

BlackRock®

The

5 Megatrends

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What is a megatrend?

A structural, long-term shift that has irreversible consequences for the world around us.



Why do these trends matter to investors?

Where these trends collide and overlap, new investment themes appear.

In addition, megatrends can create structural shifts in industries as well as change the drivers of corporate earnings.

① Shifting economic power
The shift of economic might to emerging markets and developing economies, including China.

② Climate change and resource scarcity
The impact of climate change as well as an increased strain on the world's resources, including energy, food, metals, and water.

③ Technological breakthrough

The rapid advancement of technology, especially artificial intelligence (AI) and machine learning, is at the centre of all megatrends.

④ Demographics and social change

Changes in global demographics (i.e., world population, density, education level, etc.) will bring social change.

⑤ Rapid urbanisation

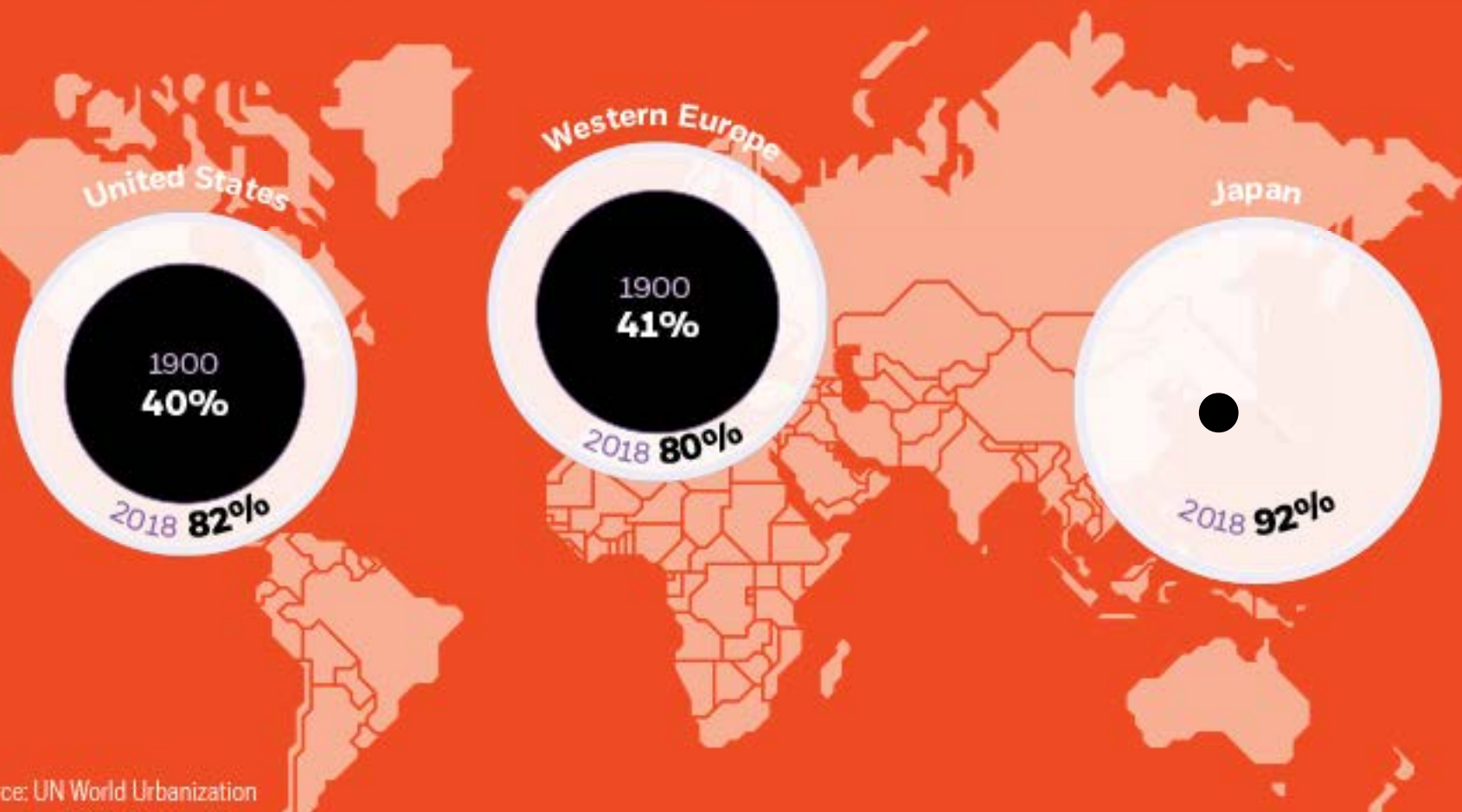
The global migration to megacities, and the challenges and opportunities that emerge as a result.

