



# EUROPEAN CITIES MONITOR 2006



**CUSHMAN &  
WAKEFIELD**<sup>®</sup>  
Global Real Estate Solutions



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## EUROPEAN CITIES MONITOR

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### **Executive Summary**

Cushman & Wakefield has conducted this survey on Europe's major business cities each year since 1990. The underlying data was researched independently for Cushman & Wakefield by Taylor Nelson Sofres.

The study examines the issues companies regard as important in deciding where to locate and compares how Europe's leading business cities perform on each issue.

If you require any assistance on your locational strategy or with your property, please contact the Location Analysis Team featured on page 36, who will be pleased to discuss how we might help.

September 2006.

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## HIGHLIGHTS FROM THE FINDINGS

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Senior Executives from 507 European companies gave their views on Europe's leading business cities. The principal findings are:

### The leading cities for business

- In the overall rating of best cities for business, the top cities of London and Paris continue to lead by some margin. London increases its lead over Paris in terms of actual score.
- Barcelona overtakes Brussels into 4th place, as Brussels score falls marginally.
- The other cities to move up this year are: Dublin (12th to 11th), Düsseldorf (16th to 14th), Hamburg (19th to 16th) and Warsaw (20th to 18th).
- Birmingham is included in the survey for the first time and is ranked 19th. The other new entrants of Leeds and Bucharest are ranked down at 28th and 29th respectively.
- Turin, Luxembourg and Valencia head the list of other cities threatening to break into the ranking.

### The key factors in deciding where to locate

- Access to markets again leads from the availability of qualified staff as the single most important factor.
- Communication factors remain the most important.
- Cost factors come next, with cost of staff the most important of these. Quality of life factors are the least significant.



- London is the top rated city in 7 out of the 12 rankings, including access to markets, the availability of qualified staff, international transport links, internal transport links, telecommunications factors, availability of office space and for languages spoken.
- Warsaw is again top for the cost of staff and this year also for value for money of offices.
- Dublin again comes top for the climate created by government, Barcelona again for quality of life, and Stockholm for freedom from pollution.
- As is to be expected, the importance of factors varies a little by type of company. The cost of staff is less important to professional companies, while cost and availability of offices are more important for this sector. The climate governments create for business through tax and the availability of financial incentives is more important to industrial companies, along with transport links with other cities.

### Impact on business

- Companies were asked which of a series of factors was most likely to impact on their business over the next ten years. Asia continues to be seen as an opportunity and is seen as less as a threat, with the market opportunity offered by the burgeoning economies of China in particular now seen to be the most significant factor.
- The performance of the Euro economies is the second most significant factor, with enlargement of the EU next. Competition from Asia and the performance of the US economy are seen as less significant compared with last year.
- Companies were asked which locations within Eastern Europe were likely to provide the greatest business opportunity for their company. Eastern cities outside the EU are seen as offering greatest prospects for business. Moscow is seen to be the most important, followed by Istanbul and Bucharest.



## Relocation/outsourcing

- Almost a fifth (19%) of companies sampled had relocated or outsourced operations to another country in the last 12 months. On an annual basis this is above the rate seen in previous surveys.
- The new EU members continue to be the favoured destination, China and India continue to see big increases in share of relocations. There is a big drop in relocations to other Western European destinations, while relocations further East continue to increase.
- One in five companies (21%) plans to relocate or outsource operations in the next two years, slightly up on 2005. Again the new EU countries are the favoured destinations, followed by China and India.
- Companies have, and intend to relocate or outsource a range of their operations but production and assembly is the most common, followed by distribution and logistics.

## Company expansion

- Warsaw remains the city that can expect the biggest influx of companies over the next five years, with 50 of our sampled companies expecting to locate there.
- Moscow, Budapest, Prague and Bucharest can also expect a strong inflow of companies; the latter seeing a significant rise in interest. Both Athens and Istanbul are also seeing a healthy increase in potential relocations.



- London, Brussels, Madrid and Lisbon are the most popular nominations among the more established business cities. In general the German cities have seen a significant rise in interest.
- Worldwide, Shanghai remains the clear favourite – 43 of our companies expect to expand there.
- Beijing, followed by Buenos Aires and Mexico City can all also expect future investment from Europe. New Delhi is now the most popular Indian location, overtaking Mumbai.

## City promotion

- London and Paris remain the best known cities. This year, only 13 of our top cities are known very or fairly well by at least half the companies sampled, and this has not changed since the 2005 survey, which suggests that cities need to promote themselves more effectively.
- Barcelona, Madrid and Prague are seen as the cities doing the most to improve themselves as business locations. These were the top three locations in 2005.
- Berlin has made strides this year, and has leapfrogged Budapest, Warsaw and London in terms of promotion.



## The best cities to locate a business today

London has extended its leading position over Paris, but these two cities are well ahead of their nearest rival Frankfurt. Barcelona overtakes Brussels in fourth place. A wider gap has opened up between 3rd and 4th place this year and the chasing pack have closed the gap on 7th placed Madrid.

