



Many former BHS stores remain vacant.

What is Happening to our City Centres?

By Andrew Harris

Most of our City Centres – a generic term which includes all town centres – are in trouble and many retailers are struggling. For many years they have been affected by a ‘perfect storm’ caused by car ownership, out-of-town centres, the internet, unfair business rates and lifestyle changes. But they also face new opportunities to re-invent their roles of which more later.

So how are city centre retailers doing? The number of city centre shops lying empty soared by more than 7,500 nationwide last year. The rapid rise in the number of barbers, beauty salons, vaping stores, cafes, restaurants and bars was offset by the closure of hundreds of banks, pubs, fashion shops

and estate agents as revealed by an analysis of the UK’s top 650 shopping locations. The number of new outlets of all types dropped 4.4% to 43,278 whilst closures increased to 50,828 causing a 37% rise in net closures compared to 2018 – the biggest for at least 5 years according to the well-respected Local Data Company.

Multiple chains like Poundworld were hardest hit with many having to go into administration. Others like New Look were forced to seek legal agreements with their landlords to drastically reduce rents to avoid closures. Restaurant chains such as Gourmet Burger Kitchen, Byron, Jamie’s Italian, Carluccios and the

Prezzo Group have been forced to close large numbers of outlets as a result of rising costs, slowing spending and a rapid change in consumer habits.

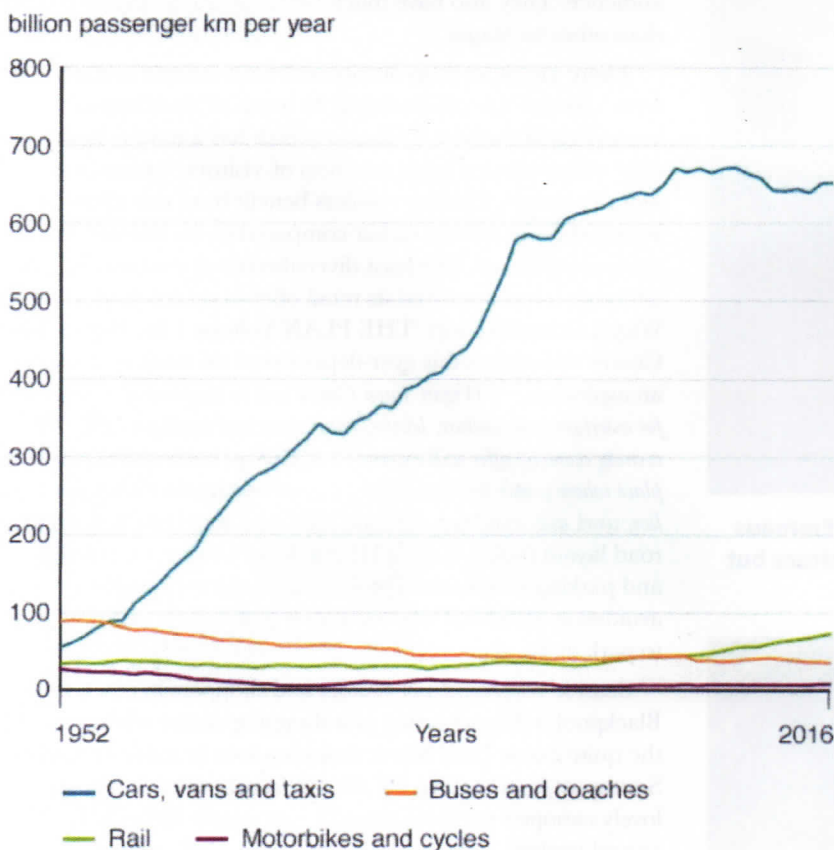
Last year city centre high streets lost 716 bank branches, 636 pubs, 445 estate agents, 380 discount stores, 374 fashion shops, 365 newsagents, 317 women’s clothes shops, 299 electrical goods shops, 283 post offices and 230 dental surgeries. According to the retail research business Springboard overall retail spend fell by 3.0% in May and a further 2.9% in June. A worrying recent trend but what is happening longer term?

Cars have changed everything. In 1952 there were about 3 million private



An increasing number of small shops are closing.

Road and rail travel since 1952



Source: Department for Transport

BBC

cars in the UK. There are more than 31 million today. 80% of households have access to at least one car – see the graph for how much they are used. They are preferred for shopping trips. City centres have been less and less able to provide space for parking cars on high-value city centre land. This led to

new out-of-town shopping centres and stand-alone supermarkets with surface car parks which were vast and free. City centres had to ration their spaces by charging. If they didn't then commuters would occupy spaces all day and deny them to shoppers. As more and bigger retail outlets invested in out-of-town

sites they mopped up more and more of the spending power of the shopping public. Despite the increased wealth of the country the demand for shops in our city centres has reduced. We now have too many. Casualties in recent years include Woolworths, British Home Stores and many others.

