GLAECONOMICS

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Retail in the West End

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GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics forms a basis for the policy and investment decisions facing the Mayor of London and the GLA group. The unit is funded by the Greater London Authority, Transport for London and the London Development Agency.

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Executive Summary

The West End has an unrivalled retail offer…

The West End is by far the largest retail area (in terms of floorspace, employment and range of shops) in the United Kingdom (UK). In some ways, it acts as the UK's retail centre, with a significant proportion of its trade coming from people who live outside the M25 boundary. Many of these people are attracted by the range and quality of goods on offer in the West End which is unmatched anywhere else in the country.

…is accessible by public transport and is close to London's tourist areas.

In contrast to most retail centres in the country, the West End is very easy to get to by public transport. This puts the West End within reach of a high proportion of London residents (for whom car ownership is the lowest in the country). In addition, a significant proportion of the West End's trade comes from overseas tourists. It has a competitive advantage over other retail centres in and around London in attracting the tourist trade because it is very accessible from many of London's tourist areas (both in terms of attractions and accommodation) by public transport and by foot.

There is little hard evidence of a significant trend away from retail in the West End…

While employment data suggests a slight trend away from retail in the West End over the past 30 years or so, particularly since the late 1980s, this is not supported by rental data. Data on the rents charged in retail centres, show retail rents in the West End growing at least as fast as most other London retail centres.

…although the West End has been particularly hard hit recently …

More recently, retail in the West End has been particularly hit by the slowdown in economic activity, which was particularly severe in London. Other factors such as the Central Line closure and the war in Iraq (through its effect on tourism) are likely to have impacted particularly hard on the West End.

…which some retailers may have excessively attributed to the congestion charge.

Some central London retailers may have attributed the downturn in sales seen during 2003 to the congestion charge's introduction in early 2003. However, the proportion of people that drive to the West End to shop is small. In addition, the larger *income effect* from the congestion charge (i.e. consumers having less to spend as a result of the charge) will be spread across all London retailers (and perhaps some outside) rather than just the West End.

However, the future trend for the West End appears strong.

Work by Experian Business Strategies (EBS) suggests that retail expenditure in the West End will grow strongly over the next decade or so. It shows that the West End will remain, by some margin, the largest retail area (in terms of floorspace) in London – even after accounting for a number of significant retail developments in London.

This enviable position enables West End retailers to manage their higher costs.
Retail rents in the West End are among the highest in the world. In London, only Knightsbridge has higher rental levels. The West End has the highest rateable values for retail premises in London and so pays the highest rates in London (and the UK as a whole). Retail staffing costs are higher in London than the rest of the UK. Finally, there are a number of problems, which are not faced by many other retail areas, with servicing the West End. For instance many stores have to take on-street deliveries rather than deliveries from dedicated loading bays. While no quantitative data exists, these problems are likely to increase West End retailers' servicing and delivery costs.

However, the West End does face some specific problems…

Other retail centres are more 'car-friendly'…
Despite having good accessibility by public transport, the West End is hard to access by car when compared to other retail centres in and around London.

…which makes the quality of public transport a key issue.
Around three-quarters of shoppers travelling to the West End use public transport. Therefore the quality of public transport is key to the West End's competitive position. Poor quality public transport could deter consumers, especially those who have the alternative of travelling by car, to another retail centre.

The West End also suffers from a number of 'environmental factors' that deter consumers …
Although the West End's atmosphere (including its non-retail elements) is part of its unique offer, the level of pedestrian and traffic congestion can deter some consumers. Environmental factors, such as the level of noise, fumes, litter and exposure to the elements, can all act to deter consumers, especially particular consumer groups such as older people or people with children.

… but these 'environmental factors' are likely to be more effectively addressed by other retail centres.
The management structure of many other retail centres allows them to respond more quickly and effectively than the West End to problems that discourage consumers. This is because these centres often have a centralised, coordinating body that can pay for improvements through a centralised fund (usually gathered by a service charge on all retailers or landowners). In contrast, management and control of the West End is more fragmented.

Policy implications

1. It is difficult for the West End to coordinate actions that address the problems from which it currently suffers including issues related to the shopping environment. Effective Business Improvement District (BID) vehicles aimed at addressing the needs of West End retailers, other occupiers and landowners, could make a significant difference in this respect. Therefore, making the New West End Company and other BIDS in the wider West End as effective as possible is very important.

2. Transport issues are key to the West End. Any improvements to public transport used in travelling to or around the West End would improve consumers' experience of the West End. In addition, improving the situation for pedestrians in the West End would improve the experience of all the area's shoppers and greatly improve the attractiveness of the West End to sections of the population who are, presently, effectively excluded.

1. Introduction

This paper forms one part of GLA Economics' wider study of retail in London and looks at retail in the West End: the greatest concentration of retail in the country. As such the paper is focussed primarily on retail issues. While the paper and its conclusions are based on available data, it has also been informed by discussions with a number of parties interested in retail in the West End.

Definitions of the West End vary, typically depending on the data source used. However, where possible, and in relation to the main conclusions drawn, a rather tight definition of the West End is used in this paper: Oxford Street, Regent Street and Bond Street. This definition accords with the area covered by the West End's Business Improvement District (BID) vehicle, the New West End Company (NWEC). Therefore, in most (though not all) of what follows the definition of West End will not include areas such as South Molton Street, Carnaby Street and Tottenham Court Road, as well as areas a little further a field, but often associated with the West End including Covent Garden, Knightsbridge or Kensington High Street. However, despite its retail focus, many of the issues dealt with in this paper will be common to the wider West End and of relevance to other BID vehicles such as the Heart of London BID.

The paper starts by providing some general statistics on the West End relative to other retail centres in London and the UK. It then analyses in detail the characteristics of consumers that shop at the West End, looking at why they shop in the West End, how they make their shopping trip, and where they come from. This analysis provides a useful background from which to assess the competitiveness of the West End as compared to other retail centres, and enables better identification of the key issues for the West End. The paper then considers recent West End retail trends and a forecast of future trends. It then looks at some of the factors affecting recent performance, such as the costs incurred in operating in the West End and the management of the shopping environment in the West End. The paper concludes by drawing out the main findings derived from the analysis.

2. General characteristics of the West End

Size of the West End

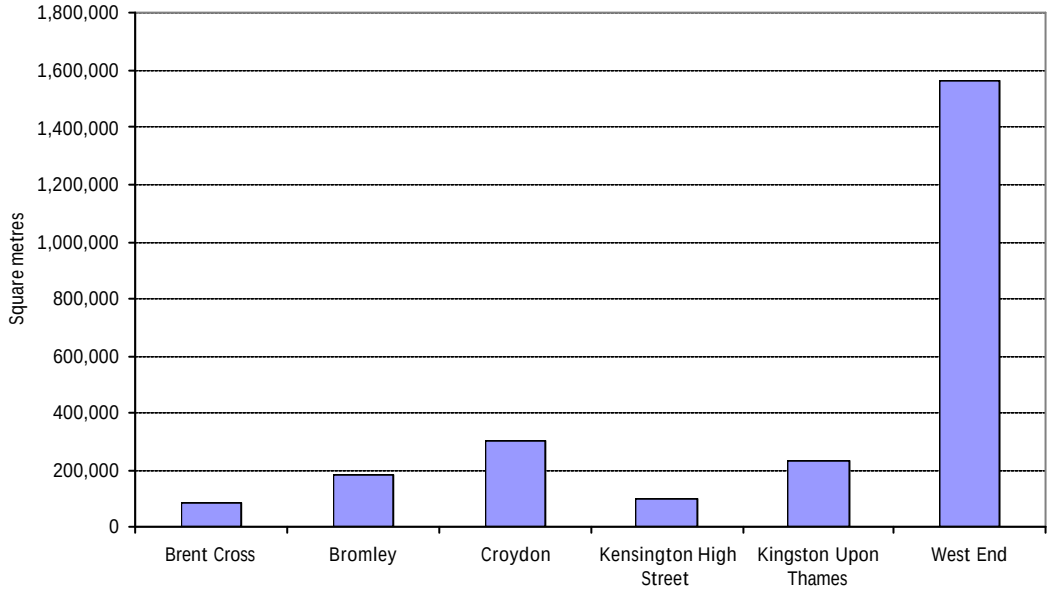
This section begins by comparing the West End with other retail centres, primarily those in Greater London, in terms of various factors such as floorspace, employment and attractiveness. It then looks at the accessibility of the West End, before considering in more detail the characteristics of consumers in the West End.

Floorspace

Recent data produced by the Office of the Deputy Prime Minister (ODPM) enables comparisons between town centres and retail centres. The data gives a general impression of the relative size and strength of a centre by providing a consistent and objective approach across all town centres in England and Wales.

Figure 2.1 shows the amount of floorspace at various retail centres in London, as defined by the ODPM, for 2000. It shows that the West End has, by far, the largest amount of floorspace of retail centres in London; more than five times as much as the next largest retail centre in London (Croydon).

Figure 2.1: Retail floorspace in London retail centres (OPDM definition), 2000



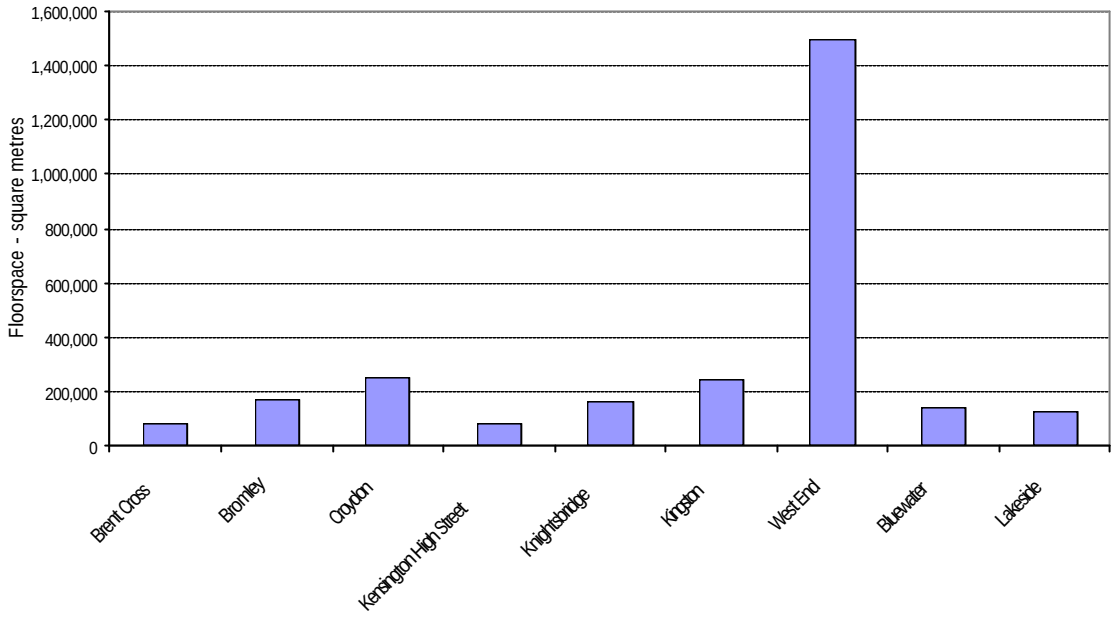
Source: ODPM

Floorspace data from GOAD[1], which is used for planning purposes and which uses different boundaries to those used for the ODPM data, also shows that the West End is significantly larger than other London retail centres. This data, seen in Figure 2.2, draws on the planning data and shows that the West End is significantly larger than the more recent retail developments just outside London (i.e. Bluewater and Lakeside). The data shows that the West End has around five times the amount of floorspace of Kingston or

[1] Goad plans show the physical layouts of town centres including details of occupiers and their type of business. Chas E Goad was commissioned in 1965 for the original set of plans.

Croydon, the next two largest retail centres. The data also shows that the West End has more than seven times the amount of retail floorspace of either Lakeside or Bluewater.

Figure 2.2: Floorspace in various retail centres (GOAD), 2001



Source: Experian

Floorspace data illustrates, therefore, that the West End is by a considerable margin the largest retail centre in or around London. This would suggest that the range or variety of retail available in the West End is, potentially at least, considerably greater than in any other retail area in or around London.

Number and size of retail outlets

The Annual Business Inquiry (ABI) provides data on the number of retail units[2] by borough. As a result, data for the West End alone is not available. However, the West End by virtue of its size, will account for the majority of retail units in the borough of Westminster and so the following compares Westminster with other boroughs across London in order to get a better understanding of the distribution of retail units across the capital.

[2] Data units do not readily correspond to the commonly used terms *firms*, *companies* or *businesses* by which employers are sometimes identified. They are roughly equivalent to workplaces but because of the way the data is collected, two or more units can be present in the same workplace. For example, a bank may have several branches and offices in a city, each one of these would be counted as a separate data unit. A single workplace can be counted as two data units where there are two distinct business activities at the same site. Each business activity will be coded to a separate SIC code and therefore counted as a separate data unit. With size analyses, the size bands refer to the number of employees at each data unit, not to the size of the parent company.

According to data for 2003, the City of Westminster accounts for ten per cent of all retail units in London. Westminster had over 4,000 retail units out of a total of just under 40,000 retail units for the whole of the capital. Barnet, Camden, and Kensington and Chelsea each accounts for around five per cent of all London's retail units, with every other borough of London accounting for less than five per cent.

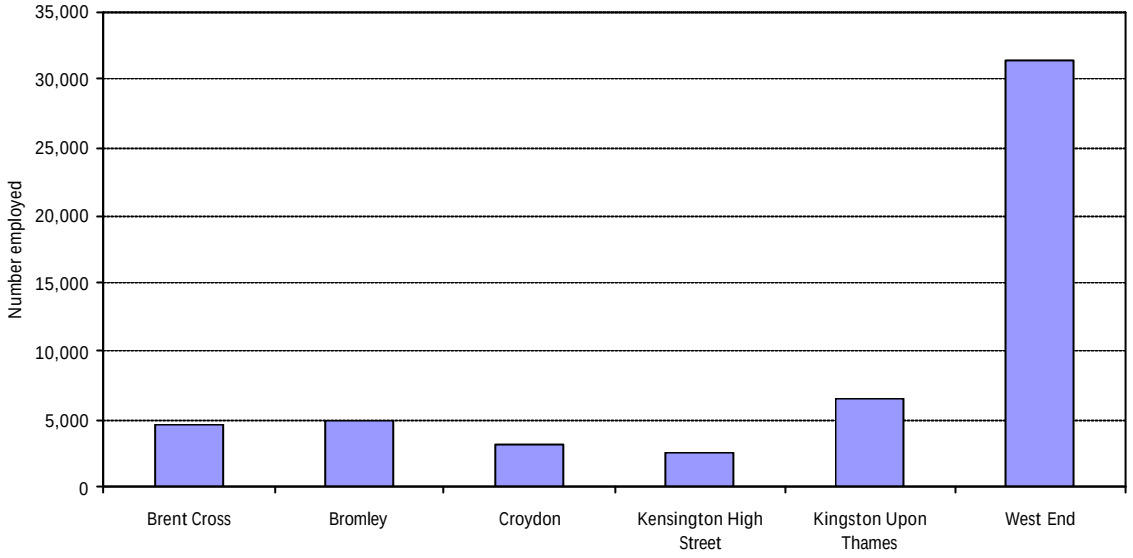
While there is a particular concentration of retail units in Westminster, the level of concentration is significantly less than for other sectors. For instance, the proportion of financial services businesses (excluding insurance or pension businesses) in the City of London is 20 per cent (and 17 per cent for Westminster). This suggests that retail units are spread fairly evenly across the whole of London. This may not be particularly surprising as the majority of retail activity tends to occur on a local basis. In considering this result it is useful to understand that retail is commonly split into two distinct types: convenience retailing – which is the term commonly applied to grocery retailing – and comparison retailing – which relates to non-grocery retail (such as clothing, CDs, videos and furniture for example). Both forms of retail tend to take place locally, although consumers tend to travel further for comparison retail as compared to convenience retail. Department for Transport (DfT) data, for example, shows that on average people travel further to shop for non-food items (as compared to food items). The data shows that over four-fifths of food shopping trips are less than five miles compared to two-thirds of non-food shopping trips. Therefore, given the local nature of retailing it is not particularly surprising to find retail units spread across London.

