

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

TEL AVIV

GDP (country rank), 2012 ¹	Share National GDP, 2012 ²	GDP/Capita, 2012 ³	Population, 2012 (country rank) ⁴	Share National Pop., 2012 ⁵	GaWC Global City Ranking, 2010 ⁶	# Global 2000 HQs, 2012 ⁷	GDP/c Growth 1993-2012 ⁸
\$132,041,577,940 (1)	53.73%	\$37,767	3,496,250 (1)	44.28%	58	10	2.15%

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

Located on the Mediterranean East Coast, Tel Aviv, with three million people, is Israel’s largest metropolitan area and the nation’s most globally connected city. Indeed, it is the third most globally networked business city in the wider region, after Istanbul and Dubai, and one of the fastest global improvers in the period since 2000.⁹ The city has developed a prominent reputation for its technology and innovation capacity. It has been rated the second most dynamic startup ecosystem in the world after Silicon Valley, while its overall breadth of innovation is assessed as among the world’s leading 50 cities.¹⁰ In AON’s 2012 People Risk Index, the city’s 49th place among 131 cities means it is considered a safer corporate relocation center in terms of talent and employment environment than Shanghai (54th), Milan (58th) and Sao Paulo (62nd).

Tel Aviv is therefore a growing hub for international investment, especially in retail and office markets. Rental prices in premium retail streets were the fastest rising in the Europe/Middle East region in 2011–12, and are now on a par with those in Boston and Miami.¹¹ It is Dubai’s nearest rival in the Middle East foreign investment cities, due to the high number of patents granted and a high presence of commercially intensive research and development companies in operation.¹²

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?

Tel Aviv has been an exceptional example of a frontier immigrant gateway for a century, internalizing international influences into its architecture and business practices from the outset. Founded and led on entrepreneurial principles, the city immediately twinned the imperatives of commerce and high culture. European immigrants with capital to invest, business acumen, and creative talent in writing, painting, and music all arrived in large numbers.

Despite the political complexity and controversy associated with Tel Aviv's immigration history, the city has emerged to become Israel's major international metropolis. It is home not only to an ever more cosmopolitan population but also to major political and organizational institutions. The development of military industries in the 1950s and 1960s in the metropolitan area created close synergies between civilian and military sectors, which over time helped create a technology hub on the outskirts. Meanwhile, the city itself became Israel's command and control center for finance, insurance, and business services.

Urged on by the city's entrepreneurial and commercial class, Tel Aviv government leaders launched new initiatives in the late 1980s to improve infrastructure and aid accessibility to beaches. A new strategy for the preservation of the Bauhaus architecture emerged, which revitalized the physical and aesthetic impression of the city.¹³ The office tower load of the central business district has also expanded to adjust to becoming a global player in finance, technological innovation, and producer services.¹⁴ Technology-sector development has been so impressive that the city now leads European rivals Berlin and Barcelona for high-tech activity,¹⁵ characterized by a distinctively supportive early-stage investor environment.

Tel Aviv's population diversified considerably in the 1990s and 2000s, with the arrival of Russian Jewish immigrants, alongside many non-Jewish Russian arrivals; African refugees; and temporary foreign workers from Romania, China, the Philippines, and Central America. These groups have solved labor shortages at various skill levels and infused the city with a much more cosmopolitan sensibility.¹⁶

Tel Aviv's current internationalization program is underway. In celebration of the city's centennial year in 2009, a new suite of initiatives under the umbrella "Tel Aviv Global City" has been promoted by municipal and national governments. The program leverages unique cultural, recreational, and knowledge assets in order to grow the tourism and higher education sectors. Today, interest in initial public offerings for international life science companies is booming because of the growing availability of capital and loosened listing restraints.¹⁷

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?

Metropolitan Tel Aviv has attracted a large share of American foreign investment into Israel, in particular for real estate development such as information/communications technology and Internet technology parks and small and medium-size enterprise incubation centers. Entrepreneurs historically moved their headquarters to the United States and left R&D responsibilities domestically. Finance and high-technology sectors therefore exhibit very high levels of foreign ownership. The city has strong links with Los Angeles, Philadelphia, and New York, as well as more recently with German cities. These links have benefited from Israel's free trade agreements with the European Union and through U.S. cities via NAFTA. Meanwhile the United Kingdom and the United States are chief purchasers and beneficiaries of technology inventions ranging from smart water monitoring to online television and smartphone apps.¹⁸

Global links have diversified in recent years, as a surprising 30 percent of Tel Aviv's foreign-born population has origins in Africa or Asia.¹⁹ Partly because of this influx, and partly because of the city's entertainment attraction to young Israelis, Tel Aviv is a profoundly youthful city, with an average age of 34, compared to 36 in 1983.²⁰ The city is the fourth most visited in the Middle East after Dubai, Cairo, and Abu Dhabi.²¹

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

Tel Aviv's global orientation was predicated on being next to the entry port for educated Jewish immigrants from the 1910s to 1940s. The unique circumstances of this immigration amid European conflict and persecution have since bred distant target markets across Europe, North America, and Latin America. The arrival of those with capital and talent combined effectively with the ethos of the city's founders, who championed the benefits of commerce and entrepreneurial capitalism. An unusual history of business-oriented mayoral leadership began in 1923 with Meir Dizengoff, whose advocacy of private capital flows was ahead of its time.²² A culture of openness emerged from this inherited and intentional cultural and political propensity to minimize hierarchy and gamble on opportunities.

