TRAJECTORY

pragmatix advisory

The Future of High Streets and Town Centres: Trends Analysis

Prepared for the Local Government Association

October 2021

The Slides in this Deck

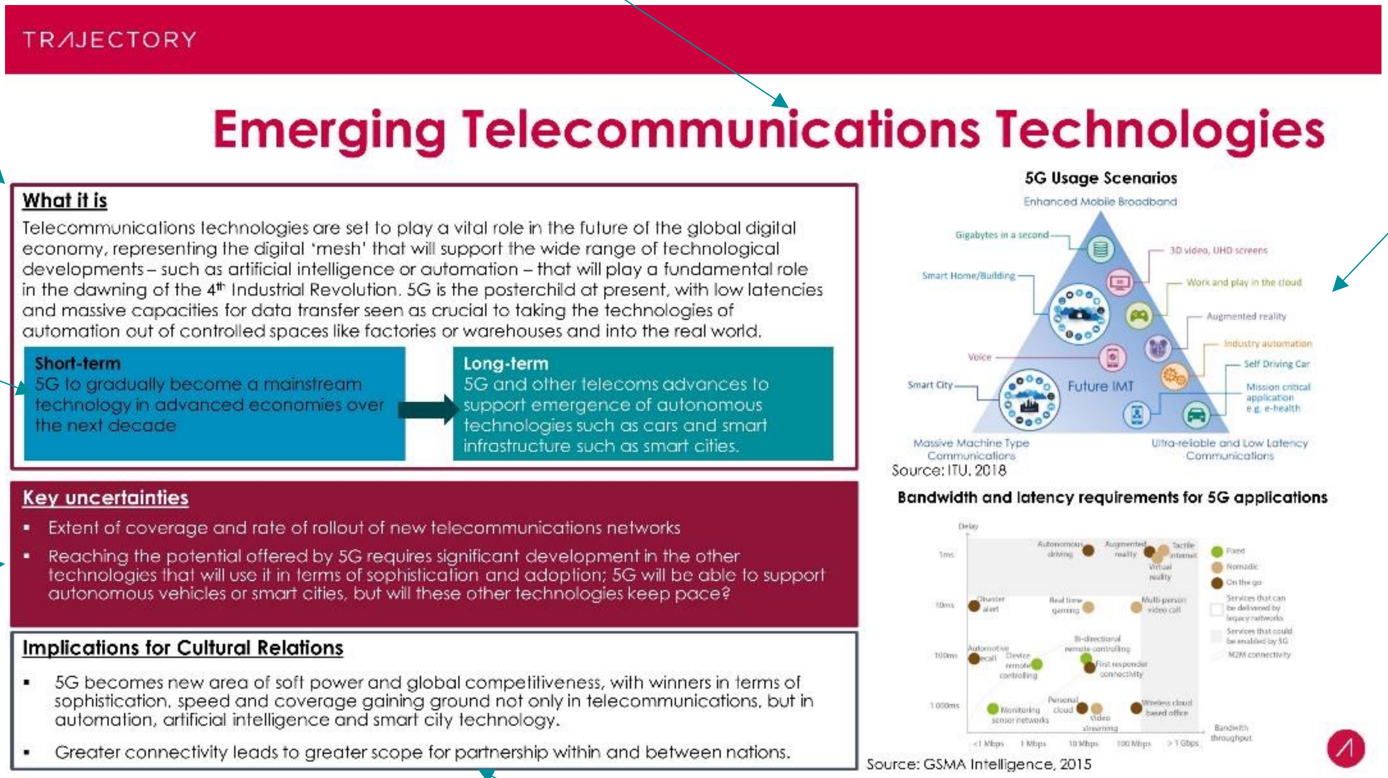
Name of the Trend

Brief description of the stated trend

Short-term and long-term outlook for the trend; short-term will look at 5 year horizon, long-term to explore 10-15 year horizon

Factors which could disrupt the trend, slowing, accelerating or halting its progress, and other uncertainties in how it may develop

Evidence to support the trend; often this will be in the form of current data or forecasts, or where these are not available or not suitable, content which illustrates the nature of the trend and the way it works



Implications for the future of High Streets and Town Centres. These will be developed further in discussions with LGA members and other expert contributors to the project

Politics

Levelling Up

What it is

Levelling up parts of the UK that have lacked in investment and growth has been a key part of the current government's plans to boost the UK economy and tackle regional inequalities. This encompasses both regional programmes (e.g. The Northern Powerhouse) and broader schemes that promise investment to both rural and smaller suburban or urban areas that are in need of new infrastructure and support. However, despite promises of new investment, the pandemic has seen planned support for such areas already cut – it remains to be seen whether the promise of levelling up will be one that's kept.

Short-term
Plans for levelling up schemes may find themselves on hold as the UK looks to recover from the pandemic – some may risk being forgotten altogether

Long-term
Some investment and support is inevitable – but there are fears it could be overly targeted on specific areas (e.g. North of England) whilst others are left behind

Key uncertainties

- How will plans for levelling up have changed in light of the pandemic? Cuts to the scheme are already planned – where will they hit hardest?
- What areas will benefit the most from planned levelling up?

Implications for High Streets and Town Centres

- Levelling up offers a chance for high streets and town centres, especially in the North of England, to access greater funding – whilst the socio-cultural aspects of the levelling up agenda could add benefits beyond the purely economic
- Yet if the levelling up agenda finds itself reduced or otherwise pressured, will high streets miss out compared to other, larger infrastructure projects?

Source: Stuck in the Lift: Levelling Up and the Spending Review, Metro-Dynamics, 2020

Culture Wars

What it is

Culture wars describe the battles within and across nations on social issues, including, but not limited to, areas of free speech and self-identification, equality and equity, identity and tradition. In recent years these have been amplified at a political level, and can entrench social divisions. Their intensification has its roots in political contest, the atomisation of news and information, and long-standing social injustices. Businesses and organisations are under growing pressure to 'take a side' or show commitment to urgent social causes. Yet there are indicators that the reality of the \`culture war\` might not be as powerful as the rhetoric – 76% of Britons don't even know what it is.

Short-term
The pandemic may have distracted many from culture war issues – but at the same time has created new divisions (e.g. vaccinations)

Long-term
Whether the rhetoric of the culture war will result in wider spread public engagement with the concept remains to be seen – much of the public seem not to *really* care

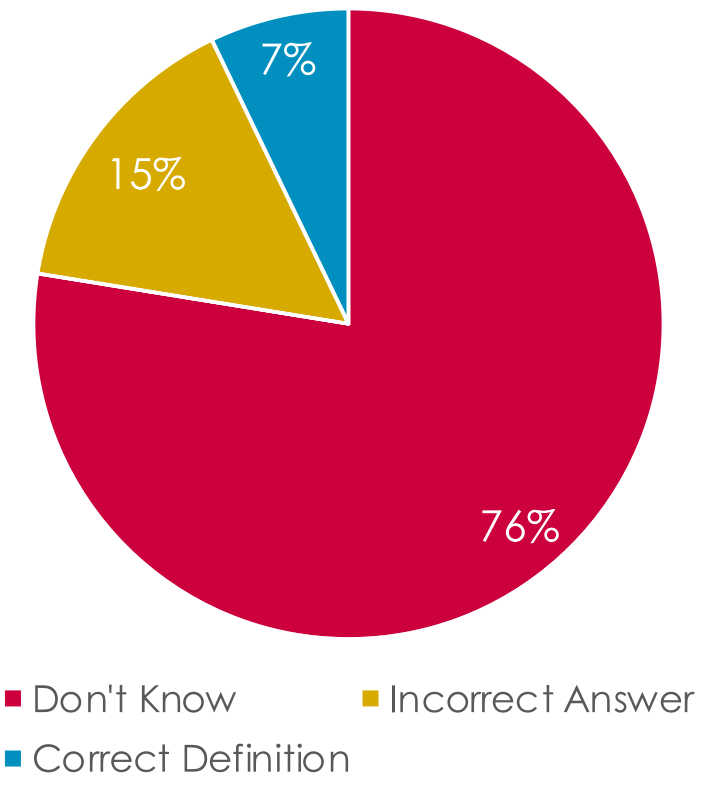
Key uncertainties

- How much of the discussion around the \`culture war\` is just rhetoric – and how much is based in real consumer attitudes?
- How best can businesses, organisations, and individuals navigate \`culture war\` issues?

Implications for High Streets and Town Centres

- Businesses active in high streets and town centres, even explicitly locally focused ones, may find themselves increasingly drawn into culture war debates and will have to carefully navigate them
- Local authorities may find themselves questioned over the choices they make around their high streets if those decisions look to support one side of a culture war issue over another

When politicians talk about a 'Culture War' what do you think they mean?" Feburary 2021



Source: Times Radio Poll, February 2021

Purposeful Town Centres

What it is

Political planning and government funding increasingly looks to foster purposeful town centres and high streets with multi-use applications – with accessibility built in and with community utility at the centre of plans. This shift to a more holistic approach to town centres and high streets will bring benefits to both day-to-day users and to the communities that live around them – but will require changing the relationship between high street businesses, the people that use them, and the local authorities that support them.

Short-term
New builds are already using this approach, but renovation of existing high street infrastructure will take time – if funding exists

Long-term
More purposeful town centres would help drive a change in the relationship between individuals and the high streets that serve them

Key uncertainties

- Will funding be made available to pursue purposeful town centres and high streets not just in new builds, but in the renovation and expansion of existing infrastructure as well?
- How will businesses react to the shift towards a more holistic, less business-focused, approach to town centre and high street planning?

Implications for High Streets and Town Centres

- More purposeful town centres would help shift the high streets and town centres of the future towards a more community-oriented approach – meeting the needs of local populations and providing a broad range of utilities. Yet it would require the building of new relationships and the alteration of existing ones between businesses, local authorities, and local communities themselves

Source: Town Centre Regeneration, Local Government Association, 2020

Government Funding

What it is

Between the promise of levelling up and the implementation of the broader scoped Future High Streets Fund, the UK government has made a not insubstantial amount of money available for high street renovation and expansion across the UK. Yet the pandemic has impacted government funding promises across the board as government debt continues to grow – it remains to be seen whether promises will be kept. With UK high streets facing multiple changing trends that will likely need monetary investment to address, a reduction in funding would hurt.

Short-term
The impact of the pandemic has made previously secure funding promises look decidedly less certain

Long-term
High streets will need government funding to meet the changing needs of communities and consumers. Whether they get it is another question entirely

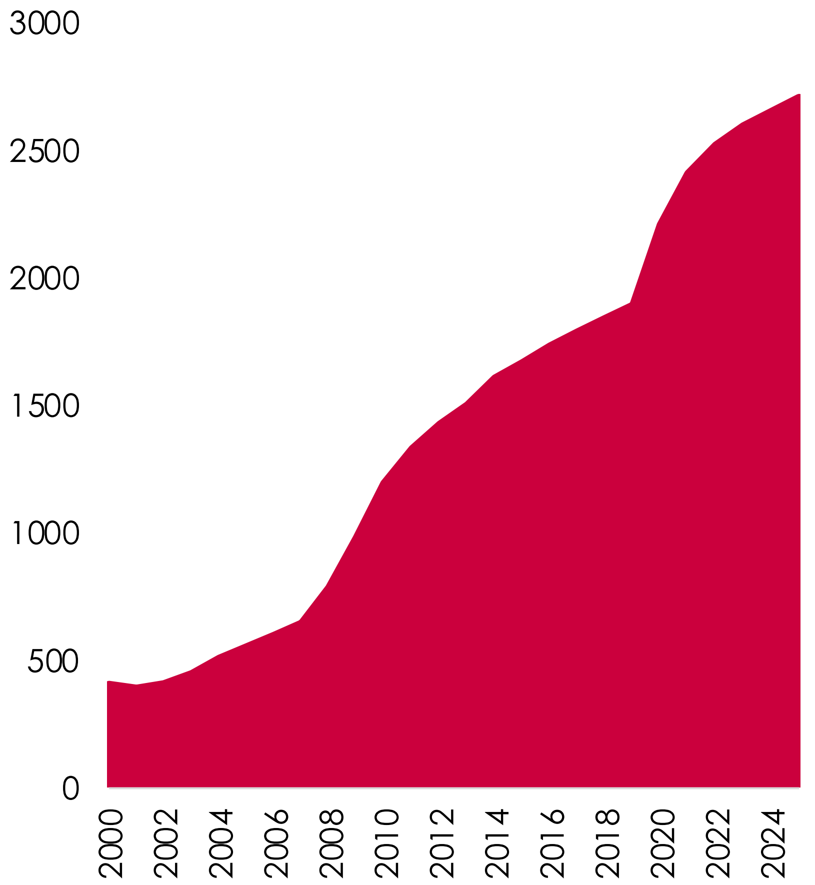
Key uncertainties

- How will funding for high streets be changed by the longer-term economic impacts of the pandemic?
- Where is funding needed the most? What impacts should be addressed first?

Implications for High Streets and Town Centres

- Promised rates of funding, even if still below the perfect scenario, offer a chance for renovation and innovation in the UK's high streets and town centres – especially in the North of England, where funding has been painfully lacking. If promises are not kept however, high streets may find themselves unequipped to deal with rapidly changing consumer demands

Government Debt (£bln)



Source: Office of National Statistics, 2021

Economics

Covid Scarring and Inflationary Fears

What it is

The COVID-19 recession differs from other recessions before it – driving a massive fall in the UK's GDP throughout 2020 but with a recovery that's predicted to be the strongest period of annual growth in recorded history. GDP is set to return to pre-pandemic levels by Q1 2022, driven by a further period of strong growth in that year, before settling back to regular levels by c.2023/24. This does not tell the whole story however. Longer term scarring is likely in certain sectors and communities which risks exacerbating existing inequalities – whilst inflation fears are growing.

