

# Why retail won't save the high street

*"We need to give our city centres a reason to exist beyond retail" said Andrew Carter, Chief Executive of Centre for Cities, when he spoke to Samantha Simmonds at our recent Future of Cities event, part of Sanlam's Invested in the Future series.*

While the Covid-19 pandemic certainly complicated matters, the 'death of the high street' has been a problem plaguing our cities for quite some time. A previous dependence on physical retail shops has left some UK towns and cities partially vacant as people have turned towards the convenience of shopping online, particularly during the pandemic, when leaving home to go to work was rendered largely unnecessary.

Following the event, we sat down with Mr Carter to understand more about what can be done to rejuvenate our city centres and bring them back to the prosperity they once enjoyed. "We need to look at what made our cities successful before the current situation", he explained. To what degree have those characteristics been maintained? And will they persevere in a post-Covid world?

## People, and not businesses, will lead the revival

"Retail is not the answer to the retail problem", Mr Carter explains, revealing that the UK's most successful high streets are actually those less reliant on retail. Bricks-and-mortar shops do better in areas more heavily weighted towards restaurants, entertainment venues and offices, as there is more foot traffic there. Additionally, people spend longer in areas they've come to as a destination, popping to the shop before a lunch date or going to the nearby pub after work.

This raises the question of the post-pandemic city centre, and how the loss of office workers will affect even the more successful towns and cities. While it's expected that many companies in the professional services industry will adopt a 'hybrid' working model, allowing employees to split the work week between home and city-centre offices, Mr Carter sees little cause for concern. He urges people to look at the numbers in aggregate, rather than from an individual point of view. Consider this: while one person may work only three days a week, someone else is working the other two. There will always be people coming in and out of central business districts. In fact, this may encourage businesses to locate in previously unaffordable areas, as lower rents could make it feasible to do so. This would in turn pull workers into the city, and ultimately increase footfall.

## We have to think about repurposing commercial areas

In order to truly revitalise, we have to return to a model of yore: traditionally, the majority of people lived in cities. It's only in the past 100 years or so that we've adopted the standard of working in the city and sleeping in the suburbs. "We need to reimagine our central business districts as places to live", says Mr Carter. "These more successful cities are also where people want to live, so they are not dependent on workers alone, but also on residents." He names a handful of cities that seem to be getting it right: Manchester and Liverpool, downtown Los Angeles in the USA. He notes that it's not just major metropolises that have had success in this area: "We've seen it in some of our smaller urban areas, like Swindon or Exeter in the UK."

This, of course, would mean a need for housing. "The first thing you need to do is provide places for people to live. You have to build homes of different persuasions, flats or terraced houses. You have to think about the amenities that go along with that, that make these areas attractive places to live as well as work.

"When you talk to city centre residents about why they live where they live, the answers you get are largely unvaried: proximity to work; the ability to walk or cycle or catch a bus; access to amenities; and finally, access to like-minded individuals." People want to live near people. This is especially true for young professionals, who are generally more attracted to urban living.

## Climate concerns make city living more appealing

Also on the radar of the younger demographic in particular is the dangers of global warming. This is a real problem for the world's cities, which have been traditionally situated by waterways for trading and travel purposes. Encouragingly, and perhaps surprisingly, cities are actually more carbon-efficient than out-of-town areas due, in part, to the availability of public transportation.

People are making lifestyle decisions with these concerns in mind. "Policymakers will need to get serious about non-car alternatives in the next 10 years or so", Mr Carter predicts, noting that he expects more cities to introduce congestion charges. "That in itself will drive decisions. If you can't rely on your car or it's become more expensive to drive your car, you're going to think about where you should live relative to the things you want out of life."

The prevalence of old homes, which are less carbon-efficient than their modern counterparts, is also a challenge for the UK. This is an area in which policymakers could help in more ways than one: government initiatives aimed at retrofitting, or even demolishing and rebuilding less energy-efficient housing, has the additional benefit of job creation.

## A stronger economy will lead to a healthier high street

This introduces another, larger problem impeding the UK's high streets: persistently stagnant wage growth in the years since the great financial crisis. Mr Carter gives voice to an unavoidable truth:

"Poorly performing high streets are typically in poorly performing places", meaning areas of the UK in which unemployment is high and wages are low. These economic factors have had a greater detrimental effect than the shift to online shopping. "Retail-oriented high streets rely on disposal income and therefore perform poorly in places where there is literally less money to spend.

"This is partly a symptom of a broader problem. How do we drive wage growth? How do we increase productivity? Revitalised, upgraded high streets ultimately rely on the wider community being more prosperous."

## A moment of opportunity

Mr Carter implores us to remember that with crisis comes opportunity: a chance to reimagine our city centres as something other than business districts and shopping centres. We need to gradually return to the model of more walkable, liveable urban areas.

"Cities need to find reasons to enable and facilitate exchange and face-to-face interaction", he says.

"That's the magic of cities. That's why our cities exist."

*If you are interested in finding out more, you can watch the Future of Cities event*

*below. Alternatively, you can download the interview on **Spotify** <*

**[https://open.spotify.com/episode/7doDgFAXOc1kwzVhX3q1aq?](https://open.spotify.com/episode/7doDgFAXOc1kwzVhX3q1aq?si=Q3p9lqpASLSmu1cmVvugvA&nd=1)**

**[si=Q3p9lqpASLSmu1cmVvugvA&nd=1](https://open.spotify.com/episode/7doDgFAXOc1kwzVhX3q1aq?si=Q3p9lqpASLSmu1cmVvugvA&nd=1)**>. For more Invested in the Future events, check out our dedicated microsite.