

Evidence briefing: Assessing the local economic impacts of public spaces

1. Summary

Public spaces are spaces that are outdoors and open to all. Most public investment in these spaces aims to create or improve:

- Public realm, for example on high streets and in town centres
- Active travel infrastructure, including cycle paths and footpaths
- Green spaces, including parks, parklets, and urban forests.

Whilst the primary benefits of public spaces are often social or environmental, there is increasing interest in their impact on the local economy.

This briefing provides a framework to help policymakers think through the benefits and costs of investing in public spaces. It draws on two rapid evidence reviews of the evaluation evidence (one covering public realm and green spaces, and one covering active travel infrastructure), and on economic theory and evidence. Reflecting What Works Growth's remit, it focuses on understanding the potential benefits for local economic performance. It also looks at some wider benefits such as improving health and pride in place. These are both stated goals of current policy and there is an established link between the outcome and local economic performance, although these links may be weak or longer-term.

Key messages

Assessing local economic benefits

- Where will benefit? For most schemes, benefits will be confined to the streets or neighbourhoods that receive investment.
- The impacts of most public space investments are likely to be small relative to the size of the local economy. Benchmarking can help provide a sense of scale.
- Is the amenity value of a place – including its attractiveness or accessibility – a key issue limiting footfall and turnover? If not, it is unlikely that investment in public spaces will lead to substantive changes in local economic or health outcomes.
- Will improved public spaces change where residents and visitors spend disposable income and leisure time? Assessing this will require understanding current preferences and behaviours.
- Will the scheme lead to displacement within the local area? And are any elements of the scheme in conflict with each other? In both cases, this will reduce the overall impact of investment on the local area.
- Gather baseline data to help assess the potential and realised impacts of the scheme, making use of existing datasets wherever possible.
- Use projected increases in revenue and revenue per employee data to estimate the direct jobs that could be created.
- Jobs may take time to emerge if businesses wait to see if increases in footfall and turnover are transitory or sustained.
- Additional jobs may also be created indirectly through purchases from local supply chains or those newly employed spending additional income locally. Multipliers can be used to estimate the effect on total jobs. Consider the factors that will affect the size of the multiplier, including supply chain links, commuting, and spending patterns.
- For most public spaces schemes, effects on local wages and productivity are unlikely.
- Are commercial or residential property prices likely to be affected? The benefits arising from public spaces schemes often increase property prices ('capitalisation') near to the scheme. Some schemes may cause property prices to fall if they make the area less attractive.
- Changing property prices may lead to changes in neighbourhood composition (i.e. in the type of households that live close to schemes).

Assessing wider benefits

- Where appropriate, assess the likely impacts on physical activity and health. For health, consider the benefits for both users and non-users.
- Recognise that physical activity impacts are more likely than health impacts.
- Interventions to change behaviours may be needed alongside physical investment to secure physical activity and health benefits.
- Will improving public spaces near public services increase use of those services? This is likely to depend on the nature of the services.
- Public space schemes will only affect pride in place if they are addressing issues that limit pride in place for a large proportion of residents.
- Consider the potential social and community benefits of the public spaces scheme.

Assessing costs

- Costs should be assessed and are likely to be highly specific.

Monitoring and evaluation

- Monitor and evaluate public space schemes. This will help improve decisions around future schemes.

2. Background

Public spaces are spaces that are outdoors and open to all. Most public investment in these spaces aims to create or improve:

- Public realm, for example on high streets and in town centres
- Active travel infrastructure, including cycle paths and footpaths
- Green spaces, including parks, parklets, and urban forests.

Whilst local authorities have long invested in public spaces, there is increasing focus on the wider benefits they may bring. For example, public spaces are a focus of levelling up policy. And, the UK government launched the Build Back Better High Streets strategy, the Future High Streets Fund and Towns Fund to address long-standing concerns about the viability of town centres and high streets which were exacerbated by the Covid-19 pandemic. Regeneration of public spaces in town centres and high streets are also a feature of the Levelling Up Fund and UK Shared Prosperity Fund. Devolved administrations have also introduced policies with similar objectives.

