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Birmingham City Centre Retail Assessment

Prepared on behalf of
Birmingham City Council
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1 Introduction

1.1 The purpose of this Report is to review the performance of Birmingham City Centre as a retail destination and identify any potential that exists to expand the retail core and secure Birmingham's position as a top retail destination.

1.2 The Report refers to the comparison retail growth requirement of the emerging core strategy and identifies realistic options for delivery of this space, including both specific proposals up to 2021, and indicative proposals for growth beyond this date.

1.3 We do not provide any new assessment of the quantum of floorspace needed to support the centre but review the Birmingham Retail Needs Assessment Update published by Hollissvincent In February 2013 which has provided the evidence base of capacity assumptions, and comment on the deliverability of the existing pipeline to match quantitative need.

1.4 In place of the soon to be abolished Regional Spatial Strategy, the City will focus on delivering locally determined development targets, supporting competitiveness and strengthening the attraction of the city centre as a retail destination.

1.5 We have considered the particular impact of the following schemes which will redefine the city centre:

- The extant planning permission at Martineau Galleries and potential to deliver a major new shopping centre in this location
- The opportunity of the wholesale markets site and its relationship with the Bullring and the delivery of other major schemes
- The impact of the proposed John Lewis store within the New Street Gateway project
- Potential retail expansion in alternative locations, including as part of the Paradise Circus redevelopment

1.6 The assessment also includes consideration of other projects, including the development of a High Speed 2 Rail Station at Curzon Street/Eastside to serve proposed high speed rail link between Birmingham, London, Manchester and Leeds and how this might affect the city centre.

1.7 The Report is structured to consider the following in detail:

- Section 2 – Review of existing and emerging planning policy and retail influence.
- Section 3 – Qualitative review of the city centre, its performance, strengths and weaknesses and potential for further retail development, including consideration of independent retailers.
- Section 4 – Comment on the existing retail landscape, national trends and impact on town centres.
- Section 5 – Consideration of the future retail environment, trends and the shape of shopping places.
- Section 6 – Consideration of the future city centre and projects which will influence the role and function of the centre and integrate its parts.
- Section 7 – Review of the current retail landscape and emerging development which will influence the future retail strategy.
- Section 8 – Recommended Retail Strategy for the city centre.

2 Planning Policy Position

2.1 Planning policy relevant to Birmingham City Centre, and particularly retail is contained within national policy (National Planning Policy Framework), the adopted Birmingham Development Plan (Birmingham Unitary Development Plan and Birmingham Big City Plan), and the emerging Birmingham Development Plan which will guide future development in the city. A detailed review of policy is provided at appendix 1.

2.2 Existing policy has shaped Birmingham City Centre and the retail provision, but it is the emerging policy and the influence of the related evidence base which will guide future development and the approach to city centre retail. The government has recently committed to a revised strategy which will strengthen existing town centres and their role.

2.3 In addition to statutory planning policy, the function and role of town centres have been considered by the Portas Review published in 2011.

BIRMINGHAM DEVELOPMENT FRAMEWORK

2.4 In March 2013, the Department for Communities and Local Government (DCLG) confirmed an order to revoke the West Midlands Regional Spatial Strategy would be laid before Parliament in Spring 2013. At the time of writing this is awaited and so the West Midlands Regional Spatial Strategy (2008) remains part of the Development Plan, although weight will be given to the intention to revoke the Strategy.

2.5 Adopted planning policy for the city centre is contained within the Birmingham Unitary Development Plan (2005). The emerging Birmingham Development Plan is being prepared by the city council and these draft documents are considered.

2.6 The emerging Birmingham Development Plan and Big City Plan will guide the future direction of the city centre. The key principles of the Big City Plan will be embedded within the Development Plan.

NATIONAL PLANNING POLICY FRAMEWORK (2012)

2.7 The presumption within the National Planning Policy Framework is in favour of sustainable development. Planning policies should be positive, ensure the vitality of town centres, promote competitive town centre environments and manage growth over the plan period.

2.8 Town centres will be at the heart of their communities and their viability and vitality will be supported. A network of centres with an established hierarchy will be defined, along with the extent of the town centre and the primary shopping area, based on a clear definition of primary and secondary frontages in designated centres. The NPPF retains a 'town centre first' approach for retail and leisure development.

2.9 The NPPF will require local authorities to allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, community services and residential development needed in town centres:

> *'It is important that retail and leisure needs are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites'.*

2.10 Where suitable and viable town centre sites are not available, local authorities should allocate sufficient edge of centre sites and should set policies for the consideration of retail and leisure proposals which cannot be accommodated in other accessible locations adjacent to town centres.

2.11 Retail development should follow the town centres first principle, applying a sequential test to consider sites outside the centre, or the adjacent area only where insufficient space is identified within the centre.

2.12 If the council fails to identify sufficient sites to meet need within the city centre, alternative locations could then be considered.

WEST MIDLANDS REGIONAL SPATIAL STRATEGY (2008)

2.13 The RSS highlights the role of Birmingham as a "world city" at the heart of the region. The urban centres should be rejuvenated to act as a focus for regeneration. Birmingham is one of a network of towns and city centres which should be the focus of major retail developments (i.e. more than 10,000 sq m gross floorspace).

2.14 Birmingham should maintain its role as the regional shopping centre by significantly improving major transport interchange facilities at New Street Station, and through further expansion of the city centre as the focus for retail and financial and business services. The strategic centres should maintain and improve the diversity and choice of their retail offer including premises suitable for occupation by small shops and independent retailers as well as large stores and the national multiples.

2.15 The RSS phase 2 revision (2007) recognises Birmingham as a major centre for economic activity and contributor to the regional and national economy. It forecasts significant growth in comparison retail expenditure:

> *'Some of this growth will be absorbed by existing commitments, the expansion of internet shopping, and through efficiency improvements in the use of existing retail floorspace. However, even taking full account of this, there will be a need for additional comparison retail floorspace over the period to 2026. The major proportion of this should be planned for within the network of strategic town and city centres'*.

2.16 The emerging RSS envisages 225,000 sq m gross of comparison goods floorspace within the city centre between 2006-2021, an increase of 140,000 sq m gross by 2021 over and above the development proposed at Martineau Galleries.

BIRMINGHAM UNITARY DEVELOPMENT PLAN (2005)

2.17 Through economic revitalisation, urban and social regeneration, and environmental quality, the UDP will consolidate the status of the city centre to secure a national/international standing equivalent to other major European regional capitals.

2.18 The prosperity of the city centre will be dependent on its vitality as a concentration of economic, cultural and administrative activity. The council is committed to promoting Birmingham as a major international city and strengthening its status as the regional capital and nation's first provincial city. The city should be the heart of the region.

2.19 The role of the city centre as the Regional Shopping Centre should be maintained and enhanced through the promotion of quality and specialist retailing. Development within the city centre should contribute to an improved physical environment, make the centre more user friendly, and maintain accessibility and the potential to accommodate further activity.

2.20 The plan acknowledges that accessibility will determine future concentrations of retail development and that promoting and enhancing existing centres will be the main priority. The overriding aim is to welcome and encourage activity within the city centre, in a highly accessible, attractive and safe environment.

2.21 The UDP recognises the city centre is intensively developed and there is a limited supply of vacant land for new development. Future development opportunities will be based on redeveloping existing premises and extending central area functions up to and including land adjacent to the ring road.

2.22 The need to improve the choice and quality of the shopping provision available within the city centre is identified as an important priority. The Bullring and Martineau Galleries schemes were to provide a 50% increase in retail floorspace, and in particular **additional department store representation** (our emphasis).

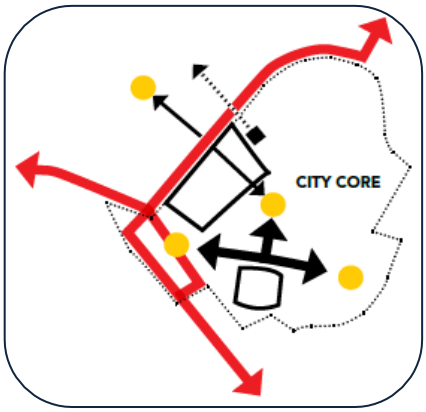
2.23 The Plan strongly supports the role of Birmingham as the Regional Shopping Centre. Opportunities for additional specialist retailing will be encouraged in appropriate locations and appropriate new retail development or renewal within the city centre will be encouraged. Pipeline schemes including the Bullring and Martineau Galleries, are identified as source of substantial increase in retail floorspace. The Plan does not envisage need for significant additional retail provision '*before the end of the Plan period*' (UDP policy 7.16A).

BIRMINGHAM BIG CITY PLAN (2010)

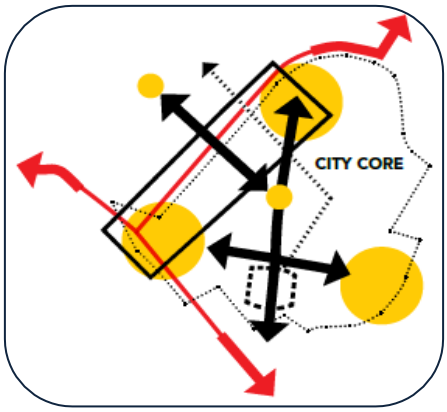
2.24 The Big City Plan outlines a 20 year vision for the City Centre, '*supporting transformational change to create a world class city centre delivering sustainable growth, improved connectivity, authentic character, environmental quality, new residential communities and a diversified economic base*'.

2.25 The Plan will strengthen the role of the centre as a 24 hour city and a thriving shopping, leisure, and business destination to support the civic and cultural role of Birmingham. Expanding the city core into the surrounding quarters will provide long-term strength and stability for the city centre.

2.26 It envisages a change in the structure of the urban core, extending north and south by diversifying activity, supporting economic growth and extending and connecting the core beyond its existing boundaries:



The City Core: Today



The City Core: 20 Years Time

(Source: Birmingham Big City Plan, 2010)

2.27 Westside, New Street Station, Snow Hill District, Eastside and the Southern Gateway have been identified as areas of transformation, to deliver over 1.5 million sq m of new development. These areas will create new distinctive places and connections, investment in new high quality buildings and public spaces, and will enhance the city's environment.

2.28 The Southern Gateway presents an important component in delivering future growth and the aspirations for the city centre:

> '*Expanding the city core southwards, the redevelopment of the wholesale markets site will provide an opportunity for creating a new destination for Birmingham. Extending the retail offer at its northern end graduating through niche retail, improved markets, food and leisure space to new residential neighbourhoods with a wider opportunity to stimulate the regeneration of Highgate. The centre piece for the area will be 'Moat Square'; a new public space*'.

2.29 The redevelopment of New Street Station through the £600million Gateway scheme is intended to deliver a bright, modern focal point, helping to regenerate and create jobs in the city centre. It is anticipated that this redevelopment will act as a catalyst for further regeneration and promote opportunities south of the station, and this will be consolidated by a John Lewis Department store, due to open at Gateway in 2014.

2.30 The retail core, bounded by the Bullring, Mailbox, Pavilions, Pallasades, New Street and Corporation Street as the prime shopping locations will continue to be supported, and uses that create greater activity throughout the day and night will be supported.

2.31 The masterplan accepts the redevelopment of New Street Station will have a profound impact on the city core.

BIRMINGHAM VISION FOR MOVEMENT (2010)

2.32 Birmingham City Council's Vision for Movement will deliver a well connected, efficient and walkable city through improved connectivity throughout the city centre served by a range of high quality transport choices. Economic growth will be stimulated and maintained by sustainable travel, to realise the ambition for a '*global and liveable city, in which new jobs, homes, and new cultural, civic and leisure opportunities are central to the city's future economic and social vitality*'.

2.33 New Street Gateway, the metro extension and Centro's plans to 'transform bus travel', along with the longer term plans for a High Speed 2 rail terminal and a runway extension at Birmingham International Airport will help realise this vision. Within the centre, improvement to information, streets and public spaces will make walking around the city centre easier. Sustainable transport choices will provide additional capacity for regeneration and economic growth in the city centre and reduce dependence on the private car.

BIRMINGHAM RETAIL NEEDS ASSESSMENT UPDATE (2013)

2.34 The main focus of the BRNA Update is to advise on the scale of retail development likely to be required within the hierarchy of centres identified in the consultation draft Birmingham Core Strategy. The BRNA Update has a forward time horizon to 2031 and will form part of the evidence base for the emerging Birmingham Development Plan.

2.35 The BRNA Update recommends the Birmingham Development Plan should plan for approximately 510,000 sq m gross of comparison goods floorspace in the period up to 2031, with 350,000 sq m gross up to 2026. These figures are derived without making a deduction for existing commitments.

2.36 Allowing for commitments, there is a need for 406,000 sq m gross up to 2031, with 252,000 sq m gross up to 2026.

2.37 Birmingham City Centre is allocated 48% of the future development up to 2031 (245,000 sq m), despite having a current share of comparison goods expenditure of just 36%. This reflects an apparent weakening of the city centre's position since 2008 as a result of the recession, but also the opportunities identified in the Big City Plan.

2.38 The update shows evidence of a reduction in the city centre's market share following the onset of the recession. To address this it recommends that the Birmingham Development Plan gives high priority to the flagship schemes and other initiatives likely to take place in the 'Areas of Transformation', identified in the Big City Plan, likely to include:

- The ongoing redevelopment of New Street Station which will providing a flagship store for the John Lewis Partnership, secure the redevelopment of the Pallasades and provide for a new southern entrance that will open up the area around John Bright Street;
- Expansion of the retail core southwards, as a result of the redevelopment of the wholesale markets, which will provide an opportunity to extend the retail offer with niche retail, improved markets, food and leisure space, new residential neighbourhoods and with Moat Square potentially representing the centre piece as a new public space;
- Continued investment in the retail core bounded by the Bullring, Mailbox, Pavilions, Pallasades, New Street and Corporation Street, as prime shopping locations;

- The development of new locations for independent high value retail such as the area between St Phillips Cathedral and New Street, around John Bright Street and the Mailbox and as part of the Southern Gateway;
- The further development of art and craft independent sectors centred upon Digbeth High Street and in the Jewellery Quarter;
- The further provision of cafes, bars and restaurants and other leisure activities as part of a broader mix of uses within the retail areas; and
- New and improved markets supporting a food quarter as part of the Southern Gateway.

