



KKR Releases “The New Normal”

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New Report Delves into COVID-19’s Potential Long-Term Impact on U.S. Cities and Consumers

NEW YORK--(BUSINESS WIRE)-- KKR today announced the release of a new KKR Viewpoints publication authored by [Paula Campbell Roberts](#). In The New Normal, Roberts explores the long-term implications of COVID-19 on cities and consumer trends.

“Following a decade of relative prosperity, overlapping calamities in 2020 have brought economic activity to a near halt. The combination of longstanding political and social strife has met with an unforeseen health and economic crisis, which together have dealt a debilitating blow. As investors, some of the core questions with which we are wrestling surround future economic growth, the fate of our cities, shifts in the nature of work, and changes in consumer behavior that may persist post-COVID,” Paula Campbell Roberts says.

In her analysis against this backdrop of heightened volatility that will likely persist, Roberts outlines long-term secular investment themes that she believes will gain momentum – those that reduce cost, increase convenience and improve quality of life, health and well-being.

Specifically, in Roberts’ view:

- **Dispersion:** The locus of economic activity should disperse among multiple metropolitan nodes beyond gateway cities. Roberts affirms her pre-COVID conviction around Sunbelt migration as well as the above-average growth of medium-sized cities. Consumer spending should benefit. She believes that in real estate, multifamily, industrial and innovation offices are secular winners. Retail and older office spaces in larger central business districts are short-term losers. Gateway cities will face headwinds in the short term, but long-term budget reconciliation serves as a foundation for rebirth.
- **Essentialism:** In the context of in-person gatherings, essentialism should thrive. Specifically, Roberts expects in-person meetings to take place only when safe, necessary or highly valued. Essentialism has implications for a broad range of industries including healthcare (telehealth), personal care, retail, entertainment (online), travel (less business travel, more domestic leisure travel), apparel (casual) and real estate (single family rentals and purchases, industrial, HVAC/filtration upgrades).
- **Bifurcation:** Amid slower consumer spending growth, structural underemployment, and a focus on value and convenience, Roberts believes consumers will likely consolidate their commodity spend among large retailers who have omni-channel service and delivery capabilities and are able to offer competitive pricing. She also sees tailwinds supporting smaller manufacturers with differentiated products that are difficult to find elsewhere, particularly as larger brands scale back on SKUs. These could include goods with a specific health, ESG, ethnic or cultural significance. She believes losers are mid-sized retailers or manufacturers lacking a differentiated value proposition, product or service experience.

Links to access this note as well as an archive of KKR’s previous publications follow:

- To read the latest Insights: click [here](#).
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About Paula Campbell Roberts

[Paula Campbell Roberts](#) joined KKR in 2017 and is a member of the Global Macro and Real Estate Americas teams, where she is responsible for leading macro research for real estate investing opportunities. As the Head of Alternative Data within the Global Macro team, Ms. Roberts also leads efforts to incorporate big data in due diligence, as well as in identifying demographic and consumer-driven investment themes. Prior to joining KKR, Ms. Roberts was an executive director at Morgan Stanley and the U.S. Consumer Economist, where she managed coverage of the U.S. consumer sector, advised Fortune 500 CEOs on their consumer strategy, and used big data to predict inflections in key sectors of the economy. Before Morgan Stanley, Ms. Roberts was a management consultant leading case teams and advising Fortune 500 companies at Bain & Co. Ms. Roberts earned her MBA from Harvard Business School and a BA from Yale University. Currently, Ms. Roberts serves on the boards of The Brearley School, the Northside Center for Childhood Development, the American Friends of Jamaica and the Harvard Business School African-American Alumni Association. She is also a Compass Charter School Advisory Board member.

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