

World Research - November 2020



REPORT

Savills Research

Media Cities



Hubs of creativity

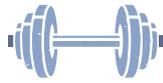
Global media cities are hubs of creativity where films, television, and music are produced, edited, and consumed. Savills World Research has analysed the top media cities around the world, with some expected and unexpected results.

The industry is changing: the Covid-19 pandemic, the rise and rise of streaming services, and the increasing importance of technology are all having profound effects on how consumers and producers interact with all forms of media. Established centres and challenger locations each bring something different to the table and offer unique advantages and opportunities. Traditional core locations still lead both the industry and our rankings. Going forwards, however, a more globalised media industry will provide a wealth of content for consumers and resilience against future uncertainty.

Summary



Established hubs Los Angeles, New York, and London claim the top three positions.



Challenger markets like Atlanta, Montreal, and Paris each perform well with diverse strengths.



The global shift to streaming has made media industries increasingly tech-reliant, but also more resilient.



Media industries were changing before the pandemic, and although they and some associated creative sectors will unfortunately suffer some short-term disruption and pain, their adaptability will help their long-term resilience.



Studios and office spaces will continue to play a role in established and emerging media cities.



- 1 Los Angeles
- 2 New York
- 3 London
- 4 Atlanta
- 5 Beijing
- 6 Montreal
- 7 Mumbai
- 8 Paris
- 9 Madrid
- 10 Toronto
- 11 Melbourne
- 12 Berlin
- 13 Vancouver
- 14 Austin
- 15 Seoul
- 16 Dublin
- 17 Buenos Aries
- 18 Tokyo
- 19 Auckland
- 20 Lagos

Source Savills Research



Media cities can be found in every corner of the world

From Hollywood to Bollywood to Nollywood

The globalisation of media is propelling emerging hubs up the rankings

As the location of Hollywood and the centre of the US film industry with many film and music company headquarters, it is unsurprising that Los Angeles claims the top spot in this analysis. New York City and London, with their depth of creative talent, demand for entertainment, and relatively robust programme of government incentives, finished second and third respectively.

Fourth in our rankings, Atlanta is home to one of the largest film studios outside of LA. It is also the city of CNN, Turner Broadcasting, and a thriving music scene. Generous tax incentives from the state government have helped draw film and television production to the city, and the reputation of the city as a hub of music production has boosted the city's profile.

Mumbai comes seventh in the Media Cities rankings. The strong influence of Bollywood, its large population in entertainment and tech employment,

and its concentration of arts and culture facilities propel it up the list.

A global hub for the music industry, particularly K-Pop, Seoul is a city which has dominated conversations in recent years. From international sensations like BTS and BlackPink to groups with more local and regional popularity and an exploding film and television production industry, Seoul is a city on the rise.

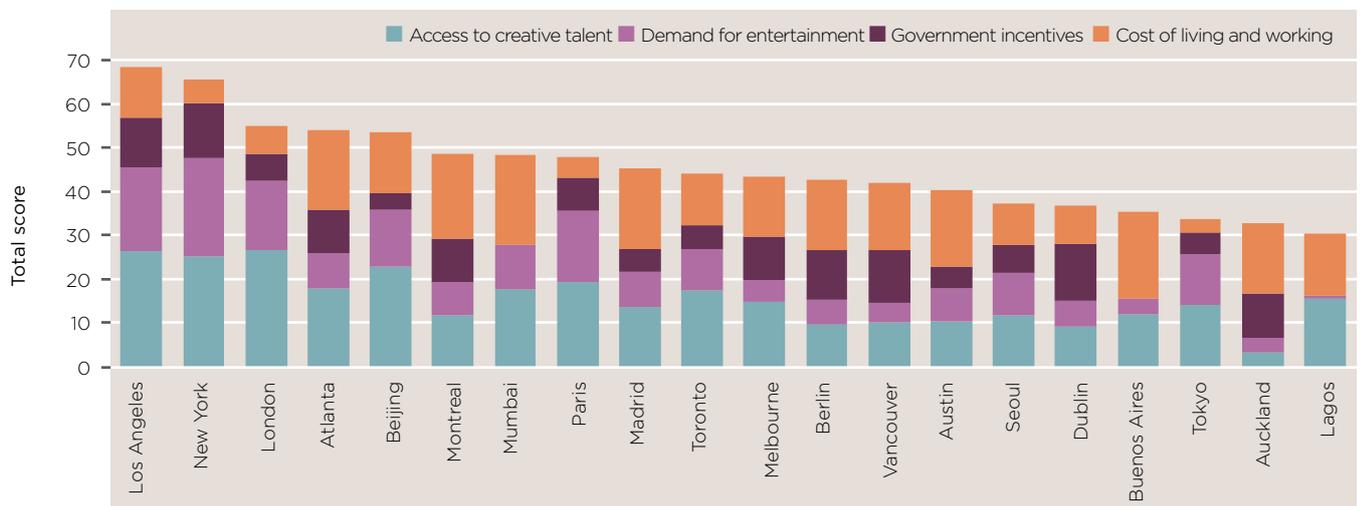
Auckland is one of the smallest cities to feature on our list. Though the city ranks 19th because of its relatively small population and relatively low demand for entertainment, the market is a heavy hitter for film and television production. What the city lacks in terms of population size, it more than makes up for in the volume and calibre of projects produced in Auckland and in New Zealand as a whole. From *Lord of the Rings* to *Avatar* to *The Last Samurai*, the otherworldly beauty of New Zealand will continue to draw projects to Auckland and its surrounds.

