MAGNET CITIES IN NEW ZEALAND

AUCKLAND / WELLINGTON / CHRISTCHURCH

SUMMARY & FINDINGS
Cities are one of the fundamental building blocks of a prosperous country and it is time to take them seriously. A city with a strong magnetic pull draws in new residents, visitors and business investment. They are brimming with innovative ideas, have attractive infrastructure and a buzzing culture. These cities attract a specific group of educated, ambitious and energetic young people, coined young wealth creators.

There are now 400 cities of one million people competing for the best ‘extremely mobile’ talent and growth companies to drive national economies. These 400 cities are direct competitors for Auckland, Wellington and Christchurch. Putting this in a global context, the future of geographic competition will be between 500 large cities which will control 80% of global financial activity.

KPMG’s Caroline Haynes and Vanessa Forshaw have developed a framework for thinking about cities and how to draw in people who will make the city prosper. They identified nine cities around the world who have switched their magnetic pull and now attract young wealth creators. A bold experiment and huge risk has resulted in them becoming fast-growing cities with economic growth that in many instances outstrips the national average.

Haynes, an economist and government advisor from the UK visited New Zealand in June and again in October this year. During her visit she conducted workshops with city officials and other stakeholders in Auckland, Wellington and Christchurch to help recognise ways to approach beneficial change.

Her key insights from each of the major cities are that: Christchurch has the opportunity to become technology testbed city, using ‘smart city’ infrastructure; Wellington can leverage the expertise in the public sector on a global basis; and Auckland can encourage new business growth by attracting start-up accelerators.

We hope these insights provoke and inspire New Zealand cities to answer the following key questions:

1. Who do we need to attract or retain in our cities to generate future wealth?
2. How can we compete against other cities to attract them?
Caroline Haynes and Vanessa Forshaw from KPMG UK have developed a framework for thinking about cities and how to draw in people who will make the city prosper. The case study cities were unattractive to new growth, in a cycle of decline and repelling people. A bold experiment and huge risk has resulted in them becoming fast growing cities with economic growth often above the national average.

New Zealand has an opportunity to develop magnet cities. We can ensure that our cities have strong identities, i.e. the unique features that attract young people and the infrastructure to support a high tech dynamic group. We can foster innovation and have a brand that is attractive to forward thinking business.

**WHAT IS A MAGNET CITY?**

Magnet cities are those who have taken a bolder approach to growth and invested in creating an environment that is attractive to people who make a city grow, those coined Young Wealth Creators.

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PEOPLE
Young Wealth Creators are a specific group of educated, ambitious and energetic young people. They create jobs of tomorrow, bringing along with them the city’s future wealth. These people are entrepreneurs, researchers, designers, engineers, physicists, bloggers, artists, animators, app and game designers, clean-tech advocates and people that build on existing businesses or identify and grow new industrial niches.

We need to identify and target specific groups of Young Wealth Creators and refashion and leverage all the city’s assets to make them move here.

ATTRACT
There is fierce competition for Young Wealth Creators and they:

• Care about sustainability and the environment
• Embrace physical fitness and outdoor pursuits
• Are foodies – enjoy artisan food, drinks and cocktails
• Get stuck into neighbourhood and civic networks
• Are attached to multiple electronic devices simultaneously

A city can’t just invest in physical infrastructure and developments geared to young people (e.g. redeveloped areas for bars), this investment must be focussed on what would attract the particular group of Young Wealth Creators we want.

WHAT HAVE WE LEARNT?
THE SEVEN PRINCIPLES

1. ATTRACT YOUNG WEALTH CREATORS
Identify and establish a unique relationship between the city itself and the particular group of young wealth creators you aim to attract.
Target groups that have a logical link to the city. The city’s point of attraction must be genuine – based on the city’s heritage.

2. PHYSICAL RENEWAL
Ongoing physical renewal keeps cities interesting and new.
Consider the housing required by your group of young wealth creators, its density, location and access to public transport.
A strong downtown area can strengthen the magnetic pull of the entire city.

3. CITY IDENTITY
Cities that attract young wealth creators have a strong and clear city identity that residents connect with.
Without a clear city identity it is difficult for people to understand what a city stands for and its attraction.
Through concerted effort you can create a city identity if it does not exist.

4. CONNECTED
Magnet cities are well connected to other cities – easy to get in to and out of.
The city must first have regained some magnetism before transport links are helpful, otherwise they provide easier links for residents to leave.
Visitors help build magnetism and are potentially tomorrow’s residents.

5. NEW IDEAS
Magnet cities nurture new ideas.
If possible leverage off academic institutions to bring changes to the city.
Be specific about the industry clusters you want to support, then focus and support this development.

6. FUNDRAISERS
Magnet City governments attract private investments, research grants and public funds for the city.
Progressive magnet cities offer their own risk capital to attract investment and funds.
Significant improvement of a city requires public and private money working together.

7. STRONG LEADERS
Reinventing a city requires strong mayors and civic leaders.
Magnet city leaders have to stay true to the vision in the face of public dissent.
Magnet city leaders all work more collaboratively with residents, investors, developers, businesses and universities than is the norm.

