



What makes cities outstanding?

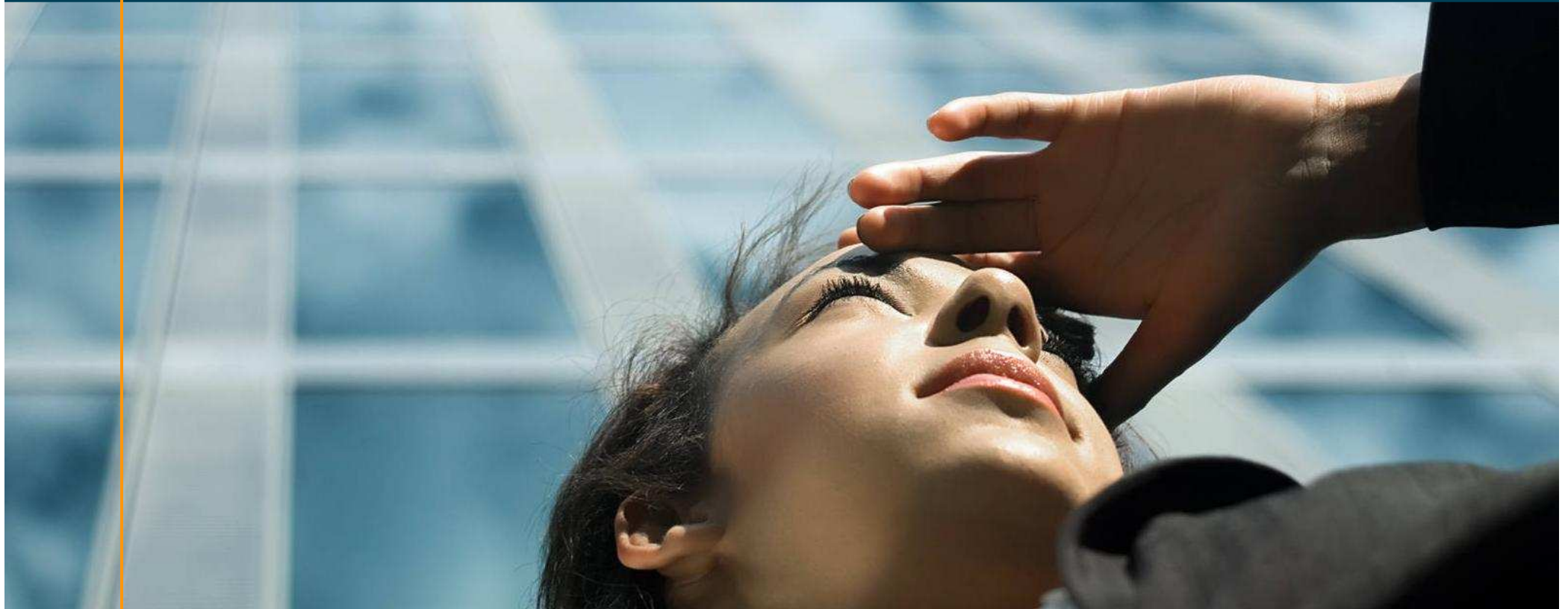


Roland Berger
Strategy Consultants

Prague, September 7, 2010

A. Presentation of the study Hot Spots in Central and Eastern Europe

Roland Berger
Strategy Consultants



Roland Berger – "Hot Spots" in the Central and Eastern Europe



Hot Spots in CEE 2009
Roland Berger

Number of cities: 10 in the Central and Eastern Europe

Background & methodology:

The objective was to provide a solid and objective understanding of the individual cities' positioning and profiles relative to each other and to derive specific development guidelines. The analysis was based on publically available data in winter 2008/2009

Main categories (2009): 6
(2010): 8

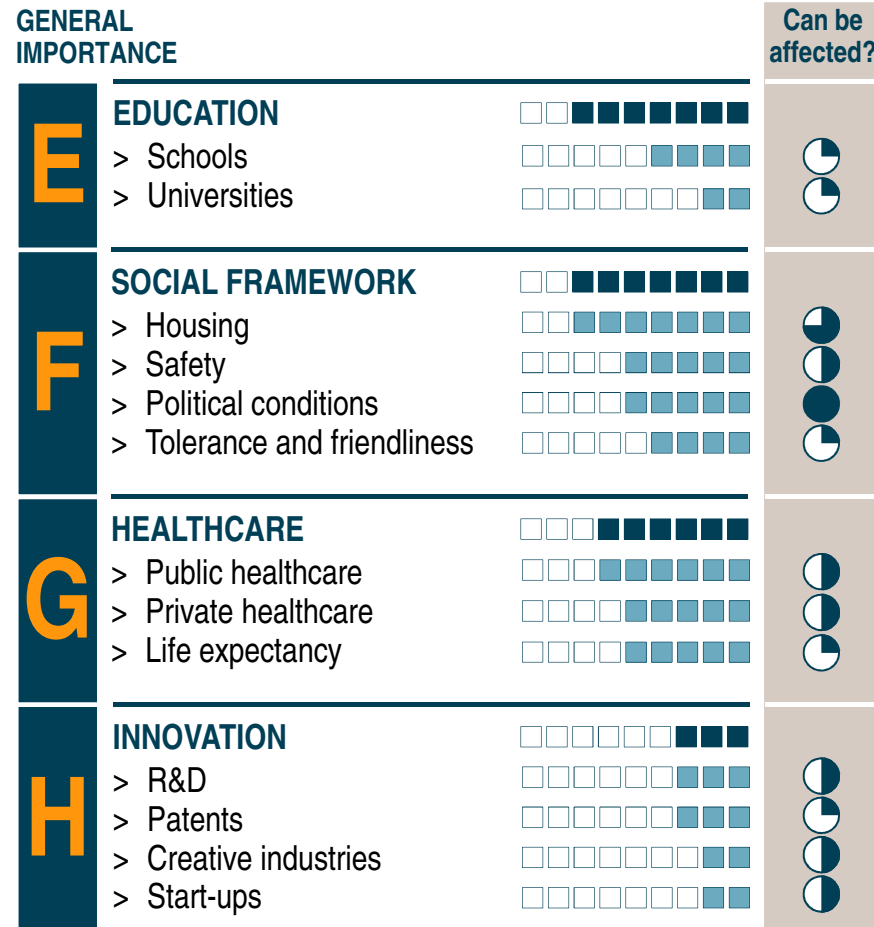
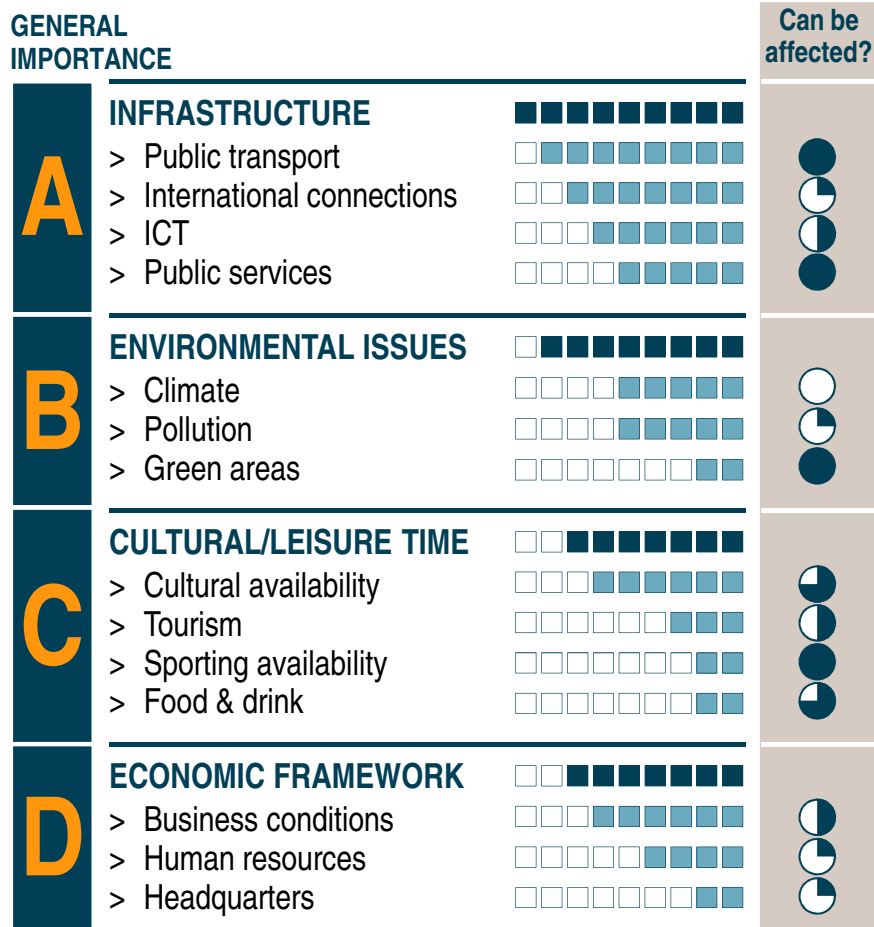
Number of criteria: 24/27

