

New trends in
our cities:
Places of choice
and resilience



Cities landscape

Over the last thirty years, the rise of global cities has been one of the big stories of economic development. Cities were the magnets for footloose global investment, hotbeds of innovation and nodes of a globalised service sector.

As their economies grew so did their populations, seemingly inexorably, and so did some of the challenges of growth: poor quality and expensive housing, hostile and unsafe neighbourhoods, and pollution and carbon emissions resulting from a rise in motor vehicle use.

One dramatic change ushered in by the Covid pandemic was the increasing ability for office-based workers to work from home. This created both huge disruption and opportunities for our cities, which also face the challenges of mitigation and adaptation to climate change, growing concern about inequality and – in the short term – a sharp rise in inflation. How will these forces shape our cities, and how should city leaders respond?



1. Hybrid working for office workers is here to stay
2. Changing work patterns create opportunities for cities
3. Cities will remain desirable places to live and work
4. Changing urban dynamics pose challenges
5. Agglomeration remains a powerful force
6. Cities remain central

1. Hybrid working for office workers is here to stay

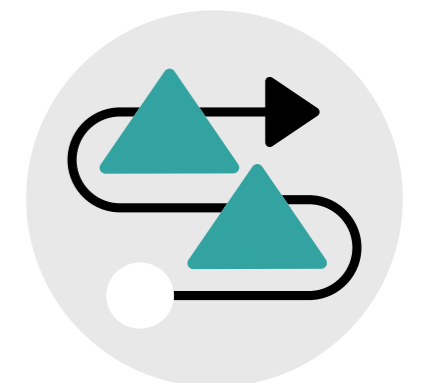
Homeworking had been growing slowly for office workers over the last decade, facilitated by technology and driven by social and legal expectations of flexible working patterns. The pandemic sharply accelerated this growth. In the UK, homeworking rates (i.e., the proportion of workers identifying their home as their main workplace) rose from 15 to 31% between late 2019 and early 2022, and in London – where more office-based jobs are located – the rate rose from 14 to 37%⁽¹⁾. Other large cities have seen similar rises: for example, in New York State, the share of service sector work undertaken remotely rose from 8% before the pandemic, to around 20% in August 2022⁽²⁾.

As the pandemic has ebbed, most office workers are seeking to maintain hybrid working patterns that mix home and office working. A sample survey of offices in large UK cities suggests occupancy remained at around 50% of pre-pandemic levels in November 2022⁽³⁾. In London, around two thirds of workers said they were hybrid working in summer 2022⁽⁴⁾, and a US research programme found that 35% of workdays in the ten biggest US cities were taking place at home in October 2022⁽⁵⁾.

Scenario modelling work undertaken by Arup for [Central London Forward](#) suggests we are still in a post-pandemic transition, with demand for office space forecast to match supply by the middle of this decade in some scenarios⁽⁶⁾. Certainly, workers seem keen to retain flexible working: 75% of workers interviewed in one 2022 survey said they did not expect to return to five-day-a-week attendance at a workplace⁽⁷⁾.

Furthermore, digital transformation and automation will continue to transform our economies, enabling remote working and service provision, reducing demand for some lower-skilled jobs, and creating more higher-skilled ones in new and existing industries. This process is likely to trigger further waves of disruption and adaptation for workers and for cities.

16%
increase in the proportion of workers identifying their home as their main workplace between late 2019 and early 2022



2. Changing work patterns create opportunities for cities

↑ 85%
Melbourne's labour pool catchment increases from 1.3 million to 2.5 million with an additional 1 hour on public transport

The pandemic had a short-term impact on population dynamics: fast-growing cities such as London, New York and San Francisco all lost population, as inward migration slowed and young adults moved out⁽¹⁰⁾.

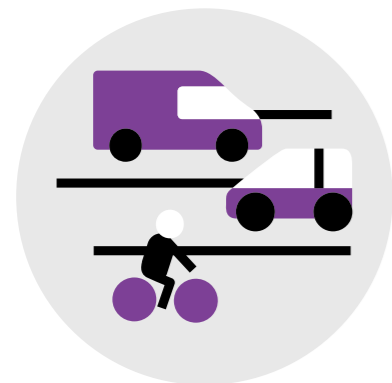
Much of this population loss was reversed during late 2021 and 2022⁽¹¹⁾, but there are indications that hybrid working is enabling some longer distance moves⁽¹²⁾, with workers choosing a location that requires a longer commute on fewer days. A comparison of one- and two-hour travel times from Melbourne's Flinders Street shows how much wider these moves can make Melbourne's commuter catchment, giving workers the opportunity to base themselves in other regional cities, such as Geelong, but also giving Melbourne-based businesses access to a much wider pool of skilled workers - with an increase from approximately 1.3 million people of working age to 2.5 million (~ 85% increase). Longer distance commuting could create much larger polycentric city-regions, posing challenges of urban sprawl.