Seven key principles were identified that underpin growth and can be used by cities to create their own positive magnetic pull.
THE ECOSYSTEM FOR A MAGNET CITY EXISTS...
IT JUST NEEDS CONNECTIONS AND COMMUNICATION

- **AUCKLAND**
- **WELLINGTON**
- **CHRISTCHURCH**

- **TAMAKI KAI**
  - Nature Tech: the intersection of culture, food, health and technology for life.

- **CREATIVE AND EXPERIENCE TECH**
  - Wellington’s fusion of technology, creativity and public service experience.

- **CREATORS AND DISRUPTORS**
  - Christchurch’s boundary busters: fusion of creativity and disruption.
# Lessons New Zealand Can Learn From Magnet Cities

<table>
<thead>
<tr>
<th>Magnet City</th>
<th>Young Wealth Creators</th>
<th>Key Action</th>
<th>Lessons for NZ Cities</th>
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</thead>
<tbody>
<tr>
<td>Malmo, Sweden</td>
<td>Socially progressive clean technology &amp; sustainability entrepreneurs</td>
<td>Urban renewal &amp; infrastructure combining sustainability and design</td>
<td>Entrepreneurial approach using public assets to seed growth</td>
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<tr>
<td>Malmo, Sweden</td>
<td>Population 656,000</td>
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<tr>
<td>Pittsburgh, USA</td>
<td>R&amp;D focused on robotics, artificial intelligence &amp; medical innovation</td>
<td>Quality projects, including making city walkable. Magnet for innovation investors</td>
<td>University leaders pivotal. Alternative taxes created</td>
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<tr>
<td>Pittsburgh, USA</td>
<td>1,200,000</td>
<td></td>
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<tr>
<td>Changwon, South Korea</td>
<td>Environmental and creative entrepreneurs</td>
<td>Combined 3 cities; environmental renewal</td>
<td>Can-do mayor &amp; pro-business government</td>
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<tr>
<td>Changwon, South Korea</td>
<td>752,000</td>
<td></td>
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<tr>
<td>Bilbao, Spain</td>
<td>Creative professionals</td>
<td>Changed the urban core</td>
<td>Reclaimed the waterfront; innovative funding</td>
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<td>Bilbao, Spain</td>
<td>979,000</td>
<td></td>
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<tr>
<td>Denver, USA</td>
<td>Medical &amp; bio-tech millennials wanting work-life balance &amp; outdoors pursuits</td>
<td>Attracted research leaders. Public art projects. Transport &amp; downtown renewal projects.</td>
<td>Connected transport; used sales tax and municipal bonds for funding</td>
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<tr>
<td>Denver, USA</td>
<td>2,500,000</td>
<td></td>
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<tr>
<td>Incheon, South Korea</td>
<td>Global scientists, researchers and global business executives</td>
<td>Physical transformation - iconic buildings, transport, parks, waterways</td>
<td>Attracted universities; enabled private funding</td>
</tr>
<tr>
<td>Incheon, South Korea</td>
<td>2,600,000</td>
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<tr>
<td>Oklahoma, USA</td>
<td>Young educated professionals with outdoors and sports focus</td>
<td>Enhanced river as outdoors area; created canals, stadiums; urban renewal</td>
<td>Council with commercial mind-set</td>
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<tr>
<td>Oklahoma, USA</td>
<td>1,200,000</td>
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<tr>
<td>Tel Aviv, Israel</td>
<td>Technology entrepreneurs</td>
<td>Redeveloped seafront; provided start-up space</td>
<td>24hr non-stop city – eat, drink and dance all night</td>
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<tr>
<td>Tel Aviv, Israel</td>
<td>425,000</td>
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MEET

THE PERSON...

» Brazilian.
» Age 30.
» Degree in chemistry from University of Brazil.
» PHD from Stanford University.
» Interested in the chemistry behind food, particularly new food products.
» Strong moral compass.
» Worried about increasing levels of malnutrition of both kids and adults.
» Concerned about the environment.
» Loves hiking and surfing in the weekends.
» Strives to win a world-famous ‘Auckland Award’ for the diabetes-busting protein he is helping to develop.

THE CITY...

» After graduating from Stanford, he took a job in Auckland – he did this because Auckland is where some of the most exciting food innovation around the world is taking place.
» Fonterra has opened a secondary R&D facility in the old Port Location in central Auckland.
» The city has residents from all over the world.
» Food testing panels have been established by huge food manufacturers due to Auckland’s global citizens.
» Auckland has world-famous food markets, held seven days a week, where food companies test new food innovations.
» People travel from around the world to go to these food markets, providing a huge boost to tourism.
» Pioneering spirit.
» The Auckland Awards – an annual global award given to the development team behind a food innovation or products that will most benefit the world’s population and planet.
THE PERSON...
» From England.
» Age 28.
» Engaged to be married to a Kiwi guy she met in Wellington.
» Masters in Economics and IT from Oxford.
» One of 15,000 Digital Experience Tech experts in Wellington.
» Loves culture and the outdoors.
» A ‘thinker’ always looking for the next ‘great idea’.
» A well-travelled, worldly global citizen.
» Strong moral compass.
» Wants to minimise her environmental footprint.
» Loves a busy social life in a city that is ‘alive’ every night of the week.

