Asian Urbanization trends

ASIA REPORT 2016

BBVA Research Asia, MENA & Geostrategy Unit
Key takeaways

1. Urbanization phenomenon has increasingly spread over the last years, fostered by Asia and it’s expected to continue in the next decade.

2. China and India, followed by Indonesia, are leading this urbanization process.

3. The rapid pace of urbanization will drive higher income growth and consumption expenditure, as well as a change in consumption patterns.

4. Competitiveness levels and the adoption of new technologies will also be triggered by higher urbanization rates.

5. Government must be supportive of these social changes with transparent, responsive and dynamic policies to take advantage of it.
Close to 50% of population around the world will live in urban areas by 2025…

Source: BBVA Research, UN
...and agglomeration in Asia will become increasingly relevant...

The world’s cities by size class of urban settlement.

Source: BBVA Research, UN
…growing faster than the rest of the world…

Average annual rate of change of city populations by size class of urban settlement, 1990–2025

Source: BBVA Research, UN
Asia social trends projections

… with China as the main contributor…

Source: BBVA Research, UN
Asia social trends projections

... following its rapid urban expansion between 2000 and 2010

China population density 1990

China population density 2010

Beijing
Shanghai
Guangzhou

Beijing
Shanghai
Guangzhou

Source: BBVA Research, UN
Asia will concentrate 21/37 world megacities…

Evolution of cities by size class of urban settlement in the Asia-Pacific region during 1990-2025

Source: BBVA Research, UN
…with heterogeneities between regions

Number of Cities Classified by Size Class of Urban Settlement, Region and Country in Emerging Asia, 1990 to 2025

Source: BBVA Research, UN
Urbanization trends will continue…

Urbanization evolution over time in the Asia-Pacific region, 1990, 2015, 2025

Percentage of the Population in Urban Areas

Source: BBVA Research, World Bank and UN
Asia social trends projections

... but at different pace in each country...

China’ Population distribution by area (1960-2025) (‘000)

India’ Population distribution by area (1960-2025) (‘000)

Indonesia’ Population distribution by area (1960-2025) (‘000)

Korea’ Population distribution by area (1960-2025) (‘000)

Source: BBVA Research, UN, WB, IMF
... and having a positive impact on income growth...

Level of urbanization and GDP per capita in the Asia-Pacific region in 2000-2015

Level of urbanization and GDP per capita in the Asia-Pacific region in 2015

Source: BBVA Research, World Bank and UN
... labor productivity ...

Level of urbanization and labor productivity in the Asia-Pacific region in 2000-2015

Source: BBVA Research, World Bank and UN
...and on consumption...

Level of urbanization and household final consumption expenditure in the Asia-Pacific region in 2015

Population distribution by area in 2010

Household consumption distribution by area in USD PPP in 2010

Source: BBVA Research, World Bank
...leading to a change in the consumption patterns...

Consumption Pattern by consumption segment in China (2010)

Urban VS National Consumption Pattern in Asia-Pacific region
(GDP per capita, % en consumer price index basket, 2010)

Source: BBVA Research and IMF
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... and triggering competitiveness...

**Technological adoptions in 2015**
(scale ranges from 1 to 7, best)

![Graph showing technological adoptions in 2015 for various Asian countries](image)

**Global Competitiveness Index in 2015**
(scale ranges from 1 to 7, best)

![Graph showing the Global Competitiveness Index in 2015 for various Asian countries](image)

Source: BBVA Research, WEForum
...although there’s still room for improvement in some Asian countries

Source: BBVA Research, Weforum
Higher levels of urbanization also lead to the spread of ICT

Level of urbanization and internet use in the Asia-Pacific region in 2015

ICT developments in the Asia-Pacific region in 2005-2016*

* Estimate
Source: BBVA Research, ITU World Telecommunication /ICT Indicators database
Urbanization also leads to higher quality of infrastructures and workforce.

Global Quality of Infrastructures in 2015 (scale ranges from 1 to 7, best)

Education and training in 2015 (scale ranges from 1 to 7, best)

Transport infrastructure in 2015 (scale ranges from 1 to 7, best)

Source: BBVA Research, Weforum
It will depend on government policies to take advantage of it

Urban governance

Improve urban infrastructure and services

Foster transparency and accountability

Promote more responsive and dynamic policies

Infrastructure and education indices across Asian countries, 2010-2015
(scale ranges from 1 to 7, best)
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This report has been produced by Asia, MENA & Geostrategy Team

*Chief Economist,*
Asia, MENA & Geostrategy
Álvaro Ortiz Vidal-Abarca
alvaro.ortiz@bbva.com

Le Xia
le.xia@bbva.com

Tomasa Rodrigo
tomas.rodrigo@bbva.com

Sumedh Deorukhkar
sumedh.deorukhkar@bbva.com

**Contact details:**
BBVA Research
Ciudad BBVA
28046 Madrid (Spain)
Tel. +34 91 374 60 00 and +34 91 537 70 00
Fax. +34 91 374 30 25
bbvaresearch@bbva.com
www.bbvaresearch.com

BBVA Research Asia
43/F Two International Finance Centre
8 Finance Street Central
Hong Kong
Tel: +852 2582 3111
E-mail: research.emergingmarkets@bbva.com.hk
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