

Glasgow City Region ECONOMIC QUARTERLY

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Welcome to the first edition of the Glasgow City Region Economic Quarterly. These quarterly briefings will explore some of the key issues impacting the economy of Glasgow City Region (GCR).

Whilst this is the first issue, and the structure will invariably change over time, the intention is for each Quarterly to include a summary of any emerging evidence about the performance of the economy. By inviting experts to provide their insights, each report will also explore a specific topic related to the economy.

In this edition, the Evidence section covers two elements:

<p>The Structure of the GCR Economy</p>	<p>being the first issue, you will find a summary of the structure of the economy – or at least how it was structured prior to March 2020.</p>
<p>Latest Covid-19 Impacts</p>	<p>there is also a brief assessment of how the public health response to Covid-19 is impacting the economy, including a future outlook. Whilst the end of the Brexit transition period is looming, this is not covered here, and will be covered in the next edition.</p>

In our Insights section, our first topic is Place – specifically, how Covid-19 may be altering the Real Estate market. In this first edition, we are very fortunate to have four leading experts provide their thoughts on key Place elements:

- ★ **High Streets – Dr Julie Grail, The BIDS Business**
- ★ **Housing Market – John Boyle, Rettie & Co**
- ★ **Commercial Property – David Melhuish, British Property Federation**
- ★ **Community Development – Chris Brown, Igloo Regeneration**

We are sure you will find their contributions very helpful. If you want to explore the topic of Place and Covid-19 in more detail, in the final section you will a summary of some further research we have found over the last few months.

Being the first report, we are conscious there are areas we can improve and would really welcome thoughts on what you would like from future editions in terms of structure, content, and topics.

Any suggestions can be directed to the Glasgow City Region Intelligence Hub.

How the City Region Economy Works

Glasgow City Region functions as an open and modern economy. Much like other large city regions in the UK, the Glasgow City Region economy has evolved over the last 40 years into a primarily service-based economy.

JOBS BY INDUSTRY: A SERVICE BASED ECONOMY

	BUSINESS COUNTS	EMPLOYEE JOBS
Services	39,540	736,000
Production	270	15,450
Manufacturing	2,795	52,000
Construction	6,265	51,000
Agriculture	1,045	2,250
TOTAL	49,905	855,000

JOBS: PUBLIC VERSUS PRIVATE SPLIT

Of the 855,000 jobs in Glasgow City Region an approximate 660,000 were in the private sector and 195,000 in the public sector. Over the past 10 years, the percentage of total jobs that are in the public sector has dropped from 25.1% to 23.3%. The proportion across the UK is 16.7%.

BUSINESS BASE

Jobs by Business Size – whilst the Region’s business base is predominately SMEs, large enterprises employ the largest percentage of the workforce.

With over 49,000 enterprises, Glasgow City Region has the fourth largest business base amongst the UK’s City Regions.

An estimated 44% of GCRs jobs are? were in Small-to-Medium sized enterprises (SMEs, 0-249 employees), with the remaining 56% are located in Large enterprises (250+ employees).

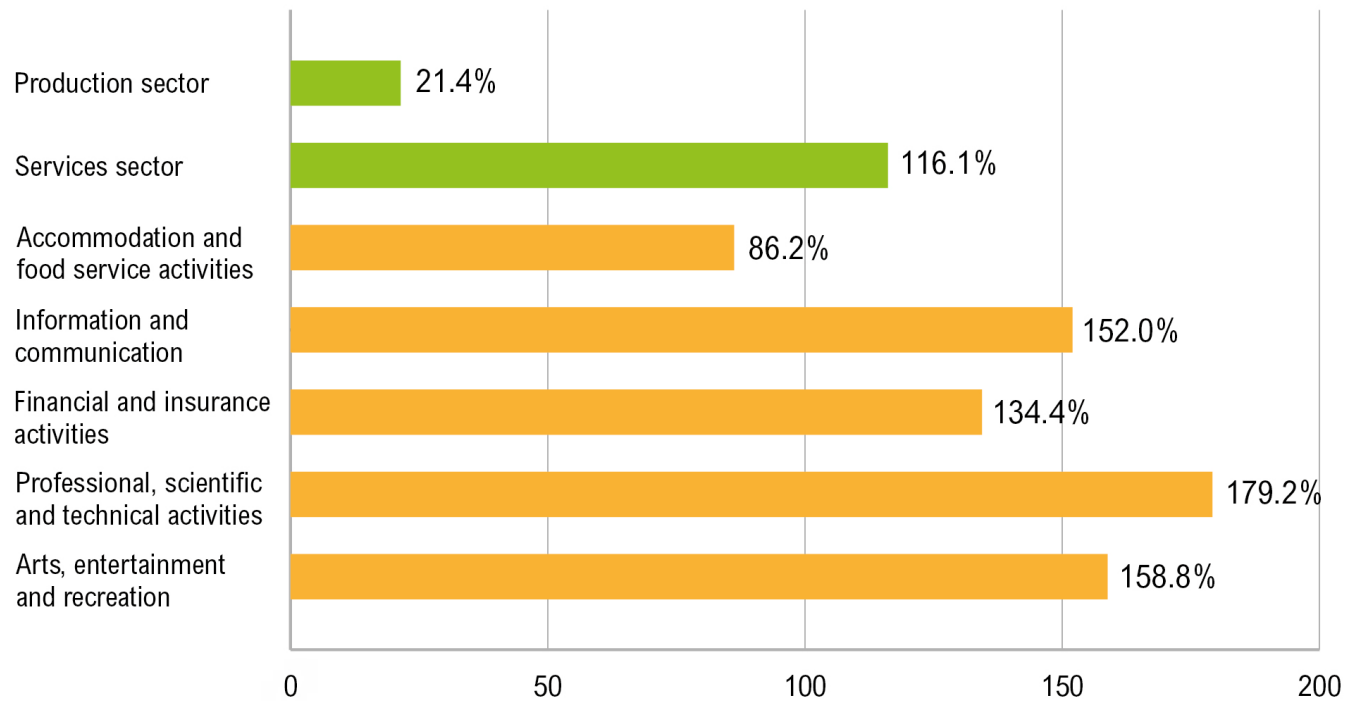
Despite having a relatively equal distribution by jobs, the GCR’s business base primarily consists of SMEs (99%).

GLASGOW CITY REGION'S PRODUCTIVITY

Goods and Services are produced by enterprises within the Region and are consumed by households, the government, and by enterprises from within and outwith the City Region. The value of a regional economy is

measured through Gross Value Added (GVA), and Glasgow City Region's GVA was estimated as £42.9 billion in 2018. Over the last 20 years, the increased value of the Services sector to the economy can be clearly seen.