Of these five fundamental forces shaping the future of society, rapid urbanisation will likely have the biggest effect on how and where humans live, creating a myriad of investment opportunities in the process.

An Introduction to Rapid Urbanisation.

Over the last century, there has been a migration to cities, especially in developed economies:

Share of Population Living in Cities (%)



Source: UN World Urbanization Prospects 2018, Our World in Data, urbanisation (Sep 2018)

Cities are sources of innovation and wealth creation – and the World Bank estimates that over

+80%

of global GDP is now generated in cities.

Source: World Bank Urban Development (Oct 2018)

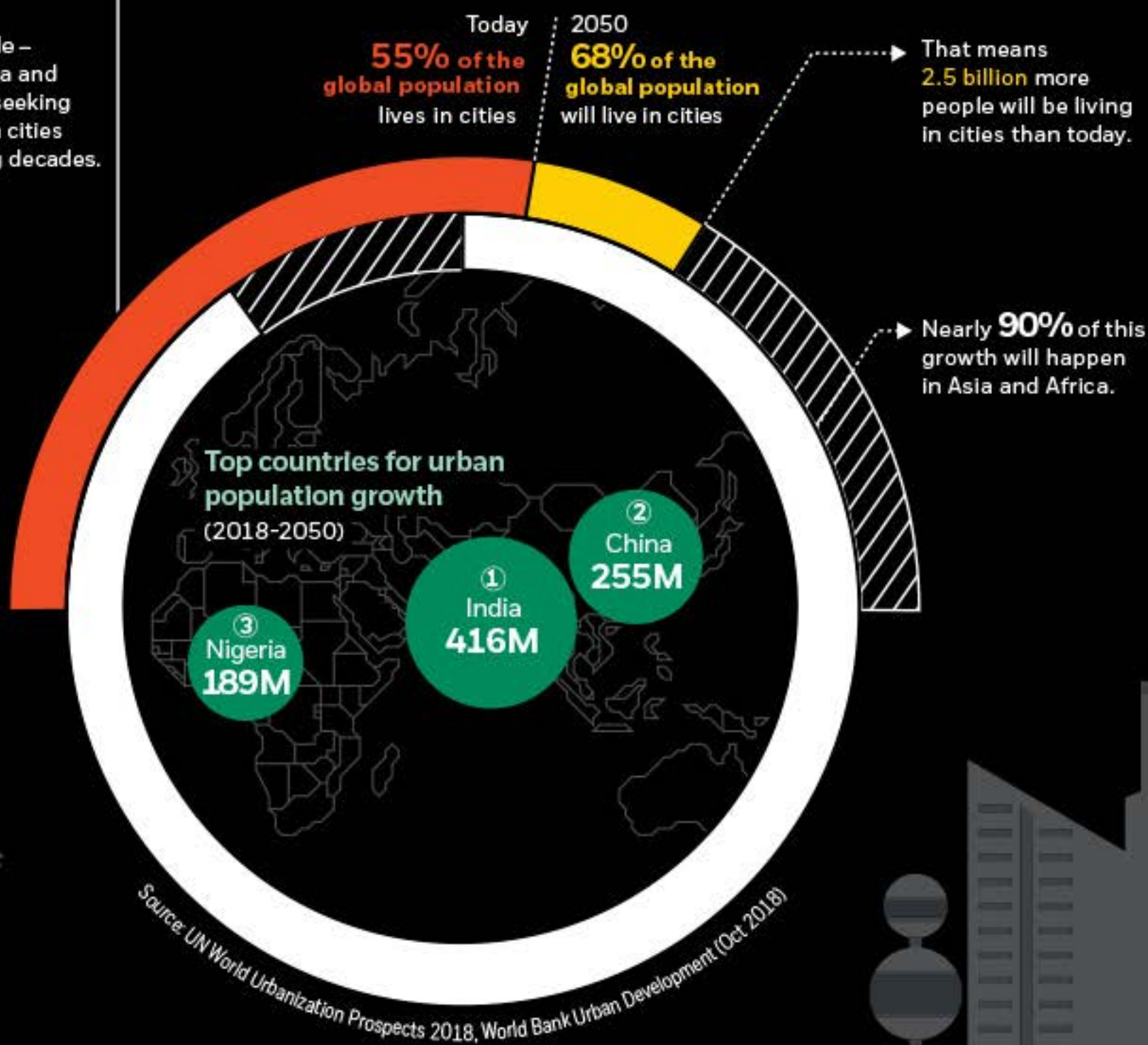


Billions of people – especially in Asia and Africa – will be seeking opportunities in cities over the coming decades.