Overall retail sales growth has been weak since 2008 so the battle between retailers is all about market share. Out-of-town centres have the advantage of free and easy parking for the 80% of households with cars. Online giants like Amazon provide additional competition by accounting for about 20% of sales by value. City centre stores like John Lewis and Debenhams respond by holding more in-store events and 'experiences' to lure shoppers. They provide a clue to what is needed by city centres in the future.

As if retail competition from out-of-town centres and online traders isn't enough city centre shops have to pay Business Rates which have no regard to the profitability of each outlet. High value city centre shops pay hefty Business Rates whilst out-of-town retailers pay less for comparable retail space and the premises needed by online traders aren't even classed as retail. The April 2017 Business Rates revaluation hit about half a million retail properties with hefty tax rises. Business Rates bring in about £30 billion a year to the government but the system is widely seen as outmoded and unfair because it penalises companies that need a city centre location as they have to pay much higher rates than out-of-town and especially on-line rivals. Business groups have long called for reform of this out-of-date and unfair system.

Nicky Morgan MP is chairwoman of Parliament's Treasury Select Committee. She says "We have a big problem in this country. There's a system raising £30 billion a year which is regarded as inconsistent, inaccurate, unfit for purpose, not keeping up with the modern economy and is putting retailers out of business. The situation is deeply, deeply unsatisfactory and the status quo cannot be maintained."

Tory MP Steve Baker says it is "excruciating" that retailers can wait up to 950 days for appeals against business rate assessments to be resolved, adding that companies can "go out of business" while waiting. Even the big high street name John Lewis has struggled with the system which rates experts have

described as “shambolic and not fit for purpose” because they are “preposterous and manifestly unfair.”

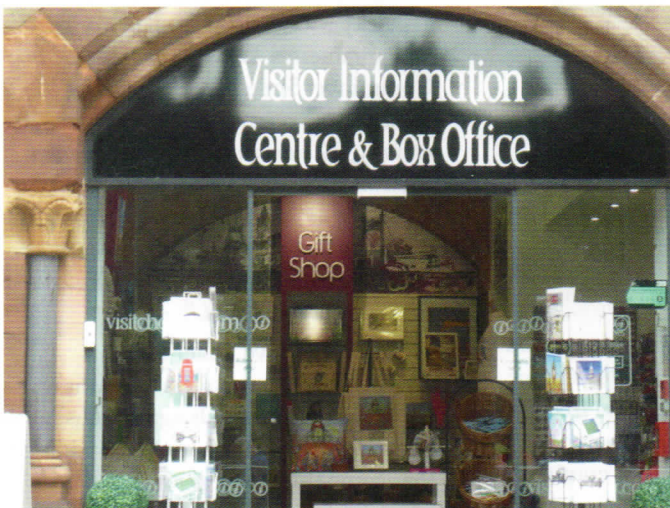
Something needs to be done but the government is complacent. Jesse Norman MP - the Financial Secretary to the Treasury - responded to criticism of the business rates system



People use city centres for social reasons as well as shopping.



Charity shops attract criticism but outlets like Emmaus are prime attractions for people who need furniture but can't afford normal prices.



City centres should do all they can to attract visitors. Many do not.

last month saying that it has “good qualities” as a tax because it is “easy to see who is liable” and that it is “hard to evade and easy to collect”. He didn't even claim it is fair.

Apart from the consequences of cars, parking, online retailing and business rates other forces are at play. Public tastes are continually changing and retailers which fail to adapt don't survive for long in a fiercely competitive market place. Reducing footfall and increasing costs make survival all the more challenging. So what's to be done.

Although individual retailers can struggle, it is significant that overall Manchester and Liverpool city centres are thriving. This suggests that city centres and retailing are not the same. A July 2018 report by Bill Grimsey – the former boss of Wickes, Iceland and Focus DIY – concluded “Forget retail for city centres – they need to become community hubs based on health, education, entertainment, leisure, arts and crafts.” That might be overstating it but – with heritage and events – city centres can attract people in ways that are not possible for on-line or out-of-town centres. They have to be about more than just retailing. Manchester and Liverpool city centres have made great strides in becoming community hubs but it has to be acknowledged that their success owes much to the sheer scale of their catchment areas – millions of people in each case – which enables them to combine community, cultural, heritage, events and retail attractions which are difficult to achieve without such a huge audience. They also have much better public transport systems than other locations.

