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Property Leaders' Forum: Town centres

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CREATING THE DISNEY EFFECT

Town centres are evolving faster than ever in living memory. At this latest Insider Property Leaders' Forum, hosted at LCF Law's Harrogate office, a panel of experts assessed what the future holds for development in our urban areas

ATTENDEES

Angela Macready associate, LCF Law

Lynn Wilkinson solicitor, LCF Law

Nigel Cussen senior planning director, Pegasus Group

Trevor Watson director of economy, environment and housing, Harrogate Borough Council

Ed Harrowsmith syndicated property director, Helmsley Group

Mark Lynam corporate director for regeneration and economic growth, Wakefield Council

Zeb Pervaiz managing director, SKA Developments

Gerald Jennings chair, Morley Town Deal Board

Matthew Chapman BID manager, Harrogate Business Improvement District

Matthew Brear senior associate, Dacres Commercial



How are our town centres functioning after the Covid pandemic?

Harrogate Council's Trevor Watson said the nature of town centres is relatively fragile because their purpose is changing significantly. He said: "I don't think that is an effect of Covid, but Covid has changed the rate to which it is happening. It is a fair analysis of all, or almost all, town centres. But there are different degrees of effect and impact on different town centres."

The aim going forward should be to redefine why people want to come into town centres, Mark Lynam, from Wakefield Council, said. "For me, that is about simply creating spaces where people want to spend time. We need to create another reason for people to come in, and not build it around the same old user classifications which we had previously. Something we have been advocating is urban greening. How do we bring more green, open spaces into our towns and cities?"

Matthew Chapman, BID manager at the Harrogate Business Improvement District recommended that towns focus on their individual assets. "The experience and uniqueness will bring people back into a city centre. I got into some trouble when I started in Harrogate talking about the Disney effect. If you go to Disneyland, the moment you get out of the car or train it will be unique, and there will be great customer service. There will be an entertainer or ride that you won't see anywhere else. Every town needs its own Disney effect."

He accepted that towns have a different unique offer though. Having worked in his equivalent role in Huddersfield before Harrogate he said Huddersfield can have a function as a town where lots of people commute from to Manchester and Leeds but return home to a town with more of a village feel.

What sort of towns will be the winners in the future?

Outlying, satellite towns may be the beneficiary of the Covid era if they can offer what people need, Nigel Cussen, from Pegasus Group, said. "It is an opportunity for smaller towns. What happens to Dewsbury



Nigel Cussen



Lynn Wilkinson



Gerald Jennings



Matthew Chapman



Angela Macready



Ed Harrowsmith



Mark Lynam



Matthew Brear



Zeb Pervaiz

or Batley now? What can they characterise themselves as?"

But that was questioned by Gerald Jennings, who helped deliver the Trinity shopping centre development in Leeds for Land Securities and is currently chairing the board to distribute Morley's Town Deal funding of £24m.

"Why would I put money into Batley or indeed Morley? I'm not sure money is going that way at the moment. Money follows the successful jewels of the UK crown: Leeds, Manchester, Birmingham. And maybe secondary towns like Huddersfield. It certainly goes to nice towns like Northallerton, Ilkley and Wetherby. But there is a whole series of towns across this country where money is not going."

Matthew Brear, senior associate at real estate agents Dacres Commercial agreed that smaller towns face the biggest challenges. "Ultimately

the viability of a scheme stacks up in Leeds, York and Harrogate, whether it is retail, residential or office. I was in a South Yorkshire town yesterday looking at a small piece of retail, and out of six units, five were boarded up and in complete disrepair."

Morley itself has plans to focus its allocation of funding around education and skills, 'greening' the town, with a lot of tree planting and 'pocket parks'. Jennings said that the former textile town has a lot of heritage buildings which can be brought back into use through government grants.

And he added: "We have Leeds City College and Leeds Beckett University wanting a physical presence in Morley. Having the Beckett brand in a town like Morley will make a huge difference to how the people who live there think about their own town. Why can't Morley become the South Leeds equivalent of Ilkley? We have culture there and the Morley arts festival."

What are the future prospects for town centre retail?

The Helmsley Group invests in and develops commercial premises, largely in York. Its syndicated property director, Ed Harrowsmith, told the event that a problem in most town centre high streets is that the larger retail units are institutionally owned by geographically-distant landlords.