Short-term
Short term economic recovery is likely to be significant, but will mask longer term scarring in some sectors and regions. Inflation remains a risk

Long-term
Longer term growth prospects are less positive – whilst the economic aftereffects of Covid (especially inflationary impacts) risk driving economic downturns in the future

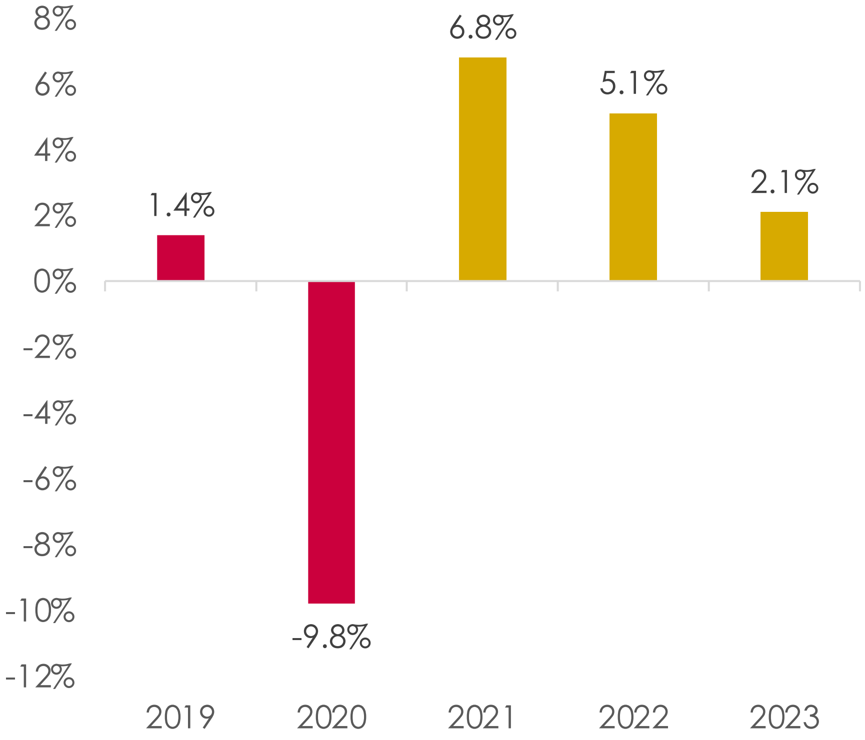
Key uncertainties

- How will the long-term scars of the pandemic impact the UK's longer-term growth?
- Bank of England forecasts on future inflation remain remarkably low – but forecasts from elsewhere paint a less positive picture, whilst inflationary risks in the global and national economy continue to rise. Which forecasts will be proven right?

Implications for High Streets and Town Centres

- Covid scarring may see the UK's economic recovery unequally distributed and harm spending in certain regions and communities. Retail and hospitality are set to recover strongly but other high street businesses may not see the same benefits
- Inflation risks to high streets and town centres must not be ignored

UK GDP (Gross Domestic Product) Year-on-Year Change
2021-23 are Forecasts



Source: ONS GDP Data, 2019-2020; British Chambers of Commerce Forecasts, 2021-2023

New Patterns of Work

What it is

Working patterns have undergone significant change in recent decades; people are more likely to be office-based, or more likely to work during evenings and weekends. The coronavirus pandemic has seen a rapid acceleration in remote and home working and it is likely that a new-normal of hybrid work has become entrenched for many workers. Just 33% of business leaders anticipate on-site only work by 2022, with a variety of hybrid or remote models widely anticipated. This will have serious knock-on impacts on how commercial centres, as well as local high streets and town centres, are used.

Short-term
Remote work continues for office workers, who will move toward more hybrid modes of work throughout 2021 and 2022

Long-term
Equilibrium settles across industry, with new norms established within businesses and within industries

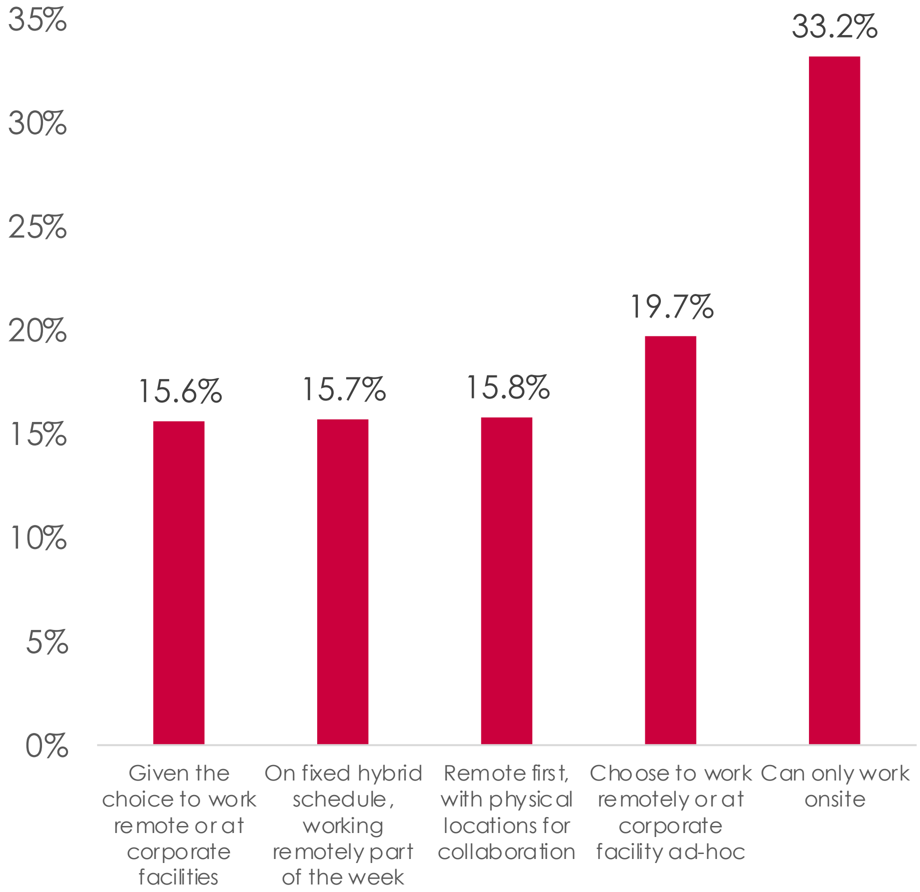
Key uncertainties

- The pace of change is uncertain, as is the endpoint and the extent to which 'norms' emerge. The future may be defined by a significantly less uniform working patterns, with different industries and different businesses moving toward new spatio-temporal patterns of work.

Implications for High Streets and Town Centres

- Inner city high streets will need to adapt to changing work patterns, with reduced total worker numbers active in city centres on any day. Our city centres will be busy again, but never again quite as full
- Local high streets and town centres can benefit from increased visitor numbers during the work week – and may see demand for some of the hospitality attractions (e.g. bars, higher-end restaurants) typically associated with inner-city work culture

By 2022, what percent of your workforce do you expect to be working in the following ways?



Source: Source: Future Enterprise Resiliency and spending Survey, IDC, February 2021. Survey of 728 business leaders

Online Stores with Offline Presence

What it is

Large online stores are increasingly looking to make the shift into brick-and-mortar retail – with Amazon the clearest example of this but the possibility that other brands will move into similar spaces. Whilst unlikely to be a dominant presence anytime soon, the attempt for online brands to move into the offline world may be seen as a threat by traditional brick-and-mortar high street retailers.

Short-term
Amazon's experiments with brick-and-mortar retail are, for the moment, just that – an experiment. This trend is still someway off

Long-term
Online brands and stores are likely to consider expanding into brick-and-mortar further – especially as new technologies (e.g. automation) reduce costs

Key uncertainties

- What would the impact on traditional high street stores be if a major online brand like Amazon moved into the brick-and-mortar sector?
- Might the shift face resistance – from both consumers and from regulators/government?

Implications for High Streets and Town Centres

- The interest of major brands like Amazon could bring new investment to the UK's high streets and town centres – but risks going against other trends that point in the direction of more community oriented, localised high streets

Source: CanaryWharf.com

Agility vs Resilience

What it is

Current stresses on supply chains are changing the conversation around 'just in time' and agile business practices with a new and greater emphasis on resilience. The globalisation and modernisation of the late 20th and early 21st centuries instigated a shift towards more agile business models that focused on efficiency – with centralised supply chains and less resilience planning. Reactivity was favoured over preparation. The direct impact of the pandemic on businesses, as well as its continued (and possibly long-lasting) disruption of global supply chains, is changing this view. Long-term resilience, foresight, and contingency planning are coming to the fore.

Short-term
Continued supply chain disruption and the memory of the pandemic are changing business culture – but the focus on efficiency will take time to change

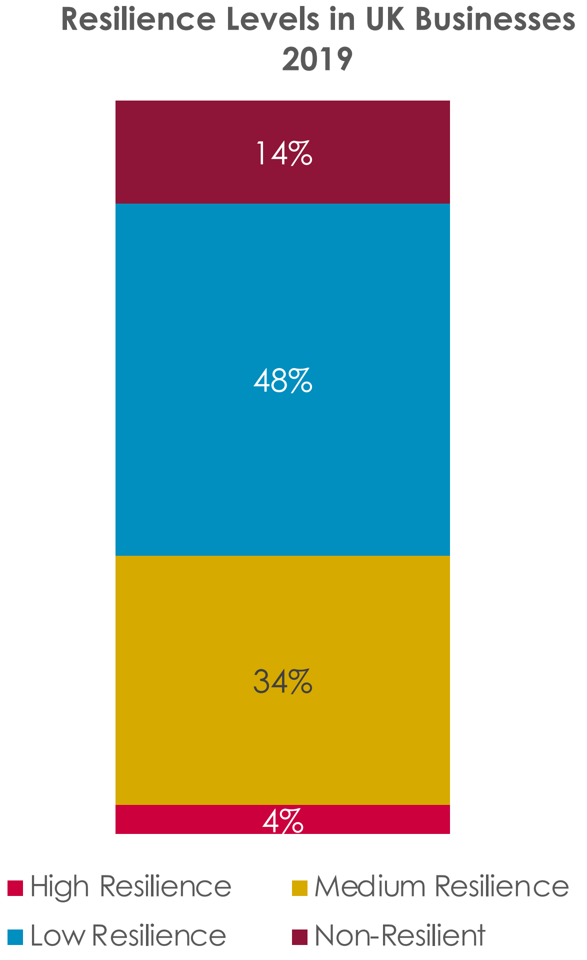
Long-term
Resilience is set to become the key focus for businesses small and large – with the future impacts of climate change likely to accelerate the shift towards a focus on resilience

Key uncertainties

- How can high streets and town centres build resilience into their own models – both in terms of supporting businesses and ensuring their own preparedness?
- Efficiency and agility have become baked-into modern businesses models – how long will it take to make the adjustment towards greater resilience?

Implications for High Streets and Town Centres

- High streets and town centres may see businesses continue the shift to more risk-averse models – with the reduction in the presence of large branded stores an impact of this trend already
- More resilient high street businesses can work to reduce store closures in the medium-to-long term – helping build longer-lasting high street environments for consumers



Source: UK Business Resilience: State of the Nation, Aviva, 2020

Regional Inequality and the Multispeed Economy

What it is

Economic growth rates are far higher in some regions of the UK than in others, with London and the South of England typically growing at a much faster rate than the North of England. Both London and the South East are among the regions expected to suffer the smallest reduction in growth over the course of the pandemic, and forecasts for the next 10 years suggest that inequality of growth is expected to continue, with London seeing more than twice the growth of the North East of England (1.8% to 0.8% over the next decade). Long standing regional inequalities appear not to be going anywhere – with the post-covid recovery a return to pre-pandemic disparities.

Short-term
Whilst all regions are set for strong growth this year, less wealthy UK regions have seen the greatest negative economic impacts from Covid – and will recover the slowest

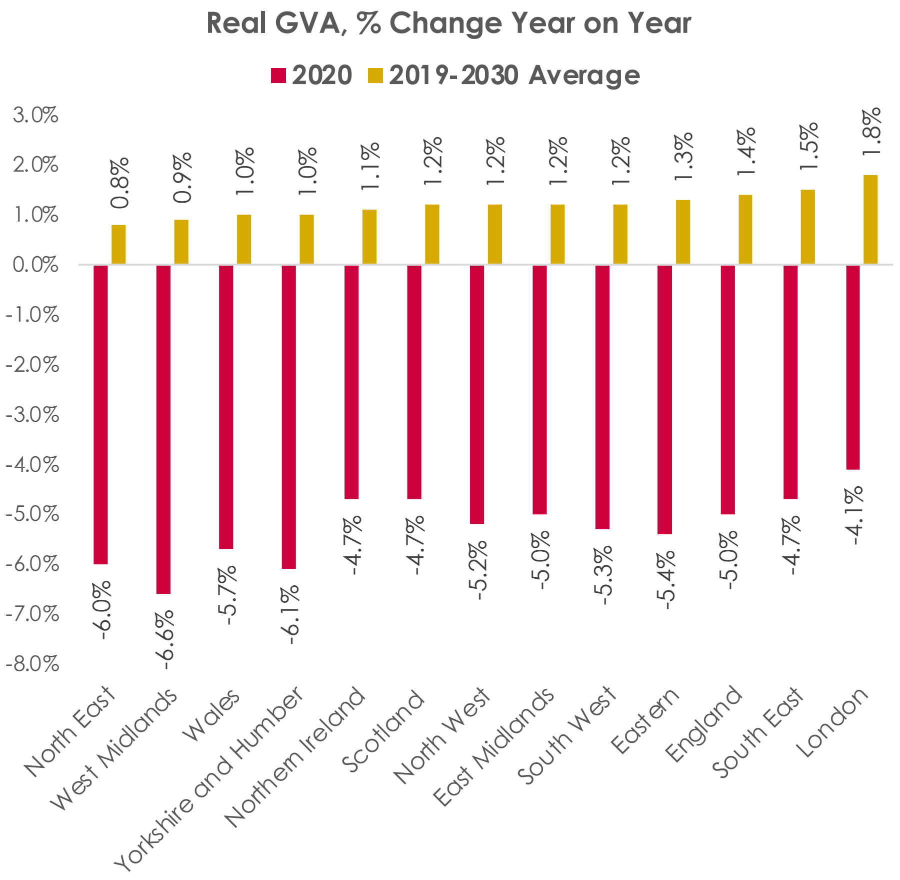
Long-term
Historical differences in output between regions look here to stay, and whilst Covid hasn't massively increased regional inequality in the way some feared, it has still increased it

Key uncertainties

- How will the massive recession and rapid recovery that has defined the pandemic impact the multispeed economy and regional inequalities?
- Will current regional trends stay the same – or may we see change?

Implications for High Streets and Town Centres

- Disparities in funding, and consumer spending, between high streets and town centres in wealthy regions compared to poorer areas are not going anywhere – short-term recovery will likely be followed by a return to historical levels of inequality
- One-size-fits-all approaches for high streets and town centres will be just as ineffective in the future as they have been in the past



Source: House of Commons Library, 2020

Changing Spatial Economies

What it is

The pandemic has driven massive shifts in how space, people, and the economy interact within the UK. Lockdowns and the shift to home-working left city-centres empty at the height of the pandemic – and they've yet to recover. At the same time people have become more willing to live further from traditional employment centres, driving a slowdown in urbanisation in some areas, whilst the rise of on-demand services, home leisure, and online socialising have changed how and where people live and play. Some of these changes will reverse somewhat as we open, but our changed relationship with space looks here to stay.

