

POSITIONING CITIES FOR INCLUSIVE GROWTH

Building for people, place and planet

London and the South East



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“Prosperity is about the myriad of opportunities within cities that should cross all generations and sectors.”

David Ainsworth, CO—RE

Foreword

London, as the de facto financial capital of Europe and as a key driver of the British economy, has been through a lot recently. As a result of the pandemic, its streets became empty, its restaurants and shops shuttered and even during lockdown, Amsterdam usurped London's position as Europe's biggest share trading hub.

But London has reserves in the bank ready to meet the challenges in play: it remains a world class international destination, coveted from East to West and feted for its glamour, modernity and excitement; its cultural and ethnic diversity make it a beacon of tolerance and progress; and it continues to offer the greatest opportunities in the UK for businesses and jobs.

The challenges it faces now are ones it already faced before, but they have been accelerated by Covid-19 and Brexit. Housing, technological infrastructure and urban/suburban placemaking remain key priorities and bold, focused investment together with the finest minds in British architecture and tech innovation are required to devise what will be costly but vital solutions.

Working in the leisure sector as I do, I see first hand the drive, decency and determination of London's businesses: adapting to necessary but potentially debilitating government restrictions through innovation, charity and hard work. Leisure could form the centrepiece of the new London as work retreats closer to home while the arts and tourism should come back stronger than ever as people realise what they were missing.

Predicting the landscape will be hard, as the age of commuting reaches a conceptual crossroads and the demand for offices, and attendant retail, changes. But London, on the front foot, is better at deciding and creating the landscape than predicting it. We will overcome.



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What we did

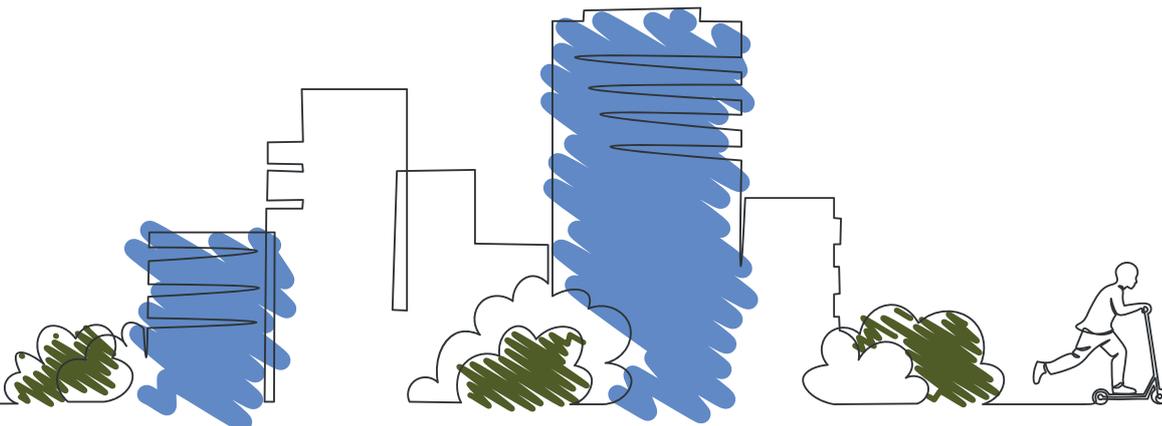
At MIPIM UK in October 2019, Trowers & Hamblins launched a new initiative exploring cities and prosperity. Over 18 months, we have brought together leaders across communities and businesses to look at how we create the towns and cities of the future as well as examine real estate's role in providing the platform for society to thrive. The impact of Covid-19 bisects this exploration. The pandemic, which has accelerated conversations around social value and climate change, arguably makes the need to understand how the built environment can drive prosperity in cities and urban centres even more pressing. Decisions are being made now about how cities will be used differently following the pandemic.

Trowers & Hamblins has set about exploring this topic in several ways. A YouGov poll was commissioned in late October 2019 looking into perceptions of prosperity in Birmingham, Exeter, London, and Manchester, the cities where our UK offices are located. We reran this survey in September 2020 to capture the impact of the pandemic. ING Media's City Strategist Peter Griffiths analysed these results alongside comparative statistics of each city's performance within the UK.

This data was then presented at a range of events to provide a starting point for exploring cities and prosperity. The event calendar included: London (October 2019); Manchester (November 2019); Exeter (January 2020); London roundtable (March 2020); Birmingham (October 2020); London (December 2020); Manchester roundtable (December 2020); and Exeter roundtable (January 2021).

