

THE WeeklyTAKE

LIVING FOR THE CITY: THE CREATIVE CLASS AND WHAT REMOTE WORK MEANS FOR THE FUTURE OF CITIES WITH RICHARD FLORIDA AND RICHARD BARKHAM [05.25.2021]

Spencer Levy

I'm Spencer Levy and this is The Weekly Take. We visited cities many times on our show, but now we explore urban real estate with a pair of thought leaders who each bring well-traveled experience and novel ideas to their views on metropolitan life. On this episode, An economist and an urbanist in a conversation about creativity and the future of cities.

Richard Florida

Whether you're an artist or a creative software developer or a computer scientist or, whatever, a biotech person ... Yeah, we want to make money. Money is important, but we want to work on great projects with great people in great spaces and great places.

Spencer Levy

That's Richard Florida, a best-selling author whose books include *The Rise of the Creative Class* and his most recent title, *The New Urban Crisis*. Richard is a professor at the University of Toronto School of Cities and Rotman School of Management and a distinguished fellow at NYU School of Real Estate. He is also the co-founder of City Lab and the founder of the Creative Class Group, a global consultancy. Richard Florida joins us from the sunny city of Miami Beach.

Richard Barkham

Everybody kind of looks at the architecture and the built environment, but really the secret of the cities is the labor market — and it's not the buildings, it's the people.

Spencer Levy

And that's Richard Barkham, CBRE's Global Chief Economist and an old friend of our show. Richard knows a thing or two about cities with a Ph.D. in urban economics and a globetrotting career that's taken him from London through the world's biggest business centers to his current home base in the great American city of Boston.

We focus on the power of creativity and the role of creative people in urban reinvention and recovery. We talk about the essence of the city as a labor market and the ways remote work is changing the game. We dig into cost of living, development, public policy and more, considering what I call short termism as well as the longer view.

We also touch on books, art and music. Like a busy city, we have a lot going on.

Coming up, creativity and creative real estate solutions — living for the city. That's right now on The Weekly Take.

Welcome to The Weekly Take and this week we are delighted to be joined by an old and a new friend. Our new friend is Richard Florida. Richard Florida, thank you so much for joining the show.

Richard Florida

Great to be with you.

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Spencer Levy

And then our old friend, Richard Barkham and the second Richard. Richard Barkham, thank you for coming.

Richard Barkham

Pleasure, Spence. Nice to see you again.

Spencer Levy

Great to see you. So, Richard Florida, let's start with you. And I may call you Florida just because we've got two Richards.

So, Richard Florida, you talked in 2002, your first book on the creative class — *The Rise of the Creative Class* is now a classic. And you've had several follow up books, but you talked about how it materially impacts urbanism and economics and development, the creative class. Tell us if your findings back in 2002 are still applicable today.

Richard Florida

You know, I think the general thesis holds and I think it's reinforced by the pandemic. And in that book, I kind of identified this group of people — about a third of the workforce, and in big cities and metro areas, as much as 40 percent or 50 percent — scientists, technologists, artists, entertainers, designers, managers, executives, professionals in law and health care — that are kind of the driving force of both innovation and productivity and the comeback. And I call them a new class. My editor actually made up that name, *The Creative Class* — smart guy knows that title works.

Anyway, I remember talking to people and doing interviews and this is now 20 years ago, folks. And here's what I heard. We want to work, it's not so ... we want to make money, don't get me wrong. Whether you're an artist or a creative or a software developer, computer scientist or whatever biotech person. Yeah, we want to make money. Money is important, but we want to work on great projects with great people in great spaces and great places. I don't think that's changed.

In fact, I think the pandemic ... it's given the creative class, if you will, more choices and put a little bit more pressure on companies. It was no longer just about attracting businesses ... you had to attract talent, you had to retain talent. And to the creative class, this kind of newfound leverage. And I think that's what we're going through.

And what we're realizing is people have choices. We're realizing that we have choices. We can pick where we want to live, how we want to work, how we want to apportion our time. And what's interesting, Spencer and Richard ... I wrote a book in 2001 called *Who's Your City*, and I said, where we live is the most important choice we make in our life. You know, my mom told me, you know, the best choice I ever made was picking your dad. My dad said, you know, get a good job. I worked in a factory and won't have to work in a factory like me. Get a good education, get a good job. The choice of careers.

But I would argue is that where you live structures your choice of — like it gives you access to people to give you access to job opportunities. But no one paid attention. Like that book went over like a freaking led zeppelin, right?

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But now that's what people want to talk about. Like where do I live? How do I live? Where should I go? Should I leave the city? Should I go to the suburbs? Should I go to a rural area? Should I go to a smaller city? So, I think it's all come back around. And everything I've been doing seems to become — whether I'm right or wrong — at least what I've been doing seems to have become more important.

