Belfast Urban Regeneration Potential Study (URPS)
2012 Update
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1 Executive Summary

Terms of Reference

1.1 Deloitte was instructed by the Department for Social Development (DSD) in June 2012, to review and update its Urban Regeneration Potential Study (“URPS”) for the Belfast Metropolitan Area. DSD’s Terms of Reference were for Deloitte to:

- Undertake a review of DSD’s existing regeneration studies and policies;
- Undertake a wider desk top review of emerging regeneration initiatives, having specific regard to other UK regional cities;
- Undertake a desktop analysis of the economic, physical and social needs and potential of Belfast;
- Identify potential drivers to optimise Belfast’s regeneration potential, having regard to:
  - economy, employment and education
  - retail, housing, leisure and tourism
  - environment, regional growth, social cohesion and wider development
- Undertake a local market assessment focussing on the public and private sector appetite to deliver city centre regeneration;
- Undertake an assessment of planned and proposed development within the city centre and its wider impact on the city centre;
- Identify comparable cities within a retail led regeneration context and compile an overview of the retail pipeline and developer commitments; and
- Undertake SWOT analysis to benchmark Belfast city centre against comparable cities.

1.2 The expectation was for the 2012 URPS to update the previous URPS report, prepared for DSD in 2006.

Methodology and Structure

1.3 In accordance with instructions, the URPS is a desktop review of existing policies, reports and data sets, insofar as they relate to the regeneration of Belfast city centre. A bibliography is included at Appendix 1.

1.4 This report is broken down into a number of sections, assessing both the prevailing socio-economic context and also reviewing in detail the core sectors which we consider are likely to underpin Belfast city centre’s development over the next decade.

1.5 In summary, these are:

- The Knowledge Economy
- Offices
- Tourism and Leisure
- Residential
As with the previous URPS, we have benchmarked Belfast against comparable UK regional cities. The 7 benchmark cities referred to throughout this report are:

- Bristol
- Glasgow
- Leeds
- Liverpool
- Manchester
- Newcastle
- Sheffield

These cities have been selected on the basis that like Belfast, they serve a wider regional hinterland; have post-industrial economies; contain large student populations; and have all sought to promote retail led regeneration over the past decade.

The URPS concludes by advocating five principal “Drivers for Growth” and sets out a number of recommendations for DSD to consider, both in respect of promoting retail led regeneration and also in terms of updating its broader policy aspirations.


The Regeneration Policy Statement (RPS) provides the guiding policy framework and sets out DSD’s wider objectives for the regeneration of Belfast City Centre.

The overall aim of the policies within this space are to strengthen Belfast City Centre as a premier regional shopping destination providing a high quality safe urban environment, attractive to investors, employees, residents and tourists.

The RPS objectives that are most relevant to the URPS are to:

- Enhance the role of the City of Belfast;
- Support and strengthen the City Centre as the premier regional shopping destination;
- Promote the physical renewal of Belfast City Centre;
- Create a high quality, sustainable, and vibrant urban environment to attract inward investors and potential future residents;
- Build on the City Centre’s rich historic character;
- Promote access and linkages;
- Promote urban economic development at key locations and on suitable sites throughout Belfast City Centre;
- Promote urban economic development;
- Encourage the growth of the creative industries;
- Establish a 21st Century economy, well placed to compete with other European cities; and
- Promote Belfast as a premier European City.

The RPS contains 5 core themes, which reflected DSD’s plans and priorities at that time:

- Retail
- Office / Business
1.13 The RPS places a strong emphasis upon retail led regeneration, stating:

“The re-emergence of Belfast City Centre as the premier shopping destination in the province is at the heart of the Department’s regeneration policy for the City Centre”.

1.14 The RPS states that DSD’s objectives for retail led regeneration will focus upon the Main Shopping Area (MSA). The RPS identifies four Shopping Quarters within the MSA (North East, North West, South East and South West and sets out its plans and priorities for each one.

1.15 Since the publication of the RPS, the retail offer within Belfast has been enhanced with the opening of Victoria Square. Wider property market and economic conditions have also changed significantly. A key element of this report is challenging the extent to which the retail led focus of the RPS remains valid and identifying whether there are additional regeneration themes that should now be given greater weight.

