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Rethinking Regeneration

Greater than the sum of its parts

Contents

Foreword

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Partner, Head of Real Estate

Regeneration delivers more than the sum of its parts. At its best, it is able to retain and nurture the essence of place, which should make it a priority.

Successful regeneration projects are facing mounting pressures. Local planning challenges combined with funding issues and a need for more consistency at a national political level are adding risk and hindering innovation.

The social and economic impact of these barriers affect the lives of millions of us across the length and breadth of the country, reducing quality of lives, increasing the impact of the cost of living crisis and even shortening life expectancy.

Towers & Hamlins has been Rethinking Regeneration. Drawing on our expertise across the UK and exploring where regeneration has been delivered most successfully whilst helping the public and private sector execute it more effectively.

Over the past 18 months, Trowers & Hamlins has hosted roundtables with industry leaders and experts across the UK, tapping into its expertise in London, Manchester, Birmingham and the South West. Given the long-term view taken on many regeneration schemes, we also hosted a next-gen roundtable, hearing from the people who will be delivering these projects in the future.

Throughout, we took the definition of regeneration to be place-specific development which tackles some of the local challenges whilst respecting the incumbent community. Working with our data partners Commonplace and EvaluateLocate, Trowers & Hamlins has been comparing the economic vitality of a place with public sentiment attached to regeneration, to gain detailed insights into the impact across the country.

This report sets out the findings from the research together with insights from our roundtable discussions, combined with data from Commonplace and EvaluateLocate, and distils this into nine recommendations for the industry. Some of the points may seem familiar, and act as a reminder of how slow it can be to achieve change in the real estate sector, even when the problem has been identified. Many insights will be new, responding to the urgent challenges of today and offering ways forward to help put regeneration on the right path.

We intend for this report to be a conversation starter across all sections of the industry and look forward to continuing to engage with you around this important subject.

Our recommendations

Trowers & Hamlins has diagnosed the key challenges and opportunities associated with regeneration, which are felt across both the public and private sectors, and puts forward these nine recommendations to the industry including local and national government:

Connect with the public

1. **Better communication and engagement** is vital to restore the lack of trust between the public and developers.

2. Harness the **public's desire** to be more sustainable and to reduce costs to drive the **net zero agenda** in regeneration.

3. The voices and needs of **younger generations must be adequately factored** into the development of regeneration schemes.

Policy driven change

4. **Greater consistency and implementation** of policy and regulation are needed to restore confidence and trust in the planning process.

5. New forms of **public private partnerships** are needed to overcome the challenge of viability in towns and cities with lower land values.

6. **Local Plans provide a vision** for a community and certainty for developers but **too many local authorities do not have one**.

Apply experience to maximise benefits

7. **Data – both economic and sentiment** – should be more widely utilised to better inform regeneration and development across the country.

8. **Strong leadership and long-term accountability** are essential to deliver the best outcomes for communities.

9. Ensure regeneration schemes deliver on their commitment to create **social, environmental and economic benefit.**

Rethinking Regeneration

When executed well, regeneration has the potential to provide an economic boost to an area. Importantly, when done in tandem with the wider community, it can also provide a social boost, which can have far-reaching impacts beyond the red line of the development boundary.

According to data from Commonplace, two-thirds of people support regeneration schemes, suggesting that developers are unfairly getting negative press when the public broadly supports their work.

However, the rise of NIMBYism has continued to drive negative headlines about developers.

Only 2% of the public say they trust developers[1]

The data shows that this negative perception around developers can be put down to a number of other factors, including a lack of transparency throughout the complex and drawn-out planning process.

52% believe decisions are made in secret[2]

48% have never heard about planning consultations

Looking at the national context of planning in the UK can help explain some of these issues with much needed planning reform yet to manifest. Recent changes such as the scrapping of housebuilding targets means that local authorities lack incentive. Many local authorities throughout the UK either have an out-of-date local plan, or no local plan at all, meaning that development, when it does happen, can take place in a manner which feels piecemeal rather than coordinated.

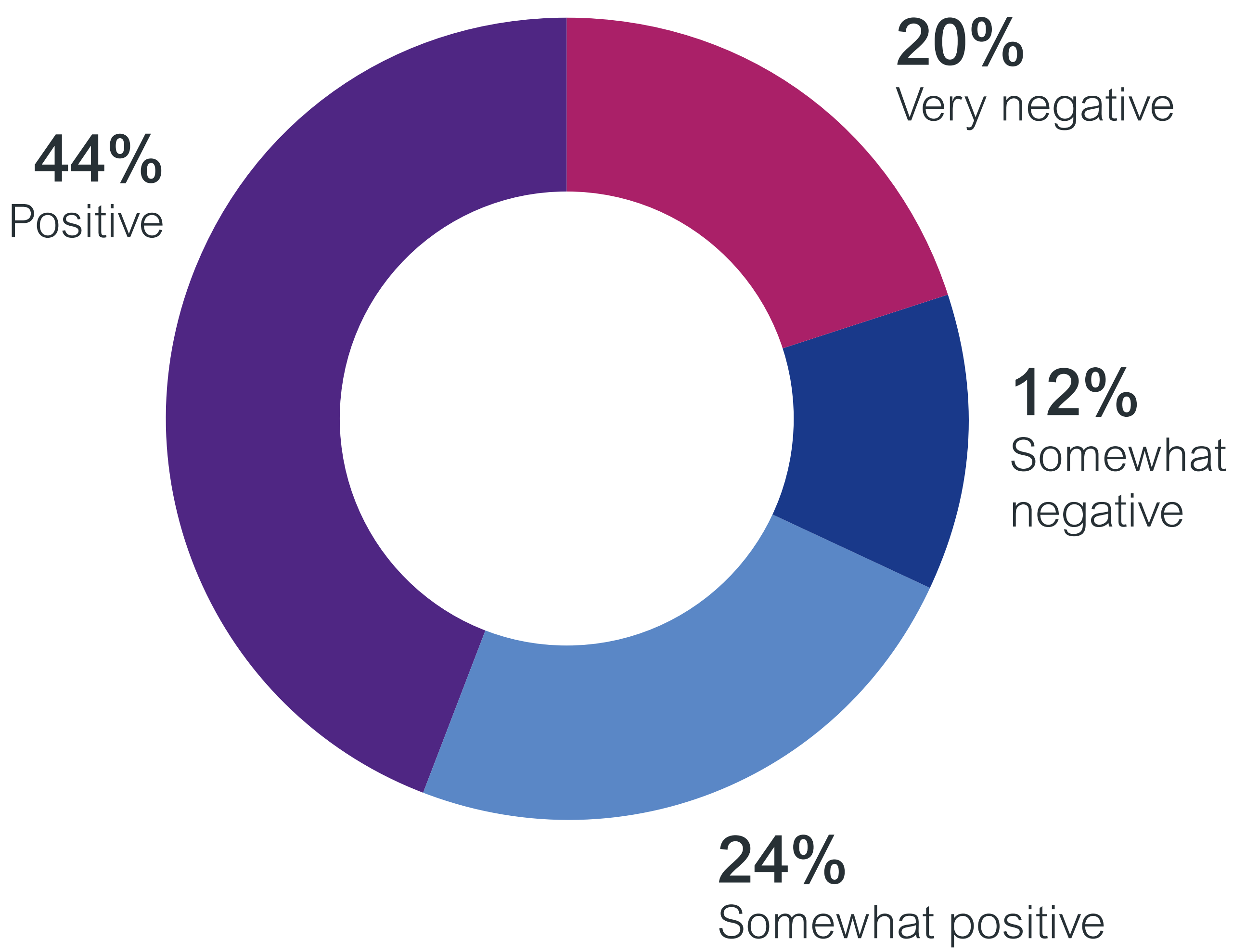
Local authority funding dropped 17.5%

between 2009/10 and 2019/20[3]

On top of this, local authorities have seen their real-terms funding drop, with years of budget cuts and growing inflation resulting in under-resourced and underfunded planning teams. New rules allowing developers to pay more to accelerate planning decisions have been seen as beneficial by some, but will likely do little to counter the wider issue damaging the reputation of planning and development.

1 Grosvenor: Trust in Development report 2019
2 Engaging for the future nationwide survey, 2020
3 https://www.instituteforgovernment.org.uk/explainer/local-government-funding-england

Overall there is a positive attitude to regeneration in the UK



Nationwide sample of 233 regeneration projects, with over 66,000 comments.

Similar trends emerge across the areas featured in this research – Greater London, Manchester and North West, Plymouth and South West and Birmingham and West Midlands.

There is an opportunity for developers to claim the credit they deserve for beneficial regeneration. Those just embarking on regeneration projects should harness public support by explaining wider benefits to communities. But to gain public support, communities need to feel their voices are being heard.

Only 27% think local people have any influence

76% want more influence on decisions in their neighbourhood

Understanding what is most important to people living in and around areas earmarked for regeneration and the impact regeneration has on those priorities can help maximise the potential of these projects. Organisations such as Commonplace provide essential insights into what matters most to communities who live and work in the area so that developers can plan accordingly.

Recurring themes highlighted as important include green space, community, and family-friendly amenities – easy wins for developers looking to prove the value of their regeneration scheme to the local community.

Mature regeneration projects generate a more positive reception than those in the earlier stages, which perhaps isn't surprising. People can appreciate the benefits of the scheme and typically won't have to put up with disruption from construction noise and traffic for any length of time.

Are there lessons here in how to establish uses and build a positive connection to a place earlier on? For example, building the public realm element of the scheme first won't deliver tangible economic benefits for the owner, but if executed well with a long-term view on financial returns, it can rapidly change the perception of a scheme for the local and wider community. In the London roundtable discussion, it was seen as a way of building trust because it demonstrates how the developer and their partners work with the community to deliver benefits for them as soon as possible.

People who live outside the area tend to be more positive

Regeneration has a much wider impact and it is therefore important to engage with those who live and work in the area.

Visitors to an area are likely to be more positive about the regeneration of a place.

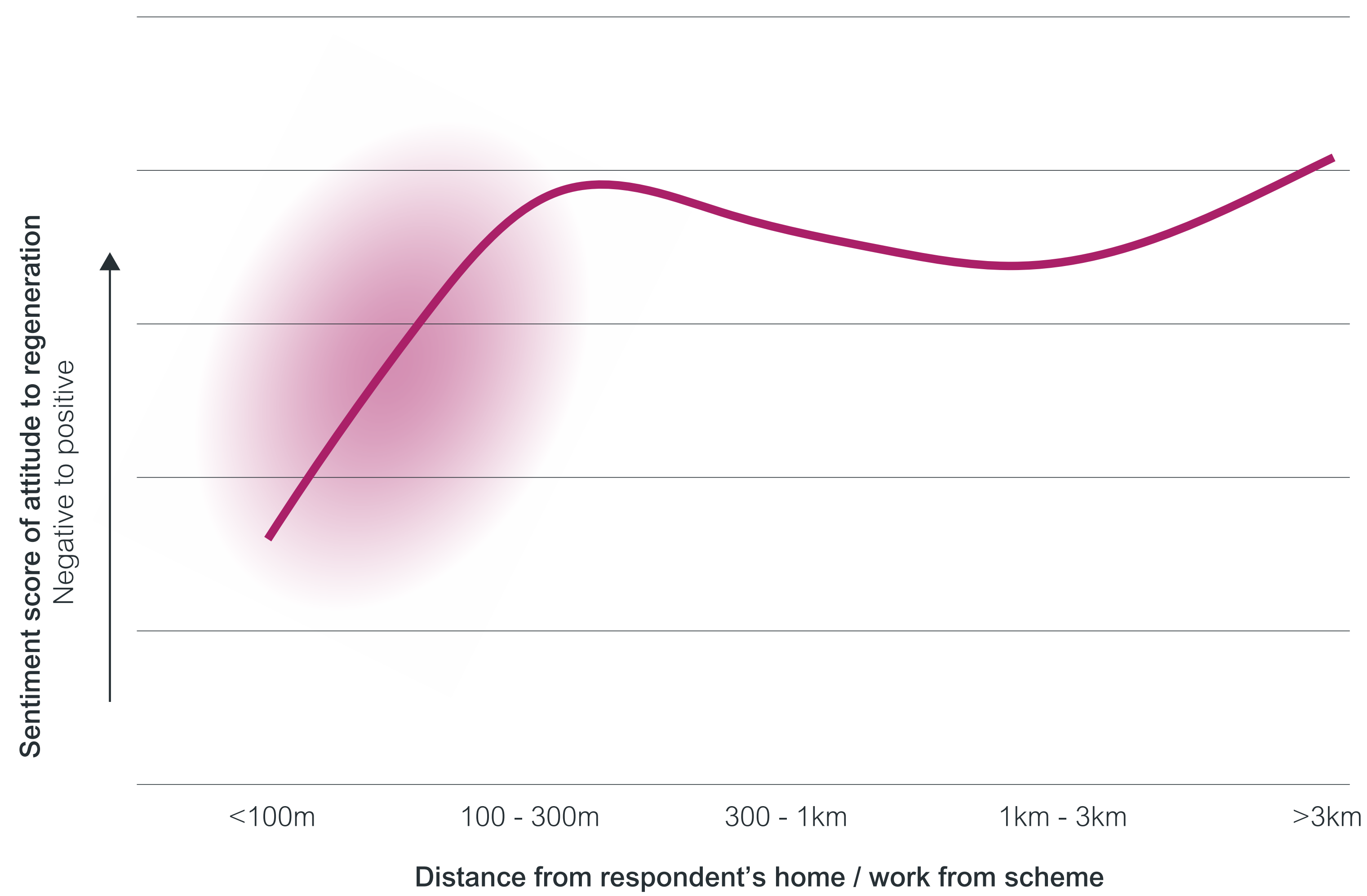
Live in the area

Don't live in the area

Positive sentiment towards regeneration of those who live in the area vs those who don't.

Identity and location of respondents impacts their views

Those very close to a site are normally less positive than those further away; moving just 100 metres further away from a site can more than double the respondent's positive sentiment.



What is most important to people across the UK?

Commonplace has trained an A.I. to analyse the free text written by consultees as part of their feedback on proposed schemes. This model can analyse the tone and language of the responses to show the most common topics of discussion – positive and negative – aggregated across all UK locations.

A national picture is useful, but levels of detail and context matter:

- Local residents give more scrutiny to the scheme itself, building characteristics and security.
- Commuters and workers – who only experience the place in a transient manner – tend to focus more on contextual issues such as the impact on local transport and mobility.

Factors that generate positive sentiment

Factors that generate negative sentiment

The research and roundtable discussions hosted across the UK highlighted the distinctiveness of each city in terms of its economic landscape, resilience, attitudes and needs. Understanding a location plays a critical part in ensuring regeneration succeeds and delivers in the long term. What works for one community and location won't necessarily work elsewhere – regeneration must be place-specific. Understanding the economic vitality of an area, for example using EvaluateLocate's data breakdowns, can demonstrate the types of homes and businesses that are most valuable to a place.

Sentiment is further nuanced depending on economic factors and connection to a place. Commonplace found a correlation between how positive people feel about regeneration and the deprivation indices of the area, suggesting that those areas with the greatest need and potentially the most to gain are more amenable to regeneration.

Deprivation index and sentiment comparison between the West Midlands and Manchester

What people care about most varies depending on their relationship to the area. Those already living in the area generally have a more negative view of regeneration and focus on what is already right for the neighbourhood. Compare this with those commuting in for work, who are generally more positive, as they can benefit from the improved amenities and public spaces but don't have to deal with construction and disruption near, and indeed to, their homes.

It illustrates the importance of engaging with a wide range of those affected in order to determine their needs and attempt to mitigate the impact of the work being done.

> **Creating open channels of communication as early on as possible encourages positive engagement and allows developers to present solutions quickly.**

As discussed at the Birmingham roundtable, regeneration can be about correcting market failure and reviving economic vitality so that the community living there and nearby thrive.

EvaluateLocate's research shows how regeneration can build economic resilience over time. Completions of individual buildings cause a spike in economic vitality before falling back, but the peaks and troughs stabilise as more of the development is completed. The more mature a project, the more resilient it is.

Economic vitality across the UK

Through analysing 96 economic and demographic metrics, EvaluateLocate Vitality Index tracks movements in economic vitality across every UK location.

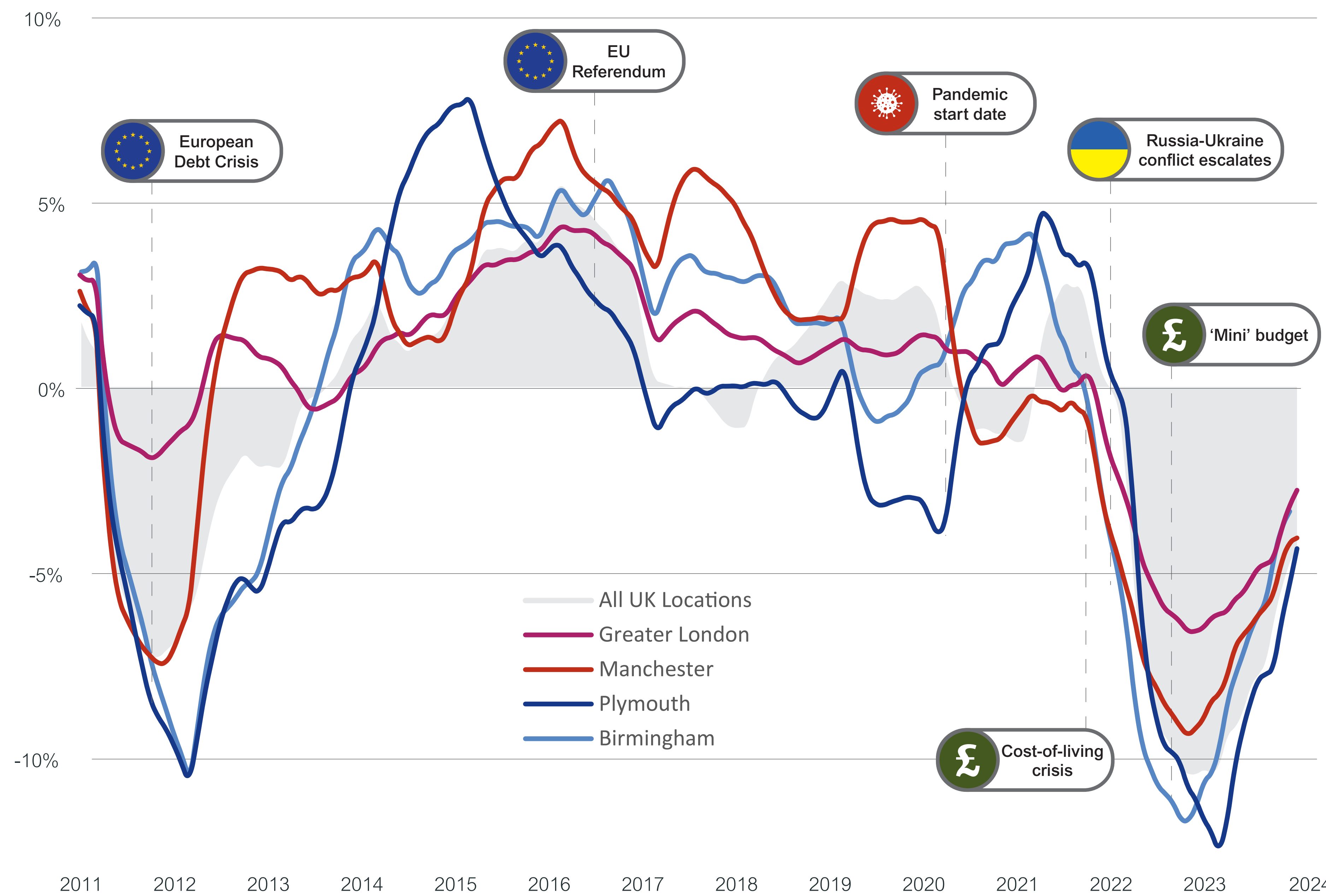
Periods of economic stress and opportunity are clearly reflected by the trajectory of the index since the beginning of the database in 2010 through to the present.