Analysis categories

- Access to creative talent: high numbers of arts students, creative industries employment, and general working age populations give cities an advantage in this category.
- Demand for entertainment: production of media is key, but demand for media has to match the supply. Cities with increased numbers of theatres, cinemas, creative festivals, and levels of recreational spending scored well in this category. While the Covid-19 pandemic may lead to the closure of some venues, previous performance is an indicator of the likelihood of long-term survival and future demand.
- Government incentives: offering tax incentives and rebates for film, television, music, and other media is one of the largest factors for media companies when choosing a location for production.
- Cost of living and working: cities with lower cost of living and lower costs for prime office space will have greater appeal and financial incentives than more costly cities.

Note: A larger number of indicators feed into access to creative talent and demand for entertainment. Fewer indicators include government incentives, and the categories are weighted accordingly.

Global Media Cities Index: Los Angeles claims the top spot



Source Savills Research

“ From tax rebates to salary bonuses to cash rebates, many locations are rolling out the financial red carpet to attract film and television production ”

Bringing in the business

Governments are rolling out the red carpet to attract projects to their cities

One of the most important aspects of a media city is the offering of government incentives to attract production. From tax rebates to salary bonuses to cash rebates, many locations are rolling out the financial red carpet to attract film and television production. Of the cities in our analysis, 85% offer some form of government incentive.

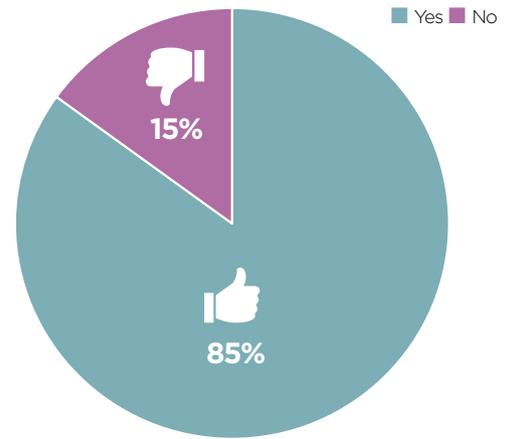
While most locations in the United States offer tax rebates and other incentives for film and television production, some of the most generous incentives (with the exception of New York) can be found outside the United States. Melbourne offers tax rebates of 40%. Dublin, Paris, and New York each

offer rebates of 30% or more. Most locations in our rankings from the United States and Canada offer rebates in the 20-25% range.

Lagos and Mumbai, both regional centres for film and television, offer no tax rebates or other incentives for production to move to their regions. However, both markets have such strong domestic production and low costs that offering extra incentives may be superfluous.

While there is debate on the effectiveness of these initiatives in creating local jobs, the effect they have on raising a city’s profile and starting a conversation are unquestionable.

