

Many commentators
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the regional shopping
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Retailing is one of the most important sectors in all developed economies and retail property i. e. shops and shopping centres, constitute an important part of a country's built environment (Boucke, 1989). The amount of floorspace devoted to retail and service activities in Britain is over seventy million m² and city centres, as well as their peripheries, have changed radically in their appearance and function during the last thirty years.

Development of new retail floorspace has been one of the most important areas of capital expenditure in Britain in the last two decades. For example, in the financial year of 1991/1992, Tesco plc spent around £1 billion on the development of new superstores (Guy, 1994). However, in recent years the focus has shifted away from the grocery retail sector and its expansion of superstores, and increasing literature has focused on the growth of new modern forms of shopping development in the form of enclosed 'Americanised' malls. These centres form part of Schiller's (1986) 'third wave of decentralisation' and have significance both as a source of economic growth and change, and as a social phenomenon that can evoke both positive and negative reactions. This essay seeks to evaluate and critically analyse the reasons for the failed widespread growth of regional shopping centres in the UK.

It is shown that despite the apparent suitability of Britain for such centres, the amount of development which has taken place is minor in relation to the US experience (Guy, 1994). This essay will be structured as follows; firstly, definitions and concepts surrounding regional shopping centres are explored. Secondly, it was felt necessary to incorporate a brief outline of the reasons why so many commentators expected to see the widespread growth of

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regional shopping centres in the UK in order to set the subsequent analysis of failed growth in context. Finally, the reasons for the failure of regional shopping centre growth in the UK are critically reviewed. The Concept of the Regional Shopping Centre There is a certain level of ambiguity in terminology concerning definitions of certain forms of retail development (Guy, 1994).

An important distinction should be made between shopping malls that are themselves free-standing (these are termed regional or super-regional shopping centres) and between those which are built within the fabric of existing central areas. Dawson (1983) terms such developments 'renewal centres'. This essay primarily concentrates on out-of-town, free-standing, regional shopping centres, as it is these forms of retail development which have caused the most concern and controversy and have failed to prosper significantly in the UK in contrast to America and many other countries such as Australia and South Africa. Regional shopping centres are defined as planned centres, which serve a 'regional' rather than district, neighbourhood or local function (Bennison and Davies, 1980).

Guy (1994, 1996) describes these regional shopping centres as spaces of more than 400 000 ft² which tend to be fully enclosed. They are often built in off-centre locations, although some early examples were built in town centres, many also provided the foci of commercial activity in government financed New Towns. They are large enough to contain at least one department store and at least fifty smaller shop units. A significant element of their floorspace is usually devoted to leisure facilities such as bowling alleys, ice rink or cinemas. In the UK, the earliest regional shopping centres

followed the concept of embeddedness and were actually located within town centres e.

g. Arndale Centre in Manchester and Eldon Square in Newcastle. This was due to the preference of financial investors for town centres and the strength of land use planning control. It was not until the late 1980's that regional shopping centres moved out of town e.

g. the Metro Centre in Gateshead, Merry Hill in Dudley and Meadowhall in Sheffield. The 1980's: The Beginning of Large-scale Growth in Regional Shopping Centres? This section aims to review the initial impetus of large-scale growth in regional shopping centres which occurred in the 1980's. It was this apparent 'boom', which led many commentators including Jones (1989) and Dawson (1983) to forecast a widespread growth of regional shopping centres into the 1990's.

The 'waves of decentralisation' proposed by Schiller in 1986 also served to reinforce the notion that retailing was decentralising and that Britain was in the grip of a 'third wave' of decentralisation. In the early 1980's a deregulationist stance led to a relatively favourable environment for proposed regional shopping centre development (Schiller, 1986). Up until the early 1980's only a few regional shopping centres had been built outside established shopping locations in the UK together with a small amount of centres built within the central shopping areas of towns and cities. This was because many developers and retailers were focused on developing superstores and retail warehouses (Neafcy, 1984). However, in the mid 1980's there was a significant increase in the number of proposals for new

regional shopping centres, most of which would threaten established town centres. Much planning however, seemed to favour development and the subsequent generation of employment and competition between retailers was deemed desirable.

