

The Deregulation of Life and Real Estate

The significant trends that will shape the future of our towns and cities over the next 10 years.

December 2020

Milligan TRAJECTORY



About this report

This report explores the way the pandemic is changing daily life and the implications of this on real estate and property. In the **first part we introduce the main trends** that are driving change right now and explain that the reason they are so powerful is that in most cases they are not knee-jerk reactions to the disruption but accelerations of longer term trends. In the **second part we examine the Deregulation of Life** and impact it is having during the pandemic, and in the **third part we describe the future implications of these trends** on real estate and property.

Contents

Foreword	3/4
Part 1: Introduction	5
<i>What's changing as a result of the pandemic?</i>	5
<i>Five Key Trends</i>	6
<i>How permanent are these shifts?</i>	8
Part 2: The Deregulation of Life: The New Community	9
<i>What this adds up to: Deregulation and Dislocation</i>	9
<i>Pre-Pandemic Deregulation</i>	10
<i>How Lives are changing Now</i>	11
Part 3: The Longer Term Impacts of the Deregulation of Life	16
<i>Office</i>	16
<i>Residential</i>	17
<i>Education</i>	19
<i>Leisure</i>	20
<i>Retail</i>	21
<i>Technology</i>	22
Part 4: Final Thoughts	23

Foreword



John Milligan, CEO Milligan.

2020 has been a year of uncertainty and hardship as each of us has navigated our own personal unknown within a world responding reactively to the pandemic. We've had to accept continuous changes restricting our social connection and sense of freedom. We've adapted our working and personal lives to follow new safety guidelines, restrictions and constraints. It's been natural to focus on the difficulties and limitations of this 'new normal'.

But also, for many, these new ways of living and working have prompted discussion and exploration of new wider possibilities, and conversations at Milligan have turned to looking forward to consider how we use this experience, with a realisation we can do things differently, devise innovative strategies, discover longer-term transformations that might continuously evolve, encouraging new thinking, innovation and a change of purpose.

How should we as developers and strategic asset managers be adapting as we make critical decisions on our projects that will help to shape the future of the communities in which we work. What do these changes mean for those high streets and shopping centres that are failing today and how best do we redevelop and repurpose them.

At Milligan we have always had a fascination with social trends and a passion for listening to and understanding our customers. It's why we've teamed up with our friends at Trajectory to help us navigate the path beyond the current uncertainties. We've worked closely with them for over twenty years during which time they helped us define and evolve our Creative Trade concept utilising our insights from owning and operating Camden Lock Market. Trajectory's ability to identify and track trends is a powerful and important tool in helping us ensure our future developments are both relevant and successful for years to come.

Trajectory don't claim to have all the answers, but they can point with confidence to the direction of travel, highlighting significant social trends that will shape the nature of our towns and cities. The current pandemic has reminded us that the world's great challenges such as climate change, a fairer society or defeating a virus can only be solved by working in collaboration. It is with this in mind and by playing our own small part in shaping the future of our towns and cities that we share the findings of this report. Our hope is that the observations and understanding of this report will help us all consider how we better meet the needs of the society we serve.

Foreword



Paul Flatters, CEO Trajectory.

We are living through the most extraordinary times. Perhaps only those who remember the Second World War have experienced comparable events. The rest of us have never known such a sudden and drastic disruption to our way of life

However, just like a war or a great recession, this pandemic is an era defining phenomenon. It is the kind of event that will live on for decades in people's minds, shaping opinions and behaviours for years to come. As a result, it is also important that we attempt to grasp the longer-term implications so that we can start to put strategies in place for a much changed, post-pandemic, world.

In this report, we consider the accelerative impact the pandemic is having on a long-term trend that we have christened the 'Deregulation of Life' – this is one of many trends we monitor, but the manifestations of it during and after the pandemic will have significant impacts on our main focus in this report, namely the property market. This trend has always been about greater flexibility in how and when we do things. Pre-pandemic, the stricter routines and restricted activities were gradually giving way to more individual freedom and personal choice. In the pandemic, although we are temporarily all living under extra restrictions there has been a dramatic further liberation: the location of activities is massively disrupted. As we draft this report England is in its second national lockdown. We are all delighted and excited at the positive news on a Covid vaccine, but logistics will inhibit the speed at which vaccines can be rolled out and continuing restrictions through 2021 on social and work arrangements can only serve to further cement pandemic-driven behaviour change.

In evidencing these shifts we draw on two key datasets, supported by wider contemporary and historical data:

Trajectory Optimism Index: a barometer of consumer sentiment in the UK, comprising a monthly, nationally representative sample of 1,500 adults. The Optimism Index has been running since 2018, and since April we have monitored the impact of the pandemic on consumers.

Pandemic Time Use: behavioural data collected in collaboration with the Centre for Time Use Research (CTUR) at UCL. Online diaries filled in by a sample of 1,000 respondents in two waves, the first during lockdown (19th May-5th June 2020) and the second in the summer (1st-28th August 2020).

1. Introduction

1.1 What's changing as a result of the pandemic?

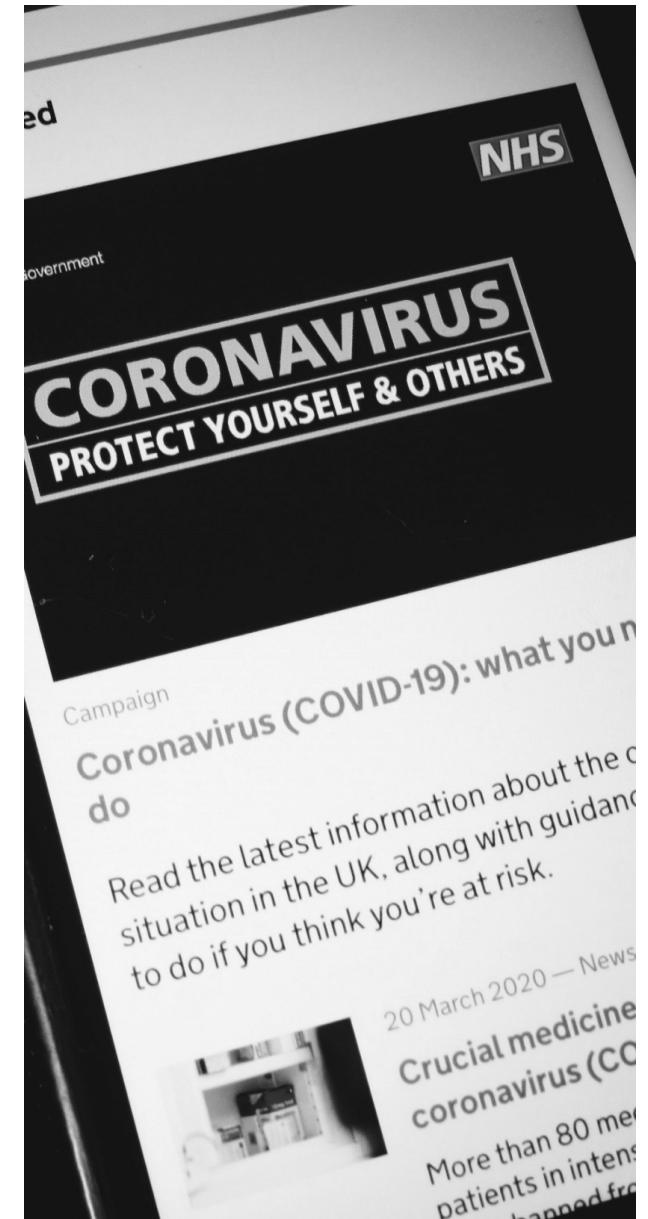
A decade of change is happening in a single year. The novel coronavirus – and interventions to limit its spread – have resulted in huge change to daily routines. Everything, from where and when we work to how we see our family and friends has changed this year. Questions are being raised about the future of offices, of the high street and the viability of jobs once central to the economy.