Government incentives



Source Savills Research using Olsberg SPI

Tax incentives by city: Melbourne offers the highest tax rebates

Top 5 markets with highest tax rebates		Top 5 markets with lowest tax rebates	
City	Tax Rebates for the Film and Television Industry	City	Tax Rebates for the Film and Television Industry
Melbourne	40%	Lagos	0%
Dublin	32%	Mumbai	0%
Paris	30%	Buenos Aires	0%
New York	30%	Beijing	15%
Vancouver	28%	Austin	20%

Source Savills Research using Olsberg SPI





Salford Quays, Manchester

The next big things

Cities outside traditional media hubs are challenging the established cities

Media industries aren't immune to globalisation. Projects can be produced in one location, edited in another, and sent to executives in yet another location. Connectivity between locations means that not only can projects be produced in many locations, but the audiences for previously regional hubs and productions have expanded as well.

Conversely, a lack of connectivity could limit the number of projects produced in an area, thus depriving cities and the surrounding areas the economic boost associated with media production.

An advantage of the rise of streaming is that productions which used to be considered too regional, indie, or niche can now be viewed by increasingly global audiences who might not have been exposed to some of these productions beforehand – take the popularity of so-called 'K-Dramas' on many non-Korean speaking versions of Netflix, for instance. The increasing globalisation and democratisation of the media industry will continue to shed light on emerging centres of production.

On the rise

Lagos is the centre of the Nigerian media industries, and Nollywood films are only gaining in popularity both through the

Nigerian diaspora and through streaming services. The film industry in Nigeria has received more government funding for domestic productions in recent years, though there are no specific tax rebates, and is the second largest employer in the Nigerian economy, after agriculture.

Dublin has become a hub of film and television production recently thanks to attractive government incentives, its wealth of creative talent, and natural scenery. Buenos Aires is another market with a wealth of creative talent and extremely low costs for living and working. The decline of the Argentine Peso in recent years makes this city a more attractive option for projects looking to stretch their budgets.

On the watchlist

This globalised environment provides the opportunity for new hubs to emerge. Singapore, Cape Town, Albuquerque, and Manchester are all locations that look set to benefit from the expanding landscape of media cities. Manchester is a regional hub for the BBC in Britain, the location of Media City UK, and has a growing arts scene. Albuquerque is a growing centre for film and television production in the US. Netflix recently

purchased a studio lot in the city to support its growing roster of original programming. Cape Town and Singapore both offer generous government incentives to attract production and post-production to their markets.

Chinese media markets have been on the rise for years, and analysts predict that 2020 could be the year that the Chinese box office overtakes the North American box office for the first time in history. Beijing, the only Chinese market on our list so far and fifth in the rankings, has been an established media hub for decades, is the centre of government and regulatory bodies as well as many media company headquarters. Challenger cities are coming for Beijing's crown though.

Changsha in Hunan province is a UNESCO Creative City and is the location of Hunan TV, the second most popular channel after CCTV. Meanwhile, locations in Zhejiang province such as Hengdian and Xiangshan continue to churn out a series of blockbusters, and new competitors are emerging in the form of port city of Qingdao where Oriental Movie Metropolis originally developed by Dalian Wanda opened in 2018. They are certainly locations to watch as the Chinese media industry continues to grow in size and global influence.



With continuing restrictions, consumers have increasingly turned to streaming services; accelerating a trend from before the pandemic

Media in the age of Covid

Circumstances are forcing companies, producers and performers to find innovative solutions to problems posed by the pandemic

Lockdowns and social distancing measures have forced people to reconsider not just how they work, but also how they spend their leisure time. Currently, most cinemas and live performance venues worldwide remain closed or have limited seating, affecting many companies' bottom lines. Cineworld recently announced its temporary closure across all markets in the US and UK and AMC Entertainment is facing growing financial woes.

With continuing restrictions, consumers have increasingly turned to streaming services; accelerating a trend from before the pandemic. Streaming services globally have seen increases in usage during the pandemic, according to MarketWatch. Netflix alone added 15.77 million paid subscribers globally in the first quarter of 2020 and Disney+ reached 50 million subscribers within the first five months of its US launch.

