trowers & hamlins

POSITIONING CITIES FOR INCLUSIVE GROWTH

Building for people, place and planet

Birmingham and the West Midlands

Contents

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“It is not just about the buildings but about creating places where a mix of people interact.”

Ross Fittall – Argent

Foreword

Birmingham and the wider West Midlands has, for so long, sold itself short – and many have been quick to jump on that bandwagon. But not any more. The West Midlands story is now one of culture, enterprise and growth.

With Coventry hosting the UK City of Culture this year and Birmingham hosting the Commonwealth Games in 2022, a new narrative is emerging. Art.Quarter is being developed in the industrial inner city area of Eastside with the aim of creating a new cultural quarter. The regeneration of the Custard Factory has given a home to a variety of creative and digital businesses, independent shops and cafes and bars.

And the region is emerging as an innovation hub with the development of new technologies and infrastructure. Driverless and electric vehicles are being made in Coventry, the Midlands Aerospace Alliance represents the largest aerospace cluster in Europe, the next generation of medicines are being pioneered in Birmingham, and two high-speed rail stations being built in central Birmingham and Solihull positioning the West Midlands at the forefront of the rail industry in Europe.

All of this is helping to continue to attract investment into the region and the take up of office space by big names such as HSBC, HS2, and BT has further confirmed that this is a vibrant attractive part of the country with a wide talent pool.

The last twelve months has created many challenges but also opportunities for the West Midlands. We have all witnessed the enormous growth in industrial and logistics development across the country and the region has been a particular beneficiary, but as the majority of these are on major out of city transport links, this draws employment opportunities to out of city locations and so challenges how we perceive our cities such as Birmingham and Coventry.

There has been much talk of how we will use offices and facilities in our city centres post pandemic and the research gathered as part of our City Exchange campaign and webinar discussions with members of the local community suggests that there is a desire to move away from conventional corporate uses towards greater accessibility and shared use of space in our cities. The pandemic has made many of us pause to re-think how we want to experience our cities and Birmingham is no exception. With so many office workers expressing a desire to continue to work flexibly once the pandemic is over, businesses are reviewing the size, location and configuration of their office space and thinking about how some of it can be repurposed.

Although new office developments have slowed in the last year, the most recent crane survey shows little loss of appetite in the housing and student accommodation sectors across the city. The youthful and culturally diverse population makes this one of the most important regions for life sciences and research. This talent pool is still attracted by the culture, education and employment opportunities presented by the West Midlands.

The key to the continued success of the cities in our region is ensuring that they are a hubs for commerce and employment. They should also attract those who no longer need to be in the city to work but want to be there for all the things we have missed so much during the pandemic; culture, education, and social interaction. Things Birmingham and the West Midlands has in spades!

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What we did

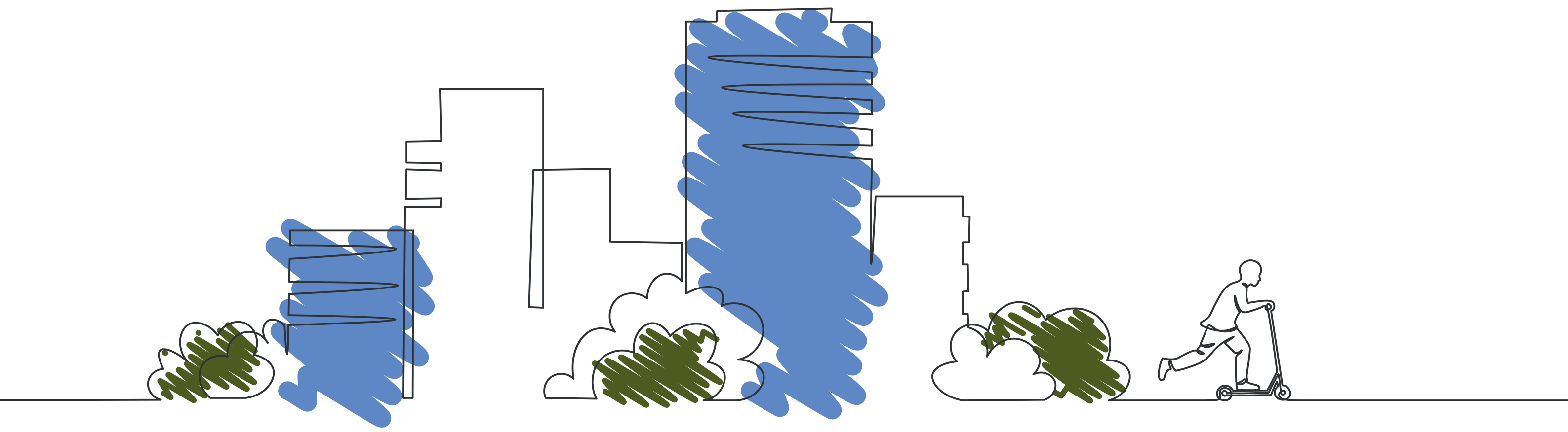
At MIPIM UK in October 2019, Trowers & Hamlins launched a new initiative exploring cities and prosperity. Over 18 months, we have brought together leaders across communities and businesses to look at how we create the towns and cities of the future as well as examine real estate's role in providing the platform for society to thrive. The impact of Covid-19 bisects this exploration. The pandemic, which has accelerated conversations around social value and climate change, arguably makes the need to understand how the built environment can drive prosperity in cities and urban centres even more pressing. Decisions are being made now about how cities will be used differently following the pandemic.

