

The worst of Covid might yet be to come for the UK High...

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Two reports on the state of the High Street really struck me this morning. One is in the [Guardian](#) where it is said that:

Fewer than one in five people working in cities across the UK had returned to the office by the end of July, figures have revealed.

A report from the Centre for Cities thinktank said worker footfall in 30 big cities stood at an average of just 18% of pre-pandemic levels in the immediate aftermath of most Covid laws being scrapped in England.

That report also found that whilst UK holiday resorts like Blackpool and Bournemouth were recovering well - as was their nightlife - night-time footfall in London, Luton and Slough, remained unchanged since clubs reopened and social distancing rules were removed.

The reality is that social distancing is still in place, but people are now imposing it themselves, as I admit I am doing (not that I was ever a great contributor to nightlife footfall).

This relates to a [story in the FT](#) where three things are noted. The first is that unpaid high Street rents now amount to £6.4 billion. The second is that:

The most recent quarterly rent day was June 25. Three weeks after rent came due, leisure businesses in the UK had paid just half what was owed and retailers 70 per cent.

In other words, this failure to pay rent is not ending. Which is hardly surprising when the customers are not returning.

Third, this will continue until next March, until when landlords cannot evict commercial tenants, when the crisis will really hit.

I predicted this crisis in a number of articles as Covid began. [This is one of them](#). The surprise is that so far the issue does not appear to have escalated into a wider

consciousness. There are four issues.

First, there is government indifference. I said the government had to decide. It has not. And in the circumstances that means it is choosing to back the landlords who will eventually have the law on their side. That is what I predicted.

Second, there is the massive impact that is likely on the High Street. Having made it through two years of crisis by next March the wrecking ball will eventually come from the landlord's writ and then the decimation will begin. You could not make such a farcical outcome up.

Third, the real cost of this is going to be high. It's on job losses, and the loss of amenity. It is in gutted town centres. This is the social cost.

But, fourth, it has also to be noted that this will be reflected in property prices. These are unsustainably high. That is a threat for many landlords given how highly geared many of them are. That in turn then threatens the banks with bad debt. And remember, many pension funds are invested in all of these sectors, so they too are at risk.

The reality is that the systemic thinking required to address the problems that coronavirus has created has simply not been taking place in this government that is obsessed with tomorrow's headline and has nothing more than its populist agenda on its mind.

It was said that the UK economy was like a coiled spring waiting to unleash after Covid. This data shows how wrong those saying such things were. The real impact of getting that so wrong has not been seen as yet: it is still my view that the worst of the economic impact of Covid might yet be to come. And that will be by government choice as it walks away from the problem saying, as ever, that the market must sort things out. It can't. It won't. And the government will be to blame. The object is to make sure people know that.