

**GREATER MANCHESTER SPATIAL FRAMEWORK**

**DRAFT TOPIC PAPER 5**

**TOWN CENTRES**

**October 2010**

## INTRODUCTION

This paper is concerned primarily with the 8 sub regional centres outside of the Regional Centre : Altrincham; Ashton; Bolton; Bury; Oldham; Rochdale; Stockport, and Wigan. It is recognised that there are many other centres within the conurbation, from town centres such as Leigh through to district and local centres, for example Eccles and Wythenshawe which are important to the overall success of the city region. The GMSF will not address issues best dealt with at the local level however many of the issues facing sub regional centres may also apply to these other centres. Whilst districts will already have many strategies in place to address issues at the local level any opportunities to improve the performance and management of our centres should be embraced.

The Manchester Independent Economic Review highlighted how Greater Manchester has the scale and density to grow much more rapidly if it can address the main reason it 'punches below its weight': its low productivity. The Greater Manchester Strategy was developed to focus on addressing key constraints to build a bigger 'agglomeration' of skilled jobs, amenities and successful places and supports appropriate and realistic growth ambitions across the city region.

Greater Manchester is an agglomeration; a built-up area with unique and connected neighbourhoods and employment centres. According to the MIER and other economic literature, the potential benefits of agglomeration include:

- Better and more cost-effective utilisation of common infrastructure (e.g. utilities, roads, public transport);
- Availability and diversity of labour and consumer markets;
- Easier access for firms to their respective suppliers or customers;
- Increasing opportunities for knowledge transfers and innovation;
- Environmental benefits via a reduction in urban sprawl and more dense and energy efficient built-form and community design.

We know from decades of cross-disciplinary research that the increased density of well-connected people and firms is highly correlated with strong economic performance and perhaps most significantly, improved environmental outcomes. Simply put, dense areas result in reduced CO2 levels, by reducing car travel and shortening distances and facilitating more cycling and walking. Encouraging these beneficial effects means increasing intensification within existing built-up areas, with a focus on urban growth nodes and major transport hubs.

The city region has a spatial form which is basically well structured and which can be further enhanced by careful location of new development and well planned improvements to transport systems. The policy challenge for us is ensuring through our infrastructure and spatial planning decisions that we do not inhibit the growth of existing agglomeration economies in our city and town-centres.

Clearly the regional centre with its higher density development is the principle beneficiary of agglomeration impacts. However, the commitment to investment in improvements in transport infrastructure through metrolink and rail investment has the potential to change the market view of the key town centres especially if combined with investment in high speed digital infrastructure. Both of these elements remove or reduce the barrier of distance between the GM Town Centres and the Regional Centre and will enable agglomeration benefits to be spread much wider – if the Town Centre offer can be tailored to better serve their catchments and meet market needs.

First and foremost, we must ensure our regional centre continues to be the largest and most important growth node in the city region, given its economic clout and diversity of sectors located there such as ICT/Digital, creative and new media, finance, retail and higher education. These elements will continue to make it an attractive draw for people, firms and investors.

Secondly, we need to promote our town centres across the city region's districts as important growth nodes in their own right. The revitalisation of our town centres is particularly important, not only because they can accommodate additional people and jobs, but because they have the potential to become important meeting places, locations for cultural facilities, public institutions, major services, and transport hubs.

Successful development of our town centres will improve the life chances in the most deprived areas by providing accessible employment opportunities, enabling people to compete and engage in the modern labour market.

It will also ensure that growth is achieved in a sustainable way by focusing development and investment in areas already well served by existing public transport provision.

## **ISSUES**

Town centres historically provide the major economic focus of a local area when measured in terms of GDP per capita. This role has been in serious decline for the past two decades, partly because of the emergence of city centres as the major economic drivers of the modern economy and partly as a function of the growth in out of town retailing. In this context the Trafford Centre has had a significant impact in the retail shopping patterns in Greater Manchester. Town centres are important economic hubs with substantial transport and infrastructure assets. The returns in investment in those infrastructure assets can only be realised if the decline is reversed. For example Metrolink could actually accelerate the decline of the Town Centres in the east of GM if they are not able to meet the needs of their catchment.

The Greater Manchester Town Centres Study identified a need for a robust city-region approach to town centre investment and growth to address the decline witnessed in recent decades. Initially commissioned to assess “...*the Economic Role of the Key Town Centres in the Delivery of Employment Growth Aspirations for Greater Manchester...*” the study provides an

examination of the relative economic and social contribution of eight Greater Manchester town centres<sup>1</sup>. The final Stage 5 study report provides a market demand analysis in respect of the core functions, distinctive roles and the potential of GM's town centres for accelerating sustainable economic growth in a particular sector or across a range of sectors.

The study identified that:

- Town centre employment has declined, even during the period of economic growth;
- The prominence of the Regional Centre, developments along the M60 and on out of town sites have made it more difficult for town centres to compete;
- As a result, the town centre offer is becoming increasingly homogenous; and
- Vacancy rates are increasing.

