

# Covid-19 is changing our way of life

## New behaviours emerging across all areas of life

### Work

- Rise of unemployment – particularly Gen Z
- Remote working and changing use of office space

*20x increase in Zoom daily participants*

*Nationwide – 13,000 office staff to choose where they work*

### Shopping and consumption

- Surge in e-commerce
- Preference for trusted brands
- Shift to local stores vs large high streets
- The importance of Gen-Z
- Sustainable preferences

### Play and entertainment

- Preference for digital entertainment (esports)
- Channel shift (cinema to streaming)
- Subscription models and micro-payments

*Disney achieved in 6 months what took 7 years for Netflix*

### Learning

- Remote learning
- Increased used of digital resources

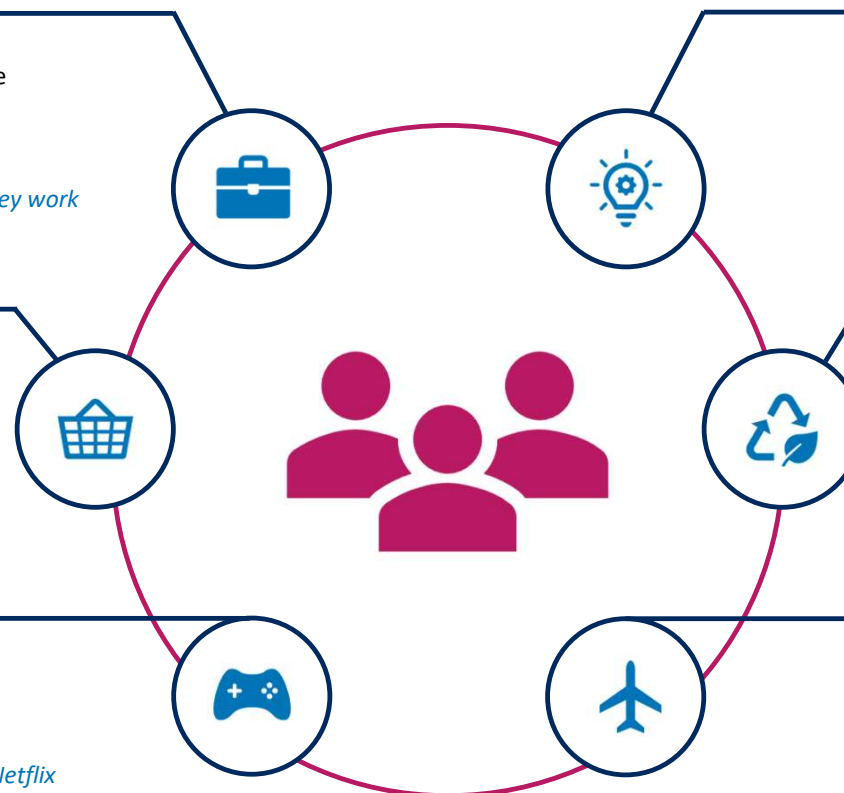
*c. 35% of Netflix subscribers use it for educational purposes*

### Sustainability

- Increased focus from consumers and investors on ESG criteria and sustainable behaviours

