

# GLOBAL CITIES INVESTMENT MONITOR 2020

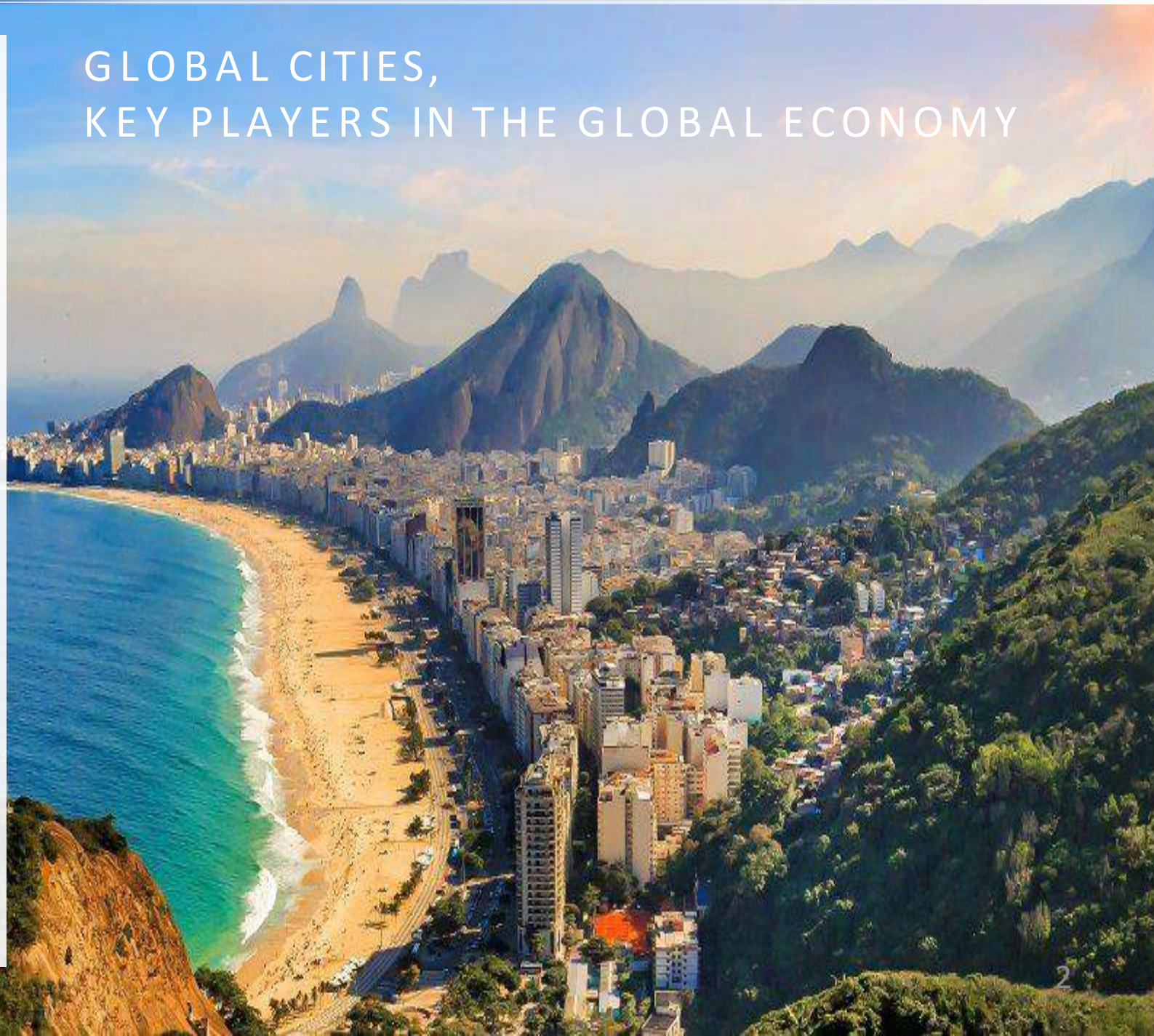
NEW RANKINGS, TRENDS AND CRITERIA

## GLOBAL CITIES, KEY PLAYERS IN THE GLOBAL ECONOMY

Global cities are attractive and stimulating environments where top decision-makers, talents and financiers join to produce business and social innovation. They are a global network of densely connected focal points, each intensely competing with the other to define the best economic and political standards.

Global Cities concentrate a disproportionate part of talents, businesses and capital. They are the places where most decisions are made, innovations launched, and people enabled. Global cities are to the world what cities are to a country. And then there are top global cities, where everyone expects the world of tomorrow to be shaped and where, as a result, world-changing moments actually happen.

The club of top global cities has opened and expanded far beyond the 20th century happy few. While Paris, London and New York have successfully reinvented themselves, and still possess unique brands, competition among global cities is more open than ever before.



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Franck  
MARGAIN  
Chairman,  
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PARIS  
REGION



Christian  
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Chairman,  
GREATER  
PARIS  
INVESTMENT  
AGENCY



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## PARIS, MODEL OF RESILIENCE

2019: Paris was comforted in the top 3 most attractive global cities. Overall, Paris is the success story of the 2010's. It changed gear in attracting international investments and moved in the top league, the only city to do so in the decade.

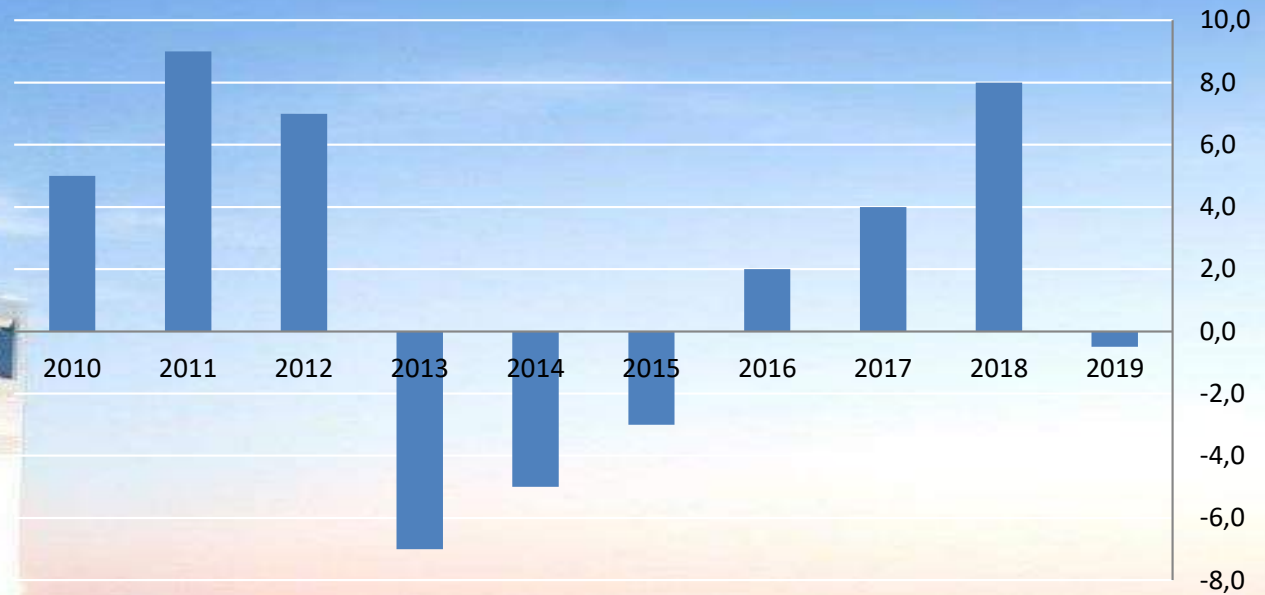
Paris, like any other, will experience a severe turndown in this CoVid time.

But Paris, perhaps more than others, will be able to rebound thanks to it's quite unique diversified economy, which makes it a top destination for software and financial services as well as industrial production and logistics.

Our survey show that Investors will keep looking at what global cities are ,the positions they hold. But also, and increasingly, at what they do : the stimulus package they provide, the determination they show, the agility they prove.

So the message could very well be "Keep calm and carry on... but differently."

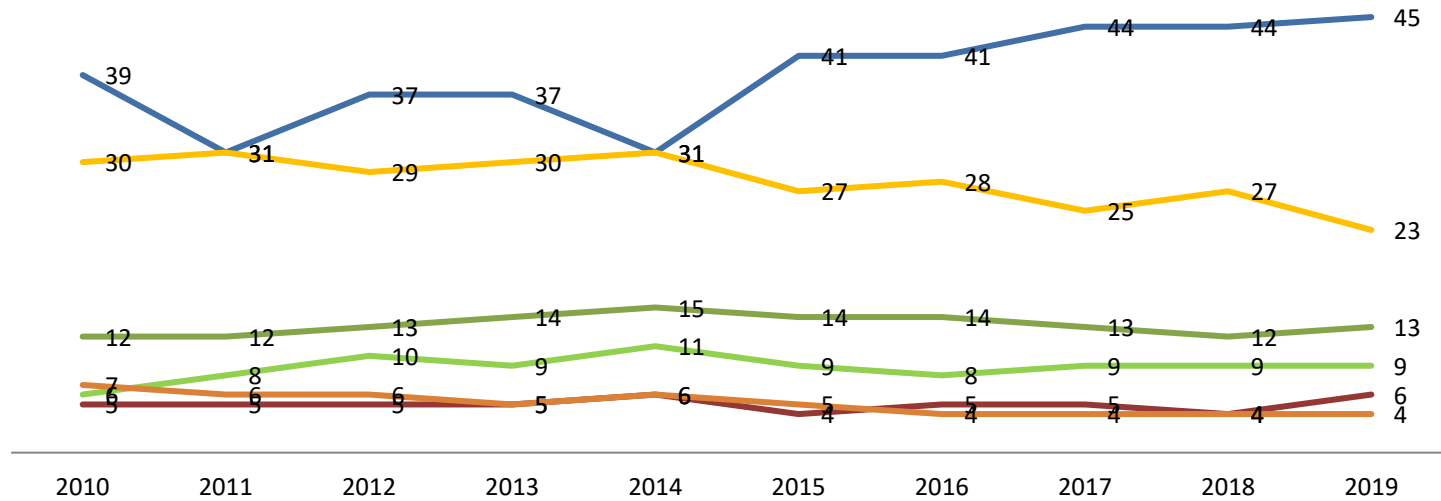
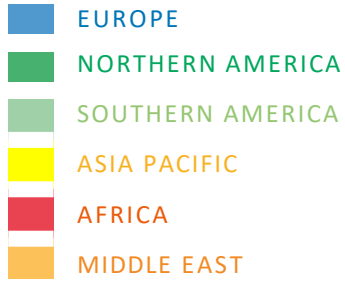
International Investments : change over previous year (%)



In 2019 international investments stalled, a marked reversal of fortune after six consecutive years during which they had enjoyed a bullish market.

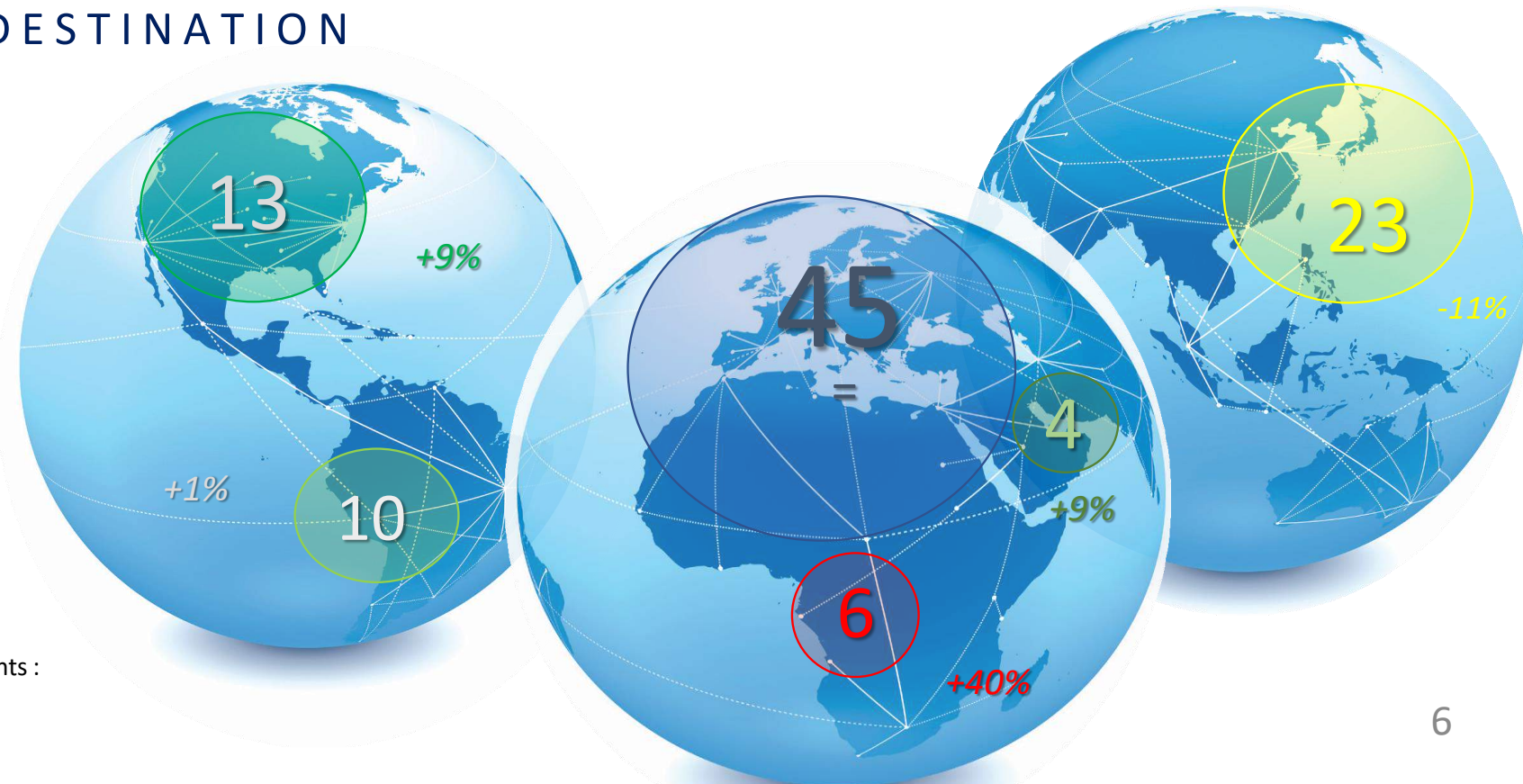


INVESTMENTS FROM:



## EUROPE N°1 DESTINATION

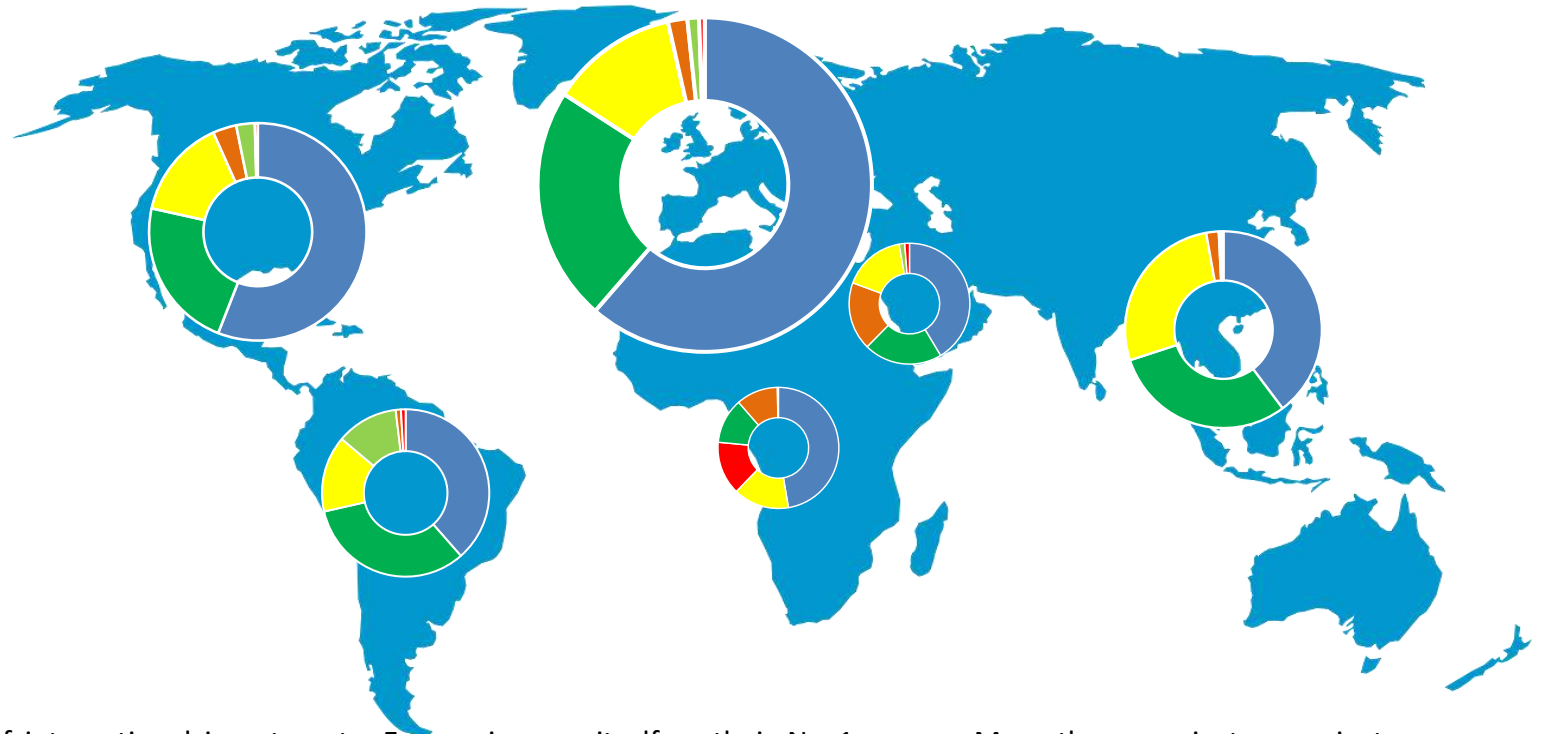
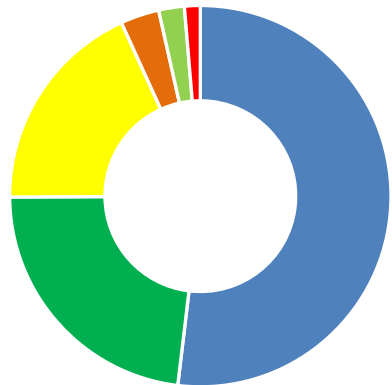
When it comes to the intercontinental balance, 2019 was a year that saw previous trends continued and amplified : Europe was once more by far the first destination, and the gap with the second, Asia, amplified again. Africa was the continent whose year-on-year change was the most remarkable.



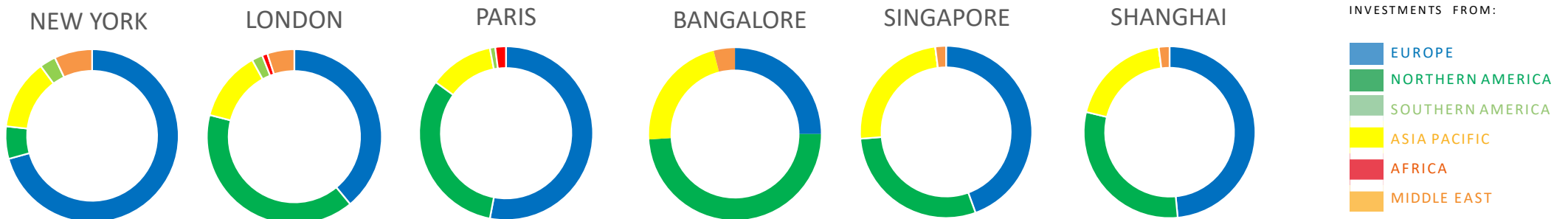
Global International Investments :  
Market shares (%)

## EUROPE N°1 SOURCE OF INTERNATIONAL INVESTMENTS

Source World region	%
Europe	52
North America	23
Asia-Pacific	18
Middle East	3
Southern America	2
Africa	1



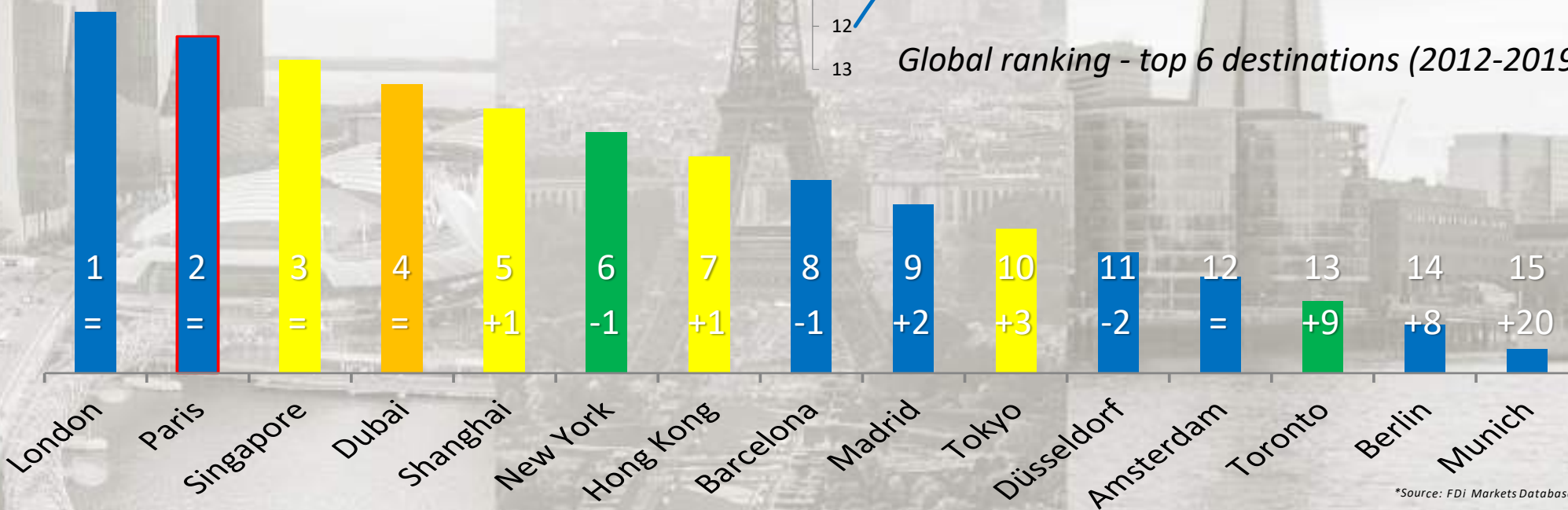
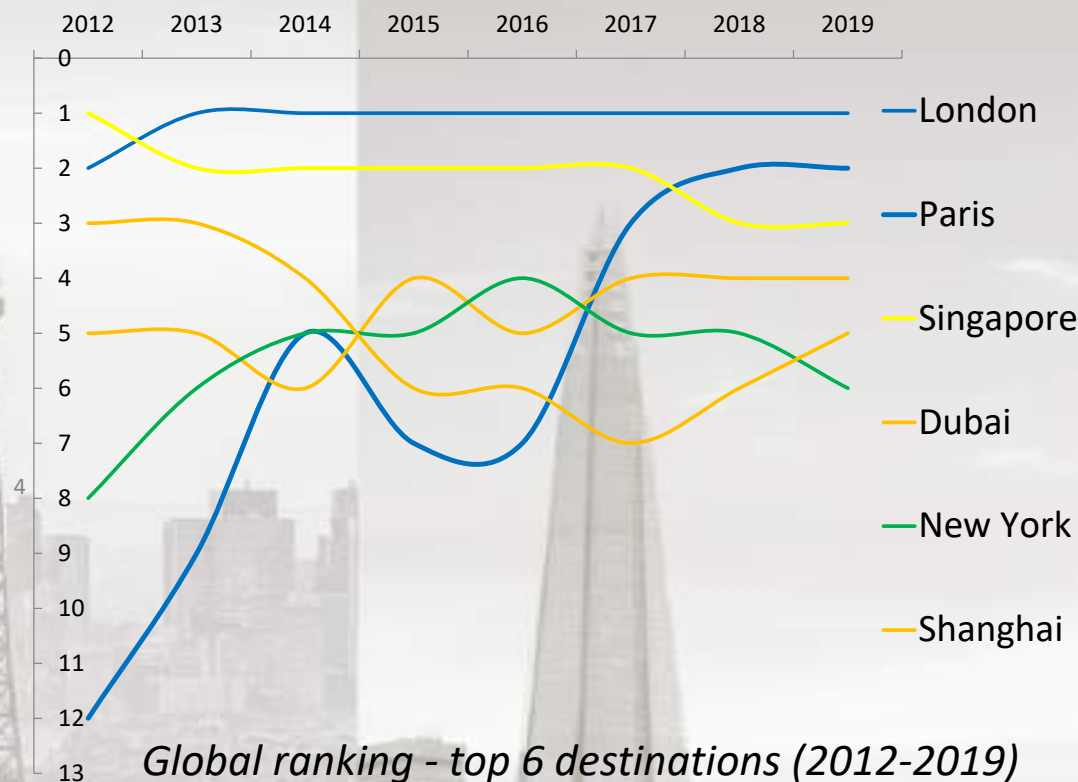
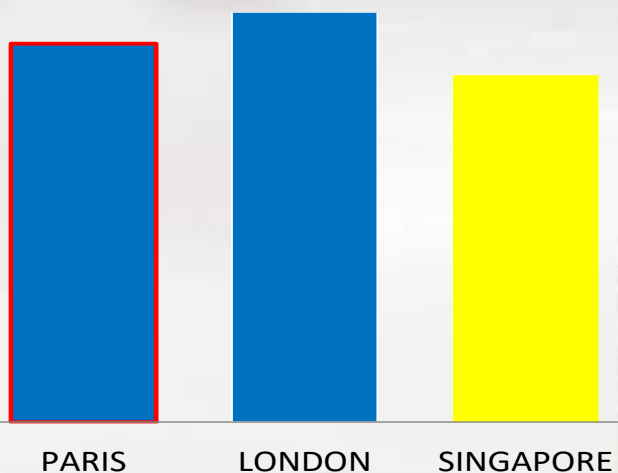
Even more than the No 1 destination of international investments, Europe impose itself as their No 1 source. More than one in two projects originate in Europe, when Northern America, the No 2 source accounts for only 23% and Asia for 18%. European primacy appears in the investments realized on all continents. Global cities almost all display the same pattern. Among the exceptions: London or Bangalore (below).





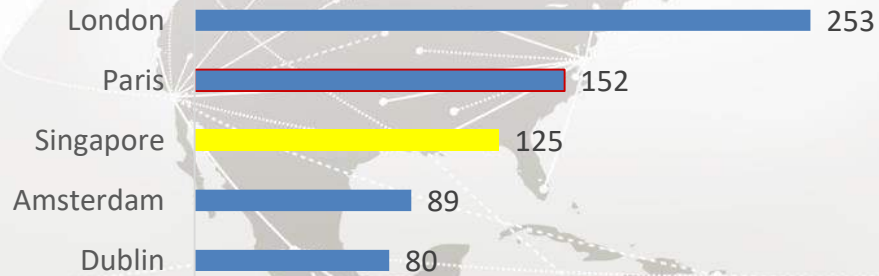


And in 2019, the three most attractive global cities were... Paris, London and Singapore. The winning trio for the second year in a row, these global cities enjoy a number of advantages, real and perceived, which we will cover in the following pages. Paris is the success story of the 2010s, the only global city that completely changed league to join the very top players (see chart, right). In the top 15 cities (chart, below), European cities dominate, but Asian cities are also well represented.

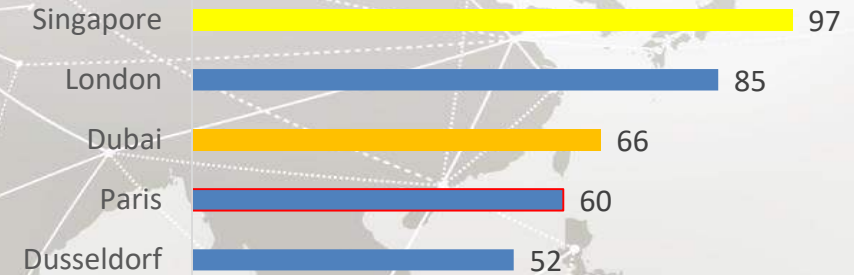


## BY ORIGIN OF INVESTMENTS : Top destinations of...

### American investments



### Asian investments



Paris comes on top with European investors, Singapore with Asian, and London with investors from another continent, Northern America.

