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Introduction

Will London still have a place on the world stage, and will it still be a leading global city 50 years from now? That was the topic for debate among panellists at the 2012 Forge Property Partnerships event, under the title **London's Future: The City of Choice?**

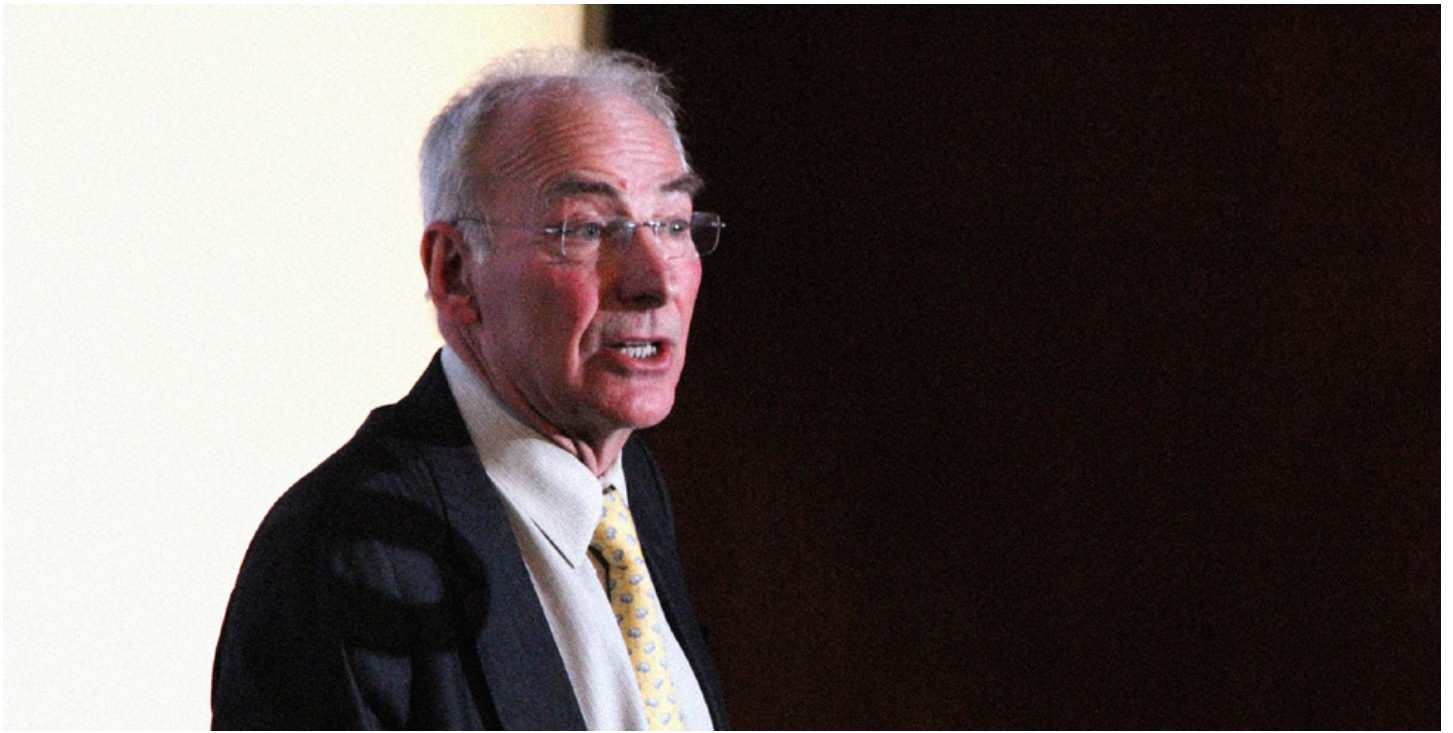
And, along the way, the audience of property professionals and advisers was keen to know, what form might the opportunities take?

In an evening that considered social mix, transport and communications infrastructure, and how predictors of the future usually get things massively wrong, there were a few crumbs of comfort for a packed auditorium.

Panellists agreed that London's place as a key mover of international business ought to be assured, so long as it can move with the times – as it has so often before.