Short-term
Business and government pushes to try reverse changes to spatial economics are coming into play – but many changes will remain in some form

Long-term
New technologies may drive even further changes to our relationship with space – town centres and high streets will need to adjust to new demands (or lack of)

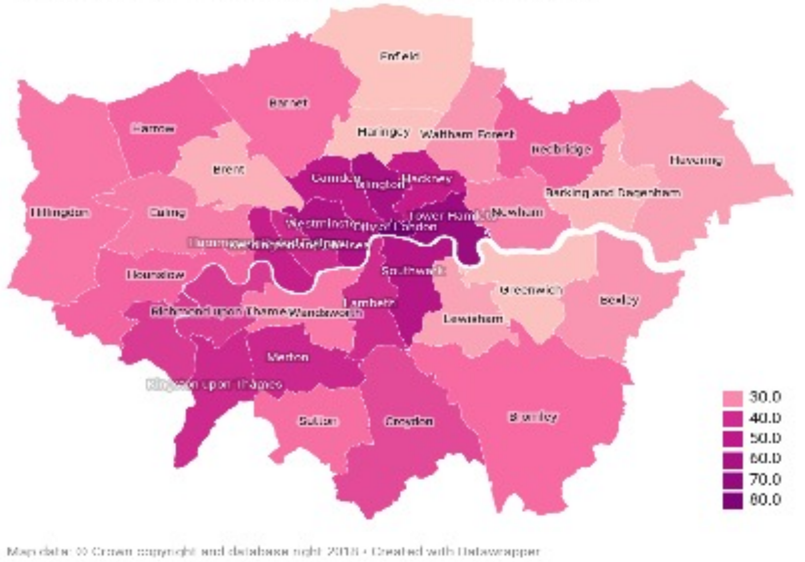
Key uncertainties

- Will the drive by institutions to try reverse changes in spatial economics be successful?
- How will businesses and town/city centres adjust to the new reality of our relationship with space?

Implications for High Streets and Town Centres

- Greater numbers of people living outside of traditional urban, and even suburban, centres will drive increased demand on high streets elsewhere – and change the types of shops, leisure options, and community spaces being demanded
- Reduced housing use in city centres may increase the amount of commercial space available in those areas – offering new opportunities for high streets to expand what they provide, especially in regard to hospitality and leisure spaces

Office jobs as a proportion of all jobs (%), 2018



Source: ONS, 2018

Change in Supply of Commercial Space

What it is

The oversupply of commercial space has been prevalent in the UK's town centres and high streets - but this is beginning to change. A longstanding issue with UK high streets has been the oversupply of commercial space which has contributed towards an upset in the equilibrium between suppliers and commercial users. Recent years have seen rapid removal of unused space for other ventures (e.g. accommodation) and this has been accelerated by pandemic shifts in working patterns (especially in city centres). Equilibrium could return – with broader ramifications for high streets and town centres as a whole.

Short-term
Trend has been underway for some time and will have been accelerated by consumer trends borne out of the pandemic

Long-term
If equilibrium between the supply and demand for commercial space is reached, it could result in a more stable outlook for the turnover rate of high street enterprises

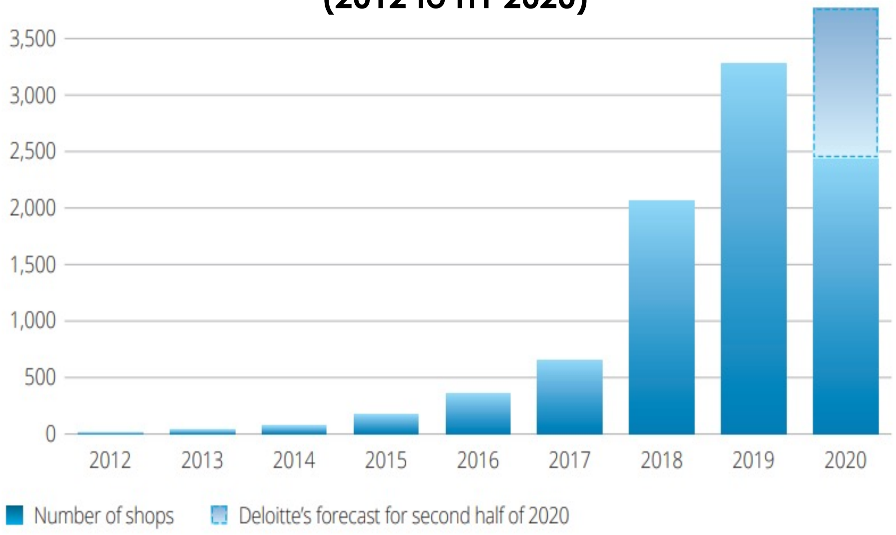
Key uncertainties

- Where will the new equilibrium be found? Where is the point of balance between supply and demand?
- How will the impact of the pandemic on city and town centres affect this trend?

Implications for High Streets and Town Centres

- A reduction in the availability of commercial space could serve to drive the use of high streets as multi-use spaces, with new accommodation replacing unused commercial space
- Reduced supply may have an impact on the low barriers to entry that high streets currently benefit from in terms of new business entry

Number of shops demolished or permanently removed from the market (2012 to H1 2020)



Source: Deloitte and Local Data Company, 2020

Chain vs. Independent

What it is

The relative reduction in the presence of major chain brands on many UK high streets, driven by downsizing at large brands or by the collapse of businesses altogether, has opened new opportunities for smaller businesses to move into the commercial spaces vacated. This trend is set to continue post-pandemic, supported by consumer shifts towards localism and more boutique offerings. High streets less dominated by chain stores may be the future.

Short-term
The shift away from chain-dominated high streets is likely to continue as the ramifications of the pandemic for big stores combine with increased demand for localism from consumers

Long-term
Chain stores are likely to rebound, but with demand growing for more community orientated, personalised high streets, their time as high street leaders may be ending

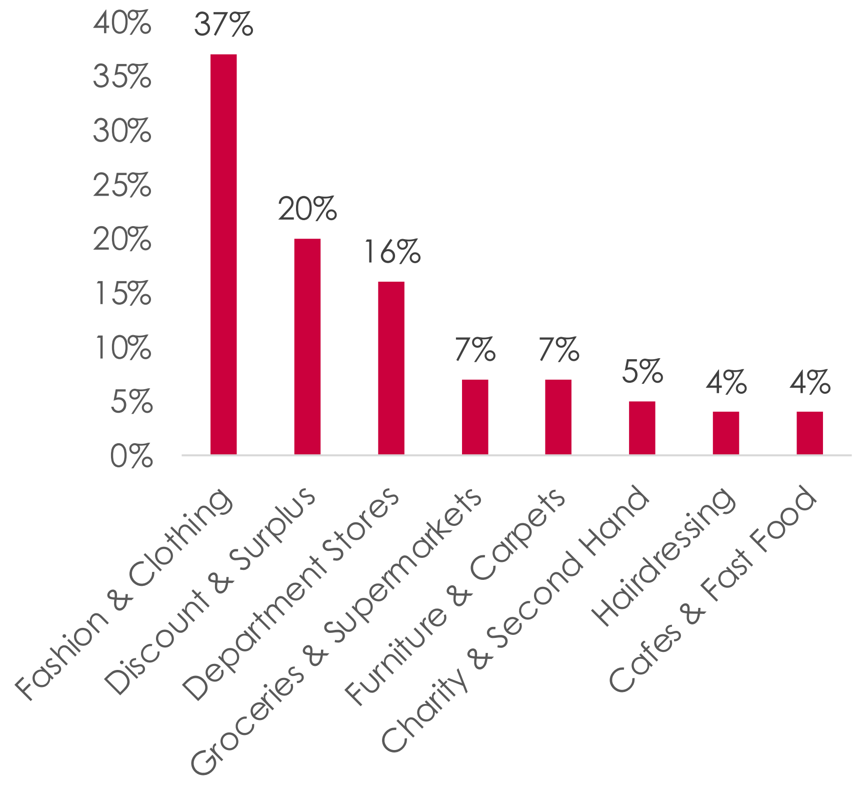
Key uncertainties

- How far will the balance swing between retreating chain store brands and their new independent replacers?
- Can a more independent shop orientated high street be maintained if high turnover rates continue?

Implications for High Streets and Town Centres

- A shift away from chain-store dominated high streets would shift the balance of power on the high streets – likely giving both landlords and local authorities more influence
- Tying into the adaptability trend, smaller and more independent high street stores are likely to be able to more quickly react to shifting consumer demands

New Occupiers for Department Store Space by Category (2012 – 2020)



Source: What Next for the High Street?, Deloitte, 2020

Evolution of Money

What it is

The ways in which we use money is changing within the UK – with cash still popular but increasingly being replaced by other cashless forms of transaction. This shift has been accelerated by the pandemic, with maximum contactless spend increased and with greater adoption of card use across the population. This change brings benefits for businesses and many consumers, but also carries the risk of financially excluding cash-using individuals. Cryptocurrency and alternative currency use, whilst still niche and largely confined to the internet, should not be excluded from long-term forecasts.

Short-term
Cash remains in use but other forms of transaction continue to grow in popularity – with the rise in card use during the pandemic set to be maintained

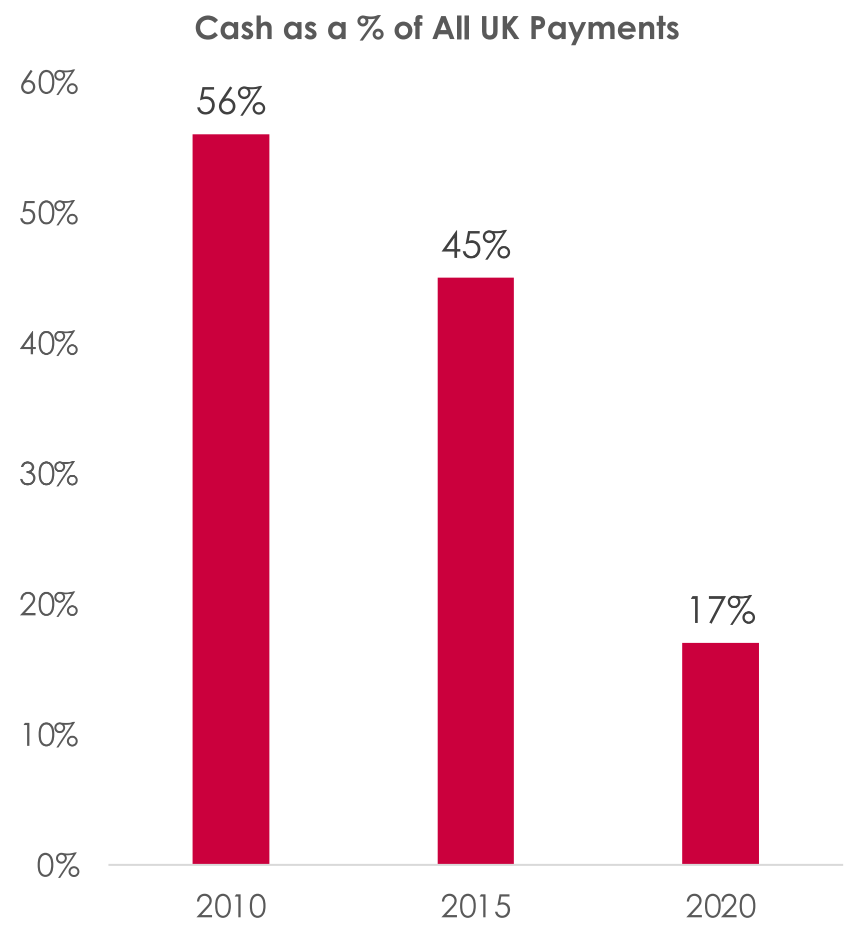
Long-term
Its unlikely that cash will disappear entirely, but may become an ever more niche form of payment. Those without access to alternative payment methods will need support

Key uncertainties

- How fast will the shift to a `cash-less` society (where cash is still used but card and contactless payments are dominant) be?
- How can those financially excluded by the move away from cash be best supported?

Implications for High Streets and Town Centres

- `Cash-less` high streets will offer benefits for most businesses, reducing overall money-handling costs, but local authorities alongside the UK government may need to move to ensure that individuals without access to alternative forms of payment are still able to access facilities, goods, and services



Source: UK Payments Markets Summary, UK Finance, 2021

Social

The Demise of Distance

What it is

Advances in telecommunications, combined with the catalysing effect of the coronavirus pandemic have contributed to a decline in the importance of distance in everyday life. This is likely to have significant implications for how individuals are distributed spatially. Some return to pre-pandemic normality will be seen – but changes in where people live, work, and spend their free time are here to stay.

Short-term
Remote work remains boosted by the experience of the pandemic, with people living further from workplaces and travelling there less often

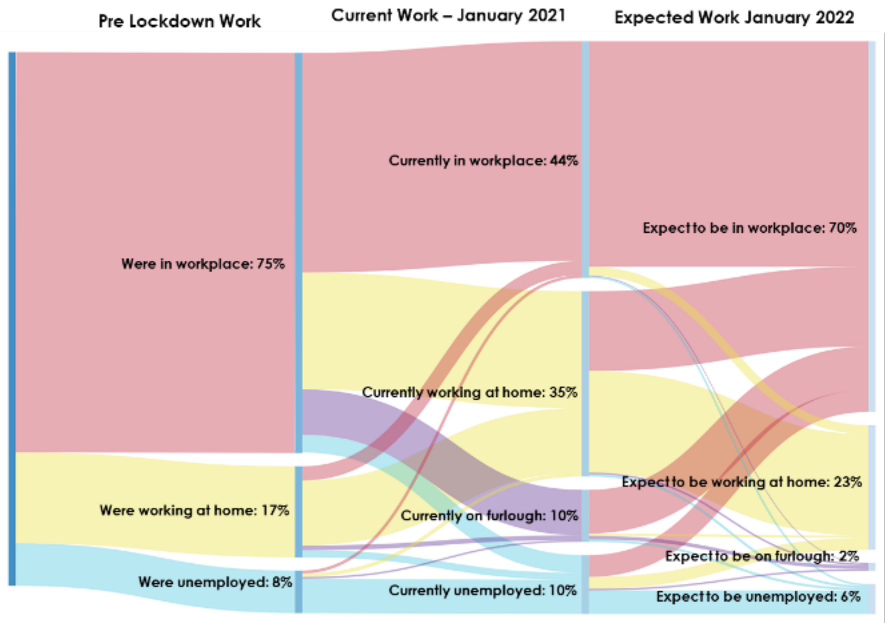
Long-term
As thing return to normal, more people move back into traditional on-site employment – but part time WFH continues whilst those who've moved out of urban centres are likely to stay

Key uncertainties

- Will the pandemic trend that saw parts of the population move away from urban centres and towards more suburban areas continue post-pandemic – or is it just a momentary blip?
- What is the longer-term trajectory of the work-from-home shift?

Implications for High Streets and Town Centres

- Expectations of a greater variety of retail and hospitality offerings on local high streets and suburban town centres are likely to grow – with consumers not only looking to commute less, but also travel less for access to traditionally `city-centre` offerings



Source: Trajectory Optimism Index, January 2021

The Play Society

What it is

Leisure is becoming steadily more important to individuals relative to other pursuits. In many economies, as prosperity rises the importance of work declines and the value attached to leisure time and activities increases, in either relative or absolute terms. Within economies, this can increase the relevance of multiple forms of art and culture as the consumer population for culture grows. Demand for experiences and for entertainment rises – driving expansion in the businesses and sectors that provide them.