1.16 The 2006 Urban Regeneration Potential Study (URPS 2006) was prepared by GVA Grimley and as with this update, included an analysis of:

- Audit of existing regeneration information;
- Analysis of research and identification of priority issues;
- Assessment of policy context;
- Consideration of economic future;
- Assessment of market by sector;
- A detailed analysis of the retail market; and
- Identification of key drivers for change

1.17 The URPS 2006 identified the following key opportunity areas:

- Belfast was under performing as a regional retail driver;
- The city image was not attracting high quality retail;
- There was significant capacity for growth in the supply of high quality office stock;
- The city centre needed further enhancement as a tourism / leisure destination;
- Further city centre living should be encouraged;
- There was capacity for growth in the cultural and creative industries; and
- The quality of public realm was poor.

1.18 Since the URPS 2006, the following key developments have been completed:
### Belfast Urban Regeneration Potential Study (URPS)

**2012 Update**

<table>
<thead>
<tr>
<th>Development</th>
<th>Area</th>
<th>Principal Uses</th>
<th>Date Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Titanic Visitor Attraction</td>
<td>Titanic Quarter</td>
<td>Museum / leisure and conference venue</td>
<td>2012</td>
</tr>
<tr>
<td>The Metropolitan Arts Centre</td>
<td>City Centre</td>
<td>Performance space and leisure</td>
<td>2012</td>
</tr>
<tr>
<td>Belfast: Streets Ahead Phase 1</td>
<td>City Centre</td>
<td>Public Realm</td>
<td>2011</td>
</tr>
<tr>
<td>The Obel Tower</td>
<td>Langanside</td>
<td>Residential and offices</td>
<td>2011</td>
</tr>
<tr>
<td>Belfast Metropolitan College</td>
<td>Titanic Quarter</td>
<td>Further Education</td>
<td>2011</td>
</tr>
<tr>
<td>The Boat</td>
<td>Laganside</td>
<td>Residential and offices</td>
<td>2010</td>
</tr>
<tr>
<td>Titanic Quarter Phase 1</td>
<td>Titanic Quarter</td>
<td>Offices, hotel and residential</td>
<td>2009 - 2010</td>
</tr>
<tr>
<td>Saint Anne’s Square</td>
<td>City Centre</td>
<td>Residential, hotel and restaurants</td>
<td>2009</td>
</tr>
<tr>
<td>Victoria Square</td>
<td>City Centre</td>
<td>Retail, residential and leisure</td>
<td>2008</td>
</tr>
</tbody>
</table>

1.19 In light of these developments and having regard to prevailing market and economic conditions, this report reviews whether the key opportunity areas identified in the URPS 2006 remain valid.

**Socio – Economic Context**

1.20 Prior to the economic downturn in 2008, Belfast was performing relatively well against a range of indicators. Between 1998 and 2008, the city’s Gross Value Added (GVA), which is a commonly recognised measure of regional economic success and prosperity, increased by 25%.

1.21 The 2008 recession had a major impact on all sectors of the economy in Northern Ireland, and the economic landscape in Belfast changed considerably within a very short space of time:

- Between 2008 and 2011, all private sectors within Belfast experienced a contraction in GVA, with the largest falls occurring in the construction, financial, and business services sectors.
- Unemployment in Belfast almost doubled since the beginning of 2008 to 11,700 in December 2011.

1.22 Belfast is continuing to feel the impacts of the recession. The economic challenges currently facing the city are significant, and it will be some time before the economy returns to pre-recession levels. These issues are not unique to Belfast or indeed Northern Ireland. Belfast is in direct competition with cities across the

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1 Belfast City Council (BCC) – Research into the Competitiveness of Belfast (2011)
2 BCC – Research into the Competitiveness of Belfast (2011)
United Kingdom, Republic of Ireland and Europe to attract finite resources, scarce finance, development appetite and high quality tenants. The city needs to be able to compete effectively with these cities and be recognised as a good place to live and do business.

