

Housing for inclusive cities research

Discovery + discussion paper | October 2016

About this research

This document contains highlights of research conducted across 14 cities in Spanish, English, Portuguese, Mandarin, French and Arabic. The findings are distilled from primary research – namely a questionnaire-based survey conducted by our partners with their own staff. The research was designed to discover the key factors relating to housing, employment and the liveability of cities for employees.

The research comprised:

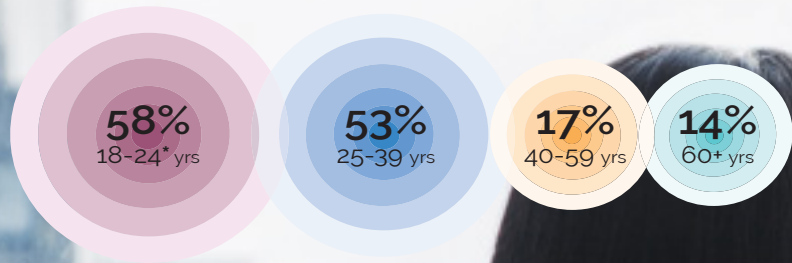
- 5,657 responses.
- 51% of respondents were female at 2,857 and 49% male at 2,799.
- 18% of those surveyed were 18-24, 64% 25-39, 17% 40-59 and 1% older.
- 47% of those surveyed are renters, 23% have a mortgage, 18% live with parents/family and 12% own their home outright.
- 48% of those surveyed work in professional services, and 32% in financial services, meaning that the data is skewed towards these professions.
- 35% live in New York, and 23% in Chicago, so the data is most likely to reflect North American patterns.

Cities responding included Abu Dhabi, Beijing, Boston, Chicago, Dubai, Hong Kong, London, Mexico City, New York, Paris, San Francisco, São Paulo, Shanghai and Sydney.

Four discoveries for discussion

- 1. Renting is prevalent across all age groups and income brackets**
How should cities and businesses adapt?
- 2. Staff would rather switch jobs than face long commutes**
How can cities build loyalty?
- 3. The poorest have the longest commutes**
How can businesses implement subsidised travel, satellite offices and more flexible working patterns?
- 4. Job prospects and safety are top priorities when choosing where to live**
How can employers cater for these key needs?

This discovery and discussion paper was produced by the Global Cities Business Alliance (GCBA) in October 2016 in collaboration with AECOM, Arcadis, King & Wood Mallesons, McKinsey & Company and PwC. Special thanks go to Arcadis, who conducted the analysis of the primary research data. This document also draws on data and insights from the following GCBA reports: *Housing for Inclusive Cities: the economic impact of high housing costs*, April 2016; *Housing for Inclusive Cities: policies in practice*, June 2016. The views expressed are those of GCBA.



Percentage of people renting by age group.

Global Cities Business Alliance - Housing for Inclusive Cities research 2016.

*Nearly 40% of 18-24 year-olds live with parents/family.

Renting is prevalent across the entire population and income groups – not just among young people and lower-wage earners.

Discovery

It is a common perception that renting is confined to younger age groups. But we discovered that while two in every three people aged 18-24 rent, large proportions of older age groups are also paying landlords for a roof over their head. More than half of those aged 25-39, nearly one in five aged 40-59 and 14% of over-60s also pay rent.

Our findings around the relationship between renting and income were equally surprising. We expected lower-income earners to predominantly rent and higher earners to own their own home. However, we discovered that more than 40% of low-income earners live with their parents, and the renting segment actually increases as income grows (apart from those earning more than \$100k a year).