Not all periods of economic turbulence impact in the same way. During the pandemic, substantial government fiscal support during successive lockdowns meant that much of the UK's economic vitality was sustained – even when many businesses were inactive.

This contrasts with the period since the start of the Russia-Ukraine conflict when – with the government unable to provide further financial support – the country's economic vitality has dropped at a pace not seen since the European Debt Crisis of 2011.

These trends, and how economies respond on a macro and micro level, influence regeneration strategy and how it is delivered.

12-month % change in EvaluateLocate Vitality Index 2011-2024



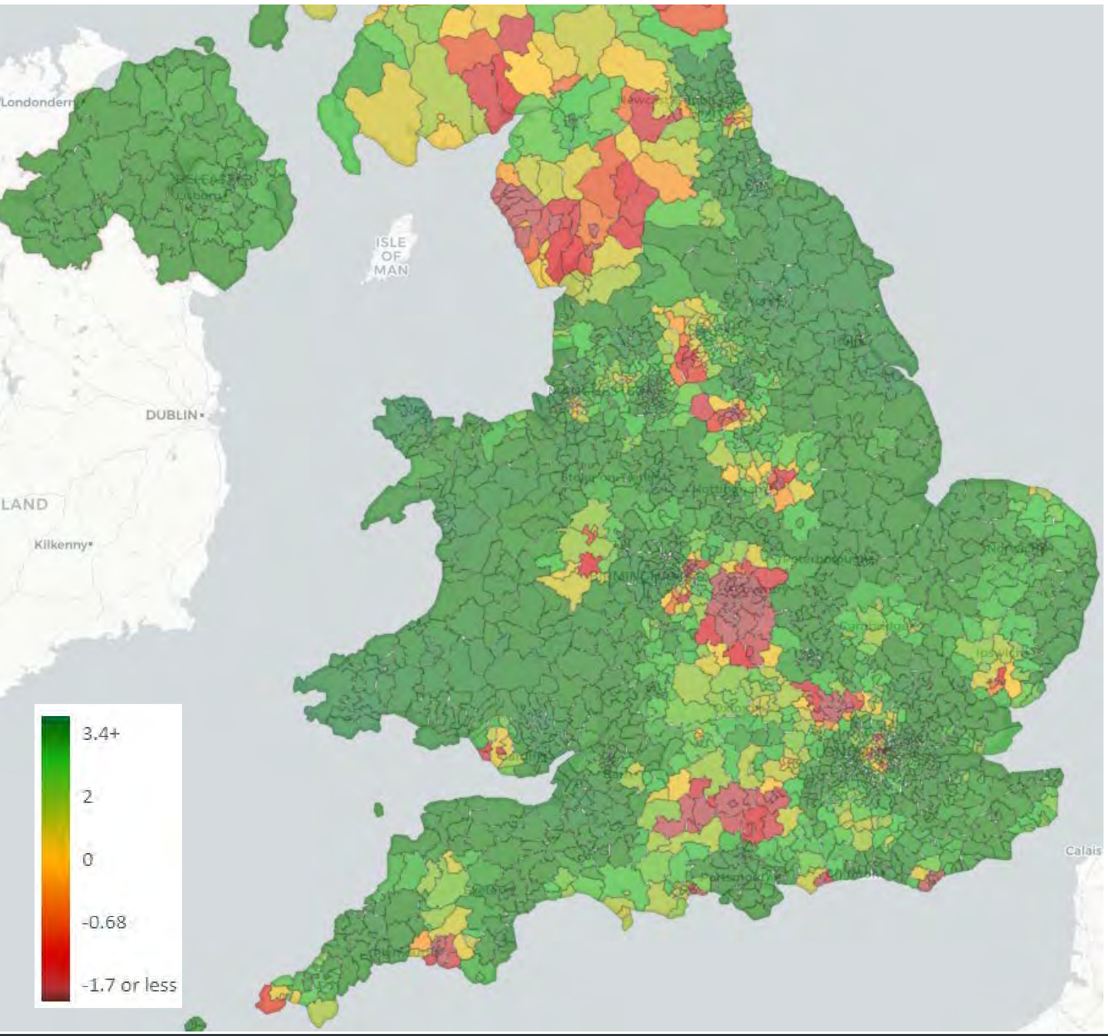
UK economic momentum

Vitality through the pandemic

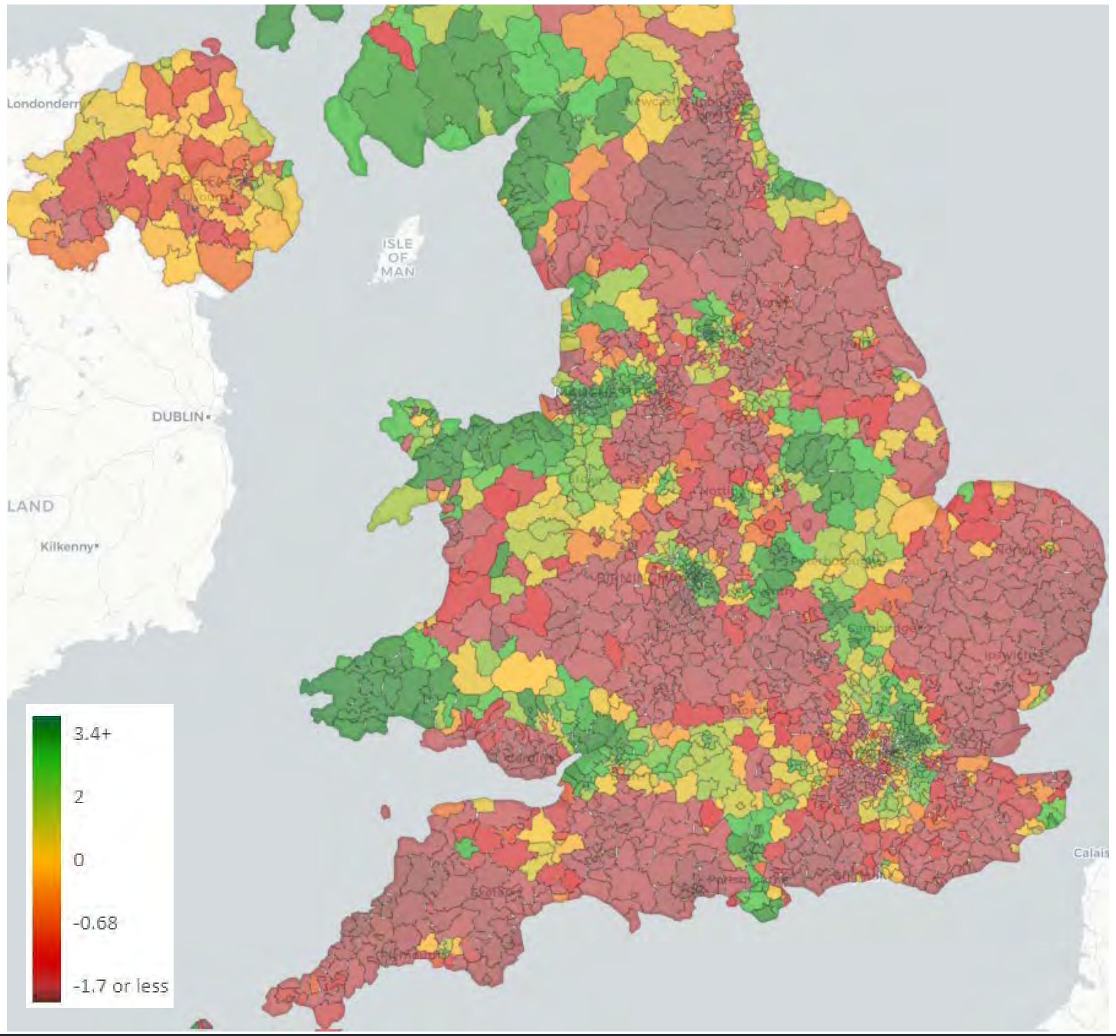
12-month % change in EvaluateLocate Vitality Index

The relatively small changes in economic vitality demonstrate the effectiveness of around £400 billion of government fiscal support which created a 'safety net' for the economy.

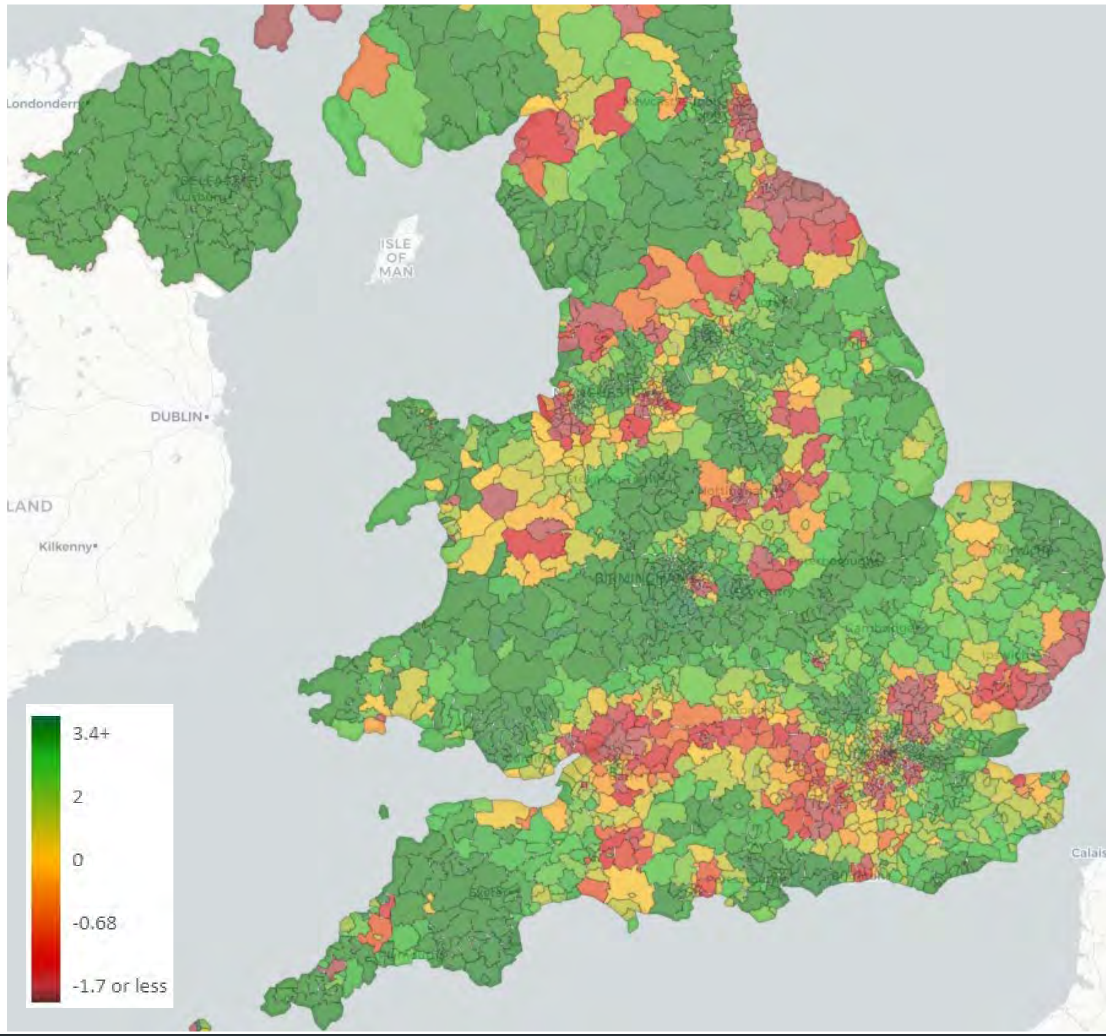
Pre-pandemic
December 2019



Lockdown impact
August 2020



A return to 'normality'
July 2021



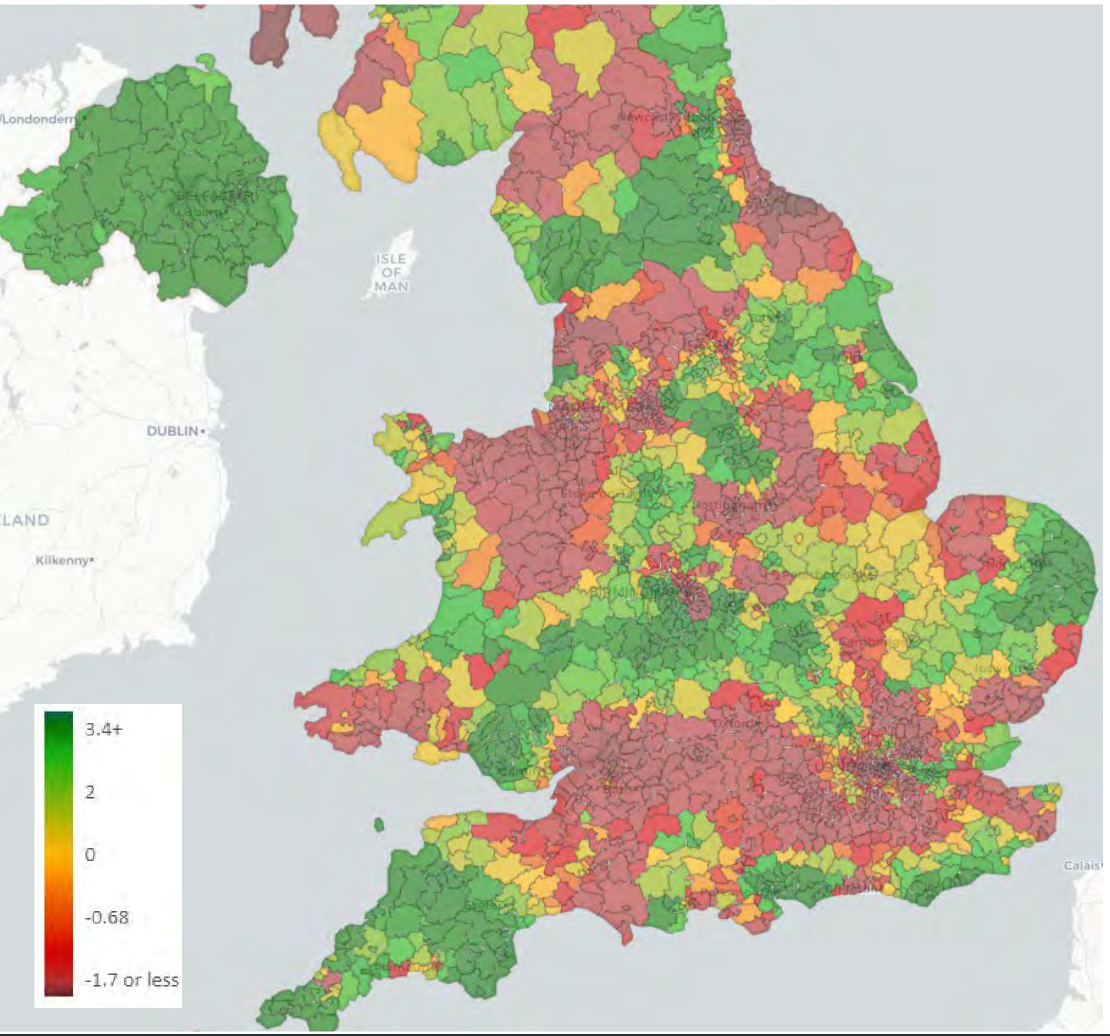
UK economic momentum

The cost of living crisis through to the present

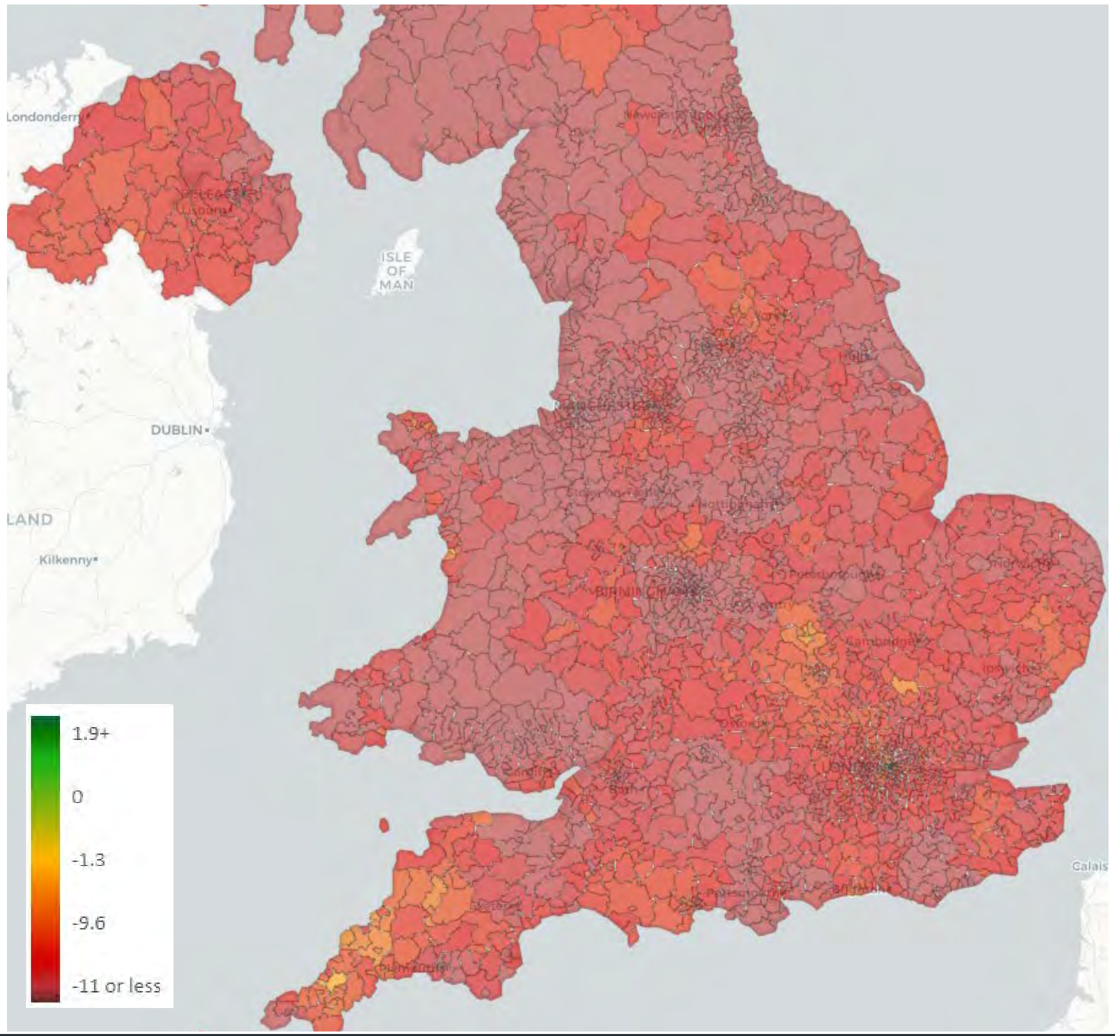
12-month % change in EvaluateLocate Vitality Index

In contrast to the period of pandemic lockdowns, when the UK economy was hit by the escalation of the Russia-Ukraine conflict together with the ensuing cost-of-living crisis, the Government could not provide further fiscal support and the economy was severely impacted by these macro factors and subsequent inflationary pressures. However, the beginning of 2024 is showing a small return to positive economic momentum in some localised areas and these represent signals for the regeneration process.