Short-term
Recession and Covid-disruption have provided a temporary check on the importance of leisure – but at the same time built up pent-up demand that is now set to explode

Long-term
Continued growth, with individuals devoting increase time, money and energy to leisure pursuits. Economic impacts may hold some back – but people will find ways to play

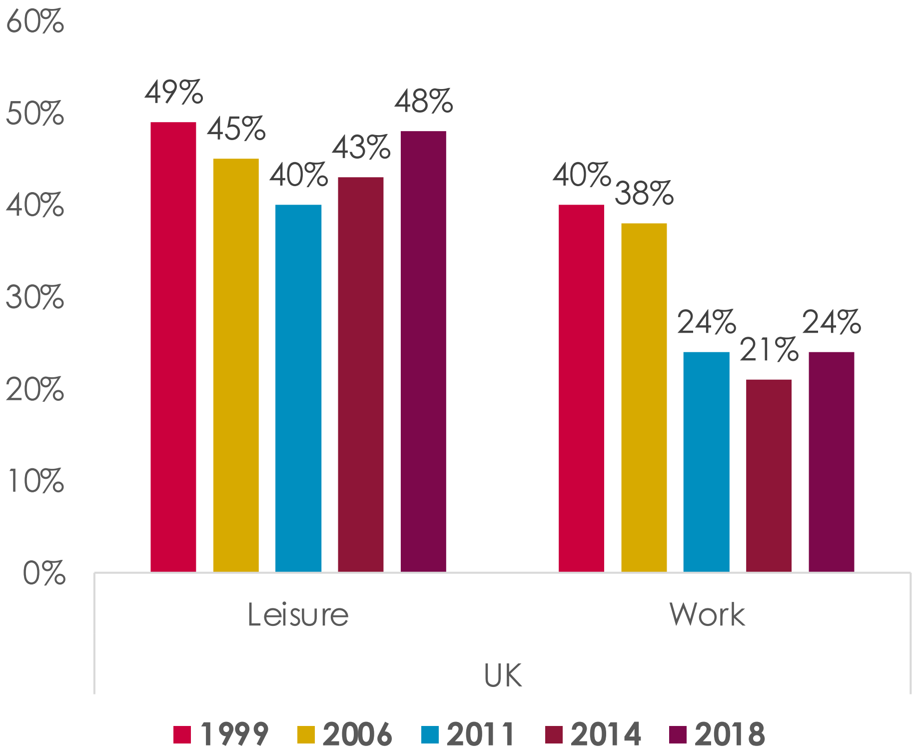
Key uncertainties

- Will the pandemic have made us all more serious – or will pent-up demand drive the continued expansion of the play society?
- What will the future balance be between in-home and out-of-home leisure?

Implications for High Streets and Town Centres

- Town centres and high streets are likely to become increasingly dominated by leisure and hospitality options. Suburban high streets will see growing demand for leisure options from WFH populations – whilst the reduction in explicitly workday focused commercial offerings in city centre high streets will open new space (both literally and figuratively) for venues there

All saying work or leisure are 'very' important to them



Source: World Values Survey / Trajectory Global Foresight

On Demand Expectations

What it is

New technologies and business models have made getting what we want, when we want it, easier than ever. Consumers have rapidly adopted the use of services like Netflix and Disney+ for entertainment, Uber and Bolt for travel, Deliveroo and UberEATS for foods. Amazon Prime, with its one-day delivery promise, is now a regular part of most people's shopping habits. British consumers expect things faster than ever – it may be only some time until these expectations begin to impact how long people are willing to wait for other, traditionally slower, goods and services.

Short-term
The pandemic has massively boosted the on-demand economy – and these changes haven't been reversed as the economy has moved to reopen

Long-term
On-demand expectations may shift to other areas of the economy, encouraging faster provision of goods and services, and may be boosted by new and emerging technologies

Key uncertainties

- For the moment, the on-demand economy has largely avoided overt regulation from the government, but things are changing. How far might regulation go?
- What other sectors are primed for their own on-demand revolution?

Implications for High Streets and Town Centres

- On demand services will offer direct competition to some high street and town centre offerings. This has already been seen with bookstores and video/film stores but could expand further – even grocery stores will see rising competition
- With competition is likely to come innovation. Traditional brick-and-mortar shops, as well as other high street spaces, are likely to begin exploring on-demand offerings

Deregulation of Life

What it is

For years, consumers have enjoyed more freedom over what they do, when they do it and how they do it. This increasing freedom is driven by changing social attitudes, legislation, and increased use of technology. The pandemic has accelerated this trend, with home-working and changes to daily patterns giving people more freedom over when (albeit not always where) they do things. Lines between `work` and `leisure` times are blurring. Businesses and high streets will have to adjust to more dynamic and varied demand from consumers less tied to traditional time frames – be that night shift or home workers looking for leisure options earlier in the day or commuters engaging with areas around their workspaces at less regular times.

Short-term
Life may start to return towards normality as we move away from pandemic restrictions – but deregulated lives are a trend that is here to stay

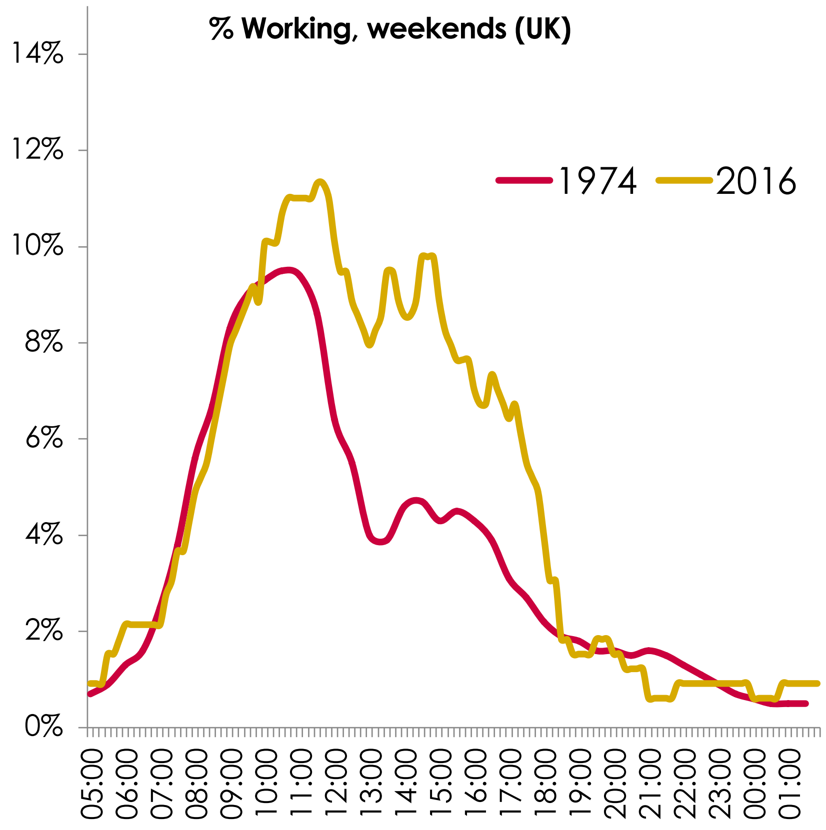
Long-term
New technologies, the continued prevalence of full or part-time WFH, and shifts towards self-employment, portfolio careers, and part-time work all promise to boost this deregulation

Key uncertainties

- The ways in which the pandemic has deregulated parts of life, especially around work, are massive. How many of these changes will be here to stay – and might we see a rejection of some other changes as we begin the return to normality?

Implications for High Streets and Town Centres

- City centre high streets have become used to the deregulation of life – with consumers accessing retail, hospitality, and community spaces at a greater variety of times than might have been seen in the past. As shifts in where we live and work continue, high streets and town centres outside the centres of out cities will have to make the same adjustments
- Wider variety of work hours will drive shifts in how high streets will need to approach users. Not only will traditional timeframes change, but demand will be more varied at any one time.



Source: Source: BBC Daily Life 1974, Trajectory Time Use Data

4th Place and Digital Culture

What it is

The third place is an accessible environment for conversation, recreation and leisure, embodied by pubs, cafes, parks and other spaces. Digital technology is creating a 4th place – online environments which mimic 'real world' third places, but connect people who are geographically disparate. These activities are often more closed, or individual, than real world interaction, and are less connected to local community. This trend has been accelerated by the pandemic, which has seen more individuals connect with friends and family digitally, or access culture digitally while social distancing measures restrict behaviours.

Short-term
4th place behaviours are entrenched by the pandemic – with more people accessing facsimiles of real-world culture and leisure online

Long-term
Advances in immersive technology blur the lines between real and digital further, creating immersive digital spaces that replicate the spontaneity and community of real places

Key uncertainties

- What will be the next big trend in digital culture? Virtual and augmented reality? Or something else entirely?
- Will digital culture subtract from real world interactions in the future – or add to them?

Implications for High Streets and Town Centres

- High streets and town centres will always have a place in how Britons look to experience culture and leisure, but they are likely to find themselves having to innovate both to compete with 4th place (i.e. at-home) offerings and to meet growing demand for digital culture offerings on the high street itself

2019, Star Wars trailer premiers within Fortnite

Source: The Atlantic

Ageing Society

What it is

The UK has an ageing population. An ageing population is possibly the most well-known demographic trend and it is also perhaps the most stable, the most certain, and the most predictable; people migrate in, they migrate out, they're born, they die, but they all age at the same rate. The UK's largest age cohort, the baby boomers, are now beginning to reach retirement with implications for the proportion of economically active to economically inactive people in the country, but later – as we can see in the population pyramid – it will result in a group of individuals at old age that is significantly larger than anything that has gone before it.

Short-term
In the short-term these shifts are barely perceptible, with the population growing older as life expectancies increase and birth-rates decline

Long-term
Ageing, over a 15-year period, is likely to contribute to a significant shift in the nature of demand for public and commercial services and how they're delivered

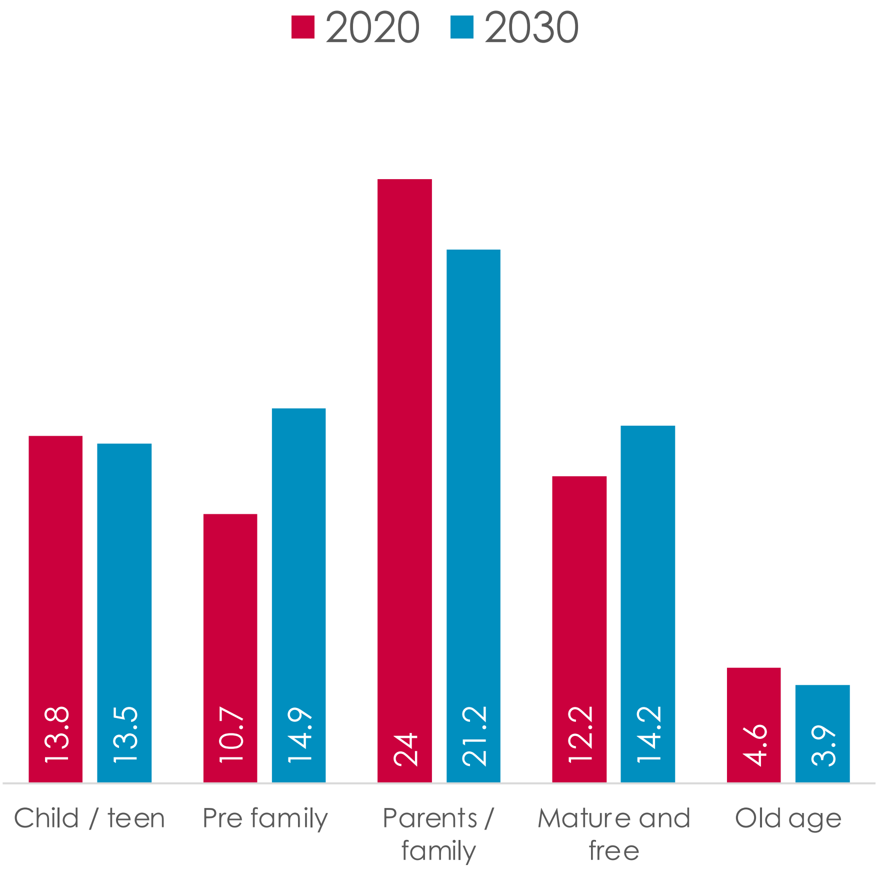
Key uncertainties

- How will the rising dependency ratio impact other aspects of society? Will immigration need to rise? Will intergenerational conflict grow?
- How will community spaces, high streets, and town centres have to change to meet the demands of an older population?

Implications for High Streets and Town Centres

- An older society will change the demands users place on high streets and town centres – not only in terms of what shops, facilities, and community spaces are available but also in terms of how they're accessible. Demand for public transport is likely to rise – whilst the provision of accessibility options (e.g. ramps, handrails, seating areas, etc.) will need to rise

Number in each lifestage (m)



Source: ONS / Trajectory Global Foresight

Changing Meaning of Age

What it is

The UK has an ageing population but the life stage we inhabit at different ages is changing with it. From the 1960s and into the 2030s, childhood is shortening while the 'teenage' phase of life extends. The pre-family young adult stage is extending significantly as parenthood is delayed and shortened and the post-family stage – the time parents spend as empty nesters while in good health – is set to extend considerably. Old age remains inevitable, but we are set to experience it for a shorter period, far later in life.

Short-term
As with other areas of demographic change, these changes are gradual and not highly impactful in the short-term

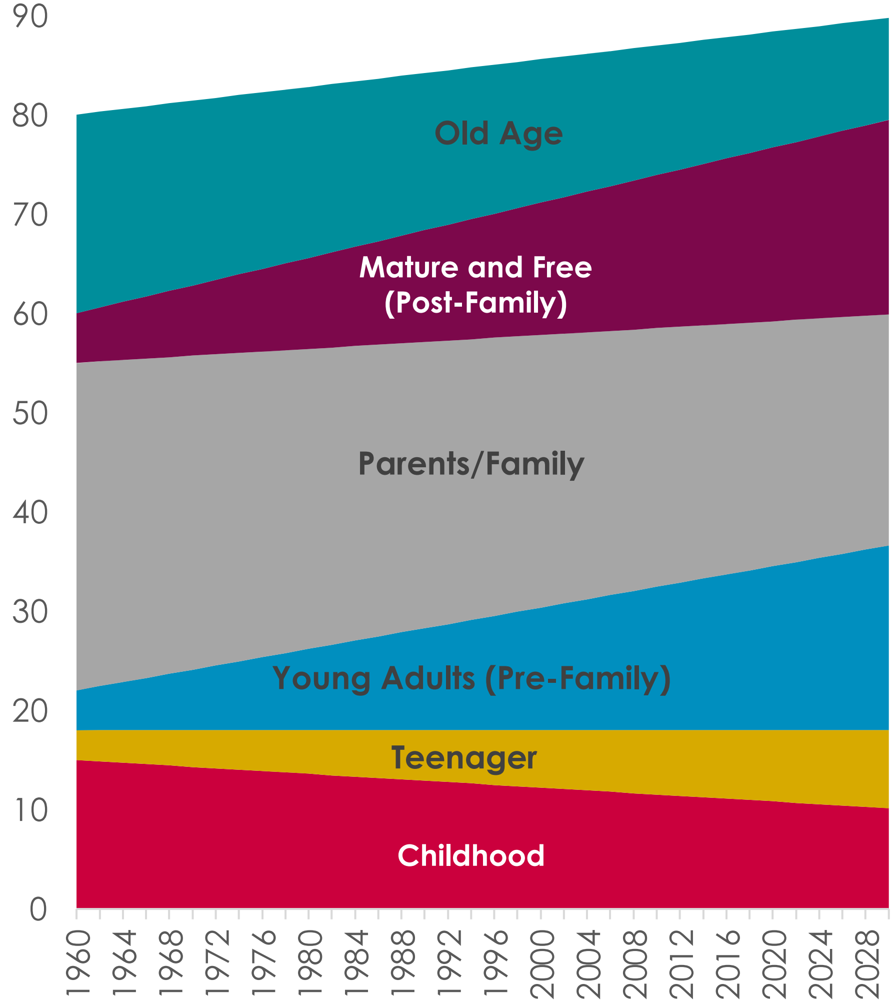
Long-term
These shifts do have significant long-term impacts, with a larger proportion of society comprised of child-free adults, with less pressure on their money and their time

Key uncertainties

- What is the next step in the changing meaning of age? How might emerging technologies or new national and global issues (e.g. climate change) impact life stages in the future?
- How will broader economic changes (e.g. high rental rates amongst `pre-family adults`) impact how they act?