### Travel and mobility

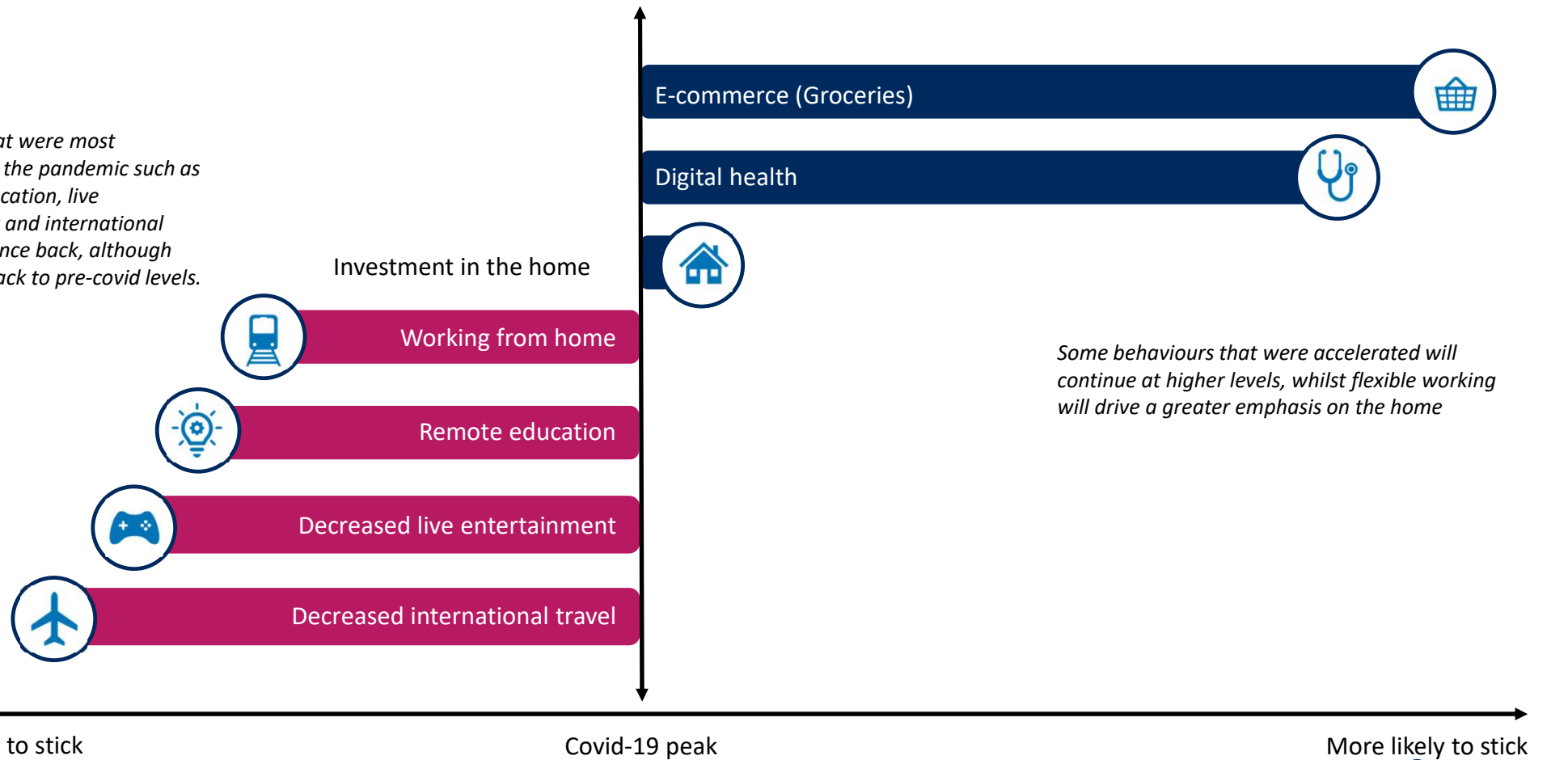
- Less time spent commuting
- Reduction in international business travel
  - A less global outlook



# Which behaviours will change in a lasting way?

How sticky will changes to our lives prove to be?

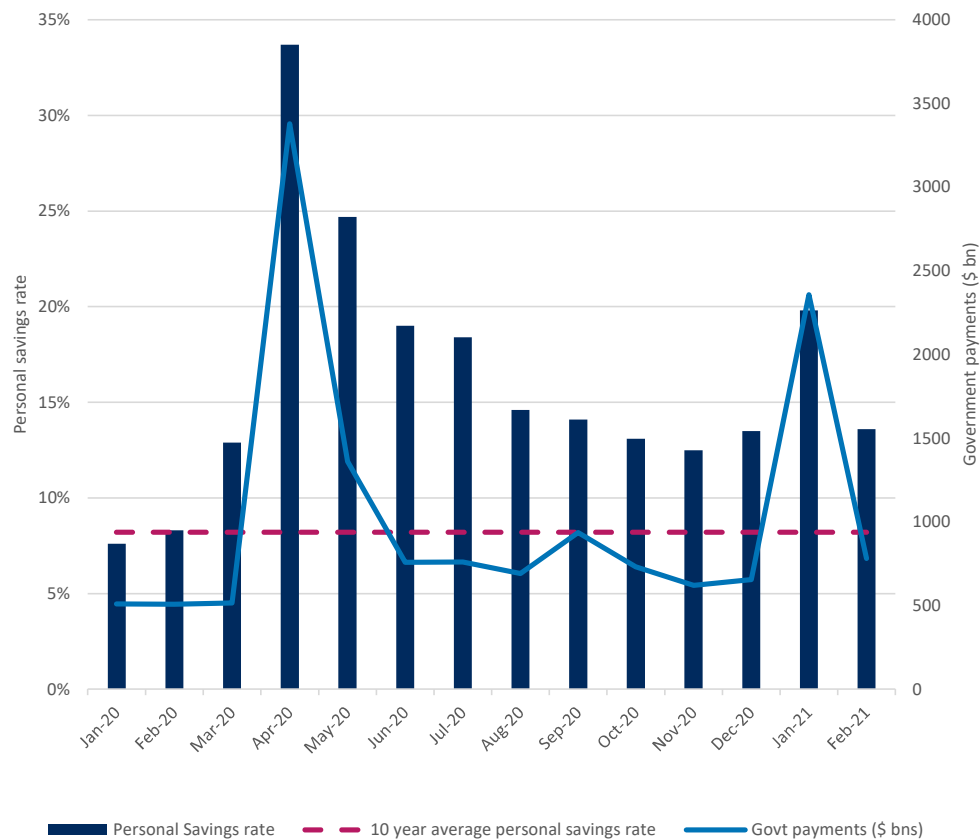
*Behaviours that were most interrupted by the pandemic such as classroom education, live entertainment and international travel will bounce back, although perhaps not back to pre-covid levels.*