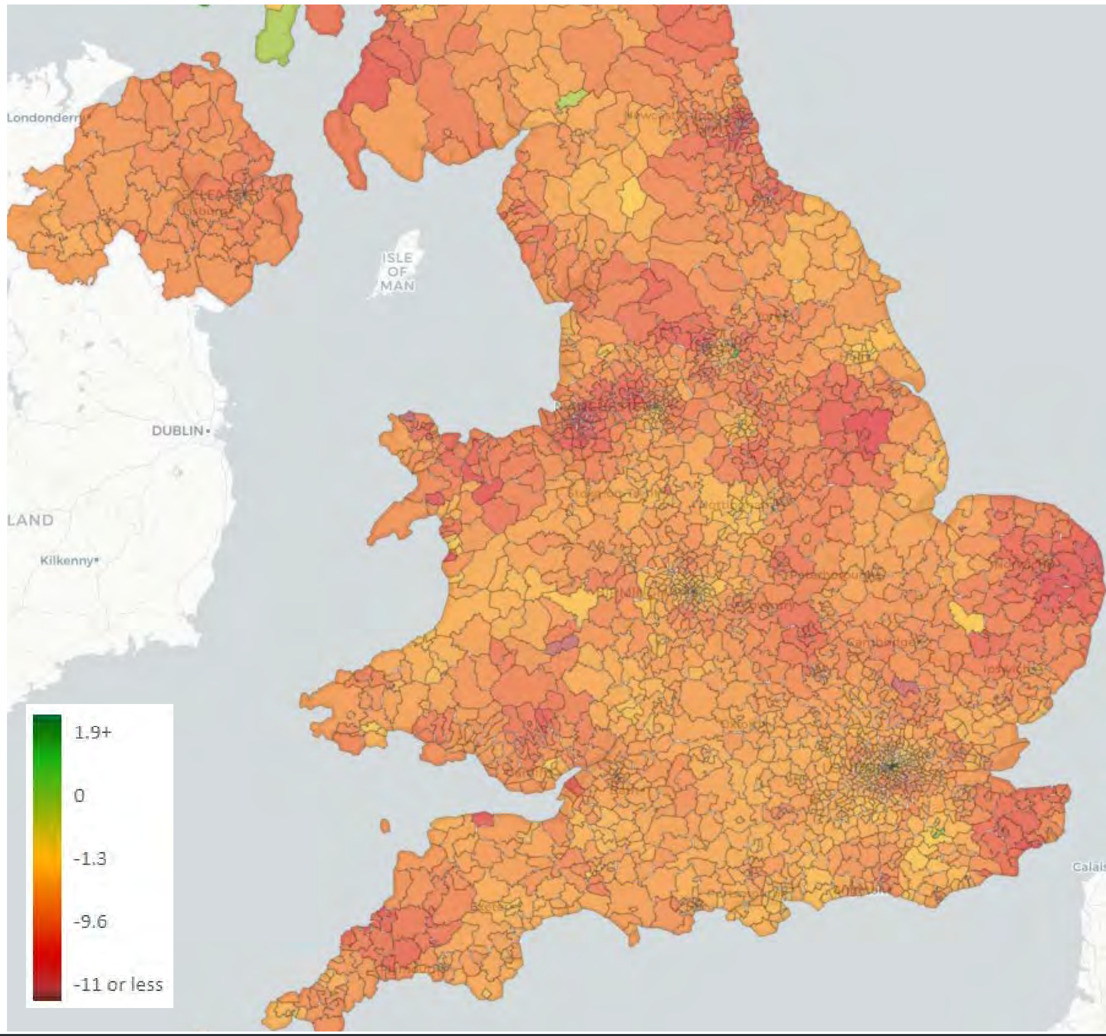
Russia-Ukraine conflict escalation
January 2022



Cost of living crisis / 'Mini budget' aftermath
November 2022



Period of stabilisation
January 2024



Individual places also respond differently to times of economic pressure, such as the COVID pandemic. For example, Manchester's economic vitality 'tends to spook' in times of stress but bounces back quickly. Understanding how different locations respond can help regeneration projects build economic resilience and boost overall vitality.

What happens beyond the red line of regeneration is also important. The Olympic Park in East London is held up as a success, however not everyone is as positive about the impact it had. Some living and working in the neighbouring boroughs have more negative views, potentially because the economic impact didn't travel and levels of deprivation remain high, exposing the gap in inequality.

> **Better engagement and communication will play a role in building bridges between development stakeholders and the public.**

Provocative and damaging language about the property industry in the mainstream media has been cited as having a particularly strong impact, but the industry isn't helping itself either with the frequent use of jargon. Words like 'retrofit' or 'net zero' aren't widely understood and only serve to alienate the public in the face of what should be a positive boost to any scheme.

Instead, the focus needs to be on storytelling about how a scheme will enrich the lives of the community and visitors. Change needs to be linked to real impact. For example, if sustainability strategies and refurbishment lead to lower heating bills, residents can quickly comprehend the benefits to them of sustainable design and construction.

Project partners must build credibility and trust, deliver on promises and acknowledge where things have gone wrong.

The default position when arriving at a public consultation tends to be negative. Could this be avoided by starting the dialogue earlier and being more transparent? Project partners must build credibility and trust, deliver on promises and acknowledge where things have gone wrong.

The loss of green space to build houses has also been a problem, developers need to think about how they can combat the negative perception around these decisions. Identifying the factors that can inspire a positive reaction to a regeneration scheme, such as affordable housing stock or improved local amenities, can offset the impact of the loss of green space.

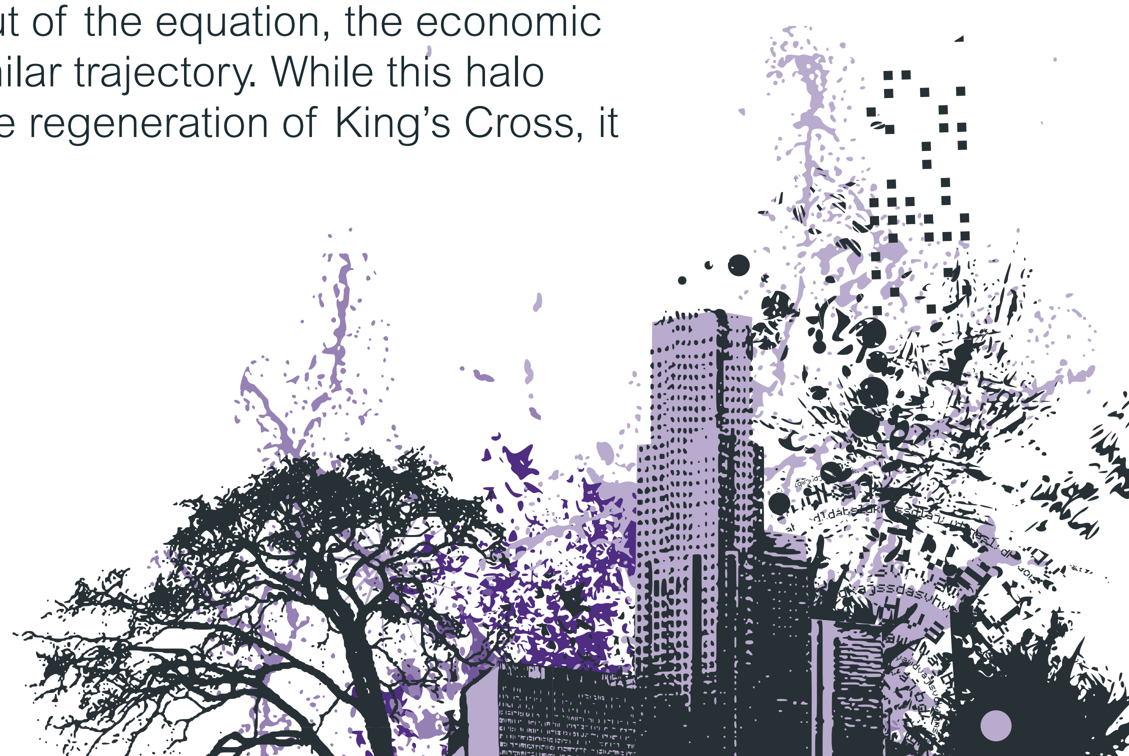
“Meanwhile use” can play a part in this. Activating previously unused parts of a town or city before a wider development completes can help to build a strong footfall through public realm, amenities, and retail spaces – ultimately supporting the profitability of the development in the long run and integrating it with the existing urban fabric.

There is an assumption among current residents that developers are only there to reap financial reward and schemes are designed to benefit only the future residents. However, current residents need to trust the project is for them. Implementing meanwhile uses and activations based on current community needs can demonstrate that they are a part of the future of the place.

Making development stack up financially when real estate values are low and large-scale investment is required, for example, in supporting infrastructure and utilities is an obvious challenge. Density can be a solution, but providing accompanying green space shouldn’t be seen as a ‘nice to have’ – public sector investment is critical to get projects off the ground, and there is often a need for long-term intervention to make these projects viable.

Denying developers support will result in unsatisfactory results which only further damage the perspective of the sector.

It takes bold leadership to be the first to step in, but it can have a big impact in attracting other investment, not just to the regeneration project but to the wider area. The halo effect of regeneration is evident in EvaluateLocate’s data when looking at King’s Cross, for example. It shows that if you take King’s Cross out of the equation, the economic vitality rating of Camden follows a similar trajectory. While this halo effect can’t be entirely attributed to the regeneration of King’s Cross, it is still notable.



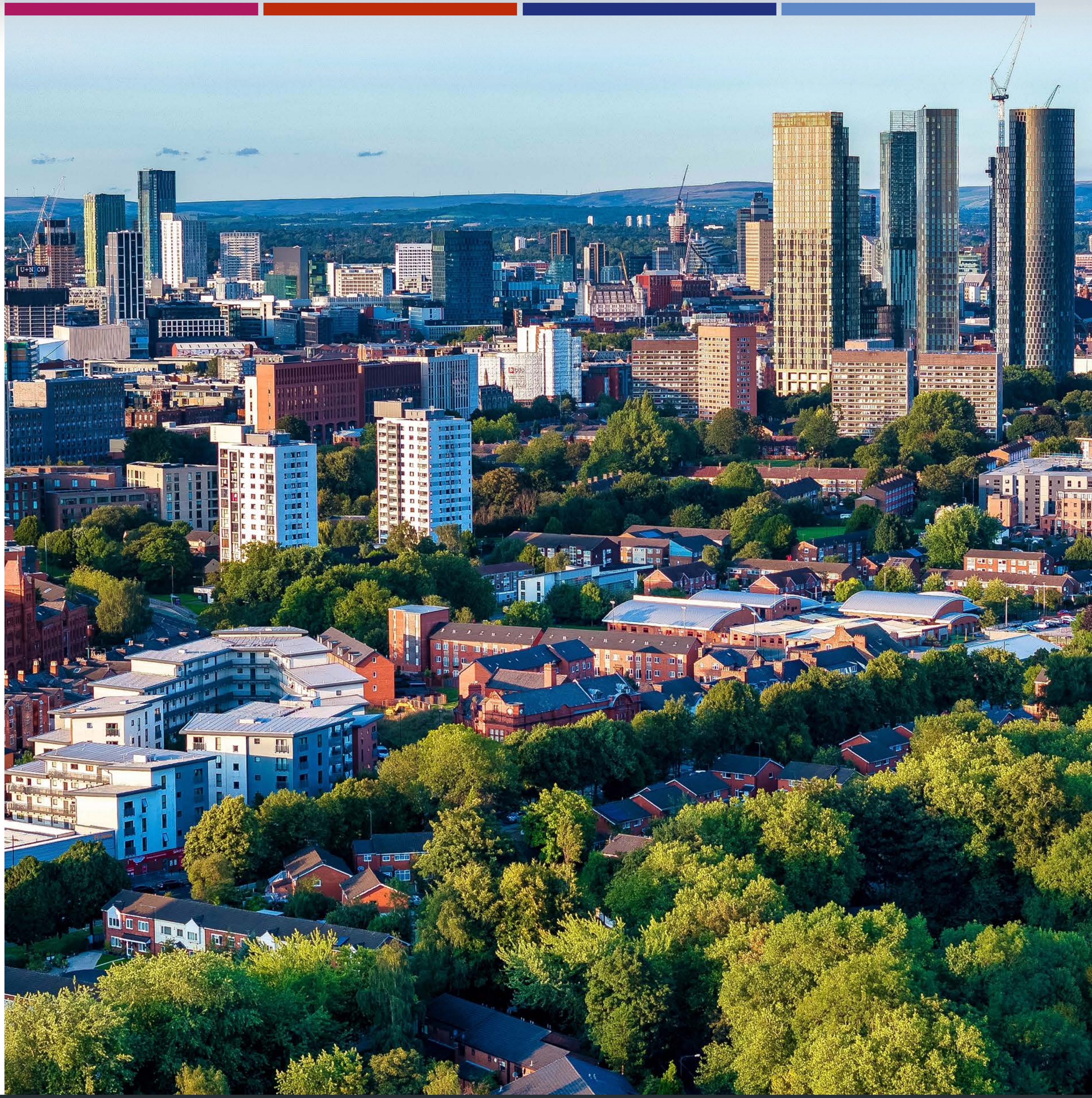
However, the additional and long-term value of regeneration is not always captured, which means it can't be leveraged. Developers which choose to build and manage their schemes often get to see these results, but it takes a significant amount of long-term planning, as well as a compatible business model and funding, to effectively steward these regeneration schemes for generations to come.

Balancing the benefits for new and existing communities (including future generations of those existing communities) was a consistent theme throughout our discussions. It is ultimately what distinguishes a regeneration scheme from a redevelopment scheme.

In Manchester there are examples where poverty persists despite regeneration. In Commonplace's survey data, respondents from regenerated areas such as Salford still showed greater concern with issues like safety, suggesting there is a lingering issue which regeneration schemes haven't yet solved.

Trafford was cited at one of the roundtables as an example of where the regeneration has priced some people out of the area, including one of the roundtable participants. This is a problem for regeneration projects as it can fuel negative perceptions and accusations of gentrification.

Affordable housing is in extremely high demand and plays a significant role in making regeneration equitable. Housing associations want to develop pure social housing schemes to meet needs, but it's not always viable.



How is the value of development better captured to deliver more affordable housing without making the project unviable? Central Government or affiliated bodies such as Homes England could provide this support, but current funding models aren't designed to help developers deliver places, especially at the pace they are needed across the country.

There is also a question of balancing housing need with delivering net zero-ready homes, which are more expensive to build. It's a problem made worse by a lack of consistency in green policy and direction by central Government and insufficient grants to deliver sustainable homes.

Re-use and redevelopment are going to be crucial in delivering net zero. The benefits of living in net zero homes need to be harnessed to build appetite for regeneration.

An emerging challenge is how much of a role local authorities can take when budgets are stretched, and some councils have been immobilised by fiscal difficulties. Long-term stewardship is an important part of regeneration, and discussions at many of the roundtables focused on who takes on that role.

At a national level, the lack of consistency in leadership and public policy presents its own challenges. The decision to scrap the northern leg of HS2, and potentially the connection to Euston in London is the most extreme recent example and ultimately risks damaging investor confidence in large scale projects in the UK.

Many of these factors mean that those wanting to achieve change will need to work harder and find new ways to present the economic case for regeneration.

Strong, consistent leadership is seen as critical to regeneration projects, which can span decades.

In Manchester there was recognition that regeneration would not have happened without the public sector leadership and the risks taken by councils. Neither would it have happened if decisions had been made just for economic reasons.

There are cases where the private sector has taken the lead. In Plymouth, individual entrepreneurs have created a collective to economically and physically regenerate Union Street with activations and public realm improvements building a community of businesses who have bought into the vision. Often these tend to be smaller projects, and large-scale regeneration is challenging to achieve if it's led by the private sector alone.

Regardless of size, regeneration should amount to more than the sum of its parts.

Larger projects have the challenge of taking a long time to build out, create critical mass and a sense of place. Delivering valuable elements of the scheme quickly can play an important role in bringing around public opinion.

