

The Next Urban Economy: can Toronto be a Global Leader?

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University of Toronto May 2011

Preliminary

- Next Economy Programme launched by Brookings and LSE along with Global Metro Monitor in Dec 2010.
- 150 metros in the monitor. Dynamism.
- 7 cities/metros active in Next Economy Programme.
- Global Conference in Barcelona on June 8 2011. 6 more metros engaged.

Embrace the next economy? New cycle features.....

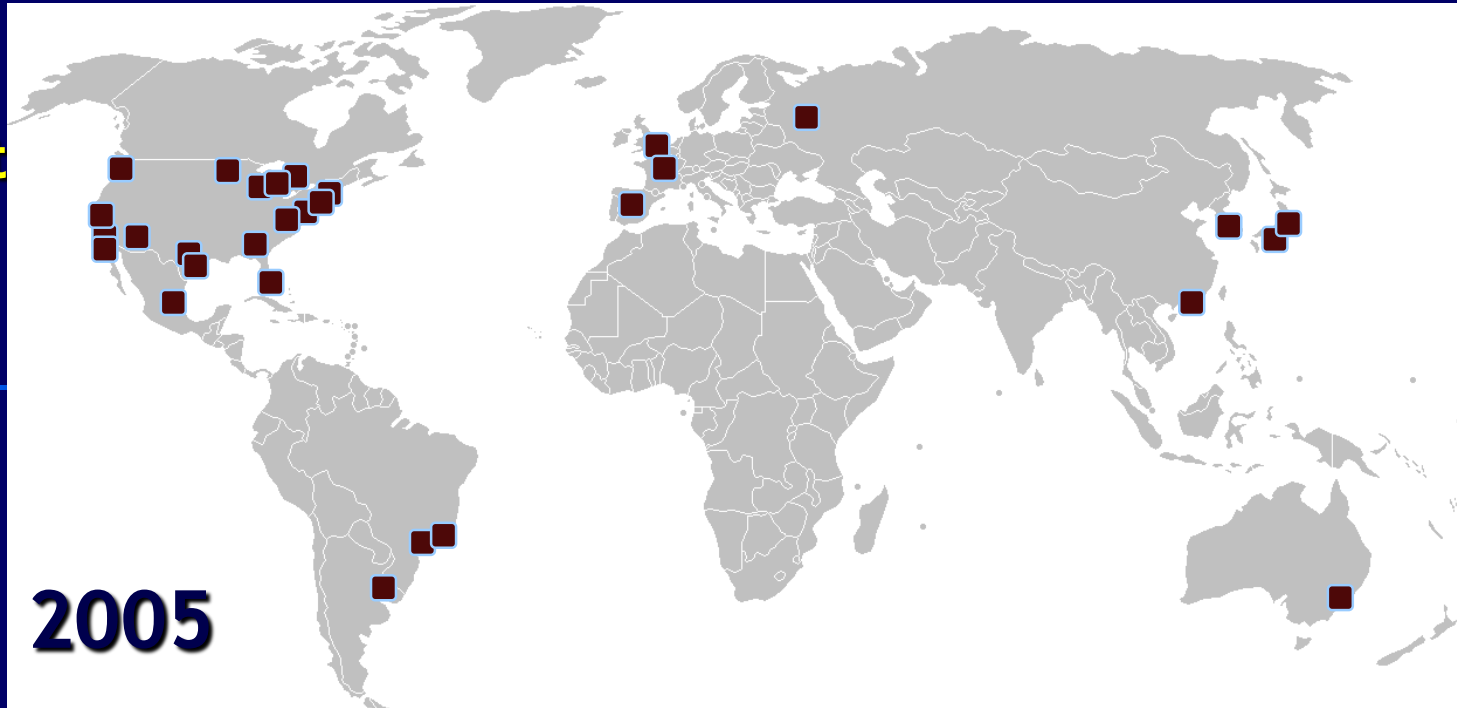
Next Economy

- Productivity rather than consumption.
- Distinctive rather than 'copying'.
- Specialisation in knowledge-led activities.
- Entrepreneurship and Innovation.
- Orientation towards growing markets globally
- Human capital, Talent, Openness,
- Quality of life and Quality of place.
- Green economy, Resource efficiency and Low carbon.