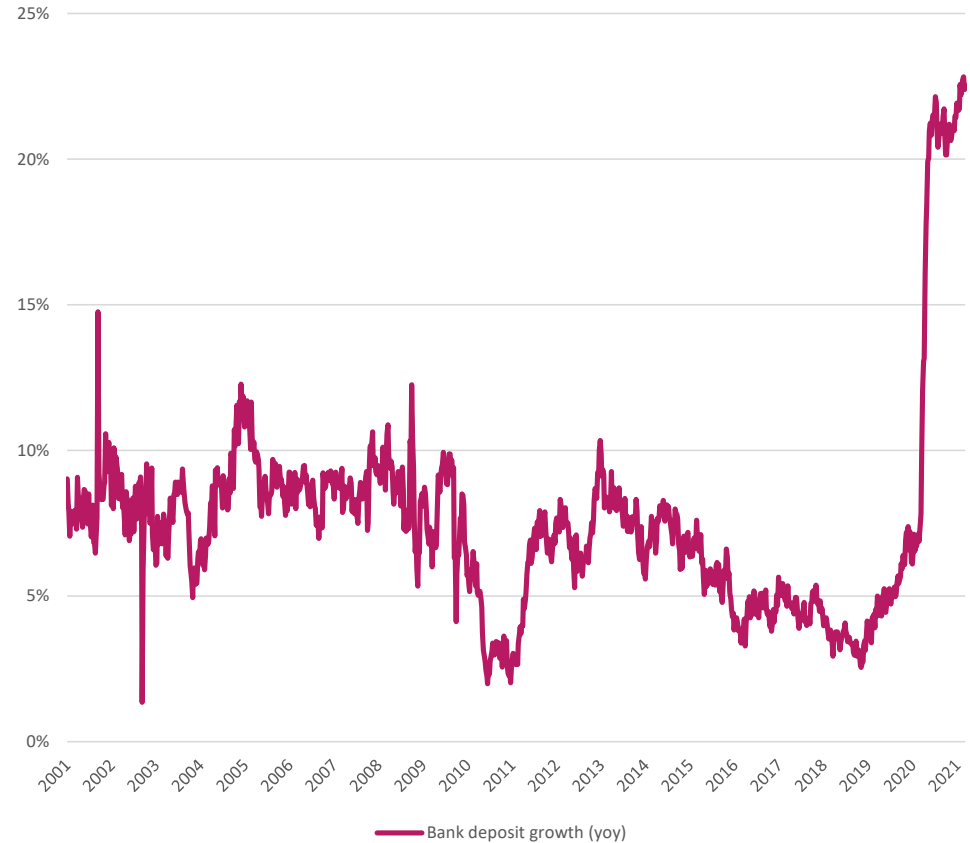
# Will see a short term pick up in consumption?

Personal savings are elevated, a lifting on restrictions could see increased spend

