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WLA Town Centre Study

Phases 1 - 3

PREPARED FOR:
West London Alliance





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The Catalyst, 3 Science Square
Newcastle Helix
Newcastle upon Tyne, NE4 5TF
United Kingdom

+44 (0)191 495 7350

urbanforesight.org

30 City Quay
Camperdown Street
Dundee, DD1 3JA
Scotland

+44 (0)1382 549 946

hello@urbanforesight.org

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PHASE 1

Quantitative analysis



1 Introduction

- 1.1 The nature, shape and usage of town centres has been changing globally for decades. The narrative across London is well established: intense pressure and demand on the housing market coupled with a consolidation of retail space in central London and a few dedicated shopping areas presenting existential challenges for the survival of town centres and high streets, particularly in deprived areas. Covid has upended this narrative, with some of the sharpest contractions in occupancy rates seen in Central London and a growing shift towards remote working in London's inner and outer boroughs.
- 1.2 This paper is the first in a series being produced as part of a Town Centre Study for the West London Alliance. This initial report looks at what the data tells us about how West London town centres have changed since 2012 and takes a benchmarking approach to provide typologies through which we can understand the trends that have affected them. It will be supplemented by a second report taking a more qualitative approach, based on an analysis of long-term retail, planning, and socio-economic trends across the five boroughs. These will be synthesised to produce a clear set of options and recommendations for future development.
- 1.3 As a result, at this stage our paper focusses on analysing and describing trends in the data rather than seeking to draw any firm conclusions.

2 What data do we have available?

2.1 Our analysis is based on Whythawk’s proprietary dataset which tracks hereditaments across the UK, and for commercial properties enables us to understand changes in occupancy, size, and rates payable as well as the creation/removal of hereditaments.

2.2 As such, we can look at how the number of properties of different use classes – for instance retail, offices, or leisure centres – have changed over time, as well as the occupancy rates and size of these properties. These can be aggregated to draw conclusions for town centre groupings.

2.3 An example of an aggregated read-out from the Whythawk data base has been extracted below.

Date	Town Centre	Borough	Size (km ²)	Class E sub-group	Status	Floor Area (m ²)
2012	Ealing	Ealing	6.807	C	all	9,953
2012	Ealing	Ealing	6.807	C	occupied	9,183
2012	Ealing	Ealing	6.807	C	void	771
2012	Ealing	Ealing	6.807	A	all	126,277
2012	Ealing	Ealing	6.807	A	occupied	125,434

3 What questions can we answer at this stage?

3.1 We can use this data to interrogate the static nature of town centres (and existing defined boundaries), as well as to understand changes over time. We can do this using a series of metrics:

- Commercial activity within and outwith current town centres
- Floor area by use type within town centres
- Occupancy/vacancy rates in town centres

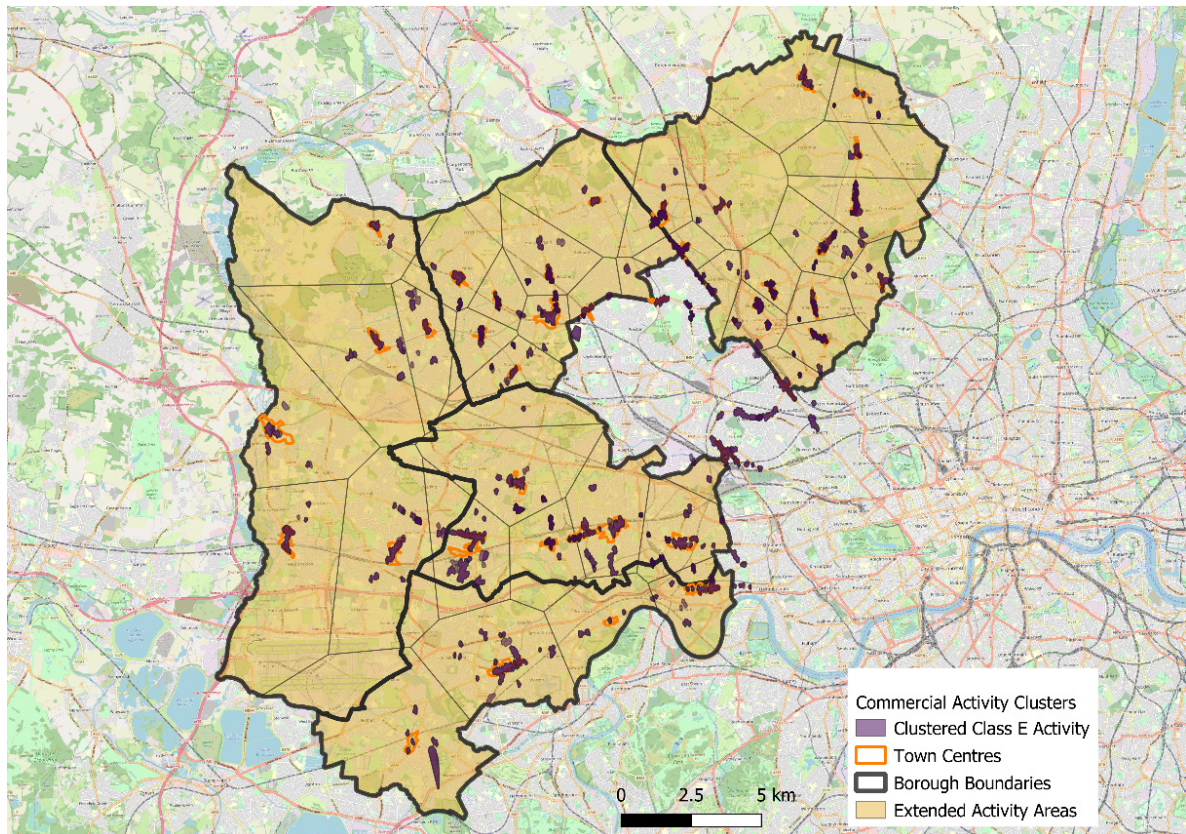
3.2 In order to provide focus for this paper, we have devised a series of research questions based on these metrics:

1. Does economic activity take place within town centres (and their existing defined boundaries), or has it shifted over time?
2. What type of commercial space has been growing or shrinking in West London?
3. Has vacancy been increasing in certain commercial use types, boroughs, and town centres?
4. Are there discernible Covid-19 impacts?
5. How can we group and benchmark town centres using this data?

4 What have we been able to conclude?

Research question 1 – Town centre boundaries

- 4.1 The research team undertook a cluster analysis to identify where economic activity is centred based on the existence of commercial property. This yielded the below visualization, where purple are clusters of activity and orange marks the current town centre boundaries.



- 4.2 This shows that town centres have remained a good proxy for zones of economic activity across West London. Where activity falls outside of town centres, it is normally adjacent to an historic centre and represents growth rather than migration. Examples of this include:

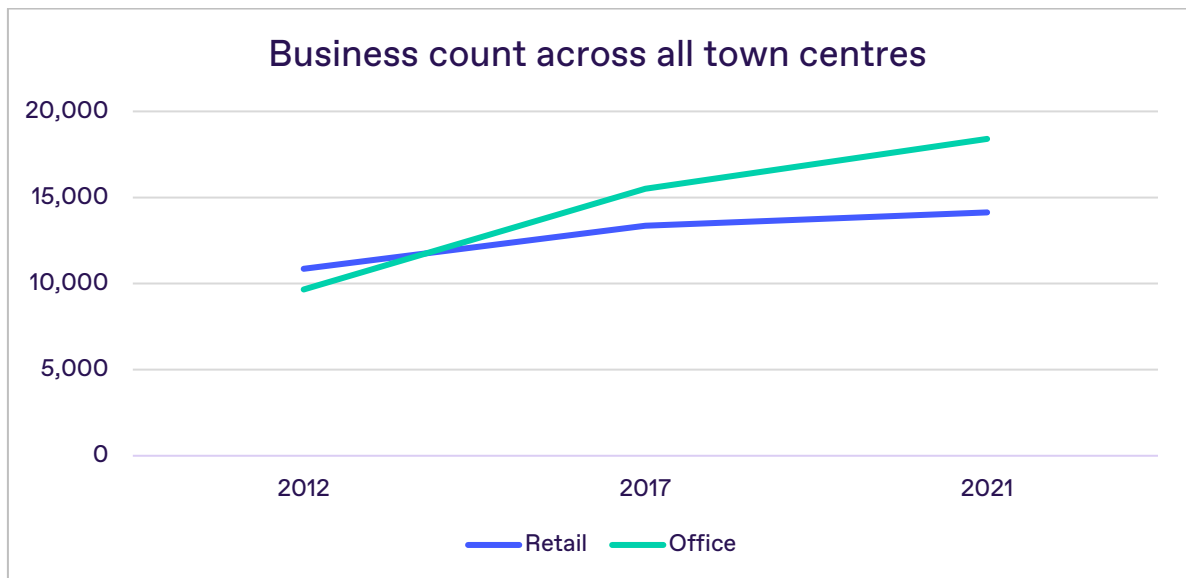
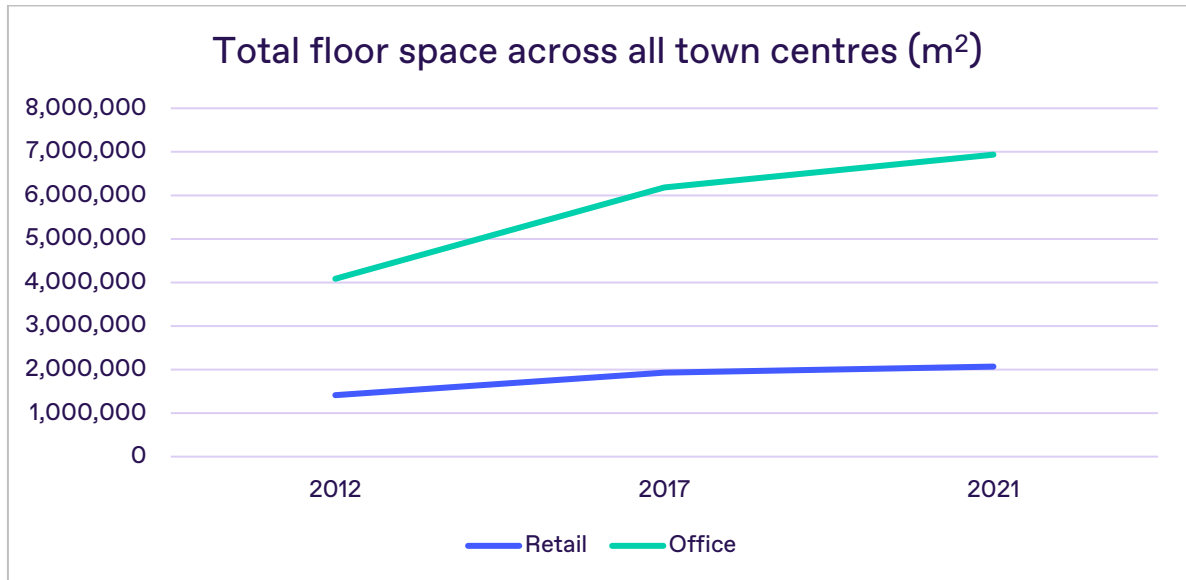
- to the south of Southall – King Street and Featherstone Road
- to the south-east of Feltham
- to the south of Ealing – St Mary’s Road and South Ealing Road
- to the south of West Ealing – Northfield Avenue

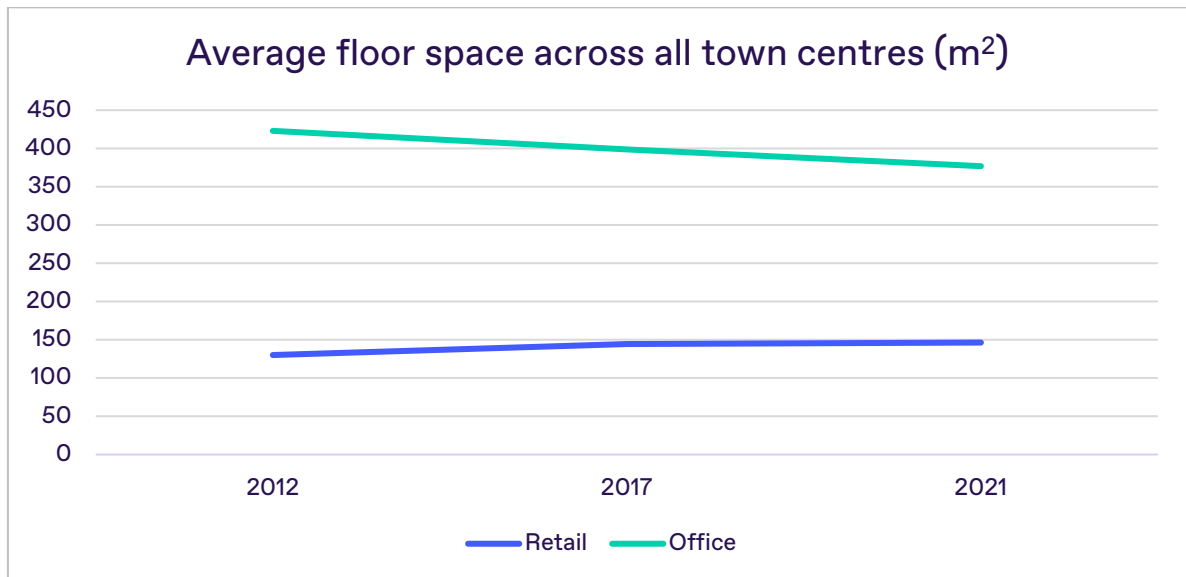
- 4.3 Nevertheless, looking only within town centre boundaries means we underestimate the overall commercial and economic activity taking place. Quantitative estimates of the scale of this are provided in Appendix I.

Research question 2 – Growth in certain types of space

4.4

Offices and retail are – as expected – by far the largest uses for commercial space. Their relative proportion has changed over time, with offices becoming more dominant in terms of both floor area and business count. Importantly the stock of retail space has also continued to grow albeit at a slower rate, suggesting that any loss of retail space through conversions has been compensated for in aggregate by the creation of new space. Average floor space for a retail unit grew, whilst for offices it fell – suggesting some divisions of existing space.

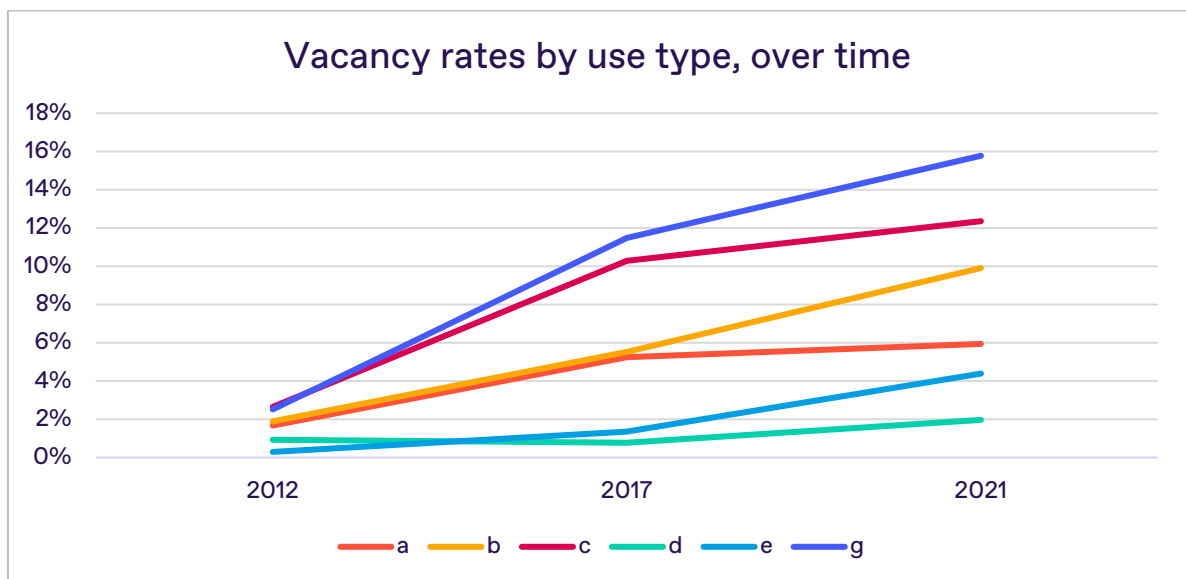




Research question 3 – Vacancy rates in certain types of space, boroughs, and town centres

4.5

Vacancy rates have increased across all use types¹ since 2012, with a particularly marked increase amongst offices. This would suggest that newly created office space (as seen in the above analysis for research question 2) is either going unoccupied or more likely it is displacing the use of older, less desirable building stock.



¹ For breakdown of types, see Table 1 in Appendix A

4.6 This analysis is replicated for each town centre in the full data analysis presented in Appendix I, which demonstrates some significant variations. Ealing, Hounslow, and Hillingdon have experienced the largest increase in vacancy across their town centres, driven mainly by office space although increases have also been seen across other use types (particularly retail). Barnet and Harrow have seen less marked changes, and interestingly Harrow has seen a decrease in retail vacancy since 2017 – bucking the wider local and national trend.

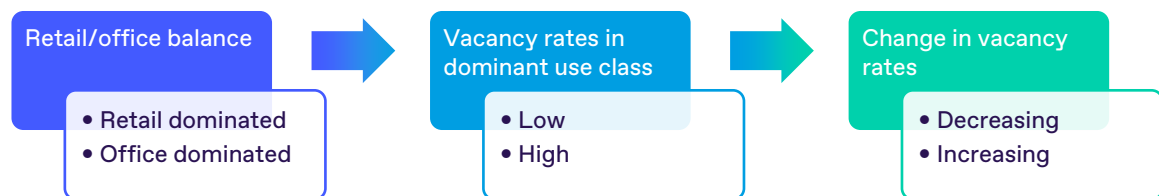
Research question 4 – Covid-19 impacts

4.7 The data does not appear to bear out a narrative of significant shifts in the pre-existing long-term trends in West London town centres in response to the pandemic. Over a longer-term time horizon, there has been significant growth in office and retail space. This did not appear to slow significantly during and post Covid – perhaps reflecting the long-term nature of construction and real estate investment decisions.

4.8 Space has not been radically used in a different way – vacancy rates have continued to move in an upwards trajectory across most commercial use classes and if anything have grown more slowly. This perhaps reflects the nature and extent of government support over the pandemic period.

Research question 5 – Benchmarking

4.9 The Whythawk dataset enables us to benchmark town centres against certain typologies. We can construct these using the metrics we have available – floor area and vacancy rates, set out by use class type with dynamic change over time. This is set out in the diagram below:



4.10 This makes for eight different typologies:

- 1 Growing retail hubs (low and decreasing vacancy)
- 2 Established retail hubs at a turning point (low but increasing vacancy)
- 3 Recovering retail hubs (high but decreasing vacancy)
- 4 Declining retail hubs (high and increasing vacancy)
- 5 Growing office hubs
- 6 Established office hubs at a turning point
- 7 Recovering office hubs
- 8 Declining office hubs

4.11 Low (high) vacancy rate is defined as being below (above) the WLA average while vacancy rates are determined to be decreasing (increasing) if they were lower (higher) in 2021 than in 2017. Town Centre Areas are assessed based on data for the identified cluster rather than the defined town centre boundary since this provides a more accurate representation of actual economic activity.

4.12 The results of this classification analysis are presented below:

Town centre typologies: Retail

Kenton	1	Low	↓ Decreasing
Harrow	1	Low	↓ Decreasing
Wealdstone	1	Low	↓ Decreasing
Pinner	1	Low	↓ Decreasing
Rayners Lane	1	Low	↓ Decreasing
Southall	1	Low	↓ Decreasing
Harlesden	1	Low	↓ Decreasing
Chiswick	1	Low	↓ Decreasing
Golders Green	1	Low	↓ Decreasing
Church End, Finchley	1	Low	↓ Decreasing
Mill Hill	1	Low	↓ Decreasing
Brent Street	1	Low	↓ Decreasing
New Barnet	1	Low	↓ Decreasing
Kingsbury	1	Low	↓ Decreasing
Ealing	2	Low	↑ Increasing
South Harrow	2	Low	↑ Increasing
Hayes	2	Low	↑ Increasing
Eastcote	2	Low	↑ Increasing
Ruislip	2	Low	↑ Increasing
Greenford	2	Low	↑ Increasing
Stanmore	2	Low	↑ Increasing
Hendon Central	2	Low	↑ Increasing
East Finchley	2	Low	↑ Increasing
Cricklewood	2	Low	↑ Increasing
North Harrow	2	Low	↑ Increasing
Colindale/ The Hyde	2	Low	↑ Increasing
Hounslow	3	High	↓ Decreasing

Whetstone	3	High	↓ Decreasing
Acton	4	High	↑ Increasing
Uxbridge	4	High	↑ Increasing
Northwood	4	High	↑ Increasing
Yiewsley/ West Drayton	4	High	↑ Increasing
Temple Fortune	4	High	↑ Increasing
North Finchley	4	High	↑ Increasing
Brentford	4	High	↑ Increasing
Feltham High Street	4	High	↑ Increasing
Chipping Barnet	4	High	↑ Increasing
Edgware	4	High	↑ Increasing
Burnt Oak	4	High	↑ Increasing
Hanwell	4	High	↑ Increasing

Town centre typologies: Office

Wealdstone	5	Low	↓ Decreasing
Pinner	5	Low	↓ Decreasing
Stanmore	5	Low	↓ Decreasing
Uxbridge	5	Low	↓ Decreasing
Feltham High Street	5	Low	↓ Decreasing
Edgware	5	Low	↓ Decreasing
Harrow	6	Low	↑ Increasing
Acton	6	Low	↑ Increasing
Greenford	6	Low	↑ Increasing
Southall	6	Low	↑ Increasing
Harlesden	6	Low	↑ Increasing
Hounslow	6	Low	↑ Increasing
Temple Fortune	6	Low	↑ Increasing
Golders Green	6	Low	↑ Increasing
Church End, Finchley	6	Low	↑ Increasing
East Finchley	6	Low	↑ Increasing
Mill Hill	6	Low	↑ Increasing
Burnt Oak	6	Low	↑ Increasing

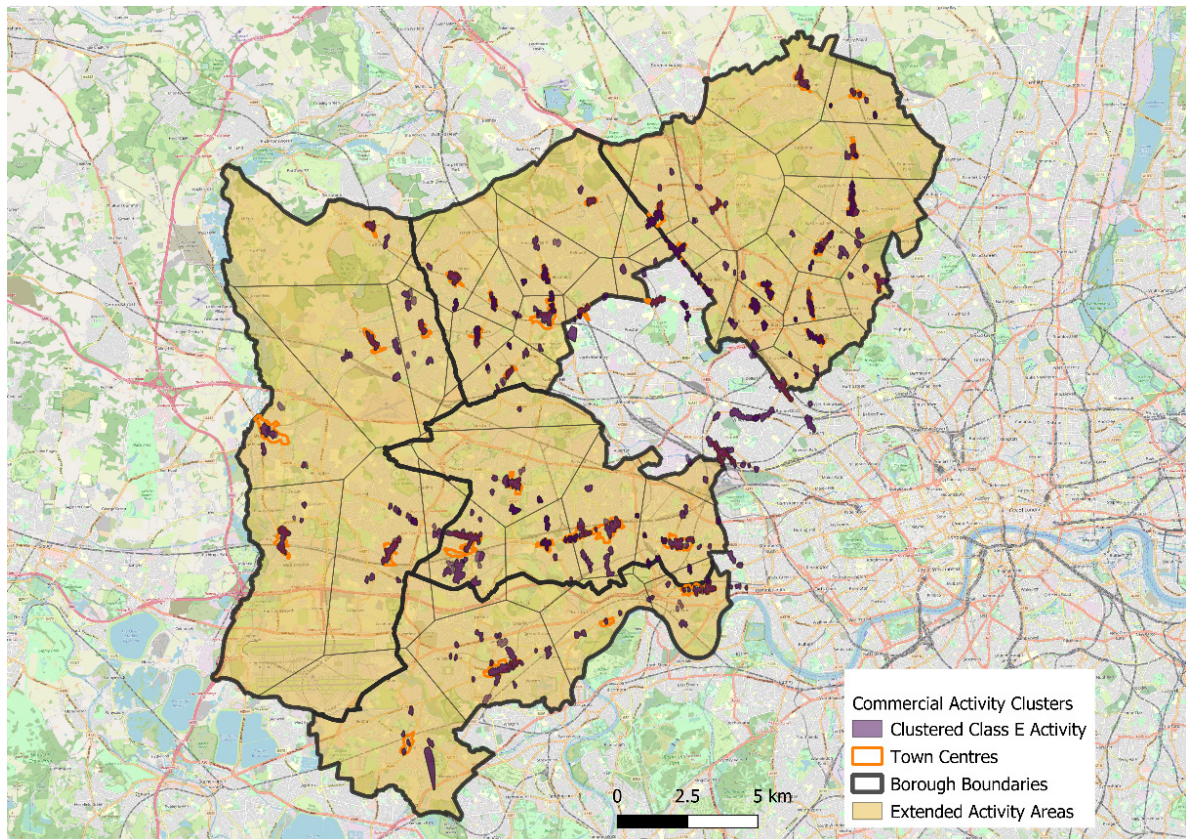
Cricklewood	6	Low	↑ Increasing
Hanwell	6	Low	↑ Increasing
North Harrow	6	Low	↑ Increasing
Colindale/ The Hyde	6	Low	↑ Increasing
South Harrow	7	High	↓ Decreasing
Rayners Lane	7	High	↓ Decreasing
Brentford	7	High	↓ Decreasing
Ealing	8	High	Increasing
Hayes	8	High	↑ Increasing
Eastcote	8	High	↑ Increasing
Ruislip	8	High	↑ Increasing
Northwood	8	High	↑ Increasing
Yiewsley/ West Drayton	8	High	↑ Increasing
Chiswick	8	High	↑ Increasing
Hendon Central	8	High	↑ Increasing
Whetstone	8	High	↑ Increasing
North Finchley	8	High	↑ Increasing
Chipping Barnet	8	High	↑ Increasing
Brent Street	8	High	↑ Increasing
New Barnet	8	High	↑ Increasing
Kenton	U	#N/A	#N/A
Kingsbury	U	#N/A	#N/A

4.13 Kenton and Kingsbury are unrated (U) since data on Class E sub-class g (office) are not available for these Town Centre Areas.

APPENDIX I Full data analysis

- I.1 The following analysis has been carried out for the 40 Town Centre zones in the WLA area (shown in orange) with additional analysis for all significant business clusters (those with more than 15 commercial activity entities within 150 metres of each other - shown in purple) occurring within the hinterlands of each Town Centre, defined by the voroni polygons in Figure 1 below.

Figure 1: Town Centres and Extended Clustered Activity Zones



Initial Summary Statistics - Commercial Floor Area and Business Activities

I.2 This section presents some summary tables and plots aggregating all data according to Class E sub-class activity across the three time slices (2012, 2017 and 2021) in this study. These types of activity are defined in Table 1. Note that NA refers to totals across all Class E categories in the period.

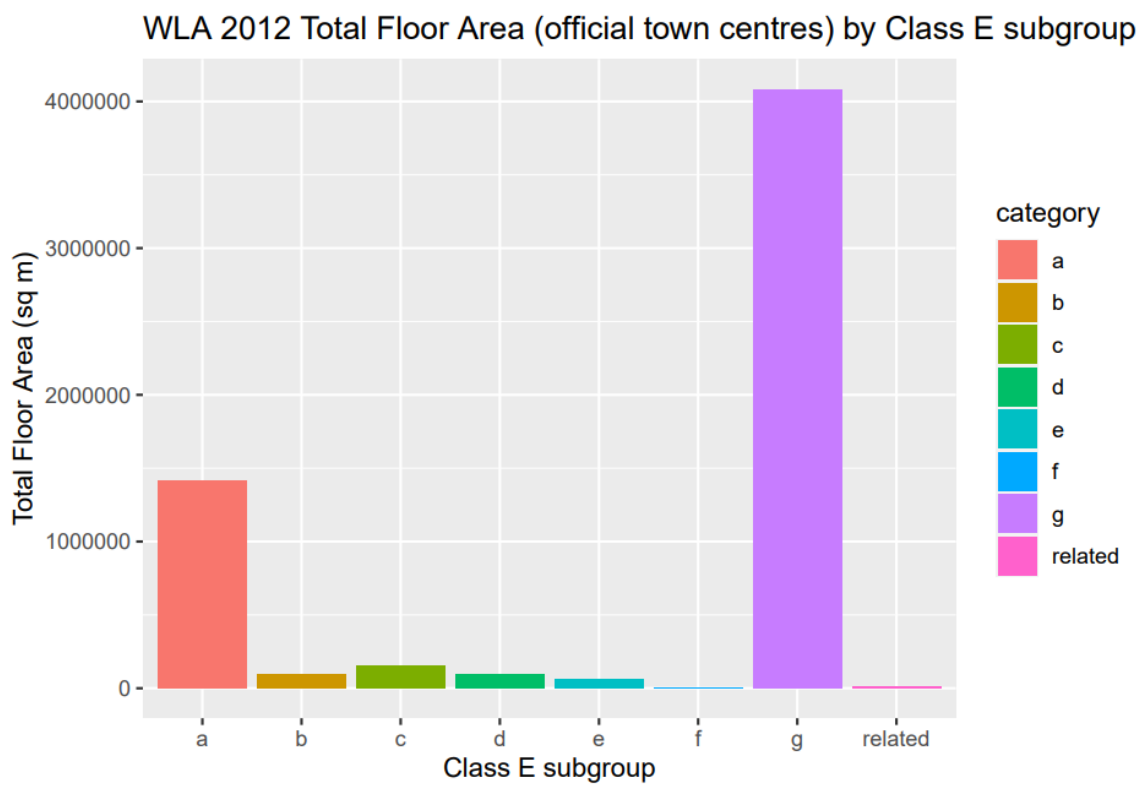
Table 1: Class E sub-groups

Class E Category	Sub-division	Class	Description
E(a)		Retail	Display or retail sale of goods, other than hot food
E(b)		Food	Sale of food and drink for consumption (mostly) on the premises
E(c)		Services	Provision of Services:
	(i)		Financial services,
	(ii)		Professional services (other than health or medical services), or
	(iii)		Other appropriate services in a commercial, business or service locality
E(d)		Sport&Rec	Indoor sport, recreation or fitness (not involving motorised vehicles or firearms or use as a swimming pool or skating rink,)
E(e)		Medical	Provision of medical or health services (except the use of premises attached to the residence of the consultant or practitioner)
E(f)		Nursery	Creche, day nursery or day centre (not including a residential use)
E(g)		Office	Uses which can be carried out in a residential area without detriment to its amenity:
	(i)		Offices to carry out any operational or administrative functions,
	(ii)		Research and development of products or processes
	(iii)		Industrial processes
Related Sui Generis		Related	Including Takeaway Food Outlet (Predominantly Off Premises), cinemas, drive in restaurant, drive through restaurant, bingo hall, concert hall

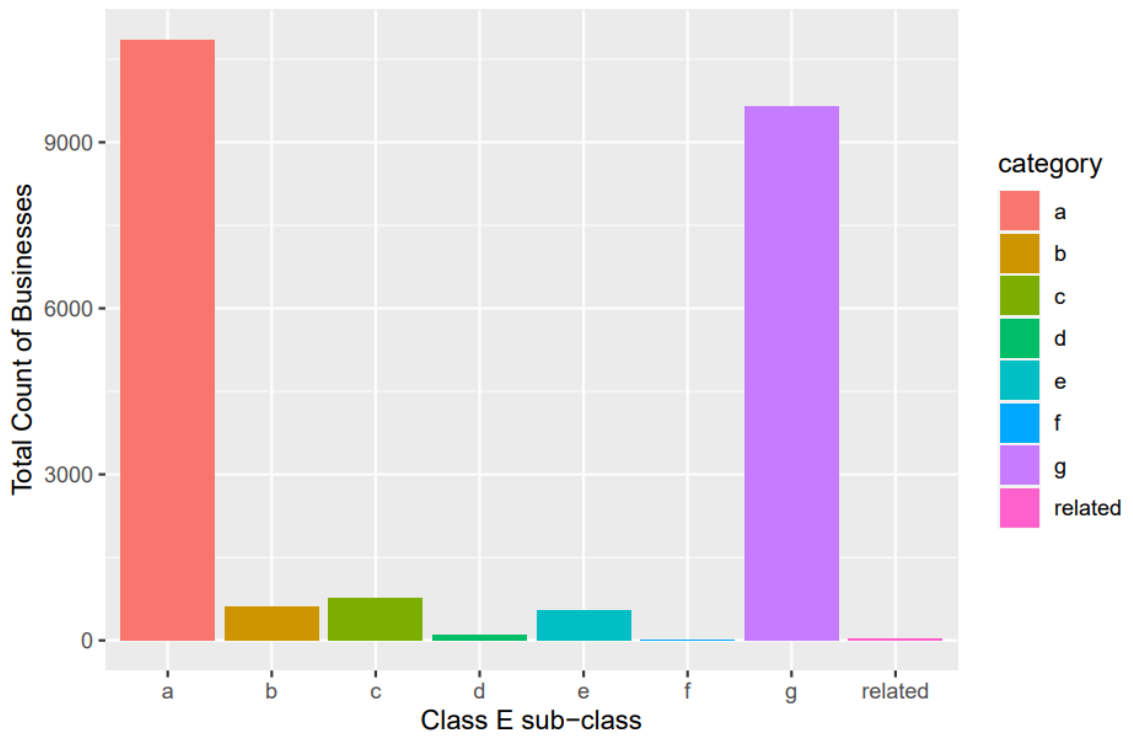
I.3 2012 Statistics

Table 2: 2012 Summary Statistics by Class E sub-class, official Town Centre Areas

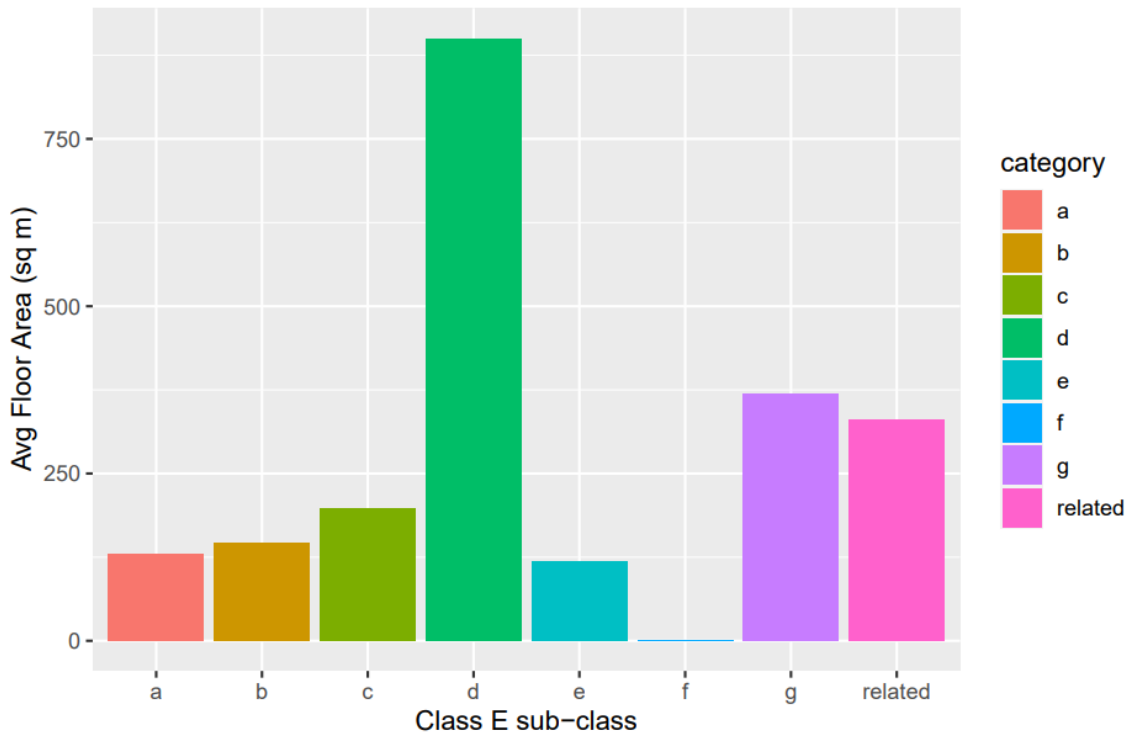
Category	Official total floor area (m2)	Official count	Official average floor area (m2)
A	1,411,943	10,859	128.9
B	93,136	620	146.1
C	150,867	757	198.4
D	96,031	96	900.4
E	64,960	553	119.5
F	0	0	0.0
G	4,084,526	9,657	370.1
Related	11,448	33	329.7
NA	5,945,447	22,633	239.6