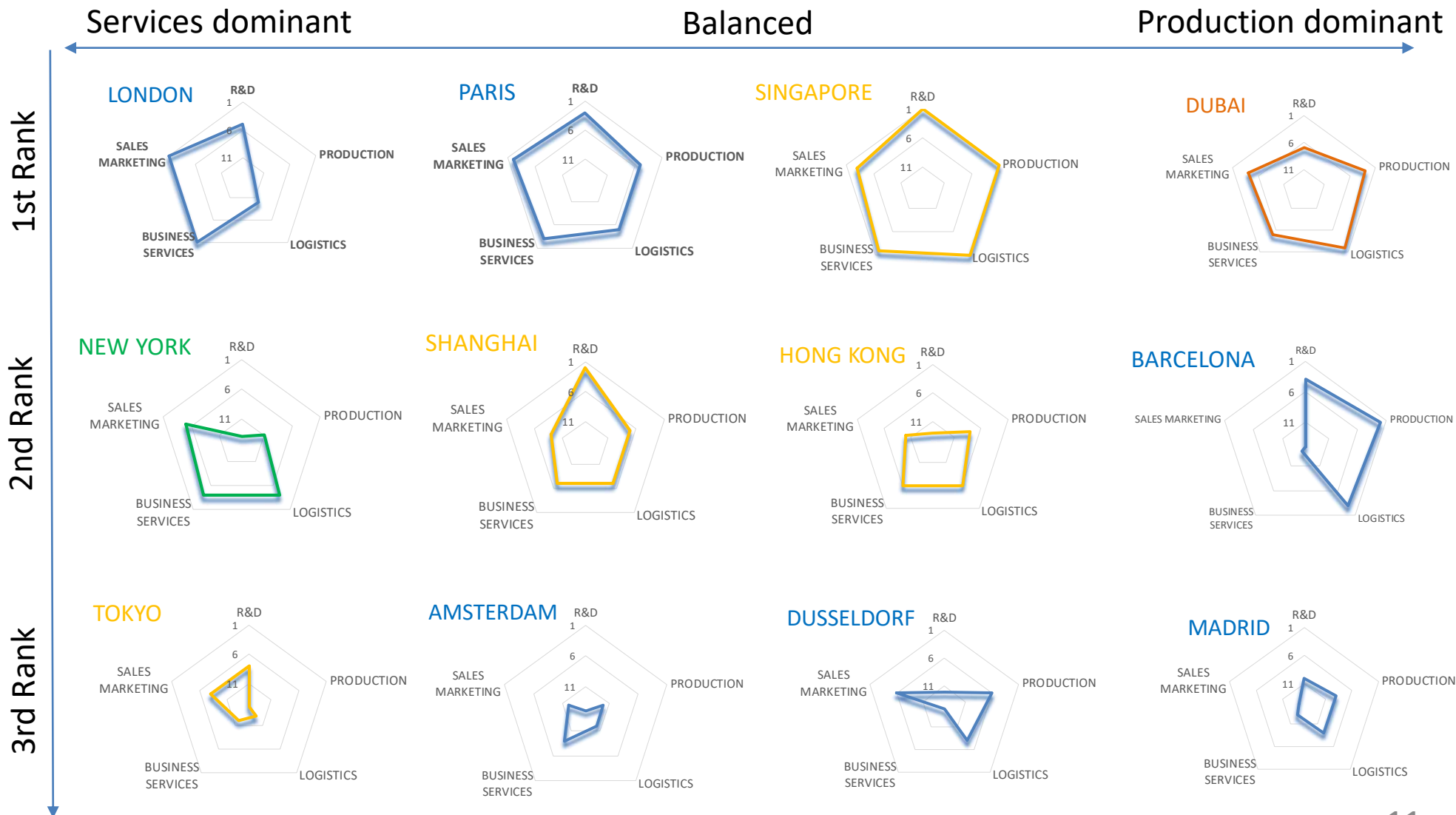
Each of the three most attractive global cities tops a ranking, indicating a different positioning in the global market.

Paris has recently gained several ranks in the Northern American and Asian rankings.

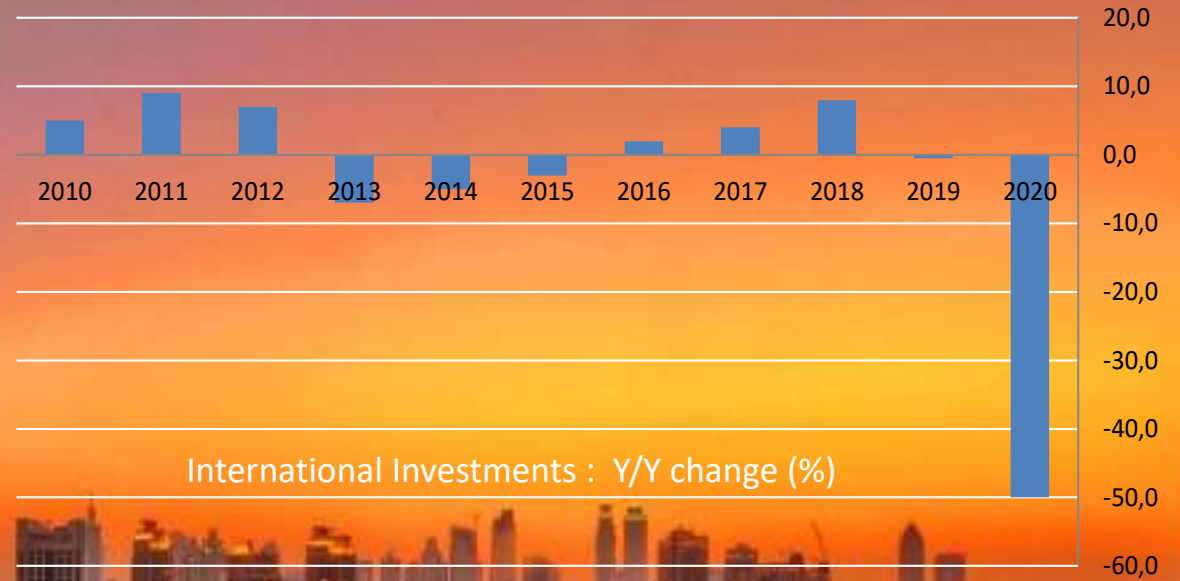
### European investments



A sectorial analysis reveals that some global cities are extremely specialized, regardless of the number of investment. London is typical, almost a mono-industry devoted to financial headquarters. Likewise, but in the other direction, Barcelona attracts almost only projects in production and logistics. By contrast, Paris or Singapore enjoy a much more diversified appeal and are capable of leadership in all sectors, a fundamental ingredient of resiliency.

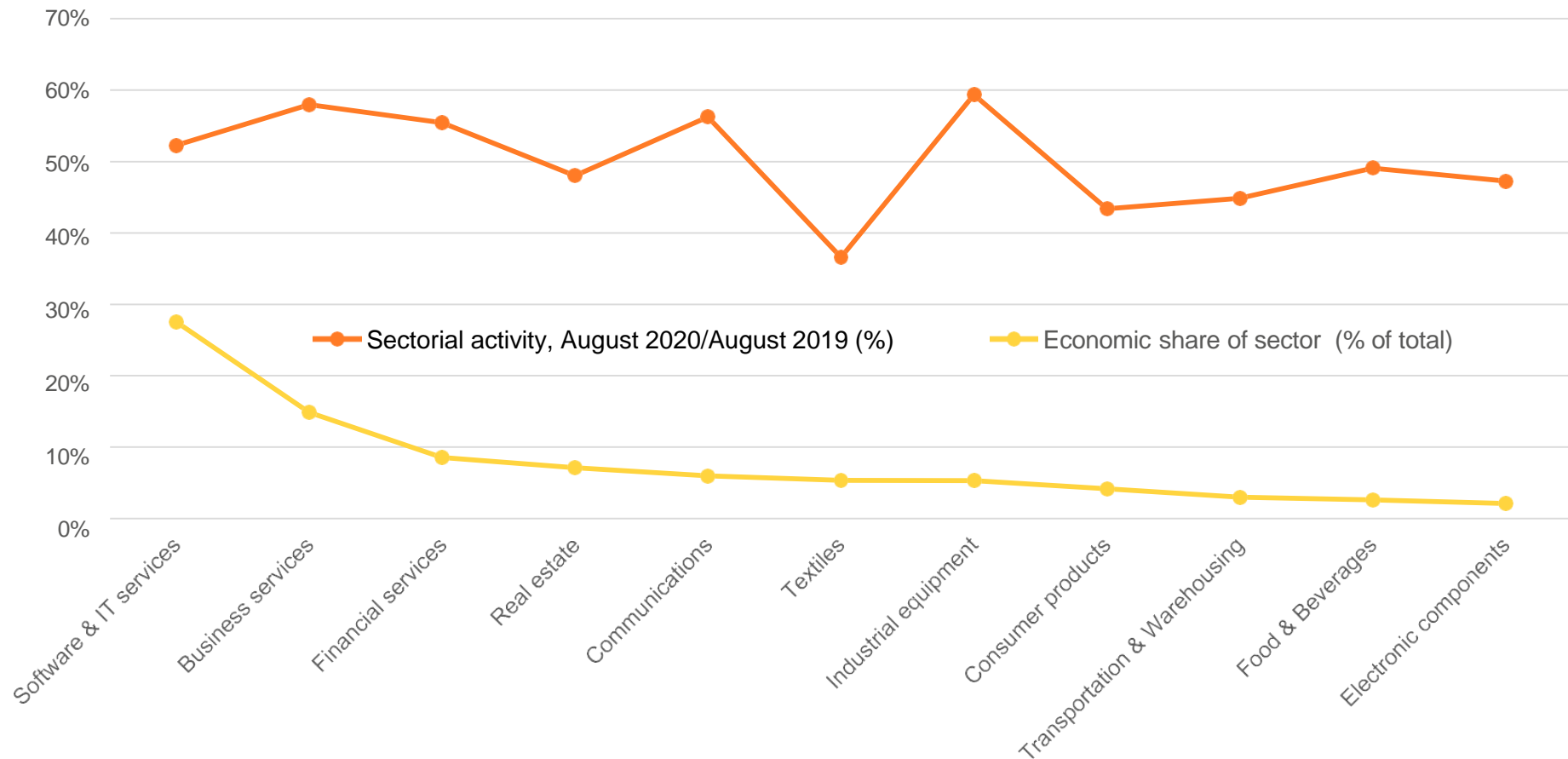


## 2020 : GLOBAL INVESTMENTS PLUNGE



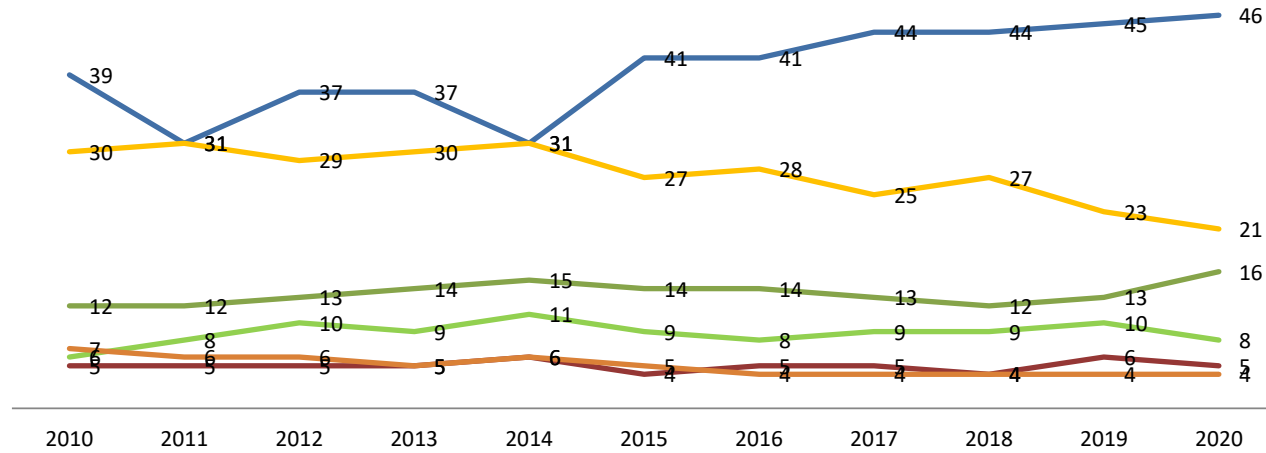
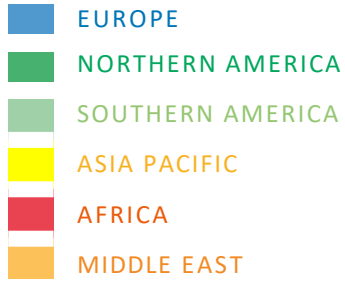
In 2019, investments stalled. But it was only the prelude to the most dramatic plunge ever recorded. 2020 marks a 50% drop in international investment, an event probably without parallel since the Second World War.