- > Infrastructure
- > Education
- > Innovation
- > International environment
- > Quality of life
- > Culture

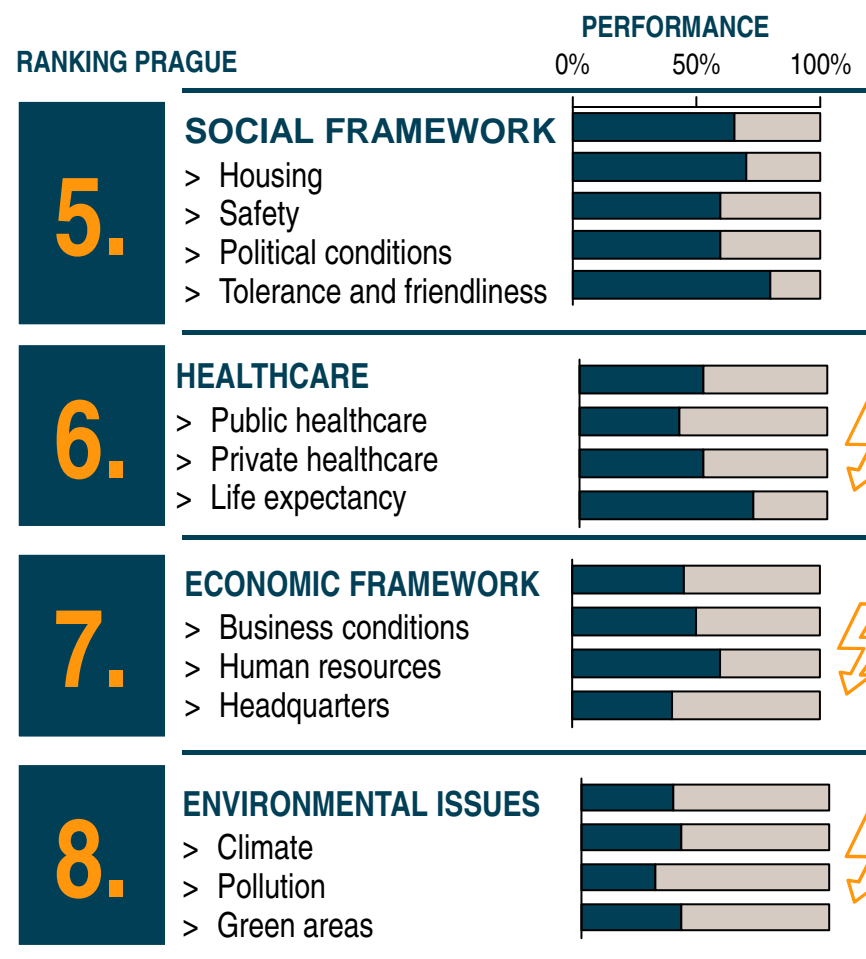
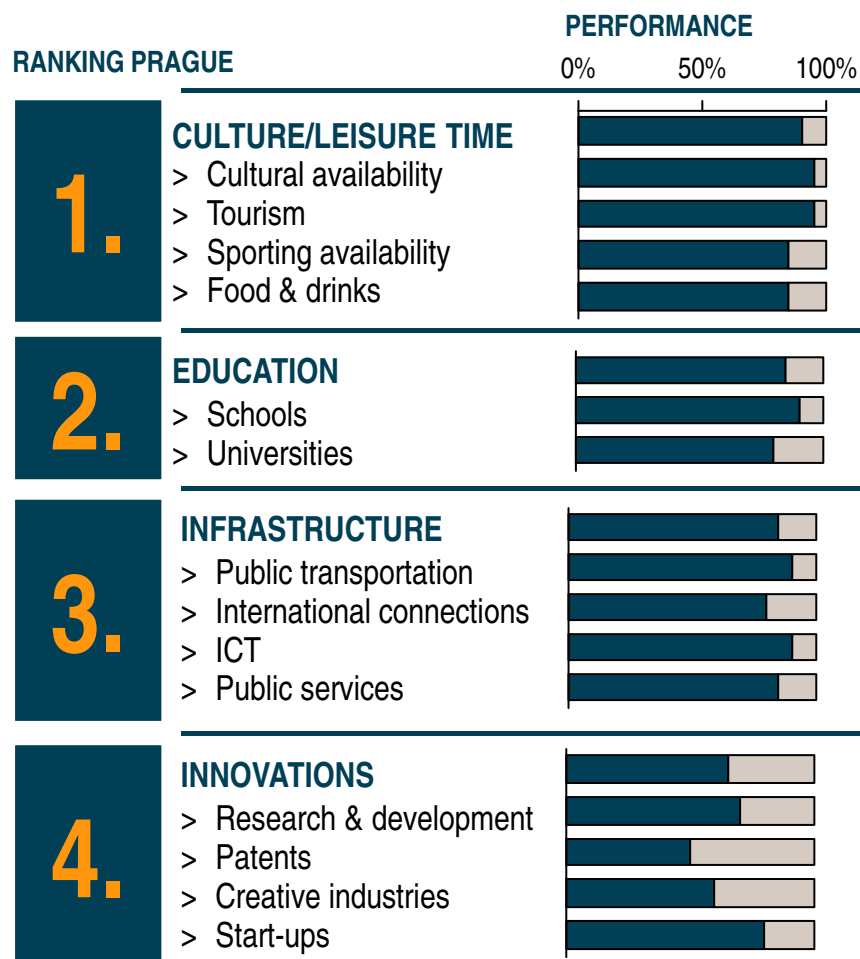
TOP 10