Trowers & Hamlins has set about exploring this topic in several ways. A YouGov poll was commissioned in late October 2019 looking into perceptions of prosperity in Birmingham, Exeter, London, and Manchester, the cities where our UK offices are located. We reran this survey in September 2020 to capture the impact of the pandemic. ING Media's City Strategist Peter Griffiths analysed these results alongside comparative statistics of each city's performance within the UK.

This data was then presented at a range of events to provide a starting point for exploring cities and prosperity. The event calendar included: London (October 2019); Manchester (November 2019); Exeter (January 2020); London roundtable (March 2020); Birmingham (October 2020); London (December 2020); Manchester roundtable (December 2020); and Exeter roundtable (January 2021).

Throughout the series, urban experts along with business, local and national government leaders were asked a range of similar questions around their perceptions of prosperity in the cities they live and work in. Given the essential role data plays in policymaking and setting agendas, we wanted to test whether there was agreement or disagreement on the findings, and to explore the role the real estate sector could play in improving prosperity.

As well as the 2,013 respondents to our YouGov surveys, over 160 people have attended our City Exchange events and contributed to the findings in this report, which can be downloaded at trowers.com/inclusivegrowth. Together their voices provide a rich picture of how prosperity is experienced differently not just across the North West, the West Midlands, the South East, and the South West, but also within the cities and towns in these regions. The topics raised consistently touched on aspects of both our business and our work from social concerns around affordable housing and health, to how we can sustainably use energy, transport, and infrastructure.



This report forms part of Trowers & Hamlins' longer-term exploration into how real estate, which has an impact on every aspect of our daily lives, can be the backbone of society. In 2016 we partnered with Oxford Brookes University to explore how to measure a broader value of a place that incorporates factors such as cultural, social, and environmental value. Our findings (see trowers.com/highlyvalued) back then indicated that a broader definition of social value will lead to long-term financial success. We continued our research between 2016-2018, partnering with RealWorth to explore the barriers and opportunities to changing and broadening existing methods of valuation. We commissioned RealWorth to develop the rationale and suggest practical ways to initiate change in the real estate sector (trowers.com/realvalue).

Urban centres are drivers of prosperity across the globe; they are hubs for commerce, culture, community, innovation, and education but prosperity means different things to different people in different places. Wealth disparity and variance of life expectancy exist both within and between our cities, prompting questions as to how to ensure investments in the built environment deliver maximum prosperity.

We have had years of cities improving, with urbanisation tightly correlated with economic and social development. This global reality, that cities drive both opportunity and inequality, has dominated the debate around the prosperity successes and challenges across the country, from the Northern Powerhouse to the more recent levelling up agenda.

The global pandemic has brought into focus that well-managed, equitable and quality built environments seem to be a key ingredient to urban resilience, all aspects that may only be fully captured in broader measurements of social value. Exploring perceptions of prosperity at a local scale may help highlight where UK cities are not maximising prosperity benefits specific to the people living and working in them.

In our workshops, experts regularly debated the need to consider prosperity beyond measures of financial success, which was one of the fundamental aims of this report. To avoid ambiguity, we included the following in the survey questions: by 'prosperous', we mean being successful in the sense of financial, physical, emotional, and material success, in someone's personal and professional life.

This report includes the key findings from the data for Birmingham and the West Midlands as well as the themes that emerged from our workshop session.

Global city context

Do cities concentrate prosperity?

