

Built to Change: How Cities Compete for the Future

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For a long time, cities have competed the way builders do: by focusing on more roads, more homes, bigger airports, and cleaner utilities. They've measured success in technical scores and visible assets. Today, the real contest is about how cities turn those assets into everyday gains that residents can feel, whether that's time returned to their day, friction removed from life, or a richer set of experiences that make living there worth it. Furthermore, successful and competitive cities are fast-changing ones—because people and capital are attracted to their future potential as well as current achievements.

These are some of the critical findings from BCG's research conducted in 2025, and they have significant long-term implications for city governments around the world as they work to build resident advocacy, attract digital nomads, and advance their fortunes. We believe the city fundamentals underpinning this research are stable and strong and can even help cities sustain themselves through crises or conflicts such as the one now occurring in the Middle East.

A New Competitive Era

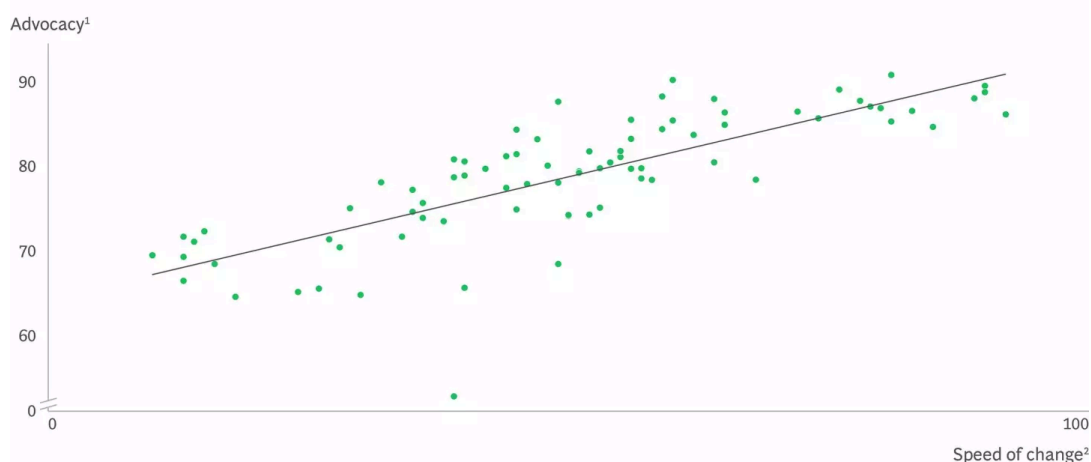
In an era of city rivalries, cities win when they raise real take-home life value without making the city unaffordable. For example, better mobility doesn't mean just faster traffic flows. It's surplus time: minutes and hours saved through smart transport, better demand management, and simple digital services that let people handle life in a few taps instead of wasting a morning. Better comfort doesn't mean just nicer buildings and bigger parks. It's the variety and depth of life—culture, learning, community, nature, and opportunity—that's available. And prosperity isn't only

about salaries; it's about investable surplus—what people have left after paying housing and daily costs, as well as taxes.

But even having a strong take-home life value isn't enough if a city stands still. Expectations move fast, and residents compare cities in real time. The lasting advantage is the speed of change: how quickly a city learns, adapts, and keeps improving what people experience. That pace builds advocacy: the quiet proof that people choose to come, choose to stay, and choose to recommend the city to others. Our analysis shows a strong relationship between speed of change and advocacy. (See Exhibit 1.)

EXHIBIT 1

The Speed of Change Leads to Greater Advocacy



Source: BCG analysis.

¹Resident advocacy was measured with five questions: Are you satisfied to live in [City]? How likely are you to recommend [City] to a friend from another city as a place to live and work? Have you recommended or criticized [City] as a place to live and work in the last 12 months? Do you see your children living in [City] 20 years from now? Do you believe [City] will prosper in the future?

²The speed of change measured the city's improvement in economic opportunities, livability, social capital, and engagement with governments over the past ten years.