While global dynamics will move the axis of world economics from West to East, London needs to build on the industries that can't be relocated, outsourced or generally undercut: creativity, media, clever finance, education and knowledge industries. There needs to be continued focus on planning for growth, for more dense living, and strategies to ensure London provides access and living options for all.

With moderator **Anthony Hilton**, financial editor of the Evening Standard, taking gentle control of proceedings, the event brought together keynote speaker and futurologist **Richard Watson**, head of the London Chamber of Commerce **Colin Stanbridge**, and Crossrail director **Miles Ashley** to provide their views on London's future.



Congress Centre, London 2012

Setting the scene

Moderator Anthony Hilton noted he is old enough to have experienced his fourth recession and seventh banking crisis – “and I have survived them all”.

“There are one or two things happening almost as important as Hester’s bonus and Goodwin’s gong,” he said. Perhaps most notable is the tectonic shift of power from West to East – “it is breaking down all economic partnerships in the world.”

The capital is still attracting substantial sums of money from the Middle East: “London has this reputation as a safe haven.” But this is driving up property prices, with unhappy consequences: “My concern about this is that we may end up as a doughnut, with no natives able to afford to live within the Circle Line.”

More than half of the City’s office buildings now in the hands of foreign owners, although rents paid by office occupiers have barely advanced in recent years. “There is a big bet on financial services.”

Technology has already led to substantial change, and threatens more. “You can put the Stock Market on Ebay,” suggested Hilton. The financial services sector, one of the pillars of the City of London, is all about intermediation, yet the internet is all about linking people directly and sweeping that away.

“There is talk of rebalancing the economy,” said Hilton, suggesting we start manufacturing things again, and go back to the Victorian era. Manufacturing is currently around 12% of the economy. The industries of the future are knowledge-based “but we don’t have enough of them. I think it would make much more sense to pick what we’re good at and put our muscle behind that. The creative industries, software, health, education: when you think of those industries, London is at the centre of them.”

Taking a look across the whole of western Europe, Hilton said London and the south east is the most well-off region. “There will be change, there will be pressures,” he warned, “but there is momentum here.”



Planning for the future

Futurologist Richard Watson said he had been asked to talk about what London would be like years from now, “but I’m going to kind of dodge the question.” Instead, he would look at some tools to help more accurately predict those changes that will affect our world, and examine the ways we might minimise the inevitable errors inherent in predicting the future.

“Why do we all get it so spectacularly wrong?” asked Watson. In the late 19th century, just as Karl Benz was developing his first motor vehicle, there were fears London streets would drown under the depth of horse manure, so great was the growth in the city’s horse-drawn traffic.

And just as no one foresaw the impact of the car, Benz himself is said to have estimated worldwide demand for cars would not exceed one million, limited by a shortage of chauffeurs. “We extrapolate from past experience – we don’t think about countertrends or interruptions,” observed Watson.

The challenge of change

There are some changes we can be sure of. Demographic changes will impact on us, ranging from population growth and longer living, to declining fertility, increasing single living, the rise of the “screenager” and skills shortages. “One third of the US workforce is over 50,” he noted, “and we’ve a shortage of both births and deaths.” There will be wide ranging impacts: “The ergonomics of an office changes if you have older workers.”

Sustainability is an unstoppable issue. We face tightening regulation, rising prices, the development of locally generated and distributed energy, smart infrastructure, electrification of transport, and geo-engineering. We are also growing a generation who are comfortable sharing, rather than owning, said Watson, pointing to schemes from Boris’s bikes to Streetcar rental schemes: “That applies to cars, music, all sorts.”

The acceleration of connectivity will lead to growing transparency, declining privacy, real-time pricing, peak attention, and the pandemic threats and risks associated with complex systems. “We’ll probably see much more volatility,” warned Watson. We are already seeing insurance companies using black box technology to charge teenagers according to their vehicle use; while McDonalds is using predictive technology at drive-in restaurants, to pre-cook food based on orders expected, based on the type of cars in the queue.

