



HWWI/Berenberg City Ranking: Munich defends first place - three cities in Eastern Germany among the Top 5

- Leipzig (second place), Dresden (fourth) and Berlin (fifth) in the Top 5
- Former long-term winner Frankfurt in third place
- Gelsenkirchen comes in last

Hamburg/Frankfurt. Munich is again the winner of the HWWI/Berenberg City Ranking. The Bavarian state capital led the field of the 30 largest cities in Germany for the second time, following 2015. Rising star Leipzig ascended to second place. With Dresden (fourth) and Berlin (fifth), this puts three cities in Eastern Germany in the Top 5 for the first time. Frankfurt made up a spot to rise to third place. Bringing up the rear, this year Gelsenkirchen came in last in terms of future prospects.

This is the fifth time that the Hamburg Institute of International Economics (HWWI) and the Berenberg private bank have examined the outlook for the future of the 30 biggest cities in Germany. “The dynamic development of these big cities is extremely important for the prosperity of their regions. Their success is crucial for the competitiveness of Germany,” says Hans-Walter Peters, Spokesman of the managing partners of Berenberg.

The importance of cities as population and economic hubs continues to increase. Currently 23 % of Germany’s population lives in the 30 largest cities, and population and productivity are growing there faster than the national average. “In order to position themselves successfully in the competition for businesses and talent, cities need to offer attractive commercial and quality of life benefits in order to attract companies and people,” explains Peters. “Their

success depends on how well they cope with the structural shift to knowledge-intensive service sectors and research-based industries.”

The cities were analysed with regard to their present economic performance (**trend index**), their future demographic development trends (**demographic index**) and key business factors like education and innovation, internationality and accessibility (**location index**). Economic and demographic developments are mutually reinforcing. Companies in knowledge-intensive industries find a larger supply of qualified workers in cities. The educational level of urban populations is high, and the majority of universities and research institutes are in cities. “Regional urban centres favour information exchange as well as the division of labour and specialisation in the knowledge economy, which in turn benefits the economic development of the cities,” notes HWWI Director Prof. Dr. Henning Vöpel.

The ranking

Munich again remained unchallenged at the top of the 30 cities reviewed in 2017. The Bavarian city is ahead in economic performance as well as location-dependent factors. The demographic outlook is first-class. “This cements the Bavarian capital’s competitive position as an outstanding knowledge metropolis vis-a-vis the other cities, with above-average economic prospects,” says Vöpel. At 31.4 %, the percentage of workers with specialist or higher education degrees is greater than in any other city. Almost one out of two employees (48.5 %) work in a knowledge-intensive sector. From 2011 to 2014, the number of persons employed rose the second fastest of any city in Germany (+6.2 %). Munich is also very international, with the highest (18.4 %) percentage of foreign employees. The outlook for the Bavarian metropolis is excellent; by 2030 it is expected to have the highest rate of population increase (+16 %) as well as the highest absolute rise in employed persons (+31,500). The highest rise in population is in the under-20 cohort. “Skilled workers can be a critical bottleneck in the race to attract knowledge-intensive firms, so the future competitiveness of a city will increasingly depend on the development of its working-age population. With its high proportion of highly-qualified workers and knowledge-intensive industries, Munich is in a very good position,” explains Peters. Munich falls down only in the level of school-leavers with the

qualifications required to enter university, where it is second to last, and in accessibility, where it is in the lower middle range.

With **Leipzig**, a city from former East Germany has made it to second place for the first time. This largest city in Saxony has risen dramatically in the rankings since 2008. In terms of economic performance, Leipzig shows the most dynamism of all cities studied. The tenth largest city in Germany, with almost 10 % it had the highest population and with 7 % the highest worker growth of all 30 cities. Its productivity growth was the third highest in the period reviewed (2011 to 2014). Leipzig is also ahead in future demographic trends, especially with under-20s (+27 %). “The East German cities of Leipzig and Dresden are continuing to catch up, and have good future prospects,” says Vöpel. The dynamics in the trend and demography indexes are so high that they more than compensate for Leipzig’s continued poor showing in the location index. “The below-average ratings in the location factors of education, innovation, internationality and accessibility, however, present risks for Leipzig’s future development,” notes Vöpel.

Frankfurt am Main made up a rank from 2015 to take third place. This represents a slight recovery in the competitive position of the city that topped the rankings in 2008, 2010 and 2013. Frankfurt improved in economic performance and demographic developments, with its population showing the second fastest growth at 8.3 %. In addition, since 2008 the city has led in the location factors of internationality, accessibility, and education and innovation, and remains at the top of the location index.

