ARUP

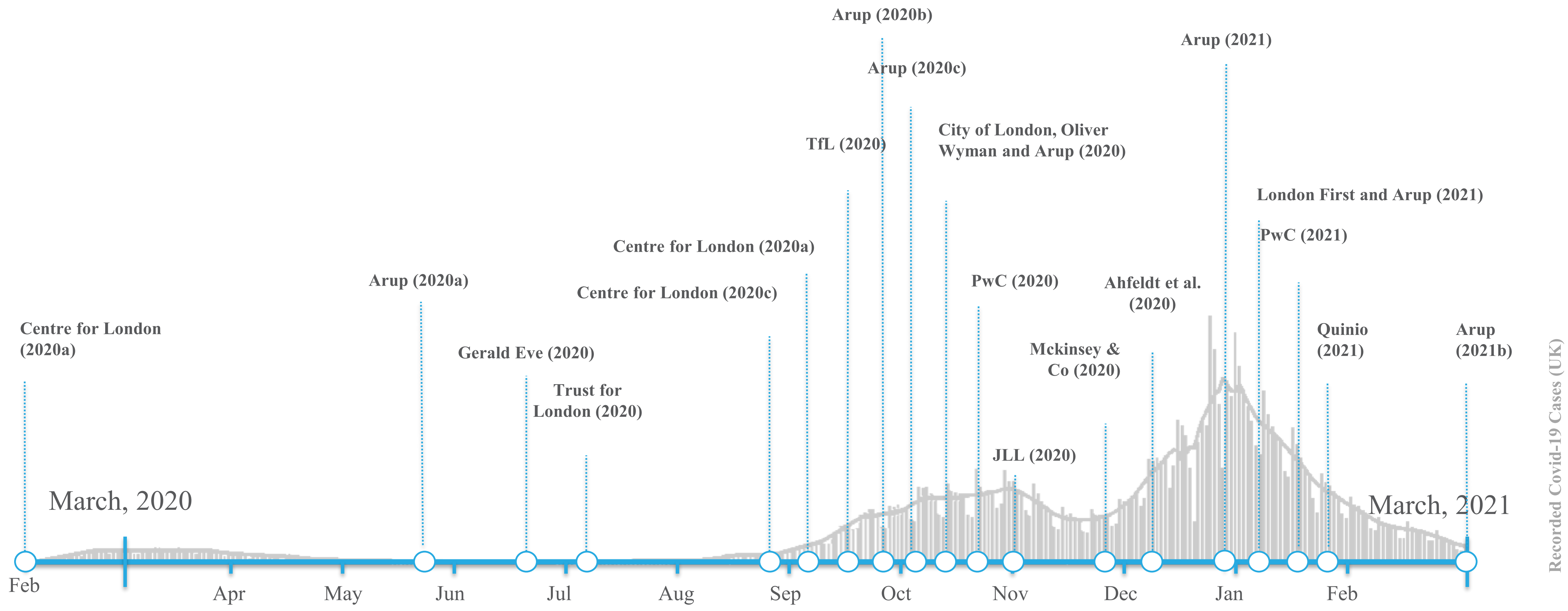
WE SHAPE A BETTER WORLD

Understanding the impact of COVID-19

Presentation of Findings
Aldgate Connect BID Board Meeting

Photo: Unsplash, Mike Stezycki

Project scope



Emerging Trends

Commercial

- 3-4 days/pw likely return to the office for employees
- Most business planning to say in CAZ but downsizing
- "Flight to quality" – increased demand flexible and collaboration space, focus on health and wellbeing
- Proximity to transport hubs, active travel routes and higher density residential areas will be key attraction factors

59%

contraction in leased office space for London (Q2/2020 vs Q2/2019)

Vacancy rates at 5.2% West End – commercial (Q2 2020)

Source: JLL (2020j)

72%

of the workforce in Central London are predicted to work from home for the next two years (across London: 50%)

Source: TfL (2020)

Retail and F&B

- London has been one of the slowest UK cities to recover footfall after the first Covid-19 wave
- Trends that may be here to stay include 'click and collect', in-store self checkout, purchase of pre-owned products, and purchases through social media
- Need for a flexible and diverse attitude towards space and to promote the exploration of opportunities to accommodate distinctive types of retail
- Homeworking may put jobs in F&B at risk due to less spending from office workers – however, there is a possibility of increased leisure spend overall

60%

Reduction in in-person purchases for apparel and food (Central London, January to July 2020)

Source: Centre for London (2020j)

Accommodation and food services was among the top three sectors for most redundancies, accounting for

11.2%

of total redundancies in August – October 2020

Source: Arup (2020j)

Residential

- Evidence on demographic changes in central London is currently inconclusive
- Drivers of London's population decline include city dwellers rethinking their living situations, a smaller number of graduates arriving in the capital due to remote working and reduced immigration

A third

of those moving home in the UK cited better air quality or access to green space as the main reason

Nearly **20%**

cited transport infrastructure

Source: City of London, Oliver Wyman and Arup, 2020

Arts and Culture

- A repeated lockdown scenario would not only have devastating impacts on the arts and culture sector, but also deeply affect all of the restaurants, pubs, bars and shops
- Other key risks: recovery funding redirected to social care, Art Council's decentralisation of activities
- However, the arts and culture sector will present key opportunities through which to attract people back to central London.