## THE CRISIS IMPACT SECTOR BY SECTOR



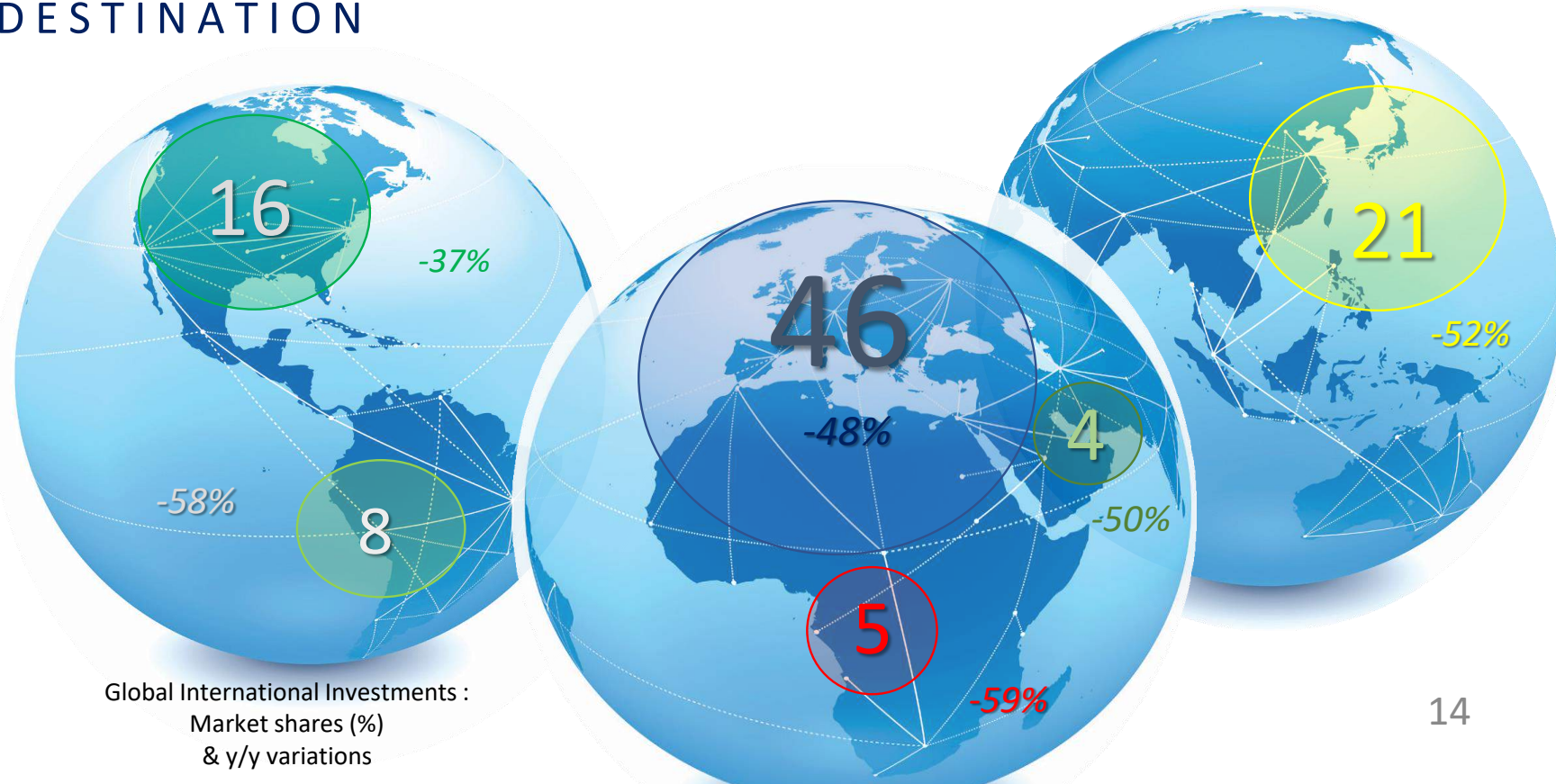
The 2020 massive plunge affected all sectors. Consumer goods are slightly more impacted than equipment goods due to the nature of the shock. Covid-19 confinement all over the world ultimately limited consumption more than B-to-B activity, which depends on longer cycles. But this might well be in the short term only...

INVESTMENTS FROM:



## EUROPE N°1 DESTINATION

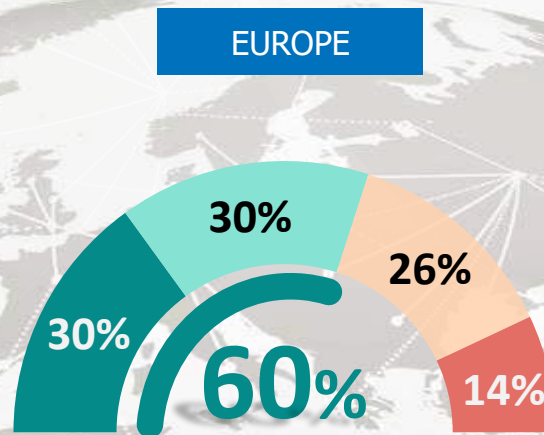
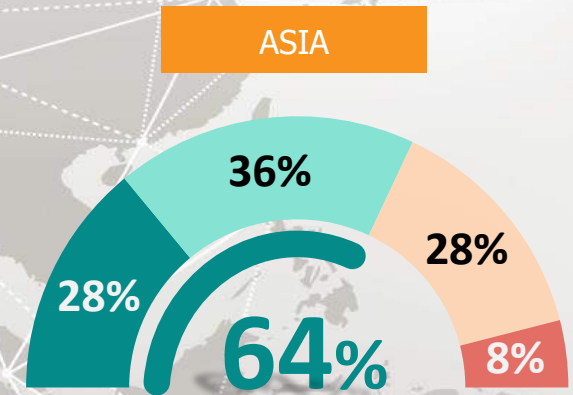
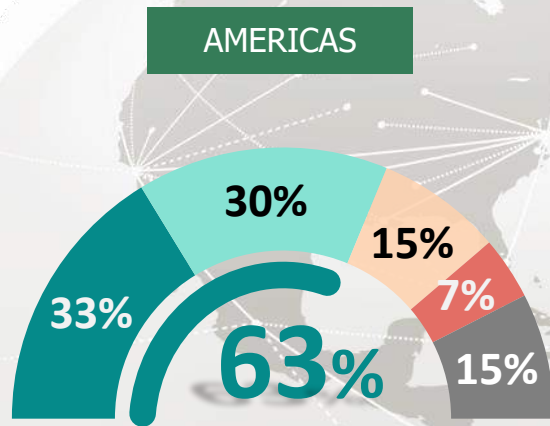
In spite of the considerable external shock, continental market shares hardly changed in 2020. If anything previous trends were continued and the gap between Europe and Asia widened. Northern America's share rose sharply though, may be because the continent was paralyzed later than the other ones by the pandemic, and recorded as a result a lesser decline in international investments.



Global International Investments :  
Market shares (%)  
& y/y variations

"In your view, will the crisis change your investment criteria?"

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
- Do not know



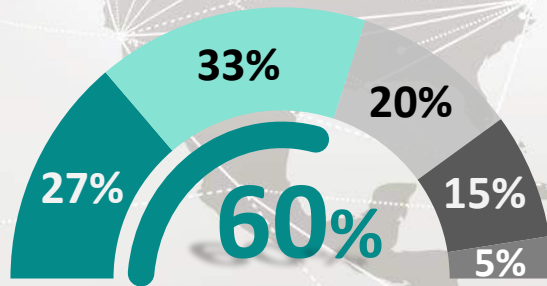
The investors were interviewed in September 2020, as the first Covid-19 wave receded and as the second wave was still highly hypothetical.

The investors testify of an awareness of how acute the crisis was. A large majority of them, regardless of the continent, consider they will have to adapt and revise their investments criteria.

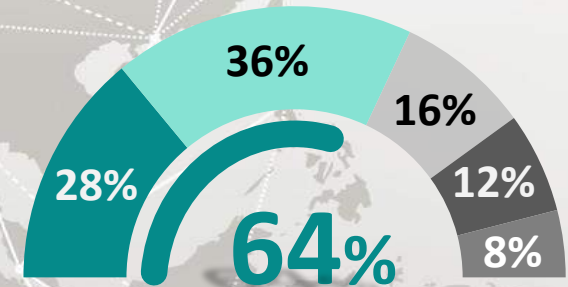
*"In your view, has a global city's capacity to react to environmental or sanitary crises become a major investment criterion?"*

- Major
- Important
- Secondary
- Negligible
- Do not Know

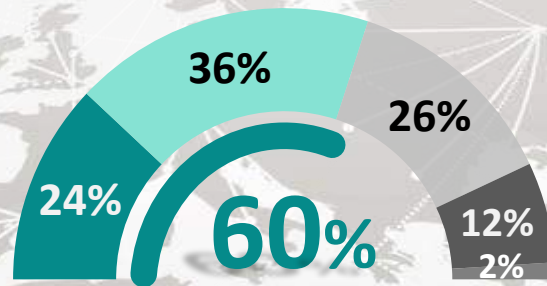
## AMERICAS



## ASIA



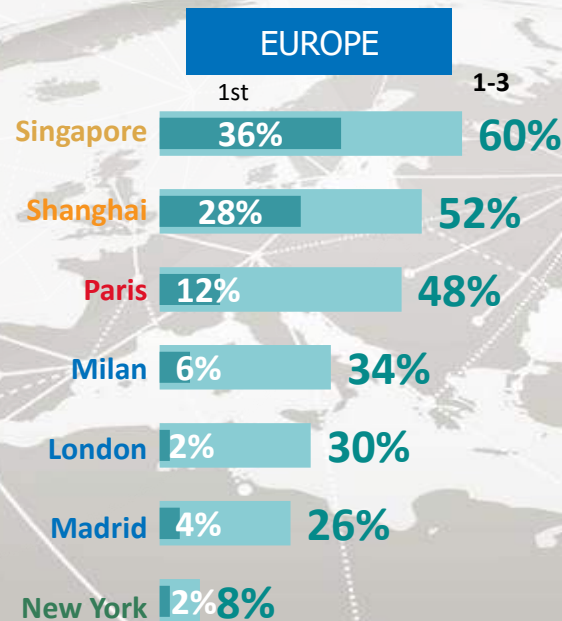
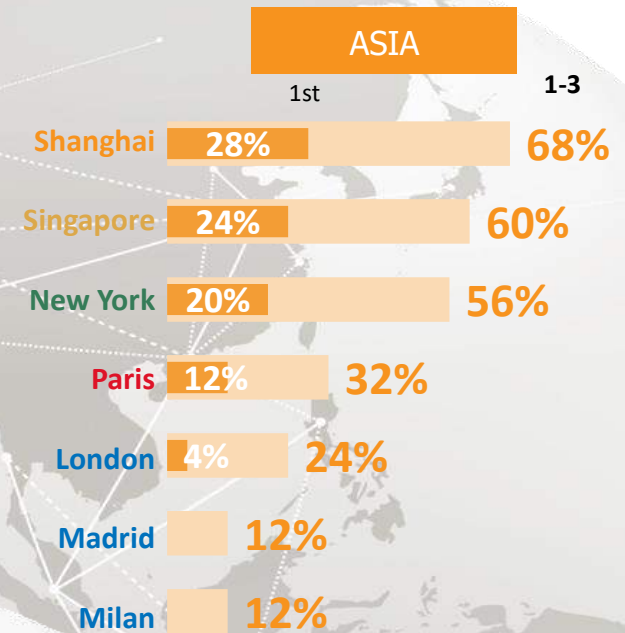
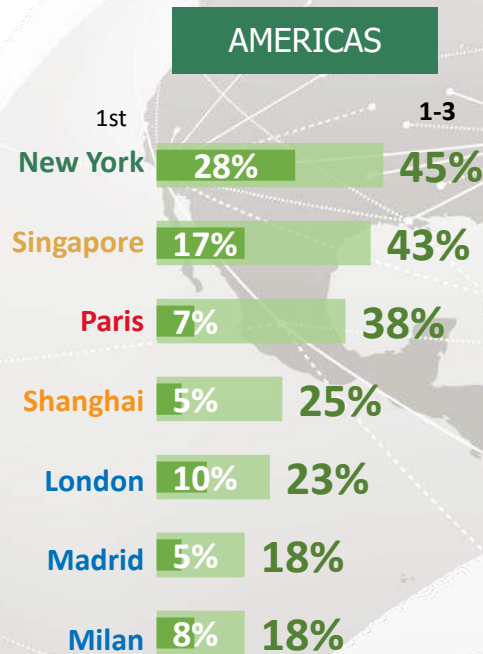
## EUROPE



International investors recognize the prime role played by global cities in fighting the pandemic. Global cities are not only the locations where contaminations concentrate but also the places where the pandemic and its economic effects are fought, the real frontline of the crisis.



"In your view, which 3 cities among the following global cities fared the best during the first wave?"

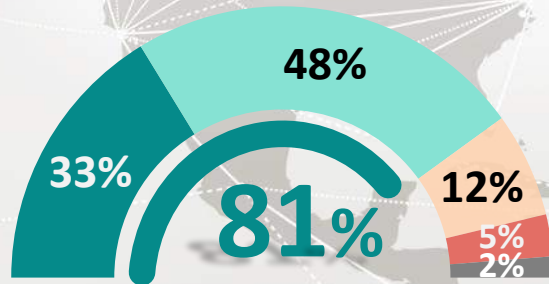


Notwithstanding a slight tendency to pay more attention to the leading cities of their own continent, investors converge on their appreciation of how well each global city surveyed fared during the first wave. Paris was, on all continent, the European global city which was deemed to have reacted the best.

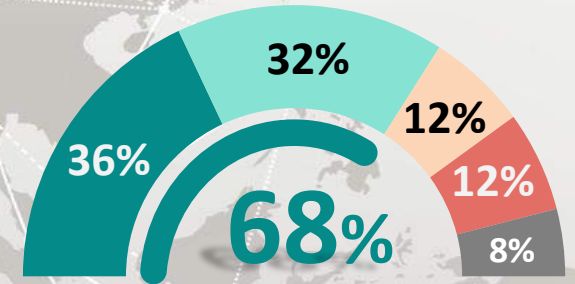
*“Do you take into account recovery plans when formulating investment strategies ?”*

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
- Do not know

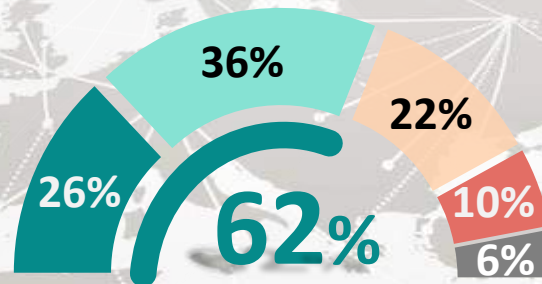
## AMERICAS



## ASIA



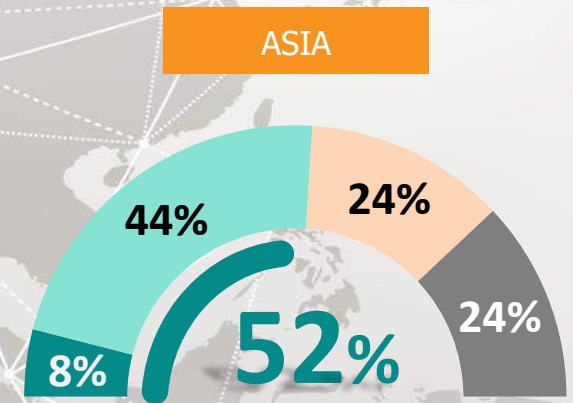
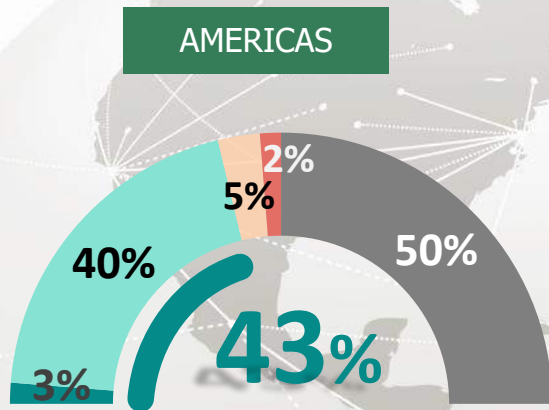
## EUROPE



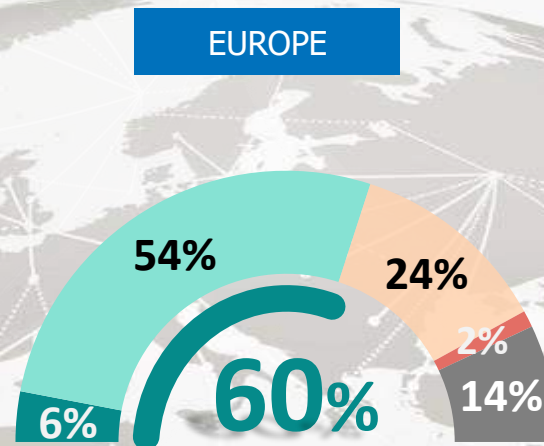
International investors confirm the importance of the recovery plans launched by global cities. The proportion of investors who acknowledge the role of global cities and the importance of their recovery plans converge, with American investors being even more adamant that the plans constitute a key economic asset.