Making good use of land or empty buildings waiting to be developed can help engage locals and attract new people to the area. Build-to-rent schemes for example, a growing asset class in the UK, can be a functional catalyst for regeneration as they provide much needed housing, but also ensure the future of the area is prioritised where landlords are invested in the long-term and want tenants to have quality local amenities.

Smaller interventions can also have a ripple effect.

As previously mentioned before, Union Street in Plymouth is an example of grassroots intervention, a collective desire for change that is being used to inform the approach to regeneration in the city more widely.

Making these places add up to more than the sum of their parts is where the power of an effective local plan comes in. Smaller developers can work to maximise smaller sites, but all of their efforts can be magnified if focused by a local authority which understands the town or city wide needs of the population.

This has the added benefit of providing certainty and a mandate from the local community, giving developers the steer they need to build according to the needs and wants of the areas they work in.

7% of people trust local government to make decisions in the best interests of their area.[4]

But there is still the issue of councils facing fiscal challenges, which may make delivering plans and driving regeneration projects far more difficult. Many local authorities are without an up-to-date local plan and successive councils have been forced to issue Section 114 notices because of financial difficulties.

Pressure is mounting on councils to sell off assets and land to raise money. But, without a local plan, there is a risk that strategically valuable sites may be lost, hampering future regeneration plans.

While regeneration often spans political cycles, in this election year, a pause is inevitable, particularly given that housing and planning have become manifesto issues. Similarly, the precarious financial situation of many councils is also a pause for thought and must be addressed by the next Government. Devolved powers and more funding is essential so that councils can remain the long-term stewards of local places and actors for change for their communities.

The good sentiment towards regeneration and the economic benefits that it can deliver is something to be harnessed. It is time to rethink how we communicate and engage with communities about regeneration. We need to leverage data, the sense of place, and the overall positivity of these schemes.

The recommendations from this research project provide a set of next steps for public and private sectors, for local and national government, to enable more fruitful regeneration and a more positive future for the communities most in need. Over the coming months, Trowers & Hamlins will continue this research, gathering industry leaders to enable further collaboration and deliver better regeneration.

4 Grosvenor: Trust in Development report 2019

A collaborative project: About Trowers and our project partners

Rethinking Regeneration has been a collaborative project. Trowers & Hamlins has been working with partners throughout the 18-month campaign to produce data and insight into regeneration in the UK, which has informed roundtable discussions in Manchester, Birmingham, Plymouth and London.

Trowers & Hamlins

Trowers is an international law firm with over 170 partners and more than 1,000 people located across the UK, Middle East and Asia.

During our long history, we have held fast to the values and characteristics – such as service, quality, integrity and innovation – that have made us not only a leading law firm, but an inclusive and exciting place to work and establish a career. Some 240 years on, these attributes remain solidly embedded in our culture and our ways of working.

We are well known for being experts in the sectors our clients work in and getting to the crux of the issues they face. This gives us the best foundations to extend our thinking beyond the day to day delivery of transactional and advisory legal services and provide our clients with fresh thinking and commercially-driven solutions.

Commonplace

Commonplace is an award-winning engagement platform used by local authorities and developers to support local plans, area frameworks, and planning applications.

Alongside engagement, Commonplace has created a unique AI language model which can analyse text responses from the public in real time.

Demographic data collected at the same time allows for detailed breakdowns of how different parts of the population want to see their towns and cities regenerated, ultimately supporting planning applications by garnering insight and support.

EvaluateLocate

EvaluateLocate is a groundbreaking spatial intelligence app that index rates economic momentum and identifies the drivers of a location’s economy.

This analysis encompasses 2,816 UK postcode districts and enables detailed understanding of how regeneration impacts on neighbourhoods, towns, cities and regions.

It does this by tracking the effect of sustained regeneration, investment, development or catalyst events.

Thank you to those who have contributed

Name	Organisation
Carl Potter	Avison Young
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Guy Balmford	Countryside Partnerships
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David Tonks	Cushman & Wakefield
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Rhian Stratton	Great Places
Mark Williams	Heart of London Business Alliance
Stuart Sage	Hive Land & Planning
Alan Evans	Homes England
Matt Walton	InterContinental Hotels Group

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Tamsin Traill	Kajima Europe
Chris Parkes	Lambert Smith Hampton
Mike Hood	LandsecU+I
Rick Lawrence	LCR Property
Vikram Mudhar	LCR Property
Andrew Ferguson	LCR Property
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Pete Gladwell	Legal & General
Selina Mason	Lendlease
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Darren Rodwell	London Borough of Barking and Dagenham
Kitty Eyre	London Borough of Ealing
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Tahreen Shad	Lovell Partnerships
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Ross Fittall	MEPC
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Maggie Grogan	Muse
Hannah Sloggett	Nudge Community Builders
Rupert Young	Nurton Developments
Kevin Beirne	Octopus Real Estate
Max Gregory	One Housing

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Kuli Bajwa	Pareto Projects
David Clifton	Placefirst
Yuved Bheenick	Places for People Group
Rob Main	Platform Housing Group
Nigel Godefroy	Plymouth City Centre Company
David Parkes	Plymouth City Council
Andrew Lawrie	Plymouth Community Homes
Kim Downer	Plymouth Waterfront Partnership
Jessica Middleton-Pugh	React News
Matt Little	Real Ideas Organisation
Harry Dhaliwal	Step Places
Paul Richards	Stockport Council
Liam Montgomery	TDA
Tim Atkins	TJP Consulting
Alyson Heald	Trafford Housing Trust
Jackie Sadek	Urban Strategy
Miranda Hammond	Vengrove
Joe Arthur	Wates
Baerbel Schuett	Wates
Cathy Palmer	Wirral Council
Helen Edwards	WMCA
Wayne Langford	WMCA
Victoria Burrows	World Green Building Council

Rethinking Regeneration

Greater London

Greater London

Rebecca Wardle
Partner

The roundtable in London brought together leaders from the public and private sectors, including London boroughs, developers and investors active in the region.

Data from Commonplace and EvaluateLocate demonstrates how regeneration works differently in the capital. Key schemes, such as King's Cross, have long been held up as examples of successful regeneration, and the data shows why: the economic vitality of the wider area has directly benefitted from the development. A comparison with other major schemes, such as the Olympic Park, shows where there are opportunities for more radical change, with the regeneration of the Park itself delivering fewer benefits to the communities living just beyond the red line of development.

What we have seen is that good regeneration supports long term economic resilience; mature schemes bounce back from periods of economic stress faster. EvaluateLocate's data shows that a mature scheme like King's Cross is resilient in times of crisis, and significantly, has an impact beyond the red line that supports the economic vitality of the wider Camden area.

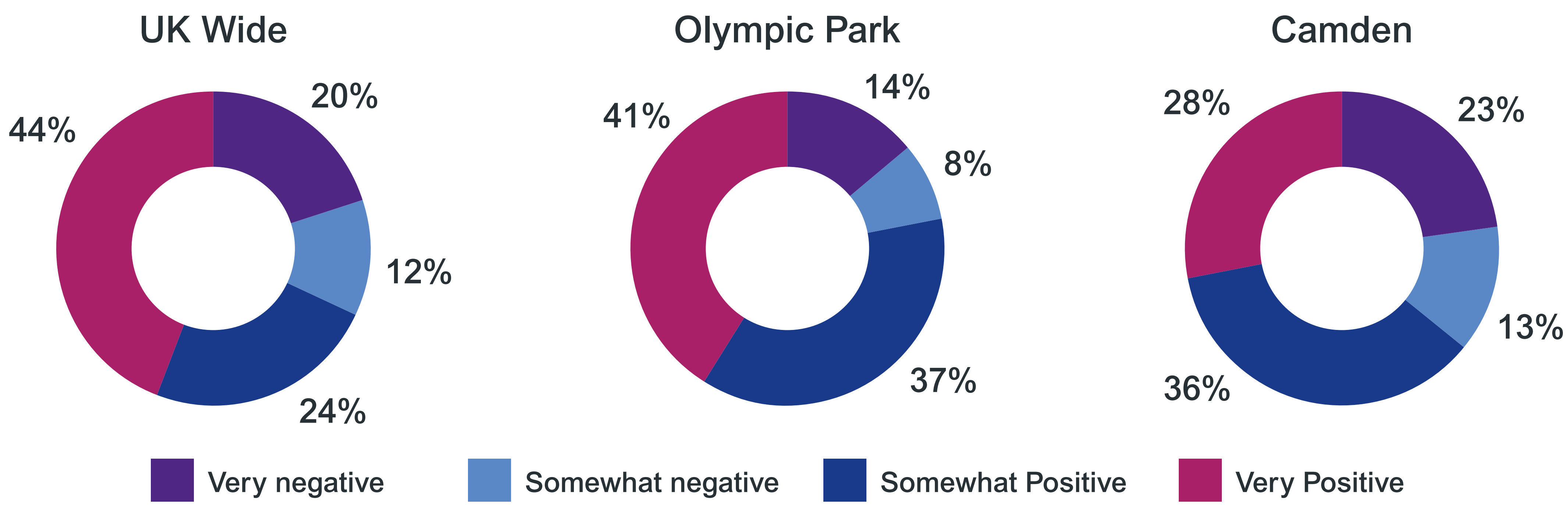
Data from Commonplace showed that 16% of planning applications are turned down, sparking interesting discussions around the importance of planning reform. Sensible changes, and compromise which takes into account the viability of difficult schemes, could allow developers to deliver the much-needed affordable housing that London needs – and change the perception that there are certain boroughs not worth investing in.

Key take-aways from the London roundtable discussion with local stakeholders:

- Regeneration is linked to renewal, revitalisation, and bringing back to life what's there, but not to the exclusion of the people there now.
- How can we push beyond the comfort zone to those places that need it the most?
- Local authorities lack the capacity to take a lead, contribute financially or de-risk schemes and that's not going to change in the immediate-term.
- The industry needs to get together and develop proposals to take to Government rather than waiting for policies to appear.

Perception of regeneration across London

Data from Commonplace shows that the perception of regeneration typically tracks lower across London than the average of the rest of the UK.



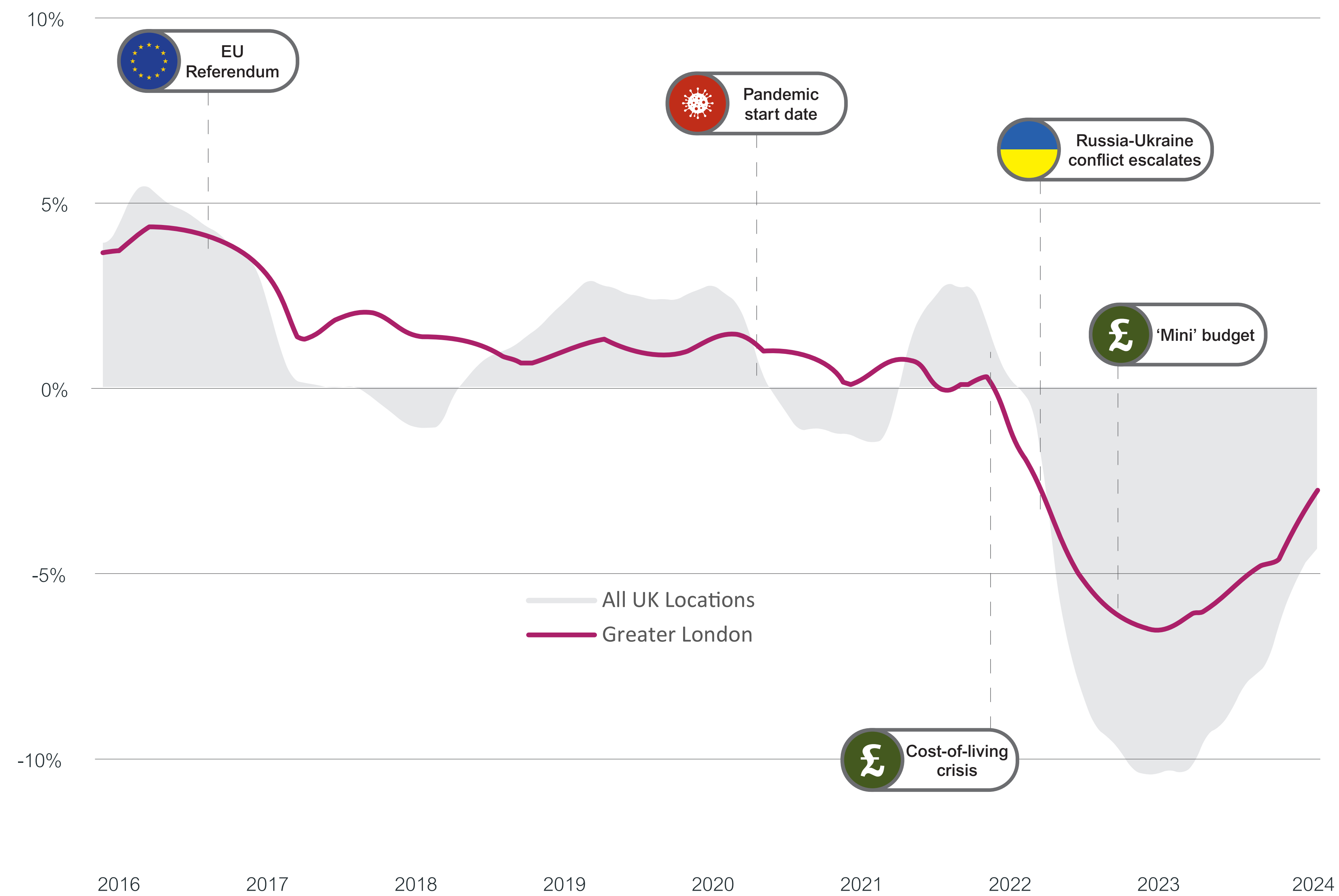
Economic Vitality: London vs all UK locations

London is less volatile than the average UK location in good times and bad.

Shorn of its tourist visitors and many of its commuters, it was slower to recover after the pandemic.

However, since the onset of the cost-of-living crisis, its vitality performance in comparison to the UK as a whole has been markedly better.

12-month % change in EvaluateLocate Vitality Index 2016-2024

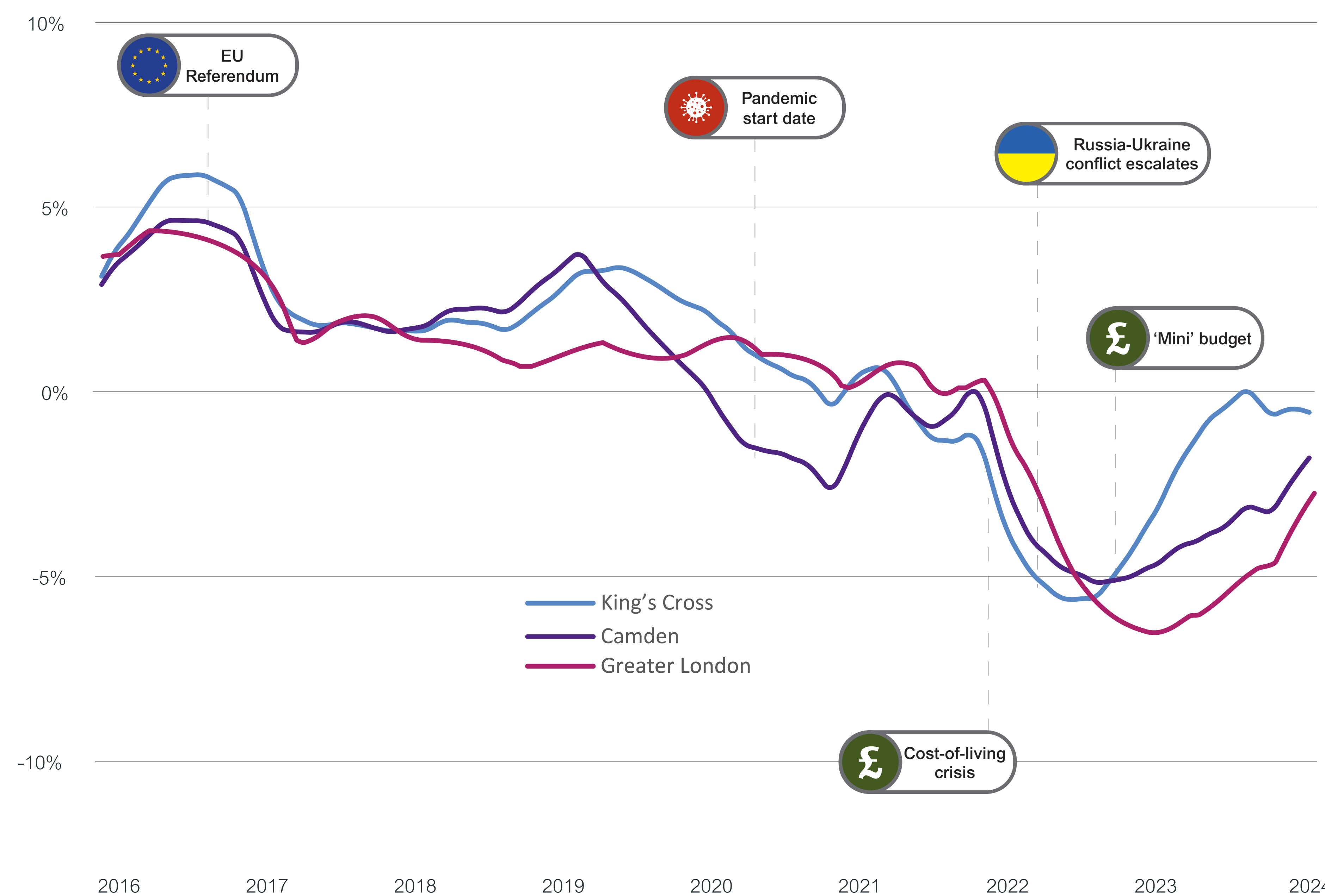


Deep dive: King's Cross and Camden

Successful regeneration is judged on how it can create social and economic benefit beyond a project's red line. This is illustrated by the halo effect at King's Cross and Camden.

As the King's Cross project has matured, it has enhanced economic vitality in the wider area. As a consequence, vitality movements at King's Cross and Camden are increasingly now more in step.