Many production companies have released films straight to streaming services during the pandemic in an attempt to recoup production costs and increase revenue. *Trolls: World Tour*

broke streaming records as one of the first pandemic-necessitated streaming releases. The success of this film and others released during the pandemic have the potential to change how the film industry releases projects in the future, particularly if social distancing measures remain the norm.

As workplace restrictions ease, filming locations are beginning to resume shooting. Some film studios, like Tyler Perry Studios in Atlanta, created a Covid-secure bubble which enabled cast and crew to film with minimal interference.

Other productions like *EastEnders* in the UK have used cast-members' partners as body doubles to film love scenes. A perceived lack of content from studios and from consumers has led the push for producers to create innovative solutions to be able to resume filming.

The music industry

In many instances, music production has continued unimpeded. Even before the pandemic, it was possible

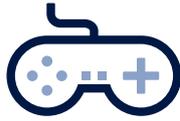
for artists to record and produce music at home using relatively inexpensive specialised equipment.

The shift to streaming has also drastically altered revenue streams for musicians. In the past, sales of albums and other royalties made up a large proportion of artists' incomes, and now, touring provides the largest share of income to most musicians. In 2019, the Rolling Stones earned \$60.5 million (93% of their total income) from touring compared to just \$2 million (3%) from streaming, according to Billboard's annual Money Makers list.

While production has continued, performances have been greatly hampered by current restrictions on gatherings, which has had a knock on impact on live venues. Socially distanced music festivals and live-streamed performances are being trialled and could provide a financial lifeline to some venues, though they are still a long way off from being in widespread use.

The adaptability of the media industry ensures that the show will go on, even as circumstances continue to change.





Global gamers are projected to reach three billion by 2023

Increasing importance of tech

Technology has become an integral part of the creation and consumption of media worldwide

Whether our Covid-reality becomes the new normal or we return to a pre-pandemic way of life, the role of technology in the media industries is here to stay.

Media streaming, computer-heavy production and post-production, and storage of these files will only increase the need for programmers, visual effects

artists, and other IT professionals to ensure that the new media environment continues to function.

Post-production for many film and television projects has become increasingly tech-heavy. From CGI to sound mixing to lighting effects to editing, post-production effects are important and often unsung roles

within the media industries. Many of these positions require specialised equipment and their work cannot be done from home as easily, so these roles may be unaffected by the work-from-home switch that many office workers are living through.

Blurring the lines between media and gaming

From the explosion of e-sports to the increasing popularity of game to film adaptations, video gaming is one of the fastest growing media sectors. What started as a niche, counter-culture, and predominantly male sector has evolved into a global behemoth industry that attracts players from all walks of life. According to Newzoo, there are 2.7 billion gamers worldwide, an increase of 6.4% from 2019, and numbers are projected to reach three billion by 2023.

For media firms, the increasing appeal of gaming makes for lucrative bottom lines; the global games market is projected to generate revenues of nearly \$160 billion in 2020, more than double the size of the global music industry and 50% larger than the global film industry according to TechCrunch.

As games and their associated storylines become more popular, it's likely that more games will be adapted into films and television shows. While games have been turned into films since the 1980s, it's only in recent years that they have become more successful. Before 2019 no video game film had received a 'fresh' rating from Rotten Tomatoes, but three films did in that year: *Detective Pikachu*, *The Angry Birds Movie 2*, and *Sonic the Hedgehog*.



Though game adaptations are rarely critically successful, they generally perform well at the cinema where they are able to capitalise on their existing fan-bases.

E-sports is a rapidly growing subsector of gaming. Organised competitions between both professional and amateur players have become increasingly popular in the last decade, though competitions have taken place

for as long as video games have existed. Today, there are multiple leagues for players, and some international competitions take place in large stadiums capable of holding upwards of 30,000 people. E-sports has become a career for many gamers, and as e-sports and gaming gains more recognition by governments, sporting bodies, and the wider population, the gaming industry will only continue to grow.



For writers, producers, and executives in media companies, collaboration in face-to-face environments will continue to be necessary

Real talk on real estate

From offices for companies to homes for workers to sets and studios, media interacts with property at every level

Studio costs and availability, prime office rents, and cost of living indicators all factor in to decisions about where media companies choose to locate both for production and office space.