*“In your view, was the reaction of the governmental authorities in Paris adequate?”*

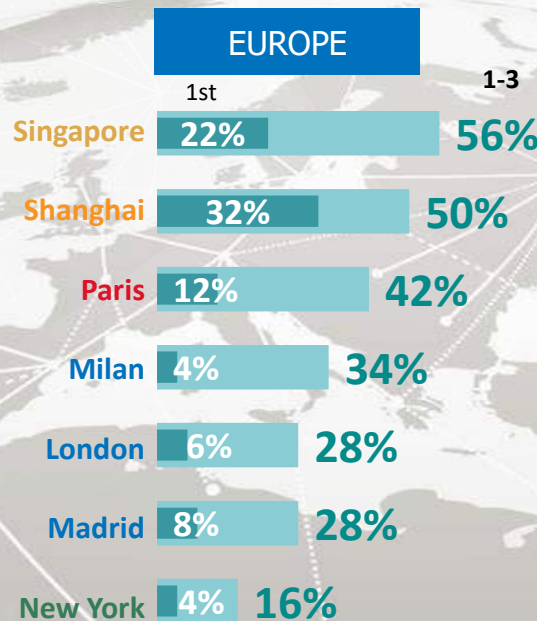
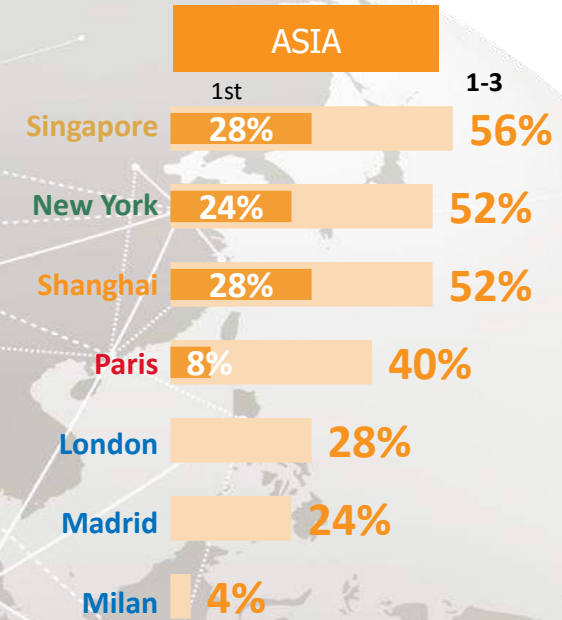
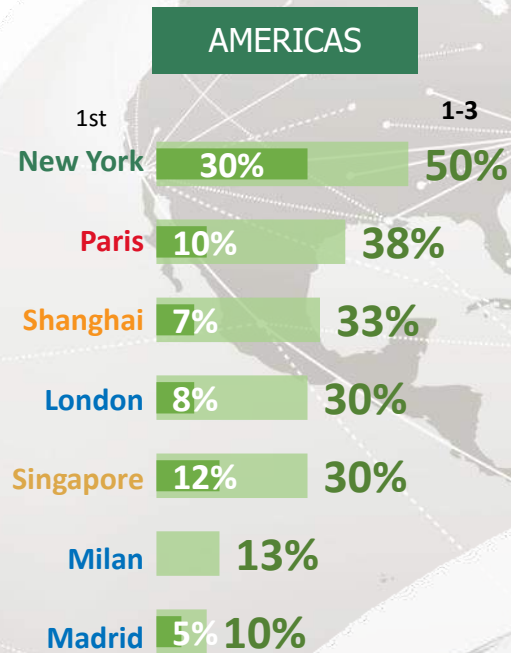
- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
- Do not know



Paris : when asked if the policy-makers had done enough to fight the crisis and its consequences, a large majority said yes. Perhaps not surprisingly American and Asian investors deemed themselves less competent to answer than their European counterparts.



"In your view, which 3 cities among the following global cities would fare the best in the case of a second wave?"



The investors were coherent with themselves when considering that the global cities which they had ranked the best in their response to the first wave would also fare the best against a (then) hypothetical second wave.

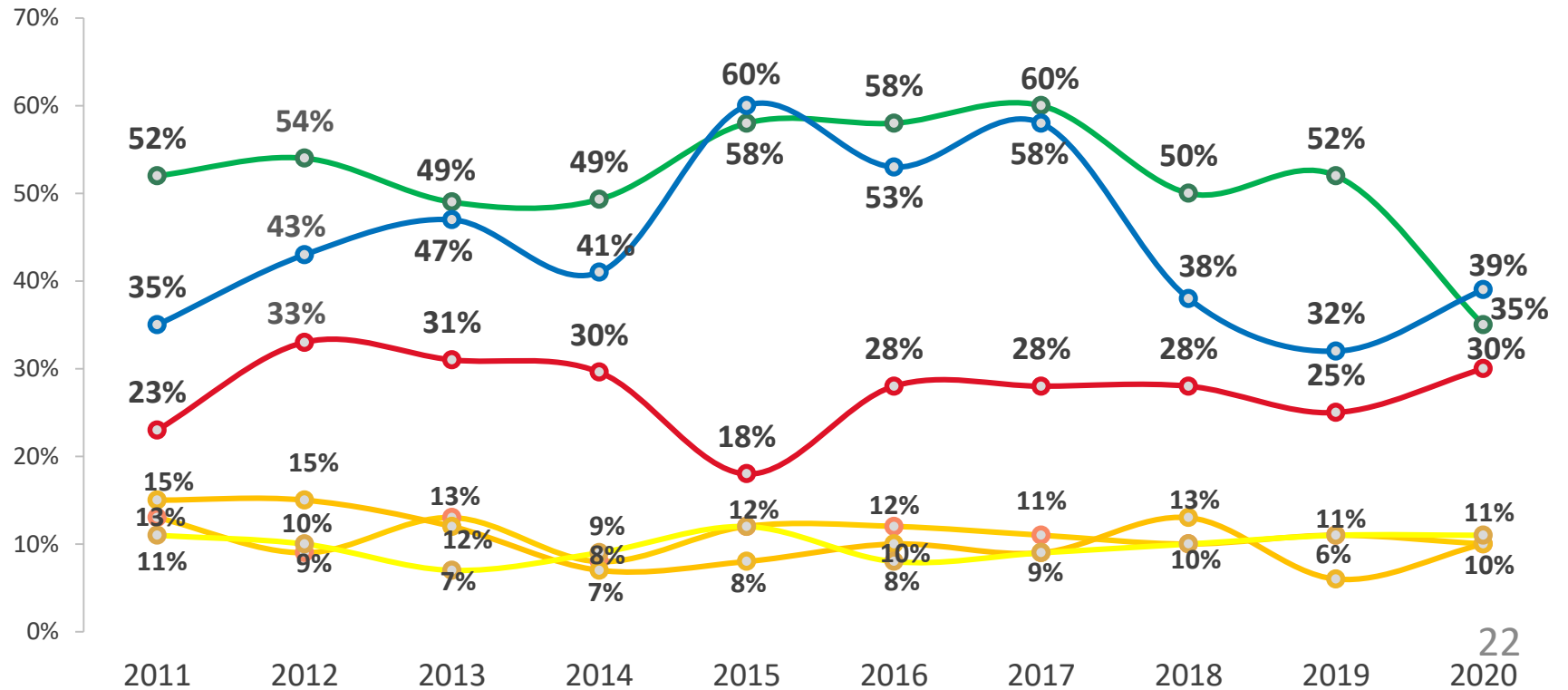
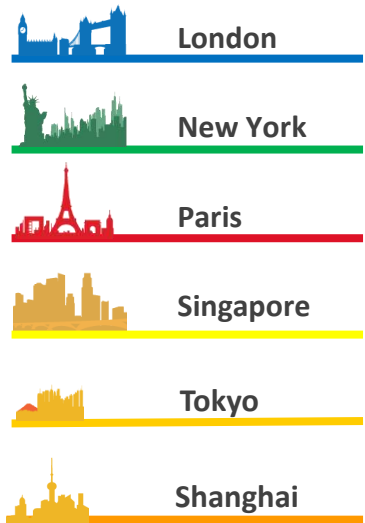
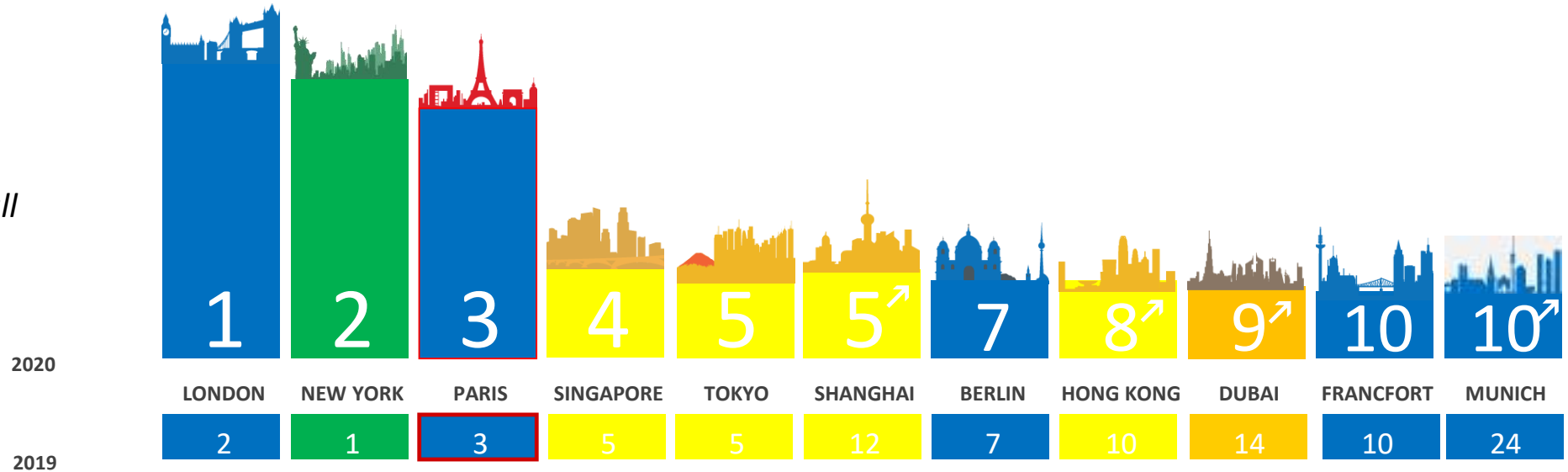
## CITIE'S GLOBAL IMAGE

The global image is a very strong and generally quite stable component of the perceptions associated by international investors to global cities. As a result, the hierarchy of global image is particularly stable, especially for top cities.

Like in previous editions of this study, Paris leads in continental Europe and Paris, New York and London top the list for the tenth year running.

