The Business of Cities 2015
Foreword

The map of our urban futures is a source of optimism and anxiety, excitement and reflection, vision and uncertainty. As this century of cities evolves, the essential requirements of city competitiveness, those of growth, skills, enterprise and trade have now been coupled with the need for sustainability, resilience, and liveability; transparency and governance; innovation, culture, distinctiveness, and adaptability, amongst the many more qualities that we demand of the city in order to shelter, entertain, inspire and encourage us.

As rapidly as the world is urbanising, with cities morphing, transforming, and reinventing, so the field of city indices and benchmark creation multiplies at pace. There are now over 200 city indices covering the relative and comparative performance of cities and metropolitan areas. Some of these indices present empirical comparative analysis; others offer granular detail, or subjective and instinctive perceptions. While our report shows that perception continues to play a vital role in the assessment of cities, technologies and the interplay of sensor-driven data, the internet of things and social media, offer a new dynamic and ‘real time’ view of city performance in ways that support our belief that ‘cities have nowhere to hide’ as every perimeter and parameter of a city is now captured, measured, compared, and displayed.

As businesses expand and globalise moving up the risk curve, second-tier cities and those not previously on the radar have a chance to prove that they can create and leverage momentum. Real estate investors, developers and corporate occupiers are increasingly drawn to cities that offer new strengths, those that are likely to secure the jobs of the future, and those that are competitive, resilient and financially savvy.

The need to better understand cities is encouraging companies of like minds and complementary goals to join forces in crafting better quality and more robust measures of city performance and potential. The growing use of city indices in commerce and investment strategies is driving the field to more rigorous and scientific approaches, and also to innovation and prototyping. We will undoubtedly see more indices emerge in the coming years and for all involved in cities, their governance, their markets, their skills and their environments, city indices are coming of age as an important discerning and discriminating addition to our knowledge of the urban world.

Rosemary Feenan
Head of Global Research Programmes
Introduction

In the 21st century, the pace at which new cities arrive on the global scene is faster than ever. There are now 135 metropolitan areas worldwide with nominal GDP above US$100bn, nearly half of which are located in the emerging world. These cities vary enormously in size, wealth, investment capacity and institutional framework. There is more than a tenfold differential in average income between the poorest (Mumbai, Cairo) and richest cities (Macau, San Jose). There is an even greater variation in size, from city regions of just 2 million people (Zurich) to megalopolises of over 30 million (Tokyo, Jakarta). The sum total of these metropolitan economies, (US$34tn), represents a remarkable 37% of global GDP.¹ The assets and performance of these cities are therefore absolutely fundamental to the global economy, yet the science of understanding and measuring them is only just emerging.

It has never been more important to understand city performance. The ability of cities to attract investment, manage their growth and deliver quality of life will define the character and, ultimately, the success of the ‘metropolitan century’.² One important resource to track city performance, perception and progress is the huge body of city indices, benchmarks and rankings.

This report, the 4th developed by The Business of Cities, assembles the widest range of comparative studies and reports on city performance to date. It includes 200 indices in total, up from 160 in 2013. City indices are now devised and sponsored by nearly every kind of actor and institution operating in the urban field - including international institutions, business consultancies, research foundations, industry specialists, media outlets, and many more.

The 135 largest metropolitan economies represent a remarkable 37% of GDP.
What are city indices?

The terms 'indices', 'benchmarks', 'rankings' and 'ratings' are often used interchangeably when measuring city performance, but they are actually different things. For our purposes, we refer to the following definitions:

A city index is a tool that measures performance over time. It provides a historical record of the performance of a single city, a range of cities, or a defined field in which cities function or compete. Each index may vary in its objectives and methodology. An index can be used as a benchmark, but does not have to be.

A city benchmark serves as a standard by which other cities are measured or judged. It is a point of reference from which evaluations of city performance may be made. Benchmarks are designed and chosen to act as a yardstick for change or progress, to tell a city 'where it’s at'. An example is KPMG’s Competitive Alternatives, where cities worldwide are measured versus a benchmark of the four largest U.S. metropolitan areas.

