

# The Bank of Communications Sea Turtle Index

## Benchmarking potential returns on investment in international education





# SEA TURTLE INDEX: TOP TEN CITIES



OVERALL RANKING		
RANK	CITY	SCORE
01	MONTREAL	72.4
02	LONDON	70.2
03	HONG KONG	69.2
04	TORONTO	69.1
05	CAMBRIDGE	68.5
06	OXFORD	67.6
07	BOSTON	67.0
08	SYDNEY	66.2
09	ZURICH	65.8
10	NEW YORK	65.3

## CITY OVERALL RANKING





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## Preface

This report discusses the results of the Bank of Communications Sea Turtle Index, developed and produced through the objective research of The Economist Intelligence Unit (EIU), which benchmarks the potential returns—academic, financial and social—on an international undergraduate education in 80 cities worldwide. The EIU's custom research team, led by Susan Evans, devised and constructed the index. The Bank of Communications Financial Research Centre and Private Banking management team provided input on the design of the index. The EIU maintained editorial control of the project. This report was written by Sarah Murray and edited by David Line of The Economist Intelligence Unit.

The findings of this report are based on two primary inputs: the Sea Turtle Index, which may be viewed online at [www.seaturtleindex.com](http://www.seaturtleindex.com), and in-depth interviews with the following experts:

- **Liam Bailey**, head of residential research at Knight Frank
- **Dominic Balmforth**, designated director at Ramboll City Planning
- **Jo Beall**, director of education and society at the British Council
- **Anna Chapman**, director in Deloitte's tax practice
- **Miriam David**, professor at the Institute of Education, University of London
- **Steve Jackson**, a financial planner and wealth manager at Coutts
- **Matthew Montagu-Pollock**, publisher of the Global Property Guide
- **Wally Olins**, chairman of Saffron Brand Consultants
- **Belinda Robinson**, chief executive of Universities Australia
- **Andreas Schleicher**, deputy director for education and skills at the Organisation for Economic Co-operation and Development and special advisor on education policy to the OECD's secretary-general
- **Ben Sowter**, head of research at QS Intelligence Unit
- **Trudy Steinfeld**, assistant vice-president and executive director of the Wasserman Center for Career Development, New York University
- **Allan Walker**, professor and head of International Educational Leadership, Hong Kong Institute of Education
- **Kenneth Wong**, trade commissioner for education, Canadian Embassy, Beijing



## Executive summary

As the pace of globalisation accelerates and demand for higher education grows, global student mobility is on the rise. In 2010, more than 4.1m tertiary students were enrolled outside their country of citizenship, according to the Organisation for Economic Co-operation and Development (OECD). Prospective students who want to study abroad, and their parents, face a staggering choice of locations in which to do so. Of course, the quality of the educational offering is crucial. Yet this is often not the sole consideration. Other factors include the potential for returns on financial and real-estate investments, the availability of work experience opportunities for graduates and the depth of cultural experience that an educational location will offer.

The Bank of Communications Sea Turtle Index takes all these factors into account in ranking 80 cities by the overall potential return on an undergraduate education at institutions in those cities. The index considers:

- **Educational returns:** how highly valued the education is elsewhere in the world, balanced against whether it represents good value for money.
- **Financial returns:** how open the investment environment is to non-nationals, and how high are policy, economic and currency volatility risks that may affect returns on investments.
- **Real estate returns:** the potential of the local real estate market, the likely returns on investment in the form of rent and how taxes will affect those returns.
- **Work experience:** the openness of the local job market to overseas skilled applicants, whether overseas students are supported by their university in seeking jobs and whether the local economy offers high-pay, low-tax opportunities.
- **Social experience:** whether students are exposed to world-class cultural experiences and can study among a truly multicultural student body.

To compile the index, different weightings were ascribed to sub-indices representing each of these five factors (themselves compiled from a variety of separate indicators). Educational returns received the highest weighting since, ultimately, this factor is likely to influence most people's decisions more strongly than any other. A full explanation of the index methodology is available in the Appendix to this paper.

This report analyses the results of the headline Sea Turtle Index and sub-indices representing each of the five factors. Its main findings include:

- **An open environment pays dividends**  
The importance of an environment that is open to overseas students and their investor parents is strongly reflected in the index. The city of Montreal in Canada takes first

<sup>1</sup> The index clusters the top 300 universities from the QS World University Rankings in major cities, allowing for richer data and greater regional diversity in results. The EIU used OECD statistics on the percentage of international students going to each country to decide on the number of cities to include per country.



place for this reason. The quality of education at institutions in the city is important, but Canada's welcoming immigration policies, offering good opportunities for employment after graduation, also make it an appealing destination. Its comparative openness to foreign investors and its cultural diversity also boost its attractiveness as a destination for international undergraduates.

- **Richer Asian cities score highly**

The index reveals a shifting educational landscape, with some of Asia's more affluent cities scoring highly. Hong Kong makes it to third place in the headline index, while some cities with younger universities in emerging markets come out surprisingly strongly. Several Asian cities make it into the top 30 overall, with many—including Beijing, Seoul, Singapore and Taipei—appearing high up in the five sub-indices. Hong Kong's high overall ranking reflects an appealing combination of openness to investment, soaring real-estate returns and an increasingly high-quality education.

- **Cost and limited work experience potential push down many US cities**

Since the index takes into account more than just educational quality, some cities hosting leading educational institutions—particularly in the US—emerge weaker than expected. This is the case for Boston,<sup>2</sup> which is the highest-ranked US city at seventh place overall, despite the exemplary educational quality of many of its educational institutions. Their relatively lower scores in terms of potential work experience after graduation also counts against US cities. The absence of visa programmes that enable graduating foreign students to remain in the jurisdiction to conduct a job hunt is one reason for this.

- **Bang for the educational buck: Asia is increasingly appealing**

The sub-index ranking educational returns shows that the UK cities of Cambridge, Oxford and London continue to offer the best education after factoring in value for money and the cost of living. But Asian universities also perform well, with three Asian cities—Seoul, Beijing and Taipei—featuring in the top ten. Along with the improving quality of education on offer at institutions in Asia, value for money is also a significant consideration, giving these cities a comparative advantage. In addition, many Asian universities—particularly in China—are forming joint ventures with prestigious long-established Western universities, giving students the best of both worlds: affordability and quality education.

- **Beyond growth rates: foreign-friendly rules play a role**

Strong GDP growth rates are only valuable to foreign investors if they are accompanied by an open economy and banking system. Factoring in these two indicators means developed markets dominate the top ten on the sub-index measuring financial returns—and Hong Kong, famed for the openness of its economy, is at the very top. In a global regulatory environment that is increasingly suspicious of offshore investments, and with stricter taxation being applied in several locations, some developed markets (including some Swiss, American and French cities) fare poorly in this factor.

<sup>2</sup> Includes Cambridge, Massachusetts



- **Canada and Australia's generous visa rules offer good work experience potential**

Cities in Canada and Australia dominate the work experience sub-index, thanks to progressive, open policies that seek not only to attract students from all over the world but also to give them the opportunity to contribute to the dynamism of their economies. Canada allows students to stay on after graduation for as many years as their course lasted (with a minimum of eight months and a maximum of three years), without requiring a work sponsor. Australia allows people with bachelor degrees to stay on for two years, also without a work sponsor.

- **Cultural vibrancy: Western names still at the top**

Unsurprisingly, the cities that have long been known as the world's most culturally vibrant remain near the top of the social experience sub-index. It would be surprising if cities such as London, New York, Los Angeles, and Paris did not score highly in this respect. However, a city's appeal can often have a lot to do with how well it has promoted its brand internationally. In this respect, Singapore (in fourth place in the social experience sub-index) has done well, helping boost its position in the overall Sea Turtle Index to 12th place.





# The Bank of Communications Sea Turtle Index

## Background

As the pace of globalisation accelerates and demand for higher education grows, global student mobility is on the rise. In 2010, more than 4.1m tertiary students were enrolled outside their country of citizenship, according to the Organisation for Economic Co-operation and Development (OECD).<sup>3</sup> In the process, many new institutions are emerging to accommodate the demand, competing with long-established centres of educational excellence. This means that for parents seeking the best overseas location for their children to study, the choices can seem overwhelming.

### What is a “sea turtle”?

In Chinese culture, a “sea turtle” is a graduate of an overseas university who has reaped the benefits of a top-rate global education and immersion in another culture, and is typically coveted by employers upon return to his or her home country. (The name is apt in Mandarin as it sounds similar to the phrase “return from overseas”.) In this report, the meaning is extended to any undergraduate student who intends to invest the returns on an international education in his or her home country.

Of course, the quality of the educational offering is crucial. Yet, when surveying the higher educational landscape, with courses at hundreds of good universities available, educational return on investment is often not the sole consideration. When deciding where to study abroad, prospective students and their parents also consider other factors. These include the potential for returns on financial and real-estate investments, the availability of work experience opportunities for graduates and the depth of cultural experience that an educational location will offer.

A new index devised by the Economist Intelligence Unit for China’s Bank of Communications (BOCOM) allows prospective students and their families to take such issues into account by comparing select university cities<sup>4</sup> on five key factors that influence the overall return on investment in an undergraduate education.

These factors are:

- **Educational returns:** how highly valued the education is elsewhere in the world, balanced against whether it represents good value for money.
- **Financial returns:** how open the investment environment is to non-nationals, and how high are policy, economic and currency volatility risks that may affect returns on investments.
- **Real estate returns:** the potential of the local real estate market, the likely returns on investment in the form of rent and how taxes will affect those returns.
- **Work experience:** the openness of the local job market to overseas skilled applicants, whether overseas students are supported by their university in seeking jobs and whether the local economy offers high-pay, low-tax opportunities.

<sup>3</sup> OECD (2012), *Education at a Glance 2012: OECD Indicators*, OECD Publishing, available at <http://dx.doi.org/10.1787/eag-2012-en>

<sup>4</sup> The index clusters the top 300 universities from the QS World University Rankings in major cities, allowing for richer data and greater regional diversity in results. The EIU used OECD statistics on the percentage of international students going to each country to decide on the number of cities to include per country.





- **Social experience:** whether students are exposed to world-class cultural experiences and can study among a truly multicultural student body.

To compile the headline index, different weightings were ascribed to sub-indices representing each of these five factors (themselves compiled from a variety of separate indicators). Educational returns received the highest weighting since, ultimately, this factor is likely to influence most people's decisions more strongly than any other. Work experience was weighted second highest, followed by social experience and—weighted equally—financial returns and real estate returns.<sup>5</sup>

The quality of the educational experience is naturally the starting point for any decision on where to study abroad. And what drives up educational quality is not always private sector competition. In Canada, where responsibility for education is devolved to ministries in each of its ten provinces, the competition is among public-sector institutions. “That fragmentation has resulted in some benefits,” says Kenneth Wong, trade commissioner for education at the Canadian Embassy in Beijing. “There’s a very intense battle to maintain quality and for each province to have a good education system.”

At the same time, students are becoming much more demanding of universities as technology gives them access to world-class academic content on everything from laptops to mobile devices. “This exposes students to a quality of material that they can use to hold their lecturers and courses up against,” says Ben Sowter, head of research at QS Intelligence Unit, which produces the QS World University Rankings. “That’s going to create a newly sophisticated level of service demand from students in the next five years or so.”

Jo Beall, director of education and society at the British Council, says that for universities, the rise of online content also calls for a shift in focus and greater creativity in the way that course material is delivered. “Sitting in a lecture is no longer the main experience,” she says. “That lecture can be accessed in any way you choose, but what is invaluable is sitting together with great minds and peers and grappling with a problem. So the focus of education must be on that interactive engagement.”

Nevertheless, such benefits must be measured against the costs incurred. The educational returns sub-index therefore factors in value for money as well as quality. This means looking at what living and other costs the student will incur for the duration of the degree. The high residential rents in the leading global cities can lower their appeal, even if they offer a choice of world-class educational institutions.

While educational returns are weighted most heavily, the financial equation is not to be underestimated. A growing number of parents—particularly those from countries where investment options are limited—want to make investments in the area in which their child's university is located, particularly in major urban centres. “Big global cities with world-class facilities tick all the boxes for an international investor, particularly if the investment is driven

<sup>5</sup> An online benchmarking tool, available to Bank of Communications' private banking clients, allows users to adjust weights according to their own priorities. Weights used in this preview paper are those allocated by the Economist Intelligence Unit. A full methodology is available in the appendix to this paper.



by education,” says Liam Bailey, head of residential research at Knight Frank, an international property consultancy.