ABI data can also be used to look at the size of units (measured by the number of employees). Using this data, the City of Westminster accounts for a slightly higher proportion of larger retail units when compared to other parts of London. Westminster accounts for almost 14 per cent of all retail units that employ over 50 employees compared to ten per cent of all retail units in London. However, these results should be treated with caution as it may be that headquarters located in Westminster affect the size of units in Westminster. That is, some retailers may have their headquarters, and associated headquarters staff, located in Westminster and so show up in these figures as a retail unit with a high number of employees.

Employment

ODPM statistics also have information on the level of employment at the different retail centres (as defined by ODPM). Figure 2.3 shows that the largest employer of comparison retailing staff in London is the West End, employing more than 30,000 people. As with the difference in floorspace, employment figures from ODPM suggest that the West End employs five times as many staff as the next largest employer of comparison retailing staff in London (Kingston).

Figure 2.3: Comparison retail employment in London retail centres, 2000

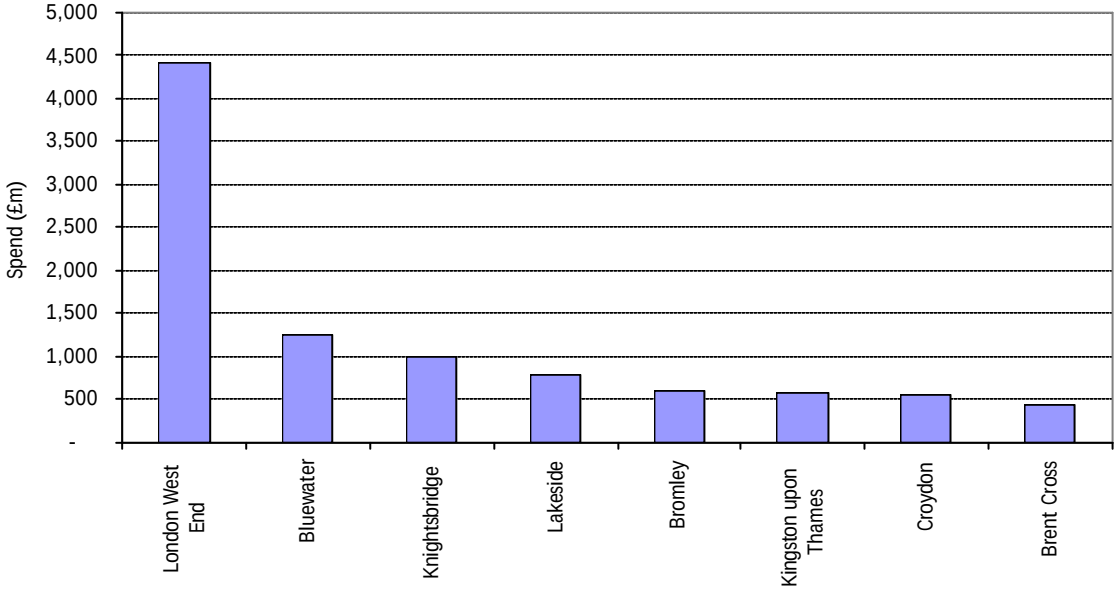


Source: ODPM

Retail spend

Figure 2.4 shows the annual spend at various London retail centres. It shows that the West End accounts for almost £4.5 billion of spending on retail each year. This is well in excess of the next largest retail centre in or around London in terms of spend, which is Bluewater at over £1.2 billion.

Figure 2.4: Retail spend in retail centres in or around London, 2001



Source: Experian

The company CACI also publish estimates of retail spend by centre across the UK. Appendix A sets out the CACI estimates in full for London, the South East and Great Britain.

Accessibility of the West End

This section considers the various transport options available to consumers looking to shop in the West End.

Car

The West End (Oxford Street, Regent Street and Bond Street) lies within the congestion charge zone of central London. As a result, those travelling to the West End by car between 7am and 6.30pm on weekdays have to pay a £5 charge. The charge does not apply at weekends and car drivers can park outside the zone (one boundary of which is at the end of Oxford Street at Marble Arch) to avoid the charge during weekdays. Indeed, near the West End, beneath Park Lane (and outside the congestion charging zone) is one of London's largest car parks with 1,000 spaces.

In addition to the charge, general traffic is not permitted between 7am and 7pm Monday to Saturday, along most of Oxford Street. During this time the street is restricted to buses, taxis and cyclists only. Traffic generally has unrestricted access to Regent Street except at Oxford Circus where turns to and from Oxford Street are restricted to buses, taxis and cyclists.

On street parking in the West End area is limited to a relatively small number of residents and metered spaces, although there are a number of public car parks in the vicinity. For instance, Masterpark operates 17 car parks within the City of Westminster.

Therefore, access to the West End by car is likely to be much more problematic when compared to other retail centres in London. Indeed a survey of West End shoppers[3] found that all aspects of car access and parking were poorly rated: over a third of all shoppers rated both the price and availability of parking as 'poor' or 'very poor'[4].

Underground

There are five Underground stations in the vicinity of Oxford, Regent and Bond Streets: Marble Arch (Central Line); Bond Street (Central Line and Jubilee Line); Oxford Circus (Central Line, Bakerloo Line and Victoria Line); Tottenham Court Road (Northern Line and Central Line); and, Piccadilly Circus (Piccadilly Line and Bakerloo Line).

The various Underground lines serving these stations provide good access particularly to the west, east and north of London. The Central Line extends to Ealing in the west and to Ruislip in the north west. It extends to Stratford, Leytonstone, Woodford, Redbridge and Epping, amongst other areas, in the east. The Jubilee Line provides access to the West End from the north – extending to Kilburn and Stanmore for instance – to a few areas immediately south of the river (Southwark, Bermondsey and North Greenwich), and to Canning Town, West Ham and Stratford in the east. The Victoria Line provides access to Finsbury Park in the north and Walthamstow to the east, as well as Vauxhall,

[3] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999. Referred to elsewhere in this paper as the PMA survey.
[4] See also: TfL & Accent Marketing and Research, Town Centres Survey 2003-04, Summary Report, July 2004

Stockwell and Brixton to the south. The Bakerloo Line provides access to Wembley and Harrow & Wealdstone to the north west and to Lambeth and Elephant & Castle in the south. The Piccadilly Line provides access to Acton and Hounslow to the west and to Cockfosters in the north. Lastly, the Northern Line provides access to Barnet and Finchley to the north and to Clapham, Balham, Tooting and Morden to the south west. These Underground lines also facilitate access from overground rail stations at Euston, Kings Cross, St Pancras, Paddington, Marylebone, Victoria, Charing Cross and Waterloo.

As an indication of the numbers using the Underground, according to TfL[5] there are around 172,000 passengers per day (ppd) (weekday) at Oxford Circus tube station compared to 94,000 ppd at Piccadilly Circus; 80,000 ppd at Tottenham Court Road; 74,000 ppd at Bond Street; and 32,000 ppd at Marble Arch.

Buses

Around 40 bus routes penetrate the West End area (Marble Arch, Oxford Circus, Piccadilly Circus) serving a variety of destinations throughout London.

As an indication of West End bus passenger numbers, Transport for London (TfL) data (for February 2004)[6] shows that there are approximately 167,000 boarders and alighters per weekday in the vicinity of Oxford Street. Approximately 63,000 of these are at Oxford Circus, 48,000 in Oxford Street West and 23,000 in Oxford Street East. This is similar to the number of Underground passengers entering or leaving Oxford Circus station per weekday. It is higher than the volume of bus passengers boarding and alighting in other centres, such as Wood Green (approximately 100,000 per weekday), Ealing (approximately 60,000) or Camden Town (approximately 50,000).

Public transport accessibility

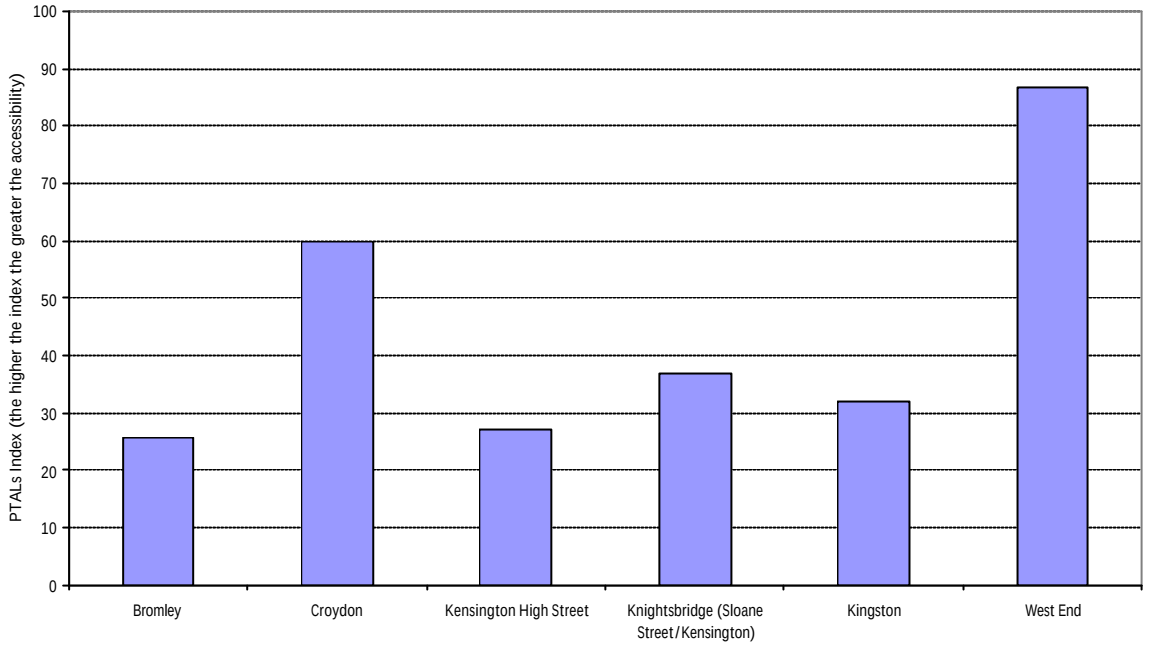
TfL's Public Transport Accessibility Levels (PTALs)[7] assess an area's accessibility by public transport. Figure 2.5 shows that the West End has the highest PTALs of London retail centres, suggesting that it is a viable retail destination for more people than any other London retail centre. It is notable that other central London retail centres (such as Knightsbridge and Kensington High Street) have significantly lower PTALs scores.

[5] W S Atkins, West End Transport & Environment Study. Stage 1 Report: Oxford Street & Regent Street. Existing Transport & Environmental Conditions & Policies/Current Proposals affecting the Area, January 2002

[6] TfL, Oxford Street Briefing Note, February 2004

[7] PTALs are a measure of the accessibility of a point to the public transport network, taking into account walk access time and service availability. The method is essentially a way of measuring the density of the public transport network at a particular point. For more information: TfL, Measuring Public Transport Accessibility Levels, February 2003, available at: http://www.london.gov.uk/london-plan-eip/submissions/subs-5b-parts/TfL-Annex1.rtf

Figure 2.5: PTALs index for London retail centres, 2001



Source: TfL

A recent TfL survey (conducted in January 2004)[8] supports the notion that the West End is more accessible than other central London retail centres. The survey found that Kensington High Street was not perceived to be as easily accessed by public transport as the West End. This is not surprising as there are only two Underground lines to Kensington High Street as opposed to the six lines serving the West End.

Other survey results support the view that the West End is very accessible by public transport but not so accessible by car. Nearly 80 per cent of all shoppers in the West End rate Underground accessibility as good or excellent (50 per cent for buses) compared to only four per cent for car accessibility.

Consumer characteristics of West End shoppers

This section considers the characteristics of those who shop in the West End. It looks at how consumers access the West End, where the shoppers come from and why they come to the West End.

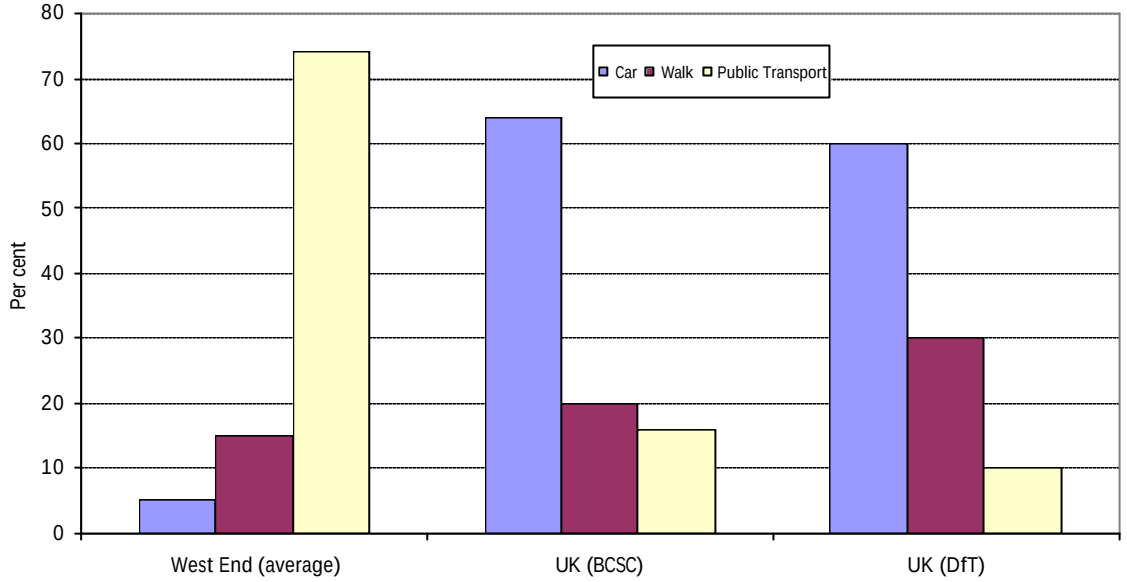
Mode of transport to the West End

Survey results suggest that half of all West End visits are for shopping (work and business account for between 20 to 30 per cent of the visits while tourism and leisure account for ten to 15 per cent). A survey of Oxford and Regent Streets users indicates shopping is a much greater reason or purpose on the weekend, compared to a weekday (73 per cent visit Oxford Street at the weekend for shopping compared to 42 per cent during the week).

