

The Economic Case for LGBT+ Inclusive Cities

Open and inclusive cities are more competitive. In the 2018 report, *Strengthening the Economic Case*, we laid out the evidence base that supports this claim. The report identifies three areas that could explain why LGBT+ inclusive cities have better economic performance.

The data compiled for the Open For Business City Ratings 2020 adds a whole set of new correlations between a city's inclusion of the LGBT+ community and various aspects of economic performance. Of course, these correlations do not immediately establish causation. It could be that more competitive cities become more open-minded, not the other way around. However, the evidence suggests that cities which are *inclusive and competitive* create a virtuous cycle in which their openness attracts talent, spurs innovation and enhances their competitiveness. This increased economic performance continues to create a more welcoming environment for LGBT+ people.

GDP per capita is positively correlated with LGBT+ inclusion

Cities which have higher social attitude scores in the City Ratingsⁱ also tend to have higher GDP per capitaⁱⁱ (correlation of 0.30). A 1-point increaseⁱⁱⁱ in the social attitude score suggests a \$2,800 increase in GDP/capita.^{iv}

This pattern is even stronger for cities located in countries whose economies rely on extractives. When cities with high reliance on extractives are excluded, the correlation between GDP per capita and LGBT+ inclusion rises to 0.65. Additionally, when the share of economy reliant on extractives^v is taken into account, a 1-point increase in the social attitude score suggests a \$4,600 increase in GDP per capita.^{vi}

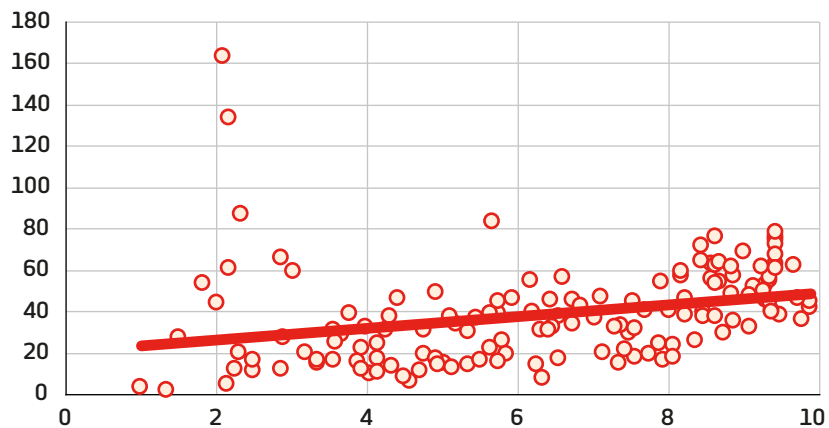


Chart 3: The social attitude score (x axis) vs. GDP per capita (y axis, \$000s) for 144 cities in the City Ratings

ⁱ See the appendix for more information on what is included in the Social Attitude score.

ⁱⁱ This is city GDP/capita from McKinsey's Urban World app, available for iPhone at <https://apps.apple.com/app/urban-world/id600995019>

ⁱⁱⁱ The maximum social attitude score is 9.9, the minimum is 1.0 and the mean is 6.4

^{iv} P-value < .01

^v Considered 10% of GDP of the country the city is located in based on World Bank data; excluded cities include Kuwait City, Baku, Doha, Tehran, Almaty, Abu Dhabi, Dubai, Santiago, St Petersburg, Moscow and Addis Ababa.

^{vi} P-value < .01

(i) Innovation

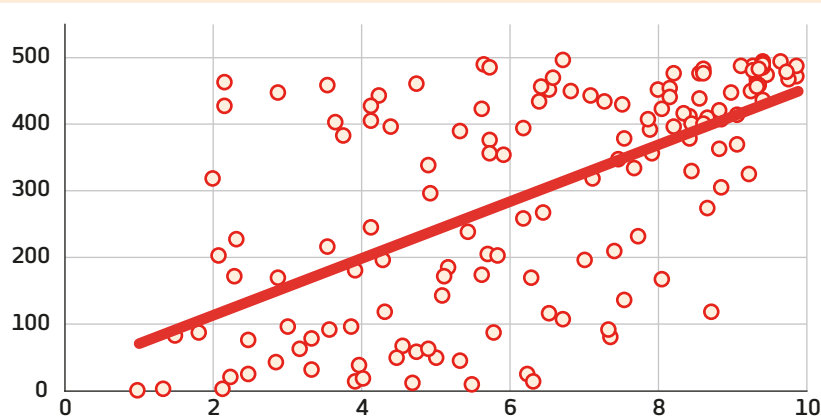


Chart 4: The social attitude score (x axis) vs. an inverted 2ThinkNow Innovation score (y axis) for 144 cities in the City Ratings