Following in Leipzig’s footsteps, **Dresden** also took a giant step forward to arrive in fourth place. The capital city of Saxony did not just see a population increase of 5 % from 2011 to 2015, its future growth in the under-20 group is expected to be the second strongest (+21 %) after Leipzig. Dresden also has the highest birth rate of the 30 cities. In the location factors, Dresden is only in the lower middle range, but is still better in that category than its larger Saxon neighbour Leipzig.

After having taken second place in the 2015 city ranking, **Berlin** fell back to fifth place this time. The reason for this is its weak productivity growth, which is below the average for the country’s 30 largest cities. Berlin is still one of the

most dynamic metros in terms of absolute population growth. Good location factors, especially internationality and accessibility, contribute to this.

Cologne, Wiesbaden, Hamburg, Stuttgart and Düsseldorf (ranks 6 to 10) have good future prospects, with balanced business conditions and quality of life ratings in all categories. “None of the cities show any substantive weaknesses, and all have been consistent performers in the rankings for years,” says Vöpel.

The cities of **Wuppertal, Mönchengladbach, Bochum, Duisburg, Chemnitz** and **Gelsenkirchen** (ranks 25 to 30) are at the bottom, and show no major change in their positions since 2015. Chemnitz was in last place in the previous rankings, but a clear improvement in the trend index moved it up one rank. “Especially in North Rhine-Westphalia there are some large cities whose development remains below average. This has a lot to do with the structural change to a knowledge economy, which these cities have yet to undergo,” explains Vöpel. Many of the 30 metropolises are well equipped to meet the challenges of the future, others not at all. “There is a risk that the gap will widen between the dynamic and successful cities at one end of the scale, and the poorly performing, low-ranking cities at the other,” adds Peters.

Highlights:

Population: Berlin is the largest city with 3.5 million inhabitants, while Kiel and Aachen are the smallest with around 246,000 inhabitants.

Location: Only four of the largest cities analysed in the City Ranking are in Eastern Germany, while North Rhine-Westphalia boasts 13.

Population growth: The largest increases (2011 - 2015) took place in Berlin (194,029), Munich (85,461), Hamburg (69,221) and Frankfurt am Main (56,155). Leipzig and Cologne added 50,429 and 46,917 residents respectively. The Ruhr cities of Bochum, Duisburg and Gelsenkirchen, which in recent years had seen slight declines in population, experienced some growth.

Population density: With 4,670 inhabitants per square kilometre, four and a half times as many people live in Munich per square kilometre as in Münster (1,020).

The scoring

18 individual indicators were analysed in three categories - trend, demography and location. The three indices are incorporated in equal measure in the overall ranking.

The **trend index** examines recent changes in economic performance. It rates the dynamics in current developments in population, employment and productivity.

The **demography index** covers factors that reflect demographic trends through to 2030; average fertility rates are also taken into account.

The **location index** takes account of the business location factors of education and innovation, internationality and accessibility.

Results of the HWWI/Berenberg City Ranking 2017, 2015, 2013, 2010 and 2008

Rank 2017	Rank 2015	Rank 2013	Rank 2010	Rank 2008	City	Trend index placement, 2017	Demography index placement, 2017	Location index placement, 2017
1	1	2	2	2	Munich	2	1	2
2	3	12	11	25	Leipzig	1	3	27
3	4	1	1	1	Frankfurt a. M	3	9	1
4	10	7	9	5	Dresden	8	2	18
5	2	5	8	24	Berlin	9	5	4
6	6	6	5	7	Cologne	5	10	10
7	11	8	6	4	Wiesbaden	18	4	6
8	8	11	7	7	Hamburg	14	8	7
9	5	9	16	3	Stuttgart	10	12	5
10	7	4	3	11	Düsseldorf	16	6	8
11	14	18	14	17	Nuremberg	11	11	16
12	24	16	15	21	Münster	4	19	23
13	9	3	4	9	Bonn	28	7	3
14	13	13	13	6	Karlsruhe	13	22	12
15	20	17	23	13	Mannheim	15	13	17
16	12	15	12	14	Aachen	22	17	9
17	16	19	22	20	Braunschweig	21	15	14
18	19	21	19	12	Augsburg	7	21	26
19	21	20	18	16	Bremen	23	18	13
20	29	23	24	-	Kiel	6	27	24
21	22	26	27	23	Bielefeld	12	16	28
22	15	14	10	15	Hanover	24	14	19
23	17	10	21	19	Essen	27	23	11
24	18	25	20	10	Dortmund	25	20	20
25	26	27	28	29	Wuppertal	20	24	22
26	23	24	26	18	Mönchengladbach	17	25	25
27	27	29	29	27	Bochum	26	30	21
28	25	22	17	21	Duisburg	29	26	15
29	30	30	30	30	Chemnitz	19	28	30
30	28	28	25	28	Gelsenkirchen	30	29	29

Source: HWWI/Berenberg (2017). The position in the overall ranking is not determined by aggregating the positions in the three individual rankings.

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