



The cities that matter to the world's wealthy for business and lifestyle

Global Cities Survey

What makes a city important to the wealthy, and what makes them want to live there? Researchers attempt to solve this conundrum by measuring and ranking quality of life and a host of other indicators.

Of course, if we measure a city's importance by political power, Washington DC and Beijing will be at the top of the tree, followed closely by Brussels, the power base of the EU. If we assess quality of life, a clutch of northern European, Canadian and Australian cities, led by the likes of Melbourne and Toronto, will dominate.

But, by and large, these cities do not boast the highest concentrations of UHNWI residents. You may need to lobby in Washington or Brussels, but you are less likely to want to live there.

Our focus, as highlighted so graphically on pp30-31, is to consider the number of UHNWIs who actually choose to live in each city.

To provide a more rounded picture we have also assessed responses from our Attitudes Survey, in which we asked wealth advisors around the world to name the cities where their clients spend time

for business and leisure.

"Follow the money" was the sage advice from the Watergate mole, and it holds true at the top of our rankings. London and New York, the world's dominant financial centres, take the first two positions in our latest rankings. Although the total wealth held by UHNWIs is now greater in Asia than in North America, no single city can claim to be the region's economic hub and really challenge the dominance of London and New York.

Within the Asia-Pacific region, Hong Kong is now the most important city largely because of its close economic affinity with China, although Singapore has the biggest UHNWI population.

Some of the most interesting results are not found at the top of city ranking tables – new candidates rarely emerge – and up-and-coming locations offer some of the most interesting opportunities for entrepreneurial UHNWIs or those looking to join the ranks of the super-rich. On p32 and p33 we highlight four cities around the world that could be worth a closer look.

01

London calling

The UK's capital is now the world's most important city, but that distinction could belong to New York by 2025

02

Power shift

Despite not being able to grab the top spots from London and New York, the number of UHNWI residents in Singapore and Hong Kong is set to increase more rapidly over the next 10 years. Seven of the top 10 risers are in Asia

03

Asian battle

Hong Kong overtakes Singapore as the key city for UHNWIs in Asia. It will retain this position in 2025



PRIME MOVER London is the world's most important city for UHNWIs

The world's top 40 cities

The latest results from our Global Cities Survey, which monitors the cities that matter to the world's wealthy

LIAM BAILEY, GLOBAL HEAD OF RESEARCH

Changing fortunes across our rankings over the past 12 months have seen Hong Kong and Singapore continue to slug it out for pole position in Asia.

This year Hong Kong edges ahead, moving from fourth to third position in our global top 10. With Shanghai maintaining its steady rise, Asia holds four of the top 10 slots in our list. Although Geneva loses ground this year, Zurich's strengthening helps maintain European representation.

Focusing purely on the population of wealthy residents, our data confirms that London remains the single biggest centre for global UHNWIs, followed by Tokyo, Singapore and New York. Ten years hence and the expectation is that London will retain its top spot, but Singapore will have closed the gap with a 54% growth in its population of UHNWIs over that period.

With the exception of London, European cities will see a relative decline in their rankings based on the size of their UHNWI populations over the next decade, despite an average 27% growth in wealthy residents.

Europe's relative, if not absolute, decline is reflected in North America,

Australasia and even the Middle East, with one standout reason – the dramatic growth of wealth in Asia. On average, cities across that region will see a 91% growth in their UHNWI populations over the next decade.

The most rapid growth in wealth will be seen in the likes of Ho Chi Minh City, Jakarta, Mumbai and Delhi. One-fifth of the cities assessed are expected to see greater than 100% growth over the next decade, all of which are in Asia or Africa. Geographic concentration of wealth remains a key facet with 10% of all additional growth in UHNWIs taking place in just five cities – Singapore, Hong Kong, New York, London and Mumbai – over the next decade.

When we focus on the broader measure of dollar millionaires, or HNWI, rather than UHNWIs, we see some resilience in the performance of cities in the developed world. Tokyo contains the biggest single cluster of HNWI today. At 466,000 the HNWI population is nearly a fifth larger than the number two city, New York, with a little under 400,000.

