

URBAN REGENERATION: *Getting the formula right*

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INTRODUCTION

Regeneration –

a term often subject to widespread interpretation - has been described as a three-legged stool: needing to address the physical environment, local economy and, most importantly, the community around it¹.



Regeneration is far more than just commercial property development. It has a much broader agenda. Simply building retail space in the middle of a city centre does not constitute regeneration as this does little to improve the prosperity of the surrounding communities. Regeneration must conform to an acceptable commercial framework, certainly, but profit isn't the only focus here. The social impact has a large part to play in any successful regeneration scheme.

A definition settled on in 2004 was that regeneration was the process of reversing economic, social and physical decay in towns and cities where market forces alone will not suffice². More recently, the notion of creating 'sustainable communities' has risen in prominence – communities that will create value by, for example, addressing unemployment, improve educational facilities, reduce crime and improve housing and infrastructure.

This more holistic interpretation of regeneration has presented planners and designers with the dilemma of deciding what use classes are developed and in what proportion.

¹ Chris Brown, chief executive of Igloo Regeneration Fund, 2005

² ODPM (2004) Assessing the impact of spatial interventions. Regeneration, renewal and regional development. 'The 3Rs guidance'. London: Office of the Deputy Prime Minister.

The History and Evolution of Regeneration Priorities

A policy paper called *'Strong and prosperous communities: The local government White Paper'*³ as well as *'The State of English Cities Report'*⁴ (Parkinson, 2006) highlight that, with the exception of London, English cities are not sufficiently competitive by international standards. Urban competitiveness is defined as:

“the ability of a city to generate relatively high income and employment levels, while being exposed to external competition”

Accordingly, a competitive city is one which can provide jobs. A city or town that can do this needs to offer the right balance of quality housing, well-thought-out infrastructure as well as modern office and retail space.

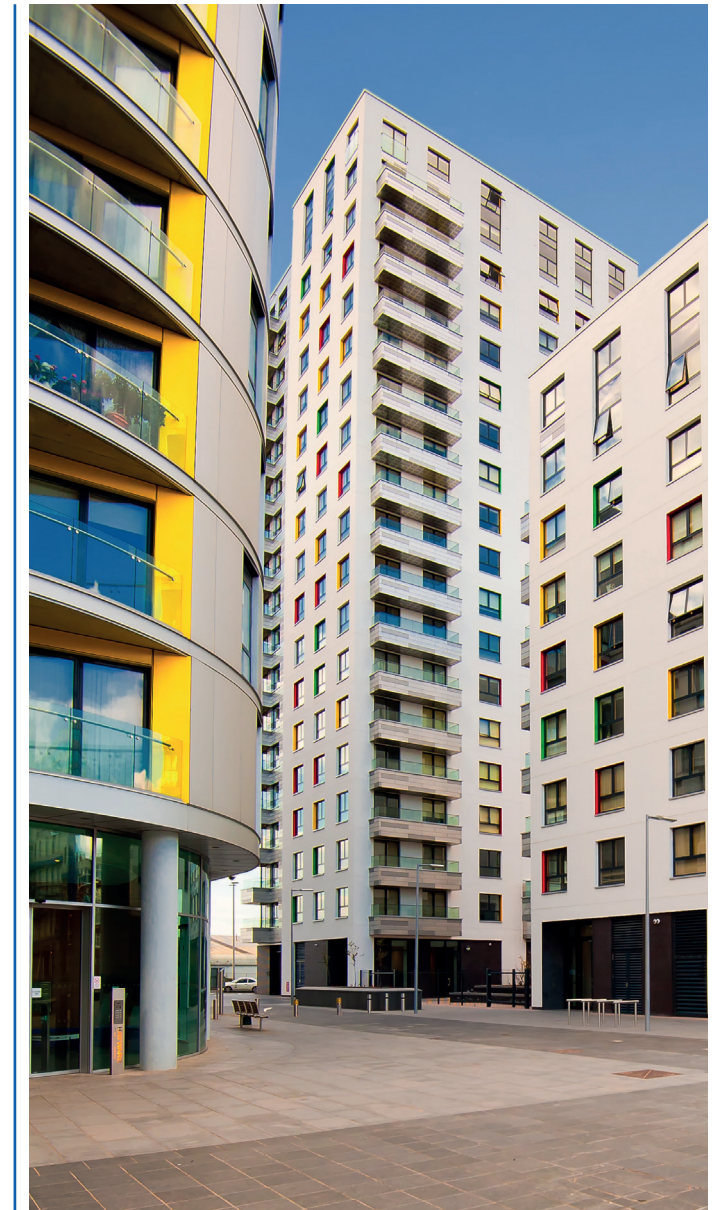
Mixed-use developments are driven by a confluence of social, economic and political pressures and incentives. One of the main focuses of any redevelopment project is to create a sense of “place”. Regeneration schemes in post-World War II era towns and cities placed a heavy focus on large, single-use buildings such as shopping centres and office blocks, but the focus has since shifted.