A city ranking is a straightforward list that does not seek to utilise a replicable methodology, and is not amenable to direct comparison over time. It usually consists of a basic league table of selected cities, without a numeric control indicator.

A city rating is the use of a point scale to assess city performance. It is sometimes used to reduce response and language bias in cross-city research, or to provide an easily recognisable scale of performance (e.g. A, B, C, etc.). City ratings are found in assessments of financial risk and fiscal position, although they are also used more widely.
New all-round indices

2014 saw the addition of two important new comprehensive benchmarks of city success, both of which add new ingredients to the way cities are measured and compared. The Cities in Motion study by IESE Business School introduces the strongest gauge of strategic planning and innovation capacity seen in city indices to date. Meanwhile, the Global Liveable Cities Index is an exciting new partnership between researchers in Singapore and California, which bridges the gap between quality of life and growth performance.

By exploring new factors of competitiveness, both these studies add a degree of caution about the ability of emerging cities to catch up and overtake others through multiple cycles. Cities whose economies globalised in earlier cycles appear to have retained distinct advantages, including mature governance and systems of innovation. These indices indicate that highly liveable cities can flourish in a century of megacities if they are also agile centres of innovation and job creation. Geneva, Singapore, Copenhagen and Helsinki all currently excel in this respect.

At the same time, 2014 and 2015 have seen leading indices add new dimensions in an attempt to explain why some cities retain appeal to local and global audiences. MORI’s Global Power City Index has added an ‘urban intangible values’ metric to establish a closer sense of the daily experience and perception of cities, which shapes how attractive they are to their many ‘customers’. AT Kearney’s Global Cities Index has also adapted to measure information exchange in cities more effectively, as established indices adjust to enhance their validity and appeal.
The who and how of city indices

The commissioning, financing and partnership of city indices is evolving rapidly as businesses, organisations and the public sector adapt to the ongoing changes in urban dynamics. While some established companies and consultancies continue to work alone to produce high-profile indices, increasingly a hybrid model is proving more popular.

Universities, including from the UK, U.S., China and even Argentina, are active in the preparation of city indices with specialised foundations and research institutes. Media outlets often act as a co-sponsor or partner in the development and circulation of indices, with one prominent example being the Guardian Cities Brand Barometer, developed by Saffron Brand Consultants. Corporations are teaming up with data firms to raise the profile of their products. Only in rare cases have partnerships, such as Cities of Opportunity, become sole enterprises.

The 20 most robust indices

- 2thinknow Innovation Cities Index
- AméricaEconomía Best Cities to Do Business
- Arcadis Sustainable Cities Index
- AT Kearney Global Cities Index
- Brookings Global Metro Monitor
- Economist Intelligence Unit Hotspots
- Ericsson Networked Society City Index
- fDi Magazine Cities of the Future
- Giap, Thye and Aw, Global Liveable Cities Index
- GaWC – The World According to GaWC
- IESE Cities in Motion
- JLL City Momentum Index
- MasterCard Global Destination Cities Index
- MORI Global Power City Index
- QS Best Student Cities Index
- PwC's Cities of Opportunity
- Siemens Green City Index
- Toronto Board of Trade Scorecard of Prosperity
- UN-Habitat City Prosperity Index
- Z/Yen Global Financial Centres Index

Since 2013, international institutions have stepped up their engagement in measuring city performance in order to help decision makers identify gaps and priorities. Intergovernmental organisations, such as the EU and UN-Habitat, were originally among the first to try to compare outcomes in city and metropolitan areas and, after a quiet period, have now become more active in trying to measure progress in productivity, infrastructure, smartness and inclusion. Their work emphasises the mature offer of established cities, such as Vienna and Tokyo, and the smart city progress of Barcelona and Amsterdam.

