



Greater Paris Investment Agency

GLOBAL CITIES INVESTMENT MONITOR 2016

NEW RANKINGS, TRENDS AND CRITERIA

WHY THIS MONITOR?



The Greater Paris Investment Agency was established as a non-profit organization 25 years ago by the Paris Chamber of Commerce and Industry. With over a hundred major French and international firms, our membership guarantees our independence. Our missions include promoting Greater Paris abroad and lobbying political and economic decision-makers.

The Greater Paris Investment Agency also specializes in benchmark studies and surveys designed to compare present and future attractiveness, and assess the real and perceived image of Greater Paris. It is a major player in the Greater Paris project.

The Monitor was designed to provide international decision-makers with information on which to base their future investments. The Greater Paris Investment Agency presents the study's results at road shows in countries such as Brazil, the United States, Japan, Korea, the Gulf Countries, Russia, India, China and Turkey.

The Monitor is a reliable tool for local, national, and international policymakers. It has also helped the Greater Paris Investment Agency to attract new investors, foster the development of innovative clusters and structure the Greater Paris project.

KEY POINTS



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International greenfield investments are down -8.7% year-on-year and -31% since 2008. Each year, more global cities compete on all continents to attract fewer international greenfield investments, especially strategic ones: headquarters, R&D centers... Differentiation matters ever more.

In 2015 the world's global pivot to Asia and Pacific accelerated. Among the most impressive success stories are Sydney, Bangalore or Dubai. However, New York is also performing extremely well.

Europe, is still the first source of international greenfield investments.

IMAGE	Paris is among most positive outlooks, in spite of terror attacks <ul style="list-style-type: none">- The panel of 500 top international investors ranks Paris 4th by investment criteria. Overall, Paris remains in the top 3 for global image: Paris appears as a strong brand.- Terror attacks did not dampen their optimism; Paris is considered to be only slightly more affected than the rest of Europe- Olympic Games or World Expo are recognized as attractiveness boosters for Paris
REALITY	Paris reaches up to top 3 for R&D centers, thanks to magic tax credit and top high tech brand. These projects are the most important to establish a long-term position. <ul style="list-style-type: none">- Paris is also ranked in the top 3 for quality and availability of human resources- Investors (above all Americans) recognize Paris as a propitious location for high tech projects- A major development project like the Grand Paris Project, targeting infrastructure and innovation, is a critical vector of differentiation

METHODOLOGY

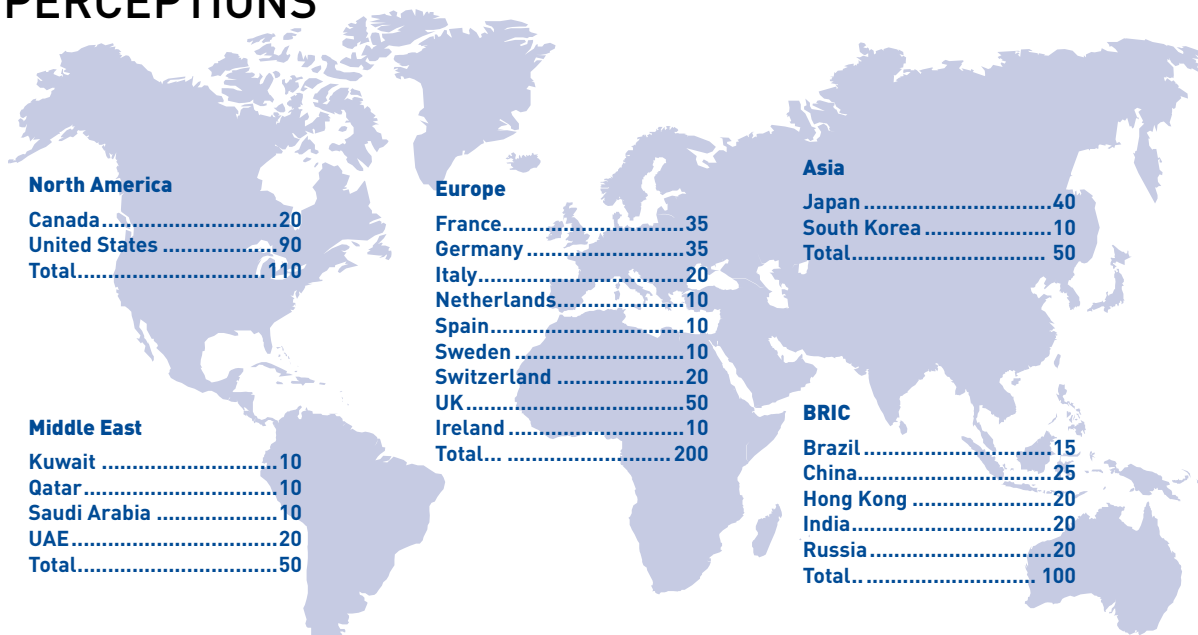
A SCIENTIFIC APPROACH BASED ON A REPRESENTATIVE SAMPLE



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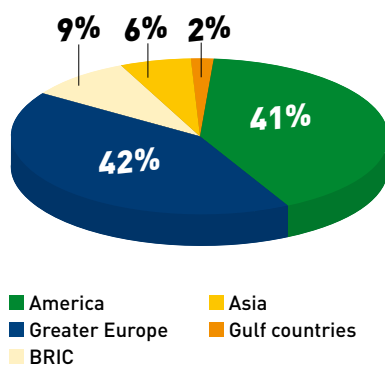
PERCEPTIONS



A poll conducted by **“opinionway”**
The innovative research company

- Representative sample of **510 companies with international business settlements**
- 22 countries
- **3 criteria:**
 - Location of headquarters
 - Industry
 - Turnover
- **Phone interviews with global business leaders**
(CEO, managing director, administrative and financial manager, sales manager, head of international investment)
- From 17 December 2015 to 8 March 2016

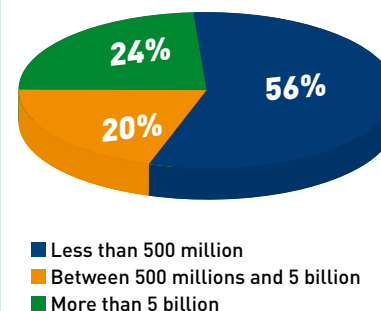
COMPANIES BY COUNTRY OF ORIGIN



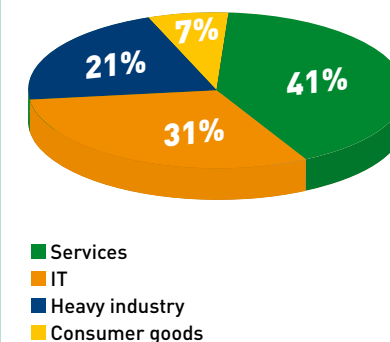
POSITION OF THE INTERVIEWEE



REVENUE (in euros)



BUSINESS ACTIVITY



METHODOLOGY

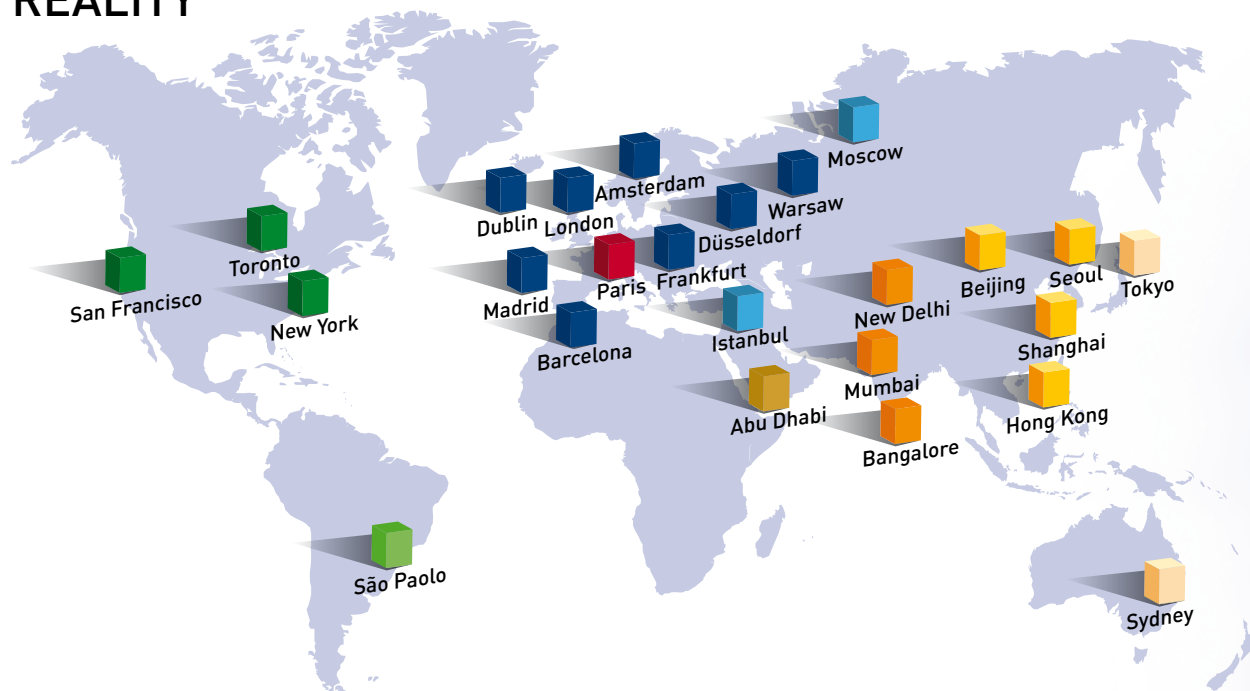
AN OBJECTIVE FOCUS ON THE LATEST INVESTMENTS



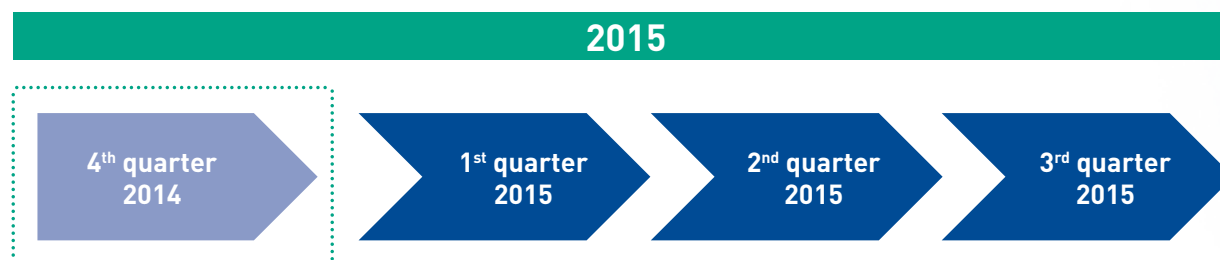
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REALITY



The annual period begins with the fourth quarter:



To enable verification of our sources, the Monitor allows four months to elapse from the recording of investments in the fDi Markets. Thus, the period reviewed starts with the 4th quarter of the previous year.

25 Global Cities

- Top destinations in terms of international greenfield investments
- Excluding City States
- The most open economies, not necessarily the Top GDPs.

International Greenfield Investments

The Monitor measures the number of published international “greenfield” investments collected in the fDi Markets database.