1. Vienna
2. Prague
3. Budapest
4. Ljubljana
5. Moscow
6. Warsaw
7. Bratislava
8. Bucharest
9. Kyiv
10. Zagreb

Infrastructure, environmental issues and the cultural offer are the most important criteria in city rankings



Culture and leisure time availability are the greatest strengths of Prague, the quality of environment is the greatest weakness



Prague has four number one ranks within the analyzed 24 criteria, Vienna has the most number one positions

Number of rankings 1, 2 and 3

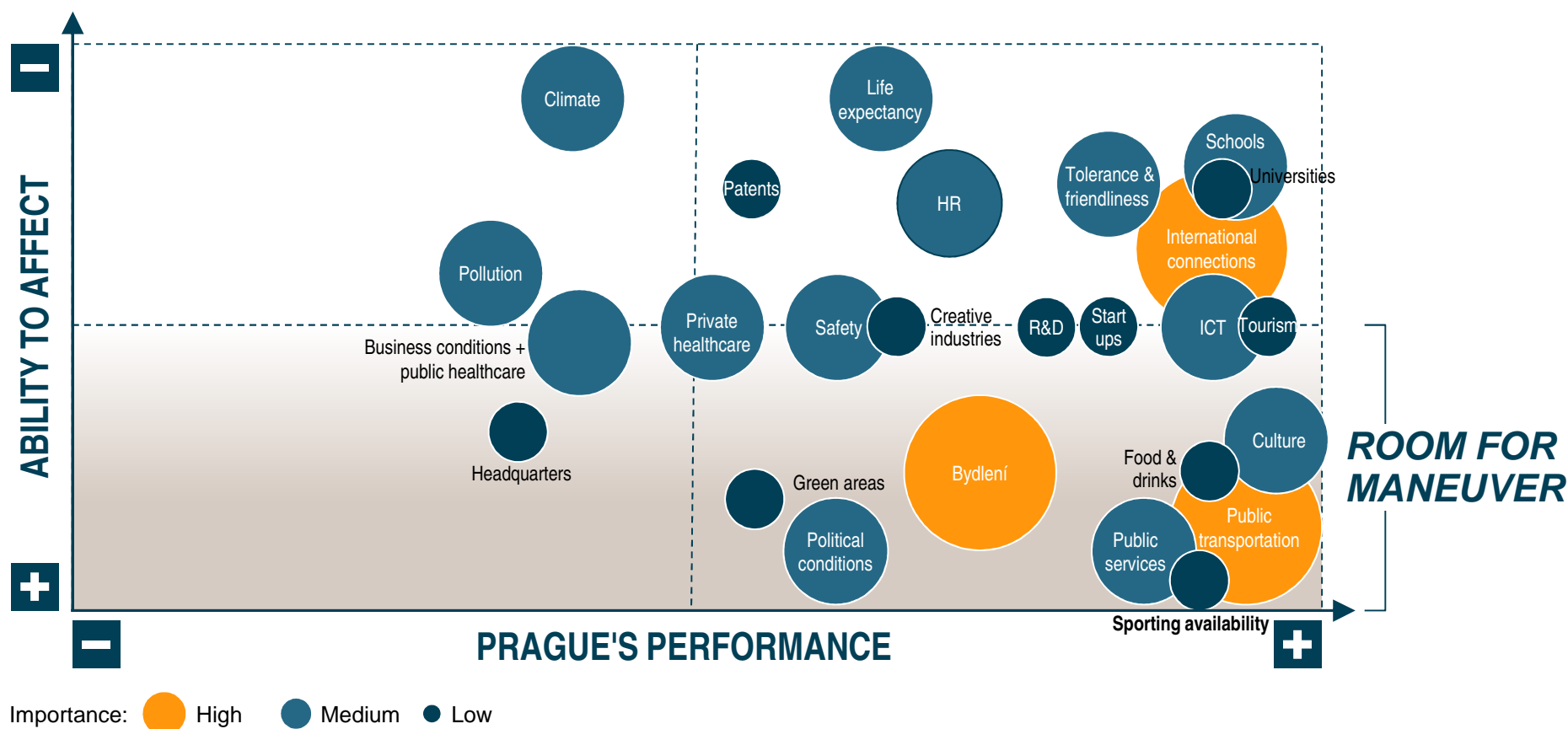
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MOW	1	1	1	2	2	3	3	3															3	8
LJU	1	1	2	2	2	3	3	3															2	8
BUD	1	1	1	2	3	3	3																3	7
BTS	2	2	2	3	3																		0	5
WAW	1	2	3																				1	3
IEV	1	2																					1	2
BUH	1	3																					1	2
ZAG																							0	0

- > The largest capacity of the public transport system
- > The largest number of secondary education graduates
- > The highest number of universities in the words top 500 (together with Vienna and Warsaw)
- > The highest number of tourists visiting the city

