

Cities Research Center, 2015

# *Global300*

The New Commercial Geography of Cities

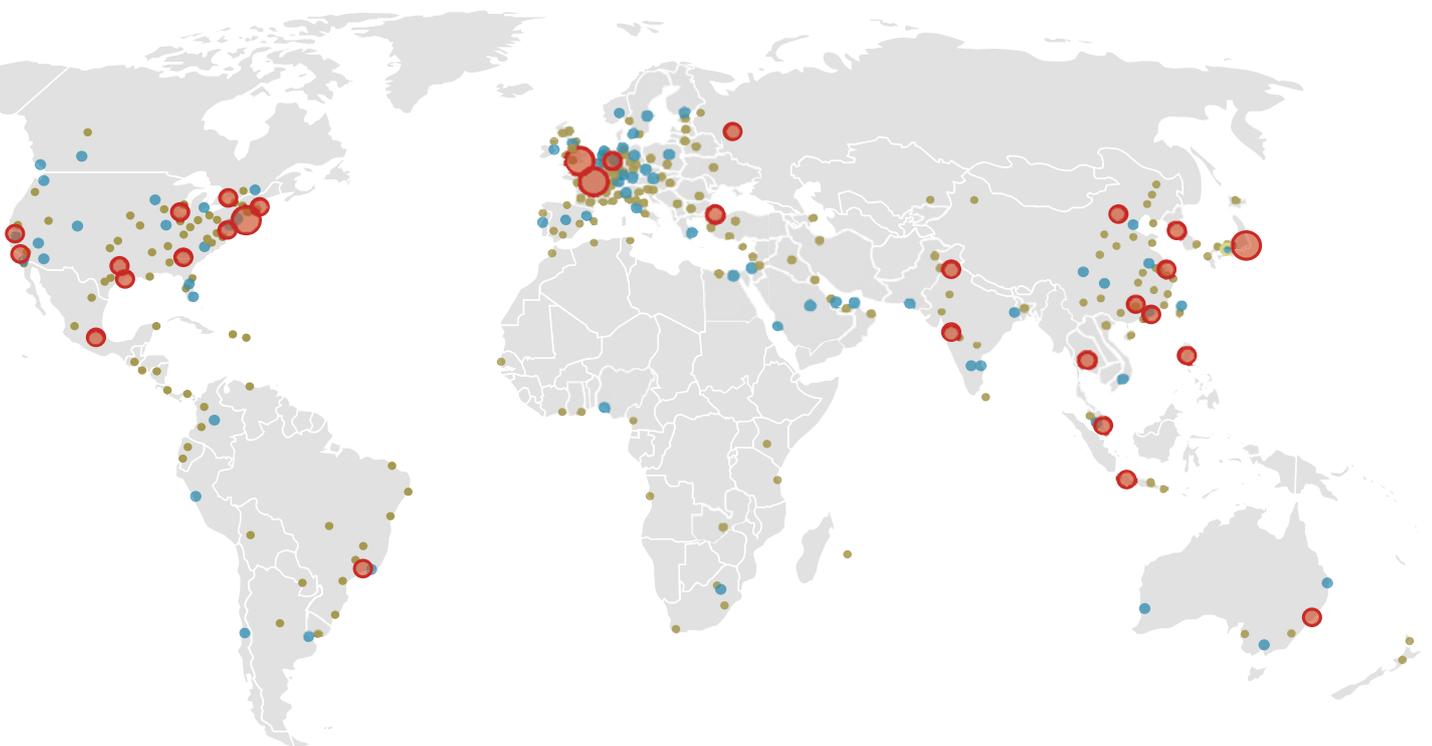


## *Introducing the JLL Global300*

Cities are the bedrock of the world's commercial, political and cultural activity. With nearly 1,700 major cities around the world, and two or three new cities crossing the US\$100 billion GDP threshold every year, more cities than ever before are going global and competing for corporations, capital and talent. In order to make sense of the potential that this rapid expansion in urbanisation and globalisation 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 2012<sup>1</sup> 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.