Spencer Levy

Well, I'm glad you brought up the Led Zeppelin reference this early in the podcast. And I will just remind listeners that it was actually Keith Moon who coined the term your band is going to go over like a led zeppelin. But Richard Barkham —

Richard Florida

One more thing on that before that, Richard. This is the important thing for everyone listening to podcast. So I didn't start out to be an academic. I started out with a vision to be a rock and roll guitar player. Like, that's what I was ... I was going to be the next Jimmy Page or Jeff Beck or Eric Clapton. I could ... I wasn't as good as Hendrix. So I will make multiple classic rock blues rock references.

Spencer Levy

Well, since you brought up Jimmy Page and Eric Clapton, I have to bring up the Jimi Hendrix story where they were sitting in the front row of a famous London arena and Hendrix played and they said there were tears in the front row because they had met the master, Hendrix. So. This one's to Jimi Hendrix.

And with that Hendrix reference to you, Richard Barkham: What do you think about what Mr. Florida said? Specifically what he said about places and spaces? This is all we've been talking about. Do you agree with his point of view that it's the creative class that will drive it?

Richard Barkham

Well, yes, I do. We just produced a report on the creative industries. I have to say, we've defined the creative industries just a little bit more restrictively than Richard does. He talks about managers.

You know, we talk about film, we talk about fashion, we talk about marketing. We talk about museums and art galleries and particularly a strong growth area, which is the creative industry around gaming and user interface.

So we define it just a little bit more restrictively than Richard does. But what we find in our report, I mean, this is big. It's a huge, huge industry and employs maybe 70 million people in the United States. It's been growing 50 percent faster than jobs in other sectors. And it's really big in the key cities, particularly New York and Los Angeles, but not restricted to.

And what's really interesting to me, Spence, is that actually in New York and Los Angeles, people don't realize this, those sectors they — and this is me putting my kind of real estate spin on it — these sectors occupy over 100 million square feet of space. They are huge, huge sectors.

Now, it's not all office space. It runs the gamut of real estate. You know, there's some office,

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some industrial, some retail that, you know, where the fashion industry locates. But do I think that they are important in the ongoing life of our major urban areas? Oh absolutely I do.

And I think when you're starting out in the creative industries, I mean, they offer great rewards, they offer great recognition. But the wages at the outset, it's a rocky career path. I think that the pandemic has, you know, to the extent that it's made our central areas a bit cheaper, it's given those creative, you know, workers an opportunity to go back. I mean, I've got friends who are actors in New York. You know, for the first time in 10 years, they can live in the downtown area again.

These are really big, important industries and they have been knocked by COVID-19, no doubt about it, like all our big cities. But I think they you know, there's opportunity there and I think they'll be part of the recovery story.

Richard Florida

We build on that Spence just for a minute. You know, one thing we did in that book a long time ago is we actually broke out the creative class into two groups. I think we're analogous on this Richard B. We call this the super creative core where the artist is the top software folks, the gamers, the really super creatives. And then we call that other group the creative professional. And what linked them together was they all work with their mind rather than their hands. So anyway, spot on.

The other thing is, of course, these are the most concentrated occupations in the universe. And we did a report during the beginning of the pandemic. And when you said they're kind of precarious, these occupations got whacked. We're talking about these core super creatives, the people in the arts and cultural industries and the people who support them, like the people supporting this podcast today, talking about rates of unemployment that were 50 percent. Like mind — because, you know, they're dependent upon performance venues and live performances, so they took a big whack.

And I think you're right, Richard. I think you are right that the only glimmer of hope in this — well two, these are very resourceful people. Like they will use their sweat equity and they will ... they're the people who built cities and built places like downtown New York and built places like downtown L.A. So they'll remake places. But I think the affordability reset is a net good thing. I think that cities and you know this better than me, I think they became kind of dull. You know, when you have Spike Lee writing about New York's become boring and David Byrne, I'm a big — Spence, I'm a big Talking Heads fan. They were my favorite band from that whole period.

When you have David Byrne writing, you know, the white one percent is taking over my city, you know, I'll be out of here. You could see our big cities becoming kind of not that anymore. So I think if there's one little silver lining in this horrific pandemic, it's that we could see some realignment, like you said, and our urban centers could become a little bit — they're still very pricey. And the other thing is maybe some of you know this better than me. Maybe if you can't put the retail in there and you're not getting the big, you know, brand name hifalutin retail places or even the grab-and-go place don't want to be there ... maybe some of those spaces could be turned over — not out of the goodness of their heart, but who else is going to go there — to animate the streetscape? Maybe some of those spaces could be made available to artists. I think that's the one little silver lining.