The UK and devolved administrations also have policies in place to increase cycling and walking, including the Gear Change plan and the Second Cycling and Walking Investment Strategy 2 in England, the Scottish Active Travel Framework, the Active Travel (Wales) Act and Llwybr Newydd: The Wales Transport Strategy 2021. Policies in this area tend to be framed as delivering improvements to health and wellbeing and reducing congestion and air pollution.

Green spaces are also seen as important contributors to health and wellbeing, with improving the availability of high-quality green spaces one of the key recommendations of the 2010 Marmot Review of health inequalities. The Levelling Up White Paper sets out funding allocations to create new green spaces, restore and refurbish existing parks, tree planting, and restoration of peatland with parks and green spaces considered “*critical to enhancing the attractiveness of towns and cities*”. The Towns Fund and UK Shared Prosperity Fund can both be used to invest in green spaces. In the devolved nations, green spaces are embedded into wider legislation, with Scottish Planning Policy placing a requirement on local authorities to carry out an open space audit and have an open space strategy and the Wellbeing of Future Generations (Wales) Act 2014 including commitments to support natural green spaces.

3. Assessing local economic benefits

3.1 Start by considering scale

Where will benefit? In most cases, the benefits will be localised – i.e. they will occur in or near the improved public space. For example, improving the public realm of a high street may increase turnover in the high street and benefit neighbouring streets, but is unlikely to increase turnover in retail destinations further away. Similarly, the house price effects of a new park are likely to be limited to nearby streets. Given that most effects will be highly local, consider the geography at which benefits

are assessed. In many cases aim to do this at the smallest possible area level (for example, LSOA or ward), although not all data may be available at this level.

The main exception will be schemes that have network effects – for example, cycling infrastructure that improves the transport network. However, only schemes that are large relative to current infrastructure are likely to have substantial network effects.

Benchmark effects against the local economy to get a sense of scale. Most public space investments are likely to have small impacts relative to the size of the local economy. For example, employment in a high street receiving investment may be small relative to total retail and hospitality employment in the local area, and an even smaller proportion of total employment. Even if investment leads to a large increase in employment on the high street, this would only mean a small increase in total employment across the local area.

Key messages:

Where will benefit? For most schemes, benefits will be confined to the streets or neighbourhoods that receive investment.

The impacts of most public space investments are likely to be small relative to the size of the local economy. Benchmarking can help provide a sense of scale.

3.2 Could improving public spaces affect footfall and turnover?

For most schemes, investment will increase the attractiveness of a place. Investments in cycling and walking infrastructure can also improve accessibility. ‘Attractiveness’ or ‘accessibility’ are often referred to as ‘amenity values’ of a place. In many cases, the most obvious indicator to assess the effects of improved amenity values is an increase in footfall – for example, an increase in the number of people visiting a town centre or green space or making use of a cycle path. For most outcomes (other than property prices), this increase in footfall is also the precursor to other changes. For example, investment increases the attractiveness of the town centre, with increased footfall leading to increased turnover in high street businesses, and possibly an increase in employment at these businesses. For green spaces, increasing footfall underpins increases in physical activity and associated improvements in health. Without increases in footfall, it is unlikely that these other benefits will arise.

Are attractiveness or accessibility key issues limiting footfall? For example, if low household incomes are the main factor limiting footfall and spending (turnover for firms), improving the physical appearance of the town centre or improving cycle access is unlikely to have a substantive impact. Similarly, if the retail and hospitality offer elsewhere better fits consumer demand, improving public spaces will only have a limited impact.

Develop an understanding of where any target market currently spends disposable income and leisure time (including online) and the extent to which the improvement to public spaces is likely to change behaviour. Consider both residents and visitors. The relative importance of these two groups will vary across projects, with visitors likely to be more important in tourist destinations or if the public space plays a regional role (for example, if it is a regional shopping destination).

Could investment lead to displacement within the local area? For example, many local authorities have multiple high streets, so improving the public realm in one high street may simply lead to residents substituting one local high street for another, rather than increasing overall footfall and turnover.