These changes combine to accelerate a long term macrotrend we refer to as the Deregulation of Life. This describes how people have greater freedom to choose what they want to do, when they want to do it and how it is done. As a result of the pandemic, both how and where activities take place are changing significantly, with long term consequences for property and place.

It is also important to state that while the pandemic is causing immense disruption it is not the only force shaping the future. As well as Covid-influenced change the next decade will also see continued progress in technology (including AI, robotics and the Internet of Things) as well as demographic change (including the Ageing Society). This report focuses on the changes driven or accelerated by the pandemic, but these wider trends will also shape the future.

Some may question whether it's worthwhile or even possible to look at long term trends right now. Disruption like this threatens certainty almost everywhere. We agree there's an enormous amount of uncertainty but, perhaps ironically, as forecasters we can look to some aspects of the future with greater certainty and conviction. Some of the most powerful of the changes occurring now aren't just a knee-jerk response to a new existential threat. They are the acceleration of pre-existing trends. We can have great confidence in the longevity of these trends.

There are five key areas which are particularly important in driving the Deregulation of Life during the pandemic.



1.2 Five Key Trends

Death of distance

More and more activities will be done from home as the value placed on proximity diminishes. For work, this will be a step-change.

Over the past few decades we have devoted more and more time to out of home leisure – in the early 1960s, we spent about 8% of our waking hours in a leisure ‘third space’. By 2016, that was 18%. During the pandemic people are finding ways to do things remotely to comply with restrictions and minimise personal or social risk – creating a plethora of benefits along the way.

Even before Covid, working from home was increasing in feasibility thanks to digital communications, and the same tech meant we could (if we wanted to) shop, bank and chat with friends from home too. The pandemic merely shifts the dial from real-world to remote. We will not stay indoors forever but our habits will be permanently changed by this period of isolation. When normal life resumes, less value will be placed on proximity and more services that can be delivered remotely will be.

Where we were, by time of day. 2016 (left) and May-June 2020 (right)

Time of Day	2016 Home (%)	2016 Work (%)	2016 Not Home or Work (%)	2020 Home (%)	2020 Work (%)	2020 Not Home or Work (%)
04:00	95	5	0	95	5	0
06:00	90	10	0	85	15	0
08:00	75	25	0	65	35	0
10:00	55	45	0	50	50	0
12:00	45	55	0	45	55	0
14:00	40	60	0	40	60	0
16:00	45	55	0	45	55	0
18:00	55	45	0	65	35	0
20:00	75	25	0	85	15	0
22:00	90	10	0	90	10	0
24:00	95	5	0	95	5	0

Source: International Time Use Study 2016 (MTUR/Trajectory) / Pandemic Time Use Study 2020 (CTUR / Trajectory)

Positive Tech

As technology provides an essential lifeline to individuals, businesses and services during the crisis perceptions of its worth to society will improve.

The pandemic has forced virtually everyone to use technology a little bit more and in many places it has provided the answer to a social, business or emotional need.

Perceptions of technology's worth to society improved this year – most notably among older generations who may have been more resistant to it before. Among those aged over 70, there has been a 4% rise in online grocery shopping between April and October (to 41%), an 5% rise in watching TV online (to 21%) and a 7% rise in online banking (to 78%).

This means a pandemic legacy for technology in two parts: firstly, improved perceptions and possibly enhanced receptivity to new tech. Secondly, digital upskilling. Many people have shopped, banked, joined an exercise class, a video call or a doctor's appointment online for the first time this year. Those skills won't be lost any time soon.

Please state if you agree or disagree with the statement: "Generally, new technology has a positive impact on society" (all agreeing)

Generation	Jan-Mar 2020 (%)	Aug-Sept 2020 (%)
Gen Z (18-23)	58%	56%
Gen Y (24-38)	56%	61%
Gen X (39-54)	56%	65%
Baby Boomers (55-71)	59%	62%
Silent Gen (72+)	52%	67%
Total	57%	62%

Source: Trajectory Optimism Index

1.2 Five Key Trends cont'd

Play Society

Out of home leisure, including hospitality and tourism will suffer in the short term but will quickly rebound when restrictions are lifted

There is nothing people enjoy more than out of home leisure. Even in an age of unprecedented in-home entertainment, and even during a period of economic constraint, people prioritise socialising (in various forms) above all else. The pandemic is having a devastating impact on many sectors and industries, but hospitality, retail and leisure are among the hardest hit.

However, post pandemic, people will eventually re-prioritise leisure in terms of both time and spend. Their ability to do so will be hampered by economic constraints but they will not lack motivation.

How important is the following in your life?
(% responding 'very', UK)

Year	Work (%)	Leisure (%)
1990	49%	44%
1999	40%	49%
2006	38%	45%
2011	24%	40%
2014	21%	43%
2018	24%	48%
2020	22%	38%

Source: World Values Survey (1990-2006) / Trajectory Global Foresight and Trajectory Optimism Index (2011-2020)

Decline of Deference

In times of crisis, we place faith in institutions and experts to steer us to safety. Long term decline in trust stalls and fake news is less pervasive

Decline of Deference is a very long term trend that has its roots in a healthy questioning of authority. In recent years and in the heat of the Brexit debate and culture wars – which saw the independence of the judiciary, media and civil service questioned – it might have more accurately been described as the death of deference.

This crisis differs from the Brexit debate in that it is quite literally a matter of life and death: people are keen to digest credible, factual information and will dismiss anything that doesn't meet that criterion. Deference to politicians and even business leaders is already waning, but it will take longer to shift public trust in scientists and experts. This could lead to renewed faith in expertise and evidence led policy, and even more acceptance of change.

Total Trust – Politicians and Business Leaders, 2020

Month	Politicians (%)	Business Leaders (%)
Jan-20	14%	21%
Feb-20	15%	20%
Mar-20	20%	22%
Apr-20	29%	25%
May-20	24%	26%
Jun-20	22%	28%
Jul-20	23%	28%
Aug-20	24%	25%
Sep-20	21%	25%
Oct-20	17%	23%

Source: Trajectory Optimism Index

Boardroom Scrutiny

New ethical concerns focus on corporate governance, as businesses will be expected to look out for the most vulnerable employees

Businesses have long been required – by employees and customers alike – to act ethically and commit to a broader purpose. The pandemic is shifting the ethical focus: onto the treatment and safeguarding of staff – their sick pay, job security and contract type, as well as the general compassion and humanity with which they are dealt.