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Richard Barkham

In terms of urban resilience and long-term success ... what you, know, what we would identify is just flexibility. We need our policymakers and our planners just to be flexible at this time. And, you know, if there's this unused space in retail, then let's redeploy elsewhere. Let's not get hung up on zoning. Not at this time. It's not the right thing.

Spencer Levy

I'm going to go to a quote from Richard Florida about housing. Since you brought up housing and housing costs and housing flexibility. You said, quote, "We need to remake and reinvent the model." I presume that has been accelerated during the pandemic. What's your point of view, Richard Florida?

Richard Florida

You know, it's funny talking to you guys who know so much more about real estate than I do. But, you know, I'm on this call with all these big shots in New York City and they're all gloom and doom, right? They're all like, "Nobody's downtown and everybody's leaving and they're going to the Hamptons and they're going to Hudson and they're moving to Miami." And I just had to say this, you know, reinvent the model.

I'm like, it's really hard for me to afford to live in New York City and I have a best-selling book, I'm a university professor, I do consulting. I said, look at it this way. The problem in New York City is it still costs a lot of money. It's not that people don't want to be there. Like if I could get a four- or five-bedroom townhouse, you know, with a nice outdoor space for the same amount I'd spend for a house in Charlotte — I'm just making this up. But, you know, with Tampa, I'd move there and you would have like a run of people. The problem in New York or San Francisco is they are hella hella expensive.

So, yeah, I think we got to remake the model and part of that is we have to build more. Look, you know, we have a mantra of this coming from real smart economists like Ed Glaeser and Joe Gyourko and the whole YIMBY movement. We got to build more.

But I think the other thing is we built a lot in cities. If you look at a guy like Izzy Román, who's a pretty good housing economist, you know, he says we've built a lot in the excerpts.

We've actually built not enough, but we built a lot. Look at New York. They say there's an oversupply. What is oversupplied? Luxury housing for freaking oligarchs. You know, and I think we've got to figure out a way which might mean some government flexibility in zoning and housing and some support to make housing more affordable because it's not like the one percent can fill up a city.

Spencer Levy

Well, I love your term YIMBY, because I always use the term NIMBYs about why we don't build. I think that the affordable housing crisis is the single most human-made crisis of all time. But if they had better zoning laws, like they just change in Sacramento where they have now allow you to go multitenant, multi-floor in a single tenant location — Minneapolis did it prior — maybe that is one of several solutions to the housing crisis.

But, Richard, let's go back to you for a moment. And I will also go back to Richard Barkham —

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and I will go back to Richard Florida's reference to the Talking Heads. I think what Richard Florida is suggesting is that nobody is burning down the house of New York and this must be the place. Do you agree?

Richard Barkham

Well, yes, I do. I mean, I think I'm probably the who of this particular conversation, given your fame and Richard's fame. But, you know, I don't think anybody is burning down the house.

If I'm interpreting you correctly, you know, the big cities are going to bounce back. And the kind of secret, the cities, everybody kind of looks at the art and the architecture and the built environment. But really that the secret of the cities is the labor market more than anything. And Richard's referred to this as well, both in L.A. and New York. You know, you've got literally millions of people in the creative industries. And what that allows is the, you know, intense specialization, hyper entrepreneurialism.

You know, these cities, you know, they've got a fabulous ability to bounce back after a crisis and it's all in the labor market. What's really interesting to me is that, you know, even after the Second World War, where 25 percent of London was leveled by Nazi bombs — you know London bounced back and, you know, began an ascent, you know, into a kind of a global capital.

So cities — and it's not the buildings, it's the people. And it's the skills and it's the entrepreneurship. And, you know, New York and Los Angeles, fabulously entrepreneurial, particularly in the creative industries. And, you know, of course, they're going to bounce back.

Richard Florida

Going back to London, there's this great study done. I wrote about it at *City Lab*. This is like in the 16th, 17th, 18th century. And they looked at creatives. And what they found is if you looked at writers in particular, their productivity when they moved to London went up — no matter who they were.

So what's interesting about cities is they add productivity to talented and creative people because I think they motivate them — competition. And I think they allow them to collaborate and learn. They learn from the scene around them.

The buildings get reused — it's really interesting you mentioned that. Like those old buildings in London or I know, I know New York better because I'm from Newark, New Jersey. Those old buildings in Soho when I was a kid, those were industrial buildings. The artists were squatting in them. Think about this. The artists were literally living in them illegally and hooking up plumbing and electricity. And the city policymakers were trying to throw them out, like get these squatter artists out. And now they're kind of luxury housing or some of them are for tech companies.

