CHAPTER 5
EXPLORING THE GEOGRAPHY OF RETAIL DECLINE IN THE LIVERPOOL CITY REGION
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5.1 Consumer spending is a hugely significant component of economic growth in the UK. Figure 5.1 illustrates the sustained growth experienced in this sector from June 1980 to January 2017. Aside from the aftermath of the financial crisis of 2008 onwards our long-term, collective enthusiasm for consumer goods and services has shown little sign of abating. In the context of the variables that define national income accounting – consumption, business investment, government expenditure and net exports - household consumer expenditure accounts for a huge proportion, approximately 60%, of the UK economy (Cadman, 2016).

5.2 Behind these headline figures, however, there are profound changes in how the retail economy has developed. The model with which we have lived for generations and which is explicitly inscribed into planning policy - 'town centre first' – is seemingly being overwritten in favour of new methods of matching buyers and sellers of consumer goods. The rise of online retail (and related multi-channel and ‘click and collect’) has represented a profound change to the way consumer goods are bought and sold.

5.3 The effects on the British high street of these changes have been startling. Whilst traditional bricks-and-mortar retailing has been static and in some locations in decline online retail sales have been growing significantly and now exceed £130 billion per year. As a result some analysts have pointed to a systemic shift in the consumer economy: for example, research by the accountancy and business consulting firm BDO (2016) shows that online retail sales (excluding food) grew by 18% in 2016 and 27% over the two years 2015-2016 at the same time that traditional high street retail has stagnated.

5.4 The corresponding response by policymakers has been to consider the prospects for the British high street through commissioned research and review (Portas, 2011; Rhodes, 2015) explicitly at this national scale. But, of course, the degree of vulnerability to high street decline is geographically variable. Some places are more resilient than others. In our own city region we have some startling examples which serve to define the variability of experience even in areas of close proximity to notable success stories, such as retail destinations like Liverpool One to high streets which have become symbols of decline (Murphy and Miller, 2016). So, what attributes make some of our retail centres a viable proposition for the future and what can we do about those centres that are more vulnerable?

To answer these questions we first need some evidence on the geographic extent of the issue.

5.5 This chapter uses a large data set on occupation rates in UK retail centres which was collected via a large number of local surveying teams during 2014, 2015 and 2016 by the Local Data Company which the University of Liverpool has access to through the ESRC-funded Consumer Data Research Centre. The most recent survey from September 2016 indicates that in Liverpool City Region there were 11,284 retail and service outlets, of which 1396 (12.4%) were vacant. This was higher than the national average at 9.1% in 2016. Figure 5.2 shows the spatial distribution of all retail and service outlets in the Liverpool City Region with vacant units highlighted in yellow. Just under 61.4% (6929) of these retail and service units were located within town centres and high streets defined by the UK government’s typology (DCLG, 2004) with the remaining units being spread across retail parks, smaller neighbourhood centres and free-standing stores.

Figure 5.1 UK Consumer Spending 1980-2017

Source: Trading Economics, 2017
5.6 Of the six local authorities that comprise the Liverpool city-region, the Liverpool Local Authority District had the highest number of retail and service units with 4437 of which 600 (13.5%) were vacant. The total number of outlets in Liverpool local authority district corresponds to 39.3% of the total number of retail and service units within the City Region. As Figure 5.2 shows, the second largest number of retail and services units was recorded in Sefton (2355), followed by Wirral (2201), St Helens (975), Halton (736) and Knowsley (580).

5.7 In terms of the composition rates we use the official broad retail and service categories adopted by the UK government (DCLG, 2009). These include comparison goods (items which consumers buy infrequently, such as domestic appliances, where consumers typically make careful comparisons on the basis of attributes, price and quality), convenience goods (those items that are widely available and bought regularly, such as toothpaste), leisure, other services and vacant outlets. From Figure 5.3, which shows the breakdown for each local authority, it can be seen that the highest vacancy rate in 2016 was in Knowsley at 14.3% and the lowest in St Helens at 10.2%. Overall, the most dominant retail/service category was leisure in Liverpool and comparison retail in the remaining local authorities.

5.8 Identifying the geography of the retail economy can be achieved by focusing on those areas recognised as town centres, high streets and retail/leisure parks in the UK government’s official categorisation (DCLG, 2004). In the Liverpool City Region there were 32 such town centres and high streets in 2016 and 23 retail/leisure parks as shown in Figure 5.4. It should be noted that these town centres exclude most of the very small local centres and shopping parades that are present in many communities.

5.9 A closer analysis of the data used to generate Figure 5.4 reveals that the retail landscape in the Liverpool City Region is dominated by the Liverpool local authority area which includes 10 town centres, followed by Wirral with 7, Sefton 6, Halton 4, Knowsley 3 and St Helens with 2. This is hardly surprising given Liverpool’s historic centrality as a retail destination which was reinforced by the opening of Liverpool One in 2008. In aggregate of the 6787 town centre and high street retailers and service providers located in the Liverpool City Region 39.4% (2731) could be found in Liverpool. However, across the city region the number of vacant outlets in 2016 stood at 982, equivalent to 14.2%, which was considerably higher than the national average of 10.9% (DCLG, 2014).