"The purpose of why we build in York is to be the local developer that removes it from the remote landlords who aren't putting time into repurposing assets. Big box retail in the city centre has gone. You will see smaller footprints, and an encouragement of more independent startups retailers and experience-driven retail.

"The big killer is business rates. Retailers have historic, eye-watering rents. Boots [in York] pay a million pounds a year and it's probably not worth half of that. But they pay business rates against that. We are very comfortable with turnover-based rents."

Jennings said that retail is "far from dead" and pointed to a number of recent acquisitions and lettings in

Yorkshire such as the Woolshops shopping centre in Halifax, The Core in Leeds, and Marks and Spencer taking the former Debenhams store in the White Rose Centre, Leeds.

"I think there is a danger in thinking retail is dead. In Leeds there is a mad rush to provide what seems a never ending supply of student accommodation. Students, bless them, don't own the place. They are there for six or seven months of the year. I can see why Leeds Council accepted the planning application for putting students in the old Debenhams in Briggate but is it the right answer in the heart of a top flight city?"

Is there more capacity for residential use in town centres?

Residential development is influential in boosting the commercial activity of towns, LCF Law's Lynn Wilkinson told attendees.

She said: "With more than 300,000 new homes needed each year, the new extended Permitted Development Rights will have a positive impact on delivering that number, while at the same time reducing the need to develop on greenfield sites. While our town centres need re-energising I do think that there is a fine line where over-development can occur and we are then left with empty residential properties as opposed to empty, unused commercial units."

And colleague Angela Macready said a mix of residential occupancy to suit all age groups can be achieved with the change of uses planning rules coming in. "There will be more flexibility too so use will change over time rather than it always being sold as a retail store and nothing else able to go in without a lengthy planning application."

Zeb Pervaiz, from SKA Developments, thought that student residential schemes may be at saturation point. "There are only so many student buildings that you can do before there is too much supply. We do high-end student living and this latest one will be our last in Huddersfield. We own 700 rooms in Huddersfield.

"The high street is emptying and yes, we need residential in there, but what does that entail? It means some lettings, some for students, some for young millennials who have a disposable income lifestyle, and then some for silver economy, the older generation which wants to downsize and live in a town centre without a car and with shops below."

Residential is not the answer for the high street, Harrowsmith warned, saying the solution is a mix of use – co-living and co-working – while offices can be built on former brownfield sites.

Smaller landlords are nervous about the cost of converting former retail premises into residential though, Brear warned: "A lot of my landlords are small prop co's or they

occupied the asset and have gone into retirement and it is now their pension. They are particularly nervous. They have limited demand and aren't particularly development-based."

What blockers are there to the speed of development?

Harrogate Council's Watson acknowledged that the planning process should be easier and local authorities have some ability to do that. "It's about collaboration and partners pulling together to deliver a vision. The willingness is often there to fast-track planning applications, but the restrictions that need to be taken into consideration through an application are not governed by a local authority."

One drag on planning approval can be a local authority's statutory consultees, Cussen said. "You get a single-focus purpose consultee and they aren't being driven by the same focus, so it can be an interaction which causes delays."

Attracting public sector funding can be a drawn out process for relatively little money, Wakefield's Lynam observed. "Whether you label it Levelling Up Funds or Town Deal Funds, it is recognising the limitations of what that money can achieve. That £25m is a serious chunk of cash but actually, when you start to look at the menu of what you need to tackle, it won't go very far. You could spend £25m on any one issue, so you need a sense of knowing what is important now and what can wait. Don't try to boil the ocean, but build a sense of momentum."

"Devolution has to be part of the solution but it has to be devolution without strings attached. Money that will flow to West Yorkshire, apart from the annual £30m, tends to have strings attached – you still need to go through a process of a business case and get sign off from DfT before they release money. That's not good enough because it takes an inordinate amount of time to go through. Before you know it, you are two or three months down the line."



Trevor Watson

And from the private sector side Pervaiz added: "We started the Renaissance Works project (in Huddersfield) at the back end of 2016. We had started preliminary works and put in £1.5m while we were waiting for funding decisions. We are now approaching 2022. That's just too long."

"We have applied for a grant to West Yorkshire Combined Authority and Homes England for Drummond Village, Bradford. We'll get it but it will take nearly three years. By that time, I will be wanting to do something else on that site yet it is in an area which needs housing and a lot of stuff doing. Kirklees actually paid for our planning application, which is the first time I have experienced that. Councils need to help us because the private sector switches off very easily. Councils are sat on tens of millions of pounds and have to release it." ■