So the buildings get reused. I think the one difference — and I think Richard, Richard knows this now — is that I think the labor market in cities, a labor market is really the definition of a metropolitan area. That's what a metropolitan area is. So it's an organized labor market that includes a center city, its suburbs in the rural periphery. That commuting shed makes up a metropolitan area.

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I think remote work changes the game a little and stretches the boundary of the labor market. Now, the best estimate we have from Nick Bloom and his colleagues at Stanford, or about 20 percent of working days will be supplied remotely. So that's means 80 percent of people are still going to go to work. And if you look, Blackstone just said, we're going back to work. Goldman Sachs said we're going back to work. JP Morgan just said we're going ...

You know, I think that means that certain groups of people can leave cities. I think young people and creatives will go back to cities. So I think cities will get younger and more artsy and more music. But I think people with families and older people and wealthier people will leave. That will have implications — it's not going to kill them off, but it's going to have an implication for retail, it's going to have an implication for restaurants, it's going to have an implication for city budgets.

Because I think particularly rich people, you know, what I've been able to track is that the group that coastal cities are losing the most are the rich. And the reason is a rich person can move their location to Miami Beach or Texas, whatever, Wyoming, wherever the hell they want to go. And they can still leave their company in New York or San Francisco, but they get a big tax advantage. And in Florida you have homestead. You don't need to be here for any number of days. You just need to be out in New York for a certain number of days. So I think that remote work thing is going to have some implications. It's not going to kill cities, but it's going to have an effect.

Richard Barkham

But this is not the first wave of information and communications technology that's hit cities. I mean, you go back to the telephone. We talked about this in the case of London. And what it allows is for occupations that don't need to be in high-cost locations, they move off to low-cost locations.

They provide benefits to parts of the country where wage rates are lower. And what actually ultimately it does ... as you shift the jobs that don't need to be there because it's too expensive, you end up actually strengthening the city core because the costs don't accelerate as much as they would. And that allows kind of more creatives to move in. And you might be looking at some sort of dispersal of talent.

But history doesn't say that. History says that talent will continue to flood in and benefit from what we in the business call these really powerful agglomeration effects.

Richard Florida

I mean, I think you're right. And I think you said it better than anyone when I've talked to everybody about this. I think the rebalancing, you nailed it. It's that the more routine activities, whether those are legal activities or professional activities or the office work that was packed and stacked in towers, some of that will disperse. And I think you nailed it.

What comes back to cities is the truly creative and innovative work that, in fact, cities become more specialized in the things cities should do and other work that's fine in cities but can be done in an outlying area — and by the way, Spencer, when I wrote *Rise of the Creative Class*, that was provoked by just these kind of arguments that Tom Friedman and others were making at the time, that the world is flat, that Internet and telecommunications

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technology and transportation technology would let the world to spread apart. And I said, no, no, no, the world is actually becoming more concentrated.

But I think Barkham has made the fundamental contribution here that even with this wave of even better technologies, the specialization — I want to focus on that word — the specialization of cities in these highly creative and innovative activities becomes even more and in a way, cities become better at what they should do. I love that term, Richard.

Spencer Levy

Well, we're talking about the dispersion for a moment. Let me talk about the new kids on the block with apologies to Talking Heads because they did not rise to that level.

The new kids on the block are Austin, Texas, Nashville, Denver, Raleigh, Tampa, Orlando and increasingly Miami. These new kids on the block, particularly Austin, is in every conversation. In fact, Austin came in number one in our most recent America's Intentions investor survey. So Richard: Austin versus New York and San Francisco, what's your point of view? Oh Barkham — I'll go with Barkham.

Richard Barkham

These are low-cost, high-amenity locations, the Austin, Salt Lake City, Nashville. They've sprung up because the core metropolitan areas got so expensive. So, you know, it started pushing people into those locations.

What happens in the post-COVID world? Actually, people are talking about remote working, but I'm looking at the cost adjustment. I'm looking at New York becoming more competitive relative to those places and people who otherwise would have gone to Austin now thinking, OK, well, perhaps I can live in New York, perhaps I can do the big urban thing and get all of the amenities. So I don't think, you know, it's a slam dunk that the pandemic is going to I mean, there have been trends and not as volatile as we might suggest here. So I'm not saying that, you know, Austin is in national decline, but I'm just saying post pandemic, New York becomes more competitive as a location again.

Richard Florida

I've studied Austin in great detail. Back in 1998 when I started to write *Rise of the Creative Class*, guess what was the top destination for Carnegie Mellon engineers? Austin, Texas. That book is really, when you read, it's a comparison of why our kids in Carnegie Mellon weren't staying in Pittsburgh and why they were going to Austin.