1.23 In relation to the skills profile within Belfast, just over one third (33.4%) of individuals aged 16-64 had qualifications above NVQ level 4 as of October 2012. However, a significant proportion of individuals aged 16-64 in the Belfast District Council area had qualifications below NVQ level 4 or indeed no qualifications at all (20.7% and 45.9%) respectively.

1.24 Sectors such as retail and leisure and tourism are important growth sectors for Belfast, as the city seeks to reduce the existing high levels of inactivity and unemployment. These sectors often provide employment opportunities at the lower end of the labour market and offer a potential entry route into employment for the lower-skilled residents.

**Commercial Offices**

1.25 The Belfast office market has become increasingly polarised. There is significant over-supply of secondary office accommodation, with agents estimating the quantum of vacant office space at approximately 1 million sq ft. However, Grade A office space is undersupplied, and is set to reduce due to the absence of any development activity over the past few years.

1.26 Local market sentiment is currently very negative about the potential for any further office developments in Belfast city centre, due to low prime rental levels and lack of funding making new schemes unviable. Despite this there is over 2.5 million sq ft of offices with planning permission.

1.27 The Belfast office investment market is also currently depressed, with negative growth in capital values over the past few years. This can be largely attributed to investors having to write down capital values of over-rented properties for accounting purposes and also a reduction in the local market activity of high net worth individuals and private property companies, who had previously driven a lot of the local investment demand.

1.28 Whilst the current performance of the office sector is significantly weaker than at the peak of the market, the lack of availability of Grade A accommodation means that over-supply of prime space is not a current threat. However, the combination of a limited amount of supply and weak investment conditions does present a structural weakness to Belfast, particularly in respect of its ability to offer accommodation on a speculative basis. This limits the scope to present Belfast as a competitive location for footloose companies, despite prime rents being lower.

**Tourism and Leisure**

1.29 Belfast’s unique history, improved hotel offering and proximity to attractions such as the Giant’s Causeway (with its new visitor centre which opened in July 2012) and recently opened Titanic visitor centre in the city have helped to distinguish it from other retail centres and enabled it to become a global tourist destination. Tourism to Belfast has more than quadrupled over the period 2000 to 2008, with 7.1 million visitor trips in 2008 and £436.6 million spend\(^3\). The city has now established itself as a leading short-break destination.

1.30 The National Geographic Traveller magazine named Belfast as one of the world’s top destinations for 2012, describing it as ‘a Capital City of Titanic Ambition’ and ‘a capital that is redefining itself in the eyes of

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\(^3\) Belfast City Council (BCC) – Belfast Visitor and Convention Bureau
1.31 Major efforts have been made over the past decade to revitalise, regenerate and renew Belfast’s tourism offering. A number of recent projects have been undertaken in the city and these have significantly boosted the city’s tourism offering – examples include: the Ulster Hall reopening (2009), the Tall Ships (2009), the City Hall refurbishment (2009), the Ulster Museum reopening (2009), St Anne’s Square and the MAC (2011), the Lyric Theatre (2011), Crumlin Road Gaol (2012), the Titanic Signature (2012), and the Gaeltacht and other quarters.

1.32 With an expanding hotel accommodation base and easy access to all the main transport networks, Belfast has firmly established itself as one of the preferred choices for many national and international events – the MTV Europe Music Awards was held in the city in November 2011 and future events include the World Police and Fire Games in 2013 and the Tall Ships, which is set to return to the city in 2015. These events have the potential to further improve visitor perceptions of Belfast, and increase the possibility of repeat visits and the likelihood of increased tourism expenditure.

1.33 The city is also a popular destination for cruise ships, with over 40 vessels expected to visit the city in 2012, carrying over 75,000 passengers and crew (an increase of 32% on 2011).5

1.34 Whilst there have clearly been a number of recent positive developments to enhance the city’s tourism offer, visitor numbers and expenditure have however declined in the past two years. Nonetheless, the most recent set of figures reviewed for this report still show visitor spending to be significantly above pre 2008 levels. It is also important to note that at the time of preparing this report, visitor data for 2012 was not yet available, so the impact that the opening of the Titanic Visitor Attraction is likely to have had, is not reflected within our analysis. This report therefore considers that Tourism and Leisure remain key aspects of the city centre’s economy and an updated RPS should continue to promote them.

