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BCSC
SHAPING **RETAIL PROPERTY**

THE FUTURE OF RETAIL PROPERTY : CREATING SHOPPING PLACES FOR PEOPLE

By Kate Logan, Head Research for BCSC

Welcome to the revolution!

Those involved in the retail property sector will experience a revolution in the way in which the hearts of the UK's towns and cities will be designed, built and managed in the future according to extensive research carried out by retail property organisation BCSC and summarised in report *Shopping Places for People* which has recently been published.

The BCSC report is the culmination of an 18 month research programme entitled *Future of Retail Property*. The last document summarises the series of nine research projects and highlights some of the directions in which the retail property sector is likely to move. The research has reviewed issues as diverse as transport, eCommerce, silver shoppers, planning, design and branding – each commissioned from independent experts.

BCSC President John Bullough and Chief Executive Michael Green have called the *Future of Retail Property* programme "a roadmap for development retail property" and it's clear to see why.

The final *Shopping Places for People* report, which was authored by Richard Barkham, Group Research Director, Grosvenor, & BCSC Future of Retail Property management team, highlights the dramatic changes that are taking place in the way in which retail developments are planned, delivered and managed, which will transform the look and feel of retail places.

The report points out that:

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- US-style, 'clone' shopping malls are increasingly going to be a thing of the past. The future of the retail property industry lies in creating successful shopping *places* – fully integrated into the urban townscape with varied, locally relevant, top quality architecture and a diverse mix of tenants including attractive major multiples *and* local independents.

- The first phase of the move towards these new generation shopping places can already be seen in many of the new town centre development schemes currently in the pipeline.

The BCSC research also shows how the rise of the new style shopping places is being driven by a number of inter-related forces:

- **THE NEED TO DIFFERENTIATE:** There will be an increasingly strong commercial imperative for retail locations to have a strong point of differentiation if they are to withstand the competition – be it from other shopping places, other ways of shopping (such as online) and alternative calls on consumer spending such as travel, hobbies, sports and leisure activities. This will be particularly true of smaller-to-medium sized towns which do not necessarily have the scale or range of retail offer to act as a magnet for shoppers.

This will be the key driving force behind increasing variety in architectural approach to retail location design – often with several different architects involved – to create a lively streetscape rather than an uninterrupted mall environment.

The need for differentiation will also be behind the increasing adoption of initiatives designed to encourage a more diverse retail mix – specifically to attract more local independents to sit alongside the all important multiples which, of course, are essential part of drawing shoppers to a location. Already we are seeing more flexible leasing structures and 'hot housing' of fledging retailers and this trend will continue grow.

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Finally, the desire to differentiate will be behind ever greater efforts to make shopping more experience-led – as shopping place owners and managers work harder to delight consumers. This will manifest itself partly via providing increasingly more sophisticated active entertainment, but also by increased focus on the key issues which make a shopper's visit more enjoyable such as quality service and good facilities.

- **ENVIRONMENTAL SUSTAINABILITY:** There is an increasingly clear alignment in respect of what consumers, Government, retailers and developers want in terms of more ethical and sustainable shopping places.

  This will drive a trend towards increasingly more energy efficient building design with more natural light and ventilation introduced via open and semi covered streets rather than air-conditioned malls; increasing use of long lasting, sustainable materials; the introduction of on-site renewable energy sources such as wind and solar as well as biomass, underground heat sources and CHP as well as rainwater harvesting.

- **COMMUNITY INVOLVEMENT:** The increased involvement of local people in the design and content of new retail places via genuine and open public consultation as part of the development process will inevitably make them more locally relevant and drive greater pride of place.

  Architecture which reflects site context and links with and/or carefully juxtaposes with the vernacular, the use of local materials, locally inspired public art and design will work well. The inclusion of housing, libraries, health and educational facilities as well as entertainment spaces and local independent shops in the retail mix will all help to create this new kind of shopping place.

  Such measures are already starting to be 'designed in' to new schemes and the industry is working hard to find ways of introducing them into existing centres.

However, the BCSC research goes on to identify that the process of change could be put at risk by:

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- **CHANGES TO THE PLANNING SYSTEM**: Last year's Barker review of land use planning and the subsequent White Paper (published May 2007) called into question the Government's commitment to the 'needs test' which is part of their 'town centres first' planning policy that has been in place for the last ten years. Recent assurances by Minister of State for Housing and Planning Yvette Cooper MP to the Communities and Local Government Select Committee (on 11 June 2007) are to be welcomed, but as with everything the devil is in the detail. Much will depend on what is required by the new impact test (which will replace the needs test) and how it is implemented by local authorities. BCSC is concerned that unless the new test successfully protects town centres, out of town development will become prevalent again and many of the planned retail-led urban regeneration projects will prove unviable.

- **TRANSPORT POLICIES:** An unrealistic approach to car travel and parking by local and national government is likely to drive shoppers away from town and city centres - to out of town centres or online – and undermine urban regeneration projects. BCSC believes that, rather than the blunt, punitive instruments of restricted parking facilities and road pricing, Government should work with the industry to provide more flexible solutions to the demands of increased sustainability through, for example, greater fuel efficiency. According to BCSC, the situation cries out of a co-ordinated national approach which links public transport provision with town centre car parking policies, congestion charging and road pricing, while favouring and supporting town centre regeneration.

According to the research, retailing is vital to the UK's economic and social well-being, with retail sales accounting for 21% of Gross Domestic Product (GDP) and, just as importantly, shops playing a central role in shaping places and communities. Moreover, it's clear that retail-led property development remains essential to successful urban regeneration. The report addresses the links between the economic and social factors influencing retail property development in the future – something that will be increasingly important - and sets out BCSC's recommendations for how the development and management of shopping places can help to continue and enhance

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the relationship between efficient and effective retailing and the creation of places for people.

(SIDEBAR BOX)

Future of Retail Property

The Future of Retail Property is a major research project commissioned by BCSC which comprises a series of in-depth reports into topical aspects of the retail property market and is set to inform retailers, developers, investors and policy makers about how the retail property sector is likely to change over the next ten years.

The eighteen-month research programme comprises nine individual projects each tackling a different aspect of the retail sector:

Consumers over 55: Silver Shoppers Provide a Golden Opportunity
Changing demographics and consumer patterns
On-line retailing: the impact of 'click on brick'
The future of brands
Future of retail transport: access, information and flexibility
In-town or out-of-town?
Future of retail business models
How much space?
Future shopping places (a design and sustainability focus)

The research was carried out throughout 2006 and the final reports have been published in 2007.

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