

Economic & social impacts of town centre retailing

September 2008



A report for Westfield and John Lewis Partnership by Regeneris
Consulting

Westfield

John Lewis Partnership

Introduction

1.1 Planning Policy Guidance Six (PPG6), now updated as Planning Policy Statement Six (PPS6), has been influential in shaping the distribution of new retail development since it was introduced in 1996¹. PPG6 introduced both a 'needs' and 'sequential' test to promote sustainability and social inclusion by encouraging new retail development on town centre sites where available.

1.2 The Government is committed to reforming the planning process to make it speedier, more responsive and more efficient, to aid the performance of the UK economy. As part of this review process, it launched the Planning White Paper in May 2007. The White Paper responded, in part, to the recommendations of Kate Barker in her 2006 review of the UK planning process. A key element discussed within the White Paper is the possible reform of PPS6. Whilst the White Paper stops short of fully endorsing the Barker proposal to completely remove the needs test as part of PPS6, it nevertheless suggests the need to replace it with a new test designed to make town centre planning policy more effective.

1.3 Both Westfield and the John Lewis Partnership are keen to respond to issues raised in the Planning White Paper and wider debates about the future direction of PPS6. To inform their response, they jointly commissioned Regeneris Consulting to research, and where possible quantify the social, environmental, economic and regeneration benefits of large scale town centre retail-led developments. Regeneris Consulting are an independent firm of economists based in Manchester and London with a strong track record in economic impact research.

1.4 The work has sought to analyse:

- Existing research on the benefits of town centre retail developments;
- Relevant published socio-economic data, and where it exists, evidence extracted from individual retail centre operators and their tenants;
- The views of property market and regeneration practitioners, particularly those with an insight into the role of retail development in regeneration.

1.5 This report, which represents the primary output from the work, is structured as follows:

- Section 2: A brief introduction to the three main issues that have been investigated as part of the research;
- Section 3: A summary of existing published material on the economic, social and environmental benefits of town centre retailing;
- Sections 4-5: An overview of the main research findings emerging under each of the three issues;
- Section 6 : The main conclusions emerging from the study.

¹ The history of PPG6 can actually be traced back to 1988, although it was the 1996 version that contained the most influential elements of planning policy guidance.

Retailing and Wider Economic Effects

2.1 Market forces, when left to their own devices, often lead to development activity locating where private profit is maximised. In these instances, certain external costs and benefits linked to wider environmental issues and to social justice are rarely taken into account, leading to a sub-optimal pattern of development activity. Applying the concept of sustainability in the planning system can, in economic terms, be seen as an attempt to place a value (implicit or explicit) on these wider non-marketed effects of investment decisions.

2.2 Although perhaps not stated this explicitly, this amounts to the rationale behind PPS6. There are several wider external economic effects which might not be captured by the developers of retail centres if market forces prevailed. These wider economic effects revolve around:

- The extent to which the employment offered provides access to socially excluded groups. The engagement of these groups in the labour market is both desirable from a social justice perspective and as there are wider economic benefits from addressing multiple deprivation, worklessness and increasing the effective size of the labour force.
- The extent to which town centre retailing allows those without access to a car the same degree of retail choice enjoyed by those with their own private transport.
- The extent to which different locations for retail activity generate different external environmental costs – in terms of landscape, pollution (noise, air etc), biodiversity and, crucially, CO2 emissions. These external impacts

arise less from the actual development itself but from subsequent travel to shop and travel to work patterns.

- The extent to which retail development alters the pattern of other development (via catalytic effects on other forms of retail development, hotels, leisure, office employment etc) to be more or less focussed on town centres.

2.3 On the basis of the above, there are three issues that have been explored in this report:

Issue 1: The degree to which town centre retailing employment is accessible to socially excluded residents.

Issue 2: The nature of the retail choices provided to residents from socially disadvantaged areas from town centre developments.

Issue 3: The extent to which town centre retailing leads to a wider range of catalytic impacts on town/city centre vibrancy.

Existing Evidence

3.1 Given the strategic importance of PPS6 and its impact on the location of UK retail development in recent years, there is surprisingly little published research on the impact of the policy on the economic, social and environmental benefits of town centre retailing.

3.2 Regeneris Consulting have been unable to source any quantitative evidence that underpinned the evolution of the original PPG6 in the late 1980s and early 1990s, although we firmly believe that some empirical research would have been in place to support the evolution of a town centre first policy.

3.3 Research completed in January 2004 by (the then) CB Hillier Parker and Cardiff University² arguably represents the most systematic attempt to capture the impact of PPG6. Whilst this research helpfully plots out the impact of PPG6 on the activities of planning authorities and development trends within the retail sector, it was not designed to gauge the degree to which the policy impacted on the core underpinning themes of social inclusion and sustainability.

3.4 There is a small body of academic literature on issues relating to the impact of PPG and some material emerging from special interest groups, particularly around the theme of sustainability. The following paragraphs provide a summary of the available literature.

Social inclusion and retail choice

3.5 A range of academic literature exists on the benefits of the retail sector to the Government's aspirations around social inclusion. Much of the material focuses on the relative ease of entry into the sector for those with only limited academic qualifications and the pivotal role retailing plays in helping those previously detached from the labour market into the world of work and vocational training. For example:

- 'The Role of Retailing in Urban Regeneration', Dixon (2005): critically examines the role of retailing in urban regeneration and social inclusion, focusing on in-town shopping centres. The article highlights that although retail jobs in town-centres are not high paying, they provide an entry into the job market, an opportunity to learn basic work skills and access training.
- 'Retailers and their role in urban Regeneration', Moyes (2002): this paper supports the link between retail development and regeneration and notes that a strong retail offer can support regeneration through providing jobs, services, investment and a focal point for community activities.
- 'Retail development and urban regeneration: a case study of Castle Vale', Mitchell and Kirkup (2003): highlights how the 12 year Castle Vale regeneration programme, including the redevelopment of Castle Vale Shopping Centre, has helped some 2,000 local residents into employment and trained around 3,000.
- 'Retailing, sustainability and neighbourhood regeneration', Joseph Rowntree Foundation (2001): argues that the revitalisation of town centres is crucial to

² Policy Evaluation of the Effectiveness of PPG6. Office for the Deputy Prime Minister. January 2004.

fostering sustainability, social inclusion and area regeneration and highlights the positive impacts on job creation for deprived areas in 14 case studies around Britain.

3.6 The debate about poor access to retail facilities for residents living in disadvantaged areas has developed in recent years. Much of the discussion relates solely to food retailing and the policy aspiration to provide all residents with easy access to a full range of fresh produce at affordable prices – this includes the recent body of literature on so called “food deserts” (see for example, “Deprivation, Diet and Food Retail Access” from the Joseph Rowntree Foundation). The argument that the provision of town centre retailing facilities, particularly comparison goods, might facilitate better access to a range of products, possibly at lower prices, for socially excluded groups is not something that features heavily in the available literature. There is however a substantive body of research of the wider difficulties faced by socially excluded groups with below average levels of car ownership:

- **Making the Connections:** The final report on transport and social exclusion by the Social Exclusion Unit (2003) explored the ways in which the location of services, and the quality of transport to those services, reinforces social exclusion. It describes how the need to travel has become greater and more complex as society has become organised around the car. This has presented numerous barriers to accessing services for those people who do not have access to a car. The report identifies the land-use planning policies in the 1980s and early 1990s as one of the causes of the problem.
- **Environmental Justice: Mapping Transport and Social Exclusion in Bradford** by Friends of the Earth (2001) looks at a range of transport and social exclusion issues in the Bradford area and discovers strong correlations.

