
Autumn 2019

RE:IMAGINING RETAIL

HOW RETAIL IS BEING
REPOSITIONED AND
REPURPOSED FOR
THE FUTURE

The Savills logo consists of a solid yellow square positioned above the word "savills" in a lowercase, red, sans-serif font.

savills

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FOREWORD



FOREWORD BY:

Tom Whittington
Director Savills
Retail & Leisure
Research

Mark Garmon Jones
Head of Savills
Retail Investment &
Repurposing

The retail repurposing agenda has rather grabbed the headlines of late, while two years ago was hardly a topic of debate. It has of course been going on for decades. I remember a couple of entrepreneurs taking possession of a vacant department store in Manchester in the 1980s and converting it to a scheme that was essentially shared workspace and market retail - sound familiar? The repurposing of Afflecks Palace was part of a movement that kick-started the regeneration of Manchester's Northern Quarter and there are countless examples between then and now of similarly inspirational schemes across the country. For a long time repurposing has been the natural turn of events in dealing with space that time has moved on from and breathing in a new lease of life that is beneficial to both the retail and community it serves.

So why now? Repurposing property is about much more than just retail of course, but it just happens to be that retail is at a point where a multitude of structural challenges are making us rethink space. Savills has been central

to the repurposing agenda with specialists across every sector. We wanted to share our thoughts and experiences with the market.

Our aim for this publication was to consider the broad issues of retail repurposing. From the outset this seemed a relatively simple proposition, but we quickly realised that the scale of this paradigm is considerable. However, we also came away excited about what we are seeing and we believe there will be better, more balanced sustainable places as a result of restructure, as well as a more fulfilled consumer.

To offer real insights into this market we have compiled case studies and thought leadership from a large number of key stakeholders, including developers, landlords, planners, local government and industry bodies, as well as Savills own industry experts.

We hope that you enjoy our thoughts and believe in the opportunities that the retail challenges will provide. We would like to thank all of our clients and colleagues who have kindly contributed their valuable insights with real passion about their actual and current experience.

This is about acting now and engaging with those stakeholders – from local authorities, retailers, other occupiers, the consumer, the banking industry to really understand the exciting times ahead that will provide a sustainable and generational road map for many city and town centres. We hope that this report will act as an industry blueprint for our clients.

IN THIS PUBLICATION WE CONSIDER:

1. THE CONTEXT (PAGE 9)

Looking at the issue of over spacing in the UK, where the problem areas are and why this doesn't mean that retail places are dead and buried.

2. REPOSITIONING RETAIL (PAGE 21)

Examine ways that landlords are reinvigorating retail spaces through a continued but improved retail or leisure use that refreshes the offer, fills space and draws footfall. To date, most reconfigurations of retail space have in fact remained in these uses.

3. ALTERNATIVE AND COMPLIMENTARY USES (PAGE 45)

We review some of the options for repurposing to alternative uses, to improve the daytime and night-time populations through different workspace formats or residential models, or through improved civic uses, health and wellbeing.

4. REPURPOSING IN PRACTICE (PAGE 63)

What are landlords doing or planning to do in areas of surplus retail space? How are local authorities taking back control and what are the planning issues?





KEY EMERGING THEMES:

COMMUNITY & SOCIAL RETURNS

The importance of social returns and community cannot be overstated; creating experience and connection and putting people first. The biggest priorities of landlords improving their retail spaces is with an enhanced leisure offer, the second is improving public realm, the third urban living and the fourth, shared workspace. It is no surprise that markets, foodhalls and entrepreneurial spaces feature heavily in masterplans. All of these uses point to better social cohesion, more loyalty and a more invigorated consumer experience. Or, to put it another way, community is the new anchor.

LA INTERVENTION AND SUPPORT

Local authorities have a vested interest in retail places and are generally supportive of redevelopment that give social returns. They are increasingly being seen by retail landlords as development partners. Investing in commercial property themselves not only generates long-term income, it enables them to play a more active role in reshaping the urban fabric to ensure they remain at the heart of their communities. Local authorities need to be brave and proactive in identifying problem areas, enforcing CPOs in order to amass development sites, reconsider density restrictions to improve viability, while also having a foothold on place-making and the importance of allied over disparate uses. The long-term rewards for this bravery will be an increase in sustainable and resilient retail places.

REPURPOSING IS A POSITIVE AND PROACTIVE MECHANISM

In its implication of retail failure, repurposing has begun to have a rather negative connotation in the market. Yet take away the “re” and you get something more positive. Whether it is to purpose, position, shape, invigorate, create, curate, vitalise, develop, design, think or cycle; re-engaging with retail spaces through curation of a clever mix of uses, makes a more thriving retail environment.

REWARDS FOR INVESTORS

At a time when the demand for space is falling, creation of alternative investment income and product is something that all investors will crave. There is no blueprint that works on all schemes of course, but for public or private landlords that do implement a form of repurposing or repositioning, the rewards are tangible. Reducing supply increases demand, improving the supply increases footfall and increasing the daytime or night-time population improves vitality. The result is more interesting, sustainable places that we can all enjoy and benefit from.

RE:

RE:IMAGINE

RE:PURPOSE

RE:POSITION

RE:SHAPE

RE:DESIGN

RE:CREATE

RE:CURATE

RE:VITALISE

RE:DEVELOP

RE:LOCATE

RE:PLACE

RE:THINK

RE:CYCLE

RE:ENGAGE



CHAPTER 1

THE CONTEXT

WHY IS REPOSITIONING
AND REPURPOSING
RETAIL AN IMPORTANT
ISSUE RIGHT NOW?

HOW MUCH MARGINALISED RETAIL SPACE DO WE HAVE AND WHERE?



BY:

Tom Whittington
Director Savills
Research

STRUCTURAL CHANGE

There has been a lot of talk of late on the issue of there being too much retail in the UK, but what does that actually mean? How much space has become marginalised and how much will we need in the future?

Total voids in the UK account for more than 75 million sq ft of retail space (around 11.5% according to LDC). How did this come about? It is easy to blame recent events on these high figures, but this is a long-term structural change that largely predates the last recession.

Following the GFC when several high profile retailers went bust and left the high street, there were still lots of acquisitive retailers taking the opportunity to grow their portfolios (mainly convenience and discount brands). What particularly typified these acquisitions was that there wasn't a significant bias in locations that were in demand; of the Woolworths estate only 0.5% have never been reoccupied and 91% remain in active retail use.

The last decade has seen considerable growth from the internet and yet we remain below the 14.5% void rates recorded on high streets 2010-2012. If we were to look at the void profile ten years ago, both in terms of locations affected and the areas within them that are most marginalised, the picture would not be a whole lot different.

However, it is clear that things are changing. Now, the number of expanding retailers has dwindled and those that are growing their estates are much less aggressive, so there are less viable re-letting options than there used to be. By 2022 online penetration is anticipated to be at 19% (GlobalData), so if online has absorbed a fifth of retail spend it is logical to assume that over time this will reduce the need for physical space to the same tune. Add that to the oversupply already seen from long-term structural change and the picture is obviously further compounded; probably by around 35% in the short-medium term.

LONG-TERM VACANCY

Voids aren't necessarily a problem if there is an alternative occupier to take the space; 80% of BHS have already been re-let or repurposed, in many cases with an offer that provides the centre with a better offer than the previous incumbent. However, there clearly is a concern if a unit lies empty for long periods and often indicates that the demand for space has moved elsewhere. Savills Research has identified that across the retail market, 40% of voids have been vacant for more than three years (31m sq ft). In city centres this is almost half of all voids that are arguably no longer required. So this isn't just a small town problem. In fact, in the top 10 regional cities alone we estimate there to be 1.2 million sq ft of redundant retail floorspace (i.e. voids of more than three years).

Shopping centres fair better typically, with an average of 32% voids being vacant for more than three years. In secondary and tertiary shopping centres, where voids already average 17% and 25% respectively, long-term voids account for over 40% (i.e. 16m sq ft of voids of which almost 6m sq ft is long-term vacant). This is a concern when we consider that shopping centre vacancy on average lies at 14%. In out of town retail, long-term voids affect 26% of vacant units, but with the vacancy rate at 5% this is a much less significant issue.

RETAIL PITCH AND MARGINALISATION

We have been long of the view that vacancy rates should not be used to directly infer the lack of demand across a whole scheme. Almost all town centres have a functional retail core, while outside of this area the void rate may increase significantly due to a pitch shift or long-term reduction in need, often as a consequence of modern development. Using void rates for the town centre as a whole can therefore be damaging to the profile of a town. On the other hand, if we separate the two we can demonstrate the quantum of marginalised retail space that is probably more suited to an alternative use.

A town centre can be split into a primary and secondary retail pitch, not in the traditional 'value' sense, but in terms of the area of retail activity across the centre. In almost every case across the country the vacancy rate and proportion of long-term void units are significantly higher in the secondary pitch (see chart 3). In fact, by this measure, town centre prime voids drop to 8% on average, with half having less than 5% vacancy in their retail core. Meanwhile, two thirds of voids are in secondary pitches and 45% of these are long-term void. Long-term 'marginalised' vacant units in secondary pitches account for 19 million sq ft of space across the UK, or about a quarter of all retail vacancy. Here lies a tremendous opportunity for redevelopment.

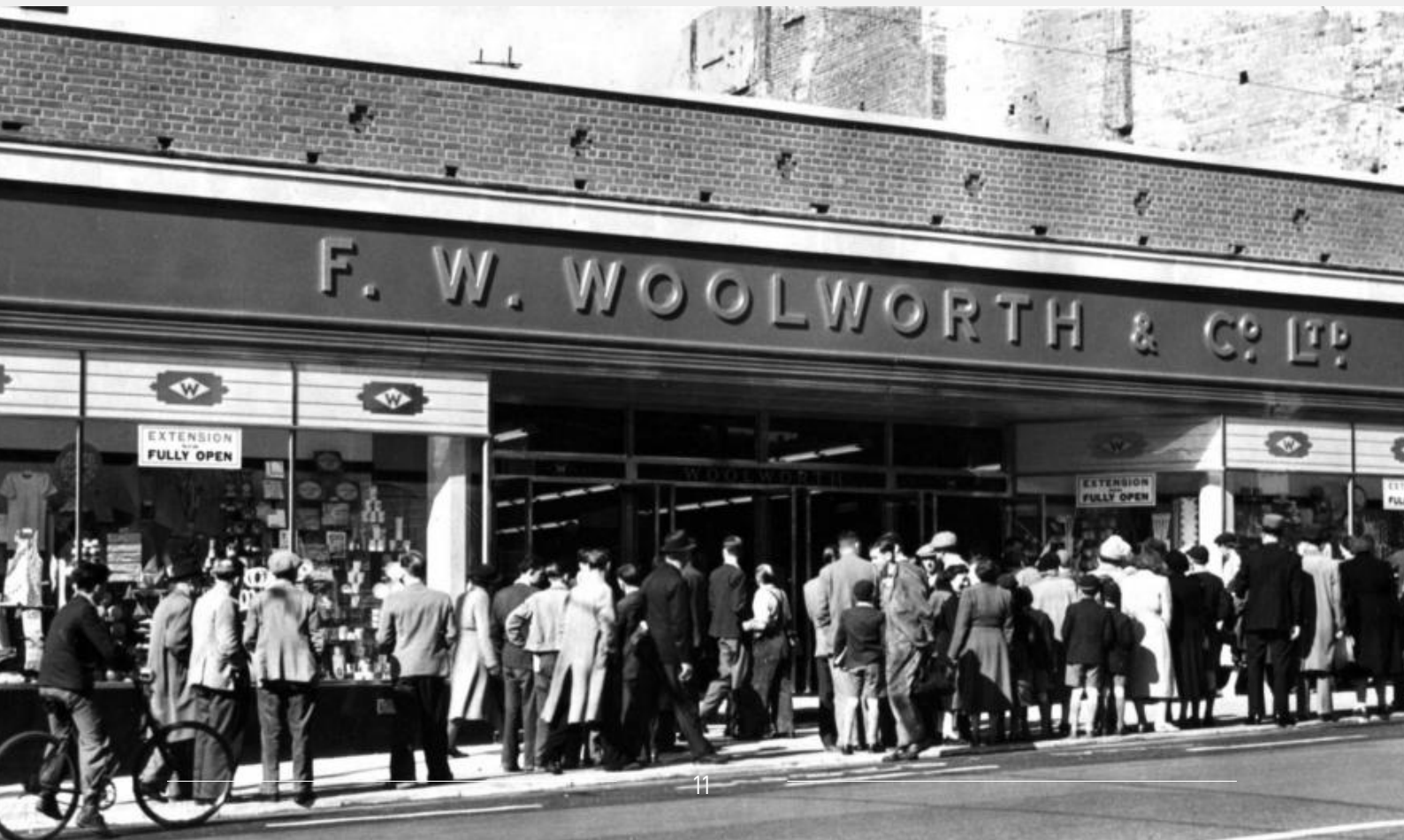


CHART 1: VOID FLOORSPACE BY CENTRE TYPE

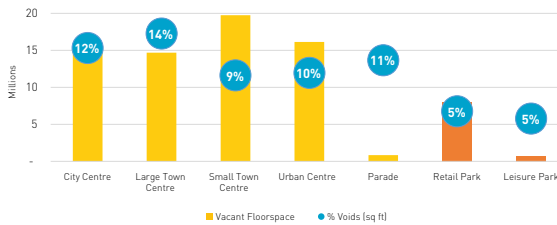


CHART 2: SHOPPING CENTRE VACANCY BY TYPE AND VOID LENGTH

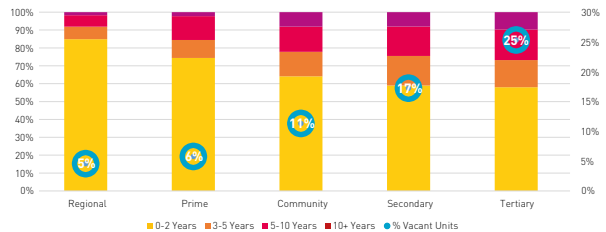
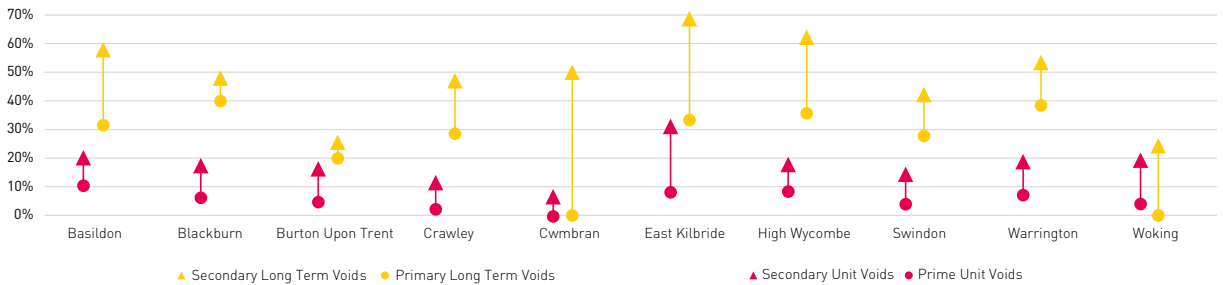


CHART 3: VOID FLOORSPACE BY CENTRE TYPE



This shows the difference in primary versus secondary voids and the proportion of long-term voids in each area for a series of towns across the UK. None of these are defunct towns. They all have large populations and decent retail at their core and in each case there is a significant difference in the occupation rates of their primary and secondary pitches. It demonstrates that the void space around the fringes is not going to become occupied without strong intervention and a likely change of use.

HOW MUCH OVER SPACING WILL WE HAVE OVER THE NEXT DECADE?

So what does this mean for the total over spacing picture? Opinions vary. In Savills landlord survey (see page 64), the average view is that we are over spaced to the tune of 40% nationally, with some suggesting it could be as high as 70%. The variation in response is likely to reflect the problems being observed by specific retail owners on their own assets rather than the problems prevailing on each and every shopping place.

However, whichever way you look at it, it does demonstrate that we need to work harder on what retail we do need and be flexible and proactive in altering what we don't.



Vacant retail units account for over **75 million sq ft of retail space**



40% of empty units have been vacant for more than 3 years

“Long-term ‘marginalised’ vacant units in secondary pitches account for 19 million sq ft of space across the UK, or about a quarter of all retail vacancy. Here lies a tremendous opportunity for redevelopment.”