## **Retail**

In terms of the retail offer, each of the town centres has at least 2 established shopping centres, and all have relatively high levels of retail floorspace available. However, demand for town centre retail floorspace is limited, with requirements heavily weighted in favour of lower value, budget operators.

Key considerations for potential investors and existing occupiers include:

- Rental rates, which are often considered to be over-priced and unrealistic, especially when considered alongside out of town sites;
- The size and layout of floorplates, which are often more favourable in out of town locations;
- Availability and cost of parking;
- Congestion;
- Potential footfall, which is dropping as employment, previously the driver of daytime demand, moves away from town centres.

The above factors have all contributed to a shift in demand away from town centre locations to out of town retail sites.

Given that a significant amount of floorspace is already available and that there is limited market demand for that floorspace, given the factors considered by potential investors, the study suggests that there is little or no logic in creating new major new retail developments in any of the eight towns, though there are opportunities for complementary retail developments in centres such as Rochdale, Stockport, Bolton and Oldham.

A small number of retailers can create a "step change" in a centre, such as Marks & Spencer, and there may be an opportunity (e.g. Oldham) to create such a step change in terms of the retail offer which in turn will encourage others to join them; although this may only be possible by creating further new retail development.

---

<sup>1</sup> Altrincham, Ashton-Under-Lyne, Bolton, Bury, Oldham, Rochdale, Stockport and Wigan.

A potential major retail anchor that could be encouraged into GMTC's are the major food operators (such as in Bolton, Bury and Rochdale), who could encourage other retailers to follow. Normally, these stores - because of the road pattern and the sheer size of land required - can only go to edge of centre rather than in the core.

## **Office**

The modern higher value office market is predominantly located out of centre and on sites located around the M60, the M6 and on key routes along the strategic highway network, particularly in the south of the conurbation, although Bolton and Bury to the north of Greater Manchester are comparatively competitive.

Public sector occupiers dominate the offer in the majority of town centres as private sector occupiers opt for business parks away from the town centres, driven by factors such as:

- The overall cost of occupancy, increasingly important in the current economic climate;
- Motorway connectivity;
- Access to free parking;
- Localised congestion, particularly around Stockport and Altrincham;
- A lack of Grade A provision.

The report identifies gaps in the current GM offer that could be exploited, particularly in relation quality/serviced office accommodation in North Manchester and the provision of Grade A office space in stronger locations such as Stockport and Bolton. It may be possible to build on and expand recent successes, such as the decision by BSKyB to locate in Stockport, but the report argues that a significant uplift in the provision and take up of office space in town centre locations will require a shift in policy to support town centres in competing for mobile investment in new generations of productive business.

## **The Trafford Centre**

The Trafford Centre is an out of centre shopping centre of sub regional scale. It is not a town centre however it is a generator of significant footfall, is co-located with several large leisure and sporting facilities and along with the Regional Centre provides GM with a competitive retail and leisure offer. Until recently RSS provided the policy framework for the Trafford Centre and stated that there was no demonstrable need for further expansion. This policy framework is no longer in place and the GMSF should provide guidance as to the scale and type of future development in this location.

## **KEY CONCLUSIONS FROM THE STUDY**

- Town centres will need to be able deliver increased footfall to remain an attractive proposition for retail.
- This means both serving existing core catchment effectively but also having sufficient levels of “in centre” employment to transfer more retail spend from out of town locations.
- Office space is much more difficult to let in a number of town centres. Vacancy rates are very high particularly in Bolton, Bury and Rochdale. There appears to be latent demand from existing town centre occupiers but it is very difficult to encourage relocations to new space, given the low rentals enjoyed in lower grade space in town centre locations.
- The Market Demand study evidence concludes that speculative office development will not occur at all over the next 2 to 4 years in any town centre given the prevailing market conditions.
- Many private sector consultees highlighted the potential for town centres to broaden their offer around leisure or cultural experience and the public sector will have a critical role in making this happen.

## **SPATIAL DIFFERENTIATION**

The lifeblood of all town centres is footfall. In this context the challenge is two fold. Firstly, town centre need to maintaining and build footfall via its catchment. Secondly, but just as important, it is necessary to bring more employment into the towns to build the core footfall that maintains the life of a town centre throughout the day and into the evening. The former is addressed though ensuring the town centre offer effectively serves that catchment. The latter is dependent upon creating the demand for office space. It is a good start to ensure, where possible, that core public sector services are located there.

Bolton and Stockport are the most economically significant of the key centres. They have the largest catchments in retail expenditure terms (£1.5bn and £1.37bn respectively). The prime town centre retail rents in both exceed the other key town centres. Heavy rail links to London provide a significant advantage for both towns over the other key town in terms of office market development potential in the medium to long term.

Both towns however will need to address the competition their out of centre locations. Both Oldham (with Hollinwood) and Rochdale Town centre (with Kingsway) face similar issues albeit that the office market potential in these town centres is significantly lower.

In contrast Bury (which adjoins Chamberhall); Wigan (which adjoins Wigan South Central/Westwood Park) and Ashton (with St Petersfield) have the opportunity to integrate key employment areas with the town centre offer to increase footfall.