Throughout the series, urban experts along with business, local and national government leaders were asked a range of similar questions around their perceptions of prosperity in the cities they live and work in. Given the essential role data plays in policymaking and setting agendas, we wanted to test whether there was agreement or disagreement on the findings, and to explore the role the real estate sector could play in improving prosperity.

As well as the 2,013 respondents to our YouGov surveys, over 160 people have attended our City Exchange events and contributed to the findings in this report, which can be downloaded at trowers.com/inclusivegrowth. Together their voices provide a rich picture of how prosperity is experienced differently not just across the North West, the West Midlands, the South East, and the South West, but also within the cities and towns in these regions. The topics raised consistently touched on aspects of both our business and our work from social concerns around affordable housing and health, to how we can sustainably use energy, transport, and infrastructure.



This report forms part of Trowers & Hamblins' longer-term exploration into how real estate, which has an impact on every aspect of our daily lives, can be the backbone of society. In 2016 we partnered with Oxford Brookes University to explore how to measure a broader value of a place that incorporates factors such as cultural, social, and environmental value. Our findings (see trowers.com/highlyvalued) back then indicated that a broader definition of social value will lead to long-term financial success. We continued our research between 2016-2018, partnering with RealWorth to explore the barriers and opportunities to changing and broadening existing methods of valuation. We commissioned RealWorth to develop the rationale and suggest practical ways to initiate change in the real estate sector (trowers.com/realvalue).

Urban centres are drivers of prosperity across the globe; they are hubs for commerce, culture, community, innovation, and education but prosperity means different things to different people in different places. Wealth disparity and variance of life expectancy exist both within and between our cities, prompting questions as to how to ensure investments in the built environment deliver maximum prosperity.

We have had years of cities improving, with urbanisation tightly correlated with economic and social development. This global reality, that cities drive both opportunity and inequality, has dominated the debate around the prosperity successes and challenges across the country, from the Northern Powerhouse to the more recent levelling up agenda.

The global pandemic has brought into focus that well-managed, equitable and quality built environments seem to be a key ingredient to urban resilience, all aspects that may only be fully captured in broader measurements of social value. Exploring perceptions of prosperity at a local scale may help highlight where UK cities are not maximising prosperity benefits specific to the people living and working in them.

In our workshops, experts regularly debated the need to consider prosperity beyond measures of financial success, which was one of the fundamental aims of this report. To avoid ambiguity, we included the following in the survey questions: by 'prosperous', we mean being successful in the sense of financial, physical, emotional, and material success, in someone's personal and professional life.

This report includes the key findings from the data for London and the South East as well as the themes that emerged from our workshop session.

Global city context

Do cities concentrate prosperity?

Peter Griffiths – City Strategist, ING Media

It wasn't that long ago that living in the world's larger urban centres was grave for life chances. Charles Booth's maps of working-class life in London towards the end of the 19th century, for example, highlight a city riddled with poverty, severe overcrowding and poor-quality housing. New York City, which would soon overtake London to become home to the world's largest population, didn't fare much better; neither did Paris. In many ways the global pandemic has reminded us of what we already know: a well managed, equitable and quality built environment tends to be more resilient.

Global cities may be facing an existential threat, but they likely hold many of the answers to recovery. Since the middle of the last century the clustering of people into urban areas has concentrated prosperity; as urbanisation has gone up in every world region (including areas struggling today with many of the challenges Victorian London faced) so has life expectancy, according to UN data. Life expectancy at birth (which includes factors of socioeconomic status, the quality of governance and access to health infrastructure) provides a good indicator for wellbeing.

Cities, where 55% of the global population live, generate 80% of global GDP, and people living in a large city have an even greater chance of being wealthy; it isn't just money. A 2011 study by London School of Economics and Political Science indicated that 110 out of 129 cities around the world outperformed their national contexts on measures for health, education and wealth. It doesn't seem to matter where in the world you're born, if you're in a city the chances of being prosperous seem to increase. Ensuring cities deliver these benefits to the residents living in them seems key to national prosperity.

However, cities also appear to concentrate inequality, with a growing challenge around housing affordability and urban design choices that lock people out of the benefits cities can provide. That pattern isn't always as expected: home ownership rates in far wealthier London are far lower than in Cape Town. In-country differences can also be vast with Frankfurt experiencing far higher income inequality than Berlin.