There are also signs that international financial institutions - development banks and development finance agencies - are beginning to launch city indices as well. Their purpose is to raise the profile of their urban investment agendas and encourage positive competition between city governments. One example is the Asian Development Bank’s assessment of environmental liveability in Chinese cities, where pollution and water system challenges are severe.
The race at the top

The previous edition of this report noted the recovery and consolidation of the established global centres in city performance indices, and this trend has intensified in 2014/15 (see ‘Top 15 cities across six leading all-round indices table’ below). London heads this trend, not only because it is the global capital of real estate investment, but also because it has been far and away Europe’s most dynamic region for jobs and growth over the entire post-crisis cycle. London is the only city in the EU among the top 100 fastest-growing metropolitan areas (of 300 globally). It continues to benefit from a cycle of investment that has enhanced its gateway functions, transport infrastructure and cultural vibrancy relative to its competitors.

Although not traditional front runners in innovation, London and New York are now also leading the world in terms of their digital content industries and cultural economy, assisted by their world-class university provision in related subjects. Index trends suggest that Paris and Tokyo are witnessing similar technology agglomeration and lively youth culture – as measured in studies by Hub Culture and the Institute of Information Sciences. As more indices seek to evaluate policies and governance frameworks, institutional maturity and successful experimentation in established world cities is proving a major advantage. At the same time, new index results are beginning to highlight the price of London and New York’s success. In particular, assessments are grading on stretched infrastructure and housing, as well as affordability deterrents to key workers and graduate talent in growth sectors.

Top 15 cities across six leading all-round indices

<table>
<thead>
<tr>
<th>City</th>
<th>EIU/ Citigroup hotspots 2012</th>
<th>PwC cities of opportunity 2014</th>
<th>AT Kearney global cities index 2014</th>
<th>MORI global power city index 2014</th>
<th>IESE cities in motion index 2014</th>
<th>Global liveable cities index 2014</th>
<th>Average percentile position*</th>
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<tbody>
<tr>
<td>1 New York</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>17</td>
<td>7%</td>
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<td>2 London</td>
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<td>1</td>
<td>2</td>
<td>22</td>
<td>7.5%</td>
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<td>3 Singapore</td>
<td>3</td>
<td>3</td>
<td>9</td>
<td>5</td>
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<td>3</td>
<td>8%</td>
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<td>4 Paris</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>13</td>
<td>9.6%</td>
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<td>5 Hong Kong</td>
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<td>5</td>
<td>9</td>
<td>-</td>
<td>9</td>
<td>14.4%</td>
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<tr>
<td>6 Tokyo</td>
<td>6</td>
<td>13</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>18</td>
<td>15.2%</td>
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<tr>
<td>7 Zurich</td>
<td>7</td>
<td>-</td>
<td>31</td>
<td>12</td>
<td>4</td>
<td>2</td>
<td>15.7%</td>
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<tr>
<td>8 Amsterdam</td>
<td>17</td>
<td>-</td>
<td>26</td>
<td>6</td>
<td>16</td>
<td>15</td>
<td>19%</td>
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<tr>
<td>9 Seoul</td>
<td>20</td>
<td>14</td>
<td>12</td>
<td>7</td>
<td>9</td>
<td>-</td>
<td>20.3%</td>
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<td>10 Sydney</td>
<td>15</td>
<td>9</td>
<td>14</td>
<td>13</td>
<td>17</td>
<td>12</td>
<td>20.4%</td>
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<tr>
<td>11 Toronto</td>
<td>12</td>
<td>4</td>
<td>13</td>
<td>22</td>
<td>29</td>
<td>-</td>
<td>20.5%</td>
</tr>
<tr>
<td>12 Vienna</td>
<td>25</td>
<td>-</td>
<td>16</td>
<td>10</td>
<td>27</td>
<td>-</td>
<td>21.2%</td>
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<tr>
<td>13 Frankfurt</td>
<td>11</td>
<td>-</td>
<td>23</td>
<td>11</td>
<td>39</td>
<td>-</td>
<td>23.2%</td>
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<tr>
<td>14 Stockholm</td>
<td>20</td>
<td>7</td>
<td>33</td>
<td>16</td>
<td>18</td>
<td>7</td>
<td>23.8%</td>
</tr>
<tr>
<td>15 Los Angeles</td>
<td>19</td>
<td>12</td>
<td>6</td>
<td>20</td>
<td>12</td>
<td>19</td>
<td>26.6%</td>
</tr>
</tbody>
</table>

