

THE FUTURE OF CITIES: BUSINESSES STAND READY TO HELP GOVERNMENTS UNLOCK CITY INVESTMENT

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Since the end of the Second World War, the growth of cities has been relentless. In 1950, less than a third of the world's population lived in towns and cities. According to UN estimates, 2007 marked the first year in history that more people in the world lived in urban than in rural areas. The urban population was predicted to reach 68% by 2050 – more than doubling in the space of a century.

At the start of 2020, global investment in city projects was reaching new heights. The world's biggest spending cities were investing in over 8,200 projects in 2019, with a combined project pipeline of US\$5.3 trillion. Then the pandemic hit, followed closely by economic recession: government, business and public focus shifted to combatting the immediate health, social and economic crises.

To find out what the impact has been to city projects that were planned during this time and in the not so distant future, we surveyed 450 senior executives across the globe. Our new report [The Future of Cities](#) explores how city projects have been impacted and what senior executives require in order to unlock the potential in their projects and invest in the future of our cities.

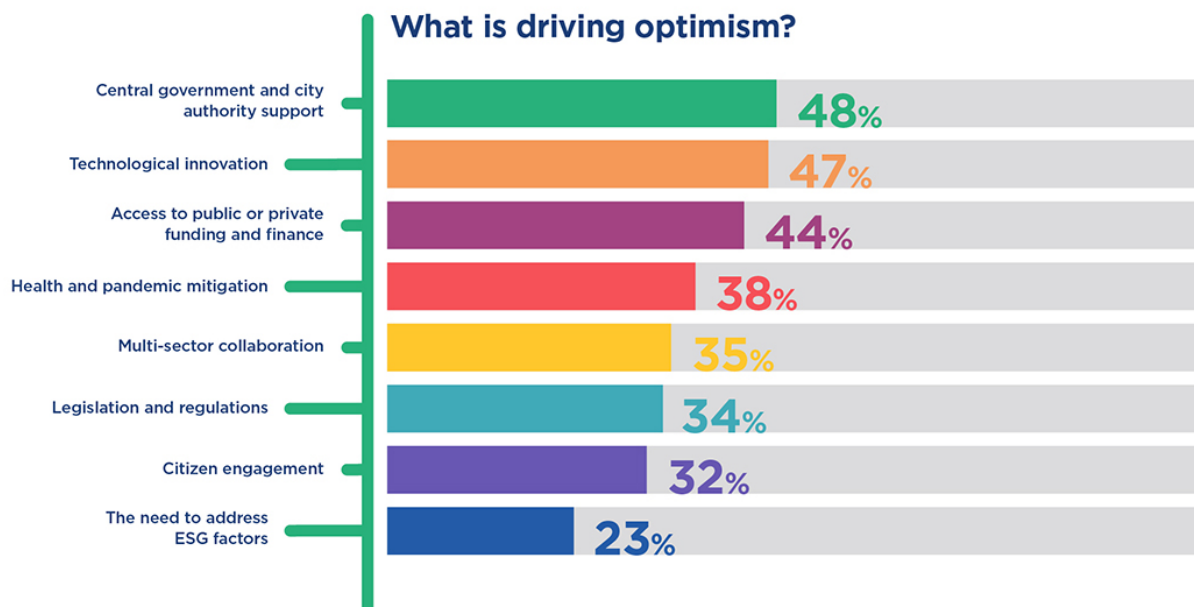
KEY FINDINGS

LEADERS REVEAL CONFIDENCE

Our data confirms that senior executives across the globe are looking to the future with confidence.

Almost two-thirds (64%) of respondents were confident about the future success of their current and planned city projects, with 63% actually *more* confident about their city projects' success than before Covid-19. Confidence is highest in jurisdictions that have been successful in controlling the virus—Australia coming in first with 86% of respondents saying they are confident, followed by Asia (68%). However, these results were collected before the recent announcements about vaccine development, so we would expect them to be higher across other regions if asked now.