1.35 Furthermore, as detailed in Section 6, the conference offer within Belfast is currently lacking in comparison to a number of other UK centres such as Liverpool, Manchester and Newcastle. Accordingly, this report supports the proposed improvement of conference facilities, being promoted by Belfast City Council.

**Residential**

1.36 Like much of the UK, Northern Ireland enjoyed a sustained period of property growth with the residential market hitting its peak in 2007. House prices in Belfast soared in 2007, reaching a peak average price of £227,967 and annual growth of 39.6% in 2007. Since then the residential property market has experienced a sudden and dramatic downturn with house prices in Belfast falling by over 47% between 2007 and 2010. A University of Ulster House Price Survey reported that house prices in Belfast stood at £138,131 in Q3, 2010.

1.37 The existing RPS does not explicitly address promoting city centre living but instead talks of “reinforcing city communities”. The lack of a strong emphasis upon promoting city centre living within Belfast is worth noting in the context of the trend evident in many UK regional cities is to re-populate their centres. This has been particularly apparent in Manchester, Liverpool, Birmingham, Leeds and Glasgow, which have all experienced rapid re-population of their respective city centres over the past two decades.6

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4 National Geographic Traveller  
5 Belfast Harbour website  
6 Centre for Cities
Table 1 shows the increase in population between the 2001 and 2011 for central census areas within the comparison cities.

Table 1: Population increase in city centre (2001 – 2011)

<table>
<thead>
<tr>
<th>City</th>
<th>Bristol</th>
<th>Leeds</th>
<th>Liverpool</th>
<th>Manchester</th>
<th>Newcastle</th>
<th>Sheffield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1,746</td>
<td>1,693</td>
<td>1,519</td>
<td>1,496</td>
<td>1,528</td>
<td>1,418</td>
</tr>
<tr>
<td>2011</td>
<td>4,006</td>
<td>10,321</td>
<td>7,883</td>
<td>4,626</td>
<td>1,794</td>
<td>4,302</td>
</tr>
<tr>
<td>Percentage Increase</td>
<td>130%</td>
<td>510%</td>
<td>419%</td>
<td>209%</td>
<td>17%</td>
<td>203%</td>
</tr>
</tbody>
</table>

Note: Some modification of the previous Output Areas and Super Output Areas has taken place where significant population changes have occurred since 2001 making like-for-like comparisons difficult. This data is for indicative purposes only.

In contrast the population in the Belfast Local Government District (LGD) grew from 277,391 in 2001 to 280,962 in 2011, representing a growth in population of only 1.29% over this period. The census information for Belfast only goes down to LGD level and as such, direct statistical comparison with the UK cities is not possible.

However, over the past 20 years there has been a general trend of migration out of Belfast to outlying areas and neighbouring settlements, which has resulted in a slow decline in population density. This decline was highlighted in a paper commissioned by Belfast City Council in 2006, which noted how Belfast had suffered a 4% population decline between 2000 and 2004, whereas Newcastle, Cardiff, Leeds and Manchester had all achieved population growth of between 1% and 4% over the same period.

This was in part attributed to the relative lack of international immigration into Belfast in comparison to most UK centres but also due to factors such as the attractiveness of the city centre as a place to live. This has in part helped to contribute towards a trend to move out from the city centre to suburban areas and settlements outside of the city boundary.

The URPS report recommends that the RPS be updated to place a greater emphasis upon promoting urban living, particularly as a means of helping to support the wider regeneration and vibrancy of the city centre. However, rather than focus such a strategy on an investor market, the URPS recommends DSD reviews scope to increase the provision of the following residential types:

- Managed student accommodation
- Key worker housing
- Private market units for owner occupation

Creative Industries

The Department of Culture, Media and Sport (UK) defines creative industries as:

“…those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property”.

The industry is broadly comprised of three subsectors: Design; Media; and Expressive. These subsectors encompass a diverse range of employers, with a few examples including architects; web designers; software designers; graphic designers; publishers; and fashion designers.

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Belfast City Council (2006) The Development Brief: Population Change in Belfast
1.45 Whilst in Northern Ireland as a whole Creative Industries may be an undeveloped sector, in Belfast they are growing sector.