Meanwhile, the students themselves want to find opportunities to recoup some of their tuition costs and add to their appeal to employers back home by gaining work experience in the city or country in which they have studied. And while both students and parents no doubt want to ensure that the educational and social experience on campus will be a rich one for the student, the diversity, cultural amenities and relative safety of the city in which the university is located also play an important role in the overall educational returns available.

Leading global cities such as New York and London can offer a wealth of cultural and social attractions. However, for some, the attraction is of being in a dynamic multicultural environment. “In Hong Kong, you can get the excitement and the exoticism of the East,” says Allan Walker, Joseph Lau Professor of International Educational Leadership at the Hong Kong Institute of Education. “But you can do it within a relatively comfortable setting where you can find familiarity if you want it.”

The importance of a welcoming environment extends to other areas of consideration for prospective students and their parents. This might be the ease of opening a bank account for foreigners or the ability for overseas investors to reap the benefits of their real estate investments. And since students want to know whether it will be possible to stay on to gain work experience after completing their degree, immigration policies also play a critical role in attracting students. In fact, openness, diversity and a welcoming environment have a strong influence on a city’s overall appeal to future “sea turtles” as a destination for their overseas education.

## Headline findings

### **An open environment pays dividends**

The importance of an environment that is open to overseas students and their investor parents is strongly reflected in the index. For while some might expect ancient seats of learning such as Oxford and Cambridge (UK) or Boston (US) to be at the top of the list, Montreal is in fact in pole position (Figure 1). This is partly due to the quality of its educational experience. But like many of the Canadian cities in the ranking that benefit from Canada’s welcoming immigration policies, Montreal also scores well on its ability to offer students a rich post-graduate work experience. Its comparative openness to foreign investors and its cultural diversity also boost its attractiveness as a destination for international undergraduates.

Meanwhile, the prominence of Asian cities in the upper echelons of the ranking—including Hong Kong in third place, Singapore in 12th and Seoul at 17th—heralds a geographic shift in global education, with newer markets providing increasingly appealing alternatives to traditional centres of learning.



Of course the presence of many old-world cities in the top ten reflects the continued pre-eminence of certain centres of academic excellence. The fact that London is in second place, Cambridge and Oxford are in fifth and sixth places respectively, Boston is seventh and New York is tenth is perhaps no surprise. Yet there are a number of challenges to the academic status quo worldwide. A deeper dive into the index reveals that, while many of the top education destinations may still be in the developed world, in the new global environment—which has an increasingly mobile student population—education centres will need to extend their focus beyond home students.

Indeed, the winners of the educational future will be destinations that actively court students from outside their borders. Naturally this means engaging in more marketing and promotion. However, these efforts will need to be supported by broader policy tools that foster open immigration, welcome the arrival of new skills, create an open investment environment and build a rich cultural diversity.

Some other notable findings include the following:

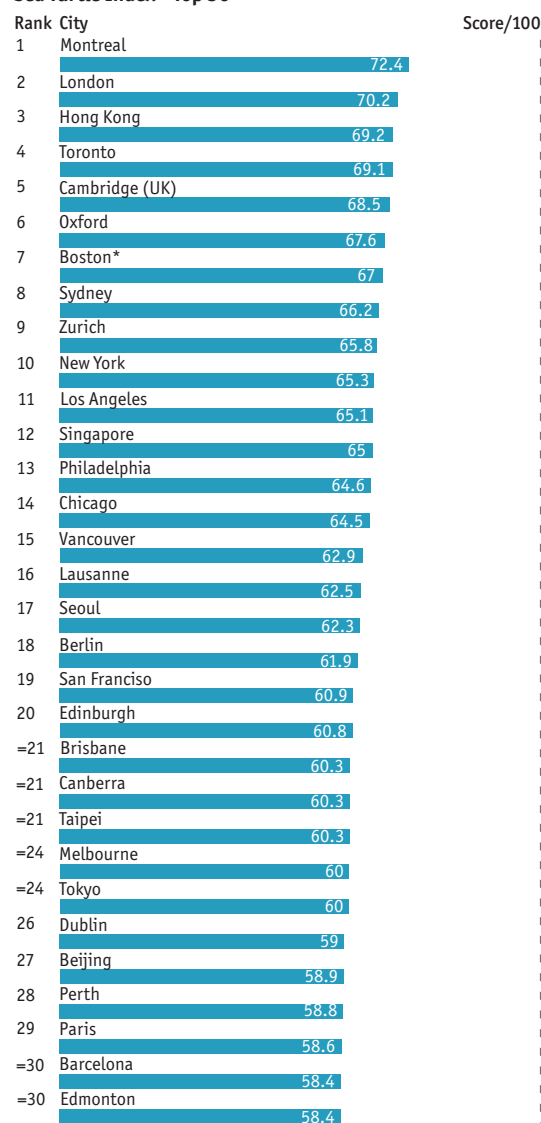
### Richer Asian cities score well

The index reveals a shifting educational landscape, with some of Asia's more affluent cities scoring highly. Hong Kong makes it to third place in the headline index, while some cities with younger universities in emerging markets come out surprisingly strongly. Several Asian cities make it into the top 30 overall, with many—including Beijing, Seoul, Singapore and Taipei—appearing high up in the index's sub-categories (Figure 2).

Hong Kong's high ranking reflects an appealing combination of openness to investment, soaring real-estate returns and an increasingly high-quality education. "Hong Kong is very impressive in terms of what they have been achieving," says Andreas Schleicher, the OECD's deputy director for education and skills, and special advisor on education policy to the OECD's secretary-general. "Hong Kong has dramatically improved the quality of its educational services."

The ability of Hong Kong to provide a multicultural dynamism is another part of the city's overall appeal as a destination for overseas students, something reflected in its high scoring on the "social experience" sub-index (see below). This—combined with its top performance on the financial and real estate return sub-indices, and its high-scoring educational returns—has pushed Hong Kong above some of the world's best-known university cities in the Sea Turtle Index.

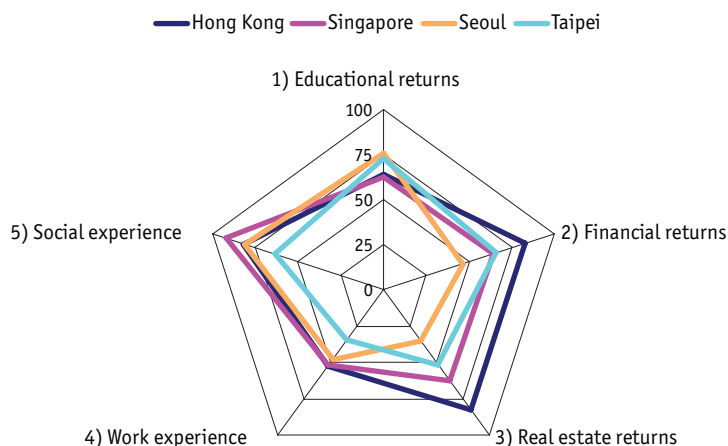
Figure 1  
Sea Turtle Index—Top 30



\* Includes Cambridge, Massachusetts  
= before the rank indicates a tie in rank with another city



Figure 2: Select Asian cities



	Hong Kong		Singapore		Seoul		Taipei	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	69.2	3	65	12	62.3	17	60.3	=21
1) Educational returns	64.2	20	62.6	=22	75.9	4	73	8
2) Financial returns	82.6	1	63.7	19	46.5	71	65.8	9
3) Real estate returns	82.7	1	62.4	28	35.2	78	51.5	61
4) Work experience	53.1	16	52	17	47.7	21	34.3	=56
5) Social experience	81.8	=22	92.1	4	81.1	24	63.6	58

= before the rank indicates a tie in rank with another city

## Cost and limited work experience potential push down many US cities

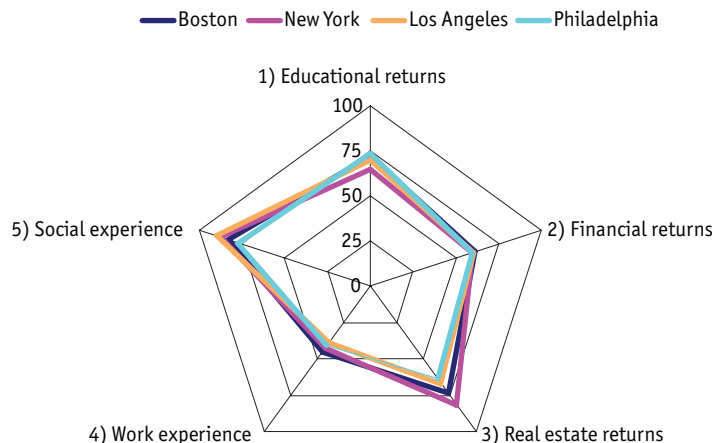
Conversely, since the index takes into account more than just educational quality, some cities hosting leading educational institutions—particularly in the US—emerge weaker than expected. The high cost of education in the US pushes them down in the sub-index ranking educational returns, which takes value for money into account. This is the case for Boston,<sup>6</sup> which would top the list if raw educational quality was the only measure but the ranking of which in the educational returns sub-index is pushed down to tenth place because of the relatively high cost of living and of programmes at its educational institutions. In the headline index (Figure 1) it comes in seventh overall.

Another important reason that US cities perform more poorly than expected in the Sea Turtle Index is their relatively lower scores in terms of potential work experience after graduation. Several factors, including the absence of visa programmes that enable graduating foreign students to remain in the jurisdiction to conduct a job hunt, reduce the potential returns on an investment in education in these cities. (Figure 3)

<sup>6</sup> Includes Cambridge, Massachusetts



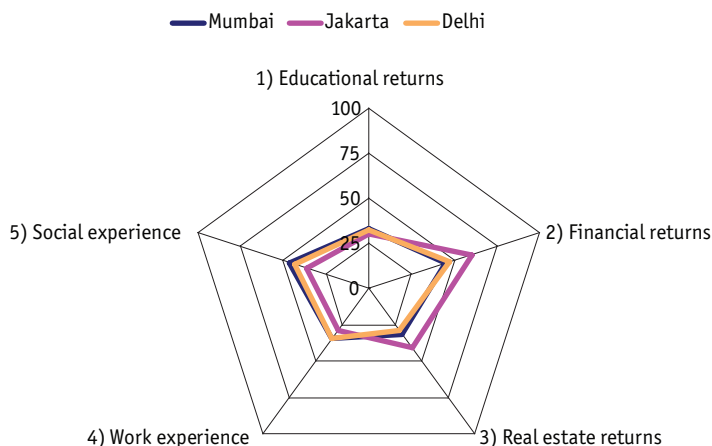
Figure 3: Select US cities



	Boston		New York		Los Angeles		Philadelphia	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	67	7	65.3	10	65.1	11	64.6	13
1) Educational returns	71.8	10	65	17	69.8	=12	73.3	=6
2) Financial returns	60.9	37	59.3	45	60.2	39	59.6	42
3) Real estate returns	73.2	7	81.7	2	66.7	=16	64	23
4) Work experience	45.6	26	43	32	39.2	42	41.1	37
5) Social experience	82.1	=17	87.5	10	90	=5	77.1	=33

= before the rank indicates a tie in rank with another city

Figure 4: Bottom three cities

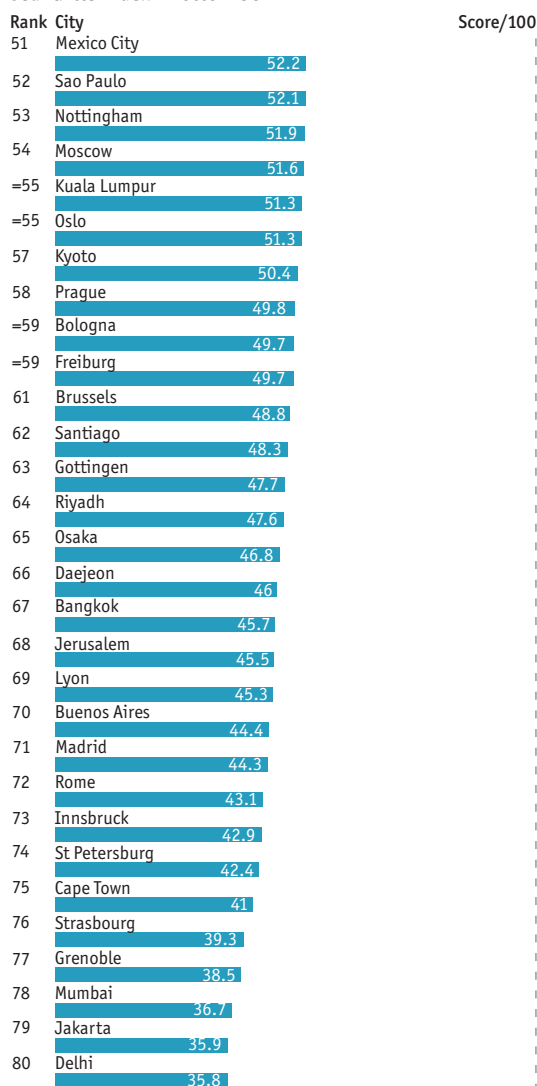


	Mumbai		Jakarta		Delhi	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	36.7	78	35.9	79	35.8	80
1) Educational returns	33.3	74	30.5	77	32.1	75
2) Financial returns	44.8	75	60.1	=40	47.3	70
3) Real estate returns	31.6	79	41.4	75	28.8	80
4) Work experience	34.2	=58	28.5	72	34.2	=58
5) Social experience	46.4	73	35.7	80	43.6	75

= before the rank indicates a tie in rank with another city



**Figure 5**  
**Sea Turtle Index—Bottom 30**



= before the rank indicates a tie in rank with another city

## Emerging market cities suffer from lack of openness

While anticipated GDP growth rates help push some emerging market cities up the ranking in light of high potential financial returns, strong economic prospects can be offset by the lack of openness of markets to foreign investors. Factors such as high crime rates may also prevent students from making the most of their time in the city, holding down the social experience score. This, together with relatively worse standards at their educational institutions, helps explain the low rankings of cities such as Mumbai, Jakarta, and Delhi—which are ranked lowest, at 78th, 79th and 80th place respectively—despite strong economic growth and booming real estate markets in these cities (see Figures 4 and 5).