The office market across Trafford is relatively good. However, within Altrincham Town Centre itself the office market, unlike all of the other key town centres, is not underpinned by larger scale public sector occupation which could have provided an upswing in market demand. This impacts on footfall and therefore affects the strength of the retail offer.

## POLICY RECOMMENDATIONS

Three potential policy approaches are identified in the Stage 5 Town Centres Study report:

- A continuation of '**Current Policy**', which the report characterises as essentially a supply-led approach;
- A '**Policy Off**' position, that will mean that town centres will have a more limited role to play in the future, as out of town development increases;
- An '**Intelligent Policy On**' position involving a tightening of town centre first policy to prioritise it against out of centre investment and the introduction of fiscal incentives to encourage town centre development.

The study recommends a 'Town Centre First' policy however the detail of this is not fully explored. There are significant challenges involved in implementing such an approach rigidly. The shift in market demand away from town centre sites to out of town locations is a national, or even international, one and many of the factors influencing the decision to locate in out of town locations are difficult for local authorities to address, at least without the investment of significant financial resources. A study currently underway (by Jones Lang LaSalle) to assess the market demand for large employment sites indicates that market demand for out of town sites remains strong, reinforced by considerations such as occupancy costs, flexibility of floorplate design and accessibility.

In any GM policy approach it will be important to have an approach that seeks to spread the agglomeration benefits from the Regional Centre to the key Town Centres. This means this working with the grain of the market rather than pursuing aspirations that run counter to the evidence available.

To safeguard and improve the prospects of GM's town centres, the report suggests that:

- Core functions should be consolidated, through improvement of the existing offer;
- The distinctive elements of GM town centres should be unlocked, building on local strengths to differentiate the offer from competing centres and diversify town centres to balance national retailers with distinctive local colour;

In the short-term, the Town Centres Study report recommends a focus on:

- Early developments and their supporting infrastructure;
- Management of underutilised streets – for example, Butts in Rochdale, Underbanks in Stockport;

- Action to capitalise on committed investments;
- Management of the interim stage of major developments;
- Strong town centre management – marketing, security, cleansing etc.

In the longer-term a strategy is required to deliver structural changes to improve the town centre offer, including:

- Consideration of the shape of the centre;
- New or expanded uses to create a rounded centre;
- The potential for housing to widen the walk-in population and social mix;
- Redevelopment sites;
- Changes in access arrangements;
- The phasing of development;
- Appropriate planning policies to support the town centre and restrain out of centre development.

Local authorities can work with and exert pressure on landlords to reduce rents in town centre locations but have little direct control. Fiscal incentives are more challenging to implement in a time of public sector cuts. Provision of parking facilities in town centres may improve the desirability of locations for potential investors but would increase the volume of traffic in the centres and be contrary to AGMA's objectives to improve the environmental sustainability of journeys through an increase in the take up of public transport (although equally, town centres are more easily accessed by public transport).

Strict implementation of a town centres policy could, in practice, lead to the loss of investment to areas outside of the sub-region. If investors are unwilling to consider town centre accommodation and Greater Manchester takes a policy decision not to provide an alternative offer outside of those centres then the result of that policy approach could be the decision by investors to locate in neighbouring authorities that can provide that offer.

The emphasis for Greater Manchester is on an '**intelligent** policy on' approach. The promotion of town centres should be supported through an effective town centre management approach involving consideration of investor requirements and identification of support packages that can be put in place to enable those needs to be met by sites in town centres. Such support packages will require the inclusion of financial incentives, and, as noted above, the credit crunch, the recession and cuts in public sector expenditure make such resources more difficult to identify.

It is important to be realistic about the impacts of planning policy. There is still a legacy of existing out of town permissions which will continue to impact on the Town Centre economies. Changes in policy direction now are likely to take many years before the full benefits are visible

Demand will continue to exist for out of town locations but this needs to be allocated and marketed intelligently, with consideration given to minimum thresholds for office developments to encourage occupation by inward



investors, rather than by the local occupier market. The final report of the Jones Lang LaSalle assessment of market demand for large employment sites will enable a more definitive approach to the allocation of out of town sites by providing a greater understanding of priority market-led locations and potential occupiers of those locations, and how such occupiers relate to the potential market for town centre sites.

## **INTERVENTION OPTIONS**

Whilst there has not been a conscious policy drive to undermine town centres, past decisions to focus public funding on out of town brownfield sites to serve the office market and encourage out of town retail has effectively achieved this. It is no accident that only Bury town centre, which has not been as directly affected by these pressures, appears to be somewhere near realising its potential.

In an era of limited public funding the most successful towns will be those that are able to create the best conditions for private sector investment. This includes providing demonstrable evidence to give confidence to the private sector that returns will be realised. Positive policy approaches are also essential to confirm reaffirm commitment to town centre growth.

Our options can be summarised as follows:

- More effective enforceable planning policy to support town centre growth using PPS4
- Application of fiscal incentives/disincentives to back up those policies
- A presumption for public sector services to be located within town centres
- Broader creative town centre management approach where street knowledge together with wider market expertise is used to inform strategy