US Personal savings rates (%) and Government personal payments



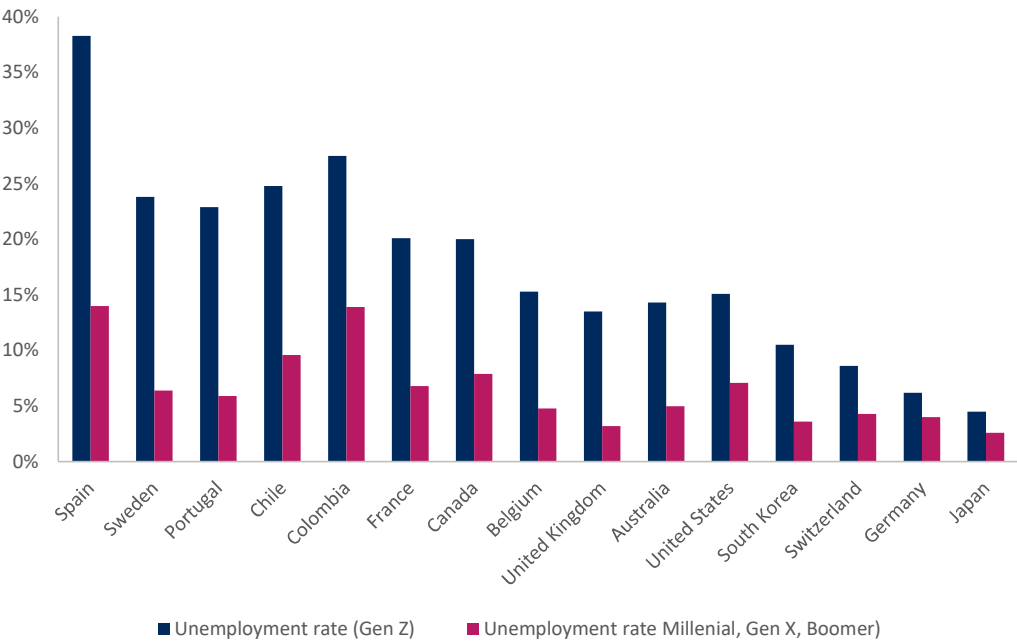
Year on year growth in US personal and corporate bank deposits



# Gen Z have been hit hardest by the pandemic

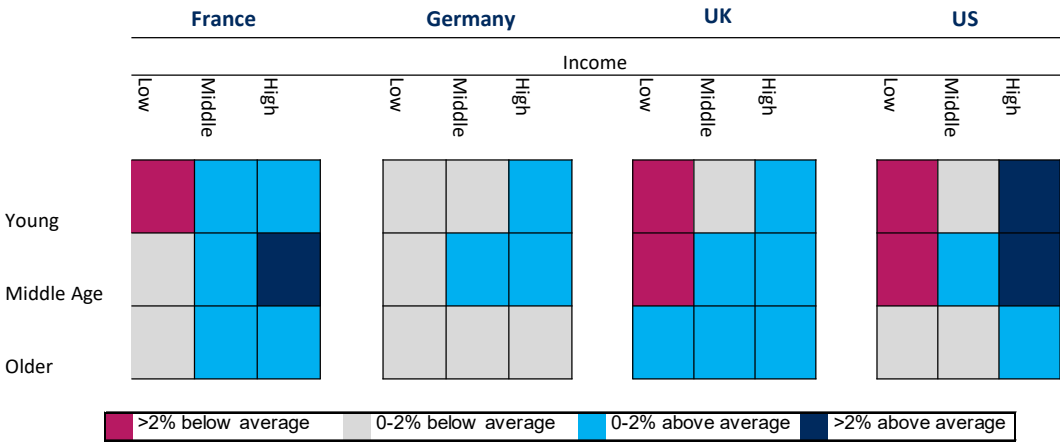
## Could have implications for the recovery in consumer spend

Unemployment rates amongst Gen Z far outweigh older generations



As a result, we may not see a strong bounce back in spending amongst young, low income groups.

Recovery of real consumer spending by segment vs expected average spending recovery