WLA 2012 Total Businesses (official town centres) by Class E subgroup



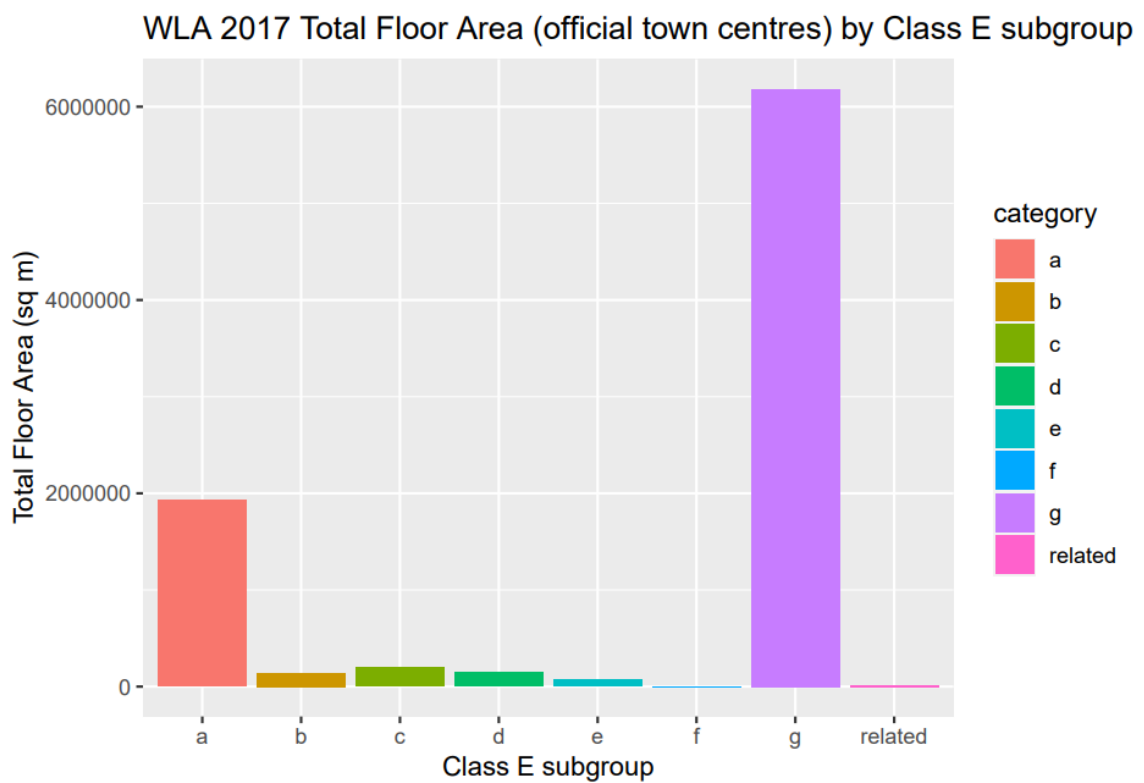
WLA 2012 Average Floor Area (official town centres) by Class E subgroup



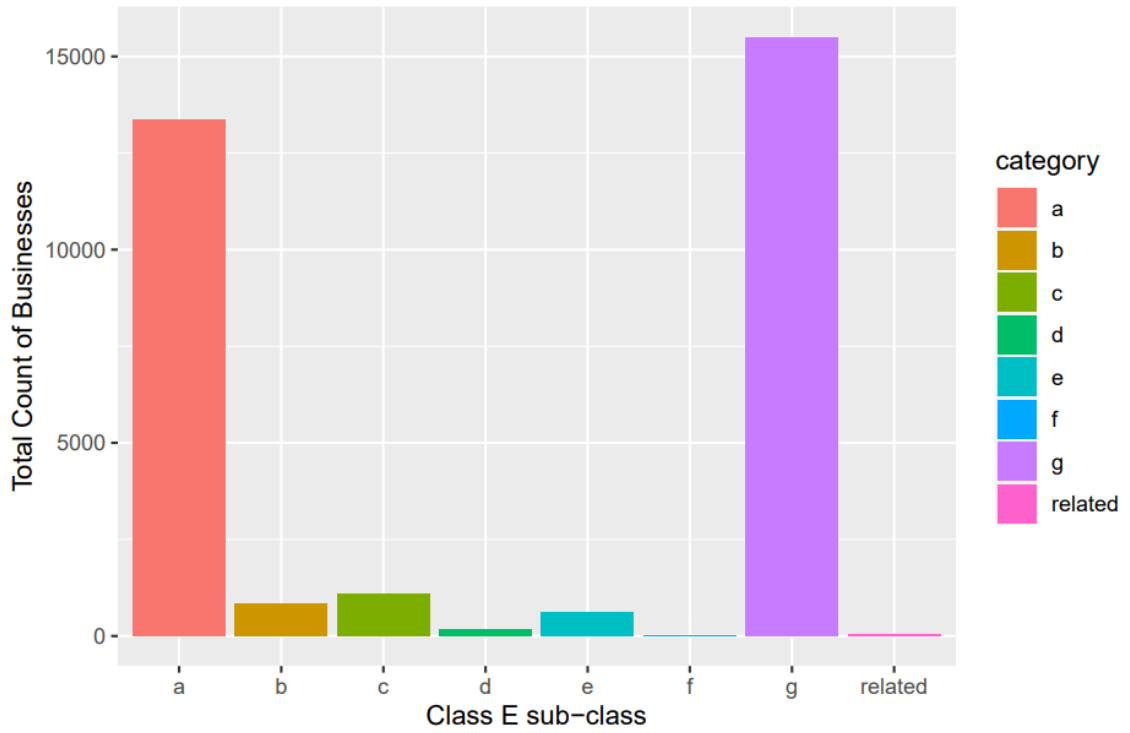
I.4 2017 Statistics

Table 3: 2017 Summary Statistics by Class E sub-class, official Town Centre Areas

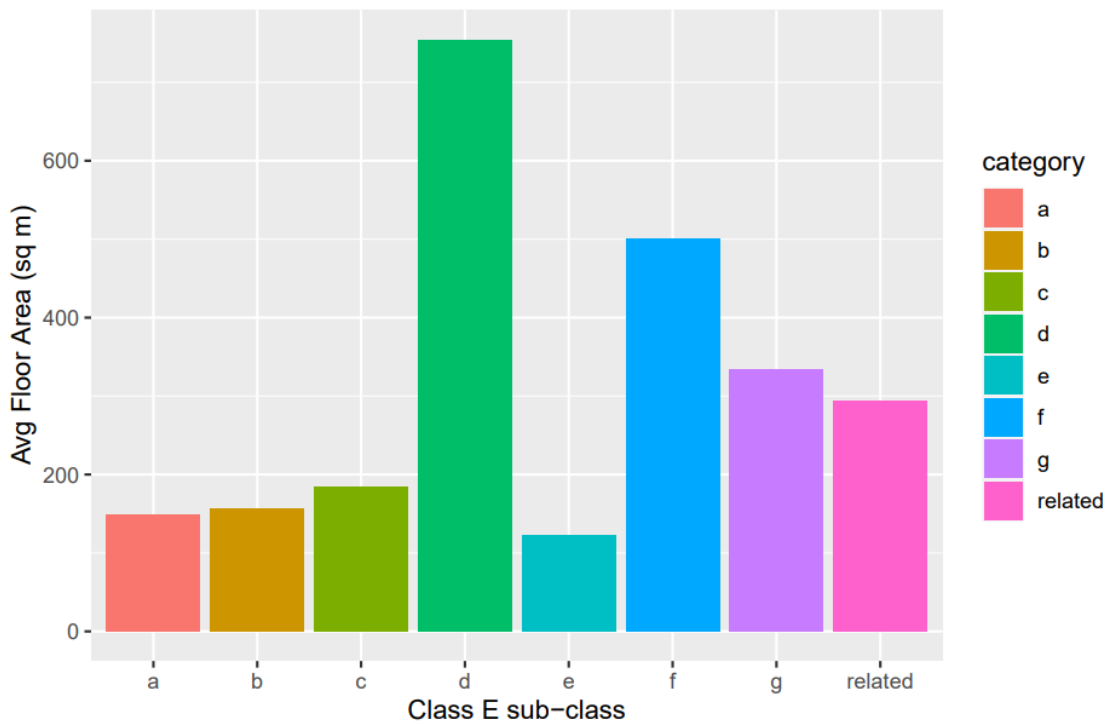
Category	Official total floor area (m2)	Official count	Official average floor area (m2)
A	1,930,870	13,364	148.3
B	140,753	841	156.4
C	195,262	1,098	184.2
D	149,179	170	754.5
E	75,362	631	123.3
F	500	1	500.1
G	6,183,101	15,505	333.7
Related	14,907	54	294.1
NA	8,727,167	31,716	243.2



WLA 2017 Total Businesses (official town centres) by Class E subgroup



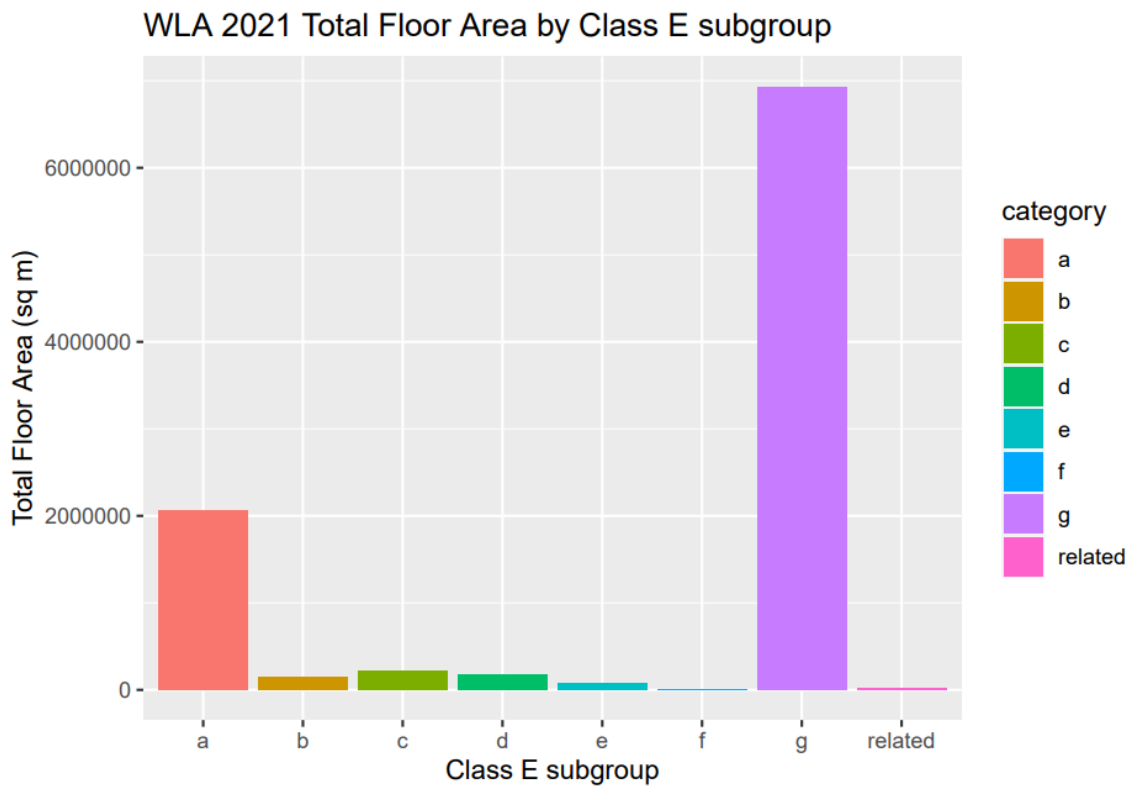
WLA 2017 Average Floor Area (official town centres) by Class E subgroup



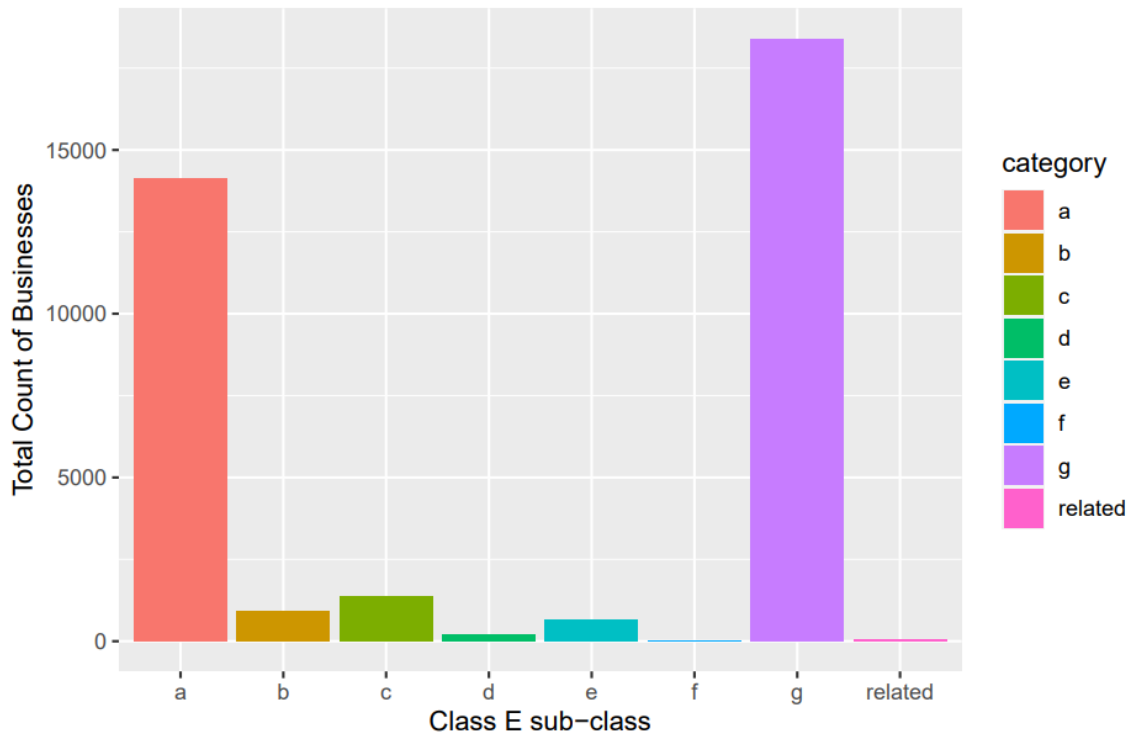
1.5 2021 Statistics

Table 4: 2021 Summary Statistics by Class E sub-class, official Town Centre Areas

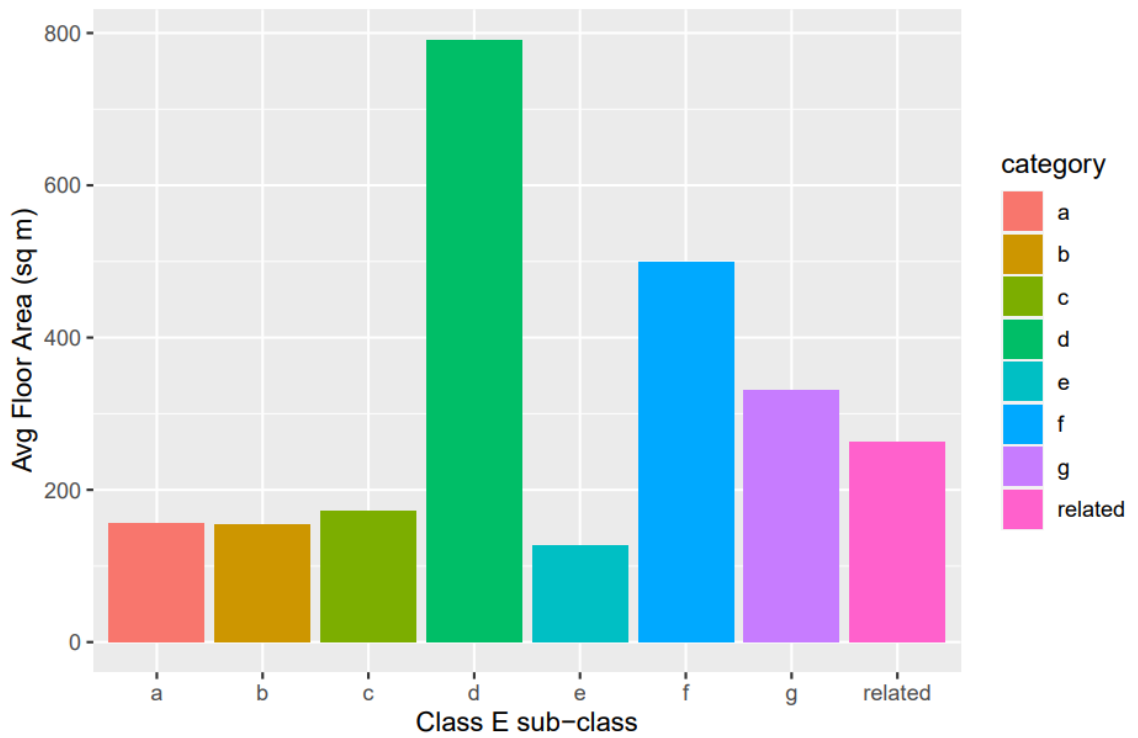
Category	Official total floor area (m2)	Official count	Official average floor area (m2)
A	2,068,268	14,134	155.7
B	151,931	908	155.2
C	214,904	1,382	173.0
D	178,691	204	791.4
E	79,474	647	127.5
F	500	1	500.1
G	6,935,123	18,404	330.4
Related	17,538	65	263.3
NA	9,666,964	35,787	240.5



WLA 2021 Total Businesses by Class E subgroup



WLA 2021 Average Floor Area by Class E subgroup



1.6 Key Points

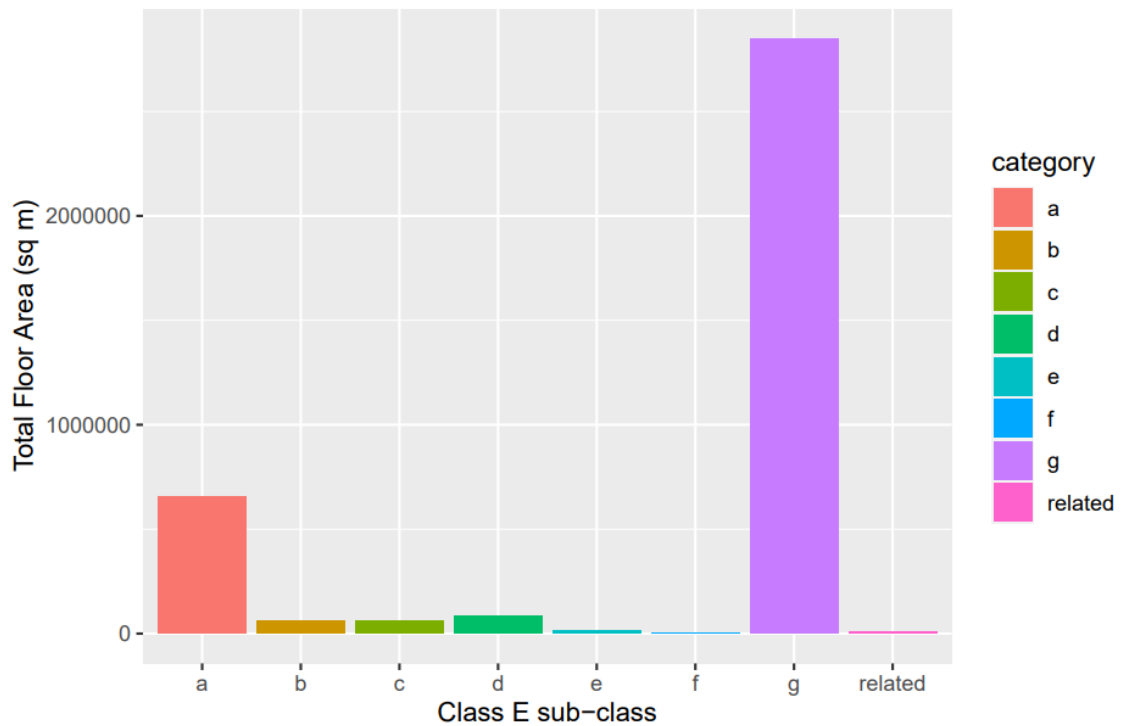
- Retail is the dominant use class (both in terms of floor space and business counts) in Town Centre Areas across the WLA study area with Office closely following. Other use classes are much less prevalent across Town Centre Areas.
- In each town centre, dividing the total floor area by counts of businesses gives an average floor area for each use class. Most activities occupy average floor areas of around 125-150m², with the exception of sports and recreation activities.
- Steady growth in both total floor area and number of businesses is evident across the whole WLA area and for all Class E sub-groups

Changes over the 10-year study period

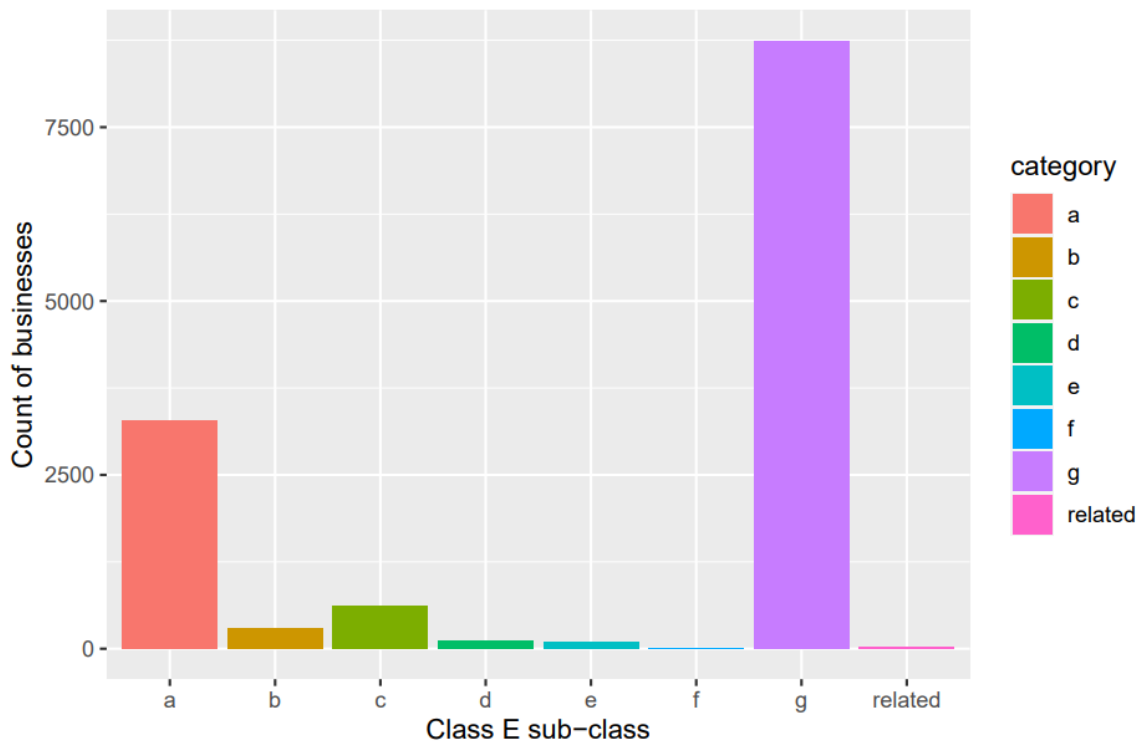
I.7

This section presents change statistics from the beginning to the end of the study period.

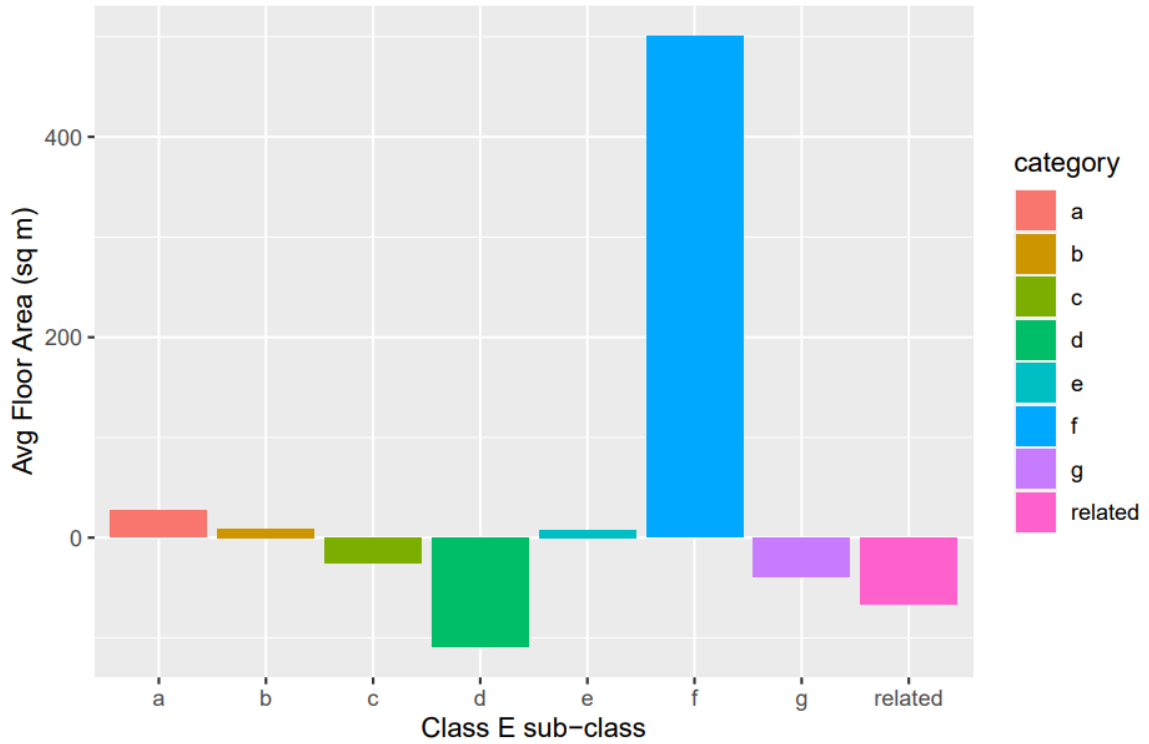
WLA Change, 2012–2021, in Total Floor Area by Class E subgroup



WLA Change, 2012–2021, in business count Class E subgroup

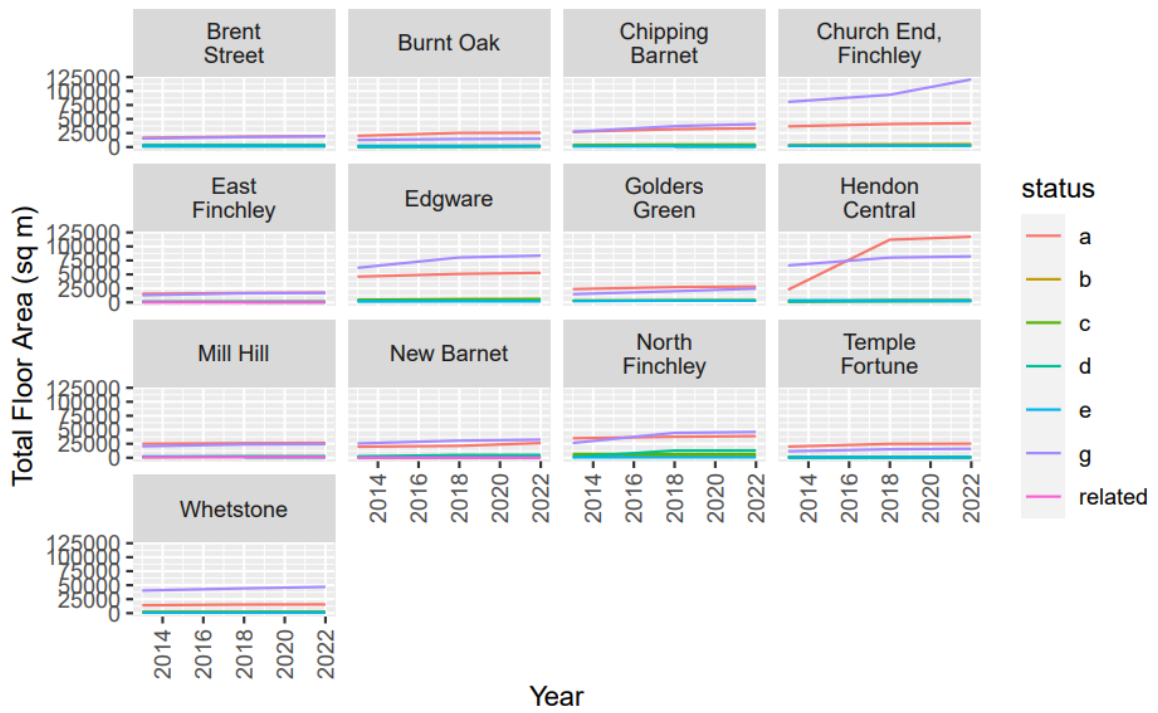


WLA Change, 2012–2021, in Average Floor Area by Class E subgroup



Change in Total Floor Area

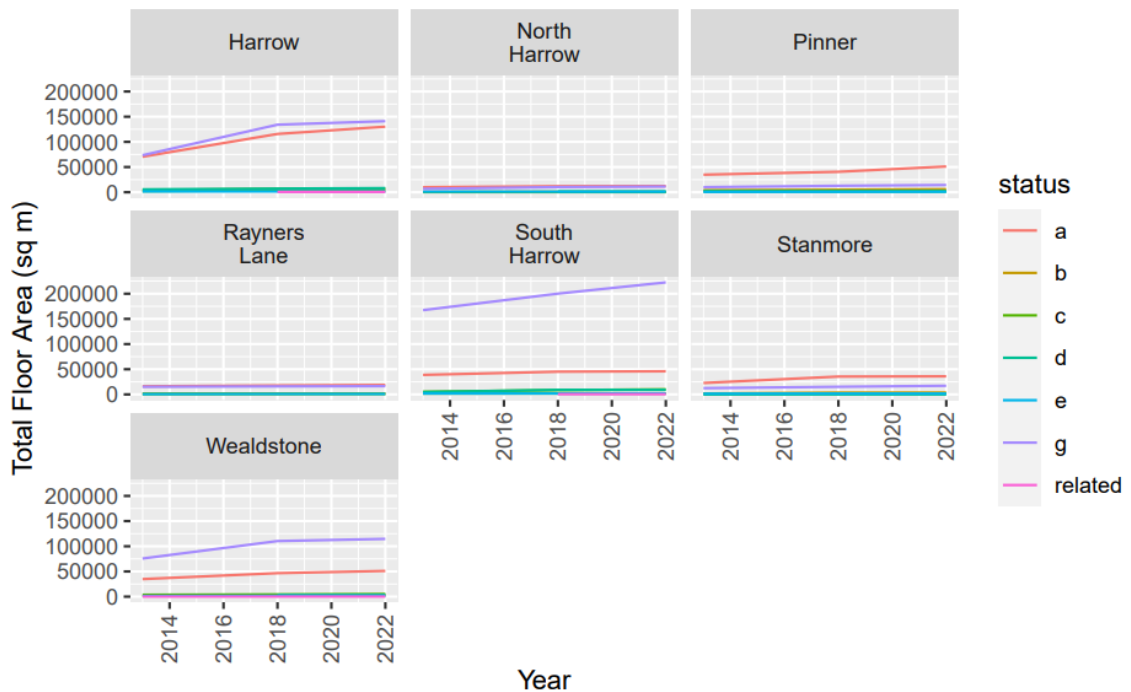
Barnet



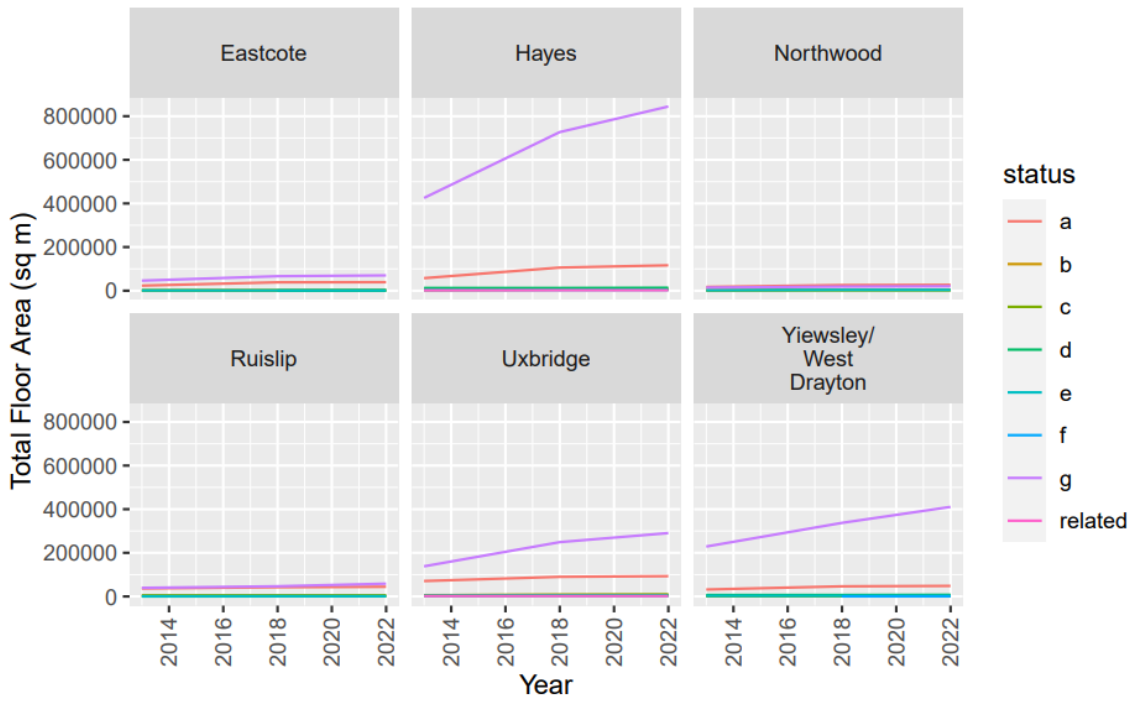
Change in Total Floor Area Ealing



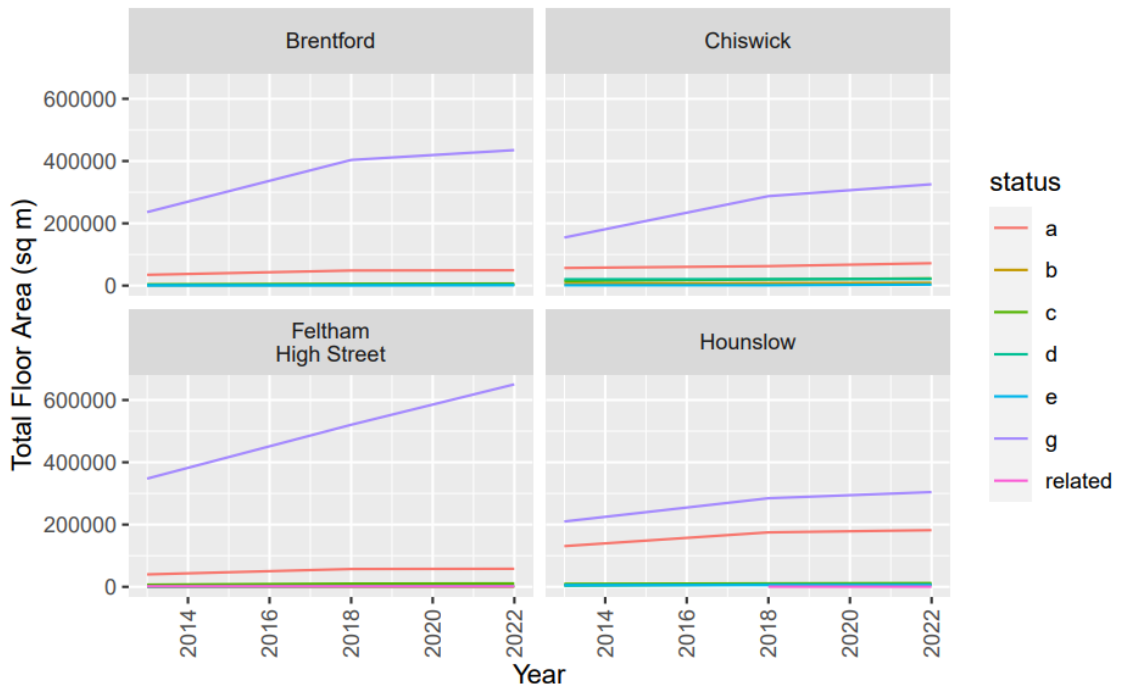
Change in Total Floor Area Harrow



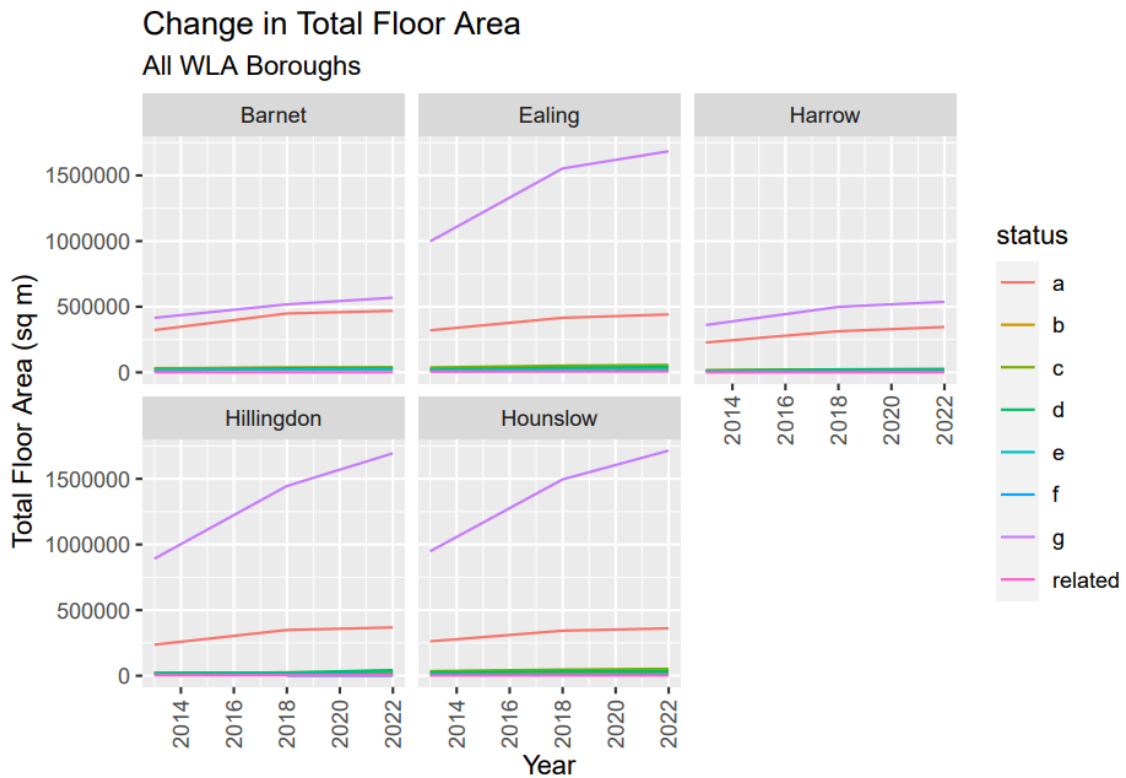
Change in Total Floor Area Hillingdon



Change in Total Floor Area Hounslow



1.8 Borough Averages



1.9 Key Points

- Growth in the total floor area given over to Class E activities is evident across all sub-groups. It is unclear whether this growth is through conversion of existing buildings or new-builds.
- The total number of businesses across all sectors has grown, although the total number of new office-based businesses is the highest.
- Conversely, growth in the number of businesses masks a serious down-sizing of the average floor area of office-based businesses by around 30m². Office sub-division to get below tax-paying thresholds is likely driving this trend.
- Overall trends and those at borough level mask significant variation in activities and growth for each Town Centre Area.