* Obtained by averaging the city rank divided by total number of entries in each index
Istanbul is the most consistently improved city across six leading indices since 2010.
Although many of the most reliable indices witness a surprising degree of stability, it is clear that Singapore and Stockholm are among the major improvers in the upper echelons in the last two years. Singapore’s success story has taken on new dimensions as it overtakes Tokyo and Paris in a majority of leading indices for the first time. It leads the Asian charge in higher education, mobility, science, broadband and technology platform indices, and is the world ‘number one’ city for business friendliness. The city’s brand rankings also indicate it is beginning to lose its reputation for a lack of vibrancy among expats and tourists.

Likewise, Stockholm’s consistency across growth, knowledge and quality dimensions has seen it steadily improve its position, especially within Europe. The Swedish capital is now not only among the world’s best for governance, urban planning and sustainability, but also displays strong cluster effects. Unusually among its peers, both its ICT and manufacturing sectors have grown their GVA by around 25% since 2008.4

Big movers

While there has broadly been stability at the top of the global indices, further down has seen high levels of flux in the past three years, as cities readjust to the geography of global opportunity. Across six leading indices covering everything from financial services to city image, Istanbul is the most consistently improved over the recent time frame. In particular it has cemented its status as a diversified onshore provider of financial services, and has regularly overtaken medium-sized established cities owing to its scale and gateway functions. Other cities to show marked progress since 2010 include Mumbai, Seoul and Dubai.

Top five most improving cities since 2010 across six indices*

<table>
<thead>
<tr>
<th></th>
<th>A.T. Kearney Global Cities Index</th>
<th>Z/Yen Global Financial Centres Index</th>
<th>2thinknow Consulting Innovation Cities Global Index</th>
<th>MORI Global Power City Index</th>
<th>City RepTrak Top City Report</th>
<th>ICCA Country and City Rankings</th>
<th>Aggregate Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Istanbul</td>
<td>+13</td>
<td>+32</td>
<td>+10</td>
<td>+4</td>
<td>-8</td>
<td>-8</td>
<td>+43</td>
</tr>
<tr>
<td>2 Moscow</td>
<td>+8</td>
<td>-4</td>
<td>+11</td>
<td>+2</td>
<td>+4</td>
<td>+2</td>
<td>+23</td>
</tr>
<tr>
<td>3 Mumbai</td>
<td>+5</td>
<td>+3</td>
<td>+17</td>
<td>0</td>
<td>+1</td>
<td>-9</td>
<td>+17</td>
</tr>
<tr>
<td>4 Seoul</td>
<td>-2</td>
<td>+16</td>
<td>+9</td>
<td>0</td>
<td>-19</td>
<td>+9</td>
<td>+13</td>
</tr>
<tr>
<td>5 Dubai</td>
<td>0</td>
<td>+11</td>
<td>+6</td>
<td>-2</td>
<td>-3</td>
<td></td>
<td>+12</td>
</tr>
</tbody>
</table>

* Obtained by calculating change in rank, and adding the results. In indices where the sample sizes increased over time, cities were ranked in relation to the original number of entries, to ensure comparability of their performance.
New sectors in a new cycle: innovation and start-ups

In the new cycle of globalisation, one of the ways that cities are seeking to enter the global economy and accelerate growth is through innovation and technology start-ups. A new wave of indices track which cities are successfully incubating innovation systems, and whether cities are appealing to the needs and preferences of younger generations of workers.