While the index reveals some remarkable trends, many factors combine to come up with the overall return on investment in international education. While some cities do well on educational returns, for example, this can be offset by a poor performance on real estate returns or social experience. And while educational returns are clearly crucial, the openness of the destination to foreign investors as well as to overseas graduates entering the workforce makes an important contribution to the headline performance of the destinations in the ranking. The remaining sections of this paper provide a deeper dive into the index through the five sub-indices.

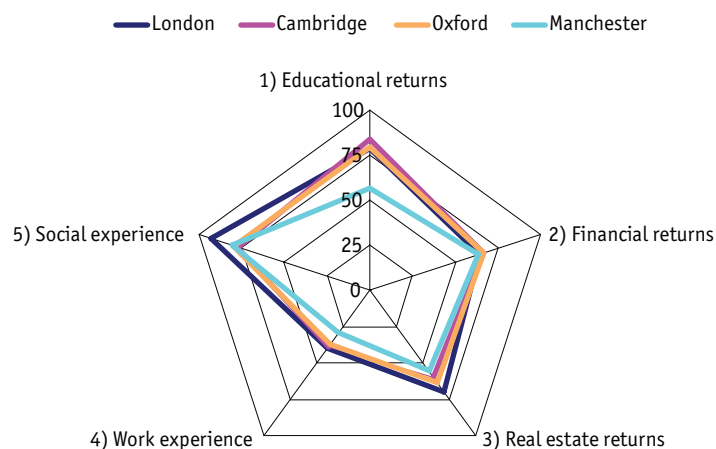


## Educational returns

When it comes to educational returns, what most individuals—whether parents or prospective students—are looking for is the highest quality teaching and course content in their chosen subject. However, other factors also come into play. So while in this sub-index, various indicators (such as the QS World University Rankings) identify the world's top universities by academic attainment, a range of indicators assesses the additional factors that contribute to the value for money spent on an education in each city. These include the annual average cost of an undergraduate programme and the range of programmes available, as well as the cost of living for a student.

This sub-index illustrates that as the internationalisation of higher education accelerates, and universities in emerging markets become increasingly attractive options, the balance of power is shifting. That is not to say that traditional institutions are losing ground, necessarily. In the headline index London, Cambridge and Oxford (UK; Figure 6) and Boston (which includes Cambridge, Massachusetts) all feature in the top ten, while in the educational returns sub-index, Cambridge, Oxford and London make up the top three. However, Asian cities that feature prominently in the headline rankings also score well in the educational

Figure 6: Select UK cities



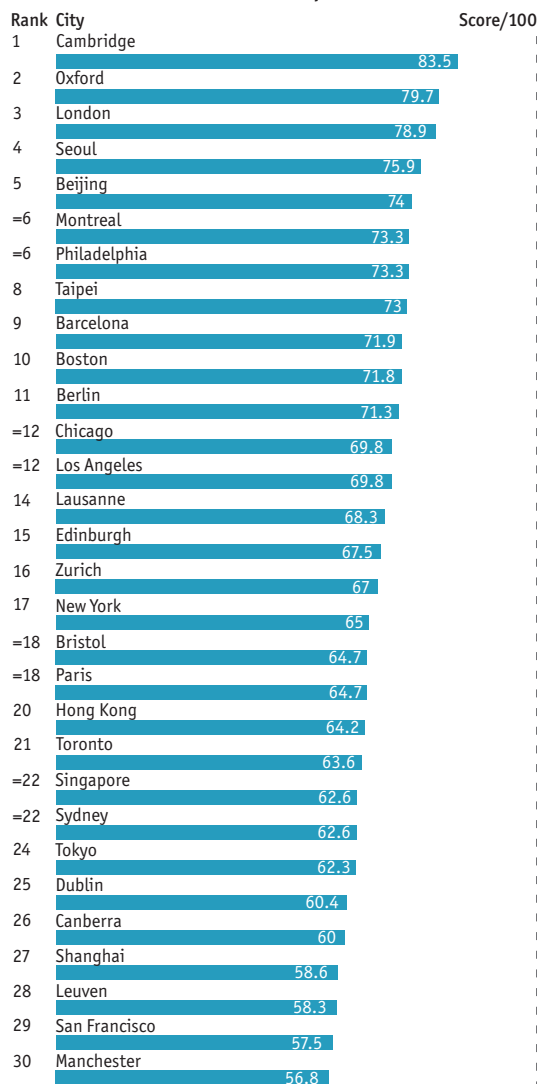
	London		Cambridge		Oxford		Manchester	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	70.2	2	68.5	5	67.6	6	55.5	40
1) Educational returns	78.9	3	83.5	1	79.7	2	56.8	30
2) Financial returns	64.3	16	66.5	=6	66.5	=6	63	=23
3) Real estate returns	70.2	11	59.8	35	63.5	25	55.8	46
4) Work experience	40	40	38.9	43	37.5	48	29.4	69
5) Social experience	92.5	=1	77.1	=33	79.6	=26	80	25

= before the rank indicates a tie in rank with another city





**Figure 7**  
**Educational returns sub-index—Top 30**



= before the rank indicates a tie in rank with another city

returns sub-index: Seoul comes in fourth place, with Beijing in fifth place and Taipei eighth (see Figure 7).

“This reflects the battle of tradition against the new boys,” says QS’s Mr Sowter. “The traditional positions of places like the UK and US are still holding but they’re being gradually chipped away at by alternative institutions and destinations.” The British Council’s Ms Beall agrees, seeing the relative prominence of Asian cities in the index as “a portent of things to come.”

For traditional centres of academic excellence, high fees at their institutions often serve to lower their position in the sub-index—particularly in the case of US university cities.

In this respect, Canada benefits from its relatively low tuition fees, particularly compared to those of its neighbour. At Montreal’s McGill University, for example, 6% of students are now American, according to an NBC Nightly News report, with the number of US students at Canadian universities up 50% in the past decade. “Canada is very competitive,” says Mr Wong, who is responsible for promoting Canadian education to overseas students. “Americans are flocking to Canada as the quality and value equation makes sense.”

This also gives emerging-market cities an advantage in terms of value for money (even if their raw academic scores may not be as high). This is seen in the relatively high rankings in this sub-index for cities such as Sao Paulo (31st) and Mexico City (36th). With Latin America’s relatively low living costs, these two cities join many European cities, whose universities (particularly subsidised state-run institutions) also tend to have low programme costs, in the top half of the sub-index.

## Bang for the educational buck: Asia is increasingly appealing

While UK cities continue to offer the best educational returns available—taking the top three positions in this sub-index—Asian universities also perform well, with three Asian cities (Seoul, Beijing and Taipei) featuring in the top ten in terms of educational returns. This illustrates the fact that investment in education is not just about grade point averages. Value for money is also a significant consideration, giving Asian cities a comparative advantage.

Educational institutions in Asian cities have several other advantages, one of which is relative isolation from the global financial crisis. “That’s had an effect on the budgets as



institutions haven't seen cuts in the way some other countries have," says Mr Sowter. And even where economies are struggling financially, traditional cultural attitudes to education mean policymakers are reluctant to do anything to dent the prospects of their academic institutions. "Some of these countries place education so centrally at the heart of their strategy that it's ring-fenced from political consideration in the way that health service is in an election in the UK," says Mr Sowter.

The lack of bureaucracy enjoyed by newer institutions also helps bolster the competitiveness of emerging market universities, some of which are experimenting with new pedagogical techniques and forms of content delivery. "There isn't as much red tape and management by committee as there is in a lot of traditional Western institutions," says Mr Sowter. "So they can respond to trends and turn strategic decisions into actions quickly."

The findings of the index also complement other external trends. For instance, many Asian universities—particularly in China—are forming joint ventures with prestigious long-established universities, giving students the best of both worlds: affordability and quality education.

Notably, many Chinese universities are partnering with institutions in Australia. The country's 39 universities now have more formal agreements with universities and similar institutions in China than any other nation, according to a report from Universities Australia, the country's leading university body.

The increasing appeal of Asian cities as educational destinations is supported by the fact that local students within those cities are gaining greater access to higher education. "If you look at the fact that in Shanghai, you now have 80% of the relevant age cohort moving to tertiary education," says Mr Schleicher. "That's telling us something about what the future of those cities is going to look like."

However, Asia is not the only region to benefit from competitive fees. The low cost of an undergraduate programme is a factor that has helped push Montreal up to the sixth position in the educational rankings.

## Desirable skills: employers favour emerging-market graduates

Future employability is another consideration for those looking to study overseas, and this is captured in this sub-index. While graduates from traditional university towns such as Oxford, Cambridge (UK), London and Boston are held in high regard by employers, those from emerging market cities such as Hong Kong, Singapore and Seoul also do well, according to the "employer activity" indicator. This is an important factor when looking to potential returns from an investment in education.



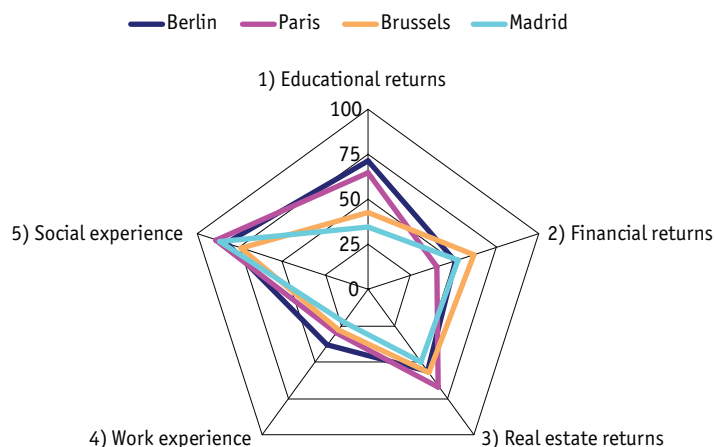
Hong Kong's strength here has helped push it up in this sub-index. "Hong Kong has changed the profile of its workforce through very active policy steering," says Mr Schleicher, who says that Hong Kong has progressively pushed much of its manufacturing sector into China in order to create opportunities in Hong Kong for high-skilled industries. "They have clear policy goals but at the same time rely on market principles. While in Singapore, the government has a lot of operational control, in Hong Kong it's driven by market principles but with very clear incentive structures based on increasing skills and productivity and advancing the composition of the labour force."

## The usual suspects: America loses out

Surprisingly, few US cities make it into the top 20 of the sub-index measuring educational returns—with only Philadelphia<sup>7</sup> and Boston in the top ten. Meanwhile, the eight lowest-ranked cities in terms of the average cost of an undergraduate programme, one of the indicators in this sub-index, are all American destinations.

Although the presence of Ivy League and other top-quality US educational institutions pushes US cities up the sub-index, the high fees charged for a degree count heavily against them. "The US in general terms has by far and away the highest cost for education," says Mr

Figure 8: Select European cities



	Berlin		Paris		Brussels		Madrid	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	61.9	18	58.6	29	48.8	61	44.3	71
1) Educational returns	71.3	11	64.7	=18	43	61	34.4	72
2) Financial returns	51	63	40.2	78	61.8	=31	53	57
3) Real estate returns	56.5	=44	66.8	15	57.5	=38	50.1	66
4) Work experience	38	47	30	68	27.9	75	22.9	78
5) Social experience	82.1	=17	89.3	8	74.3	=43	87.1	=11

= before the rank indicates a tie in rank with another city

<sup>7</sup> Includes Princeton University



Sowter. “You have stories of people coming out of Ivy League universities with US\$200,000 of debt.”