Media industries interact with real estate across all aspects of their business. Film and music studios, sound stages, and office space for media headquarters all contribute to the property portfolios and interests of media companies.

The film industry is seeing a shift towards ownership of soundstages and production lots, rather than renting out space on an as-needed, short-term basis.

Historically, studios were rented for the duration of a project, but companies are increasingly shifting to a model where they have studios available for projects at all times. Netflix has signed a production deal with Shepperton Studios in the UK and purchased ABQ Studios in New Mexico in an effort to grow its production capability.

Other streaming giants are also looking to ink deals for studio space as they increase production. New studio space is hard to come by in Los Angeles, pushing many production companies to look elsewhere. Cities like London, New York, Atlanta, and Auckland are converting disused industrial warehouses and distribution facilities into studios to meet rising demand.

Office costs can be a determinant for whether a company chooses to locate within a city. Higher costs of living can also play a role in where workers choose to move for employment opportunities.

However, there is a balance to be struck as many of the most expensive cities offer a wealth of creative talent and opportunities for creativity and new ideas. Of our 20 cities, Tokyo has the most expensive office rents and Mumbai has the cheapest.

The need for collaboration

For writers, producers, and executives in media companies, collaboration in face-to-face environments will continue to be necessary. The boardroom, the writers' room, and other office space are considered necessary to foster relationships and creativity.

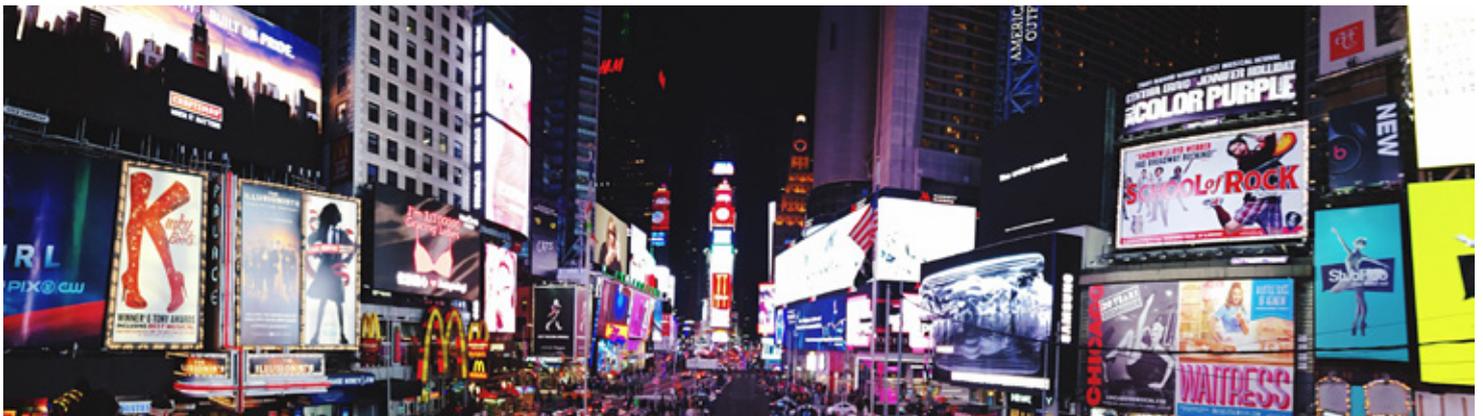
In fact, a survey of over 1,500 office occupiers by FTI Consulting found that office working outperformed home working for employee creativity, innovation, productivity, and motivation. Creativity in the sector will be critical for launching new projects, particularly if the current situation persists.

The media industry is likely to continue to occupy prime office space, even in post-Covid environment, albeit the layout and number of days in the office may change.

Media cities by cost of living

Rank	City
1	New York
2	Tokyo
3	Paris
4	Seoul
5	Dublin
6	Los Angeles
7	London
8	Auckland
9	Atlanta
10	Melbourne
11	Toronto
12	Vancouver
13	Berlin
14	Austin
15	Montreal
16	Madrid
17	Beijing
18	Lagos
19	Buenos Aires
20	Mumbai

Source Savills Research using Numbeo





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