The issues under focus here – insecure employment and low pay – are not new ones. But they will not dissipate either, even as other ethical issues, such as sustainability or environmental credentials come back into focus.

% selecting each of the following as a key issue for companies to prioritise

Month	Work home balance (%)	Environmental Responsibility (%)	Safety and security in the workplace (%)
Apr-20	24%	27%	27%
May-20	25%	28%	32%
Jun-20	19%	25%	25%
Jul-20	20%	26%	27%
Aug-20	22%	28%	23%
Sep-20	23%	29%	23%
Oct-20	22%	31%	23%

Source: Trajectory Optimism Index

1.3 How permanent are these shifts?

Although these trends are shaping our lives while we live through the pandemic not all will continue to be dominant in the longer term: i.e. the rest of the decade.

Some trends – our current increased trust in figures of authority and desire for authoritative information – are more likely to revert to their pre-pandemic trajectories. Additionally, many shifts in the longer term will not be as dramatic as they seemed in the heat of the crisis, such as the wholesale shift to remote working and the much-exaggerated 'death of the office'.

From this vantage point there are several things we can be sure of.

Firstly, as conditions 'normalise' some things will revert to their pre-pandemic patterns:

- **Demand for out of home leisure and in-person socialising.** Digital leisure was a lifeline in the pandemic but does not displace real world interactions
- **Climate urgency.** The environment was displaced by wider ethical concerns during the last financial crisis and took years to come back onto the mainstream agenda – but added urgency and greater acceptance mean it will return much faster this time

Secondly, some changes accelerated by the pandemic will be permanent:

- **Increased working from home.** Workplaces play an important role in socialising, team culture and training. There are millions of jobs – in everything from retail to education – which can't be displaced. But those in office jobs will work less in the office. Put simply, although the death of the office is an exaggeration, post-pandemic, more people will work remotely more often. There are both demand (employees like working from home) and supply (employers can save on office costs) side drivers to this – the presence of both gives us great confidence in the durability of this shift.
- **Digital upskilling.** Low-tech change can be very powerful because it takes a lot of people with it. Social distancing this year has meant that more people have got to grips with day-to-day digital practices – interacting with banks, businesses and government online, shopping online and using video calling. Those skills won't be lost. Post-pandemic, more people will be more comfortable doing more things online than they were pre-pandemic

2. The Deregulation of Life: The New Community

2.1 What this adds up to: Deregulation and Dislocation

Combined, these shifts accelerate the macrotrend with which we introduced this analysis: the Deregulation of Life. This describes how people have greater freedom to choose what they want to do, when they want to do it and how it is done. This is a long term trend, affecting the rhythm of the day and the rhythm of life.

It's important to highlight a distinction between longer term deregulation and the increased levels of rules and restrictions we find ourselves living under at present. It is difficult to underplay these restrictions – during the national lockdown in March-May 2020 we were prevented from leaving our homes except for specific circumstances. After a period of more relaxed measures over the summer stricter measures have been steadily introduced across the UK as cases increased throughout the Autumn. It is possible that in 2021 we will have further lockdowns.

On one level, day to day life has never been more restricted. On the other hand, our experiences this year facilitate a broader and longer term Deregulation.

Previous shifts in Deregulation have primarily concerned when activities take place and who does them. The sustained rise in female participation in the labour market during the second half of the 20th century is a powerful example; it affected not just daily working habits but also broader household routines contributed to the erosion of traditional gender roles. Legislation also plays a role; trading laws in the 1990s allowed retailers to open on Sundays (affecting when we shop and when shopworkers work) and licensing law changes in 2005 allowed pubs to stay open beyond 11pm.

These historical examples also indicate the durability of this trend. Generally, when people have been given greater freedom they tend to like it – making further regulation very difficult to reimpose. This is why we are confident that pandemic induced deregulations – such as more flexible working – are here to stay.

Technology is also a powerful driver of deregulation, particularly mobile technology. The portability and connectivity of smartphones allows individuals to access services and information wherever they are, at any time. That access to information gives them greater control over their routines and facilitates new services that connect them to products.

2.2 Pre-Pandemic Deregulation

Mealtimes

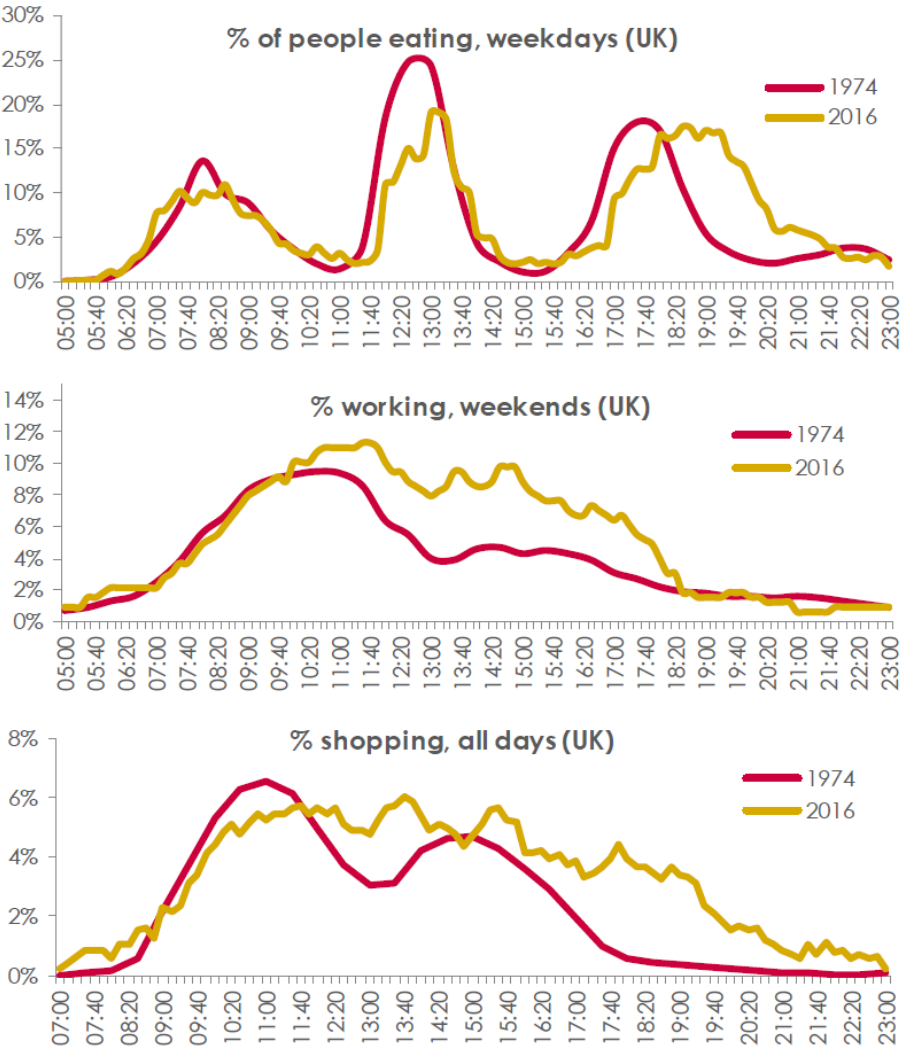
Although we are still likely to eat several times during the day, those mealtimes are far less defined than in previous decades. We are more likely to skip meals, eat on the go and graze throughout the day. Entirely new day parts have emerged for the leisure and hospitality sector as a result of this change – including brunch, all day dining and afternoon tea.