As a result, the basis of urban competition is shifting. Where once cities contended on the technical parameters of infrastructure, they have begun to compete on resident-level outcomes and functional benefits. The best cities—the ones with high advocacy—promise even better outcomes in the future through the fast pace of change they have demonstrated in the past.

Two Views of Our Ranking Methodology

The methodology for ranking cities is described in Exhibit 2. We present our city rankings in the next two sections. The first discusses the top 20 cities in each of five dimensions: speed of change, economic opportunities, livability, social capital, and engagement with governments. The second looks at the ranking of the 80 cities grouped into five different socioeconomic categories.

City Rankings by Dimension

Overall, Western cities lead in economic and livability fundamentals, while cities in the Middle East, China, and Central Asia are driving the fastest changes. (See Exhibit 3.)

We found that advocacy and engagement are rising across most cities, but the biggest gains are in the Middle East and Asia. Meanwhile, Europe and the US are showing a moderate recovery from sentiment lows in the post-COVID era.

Speed of Change. This dimension has emerged as critical to cities' overall and advocacy scores. In speed of change, the top ten is dominated by Middle Eastern and Chinese cities, reflecting the fast pace and the comprehensive changes the counties have been pursuing. Shenzhen leads the way, followed by Riyadh, Tashkent, and Doha. Although the speed of change is slow in Europe in general, Zurich and several other German cities made significant gains. To better understand the nature of the speed of change, we ranked the cities on four subdimensions:

- **Speed of Change in Economic Activities.** The top ten cities witnessed real annual income growth of 3%, on average, with unemployment rates falling 5%, on average. Tashkent leads the way, while the biggest declines occurred in Canadian cities, where real wages decreased and inequality slightly increased.
- **Speed of Change in Livability.** Asia and the Middle East continue to lead, and Lagos gained significantly, thanks to the opening of a new metro and relatively better performance in housing. Meanwhile, cities in North America declined due to a significant jump in mortgage rates relative to household income growth.
- **Speed of Change in Social Capital.** Here, the biggest gains were in German cities along with several in Central Asia and the Middle East, driven by improvements in social connectedness, safety, inclusiveness, and tolerance. At the same time, many cities in Europe and the US reported increased crime.
- **Speed of Change in Engagement with Government.** The top ten is dominated by cities in Saudi Arabia and the United Arab Emirates because sentiment around government services and trust in authorities improved—driven in particular by modern e-government platforms.

Economic Opportunities. Overall, European and US cities lead the way. London, Zurich, and Paris occupied the top three slots, while Atlanta, at number four, was the top ranked city in the US.

There's often a clear income-equality tradeoff. Residents in US cities earn more but are more unequal; residents in EU cities are more equal but have lower incomes. While US cities improved, the lowest-ranked 15 cities continued to be mostly US and Chinese cities. Yet some global cities—including Helsinki, Madrid, and Singapore—are notable for their ability to effectively balance income and equality.

Livability. Europe retains leadership in this category, with Zurich, London, and Oslo occupying the top three slots. But Shanghai and Central Asian cities are rapidly closing the gap, with Shanghai now in 14th place. In fact, developing cities notched the strongest gains in livability, and if the trend continues, talent flows could shift to these cities.

Housing affordability and mobility pressures are intensifying globally, with housing affordability creating the biggest challenge to livability across continents. For example, housing pricing per square meter has increased by more than 25% in Europe and North America, where mortgage rates have also doubled. These rates are up 40% globally.

Moreover, mobility—a key factor in livability—continues to worsen in many cities despite talks about “new mobility” and many public-transport initiatives. The time required to commute to work has increased by 6% across all cities, mainly because of the growing number of cars on the road, up 7.5% from 2023.

But several cities, including Paris and Vienna, are seeing benefits from their 15-minute-city programs. The goal of these initiatives is for residents to access all daily needs—work, housing, food, health, education, and culture—within a 15-minute walk or bike ride from their homes. This reduces car dependency, lessens pollutants, and improves livability.

