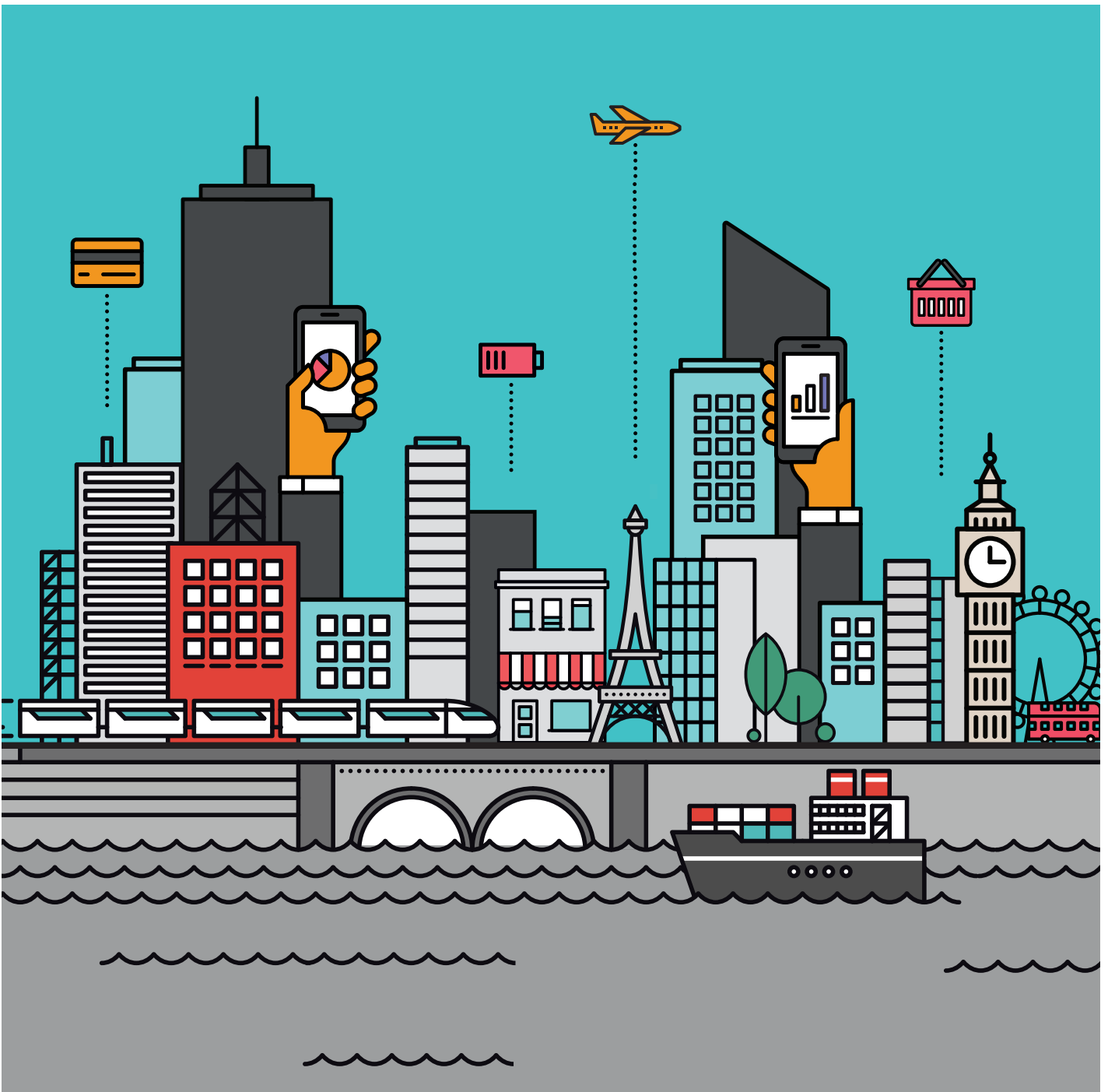


Cities Research Center | 2016

City Momentum Index

Europe Top12



Europe Top12



Environment

Connectivity

Corporate Activity

Technology and R&D

Education

Economy

Construction

Economic Output

Real Estate Investment

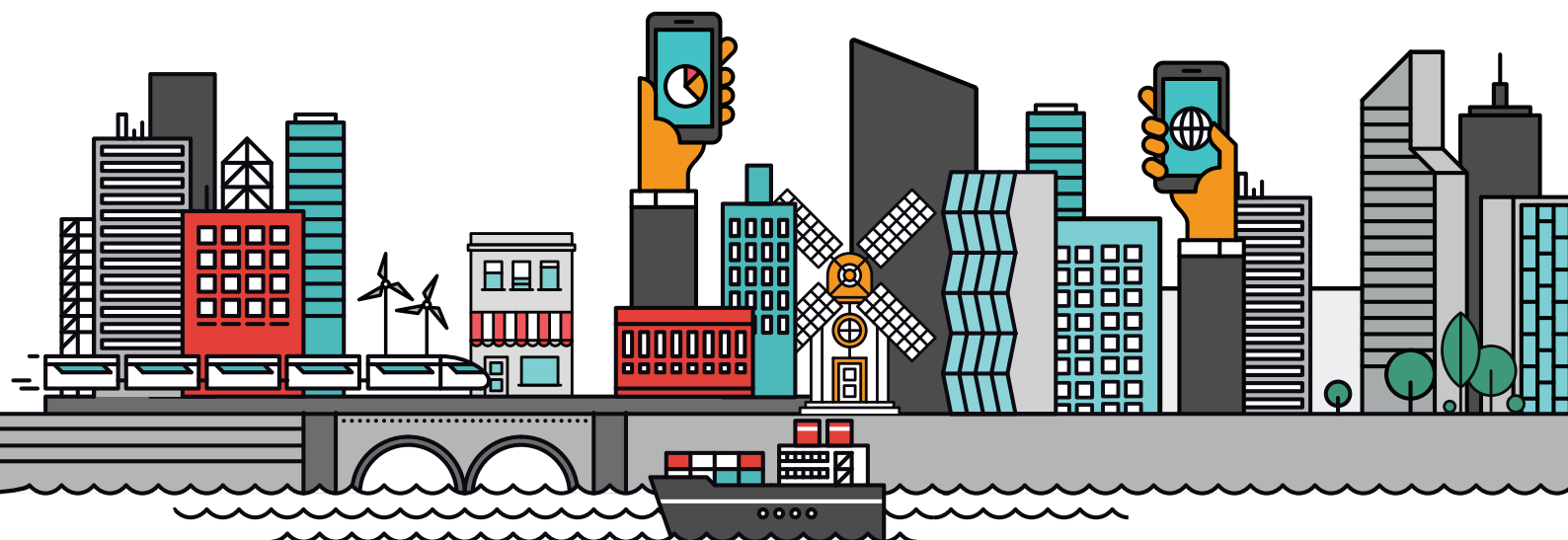
Property Prices

JLL City Momentum Index 2016 Europe Top12

The JLL City Momentum Index (CMI) tracks a city's short-term socio-economic and real estate momentum in combination with measures of whether a city has the longer-term foundations for success. The 2016 CMI, launched in January, covers 120 major and emerging business hubs around the world and highlights the Global Top20 – those 20 cities where change is occurring most rapidly.

While only two European cities – London and Dublin – are represented in the Global Top20, a look beyond this list, to the Europe Top12 – the best performing cities in Europe – reveals pockets of dynamism:

- This year's Europe Top12 sees **London, Paris** and **Istanbul** – three of Europe's 'Big Four' – appear among the region's most dynamic urban economies. Istanbul joins the Top12 for the first time where, despite geopolitical headwinds, it is a city of remarkable dynamism.
- The Top12 is dominated by its 'New World Cities' – notably **Dublin**, the **Randstad** cities, **Munich**, **Stockholm**, **Copenhagen**, **Berlin** and **Barcelona** – cities with strong infrastructure and liveability credentials, which are building momentum around innovation and their ability to transform and adapt to a constantly changing socio-economic landscape.
