

North American Cities of the Future 2007/08

Chicago, Juarez, Windsor and Zapata are the top cities in fDi's North American Cities of the Future 2007/08 rankings. Charles Piggott reports on the leading performers among major, large, small and micro cities



Chicago, Illinois' ambitious development plans, massive infrastructure investment, reasonable location costs and an energetic regional economy have kept it at the top of fDi's major Cities of the Future shortlist.

Chicago ranked as the US City of the Future in 2005 and has developed a massive lead ahead of its nearest competitors in the past two years thanks to high levels of public and private investment and consistently strong economic indicators. As fDi went to press, Chicago was waiting to see if it would be chosen by the US Olympic Committee to bid for the 2016 summer games.

Good, affordable housing, low crime levels, strong health and education sectors, and falling unemployment helped to push Canada's largest city, Toronto in Ontario, into the runner-up position. Toronto has a strong and innovative environmental programme and it topped fDi's shortlist with the best quality of life of any major city.

Guadalajara, in the Mexican state of Jalisco, was the highest ranking major

Mexican city.

It had the second strongest economic potential of any major North American city and only Chicago scored more highly for sheer economic potential. Guadalajara's youthful population, low unemployment and large number of recent foreign investment deals are good indicators that Mexico's second largest city has a bright future.

fDi's North American City of the Future shortlists – which took more than six months to research – identify Juarez in the Mexican state of Chihuahua as the top large City of the Future. Although Juarez is only the eighth largest city in Mexico, fDi's judges noted its growing importance as a regional industrial and logistics centre on the border between Mexico and the US.

Windsor, in the Canadian province of Ontario, ranks as North America's leading small City of the Future, scoring well for business-friendly policies and a strong development programme that includes

several large-scale projects involving public and private investment. The 2013 date given for completion of a proposed \$1bn international border crossing between Windsor and the US city of Detroit, Michigan, would further brighten Windsor's economic outlook.

fDi's micro City of the Future, Zapata, in Texas, impressed the judges with its clear development strategy and success in attracting investors from outside the state. Zapata's many development projects include a new border crossing into Mexico, major highway improvements, and a strategy for growth and investment that includes logistics, air transport, alternative energy, eco-tourism and security.

fDi's Locations of the Future competition covers each region once every two years. The next North American Cities of the Future competition will be published in 2009.

Methodology

fdi's Cities of the Future shortlists are created by asking cities to provide data and qualitative information in much the same way as investors approach locations during the screening process used to decide which are suitable for capital investment projects.

In the second half of 2006, fdi magazine invited key cities across North America to answer more than 60 questions in seven broad categories. A total of 108 cities were considered by fdi's panel of judges, which scored each city according to a variety of criteria (see judging

criteria). Cities were categorised by size so that they could compete against each other on a level basis:

- Major cities have a population of more than two million.
- Large cities have a population of between 500,000 and two million.
- Small cities have a population of between 100,000 and 500,000.
- Micro cities have a population of less than 100,000.

Cities scored up to a maximum of 10 points for each criteria. The winners in each category are the cities that scored the most points in that category and the overall winner is the city that scored the most points across all seven categories.

Cities were scored by members of fdi's editorial team and by independent guest judges (see judging panel).

JUDGING CRITERIA

Economic potential

- Percentage of the population under 25
- Adult unemployment level in 2005
- Change in adult unemployment 2003 to 2005
- Average annual earnings of employees in 2005
- Average annual earnings growth 2004 to 2005
- Fiscal balance 2005
- Fiscal balance 2004
- FDI stock per capita at the city level
- FDI stock per capita at the state/province level
- Foreign direct investment in 2005
- Number of foreign investment deals signed in 2005
- Three most significant inward investment projects

Cost effectiveness

- Town centre office rental costs
- Out of town office rental costs
- Factory/industrial premises rental costs
- Warehouse rental costs
- Town centre office purchase costs
- Out of town office purchase costs
- Factory/industrial premises purchase costs
- Warehouse purchase costs
- Secretarial salaries
- Entry level manager salaries
- Middle manager salaries
- Senior manager salaries
- Manual worker wages
- Electricity tariffs for business/industrial users
- Water tariffs for business/industrial users
- Gas tariff for business/industrial users
- Unleaded fuel costs
- Diesel fuel costs