1.46 According to Belfast City Council\(^8\), approximately 55% of creative industries businesses in Northern Ireland are based in Belfast:

- 35% are within the design sector
- 61% are from the media sector
- 4% are from the expressive sector

1.47 Creative industries represent a dynamic sector, which the UK Government is keen to promote. The URPS report considers that Belfast’s young and generally well educated labour market makes it well suited to help grow this sector locally, with the commitment of HBO to the city and the preliminary proposals to create a media hub being further positive attributes.

1.48 There is also significant potential and existing overlap between this sector and the Knowledge Economy, with scope for the city to use the strength of its higher and further education sector to help support creative and media industries. This is important both in terms of addressing the skills gap identified in Section 8 and also to help prevent the loss of graduates to competing cities.

1.49 Whilst the URPS consider creative industries to be an important sector, the current RPS does not specifically address it. We therefore recommend that DSD updates the RPS to specifically address this.

Retail

1.50 Belfast is the largest retail centre in Northern Ireland with a primary catchment population of 1.8 million and 7.1 million visitors each year\(^9\).

1.51 The city benefits from a lack of similar competing urban centres within close proximity. The nearest alternative major retail centres are Londonderry (70 miles) and Dublin (100 miles), with the city of Lisburn and Sprucefield Shopping Centre being only nine miles from Belfast.

1.52 The opening of Victoria Square in 2008 has helped to extend the city centre retail offer to the east. The scheme was the first recent phase of retail-led mixed use regeneration in Belfast and has been instrumental in addressing over thirty years of underinvestment in the city centre. The scheme has helped close the gap on other UK cities by significantly improving the retail offer within Belfast and attracting several upper-mid market retailers to the city for the first time.

1.53 Despite the benefits of Victoria Square, the Belfast city centre retail market currently faces a number of market constraints, both in terms of vacancy rates and reduced rental values.

1.54 In comparison to the market conditions reported in the previous URPS, there has been a significant reduction in prime rents in Belfast city centre, with prime investment yields having weakened by approximately 150 basis points, as illustrated in the table below.

\(^8\) Belfast City Council (2011) *Creative Industries Sector Review*

\(^9\) BCC – A Profile of the City (2010)
Table 2: Summary Table: comparison of 2006 and 2012 URPS reports

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Rent (Zone A)</td>
<td>£275 psf</td>
<td>£150 psf</td>
</tr>
<tr>
<td>Prime Yield</td>
<td>4.75%</td>
<td>6.25%</td>
</tr>
</tbody>
</table>

Source: URPS (2006) and Deloitte research

1.55 Belfast is also presented with a number of more general challenges, not unique to the city. For example, the city centre has to compete both with a growing online retail sector and out of town centres; respond to a general reduction in retail development activity; and cope with different patterns of consumers spending.

1.56 However, whilst macro economic factors and general retail trends may help explain some of the pressure the city centre is under, this report also highlights some specific local limitations, which we consider are adversely impacting upon the quality of city’s retail offer. These factors include:

- The relatively low level of managed floors space within the city centre, compared to other similar sized UK cities;
- The relative lack of department store choice; and
- A lack of modern stock, suitable for current and emerging retailer requirements.

1.57 Within the report we compare the quality and range of retail offer within Belfast city centre against 7 benchmark cities, with Belfast’s offer being inferior to all but one of comparator cities. We argue that the quality of retail offer within the city centre has a bearing not just on the number and type of shoppers attracted to Belfast, but also on the general attractiveness of the city centre as a place to invest, study and live in.

1.58 Protecting Belfast city centre as the primary location for major retail development should over the medium to longer term also help re-enforce its role as the regional driver of the Northern Ireland economy and create an environment which is commensurate with the options footloose corporate investors and businesses are presented with in most other UK regional centres.

1.59 DSD should therefore maintain a policy commitment to promoting retail development within the city centre, as part of an updated RPS. However, this should be as part of a broader regeneration strategy, which treats retail as a complementary use to the education, living, tourism and creative industry sectors.

**Key Recommendation**

1.60 As detailed both within this summary section and the main body of the report, there is a need for DSD to review and update its regeneration strategy to reflect current and emerging market trends.

