

TECH CITIES 2017

The cities at the forefront of global tech



Savills Tech Cities aims to understand the many, diverse factors that make places a good location choice for the tech sector. We have identified the 22 global centres at the forefront of tech, all of which have thriving and growing tech industries. They are at the top of global shopping lists for tech companies looking for space in which to locate.

We have identified 22 cities across the world at the forefront of the global tech industry.

- Cities attract talent. Employers need to understand what makes these urban centres successful so they can identify the best locations for future expansion and relocation.
- Access to venture capital and talent give US cities a lead on other global centres. Austin beats San Francisco to the top of the table because it is so successful in attracting human capital.
- Liveable and vibrant Berlin tops our 'City Buzz and Wellness' measure. London ranks high for its extensive cultural and entertainment offer.
- Rising on a global stage, tech centres such as Santiago, Buenos Aires and Cape Town are magnets for talent in their regions and have the potential to become global players.

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Cities lead the world in the global tech industry

“The cities we have identified are at the top of global expansion shopping lists for tech companies”





What defines a Savills Tech City?

- A major tech hub in its global region
- Presence of home grown start-ups and incubators
- Top choice for expanding global tech companies
- Vibrant urban environments, magnets for talent

How is the index calculated?

The Savills Tech Cities index measures what makes a successful Tech City. Our assessment for each city comprises of over 100 individual metrics, ranging from the number of days needed to start a business through to the cost of a flat white coffee.

These metrics are grouped into five categories: business environment, tech environment, city buzz & wellness, talent pool and real estate costs. Each category is weighted to reflect its importance to the sector. ◆

FIG. 1: Savills Tech Cities by global region

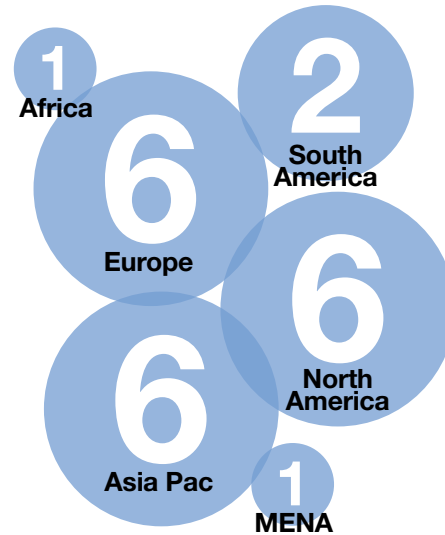


FIG.2: The five components of the Savills Tech Cities Index

1. BUSINESS ENVIRONMENT

- Investment
- Size of business sector
- Ease of starting a business
- R&D/innovation
- Physical linkages
- Cost of doing business (regulation, taxes, pay)

2. TECH ENVIRONMENT

- Size/value of tech sector
- Tech infrastructure
- Tech engagement

3. CITY BUZZ & WELLNESS

- City wellness
- City buzz
- Cost of living

4. TALENT POOL

- Higher education
- Immigration and talent attractiveness
- City youthfulness

5. PROPERTY COSTS

- Cost of renting commercial property for a 'scale up' and established tech company
- Cost of renting residential property for employees

Source: Savills World Research





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The number of start-ups per 1,000 people in San Francisco

The rankings

We rank our cities based on their performance across these five categories.

Austin ranks first as a more affordable, talent-rich alternative to San Francisco. New York, America's premier world city, comes third. The US is home to many of the biggest and most innovative tech companies. Cities here benefit from superior access to venture capital and funding that help scale-ups to grow.

London and Amsterdam, ranked fourth and fifth, do well as major business centres with good

physical connections to the rest of the world (big hub airports help here). Vibrant, they have large university populations and are magnets for talent. London has the edge on tech environment, but property in Amsterdam is half the cost.