A Global Shift

Over the coming decades, the large-scale impact of urbanisation is expected to become even more amplified as rapid urbanisation spills over to the rest of the world.



Megacity Mania

But it's important to note that people are not only flocking to cities, they are flocking to megacities – urban conglomerations with more than 10 million people, such as Lagos or Shanghai.

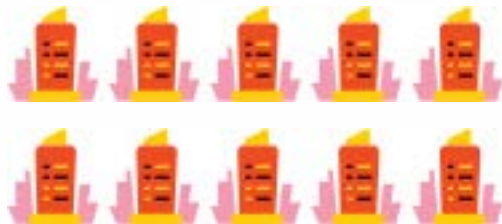
Source: UN, The World's Cities in 2018 (Oct 2018)

In just 40 years, the total amount of megacities will quadruple, gaining nearly 600 million residents in the process:
Source: 2018 Revision of World Urbanization Prospects (May 2018)

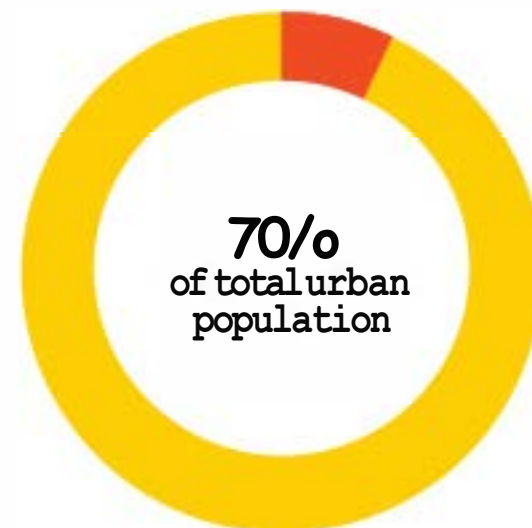
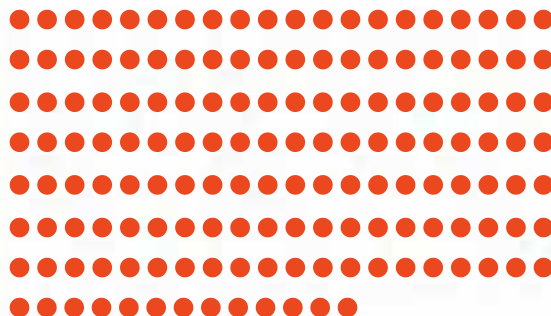