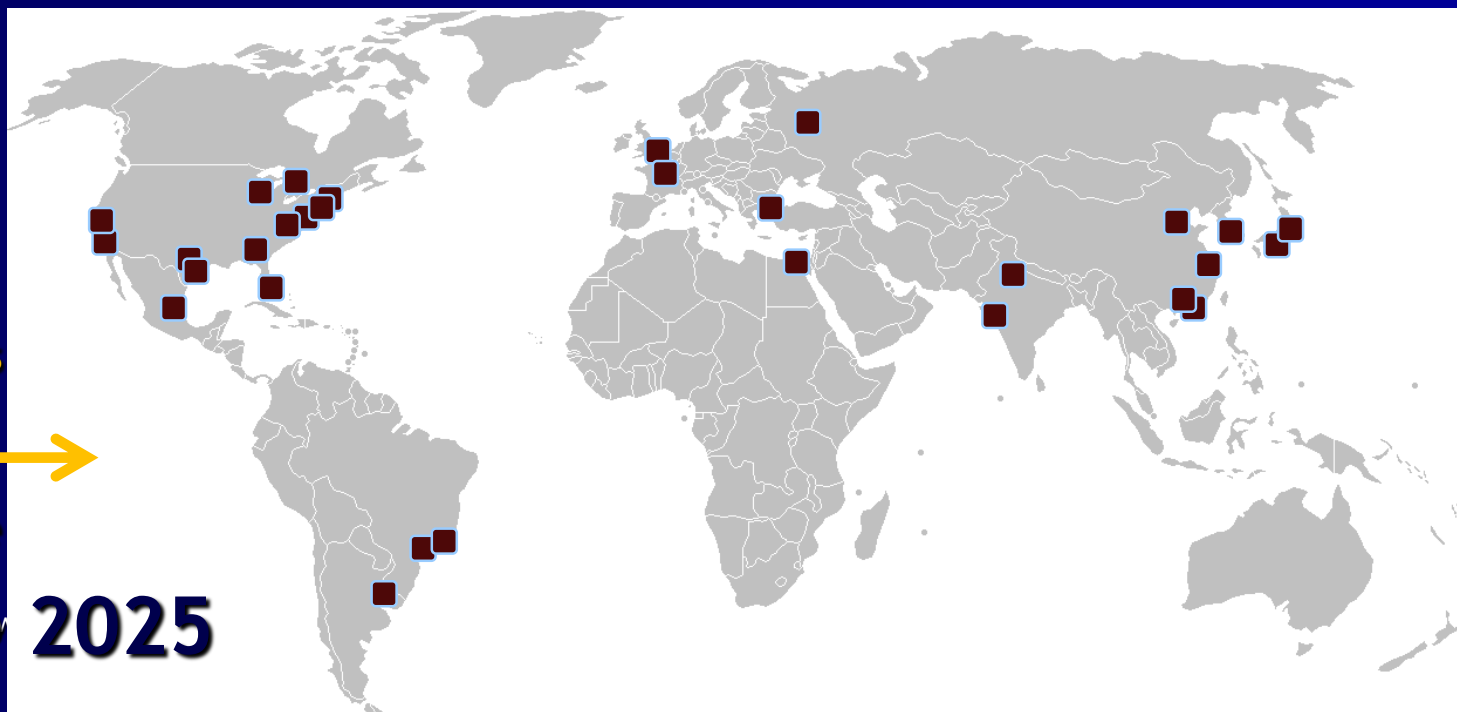
New Cycle

- Competition.
- Intentional rather than accidental.....
- Leadership rather than Government.....
- Assets rather than cash.....
- Economics rather than trendy?