International greenfield investments occur when a company launches new activities in a global city. They build up its economic potential and create jobs. Purely financial investments, like real estate transactions, privatisations or alliances are not included. Joint ventures are included only when they result in job creation.

METHODOLOGY

AN UPDATED, RIGOROUS OVERVIEW



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25 global cities



The Top global cities for international greenfield investments list has been updated to take account of the significant rebalances in the global economy.

Database:

"fDi markets" Financial Times, since January 2003

- 155,000 international investment projects
- 71,000 businesses all over the world
- 12,600 information sources: newspapers, magazines, associations, websites...

- = In the Top 25 since 2009
- In the Top 25 since 2009-2013
- + In the Top 25 since 2013

↗ Chrysler Building
(318m)
New York

↗ World Financial
Center
(492m)
Shanghai

↗ Gherkin Tower
(180m)
London

↗ La Défense
(111m)
Paris

↗ Bank of china
(226m)
Hong Kong

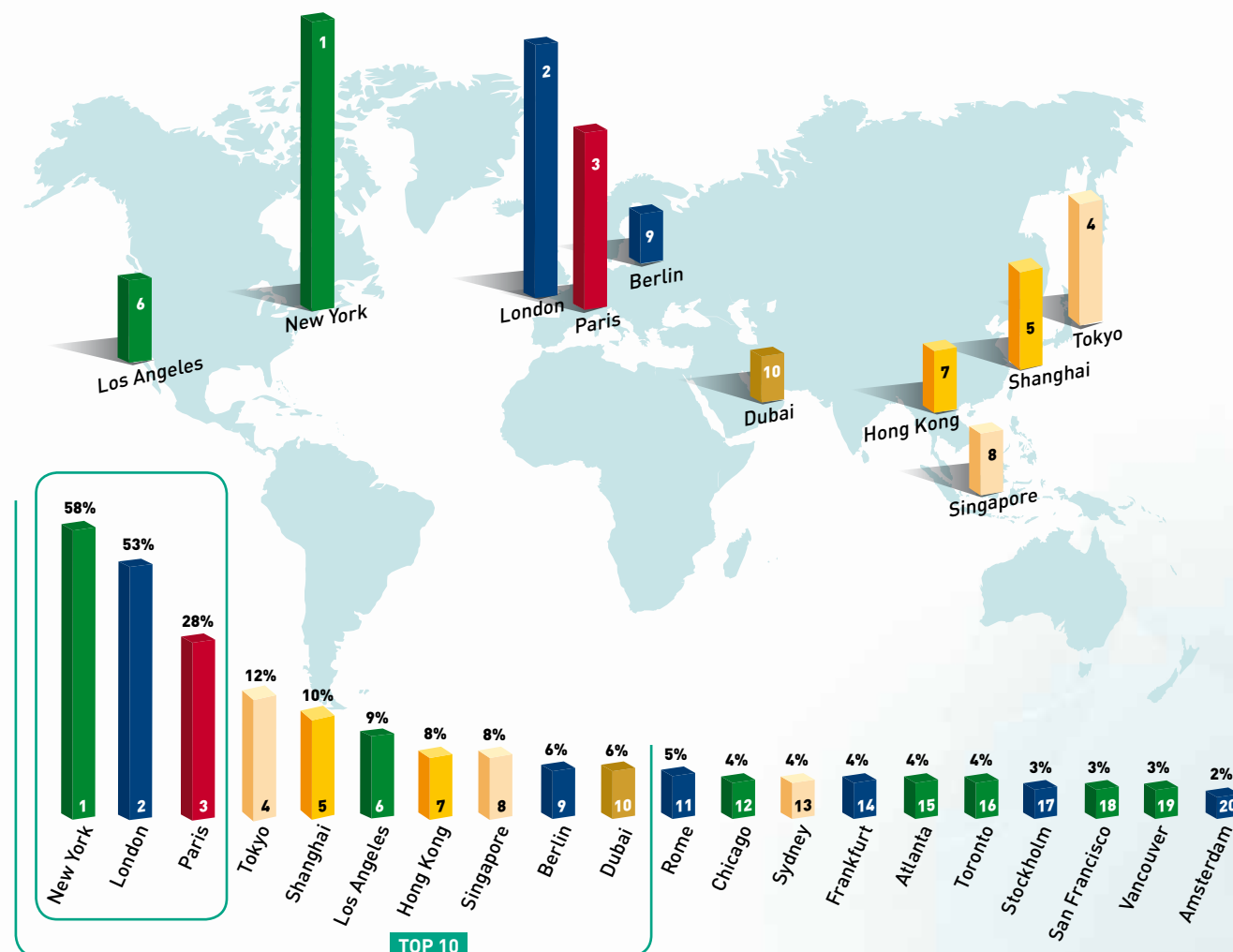
↗ Burj al Arab
(321m)
Dubai

PERCEPTION BENCHMARKS

GLOBAL CITIES INVESTMENT MONITOR 2016

CITIES' GLOBAL IMAGE

“In your view, which 3 cities or major world capitals have the best overall image?”



The spontaneous global image of top cities is extremely stable.

Like in previous editions of this study, Paris leads in continental Europe.

Paris, New York and London top the list for the seventh year running.

Tokyo is in the Top 4 for the third year.

Chinese cities improve their image and rankings: Shanghai and Hong Kong move to fifth and seventh place, respectively.

Los Angeles now places second-best for global image in North America, while San Francisco and Chicago declined in the ranking.

REGIONAL IMAGE

PARIS AMONG LEADERS ON ALL CONTINENTS

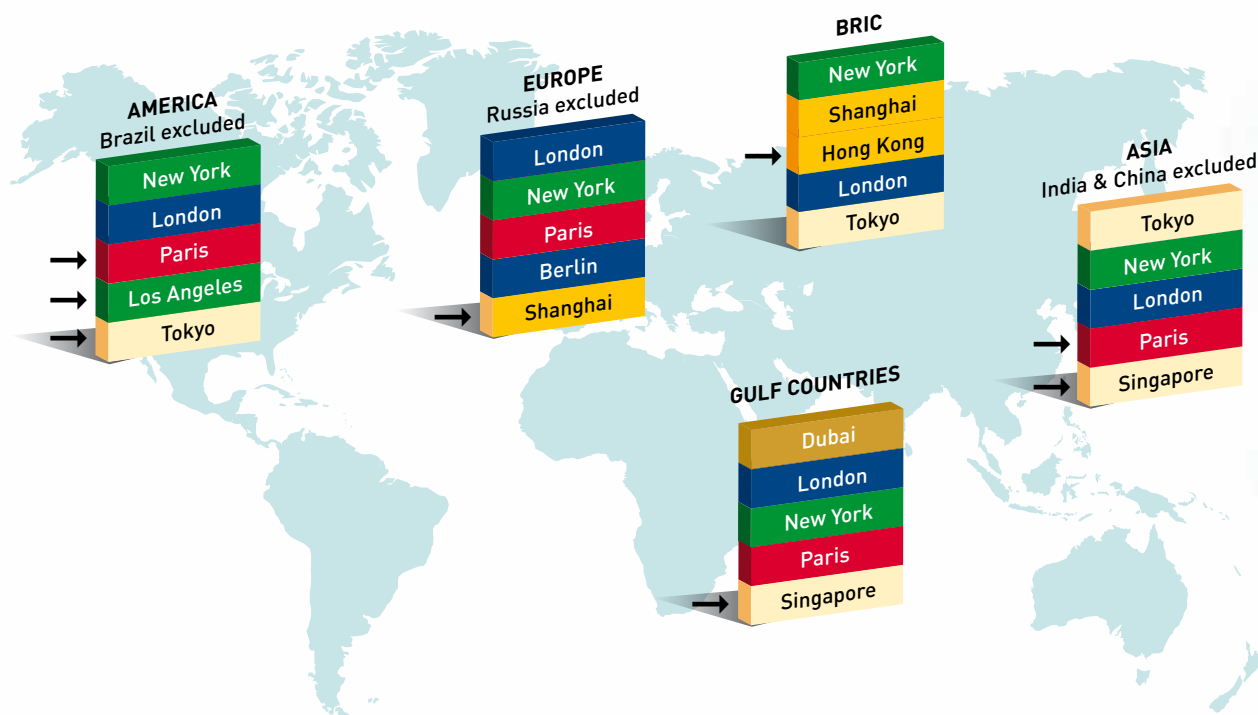


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CITIES' REGIONAL IMAGE

“In your view, which 3 cities or major world capitals have the best overall image?”



Only Paris, London and New York rank among the Top 5 on all continents, benefiting from a strong brand image regardless of the geographical background of investors.

Regional affinities play a role, especially in determining the top image on each continent: New York is ranked first in Northern America, Tokyo in Asia, Dubai in the Gulf Countries and London in Europe.

→ New entries in the Top 5

PERCEIVED ATTRACTIVENESS

CURRENTLY FAVORABLE TO NORTH AMERICA

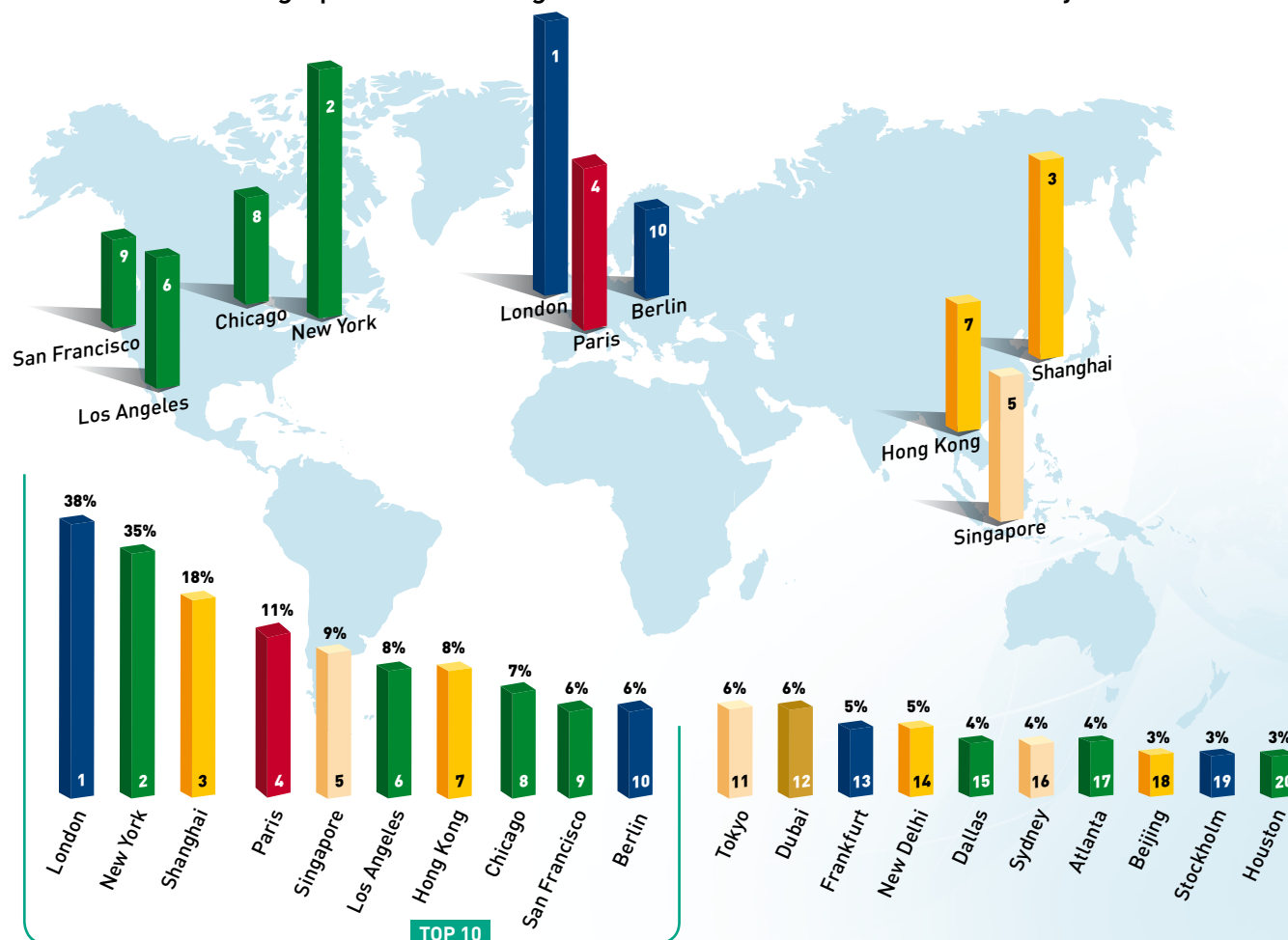


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CITIES' GLOBAL ATTRACTIVENESS

"In your view, which 3 major world capitals are currently the most attractive locations for setting up a business in general (whether another business or yours)?"