GLASGOW CITY REGION INDUSTRIAL GVA: % CHANGE 1998 - 2018



CONSUMPTION WITHIN AND OUTSIDE THE REGION

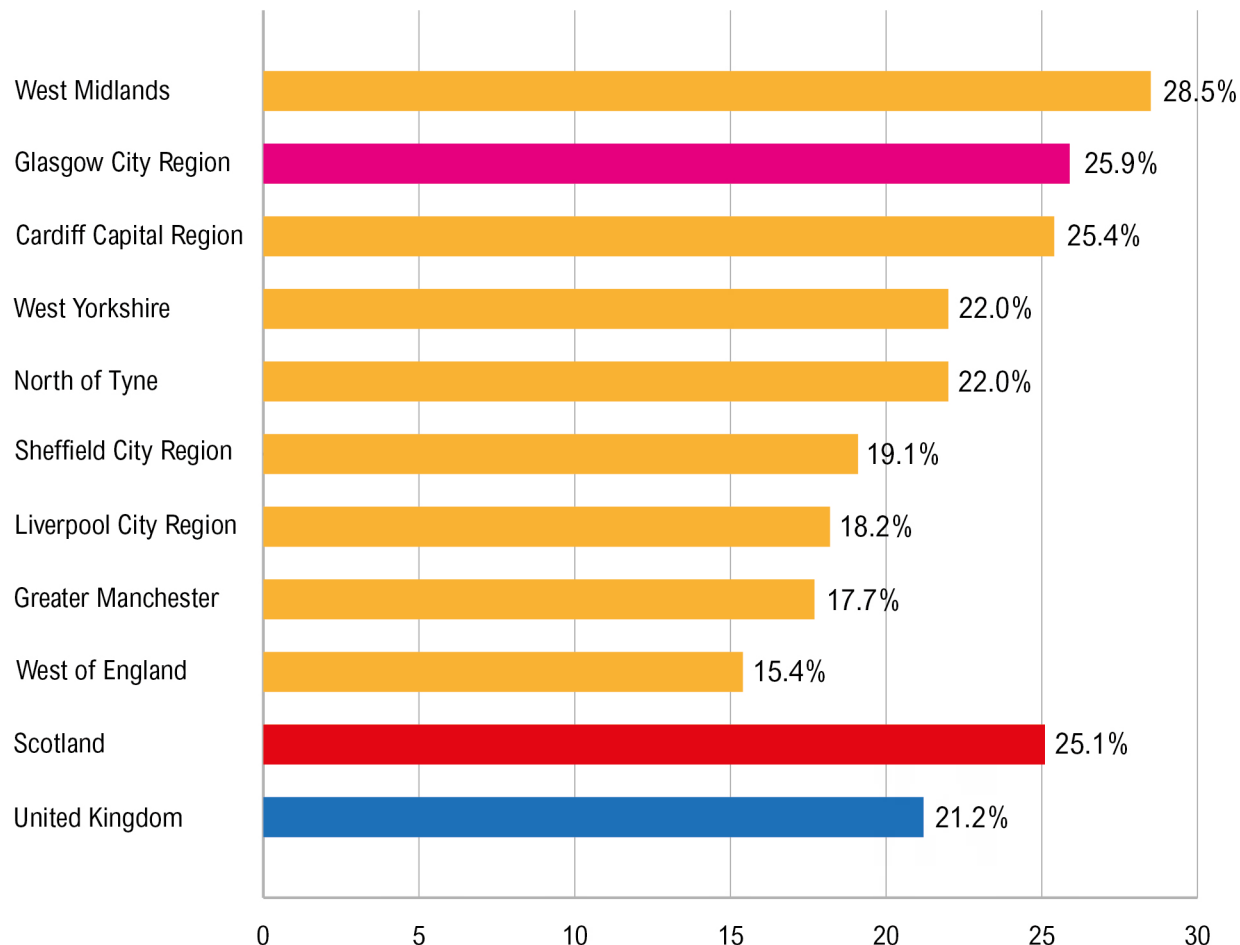
Of the approximate £71.2 billion of goods and services produced in the Glasgow City Region in 2016;

- £32.0 billion (45%) was exported outside of the city region,
- £14.7 billion (21%) was consumed by households, and
- £12.5 billion (18%) was consumed by other industries within the City Region.

In 2018, it was estimated that workers in Glasgow City Region produced £30.0 in GVA per hour worked. While the GCR's productivity level is comparably low against other UK Core City Regions outside of London, it has experienced significant increases in the long-term – and is on track to overtake some of the other competitor city regions such as Greater Manchester and Liverpool.

For a much more in depth look at economy, the updated Regional economic baseline should be available in February 2021.

10 YEAR PERCENTAGE CHANGE IN GVA PER HOUR WORKED



IMPACT ON THE SERVICE SECTOR – A DRAMATIC FALL IN GDP

The economy has taken a major hit in this financial year. The Service sector in Scotland grew in September, but was still -8.9% on the production levels recorded 12 months previously.

The table below shows how much Scotland’s Service industries have been impacted.

This does not take account of the latest lockdown measures and unfortunately, those industries which have been hardest hit already, will continue to be impacted.

SERVICE INDUSTRIES	ENTERPRISES 2020	JOBS 2019	GDP CHANGE September 2019-2020
Wholesale and retail trade; repair of motor vehicles and motorcycles	7,945	115,000	-3.1%
Transportation and storage	2,090	37,000	-20.3%
Accommodation and food service activities	4,080	57,000	-30.4%
Information and communication	3,525	32,000	-11.2%
Financial and insurance activities	1,110	34,000	-1.8%
Real estate activities	1,940	15,000	+0.1%
Professional, scientific and technical activities	8,140	58,000	-5.7%
Administrative and support service activities	3,765	92,000	-15.4%
Public administration and defence; compulsory social security	10	58,000	+0.1%
Education	640	65,000	-5.7%
Human health and social work activities	2,200	138,000	-13.9%
Arts, entertainment and recreation	1,205	21,000	-24%
Other service activities	2,890	14,000	-30.3%

IMPACTS ON THE LABOUR MARKET – FURLOUGH

This has already had a major impact on our workforce. The data below shows the furlough data by local authority – again this is prior to the current lockdown arrangements. **At its peak, almost 32% of the Region’s workforce was under furlough.**