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

● Super Cities ● Top30 ● 31-100 ● 101-300



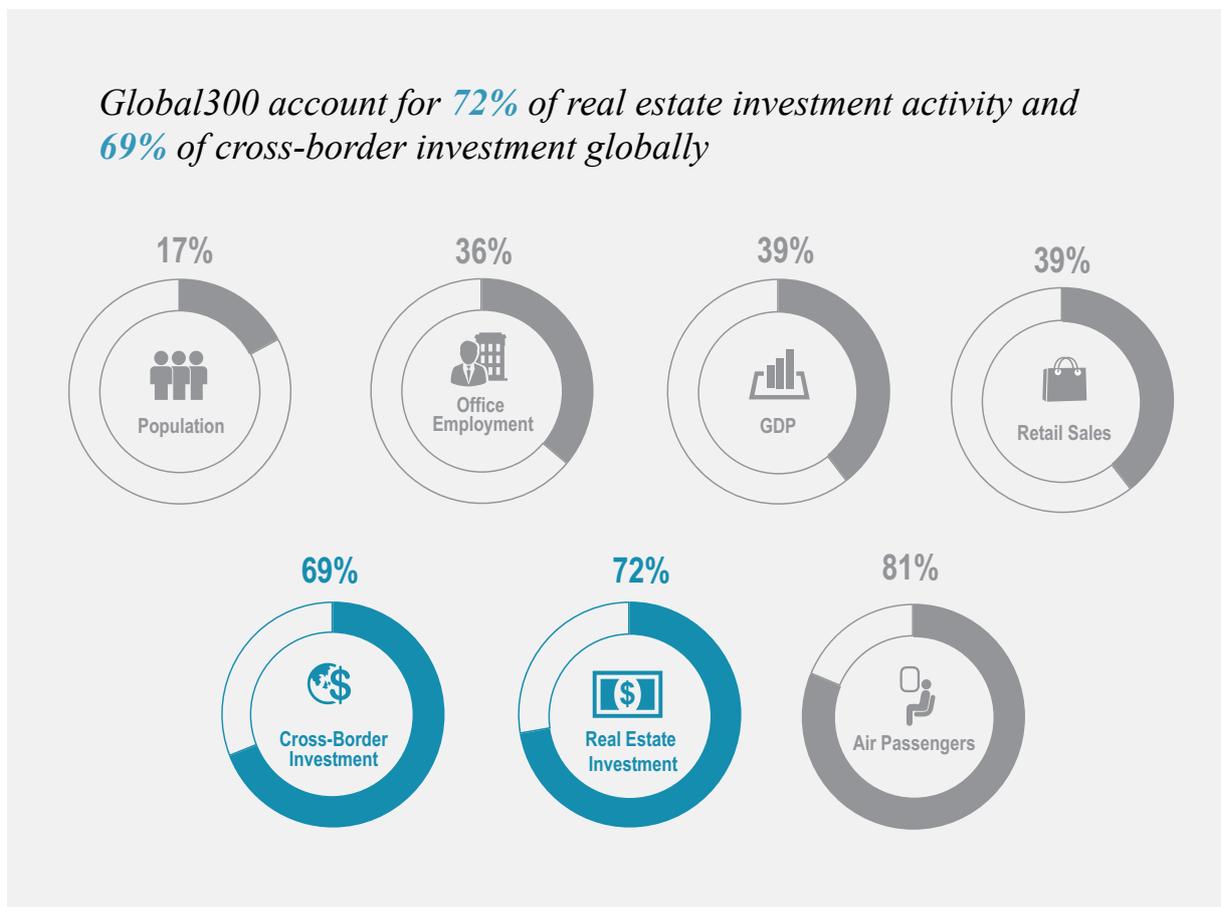
<sup>1</sup>'A New World of Cities'. The Redefining of Real Estate Geography, JLL, January 2012

## Defining the *Global300*

JLL's Global300 is based on an Index of Commercial Attraction (ICA) which measures a city's economic and real estate power and status. Underpinned by a proprietary database of key performance indicators covering 660 cities worldwide, the Index is unique 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 cities which make up the Global300 are the world's most powerful, productive and connected. Their 1.3 billion citizens account for nearly 40% of global economic activity, more than Europe and North America combined. They host 88% of the headquarters of the world's 2,000 largest listed companies, generate 40% of the world's finance and business employment, and more than 80% of the world's air passengers pass through their airports.

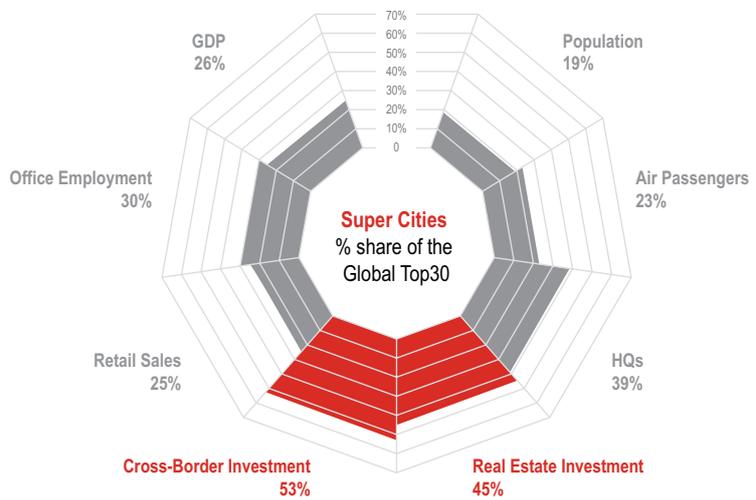
The Global300 also represent the bulk of commercial real estate market activity, amounting to nearly three-quarters of global direct commercial real estate investment and over 90% of the world's prime office stock. They are the overwhelming focus of international corporations, retailers, hotel brands and real estate investors.