[8] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004

A number of studies of the West End[9] show that the vast majority of people travelling to the West End use public transport. As shown in Figure 2.6, around three-quarters of people travelling to the West End use public transport, with around 15 per cent walking to the West End. Only around five per cent of people travelling to the West End travel by car.

Figure 2.6: Mode of transport used to shop in the West End as compared to the UK



Source: GLA Economics based on various studies (see footnotes 8, 9 and 10)

The various studies suggest that around half of people travel to the West End by Underground. Bus and walking are the next most popular modes of transport, both accounting for around 15 per cent of people. However, this level of bus use is relatively low when compared to other town centres in London. A study by TfL[10] found that 42 per cent of people in the West End said they never used the bus compared to an average of 26 per cent across all London centres covered by the survey. However, the survey noted that there was a high proportion of infrequent and first time visitors to the West End who may have been less familiar with the local bus services. All the studies show a low proportion of people (around five per cent averaged across the surveys) travel to the West End by car.

Around half of shoppers use more than one mode of transport (this includes walking) to travel to the West End. One survey found that 20 per cent of those who state that they

[9] Regent Street Management and Environmental Enhancement Study (600 street interviews in Regent St); Oxford/Regent Street Users' Survey (1600 street interviews in both Oxford Street and Regent Street); 'Property Market Analysis' - Shopping patterns in the West End (2500 street and telephone surveys in Bond Street, Regent Street and Oxford Street).

[10] See also: TfL & Accent Marketing and Research, Town Centres Survey 2003-04, Summary Report, July 2004

use their car as the main form of transport for their journey, drive to an Underground station and use the Underground for the last part of their journey to the West End[11].

A recent TfL survey[12] also suggests that there is much less reliance on public transport in the rest of London when compared to the West End (or strictly speaking central London). This data shows that around two-fifths of people travel to town centres outside central London by public transport (predominately by bus) with between one- and two-fifths travelling by car or foot depending on the nature of the town centre.

Moreover, as highlighted in Figure 2.6, the West End's reliance on public transport, and particularly the Underground, is significantly different from the situation in the country as a whole. The British Council for Shopping Centres (BCSC)[13] states that on average 64 per cent of shopping trips are made by car, 20 per cent on foot and only 16 per cent by public transport. Similarly, DfT data[14] shows that, for the UK as a whole, around 60 per cent of shopping trips are made by car, 30 per cent by foot and just ten per cent by public transport[15].

Contrasting the results for the West End with the country as a whole shows that public transport is much more important to the West End than the average retail centre in the UK. In contrast, car travel is much less important to the West End than the average retail centre in the UK. This is not particularly surprising given the accessibility of the West End by public transport and given the difficulty of driving to the West End when compared to other retail areas.

Indeed the distinction in car use between the West End and retail centres elsewhere in the country is probably best illustrated by a January 2004 TfL survey of shoppers in Oxford and Regent Streets and Bluewater[16]. The survey asked shoppers about the modes of transport used to access shopping areas. It found that three per cent of shoppers in Regent Street and eight per cent in Oxford Street had used a car, compared to 87 per cent of shoppers at Bluewater.

This is not to say that the car is irrelevant when considering access to the West End. The use of the car for shopping in the West End varies over the week. Pre-congestion charge data found that the proportion of shoppers using a car to travel to the West End varied from four per cent on weekdays to nine per cent on Saturdays and to 18 per cent on Sundays[17].

[11] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999
[12] TfL & Accent Marketing and Research, Town Centres Survey 2003-04, Summary Report, July 2004
[13] BCSC, The Shopping Centre Industry: Its Importance to the UK Economy, 2001
[14] DfT, Focus on Personal Travel, December 2001
[15] These proportions are similar for both food and non-food shopping.
[16] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004
[17] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

Distance travelled and time taken to travel to the West End

As shown above, the Underground is used by around half of people travelling to the West End. TfL data[18] suggests that Underground trips vary in distance, with significant demand from all fare zones and also parts of outer London. This is likely to be a result of the Underground's extensive coverage across London (and especially to the west, east and north of London) outlined earlier.

In common with the pattern for London as a whole, bus trips to the West End area are generally short (having an average length of a little over two miles in London). On average, shopping accounts for 30 per cent of trips by bus to the area (work accounts for 40 per cent). According to TfL, the highest concentrations of demand for travel to and from Oxford Street by bus are from elsewhere in the central area and from inner north-west London. There is also significant travel to and from inner north and inner south-east London.

As might be expected, survey data[19] suggests that shoppers that walk to the West End are mainly overseas tourists and those living in central London.

Residence of West End shoppers

Survey results suggest that just over half of West End shoppers live in London. As shown in Figure 2.7, just over 20 per cent of all shoppers in the West End are from central London[20] and one-third are from outer London. In contrast to the West End, a recent TfL survey[21] showed that Bluewater shoppers were mainly residents of London and the South East. Some of the shoppers in the West End are also likely to work in the area. Indeed, the TfL survey found that over a fifth of shoppers in Oxford and Regent Streets, shopped there because they were 'in the area anyway' or worked there. This compared to a third of shoppers in Kensington High Street.

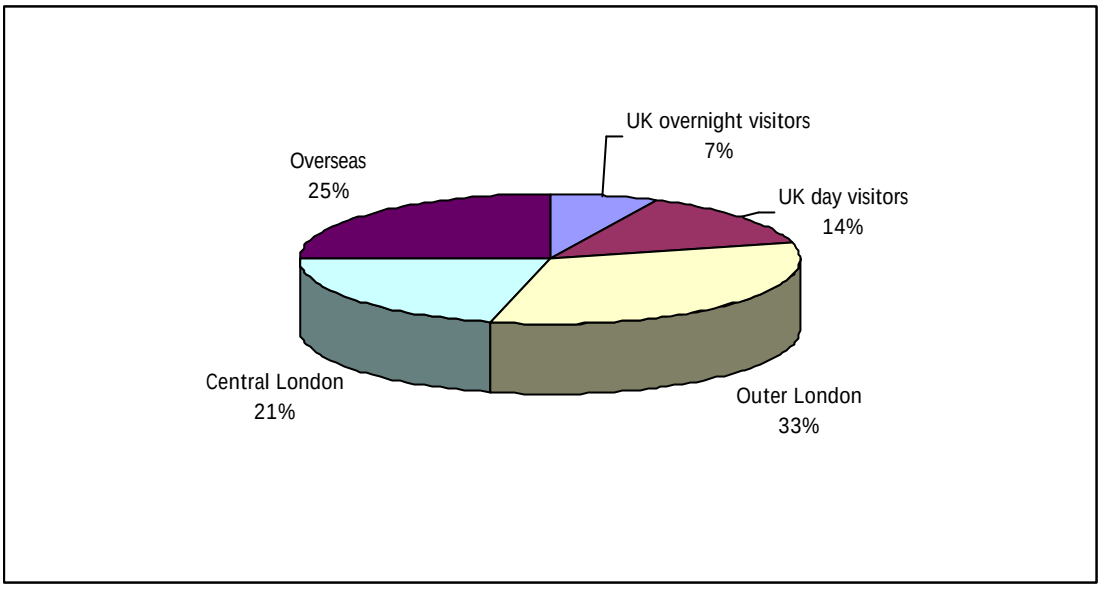
[18] W S Atkins, West End Transport & Environment Study. Stage 1 Report: Oxford Street & Regent Street. Existing Transport & Environmental Conditions & Policies/Current Proposals affecting the Area, January 2002

[19] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

[20] In the PMA survey, from which these results are derived, central London is defined as the area within the North and South Circular roads. Outer London extends to the boundary of the M25.

[21] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004

Figure 2.7: Origin of shoppers in the West End



Source: Property Market Analysis survey results

While the proportion of those who shop at the West End and are resident in London seems low (at around a half), the absolute number of people that this proportion relates to is high. That is, because the West End is so large (as discussed earlier), a relatively low *proportion* of shoppers equates to a high absolute *number* of shoppers. This is illustrated by other data from the Property Market Analysis (PMA) survey which shows that in 1999, 13 per cent of London's households used the 'Core West End' (Oxford Street, Regent Street and Bond Street) as their main shopping centre. The next largest retail centre was Croydon with seven per cent of households in London citing it as their main retail centre. Kingston, Brent Cross, Bromley and Romford were the only other retail centres cited by five per cent or more of London's households. Lakeside was cited by only two per cent of London's households as their main shopping centre (at the time of the survey Bluewater had only just opened). However, a quarter of all London's households use the West End as a 'special shopping destination'. Nine per cent of London's households use Lakeside as a special shopping destination while Croydon, Kingston, Bromley and Brent Cross were the only other retail centres cited by five per cent or more households as being a special shopping destination.

The relatively low share of shoppers from London in the West End is a result of the large number of tourists shopping in the West End. About a quarter of all West End shoppers are overseas visitors and more than 20 per cent come from the UK but live outside the M25 area. A more recent TfL survey of Oxford and Regent Streets in January 2004 found similar results[22]. It found that approximately half of those shopping were London residents, one-in-four came from other parts of the UK and one-in-five came from overseas. The slight difference in the share of tourists at the West End between the two surveys may be due to the fact that the more recent TfL survey was conducted during

[22] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004

the January sales when it might be expected that more UK based consumers use the West End than on average.

This data illustrates the importance of tourists (both overseas and domestic) to the West End: around half of the shoppers in the West End are resident outside the M25 area (although they may stay in London when they visit the West End). This is a significant difference from most other retail centres in the UK and, as such, represents a unique advantage for the West End over other retail centres. This also illustrates the importance of the wider West End area to retailers in the West End, in the sense that the wider West End area acts as a tourist attraction. For example, Oxford, Regent and Bond Streets all benefit from being located in close proximity to the wider West End area's entertainment and leisure offer.

Half of all overseas visitors spend time in London, with three-out-of-four visitors passing through London. Through its extensive Underground and bus links, the West End is extremely well linked to central London, and the main tourist destinations in London. Therefore, it is relatively easy for tourists to include the West End in their holiday itinerary. The only other retail areas to benefit from a similar phenomenon in London are Knightsbridge, Covent Garden and Kensington High Street. Outer London retail centres, including Lakeside and Bluewater, do not benefit to anywhere near the same degree as the West End from this tourist trade.

Crossrail is important in this sense as, if it goes ahead, it will improve accessibility to the West End from a number of areas. With proposed stations at Bond Street and Tottenham Court Road, there would be an improved link between the West End and Heathrow airport which might prove particularly important to the tourist market. However, counteracting this, Crossrail is likely to add to business rates which, as shown later, are already high.

Therefore, when considering the West End it is important to remember that while it acts as a 'normal' retail destination for many Londoners, a substantial percentage of trade comes from tourists, who are likely to use the West End, at least in part because of its ease of access from central London.

Reasons for shopping in the West End

Survey results suggest that the overwhelming attraction of the West End is the range and quality of the retail offer, including the department and flagship stores. A TfL survey[23] showed that consumers choose to shop at the West End because of the range of shops (cited by around half of shoppers in Oxford Street) and because of specific shops (cited by a quarter of shoppers in Oxford and Regent Streets). Surveys show that shoppers are also attracted by the West End's atmosphere, variety, eating and drinking options, and other leisure activities. Again this highlights the importance of the entertainment and leisure offer of the wider West End area to retailers in the West End. Indeed data suggests that half of shoppers combine their shopping with some kind of eating and drinking. A small proportion of shoppers combine other 'mainstream' leisure

[23] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004

activities (e.g. going to the cinema) with shopping; this is rather more likely to happen outside the Christmas period. Therefore, while there is a shopping and leisure link, the link in the West End is overwhelmingly between shopping and catering as a means of refuelling, not between shopping and 'mainstream' leisure such as cinema or theatre for example.

The most popular goods purchased in the West End are clothes (men and women's), shoes, CDs and tapes, books, toiletries, and jewellery. At Christmas a wider range of goods is bought and the importance of toys, toiletries, books, and jewellery is much greater.

Vitality and attractiveness

Experian, in collaboration with the British Council for Shopping Centres (BCSC), produce a retail centre ranking each year. This ranking assesses the *vitality* of retail centres by combining a number of factors including the number of multiple retailer outlets, the number of vacant outlets, and a count of key retail attractors (which are selected by Experian to represent popular and successful retail businesses). These factors are combined to generate a *vitality score* for each retail centre. Table 2.1 shows that based on this index, the West End is the country's leading centre. The table shows the vitality score and position in the UK of those retail centres in or around London.

Table 2.1: Retail centres in or around London ranked by attractiveness, 2001

Rank in UK table	Retail centre	Vitality score
1	London (West End)	470
15	Kingston	254
17	Bromley	251
18	Bluewater	251
22	Croydon	244
23	Lakeside	243
29	Watford	233

Source: Experian/BCSC

Indeed, a survey by Lambert Smith Hampton found that 79 per cent of shoppers believe Oxford Street is the UK's premier retail destination, and 72 per cent believe it has a wider range of shops than any other destination.

As shown earlier, surveys show that the West End is used by a number of people as a *special trip*: for a day out; for special, specific items; or for sales and Christmas shopping[24]. The survey suggests that the West End is used for this special trip purpose more than other retail centres in or around London. Shopping trips to the West End are often regular but not frequent and are high spending and relatively lengthy. Indeed, the average dwell time in the West End is three hours and nearly a third of shoppers spend more than four hours in the West End.

[24] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

As noted above, the majority of shoppers in the West End are relatively infrequent visitors. Only around a quarter shop weekly or more frequently (compared to around 40 per cent for a major regional city). However, this may be more a reflection of the very different mix of consumers in the West End, particularly the number of tourists, than any significant difference in the shopping patterns of those for whom the West End is their 'normal' shopping area. Given that almost a half of shoppers reside outside the M25 area, with many being from overseas, it is unlikely that the frequency of shopping trips will be as high as in other centres. Indeed, data shows that frequent trips are made by those who live in central London (for whom the West End is likely to be their normal shopping centre).

However, less than a third of households in outer London go shopping in the West End more than twice a year, compared with two-thirds of households in central London. Households from the northern side of outer London use the West End more frequently than those in the south. This difference is likely to be a combination of the strength of the competing retail centres in the south (Bromley, Croydon and Kingston) and the poorer transport links to the south.

Most West End shoppers are prosperous (more than 80 per cent are in the ABC1 social groups)[25]. This is a higher proportion of the more prosperous groups than is usually found in other regional cities and in the major regional out of town shopping centres.

As a result, the average spend in the West End is high at around £122 per head. This varies over the year, with the highest spending at Christmas and lowest in March (although even then it stands at over £100 per head). This is higher than in other towns and cities where a typical regional city centre spend in mid-year might be around £70 on comparison goods rising to around £90-£100 at Christmas.

A different survey[26] found that the average spend in Oxford Street was £112 compared to £105 at Bluewater and £90 at Kensington High Street. The survey found that the average spend by car users was 18 per cent higher (when averaged across the three central London locations – Oxford, Regent and Kensington High Streets).