Weekend working

In the 1970s no more than 10% of UK employees worked at the weekends, and when it occurred it was much more common in the mornings. Now it is both more common and more common throughout the day.

Shopping

Once, we could only shop when the shops were open. The advent of ecommerce removes that restriction – now we can (and do) shop any time and from anywhere.



Source: BBC Daily Life (1974), International Time Use Study 2016 (MTUR/

2.3 How Lives Are Changing Now

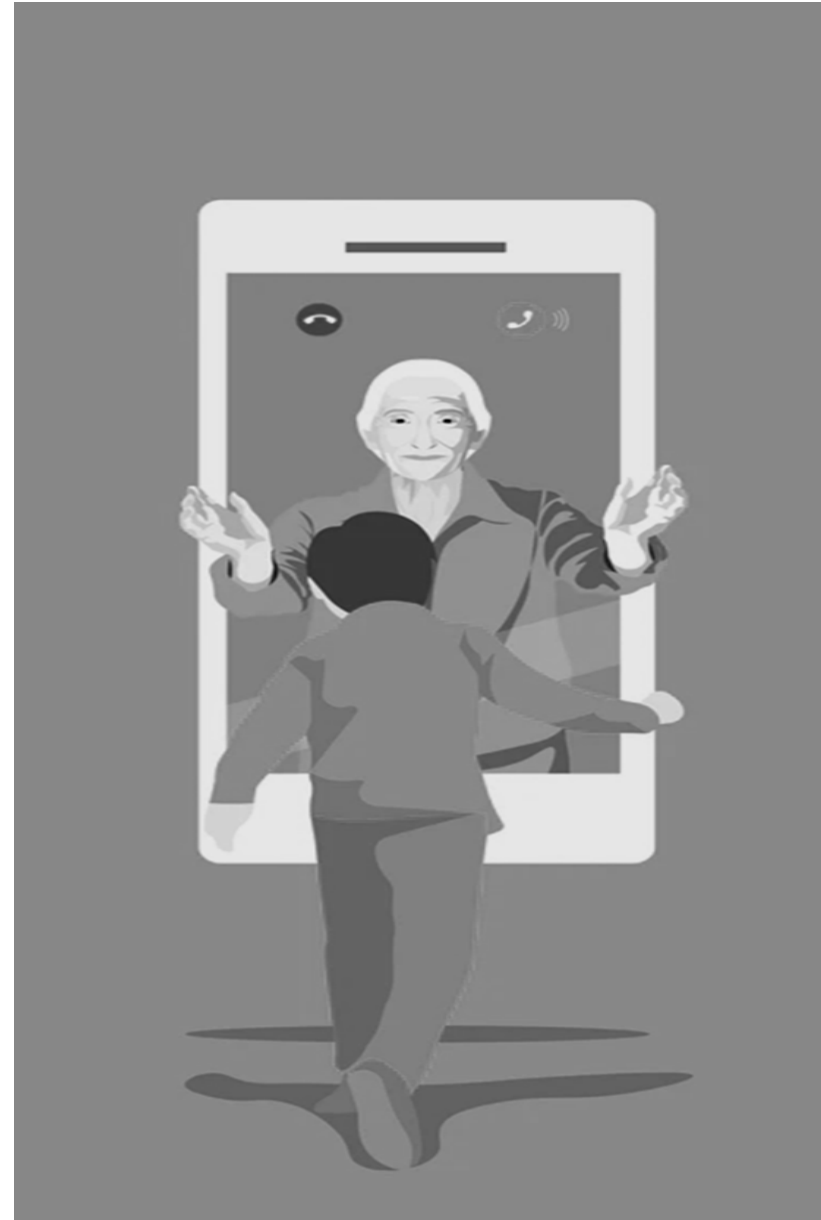
The big shift driven by the pandemic is in **where** activities take place. For several months in 2020, everything that could be done at home was done at home.

This includes a multitude of activities that once required face to face contact – like having a GP appointment, seeing friends for coffee or participating in an exercise class.

These activities can now be easily digitally mediated – and the pandemic has ensured that increasing numbers are taking up those digital options.

This means that displacement and dislocation are the big features of this next phase of deregulation – not everything will carry on happening at home, and not everything can happen anywhere – but many more things will be liberated from their previous locations.

In this section we consider the impact of these trends on daily life in 2020 while the pandemic is such a dominant disruptive force. In the next section we will consider the longer-term, post-pandemic impact of these changes on how and where we live, work and play.



Remote working

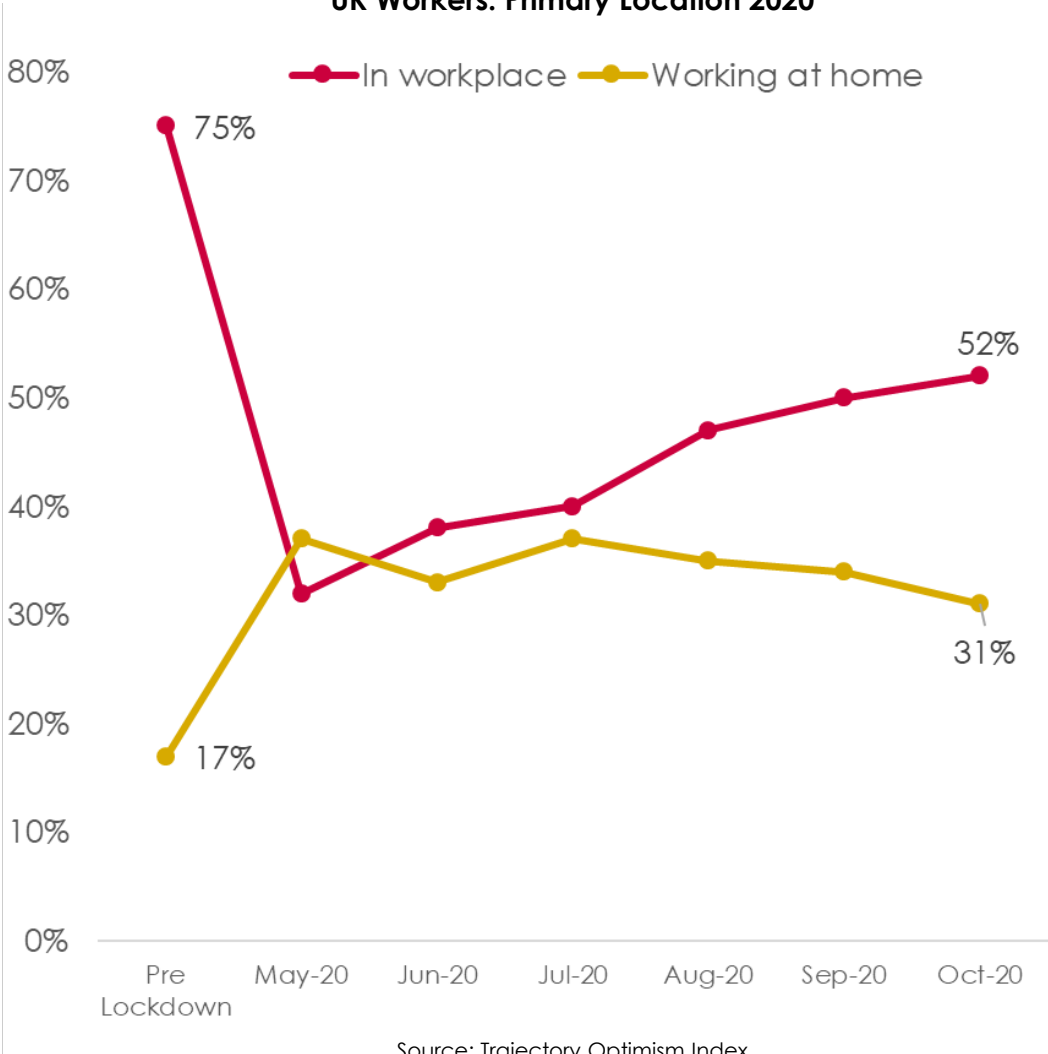
During the main national lockdown in May 2020, more people were working from home (37% of UK workers) than in their workplaces (32%). Since then, the proportion leaving home to work has increased, but only very slowly. In October, it stood at 52% - well below the pre-pandemic figure of 75%. This rise also conceals the divide between office and non-office workers – the reopening of the economy in the summer saw many non-office workers (e.g. those in retail, leisure and hospitality) go back, while office jobs remained displaced.