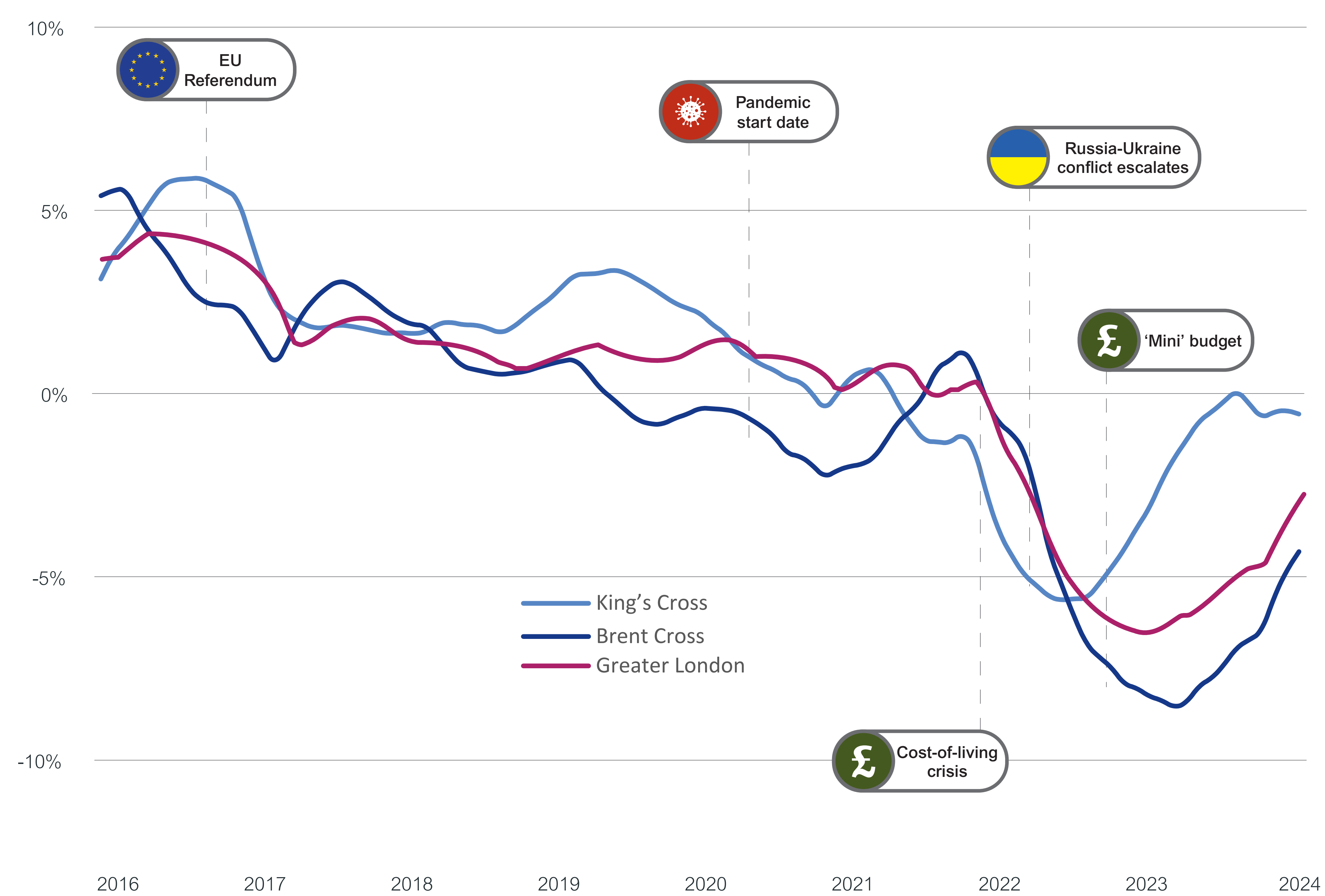
12-month % change in EvaluateLocate Vitality Index 2016-2024



Deep dive: King's Cross and Brent Cross

Monitoring regeneration projects which are geographically close provides a benchmark especially when – as in this case – one project is reaching maturity and the other is just commencing.

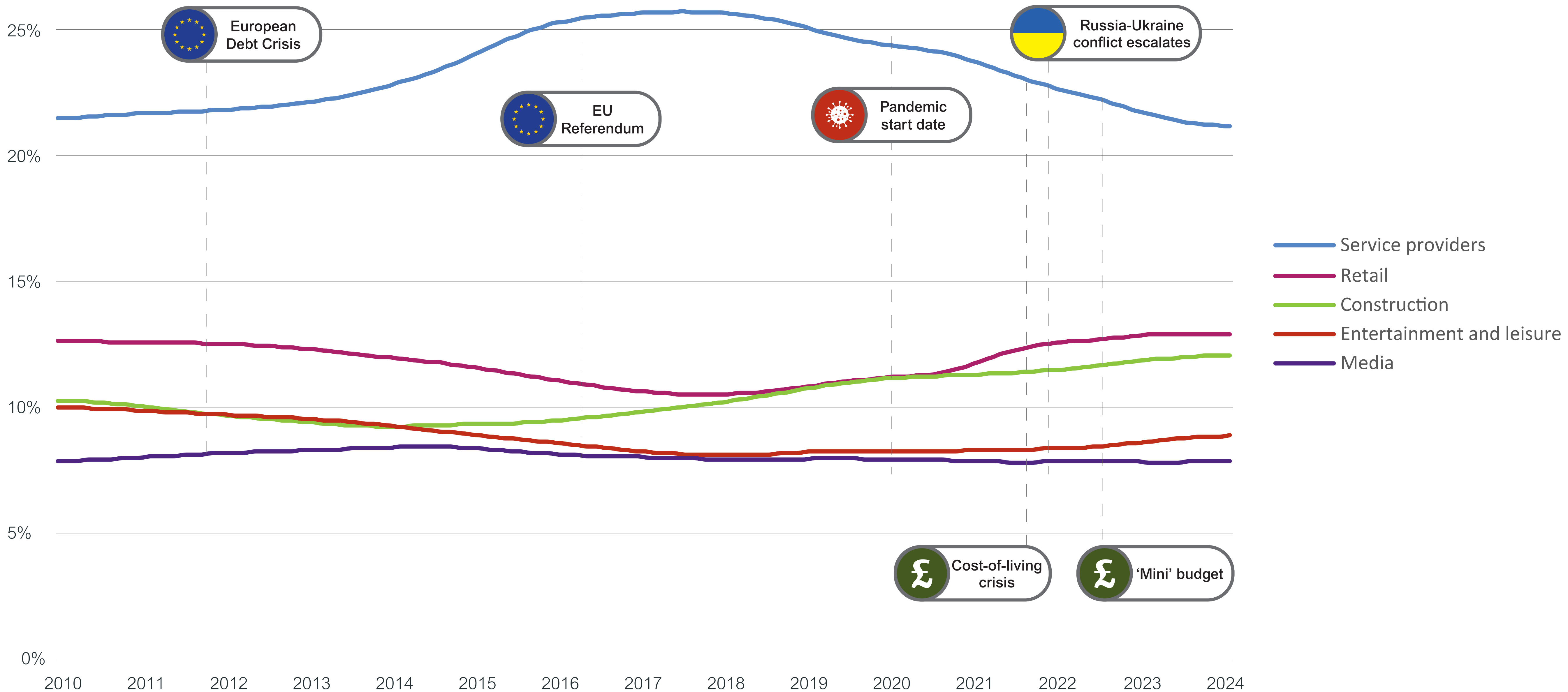
12-month % change in EvaluateLocate Vitality Index 2016-2024



London economic business drivers

The Retail and Entertainment and leisure sectors have seen some positive growth as we have moved away from the constraints of the pandemic while the Services sector has come down from its 2017 high.

Top five sectors by proportion of total active businesses



Rethinking Regeneration

Manchester and North West

Manchester and North West

Suzanne Benson
Partner, Head of Real Estate

Manchester is notable for having had consistent political leadership, with long serving incumbents in the local authority looking to facilitate investment and development and grow a resilient city. The data shows that this has supported Manchester as a whole in the long run, bouncing back quicker than the rest of the UK after periods of economic distress and outperforming the national average in prosperous periods. This strong local leadership clearly resonated during the roundtable discussion in the city, with the importance of long-term political stability established as a key enabler for regeneration schemes which may take years to come to fruition and many more before they begin to have their real positive impact.

Regeneration – place-specific development which serves the existing community – became challenging when combined with the need to increase density of housing and employment. Despite this being essential in supporting a growing city, we are challenged by the questions of who has the right to live in a place, and how developers can balance the needs of this existing local community with the urgent need for new homes. The importance of communication and trust was therefore a key theme discussed in Manchester – how can we ensure that regeneration schemes are transparent?

The power of local leadership – by private companies, local authorities, and indeed individuals – therefore becomes ever more important. Not only in channelling their vision and funding to create great places, but bringing the community along with them and helping them visualise the positive, long term benefits of regeneration.

But the most important issue remains – funding. Manchester has gone to great lengths to establish itself on the international stage, but still trails behind London in terms of global and inward investment. Without the global standing – and with it the investment – of London, many found that making long term regeneration stack up financially, especially when trying to support affordable or social housing, was a difficult prospect. New models of public private partnerships or government funding are needed to help valuable regeneration projects get off the ground.

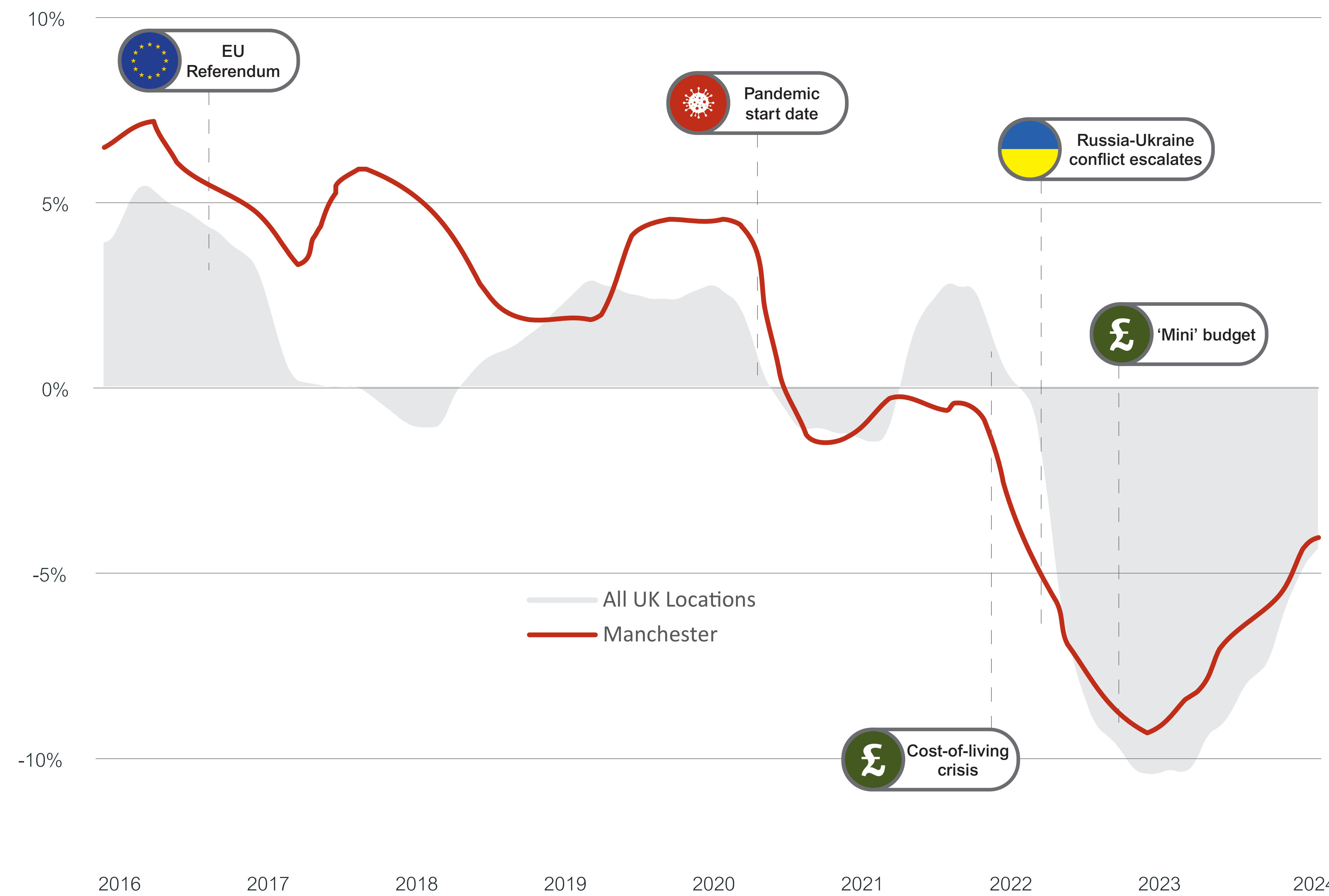
Key take-aways from the Manchester roundtable discussion with local stakeholders:

- The importance of vision and long-term partners, the strength of which can work through political instability.
- The power of passionate individuals to believe in the potential of an area and to see the scheme through.
- The importance of balancing the needs of existing communities (including education and employment) alongside new residents, as well as attracting and serving the needs of visitors.
- The challenge of retaining local communities and attracting future generations.
- How to make long term regeneration stack up, as the model often doesn’t permit enough risk to be taken.

Economic Vitality: Manchester vs all UK locations

Manchester reacts quickly to economic stress but is equally quick to recover when the outlook is more positive. This is reflected in the marked peaks and troughs of its EvaluteLocate Vitality Index rating over time and distinguishes it from many other major UK cities.

12-month % change in EvaluateLocate Vitality Index 2016-2024



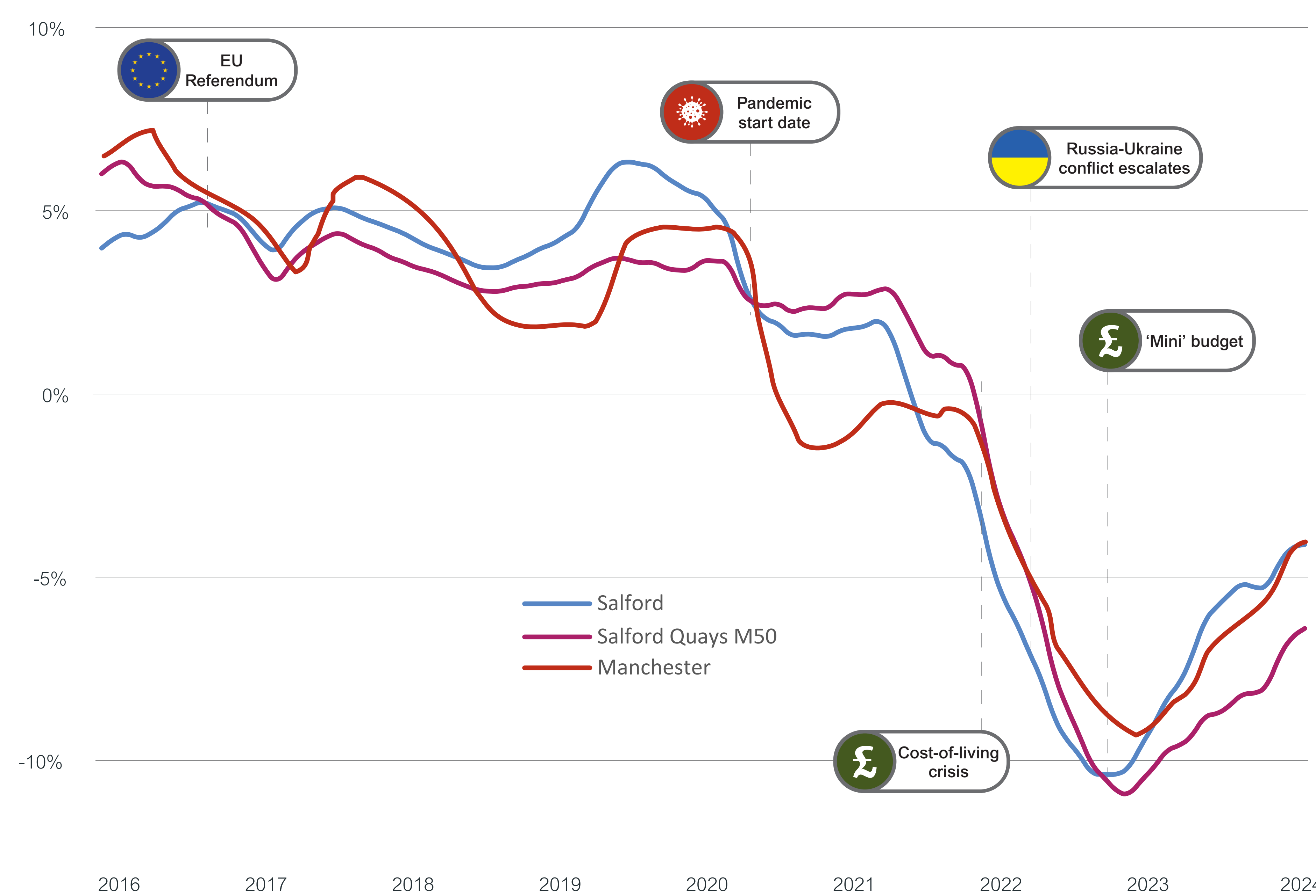
Deep dive: Salford and Salford Quays

Salford Quays is one of the most significant regeneration schemes in Greater Manchester, and is an informative case study.

The comparison with the wider area illustrates how regeneration can drive economic stability.

Regeneration at Salford Quays has benefitted Salford as a whole, but its economy remains less broad-based. However, it fared comparatively well through successive lockdowns compared to Manchester's city centre.