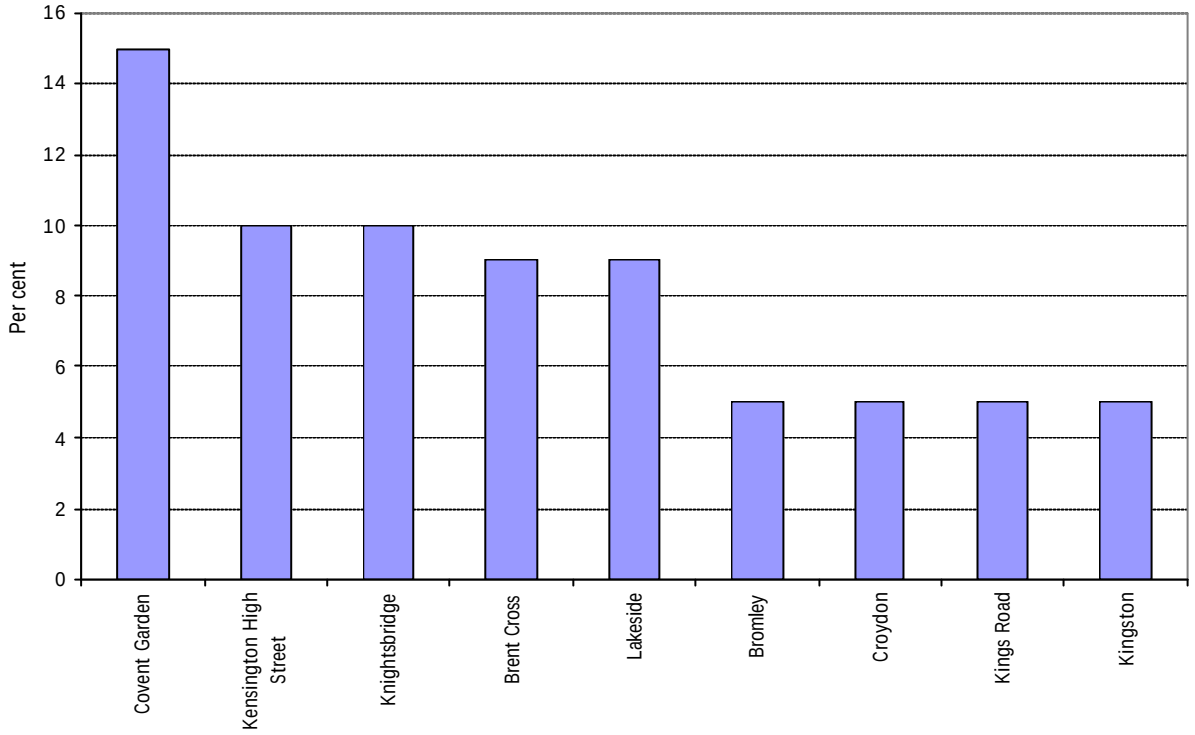
Competition to the West End

Survey data suggests that residents within the M25 least likely to use the West End for shopping are the older, the less affluent, those living in the outer London catchment area – particularly south of the river – and families with children. However, significant numbers of catchment residents who are aged 24-44 and are ABC1s (the groups to whom the West End is most attractive) also never visit. These general consumer characteristics are likely to determine how the West End competes, at least for domestic customers, with other retail centres in and around London.

[25] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

[26] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004

Figure 2.8: Alternate destinations cited by West End shoppers



Source: PMA survey

Figure 2.8 shows the results of a survey[27] looking at the most effective alternatives to the West End as cited by shoppers in the West End. It shows that those centres that are closest to the West End (Covent Garden, Kensington High Street and Knightsbridge) are the most effective alternatives.

A more recent survey by TfL[28] found that Bluewater and Lakeside were mentioned by less than five per cent of shoppers in the West End as their first alternative shopping location. In contrast Brent Cross was mentioned by seven per cent of shoppers. The most popular answer was the shopper's local shopping centre. This supports the general finding that convenience (i.e. proximity) is one of the main reasons for using a shopping centre.

Survey results suggest[29] that Covent Garden and Knightsbridge have a more specialised appeal than the West End, attracting more tourists and window shoppers and a generally less focussed shopping trip. Shoppers in Knightsbridge have quite different characteristics to those in the West End. They are older, 52 per cent of Knightsbridge's shoppers are aged between 35 and 64 compared with 38 per cent in the West End; even

[27] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999
[28] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004
[29] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

more affluent, 93 per cent of shoppers are in the ABC1 social groups; and are more likely to be tourists. However like Covent Garden, Knightsbridge attracts tourists who are in central London mainly to sightsee. Over 80 per cent of shoppers visit Harrods and 60 per cent Harvey Nichols.

While the main domestic competition to the West End comes from the other central London locations (Covent Garden, Knightsbridge and Kensington High Street for example), key outer London competitors for both main and special trips are Lakeside, Brent Cross, Croydon, Kingston, Bromley and Bluewater. Survey results suggest that these outer London centres appeal particularly to those aged 34 and over; to those with children; and, they appeal across the social groups, unlike the West End, which attracts mainly ABC1s. Their attraction is based on their convenience, ease of access and parking, in combination with their highly rated retail offers. In most cases they also benefit from a covered centre with everything under one roof and, in general, a better managed and marketed shopping environment. Indeed, a TfL survey of shoppers in the West End and Bluewater, for instance, showed that pensioners (those aged over 65) were much more predominant at Bluewater than in the West End[30].

The fact that the West End attracts a low proportion of older people and people with children may have significant implications for the West End in the future. Greater London Authority (GLA) population projections show the number of older people and people with children increasing over the next decade. Therefore, unless the West End can attract these sections of the population it will be missing out on an increasingly large part of the market.

As already discussed, the West End is very dependent on tourists. As a result, the West End needs to compare favourably with other international retail areas in order to continue to be an attractive retail area for tourists. This issue will be considered in a little more detail in a future GLA Economics publication on international comparisons of retail.

Summary of the characteristics of the West End

The West End is by some margin the largest retail area in the UK. It is very accessible by public transport but is less accessible by car. In contrast to most other UK retail centres the majority of people (around three-quarters) access the West End by public transport. In contrast to most retail centres, which draw the majority of customers from a relatively small catchment area, almost half of the West End's shoppers live outside the M25 (although they may be staying in London when they visit the West End). The main reason for shopping in the West End is for the range and quality of the retail offer which is much greater than any other retail centre in the country.

The West End currently attracts a low proportion of older people and shoppers with children. With both children and older age groups forecast to grow in the future, it can be argued that it is important for the West End to make itself more attractive to these groups.

[30] TfL, London Congestion Charging Economic & Business Impacts: Shopper Survey, March 2004

3. Trends in West End retail

West End retail over the past 30 years

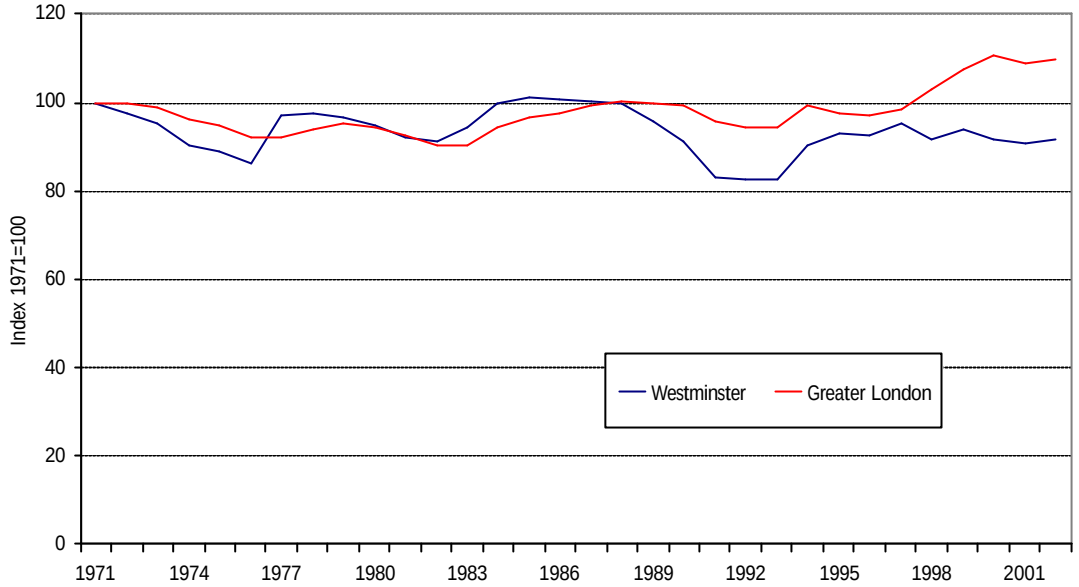
It is frequently stated that retail in town centres has suffered from the development of out-of-town centre developments. In the case of the West End the development, or redevelopment, of new retail centres in or around London have included, the development of Brent Cross in 1976; the development of the Bentalls centre in Kingston which was completed in 1992; the opening of the Whitgift centre in Croydon in 1970 and its subsequent refurbishment and extension; the development of the Glades shopping centre in Bromley in 1991; and the development of Lakeside (1990) and Bluewater (1999) – both just outside London.

Data with which to analyse long-term trends in retail is scarce. The Census of Distribution, which provided comprehensive data on retail across the UK, was discontinued in 1971. Since then, very little retail time-series data has been collected. As a result, analysing retail trends over time is rather difficult. However, in what follows the performance of the West End as compared to other retail centres over the past 30 years is analysed as effectively as possible given existing data. It should be noted that GLA Economics has commissioned CASA to look at the change in retail provision in London between 1971 and 2000 by comparing the Census of Distribution and ODPM data. Results of this analysis will be published separately.

Figure 3.1 shows the trend in retail employment since 1971 in Westminster and Greater London. The data is not available for the West End itself as it is available at the borough level only. However, while there are areas of retail employment outside the West End but within Westminster (in Victoria, for instance) retail employment in Westminster should provide a fair approximation to the trend in retail employment in the West End given the West End's size.

The West End is compared with Greater London rather than other individual boroughs because, in contrast to the situation with the West End and Westminster, other boroughs are not dominated by a single retail centre to the same degree. For instance, looking at retail employment in Bromley would include retail employment in Orpington, Beckenham and West Wickham as well as Bromley. Therefore, the retail performance of different retail centres could not be compared against one another and, as a result, the West End is compared against Greater London as a whole.

Figure 3.1: Retail employment trends over time



Source: GLA Economics

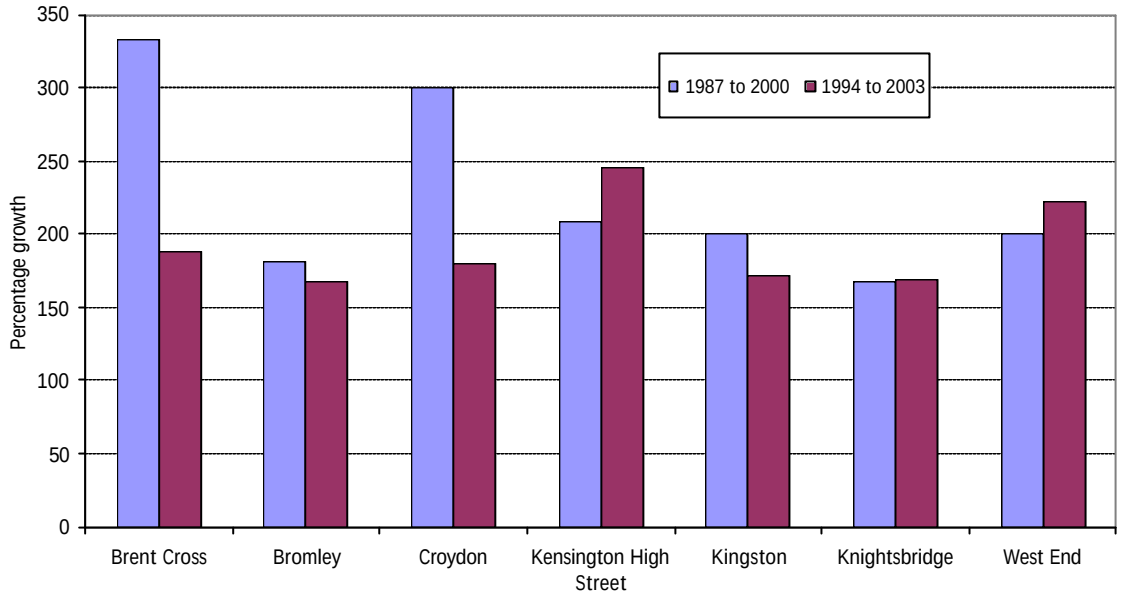
Figure 3.1 shows that retail employment in Westminster followed a similar trend to that in Greater London between 1971 and the late 1980s. However, at the end of the 1980s and beginning of the 1990s, retail employment in Westminster fell away more than in Greater London. Retail employment in Westminster recovered to reach a roughly similar level to Greater London around 1997. However, since 1997 retail employment in Westminster has remained relatively flat, while employment in Greater London has increased. Therefore, there is some evidence from employment data of a shift away from retail in Westminster, most notably since the end of the 1980s[31].

Colliers Retail Rents' data on changes in rents over time can also inform trends at different retail centres over time. Figure 3.2 shows the percentage change in rents in the West End compared to a number of other London retail centres over two different time periods. The time periods have been selected in an attempt to see how rents have changed over a full economic cycle[32].

[31] It should be noted that this data covers all those in employment – regardless of whether the individual works full-time or part-time. One possible reason for the seeming trend away from employment in Westminster as compared to Greater London would be if retailers in Greater London had increased their employment of part-time workers to a greater extent than retailers in Westminster. Indeed it is arguable that part-time work is a more effective option for people outside central London, given the greater costs incurred in central London.

[32] HM Treasury data on the size of the output gap has been used to try and pick similar points in the cycle. This data would tend to suggest that 1987 and 2000 were broadly comparable points in the cycle and that 1994 and 2003 were also comparable points in the cycle. It should be noted that the economic cycle relating to retail in the West End might not be the same as the economic cycle relating to the UK economy as a whole. However, in the absence of robust data on the retail economic cycle in the West End, the UK economic cycle has been used, which at least shows the relative performance of retail centres over the same extended time period.

Figure 3.2: Comparison of rental growth rates over the cycle



Source: GLA Economics based on data from Colliers

Figure 3.2 shows that between 1987 and 2000 retail rents in the West End increased by around 200 per cent – higher than the increase seen in Knightsbridge and Bromley, similar to the increase in Kingston and Kensington High Street, but significantly lower than the increases seen in Croydon and Brent Cross. Looking at the period between 1994 and 2003, retail rents in the West End rose by more than 200 per cent – higher than the other retail centres considered in Figure 3.2 with the exception of Kensington High Street.