30 richest cities in the world by GDP

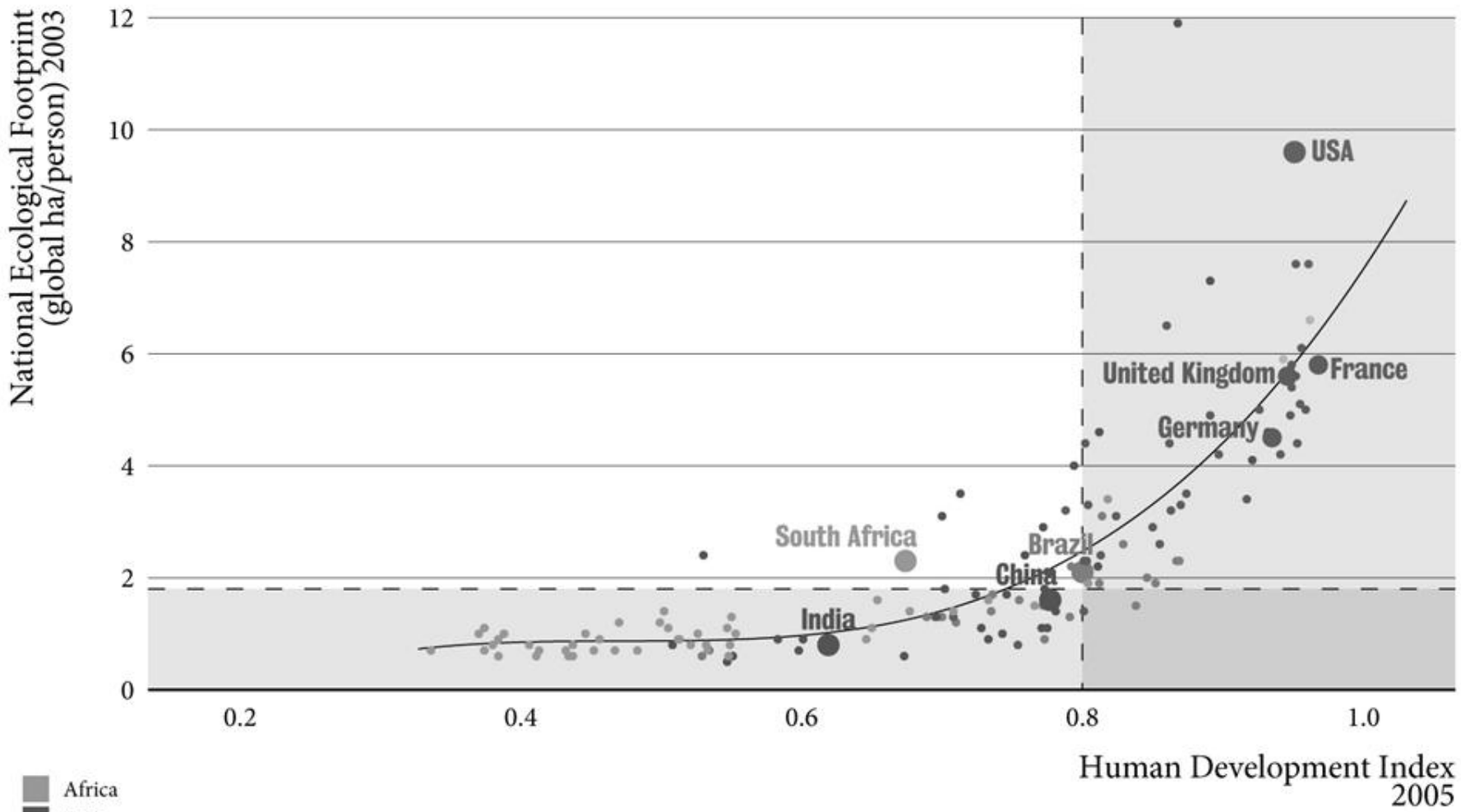


6 new cities
in the
Eastern
Hemisphere



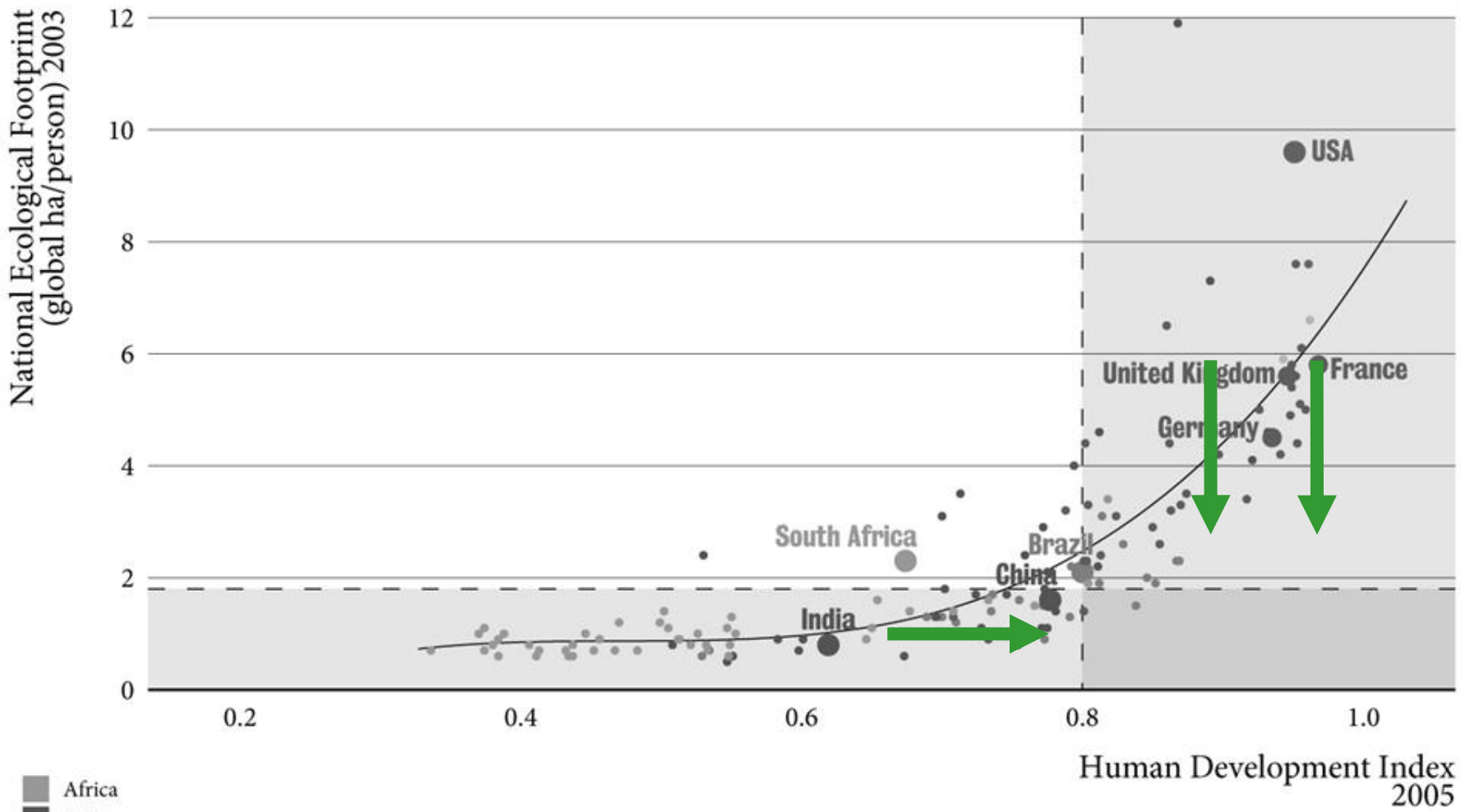
Source: PwC (2009)

Human and Urban Development and Ecological Footprint by Country



- Africa
- Asia
- Europe
- North America
- Oceania
- Latin America

HUMAN DEVELOPMENT AND ECOLOGICAL FOOTPRINT BY COUNTRY



- Africa
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The new world cities horizon



The future global urban system

A diversified urban network. Share of global growth of cities with 10 million+ population to fall from 14% to 10% by 2025. Medium sized emerging market cities will contribute over 40%. (MGI, 2011)

