

A look back at AEW UK Investment Management's recent economic briefing

AEW UK gathered together a range of industry experts in front of a packed crowd to discuss the future of the high street on 10th May. The event began with a fascinating talk from Eleanor Winton, founder of futures consultancy Foresightfully, in which she imagined the local shop of the future as “a global portal to a world of choice”. This was followed by a panel discussion, moderated by Estate Gazette’s editor Damian Wild, on whether high street retail is doomed and how we should respond.

Changing lifestyles and consumer habits

Louise Brooke Smith, Partner at Arcadis, noted that consumer habits have drastically changed. The high street has become a place for leisure and social activities, rather than the weekly shop. All agreed that the draw of retail on the high street has significantly diminished. James Brown, Head of EMEA Research & Strategy at JLL, admitted that the pace of change can seem “frightening”. Catherine Auld, Head of International Relations, Business Engagement and Investment at Sunderland City Council, said that the council “recognises the need for the High Street to have a wider offer than retail”.

Digital disruption in the form of online retail featured prominently in the discussion. In her introductory presentation, Eleanor looked at the emergence of disruptor retail, for example ‘secondary luxury’ companies selling high-quality, discounted luxury items such as handbags. She argued that the growth of SMEs can be linked to the fragmenting of traditional retail outlets and the proliferation of choice, with items easily accessible in just a few clicks.

Other broader factors are at work. More discerning customers can have their say like never before. Eleanor noted that environmental issues, such as concern about plastic waste, will have a significant impact: “Any company that starts with raw material and produces rubbish at the end will no longer exist”

Changing demographics are also at work. An ageing population, with associated mobility and health issues, is something councils are increasingly focussed on. For example, Sunderland’s ‘Business Improvement District’ has made a focus of being an age-friendly city, able to cater to the varying needs of its inhabitants.

How should the high street evolve?

In terms of the shift in change of use in the high street, the importance of high quality planning and the role of mixed-use developments was raised by a number of our experts. Louise suggested that one challenge of high street evolution was social – for example, there can be a clash if residential areas are in close proximity to a flourishing night-time economy. Interesting contributions came from Adam Bellamy, Chief Financial Officer at PureGym, who noted that the high street was increasingly an attractive prospect for leisure businesses like gyms. What was clear from discussions was the need for alignment across different departments so planning and policy making is aligned with the wider market.

The opportunities for repurposing retail was also discussed. Stephen Barter, Chairman, Wilton Capital Advisers Ltd, highlighted that areas which don't work for retail could be useful for other property sectors. Adam built on this with his observation that businesses that can adapt to existing property formats have the ability to thrive. For example, Puregym and others have been able to repurpose parts of large BHS stores.

On a broader level, much discussion revolved around a change in mindsets and perspectives. Stephen said that whilst there is much opportunity for investment in the sector, "you need a good plan and enlightened leadership" and James suggested that the evolution of the high street requires a "significant structural shift". The importance of looking abroad for insight on how town centres can adapt was also approached. One example used was the development of Waterfront Toronto, a project Stephen Barter has been working closely on, which is being designed with future lifestyles in mind.

Armageddon or opportunity?

The speakers featured at this month's briefing agreed that the continued decline of retail is inevitable, with further closures and pain on the horizon for traditional traders. They concluded, however, that the high street, if it evolves, is likely to survive and even thrive. Although they differed in their specific solutions to the current high street crisis, the importance of a co-ordinated approach between investors, councils, developers and others was highlighted. James Brown summarised this in his call for all involved "to respond to change as quickly as we can".