

The future of city centres

City centres often generate higher incomes, higher property values and more turnover per person than the rest of a country. The more people you concentrate in a city centre, the more business there is for the shops, hospitality trade, personal services and the rest that congregate near the crowds.

Great cities have extra income from commuting workers, local residents, tourist, business visitors, foreign investors and the rest. Homes have been a lot dearer in Westminster than Wokingham or Walsall because so many well off people and businesses congregate where the crowds are. People stream into central London to see the sights, use the shops, transact business close to one of the world's great airports, next to one of the world's most famous shopping centres, and in one of the world's leading business districts.

We are about to find out if all this can be sustained against the backdrop of a huge fall off in business activity. London has lost most of its millions of tourists, many of its visiting business people, most of its commuting workers and some of its richer resident population who have retired to homes in the countryside. Its economy has taken a huge knock. Rents go unpaid. The shops that do open have nothing like the volume of trade to justify the very high rents. Many offices stand empty, with tenant businesses asking themselves when is the next break clause in the agreement and how much space will they want in future?

There are those who say this will be temporary. Give us a vaccine or better covid treatments in the autumn, relax the social distancing rules, and turnover will reappear and offices will fill up. There are others who say something has snapped. Office workers want to work from home more often.

Bosses with the detached house 30 miles out and the ghastly rail commute might also come to see the advantages of not always having to get the 7.05 to London. When will the international tourists return?

The retail sector has definitely taken a big hit from mass defections to online forced by lock down. Not all of that loss will be won back as and when we return to "normal". It is difficult to judge just how much office space companies will want post covid. It may be that we have witnessed peak office, which means reducing central city capacity in hospitality, sport and leisure.

The levelling up of the UK may have just witnessed a major levelling down of London, which has for so long outstripped the rest in productivity, incomes per head and private company formation.