The educational and technical background of immigrants – especially from Russia – has been unusually high. This factor, along with the military's need for high-tech solutions for computer security, telecommunications, and electronic warfare, created large pools of high-tech knowledge and ideal conditions for transnational entrepreneurship. Venture capital firms, startup companies, and senior mentors have combined effectively for over 30 years. Internet pioneer Yossi Vardi has been a particularly prominent figure in supporting Tel Aviv's mentor-novice knowledge exchange ecosystem. Furthermore, major domestic financial institutions, such as the Bank of Israel and Israel's Security Authority, have been productive partners in supervising recent strategies for internationalization.

The permanent presence of global media organizations in Tel Aviv or nearby Jerusalem since the 1980s has allowed the upturn in Tel Aviv's fortunes since the beginning of the Oslo Peace Process in 1993 to be generously transmitted globally. Since the 1990s city leaders have sought to enhance the visibility and voice of foreign communities in the city, grow the international student economy, and assert a liberal, gay-friendly physical and lifestyle ambience, alongside a rapid upgrade of its tourist infrastructure.²³ Mayor Ron Huldai has shown commitment not only to pluralism and commercial scientific achievement, but also to prudent fiscal management and the vibrancy of public space.²⁴

¹ Brookings analysis of Moody's Analytics and Oxford Economics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

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

⁷ 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.

⁸ Brookings analysis of Moody's Analytics and Oxford Economics data.

⁹ "The World According to GaWC, 2000/10," Globalisation and World Cities Network, 2010, available at <http://www.lboro.ac.uk/gawc/world2010t.html>.

¹⁰ "Startup Ecosystem Report 2012," Startup Genome, 2012, available at <http://blog.startupcompass.co/>; "Top 100 Innovation Cities 2011," 2thinknow Consulting, 2011.

¹¹ "Main Streets Around the World 2012-13," Cushman and Wakefield, 2012, pp. 25–30.

¹² "Middle East Cities of the Future 2012/13," *fDi Magazine* 2012, available at www.fdiintelligence.com/Rankings/Middle-East-Cities-of-the-Future-2012-13.

¹³ Gila Menahem "Jews, Arabs, Russians, and Foreigners in an Israeli City: Ethnic Divisions and the Restructuring Economy of Tel Aviv 1983–96," *International Journal of Urban and Regional Research*, Vol. 24, No. 3, 2000, pp. 634–52.

¹⁴ Baruch A. Kipnis, "Tel Aviv, Israel – A World City in Evolution: Urban Development at a Deadend of the Global Economy," *Dela*, Vol. 21, 2004, pp. 183–93.

¹⁵ "Tech Roundup: Watch Out, Silicon Valley, Israel's Behind You," *Haaretz*, August 10, 2012, available at <http://www.haaretz.com/business/tech-roundup/tech-roundup-watch-out-silicon-valley-israel-s-behind-you.premium-1.457340>.

¹⁶ David Bartram, "Immigrants and Natives in Tel Aviv," in Marie Price and Lisa Benton-Short, eds., "Migrants to the Metropolis: The Rise of Immigrant Gateway Cities," (New York: Syracuse University Press, 2007), pp. 301–21.

¹⁷ Aviva Mishari, "Israeli Life Sciences Boom," Israel Advanced Technology Industries, 2012, available at www.ilsa.org.il/news_item.asp?ID=337.

¹⁸ Katia Moskvitch, "How Israel Turned Itself Into a High-Tech Hub," BBC Online, 2011, available at www.bbc.co.uk/news/mobile/business-15797257.

¹⁹ Lisa Benton-Short, Marie Price, and Samantha Friedman, "Global Perspective on the Connections Between Immigrants and World Cities," 2003, available at <http://research.columbian.gwu.edu/gum/Publications/Immigration%20and%20World%20Cities.pdf>.

²⁰ Miriam Bulwar and David Hay, "Tel Aviv Getting Younger," *Jerusalem Post*, January 20, 2008, available at www.jpost.com/LocalIsrael/TelAvivAndCenter/Article.aspx?id=89407.

²¹ "MasterCard Index of Global Destination Cities," MasterCard Worldwide, 2011.

²² Sol Stern, "Now City," *City Journal*, Vol. 20, No. 4, 2010, available at www.city-journal.org/2010/20_4_tel-aviv.html.

²³ "Tel Aviv Global City," Tel Aviv-Yafo Municipality, 2012, available at <http://www.tel-aviv.gov.il/english/GlobalCity.htm>.

²⁴ Ben Rooney, "How Tel Aviv Became a Tech Hub," *Wall Street Journal*, January 27, 2012, available at <http://blogs.wsj.com/tech-europe/2012/01/27/how-tel-aviv-became-a-tech-hub/>.

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