Economic theory, and evidence from the literature, suggests that changes in retail rents are largely driven by changes in consumer expenditure on the demand side and changes in floorspace on the supply side[33]. As noted earlier, most of the major retail developments concerning the retail centres in Figure 3.2 had been completed before the time periods considered in Figure 3.2 (although schemes at Bromley and Kingston were completed at the beginning of the first period). Therefore, it is likely that the major influence on rents over the periods considered in Figure 3.2, and especially the latter period, were due to changes in demand or consumer expenditure, as compared to changes in floorspace resulting from new developments.

Assuming this, the data suggests that retail rents in the West End have followed much the same trend as rents in the other main London retail centres. This would suggest that retailers in the West End have performed at least as well as retailers in the other main London retail centres over the past economic cycle. This is because if West End retailers had performed significantly worse than retailers in other London retail centres, rent paid by West End retailers probably would have fallen or should have risen at a slower rate

[33] See, for instance, C. Jackson, 'Classifying local retail property markets on the basis of rental growth rates' Urban Studies, 2002, Vol 39, No.8, pp 1417-1438

than other retail centres. However, the data suggests that increases in West End rents have not been out of line with the increase in rent in other London retail centres over the last economic cycle. One caveat, however, is that this analysis does not include the major out-of-centre developments at Lakeside and Bluewater. It may be that while the West End has not performed worse than the London retail centres in terms of rental growth, rental growth at out-of-centre developments such as Lakeside and Bluewater might have increased by a greater amount.

Recent trends

One factor that some West End retailers have argued has adversely impacted on sales recently, has been the introduction of the congestion charge. The following section takes a brief look at the likely effects of the congestion charge on the West End.

Congestion charge

Theoretical effect of the congestion charge on the West End

There are two main ways in which the congestion charge could, in principle, reduce the demand for retail goods within the charging zone – a substitution (deterrence) effect and an income effect[34]. The substitution effect works by the charge deterring some former car-borne shoppers from driving into the charging zone. Instead they take their trade elsewhere avoiding the charging zone. This would redistribute retail spending from the charging zone, which includes the West End, out to other areas of London or areas outside London, without necessarily diminishing overall retail spending.

As noted earlier, only a very small proportion of people drive to the West End to shop. As a result, the substitution effect of the congestion charge scheme on retailers in the West End is likely to be small.

The income effect impacts on car users who continue to drive into the charging zone. These drivers pay the charge and, as a consequence, their disposable income is reduced. As a result, the income effect could reduce retail spending across the whole of London (and outside) rather than particularly in the West End.

In contrast to this, given the finding that many shoppers in the West End dislike the level of traffic in the West End (discussed in more detail later), there might be positive effects for retailers from the congestion charge by reducing the level of traffic congestion in the West End area. However, the congestion charge is unlikely to have had a significant impact on traffic congestion in Oxford Street given that restrictions on general car traffic are imposed (and existed before the congestion charge was introduced).

General economic conditions in which the congestion charge was introduced

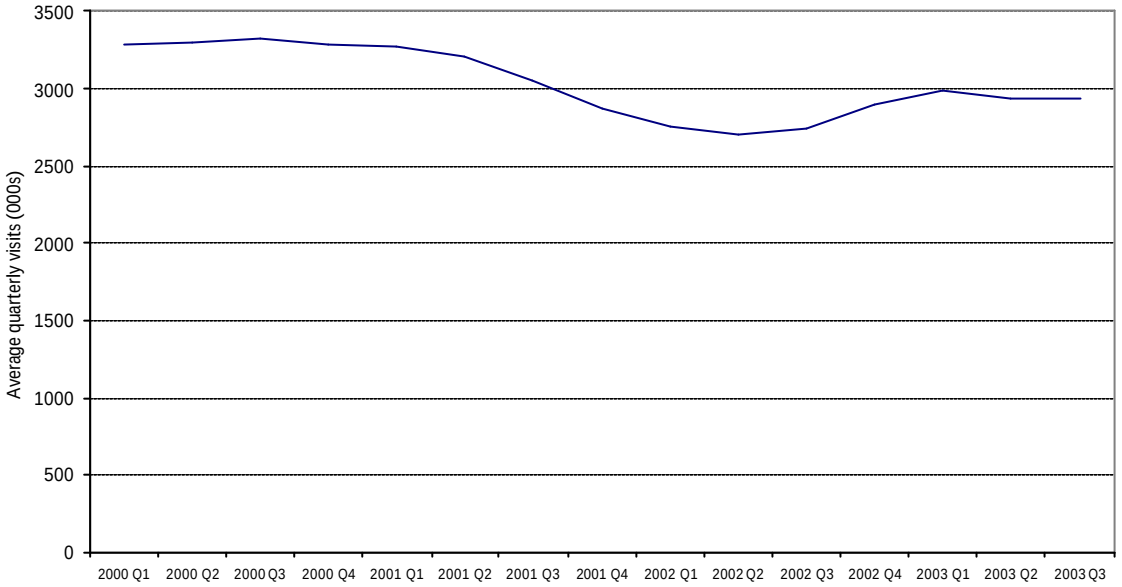
In assessing the economic impacts of congestion charging it is important to consider the economic environment in which the policy was introduced. The congestion charge

[34] The charge might also affect supply by increasing the costs of production for example, although such costs might be outweighed by the benefits of less congestion and increased reliability within the congestion charge zone. However, supply effects are not considered here.

began in February 2003. It was introduced against a background of the Iraq war, the SARS virus, increased terrorist alerts and attacks in different parts of the world, and a high Sterling-US dollar exchange rate. All of these factors would have impacted on tourism, which as discussed early accounts for a very significant proportion of West End custom.

Figure 3.3 shows that overseas tourist numbers fell from around 3.25 million visits in second quarter (Q2) 2001 (just before the September 11 terrorist attack) to around 2.75 million visits in the middle of 2002. Tourist visits recovered between mid-2002 and the beginning of 2003 when, with the commencement of the Iraq war, tourist numbers fell off again.

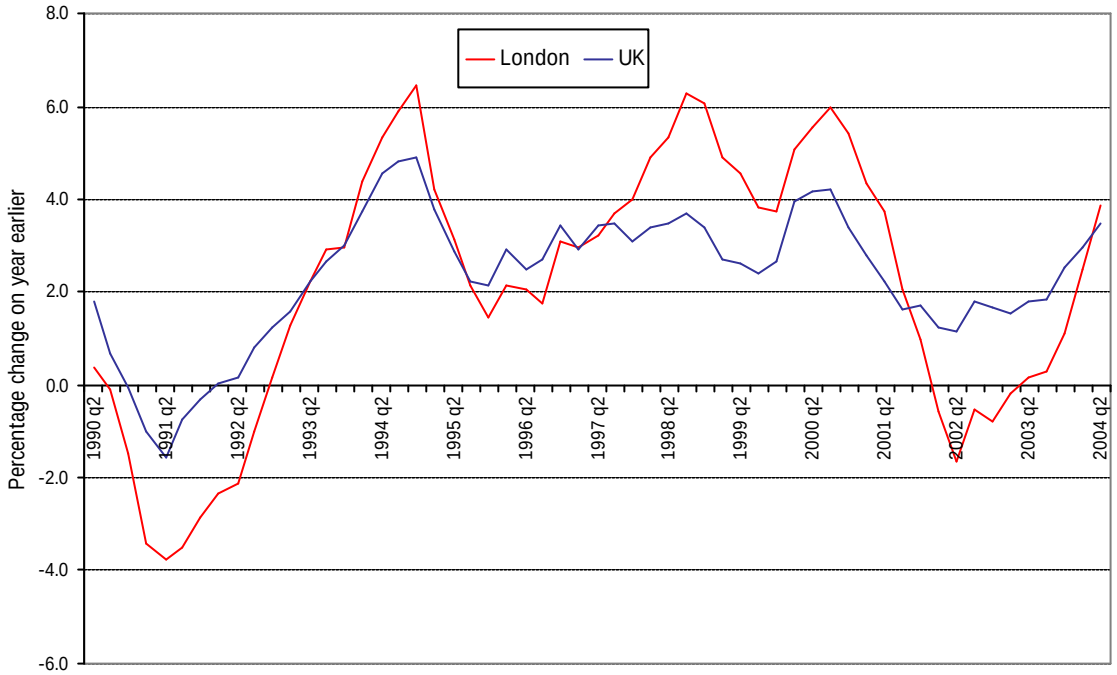
Figure 3.3: Trend in overseas visits since 2000



Source: Office for National Statistics

Furthermore, the charge was introduced at the time of a general economic slowdown, which was particularly severe in London. Figure 3.4 shows that the recent slowdown in growth has been the worst since the global recession of the early 1990s, and is particularly severe for London. Real Gross Value Added (GVA) growth in London dropped from a range of three to six per cent a year in the late 1990s to negative growth in 2002. It can be seen that since the end of 2002 until very recently, real GVA growth in London has been below that seen in the UK as a whole. This slowdown in economic growth in London is likely to have detrimentally affected retail sales in London, as compared with the UK as a whole, at around the time that the congestion charge was introduced.

Figure 3.4: Real GVA growth in London and the UK



Source: Experian

The congestion charge was also introduced just before the Central Line suffered from a prolonged closure during early 2003. As noted earlier, the Underground is the most important means of transport to the West End carrying around half of all people travelling to the West End. With four Central Line stations in the vicinity of the West End (Marble Arch, Bond Street, Oxford Circus and Tottenham Court Road) it is highly likely that this closure had a significant effect on retail trade in the West End at around the same time that the congestion charge was introduced.

Therefore, a number of extraneous factors that will have had a particularly negative effect on retail sales in the West End coincided with the introduction of the congestion charge which could have led some retailers to associate the introduction of the congestion charge with a fall-off in retail sales.

John Lewis study

Professor Michael Bell of Imperial College conducted a study of the effect of the congestion charge on John Lewis' Oxford Street store (the only John Lewis store in the charging zone). Econometric models fitted to John Lewis stores' sales data[35] estimated the drop in sales at the Oxford Street store attributable to the congestion charge to be between five and nine per cent after allowing for other factors. The report said that this reduction had been caused by a loss of shoppers rather than a reduction in spend per shopper.

[35] The analysis was based on weekly sales data for the period 30 January 2000 to 3 January 2004 and related to six John Lewis stores (Watford, Brent Cross, Peter Jones, Kingston, Bluewater and Oxford Street).

Actual sales at the John Lewis Oxford Street store fell by around seven per cent between 2002 and 2003. Therefore the John Lewis study suggests that virtually all the fall in sales at its Oxford Street store between 2002 and 2003 was due to the congestion charge.

This result seems too strong given the London-specific factors, outlined earlier, which are likely to have affected sales over this period. Considering the study itself, there are a number of factors that may have led to it finding a higher impact from the congestion charge than might otherwise have been expected and these are being investigated by TfL and GLA Economics in conjunction with Imperial College. More generally, TfL and GLA Economics are conducting analysis as part of the on-going congestion charge monitoring and assessment in order to effectively estimate the charge's economic impact. Results from this work will be published by TfL as part of its annual reporting process on the congestion charge scheme.

Future trends

The GLA commissioned a study looking at the likely trend in retail demand across London over the next ten years or so[36]. The study looks at the likely consumer expenditure trend across London and combines this with the attractiveness of various London retail centres and existing shopping patterns of London residents to see how consumer expenditure is likely to evolve.

Table 3.1 shows consumer expenditure growth forecasts at the largest London retail centres between 2001 and 2016, assuming there are no new retail developments.

Table 3.1: Forecast consumer expenditure growth at various retail centres in London, assuming no new retail developments

	Consumer expenditure (£m)			
	2001	**2006**	**2011**	**2016**
West End	4,415	5,850	7,520	9,123
Knightsbridge	996	1,323	1,710	2,091
Bromley	593	772	980	1,170
Croydon	554	725	923	1,104
Kingston	565	734	924	1,095
Brent Cross	423	554	704	847

Source: Experian

The table shows that, perhaps unsurprisingly, assuming no new retail developments, the largest six retail centres in London in 2001 remain the largest six retail centres in 2016. Assuming no new retail developments, growth in consumer expenditure in the West End exceeds growth in the other retail centres in the table with the exception of Knightsbridge, which is forecast to grow at a slightly higher rate. Therefore using the assumption of no new retail developments the West End is forecast to grow faster than most other London retail centres over the next decade or so.

[36] GLA, London Town Centre Assessment. Stage 1. Comparison Goods Floorspace Need in London, September 2004. A report by Experian Business Strategies for the Greater London Authority.

Another strand to the study relaxes the assumption of no new retail developments and looks at the effect on retail centres assuming all the currently proposed large retail developments (outlined in Table 3.2 below) are approved.

Table 3.2: New retail developments considered in forecasts of consumer expenditure by retail centre

	Additional floorspace (square metres)	Commencement of initial phase
Isle of Dogs	8,361	2003
Croydon	52,108	2004
Brent Cross Retail Park	8,600	2005
White City	78,000	2006
Edmonton (Ikea)	28,000	2006
Battersea Power Station	41,805	2007
Brent Cross Extension	55,000	2007
Wembley	26,000	2007
Elephant & Castle	74,320	2010
Greenwich Peninsula	30,995	2010
Kings Cross	25,000	2010
Surrey Quays	60,385	2010
Kingston	46,500	2010
Lewisham	14,500	2010
Stratford	143,000	2012

Source: Experian

Table 3.3 shows the results of these retail developments on the forecast for consumer expenditure by retail centre. The table shows that the West End remains, by far, the largest retail centre and that the proposed retail developments have relatively little impact on the amount of consumer expenditure occurring in the West End. If all 700,000 square metres of proposed retail developments in Table 3.2 go ahead, consumer expenditure in the West End is forecast to be around 7.5 per cent lower than it would otherwise have been. Indeed the effect of the retail developments is to reduce the West End's share of all consumer expenditure in London retail centres from around 23 per cent in 2001 to around 22 per cent in 2016 (assuming all retail developments occur).

Table 3.3: Forecast consumer expenditure growth at various retail centres in London assuming retail developments in Table 3.2

	Consumer expenditure (£m)			
	2001	**2006**	**2011**	**2016**
West End	4,415	5,715	7,051	8,441
Knightsbridge	996	1,292	1,608	1,953
Croydon	554	878	1,089	1,300
Kingston	565	722	1,051	1,245
Brent Cross	423	540	982	1,173
Stratford	154	202	250	1,149
Bromley	593	756	924	1,079

Source: Experian

The study has used assumptions about floorspace productivity growth and sales densities to estimate the amount of extra floorspace required to allow for the forecast expenditure growth and maintain the same level of spare capacity at retail centres as currently exists. Table 3.4 shows the amount of floorspace capacity (in monetary terms) assuming two different productivity growth assumptions. Data over the past decade or so suggests that floorspace productivity of around two to 2.5 per cent is likely to be a reasonable assumption. On that basis the West End is likely to require between 250,000 and 370,000 square metres of additional floorspace between now and 2016. This is an increase of between 16 and 25 per cent on the existing floorspace of the West End and is by far the greatest single additional floorspace requirement of any area in London.