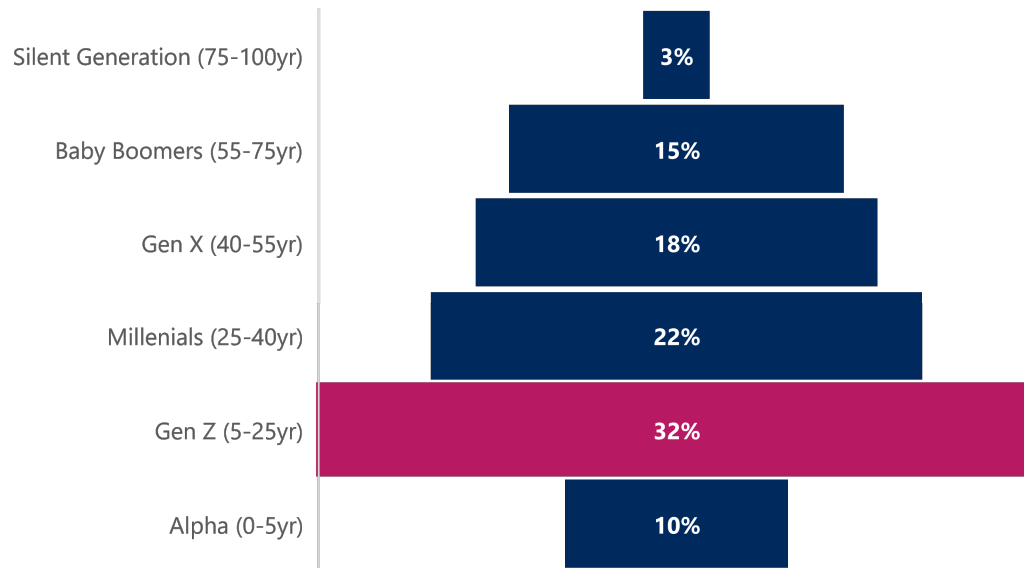


- There remains the risk of scarring amongst certain demographics which could have implications for how much spending increases and on what

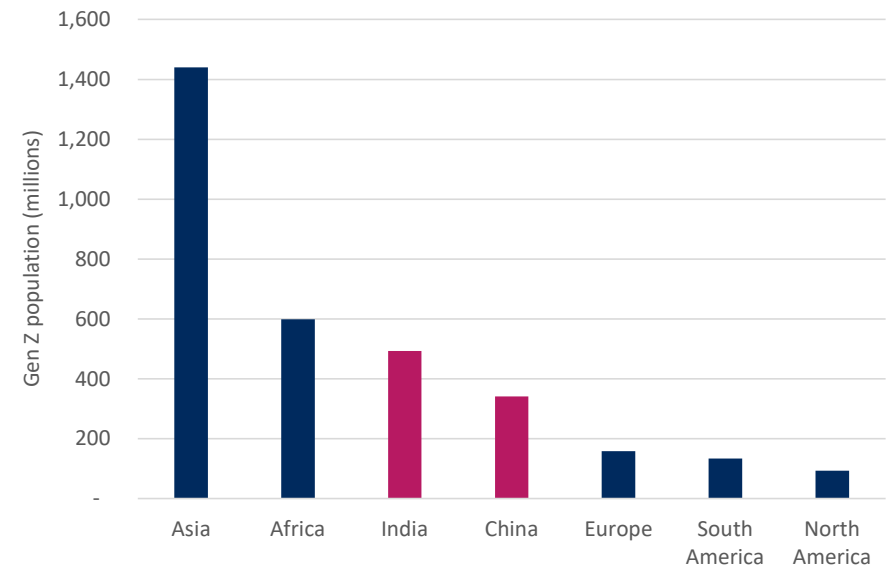
# Gen Z – they are here and they are important

A hugely important demographic for future consumption trends

Gen Z account for almost one third of the world's population – that's around 2.5 billion people



Look East not West – Asia makes up a majority of the global Gen Z population, notably in India and China



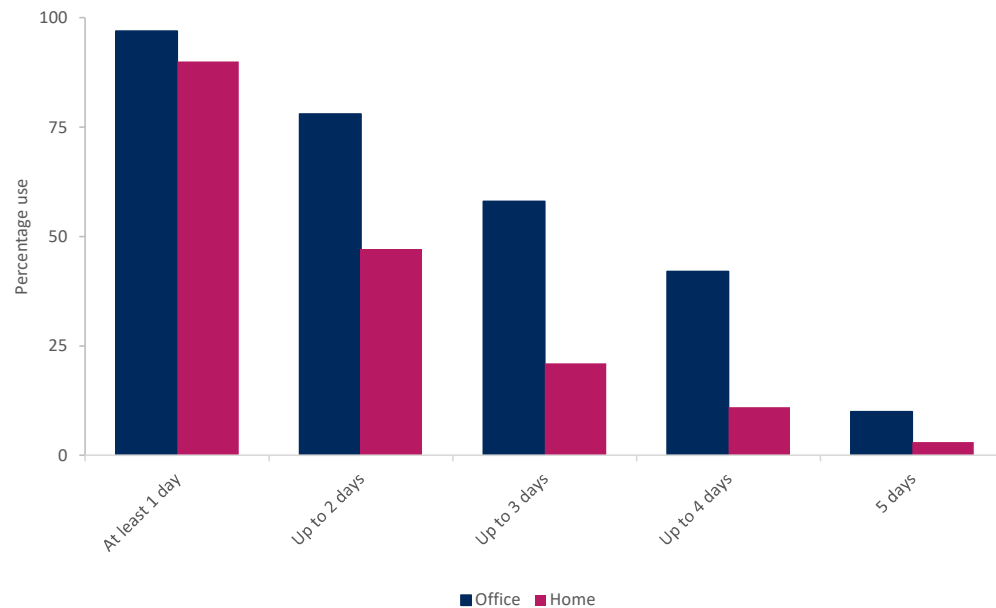
- 89% of Gen Z are in emerging markets
- The fastest-growing income, set to increase 140% in the next five years to \$17tn in 2025 and \$33tn by 2030

Source: UN, Euromonitor, Our World in Data.