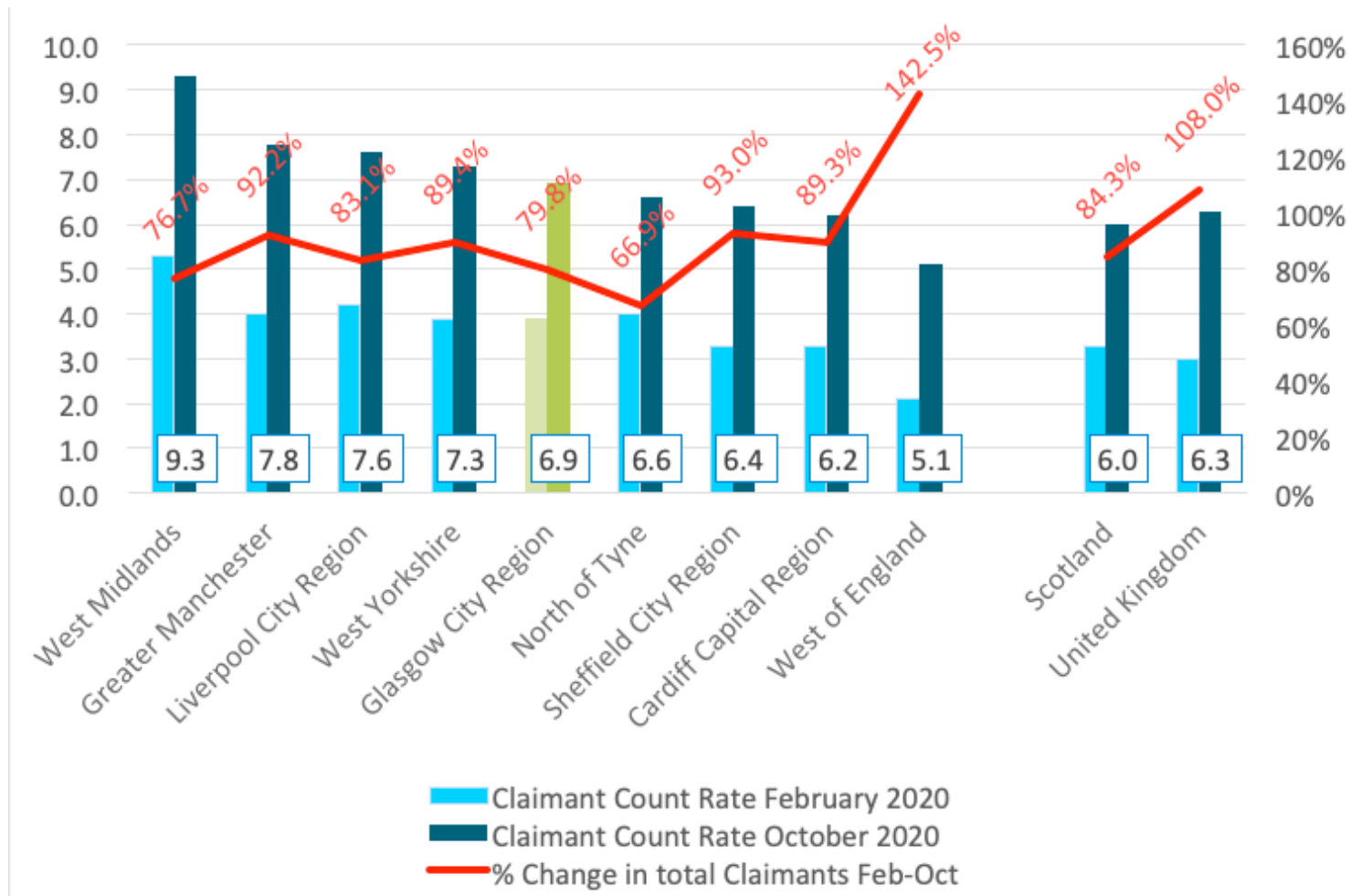
This does not take account of the latest lockdown measures and unfortunately, those industries which have been hardest hit already, will continue to be impacted.

	JUNE 2020	JULY 2020	AUGUST 2020	SEPTEMBER 2020
East Dunbartonshire	13,300	13,900	4,800	3,800
East Renfrewshire	11,900	12,600	4,500	3,500
Glasgow City	88,300	92,900	30,200	23,600
Inverclyde	8,300	8,700	2,600	2,000
North Lanarkshire	49,500	52,300	14,600	11,100
Renfrewshire	26,800	28,300	8,800	6,900
South Lanarkshire	46,400	48,600	15,600	12,000
West Dunbartonshire	12,400	12,900	3,400	2,800
TOTAL	256,900	270,200	84,500	65,700

IMPACTS ON LOCAL RESIDENTS – CLAIMANT COUNT

As with every other locality across the country, residents across the Region have suffered as a result of the hit the economy has taken. There has been an almost 80% growth in residents claiming benefits.

Whilst this may be less than the UK and Scottish averages, almost 7% of 16-64 year olds now are receipt of some benefit – higher than the national averages of Scotland and the UK.