Location	Rank		Score	
	1990*	2005**	2006	2006
London	1	1	1	0.91
Paris	2	2	2	0.59
Frankfurt	3	3	3	0.36
Barcelona	11	5	4	0.27
Brussels	4	4	5	0.24
Amsterdam	5	6	6	0.23
Madrid	17	7	7	0.20
Berlin	15	8	8	0.18
Munich	12	9	9	0.18
Zurich	7	10	10	0.16
Dublin	-	12	11	0.14
Milan	9	11	12	0.13
Prague	23	13	13	0.12
Düsseldorf	6	16	14	0.11
Lisbon	16	14	15	0.10
Hamburg	14	19	16	0.10
Stockholm	19	17	17	0.09
Warsaw	25	20	18	0.09
Birmingham	-	-	19	0.09
Geneva	8	18	20	0.08
Manchester	13	15	21	0.08
Budapest	21	21	22	0.08
Vienna	20	23	23	0.08
Lyon	18	24	24	0.07
Glasgow	10	22	25	0.06
Rome	-	26	26	0.06
Copenhagen	-	25	27	0.06
Leeds	-	-	28	0.05
Bucharest	-	-	29	0.04
Helsinki	-	27	30	0.04
Moscow	24	28	31	0.03
Athens	22	30	32	0.03
Oslo	-	29	33	0.02

Base: 507

\*In 1990, only 25 cities were included in the study.

\*\*In 2005, 30 cities were included in the study.

## Essential factors for locating business

*I'd like to discuss some of the factors companies may consider when deciding where to locate their business. How important to your company is [each factor]?*

Communication issues continue to dominate overall, with easy access to markets again the single most important issue. Availability of quality staff comes second, followed by national and international transport links.

Factor	2005	2006
	%	%
Easy access to markets, customers or clients	60	63
Availability of qualified staff	57	59
Transport links with other cities and internationally	52	55
The quality of telecommunications	50	50
Cost of staff	35	36
The climate governments create for business through tax and the availability of financial incentives	32	31
Availability of office space	30	27
Value for money of office space	31	29
Languages spoken	24	27
Ease of travelling around within the city	22	26
The quality of life for employees	16	19
Freedom from pollution	13	15

'Absolutely essential' responses only are included here.

Base: 507

## Essential factors by type of business

There is some variance in the importance given to factors by the different types of company sampled. The cost of staff is less important to professional companies, while cost and availability of offices are more important for this sector. The climate governments create for business through tax and the availability of financial incentives is more important to industrial companies, along with transport links with other cities.

Factor	Industrial	Consumer Retail & Distribution	Professional Services
	%	%	%
Easy access to markets, customers or clients	61	63	64
Availability of qualified staff	61	52	61
Transport links with other cities and internationally	59	56	49
The quality of telecommunications	47	51	52
Cost of staff	39	39	31
The climate governments create for business through tax and the availability of financial incentives	35	27	28
Availability of office space	27	25	30
Value for money of office space	25	34	30
Languages spoken	24	21	34
Ease of travelling around within the city	23	25	30
The quality of life for employees	16	21	22
Freedom from pollution	16	15	15

'Absolutely essential' responses only are included here.

Base: 507

## Familiarity with cities as a business location

*For each city I'd like you to tell me how well you know it as a business location. Do you know it very well, know it fairly well or not really know it as a business location?*

There is a wide variation in the degree to which cities are known which inevitably impacts on their overall ranking as a business location. This is a fundamental issue for any city to tackle. London remains the most well known city across Europe, followed by Paris. These two cities are some way ahead of third placed Frankfurt.

Location	2006	2005	1990
	%	%	%
London	<b>88</b>	88	94
Paris	<b>80</b>	82	94
Frankfurt	<b>69</b>	64	78
Barcelona	<b>67</b>	69	64
Brussels	<b>67</b>	65	85
Milan	<b>62</b>	66	74
Madrid	<b>61</b>	62	68
Munich	<b>60</b>	60	64
Berlin	<b>55</b>	55	43
Düsseldorf	<b>54</b>	54	61
Amsterdam	<b>52</b>	61	67
Rome	<b>51</b>	53	-
Copenhagen	<b>50</b>	31	-
Hamburg	<b>49</b>	45	58
Zurich	<b>49</b>	51	67
Geneva	<b>48</b>	48	69
Lisbon	<b>48</b>	44	44
Dublin	<b>45</b>	38	-
Vienna	<b>44</b>	44	50
Lyon	<b>43</b>	40	43
Prague	<b>41</b>	44	16
Manchester	<b>38</b>	36	32
Birmingham	<b>34</b>	-	-
Stockholm	<b>34</b>	33	40
Athens	<b>28</b>	25	25
Budapest	<b>28</b>	30	20
Glasgow	<b>28</b>	26	26
Moscow	<b>28</b>	27	24
Warsaw	<b>27</b>	26	15
Oslo	<b>24</b>	24	-
Leeds	<b>23</b>	-	-
Helsinki	<b>22</b>	22	-
Bucharest	<b>15</b>	-	-

The percentages are the proportion of all respondents who know each city very or fairly well.

Base: 507

## Familiarity with other European cities

Are there other European cities which are important as business locations and which do you know fairly or very well?

Our study this year allows for 33 major cities to be studied in depth. The list of important business cities is, of course, very much longer. This year Turin heads this list of other cities from Luxembourg and Valencia.

Location	No of Companies
Turin	20
Luxembourg	14
Valencia	14
Antwerp	13
Istanbul	12
Kiev	12
Cologne	11
Marseille	11
Basel	10
Edinburgh	10
Lille	10
Stuttgart	10
Bratislava	9
St Petersburg	9
Rotterdam	8
Toulouse	8
Riga	7
Belfast	6
Bilboa	6
Talinn	6

Base: 507

## Cities improving themselves

Which European cities do you think are doing the most to actually improve themselves?

The Spanish cities are seen as doing the most to improve themselves, with Barcelona ranked top, followed by Madrid. Central European cities are also seen to be improving themselves, and Berlin has moved into fourth place behind Prague. Of the more established western cities, both London and Dublin are seen to perform well on this score.

