

# Cities after the pandemic: The Blended City and Distributed Urbanisation (part 2)

Featuring: **Greg Clark**, Global Advisor | Future Cities & New Industries

**Will Robson:** Hi there, I'm Will Robson. I'm here for another of our conversations series. I'm joined again by Greg Clark, who is an expert in cities and urban development. Previously we talked about the seven themes around the move to a new normal out of the Covid crisis, and Greg's here again to talk in a bit more detail about one of those themes, the idea of blended city and distributed urbanization and what that might mean for the way that cities evolve after the crisis around the world and in different parts of the country. So, Greg, could you tell us a bit more about how you think about this framework and the way that cities in different locations and types of cities might be responding to the Covid crisis as we move through and back to a sort of new normal.

**Greg Clark:** Sure Will, happy to do so, and we spoke about the new spatial pattern as being a key ingredient of the new normal, and within that this idea about distribution and blend, which I'm sure we'll come to. But I think it's worth saying, right to begin with, that some of this we're already seeing, and in a sense the Coronavirus pandemic is an accelerator rather than an introducer of this. So if you think about what's been happening in the cities in the US over the last 10 years, you've seen dominant cities becoming feeders for second and third and in some cases, fourth tier cities, really emerging with a digital connectivity and a high quality of life equation, that's been very attractive for talent, so you've begun to see this distribution. In Europe, particularly post-Brexit, you see some of the core command and control functions being spread around the first tier of cities.

But you also see the second tier of cities, again, with a great quality of life, a superb livability and sustainability proposition emerging much more strongly than they did, often anchored around universities or niche industries. And then, of course, in China you've got the emergence of the 19 Chinese super city clusters where the dominant cities like Shanghai and Beijing, will have their population numbers capped, and it's the second and third tier cities within those clusters that are emerging very strongly as specialist centers, not just in relation to manufacturing, but also in relation to services and through their hyper-connectivity, building a great quality of life equation as well. So it's an interesting time for second and third tier cities and the opportunities that this crisis brings are to really accelerate that distribution.

**Will Robson:** Okay. And so what opportunities do you think would be created for the secondary centers

In existing cities?

**Greg Clark:** Well, I think this is a very interesting question and, if you like, the distributed urbanization idea is not just about the distribution of activities between cities, but it's also the distribution within cities. So, of course the Covid crisis has absolutely challenged, so far, people's confidence in the idea of a city as a single dominant center where there's a high concentration of densely organized real estate functions within that single center - a downtown Manhattan or a central activity zone in London if you like. And what has happened instead is that through the uptick in digitization, the uptick in as-a-service models, the growth of neighborliness and the social capital that's been emerging there, people have gotten much more used to the idea that when we do get back to the new normal, they might still travel into the center from time to time, but they might also prefer to be a bit more local. I think this provides opportunity for lots of town centers, suburban centers, secondary centers in our established cities to become, as it were, tele-working, networking places. People will be spending more of their disposable income in their local neighborhoods, so service centers, retail cafes and others can emerge and they'll want to be able to work locally, but not necessarily always work at home. And that provides opportunities for all sorts of co-working spaces to emerge in these sorts of centers, and if they can be supported by, let's say a research or a medical or a technological institution, then maybe there's an opportunity for some kind of innovation district or enterprise hub to emerge as well. So I see the behavior changes that are going to happen here leading to opportunities for secondary and third centers within these established cities to develop some specialist functions of their own.

**Will Robson:** If that does evolve over time, it's a pretty fundamental change for the way that real estate investors think about cities and where they perceive the best locations to be, even when it comes to the choice of cities. So we did some research a couple of years ago comparing global gateway cities, the performance of those, with second and third tier cities and they do have a strong growth or have done in the past, but tend to be quite volatile as well so it's not clear cut that those are, nailed on, the best places to invest in. And what you're saying about this is a more fundamental occupy-demand for space in the city centers but maybe in different parts of the cities is really interesting. Does that go further to, not just within the big cities like London, maybe it's less of a central argument and is more distributed around the center, how about second and third tier cities that aren't very proximate to the big dominant cities? What do you think about the chances for those cities going forward?

**Greg Clark:** Yeah, it's a very interesting point Will, and I think the first thing I would say is, what I'm describing about the distribution within cities, I don't think that's zero sum, by the way. I think it's quite possible for dense CBDs to continue to succeed, but to change the mix of activities, and I think that you'll see more residential opportunities, more office-to-residential conversions, as part of this process of distributing the employment hubs a little bit more around the city, and I think the traditional CBDs may well become very successful cultural districts and entertainment districts, but they won't necessarily be the monopoly recipients of the daily commute. That's really the point I'm making. Now coming on to the second and third tier cities, I think let's introduce then this key idea of the blended city. So, I think what we're going to see is something like this. The physical city that we know and love, that involves face-to-face and face-to-place interactions; this will continue to evolve.