THE BIRMINGHAM DEVELOPMENT PLAN 2031

2.39 The Birmingham Development Plan will guide development and regeneration in Birmingham until 2031 and set out how and where homes, jobs, services and infrastructure will be delivered. By 2031, the city's population is projected to grow by 150,000, a level greater than previously considered. The city council published a revised Development Plan for consultation in October 2012.

2.40 By 2031 Birmingham will be a renowned '*enterprising, innovative and green city that has delivered sustainable growth meeting the needs of its population and strengthened its position on the international stage*'.

2.41 The objectives of the Plan will be:

- To develop Birmingham as a city of sustainable neighbourhoods.
- To make provision for a significant increase in the city's population.
- To create a prosperous, successful and enterprising economy with benefits felt by all.
- To promote Birmingham's national and international role.
- To provide high quality connections throughout the city and with other places and encourage the increased use of public transport, walking and cycling.
- To create a more sustainable city that minimises its carbon footprint and waste while allowing the city to grow.
- To strengthen Birmingham as a learning city with quality institutions.
- To encourage better health and wellbeing through the provision of new and existing recreation and leisure facilities linked to good quality public open space.
- To protect and enhance the city's heritage and historic environments.
- To conserve Birmingham's natural environments, allowing biodiversity and wildlife to flourish.

2.42 The Strategy will promote a thriving network of centres to drive growth and deliver new office and retail development and other services to support communities. The priority will be to promote retail and office development within the defined centres and resist development that would undermine the strength of the network. The Plan identifies five areas of transformation that will deliver new development, high quality buildings and public space.

2.43 The city centre will continue to be strengthened as a centre for finance and business services and a destination for shopping, business tourism and major cultural events. The Plan recognises the success of the city centre will be '*central in promoting the international profile of the city and attracting investment, visitors and wealth*'.

BIRMINGHAM CORE STRATEGY CONSULTATION DRAFT (2010)

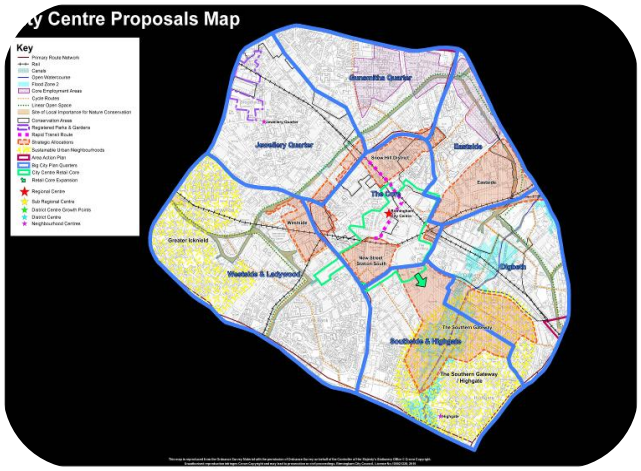
2.44 This consultation was the most recent in the production of the Birmingham Development Plan that set out proposed future policy for the city centre. It identified the following key objectives, responding to the Big City Plan, to create a world class city centre:

- *Creating places that offer a diverse mix of activities and spaces, which are of high quality and are accessible, safe and attractive*
- *Support the expansion of the city core delivering major new mixed use developments and improved connectivity*
- *Provide well connected, high quality residential neighbourhoods to increase the population of the city centre*
- *Support an efficient highway network and effective and attractive public transport system*
- *Enhance pedestrian and cycling links by improving facilities and barriers to movement*
- *Ensure high environmental and sustainability standards in new development*
- *Facilitate a diverse retail offer*
- *Reflect Birmingham's diverse cultures and engage the city's diverse population*
- *Strengthen the individual assets and identity of the seven city centre quarters*
- *Support education and businesses to create a strong and sustainable economy valuing creativity and industry*

2.45 The priorities for the city centre are to maintain and improve access and to improve the quality of the environment. The main intention is to promote growth and diversify activity.

2.46 The spatial strategy will '*support the growth of the city core to accommodate greater levels of economic and cultural activity. The city core will be allowed to expand, incorporating significant new office, retail, civic and cultural uses beyond its current boundaries'.*

2.47 The consultation draft divides the city into seven quarters which will be considered separately in terms of change proposed and level of development and growth; the city core, Digbeth, Eastside, St George and St Chad, the Jewellery Quarter, Southside and Highgate, Westside and Ladywood. The city core, including New Street Station, will be at the heart of the city centre:



Source: LDF Core Strategy 2026 (2011)

2.48 The centre will have an important role in accommodating future growth, and new investment which contributes to the aim of achieving a world class city centre will be supported. The council will support the city centres role as the primary regional shopping centre, defined by the core retail area. New development should make a positive contribution to improving the centres vitality and improve the overall mix of uses where this supports the primary shopping function:

> *The retail core of the city centre will continue to be focused around the Bullring, New Street, Corporation Street, the Mailbox and the Pallasades. Future expansion of the retail core will be supported around Martineau Galleries and through the redevelopment of the wholesale markets site as part of the Southern Gateway.*

2.49 In addition to this, within the Jewellery Quarter, Digbeth and the Southside area, limited levels of retail provision will be supported *where these contribute to creating a vibrant mix of uses and active ground floor frontages,* focussed on a diverse retail offer including independent and niche operators.

2.50 Strategic allocations for the expansion of the city core at New Street Station will act as the catalyst for the wider regeneration of the city centre:

> *The redeveloped New Street Station, opening in 2015, will transform the arrival experience and create new linkages for the city centre. New entrances from the north and south of the concourse will encourage the immediate regeneration of the area south of the station bringing well designed mixed use developments including office, retail and leisure. The southern entrance also opens the area around John Bright Street to improvement with opportunities for selective redevelopment and the introduction of niche retailing to diversify the city's retail offer which will also be supported where appropriate.*

2.51 The further four strategic allocations identified within the core strategy – Snow Hill District, Eastside, the Southern Gateway and Westside will extend and connect the city core beyond its existing boundaries and diversifying activity. The council will support and strengthen the distinctive character of these areas and '*raise their overall quality and offer*'.

2.52 The Southern Gateway will be the focus for the expansion of the city core southwards through the redevelopment of the wholesale markets site providing opportunities for mixed use development:

> *Extending the retail offer close to Bullring graduating through niche retail, improved markets, food and leisure space to new residential neighbourhoods with the wider opportunity to stimulate the regeneration of Highgate:*
>
> *The centre piece for the area will be 'Moat Square'; a significant new, vibrant public space extending out from St Martins Square, re-interpreting the historic moat and manor house, providing a gateway to the Digbeth creative quarter and a new contemporary art museum. Further developments will need to be supported by a range of infrastructure and services, employment opportunities and public spaces.*

2.53 Policy SP18 identifies significant potential for growth in retail and office floorspace based on the BRNA (2009), which will be accommodated in the hierarchy of centres, including 185,000 sq m gross between 2008 and 2021, and 130,000 sq m gross between 2021 and 2026 within the city centre. The Birmingham Core Strategy consultation draft specifically stated the comparison retail figures for 2021-2026 should be treated as indicative, and that planning permission for schemes aimed at meeting this requirement should not be granted before 2016. These figures have been updated by the BRNA Update (2013).

EASTSIDE MASTERPLAN (2011)

2.54 Eastside is identified as an 'area of transformation' within the Big City Plan to promote and bring forward development opportunities within the area, particularly in light of the proposed High Speed 2 interchange.

2.55 The Masterplan will create a 'sequence of places' to complete the regeneration of Eastside as part of the city centre and allows for in the region of 148,000 sq m of new development to generate in excess of 15,000 jobs and an investment value in excess of £500 million. It identifies commercial offices is an important sector to Eastside, and that the introduction of HS2 is likely to make the Eastside more commercially attractive to the private and public sector. Specifically demand for larger floorplates is anticipated in buildings of up to 6 storeys.

2.56 The quantum of development proposed and the HS2 station will generate associated uses including small scale retail, leisure, restaurants, bars, cafes and a gym, which will be created around new public spaces within ground floors to *'help create a 24/7 city environment similar to that at Brindleyplace'*.

2.57 Curzon Street has been identified as the proposed location for a HS2 interchange station, which will support much of the retail and leisure development anticipated within the masterplan area. The scope of retail is expected to be similar to that at Liverpool Street or St Pancras Stations in London, which provide around 7,500 sq m of retail and restaurant uses.

2.58 A new City Park at Eastside will make a qualitative improvement to the area. Residential development will be focussed on larger units suitable for family living, although the predominant uses for Eastside should continue to be office, leisure and learning led.

Source: Eastside Masterplan (2011)

PORTAS REVIEW - THE FUTURE OF THE HIGH STREET (2011)

2.59 The Portas Review was published in 2011 as an independent review into the future of our high street and town centres. It considers the changes in how we use our town centres and recommends actions to protect them and '*put the heart back into our high streets*', promote the development of more prosperous and diverse high streets with a viable function to reverse the trend of increasing vacancy rates.

2.60 The Report seeks to re-create town centres as destinations for socialising, culture, health, wellbeing, creativity and learning, with a mix of housing, offices, sport, schools, social, commercial and cultural enterprises.

2.61 In response to the Report, the British Property Federation comment on the need for high streets to plan their identity and shape their retail offer accordingly. The Report goes further to suggest town centres should be run as businesses with leadership, business plans and day-to-day delivery strategy.

2.62 Town centres have evolved organically with limited strategic guidance or direction, however the Report recognises the potential to capture some of the success of out-of-town centres to provide legible and well managed retail destination and a healthy retail mix and supporting functions.

2.63 The redevelopment of the Bullring refocused the direction of retail in Birmingham City Centre, and provided a new destination within the established retail circuit. However, the remainder of the city centre now seems fractured and the need for legibility and accessibility within a comprehensive city centre should be addressed.

2.64 Two recommendations of the Portas Review focus on markets, to '*establish a new 'national market day' where budding shopkeepers can try their hand at operating a low-cost retail business',* and *'make it easier for people to become market traders by removing unnecessary regulations so that anyone can trade on the high street unless there is a valid reason why not'.* Birmingham's long history of markets could be used as the foundation to deliver some of the aim of this vision, to ensure space is provided for new retailers to trade.

2.65 The review also introduces the idea of an 'affordable shops' quota for large new out-of-town developments which would provide space for smaller retail units for local retailers.

2.66 The recommendations of the review should provide for the considered expansion of town centres, retaining the high street at the heart, alongside a presumption in favour of sustainable town centre development:

> *'Government, businesses and other organisations should take to create diverse, sustainable high streets where businesses of all sizes and independent retailers are able to thrive'*.

SUMMARY OF POLICY

2.67 The focus within the NPPF is a presumption in favour of sustainable development, sustainable economic growth and retaining a 'town centre first' approach to retail and leisure development. Sufficient sites should be identified to meet the need outlined within the Birmingham Retail Needs Assessment Update (BRNA) dated February 2013 which will inform the emerging Development Plan.

2.68 The BRNA Update and emerging Development Plan recognise a number of redevelopment schemes, which will redefine the city centre and provide opportunities to expand the city core. In particular the redevelopment of New Street Station will have a profound impact by creating new linkages for the city centre and opening the area around John Bright Street and south of the station for redevelopment and opportunities for niche retailing.

2.69 The BRNA Update recognises the need to support qualitative improvements in the diversity of retail offer, through niche and smaller scale retailers, a similar aspiration to those set out by the Portas Review.

2.70 The BRNA Update identifies need to provide approximately 510,000 sq m gross of comparison goods floorspace in the period up to 2031 (350,000 sq m gross up to 2026), without making a deduction for existing commitments. This figure will be reflected in the emerging Development Plan.

2.71 The emerging Development Plan will promote new retail development within the identified centres and will focus new development on the five areas of transformation, including Westside, New Street Station, Snow Hill District, Eastside and the Southern Gateway. Of these, New Street Station and the Southern Gateway will be particularly relevant to the retail core.

3 Qualitative Review of Birmingham City Centre

3.1 This section uses standard healthcheck criteria to review the vitality and viability of the city centre and assess the potential impact of future development on the attractiveness and function of the centre. This analysis draws on specialist data sources including Experian Goad, Focus, CoStar, PMA Promis, EGi and Venuescore data, as well as local knowledge from agents.

3.2 In the context of these data sets the city centre is, overall performing well on a number of indicators, with some weaknesses where there would be scope to strengthen the offer.

3.3 The Bullring, along with other major developments in the centre including Brindleyplace, the ICC and the Mailbox, have had a considerable beneficial impact on the regeneration and profile of the city centre, and have contributed to an improved perception of the city centre and stronger performance and overall health.

CONTEXT

3.4 In 2013 the PMA Report estimated 328,000 sq m retail floorspace within the city centre, above the major city average of 250,838 sq m, making Birmingham one of the largest retail centres outside central London. The city centre has a slightly below average volume and quality of retail provision relative to the size and affluence of its shopping population, and potential to expand in comparison to comparable centres. The Report considers this reflects an extensive and densely populated retail catchment rather than a shortfall of retail provision within the city.

3.5 Retail space is contained within a relatively small city centre, within a number of clearly defined areas which have performed very differently in recent years. In particular there is a clear distinction between high quality of retail floorspace at the Bullring and much lower quality at Priory Square, and highest vacancy rates concentrated at the Pallasades, Martineau Galleries and Corporation Street.

3.6 The city centre has a strong department store offer, including House of Fraser, Marks and Spencer, BHS, and Debenhams and Selfridges at the Bullring, which will be supplemented by John Lewis as part of New Street Gateway. It is noted that both the existing House of Fraser and Marks and Spencer are poorly configured by modern retailing standards and could be improved.

3.7 The centre has a significantly below average volume and quality of retail provision relative to the size and affluence of the shopping population (PMA, 2013), reflecting a very extensive and densely populated retail catchment area rather than implying a shortfall of retail provision within the city.

3.8 Birmingham has an extensive fashion offer, comprising discount and mass market retailers but with an increasing emphasis on quality and designer fashion. The main focus for upmarket fashion is at the Bullring and the Mailbox. There is an average proportion of managed floorspace within the city centre, and the Promis Report does not identity any overprovision.