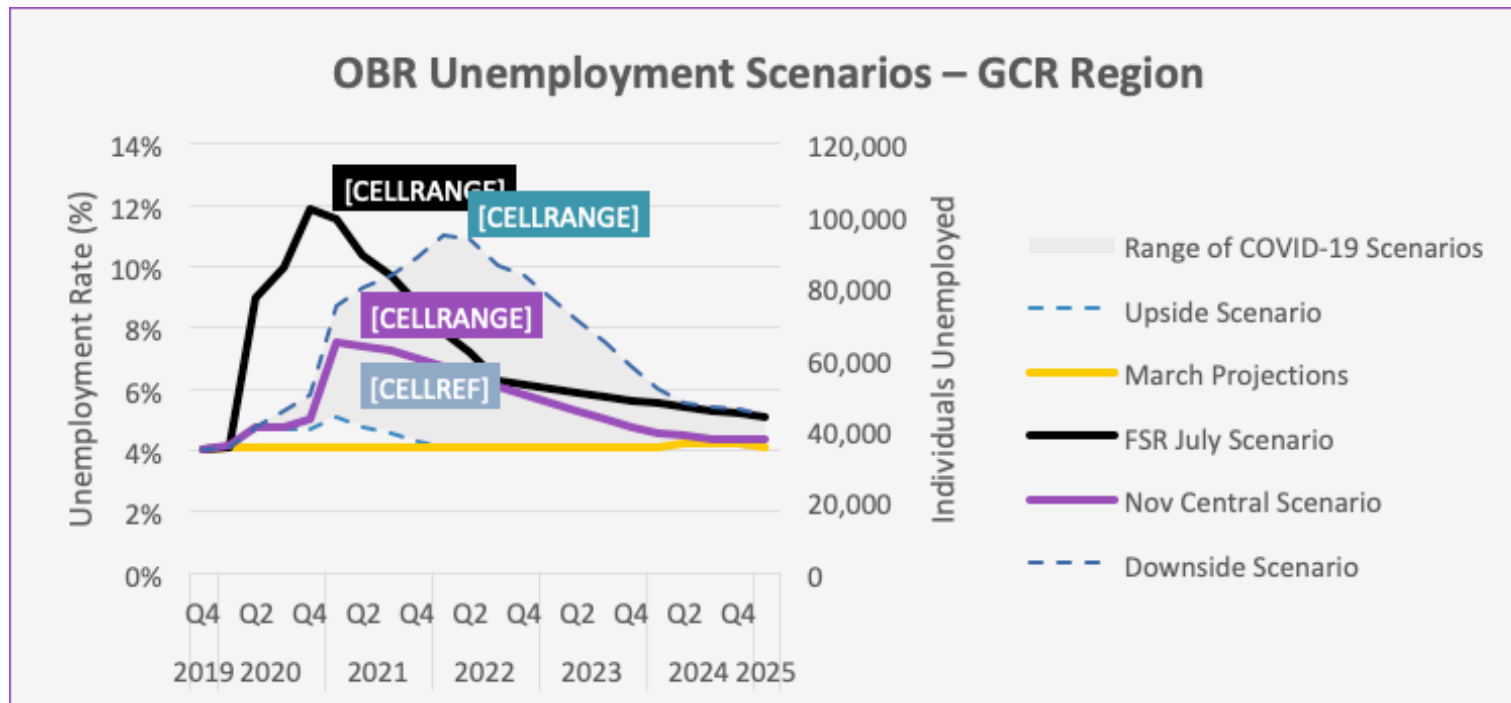


LONGER TERM IMPACTS – FORECASTS

The nature of the lockdown and the different government support measures, which are, in effect, keeping some people employed whilst demand is suppressed, means predicting short to medium term economic impacts is incredibly challenging. Over the past few weeks, there has been a lot of publicity surrounding the Office of Budget Responsibility's November 2020 Economic and Fiscal Outlook. It covers a wide range of issues including Gross Domestic Product and employment forecasts.

It models a range of scenarios and has significantly revised down its unemployment impacts – from previous peak of around 12% across the

UK (FRS Central Scenario), to approximately 7.5% (November Scenario). It is difficult to project UK analysis on to the City Region economy as the structure of the local economy is different to that of the national. But, if this was to happen Regionally, then there would be approximately 30,000 job losses in the coming months. This potential increase in unemployment is substantial considering that unemployment stood at 35,000 at the start of the year. This is less than was feared a few months ago, and such a level of peak unemployment would end up being less than any recession since the 1970s.



Nevertheless, certain industries and low paid workers, will undoubtedly take the biggest hits. As explored in the insights section, it also seems inevitable that Glasgow City Centre and some of the region's high streets will be permanently changed.

As well as understanding the short term impact on industries, one of the challenges in developing scenarios, is determining how long the economic impacts would last - when things bounce back and economic

opportunities return. The duration and depth is an issue for both the individuals and business prospects, but also impacts government's ability to respond - the less economic output, the less income government generates.

Whilst the picture is still gloomy, with the vaccine on the horizons, some economists are becoming more positive:

“the fact this recession was caused by a virus offers hope about the coming recovery. Unlike previous post-war downturns, this one emanated from outside the economic system. A successful vaccine deployment would halt the recession in its tracks. That points to an unusually strong rebound in activity in 2021. That remains the most likely outcome.”

Ian Stewart, Chief Economist, Deloitte LLP

Over the last decade, public policy has seen a growing emphasis on the importance Place has on the success of an economy. Historically, the location determined the economy – or perhaps more accurately, the economic opportunity dictated the location. This is no more evident that the role of the Clyde in the shaping of Glasgow and the surrounding Region.

Nowadays, city regions are looking to improve the quality of their areas through affordable housing policies and development of efficient transport systems. They are competing globally to retain and attract the

best talent through high quality of life – this could be open space, culture, and entertainment offerings. At the same time, city leaders have been trying to work out how best to develop ‘smart’ cities which enhance the quality of service delivery to business and residents alike.

In doing so, local and regional governments have been trying to facilitate the development of places and spaces that foster innovation and create jobs which meet the aspirations of the population.

Whilst there may be an end in sight for the pandemic, it is clear that there will be changes to how places function. Albeit, the extent of the change is less clear. For instance:

WORKPLACE	how many people will return to the office and when, and what impact will that have on surrounding businesses?
TRANSPORT	in the short term, will people be as happy to return on to buses and trains as they did previously? In the medium term, will there be a speeding up of Connected and Autonomous Vehicle (driverless cars). Will we see drones replacing delivery drivers in the not too distant future?
ATTRACTING TALENT	will regions such as Glasgow find it easier to retain and attract people who may otherwise have gone to the likes of London?
OUTDOOR SPACE	many businesses have already very successfully shifted their business processes and models to deal with the realities of the last few months. It is vital that they, and those that want to follow, are given the support to embed any benefits from the new ways of working that will address the major challenge of the climate emergency.
DIGITAL	over the last few months, business have made major advances in their adoption of digital technologies. It has also shone a light on digital divide – not least those who have the luxury of working from home and those who don't. One consequence is that workers in GCR may find economic opportunity globally as businesses realise how possible it is to manage teams digitally. Unfortunately, the converse of that is also true.

In the following pages, we are very grateful that some leading experts from across the UK have outlined some initial thoughts on what all of this may mean to Places and our Real Estate.

High Streets

Covid has had an undeniably dramatic impact on all of our lives in so many ways, but of course most notably the tragedy of human loss. Beyond the short and long term impacts on family and society's health, this global pandemic has had an unparalleled effect on consumer behaviour and therefore in turn commercial activity.

For many years in the UK, some would say up to 30, we had been seeing a gradual erosion to our traditional high streets as a result of the changing nature of consumers – private car mobility, increased leisure time, dual income families and most recently the rapid onset of technology. All this had been causing an imbalance between supply and demand and in particular for pure retail.

Many experiential adaptations had been made, some of which were successful such as the John Lewis Click and Collect model, whilst others were short-lived partial uplifts. Place management models, in particular Business Improvement Districts (BIDs) have proved effective in stemming the decline and in some cases turning the tide through collaborative and innovative adaptations.

But Covid has accelerated that transformation, and change is now inevitable not just probable.

