

# Property Week Interview

■ Richard Florida is the thought leader of the “Future Cities” movement that is redefining global real estate. **Claer Barrett** met him. Photographs by **Nick Cunard**

# URBAN PROPHET

**W**hat can property developers expect from the cities of the future?

The answer: micro-apartments, “fourth places” that combine work and leisure space, an absence of cars and the threat of rioting.

The theories of urban guru and US academic Richard Florida have progressed from cult phenomenon to mainstream, much like the “creative classes” pinpointed in his work: trendy urbanites who move to gritty inner-city areas, only for their regenerative powers to end up pricing them out of the property market.

Florida’s central claim that creativity is “the one real source of economic wealth we have” is why more erudite property developers in cities the world over worship at his altar.

Albert Ratner, chairman of US real estate firm Forest City Enterprises, famously said of Florida’s *Rise of the Creative Classes*: “You have given real estate developers the playbook.”

Follow the creative community, and property values will rise. Ten years since its publication, Florida believes developers are only just starting to get the hang of it.

Buzzing after delivering an hour-long lecture – without notes or autocue – at the RSA in London, Florida is a huge fan of London, a world city he classes alongside New York.

“New York and London are increasing their distance, moving into their own zone and becoming the cities of the global world,” he draws. “If you want to do business, if





you're in commerce, you have to have a presence."

So why should the British property industry care about the world cities movement?

"A milestone has been passed: 50% of the entire population live in urban areas – by 2050, the United Nations thinks it could be 70%," he says. "And the greatest cities of the world produce 50% of our entire economic output."

These cities, he argues, will "supplant the role played in previous eras by the great corporations", becoming the "new economic and social ordering unit of our time".

"If you look at cities, it's the real estate industry [that shapes them]," he continues, putting on his oversized black spectacles so he can sketch diagrams in a notebook. "In periods of crisis, like now, we change the way we build cities and build real estate. The depression of the 1870s – what got us out of that was the creation of the modern industrial estate: we expanded its borders, added subways, rail lines.

"Then, in the second half of the Great Depression, we extended the city boundaries with the suburbs, and became more auto-dependent, which drove growth in the manufacturing industries. We sold cars and consumer durables. But now we're rebuilding our cities again."

Appointed global research professor at New York University in July, he is proud to be part of its Schack Institute of Real Estate, and a fellow of the Urban Land Institute. He notes that developers he meets these days are generally younger, and "helping »

« to revitalise and be part of the remaking of existing cities”, rather than wanting to build an even bigger shopping mall.

An hour with Florida references a mighty reading list, that cites Jane Jacobs (the late urban activist and author of *The Death and Life of Great American Cities*) who was his mentor, Thomas L Friedman (author of *The World is Flat*), and Joseph Schumpeter’s theory of creative destruction. But he says more of his best ideas come from rock stars.

“I asked Jack White [formerly of the White Stripes] ‘What makes a great centre of innovation?’ He said the ability of very talented people to combine and recombine, and reconfigure themselves to make great sounds.”

What works for musicians could be applied to any worker in the creative economy. Far better to be in a vibrant urban location such as Shoreditch in east London, Florida argues, than the “Nerdistan” sterility of out-of-town office parks.

“Look at Berlin. When the wall came down, the artists moved in, and now Twitter has chosen the city for its European HQ,” he says. “This year, for the first time, San Francisco has seen more venture capital flow in than Silicon Valley has.

This is the real mechanism of economic growth. People come together; we combine our talents, combine our skills, and build more wealth.”

Creativity acts like a magnet for people and capital, but the “concentration” of which Florida speaks will invariably lead to certain areas and styles of development becoming obsolete (box, right). He is unforgiving of secondary shopping centres (“bye!”), out-of-town office parks (“bye!”) and the “x-urbs”, or far-off suburbs (“they’re failing”).

However, the “core areas” of cities are thriving, as

## The city of the future will be both bigger than the city of the past, but it will also see people living in the dense urban core

are neighbourhoods connected to them via public transport, “whether that’s Chelsea or Brooklyn in New York, or parts of east London in the UK”.

“The city of the future will be both bigger than the city of the past – with high-speed rail, better transit, bigger airports – but it will also see people living in the dense urban core trading their car for a bicycle, leading a more flexible life, being more walkable. We are now in the very early stages of creating a new real estate paradigm.”

Florida bristles against the notion of planning use classes, but his concept of “mixed use” goes much further than most developers’. He dismisses developers’ nightmare scenario that we will all work from home in the future, but he is not a fan of office buildings either.

“The idea of packing people in a factory for information is losing credibility fast. Creativity doesn’t work to the drum beat of the assembly line. In the best cities, office buildings are being turned into mixed-use buildings and residential,” he says.

Which begs the question, where will we all work?

“Sociologists talk about the ‘first place’, which is home; the ‘second place’, which is work; and the ‘third place’, which is the cafe,” he says. “I say that we need a ‘fourth place’, which is a real place of working and living. It’s not quite the hotel lobby or the airport lounge – though the Virgin lounge is pretty close to it. But it’s not quite the Starbucks with clanging dishes – it’s a place that you can both work and connect and have co-working spaces.

“This is the kind of asset that neighbourhoods

need. Some entrepreneur will figure this out.”

The problem at the heart of Florida’s theories is that the creative types who lift an area’s prospects and create economic growth are the first to be priced out when residential and commercial property values rise. City mayors could provide part of the solution, by encouraging development of low-cost housing and improving transport links.