There are also concerns about the sustainability of cities, which produce 70% of global CO₂, even though studies suggest cities are best positioned to solve climate change challenges. Public transport, energy efficient buildings and renewable energy could reduce greenhouse gas emissions in cities by 87% according to C40.

The summary is that at a global level, moving to a city will increase the likelihood of being wealthy, healthy and educated, but not everyone living in them is able to access these benefits. So while it is real that cities concentrate opportunities for prosperity, the paradox is that they may also create the conditions for inequality.

Why this is the case depends on who you ask, but could include:

- Uneven infrastructure provision/access
- Poor quality built environment/design
- Uneven social services/access
- Uneven social network access/knowledge
- Talent/innovation needs may disproportionately reward 'superstars'
- Taxation may be ineffective for spatial redistribution
- Policy, subsidy, legal and/or market failure

Exploring cities at a local level and comparing solutions between places is key to responding to instances where cities aren't maximising prosperity benefits.





Cape Town, South Africa – How we design cities and encourage real estate development has a significant impact on prosperity, and frequently determines the possibility of positive connection between places.

London and the South East

Our event in London looked at prosperity across the 32 Boroughs and in many key centres across the South East.

We invited over 40 professionals engaged in the process of making places better to live and work to our virtual event which took place on the 2 December 2020. ING Media's City Strategist Peter Griffiths offered a global perspective on the challenges and benefits of urban development.



“London is an eco-system that relies on everyone being able to participate in the city to its fullest extent. The pandemic has exposed that we need to rethink the workers that are essential to the functioning of the city, which stretches way beyond traditional definitions of key workers. Think of the shop keepers, delivery drivers, broadband support workers, and property managers who have kept us all going this past year.”

Ian Fletcher – BPF



Contributors

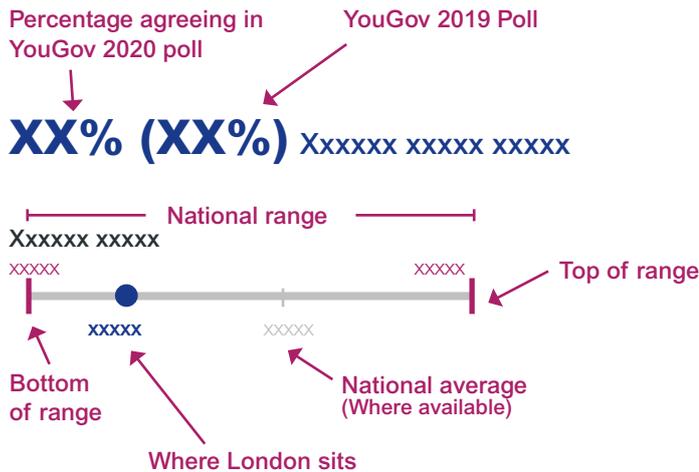
Allot	Kate Honey
Allot	Freddie Broadhurst
Amber Infrastructure Ltd	Peter Radford
ARCO	Michael Voges
Argent Group	Rob Groves
Bainmark Property	Karim Pabani
Barton Willmore	Lauren Patel
British Land Company Plc	Emma Cariaga
British Property Federation	Ian Fletcher
Camden Borough Council	Gillian Marston
CBRE	Kelly Canterford
Central	Patricia Brown
Centrus Corporate Finance	Tony Oakley
City Offices Real Estate LLP	David Ainsworth
Cocreatif	Eime Tobar
Dorrington Plc	Duncan Salvesen
EG	Damian Wild
Fore Partnership	Basil Demeroutis
Future of London	Nicola Mathers
Greater London Authority	Daniel Bridge
Hadley Property Group	Matt Griffiths-Rimmer
Homes England	Gareth Blacker
Jacobs	George Wade
Knight Frank Investment Management	Ian Whittock
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Lendlease	Jake Heitland
Linkcity	Axel Boutrolle
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LocatED	Lara Newman
LocatED	Gareth Whitmarsh
London Borough of Enfield	John Reid
London Borough of Newham	David Baldock
London Communications Agency	Jenna Goldberg
Mark Baigent Consulting	Mark Baigent
Metropolitan Thames Valley	Chatinder Bal
Montague Evans	Alan Harris
PlusX	Mat Hunter
Real Estate Balance	Sue Brown
Seven Dials Fund Management	Mickola Wilson
The Housing Finance Corporation	Piers Williamson
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Trowers & Hamlins	Scott Dorling
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Trowers & Hamlins	Tonia Secker
Trowers & Hamlins	Patrick Morris
Trowers & Hamlins	Rebecca Wardle
Urban Delivery Ltd	Simon Davis
Webb Yates	Thomas Webster
Webb Yates	Adam West
Westminster Builds	Barbara Brownlee