# Changing working practices

## Flexible working is here to stay

Splitting time between the office and home will become the new norm



Offices will continue to serve an important purpose:

- Spreading corporate values and training new staff
- Exchange of ideas and collaboration

We are likely to see significant shifts in how we use office space

Flexible working can benefit both employees and employers

Your ability to attract and retain staff



Your company's productivity

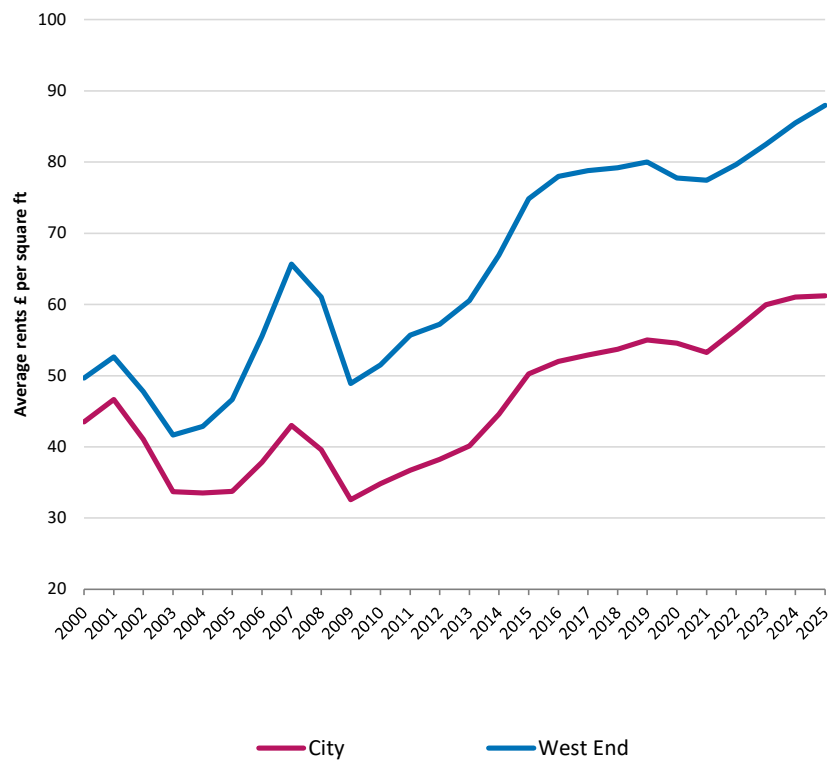


- A positive impact
- A fairly positive impact
- No significant impact
- A fairly negative impact
- A very negative impact
- not applicable / don't know