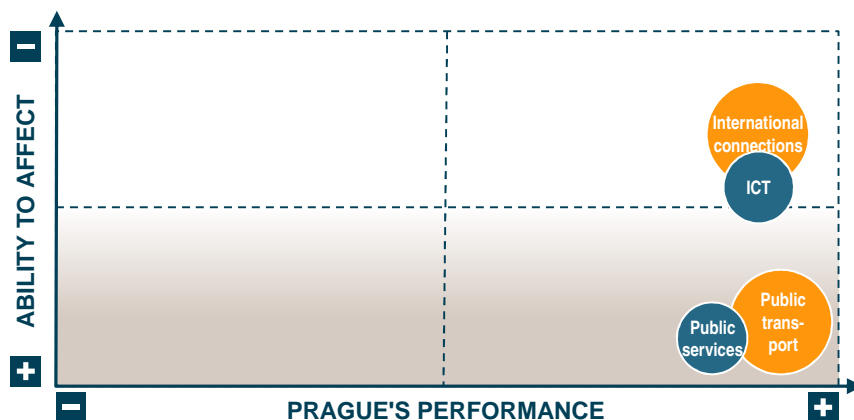
1) Number of no. 1, 2 or 3 positions within the analyzed 24 criteria

Healthcare and quality of environment are Prague's weaknesses – public transportation, education and culture are strengths

Prague's performance and its ability to affect the criteria

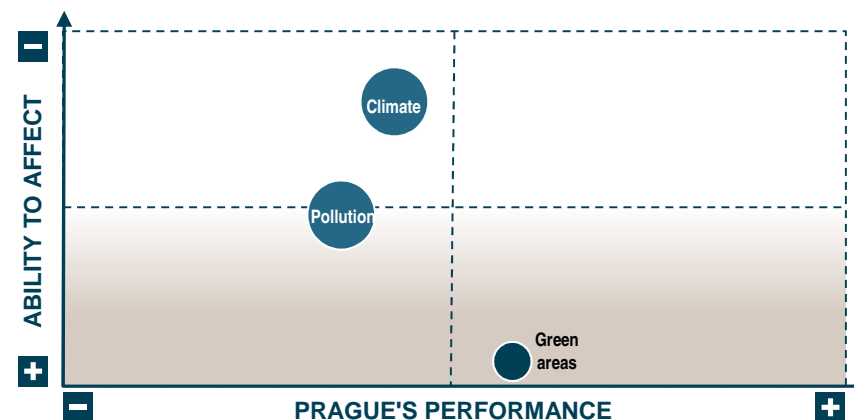


The quality of infrastructure belongs to the best in CEE, while the environment quality is perceived quite negatively



INFRASTRUCTURE

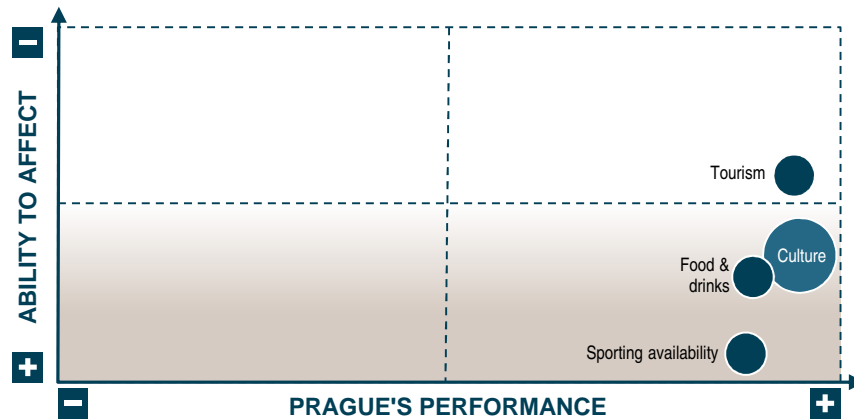
- > The dense network of public transportation is positive, the accessibility for handicapped remains a con
- > It is important to communicate the quality of public services and the availability of information technologies
- > Support of the Prague Airport as the traffic hub for CEE
- > Emphasizing the new roads, allowing better transport links and the links to international flights
- > The bad reputation of Prague's taxi drivers remains a negative



ENVIRONMENT

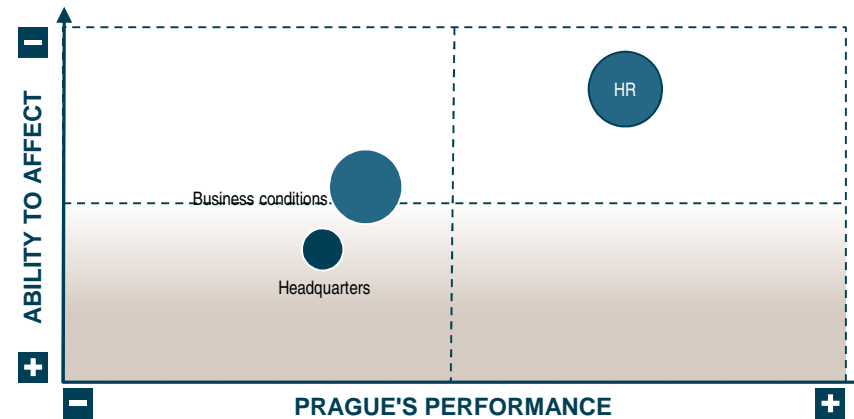
- > Prague is perceived abroad as a city with a relatively strong air pollution, mainly due to heavy traffic in city center
- > The solution is diverting drivers to use public transportation, promotion construction of new metro lines, finishing Prague ring roads and e-mobility
- > Initiatives to expand green areas exist, such as extending the area Ladronka, profiling Prague as a green city, the emphasis on the green areas protection, further expansion of bicycle lanes

Culture is one of Prague's key strengths – availability of museums, theaters and concerts, but there are still barriers for business



CULTURE AND LEISURE TIME

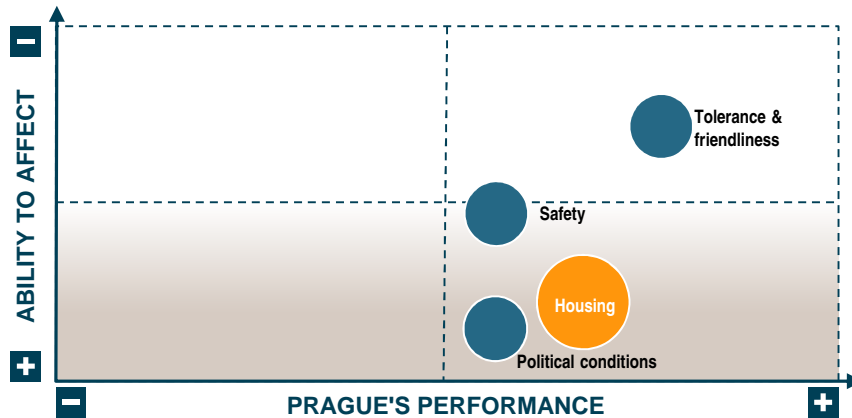
- > Good availability of theaters, museums and cinemas is an advantage
- > Famous interprets usually come to Prague as part of their European tour
- > There are many bars and restaurants in the town center, but they usually suffer from low level service
- > There is a decrease in number of incoming tourist not only due to the Financial crises, but also due to bad reputation in terms of safety and price level



