WESTFIELD REPORT

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TEN urbed Delivering Urban Renaissance

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Following a study tour to Copenhagen and Malmo, where we saw how the new Copenhagen metro system had been financed through strategic development, the TEN Group visited Westfield's new shopping complex in Shepherds Bush to discuss how communities can benefit. Thanks to help from Julian Renselar and Gavin McCreadie from the London Borough of Hammersmith and Fulham and Duncan Bower, Westfield's Director of Development & Asset Management, we had a very enjoyable and thought provoking visit.

New regional shopping complex for London

The Westfield centre covers 43 acres of land North of Shepherds Bush and West of the West Cross Route, part of which had once been the site of the Franco-British Exhibition of 1908, and which had become very run-down, and used for yard based activities. Shepherds Bush is described in a map and guide as '*a racy edgy slice of London life that's picked up its flavour from just about every different culture in the world.*

The new centre is only 3 miles from Marble Arch with excellent transport connections. There are 4,500 car parking spaces in the basement (compared with over three times that number at Bluewater, where the parking stretches out alongside the development). 75% of visitors use public transport to get there, and 40% of shoppers do not have a car at their disposal. The Borough had wanted over 50% to come by public transport, and this is seen as one of the most sustainable aspects of the scheme.

The scheme offers 1.5 million sq ft of retail, with 275 stores and kiosks plus 50 places to dine, and a 3D cinema. The development also provided a hectare for affordable housing which has been developed by Octavia Housing Association, a new library to replace an existing one, and some offices which have been taken by an internet retail group, plus financial contributions to community benefits. The development is anchored by House of Fraser, Debenhams, Next and Marks and Spencers with all the main fashion shops, plus a feature which is The Village, with luxury brands. It is built on a number of levels, with the first floor trading as well as the ground floor.

Some 8,000 people were employed during construction, which cost £1.7 billion, and £180-200 million went into transport improvements. The centre was expected to employ some 7,000 people, and this has taken time to build up. Half the jobs were expected to be filled through internal promotion, and a report states that 2,100 Hammersmith and Fulham (H&F) residents took up training places. Of the first 2,858 jobs, 359 were secured by H&F residents, with a further 1,311 coming from West London boroughs.

The development is edged by a long street running down to Shepherds Bus, and lined with places to eat looking out to a 'green wall; and water feature. The main shopping area forms a figure of eight, and the central feature is the huge Atrium designed to take events. This is overlooked by a 1,300 seat food court. In all the scheme provides '*the experience economy',* which is about much more than just shopping, with plenty of places to pamper yourself, such as a champagne and oyster bar, and massages! The shops stand out for their stylish facades, which have been designed by Westfield.

The core catchment area extends out West as far as Uxbridge and North as far as Brent Cross, and is mainly to the West of Oxford Street, its main rival. The main market we were told is 'educated urbanites' typically 25-35 and often coming from work. There are 25 million visits a year, (though Oxford Street gets ten times that number) and sales are rising at a rate of 18% last Christmas compared with 12% for London as a whole. There are approximately 100,000 visits on a typical Saturday, and the centre is drawing increasing numbers of tourists, including people who come on from Oxford Street on the Central Line. The stores are consequently trading in the top five of the retailers' portfolios.

The centre is open most of the time (the last film finished at 3pm and the gym opens at 6am). Members liked the huge choice of shops, the attractive design (which has a distinctive German built roof that lets in lots of light and lots of open space within it), the quality feel, which offers a memorable experience, as it is so vibrant. There is an excellent bus station and transport connections. The environment is carefully controlled and maintained by some 200 staff (many times the number in Camden Town, for example, which attracts similar numbers). At night it is attractively lit, and can seem quite magical. With its events, such as fashion shows, the centre is offering something quite different from the normal town or out of town centre.

Green features include the transport links, the centralised plant, the green roofs and walls with water recycling, and there is a small nature area between the development and the adjoining housing, which is going to be used by a local school.

Difficult birth

The scheme has taken some 20 years to develop from the time when the Borough first supported the idea of a new shopping centre on the site. The original promoters Balfour Beattie were replaced by the European Land group led by Godfrey Bradman, who acquired the most complex part of the site, while another group led by Sainsbury's wanted to build a series of 'retail boxes' on the easier part of the site. In 1993 Chelsfield bought up the whole site, and came up with a new design by Benoy, which was seen by local people as a 'disaster'. An architect without retail experience, Ian Ritchie was brought in to come up with something different, and his ideas in terms of massing and basic layout have carried through.