The underlying aim of most major regeneration schemes is to create a more integrated community rather than bolting on various use classes here and there. Mixed-use has been adopted as the new

planning standard. There are numerous reasons for this. Occupiers are certainly demanding increasing levels of convenience but this trend is not just occupier driven. Developers have also become more aware of the various benefits that can come from diversifying use type.

So how do developers determine what weighting to allocate each use class in a mixed-use development?

Mixed-use regeneration schemes first appeared in the late 1950s and whilst they initially focused on commercial use, they gradually began to incorporate elements of residential. In the 1960s large volumes of residential (including affordable housing units) were developed to meet investor demand for buy-to-let opportunities. Even in 2003, research published by FPD Savills showed that mixed-use schemes in the UK were still predominantly residential (58%)⁵. But in more recent years mixed-use schemes have become increasingly retail-led as, from an institutional investment perspective, residential is considered complex, management intensive and is prohibitive to asset redevelopment. Now, we're seeing retail elements being gradually reduced. The Construction Products Association (CPA) says that outlook for the retail sub-sector continues to be poor as the growth in e-commerce shifts demand for retail premises to industrial space for storage, logistics and distribution⁶.



³ Department for Communities and Local Government: *'Strong and prosperous communities: The Local Government White Paper'* (Oct 2006)

⁴ Office of the Deputy Prime Minister: *State of the English Cities (Volume 1)*

⁵ Investment Property Databank/FPD Savills (2003) *'Investment in Mixed Use'*, August 2003

⁶ CPA: *Construction Industry Forecasts 2019 2021 – Spring 2019 Edition*

Current trends in regeneration planning

Mixed-use developments are an integral feature of any sustainable regeneration scheme. Such schemes tend to offer a relatively high proportion of retail use as this has historically ensured the commercial viability of developments. Determining the right mixture and weighting of property usage types has a critical impact on the overall success and performance of a given regeneration scheme.

Of course there is no one-size-fits-all approach to determining the mix of usage types. A range of uses is required in order to make a town centre both vibrant and viable but a priority for planners is to not undermine the local character of the town or city being regenerated. Whilst core retail use needs to be protected as this is a significant driver of footfall, there is no denying that the growth of multi-channel retail is a trend that has led many developers to rethink the retail-heavy approach that has been adopted in the past. Many mixed-use schemes have slashed their retail provision. For example Hammerson recently reduced its retail provision for Birmingham's Martineau Galleries to approximately 10% of its initial offering. The real estate investment trust now expects less than 100,000 sq ft of the 2.8m sq ft mixed-use development to be dedicated to retail (originally 915,000 sq ft of retail was proposed).