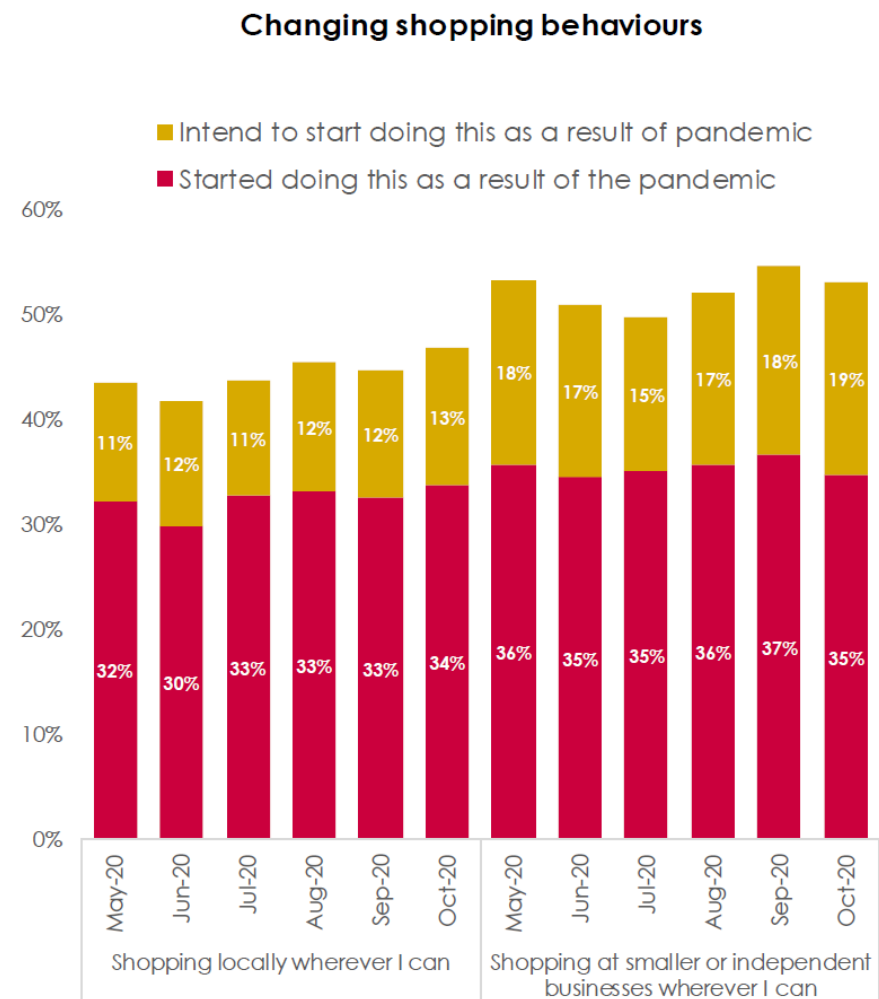
The changes here haven't just been where we work – but also how and when. Compared to working from home patterns in 2016 this year workers have been starting earlier (perhaps before the kids get up) stopping in the middle of the day (allowing a more defined lunch break) and working later in the evening (especially in the Spring, when schools were closed).

This shift in work has also led to new behaviours, values and attitudes – from shopping and eating differently to positive impacts on wellbeing. The widespread use of video calls is also changing [the way we present ourselves](#) at work, in clothing, make-up and personas.

Our jobs are one of the few areas of life we are more satisfied with currently than before the pandemic. Many workers are enjoying the extra autonomy and flexibility working from home gives them – as well as freedom from the commute and more time spent with family. Businesses will congregate in offices again, but more remote working is here to stay.

UK Workers: Primary Location 2020





Source: Trajectory Optimism Index

Local Lives

These shifts in working are particularly powerful because the location of work affects where we are so much of the time. Workers who once spent 7-8 hours a day at their workplace (plus an hour or more of travelling) are now spending that time at home. This doesn't just mean a move from the office to the home office – it means that the spending and secondary activity that used to take place near the workplace now takes place near home.

Other changes – such as restrictions on travelling between tiers and seeing friends and family less – also contributes to our more local lives. Spending more time – and money – close to where we live has several impacts.

First, this proximity to home can support local businesses and services (whether these are independents or commercial chains). This is reinforced by consumer attitudes, which have seen around a third of people say the pandemic has caused them to start shopping locally wherever they can.

Secondly, it could contribute to the levelling up agenda as fewer jobs and less wealth is concentrated in a handful of city centre postcodes.

Satisfaction with our local communities and neighbourhoods is one of the few areas of life to be higher now than before the pandemic. Living more local lives means greater investment – emotionally and financially – in those areas.

Distance Learning

September 2020 saw the start of an academic year unlike any other. Despite disruption to the last year's summer term and award of A-Level results, the number of students going to university in the UK is not significantly lower than it was in previous years.