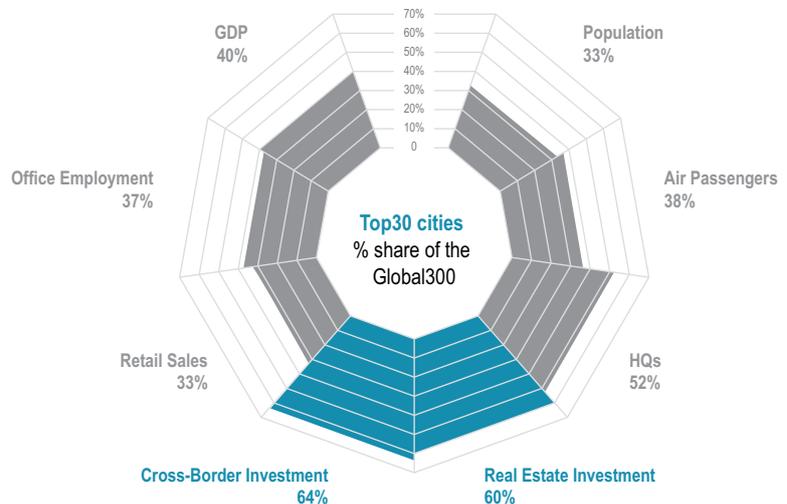
# JLL Global300 Cities Top30 - world's largest business centres and real estate markets



*Super Cities* are the destination of over 50% of all foreign capital invested in the Global Top30



*JLL Global Top30* account for 64% of cross-border investment into the Global300



# JLL Global300 Top 10 improvers



## Milan

**Economic growth is gaining momentum**, while real estate investment volumes are at their highest level since the Global Financial Crisis. The 2015 Expo has focused attention on Milan's status as a global innovation centre and a number of major real estate developments are currently underway.



## Madrid

**At the forefront of the Eurozone's economic recovery**, with renewed real estate market momentum. Direct investment volumes are at their highest level since 2008.



## Riyadh

**The growing presence of global financial institutions is bolstering the city's position as a regional financial hub.** The US\$8 billion King Abdullah Financial District will incorporate 3 million square metres of mixed-use space and house the Saudi Stock Exchange.



## Jeddah

**MENA's second most connected city**, ambitious real estate projects together with upgrades to infrastructure are providing impetus to Jeddah's growing economy.



## Istanbul

**Istanbul is building its position as one of the continent's megacities**, with the fastest-growing economy of any major city in Europe. The city's Grade A office stock is set to grow by over 57% during the next three years.



## Tehran

**The lifting of international sanctions is expected to provide a welcome boost** to the second-largest city economy in MENA that has effectively been off the international radar for several decades.



## Cairo

**Political stability is providing a boost to the city's economic growth.** The completion of the New Suez Canal is generating significant demand from developers and logistics companies, while investment from international retailers and corporations has also been increasing.



## Lagos

**The economic capital of Africa's largest economy and with the fastest growing population of any major city**, Lagos is emerging as a regional hub for multinational corporations.



## Jakarta

**One of the world's 10 largest urban economies, economic growth is expected to accelerate from 2016 onwards**; we anticipate continued expansion demand from firms which feed off Jakarta's most reliable resource – a large and growing population base.



## Mumbai

**The commercial capital of the world's fastest-growing major economy.** Construction levels are high, with Grade A stock increasing by 26% over the past three years. The number of the world's 2,000 largest firms headquartered in the city has risen by 50% over the last 10 years.

## *Top Improvers: What are the drivers behind improving commercial attraction?*

While globalisation is propelling an increasing number of emerging cities into the Global300 – Asia now accounts for the largest share of cities, while Sub-Saharan Africa has added three new cities to this year's list – the composition of the Global300 has remained broadly consistent this year. However, an analysis of the 10 cities whose ICA scores have improved the most over the past year highlights the broad array of cities which are reinventing themselves and finding ways to compete in the new era of cities:

### Madrid



The Eurozone's second-largest city economy is at the forefront of the region's recovery, with both GDP and employment increasing at their fastest rate in seven years. This is feeding through into renewed momentum in Madrid's real estate market, with direct real estate investment volumes increasing by 129% over the last year to stand at their highest level since 2008. Office rents are bouncing back robustly, with the market expected to be among Europe's strongest performers in 2016.