THE INVESTMENT STORY

WHY IS 'REPURPOSING' THE NEW BUZZWORD FOR SHOPPING CENTRES?



BY:

Mark Garmon-Jones
Director,
Savills Investment

The retail investment market has been going through a turbulent time, driven by an overriding sense of uncertainty around CVAs, Brexit and financing to name a few. In order to future proof against uncertainty, we are working with many of our clients on creating urban regeneration projects where there is great demand from occupiers and funders alike.

For some schemes and owners, the current retail malaise for certain schemes feels like the five stages of grief identified by Elisabeth Kübler-Ross:

Denial – Burying their head in the sand about the impact, reflected in valuations and a weighing up issue versus opportunity

Anger – CVA

Bargaining – Negotiations with retailers, councils, administrators, funders,

Depression – Viability off current values

Acceptance and Action – Where many need to be to then action the repurposing story

The current lay of the land for shopping centre investment saw volumes buoyed in the second quarter of 2019 when, according to our research, volumes reached £295 million; a slight increase when compared to the same period in 2018. In terms of who are now acquiring shopping centres, it has been a particularly active time for councils. In the first half of the year local authorities purchased five centres, with all transactions being in borough. This activity accounted for 16% of volumes in H1 2019.

A sense of social return, as opposed to economic return, has been the rationale behind a lot of council activity. In acquiring the retail provision in their local patch, there's the opportunity to rejuvenate the wider town through active asset management. By focussing on transforming their towns from the ground up – and being aware of their market's specific needs and wants – change can be enacted away from the glare of strict profit rationale. It is key to keep one eye on the future. The development of a shopping centre will be a continual project, but it will improve the long term sustainability of the asset and the returns achieved.

It is important for investors and owners to view each town and shopping centre as different. There is no blueprint that works on all schemes. It is instead important to understand the customer, the wider catchment area and use any data available such as shopping habits and footfall. By starting from this base, it is significantly easier to adapt the tenant line up and create a new town centre that can become a hub for the community. For example, a city centre that has a large elderly population may well speak to senior living developers to create in-town retirement homes, then position the retail and leisure offering around this demographic. Retail isn't the first sector to go through repurposing, there's been considerable activity with offices

becoming residential through permitted development rights. It is now a case of understanding that residential isn't the 'silver bullet' and instead that it is a holistic approach to create new town centre hubs.

Taking a repurposing approach is most valuable for the middle swathes of retail space –the assets that are neither convenience driven or prime. Convenience driven schemes provide services to the community such as food stores, a library or healthcare and opticians, making themselves vital to the catchment area and in turn, viable assets. Dominant prime shopping centres are at the other end of the spectrum; they are still busy and are adding more leisure and space for other uses in order to adapt to the

desire of customers. For example, at into Lakeside a new market hall 'The Hall' has been created and is set to become a hub for independent food traders and part of a wider 175,000 sq ft leisure extension.

The creativity and passion in the industry will drive these repurposing initiatives as the retail sector adapts to the structural changes that are taking place. There is a myriad of uses out there for our city centres, with repurposing not being solely about reducing the retail footprint, instead it is about the re-creation of town centres and a focus on recreation.



“Local planning authorities want to see sites that are truly mixed use and provide the opportunity for residential so it is an added benefit to have housing on our sites. From an investment standpoint it’s also good to have a balanced mix of asset classes.”

Kieran Hobbs, Westfield





Savills is advising on repurposing across a whole range of asset classes: shopping centres, retail parks, high streets, car parks, department stores and food store assets and land.

- *over 11,000 residential units - private, build to rent, student, and retirement living*
- *35 department stores*
- *over 1,000,000 sq ft of offices*
- *over 6,000 hotel rooms*
- *assets over 1,000,000 sq ft for owner occupiers*
- *A range of other creative and future proofing uses*



WHAT SHOULD WE REPURPOSE TO?



BY:

Jonathan Lambert
Director Savills
Development

WHERE DID IT ALL START?

From Albert Dock in Liverpool in 1988 to Cuttingroom Square in Manchester in 2018, repurposing projects have a long history in the UK with some really creative ways of reusing unloved spaces and bringing them back to life.

We look at repurposing projects in the same way as any form of redevelopment. How can we curate the space to get out best value both financially and socially? The social aspects are really important because developers have long understood the link between community, sustainability and investment value. Redevelopment of existing spaces are not without their challenges. Often heritage problems persist, but in many cases this can lead to a more exciting and appealing redevelopment. Look at the Custard Factory in Birmingham, or Wapping Wharf in Bristol, or The Old Vinyl Factory in Hayes. Each incorporating a range of uses but also including an important element of retail, leisure and culture.

At present, because of long-term pressures on retail coming to the fore and in many places more floorspace than is needed, there are an increasing number of repurposing opportunities

being looked at in the retail sector. When asked how retail landlords believe the UK to be oversupplied in retail as a whole, the average answer is 40% (with a range of 25%-70%). Clearly there are different levels of pessimism and objectivity at play here, but the overarching consensus is that there is too much space and we can expect to see voids increase further unless something is done to mitigate the issue.

In terms of addressing the transition from retail there is often an education process. We've recently been involved with a planning application for a change of use from a department store explaining why there is no demand for the store in this location. The reality is that the pitch has shifted a long time ago and the store is now on the fringes. The plan is for the block to be redeveloped with a small amount of retail at ground floor level. But what? Is there demand for retail in a new block or are we passing the problem onto the next generation? Significant attention to placemaking needs to be made in the revised scheme. Retail will likely play a part, but it is the mix of other alternative uses that will marry well with this retail that provide the scheme with resilience.

REPURPOSING OR REPOSITIONING?

There is an important, if subtle, difference between “re-purposing” and “re-positioning”. For this publication we have used repositioning to describe a redevelopment that actually improves or extends the retail and/or leisure offer and repurposing when the space is transformed to an alternative use. Repositioning is usually the first consideration for retail landlords because it fits within the consumer space and is seen as a far less radical proposition. We are seeing a lot of redevelopment of space at the moment in this sphere, particularly in the shopping centre environment. But when other retail and leisure options aren’t there, there are plenty of alternative solutions to consider. Repurposing does not however mean the wholesale switch from one use to another. The best schemes are often those that retain an element of retail and bring in a suite of alternative uses.

Savills are advising on a number of repurposing opportunities where a mix of land uses are now seen to be central to the rejuvenation of town and city centres. Within the residential sector in particular, proposals are including a range of tenure types that include open market sale, build to rent, affordable housing, student and retirement living, all close to amenity and public transport. This is in addition to commercial space and hotel/service apartments which move certain areas of towns and cities away from single mono use schemes and towards more vibrant communities. This mix of uses plays a crucial role in diversifying land use and generating footfall both during and after business hours, which in turn helps the retail and leisure sectors. The opportunity for delivering these developments at scale and changing the feel of a wider area is due to the range of complementary uses that can be delivered in parallel and alongside high quality public realm.

However, it would be bold to imply that any form of repurposing is a straightforward proposition and some of the places with the greatest need have possibly the most complex set of challenges. Viability is of course a considerable inhibitor to development, but it is a simple fact that in the most marginalised retail spaces where there is genuinely no longer demand for retail, an alternative use will, in the long-term, have to be found.

“Savills is currently involved in a number of retail repurposing opportunities where a large range of tenure types are being considered. The mix of uses plays a crucial role in diversifying land use and generating footfall both during and after business hours, which in turn helps the retail and leisure sectors.”

Jonathan Lambert, Savills Development





CHAPTER 2

RE:POSITIONING

RETAIL

REVIVING THE

CONSUMER

EXPERIENCE

EXPLORING LEISURE USES

LARGE EMPTY RETAIL UNITS CAN PROVIDE AN OPPORTUNITY FOR LEISURE OPERATORS



BY:

Julia Robertson
Savills Leisure

Whilst once seen as a complementary and somewhat ancillary use to retail, Leisure has now emerged as not only an extremely desirable use-class for any thriving retail destination, it is also often the first choice for an alternative use for void retail space due to the benefits leisure can bring to a scheme.

Experience is becoming an increasingly important feature, particularly amongst Millennials who currently account for 14.3% of consumer spend, and by 2020 will overtake spend from Generation X to be the most influential consumer group. They notably have a preference for spending their money on experience led activities, rather than material goods, driven by the social media culture.

This makes leisure a great option for repurposing underutilised retail space, with operators of gyms, activity parks, bowling and adventure golf all providing a leisure based experience within a retail environment, whilst bringing all of the associated benefits such as increased footfall and dwell time to the location.

It also allows for the space to remain consumer facing, a real advantage particularly if the surrounding area is predominantly retail and also given the cost and time benefits of conversion

to leisure uses for both the landlords and tenants, given that the property requirements are more in line with retail space than a majority of the other uses.

There are already a number of examples across the UK of leisure repurposing vacant retail space, with acquisitive leisure operators opening in former retail premises.

For shopping centre landlords, a department store vacating has the potential to be a headache, but there are already a number of examples where repositioning these spaces to leisure uses has provided an opportunity to refresh the offer. The House of Fraser unit on Princes Street, Edinburgh into the National Whisky Museum for Scotland; The House of Fraser Unit at Highcross Shopping Centre in Leicester [in part] into Treetops Golf; or mini golf and bar operator Swingers and food hall operator Market Halls taking space in the former and prominent BHS unit by Oxford Circus. These operators and their landlords are taking advantage of the large amount of space available in high profile, prime locations that already have high footfall. But is this trend only reserved for major city centres and glossy new shopping centres? We don't think so.





Savills has recently acted on behalf of Sovereign Centros, letting part of the former BHS space in Telford Shopping Centre to Inflatia Nation. The deal sees 22,728 sq ft of the old retail anchor space being transformed into an inflatable activity park, providing gladiator podiums, ball pits, slides and climbing walls.

In another leisure repositioning example, Savills is advising on The St Enoch Centre in Glasgow and has been advising on the relocation/downsize of the Hamley's unit, to create c.20,000 sq ft of new leisure space at first floor level, which received a number of competing offers from indoor golf operators, with a deal progressing. This not only provides a complementary leisure anchor, to support the new cinema currently under construction, but will also provide a point of difference to the once retail dominated scheme.

This 'point of difference' in a congested market is an important theme. When Otium took on 12th Street in Milton Keynes, it was a tired wet-led scheme situated between three dominant retail and leisure destinations that had recently been improving their casual dining offer. Otium went in a different direction, leasing space to a large variety of different leisure formats to create a new leisure destination for the town that had previously been absent.

Cathedral Lanes in Coventry is another prime example of repurposing, fully converting the secondary retail centre into a dazzling new leisure destination including restaurants, bars and global esports café brand, Wanyoo. Clayton Square in Liverpool, which was impacted with the opening of L1 in 2008, has recently added "entertainment emporium" Lane7 to its line-up, which further complements the significant food & beverage offer run from the scheme up Bold and Hanover streets.

These are just some examples of what can be done, and it is very much the tip of the iceberg in terms of how this market can grow. There are of course important considerations for the Landlord when looking to convert space for leisure within an asset, which include:

1. Configuration/ Specification of space – Leisure operators require largely open plan space with limited columns and a minimum 3m ceiling height (some as high as 6m), preferably with evenly configured floorplates in order to accommodate the extensive leisure fit outs.
2. Rents – Market rents paid within the leisure sector are traditionally lower than those paid by retail. This can create a challenge when it comes to asset value, particularly when dealing with such large units, which can be difficult to overcome in order to accommodate a leisure use.
3. Location – Leisure users rely on footfall, and more importantly a critical mass, in order to drive sales. It is therefore difficult to spread them out or 'retro fit' them into vacant spaces within centres, as they do not have the desired adjacencies to create a leisure destination and capitalise on the passing trade.

Whilst these points do not always arise as issues, they are important challenges to overcome in order to facilitate leisure repurposing of retail space. Without, it remains difficult to convince operators to consider the space and can lead to longer term voids with limited solutions.

Overall, leisure presents a solid alternative use to consider when looking into repurposing of retail space. It can provide a time and cost effective way to increase occupancy whilst also maintaining a consumer facing use, thus generating footfall and encouraging higher spend and dwell time which can have knock on effects to the neighbouring tenants.

CASE STUDY

SOVEREIGN CENTROS

ST ENOCH CENTRE, GLASGOW

IN PARTNERSHIP WITH BLACKSTONE

The St Enoch centre is the largest shopping centre in Glasgow, but has always suffered with a weak second anchor store in BHS. This is now changing with the redevelopment of the former 90,000 sq ft BHS store into a powerful leisure hub, with a nine screen Vue cinema and eight restaurants. Opening 2020 this complex development will completely re-anchor the centre's upper mall, linking with newly refurbished "go to" food court and make it the dominant F&B location for the city centre. Other leisure uses are also being incorporated which will further enhance the centre's appeal and lengthen dwell time. On the Argyle Street frontage planning consent has been obtained for the refurbishment and reconfiguration of an out dated poorly configured block to provide modern space for six new occupiers.



ST GEORGE'S CENTRE, PRESTON, IN PARTNERSHIP

WITH INFRARED

A strong performer but dwell time was low at St George's and the lower level mall had several vacant units. Instead of trying to re-let the units in their existing configuration the space has been redeveloped to create one large anchor retail store which has been let to Matalan and a couple of restaurant units to enhance the overall F&B offering at the centre. Planning consent has also been gained for the development of six new restaurants at the Friargate frontage of the centre, all of which will be at the upper end of the spectrum and focused on "wet led" occupiers. This will strengthen the centre and harness the night time student economy.

sovereign centros



**THE TELFORD CENTRE, TELFORD, IN
PARTNERSHIP WITH ORION CAPITAL
MANAGERS**

The Telford Centre provides over 1 million sq ft of space with two department stores, but has never provided the large footplate statement fashion stores. Major changes are now being made to strengthen the centre as a truly regional retail and leisure destination. A prime new fashion mall will be trading late 2019 with major lettings to Next, River Island, H&M and New Look among others. This is in addition to the creation of a new restaurant quarter, and the repositioning of the former ASDA store for Aldi, B&M, and associated leisure uses. The site also includes the conversion of redundant office space to create a new PureGym outlet. The transformation of Telford into a truly mixed use destination is the key to improve the appeal of the centre enhancing its regional dominance and increasing the all-important dwell time.

“Some retail places could perform better by introducing complementary uses, others are in need of fundamental change and adjustment, while some will never survive and will need wholesale reappraisal for alternative use. All these repurposing options require a development mind set and ability to deliver often complex projects.”

Chris Geaves, Sovereign Centros

EXPLORING FOODHALLS

THE FLAVOUR OF THE MONTH AND PRESENT STALWART USE FOR RESURRECTING REDUNDANT PROPERTY



BY:

Tom Whittington
Director Savills
Research

THE CONCEPT

We've been commentating on street food trends for a decade and it always seemed obvious that if the concept was to have true longevity it was going to need to grow up and take permanent space. There have been several such locations operating now for a while but the last 18 months has seen an explosion of concepts across the UK and this growth is set to continue.

Foodhalls tap into social and consumer trends, both in the environment and atmosphere they create and the variety and range of food options they offer to consumers. The concept is simple: multiple traders serve their dishes under the same roof with communal seating. While people spend much of their time online, they still enjoy the social benefits of getting together in a shared experience. There is also something exciting about dealing with small entrepreneurs and independents that makes the whole experience feel more authentic and genuine.

