Exit strategy: Can high streets survive?

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#covidhighstreets

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Context

- High street style businesses have been struggling
- The lockdown has not helped

	Unaffected	Affected	Vulnerable	Very vulnerable
Sectors (examples)	• Health • Essential retail • Public administration	• Food production • Business services	• Non-essential retail • (Public) Transport	• Hospitality • Aviation • Leisure

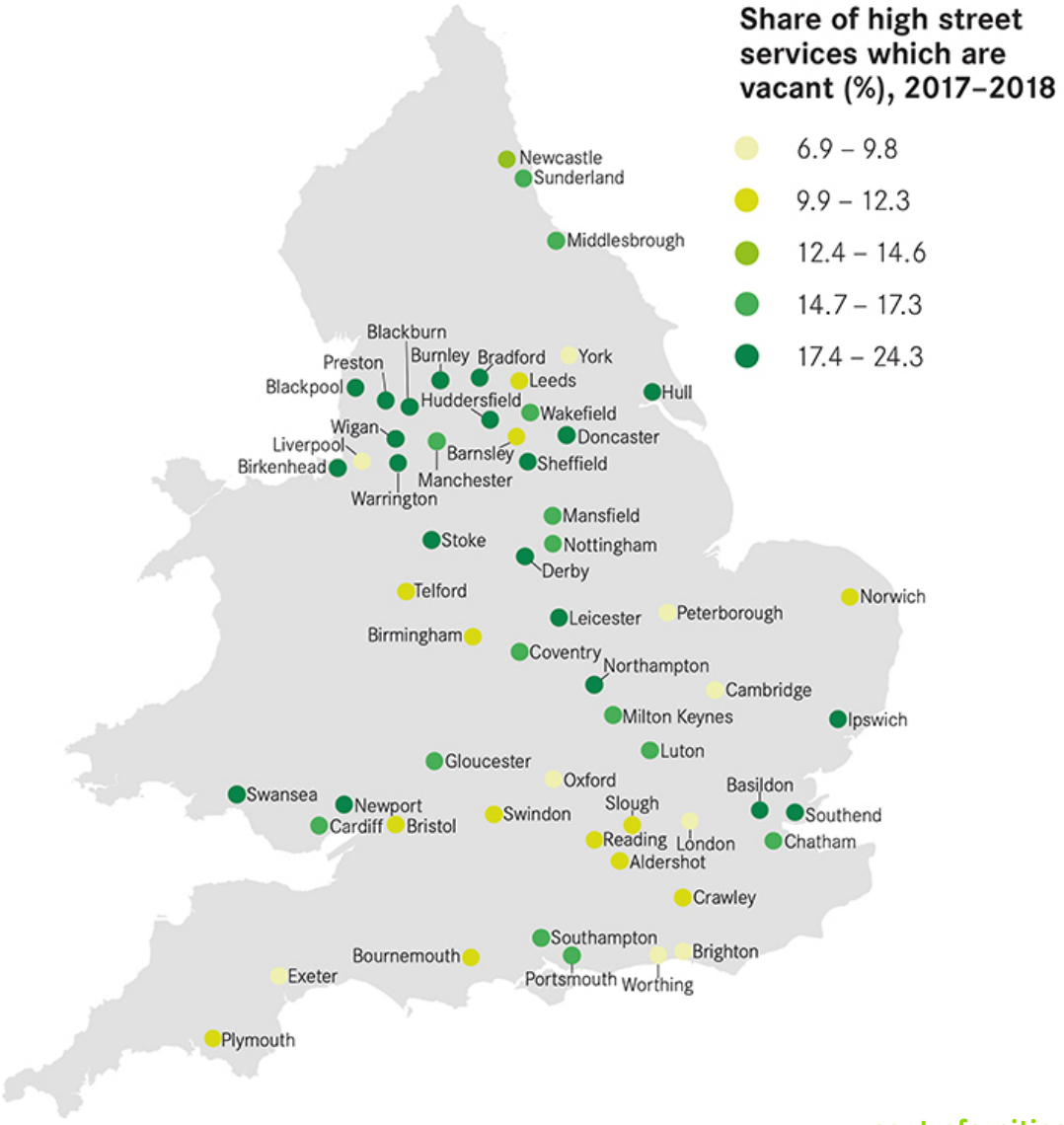
Expected probability to furlough and to lay off workers

centreforcities.org/blog/what-does-the-covid-19-crisis-mean-for-the-economies-of-british-cities-and-large-towns