1990

10 mega cities



153M people



70%
of total urban
population

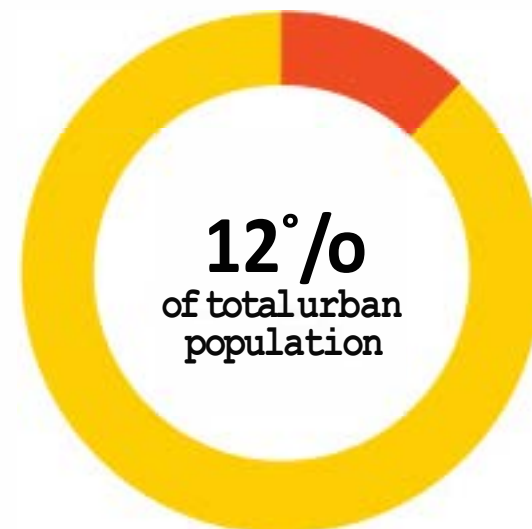
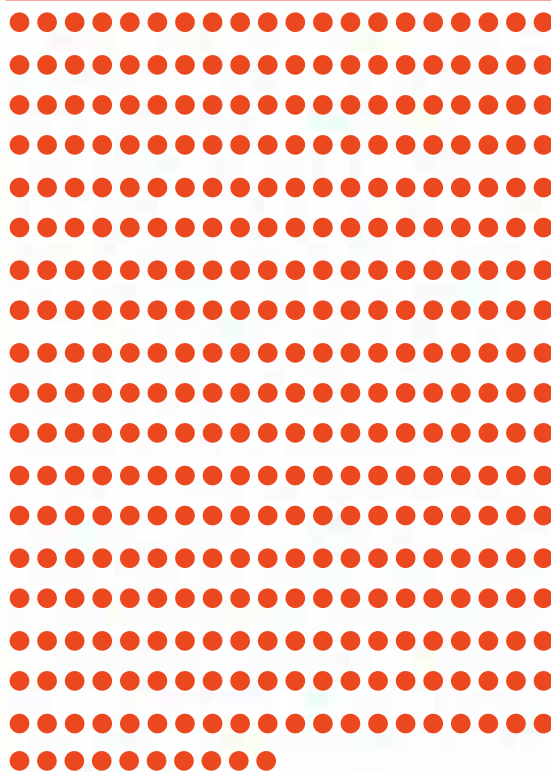
Source: 2018 Revision of World Urbanization Prospects (May 2018)

2010

23 mega cities



370M people



12%
of total urban
population

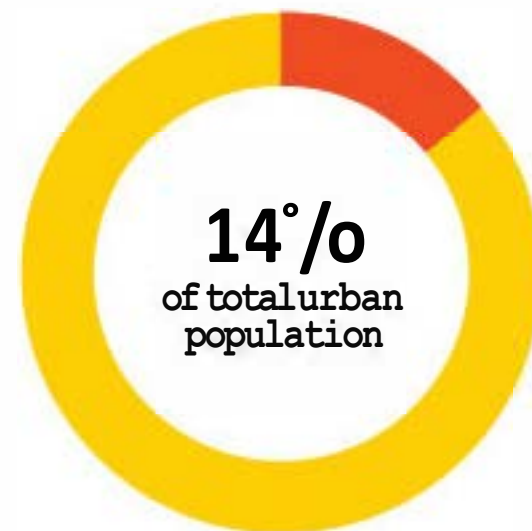
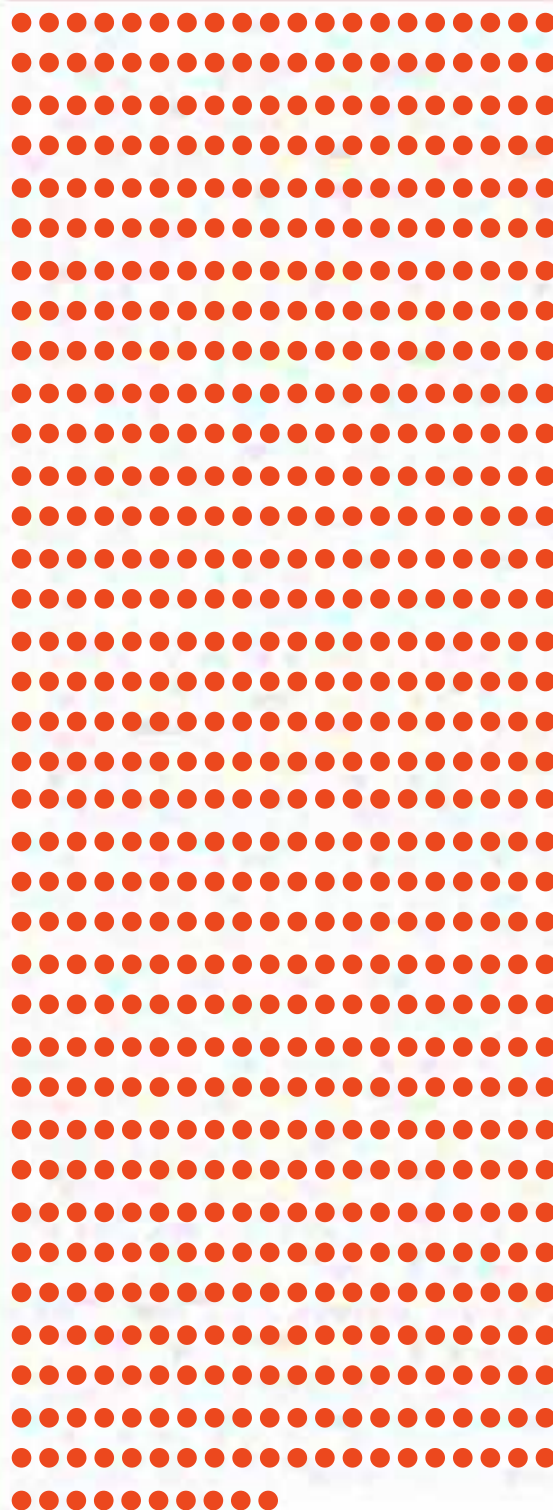
Source: 2018 Revision of World Urbanization Prospects (May 2018)