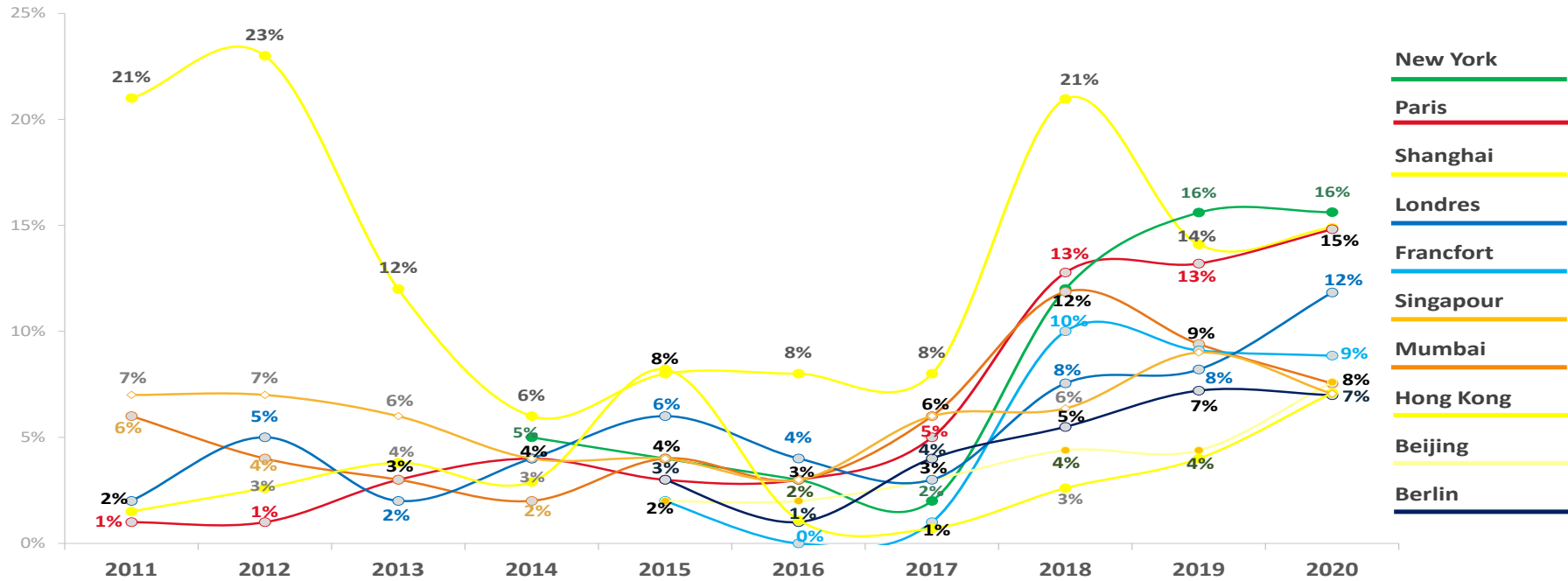
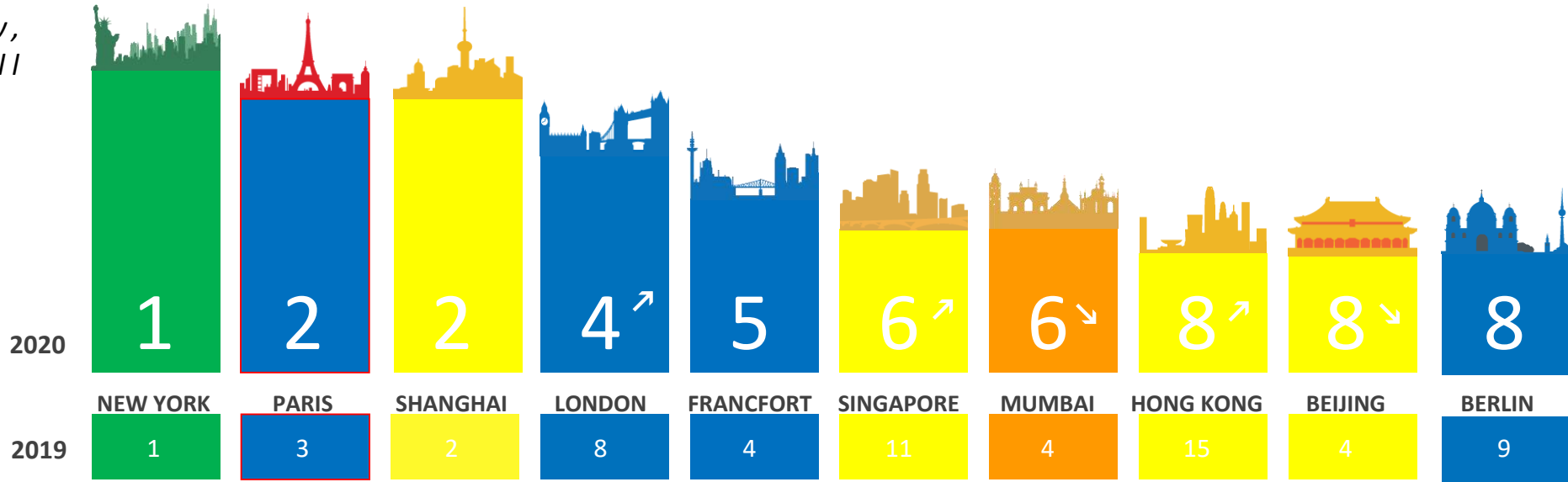


“In your view,  
which city has  
the best overall  
image?,”



# CITIES BUSINESS ATTRACTIVENESS

“ In your view, which city will be the most attractive to set up a business over the next 3 years? „





Investors seek to select the best opportunities, combining the highest returns with the lowest risks. As a result, fundamentals matter when selecting a place to invest. Building the sort of economic and political environment that makes a truly global city is a rare achievement and the global city a rare commodity.

Political stability and juridical security are probably the most difficult to achieve, yet they are the first criterion for investors. Availability of skilled RH, infrastructure, market accessibility and size and economic growth come next. Living costs, quality of education, quality of life, quality of R&D, and startup ecosystem are a less often quoted, yet this does not mean that they are not often decisive means of differentiation in the competition between global cities.

A city's brand matters, even when it comes to analyzing a city's attractiveness, criterion by criterion. This is why a few cities are disproportionately quoted on each criterion. A city's brand is a strong asset, and changing it a daunting affair for promoters and investors alike

Among the global cities which have recently experienced a quite dramatic change of status: San Francisco and Paris. Both cities have surged, particularly in categories linked to high-tech economy: "skilled human resources", "market accessibility and size", "quality of life", "quality of research and development", "startup ecosystem".

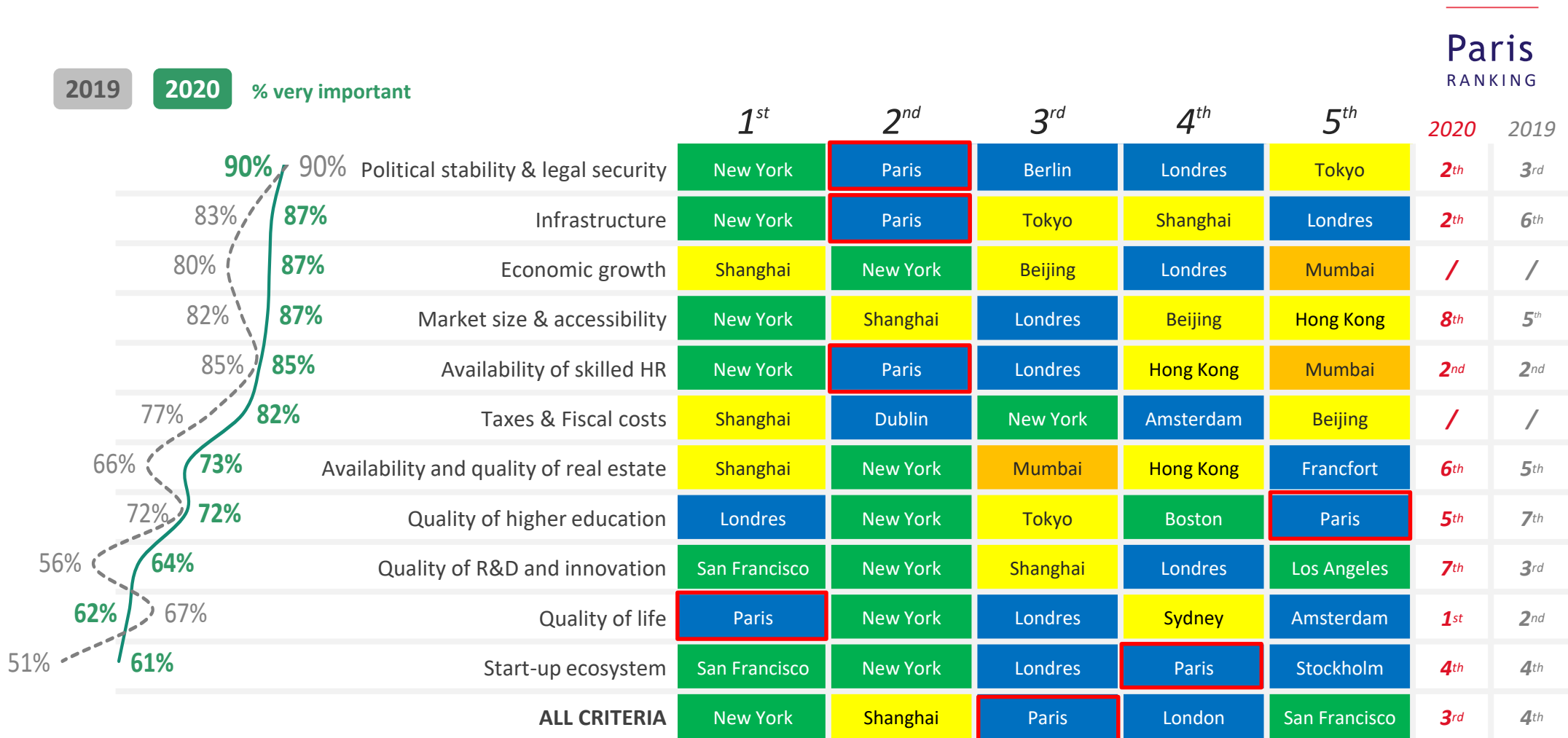


## TOP INVESTMENT CRITERIA

“In your view, which of the following investment criteria are important or very important when choosing your location?”

## TOP CITIES' RANKING BY INVESTMENT CRITERIA

“In your view, which city is the most attractive for business and company location regarding [a given investment criterion] ?,,





## POSITIVE LOOKOUT FOR A TOP GLOBAL CITY

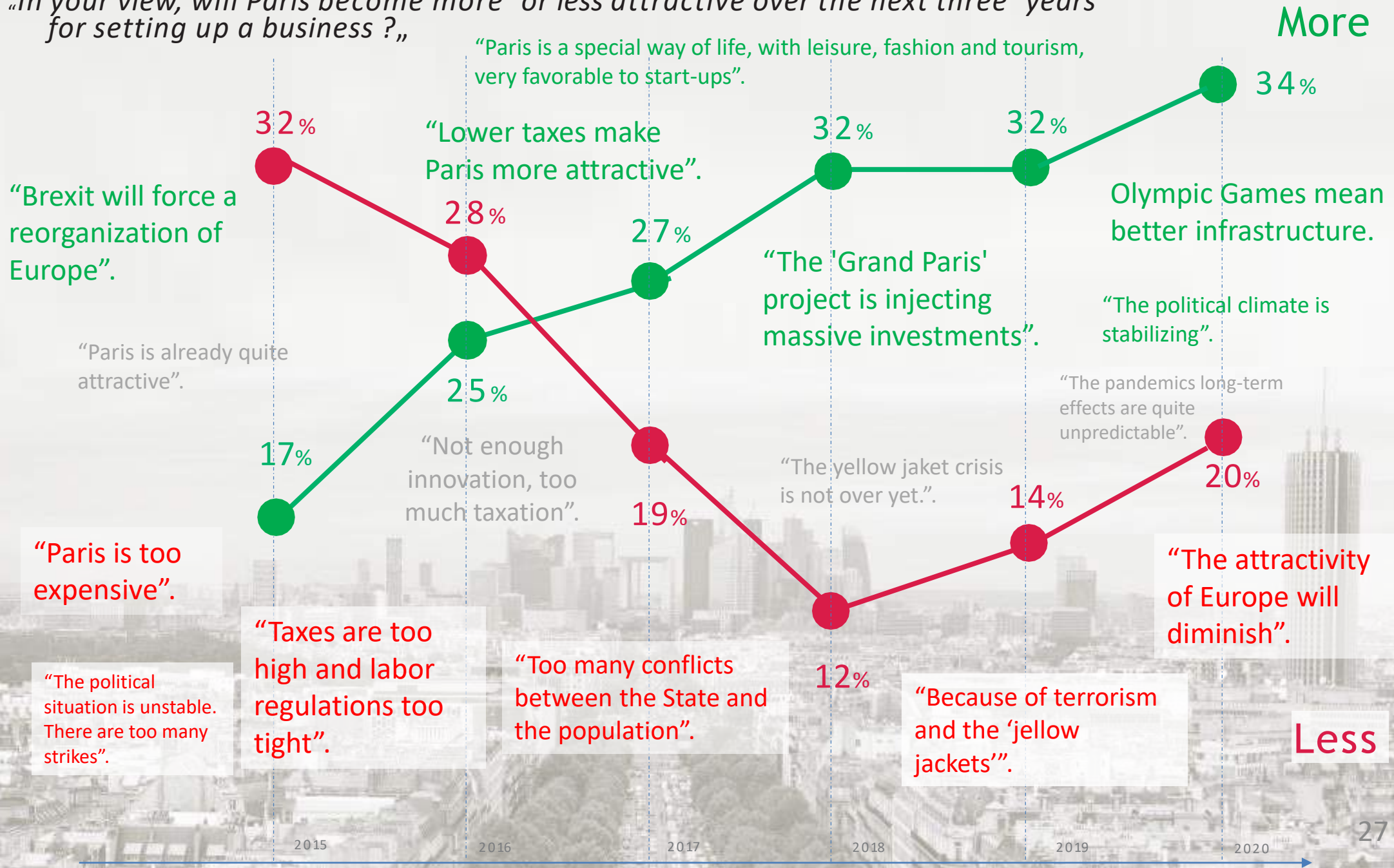
Paris is once more a top global city for international investments. In 2020 investors' perceptions are indeed quite favorable since they rank Paris N°2 among the cities that will see their attractiveness increase the most in the next three years.

This enviable position marks a striking reversal of fortune over the last years. Investors give consistently better ratings Paris on investments criteria.

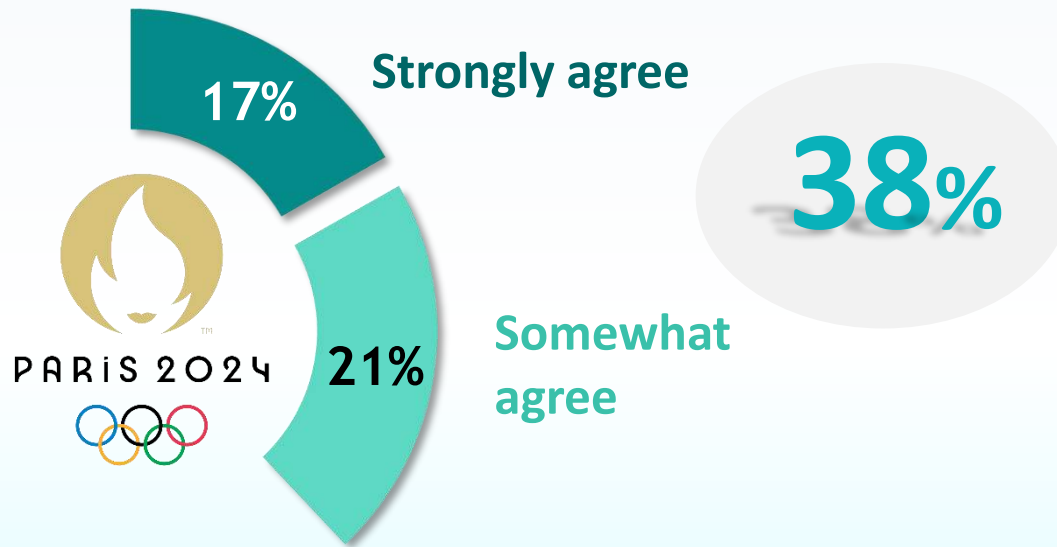
Among the reasons quoted by investors to support their analysis, political stability, legal security, infrastructure and the concentration of talents come on top. However, quality of life, quality of education and start-up ecosystem also mak Paris as a prime destination for innovation.

And of course, Paris is also an outstanding brand associated with a remarkably stable and favorable image.