This crisis has led to some hesitation, some changes in habit, some, as it were, preferences not to simply participate in a concentration effect for eight, nine, ten hours a day through the daily commute, and I think we'll see some changes in pattern there and that will result in the things we were just talking about. But the digital city, the virtual city that has emerged, I think also has a kind of geography. And what that means is that through virtual connections, through the weekly commute, through the regular digital connection with colleagues who are in a first tier city, it's quite possible that people who are living in a second, a third or even a fourth tier city can be part of the virtual city that is New York, or the virtual city that is London or Paris, or the virtual city that is Hong Kong or Singapore.

You don't need to live in New York to be part of New York's labor market or to work for an employer who's based in New York and nor do you need to do that in London anymore. So what we've seen is the physical city remains and is going through its process of change. The virtual city is very rapidly emerging through all of this digital connectivity, which allows people to live in many different locations and work in different ways and participate in different ways, and when the two things come together, you get the idea of a blended city. This is, if you like, the omni-channel city, a bit like the big department store that has a physical presence, but at the same time has a massive online community, which it serves in the same way. So as the blended city emerges, what you'll have is the resident citizenry and a non-resident membership group. You'll have a resident labor force and a non-resident labor force that are participating digitally.

And the key strategy for leaders of the new blended cities that will be, of course, leaders of democratic city governments, but also leaders of corporations and clusters and ecosystems and all sorts of things, is to have a sense of how do you build a community that's around a cluster like a New York or London or a Hong Kong, but is distributed and actually lives in 20 or 30 or 40 other cities. Now for those smaller cities - the second, third and fourth tier - this provides amazing opportunities because it means they can host people who are earning their incomes in a larger city, working in a globally traded cluster, but are living and spending their domestic, available expenditure in their local economy, giving rise to all sorts of opportunities for increasing amenities, increasing services, increasing land uses, and eventually creating specialization of their own as new companies emerge and as those residents become entrepreneurs and investors in their own right. So I think what this creates is a distributed urbanization, but using this blended city model that will allow second, third, and fourth tier cities that are canny and provide a great quality of life opportunity, coupled with excellent digital connectivity, to become new centers. And over the next 20 years, I expect to see this playing out in almost every country in the world.

**Will Robson:** That's a really interesting idea for me personally cause I think I've been a virtual citizen of London for about three years, living about two hours away in Derbyshire, but commuting to London a few days a week. So through this crisis I've been thinking about how similar my story might become for a greater number of people.

**Greg Clark:** So in a way, Will, you're a pioneer of the blended city, and all I'm saying is that what Covid-19 does is to make it possible for many more people to make the kind of choices that you've been making, to live in Derbyshire but to be part of the London economy; to visit when it suits you, but to be able to work from where you live and from the buildings around it, creating opportunity for that place to establish a new destiny for itself.

**Will Robson:** I think the interesting thing about the crisis is that, there may have been many, many people that wanted to do what I do, but didn't have an employer that felt it was appropriate, but this crisis has forced lots of employers to think carefully about this or they've be forced to do it, in the first instance, and show that it's possible, and I think a lot of that will stick after we come out the other side of this crisis.

**Greg Clark:** Well, I think that's a very good point. And you know, one of the interesting things in this is that employers are starting to realize that there's an opportunity here for them. They used to think that all of the advantages came from crowding people into the same building because they were taught that open innovation and co-creativity and trust and confidence and regulation and information flows is very, very important. And of course those things are important. But you don't have to do them a hundred percent of the time to get the advantage of them. And actually you can save a huge amount of money, you can improve staff retention, you can increase profitability and you can develop new ways of collaborating by having this blended approach, the best of the physical with the best of the virtual in one place and in one space.

**Will Robson:** I think we've talked in this conversation about the impact on how uses are spread around the city, but even for within an office building, I think this has a lot of implications for the nature of the space within it and what employers and employees decide to do in the office being very much more specific about what they want to do and where they want to do it and how they split their time and structure that time between home, co-working or the corporate office.

**Greg Clark:** Yes, and I think that's absolutely right. And we also need to acknowledge, of course, that these kinds of flexibilities will probably be more available to knowledge workers, to people whose jobs can be done three days a week online or four days a week online. There are many other workers, of course, who have to be physically present to do their job.

So the question then is: how does the blended city help them? And I think one of the ideas of the blended city is that it could become more affordable because there's fewer people needing to live there and therefore housing maybe affordable. Public transport may be less crowded at certain times of day. I think we'll certainly adopt these staggered approaches to the working day and the studying day and things like that. And this distribution within cities of activities more into neighborhoods and towns and, as it were, the polycentric nature of this city ought to provide people with opportunities to

work closer to home where their work must involve face-to-face or face-to-place interactions. So there could be benefits for people who are not knowledge workers too.

**Will Robson:** Okay. Well, another fascinating conversation. Thank you, Greg, for your time and thanks everyone for joining and listening in and see you in the next of this installment in the conversation series. Thank you.

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