Innovation indices not only highlight the dominant role of mature innovation systems, such as San Francisco/San Jose, Tel Aviv, Cambridge (UK) and Boston; They also point to cities that have invested in the building blocks for tech sector success in the new cycle. While cities like Austin compete successfully on set-up and operational costs, Stockholm and Zurich are now combining their infrastructure and educational assets to become genuine start-up hubs. While previously there was a lack of data on emerging cities, the impact of entrepreneurship is now visible and substantial in gateway markets such as Ho Chi Minh City, Nairobi and Delhi. These indices point to the importance of a city’s all-round offer: good air links, finance and legal sector support, and sustained investment in skills and infrastructure capacity.

The globalisation of city indices

Indices are becoming a truly global phenomenon as emerging countries and businesses develop a greater interest in measuring performance and data becomes more widely available. Since the previous edition, we have seen indices constructed for the first time in Mexico and Brazil, as well as an increasing number of indices in Australia, China, India and Spain. These indices draw on local academic and consultancy expertise, providing an important regional perspective on competitiveness and leadership.

Country or regional-level indices highlight cities with long-term and sometimes underestimated assets, as well as those smaller cities which are improving rapidly. Examples of the former include Munich, Querétaro, Perth, Chennai and Santiago. Examples of the latter include Medellín, Wolfsburg, Brisbane and Monterrey. As local indices become more advanced, they offer an important foil to global assessments that can be very helpful to investors.

Index methods: a return to perception

Digital and online networks are an increasingly important and agile source of comparative knowledge about cities. Many companies are leveraging the on-the-ground market awareness of their customers, commercial networks, stakeholders or even their own employees, to create an accurate picture of demand in and for cities. Examples include the first LinkedIn Index of City Attractiveness, and global surveys of talent preferences by Boston Consulting Group, PwC and INSEAD. These studies complement and, to some extent replace the earlier trend of trying to objectively evaluate which cities serve talent and expat needs.

The return to perception-based measures highlights the enduring brand advantages possessed by certain cities. Paris, Madrid and Barcelona retain an enduring appeal despite low growth in their national economies, and regularly appear in the top 10 of perception-led assessments. Among emerging cities, Dubai, Bangalore, São Paulo and Santiago all appear to have become associated globally with exciting recruitment opportunities, as clustering and agglomeration processes unfold.
New forms of data are also enhancing the way cities can be benchmarked and measured. The availability of sensors and GPS trackers allow movement and congestion in cities to be assessed more accurately, as the INRIX Traffic Scorecard, Castrol Magnatec Stop-Start Index, and Human Data’s Most Active Cities all show. These highlight trends that have not previously been visible; for example, low congestion in Madrid and Toronto, high recreational activity in Berlin and Washington D.C., and much higher peak-time transport loads in emerging cities than established cities.

**The uses and abuses of city indices**

The science of city indices is becoming more refined. Their synthesis of complex statistical and perception data can help decision makers in cities and businesses to track trends, watch movers, observe the effects of policy change, and signpost progress in achieving objectives.

At the same time, there is still potential for error and distortion in the way indices measure city performance. Among those published in 2014 and 2015, we observe three common challenges that can result in skewed or misleading measures:

- **Cultural bias:** Many studies still rely on the commentary and opinion of Western audiences, often employees or clients in an organisation’s networks. This is despite the fact that, as McKinsey has shown, well over a quarter of global high-value companies are now based in BRICs and other emerging countries. The failure to track all patterns of migration and attraction leads some cities to be under-rated compared to their assets or reputation in dynamic growing markets.

- **Inclusivity:** For time and cost reasons, many indices elect only to cover cities above a certain population size or GDP. This is understandable, but often results in high-quality or best-practice cities being excluded because they are just outside the cut-off point. This especially affects cities in low-population regions such as Scandinavia and Australasia.

- **Scale of data:** While cities are becoming decoupled from the performance of their nations, data limitations or risk-averse models of data collection mean that cities can be represented by national figures when being measured. This can result in misrepresentations of a city’s real assets, especially in countries where talent, infrastructure or brand value is mostly absorbed by one or two leading cities (e.g. Russia, Spain).