Initial Summary Statistics - Occupancy and Vacancy

I.10

Table 5 presents the changes in occupancy and vacancy across the whole WLA area between 2012 and 2021.

Table 5: Occupancy statistics by Class E sub-class, official Town Centre Areas

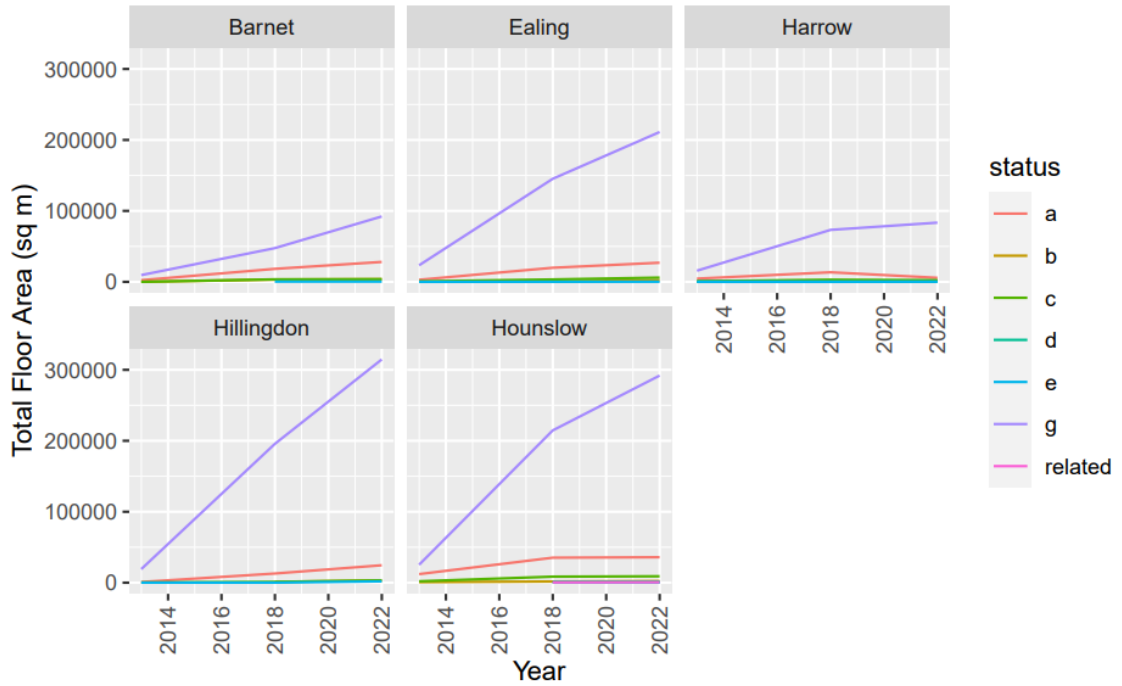
Category	Period	Official total floor area (m ²)	Official count	Official average floor area (m ²)
A	2012	1,388,242	10,859	127.1
A	2017	1,829,584	13,364	142.0
A	2021	1,945,347	14,134	147.8
B	2012	91,235	620	142.6
B	2017	132,711	841	146.5
B	2021	136,644	908	140.6
C	2012	146,728	757	194.5
C	2017	175,023	1,098	167.8
C	2021	187,943	1,382	150.9
D	2012	95,130	95	914.2
D	2017	147,879	168	766.2
D	2021	172,151	200	781.7
E	2012	64,189	553	117.8
E	2017	73,769	631	121.0
E	2021	75,694	646	117.4
F	2012	0	0	0.0
F	2017	500	1	500.1
F	2021	500	1	500.1
G	2012	3,980,895	9,657	360.9
G	2017	5,473,089	15,505	298.4
G	2021	5,840,815	18,404	281.8
Related	2012	11,448	33	329.7
Related	2017	13,479	52	259.1
Related	2021	13,435	63	197.6
NA	2012	5,810,403	22,633	234.6
NA	2017	7,881,490	31,716	222.5

Table 6: Vacancy statistics by Class E sub-class, official Town Centre Areas

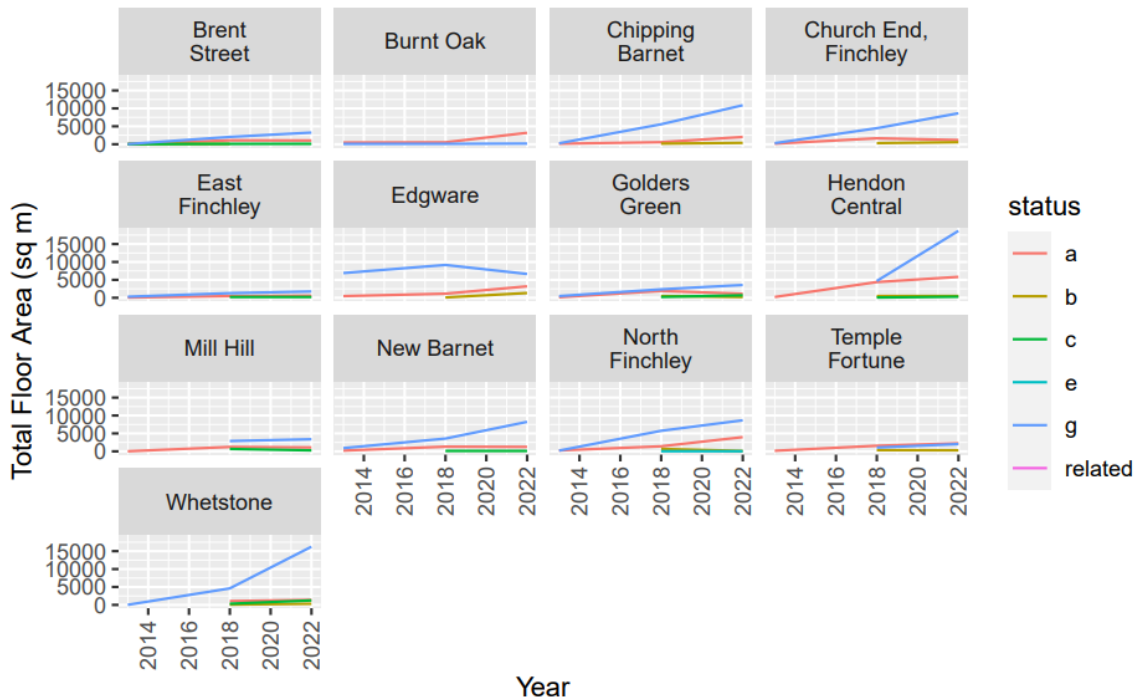
Category	Period	Official total floor area (m2)	Official count	Official average floor area (m2)
A	2012	23,671	10,094	2.1
A	2017	101,287	13,364	6.3
A	2021	122,921	14,134	7.9
B	2012	1,760	98	19.0
B	2017	7,762	637	13.8
B	2021	15,028	769	19.9
C	2012	3,992	355	14.7
C	2017	20,063	925	24.7
C	2021	26,502	1,207	30.7
D	2012	894	7	297.1
D	2017	1,158	24	108.2
D	2021	3,461	71	59.8
E	2012	191	52	4.7
E	2017	1,019	109	8.3
E	2021	3,477	183	49.1
F	2012	0	0	0.0
F	2017	0	0	0.0
F	2021	0	0	0.0
G	2012	102,861	9,201	10.6
G	2017	710,012	15,489	36.2
G	2021	1,094,135	18,303	51.1
Related	2012	0	0	0.0
Related	2017	1,105	4	276.4
Related	2021	3,735	27	256.8
NA	2012	135,043	22,633	5.0
NA	2017	845,677	31,716	20.7
NA	2021	1,278,642	35,787	29.8

I.11 Vacancy over time for each Town Centre Area

Change in Vacant Total Floor Area
All WLA Boroughs



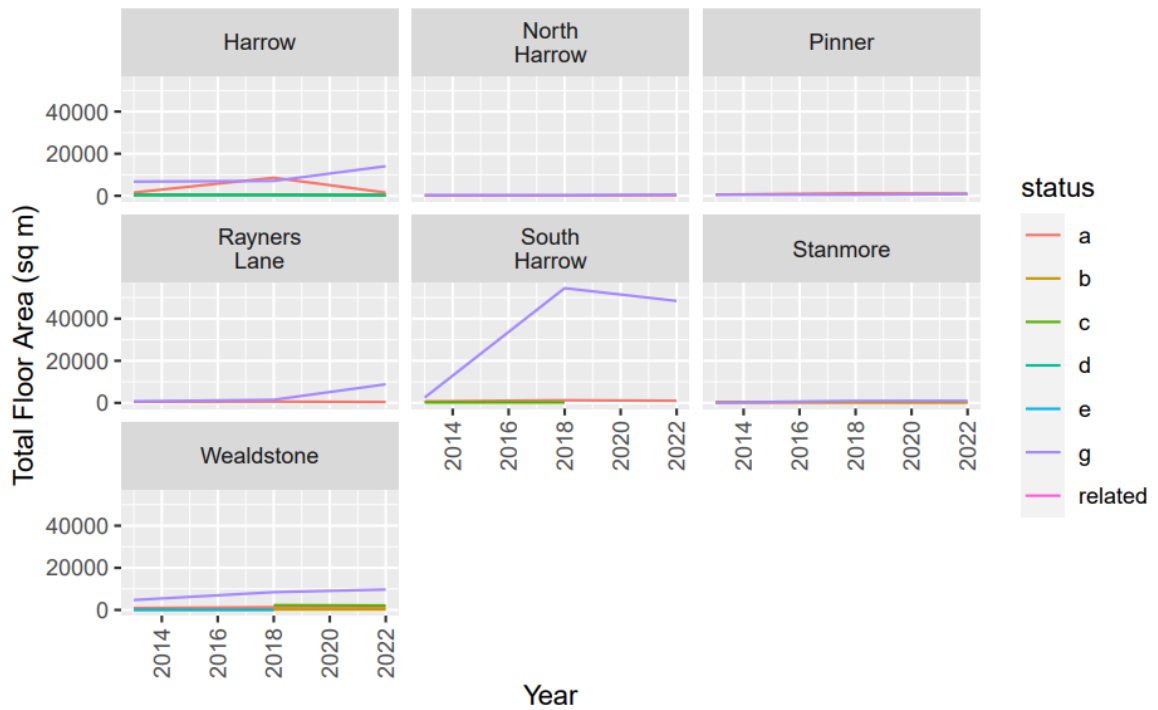
Change in Vacant Total Floor Area
Barnet



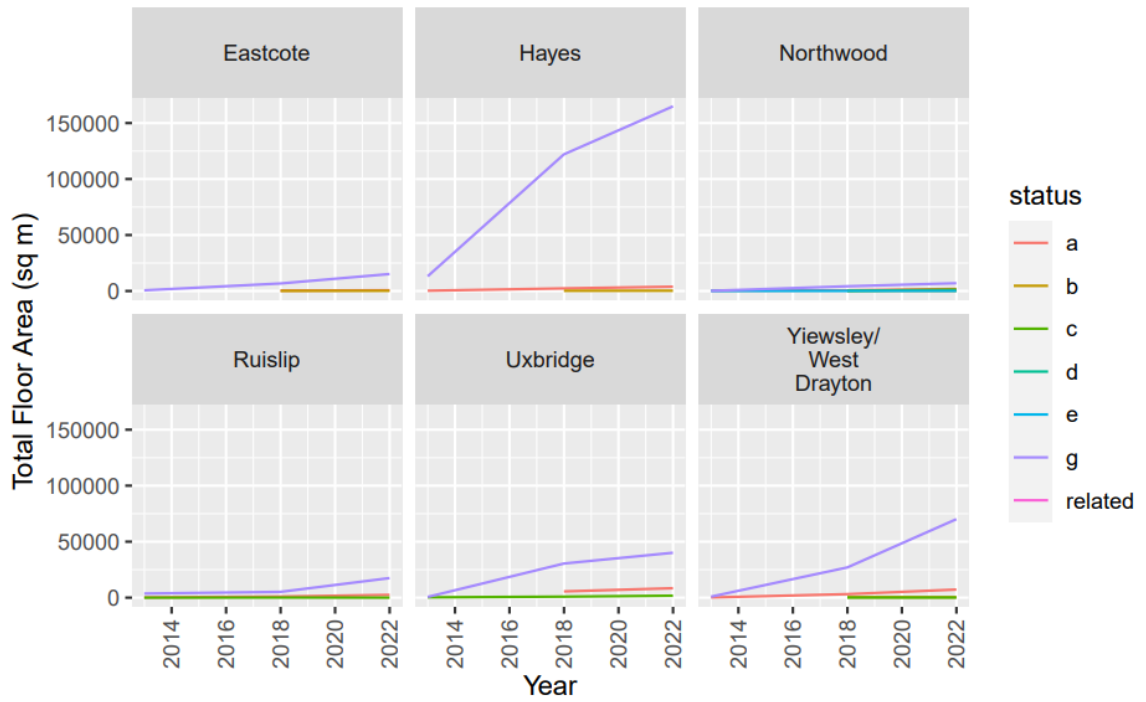
Change in Vacant Total Floor Area Ealing



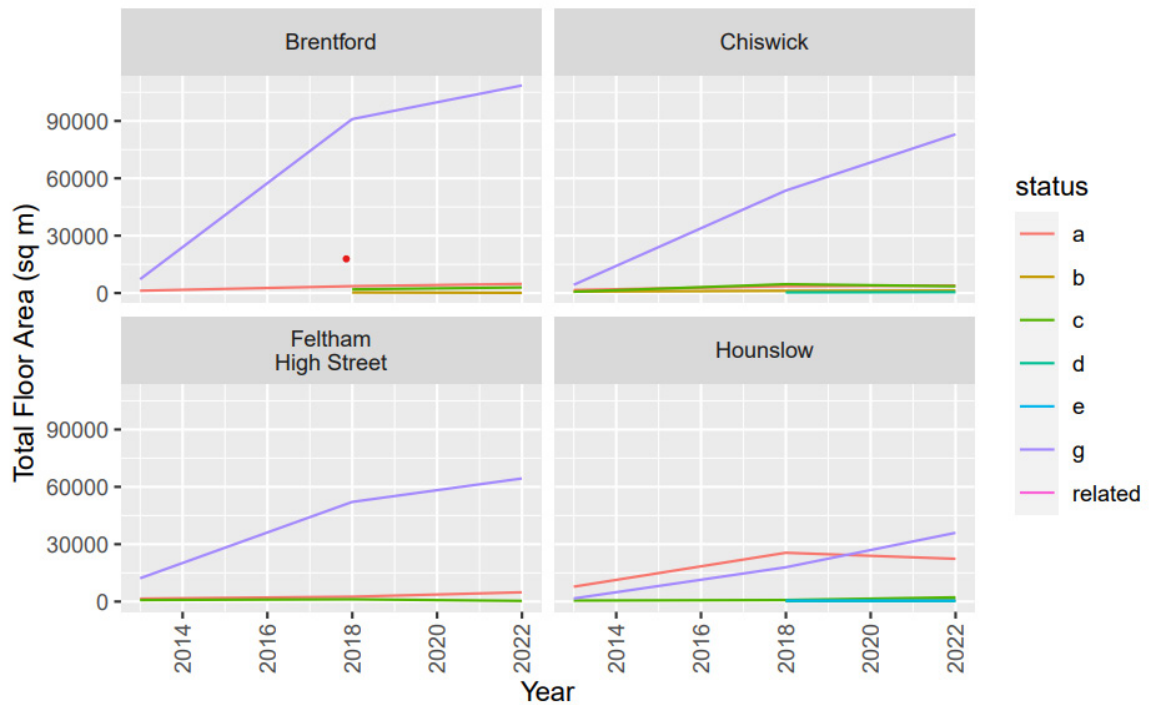
Change in Vacant Total Floor Area Harrow



Change in Vacant Total Floor Area Hillingdon



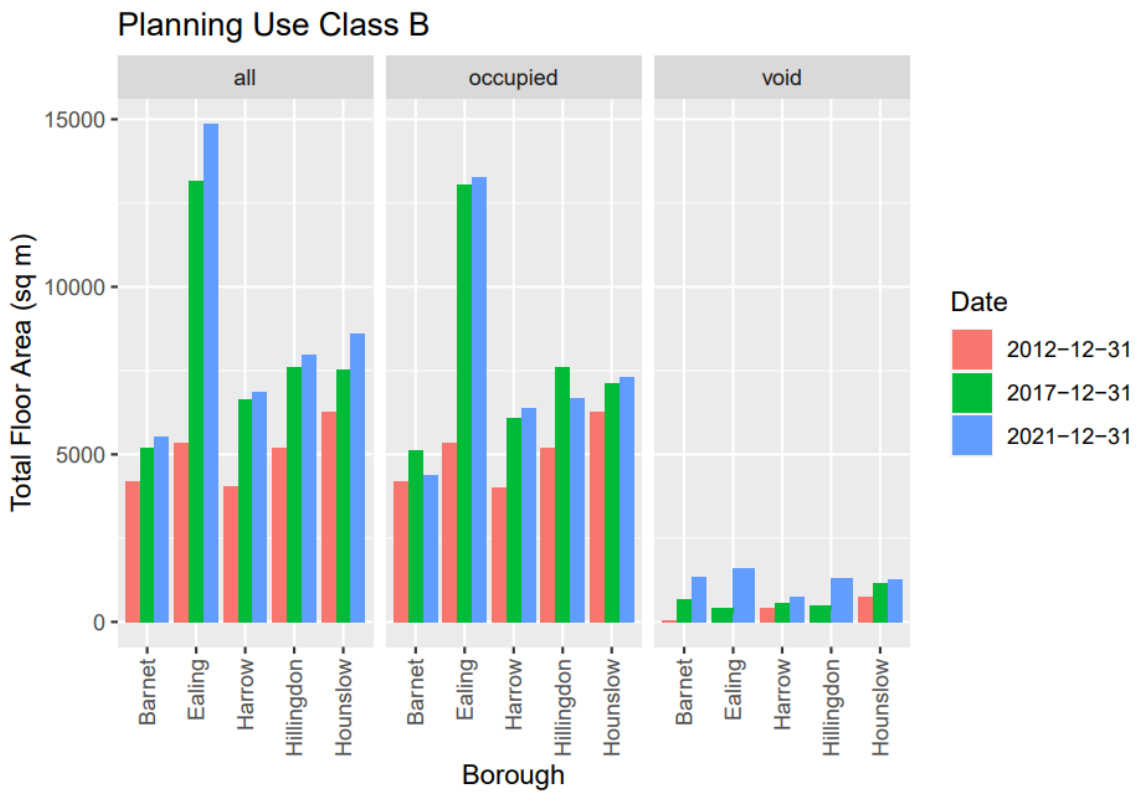
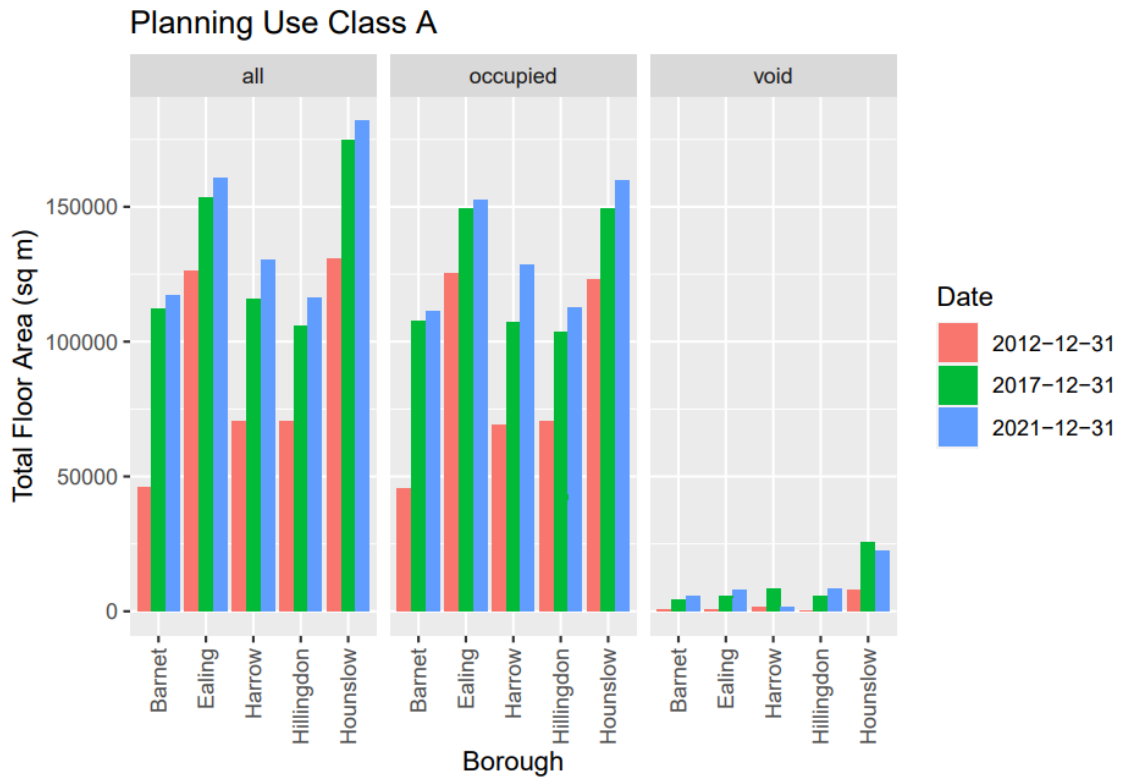
Change in Vacant Total Floor Area Hounslow



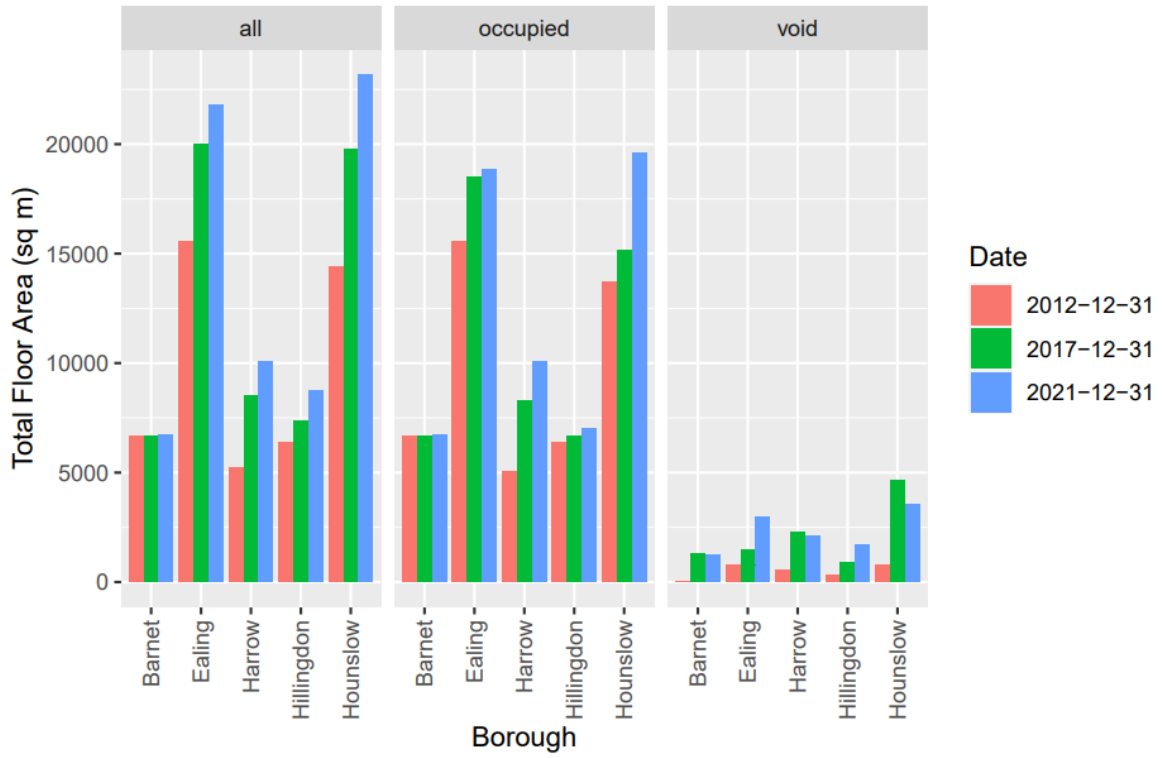
I.12 Key Points

- Growth in overall floor space and counts of business premises in Town Centre Areas across the WLA area masks the fact that much of that growth is in premises that remain vacant.
- Taking retail and office premises, most of the growth occurred between 2012 and 2017, with a slowing in growth to 2021.
- The average floor areas of most occupied premises have remained relatively static across most sub-class groups, however occupied office space has reduced in size from an average of around 170m² to 113 m².
- Growth in vacant retail and, in particular, office space is quite dramatic over the 10-year period.
- Vacant spaces are on average quite small, however the size of vacant commercial space has increased across the board with the average vacant office space now at just over 30m², up from around 10m² in 2012.
- At the borough and town centre levels, growth in vacant office space is driving vacancy rates in many place, particularly in Ealing where Ealing Town Centre itself shows a huge growth in vacant office space.

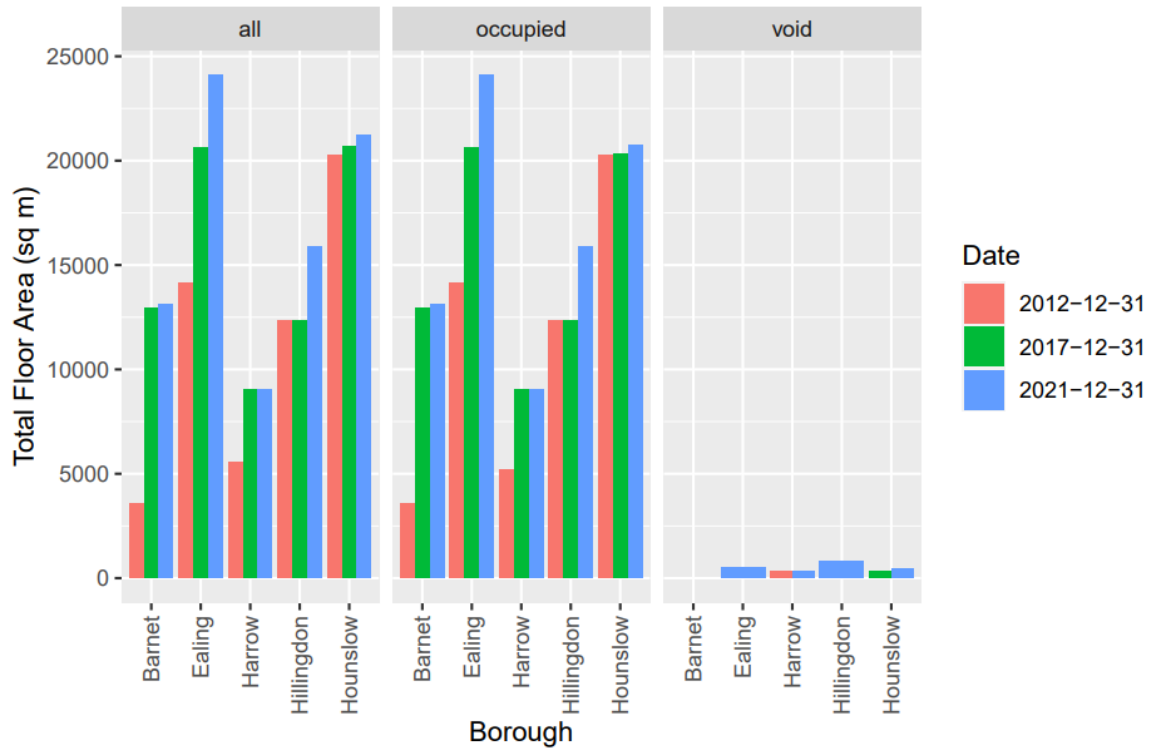
I.13 Planning Use Class Change Over Time