At the other end of the table is Santiago, Bengaluru, Buenos Aires and Cape Town. Stand-out tech cities in their regions they are rising on a global stage. Tech and business environments are less developed than their rivals, but costs are low. As thriving regional urban centres, domestic talent is plentiful. ♦

FIG. 3: 22 Tech Cities - The Rankings

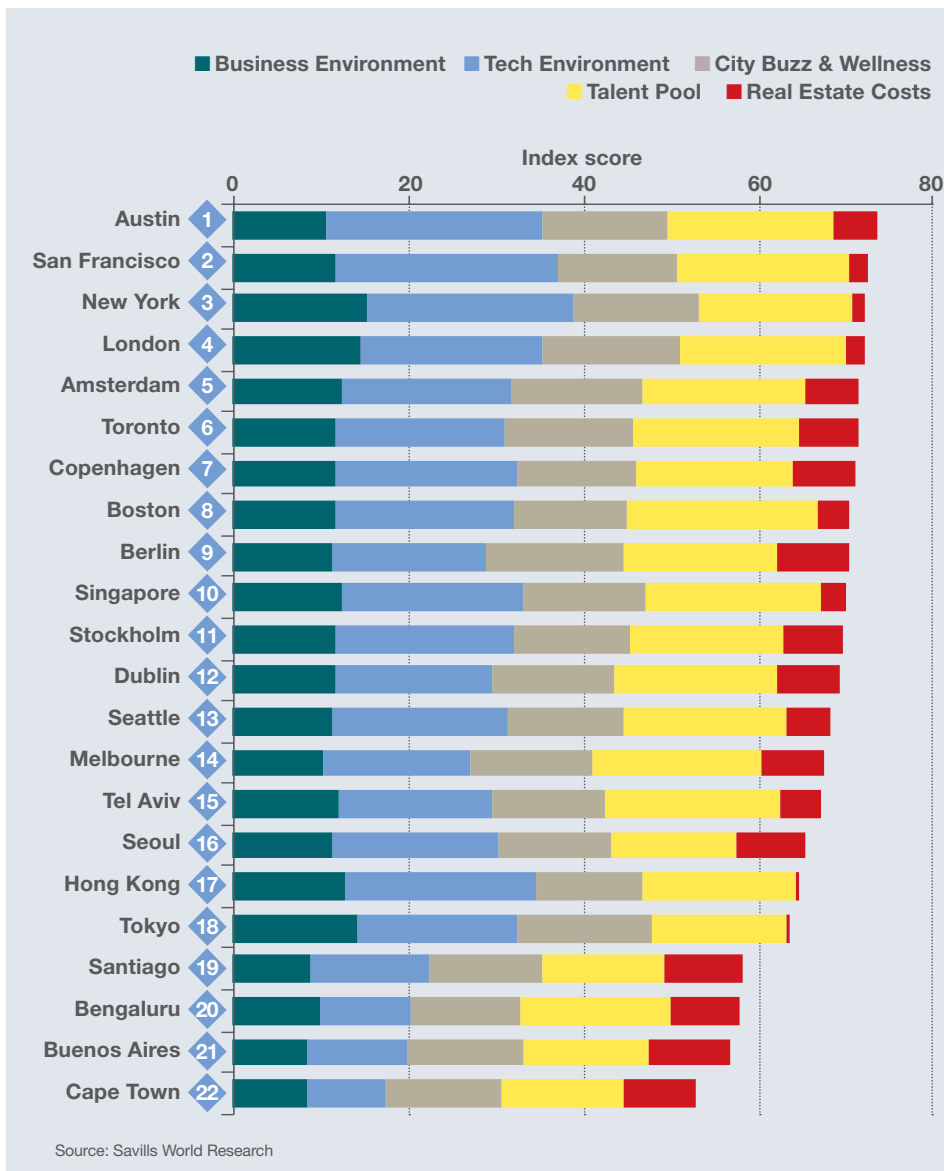


FIG. 4: The Top Five

1

AUSTIN

- The affordable US tech city
- US-base benefits
- High quality of life
- Ready pool of talent

62Mbps

average city broadband speed
(Tech City average 19Mbps)

2

SAN FRANCISCO

- The world's biggest tech market
- Talent magnet
- A presence here comes with high costs

26

start-ups per 1,000 people
(Tech City average 2.3)

3

NEW YORK

- Premier US world city
- Tech meets business
- Vibrant mega-city
- Costly to occupiers

\$764bn

gross value add in professional services
(Tech City average \$143bn)

4

LONDON

- World city
- Vibrant and caters to all
- Expensive, but costs falling in dollar terms

#1

City buzz (Quantum of entertainment, retail, culture and nightlife offer)

5

AMSTERDAM

- Well connected, English is spoken, skilled
- High quality of life
- Middling tech environment

#3

Physical connectivity
(Airport links, flight pairs, cost of travel)



“Young, educated employees want to live close to the office. They favour vibrant urban neighbourhoods”

City Buzz and Wellness

Cities attract talent. With the margins between working and living increasingly blurred, young, educated employees want to live close to the office. It is vibrant urban neighbourhoods that they favour.