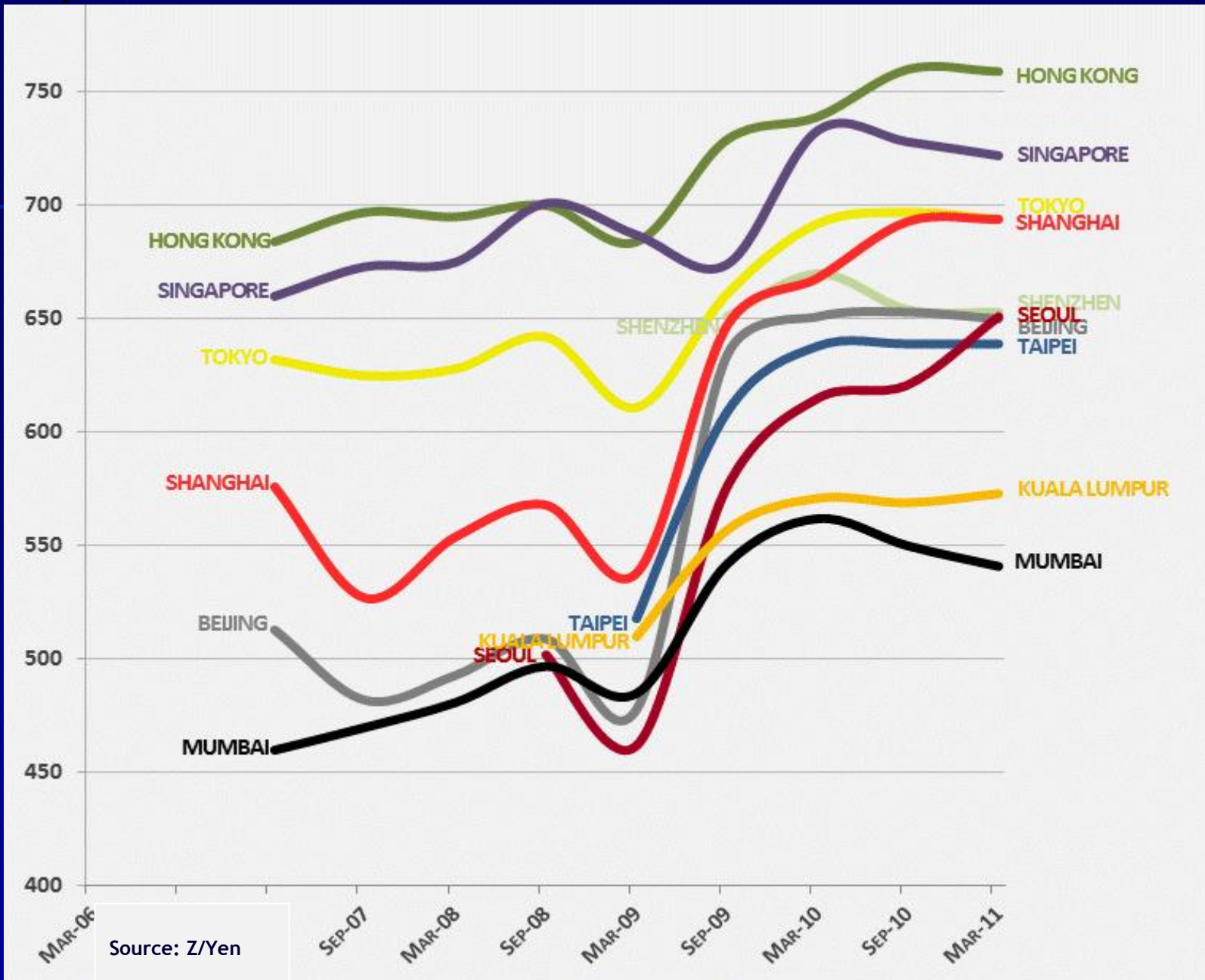
Demographic growth will remain fastest in Asian and African cities. Only 4 developed cities (NY, Tokyo, London, LA) will be among the top 20 most populous cities in 2025 (MGI, 2011)

Shanghai and Beijing are the big movers. Shanghai forecast to rank 3rd by GDP in 2025 behind Tokyo and New York, compared to 25th in 2008. Beijing is projected to rise to 5th up from 38th. (MGI, 2011; PwC, 2009)

Chinese cities are dominating the Asian renaissance. Shenzhen (10th), Tianjin (11th), Chongqing (17th) and Guangzhou (19th) are all set to enter the top 25 richest cities by 2025, with no other new entries from Asia. (MGI, 2011)

North American cities will still be indispensable wealth centres. 17 European cities are set to be among the top 100 wealthiest in 2025, while North America is forecast to be home to 26, of which 12 are in the top 30. (PwC, 2009)

Top 10 Asian cities in Global Financial Centres Index, 2007-2011



Source: Z/Yen

Seoul, Beijing and Shanghai have moved well clear of Kuala Lumpur and Mumbai as international finance centres

