Made It Or Not? A Very Rough City Categorization Using GDP Per Capita

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Categorization is somewhat like generalization i.e. "Generalizations are false, including this one". Yet, there is sometimes a need for doing so, like grouping various cities into different categories for ease of memory, analysis, identification and decision-making. While city-based economic information may not be widely available in Asia overall except for a few places like Hong Kong, Singapore etc, **a very rough city categorization** by GDP per capita may be useful as a quick albeit subjectively suggested guide for gauging the real estate potentials, in particular the private residential sector, of a city:

a) GDP per capita US$1,000 or less " **Not Even Starting to Make It**" Category = Generally, the city is a poor one in nominal financial terms and except for a wealthy few, a proper* real estate market is unlike to exist. Still pretty much 3rd world economy. [*' Proper' here refers to real estate markets having a reasonable level of quality and construct of buildings, of sufficient scale and size, and with facilitating mechanisms including legal, financing, brokerage frameworks and so on]. For instance, the secondary towns and cities in much of South and South-East Asia or the West in China.

b) GDP per capita US$1,001 – 5,000 "**Beginning to Make It**" Category = some signs of 'middle classes' begin to emerge, thus forming the backbone for a potential private real estate market. Concentration is still on acquiring home appliances, mobile phones, cars and so on and only the really well-to-do can afford to acquire a decent private home (unit). Real estate developers, large or small, good or bad, start to emerge (sometimes from nowhere!). 2nd world economy. For instance, Shanghai, Beijing, Bangkok, Manila (overall) etc.

c) GDP per capita US$5,001 – 10,000 " **Just Made It**" Category = a fairly basic private real estate market should have been formed with a good distribution in terms of property types, building qualities, and values. A significant portion of the city population should be able to afford a private home and home ownership is not limited to a wealthy few. Average quality of homes, especially in property management terms, may still be relatively low though. The real estate development industry may still feature numerous players and a major market 'elimination' has yet to take place. Top of the 2nd world league. For instance, Kuala Lumpur etc.

d) GDP per capita US$10,001 – 20,000 " **Making It To The Top**" Category = a more complex real estate market begin to take shape with better buildings and technologies etc. Generally there is a good prospect for the upgrading market sectors as the professional and managerial classes start to reap major benefits. Only the stronger real estate developers are likely to survive and reap the most benefits. Bottom of 1st world league. For instance, Seoul, Taipei etc.

e) GDP per capita US$20,001 – 30,000 " **Made It to the Top**" Category = usually a modern city with a relatively sophisticated real estate market complimented by a good level of financial, legal and transactional frameworks. There is a prospect for developing buildings of the highest quality. Economic emphasis is likely on the services industry rather than manufacturing and the city has some bearing on the global economy and markets. The real estate developers left are probably the most competitive within the city. 1st world economy. For instance, Hong Kong, Singapore etc.

f) GDP per capita US$30,000 or more " **Made It Big Way**" Category = similar to (e) but have just more of it. Definitely top of 1st world league. For instance, Tokyo [note = first, there is a danger that it may slip in real terms, and second, the author can only think of Tokyo for this category in Asia. Suggestions from the readers are welcome].

We would again stress the above categories are quite rough and in reality, the cities are not as clean-cut as the categories suggest and **overlapping characteristics do exist**. Furthermore, notwithstanding the categorization is based on GDP per capita, it does NOT necessarily follow that GDP per capita is a factor or reason leading to the conditions observed for a certain category and vice versa. Also, no allowances have been made for the effects from business cultures, economic arrangements and policies, or administrative preferences related to a city and / or its host country. Readers may also have noticed that a higher GDP per capita city does NOT automatically imply that its inhabitants own substantially more in physical terms (or "feels" wealthier) than his / her counterpart living in a lower GDP per capita city, except when the higher GDP per capita city dweller decides to relocate to the lower GDP per capita city.

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