

News Release

MEGA TRENDS DOMINATE FUTURE DEVELOPMENT OF CITIES

Despite unique identities, geographic spread and differing economies, cities all over the world are being tested by the same mega trends. With 60% of the world population predicted to live in cities by 2030, PricewaterhouseCoopers sets out to identify the principle challenges and trends influencing city leaders all over the world in formulating sustainable strategies for the future.

In the course of the year long research for ‘Cities of the future – global competition, local leadership’, senior figures from over 40 cities around the world were interviewed but what has emerged are key themes which cut across the experience of all cities: globalisation, individualism, merging, acceleration, hi-tech, hi-touch, demographics, urbanisation and migration

The 44 city leaders were asked about the challenges their cities face; international and national, external and internal, how they are responding to them and what their plans are for the future. There are two key areas of focus. The external and social intelligence perspective looks at the effects of the mega trends in a global, regional and local perspective. The internal leadership and organisational approach considers the demands on executive leadership, organisational structure and process improvement. Participating cities include Frankfurt, Madrid, Gothenburg, Johannesburg, Sao Paulo, Toronto and Yokohama.

Jan Stuesson, partner, PricewaterhouseCoopers said:

“Cities are the engines for developing the society of the future and the urban population explosion which is forecast means we are at a defining point in how our future unfolds. Civic leaders the world over need to be addressing the mega trends we have identified because they affect all areas of civil, business and public life.”

These trends create both opportunities and threats so the strategic agenda of tomorrow is a unique interpretation of them and their impact on cities:

- Globalisation / glocalisation - the global economy is becoming truly integrated and there is simultaneous global and local focus known as glocalisation. Global companies and economies work in local competition but within global structures so the movement of a multinational company from or to a city affects many areas of life.

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- Individualism – an increasingly important social trend which impacts the dialogue between the city and its demanding citizens who need to be viewed as consumers.
- Merging – many areas of life are merging together in new ways: work and leisure, culture and values, public and private sectors in public private partnerships.
- Acceleration – speed is increasing in all areas of life, often driven by information and communications technology.
- Hi-tech – technology has implications for the delivery of all existing services and many more in the future.
- Hi-touch – the hardware of technology must go together with the software of emotions, nostalgia, architecture and design.
- Demographics – the ageing population will have a major impact across the globe.
- Urbanisation – ‘metropolitansiation’ means that large cities have a growing influence on the economic health and prosperity of wider regions and in some cases nations.
- Migration – increased migration presents major challenges around social cohesion, integration and employment.

Jan Stuesson, partner, PricewaterhouseCoopers added

“We have identified fresh perspectives on cities, their dreams, knowledge, creativity and motivation in order to find new ways to develop strategic city management. The future requires a strategy that moves from city intelligence to an intelligent city which understands today’s trends, developments and needs.”

In addition to identifying the mega trends city leaders also identified significant challenges that have to be taken into account when creating a strategic plan for the future:

- Intellectual and social capital – to compete in the international knowledge economy means ensuring the appropriate people, skills and capabilities are developed.
- Democratic capital – city administrations need to be accountable and transparent in dialogue with citizens.
- Culture and leisure capital – a strong city brand is a potent visibility. The Barcelona Olympics propelled the city on to the world stage but competition for sporting or cultural events like this is intense.
- Environmental capital – cities have to provide a clean, green and safe environment. Oslo’s municipal plan emphasises the importance of maintaining its “blue green” distinctiveness arising from its proximity to both the fjord and the forest.
- Technical capital – technology must be able to support the changing needs of citizens. This includes basic needs like transport, housing, water and energy as well as new demands for effective communication like broadband and electronic networks.
- Financial capital – growing demand on diminishing revenue bases need creative and flexible financial strategies and increasingly partner with the private sector.

Strong leadership which is both highly consultative and directional is required to manage all these capitals together. Values are a critical element of good leadership and there is an increasing implementation of a value based leadership operating on a number of specific, shared values that are communicated clearly throughout an organisation and used by the leaders daily. Developing accountability is also key to engaging citizens. Disclosing targets and recording performance against

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them, creating collaborative forums for specific interest groups and arranging services around the needs of citizens all contribute towards cities positions as CSR compliant administrations.

Disasters including natural catastrophes, terrorism and epidemics have also become an important point on the strategic agenda for the future. Individual cities can even influence the financial performance of their nations. The national economy of Canada shrunk by approximately 1% as a result of the SARS outbreak in Toronto and as David Miller, Mayor of Toronto says:

“When Toronto was sick, the whole country caught a cold.”

Jan Stuesson, partner, PricewaterhouseCoopers concluded:

“City leaders across the world are going to face further challenges and difficulties if they don't address these issues in their strategic planning for the future.”

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