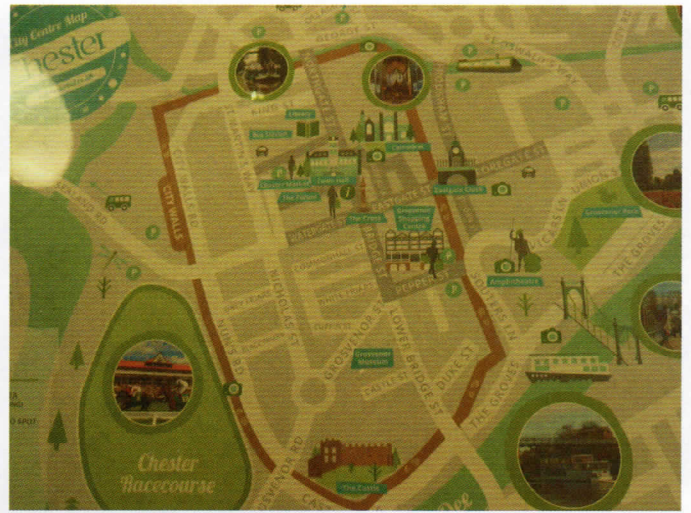
There are more than 50 city and town centres in the north west – so how are others doing. In terms of their appeal beyond retail the best is Chester which has a unique heritage offer which attracts huge numbers of visitors – many from other countries. Chester retailers benefit from this although Business Rates remain unfair compared to on-line and out-of-town competitors. The least diversified town centre is Wigan although it has improved its retail offer in recent years. The Wigan Council report ‘THE PLAN Volume 1 for Wigan Town Centre’ recognises this over-dependence on retail and sets out an aspiration – “Wigan Town Centre will be the focus of new demand for entertainment, culture, leisure, retail space and workspace . . . the evening economy offer will expand . . . the town centre will become a place where people feel they belong . . . an exciting place where people can live, work and spend time.” Good luck with that but the current road layout makes finding Wigan Town Centre a challenge and parking is difficult. The Crompton Street Car Park is to avoided at all costs if you are prone to dizziness and don't want to park in the sky.

Seaside resorts attract visitors and shoppers in other ways. Blackpool is disappointing as a shopping centre whilst even the quite exotic Lord Street shopping area in more upmarket Southport is struggling. Of the 142 retail outlets under those lovely canopies no fewer than 21 – or nearly 15% - have ceased trading.

Preston is somewhere between the best and the worst. Local MP Sir Mark Hendrick is calling on the City Council to “get a grip” because “the council needs a proper retail strategy”. Arguably this misses the point as the council can't provide viable shops – just look at the new market hall they have developed – but can promote all the other facilities and activities on which successful retailing depends. Bill Grimsey's report suggests that city centres need to become “community hubs based on health, education, entertainment, leisure, arts and crafts”. Your columnist would add heritage, culture and – especially – events. For this potential Preston is fortunate. It has the



Chester appeals even on a cloudy day.



The ideal range of attractions in one small area.

beautiful 1801 Winckley Square gardens and the HARRIS is an iconic museum, art gallery and library in the city centre. The University of Central Lancashire is really the University of Central Preston and contributes greatly to the life of the city. It is currently constructing an enormous new square at the Adelphi roundabout for public use. Lancashire County Council is amending the City's huge bus station to free up an area now being paved to be a public space which could be used for major events. Preston is an interesting test as to whether retailing can be subordinated to – but benefit from – such community activities which can rejuvenate a city centre.

To be successful city centres need to adapt to new demands and think beyond just retailing. Public transport links are more important than the price or even the availability of car parks. The remaining factor is business rates which are an unjustifiable and heavy burden on city centre retailers but much less so for out-of-town centres and on-line traders.



Welcome to Wigan!



Wigan's Market Place can trace its origins to 1826 but improvements in 2019 completed a welcome but modest focal point for events and socialising.



- Individual stores could be taxed according to their profitability but multiple stores have no obligation to prepare accounts for each outlet which could be distorted by internal recharging.

- Business Rates could disregard value and apply a standard rate per square metre of built area. This is now technically possible as the Royal Institution of Chartered Surveyors – chartered surveyors in the Government’s Valuation Office Agency assess the rateable value of retail premises - is about to finalise a new Code of Measuring Practice. It could apply to all premises used for retail purposes whether in city centres, out-of-town locations or accommodating on-line retailers which are typically in business parks. It would be easy to collect whilst creating a truly ‘level playing field’ as between all retail operations and avoiding historic valuations. Before any non-city centre retailers cry ‘foul’ they should remember that city centre traders would still have greater outgoings due to their more valuable and costly premises.

Lovely sentiments but does everyone agree?

Alternatives have been debated for many years but without result. Your columnist suggests that there are only three possibilities –

- Retailers could pay an additional corporate tax for local services but

they already pay Corporation Tax and many traders minimise their liability by transferring funds – quite legally – to their corporate bodies in low-tax countries such as the Republic of Ireland.

The elegance of Southport’s Lord Street.





TOP: But Southport still has unsightly void shops.

LEFT: Preston negative. How not to do market trading.

BOTTOM: Preston positive. How to create a wonderful new facility.



The Grimsey report envisages that many community facilities, activities and events will make our city centres vibrant and important again. People will benefit as Grimsey explains *“We are social animals. We need gathering places as otherwise we are going to have a generation of very lonely people growing up”*. It is ironic, however, that it could be retailers which benefit the most.



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