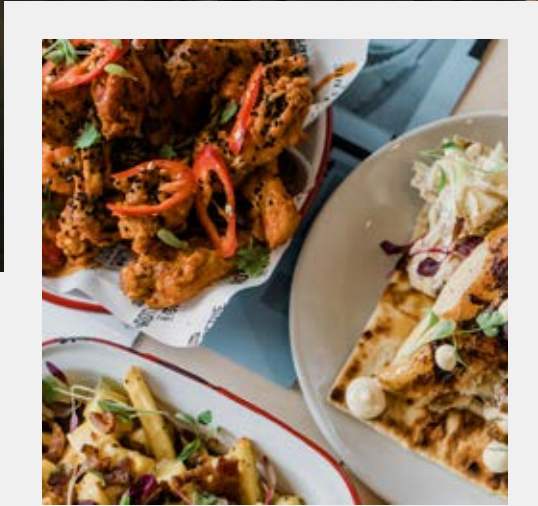
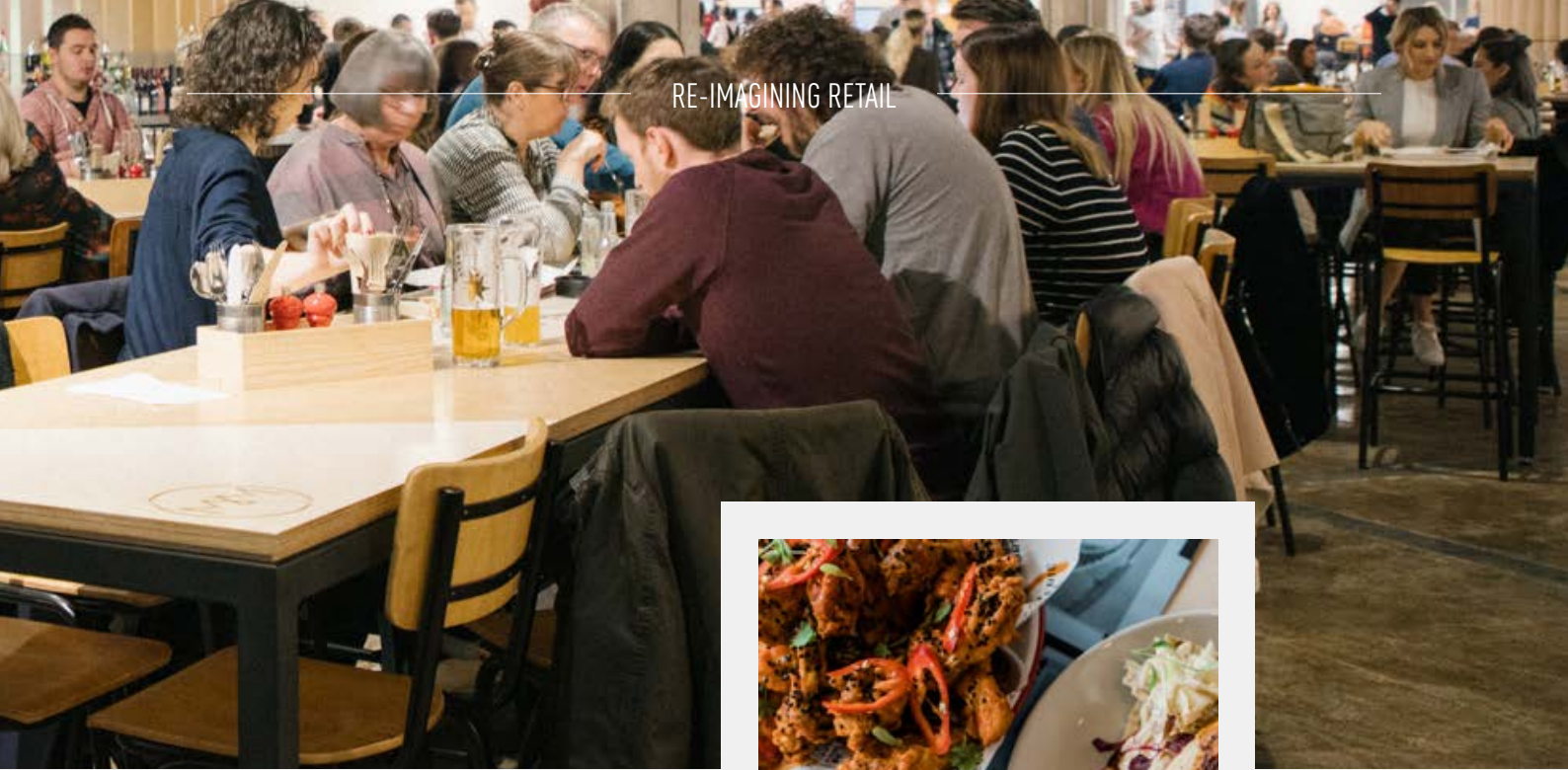
But don't be fooled into thinking that these are small time operators. Some traders are reportedly turning over more than £20,000 per week, which given their low cost access to market is significant. Much of the revenue for landlords comes from the bar and some schemes are transforming the offer at different times of the day, becoming late night venues with event space and DJs. Timeout in Lisbon has three million visitors a year.

WHERE?

London is at the epicentre of growth in the UK with more than 25 schemes up and running and 15 more in the pipeline. A recent spate of openings has included Vinegar Yard at London Bridge, Camden's Italian Alley and Market Halls in Fulham and Victoria. Autumn 2019 sees the arrival of Market Hall West End, Mercato Metropolitan Mayfair and Seven Dials Market. Bishopsgate in the City will see two foodhalls arrive in 2020; International entrant Eataly and The Market. Timeout Waterloo will follow in 2021.

Is this phenomenon relevant only in London and the big regional cities? Successes so far in the regions, including several grittier Northern towns, would suggest not. It is important to remember that everyone is in some way aspirational and increasingly looking for better quality, variety and flavour when they dine out, without the formality of sitting in a restaurant.

Altrincham Market has become the benchmark for how foodhalls can regenerate an ailing high street and the developer followed with Mackie Mayor in a forgotten but historic gem of a building on the edge of Manchester city centre. In Manchester's suburbs too Stretford Foodhall and The Produce Hall in Stockport are recolonising challenged retail spaces. The Wool Market in Doncaster and Kommune in Sheffield have also succeeded in locations that have otherwise lacked investment or tenant demand.



REPURPOSING POTENTIAL

Foodhalls are proving versatile when it comes to taking space and are at the forefront of repurposing redundant property. Platea and El Nacional in Madrid and Barcelona have respectively repurposed a theatre and car park into sophisticated high end concepts. Back in the UK, Mercato Metropolitano are opening a new venue in a Mayfair church; international entrant Timeout will repurpose the old Eurostar terminal at Waterloo (2021); Market Hall's existing schemes include station refurbishments in Fulham and Victoria; Street food market operator Kerb is taking its first indoor venture in the repositioned St Thomas Neal's Warehouse at Seven Dials; The Pitt in Edinburgh uses a light industrial warehouse.

There are signs that foodhalls can work in established retail settings too. Trinity Kitchen in Leeds was arguably the first purpose built shopping centre to include a street foodhall. Lakeside Shopping

Centre's 175,000 sq ft leisure extension sees Market Hall's first venture outside of London. We are also aware of several other foodhall operators currently negotiating space in prime shopping centres in major city centres outside of London that will take shape in 2020.

For repurposing challenged retail propositions, Simply Fresh is trading from the Stretford Foodhall in Manchester; Kommune has opened Sheffield's first foodhall in a former Co-op department store; GOOD FOOD is opening at the Capitol Centre in Cardiff; and Market Halls has taken space in the former BHS at Oxford Circus.

So there are a large number of different formats, but in each case the social returns are tangible, with engagement from the community, a new form of consumer destination and improved vitality to the area.

THE FUTURE

Is it all too much? When I see proposals for a foodhall to take over a 3,000 sq ft market in my home town of 13,000 people, this seems a step too far given that the restaurant market in the town is already suffering overprovision. I would like to see the demand, but struggle to.

We've also worked on several new town projects where the masterplan includes a market foodhall concept, designed to drive footfall and put the development on the map. This can work, but is probably best kept to urban sites where there is already the consumer base close by.

This isn't a one size fits all fix for all locations with challenged retail space. However, for larger towns across the country there remains huge scope and in the larger cities we can expect to see multiple locations.

CASE STUDY

KOMMUNE

KOMMUNE CASTLE HOUSE SHEFFIELD

As the owners of an iconic five storey listed former Co-Op department store, in a part of the City that has seen its market relocated and a decline in its fortunes, we were faced with how we reposition the building to not only change the buildings fortunes but also act as catalyst for regeneration in the wider locality.

We were fortunate to be awarded public funding to deliver tech and digital based incubation in the upper floors of the building, but we still had the challenge of convincing people that this was a place to locate. Working closely with our partners, we decided that changing perception by getting people to visit and socialise in the building was key. We felt the first step in achieving this was to deliver a public focused use that could appeal to all.

Kollider Social agreed to take a lease of the ground floor of the building and to create a multi-use space based around a food hall concept. Kollider Social is a JV collaboration of the local restaurateurs behind Tamper/ Depot Bakery/Peddler Street Food Markets and Kollider Projects Limited. The ability to work with Sheffield based operators with an outstanding reputation and passion was one of the keys to the project's success. Another key was working with the buildings original design intent to utilise its features and retain its integrity.

“Kommune attracts over 7,000 visitors a week and has had a positive impact on transforming the area around it. Neighbouring buildings are starting to be refurbished for a variety of uses from offices to residential.”

Guy Illingworth, Northpoint Developments



Kommune provides approximately 1800sq m of space, which is occupied by eight independent food traders, a bakery, coffee and a bar, in addition it is also home to a craft beer seller, a bookshop, contemporary art gallery, health and wellbeing studio, pop up cinema and events spaces. It seats over 400 people and attracts over 7,000 visitors each week. This has started to transform not only the building but the area. In a location that would have been at best seen as fringe is now central in the public's thoughts and movements. Kommune's success is based not only on the quality of the traders and space but also on engaging with its customers, reaching out to those yet to become customers and curating engaging uses that keep it interesting and relevant.

At a micro commercial level, Kommune has helped to increase the pace of lettings within the remaining building. It is now the home of the National Video Games Museum, a 300-seat event space known as Ko Host, a co working space in partnership with Barclays Eagle Labs, UK HQ for a US tech giant. Further exciting uses are in planning, which will deliver new opportunities for the city. On a wider level, since the opening of Kommune, new operators have moved into the area and neighbouring buildings are starting to be refurbished for a variety of uses from offices to residential.

The building was once loved by the city and was the heart of the city's retail offer. Changing times meant the building became obsolete for its intended use, but the flexibility of the space has allowed the building a second life.





OPERATOR INSIGHTS



BRANDS NEED TO ADAPT THEIR OFFER TO THEIR SURROUNDINGS

How can retail concepts evolve their offer to meet local needs and transform the retail space around them?

BY:

Davinder Jheeta,
Creative Director,
Simply Fresh

DAVINDER
DISCUSSES HOW
FOCUSSING ON
THE SPECIFIC
NEEDS OF THE
COMMUNITY CAN
REAP REWARDS
FOR THE
RETAILER AND
LANDLORD

Is retailing really more challenging than ever?

At SimplyFresh, I can't remember a time that hasn't been challenging. In fact, the idea of independent retailing has always presented its own challenges; How do you differentiate? How do you matter? How do you drive footfall? How do you keep people coming back? Amongst others, these were the questions at the forefront of our thinking when developing the principals of our brand, and we were very keen to explore how customers would experience our offer. Our core offer of fresh food genuinely shapes our business and getting it to customers, how we know they want it, defines our site selection.

Fresh generally means fast, frequent and accessible, so we positioned our brand into local, convenient retail spaces that almost act as an extension of your own kitchen. Fresh shouldn't mean expensive and it's with that in mind that we tailor our ranges based on local understanding and the communities that they serve. Every store in our group will be ranged

to its demographic so that it matches the age profile, ethnicity and spending power of the community it serves. This type of retailing is unique to independents and is fundamental to our success.

When the opportunity came for us to bring our ideas from the suburbs to city spaces and more recently shopping malls, hospitals and transport hubs, we were keen to remain the same agile and flexible brand that previously won us success. With this in mind, we developed a range of stores focused on "foodvenience", meeting demands for instant gratification and mealtime solutions. One size doesn't fit all in retail, and whilst consistency is crucial, we flex our model to ensure that interest remains high by building community hubs that are not solely grocery stores.

Our latest iteration of store is somewhat of a hybrid; blending the lines between food service and convenience store whilst maintaining the sense of community found in our more suburban stores. It's here that we feel our approach to our brand can really spark change in



somewhat struggling retail spaces. We recently opened the prototype of our foodhall stores in Stretford Mall in Manchester. Stretford Mall has suffered historically due to a high void rate with the proactive landlords seeking a range of both retail and non-retail uses to revitalise the centre. At 5,700sq ft SimplyFresh Foodhall Stretford currently stands as the largest space in the group and houses a grocery store, three food vendor kitchens, craft beer and coffee bar with a florist and communal seating. The food vendors are rotated regularly for vibrancy and serve authentic street food; breakfast, lunch and dinner, consistently providing higher footfall throughout the whole day, and demand for seating has led to further expansion plans. The grocery store offers a hugely diverse range of products from artisanal to ethnic, whilst ensuring that firm favourites are not forgotten.

The key to being able to reactivate shopper engagement in challenged retail areas is to have a genuine care for the community and to engage and listen to what is important to your customers. As part of our new "Our Planet, Our Problem" initiative dispensing plays a big part, with 40 refill units and a water refill station occupying prime spaces in the store. Our collaborative approach sees like-minded businesses pop in to hold classes on candle-making, t-shirt printing and upcycling workshops. Entertainment is enhanced with live music and DJs and with yoga classes to come; these activities are further increasing dwell times, not just for our space but for the greater retail environments.

The key to being able to reactivate shopper engagement is to have a genuine care for the community and to engage and listen to what is important to your customers.

Customers are calling the SimplyFresh Foodhall "the saviour of the high street" and a "game changer for Stretford"

A brief scroll on our social media accounts shows the kind of positive local feedback we are receiving. Customers comment on how they feel Stretford Mall has become a place they would now consider visiting when once it was given a wide berth. Demographics are changing for the entire mall as a result of the foodhall. Customers are calling the SimplyFresh Foodhall "the saviour of the high street" and a "game changer for Stretford". We know that nothing brings people together quite like great food, and it's why we are launching two much larger foodhalls in major cities in 2020.

We are often asked why we would take on challenging retail locations that other retailers would avoid when we have so many other clear cut opportunities? The answer; we build community with our stores.



EXPLORING NEW RETAIL & LEISURE CONCEPTS



SAVILLS TAKES A LOOK AT BOTH THE TRIED AND TESTED AND THE EMERGING CONCEPTS THAT CAN HELP CREATE THAT NEW, REINVIGORATED MIX OF TENANTS. COMING SOON TO A HIGH STREET NEAR YOU.

BY:

**Carlene Hughes,
Chris O'Mahony,
Josh Howe and
Laura Salisbury-
Jones,**
Savills Retail

It's no secret that consumer behaviour is changing, and increasingly a visit to any shopping centre, local high street, or retail park will show the profound shift in the types of retailers, leisure operators or alternative brands taking space in what were once traditional retail units. Consumers now value experiences over things – a trip to a retail destination now often encompasses food and drink or a game of crazy golf or bowling with friends – but what about trying your hand at esports in a gaming café or going for your check-up at the dentist in what was once the top floor of the nearby department store?

As retail continues to evolve, landlords need to adapt their tenant mix accordingly. Consumers increasingly seek variety and a flexible temporary offer that remains current and engaging. Landlords should be looking towards creating a differentiated offering where occupiers, concepts and brands each complement one another to provide the ultimate well-rounded used twice in same sentence.

In thinking about repurposing of marginalised retail space, it is also important to reflect that it isn't always about taking space away from retail. Sometimes refreshing the offer is enough.



Space curation requires some deep thinking about what the overall proposition should provide



We are now starting to see **the gaming and esports industry establish itself** more prominently within the UK



Live music venues are also still **continuing to acquire new spaces**



SAVILLS HAS IDENTIFIED 170
DIFFERENT COMPETITIVE
SOCIALISING OPERATORS IN
THE UK, ACROSS 340 LOCATIONS
AND EXPECT THIS NUMBER
TO DOUBLE IN THE NEXT
18 MONTHS



WELLBEING

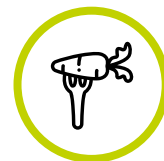
The health and fitness industry has experienced significant growth in recent years, with operators from low-cost gyms to high-end studios expanding their presence throughout the UK. However, as this increasing focus on fitness continues to grow, we are also beginning to see a ripple effect take place within the wider sphere of health and wellness. Healthy eating brands are becoming a staple of any retail location's F&B offering and green spaces on rooftops or terraces are becoming destinations in their own right. The boutique fitness market continues to expand with a large variety of new concepts taking an equally varied footprint in urban centres nationwide.