Implications for High Streets and Town Centres

- The rise of the `post-family` demographic, with the `pre-family` group also contributing, is set to drive an increase in the number of relatively cash-wealthy consumers looking for leisure and hospitality options – combining with other trends to drive a shift away from town centres and high streets as predominantly commercial centres and towards ones with a broader, more explicitly leisure orientated, focus



Source: Trajectory Global Foresight

Localism

What it is

Post pandemic, more time spent in local communities (due to changing working patterns) prompts a long term emphasis on localism in doing good. Consumers will be more attuned to causes that either support or directly benefit their local communities. Although the impetus for this trend came from lockdown, changing working patterns, public spending pressures and the accelerated decline in the high street will keep localism high on the agenda.

Short-term
Post pandemic, consumers are likely to be keen to support local businesses and institutions that have struggled during the pandemic

Long-term
Structural changes in bricks and mortar retail and homeworking will change the relationship with and needs of communities within their local spaces

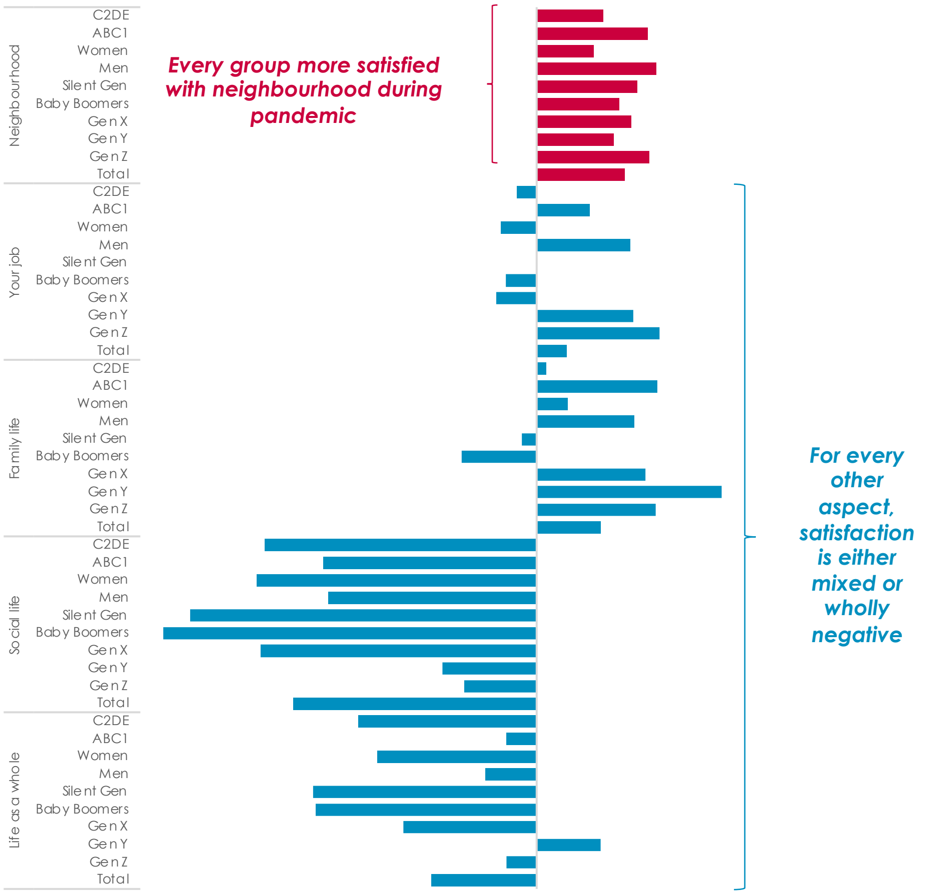
Key uncertainties

- Will the rise in localism seen during the pandemic be maintained? Might it disappear altogether? Where will the post-pandemic equilibrium lie?
- Rising localism will need to be supported by changes in local facilities, shops, and venues. Will they meet the challenge?

Implications for High Streets and Town Centres

- Rising localism offers a real opportunity for high streets and town centres outside traditional urban centres to benefit but they will need to adapt. This will need concerted effort by local authorities alongside businesses and the local communities themselves. Creating new community spaces, tailoring retail and hospitality offerings to local demand, and ensuring support for the changes is there will all be important if the benefits of localism are to be gained

Think about how you are feeling now compared to how you felt at the start of the year, before the pandemic
(Net: more satisfied minus less satisfied) JAN 21



Source: Trajectory Global Foresight, 2021

Multi-use Spaces

What it is

As demand grows for high streets and town centres that offer more than just shopping attractions, the UK is likely to see an increase in the amount of multi-use spaces on its streets. These encompass areas that provide multiple utilities to users, whether that be pedestrianised high streets with space for shopping and socialisation, community centres with cinema space or cafes, or rental accommodation with access to community spaces and restaurants. Already common elsewhere in the world, the rise in multi-use spaces in the UK is likely to be welcomed by many.

Short-term
Shifts to multi-use spaces take time but are already occurring at new builds and in high street renovations. Their use will spread

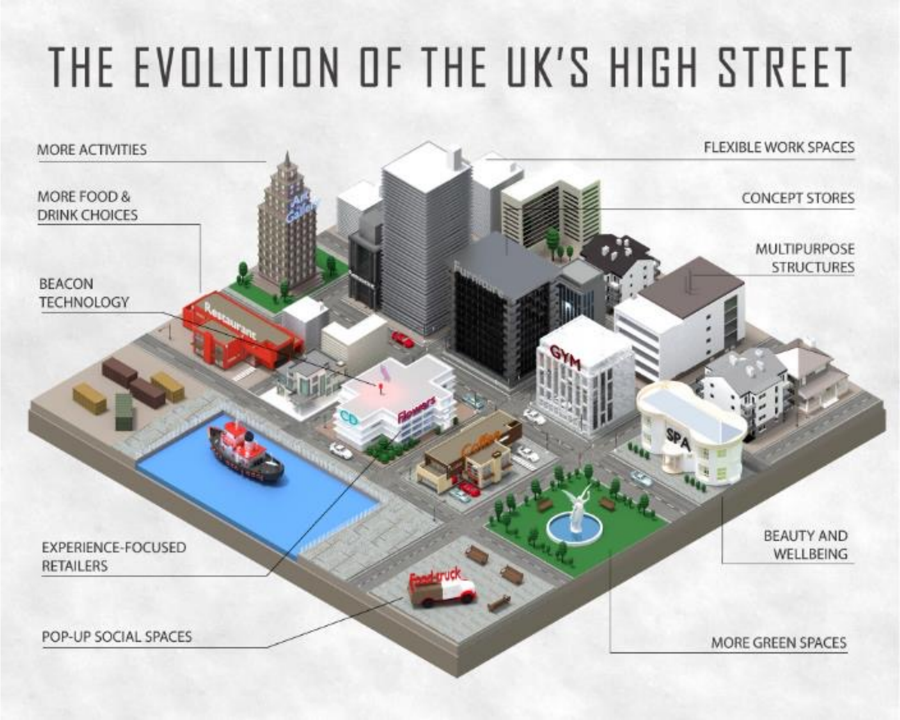
Long-term
Multi-use spaces are viewed by many as the future of the UK's high streets – but they will need investment and support from both business and government to succeed

Key uncertainties

- How much of the shift to multi-use spaces can be done with already existing high street infrastructure and how much will require new investment and renovation?
- What areas and communities are most in need of multi-use spaces on their high streets?

Implications for High Streets and Town Centres

- Multi-use spaces offer a chance for high streets and town centres to become more explicitly community focused – offering multiple utilities beyond the purely commercial
- Change will come with costs, but the recentring of high streets as community spaces would likely bring its own financial benefits to stakeholders



Source: ABC Finance, 2018

Increased Diversity

What it is

The UK has been becoming increasingly ethnically diverse for decades due to increased migration and differences in birth rates across ethnic groups, however, the next two decades are set to see significant growth in ethnic diversity, with the proportion of the population that identifies as 'White British' set to fall from 76% to 66% over the next two decades. In total, the proportion of the population that identifies as non-white is set to increase from 17% in 2021 to 24% in 2041.

Short-term
As demographic trends go this is a fast-moving one, but on a five-year timeline the effects are still likely to be muted

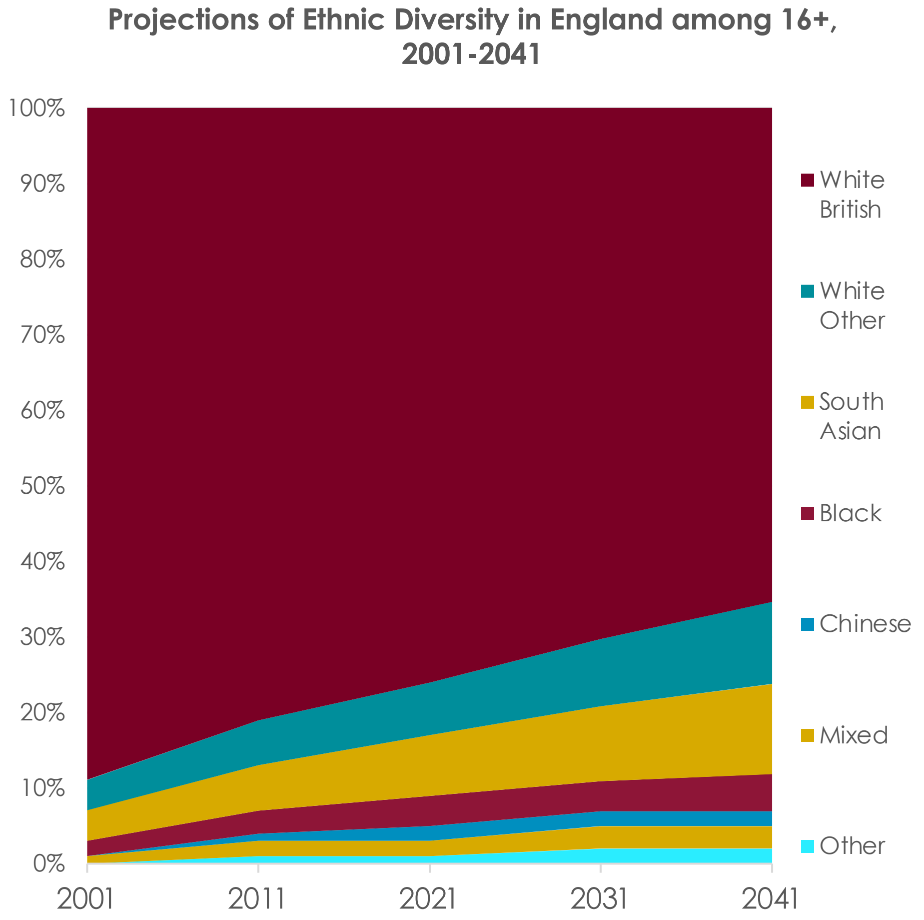
Long-term
Size of the white-British minority diminishes to two-thirds from three-quarters in 20 years, resulting in a more ethnically, racially and linguistically diverse nation

Key uncertainties

- Levels of migration both into and out of the UK could disrupt projections leading to greater/less change in diversity than forecast
- Rising diversity could drive debates around gentrification of community spaces

Implications for High Streets and Town Centres

- Increased diversity amongst the UK population is likely to drive demand for more culturally diverse high streets and town centres in areas and regions with diverse populations
- Local authorities and businesses will need to carefully navigate the debate around gentrification and cultural appropriation – fostering culturally diverse spaces without side-lining communities



Source: Ethpop, 2011

Self vs. Stuff

What it is

High street businesses focused on the `self` (e.g. beauty, leisure facilities, and hospitality venues) have boomed in recent years - and this is set to continue. The UK may have reached `peak stuff`, with consumers increasingly looking towards options around self-improvement and the experience economy over other more material purchases. This has been driving a shift in what sort of stores and venues are present on UK high streets – but there will always be demand for more traditional stores.

Short-term
The growth of `self` on the UK's high streets is set to continue and will likely be boosted as experience-starved consumers look for new opportunities post-pandemic

Long-term
Whether `peak stuff` will last is another question – once the UK economy recovers and the pandemic shifts into the rear mirror consumers might look to `stuff` again

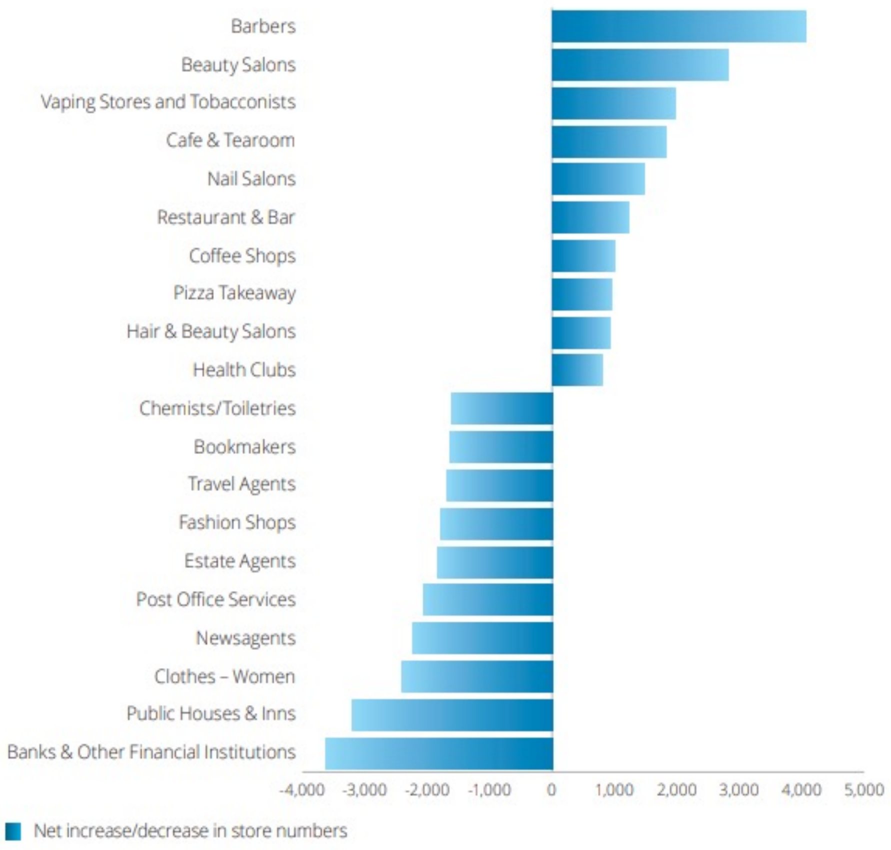
Key uncertainties

- What will the new equilibrium on the UK's high streets be between stores and facilities based around `stuff` and those more explicitly focused on `self`?
- How much of the boost to the `self` economy is an effect of a post-lockdown consumer splurge – and how much is here to stay?