This is especially notable when one compares fees in the US against those of European universities, some of which charge international students almost nothing (Figure 8). When looking purely at the average annual cost of an undergraduate degree, European cities such as Berlin and Heidelberg come out near the top.

“The market share has changed dramatically and the US has lost a lot,” says Mr Schleicher. “It’s not that things have got worse in the US but [globally] it’s a much more competitive market that you have today.”

Adding to the competition facing the US is the fact that many European universities (particularly in the Netherlands and in Nordic countries) and Asian institutions (many in India) teach courses in English. For example, Jacobs University Bremen, located between Amsterdam and Berlin, teaches undergraduate programmes in English—something that clearly pays off for the institution, which says that by 2006, 75% of its students were international. “The English language and being taught something that can be used worldwide is absolutely key,” says Wally Olins, chairman of Saffron Brand Consultants, which counts various cities among its clients.

## Cost of living counts

While they rank highly in terms of purely educational returns, some cities—including Hong Kong, New York and Singapore—do worse than expected on this sub-index owing to the high cost of living for students, which drives down the value of the educational returns available. Students in London also find the cost of living a challenge. “London has huge attractions but it also has disadvantages for students because it’s expensive, and that applies to other cities too,” says Mr Olins.

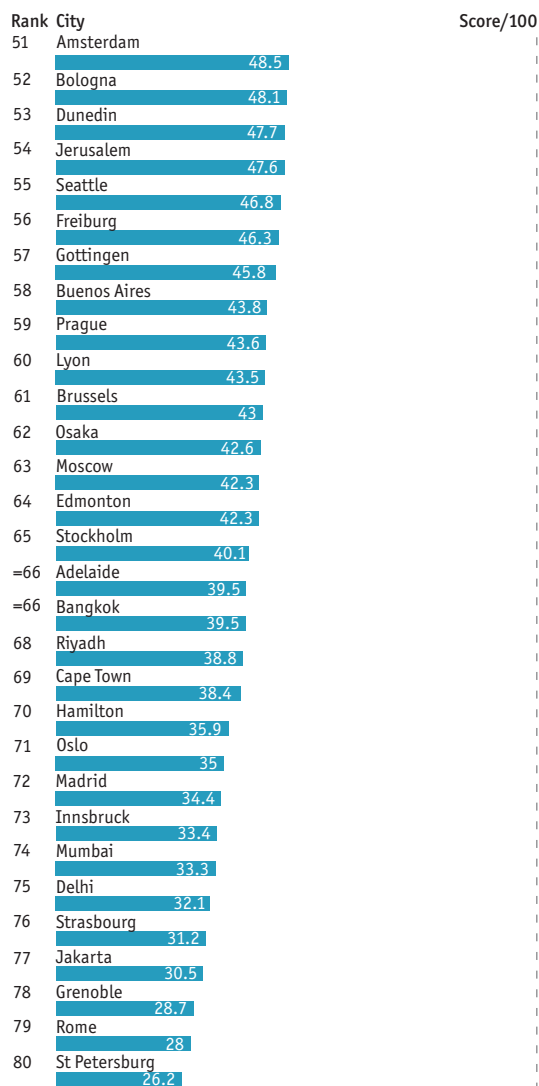
In Hong Kong, the high price of rental property and the increasing inability of educational institutions to provide accommodation for swelling student numbers—particularly as mainland Chinese students flock to the territory—are taking their toll. “That’s pushing students to live in conditions that they should not be living in,” says Professor Walker.

For those cities that do not have a world-class reputation for quality education to offset their high living costs—such as Moscow and St Petersburg, which rank relatively low on the Educational returns sub-index (see Figure 9)—it will be especially hard to attract international students in the increasingly competitive environment of global education.

Meanwhile, Mr Wong points out that the lower cost of living in Canada than in many parts of the world—with factors such as publicly funded healthcare contributing to this—makes the country’s cities attractive education destinations. “In Canada the cost of living varies quite a bit, and Toronto and Vancouver are much more expensive than Montreal and



**Figure 9**  
**Educational returns sub-index—Bottom 30**



= before the rank indicates a tie in rank with another city

other cities,” says Mr Wong. “But in general it’s cheaper, and if you compare Vancouver to Los Angeles or New York to Toronto, Canada definitely comes out ahead.”



## Financial returns

For many parents, paying for their child's tuition fees is only part of the investment proposition. Many parents—particularly those from countries where investment options are limited—also want to make investments in the place in which their child is studying. This means they need to consider factors such as the relative openness of financial systems to international investors as well as how tax regimes will affect their returns. Such factors are measured in the financial returns sub-index.

This agenda is less pressing for individuals living in mature investment markets in Europe or the US, says Steve Jackson, a wealth planner at Coutts, a private bank and wealth manager. “If your local investment market has some challenges you may be more inclined to park assets overseas,” he says. “But when you're in the developed investment markets, there's less of a desire to do that.”

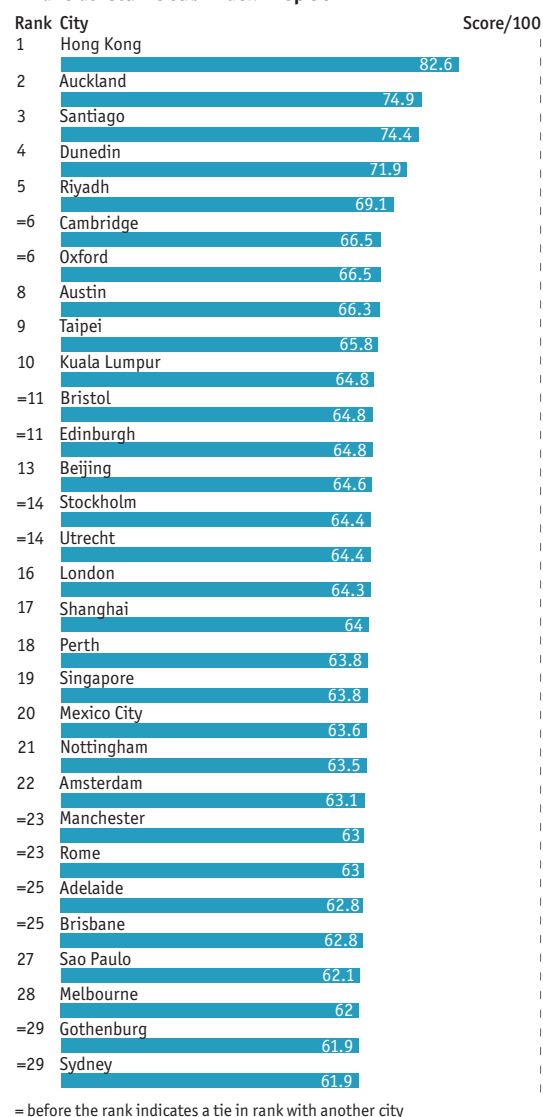
Meanwhile, the students themselves might also seek to make investments as a way of repaying some of their tuition and living costs—something that might also give them the kind of experience that will increase their competitiveness as a job candidate, either if they stay on after completing their degree or once they return home.

## Beyond growth rates: foreign-friendly rules play a role

If the financial returns sub-index were to limit its factors to economic prospects alone (that is, to EIU forecasts for GDP growth over the next five years—one indicator in this sub-index), Asia would dominate the list. Eight out of the top ten cities measured by this indicator are from Asia. Furthermore, cities such as Hong Kong, Taipei, Kuala Lumpur, Beijing, Shanghai and Singapore feature among the top 20 in the financial returns sub-index (Figure 10).

However, strong GDP growth rates are only valuable to foreign investors if they are accompanied by an open economy and banking system. Factoring in these two indicators changes the ranking significantly, with developed markets dominating the top ten—and Hong Kong, famed for the openness of its economy, at the very top. Montreal also does well when it comes to the openness of its banking system. “And in general Canada has a very open environment to foreign investment,” says Mr Wong.

Figure 10  
Financial returns sub-index—Top 30





Even so, if developed markets are generally more welcoming for overseas investors, the tightening up of regulations governing foreigners who want to open bank accounts and invest overseas is a general phenomenon, explains Mr Jackson. “This is less a geographic issue and about the entire financial climate,” he says. “With global money laundering regulations and terrorism legislation, it’s becoming more difficult to open an account overseas full stop, so that can become more of a problem.”

## Tax rates are also key

The above is mirrored by the way the tax regime affects returns for overseas investors. A wide range of potential liabilities exists in different jurisdictions. “The key thing is to find out about these ahead of time so you can find a way to invest taking into account any potential tax exposure—or at least ensure that you are aware of possible liabilities or tax filing requirements that may arise as a result,” says Anna Chapman, director in Deloitte’s tax practice.

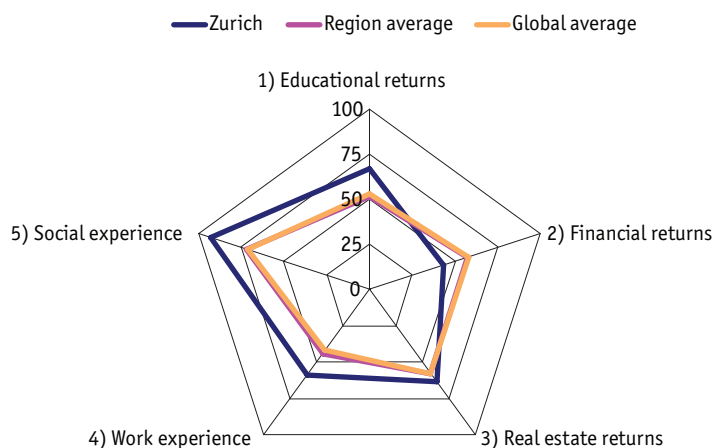
In Asia, for example, high wealth taxes push cities such as Mumbai and Delhi (which make it into the top five in terms of GDP growth) towards the bottom of the list in terms of financial returns. Some developed markets also do poorly on the tax front. Zurich, for example, imposes a wealth tax on assets, which pushes it from among the top ten in the

headline Sea Turtle Index into the bottom ten in the sub-index on financial returns (Figure 11). And while the UK is still seen as a relatively benign tax environment, high French taxes are a deterrent for foreign investors, helping push cities such as Paris, Lyon, Grenoble and Strasbourg down the ladder in the financial returns sub-index (see Figure 12).

“France, for example, has an annual wealth tax so if you own an asset in France, even if you’re not a citizen or a resident, you might have to report on your French assets and pay some tax,” says Ms Chapman. “So in some countries, owning assets pulls you into a tax filing where you might not otherwise have had to pay anything.”

The US tax regime can also impose a heavy burden on investors. “That’s a big factor when sending children to the US for

Figure 11: Zurich profile



	Zurich			
	Score/100	Rank/80	Region average	Global average
Overall score	65.8	9	54.5	54.9
1) Educational returns	67.0	16	51.2	53.2
2) Financial returns	43.6	76	57.2	58.0
3) Real estate returns	63.3	=26	58.2	57.9
4) Work experience	59.0	12	44.2	42.0
5) Social experience	92.5	=1	71.7	71.4

= before the rank indicates a tie in rank with another city





education as it's seen as being quite draconian," says Mr Jackson. "So you wouldn't want to fall into the tax regime inadvertently."

