REPAIR Real Estate, Place Adaptation and Innovation within an integrated Retailing system

Policy Brief

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Editor: Dr Victoria Lawson, **Authors:** Dr James White, Dr James Hickie and Robert Richardson, University of Glasgow

Leisure and entertainment experiences

Reshaping city centres

Executive summary

City centre shopping in the UK is changing. Since the early 2000s, traditional High Street shops have lost market share to out-of-town shopping centres and e-retailing. These trends accelerated in the wake of the 2007-2008 Global Financial Crisis and during the 2020-2021 COVID-19 pandemic. Declining city centre footfall and falling sales have pushed many High Street shops into administration, precipitating a rise in the number of vacant retail units in both streets and purpose-built shopping centres. Retailers, shopping centre operators and local authorities alike have thus looked to entice people back to city centres by creating new leisure and entertainment opportunities that fall under the umbrella of the so-called 'experience economy'.

This Policy Brief is a summary of a study which examined the role of the experience economy in reshaping city centres. The study formed part of a wider retail research project[1] conducted across the retailing cores of five regionally significant cities (Edinburgh, Glasgow, Hull, Liverpool and Nottingham). The wider project aimed to better understand the adaptive capacity and resilience of city centres.

The study's findings are intended to provide policymakers with an evidence base on the myriad changes facing UK city centres study with a focus on: (a) the regeneration of retail spaces on traditional city centre streets; (b) the redevelopment of purpose-built shopping centres; and (c) the repurposing of publicly owned city centre open space. It makes the following recommendations:

Remove barriers that prevent purpose-built shopping centre owners from changing vacant shop units into leisure and entertainment uses.

Introduce a vacant shop strategy to minimise dead frontages within city centres while creating interest and footfall on declining High Streets.

Adopt 'life cycle space' policies that support the growth of experience-orientated independent businesses in city centres.

Expand Planning Obligations to cover an affordable retail space provision for city centre planning consents.

Introduce city centre event strategies that identify appropriate times and locations for holding events in public space in consultation with local people.

Establish townscape catalyst packages to support the upgrading of both shopfronts and public spaces.

Conduct further research into the built form of UK shopping centres and their future viability as mixed-use leisure- and entertainment-orientated complexes.

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Background

Redundant retail floor space has created both challenges and opportunities in city centres, raising questions about how this surplus space should be used. This has drawn policymakers' attention to the experience economy and the role it could play in the future of city centres. The study's aim was to understand the specific ways in which the experience economy has evolved and reshaped city centre streets, purpose-built shopping centres and public spaces.

The experience economy is understood as a means of transforming an otherwise perfunctory visit to a central retailing area into a more memorable and enjoyable event that may still encompass shopping, but will include entertainment or leisure pursuits. Given that experiences are often place-bound, the 'experience' of city centres also includes the relative enjoyment of the public realm (streets, public spaces, etc.) and the semi-public spaces (arcades, covered walkways, foyers, food courts, etc.) found within purpose-built shopping centres in most towns and city centres.

Research approach

The study sought to examine change in city centres during the first two decades of the 21st century and to reflect on the long-term implications for the health of cities. Primary data were generated by conducting 43 semi-structured interviews. These were supported by direct observations of the built environment. The primary data collection was supported by wider data on land use change compiled as part of the larger retail research project, which covered the period 2000-2017.

The interviews were conducted either side of the 2020 and 2021 COVID-19 lockdowns. Those invited to take part included experience economy innovators from both the private and public sectors, as well as those working in the development, leasing, operation, planning, design and regulation of city centre retail property. The interviews focused on general retailing trends and innovation exemplars and thus allowed the research to explore both complex processes and subtle case-based details. The direct observations aimed to generate data about the different design approaches to retail change and adaptation and to demonstrate the impact of retail change and adaptation on the public realm.

The selection of Edinburgh, Glasgow, Hull, Liverpool and Nottingham as case study cities purposefully avoided the complexities of the UK's north-south economic imbalance. To enable the study to yield meaningful and applicable insights into retail adaptation and redevelopment processes *writ large,* the recent mixed fortunes of the five centres also underpinned the rationale for their selection and so too did their varying degrees of urban regeneration over the study period. Finally, the defined study areas were those parts of each city centre where planning policy has traditionally concentrated retail development, which tend to be called the 'primary shopping' or 'principal retail' areas.