Clearly in the immediate term with ongoing lockdowns, any true consumer behaviour change is masked but returning to 'full time always' to the commercial office is looking unlikely for at least the medium term. Some commentators have marked the death of the office but

this simply doesn't stack up in the medium/long term. Human interaction and development of the work ethic and skillsets for the younger generations critically must at least in part be onsite.

Whilst forecasting a change to the traditional office-based working model and in turn the changing 24 hour time horizon of behaviour, together with significant unemployment at least in the short term, predictably consumers' availability and ability in relation to retail, hospitality, leisure and tourism will also see a dramatic change.

Coupled with this, the more marked awakening of our environmental and climate change challenges during the early Covid national lockdown will (and must) continue to influence consumer thinking. This has ramifications for the balance between physical and digital spend when considering the scale of fuel and packaging usage for delivery and return logistics of online retail. The traditional supply chain to the consumer is breaking and will require reinvention, for example, will you 'Click and Fit' by doing a pre-order online and fitting and paying onsite?

The future of our places lies in a fine balance between people, planet and commerce and depends on the ability of traditional businesses to adapt and recover alongside new innovative creations particularly utilising a mix of digital and physical. Government reviews on both Planning and Business Rates will hopefully steer the juggernaut towards the right future direction ensuring essential human interaction is at the heart of our future places.

Dr Julie Grail

MANAGING DIRECTOR
THE BIDS BUSINESS



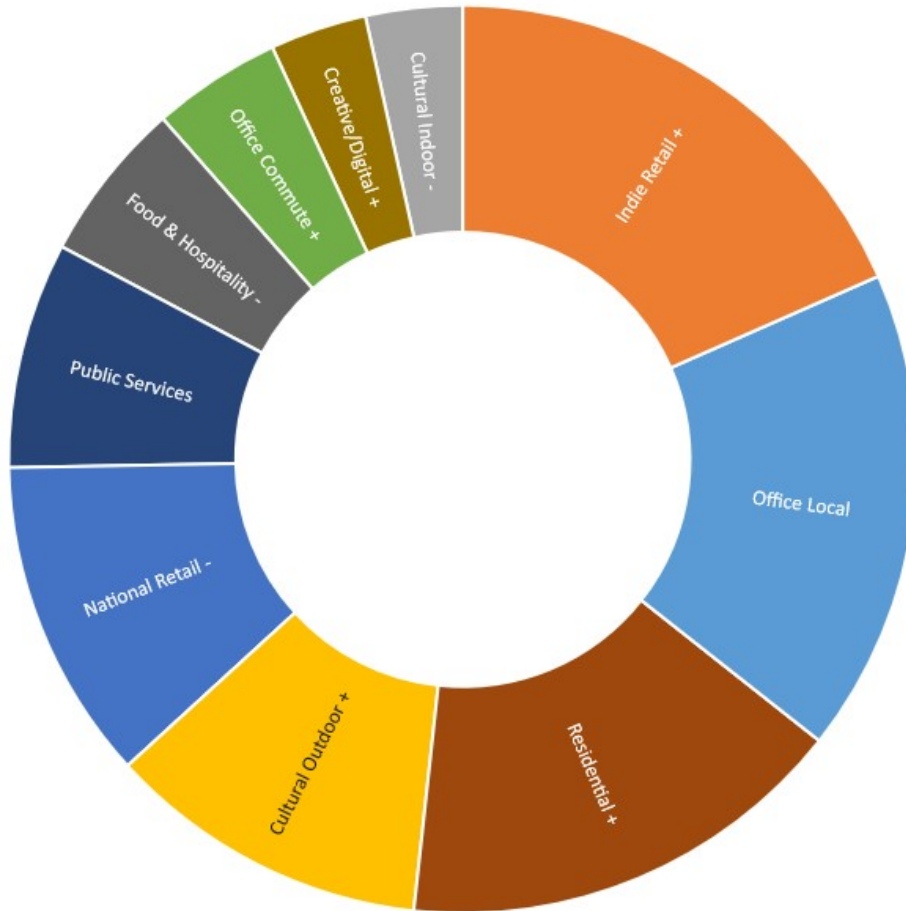
Since the mid 1990s, Dr Julie Grail has been a leading expert in partnerships and place management.

Her expertise extends across many types and scales of place and partnership specialising in providing inspired leadership and guidance to the people in place partnerships.

Julie's academic background is a BSc Hons in Land Management from De Montfort University and a PhD in Urban Governance from the University of Sheffield.

- Senior Fellow at Institute of Place Management
- Special Advisor on BIDs at The BID Foundation
- Expert Panel Member on the High Street Task Force

Post Covid



Forecasting Sector Shift Demand

Indie Retail	Opportunity for growth via local engagement and collaboration.
Office Local	Well-placed to stay/stabilise albeit with some Covid casualties from industry failures/contractions and some probable repurposing and increase of coworking space.
Residential	Opportunities from conversions of vacant space especially retail.
Cultural Outdoor	Opportunities to serve 'human interaction' but with necessary social distancing in short-medium term (also incorporating tourism activity).
National Retail (non-food)	Faces uncertain future with the existing online versus onsite battle being accelerated through Covid crisis.
Public Services	Including administration, health and education occupation should remain but opportunities for re-focusing community engagement and activity.
Food and Hospitality	Will struggle with necessary social distancing and desire to 'visit' in the short time and perhaps society has relearned some culinary passion and skill, but opportunity for local indie provision.
Office Commute	May prove a new opportunity in provision on hub working space to escape the monotony of home working.
Creative/Digital	Activity fuelled by technology some of which is office-based and opportunity for increased collaboration with retail/leisure.
Cultural Indoor	Face short-medium term challenges and will potentially need some adaptations to 'outdoor' and digital to survive.

A conversation on where 'Places' go next 1
 Dr Julie Grail, The BIDs Business May 2020



Post Covid



The 24 Hour Time Horizon of a Home Worker

Getting up and about	...fresh air, a morning stroll, shall I plan to meet anyone? My commute used to 'get me up' perhaps I should go out for coffee and breakfast.
First work session	...at home as the office is quiet and I'm pretty productive first thing.
Lunchtime	...I haven't seen a soul all morning (apart from the dog!) so I could really do with some human interaction. I used to bump into people all the time - in the lift, in the loo, at the coffee machine. Not really sure where to 'find' people as I've never known my local neighbourhood, but surely I'm not the only homeworker feeling like this?
Second work session	---the house gets noisier in the afternoons, I could really do with a quiet zone elsewhere?.
Family dinner	...homeworking enables early dinner time with the family, but it can prove a bit disruptive to the working day.
Evening, third work session	...even without an early dinner break I find myself at my desk into the evening) even though this used to be my commute time), am I working more hours and/or just less productively?
Bedtime	...I used to be exhausted and ready for my bed pre-Covid. but my mind is still buzzing having worked on later and there is no rush for me to get up early for the morning train!