However, with this increasing focus on wellbeing, surplus retail space can also become the ideal site for medical providers such as GP surgeries or dentists, given the often convenient location of the unit and the ample parking provision. We're currently looking at boosting the retail in medical locations and vice versa. This in turn can then go on to boost the footfall in the wider retail area, providing a win-win situation across the board. Perhaps more alternatively (or not if the growing number of headlines are to be considered), is the rise of CBD (cannabidiol) and the increasing number of retailers offering CBD products. In fact, Goodbody Wellness, a retailer specialising in the sale of CBD products, has stated that it wishes to open up to 100 UK stores in the next two years.

We're currently looking at boosting the retail in medical locations and vice versa. This in turn can then go on to boost the footfall in the wider retail area, providing a win-win situation across the board.



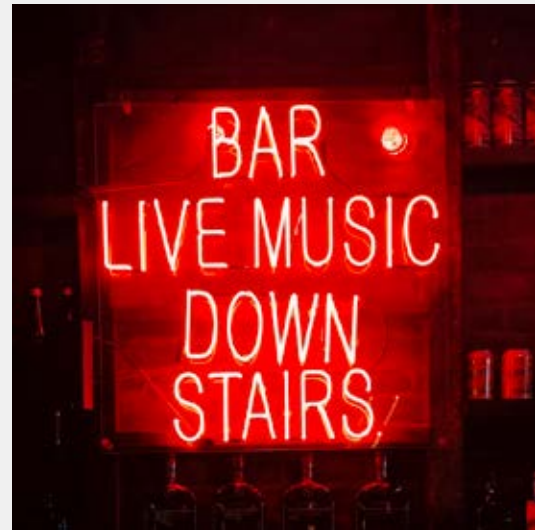
Goodbody Wellness
specialising in the sale of CBD products **wishes to open up to 100 UK stores**

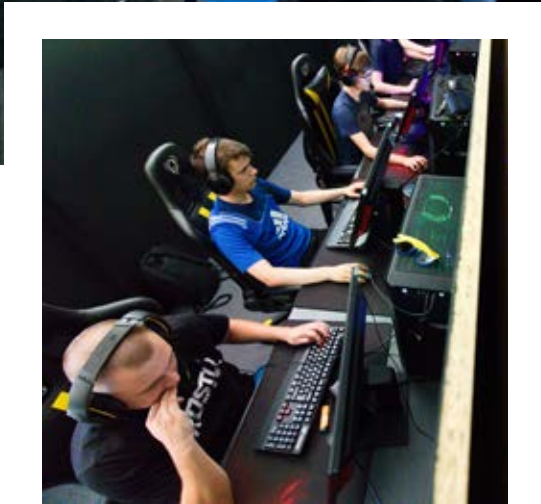


Healthy eating brands
are becoming a staple of any **retail location's F&B offering**

SOCIAL AND SHARING CONSUMERS

Whilst consumer retail habits might be changing, what has not changed is that consumers still want to engage in social activities within a community of like-minded people. This is evident in the rise of market halls and increasing focus on public realm, or the merging of social media with tangible social space concepts. Live music venues continue to acquire new spaces, with O2 actively seeking areas with high student populations to add to its already impressive portfolio of venues throughout the UK. The concept of adding value to traditional retail space through the addition of community-centric operators could also be applied to the rise of the rental and resell economy. As the shift away from fast-fashion becomes more profound, an increasing number of retailers are investing in the rental or second-hand sale of clothes, with operators such as Rent The Runway, Girl Meets Dress and ThredUp. The next iteration of these concepts is expected to include a move to physical store space, a trend we've seen from numerous pureplays in recent years including Boohoo, Fabletics, Amazon, Allbirds and Bonobos.





ESPORTS

The meteoric rise of the esports industry has been well-documented in recent months, with the sector experiencing exponential growth in both the US and Asia. We are now starting to see the beginnings of gaming and esports industry establishing itself in physical spaces, in the form of esports cafés predominantly. Although gaming has been around for decades, in recent years we have begun to see it emerge as a more mainstream sport with tournament attendances rapidly on the rise as the virtual world meets the physical world in dedicated gaming spaces.

No longer is the sector seen as a niche market, but instead is building a far broader community of enthusiasts, which in turn is driving the demand for new sites. Opportunities are in abundance for

landlords who wish to enter into this space, with smaller units being perfectly suited for gaming studios (as seen with space taken by China’s esports and internet café, Wanyoo, in London and Coventry), whilst also offering opportunity for landlords to develop multi-faceted gaming and esports ecosystems with a number of different operators under one roof in far larger spaces.

In the UK, gaming concepts are disrupting the retail and leisure market predominantly, with the opening of gaming operators in various retail destinations throughout the country. Platform is an esports and gaming bar based

in Shoreditch offering an inclusive gaming environment for people of all skill levels, alongside bar and restaurant facilities, providing a social base for those fans of the gaming community. The Red Bull gaming sphere, also based in Shoreditch, is aimed towards skilled gamers and those looking to develop, offering workshops by professionals and hosting both formal and informal gaming tournaments with professional level technology and facilities. As a more retail led offer, Game have launched their Belong concept which provides social spaces for all gaming abilities in order to experience gaming and develop the skills needed to play.

COMPETITIVE SOCIALISING

Driven by changing consumer behaviour and technological developments, we've identified 170 separate operators in the UK, across 340 locations. Leading the way within the sector are 'against-the-clock experiences', otherwise known as escape rooms. With more than 145 locations throughout the UK across over 60 operators, the escape room market is diverse, with Savills forecasting that by the end of 2020 there will be more than 200 locations nationwide. However, four brands have emerged that will account for over 25% of the market by the end of the year (Escape Reality, Escape Hunt, Clue HQ and Locked In A Room). IP concepts such as Dr Who and Sherlock Holmes are being rolled out due to the potential to bring these concepts to a wider audience.

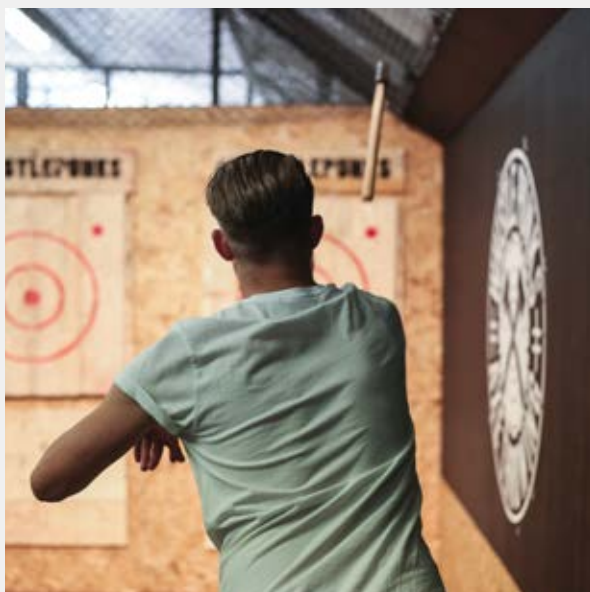
Also increasing their presence are urban golf concepts, with 53 existing venues across the country. However, only five brands within the sector currently operate three or more locations and, with a number intent on significant expansion plans, we are already seeing the rise of several world class operations, like Puttshack, Swingers and Junkyard. The diverse nature of the competitive socialising market is also evident across the emerging 'bar & game' sector, such as Whistlepunks and Flightclub, as well as with virtual reality venues, including international brand Zero Latency. While both concepts offer a vast range of operators, none yet have more than a handful of sites.

Customer journey is key and we predict that those who offer a unique, immersive, social experience for their target audiences will be the ones to establish themselves as the brands of the future. Landlords are bringing these emerging concepts into their schemes to increase the diversity of offer, reposition underutilised space and repurpose units that have been made available from large retailers departing from their schemes.



SPACE CURATION

This is all about two things. First, making sure that the offer fits perfectly with the audience and environment and second is in identifying 'allied uses'. One of the key changes we have seen in recent years is more focus on creating a stronger mix of complementary retail and non-retail uses; tenants that work together for the benefit of the scheme. This makes for a more sustainable place and creates a point of difference, with more atmosphere. Examples include the synergies you might find with vertical farming, wellbeing, health, education, fitness and good eating. The Mercato Metropolitan food hall in Ilford will combine with an urban farm to provide fresh locally produced food. This taps into social responsibility and is increasingly what consumers seek. Curation requires some deep thinking about what the overall proposition should provide and often includes a larger proportion of independents and local stakeholders. This doesn't mean that the concept of tenant curation is alien to large retail brands. Primark have introduced hair salon Duck & Dry into its Birmingham Store and there are countless examples of large retailers trialling different concessions in underutilised spaces. Tenant asset management has always been an important part of the role of the retail agent, only now we also look beyond retail in some cases to help nurture and create the best schemes.



OPERATOR INSIGHTS



MARKETS: THE FUTURE OF COMMUNITY AND EXPERIENTIAL REPURPOSING

Revolution, not evolution, is a concept that is stated repeatedly when discussing the future of retail, high street and town centre property.

BY:

Hayden Ferriby,
Quarterbridge

Markets and bazaars have been continuously in a state of evolution since around the 30th century BC, although it feels that in the UK many of them stopped evolving in the 1950s and '60s, standing still and watching the developments in shopping trends and retail pass them by.

Baby boomers will remember a time where the weekly visit to the market for fruit, vegetables, household goods and clothing was a ritual in which the market was the social hub, leisure and community venue. Then came the era of modern high streets and multinational chains, followed by the rise of the internet alongside a shift to social media driving customer engagement and sales.

Change is the only constant, and it is exponential. Unfortunately, markets are perceived by many as dark and dingy places selling unwanted goods that can be purchased far cheaper online or from the supermarket.

While many existing markets may require support and guidance to compete in the modern retail landscape, the fluid nature of markets and the flexibility of market trading is precisely how they are leading resurgence in independent shopping and activity within town centres.

Recent redevelopment projects in Sheffield, Altrincham, Scunthorpe, Barnsley, Preston and Doncaster, along with future developments in Darlington and Southport, have demonstrated consumer appetite for market environments and how they remain central to the vitality of many of our town centres that have otherwise struggled in recent years to retain retail brands.

With this resurgence, markets are increasingly re-taking their place centre-stage of the retail landscape, in which the creation of a critical mass of local independent businesses is a priority. Proactive management policies encourage zero-waste packaging, and handmade, local or low environmental impact products are essential. Flexibility through hands-on management allows spaces to adapt quickly enough to survive.

By combining the mercantile offer of a traditional market with foodhalls, communal leisure, social, entertainment and educational space, markets are at the heart of regeneration strategies.

It is this flexibility in the use of space that makes markets in all forms, perfect when repurposing a vacant space.



The ability to combine mixed sized independent retail with street food units, communal seating areas, gardens, co-working facilities, creative makers space, classrooms, multi-use space and social value projects, ensures that the location will be a destination space catering for a vast audience.

It is this exciting ability to provide space and footfall to town centre independent retailers, alongside a variety of new engaging uses, which makes a market the perfect vehicle for repurposing vacant units.

A market, combined with a development of apartments or office space, is the ideal use of ground floor space which large retailers are no longer interested in while providing an entertainment venue for the occupiers of the apartments and offices above.

Alongside providing the perfect use of space, these market venue developments are the catalyst to spark increased footfall and spend for the surrounding areas.

The Wool Market in Doncaster has recently reopened following a multi-million-pound redevelopment by Doncaster Council supported by specialist market consultants Quarterbridge. Situated in the far corner of the market estate in a very secondary location within the town centre, the surrounding pubs, bars and retail nearby were also suffering from lack of footfall and shopper spend.

Since the redevelopment into a market filled with street food and high-quality, independent retailers, the Wool Market has continued to attract increased footfall to this part of the town centre, with surrounding businesses seeing sales increased by up to 25%.

Alongside other brilliant examples, the Wool Market demonstrates that markets of the future need to be multi-purpose arenas of entertainment, activity, and community interaction.

This means adding live music, comedy clubs, art installations, performances, along with working with local schools, colleges, universities and community groups.

You need to search for the best and most exciting bands and DJs, understand Arts Council funding, deal with new levels of health and safety and licensing.

Make your venue the go-to location.

The potential is enormous; the results can be amazing.

Maybe the revolution is not about the markets themselves, but about revolutionising how the current generation views and interacts with markets, and revolutionising how we operate them.

We can then help kick start the continued evolution of markets.

“Recent market redevelopments have demonstrated consumer appetitive for market environments and how they remain central to the vitality of many of our town centres that have otherwise struggled in recent years to retain retail brands”

Hayden Ferriby, Quarterbridge



CASE STUDY

MUSE DEVELOPMENTS

TIME
SQUARE
WARRINGTON



TIMES SQUARE, WARRINGTON

Time Square in Warrington was a previously a single storey shopping centre which was linked to a wet-led scheme. Muse brought Warrington Borough Council on board to refresh the centre, which proved to be a real success. The old market was demolished and in its place a brand new, more modern one was created. A range of new occupiers and leisure brands have been added to the scheme including Cineworld and the bar operators The Botanist. To help boost footfall, the council has moved their offices to Time Square, in Grade A space of 103,000 sq ft, allowing staff to take full advantage of the leisure and retail offering.

“City and town centres have always been in flux, with populations moving in and out as living habits change over time. One good example of this is with the mass use of the car which saw new infrastructure being built in town centres such as the creation of flyovers and large swathes of land used as car parks. We are now seeing this being reversed in developments as we shift away from cars in town centre.”

Phil Mayall, Muse

CASE STUDY

INTU

INTU LAKESIDE

intu has launched a £72 million leisure extension to its flagship destination in the south east of England, intu Lakeside, which will attract millions more people to one of the UK's most popular shopping destinations. The 225,000 sq ft expansion, anchored by some of the biggest and best international leisure operators, is set to increase intu Lakeside's 20 million footfall a year by more than two million and transform the centre into a major south east tourist destination.

Puttshack's second site, one of Hollywood Bowl's biggest venues, trampoline park brand Flipout and a Nickelodeon family entertainment centre are anchoring the space while The Hall, the first out-of-town concept from food hall operator Market Halls, and a range of other restaurants have joined intu Lakeside's growing dining offer.

Two former car parks were transformed into the new area which overlooks intu Lakeside's 22-acre lake as well as a new 7,000 sq ft public realm featuring landscaped areas and integrated lighting, sound and water-powered technology to further engage visitors.

intu has also unveiled its vision to create a new community at the south end of the centre. The new development would bring a mix of over 1,000 modern homes to rent, catering for individuals, couples and families alike, creating high quality, community living in the heart of Essex and just 30 minutes from Fenchurch Street, London.



INTU WATFORD

The 400,000 sq ft, £180 million retail and leisure extension of intu Watford has bought in new retailers, restaurants and leisure operators to create a thriving destination at the heart of Watford high street. The increased investment and subsequent customer demand has promoted Watford to a top-20 retail destination, while the extra jobs created means intu Watford now supports 12% of all jobs in the town.

intu has signed up leading leisure operators, Cineworld, Hollywood Bowl and Puttshack, plus a number of new catering brands, in order to attract visitors from a wider catchment. Collaboration with Watford council was a key element to the success of the scheme, which redeveloped a run-down precinct previously owned by the council and complemented the wider regeneration of the high street.

“At intu, we are focused on creating day out experiences at some of the UK’s best destinations. This starts with the creation of an outstanding retail and leisure offer and public realm. Our vision is now to develop a vibrant community on the doorstep of intu Lakeside and we are planning to build new homes, hotels and flexible-working spaces that will transform intu centres nationwide, making our centres the beating heart of communities.”

Martin Breeden, Development Director, intu





ROPEWALK

SPECK MOBILE
NOW OPEN

CHAPTER 3

RE:POSITIONING

RETAIL

ALTERNATIVE &

COMPLEMENTARY USES



RESIDENTIAL IS OFTEN CONSIDERED THE POT OF GOLD WHEN IT COMES TO REDEVELOPMENT OF RETAIL SPACE. BUT IS THIS REALLY TRUE AND DO THE VALUES STACK UP?

It is often suggested that empty shops should be converted into homes. As there is a surplus of vacant retail space and a consistent shortage of housing delivery, this appears an obvious solution.

The government's ambition is to build 300,000 new homes per year in England to meet need and improve affordability. Annual net additional dwellings in 2017/18 were 222,000, so there is great potential for repurposing retail space to contribute to meeting this target. However, there are significant complexities in where and how this can be done.



BY:

Emily Williams & Hamish Simmie
Savills Residential
Research

WHERE IS IT POSSIBLE?