Findings

Prior to the study, the wider retail research project had investigated land use change and established that:

- Between 2000 and 2017 the number of occupied retail units in the five case study centres declined on average by 17%.
- Older purpose-built shopping centres experienced particular difficulties and saw vacancy rates increase markedly.
- The retreat of retailers from city centres left a gap for independent businesses – many of whom are experience-orientated – to lease space that was previously cost prohibitive.
- Achieving a diversity of uses, including leisure and residential uses, was considered crucial for 'destination appeal', while the creation of 'mixed-use city centres' had become a policy aim for local authorities and other policy stakeholders.
- There had been an increase in residential accommodation in city centres, as local authorities increasingly viewed city centre living as a way to revitalise centres, re-purpose vacant space and create demand for nearby businesses.

Against this backdrop, and with an explicit experience economy focus, the study examined innovations in retail, leisure and entertainment, including the change and adaptation of purpose-built shopping centres and the wider use of the public realm. The following provides a summary of the key findings.

New in-store commercial experiences

Established and emerging retailers alike had created new in-store environments to entice customers into their shops, with High Street showrooms (particularly in Glasgow and Edinburgh) allowing potential purchasers to touch, feel and experience their products. The evidence showed that landlords increasingly supported their retail clients in focusing on creating, not only the best possible in-store experience, but one which strongly resonated with their online offer.

Experiential independents

Independent retailers tended to offer a more experiential and bespoke shopping experience. They often placed a strong emphasis on 'uniqueness' both in terms of their products and the physical space in which they were displayed. This presented landlords with an opportunity to rent 'quirky' spaces previously regarded as difficult to lease by national chains and multiples. However, the data highlighted that independent businesses also needed flexibility for future growth within their city centre.

Unit layout and adaptability

Retailers' historic preference for a certain design and layout of retail space – particularly a large floor area in a visible unit – committed city centre property owners to built forms which are now complex to adapt. Purpose-built shopping centres epitomised this challenge, with the demolition of Nottingham's Broadmarsh Centre demonstrating the difficulty of adapting these sorts of structures for changing preferences. Similar challenges were identified with former department stores, many of which closed during the study period, and have proven difficult to adapt.

Purpose-built shopping centres and department stores

The retraction of retailing from city centres had proven especially difficult for the operators of purpose-built shopping centres and the owners of department stores, and both property sectors experienced a significant rise in vacancy over the study period. Given that the creation of a 'destination' for shoppers had long been their *modus operandi*, many turned to familiar experience-orientated leisure and entertainment businesses to fill the space, including bars, restaurants and cinemas, and less familiar uses such as indoor mini golf and darts, and innovative forms of competitive socialising – the most alarming example being axe-throwing! There was also some interest from larger shopping centre operators, who in the past had worked almost exclusively with big brand chain stores, in creating space for local and independent businesses in their portfolio.

Major redevelopment of purpose-built shopping centres

The dramatic vacancy rates experienced by some shopping centres led to drastic action and a search for new and innovative ways to use or entirely redevelop the centres. In Glasgow, for example, the city's two largest purpose-built shopping centres, Buchanan Galleries and St. Enoch Shopping Centre, have proposed demolition and redevelopment as residential, shopping and office quarters, potentially creating two new city centre neighbourhoods.

City centre events

The public realm in city centres also underwent significant change. At certain times of year, especially Christmas and during the summer, some public spaces were used for events – often for commercial purposes. While events attracted experiential visitors to the city centres, they also created tensions with residents. This was felt most acutely in Edinburgh, with its long-established city centre resident population and its year-round events calendar, including Christmas markets and The Fringe.

Wider city centre public realm improvements

The relationship between the quality of the public realm, accessibility and business viability was identified as crucial to the survival of city centres. This was regarded as a welcome move away from an over-emphasis on the retail sector 'crisis' at the expense of wider city centre planning and design concerns. After a long period of austerity following the Global Financial Crisis, each case study local authority had taken advantage of lottery, 'City Deal', 'Levelling Up' and other government funding to invest in major public realm improvements and heritage-led regeneration as a means of creating a more attractive and better-connected city centre environment – and ultimately a city centre more likely to be experienced positively.