3.9 Based on volume and quality of the retail offer, PMA identifies Birmingham as a major centre, similar to Manchester, Nottingham, Leeds, Newcastle and Liverpool. The centre has an extensive primary retail catchment area covering a large part of the West Midlands conurbation, and constrained only by competition from Merry Hill and Wolverhampton to the west and by Solihull to the south. The estimated shopping population of the city centre is above average for the Major cities.

3.10 Birmingham is by far the most important destination for comparison goods expenditure within the BRNA Update Primary Catchment Area. The comparison goods turnover drawn from residents of the overall survey area is in the region of £840 million, lower than the figure provided in the original BRNA, but reported as a more credible estimate in terms of implied sales density.

3.11 The city centre retains a 36% share of the comparison goods expenditure within the PCA. Compared to the original BRNA there has been some reduction in the dominance of the city centre, and in only two of the survey zones (the city centre, and Balsall Heath) is the comparison goods market share greater than 40%.

3.12 Part of this is due to differences in the survey methodology, but it is surprising that the city centre does not have a higher comparison goods market share in the zones associated with the Primary Catchment. The BRNA Update considers the city centres core catchment to be smaller than would be expected for a thriving regional centre.

3.13 The 2010 Venuescore Report calculates Birmingham's offer as 34% of the total retail market, a relatively small part of the total offer. Comparatively, Aberdeen, Hull and Norwich city centres account for greater than 55% of the total retail offer. Birmingham is similar to other centres with relatively small representations, including Bristol and Sheffield (under 30%). Other retail locations within the conurbation compete with the city centre for retail spend. However, there is potential to expand the city centre to capture more of the local retail market.

3.14 Retail spending within Birmingham City Centre also comes from beyond the primary catchment area, particularly from outlying towns within the West Midlands conurbation, and from both business visitors and tourism. Global tourism solutions for Marketing Birmingham showed that almost 32.8 million people visited the city in 2010, generating over £4.6 billion for the local economy.

3.15 In terms of the volume of comparison retail spend available in the catchment area, PMA ranks the city 5 out of the 6 major centres and anticipates average percentage growth in the available pool of comparison spending over the PMA forecast period 2010-2015. Birmingham has a large catchment but the available spend on comparison goods is more limited than other major centres. The retail offer in the city centre should reflect this and ensure the centre provides the right mix of retail to provide for the catchment. Where comparison spend is limited this may include some lower value retail.

3.16 The 2010 Venuescore Report1 ranks Birmingham third of the top shopping venues, after Glasgow and Manchester. This excludes London West End as the UK's leading shopping destination. The only change in the top centres from the previous 2009 Report was Liverpool taking 4th position, boosted by recent lettings at the relatively recently opened Liverpool One, pushing Edinburgh And Leeds down to 5th and 6th respectively:

Table 3.1 Venuescore Top Shopping Venues (2010)

2010 Rank	Movement vs 2009	Movement vs 2007	Venue	VENUESCORE
			London West End	3,049
1	-	-	Glasgow	658
2	-	-	Manchester	604
3	-	-	Birmingham	535
4	↑	↑	Liverpool	502
5	↓	↓	Edinburgh	488
6	↓	-	Leeds	457
7	-	-	Nottingham	451
8	↑	↓	Brighton	405
9	↓	↓	Norwich	400
10	↑	↑	Cardiff	394

Source: Venuescore (2010) - extract

1 UK Shopping Venue Rankings (Javelin Group) – comparison performance of centres against previous year

3.17 Venuescore ranks the extent to which the city centre offer of the major cities dominates a conurbanation's wider retail market.

3.18 The growing importance of purpose built shopping centres within the leading retail venues is reflected by a high proportion of total offer within the Top 20 venues being accounted for by Malls. Mall dominance in Birmingham is 57%, highest of the Top 10 ranked centres. The Bullring, Pallasades and Pavilions are important.

3.19 The Mallscore (ranking of shopping centres, retail parks and outlet centres in the UK) recorded within the Venuescore report ranks the Bullring 10th out of the UK's top 500 shopping centres, with a market position index of 135 against the average score of 100. Of the centres which are ranked above the Bullring, only the centre, Milton Keynes (8) and Westfield Derby (9) are located within town centres. The higher ranked malls are all located outside traditional city centres, where the context of retail development is very different. These centres can be more tightly controlled and do not sit within the city centre circuit:

Table 3.2 Mallscore Top Shopping Venues (2010)

2010 Rank	Scheme	Town	MALLSCORE	Market Position Index (average = 100)
1	Westfield London	London	286	159
2	Bluewater Shopping Centre	Greenhithe	256	143
3	Trafford Centre	Manchester	245	136
4	Meadowhall Shopping Centre	Sheffield	240	130
5	Metrocentre	Gateshead	228	118
6	Lakeside Shopping Centre	Grays	221	121
7	Merryhill Shopping Centre	Brierly Hill	204	117
8	The Centre	Milton Keynes	181	125
9	Westfield Derby	Derby	172	115
10	Bullring	Birmingham	167	135

Source: Venuescore (2010) - extract

COMPETITION

3.20 Birmingham dominates its catchment area and faces below average competition from competing retail centres and surrounding towns (PMA, 2013). The key competing towns are Solihull, Walsall, Sutton Coldfield, Coventry, Wolverhampton and Leicester, and out of town shopping centres, The Fort, Erdington and Central Six, Coventry:

- **Leicester** is the largest competing centre. The city's Shires Shopping Centre was extended in 2008 and has created an additional 600,000 sq. ft of retail space anchored by John Lewis and up-market fashion retailers including Reiss, All Saints and Hugo Boss which have improved the city's offer.
- **Coventry** is a much smaller centre, although a regeneration scheme to double the number of shops in the city centre in early planning stages.
- **Touchwood, Solihull** opened in 2001 and has become a successful shopping centre anchored by John Lewis and with other high profile retailers such as Zara, Gap, Karen Millen and French Connection.
- **Wolverhampton** offers limited competition but the city council are promoting the city for a central regeneration scheme to replace the stalled Summer Row Mall.
- Permission has also been granted for a new shopping centre in **West Bromwich**.

3.21 A number of retail centres in or around the edge of Birmingham's Primary Catchment Area such as Sutton Coldfield, Walsall and West Bromwich serve local shopping need, however residents within the PCA are still likely to make occasional high-spending trips to the city centre, principally for fashion.

3.22 The PMA report considers Birmingham is performing well compared to other comparative major cities. There is relatively weak local competition for Birmingham's position as the key retail destination. Any new retail development within the city centre will primarily be to maintain and enhance the city's existing retail offer, rather than create a fundamental shift in regional retail hierarchy. It will however, need to continue to improve and compete on a national basis.

EXISTING RETAIL AREA

3.23 The principal shopping streets within the city centre are High Street, New Street and Corporation Street, which form a core retail circuit that includes the Bullring (corner of High Street/New Street), the Pallasades (New Street/Corporation Street) and House of Fraser and Martineau Place (Corporation Street/High Street). The quality of the retail environment has improved over the last decade with the completion of the Bullring development in 2003, Martineau Place, the Mailbox and the pedestrianisation of New Street and High Street.

3.24 A review of the key retail areas in the city centre and their function is given below.

The Bullring

3.25 The Bullring opened in September 2003 adding 111,000 sq m of high quality modern retail floorspace to the city centre. The centre is anchored by Debenhams and Selfridges, supported by a mix of other retailers including Next, DKNY, Reiss, Mango and Apple. In addition to the main shopping mall, the link extension to New Street Station and the Pallasades provides 20 retail units anchored by TK Maxx. Spiceal Street recently opened to provide additional leisure offer which extends the use of the centre into the evening.

3.26 The Bullring provides a very good quality environment and high profile as the prime retail destination within the city centre. A low vacancy rate has been recorded and the centre benefits from high footfall.

The Pallasades

3.27 The Pallasades is a covered indoor shopping centre with direct links to New Street Station and the Bullring. A large number of units have been vacated pending the New Street Gateway redevelopment, and others are occupied by small discount stores and low end and independent retailers. New Street Gateway will target '*good-quality, mid-to premium fashion led environment along with convenience and catering offer with national tenants*' (Ian Lindsey, Head of Major Development, Network Rail speaking to Property Week in April 2011).

3.28 Before the New Street Gateway project, the Pallasades suffered from high vacancy rates and a poor quality of environment, worsened by the configuration of the shopping area and the covered shopping area which had no relationship with the external environment. The redevelopment will address this and will re-establish the role of the Pallasades within the city centre.

High Street/The Pavilions

3.29 High Street is anchored by Marks and Spencer and Boots and provides a mix of mid range retailers including fashion and other goods. It is pedestrianised as part of the centre's retail circuit and links the Bullring to Priory Square. The quality of environment is generally good, and in particular the southern part performs well.

3.30 The Pavilions indoor shopping centre is located towards the south of High Street close to the Bullring. The shopping area is split over four floors including a food court and direct link into Marks and Spencer. Since refurbishment, the internal quality of environment is very good and H&M, L'Occitane and Hobbs have taken space although there is still a high vacancy rate. The centre is managed but doesn't benefit from the extended opening hours of the Bullring.

New Street

3.31 New Street is the historic retail core of the city centre and until the Bullring development attracted the highest rents in the city centre. New Street links the Bullring to Corporation Street and Victoria Square and provides a wide retail offer including Accessorize, BHS and Primark. All of the New Street shopping area is pedestrianised

3.32 Overall the New Street shopping area has been positively affected by the opening of the Bullring which draws shoppers from New Street Station and Corporation Street to create a circuit around the city centre. Part of the Bullring development included Attwood House at New Street (below the Rotunda) which provides additional retail units occupied by Adidas and Zara. To the west of Corporation Street, New Street is partly pedestrianised and provides more traditional shop units and a mix of fashion and food and drink uses.

Corporation Street

3.33 Corporation Street as a shopping area is anchored by House of Fraser and features a wide retail offer including Urban Outfitters as well as food and drink uses and other retail services, e.g hairdressers. House of Fraser has been refurbished internally. Corporation Street provides a more traditional retail layout and, for the most part, smaller units than the Bullring and High Street. The historic buildings to the south of Corporation Street add character to the retail environment and help to establish a sense of place. High vacancy rates have been recorded and longer term vacancies are prevalent to the north and at Martineau Place.

Martineau Place

3.34 Martineau Place (Martineau Galleries Phase 1) is located between Corporation Street and High Street and provides modern retail units for a number of national multiple retailers including, Sainsbury's and Gap, as well cafes/food uses within the central courtyard. Martineau Place provides an additional draw for Corporation Street as a retail destination to support House of Fraser store.

3.35 Although there is an extant planning permission for additional retail floorspace within Martineau Galleries Phase 2, the BRNA Update excludes this as a commitment as a result of lack of progress in bringing this project forward in recent years.

Priory Square/Martineau Galleries

3.36 Priory Square, at the northern end of Corporation Street and High Street and has a limited retail offer currently anchored by Argos and an outdoor market. The shopping environment is very poor compared to other locations in the city and there are a number of vacant units, particularly facing onto Priory Queensway. Representation is predominantly independent and low quality retailers. In its current form Priory Square does not respond well to the local environment and functions as an independent retail destination within the city.

3.37 The centre forms part of a wider site subject to the extant planning permission for Martineau Galleries Phase 2.

The Mailbox

3.38 The Mailbox converted a former Royal Mail building into mixed use retail, residential and leisure development alongside new BBC studios, and restaurants and bars overlooking the canal. The retail development is anchored by Harvey Nichols and the remaining retail area has been marketed to high end fashion retailers such as Hugo Boss. Some fashion retailers have found it difficult to trade here Deschamps, Oliver Strelli, Parchment and Rock Couture have moved out. The leisure offer though has been successful and has maintained the vitality of the Mailbox and a level of footfall to the centre. The quality of the retail environment is very good.

3.39 The Mailbox was sold by the Birmingham Development Company in April 2011 to Brockton Capital who have stated their intention to invest in the public realm to bring in more businesses, shops and leisure uses.

DIVERSITY OF MAIN TOWN CENTRE USES

3.40 In 2013 the Goad Centre Report estimates approximately 457,965 sq m retail floorspace within the city centre, a significant increase since 2001 as a result of Martineau Place (2001), the Bullring (2003), Bullring Link (2004). The city centre has a good diversity of uses and representation within each of the retailing sectors.

Convenience Goods

3.41 23,281 sq m (68 units) is convenience floorspace, including Sainsburys (Martineau Place and Colmore Row), Tesco (Mailbox, Pallasades, Colmore Row and at Corporation Street as part of the Caxtongate development), and Waitrose (Colmore Row). There is also a Morrisons store in Upper New Street. Other convenience retail provision is provided by Selfridges Foodhall, Marks and Spencer and at the indoor market site to the south of the Bullring.

3.42 The Birmingham Retail Needs Assessment (October 2009) commented on a lower proportion of convenience units within the city centre than average; 85 convenience outlets making up 7.54% of the total units, below the UK average of 9.06%. The broad spectrum of convenience representation through is good.

Comparison Goods

3.43 The Goad Centre Report (2013) identifies 162,060 sq m of comparison retail floorspace within the city centre, making up 35% of total retail floorspace. Of 405 individual units, 258 are occupied by multiple retailers.

3.44 Birmingham has strong representation in all of the four clothing subcategories (footwear and repair, men's and boy's wear, women's, girl's, children's clothing and general clothing) as would be expected of a major city centre. The fashion offer is dominant and the Bullring is regarded as the main focus for upmarket fashion retailers. High end luxury retailers and the department stores have strengthened the status of the city centre and enhanced the quality of its retail offer. The city centre achieved an overall MHE fashion rating of 'upper middle' in 2008, similar to the fashion rating given by Venuescore in 2010.

3.45 In 2009 the comparison goods sector accounted for 41.84% of the retail and service floorspace in Birmingham, falling slightly below the UK average of 45.32% (Birmingham Retail Needs Assessment). There is capacity for additional comparison floorspace in the city centre compared to the UK average.

Service

3.46 In 2013 retail service uses accounted for 17,540 sq m floorspace and 115 units.

3.47 The proportion of service outlets in Birmingham City Centre at the time of the BRNA (2009) was slightly below the UK average, 32% against the UK average of 33.23%. Despite this, there is a strong, and above average, representation within the 'restaurants, café's, coffee bars, fast food and take away' category and in terms of the quality of this offer there is a broad range provided, although independents seem to come and go on a rolling basis. There is a more limited presence of mid to high quality chain restaurants and high quality independent restaurants, although this has been improved by provision within the Bullring, including Wagamama and Jamie's Italian at Spiceal Street.