There are many local authorities that are not delivering enough homes to meet housing need with large concentrations of vacant retail. The greatest shortfall in housing delivery is in London and the South East, but there are other locations such as Trafford, which has averaged housing delivery over the last three years equivalent to only 29% of need, and has almost 500,000 sq ft. of vacant retail space. There are eight other local authorities, across a variety of markets including Camden, Sandwell and Stockport, which have over 400,000 sq ft. of vacant retail space and have been delivering less than 70% of their housing need.

However, in some of these locations, it may be challenging to find sites where residential values are high enough to support repurposing or conversion. In London, this isn't an issue as new build values are at least £500 per sq ft., high enough to make redevelopment viable. In many locations, values are significantly higher.

In much of the South East values are also high enough to easily support redevelopment, although there are locations with significant amounts of retail vacancies, such as Portsmouth, with 318,000 sq ft. of vacant space, where new build values could make viability marginal, particularly on more complex sites. Elsewhere in the country, 42% of vacant retail floor space is located in areas where average values are less than £250 sq ft.



HOW CAN IT BE DELIVERED?

It is possible, however, to use regeneration of retail space to drive growth in residential values. Savills analysis has shown a strong positive correlation between quality of retail and leisure, and residential values in London. We have created a model of value for London that considers a range of factors that affect residential values. These include travel time into employment hubs, access to green space, proximity to education, quality of place, night economy offering, quality of retail and leisure, and more.

In this case, we scored the retail and leisure offering in each area (MSOA), considering both the quality and quantity of multiple retail brands, independent stores, cafés and restaurants, entertainment and leisure operators. We also analysed occupancy levels and proximity to other retail areas. There is a strong link between higher quality retail and higher residential values, and this uplift is particularly pronounced in areas with high connectivity. This demonstrates the potential to unlock hidden value through retail led regeneration.

However, looking at past delivery of residential units from office space under permitted development rights (PDR) suggests that it should be possible to repurpose retail space as residential in some of these markets. It should be noted however, that under permitted development rights, there is no requirement to provide affordable housing. At present, redeveloping most retail would not fall under PDR, and so would require meeting the local authority's affordable housing policy which could make schemes unviable in areas where new build values are lower.

THE ROLE OF LOCAL AUTHORITIES

It is likely that this type of major regeneration will require public sector involvement, particularly as the approach of local authorities to their land holdings changes. Local authorities have long been significant land owners, with large residential holdings, alongside public amenity such as parks and playing fields. However, they are increasingly looking to use their land ownerships as an income source as budgets have been squeezed in the years following the 2008 global financial crisis, and this has resulted in more investment in commercial property.

Although the amount of commercial land owned by local authorities is relatively small in comparison to residential or agricultural holdings, it has grown in size and importance in recent years. This is due to the sharp rise in spending on acquisition of land and existing buildings, which has reached £4 billion in 2017/18, up 284% from 2014/15.

With growing exposure to retail and office markets, local authorities need to develop clear strategies for their commercial property holdings, and be aware of wider structural shifts in these markets. Under Section 15 of the Local Government Act 2003, local authorities are now required to prepare an annual investment strategy to include any investment property holdings. This should include a risk assessment, for which the local authority should consider risks such as rental void periods, obsolescence and potential exit strategies.

Therefore, it is becoming increasingly necessary for local authorities to look at consolidating and intensifying their assets. In the case of big box retail parks and shopping centres, diversification and intensification, rather than wholesale repurposing, is likely to be the solution. This could include bringing different uses such as distribution, office and residential to the site, reducing exposure to the retail market.

This combines well with the growth in local authority ambitions to increase the delivery of housing. Over 70% of the local authority respondents to the Savills 2019 Housing Sector Survey stated they planned to increase their delivery of homes for social and affordable rent, and shared ownership. Of the respondents, 60% were planning or considering doing this through partnering with an institutional investor, suggesting there are significant opportunities for public and private sector partnerships to repurpose and intensify underperforming retail.

Fragmented ownership remains a problem, particularly in areas of marginalised high street. Local authorities will need to be proactive and consider the long-term benefits of using their powers to support developments, while ensuring the new uses are sustainable and beneficial. Local authority investment may also prove the conduit for the affordable housing development.

“The focus of bringing residential schemes into retail locations has seen a stark increase in activity of late. Savills London Residential Development Land team have been involved in the repurposing of in excess of 17 acres of retail warehousing, totalling over 250,000 sq ft in 2019

Andrew Cox, Savills Development

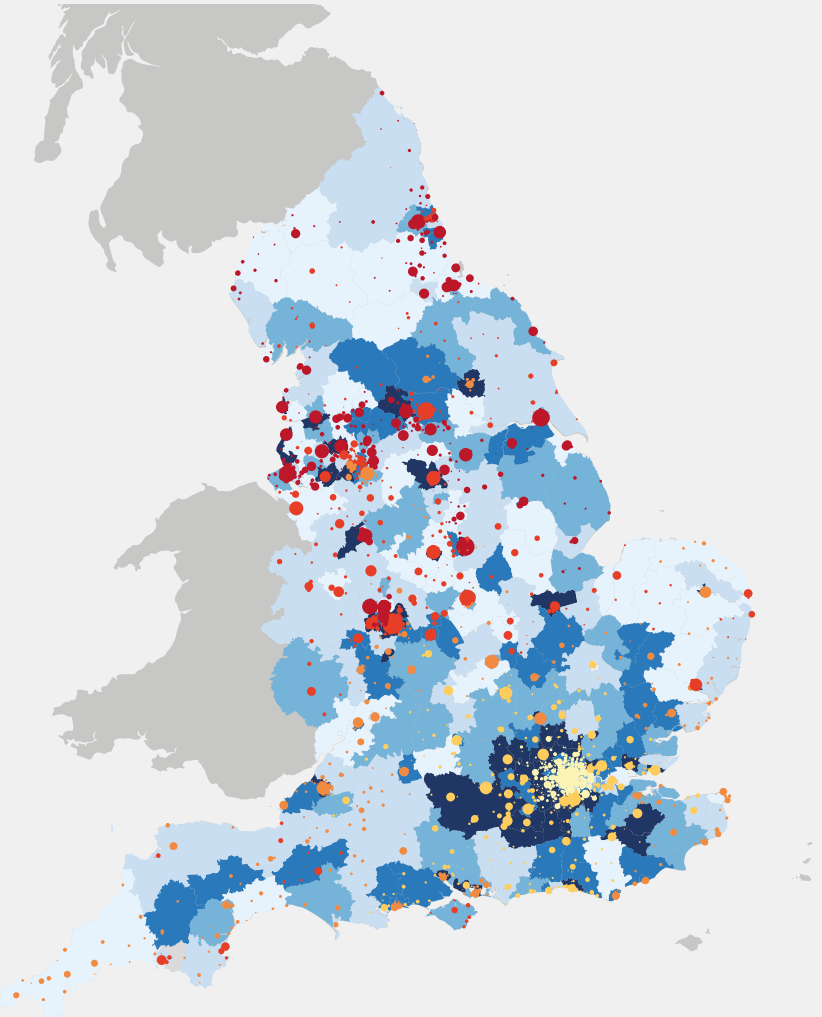


MAP X: POTENTIAL FOR REPURPOSING RETAIL AS RESIDENTIAL

The distribution of vacant retail doesn't align with strong new build values, but the delivery of office to residential conversion shows that, under sympathetic planning policy, repurposing retail as residential could be viable across multiple markets.

Total vacant retail space (sq ft)**Average residential value (£ per sq ft)****Homes converted to residential via PD (3 yrs to 2017-18)**

Source: Savills Research, Land Registry, MHCLG



“Vivahouse aims to repurpose under-utilised retail space into residential homes. Using the existing fabric of the retail space, and pre-fabricated construction methods means it’s low cost to build but high-yielding to landlords. This has created the ability to add new homes at a price point in London where demand from the urban tenant is high; and this is a phenomenon that could easily be replicated in cities beyond London.”

Rajdeep Gahir, Vivahouse

DEVELOPER INSIGHTS

GOOD™

THE FUTURE OF WORK SPACE IN SHOPPING CENTRES

MURRAY CLARK HAS LONG HELD THE CONVICTION THAT GOOD WORKSPACES PLAY A CENTRAL ROLE IN FUTURE RETAIL PLACES. HERE HE EXPLAINS WHY.

BY:

Murray Clark,
CEO, GOOD

As landlords fight to stay relevant in this time of digital disruption and heightened experiential demand, implementing a strategy of mixed-use and shared economy principles, underpinned by a 'culture of community', including work space, may offer a tangible solution to our retail woes.

Driven by Gen Z's insatiable appetite for convenience, flexibility and on-demand experience, the growth of coworking spaces will continue to rise, offering landlords the opportunity to create spaces that are a better and more sustainable reflection of the future.

Unfortunately, functional retail in isolation does not offer the sort of experience required to get you or I up in the morning anymore. We choose to rather enjoy the comfort of our iPhones and a pillow behind our heads, with the barrage of content, choice, and flexibility that comes with it.



I mean, why go out into the world when, at the touch of a button, the world will come to us? But, something is still missing: human connection and community between people. We are biologically designed to crave connection, and in fact, we require it to survive!

It is no wonder that depression rates amongst tech geniuses across the world - huddled in dark rooms ferociously tapping away at 0's and 1's - are some of the highest in the world. No community plus a dark room equals loneliness. Hang on, that sounds like a few of the shopping centres I have walked into lately. Fairly dark, clinical experiences indeed.



Retail spaces, if designed with intention, provide the perfect entrepreneurial canvas to foster collaboration, innovation, and creativity, more so than coworking spaces do in isolation. Why? Because they offer more. More choice, more people, more flexibility, more everything. And in the consumerist world we live in, who doesn't want more?

When executed correctly, shopping centres offer a well-designed platform for retail, leisure, wellness, food and beverage, and a rich blend of experience. With brands such as Re:Store popping up on the high street in the USA, and others just like it across the globe, retail spaces now even offer a glimpse into the digital world offering URL brands a home in the physical.

When adding beautiful work spaces to the blend of mixed-use retail, all of a sudden these shopping centres become something so much more than just a platform for 'functional retail' - and that's exciting.

Work spaces, in general, serve to cultivate creativity and community between people, for companies both big and small. They stimulate conversations that matter, and they are often home to young startups of the world and by default, a younger, more vibrant demographic.

For retailers, they also bring the right sort of feet to the site. Feet with cash to spend. A different sort of feet. And for any retail veterans out there, we all have a fetish for feet, whether we like to think so or not.

Over and above these benefits, the work space financial model itself speaks to higher rentals per square foot, as a result of efficient design and changing the unit economics. Two things that make a lot of sense if you can keep bums on seats and vacancies low.

Perhaps the most important part of re:imagining retail spaces that include work spaces is ensuring the contextual appropriateness of each space, ensuring that it suits the demographic. A landlord in central London might be able to charge 500 Pounds for a seat at a plush work space connected to a Westfield mall, but what then of the poor startup in Stoke who makes ceramics for a living? Perhaps a 'coffice' (coffee shop office) where the rental is paid in coffee, in collaboration with a company like Change Please? Co-work. Tick. Community. Tick. Social Impact. Tick.

In my experience, having delivered multi-layered spaces of this sort, understanding the fabric and the DNA of each community is paramount to creating sustainable 'retail' spaces for the future. The challenge now is to alter the mindset of the investor who controls the pockets of the major property players.

How does one quantify the financial upside of community? How do we motivate building common spaces that may not necessarily be income-producing but that serve to breathe life back into otherwise tired retail centres? How do we pair work space next to retail and if so, where?

These are things we all need to wrap our heads around as we continue to search for answers in the trillion-dollar retail brick and mortar industry we find ourselves. Whilst there certainly is a lot of doom and gloom out there, my view is that fortune favours the brave and for those who choose to innovate, there is a world of opportunity and value that is available to us.

CASE STUDY

ELLANDI



ELLANDI

SOUTHAMPTON EAGLE LABS

Ellandi has worked directly with local authorities on how to effectively retain talent and lessen the 'brain drain' of young employees moving out of Southampton and to London. The solution came in the form of the Barclays Eagle Labs at the Marlands Shopping Centre. The previously vacant second floor area previously occupied by Matalan has been repurposed into the city's first collaborative, co-working environment and Barclay's 24th UK Eagle Lab.

The provision of flexible working space in unused retail space has created a crucial hub for those not working from a fixed office. This provides a different reason for people to visit their local high street and shopping centre, away from the traditional retail and food court visits. Attracting flexible workers increases footfall at the Marlands and encourages spend in nearby stores. It also provides an element of future-proofing as we expect more of the population to move into agile working in the future.



“There is no one-size-fits-all solution for town centres and residential isn’t always the perfect remedy but is instead part of it. Every town needs a bespoke solution to ensure that it retains its own character and be able to differentiate itself from other nearby centres.”

Mark Robinson, Ellandi

EASTGATE SHOPPING CENTRE, GLOUCESTER

Ellandi have created space for the UK's first Digital Retail Innovation Centre at the Eastgate Shopping Centre in Gloucester working in partnership with GFirst LEP, Gloucester City Council and Marketing Gloucester. This is the first hub of its kind designed to support retail entrepreneurship through the development of a Digital High St Lab to foster innovation and incubation of new retail businesses supporting retailers adapt in an age of rapid digital innovation.

This is an excellent example of how partnerships can successfully re-position obsolete first floor retail accommodation with a dynamic and relevant alternative use. Ellandi are confident the Hub will contribute to the vitality of Gloucester city centre, the wider local community and support new retailers around the UK to produce a seamless complementary consumer journey from on-line to bricks and mortar meeting head on the challenges facing UK high streets



DEVELOPER INSIGHTS

EXPLORING RETIREMENT LIVING

ROB WIDRIG OF GUILD LIVING LOOKS AT HOW DEVELOPMENT OF 'LATER LIVING' SCHEMES CAN HELP BREATHE LIFE INTO THE HIGH STREET.

BY:

Rob Widrig
Investment Director,
Guild Living

The challenges being faced by the retail sector are well-documented. Consumer behaviour has seen a seismic shift over the past decade, in part thanks to the rise of e-tailing, and growing numbers of CVAs have put increasing pressure on retail landlords. Of course, with every challenge comes opportunity. Those looking to revitalise our high streets – from landowners to policymakers – need to innovate and respond to changing dynamics, or risk town and city centres becoming another casualty of evolving trends.

To date, much of this innovation has focused on the young, catering for the digital revolution by improving omnichannelling and logistics operating models. However, the consumer spending power of the older generation is being increasingly overlooked. According to SAGA and the CEBR, the over 50s account for 47% of UK consumer spending, representing £320bn per year. Government policy recommendations have stated that retail spaces should be made age-friendly to encourage local spending, whilst the ONS's Family Spending Report

found that older households are major consumers of goods and services, highlighting their importance to healthy economies. Against this backdrop, and that of struggling UK high streets, we need to evolve our towns and cities into 'age-friendly' societies, attracting older people to live centrally so they can continue to play an active role in the local community, whilst also contributing to overall spending.

At Guild Living, an operator and developer of urban later living communities established in partnership with Legal & General last year, we are doing just this. ONS principal projections suggest that, between 2012 and 2062, urban areas will see a substantial increase in their older populations. OECD analysis also found that cities are already home to 43.2% of over 65s. With this insurgence of baby boomers to urban environments, Guild Living is committed to tackle ageing urbanisation head on, bringing age appropriate homes back to town and city centres. At a time when retailers are struggling to compete with online rivals, and many have gone out of business or suffered store closures,



GUILD LIVING

Guild Living's schemes will incorporate an array of retail, restaurant, health, nursery and leisure facilities, all open to the local community.

Two of Guild Living's schemes, in Bath and Walton-on-Thames, are perfect examples. Both are redeveloping centrally located retail warehouses into c. 300-unit later living communities. Comprising 1, 2 and 3 bedroom residences and care suites, the developments incorporate age-friendly restaurants, wellness centres and retail. They are not traditional, gated residential blocks, but rather extensions of the existing local community, focused on vibrancy, intergenerational activity and social interaction.

In addition to benefiting local high streets, schemes such as those by Guild Living, play a vital role in supporting job creation. Employment opportunities range from construction jobs all the way to those involved in long-term operations, such as managers, carers, physiotherapists, maintenance personnel and so on. Compared with traditional residential developments, later living schemes also have a significantly reduced impact on strained local infrastructure. Residents do not take up restricted school places, whilst car use is less frequent, meaning less road congestion and a lesser requirement for parking spaces.