Rob Dobson, director of developments at Hammerson, noted that:

“The shift is much more around commercial offices, residential, food and beverage and hotels, with very limited retail. The plans for the regeneration have just moved on, just as the mix of uses within the city has moved on”

intu Properties plc is another example. Although intu has largely focused on shopping centres in the past, in November 2018 it announced plans to diversify by reducing retail floor space and increasing residential, leisure and hotel uses. intu recently outlined proposals for more than 1,000 homes next to the Lakeside shopping centre in Essex which involves demolishing two car parks and a House of Fraser store to create space for rental homes, open spaces and leisure facilities.

In the last few years the UK has experienced a slowdown in retail sales from physical stores, coinciding with increasingly ambitious housing targets and a strong demand for high-profile office

space. These three trends will inevitably feed in to the decision making process of planners and developers when determining the best usage mix for schemes and major regeneration projects.

However, each town centre is unique and requires a tailored approach. The strategy that was adopted on The Lexicon in Bracknell – a major retail-led regeneration scheme in the town centre – was based on several key pieces of data. Market research carried out for the Bracknell Regeneration Partnership (BRP) – the 50/50 joint venture between Schroder UK Real Estate Fund and Legal & General – found that there were around one million shoppers within the town's catchment area. With 97% of households in Bracknell Forest earning above the UK average, there was clearly significant commercial opportunity for regeneration.





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Bracknell was one of the original 'Mark One' New Towns created after World War II in order to rehouse populations from existing urban centres. These New Towns were designed with self-sufficiency in mind and, as such, offered employment opportunities, family housing and community facilities.

The planned development was constructed over a relatively short period of time, following 'Modern Movement' principles – an architectural style that led to the construction of 'functionalist' buildings. As the physical structures deteriorated at a uniform rate, reconfiguring the buildings was bound to be an expensive exercise.

By the early 1990s, the town centre's need for renewal was widely recognised. Originally, proposals were for redevelopment rather than regeneration but proposals to merely augment the existing centre made little progress and by 1995 the council embraced a more ambitious regeneration scheme.

The original proposals for outline planning permission were very much retail-led, comprising approximately 1 million sq ft of new retail development. These applications received substantial opposition from surrounding local authorities (LAs) and numerous other parties, with the majority of objections focusing on the retail impact and potential loss of trade in surrounding town centres such as Reading. Claiming that the proposals were out of keeping with the scale and character of the town centre, planning policy objections said that the proposals would elevate the town unacceptably in the adopted retail hierarchy (as set out in the Berkshire Structure Plan).

After the retail-led proposals were rejected a new committee was established that undertook a major programme of inclusive community engagement and worked in collaboration with land owners and LAs. In 2002, the council approved the new masterplan – a mixed-use scheme built over two to three levels and anchored by two department stores. The retail element was dialled back to 600,000 sq ft of development space, complemented with 600,000 sq ft of business and office floor space and 600 new residential units.

The Lexicon, Bracknell – A Case Study



The masterplan was subsequently developed by BRP, the joint venture between the two major landowners, Schroder UK Real Estate Fund and Legal & General. BRP submitted the outline planning application in November 2004 and secured council approval in 2006 with the development agreement being concluded in 2007, coinciding with the global financial crisis.

The deteriorating economic conditions at the time led to a review of the scheme in an attempt to improve its viability. A new, lower profile and more open development was proposed that would be phased rather than treating the scheme as a single development. Under the revised scheme masterplan, the existing civic quarters could be retained whilst development was delivered to the west. However, in the ensuing five years, the economic landscape had shifted. Due to the declining retail market, BRP reviewed their options and the financial viability of the scheme, culminating in a package which brought forward the public realm and highway works. The development went 'unconditional' on 31st January 2015 with the development breaking ground on 27th February 2015 with Mace acting as the principal contractor and Gardiner & Theobald as the project manager and employer's agents.

The Lexicon eventually opened on 7th September 2017 and during its first year, the scheme won Development of the Year at the Revo industry awards. Bracknell also rose to 33 in the retail rankings (up from 255) and visitor numbers increased from between 4-5m in 2013 to over 16m by September 2018. As of January 2019, Bracknell had risen to 29 in the retail rankings.