ECONOMIC FRAMEWORK

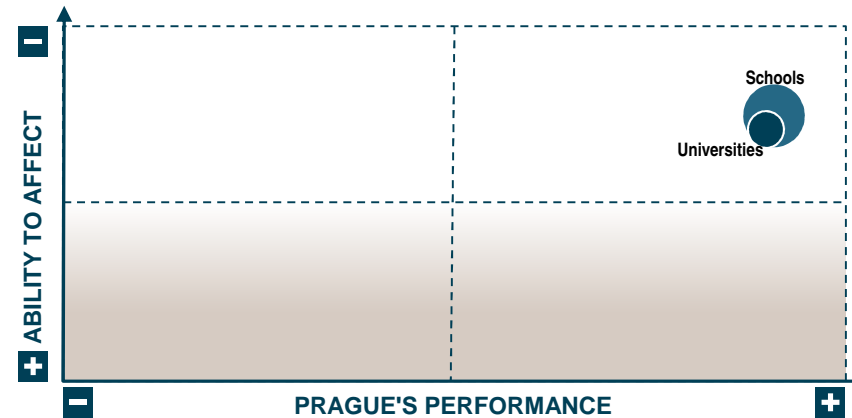
- > Decrease in bureaucracy of starting business is a pro
- > High rents (relatively to other CEE cities) represent a problem for business
- > There is a small number of corporate headquarters, although there is a very good accessibility and reasonable size of the market . It is caused by low attractiveness in terms of fixed costs and personnel costs
- > Relatively low proportion of employed part-time, especially for women with children, unlike Western Europe

The education system evaluated positively, but it qualitatively falls behind Western Europe; negative effects of the political situation



SOCIAL FRAMEWORK

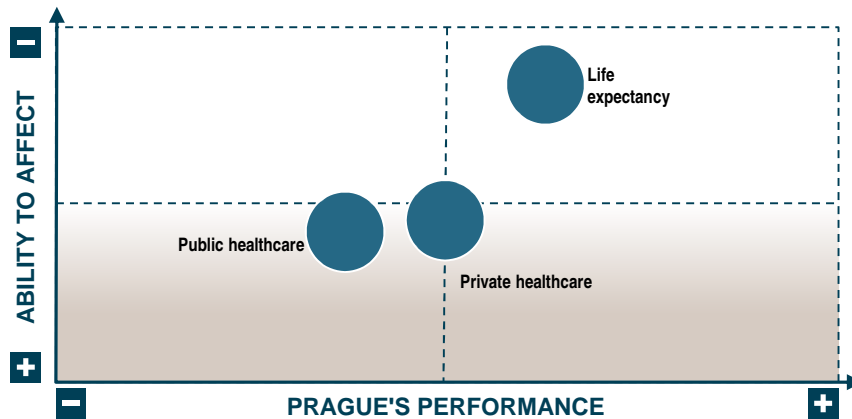
- > Housing prices in Prague are much higher than in the rest of the republic due to high demand
- > Highly negative feature is the reputation of the city in terms of street safety
- > A bad reputation have also city representatives
- > High voter turnout demonstrates interest in politics
- > Prague enjoys great interest of foreign students despite the bad reputation of the city in terms of civic tolerance
- > Efforts to integrate homeless people



EDUCATION

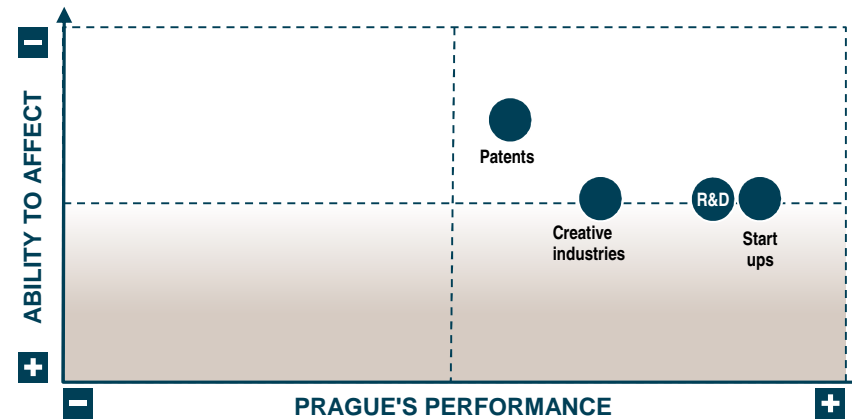
- > Prague has highest proportion of people with secondary education
- > There is a large number of universities and colleges, both public and private, in Prague
- > There are many students from across the country and from abroad studying at universities in Prague
- > Adequate offer of teaching foreign languages at all levels, including in kindergarten
- > As a negative aspect can be seen a high number of pupils per teacher in primary and secondary schools

Effective health care is one of the main criteria in assessing the attractiveness of a city; investments in R&D at a low level



HEALTHCARE

- > Effective health system is a prerequisite for the city as an attractive location for business and high standard of living of the population - dissatisfaction with the quality and system of healthcare is evident not only in Prague but in the whole CR
- > Private health care is rising, quality is at a very satisfactory level, but for financial reasons it is often not affordable for most people
- > Life expectancy at the European average





INNOVATIONS

- > Relatively high spending on research and development, but still falling behind the cities of Western Europe and Vienna
- > Share of people working in creative industries
- > belong to the lowest in the CEE region
- > The number of granted patents at a very low level