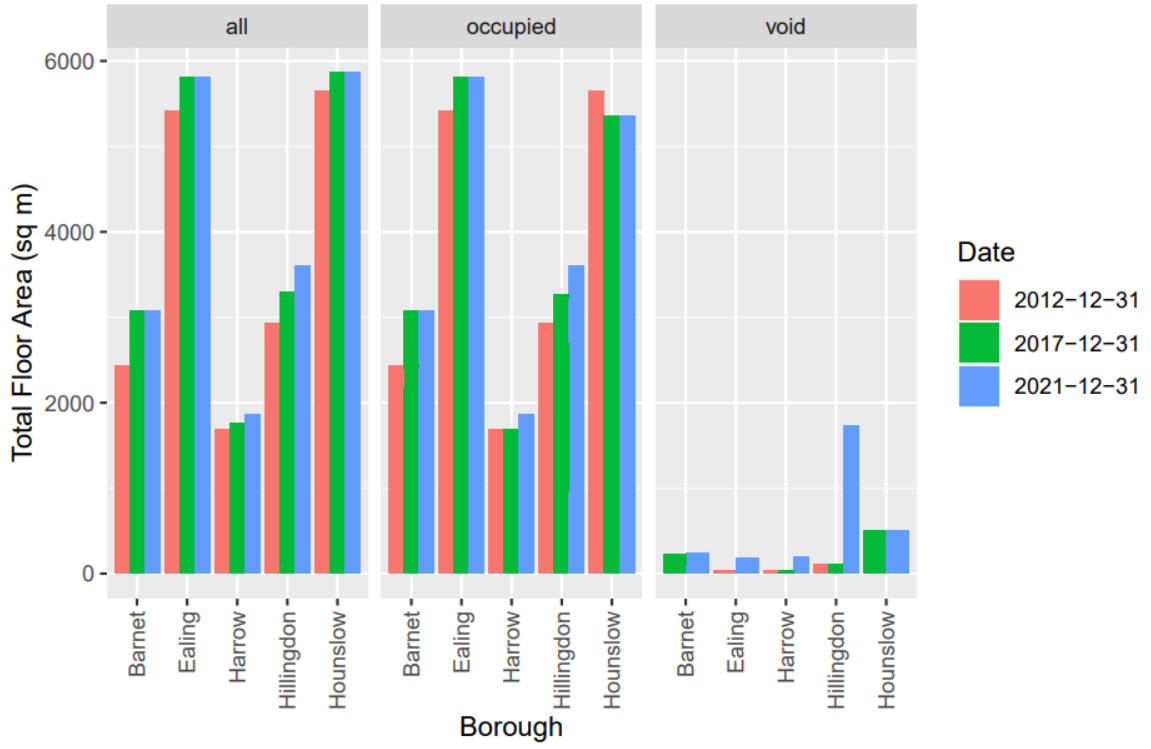
Planning Use Class C



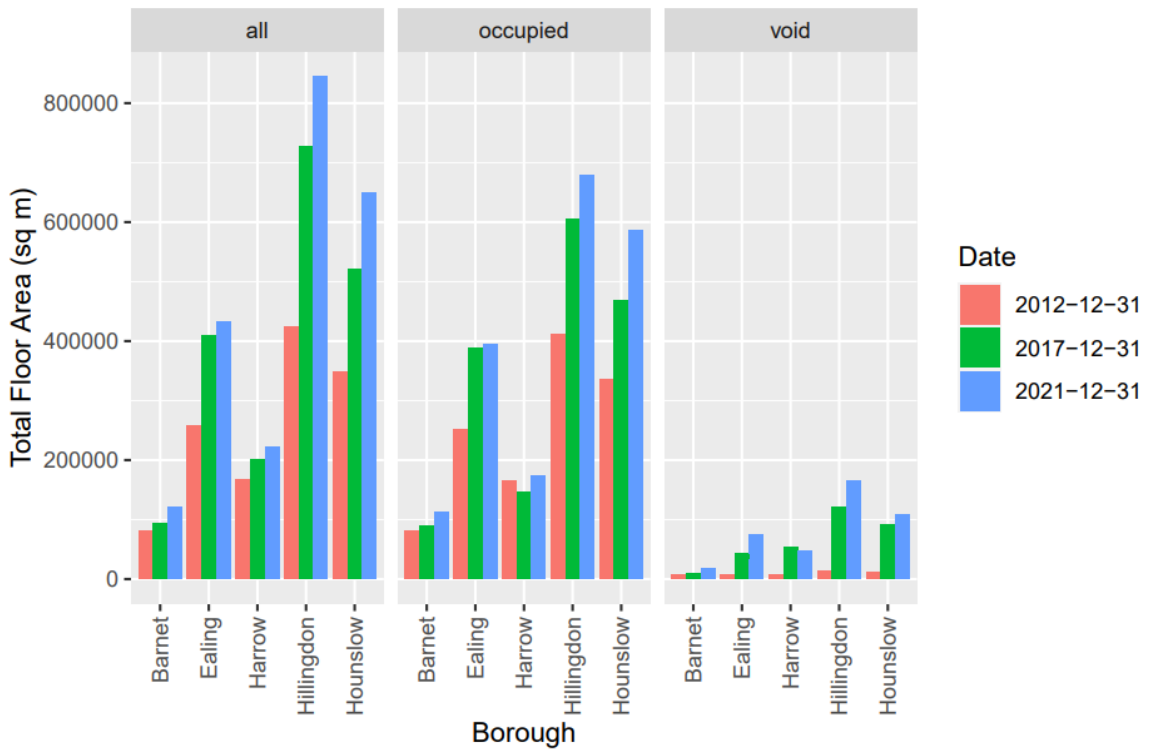
Planning Use Class D



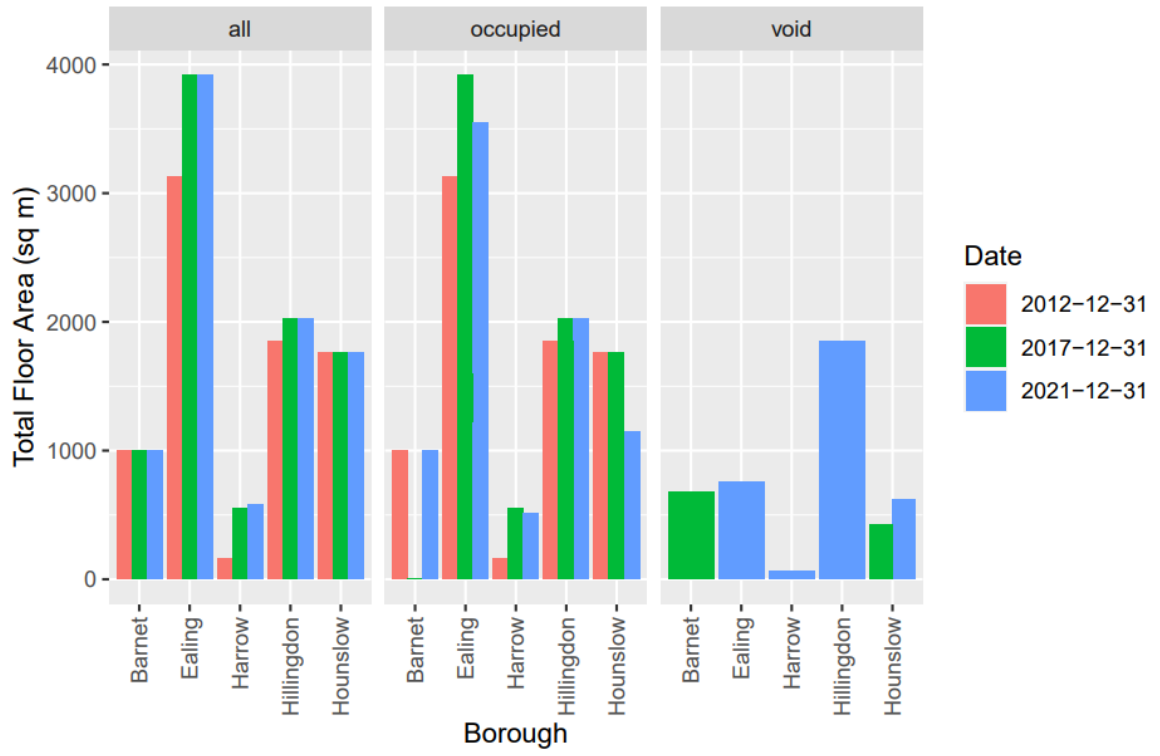
Planning Use Class E



Planning Use Class G

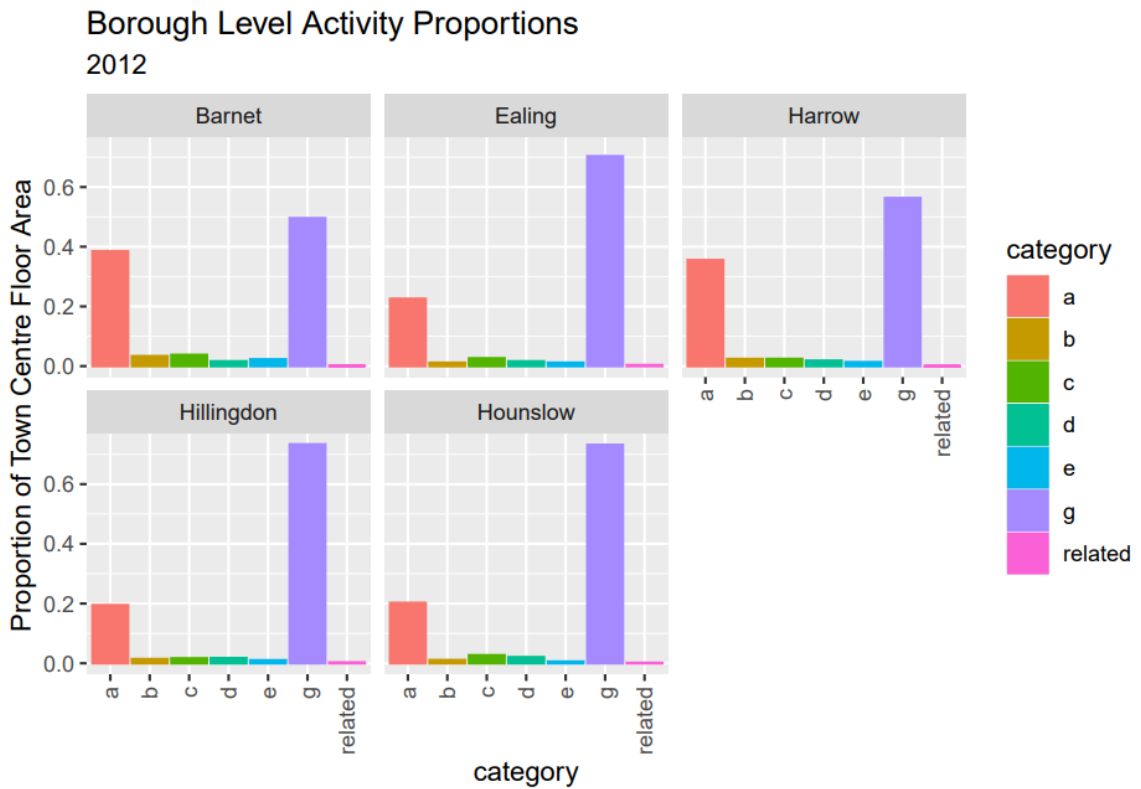


Planning Use Class Related Sui Generis

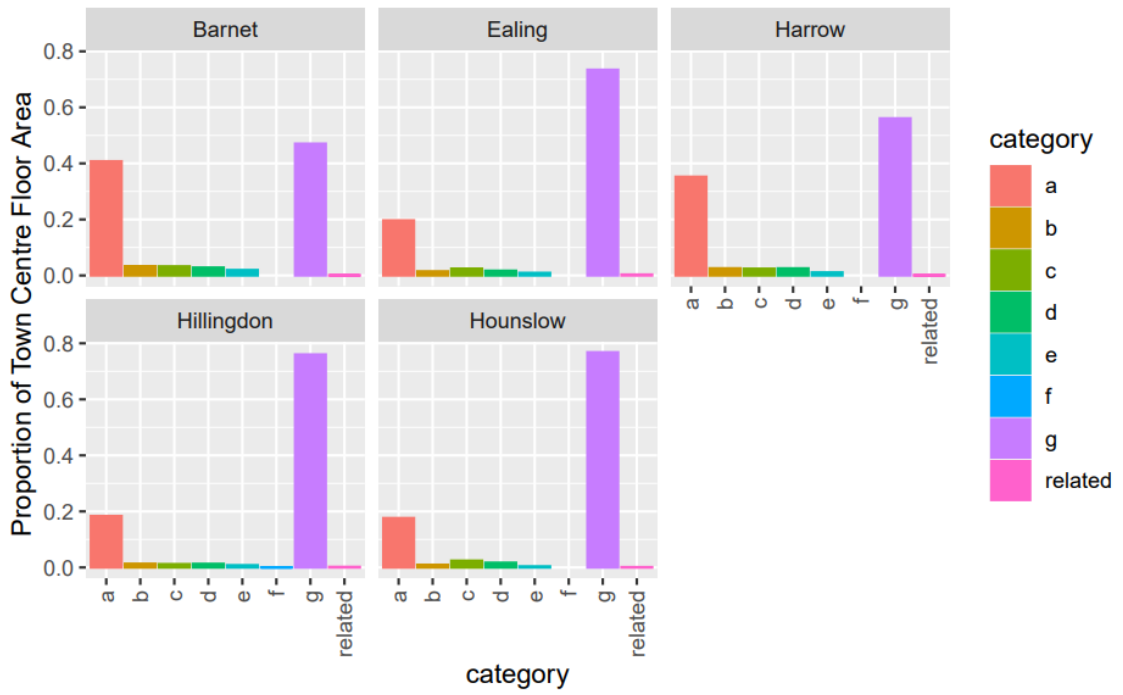


Benchmarking Against the Study Area

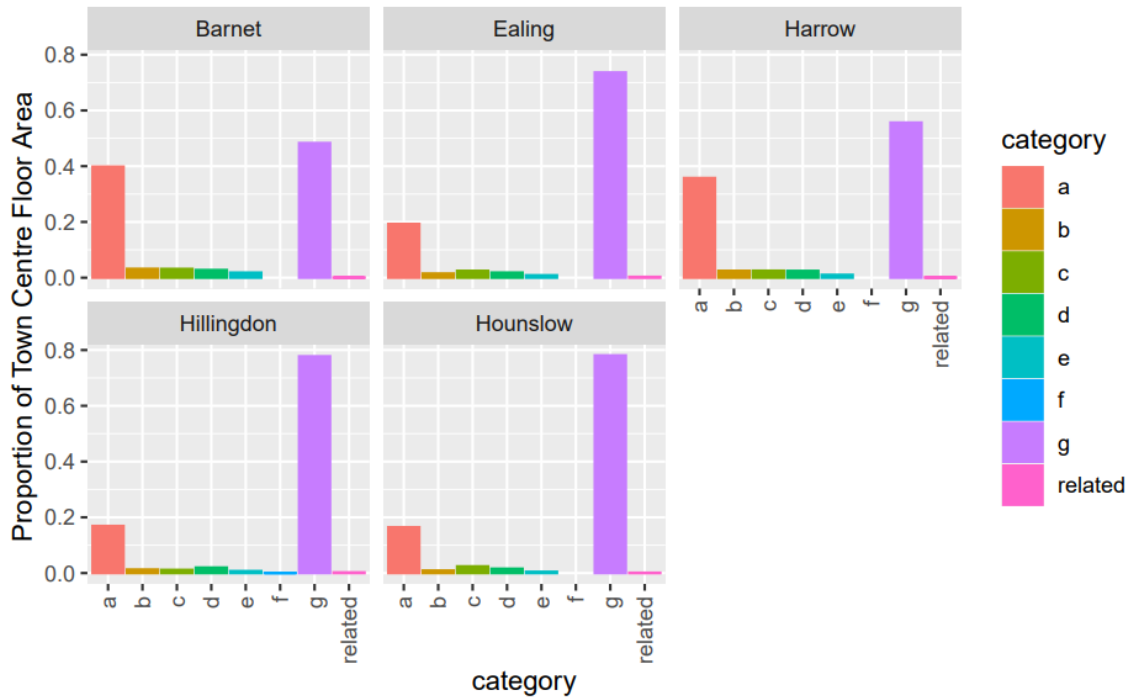
- I.14 The preceding analysis has presented a picture of commercial (Class E) activity in the 40 town centres within the WLA study area between 2012 and 2021 using, principally, total floor area statistics with other information on counts of businesses and average floor sizes. The analysis covered both vacant and occupied buildings.
- I.15 However, while raw figures tell part of the story, comparison against ‘expected’ profiles can shed further light. The following analysis defines our expected situation as the WLA area average.
- I.16 To begin, we explore local Class E activity proportions for each Town Centre Area:



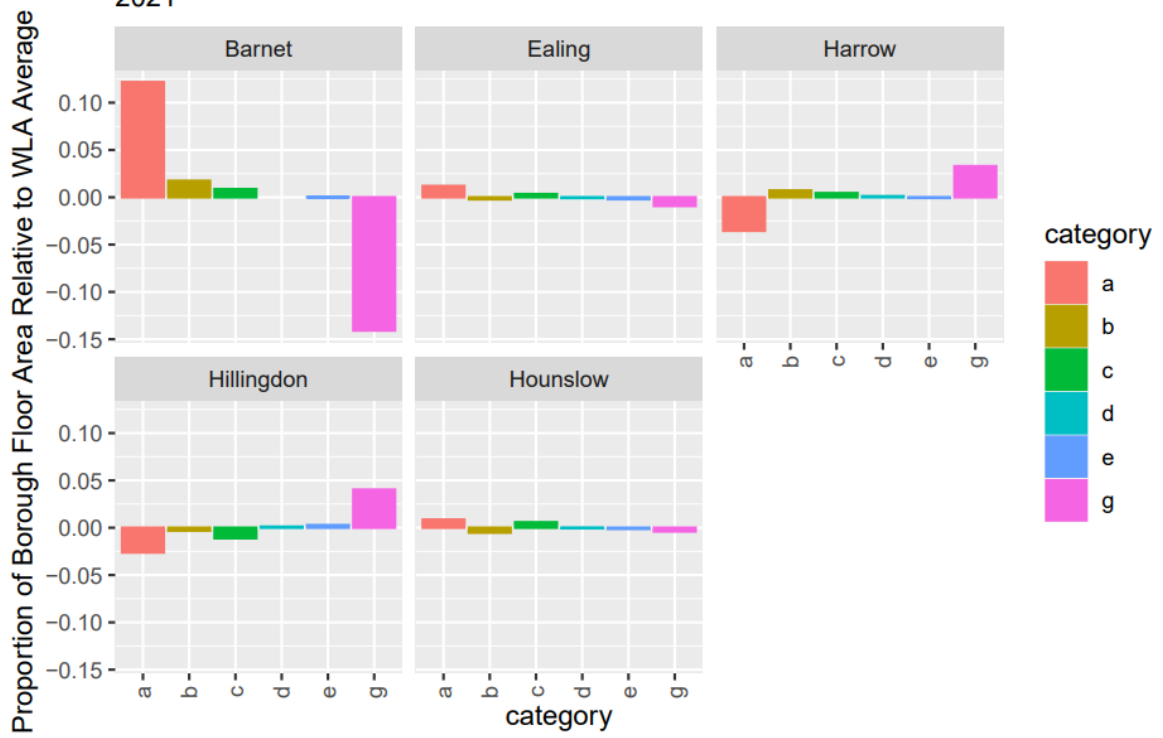
Borough Level Activity Proportions 2017



Borough Level Activity Proportions 2021



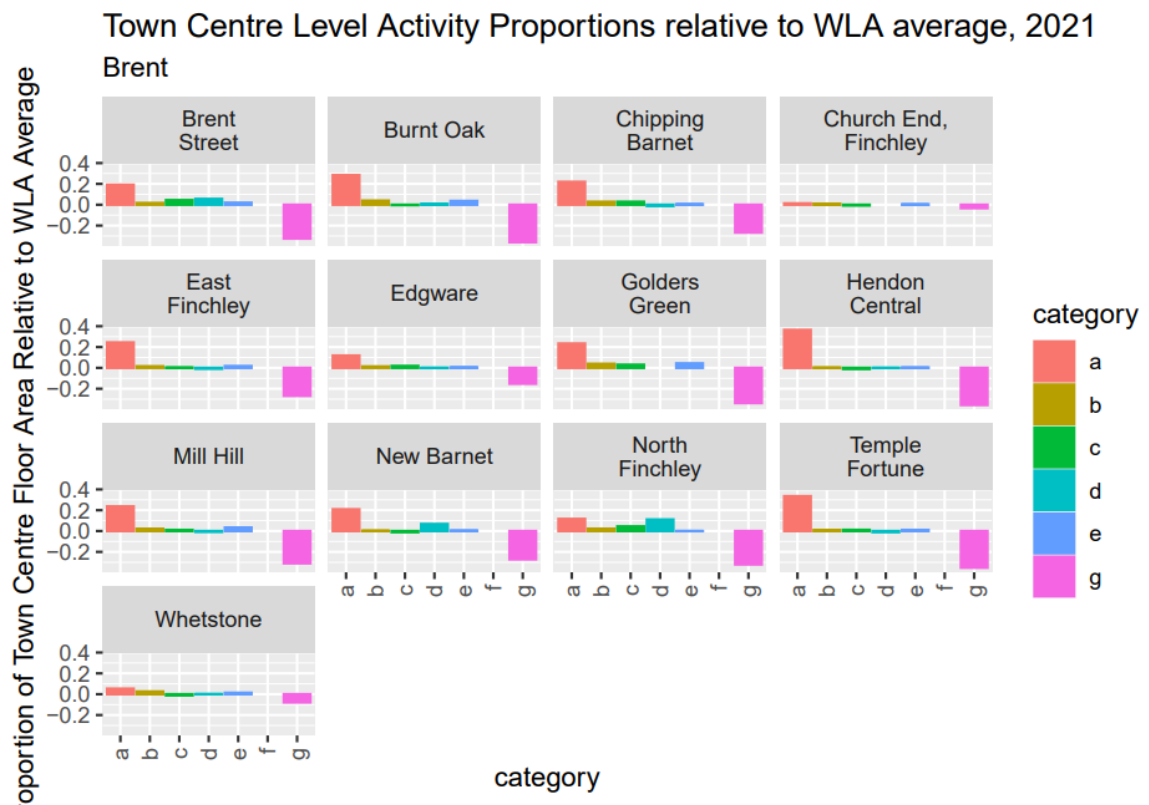
Borough Level vacancy proportions relative to WLA average 2021



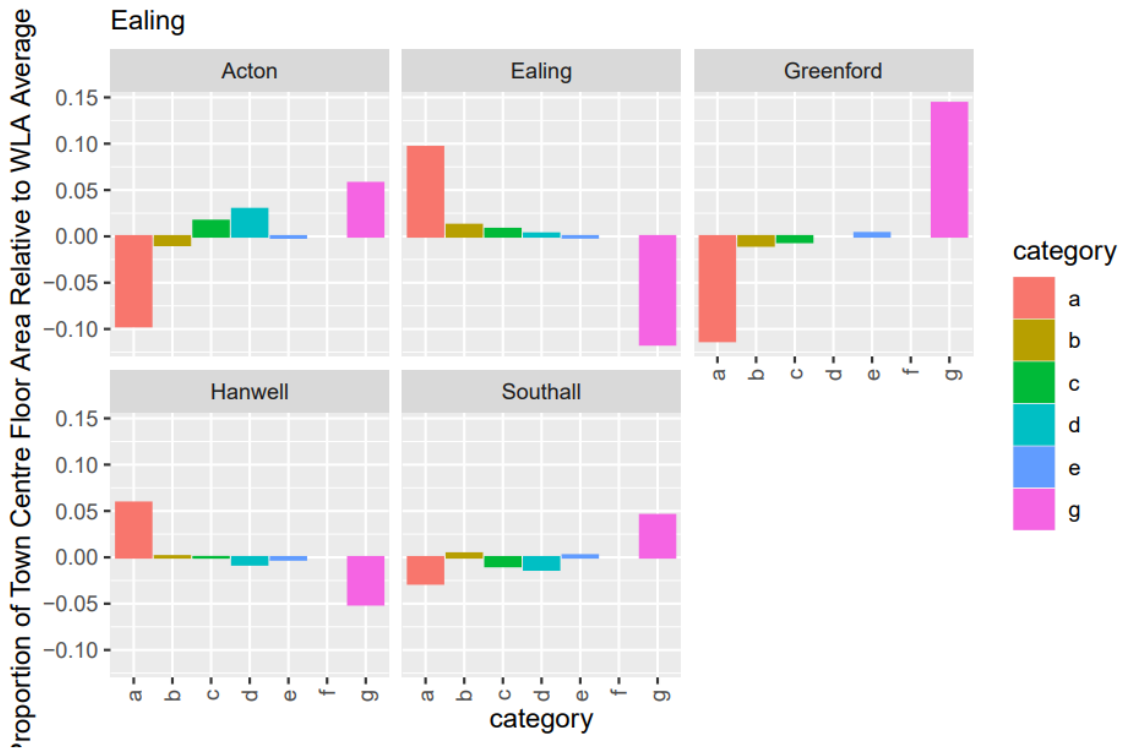
Observations

- I.17 At the borough level, we see some small movement in activity level proportions - mainly relating to relative reductions in retail activities and increases in office activity between 2012 and 2021, but these are relatively minor.
- I.18 When comparing these patterns with the WLA average, it becomes clear that Barnet and Ealing represent something approaching the average with Hillingdon showing well above average office activities and Hounslow above average retail activities.
- I.19 These variations are, of course, more pronounced for some Town Centre Areas. Below these profiles are provided for, first, occupied businesses, then vacant business properties:

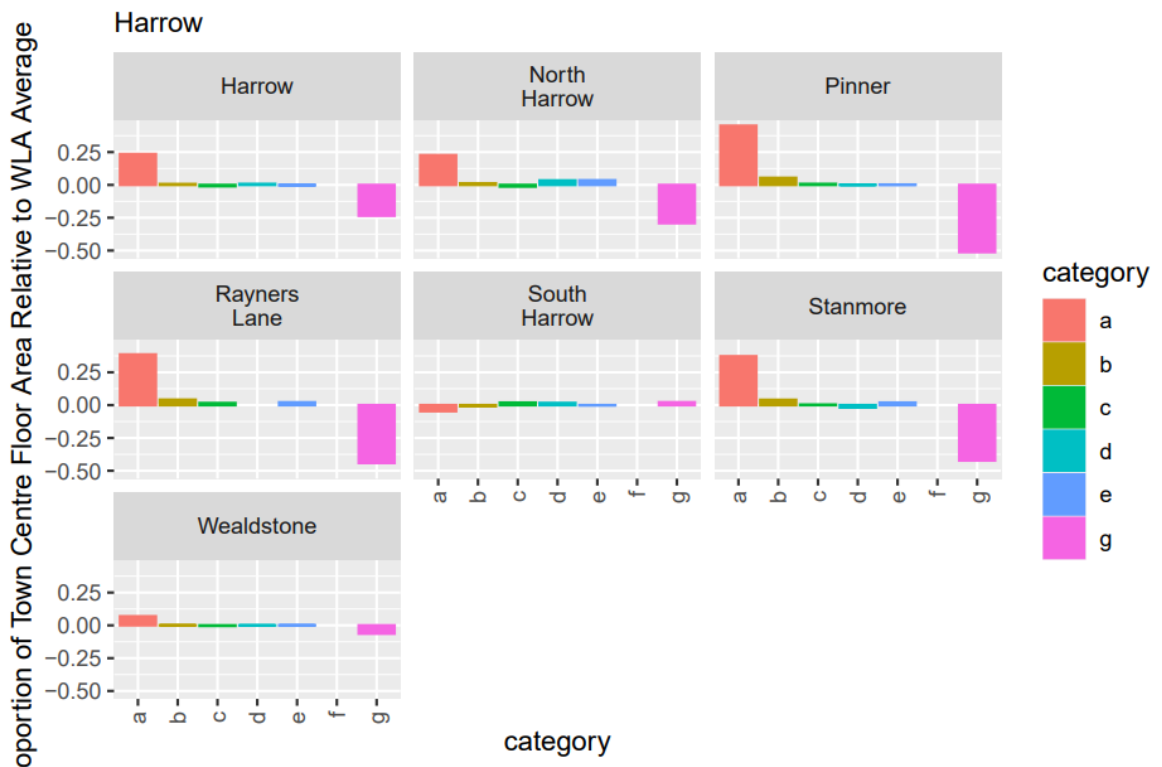
I.20 Occupied Businesses, 2021



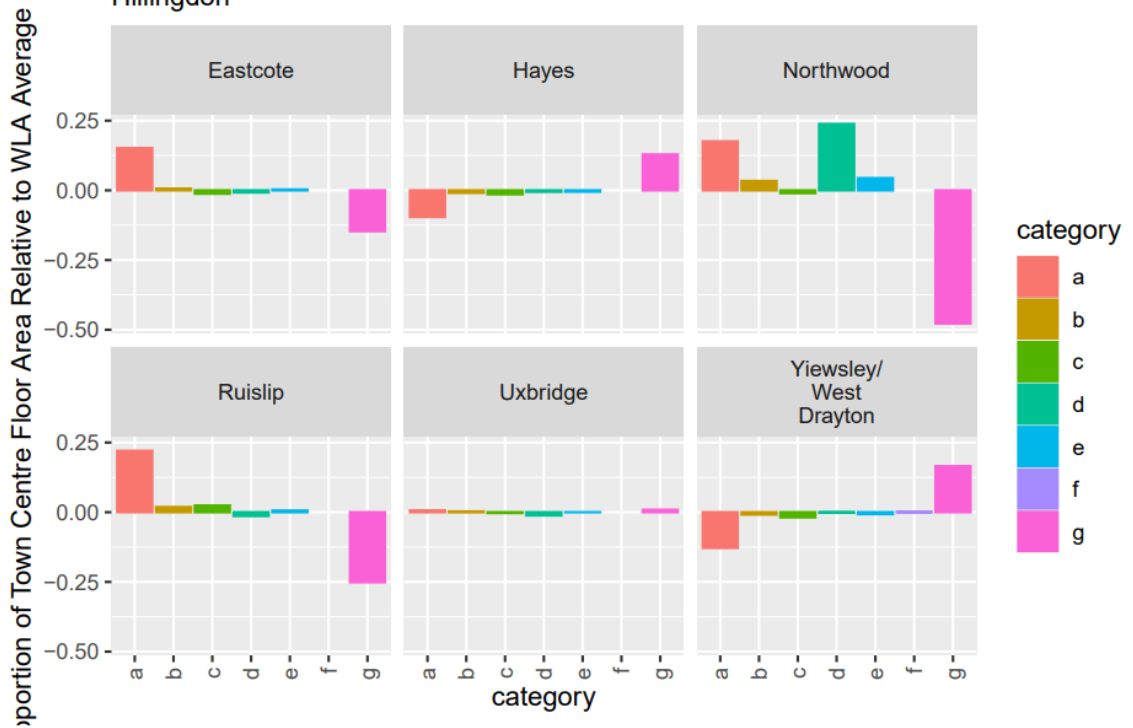
Town Centre Level Activity Proportions relative to WLA average, 2021



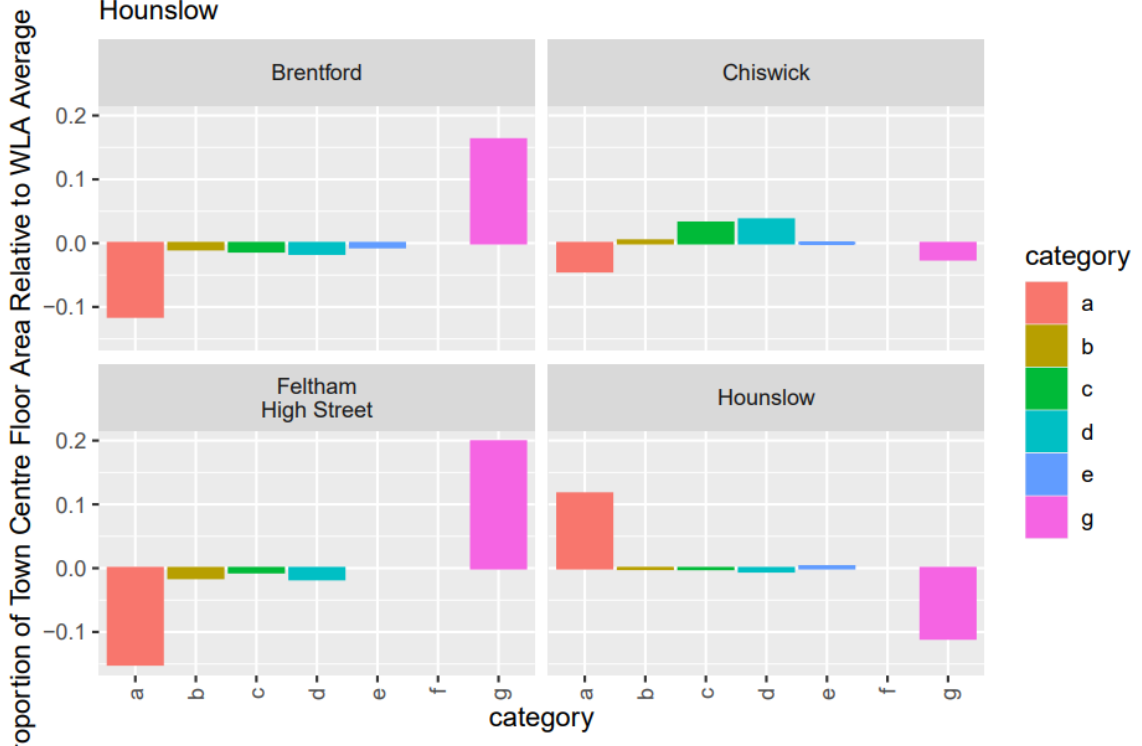
Town Centre Level Activity Proportions relative to WLA average, 2021

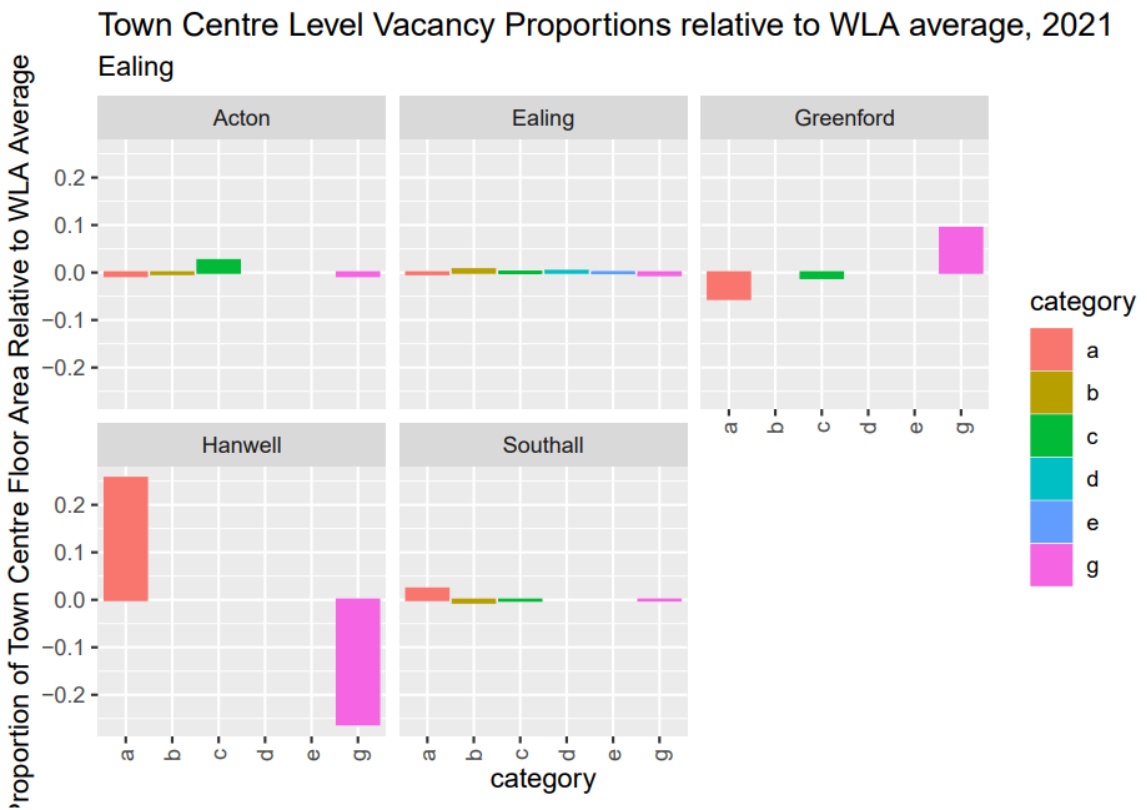
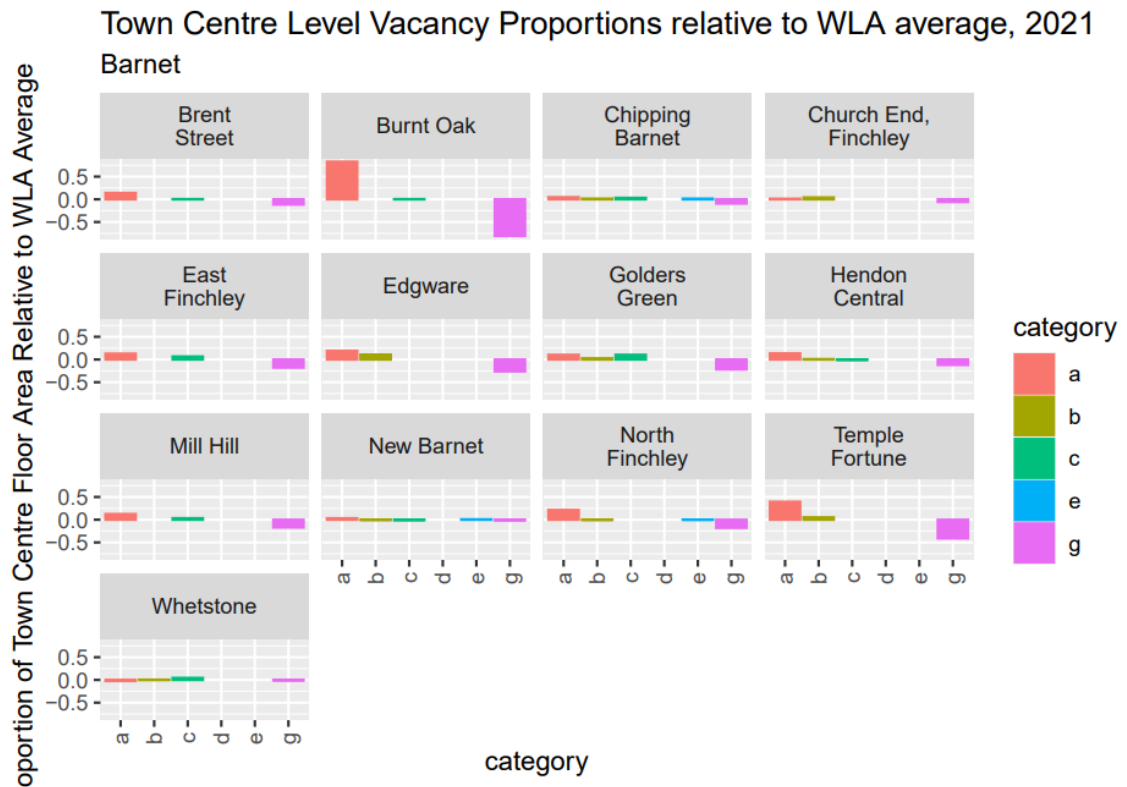


Town Centre Level Activity Proportions relative to WLA average, 2021
Hillingdon

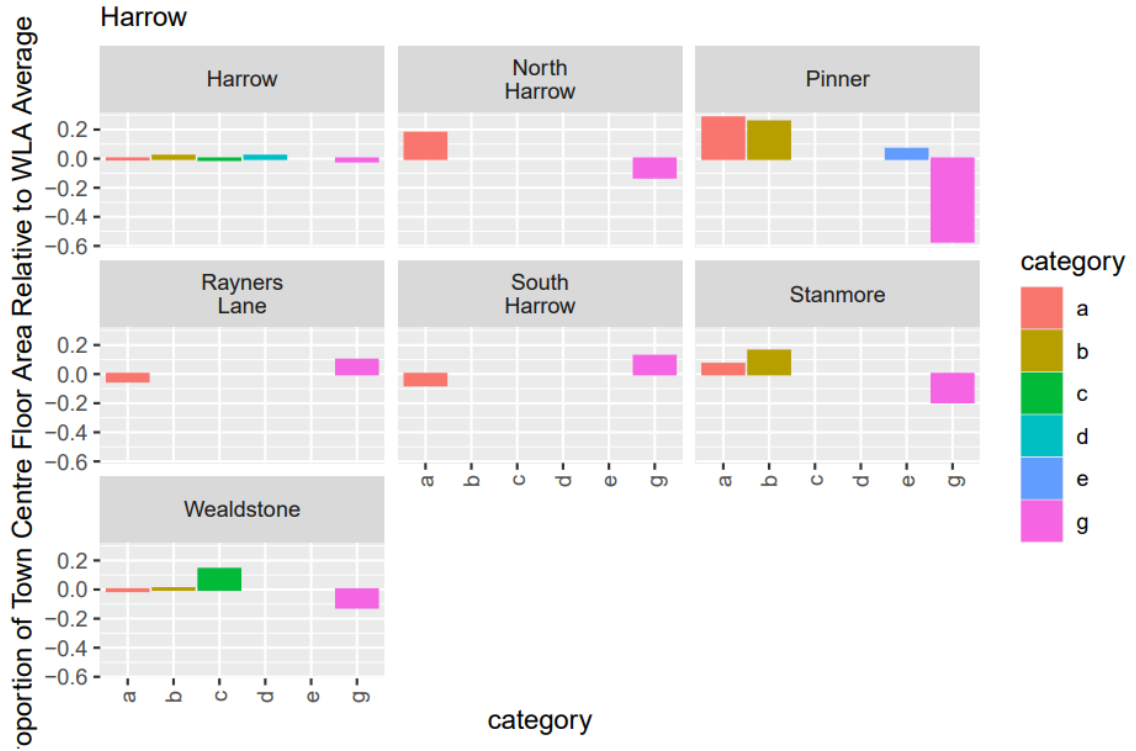


Town Centre Level Activity Proportions relative to WLA average, 2021
Hounslow

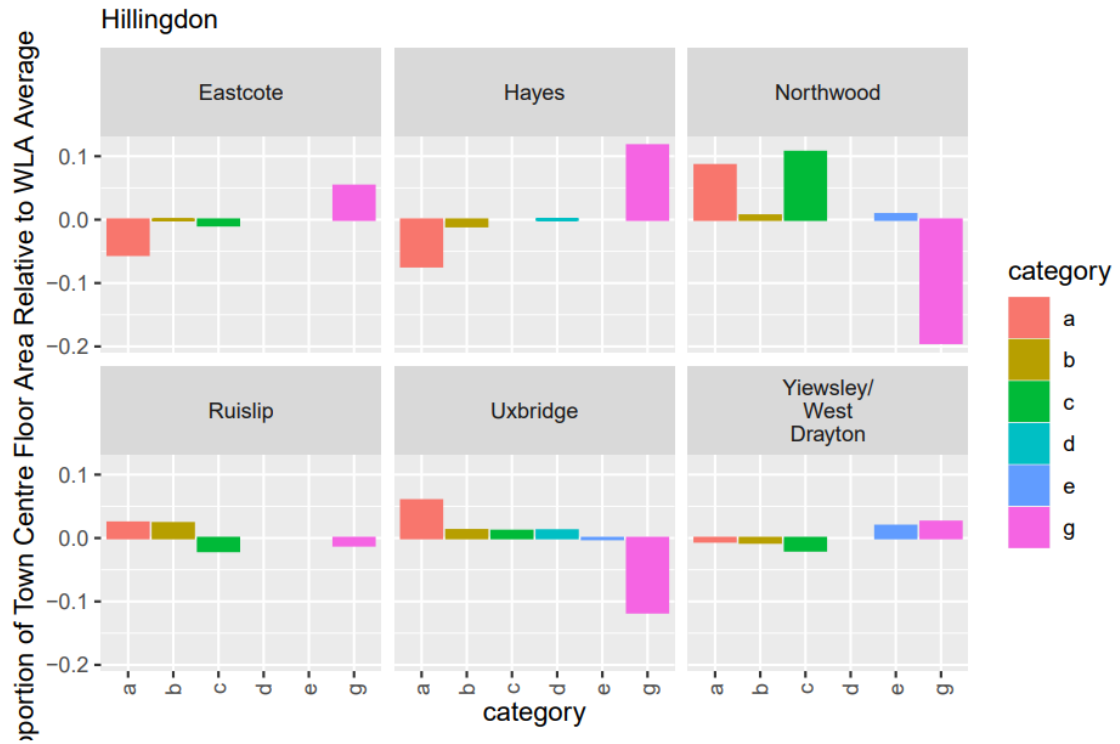




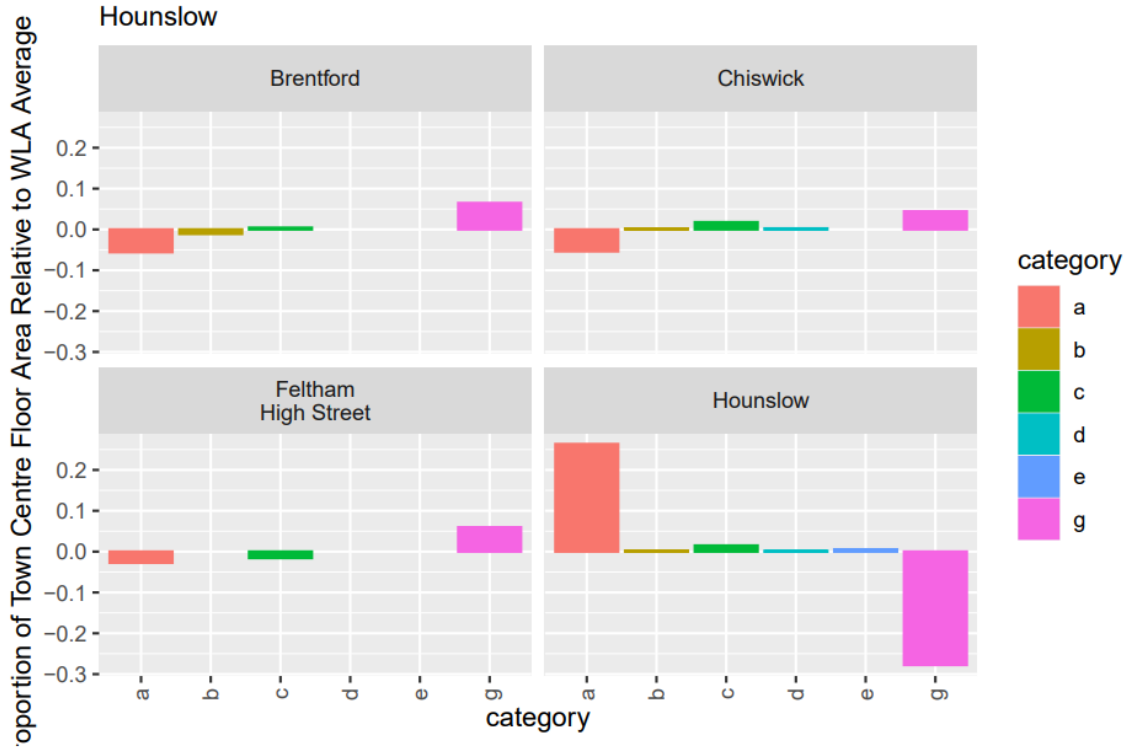
Town Centre Level Vacancy Proportions relative to WLA average, 2021