Will any elements of the proposed scheme conflict, and how will these conflicts be managed? For example, high street improvements may aim to increase footfall and turnover, but cycling infrastructure may involve removing parking spaces, which may have the opposite effect.¹ Cycling infrastructure schemes could also have negative effects on the transport network if they reduce road capacity.

Gather baseline data to help assess the impacts of the scheme. Unless data needs are highly specific, make use of existing datasets that capture footfall and spend data as these should allow benchmarking of the scheme against schemes in other areas.

Key messages:

Is the amenity value of a place – including its attractiveness or accessibility – a key issue limiting footfall and turnover? If not, it is unlikely that investment in public spaces will lead to substantive changes in local economic or health outcomes.

Will improved public spaces change where residents and visitors spend disposable income and leisure time? Assessing this will require understanding current preferences and behaviours.

Will the scheme lead to displacement within the local area? And are any elements of the scheme in conflict with each other? In both cases, this will reduce the overall impact of investment on the local area.

Gather baseline data to help assess the potential and realised impacts of the scheme, making use of existing datasets wherever possible.

3.3 Could improving public spaces increase employment, wages, or productivity?

Employment

Direct effects

Estimated effects on footfall and spending can be used to estimate increases in turnover for affected businesses. In turn, estimated increases in turnover can be used to estimate employment impact using data on revenue (turnover) per employee. For example, across all firms this was just over £190,000 in 2021, so dividing the revenue figure by £190,000 will give an estimate of the employment effect.² If specific sectors will be affected by the scheme, it may be possible to find estimates of revenue per employee for these sectors that will give a more accurate estimate.

Employment impacts may take time to emerge if businesses wait to see if increases in footfall and turnover are transitory or sustained. As with footfall and turnover, consider whether there is any displacement.

For some large schemes (such as the redevelopment of the area surrounding Kings Cross station in London), investment in public spaces could play a role in encouraging firms to relocate to an area, increasing employment. In some cases, this may change the type of jobs in the area. The quality of public spaces likely plays only a small role in firm location decisions. The availability of suitable commercial property and of workers with the required skills and expertise, transport accessibility, and access to markets and other resources are likely to be more important.

1 The evidence on schemes of this type usually finds that concerns of reduced footfall and turnover are unfounded.

2 Calculation based on data from UK Business: Activity, Size and Location 2021 published by ONS following a user request (AH1019). Please contact What Works Growth if you would more information on this data or on how to request similar data.

Indirect effects

In addition to these direct employment effects, jobs may be created in other local businesses. The main mechanisms for this are:

- Through supply chains. For example, if firms directly affected purchase inputs from local suppliers this will increase revenues and may lead suppliers to increase employment.
- Through those newly employed spending some of their additional income locally. Local jobs created in this way will tend to be in 'non-tradable' sectors, which means they provide goods or services which tend to be produced and consumed locally.

Understanding supply chains, travel-to-work patterns and spending patterns will help with assessment of how the increase in spend feeds through into additional job creation.³

Estimating the total impact on jobs using 'multipliers'

An employment 'multiplier' can be used to scale up the number of jobs created directly to estimate the total number of jobs created. There are several ways to estimate this multiplier. Evidence reviewed for the What Works Growth [local multipliers toolkit](#) suggests that the multiplier for private sector jobs is around 1.3. This means that, on average, for each new private sector job created directly (i.e. through the public space investment), 1.3 additional private sector jobs will be created indirectly, with 0.4 from jobs created through the supply chain and 0.9 from increased demand from more people employed locally.⁴

The Office for National Statistics (ONS) uses a different method, known as input-output analysis, to estimate the multiplier for different sectors. The ONS figures suggest that each new private sector job creates 0.7 new private sector jobs in the supply chain (but provides no estimate for the jobs created through increased incomes).⁵

The 0.7 and 1.3 figures are averages. The employment multiplier could be larger or smaller than this, depending on:

- The extent to which firms use local suppliers: the more they use them, the more jobs should be created in the local supply chain.
- Where new employees will work, live, and spend their income. This will affect how much of the increased demand for goods and services occurs within the local area.