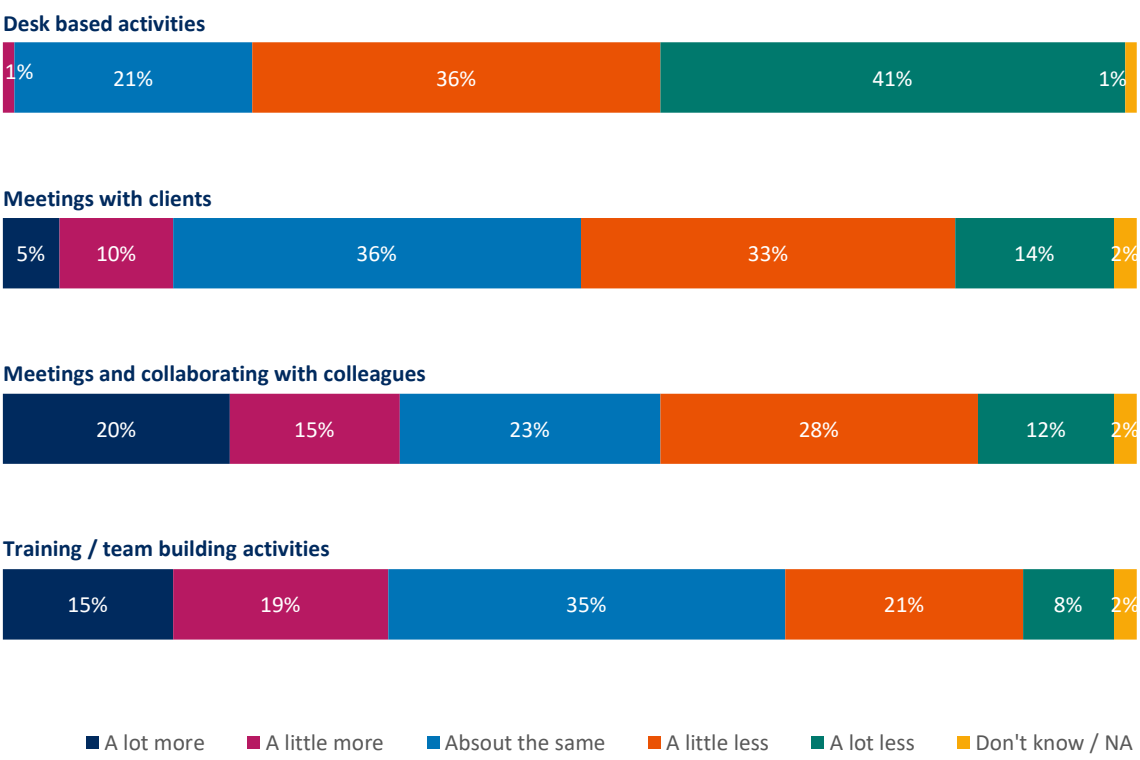
# Changing working practices

## Demand for quality office space will remain, but how we use it will change

Rents forecast to recover – although greater demand for West End vs City



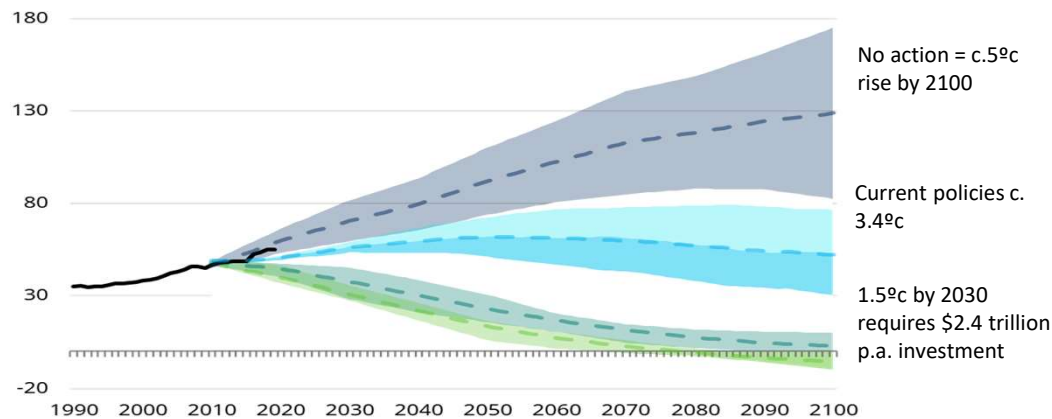
Changing expectations for how offices will be used



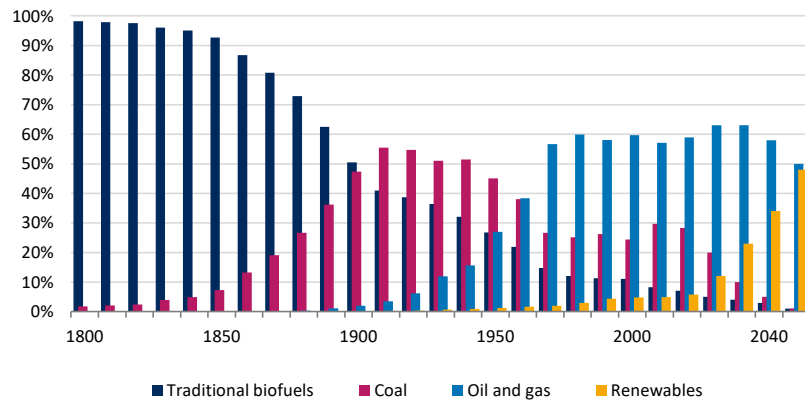
# The Green Agenda and energy transition