For this confidence to continue, governments must act now to fast track projects that will create jobs and generate productivity, health and wellbeing outcomes. In doing so, governments should be conscious that opportunities in relation to technology and innovation are driving optimism among senior executives.



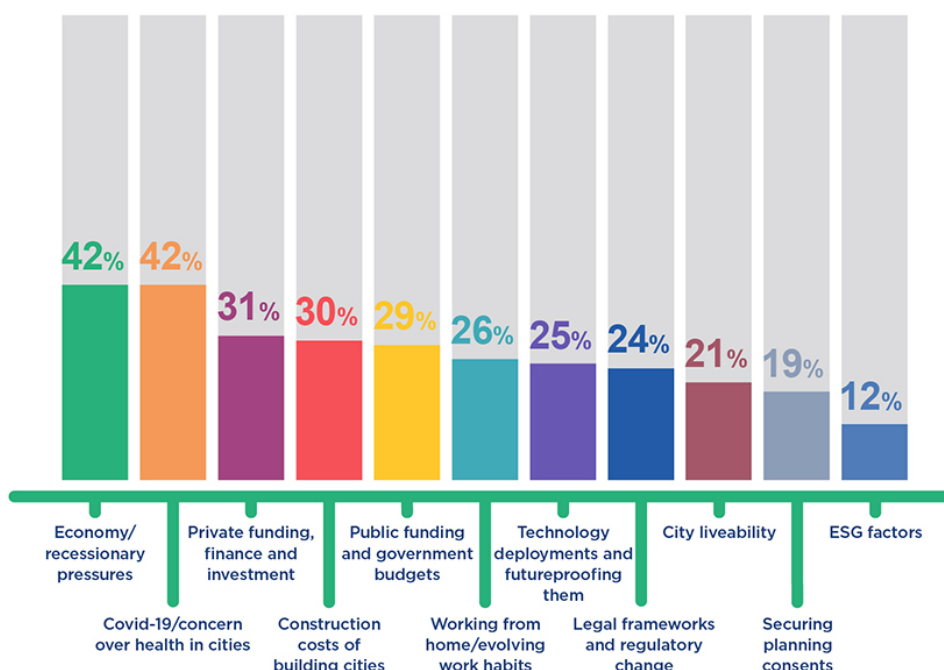
THE LANDSCAPE IS COMPLEX

Despite the events of this year, senior executives are already looking beyond the pandemic. 80% of respondents said that factors other than the direct impact of Covid-19 represented the greatest uncertainty facing their city projects.

But the landscape is complex, with multiple factors driving change. The global recession (39%) and the pandemic (36%) were the first and third most important factors driving change. Technological innovation, the second most important factor (38%), underpins much of the change respondents are seeing, from the digitalisation of infrastructure to the growth in remote working. Technology will be a key enabler if we are to achieve the adaptability and resilience that our future cities require.

Although city projects have a lot to contend with, we believe that the medium- and long-term effects of many short-term changes brought about by the pandemic have been overestimated and will level out. This is why it is important for governments and the private sector to take a longer term view of cities.