Location	%
Barcelona	24
Madrid	17
Prague	15
Berlin	13
Budapest	12
Warsaw	11
Dublin	11
London	11
Paris	8
Brussels	6
Lisbon	6
Bucharest	5
Moscow	4
Munich	4
Manchester	3
Rome	3
Amsterdam	3
Athens	3
Vienna	3
Frankfurt	3
Milan	3
Hamburg	2
Zurich	2
Birmingham	2
Lyons	2
Leeds	2
Glasgow	2
Bratislava	2
Stockholm	1
Geneva	1
Kiev	1
Riga	1
Düsseldorf	1
Helsinki	1
Copenhagen	1
Tallin	1

Base: 507

## Greatest impact on business

Which of the following factors do you think will have the greatest impact on your business over the next ten years?

This year, European companies see the growth of China as having the greatest impact on business over the next ten years, followed by the economic performance of markets that have adopted the Euro and further enlargement of the EU. India is perceived as less of a growth market.

Factor	2005 %	2006 %
Growth of China as markets for your products or services	25*	26
Performance of economies which have adopted the Euro	15	13
Enlargement of the EU	11	11
Relocation/outsourcing to cheaper global areas	10	10
Performance of US economy	12	9
Competition from Asia	12	9
Corporate Social Responsibility/Corporate Governance	10	8
Growth of India as markets for your products or services	25*	6
Conflict/Terrorism	-	3

\* combined question

Base: 507

## Future expansion

Each year we ask companies about their future expansion plans.

### Existing representation

In which European cities, east or west, do you already have offices, manufacturing, distribution or sales outlets?

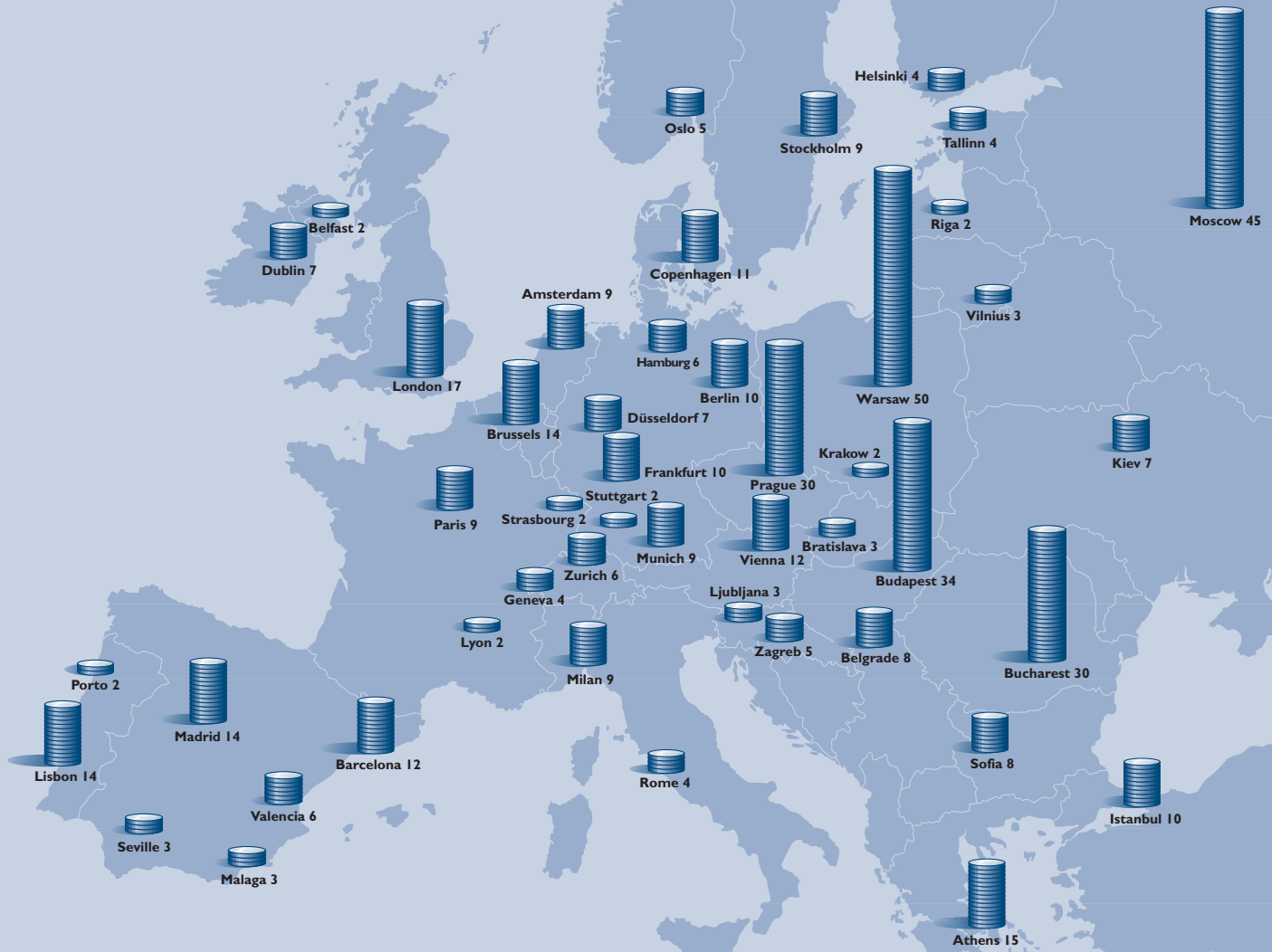
Representation is very broadly spread. The fact that no city has half our sample represented suggests there is still room for considerable expansion. The top 6 locations have shown no change compared to 2005, with Paris having the largest representation.