In 10 years we will see a reversal, with New York expected to be home to the

Top 40 most important cities to UHNWIs in 2015

- 1 London
- 2 New York
- 3 Hong Kong
- 4 Singapore
- 5 Shanghai
- 6 Miami
- 7 Paris
- 8 Dubai
- 9 Beijing
- 10 Zurich
- 11 Tokyo
- 12 Toronto
- 13 Geneva
- 14 Sydney
- 15 Taipei
- 16 Frankfurt
- 17 Moscow
- 18 Madrid
- 19 San Francisco
- 20 Vienna
- 21 Milan
- 22 Los Angeles
- 23 Jakarta
- 24 Munich
- 25 Amsterdam
- 26 Mumbai
- 27 Dublin
- 28 Johannesburg
- 29 Istanbul
- 30 Kuala Lumpur
- 31 São Paulo
- 32 Mexico City
- 33 Berlin
- 34 Washington DC
- 35 Boston
- 36 Cape Town
- 37 Auckland
- 38 Buenos Aires
- 39 Rio de Janeiro
- 40 Tel Aviv

Source: Knight Frank Global Cities Survey

biggest global total, with over 520,000 HNWI, and Tokyo slipping to second place with 508,000.

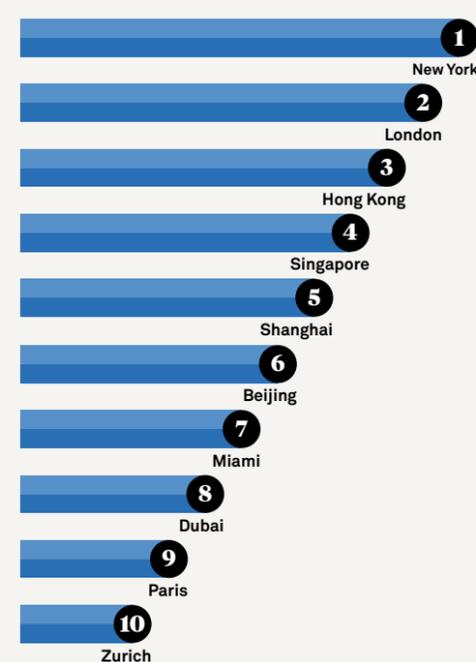
By this point Beijing will sit in third position, with 350,000 dollar millionaires, a rise of 55% over the decade. Despite the US and Japan hanging on with the two biggest city counts, growth even at this wealth level will be dominated by Asian centres, with six of the 10 biggest growth cities in absolute terms being in Asia.

Collectively they are expected to add 600,000 new HNWI to their populations over the period to 2024. In Mumbai alone forecast growth is a phenomenal 125,000 – a 128%.

Our Attitudes Survey points to the cities that UHNWIs believe will yield the best investment opportunities in 2015 – led by New York, London, Berlin and Los Angeles.

Looking to the future, one constant remains: the rise of the Asian powerhouse cities, the relative decline of the European centres and the tussle between the two global behemoths – New York and London, with New York expected to be the most important city for global UHNWIs in 2025.

Most important cities to UHNWIs in 2025



Source: Knight Frank Research

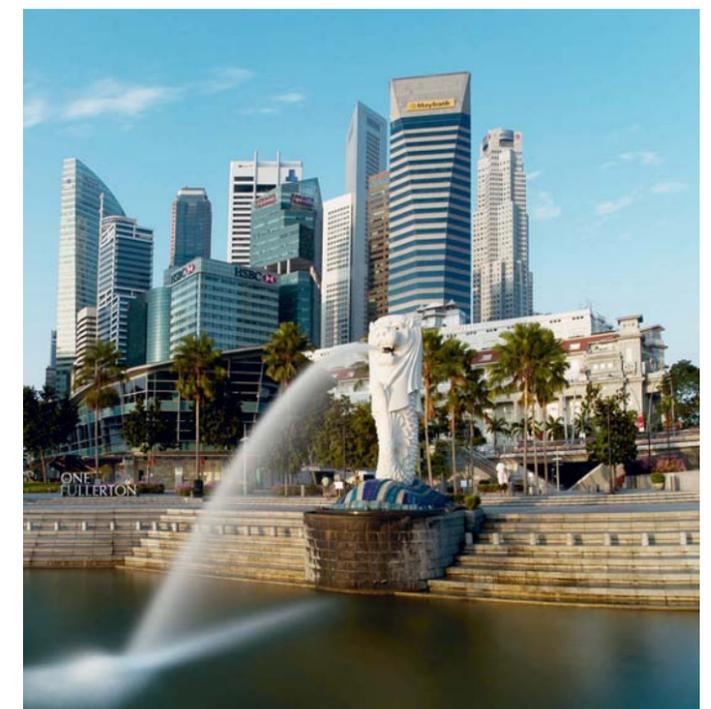
Top three cities with the greatest growth in the number of UHNWI residents (2014-2024)