Urban Competition in Asia

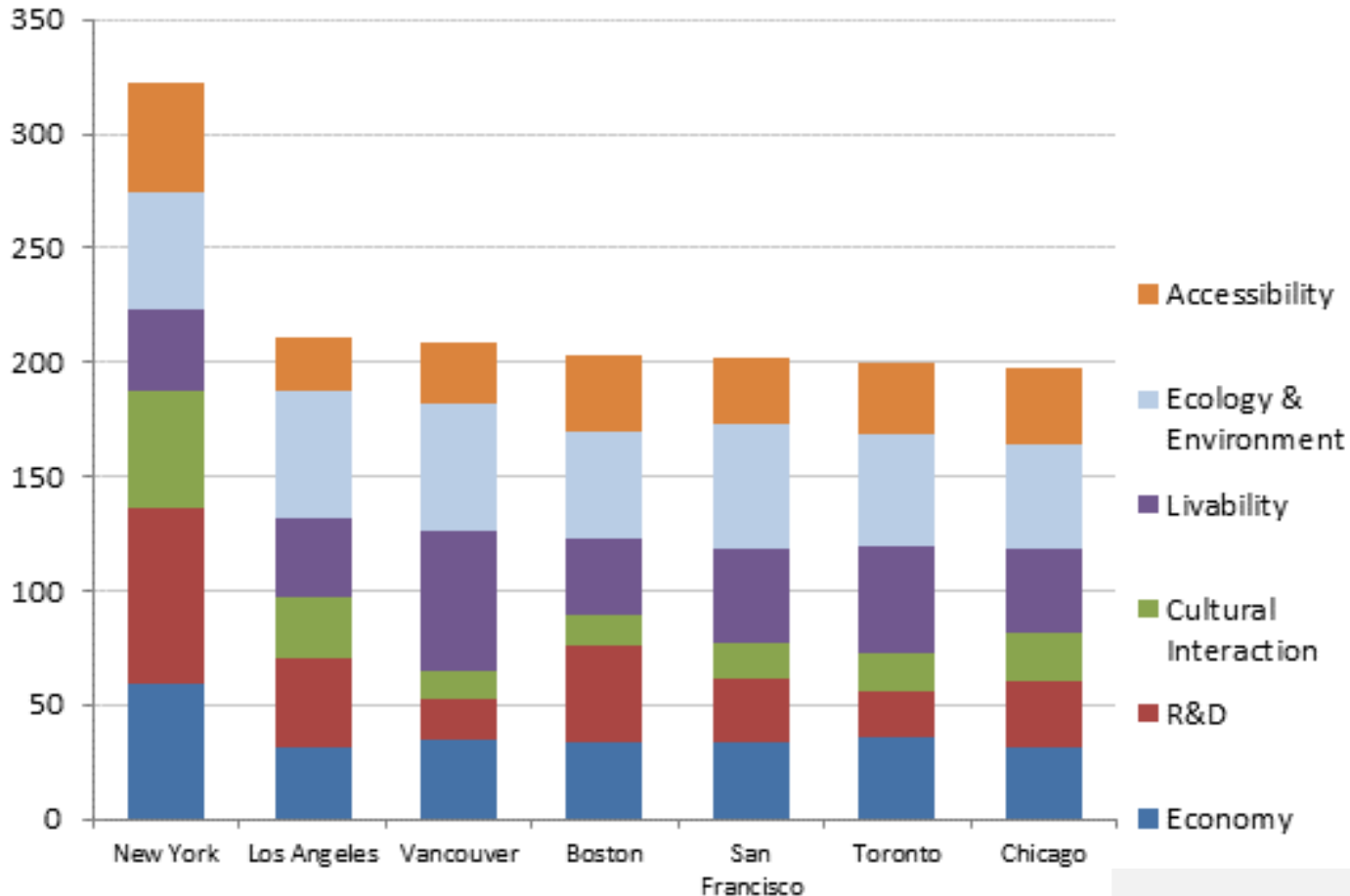
Tokyo remains just ahead as overall continental leader. Japan's capital is the top Asian city in the 2010 Global Power City Index, the 2010 Global Cities Index and the 2011 World Cities Survey. The city's **research** pedigree and **environmental** stewardship are preserving its advantage. (Knight Frank 2011; AT Kearney 2010; MORI MF 2010)

Singapore, Hong Kong and now Seoul are emerging as three all-round finance and lifestyle hubs. This triumvirate have superior ratings for internal and external connectivity, and are among the biggest global improvers in the Global Financial Centres Index series since 2007. (Z/Yen 2007-2010; MORI MF 2010)

Shanghai is cultivating cultural/quality of life credentials more rapidly than Beijing. Shanghai improved its position in Cultural Experience and Cultural Interaction metrics by 10 places since 2008. Yet both Chinese powerhouses are outside the top 10 Asian cities for liveability. (Mercer 2010; MORI MF 2010; AT Kearney 2010)

Many large Asian capitals, and South Asian cities in general, have lost out. Taipei, Jakarta, Manila, Bangkok and New Delhi have remained fairly static in business and finance terms. Indian cities are struggling, as exemplified by Mumbai, ranked 34th of 35 cities in the 2009 and 2010 GPCI, with typical weaknesses in R&D, cultural provision and transport.