Peter Griffiths – City Strategist, ING Media

It wasn't that long ago that living in the world's larger urban centres was grave for life chances. Charles Booth's maps of working-class life in London towards the end of the 19th century, for example, highlight a city riddled with poverty, severe overcrowding and poor-quality housing. New York City, which would soon overtake London to become home to the world's largest population, didn't fare much better; neither did Paris. In many ways the global pandemic has reminded us of what we already know: a well managed, equitable and quality built environment tends to be more resilient.

Global cities may be facing an existential threat, but they likely hold many of the answers to recovery. Since the middle of the last century the clustering of people into urban areas has concentrated prosperity; as urbanisation has gone up in every world region (including areas struggling today with many of the challenges Victorian London faced) so has life expectancy, according to UN data. Life expectancy at birth (which includes factors of socioeconomic status, the quality of governance and access to health infrastructure) provides a good indicator for wellbeing.

Cities, where 55% of the global population live, generate 80% of global GDP, and people living in a large city have an even greater chance of being wealthy; it isn't just money. A 2011 study by London School of Economics and Political Science indicated that 110 out of 129 cities around the world outperformed their national contexts on measures for health, education and wealth. It doesn't seem to matter where in the world you're born, if you're in a city the chances of being prosperous seem to increase. Ensuring cities deliver these benefits to the residents living in them seems key to national prosperity.

However, cities also appear to concentrate inequality, with a growing challenge around housing affordability and urban design choices that lock people out of the benefits cities can provide. That pattern isn't always as expected: home ownership rates in far wealthier London are far lower than in Cape Town. In-country differences can also be vast with Frankfurt experiencing far higher income inequality than Berlin.

There are also concerns about the sustainability of cities, which produce 70% of global CO_2, even though studies suggest cities are best positioned to solve climate change challenges. Public transport, energy efficient buildings and renewable energy could reduce greenhouse gas emissions in cities by 87% according to C40.

The summary is that at a global level, moving to a city will increase the likelihood of being wealthy, healthy and educated, but not everyone living in them is able to access these benefits. So while it is real that cities concentrate opportunities for prosperity, the paradox is that they may also create the conditions for inequality.

Why this is the case depends on who you ask, but could include:

- Uneven infrastructure provision/access
- Poor quality built environment/design
- Uneven social services/access
- Uneven social network access/knowledge
- Talent/innovation needs may disproportionally reward 'superstars'
- Taxation may be ineffective for spatial redistribution
- Policy, subsidy, legal and/or market failure

Exploring cities at a local level and comparing solutions between places is key to responding to instances where cities aren't maximising prosperity benefits.

Cape Town, South Africa – How we design cities and encourage real estate development has a significant impact on prosperity, and frequently determines the possibility of positive connection between places.

Birmingham
and the West Midlands

Our Birmingham event looked at prosperity in towns and cities in many key centres across the West Midlands.

We invited over 30 professionals engaged in the process of making places better to live and work to our virtual event which took place on the 8 October 2020. ING Media's City Strategist Peter Griffiths offered a global perspective on the challenges and benefits of urban development. The contributors then split into groups to discuss inclusive growth in Birmingham and the West Midlands.

"It is not just about the buildings but about creating hubs where there is a mix of people who can interact. Developments around streets and squares will be around for generations whilst buildings will change over time. The developments that are thought through with the wider masterplan in mind are able to connect areas and extend the city."

Ross Fittall – Argent

Contributors

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Wirral Borough Council	Philip McCourt
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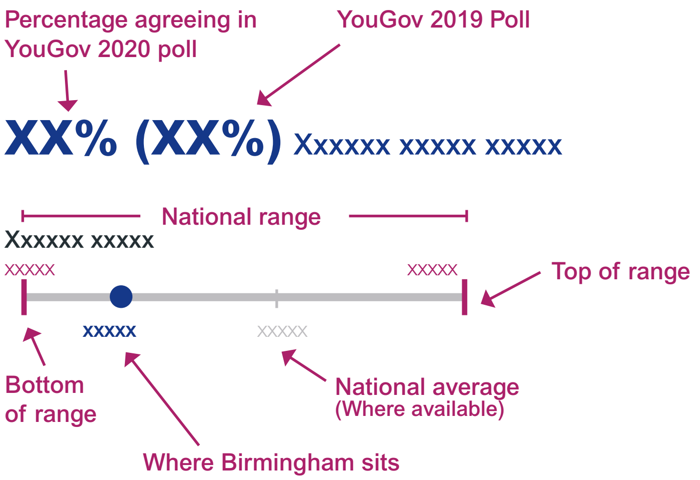
Wolverhampton City Council	Liam Davies

YouGov poll results in context

Birmingham and the West Midlands

Results key

Data from ONS, NOMIS, Centre for Cities, Nesta, OECD, ING Media, and TomTom on the right. Each data bar illustrates Birmingham's positions within the range of performance for UK cities. The average is indicated in most instances.