Rank	Location	%	Rank	Location	%
1	Paris	40	27	Helsinki	8
2	London	36	28	Oslo	8
3	Barcelona	30	29	Birmingham	8
4	Madrid	29	30	Manchester	8
5	Milan	28	31	Geneva	7
6	Brussels	19	32	Bilbao	6
7	Frankfurt	19	33	Valencia	6
8	Prague	18	34	Leeds	5
9	Moscow	18	35	Glasgow	5
10	Amsterdam	16	36	Stuttgart	5
11	Rome	16	37	Turin	5
12	Lisbon	16	38	Rotterdam	4
13	Warsaw	16	39	Seville	4
14	Berlin	15	40	Bratislava	3
15	Zurich	15	41	Cologne	3
16	Budapest	15	42	Gothenburg	3
17	Munich	14	43	Istanbul	3
18	Vienna	13	44	Edinburgh	3
19	Hamburg	12	45	Antwerp	3
20	Lyon	11	46	Luxembourg	3
21	Copenhagen	11	47	Malmö	3
22	Dublin	11	48	Porto	3
23	Düsseldorf	11	49	Kiev	3
24	Stockholm	10	50	Leipzig	3
25	Bucharest	9	51	Liverpool	3
26	Athens	8	52	Riga	3

Base: 507

## Future expansion - Europe

This map shows the number of companies expecting to locate, within the next five years, in the cities shown.



## The changing order

If we were to assume that, over the next five years, companies do carry out their anticipated expansion plans, then the pattern of representation in 2011 would be as below.

Rank	Location	%	Rank	Location	%
1	Paris	43	27	Oslo	9
2	London	40	28	Helsinki	9
3	Barcelona	32	29	Birmingham	8
4	Madrid	32	30	Geneva	8
5	Milan	30	31	Manchester	8
6	Moscow	27	32	Valencia	7
7	Warsaw	26	33	Bilbao	7
8	Prague	24	34	Glasgow	5
9	Brussels	22	35	Leeds	5
10	Budapest	22	36	Istanbul	5
11	Frankfurt	21	37	Stuttgart	5
12	Lisbon	19	38	Rotterdam	5
13	Amsterdam	18	39	Seville	5
14	Berlin	17	40	Turin	5
15	Rome	17	41	Kiev	4
16	Munich	16	42	Bratislava	4
17	Zurich	16	43	Cologne	3
18	Vienna	15	44	Gothenburg	3
19	Bucharest	15	45	Porto	3
20	Hamburg	14	46	Edinburgh	3
21	Copenhagen	13	47	Riga	3
22	Dublin	12	48	Antwerp	3
23	Düsseldorf	12	49	Luxembourg	3
24	Lyon	12	50	Malmo	3
25	Stockholm	12	51	Liverpool	3
26	Athens	11	52	Leipzig	3

Base: 507

## Worldwide expansion

We asked about global expansion, to new locations.

*In which worldwide cities outside Europe, where your company is not currently represented, do you think you will expand in 5 years' time?*

China can again expect to see the biggest influx, with Shanghai and Beijing dominating plans for the second year in succession, ahead of Mexico City and New Delhi.

Location	No of Companies
Shanghai	43
Beijing/Peking	29
São Paulo	18
Mexico City	17
New Delhi	14
New York	13
Sydney	12
Dubai	12
Buenos Aires	11
Johannesburg	11
Tokyo	11
Hong Kong	10
Mumbai/Bombay	10
Rio de Janeiro	9
Santiago	8
San Francisco	7
Caracas	5
Los Angeles	5
Miami	5
Kuala Lumpur	4
Singapore	4
Casablanca	4
Bogota	3
Jakarta	3
Melbourne	3
Montreal	3
Toronto	3
Vancouver	3
Algiers	3
Dakar	3

Base: 507

## Best cities in terms of easy access to markets

Which city do you think is best in terms of easy access to markets, customers or clients? Which is second best? And which is third?

London and Paris both score very strongly in terms of access to markets.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	4	6	0.39	0.39
Athens	29	29	0.07	0.04
Barcelona	8	9	0.32	0.30
Berlin	12	11	0.25	0.28
Birmingham	10	-	0.27	-
Brussels	4	4	0.39	0.54
Bucharest	22	-	0.11	-
Budapest	25	25	0.10	0.07
Copenhagen	31	29	0.05	0.04
Dublin	22	21	0.11	0.13
Düsseldorf	10	14	0.27	0.22
Frankfurt	3	3	0.68	0.71
Geneva	27	23	0.09	0.12
Glasgow	21	15	0.12	0.20
Hamburg	15	12	0.19	0.25
Helsinki	29	27	0.07	0.05
Leeds	25	-	0.10	-
Lisbon	32	27	0.04	0.05
London	1	1	1.42	1.36
Lyon	15	17	0.19	0.17
Madrid	9	5	0.29	0.41
Manchester	16	10	0.18	0.29
Milan	6	7	0.34	0.38
Moscow	22	18	0.11	0.16
Munich	7	8	0.33	0.31
Oslo	32	-	0.04	-
Paris	2	2	1.10	1.18
Prague	18	21	0.17	0.13
Rome	19	24	0.16	0.08
Stockholm	27	18	0.09	0.16
Vienna	13	16	0.24	0.18
Warsaw	19	18	0.16	0.16
Zurich	14	13	0.20	0.24

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of qualified staff

Which city do you think is best in terms of availability of qualified staff? Which is second best? And which is third?