Table 3.4: Floorspace requirements in the West End over time

	2001	**2016**	**2016**
		Floorspace productivity growth	
		2%	2.5%
Expenditure (£m)	4,415	8,441	8,441
Estimated capacity (£m)	5,485	7,382	7,944
Difference between expenditure and capacity	(1,070)	1,059	497
Required floorspace ('000 square metres)	-	370,977	247,760

Note: The expenditure level assumes all retail developments outlined in Table 3.2 go ahead. To calculate the required floorspace a sales density of £4,000 per square metre is assumed.
Source: Experian

It should be noted that the Experian study does not consider site availability to accommodate this increase in floorspace. Therefore, there are significant implications from this work for the use of floorspace in the West End including possible changes to the planning use-class categorisation of some West End buildings, the potential to intensify the use of existing retail premises, and whether future retail schemes should give more consideration to building upwards than has been the case in the past.

These issues will be considered as part of the sub-regional development frameworks that help to implement the *London Plan*[37]. More general retail planning issues will be covered in the retail and planning stream of work conducted as part of the wider retail study.

Summary of trends

While employment data seems to suggest a slight trend away from retail in the West End to other London retail centres over the past 30 years or so, particularly since the late 1980s, this is not supported by rental data. Data on the rents charged in retail centres, show retail rents in the West End growing at least as fast as most other retail London centres.

More recently, retail in the West End has been particularly hit by the slowdown in economic activity – which was particularly severe in London – and from other factors which are likely to have impacted particularly hard on the West End, such as the Central Line closure and the war in Iraq (with its effect on tourism). Some central London retailers may have attributed the downturn in sales seen recently with the introduction of the congestion charge, which occurred in early 2003. However, as shown earlier, the proportion of people that drive to the West End to shop is small, so any substitution effect is likely to be small. In addition, the larger income effect from the congestion charge will be spread across all London retailers (and perhaps some outside) rather than on just the West End.

Finally, work by Experian suggests that the West End will remain, by some margin, the largest retail area in London requiring a significant increase in floorspace – even after accounting for a number of significant retail developments in London over the next decade.

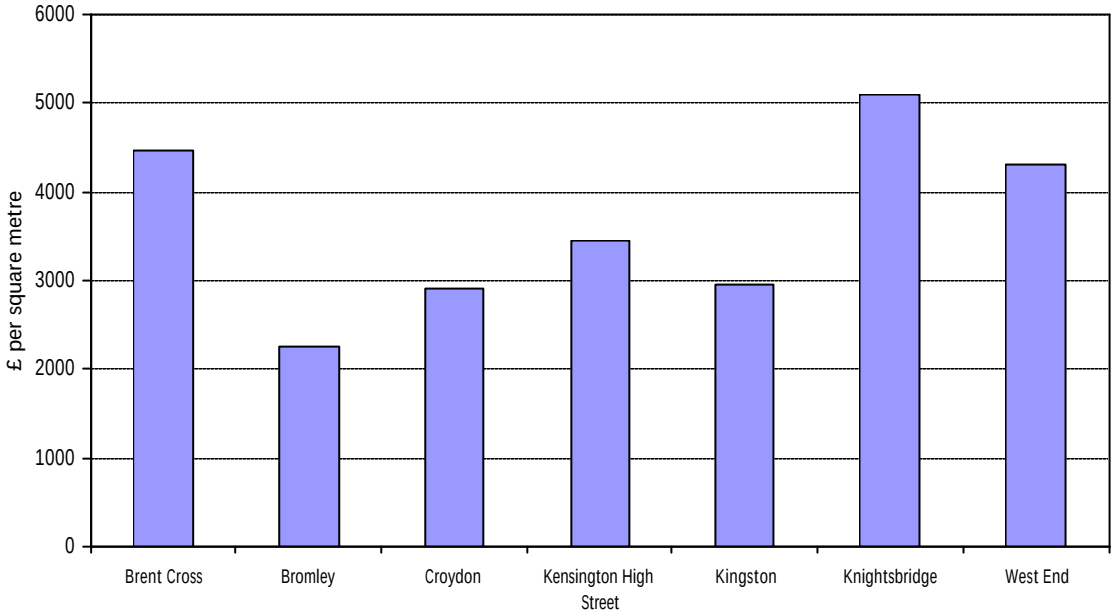
[37] GLA, The London Plan, February 2004

4. Cost of operating in the West End

Rent

Figure 4.1 shows data taken from Colliers. It shows the level of retail rents (open market Zone A rents) in shopping locations across London. The data shows that Knightsbridge has the highest rent in London followed by both Brent Cross and the West End (where the West End is constituted by Oxford, Regent and Bond Streets).

Figure 4.1: Rents in London's retail centres, 2003



Source: Collier Retail Rents

Figure 4.1 shows that rental levels in the West End are more than 40 per cent higher than in the three south London retail centres of Kingston, Croydon and Bromley, and around 20 per cent higher than in Kensington High Street.

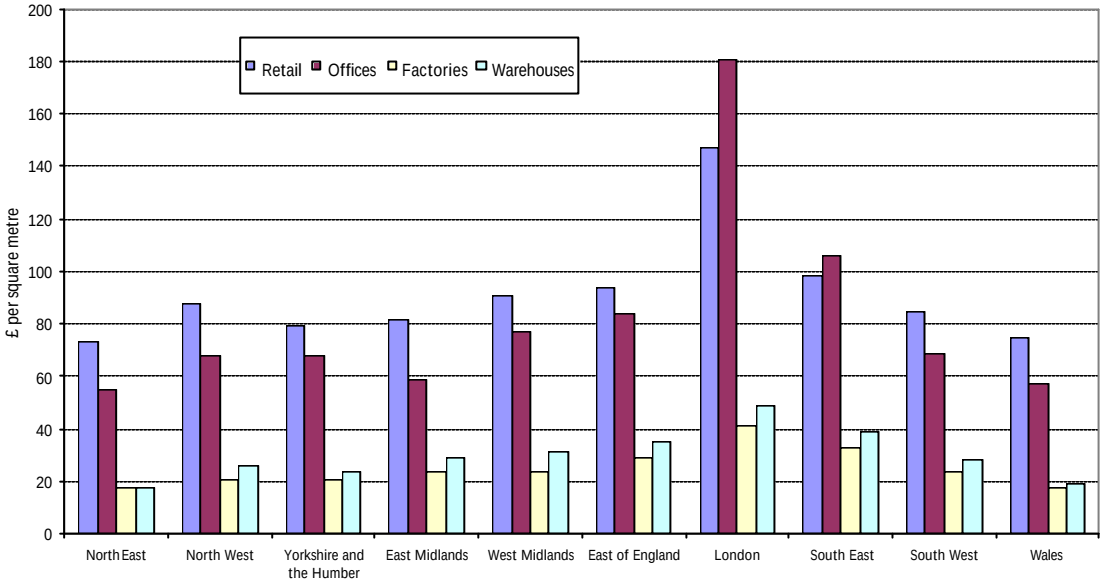
Cushman & Wakefield and Healey & Baker's *Main Streets Across the World* survey compares retail rents in all of the world's top retail destinations. East 57th Street in New York emerges as the most expensive pitch, with rents of euro ¤7,629 per square metre. L'avenue des Champs-Elysees in Paris is second worldwide at ¤6,287 per square metre. Causeway Bay in Hong Kong is third worldwide at ¤5,449 per square metre. Oxford Street is the fourth most expensive pitch in the world at ¤4,735 per square metre.

Cushman & Wakefield and Healey & Baker also measure vacancies in prime pitches across the UK. In January 2003 the availability rate in the prime stretch of Oxford Street stood at four per cent, against a UK average of 7.2 per cent. Moreover, Brompton Road had a 10.7 per cent vacancy rate and Kensington High Street a 13 per cent vacancy rate. A comparison with other major retail locations shows that, although prime West End rents are comparatively high, retailers are very reluctant to dispose of their Oxford Street flagship stores.

Rates

The rateable value of a property is based primarily on its rental value (a professional view of the annual rent for a property if it were offered vacant on the open market). Figure 4.2 below shows that average rateable values are highest in London, for all non-domestic uses (i.e. retail, offices, factories and warehouses). It shows that rateable values for retail space in London is more than £140 per square metre compared to around £100 per square metre for South East England, the closest region in terms of rateable values.

Figure 4.2: Average rateable value by bulk class and region, 2004



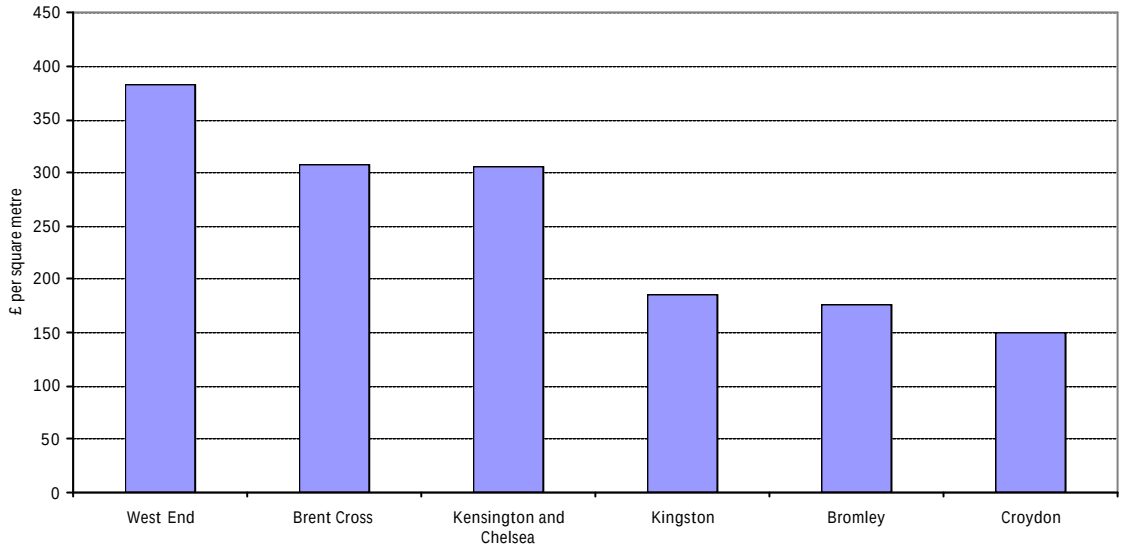
Source: Valuation Office Agency

Rateable values are used to work out the Non-Domestic Rates (also known as Business Rates) that businesses have to pay. Business Rates are worked out by multiplying the rateable value of the property by the uniform business rate (which the Government sets). For example, in 2001/02 the uniform business rate was set at 43p. Therefore, if the rateable value was £100,000, the 'business rates bill' for the year would be £43,000.

According to the Valuation Office Agency (VOA) statistics, the West End ward in the City of Westminster had the largest amount of retail floorspace and the highest rateable value of any ward in England and Wales in 2003, with 864,000 square metres of retail floorspace and £331 million of retail rateable value.

Figure 4.3 shows the rateable value per square metre of a number of retail areas in London. It shows that the rateable value, and therefore rates, are around 20 per cent higher in the West End as compared to Brent Cross or Kensington and Chelsea and more than twice the level in the south London retail areas of Kingston, Bromley and Croydon.

Figure 4.3: Rateable values, £ per square metre



Source: Valuation Office Agency

Staff costs

Another significant difference in costs between retail in London and the rest of the UK is staff costs. Data from the *Labour Force Survey* shows that the mean retail wage in London is around 49 per cent higher than in the rest of the UK. However, caution is required with this finding as mean values can be distorted by a few extreme values. For instance, the mean wage in London may be affected by a 'headquarter' effect. That is many retail companies may have their headquarters located in London and so London wage statistics may include the wages of retail headquarter staff, which is likely to increase the average wage in London as compared to other areas. A more informative measure of the difference in wages, for this reason, may be the median wage, where the difference between London and the rest of the UK is 30 per cent.

This area is considered in more detail in the retail and labour market strand of work conducted as part of the wider retail study.

Servicing and delivery issues

A study by Templeton College into the retail sector's productivity found that higher congestion and logistics costs accrue to retailers operating within the UK (not just London) than to those in France or the US.

A TfL study[38] has investigated servicing and delivery issues in the West End. The study found that in the West End servicing and delivery takes place:

- where possible directly outside the premises
- further down the road or from adjacent roads
- at dedicated servicing facilities from local roads (generally larger stores and flagship stores).

[38] W S Atkins, West End Transport & Environment Study. Stage 1 Report: Oxford Street & Regent Street. Existing Transport & Environmental Conditions & Policies/Current Proposals affecting the Area, January 2002

The following is a discussion of the delivery options in Oxford and Regent Streets.

To the west of Oxford Circus, the majority of properties can be serviced from the rear. Most of the larger stores have dedicated servicing facilities, which are located on streets parallel or adjacent to Oxford Street. Many of the smaller properties would also appear to be potentially serviceable from the rear via parallel streets. There are a number of units predominately on the southern side of the street, which do not appear to have an alternative but to take deliveries from Oxford Street. This applies to premises around Bond Street station, Davies Street and to the immediate west of Oxford Circus. However, deliveries to many of the properties could be achieved from nearby side streets.

To the east of Oxford Circus a majority of larger retailers have dedicated servicing facilities and some smaller units can be serviced from rear or side streets. Oxford Street East is characterised by smaller scale retail units than Oxford Street West and deliveries to Oxford Street East units, while small in scale, occur regularly. Goods vehicles regularly stop at the kerb to service units, especially between Hanway Street and St Giles Circus where direct servicing from the front appears to be the only option.

To the north of Oxford Circus (on Regent Street), it would appear premises are unable to be serviced from the rear. Deliveries are either directly from the front or from side streets. South of Oxford Circus on the west side, frontage servicing appears the only option.

South of Piccadilly Circus servicing presents less of a problem due to the nature of occupiers and the fact that Lower Regent Street is approximately three to four lanes wide, meaning front servicing is less likely to affect traffic conditions compared to other parts of Regent Street.

The problem of delivery to certain shops in the West End area can aggravate transport problems. As noted earlier, in many parts of Oxford Street in particular, deliveries have to be made to the front of the shops, which given Oxford Street is a single carriageway, results in traffic congestion and disruptions. This can add further to the traffic congestion which is disliked by many West End shoppers (highlighted later).

Summary of the costs faced by West End retailers

Rental levels in the West End are high with only Knightsbridge having higher rental levels in London. The West End has the highest rateable values for retail property in London, and so pays the highest rates in London (and the UK as a whole). Similarly, costs for retail staff are higher in London than in the rest of the UK. Finally, there are a number of problems with servicing and delivering to the West End that are not faced by many other retail areas. Although no servicing data is available, this is likely to increase the servicing and delivery costs faced by West End retailers.

5. Problems and issues for the West End

While the trend data analysis considered earlier showed no obvious trend away from the West End to other Greater London or UK retail centres, there is some survey evidence of a number of problems or issues for the West End. Survey data from 1999[39] shows that 40 per cent of catchment households[40] visited the West End less frequently than the four to five years before the survey or had abandoned it altogether with only 17 per cent visiting more frequently. Similarly, 16 per cent of households in the rest of the country (outside the M25) visited it less frequently, with only three per cent more frequently.

The survey found that catchment shoppers were deserting the West End because of a combination of:

- personal factors, particularly to do with the stage of life (family formation, getting older)
- pull factors to other centres
- push factors from the West End.