The study highlights significant inequalities in access to services between car owners and those without their own private transport.

Environmental Costs & Sustainability

3.7 In 2006 the Commission for Integrated Transport (CfIT)³ published a report, ‘Sustainable transport choices and the retail sector’, which compared patterns of expenditure and mode of travel between different retail sites at town centre, edge of centre and out of town sites. The methodology included an extensive household survey, face-to-face interviews and focus groups. This represents the most substantive assessment of travel patterns to town centre locations and data from this exercise is used in later sections of this report.

3.8 There are a select number of other research studies carried out on related topics. For example, research carried out by ACCENT for Transport for London has explored the use of the bus for shopping trips to town centre locations – it concludes that patronage has increased significantly in recent years, particularly amongst higher order social groups, and that shoppers arriving by bus provide similar levels of expenditure as car borne travellers. The National Travel Survey (NTS) also regularly provides evidence on the types of transport used for shopping trips.

Catalytic impact of Town Centre Retail Developments

3.9 Whilst not one of the central policy drivers behind the introduction of PPG6, the idea that town centre retail development acts

³ CfIT was established in the 1998 Integrated Transport White Paper ‘to provide independent advice to Government on the implementation of integrated transport policy, to monitor developments across transport, environment, health and other sectors and to review progress towards meeting our objectives.’

as a catalyst for the wider development of town and city centres (by providing footfall and spend to help sustain leisure facilities and enhancing the attractiveness of town centres to office occupiers) is intuitively appealing.

Particularly where the creation of a critical mass of activity supports the viability of greater public transport investment and contributes positively to the identity of a locality.

3.10 Some of the case study research that has been undertaken in recent years on individual town centre developments provides helpful insights into these debates, as follows:

- 'Bullring: A case study of retail-led urban renewal and its contribution to city centre regeneration', Emery (2006): argues that benefits to Birmingham through the opening of Bullring have been much broader than simply re-establishing the city's prominence as a shopping destination. Over 8,000 jobs were created during the project's lifetime, the city's tourism industry has had a boost and public transport has seen a marked increase in both investment and usage.
- 'The Regional Shopping Centre in the Inner City: A Study of Retail-led Urban Regeneration', Lowe (2004): Uses the West Quay shopping centre in Southampton as a prominent example of the shift in orientation in UK retail development and planning in the late 1990s. The paper argues that West Quay has had a fundamental impact on the built form and urban identity of Southampton and is strategically vital to the survival of the city as the south coast's leading regional centre.
- 'The Local Economic Impact of Regional In-Town Shopping Centres: A Case Study of the Oracle Centre, Reading', Oughton, Crosby et al (2003): reports on a case study of the development and economic impact of the Oracle shopping centre on Reading town centre, citing several related developments that accompanied the retail development.

3.11 Unfortunately none of the above research provides any systematic quantification of presence or otherwise of these catalytic benefits of town centre retail development.

Social Inclusion and Town Centre Retailing

Issue 1: The degree to which town centre retailing employment is accessible to socially excluded residents.

Issue 2: The nature of the retail choices provided to residents from socially disadvantaged areas from town centre developments.

4.1 The ability to promote social inclusion and to pursue the Government's urban regeneration goals were cited as some of the primary factors influencing the production of PPG6. The retail sector is an increasingly important source of wealth and employment in the domestic economy. The UK has seen strong employment growth over the last decade, and retail has played a vital role in this. In 2005, around one in ten jobs in the UK were in the retail sector. Since 1995 retail employment grew by 37%, creating almost a fifth of new jobs nationally. In addition, growth in retail has created a range of ancillary employment jobs in sectors like construction, transport and logistics.

4.2 The link between the retail sector and tackling social inclusion is stronger than for most other industries because of the sheer scale and breadth of jobs the sector provides. Whilst retail jobs at all levels are created, many new jobs are available at entry-level and offer reasonable progression routes. Around half the jobs are part-time and flexible, suiting workers with caring responsibilities. In short, retailing supports the employment of relatively disadvantaged groups including those with low skills and lone parents with only limited availability for full-time paid work.

4.3 The assumption implicit in PPS6 is that town centre developments create significant volumes of retail employment for socially deprived communities. This is because deprived areas are often geographically located close to town centres, but vitally because town centre developments have good public transport links and are less reliant on car transport.

⁴ Between 1995 and 2005, employment in the retail sector increased by 800,000 (or 37%). This is 17% of the 4,600,000 total jobs created nationally over this period.

⁵ These are areas smaller and more consistent in size than Wards, with an average of around 1,500 residents in each SOA.

⁶ The 30 miles radius is considered an outer-bound for a realistic travel-to-work area for each centre. Whilst the Census records a small number of people who travelled much longer long distances to work on a given day, these are likely to be one off journeys made on Census day and are considered anomalies – they have been excluded from the analysis.

4.4 Regeneris Consulting have sought to test this hypothesis through the use of 2001 Census data on where employees travel to and from for small geographies called 'Super Output Areas' (SOAs). For a sample of seven in-town centres, an analysis has been undertaken on the typical daily flow of workers from within a 30-mile radius. Around a quarter to a third of employment in each SOA is accounted for by the centre in question and the travel to work analysis for the surrounding SOA is considered to be representative of the centre itself.

4.5 The approach taken here has been to draw a 'realised' travel to work area, defined by the area where at least one person has been able to commute from within the 30 mile radius. Other approaches (e.g. an area strictly defined by distance) are likely to give slightly different results to those presented here, but one which is distorted either by the inclusion of SOAs which are not realistically accessible from the centre or alternatively excluding SOAs containing significant numbers of employees. Regeneris Consulting believe the analysis which follows is based on the most robust approach.

