

Round Table / Retail Regeneration

Shopping, not dropping

At REurope's recent Retail Regeneration Round Table, sponsored by Aylwin Communications, Jackie Sadek led a lively debate about the stand-off between high street and out of town retail, while asking if the incipient flood of online shopping will throw another spanner in the works for the retail real estate industry...



Jackie Sadek

Is out of town killing the high street? Will online retailing see off the both of them? REurope's recent Retail Regeneration Round Table gathered a lively panel of experts chaired by Jackie Sadek to debate the vital role that retail real estate still plays in the urban context. Jackie Sadek (JS) is chief executive of UK Regeneration, which was created to support those working in regeneration in all parts of the UK. Joining her at the table were Michele Small (MS) of the European Bank for Reconstruction and Development, Andrew Hardy (AH) of Romanian-focussed developers RED, David Tudorovic (DT) of Croatian specialists Asseria Capital, John Holmes (JH) of the UK's Urban Matters, Melvin Davis (MD) of architects Broadway Malyan and Kean Hird (KH) who oversees Catalyst Capital's activities in Germany and Central and Eastern Europe.

JS: As regeneration practitioners, we need to come to terms with out of town retail and its

effect on the high street. There is a disconnect between planners who want to see city centres with a kind of "Hovis" style retail mix of butcher baker and candlestick makers, encouraging shoppers to come out with their wicker baskets and wander along the row; and what modern retail needs, which is large formats, big spaces and formulaic stock basically. We've been struggling with that for years; it's been characterised by sloppy sentimentalism at an administrative level. The British government is still besotted with the idea of the high street although I suspect that some people in this room have a much more hard nosed idea. So we've never really dealt with the out of town question and we now have a new onslaught on retail which is online shopping. We have high streets which are not fit for purpose, out of town which is finding its way, retail parks at a premium, now online arrives, are we going to be knocked for six?

AH: In the Netherlands and Germany out of town has been severely restricted because the high street is sacrosanct. Architects and designers are being compelled to rethink accordingly. Regeneration of the city centre is the new watchword. Out of town has a lot to offer but it's being squeezed out which doesn't make a lot of sense.

MD: I totally disagree with Andrew; I believe that the only thing that addresses the public realm in cities is retail. If you don't have retail, you don't have cities, so you can't afford to lose retail from the high streets. The big problem is that councils and governments have not done enough to enable development to happen in an overarching way within city centres. But where it has happened - as with Liverpool One, for example - you end up with modern retailing in a city centre environment, and that's the best of both worlds. We can't keep promoting out of town as the only alternative as it's 'easy to do'. You have to do the difficult



John Lewis, Oxford Street

thing, or you'll end up with dead cities. But it needs local support and brave moves from local governments to make it happen.

KH: A West-end style retail offering is now being introduced into smaller and medium sized cities, but you can't get trucks down 17th century streets - there are distribution issues in our historic city centres and that's blocked high street developments in the past.

MD: There are lots of different ways of shopping these days, and people like that variety - no one mode is better than the other. I want to go to a city centre and enjoy browsing, but if I want to buy a washing machine I'm going to go online or to an out of town retail park, because it's easier to do.

KH: Is online shopping a generational thing?

MD: Yes, but it's also a question of the type of object purchased. Women tend to do the

shopping in actual shops, men favour online shopping where they can, especially for music, electronics etc. That's the big separation.

AH: Exactly, for clothes, because of the fabrics and sizing, people usually want to go and try them on.

KH: I heard an interview with John Lewis top management recently commenting that 20% of their business has now gone online, which is the equivalent of two Oxford Street shops. Five years from now, it will be half their business. They have spent a fortune getting it absolutely right and in fact if you look at the website it is incredibly professional.

JS: I have had excellent experiences recently with the John Lewis website so after going to the Oxford Street store and not finding an

item, we went home and ordered it and it arrived next day. So why go down into central London, when you can shop like that?

JH: Another thing that John Lewis does is if you order online, you can have your goods delivered to your local Waitrose - smart tricks like that really. So they are very customer-oriented.

JS: What's your perspective, Michelle?