Paris moves up one spot to 4th place in the global ranking and leads in Continental Europe. Berlin ranks second in Europe, but only 10th globally.

In the first few editions of the Global Cities Investment Monitor, global cities experiencing faster growth enjoyed a higher perceived attractiveness. The global decline in growth rate has levelled the field, and Asian global cities no longer enjoy a marked advantage over Western cities.

"Perceived attractiveness" proves itself the most consistent indicator of the next year's ranking in real international greenfield Investments. Paris seems well positioned, as confirmed by other indicators.

THE CONTINENTS' ATTRACTIVENESS

INTENTIONS TRENDS FAVORABLE TO ASIA

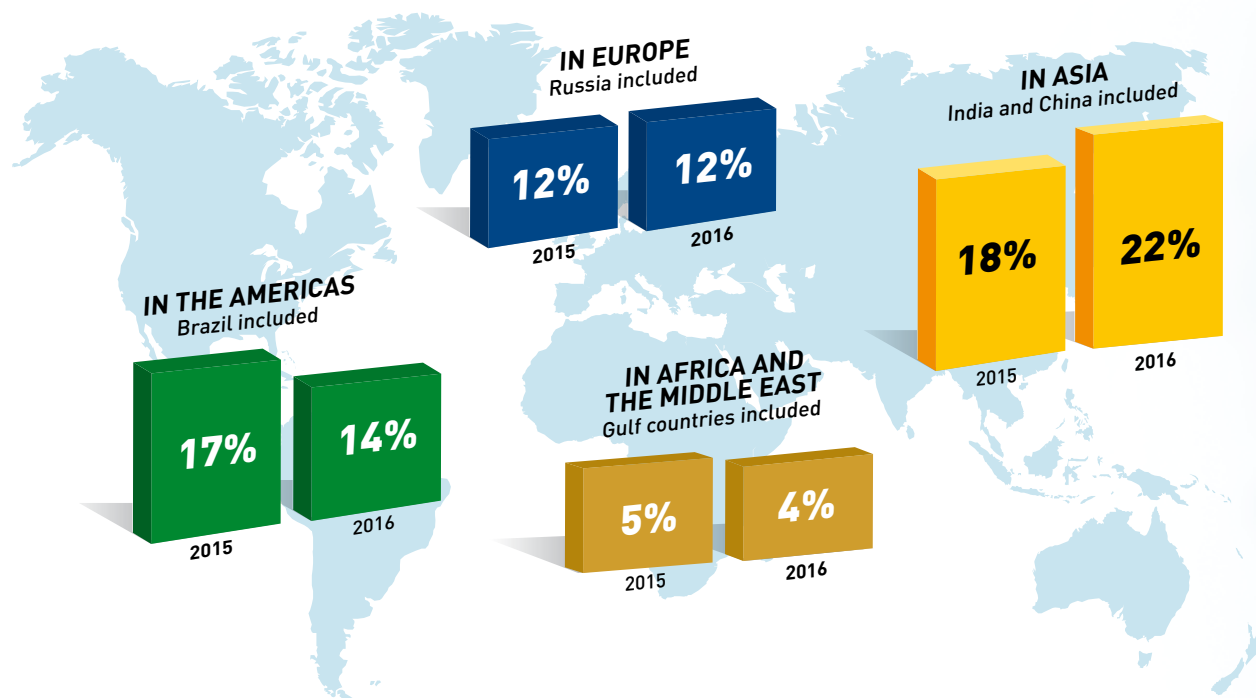


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INVESTMENT PROJECTS BY CONTINENT

"In which major cities will your company invest over the next 3 years?"



Just above half of all companies interviewed declared that they intended to develop international greenfield projects over the next three years. Regional trends seem to confirm a neat improvement for Asian cities, a drop in projects earmarked for North America and a stable outlook for Europe.

INVESTMENT CRITERIA

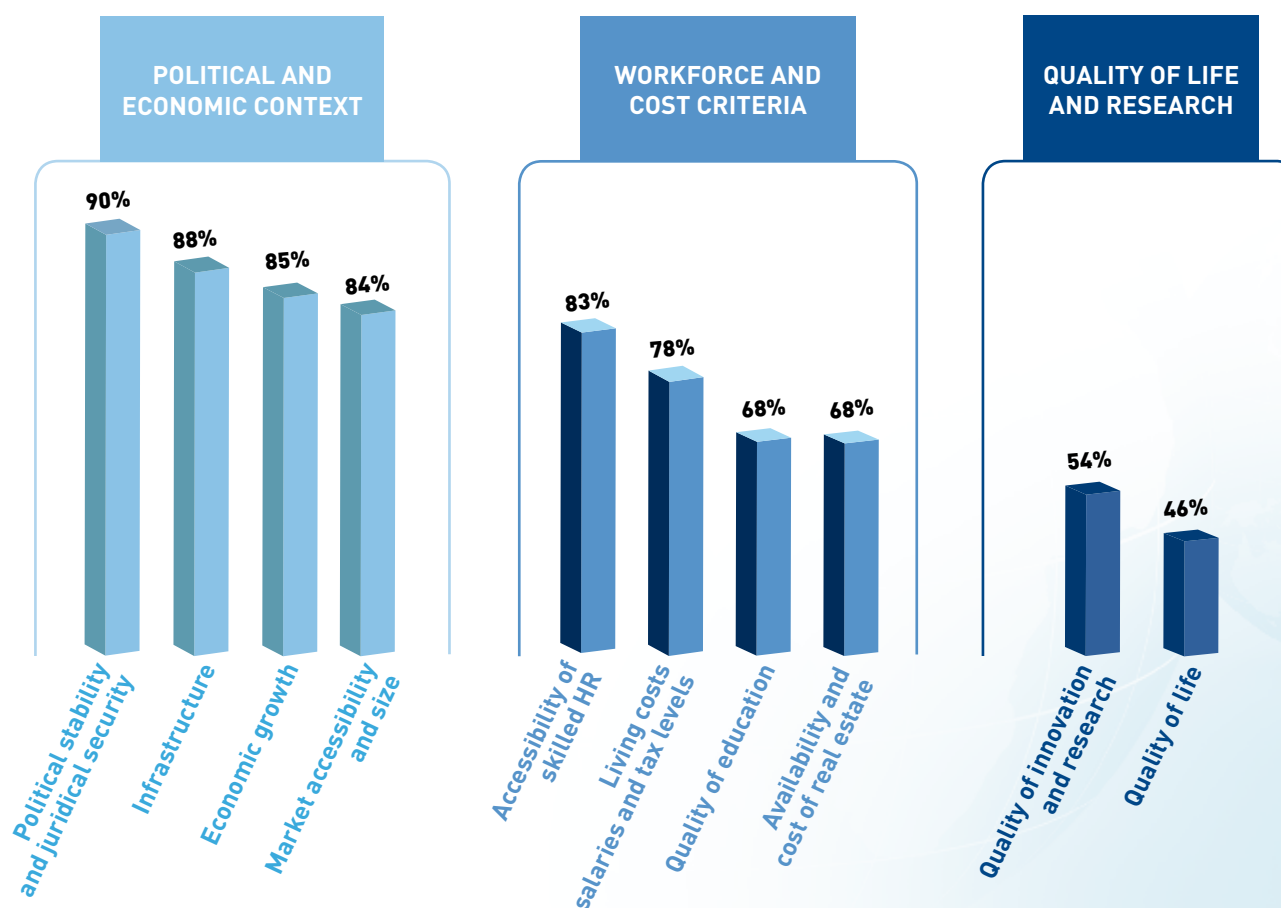
BACK TO BASICS



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



Of course, investors want to select the best opportunities, combining the highest returns with the lowest risks. As a result, fundamentals matter when selecting a place to invest. From the point of view of policy-makers, it means building long-term assets, which requires considerable capital, both financial and political. 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. Economic growth, market accessibility and size, and infrastructure come next. Quality in education, innovation and R&D or quality of life are a little less often quoted, yet this does not mean that they are not often decisive means of differentiation in the competition between global cities.

RANKINGS' STABILITY

PARIS IN THE TOP 4



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PERCEPTION OF CITIES' ATTRACTIVENESS, BY INVESTMENT CRITERION



	1	2	3	4	5
Political stability and juridical security	New York	London	Washington	Berlin	Toronto
Infrastructure	New York	London	Paris	Tokyo	Shanghai
Economic growth	Shanghai	London	New York	Mumbai	Beijing
Market accessibility and size	New York	London	Shanghai	Beijing	San Francisco
Availability of skilled HR	New York	London	Paris	Shanghai	Tokyo
Living costs, salaries and tax levels	New York	London	Dublin	Shanghai	Warsaw
Quality of education	London	New York	San Francisco	Boston	Tokyo
Availability and cost of real estate	New York	London	Berlin	Warsaw	Toronto
Quality of research and innovation	San Francisco	New York	London	Tokyo	Frankfurt
Quality of life	New York	Paris	London	San Francisco	Berlin
Total	New York	London	San Francisco	Paris	Shanghai

Criterion by criterion, the dominance of Western global cities remains overwhelming. As growth differentials diminish worldwide, and emerging countries become major players in technology, and high added-value services, the convergence of major economies has triggered increasing competition among global cities.

This still gives an advantage to the global cities with more mature, extensive and diversified assets. Asian cities, relatively new entrants, dominate with regard to economic growth, and are now recognized for infrastructure as well.

Paris moves from fifth to fourth position, and gets improved investor appraisals regarding human resources and quality of life, while enjoying a positive perception of its infrastructure.