The key 'push' factors from the West End were:

- congestion, caused by both people and cars
- poor car access and parking
- unpleasant and non child-friendly environment
- fear and 'hassle' factors.

The following considers these issues in more detail looking at the level of pedestrian congestion; quality of transport available; traffic congestion; and the general shopping environment in the West End.

Pedestrian congestion

As noted earlier, survey evidence showed that 40 per cent of catchment households visit the West End less frequently than four or five years ago[41]. Of those visiting less frequently, 18 per cent said the West End was more congested with people. Moreover, 36 per cent of shoppers in the West End dislike the level of pedestrian congestion in the West End (although not enough to deter them from shopping there).

The hourly flows of pedestrians in the Oxford and Regent Streets areas are among (if not) the highest in London. Analysis by TfL[42] found that hourly pedestrian flows on a Saturday (1pm – 5pm) are significantly higher than on a weekday (12pm – 2pm and 4pm – 7pm). It found that the highest levels of congestion are on the footways outside the Virgin Megastore, outside Bond Street and Oxford Circus Underground stations, and the crossing of Oxford Street east of Oxford Circus. All of the crossings on Oxford Circus

[39] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

[40] The survey defines 'catchment households' as households within the M25.

[41] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

[42] W S Atkins, West End Transport & Environment Study. Stage 1 Report: Oxford Street & Regent Street. Existing Transport & Environmental Conditions & Policies/Current Proposals affecting the Area, January 2002

are congested. The study found less pedestrian congestion along Regent Street (with the exception of Oxford Circus and Piccadilly Circus) where footway widths are between four and six metres and generally sufficient to accommodate the pedestrian flows.

One measure of pedestrian congestion is defined as *Fruin Levels of Service*. Fruin Levels of Service relate recorded pedestrian flows with the space available for pedestrians. Service levels of 'C' or 'D' represent congested levels while 'E' and 'F' represent very congested and overcrowded conditions. The TfL study looked at the levels of service on a Saturday. The worst Fruin Levels of Service occur at Oxford Circus (service levels 'E' and 'F') at Piccadilly Circus (level 'D') and Oxford Street outside Virgin Megastore (level 'D').

The study found that 'Oxford Circus … is an uncomfortable space for pedestrians … Crossing the Circus, pedestrians are forced into awkward arrangements on street corners where the footways are at their narrowest'.

A more recently published study conducted by Gehl architects for TfL and the Central London Partnership[43] investigated the level of pedestrian congestion in various parts of London. The study was conducted during the spring and summer of 2003 and covered Oxford Street (and Oxford Circus), Regent Street and Piccadilly Circus amongst other areas.

Rather than using Fruin Levels of Service, which define crowding based on quantity (that is how many people the street can carry), the Gehl study defines crowding as a situation where movement is restricted and privacy invaded. Studies from other cities suggest that 13 people per minute per metre footway width is the upper limit for acceptable walking space. Analysis of Oxford Circus shows that with an available footpath width of 3.5 metres a comfortable level of pedestrian activity would be around 46 pedestrians per minute. However, on one recording the study found there were 156 pedestrians per minute in the Oxford Circus area – almost four times the comfortable level. The study's pedestrian counts show that three times as many pedestrians walk in Oxford Circus when compared to any other place in the city. Appendix B shows the level of pedestrian activity in Oxford Street West and East on the northern and southern footways respectively. This shows that there is significant crowding along the length of Oxford Street for most of the day.

The study highlights that crowding can be bad for commerce. This is because where crowding occurs people have difficulty stopping/looking at window displays as well as entering stores. It shows that it can be bad for safety because fast moving pedestrians move out into the roadspace or people will accidentally be pushed into the road. It also shows that crowding is a particular deterrent to individuals with special needs. This is because people in wheelchairs, parents with prams, children and the elderly generally need more space for walking than is available on a crowded footway. The study states that such groups are effectively excluded from walking under such conditions.

[43] Gehl Architects, Towards a fine City for People: Public spaces and public life - London 2004, June 2004

Therefore it is clear that the level of pedestrian congestion in the West End, particularly at Oxford Circus and along Oxford Street is very high. This level of congestion detracts from individuals' shopping experience and is disliked by a significant proportion of shoppers in the West End. The level of pedestrian congestion will compare particularly unfavourably with other pedestrianised retail centres and will reduce the attractiveness of the West End when compared to other, more pedestrian friendly, retail areas. This will be the case especially for people with children and the elderly.

Transport quality

While the Underground makes the West End accessible to many Londoners it can also detract from the attractiveness of the West End. For instance, TfL's West End transport and environment study[44] found that at the busiest times, conditions for Underground passengers can be poor for the following reasons:

- constrained internal layout of stations with narrow exits/entrances
- pedestrian space around entrances and exits is limited e.g. by buildings, guard railings and newspaper stands
- high flows of non-Underground passengers on footways outside.

This is important because transport to and from the West End is all part of what might be termed the 'shopping experience' and as discussed, Underground travel is integral to travel to the West End. It is also important as part of the shopping experience at other London retail centres is not likely to include the Underground or public transport at all. Instead, consumers tend to travel to retail centres by car, which is arguably a much more comfortable and flexible means of transport than public transport. Again this will be especially relevant to those with children and, arguably, the elderly.

Therefore, the West End's shopping experience is made up not only of people's experience while at the West End, but also the experience of getting to the West End. As a result, the shopping experience includes the shoppers' experience of Underground stations and travel on Underground trains; overground stations and trains; or buses and bus stops. This may act as a competitive disadvantage for the West End when compared to retail centres in the rest of London (where easy car access is possible) especially for some sections of the population.

Traffic congestion

A pre-congestion charge survey[45] found that 16 per cent of shoppers complained about traffic problems in the West End, including congestion. Cars and goods vehicles comprise the majority of traffic in the West End although restrictions on general traffic are in place on Oxford Street itself.

[44] W S Atkins, West End Transport & Environment Study. Stage 1 Report: Oxford Street & Regent Street. Existing Transport & Environmental Conditions & Policies/Current Proposals affecting the Area, January 2002

[45] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

Data from TfL[46] show that west of Oxford Circus buses account for around half the flow of traffic and taxis for nearly a third. Therefore, despite the fact that the section of road west of Oxford Circus is generally prohibited for other vehicles, nearly one-fifth of the flow is cars and goods. General traffic also flows across Oxford Street at various points, including Oxford Circus. The capacity of these junctions is shared between buses and taxis (mainly east-west movements) and taxis and other traffic (mainly north-south movements).

For Oxford Street itself, TfL data for February 2004[47] shows that the highest bus flows are immediately to the west of Oxford Circus. The data indicates that there are 145 buses per hour (bph) in each direction along Oxford Street at a point just east of Bond Street station during shopping hours. This rises to 187 bph in the busiest part of the morning peak. Additional routes starting from Oxford Circus serve the eastbound section between Vere Street and Oxford Circus, giving a maximum flow eastbound of 221 bph at the height of the peak. Current service levels are higher than those of the last ten years, but are significantly lower than those of earlier periods.

A number of bus routes terminate in the Oxford Street area, standing in the side streets to the west of the Oxford Circus junction. The TfL work highlights that revisions to the stands might improve flows in the area and that schemes to enhance the operation of junctions along Oxford Street and around Oxford Circus might deliver benefits. The TfL work also states that schemes to provide taxi-ranks off Oxford Street might assist the operation of traffic in the area.

This suggests that there are significant bus movements in Oxford Street. Data from TfL suggests that bus use in the area over the course of the day is relatively high. Table 4.1 shows the average westbound loads on Oxford Street outside Selfridges and at the maximum loading point. It can be seen that the average loads between 4pm and 7pm are significantly greater than the average loads for the whole day. This would seem to suggest that the loads carried at other times of the day (outside peak times) may be fairly low. However, TfL sets service levels to maximise benefits within the resources available. Table 4.1 shows peak loads determining the capacity provided, with significant loads per bus recorded over the full day.

[46] TfL, Oxford Street Briefing Note, February 2004
[47] TfL, Oxford Street Briefing Note, February 2004

Table 4.1: Average loads on westbound through buses via Selfridges (February 2004)

Buses towards	Weekdays: average peak hour passengers per bus at maximum loading point	Weekdays: average passengers per bus at Selfridges between 4pm and 7pm	Weekdays: average passengers per bus at Selfridges (whole day)
Edgware Road (routes 6, 7, 15, 23, 98)	60-72	45	29
Bayswater Road (routes 12, 94)	66-68	53	33
Baker Street (routes 13, 113, 139, 189)	64-70	46	26
Park Lane (routes 10, 73, 137)	65-71	37	24
All through buses	60-72	44	28

Source: TfL

TfL's transport and environment study[48] found that over the course of the day 30 per cent of bus trips in the Oxford Street area were for shopping purposes (although conversely the vast majority – 70 per cent – were not for shopping purposes, but people going to work in the West End are included in this 70 per cent). This proportion varies over the day from under 20 per cent in the morning peak to around 50 per cent in the inter-peak period to between 25 and 35 per cent in the evening peak. As was shown earlier around 15 per cent of shoppers in the West End access the area by bus.

In contrast, on average, 0.85 passengers are carried per taxi along Oxford Street. Moreover, in a September 2002 survey at the Vere Street and Wardour Street junctions, around one-in-five taxis travelling along Oxford Street had no passengers (one in four on Saturday afternoon).

Therefore, while the number of buses using Oxford Street and the West End area seems high, a significant proportion of people use the bus to access the West End. Other vehicles, even those that are prohibited from using stretches of Oxford Street add to the level of traffic congestion in Oxford Street. As a result, in trying to alleviate the problems of traffic congestion in the area, the importance of the bus service as a means of transporting shoppers, workers and tourists to and from the West End area, and central London as a whole, should not be overlooked.

[48] W S Atkins, West End Transport & Environment Study. Stage 1 Report: Oxford Street & Regent Street. Existing Transport & Environmental Conditions & Policies/Current Proposals affecting the Area, January 2002

Air and noise problems and other environmental issues

As well as pedestrian and traffic congestion, survey evidence found that other aspects of the West End (fumes, litter, noise) were considered unfavourable by consumers[49].

TfL's transport and environment study[50] found that the concentration of nitrogen oxide and particulates exceeded or were likely to exceed national air quality strategy objectives. The greatest improvement in air quality would result from a reduction in overall traffic levels.

In addition to air quality the West End is typically noisier than many other retail centres. The levels of traffic noise in Oxford and Regent Streets are typical of busy, non-pedestrianised streets in many major cities throughout the world. The Gehl study found that noise levels in Oxford Street reach more than 70 decibels during the day and 'give hardly any possibilities for engaging in conversation'. The study found that buses and lorries were the main contributors to noise levels.

The Gehl study found a number of other factors tended to detract from the pedestrian environment in Oxford and Regent Streets. It found that the extensive use of guard railings in Regent Street and Oxford Circus, although aimed at preventing dangerous pedestrian behaviour, often created other dangers with people jumping the fences, and walking on the road waiting for a break in the railing to avoid the pedestrian congestion. A lack of public seating, and where provided good quality public seating, was also highlighted by the report. The report argues that good, comfortable seating would allow visitors to rest providing an opportunity to stay longer. Long streets without benches are tiresome for pedestrians, particularly so for the elderly, children and others with special needs. Other factors raised by the report that affect the environment for shoppers include the difficulty of crossing (for example at Oxford Circus), poor access from street level to the Underground and the cluttering of the streetscape (with signs, poles and bus shelters for example).

Therefore, the West End suffers from a poorly managed shopping environment in terms of traffic pollution, noise, litter and exposure to the elements for example. For these reasons, amongst others, the West End is less attractive to those shopping with children or the elderly. Indeed, the Gehl study looked into the age groups using pedestrian spaces in London. As suggested by other surveys, the Gehl study found an almost total lack of children in Oxford and Regent Streets and a similar lack of elderly people. It found that approximately 94 to 96 per cent of pedestrians in the area were of working age (15-64). The study stated that, 'London is, at present, not laid out to accommodate families with children – few areas are pedestrianised and walking conditions need to be improved greatly, especially to allow prams to move around more easily'.

[49] London First West End Syndicate, 'Shopping Patterns in the West End' Property Market Analysis, October 1999

[50] W S Atkins, West End Transport & Environment Study. Stage 1 Report: Oxford Street & Regent Street. Existing Transport & Environmental Conditions & Policies/Current Proposals affecting the Area, January 2002

This is quite important as other retail centres, particularly out-of-town centres such as Lakeside and Bluewater will not be affected by many of these factors. In addition, managed retail centres such as Lakeside and Bluewater are better placed to alleviate other problems such as litter or the attractiveness of a centre to children than traditional high street retail areas, and managed centres are also better placed than traditional high street retail centres to market themselves to consumers. This is because by being under management of one owner, retail centres like Bluewater and Lakeside have greater power to control and manage the environment for the benefit of shoppers than the West End.

The situation in the West End is more fragmented and principally suffers from a coordination problem. Most, if not all, retailers and landowners would benefit from improvements to the environment but no retailer or landowner is likely, individually, to pay for such improvements, in the hope that they will be able to 'free-ride' on the investment of other retailers or landowners in the area. An example is the provision of toilets. Retailers within the West End (and landowners) would benefit from the provision of more public toilets, through improving the shopping environment for the consumer. Indeed survey results suggest that a fifth of all West End shoppers see the provision of more toilets as an area for improvement for the West End. However, no single retailer, or landowner, will pay for more public toilets because once provided, all parties will benefit from its provision. In contrast a managed centre, like Bluewater or Lakeside, can 'internalise' this decision, provide the toilets and charge all retailers for their provision through an increased service charge. Other illustrations of this coordination problem are marketing, safety and security, and general maintenance of the shopping environment.

Summary of problems and issues facing the West End

The level of pedestrian and traffic congestion in the West End is high and these can act to deter consumers, especially elderly people and people with children. In addition, the majority of shoppers travelling to the West End use public transport. Therefore, the quality of public transport is key to the West End's competitive position. Poor quality public transport could deter consumers, especially those who have the alternative of travelling by car to another retail centre. Lastly, the management structure of many retail centres in, and outside, London is likely to enable such centres to respond quicker and more effectively to many of the problems from which the West End currently suffers. This is because action on such issues can be taken by a centralised, coordinating body that has the ability to pay for improvements through a centralised fund (usually gathered by a service charge on all retailers and landowners). In contrast management and control of the West End is more fragmented.

6. Conclusions

This paper has illustrated that the West End is by some margin the largest retail area in the UK. It is very accessible by public transport with, in contrast to most other UK retail centres, the majority of people (around three-quarters) accessing the West End by public transport. However, the West End is less accessible by car which puts it at a disadvantage when compared to many other retail centres.

Most retail centres tend to draw the majority of customers from a relatively small catchment area. However, almost half of the West End's shoppers live outside of the M25 (although they may be staying in London when they visit the West End). As such the West End has a comparative advantage over most other retail centres by being able to attract a significant level of tourist trade largely due to its accessibility from the major tourist locations in London. In addition to its accessibility, the main reason for shopping in the West End is for the range and quality of the retail offer which is much greater than any other retail centre in the country.