Town Centre Level Vacancy Proportions relative to WLA average, 2021

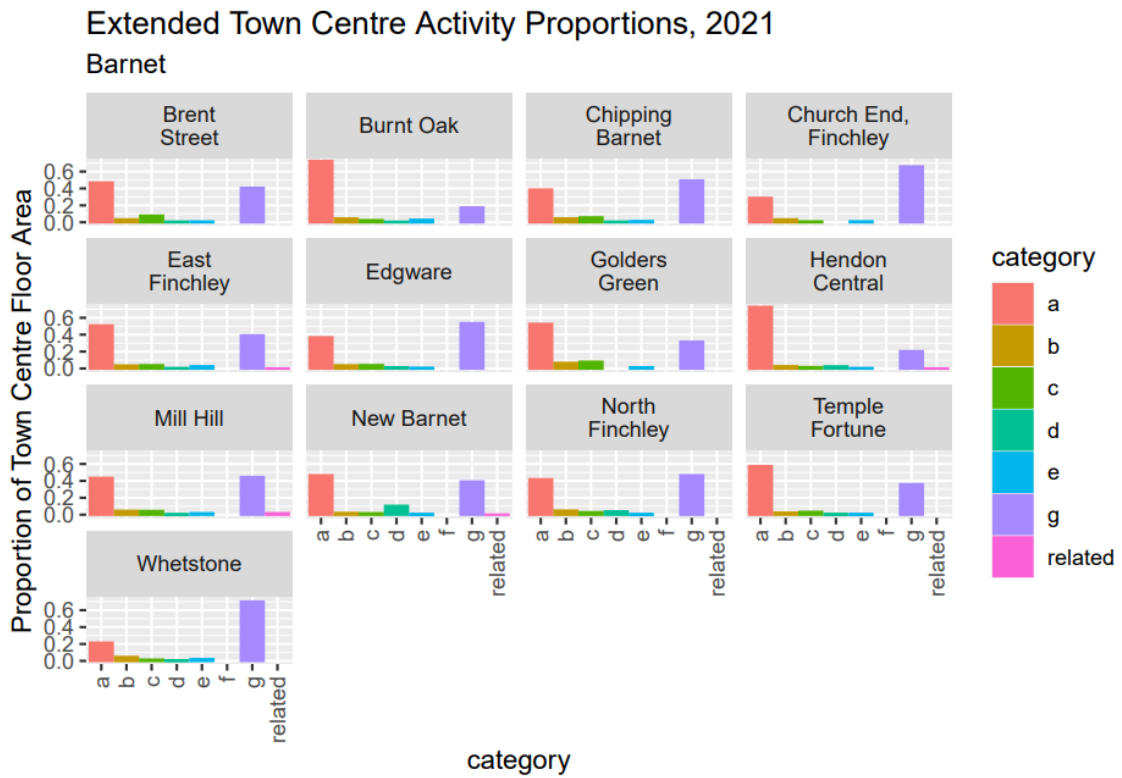


Town Centre Level Vacancy Proportions relative to WLA average, 2021



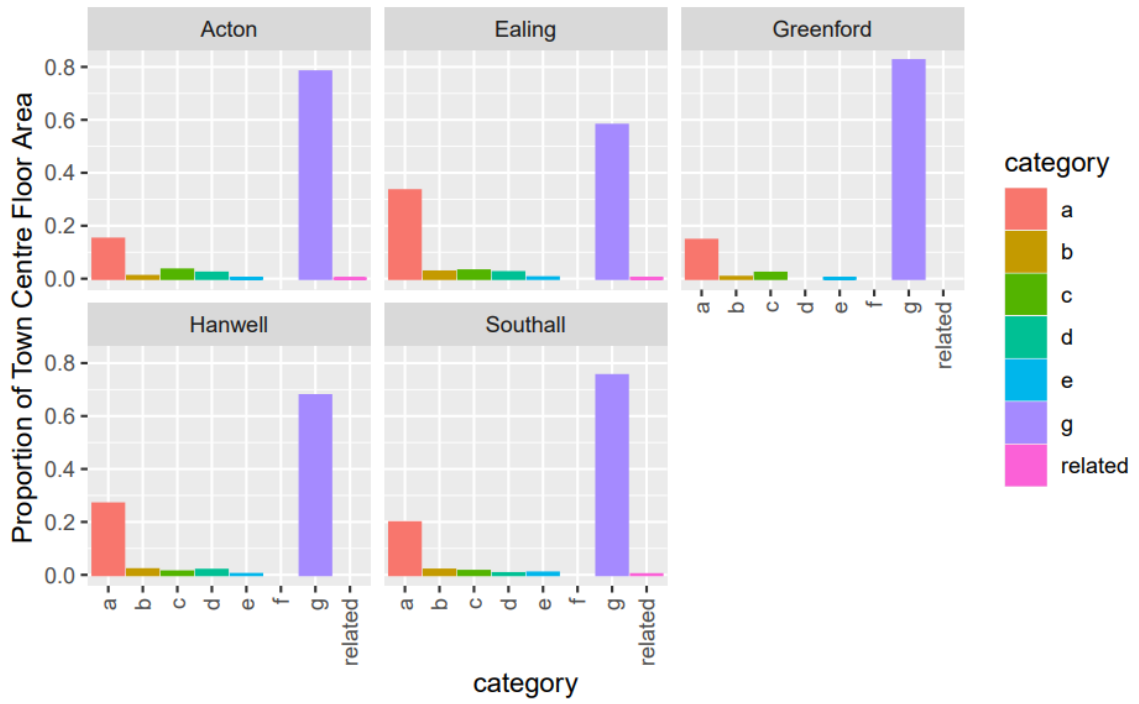
Activity Outside of Designated Town Centre Areas

- I.21 As is shown in Figure 1, the research team have identified a number of Class E business activity clusters outside of the boundaries of the official Town Centre Areas.
- I.22 Allocating these business clusters to their nearest town centre and then including these businesses in the analysis presents quite a different picture of business activity in the WLA study area.



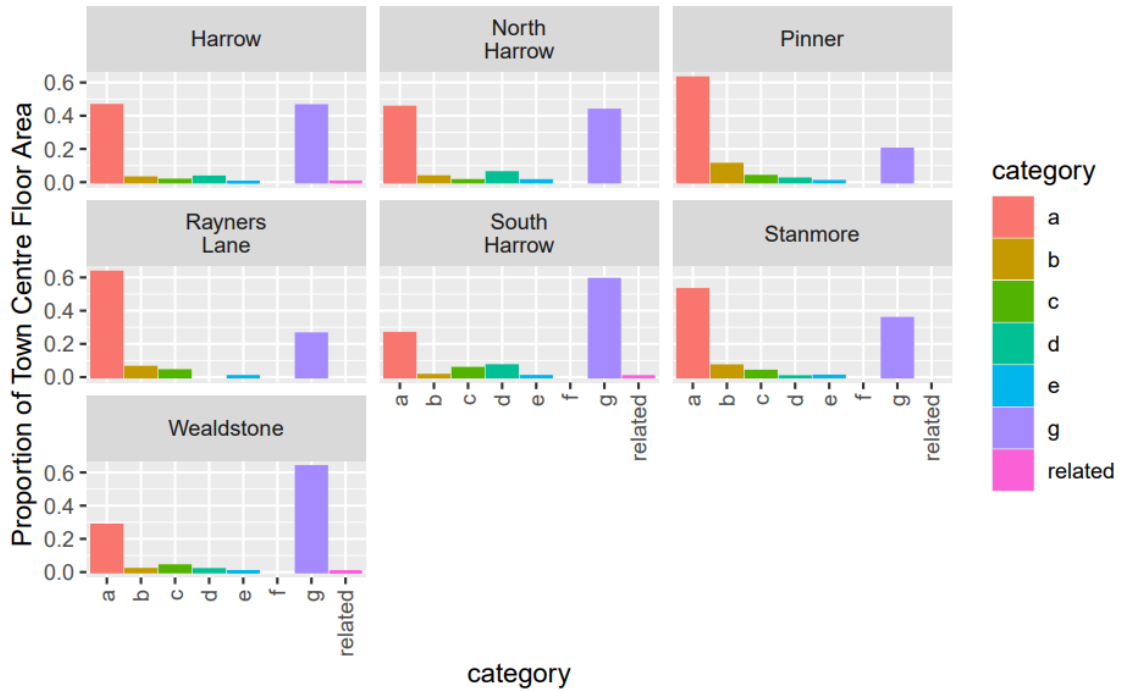
Extended Town Centre Activity Proportions, 2021

Ealing



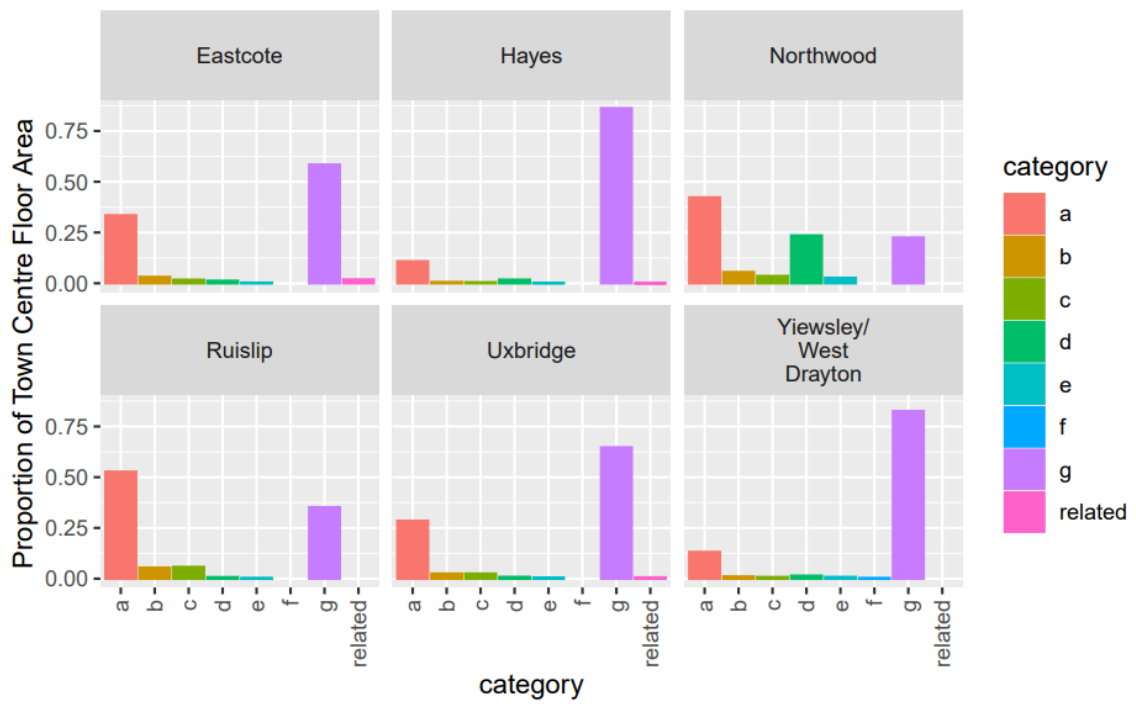
Extended Town Centre Activity Proportions, 2021

Harrow



Extended Town Centre Activity Proportions, 2021

Hillingdon



Extended Town Centre Activity Proportions, 2021

Hounslow

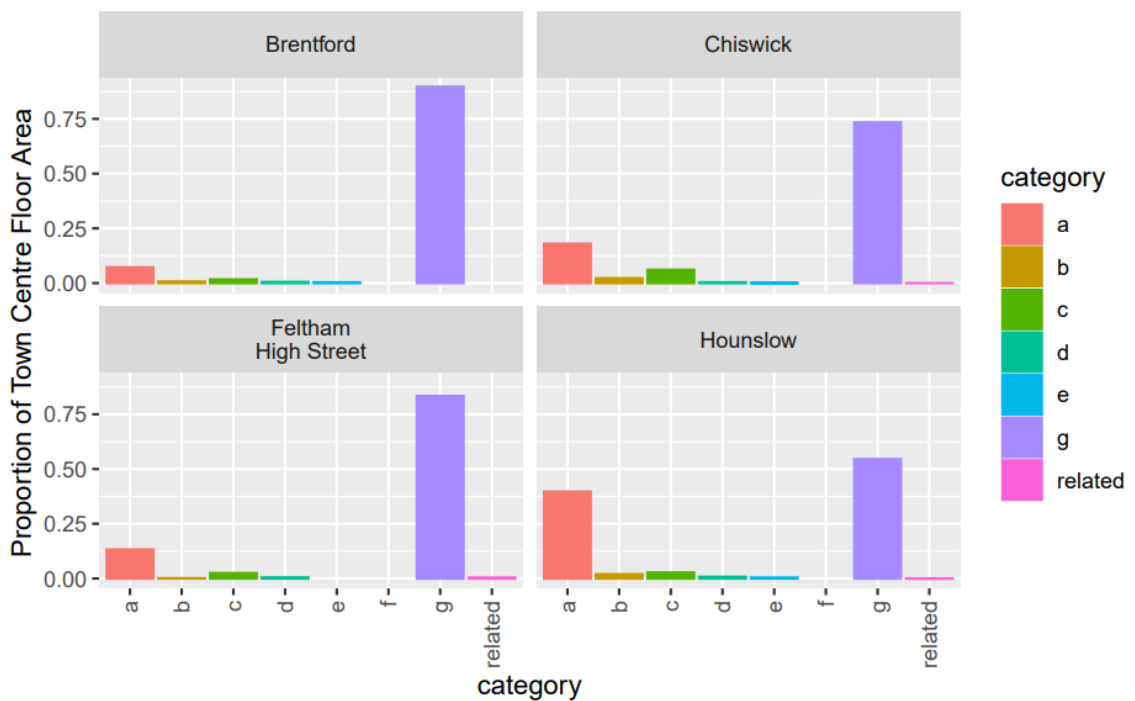


Table 7: Occupancy statistics by Class E sub-class, extended Town Centre Areas

Category	Period	Official total floor area (m ²)	Official count	Official average floor area (m ²)
A	2012	1,092,107	8,740	118.2
A	2017	1,459,757	11,470	122.1
A	2021	1,558,739	12,188	123.5
B	2012	76,777	524	134.9
B	2017	113,111	739	141.8
B	2021	116,536	802	136.2
C	2012	109,157	630	172.5
C	2017	137,217	958	156.3
C	2021	149,544	1,238	137.0
D	2012	35,608	37	1040.7
D	2017	69,178	77	848.9
D	2021	102,044	98	1073.3
E	2012	20,111	175	113.6
E	2017	26,513	229	115.5
E	2021	26,308	244	101.0
F	2012	0	0	0.0
F	2017	500	1	500.1
F	2021	500	1	500.1
G	2012	1,980,281	7,237	237.9
G	2017	3,498,591	12,998	224.6
G	2021	3,786,133	15,773	196.1
Related	2012	8,951	24	353.4
Related	2017	6,717	32	237.1
Related	2021	5,050	38	150.2
NA	2012	3,322,993	17,368	170.7
NA	2017	5,311,584	26,506	175.7
NA	2021	5,744,854	30,386	162.6

Table 8: Vacancy statistics by Class E sub-class, extended Town Centre Areas

Category	Period	Official total floor area (m2)	Official count	Official average floor area (m2)
A	2012	18,878	8130	2.0
A	2017	91,034	11,470	6.6
A	2021	116,169	12,188	8.2
B	2012	1,760	85	20.6
B	2017	7,187	562	13.7
B	2021	14,182	679	21.3
C	2012	3,550	296	19.9
C	2017	17,791	814	25.2
C	2021	23,372	1,097	29.5
D	2012	894	6	303.1
D	2017	1,158	10	228.1
D	2021	3,461	39	161.4
E	2012	191	23	12.0
E	2017	737	41	19.2
E	2021	3,001	81	76.1
F	2012	0	0	0.0
F	2017	0	0	0.0
F	2021	0	0	0.0
G	2012	56,879	6,945	8.0
G	2017	502,545	12,987	30.9
G	2021	785,807	15,682	41.1
Related	2012	0	0	0.0
Related	2017	1,105	3	446.5
Related	2021	3,735	23	304.9
NA	2012	82,359	17,368	3.9
NA	2017	621,557	26,506	18.6
NA	2021	949,849	30,386	24.3

1.23 Key Observations

- Our analysis has shown that ignoring Class E activity outside of Town Centre Areas significantly under-estimates economic activity across the WLA boroughs.
- Office floor space and unit counts dominates outside of Town Centre Areas, both in terms of occupancy and vacancy statistics.
- The average floor area for retail businesses drops by around 20 m² outside of Town Centre Areas, while it increases by some 80 m² for office space.
- The average floor area for office space has been noticeably decreasing since 2012 outside of Town Centre Areas as well
- Vacancy statistics are driven by office vacancy and it is this Class E sub-class which has shown the greatest increase in terms of counts and vacant floor space across the whole WLA area.

PHASE 2

Qualitative analysis



5 Introduction

- 5.1 **Building on the conclusions of the quantitative analysis undertaken and presented in a separate technical annex, we have developed research chapters on the impact of local, national and global trends on West London's town centres.**

- 5.2 Following the agreed scope of work, we have produced chapters on two of the most salient trends – retail patterns and permitted development rights – and synthesised them with the typologies produced during Phase 1.

- 5.3 We have then produced policy recommendations for planning and economic development responses to these trends in West London's town centres.

6 Changing Patterns of Retailing & Town Centres



Image: Jamie Street/Unsplash

- 6.1 The story of town centre change, and of the fortunes of retailing in particular, over the last 75 years is one that is centred around the evolving relationships between government, developers and retailers. In the UK, compared to contemporary accounts in North America or on the European continent, this story is unique, and centres on the ease with which the retail sector has been able to persuade successive governments to adopt favourable policies that support agglomeration, expansion, and protection.
- 6.2 From a planning perspective, it would be easy to develop an alternative narrative of how planners have managed to adjust local planning policies in response to and as a way of driving reshaped patterns of development. This might relate to the need to rebuild city centres in the postwar period, or of protecting town centres from the threat of out-of-town or regional shopping malls, or finding a balance between car-centric edge retail sites and more sustainable urban development that favours commercial centres as places of leisure and public space.
- 6.3 The reality, however, is more a story that proves that planning has had to play catch-up with wider economic forces as drivers of changing retail and development patterns, and is often a process that has had to deal with the externalities of change. That story is just as true today, in dealing with the urban centre implications of the pandemic, of changing working and commuting patterns to urban centres, and of significant fluctuations in global financial investments, as it was in the 1960s and 1990s. But we can learn from some of the approaches and their consequences for contemporary times.

Town centres from the 1940s to the early 1960s

- 6.4 Redevelopment of town centres across the UK after 1945 usually took on a particular form. The need to rebuild the urban fabric following wartime devastation, coupled with a desire to rejuvenate a bankrupt economy as quickly as possible, meant that the UK Government's approach to town centres even in the wartime years prioritised protecting and developing the existing commercial centres through shopping centre development.
- 6.5 The future of the town and its prosperity was seen as the critical objective, and shopping was determined to be the best way to enable that to occur. The remodelling of streets and of the urban fabric, together with traffic management, meant that the retail economy was the dominant consideration. But the government went further in their headline guidance to local authorities at this time, stipulating that the rejuvenation of town centres should occur through the development of concentrated, single purpose shopping districts where the consumer would be confronted by continuous lines of store frontages. Having been advised by retailers themselves, it was little surprising that the ministry's guidance instructed local authorities to ensure that shops take precedence over all other types of land uses – civic, commercial and industrial – in town and city centres. This was further supported by the retailers' views that the location of their shops had to be supported by pedestrian, bus and private car proximity, to ensure the maximum accessibility by the consumer. The goal here was to benefit from, what we now refer to as, passing footfall.
- 6.6 The effect of these objectives had profound implications for the physical planning of town centres, as they started to be enacted in the 1940s and 1950s, through local authority development plans and in construction styles, but also in the attitudes of planners as a professional viewpoint over a long period afterwards. Shops had to be grouped together, with uninterrupted display frontages, and streets had to be kept narrow but with frequent crossing points. In transport terms, it meant giving car owners the right to draw up as close to shops as possible, that through roads were retained so as to channel all traffic through the commercial districts, and that car parks would be located physically on all sides of the shopping area within short walking distances. Since the rapid expansion of car ownership had yet to occur at this time, such physical manifestations clearly seemed possible, but would be tested to their absolute limits within the following two decades as traffic in town centres became gridlocked. Tellingly, however, attitudes of retailers towards the car driver being able to get as close as possible to shops, have not changed a great deal since the 1940s, with similar outpourings of concern prevalent in the 1970s towards pedestrianisation, and in the 2020s towards Low Traffic Neighbourhoods.
- 6.7 The design of town centres from the early 1950s reflected these priorities. In the more damaged centres, such as Canterbury, the approach took the form of a remodelled and concentrated commercial district, but resulted in the expulsion of other non-retail uses from the central area, usually achieved through compulsory purchasing powers enacted by the local authority.
- 6.8 Some planners did raise concern about the consequences, both at the time and in subsequent years, of prioritising retailing over other uses. One of the most well-known, Patrick Abercrombie, sought a very different approach for his plans for rebuilding cities across the UK, preferring a range of uses in the 'civic centres' of towns, wide boulevards and car-free public spaces, and through car routes and public transport hubs located at the periphery of the commercial centres. Enacted in such places as Plymouth, Bristol, Hull and Coventry, and in the British New

Towns, these Garden City-inspired models were against the wishes of both the UK Government of the day and individual town retailers. Harold Macmillan, then Minister for Planning, castigated the British town planning movement as ‘Little Letchworthers’, for their perceived obsession with beauty, order and functionality. The impact on retailing in Plymouth was telling: before the war, retail occupied 27 per cent of Plymouth’s town centre; in Abercrombie’s 1946 plan, it occupied just 12 per cent with most of the land taken up by public space and monumental road axes. For the minister, the only metric that mattered was how a well-planned shopping district would perform as an economic space.

- 6.9 But there was a second and equally profound effect of town centre redevelopment in the 1940s and 1950s that would have lasting implications. In line with the ministry’s preference for large scale reorganisation of retailing that favoured larger retail chains, smaller traders were effectively removed from the town centres, either by design or indirectly through massive rent increases (city centre rental prices in Plymouth, for example, were 40 per cent higher in 1946 compared to 1939). The government preferred the larger retailers simply because they were well-organised, well-funded, and could negotiate quickly with individual local authorities on site development.
- 6.10 The key issue to note here is that, as the 1950s progressed, town centre development tended to occur as a negotiation and contract between local authorities and retailers, as opposed to property developers. This meant that the local authority used planning powers to clear the site, and then respond to the needs of individual retailers who, in turn, claimed they were responding to the consumer, by creating new shopping plazas. These centres were often of a different design and form compared to anything experienced up until that time, with large scale buildings over several floors, employing continuous facades and possibly canopies to shelter people from the inclement British weather. The emphasis was on efficiency, experience and convenience.
- 6.11 For local authorities embarking on town centre revitalisation, the benefits of working with individual retailers to realise commercial development was not only to physically remove unsightly bomb damaged sites, but also to ensure the future prosperity of the city long term through rents; and there is an interesting parallel here with how some local authorities viewed development in places in the 2010s, as they dealt with the consequences of imposed-austerity and public sector cuts. But the 1950s partnerships between local government and retailers were also signifiers of the dynamic growth potential of the consumer economy and escalating urban property values.
- 6.12 As town centres started to develop, the market opportunities for investment became much clearer for the private sector. Initially, this tended to be focused in the New Towns, where town development corporations provided valuable, ready-to-develop plots on favourable long term leases. But, as older towns started to be rebuilt, and the financial models examined, there started to be a shift in developer patterns. Rather than local authorities work in partnership with the retailers, large-scale property developers such as Ravenseft and Arndale moved onto the scene. The change was as much down to an individual town’s development ambitions as it was to the market. For example, Bristol City Council had arranged a 30 year £400,000 loan (about £14.5m in 2022 prices) to build one complex, the Broadgate scheme. But, by the mid-1950s, the ministry made it clear that it was not prepared to finance local authorities’ municipal borrowing to fund commercial schemes and, rather, favoured private enterprise.

- 6.13 Against this backdrop, those large property interests had developed rapidly as the British financial sector (such as pension funds and insurance companies), interested in property-accumulation, began to drive forward schemes as the economy generally saw inflation-busting rises in the value of sites and buildings. In 1939, there were just 35 of these companies listed on the Stock Exchange; by 1962, there were 170 with a valuation of £800m (equivalent to £18bn in 2022). Invariably, the pressure was on to dramatically transform the retail sector but also the physical manifestation of retail locations spatially in town centres, partly also in response to a rapid rise in wages, household finances, and spending power.
- 6.14 The planning response from the late 1950s onwards was to designate comprehensive development areas, initiate compulsory purchase powers for land assembly over sizeable city and town centre locations, and to enable the property companies to pursue ambitious shopping centre developments. For most local authorities, this marked an opportunity to pursue urban renewal on a dramatic scale, at a time when so-called slum clearance of older terraced housing was still a requirement. The plans often met with opposition from the smaller and independent traders, not only those compulsory purchased off their sites, but also other retailers around the town who feared footfall declining as customers were attracted to shop within the new complexes.
- 6.15 The geographical pattern of commercial investment also changed during the 1950s, away from blitzed town centres to other towns and cities that had been unaffected by bombing. The lucrative financial returns of large scale property development prompted scores of schemes across the UK, with developers promising the collocation of at least one large scale prestigious retailer, such as Debenhams, House of Fraser, C&A, or British Home Stores, as a magnet store within the projects. These magnet stores were larger and more elaborate than anything seen before, often constructed over several floors, and acted as anchors for urban regeneration in the vicinity. Inside the centres, retailers pushed forward for profit-enhancement and allured the consumer through new forms of marketing, store design, and lighting.
- 6.16 The increased living standards and consumer wealth of the Macmillan period saw customers frequent the new stores, as patronage of older smaller independents started to wane, unable to compete with the larger retailers offering so much choice and the latest fashions and styles, illustrated markedly through novel advertising and marketing campaigns. Local authorities sought to attract the biggest retail chains in order to compete with neighbouring towns, and become pre-eminent in the geographical hierarchy of commercial centres. It was in the post war era that academics started to write about ‘urban hierarchies’. Such was the nexus between local authorities, property developers and retailers, that the opening of new shopping developments was often arranged as civic ceremonial affairs. Towns started to be judged by the outcomes of their comprehensive development plans, and the number of and prestige associated with high-end large retail stores.

- 6.17 By the 1960s, however, different points of view had started to emerge: town and city centres had been developed at a rapid pace in line with both central government's expectations to jolt local economies, and local government's ambitious plans to remodel their commercial centres. But the plans and the finance did not sit together. Instead, local authorities became the facilitating agents of the private sector, initially for retailers and then, increasingly, for large scale property developers. The outcome was vast new shiny retail developments and glossy shopping experiences, at the expense of small independent traders, but centres that did not provide much financial return (a form of betterment from the uplift in land values) for local government and local public services.

The Golden Age: Retail Developments from the 1960s to the 1980s

- 6.18 By the mid-1960s, plans to improve the retail concentration of towns and cities tended to focus on more comprehensive and ambitious schemes. The UK was not alone in pursuing this approach; other nations, including the United States, Netherlands and Sweden, had already adopted total visions for large scale redevelopment. This often involved demolition on a jaw-dropping scale, revising the urban road network, and creating modernist visions that employed all the latest technological and design know-how, including pedestrian deck access and walkways, covered precinct shopping streets, subterranean car parks and delivery areas, and the provision of other uses within the developments.
- 6.19 These architectural and planning forms were the result of a perfect storm of causes: the political will of central government to utilise local planning for comprehensive urban remodelling; the preference for large scale property developers to deliver schemes; the financial returns from 'going big' as investment possibilities; rapidly increasing living standards for people, including an associated desire for the latest styles and fashions; and, not discussed until now, the rapid increase in private car ownership on Britain's streets.
- 6.20 It soon became apparent by the late 1950s, that the postwar policy of developing shopping areas along the major trunk routes of town centres might have initially benefitted retailers. But the increased volume of traffic, the interaction between local traffic and long distance through-traffic, and the lack of car parks, was causing major gridlock in places that had not seen any transformation of the road system since Victorian, or in some cases medieval, times. The Government-commissioned the Buchanan Report 'Traffic in Towns' in 1963 to consider options for dealing with urban congestion. Buchanan's report did not impose solutions directly on individual towns and cities, but local authorities reacted with a range of sometimes-radical options for dealing with the problem, ranging from the construction of urban motorways and ring roads, multi-deck engineering, and further demolition. These were enabled by grants made available from the Ministry for Transport. Alternative transport modes, such as the railways, were not considered an option for intra-urban shopping expeditions, being in a spiral of decline. That, in turn, resulted in the Beeching Report 'Reshaping British Railways', also in 1963, that presaged the closure of vast kilometres of local rail services and some under-used stations in towns and cities.

- 6.21 While the Buchanan and Beeching Reports had their own affect spatially across the cities and regions of Britain, the Government was – in parallel – pursuing a major motorway-building programme. The first section of motorway, the M6, had opened to much fanfare in 1958. Long distance motorways, linking cities to cities, may seem tangential to an examination of local shopping trends and town centres. But, in reality, and over time, they had a dramatic transformational impact on urban spatial patterns and retail organisation through a domino effect. Larger roads enabled retailers to transport goods in larger lorries which, in turn, enabled larger stores to be constructed in places and managed through just-in-time systems. They gave rise to what-we-refer-to-today-as logistic services, with an associated escalation of larger in-town stores, the development later of out-of-town shops on the urban periphery, and the building of major warehousing and logistic hubs at, or close to, motorway intersections.
- 6.22 We shall consider the consequences of these changes later, but here it is worth pointing out that, for all the local boosterism underway in the 1960s and 1970s to attract footfall into new large shopping centres, as encouraged by the Government, another part of Government was simultaneously initiating a transport programme that, over time, would eventually undermine in-town shopping.
- 6.23 Meanwhile, the development of comprehensive retail complexes in the heart of town centres continued unabated through the 1960s. The Government had tried to keep track of the tsunami of retail centres by initiating a census of development schemes in 1965 (abandoned in the 1980s). This indicated that, in 1965 alone, 600 projects were underway in 200 different locations. 80 per cent of these were town centre developments, and over 75 per cent of them involved the provision of new retail spaces. In some places, such as Birmingham, Manchester and Croydon, each local authority was dealing with as many as 20 projects.
- 6.24 In parallel to the retail schemes, the Government was also awarding grants to local authorities for housing and environmental improvements through major public housing programmes, further slum clearance, and the provision of new council and private housing in medium and high rise complexes. This released high-value land in town centre locations that could be appropriated for both new commercial activity and road transport improvements. Since local authorities could not fund, and were not allowed to make any financial return, from commercial development, it was the larger property investors that made the provision. They focused on expensive types of retail development which, in turn, priced out the smaller traders even further and led to small shop closures or relocation away from the comprehensive area boundaries.
- 6.25 The investment model was borrowed from the United States: developers would fund schemes in smaller towns, and use the income-generating assets to move onto more ambitious projects elsewhere, while utilising public land supplied through local authority compulsory purchase powers and land assembly. The shopping malls themselves were also a design of US origin: enclosed multi-level shopping streets, central road layouts, multi-storey car parks, with additional commercial uses such as restaurants, pubs, cafes, bowling alleys and nightclubs, linked to ancillary developments such as hotels, public transport interchanges, offices and housing. Birmingham's original Bull Ring Centre, opened in 1964, boasted 140 new shops, 23 acres of retail space, the largest Woolworths in Europe, supermarkets and restaurants, and a banqueting hall that could seat 2,000 people.

- 6.26 Being able to drive one's car into the new retail complexes, to be as close as possible to shops, was often used as a marketing ploy, where local authorities trumpeted the ease and convenience of shopping by car. Indeed, in the 1970s, the latest models could often be found on display centre stage in the middle of shopping malls. This was the era of mass consumption, mixed with social and cultural modernisation, and personal affluence. The convenience, the access, the avoidance of the terrible British weather outside, were all used to advance schemes through commercial know-how in negotiations with local authorities. Precincts were described as new social meeting places, in a throwback to the Greek Agora, and there was an attempt to use central spaces for events such as concerts, fashion parades, and exhibitions. In some cases, the local authority relocated public services – libraries, citizen advice bureaux, even planning departments – into corners of the shopping mall, such as the ample over-engineered spaces created.
- 6.27 From a planning perspective, they provided the solutions to a range of thorny problems in one swoop: urban renewal, traffic management, pedestrian segregation from road users, a boost to the local economy, and leisure provision. The latter had become more of a planning issue in the 1960s and early 1970s when experts predicted the economy would be so advanced and household wealth so much improved, that people would be able to enjoy more leisure time. This notion, too, was an import from the US. But, critically, all of these benefits were predicated on retail, and the investment patterns of the private financiers. And, more pertinently, swathes of terraced housing, even those of good quality, could be swept aside to make way for the complexes since they were regarded as obsolete, with hundreds of people being displaced in the process. It is little wonder that, as time progressed, this planning solution was viewed as thinly-veiled social engineering.
- 6.28 For the small independent traders, life became more difficult as we passed into the 1970s. Campaigns were waged by small trader associations at planning inquiries against the juggernaut of major development, but to no effect. The Government had little enthusiasm to ensure the provision of subsidised pitches or market stalls, for fear they would eat into the viability of the overall scheme. Furthermore, through civic boosterism, the larger cities with their new state of the art retail facilities also started to have a detrimental impact on the economic fortunes of smaller towns and cities in the region, as footfall transferred to the glossier locations. This, in turn, further undermined the role of essential small businesses in those towns.
- 6.29 By the mid to late 1970s, as the energy crisis, trades union disputes, and economic recession kicked in, so the fate of these shopping malls changed dramatically. Within some of the larger shopping centres, the select public services that had been colocated within their spaces became difficult to resource and manage on a continuous basis. In certain instances, community and public service space functions were never delivered, as cost cutting measures to secure the viability of the projects meant leaner delivery. A range of anti-social problems were reported in some centres, including theft, assault, and harassment, and this meant the precincts became heavily managed places through specialist security teams and led to reduced opening hours; the shutters came down at the close of shop business rather than remain open for people to access the community facilities. So much for the promise of covered city streets.
- 6.30 With local authorities facing budgetary crises, anything deemed to be non-essential was cut back. Centres started to decline, shops and facilities closed, they became havens for crime, and repairs were not addressed, leading to a look of abandonment, not helped by the liberal use of

concrete as a modernist building material. It was only then that planning authorities realised that the new shopping developments were not the centres of community life, as had been promised, but were rather a space to extract the maximum profit from consumers.

- 6.31 The centres that opened in the mid to late 1970s, such as the Arndale in Manchester and Brent Cross in London, were widely criticised for their claustrophobic design by customers, pointing out the lack of daylight penetrating the centres, the inadequate lighting, and the modern décor that already seemed dated. Interestingly, people stated in surveys that they still preferred traditional markets, both indoor and outdoor, and this seemed to be anomalous compared to the major retail upheavals that had gone on over the previous four decades. The golden age of the large in-town shopping complex seemed to be coming to an end.

Enterprise and Fragmentation: Retail Trends between the 1980s to 2000s

- 6.32 One contemporary historian Alistair Kefford noted, 'Retailing is a barometer rather than an engine of change'. As Britain entered the Thatcher era, recession was still very much evident and would worsen significantly over the following few years with both high unemployment and inflation. After 30 years of successive Government policies that had prioritised the development of larger, comprehensive retail complexes, surveys of shoppers indicated that those types of stores were not necessarily what the shopper wanted. Rather, respondents to Gallup polls in the 1970s highlighted day by day shopping habits, a preference for smaller frequent purchases, at inexpensive settings such as markets, and a reliance on walking and public transport to access shopping areas. The high-end retail offer was also not what many disadvantaged households, many of which lacked access to a car, could afford or sought.
- 6.33 However, these preferences did not coincide with the way macro-economic policies were heading and, after 1979, a Government that sought to develop economic growth and enterprise. As local authorities in town and city centres sought to wrestle with the problems now associated with the shopping centre complexes (less consumer spending, vacancy rates, a loss of public facilities, poor design and upkeep of buildings), central government was actively encouraging the relocation of retail to out-of-town or urban peripheral locations. Taking the cue from the American model of hypermarkets, retail parks, and regional shopping centres, and with the arguments centred around retail efficiency and consumer habits, there started to be a push for a more diverse geography of shopping.
- 6.34 Britain was something of an outlier at this time; many nations around the globe had long embraced the development of multiple places of retailing in inner, outer and fringe urban locations. It was only after the designation of Enterprise Zones and other simplified planning tools that new employment locations (which included retailing) could start to be designated outside town centres. In reality, the drift towards out-of-town shopping had already started in selective locations across the UK ten years previously, against the backdrop of intransigent town centre first planning policies and countryside-based anti-development sentiment. The French retailer Carrefour was one of the first to develop out-of-centre stores in the UK.