Implications for High Streets and Town Centres

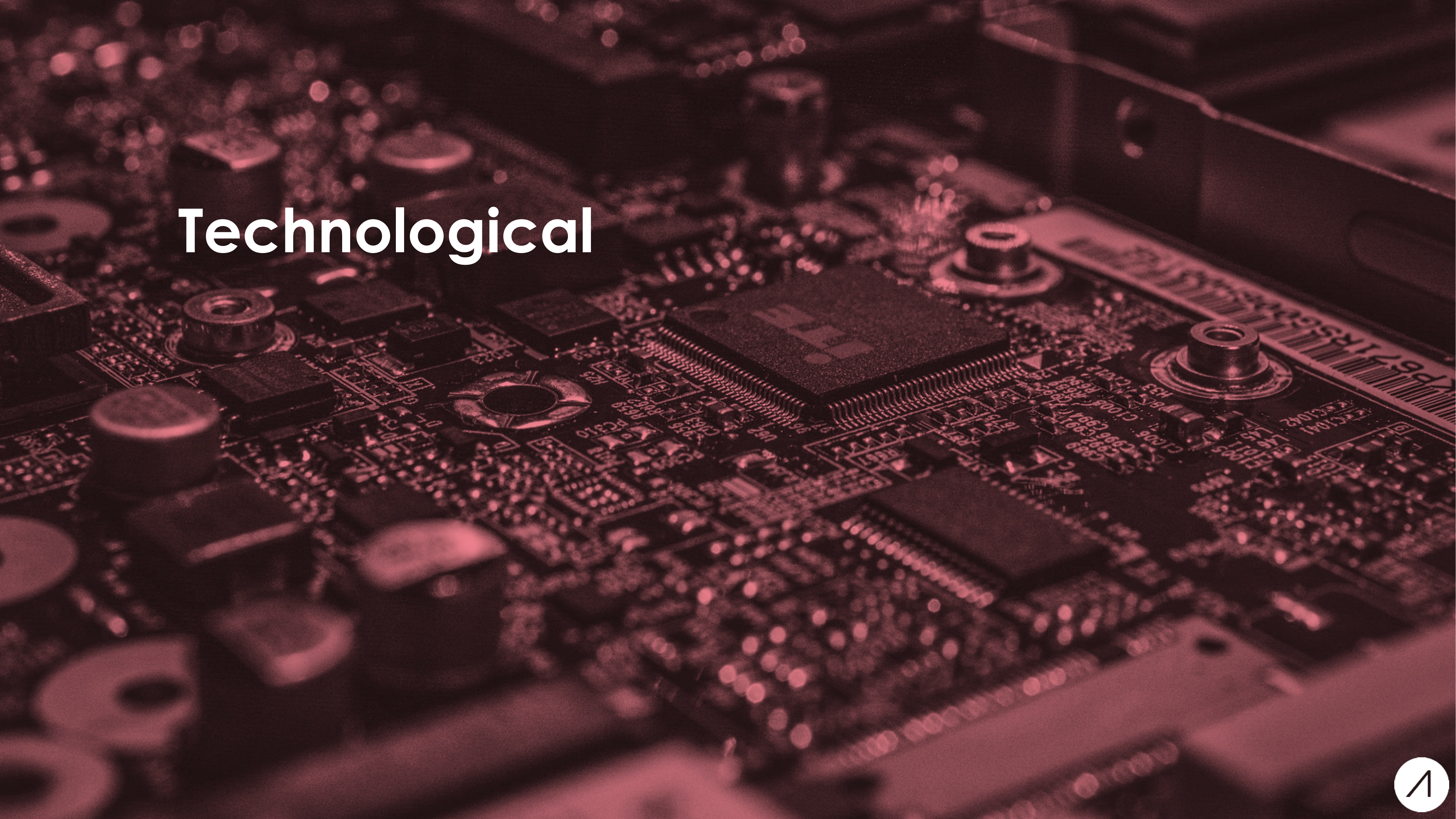
- This trend is likely to drive a shift in the sort of facilities and shops that high streets look to provide, with `self` related businesses and venues (e.g. hairdressers, gyms, and hospitality venues) replacing other more `stuff` orientated stores

Top Ten Growing & Declining Subcategories: Net Change in Store Numbers Since 2013



Source: What Next for the High Street, Deloitte, 2020

Technological



Automation

What it is

Automation refers to the application of artificial intelligence and robotics to perform tasks that would otherwise be performed by humans. As AI/Robots take on an increasing percentage of tasks in a workforce, humans can be redeployed to human-specific roles utilising their soft skills. The net effect will be significant efficiencies for businesses, but there will be significant societal disruption. Retail trade is at the forefront of automation, and how British retail looks may change significantly with the onset of automation.

Short-term
Automation continues to grow gradually, accelerated by the pandemic and the economic adversity it has created

Long-term
Automation will begin to shift what jobs are done by humans, and which are done by automated process, likely driving broader societal shifts (e.g. Universal Basic Income)

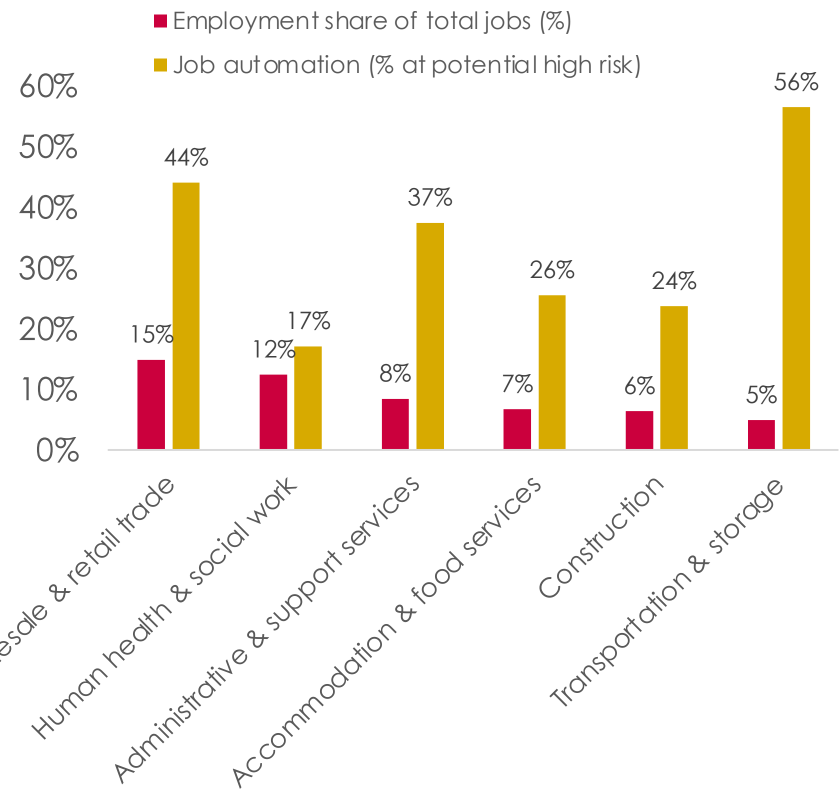
Key uncertainties

- Automation will be net positive for businesses, but it could be net negative for societies that face significant disruption due to automation-driven unemployment.
- Automation may find itself in the cross-hairs of regulators who seek to slow adoption in order to maintain economic participation within their populations.

Implications for High Streets and Town Centres

- With retail still the dominant presence on British high streets, the onset of automation is likely to bring significant change in the medium-to-long term – with automated shopping experiences becoming more common, if still not the norm
- Looking far ahead, the societal impacts of automation (especially if a form of UBI is introduced) would cause disruption but could contribute to leisure and community focused trends on the UK's high streets and town centres

Employment shares and the estimated proportion of jobs at potential high risk of automation by early 2030s for all UK industry sectors



Source: ONS; PIAAC; PwC Analysis

AI

What it is

Artificial Intelligence (AI) describes a process in which machines are capable of codifying, analysing, and crucially, understanding and learning from the outcomes of the analysis of massive datasets. As time goes on, and as more data is processed, AI can develop stronger correlations between variables and their outcomes, eventually surpassing human capacity and allowing for the automation of processes.

Short-term
Implementation of relatively weak forms of AI such as chatbots become more widely adopted by consumer facing businesses

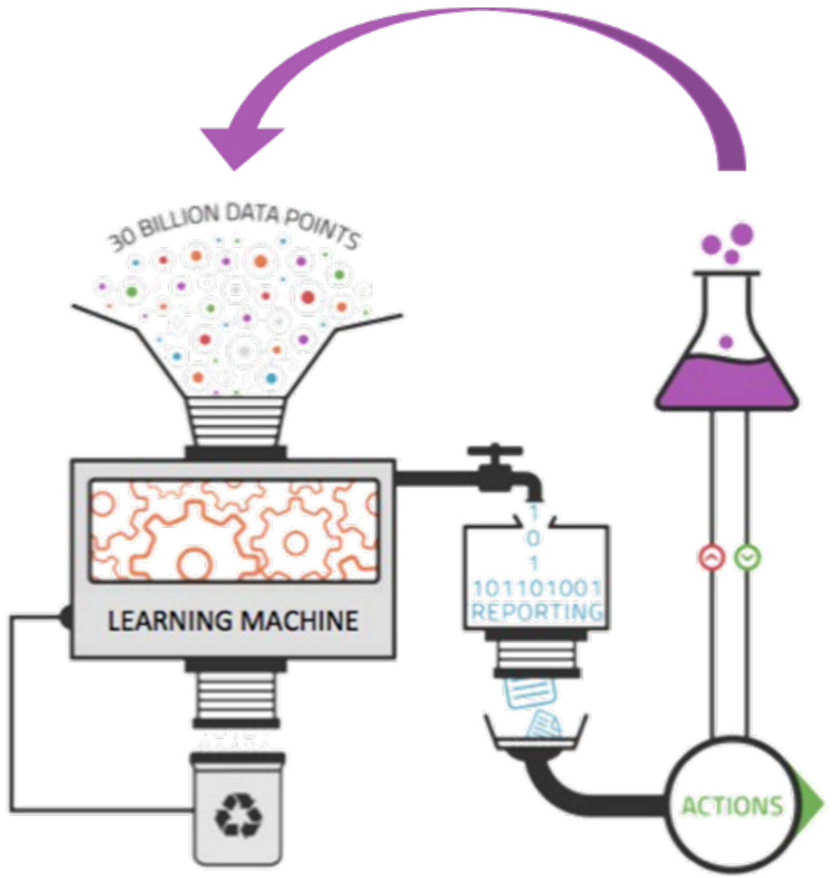
Long-term
AI increasingly used to replace routine cognitive tasks. At the same time it also offers new ways for society to organise itself and to keep track of information

Key uncertainties

- As with automation, one of the key uncertainties with artificial intelligence is the speed at which governments and regulators allow them to proliferate; should AI emerge too fast its adoption may be artificially slowed by regulation.
- AI application for business are clear – but can it be used effectively by local authorities as well?

Implications for High Streets and Town Centres

- Businesses on high streets and in town centres can benefit not only from the back-of-house organisational utility of AI, but will benefit in customer facing ways also. Chatbots and customer-data-analysis will offer new ways to tailor offerings to better suit consumers
- Data tracking and AI analysis offers local authorities and planners a way to better understand how high streets are used and create or update high streets to better fit their local community



Source: Global Media IT, 2017

Internet of Things

What it is

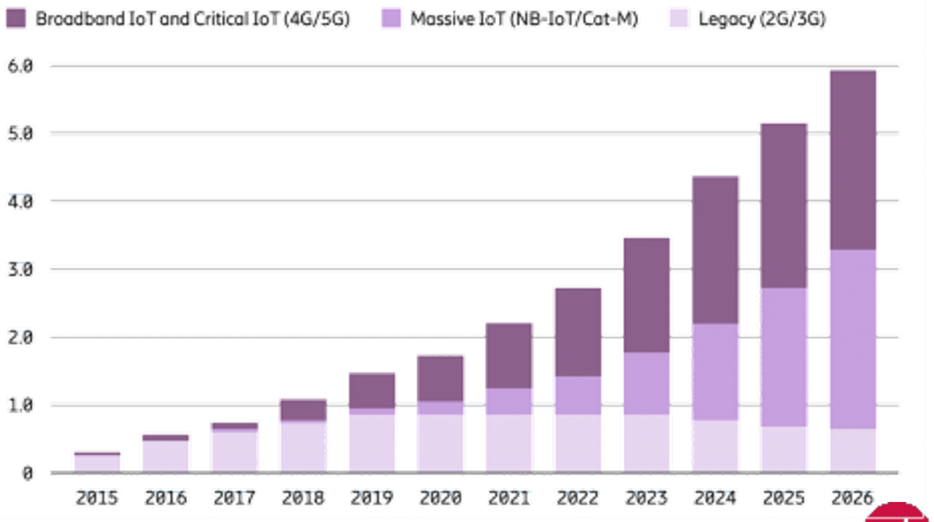
The Internet of Things (IoT) describes the network of connected objects (things) that are embedded with sensors, software and other technologies that allow them to connect and exchange data with other devices through networked connections. This is a fundamental concept behind any form of connected space, from smart homes to smart cities, relying on good connectivity and cybersecurity. At its best, it offers new ways for community spaces to interact with users and communities – making them more accessible and more dynamic.

Short-term
IoT continues to grow, driven by industrial applications that will underpin automated processes in warehouses and factories

Long-term
Mobile networks begin to bear greater burden of IoT, allowing it to migrate out of controlled spaces like factories and warehouses

Key uncertainties

- For the IoT to reach its potential in everyday spaces of towns and cities it will require the vast capacity, speeds, and low latency of 5G, with mobile rollouts traditionally quite slow
- How long will it really take for the Internet of Things to become widespread enough for its utility to become truly impactful?