## A huge challenge that presents opportunities

### 2100 Warming projections



### Global primary energy use



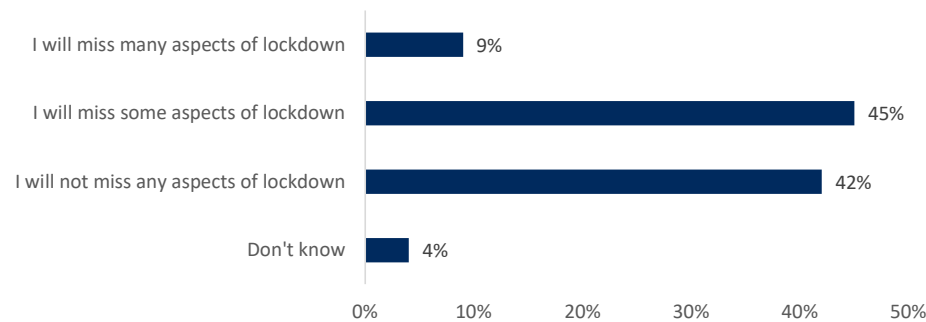
- Global emissions must fall by 33% from 2010 levels by 2030 to limit climate change to 2°C
- 77 countries and 100+ cities have committed to 'net zero' targets in 2030-2050
- Requires additional public and private sector investment
- Ambition that 37% of the 750 billion European Recovery Fund is spent directly on Green Deal objectives
- Democratic sweep and further US fiscal spend supportive of renewable infrastructure spend
- **Potential energy transition presents opportunities**



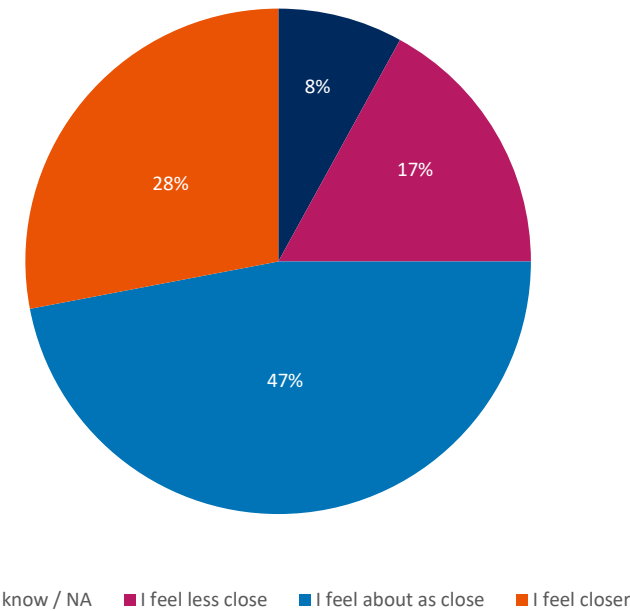
# The positive side of lockdown...

More people feel closer to family and will miss greater family time

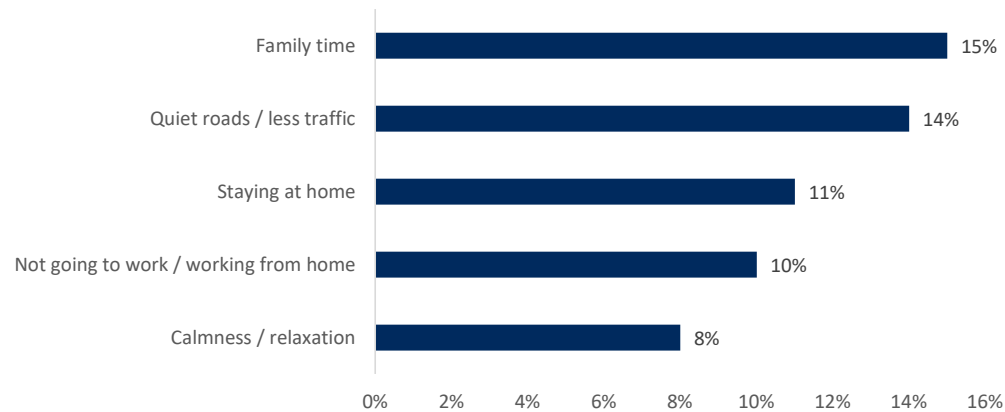
Will you miss any aspects of lockdown when it is over?



How close do you feel to your immediate family compared to before the pandemic?



Which aspects of lockdown will you miss?<sup>1</sup>



<sup>1</sup> Question asked to the 54% of respondents who said they would miss parts of lockdown

Source: The Policy Institute, Kings College London, Ipsos Mori, Cazenove. Data based on 2,442 UK adults (16+). Data collected 12-15 March 2021.

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