Designing our cities to cater for growing 'elderly urbanisation' can also have huge societal benefits. It is a well-known fact that the UK's healthcare system is strained.

Designing our cities to cater for growing 'elderly urbanisation' can also have huge societal benefits. It is a well-known fact that the UK's healthcare system is strained. This is particularly true in towns and cities, where hospitals are catering for increasing populations with ever tighter budgets. Increasing social participation and connectedness, driven by well-designed and centrally located later living communities, is proven to have a significant positive impact on the wellbeing of older adults. Research has shown that age-appropriate housing with care can reduce GP visits by 50% and overall NHS spend by 40%.

Encouraging older people to remain both economically and social active is paramount to revitalising the UK's high streets, whilst supporting healthy ageing and alleviating the burden on the health services. Adapting the current urban fabric to accommodate an ageing population requires innovation from landowners, town planners, policymakers, later living operators and designers. A fresh approach is needed for development and operations, alongside new planning use classes, land classifications and tax relief that recognises the socioeconomic benefits of attracting older people back to living in town centres.

Local authorities have a real opportunity to proactively set targets that represent their demography, such as stipulating that a percentage of all future housing delivery is dedicated to later living communities.

With the will of landowners, and help of policymakers, Guild Living hopes to lead the way. The whole ecosystem must move together.







EXPLORING STUDENT LIVING

RECONFIGURING SHOPPING STREETS BY ADDING HOUSING THAT INCREASES THE DAY OR NIGHT TIME POPULATION CAN HAVE A POSITIVE IMPACT ON WHAT RETAIL REMAINS.



BY:

Lawrence Bowles
Savills
Research Analyst

Residents provide a local and reliable source of demand, especially for convenience retail and leisure. However, if those homes are all occupied by professionals, footfall will still be limited during the day while the residents are at work. Specific types of accommodation can help to support retail footfall throughout the day, namely student and retirement housing.

Redevelopment of commercial city centre space for student accommodation has taken place at Marland House in Southampton city centre and is adjacent to Marlands Shopping Centre.

Student housing and university facilities led the way at the regeneration of King's Cross. There, University of the Arts students constantly passing through helped to create a lively streetscape and the demand to support supermarkets, cafés, and bars. While students tend to be reliant on loans or the Bank of Mum and Dad to fund their living costs, these younger households tend to spend more of their income on nights out and

maintaining their appearance. According to the Family Expenditure Survey, the under 30s spend 11% more per week on drinking in pubs and bars than average. They spend 6% more than average on personal care.

However, students are notoriously selective when it comes to location, and will almost always opt for the accommodation closest to campus given the choice. In those areas without a university on the doorstep, partnering with universities to provide education facilities on site as well can help draw in student housing demand and additional footfall from students in the surrounding area.

Student housing alone is not a panacea for a struggling high street. However, introducing more local demand to the area can be part of a wider solution incorporating student accommodation with education facilities, later living, employment space and hotels.



EXPLORING EDUCATION

EDUCATION HAS ALWAYS BEEN A KEY PART OF SUCCESSFUL MIXED-USE ENVIRONMENTS WITH MANY CITIES GROWING UP AROUND THEIR EDUCATIONAL INSTITUTIONS.

However, the global real estate community has only recently rediscovered the joys of an educational anchor, whether it be a primary or secondary school as part of a major residential-led scheme, or the University of the Arts at the heart of King's Cross.

Not only do schools or higher education institutions provide an immediate draw to a location, but they also increase footfall and dwell time across the day, often beyond normal retail or office hours.

Another advantage of adding education to a scheme is the ability to co-use facilities and services that might not have been viable in a single-use location. Whether this be a health centre, a playing field, a library or just intellectual capital, there are few businesses or residents - or indeed universities - who would not value more of it.



BY:

Mat Oakley,
Savills Commercial
Research



Education is also seen as increasingly important as part of wellness and social initiatives, with many investors and public authorities recognizing the social return that it can add to a scheme or location. Urban shopping centres in the UK tick many of the boxes that educational institutions are looking for, with safe, mixed-use, public transport accessible environments. It is notable that of the 30 locations that the government's Locat ED property company are looking for (for schools at primary and secondary level), the majority are in urban locations with a total current requirement for 1.6 million sq ft.





EXPLORING HOTELS

HOSPITALITY ON THE HIGH STREET – A VIABLE ALTERNATIVE TO REDUNDANT RETAIL SPACE



BY:

Richard Dawes
Savills Hotels

History has shown us that the high street constantly evolves over time to meet the demands and needs of the public. With the recent widely-publicised CVA's, in part due to shifts in technology and consumer habits, this has helped pave the way for a renaissance period in the repurposing of some of our most loved buildings.

The real estate that has been home to household names in recent decades, and in some instances centuries, presents a valuable opportunity to regenerate the existing bricks and mortar into a place that not only provides a viable and commercial use, but one that is sympathetic to the past, supports the changing community and helps bring demand back to the high street. End of life cycle offices, high street retail, shopping centres and department stores in particular offer buildings that are generally centrally located, with good structural integrity and attractive period features.

Concurrently with the shift in retail, the C1 use class is also diversifying across hotels, hostels and serviced apartments, with an increasingly broad range of quality product in the market and growing amenity offering to both transient customers as well as hotel guests. Prime examples in the upscale hotel bracket include The Hoxton and Soho House, both successful hubs of activity for workers during the day and diners throughout the night. In order to achieve this synergy, developers need to ensure that the fundamentals surrounding a viable hospitality solution are covered.

Understanding location, demand, construction costs and floorplate efficiencies are the principal steps in achieving a successful solution. Landlords need to consider the micro/macro location, key demand drivers and understand the size of the existing hotel bedroom supply/pipeline, to help determine the appropriate size and service offering of a hotel. Whether the developer/owner wants to hold or sell



and take on fixed or variable income will depend on their risk level and will have further influence on the type of operator that uses the space as well as eventual viability. Evaluating the residual values against other uses on a per sq ft basis is the decisive factor that helps deliver a commercially viable hospitality solution for the owner.

Projects need to be considered on a case by case basis. Considerations such as title, access, servicing, natural light, flexibility of floorplates and room design are fundamental to help improve the viability of a hotel solution. Recent examples include Premier Inn Chester (vacant retail and office space in Chester's

Grosvenor Shopping Centre) and the proposed Travelodge in St Albans (former BHS).

Hotels can provide many benefits, not least the additional amenity offering to the high street, they can also create stimulating environments with a variety of experiences for the customer through the interaction of co-working spaces, unique F&B offerings and places to relax and unwind. The repurposing of existing and vacant buildings to hospitality can not only make commercial sense, but on a wider level as part of other uses, can help to rejuvenate the high street.





EXPLORING LOGISTICS

URBAN LOGISTICS IS THE REAL ESTATE THAT KEEPS CITIES MOVING AND FUNCTIONING, WHAT PLACE DOES IT HAVE IN THE RETAIL ENVIRONMENT AND IS IT A VIABLE ALTERNATIVE USE?



BY:

Kevin Mofid,
Savills Commercial
Research

The last 10 years has seen unprecedented demand for warehouse space with the average annual amount of space transacted more than doubling. Whilst new warehouse development has occurred the delivery has not been enough to keep pace with demand meaning that vacancy rates have plummeted to an average of 6%, but falling to as low as 2% in London and rents have risen by as much as 94% in just five years. Rents for smaller industrial units in London have breached the £30 per sqft mark for the first time.

Online retail fundamentally requires more warehouse space than traditional retail models, rather than delivering from a central distribution centre to stores more inventory has to be located nearer to population centres and returns also have to be factored in. Research from Prologis, a warehouse developer, suggests that for every additional €1bn spent online an additional 770,000 sqft of warehouse space is needed. Demand is therefore likely to continue in line with growth of internet penetration.

What does this mean for owners of retail property who may view the growth in logistics as a threat to the need for retail space? The market dynamics being experienced in the logistics sector may prove to be a huge opportunity for retail landlords and developers as consumers increasingly value factors such as speed, efficiency and convenience as drivers of how they choose to spend and obtain goods.

Out of town retail park units have the most potential for conversion to urban logistics units due to the similarity of design but also proximity to suburban populations. However it is not as simple to say that any vacant solus retail unit could simply be re-let to an urban logistics tenant. Key considerations will be the amount of loading doors that are available, the height of the unit with 8m being desirable, the size of any yard, traffic restrictions and also any hours of use restrictions. Should these issues be surmountable it is conceivable to see a scenario where parcel companies locate facilities on retail parks to service the last mile.

A recent example of this type of conversion is the former Toy'R'Us retail unit in Croydon. Once the unit was vacated the landlord undertook a comprehensive refurbishment of the unit, which included adding more loading doors and converting the car park into a yard. The building now provides logistics use in a market where industrial vacancy rates are extremely low and demand is high.



In the future we anticipate seeing smaller scale logistics formats head into other retail places. Complimentary to last mile delivery is the continued rise of click & collect, which has seen a 60% increase since 2014 and has a strong and tangible link with driving retail footfall and conversion. For example, Sainsburys/Argos and Boots have seen 80% and 75% of their online orders respectively, fulfilled through click & collect. Furthermore, shoppers spend an average of 13% more in store than the original online transaction when they collect it.

Free home delivery of goods reduces profitability and long term may in fact prove unsustainable for many brands. There are tangible benefits for retailers that can push more customers to store via click & collect, from reducing last mile logistics costs and the ability to process returns in a more efficient way. Where last-mile logistics can work in harmony with in-store retail, both models will prove more economically sustainable.

Third party logistics companies are also considering opening sites in more traditional retail settings. With many retailers still servicing their click & collect function by delivering parcels from national or regional distribution centres this raises the possibility that parcel companies will want to locate their distribution centres closer to retail locations as well as areas of high urban populations. Shopping centres are already being examined for their place in the supply chain beyond the physical store as many have large basements, loading areas, and car parks that are underutilised. From a design and operational perspective this space is more challenging to occupy for a last mile logistics company, however the strength of the location may outweigh the operational issues.

There are also environmental consequences to home delivery given the volume of traffic it produces. Many cities are currently consulting on clean air zones and logistics companies are switching to alternative fuel vehicles. By locating parcel delivery hubs closer to city centres parcel companies are able to lower their vehicle emissions and also switch to electric vans and even cargo bikes in densely populated areas.

And that's all before we consider the future potential for drone delivery and the urban centric sites these will require...

The core challenges for siting logistics in retail locations will be:

- Customer convenience and fulfilment
- Profitability of home delivery models
- Managing an increasingly transient supply chain
- Flexibility of property design, construction and accessibility to meet the needs for logistics
- Environmental issues and sustainability of increased last-mile delivery
- Retail values versus potential logistics values





CHAPTER 4

RE:PURPOSING

IN PRACTICE

LANDLORDS, DEVELOPERS,
PLANNERS AND LOCAL AND
NATIONAL GOVERNMENT ALL
HAVE A ROLE IN DELIVERING
CHANGE

THE LANDLORD & DEVELOPER STORY

WHAT DO INSTITUTIONAL OWNERS OF RETAIL ASSETS BELIEVE IS THE SCALE OF THE OPPORTUNITY IN THE REPURPOSING AGENDA AND WHERE DO THE OPPORTUNITIES AND CHALLENGES LIE?

We have surveyed Savills retail landlord clients to explore their views of how significant the retail repurposing proposition is, with responses from over 30 companies in control of over 1,000 schemes. The combined portfolio of respondents includes 30% high street, 22% shopping centre and 20% retail parks as well as department store, supermarket and leisure assets.

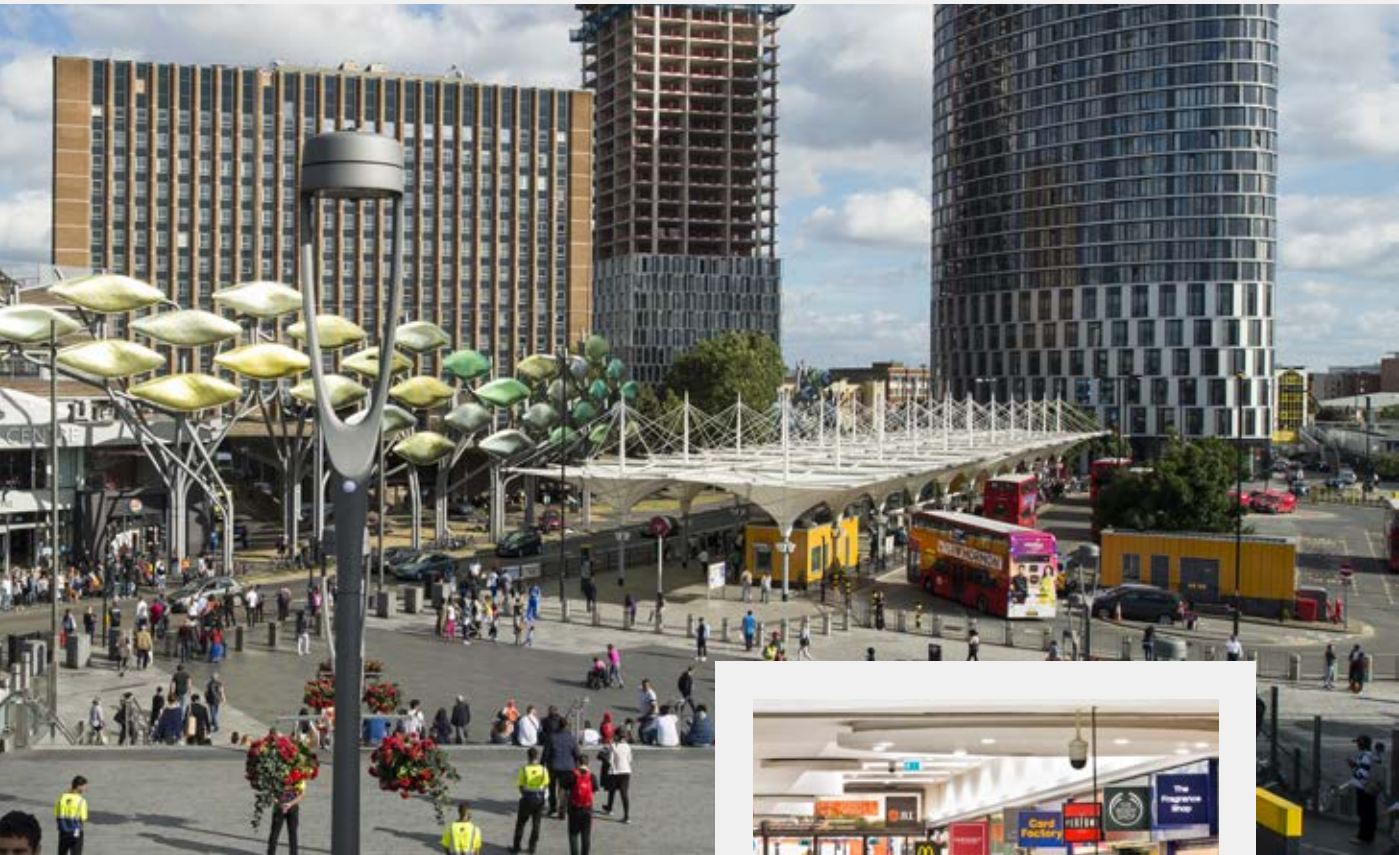
Respondents indicated that 43% of their retail assets have a degree of oversupply in retail space, but consider only 31% of these schemes are seen as relevant to the repurposing proposition. They are being proactive; 18% have already completed a repurposing project and 75% are undertaking or considering redevelopment.



BY:

Sam Arrowsmith
Associate Director
Savills Commercial
Research





REPOSITIONING THE RETAIL AND LEISURE OFFER COMES FIRST

It is clear that the first priority for retail landlords is to look at repositioning their assets with a revitalised retail and leisure offer, which in many schemes is actually resulting in an increase in retail floorspace; 80% of respondents listed this as a consideration. However, if that option has been exhausted, or the amount of retail space needs to be reduced, alternative uses are being considered with residential and then health/community uses being those considered most widely (85%/80% respectively). Improved workspace, student living and retirement living, all of which contribute to a stronger day time population, are being considered by 50-65% of landlords. Last mile logistics are being considered as an alternative use by 30% of landlords including owners of both retail parks and shopping centres, this ties in with the growth in e-commerce but is particularly salient to the rise of click & collect.