While employment data suggests a slight trend away from retail in the West End to other London retail centres over the past 30 years or so, particularly since the late 1980s, this is not supported by rental data. Data on the rents charged in retail centres, show retail rents in the West End growing at least as fast as most other London retail centres.

More recently, retail in the West End has been particularly hit by the slowdown in economic activity – which was particularly severe in London - and from other factors which are likely to have impacted particularly hard on the West End, such as the Central Line closure and the Iraq war (which had a marked effect on tourism). Some central London retailers may have attributed the downturn in sales seen recently with the introduction of the congestion charge, which occurred in early 2003. However, the proportion of people that drive to the West End to shop is small, so any substitution effect is likely to be small. In addition, the larger income effect from the congestion charge will be spread across all London retailers (and perhaps some outside) rather than on just the West End.

Moreover, work by Experian suggests that the West End will remain, by some margin, the largest retail area in London requiring a significant increase in floorspace – even after accounting for a number of significant retail developments in London over the next decade or so.

Costs for West End retailers are likely to exceed costs in other retail centres in London. Rental levels in the West End are high – in London, only Knightsbridge has higher rental levels. The West End has the highest rateable values in London, and so pays the highest rates in London (and the UK as a whole). Similarly, costs for retail staff are higher in London than in the rest of the UK. Finally, there are a number of problems with servicing and delivering to the West End that are not faced by many other retail areas.

While no data is available, this is likely to increase the servicing and delivery costs faced by West End retailers.

While trend analysis does not suggest a significant shift away from the West End to other Greater London retail centres, the West End does have a number of problems that reduce its attractiveness to consumers relative to other retail centres. The level of pedestrian and traffic congestion in the West End is high and these can act to deter consumers, especially elderly people and people shopping with children. Indeed, the West End currently attracts a low proportion of older people and people shopping with children. With both children and older age groups forecast to grow in the future it can be argued that it is important for the West End to make itself more attractive to these groups. In addition, the majority of shoppers travelling to the West End use public transport, and therefore the quality of public transport affects the relative attractiveness of the West End when compared to other retail centres.

The management structure of many retail centres in and outside London is likely to enable such centres to respond more quickly and effectively to many of the problems from which the West End currently suffers. This is because action on such issues can be taken by a centralised, coordinating body with the ability to pay for improvements through a centralised fund (usually gathered by a service charge on all retailers and landowners). In contrast management and control of the West End is more fragmented. This suggests that a coordinating body, along the lines of a BID vehicle, could be an important institutional addition in addressing many of the problems from which the West End currently suffers.

This paper has also shown that transport issues are key to the West End. Any improvements to public transport used in traveling to or around the West End would improve consumers' experience of the West End. In addition, improving the situation for pedestrians in the West End would improve the experience of all the area's shoppers and greatly improve the attractiveness of the West End to sections of the population who are, presently, effectively excluded.

Appendix A – CACI retail footprint

Table A1: CACI retail footprint data for London top 10

Rank	Centre name	Spend (£ m)
1	West End	4161.1
2	Croydon	960.3
3	Kingston	880.4
4	Bromley	731.2
5	Brent Cross	635.3
6	Romford	581.0
7	Ilford	426.4
8	Kensington	367.0
9	Richmond	338.7
10	Uxbridge	336.8

Table A2: CACI retail footprint data for the South East (excluding London) top 10

Rank	Centre name	Spend (£ m)
1	Bluewater	1353.8
2	Reading	1151.6
3	Southampton	1034.0
4	Milton Keynes	929.6
5	Guildford	909.3
6	Brighton	876.6
7	Thurrock (Lakeside)	749.1
8	Oxford	554.6
9	Basingstoke	403.6
10	Tunbridge Wells	385.7

Table A3: CACI retail footprint data for Great Britain top 10

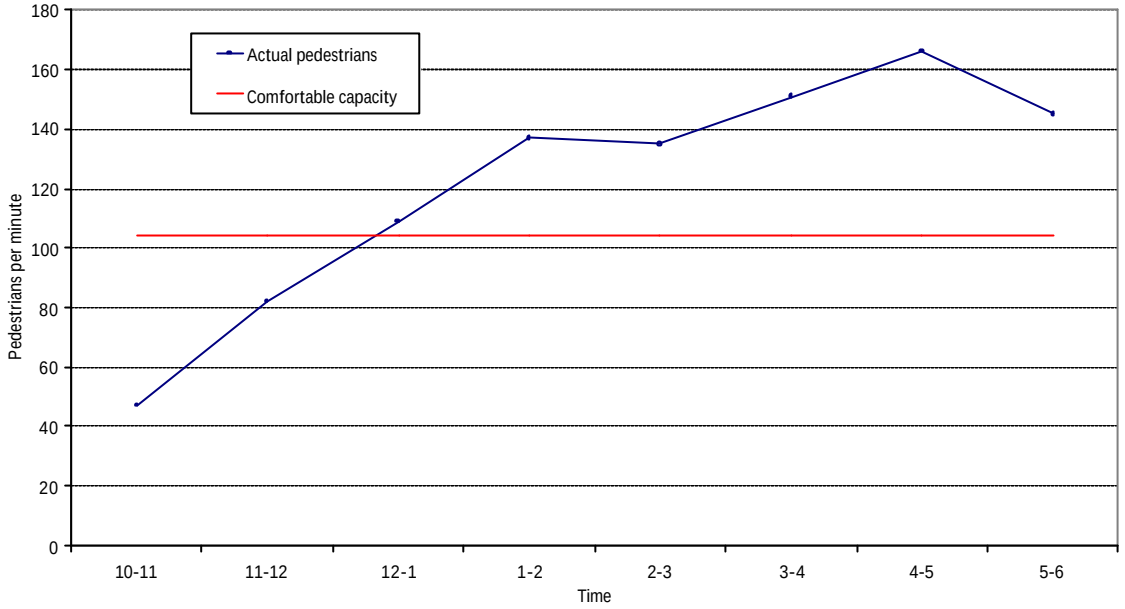
Rank	Centre name	Spend (£ m)
1	London – West End	4161.1
2	Glasgow	2360.1
3	Birmingham	2206.4
4	Manchester	1691.7
5	Leeds	1422.6
6	Nottingham	1393.9
7	Bluewater	1353.8
8	Newcastle	1322.0
9	Liverpool	1286.2
10	Bristol	1249.3
11	Trafford Centre	1223.1
12	Cardiff	1175.0
13	Leicester	1163.5
14	Reading	1151.6

15	Norwich	1117.6
16	Sheffield	1082.9
17	Meadowhall	1048.5
18	Southampton	1034.0
19	Cambridge	963.7
20	Croydon	960.3
21	Milton Keynes	929.6
22	Guildford	909.3
23	Kingston	880.4
24	Brighton	876.6
25	Edinburgh	871.5
26	Aberdeen	765.4
27	Thurrock Lakeside	749.1
28	Bromley	731.2
29	Chester	728.1
30	Watford	714.6
31	Cheltenham	651.9
32	Brent Cross	635.3
33	Metrocentre	618.1
34	Dudley – Merry Hill	590.7
35	Plymouth	587.2
36	Hull	581.6
37	Romford	581.0
38	Colchester	573.2
39	Cribbs Causeway	573.1
40	Oxford	554.6
41	Solihull	510.7
42	Exeter	500.4
43	York	500.0
44	Derby	477.4
45	Bournemouth	476.6
46	Bath	472.1
47	Stoke-on-Trent	467.8
48	Preston	464.9
49	Wolverhampton	454.4
50	Stockport	442.9

Source for all tables: CACI Retail footprint (taken from the internet, July 2004)

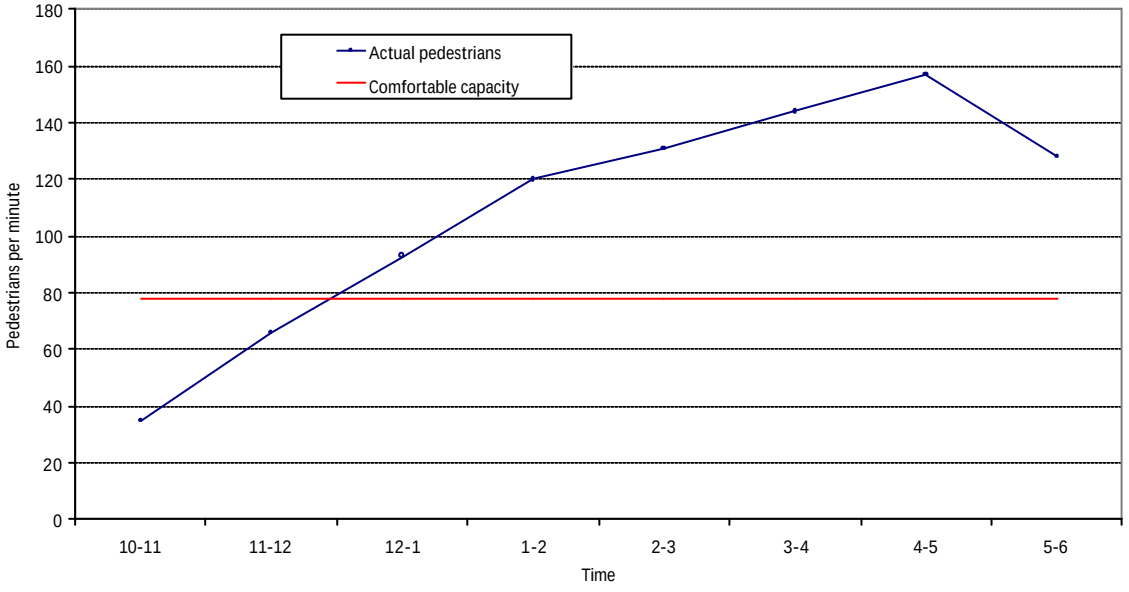
Appendix B: Pedestrian activity in Oxford Street (taken from the Gehl Study)

Figure B1: Oxford Street West, northern footway



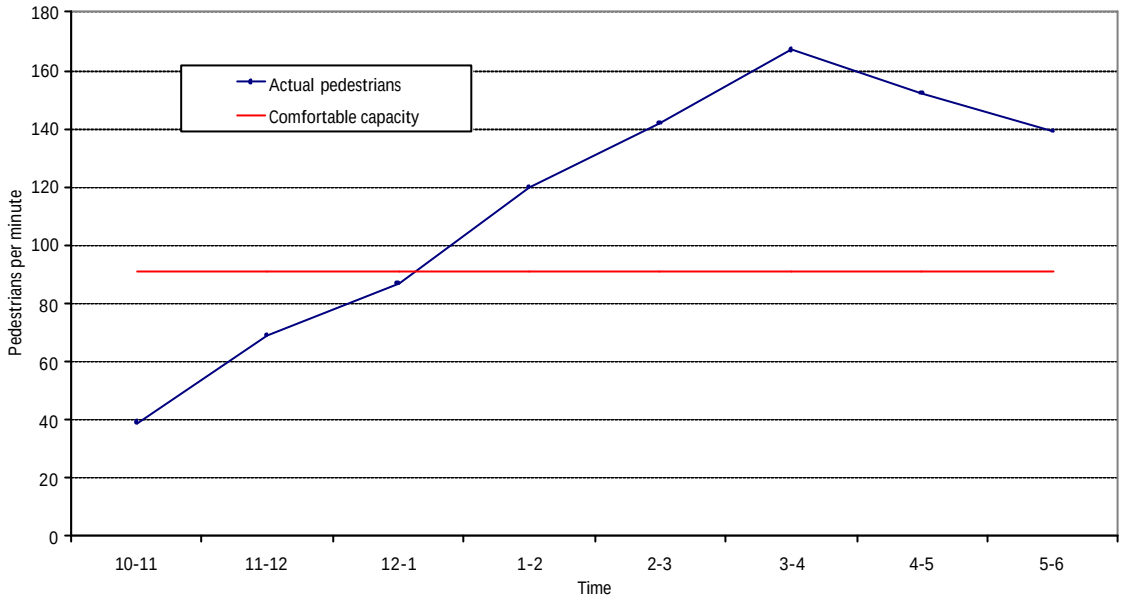
Source: Gehl Study

Figure B2: Oxford Street West, southern footway



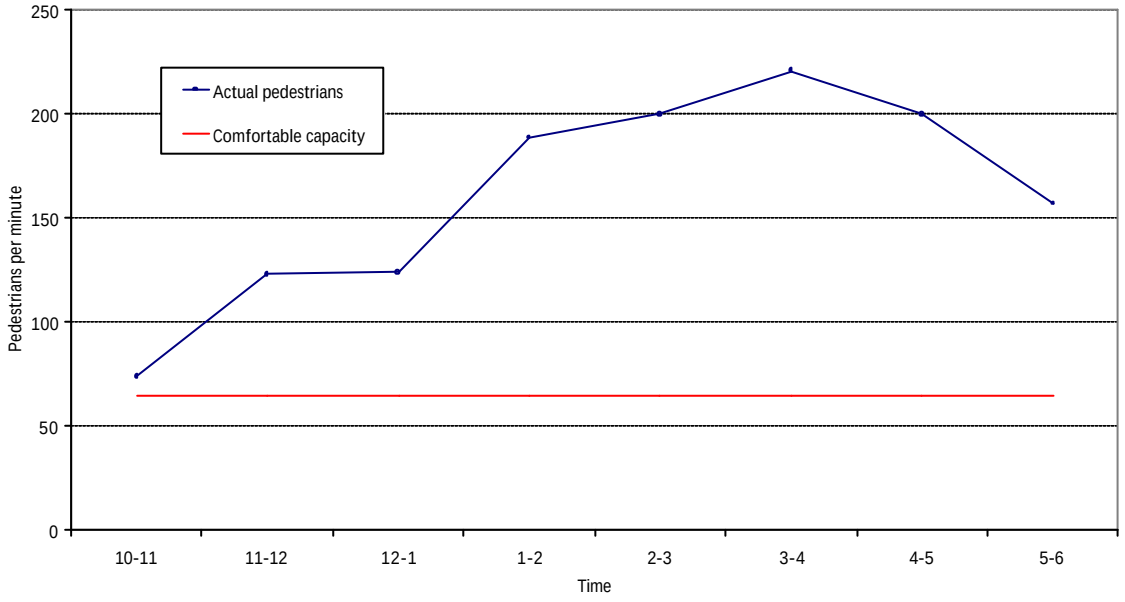
Source: Gehl Study

Figure B3: Oxford Street East, northern footway



Source: Gehl Study

Figure B4: Oxford Street East, southern footway



Source: Gehl Study

Appendix C: Abbreviations

ABI	Annual Business Inquiry
BCSC	British Council for Shopping Centres
BID	Business Improvement District
bph	Buses per hour
DFT	Department for Transport
EBS	Experian Business Strategies
GLA	Greater London Authority
GVA	Gross Value Added
NWEC	New West End Company
ODPM	Office of the Deputy Prime Minister
PMA	Property Market Analysis
ppd	Passengers per day
PTALs	Public Transport Accessibility Levels
Q2	Second quarter
TfL	Transport for London
UK	United Kingdom
VOA	Valuation Office Agency

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Hindi

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Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন্ নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اِس دستاویز کی نقل اپنی زبان میں چاھتے ھیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Turkish

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Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

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