Developers thus took their chance to propose large, new, enclosed centres and the situation regarding the low influence of planning policy at this time is clearly demonstrated by Nicholas Ridley, the then Secretary for the Environment, who said of the out-of-town shopping movement “ It is a bigger force than I. It is a mistake to say that I must stop it or that it can be stopped...

I don't think that it can be stopped with the powers that government has.” (The Times, 17th January, 1987). The result was that in 1987 there were 43 proposals for out-of-town regional shopping centres. Altogether fifty proposals for out-of-town shopping developments of above 500 000ft² were made between 1982 and 1991 (BDP Planning, 1992).

It was this increase in proposals however, which initiated a refashioning of ideas surrounding regional shopping centres and saw the beginnings of alarm and awareness of the risks and negative impacts that these centres could have if built. Thus, during the late 1980's and early 1990's, the situation appeared to be conducive to regional shopping centre development especially seeing as the four super-regional centres i. e. Metro Centre, Meadowhall, Merry Hill and Lakeside, were built during this period.

However, the turning point came towards the end of the 1980's when in

1988, PPG 6 was issued by the Department of the Environment which
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highlighted the need to safeguard greenbelt and open countryside surrounding conurbations and stated that any possible negative impacts on existing town centres were to be avoided. This severely affected the likelihood of the anticipated boom in regional shopping centre development. The following section discusses this factor, together with various other reasons, for the failed growth of regional shopping centres. The 1990's: The Growth which Never Materialised Little more than a decade ago, UK developers were clamouring to build more than 30 out-of-town shopping centres however, within a few years this policy has almost totally been reversed with the introduction of strict planning regulations and guidelines. The Financial Times in April 2002 reported that, " It is not long since suburban retail malls were the ultimate symbol of prosperity.

They remain eagerly welcomed in developing countries but attitudes have changed in economically advanced nations as awareness grows of the price paid in traffic generation and declining city centres." This section will evaluate the impact of PPG6 and planning guidelines on the development of regional shopping centres in the UK and discuss other economic, social and environmental reasons why the ' boom' in regional shopping centre development never materialised. 1) Impact of Planning Policy Guidance 6 (PPG6) Despite forecasts of ubiquitous growth in regional shopping centre development, by 1999, there were only eleven regional shopping centres in the UK. In the late 1980's the Oxford Institute of Retail Management had charted a potential forty regional-scale shopping centres (OXIRM, 1987). In reality, only a handful of these proposals proceeded beyond the planning

permission stage, largely due to the changing government policy on retail developments in the 1990's as summarised in PPG6 (Wrigley, 1998).

In fact, four of the six newly built regional shopping centres actually gained permission prior to these changes and so even less regional centres have been allowed in the mid to late 1990's than it would appear. Thus what Schiller (1986) has termed the 'third wave' of retail decentralisation in Britain has effectively come to an end (Lowe, 2000). Changes to planning policy guidelines have had, and continue to have a dramatic effect on out-of-town regional shopping centres, the advent of PPG6 in 1988 in particular serving to curtail their rise. The PPG6 policy was revised in 1993 and again in 1996 and both served to move further away from the notion of out-of-town development. In particular they highlighted the need for renewed investment in town centres in order to enable them to play a more central and vibrant part in the life of a community (Davies, 1996).

Thus the new thrust in retail planning lay in rejuvenating traditional town and city centres and a key feature of the revised PPG6 in 1996 was the statement that, "...regional out-of-town shopping centres should only be allowed where they will fulfil an important retail need, taking account of all likely impacts" (Planning Policy Guidance 6, DoE, 1996). However, Lowe (1998) has highlighted the fact that planning regulation formulated to deal with the general issues of out-of-town retailing is not necessarily attuned to the special case of regional shopping centres. Thus as Langley (1996) points out 'regional shopping centres are a slightly grey area in PPG6 when there is ambiguity over whether there should be a distinction drawn between out-of-town shopping developments which are still in the built up area and out-of-

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town developments which are built on greenfield sites outside the urban area”.