A conversation on where 'Places' go next 5
 Dr Julie Grail, The BIDs Business September 2020



Housing Market

Increasingly we have become used to events being described as, 'once in a generation', or 'exceptional', or 'unprecedented'. This is often an exaggeration but not this time.

The Covid-19 pandemic and subsequent lockdown has been unusual in the sense that it was a health intervention in the market rather than a behavioural market response. The lockdown restrictions effectively saw both the rental and sales market frozen over the usually active Spring season. After 3 months of isolation and introspection, both markets have seen sharp increases in activity as restrictions eased and the personal resolutions made during lockdown about lifestyle and aspirations were put into action. This has seen listings of new properties for sale in Edinburgh and Glasgow jump to levels well above last Summer/Autumn, and rental demand and activity is also strong. House sales still look like being at least 20% down over the course of 2020, although average prices and rents have held-up well.

Lending restrictions (as well as the general economic malaise) have affected first-time buyers, despite interventions such as the Scottish Government's First Time Buyer Fund, which has helped to mitigate some of the lending shortfall. With lenders looking to minimise risk exposure, the availability of high loan to value (LTV) loans in the marketplace has noticeably diminished during the pandemic.

At the same time, mortgage rates, especially for higher 85% plus LTV loans, have jumped significantly.

The housebuilding industry in Scotland was more detrimentally affected by a longer lockdown than the sector down south and output could be up to 50% down by the end of the year, with consequences for the housing market going forward in terms of reduced supply and a deepening housing shortage.

Looking ahead, there can be no doubt that with uncertain economic and political conditions ahead, there will be more testing times in the market.

However, as many households have come to realise during the lockdown, a home is now, more than ever, not just a place to lay your head. As society adjusts to a Post-Covid world (or perhaps Living-With-Covid world), the property sector is likely to feel many of these new realisations most acutely.

Over the next 5 years, Rettie & Co are currently forecasting houses prices to rise by around 11%, i.e. at a similar growth rate as over the previous 5 years, which is subdued by historical standards.

The main hit is likely to be in transactions. These are already nearly 40% down this year to date. We would anticipate that they will be around 20-30% down by the end of the year, with recovery unlikely next year based on current economic forecasts. Again, based on a gradual economic recovery from 2022, we would expect transactions levels to be back to 2019 trading levels by 2023, more pessimistic than our previous forecasts.

Dr John Boyle

**DIRECTOR OF RESEARCH
AND STRATEGY RETTIE & CO**



Leads the Rettie & Co. Research Team, providing a cutting-edge research and consultancy function.

His work informs clients on sales, lettings, investment and development opportunities. He also analyses the current status of property markets and assesses how they are likely to change.

Over the last 17 years, he has worked for all of the major house builders in Scotland, the Scottish Government, many local authorities and investors.

He led the Scottish Government's study into the 5-year Review of the Home Report and is currently part of the team assessing the value, incidence and impact of developer contributions for the Scottish Government.

He sits on Homes for Scotland's Policy Advisory Group and is a member of the Society of Property Researchers and the Royal Institution of Chartered Surveyors.



RETTIE

Commercial Property

There have been many pages written on what the pandemic will mean for our major working spaces once the immediate public health emergency is met. Now, on the eve of a successful vaccination, it would seem a moment to take stock of what the near future use and occupation of commercial property may mean.

First, I do not think the pandemic will mean the end of businesses seeking to co-locate their employees to deliver product and services for their customers and the public. True it is no surprise that plans many businesses held twelve months ago were often put on hold or even abandoned with the onset of Covid-19. A recent report by CBRE found 15/16 UK major locations saw declines in office take up verging between -25% to -90% compared to 2019. The one exception was Edinburgh thanks to the 280,000sq ft Baillie Gifford deal at Haymarket. Yet this widespread fall in office demand does not mean that the need for quality working accommodation has ended with the enforced application of homeworking and virtual meetings. Rather, the post pandemic office can be expected to be different, with more space for workers, and with phased and blended work-life patterns. Occupier requirements will therefore change, and the industry will adapt to these requirements on a greater scale than it previously did.

A more pressing concern may be the economy that surrounds major office employment zones. City economies invested hugely to provide amenities and conveniences to surround large conurbations of office workers, with the tourist industry adding to the success of these businesses. However, if city centre takeout food conveniences and other businesses face a loss of demand with office workers (and currently tourists) largely absent from city centres. There are however some signs that this same footfall has to a degree benefitted the urban villages of cities and major urban centres, or their surrounding towns.

This takes us on to consider the position of the retail property sector in a difficult period of transformation.

Many commentators have noted that the retail world was already facing severe challenges before Covid-19, particularly for the fashion-based sector. There is no doubt however that Covid-19 has seen the final demise of many famous brands and stores. The impact of Covid-19 has however not been limited to the retail sector, it has also devastated the leisure sector which so frequently the alternative use for former shops. Thus cafes, cinemas and restaurants became frequent elements of planning applications to turn shopping centres and retail parks into destinations to attract consumers to spend time and money in their environs.

The outlook is not all bleak for these retail and leisure sectors. Retail Parks have arguably benefitted from their car parking and lack of dependency on public transport. In the context of reducing social interactions, these locations have been clearly been viewed as attractive by the public. Hopefully, the success of vaccinations will also turnaround understandable reluctance to use public transport and leisure options too. And the experience of shops and testing products cannot be easily replicated by online sales. Retail property will still have a customer base therefore, but it may be even more discerning and focused on quality experiences and brands.

The real estate sector clearly emerging in a stronger position is that of logistics and distribution - JLL recently found its industrial clients had an impressive 91% occupancy rate across the UK. The growth of online sales is leading to more demand for logistics, and this goes beyond the huge distribution centres that populate the M8 corridor. At some stage it may be that the real estate sector may also come to see the demand for data storage and infrastructure as part of the wider industrial market. The growth of data facilities is likely to emerge in proximity perhaps to major population centres and this will drive demand for new buildings and communications infrastructure. For the industry, this will be a major opportunity and challenge to develop data buildings where they are needed quickly, economically and above all else, sustainably.

David Melhuish

DIRECTOR, SCOTTISH
PROPERTY FEDERATION



David Melhuish is the Director at the Scottish Property Federation, a position he instigated in 2007 as the Scottish arm of the British Property Federation.