Our measure of city buzz and wellness attempts to quantify what makes a city attractive to this group.

‘Wellness’ looks at the health of the urban environment, namely pollution, quality of parks, crime, healthcare, pay equality and commute times, among other factors. Copenhagen, Stockholm, Melbourne and Amsterdam fare well as ‘healthy’ cities with low crime and pollution, quality parks and public spaces and low congestion.

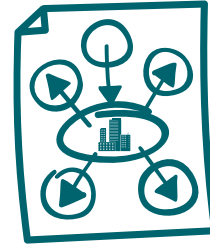
City buzz considers nightlife and entertainment through to the cultural offer.

Big cities such as London, New York and Tokyo score well. They are crowded megalopolises but people like to live and work in these cities because they offer a rich variety of entertainment, retail, nightlife and cultural experiences.

Smaller centres such as Berlin, San Francisco, Amsterdam and Austin score high on both wellness and buzz. City living on a smaller footprint allows shorter commutes, easier access to amenities and a better work/life balance. Combined with its affordability, Berlin ranks top of our Buzz and Wellness ranking.

This provides further evidence that small cities may be better-placed to drive the economy in a digital age. ♦

WHAT IS A ‘WELL CITY’?



The most successful cities in the tech age have an element of ‘urban noir’ counter to traditional measures of quality of life.

For a true measure of a ‘well city’, we set physical factors (green space, pollution, crime, etc), as well as cost of living against measures of city vibrancy or ‘buzz’ (culture, nightlife, entertainment).

FIG. 5: City Buzz and Wellness Rankings



Source: Savills World Research

Berlin #1

Buzz and Wellness. Vibrant, healthy and affordable



“Coffee shops offer a place for meetings, chance encounters and networking”

Savills Flat White Index

Café culture, or simply the ability to get a decent flat white coffee in an environment with free WiFi, is a good barometer of a city’s functioning as a tech hub. Coffee shops offer not only free workspace – although purchasing at least one cup is advisable – but a place for meetings, chance encounters and networking.

They epitomise the importance of human encounters and interaction and the generation and dispersal of ideas in the digital age. Consequently, coffee shops are important to everyone from the lone start-up entrepreneur through to the venture capitalist who is funding the industry.

Our index scores the availability, quality and popularity of cafés with tech users and the cost of a flat white. London tops the league for quality and quantity. Social media users score London’s breadth of independent cafés particularly highly. Berlin, well regarded for its ‘kaffeekultur’, is second. Melbourne, (located in a country that claims to have invented the flat white) is placed third.

