Demonstrating the True Value of Shopping Centres

Case Study: WESTQUAY, SOUTHAMPTON

Hammerson
Economic value generated by the centre

Introduction

WestQuay in Southampton has been trading for over 13 years. Over that time it has enabled the city to become a major retail destination, providing one of the largest retail offers in the region. But what has its impact been for the wider local community? Has the anticipated economic regeneration been delivered for the wider city?

As part of Hammerson’s research “Demonstrating the True Value of Shopping Centres”, in-depth case studies were carried out at WestQuay in Southampton and Bullring in Birmingham. This case study sets out the socio-economic impacts WestQuay has had on the wider Southampton area. The study looks at factors ranging from job creation and related wages through to improved quality of life and benefits to the wider community.

“WestQuay is a vast improvement on what was there before which was an industrial site. The shopping centre changed the dynamic of the whole city centre. It gave the city a daytime economy, a heart to the city. In terms of appearance, it is a vast improvement. Architecturally it was quite well done and it will be further enhanced by the next phase of the extension.”

Local stakeholder, Southampton
## Economic value generated by the centre

Number of current retail jobs and the FTE at WestQuay broken down by retail subsector category

<table>
<thead>
<tr>
<th>Subsector Category</th>
<th>Number of Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchor Tenants</td>
<td>1,105</td>
</tr>
<tr>
<td>Clothing and Footwear</td>
<td>1,112</td>
</tr>
<tr>
<td>Health and Beauty</td>
<td>74</td>
</tr>
<tr>
<td>Leisure (Hobbies, Books, Music)</td>
<td>120</td>
</tr>
<tr>
<td>Electronics and Home Appliances</td>
<td>101</td>
</tr>
<tr>
<td>Services</td>
<td>16</td>
</tr>
<tr>
<td>Food and Drinks</td>
<td>354</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>60</td>
</tr>
<tr>
<td>Jewellery</td>
<td>72</td>
</tr>
<tr>
<td>Total Current Retail Jobs</td>
<td>3,014</td>
</tr>
</tbody>
</table>

A full time equivalent (FTE) is calculated on the following assumptions:
3 individuals working less than 15 hours, 2 individuals working 15 - 30 hours, 1 individual working 30+ hours.
Key evidence from visitor surveys and engagement with local stakeholders

A high profile destination: WestQuay has established Southampton as a major regional retail destination, shifting the retail core to revitalise the area around the shopping centre. Existing local traders have been affected by footfall displacement; in particular the Below Bar area of the high street where the local authority and residents commented on retailers having not adapted to the change.

Greater shopping choice: Visitors view WestQuay’s offer as a key positive features of the city. This included its range of shops, the John Lewis and M&S anchor stores through to the choice of food and restaurants in the new dining offer.

Job creation: Generating income through employment opportunities at WestQuay has significantly benefited local wellbeing and quality of life, contributing to a reduction in welfare claimant numbers and incidents of offences.

The benefits to central Government generated by WestQuay include:

- £4.5m INCOME TAX
- £3.6m NATIONAL INSURANCE
- £1.9m REDUCTION IN UNEMPLOYMENT BENEFIT CLAIMS
- £480,000 SAVINGS FROM FUTURE YOUTH UNEMPLOYMENT¹
- £532,000 REDUCED OFFENDING
- £55,000 IMPROVED HEALTH AND WELLBEING

Impact on town centre compared to WestQuay having not been built

<table>
<thead>
<tr>
<th>Category</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping Centre is important part of city centre</td>
<td>24%</td>
</tr>
<tr>
<td>Access to the area (e.g. routes and transport)</td>
<td>14%</td>
</tr>
<tr>
<td>Surrounding public spaces</td>
<td>10%</td>
</tr>
<tr>
<td>Quality of life for local people (within 40 miles)</td>
<td>14%</td>
</tr>
<tr>
<td>Community well-being</td>
<td>14%</td>
</tr>
<tr>
<td>Local pride</td>
<td>12%</td>
</tr>
<tr>
<td>Feeling safe</td>
<td>19%</td>
</tr>
<tr>
<td>Choice of other restaurants in the area</td>
<td>8%</td>
</tr>
<tr>
<td>Choice of other shops in the area</td>
<td>9%</td>
</tr>
</tbody>
</table>

The perceived changes in % from visitors compared to WestQuay having not been built. Positive numbers indicate perceived improvement.

¹ Employability Penalty (future) every 3 months Unemployed under 23 yrs old leads to 1.3 months unemployed per year between the age of 28 and 33.
Perceived change in quality of life

A safe and secure environment: Hammerson’s collaboration with Southampton’s police authority through a crime reduction partnership has contributed to a notable decline in crime levels of up to 60% over the last ten years.

Visitor spend: WestQuay’s visitors are also spending elsewhere in the city with the split averaging 59% at the shopping centre and 41% in the rest of Southampton.

Connectivity: There remains a concern over the linkage between WestQuay and the High Street, with survey respondents expressing the desire for greater integration between the shopping centre and for future phases to capitalise on local heritage assets such as the city wall.

“Compared to before, the city now has an economic anchor to the centre, it’s become a “destination” to visit, a draw. It pulls people in to use businesses, and start exploring a little.”

Local stakeholder, Southampton

Further investment generated by WestQuay:

£1.75m SOUTHAMPTON’S CULTURAL QUARTER

The value WestQuay brings to its highstreet location:

£40m ADDITIONAL SPENDING INCLUDING

£2.1m SPENT AT INDEPENDENTLY OWNED BUSINESSES

£4.1m LOCAL SPENDING FROM RETAIL WORKERS
Opened in 2000, WestQuay dramatically reshaped Southampton city centre’s retail offer with the introduction of 800,000 sq ft of modern store units attracting numerous new retailers to the city for the first time. As a result it moved from 27th to 19th in the national retail rankings.

The impact on the retail offer in the city centre has been varied. A previously long high street it has become more focused and concentrated around the WestQuay area. Rent to the north of the WestQuay entrance has experienced footfall decreases and falling retailer demand as John Lewis relocated. In contrast, in the area of Above Bar closest to WestQuay, rental levels have remained stable. The Marlands was the city’s key retail scheme prior to WestQuay’s development. Its location on Above Bar and between two multi storey car parks, has enabled it to respond to the opening of WestQuay by repositioning itself as the value centre for the city.

The wider area continues to improve and develop. Current proposals for a new Morrison’s at the other end of the high street, close to Debenhams could potentially balance the pull to WestQuay, increasing local footfall in this area.

WestQuay has clearly raised the profile of Southampton as a regional retail centre. Whilst there have been impacts on local retail rental levels, these are significantly outweighed by the positive impacts on the local economy and the quality of retail offering and experience. The investment potential the scheme has generated provides the opportunity to develop Watermark and create even wider benefits to the city.
Methodology

All statistics quoted in this document are based on a comprehensive data collection exercise carried out in 2013 across the Hammerson shopping centre portfolio and from research undertaken by Jones Lang LaSalle and Envoy Partnership on behalf of Hammerson as part of the research “Demonstrating the True Value of Shopping Centres”. All data sources are referenced within this report.

Sources of data specific to WestQuay include:

+ Visitor surveys across a sample of 250 people at WestQuay.
+ Urban design and architectural site surveys of WestQuay.
+ Surveys across a sample of 35 local businesses within Southampton.
+ Interviews with local stakeholders.
+ Jones Lang LaSalle research into residential prices and retail rents.

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