Distribution of Uses

3.48 A Birmingham City Council survey of summer 2011 illustrates the diversity of uses within the identified shopping areas of the city centre as below, with a clear focus of A1 retailers at High Street and the Bullring, A2 uses at New Street and A3 at Martineau Place. The most significant vacancy rates were noted at the Pallasades and Martineau Place:

Table 3.3 Diversity of Uses – Number of Units (ground floor frontage)

	A1	A2	A3	A4	A5	D1	Sui Generis	Vacant
New Street	50	17	6				2	5
High Street	22	2			1			2
Corporation Street	25	3	1					7
Bullring	135	5	19					1
Pavilions	30		8			1		11
Martineau Place	20	2	8					11
Pallasades	39	7	5	1				16
Primary Shopping Frontage	**308**	**35**	**46**	**1**	**1**	**1**	**2**	**53**

Source: BCC data (survey Summer 2011)

Table 3.4 Diversity of Uses – Percentage of Units (ground floor frontage)

	A1	A2	A3	A4	A5	D1	Sui Generis	Vacant
New Street	63%	21%	8%				3%	6%
High Street	82%	7%			4%			7%
Corporation Street	69%	8%	2%					19%
Bullring	84%	3%	12%					1%
Pavilions	60%		16%			2%		22%
Martineau Place	49%	5%	20%					27%
Pallasades	57%	10%	7%	2%				24%
Primary Shopping Frontage	**69%**	**8%**	**10%**	**1%**	**1%**	**1%**	**1%**	**12%**

Source: BCC data (survey Summer 2011)

Vacancy rate

3.49 The BRNA (2009) identified the vacancy rate as one of two performance indicators that raise concern. Vacancy rates were higher than average in terms of both unit numbers and floorspace, the Report comments on November 2008 rates when there were 187 vacant units in the city centre equating to a vacancy rate of 16.58% which is significantly higher than the UK average of 11.07%.

3.50 At the time of the PMA audit in May 2011, the city centre vacancy rate stood at 14.6%, significantly above the retail Promis average of 11.2% (may 2011) but a slight fall on the level of 16.6% recorded in June 2009. Promis ranks Birmingham as 55 out of 70 in terms of vacant units, where 1 would be the best score. Some units at the Pallasades had been taken out of use in preparation for redevelopment of the site and so the centre was excluded from the 2011 and 2009 vacancy counts to allow comparison.

3.51 The level of take-up between the June 2009 and May 2011 audit was 6.8% of units which is comparable to the Promis average, and above the take-up rate of 4.8% recorded between July 2008 and June 2009 which was below the Promis average.

3.52 The Bullring has had a clear impact on the city centre with retailers relocating stores from elsewhere in the centre resulting in significant vacancies. PMA estimate the vacancy rate within the core retail area excluding the Bullring had increased from 8.9% in June 2003 to 19% in June 2009. Comparatively, the vacancy rate within the Bullring in 2009 was recorded by PMA as 8.5% (14 units) in June 2009, the highest since the centre opened.

3.53 At March 2013 the Goad Survey listed a total 227 vacant units within the centre, 17% of the total number.

3.54 The highest vacancy rates are recorded at Martineau Place and the Pallasades, both of which have been subject to development proposals which have led to uncertainty. The Pallasades is incorporated into the New Street Gateway scheme which will be delivered in the next few years, and investment in Martineau Place has stalled whilst other options within the city centre have been considered. Aside from this, high vacancy rates are recorded at Corporation Street and the Pavilions.

3.55 Historically the Pavilions has struggled as a retail mall, and although refurbishment in recent years has improved the quality of environment the number of vacancies remains an issue.

3.56 Conversely, Corporation Street appears to have lost focus within its retail offer, and a high vacancy rate is now interspersed with a diverse mix of retail and service uses. Where historically higher value retail uses were present, there is a significant proportion of lower value retail uses such as hairdressers, phone shops etc. The northern part of Corporation Street has been affected by the failure, in part, of Martineau Place and this appears to have extended towards New Street.

3.57 The metro extension will significantly alter the role of Corporation Street within the transport network. Although it will become part of a key link between Snow Hill and New Street, the existing bus routes will be re-routed and there is likely to be an impact on the performance of the retail offer, the interaction between passengers and retail uses, and the function of Corporation Street as part of the retail network.

3.58 Despite including the prime pitch, there have been a number of retailer movements within the Bullring in recent years, including Flannels, Borders, Currys (relocated to High Street), Carlton, Cloggs, Miss Diva, Flight Centre, Henleys, USC and Faith moving out, and Boss, Cos, Forever 21, Pandora, Swatch, Thomas Sabo and Warren James taking space. Some of these can be attributed to the difficult economic climate, including Flannels, Faith and USC which have consolidated their operations nationally. Other retailers have relocated.

PLANNING COMMITMENTS AND CAPACITY FOR GROWTH

3.59 There are a number of planning commitments counted within the BRNA Update that will introduce additional retail floorspace, including the following within the city centre (BRNA Update Zone 1):

Table 3.5 Planning Commitments

Site	Total Gross Retail Floorspace sq m
A1 Units at Snow Hill Station	1,164 sq m
Retail Units at Upper Dean Street	1,650 sq m
John Lewis, New Street Station (Net of Demolition Uplift)	18,691 sq m
A1 Units at New Street Station/John Lewis Redevelopment	3,014 sq m
A1 Units and former Molineux Swan Works, Pope Street, City Centre	2,499 sq m
Snow Hill Plaza, Queensway, City Centre	2,324 sq m
Arena Central, Plot G, V Building	2,400 sq m
Boerma Mixed Use Scheme, Park Street, Digbeth	2,394 sq m
Broad Street Tower Mixed Use Scheme	1,430 sq m
Land at Lench Street And Vesey Street, Aston	1,500 sq m
Arena Central, Plots E1, E2, A, B and D, Holliday Street	5,430 sq m
Graham Street and Northwood Street	1,725 sq m
Mixed Use Development at Bullring Trading Estate, Deritend	2,499 sq m
TOTAL	**46,720 sq m**

Source: Birmingham Retail Needs Assessment Update 2013, planning commitments as at September 2012

3.60 The **New Street Gateway** development will provide an additional 18,691 sq m John Lewis store alongside 3,014 sq m of other retail within a reconfiguration of the Pallasades Shopping Centre, both set to open in 2014.

3.61 The BRNA Update 2013 excludes **Martineau Galleries Phase 2** as a commitment because of the lack of progress bringing the project forward in recent years (planning permission reference 2005/07564/PA). It also excludes two commitments that will be affected by the proposed HS2 route (planning application reference 2008/00460 and 2007/04646/PA).

3.62 In addition, outline planning permission for the redevelopment of **Paradise Circus**, including up to 170,012 sq m of commercial, retail, leisure and concert hall use together with a hotel of up to 250 bedrooms was approved in December 2012 (application reference 2012/05116/PA). The development also includes significant highway works to reroute the Paradise Circus gyratory and allow a further extension to the Metro link from New Street Station to Broad Street. It will improve connectivity into the city centre and encourage pedestrian movement.

3.63 Other schemes in the pipeline are primarily mixed use with ancillary retail and leisure uses.

3.64 Birmingham Development Company have previously put forward a scheme for a 15,329 sq m **Mailbox extension** to provide a link to the Cube for pre-application consultation. Since, the developer has entered administration and this is unlikely to progress, although this scheme could resurface.

FUTURE VENUESCORE PROJECTION

3.65 The Venuescore data set makes a future prediction of the performance of the national retail centres, based on the likely impact of pipeline development projects. Over a 5-year period to 2015, Birmingham is expected to fall one place to 5th place, behind Glasgow, Manchester and Leeds. This is predominantly as a result of the Trinity Leeds development which will significantly increase Leeds city centre's prime retail pitch.

3.66 Evidence of significant retail development underway in other major centres (e.g. Trinity Leeds) will increase the quality and quantum of retail development in other major national centres which could further threaten Birmingham's position in the retail rankings. The future retail strategy for Birmingham City Centre should respond to this, and allow the city centre to evolve with the opportunity to improve and expand the current retail environment when appropriate.

SHOPPING RENTS

3.67 The Bullring development has shifted the location of prime retail pitch within the city centre from its traditional location on High Street and top rents within the Bullring now exceed those evident elsewhere. Historically highest rents were achieved on the lower end of High Street by the Marks and Spencer store, however the prime location within centre is now seen as being the Upper West Mall of the Bullring between Hollister at New Street/High Street entrance and Gap/Goldsmiths where retailers include H&M, Apple, Gap, G-Star Raw and Miss Selfridge.

3.68 This upper level of the Bullring is connected to the Pallasades and New Street Station by the Bullring Link.

3.69 It is interesting to note that the prime location is in the West Mall anchored by Debenhams, rather than the East Mall which is anchored by Selfridges and has a higher-end fashion presence including Reiss, Karen Millen, Kurt Geiger, All Saints, DKNY, COS and Lacoste.

3.70 The Middle Mall of the Bullring, including Next, Mango, Monsoon, Warehouse and other high street fashion retailers is almost comparable to prime Upper West Mall.

3.71 PMA report strong growth in prime retail rents in the city centre during the second half of the 1990s, and an increase in prime rents by nearly 12% per annum between 1993 and 2000, the third highest growth rate across the Promis centres. Prime rents peaked in 1999 at £325 per sq ft Zone A and remained at this level until mid 2009. Since this time rents have fallen considerably.

3.72 At the end of 2012 agents estimated prime rents in Birmingham at £290 per sq ft Zone A, consistent with levels since mid 2010.

3.73 The 2009 BRNA found high Zone A rents, compared to other strategic centres in the north of England indicating strong levels of demand for retail space in the city centre. The average zone a rent of £325 per sq ft in June 2008 was the highest of all comparator centres.

Bullring

3.74 Top rents within the centre are at the Upper West Mall of the Bullring which have been recorded at £325 sq ft, although few transactions provide evidence of these levels being achieved. In 2008 both Henleys and Bank signed leases above £300 Zone A at the Upper West Mall (since vacated), but these are reported by PMA as being exceptional and at a peak where few attractive units were available. Agents have confirmed these rents would no longer be achieved.

3.75 In 2010 Hollister signed a lease at the Upper Mall East of the Bullring at £290 psf. Lettings to Cos and Swatch on Upper East Mall achieved £193 per sq ft Zone A and £160 per sq ft Zone A respectively.

3.76 At mid 2011, agent sources estimated no change on the 2010 prime rental levels, at £290 per sq ft Zone A and reported rents at the Middle Mall of the Bullring to be almost as strong as prime Upper West Mall. However, there is no recent transactional evidence to illustrate this.

3.77 Outside the Bullring there is a distinct retail hierarchy within the centre which is evident in rental levels achieved and reported in the PMA 2011 audit.

- Agents for the **Pavilions** maintain that those units fronting High Street could still achieve rents of £275 per sq ft Zone A, although there is no evidence of this. Within the Pavilions agents have reported falling rents, to around £100 per sq ft zone a from £130 per sq ft Zone A in 2009. Rents on the lower level of the scheme were estimated at £40 per sq ft Zone A. The lack of activity has meant no recent lettings information to confirm these.

- Opposite the Pavilions on **High Street**, a letting to Blacks in early 2010 achieved only £160 per sq ft Zone A. This was a large unit and agents suggest the lettings of neighbouring smaller units (to Orange and Barclays in 2009) were likely to been in excess of this.

- Rents have also fallen substantially along **New Street**, and top rents closest to the Bullring are now suggested to be around £250 per sq ft Zone A, compared to £300 per sq ft Zone A reported at the time of the 2009 PMA audit. At the New Street/Corporation Street junction, Phones 4 U signed a lease of £230 per sq ft Zone A in mid/late 2010.

- Other retail past the junction of **New Street/Corporation Street** at Caxtongate agents suggest rents to be in the region of £200 per sq ft Zone A, and fronting Cannon Street at around £100 per sq ft Zone A.

- Rents at the southern part of **Corporation Street** were placed at £100 per sq ft Zone A by agents for the mid 2011 PMA audit, a significant fall since the previous 2009 audit when rents stood at £210-£220 per sq ft Zone A. At north Corporation Street, agents report headline rents of £80-£85 per sq ft Zone A. In early 2011 Ladbrokes took a unit here for £85 per sq ft Zone A, although rents here had previously stood at around £100-£120 per sq ft Zone A.

- There was limited evidence at the time of the 2011 PMA audit to comment on top rents at **Martineau Place**, however agents suggested that rents in the centre of the scheme could achieve around £100 per sq ft Zone A, down from around £150-£160 per sq ft Zone A at the time of the 2009 audit.

- Details for shop units in the **Mailbox** are confidential, but understood by PMA to be leased on a combination of base rents of around £35 per sq ft plus a percentage of net turnover (e.g. Strada).

3.78 An indication of the performance of locations within the city centre is set out in the table below:

Table 3.6 Rental Levels and related vacancy rates

Location	Rent (£ per sq ft Zone A) 2013/latest evidence	Rent % of Birmingham's top rent (May 2011)	% vacant units
Bullring (prime)	£290	100%	4%
Pavilions	£275	95%	22%
High Street	£160	55%	7% (BCC survey)
New Street	£250	86%	6% (BCC survey)
New Street/Corporation Street	£200	68%	7% (BCC survey)
Corporation Street	£100	34%	7% (BCC survey)
Martineau Place	£100	34%	32%

Source: PMA audit 2013/BCC Survey as Table 3.4

3.79 Despite a relatively high vacancy rate, rental levels at the Pavilions are recorded as 95% of the prime rental value. This is partly explained by agent sentiment as there is a lack of evidence.

COMMERCIAL YIELDS

3.80 In Autumn 2012, prime retail yields were quoted by PMA at 5.75%, similar to Spring 2011 and no change from the previous year in line with flat yields across the majority of Promis centres, compared to an average outward shift of 6 basis points across the Promis centres.