„In your view, will Paris become more or less attractive over the next three years for setting up a business?“



*“Paris will host the Olympics in 2024. Does it encourage you to consider Paris as a place to invest ?”*



Major international events like the Olympics or World Fairs are known to have a major impact on investors' perceptions of the host city.

International investments have recently surged in anticipation of the Beijing 2008 Olympics, of the Shanghai World Fair, of the London Olympic in 2012 or of the Rio Olympics in 2016.

It is remarkable that as many as 38% of investors indicate that the 2024 Olympics in Paris could make them consider the city as a place to invest when only 13% indicate they have already invested in Paris.



*“How would you rate Paris regarding political stability and legal security ?”*

European  
investors

American  
investors

*“Very favorably” :  
share of answers*

84% 66%

76%

Stability, clarity and predictability of the law

83% 60%

73%

Fair trial and a right to appeal

77% 62%

72%

Equality before law

75% 55%

68%

Independence of the judiciary

78% 54%

68%

Jurisdiction of international courts (ECHR, ICC...)

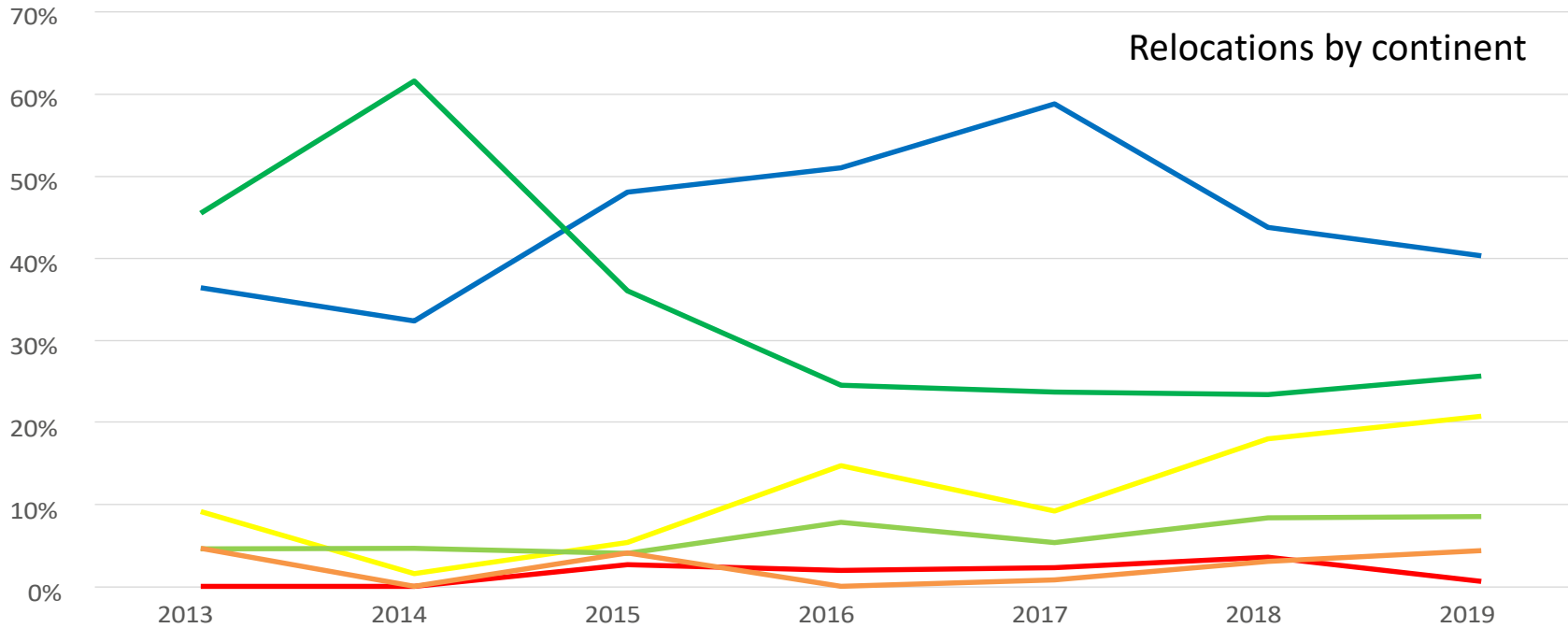
Political stability and legal security is the most important investment criterion disclosed by the investors. It comes on top each year since the Global Cities Investment Monitor exists.

In this 11st edition, the authors have sought to explore the components of that criterion.

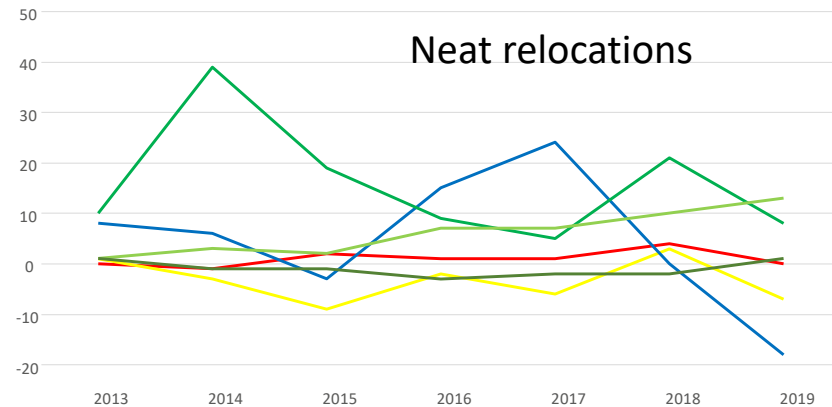
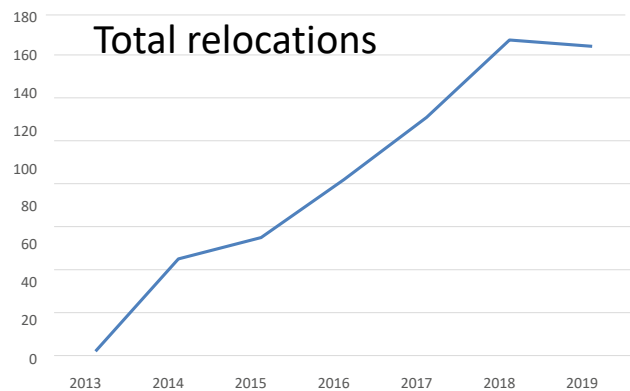
5 dimensions are deemed particularly important in connection with the Rule of Law.

Paris, a top destination regarding the criterion in general is judged extremely favourably on all accounts by the investors.

## EUROPE N°1 DESTINATION FOR RELOCALISATIONS



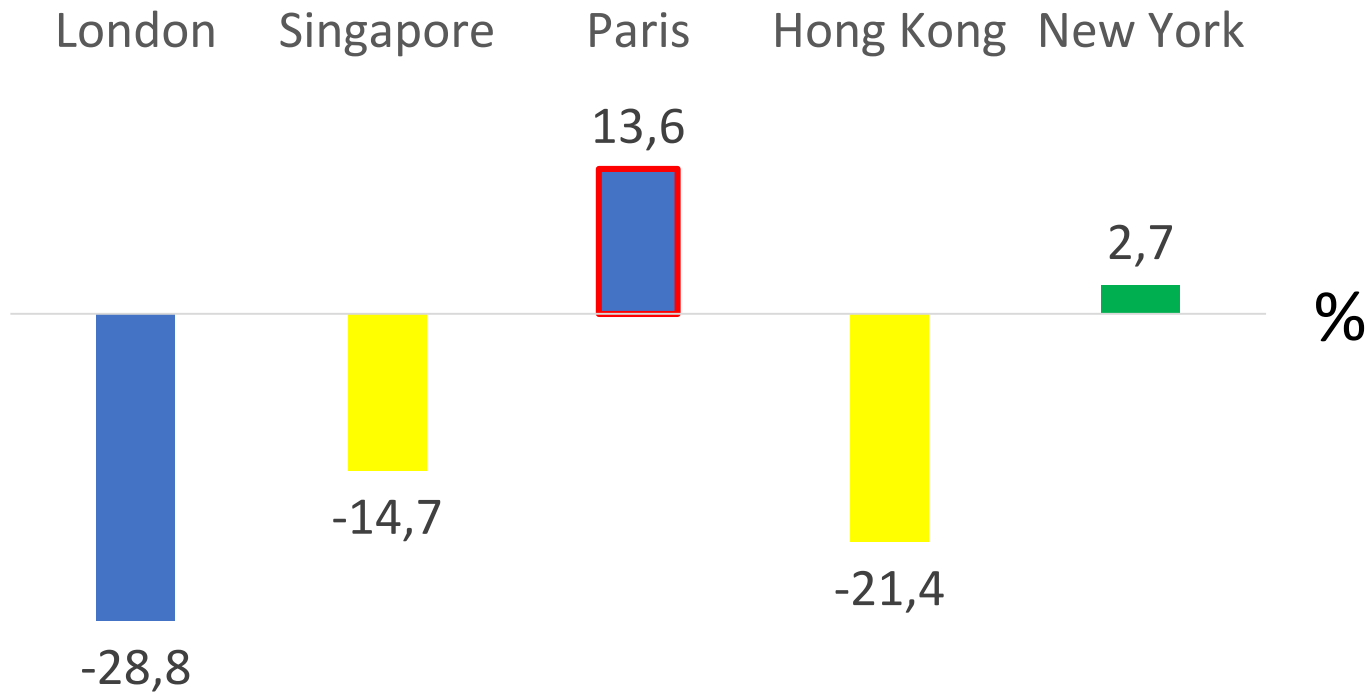
Relocations are still a marginal phenomenon, which accounts for less than 1% of all international investments. There are two ways to compute relocation: gross results, which place Europe on top, and neat results, where Northern America prevails.



INVESTMENTS FROM:

- EUROPE
- NORTHERN AMERICA
- SOUTHERN AMERICA
- ASIA PACIFIC
- AFRICA
- MIDDLE EAST

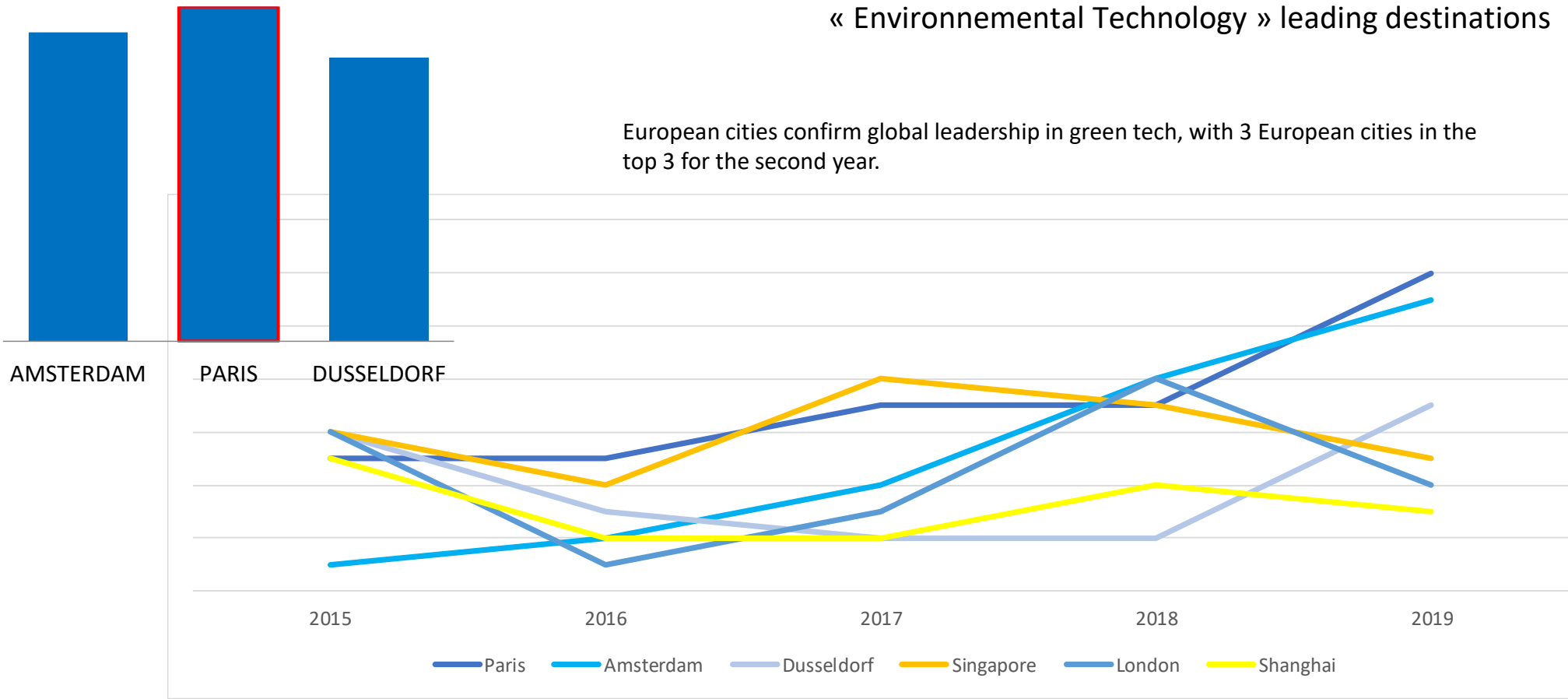
YEAR/YEAR VARIATION IN FINANCIAL PROJECTS



In a context marked by political upheavals in Great Britain and in Hong Kong, it is likely that Paris, and to a lesser extent New York, appeared as safe havens for investors in the financial sector.