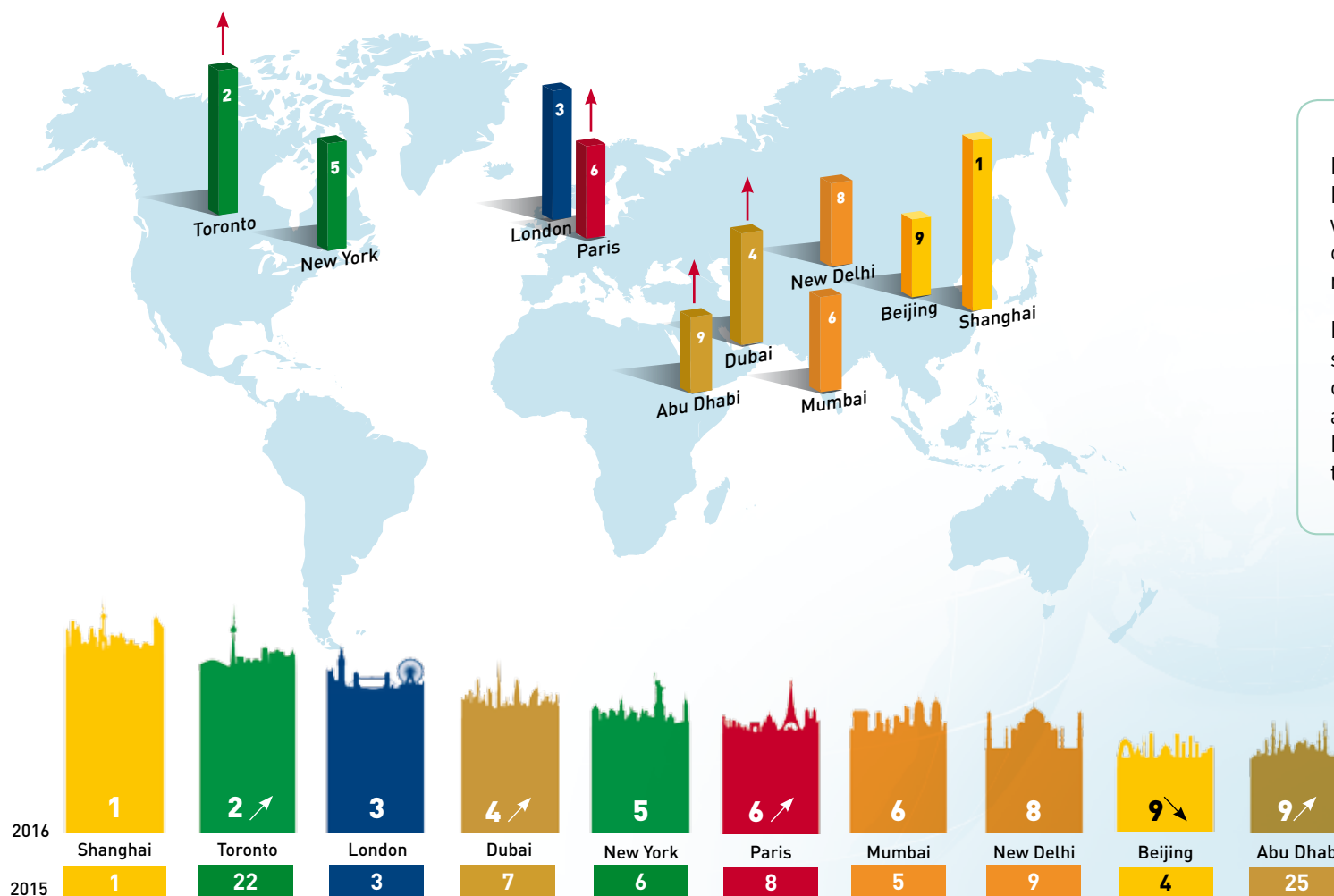
FUTURE LEADERS

PARIS: A POSITIVE OUTLOOK



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“In your view, which city’s attractiveness will increase the most in the next 3 years?”



Investments are necessarily a bet on the future. International investors are some of the most well-informed people. Their opinion on global cities’ outlooks will have a decisive effect on real decisions.

In 2016, the international investors surveyed seem to have identified a few dynamic global cities on all continents except South America and Oceania. Toronto, Dubai, Paris and Abu Dhabi are the four global cities that improved their ranking year-on-year.

↗ Chrysler Building
(318m)
New York

↗ World Financial
Center
(492m)
Shanghai

↗ Gherkin Tower
(180m)
London

↗ La Défense
(111m)
Paris

↗ Bank of china
(226m)
Hong Kong

↗ Burj al Arab
(321m)
Dubai

PERCEPTIONS: FOCUS ON PARIS

GLOBAL CITIES INVESTMENT MONITOR 2016

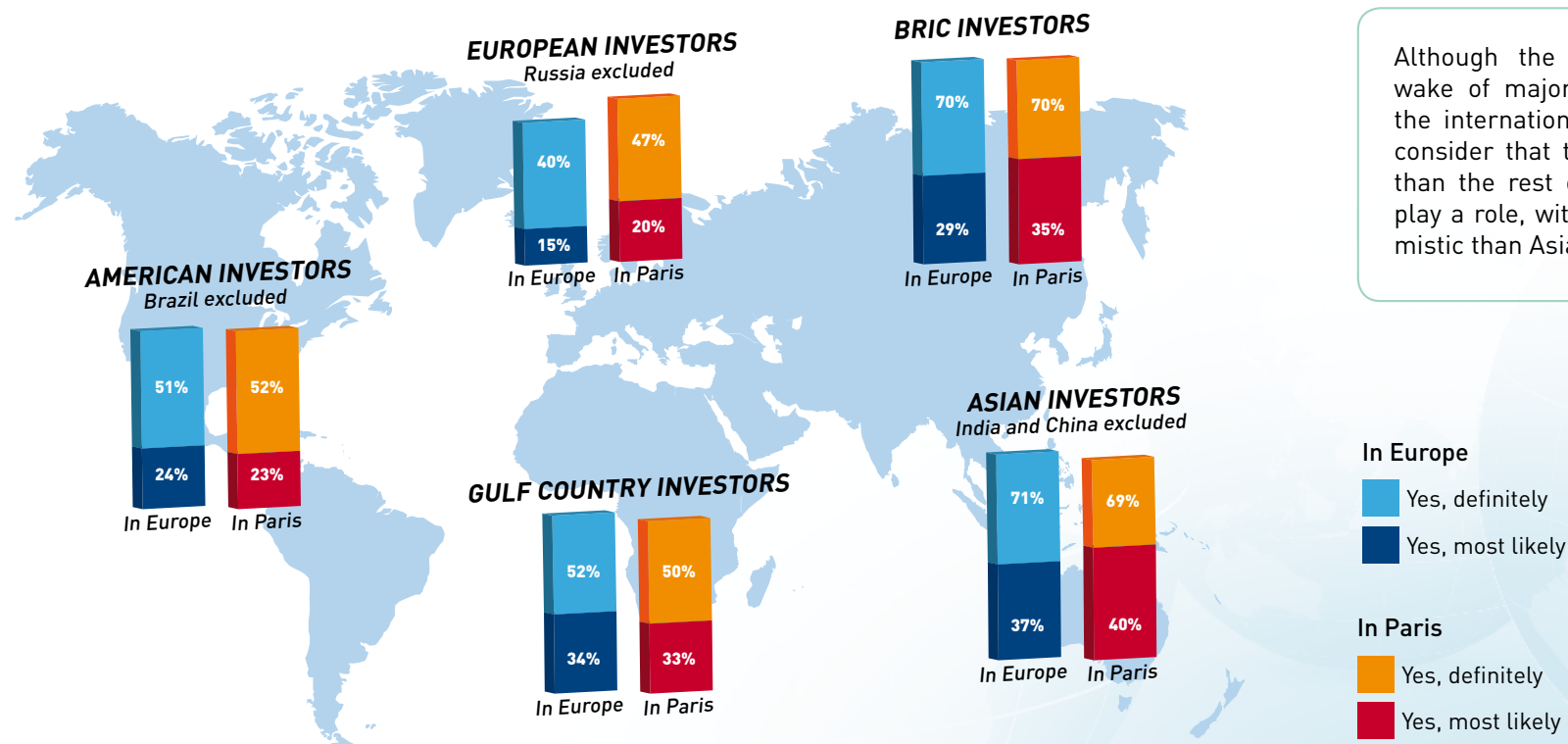
IN THE WAKE OF TERROR

PARIS & EUROPE ALIGNED



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“In light of the recent terrorist attacks, do you think that the issue of security will curb investment...”



Although the survey was conducted in the wake of major terror attacks targeting Paris, the international investors interviewed did not consider that the global city was more at risk than the rest of Europe. Regional sensitivities play a role, with American investors more optimistic than Asian ones.

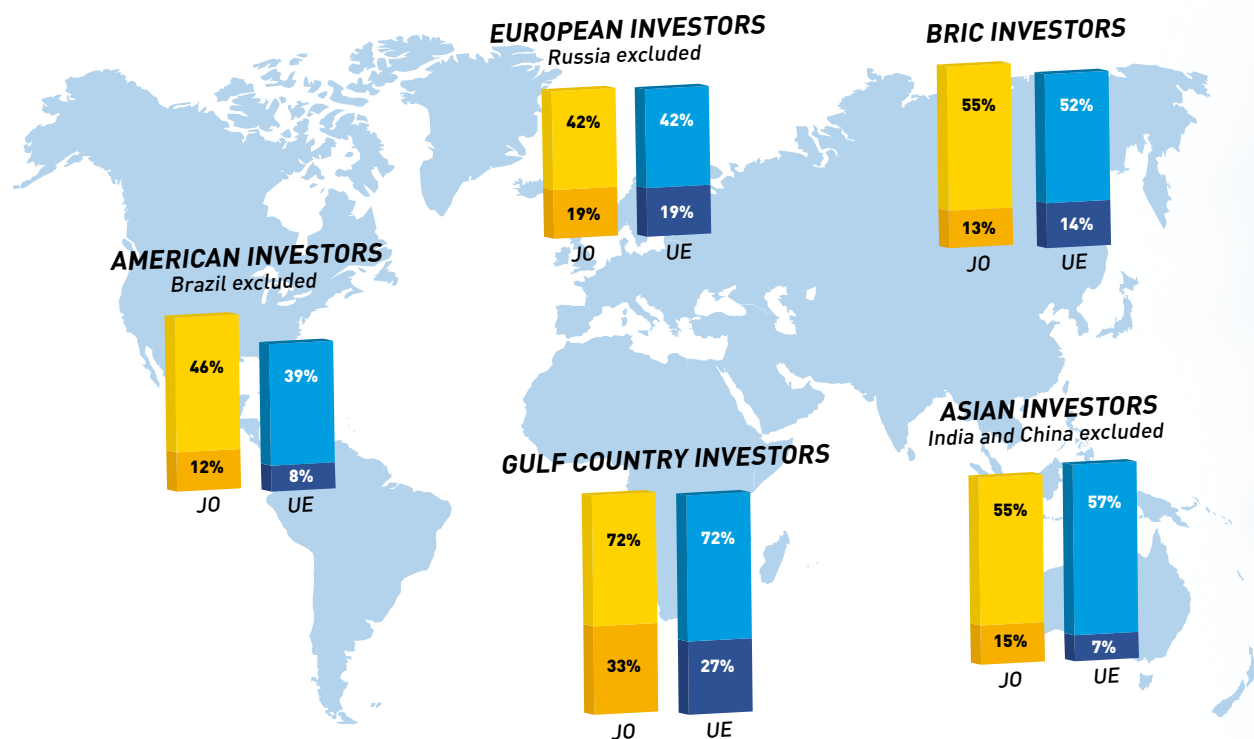
INTERNATIONAL EVENTS

ATTRACTIVENESS BOOSTERS



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“Paris is a candidate city for hosting the Summer Olympic Games in 2024 and the Universal Exhibition in 2025. If Paris’ bid is accepted for the following events, would this encourage you to consider investment in Paris?”