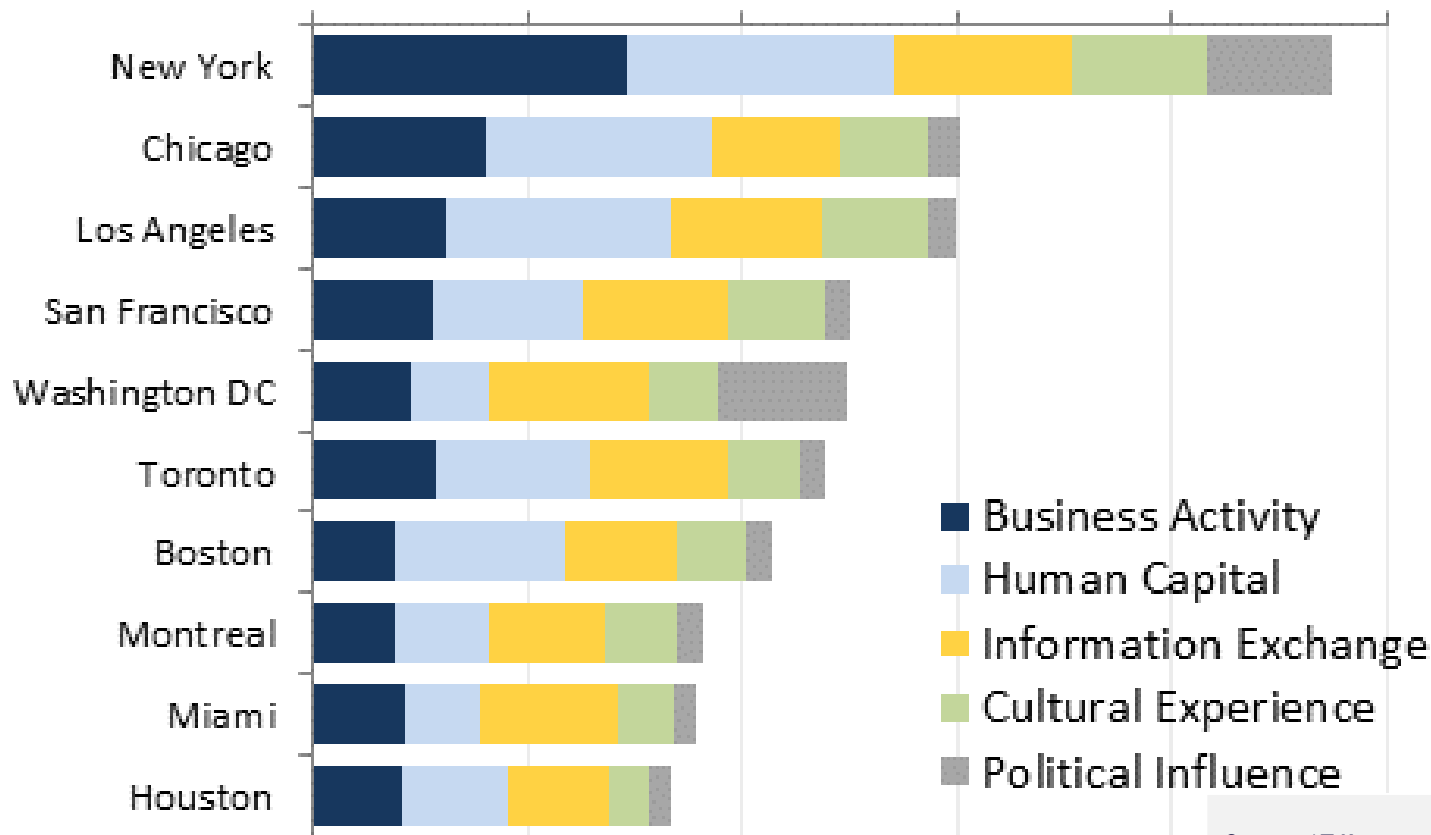
North American city performance in the 2010 Global Power City Index



Source: MORI
Memorial Foundation

With the exception of New York, all North American cities lost positions since the first edition in 2008, suffering in dimensions of economic intensity and political influence

North American city performance in the 2010 Global Cities Index



Source: AT Kearney

North American cities are much higher rated here thanks to excellent human capital ratings; Chicago is up 2 places to 6th globally, while San Francisco (15th to 12th) and Boston (29th to 19th) are among the biggest gainers in the 2010 edition.

North American cities (1)

New York endures as North America's premier investment and talent destination

- No.1 fDi North American city of the future 2011/12, with unparalleled economic density, workforce multi-lingualism and business friendliness.
- A continental leader for R&D, greenfield investment projects and professional services (GPCI 2010; IBM 2010; Z/Yen 2011)

Chicago and Toronto are emerging as two strong global contenders as others lose their global range

- Both are among the nine 'global leaders' for financial services. (Z/Yen, 2011)
- Toronto reliably rates among the world's top dozen cities for human capital, cultural diversity, innovation and quality of life. Chicago is one of the planet's top five cities for intellectual assets and knowledge economy talent (PNYC/PwC 2010; AT Kearney 2010)
- With the exception of NY, all North American cities in the *Global Power City Index* lost ground since the first edition in 2008, suffering in dimensions of economic intensity and political influence
- In terms of connections to global firm circuits, San Francisco and Miami plummeted from 17th and 25th respectively in 2000 to 46th and 68th in 2008. (GaWC 2009)

North American cities (2): new contenders

The rise of Texan cities

- Austin is rated a future national leader for its leadership in incubating small businesses and supporting entrepreneurs, rating 3rd for creative class workforce (Kiplinger 2010)
- Houston – 3rd fDi City of the Future 2011/12 thanks to continent-leading investment strategy, strong human resources and infrastructure

Green shoots in the North West

- Seattle emerges as an internationally-oriented creative city. It ranks 13th globally for comprehensive competitiveness, overtaking Stockholm and Geneva. (GUCP, 2010)
- Portland has best overall green credentials; in top 5 US cities for CO₂, LEED projects, environmental governance and green economy. Of cities above 1 million in population nationally, it has the highest percentage of workforce in the creative class, at over 40%. (Business Courier 2010; Sustain Lane 2008)

Canadian cities exceed expectations due to prime conditions for life and work

- 5 Canadian cities in the top 10 for regional quality of living (fDi Intelligence 2011)
- Calgary and Montreal have made dramatic improvements in the fields of labour attractiveness and finance respectively (Toronto Board of Trade 2010/11; Z/Yen 2011)