2030

43 megacities



7.3QM people



Source: 2018 Revision of World Urbanization Prospects (May 2018)

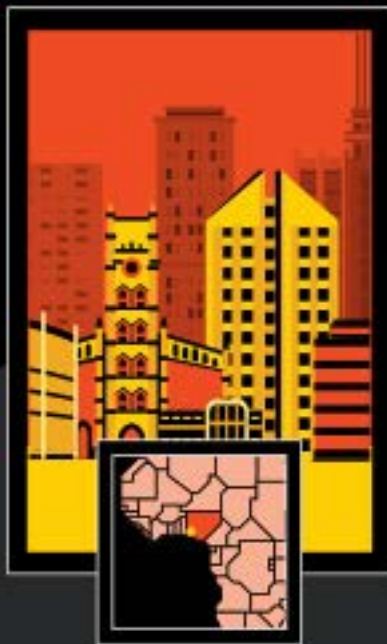


With billions of new people living in urban areas – and many of them living in megacities – we will have to rethink how our cities are designed and engineered.

**And as this happens,
the city as we know it, will be revolutionised.**

The Urban Opportunity

Rapid urbanisation may create both opportunities and challenges for society, and the potential for a plethora of investment possibilities in the process.



Lagos, Nigeria

Lagos is projected to have a population of 32 million in 2050, up from 17.5 million today.

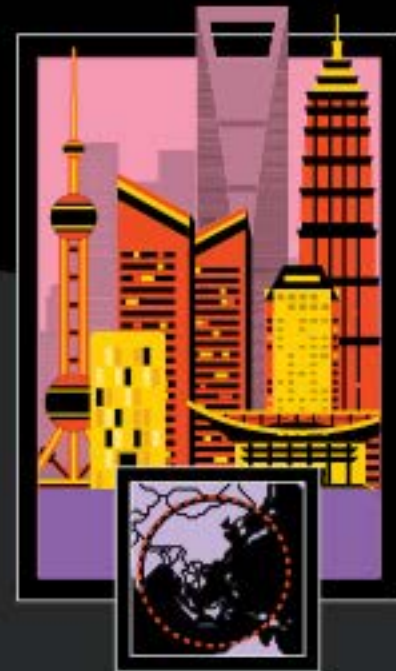
Source: Current population: World Population Review (May 2019). Projected population in 2050: Global Cities Institute at the University of Toronto (Jan 2018)



Mumbai, India

This coastal metropolis is the world's 4th most populous city, but it's also projected to be one of the most affected by climate change.

Source: World Population Review (Mar 2019)



Asian Cities

By 2027, the aggregate gross domestic product (GDP) of all Asian cities will surpass that of Europe and North America combined.

Source: Oxford Economics (Dec 2018)

How will such a massive city deal with sanitation, infrastructure, and transportation?

How will Mumbai solve rising sea levels?

How can investors take advantage?



Global cities are also becoming more integrated with technology, creating unthinkable opportunities for the future.

New business models will emerge as cities become smarter, denser, and more connected.

A New Generation of Cities

A smarter city

Cities will embrace technology to improve services and infrastructure.

New Infrastructure

Cities and companies will invest heavily to build next generation infrastructure.

New services

As cities become more connected, non-traditional players will be needed as a part of city planning processes.