Which three of the following have the biggest impact on your prosperity?

- 66% (71%) Myself
- 60% (57%) My family stayed highest of cities polled
- 39% (41%) My friends
- 25% (28%) The business community moved to lowest of cities polled
- 28% (31%) Politicians stayed lowest of cities polled
- 08% (05%) Religious communities moved to highest of cities polled
- 02% (02%) Charities

Birmingham ranks family as a more important contributor to prosperity than other cities polled. The business community joins politicians as relatively less important, suggesting there may be opportunity for businesses and the public sector to collectively raise the profile of their efforts. While charities are no longer ranked relatively higher than other cities, religious communities now do, suggesting the third sector is an important aspect of prosperity. However, residents are viewing local government more positively during the pandemic, with more agreeing it is improving prosperity than in any other cities, moving up from the lowest before.

What would improve your prosperity the most?

Active commuting is a key ingredient to improving personal health in cities, yet few people walk or cycle. Relatively higher access to broadband may help free up time otherwise needed to commute. The figure of welfare per capita can be seen as an indicator of a community's capacity to look after its residents.

37% (42%) More income/money

Gross Value Added/worker
£48,736 £99,988
£60,695 £67,354

Average weekly workplace earnings
£417.41 £712.79
£518.70 £532.19

28% (25%) Good personal health

Commuting by foot/bike
9.54% 43.59%
10.1% 14.74

6% (6%) Having a stronger community around me

Stayed lowest of cities polled

Welfare per capita (per annum)
£2,121.48 £ 4,338.23
£3,658

9% (12%) More time off work

No longer highest of cities polled

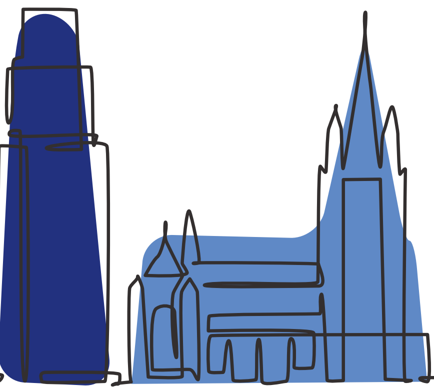
Ultrafast broadband
23.31% 98.66%
58.8 **89.01%**

Working from home
5.12% 12.03%
7.63%

4% (1%) Access to green spaces

Moved from lowest to highest of cities **polled**

Green area per capita
53m^2 436m^2
178m^2 **271m^2**



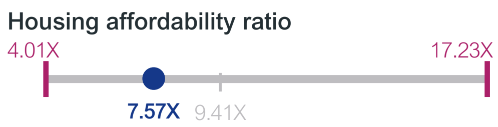
To what extent would each of the following increase your sense of prosperity in your city?

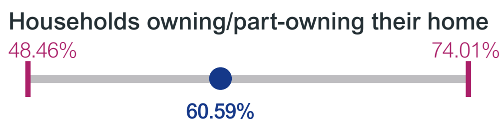
Housing quality and affordability have become relatively less important than space. This likely reflects the rise in working from home and suggests technology innovation and/or shared workspaces may be an important aspect of housing supply. Affordably is no longer the lowest rated across the cities surveyed suggesting this may no longer be translating as a key advantage for the region.

61% (68%) Better quality housing

64% (68%) More affordable housing
No longer lowest of cities polled

55% (51%) More space to live in

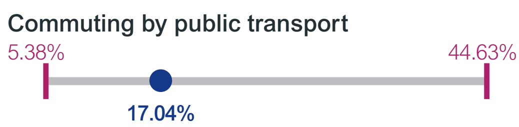


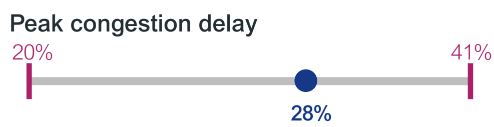


To what extent would each of the following increase your sense of prosperity in your city?