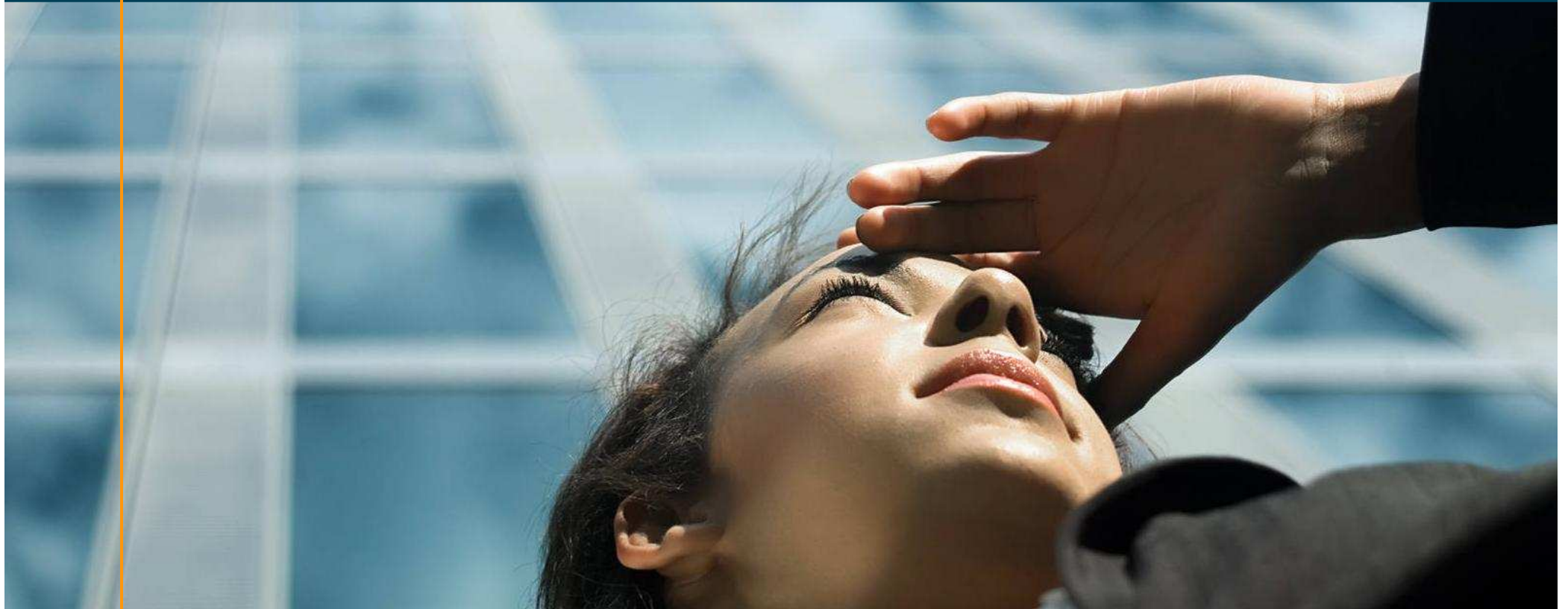
Prague scores at the top compared with cities of Eastern Europe, but significantly falls behind cities of Western Europe and Vienna

Global / European comparison - selected charts

	Europe/world	No. of cities compared	No. of categories / criteria	Ranking Prague	Ranking Vienna	Ranking Bratislava
World's Most Livable Cities – <i>Economist Intelligence Unit</i>	world	140	5/30	60. 	2.	65.
Quality of Living global city rankings – <i>Mercer</i>	world	215	10/39	70. 	1.	87.
Most Liveable Cities Index – <i>Monocle</i>	world	25	11	not among top 25	8.	not among top 25
European Cities & Regions of the Future – <i>fDi magazine</i>	Europe	223	6/96	not among top 25	7.	>25
City Brands Index – <i>Anholt-GfK</i>	world	50	6	34.	9.	not among top 25
Green City Index – <i>Economist Intelligence Unit for Siemens</i>	Europe	30	8/30	24.	4.	20.

B. Appendix – Overview of other cities rankings

Roland Berger
Strategy Consultants



To get a complete picture, this study includes nine major city rankings

A World's Most Livable Cities	Economist Intelligence Unit
B Quality of Living global city rankings	Mercer
C Most Liveable Cities Index	Monocle
D European Cities Monitor	Cushman & Wakefield
E European Cities & Regions of the Future	fDi magazine
F European "smart cities" ranking	TU Vienna, Univ. of Ljubljana, TU Delft
G Green City Index	Economist Intelligence Unit for Siemens
H City Brands Index	Anholt-GfK

Economist Intelligence Unit – World's Most Livable Cities



World's Most Livable Cities 2010 The Economist Intelligence Unit (EIU)

No. of cities: 140 worldwide

Background & methodology:

The EIU ranking assesses which locations around the world provide the best or the worst living conditions. Each city is assigned a rating of relative comfort for over 30 qualitative and quantitative factors across five broad categories. The scores are then compiled and weighted to provide a score of 1–100, where 1 is considered intolerable and 100 is considered ideal

Main categories: 5

No. of criteria: 30

- > Stability
- > Healthcare
- > Culture and environment
- > Education
- > Infrastructure

TOP 10

1. Vancouver
2. Vienna
3. Melbourne
4. Toronto
5. Calgary
6. Helsinki
7. Sydney
8. Perth
9. Adelaide
10. Auckland
- ...
- 60 Prague

Economist Intelligence Unit – World's Most Livable Cities

Stability

- > Prevalence of petty crime
- > Prevalence of violent crime
- > Threat of terror
- > Threat of military conflict
- > Threat of civil unrest/conflict

Healthcare

- > Availability of private healthcare
- > Quality of private healthcare
- > Availability of public healthcare
- > Quality of public healthcare
- > Availability of over-the-counter drugs
- > General healthcare indicators

Culture & environment

- > Humidity/temperature rating
- > Discomfort of climate to travelers
- > Level of corruption
- > Social or religious restrictions
- > Level of censorship
- > Sporting availability
- > Cultural availability
- > Food and drink
- > Consumer goods and services

Education

- > Availability of private education
- > Quality of private education
- > Public education indicators

Infrastructure

- > Quality of road network
- > Quality of public transport
- > Quality of international links
- > Availability of good quality housing
- > Quality of energy provision
- > Quality of water provision
- > Quality of telecommunications

Mercer – Quality of Living global city rankings

MERCER

Quality of Living global city rankings 2009
Mercer

No. of cities: 215 worldwide

Background & methodology:

Mercer's Quality of Living Survey is released annually, comparing 215 cities based on 39 criteria. New York is given a baseline score of 100 and other cities are rated in comparison

Main categories: 10

No. of criteria: 39

- > Political and social environment
- > Economic environment
- > Socio-cultural environment
- > Health and sanitation
- > Schools and education
- > Public services and transportation
- > Recreation
- > Consumer goods
- > Housing
- > Natural environment

TOP 10

1. Vienna
2. Zurich
3. Geneva
4. Vancouver
5. Auckland
6. Dusseldorf
7. Munich
8. Frankfurt
9. Bern
10. Sydney
- ...
70. Prague

Mercer – Quality of Living global city rankings

Political & social environment

- > Relationship with other countries
- > Internal stability
- > Crime
- > Law enforcement
- > Ease of entry and exit

Economic environment

- > Currency exchange regulations
- > Banking services

Socio-cultural environment

- > Limitations on personal freedom
- > Media & censorship

Natural environment

- > Climate
- > Record of natural disasters

Schools & education

- > Schools

Medical & health considerations

- > Hospital services
- > Medical services
- > Infectious diseases
- > Water potability
- > Sewage
- > Air pollution
- > Troublesome & destructive animals & insects