These limitations, and others, show that city indices must be treated with caution if being used as a diagnostic tool. The classifying lens of indices can often screen out many of the unique characteristics or features of cities. An index score may incorporate factors that a city can change through policy or strategy (e.g. productivity, infrastructure) within the same frame as things it cannot (e.g. geographical location, climate, capital city status). In so doing, it may obscure the opportunities that cities have to improve their comparative position or performance.

There are several ways cities and decision makers can mitigate these deficits in clarity and visibility. These can include better data transparency, improved communication of assets, and even partnership with other cities to raise standards and create new metrics. But perhaps the most important is to consult the widest possible suite of city indices and benchmarks.
Measuring the metropolitan

Despite data and boundary challenges, commissioners of city indices are increasingly committed to comparing cities as functional metropolitan units. This shift has largely been led by pioneering work at the Brookings Institution in Washington D.C. The think tank has developed its highly informative Metro Monitor, whose premise has also been adopted by LSE Cities and applied at a European level. Meanwhile, BAK Basel in Switzerland has also developed an international benchmarking database for functional regions. Metropolitan rankings have rapidly become very popular in the U.S., but also are gaining currency in Australia and Western Europe.

Indices at the metropolitan scale yield different and sometimes provocative findings because of variations in employment, infrastructure and governance. Turkish cities perform well at this level, partly because many have metropolitan municipalities which have become effective stewards of growth. Meanwhile, in the U.S., the metropolitan area of Denver outperforms the city in indices, partly because of the support of the Metro Denver Economic Development Corporation that has forged a collaborative approach to the regional economy and transport-oriented development. Tracking cities at this scale will become imperative as the metropolitan dimension emerges as the default prism for measuring competitiveness.

Disparities in systems of cities

Index results from the last two years highlight the growing dominance of more globalised cities over their national counterparts. The World Bank has highlighted the role of systems of cities in driving successful urbanisation, but many national systems appear distorted by the success of their primary world city. London is the most extreme example, leading over other UK cities in the overwhelming majority of indices – 96% - where two or more British cities are ranked (see table below). This is confirmed by the UK’s Centre for Cities Outlook which shows a chasm in private sector job growth between London and other UK cities. Sydney and São Paulo have also surged ahead of their local counterparts, not only due to increased investment flows but also stronger labour markets, infrastructure performance and business-friendly policies.

Dominance of primate cities when indexed against other national cities

% of indices where city is top national entry*

<table>
<thead>
<tr>
<th></th>
<th>London</th>
<th>Sydney</th>
<th>São Paulo</th>
<th>Paris</th>
<th>Mumbai</th>
<th>Berlin</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>96%</td>
<td>79%</td>
<td>72%</td>
<td>72%</td>
<td>41%</td>
<td>36%</td>
</tr>
</tbody>
</table>

* Determined by calculating how many times a given city outranks its national peers in each index.

The asymmetric effects of globalisation and agglomeration on systems of cities are not universal. In Germany, for example, Munich, Berlin, Hamburg and Frankfurt are evenly matched across over 60 indices, with Berlin only leading in 36% of them. In India, Mumbai has not surged ahead as expected due to metropolitan infrastructure and leadership deficits. Bangalore, Delhi and Chennai continue to challenge with strong progress seen in connectivity, culture and liveability. Benefits are therefore not being exclusively absorbed by the predicted or designated world cities. Investors must be mindful of the diverse patterns of performance in different countries and regions.
China's cities in the indices

China’s urban system is entering a new cycle of growth and consolidation. Many of its cities are rapidly moving up the value chain from low-value manufacturing to middle and higher-end production and services. As they begin to compete for globally mobile goods, China’s larger cities are becoming widely measured in city indices for the first time. Across more than 200 indices worldwide, there are now thousands of datapoints from which urban performance in China can now be tracked. Analysis of this data reveals an increasingly stable pattern among the leading cluster of cities, and rapid advances for quality-focused, medium-sized cities competing for investment.