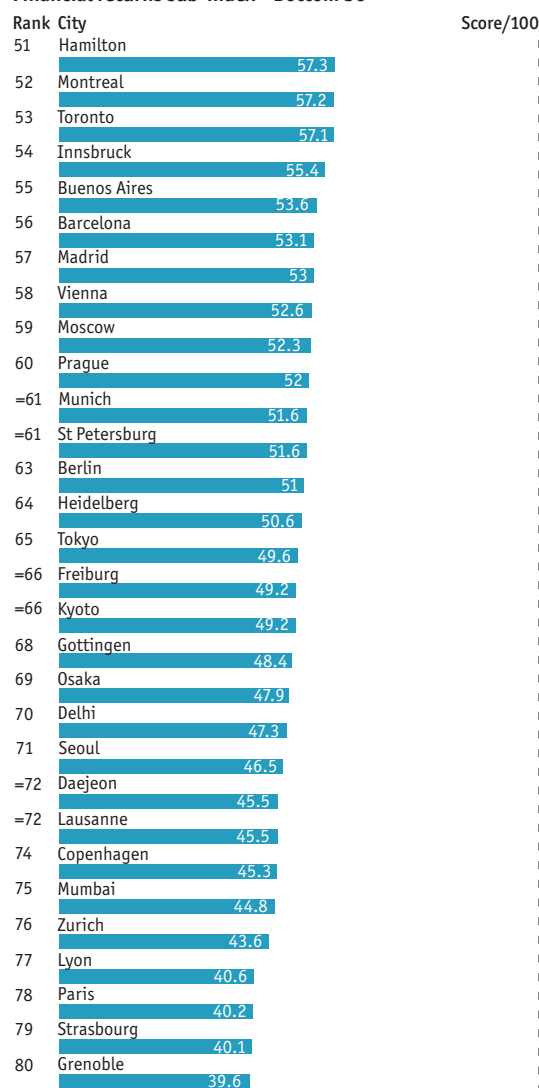
## Foreign currencies: careful management required

For people contemplating the payment of tuition fees in a foreign currency, real effective exchange rates also make a difference to the appeal of a destination as an educational investment. This pushes down some US, European and Australian cities, in which schools are already expensive in terms of fees.

Exchange rate values and currency volatility are major considerations when investing abroad. However, for some this need not be a major concern if parents can manage their foreign currency at home. "Our clients don't put large amounts of funds in the place where their children are studying," says Mr Jackson. "It's more about money transmission and foreign exchange management."

Nevertheless, Mr Jackson stresses the need to match education-related assets and liabilities so that investments made can yield gains in the currency that will be spent on tuition fees or supporting a child's living costs while studying abroad. "They might be running their investment portfolio from the UK with a global footprint—that is, through a management mechanism that's local, which is funding the education of a child who is in the US," he says.

Figure 12  
Financial returns sub-index—Bottom 30



= before the rank indicates a tie in rank with another city



## Real estate returns

Many parents want to look at other investment options in the city or country of their child's university—and this includes real estate purchases. However, while the average growth in real estate prices in the past five years is an important indicator (given that forecasting real estate trends more than a year ahead is an imprecise science), other factors must be considered. So this sub-index also takes into account things such as the openness of a city's real estate market to foreign investors, as well as the duties or taxes imposed on real estate investments.

When it comes to real estate in the world's major cities, the story in recent years has been one of remarkable price increases. Part of this is being driven by the increasing globalisation

of the world's wealthy, who are also becoming more interested in buying real estate in different destinations around the world, particularly in capital or leading cities.

“Many people with money want a bolthole outside their home country—whether to avoid political risk or to educate their children abroad,” says Matthew Montagu-Pollock, publisher of the Global Property Guide, a website offering information on buying overseas property that includes country comparisons on the basis of rental yields, taxes and investment prospects. “That has led to something we wouldn't have seen ten years ago, which is this dramatic rise in prices of properties in capital cities.”

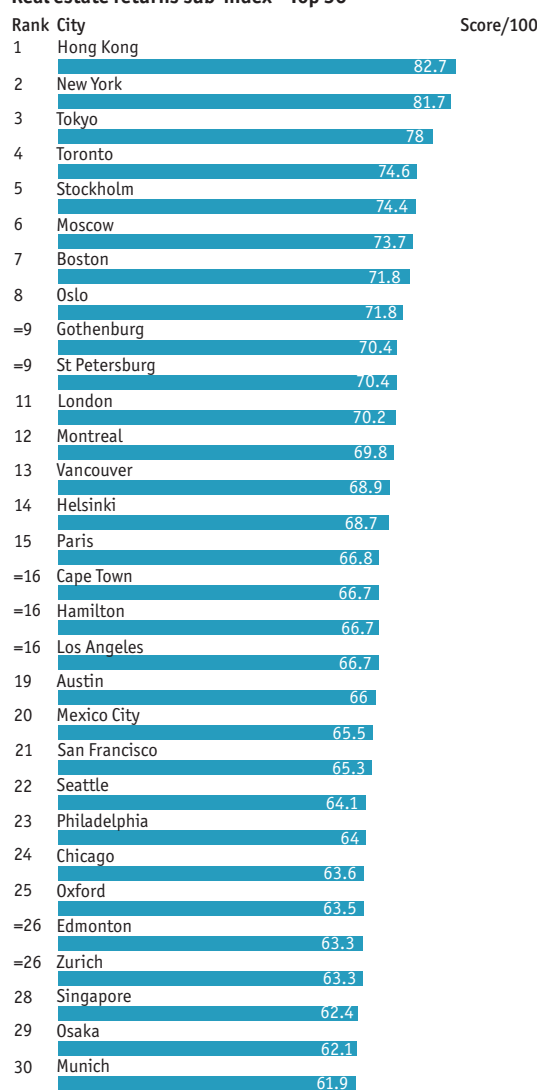
In some places, price increases that are only modest can be enhanced by the stability of the market, avoiding the risk of boom and bust scenarios. This is the case in Canada, which has avoided the mortgage crisis and corresponding fall in prices seen in some US cities in recent years. “There are no residency requirements for purchasing real estate,” says Mr Wong, “and real estate prices are stable but growing. Mortgage underwriting laws are tight so we didn't experience the crashes seen elsewhere.”

However, when it comes to investing in property overseas, the complexities of different fiscal regimes and ownership laws means potential buyers must look beyond capital gains. “You have to look at taxes and the round-trip costs when buying and selling a property,” says Mr Montagu-Pollock. “And one also has to look at yields or rental returns.”

Unsurprisingly, the real estate returns sub-index has many great world cities in its upper echelons, with Hong Kong, New York, Tokyo, Toronto and Stockholm making up the top five (see Figure 13).

**Figure 13**

**Real estate returns sub-index—Top 30**



= before the rank indicates a tie in rank with another city



However, in some countries the lack of openness of real estate markets to foreign investors pushes otherwise attractive, high-growth cities—such as Shanghai, Bangkok, Mumbai and Seoul—down in this sub-index.

## Beyond the price tag: valuations only half the story

As with financial returns, skyrocketing prices for real estate in some of the world's premier cities can be offset by factors such as high taxes and stamp duty. Although Hong Kong, New York, Moscow and London are among the top ranking cities in the real-estate returns sub-index, they do not score well on several indicators. For example, while Hong Kong does very well on rental returns and price growth over the past five years, it falls to near the bottom when it comes to duties and fees for foreigners, since it sharply increased its stamp duty for non-permanent residents earlier this year. Singapore also fares poorly on this score.

“Singapore and Hong Kong have become so attractive that governments there have put up barriers to entry, such as the significant increase in stamp duty,” says Mr Bailey, the author of Knight Frank's Global Cities section of the firm's 2013 Wealth Report. “That has made it harder to access those markets.”

High transaction costs have deterred some short-term overseas buyers in the UK, too. “The UK has suffered from the imposition of higher rates of stamp duty,” says Mr Jackson. “This has made it seem a relatively expensive place to buy property—particularly if you only want to hold it for a short period of time.”

Taxes also play a key role in property investment decisions in Europe, particularly as governments in the region start to think about ways of generating more revenue. Many European cities score poorly for the indicator measuring duties and fees payable by foreign property buyers and sellers, bringing down their overall score in the sub-index.

“For a long time the tax environment was relatively stable,” says Mr Bailey. “But three or four years into the ongoing recession, countries are looking at raising more revenue from property owners.” He stresses the need for investors to look not only at the potential for price rises when investing in property overseas but also the potential tax bill on capital gains at the point of sale or, if the property is rented out, taxes on those returns.

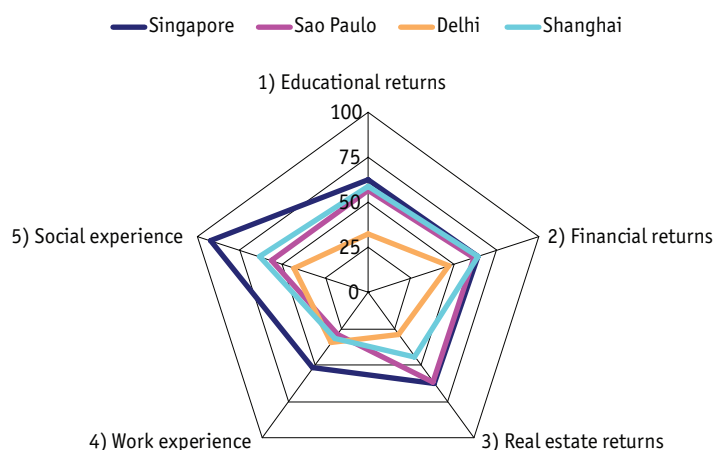
“In the US, if you're letting property it can get complicated and suddenly you're submitting an American tax return,” he says. “So when buying overseas, you need to look at the ability to enter the market and the ability to exit the market and repatriate gains.”

## Capital values and rental values do not always correlate

While some cities perform well in this sub-index because of the capital value of the properties, others do better when it comes to yields, in the form of rental returns. While emerging market cities such as Sao Paulo, Delhi and Shanghai have shown rapid growth in



**Figure 14: Cities with rocketing real-estate**



	Singapore		Sao Paulo		Delhi		Shanghai	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	65	12	52.1	52	35.8	80	52.7	49
1) Educational returns	62.6	=22	56.3	31	32.1	75	58.6	27
2) Financial returns	63.7	19	62.1	27	47.3	70	64	17
3) Real estate returns	62.4	28	61.7	31	28.8	80	44	72
4) Work experience	52	17	28.4	=73	34.2	=58	31.6	67
5) Social experience	92.1	4	56.4	69	43.6	75	63.2	=59

= before the rank indicates a tie in rank with another city

purchase prices over the past five years, some of those cities—including Shanghai and Delhi—are pushed down the index because of poorer rental returns (Figure 14).

“There’s not much correlation between prices and rental yields,” says Mr Montagu-Pollock, who stresses the need for investors to look at the price-to-rental yield ratios in the destinations where they are considering buying real estate. This is particularly the case for those buying homes for their children while students, who might not want to sell that property if the graduate then moves away.

“If you’re buying in Spain, for example, where the yields are very low, the rental yield might be 2%,” explains Mr Montagu-Pollock. “But the reality is that the cost of running it means you’re always running your property at a loss, unless you’re living in it yourself.”

## The welcome mat: openness to foreign investment is crucial

Also offsetting what looks like very attractive real estate returns in some cities is the openness of the market to foreign investors. High barriers for foreigners looking to invest mean that seven of the cities in the bottom ten in the real estate returns sub-index are Asian, despite high growth in real-estate prices. Delhi and Mumbai—both with booming



real estate markets—fall to the bottom of this sub-index, because of the impediments preventing foreigners of non-Indian origin from acquiring real estate in the country (see Figure 15).

“It’s usually pretty clear whether you’re allowed to buy or not,” says Mr Montagu-Pollock. “But if you go into that borderline situation where it’s not clear whether foreigners are welcome or not, that of course opens you up to risk.”

**Figure 15**  
**Real estate returns sub-index—Bottom 30**



= before the rank indicates a tie in rank with another city



## Work experience

After spending several years in a city as a student, many graduates want to stay on and seek work in the place where they have been studying. The relative ease of doing so is therefore among the factors contributing to the appeal of a study destination. This is captured in the work experience sub-index, which takes factors like visa availability, the unemployment rate and average wages into account.

For international students, a key consideration is the ability to obtain a post-study visa. Some countries, such as Canada, make this relatively easy. However, in other destinations, particularly countries such as the US, where immigration regulations are tighter, universities

must include assistance with visa applications among their support services.