The next generation of cities will also create markets that are hard to imagine today:



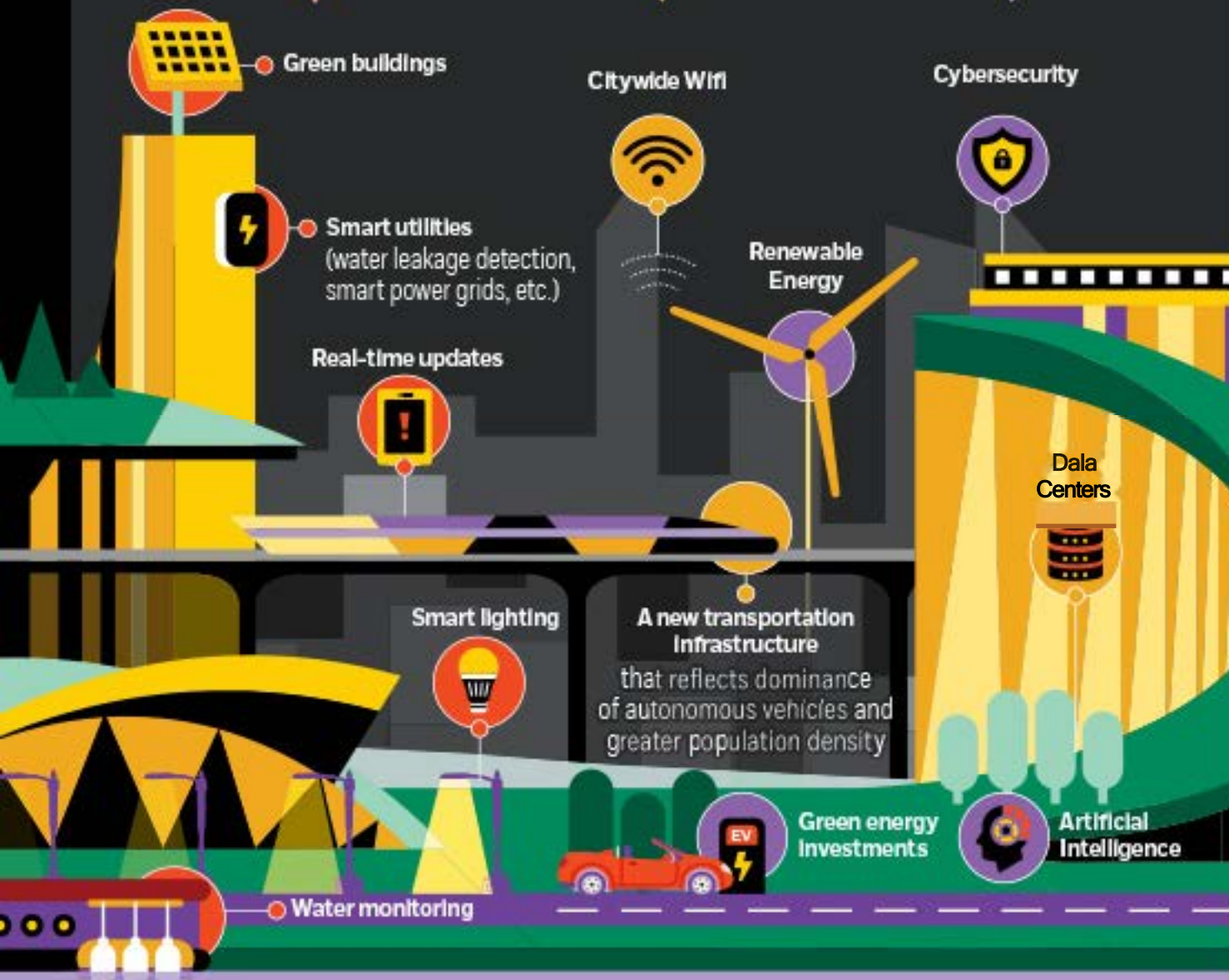
No car ownership

A lack of space and the rise of autonomous cars will mean fewer people will own a car, preferring to use 'summon-able' services instead.



New healthcare systems

As population density grows to unprecedented levels, existing healthcare systems will need to be radically overhauled to deal with this influx.





A focus on i;ersonal security)'. ---

With higher crime rates in cities than rural areas, governments will employ elevated levels of surveillance on citizens in cities, increasing connectivity means that every activity is logged and monitored.

Rapid urbanisation will have a wide-ranging impact on global economics, demographics, and society as a whole.

As rapid urbanisation and other megatrends collide and feed off each other, there will be even more thematic investment opportunities created.