However, although there is a lack of specific policy, there is a basic philosophy underpinning PPG6 which is to make the most of the facilities and the transport systems in current operation, in order to preserve the character of existing centres and to safeguard the countryside and prevent encroachment onto greenbelt designated land. Therefore many proposed regional shopping centres fall foul of this basic philosophy underlying PPG6. In actuality, it is difficult to see how any regional shopping centre proposals could satisfy the government’s sustainable development policies and its objectives to sustain and enhance the vitality and viability of town centres. Thus England (2000) has forecast that Braehead Riverside Shopping Centre in Glasgow is likely to be the last regional shopping centre to be built in Britain. 2) Unfavourable Environment However, Guy (1994) notes that the differences between the United States and Britain in the volume and location of retail provision do not simply reflect differences in planning control.

In many parts of the US, retail developments involve a profusion of low-cost, speculative schemes built on cheap land by local and regional development companies operating in favourable planning environments. This means that considerable risks can be taken by developers because unsuccessful shopping centres can be redeveloped for some other use. However, in contrast, British retail development involves high costs of land acquisition and is funded mainly by large development or financial institutions operating in a highly regulated planning environment. Hence, most schemes will only

be completed if there is substantial evidence that there will be a satisfactory return for investors.

This means that planning control is very much tied up with land costs and perceived risk. 3) State of the Land Market A further restriction to expansion was the state of the land market in the 1990's which proved disadvantageous to regional shopping centre development. The enterprise zones had almost reached saturation point and there were a limited number of further suitable sites which would not prove in conflict with planning policy guidelines. In today's highly competitive retail industry, increased competition for sites inflates prices to ridiculously high levels and this reduces the possible profitability that a shopping centre would achieve.

Thus, in the face of indifference from retailers and caution from investors, only those schemes which promise excellent returns on investments are likely to attract interest. 4) Financial Issues and Concerns Another major issue concerns the financial prospects of regional centres as property investments. There are a number of long-term doubts about regional shopping centres. Firstly, the exemption from payment of business rates (property taxes) is being phased out and ultimately this will increase retailer's costs. Secondly, regional centres are so large and so valuable that few institutions are willing to buy them from developers. For example, the Lakeside Centre in London was valued at over £300 million in 1992, few institutions would be prepared to buy a single property of such high value (Thompson and Wythe, 1988).

Financial institutions are also not ready to invest in non-food, out-of-town sites because they have large amounts of capital tied up in central shopping

schemes and retail parks. Thus they have to protect these large-scale investments and not undermine themselves elsewhere. Not only this, but shopping centres are viewed as less respectable by financial institutions and national property companies. Many would rather purchase completed centres than initiate the development process themselves (Guy, 1994). Tied into these economic concerns was the impact of the recession in the early 1990's.

This served to slow down the development process considerably, such that we are not likely to see, apart from food retailing, much more dramatic change to the retail environment in the near future. Many schemes now remain 'in the pipeline', set back from realisation by the effects of the recession and property slump (Davies, 1994). 5) Societal Issues and Continued Success of Town Centres From a more societal viewpoint, Guy (1996) refers to the affection and nostalgia of consumers for the town centre. Many town centres in the British retail landscape serve as much a social function as a retailing one.

Thus for many, both retailers and consumers, it plays an important part in our retail 'heritage' and continues to be highly viewed in contrast to off-centre schemes. Thus proposals for many regional centres receive widespread public disapproval and, due to the nature of the UK planning system, this can severely hinder the planning process. Howard (1992) however, provides an argument against the fact that regional centres take trade away from nearby town centres. He states the case that many traders who take up tenancy in the newly built regional centres also still locate in the traditional high streets. A survey conducted in 2001 by Colliers CRE has <https://assignbuster.com/many-commentators-had-expected-to-see-widespread-growth-of-the-regional-shopping-centre-in-the-1990s/>

shown the support of retailers for traditional high streets and the faith they still have in their high street stores.