10%

Lower GVA in 2024 compared to 2019 in a "return to normality scenario"

Source: Arup

Tourism and Hospitality

- Inbound tourism is expected to reach 2019 levels by around 2025 or later depending on recovery. Notably, international tourism will take longer than domestic to rebound
- The decrease of business travel could remain in the longer term
- Crucial it will be for London's tourism offer to uphold its quality and quantity
- "Eager returners" are most likely to live in proximity of London or be short-haul international travellers. They represent a younger cohort, mostly attracted to the city's cultural and entertainment scene.

31%

Forecast decrease of occupancy for London hotels in 2021 compared to 2019

Source: PwC

Recommendations for Recovery

1) Bring the people back: analytics, incentives, experiential neighbourhoods

- **Survey and monitor:** work policies, consumers' sentiment, residents' needs. Promote **knowledge sharing**
- Focus on the **experience and entertainment of going to shops** in-person
- Promote a **rich agenda of events** – also outside traditional opening hours
- **Increase local catchment area,** create **packages** and promote the links between sectors

Restart Stages (Lincoln Center)

Various locations, New York, 2021

2) Promote and support active travel

- Create **affordable cycling facilities** and bike storage for active travel, signage and information. Explore **shared use** of existing facilities.
- Provide **free cycle safety lessons** to those working within the BIDs and other **incentives**
- **Invest** in public realm, transport infrastructure, walking and cycling routes
- Offer **funding to increase cycle hire provision, e-bikes, e-scooters** *(Government and the Mayor)*

The Bike Hub (Carnaby)

Carnaby Street, London, 2020

3) Meanwhile uses and public realm upgrade

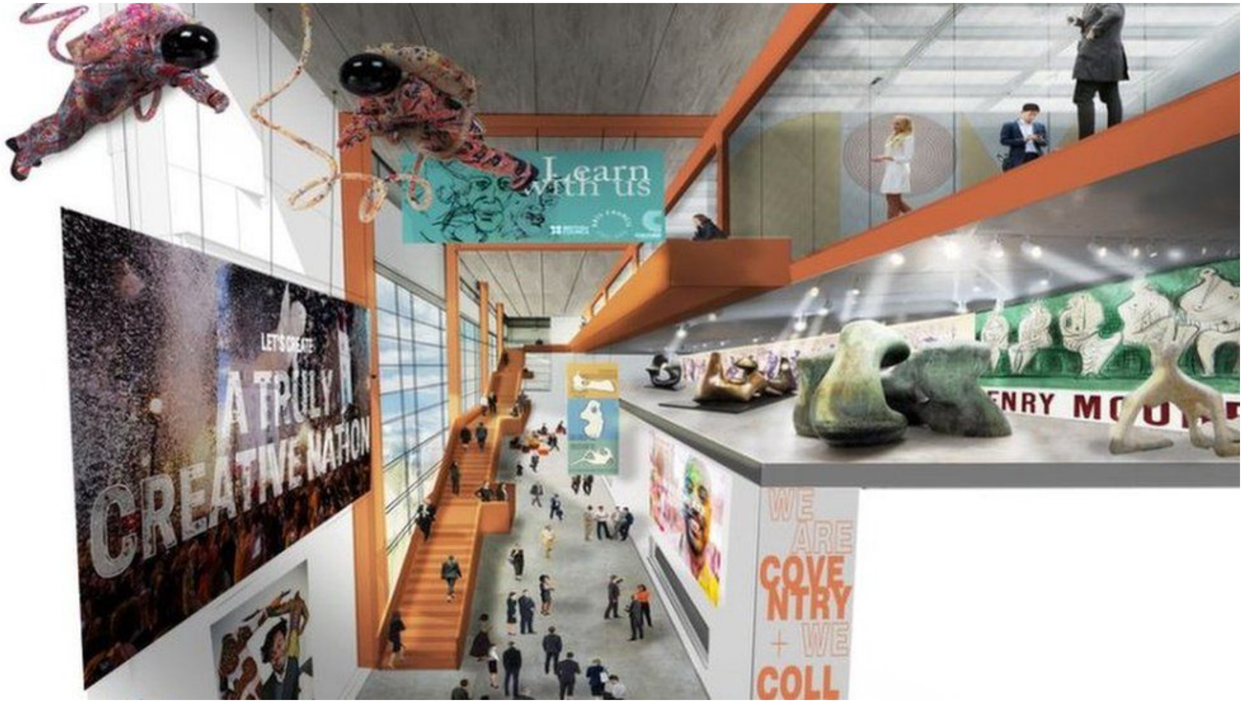
- Promote pop-up / small scale **green spaces**
- Explore temporary and experimental ways to **make street spaces more enjoyable** across different seasons
- Expand opportunities for businesses to **operate outdoors**
- Explore **experimental approaches such as smaller venues borrowing larger venues** to allow for physical distancing
- Adopt measures to accommodate for **meanwhile uses in vacant shops / spaces**

Fitzpark, Parklet trial (Arup + Fitzrovia Partnership)

Windmill Street, London, 2018

4) Adaptation of spaces, mix of uses and occupiers

- Make use of vacant space – gather a **live record of opportunities** to occupy affordable commercial space and publish to list of interested organisations
- Establish **networks** to explore sharing arrangements for arts and culture venues
- Explore new ways of mixing and accommodating uses: **SME accelerators in art venues,** F&B in office space, corporate activities in hotels



Ikea Art Hub Transformation
Coventry, 2021-

5) Lobby the government for financial support

- Reduce VAT and / or provide **tax relief** for supply chain businesses that supply businesses in the area
- The government could also offer **'enterprise zone' style incentives** to attract new businesses
- Schemes covering the costs of reopening venues, **culture vouchers**

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