	Composite city benchmarks					Wealth, Investment and Finance						Knowledge and Infrastructure		Quality of life/ environment			Destination and Brand			
	Global Power City Index 2009	AT Kearney /Foreign Policy 2010 'Global Cities Index'	2008 Global Urban Competitiveness Project	Cities of Opportunity 2010	Citigroup/Knight Frank Wealth Report 2010	GaWC 2008 State of World Cities	PwC World;'s wealthiest cities by GDP - 2008	PwC World;'s wealthiest cities by GDP – 2025 forecast	UBS, Net Wages 2010	Z/yen Global Financial Centres Index 2010	2010 Global Cities Index- Business Activity	Mercer 2009 Top 50 cities by Infrastructure	QS World University Rankings, highest ranked university 2010	Monocle Most Livable Cities	Economic Intelligence Unit Quality of Life 2010	Mercer Consulting Eco-City 2010	Mercer Consulting Quality of Life 2010	EuroMonitor International, Top City Destinations 2009	2006 Anholt- City Brands Index	2010 Global Cities Index- Cultural Experience
No of Cities ranked*	35	65	500	21	40	525	151	151	73	75	65	50	500	25	140	50	50	100	60	65
New York	1	1	1	1	1	2	2	2	3	2	1	32	11		56		49	2	5	3
Los Angeles	13	7	6	12	5	39	3	3	5		19		9		47			16	15	6
Toronto	15	14	11	4	10	14	22	29	13	12	22	18=	29		4	39	16	13	14	18
Chicago	22	6	10	3	11	19	4	5	14	7	10	28	8		32		45=	86	27	10
San Francisco	24	12	9		17	47	18	25		14=	27		13		52		32	32	7	7
Montreal		31	23			82	41	54	12	25	44	15=	18	19	16	13=	21=	44	13	17
Boston	20	19	13		32	66	12	18		13	42	33	2		41=	25=	37		23	20
Washington		13	5		12	42	11	15		17	38	24=	155		35	23	45=	85	6	23
Vancouver	23		47			92	68	83		21		6=	44	16	1	13=	4	35	16	
Houston		38	20			72	19	26			40	49=	115		43					44
Miami		34	32		29	69	20	27	11		39	47=	235		37=			12		36
Seattle			37			100	24	34				49=	55		45		50	52	25	
Atlanta		40	38			45	17	23			41	15=	107		37=				28	27
Philadelphia			19				9	13					12			34			31	
Mexico City		30	74	18	21	24				50=	36		222		105			43	50	12

Toronto in global indexes since the financial crisis

An emerging world city of genuine calibre

- Toronto is the 2nd most globally connected business city in North America after New York (GaWC 2008). It one of the few North American cities to maintain its comparative position, as L.A., San Francisco and Miami slip down the list
- 4th best city in the world across comprehensive *Cities of Opportunity* 2010 metrics

A leader in offering 'balance'

- One of only 4 of the top 20 finance cities (with Zurich, Frankfurt and Sydney) to also feature in the top 20 of both major quality of life indexes
- Improvement in education institution rankings and cultural measures
- Real estate investment prospects ahead of all European cities (ULI, 2010)
- High affordability - joint leader of the Big Mac Index in 2009 (UBS, 2009)

Pioneer in several new dimensions of competitive urban provision

- In the top 10 for human capital and diversity
- Rated in the top 5 for sustainability by *Cities of Opportunity*, as well as gaining top 10 places in two other comparative assessments.

So all is rosy?

What are world cities doing after the crisis?

- **New economic strategies:** Focus around distinctiveness, high skills, talent attraction and innovation
Implementation
- **New investment strategies:** New and innovative approaches to partnering and delivering with the private sector. JVs, PPPs, Funds, Assets.
- **New partnerships with higher tiers of government:** New long term working relationships with central/fed government in particular based on more flexibility and local autonomy
- **New focus on efficiency:** Drive for improved quality at lower costs, public service reform, re-organisations, consolidations, shared services.

Economic Development and City Government

Four roles of city government:

1. Representation.
2. Services.
3. Regulation.
4. **Development and Investment.**

This 4th role is **different.....**

Markets, Geographies, Time-Frames, Partners, Financing, Clients, and Stakeholders...Balance Sheets, Assets, Projects...

.....requires additional expertise and arrangements...

Building local economies

A. Economic Growth

Business climate, cost base, infrastructure, planning, site development, business friendly services and regulation, skills, amenities, attractiveness, positioning.

B. Economic Development

Sectors, enterprise, employment, facilitating direct investment, events, tourism, locational development.

C. Economic Inclusion

Targeted support for jobs, micro firms, social infrastructure, neighbourhoods.

Most cities do lots of B and C and not enough of A
These are not alternatives. They need to be combined.

Common problems with cities and economic development

- i. Lack of intelligence and analysis and demand side insights and competitor insight
- ii. Poor local business climate
- iii. Local gov not business friendly
- iv. Lack of leadership and co-ordination
- v. Limited use of investment tools
- vi. Too many small entities
- vii. Limited ROI definition
- viii. Disparate marketing efforts

New solutions

1. Economic intelligence. Hong Kong. London. New York. Paris.
2. Business climate initiatives. New York. Singapore.
3. Strategic planning. Paris, Hong Kong, Sao Paulo.
4. Infrastructure advocacy. London. Hong Kong.
5. Consolidation of development organisations. Auckland. Cape Town. London. New York. Sydney.
6. Integrated regional marketing organisations. Sydney. London.
7. Specialist dev finance capability. New York. Boston. Milan. Barcelona.