The previous editions of the Monitor have revealed that major international events lead to a lasting surge in international greenfield investments.

The investors interviewed acknowledged this fact.

Paris is candidate to organizing the 2024 Olympic Games and the 2025 World Expo.

The Summer Olympic Games in 2024

- Yes, definitely
- Yes, most likely

Universal Exhibition in 2025

- Yes, definitely
- Yes, most likely

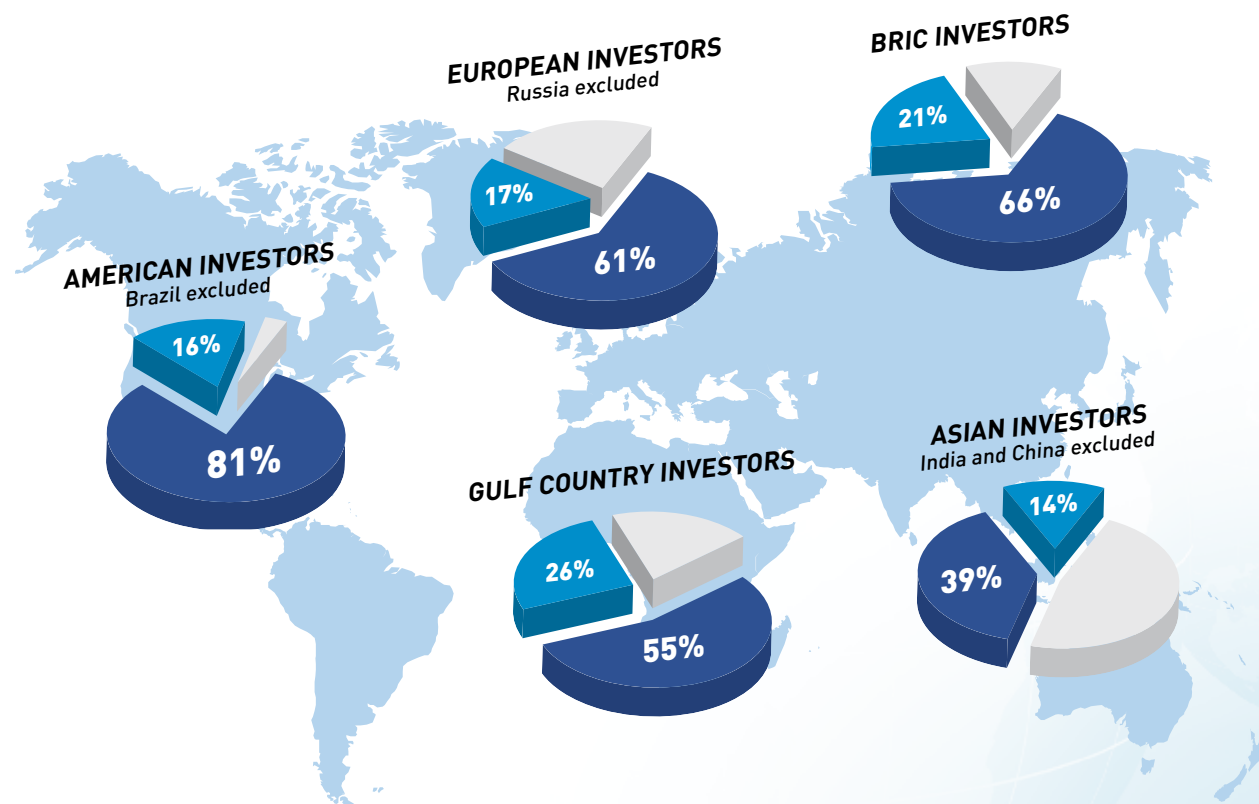
INNOVATION IN PARIS

A SPECIAL LINK WITH AMERICANS



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“Do you think that Paris is conducive to the establishment and development of companies in the sector of new technologies?”

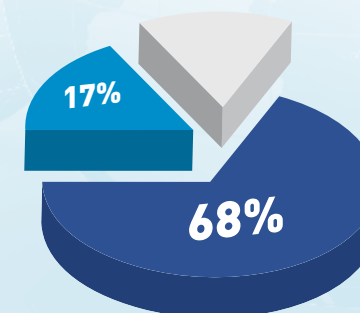


Paris is already a regular leading destination for R&D and is recognized for the quality of its Human Resources services.

Moreover, the investors interviewed clearly see Paris as a smart city, a leading destination for new technologies.

American investors are particularly enthusiastic.

OVERALL RESULTS (ALL INVESTORS)



Yes, definitely

Yes, most likely

Transamerica
Pyramid
(260m)
San Francisco

Federation Tower
(506m)
Moscow

Shanghai Tower
(632m)
Shanghai

Phare Tower
(297m)
Paris

Shard Tower
(305m)
London

Sapphire Tower
(261m)
Istanbul

REALITY BENCHMARKS

GLOBAL CITIES INVESTMENT MONITOR 2016

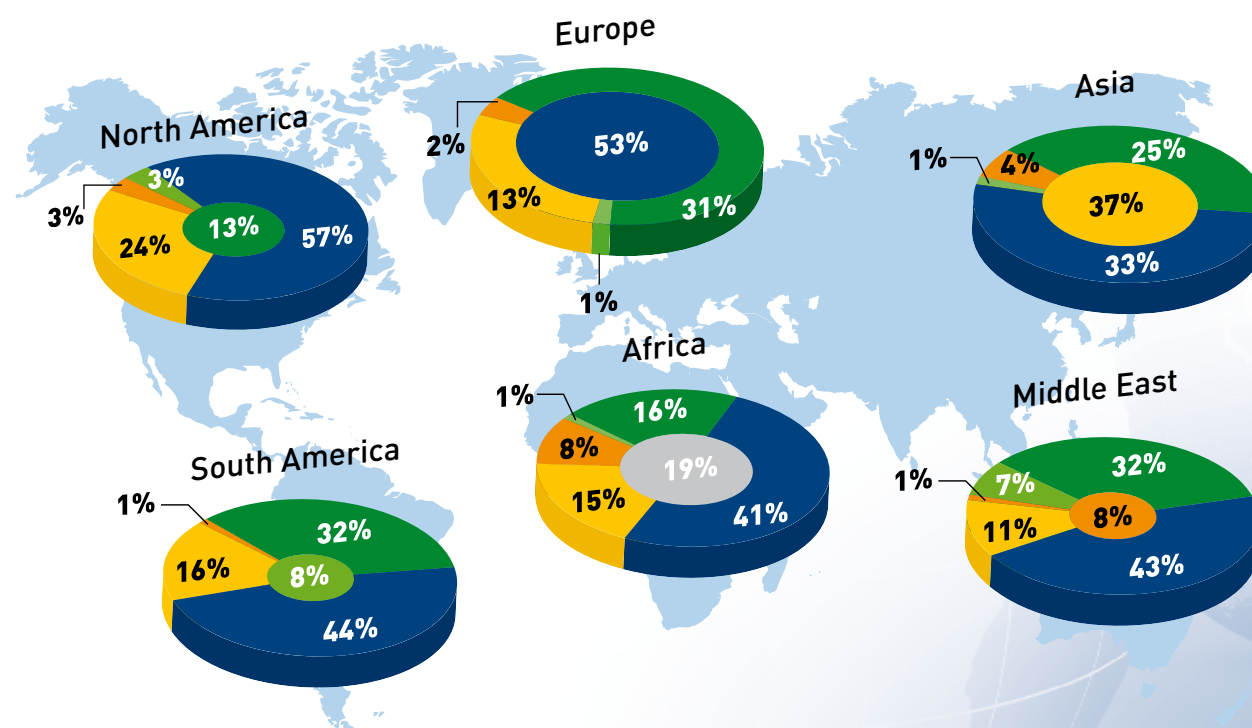
EUROPE, THE LEADING DESTINATION OF INTERNATIONAL INVESTMENTS



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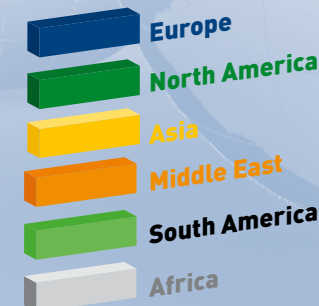
ORIGINS OF INTERNATIONAL GREENFIELD INVESTMENTS, IN SELECTED CITIES



Top cities need stable and strong links with regional investors. Europe is the biggest investor in all regions, followed by North America and Asia.

Over the last two years intra-Asian investments more than tripled, signaling a whole new intra-zone dynamic.

The intra-European dynamic is also the most intense of any region, followed by the intra-Asian dynamic, while the Americas and Africa largely depend on investments from other regions.



Source: fDi Markets, Financial Times Ltd

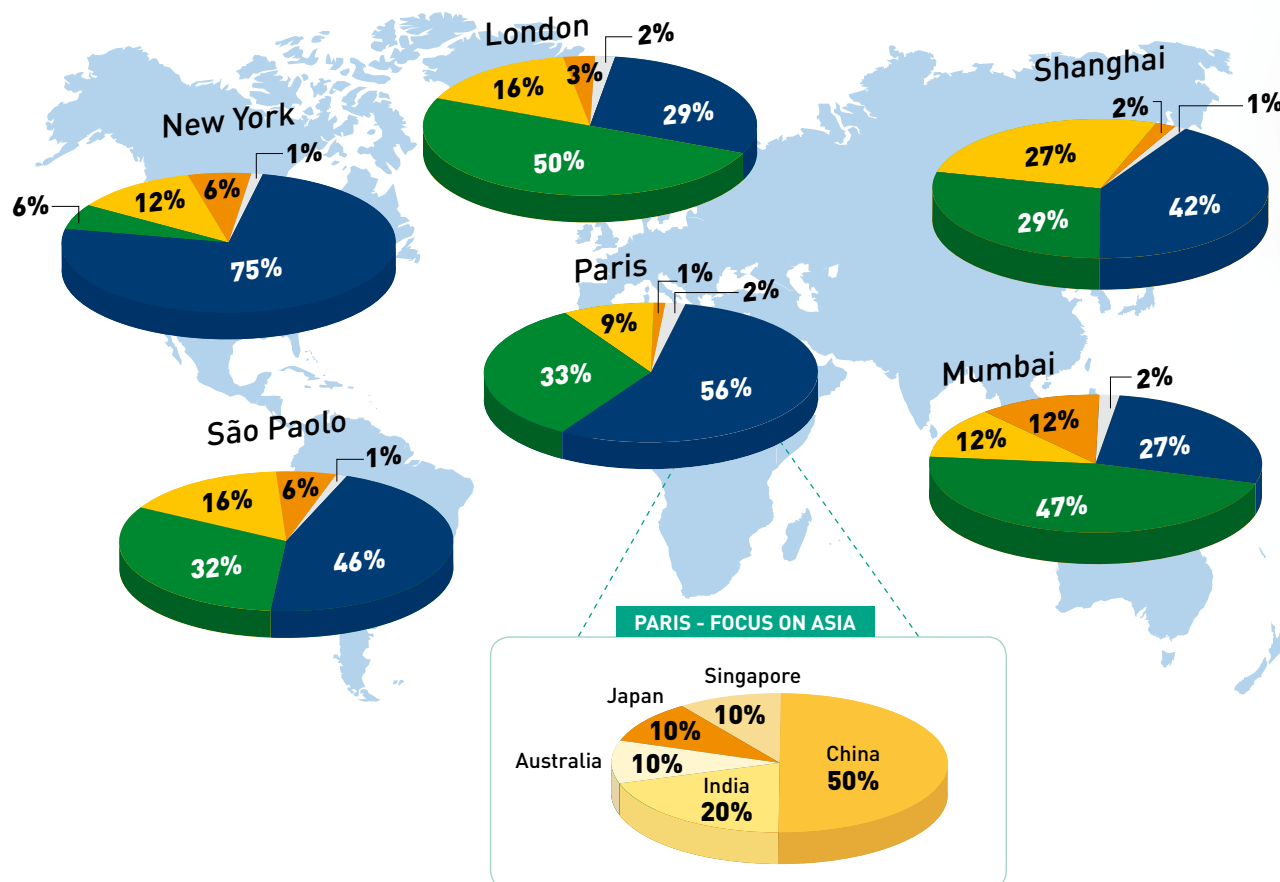
EUROPE, THE MAIN INVESTOR IN GLOBAL CITIES