Most of the jobs directly created are likely to be in retail, hospitality, and personal services. The use of local suppliers is likely to vary across these sectors and firms. For example, within the cafe and restaurant sector, some will use local food and drink suppliers, whilst others (including most chains) will predominately purchase from national or multinational suppliers based outside the area.

As wages in retail, hospitality and personal services tend to be low, there is a higher probability that new employees may work, live, and spend their incomes locally, because lower paid workers tend not to commute long distances.⁶ But as most of the new jobs are in relatively low paid sectors, total spend will be less than if higher paid jobs were created.

3 What Works Growth's guide to [using data for local economic policy](#) provides information on understanding local supply chains.

4 Indirect jobs or total jobs created are calculated by multiplying the number of jobs created directly by the multiplier. There are differing conventions for how multiplier effects are presented. Here, a multiplier of 1.3 means 1.3 additional jobs for every job created directly: 1.3 times the number of directly created jobs gives the number of *indirect* jobs. A different convention is to call this a multiplier of 2.3: 2.3 times the number of directly created jobs gives the number of *total* jobs (direct and indirect). It is important to check which convention is being used.

5 More detail on these two methods can be found in on the [What Works Growth website](#).

6 As these roles will mostly be low-paid, it is likely that most wages will be spent rather than saved or invested.

Key messages:

Use projected increases in revenue and revenue per employee data to estimate the direct jobs that could be created.

Jobs may take time to emerge if businesses wait to see if increases in footfall and turnover are transitory or sustained.

Additional jobs may also be created indirectly through purchases from local supply chains or those newly employed spending additional income locally. Multipliers can be used to estimate the effect on total jobs. Consider the factors that will affect the size of the multiplier, including supply chain links, commuting, and spending patterns.

Wages

Wages reflect overall labour supply and demand at the local level. As the impact of public space investments on employment is likely to be small relative to the overall size of the local economy, it is unlikely that they will affect the balance between supply and demand and lead to changes in wages. Some types of interventions can increase demand for individuals with specialist skills and expertise, affecting wages for these individuals, but this is unlikely for public spaces interventions where most of the jobs created are in retail, hospitality, and personal services.

Key messages:

For most public spaces schemes, effects on local wages are unlikely.

Productivity

For most public space schemes, there are no obvious links to increased productivity. For example, investment in town centre or active travel infrastructure is unlikely to change the main drivers of productivity – such as skills, leadership and management, entrepreneurship, use of technology, etc. In addition, the sectors most likely to be affected by public spaces investment – retail, hospitality, and other personal services – tend to be inherently low productivity sectors, so the scope for investment to increase productivity will be limited.

Even when schemes have a productivity impact, this is likely to be small. For example, there is some evidence (cited in our [local green investment](#) evidence review) that increasing cycling can reduce absenteeism but unless large investments in cycling infrastructure lead to big changes in how many people cycle and how often, these effects will be small (and difficult to observe in absentee or productivity data).

Key messages:

For most public spaces schemes, effects on local productivity are unlikely.

3.4 Could improving public spaces increase property prices?

As outlined earlier, investing in public spaces can improve the attractiveness or accessibility of a place. These amenity benefits often increase property prices (sometimes referred to as being ‘capitalised’ into property prices).

Will commercial property, residential property or both be affected? This will depend on the nature of the scheme and the property mix near to the scheme. For example, town centre schemes are most likely to affect commercial property prices (as increasing footfall and turnover increase rents firms are willing to pay). If there is housing in the town centre, residential property prices may also be affected. In contrast, green space investments are often in residential areas, meaning effects are more likely on residential property prices. For cycling and walking schemes, there may be benefits along the route, meaning both residential and commercial property prices are affected.

The evaluation evidence suggests that distance matters for property price effects. For example, users of active travel infrastructure or green space often live close to schemes. This means that impacts are likely only within relatively small areas.

Property prices may also be affected by positive or negative externalities. For example, if town-centre improvements boost the night-time economy, this could reduce residential property prices if noise and disorder increase. Alternatively, if town-centre improvements reduce congestion and pollution, this could increase property prices.

Without ongoing maintenance, public spaces can become disamenities, potentially reducing property prices. When assessing the potential benefits of public space schemes, consider what maintenance will be necessary and recognise that benefits may be temporary if the space is not maintained.