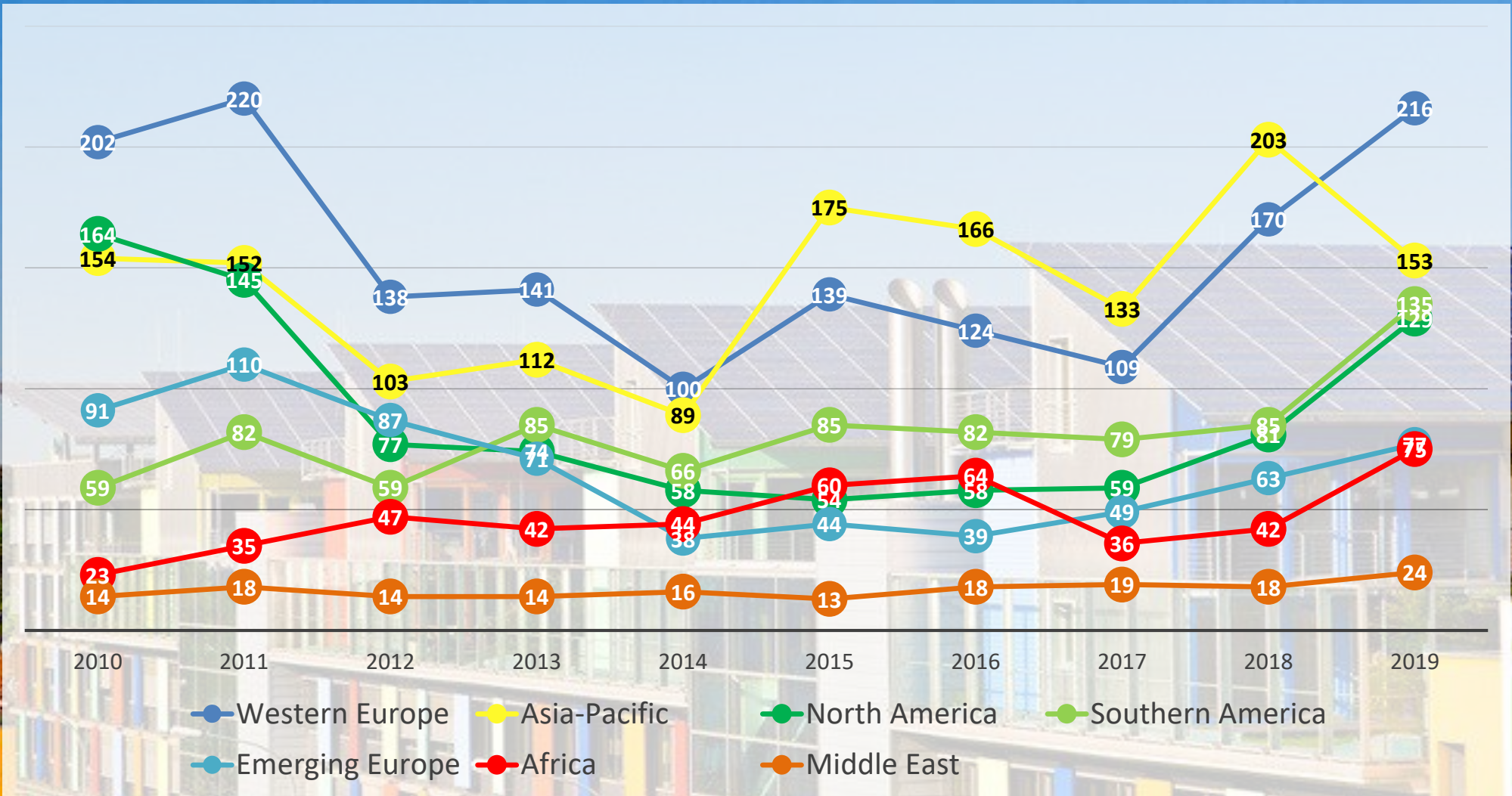
It is noteworthy that up to 3,500 jobs might have moved from London to Paris as a result of Brexit.

« Environnemental Technology » leading destinations





## 2019 investments in Environmental Technology

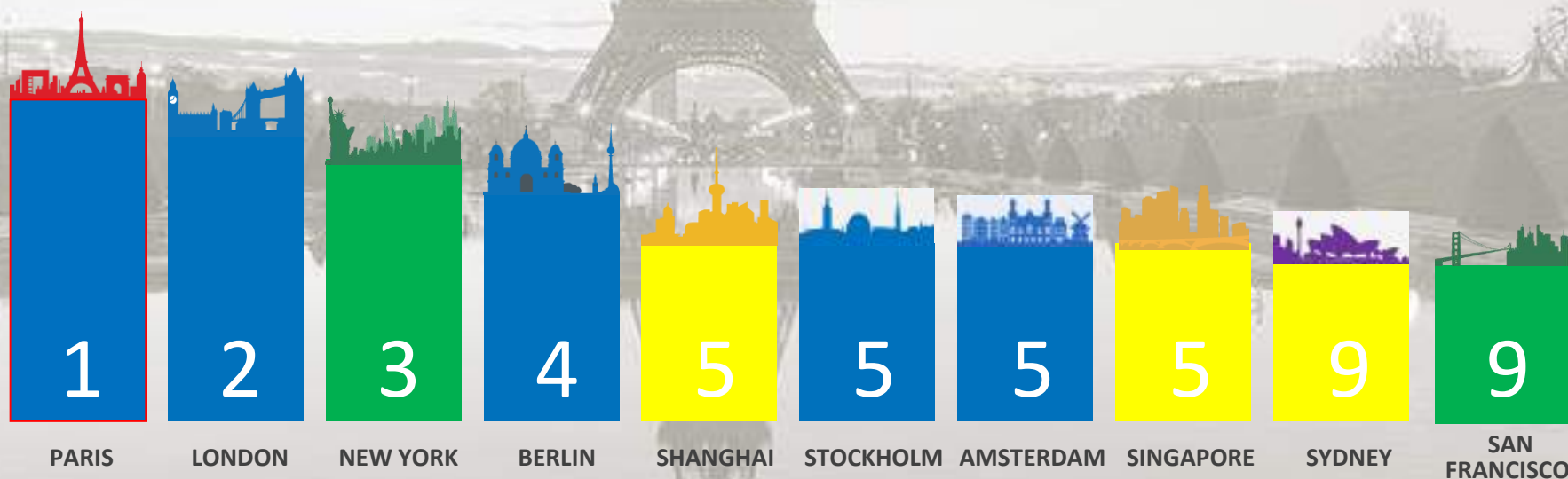


# PARIS, LEADING GREEN CITY

Paris enjoys a remarkable brand as a green global city, which it owes as much to its advocacy of international norms (“Paris Treaty”, 2016) as to initiatives in sustainable energy and soft mobility.

International investors confirm the trend observable in actual investments in green techs when they elect to rank Paris No 1.

*“In your view, which are the 3 most advanced global cities for sustainable development?,”*



## 35 GLOBAL CITIES TOP DESTINATIONS FOR INTERNATIONAL INVESTMENTS



188, 000 INTERNATIONAL INVESTMENTS

86, 000 INTERNATIONAL COMPANIES

12, 600 SOURCES

International investments are tracked by the “fDi markets” database.

The “fDi markets” database collects information about “crossborder investment in a new physical project or expansions of an existing investment which creates new jobs and capital investment.

Joint ventures are only included where they lead to a new physical operation. Mergers & acquisitions (M&A) and other equity investments are not tracked. There is no minimum size for a project to be included”.

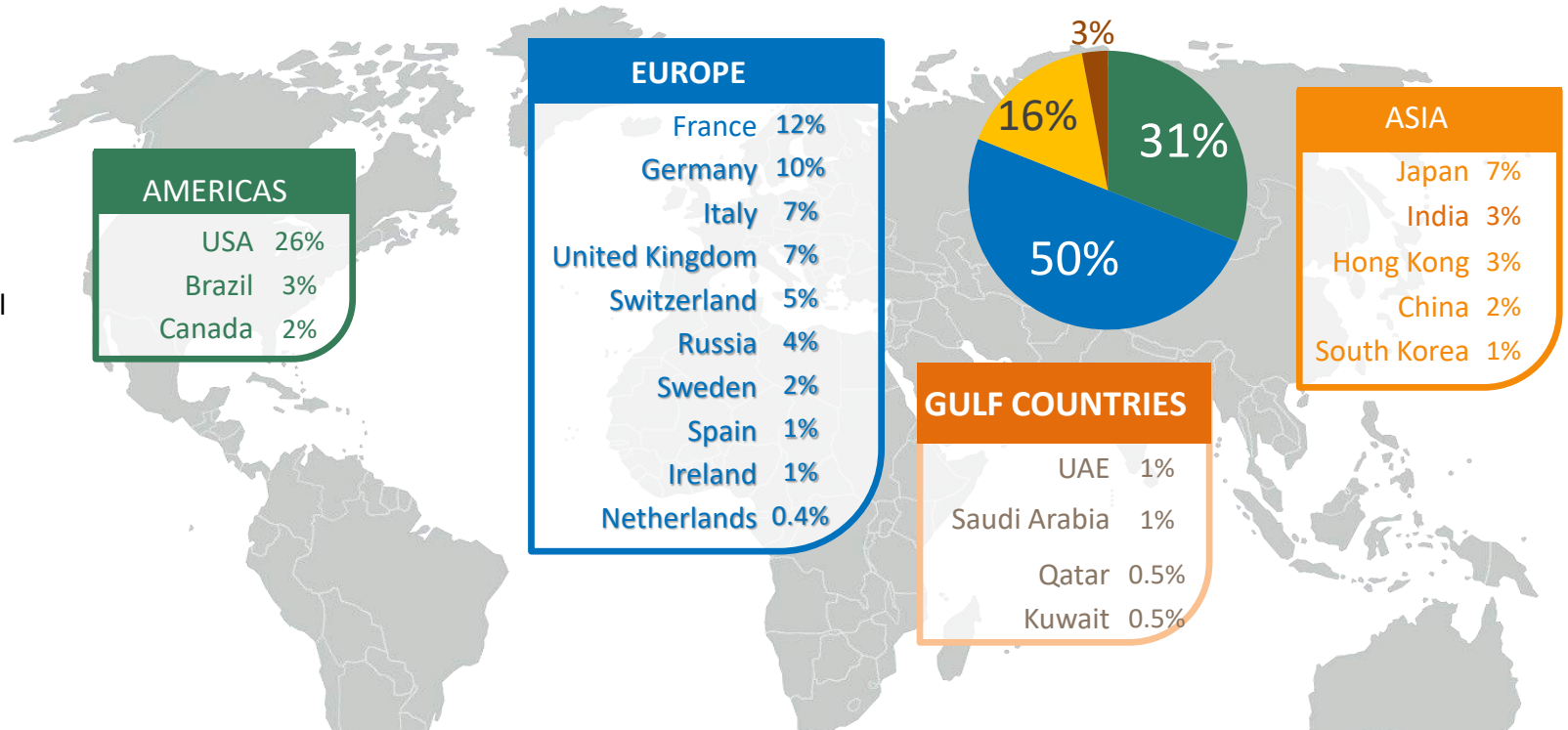
The Monitor uses the simplest possible unit: a published investment project, by contrast with expected job creations or capex, so as to maximize comparability and minimize interferences from local factors – currency fluctuations, governmental promotion, etc. The top global cities for international investments list is regularly updated to take account of the significant rebalances in the global economy.

## INVESTORS' PERCEPTIONS

A poll conducted with a representative sample of **513 companies** with international business settlements  
**In 22 countries**

Phone interviews with **global business leaders**  
24 February to 4 April and 3 June to 7 July 2020

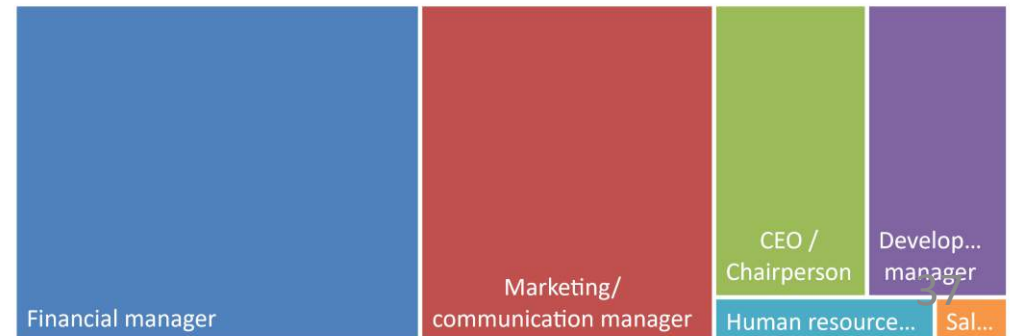
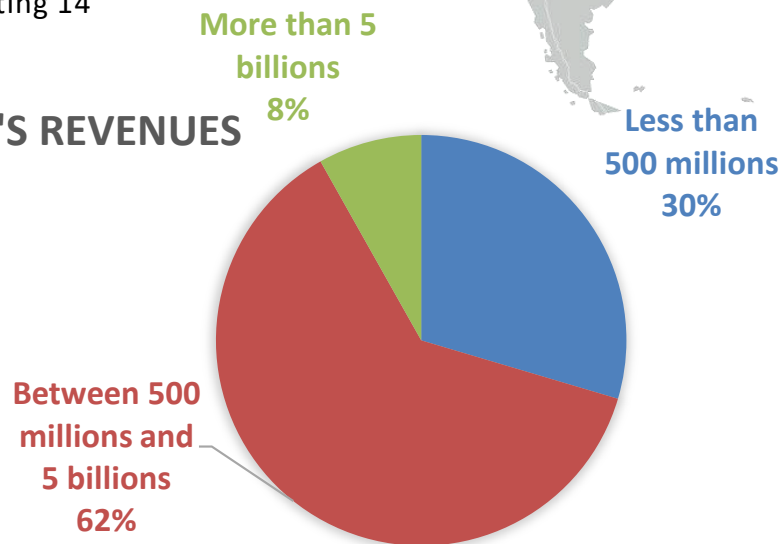
Interviews about Covid crisis were conducted 3 to 10 September 2020 with 115 companies representing 14 countries.



Position of the Interviewee

- Financial manager
- CEO / Chairperson
- Human resource manager
- Marketing/communication manager
- Development manager
- Sales Manager

## CIE'S REVENUES





## KPMG FRANCE

KPMG FRANCE is a leading audit and advisory firm, member of KPMG International, a global network of professional firms with a presence in 154 countries across the world. KPMG France employs 9,000 professionals and serve major international and French companies, SMEs or family groups, and start-ups, in all industry areas.



## GREATER PARIS INVESTMENT AGENCY

GREATER PARIS INVESTMENT AGENCY is a non-profit organization founded 30 years ago by the Paris Chamber of Commerce and Industry to attract new international investors in Greater Paris and to bolster its attractiveness.

It is comprised of major companies; they guarantee total independence and provide support in fulfilling the Association's main missions.

As Greater Paris business ambassador, our Agency is a key partner and advisor linking government decision-makers and our prestigious business partners' network. It is a major player in the Greater Paris project.



## CHOOSE PARIS REGION

CHOOSE PARIS REGION is a nonprofit agency that promotes the attractiveness of Paris Region on a national, regional and world scale. The Agency brings together all the players in the region to offer international companies tailor-made services. The Agency supports them at every stage of their development.

The Agency's primary mission is to showcase the attractiveness of the region and act as a catalyst for business and innovation. It relies on its market expertise and local network to help international businesses build long-lasting partnerships, draw up development plans, and strengthen their local presence in the region.





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