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ORIGINS OF INTERNATIONAL GREENFIELD INVESTMENTS, IN SELECTED CITIES



Investments are mainly from Europe, except in London and Mumbai, where American investments dominate.

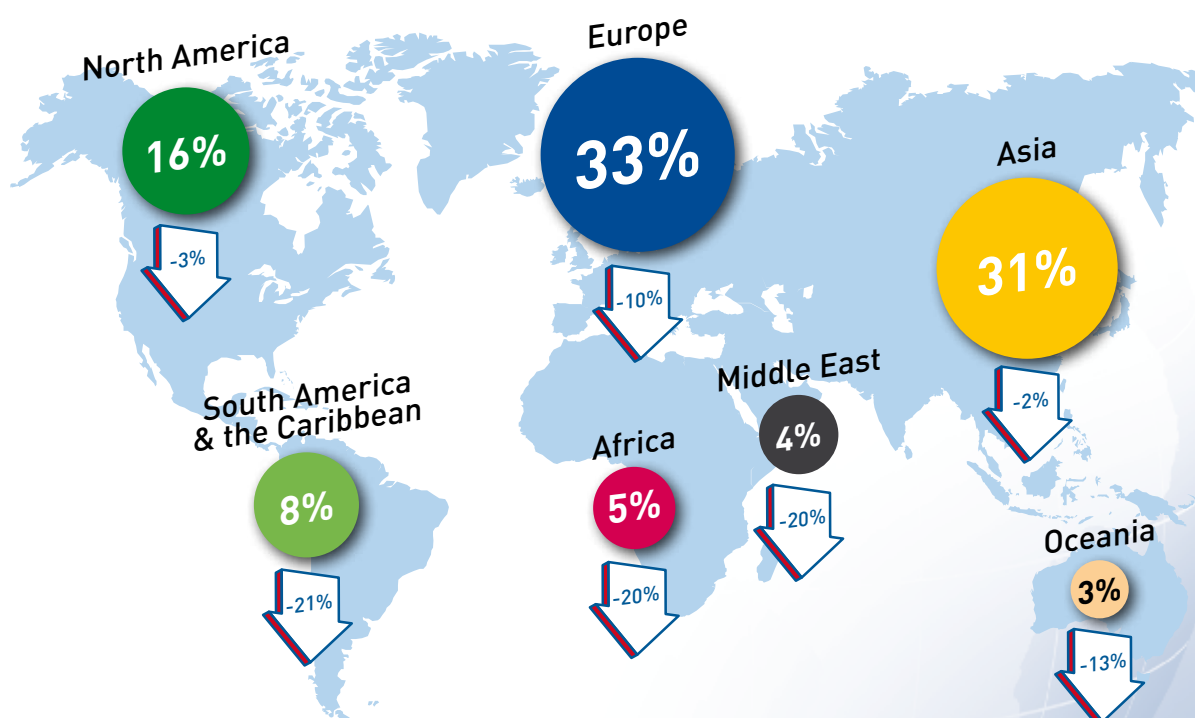
The biggest variation concerns Asian investments in Shanghai (+9 pts).

In Paris, Chinese investors still represent the largest share of Asian investments, but Indian, Singaporean and Australian projects have significantly increased, representing a major diversification.



Source: fDi Markets, Financial Times Ltd

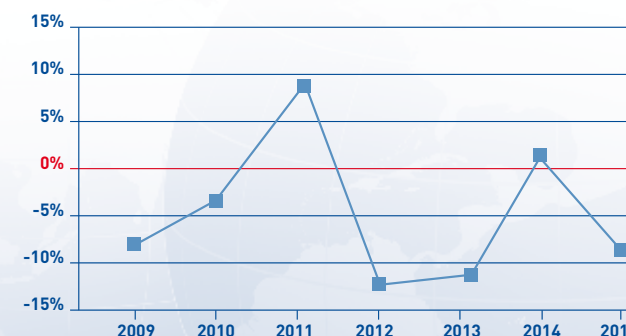
DESTINATION OF INTERNATIONAL GREENFIELD INVESTMENTS BY WORLD REGION



Global Decline : -8.7%

Since 2009 (the first edition of the Monitor), international greenfield investments have globally declined by 24%. Global cities are engaged in a long-term struggle to attract them.

International Greenfield Investments: Year-on-year changes (%)



In 2015, the global percentage average resulted from divergent regional trends, although regional values declined: North America (-3%) and Asia (-2%) moderately, Europe like the world average (-10%), while Oceania (-13%), the Middle East (-20%), Africa (-20%) and South America (-21%) dropped more sharply.

Source: fDi Markets, Financial Times Ltd

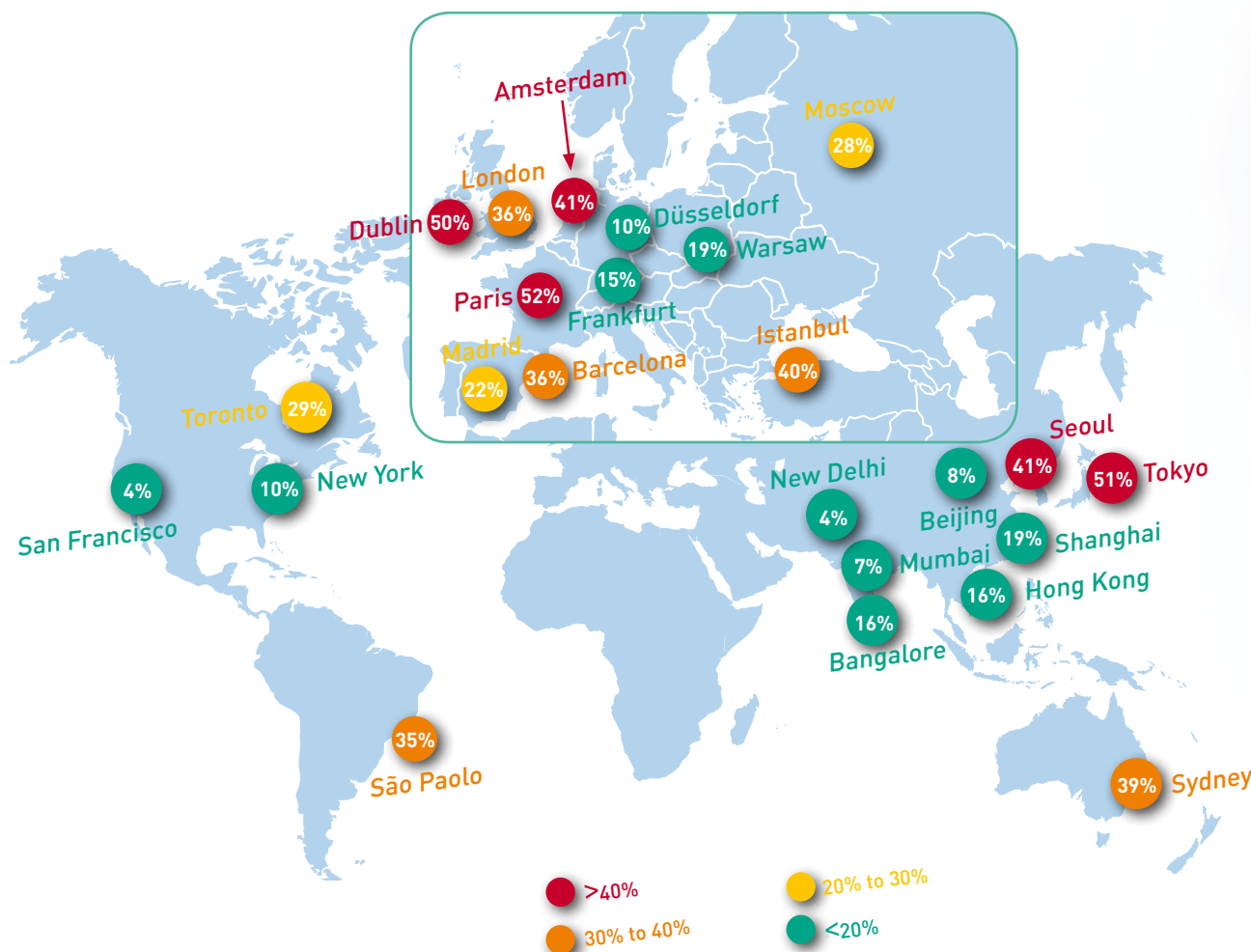
MAJOR GLOBAL CITIES

THE LARGEST INVESTMENT RECIPIENTS



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GLOBAL CITIES' SHARE OF NATIONAL INCOMING INVESTMENTS



Global cities continue to receive the lion's share of international greenfield investments.

The map opposite illustrates the concentration of investments in global cities. It is remarkable that the weight of global cities in their respective national economies is very different. While a single city attracts 50% or more of international greenfield investments in France, Ireland or Japan, and more than 40% in the Netherlands, Turkey or Korea, no single city attracts more than 10% in the USA, than 16% in Germany or in India.

Interestingly, this distribution does not correspond exactly to a centralized v. federal state dichotomy. Indeed, Brazil, for example, is characterized by a much more powerful center (São Paulo) than China. It is also remarkable that while some countries in Europe receive high investment levels, the European Union as a whole has a profile quite similar to other federal states, where no single polarity dominates.