Increases in property prices may lead to a change in neighbourhood composition (i.e. in the type of households that live close to schemes). For example, if green space investment increases residential property prices, lower-income groups may be priced out of the area. Similarly, increased footfall in a town centre may result in higher commercial rents and change which firms can afford those rents.

Key messages:

Are commercial or residential property prices likely to be affected? The benefits arising from public spaces schemes often increase property prices (‘capitalisation’) near to the scheme. Some schemes may cause property prices to fall if they make the area less attractive.

Changing property prices may lead to changes in neighbourhood composition (i.e. in the type of households that live close to schemes).

4. Assessing wider benefits

4.1 Could improving public spaces improve health?

Research highlights the benefits of physical activity on physical and mental health. If a public spaces scheme helps facilitate physical activity, it could potentially improve health. Examples of schemes that might encourage physical activity include installing cycle paths, creating green spaces, or pedestrianising town centres. In practice, the evidence on the impact of public space interventions finds that they can increase physical activity, but the evidence on health is much less conclusive. There are various reasons for this difference.

Health is complex and influenced by many factors including income and social status, education, physical environment, social support networks, genetics, access to health services, and gender. Even when an intervention makes a big difference to an individual (for example, encourages them to cycle more often), this may only play a small part in their overall health outcomes.

Most public space interventions are incremental (for example, adding a cycle path to an existing network) or small-scale, meaning only a small proportion of residents may make use of the new infrastructure or green space.

Benefits may also depend on the physical characteristics of the affected neighbourhoods and the socio-economic and other characteristics of households living in those areas. For example, if a new green space is difficult to access on foot, this may limit the extent to which it is used for physical activity.

Health effects can be hard to detect if they occur longer-term, especially if the outcomes relate to mortality, morbidity, or the incidence of conditions such as heart disease, or dementia.

All this suggests that whilst health provides a rationale for investing in some public space schemes, health impacts may be small and difficult to observe at the population level. If improving health (or reducing health inequalities) is a policy priority and there is flexibility around how resources are spent, other policy options may be more effective. The [National Institute for Care and Health Excellence](#) (NICE) provides evidence-based guidance on health.

Additional interventions (for example, campaigns to encourage cycling or events to encourage use of a park) may be required to secure increases in physical activity and the associated health benefits. This may be particularly important if current residents are in groups that are less likely to engage in physical activity.

As outlined earlier, there is a risk that investment in public spaces could lead to changes in neighbourhood composition. From a health perspective, households that already participate in physical activity may place a premium on living close to public spaces such as cycling infrastructure, green spaces or a pedestrianised area. Demand from these households may increase property prices, resulting in displacement of an existing, less physically active, population that is in greater need of improved public spaces.

Some health benefits may also accrue to non-users. For example, if cycling and walking infrastructure reduces motor vehicle travel and air pollution, this will have benefits for residents even if they do not use the infrastructure. Similarly, increased tree coverage from new green spaces could improve air quality for all.

Key messages:

Where appropriate, assess the likely impacts on physical activity and health. For health, consider the benefits for both users and non-users.

Recognise that physical activity impacts are more likely than health impacts.

Interventions to change behaviours may be needed alongside physical investment to secure physical activity and health benefits.

4.2 Could improving public spaces improve use of public services?

Improving public spaces near public services could increase use of those services. For example, improvements in the public realm around a library or community hub may encourage visits. There is no evaluation evidence on these effects, so collecting baseline data and monitoring effects will be key to understanding any impacts. Whether public spaces influence use may depend on the service. For example, public spaces may be a more important factor for use of discretionary services such as libraries than for essential services such as hospitals.

Key messages:

Will improving public spaces near public services increase use of those services? This is likely to depend on the nature of the services.

4.3 Could improving public spaces improve pride in place or community cohesion?

Currently, one of the rationales suggested for investing in public spaces is their role in encouraging pride in place. For example, the Levelling Up White Paper argues that there is a need to invest as an *“atmosphere of decline created by tired high streets, dilapidated buildings and poor quality housing can undermine pride in place and economic dynamism”*.