Rollover / click
To reveal journey times from Flinders Street Station, Melbourne

1&2 hours

1 hour

2 hour



3.

Cities will remain desirable places to live and work

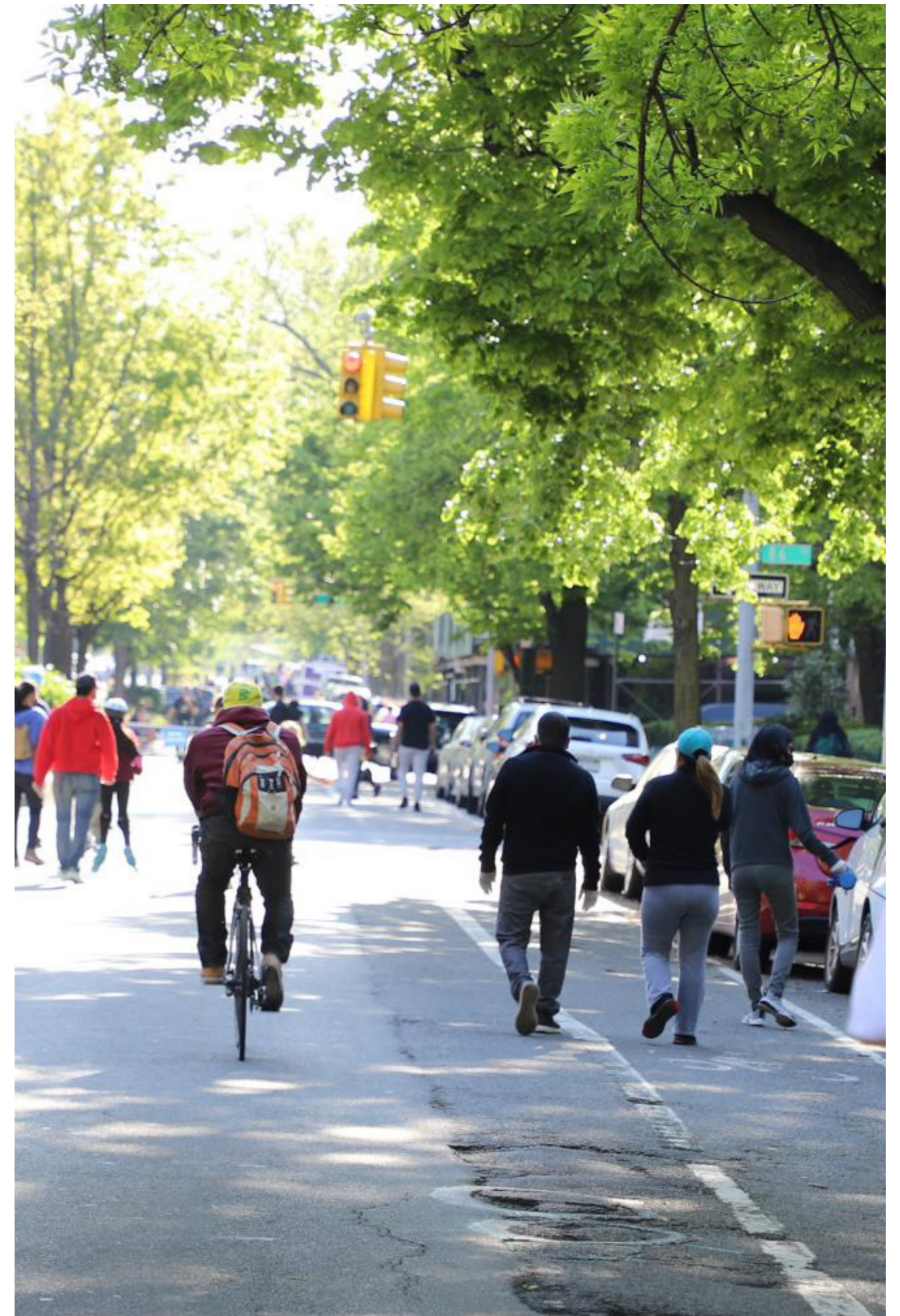
Changing work patterns do not mean that people will no longer want to live in cities. Quite the opposite; cities will become places of choice rather than necessity – at least for those whose careers, incomes and wealth allow them to have choice.