Source: fDi Markets, Financial Times Ltd

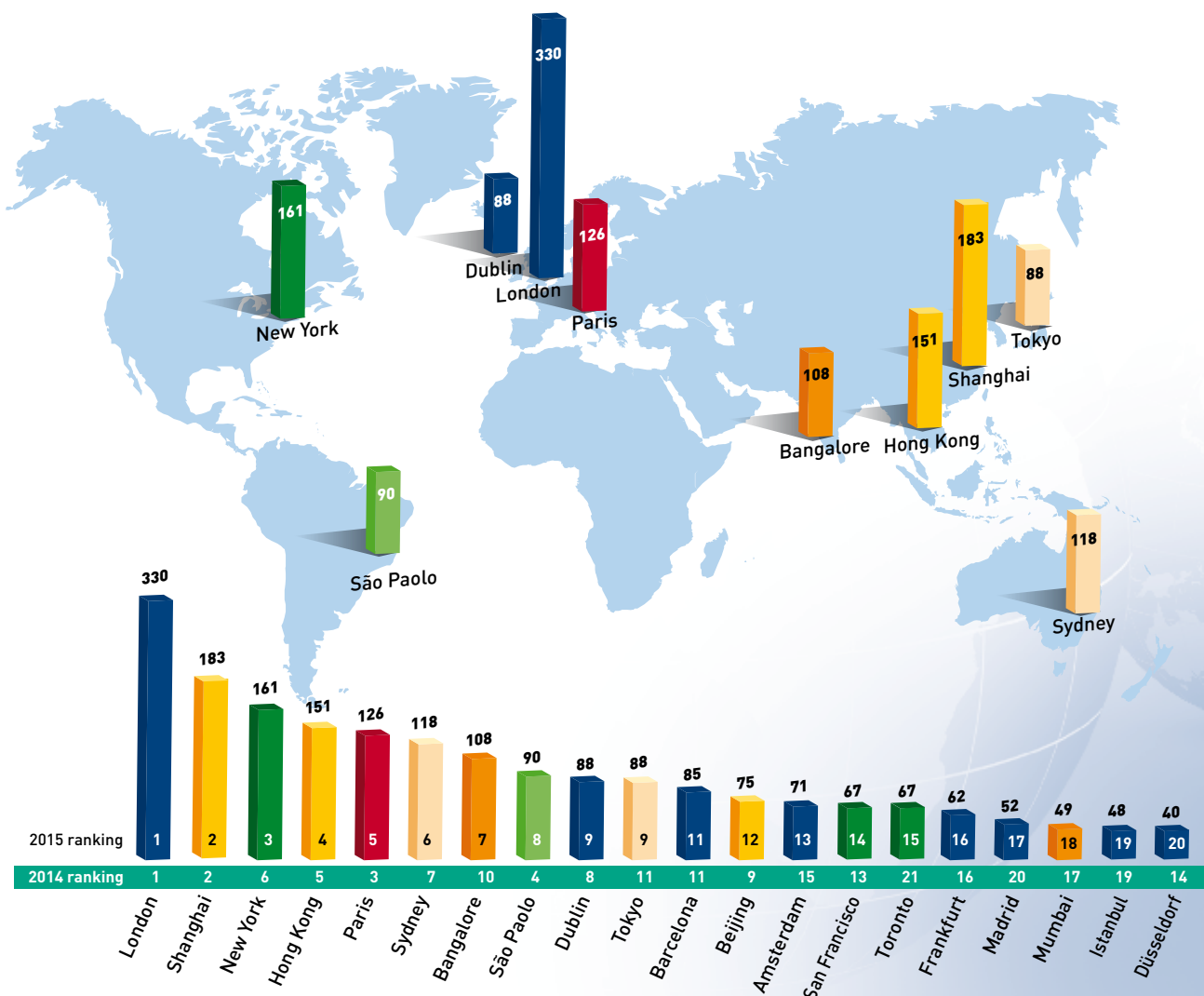
NEW TRENDS

SHANGHAI AND PARIS IN THE TOP 6



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NUMBER OF INVESTMENTS



In 2015, like in 2014 and 2013, all continents were represented in the Top 10 global cities, which reflects a truly global competition, one that is more open than ever before.

Although the general ranking appears quite like that of the previous year, some remarkable individual changes took place.

New York moved up three spots to number 3, like Bangalore, while Hong Kong and Sydney each moved up one spot.

On the contrary, Sao Paulo (-4) suffered the largest setback. These contrasting dynamics partly reflect different regional orientations (*cf. page 21*).

Paris, in the Top 5, outperforms its 5-year mean ranking (6th).

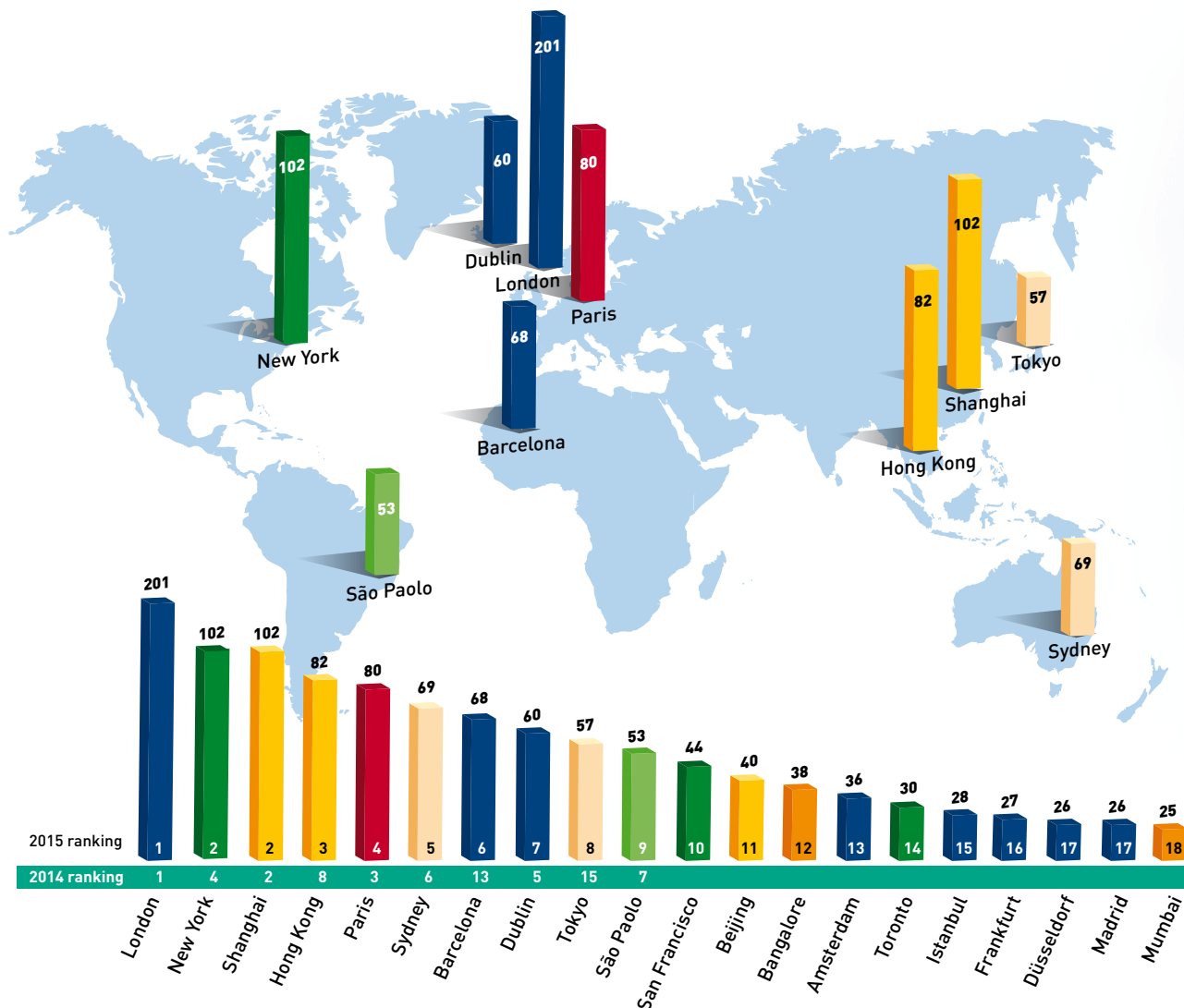
Source: fDi Markets, Financial Times Ltd

➔ FOCUS ON STRATEGIC INVESTMENTS



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NUMBER OF INVESTMENTS



Strategic investments, the rarest and most coveted type of investments*, tend to be even more concentrated in the Top global cities. New York and Sydney do better on strategic functions than on total investments, while Shanghai and São Paulo are underperforming. London and Paris have maintained the same positions as in the general ranking.

**Strategic business activities comprise customer contact centers, design, development & testing, education and training, headquarters, research and development, sales, marketing & support, and shared service centers*

Source: fDi Markets, Financial Times Ltd

TOP STRATEGIC INVESTMENTS

CORE OF LEADING CITIES

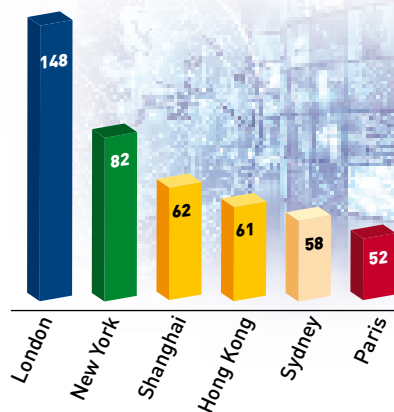


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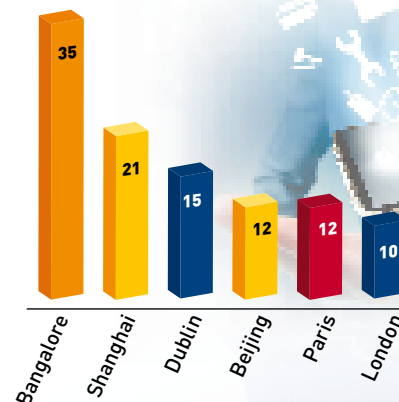


NUMBER OF INVESTMENTS

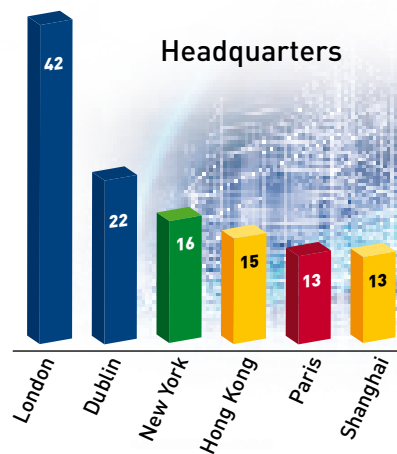
Sales, marketing & support centers



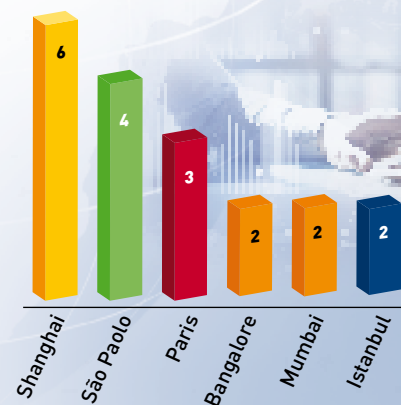
Design, development, education & training centers