There will be, Watson is convinced, an eastward shift: "This is an enormous thing – and the scale is just staggering." As Brits squabble about possibly adding another runway at Heathrow, the Chinese are building dozens of new city airports; their housebuilding programme will deliver as many new homes as already exist in the whole of Europe. But it's not all about China and India, as other countries will have their moment too. "Brazil is widely ignored," he noted. And in the western world, Watson sees the USA as the only country that will grow its population, not least as it continues to welcome newcomers to its shores.

Technology will continue to drive changes, too. There will be increased automation, and the growth of virtualisation. With the ability to work anywhere and connect with anyone, Watson posed a provocative question: "Does London matter as a collection of offices?"

Plotting scenarios

All these impinging factors driving change make predicting the future very difficult. "I don't think you can say 'What's the future going to look like?'" Instead, prediction needs to be about considering scenarios, "and you look for two critical uncertainties".

By plotting specific uncertainties as axes on a graphical representation, Watson explored four possible outcomes created. The axes were social – running from social passivism to activism, and the market – running from market pessimism to market optimism. "Moreism", where we were until the recession, is a philosophy of wanting and having more material possessions associated with optimism about the market, and a passive approach to society. With less certainty about the market comes "personal fortress" –

"In the US, this is equivalent to buying lots of bottled water and heading up state, the British equivalent is buying a 'Keep calm and carry on' mug". Alternatively, "enoughism" is a philosophy based around sharing, typical of Scandinavian societies. And the fourth quadrant is "smart planet" with a more positive view of the market, and of society. "This is an optimistic mindset – science will fix everything. This is the land of Facebook and Google," summarised Watson. "I think this is a nice way of thinking about what London could look like."

Future certainty?

"What can you say with any degree of certainty? London will still be here, and the population will be larger." Growth has been a consistent part of the capital's history: from 1551 to 1801, the city's population grew tenfold through migration – "though deaths exceeded births over the period".

Watson turned to the disciplines that would help maintain London's prosperity. "I think we really need to concentrate on things that are difficult to outsource, and are difficult to automate."

Finally, Watson speculated on how London will look 50 years from now, by turning the clock back. Central London 50 years ago was largely similar, with the same type of shops on Oxford Street, vehicles running down the middle and shoppers on the pavements. "Bring someone from that time into today's world, and they would be able to instantly recognise where they were, despite the changes." Some, such as more modern cars, might be easy to comprehend, while others such as mobile phones – "people walking about talking into plastic boxes against their ears" – would be less easy. So while much will remain familiar, "a lot of stuff will have changed beyond recognition."



Hot topics

Watson and Hilton were joined on the panel by Colin Stanbridge, CEO of the London Chamber of Commerce & Industry, and Miles Ashley, London Underground director of Crossrail & stations.

How will we work?

Anthony Hilton opened the panel discussion by asking about the future of collegiate working, in an interconnected world. "Are we still going to have commuters – or will everyone work from home?"

"I think we can do an awful lot virtually – but fundamentally we need interaction, we're social," replied Watson. However, he saw the expense of travel continuing to rise, which will encourage "relocalisation" and shorter commuting. "People working from Starbucks won't deliver creativity. I don't think you can completely throw away physical presence."

What will we drive?

Transport journalist David Crawford asked the panel for their views on future vehicles: "Will we be driving cars?"

"I'd be really, really surprised if they've disappeared," said Watson, "but you're beginning to see some changes." While his generation still have an attachment to owning their own vehicle, he sees younger people adopting a different approach, happy to rent or share vehicles, paying for them by smartphone as they need them. In 50 years, cars may well be electric, and

they could also be self-driving, though perhaps that might only be on main roads. "We've had that for 50 years – it's about litigation and culture shift." "I think owning a car is quite a human thing," added Miles Ashley. But with London having a capacity issue on its streets, he foresaw public transport as the only way to go. While Crossrail will increase capacity, he warned "we've always under-predicted".

Will we be socially cohesive?

Alisa Zotimova from Cushman & Wakefield had concerns about social division. Herself a migrant to London, she noted the 2011 riots and how the panellists' insistence that London moves towards more creative and less industrial jobs may leave some excluded.