Outline

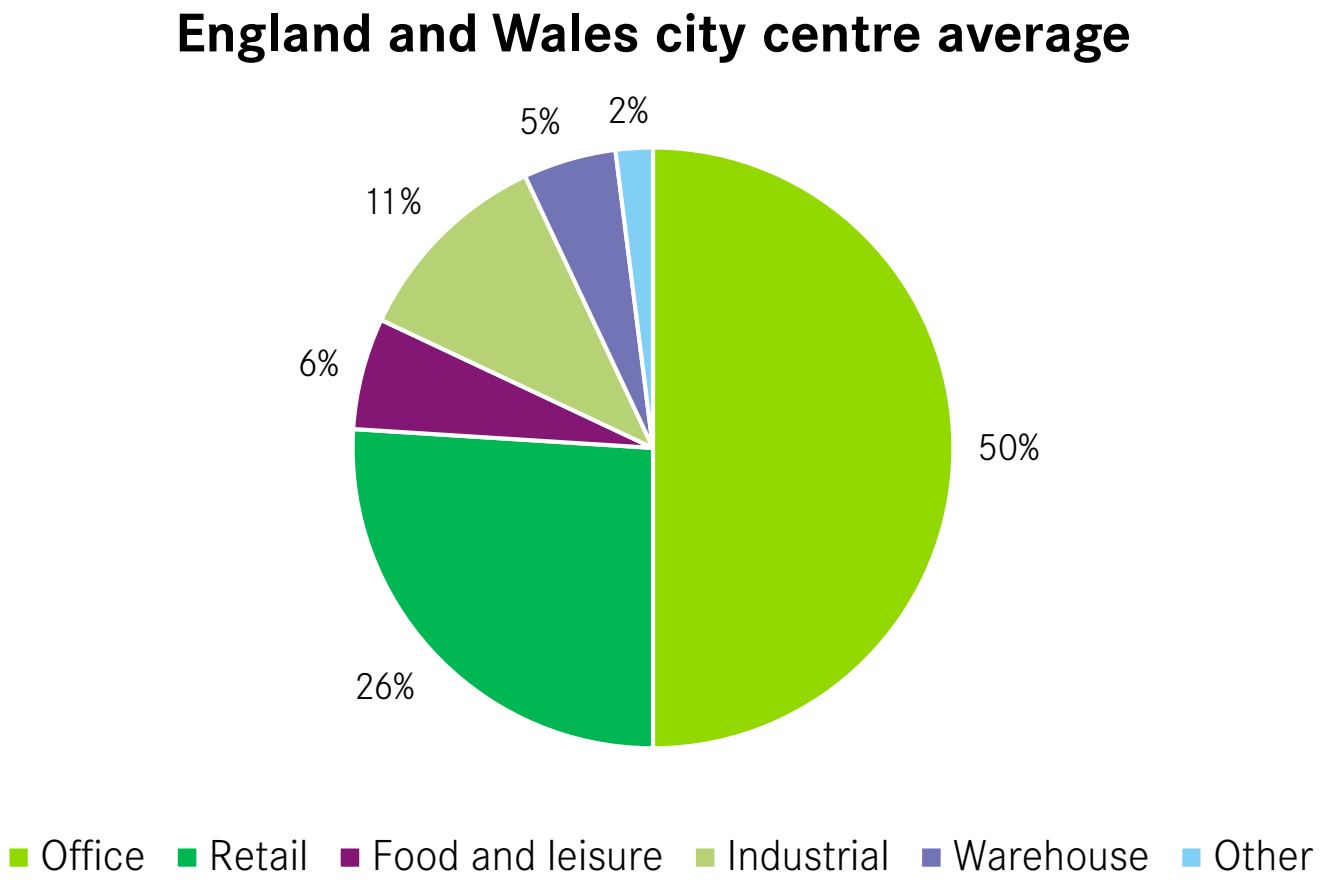
- Relationship between high streets and offices before the lockdown
- Change in behavior during the lockdown
- Implications for policy