3.81 The most recent transaction within the city centre retail market was the purchase of Caxtongate Shopping Centre Phase 1 in April 2012 by Strathcylde Pension Fund for £34 million, reflecting an initial yield of 6%. Phase 2 of the scheme had been sold earlier in May 2011 for £16 million reflecting an initial yield of 6.6%. The Mailbox was sold in April 2011 for £127.10 million. Several unit shops on High Street have also been sold as part of portfolio deals in 2010, including 39-40 High Street as part of a £15.3 million portfolio, and 79-84 High Street. A 33% stake in the Bullring was sold by Land Securities in September 2009 for £290 million reflecting an initial yield of 6.85%. The Pallasades was sold to Birmingham City Council in March 2009 for £91 million to allow for New Street Gateway.

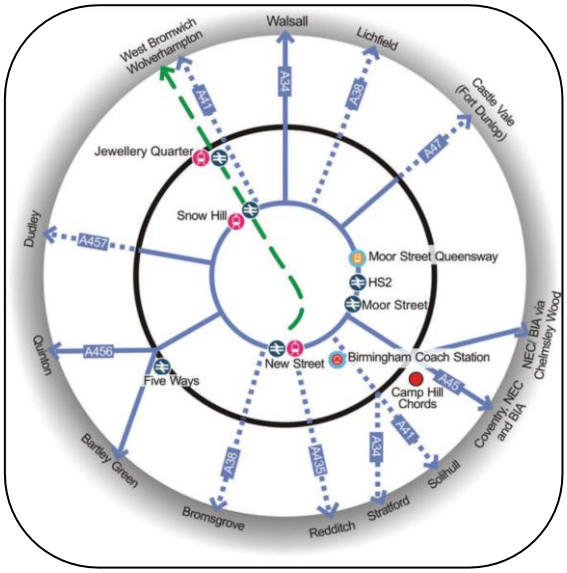
3.82 The BRNA identified the performance of commercial yields as being a concern. Prime yields in the city centre have deteriorated since January 2008, and in July 2008 stood at 5.25%, significantly worse than the comparator centres of Nottingham, Glasgow, Manchester and Leeds.

3.83 The BRNA suggests upheaval caused by the opening of the Bullring and general volatility of the retail sector have impacted on yields, but these will stabilise as the centre recovers. Whilst yields have deteriorated, the centre's popularity has increased. The Bullring had shown the city centre can perform as well as more established centres.

ACCESSIBILITY

3.84 Birmingham City Centre is particularly accessible by both car and public transport. Snow Hill, Moor Street and New Street Stations provide local and national rail services. The centre is easily accessed by car and there is public car parking at the Bullring, Moor Street, Albert Street, Dale Street, Town Hall, Bullring Markets, Snow Hill and Navigation Street at the Mailbox. Within the centre pedestrians take priority in much of the shopping environment.

3.85 The City Centre 'Vision for Movement' incorporates the major transport improvements including New Street Gateway, Snow Hill/New Street Metro extension and Centro's plans to transform bus travel. Longer term proposals, including HS2 and an extension to Birmingham International Airport will substantially enhance access to the city centre. In particular New Street Gateway will create a new transport interchange and retail 'gateway' to improve the image of the city centre and encourage connectivity.



Source: Birmingham Vision for Movement (2010)

ENVIRONMENTAL QUALITY AND PUBLIC REALM

3.86 Birmingham City Centre has a mixed environmental quality. The Bullring, New Street and Corporation Street are well maintained and have attractive and well used environments. There are examples of recent investment which has improved the environmental quality of individual locations, but also a number of areas with much lower quality including Priory Square and the Pallasades. There is limited landscaping and open space within the city centre, but a network of public squares and spaces including at the Bullring, Centenary Square and Brindleyplace which make a positive contribution to the centre's environmental quality.

GAP ANALYSIS

3.87 A GAP analysis of retailers present in Birmingham City Centre in September 2011 compares the centre to the other major centres, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London West End and Manchester Central. There are a number of retailers missing, of the A1 retailer present in the majority of the other centres, the following are not represented in Birmingham:

- Aldo
- American Apparel
- Beaverbrooks jewellers
- Bench
- Bravissimo
- Bose
- Cath Kidson
- Currys digital
- Esprit
- Moda in Pelle
- Mulberry
- Oxfam
- Phase Eight
- Priceless shoes
- Quicksilver
- Rohan Outdoorwear
- Space NK
- The White Company

- Fred Perry
- GNC healthfoods
- Whistles
- Whittard
- Jo Malone
- John Lewis

3.88 Mulberry, Whistles, Fred Perry, Cath Kidson, Hawkins Bazaar Toys and Games, The White Company and Space NK are not present as stand-alone shops but are represented as concessions within House of Fraser or Selfridges. John Lewis will anchor New Street Gateway. In addition, Ask and Prezzo are identified by the analysis as A3 retailers not represented.

3.89 A number of these do have stores in nearby town centres, e.g. Aldo in Nottingham, Beaverbrooks in Solihull, Sutton Coldfield and Nottingham, Moda in Pelle in Nottingham and Bose in Sutton Coldfield, which suggests premises available within Birmingham City Centre are unsuitable, rents are too high or that the comparison retail orientation does not currently fit these retailers.

RETAILER REQUIREMENTS

3.90 In December 2005 FOCUS quoted 75% of the top 20 retailers located within the city centre.

3.91 In April 2013, PROMIS reports 31 requirements for Birmingham, against an average of 13, a slight decrease on those reported in January 2011 (34 reported requirements against an average of 16 for the PROMIS centres). Birmingham has a slightly high level of demand for a city of its size and status and the BRNA quoted relatively strong levels of operator interest.

3.92 A number of high profile retailers have recently moved into the city centre, including Jack Wills at 40 New Street (March 2011), Hollister at the Bullring Upper Mall West (December 2010) and Forever 21 opening their first UK store over 4,923 sq in the Bullring (November 2010). Other retailers which have recently expressed interest in the centre, including the fashion retailers Gant, Bank, Tommy Hilfiger, Kurt Muller and Comptoir des Cottoniers, and specialist retailers Past Times, Lakeland, Dwell and Jo Malone

RETAIL ORIENTATION

3.93 The Venuescore ranking compare individual centres market position against their local demographic profile to determine how well the centre is responding to the local catchment. Birmingham is considered to be upscale given its catchment demographic, suggesting some lower-value retailing could be welcome in the centre to redress the balance with higher-end retailers. Despite this, Birmingham also has a regional role, which alters the scope of retail provision which would be expected.

3.94 The Venuescore fashion orientation index ranks centres against their fashion offer. On 2010 data, Birmingham scored 112 against an average of 100 suggesting a very slight bias towards fashion retailing. This score is comparable to the other top 5 centres. In comparison nottingham scored 114, further biased towards fashion retail which reflects its high end fashion offer.

3.95 On the food service orientation index Birmingham scored 184 from an average of 100 which shows a bias towards food service catering.

3.96 The Venuescore market position index measures the degree to which the centre's offer has a high-end or discount focus. Birmingham scores 119 from an average of 100 which illustrates an average provision but a slight bias towards high-end retailers. Birmingham's market classification is given as upper middle, comparable to the other top 5 centres.

3.97 The fashion position index measures the degree to which the offer has a fashion forward or traditional focus. Birmingham scores 110 of an average 100 and is considered 'fashion forward' rather than mainstream or traditional. The venuescore age position index scores centres on bias towards retailers with a young or old focus. Birmingham scores 93 on 2010 data, and is considered to have a young focus.

INDEPENDENT RETAILERS

3.98 The New Economic Foundation (NEF) Report 'Clone Town Britain' (2005) reports on the loss of local shops and services within town centres, and chain stores '*replicating on the nation's high streets*'. Birmingham is used as an example of a 'clone town' with a shortage of independent retailers. Evidence from stakeholders to inform the BRNA indicates that representation from niche and independent retailers in Birmingham is lacking, and has the effect of creating a '*bland retail offer with no sense of retail distinctiveness*'.

3.99 The city council has recognised the lack of independents as a weakness, and have progressed a number of schemes to provide financial assistance, business support and advice to independent retailers, and refurbish the city's Victorian shopping arcades as locations suitable for smaller businesses.

3.100 Two fundamental obstacles to securing a more varied and independent retail offer are **high rents** and l**ack of suitable space**, and the BRNA recommends the following action to achieve this:

- Expand the retail core into Southside and/or Digbeth to improve pedestrian flow and establish a specialised retail destination with complementary creative and independent retail uses
- Introduce flexible and shorter term, all inclusive rental terms which are attractive to start up and independent retailers.

3.101 The Report specifically considers Southside and Digbeth as having most potential to accommodate independent retailers:

1 **Southside -** a specialist shopping destination, with niche retailing and leisure developed around Hurst Street, would help to create a new retail loop extending from the Mailbox, through Southside, the Bullring, along New Street and back to the Mailbox, so that there would be an improvement to the flow of pedestrians throughout the retail core.

2 **Digbeth -** Digbeth has an established character for the arts, media and craft industries including the Custard Factory, the Bond Company and smaller retail units at Allison Street which have become successful locations for small and independent businesses. Promoting independent retailers would complement the nature of existing activity in the area. The Bullring currently acts as a barrier to increasing activity in Digbeth and a new link into the retail core would support growth in independent retailing.

3.102 Elsewhere in the city centre are some groupings of lower-value independent retailers which have taken cheaper space outside the prime shopping area, including at Priory Square. These areas are poor quality and do not provide the type of space which would be occupied by 'aspirational' independent retailers or smaller boutiques. Smaller units with more traditional shop fronts at Pinfold Street and Stephenson Street form a cluster of retail between New Street Station and New Street/Victoria Square which are predominantly occupied by hairdressers and some small independent retailers. New Street Gateway and the Metro link are likely to benefit this area.

3.103 One of the fundamental issues of independent retail is ownership. Property owners are reluctant to let independents other than in secondary/tertiary areas as often poor covenant strength creates management issues and weaker investment yields. One option is for a collective where several landlords operate together. Rents to independents are kept low but mainstream retailers pay a higher rate. We are aware of examples of this but they are limited. It may be that the city would need to intervene to create such a model.

3.104 The Local Data Company Report 20112 comments on a year of growth for independents across Great Britain as multiples in town centres declined. In 2011, multiple retailers shrank by -0.25% while independents grew by +2.4%. Independents now account for 66% of all retail and leisure units in gb (+1%). Key growth areas have been fashion, off licences (wine shops) and nail bars.

3.105 The report on the openings and closures of all retail and leisure outlets in the top 500 town centres in 2011 shows that independents opened three times more stores (15,233) than the chain stores (5,094). Within these centres 2011 was a turbulent year, where 12,669 independents and 5,268 chains closed, resulting in total closures of 17,937. Comparatively the net change was positive, occupied independent units grew by 2,564 (+2.4%) whilst multiple units declined by 174 units (-0.25%). The result of these changes is that independents now account for 66% (+1%) of all retail and leisure units in Great Britain.

MARKETS

3.106 The markets have an established presence within Birmingham City Centre and are part of the city's heritage. Smithfield cattle market first opened in 1817 and still forms part of the wholesale markets precinct.

3.107 The old St. Martin's market was used as a wholesale market until 1897, a fish market at Bell Street opened in 1869 and was demolished in 1958, and St. Martin's Lane market opened in 1883, providing a wholesale fruit and vegetables and a rag market. A cattle and pig market in Montague Street was opened in 1892, and the city meat market and abattoir in Bradford Street opened in 1897.

3.108 The 'new' indoor market located just south of the Bullring provided space to relocate market stalls which had traded from the original Bullring site and opened in 2000. The wholesale market continues to operate from its long-standing site at and provides 235 trading units comprising 31,000 sq m of trading space as well as warehousing and ancillary accommodation.

2 Local Data Company Report 2011

4 The Future Retail Environment

4.1 Over the last few years the retail landscape, influenced by the impact of retail-led regeneration, including the Bullring in Birmingham to drive growth, and the recession has changed immeasurably.

RETAIL-LED REGENERATION

4.2 Retail-led regeneration has proven to be an important mechanism to promote economic growth, create attractive places and revitalise communities. Key factors in the success of such schemes are a good range of quality retailers, fit for purpose urban design, sustainability and vitality, and a clear plan for partnership[3]:

> *'Fit-for purpose urban design influences place-making, profitability, image creation, and future-proofing. Successful new retail schemes will be outward facing, extend existing street networks, establish relationships and connections to neighbourhood areas and improve and upgrade public areas. Schemes should ensure long-term sustainability by establishing and implementing the correct tenant mix and providing a range of retail units to ensure a balance of independent retailers and large multiples. New building should enhance the urban environment and foster civic pride'.*

INFLUENCE OF NEW DEVELOPMENT

4.3 Not all new in-town retail investment is net additional, and some new schemes can instead result in the loss of multiple retailing and a relocation of retail pull to create secondary areas elsewhere. In Liverpool, the city centre, outside the Liverpool One retail development lost a quarter of its fashion multiple stores in the year after the centre opened (July 2008). Similarly, Plymouth city centre outside Drake Circus, and Basingstoke, outside Festival Place have experienced comparable impact with the secondary areas losing appeal as retail locations.

4.4 In Birmingham, an unsettled period in the retail market followed the opening of the Bullring in 2003. Since this time the re-established focus of retail within the city centre has had a mixed impact, parts of the city including New Street and High Street have coped well and maintained their position within the retail hierarchy, whilst others have suffered, with Corporation Street and the Pallasades suffering higher vacancy rates than elsewhere in the city centre.

4.5 The modern, high quality units within the Bullring have proven attractive to a number of high profile retailers, including Hollister, Forever 21 and Selfridges who would have had difficulty finding comparable space elsewhere in the city centre, but alongside this Martineau Place and the Pavilions have struggled to compete and retain multiple retailers.

4.6 To counteract the changing retail mix some centres, including Liverpool and Plymouth, have experienced an increase in multiple catering and leisure outlets and outside the purpose-built shopping centres, the high street mix has moved towards lower-value or value-led uses such as mobile phone shops and food shops.

4.7 These movements suggest that outside the wider economic climate, fashion multiples will always look for newer space, leaving catering multiples and other lower-end or value-led retailers to benefit from cheaper units the fashion multiples leave behind. There is evidence that this diversion and deflection in demand remains several years after a new shopping centre is opened.

4.8 Permeable design and open streets, for example at Liverpool One, assist the integration of a new centre into the existing city centre, enable links with the traditional core, and create footfall for the entire centre.