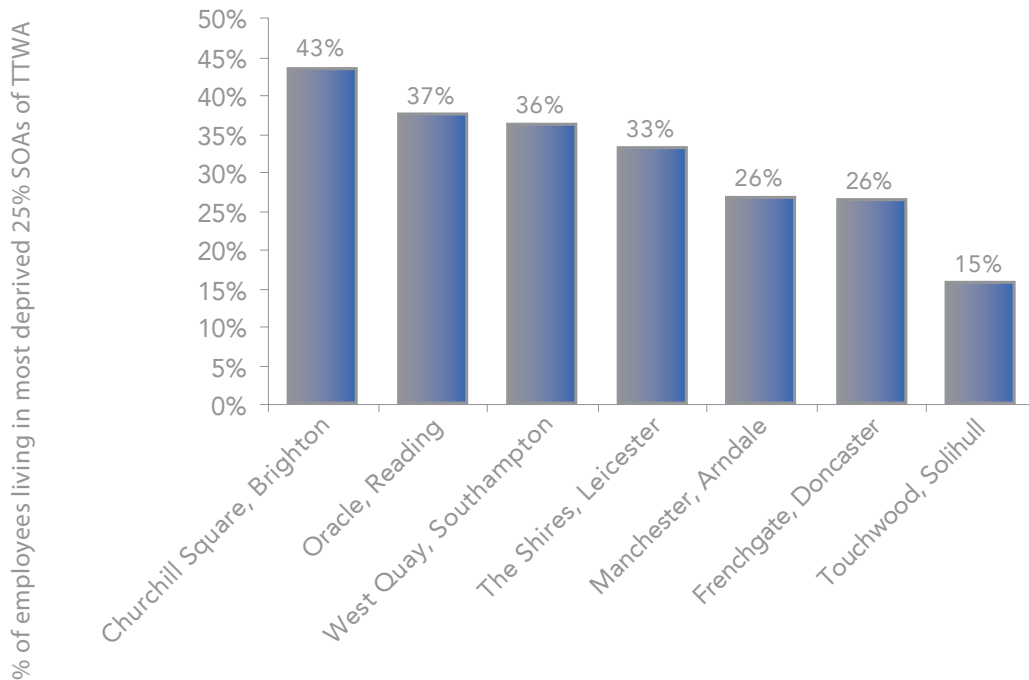
4.6 All Super Output Areas in England and Wales are ranked in terms of deprivation using the Index of Multiple Deprivation (IMD) in 2004. This Index provides a quantified measure of various types of disadvantage across areas, including employment, income and health, which together contribute to an overall score and rank. For each travel-to-work-area, our approach ranked each SOA by deprivation measured by IMD. The number of employees in each centre that reside in the most deprived SOAs in the surrounding travel to work area was then estimated. Deprivation is compared to the rest of the travel-to-work area rather than the rest of

England & Wales. This is to control for regional differences in the level of deprivation.

4.7 There is strong evidence from travel-to-work data that town centre developments tend to employ a significant number of people from disadvantaged areas. Figure 4-1 (seen overleaf) sets out the percentage of employees living within the most deprived 25% of Super Output Areas (SOAs) within the travel-to-work areas of seven in-town retail centres in England. For four centres – in Leicester, Brighton, Reading, and Southampton – between 33% and 43% of employees reside within the most 25% most deprived areas in the surrounding area. For six of the seven developments sampled, an average of 34% of employees come from the 25% most deprived SOAs⁷. Overall we conclude from our sample that a typical town centre retail development is likely to draw a large volume of its staff from the more deprived parts of their labour catchment area.

⁷ Solihull can be seen as an anomaly given its position as a suburban rather than an urban centre. Only 15% of employees associated with the Solihull Touchwood Centre reside in the 25% most deprived SOAs. This is largely because the surrounding residential area is more affluent than the larger urban conurbation (Birmingham) it is connected to.

Figure 4-1: % of employees living within the most deprived 25% of SOAs



Source: Regenesi Consulting based on Census 2001.

4.8 These findings are explained by some of the consultations undertaken as part of this study:

- The local authority in Reading views the Oracle as being highly accessible to individuals from the deprived areas with high levels of worklessness due to good transport links by bus and rail. The Local Authority has also been involved in worklessness initiatives around the Centre. During construction of the centre a construction-worker scheme run by the Training Employment Advice (TEA) Shop was established which gave local people from deprived areas the opportunity to train to work on the site. This then became the “Local Labour in Retail” initiative which offered a similar opportunity to train and then work within the centre.
- Southampton City Council referred to the use of a Section 106 planning permission agreement at Southampton West Quay to provide new road links, jobs and training. As a result Hammerson Properties (the developer) co-

ordinated activities aimed at attracting recruits from disadvantaged parts of the city. West Quay 2000, for example, was a joint initiative run by Southampton City Council, Employment Services, Southampton College and Hammerson to employ and train local people for the 3,500 job vacancies at West Quay. The development is located near two deprived residential areas of Southampton - Bargate and St Luke’s. It is the view of the Local Authority that the centre is highly accessible to these and other relatively deprived areas in the city with good public transport links.

4.9 In an attempt to validate the above analysis with reference to other data, an analysis of data provided by the John Lewis Partnership has been undertaken on the actual postcode of employees at each of three of its in-town stores – Solihull, Southampton and Reading. The

methodology involved a careful translation of postcodes of JLP employees to their respective SOAs using the National Statistics Postcode Directory (NSPD). Employee flows to each individual centre were then ranked by their position in the Index of Multiple Deprivation 2004. This created a unique travel to work area rank of deprivation allowing a calculation of the percentage of employees resident in the top 25%, 50% and 75% most deprived SOAs within the travel to work area.

4.10 Whilst the sample size is limited to just three stores, there is certainly some evidence to support the findings of the 2001 Census workplace analysis. Around 30% of all workers at both the Southampton and Reading John Lewis stores travel in from the most 25% deprived SOAs within the travel to work area. The findings for Solihull are due to the unique geography of disadvantage in and around the Birmingham conurbation combined with the “realised travel to work” technique used in the analysis.

Retail Choice

4.11 As noted earlier in this report, the Commission for Integrated Transport (CfIT) published a document in 2006, ‘Sustainable transport choices and the retail sector’, which compared patterns of expenditure and mode of travel between different retail sites at town centre, edge of centre and out of town sites. The main findings of the report are that town/city centre retail developments are accessible to a wide spectrum of the community and the CfIT is therefore keen that future development of the retail sector is focused on local centres and town and city centres.

4.12 The survey research carried out as part of the CfIT work suggests that trips to towns and city centres are made in the main by public transport, by bicycle and by foot. When the contribution of public transport and pedestrian/cycle movements is added together (53%), they outweigh that of the car (44%). Importantly,

Table 4-1: John Lewis Employees by residence

	Solihull	S’oton	Reading
% of employees resident in top 25% most deprived SOAs within travel to work area	18%	30%	30%
% of employees resident in top 50% most deprived SOAs within travel to work area	38%	58%	56%
% of employees resident in top 75% most deprived SOAs within travel to work area	64%	82%	79%

Source: Raw employee postcode data provided by JLP. Analysis undertaken by Regeneris Consulting

the report concludes the way shoppers travel has very little effect on how much they spend, with income levels being a more significant determinant.

4.13 A number of the consultations undertaken as part of this study provide an explanation of some of the data outlined above:

- To coincide with the opening of the in-town Reading Oracle centre, a park and ride scheme was set up to the south and east of the town with services to the town centre every 7-8 minutes. This is becoming an increasingly popular service. According to the Local Authority more people now access the town centre using public transport than by private car usage. In 2001, 33% of trips made into the town centre were by public transport rising to 37% in 2006. During the same period trips made by car fell from 38% to 32%.
- A City Link shuttle bus connects Southampton Central railway station directly to the West Quay development, the city centre and Town Quay ferry terminal operating every 10 minutes during shopping hours and 30

minutes at other times. Surveys carried out show over one million passengers use the service annually. South West Trains run a 'Park & Rail' scheme (The West Quay Weekend Shopper) from Southampton Airport Parkway station to Southampton Central at weekends and bank holidays, taking passengers into the city centre at a special discounted rate on three to six trains per hour depending upon the time of travel.

- According to the Local Authority, public transport demand in Solihull has increased at an average rate of 0.5% per year since the in-town Touchwood centre was opened in a region of declining public transport demand.