### Milan



Economic and employment growth are gaining momentum in Italy's economic hub as it continues to outpace the rest of the country, while real estate investment volumes are at their highest level since the Global Financial Crisis. The 2015 Milan Expo has focused attention on its status as a global centre for innovation and its shifting emphasis towards high-value activity. An example is the Nuova Bovisa development, which is set to bring together higher education institutions and industry to focus on energy and sustainable mobility research in the city, and is just one of a range of major developments ongoing in Milan, including CityLife, the new Porta Nuova business district and the multibillion dollar Milanosesto project.

### Istanbul



With the fastest-growing economy and population of any major city in Europe, Istanbul is building its position and status as one of the continent's four anchor megacities (together with London, Paris and Moscow). This is reflected in its increasing importance as a transport hub, with the number of air passengers to the city almost doubling over the past five years to over 80 million. The city is investing in infrastructure with new metro lines, a third bridge over the Bosphorus and a third airport under construction. The city's Grade A office stock is set to grow by 57% over the next three years.

### Cairo



Political stability is providing a boost to economic growth in the MENA region's most populous city and largest urban economy. The completion of the New Suez Canal is generating significant demand from developers and logistics companies, while investment from international retailers and corporations has also been increasing over the past year. Much of this improving demand has been focused on decentralised areas such as New Cairo, where rents have risen by 28% over the past year.

## Jeddah



MENA's second most connected city (after Dubai), Jeddah saw a 19% increase in air passengers over 2014 to 27 million, an improvement of 9 million annual passengers over the last decade. Ambitious projects such as Kingdom City, which will hold the world's tallest building in the Kingdom Tower when complete, together with upgrades to infrastructure (including the under-construction metro) are providing further impetus to Jeddah's growing economy.

## Riyadh



The growing presence of global financial institutions using Riyadh as a regional base is bolstering its position as a regional financial centre. The number of Forbes 2000 companies headquartered in the city has tripled over the past 10 years, with a majority of these in the financial sector. Riyadh's emerging status as a finance hub is being underlined by the construction of the King Abdullah Financial District, a US\$8 billion project to build a dedicated new financial centre which will incorporate 3 million square metres of mixed-use space and house the Saudi Stock Exchange.

## Tehran



The MENA region's second-largest city economy (after Cairo), the lifting of international sanctions is expected to provide a welcome boost to a city that has effectively been off the international radar for several decades. Testimony to the city's slow re-emergence onto the world stage, air passengers grew by 13% in the last year as businesses start to explore opportunities.

## Mumbai



The commercial capital of the world's fastest-growing major economy, with growth exceeding 7% in the city over each of the last three years. Reforms being undertaken by the national government are boosting confidence in the national and metro area economy. Construction levels are high, with Mumbai increasing its Grade A stock by 26% over the past three years, and are expected to add an additional 22% over the next three years. Mumbai is enhancing its position as a hub for global corporations, with firms among the world's 2,000 largest companies headquartered in the city rising by 50% over the last 10 years.

## Jakarta



One of the world's 10 largest urban economies, economic growth is expected to accelerate from 2016 onwards on the back of government spending on infrastructure; the Mass Rapid Transit in Jakarta is on track for completion in 2019 while plans for a light rail system are also taking shape. We expect continued expansion demand from firms which feed off Jakarta's most reliable resource – a large and growing population base.

## Lagos



The economic capital of Africa's largest economy, Lagos also has the fastest-growing population of any major city, with its population expected to nearly double over the next 15 years. Lagos is emerging as a regional hub for multinational corporations seeking to enter the African market and is building infrastructure to match its ambitions, including projects such as Eko Atlantic City, a new district being built on 10 million square metres of land reclaimed from the Atlantic Ocean.

To find out more about cities and real estate, visit  
[www.jll.com/cities-research](http://www.jll.com/cities-research)

### Explore and Compare 300 Cities

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



[Cities Research Center Home](#)



### Coming Soon

Publications from JLL Cities Research Center due out in Q1 2016:

**City Momentum Index 2016:** JLL's City Momentum Index identifies the world's most dynamic cities. The index covers 120 cities and tracks the speed of change of a city's economic base and its commercial real estate market, assessing short-term socio-economic and commercial real estate momentum.



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