High street is changing but not all places were struggling



centreforcities.org/blog/myth-1-all-high-streets-are-struggling

There’s more to city centres than retail and leisure

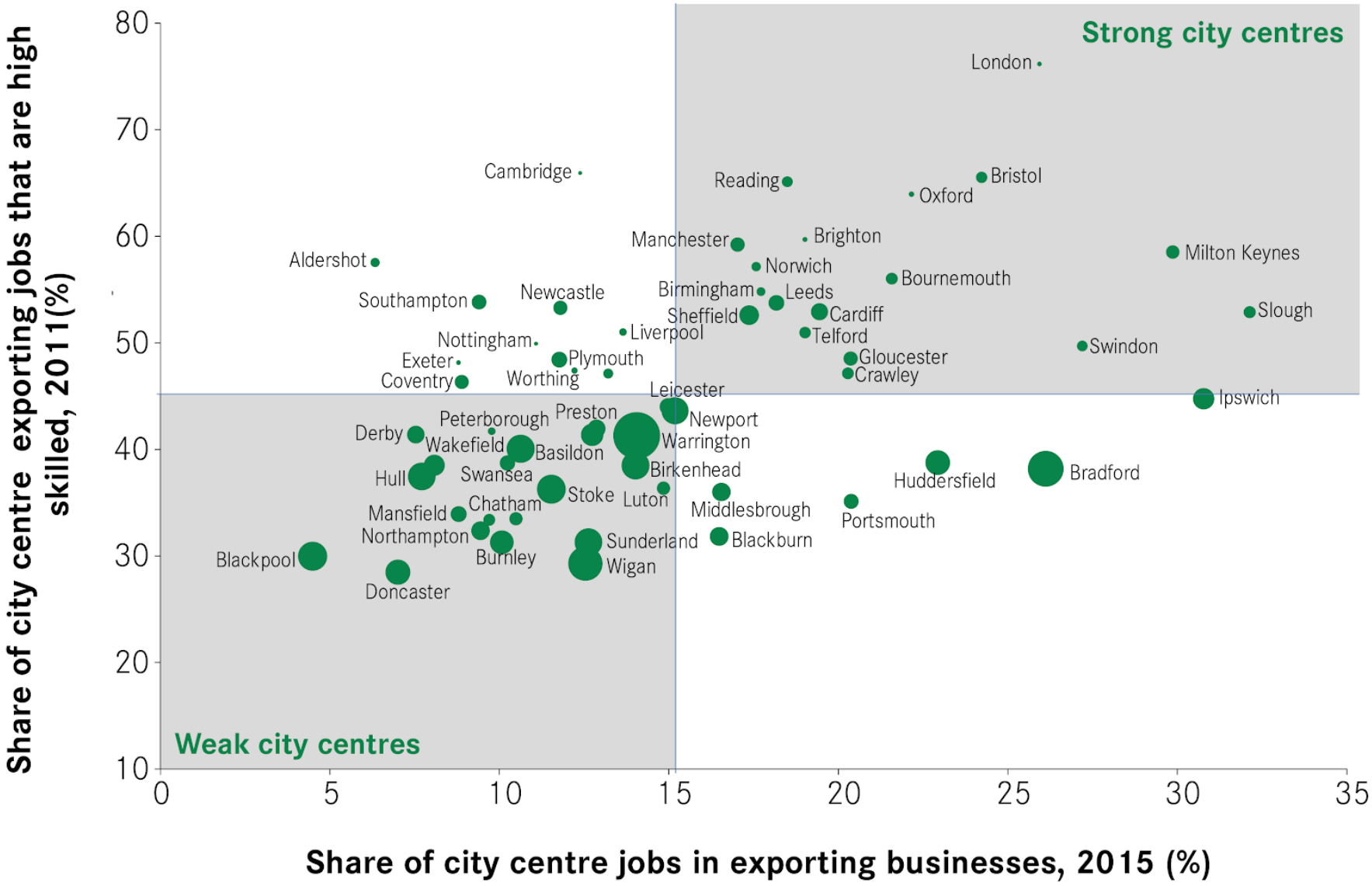


centreforcities.org/data/building-blocks-data-by-city

City centres vary in their strength as office locations

centreforcities.org/publication/building-blocks

This feeds into the performance of their high streets



(Bubble size is Vacancy rates)