YouGov poll results in context

London and the South East

Results key

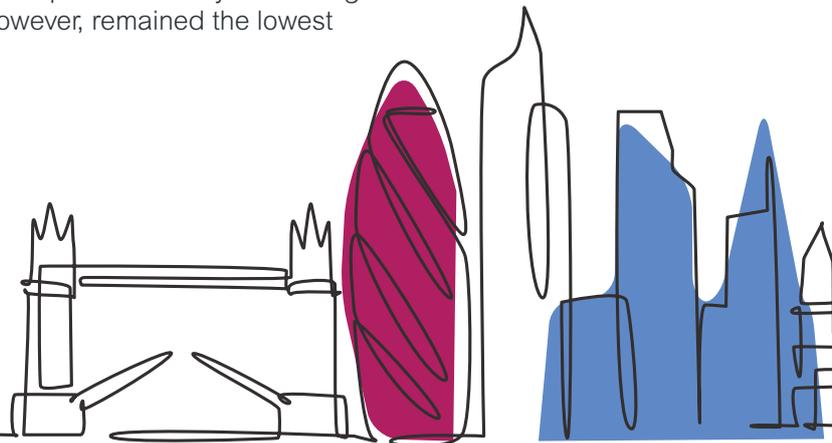
Data from ONS, NOMIS, Centre for Cities, Nesta, OECD, ING Media, and TomTom on the right. Each data bar illustrates Birmingham's positions within the range of performance for UK cities. The average is indicated in most instances.



Which three of the following have the biggest impact on your prosperity?

- 70% (71%) **Myself** stayed highest of cities polled
- 56% (53%) **My family**
- 40% (36%) **My friends** no longer lowest of cities polled
- 32% (38%) **Politicians**
- 33% (35%) **The business community** stayed highest of cities polled
- 1% (1%) **Charities** stayed lowest of cities polled
- 5% (2%) **Religious communities** no longer lowest of cities polled

While London's profile of high scores around 'myself' and 'business' may illustrate the role it plays in driving commerce, friends and religious communities are no longer ranked of the lowest across the cities suggests the pandemic may be shifting Londoners perceptions around prosperity. Charities, however, remained the lowest before and during the pandemic.



What would improve your prosperity the most?

London has of the highest productivity and weekly pay in the UK and relatively higher green space per capita. However, poor housing affordability has affected its ability to transition to working remotely, with many homes too small.

The figure of welfare per capita can be seen as an indicator of a community's capacity to look after its residents.

47% (49%) More income/money

Stayed highest of cities polled

Gross Value Added/worker?



Average weekly workplace earnings



23% (19%) Good personal health

Commuting by foot/bike



7% (7%) Having a stronger community around me

Welfare per capita (per annum)



10% (9%) More time off work

Moved to highest of cities polled

Ultrafast broadband



Working from home



3% (3%) Access to green spaces

Green area per capita



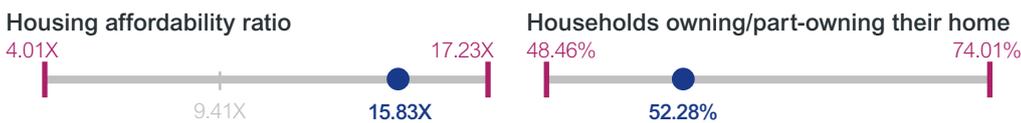
To what extent would each of the following increase your sense of prosperity in your city?

While London scored better quality housing and more space to live in stayed higher than the other cities before and during the pandemic, more affordable housing also moved to top spot during the pandemic. The capital may find the space pressures associated with working from home particularly challenging, while converting bedrooms to offices may further decrease the availability of accommodation.