Public services & transport

- > Electricity
- > Water availability
- > Telephone
- > Mail
- > Public transport
- > Traffic congestion
- > Airport

Recreation

- > Variety of restaurants
- > Theatrical & musical performances
- > Cinemas
- > Sport & leisure activities

Consumer goods

- > Meat & fish
- > Fresh fruits & vegetables
- > Daily consumption items
- > Alcoholic beverages
- > Automobiles

Housing

- > Housing
- > Household appliances & furniture
- > Household maintenance & repair

Monocle – Most Liveable Cities Index



Most Liveable Cities Index 2010
Monocle

No. of cities: 25 worldwide

Background & methodology:

Since 2007, the lifestyle magazine Monocle has published an annual list of liveable cities. This non-scientific survey was named "The Most Liveable Cities Index" in 2009 and rated 25 top locations for quality of life

Main categories: 11

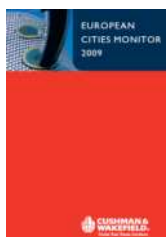
No. of criteria: –

- > Safety/crime
- > International connectivity
- > Climate
- > Quality of architecture
- > Public transport
- > Tolerance
- > Environmental issues and access to nature
- > Urban design
- > Business conditions
- > Proactive policy developments
- > Medical care

TOP 10

1. Munich
2. Copenhagen
3. Zurich
4. Tokyo
5. Helsinki
6. Stockholm
7. Paris
8. Vienna
9. Melbourne
10. Madrid
- ...
- Prague

Cushman & Wakefield – European Cities Monitor



European Cities Monitor 2009 Cushman & Wakefield

No. of cities: 34 in Europe

Background & methodology:

Since 1990, the survey has provided an overview of the perceptions that corporate occupiers have about cities across Europe. In total, 500 companies were surveyed from nine European countries. The sample was systematically selected from "Europe's largest companies"

Main categories: 12

No. of criteria: –

- > Easy access to markets, customers or clients
- > Availability of qualified staff
- > The quality of telecommunications
- > Transport links with other cities and internationally
- > Cost of staff
- > Value-for-money of office space
- > The climate government creates for business
- > Availability of office space
- > Languages spoken
- > Ease of travelling around within the city
- > Employees' quality of life
- > Freedom from pollution

TOP 10

1. London
2. Paris
3. Frankfurt
4. Barcelona
5. Brussels
6. Madrid
7. Munich
8. Amsterdam
9. Berlin
10. Milan
- ...
21. Prague

fDi magazine – European Cities & Regions of the Future



European Cities & Regions of the Future 2010/11
fDi magazine

No. of cities: 223 in Europe

Background & methodology:

fDi's shortlists "Cities and Regions of the Future" were created from an independent collection of data by fDi Benchmark across 223 European cities and 142 European regions. This information was assessed with six categories. A seventh category, FDI promotions strategy, was added to the scoring. In this category, 99 European cities and regions submitted details about their promotion strategies, which were then judged and scored by an independent panel

Main categories: 6

No. of criteria: 96

- > Economic potential
- > Human resources
- > Cost effectiveness
- > Quality of life
- > Infrastructure
- > Business friendliness

TOP 10

1. London
2. Paris
3. Moscow
4. Stockholm
5. Barcelona
6. Dublin
7. Vienna
8. Frankfurt
9. Brussels
10. Edinburgh
- ...
- Prague

fDi magazine – European Cities & Regions of the Future

Economic potential

- > Population
- > Population growth rate
- > Number of patents
- > Gross domestic product (GDP) per capita
- > GDP, purchasing power parity
- > Total number of FDI projects (Jan 2003 to Oct 2009)
- > Number of companies in R&D
- > Total number of FDI megaprojects (Jan 2003 to Oct 2009)
- > Total number of jobs created by FDI (since 2005)
- > Total capital expenditure on R&D FDI projects
- > Employment in the knowledge-intensive sector
- > Global competitiveness index
- > Inflation
- > Forecast GDP growth rate (2010)

Quality of life

- > Unemployment rate
- > Number of International Baccalaureate schools
- > Average residential property price
- > Number of hospital beds
- > Mortality rate
- > Health expenditure
- > Life expectancy
- > Quality of life index
- > Global peace index
- > International tourism arrivals
- > GDP per capita

Cost effectiveness

- > Office rent
- > Industrial rent
- > Price of unleaded petrol
- > Cost of luxurious hotel in city center
- > Minimum wage
- > Cost of registering property
- > Cost of dealing with construction permits
- > Profit tax
- > Cost to export
- > Cost to import
- > Cost of establishing a business
- > Cost of setting up an electricity connection for a new business
- > Domestic logistics costs
- > Average retail price of electricity
- > Redundancy costs
- > Wages of an unskilled worker
- > Wages of a semi-skilled worker
- > Wages of a skilled worker
- > Average residential property price

Infrastructure

- > Number of international destinations served
- > Upload speed
- > Download speed
- > Number of ports
- > Type of port
- > Size of port
- > Airlines served
- > Number of terminals
- > World port rankings
- > Major railway lines to the city
- > Access to markets
- > Time to export
- > Time to import
- > Internet access at home
- > Telephone lines
- > Mobile phone subscribers
- > Logistics performance index
- > Network readiness index

Human resources

- > Unemployment rate
- > Total no. of world's top 500 universities
- > Number of universities
- > Number of university students
- > European business school rankings
- > Graduates, tertiary
- > Gross enrollment rate, tertiary
- > Gross enrollment rate, secondary
- > Gross enrollment rate, primary
- > Labor force with tertiary education
- > Public education expenditure
- > Human resources in sciences and high-tech industries
- > Economically active population

Business friendliness

- > Number of jobs created by FDI
- > Number of companies within the high-tech manufacturing sector
- > Number of companies within the high-tech services sector
- > Number of companies within the knowledge-based sector
- > Growth of high-tech manufacturing firms
- > Growth of high-tech services firms
- > Growth of knowledge-based firms
- > Top 1000 world banks
- > Days taken to start a business
- > Hiring costs
- > Difficulty of redundancy index
- > Ease of doing business index
- > Corruption perceptions index
- > Economic freedom index
- > Innovation index

FDI promotion strategy

- > Number of staff dedicated to promoting and facilitating inward investment and systems/programs in place to train staff and measure performance
- > Key initiatives under way to attract more investment
- > Information on high-growth sectors/sub-sectors in the city which offer excellent potential for inward investment
- > Description of incentives available to inward investors and the typical size of incentives
- > Major infrastructure and urban planning projects
- > Bonus question: outline of the location's vision for achieving full FDI potential and why it is a location of the future