- 6.35 Geography, the scale of the retail economy, a drive for efficiency, the need to accommodate growing numbers of car shoppers, and the ability to move larger amounts of goods by larger lorries across the motorway network, all meant that retail had outgrown the town centre. The frontrunners in this shift were places where space was central to the demands: the New Towns, where there was sufficient land designated but unbuilt on town peripheries, and historic centres, where there was an urgent need to remove cars from road and urban layouts that could not cope.
- 6.36 The appeal to the shopper was one of convenience and time, by being able to use the car and park freely, and undertake no more than one shopping trip once a week, accompanied by the novelty – for some – of being able to bulk-buy for less. As new superstores opened, they were accompanied by a proliferation from 1982 of non-food retailing, including warehouse DIY stores, furniture and electrical stores, and garden centres. By 1989, retail parks accounted for half of all new shopping space opened that year. Many local authorities resisted the out-of-town movement, by refusing planning permission for stores, in order to protect the town centre. But, set against the new pro out-of-town national planning policy of the Government, many of the schemes were allowed on appeal.
- 6.37 As the decade passed, a second new geography of retailing emerged, through the development of regional shopping centres, located within Enterprise Zones. Gateshead in the North East (the Metro Centre) and Merry Hill in the West Midlands were the first to be developed through tax concessions, relaxed planning controls, and a ten year exemption from paying rates. The Metro Centre comprised 1 million square feet of retailing comprising 360 shops, and a further 500,000 square feet devoted to a bus and train station, ten screen cinema, a funfair, and a bowling alley. It was developed by a property development company, Cameron-Hall, and owned and managed by the Church Commissioners (the property arm of the Church of England). By 1990, the whole complex employed 5,000 people, and footfall was approximately 200,000 per week with an annual turnover of £350m (equivalent to £847m in 2022). As the 1990s progressed, Gateshead Council saw a steep decline in the fortunes of Gateshead town centre, three miles east of the Metro Centre, and even took to rechristening the new complex as a ‘town centre’ in local plan terms. The impact was felt less in the major cities, and more profoundly in the smaller county market towns across the region.
- 6.38 Here, despite the 1980s being characterised as laissez-faire in planning terms, similar to the 1940s and 1950s, we witness the strong arm of the state deciding directly the location of retailing; the difference, this time, was that it was all facilitated by central government rather than by local government. Over the following few years, two additional regional shopping centres were created at Meadowhall (Sheffield) and Lakeside (Essex), all adjacent to motorway intersections, making the four regional centres the most successful trading locations in the UK. Again, though, the appeal was to the car-based wealthier shopper; those poorer and less mobile found it more difficult to access the centres. To critics, it smacked of what-they-described-as the ‘Disneyfication’ of retailing.
- 6.39 For the larger non-regional shopping centres around the UK in the 1990s, there had been a fightback. Many had undergone significant refits and extensions, including Birmingham’s Bull Ring, Nottingham’s Victoria Centre, Newcastle’s Eldon Square, and Greater Manchester’s Trafford Centre. In other places, a slightly alternative model emerged which saw the wholesale enclosure of both properties and streets; Liverpool ONE, developed by Grosvenor Group, is one

of the best known, opening in 2008, costing £1bn, and covering 42 acres of the city centre. These trends have been accompanied by the emergence of town centre management, specifically tasked with promoting towns and cities but also with marketing and campaign efforts, often based around events and special offers to attract footfall back to the city.

6.40 Elsewhere in the urban realm, as part of the movement towards an urban renaissance from the late 1990s onwards, retailing formed part of a mix of uses for new waterside regeneration of river and canal frontages in towns and cities, through the redevelopment of port and dockland areas, and on windfall sites in central locations. These locations saw modest retail complexes emerge built around an improved high quality public realm and new housing complexes. They were often dubbed by experts as festival shopping, with a concentration of independent and creative sales, pitched to the tourist market. If anything, their older parallels were Victorian and Edwardian arcades, still to be found in many towns and cities across the UK today.

6.41 All these efforts had the effect of boosting town and city centres once again so that the out-of-town centres were no longer in competition, but rather became complimentary to what shoppers could find in the town. A significant national policy change had occurred in 1994 when the Government adopted a much more of a pro-town centre approach, reacting – perhaps – to a noticeable trend of town centre decline caused by the spatial effects of the previous pro-out of town policy. Planning Policy Statement 6, together with new national planning policy on transport, tightened the regulation of retailing for both in town and out of town locations. This was part of the 1992-introduced plan-led planning system that rewarded local authorities with the powers to prepare local plans and make decisions based on the contents of those plans. , The new approach was to introduce a sequential approach to shopping, effectively promoting town centre first approaches. The Government asked local authorities to consider the viability and vitality of town centres as part of their planning options. This was accompanied by new requirements to demonstrate retail impact and retail needs assessments, and – in a nod to sustainability – to consider whether developments impacted upon car journey numbers and length. With the Planning Inspectorate also following the new policy, it meant that developers could no longer rely on the appeals mechanism and national policy, to get their schemes through against local decisions.

6.42 The impact of this measure for food retailing was a decision by developers to open new metro shopping stores in urban locations (Tesco Metro, Sainsbury's Local etc), alongside the supermarket chains' more extensive out-of-centre superstores. Major food retailers continued with their large store expansions in the 2000s, sometimes out-of-line with planning policy, and often incentivised through the offer of planning gain for community facilities that they would fund and build. Tesco was one such retailer, promoting the development of what-they-called 'Tesco Towns' around the UK, with a range of sport, community and transport planning gains in close proximity to their store locations (e.g. Streatham). But, even here, there were difficulties. The banking crisis and global recession of 2007-8 meant that many of the planning gain offers retailers made were cancelled and, within a few years, the Government ensured that commercial viability of schemes, rather than of towns, became a relevant planning consideration for local authorities to consider.

6.43 Some larger retail complexes have opened since 2001, but these have often been embedded within major infrastructure schemes, such as railway stations (London St Pancras, Birmingham New Street), airport (London Heathrow Terminal 5), and strategic regeneration projects

(Stratford, Battersea). Their spatial effects are therefore potentially more concentrated. Some schemes remain on the table, and could accelerate in future, given Network Rail's desire to develop significant elements of unused land in its portfolio to fund its renewal programmes. And some of these have been controversial in planning terms, such as proposals to build over the stations or railway lines at Edinburgh Waverley and Aberdeen for example. In London, the Mayor and Transport for London have also embarked on a commitment for new multiple uses for station redevelopment that will include retail. Given the often-central location of critical infrastructure renewal, there is always a possibility that such schemes in future may affect a wider area.

6.44 Since the mid-2000s, towns and cities have also seen the emergence of a new American-style governance model, Business Improvement Districts (BIDs). These are voted in by businesses within a specific area, to represent retailers and others, but also make decisions and invest, from a levy charged on business rate payers, on a range of environmental and promotional issues within their designated areas, beyond the control of local authorities. Some of these BIDs are large enough to embark on the development of new visions for their urban areas, although they do not possess formal planning powers. Nevertheless, they have become critical players in how urban design, renewal, and planning issues, together with events, can be utilised to attract additional footfall, and are a useful representative voice for retailers in any future spatial change.

6.45 Since the millennium too, the larger shopping centres have also experienced significant ownership changes. This period witnessed the onset of corporate takeovers, and the prominent role of international capital accumulating retail sites both in the UK and globally. Among the conglomerates was Intu which owned a number of major shopping centres in UK cities. 150 UK shopping centres were valued at £6.5bn in 2004 but, under these conditions, the value of a shop became detached from the actual business of shopping. By the 2010s, UK retailing had become a lucrative tradable commodity as part of larger global financial wealth holding. This ensured a steady form of investment, but also make such companies extremely vulnerable to global financial shocks. It is the financialisation of retail property that has now collapsed in the UK, facilitated by online retailing and the impact of Covid-19, with calamitous effects for many town and city centres.

Post-Covid: Finding Innovative Solutions



Image: Gary Butterfield/Unsplash

- 6.46 The recent collapse of retailing has decimated town centres. Town centre retail expenditure, as a proportion of total retailing, had already declined from 49.4 per cent in 2000 to 36.6 per cent in 2018. This decline may be attributed in part to the growth of internet shopping. The UK shopper purchases more online as a percentage of total sales than in any other European country. In 2008, online retailing accounted for 5 per cent of sales; by 2019 it was 19 per cent and post-pandemic is rapidly growing towards 30 per cent of all sales. This is driven by a complex mixture of push and pull factors – including the UK’s low cost and competitive home delivery sector and robust consumer protection laws for distance selling.
- 6.47 Concurrently, footfall in town centres has declined by about 18 per cent. In 2018, 28 retail chains ceased trading, closing 14,500 shops, and creating 117,000 more unemployed. The national rate for shop vacancy is about 1 in 10, although in some locations – even on the flagship Oxford Street of London – the figure may be as much as 25 per cent. The trends driving which locations experience higher vacancy rates are complex, and place-specific factors often dominate over generalised characteristics. The analysis presented in phase 1 emphasised that smaller centres have generally been more resilient, and that the availability of smaller, low-cost, flexible units have been a strength as opposed to big-box stores.
- 6.48 Covid has exacerbated the situation even further thanks to lockdowns, ill-health, working from home, and behavioural changes on the part of consumers. Brexit also accounts for two impacts: a significant drop (caused by some outward European migration) in the numbers of people looking for work in both the retail and hospitality sectors, leaving some businesses short of workers with a knock-on effect on trading times and offers; and through the ease or difficulty of trading, with shortages in certain types of goods and foodstuffs entering the UK.

- 6.49 Intu, one of the dominant players in UK retailing, collapsed in June 2020, with debts of £5bn, caused by a material decline in its core retail based estate portfolio and the company being entangled with so many international financial firms, including banks, pension funds, and equity investors. With overseas investors now owning an estimated one fifth of all UK shops, it leaves the retail sector further vulnerable to global changes.
- 6.50 Solutions to these overlapping crises, where a perfect storm has been created, are more difficult to achieve quickly. The intersection of long-term uncertainty around public and private sector priorities for town centres, coupled with the gradual but consistent growth of online commerce, has intersected with a series of significant short-term shocks including labour and energy cost increases and the Covid pandemic.
- 6.51 Some continue to argue for a business as usual approach, by encouraging footfall back to town and city centres. Indeed, some places (such as Newcastle) are still constructing large scale mixed use centrally-located shopping centres in the hope that customers will return. For others, due to the online retail revolution and the behavioural changes caused by Covid, they suggest a new approach is needed to how we view and use urban centres.
- 6.52 The Government has been proactive by launching a £1bn Future High Streets Fund within a wider £3.6bn Towns Fund for local authorities to boost local public investment to support traditional retail cores. This has been allocated competitively from a bidding exercise, but has perhaps favoured places where local authorities already possess schemes 'ready to go'. The impact of this funding has yet to be seen or evaluated.
- 6.53 In other places, high streets have decided to go it alone. The Government launched a competition to find the UK High Street of the Year, and this was won by Treorchy, in South Wales². A town of just 5,000 residents, at 2020 in boasted a 96 per cent occupancy rate for its high street. Led by local businesses, the campaign had developed a digital element (a bespoke website for retailers, an app for consumers offering discounts in local stores, and marketing campaign), and a series of events to attract footfall, including an open air cinema, a summer Pride, a farmers' market, a Christmas parade, and an arts festival. Kelso and Crickhowell have also been named as 'rising stars' in the competition, and has adopted similar techniques.
- 6.54 In some towns, there has also been a long standing commitment to encourage residents to shop and spend locally. Totnes, in Devon, adopted the Totnes Pound, its own currency, between 2007-19³. One Totnes Pound was equivalent to one pound sterling, and the currency could be exchanged and used in local shops. The intention was to keep money circulating in the local economy, to encourage local trade, and to make people think about behaving sustainably. The scheme was wound down owing to the move towards a cashless society.

² <https://www.theguardian.com/uk-news/2020/jan/24/it-came-out-of-adversity-how-treorchy-became-uk-best-high-street>

³ <https://www.transitiontowntotnes.org/project-groups/saying-farewell-to-the-totnes-pound>

- 6.55 An alternative approach has been adopted in Sunderland and Kendal by a tech entrepreneur. Parking Perx is an app that can be utilised by consumers parking their vehicles in town centre car parks⁴. They pay the parking charge on the app, rather than at the car park, and this gives them rewards to spend in shops locally where retailers have signed up to the scheme. This initiative combines both online spending with footfall: people earn online, but spend in store. There is no reason why this approach could not also be adopted for consumers utilising local bus, tram or metro services in future, although additional regulatory or institutional hurdles would need to be overcome.
- 6.56 With continuing concern about traffic congestion and increased air pollution in urban areas, many towns have embarked on proposals to create car-free commercial centres, enhanced space for walking and cycling, pop-up event space, and more public seating in landscaped settings. Some of these are on a mega scale. The public realm improvements have been very marked in places such as in Paris, with the \$304m pedestrianisation plan of the Champs-Élysées announced for the next ten years⁵, and in Vienna where businesses such as restaurants and bars have been allowed to expand out into car-free streets permanently⁶.
- 6.57 In other locations, urban open markets have been created, usually in one large building or in and between several empty buildings. Lisbon's Time Out market, for example, is a large indoor market space that accommodates high-end pop-up versions of boutique outlets and highly-ranked restaurants in the city, clustered around a central communal eating area⁷. A related development is the Mercato Metropolitano near Elephant & Castle, in Southwark, that is a sustainable community food market that sources local produce in a series of small high-end retail outlets, bars, and restaurants in converted warehouse buildings, built with communal indoor and outdoor seating areas, play areas for children, and a small independent cinema⁸. These developments have attracted increased footfall for, essentially, 'foodies' (predominantly professionals aged in the 20s to 50s) searching for more alternative, and more actively curated, places to visit in their leisure time and to meet friends.
- 6.58 The attempt to increase footfall through the provision of pop-up events and other creative ventures has led to some success to generate more business. An artist applied to install a giant inflatable water slide along Bristol's steeply-banked Park Street, termed Park and Slide, as part of the Make Sundays Special programme of events in the city centre in 2014⁹. 100,000 people applied for just 360 tickets to ride on the feature as part of family friendly play activities in the urban area. But, critically, the event generated an additional 300,000 visitors to the city centre on that one weekend.

4 <https://www.parkingperx.com/>

5 <https://www.dezeen.com/2021/01/12/champs-elysees-avenue-paris-extraordinary-garden/>

6 <https://govinsider.asia/intl-en/article/vienna-a-city-in-the-fast-lane-of-the-smart-mobility-revolution-ina-homeier>

7 <https://www.timeoutmarket.com/lisboa/en/>

8 <https://mercatometropolitano.com/elephant-castle/>

9 <https://www.theguardian.com/uk-news/gallery/2014/may/04/bristol-turns-central-street-into-giant-water-slide-in-pictures>

- 6.59 Elsewhere, there are bolder plans. In Newcastle upon Tyne, the city council and NE1 BID announced in 2021 that they were embarking on a £50m City Centre Transformation Programme centred around Northumberland Street Area¹⁰ that includes the removal of buses from some streets, the provision of greater urban greening of buildings and facias, more art installations, and the conversion of smaller side streets into festival/independent retail spaces. In Stockton on Tees, the borough council has announced plans to bulldoze half the high street and replace it with an urban park¹¹; it is a radical plan to counter a 30 per cent retail occupancy rate that the council does not think is redeemable.
- 6.60 All of these examples speak to local authorities and cities responding to consumer expectations around a more experiential based interaction with town centres – which fundamentally are about providing places for people to mix and interact across a broad range of uses. Actively managed, curated, programmed spaces offering a series of changing and engaging content that, over the year, offers reasons for all ages and demographics to interact with the town centres; this is seen by many as a key response to reverse declines in footfall and retail spend.
- 6.61 Such experiments may seem a far reality from empty shops and business decline, and not all brainwave schemes work, vis-à-vis Westminster’s temporary installation, the Marble Arch Mound, that only became an attraction because of the negative reactions it generated and the viral online attention these received.
- 6.62 Research has shown that the impacts of these initiatives do lead to increases in footfall, but the impact on business growth on the medium term is more uncertain, while other issues – such as Covid urban recovery, the prevalence of online retailing, the slow return of tourists and visitors to places – remain evident.
- 6.63 There appears to be no magic bullet to the problems of town centres at the present time. But, looking back over the ebbs and flows of retailing, the rise and fall of shopping centres in all their forms since 1945, we can identify certain traits. There is still a clamour on the part of visitors for, what we might term, the unique urban experience. People still want to visit places because they offer something distinctive. That may not only mean in an historic sense, but rather because they offer a range of independent retail and food options. These places may also have a market or one of their modern equivalents.
- 6.64 There is some interest in the designation of further green, well-designed public realm, and car-free spaces, places to amble, browse, sit down, eat and drink, to experience culture or creativity, or to play. And there is some evidence to suggest that the further provision of food and drink outlets in properties that were previously shops are popular with the public – encouraging an increase in both footfall and visit duration.

¹⁰ <https://www.newcastle.gov.uk/citylife-news/newcastle-city-council-reveals-vision-ps50m-transformation-city-centre>

¹¹ <https://www.stockton.gov.uk/article/8728/Stockton-Waterfront-urban-park>

- 6.65 In some locations, ‘meanwhile uses’ have emerged as temporary developments on vacant sites, usually comprising food and drink options, sometimes utilising the shells of shipping containers; Box Park in Croydon, Wapping Wharf in Bristol, and By The River Brew in Gateshead, are some of the most successful¹². It is important to note that this opportunity is not always capitalised upon, and that vacant units can sometimes attract undesirable uses based on low rents. For each centre, a careful strategy is a key ingredient to successfully encouraging positive “meanwhile uses”.
- 6.66 There have been attempts, mainly led by BIDs and traders, to develop the night time economy further, through the provision of night markets, extended shop opening hours, and events. This can often go beyond the traditional night-time economy, including visitor attractions such as museums and galleries. There might be some evidence to suggest this may work in places with better evening public transport services – particularly in and around major transport hubs. Recent data in respect of London, for example, shows that commuting-time uses of public transport remain at about 70 per cent of pre-Covid use, but that evening use of transport has recovered much more sharply, suggesting people are prepared to use public transport more regularly for leisure purposes.
- 6.67 Finally, given concerns around the carbon impact of demolition as we strive for net zero, there are moves towards looking at more alternative creative, community and residential mixed uses for large scale department store conversions (eg John Lewis on Oxford Street, or the programme led by Waitrose including in West Ealing). Those local authorities that are still fortunate enough to own parts of their high streets and commercial centres appear to be in a much better place to deliver or facilitate these aspects of urban living, all of which have the potential to increase dwell time in and between shops.

¹² <https://www.business-live.co.uk/enterprise/small-and-medium-enterprises/could-shipping-container-shops-help-19939643>

Alternative Planning Approaches



Image: Philip Chowk/Unsplash

- 6.68 The UK approach of planning policy and discretionary decision making could be contrasted to how other countries have dealt with retailing. Approaches to zoning, in contrast, in European countries (eg Spain, Portugal, Germany, France) and North America (eg USA) have broadly followed a similar pattern to each other and to the UK over the last 50 years, intended to preserve a hierarchy of retail development. The changing pattern of retailing and its location in or impact upon existing commercial centres has followed a common pattern, from the development of hypermarket stores, edge-of-centre stores, revitalisation of town centres and protection of independents, to development of factory outlets and festival shopping, to the introduction of managed town centres, mitigating the impact of online retailing and business closures, and broader meanwhile uses and creativity to attract footfall.
- 6.69 Planners have sought to restrict new development to designated town centres through zoning, and have regulated to ensure that only designated commercial areas see new or changing retail developments. However, they have been largely thwarted by the principle that only the market should determine the location of commercial activity. This has also been compounded by a right, for example in the United States, for developers to request the designation of new commercial zones, possibly outside existing more traditional urban centres and on car-based transport nodes, that then become competitors to traditional in-town activity.
- 6.70 Over the last 40 years in zoning regime countries, off-centre growth has been more marked in France and the USA, but less so in Germany and Italy, even though the same type of zoning regulation is apparent in all these countries. And the extent of German off-centre commercial activity has been less than in the discretionary based planning system in the UK.
- 6.71 There is some evidence to suggest that zoning in the US, for example, has increased business competition. By keeping shops away from residential areas, retailers have been forced to come together which, in turn, leads to more competitive prices of goods and services.
- 6.72 Finally, changes to planning regimes historically show that they can lead to a sudden and instantaneous development rush to progress developments that are about to be restricted in some way. In the UK and in Germany, for example, when attempts were made to regulate commercial development to more town centre locations through planning, it led to developers attempting to pre-empt the new regimes coming into legal force by a rash of new proposals.

- 6.73 As out-of-centre, or edge city developments (eg in the USA) have been built out over the last 30 years, so too have other vested interests sprung up. These have generated increased business rates and other taxes in those locations, but have also then led to demands for more infrastructure spending in these locations by businesses and citizens to create and expand services. This has led to a domino effect where edge city locations, often around major road intersections, see a demand for other types of land uses and commercial activities such as offices and hotels.
- 6.74 This has been most evident in countries that have a combination of zoning but also more relaxed attitudes towards market-led development. As a result, internationally, there is an asymmetrical approach to commercial development, with global development interests targeting countries that are perceived to have more flexible planning approaches (such as the UK). The reflexive nature of this relationship between public and private sector has arguably led to faddish and short-termist policy outcomes. Many of these trends have less to do with zoning and more to do with the changing habits and profiles of retail consumers and the changing pattern of commercial real estate globally.
- 6.75 The development of more managed town centres in the UK, such as through Business Improvement Districts, has led to a total place approach to commercial centres, since it has given the relevant businesses in the designated area relative free reign to experiment with approaches to attract footfall. Some of these initiatives have also been led by local government, by chambers of commerce, and by partnership consortia.
- 6.76 As with the UK, recent examples from the European continent suggest that town centre revitalisation is being created around bars, restaurants and the night time economy, coupled with the provision of creative, artistic, or greening traffic-free family-centred public realm improvements. A key part of this is also the mixed-use nature of many other European centres – with families living at the heart of town centres which much greater frequency. This has consequential effects on the vibrancy of other assets and services in the town centre.
- 6.77 This leads us to a consideration of the role of residential spaces in town centres, which is discussed in the next chapter through a more specific UK lens – that of permitted development rights.

7 Housing created through permitted development rights

National context



Image: Luca Nicoletti/Unsplash

- 7.1 On 1 May 2013, the government introduced a new right which allowed across England, except for a few areas of exemption, the creation of new housing (Class C3 dwellings) from the conversion of office buildings (Class B1a under the use classes in force until 2021) under permitted development rights (PDR) rather than through requiring full planning permission. The creation of new dwellings through PDR marked a step change in the regulation of the built environment, and since then the government have continued to pursue this agenda. Instead of requiring locally granted planning permission, the principle of such development was established nationally, and local authorities were only able to check a narrow set of pre-defined technical issues for such schemes through a process called ‘prior approval’. The new rights quickly became popular with some developers, nationally delivering tens of thousands of dwellings, albeit with concerns being expressed about potential negative consequences.
- 7.2 The perceived success (by central government) of the office-to-residential rights, which had initially been on a temporary basis, led to the government making the rights permanent from 2015 and also introducing a range of other PDRs allowing the change of use of existing buildings to residential use. These included rights to convert agricultural buildings to residential, shops and financial services (formerly use classes A1 and A2) and a range of retail associated sui generis uses (amusement centres, casinos, betting offices, pay day loan shops or launderettes) to residential, light industrial units (formerly class B1c) to residential and storage and distribution centres (use class B8) to residential. The office-to-residential right did not have a

maximum size limit. The agricultural-to-residential right could be used to create up to 5 dwellings. The light industrial and storage and distribution to residential right could only be used to convert up to 500m² to residential whilst the retail-to-residential right came with a limit of 150m².

7.3 In 2020, the government introduced a raft of new permitted development rights which allowed the creation of housing through new build activity rather than the conversion of existing buildings. With a range of restrictions relating to the form and construction date of the building, new rights allowed existing houses to be extended upwards, and the construction of additional stories on top of free standing residential buildings, buildings in a terrace that are houses or certain commercial or mixed uses to create additional dwellings. Subject to size limits and limits on the type of building, certain commercial spaces could also be demolished and rebuilt as residential buildings under permitted development rights. These new rights were all subject to a range of new considerations on top of the existing prior approval factors applying to the change of use rights, such as certain design considerations.

7.4 In March 2021, the government then announced that it would introduce a new PDR allowing the conversion of commercial buildings from the wide-ranging new Class E use class into residential use (this will be known as ‘Class MA – commercial, business and service uses to dwellinghouses’ permitted development)¹³. The new PDR has been implemented as of 1 August 2021 and follows the introduction on 1 September 2020 of a major revision to the use class order, combining several previous use classes such as A1 (shops), A2 (financial and professional services), A3 (food and drink), B1 (business) and parts of D1 (non-residential institutions) and D2 (assembly and leisure) into one single new use class, Class E (Commercial, Business and Services).¹⁴ Since a change of use between use classes is counted as development and usually requires planning permission, but a change of use within a single use class is not considered development and so does not require planning permission, the revisions to create Class E have significantly reduced which changes of use between commercial activities can be managed through planning regulation. The government have argued businesses will have greater freedom to adapt to changing circumstances through this liberalisation.¹⁵

7.5 At the time of writing, in terms of change of use to residential, agricultural-to-residential rights are in force (with a limit of 5 dwellings), the retail related sui generis to residential rights are still in force (with a limit of 150m² which can be converted) and the new Class E to residential right is in force with a limit of 1,500m² floorspace which can be converted per scheme. The Class E right has superseded the former office and light industrial to residential PDRs. The temporary storage and distribution centre to residential right has fallen away and is no longer in force.

7.6 The introduction of the Class E to residential PDR has already been fairly widely critiqued.¹⁶ Concerns include the fact that local authorities cannot apply local plan policies and communities cannot be engaged and have a say on permitted development schemes and that through a more widespread Class E to residential right, the ability to proactively plan and

¹³ ‘New freedoms to support high streets and fast track delivery of schools and hospitals across England introduced today’ at www.gov.uk/government/news/new-freedoms-to-support-high-streets-and-fast-track-delivery-of-schools-and-hospitals-across-england-introduced-today

¹⁴ ‘Guide to the Use Classes Order in England’ at <https://lichfields.uk/media/6158/guide-to-the-use-classes-order-in-england.pdf>

¹⁵ ‘Changes to the planning system in England: Permitted development rights and use classes’ at <https://lordslibrary.parliament.uk/changes-to-the-planning-system-in-england-permitted-development-rights-and-use-classes/>

¹⁶ ‘Planning in England: permitted development and change of use’ at <https://commonslibrary.parliament.uk/research-briefings/sn00485/>

manage for a large range of urban change is reduced. The government's consultation on the Class E to residential PDR proposals did note that it would go 'significantly beyond existing rights, allowing for restaurants, indoor sports, and crèches etc to benefit from the change of use to residential under permitted development rights for the first time'.¹⁷ The consultation did not, however, attempt to quantify how much further the new Class E rights go beyond the existing PDRs for conversion to residential that they replace nor illustrate how much broader this scope might be. Research by the TCPA published in 2021 found across four local authority case studies examined that 80.1% of buildings subject to business rates could be potentially be converted to residential use under the now extended PDRs¹⁸.

7.7 There are also concerns linked to some of the issues predating Class E but which have become apparent since the introduction of the office-to-residential PDR in 2013. This has included concern about the loss of employment space (with a lack of ability to protect occupied or required commercial space), the inability of local authorities to levy Section 106 planning obligations or the Community Infrastructure Levy on such schemes (particularly relating to affordable housing contributions and funding of physical, social and green infrastructure to support increased numbers of residents in a neighbourhood), the resource implications for local authorities (with prior approval fees much lower than planning permission fees), and concern about the quality of homes delivered through this PDR route, with local authorities unable to consider design through the prior approval process.

7.8 In 2018 RICS published a report of research by academics from the UCL Bartlett School of Planning which looked at the implications of office-to-residential PDR, drawing on five case study local authority areas.¹⁹ In 2020, MHCLG published independent research led by the same academics from UCL, with two colleagues from the University of Liverpool, looking more widely at all commercial-to-residential PDRs.²⁰ Particular concerns related to the space standards of housing being created under PDR, lack of natural light into dwellings, the location of some conversion schemes (for example residential development in the middle of business parks and industrial estates), the unit mix (e.g. a preponderance of studio and one-bed flats) in schemes, and lack of access to outdoor space and lack of provision of amenity space and play space.

7.9 Following these reports and the concerns raised around housing quality as a particular issue, the government has introduced some changes to PDR, such as requiring 'adequate natural light to all habitable rooms' (since June 2020) and requiring schemes to comply with minimum space standards (since April 2021). These additional safeguards apply to the new Class E to residential PDR. Nevertheless, other concerns around suitability of location, accessibility, mix of units, affordability, access to green / open space and so on arguably continue to be concerns relating to the housing which might be created through the new PDR as well as the broader issue of the ability to actually proactively plan for this type of development.

17 'Supporting housing delivery and public service infrastructure' at <https://www.gov.uk/government/consultations/supporting-housing-delivery-and-public-service-infrastructure/supporting-housing-delivery-and-public-service-infrastructure>

18 'Our fragile high streets - death by permitted development rights?' at <https://tcpa.org.uk/resources/our-fragile-high-streets-death-by-permitted-development-rights/>

19 'Impact of extending development rights to office-to-residential change' at <https://www.rics.org/globalassets/rics-website/media/knowledge/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england-rics.pdf>

20 'Quality standard of homes delivered through change of use permitted development rights' at <https://www.gov.uk/government/publications/quality-standard-of-homes-delivered-through-change-of-use-permitted-development-rights>

- 7.10 The requirement under prior approval that units must be vacant for three months prior to conversion under the Class E PDR seems likely to be easily circumvented and offers little protection to prevent the conversion of still occupied premises. The impact of an unplanned, ‘pepper potted’ approach to conversion into residential use which might then further threaten the viability of neighbouring shops and threaten the vitality of high streets has been a particular concern associated with the new Class E right.²¹
- 7.11 Local authorities are able to remove nationally defined PDRs through the use of an Article 4 direction. Soon after the introduction of the office-to-residential PDR in 2013, the London Borough of Islington and city of Brighton and Hove had attempted to introduce Article 4 directions removing these rights for their whole local authority areas but these were modified by the Secretary of State, with a ministerial statement in Parliament making it clear that the government would not accept authority-wide exemptions.²² At the time of the 2020 report published by MHCLG, there were 56 such directions in force across England, particularly being utilised by local authorities in London and the South East but these were usually more tightly geographically focussed.
- 7.12 As well as introducing the Class E to residential right in 2021, the government also made it harder for local authorities to introduce Article 4 directions to remove the rights by revising the National Planning Policy Framework. Formerly the test in the NPPF was that the use of Article 4 directions should be limited to situations where it ‘is necessary to protect local amenity or the wellbeing of the area’. The more stringent test in the new NPPF (paragraph 53) for change of use to residential rights states that Article 4 directions should be limited to situations where it ‘is necessary to avoid wholly unacceptable adverse impacts’. Interestingly, it is stated that this ‘could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability’. Additionally, though, in all cases Article 4 directions should be ‘based on robust evidence and apply to the smallest geographical area possible’.²³
- 7.13 The consequences of this toughened approach are already being seen. When introducing office-to-residential rights in 2013, the government allowed an exemption for all of the Central Activity Zone (CAZ) in Greater London and this was then reinforced by later Article 4 directions, however at the time of writing the government have recently rejected applications by the relevant local authorities to exempt the whole of the CAZ from the Class E to residential PDR, and have also rejected a borough-wide Article 4 from Kensington and Chelsea.²⁴
- 7.14 By July 2023, 17 out of 33 local authorities in London seemed to have adopted Article 4 directions relating to the Class E to residential PDR. With the exception of an office-specific Article 4 direction covering the whole of the City of London, these Article 4 directions usually covered all Class E but only for specific parts of each borough. The table below illustrates the situation at the time of writing according to publically accessible information on the website of each authority with respect to Article 4 directions for Greater London.

21 ‘Permitted development rights’ at <https://committees.parliament.uk/publications/6896/documents/72563/default/>

22 ‘New homes (change of use)’ at [https://hansard.parliament.uk/commons/2014-07-10/debates/14071053000018/NewHomes\(ChangeOfUse\)](https://hansard.parliament.uk/commons/2014-07-10/debates/14071053000018/NewHomes(ChangeOfUse))

23 ‘National Planning Policy Framework’ at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005759/NPPF_July_2021.pdf

24 ‘Why the government rejected a multi-council bid to block a new office-to-residential PD right’ at

<https://www.planningresource.co.uk/article/1753658/why-government-rejected-multi-council-bid-block-new-office-to-residential-pd-right>

Borough	Class E to Residential PDR related Article 4 direction?
Barking and Dagenham	No
Barnet	No
Bexley	No
Brent	Yes – four different Article 4s made in 2022
Bromley	Yes – twenty different Article 4s made in 2022
Camden	Yes – a direction made in 2022 covers a large number of sites across the borough
City of London	Yes – Class E(g)(i) (offices) specifically, across the City
Croydon	No
Ealing	No
Enfield	No
Greenwich	Yes – a direction made in 2022 covers sites across the borough
Hackney	Yes – three directions made in 2022 cover various sites
Hammersmith and Fulham	No
Haringey	No
Harrow	No
Havering	No
Hillingdon	Yes – a direction made in 2022 covers sites across the borough
Hounslow	No
Islington	Yes – a direction made in 2022 covers sites across the borough
Kensington and Chelsea	Yes – a direction made in 2021, amended by the SoS in 2022, covers sites across the borough
Kingston upon Thames	Yes – a direction made in 2021, then modified by the SoS, covers sites across the borough

Lambeth	Yes – three directions made in 2021, then modified by the SoS
Lewisham	One is listed on the website as in preparation
Merton	No
Newham	No
Redbridge	No
Richmond upon Thames	Yes – a direction made in 2021, then modified by the SoS, covers sites across the borough
Southwark	Yes – a direction made in 2021 covers sites across the borough
Sutton	No
Tower Hamlets	Yes – a direction made in 2021 covers sites across the borough
Waltham Forest	Yes – a direction made in 2022, then modified by the SoS, covers sites across the borough
Wandsworth	Yes – a direction made in 2021, then modified by the SoS, covers sites across the borough
Westminster	Yes – two directions made in 2021 cover sites across the borough

West London context



Image: Cristobal Diaz Martinez/Unsplash

- 7.15 Central government data on prior approvals and net additional dwellings give some further detail on change of use PDR schemes in the five boroughs and patterns in these over time. The data on ‘net additional dwellings’ for the years these are currently available broken down by component and local authority provide this more local detail.²⁵ Data on change of use as part of new supply is available for all five boroughs for 2012-13 to 2019-20 and is available for Barnet, Hillingdon and Hounslow for 2020-21 but missing for Ealing and Harrow for that year. Data specifically on the PDR component of this is only available for 2015-2021 nationally but again is missing for Ealing and Harrow for 2020-21 (albeit locally collated and held data sets may exist).
- 7.16 Table 1 to Table 5 and Figure 1 to Figure 5 illustrate this data. In general, across the boroughs, the rate of new dwellings coming from change of use as opposed to new build schemes has increased from 2012-13 to 2015-16 and then slightly decreased since but remained significantly above the 2012-13 rates. This reflects the introduction of PDR leading to more change of use schemes due to increased potential profitability from such schemes and more developers becoming adept at delivering such projects but over time the supply of large office buildings available for such conversions generally declining from the initial peak.
- 7.17 As largely developed urban areas, change of use schemes will always form a part of the supply of new dwellings in all the five boroughs. There is, however, some differentiation between them. Change of use schemes are a less significant as a component of new supply in Barnet and Ealing than in Harrow, Hillingdon or Hounslow. In Barnet the data show that PDR schemes accounted for a peak (over the data period) of 15.3% of new supply in 2016-17 and 10.6% in 2020-21. In Ealing, PDR schemes accounted for a peak of 18.2% of new supply in 2018-19 and just 2.4% in 2019-20. In Harrow, PDR schemes accounted for 39% of new supply in 2015-16 and 20.8% in 2019-20. In Hillingdon, PDR schemes accounted for a peak of 33.9% of new supply in 2016-17 and 17.8% in 2020-21. In Hounslow, PDR schemes accounted for a notable 51% of new supply in 2016-17 and 24% in 2020-21.
- 7.18 These data do not, of course, reflect the changes introduced in 2021 through the introduction of new Class E right, but this context from previous years suggests that changes to PDR policy are important and potentially significant across the West London Alliance boroughs area, but with net additional dwellings from the change of use of commercial buildings into residential use unlikely to approach the levels seen in 2015-2017 in the immediate future. This reflects a

²⁵ ‘Live tables on housing supply: net additional dwellings’ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>

reduced supply of potential buildings to convert, the size limit of 1,500m² per scheme now applying even to large office buildings, and the requirements to provide adequate natural light to all habitable rooms and meet minimum space standards reducing the number of units which may be possible in some schemes (but significantly improving the quality of any housing delivered through this route).