Source: Ericsson Mobility Report, 2021

Implications for High Streets and Town Centres

- When it comes it may well be revolutionary – but it is still some way off
- High streets and town centres connected through the IoT can be more accessible (e.g. offering real-time guidance for visually impaired users) and more dynamic – reacting to the actions and demands of users, both in real-time and through longer-term data analysis

Virtual Realities

What it is

Virtual Realities as described here refer to a suite of technologies that can either create an entirely new reality – virtual reality – or to alter our experience of reality using digital augmentation, as with augmented and mixed realities. These technologies are currently approaching mainstream productivity and could have significant implications for how we live and work. Augmented reality has particular applications for out-of-home use – offering greater accessibility for disabled users and allowing for real-time interaction (e.g. advice, advertisement, etc.) between visitors and facilities.

Short-term
Consumer adoption of virtual reality grows slowly, with adoption of augmented realities growing rapidly in other, generally commercial and industrial, settings

Long-term
Whilst virtual reality is still largely confined to the home/business space, augmented reality becomes a relatively common part of many people's lives


Source: Facebook, Metaverse for Work 2021

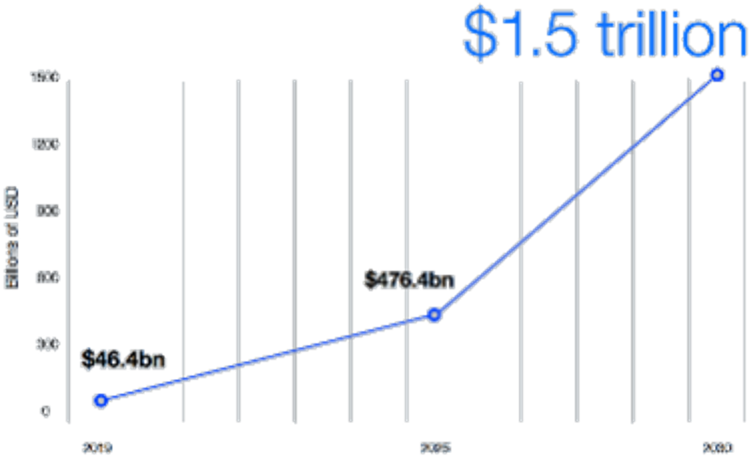
Key uncertainties

- Adoption – both for an individual or a business- remains very expensive; for example, using VR to explore a model of a shop floor or leisure space requires the construction of a 3D model
- The next stage of innovation in the technology is yet to come and hard to predict. What for might it take?

Implications for High Streets and Town Centres

- Broader adoption of VR and AR is still some way off – but it offers new ways for high streets and town centres to interact with users and would-be visitors whilst also offering new accessibility options for disabled individuals
- Implementation will be expensive however, and relies on the adoption of other associated technologies (e.g. Internet of Things, 5G)

AR & VR Contribution to GDP – 2019 to 2030



Source: PwC, Seeing is Believing, 2019

Digital Divides

What it is

Digital access and proficiency is becoming an ever more important part of modern life in the UK – deeply tied to access to education and information, to many forms of state support, and to social interactions. The pandemic has magnified this shift with the rise of home-working and online socialising. Yet whilst much of the population becomes ever more proficient, for some a lack of technological proficiency or access risks them being left behind. Age is the clearest indicator factor where this digital divide comes into play, but ethnicity and wealth also show splits in digital access.

Short-term
The pandemic will have boosted tech proficiency for many people across the UK – but at the same time left those without access particularly isolated

Long-term
The emergence of new technologies could make bridging digital divides easier – or risks excluding some people even further. Support will be needed

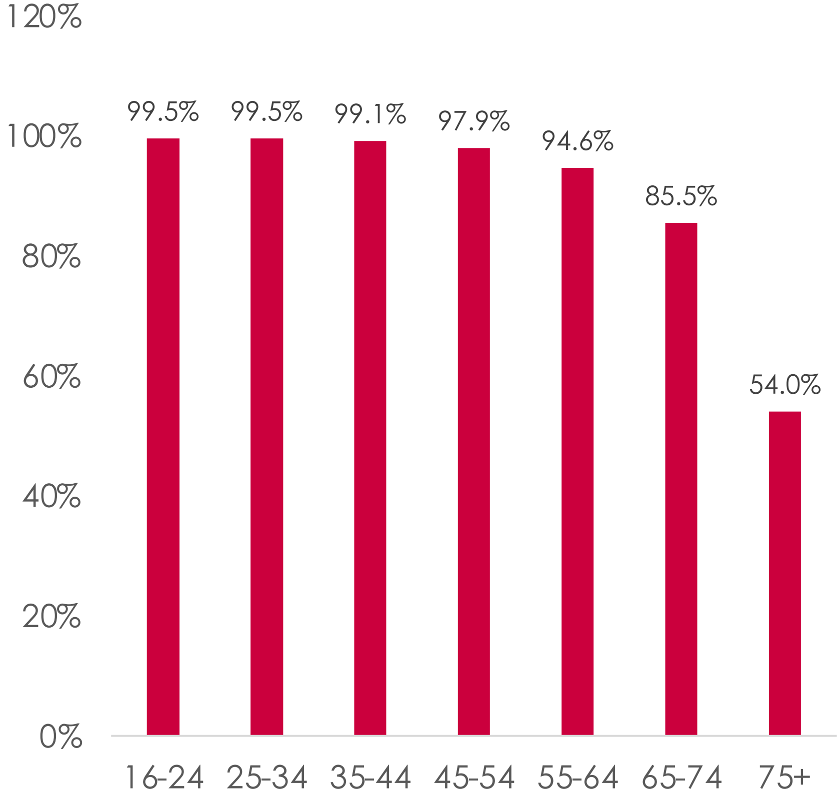
Key uncertainties

- How will new technologies (e.g. augmented and/or virtual reality) impact existing digital divides?
- Can the pandemic boost to technological proficiency across the UK population be maintained?

Implications for High Streets and Town Centres

- The attraction of new technologies (e.g. Augmented reality) and the widespread adoption of tech use during the pandemic, by businesses, local authorities, and many individuals, are likely to drive an increasingly tech-involved evolution of our high streets and town centres. This offer many benefits, but at the same time those with less access or comfortability with technology must not be forgotten

Percentage of UK Adults To Have Used the Internet in Last 3 Months by Age 2019/2020



Source: ONS, 2021

Legal

`Fast Fail Factories` and Adaptability

What it is

Currently most the UK's high streets properties are owned by small-scale or disparate landlords – with only a few dominated by single-owners. The competition between landlords has helped ensure low barriers to entry for would-be rentee businesses – but at the same time many small or start-up high street businesses fail to survive for several years. Whilst this high rate of turnover has its issues it also brings benefits, with high streets rapidly able to adapt to changing demand and with businesses and facilities able to rapidly spring up where demand is present.

Short-term
The current system of disparate landlord owners on most of the UK's high streets is unlikely to change anytime soon

Long-term
Other trends (e.g. public/private partnership, community ownership, etc.) may see this trend begin to change – but it will likely still remain the most common trend in ownership

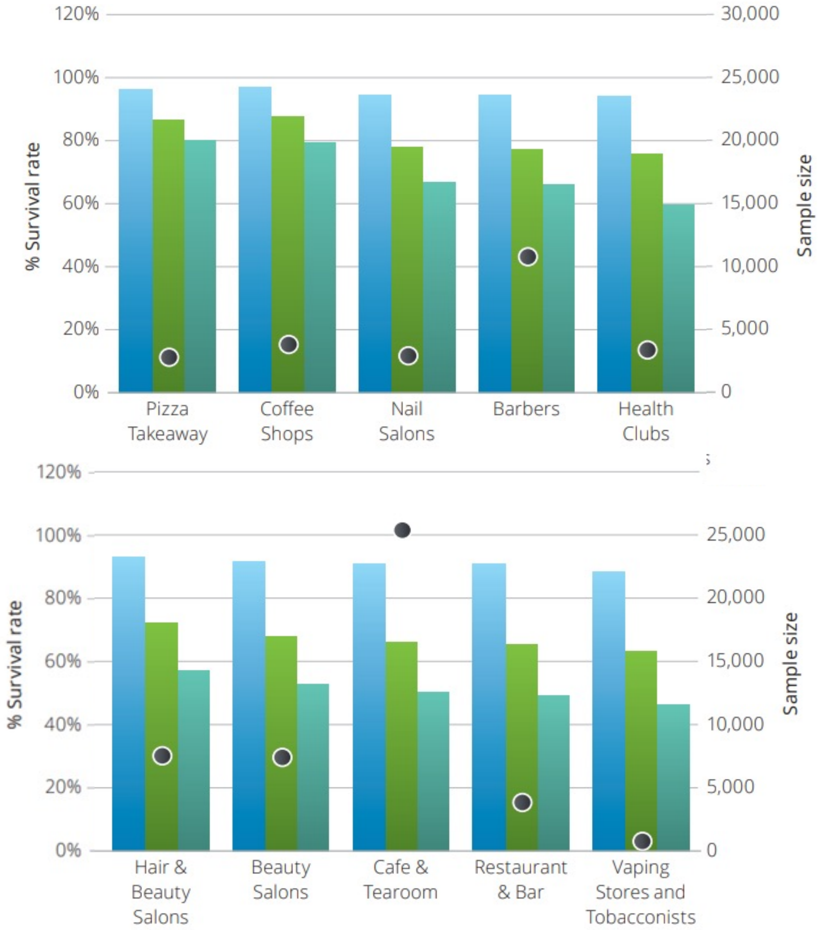
Key uncertainties

- How will changes to the supply of commercial space (especially in city and town centres) impact this trend?
- How can the adaptability of UK high streets be best utilised whilst still supporting small businesses?

Implications for High Streets and Town Centres

- The adaptability that comes with fast turnover offers a chance for high streets and town centres to quickly shift to meet the new demands that have sprung out of the ways in which Covid has changed the UK – but may overstay its usefulness in the future if it begins to clash with attempts to create more community-centred and long-lasting high streets

. Five-year Survival Rates for the Top Ten High Street Subcategories



Source: What Next for the High Street? Deloitte, 2020

Accessibility

What it is

As the UK's population ages, and as awareness of the needs of both older and disabled individuals grows, high streets and the businesses that operate on them will need to place a greater focus on accessibility. Part of this will come from consumer pressure, but it's likely that demographic changes will also result in legislative shifts encouraging greater accessibility. Initial costs will be incurred, but many aspects of accessibility can be relatively easily built-in to high streets (e.g. seating, public toilets, transport access).

Short-term
Demographic shifts take time, but public opinion changes quicker. Accessibility (or the lack of) is increasingly noticed by the public

Long-term
As demographic shifts begin to bite, legislation to drive accessibility on the UK's streets is likely to be implemented

Key uncertainties

- Will new technologies (e.g. Augmented Reality) by able to support accessibility for certain groups – such as the partially sighted?
- What will the costs of an accessibility `revolution` be – will government funding be made available to support it?

Implications for High Streets and Town Centres

- Greater need for accessible access to high streets and town centres will result in costs for both businesses and local authorities – but brings obvious benefits by expanding who can access facilities, stores, and venues and making sure that high streets are well suited to the communities that use them

Source: : Robson Square Steps, Vancouver

Extended Hours

What it is

Extended opening hours for high street businesses, both in terms of later openings on normal operating days and in terms of extended hours on Sundays and bank holidays, are a controversial topic but have been mooted more regularly since the pandemic began – with proponents seeing them as a way to boost sales and encourage economic recovery. Changes to Sunday/Holiday hours may face some opposition, but later opening hours on other days will be welcomed by many.

Short-term
Experiments around extended hours are likely to go underway soon – with their use during the pandemic highlighting their feasibility

Long-term
If initial experiments are successful, longer opening hours for many businesses could become the norm – but changes to Sunday trading laws may face more resistance

Key uncertainties

- Will extended opening hours become the norm – or will they have just been a pandemic era experiment?
- What sectors and businesses will benefit most from extended hours?

Implications for High Streets and Town Centres

- Extended opening hours would support broader trends around the deregulation of life and pedestrianisation and could lead to the UK's high streets and town centres adopting a more European model – becoming cultural and leisure centres for their communities later into the evening in a way that commercially-dominated high streets currently do not

Shops can stay open until 10pm when England's lockdown eased

Robert Jenrick announces extension of opening hours six days a week to help shoppers return to high streets

- Coronavirus - latest updates
- See all our coronavirus coverage

▲ People walk past closed shops and restaurants in central London. Photograph: Wiktor Szymanowicz/NurPhoto/Rex/Shutterstock

Source: The Guardian, 2021

Private/Public Partnerships

What it is

Partnerships between businesses, both local and national, and local government and/or organisations are increasingly common - providing new ways of shaping high street spaces towards a broader social use. Broader links between business and local authorities offer a chance for greater levels of cooperation and consultation which can serve to create high streets and town centres that better serve their local communities – whilst joint ownership can make local authorities, and by extent the local community, direct stakeholders in how high streets are run.

Short-term
Direct partnerships are still relatively uncommon, but with the high street needing to rapidly adapt to social changes driven by the pandemic they may be a way forward

Long-term
Greater partnership between public and private stakeholders on the UK's high streets would serve to create high streets better suited to their community – and encourage the model elsewhere

Source: Creating Public Value on the High Street, UCL, 2020

Key uncertainties

- What is the most effective form of private/public partnership for use in shaping the UK's high streets?
- How involved should local authorities be in defining what their high streets look like and what shops and businesses are present there?

Implications for High Streets and Town Centres

- A rise in the number of private/public partnerships would serve to change the relationship between businesses and local authorities – given local governance greater influence
- What disagreements are most likely to form between how local authorities view the future of the high street and how businesses/private landlords view it?

Ethics & Environment

Green Consumption

What it is

As consumer attitudes toward climate change shift, so too will their behaviours. This has already been seen in the shift away from single-use plastics in the UK but could become more common and more extreme in the future. 66% of UK consumers have already changed at least some of their behaviours due to concerns over climate change – although this is below the global average of 69%. Shifting consumer behaviours due to climate change will likely see an increase in the prominence of vegetarianism and veganism, a preference for locally produced goods, and a shift away from petrol or diesel vehicles. The extent to which these occur, however, will be dependent on the cost of switching from current behaviours.