Is Toronto on track?

1. Toronto's approach to economic development?
Consciousness, incentive structure, regional dynamics, inter-governmental realm.
2. Path dependency? Risks, limitations, of current approach?
3. Moment of opportunity or threat? New Leadership.

Leadership and Systems

Leadership



The leadership challenge....

Political	Economic
Political geography	Economic geography
Political time	Economic time
Political actors	Economic actors

What is local economic leadership? Can elected local leaders be economic leaders?

The many faces of local economic leadership...



Alexander Otto
CEO
ECE Projekt
management

Private and
Business



Andrew Boraine
CEO
Cape Town
Partnership

Development
Agency



**Jordi William
Carnes**
Deputy Mayor
Barcelona

Development
Department



Boris Johnson
Mayor
London

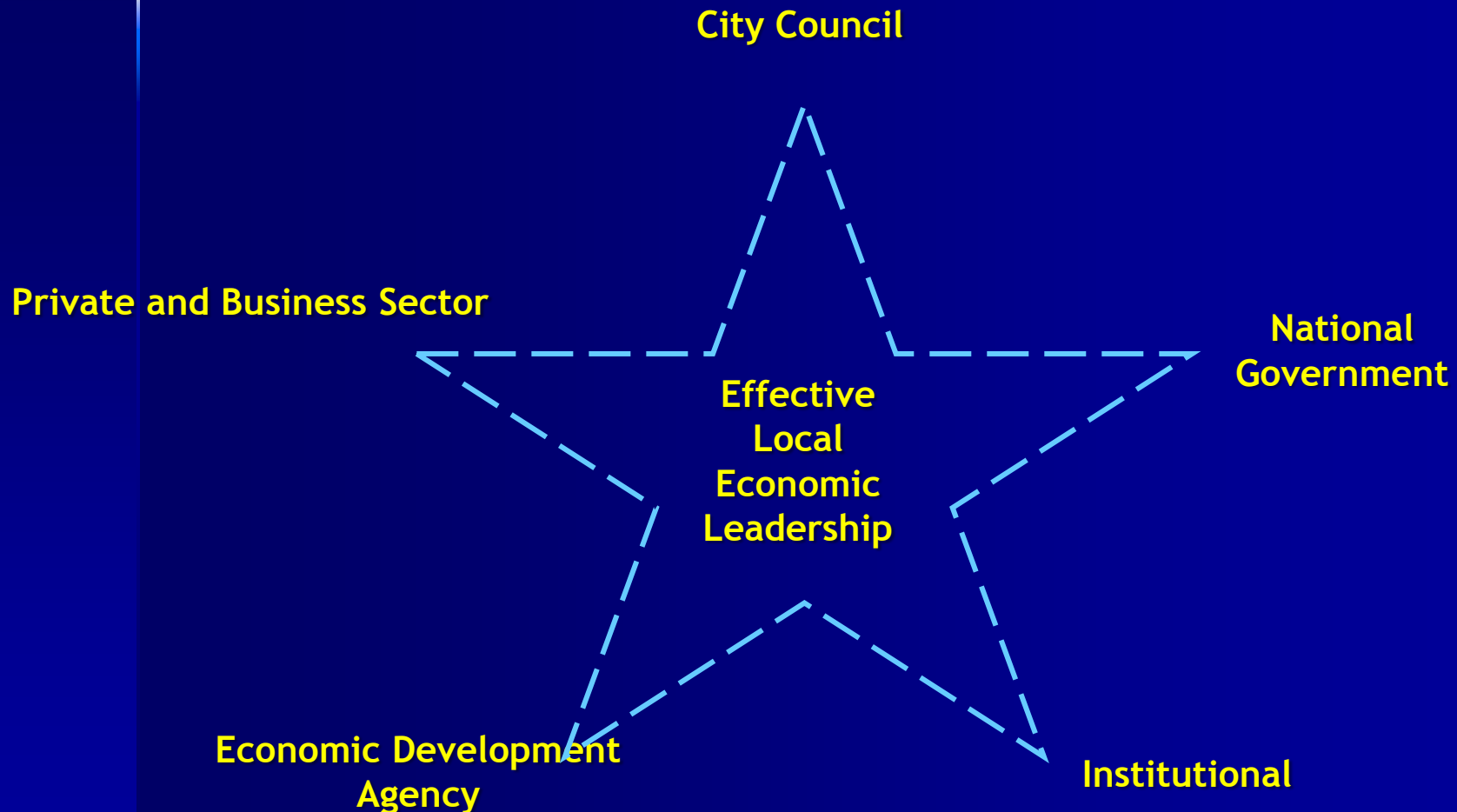
Elected Mayor











Sheena Wright
CEO
Abyssinian
Development
Corporation

Civic

Local Economic Leadership in the Local Economic Development System



What role for business groups in the city development system?

	Negotiate Advocate with Gov	Brand Attract & retention	Reg collab	Bus know how	Comms & media	CSR	Int best practice	Pay for activities	X Party collab	Wider particip
	✓✓✓	✓✓	✓✓	✓✓✓	✓✓✓	✓	✓✓	✓✓	✓✓✓	✓
	✓✓	✓	✓✓	✓✓✓	✓✓	✓	✓	✓	✓✓✓	✓✓✓
	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓
	✓✓	✓✓	✓✓✓	✓✓✓	✓✓	✓	✓✓	✓	✓✓	✓✓✓
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