Human resources

- Number of university-level educational institutions in the city
- Number of university-level educational institutions in the state/province
- Leading university and research institutions in the city
- Leading university and research

- institutions in the state/province
- Number of student graduates in 2005
- Percentage of the city population with a university-level degree
- Number of "World top-200" universities
- Government-sponsored worker training programmes

Quality of life

- Best housing areas
- Average residential property purchase price
- Average residential rental costs
- Public and private healthcare facilities
- Leading schools
- Leading international schools
- Cultural and environmental heritage
- Incidents of crime per thousand people

Infrastructure

- Strategic transport links
- Mobile phone ownership (percentage of adult population)
- Internet connection speeds (maximum available bandwidth)

Business friendliness

- Basic level of corporate taxation
- Business-related taxes at the city level
- Business-related taxes at the state/province level
- Property transaction tax
- Number of out-of-state companies in the city
- Number of out-of-state companies in the state/province
- Number of jobs created by out of state investment in the past year
- Mandatory employer contributions – for example, welfare taxes, healthcare benefits, etc

FDI promotion strategy

- Sectors targeted for inward investment
- Financial support available to investors
- Non-financial investment support available to investors
- Major infrastructure and urban planning projects
- Environmental strategies and grants

THE JUDGING PANEL



Don Holbrook
board member,
International Economic
Development Council
in Washington, and is
writing a book on
world class cities



Dan Malachuk
fdi's US columnist
and a strategist for
the public and
private sector



Todd Malan
president and chief
executive officer of
the Organization for
International
Investment in
Washington



Daoud Awad
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planning, New York
Region Corporate
Services for The
Staubach Company



Miguel Hoyola
partner in charge of
the Mexico practice
in Chicago and
Washington offices
of law firm Baker
McKenzie

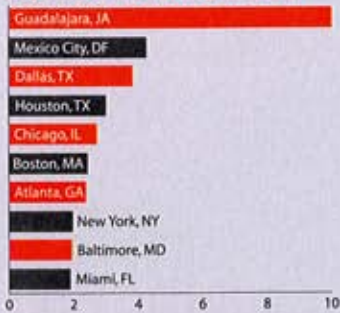


Steve Gemmings
president, Site
Selection Canada

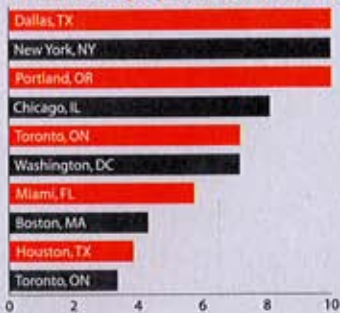
TOP 10 MAJOR CITIES OF THE FUTURE

Scores out of 10

Population under 25 years old



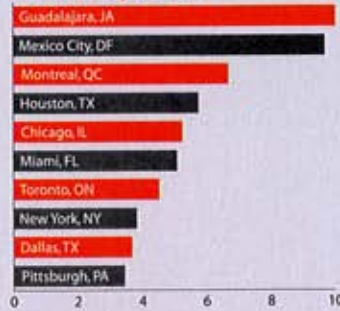
Fall in unemployment 2004-2005 (%)



Average earnings growth 2004-2005



Manual wage costs



Percentage of population with a degree



Chicago: best major city for economic potential, infrastructure and investment promotion



TOP 10 MAJOR CITIES OF THE FUTURE 2007/08

Rank	City	State	Country
1	Chicago	Illinois	United States
2	Toronto	Ontario	Canada
3	Pittsburgh	Pennsylvania	United States
4	Atlanta	Georgia	United States
5	Guadalajara	Jalisco	Mexico
6	Baltimore	Maryland	United States
7	Montreal	Quebec	Canada
8	Mexico City	Federal District	Mexico
9	Boston	Massachusetts	United States
10	Miami	Florida	United States