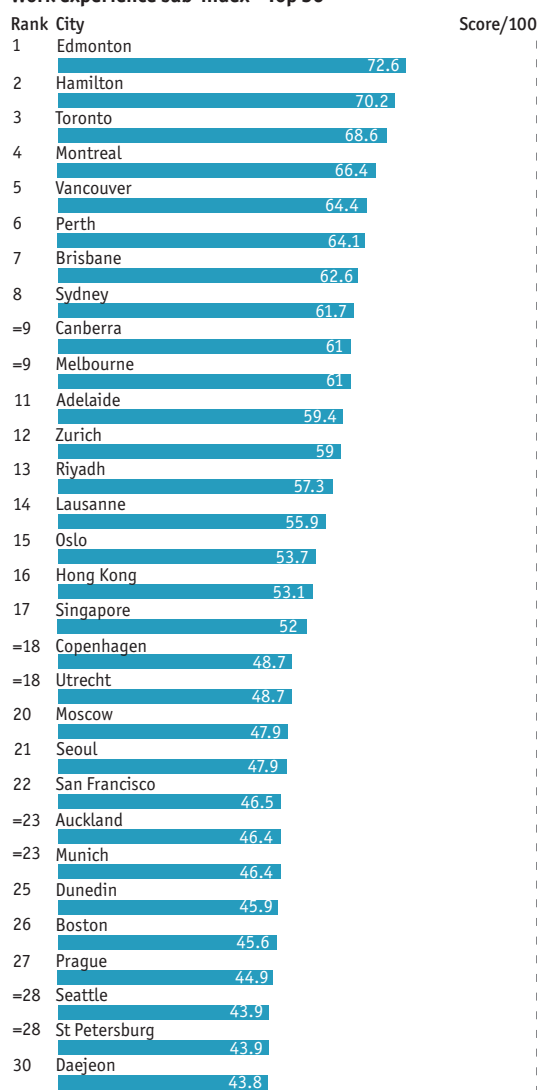
The importance of post-graduation work to potential students also means universities need to offer a range of career services to students (the presence of which is also measured in this sub-index). Part of this involves building relationships with the local businesses that are the potential employers of university graduates. The British Council's Ms Beall cites the example of Cape Town. "There's been an effort to link the city's four universities as a centre of knowledge for industry and to make the university, government and the private sector linked in a way that enables the city to position itself in the economic value chain," she says.

However, Ms Beall argues that careers advice should go beyond local job prospects, particularly for international students. "Since we live in an increasingly globalised world and interconnected economy, it makes no sense to prepare students only for local job markets," she says.

For a university, being at the heart of a dense business hub also helps in making the connections that can produce job offers for its graduates. In the case of Hong Kong, the city has the added advantage of sitting on mainland China's doorstep. "It's a very benign and appealing environment, there is that connection between business and academia and Hong Kong's location means that the market surrounding it is huge," says Ms Beall.

In this sub-index Canadian and Australian cities dominate the top of the list (see Figure 16), while some familiar European and Asian destinations also score well. No US cities make it into the top 20, however, with their ranking lowered by the difficulty of obtaining

**Figure 16**  
Work experience sub-index—Top 30



= before the rank indicates a tie in rank with another city



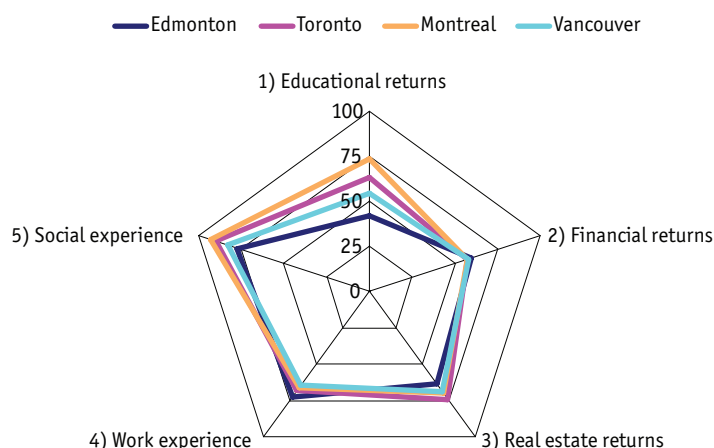
postgraduate work visas. Meanwhile, the poorest five performers are, with the exception of Cape Town, all southern European cities—Barcelona, Madrid, Lyon and Rome, due in part to high unemployment.

## Staying on: Canada and Australia score highly thanks to generous visa rules

For potential students or parents looking into possible destinations for their children's education, an important consideration is to identify a jurisdiction that has a job-seeker visa system in place that favours foreign postgraduates. For this reason, Canada and Australia feature most strongly in this sub-index, with progressive, open policies that seek not only to attract students from all over the world but also to give them the opportunity to contribute to the dynamism of their economies.

The openness of Canada in granting post-graduate work permits is what enables its cities to claim the top five places in this sub-index (see Figure 17). Canada allows students to stay on after graduation for as many years as their course lasted (with a minimum of eight months and a maximum of three years), without requiring a work sponsor. Moreover, the Canadian Experience Class (CEC) immigration programme allows foreign students (as well as temporary foreign workers) who have acquired skilled work experience in Canada to

Figure 17: Select Canadian cities



	Edmonton		Toronto		Montreal		Vancouver	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	58.4	=30	69.1	4	72.4	1	62.9	15
1) Educational returns	42.2	64	63.6	21	73.3	=6	54.4	35
2) Financial returns	59.4	=43	57.1	53	57.2	52	58	=47
3) Real estate returns	63.3	=26	74.6	4	69.8	12	68.9	13
4) Work experience	72.6	1	68.6	3	66.4	4	64.4	5
5) Social experience	77.5	=30	90	=5	92.5	=1	82.5	=14

= before the rank indicates a tie in rank with another city





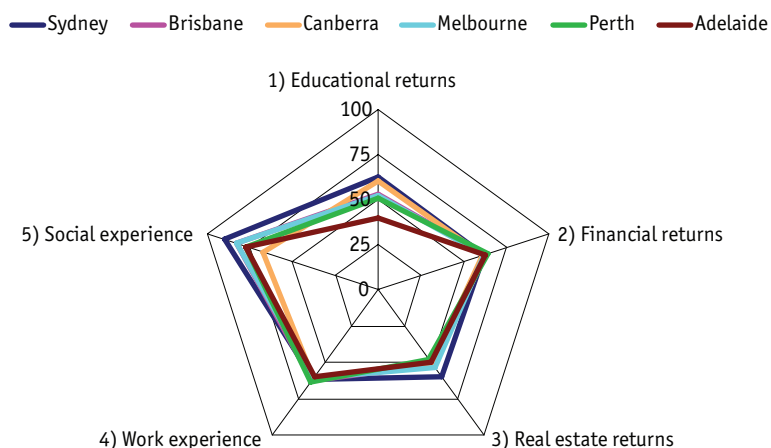
become permanent residents. “That’s a fantastic avenue for someone to not feel like they have to leave if they don’t want to,” says Mr Wong.

Cities in Australia also appear high on the list in this sub-index for the same reason, taking positions six to 11 (Figure 18). Australia allows people with bachelor degrees to stay on for two years, also without a work sponsor. “The provision of post-study work rights gives Australia a competitive advantage compared to other destinations that students and their families might be considering,” says Belinda Robinson, chief executive of Universities Australia.

The importance for Australia of post-study work possibilities in attracting international students was underlined by a previous fall in numbers of foreign students as a result of a tightening of visa regulations. After reviewing the situation, the government has recently eased the rules, streamlining visa procedures, enhancing post study options and reducing requirements for students to demonstrate access to finance.

Now, graduates completing a Bachelors degree, Masters by coursework degree or Masters (extended) degree in Australia can apply for a two-year post-study work visa. Graduates completing a Masters or Doctoral degree can apply for a three- or four-year post-study work visa respectively.

Figure 18: Australian cities



	Sydney		Brisbane		Canberra		Melbourne		Perth		Adelaide	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	66.2	8	60.3	=21	60.3	=21	60	=24	58.8	28	53.4	=46
1) Educational returns	62.6	=22	52.8	37	60	26	52.4	39	51	=44	39.5	=66
2) Financial returns	61.9	=29	62.8	=25	61	36	62	28	63.8	18	62.8	=25
3) Real estate returns	60.5	33	51.8	60	50.6	64	53.8	54	47.8	70	50.2	65
4) Work experience	61.7	8	62.6	7	61	=9	61	=9	64.1	6	59.4	11
5) Social experience	90	=5	82.5	=14	67.5	50	82.5	=14	77.5	=30	77.5	=30

= before the rank indicates a tie in rank with another city



“We’re already seeing a strong response to that,” says Ms Robinson. “The number of study visas issued in December 2012 for that quarter increased by about 8%—that suggests that these streamlined visa processes are having an effect.”

Other cities with less stringent immigration requirements for graduates perform well: foreign students in the Netherlands, for example, can use a “Zoekjaar” (“search year” or “search period”) visa that allows them to remain in the country for a year after completing their studies.

Conversely, the lack of such generous visas pushes schools in the US down in this sub-index. And by the same measure, cities such as Taipei, Singapore and Shanghai rank lower than expected, despite scoring well on other measures (such as average wages and unemployment), because of the absence of job-seeker visa programmes. For these and other places, this could put off potential students, even if their schools continue to do well in the educational rankings.

Meanwhile, post-financial crisis protectionism is having the opposite effect in some places. Both the US and Scotland have in recent years removed schemes that were once on offer to encourage international students to stay on.

Some of the immigration difficulties are as much a case of perception as reality. In the UK, for example, student visas hit the headlines after London Metropolitan University faced a legal battle over its right to sponsor students for UK visas after the UK Border Agency said it was not making proper checks. “The UK has suffered in reputational terms with what happened at London Metropolitan University, as well as from the rhetoric about reducing immigration,” says Mr Sowter.

As the recent changes in Australia’s postgraduate visa regulations indicate, there is evidence that some policymakers are waking up to the importance of postgraduate study possibilities in helping attract international students.

“We’re seeing interesting things with immigration policies and efforts to make it easier for students to move around,” says Mr Sowter. He cites the case of Russia, which has developed a system that identifies global universities whose graduates can get through the immigration process more easily and access postgraduate work-study options.

For Canada, pathways to permanent residency such as the CEC and various Provincial Nominee Programs targeting students and graduates at the post-secondary level reflect the country’s broad policy of openness, partly driven by economic factors. “To address our labour shortage we need people and without immigration our population growth would be close to negative,” says Mr Wong. “So Canada is very open to immigrants with education and skills.”

Yet at any point, terrorist activity can set back the easing of travel permits for overseas students. In the US, for example, the Department of Homeland Security has recently imposed



more rigorous security checks for all foreign students arriving in the US after discovering that a student covering up evidence of the Boston bombings had re-entered the country on a visa that should have been cancelled when he left the University of Massachusetts Dartmouth.

## Navigating immigration: US universities provide support

While a visa system that allows foreign students to stay on is a prerequisite for postgraduate work experience, universities also play an important role in helping their graduating students secure a position in the local workforce. In the work experience sub-index, this is captured by scoring universities in a given city on the presence and extent of support they provide for students to find work placements—and then taking an average for the city concerned.

The importance of this support is broadly recognised by universities, most of which offer careers services for their students. However, some universities have services specifically designed to help foreign students navigate visa regulations, promote their skills and qualifications and identify sources of employment. This is particularly true in the US, where visa restrictions can add an additional level of difficulty to a postgraduate job search.

“It doesn’t mean students aren’t able to gain employment related to what they are studying,” says Trudy Steinfeld, assistant vice-president and executive director of New York University’s Wasserman Center for Career Development. “But some important things have to be in place early on.”

In the US, the Optional Practical Training Extension (OPT) visa allows students to take off-campus employment if it relates to their field of study. “They need to make sure that what they’re studying aligns with the work experience they’re seeking – otherwise it’s harder to make the case,” explains Ms Steinfeld.

This means US university careers centres must prepare their students in good time. At institutions such as Cornell University, University of Pennsylvania and Oregon State University, for example, web pages list employers that hire foreign nationals. The University of Pennsylvania also offers access to experts on work permission and immigration regulations.

The international office at the University of Texas at Austin tackles the challenge another way—it encourages employers to consider hiring its foreign students and has produced a publication called “The Employers Guide to Hiring International Students”. It also offers assistance on immigration laws and regulations to any employer interested in doing so.

New York University’s Wasserman Center for Career Development offers a range of services for international students, from skills seminars to advice on handling interviews and tips on what US employers look for in a candidate.



“We bring in immigration experts, lawyers and company experts to provide all kinds of presentations and information,” says Ms Steinfeld. “Because if the students have the information early, then they can be proactive.”