The survey questioned 40 shops with outlets in both Oxford Street and Bluewater Shopping Centre in Kent. More than 60% said they expected their Oxford Street trade and profits to improve by 2002, with fewer than 10% expecting their trade to drop. In addition, over 75% stated that their flagship store was still in Oxford Street. This does however show that traditional high streets and city centres are still popular with both retailers and consumers and that with proper planning and careful locational strategies, developers and planners can possibly work together in the future to achieve a more healthy balance between out-of-town shopping centres whilst maintaining the vibrancy of the city centre. Improvements in town centres themselves has also reduced the immediate desire and need for more pleasant and attractive shopping environments e.

g. revitalisation of Watford and Bromley shopping precincts. Centres such as West Quay in the heart of Southampton mean that shoppers can have the high street and an enclosed shopping area within the existing town centre. The success of these schemes has meant a reduction in planning permission granted to out-of-town proposals. There has also been much bad press and criticism about regional shopping centres resulting from an increase in impact assessment studies which tend to highlight the negative effects that these developments have on the existing retail hierarchy (Loxton, 1995). 6) Impact Assessment Studies Virtually every large regional shopping centre which has already been built in the UK has been subject to an impact assessment study.

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Frequently they take place a few years after the development has been built and aim to assess its economic, social and environmental impacts i. e.

OXIRM (1994) which looked at the impact of Meadowhall shopping centre on Sheffield CBD. It revealed that Sheffield's share of non-food shopping trips had fallen by 38% and thus has lost substantially more of its market share than originally thought. OXIRM consider Meadowhall to have been a significant factor in Sheffield's further decline between 1990-1994. Since Meadowhall opened in 1990, trade in city centres appears to have fallen by more than 1/3.

These studies produced compelling evidence that existing town centres were being seriously affected in terms of trade diversion and polarisation in shopping behaviour (Oxford Institute, 1992). However, when these often subjective studies are used to put forward a case at an appeal or public enquiry they have to be considered carefully because they can be manipulated by the various actors involved in order to only show evidence that will serve to back up their case. This is mainly due to lack of standardisation in methodology. On the other hand, they can be very useful, if used correctly, to demonstrate impacts on existing town centres, gauge public opinion and provide statistics on pedestrian flows and patterns of consumer expenditure. 7) Environmental Concerns A growing and more recent concern is to reduce the demand for, and reliance on, private car travel in order to conserve energy and inhibit global warming.

A DoE statement in 1990 stated that out-of-town shopping centre development would be viewed with these thoughts in mind. In 1993, PPG6 reinforced these concerns and gave very strong support to central city retail <https://assignbuster.com/many-commentators-had-expected-to-see-widespread-growth-of-the-regional-shopping-centre-in-the-1990s/>

development which relied less on the car-borne visitor, and weaker support to off-centre development, especially regional shopping centres, which relied almost entirely on the mobile consumer. More recently this issue has been taken to the forefront of the political agenda with the publication of PPG13.

Conclusion Therefore it can be seen that in its transmission to Britain the regional shopping centre has been faced with several barriers to development which did not occur in North America. One set of barriers related to the land market; firstly, suitable undeveloped sites of up to 50 hectares which are also accessible to large catchment populations were hard to find in the UK.

Secondly, competition for sites resulted in inflated prices for land so that shopping centre developers ended up paying extortionate prices for suburban land. Thirdly, financial institutions were reluctant to invest in out-of-town retailing due to the fact that they wished to protect their interests in central retail areas. Another set of barriers against regional shopping centres rested on planning and environmental issues and also on perceived impact to existing shopping areas. This meant that shopping expansion was favoured in established city centres and development was largely restricted in out-of-town locations.

With the increased status of approved local plans in the planning system, regional centres which are contrary to local planning policy were unlikely to win on appeal. It was previously believed that development of shopping centres in Urban Development Corporations would prove easier as they tend to take more liberal attitudes to retail schemes. However, there are only

twelve such corporations in England and Wales and in most areas the scope for regional centres is small. Thus it is clear that the role of institutions i. e.

financial and governmental in Britain has had decisive effects on the location and type of retail development. This, along with societal interests and economic concerns over the land market and recession in the early 1990's, has meant that the forecasted ' boom' in regional shopping centres never arose.