“We have to give mayors the tools for revenue raising,” he says. “I know Mayor Johnson. I know Ken [Livingstone] better. I could quibble with both but, in general, I think that both have been fairly successful. We have to move power back down to local level.”

He argues that the elevation of the office of mayor is most apparent in the US, referencing Michael Bloomberg, the American information

### FLORIDA ON ...

**THE LYONS REVIEW** “Government departments moving out of London? Good. Not every government worker needs to be stacked on top of one another. We have to make productive use of city space as best we can, and free up space for homes, art and commerce.”

**CITY LIVING** “I think what might happen is that people will have two residences, a very small micro-apartment in the city centre, and the equivalent of a weekend or country house – maybe not in the country, maybe in Leeds or Manchester, where you can have a little bit more space and a car. Yet you have a unit in London or in the city you work in.

“It might sound far-fetched, but it’s certainly more economical.”

**SKYSCRAPERS** “Why I’m against giant buildings in New York and Shanghai is that giant buildings are vertical suburbs. People never mix and mingle.”

**SUBURBAN OFFICE PARKS** “Bye!”

**SECONDARY SHOPPING CENTRES** “Bye! Look at what happened after the Great Depression: a lot of assets were left behind and cities vacated.

“These shifts do bring about new patterns. [They are] the last gasp of the suburban pattern that wasn’t very energy efficient or liveable and is physically isolating.”

**UK’S IMMIGRATION RESTRICTIONS**

“It’s one of the single worst things you could do – one of the things that could most hamper the UK and London’s competitiveness. Talent protectionism is foolhardy. Look at what really built the US economy.

Big market, yes. Good universities, sure. But anywhere between 30% and 50% of those Silicon Valley businesses have been founded by immigrants. A big part of London’s ascendance is down to immigration.”



**THE LONDON RIOTS**

“This is going to happen more and more. The social and economic distance [between a city’s richest and poorest residents], this divide is adding insult to injury – and it’s not just here, it’s in Abu Dhabi and Dubai and Toronto.

“It’s not like the working class struggles of old, when they battled with the capitalists who owned the factories – it’s inchoate rage. They’re lashing out, and they’re angry. If the factory was the arena of class struggle in industrial capitalism, place is the arena in creative capitalism.”

**THE CAR** “The biggest urban regeneration project of all is taking our cities back from the car, and redesigning them for people.”



magnate who is mayor of New York City, and Rahm Emanuel, the former White House chief of staff who left to run for mayor of Chicago.

“The mayors of the Asian cities also have a lot of power,” he adds. And he is in no doubt what they should use their funds to build.

“Transit. It seems to me the real key is concentration, but not too much density. It’s crazy to over-pack density with towers, skyscrapers. You need the right level: east London-style density.

“This shift is bigger than the shift to suburbia. It’s a shift towards a mosaic of places that are walkable, integrated and trans-connected. Transit – whether its rail or subway – speeds the flow of goods, ideas and people. When it’s congested, nothing moves.”

As an American, what does he think about the US Embassy’s refusal to pay more than £6m owed on the London congestion charge?

“I think they should pay it,” he says, without a second’s hesitation.

Florida is a huge fan of east London, where he claims “nearly seven in 10” people are members of the so-called creative class, which he defines as ranging from writers and artists to software developers and lawyers – compared with one in three in America.

This may provoke puzzlement on sink estates in boroughs such as Newham or Tower Hamlets, but Florida’s attention is firmly focused on “Tech City” – the previously run-down area around Old Street, Shoreditch and Hoxton that has become home to a plethora of digital start-ups, coffee bars and drinking establishments, and has since attracted Amazon, Intel and Google to open development “labs”.

“This area has attracted 3,000 new companies and 50,000 jobs,” he says proudly.

It has also caused rents and house prices to rocket. “The great cities of the world are no longer cities for local people,” he admits, referencing the power of foreign buyers, which has prompted the *Financial Times* to describe London property as a “global reserve currency”.

“That creates anger.” So how long can it go on?

“I think New York and London property will get



even more valuable. John Authers [the *FT* columnist] might argue that London property values are now three times what they were, so is it going to go back. My view is, it’s a different market. The market in the past was a London market. Now it’s a global market.”

Nevertheless, he maintains that the same creativity is transferrable to other cities and, indeed, other areas of the real estate industry, where “developers realise the world is changing, and that they can provide a product”.

He cites the example of US housebuilders who are now specifically designing houses for single women.

“They don’t want a big old suburban house. They still want a freestanding house – but smaller.

And they want greater levels of security. The nature of our demography is changing away from two parents and two kids.

“More than half of us are single, and many more of us want to live in locations that are walkable. So developing a product that fits the new reality, instead of a product that fits my parents’ reality: that’s what real estate developers need to do.

“Risk-taking entrepreneurs who provide this product will win.” ■

**Claer Barrett is deputy news editor of the *Financial Times* and a former features editor of *Property Week***

**Future cities @**  
**PropertyWeek.com**

**‘A new movement that combines technology and property is sweeping the global development scene’**

Property Week this week launches the Future Cities initiative (p69-p72). For examples of Future Cities around the world, go to [bit.ly/SmartRevolution](http://bit.ly/SmartRevolution). And watch the Property Week/Mover & Shakers Smart Cities, Smart Solutions breakfast at [propertyweek.com/cities](http://propertyweek.com/cities)

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