MAJOR CITIES: TOP FIVE BEST ECONOMIC POTENTIAL

Rank	City	State	Country
1	Chicago	Illinois	United States
2	Guadalajara	Jalisco	Mexico
3	Atlanta	Georgia	United States
4	Mexico City	Federal District	Mexico
5	Montreal	Quebec	Canada

MAJOR CITIES: BEST DEVELOPMENT AND INVESTMENT PROMOTION

Rank	City	State	Country
1	Chicago	Illinois	United States
2	Boston	Massachusetts	United States
3	New York	New York State	United States
4	Toronto	Ontario	Canada
5	Seattle	Washington State	United States

MAJOR CITIES: BEST HUMAN RESOURCES

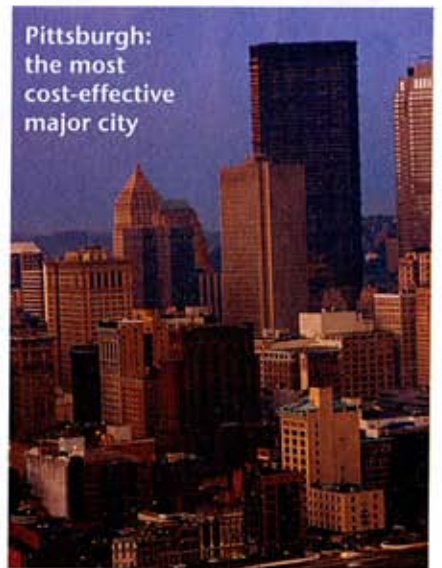
Rank	City	State	Country
1	Boston	Massachusetts	United States
2	New York	New York State	United States
3	Chicago	Illinois	United States
4	Atlanta	Georgia	United States
5	Toronto	Ontario	Canada



Toronto: best rating for quality of life and second overall among major cities

MAJOR CITIES: BEST INFRASTRUCTURE

Rank	City	State	Country
1	Chicago	Illinois	United States
2	Pittsburgh	Pennsylvania	United States
3	Atlanta	Georgia	United States
4	Toronto	Ontario	Canada
5=	Dallas	Texas	United States
5=	Miami	Florida	United States



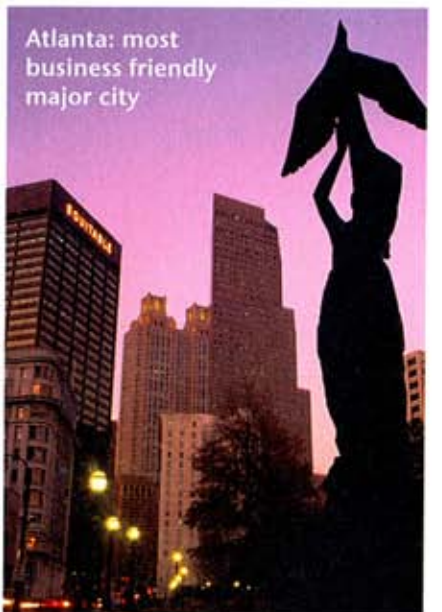
Pittsburgh: the most cost-effective major city

MAJOR CITIES: MOST BUSINESS FRIENDLY

Rank	City	State	Country
1	Atlanta	Georgia	United States
2	Baltimore	Maryland	United States
3	Guadalajara	Jalisco	Mexico
4	New York	New York State	United States
5	Chicago	Illinois	United States

MAJOR CITIES: MOST COST EFFECTIVE

Rank	City	State	Country
1	Pittsburgh	Pennsylvania	United States
2	Chicago	Illinois	United States
3	Miami	Florida	United States
4	Mexico City	Federal District	Mexico
5	Guadalajara	Jalisco	Mexico



Atlanta: most business friendly major city

MAJOR CITIES: QUALITY OF LIFE

Rank	City	State	Country
1	Toronto	Ontario	Canada
2	New York	New York State	United States
3	Chicago	Illinois	United States
4	Boston	Massachusetts	United States
5	Montreal	Quebec	Canada