Overall when we ranked innovation in tech hubs ... San Francisco was first, Austin was second. Austin has been building this economy for 40 years. Austin Chamber of Commerce was going on missions to attract trade missions to attract companies from the Valley. So I think it's the cities you mentioned we could add Toronto, Austin, Nashville, Denver, Boston, Washington, D.C., Philadelphia, Indianapolis, Columbus, Nashville, and a few more. So the rise of the rest is happening. But it's not an infinite list of cities. You know, and then you throw in a Boulder, a Bozeman, the Jackson Hole, like a Salt Lake City.

And when we look at the data, we looked very closely at this data of startup hubs. San Francisco Bay Area ... I think it declined from a high of 25 percent to 23 percent of all venture capital finance startups in the United States. It ain't going anywhere.

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The big rise, by the way, if you look at startup investment, isn't Austin, it isn't Pittsburgh, it isn't Nashville. The two big risers are New York and L.A. If you actually look at the data on where startups and venture investment has gone, the big gainers are New York City and L.A.

But you mentioned Miami, a city I know well and I live part time in. If you ask me five years ago, would this be happening in Miami I would have said no way. Something different is going on in Miami and I've been grappling with it. And I think I have a theory of the case. I don't think Miami is a new tech hub, although it's increased its startup investment. It's now roughly at the level of an Austin. I think what's driving Miami is not just taxes and weather. Here's my hypothesis. That people are coming to Miami — a lot of risk taking people, a lot of finance people, hedge-fund people, investment bankers, a lot of real-estate developers and a lot of entrepreneurs and venture capitalists who like risk. Those people don't like to be told what to do. They hate restrictions. They hate being told that their kids can't show up to school.

Where I see this, Spencer and Richard, is the migration of Torontonians. I live in Toronto. There are Torontonians coming to Miami buying houses and condos like they're flying off the shelf because they're just pissed off at the restrictions in Toronto. So I think part of what's happening in these Sunbelt locations, when you look at it, Texas and Florida, it's not just taxes. It's people saying — you know, the Elon Musks of the world, the Peter Thiels of the world, the hedge fund guys of the world are saying — if I move to Florida, Texas, I'm not only going to save a bundle on taxes, I can live my life. I can socialize, I can conduct business meetings. I can send my kids to school in a relative, at least for a few years. And if I think the virus is seasonal and this may happen again, I'm hedging.

So I think there's something — and there's a big new study, I could go on and on about this, a big new study that just came out when they looked at this migration moves and the data is not perfect and it's moving van data. But they looked at the factors and they had a stringency index. And what they found is that people were moving from more stringent places — people that were more restricted, had better public health measures, damp down the virus — to less stringent places.

And I think that's because Americans are nuts and particularly risk-taking Americans are crazy. They don't like to be told what to do and they want to live their lives the way they want to live. I don't know if I agree with that, but I think that's what's happening.

Spencer Levy

Let me push that from an international perspective, because I think it's fair to say that countries in Asia, China, South Korea, but also in Pan-Pacific and Australia did a way better job than the United States in controlling the virus. And they're going back to the office. But what you're suggesting, Richard, Florida, is that there's permanent damage from this stringency element because it kind of opened people's eyes, say, wow, I'm going to be restricted here irrespective of whether ... irrespective of cost. Richard Barkham, do you have a point of view on the permanency of the potential damage from stringency?

Richard Barkham

I think that'll be short term. If you look at the history of cities, I mean, there's nothing more stringent, as I mentioned earlier, than having 25 percent of your stock bombed in the Second

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World War. But, you know, by and large, cities bounce back quite quickly.

I think, you know, Richard's exactly right. He's nailed it in exactly what's going on. The broader point, though, that we're banging on about here is, you know, cities have to look at look at their policy mix. Really, it's not just kind of stringency. It's a whole set of things that cities have to balance the amenity set, they have to balance the tax rates because people then look at the costs and benefits of locating. The US is a very fluid labor market and if the costs move up and move out of line in an area, people will go to other areas.

Richard Florida

I think the U.S. is — going back to your point, Spence — I think the U.S. is a big beneficiary of this. And I hate ... I sound like an ugly American saying that. So I don't, you know ... and I saw what Trump was doing and how he's driving away global talent, you know, and I live in Toronto. So, you know, Toronto is attracting talent. I think the COVID pandemic has turned the tables. And I think the United States becomes a real magnet for talent.

You know, in Toronto, you can't visit your family. You can't visit your family. I can't see my in-laws. You know, they can't come to visit us. If I go, I got to do a two-week quarantine and go to a lovely COVID hotel. If that lasts people are going to make a calculation like where can I live a life and be engaged with the world?