Table 1: Central government recorded data on net additional dwellings in Barnet 2012-2021

	New builds	Net change of use	Total additional dwellings	Change of use as a % of total additional dwellings	PD agri. to resi.	PD office to resi.	PD storage to resi.	PD light industrial use to resi.	PD any other to resi.	PD total to resi.	PD change of use as a % of total additional dwellings
2012-13	1301	30	1374	2.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013-14	1047	61	1113	5.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014-15	1299	43	1324	3.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015-16	1406	216	1458	14.8%	0	198	0	N/A	0	198	13.6%
2016-17	1439	328	1799	18.2%	0	275	0	N/A	0	275	15.3%
2017-18	1953	278	2208	12.6%	0	153	15	0	6	174	7.9%
2018-19	2012	306	2209	13.9%	12	261	9	0	4	286	12.9%
2019-20	1737	234	1990	11.8%	0	206	8	0	4	218	11.0%
2020-21	1966	239	2250	10.6%	0	236	2	0	0	238	10.6%

Figure 1: Graph showing the number of new dwellings created through all change of use and through PDR change of use and the percentage these represent of all new dwellings completed in Barnet over time

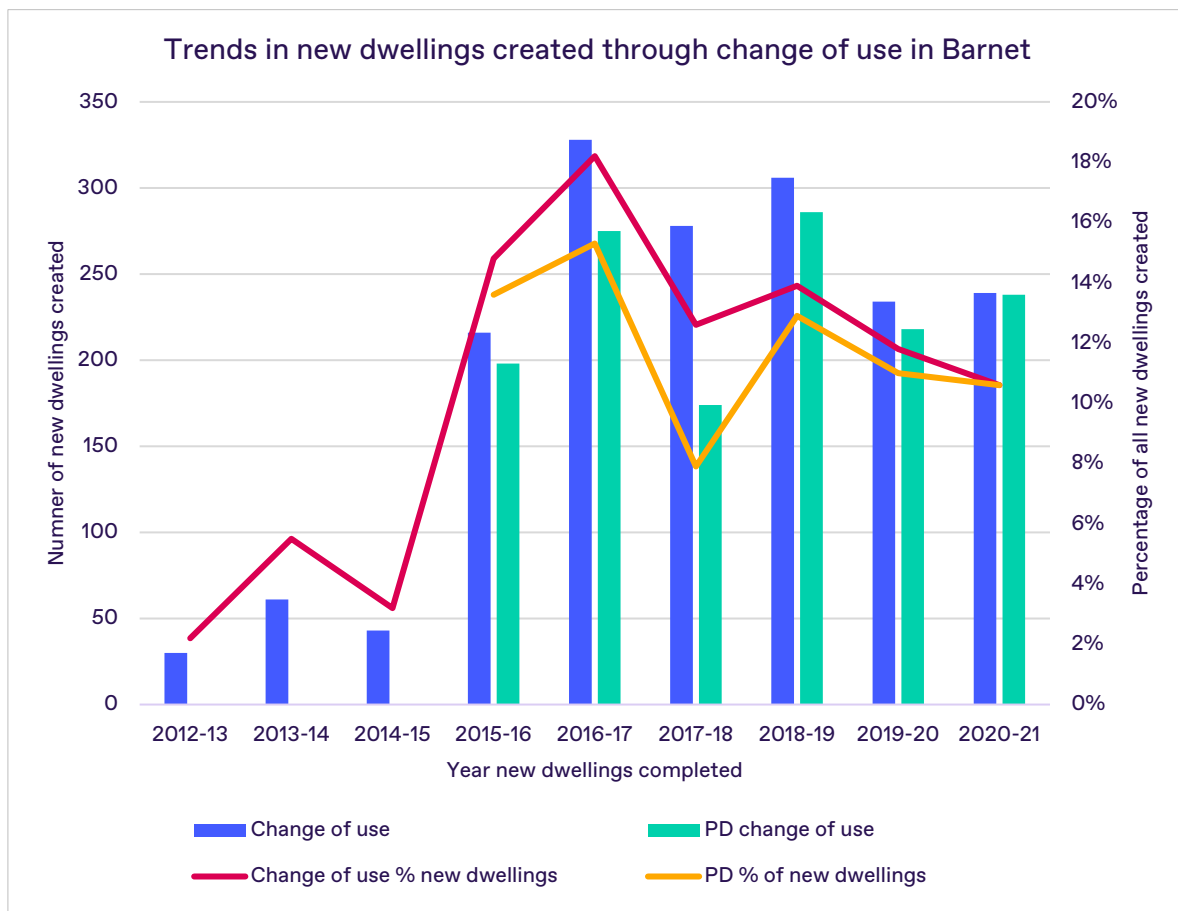


Table 2: Central government recorded data on net additional dwellings in Ealing 2012-2021

	New builds	Net change of use	Total additional dwellings	Change of use as a % of total additional dwellings	PD agri. to resi.	PD office to resi.	PD storage to resi.	PD light industrial use to resi.	PD any other to resi.	PD total to resi.	PD change of use as a % of total additional dwellings
2012-13	800	169	990	17.1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013-14	752	217	769	28.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014-15	831	136	897	15.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015-16	643	77	721	10.7%	0	5	0	N/A	0	5	0.7%
2016-17	660	157	845	18.6%	0	112	0	N/A	1	113	13.4%
2017-18	1179	266	1457	18.3%	0	136	11	0	7	154	10.6%
2018-19	1319	441	1754	25.1%	8	308	0	4	0	320	18.2%
2019-20	1590	63	1808	3.5%	0	43	0	0	1	44	2.4%
2020-21	1681	0	1681	0.0%	0	0	0	0	0	0	0.0%

Figure 2: Graph showing the number of new dwellings created through all change of use and through PDR change of use and the percentage these represent of all new dwellings completed in Ealing over time

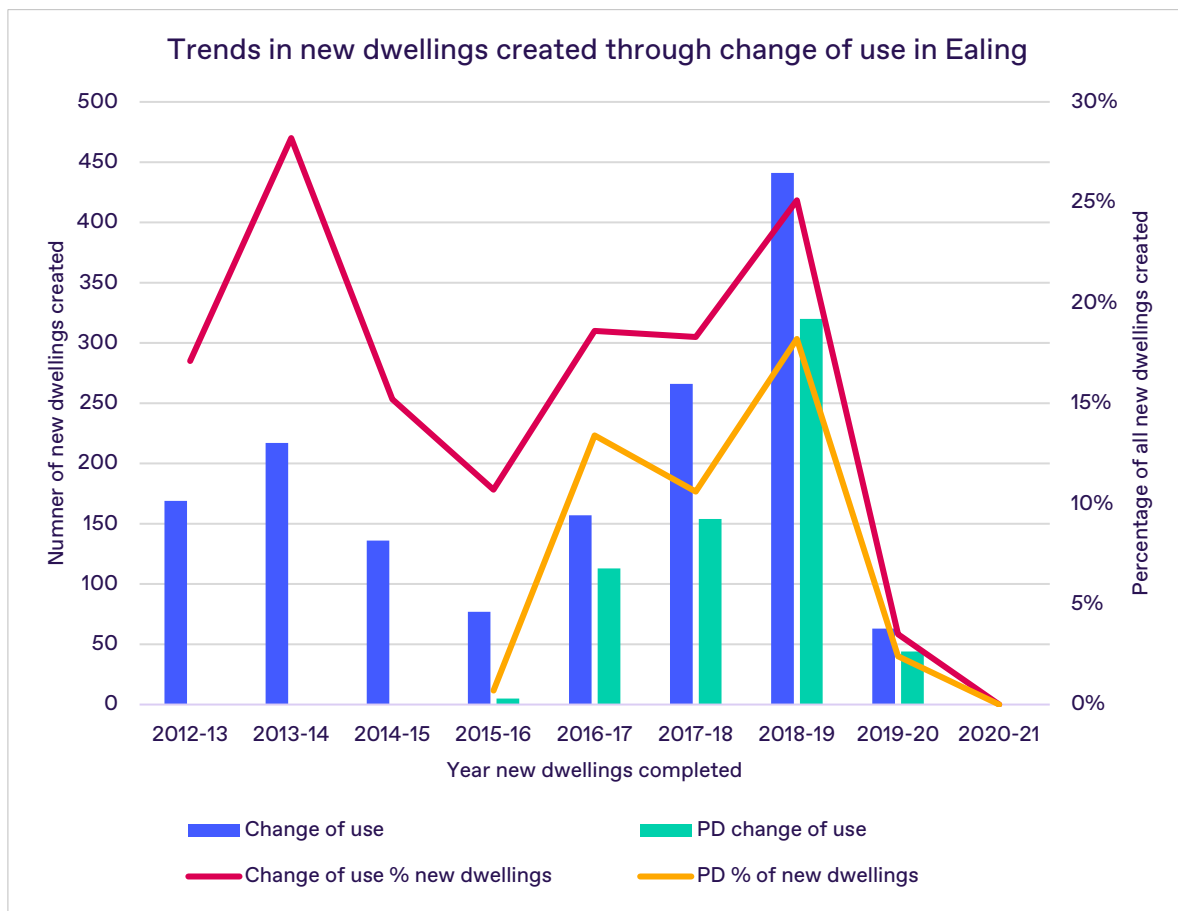


Table 3: Central government recorded data on net additional dwellings in Harrow 2012-2021

	New builds	Net change of use	Total additional dwellings	Change of use as a % of total additional dwellings	PD agri. to resi.	PD office to resi.	PD storage to resi.	PD light industrial use to resi.	PD any other to resi.	PD total to resi.	PD change of use as a % of total additional dwellings
2012-13	800	169	990	17.1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013-14	752	217	769	28.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014-15	831	136	897	15.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015-16	643	77	721	10.7%	0	5	0	N/A	0	5	0.7%
2016-17	660	157	845	18.6%	0	112	0	N/A	1	113	13.4%
2017-18	1179	266	1457	18.3%	0	136	11	0	7	154	10.6%
2018-19	1319	441	1754	25.1%	8	308	0	4	0	320	18.2%
2019-20	1590	63	1808	3.5%	0	43	0	0	1	44	2.4%
2020-21	1681	0	1681	0.0%	0	0	0	0	0	0	0.0%

Figure 3: Graph showing the number of new dwellings created through all change of use and through PDR change of use and the percentage these represent of all new dwellings completed in Harrow over time

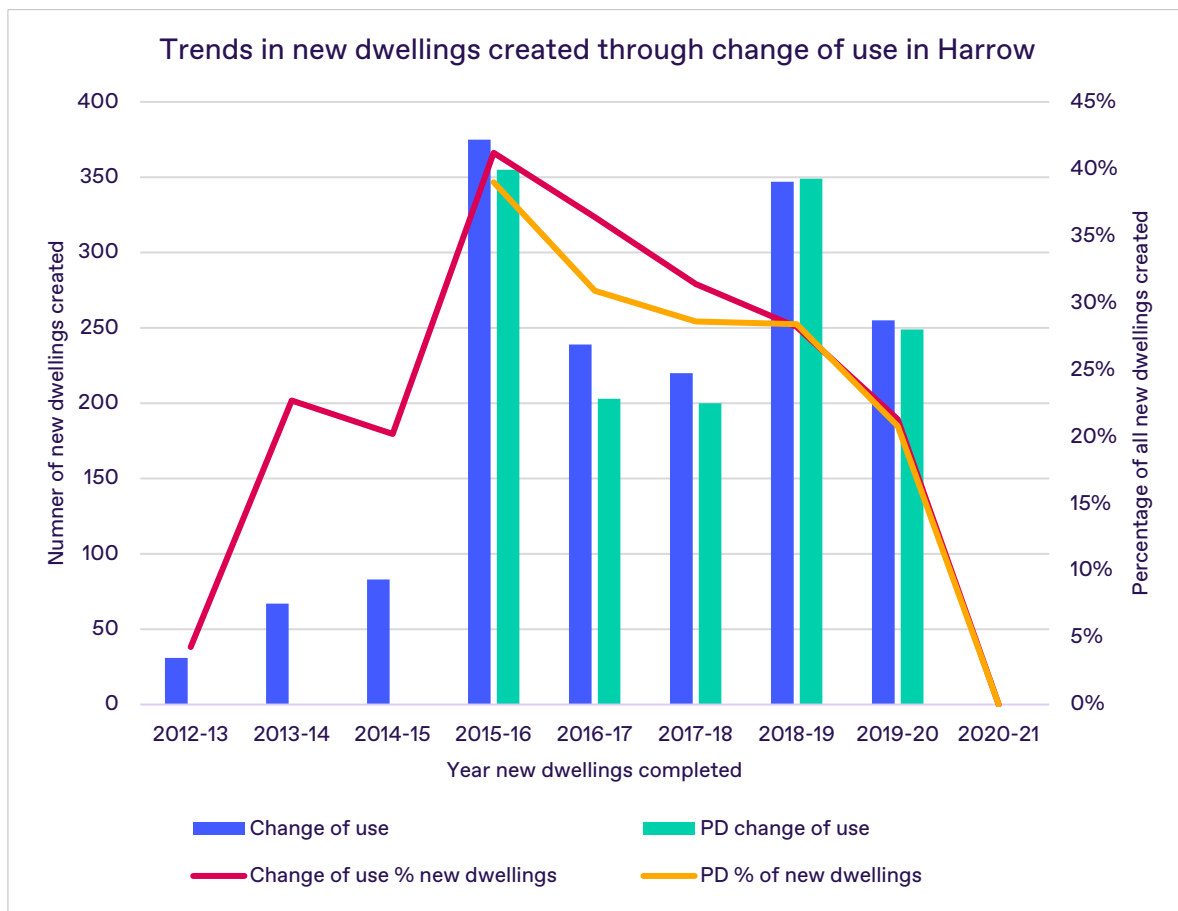


Table 4: Central government recorded data on net additional dwellings in Hillingdon 2012-2021

	New builds	Net change of use	Total additional dwellings	Change of use as a % of total additional dwellings	PD agri. to resi.	PD office to resi.	PD storage to resi.	PD light industrial use to resi.	PD any other to resi.	PD total to resi.	PD change of use as a % of total additional dwellings
2012-13	1454	20	1467	1.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013-14	542	15	554	2.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014-15	529	27	545	5.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015-16	515	209	709	29.5%	0	175	0	N/A	0	175	24.7%
2016-17	472	290	764	38.0%	0	254	0	N/A	5	259	33.9%
2017-18	705	113	842	13.4%	0	84	0	0	2	86	10.2%
2018-19	706	220	957	23.0%	4	97	6	0	0	107	11.2%
2019-20	1094	490	1646	29.8%	0	375	0	0	1	376	22.8%
2020-21	537	169	718	23.5%	0	119	8	0	1	128	17.8%

Figure 4: Graph showing the number of new dwellings created through all change of use and through PDR change of use and the percentage these represent of all new dwellings completed in Hillingdon over time

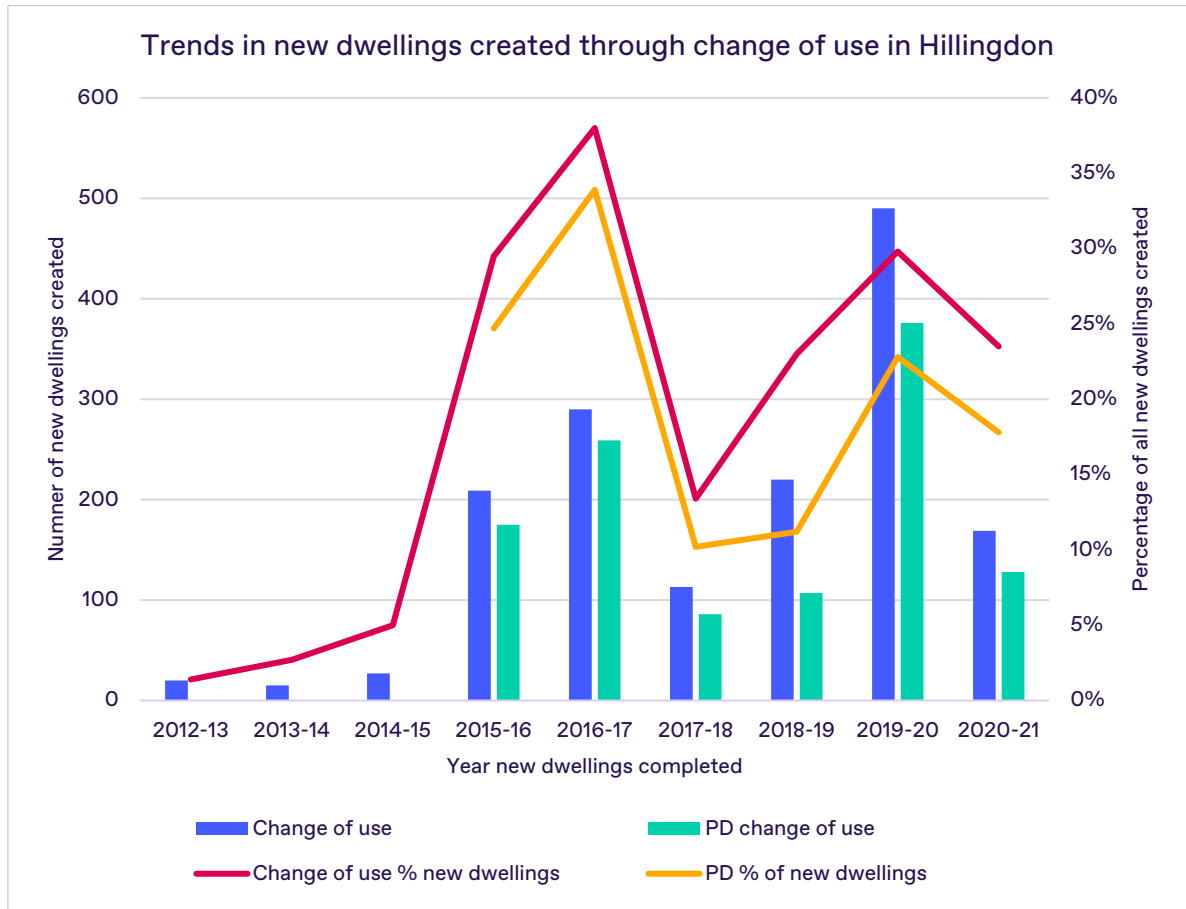
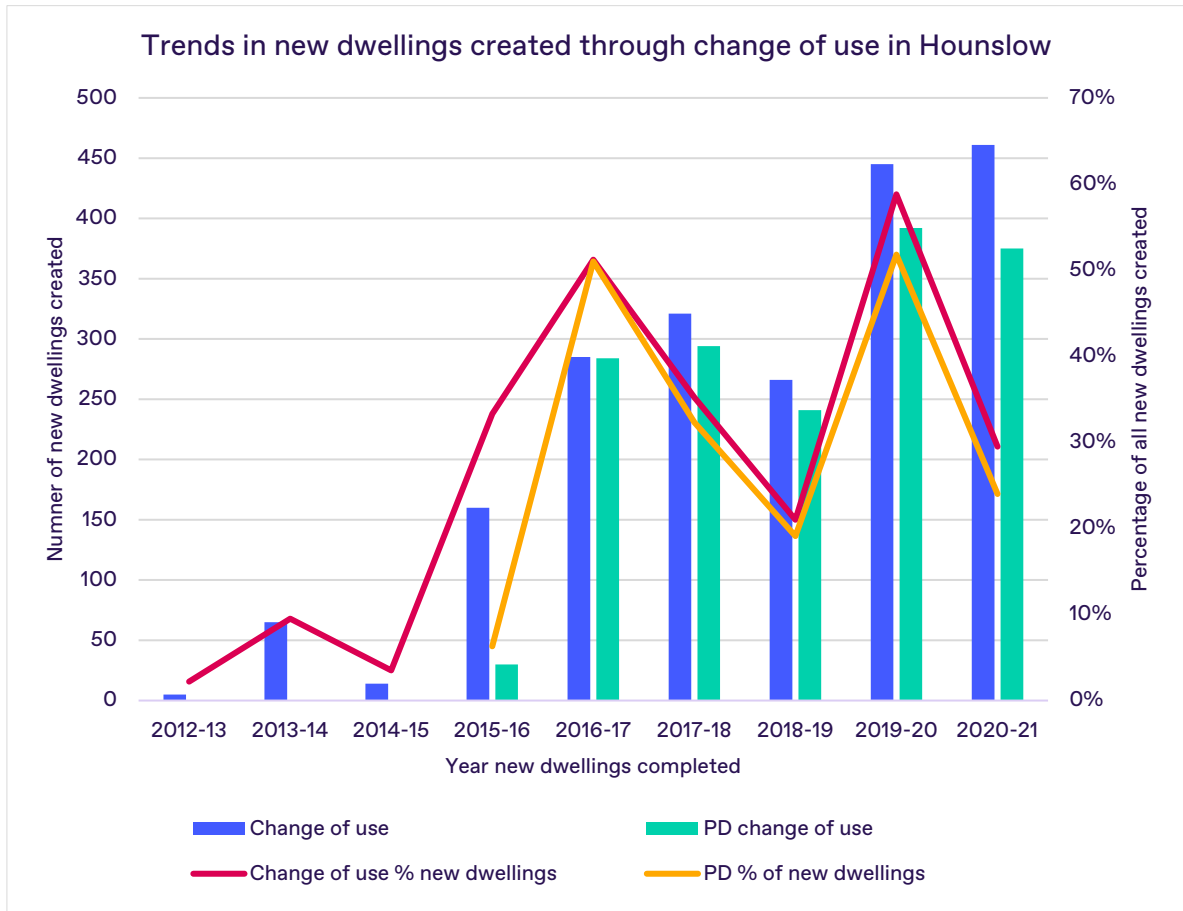


Table 5: Central government recorded data on net additional dwellings in Hounslow 2012-2021

	New builds	Net change of use	Total additional dwellings	Change of use as a % of total additional dwellings	PD agri. to resi.	PD office to resi.	PD storage to resi.	PD light industrial use to resi.	PD any other to resi.	PD total to resi.	PD change of use as a % of total additional dwellings
2012-13	232	5	232	2.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013-14	693	65	686	9.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014-15	490	14	397	3.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015-16	444	160	480	33.3%	0	28	0	N/A	2	30	6.3%
2016-17	273	285	557	51.2%	0	283	0	N/A	1	284	51.0%
2017-18	615	321	911	35.2%	0	294	0	0	0	294	32.3%
2018-19	1066	266	1264	21.0%	0	236	0	0	5	241	19.1%
2019-20	1089	445	757	58.8%	0	387	5	0	0	392	51.8%
2020-21	1144	461	1562	29.5%	0	373	2	0	0	375	24.0%

Figure 5: Graph showing the number of new dwellings created through all change of use and through PDR change of use and the percentage these represent of all new dwellings completed in Hounslow over time



Conclusions



Image: Gaetano Polizzi/Unsplash

- 7.19 Flexible town centre frontage is crucial for the ongoing success of these areas. One of the main risks arising from PDR is the permanent loss of this space. The likely future trends in the creation of new housing through PDRs are a complex issue. Initial evidence on the uptake of the new build rights (the demolish and rebuild and upward extensions rights) is of relatively low interest from developers with no schemes in any London boroughs at all recorded in the 2020-21 data on new additional dwellings (albeit this is quite early to see results from this policy, particularly given the Covid-19 pandemic). This may relate to the engineering complexities of upward extension and the additional powers local authorities have to consider design as part of the prior approval process associated with these rights.
- 7.20 The introduction of the new Class E to residential right is likely to be much more significant. This new PDR undoubtedly increases the number of commercial premises which can now be converted to residential under PDR, as well as the amount of space that can be converted in any one scheme for retail schemes (and with a larger limit also applying to light industrial units than was previously the case under the now extinguished PDR for that change of use to residential). This larger limit is likely to make the conversion of some larger retail premises now more viable than was previously the case, and so more appealing to developers.
- 7.21 There are now very few buildings in commercial (including business and service) use which are now not potentially eligible for conversion to residential use. Shops, offices, banks, restaurants, cafes, light industrial units, clinics, nurseries, day centres, gyms and recreation centres could now all potentially be changed into housing, with a potentially significant impact on the built environment both in the major commercial centres but also local high streets, and retail / office / business parks. Once such spaces become dwellings, it is extremely unlikely that they will change back to commercial use.

- 7.22 At the same time, however, the government have acted to introduce the absolute requirement that any dwellings created through these PDRs must meet the Nationally Described Space Standards.²⁶ The government have also put new conditions into the prior approval process to assess for adequate natural light to habitable rooms and to prevent introducing residential use into industrial areas. Further, whilst the 1,500m² floorspace limit for conversion is a large increase for retail-to-residential PDR schemes, it also introduces an overall scheme limit for office-to-residential change of use which did not previously exist and thus is likely to reduce the size of many of these schemes (the scheme size limit plus mandated space standards means office conversions in future are unlikely to be larger than 35 units). This will all lead to fewer dwellings being created through PDR than might otherwise have been the case.
- 7.23 The post-pandemic context could also influence this picture. There is already evidence that high street vacancy has accelerated yet further because of Covid-19 having pushed along the already existing trend for online rather than in-person shopping.²⁷ Similarly, questions are raised about future demand for office space with more home working now seeming likely into the longer-term.²⁸ At the time of writing, the future demand for commercial space is not yet settled into a steady state and it is difficult to know exactly what the demand will be. It does look like it will be lower than it has been in the recent past, but at present there is still uncertainty about this.
- 7.24 Although the precise number of new dwellings coming in future from PDR would be difficult to predict, this will clearly continue to be part of the supply of housing in the boroughs: in local authorities which are part of a major urban area and mainly brownfield land, change of use will always account for part of the supply of new housing. The government's minimum space standards should help ensure a better quality of housing from this route in future. If the local authorities are proactive around their new prior approval powers to consider adequacy of natural light and introducing residential use into a primarily industrial area, these tools may also be useful in helping ensure homes fit for habitation. Other issues, such as access to outdoor space, accessibility to services and suitability of conversions in places like retail parks may continue, and local plan policies and design codes will not be able to be applied to these PDR schemes.
- 7.25 There should also be concerns about the impact on businesses. Although there is now a three-month vacancy period required as a prior approval condition, it is likely many landowners would be able to circumvent that by deliberately creating vacancies if they wish to convert a commercial building to residential and there would be a strong incentive to do so where housing prices remain high. Unfortunately there are limited steps that can be taken by local authorities to prevent this. The most recent changes to the NPPF have made it more difficult to introduce Article 4 directions, albeit there is a specified ability to use them to try to prevent protect primary shopping areas, which may be an option the councils would wish to consider.

²⁶ 'Technical housing standards – nationally described space standard' at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/524531/160519_Nationally_Described_Space_Standard_Final_Web_version.pdf

²⁷ 'How a rise in retail vacancies can affect the UK's high streets' at <https://www.retailgazette.co.uk/blog/2021/05/how-a-rise-in-retail-vacancies-can-affect-the-uks-high-streets/>

²⁸ 'The future of work after COVID-19' at <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>

8 Covid recovery across West London



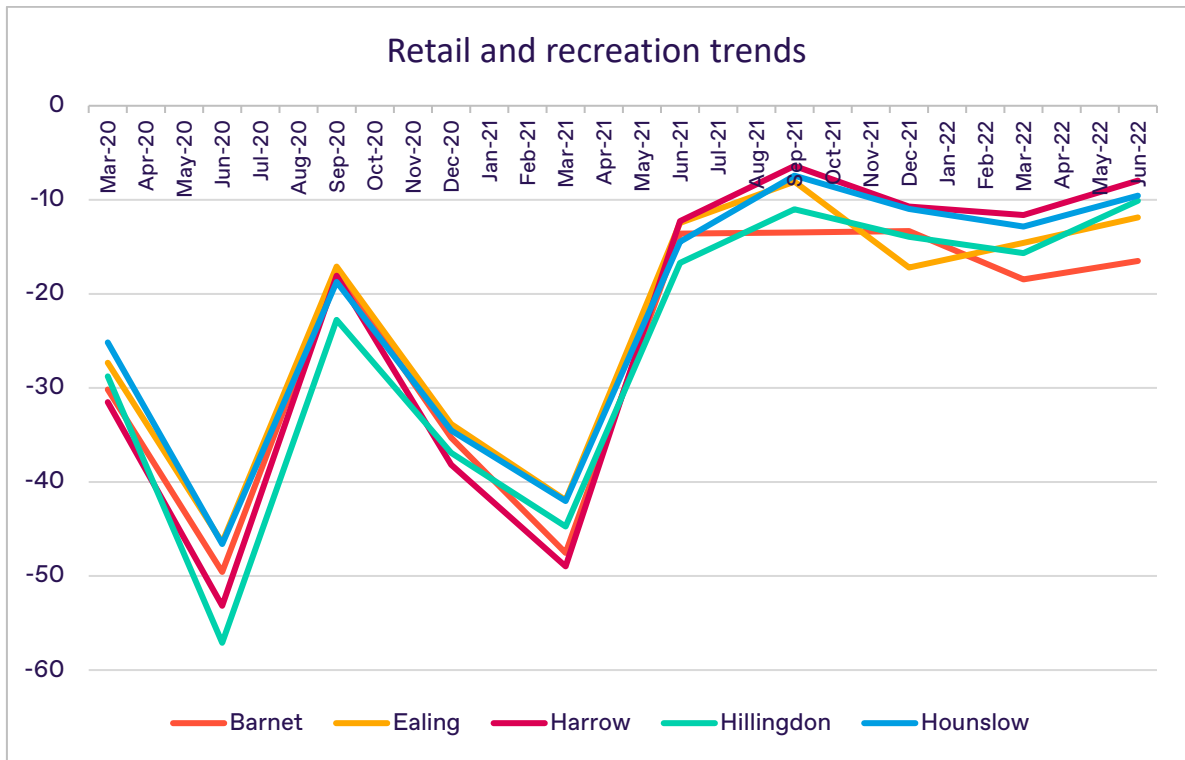
Image: Mediocre Studio E/Unsplash

- 8.1 In order to supplement the identified trends in retail and permitted development rights and to inform recommendations later in this paper, we have assembled data on mobility across West London following the Covid-19 pandemic.
- 8.2 This takes two forms:
1. Google Mobility data²⁹, sourced from counting the number of phones with location services switched on active in different types of premises in each borough. Data is calibrated to 0, with positive readings indicating the quantity of visitors to the type of location was above the pre-pandemic seasonally adjusted average, and negative readings indicating the opposite. Categories include retail, green spaces, workplaces and transit stations (which include bus interchanges, underground, overground and national rail stations as well as Heathrow Airport where appropriate).
 2. It is important to note the limitations of this data – dependent on smartphone ownership (which is at a very high level and taken to be broadly representative of aggregate trends) and not capturing any spend information. Our analysis therefore focusses on dwell times as an indicator of town centre vibrancy. It is also only publicly available through to Summer 2022, limiting our analysis to this point.
 3. Oyster Card and contactless taps at Underground stations, sourced from Transport for London³⁰. Data is based on daily counts.

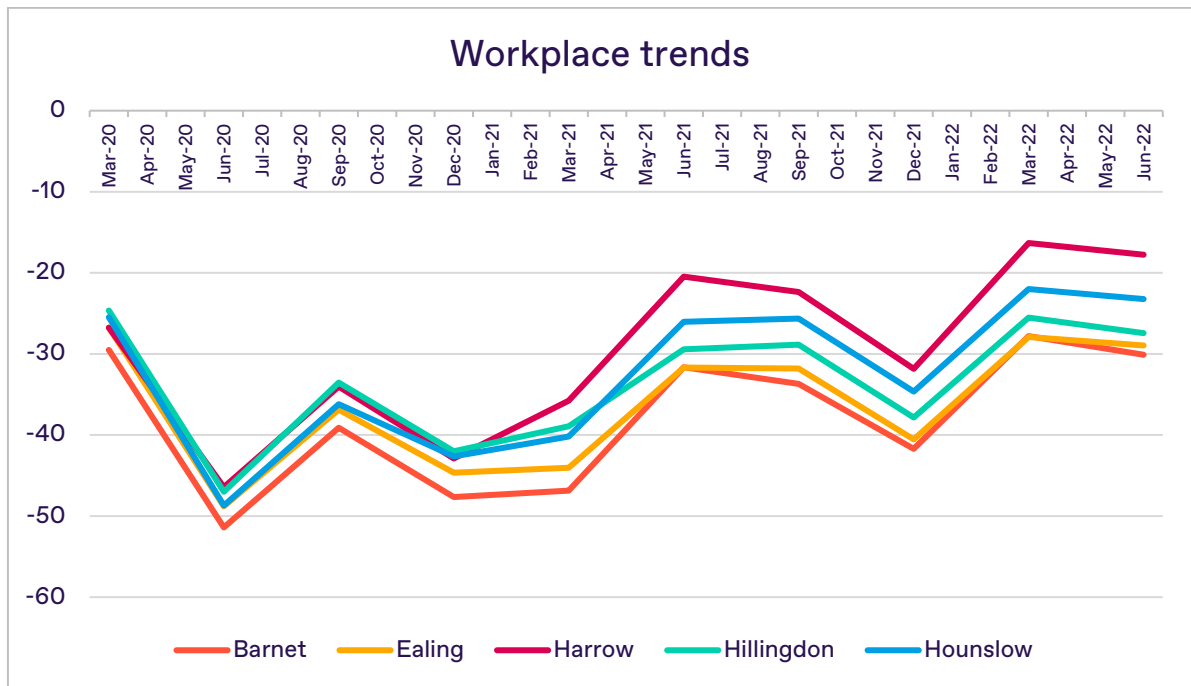
²⁹ Google LLC "Google COVID-19 Community Mobility Reports". <https://www.google.com/covid19/mobility/>
³⁰ <https://data.london.gov.uk/busyness-data/#update1>

8.3 Taken together, these data sources help to paint a picture of how people spend time in each borough and enable us to understand how commuting patterns have changed. This in turn can inform our understanding of how different town centres may have been affected. Data is provided below on a borough by borough basis, but we first provide a view across West London. Regrettably, the data available does not support analysis at a town centre level. This may be possible in the future using the London Data Service, and is suggested as a recommendation at the end of this report.

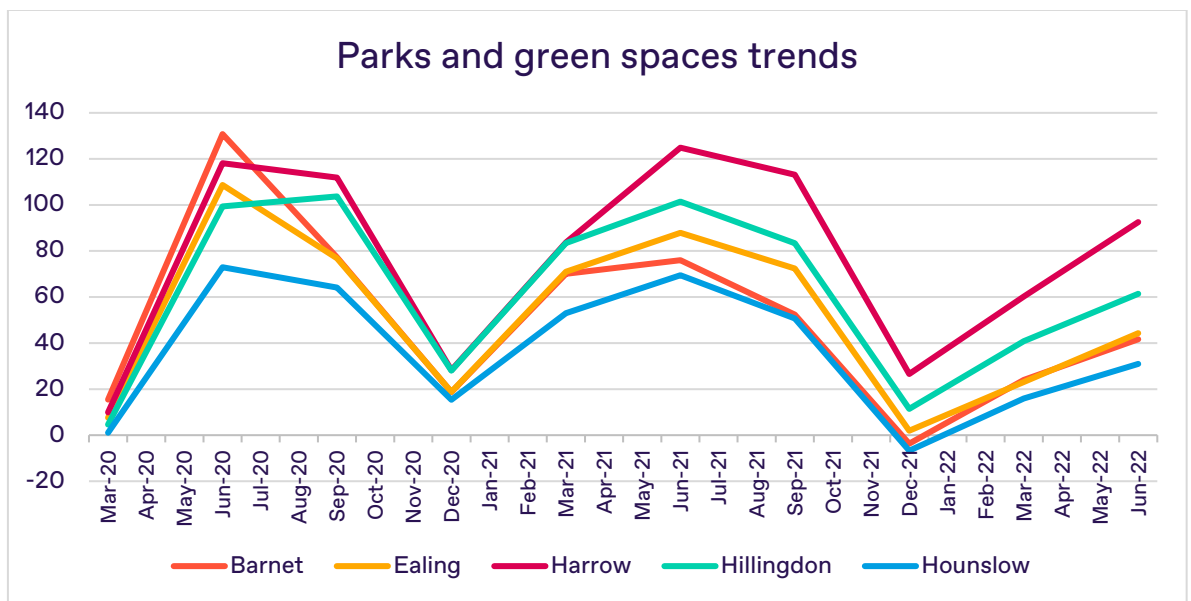
8.4 The overall picture is one of a modest recovery for the retail sector, with time spent in retail establishments typically up to 10% below a seasonally adjusted pre-Covid average. This headline figure is likely to mask considerable shifts within the retail sector (as noted in the earlier section), with a greater focus on experiential and independent retail and reduced footfall in the larger anchor units.



8.5 The time spent in workplaces is more significantly reduced, and is much more closely correlated to time spent on public transport than retail. Time spent in offices is down between 15 and 30% across West London, with Harrow and Hounslow achieving greater recovery levels than the other boroughs.



8.6 Another consistent pattern is an increase in time spent in parks and open spaces. Once adjusted for seasonality, there is clearly a persistent change in the use of these amenities – with Summer usage around 50% above the pre-Covid average in 2022. It will be crucial to monitor this trend into 2023.

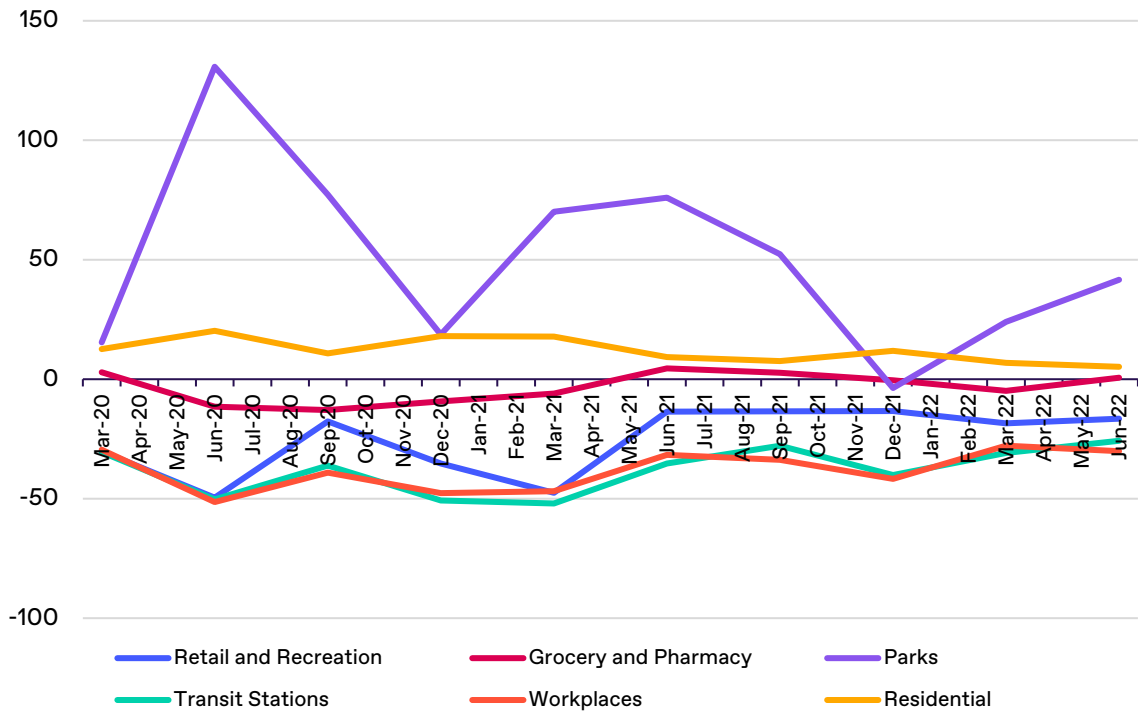


8.7 Taken together, these trends point to a West London with reduced long-term demand for office space; a resilient but differentiated retail sector focussed on an experiential offer and links with entertainment and hospitality; and an increased focus on green and amenity space.