Partners and stakeholders in the regeneration project worked collaboratively, communicating risks, complexities and timescales in order to align expectations. This meant that the scheme was able to meet BRP's viability test. It also meant that a political consensus was built regarding the need for the regeneration project.

Although a clear and consistent vision of what the regeneration project needed to achieve was established through the 2002 Masterplan, the project was a success largely due to the fact that the details of the vision were adaptable in order to respond to various challenges.

Some of the key questions that were asked throughout the project were what should the scale, urban form, mix of uses and look and feel be of the scheme. The council realised that the existing town centre was economically weak and fell short of 21st century retailing but ultimately decided to dial back the retail element.

Despite the popularity at the time of covered shopping malls, a series of open and semi-covered streets were proposed so that a comprehensive redevelopment could be avoided in the future. The masterplan envisioned a series of development

blocks which could be replaced as and when they became obsolete. This futureproofing will also enable the town to better adopt 'smart city initiatives'.

The council adopted an enabling, flexible approach, coming up with solutions based on the overall vision and objective of the policy framework rather than strictly following the masterplan and the adopted Local Plan. The Lexicon itself can be considered as one part of a bigger regeneration project so inevitably compromises had to be made. The benefit of having a phased approach is that planners can react to changing market conditions. For example, currently opportunities are being explored for residential and office developments located both outside and inside the town centre. Rapid population growth in the region has prompted the exploration of such opportunities and how to best prioritise use accordingly.

Getting the mix of use right

So how do planners determine which uses are developed and in what proportion?

Rapidly evolving consumer preferences and new technologies are just two of the drivers of change for the way people use high streets and mixed-use schemes. Recently, we have seen the growth of the 'experience economy' where companies use services as the stage and goods as the props in order to engage customers and create a memorable event. These can be social activities such as eating and drinking, or going to the cinema, theatre or amusement parks. The desire for more personal and

interactive experiences has prompted designers and developers to focus on how to best accommodate this trend.

Demographics are also hugely important. Schemes should be planned based on current demographics and on future demographic trends so that needs can be catered for. Trends will come and go so the key is to be flexible, creating space that is adaptable to shifts in social, cultural and environmental preferences.

The London Plan emphasises the importance of being flexible. Whilst encouraging boroughs to ensure that

their strategies, policies and decisions encourage a broad mix of uses, the London Plan emphasises the importance of including a substantial enough retail element to meet demand. It also notes that town centres will need to adapt to new and innovative forms of retailing, accommodating new space where there is identified demand, and managing the transition of surplus retail floor space to other uses, such as leisure, business and more intensive forms of mixed-use development that include a residential component.



CONCLUSION

To conclude, mixed-use schemes need to be proactively managed. A flexible approach is needed to adapt to shifting preferences. In many cities and large town centres there is currently pressure to convert commercial floor space to residential use. However, a vibrant city or town centre needs more than just residential space. Although there is no magic formula, getting the right mix and quantity of use is essential if a development or regeneration scheme is to create a sustainable community with a sense of 'place'.

The Lexicon: Quick Facts

- Bracknell was originally built to help alleviate the post-war housing shortage in the late 1940s, having been designated as one of 10 new towns to be built around the country
- The regeneration scheme was phased. Phase 1 (delivered November 2011) saw the opening of a new Waitrose. Phase 2 was The Lexicon (delivered September 2017). Subsequent phases will be driven by market conditions but are likely to include a residential development to cater for the growing population
- The Lexicon centre cost £240m and took five years to build
- The Lexicon comprises 1,000,000 sq ft of shopping and leisure under one ownership
- Work funded by Bracknell Regeneration Partnership (BRP) – a JV between Legal & General and the Schroder UK Real Estate Fund
- A further £30m will be spent on the next stage of regenerating Bracknell. Part of this will be used to build covered public space at The Lexicon, which will contain restaurants and shops and will be known as 'The Deck'. Part of this will also be used to remodel Princess Square - an existing covered shopping centre
- Ongoing redevelopment is expected until 2032