4.14 Additional analysis has been undertaken by Regeneris Consulting based on the mode of travel to John Lewis stores across the country. The data is based on exit interviews with approximately 500 shoppers per store. Table 4-2 shows the results of this analysis (all London stores have been excluded as they do not neatly fit with the typology of town-centre stores that have shaped this study).

Table 4-2: Modes of Travel to In Town John Lewis Stores

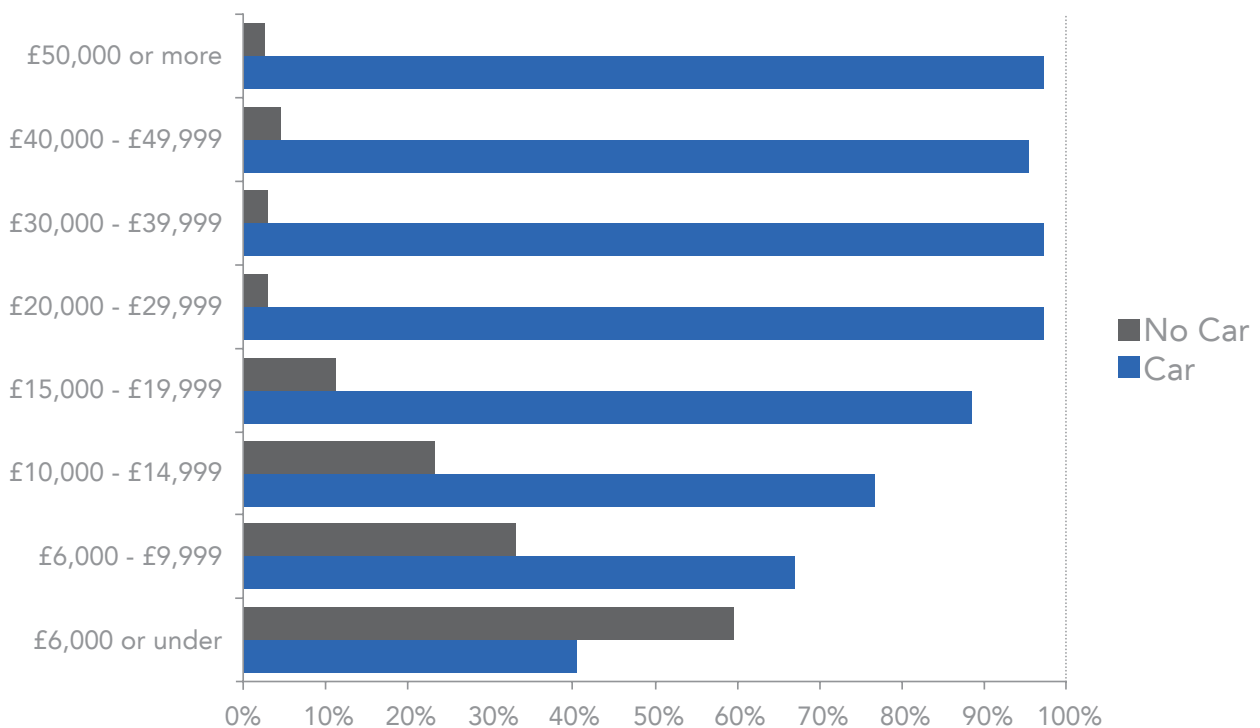
	Car**	Bus	Train	Walk	Bicycle	Coach	Other	Total
Average for 15 In Town stores*	65%	17%	5%	10%	1%	0%	2%	100%

Source: John Lewis Partnership. * Crude average - does not weight data according to size of store. ** Car includes both those travelling as drivers and passengers

4.15 For the 15 in-town stores, an average of 34% of shoppers travelled by public transport/bicycle/foot. There are exceptions to the rule, with stores in in-town locations such as Milton Keynes and Welwyn receiving a high proportion of shoppers via car. The clear message however is that public transport usage is prevalent across the John Lewis in town locations allowing accessibility to a wide spectrum of the community.

4.16 The ability to access town centre locations by public transport is particularly important in the context of differential patterns of car ownership across socio-economic groups. CfIT surveyed access to cars amongst various income groups and it is clear from the resulting data that car ownership is considerably reduced within lower income groups. Whilst 33% of households with less than £10,000 net income are without access to a car, the figure amongst those earning in excess of £40,000 reduces to 5% or under.

Figure 4-2: Relationship between Household Income and Car Ownership



Source: "Sustainable Transport Choices and the Retail Sector", Commission for Integrated Transport. July 2006

Catalytic Impacts of Town Centre Retailing

Issue 3: The extent to which town centre retailing leads to a wider range of catalytic impacts on town/city centre vibrancy.

5.1 The idea that town centre retail development acts as a catalyst for the wider development of town and city centres (by providing footfall and spend to help sustain other retail and leisure facilities and enhancing the attractiveness of town centres to office occupiers) has been put forward as a factor in favour of town centre development. The creation of a critical mass of activity may support other sectors, aid the viability of greater public transport investment and contribute positively to the wider identity of a locality.

5.2 The section sets out evidence of the impact of retail development on other development and economic activity. We are interested in both impact on overall levels of retail activity within the town centre and crucially the degree to which it catalyses other forms of development.

5.3 This has been tested by reference to:

- Changes in employment in the retail sector in a defined impact area around three in town case study developments drawn from the Annual Business Inquiry (ABI).
- Changes in prime retail rental levels for town centre with major retail developments. The

analysis presented here is derived from a meta-analysis of 140 town centre developments in the UK between 1990 and 2003 by Colliers CRE .

- Qualitative information from local authority contacts, local property agents and retail centres themselves for a number of case study locations.
- An analysis of planning application data for a series of town centre locations, both before and after the opening of a major new retail centre.

Catalytic impact in the retail sector

5.4 The net impact of the opening of a new retail centre on other retail locations depends on two factors: the extent to which the development has a catalytic impact on the rest of the sector, and the extent to which it displaces existing activity. Data on retail employment in each town centre, together with specific information on the level of jobs in the new retail centre itself, allows us to judge the net impact of a new retail development, although it does not distinguish between the catalytic and displacement effects.

5.5 For all three town centre developments we have explored in detail it is estimated that between 2,000 and 3,000 jobs are located in the centre – this is the estimated gross employment impact of the centre sourced from the centre operators themselves. The net impact is measured by the overall increase in retail

⁸ “Do new in-town shopping centres driver prime rental growth?” Colliers CRE (Autumn 2006).

⁹ Southampton, Reading and Solihull.

employment in the town centre in the five years following the development (or four years to 2005, in the case of Touchwood, Solihull). In the case of Southampton, the joint effect of catalytic impact and displacement of other activity means that net retail employment increase is almost at the same scale as the gross employment increase - net increase was 91% of the gross increase meaning that nearly all of the 2,500 jobs created at West Quay were in fact net additional jobs to Southampton city centre. The effect in Reading and Solihull is similarly positive, net retail employment levels increased by nearly 2,500 after the opening of the Oracle centre and by nearly 1,600 following the opening of the Touchwood scheme. Across the three centres the average ratio of net to gross retail jobs was 84%.