Innovation is positively correlated with LGBT+ inclusion

LGBT+ inclusive cities score higher on the 2ThinkNow Innovation Index. The correlation is 0.62 and a 1-point increase in social attitudes suggests a 43-point increase in the 2ThinkNow rating (see footnote VII for more information on the rate of the 2ThinkNow rating).

(ii) Talent and Skills

Talent Hotspot	City Rating	Talent Hotspot	City Rating
London	AAA	Denver	AAA
San Francisco	AAA	Helsinki	AAA
Washington DC	AAA	Edinburgh	AA
Boston	AAA	Berlin	AAA
Sydney	AAA	New York	AAA
Paris	AA	Stockholm	AAA
Oslo	AA	Tokyo	BBB
Melbourne	AA		

“Talent Hotspots” receive high Open For Business City Ratings

In JLL’s annual Innovation Geographies report, 20 cities are named “talent hotspots” based on their ability to attract and retain talent. With the exception of Tokyo, all of the “talent hotspots” in JLL’s 2019 report which are also included in the City Ratings receive a rating of AA or higher. This highlights the relationship between concentration of talent and LGBT+ inclusion.

(iii) Quality of Life

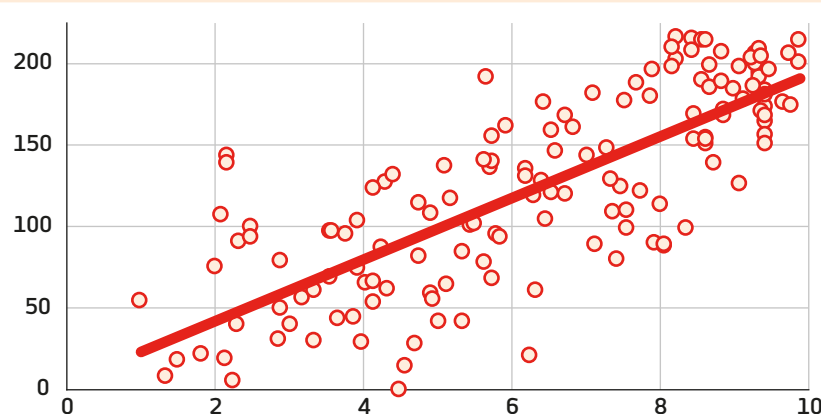


Chart 5: The social attitude score (x axis) vs. an inverted Mercer Quality of Life rating (y axis) for 144 cities in the City Ratings

Quality of life is positively correlated with LGBT+ inclusion

LGBT+ inclusive cities have a higher quality of life, based on the Mercer Quality of Life Rating. The correlation is 0.78 and a 1-point increase in social attitudes suggests a 20-point increase in the Mercer rating (see footnote VIII for more information on the range of the Mercer rating).

This evidence continues to strengthen the case that LGBT+ inclusive cities are more economically competitive, and suggests that some of the contributing factors are innovation, talent and skills, and quality of life. While this remains the same, much has changed in cities around the world over the past two years. The following sections document the major changes in the 144 cities we include in the City Ratings by region.

^{vii} The 2ThinkNow Innovation Index ranks cities based on their potential for innovation, with 1 being the best score and 495 being the worst. This chart inverts the rating (1 is worst, 495 is best) to better show the positive correlation between innovation and LGBT+ inclusion.

^{viii} The Mercer Quality of Life Rating ranks cities based on their quality of life, with 1 as the best ranking and 217 as the worst. This chart inverts the rating (1 is worst, 217 is best) to better show the positive correlation between quality of life and LGBT+ inclusion.