He has over 20 years' government relations experience representing property professionals and businesses in both the UK and Scottish political context.

Prior to the BPF he worked in various roles covering policy, research and public affairs for the Royal Institution of Chartered Surveyors, the Association of University Teachers, within the House of Lords as a parliamentary researcher and for the National Audit Office.

Community Development

Covid isn't the only major immediate challenge to our economy and way of life. Igloo is a purpose driven impact investor in the built environment, a B-Corps, achieving profit by making a material positive impact on People, Place and Planet. That rare beast, an ethical property developer and investor!

The built environment houses the majority of our economic activity and is where we live. How, how much, and who invests in the built environment matters.

Covid-19 has had a number of major built environment impacts. Construction stopped, home moving stopped, rents haven't been paid and city centre office and retail values have dropped.

The bigger impacts are still to come. Most real estate businesses are delaying spending decisions and the next phase is insolvencies and redundancies. As Warren Buffet said: 'you only find out who is swimming naked when the tide goes out' and this time the economic tide, despite Government intervention, has gone out fast and far.

It's not all gloom. Logistics real estate, fuelled by online commerce, is doing well, some housebuilders are starting to buy land, and entrepreneurial independent businesses can flourish in residential neighbourhoods where daytime populations are swelled by people WFH.

Some knowledge workers are looking to move out of cities to find lower priced, high capacity broadband enabled locations where they can afford larger homes for home working and schooling, with outdoor space and access to parks and countryside.

Many of these impacts are long-term trends that have been nudged forward by the impact of Covid and some, like WFH and online shopping, will have baked in material long term changes. Other impacts may be unexpected. Lower demand for city centre offices may create space for increased city centre living for example.

And our attitudes to place, neighbourhood and community may be changing. Many have experienced the power of mutual aid, delivering food, and helping neighbours, during lockdown. This is likely to have strengthened social capital in many places. As someone said to me recently, we now need 'to blow on the spark of Covid kindness'.

The long-term trend here was in the opposite direction. Social capital has been in decline. But, with Scotland leading the way, we are seeing the enabling of communities to act in their neighbourhoods. The power I particularly like is the community right to buy derelict land. Community groups we work with, like the Glasgow Canal Co-op, inject huge creativity, energy and the ability to make things happen. They enhance social capital and support community wealth building.

Chris Brown

**EXECUTIVE CHAIR
IGLOO REGENERATION**



Chris Brown founded the igloo business in 2001 with the belief that value is created from sustainable approaches to regeneration.

Through his founding purpose 'to do well by doing good for people, place and planet', Chris has led igloo to deliver some of the most recognised impact driven schemes in the UK.

He is now taking the igloo approach to emerging markets such as UK custom build and community led development to create competitive advantage and investor value.



Podcasts

ECONOMIC EVIDENCE AND INSIGHTS

The Fraser of Allander continue to deliver a wide variety of insightful and considered podcasts on the current issues facing the Scottish and UK economies: <https://fraserofallander.org/learn/podcast/>

PLACE

For those who want to find out more about the current issues impacting our Places, we highly recommend the Connected Places Catapult Podcast. Not only will you hear Greg Clark conduct a series of interviews, one of these is with Dr Julie Grail –who talks extensively on her thoughts on the future of the High Street. The podcasts go beyond Real Estate to consider a wide variety of Place issues: <https://cp.catapult.org.uk/2020/08/06/connected-places-podcast-season-one/>

“Across 6 episodes we’ll be looking into the future of planning, housing, real estate, mobility, town centres and innovation economies. We’ll be asking businesses and innovators how the pandemic is disrupting many of our assumptions, but how it might also push us forward and accelerate change for the better.”

Literature

THE FUTURE OF HIGH STREETS

UK high streets have suffered from an acceleration of store closures following the coronavirus pandemic. PwC’s research on [Store Openings and Closures - 2020](#) shows that the top 500 UK high streets are no longer the main attraction for consumers. Further store closures are expected, driven by shifts in consumer behaviour and changes in retail industry structure. Independents have proven to be more resilient, but they are still not immune in categories such as fashion which has seen a shift to online. PwC argues that there is a future of physical stores in all sectors, but local authorities need to rethink the function of the high street beyond retail.

High street decline is nothing new, but Covid-19 has unmasked systemic problems within town centres, that, some argue, have become “too greatly

commercial, too little communal” and which are already squeezed by online retail and economic inequalities. Urban development experts interviewed by the [Planner](#) argue that retail is not going to be the driver of the high street anymore, but instead, we can expect to see more community uses.

The [Grimsey report](#) into the future of high streets published in June 2020, sees Covid-19 as “a golden opportunity to repair high streets neglected social fabric, lead a values-led period of social renewal and deliver lasting change”. Policy recommendations put forward by the [High Streets Task Force](#) include; repurposing high streets and town centres as community spaces and changing the way shopping centres are run, moving towards a local supply chain model to embed social value and local employment.

NEW WORKING PATTERNS IMPACT ON REAL ESTATE

Recent research from [EG’s Radius Data Exchange](#) reflects changes that are expected to take place as a result of the coronavirus pandemic. It suggests that in the “new normal”, the residential sector will be profoundly affected by shifts in working patterns. Prior to the pandemic, most people preferred an hour commute to their place of work. This “rule” largely confined the geography people would look for a place to live. While there is no expectation that there will be a rejection of urban living, the anticipated movement towards flexible working patterns means that a critical element underpinning property prices, proximity to office space, will be much less of a factor. Location with large amounts of green space that are able to provide a “newly acceptable” commute time into central office hubs are more likely to see accelerated residential demand, especially if their housing stock is relatively affordable.

HOUSING AND RESILIENT PLACES

A report from the [Social Market Foundation \(July 2020\)](#) suggests that urban spaces can be repurposed by replacing shops and offices with desirable and affordable homes. As well as creating jobs in construction and renovation, such a plan would also save pubs, bars, cafes, restaurants, and cultural venues that would otherwise struggle to stay afloat in an era of the office dependent high street.

A recent report from [Savills](#) examines current challenges of the UK's residential development industry and highlights the need for resilience in the new build market. Space to work at home and outdoor space is becoming increasingly important, with more than 62% of Savills buyers listing it as the highest priority characteristic. Local amenities and a sense of community have become more important too, as has energy efficiency. To meet the housing targets in Scotland, Savills's research suggests that housing supply needs to adapt to changing preferences and the delivery of all tenures will need to increase.