12-month % change in EvaluateLocate Vitality Index 2016-2024

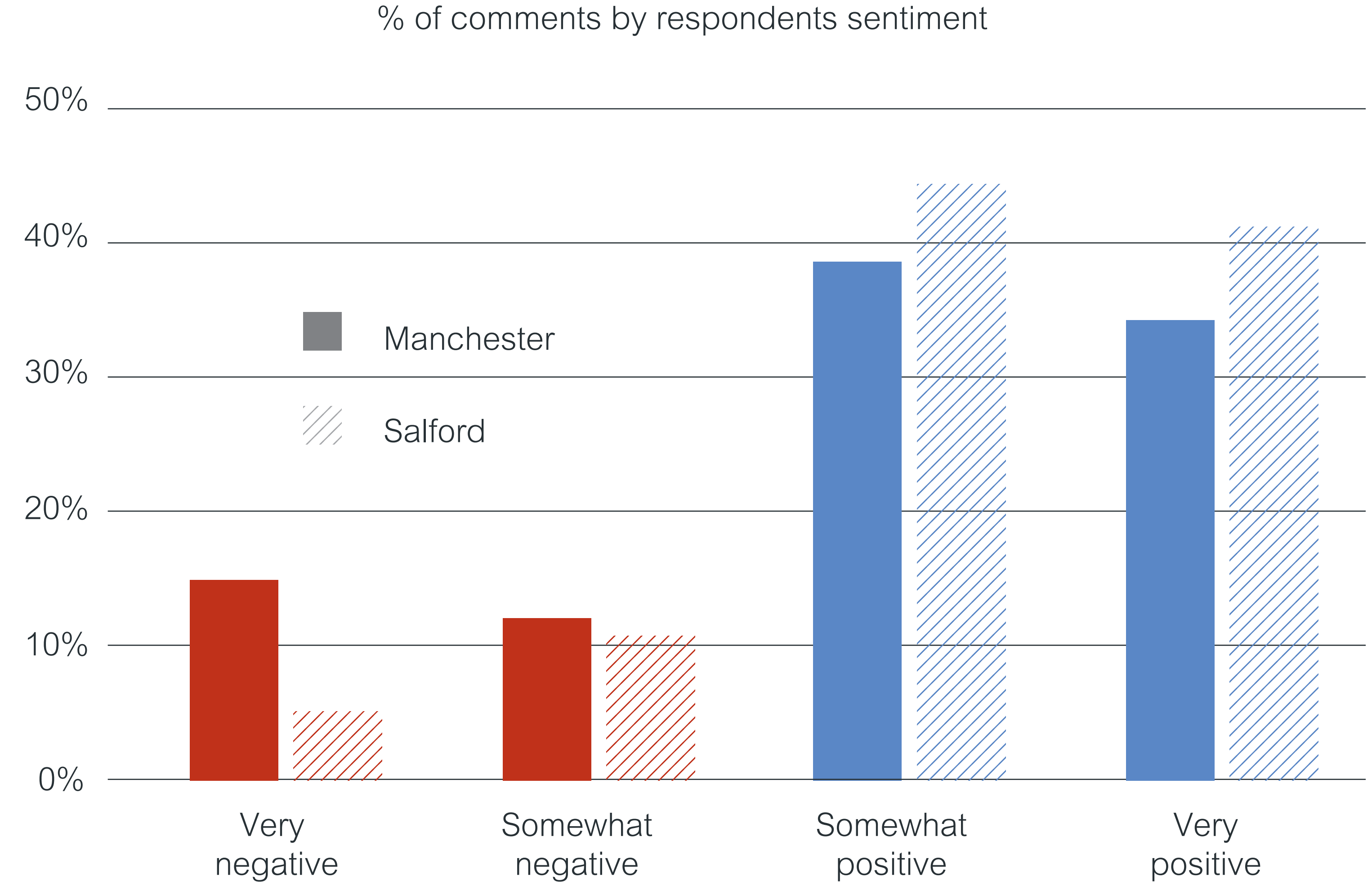


A closer look at Salford

Compared to Manchester, Salford respondents are more likely to be positive about investments in facilities and the physical environment, but they are also more concerned about some social aspects of the local community.

Overall sentiment around regeneration is more positive in Salford vs the rest of Manchester with **85% vs 73%** of respondents feeling at least somewhat or very positive, a sign that residents see the potential in the transformation of the area.

Salford respondents are **2.5 times** more likely to mention topics of 'anti-social behaviour' and **4 times** more likely to mention 'litter and bins' than those in the rest of similar projects in the Manchester area*.



*Data provided by Commonplace

What matters to Salford residents

Salford residents are happy about further investment in facilities and the physical environment.

Local business / shopping / retail

88% comments positive vs **62%** for Manchester

Green spaces / trees / parks

91% comments positive vs **78%** for Manchester

Exercise / leisure / sport / gym

Topic **6x** times more likely to be mentioned than in Manchester

However, there are still challenges with the social environment, that take longer to be addressed.

Residents / local community / neighbourhood

Salford respondents are **2.6x** more likely to mention concerns compared to Manchester respondents

Anti-social behaviour

2x more likely to be concerned compared to Manchester

Rubbish / litter / bins

3x more likely to be concerned compared to Manchester

Building positivity must be matched with long-term solutions

Excitement about regeneration

> The idea of artisan shops and bars sounds great.

> This sounds like a great approach. For the live / working and leisure zones in particular, I think the plan needs to focus on development and initiatives that promote economic activity all day and in the evening.

> The suggestion of a 'place to play' sounds great for attracting young families.

Long-term problems

> In principle this is a good idea. In recent years the large influx of youths engaging in anti-social behaviour on the bridges and quays have made life unpleasant for residents. Moving leisure activities away from residential areas could help this.

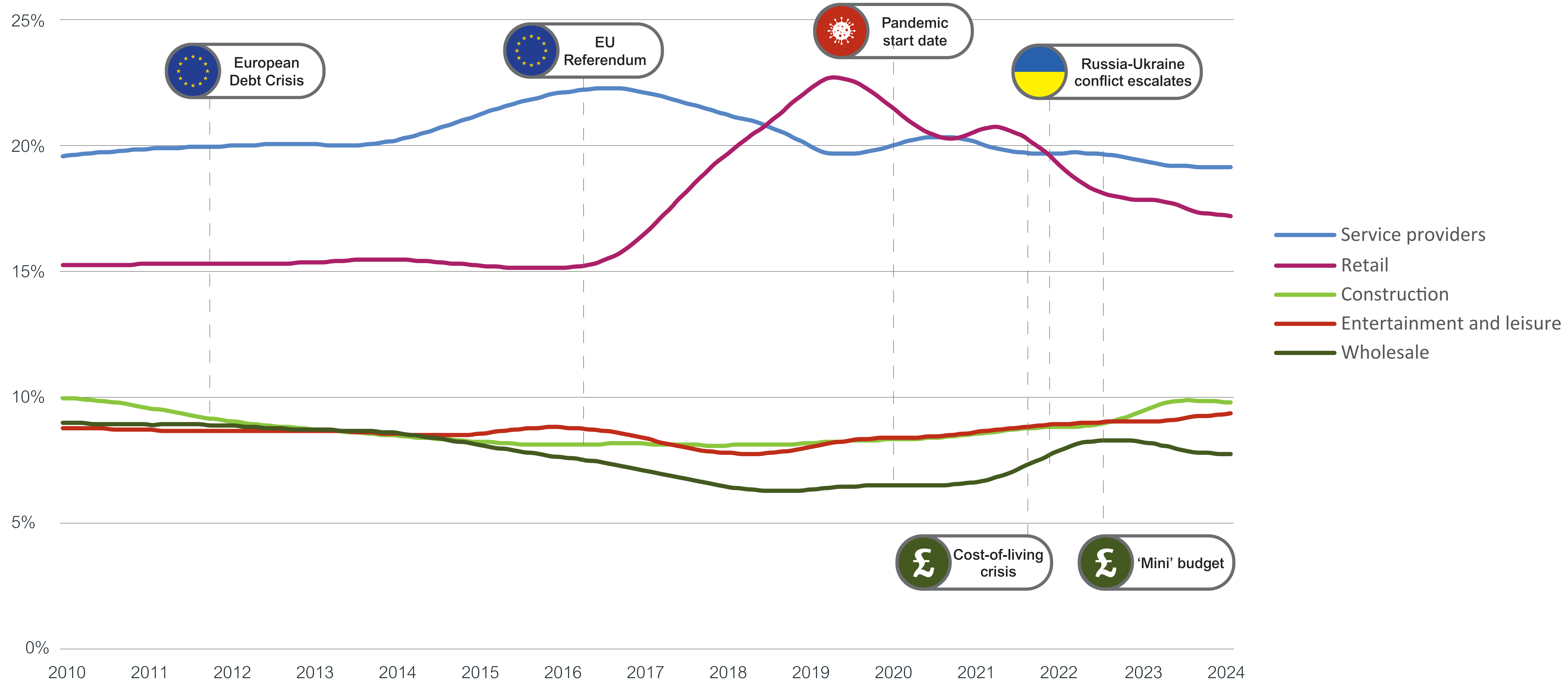
> More regular policing, more waste bins and recycling especially by the sports centre so people can pick up the litter and dispose of it in the correct bins.

> I am positive about the proposals but the main issue is on nice sunny days anti-social behaviour around the quays is rife.

Manchester economic business drivers 2010-2024

Active businesses across Manchester's retail sector have steadily tracked down since the pandemic while the proportion of active construction businesses has seen a modest upturn – perhaps hinting at renewed development activity.

Top five sectors by proportion of total active businesses



Rethinking Regeneration
Plymouth and South West

Plymouth and South West

Georgina Savill-James
Partner

The importance of collaboration was more prominent in Plymouth than anywhere else, where the typical channels that exist in larger cities to share knowledge and expertise are not as well established. Plymouth is also the furthest from London by public transport out of the three regional cities featured, a contributing factor alongside land values and wider economic prosperity which impacts the economic vitality data for the region, which could even be considered economic neighbours to more deprived areas in the north of England.

The significance of regeneration in building economic resilience is more important than ever. Plymouth is currently in the process of developing a new local plan, which Commonplace has been supporting through public consultation. A new local plan promises to offer a fresh start for the city, which was previously regenerated after significant destruction during the Second World War. This earlier phase of regeneration has been criticised, but a new local plan could focus efforts to reposition Plymouth as ‘Britain’s Ocean City’, combining the prospect of tourism with income from the heavy port.

The importance of leadership from the local authority was a key point discussed in the roundtable, and a new local plan will help coordinate a new vision. A bold proposal for Plymouth has the capacity to bring developers on board through public private partnerships and kickstart a city-wide programme of regeneration. Although smaller scale schemes – such as the positive activity being undertaken by developers at Union Street – are having an impact, regeneration on a small scale needs to be bolstered by larger developments.

Key take-aways from the Plymouth roundtable discussion with local stakeholders:

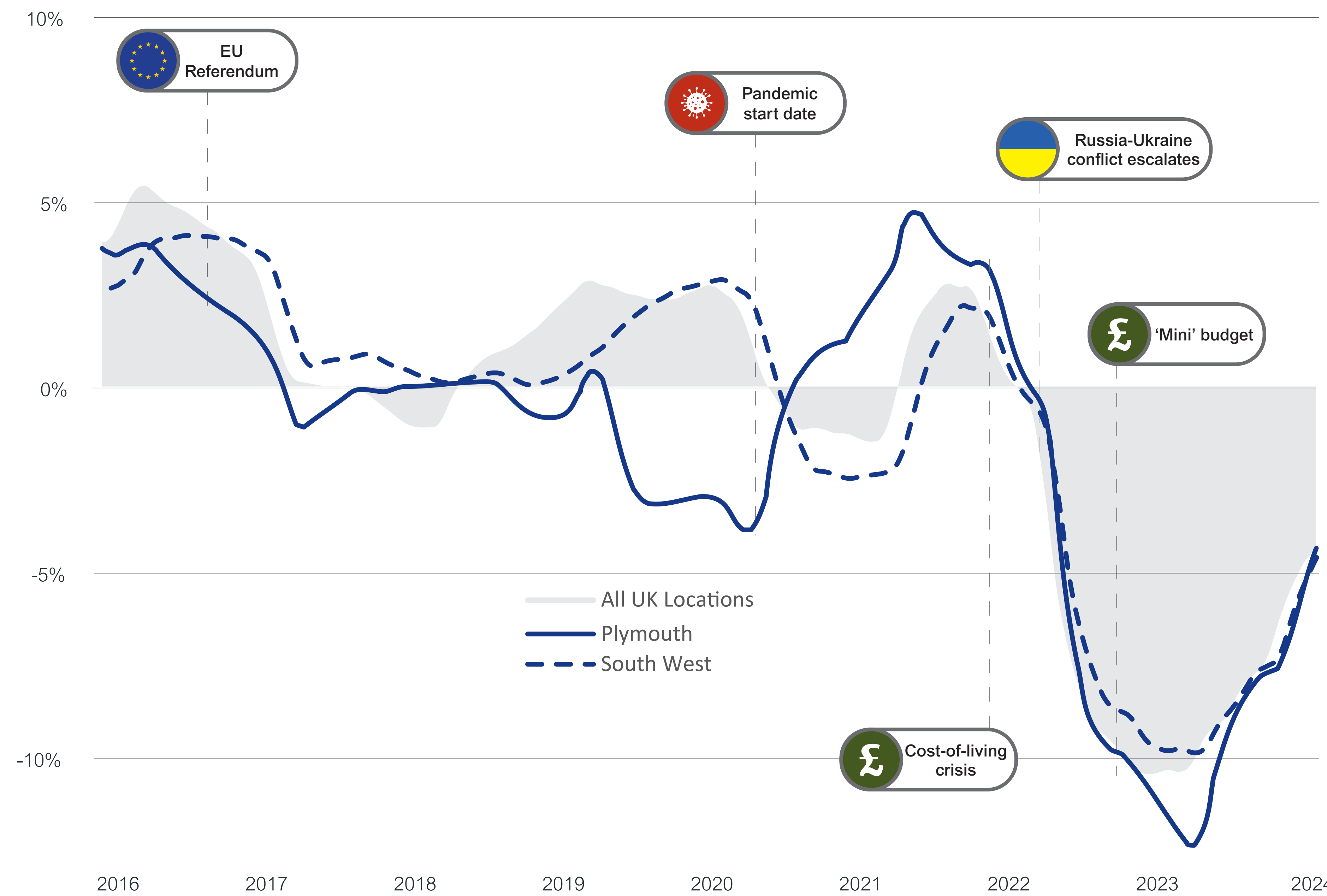
- Bold leadership and approaches to regeneration are needed to drive change.
- Balancing sustainability and profit, and taking a long-term view can support this agenda.
- Local authorities and Homes England should act as enablers through legislation and funding.
- Local plans can be used to engage the community in the regeneration around them.

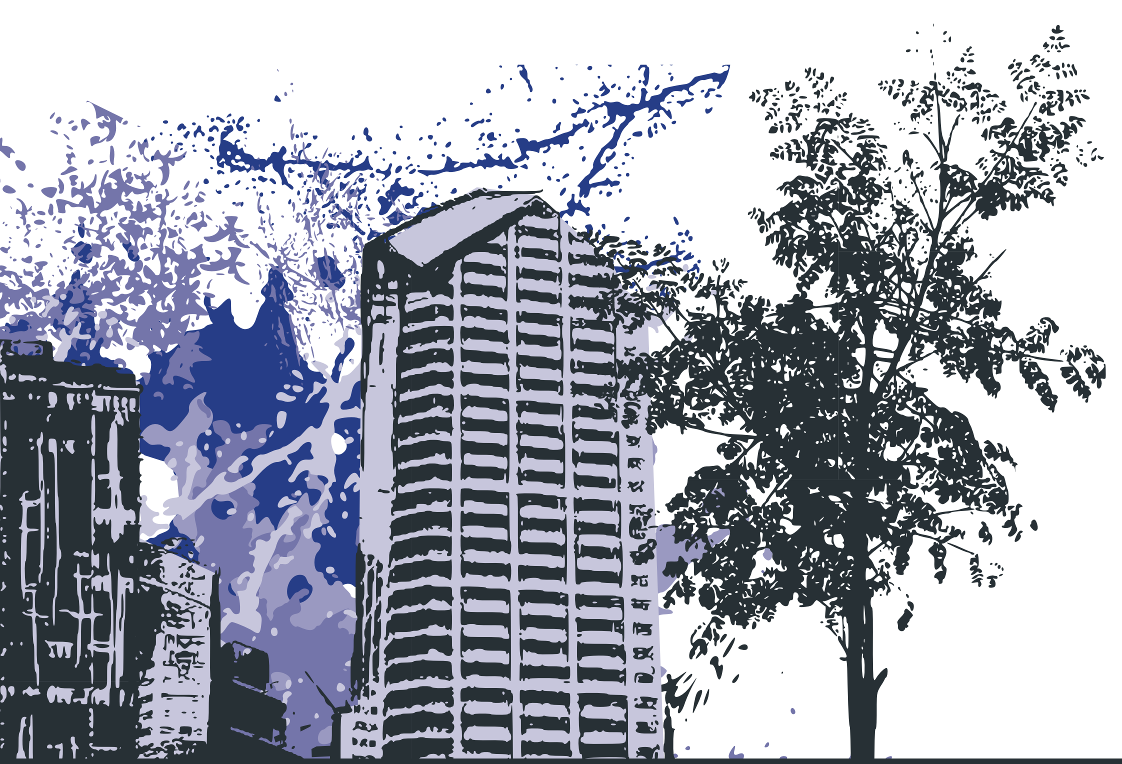
Economic Vitality: Plymouth and South West vs all UK locations

Plymouth's economic vitality has historically lagged behind the South West as a whole. However, the city clearly benefitted from the fiscal support that was given during the pandemic – and this is arguably what it needed to start addressing its systemic economic challenges.

While the South West proportionately suffered more during the pandemic, Plymouth's economy and that of the region in which it sits are now more in step.