- The UK continues to outperform, with **Manchester** and **Edinburgh** joining London in the Top12, with devolution boosting the potential of these two cities.
- Outside the Top12, momentum is increasing across the region, with **Madrid**, **Vienna** and **Brussels** showing the greatest improvement globally in their CMI score over the last year.



Three of Europe's 'Big Four' among the top performers

London (1st), **Paris** (3rd) and **Istanbul** (8th) – three of Europe's 'Big Four' (along with Moscow) – appear in the Europe Top12. London also ranks 1st in the Global Top20 for a second consecutive year as robust economic growth and commercial real estate fundamentals are complemented by initiatives which are transforming the city's transport and building on its unique strengths as a global education and technology hub. The US\$22 billion Crossrail project is the largest transport scheme in Europe, while new university campuses such as the US\$1.5 billion campus for Imperial College London in White City, which is being planned as London's first major research quarter, are establishing new networks between business and education.

Short-term momentum in **Paris** has been affected by weak national growth, but momentum is increasing and it now sits just outside the Global Top20. The city scores strongly for long-term indicators such as education and innovation, with the largest number of patent applications and biggest high-tech workforce in Europe. Ambitious plans such as the Grand Paris project, which will add 200km of new metro lines to the city's network, will improve citywide connectivity and create a broad range of new opportunities for real estate development, positioning Paris for strong future momentum.