8.8 We have presented below a borough-by-borough analysis.

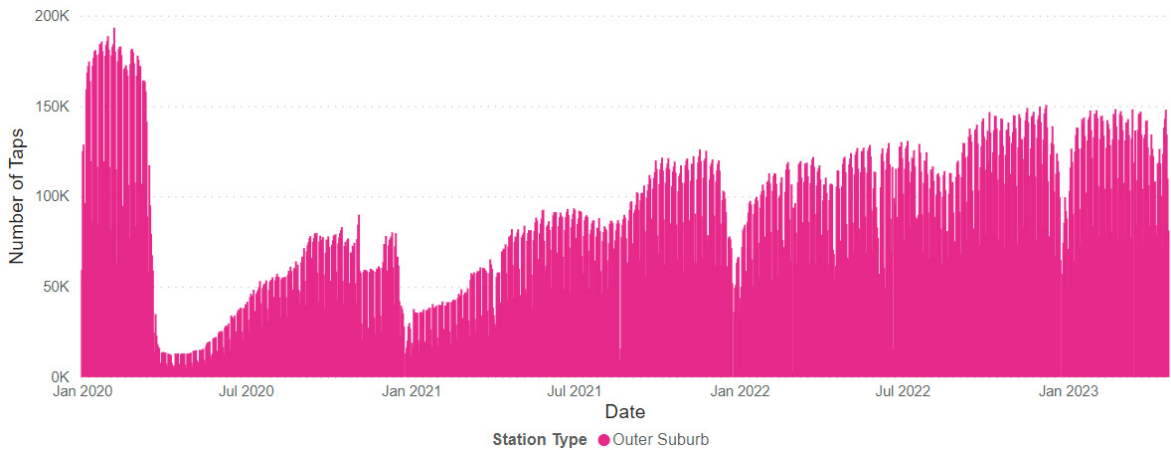
Barnet

Google Mobility



8.9 In Barnet, Covid seems to have a permanently changed town centre usage. People are consistently spending 25-30% less time in workplaces and transit. Retail has stabilised around 15% down.

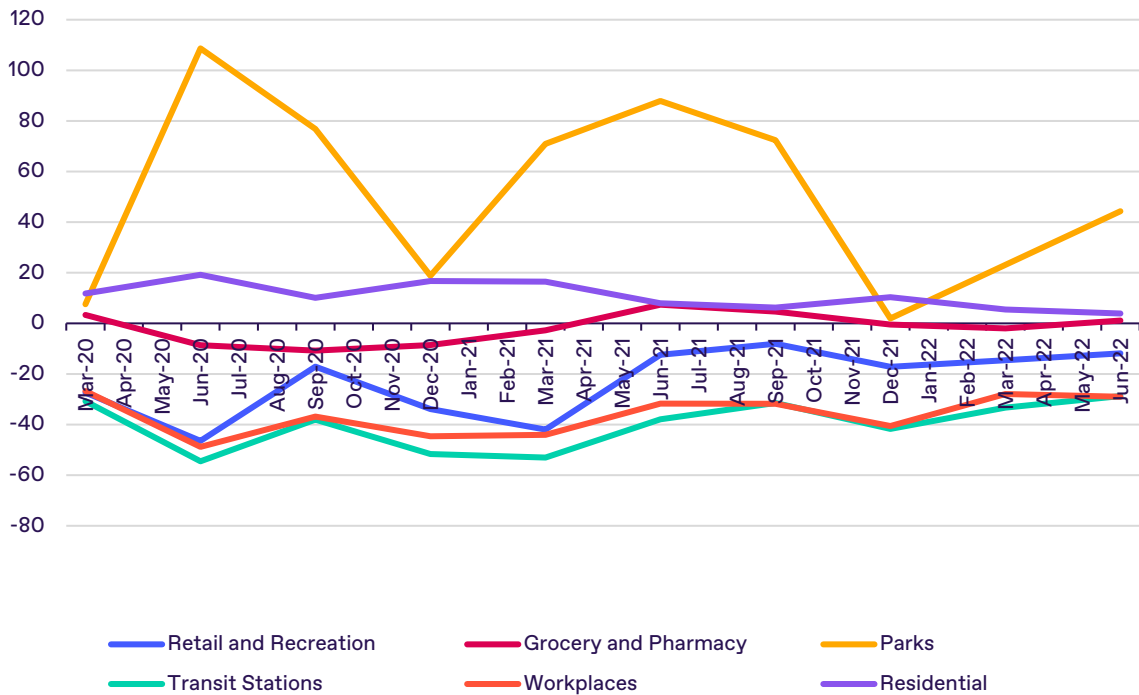
Transport for London



8.10 In line with the Google Mobility data, usage of the Transport for London network seems to have fallen by around 25% compared to pre-Covid levels.

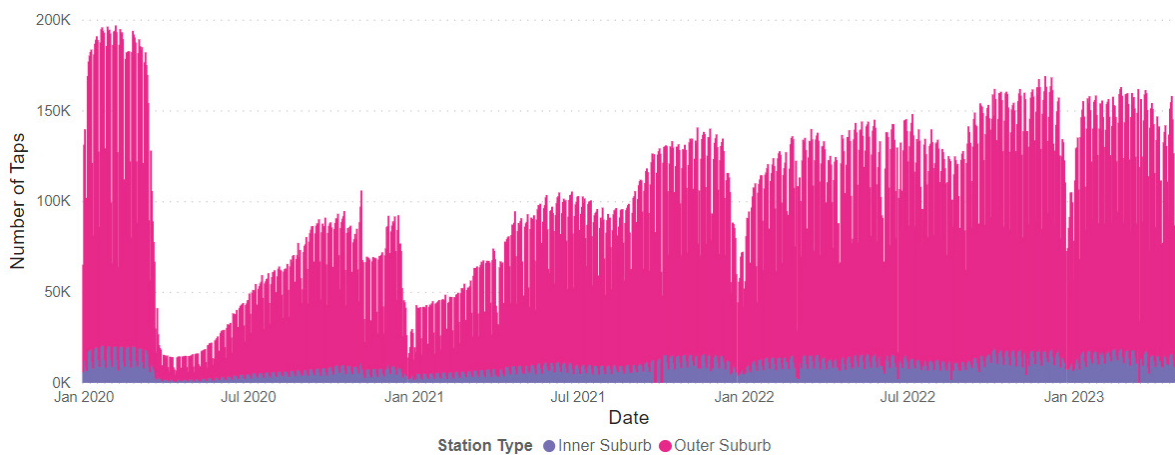
Ealing

Google Mobility



8.11 Covid seems to have impacted town centre usage in Ealing also. People are spending approximately 30% less time in workplaces and transit, and retail is also around 12% lower than pre-Covid levels. Time spent in locations related to grocery and pharmacy, and residential began to stabilise at pre-Covid levels.

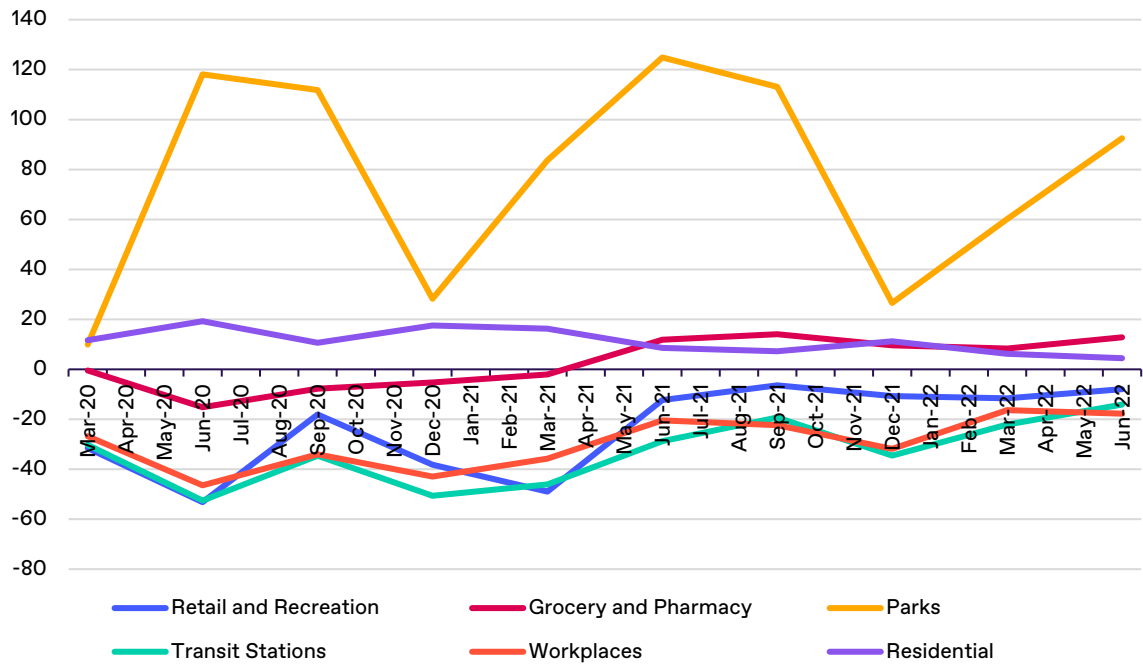
Transport for London



8.12 While the usage of the Transport for London network has partially recovered in Ealing, usage seems to have plateaued at 20% below the pre-pandemic average. Recovery in Ealing appears to be stronger than that of other boroughs however.

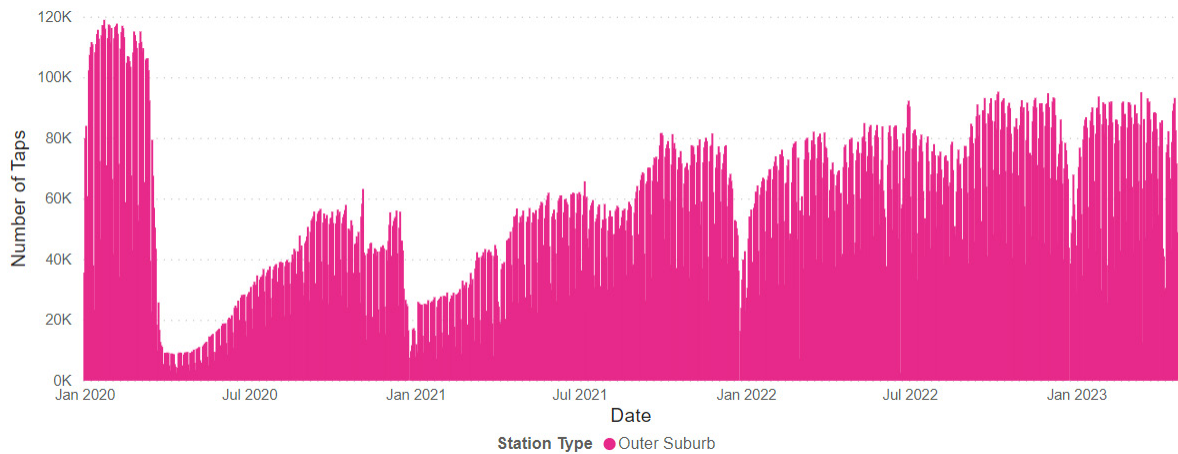
Harrow

Google Mobility



8.13 Town centre usage in Harrow has made a significant recovery post-pandemic. People’s presence in workplaces, transit stations and retail and recreation have all recovered to less than 20% below pre-Covid levels. Time spent in residential locations has fallen to just above pre-pandemic levels, while presence in grocery and pharmacy related locations has remained at around 15% above pre-pandemic levels.

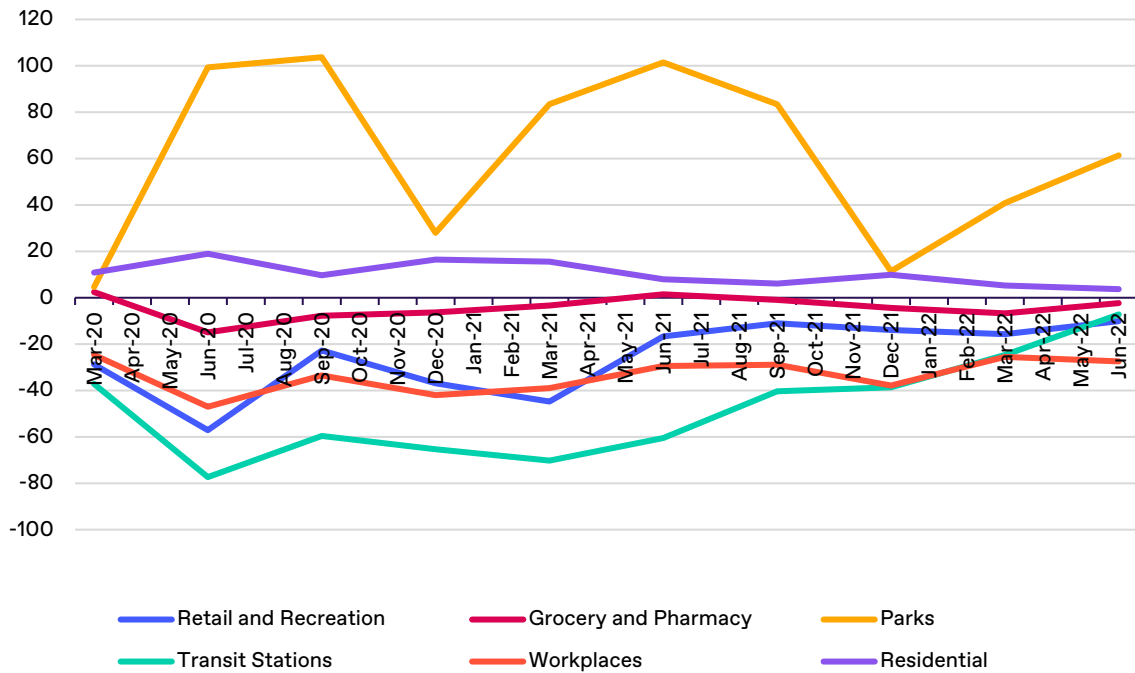
Transport for London



8.14 While the Google Mobility data suggests that people’s use of transit stations has recovered to around 15% below pre-pandemic levels, the usage of the Transport for London network seems to have made a slightly lower recovery than transit stations overall, stabilising at around 19% below pre-Covid levels.

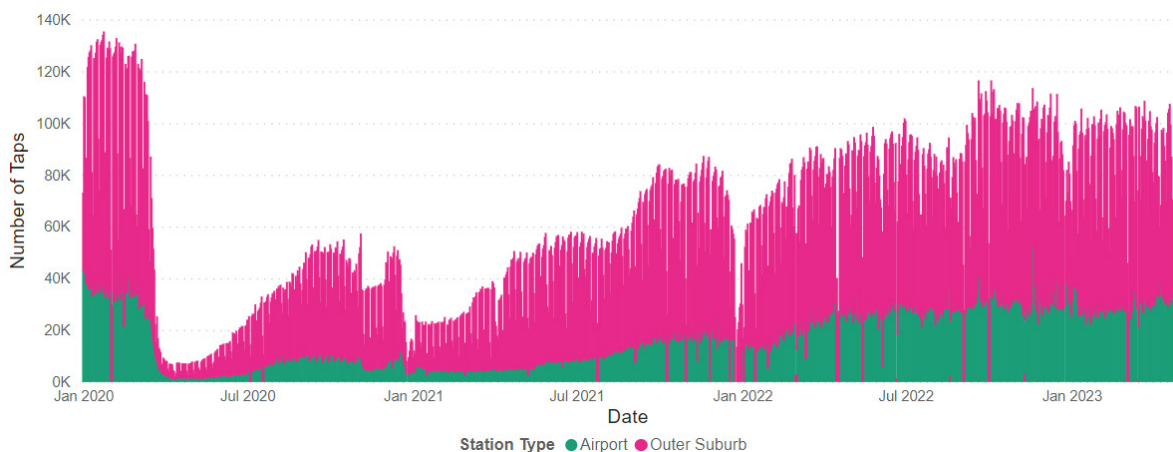
Hillingdon

Google Mobility



8.15 Town centre usage in Hillingdon has also made a strong recovery, with grocery and pharmacy, residential, retail and recreation and transit stations all returning close to pre-pandemic levels. The use of transit stations is approximately 5% below pre-Covid levels, with retail and recreation presence slightly lower at around 10% lower. The return to workplaces has made the least recovery, as usage has begun to stabilise around 30% below pre-pandemic levels. This suggests that while the town centres have begun to recover, working patterns may have changed materially as a result of Covid.

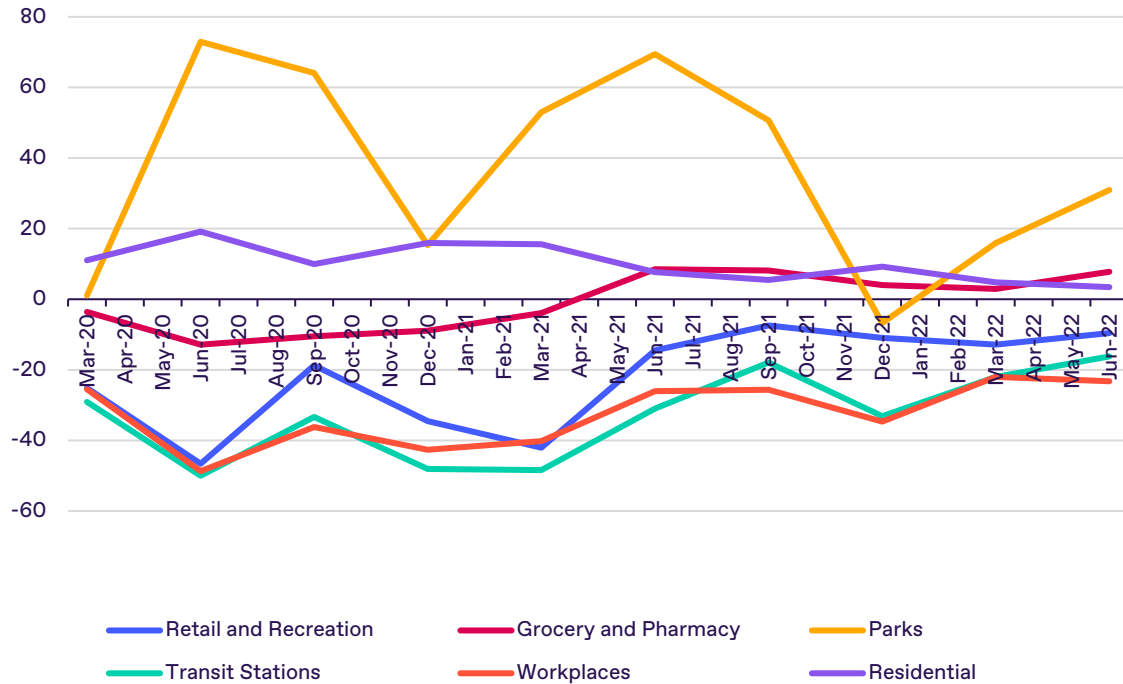
Transport for London



8.16 Transport for London’s network usage is around 18% lower than pre-Covid levels in outer suburb stations. Usage of airport stations largely follows the same trend, and has remained relatively stable since around July 2022, but below pre-pandemic levels.

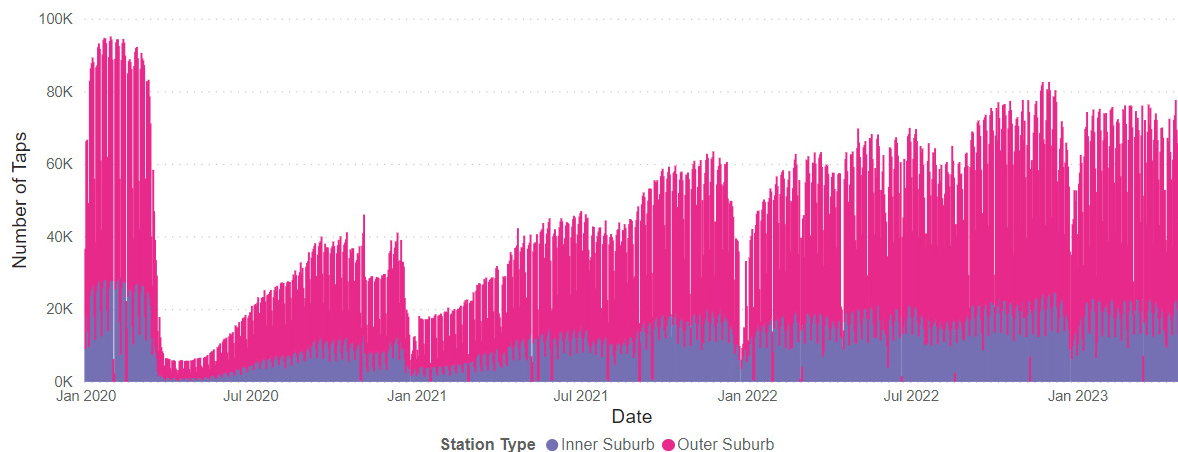
Hounslow

Google Mobility



8.17 The usage of town centres within Hounslow has shifted as a result of the pandemic. While the usage of grocery and pharmacy, parks and residential spaces has remained higher than pre-Covid levels in Hounslow, people’s presence within transit stations and workplaces have made less of a recovery than that of Harrow and Hillingdon. Retail and recreation usage is around 10% under pre-pandemic levels, transit station presence is approximately 16% below, and around 22% less people are spending time in workplaces.

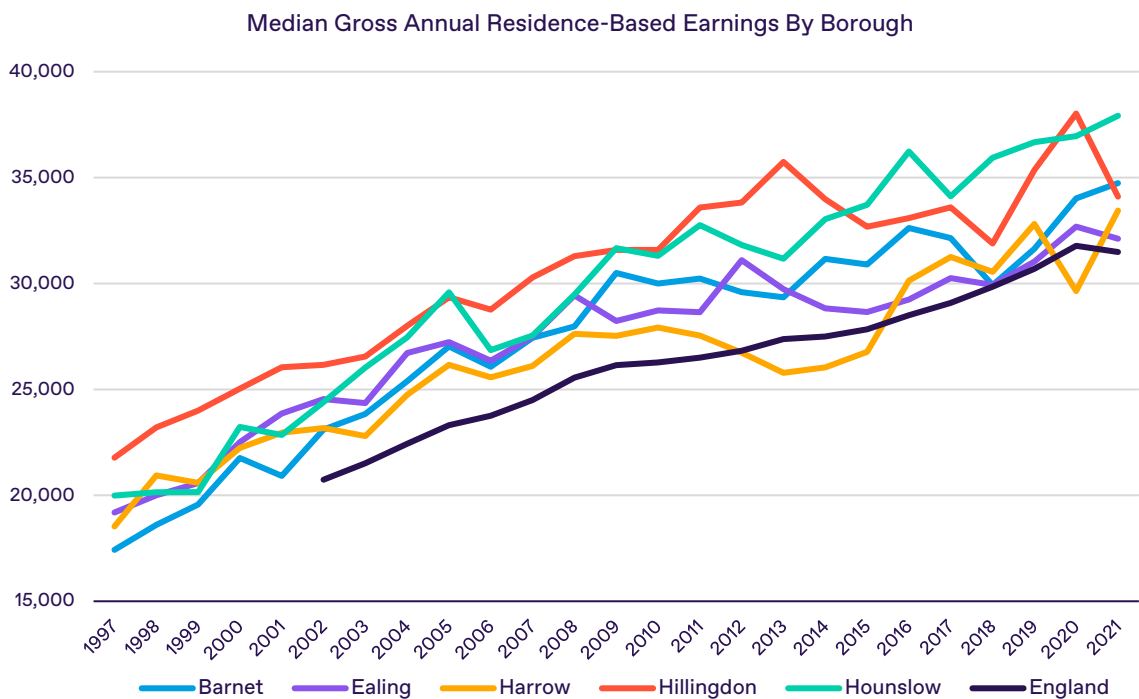
Transport for London

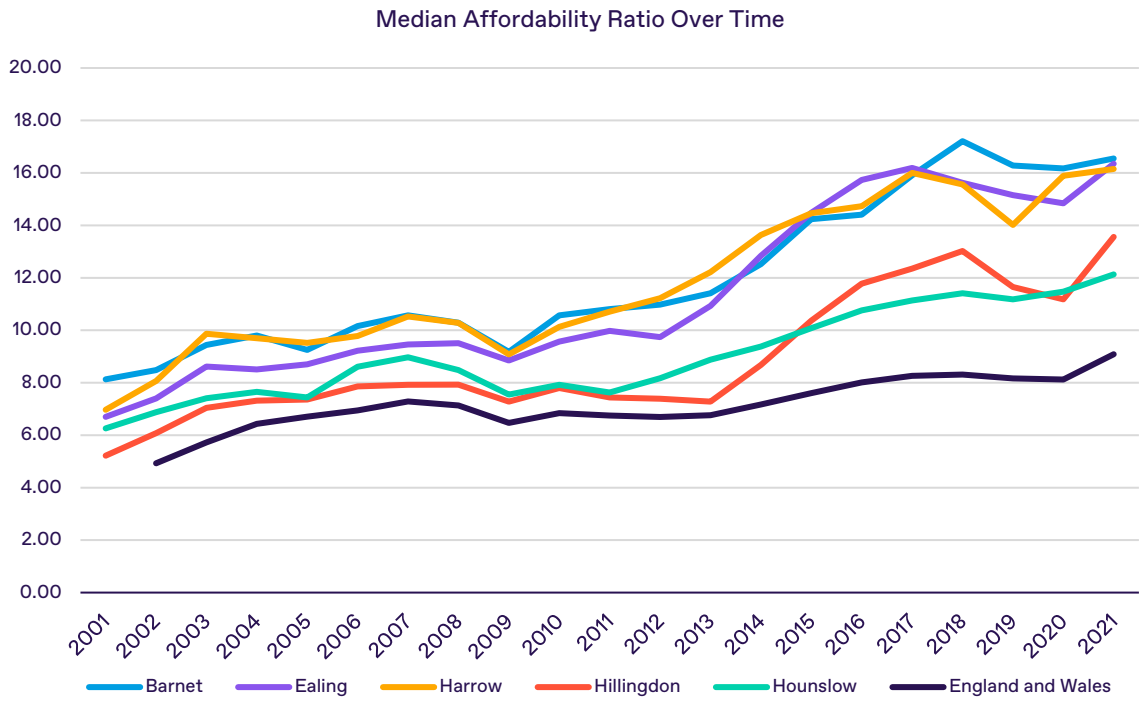


8.18 In line with the Google Mobility data, usage of the Transport for London network in Hounslow has fallen by between 16 to 18% in comparison to pre-Covid levels. As noted within Hillingdon the usage of airport stations largely follows the same trend, remaining relatively stable since around September/October 2022, but below pre-pandemic levels.

9 Long term trends in housing and income

- 9.1 Greater London’s challenges around housing affordability are well-documented – leading to the pressure to create housing and contract other uses in town centres. These have been felt particularly acutely in West London. Whilst average household incomes are consistently above the English average, they have failed to keep pace with house price increases so that the average house in some boroughs is now 16 times average annual earnings. This has knock-on effects in terms of disposable income, creating a double impact on town centres – increased pressure to create residential space coupled with reduced spending in commercial space.
- 9.2 There are however some discrepancies across West London. The outer boroughs experience slightly less pressure – driven in part by lower costs but also crucially through higher household incomes.
- 9.3 The charts below present these two trends, compared against the English average. Residence-based earnings are presented as the most relevant indicator of the prosperity of a borough’s residents – whilst disposable income might be the preferred indicator, data availability is most consistent on this basis.





9.4 This clearly has an impact on the usage of town centres. First and foremost, it has underpinned some of the trends identified in usage of permitted development rights earlier in this paper.

10 Emerging trends

The challenge of shopping centres in the post Covid context



Image: Krisztina Papp/Unsplash

- 10.1 As discussed in Section 1 of this report, the retail sector has undergone a series of seismic shifts over the past decades. The rise of out-of-town shopping and online shopping has posed a long-term threat to in-town shopping centres in particular. The evidence produced as part of this research would suggest that whilst town centres with smaller retail units and more traditional high streets have sometimes been able to demonstrate a considerable degree of resilience, those with large shopping centres have been more likely to struggle. This runs counter to active policy interventions to create larger town centres over the past decades.
- 10.2 This would tend to support one common hypothesis concerning the long-term impacts of Covid-19 – with reduced commuting into Central London, local residents have been more likely to spend in local businesses and seek out a more experiential type of retail – with longer dwell times creating a stronger sense of vibrancy. High streets and town centres which have been able to demonstrate a strong sense of place and community have therefore been more resilient.
- 10.3 Whilst far from impossible, this is difficult to achieve in post-war, monolithic shopping centres. In some ways, this is a challenge felt far beyond West London and based on the physical structure of these centres – with units that are the wrong size in areas which can be visually unappealing. In other ways the challenge is more economic in nature, driven by artificially high rents in these centres which limit small business growth.

Reconsidering the role of office space

- 10.4 The office sector is facing a competing and contradictory set of challenges – an overall reduction in demand for space coupled with intense and often unmet demand for prime space. This is being driven by a reimagined purpose for the office – less a place of solitary work and increasingly being seen as a mechanism to enable teams to collaborate more effectively.
- 10.5 In demand office spaces are therefore generally light and open, with meeting rooms coupled alongside informal collaboration spaces. Their primary purpose is to support meeting, rather than isolated working. It is not always simple to adjust the floorplates of 1960s and 1970s office stock in particular to accommodate these ways of working.
- 10.6 Refurbishment of this older stock is possible and in some respects quite desirable – particularly from a sustainability perspective given the carbon implications of demolition and new construction. Commercial landlords are often reluctant to take the risks involved in this approach, and so much older stock with low rates of market interest sits dormant or becomes attractive for conversion to residential through permitted development rights.

PDRs poses a number of serious challenges, but could in some cases also provide opportunities

- 10.7 The challenges around Permitted Development Rights are well documented by organisations such as the Town and Country Planning Association. Where conversions to residential use are undertaken without due attention to the quality of the housing stock produced, a number of social and environmental problems can be created.
- 10.8 Nevertheless, the combined pressures arising from reduced demand for commercial space coupled with acute housing affordability challenges mean that an opportunity is potentially being missed to steer and guide a process of high-quality conversions.
- 10.9 The 15-minute neighbourhood movement provides several strong arguments for the potential benefits of bringing together the places where people live, work, shop and enjoy themselves. A key consideration for West London will be how best to leverage hybrid working, and make an offering to residents that ensures hybrid workers make full use of the amenities in their neighbourhoods. There is also a need to ensure that creation of residential space does not remove frontage for other uses.

PHASE 3

Recommendations



11 Introduction



Image: Anna Dziubinska/Unsplash

- 11.1 A key, overarching conclusion of this report is that the expected pivot points in the development of West London's town centres do not seem to have been as impactful as might have been foreseen. For instance, the planning reforms envisaged at the start of this study – establishing a zoning regime – have not been taken forward.
- 11.2 The Covid-19 pandemic has not affected West London's town centres to the extent which might have been imagined when the work was commissioned. The pandemic has however worked to accelerate longer-term, deep-rooted national trends – such as the shift towards retail as an experience rather than a service, the decline of sub-prime office stock and pressure on the housing market.
- 11.3 There are however some clear West London specificities which merit further attention. The shift to hybrid and remote working has had a binary effect in many parts of the country – retaining a proportion of spend and footfall in suburban and rural areas whilst depriving the urban core of 5 full days of office-based spend and footfall.
- 11.4 West London has a dual character in this regard – with fewer people commuting into the town centres to work from further afield, but also fewer people leaving to work in Central London. This may have contributed to the overall picture in the quantitative analysis, with fewer hotspots of high retail vacancy set against a broader malaise in the office sector.
- 11.5 The Opportunity Areas put forward in the London plan are also an important place-specific consideration in West London. These key locations for development are often connected to transport infrastructure – particularly around Heathrow, the Elizabeth Line and to an extent HS2 developments.
- 11.6 Against this context, there are a number of interventions and projects which planners and economic developers could lead to drive the sustainable growth and resilience of the town centres in this study.

11.7 Cross-cutting, “no regrets” recommendations

1. Rates data provides local authorities with a timely source of intelligence, which could often be used to a greater extent to understand the vitality of town centres at a granular level. The Whythawk database interrogated for the purposes of this report is built ultimately from the same source.

2. Looking beyond the data held directly by local authorities, there remains the opportunity to maximise the impact of services such as London Datastore. For instance, London Datastore recently procured London-wide data on credit card spend in town centres from Mastercard, through their High Streets Data Service. Delving deeper into this data and looking at the borough or even specific high street level would enable rapid and timely monitoring of the retail sector.

3. Some local authorities are beginning to open up a broad conversation on the purposes of town centre development – moving away from a focus on economic growth and footfall in town centres and instead towards a consideration of whether town centres support the quality of life of their users. Key examples are given earlier in this document. This move to a more actively curated offer for town centre users is one that has been referenced earlier in this report and is a prevalent theme nationally as well as in West London.

A number of the trends identified in this report – hybrid working and increased use of green spaces and parks are examples – would suggest a shift in the priorities of town centre users. A consultative approach, with extensive outreach to include the views of those who do not normally participate in planning processes, is crucial to understand how best to guide town centre development in line with community wishes.

4. Based on the outputs of this survey, further research should seek to understand the demand for additional town centre floorspace. This should also consider the potential redrawing of town centre boundaries. It may be more appropriate to commission this piece of research at the town centre or borough level, given the breadth and depth of work needed to analyse each individual town centre.

11.8 Retail and hospitality focussed recommendations

5. Where retail units are left empty for a space of time, they can have a broader confidence-dampening effect on the wider town centre. Councils often experience pressure from community groups to enable them to use these spaces, but of course where property is not council owned the range of available actions can be limited. Part of the solution to this might be a wider strategy on interim uses of retail space – with the council acting as convenor between community groups and landowners.
6. The development of experiential retail is essential to the longer term sustainability of many town centres. Councils could work with retailers to ensure they have access to business support and professional advice – which could alternatively be funded through Business Improvement Districts or other associations of local businesses.
7. Hospitality can play a critical role in strengthening the experiential offer. Many town centres have benefited from “restaurant weeks” – sometimes coordinated by the authority and sometimes coordinated by business groups. This is a week in which restaurants and cafes agree collectively to offer cut priced set menus to customers, and encourage customers to try something new. This could be particularly relevant for increasing evening footfall.
8. At the same time, it is important to recognise that in some town centres retail is an important amenity for groups who are unable or unwilling to access alternative modes of grocery and other essential shopping – be they out of town centres or online. Councils should consider how this balance can be struck at an individual town centre level – as a “one size fits all” approach should be avoided. One key consideration is the accessibility and value for money of a smaller, independent retail offering.

11.9 Office focussed recommendations

9. The presence of older, less desirable office stock in many parts of West London is a significant challenge in the post-Covid era. There are a number of reasons why institutional investors are not improving, converting or selling these properties.

For many, ownership of this asset class is driven by a need to achieve balance in their broader asset portfolios – which is seen as a more important factor than generating near term returns. Alongside this, the sale or letting of individual properties at below market rates can often trigger the revaluation of an entire portfolio. Taken together, these factors create a counterintuitive outcome whereby retaining empty property becomes the preferred outcome for investors. Tackling this would require a concerted effort from both national and local government, including a tailored mix of incentives and disincentives applied to vacant property.

Councils can and often do proactively engage with these landowners. It is important to recognise that this is now more important than ever, and that creative responses including temporary uses could helpfully move past this impasse where it is experienced. Whilst in some cases the answer has been conversion to residential, a balance must be struck with retaining active commercial usage and frontage.

10. Whilst there may be a glut of older office stock, in many places there is a shortage of the sort of modern, collaborative office spaces now desired by firms. In order to attract and retain hybrid working models and to support the development of 15 minute neighbourhoods, it is vital that councils and their partners continue to work to attract investment in this type of space. Ensuring this space is affordable and available to smaller businesses is also important for the vibrancy of smaller town centres.

11. The future picture on Permitted Development Rights is uncertain. During our research, it became clear that there is a diversity of opinion as to whether the initial PDR “wave” has passed, or whether it will ultimately regain speed as the pattern of reduced overall demand for office space solidifies. This requires careful monitoring.

Where conversion to residential does happen, councils have limited tools to ensure the quality of the resulting dwellings – but should continue to engage proactively to emphasise the importance of this point. It is also vital to emphasise that this is a distinct concern from a more generalised wariness as to changes of use.



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Foresight

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The Catalyst, 3 Science Square
Newcastle Helix
Newcastle upon Tyne, NE4 5TF
United Kingdom

+44 (0)191 495 7350

urbanforesight.org

30 City Quay
Camperdown Street
Dundee, DD1 3JA
Scotland

+44 (0)1382 549 946

hello@urbanforesight.org