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3 Joint Business in the Community/BCSC/DTZ report '*Retail-Led Regeneration – why it matters to our communities*' (2008)

FUTURE SHOPPING DESTINATIONS

4.9 In 2007, the BCSC[4] expected shopping places to experience the most significant decade of renewal seen, and identified a number of new concepts, including pop-up shops, independent retailers, budget stores (e.g. pound shops), multi-channel retailing, social media marketing and shop sharing that would change the role of the traditional high street and the retail space

4.10 Since 2007 a number of these have grown and feature prominently on the high street. Pound shops have established a presence within core retail locations which was not evident a number of years ago. Shop sharing allows retailers to differentiate their offer, contain shoppers within their stores for multiple purposes and share retail space. This has become an option explored by high street as well as independent retailers, e.g. Lipsy within the large Next unit at the Bullring.

4.11 Pop-up shops/restaurants/cafes have taken advantage of increased vacancy rates to test conditions, trade for a shorter period of time and benefit from consumer interest in a new concept, reversing the effect of difficult trading conditions which has often caused the vacancy in the first place. In other locations the 'kioskkiosk' portable shop design has been used to provide rent free retail space for businesses and people with creative products to sell.

Examples: Marmite Pop-Up Shop, Ping Pong Parlour and the KioskKiosk shop design

4.12 Examples of pop up retailing in Birmingham include Ping Pong Parlour Shop and Social Club which moved to Corporation Street for a period in 2011, and Boden who operated from the Bullring Upper West Mall during Autumn/Winter 2012.

4.13 Social marketing and multi-channel retailing is still emerging. The rise in internet shopping is well documented but individual retailers are beginning to adapt. Many retailers, such as All Saints and Jack Wills, have in-store computers/ipads which link to other stock available on-line, and River Island and Republic use 'interactive' mirrors in some of their stores with links to twitter and facebook to share products with friends.

4.14 The lag which exists between the emergence of new retail formats and the property response means a slow and incremental process of change, and that the innovative retail formats are likely to be accommodated within existing development which will be adapted.

4.15 Despite the 'town centre first' approach to retail development which has remained a theme of planning policy since 1988, in 2007 the BCSC expected nearly 60% of total new retail floorspace over the following next decade to be located outside the existing town centres. The focus of in-town development will instead be the '*renewal, adaption and redevelopment of existing shopping malls and a new wave of shopping destinations*', associated with the following:

- **Holistic redevelopment** – to establish identity and compete with their counterparts.

4 BCSC report 'Future Shopping Places' (2007)

- **Variety and diversity of uses, including residential use** – to achieve sustainable development to ensure urban design and consumer requirements are met.

- **Specialist/independent retailing** – to excite consumers. Areas with strong and focused tenant mix provide points of differentiation to move away from the image of a 'clone' town.

- **Iconic design and varied architectural treatment** – to provide an aesthetically rich experience, reinvigorate and strengthen identity, and market differentiation through contemporary architecture. Recognition of the iconic design of the Bullring has had a positive impact on the local economy.

- **Public realm enhancements/active public realm** – to strengthen identity and provide a high quality of public realm. Hosting activities such as markets/cultural events in public space extends the use of the space and differentiates the offer.

- **Distinct shopping character areas** – to ensure differentiation in the landscape, and focussing the offer by clustering relevant tenants.

- **Legible connections** – to allow for better movement by removing physical and perceived barriers and integrating disparate areas.

- **Cultural and historical associations**– to establish a unique identity.

- **Integrating transport**– to integrate shopping places to major public transport modes, enhance citculation and discourage dependence on the car.

- **New technologies** – to ensure an information rich and highly convenient experience for the consumer and provide information to consumers. The Digital Birmingham initiative is a step towards this.

- **Strong place-branding and management** – to drive the reality of a clearly differentiated and compelling consumer experience, and establish a sense of place.

4.16 The key major retail schemes which have been delivered in recent years – Westfield White City, Westfield Stratford and Liverpool One for example have strong identifies and marketing and have created new places for 'destination' retailing and supporting uses.

4.17 Social trends relating to demographics, finances, behaviour and taste will shape consumer needs and the impact on shopping centres. The BCSC's '*Changing Demographics and Consumer Patterns*' Report predicts a polarisation of incomes with an expansion in the number of people relying on state pension and low incomes, and an expansion in the proportion of people with private incomes spending on themselves and their families. There is a growing gap identified between the aspirations and needs of discrete parts of society and a requirement for the retail industry to respond.

4.18 Consumers have greater expectations of their shopping experience and increasingly use a combination of shopping channels including in-store and online. Whilst e-tailing is expected to increase in significance, to a certain extent this is replacing traditional mail-order sales and in-store shopping is expected to remain the principal shopping method.

4.19 Transport is a major factor in where people decide to shop and the influence of convenience and the ease and cost of access will inform decisions on where to shop. Car travel is likely to continue to be the dominant mode of travel, but the use of flexible, high speed transport modes is also likely to increase.

4.20 The retail industry accounts for a significant proportion of UK energy consumption and the need to address sustainability will have significant implications for the future of shopping places.

RETAIL PROPERTY

4.21 The BCSC identify four key drivers which will shape the future of shopping places[5], the search for new convenience, difference; social responsibility and for well-being.

4.22 Where the traditional high street can to provide 'top-up' shopping to support internet retailing, this could reverse the pattern of decline evident in recent years. Similarly, leisure focus offers an opportunity to use property effectively and Spiceal Street at the Bullring seeks to support this.

4.23 The retail market is highly competitive. The '*Future of Retail Property*' Report is clear about the need for dynamic approaches to refreshment, redevelopment and transformation. Shopping places which are unable to withstand the pressure will tire and decline. Cities and the major town centres must provide an aesthetically rich experience to reinvigorate and strengthen identity.

4.24 The 'place' will be as important as the shopping offer in successful retail locations:

> *'The principles of good urban design must sit at the forefront of strategies for renewal and new development and differentiation must be a priority in order to achieve destination pull. Adaption in shopping places must aspire to greater authenticity and the re-enchantment of place and identity to create emotionally responsive and desirable environments'.*

4.25 Competition within the retail industry is growing. The impact of e-tail, rising costs associated with travel, the need for convenience and competition between shopping places have resulted in increasing importance on the quality of place and the shopping experience; '*the key to achieving success is to influence consumer choice of destination through providing a high degree of accessibility to and within the shopping destination, to provide a more market focused and unique experience, and to engage with consumer needs*'.

4.26 New retail strategies should include 'experience' as a tool to draw customers and create an attractive and interactive environment and a sense of place to encourage users to spend time and money. Shopping places should become differentiated environments which deliver a competitive advantage. Centres should promote a diverse environment which achieves a mix of uses and high quality public realm, and incorporating new technology to meet the needs of consumers.

FOOTFALL

4.27 Pressure on shopping activity has affected footfall. Colliers International Research using time-series footfall data[6] reports an 8% fall in high street footfall across the UK since the recession began, which . For the last three years (2007/08-2010/11) the decline has been about 10.4% for the UK, and 5.5% for Central London (reported in Estates Gazette Retail Supplement Autumn 2011).

4.28 The research found a surprising, but clear difference between the footfall levels recorded at the prime high streets and secondary frontages. Average flows in prime high streets fell 12.5% over the two years to 2011, and along secondary frontages by 6.1%. Whilst prime footfall levels are, on average, double those for secondary frontages and so have further to fall, these figures are counter-intuitive to the general presumption that prime retail has outperformed secondary retail in recent years. It suggests a shift in shopping patterns and shoppers taking in value or lower-end retail along with the prime retail shop. This is reflected in the integration of pound shops and discount retailers into high street locations.

4.29 Centres which have good links between the prime and secondary retail areas should benefit from this pattern, drawing footfall between prime and secondary areas to operate as one centre rather than separate shopping areas.

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5 BCSC report 'Future of Retail Property – Future Shopping Places' (2007)

6 Colliers International research reported in the Estates Gazette Retail Supplement Autumn 2011

FUTURE RETAIL TRENDS

4.30 BCSC[7] anticipates year-on-year spending to continue to increase, albeit at a slightly slower rate than before. This will generate demand for new shops, and necessitate the refurbishment and replacement of existing buildings as well as additional retail space. Retailers are likely to react to an increasingly competitive environment through expansion and acquisition. Centres with large, modern shop units at the top of the retail hierarchy will remain highly competitive.

4.31 Differentiation and price are likely to remain key elements in successful retail strategies, driving innovation in branding, display, design, convenience and service. Independent and specialist shops add to the retail landscape, and benefit both the environment and trading conditions. Creating more flexible lease structures that encourage variety, developing mixed-use schemes that help drive diversity and dedicating space in new developments specifically for independents will help foster the independent sector.

4.32 This scenario is a critical consideration for this retail strategy. The post recession, retail market has shifted significantly and this strategy must address this in terms of spatial planning, and the quality and quantum of development, to ensure the city performs and competes nationally.

INTERNET RETAILING

4.33 Recently there have been some major advances pushing internet retailing forward at a staggering rate, which could completely exclude certain retailers from the high street.

4.34 Typically, Apple has lead the way with the iphone and ipad providing mobile access to retailing through the app store, essentially a larger retail outlet through which Apple can sell a high range of products. Another major player in this space is Amazon. Since launch 4 years ago, the Kindle e-reader has promoted sales of e-books through the Amazon website which now outstrip sales of conventional books. These developments will have a significant effect on the high street, particular pressure on retailers such as Game, HMV and Waterstones which now have a much reduced (if any) presence on the high street compared to five years ago.

4.35 BCSC estimated in 2007[8] that the internet accounted for 3.6% of all retail sales in the UK which would grow to 10.7% by 2015, but shouldn't be overstated:

I. Over the last ten years the internet has penetrated retail sectors where the personal inspection of goods is unnecessary, and this trend seems likely to continue.

II. Experience is an important issue and shopping trips increasingly include leisure activities.

III. Many categories of goods demand personal inspection or assistance from knowledgeable sales staff. A hands-on experience will never be fulfilled by the internet.

IV. Shoppers are adopting a multi-channel approach and evidence shows that people who spend most online also spend most in physical shops. Multi-channel strategies by retailers can complement rather than threaten traditional retail formats.

V. Significantly more retailers rank physical stores ahead of other channels of retail distribution. BCSC research shows a clear, continuing demand by retailers for physical space.

VI. Shopping places can compete effectively by providing good service, more good quality eating places, bars and coffee shops and more high quality, free parking.

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7 Future of Retail Property – Shopping Places for People (2007)

8 Future of Retail Property – Shopping Places for People (2007)

PUBLIC REALM

4.36 High quality environment and attractive public realm is important to encourage people to spend time within a centre and extend the period of potential spend. New retail development is increasingly recognising the importance of this.

Case study: Liverpool One

The Liverpool One retail-led regeneration scheme provides over 1,614,586 sq ft for retail, restaurants, cafes and bars alongside a cinema, hotel and residential apartments includes a replacement public park constructed above the underground car park. The retail part of the scheme has been integrated into the city centre using the park as a focus, and an open mall layout which links into the existing city centre. Aside from aiding these links, the park helps differentiate the environment and is the focus for the supporting leisure offer.

Source: Grosvenor, liverpool-one.com

Case study: Sheffield City Centre 'Gold Route'

Sheffield is another good example of an integrated approach to public realm. The city's 'gold route' is a series of streets and places which run through the city centre from Sheffield station and to Devonshire Park in the west of the city. The route was established within the Sheffield City Centre Masterplan (2000) and has contributed to city centre regeneration and the creation of a pedestrian network which links together key civic buildings, transport links, retail and offices. The spaces established within the route have created a highly attractive setting for major development.

Sheaf Square and Howard Street are two key elements of the gold route that connect Sheffield station to the city centre, by incorporating new crossings of what were two distinct parts of Sheffield's relief/ring road system (Sheaf Street and Arundel Gate).

They have transformed the sense of arrival in the city for many visitors and greatly improved the setting for Sheffield Hallam University.

Source: archive CABE

4.37 In Birmingham, Eastside Park will be at the heart of the 'sequence of places' identified within the Eastside Masterplan which will link the development of Eastside and the HS2 proposals to the city centre. Space available for additional public realm elsewhere within the City Core is limited, but improvements to the quality of environment will help extend the time potential shoppers want to spend within the city centre.

4.38 Spiceal Street at the Bullring illustrates how parts of the existing centre can be better used and establishing a clear focus as this has for leisure consolidates the supporting retail offer.

DUAL CORE

4.39 There are limited examples of provincial cities where a dual core has been successful.

4.40 The Bullring has established a clear anchor destination within the city centre's retail area which, given the quantum of retail and links to key transport terminals at New Street and Moor Street, is unlikely to change. There are limited examples of comparable provincial cities which support a dual core, or an extended retail circuit which captures two competing retail destinations.

4.41 Considering the existing retail circuit and the potential impact that John Lewis and the New Street Gateway project will have, it is important to recognise the risk that a secondary development within Birmingham City Centre which would create a dual core competing against the Bullring may be unable to maintain the high quality retail environment and retailer needed to attract and retain potential shoppers.

Case study: Nottingham City Centre

Nottingham has a split retail configuration created by the location of the city's two major shopping centres north and south of the central area. The Broadmarsh Centre and Victoria Centre are linked by a network or major shopping streets but function as separate destinations, which pull retail spend.

Anchor stores are split between BHS at Broadmarsh, House of Fraser and John Lewis at the Victoria Centre and Marks and Spencer and Debenhams located within the traditional centre between the two.

The Victoria Centre performs better within the city centre and benefits from higher pedestrian flows and a closer link to the city's other prime pitch at Clumber Street. The Broadmarsh Centre is smaller and has a more down/mass-market offer. Broadmarsh was previously anchored by an Allders department store which closed in 2005 after the group went into administration, and has since struggled to maintain a comparable large retailer. TK Maxx were present for a short time but have since moved to the Trinity Square development at the northern part of the city centre opposite the Victoria Centre[9].

It is clear that the southern part of the centre struggles against the pull of the north and the Broadmarsh Centre has struggled to maintain a profile within the retail circuit. Further development, such as trinity square which consolidate the retail offer around prime pitch and the Victoria Centre, will continue to drive footfall to the north and it is likely to be difficult to support a higher profile role for the Broadmarsh Centre.

9 Using PMA PROMIS Report 2011

5 The Future Birmingham City Centre

5.1 Birmingham City Council are currently driving a number of projects and initiatives through the Big City Plan, the Vision for Movement and permitted retail development schemes to improve the role and function of the centre as a retail destination and integrate the established retail circuit to be fully integrated into an accessible city centre.