70% (75%) Better quality housing
Stayed highest of cities polled

70% (74%) More affordable housing
Moved to highest of cities polled

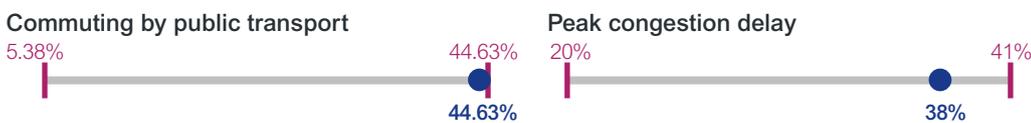
68% (67%) More space to live in
Stayed highest of cities polled



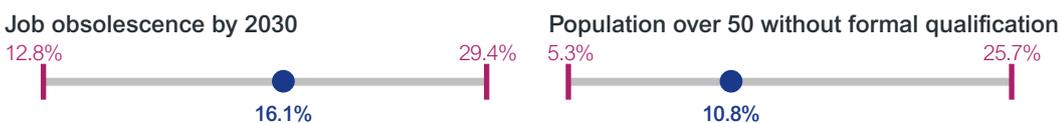
To what extent would each of the following increase your sense of prosperity in your city?

While London's access to arts and culture score stayed the lowest across the cities polled before and during the pandemic, its increase mirrors that of other cities, suggesting people want to enjoy these opportunities. The lower number may also reflect the capital's relatively higher supply of cultural infrastructure.

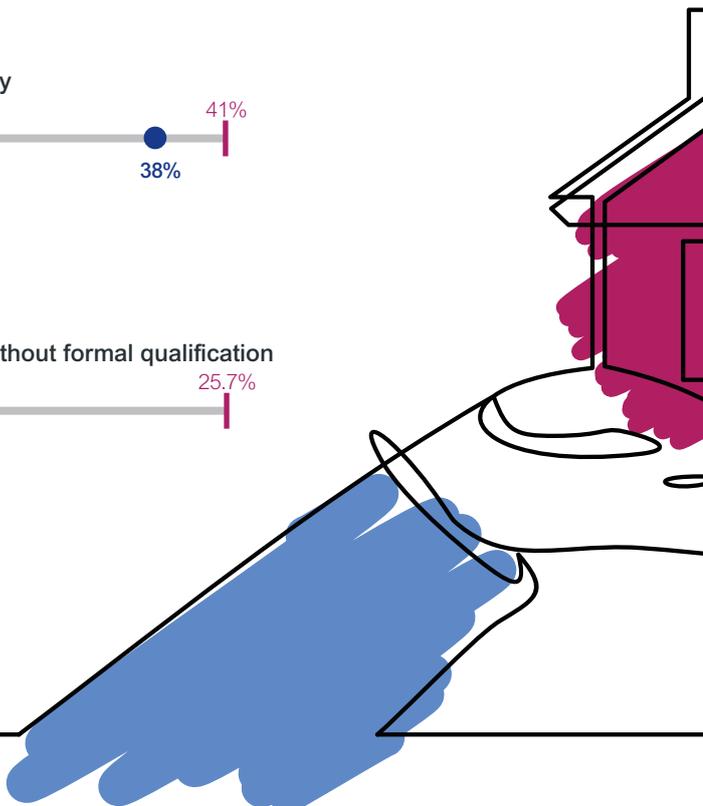
62% (67%) Better public transport



47% (56%) Better access to education



56% (49%) Better access to arts and culture
Stayed to lowest of cities polled



London's globally ranked universities and depth of skills may provide the city with significant resources as it navigates recovery. The percentages below indicate the extent to which people in London agree with the statement.

64% (83%) My city has lots of job opportunities

No longer highest of cities polled

Start-ups/closures per 100,000 inhabitants



81% (85%) My city is good to do business/work in

Stayed highest of cities polled

Patent applications per 10,000 inhabitants

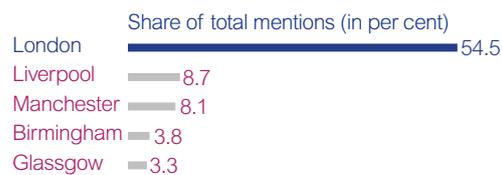


62% (69%) Future generations will be able to find jobs

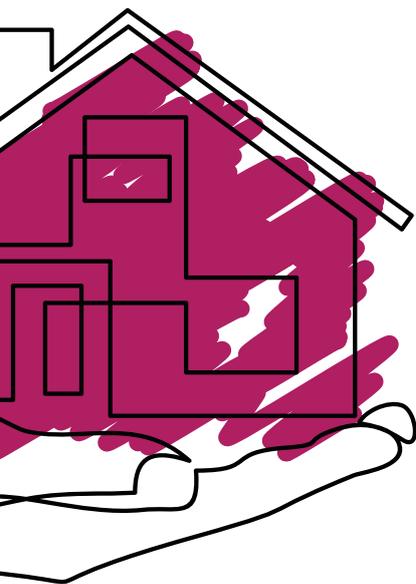
London's digital visibility is an important UK asset, with only Tokyo and New York City generating more mentions across online news and social media. However, this does not necessarily translate into a perception that the city has a strong identity. The pandemic may be a unique moment to consolidate London's global identity as a local scale.