One of the world's most dynamic 'Emerging World Cities', **Istanbul** is expected to have the fastest economic growth of any large city in Europe over the next three years, and the city is also developing the long-term incubators that will be crucial for its sustained momentum. Significant transformational projects, including new metro lines, a third bridge over the Bosphorus and a third airport, will increase the city's connectivity. Istanbul's Grade A office stock is set to expand by nearly 60% over the next three years as it advances its status as a regional financial and services centre.

Strong Momentum in Europe's 'New World Cities'

The Europe Top12 is dominated by 'New World Cities' – small or medium-sized cities that have a favourable infrastructure and liveability platform and have achieved 'global reach' through specialisation. These cities are building momentum around innovation, liveability and their ability to transform and adapt to a constantly changing socio-economic landscape.

- **Dublin** (2nd) registers the greatest real estate momentum in the CMI as accelerating economic growth and an impressive innovation ecosystem of global IT headquarters and tech start-ups generate significant demand for commercial real estate. As a magnet for FDI and with high levels of capital spending, the city's economy is on a sound footing. It is also taking steps to provide the new forms of urban infrastructure needed to maintain its competitiveness and cement its position as one of Europe's most dynamic cities through projects such as the regeneration of the Docklands, where up to 350,000 square metres of commercial space is set to be built.
- The Dutch **Randstad** cities (4th) have been able to leverage one of the world's strongest higher education ecosystems to develop robust innovation credentials and one of Europe's highest concentrations of high-tech start-ups (behind only London, Paris and Berlin). Major projects such as the continuing development of Amsterdam's financial district in Zuidas and the long-term redevelopment of Rotterdam's port area (Stadhavens Rotterdam) into a business zone focused on knowledge and innovation are helping to position the region for long-term momentum, and it now sits just outside the Global Top20.



- **Munich** (5th) and **Berlin** (11th) are benefitting from strong innovation economies as Germany's tech hubs, with Munich's 'Isar Valley' tech cluster registering the second highest number of patent applications in Europe (behind Paris), while Berlin is among the top three markets for high-tech start-ups in the region. Long-term projects are also allowing them to maintain their competitive edge, such as Berlin's under-construction Brandenburg Airport and Freiham North in Munich, a new green district intended to house 20,000 people and enhance the city's sustainable growth.
- The Scandinavian capitals **Stockholm** (6th) and **Copenhagen** (7th) are among the world's most liveable and sustainable cities, with dynamic high-tech sectors that are contributing to resilient economic growth. They are also implementing bold transformational projects which will continue to bolster their competitiveness in the future – Stockholm's US\$8 billion Hagastaden project, based around the New Karolinska Solna Hospital, will add to the city's status as a global leader in medical research, while Copenhagen is increasing its connectivity with the addition of two new metro lines.
- **Barcelona** (12th) is taking steps to build its high-tech economy, with the long-term redevelopment of the 22@ district in Poblenou into one of Europe's leading innovation districts, which will include media, energy, medical, ICT and design clusters. The city's large number of high-tech start-ups are contributing to a resurgence in economic growth, and the 'Smart City Campus' currently being developed will keep Barcelona at the forefront of 'smart city' technological development.

UK cities outperform

Several UK cities are continuing to exhibit significant momentum, with **Manchester** (9th) and **Edinburgh** (10th) joining London in the Top12. Strong education and research systems are contributing to robust economic fundamentals and underpinning momentum in these cities. Projects boosting competitiveness in Edinburgh include the city's tram system, which opened in 2014, as well as the major Edinburgh St James development, while the devolution of substantial new policy and spending power to the Greater Manchester Combined Authority has the potential to add to the city's momentum.

Momentum building in Europe

Other European cities outside the Top12 are starting to gain momentum, with **Madrid**, **Vienna** and **Brussels** showing the greatest improvement in their CMI score globally over the last year. Madrid is bouncing back after a long and deep recession. Meanwhile, Brussels and Vienna are cities that have had a relatively low profile over recent years, but are beginning to show signs of renewed vibrancy. Ambitious plans such as 'Smart City Wien' are focused on the necessity of building more open and innovation-based economies, while both cities are implementing projects that will modernise and revive underused areas, such as the redevelopment of historic warehouses and depots into entertainment, leisure and office space in the ongoing 'Tour & Taxis' project in Brussels.

There is increasing recognition that city success is no longer purely about size or inherited attributes, but involves a capacity to adapt to the imperatives of technological and infrastructural transformation. And in order to gain greater momentum and maintain competitive edge, cities need to commit to bold urban transformations that meet the demands of rising populations and increasing strains on resources and also support the shift to new modes of economic activity. The cities in the Europe Top12 are demonstrating many of these fundamentals necessary for long-term and sustainable momentum, helping to make them the most dynamic economies and real estate markets in the region.



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