

PROPERTY AUSTRALIA

Will cities survive and thrive?



Karen Jamal April 6, 2021



Twenty years ago, Richard Florida coined the phrase "creative class" with a theory that clusters of knowledge workers make more prosperous cities. Now he's thinking about how we can create better, more equal cities post-pandemic.

Florida penned [The Rise of the Creative Class](#) in 2002, arguing that the "clustering force" of young creatives, knowledge and technology workers in our city centres was leading to greater economic prosperity. In 2017 he published a counterpoint, [The New Urban Crisis](#), which contended that the agglomeration of high-value, knowledge-based work brought with it new challenges: gentrification, unaffordability, segregation and inequality. So where are we now?

Florida, who is headlining [The Property Congress](#) in October, is emphatic that cities will bounce back from the Covid-19 pandemic.

"We have no real evidence of a massive urban exodus from our cities. Young people will always flock to cities. People who have left tended to be those who are forming families who would have left anyway. The pandemic has accelerated that by one, two or three years," he says.

A bigger structural shift is underway, however, in the "geography of work". This is "a trend that is here to stay". Florida has combed the data and says the "best estimates" are that up to 20 per cent of knowledge workers will operate from home permanently post-pandemic. A further 30 per cent will choose to work remotely at least part of the week.

These statistics are echoed in a new report from the Property Council and EY, [Reimagining our economic powerhouses: How to turn CBDs into central experience districts](#). This finds 70 per cent of CBD office workers want at least partial remote work post-pandemic, with the preference for 3.3 days, on average, in the office.

"This is not the end of the world," Florida says. "Companies will still need a reasonably large floorplate," and the office will remain the preferred workplace for young talent and the foundation of corporate culture. He points to the tech industry's [recent recruitment frenzy](#), which is said to be backfilling an estimated 40 per cent hiring shortfall in 2020. "The big tech companies didn't want to bring people on board when they couldn't have them in an in-person environment," he explains.

But the form and function of the office must evolve as the virus "tilts the balance of power towards talent". The era of "cubicle farms" is over and the office is now an "arena not of work but of interaction".

"The creative class will demand remote work as a perk and privilege so companies will have to put in place really interesting programming to entice them back to the office."

Office owners will have to "up their game big time". This means far more than five o'clock drinks on a Friday. Whether the office becomes the site of "executive MBA programs or group fitness classes where everyone gets on their peloton bikes and pedals together", office landlords must take their cues from the emergence of experiential retail. "I think this goes on steroids for the office."

Florida points to coworking space **NeueHouse**, based in New York and Hollywood, which offers resident artists, exhibitions and installations, al fresco dining and celebrity chef tables, intimate concerts, book clubs and cinema screenings. "NeueHouse is more of a hospitality offering than an office offering".

Food, fitness and social connections are three of the best ways to reel people back to the office, he adds. "Some of that will be in the building and some will surround the building." The neighbourhood becomes the office: The office, then, is no longer an island but integral to the neighbourhood.

Florida is also especially concerned how the virus makes visible – and in some cases amplifies – existing inequalities between large and small cities, between wealthy and disadvantaged citizens, and between knowledge and frontline workers. In many ways what he dubbed "the new urban crisis" in 2017 is becoming a more "widespread general crisis of suburbs and rural areas in the wake of the pandemic, driven by surging housing prices, growing unaffordability, and rampant inequality across the nations of the advanced world".

The **Property Council's latest office occupancy figures** reveals just 35 per cent of Melbourne's office workers and 50 per cent of Sydney's are back at their desks, for example. "While the creative classes can work from the suburbs, the decline of the CBD disproportionately hits more disadvantaged service workers."

"Welcome to the roaring 2020s," Florida adds with a word of warning. "The Spanish 'flu pandemic of 1918 ushered in the Roaring 20s of stock market gains, The Great Gatsby, robber barons, the Jazz Age... It took the better part of two decades, the Great Depression and World War II, for us to forge a social compact. I hope we don't have to wait as long this time."

Progressive change must occur "from the city up" and this means the property industry plays a central role in building back better. "Instead of top-down national policies and solutions, national governments should use policies like stimulus, bailout and spending to actively empower local governments and devolve real power to communities which are better poised to develop solutions to their own challenges."

Florida also points to the **United Nations' Sustainable Development Goals** as a starting point and urges the property sector to "take these impact goals seriously". The property industry "has a lot of choices" to deliver affordable housing, harness supply chain power and engage in partnerships with government to build better. Part of his current agenda is to work with the real estate industry to accelerate impact investing in light of those UN goals. "Show that the real estate industry can 'do well by doing good'."

*Richard Florida will be sharing his insights into the "the great urban reset and reinvention" at The Property Congress in Hobart from 25-27 October 2021. **Property Council members save \$300 when they book their Early Bird ticket before 30 June.***

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