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Revolutionary road

By Nicola Venning

A small retail revolution is taking place on Britain's high streets that will have significant repercussions for town and city centres and – potentially – the homes near them.

A good, bustling high street is part of a virtuous circle: it tends to be near prosperous homes whose owners are in turn attracted to a quality thoroughfare. According to research by Knight Frank estate agents, homes near strong high streets will, on average, have a 12 per cent uplift in value. “They act as a pull for affluent residents and help push house prices higher,” says Liam Bailey of Knight Frank. “Think of a town like Helmsley in North Yorkshire with good independent shops and restaurants – this draws in wealthier buyers, who in turn permit more premises to open up.”



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These days, however, the high street, whether affluent or average, is feeling the pinch. “It is in crisis,” says Liz Peace of the British Property Federation. “Even in more prosperous areas such as Hampshire, there are high streets full of charity shops and [retail] vacancies.”

“The only people doing well are the cheap-as-chips brands at one extreme, and the Louis Vuitton and Gucci brands at the other,” says Matthew Hopkinson, director at the Local Data Company, a retail research company in the UK. Latest research from the company shows that town centre vacancy rates are rising. On average, 14.5 per cent of high street shops were empty last year – up from 12 per cent in 2009. Some, such as Margate and Morecambe, have high streets with more than 30 per cent vacancies.

Nor is this simply a UK phenomenon. “It’s the same whether you are in India, the US or the UK. They all face the same pressures,” says Claer Barrett, the FT’s retail correspondent.

These pressures are more fundamental and long-term than just the recession. The convenience of “out-of-town” supermarkets and especially internet shopping is changing the way local residents use their high street – assuming they use them at all.

If the high street is to survive, it must adapt to these changes. Architect and master planner Sir Terry Farrell believes that while retail shops will become “more like showrooms,

because though people e-shop, they also want to do comparison shopping”, the rest of the high street will become more diverse. High streets will be places where “all forms of cultural, social and economic exchange take place, embracing new technologies and improved connectivity”, he says.

Farrell is putting his theories into practice as the master planner behind the new 77-acre site around the Earls Court Exhibition Centre, which will include four urban villages with 7,500 homes, a fifth of which will be social housing, as well as a brand new high street.

“We are keen for the high street at Earls Court to include [customer] participation rather than just spectating,” says Richard Powell, director of planning and development at Capco, the developer behind the £4bn building work at the site. “This high street needs to work just as well at 9pm on a Tuesday as at 3pm on a Saturday,” he adds.

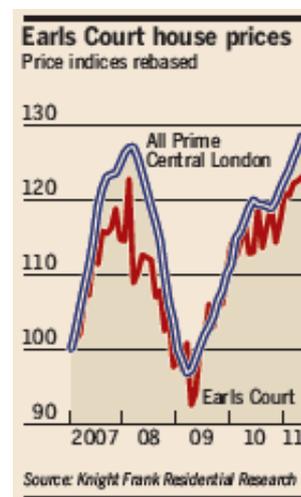
This means a much broader and – from a customer’s point of view – more useful range of services. Though it will still have food and fashion shops, Earls Court High Street will generally be less retail orientated, with a greater emphasis on “education, culture and the arts”, says Powell. So laptop repair shops will rub shoulders with IT classes; lawyers’ offices might find themselves next to an art gallery; bike shops, brasseries and beauticians could all share the same pavement. Festivals, regular events and street markets will also be crucial to a flourishing future.

Powell has been inspired by Marylebone High Street in London which, after a couple of decades in the doldrums, rose Phoenix-like from the retail ashes in the mid-1990s. It is now the model of an innovative, independent and successfully varied community-orientated street.

“Our plan was to introduce tenants that would be a bit more interesting so that we were not the same as every other high street in the country,” says Toby Shannon, chief executive of the Howard de Walden Estate, the leaseholder of 70 per cent of the retail outlets on this most fashionable of London streets.

Controlling most of the leasehold properties and being a single landlord has made “a huge difference”, Shannon says, to being able to develop the high street sympathetically. “It took 10 years to get the high street where we want it.”

Besides restaurants, cafés and fashion stores on Marylebone High Street, there are also four art galleries and a regular summer fair. This diversity and quality has had a significant impact on local commercial and residential rents.



“In the past 10 years, residential income [from flats and homes leased and let by the Howard de Walden estate] around Marylebone High Street has gone up by 170 per cent,” says Shannon.

Covent Garden Piazza (also owned by Capco) and New York’s Meatpacking District are other successful examples, but these are bright exceptions in an otherwise monochrome landscape. Most high streets are dogged by piecemeal property ownership. “It is very difficult to unite landlords and retailers,” says Barrett. “The challenge for local authorities is to work with businesses including retailers and landlords to sensibly manage this transition and to be creative in looking for new roles for empty shops,” she says.

Ironically, the lack of choice facing most high street businesses could, eventually, improve choice for customers. Certainly, the high streets that do succeed will become far more interesting and community-orientated than they currently are.

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