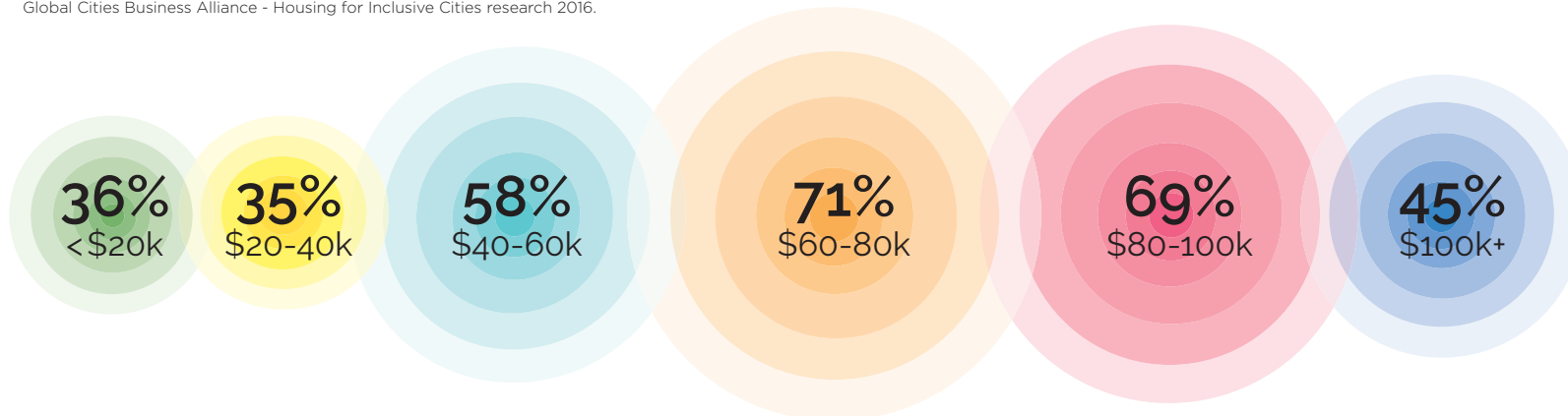
Discussion

Renters make up a large proportion of the workforce, but in many global cities monthly rents are eating huge chunks of employees' salaries: more than 50% in London and over 63% in New York for example. So how can cities and businesses work together to reduce housing costs for staff and citizens?

- Options include supporting the development of – and access to – efficient transport systems in addition to public or employer subsidies for development, purchase, ownership and rental of housing.
- Find out more in our 2016 report *Housing for Inclusive Cities: policies in practice*.¹

Percentage of people renting by income bracket.

Global Cities Business Alliance - Housing for Inclusive Cities research 2016.





2

Commuting and working

People are more willing to move to another city and find a new job than stick with their existing job and take on a longer commute.

Discovery

Rising housing costs are prompting employees to reassess their living arrangements: is it better to keep your job but move out of town to less costly accommodation and endure a longer commute, or hand in your notice and find a job elsewhere?

Our research showed that employees are more likely to switch their job than face longer commutes to their existing job. In particular:

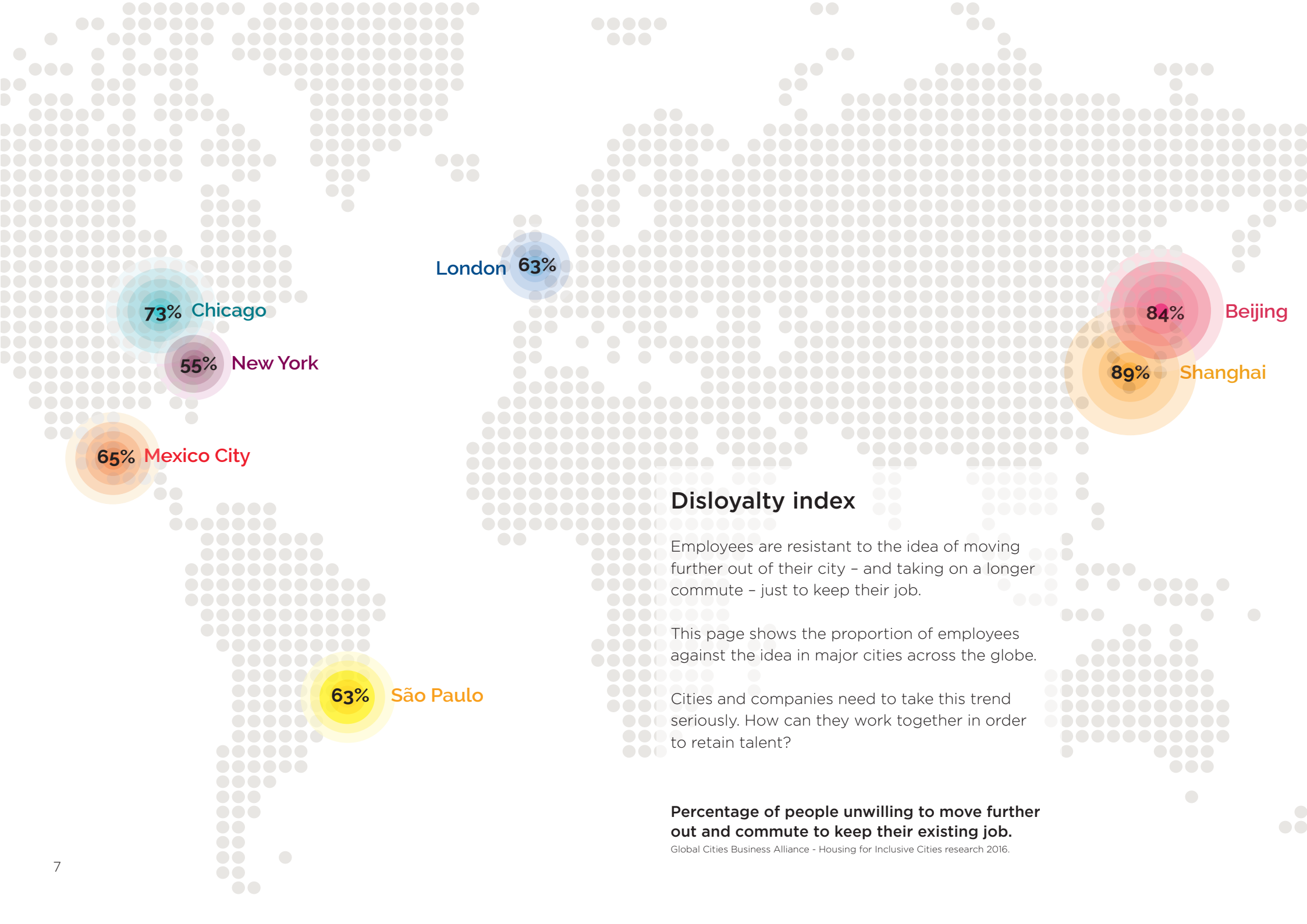
- More than 50% of employees in London, Mexico City, New York and São Paulo were likely to move and find a new job elsewhere.
- All cities were agreed on their unwillingness to move out and commute to an existing job.
- Shanghai topped the poll with nearly 90% of staff digging in their heels and saying they would be unwilling to move further out and commute.

Discussion

If house prices continue to rise and affordable housing becomes increasingly scarce, valued staff will abandon global cities to find cheaper accommodation and jobs elsewhere. This 'brain drain' will inevitably impact negatively on both business and cities. So how can cities keep their workers? Ideas include:

- Prioritising quality of life and the environment.
- Revitalising neighbourhoods to create affordable housing closer to city centres.
- Investing in social infrastructure such as transport and housing.





Disloyalty index

Employees are resistant to the idea of moving further out of their city – and taking on a longer commute – just to keep their job.

This page shows the proportion of employees against the idea in major cities across the globe.

Cities and companies need to take this trend seriously. How can they work together in order to retain talent?

Percentage of people unwilling to move further out and commute to keep their existing job.

Global Cities Business Alliance - Housing for Inclusive Cities research 2016.



3

Income and commuting

The poorest endure the longest commutes but are the least willing to travel long distances.