THE CITY...
» Wellington has become the global hub for social agencies applying cutting-edge thinking to a citizen centred government using data and analytics.
» After graduating from Oxford, she took a job in Wellington as she was attracted to Wellington’s reputation for creative tech and ground-breaking approach to public service experience.
» Wellington is recognised as a ‘hot bed’ of thinking with 4,000 employees from private sector and NGO’s engaged full time in reshaping the public sector experience’.
» At least $5bn of direct economic activity is produced by Jenny and her ‘tech mates’ because of their love for living (spending on culture and outdoor experiences).

» The Digital Tech sector is a huge contributor to the economy with over 150 direct IT entities generating over $2bn and the public sector IT spend over $1bn
» Wellington has a super connected, magnetic ecosystem linking local government, education, industry and media with the wider ‘wellington experience’ which Jenny and her techy friends are an integral part of
» Wellington’s compact city centre is buzzing every night of the week with bars, café’s, late night events and shows.

Looking through our future lense of who we might be able to attract
MEET
Taylor
AND THE FUTURE CHRISTCHURCH
Looking through our future lense of who we might be able to attract

THE PERSON...
» From Silicon Valley.
» Age 29.
» Single.
» Computer Science degree from Victoria University.
» Working for the 2nd best virtual reality team in the world, housed within Canterbury University
» Also works part time for a 30 year old university lecturer who is planning to launch his own rocket within the next 12 months.
» Creative and Artistic.
» Foodie – loves trying new restaurants and bars.
» Healthy, outdoor lifestyle.
» Community focused.

THE CITY...
» Christchurch is the creative centre of NZ celebrating diversity.
» Embraces experimentation.
» Canals in the Red Zone.
» Seeks out positive disruption.
» A community lead leadership structure, involving data scientists.
» Christchurch fellowship sponsored by ‘SpaceX’.
» An integrated transport system.
» Top 5 investment cities in the world for technology.
» A city of creation that is design lead.

» Beautiful affordable student housing.
» Removed barriers to creativity – 5% creative development contribution.
» New Zealand’s most walkable and cycle able city.
» Creative commons in the CBD.
» Private affordable funding for civic projects.
Magnet Cities are competing more effectively to attract wealth creators who enable faster growth.

Action is required to connect a city’s ecosystem at 3 levels:
1. Businesses
2. The City
3. Nationally
Simon Hunter
Partner, NZ

Simon leads KPMG’s Performance Consulting team in Auckland and has a 20-year track record of boosting growth and profitability to build value for his clients and fuel their prosperity.

Simon is a highly experienced and commercially astute performance improvement specialist with a proven track record at Board, CEO and Executive level. Simon is a trusted advisor who is able to respond to the critical challenges that constrain organisational performance including strategy direction and deployment, customer growth and profitability, productivity, transformation, people and change.

Prior to joining KPMG Simon career included leading Grant Thornton Business Transformation practice as partner and 14 years with Arthur Andersen and Ernst Young as a senior manager and principle in the Performance Improvement Manager and Principal.

Simon will be the Lead Partner in New Zealand for the Magnet Cities Project.

Education & Qualifications
- BCom, Ag Economics and Marketing, Lincoln University (NZ)
- The University of Western Ontario Advanced Management Programme
- Ernst & Young (Darden Business School) Executive Programme
- Lean Six Sigma Black Belt

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Caroline Haynes
Director, UK

Caroline is a Director in KPMG’s Advisory Practice and leads the firm’s work on Economic Growth and City Reinvention.

She trained and worked for many years as an economist and was an advisor on welfare reform to the Labour governments under Tony Blair and Gordon Brown and was an economic advisor to the current UK Prime Minister and Chancellor.

Caroline is co-author of Magnet Cities along with Wellington based Vanessa Forshaw. Caroline advises on Sustainable Urban Development at the University of Oxford. She also advises UK and global city clients on economic growth, city reinvention and the commercialisation of city assets. Caroline holds degrees from Columbia University and the London School of Economics.

Education & Qualifications
- BA Economics, Columbia University
- MSc Economics, London School of Economics

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Vanessa Forshaw
Senior Manager, NZ

Vanessa is a Senior Manager in our Wellington team having spent the past ten years working across KPMG’s NZ and UK practices. She has significant management consulting experience supporting public sector and financial services clients.

While in the UK, Vanessa was KPMG’s Local and Regional Government Sector Executive with responsibility for leading key client engagements, developing propositions to support local authority clients and drafting thought leadership articles. She is co-author of Magnet Cities and will provide local connection and insight into this global thought leadership piece.

Education & Qualifications
- Bachelor of Laws (Victoria University of Wellington);
- Bachelor of Commerce and Administration (Victoria University of Wellington);
- Enrolled Barrister and Solicitor of the High Court of New Zealand;
- Certificate in Terrorism Studies (University of St Andrews, United Kingdom);
- Prince 2 Foundation Course.

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