Catalytic Employment Impact on other sectors

5.8 Regeneris Consulting have conducted a number of consultations with partners with local knowledge and involvement in each of the six case study developments outlined above. These include relevant officers in each local authority with responsibility for economic development, planning, town centre and retail policy, local property agents with knowledge of the property market in each area and the retail centre themselves.

Table 5-1: Gross and Net Employment Effects of New Retail Developments on Town Centre Employment

	Net employment before opening (in the town centre overall)	Gross employment increase (employment in the new development)	Net employment after opening (in the town centre overall)	Net employment increase (employment growth in the town centre)	Net effect as % gross
Southampton West Quay	5,420	2,500	7,690	2,270	91%
Solihull Touchwood Centre	2,380	2,000	3,940	1,560	78%
Reading Oracle Centre	5,820	3,000	8,300	2,480	82%

Source: Gross employment effect sourced from the centre themselves, or from existing research on the employment impacts of the developments.

Note: Net employment effect is equivalent to the increase in retail employment in the town centre between the date of opening and 2005 or five years hence (whichever is earlier).

5.9 Through these discussions, we sought to draw out views and specific local evidence on the effect of the development in terms of encouraging further developments which have been facilitated by the retail scheme in question (either in the retail sector or other sectors). A summary of views and available evidence on the catalytic impact for each centre is given below.

5.10 Reading Borough Council views the Oracle scheme as a major component in attracting inward investment to the wider economy of Reading alongside South Reading Business Park and the development of Madejski football Stadium. According to local commercial property agents, retail rents in and around the centre have been very strong since the opening of the development and has had a positive impact on the office and leisure property market by increasing amenity levels and thus the general attractiveness of the city centre to commercial tenants. The Local Authority sees new facilities, such as the increased retail offer, playing a partial role in attracting a number of major IT companies to base their headquarters in the town and becoming far more attractive to employers wishing to relocate to the area.

5.11 It is the view of the Local Authority that the retail offer in Southampton town centre prior to the West Quay development was poor. Many major stores were not represented or had units that were too small. Pre West Quay, Southampton stood at 38 in the Experian league of retail centres and rose to number 7 after the opening of the scheme. According to the Southampton City Centre Health Check 2005-06, retail rents rose sharply in 1995 when the first City Centre Manager was appointed and again upon the opening of West Quay shopping centre in 2000. Since 2002 they have risen consistently and were at their highest ever level of £320 per sq ft in 2006. The Local Authority stated that no consequent developments in the city centre have been directly dependent on the West Quay

development. However, developments planned for the surrounding area (West Quay Phase 3) may have been encouraged by the higher profile of the area after the West Quay shopping centre being built. The city centre manager believes the scheme has brought more confidence in Southampton from investors and developers, demonstrated by other large developments such as Ikea, new cinema/restaurant complex, new cultural quarter and residential construction.

5.12 The Solihull Touchwood scheme was built on the site of an old town centre surface car park. The Local Authority is of the opinion that the development has brought significant life to the town centre and has particularly attracted increased business tourism. They acknowledge that other developments have not been directly dependent upon the scheme going ahead but may have been influenced to locate in the town centre (ranging from small businesses to international headquarters).

5.13 The clear message from our consultations is that town centre retail developments do have a series of positive catalytic impacts on development patterns in other sectors.

5.14 The strength of the town centre catalytic impact is evident in an analysis of planning application data. We have sourced data on the total volume of planning applications submitted per annum in a series of five town centre locations¹⁰ from Estates Gazette Interactive. The data has been captured for the year of opening of a major new retail centre and the three subsequent calendar years.

5.15 Figure 5-2 provides a summation of the evidence for all five locations combined. The overall volume of planning applications across the five areas increased markedly in the year immediately after the opening of the centre (an increase of just over 100% from 41 to 83). There was a clear uplift in both the number of commercial applications (offices) and in the 'other' category (which includes most leisure related planning application data). The uplift was not limited to one year and appears to have been sustained in the subsequent two year period.

Current new Town Centre Retail Developments

5.16 Many of the retail developments outlined above have occurred in already "buoyant" locations. The catalytic arguments are likely to be even stronger within the current wave of major town centre schemes outside of the greater south east. Many of these locations have suffered the consequences of industrial transition and have struggled to re-orientate their economies. Based on the evidence below it is clear that large scale town centre retail developments are proving the trigger for investment across a range of sectors:

- In Preston, the final go-ahead was given for the 1.6m ft2 Tithebarn retail-led development in 2005, with John Lewis signing up as anchor tenant in early 2007. Discussions with the Director of Regeneration at Preston City Council have highlighted the uplift in developer/investor interest in the last 18 months. Numerous parcels of land around the perimeter of the Tithebarn scheme have recently changed hands, with respected developers acquiring substantial interests. The city is considering three major hotel planning applications at present, two of which adjoin the Tithebarn scheme and the Regional Development Agency has recently committed significant sums to help develop a new central business district within Preston
- In Derby, the Chief Executive of Derby Cityscape (the city's URC) describes the turn-around in developer interest in the City once

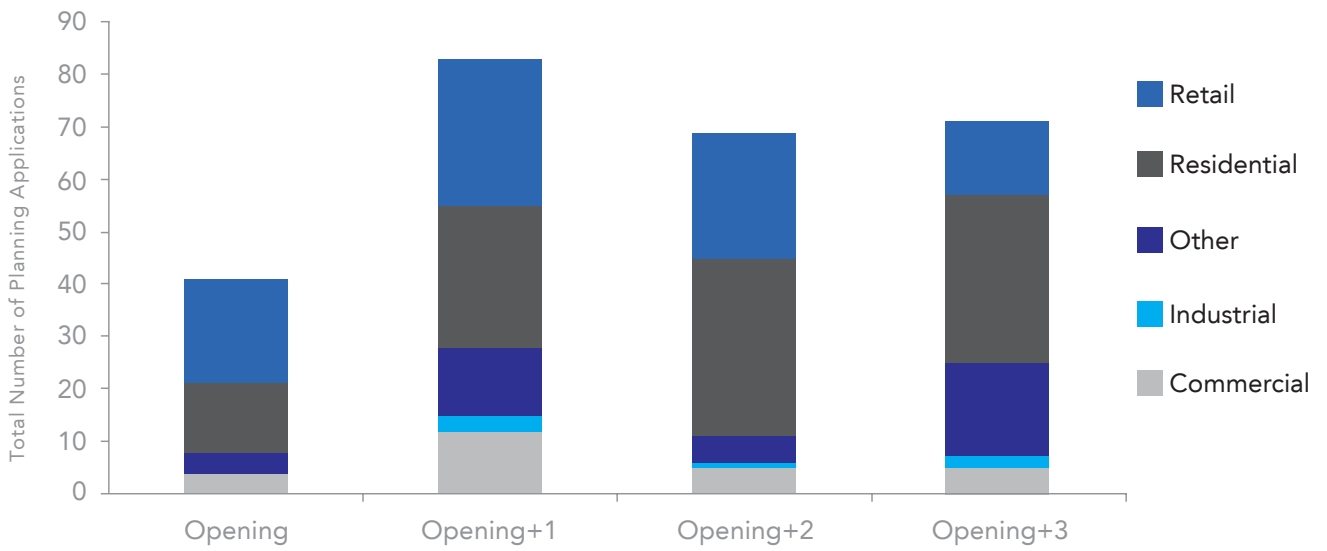
work on the new 1.0m ft2 Westfield Derby commenced. This interest is coming forward via new planning applications for leisure, hotel and commercial office developments – with the pace of applications far outstripping that experienced historically in the City. An interesting feature is the way in which existing retailers have responded positively to the new scheme – proposals to take forward the Cathedral Quarter, consisting largely of smaller scale, independent retail and leisure outlets, are now well advanced.