Now, I agree with Richard ... that will go away. The question is, how long does it take? Is this virus seasonal? Does it flare up in the fall? Do schools get closed again in the fall? The longer it goes on, the longer it tilts the tables. You know, and I love Sydney and I love Melbourne. How do you live there? I mean, how do you conduct business, how do you do global business? Now, out of New York, people are traveling again, people are getting back to business. I gave a talk to a group of CIOs who were meeting in Dallas. I came in on Zoom, but they were meeting. People in Miami are meeting.

So, yeah, I think it bounces back, but I think it tilts the table. And I think for New York ... if you're going to run a global headquarters, how do you run a global headquarters out of a place where you can't travel? So you're going to have to redeploy people one way or another. But but but but ... here's the thing. Is it a big amount? No. But in Toronto, we have an artificial intelligence industry. It's one of the best in the world. Why do we have that industry? There was a British guy named Geoffrey Hinton. Geoffrey Hinton was teaching at Carnegie Mellon, where I taught for 20 years. Geoffrey Hinton was a left-leaning progressive academic. He hated Ronald Reagan and he hated Defense Department funding of research. So he said, screw it. One day I'm going to Canada.

And this one guy — one guy! — built the whole artificial intelligence industry in Toronto. And all of the students throughout Canada is why ... why Canada's a world leader in machine learning and all this stuff.

I'm not saying that one person ... but, you know, at the margin, you take 10, 20, 30, 40 people, you can shift the nature of economic competition. And I think this open environment, which looks so terrible and so dumb and in many ways cost many lives, tilts the tables for talent towards the United States and its big cities. I can't see any other thing but.

Spencer Levy

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Well, I'll make two points there. One, that you sound very similar to what I heard Parag Khanna talking about when he talked about how the world was going to become more regional and maybe the U.S. is a net beneficiary. When I say regional, I actually include Canada, U.S., Mexico as being more resilient than globalism. And this is a debate that Richard and I have had.

So, Richard, I'll turn to you then on that globalism point, the kind of point about the world becoming more regional as a result of the pandemic. What's your point of view?

Richard Barkham

You know, some of the trends that pre-existed COVID are going to be there after COVID. And this reaction against immigration that we saw across the Western world, I think, to be honest, that might diminish a little bit post COVID.

I mean, I think most of the major economies need to get economic growth going. That's the prime goal of most policies. Policymakers right now, the controls on immigration, whatever you think about them, they cause problems for the economy. So I could see some of those return to a higher level of immigration, you know, coming about post COVID because of the need for economic growth, as we pointed out, because of the rewards that the US economy can give to people, particularly enterprising people and skilled people — then that does favor the United States.

Richard Florida

I like Parag a lot. And I think he's right about the regional economy for good and bad. But the problem is, you know, if I look at it, it's Canada. I mean, the US has been pushing to reopen the border and Canada have been very resistant to this. It's nuts. And I think, look, Canada is going to get with it. They're having a hard time with the pandemic now, but regionalism matters.

What worries me about this regional approach is that you can already see this kind of China-Western conflict. And I think Parag's very sensitive to this because he's kind of an Asian-North American guy and very smart about this. You really don't want to see this thing flare up. I mean, this would be really ugly and really terrible. And I think we're so interconnected that that won't happen.

But I worry now that we're starting to see — and this was happening before the pandemic — this idea that it's the West versus China. That that somehow China is a bad actor and so on and so forth. And I think that that's what would keep me up at night, you know, some kind of big conflict between the West and China. I think we're smart enough to avoid it. But that regionalism, that's what worries me in that.

Spencer Levy

I want to go back to something you mentioned earlier, Richard Florida. And I like Richard Barkham's point of view on us as well. Because I'm going to respectfully disagree with you because I think that we are suffering today a little bit from short termism. And what do I mean by short termism? I mean that KPMG came out with a study in August of 2020 which essentially said that 70 percent of CEOs believe they're going to use less office space and they're going to work from home more.

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Fast forward to March of 2021, the same KPMG study, the same CEOs, that 70 percent fell to 17 percent. So I'm questioning the data. I am more optimistic because I see that 2020's forecast and surveys, much of it was motivated by, dare I say it, fear. And now it's motivated more by a clearer view of the world and optimism. What's your point of view, Richard Barkham?

Richard Barkham

I do think you've got to be very careful with the survey data. I mean, people tend to reply, they kind of feedback what they're hearing in the media. It's interesting and it's relevant. But I think it might be short term in nature.

I think the need for the broader creative class, the office-using class to collaborate and the kind of benefits that come from accidental meetings in the office. I myself believe that the death of the office story, for lack of a better way, is way overstated. To riff on what you've been saying, the song remains the same.

Spencer Levy

Well, this must be the place then in New York.