A new economic case of social housing developed by the [Fraser of Allander Institute and Shelter Scotland](#) demonstrates that investing in social housing will contribute to enhancing the lives of people in Scotland in many ways, from improving health and education to tackling climate change and reducing poverty. The strongest evidence shows that social housing causes desirable outcomes such as stable housing arrangements, which allows children to do better in education, and boosts economic performance by increasing the supply of labour and the productivity of the workforce.

As a response to the challenge of providing quality and affordable housing, the [Liverpool City Region](#) is "Building Back Better" through community-led housing. The project, entitled Destination Bootle, is a new mixed-use development scheme which includes 187 homes, a geothermal energy scheme, commercial space, and a community enterprise hub. The project has been conceived and designed by a community comprising hundreds of local volunteers, community members, creative, and social organisations. An independent economic impact assessment estimates that the scheme will create 82 new local jobs and at least £5.9m annually through GVA, making it a good example of a "shovel-ready" scheme, creating local jobs and supporting a green recovery.

BUSINESS AND PLACE

People want businesses to play a greater role in their local areas and this desire has been accelerated by Covid-19. [Centre for Progressive Policy \(CPP\) research \(October 2020\)](#) shows that 8 in 10 people think that businesses currently receiving government support have an increased obligation to act in the interests of society. In addition, 67% of respondents in CPP's survey

held businesses responsible for providing good jobs where they live, while 51% think large businesses should do more to address specific local issues. Ensuring that businesses play a more active role within communities will be particularly important in those areas where businesses co-exist with high levels of deprivation. Re-conceptualising businesses as organisations dependent on the communities they operate in can support an inclusive economic recovery.

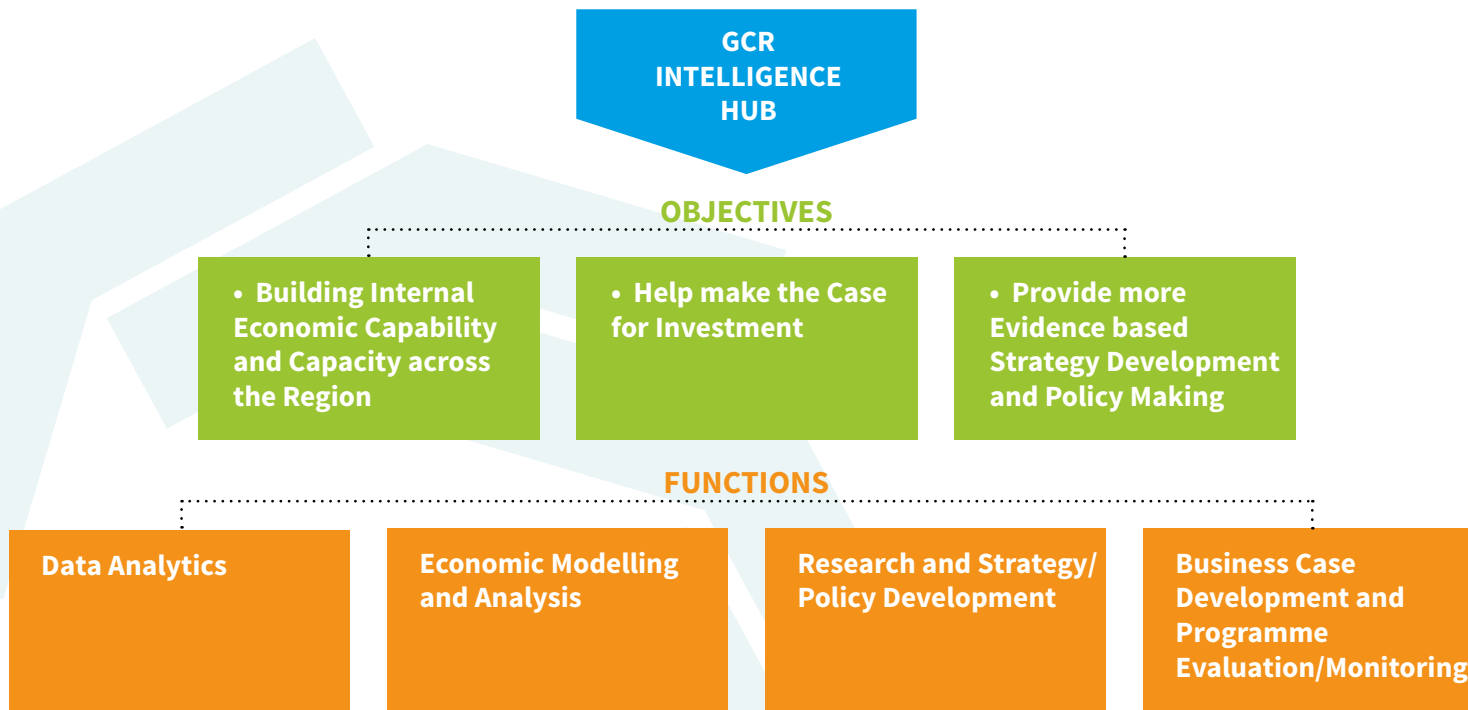
COMMUNITIES, URBAN REGENERATION AND GREEN SPACES

In September 2020, the think tank Onward published [The State of our Social Fabric](#), a piece of research that attempted to quantify, for the first time, the strength of Britain's communities using a wide range of statistical measures. While the headline finding was of a long-term weakening in the social fabric, confirming earlier polling on the public's belief in such a decline, the most revealing aspect was the extent to which this decline has affected communities unevenly. Wealthier parts have maintained their social fabric, but poorer towns have seen the ties that bind them weaken over time. Arguably, the pandemic has amplified this emerging inequality. Emerging ideas for community regeneration, which place emphasis on physical infrastructure, including the importance of local hubs and facilities – especially cultural institutions and sports venues that provide a gathering point for the community – more secure housing tenure; and jobs and civic participation to local decision-making.

People have found comfort in exercising in nature since Covid-19 restrictions were introduced in March 2020 and a new relationship with nature seems to have emerged. A recent survey from [Ramblers and YouGov](#) which asked 2,000 adults across the UK about the places they live and their relationship with green spaces found that people on low incomes and those from BAME background are less likely to have access to good quality green space. It also found that green spaces are a good place to relax and boost wellbeing and come closer to the local community. Moreover, the recent [Case for Parks](#) (January 2020) illustrates that investment in green infrastructure has major health, environmental, and climate change benefits, and generates economic value for businesses and the local economy.

The Intelligence Hub was set up in July 2019, with the following objectives delivered through four core functions:

In the coming months, the work of the Intelligence Hub will start to be made available through the Glasgow City Region website. In the meantime, please direct any queries or questions to Andrew Robertson.



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