- In Liverpool, the 1.6m ft2 Liverpool 1 retail and mixed use development by Grosvenor due to complete in 2008 represents a substantial boost to the city centre. The Liverpool Vision Chief Executive was of the view that the scheme is helping to improve confidence overall in the city as a place to invest. The investment is proving an important factor in helping attract important financial and business services sector occupiers. In addition to the investment itself, there has been ripple effects in surrounding areas, it has helped attract other higher end retailers (in the Met Quarter) and encouraged investment in existing retail centres by Land Securities, in part because of the footfall of visitors to Liverpool 1 passing through these centres. The Liverpool Vision Chief Executive believed that the Liverpool 1 investment was taking the city to where it should have been anyway in one major jump, from a retail centre in the low teens of national rankings to one in the top 10.

¹⁰ These were Southampton, Reading, Solihull, Huddersfield and Basingstoke.

Figure 5-2: Volume of Planning Applications

Sum of Planning Applications in Five Town Centres



Source: Estates Gazette Interactive

Conclusions

6.1 Planning Policy Guidance Six (PPG6), now updated as Planning Policy Statement Six (PPS6), introduced both a 'needs' and 'sequential' test to encourage new retail development on town centre sites. The guidance is developed from Government aspirations to encourage more environmentally sustainable development and from its social inclusion agenda.

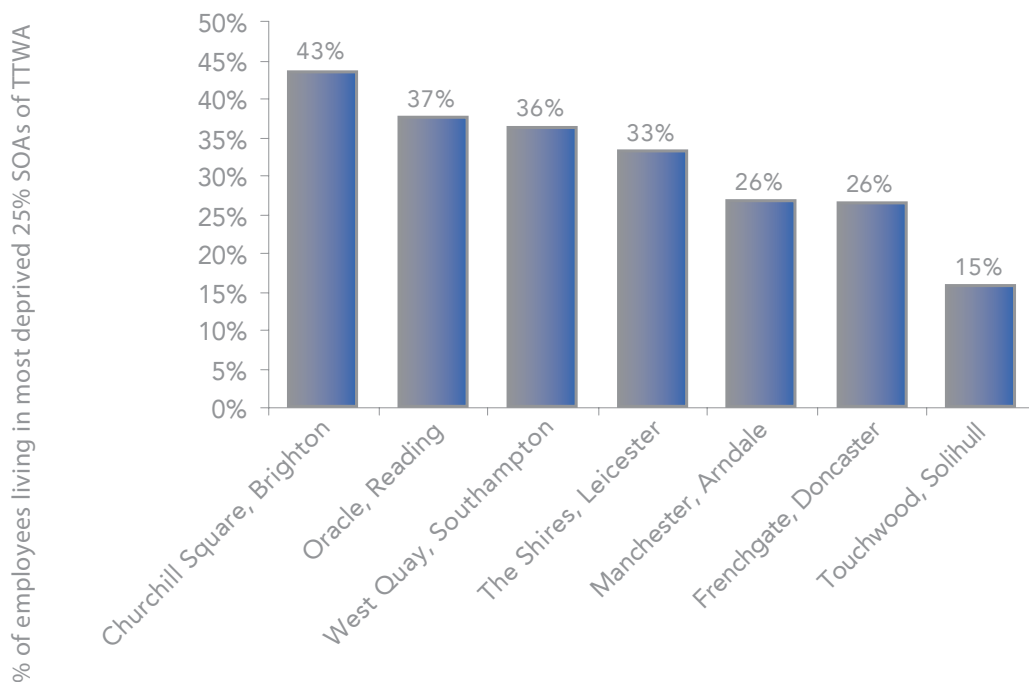
6.2 Whilst numerous publications comment on the ways in which PPS6 has impacted on the activities of the local authority planning departments and development trends, there

has been no systematic research on the degree to which recent patterns of retail development activity has impacted on the core goals of social inclusion and environmental sustainability.

Town centre retail locations are particularly successful at addressing social inclusion...

6.3 A range of academic literature exists on the benefits of the retail sector to the government's aspirations around social inclusion. Much of the material focuses on the relative ease of entry into the sector for those with only modest academic achievements, and the pivotal

Figure 4-1: % of employees living within the most deprived 25% of SOAs



Source: Regensis Consulting based on Census 2001.

role it plays in helping those previously detached from the labour market into the world of work and vocational training.

6.4 Using the Special Workplace Statistics of the 2001 Census, we have found strong evidence from travel-to-work data that town centre developments draw a large volume of their workers from disadvantaged areas.

6.5 For four in-town centres – in Leicester, Brighton, Reading, and Southampton – between 33% and 43% of employees reside within the most 25% most deprived areas in the surrounding labour catchment area. Across the seven town-centre developments sampled, an average of 34% of employees come from the 25% most deprived areas¹¹.

6.6 The data above has been confirmed by our analysis of evidence provided by the John Lewis Partnership on the actual postcode of employees at three of its in-town stores – Solihull, Southampton and Reading. Looking forward, an analysis of the largest 25 town centre retail schemes currently in the development pipeline would suggest they have the potential to create some 16,500 jobs for residents in disadvantaged areas.

Town Centre retail locations help retail choice for the socially excluded

6.7 The clear message emerging from our research is that trips to in-town centres are not heavily dependent on access to a car. Does this therefore allow access to these centres for disadvantaged groups and as a result are they enjoying the retail choices on offer to the rest of society? Based on evidence from CfIT and others the answer appears to be yes. CfIT surveyed access to a car amongst various income groups and it is clear from the resulting data that car

ownership is considerably reduced within lower income groups. Whilst 33% of households with less than £10,000 net annual income are without access to a car, the figure amongst those earning in excess of £40,000 reduces to just 4%.

Catalytic Impacts...

6.8 The research dispels the myth that new town centre retail developments will inevitably displace activity from existing shops. The research shows that for most major town centre developments reviewed, nearly all the new jobs created were in fact net additional to the town centre as a whole. The effect of Southampton West Quay, Solihull Touchwood and Reading Oracle retail developments has seen overall retail employment levels in the town centres increasing by on average 84% of the gross increases in retail employment in the centres themselves. Our analysis of the volume of occupied retail floorspace and achieved rental values before and after the opening of new town centre schemes further reinforces the view that these large scale developments add considerably to the net retail activity in a location.

6.9 Research with town centre managers, local authorities and urban regeneration bodies responsible for the evolution of their towns and cities confirms that large scale retail developments have often been the catalyst for investment in associated leisure schemes and wider office developments. An analysis of planning application data for a series of town centre locations, both before and after the opening of a major new retail centre supports this view. In total, the volume of planning applications across five town centre locations doubled in the year immediately after the opening of the new centre with an uplift in the number of applications for both commercial office schemes and leisure related uses.