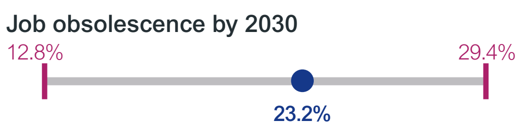
Access to arts and culture increased for every city polled during the pandemic, while education and transport were scored lower. The positive is this suggests people are yearning for the civic assets concentrated in cities. However, the change in focus around transport and skills, key focus areas particularly for combined authorities, may require significant communications investment.

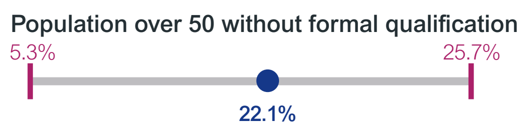
59% (68%) Better public transport



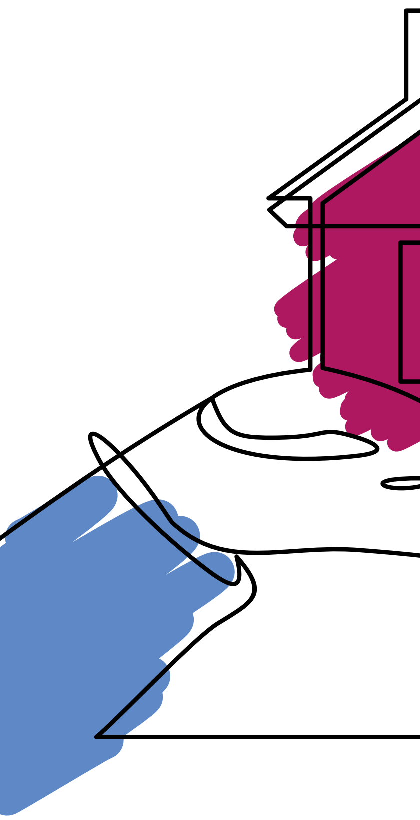


48% (56%) Better access to education





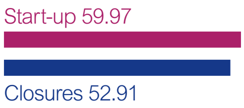
56% (50%) Better access to arts and culture
Moved to joint lowest of cities polled



While Birmingham is the most positive about how long recovery will take and has a higher percentage reporting the pandemic has not affected their prosperity, relatively lower indicators for patents, jobs resilience and formal skills for those over 50 may impact recovery. The percentages below indicate the extent to which people in Birmingham agree with the statement.

49% (71%) My city has lots of job opportunities

Start-ups/closures per 100,000 inhabitants



74% (80%) My city is good to do business/work in

Moved to lowest of cities polled

Patent applications per 10,000 inhabitants

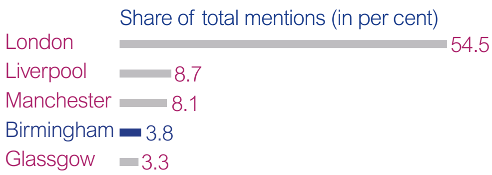
66% (63%) Future generations will be able to find jobs

Moved to highest of cities polled

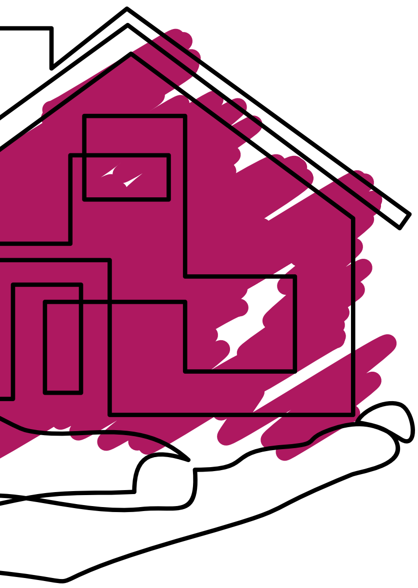
Birmingham reported the lowest response across all the cities for being an attractive place to visit. This, and the region's generally lower digital visibility, suggests the region may not be maximising opportunities to amplify its strengths.

(62%) My city is an attractive place to visit

ING Media Global Cities Digital Visibility Series – The UK's Most Talked About Cities



(76%) My city has a strong identity



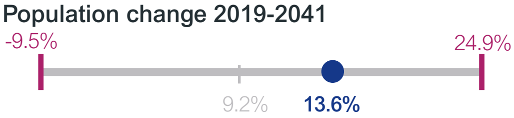
Thinking about your city in the next 20 years, to what extent do you agree or disagree with the following statements?