As restrictions were placed on indoor gatherings, the Covid-19 pandemic encouraged a temporary uptake in outdoor spaces, some of which have remained. From the pedestrian corridor and community hub along 34th Avenue in Jackson Heights, New York to the emergency bike network created to help essential workers get around in Bogotá, Colombia, cities have utilised the opportunity to invest in the public realm, improving air pollution and offering more equitable access to outdoor space. Some workers choosing longer-distance commuting will make space for more people who choose to live in them, who embrace the opportunity to enjoy the buzz and potential of cities as a place to find friends, partners, new possibilities in their life. This may lead to more young people being able to move into cities – not only for cities' economic offer but also for their continued attraction as 'relationship markets'.

If current work patterns are sustained, cities will also have more capacity. In November 2022, London tube use was around 20% below pre-pandemic levels⁽¹³⁾ and, as mentioned above, some surveys suggested that offices were only being used at half of their pre-pandemic levels. Arup's research for [Central London Forward](#) suggests that some central London boroughs would have surplus capacity of office space beyond 2030. Finding ways of using this capacity is not straightforward – both transport and office use tend to peak on Tuesdays, Wednesdays and Thursdays – but it could be used to give start-ups a foothold in notoriously expensive big cities such as London, to enrich the mix and potential for collaboration within the city, or to create new opportunities for community infrastructure such as flexible arts and culture spaces, libraries, and multi-purpose community spaces on high streets⁽¹⁴⁾.



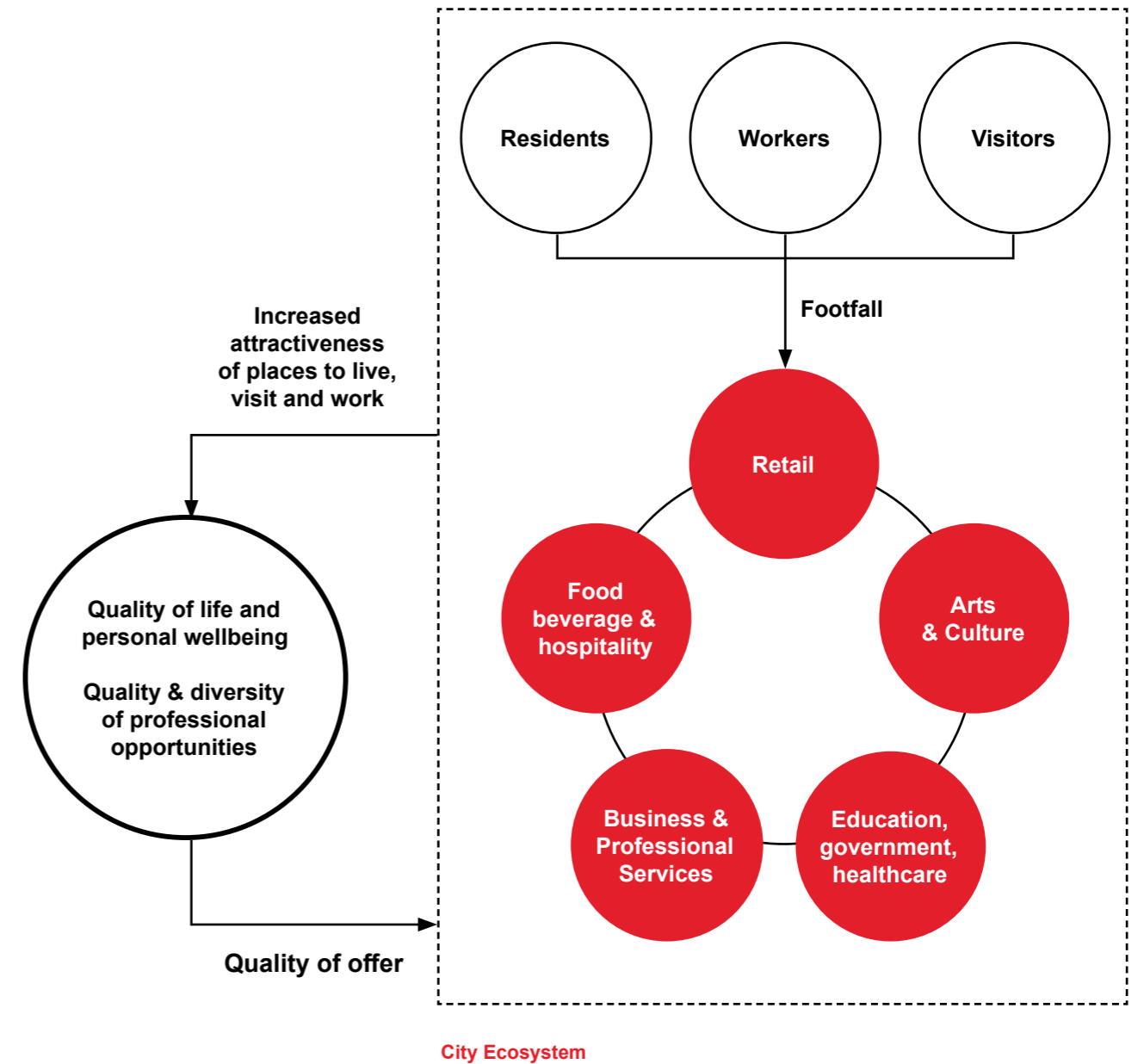
34th Avenue, Jackson Heights, New York
Pedestrian corridor and community hub along 34th Avenue