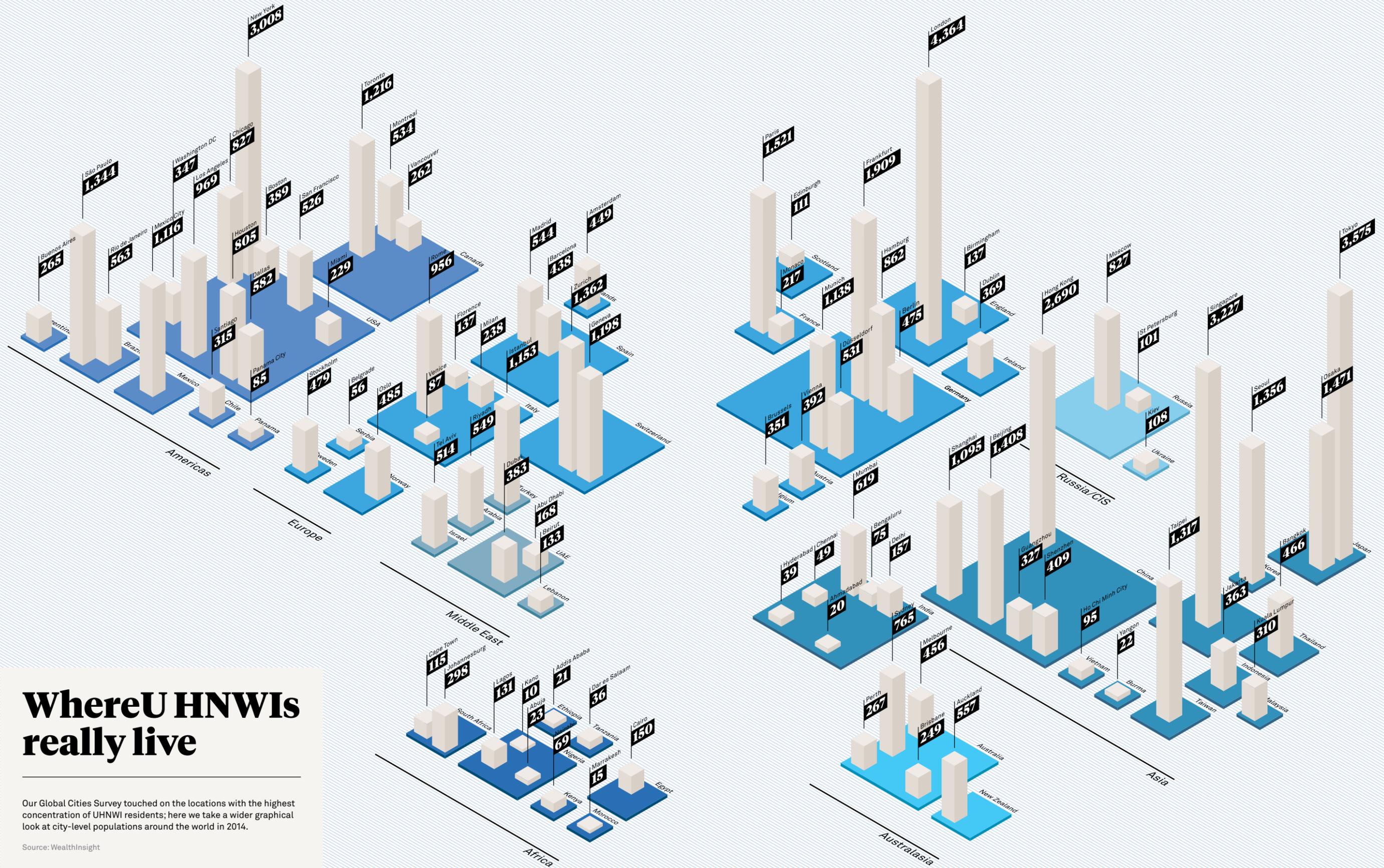
Source: WealthInsight See pp30-31 for more city-level UHNWI population data

HOW WE MEASURE THE WORLD

Our analysis confirms the most important global cities to the world's wealthy. Our measure includes an assessment of unique city-level UHNWI population counts, provided by WealthInsight; in addition, our Attitudes Survey contributes rankings covering the importance of cities for their business links, economic activity and lifestyle offer. In short, these are the cities where the wealthy congregate, work, invest, are educated and spend their leisure time. Future forecasts for wealth populations and judgements of the changing influence of cities from our Attitudes Survey underpin our forecast for the top 10 cities in 2025.



ASIAN TIGER Singapore is set to gain the most UHNWIs of any city over the next 10 years



Where UHNWIs really live

Our Global Cities Survey touched on the locations with the highest concentration of UHNWI residents; here we take a wider graphical look at city-level populations around the world in 2014.