TU Vienna, University of Ljubljana, TU Delft – European "smart cities" ranking



European smart cities ranking 2007
TU Vienna, University of Ljubljana, TU Delft

No. of cities: 70 European

Background & methodology:

The European smart cities ranking focuses on medium-sized European cities (100,000 – 500,000 inhabitants). The survey is an elaboration of 7 city rankings from 2006 and 2007. A Smart City is a city that performs well in the 6 categories, built on the "smart" combination of endowments and activities of self-decisive, independent and aware citizens

Main categories: 6

No. of criteria: 74

- > Economy
- > Mobility
- > Environment
- > People
- > Living
- > Governance

TOP 10

1. Luxembourg (LU)
2. Aarhus (DK)
3. Turku (FI)
4. Aalborg (DK)
5. Odense (DK)
6. Tampere (FI)
7. Oulu (FI)
8. Eindhoven (NL)
9. Linz (AT)
10. Salzburg (AT)
- ...
- Prague

TU Vienna, University of Ljubljana, TU Delft – European "smart cities" ranking

Economy

- > R&D expenditure as % of GDP
- > Employment rate in knowledge-intensive sectors
- > Patent applications per inhabitant
- > Self-employment rate
- > New businesses registered
- > Importance as decision-making center (HQ, etc.)
- > GDP per employed person
- > Unemployment rate
- > Proportion in part-time employment
- > Listed companies with HQ in the city
- > Air transport of passengers
- > Air transport of freight

Mobility

- > Public transport network per inhabitant
- > Satisfaction with access to public transport
- > Satisfaction with quality of public transport
- > International accessibility
- > Availability of computers in households
- > Broadband internet access in households
- > Green mobility share (non-motorized individual traffic)
- > Traffic safety
- > Use of economical cars

People

- > Importance as knowledge center (top research centers, top universities, etc.)
- > Population qualified at levels 5-6 ISCED
- > Foreign language skills
- > Book loans per resident
- > Participation in lifelong learning in %
- > Participation in language courses
- > Share of foreigners
- > Share of nationals born abroad
- > Perception of getting a new job
- > Share of people working in creative industries
- > Voter turnout at European elections
- > Immigration-friendly environment (attitude towards immigration)
- > Knowledge about the EU
- > Voter turnout at city elections
- > Participation in volunteer work

Governance

- > City representatives per resident
- > Political activity of inhabitants
- > Importance of politics for inhabitants
- > Share of female city representatives
- > Expenditure of the municipal per resident in PPS
- > Share of children in day care
- > Satisfaction with quality of schools
- > Satisfaction with transparency of bureaucracy
- > Satisfaction with fight against corruption

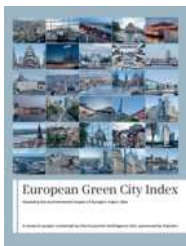
Environment

- > Hours of sunlight
- > Green space share
- > Summer smog (ozone)
- > Particulate matter
- > Fatal chronic lower respiratory diseases per inhabitant
- > Environmental Individual efforts on protecting nature
- > Opinion on nature protection
- > Efficient use of water (use per GDP)
- > Efficient use of electricity (use per GDP)

Living

- > Cinema attendance per inhabitant
- > Museum visits per inhabitant
- > Theater attendance per inhabitant
- > Life expectancy
- > Hospital beds per inhabitant
- > Doctors per inhabitant
- > Satisfaction with quality of health system
- > Crime rate
- > Rate of fatal assaults
- > Satisfaction with personal safety
- > Share of housing fulfilling minimal standards
- > Average living area per inhabitant
- > Satisfaction with personal housing situation
- > Students per inhabitants
- > Satisfaction with access to educational system
- > Satisfaction with quality of educational system
- > Importance as tourist destination (overnights, sights)
- > Overnights per year per resident
- > Perception of personal risk of poverty
- > Poverty rate

Economist Intelligence Unit for Siemens – Green City Index



European Green City Index 2009
EIU for Siemens

No. of cities: 30 in Europe

Background & methodology:

The European Green City Index measures and rates the environmental performance of 30 leading European cities from 30 European countries. It takes into account 30 individual indicators per city, touching on a wide range of environmental areas, from environmental governance and water consumption to waste management and greenhouse gas emissions

- Main categories:** 8
No. of criteria: 30
- > CO₂
 - > Energy
 - > Buildings
 - > Transport
 - > Water
 - > Waste and land use
 - > Air quality
 - > Environmental governance

TOP 10

1. Copenhagen
2. Stockholm
3. Oslo
4. Vienna
5. Amsterdam
6. Zurich
7. Helsinki
8. Berlin
9. Brussels
10. Paris
- ...
24. Prague

Economist Intelligence Unit for Siemens – Green City Index

CO₂

- > CO₂ emissions
- > CO₂ intensity
- > CO₂ reduction strategy

Energy

- > Energy consumption
- > Energy intensity
- > Renewable energy consumption
- > Clean and efficient energy policies

Buildings

- > Energy consumption of residential buildings
- > Energy-efficient building standards
- > Energy-efficient building initiatives

Transport

- > Use of non-car transport
- > Size of non-car transport network
- > Green transport promotion
- > Congestion production policies

Water

- > Water consumption
- > Water system leakages
- > Wastewater treatment
- > Water efficiency and treatment policies

Waste and land use

- > Municipal waste production
- > Waste recycling
- > Green land use policies

Air quality

- > Nitrogen dioxide
- > Ozone
- > Particulate matter
- > Sulfur dioxide
- > Clean air policies

Environmental governance

- > Green action plan
- > Green management
- > Public participation in green policy

Anholt-GfK – City Brands Index



2009 Anholt-GfK Roper City Brands Index (SM) Ranking
GfK Roper Public Affairs & Media

No. of cities: 50 worldwide

Background & methodology:

The index measures the image of 50 cities with respect to Presence, Place, Pre-requisites, People, Pulse and Potential. Each year, a total of 10,000 adults aged 18 and up are interviewed in 20 core countries

Main categories: 6
No. of criteria: –

- > Presence (knowledge of city and perception of its global contribution)
- > Place (cleanliness, aesthetic qualities and climate)
- > Pre-requisites (affordable accommodations and quality of public amenities)
- > People (friendliness, personal encounters and cultural diversity)
- > Pulse (interesting events, activities and lifestyles)
- > Potential (perception as good place to do business, find a job or go to school)

TOP 10

1. Paris
2. Sydney
3. London
4. Rome
5. New York
6. Barcelona
7. San Francisco
8. Los Angeles
9. Vienna
10. Madrid
- ...
34. Prague