Richard Florida

I think the office is — you know, you said this, Richard, so well. I think if you look at the central business district, it was a product of the industrial revolution really. And like the giant factory complexes were a place you stacked up, you know, workers, factory workers, the office complexes were a place you packed and stacked information processing and office functions. In the modern terms, you plugged your computer in and you went to work in your cubicle.

I think that the office will be much more a place for social context and social interaction and collaboration. It's not going to be a place you just go and plug your laptop in and work in isolation. You know, it's funny, I was thinking about this today. Jane Jacobs, the great Jane Jacobs, before she wrote *The Death and Life of Great American Cities*, the essay she wrote in 1950-something was called *Downtowns are for People*.

Downtowns aren't for office functionaries. Downtowns are for people, and I think that's what they've become. They become less central business district and more these kind of networking, collaboration, social interaction zones that are more about live-work that are rebuilt in a way, just like you mentioned, like the areas of London. But Soho, which used to be an industrial district, is now a kind of live-work-play office area.

I think the central business district adapt at the margin. Of course, there's going to be lots of offices and lots of law firms and finance firms and tech firms, but I think they adjust at the margin and they're less about commuting an hour or 90 minutes and plugging your laptop in and much more about a place that people go to interact and build contacts and mentor one another and work with one another. So I think that adjustment takes place over time.

Spencer Levy

Well, I think that adjustment is already happening. As I mentioned, just very quickly, even in Miami where you're sitting right now, Richard, Florida, if you go to the Winward section

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where they hold Art Basel, that is where you're seeing a lot of the new live, work, play development — not dissimilar to what you're seeing in Chicago in the Fulton Market, or L.A. in the arts district or Milwaukee in the Third Ward or Baltimore in the East Harbor. The cities are reinventing themselves in these Soho-like live-work-play neighborhoods. Richard Barkham, you were going to jump in?

Richard Barkham

Yeah, and I was just going to say this is the key to it. Well, it's flexibility within the built fabric. It really is.

And, you know, going back to kind of my alma mater, if you like London, you've got the Georgian house, which kind of started back in the 18th and 19th century as a single-family home. In the Second World War, it became an office. It was blisteringly successful as an office for 40 or 50 years. And now it's going back to being a single-family home, sometimes an apartment home.

So we need to create — with due respect to the economy of building stuff and the economics of development — we need to create spaces that are flexible in our planning systems, have got to allow these live-work environments to fully emerge because that is the future of the city.

Richard Florida

We did a piece at *City Lab* five years ago on the death of the central business district. Think about that. Like in 2016, we had this piece, the death of the central business district.

And the argument there is that the central business district as a place just for commuters and workers was over, and it was going to be remade in a way like Soho. And it's funny, you know, because I talked to so many people moving to Miami and Miami Beach from New York or San Francisco or Toronto. And to a person, they say we'd like an office.

But what they like about Miami is they don't have to compromise and get the same kind of downtown office they had in New York. They're like, we want to take our scooter to the office. We want to walk or bike to the office. We want the office to be more casual and more relaxed. We want a place to meet. It's kind of like a different angle on a coworking space. And it's not quite what we had in New York.

So I think people are throwing this up in the air, to be honest. They're not exactly sure what they want, but they know they want something different that's more relaxed, it's more casual, it's a little bit more outside. It's more flexible that they don't have to kind of strap on a suit and tie — nothing wrong with that.

And I think going back to Richard's point, this flexibility — remember, Jane Jacobs, we can always have a Jane Jacobs school for everything — new ideas require old buildings. I mean, that's probably her most famous quote. New ideas can sometimes happen in new buildings, but most of the time they require old buildings. What she meant was these old buildings, like Georgian houses or Soho factory lofts are eminently adaptable and cities are infinitely adaptable and flexible.

And I think you're both right. What happened is our policymakers got in the way and if they

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would just let off the gas a little bit or let off the brake and allow this flexibility to occur — and it will occur, it will happen at a faster pace.

Spencer Levy

So, Richard Florida, if I may, may I push back on you one more time? Because notwithstanding the current challenges of Toronto and the lockdown, because I've read your stuff and you say that

Toronto is one of the few old school cities that has come back, post-industrial to be a model for the future while we see a lot of stuff in the American Midwest that hasn't.

So just pushing back just a little bit and also in honor of my friends that are in Toronto, I think Toronto is going to come back big time. What's your point of view?

Richard Florida

I'm worried about the border. I mean, I'm honestly worried and worried in a way that makes me have sleepless nights. One of the things I said to my friends when they were trying to attract Amazon HQ2 ... I said there are two things that are going to hurt Toronto. One is the extraordinary price of housing, which is a crappy attached houses like one point two million Canadian. It's really expensive.