Westfield took over the project in 2004 when they bought out Chelsfield, who had already laid the foundations, and also the Ruben Brothers and Multiplex, who were going to build the scheme but had run into problems in Wembley. The Australian Westfield Group are also developing the centre at Stratford, and have developments in 117 locations around the world, so the centre has been built to world standards. The Shepherds Bush centre is jointly owned with a German fund, and Westfield now have £35 billion of funds under management, making them one of the largest property groups in the world.

Westfield redesigned the scheme to make it function better, and have built the transport facilities as well as the centre itself. They still had to deal with opposition led by the Council for Protection of Rural England, which eventually went to the European Court before being dismissed, and the case ran from 1998-2006.

The development has received continual support and encouragement from the Borough and Transport for London, and Duncan Bower commented that '*if it isn't a common interest it is probably better not to start*'. The scheme won the British Council for Shopping Centres Supreme Gold Award in 2009, and Hammersmith and Fulham won the Best Council Award in 2010. However, Duncan doubts whether such a scheme would ever be repeated because the risks are so high, and much of the discussion focussed on the risks and rewards.

Risks and rewards

Development is all about managing risk, and Duncan felt that local authorities often do not appreciate the 'time value of money' when delays occur in giving permissions. The risks include:

- Acquiring the site, and buying out all the different interests
- Promoting a scheme and securing all the necessary permissions (the CPRE case was that an Environmental Impact Assessment had not been secured)
- Building in difficult conditions; at one time they were spending £3 million a day
- Providing all the infrastructure, with some £200 million spent on transport improvements alone
- Letting the space at a profit (and the anchor stores not only expect space for nothing, but also require a capital contribution)
- Managing the completed scheme successfully and over the longer-term.

The long-drawn out process of developing in the UK means that you are likely to go through several business cycles, and the timing is outside your control. It therefore requires a '*leap of faith and financial backing*'. As an investor like Westfield has the whole world to choose from, it is going to be harder and harder to repeat the process in the UK.

Community benefits

The Council is pleased with the outcome, as it has regenerated what was previously seen as their main problem area, with the adjoining White City housing estate. The main employer in the Borough, the BBC, used to employ 5-6,000 at White City, and was very concerned about the state of the environment as there was nothing for staff to do.

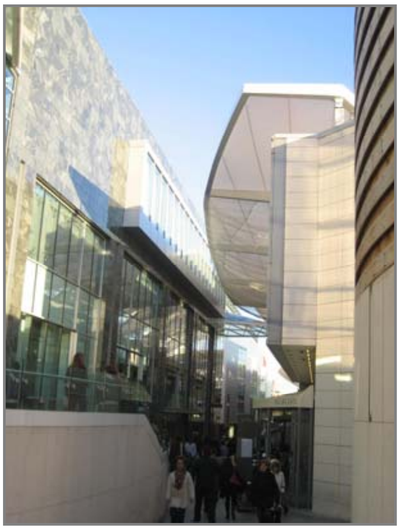
When the Council started they had no idea what to look for or how much to ask for. The Labour Council's main concern was to get some affordable housing out of the scheme as well as a new shopping centre that would offer local employment. Offices were dropped after the market collapsed. Godfrey Bradman was reluctant to disclose values, and they went round all the departments asking for a shopping list of what they wanted out of the scheme. The resulting Section 106 Agreements add up to some 300 pages, with a commitment to spend at least £20 million on community benefits as a direct cash injection.

The benefits that have been negotiated fall into five main areas:

1. **Transportation improvements**, including new bus, train and underground stations, cycling and pedestrian improvements, a new bus route, parking and traffic impact mitigation measures. The new underground station at Wood Lane was forecast to cost £8 million but came out at £45 million, and in all some £200 million probably went into transport measures, with £5 million on public transport improvements such as the new 228 bus.
2. **Economic development initiatives** including finance for Town Centre Management (£0.5 million), childcare (£1 million), and employment and training (around £2 million) plus £3 million for a range of other initiatives and a new state of the art library where the employment projects are based.
3. **Environmental improvements** including finance for improving Shepherds Bush Green (£5 million), and estate regeneration (£1 million for the Edward Woods Estate).
4. **Anti-crime initiatives** including finance for CCTV and around the clock policing (£2 million for policing).
5. **Affordable housing** through the provision of a hectare of land.

There was some discussion on the amount that can be generated, and the impact of having a Community Infrastructure Levy system instead. Points raised included the fact that most of the expenditure, which was on transport, was in fact crucial to the success of the shopping scheme. The aim of generating local employment is hard to realise in London, when people can so easily get to jobs from other places. The Work Zone sees some 600 people a year, some of which are short-listed for jobs. A web based recruitment system has generated 1,000 applications for 21 different types of job. To date 137 people have found employment at Westfield though this scheme. Of those 20.6% are Hammersmith and Fulham residents, 17.8% were unemployed less then 6 months and 9.3% more then 6 months.