Beijing and Shanghai have four major advantages: depth of talent, deep global connectivity, broad cultural assets and high quality of public sector management.
Stable at the head of the pack

Beijing and Shanghai remain the two urban centres in mainland China with by far the largest share of business and financial services, and the duo are leading the way in building a platform to attract talent and investors. They are the top-rated mainland cities in the China Urban Competitiveness Project, and in multiple rankings are judged the most friendly places to do business, based on objective criteria and executive perception. The full spectrum of indices shows that Beijing and Shanghai have four major advantages over their national peers: depth of talent, deep global connectivity, broad cultural assets and high quality of public sector management.

In terms of their own rivalry, Beijing and Shanghai continue to be evenly matched; across 53 leading assessments, Shanghai is ahead on 28, compared to 25 for Beijing. Shanghai, whose city government revenue of $67bn (RMB 411bn) exceeds that of Beijing ($59bn – RMB 366bn), is well ahead in terms of finance, investment projects, R&D and innovation, but Beijing’s breadth of governmental and cultural institutions means that it preserves advantages in terms of media, higher education and social cohesion. These largely complementary sets of roles indicate that the duo are well placed to follow Hong Kong and become fully ‘emerged’ and established global cities.
Conclusion

The growth of city indices matches the accelerating pace of global urbanisation. City indices are spreading their scope to cover a wider aperture of urban issues and themes. Urbanisation and re-urbanisation are creating a new landscape of opportunity for people, business, capital and innovation; the benchmarking of cities reflects an intense appetite to interpret how this landscape is evolving.

The discipline of rating, ranking and indexing city performance has made substantial progress since the global financial crisis. Many stand-alone indices illuminate the dynamic character of economic change and policy reform in cities, and highlight the success, achievement and failure of cities and their leaderships. They also show how smaller and emerging world cities are participating in globalisation and capturing its benefits in distinctive ways. Later in 2015, the Business of Cities and JLL will publish findings about the latest developments in these areas.

Competition remains a driving force. The indices contained in this review suggest that competition for investors, visitors, students and events will continue to drive growth in quality of life and perception indices. Big data has also begun to transform what we know, and what we think we know about cities. The trend for data resources to be applied to liveability aspirations in order to design innovative urban comparisons is already clear.

Urban science is still emerging. Many of the most urgent urban imperatives – sustainability, infrastructure resilience, investment capacity and bankability – still lack a compelling or agreed framework for assessment, although several studies released in the last 12 months are leading the way. As organisations such as the OECD and World Bank renew their focus on harmonisation of city data and spatial definitions, breakthroughs in measuring these areas of urban performance can be realistically expected in the next two to three years.

In aggregate, benchmarks and indices can offer real insight into the pathways and strategic opportunities for cities, and for those living and working in them. The performances of Barcelona, Istanbul, Santiago and Seoul illustrate how cities can, and do, alter their positions in indices over time. Changes have been achieved by lifting standards, altering perceptions, supplying new information, engaging in partnerships, adding new rankings, and through many other mechanisms.

Indices focus on comparative assessment, one against another or within groups but they don’t tell the whole story about individual cities. The shifting sands of competition mean that many cities are not able to easily change their competitive position. Even when they do make real progress on their own terms, they may still lose ground in comparative rankings. Cities can get better, despite appearing to decline in comparison to other cities with greater dynamism. Examples such as Johannesburg, Miami and Rio de Janeiro indicate that index results cannot always offer a complete perspective on cities’ development priorities and strengths. For every city, indices must be used carefully and judiciously. Indices do not replace longitudinal measures of progress against a city’s own performance, and it is always wiser to review multiple indices with different results than to be focused on just one or two. When viewed in this way, they can be an invaluable resource to help navigate the current and future cycles of global urbanisation.
Footnotes