Source: WealthInsight

Cities of the future

The Wealth Report picks locations with a potentially bright future

The cities featured on this spread are not those about to be listed among the world's top 10 or even top 20 most important cities. Indeed, none of them yet boasts any billionaire residents, according to data from WealthInsight, but their HNWI (millionaire) and UHNWI populations are rising, and they are locations whose influence we believe is growing strongly at a regional level. Even if they are unlikely to be on the second-home list of most UHNWIs, they should certainly be on their radars in terms of the wealth creation opportunities they will present.

Belgrade, Serbia

As with all our featured cities, rising wealth is a key illustration of the growing strength of Belgrade's economic fortunes. While seeing only a steady 12% rise in the number of HNWI residents in the years from 2007 to 2014, the expectation is that this figure will jump markedly by 2024, with a forecast of 72% growth over the decade.

Accounting for 40% of Serbia's economic activity, the city acts as south-eastern Europe's financial and business centre and is witnessing rising levels of foreign direct investment.

Inward investment has been aided by tax incentives and grants and an increasingly competitive tax environment, which has attracted the likes of Fiat and Siemens to invest in plants in the city.

Lifestyle improvements over the past decade have been supercharged by a growing reputation as a tourist centre – Lonely Planet describes Belgrade as "one of the most happening cities in Europe" – luring

young visitors in particular, who are staying in increasing numbers, attracted by low-cost and relatively high-quality office accommodation to develop internet and app start-ups, including leading online gaming firms.

Panama City

The unique geography that has blessed Panama with its canal has also aided economic growth and wealth creation in its capital, Panama City, by bridging the divide between Latin and North America. With a near doubling in the number of HNWIs since 2007 to hit 4,700 in 2014 and nearly 7,000 by 2024, *The Economist's* decision to label the city "a Singapore for Central America" seems increasingly prescient. In a Central American context Panama offers a high degree of economic and regulatory stability. Investors are attracted by the strongest economic growth offered in the region and also a very competitive tax environment – all

of which have contributed to foreign direct investment levels hitting 9% of GDP in recent years.

Tourism and retirement developments have added to the attractions of the city. High-quality transport and health care and a growing presence of global hotel brands have drawn investment from entrepreneurs looking to expand on a strong food and lifestyle scene.



01

- 01 BELGRADE South-eastern Europe's financial centre
- 02 PANAMA CITY "A Singapore for Central America"
- 03 ADDIS ABABA Africa's political capital
- 04 YANGON Annual tourist visits to hit seven million by 2020



02

Addis Ababa, Ethiopia

Africa's fastest-growing economy, Ethiopia, benefits from not only the political importance of Addis Ababa but also the 3.8% annual growth rate of the population within the capital. In addition to natural growth, there is vast rural-urban migration, which planners predict combined could lead to the size of the city surging by 2040 to over 8.1 million.

Wealth creation has seen a near doubling of the population of HNWIs since 2007 to a little over 1,300, with one of the strongest forecast growth rates for the coming decade – with an expected expansion to 2,600 by 2024.

The city is understandably witnessing severe growing pains, with public investment in transport including an overhead rail network, and construction dominating GDP growth. Relocation of existing residents to accommodate new infrastructure has caused severe stresses on some sectors of the city's population. The Renaissance dam under construction on the Blue Nile is Africa's largest hydroelectric scheme and could provide energy security – a vital component for economic development.

With the presence of the African Union headquarters, and the headquarters of the United Nations Economic Commission for Africa, as well as a number of continental and international organizations, the city is commonly regarded as the political capital of Africa, lending a strong diplomatic and political edge to its growing economic strengths.



03

Yangon, Myanmar

With its number of HNWI residents set to more than double over the coming decade, hitting in excess of 3,500 US dollar millionaires by 2024, Myanmar's former capital and largest city, Yangon, is a classic example of emerging market wealth creation.

Benefiting from the gradual opening up of its economy, following the introduction of democratic reforms in recent years, the city has seen strong employment growth and inward investment, with annual GDP growth at a national level predicted to eclipse that seen in India and even China in 2015 and 2016. Accounting for a fifth of

overall economic output, Yangon is set to be the lead beneficiary of this process.

Controls over non-resident property ownership have slowed private international investments, but private equity investment in business, especially those in the construction and development sectors, have been one method for non-residents to gain exposure to rising property values.

Restaurant, hotel and retail offer has been improving steadily over the past five years, and new entrants are arriving rapidly – with tourism visits forecast to grow from three million in 2015 to over seven million in 2020. A grand tour of Myanmar is now on the hotlist for wealthy tourists.



04

The Economist's decision to label Panama "a Singapore for Central America" seems increasingly prescient