London retains its strong lead over Paris and Frankfurt.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	9	9	0.32	0.35
Athens	32	30	0.03	0.02
Barcelona	11	11	0.30	0.30
Berlin	5	7	0.33	0.40
Birmingham	16	-	0.22	-
Brussels	5	4	0.33	0.44
Bucharest	19	-	0.19	-
Budapest	25	18	0.13	0.21
Copenhagen	27	21	0.10	0.18
Dublin	14	15	0.27	0.23
Düsseldorf	13	15	0.28	0.23
Frankfurt	3	3	0.61	0.58
Geneva	21	22	0.16	0.16
Glasgow	21	19	0.16	0.20
Hamburg	12	15	0.29	0.23
Helsinki	28	23	0.08	0.12
Leeds	26	-	0.12	-
Lisbon	31	28	0.04	0.07
London	1	1	1.44	1.32
Lyon	20	20	0.17	0.19
Madrid	15	11	0.25	0.30
Manchester	17	13	0.21	0.29
Milan	9	10	0.32	0.33
Moscow	32	26	0.03	0.09
Munich	4	5	0.37	0.43
Oslo	29	24	0.06	0.11
Paris	2	2	0.78	0.78
Prague	23	24	0.15	0.11
Rome	30	29	0.05	0.05
Stockholm	5	8	0.33	0.36
Vienna	24	26	0.14	0.09
Warsaw	17	14	0.21	0.28
Zurich	5	6	0.33	0.41

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of external transport links

Which city do you think is best in terms of transport links with other cities and internationally? Which is second best? And which is third?

London, Paris and Frankfurt again score very strongly for their links with other cities.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	4	4	0.60	0.66
Athens	33	28	0.01	-
Barcelona	10	10	0.27	0.26
Berlin	7	12	0.28	0.19
Birmingham	11	-	0.24	-
Brussels	5	5	0.44	0.55
Bucharest	30	-	0.03	-
Budapest	28	26	0.04	0.03
Copenhagen	15	13	0.15	0.18
Dublin	25	19	0.06	0.09
Düsseldorf	14	14	0.18	0.17
Frankfurt	3	3	1.24	1.19
Geneva	22	15	0.08	0.16
Glasgow	17	16	0.13	0.15
Hamburg	19	17	0.12	0.14
Helsinki	28	28	0.04	-
Leeds	17	-	0.13	-
Lisbon	30	23	0.03	0.05
London	1	1	1.70	1.74
Lyon	21	18	0.09	0.12
Madrid	7	6	0.28	0.30
Manchester	12	8	0.20	0.27
Milan	12	11	0.20	0.23
Moscow	27	27	0.05	0.01
Munich	6	7	0.32	0.28
Oslo	32	28	0.02	-
Paris	2	2	1.44	1.42
Prague	23	23	0.07	0.05
Rome	16	20	0.14	0.07
Stockholm	25	20	0.06	0.07
Vienna	20	20	0.11	0.07
Warsaw	23	25	0.07	0.04
Zurich	7	8	0.28	0.27

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of quality of telecommunications

Which city do you think is best in terms of quality of telecommunications? Which is second best? And which is third?

London, Paris, Frankfurt and Stockholm are seen as having the best telecommunications. Berlin moves into fifth position.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	10	9	0.24	0.32
Athens	32	30	-	-
Barcelona	19	13	0.13	0.21
Berlin	5	8	0.39	0.33
Birmingham	12	-	0.22	-
Brussels	9	5	0.25	0.40
Bucharest	32	-	-	-
Budapest	29	-	0.01	0.01
Copenhagen	20	20	0.11	0.14
Dublin	20	16	0.11	0.17
Düsseldorf	14	18	0.18	0.16
Frankfurt	3	3	0.65	0.58
Geneva	20	16	0.11	0.17
Glasgow	18	21	0.14	0.10
Hamburg	13	19	0.20	0.15
Helsinki	6	6	0.34	0.36
Leeds	14	-	0.18	-
Lisbon	29	24	0.01	0.04
London	1	1	1.31	1.22
Lyon	24	23	0.08	0.05
Madrid	11	11	0.23	0.24
Manchester	17	12	0.15	0.22
Milan	16	14	0.17	0.20
Moscow	28	28	0.02	0.01
Munich	7	10	0.31	0.27
Oslo	23	15	0.10	0.18
Paris	2	2	0.80	0.80
Prague	26	26	0.05	0.02
Rome	26	24	0.05	0.04
Stockholm	4	4	0.44	0.50
Vienna	25	22	0.06	0.06
Warsaw	29	26	0.01	0.02
Zurich	8	7	0.27	0.34

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of cost of staff

Which city do you think is best in terms of cost of staff? Which is second best? And which is third?

Warsaw, Budapest, Prague and Lisbon all score very strongly again for cost of staff, although Bucharest has entered the ranking at number two.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	26	17	0.13	0.16
Athens	6	7	0.64	0.70
Barcelona	8	6	0.61	0.73
Berlin	15	12	0.24	0.27
Birmingham	13	-	0.31	-
Brussels	22	15	0.14	0.19
Bucharest	2	-	1.44	-
Budapest	3	2	1.31	1.38
Copenhagen	28	24	0.07	0.11
Dublin	10	8	0.54	0.60
Düsseldorf	22	17	0.14	0.16
Frankfurt	28	28	0.07	0.05
Geneva	32	28	0.03	0.05
Glasgow	6	5	0.64	0.95
Hamburg	27	17	0.12	0.16
Helsinki	22	22	0.14	0.15
Leeds	12	-	0.49	-
Lisbon	5	4	0.93	1.16
London	16	22	0.17	0.15
Lyon	18	16	0.16	0.18
Madrid	11	8	0.53	0.60
Manchester	14	10	0.25	0.57
Milan	20	13	0.15	0.21
Moscow	9	10	0.57	0.57
Munich	28	26	0.07	0.07
Oslo	32	28	0.03	0.05
Paris	20	24	0.15	0.11
Prague	4	3	1.14	1.36
Rome	18	13	0.16	0.21
Stockholm	22	17	0.14	0.16
Vienna	16	17	0.17	0.16
Warsaw	1	1	1.47	1.68
Zurich	28	26	0.07	0.07

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of the climate governments create

Which city do you think is best in terms of the climate governments create for business through tax policies and availability of financial incentives? Which is second best? And which is third?