(83%) My city is an attractive place to visit

ING Media Global Cities Digital Visibility Series – The UK's Most Talked About Cities



(83%) My city has a strong identity



Thinking about your city in the next 20 years, to what extent do you agree or disagree with the following statements?

London no longer has the highest number of people thinking future generations will want to live in the city; however, it still has the lowest number of people thinking the city will be affordable to live in. London is perhaps the most focused on the challenges of social inequality and environment despite it having more green space per capita.

72% (71%) Future generations will want to live in my city

Population change 2019-2041



12% (11%) Future generations will be able to afford to live in my city

Stayed lowest of cities polled

79% (75%) The value of the home I live in will increase over time

No longer highest of cities polled

60% My city will be socially inclusive versus 59% today

38% (31%) My city will be environmentally sustainable versus 23% agreeing it is today





Views from the room

We posed a series of questions to city leaders and experts from London and the South East to explore prosperity. Below is a summary of their views:

With your city in mind, what does prosperity look like to you and how would you define it?

London is a trophy city and faces the challenge of balancing the creation of an equal economy for Londoners with the demands of a global metropolis. More and more the workers not designated as 'key workers' but vital to the function of London as well as students and other younger residents find themselves pushed further out. Improvements to social housing and infrastructure can play a big role in increasing opportunities and levelling up not just across the country but also in London. It was recognised that local authorities play a key role but we need all players to join together to change this trend.

Whilst London's central districts have been uncharacteristically quiet, local areas (and businesses) across London have thrived during the pandemic as people engage more and become more integrated with what's close by. This is changing the way London operates and is making us re-evaluate what is most important. Attendees referenced the '15 minute city' model and the expectation of a new dynamic between central districts and suburban as Londoners look to spend less time travelling and more time working from home.

Do the YouGov findings for your city reflect your experience of prosperity in your city?

Disparity in prosperity and opportunity were key themes throughout the discussions with some suggesting that the YouGov figures might mask inequality particularly for young people and key workers. Prosperity was seen to be closely linked to diversity and being able to choose where and how residents live. Attendees noted that many people don't have a choice of where they live. The image of physical barriers to opportunity in Cape Town resonated with attendees when looking at the infrastructure and other lines which limit integration in London. Linkages between areas and across boundaries were seen as vital to inclusive growth. Rather than regeneration we should think of rehabilitation to breathe life into struggling areas. How people experience prosperity is directly linked to how they interact with the city, its spaces and buildings.

What role does real estate play in addressing these challenges and are we making the right investment in real estate to address these challenges?

London's rich cultural and hospitality offer is valued by residents and visitors alike but attendees commented that it is under threat and has been poorly supported in recent years, particularly during the pandemic. Without the theatres, galleries and restaurants would London's inhabitants still find it an attractive place to live? How can London retain its creative talent against competition from cities such as Berlin?

London has more green space than many global cities and there was surprise amongst some attendees that the YouGov results did not show access to it as a higher factor in determining people's sense of prosperity. Less dense than other cities, examples were given of how it is possible to create successful neighbourhoods of mixed and integrated communities with high rise buildings and access to green space. The traditional model of terraced streets is not compatible with the need to make homes available for the majority.

London's air quality remains poor with a direct impact on health and there were calls to look at how we measure health to drive change. Unsurprisingly the importance of both mental and physical wellbeing have risen during the pandemic as people re-evaluate their priorities and how they live in the city.



Trowers & Hamlins

Trowers & Hamlins is an international law firm committed to helping businesses and governments build stronger, more sustainable and economically successful communities. We are fascinated by the future of towns and cities and our work covers all forms of real estate across the private and public sectors and from residential to commercial and mixed-use schemes. We see real estate as the stage on which economies and communities develop and thrive.

Positioning cities for inclusive growth

Over 18 months Trowers & Hamlins brought together over 160 leaders and conducted two YouGov polls across Manchester, Exeter, Birmingham and London to examine real estate's role in providing the platform for society to thrive. The pandemic, which has accelerated conversations around social value and climate change, arguably makes the need to understand how the built environment can drive prosperity in cities and urban centres even more pressing.

You can download this report at
trowers.com/inclusivegrowth