4. Changing urban dynamics pose challenges

Cities today operate like a complex ecosystem. Diversity of use at different times and in different places is ensured by the various restaurants, shops, public spaces and galleries attracting tourists, businesses and residents alike. While many office workers are able to work from home, the same choice is not available to businesses that rely on face-to-face interaction. These businesses were sustained in the UK by loans and furlough arrangements during the pandemic, but declining footfall and office-working combined with inflation, labour shortages and constrained spending during a recession could push many out of business, with similar patterns reported for cities elsewhere⁽¹⁵⁾. Similarly, tight public expenditure in the wake of the pandemic could imperil funding for keeping streets clean, and building and operating transport infrastructure.

Aside from the damage to business owners and employees, the decline of city centre businesses and services could pose a systemic risk to cities' potential as places of choice rather than necessity. If their retail and leisure offer – and the quality of their public realm and infrastructure – decline, cities will offer less amenity to residents, to tourists and to investors. This could intensify urban inequality – a particularly urgent problem given the expected drop in living standards into the mid-2020s.



5. Agglomeration remains a powerful force

‘Agglomeration’ has been cities’ magic power for centuries. The term refers to the productivity benefits that arise from businesses and people locating close to each other, particularly in city centres, where they can share knowledge and markets, and access wide and deep labour pools. These productivity benefits have been major factors in urban growth, from industrialisation in the 19th Century to the development of service sector clusters in the 20th and 21st.

Agglomeration benefits also come with costs – of high city centre rents, congestion and long-distance commutes. While there is not yet systematic evidence⁽¹⁶⁾ on how more working from home will affect the balance of costs and benefits, Arup’s research for [Central London Forward](#) suggests that a ‘flight to quality’ is underway within the office sector, with higher specification and more central locations winning out over secondary centres and stock.

As long as economic growth continues, and city centres continue to offer the range of amenities and services, and the urban quality, that can sustain ecosystems of collaboration, the long-term outlook for city centre offices seems positive. They may even see a more rapid return to growth as downsizing businesses consolidate their offices and office-work in central locations. But there are questions about secondary locations, such as ‘big box’ retail centres and office parks. Can they reconfigure themselves to offer a new type of ‘third space’ – such as near-home workspaces that can meet the needs of hybrid workers – or to accommodate more community uses and housing?

There is also a question of how the productivity benefits of agglomeration could be reproduced in hybrid working, allowing for planned collaboration, but also the informal and serendipitous networks and knowledge spill overs that have driven agglomeration economies in the past.



London commuters
Whitehall, London, UK



6. Cities remain central

Despite the disruptions of the pandemic, it seems likely that cities will remain central to our economic and cultural lives, though adaptation and transition will be required to ensure that they do so in a way that is socially and environmentally sustainable.

While national governments struggled with the health and economic impacts of covid, cities had continued to deliver the essential infrastructure needed – from transport schemes to housing projects – deploying innovative financing mechanisms such as tax increment financing (which borrows against future tax revenues unlocked by new infrastructure).

This ability to deliver has been underpinned by a clear understanding of the foundations needed for urban success in the early 21st Century. Given the scale of disruption and uncertainty unleashed by the pandemic, and by changes in the global economic order, as well as the urgency of responding to the climate crisis and ensuring social equity, the assumptions that underpin this model may be challenged, so the task is more complex.

City leaders must develop and implement a clear vision and strategy for their cities' future, while also allowing for its adaptation over time, as primary and secondary urban centres redefine their future, and working and commuting patterns settle into a steady state.