Social Capital. In 2023, the top ten rankings were dominated by Asian and Middle Eastern cities. (The highest Western city, New York, ranked 13th.) In 2025, five of the top ten cities are European, as residents' views improved significantly post-COVID. Asian and Middle Eastern cities continue to lead on safety.

Overall, residents today feel proud of their cities' history and culture. Beijing, London, and Berlin all scored very highly. However, many European cities saw a decline, including Barcelona, Stockholm, and Amsterdam.

Cities in general are becoming more inclusive both in terms of infrastructure (public transport use rose from 76% to 81%) and practices (employment of people with disabilities grew from 36% to 38%).

Engagement with Government. Residents globally report that their ability to influence governing bodies has significantly improved, boosting their overall trust in government. There was a 20% increase in the number of residents who reported that they can influence decisions in their city, a

three-time improvement in the ability to use online tools to solve common city problems, and a two-time improvement in the availability of dedicated mobile apps to influence city development.

Western cities (Frankfurt, Zurich, and Munich) still lead, but the Middle East is catching up quickly with Dubai in the top ten. Some cities in the West, such as Rome, Milan, and Budapest, are becoming laggards.

City Rankings by Socioeconomic Profile

In addition to the rankings by dimension, we grouped cities on the basis of socioeconomic profiles to ensure comparability. GDP per capita and urban population were the two primary factors considered in dividing cities into groups. (See Exhibit 4.)

Established Powerhouses. London ranks first, combining strong economic opportunities with high livability—the only city performing well across both. It has the highest scores in education, consumption, and entertainment. The city achieved this despite a flagging UK economy and high taxation that has prompted some wealthy individuals to emigrate. Meanwhile, high-performing Chinese cities such as Shanghai and Shenzhen benefit from a high speed of change, social capital, and very high advocacy. They still lag on fundamentals, however.

Within the US, New York City leads over Los Angeles in economic opportunities, thanks to better performance in the innovation ecosystem, workforce efficiency, business development, and sentiment about economic and business opportunities.

Developing Megacities. This group has mostly below-average scores across dimensions such as livability, but the speed of change is driving high advocacy in some cities. This reflects strong citizen engagement, especially noticeable in Ho Chi Minh City. High advocacy is also driven by the reality that these cities, despite structural weaknesses, offer much better options for residents than other parts of the country.

Guangzhou leads the group as the most balanced city, combining above-average fundamentals with high speed of change and high advocacy. It also leads in cleanliness and public spaces. Cities in India and Southeast Asia, though still constrained by fundamentals, have high scores for speed of change.

Established Global Hubs. Berlin ranks first with the most balanced performance across the dimensions, and Dubai, Washington, DC, and San Francisco closely follow. The cities in Saudi Arabia are among the fastest moving but still lag on fundamentals. The results in the group differ

mainly in economic opportunities and livability. Social capital is the weakest area across the group.

Prosperous Middleweights. Zurich, Frankfurt, and Munich perform well across all dimensions, leading in economic opportunities and engagement with government. Overall, prosperous middleweights perform lower in speed of change because these cities—all established financial hubs—put a premium on calmness and constancy.

The Middle East is catching up quickly to Western countries, with Doha in the top ten. Abu Dhabi scores highly in speed of change and advocacy. This signals that the city could be poised to move up in the ranking. Meanwhile, some cities from the West are becoming laggards, including Marseille, Budapest, and Rome.

Developing Middleweights. This group, overall, is strong in advocacy and speed of change but lacks supporting economic and social foundations. Dammam leads the group with balanced performance across all dimensions. Tashkent leads in speed of change. Indeed, its score puts it in the top five across the full 80-city ranking—reflecting rapid gains in economic opportunities and engagement with government.

Residents are not only drawn to a city's present state but also—increasingly—to its future promise. Our survey revealed important priorities, concerns, and developments—both positive and negative—that city governments across the globe will benefit from managing as they compete to attract and retain talented residents. (See Exhibit 5.)

For city governments, sustaining momentum for change while anticipating residents' needs is a complex undertaking. But the reward is more livable, inclusive cities filled with economic opportunities and engaged residents who are looking to the future.

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