

# The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE  
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

## HAMBURG

GDP (country rank), 2012 <sup>1</sup>	Share National GDP, 2012 <sup>2</sup>	GDP/Capita, 2012 <sup>3</sup>	Population, 2012 (country rank) <sup>4</sup>	Share National Pop., 2012 <sup>5</sup>	GaWC Global City Ranking, 2010 <sup>6</sup>	# Global 2000 HQs, 2012 <sup>7</sup>	GDP/c Growth 1993-2012 <sup>8</sup>
\$157,001,707,060 (4)	4.94%	\$48,710	3,223,216 (5)	3.94%	53	2	0.86%

**1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?**

Located in Northern Germany and linked to the North Sea via the River Elbe, Hamburg is Germany’s second-largest metro area. Besides being the fourth-best maritime city in the world in one new study,<sup>9</sup> Hamburg’s diverse knowledge base – now including publishing, media, and advertising – has proven highly attractive for international investors in recent years. The city was rated the fifth-best real estate investment prospect in Europe in 2012 due to strong population growth and a growing Chinese trading presence.<sup>10</sup> It also is regarded as the 13th most-promising city for near-term foreign investment in Europe in fDi Intelligence’s most recent assessment.<sup>11</sup>

Given Hamburg’s role in trading European and Far East goods, the city has improved its status as a venue for business meetings and is up nine places to 50th since 2008 for annual conventions. The city impressively made the global top 10 for innovation performance in a new series by 2thinknow Consulting.<sup>12</sup> For all these reasons, and others, the city has maintained a consistent position inside the top 15 of the European Cities Monitor since 1990.<sup>13</sup>

**2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?**

A free Hanseatic imperial trading city for almost 700 years before industrializing in the late 19th century, international maritime connections have made Hamburg one of Europe's most reliably globalized cities. Its economic vitality was for centuries fundamentally tied to its world market competence as an interface between the regional and the global. While Hamburg's record of cultural and religious tolerance was not as consistent as others', its international character was premised on pragmatic commercial transactions. The city was only finally integrated into the German national system as a city-state in 1888, and was compensated with "free port" status to sustain its international orientations.

Hamburg managed to retain city-state status in the new postwar Federal Republic. The city returned to become the preeminent port for most of West Germany and also for much of Scandinavia, Hungary, and Czechoslovakia, not least because an absence of labor strikes encouraged significant investment in up-to-date technologies including containerization. Residents gradually became accustomed to a high standard of living, and the city became more cosmopolitan and multiracial.

Hamburg was one of the few European port cities that resisted comprehensive deindustrialization toward a services-based economy in the 1980s, despite a declining ship-building industry and setbacks for processing firms. Between 1980 and 2005, its market share among northwest European ports for container traffic in fact doubled. But the city has had to adjust to a loss of functions caused by the rise of door-to-door port services. A more diversified retail and science economy has shielded the city from employment limitations at the port, and the city government is now launching a proactive cluster strategy to retain key strengths.

HafenCity amounts to Europe's largest inner-city development project, and it has attracted over €8 billion of private investment, much of it international. A second major maritime urban redevelopment project – named the "Leap across the Elbe" – has begun and looks to develop the city's pluralist credentials and transform its ethnic and cultural diversity into strengths. The widely recognized success of these projects epitomizes how Hamburg is undergoing a process of realignment in recognition of its potential to become an international leader in urban design, district regeneration, wind power, and green transport.