"We have to make sure people aren't poorly educated," insisted Stanbridge. "For the future, we do need an education system that suits the needs of business. What we want is bright, enthusiastic people with good basic skills."

Frustration with the education system's failure in Germany has led the Hamburg chamber of commerce to create their own university, a model he thought could be repeated in London. Already it had enrolled 400 students. "They spend half the year in the company, half the year in the college," and of course, they gain the sort of skills that employers want.

"I think we need to make sure our education system is aligned with business. That means business must get more involved."



Stanbridge said the London chamber was also getting involved in junior schools, and he told a sad tale of a boy at his son's boarding school, who has been reprimanded for showing his entrepreneurial side by purchasing snacks wholesale and selling them to classmates.

He noted London's uniquely democratic nature: "The vast majority use the same sort of public transport", something not seen in other world cities.

Is the planning system fit for purpose?

Residential developer Bob Parker revealed his frustrations with the question: "Do we think that in London we have a planning system that is adaptive?"

"The answer is no – what can we do about it?" added Hilton.

Stanbridge saw a structural problem that mitigates against progress. "What we're seeing in the planning system is the councillors responding to the residents, because it's them who vote for them. We have to work out how business gets a part of that. The planning system is an arch example of 'Yes, we've been consulted on that', but the councillors will still listen to residents."

"London is full," said Ashley, and structural changes will be needed, to build more densely in the future. "It seems to me increasingly companies can't afford to employ young people. They can't afford to commute, and they certainly can't afford to live here." London's past growth, in the nineteenth century, was driven by infrastructure improvements. "The debate now is about how we make London more dense."

And he countered those who insisted the British planning system is necessarily too slow. "It is self-evident that having a long term plan is a precursor to people investing in the infrastructure."

Stanbridge suggested that greater centralisation of the planning system is the only solution, particularly when faced with differing approaches to planning in different places, and an indifferent quality of thought from local authority planning staff.

Does London need a new airport?

Development manager Ed Whelan popped the airport infrastructure question of the moment in London: "Is Boris island a good idea?"

"He's my employer – so of course it's a good idea," quipped Ashley. Hilton was less convinced: "I think it's a barking idea." He could not see a world where the senior executives running businesses in the Thames Valley and using Heathrow would up sticks and move to Kent instead.

"Boris needs to be commended," added Stanbridge. "Thanks to Boris, the government is talking about expansion and the need for more capacity. It may be the long term solution, but in the short term Heathrow is full." And that demanded action on the only funded and planned project, a third runway at Heathrow.

"My favourite would be to bring Northolt into use," said Hilton. Currently underused, just miles from Heathrow, its runway could be realigned to great benefit. "But that's never going to happen," he finished ruefully.



Will we get a cooler Underground?

One final question from the floor had a far more pragmatic flavour, given most of the audience regularly use the Underground. "Is there any way you can air condition the tube?"

"Yes," said Ashley, "there is a project to air condition Oxford Circus and Green Park stations. It sits within a long list of demands – but capacity is usually favoured." And a shortage of capacity was, ultimately, the bigger concern. "But cooling the tube is an important thing for us to consider."

Hilton asked the participants to summarise their thoughts.

"The biggest challenges are transport and talent," said Watson.

"It's the greatest city on earth," said Stanbridge, who countenanced against being too prescriptive. "What you can't second guess is what people will do – people are the fly in the ointment, they have whims." But he stressed: "we need to keep investing in infrastructure – Crossrail, another river crossing, another runway, and more broadband."

"We're growing at an astonishing rate," said Ashley, with tube journeys now topping 1.1 billion a year. We need to use smart technology to improve the use of the system's capacity.

Conclusion

"Talent is clearly the key," summarised Hilton, "as is ensuring we keep an open door, and ensure our own underclass can participate." And, echoing Stanbridge, he believed transport and communications infrastructure is key. "We will still commute, we will still need offices, we will still need to interact. Despite all the hassle we get from London, most of us wouldn't want to live anywhere else."

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