There is of course a difference between what is needed and what is most likely to be delivered in the short term. According to landlords, repositioning is most urgently required in shopping centres, is most viable in retail parks, but is most likely in the immediate future in department stores. This certainly fits with what we are observing in the market in terms of department store conversions.

Retail parks are not generally considered to urgently need repurposing and yet are anticipated to see a considerable amount of development. Meanwhile, in high streets where there is a considerable need to reduce the

retail space, expectations are that this is much less likely to happen in the immediate future due to fragmented ownership and lack of funding options.

The survey looked to see if there is a regional bias in the viability of redevelopment, with only 12.5% believing that repurposing opportunities will be almost entirely constrained to London & South East. A further 19% expect the majority of redevelopments to occur in London and regional cities. The remaining however, expect the proposition to be much more wide ranging in terms of location flexibility.



MAKING IT HAPPEN

In terms of the most likely ways that a landlord would undertake a repurposing project, 23% stated that they would undertake the redevelopment themselves, 19% would seek local authority support and 17% would look for a development partner. However, not all landlords relish the task of redevelopment with 31% indicating that they would be likely to sell the asset with or without planning permission rather than undertaking the work themselves. Although it should be noted that most landlords would seek a range of options depending on the site.

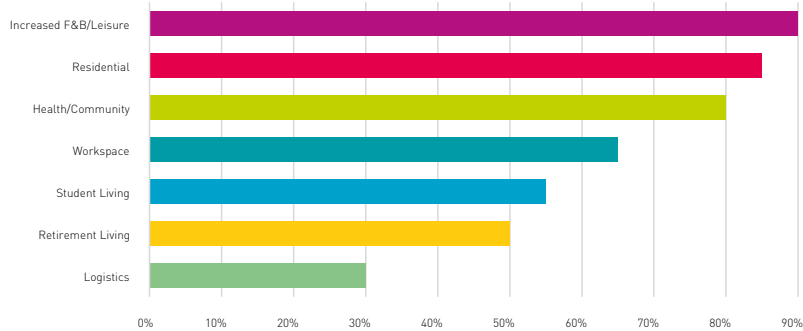
The benefits of making repurposing projects work as seen by retail landlords can be summarised as:

- Increased investment value
- Reducing long-term voids
- De-risk exposure to retail market
- Increasing viability and point of difference
- Optimising underutilised space
- Meeting demand for alternative uses
- Increase footfall through alternative uses

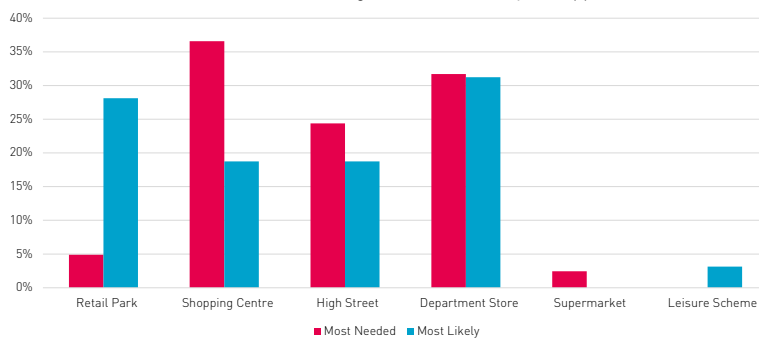
Respondents cited the most common limitations to redevelopment as cost, concerns of reduced investment value, lack of demand for alternative uses, the Planning regime and lack of funding. When asked what needs to change to make repurposing a more straightforward proposition however, the responses tended towards requiring more permitted development, more local authority support, more CPOs and more government funding.

All of which really puts much of the onus on local and central government, but in fairness local authorities are not themselves developers and are by enlarge

WHAT ALTERNATIVE USES ARE YOU CURRENTLY CONSIDERING, OR DO YOU THINK COULD BE VIABLE IN YOUR RETAIL ASSETS?



WHERE ARE THE CHANGES NEEDED OR LIKELY TO HAPPEN?



enthusiastic supporters of redevelopment when it adds to the social returns of the place. The biggest limiter to redevelopment therefore remains funding and viability.

However, 56% of survey respondents reflected that while viability issues need to be overcome and repurposing of redundant retail space will ultimately have to happen in any location where there is no longer the same level of occupational demand or where the retail pitch has shifted.

75%

75% of retail landlords are undertaking or considering repurposing projects

90%

90% of landlords will look to improve retail and leisure floorspace before considering alternative uses.



“All of the local authorities and investors we have worked with have been proactive and supportive, wanting to improve their town centres to create new jobs and bring a new buzz to their local areas, but they need specialist development partners. This is certainly where we are succeeding. Once we set plans in motion to bring in new occupiers and uses to reposition the schemes, there’s a tangible ripple effect on the vitality of each destination.”

Chris Geaves, Sovereign Centros



THE LA STORY

LOCAL AUTHORITIES ARE TAKING AN INCREASED STAKE IN THEIR RETAIL PLACES. WHY IS THIS AND WHAT ARE THE BENEFITS?



BY:

Tom Whittington
Director Savills
Research

Since January 2016 Savills has identified 25 shopping centre transactions, covering 5.5m sq ft, that have been purchased by local authorities (lot sizes above £5m). This accounts for around £770m of investment and 13% of transaction volumes in this period. Activity has spanned all regions in England, but has not yet occurred in Scotland, Wales or Northern Ireland.

The biggest purchase was The Mall in Camberley in an off-market deal of £86m and the council subsequently purchased the adjacent House of Fraser and Nationwide in a separate transaction.

Quality of stock varies significantly if the yields are anything to go by (ranging from 4.4% in St Helens to 10.5% in Stockton-on-Tees) – as do lot sizes (35,000 sq ft in Midsommer Norton to 450,000 sq ft in Banbury). But if anything, this demonstrates that it is the proactive nature of some councils, rather than specifically the best or worse retail locations that is influencing these deals.

This recent swathe of shopping centre purchases has resulted in the relevant local authorities taking control of a third of their town centre floor space, on average and this doesn't even take account of smaller lots or non-retail assets. Camberley and Stockton councils now own more than 50% of their respective town centres following these deals.

Local authority investment in retail is fundamentally born out of a desire to protect struggling town centres and to think about the long-term future that place has for the communities served. Owning commercial property not only generates long-term income for the local authority, it enables them to play a more active role in reshaping their urban environment to ensure they remain the heart of communities.

Stockton-on-Tees Borough Council has bought Castlegate Shopping Centre and Wellington Square in two separate off-market transactions, effectively giving the council control of 560,000 sq ft of the

town centre. With town centre voids at around 20% and half of these long-term vacant, a coordinated strategy could be instrumental to improving occupancy and will almost certainly include a large element of alternative uses.

Other councils are already in the process of implementing regeneration strategies following retail acquisition. Bolton Council has a £1.2bn town centre masterplan and has already committed £100m to pump into prime developments and secured the backing of real estate investors and developers. The council has agreed to deliver a range of landmark mixed-use schemes on the five strategic sites to create 2,000 homes, 7,400 jobs, green spaces and improved connectivity.

Brightwells in Farnham is a joint venture between Waverley Borough Council and Crest Nicholson. The scheme plans to strengthen the town centre offer with a cinema and restaurant led scheme, but chiefly will bring 239 residential units to the town centre. This benefits the council by helping to resolve housing shortages and brings in further council tax receipts. In turn the community and town centre benefit from a higher quality offer and a buzz from more people.

The funding mechanism for local authority ownership is favourable too and can in part be attributed to the availability of affordable credit and long repayment periods. Councils will have a 20-30 year or more interest in the success and sustainability of a scheme, which is a time period that not all private landlords can afford when their own investors require a more immediate payback. Local authorities can instead focus on social returns.

Furthermore, the income local authority landlords get from their retail assets can be reinvested. Sensible rents can be set and redevelopment of alternative uses should prove more viable.

Outside of the purchase of 'clean' shopping centre assets is the complicated issue of marginalised high street space that is largely under fragmented ownership, in outdated and small retail units that don't meet the needs of modern retailing let alone alternative property uses. Local authorities need to be forward thinking, proactive and brave in amassing town centre sites outside of the retail core in order to make them accessible for development, while being increasingly flexible to the proposition of granting planning permission for homes, office and other uses of social benefit. An increase in Compulsory Purchase Orders will be necessary to make this possible.

However, in most cases of local authority ownership of retail assets there are relatively few alternative uses currently being considered, and in most cases local authorities are looking to improve what is already there. They need to be careful that this isn't just spending money papering over the cracks and not addressing long-term structural changes within the retail sector, especially when there might be opportunities for other property uses. The problem of too much retail isn't going away. Town centres aren't just retail and future retail places will work better where it is mixed in with other uses.



Since January 2016, Savills has identified **25 shopping centre transactions**, covering **5.5m sq ft**, that have been **purchased by local authorities**



Councils will have a **20-30 year or more interest in the success** and sustainability of a scheme



Bolton have plans for a **£27.5m development** with a multi-generational **build-to-rent scheme of c.200 homes**



LOCAL AUTHORITY INSIGHTS

WHAT CAN COUNCILS DO TO IMPROVE THE PROSPECTS OF THEIR RETAIL PLACES?

Waheed Nazir, the driving force behind the re-shaping of Birmingham for the last decade, provides looks at the issues.

BY:

Waheed Nazir
Director,
Inclusive Growth

It should no longer be a surprise that the retail sector and by extension town and city centres are coming under significant pressure as major disruption to the traditional retail model continues.

In contrast to other parts of the country, Birmingham has welcomed a boom in offline retail since 2000 and is bucking the national trend with the fastest growth of any major UK city. Data published by the Valuation Office Agency (VOA) compared the number of retail properties in 2000/01 with 2018/19. It showed that the city has 530 more shops and other retail properties than it had in 2000/01, rising from 10,610 to 11,140.

Much of this growth has been driven by the success of the city centre, which remains in the top three most visited places to shop in the UK with a £3.74 billion expenditure. Over the last decade, the retail landscape in the City has undergone a dramatic transformation driven by the successful redevelopment of the Bullring and Grand Central which has created a high quality, modern shopping environment that has attracted many high profile retailers and significant numbers of new visitors

We can't sit still in this dynamic world and future success will be dependent on our ability to create a diverse and vibrant mix of uses complemented by high quality public realm and improved accessibility. Not only does this create better economic resilience it also means people stay longer and with a greater likelihood of returning.

Birmingham has been pursuing a clear strategy to grow and diversify its city centre since the launch of the Big City Plan in 2010. This growth is established through five areas of transformation with the most significant, from a destination perspective, being Birmingham Smithfield. As the single largest brownfield redevelopment opportunity it will deliver family entertainment, leisure, culture and new retail markets complementing what is already on offer in the city centre. Alongside these new activities will be a new residential community greatly increasing the number of people living in the city centre. Tying this all together and connecting into the wider centre will be high quality public realm, a series of public squares and spaces and major improvements to public transport, walking and cycling infrastructure.

The city Council is taking an active role in strengthening the city centre offer using its landholdings and prudential borrowing powers via the EZ to enable this major initiative to be delivered. Lendlease has been chosen as the city Council's development partner to deliver the Birmingham Smithfield scheme bringing their knowledge, expertise and delivery capacity. Birmingham Smithfield provides a model for how a centre can be transformed.

Aligned to new developments in the city centre is a focus on delivering better quality public realm and supporting the introduction of new uses within the existing retail core of the city centre. We are upgrading circa 40,000m² of existing poor quality public realm with high quality streetscape.

Alongside our focus on the city centre, we are also looking at the city's network of urban centres and local parades. The city has over 100 of these centres which have traditionally focused on retail as the prime form of economic activity and predominate land use. In general, these centres are performing well with vacancy rates of just over 7% against a national average of 11%. However, now is the time to think about their future and look at how we evolve their role. These places have significant potential for securing future investment, supporting jobs, delivering housing, providing new cultural and leisure activity and improved connectivity.



Our Urban Centres Framework, similar to the Big City Plan, sets out the principles and strategy for how these centres can evolve. It provides the context for local communities to bring forward their own plans for their centres and a mechanism to seek and secure funding and investment.

Partnership working between the public and private sector will be vital as we look to evolve our centres. It is imperative that landlords adopt more creative and flexible approaches to their estates to ensure they can change at pace. Local authorities also need to use their powers either through financial or regulatory including use of CPO to support delivery.

The greatest chance for success will be our ability to think differently about the role of a city, town or local centre, focusing on how they can best serve the wider community and the land uses and environments that are relevant both for today and the future.



PLANNING INSIGHTS

NATIONAL PLANNING POLICY HAS NEVER BEEN MORE SUPPORTIVE OF TOWN CENTRE DEVELOPMENT HOWEVER...

Matthew Sobic and Tim Price, Directors in the Savills Planning Team, review planning matters facing the repurposing and repositioning of retail and leisure floor space for alternative uses and high density development.

National planning policy has a long-established 'town centre first' approach going back over the last quarter of a century. The objective had been to ensure that retail and leisure uses were accommodated in town centres. A change in the fortunes of these sectors over recent years has triggered an evolution in the emphasis of national planning policy.

The evolution of policy is linked to the national housing delivery crisis, with the government providing overt policy support in the recent iterations of the framework and its associated guidance for retail and employment areas to be used for housing in areas of high demand.

For town centres, this has seen the government take a more comprehensive approach, requiring a positive strategy to be put in place for the future of town centres. This includes recognising that residential development can enhance town centres and that density should be optimised.

The Building Better, Building Beautiful commission – an independent advisor to the government – issued its interim report this summer titled 'creating space for beauty'. The report sets out a policy proposition that there should be less of a focus on retail demand for the high street and more of an emphasis on providing well-connected places with a greater mix of uses.



BY:

Matthew Sobic
Director
Savills Retail Planning

Tim Price
Director
Savills Retail Planning



The government's approach should be welcomed. It is a positive framework requiring local policies to embrace change and innovation to support town centres as vital places and spaces. There is also support to regenerate low density retail warehouse space to provide higher density, 'brownfield' development. This offers the potential to retain a commercial function whilst delivering much needed new homes through a 'windfall' site that bolsters overall land supply.

Creating experiential destinations has been the mantra for private sector development for many years and this has now filtered through into the framework.

However, whilst there is an overtly positive national policy framework and positive and pragmatic discussions are being undertaken with many local authorities, a disjoint can remain at local policy level.

Local planning policy remains notoriously slow. It takes a number of years to progress new local policies given the requirement for consultation, examination and adoption. Many adopted, and emerging policies still seek to protect retail floor space reflecting an outdated view that retail alone is the 'holy grail' for a high street or town centre. Planning policies that require a minimum of 80% of units to be in use for retail remain in place and are enforced across the UK.

Retail, leisure and other commercial industries are dynamic and have to change at a pace that is consistent with consumer demand.

Retail, leisure and other commercial industries are dynamic and have to change at a pace that is consistent with consumer demand. A planning policy framework that cannot keep up with the changes will always act as a barrier to the success of our town centres, where the aim should be to support flexibility and fluidity. It follows that restrictive policies that seek to protect town centre vitality can often have the opposite effect.

One of the most important provisions of the latest government guidance is the ability for local authorities to review and update specific policies on an individual basis. This is a positive move that could allow local frameworks to react and evolve in line with the sectors and operators that are an integral part of the success of town centres. The property industry should therefore regularly review and take opportunities to oppose restrictive town centre policies.



High density development proposals are an increasingly important part of the future of town centres. This reflects both the policy imperative (pressure on land supply and the accessibility of central locations) and the existing use value of commercial assets. Height and density are typically required to support the successful delivery of what are, more often than not, complicated and costly development schemes.

However, whilst the principle of height and density is supported, development that significantly intensifies the density of a site will generate a number of localised considerations. Many town centres include sensitive urban environment and emotive local landmarks. For example, a department store may have been on a high street for over 150 years and may also be a listed building. The positive policy framework outlined above does not negate the requirement for a comprehensive technical assessment, a careful narrative and critically a well-designed scheme.

Our experience is that the impact on local amenity and heritage assets and insufficient car parking are the primary concerns raised at the local level. Concerns around a lack of car parking conflicts with a long established policy approach to reduce car parking in accessible locations but is illustrative of the potential disjoint between officers and elected members.

