Reader’s guide
Cities of Opportunity 7

September 7, 2016
Performance and scoring basics
The study

Study includes
• 30 cities worldwide
• 67 variables organized in 10 indicator categories
• A benchmark of a select group of cities and issues

We ask basic questions
What makes modern cities thrive?
What lessons can be shared?

The hypothesis
Social and economic wellbeing must balance for city success.

The objective
Provide a balanced benchmarking of the social and economic health of 30 of the world’s leading cities of business, finance and culture. At a time when cities drive the world’s growth, the ability to understand them requires a wide range of credible, transparent data to highlight areas of strength and potential for improvement.

The study provides an objective perspective on where business cities are working best, and where challenges lie.
Approach

City selection—Takes a close look at business cities

- All are global or regional capitals of business, finance.
- Geographically representative
- Balanced between developed and emerging cities
- Keep the number small to allow extensive research
- Keep a core set of cities each edition while rotating a few for fresh perspective.

Data criteria—Open and credible

While our underlying approach of transparency, simplicity, consistency, and balance remains the same in every edition, *Cities of Opportunity continually enhances its research to offer the most comprehensive, quantitative view we can.*

- Publically available, consistent, and comparable
- Sources include global multilaterals, national statistics organizations, commercial data providers, our own survey of PwC staff.

Scoring method—Simple, transparent addition of rank scores

- 30 cities scored from best to worst performing
- Each assigned variable rank scores from 30 (best performing) to 1 (worst). Ties get the same score.
- Variables are grouped and summed in each of the ten indicator categories that display relative performance and provide focus in each of 10 categories, such as intellectual capital and innovation and ease of doing business.
- The overall results table is the sum of all 67 variables performance.
67 variables divide into 10 indicators that fit into 3 families

Tools for a changing world
1. Intellectual capital and innovation
2. Technology readiness
3. City gateway

Quality of life
4. Transportation and infrastructure
5. Health, safety and security
6. Sustainability and the natural environment
7. Demographics and livability

Economics
8. Economic clout
9. Ease of doing business
10. Cost

For detailed background
Key to the Variables (page 98-103 and on www.pwc.com/cities with their sources)—Answers many of the questions and provides the depth needed to understand and interpret the results
How the study is structured
Young flock to the city, but slower birth rates and longer lives mean less workers support growth and public finances—prioritizing talent attraction.

Employment growth has been dominated by jobs that require intellectual training.

The top and middle incomes are projected to grow generally. But income equality and middle-income robustness are highly individual.

A strong relationship refers to a statistically significant one measured as the coefficient of determination (R2). The coefficient of determination measures the strength of the relationship between two variables and lies between 0–100% with a higher value representing a stronger relationship. Correlations reveal associations between two series of data and not causality. Put simply, R2 represents the strength of the relationship between the two variables—the bigger the percent, the stronger the relationship.
Reporting

Each of 10 indicator categories includes:

- Discussion of performance
- Detailed scoring table.

30 is best performing, or 1st in the study

Highest rank in variable

Key to Variables gives definitions

Each city’s score (here 152 for London) is the sum of its rankings across variables. The city order from 30 to 1 is based on these scores.

<table>
<thead>
<tr>
<th>Number of Global 500 headquarters</th>
<th>Employment growth¹</th>
<th>Financial and business services employment</th>
<th>Attracting FDI</th>
<th>Productivity</th>
<th>Rate of real GDP growth²</th>
<th>Score</th>
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¹ Employment growth
² Rate of real GDP growth
Special Issues

Metro transit

Where the rubber meets the road
Knitting together the mix of metropolitan transit requires artfulness to keep up with people, businesses and budgets. A look at the factors affecting public transit in city limits, and increasingly beyond.

Disaster preparedness

Risk and resilience in the modern city
Cities must remain aware, prepared, and united to manage the worst of today’s threats. Security and disease risk and natural disaster preparedness—two new variables that complete the urban risk picture—are added to natural disaster exposure to gauge the stakes of modern risk, and our readiness for it.

Taxation

Cities and their taxes
A closer look at tax in this edition shows a wide variety in the way tax systems are implemented in our cities and their impact on the individual and on business. This year, tax system efficiency and personal tax rates are added to corporate total tax rate to create a more complete snapshot of tax policy in our 30 cities. The result: our top three cities, London, Singapore and Toronto, compare well. However, it’s hard to take taxes out of local context.
Interviews

Throughout

Leaders of urban thought and action add perspective
The worlds of business, governance, academia, public transit, risk prevention, and culture all shape city life. Here, discussions and videos (on www.pwc.com/cities) probe deeper into the issues.

“When Ericsson tries to recruit international, highly educated people in Stockholm, those individuals look at the city, as well as the workplace.”
—Jacob Wallenberg

“Our demographic is more robustly Brooklyn because this is the place for young, creative talent in all possible disciplines of culture.”
—Joseph Melillo

“Every household has its own difficulty. That is why we want to unite them together as one community.”
—Governor Purnama
For more resources

On the internet
www.pwc.com/cities
helps get closer to the study
with a City Modeler, videos
and extended interviews

On Spark
https://pwc-spark.com/
groups/friends-of-cities-of-
opportunity-and-urban-issues
provides a pdf, fact sheets for
each of the top 10 cities, a PPT
presentation and an FAQ.

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