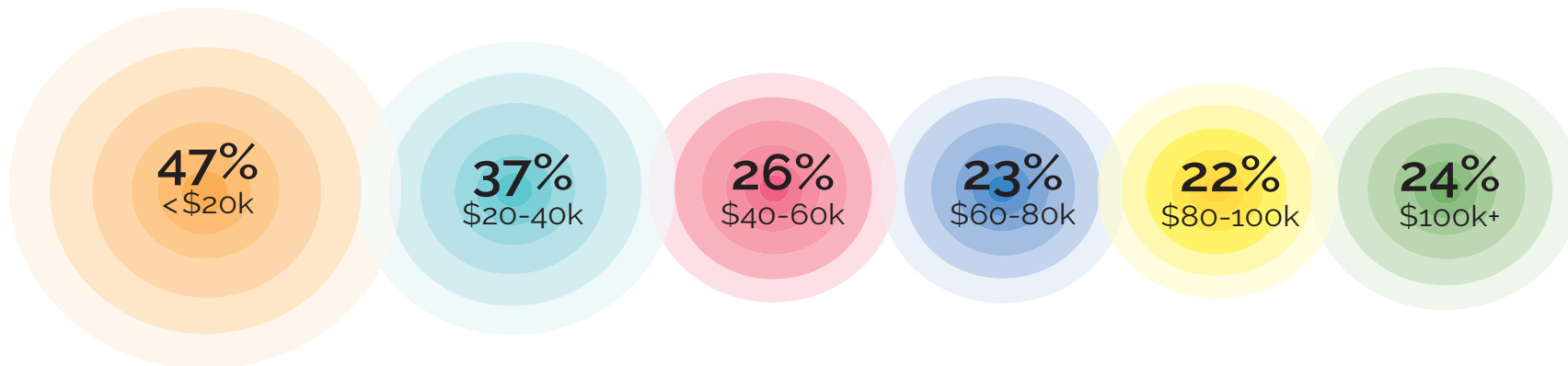
Discovery

We wanted to explore the relationship between income and commuting. We expected lower-paid workers to be in part compensated by shorter commutes, and employees on higher salaries to be more willing to travel longer distances to work.

In fact, we found the reverse to be the case: the lowest-paid workers travel the furthest for their jobs and commuting times fall as salaries rise. In fact, those earning \$60,000-plus have the shortest commutes, with more than one in three commuting for less than half an hour a day. We also explored attitudes to commuting and found that the lower the wage, the less inclined workers were to endure longer commutes.

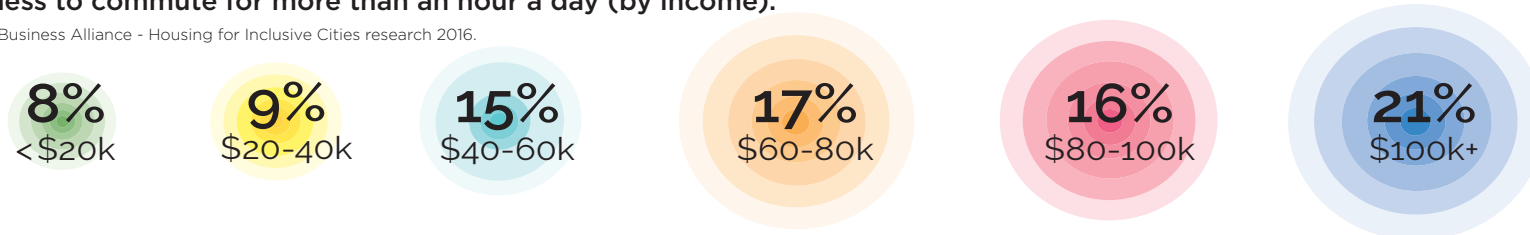
Commuting for more than an hour a day (by income).

Global Cities Business Alliance - Housing for Inclusive Cities research 2016.



Willingness to commute for more than an hour a day (by income).

Global Cities Business Alliance - Housing for Inclusive Cities research 2016.



Discussion

Our research found that at least 40% of workers earning under \$20,000 are taking on long commutes that they would, given the choice, not undertake. This trend is placing a huge burden on lower-paid employees and potentially means employers are missing out on essential workers. So what can companies do to address the problem? Flexible working arrangements, subsidized travel and satellite offices may all be part of the solution.

- Find out more about the effect of housing costs on commuting times in our 2016 report *Housing for Inclusive Cities: the economic impact of high housing costs*.²



4

Factors influencing where to live

Job prospects and safety are top factors when relocating.

Discovery

Workers consider a host of factors when deciding where to live. What is the likelihood of finding a good job and a bearable commute? What kind of accommodation is available and what does the city offer in terms of culture, schools and green space?

Our study discovered that the top four criteria among those choosing where to live were 'employment prospects', 'safety and security', 'ease of commuting/travelling around the city' and 'quality of housing'. Interestingly, these elements were valued over 'cost of living', while 'access to schools' was deemed the least important factor in our list.

Discussion

The jobs offered by businesses have a direct impact on the quality and scale of new arrivals to a city, but do employers recognise the primary role they are playing in shifting urban demographics? The quality of positions available, office locations and ease of commuting are all top priorities for a mobile and talented workforce, so what can businesses do to influence these factors?

Percentage of people who regard the factor as 'very important' or 'important'.

Housing for Inclusive Cities research 2016. Global Cities Business Alliance.

*68% of all questionnaire respondents were 25-39 years old and 17% were aged 40-59.