5.2 Consultations with key landowners and stakeholders in the city centre at the time of the 2009 Birmingham Retail Needs Assessment identified the most substantial opportunity for growth or change is the proposed redevelopment of the wholesale markets at Upper Dean Street, which would form part of the Southern Gateway Area of Transformation within the Big City Plan.

NEW STREET GATEWAY

5.3 New Street Gateway will create a 21st Century transport interchange with associated retail development, and promote opportunities south of New Street Station. In particular, the retail element will include a new flagship store for the John Lewis Partnership completing the existing department store offer, and an improved shopping environment at the Pallasades shopping centre to attract higher quality retailers with a fashion focus.

5.4 This development will promote a high profile retail offer within the city centre and a new focus for the station area, and will provide a 'gateway' to the centre. The development will increase the legibility of links to other retail development from the station, and facilitate improved access from the station to the Pallasades and to other retail space.

5.5 The introduction of a new southern entrance to New Street Station will open up the Southside area for improvement and establish a clear link between the city centre north of New Street Station which has traditionally been the prime retail core (New Street, High Street and the Bullring) with the Mailbox and John Bright Street where there are opportunities for selective redevelopment.

PARADISE CIRCUS

5.6 Paradise Circus will provide up to 170,012 sq m of commercial, retail, leisure and concert hall use together with hotel use and highway works to improve legibility and permeation throughout the city centre.

CITY CENTRE INTERCHANGE PROJECT

5.7 The Interchange project will cluster transport services at Snow Hill/Colmore Row, Bull Street/Priory Queensway, Moor Street/Carrs Lane, New Street Gateway and Paradise Circus/Broad Street to improve accessibility to the city centre. It includes a Metro extension between Snow Hill Station and New Street Gateway.

5.8 Corporation Street will host the extended Metro line and a new bus loop to improve connectivity and allow a higher frequency of services.

5.9 Independent research by CEBR estimates the proposed Metro extension alone will boost regional GVA by around £50 million by 2026 and provide over 1,300 jobs.

Source: City Centre Interchange Project

5.10 Although the Metro will provide a closer link between Snow Hill and New Street Station, it is likely to have an impact on the retail function of Corporation Street and will alter existing circulation patterns around the centre which currently include Corporation Street at least for part.

5.11 It is evident that although Corporation Street has a role within the city centre, its historic function as part of the retail circuit has diluted. Although the Metro programme proposed an improved public realm which will benefit the local environment, the risk is that without an identified focus, Corporation Street will become a through route, shuttling potential shoppers to other destinations.

Case study: Manchester Metrolink

The Manchester Metrolink Light Rail System, along with other external factors, has supported the redevelopment of Manchester City Centre. The Metrolink which opened in 1992 and subsequent extensions, have improved the accessibility of the centre to a wider catchment and has provided high profile investment into the centre which has added interest and acted as a catalyst for development.

Manchester has seen major improvements to the core retail area over the past 15 years, prompted in part by the destruction of key parts of the city centre by a terrorist bomb in 1996 which have since been redeveloped, but also by its need to function as a retail destination within its region. Retail provision within the city centre is now ranked amongst the best in the country, as measured by the pma retail provision score Manchester is close second to Glasgow, the top ranking retail centre outside London, and the quantum of retail floorspace is estimated at 250,000 sq m, comparable to the Promis major city average.

BIRMINGHAM CITY CENTRE ENTERPRISE ZONE

5.12 The Birmingham City Centre Enterprise Zone is made up of 26 identified sites over of 68 hectares, focussed on the business and financial services, ICT sector, creative industries and digital media, economic sectors which are already clustered around the city centre and reflect the growth opportunities.

5.13 The LEP estimates the EZ will ultimately will add £2.8 billion to the economy in GVA each year, and create 40,000 new jobs.

5.14 The EZ will enable growth and promote the delivery of the Big City Plan and LEP objectives through site development. It will also capture the opportunities of the proposed High Speed 2 terminal at Curzon Street/Moor Street, which would attract business into the city centre.

5.15 Within the EZ, a local development order (LDO) will apply in Digbeth and Birmingham Science Park Aston to streamline the planning process and allow a wider range of changes of use without the need for planning permission.

5.16 All enterprise zones will benefit from the following set out by government:

- Business rate discount worth up to £275,000 per eligible business over a five year period;
- Business rates growth within the zone for a period of at least 25 years shared and retained by the local area, to support the partnership's economic priorities and ensure that enterprise zone growth is reinvested locally;
- Government help to develop radically simplified planning approaches for the zone (e.g. Using existing local powers to grant automatic planning permission);
- Government support to ensure superfast broadband is rolled out throughout the zone, through guaranteeing the most supportive regulatory environment and public funding if necessary.

OTHER DEVELOPMENT SCHEMES – RETAIL FLOORSPACE

5.17 There are a number of retail-led and mixed use schemes within the city centre which have extant planning permission but are yet to be delivered. It is important that the strategy for the city centre recognises the difficulties evident in delivering development in the current climate, and does not rely on this pipeline to provide the quantum of floorspace needed to support the growing city centre.

5.18 Within the development pipeline there are also a number of schemes which have been stalled for some time. The Martineau Galleries Phase 2 scheme has outline permission for a significant amount of retail and leisure floorspace which would link the city centre to the Eastside regeneration. This project had a longer-term delivery timeframe as a result of the development of the Bullring and the Eastside regeneration project, however the potential for a HS2 terminus in Eastside will provide the opportunity for the role of the Martineau Galleries site within the city centre retail circuit.

High Speed Rail

5.19 The proposal for a new High Speed Rail line between London and Birmingham is currently being considered along with a second phase to Northern England and Scotland. The proposed route includes a station at Birmingham International for the airport and a key interchange at Curzon Street within the city centre. The first London to Birmingham phase is scheduled for completion in 2026.

5.20 Curzon Street would serve the majority of Birmingham's central employment area and the city centre. The proposed site is currently predominantly vacant and/or underutilised land within the Eastside development area. The Big City Plan and Eastside Masterplan envisage this area becoming a hub for creative business, entertainment and cultural development.

5.21 The line has potential to deliver a mix of local development and regeneration impacts depending on integration with local land uses, which has been reviewed by the *HS2 London to the West Midlands: Appraisal of Sustainability* Report, published in 2010.

5.22 The table below, extracted from the *Appraisal of Sustainability* Report, suggests HS2 could deliver 75,000 sq m additional office space (equivalent to 5,300 jobs), **10,000 sq m retail space** (equivalent to 450 jobs), 400 hotel beds (equivalent to 200 jobs), 10,000 sq m education space (equivalent to 150 jobs) and 10,000 sq m leisure space (equivalent to 100 jobs) than the assumed future floorspace without HS2. The net impact would be approximately 4,500 additional jobs. There would also be an additional 1,000 residential units with capacity for around 2,400 people.

Table 5.1 - Potential development impact of HS2 at Birmingham Curzon Street Station

Use	Existing floor space which would be lost	Future floor space without HS2 sq m	Future floor space with HS2 sq m	Net additional floor space from HS2 sq m
Office (sq m)	0	195,000	270,000	75,000
Residential (units)	1,000	3,000	4,000	1,000
Hotel (beds)	0	1,000	1,400	400
Retail (sq m)	0	25,000	35,000	10,000
Leisure (sq m)	0	40,000	50,000	10,000
Industrial (sq m)	-4,000	-35,000	-90,000	-55,000
Education (sq m)	0	45,000	55,000	10,000
Parkland / open space (acres)	4	7	7	0
Other	0	7 storey car park, 6,000 sq m community space	2,000 sq m community space	

Source: Drivers Jonas Deloitte Analysis (December 2010)

5.23 HS2 at Curzon Street will alter the focus of Eastside area and provides the opportunity to establish a new link from the rail terminal to the existing commercial quarter and Snow Hill District to consolidate the commercial quarter and redefine the retail core.

Digital Birmingham

5.24 The Digital Birmingham initiative will secure digital technology across the city and address urban issues relating to transport, tourism, security and climate change through the exploitation of information technology.

6 Summary

6.1 The British retail landscape has changed considerably since the first fully enclosed shopping centres were built in the 1960's. More recent trends of decentralisation – retail warehouse parks, designer outlet centres and regional shopping malls, and out of town development have slowed, however, there remains a pipeline of retail development that will increase competition in the centres.

6.2 Competition between shopping places increases the need for accessibility and convenience, and for successful centres to react to demand and supply.

PERFORMANCE REVIEW

6.3 Against a number of indicators, Birmingham is a strong centre which is well represented. The proposed John Lewis department store to anchor the New Street Gateway project will consolidate the centre as a major retail destination and further raise its profile in the region, and as a regional centre.

6.4 Birmingham has maintained a third place ranking in the PMA national index since the opening of the Bullring and any further development should serve to protect or improve this.

6.5 The Bullring has shifted the established retail circuit within the city centre from High Street and the prime pitch and highest rents within the city centre are now achieved within the Bullring Upper West Mall. This mall is most closely linked to the Bullring link extension to the Pallasades and New Street Station which is an important consideration given the New Street Gateway proposals.

6.6 There remain relatively strong levels of operator interest in the city centre and over the last couple of years there has been a number of high profile new additions including Hollister, Cos and Forever 21 in the Bullring and Jack Wills on New Street. There has also been some movement around the prime pitch, part of which can be attributed to the difficult economic climate forcing the closure of high street operations for a number of retailers, and part of which is counted for by relocation.

6.7 Evidence shows that Zone A rents within Birmingham are higher than comparator centres, illustrating the strong and retained demand for space. It is likely that the proposed New Street Gateway development will allow higher rents within the Pallasades.

6.8 Outside the Bullring, rental levels are more restricted and have fallen substantially along New Street, Corporation Street and Martineau Place. Within the Pavilions there has been less of a fall, no doubt partly as a result of the refurbishment over recent years, but a fall nonetheless. Some of this can be attributed to the economic climate, although it is clear that retailers will be selective in their positioning and that demand for space outside key locations is limited.

6.9 The opening of the Bullring and presence of the four existing department stores has helped to established Birmingham as major destination and regional centre and has strengthened the status of the city centre and the quality of its retail offer. The proposed John Lewis will enhance this offer.

6.10 Birmingham has good presence of Top 20 retailers, and extant demand for space. PMA identify a slightly higher than average level of demand within the city centre and, new retail floorspace could exploit this. Requirements from fashion and specialist retailers for city centre floorspace increased between January 2011 and October 2011.

6.11 The level of take up recorded By Promis in May 2011 had improved since the 2009 survey (6.8% compared with 4.8%) and as a result the vacancy rate has decreased slightly, although remains significantly above the retail Promis average. Whilst there is demand for space within the city centre, the high vacancy rate remains. Any new floorspace should be in the right type and location to provide an offer which would stimulate retail presence in other parts of the centre where higher vacancy rates are recorded.

6.12 Any new quantum should support the existing retail area. The improvement in take up is encouraging and should be supported by a considered approach to any new retail space, and giving attention to a public realm strategy linked to the Vision for Movement which will assist circulation within the centre.

6.13 Whilst a review of movements (in and out-movers) in different areas of the city centre illustrates some parts of the centre performing better than others, for the most part the market has been active in both directions in recent years. The Mailbox, Martineau Place and the Pallasades have seen more retailers vacate space.

6.14 Venuescore suggests additional low-value retailing could be supported within the city centre to address the demographic profile of the local catchment and redress the balance with high-end retailers. The development of the Pallasades as part of the New Street Gateway scheme will cause a natural movement of the lower-value retailers previously located within this centre to other parts of the city core. Vacant space within Martineau Place could support some of these retailers and provide a good location for a new cluster of lower-value retailers.

ACCESSIBILITY

6.15 Accessibility to the city centre will be improved by the New Street Gateway and providing a clearer link from the station to the markets and Southside. The proposed development will complete the existing retail circuit which includes the Bullring, Corporation Street, Mailbox, New Street and High Street and provide an additional focus for pedestrian movements around the centre, and the use of public transport. It will improve accessibility to parts of the centre, such as the markets and Digbeth, which are currently isolated from the city centre core.

ENVIRONMENTAL QUALITY

6.16 The city has a good public realm and urban environment which has been improved considerably with the Bullring development and pedestrianisation of part of New Street. The redevelopment of New Street Station will contribute to this, and improve the impression of the centre for visitors and shoppers. The Pavilions has undergone a significant refurbishment program over recent years, providing a higher quality retail area.

6.17 Parts of the city centre suffer from a much lower quality environment, to which buildings, public realm and present uses all contribute. Prior to the New Street Gateway Scheme the Pallasades suffered from a poor environment and difficult configuration and attracted only low quality retailers. Priory Square has experienced a lack of investment waiting for the Martineau Phase 2 scheme to be delivered and has become an unappealing location in need of improvement. Street traders on New Street and High Street add to the activity within the core, but should be managed to preserve quality and do not restrict other movement through the centre.

6.18 The high vacancy rate at Martineau Place means there is no attraction to pull footfall and this has had a detrimental impact on the role of this part of the centre in the retail circuit and investment in creating an attractive public realm. In other areas buildings are good quality but are becoming outdated for their retail use, for example the House of Fraser at Corporation Street which is not configured as a modern retail floor.

FUTURE RETAIL

6.19 Trends emerging within the retail sector, including the influence of internet retailing and altered shopping patterns, the importance of a supporting leisure function and high quality environments present the opportunity to provide a new, responsive focus to the city centre which integrates the retail area with new consumer demands.

6.20 Birmingham is well placed to take advantage of this as it has the vision of the Big City Plan in place to strengthen the role of the city core, and equally has investment secured, in the New Street Gateway development, to act as a catalyst for further change.

6.21 Few retail schemes are being delivered due to the challenging market but those which are emerging highlight the need for a mix of retail and leisure uses, alongside public realm to create a destination. There is a focus in other areas on creating a sense of place, and attracting quality tenants rather than purely the quantum of retail floorspace. There are high vacancy rates within some parts of the city centre mean there is floorspace available which could provide space for a wider retail offer along with supporting uses.