The second thing is when people try to get across the border. It's not as easy as you think, even with a Nexus card, the borders tough and there's a lot of scrutiny that goes on in the border in both directions. And it's a pain in the ass. Now, you add COVID-level restrictions. And I think and one of the reasons I've been banging on this. The United States, as you said, is a big country. It is a big market. It is 380-plus metropolitan areas. Small states depend on big markets. So in a way, you've got to figure out a way pretty quickly to open up or else.

So, yeah, I think Toronto will be fine. I love this city, but I'm deeply worried about the restrictiveness. The question I would say Spence is, when do you get to see a Blue Jays home game or a Raptors home game? And I don't mean to make it so silly as that. The Jays are not going to play in Toronto this summer. The Raptors didn't play in Toronto, the Raptors played in Tampa, the Jays played in Tampa. Now we're moving to Buffalo.

I understand that that crisis has been tough. But sooner or later, you got to learn how to manage your way through this. And that's what worries me. I think Toronto will be fine. I hope to God Toronto will be fine. But I'm worried. It keeps me up at night worrying about this. And I hope I'm just a worrywart.

Richard Barkham

One thing we should just keep in mind ... we've been held back in the developed world, not particularly in the States, but elsewhere by lack of vaccine. By July, we'll be swimming in the stuff. There's huge production of the vaccine on the way. So a lot of the restrictions that we've been talking about will disappear much more quickly than we've been thinking.

Richard Florida

But let's hope to God and let's create incentives for people to take it — like let's make a vaccine passport... let's, you know, you're not going to a ball game without a vaccine. I hate to be a pain in the ass. Your kids aren't going to public school if you don't get vaccinated.

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Let's be a little bit hard-nosed about this stuff.

Spencer Levy

OK, so are we talking about tough stuff and there's some negative news out there or negative thoughts. But I want one minute of positive. What makes you most optimistic for the next couple of years about the urban environment despite some of the challenges we're facing. Starting with you, Richard Barkham.

Richard Barkham

Global growth. The U.S. economy, if we're right, will expand by seven percent this year, maybe five percent next year, if you add some inflation on that. The size of the U.S. economy likely to be 15 or 16 percent bigger in two years' time.

And cities flourish when the national economy is bouncing back. It's difficult to get city growth without national economic growth. That's, I think, what makes me optimistic about the future, at least the medium term.

Spencer Levy

Richard Florida: most optimistic thought for the next couple of years.

Richard Florida

We come out of this with a much better world and a much better world, particularly in the advanced countries. The workplaces get better. They get more worker friendly. People get to work remotely and they get to work in better spaces. They get to work in better third spaces. Offices get better.

I think cities, as Richard Barkham said, become more creative and more affordable and actually working people and artists may be able to live there again.

But I think the big one is we have a chance to really remake the suburbs and rural areas into something good. I mean, when I was a kid teaching at Carnegie Mellon, we had this great now deceased South African urban designer called David Lewis. The first question he asked me in my interview was, yeah, yeah, yeah cities, Florida, you're concerned with cities ... how do we remake the suburbs? They don't have the architecture. They don't have the building stock. They don't have the infrastructure. They're kind of shoddily constructed and they're awful.

I think we have a chance to remake our suburbs in a really powerful way. Adding coworking, adding business centers, rebuilding abandoned malls. People want to live there. They want to work there ... better housing. So I think one of the big things is that finally we could build suburbs that are for people too, right? Maybe we can rebuild the suburbs in a powerful way. And of course, the smaller cities. The smaller cities have been the Tulsa's, the Memphis's. I could go down the list.

The Milwaukee's, the Cleveland's, the Pittsburgh's have been getting better. I think we could see a real renaissance there. They're never going to be New York or San Francisco or L.A., but they can be spectacular places. So that's what makes me optimistic. This general rebirth and revitalization of all kinds of places.

Spencer Levy

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Well, on behalf of The Weekly Take, we're going to end on that optimistic note. And I first want to thank our friend, our new friend, Richard Florida, for joining us from Miami Beach vis-a-vis Toronto as well. Richard, terrific conversation. Richard, Florida, thank you for joining us.

Richard Florida

Thank you.

Spencer Levy

And our old friend, Richard Barkham, Global Chief Economist, America's Head of Research. Thank you for joining us once again for a great conversation.

Richard Barkham

Pleasure Spense.

Richard Florida

Yeah, we're a good team.

Spencer Levy

For more on this good team of guests, Richard Florida and Richard Barkham, as well as more on our show, check out our website at CBRE.com/TheWeeklyTake. You'll find further insights and research that we referenced in the conversation that includes CBRE's [America's Investors Intention Survey for 2021](#) and a deeper dive into the urban creative landscape. In a report called [L.A.'s Artistic Vision: The Impact of the Creative Economy](#).

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