New York City Financial District
New York City, New York, USA

Implications for policy

Cities will play a central part in our response to the challenges of post-covid recovery, climate change and adaptation, social justice and reconfigured globalisation.

They will remain the principal hubs of our economies and society. However, allowing cities to fulfil their potential has implications for local and national policy.

1 Establish a vision for the future

Cities need to be more intentional about their future. Some of the factors disrupting urban paradigms (such as global trade disruption and climate change) combined with the challenges of reduced footfall in city centres can be affected by the decisions city leaders take – on things like retail, active travel, public realm improvements and meanwhile use opportunities of vacant buildings. Cities should be clear about what sort of future they want to see for their places and people, and what levers they have to seek to bring it about – working with government to ensure they have the tools they need.

2 Focus on sustainable economic growth

Cities should focus closely on the impact that chosen actions and decisions will have on social equity. It is important to build a model that will enable sustainable economic growth. Such growth should optimise social equity in its direct and indirect effects, or at least acknowledge and mitigate the negative impacts it may have on some communities.

3 Create attractive experiences and environments

Cities need to maximise their offer as places of choice, through focusing on their experiential offer – the quality of experience that visitors can enjoy. Measures to achieve this are likely to include enhanced public spaces to support urban social life, exercise and climate change adaptation; promoting walking and cycling, public transport and electric vehicles to create cleaner, calmer and less congested urban centres; and an active approach to urban curation, with festivals, temporary pop-ups and cultural events that can attract people from all communities to urban centres. Greener city centres can offer a win-win: lower carbon emissions, more resilience to climate change, and more pleasant urban environments that can draw workers, visitors and residents back in.

4 Revitalise secondary centres

The consolidation of formal office space into primary centres and higher grade buildings gives secondary centres and high streets, which also face the challenge of the shift to online retail, an opportunity for a revitalised blend of homes, leisure facilities, local and services, and for ‘third spaces’. These include everything from cafés to more formal shared workplaces – which offer flexible workspace outside the home and office alike and allow workers the ‘best of both worlds’. The ‘fifteen-minute city’ can co-exist with the ‘ninety-minute metropolis’.

5 Sustain and renew public transport infrastructure

Transport policy remains central. In addition to the ‘place’ benefits of active travel set out above, city leaders need to ensure transport infrastructure and services support their vision for their city. Hybrid working could create a renewed risk of unsustainable urban sprawl, if public transport services – and the urban density they enable in large cities – are allowed to run down and be replaced by private car use. Sustaining public transport services, and boosting walking and cycling may require new thinking on financing and operations, but it will remain fundamental to urban quality and vitality.

6 Secure government support for cities

Maintaining and extending these systems will require support from national governments – in terms of devolution, powers and resources. Cities have shown they can finance and deliver major transport schemes but ‘stable central government funding will always be essential’⁽¹⁷⁾ – for example through loan guarantees – to enable them to do so. Government should embrace and support civic entrepreneurialism of this kind, as well as innovations such as road user charging schemes. Government support is also likely to be required for transport operations, if commuter numbers remain suppressed in the short to medium term. Arup’s London research suggests that it could take ten years for office use to return to its pre-pandemic level; it would be self-defeating to mothball or cut transport services when that level of usage is set to return.

7 Find smart uses for spare capacity

Cities will need to take a smart approach to adaptation and use of spare capacity. Can cities enable more workspaces to be shared – maybe through use on different days of the week – to give start-ups and scale-ups access to central space, and to boost opportunities for collaboration? Can city leaders identify areas where less office space is needed, and enable re-use of buildings for high quality housing, community facilities and other uses that help make better neighbourhoods – while avoiding permanent loss of employment space and the poor quality of many current commercial to residential conversions? Finally, how can transport authorities work with employers and citizens to make the best use of transport, for example by spreading peak loads through the day.

This paper draws on a discussion of urban experts held by Arup in late 2022, to explore how our paradigm of urban development is changing following the pandemic, and what city leaders need to be thinking about today to prepare their cities for the next phase of their evolution. The discussion was held under the Chatham House Rule, so individuals’ contributions are not attributed, but Arup is grateful to all the participants.

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→ [Click references to download](#)

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Contact:

Matthew Dillon

Director, City Economics & Planning

t: +44 20 7755 4193

e: matthew.dillon@arup.com

Alex Philips

Director, Integrated City Planning

t: +44 7890 044 198

e: alex-n.phillips@arup.com

Amanda Chong

Senior Consultant, City Economics & Planning

t: +44 20 7755 8718

e: amanda.chong@arup.com

8 Fitzroy Street, London,
W1T 4BJ, UK

arup.com