EXISTING INITIATIVES

6.22 There are a number of existing initiatives within the city centre which will support this change:

- Potential links between the Digital Birmingham initiative and the improvements to technology which will be delivered through the enterprise zone.
- The Big City Plan sets out a clear vision for the expansion and integration of the city core.
- The Birmingham City Centre Vision for Movement will deliver a walkable city with clear connections and an integrated approach to movement.
- High Speed 2 will alter the focus of existing land cleared for the Eastside development and presents the opportunity to increase commercial floorspace linked to the existing office quarter and Snow Hill which is identified in the emerging Plan for new commercial and office development. The Eastside masterplan has re-established the commercial office and education focus of the Eastside Area of Transformation in light of HS2.

RETAIL NEED

6.23 The BRNA Update recommends the Birmingham Development Plan should plan for approximately 160,000 sq m gross comparison goods floorspace within the city centre up to 2026, with potential for a further 85,000 sq m between the period 2026-2031. These figures do not make any deduction for existing commitments.

6.24 This figure has revised the previous BRNA assessment, which promoted 185,000 sq m gross between 2008 and 2021; plus an additional 130,000 sq m gross between 2021 and 2026, significantly downwards to reflect the contracted market.

6.25 The Update recommends the city as a whole should provide 350,000 sq m gross of comparison goods floorspace up to 2026, with potential for a further 160,000 sq m gross between 2026-2031, again without any allowance being made for existing commitments. Allowing for commitments, the Development Plan should provide 406,000 sq m gross up to 2031, with 252,000 sq m gross up to 2026.

6.26 The perception of retail 'need' should consider the changing retail landscape, the increasing focus on quality of place, and a number of retailers targeting fewer locations to consolidate quality offer. Part of this will be the provision of a leisure function to support retail. A strong leisure element is something which is currently missing within the city centre. Leisure provision will be a crucial element to establish the centre as a 'destination' and a functional place where people will want to spend time.

POTENTIAL DEVELOPMENT SITES

6.27 Work to permeate the city's ring road structure has increased the potential retail environment, and this will be consolidated by the proposed changes at Paradise Circus.

6.28 Stakeholder consultation to inform the BRNA identified most substantial opportunity for growth or change would be at the wholesale markets site at Upper Dean Street, which would form part of the Southern Gateway area of transformation within the Big City Plan.

6.29 Although there is an outstanding commitment at Martineau Galleries Phase 2 which would provide significant additional retail floorspace, this has been discounted from the BRNA Update to reflect ongoing issues of delivery. Additionally, the proposed High Speed 2 terminal at Curzon Street will alter the focus of this part of the city, and has redefined the vision for the Eastside area of transformation for commercial office and education development.

RETAIL FUNCTION

6.30 The Bullring altered the function of the city centre and shifted the established retail circuit to incorporate this area within the south of the city core. This restructure has changed the function of individual retail locations within the retail core and as a result new weaknesses have emerged which were not previously evident. Parts of the retail core do not now operate as part of the integrated centre as efficiently as they could.

6.31 Whilst New Street and High Street remain integral in the retail circuit, Martineau Galleries Phase 2 has lost momentum and resulted in a drain on the character of Priory Square and the exclusion of this part of the city centre within the retail circuit. Lack of investment here has weakened this part of the centre and caused a natural shift away from this as a retail area. This has resulted in a direct impact on the use of northern Corporation Street and the northern part of High Street as part of the city core, and higher vacancy rates.

The Pallasades

6.32 The Pallasades will be incorporated into New Street Gateway which will reverse the recent lack of investment and improve the retail area. New retail space will target '*good-quality, mid-to premium fashion led'* retailers following redevelopment, along with a supporting convenience and catering offer, in place of the current discount stores and low end and independent retailers. *Weakness: quality of offer.*

High Street/The Pavilions

6.33 The retail profile of High Street has been eroded by the Bullring and prime pitch has shifted to the Bullring Upper West Mall, although a number of higher profile retailers including Marks and Spencer, Boots and Waterstones do remain. High Street is pedestrianised and benefits from the direct route through to the Bullring.

6.34 The Pavilions has been refurbished recently but still struggles with a high vacancy rate. The centre has sought to attract a differentiated offer of higher quality retailers (e.g. Hobbs, Ann Harvey) and boutique retailers (e.g. Bratz designer childrenswear). Retailers generally present a more mature offer than the younger retailers focussed at the Bullring. *Weakness: profile, high vacancy rate.*

New Street

6.35 While New Street no longer attracts the highest rental values, it is very much part of the redefined city centre retail circuit. Attwood House (below the Rotunda) provides additional retail and a gateway into the Bullring. For the most part the Bullring has had a positive effect, however west of Corporation Street the retail function has become more diluted. A number of traditional shop units provide a mix of fashion and food and drink uses but there is evidence of longer term vacancy and introduction of convenience retailers such as Tesco and Morrisons*. Weakness: perception as a 'destination' within the city centre.*

Corporation Street

6.36 Corporation Street's role within the retail network has struggled as Martineau Galleries has stalled, and there are a number of long term vacancies, particularly at the northern part. House of Fraser has so far been retained as the anchor although this store is dated compared to modern department stores. The Metro extension will further alter focus, but will ensure Corporation Street remains part of the city centre transport network. *Weakness: vacancy rate, role in retail hierarchy.*

Martineau Place/Priory Square/Martineau Galleries

6.37 Martineau Place has suffered as a result of the higher quality space provided in the Bullring, and delays in delivering Martineau Galleries Phase 2 has caused further uncertainty. There are a number of long term vacant units and the environment is beginning to deteriorate. Gap and Sainsbury's remain. Investment in Priory Square is also on hold as pending Martineau Galleries Phase 2 and is now very poor quality and no longer an attractive destination. Retailers are low value and there are number of longstanding vacancies. The outdoor market still takes place but is not a significant draw. *Weakness: vacancy rate, quality of environment, link to the retail core.*

Mailbox

6.38 The Mailbox opened before the Bullring and has maintained a focus on high-end retail. Although the centre has struggled with vacancy rates and occupier churn which is higher than elsewhere in the city centre, there is no evidence (PMA 2011) that retailers have moved from the Mailbox into the Bullring, or to other destinations in the city centre. The successful leisure offer supports the retail by securing an active use, extended hours and footfall. Leisure provision is something which was limited in the Bullring until the opening of Spiceal Street in January 2012. New Street Gateway will open the south side of the station and improve connectivity with the core. *Weakness: vacancy rate, connection to city core.*

OTHER WEAKNESS

6.39 The 2009 BRNA noted two specific performance indicators raising concern - a higher than average vacancy rate in the city centre, and deterioration in prime yields since January 2008. In addition, the following weaknesses are identified through our qualitative review:

- Competition from other centres, and particularly new retail development in liverpool and leeds which threaten Birmingham's position in the retail rankings.
- Lack of provision within the city centre for independent retailers, although some clusters (e.g. Digbeth) have emerged.
- The legibility of the centre is unclear and there are significant barriers to movement which have limited the retail function of the city centre to the core area.
- Very limited leisure function to support the retail role and its function as a high quality retail destination. The current focus of the retail core is fashion.

Vacancy rate

6.40 Whilst the may 2011 PMA survey does record a city centre vacancy rate significantly above the retail Promis average, this had improved on that recorded in June 2009 and there is evidence of demand for space from high profile retailers and new retailers moving into the city centre. High vacancy rates can partly be attributed to the disruption caused by the Bullring development and other pipeline schemes such as the Pallasades, New Street Gateway and Martineau Galleries which has since stalled. *Response: refocus the function of each area to ensure individual spaces together provide a comprehensive retail offer. Consolidate the retail network through legibility to secure footfall and the retail offer.*

Prime yields

6.41 Although prime yields are quoted higher than the PMA (2011) comparator centres, attributed in the BRNA to the upheaval caused by the opening of the Bullring, recession and general volatility of the retail sector. The centre remains popular and PMA expects yields to begin to stabilise as the centre fully recovers. The opening of John Lewis and New Street Gateway could have a similar destablising effect for some time, and the future retail strategy should consider this. *Response: the big city plan has established a vision for the city centre which should provide some certainty to stabilise yields. Addressing other performance indicators will drive growth and investment.*

Competition

6.42 The future Venuescore prediction suggests Birmingham could slip a place in the retail ranking to 4th following competition from the opening of Trinity Leeds. This highlights the importance of action to maintain Birmingham's position in the top 5 centres. There has been some movement in the venuescore rankings over the last 5 years which indicates there are a number of other centres which are in close competition. *Response: although retail rankings provide a fluid measure of centres, Birmingham should maintain a position within the top 5 by recognising the improvements being made in competing centres (e.g. quality of environment at Liverpool One which has helped create a 'destination' and a location for supporting leisure uses, leisure offer at Westfield Stratford City) and the addressing current weaknesses.*

6.43 *Birmingham should improve its offer as a comprehensive destination with retail and supporting leisure uses in an attractive and integrated environment.*

Independent retailers

6.44 The city centre currently provides very limited space for independent retailers to supplement the high street-orientated fashion offer and provide a variety of products within the retail core. It is recognised that the current orientation of the Bullring creates a barrier to the cluster of independent and creative growth activity in Digbeth. *Response: New Street Gateway includes a south side entrance which will open up the area around John Bright Street and will draw footfall towards the station via Pinfold Street and Stephenson Street where there are a number of smaller units suitable for independent retailers. The southside focus will link to .Digbeth.*

Legibility and connectivity

6.45 BIRMINGHAM City Centre is contained and covers a relatively small area but despite this appears disjointed and legibility and links around the centre are limited. *Response: establish 'space' within the centre to improve visual environment and the perception of linkage within the centre. The Big City Plan seeks to improve legibility and the strategy contained within the Vision for Movement will create a walkable centre with improved use of existing functional space within the centre and completing the retail circuit. Redevelopment at Paradise Circus and Curzon Street for HS2 will improve connectivity in the medium and long term.*

Leisure

6.46 The Mailbox illustrates the importance of complementary leisure use. Spiceal Street goes some way to address this within the Bullring but leisure provision within the city centre, the existing leisure provision and particularly family leisure is very limited. *Response: establish a supporting leisure function, including family leisure, within the city centre to support linked trips, and encourage people to spend additional time in the centre, increasing the window of potential spend.*

Retail offer

6.47 Birmingham should provide for high profile multiple retailers in its role as a regional centre, but needs to also address the retail needs of its demographic. Venuescore identifies scope to provide additional low-value retail to redress the balance of higher-end retailers present and respond to the local catchment. *Response: focus retail offer and establish a sense of place which will support the retail function. Improve the quality of the retail environment through public realm and creating spaces within the centre which encourage dwell time and retail/service/leisure spend. Implementing the Vision for Movement and will improve quality of place will help maintain and grow the retail offer and the retail ranking of the city centre against competitors.*

Retail hierarchy

6.48 The Bullring altered the retail hierarchy and has established a new retail circuit and focus of prime pitch. *Response: recognise the revised retail circuit and deliver the Vision for Movement and associated improvements to the public realm to consolidate this.*

Quality of environment

6.49 Whilst parts of the city centre perform well, the quality of environment in others has declined significantly or is simply outdated. Providing a high quality of environment and sense of place should be a priority, comparable to the quality of retail offer in establishing a successful destination where people want to spend time. *Response: the strategy contained within the Vision for Movement will work to create a connected city core. Public spaces should be provided to influence dwell time and increase opportunities to spend time within the city centre. City Park at Eastside will go some way to address the provision of green space within the city centre, but the core retail area could also be improved consideration to funding this provision is required. Public realm improvements along the 'primary walking routes' identified within the big city plan will serve a dual purpose – improving both the quality of environment and the legible connections between parts of the city centre.*

7 Conclusions and Emerging Strategy

7.1 There are a number of factors which influence our advice regarding this proposed strategy for the city centre:

- Shift in market attitude to retail delivery post the credit crunch.
- Changing approach of top name retailers as they focus down on fewer national retail centres from which to capture income. Availability of identifiable anchor tenants.
- Availability and suitability of land including spatial factors.
- Deliverability.
- The anticipated influence of John Lewis in terms of the gravitational pull towards the west retail core.
- The longer term influence and opportunity that developments such as Paradise Circus and the delivery of a HS2 terminal into Eastside.
- The sentiment towards the delivery of the Martineau Galleries scheme given the shift in the market for the delivery of major retail schemes.

7.2 In terms of strategy, the above list has a significant influence on our advice. Martineau Galleries is unlikely to proceed in the current market, and if the city push for its delivery, then it is the case that the site will remain undeveloped for some years if indeed it is ever considered a viable proposition. It is likely that if the city were to hold out for its delivery, it would be a mediocre offer and delivered some years from now. Delivery of this scheme would create a "dual prime core" and it is our opinion from experience and research in this document that such an approach creates a weaker offer overall. DTZ have not been able to identify an example in another provincial city where a dual prime core has been implemented and genuinely works.

7.3 It is therefore, our opinion that focusing on consolidating the delivery of retail and leisure development around the existing Bullring/New Street Gateway would improve the offer dramatically and render it more financially viable in terms of delivery. This development would take the form of an extension to the bull ring and include improved links into the Pallasades/John Lewis, and the Mailbox.

7.4 Any such scheme should include a substantial leisure element to improve, in particular the city core family offer. It is also likely that it will include a major anchor. These components will be essential to ensure financial viability is achieved.

7.5 This approach will reinforce the existing shift of prime retail away from High Street/Corporation Street and New Street, and is not without its problems but we believe that it is possible to mitigate against these issues. In particular, it is likely that there will be a natural re-adjustment of the role of the top end of High Street to become more value retail led. To an extent this position exists already, however as Pallasades comes on line in its new form, with a revised tenant mix, a number of retailers may well gravitate towards this location. This position could be enhanced in the future with a more modest development at the Martineau Galleries site, albeit as a phase of a more mixed use scheme overall. With HS2 on the horizon, it is more likely that the redevelopment of this site will move toward office use in the future, notwithstanding, other significant supply coming forward in the short to medium term for example, Snow Hill, Paradise Circus and Arena Central.

7.6 In addition to the above, it is important that the spatial/development strategy is backed by and stitched together with a detailed public realm strategy aimed at re-enforcing the existing retail circuit and taking advantage of the redevelopment of New Street Gateway. This should pay particular attention to New Street as the link to Victoria Square and Paradise Circus, Corporation Street and High Street as the links to Martineau Place (reflecting the introduction of Metro extension), HS2 at Curzon Street, and links to the Mailbox.