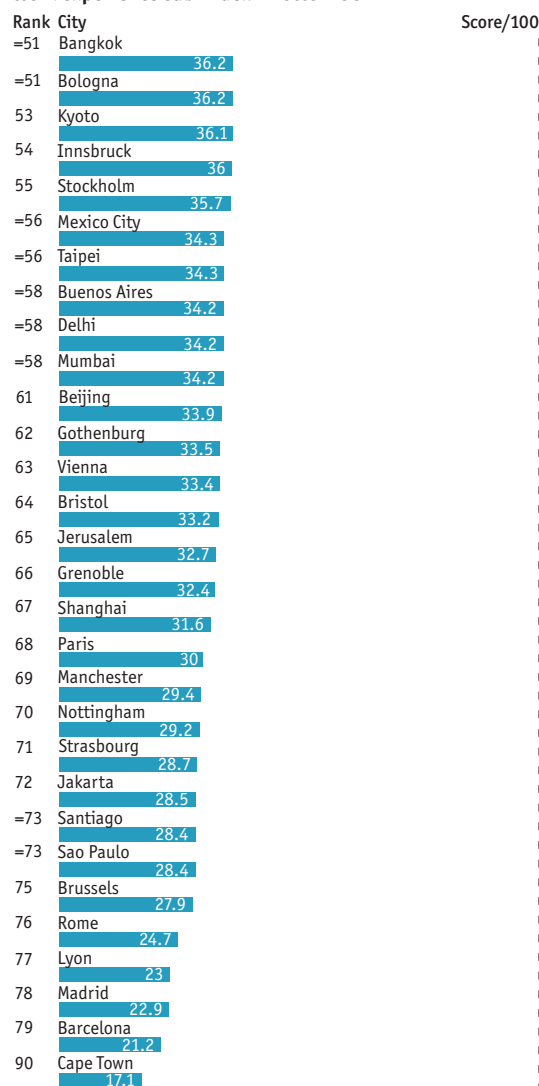
The centre also acknowledges immigration challenges for international students. In a section of its website titled “Handling the Visa Question”, it says: “For most students, a job interview is stressful enough. For international students, interviewing with American organisations, there is the added factor of how to discuss the visa status.”

## Joblessness a pervasive threat

Of course, even if overseas students looking for postgraduate work experience obtain the relevant visa, there is no guarantee that they will find a job. The reality is that across the world, the number of young people without jobs has reached an alarming level. Young people aged between 15 and 24 are almost three times more likely to be unemployed than adults, according to the International Labour Organization. High unemployment rates are a common factor for many cities at the bottom of the work experience sub-index (see Figure 19).

Figure 19

### Work experience sub-index—Bottom 30



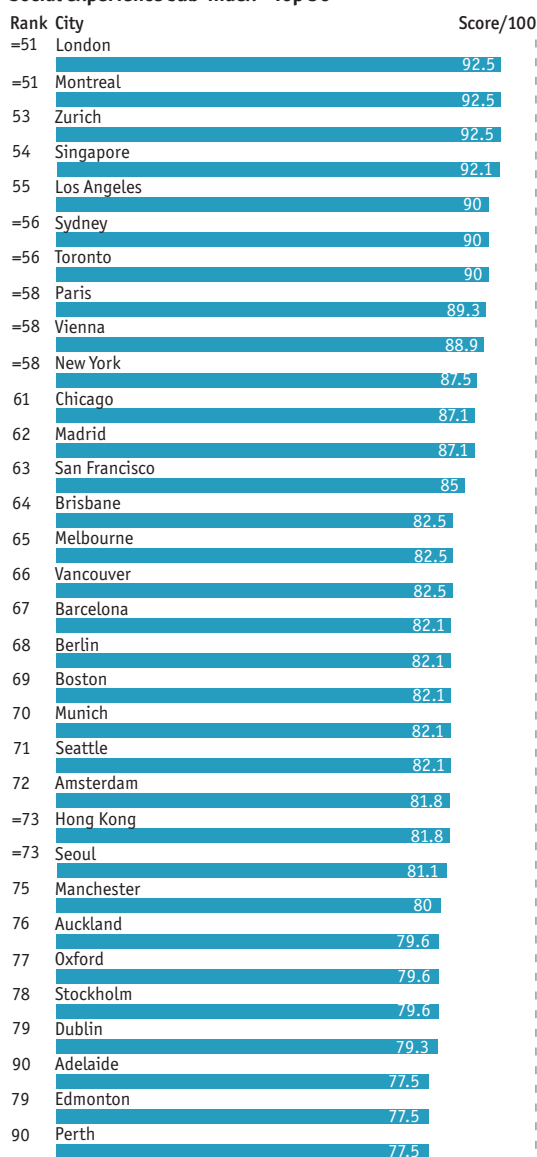
= before the rank indicates a tie in rank with another city



## Social experience

For a student looking for a high-quality educational experience, the richness of the social environment makes an important contribution. Part of this is found on campus, in the diversity of the student body. But equally, the city itself can provide a powerful draw if, in addition to its restaurants, theatre and other cultural attractions, it is also open, tolerant and has a multicultural population.

**Figure 20**  
Social experience sub-index—Top 30



= before the rank indicates a tie in rank with another city

“There are a number of elite universities for which the power of the university brand is so great that it overwhelms the city,” says Mr Olins. However, he adds that a second group consists of universities for which a big part of the attraction is the city in which they are located. He cites the case of London, which has a large number of universities. “And all of them underline the relationship they have with London, directly or indirectly,” he says.

The index therefore takes account of the different attractions of university cities—as well as negative factors such as crime levels, which may offset the appeal of these attractions and serve to make a city less desirable as a study destination.

Based on this range of factors, London, Montreal and Zurich make it to the top of this sub-index, with Singapore behind them and Los Angeles, Sydney and Toronto following after in joint fifth place (Figure 20).

### Cultural vibrancy: Western names still at the top

Unsurprisingly, the cities that have long been known as the world’s most vibrant remain near the top of this sub-index, and indeed it would be surprising if cities such as London, New York, Los Angeles, and Paris did not score highly in this respect. All the cities in the top 20 in this sub-index are well known for theatre, music, restaurants and other cultural attractions (Figure 21 compares some examples).

However, some argue that a city’s appeal can often have a lot to do with how well it has promoted its brand internationally. In this respect, Singapore (in fourth place in the social experience sub-index) has done well, says Dominic Balmforth, designated director at Ramboll City Planning, a Copenhagen-based consultancy.

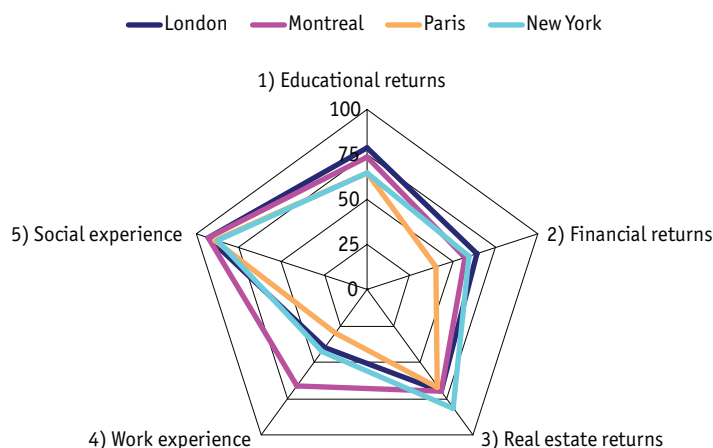


“Brand is very important when looking at attractiveness and competitiveness,” he says. “There is the real state of affairs and then there’s the branded state of affairs—and Singapore has been very good at showing itself off as a green and breathable city.”

Often, high-level policy decisions can contribute to cultural vibrancy. This is the case in Montreal, where the quality of theatre, music and other cultural attractions has pushed it into the top ten cities in this sub-ranking—contributing to it’s number-one position in the headline Sea Turtle Index. In fact, all Canada’s cities benefit from the government’s desire to maintain a culture that is distinct from that of its southern neighbour, the US, explains Mr Wong. “And the federal government is active in promoting multiculturalism and has significant funding for the arts,” he says.

To be sure, a city’s brand is not always rooted in its cultural offerings. Despite the fact that, as Mr Balmforth puts it, Zurich is “not the most sociable of cities in Europe”, it nevertheless makes it to the top of this sub-index, along with London and Montreal. “Cities like Zurich have a symbolic brand value, particularly to Chinese students and perhaps also American ones,” he says. “It also has a financial brand, so parents and students going there see it as a solid city that is trustworthy.”

Figure 21: Cultural capitals



	London		Montreal		Paris		New York	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	70.2	2	72.4	1	58.6	29	65.3	10
1) Educational returns	78.9	3	73.3	=6	64.7	=18	65	17
2) Financial returns	64.3	16	57.2	52	40.2	78	59.3	45
3) Real estate returns	70.2	11	69.8	12	66.8	15	81.7	2
4) Work experience	40	40	66.4	4	30	68	43	32
5) Social experience	92.5	=1	92.5	=1	89.3	8	87.5	10

= before the rank indicates a tie in rank with another city



## Connected and open: diversity and accessibility matters

It is often said that students learn as much from their peers as from the professors, lectures, tutorials and textbooks. For this reason, the diversity of the student mix—including number of international students as a proportion of the total student cohort—has an impact on the educational experience, as does the tolerance and diversity of the broader population living off campus.

When it comes to classroom learning, Miriam David, a professor at the University of London's Institute of Education, argues that diversity is a vital part of the educational experience. "There are huge benefits," she says. "It depends on your educational aim—and if it's to be more than just involvement in particular forms of employment, social relationships are very important to quality learning."

As student mobility increases, classrooms are becoming more diverse in terms of the nationality of the student cohort. The change has been dramatic in recent years. Between 2000 and 2010, the number of foreign tertiary students enrolled worldwide has grown by 99%, according to the OECD, with an average annual growth rate of 7.1%.

This is particularly true for institutions in Australia, France, Germany, the UK and the US, which each receive more than 6% of all foreign students worldwide, according to the OECD, which also found that international students make up 10% or more of the enrolments in higher education in Australia, Austria, Luxembourg, New Zealand, Switzerland and the UK.

Some universities have been aggressively promoting classroom diversity. For example, the Canadian government is introducing policies and programmes designed to attract students from emerging markets to the country. Its Student Partners Program (SPP) streamlines the study permit application process for students planning to attend an SPP member school. Its Mitacs Globalink programme, meanwhile, pairs top-ranked undergraduate students and faculty at Canadian universities for a 12-week research project, helping showcase Canadian research opportunities. The 2013 programme will bring in students from India, China, Brazil and Mexico.

Away from the campus, the diversity of city populations and commitment to inclusiveness is equally important. In fact, this helps push many Australian and Canadian cities up in this sub-index, with many of them represented in the top 20.

"Canada in general is very good at promoting diversity and compared to the US, it's day and night," says Mr Schleicher. "They start early with childhood education that picks up the differences and they ensure that students from diverse backgrounds find themselves reflected in the curriculum."

When it comes to diversity outside the campus, Mr Balmforth argues that the perception of accessibility, openness, trust and tolerance is not based on people alone. "It's also based on





city form and how the city looks and feels,” he says. “And Singapore has done a good job of this, which is why it’s high up—aesthetically and visually, it feels good to be in Singapore.”

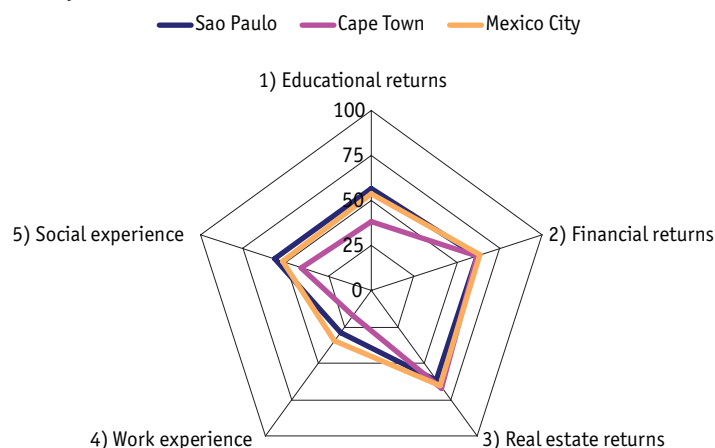
## Crime does not pay: students want to feel safe

While some cities offer plenty of cultural attractions, the prevalence of both petty and violent crime pushes them down in this sub-index. This is the case for some Indian and Latin American destinations—Buenos Aires, Mumbai, Mexico City and Sao Paulo among others—that would otherwise rank relatively well (see Figures 22 and 23).

Conversely, low crime rates have pushed some cities up this sub-index, despite the fact that other cities are better known for their cultural attractions and social life. This is the case for Zurich and Montreal, which join London in first place at the top of the social experience sub-index in part because of their low prevalence of violent crime.

In fact, Canadian cities in general perform well in this sub-index due to low prevalence of crime. “A big part of what drives crime is the gap between rich and poor, and in Canada, it’s a much flatter society because of the progressive tax system and generous social programmes,” says Mr Wong. “So overall we have very low crime rates.”