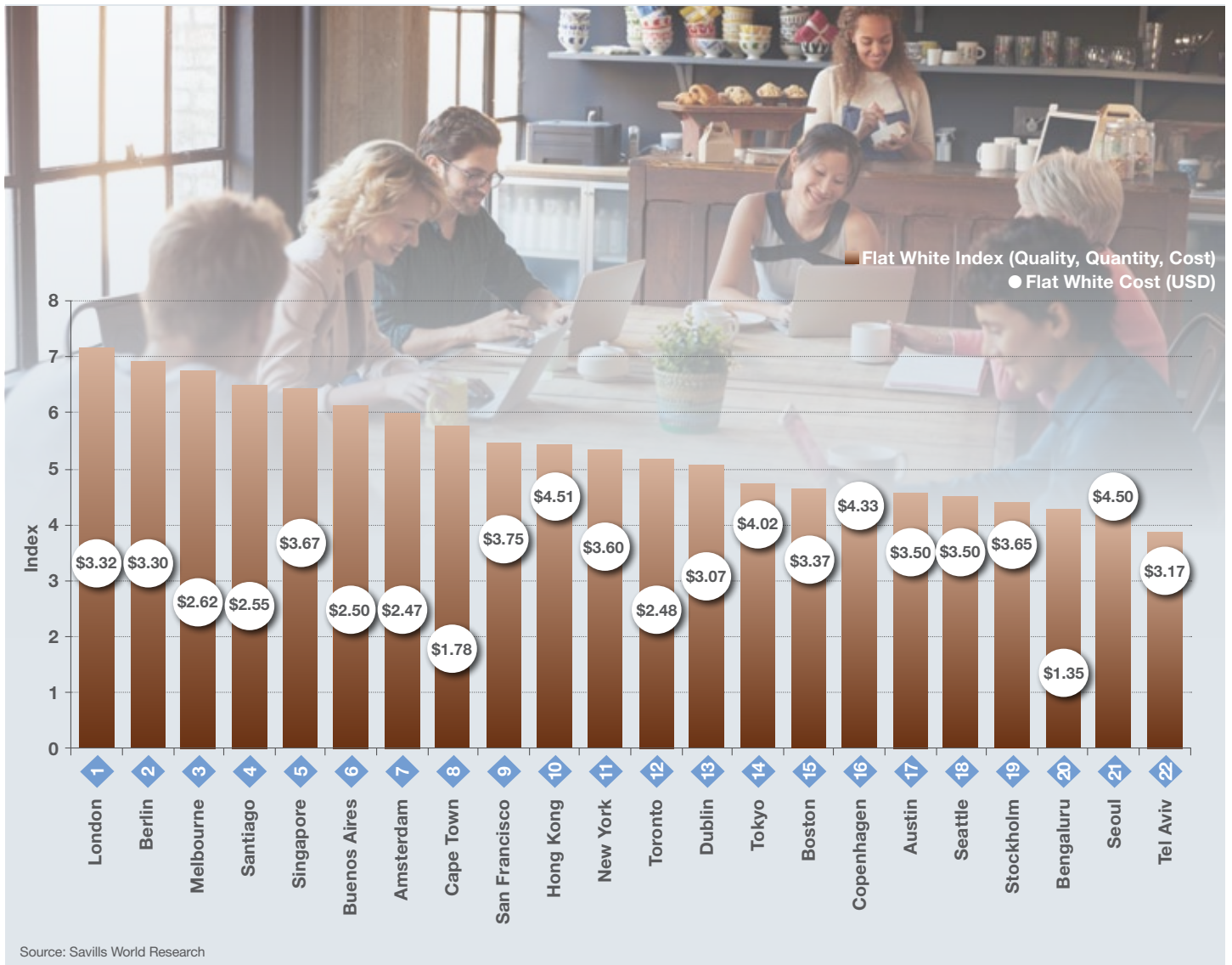
Santiago and Buenos Aires, cities that offer the ‘cortado’ equivalent, also score highly. Vibrant, café and bar-lined streets make these cities among South America’s most vibrant urban centres. ♦



FLAT WHITE

Microfoam poured over a single or double shot of espresso.

FIG. 6: Savills Flat White Index



Source: Savills World Research





Find out more: visit our interactive Tech Cities website at www.savills.com/tech-cities


FIG. 7: Sub-rankings How our cities rank across the five categories

CITY	Overall Rank	Business Environment	Tech Environment	City Buzz & Wellness	Talent Pool	Real Estate Costs
Austin	1	17	2	6	6	14
San Francisco	2	8	1	12	4	18
New York	3	1	3	7	14	20
London	4	2	7	2	8	19
Amsterdam	5	5	12	4	9	12
Toronto	6	11	11	5	7	11
Copenhagen	7	12	6	11	12	8
Boston	8	10	9	18	1	16
Berlin	9	15	17	1	15	4
Singapore	10	6	5	9	3	17
Stockholm	11	9	8	15	16	7
Dublin	12	13	15	10	10	9
Seattle	13	16	10	16	11	13
Melbourne	14	18	18	8	5	10
Tel Aviv	15	7	16	20	2	15
Seoul	16	14	13	19	20	6
Hong Kong	17	4	4	22	13	21
Tokyo	18	3	14	3	18	22
Santiago	19	20	19	17	22	2
Bengaluru	20	19	21	21	17	5
Buenos Aires	21	22	20	14	19	1
Cape Town	22	21	22	13	21	3

Source: Savills World Research

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