Such concerns have been considered in two recent appeal decisions. June 2019 saw the refusal of the redevelopment of Sainsbury's in Tower Hamlets for residential development and a new foodstore, with the Secretary of State concluding that the proposal conflicted with heritage and amenity matters. Then in July, an Inspector approved the redevelopment of Swanley Shopping Centre for residential development and new commercial floor space. The Inspector concluded that reduced parking on schemes is acceptable in town centres and that the redevelopment of under-utilised town centre areas is likely to lead to an effect on amenity. He also provided strong support for mixed-use redevelopment of shopping centre by confirming that without the decisive action that it brought, the town centre would continue to decline.

“Planning permission has been secured to redevelop the Cantium Retail Park on Old Kent Road for 1,113 new residential units including a new pinnacle tower of 48 storeys. The mixed-use scheme will also include; 5,000 sq m of office space, 2,500 sq m to accommodate a ‘destination’ use, 2,700 sq m of retail and leisure space, and a significant portion of a new Linear Park linking green spaces within Southwark. Savills has advised Aviva and Galliard Homes on the planning and development”

Tim Price, Savills Planning



REVO INSIGHTS

Revo



It has been a tumultuous two years for the retail sector which has reinforced the fact that the UK is faced with an oversupply of retail floor space in many areas.

BY:

Ed Cooke
Chief Executive,
Revo

The key challenge for our sector is to adapt some of the redundant space and deliver a vibrant and more diverse mix of uses which are more aligned with modern consumer behaviour and lifestyles.

What is also clear is that while consumer behaviour is changing at breakneck speed, government policy and our own models of doing business have remained too static. This makes the adaptation of retail space even more challenging.

The repurposing of retail property assets requires significant capital investment, which is the first – and most fundamental – challenge the sector is faced with. The value of retail property has declined as a result of negative sentiment exaggerated by the rise of

e-commerce and the recent spate of retailer CVAs, which in our view make it too easy for struggling retailers to terminate leases and in doing so undermine the long-term income which is integral to an asset's value. The fact that the REITs holding retail property trade significantly below their Net Asset Value underlines that the financial markets are pessimistic about the long-term value of shopping centres, which makes lenders reluctant to provide the capital property owners need. I'm not for a moment suggesting the market is challenging, and values should reflect this. But given what we know about the role of stores in terms of brand, media and distribution value, it feels as if the negative sentiment is turning into apocalyptic doom-mongering.

We believe that the traditional classification of retail property as 'primary', 'secondary' or 'tertiary' exacerbates this problem by failing to properly distinguish between assets which are performing and those which are not. Over the past twelve months we have developed an alternative asset classification model which categorises retail places by their specific function and purpose. The result was a new code, which distinguishes between 'Destination and Lifestyle', 'Community' and 'Specialised' centres, according to factors including their size, catchment, occupier-profile and dwell times. Knight Frank and JP Morgan have already endorsed this more nuanced definition, which we think is helpful to the whole retail property community.

Another significant obstacle to the repurposing of assets is the UK planning system, which does not allow bricks and mortar to adapt to rapid change in consumer behaviour. The 'zoning' of uses and the inflexibility of use classes is often an impediment to delivering dynamic places that combine retail, leisure, residential accommodation and workspace. We have been vocal on the need to adapt the National Planning Policy Framework to better support the delivery of residential in town centres, and to allow our sector and our local authority partners to think more creatively about how space is utilised. We have seen some positive examples

While many local authorities are making positive interventions to reposition retail places, there is a clear disincentive in the form of business rates. Reshaping places to be more dynamic 'work, live, play' destinations can mean a reduction in income from the tax, which is another blow to local authority finances that are already stretched. We have long campaigned for a reform to business rates, which we believe is an archaic form of taxation which does not reflect where value is created in the modern economy. While rents move with market conditions, rates remain out of step.. If we want places that are future-proof we need a system of taxation that is future-proof too.

For all the talk of repurposing and repositioning retail units, we firmly believe that retail will remain at the heart of our cities, towns and communities for generations to come. It's just the purpose and function of that retail space will evolve. According to research by CACI Online retail sales are 106% higher in a store's catchment, suggesting a clear role for stores as part of a retail company's marketing strategy. Our own research shows that 86% of sales 'touch' a physical store, meaning the product is either purchased in-store or viewed in-store with the transaction taking place online.



To complement online retail, stores must reach the parts of human sensory experiences that online retail cannot reach. To get the right energy and human interaction we will need to transform the store environment and incentivise staff to offer a new level of customer service.

For all the challenges ahead, what is undeniable is that retail remains one the most dynamic and fast-moving sectors to work in. The growth of e-commerce has triggered a structural change which will ultimately reshape our town centres presenting a significant challenge, and opportunity, for professionals in the retail property sector. We believe that at times of change collaboration and creativity are key, and we look forward to another busy, productive and thought-provoking few days at Revo Liverpool 2019, bringing together the senior level experts from the diverse retail property and placemaking community.



THE VALUE OF GOVERNMENT INITIATIVES & PLACEMAKING

THE CHANGING NATURE OF THE GOVERNANCE
OF TOWN AND CITY CENTRES THROUGH
INITIATIVES LIKE BIDS.



BY:

Paul Clement
Place-Shaping
Savills

In recent years there has been much more of a focus on 'place', rather than retail property specifically. This has been driven less by the changing nature of retail itself and instead has everything to do with what consumers now want from their town and city centres.

When it comes to the UK's high streets there are of course more macro factors to consider, for example, the rising cost of occupancy, an antiquated business rates system, which has led to high vacancy rates and the consequential oversupply in some locations, alongside a much needed review of the Landlord and Tenant Act.

Yet, on a more human level, people are simply not as attached to these places as they once were. Back in the 1950s for instance, a city-dweller used the 'place' in everything that they did, from shopping to working to socialising. Yet, as people have become more time-poor, more flexible and even more adventurous about travelling and working in new locations, convenience is now key. What's more, the internet has played a significant role, with a vast amount of the socialising we now do happening online rather than in real life.



Consequently, this has led to the biggest change in our towns, cities, and shopping centres than ever before. Yet, contrary to this, places are being forced to learn from history in order to remain relevant. The ancient Greeks referred to their 'places' as the agora, meaning meeting place. It was here that people lived, items were bought and sold, officials debated the politics of the day, medics helped to cure the sick and socialising and competitions took place. Essentially, the agora was the place to be and the place to be seen and if you weren't there then you were almost certainly missing out. It is this idea of 'want' rather than 'need' that we need to return to.

With this in mind, the reality is that retail, as we know it, may not be the saviour of the UK high streets and shopping centres that we've been searching for. While an element of retail will always be a crucial factor, its proportion of overall uses is likely to decline and its footprint reduce in certain locations. People want to be able to do stuff, rather than buy stuff and the retail businesses of the future will need to adapt and create a more omni-channel approach to better allow for



online browsing to link more closely to the overall in-store experience. Additionally, click-and-collect will also need to compete better with home delivery to drive traffic back to these centres.

In its place there needs to be incentives to encourage entrepreneurs to open new businesses alongside existing shops that have social uses such as bars and restaurants, leisure centres, doctors surgeries, dentists and hospitals. In turn, there needs to be better access via public transport, better parking provision with improved pay-as-you-go capability that stops penalising long stays, queuing at tills needs to be tempered by contactless payments, there needs to be a strong cultural offer, including street performers and food stalls, and longer trading hours to help aid flexible working practices. The list goes on...

In order to successfully implement this kind of major change, there also has to be an understanding of the changing nature of the governance of town and city centres. Historically, local councils have been largely the sole providers of authority, but that all changed in 2004 with the evolution of Business Improvement Districts (BIDs), a new management vehicle funded primarily by business occupiers that is created via ballot to help produce an improvement plan for individual towns and cities. There are now over 300 BIDs in the UK, all working in partnership with their local council, but providing

important additional services such as inward investment, marketing, streetscape works, crime reduction initiatives, planting and events. Collectively, they invest over £175 million a year in order to make crucial improvements to our high streets and city centres.

What's clear is that everybody wants the same thing, to create a 'place' where people ultimately want to be and it will be the evolution and repurposing of retail that helps to make this happen.

People want to be able to do stuff, rather than buy stuff and the retail businesses of the future will need to adapt



CHAPTER 5

ABOUT

SAVILLS

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OUR MISSION IS TO REPRESENT OUR CLIENTS DILIGENTLY, AND THROUGH THAT COMMITMENT, ACHIEVE SUPERIOR RESULTS.

Savills is one of the world's largest real estate firms. Established in 1855, we now have over 35,000 employees in over 600 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East. Through our advice, our property management capabilities and our transactional services, we help our clients to fulfil their real estate needs – whatever and wherever they are.

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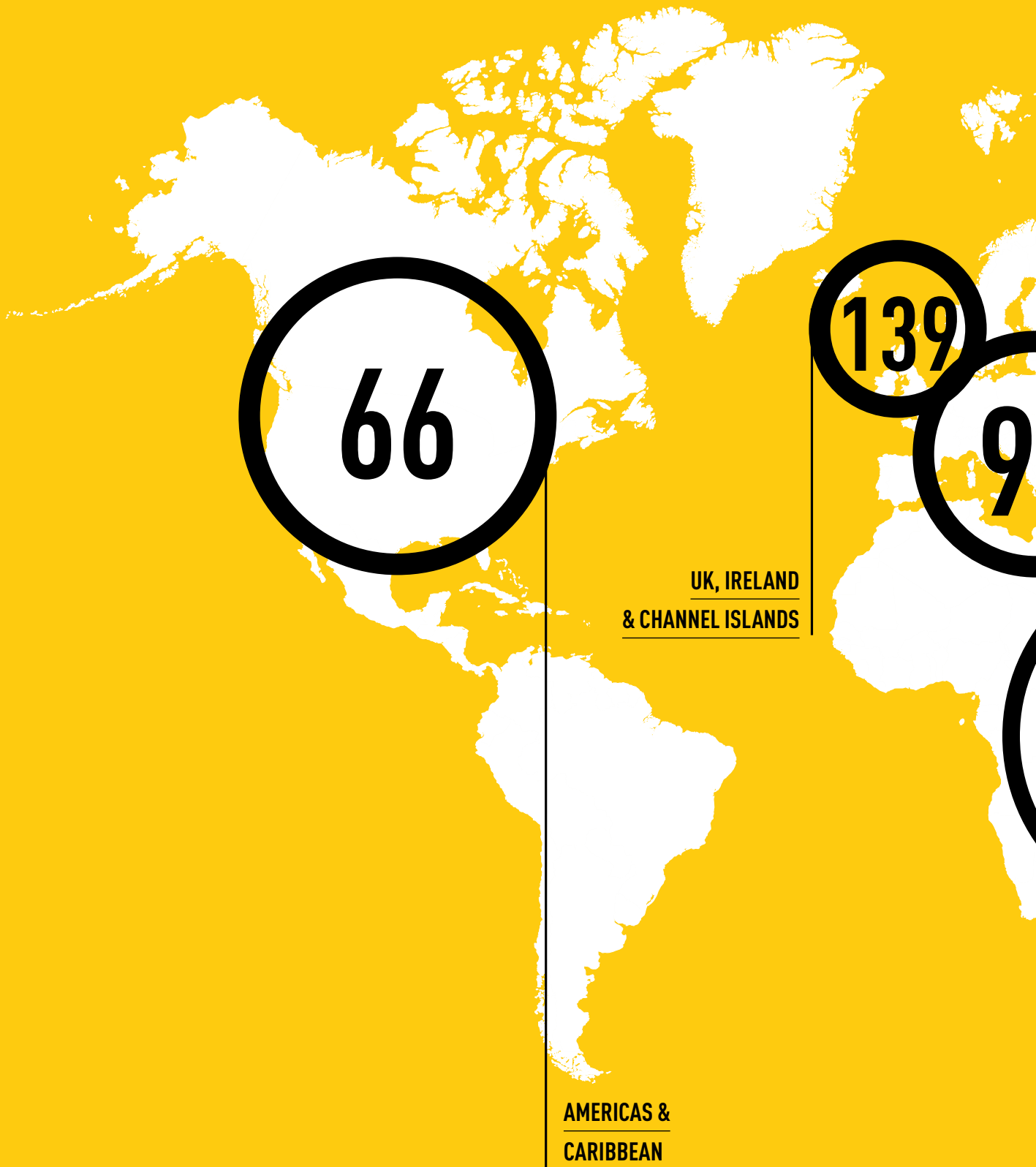
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“A unique combination of sector knowledge and flair gives clients access to real estate expertise of the highest calibre.”

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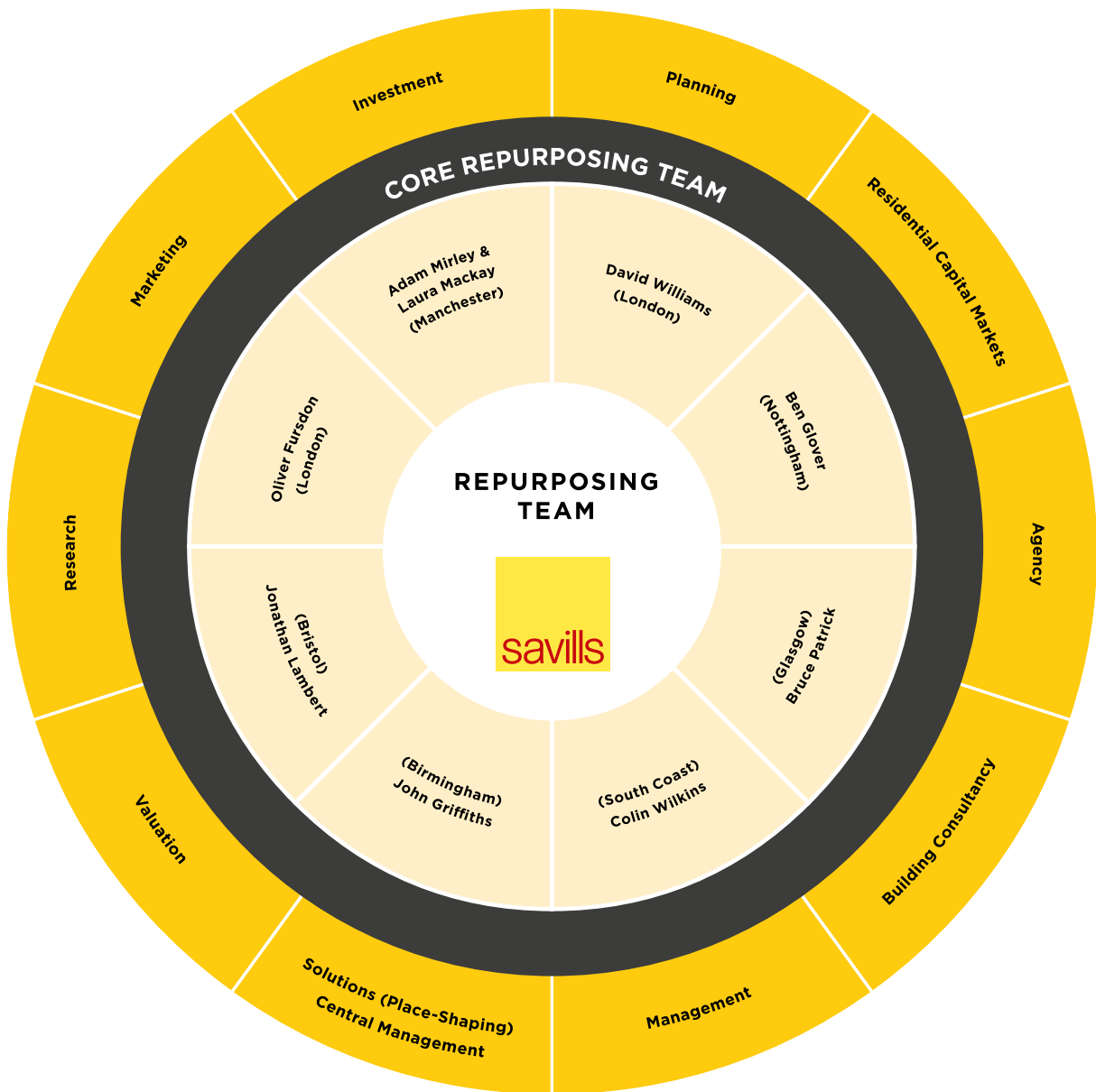
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MIDDLE EAST
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RE:PURPOSING



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