12-month % change in EvaluateLocate Vitality Index 2016-2024

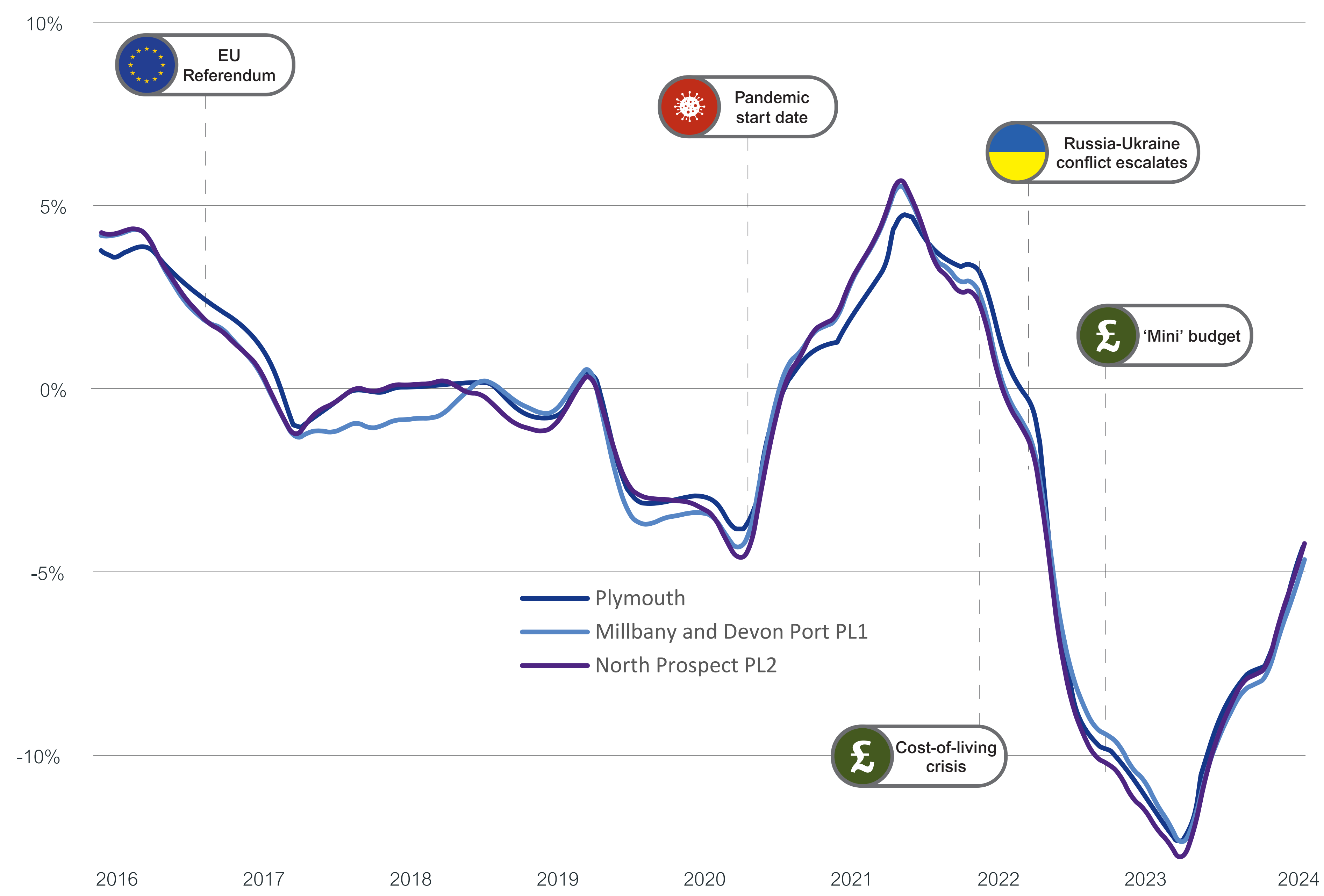




Deep dive: Plymouth regeneration projects

Plymouth projects such as North Prospect, Millbay and Devon Port can generate new economic vitality but alone cannot ‘move the needle’ when a location needs more comprehensive and holistic initiatives.

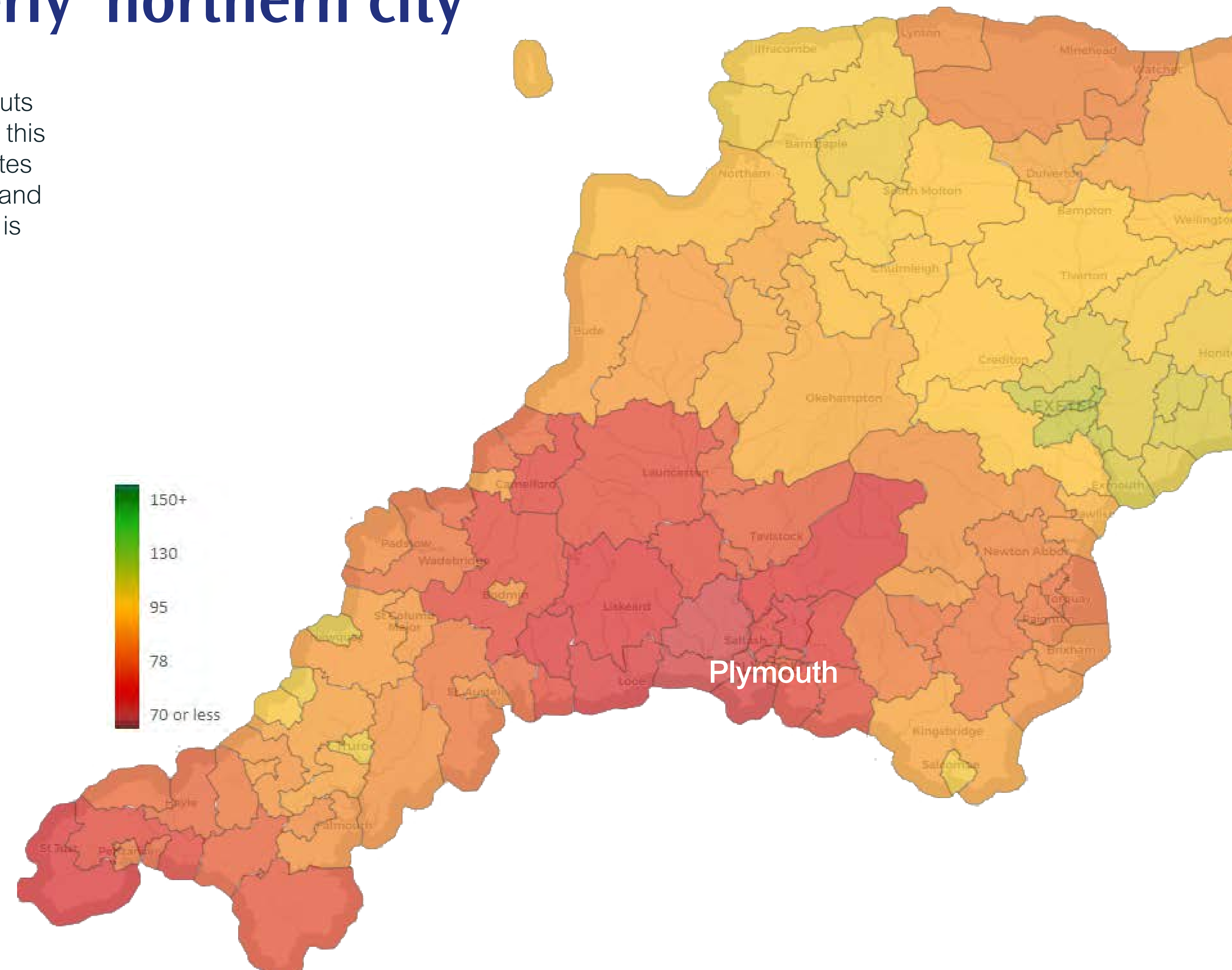
12-month % change in EvaluateLocate Vitality Index 2016-2024



Plymouth: the most southerly 'northern city'

Interestingly, Plymouth's Environmental Vulnerability Index rating puts it in a band with a group of mostly northern towns. Its presence in this band along with its south east counterpart, Ramsgate, demonstrates that UK regeneration is not defined solely by a north-south divide and that economic deprivation is more widespread and localised than is often appreciated.

Location	EVI Jan-2024
Chorley	79.9
Blackpool	79.7
Ramsgate	79.7
Plymouth	**79.5**
Darlington	79.3
Wirral	78.9
Rochdale	78.7
Oldham	78.5



The importance of a local plan

Government legislation requires that every local authority has a local plan setting out development priorities and policy. These plans are supposed to be reviewed every five years to assess whether they need to be updated. As such the local plan sets out the policy framework under which every planning application is assessed.

This is therefore a hugely important document for all residents, businesses and organisations for three key reasons:

- The likelihood of a developer achieving planning permission for a site is hugely enhanced if it is included in the local plan;
- The potential for communities to influence local development is, in theory, much greater at the local plan stage than at individual planning application stage; and
- It should provide a commonly understood vision for the development of the place, which offers consistency and stability for government, residents, business and organisation alike.

Effective community engagement in development of the local plan is therefore paramount. The challenges are often that communities don't understand the opportunity, and the process itself is technical, complex and opaque. However, this need not be the case, and many local planning authorities that have worked with Commonplace (including Plymouth) have found that participation in the engagement process can be enhanced with digital tools that reach more broadly, allow a continuous involvement in the process, and open up the plan to everyone via easily accessible mobile-first tools.

The success of engaging the community in a local plan is also directly proportional to the amount of local engagement that has happened since the previous local plan. If a community is already in an engagement 'habit' because the local planning authority and developers have been actively and continuously engaging with them, then it will be much easier to engage them during the local plan process. Conversely if there has been little engagement, the local plan process will need to warm up a 'cold' community which will see a smaller and less representative response.

Commonplace supported the early stages of mapping sentiment in Plymouth to help produce a local plan.

The project generated:

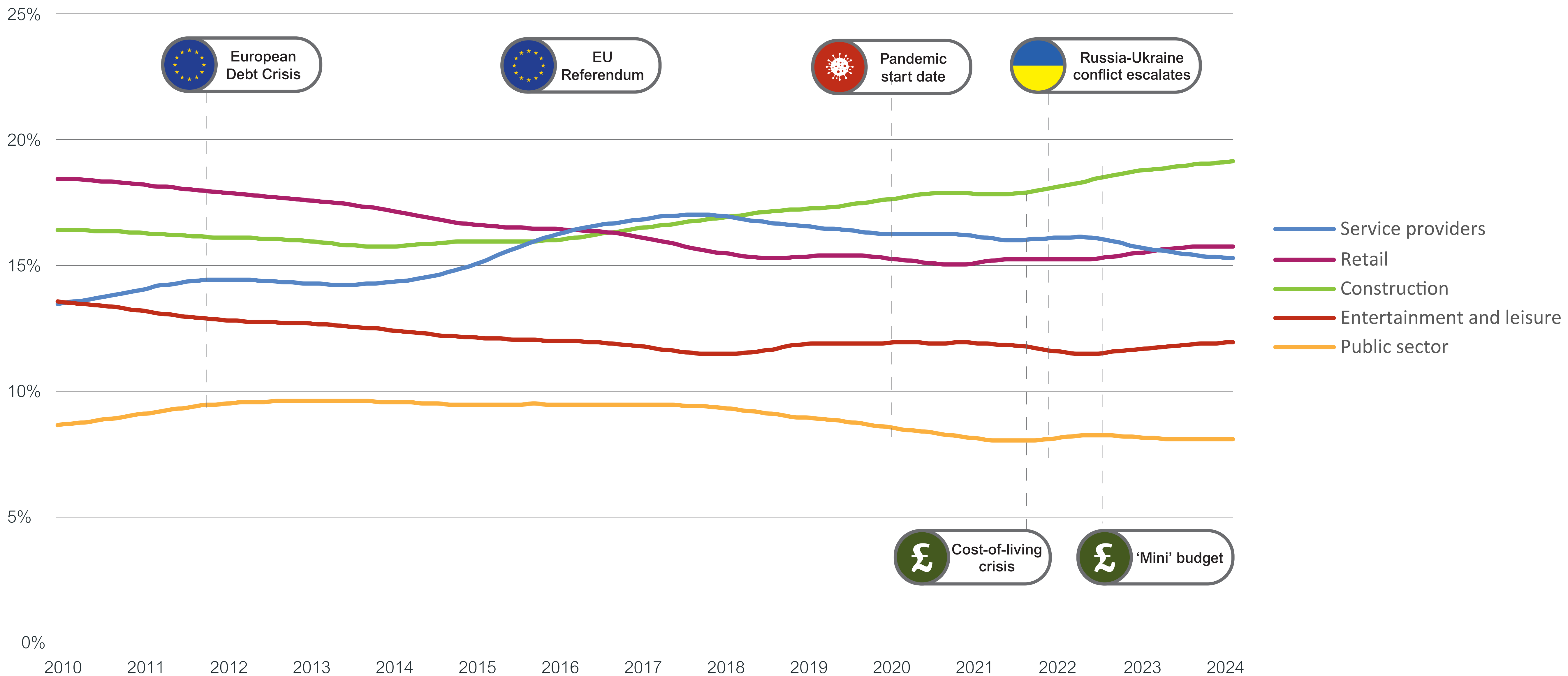
- 8,300 visitors
- 1,500 respondents
- 2,000 contributions

The local plan was adopted in 2019 and now informs development across Plymouth and South West Devon.

Plymouth economic business drivers 2010-2024

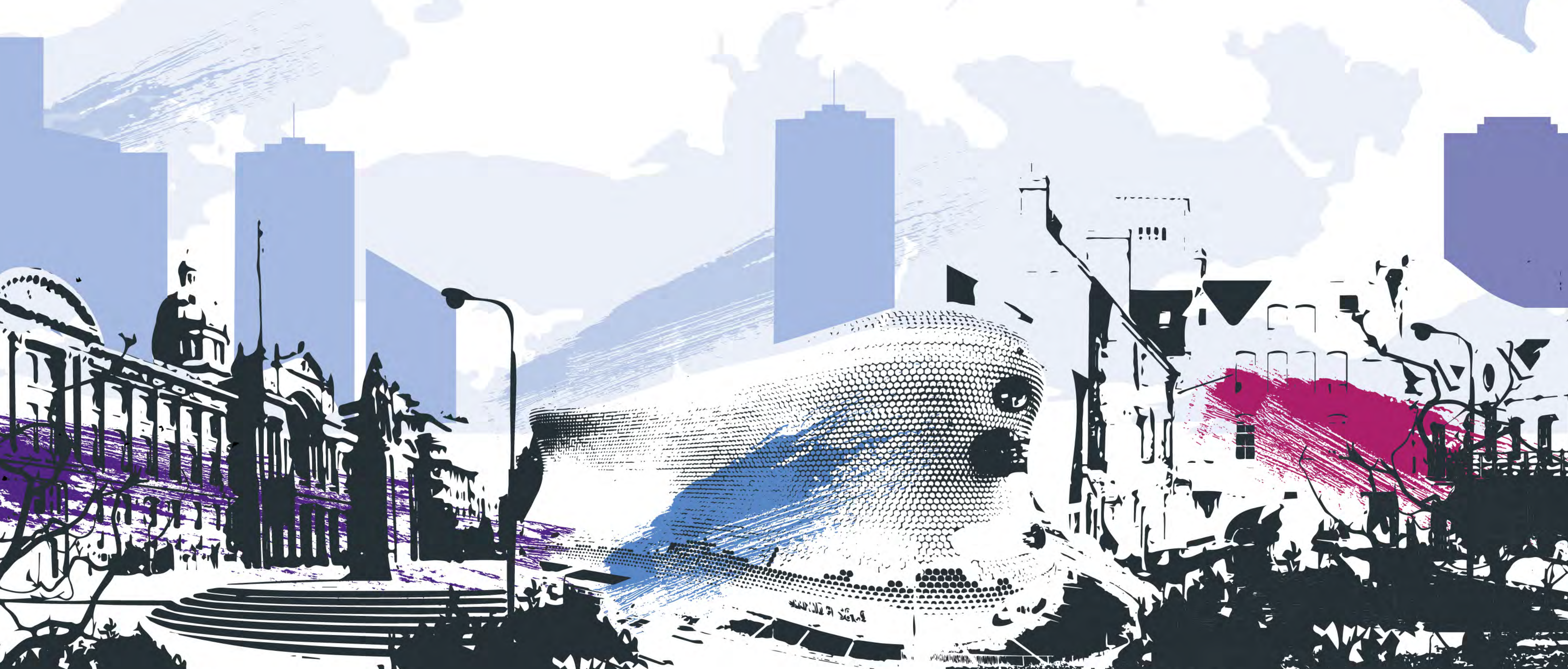
The steady increase in Plymouth's active construction businesses would seem to reflect an increased amount of regeneration activity.

Top five sectors by proportion of total active businesses



Rethinking Regeneration

Birmingham and West Midlands



Birmingham and West Midlands

Fiona Thomson
Partner

The roundtable in Birmingham touched on the important idea of trust, and how developers can seek to repair the negative perception held by the wider public to development. Often, it's about delivering and highlighting quick wins that demonstrate the positive impact that a project can have – bringing forward amenities or public realm that can be used immediately by the public before additional elements such as housing or workplaces.

Collaboration between public and private sectors was another key discussion point. There is growing appetite amongst lenders to fund regeneration schemes with a big vision and realistic viability, but lenders are more confident when they are part of a public/private partnership and where both partners have 'skin in the game'.

Long-term stewardship is also a key point that came up in Birmingham. We can see the impact of this play out in the data around Brindleyplace, where the impact of long-term stewardship from Related Argent and successive owners has helped the regeneration scheme remain economically resilient for over 20 years.

Schemes such as Digbeth, also analysed by our data partners, have a strong element of reuse. Not only are historic buildings such as the Typhoo Tea building and the Custard Factory important to the city's heritage, but they build a sense of creativity and innovation which supports the creative culture in the area. This allows a regeneration process which respects what previously stood in an area, becoming a significant tool in the city-building playbook, as opposed to demolition and redevelopment. Importantly, building reuse and repurposing also enables crucial carbon savings as we look to deliver on net zero targets.

Effective regeneration can allow us to deliver social and economic benefits whilst reducing our impact on the planet, but again the idea of communication is key – the local community and wider public need to know how more sustainable developments will benefit them, be it from more green space or a more liveable environment.