Dublin has a clear lead in being seen as having the best climate created for business, ahead of Budapest, Prague and Warsaw.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	11	10	0.32	0.34
Athens	29	19	0.08	0.16
Barcelona	8	8	0.42	0.40
Berlin	14	14	0.24	0.26
Birmingham	19	-	0.18	-
Brussels	10	9	0.34	0.36
Bucharest	7	-	0.43	-
Budapest	2	3	0.71	0.66
Copenhagen	27	22	0.09	0.14
Dublin	1	1	1.21	1.36
Düsseldorf	24	23	0.11	0.11
Frankfurt	26	23	0.10	0.11
Geneva	16	12	0.22	0.32
Glasgow	12	13	0.29	0.31
Hamburg	31	28	0.06	0.07
Helsinki	24	19	0.11	0.16
Leeds	13	-	0.27	-
Lisbon	14	10	0.24	0.34
London	5	6	0.54	0.51
Lyon	30	19	0.07	0.16
Madrid	6	5	0.44	0.52
Manchester	20	15	0.17	0.25
Milan	27	23	0.09	0.11
Moscow	18	18	0.19	0.19
Munich	20	26	0.17	0.10
Oslo	31	29	0.06	0.05
Paris	17	17	0.21	0.20
Prague	3	2	0.65	0.70
Rome	33	30	0.03	0.03
Stockholm	23	26	0.14	0.10
Vienna	22	16	0.15	0.24
Warsaw	4	4	0.63	0.57
Zurich	9	6	0.40	0.51

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of value for money of office space

Which city do you think is best in terms of value for money of office space? Which is second best? And which is third?

Warsaw has overtaken Lisbon, as being seen to offer the best value offices. Bucharest is ranked equal second with Lisbon, ahead of Budapest and Barcelona.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	19	16	0.25	0.28
Athens	16	7	0.28	0.52
Barcelona	5	5	0.57	0.57
Berlin	8	7	0.47	0.52
Birmingham	10	-	0.43	-
Brussels	13	12	0.38	0.44
Bucharest	2	-	0.69	-
Budapest	6	5	0.52	0.64
Copenhagen	31	22	0.09	0.19
Dublin	11	10	0.42	0.48
Düsseldorf	21	17	0.24	0.26
Frankfurt	21	17	0.24	0.26
Geneva	33	28	0.04	0.07
Glasgow	7	4	0.51	0.68
Hamburg	19	14	0.25	0.32
Helsinki	18	15	0.26	0.31
Leeds	8	-	0.47	-
Lisbon	2	1	0.69	0.86
London	28	24	0.17	0.18
Lyon	15	13	0.29	0.40
Madrid	12	10	0.41	0.48
Manchester	14	7	0.35	0.52
Milan	29	26	0.15	0.17
Moscow	25	26	0.19	0.17
Munich	24	22	0.21	0.19
Oslo	32	30	0.08	0.04
Paris	17	21	0.27	0.20
Prague	4	3	0.64	0.73
Rome	30	28	0.14	0.07
Stockholm	21	19	0.24	0.23
Vienna	26	20	0.18	0.22
Warsaw	1	2	0.80	0.77
Zurich	26	24	0.18	0.18

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of availability of office space

Which city do you think is best in terms of availability of office space? Which is second best? And which is third?

London, Berlin, Madrid, Barcelona and Paris are seen as best for available office space, though all cities attract support. Both Leeds and Bucharest, new cities this year, are placed in the top 10.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	15	16	0.26	0.26
Athens	30	30	0.08	0.02
Barcelona	4	5	0.48	0.46
Berlin	2	1	0.52	0.63
Birmingham	12	-	0.28	-
Brussels	11	8	0.31	0.42
Bucharest	9	-	0.32	-
Budapest	13	21	0.27	0.19
Copenhagen	31	23	0.06	0.16
Dublin	21	11	0.19	0.33
Düsseldorf	20	19	0.20	0.24
Frankfurt	6	6	0.41	0.45
Geneva	33	27	0.05	0.07
Glasgow	18	6	0.22	0.45
Hamburg	16	14	0.23	0.29
Helsinki	26	22	0.14	0.17
Leeds	7	-	0.35	-
Lisbon	9	11	0.32	0.33
London	1	3	0.64	0.55
Lyon	23	24	0.17	0.12
Madrid	3	2	0.49	0.58
Manchester	23	4	0.17	0.50
Milan	25	20	0.16	0.21
Moscow	28	28	0.11	0.05
Munich	13	16	0.27	0.26
Oslo	31	28	0.06	0.05
Paris	5	9	0.44	0.39
Prague	16	14	0.23	0.29
Rome	29	26	0.09	0.08
Stockholm	21	13	0.19	0.30
Vienna	27	25	0.13	0.09
Warsaw	7	10	0.35	0.38
Zurich	19	18	0.21	0.25

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of languages spoken

Which city do you think is best in terms of the languages spoken? Which is second best? And which is third?