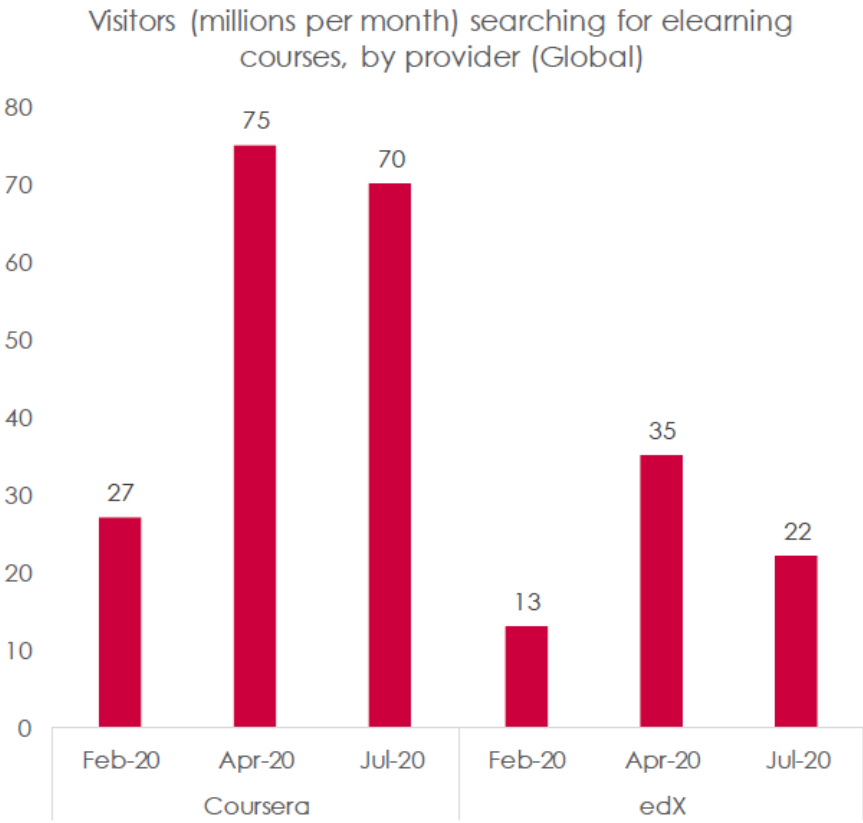
The experiences of those students since term began have intensified debates about the current value of the degree and the necessity of being on campus for it.

A key feature of this has been more digitised teaching – mandated under some regional measures and an alternative to packed lecture halls elsewhere. Whether logging onto a lecture from their student accommodation or family home more student learning has been online.

Long term, the social side of a traditional university education is likely to continue to be its trump card – many young adults will continue to opt for the campus experience. However, the pandemic experiences and ready availability of more digitised learning may make that choice more of luxury in the future.

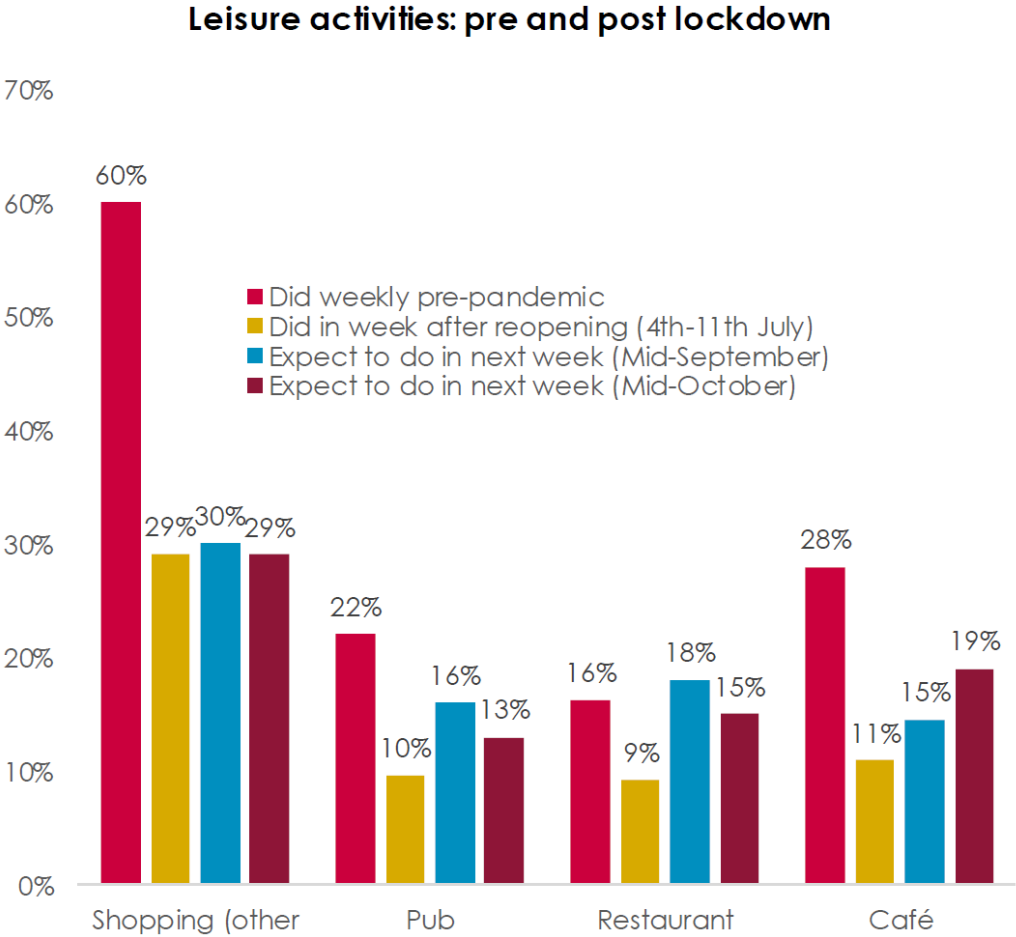
Distance learning is extending beyond university campuses. Extra time during lockdown and a need, for many, to retrain in the post-Covid economy is spurring sustained increase in eLearning courses, such as those offered by Coursera, edX and Futurelearn. Already expanding before 2020, the pandemic has led to an acceleration in distance learning. According to data from education sector monitor [Class Central](#), web traffic for Coursera alone increased from 27m hits in February 2020 to more than 70m a month between April and July.

Increased demand for eLearning courses



Source: Class Central

Leisure activities: pre and post lockdown



There is nothing people enjoy more than out of home leisure and interacting with friends and family in the leisure economy.

Some activities can be transplanted into the home – we can chat to our friends on the phone, have a ‘virtual’ houseparty, or a Zoom quiz – but people don’t consider these substitutes for the real thing – even if they are better than nothing.

This year, the public embraced the reopening of the leisure economy in July, although they did so cautiously. Nevertheless, by August people were spending exactly the same amount of time on out of home leisure and in person socialising as they were pre pandemic (81 minutes in Spring 2016 and August 2020, compared to 46mins in May 2020).

Caution is a big feature of this activity, however. As we head into the winter, recent data suggest that people are avoiding indoor venues (such as cinemas and galleries) and alcohol led venues in favour of restaurants and cafes.

This could be the pattern we see for some time – individuals balancing risk with an overwhelming desire to see other people

3: Longer Term Impacts of The Deregulation of Life

These trends are already causing powerful shifts in behaviour in 2020. Over the next decade the impacts of deregulation will be keenly felt and contribute to significant change in how we live, work, shop, study and play. In this section we'll consider the longer term impacts of deregulation on our lives and the likely changes to both individual behaviour and wider systems as a result.

In many cases, these shifts will have two components. One is a geographical shift: where will these activities take place – in city centres, town centres, one region or another? The second is a shift in how the activities are done and what is required to support that – what should offices look like (regardless of where they are)?