Figure 22: Highest crime prevalence

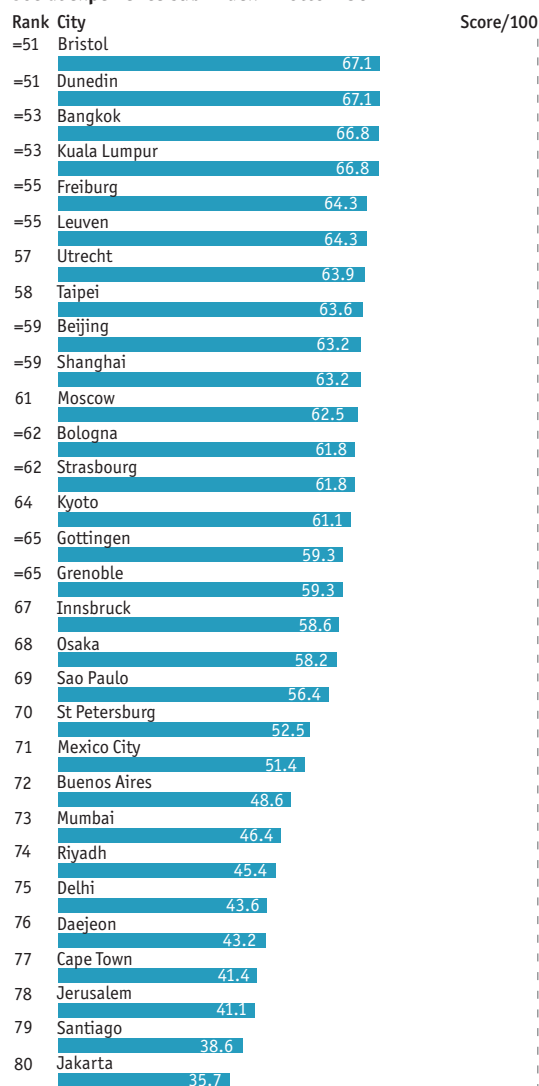


	Sao Paulo		Cape Town		Mexico City	
	Score/100	Rank/80	Score/100	Rank/80	Score/100	Rank/80
Overall score	52.1	52	41	75	52.2	51
1) Educational returns	56.3	31	38.4	69	53.7	36
2) Financial returns	62.1	27	61.7	34	63.6	20
3) Real estate returns	61.7	31	66.7	=16	65.5	20
4) Work experience	28.4	=73	17.1	80	34.3	=56
5) Social experience	56.4	69	41.4	77	51.4	71

= before the rank indicates a tie in rank with another city



**Figure 23**  
**Social experience sub-index—Bottom 30**



= before the rank indicates a tie in rank with another city

Meanwhile, with the exception of Singapore, European and Australian cities dominate the higher echelons of the list of those that do well on safety.

Nevertheless, some argue that crime may not necessarily deter students from choosing a city for their studies, if that city has sufficiently powerful attractions. “People worry about crime, but that doesn’t mean they wouldn’t go to a city that has crime in it,” says Mr Olins. “A young person thinking about a university education would find London more exciting place to learn than Vienna, even though London probably has a lot more crime.”



## Conclusion

The world of higher education is undergoing a dramatic shift. According to OECD figures, traditional destinations are still the choice for many international students, with Europe accounting for 41% of those studying outside their country and North America taking in 21% of all international students. However, fast-growing economies such as Asia and Latin America are providing increasingly attractive options for those looking to study abroad.

Even so, when looking at the overall picture, emerging economies may not always offer the most powerful incentives to parents looking to make the best choice from among the international education options. Some emerging markets erect barriers to foreign investment or make it difficult to participate in the local financial system. And the prevalence of violent crime found in some developing cities offsets their otherwise appealing characteristics.

Meanwhile, within emerging markets, some regions are more attractive to students and parents than others. Latin American and Russian cities perform relatively poorly compared to Asian counterparts in the index, whether because of crime rates or closed real estate markets.

However, the Sea Turtle Index offers a powerful sign of things to come. While destinations in the US and Europe maintain their strong educational branding, Hong Kong is now competing with these destinations, in position three in this index, after London and Montreal. What this indicates is that as universities in emerging markets bolster their brand and teaching quality and parents and students become more demanding, traditional and long-established university cities are no longer the only educational options.

And with countries such as Canada and Australia successfully attracting emerging market students, it is clear that it will be the forward-looking, open destinations—not those with protectionist regulations or closed outlooks—that will do well in the evolving educational landscape. For some, these open policies are already paying off. International students in Canada are estimated to contribute more than C\$8bn annually to the country's economy, up from C\$6.5bn in 2008.

What the index also highlights is the fact that potential returns on investment go beyond the academic knowledge acquired by a student during his or her degree course. They include the social and cultural experiences in which they are immersed both in the classroom and in the city beyond the campus. Returns also include the related work experience students can gain after completing their degrees or the investment experience they acquire if they have been involved in the financial or real estate investments their parents have made in their university city.

Critically, while all these returns enhance the overall educational experience while at university, these experiences are a way of building the knowledge and skills that will serve the “Turtles” once they return home, helping them secure a job or build their own business



and lead successful and fulfilling lives. And ultimately it is this that—for both parents and students—represents the true return on investment in education.



## Appendix: Index methodology

The Bank of Communications Sea Turtle Index, created by The Economist Intelligence Unit (EIU), ranks 80 cities by the overall potential return on an undergraduate education at institutions in those cities. The index considers educational returns, financial returns, real estate returns, work experience and social experience. To compile the index, the EIU ascribed different weightings to sub-indices representing each of these five factors (themselves compiled from a variety of separate indicators, listed in the table below). Educational returns received the highest weighting.

In order to construct aggregate scores for each sub-index, individual indicator scores, whether based on a 1-5 rating (such as exchange-rate volatility) or an actual number (such as real GDP growth), were all normalised on a scale of 0-100 using a min-max calculation. 100 represents either the best possible score or, where applicable, the top score.

### List of sub-indices, indicators and their weightings in the Sea Turtle Index

Indicator	Unit	Source	Weight
<b>Educational returns</b>	<b>Rating 0-100 (100=best)</b>	<b>Weighted sum of indicator scores in this sub-index</b>	<b>40%</b>
Ranking in QS top 300 university ranking 2012	Rating 1-5 based on combination of university rankings and number of universities in certain bands, 2012	QS*; EIU	50%
QS 'employer activity' ranking	Rating 1-5 based on QS city-level assessment of how well-regarded this city's graduates are by domestic and international employers, 2012	QS*; EIU	10%
Average annual cost of an undergraduate programme	US\$ (minimum annual fees, averaged across universities covered), 2012-13	EIU	15%
Cost of living for an undergraduate	Rating 1-5 based on monthly cost of food and rent for a student, 2013	EIU	15%
Range of programmes available	Rating 1-5 based on the variety of undergraduate programmes available in the universities covered, 2012-13	EIU	10%
<b>Financial returns</b>	<b>Rating 0-100 (100=best)</b>	<b>Weighted sum of indicator scores in this sub-index</b>	<b>12.5%</b>
Real GDP growth (next 5 years)	% (CAGR 2013-2017)	C-GIDD; EIU	20%
Exchange rate volatility	Rating 1-5 based on EIU assessment of 2013-2017 outlook	EIU	20%
Real effective exchange rate	Index based on EIU assessment of 2013-2017 outlook	EIU	20%
Openness of banking system to foreign investors	Rating 0-100 based on EIU assessment of 2013-2017 outlook	EIU	20%
Tax environment for financial investors	Rating 0-100 based on local taxes affecting foreign investors, 2013	EIU; various consultancies and government agencies (see acknowledgements)	20%

Note\*: University data was provided by QS Best Student Cities Research, QS Intelligence Unit - [www.iu.qs.com](http://www.iu.qs.com). Scores may differ slightly from the published results of the QS Best Student Cities 2012, as QS excludes cities with fewer than two ranked universities and with a population lower than 250,000. Here, these indicators have been recalibrated to include a larger number of cities.


**List of sub-indices, indicators and their weightings in the Sea Turtle Index**
*continued*

Indicator	Unit	Source	Weight
<b>Real estate returns</b>	<b>Rating 0-100 (100=best)</b>	<b>Weighted sum of indicator scores in this sub-index</b>	<b>12.5%</b>
Openness of local real estate market to overseas investors (in policy terms)	Rating 1-3 (where 3=no restrictions on foreign individuals buying residential property), 2013	EIU	25%
Average growth in residential real estate prices (last 5 years)	% (CAGR 2007-2012 or closest available data)	EIU; various real estate companies (see acknowledgements)	25%
Duties and fees for foreigners	Rating 0-100 based on extent of real estate duties and fees levied on non-resident foreigners, 2013	EIU; various consultancies and government agencies (see acknowledgements)	25%
Average rents (residential properties)	US\$ (estimate based on 1-bedroom apartment near to city centre), 2013	EIU	25%
<b>Work experience</b>	<b>Rating 0-100 (100=best)</b>	<b>Weighted sum of indicator scores in this sub-index</b>	<b>20%</b>
Length of postgraduate job-seeker visa or permit for foreign students	Number of months, as of 2013	EIU	25%
Support from the university in seeking job placements	Rating 0-5 based on average performance of universities covered, 2013	EIU	10%
Unemployment rate	% of city's workforce unemployed, 2012 or latest available year	EIU, various local statistics offices	20%
Average wages	US\$ (based on average wage of city's working age population), 2012 or latest available year	EIU, various local statistics offices	25%
Income tax	City's top marginal income tax rate as of 2013, %	KPMG	20%
<b>Social experience</b>	<b>Rating 0-100 (100=best)</b>	<b>Weighted sum of indicator scores in this sub-index</b>	<b>15%</b>
QS 'student mix' score	Rating 1-5 based on QS' assessment of the size and diversity of the city's student population, 2012	QS*; EIU	20%
Openness and diversity	Rating 1-5 based on EIU assessment, 2013	EIU	20%
Quality of regional and international links	Rating 1-5 based on EIU assessment, 2013	EIU	20%
Availability of quality theatre, music and other cultural attractions	Rating 1-5 based on EIU assessment, 2013	EIU	20%
Prevalence of crime	Rating 1-5 based on EIU assessment, 2013	EIU	20%

Note\*: University data was provided by QS Best Student Cities Research, QS Intelligence Unit - [www.iu.qs.com](http://www.iu.qs.com). Scores may differ slightly from the published results of the QS Best Student Cities 2012, as QS excludes cities with fewer than two ranked universities and with a population lower than 250,000. Here, these indicators have been recalibrated to include a larger number of cities.

## University and city selection

The index clusters the top 300 universities from the QS World University Rankings into major cities, allowing for richer data and greater regional diversity in results. The EIU used OECD statistics on the percentage of international students going to each country to decide on the number of cities to include per country.

Many countries covered in the index, despite hosting one or more top-300 universities, attract less than 1% of global international students, so for these only the city hosting



the country's top-ranked institution is represented. As the US attracts nearly 17% of all international students—the largest share of any country—the index includes more cities from the US than from any other nation. These cities were selected not only according to their universities' global university ranking, but also by taking into account sub-national regional diversity.

## Data sources

A team of researchers from The Economist Intelligence Unit collected data for the index in February-March 2013. Where applicable, the team used proprietary quantitative and qualitative EIU forecasts for the 2013-2017 period, such as for real GDP growth and openness of banking system to foreign investors. For university-level data, the EIU used university websites and prospectuses, while official statistics agencies were the main sources for city-level data such as wages and unemployment rates.

The team also conducted a considerable amount of primary research to fill in the gaps as well to gather those data points not freely available through secondary sources. Primary sources included many universities, government agencies, real estate firms and consultancies.

## Acknowledgements

The EIU would like to extend its appreciation to the following organisations and individuals, who played an important role in developing the index by contributing data and/or verifying information. We would also like to thank all the universities and local government agencies/departments who similarly assisted with the research.

### Organisations

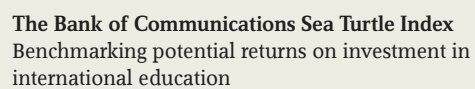
CBRE  
DTZ, a UGL Company  
Ernst & Young  
Fundação Instituto de Pesquisas Econômicas, Brazil  
IPD, an MSCI Brand  
Jones Lang LaSalle  
KPMG  
Knight Frank  
National Association of Home Builders, US  
Reis  
QS Intelligence Unit  
Pricewaterhouse Coopers  
RP Data

### Individuals

Eli Nebreda  
Jair Chavarria  
Jennifer Kim  
John Evans



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# SEA TURTLE INDEX: BOTTOM TEN CITIES



OVERALL RANKING		
RANK	CITY	SCORE
71	MADRID	44.3
72	ROME	43.1
73	INNSBRUCK	42.9
74	ST PETERSBURG	42.4
75	CAPE TOWN	41.0
76	STRASBOURG	39.3
77	GRENOBLE	38.5
78	MUMBAI	36.7
79	JAKARTA	35.9
80	DELHI	35.8

CITY OVERALL RANKING





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