There are several challenges in understanding the effects of investments on pride in place. Pride in place can be felt at different geographic levels – street, neighbourhood, town, city, region, or country – and individual feelings of pride may vary across different geographic levels (for example, an individual may have strong feelings of pride in their neighbourhood but not in their town or vice-versa). Available data is limited, with most focusing on concepts such as belonging rather than pride itself. Whilst useful, these measures may be less likely to change because of an investment in public spaces than if pride was measured directly. These measures are also highly subjective, and current data finds that less prosperous areas often report higher levels than more prosperous areas.

These issues will make it difficult to assess how schemes affect pride in place. It may help to start by understanding current levels of pride in place (or associated measures) and what factors are influencing these. For public space schemes to make an impact, they must be tackling issues that are negatively affecting pride in place. For example, if high levels of deprivation are reducing pride in place, investment in green spaces or cycling infrastructure is unlikely to lead to a major shift.

The scale of the benefits will depend on the proportion of residents for which the scheme makes a difference to their feelings of pride, and how large a role it plays within their assessment. Pride in place benefits may accrue to non-users – for example, residents may derive pride in place from an improved town centre or a new park even if they do not regularly make use of it.

Public spaces could also have wider social or community benefits – for example, a park could help improve community cohesion by providing a place for different communities to mix. A systematic review of community infrastructure commissioned by the [What Works Centre for Wellbeing](#) finds that neighbourhood design, green and blue spaces, and placemaking may all have positive impacts on social relations (for example, by improving social networks, or facilitating social interactions) and community wellbeing (for example, by boosting sense of ownership or empowerment, or encouraging

greater civic engagement).⁷

However, the review also found that neighbourhood design and placemaking can have negative impacts on social relations and community wellbeing, primarily related to (actual or perceived) gentrification. Other policy options – including those discussed in our forthcoming briefing on social infrastructure – may be more effective at improving these social and community outcomes such as community cohesion.

Key messages:

Public space schemes will only affect pride in place if they are addressing issues that limit pride in place for a large proportion of residents.

Consider the potential social and community benefits of the public spaces scheme.

5. Assessing costs

Assess costs and compare to the potential benefits identified in Sections 3 and 4.

As public space schemes involve investment in physical infrastructure, their costs tend to be heavily influenced by the local context. For example, the costs can be higher in areas where additional restrictions apply (such as listed buildings or UN World Heritage Sites) or when labour costs are high. And the cost of improving existing infrastructure can often be higher than that of creating new infrastructure.

In addition to the cost of constructing the public space scheme, consider the costs of disruption during construction and of ongoing maintenance (to prevent the public space becoming a disamenity).

Key messages:

Costs should be assessed and are likely to be highly specific.

6. Monitoring and evaluation

This briefing provides a framework to help local policymakers assess the benefits and costs of interventions to improve public spaces. Collecting monitoring data and, where possible, undertaking evaluation of interventions to improve public spaces will help assess whether these benefits are delivered in practice and increase the data and evidence available to inform future assessments.

Key messages:

Monitor and evaluate public space schemes. This will help improve decisions around future schemes.

⁷ What Works Wellbeing and What Works Growth use different criteria to determine what evidence to include in their reviews. See the [report](#) for details of the criteria used for this What Works Wellbeing study. Details of What Works Growth's criteria are available in our [Guide to Scoring](#).

This work is published by the What Works Centre for Local Economic Growth, which is funded by a grant from the Economic and Social Research Council, the Department for Business and Trade, the Department for Levelling Up, Housing and Communities, and the Department for Transport. The support of the Funders is acknowledged. The views expressed are those of What Works Growth and do not represent the views of the Funders.

Every effort has been made to ensure the accuracy of the report, but no legal responsibility is accepted for any errors omissions or misleading statements.

The report includes reference to research and publications of third parties; What Works Growth is not responsible for, and cannot guarantee the accuracy of, those third party materials or any related material.

July 2023

What Works Centre for Local
Economic Growth

info@whatworksgrowth.org
@whatworksgrowth

www.whatworksgrowth.org



HM Government



© What Works Centre for Local
Economic Growth 2023