Top challenges facing city project leaders



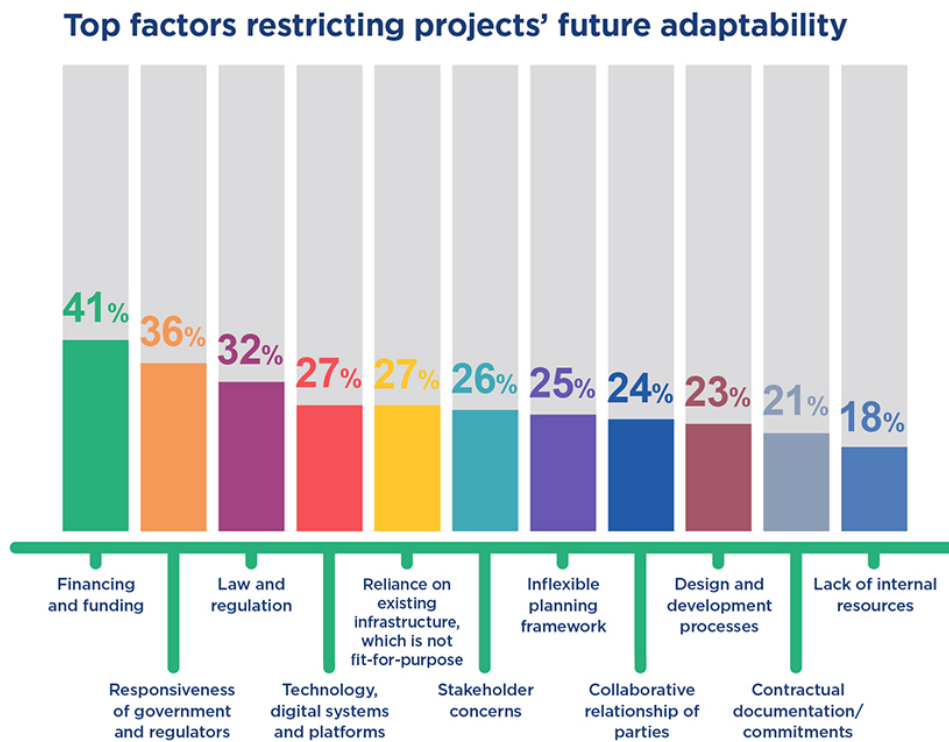
FLEXIBILITY AND RESILIENCE ARE THE KEYS TO SUCCESS

Perhaps less surprising is that a high proportion of respondents said their existing projects are more adaptable to change now.

For many, this adaptability was driven by a need to respond to a health crisis and the unprecedented interventions by government in response to that health crisis. However, it has provided an opportunity for senior executives in government and the private sector to reconsider conventional wisdom about our cities and explore new and different approaches to planning and implementing city projects. Just as the 2008 global financial crisis helped drive a wave of smart city projects around the world, so too could Covid-19.

But pre-pandemic approaches and policies can and must be improved. The private sector and government must recognise each other’s challenges and work collaboratively to develop transaction structures and regulatory frameworks which are fit-for-purpose.

Sophisticated players must shift risk management strategies to focus on business and project resilience. By building in resilience now, there is potential for city projects to realise a “resilience dividend” when faced with future disruptive events.



DISRUPTION BRINGS OPPORTUNITY

The shock of the pandemic and global recession is far-reaching. But beyond this, the disruption presents an opportunity for project leaders and their teams to adapt and innovate to ensure that our cities can continue to prosper despite the unprecedented challenges.

The shift towards home working and reduced commuting patterns has led many citizens to reconsider where they want to live and what they want from their neighbourhoods. The most successful cities in the future will need to have a sharp focus on these positive liveability gains.

One third of respondents (33%) rated technological deficits with connectivity technologies (eg IoT and 5G) as a significant opportunity and a similar proportion of respondents (29%) placed infrastructure deficits in their top three opportunities.

Unsurprisingly, senior executives see the need for new energy systems and circular economies as areas of opportunity too. But opportunities and solutions cannot be realised through siloed approaches. The most interesting and compelling city solutions will require a “convergence” of disciplines and sectors.

Government also has a key role to play in embedding some of the lifestyle changes that have been witnessed during the pandemic, such as the importance of green spaces in our cities, the resurgence of local neighbourhoods and services, and more sustainable transport patterns. We can expect planning and regulatory frameworks to reinforce these positive outcomes and the private sector must work in partnership with government and local communities to design city projects to embrace these changes, rather than reverting back to business as usual principles.

To read more about what senior executives require in order to unlock the potential in their projects and invest in the future of our cities, [access The Future of Cities report](#).

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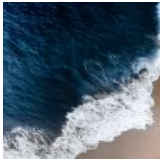
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NEW BUSINESS LANDSCAPE

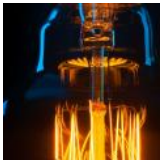
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KEY CONTACTS

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