### **3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?**

Hamburg has not historically been as diverse as other European trading centers such as London, but its foreign population has risen from 200,000 in 1990 to over 300,000 today. By far the most populous immigrant groups are from Poland and Turkey. Some districts in the city are now majority foreign-born for the first time.<sup>14</sup> Hamburg's expanding office market in the central business district has been highly attractive to foreign investors because of consistent rental growth. Its retail sector has received investment from international pension funds and open-ended and close-ended funds. Foreign investors accounted for a third of property purchased in 2011 and over a quarter of property sold. Spain, Austria and the United Kingdom are the top three countries in terms of foreign property investment into Hamburg.<sup>15</sup>

Hamburg's visitor economy is heavily dependent on Western Europe and the United States, with British, Danish, Swiss, and Austrian travelers the most numerous. Visitors from nearby Denmark outnumber all travelers from Asia, Africa, and Oceania combined.<sup>16</sup>

### **4) To what extent is the city's international dimension inherited or intentional?**

Hamburg's maritime tradition has given the city a distinctive self-image of rationality, opportunism, and openness. Its political history of independence left an institutional legacy that includes many European consulates and international organizations and a political legacy that allows it to position itself effectively in each economic cycle. City-level politicians are able to wield a much larger proportion of tax revenue than in most North American or European cities. Because the vast majority of taxpayers are urban (and not in a wider rural region), investments in specifically urban cultural or transport projects are undertaken with comparably little resistance.

Hamburg illustrates that many cities do not simply achieve globalization but must constantly reglobalize and re-embed their economies into global value chains. Most recently the city has shown considerable political will and capacity to bring the private sector on board to a publicly supervised and executed vision, namely Hafencity. Successive city governments have been determined to look beyond immediate challenges and act on a long-term basis to achieve environmental and global connectivity aims.

Hamburg's success in the past five years is linked to its outreach to new Asian markets. It has used its wide range of expatriates with strong attachments to the city to build a variety of sister-city links and international city advocates, which have been important to fueling trust in trade links and innovation-sharing. In order to attract well-qualified workers from China and India, the city leadership has expanded university and cultural provision in order both to improve its compelling character as a place and to provide opportunities for skills development and attraction. East Asian specialists in a range of sectors are now settling in the city in large numbers, attracted to its open commercial ethos, and investment in new urban spaces caters to the needs of young graduates.

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<sup>1</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

<sup>7</sup> The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

<sup>8</sup> Brookings analysis of Moody's Analytics and Oxford Economics data.

<sup>9</sup> "Oslo and Singapore Take Top Maritime Spots," Menon Business Economics, 2012, available at [www.oslo.teknopol.no/MainMenu/news2/News/Oslo-and-Singapore-take-top-maritime-spots/www.omw.no\\_](http://www.oslo.teknopol.no/MainMenu/news2/News/Oslo-and-Singapore-take-top-maritime-spots/www.omw.no_)

<sup>10</sup> "Emerging Trends in Real Estate Europe 2012," Urban Land Institute, 2013, p. 32.

<sup>11</sup> "European Cities of the Future 2012/13," *fDi Magazine*, 2012.

<sup>12</sup> "Top 100 Innovation Cities," 2thinknow, 2011; "Statistics Report: International Association Meetings Market Country and City Rankings," International Congress and Convention Association, 2012, available at [www.iccaworld.com/dcps/doc.cfm?docid=1520](http://www.iccaworld.com/dcps/doc.cfm?docid=1520).

<sup>13</sup> "European Cities Monitor," Cushman & Wakefield, 2011.

<sup>14</sup> Monika Renz, "Free and Hanseatic City of Hamburg: Authority for Education and Sport," Report to the Organization for Economic Cooperation and Development, 2003, available at [www.oecd.org/dataoecd/24/41/30100990.pdf](http://www.oecd.org/dataoecd/24/41/30100990.pdf).

<sup>15</sup> "Funding the Future: Investment Trends in Five Major European Cities," *New Economy*, 2012.

<sup>16</sup> "Ankünfte, Übernachtungen, und Aufenthaltsdauer der Gäste in Beherbergungsbetrieben (einschl. Camping) in Hamburg nach dem Herkunftsland," available at [www.statistik-nord.de/fileadmin/download/Tourismus\\_HH.pdf](http://www.statistik-nord.de/fileadmin/download/Tourismus_HH.pdf).

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