Short-term
Green consumption is on track to continue growing – though for the moment is still largely confined to certain areas (e.g. grocery shopping)

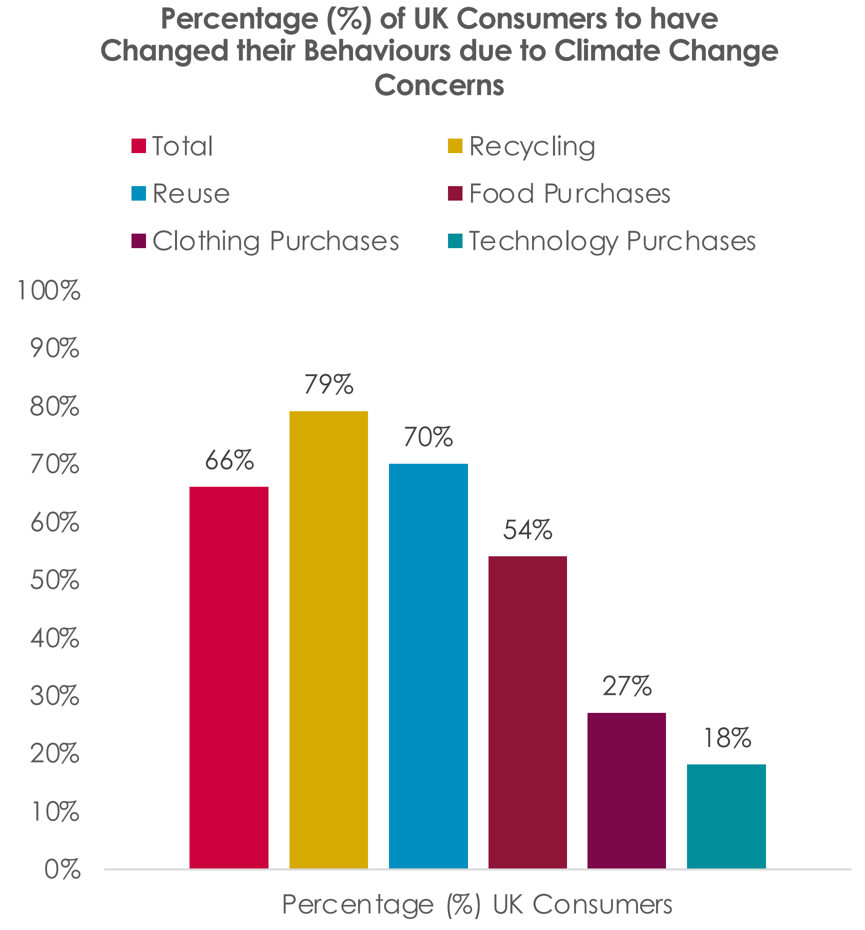
Long-term
Longer term trends in green consumption, combined with what is likely to be increased regulation to incentivise it, will see it become ever more important

Key uncertainties

- Green consumption is still predominantly driven by younger consumers. At what stage might we see older consumers begin to make the switch as well?
- How far can green consumption trends go without support from government regulation?

Implications for High Streets and Town Centres

- Explicitly green-focused businesses and high streets (driven by local authority intervention) will find themselves becoming more attractive for consumers – with the opposite true for businesses explicitly associated with non-green attributes
- Green consumption is likely to become a part, even if not always the main part, of many consumer interactions. It should be paid attention to



Source: Ipsos MORI, 2019

Shades of Green

What it is

There is no uniform level of care and attention paid to climate change – strength of feeling differs amongst the UK population. Region, age, education, political alignment, and many other factors drive different views. There is no "one-size-fits-all" message that will appeal to all of those with environmental sensibilities equally. As time goes on its likely that the impact of green and ethical credentials will rise across the board, but differences between consumer and demographic groups will remain.

Short-term
Marked differences exist, especially between generations, and these are unlikely to be going anywhere soon

Long-term
Differences between groups will narrow as climate change becomes an unavoidable part of all our daily lives – but some disparities will endure

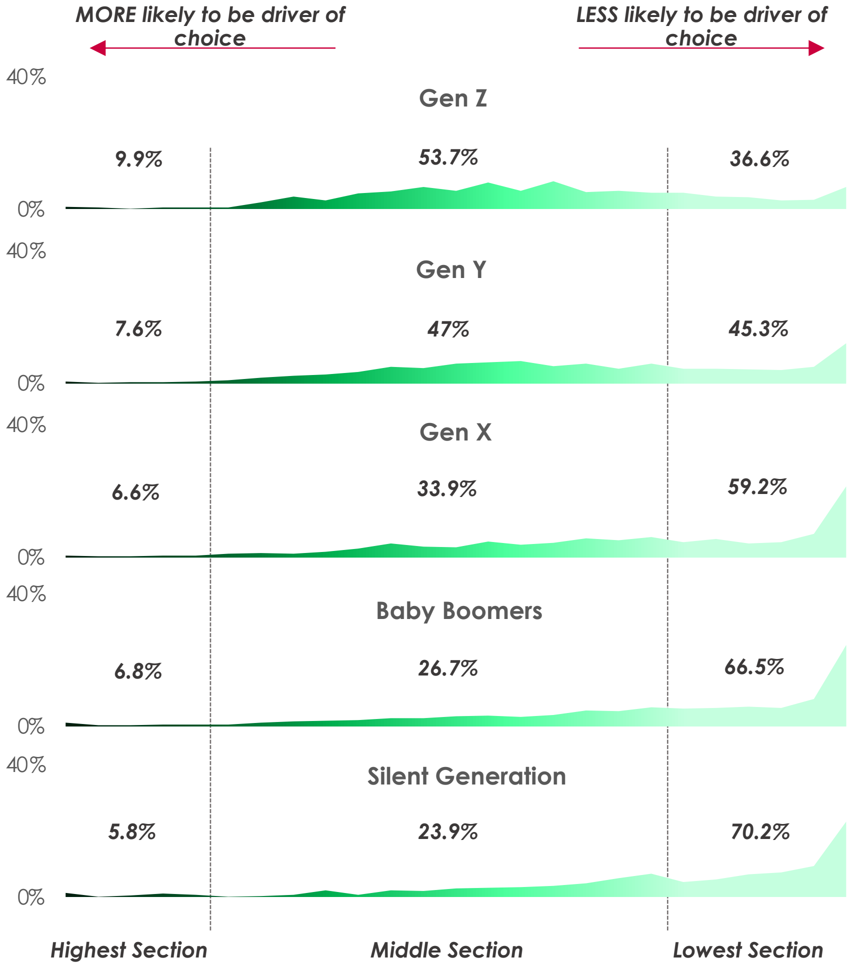
Key uncertainties

- How much will current differences in concern over climate change narrow as time goes on?
- When will the tipping point be when concern over climate change becomes impossible for businesses and local authorities to ignore?

Implications for High Streets and Town Centres

- As with several other trends, shades of green will drive the need for tailored approaches to different communities and demographic groups in relation to their concern over climate change. High streets and town centres with younger user populations will need to prioritise green changes – whilst those with older users may find themselves encouraged (for the moment) to focus on different demands

Impact of Ethics as a Driver of Consumer Choices, Split by Generation



Source: Trajectory Global Foresight, 2021

Pedestrianisation

What it is

Pedestrianisation has been a common tool in Europe for local authorities looking to change their high streets and town centres for the better – yet it has yet to be widely adopted within the UK. That may be set to change, with pedestrianisation experiments planned on streets in parts of London and in towns and cities across the UK – often spurred by pandemic-era changes to travel patterns. Pedestrianisation offers a way to turn high streets into more community orientated areas, with greater space for hospitality venues and community spaces. Yet there are drawbacks, with pedestrianised areas often lacking in the public transport facilities required for older or disabled users.

Short-term
Pedestrianisation experiments occurred during the pandemic – and are set to be expanded in coming years. They are not yet widespread however

Long-term
If planned pedestrianisation programs succeed, the UK may see more widespread adoption of the model in town centres and high streets

Key uncertainties

- Can the drawbacks of pedestrianisation (especially around public transport provision) be ameliorated?
- How can communities best be consulted about where pedestrianisation is needed – and where it might just not work?

Implications for High Streets and Town Centres

- Pedestrianised high streets can help turn town centres into broader attractions – adding community and leisure spaces to areas currently associated with commercial shopping. Where successful, visitor numbers could rise whilst the vision of high streets as true community centres could come closer to fruition

Source: Mock-up of Pedestrianised Oxford Circus, Westminster City Council, 2021

Purpose-led Business

What it is

The British population is getting more and more concerned with environmental and ethical issues as time goes on. With these concerns taking up a growing, if still relatively small, part in influencing their decisions they're beginning to look to engage with purpose-led businesses wherever they can. These businesses are engaged with a social purpose, whether that be local, national, or global in scope and whilst not all consumers will care (some may be too concerned with financial matters to have much choice) for a growing minority finding a business with a purpose will be important.

Short-term
Growing concern over certain issues (e.g. environmentalism) is driving support for purpose-led businesses – but this is largely confined to certain consumer groups for the moment

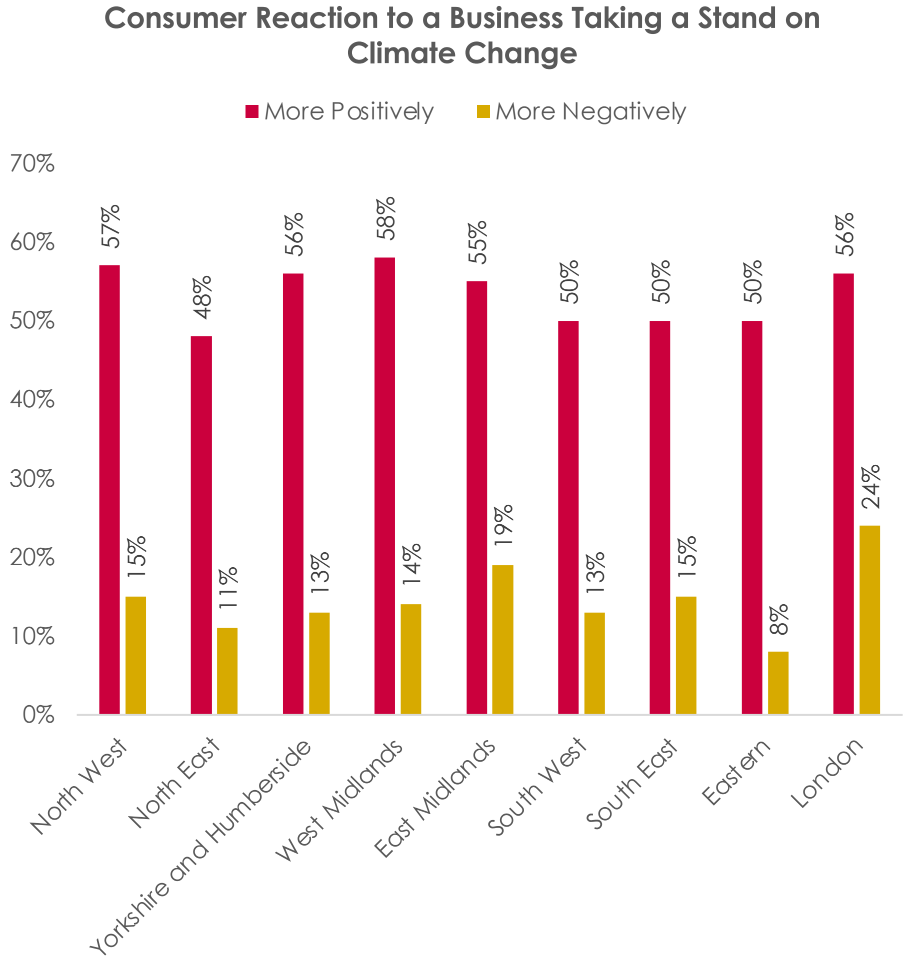
Long-term
As concerns rise across the population and as businesses look to engage with local communities, purpose-led businesses will become more common

Key uncertainties

- Purpose-led business is especially popular amongst younger generations, but financial concerns often hold them back from fully engaging. Will their views change as they age and gain wealth – or will they still be just as in favour of (and now able to spend more at) purpose-led enterprises?

Implications for High Streets and Town Centres

- Purpose-led brands should thrive on the high streets of the future – whilst even those without explicit or national/global purposes could benefit from engaging with local community needs
- Not all high streets are made the same – those in richer areas will see greater demand for purpose led business than those in less financially secure areas (where financial concerns may trump ethical ones)



Source: Trajectory Optimism Index, 2020

Community Ownership

What it is

With demand for increasingly community orientated high streets and town centres, designed and maintained to meet the needs of their local communities, there are growing calls for the implementation of community ownership models. This involves communities becoming direct stakeholders in how their high streets are run – whether that be through direct ownership and decisions around what businesses can operate there or part-ownership through which communities can exert influence and be consulted on major decisions.

Short-term
Still an uncommon model but has been implemented already in some places across the UK. Advocacy is likely to rise

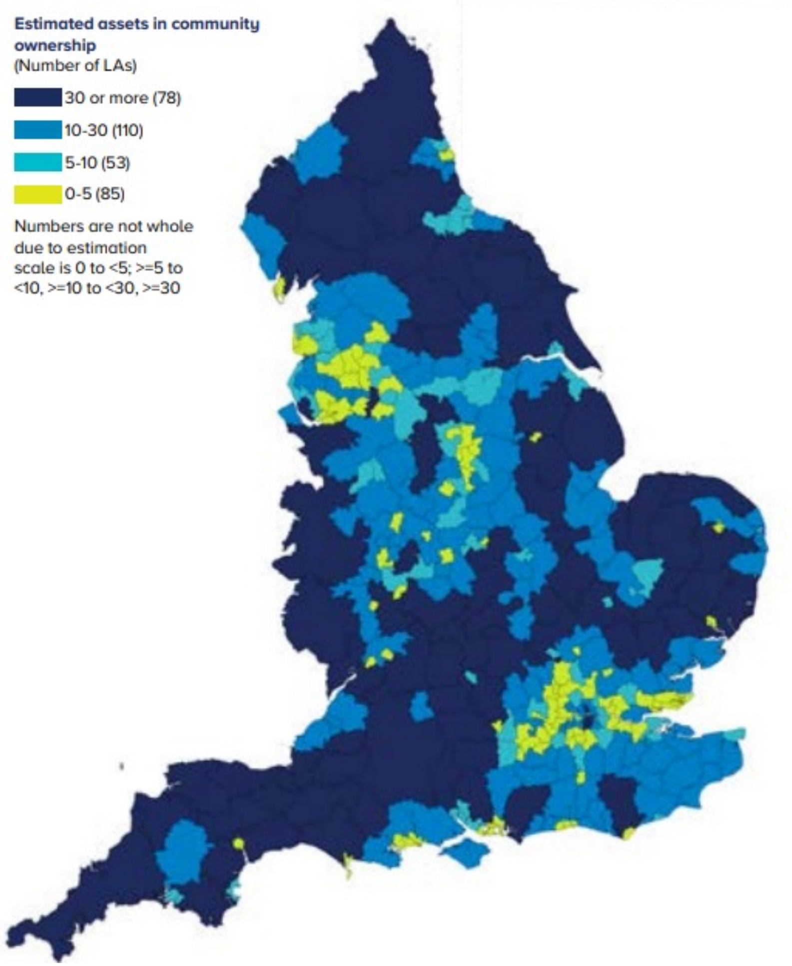
Long-term
Greater localism and changing spatial economies set to drive greater community involvement – this model will be part of it, at least in some places

Key uncertainties

- Will community ownership remain a niche model – or become more widely spread?
- Will it influence, even where not directly implemented, greater community engagement with the planning and design of town centres and high streets?

Implications for High Streets and Town Centres

- Where present, community ownership will drastically change how high streets and town centres are run – reducing the influence of businesses and creating what may become a more holistic, community centred approach to high streets
- Finding a way to involve communities as stakeholders in high-street decision-making processes has benefit for communities and for businesses



Source: Our Assets, Our Future, PowerToChange, 2019

Thank You

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