London, Brussels and Amsterdam score very strongly for languages spoken, opening up a gap with fourth placed Paris.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	2	3	0.95	1.00
Athens	32	30	0.05	0.04
Barcelona	11	13	0.25	0.22
Berlin	9	10	0.28	0.34
Birmingham	13	-	0.21	-
Brussels	3	2	0.90	1.13
Bucharest	22	-	0.12	-
Budapest	24	21	0.11	0.13
Copenhagen	10	9	0.27	0.38
Dublin	12	11	0.23	0.28
Düsseldorf	24	21	0.11	0.13
Frankfurt	7	5	0.50	0.53
Geneva	8	7	0.43	0.47
Glasgow	28	26	0.09	0.10
Hamburg	20	18	0.16	0.16
Helsinki	17	19	0.18	0.15
Leeds	32	-	0.05	-
Lisbon	30	23	0.07	0.12
London	1	1	1.47	1.41
Lyon	29	29	0.08	0.05
Madrid	16	14	0.19	0.21
Manchester	21	16	0.13	0.19
Milan	14	17	0.20	0.17
Moscow	31	28	0.06	0.06
Munich	14	12	0.20	0.27
Oslo	22	15	0.12	0.20
Paris	4	6	0.61	0.50
Prague	24	25	0.11	0.11
Rome	27	27	0.10	0.07
Stockholm	6	8	0.51	0.45
Vienna	18	20	0.17	0.14
Warsaw	18	23	0.17	0.12
Zurich	5	4	0.59	0.66

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of internal transport

Which city do you think is best in terms of ease of travelling around within the city? Which is second best? And which is third?

London and Paris are seen as the easiest cities in which to travel around, with London moving slightly ahead of Paris this year.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	10	12	0.30	0.34
Athens	33	30	0.01	0.02
Barcelona	4	5	0.49	0.45
Berlin	3	3	0.54	0.53
Birmingham	13	-	0.25	-
Brussels	12	12	0.29	0.34
Bucharest	32	-	0.03	-
Budapest	26	28	0.12	0.05
Copenhagen	19	14	0.21	0.33
Dublin	25	17	0.15	0.24
Düsseldorf	20	20	0.20	0.20
Frankfurt	8	7	0.35	0.41
Geneva	14	20	0.24	0.20
Glasgow	20	8	0.20	0.39
Hamburg	14	16	0.24	0.28
Helsinki	17	11	0.23	0.37
Leeds	20	-	0.20	-
Lisbon	28	22	0.10	0.19
London	1	2	1.17	1.09
Lyon	14	19	0.24	0.21
Madrid	9	9	0.33	0.38
Manchester	10	14	0.30	0.33
Milan	24	22	0.16	0.19
Moscow	31	26	0.04	0.11
Munich	5	4	0.48	0.49
Oslo	26	25	0.12	0.14
Paris	2	1	1.11	1.19
Prague	23	24	0.17	0.15
Rome	30	29	0.07	0.04
Stockholm	7	6	0.40	0.44
Vienna	17	18	0.23	0.22
Warsaw	28	27	0.10	0.06
Zurich	6	9	0.42	0.38

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of the quality of life for employees

Which city do you think is best in terms of quality of life for employees? Which is second best? And which is third?

Barcelona has a clear lead as the city offering the best quality of life for employees. Zurich has moved into second place, ahead of Madrid.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	11	17	0.35	0.30
Athens	30	27	0.12	0.10
Barcelona	1	1	1.24	1.21
Berlin	19	22	0.25	0.24
Birmingham	27	-	0.14	-
Brussels	16	14	0.30	0.38
Bucharest	31	-	0.03	-
Budapest	27	28	0.14	0.05
Copenhagen	20	19	0.24	0.27
Dublin	15	9	0.33	0.45
Düsseldorf	27	24	0.14	0.17
Frankfurt	26	26	0.15	0.14
Geneva	9	7	0.41	0.49
Glasgow	23	16	0.19	0.31
Hamburg	11	19	0.35	0.27
Helsinki	21	18	0.23	0.29
Leeds	22	-	0.21	-
Lisbon	10	11	0.36	0.43
London	7	13	0.48	0.39
Lyon	18	15	0.27	0.34
Madrid	3	5	0.60	0.61
Manchester	23	22	0.19	0.24
Milan	17	21	0.29	0.26
Moscow	31	30	0.03	-
Munich	5	4	0.56	0.62
Oslo	14	8	0.34	0.46
Paris	4	2	0.58	0.67
Prague	25	25	0.16	0.15
Rome	8	12	0.45	0.41
Stockholm	5	3	0.56	0.65
Vienna	11	10	0.35	0.44
Warsaw	33	29	0.01	0.01
Zurich	2	6	0.67	0.55

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

## Best cities in terms of freedom from pollution

Which city do you think is best in terms of freedom from pollution? Which is second best? And which is third?

The Scandinavian and Swiss cities all score well, filling the top six places. Stockholm again leads from Oslo and Helsinki as this year's cleanest city.