centreforcities.org/publication/building-blocks

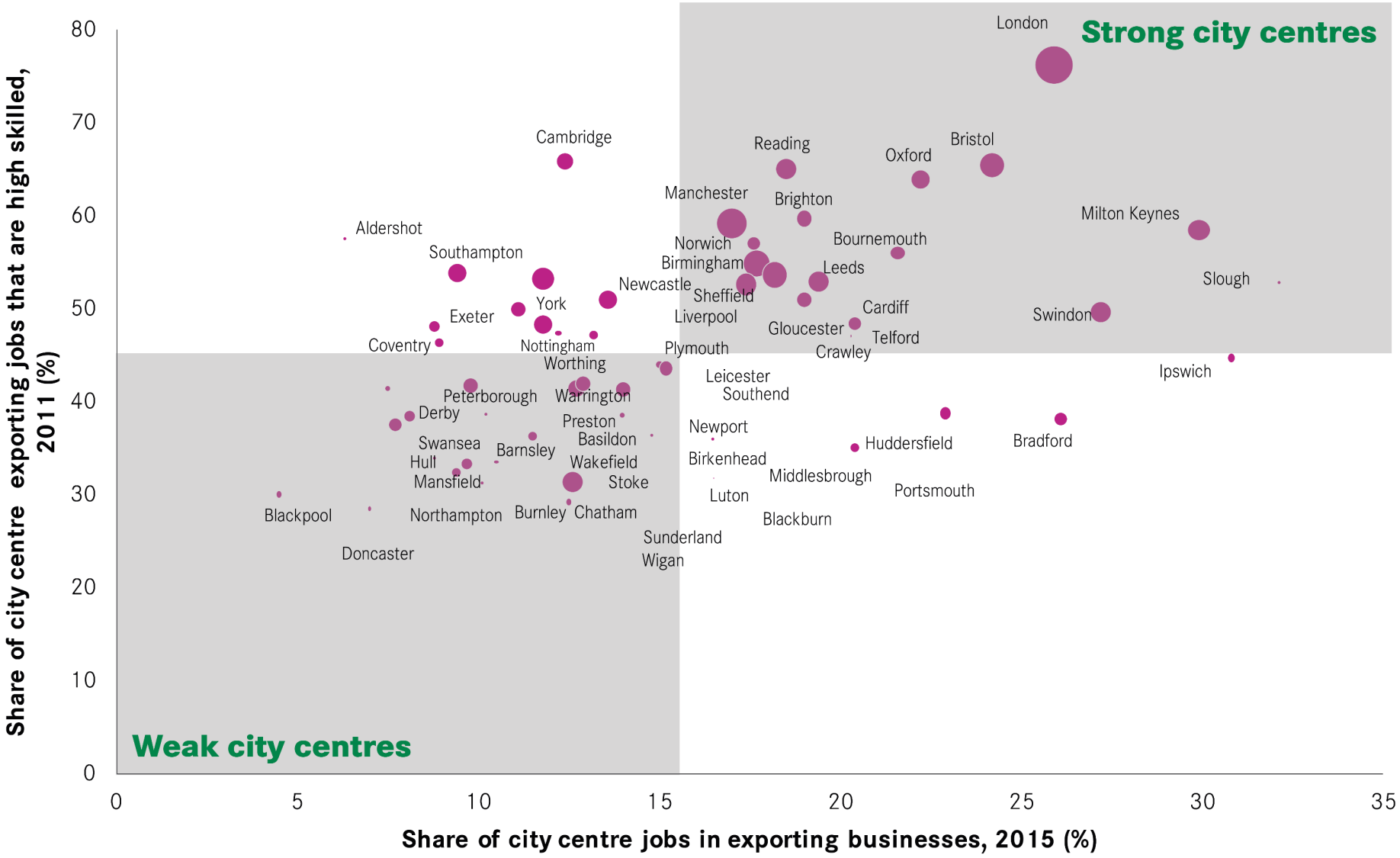
How does the lockdown change things?

Some things play out the same everywhere:

- Shift to online shopping accelerated everywhere
- Government support e.g. job retention scheme, business rates relief available everywhere

But not everything…

Footfall in strong city centres has been hit harder



(Bubble size is Worker drop-off)

centreforcities.org/blog/how-quickly-did-people-respond-to-the-coronavirus

Implications for policy response

	Strong city centres	Weak city centres
Lockdown	• **Bigger fall in footfall** • Likely to go on for longer	• **Smaller drop in footfall** from previous levels
Longer-term	• Lockdown is an **interruption** • Demand will eventually pick up for cafes, pubs and shops as we get back towards normal	• Lockdown is an **interruption and an acceleration** of the long-term decline already underway
Policy response	• **Help the local services** tide over financially while this process unfolds	• Extending support will stagger decline but **cannot fix the structural lack of demand** • **Longer-term approach** needed to transform into more attractive business locations