¹¹ The average excludes the outlier of Solihull.

6.10 The current wave of large scale town centre retail schemes, in areas such as Liverpool, Derby, Bradford and Preston, will have a substantial impact on efforts to boost the image of the city centre as a location for other investment.

Overall Conclusions

6.11 Based on the evidence outlined above, Regeneris Consulting believe that the policies built into PPG6, and the subsequent development patterns that have followed, are impacting positively in the support of the Government's goals around social inclusion and sustainability. We also believe that some of the town centre retail developments that have occurred in the last 10 years have added considerably to the profile and attractiveness of UK towns and cities for further rounds of retail investment.

6.12 Our conclusions on the four issues set out at the beginning of this report are as follows:

- Is town centre retailing employment particularly accessible to socially excluded residents? Our review of the available literature and the evidence from the case studies we have analysed suggests the answer is a clear yes.
- Does town centre retailing provide a broad range of retail choice to residents from socially disadvantaged areas? Whilst difficult to prove conclusively, good public transport access to in-town centres suggests that expanding retailing activity in town centres is likely to promote retail choice for those from more disadvantaged areas.
- Does town centre retailing lead to a wide range of catalytic impacts on town/city centre vibrancy? The answer is yes, and we expect the future effects to be even stronger in the current wave of large town centre retail developments in those towns and cities in the North and Midlands that have had less strong economies. Also, importantly, the evidence we have reviewed shows that new town centre retail development significantly adds to the overall net strength of the local retail economy.

6.13 Large scale retail led development in town and city centres has been one of the most celebrated aspects of UK urban renewal in the last decade. All eight Core Cities have benefited from substantive city centre redevelopment programmes and regularly cite these as a primary achievement in their ongoing economic transformation. Many more smaller urban centres have also seen retail schemes act as a catalyst for a growth in city centre based leisure and office market activities.

6.14 We are of the view that the need for policy which supports the goals of sustainability and social justice is as pressing today as it was in 1990s when the current PPS6 was launched. There are several wider external economic effects linked to sustainability and social inclusion which would not be captured if development of retail centres was not to occur in town centres. In light of the recent Stern Review and the clear external economic costs generated by increased CO2 emissions, any policies which encourage sustainable travel patterns should be welcomed. Likewise, recent UK government research reiterates the ongoing inequalities of wealth and access to services in many of our major towns and cities and the need for ongoing action to support disadvantaged communities.

About the John Lewis Partnership

The John Lewis Partnership operates 27 department stores across the UK, johnlewis.com - a website and catalogue business, 193 Waitrose supermarkets and Greenbee.com, a direct services company. The business has an annual turnover of over £6.8 billion.

It is the UK's largest and longest running example of employee ownership. All 69,000 permanent staff, known as Partners, own the business and share in its profits and benefits. The Partnership aims to ensure that everyone who works for it enjoys the experience of ownership, by sharing in the profits, by having access to information and by sharing in decision making.

The company's record of performance testifies to the robustness of the vision of its founder John Spedan Lewis, to create a company dedicated to 'the happiness of all its members, through their worthwhile, satisfying employment in a successful business'. Its success is measured on its ability to sustain and enhance its position both as an outstanding retailer and as a thriving example of employee ownership.

Our commitment to town centres

The John Lewis Partnership is a firm believer in keeping town centres vibrant and economically sustainable, which means maintaining the shops we have in town and city centres and, when looking for new shops, choosing town and city centre sites where we can. When we build new shops, we work closely with local authorities, developers and Community Groups to find out the views of local people from the time of choosing the site to the shops opening, ensuring we integrate shopping with the town or city and maximise its attractiveness to residents and visitors.

We aim to bring sustainable employment opportunities to regeneration areas in the form of high quality jobs and training for local people.

The Partnership is represented on Business in the Community's Business Action on Economic Renewal Leadership Team, through which we aim to increase the strategic impact and scale of business action in deprived areas.

Our plans for expansion

The John Lewis Partnership has ambitious plans to expand. In the past year we have relocated our John Lewis shops in Cambridge and Liverpool and opened a brand new department store in Leicester. Our programme of new department stores includes shops announced so far in Cardiff, Portsmouth, Oxford, Leeds, Preston, Crawley, Stratford in East London, and Sprucefield in Northern Ireland. Waitrose has equally ambitious plans to extend its geographic reach.

Considering the impact on the environment

As we develop new sites across the country, and refurbish existing stores, managing our impact on the environment is uppermost in our approach. The plans for every new building are meticulously assessed before a single brick is laid to ensure that the proposed building will blend in with its surroundings.

All our new buildings and refurbishment projects are built in line with our Sustainable Construction Framework Working with one of the UK's leading sustainable development charities, Forum for the Future, the Partnership has developed a framework for delivering sustainable construction in the retail sector. The framework sets down objectives for each stage of the construction life cycle to ensure we adopt sustainability principles in the planning, design, construction and operation of our John Lewis and Waitrose building and refurbishment projects.

For more information about the John Lewis Partnership visit

www.johnlewispartnership.co.uk

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The Westfield Group

The Westfield Group is the largest retail property group in the world by equity market capitalisation. Operating on a global platform, the Westfield Group is an internally managed, vertically integrated shopping centre group, undertaking ownership, development, design, construction, funds and asset management, property management, leasing and marketing, employing in excess of 5,000 staff worldwide.

The Westfield Group has interests in total assets of more than A\$63 billion (approximately £30 billion), representing 118 shopping centres in four countries with over 10.2 million square metres of retail space. With shopping centres spread across Australia, the United States, New Zealand and the United Kingdom, the portfolio benefits from extensive geographic diversity. In addition, within the portfolio there are 23,134 retail outlets which represent a wide spectrum of the global retailing industry.

Westfield has been operating in the UK since 2000 and has built up significant operations based in High Holborn where we directly employ about 1,000 people in London and the regions. In the UK, Westfield currently has seven operating centres incorporating about 1,500 retailers located at Tunbridge Wells, Nottingham, Guildford, Belfast, Lisburn, Merry Hill and Westfield Derby, a £340 million development which opened on 9th October 2007. Westfield has three major urban regeneration projects under development at present, being Westfield London, Stratford City and Westfield Bradford.

Westfield's internal design teams share international best practice and work with world renowned architects to develop new retail concepts, mixed-use schemes and landscaping that integrate the heritage and architecture of the surrounding area. Westfield uses quality, contemporary materials and finishes to develop sustainable environments that best showcase the retail and lifestyle offer.

Westfield is passionate about creating exceptional retail experiences. Harnessing its global retail connections, Westfield develops new and innovative retail concepts which keep it at the forefront of emerging international trends. Within the landmark 150,000 sq m Westfield London development, Westfield is working with international luxury retailers and renowned architect Michael Gabellini to create the Village. With chandeliers and a sweeping spiral staircase, it will be the first quarter in a UK shopping centre to embrace the "New Luxury" concept, a major trend in the current international retail climate. Westfield creates malls with a dynamic mix of fashion, home, lifestyle, food and leisure experiences relevant to the catchment.