5.10 Figure 5.5 shows how this vacancy rate from 2016 varied spatially. The majority of town centres across the Liverpool City Region recorded vacancy rates above the national average, shown in red, with a small centre at New Ferry having the highest vacancy rate at 30% (33 out of 109 units vacant). Most of the town centres with particularly high
5.12 Overall, the majority of town centres and high streets recorded a decrease in vacancy rate between 2014 and 2016. This is in line with the national picture as town centres were adversely affected by the economic crisis of 2008-09 and the following austerity period was reflected in national peak in vacancy rates in 2012 before gradually falling in subsequent years. However, this process has varied hugely when considered spatially. Figure 5.7 shows that as many as 16 town centres in the Liverpool City Region recorded a decline in vacancy rate, with the largest reductions between 2014 and 2015 recorded in some of those places that had been affected most adversely in the wake of the 2008 financial crisis: (Runcorn, -15%; Bootle, -9%). Conversely, several town centres recorded the opposite trend, seeing increases in vacancy, such as Maghull (+10%), Kirkdale (+6%) and Kirkby (+5%).

5.13 Figure 5.8 shows the spatial variation across LCR town centres and high streets in terms of vacancy rate change between 2014 and 2016 and depicts its magnitude. Of the 14 centres that recorded increases in their vacancy rate during this period 4 are major retail centres: Liverpool, Southport, St Helens and Birkenhead.

5.14 However, looking solely at the decrease or increase in vacancy rates over time tells us only a part of a story as the actual magnitude and persistence of vacancy is also very important. Figure 5.10 shows the relationship between two variables: vacancy rate in 2016 shown on X-axis and vacancy rate change between 2014 and 2016 shown on Y-axis. On the basis of this data town centres and high streets in the Liverpool City Region can be divided into 4 groups:
5.15 As Figure 5.10 shows there appears to be a relationship between the current vacancy rate and the recent change in vacancy rate. The strength of this correlation can be statistically measured by the Pearson test. This suggests a statistically significant, albeit relatively weak, positive relationship (p value 0.045) between the two variables. As such, there is a visible split between the strongest and weakest performers with the largest groups of centres falling within either the LL or HH quadrants. The strongest performers (LL) predominantly comprise retail centres in relatively more affluent neighbourhoods such as Woolton, Crosby, Formby and West Kirby. Conversely, the weakest centres (HH) are often located in less affluent areas such as Kirkby, Kirkdale, Birkenhead or Walton Vale. In these areas the vacancy problem may be structural as they experienced only a modest recovery, or even a counter-trend increase in vacancy, by 2012 following the financial crisis. The centres from the LH group, which include Allerton road, Widnes and Huyton are the relatively stable performers. Then, there are the centres from the HL group such as Bootle, Gateacre or Church Street, Runcorn which are relatively weak but their trajectory suggests improvement and the potential for recovery. Finally, there are a small number of outliers such as Runcorn with a very large decrease in vacancy rate or New Ferry that seems to have a persistently high vacancy rate.
Figure 5.7: Change in vacancy rates between 2014 and 2016 for LCR town centres

Source: Consumer Data Research Centre, University of Liverpool. Produced by Dr. Les Dolega

Figure 5.8: Spatial variation in vacancy rate change between 2014 and 2016 for LCR

Source: Consumer Data Research Centre, University of Liverpool. Produced by Dr. Les Dolega
5.16 From the above analysis it is clear that the most robust settings where rateable values are strong and stable remain viable locations for retail investment. In some district and town centres, however, there is huge variation in experience. Some of these locations have experienced profound declines in retail presence and whilst some have begun to recover and stabilise the degree to which this recovery is predicated on a qualitative change in retail environment (towards convenience and discount stores and charity shops) is a relevant question.

5.17 How we meet the challenge of confronting retail decline in those areas where the indicators suggest a sustained trajectory of decline may need to encompass direct action. There is already evidence from the city region of just such an approach with Sefton Council’s acquisition of the Bootle New Strand shopping centre in May 2017. If the patterns that the statistical analysis presented in this chapter illustrate this kind of direct intervention may become increasingly necessary to check systemic retail decline in some areas.

However, in parallel to direct acquisition of retail units we urgently need a strategy to potentially fundamentally rethink the primary function of some of our town and district centres. As the retail industry continues to favour out-of-town premises that fit better with their multi-channel offer, such as ‘click and collect’, the decades-long planning orientation towards ‘town centre first’ looks increasingly outdated. As we have shown in this chapter there are some city and town centres that may be resilient to these broader global trends – particularly where shopping is an activity bound up with the visitor economy – but other places in the city region may already have experienced irreversible decline. Thinking about what we do next in these at-risk town centres should be a priority.