While there was a general sense that Birmingham has fewer job opportunities now, it has the highest percentage of residents believing future generations will be able to find jobs. Birmingham still has the least residents reporting that future generations will want to live in the city but the highest for future generations being able to afford living in the city. Residents believe the city will be significantly more sustainable in the future but only slightly more socially inclusive.

66% (57%) **Future generations will want to live in my city**

Stayed lowest of cities polled

Population change 2019-2041



43% (35%) **Future generations will be able to afford to live in my city**

Stayed highest of cities polled

73% (72%) **The value of the home I live in will increase over time**

63% **My city will be socially inclusive versus** **60%** **today**

48% (31%) **My city will be environmentally sustainable versus** **29%** **agreeing it is today**

No longer lowest of cities polled

Views from the room

We posed a series of questions to city leaders and experts from Birmingham and across the West Midlands to explore prosperity. Below is a summary of their views:

With your city in mind, what does prosperity look like to you and how would you define it?

In order to feel prosperous and as part of a prosperous city, building a brand for Birmingham and the West Midlands needs to be part of the growth of the city. As part of the process, people need to be encouraged to be more vocal about what is happening in the city and make it a national conversation. At the moment Birmingham is reticent and needs not be. Being a 'Second City' is not enough and Birmingham needs to build a brand beyond this.

Bringing the wider West Midlands into the conversion is important and inequality between the city centre and other areas of the city is evident. Investment needs to be inclusive to level up the city and address the disparity we have in Birmingham. Development needs to be integrated to create places where people want to live. It's about opening up a place to make the city centre attainable for all. It's a balance of different elements; health and education, workplace and family, green spaces - it isn't just about money and finance but about the opportunities and the access people have.

The next few years will set the path for the next 30. Recovery and resilience is about how we bounce back, nurture positivity and achieve the mind set shift needed. Local communities will have a bigger role to play. The focus was initially on offices, and how to allow for more flexible/fluid working and this is likely to continue. Its not just about the buildings but about creating a hub and places where there is a mix of people and a place where people interact.

Do the YouGov findings for your city reflect your experience of prosperity in your city?

There was surprise about the YouGov results around innovation. Many felt that there is a lot of evidence to contradict the findings, particularly with Birmingham being at the top of the list in the country for start-up businesses and the strength and significance of its university. There may be a disparity between the reality of innovation in Birmingham and people's perceptions reflected in the YouGov results.

Another example of the YouGov findings not matching expectations is the importance attributed to arts and culture in improving prosperity. Culture attracts people to cities and in many ways Birmingham needs to reinvent itself. The arts and culture sector is under enormous strain at the moment and if it is a key part of the city's image and offer, we need to ensure it is part of what Birmingham is going to be. Developers and investors will need to put money behind arts and culture now to stop theatres and other institutions closing so that we have cities worth living in and coming to in the future.

What role does real estate play in addressing these challenges and are we making the right investment in real estate to address these challenges?

Covid will change people's expectations for what they want from the places they live in. The challenges that existed before the pandemic have become increasingly apparent. The city centre will be home to lots of flats being delivered, but are they going to be what people need and want? The most successful areas are where there is a mix of housing both in terms of affordability and tenure as well as design.

We need more flexibility around planning to move away from the compartmentalisation of space and adapt the real estate we have. Buildings should be delivered with social purpose and value in mind, creating opportunities across society with more green spaces in the city centre such as pocket parks. We need employment land connected to communities to make sure people have easy access to employment.

Driving the sustainability agenda and net zero carbon is at the top of the agenda for real estate. 'Green' buildings are already driving higher values and it needs to be front and centre in our strategy as a city. Financial prosperity and greater investment will follow if we build the assets investors are looking for. Wellness and wellbeing are also at the forefront of people's minds and are going to play a part in shaping our cities particularly as we see the long term affects of the pandemic.

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Trowers & Hamlins

Trowers & Hamlins is an international law firm committed to helping businesses and governments build stronger, more sustainable and economically successful communities. We are fascinated by the future of towns and cities and our work covers all forms of real estate across the private and public sectors and from residential to commercial and mixed-use schemes. We see real estate as the stage on which economies and communities develop and thrive.

Positioning cities for inclusive growth

Over 18 months Trowers & Hamlins brought together over 160 leaders and conducted two YouGov polls across Manchester, Exeter, Birmingham and London to examine real estate's role in providing the platform for society to thrive. The pandemic, which has accelerated conversations around social value and climate change, arguably makes the need to understand how the built environment can drive prosperity in cities and urban centres even more pressing.

You can download this report at
trowers.com/inclusivegrowth