Retail Impact



A scheme of the size and quality of Westfield inevitably impacts on other centres. A feature on *Centre Retailing* produced by the Estates Gazette states that Westfield in Shepherds Bush, with an annual spend of £4.03 billion is now the eighth largest shopping centre in the country, and will be soon be followed by Stratford, which is expected to take in £3.6 billion. Together this still comes far behind the West End with its total weighted spend of £18.7 billion. Stratford is expected again to attract the 'urban prosperous and inner-city family groups' and to have most impact on Walthamstow and Dalston, which Experian expect to lose 10% and 9% of their spend respectively. CACI go further and forecasts that Walthamstow will lose 39% and Ilford 29%. The question of what that impact will eventually be could depend on the extent to which the centres respond in advance, for example, as Bexleyheath managed to avoid losing out to Bluewater when it opened. This in turn hinges on the role that the local authority can play alongside local businesses and property investors. Stratford and Ilford have recently set up Business Improvement Districts, and undoubtedly a major question is going to be how metropolitan centres can diversify and strengthen their roles to provide a different but attractive experience.

Lessons for London

The Westfield centre at Shepherds Bush is hugely important to the future shape of retailing and to the role local authorities can play in regenerating key sites and securing community benefits. Here are ten possible conclusions for consideration:

1. Westfield is not just another shopping centre but a whole new experience that combines a great choice of shops, including up-market brands, with large numbers of places to eat and drink, plus an events area.
2. The centre is already extremely successful, just two years on, in attracting high spending 'young educated urbanites', and it is likely that once visited, they will be returning, and spending money as well as time there.
3. The losers will be the other metropolitan or top ranking centres as well as Oxford Street, unless they improve their offer significantly, including above all making

conditions for people on foot more attractive. In contrast local centres can benefit as they offer something quite different.

4. The key to Westfield's success is its inherently high accessibility by public transport (PTAL rating 6) and the measures that have been taken to further improve connectivity; hence it is quite different from Bluewater, Lakeside Thurrock and even Brent Cross.

5. The scheme has taken 20 years, or several business cycles, and has only been feasible because of the local Council's insistence on achieving a quality scheme, and the availability of international finance (Australian plus German).

6. Probably it would never happen again as the risks are too great for anyone to take, and there are much easier prospects available in other cities, but it will set a standard for judging other projects.

7. The potential for securing major financial benefits through Section 106 or the Community Infrastructure Levy are very limited, probably around 1-2% of the overall value; tapping into the extra Business Rate proceeds would produce much more.

8. Councils tend to be in a weak negotiating position and should be much clearer from the outset on what they want to achieve, and work in partnership to secure mutual benefits.

9. The local employment benefits are likely to be much less than expected though the scheme may raise expectations in the wider area, and perhaps help in retaining or boosting employment elsewhere.

10. Over the longer-term however, as lifestyles and shopping habits change, it is possible that today's 'wow' factor will be tomorrow's 'blah', in which case councils and developers should also be considering built in flexibility and the scope for modifying what is built to meet changing competition.

Appendix A - Participants and apologies

Participants

Chris Berry, Chief Planning & Regeneration Officer, LB Redbridge
Duncan Bower, Director of Development and Asset Management, Westfield
Chris Donovan, Assistant Director (Strategy, Planning & Regeneration), Bexley Council
Marc Dorfman, Assistant Director Planning & Regeneration, Haringey Council
Nicholas Falk, Director, URBED
Sue Foster, Director of Place Shaping and Enterprise, LB Enfield
Karen Galey, Head of Economic Development, LB Waltham Forest
David Hennings, Head of Regeneration, Catalyst
Mark Lucas, Head of Regeneration, Redbridge Council
Gavin McCreadie, LB of Hammersmith & Fulham
Daniel Ratchford, Strategic Director of Environment and Leisure, LB Sutton
Julian Renselar, Team Leader (Planning Enforcement), LB of Hammersmith & Fulham
Anne Wyatt, Project Manager, URBED

Apologies

John East, Divisional Director: Development Services, London Borough of Newham
Pat Hayes, Executive Director of Regeneration and Housing, Ealing Council
Tom Jeffrey, Director, Environment, Culture and Public Participation, Croydon Council
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Emma Peters, Executive Director, Croydon Council
Darren Richards, Head of Planning and Transportation, LB Sutton
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