Westfield brings a wealth of experience from nearly half a century of global shopping centre management. Each on-site management team is focused on offering exceptional customer service, embracing community interaction and providing a cutting-edge shopping environment. Westfield enhances the customer experience through the provision of concierge services, valet parking, lounge seating, dedicated parent and baby rooms, soft play areas, customer events and shopping services.

Exceptional retail experiences

Commitment to community and sustainability

Westfield is dedicated to playing an active role in supporting the communities in which it operates. Westfield is focused on the long-term prosperity of city centres, working in partnership with local councils, regeneration agencies and architects to develop the long-term vision and masterplan for town centre development and city regeneration programmes.

Every new project presents an opportunity to improve the design and efficiency of our shopping centres. Conservation of energy and water, recycling and use of materials which have a low-environmental impact are all high on the Westfield agenda. Westfield has redesigned Westfield London to improve its environmental performance. Energy consumption has been reduced by 24% through design initiatives, temperature control and overall building management; lighting and water heating to peripheral buildings is via photo voltaic and solar panels, storm water flow is partly retained and reused.

Setting new standards for large scale development, some of the most far reaching environmentally sustainable strategies have been produced to guide the design, construction and operation of Westfield's Stratford City development. Energy and carbon emission reduction is a priority for Stratford City with 75% of all power to be provided through the construction and operation of a combined cooling heat and power plant and efficient buildings design. Upon opening, the development will exceed current building regulations for waste, water, ecology and tree conservation by 25 per cent.

Westfield Derby



The £340 million Westfield Derby development creates a dynamic mix of fashion, food and leisure in the heart of the city and positions Derby as a principal retail and leisure destination in the East Midlands.

Westfield worked closely with the City Council and Marketing Derby to promote the long term vision for Derby. As part of the redevelopment project, Westfield has contributed £4 million towards new park and ride facilities, additional car parking, new bus lanes and the regeneration of the city's cathedral sector. The development also incorporated £4.3 million of highway improvements. Westfield Derby has acted as the catalyst to the £2 billion regeneration of the city centre, attracting substantial new investment into the city. In partnership with workstation, a Derby City Council initiative, Westfield is ensuring that the area's long term unemployed will have the relevant skills necessary to take up jobs created by the redevelopment and future regeneration projects.

The 105,770 sq m centre opened 9 October 2007, six months ahead of schedule. Four new themed malls operate over two retail levels anchored by Marks & Spencer and Debenhams. The introduction of more than 100 new retailers to Derby creates a vibrant mix of national and local fashion and lifestyle brands. Westfield Derby has introduced leading retailers such as Zara, Bershka, Topshop, Next, Monsoon, New Look,

Dorothy Perkins, River Island and H&M. This impressive line up is complemented by the established retail offer from Boots, WHSmith, Sainsbury's, Dixons, Superdrug and Woolworths. Eat Central, the spectacular 800 seat dining space, brings together international and local cuisines, food theatre and breathtaking design. Adjacent to Eat Central, a £20 million 12-screen Cinema de Lux opened in May 2008, providing a first-class customer entertainment experience.

Westfield London

Westfield London will cast a new light on



retail in the capital. It will change the face of shopping and provide a fresh retail, dining and leisure experience just three miles from the heart of the city.

Opening on 30 October 2008, the £1.7 billion Westfield London development will become the largest shopping centre in greater London.

Beneath a spectacular, undulating glass roof, the progressive, bright and sleek design of Westfield London will encompass five anchor stores, more than 265 speciality shops, more than 40 places to dine, a state-of-the-art 14-screen cinema. The Village, a luxury area within the development, has been designed

by acclaimed architect Michael Gabellini and will offer London's discerning customers a truly new and exceptional retail experience. Ground Level is dedicated to international and UK luxury and designer brands and Level One, the World's leading lifestyle brands. Elegant cafés, patisseries and restaurants will enliven the spaces throughout, and exquisite service will be our pennant. The 150,000 sq m complex will also incorporate the Atrium, a vast interior space capable of hosting a wide range of events.

The White City Opportunity Area is one of the most exciting regeneration opportunities in London. Westfield London will act as a catalyst for the redevelopment and regeneration of this part of West London, and as the cornerstone for future investment which is anticipated to be in excess of £1 billion over the next ten years.

Key to the regeneration of the area is the £170 million investment from Westfield to provide extensive improvements to public transport and major highways as part of the development. In addition, new modern home available through affordable housing schemes have been developed. Significant investment is also being made in a new library and in the streetscape and landscape design of Wood Lane, Ariel Way and Shepherd's Bush Green. Westfield is very much a part of the local community and is realising this through organised site tours, presentations to local groups, local sponsorships and the distribution of a regular newsletter to 7,000 local residents.



Westfield Stratford City

Stratford City is the largest retail-led, mixed-use urban regeneration project ever undertaken in the UK. Situated adjacent to the site of the London 2012 Olympic Games, the development will create a new and vibrant metropolitan centre for East London. The 180-acre site will provide 1.25 million sq m of new retail, leisure and entertainment facilities, offices, hotels, housing, community facilities, open spaces and over 5,000 dedicated retail car parking spaces. At the heart of the site, Westfield will build and operate a £1.45 billion 175,000 sq m of shopping, leisure and entertainment space. This will include three flagship stores, over 200 retail units offering a diverse mix of national and international fashion and lifestyle brands, and an eclectic mix of dining opportunities.

The John Lewis Partnership has already committed to the scheme as one of the three flagship anchors and will provide a full range John Lewis department store and fresh food brand Waitrose. The other flagship anchor

store will be Marks & Spencer. 465,000 sq m of the development has been allocated to office space and 120,000 sq m to hotel and conference space. 460,000 sq m of residential space will provide approximately 5,000 new homes supported by 32 acres of public spaces, new squares, parks, gardens, natural ecological habitats and a unique multi-levelled lake. The integration of open spaces, parkland and landscaping will create diversity of design and a stunning new urban landscape for the area. The project will act as a catalyst for the regeneration of the entire Lower Lea Valley and Thames Gateway region and will become a world-class example of urban regeneration. Construction is underway and the project – set to become one of the most significant retail-led developments in the UK and Europe – will open in the first half of 2011, a year before the 2012 Olympic Games.

Westfield has committed £140 million towards providing community infrastructure, services and facilities. The town centre will include a convenient walk in Healthcare Centre at the heart of the development. As well as servicing the wider community, a new library will support a long term programme of educational projects in schools that is already underway. This programme is designed to develop young people's environmental awareness and community values.

When completed, Stratford City will support a community of 14,000 residents with the creation of 4,500 jobs during the construction phases and over 34,000 permanent jobs. £9 million has been allocated to business employment and training, including small business units and an Employment Learning Bureau which will provide a permanent base for employment training, enterprise and jobs brokerage services.



Westfield's shopping centres & projects in Britain

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Regeneris Consulting

Regeneris Consulting delivers specialist advice in economic development and regeneration to the public and private sectors.

Our philosophy is

to provide clients with real value and give our staff the freedom to be creative and to learn.

Our five main service areas are

- Economic research and policy advice
- Economic development and regeneration strategies
- Project feasibility, business planning and appraisal
- Economic impact assessment
- Policy and programme evaluation and review

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