and hotel operators.

Europe

Europe represents 44% of cross-border investment into the Global300, with investors attracted by the intrinsic qualities of the region's cities relating to stability, sustainability and transparency. Economic restructuring is resulting in even greater divergence between the city winners and losers – with some smaller regional cities such as Genoa and Liverpool falling out of the Global300. However, those cities with strong ties to international markets and the capacity to innovate remain well-placed to compete. JLL's Investment Intensity Index, which measures real estate investment volumes relative to economic size, highlights the continuing attractiveness of European cities such as Oslo, London, Munich and Stockholm, whose robust capacity for high-value growth and innovation make them well positioned for the future.

North America

U.S. cities, which attract over 40% of total real estate investment into the Global300, have notable pockets of dynamism, with some of the world's fastest-growing mature cities over the next decade likely to be in the United States – cities such as San Jose, Austin and Seattle – driven by technology, high-value activities and a remarkable capacity for innovation. The dynamism of U.S. cities stands out in JLL's City Momentum Index, which measures the speed of change of city real estate markets and economies around the world, with 6 of the top 20 positions held by tech-rich U.S. cities.

Africa

Sub-Saharan Africa has begun to move onto the radar of international corporate occupiers and investors, led by regional hub cities like Johannesburg and Cape Town (South Africa), Lagos (Nigeria) and Nairobi (Kenya). With some of the world's most rapidly-expanding city economies, new entrants to the Global300 include Dar es Salaam (Tanzania) and Abidjan (Côte d'Ivoire). As real estate markets across the continent continue to mature, JLL has set up an Africa Cities Research Programme which aims to identify cities with the greatest long-term potential.

Top 5 Global300 Cities

LARGEST REAL ESTATE INVESTMENT MARKETS



London	108
New York	92
Paris	54
Tokyo	54
Los Angeles	41

Three-year volumes, US\$ billion

MOST EXPENSIVE OFFICE LOCATIONS



Luanda	1920
London	1830
Hong Kong	1590
Moscow	1100
Beijing	1090

Benchmark prime rents, US\$/sq m/pa

WORLD'S LARGEST CITY-ECONOMIES



Tokyo	1.4
New York	1.3
Seoul	0.8
Los Angeles	0.8
London	0.7

GDP (PPP), US\$ trillion

Did you know?

*London accounts for **15%** of cross-border investment in the Global300*

FASTEST-GROWING OFFICE RENTS



Dublin	28%
Singapore	19%
Lyon	11%
Wellington	11%
Houston	10%

Q3 2014 Y-o-Y % Change

HOME TO MOST INTERNATIONAL HEADQUARTERS



Tokyo	154
New York	82
London	68
Paris	60
Seoul	60

Number of Fortune 2000 HQs

Did you know?

*Dublin office rents have risen by **50%** since Q3 2012*

Global Top30

Dominance of the Global Top30 Cities

JLL has identified the Global Top30 within the Global300, a select tier of cities which between them account for 41% of the economic output, 43% of prime office stock and 60% of real estate investment activity of the Global300.

- A number of emerging cities have cemented their position in the Global Top30 – cities such as Shanghai, Beijing and Guangzhou in China, as well as Jakarta and Bangkok – with advances in real estate market transparency and maturity complementing their rates of economic growth. Manila has also joined the list as a new entrant to the Top30, experiencing strong growth as a BPO destination.
- While several emerging cities are increasing in global stature, U.S. cities continue to show their strength and dynamism with nine U.S. cities among the Global Top30. For example, tech-rich cities like San Francisco and Boston perform robustly in JLL's City Momentum Index.
- Europe has five cities in the Top30, with Europe's four mega-cities – London, Paris, Moscow and Istanbul – being joined by Frankfurt. Meanwhile, Madrid has fallen out of this year's Top30 despite signs of economic recovery.
- A number of emerging cities have been steadily edging towards the Top30, led by cities such as Dubai and Shenzhen.

The Rise of the 'Super Cities'

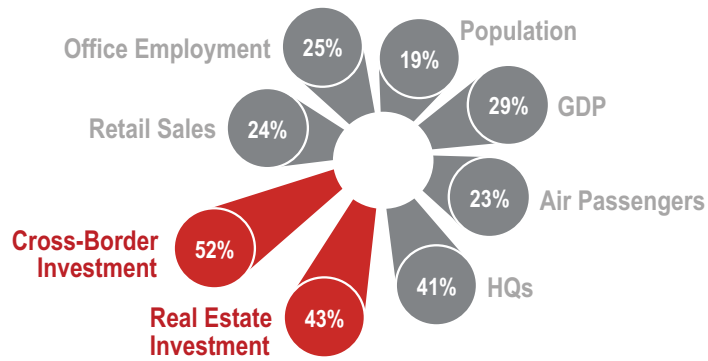
The combined forces of globalisation, urbanisation and modernisation have propelled four cities into the realm of 'Super City' status – Tokyo, New York, London and Paris – an elite group that possesses a powerful combination of economic scale and influence, deep corporate bases, highly liquid real estate investment markets and large, diverse and high-quality commercial real estate stocks.

These four cities wield significant economic might, particularly in the commercial real estate market. They account for nearly one-fifth of the office stock and real estate investment volumes in the Global300. It seems that size does matter for the real estate industry.

JLL Global Top30 - world's largest business centres and real estate markets

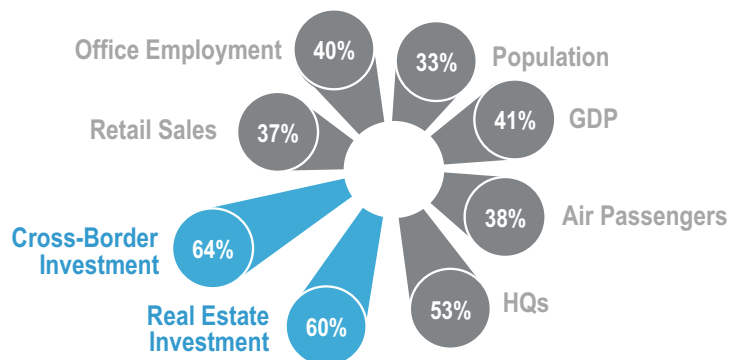


Four Super Cities are the destination of over 50% of all foreign capital invested into the Global Top30



Super Cities' % share of the JLL Global Top30

JLL Global Top30 account for 64% of Cross-Border Investment into the Global300



JLL Global Top30 Cities' % share of the Global300

For more information on JLL's Cities Research, visit www.jll.com/cities-research

Explore and Compare 300 Cities

Our City Comparison Toolkit will help you visualize the position of individual cities and compare one city against another.



Publications from JLL Cities Research Center due out in Q1 2015:

- **City Momentum Index 2015**, an examination of which cities worldwide are experiencing the fastest changes in their economies and real estate markets
- **China60**, an analysis of 60 cities which are driving China's economy and real estate market



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