Key take-aways from the Birmingham roundtable discussion with local stakeholders:

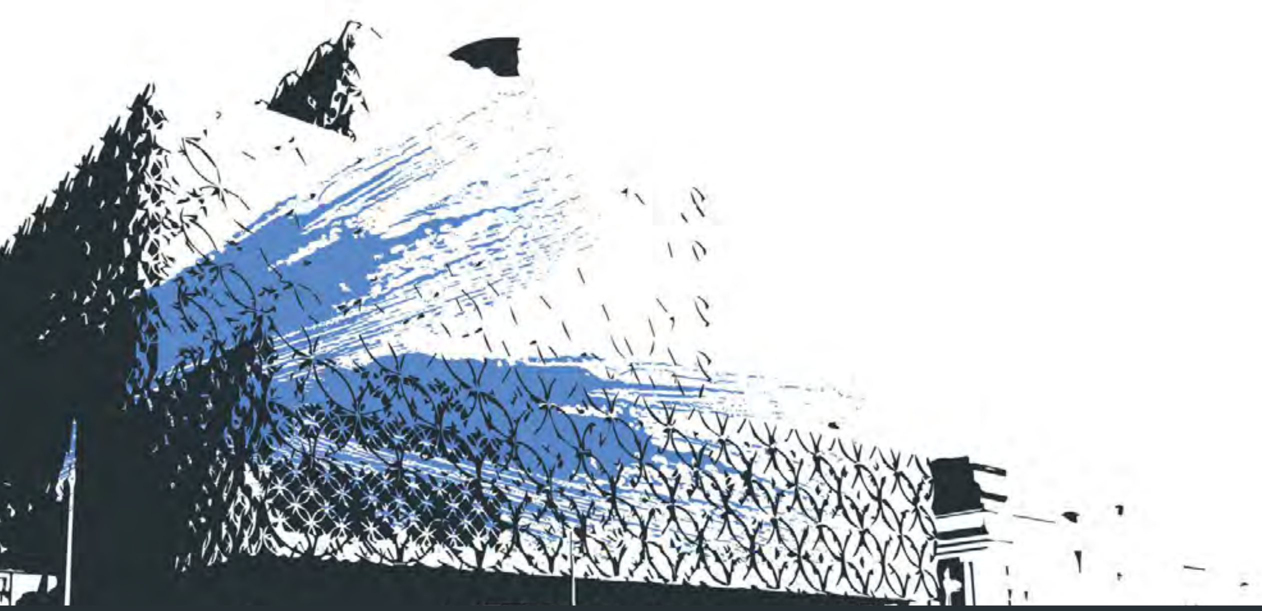
- The lack of trust in the development industry is a big challenge – credibility is vital to ensure a positively engaged local community.
- The industry needs to use clear language that people can understand and avoid jargon which only builds barriers between developers and the public.
- A focus on pre-application stages and demonstrating the benefits of regeneration early on in the build (for example, meanwhile uses and permanent parks) can have a significant impact in the relationship between community and developer.
- The importance of the 5 Cs were noted: Communication, Collaboration, Commitment, Catalyst, Credibility. And how careful consideration of all of these factors with the main stakeholders is vital to ensuring the smooth delivery of projects. We would also add a sixth – Cash.

Economic Vitality: Birmingham and West Midlands vs all UK locations

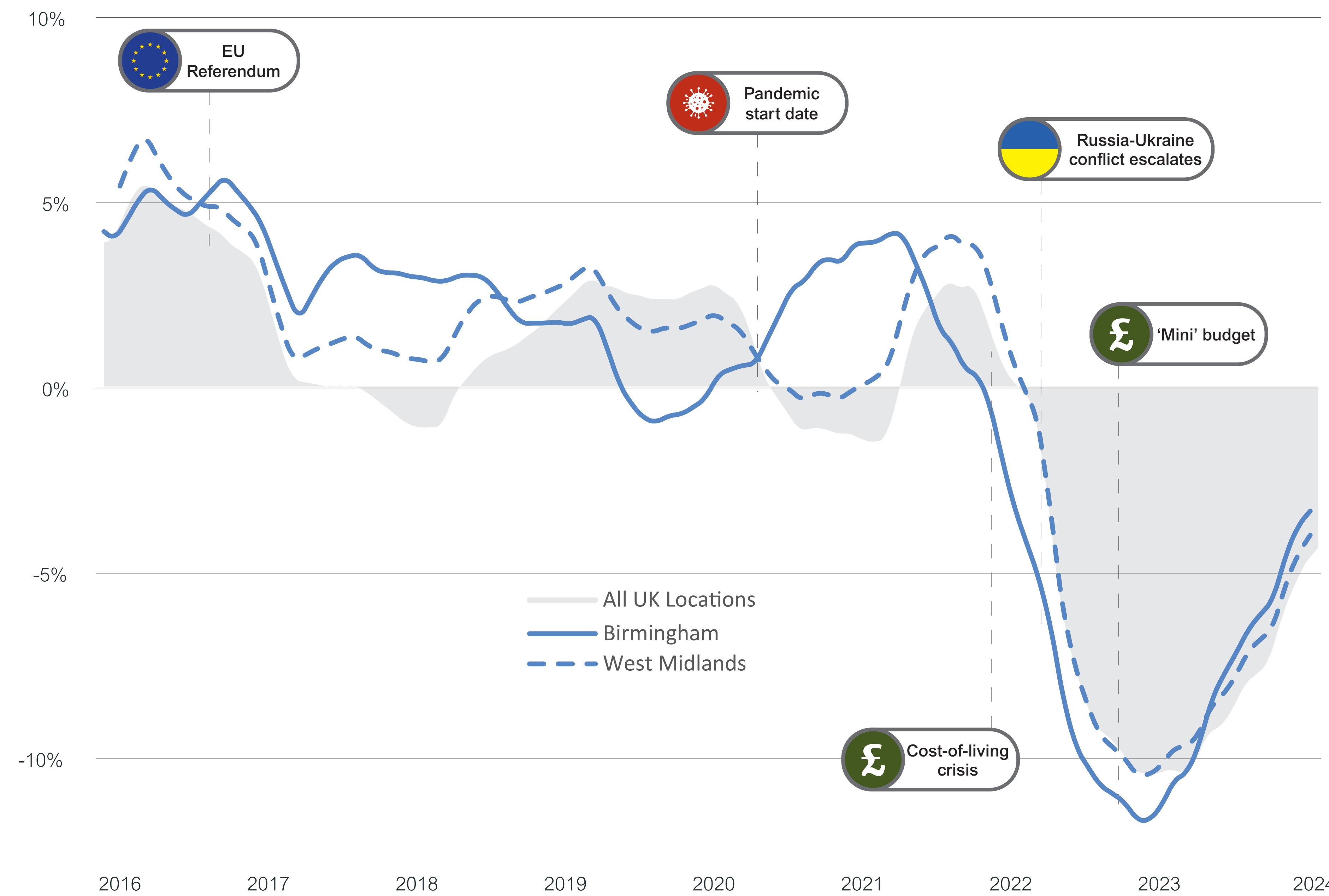
Birmingham has a resilient broad-based economy which performed relatively well during the pandemic.

More recently, the well-publicised financial challenges of Birmingham City Council have yet to have a demonstrable effect on overall economic vitality.

This trend is replicated in other UK locations where local authorities have gone bust. This would indicate that initially these situations impact confidence more than economic activity – although there may be a longer term impact.



12-month % change in EvaluateLocate Vitality Index 2016-2024

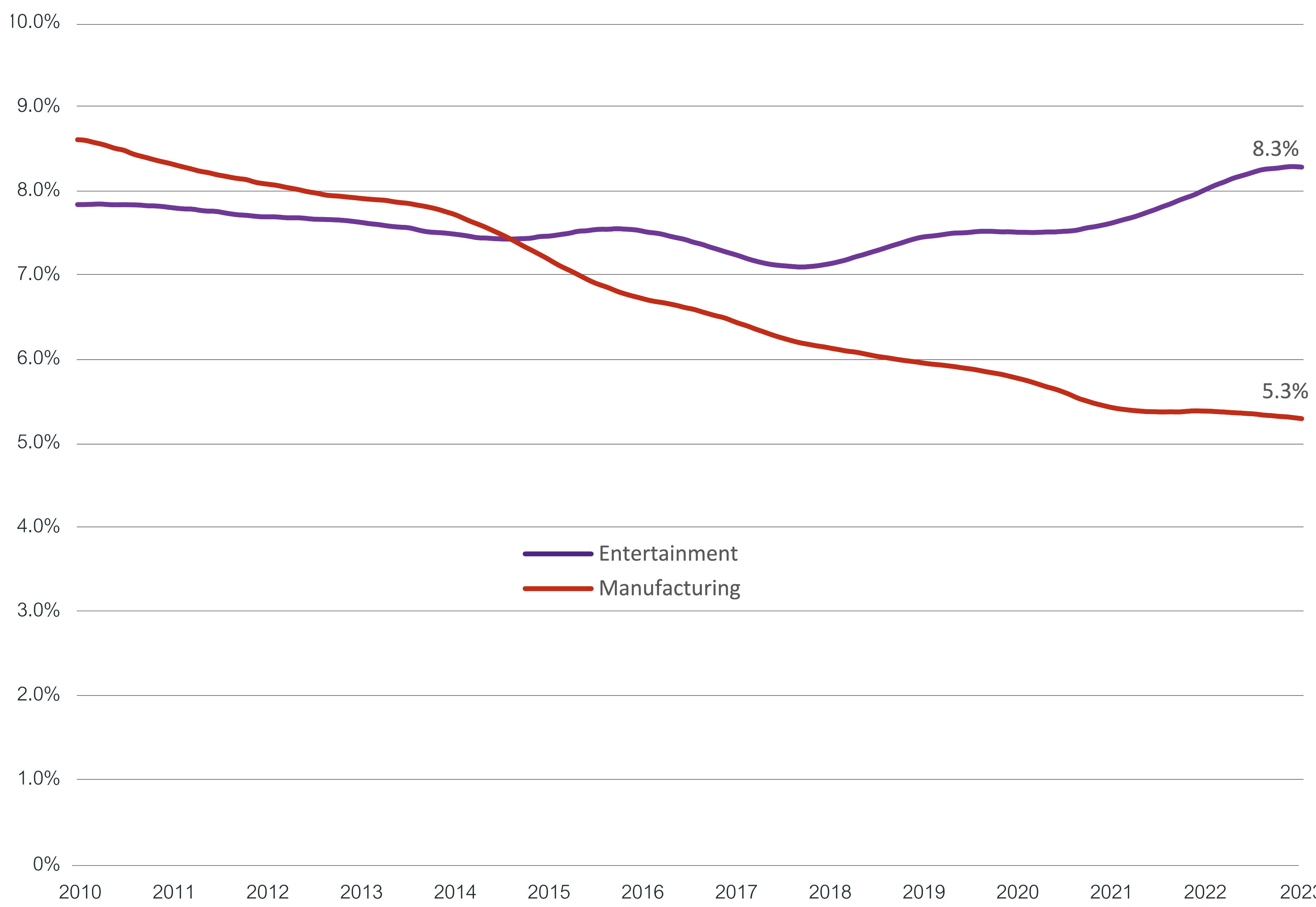


The shift from making things to having fun

Outdated or stereotypical perceptions about a location can be a barrier to effective regeneration.

The West Midlands 'Black Country' has historically been characterised as an industrial hub. In reality, it's a decade since the entertainment and leisure sector overtook manufacturing in terms of the proportion of active businesses across the region. As a result of the decline in manufacturing, this has now dropped out of the top five sectors for total businesses in the region.

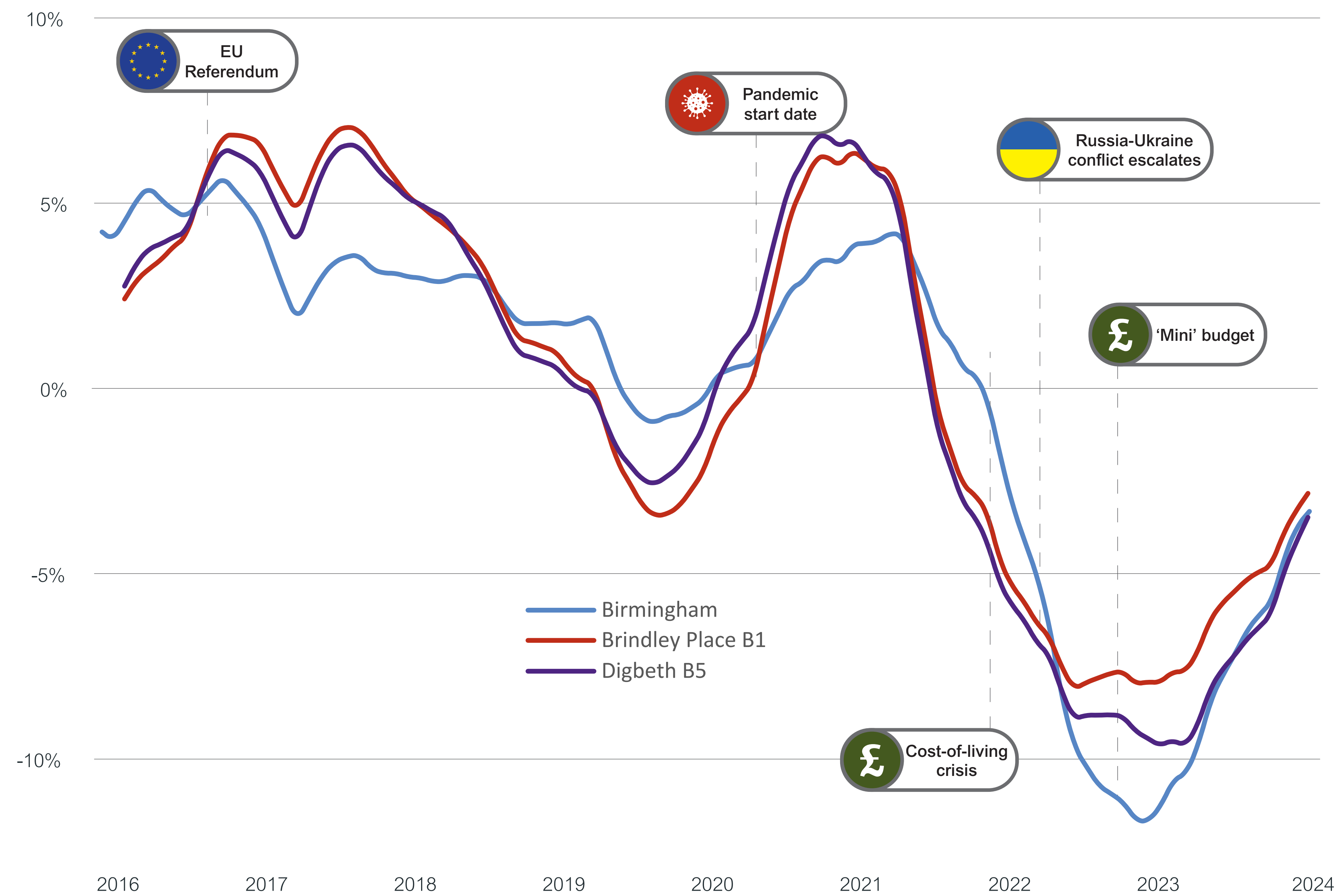
Manufacturing and Entertainment sectors as proportion of total active West Midlands businesses



Deep dive: Brindleyplace and Digbeth

Analysing the trajectory of mature projects like Brindleyplace provides valuable insights into how regeneration can be delivered and sustained in evolving locations such as Digbeth.

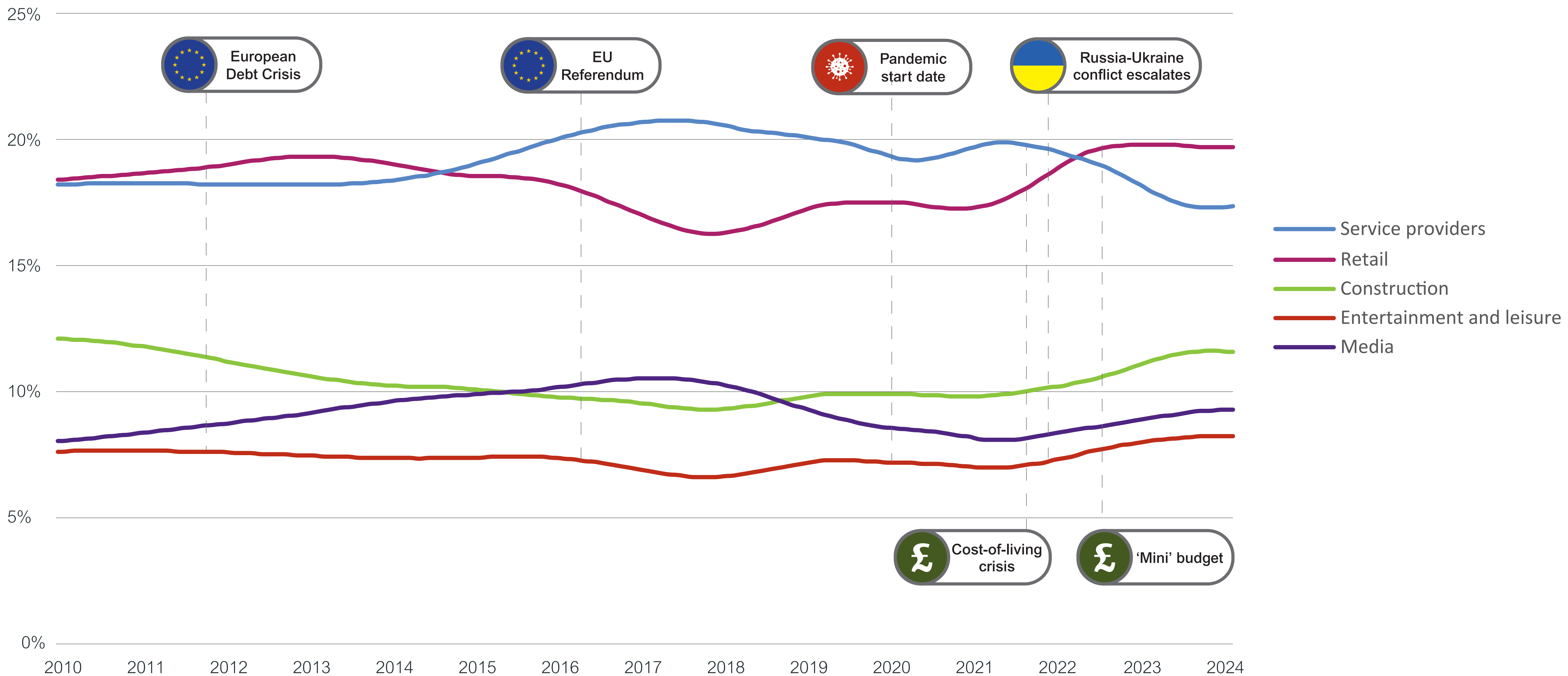
12-month % change in EvaluateLocate Vitality Index 2016-2024



Birmingham economic business drivers

A slightly surprising shift since 2022 has made Retail the biggest proportion of active Birmingham businesses whilst the Construction sector has also seen a notable uptick.

Top five sectors by proportion of total active businesses



What matters to people in Birmingham?

Local business, such as shopping and retail:

> Shops that the community could use, farmers markets etc.

> There needs to be a café or somewhere to meet people. This would help give more of a community feel.

> A social hub such as a coffee shop, or even a pub would be nice.

Community amenities and facilities including libraries:

> Facilities for youth are lacking.

> Make the parks more child friendly and better advertising for things that youths can do to try keep them off the streets.

> More community events to meet other neighbours, and a neighbourhood watch scheme.

Parks and green spaces:

> Make the parks more child friendly.

> More tree planting and stop electric scooters being left lying around.

> It is a beautiful area that is more like a village than an urban area just 20 minutes from the City Centre. It is relatively quiet, lots of space and green areas and generally friendly neighbours.

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