MS: EBRD funds projects, so we don't lead the process; but of course we do look closely at what we're funding. Again, Eastern Europe is a little different, online is not there, so we're struggling between the high street and out of town, or on the periphery of towns. We like to finance projects that are accessible, so we want to be able to have public transport to them, and the high street debate goes on at a board level, so we have to always prove that we're not financing a shopping centre that puts

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Metro Centre Gateshead



small retailers out of business. The best way to do this is to fund something which has a mix between the international retailers and the local retailers, so that they can have a small shop in the mall, which satisfies one of the criterion we're looking for.

JS: The small boutique shops that you're talking about - are they successful?

MS: They may not even exist, but it's something that we have to factor in.

JS: Because my fear for small shopkeepers - and I'm sorry to say this - is that in my experience they can be very lazy. I know this is attributable but I have to say that after working for

arguably the best retailer in the world - Tesco - there they are highly focussed, driven people in the way that small shopkeepers tend not to be. I struggle with the whole disconnection in the debate.

We would not have stores like Asda or Tesco in high streets were it not for John Gummer's PPG as it was then, PP6 as it is now (it's a planning policy in the UK) whereby they forced retailers to explore whether they could trade in town. If that policy hadn't come in, our food retailers would have built out over our green fields long ago. It's been quite a draconian method but has helped. I wondered if Michelle's funding

model is entrenching that sentiment for small businesses.

MS: I think as a development bank we have to be committed to ensuring that we're not responsible for the demise of small shopkeepers.

DT: Although it seems to be happening anyway! We are in retail in Croatia, but we started off in the high street, so all our investments were in 3000 sq m of high street retail, over the last 10 years we developed a 30,000 sq m shopping in Zadar. Apart from ours, two more shopping centres have opened up, including Supernova, and the high street has been killed.

So we're in debate with the City of Zadar in how to regenerate the high street. Ten years ago it was the centre of all retail activity in the city. We counted 100 vacancies in the old town recently.

KH: Because the people wanted malls and now they prefer them...

MH: People want a destination, shopping centres for young people can do just that... Even if online shopping grows in popularity, people will still want to mingle and meet up somewhere.

JS: I wonder if I could bring John Holmes into the debate, who was recently involved in an important regeneration initiative in Hull, in the north east of England...

JH: Hull is a city with a population of 260,000, that was actually losing 52% of the retail spend out of the city, before the arrival of the £200m St. Stephens shopping centre. The retail trade wasn't going to out of town shopping malls, it was going to other towns and cities within an hours journey. There wasn't any choice, there wasn't a good offer, and even the second tier retailers weren't in the city. What we did was we assembled land and promoted a regeneration scheme clustered around the railway station. We structured it in such a way that yes, it featured the largest Tesco's of the year at that particular time, and it created a new, covered street, with Tesco as the anchor. £18m was pumped into a new modal transport exchange, there was a complete make-over of the listed railway station and a new bus station was built; a new theatre was constructed and it really kick-started the regeneration in that part of the city. It's turned the outflow of spending away from that; socially, there isn't the same culture of shopping online in a city like Hull, so I think that the city centre has been somewhat protected. What's hap-



pened is that other retailers have reinvested in the city centre and it has reinvigorated the footfall and allowed us to regenerate a key historic street. So it has actually helped protect and preserve the city centre and increase its footfall, and even during the worst of the recession, revitalised the city centre. The parking is easy, it's on site; while public transport has been much improved. And that's all been brought about by a kind of process of cross-fertilisation. What we did as a public sector organisation was help with the CPO, assemble the land, and do that over a two or three year period, and then promote it by being the marketing agent for that particular development. The retailers are broadly very happy and its improved the whole of the hinterland within an hours catchment, because people now turn left instead of right and come to the city of Hull, so it's kick-started other commercial developments to a degree and put the city back on the map.

JS: Can we say, hand-on-heart, as we worked together on this, that the old historic shopping street has really benefitted? I'm not sure we can...

JH: I'm not sure we can either but we've lived through abnormal times, Jackie, and the economic downturn has had an effect right across the city. Hull is the sort of place where there are smaller retailers, whether they are around in a few years I don't know, but I'm not sure if it's easy to call at the moment in the light of the recent economic hardship. In the North East, where you've got major retail out of town developments like the Metro centre, its clear that people do like an out of town destination but the city has also been taken care of so Newcastle itself is still a very vibrant shopping destination, The Metro centre, which is just a couple of miles out of the city, was a regeneration scheme in its own right and is now recognised as a destination scheme, right across the UK and Europe. So sometimes shopping centres can get it right.