3.1 Office

The office is not an outdated concept nor a thing of the past: offices, as with many other types of workplace, have a life beyond this pandemic.

But businesses will use them differently. Flexible working and hotdesking will become more common; a single office or business premise will be less likely to have capacity to house a company's entire workforce at the same time and more likely to be used on a rotational basis as workers more evenly split their time between the home and the workplace.

This will create new roles for the space within offices. Those tasks that are best done face to face – training, workshops, creative tasks – will still be prioritised, meaning that meeting rooms and open spaces might be more valued than rows of desks.

The very role of the office itself will change too. Rather than being a venue to house staff, in which the majority of the firm's economic activity takes place, the sites will take on more of a role in articulating and representing the business's brand and culture. Embedding a team culture and bringing onboard new staff are among the biggest challenges of remote working: the physical office still has a critical role to play in these aspects of working life. These shifts will not be felt by everyone. A large proportion of workers – encompassing everyone from machine operatives to retail sales assistants, teachers and doctors – do not have the same capacity to work from home as those with office based jobs. This could create a two tier workforce: one tier with much greater flexibility and another without.



3.1 Office con't

The location of workplaces might also be subject to some change. The caché and convenience of a city centre office will remain for many businesses but with more work taking place remotely, other solutions might also be required.

One option is a hub and spoke model – with a city centre hub as the flagship but small sites located more conveniently for workers (e.g. in city centre and satellite towns). For smaller businesses shared workspaces will also reconfigure: there is likely to be a greater market for such sites beyond city centres, to give home workers a convenient alternative to the home office or kitchen table. Current hospitality venues, likes pubs and cafes could be repurposed as an alternative to the home office.

3.2 Residential

The declining importance of the office post-pandemic makes living further away more feasible in a digitally enabled world. The minority of workers that shift to fully remote will find that work location no longer has a bearing on where they choose to live, with the added benefit of saving time on commuting costs and their carbon footprint. Those that plan to split their time between WFH and working in the workplace might not go so far afield, but will be tempted to move out of crowded major-city suburbs and into other areas. Some will trade a longer journey for fewer commutes overall.

While we are unlikely to see a sustained rise in rural or isolated countryside shifts, moves out of big cities and into market or satellite towns are much more likely; these environs enable workers to balance greater residential space with relative ease of access.

This could cause significant housing market disruption as the concentration of cities slows. Already in 2020 we have seen the central London rental market slow; it may not reach those pre-pandemic heights again for some time. The UK's great cities will not die however – work is just one of many drivers propelling people to them. Without the requirement to be so close to work, many people may look towards more flexible living arrangements with one eye on house price uncertainty, including longer-term renting and specifically purpose-built, professionally managed rental homes.



3.2 Residential con't

Demands of residential property will change along with the location and the value that people place on proximity to amenities. More work being done at home mandates comfortable working environments and the presence of home offices. Similarly, high quality digital connectivity will become even more essential alongside more flexible living space in the home. Beyond work, residential properties will need to mitigate other disruptions. Moving from the city will mean many leave friends and family behind – so extra space to accommodate visiting guests will take on added importance.

The pandemic has also underlined for many the importance of both public and private green space: this is unlikely to dissipate post pandemic – and will even be one of the main attractions of moving. Access to both private gardens and public parks and countryside will be critical drivers of future residential property. Social distancing has seen us spend more time in rural and outdoor environments and appreciate nature and green space more: living environments of the future should reflect this with a key focus on pedestrian connectivity. Older generations are less likely to be affected by changes in where and how we work, but the ageing society will continue independent of the pandemic, meaning demand for later living communities will carry on growing.





3.3 Education

The pandemic threatens to permanently disrupt higher education with many students looking unfavourably at the balance between fees and experience this academic year. Many are also experiencing eLearning platforms for the first time.

Where these are convenient, cost effective alternatives to face to face lectures and seminars their audiences will grow. Distanced learning can't substitute the other, more social, benefits of going to university but they can provide faster and cheaper alternative to the current experience.

Post pandemic, although the primary undergraduate experience will remain on campus greater numbers will eschew traditional HE routes in favour of online qualifications.

This may halt and even reverse the growth of student populations in towns and cities across the UK. A decline in student numbers would have a minimal impact on larger cities (e.g. London, where students are only 4% of the population) but a huge impact on smaller cities like Bath, Oxford and Warwick, where students are equivalent to 25% of the resident population.

Fewer students physically attending universities affects both demand for halls of residence (purpose built student accommodation) and commercial rents. On campus buildings, such as lecture halls, libraries and classrooms will also be affected as they too will need to serve the needs of students completing their studies digitally.



3.4 Leisure

In the short term the pandemic impact on the leisure economy is second only to the impact on working habits. But the permanence of these impacts are very different.

Post pandemic – and even during its quieter phases – demand for out of home leisure and in-person socialising will rebound very quickly. Although during lockdowns socialising will get more digital and remote it will not permanently displace out of home leisure. As a result of this, the location of out of home leisure will not shift drastically – although we may see some subtler shifts. When the weather allows, people will be more ready to socialise outdoors, either in parks or outdoor areas of hospitality venues. If the temporary move to allow restaurants, pubs and cafes easier use of outdoor areas is made permanent this shift would be even more pervasive.

While our demand for leisure may not change the location of it might be subject to greater change, particularly if workers spend less time in city centres. The relationship between work and leisure spending (encompassing everything from coffees, working lunches, gym trips and after work socialising) could weaken. But our demand to maximise our leisure time will simply see these activities reallocated rather than absorbed. A deconcentration of city centres could lead to more leisure in rural environments and everywhere the value of green space will increase.

Leisure is likely to retain a stronger digital element post pandemic. Although most festivals, gigs, plays and events will return to the real world the organisers' experience of developing digital counterparts remain and provide a useful secondary channel. There will be incentives for such events to become more hybrid in the future: digital opens up new markets of people who cannot physically attend and engaging with people online gives greater scope for data gathering.

There are also good prospects when it comes to domestic travel. The last financial crisis led to only a short term uplift in long holidays in the UK but a lasting one in short breaks. During the pandemic, international travel will be heavily disincentivised: domestic travel could be the beneficiary during Covid disruption and beyond.



3.5 Retail

The trends accelerated by the pandemic do not augur well for high street retail. Shoppers are increasingly shifting to ecommerce in a variety of categories and while the post lockdown period saw people slowly return to cafes, restaurants and bars there was no recovery in retail footfall.

The pandemic is likely therefore to accelerate the decline in bricks and mortar retail. Those units that survive will be automated faster as both supply and demand factors accelerate towards contactless payments, self scanning and click and collect. Twenty years ago Milligan and Trajectory foresaw the polarisation of retail around convenience and experience: the pandemic accelerates this.

Future high street retail is also likely to be concentrated in those areas where immediacy is key – food, pharmaceutical and household supplies. Other survivors will be those retailers that emphasise the experiential aspect of their offer: but being on the high street may be less essential for appointment shopping.

More positive indications emerge from our desire to support local communities and independent businesses and our insatiable appetite for leisure. High streets and town centres may be less focussed on functional retail but pivot further towards eating and drinking, wider leisure experiences and independent, local stores.