Policy Recommendations

Despite the decline in traditional retail on the High Street, the findings highlight various forms of innovation. To support further innovative change, the following policy recommendations are made:

Remove barriers that prevent purpose-built shopping centre owners from changing vacant shop units into leisure and entertainment uses: With the necessary safeguards in place through entertainment licenses and building regulations, it is recommended that the types of retail to leisure/entertainment conversions currently allowable via England's Planning Use Class E are expanded, particularly in large floorplate shopping centres, for uses such as cinemas, concert halls, bingo halls and dance halls, local community meeting places and, with car parks in mind, outdoor sports and recreations. Moreover, it is recommended that initiatives similar to Planning Use Class E are adopted across the devolved nations, where significant barriers remain[2].

Introduce a vacant shop strategy to minimise dead frontages within city centres while creating interest and footfall on declining High Streets: This could include using vacant windows for public art programmes, for signing/advertising existing city centre businesses and for displays relating to local businesses or colleges or other city events/initiatives. Vacant properties could also be used as event space for local groups/organisations through the creation of vacant property registers and engagement strategies with owners. This would help mitigate the negative impact of blank frontages on major shopping streets and enliven the public realm.

Adopt 'life cycle space' policies that support the growth of experience-orientated independent businesses in city centres: Given their positive contribution to the experience economy, the future growth of independents needs to be physically accommodated, whereby independents should have more certainty. 'Life cycle space' development plan policies (and the use of planning mechanisms such as Article 4 Directions[3]) could promote the continuing growth and clustering of independents. Growth and flexibility could also be supported through the focused management of existing local authority assets and commercial properties for independents with different space needs.

Expand Planning Obligations to cover an affordable retail space provision for city centre planning consents: to help establish a more resilient framework of city centre retailing. Affordable retail space is regarded as part of the necessary urban infrastructure Planning Obligations were created to deliver. If not provided on-site, the retail space could take the form of street kiosks elsewhere in the city centre.

Introduce city centre event strategies that identify appropriate times and locations for holding events in public space in consultation with local people: The findings raised questions about how to hold large events, attract visitors and, at the same time, protect the amenity of city centre residents. The evidence suggested they were developed in an *ad hoc* manner with opportunities seized when they arose. City centre event strategies would seek to harness the positive impacts of holding events in the public realm, while addressing any negative impacts.

Establish townscape catalyst packages to support the upgrading of both shopfronts and public spaces: The findings highlighted the use of heritage grants for rehabilitating building frontages. This form of external 'make over' funding demonstrates the importance of creating a local sense of place and a positive experience in the city centre. In this light, it is recommended that this type of approach (for example, the Heritage Lottery Fund) is expanded to cover shop fronts without heritage designations, with a focus on those adjacent to public realm improvements, in order to maximise the impact of various funding streams on retailing streetscapes.

Conduct further research into the built form of UK shopping centres and their future viability as mixed-use leisure- and entertainment-orientated complexes: Given the inherent challenges associated with adapting these megastructures and the fact that many are arguably no longer fit for purpose as shopping centres, further research is urgently needed into their long-term viability and sustainability. This would include an examination of the relative success of the outdoor shopping centre as a built form, of which, at 42.5 acres, Liverpool One is the UK's most significant example, versus indoor or 'enclosed' centres.

References and further reading

Orr, A M, Stewart, J L, Jackson, C C and White, J T (2022) *Spatial Externalities and Adaptation in a Dynamic Retailing System*, REPAIR Working Paper, University of Glasgow, Glasgow.

Orr, A M, Jackson, C C, White, J T, Lawson, V, Gardner, A, Hickie, J, Stewart, J L and Richardson, R (2022) *Change and Transition on the UK's Retail High Street, Real Estate, Place Adaptation and Innovation within an integrated Retailing System: REPAIR End of Project Report*, University of Glasgow, Glasgow.

Endnotes

[1] Real Estate, Place Adaptation and Innovation within an integrated Retailing System (REPAIR) supported by the Economic, Social and Research Council [grant number ES/R005117/1].

[2] The territorial extent of its legislation currently covers England and Wales, though Use Class E is not operational in Wales.

[3] Article 4 Directions restrict permitted development rights and could be used to limit uses to, say, retail and leisure, where appropriate.