Headquarters



Regional research centers



Source: fDi Markets, Financial Times Ltd

Al Hamra Tower
(412m)
Koweit City

CCTV Tower
(234m)
Beijing

Cocoon Tower
(204m)
Tokyo

Hermitage Tower
(320m)
Paris

Mirante do Vale
(170m)
São Paulo

Westend Strasse 1
(208m)
Frankfurt

REPORT 2011/2015

REAL TOP GLOBAL CITIES

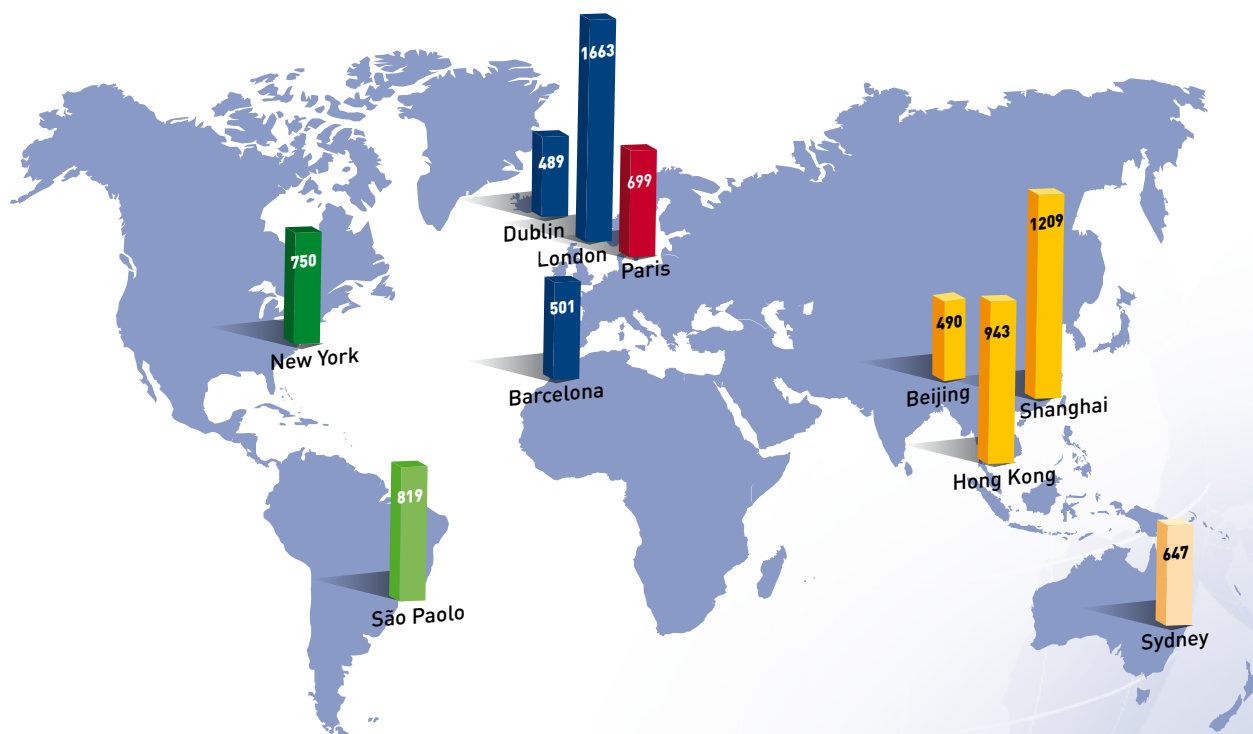
THE GLOBAL RANKING

FOR THE LAST FIVE YEARS, 2011 TO 2015



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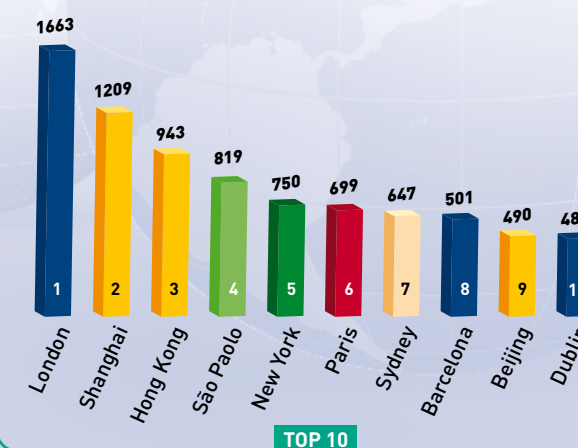
NUMBER OF INVESTMENTS



More than any other map, this one illustrates the long-term multipolar competition for international greenfield investments.

In this “great game” of the 21st century, all continents have their global city in the Top 10, but two stand out: Europe, with three global cities, and Asia, with two Chinese global cities.

Paris is by far the preferred destination for international greenfield investments in continental Europe.



Source: fDi Markets, Financial Times Ltd

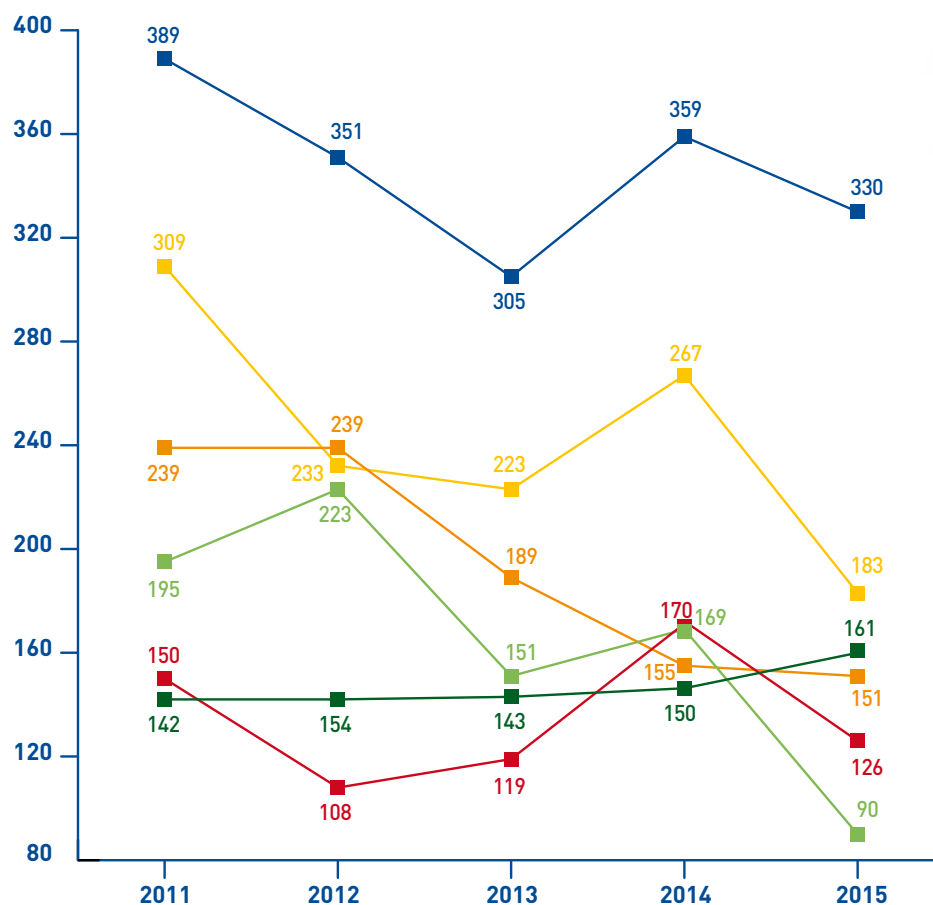
TRENDS IN LEADING CITIES

2011 TO 2015



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NUMBER OF INVESTMENTS



Two European global cities, two Chinese global cities and two American global cities have made the Top 6 over the last 5 years. The recent trend indicates a reversal of fortunes for international greenfield investments in all 6 cities except New York. All the others saw their international greenfield investments decreased markedly, reflecting the global trend.



Source: fDi Markets, Financial Times Ltd

GLOBAL CITIES

A COMPETITION MORE OPEN THAN EVER



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The Global Cities Investment Monitor is a unique worldwide survey conducted exclusively by the Greater Paris Investment Agency in partnership with KPMG. It ranks the attractiveness of global cities which compete at an international level.

Whereas there is no strict definition for a global city, they all benefit from a dynamic and stimulating environment where financial and business innovation meets top decision-makers. Global cities are focal points whose influence reaches all continents, both densely linked and intensely competing with one another to define the best economic, urban and political standards.

Competition among global cities is more open than ever before. For most of the twentieth century, Paris, London and New York formed the leading triad. Berlin was sidelined in the course of the two world wars. Moscow stood in the Soviet Bloc apart from economic competition. Tokyo was probably the first strong challenger.

Even with a much more open competition, very few cities can hope to figure among the top global ones. As the Monitor shows, investors' perceptions as well as actual investments tend to focus on a handful of cities and concentrate there.

For more than twenty years, the Greater Paris Investment Agency has conducted studies to compare and rank European cities. The Global Cities Investment Monitor is the first yearly global benchmark study. It fully acknowledges the changing global hierarchy.

What can Paris, a long-standing global city, expect from the Monitor? It demonstrates that Paris is perceived as an attractive city with a remarkable image. It shows that Paris is very well positioned in terms of actual investments too, even better than its image suggests.

The Monitor is a unique instrument for the Greater Paris Investment Agency to advocate and support world-class investments in infrastructure, architecture, and clusters in Greater Paris, to make it one of the world's leading business capitals of the twenty-first century.

OUR MEMBERSHIP: GLOBAL & MAJOR COMPANIES



ABB, ACCENTURE, ACCORHOTELS, PARIS AEROPORT, AIR FRANCE, ALTAREA-COGEDIM, ALTRAN TECHNOLOGIES, BNP PARIBAS, BOUYGUES IMMOBILIER, CAILLIAU DEDOIT & ASSOCIES, CAISSE DES DEPOTS, CAISSE D'ÉPARGNE ÎLE-DE-FRANCE, CEA, CHAMBRE DE COMMERCE ET D'INDUSTRIE DE PARIS ÎLE-DE-FRANCE, CHAMBRE DES NOTAIRES DE PARIS, CISCO, COLONY CAPITAL, COMEXPOSIUM, COMITE REGIONAL DU TOURISME, CREDIT AGRICOLE CIB (CALYON), DEFAC TO, EDF, ENEDIS, ENGIE, EPA PLAINE DE FRANCE, EPADESA, EPAPS, EPT GRAND ORLY VAL DE BIÈVRE SEINE-AMONT, ERDF, EUROPACITY, EY, FEDERATION REGIONALE DES TRAVAUX PUBLICS ÎLE-DE-FRANCE, FONCIERE DES REGIONS, FRANCE AMERIQUES, FRESHFIELDS BRUCKHAUS DERINGER LLP, GALERIES LAFAYETTE, GECINA, GENERALE CONTINENTALE INVESTISSEMENTS, GIDE LOYRETTE NOUEL, GROUPE G7, HERMITAGE, HINDUJA GROUP, ICADE, KPMG, LA FRANCAISE, LA POSTE, LOXAM, MARNE-LA-VALLEE, EPAMARNE/EPAFRANCE, MEDEF ÎLE-DE-FRANCE, ORANGE, PORT AUTONOME DE PARIS, PWC, RATP, RIVOLI PATRIMOINE, SEMMARIS, SNCF, SOCIETE DU GRAND PARIS, TATA COMMUNICATIONS, TRANSDEV, UNIBAIL-RODAMCO, VEOLIA, VINCI SA, VIPARIS, WILMOTTE & ASSOCIES, WIPRO, XEROX...



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Chiara Corazza
Managing Director
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