Location	Rank		Score	
	2006	2005	2006	2005
Amsterdam	12	11	0.36	0.41
Athens	30	28	0.04	0.04
Barcelona	9	10	0.51	0.44
Berlin	20	20	0.17	0.17
Birmingham	22	-	0.11	-
Brussels	15	19	0.29	0.18
Bucharest	32	-	0.01	-
Budapest	26	22	0.09	0.14
Copenhagen	5	6	0.81	0.82
Dublin	7	7	0.64	0.65
Düsseldorf	19	18	0.20	0.22
Frankfurt	21	23	0.14	0.12
Geneva	6	4	0.73	0.91
Glasgow	17	14	0.24	0.36
Hamburg	13	13	0.34	0.40
Helsinki	3	5	0.95	0.90
Leeds	15	-	0.29	-
Lisbon	10	11	0.40	0.41
London	26	27	0.09	0.06
Lyon	18	15	0.23	0.27
Madrid	24	21	0.10	0.16
Manchester	24	17	0.10	0.23
Milan	30	29	0.04	0.03
Moscow	32	30	0.01	0.01
Munich	8	8	0.53	0.52
Oslo	2	2	0.98	1.28
Paris	29	26	0.08	0.10
Prague	14	16	0.30	0.26
Rome	22	23	0.11	0.12
Stockholm	1	1	1.01	1.29
Vienna	11	9	0.38	0.47
Warsaw	26	25	0.09	0.11
Zurich	4	3	0.92	0.94

The score is derived from the nominations for best, second best and third best.

Base: All familiar with each location.

Increasingly, companies are showing a willingness to move their operations. This movement is often international as companies adopt a global view.

### Relocating/outsourcing – the last 12 months

*Thinking about your existing European activities, have you outsourced or relocated any of them to another country in the past 12 months?*

Nearly a fifth of companies sampled (19%) have relocated or outsourced operations to another country in the past 12 months. This is an increased annual rate from previous surveys.

*Can you tell me if this was...[list of locations]?*

Central & Eastern Europe has again been the favourite destination, but China and India continue to see big increases in share of relocations. There was a big drop in relocations to other Western European destinations, while relocations further East continued to increase.

	2005 %	2006 %
One of new EU member states in Eastern Europe	45	49
China	31	42
India	26	36
Other Western Europe	44	28
Eastern European country outside EU	19	24
Latin America	9	15
South East Asia	14	13
South Africa	6	5

Base 98

### Relocating/outsourcing – the next 2 years

*And thinking about your existing European activities, are you thinking of outsourcing or relocating any of them to another country in the next two years?*

One in five companies (21%) are thinking of relocating or outsourcing European activities to another country in the next two years. This is more than those surveyed in 2005.

*Can you tell me if this is likely to be...[list of locations]?*

Again, Central & Eastern Europe is the favoured destination, with companies increasingly looking further East. India and China are also increasingly popular.

	2005 %	2006 %
One of new EU member states in Eastern Europe	52	43
China	22	36
India	22	30
Other Western Europe	24	22
Eastern European country outside EU	21	28
Latin America	10	12
South East Asia	10	14
South Africa	3	6
North Africa		7

Base: 105

### We asked companies intending to relocate or outsource which part of their operations they expected this to be.

*What functions of your operation are likely to be affected?*

The expectation is that it will continue to be production and assembly that is most likely to be outsourced. An increasing proportion expect R&D to be outsourced in the future.

	2005 %	2006 %
Production/Assembly	61	63
Distribution/Logistics	32	32
Admin/Support (eg finance, legal, IT, HR)	29	30
Research & Development	11	18
Marketing/Sales Support	12	17
Call Centre Operations	15	16
Other	7	5

Base: 105

## As companies adopt a global view, new international markets offer increasing opportunities

*In light of further expansion towards Eastern Europe, we asked companies which locations were likely to provide the greatest business opportunity for their company?*

Eastern cities outside the EU are seen as offering greatest prospects for business. Moscow dominates with more than a third stating that is was most important, followed by Istanbul and Bucharest.

Location	%
Moscow	39
Istanbul	12
Bucharest	9
Warsaw	4
Sofia	4
Budapest	3
Zagreb	2
Prague	2
Krakow	1

Base 507

## How the survey was conducted

In total, 507 companies were surveyed from nine European countries. The sample was systematically selected from Europe's 15,000 largest companies.

A representative sample of industrial, consumer, retail & distribution companies and professional services companies were included. The sample changes typically by around half of the companies each year.

The interviewees were Senior Managers or Board Directors, with responsibility for location.

All interviews were conducted by telephone in June/July 2006 by mother tongue interviewers. Interviews took an average of 20 minutes to complete.

## The Scores

The scores shown for each city throughout the report are based on the responses and weighted by Taylor Nelson Sofres according to nominations for the best, second best and third best. Each score provides a comparison with other cities' scores and over time for the same city.

## The Cities

The cities originally selected in 1990 for the sample were those we perceived to have the strongest business representation. Over the years of the study, we have added further cities nominated by respondents as important.

From time to time, we formally check representation in cities to ensure our main list of cities remains valid. This year the sample has been increased to 33 cities.

Further copies of this report are obtainable from:  
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## Location analysis service

Cushman & Wakefield can assist in identifying the best location, nationally or globally, to meet an organisation's business objectives. Using an analytical approach to distil the requisite information enables an objective, informed final location decision to be made. The service is run out of the European Research Group to provide an independent and objective analysis of potential locations.

The location consulting process investigates all the criteria that are critical to the successful operation of the organisation. A mix of qualitative and quantitative factors will invariably be the main drivers for most location decisions.

These criteria typically fall within six broad categories:

- Demographics
- Labour force availability, quality and cost
- Business costs including real estate issues such as costs, availability and lease flexibility
- Access to markets and/or existing corporate locations
- Operating environment
- Quality of life

Our process involves ranking and weighting models that measure any combination of these factors to determine the most desirable and cost effective locations for a corporate. Typically our solutions are multi-phased, enabling macro to micro level analysis to be undertaken.

Cushman & Wakefield's extensive geographical coverage allows us to provide the most up-to-date and reliable information on a wide variety of markets – enabling corporate occupiers to respond more rapidly to changing market conditions. We continuously monitor all aspects of European property markets through our systematic collection of information on trends, rents, new developments and activities of the key players.

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