This could be a radical transition as many retailers struggle to pivot to digital, but ultimately could result in leisure focussed high streets imbued with local characteristics – a far cry from clone high streets populated by the same shops.

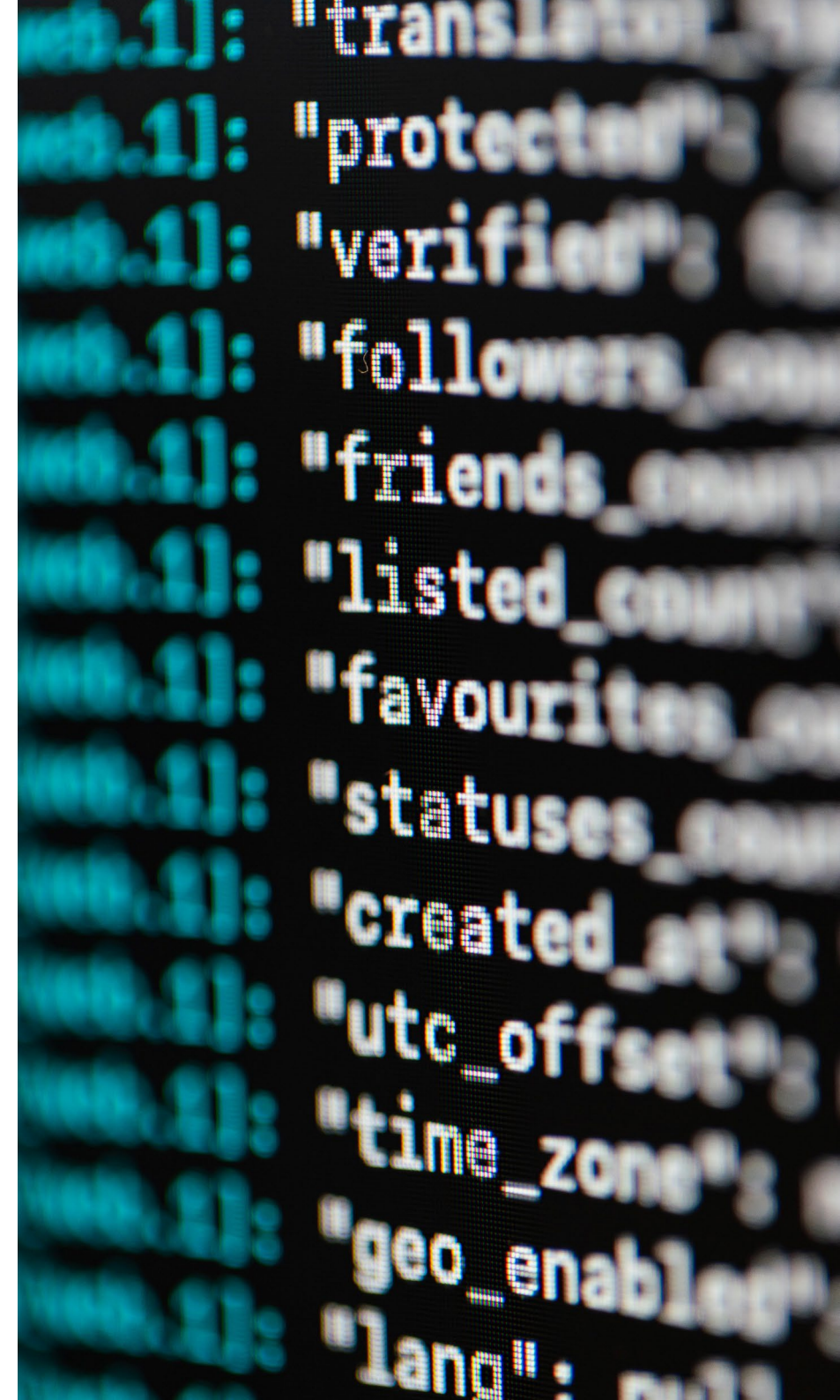
3.6 Technology

As daily life changes, technology will not stand still. Indeed, the development of technology is likely to be one of only a few truly pandemic-independent trends. Major tech advances – in 5G networks, the Internet of Things and Artificial Intelligence – will continue.

5G is already here at a basic level, but real potential of 5G is private high speed networks that lay the foundation for smart infrastructure and the 4th industrial revolution. 5G will be vital to the development of automated processes due to its phenomenal download speeds and low latencies.

Those networks will facilitate greater use of IoT devices and AI, accelerating automation and possibly leading to the reshoring of industry as transport costs outweigh labour ones. This is likely to only reinforce some of the shifts in where and how people work: the composition of the labour market change, with AI and Robotics taking more jobs in certain industries while advanced analytic processes change how businesses will work. Developments in virtual reality may mean that clunky video meetings can much more closely resemble being in the same room – and further emphasising the essential importance of good connectivity.

Technology may also play a role in changing expectations of privacy, especially when it comes to home working. Employers are already adjusting to a new reality where monitoring employees' activities is that much more difficult with a dispersed, home-working staff. Digital tools allowing bosses to track the work-time activities of their staff may be widely adopted as a result – potentially limiting some of the employee-perceived benefits of home working. But the trade-off we make between data privacy and convenience or access is unlikely to change.



Final Thoughts

The pandemic is a disruption unlike anything most of us have ever experienced. While many aspects of daily life will return post pandemic, others will be indelibly changed. In this report we've isolated those shifts we think are most likely to be permanent and explored their impact on where we will spend our time in the future.

Key Conclusions

Changes to the way we live mean changes to property

- In work and life there will shifts in both where activities take place and the requirements of property to facilitate this.
- More flexible working means infrequent commuters may be prepared to travel further, leading to property hotspots away from cities
- Home offices, strong connectivity and extra space will all be more important drivers of value
- City centre head offices will be flagships to establish brand and culture
- More digital learning could reduce the growth of students in towns and cities, changing demand for purpose-built student accommodation, commercial rents and campus buildings

Independent trends will help shape the future

- Pandemic-related disruption is not happening in a vacuum – other trends, independent of Covid, will also influence the future
- Demographic trends, such as the ageing society, will continue to shape families, property needs and wider society
- Technology will continue to progress, with the 5G network laying the foundations for accelerations in AI, robotics and the internet of things
- The economic damage of Covid will affect both national and household spending for years to come

Deregulation will drive more flexible working

- Covid is causing new implications of the Deregulation of Life – particularly in how and where activities take place
- Where we work is one of the most disrupted activities. Throughout 2020 more people have been working from home. Although the office will return, more homeworking is a permanent shift
- Shifts in where we work also affect where and how we live. More flexible working means different routines and different lifestyles

Demand for leisure will outlast the pandemic

- Our demand for leisure venues and businesses will not be dimmed – even as the sector is among the hardest hit during the pandemic
- The accelerated shift to digital – in both retail and customer service – may mean that the retail-led high street declines inexorably.
- As we spend more time in our local areas community cohesion and ownership may grow, leading to more distinctive town centres imbued with local characteristics

These trends will play a significant role in shaping the value and nature of property and real estate over the next decade. Over the next few months we'll continue to monitor them and explore what they mean for the places in which people live, work and play.

Thank You

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