1.61 The existing RPS places a strong weight upon the importance of retail led regeneration to the city. Whilst we support the continued promotion of a city centre first approach to retail development in Belfast and consider that retail should remain an important component of the city's growth strategy, the existing RPS requires updating due to its relatively limited emphasis upon other important regeneration drivers.

1.62 We therefore recommend that DSD reviews the RPS, to particularly take account of the following five themes:

- The Knowledge Economy
• Creative industries and Media
• Retail and leisure
• City Centre Living
• Tourism and Conferences

1.63 We consider that these sectors have the potential to successfully complement one another and in turn, offer a broader strategic basis to support Belfast's on-going regeneration.

Implementation

1.64 Updating the city’s regeneration strategy will require input from a range of stakeholders, with a summary of our suggested initiatives summarised below:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Task</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Office</td>
<td>Support the development of high quality office space within the city centre and review potential financial support mechanisms to help stimulate speculative schemes.</td>
<td>DSD, NI Executive</td>
</tr>
<tr>
<td>Creative industries and Media</td>
<td>Support the development of a media hub in the city centre.</td>
<td>DSD, BCC, Invest NI, BBC</td>
</tr>
<tr>
<td>Creative industries and Media</td>
<td>Review the provision of incubator space within the city centre and work with relevant stakeholders (e.g. HE &amp; FE providers and media companies) to support the development of SMEs and start up enterprises.</td>
<td>DSD, BCC, Invest NI</td>
</tr>
<tr>
<td>Knowledge Economy</td>
<td>Provide support to the University of Ulster’s development proposals for the city centre and review opportunities to maximise their regeneration impacts.</td>
<td>DSD, BCC</td>
</tr>
<tr>
<td>Policy</td>
<td>Update the RPS and place a greater emphasis upon Belfast's role as a regional driver for economic growth.</td>
<td>DSD, DOE</td>
</tr>
<tr>
<td>Policy</td>
<td>Update the RPS as a more multi-faceted strategy, with less of a primary emphasis upon retail led regeneration and greater prominence given to the Learning, Media, Living and Tourism sectors.</td>
<td>DSD</td>
</tr>
<tr>
<td>Residential</td>
<td>Agree on a strategy and policy basis for managed student residential developments within the city centre.</td>
<td>DSD, BCC, Universities</td>
</tr>
<tr>
<td>Sector</td>
<td>Task</td>
<td>Responsibility</td>
</tr>
<tr>
<td>----------------------------</td>
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<td>---------------------------------------</td>
</tr>
<tr>
<td>Residential</td>
<td>Proactively promote the development of balanced and sustainable</td>
<td>DSD, BCC, DOE</td>
</tr>
<tr>
<td></td>
<td>residential communities in the city centre.</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>Review scope to provide financial support to stalled development</td>
<td>DSD, NI Executive, BCC</td>
</tr>
<tr>
<td></td>
<td>schemes.</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>Review scope to provide financial support to first time buyers of</td>
<td>DSD, NI Executive, BCC</td>
</tr>
<tr>
<td></td>
<td>new build schemes.</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>Maintain a commitment to promoting high quality retail within</td>
<td>DSD, DOE</td>
</tr>
<tr>
<td></td>
<td>Belfast city centre.</td>
<td></td>
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<tr>
<td>Retail</td>
<td>Review planning zoning to establish whether some secondary and</td>
<td>DSD, BCC, DOE</td>
</tr>
<tr>
<td></td>
<td>tertiary retail pitches could be promoted for other uses, with the</td>
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<td></td>
<td>primacy of the retail core reinforced.</td>
<td></td>
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<tr>
<td>Retail</td>
<td>Improve the branding of Belfast's retail districts and highlight the</td>
<td>DSD, BCC, BCCM</td>
</tr>
<tr>
<td></td>
<td>diversity of its offer.</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>Support proposals to introduce Business Improvement Districts (BIDS)</td>
<td>DSD, BCC, NI Executive</td>
</tr>
<tr>
<td></td>
<td>to Northern Ireland.</td>
<td></td>
</tr>
<tr>
<td>Retail / Public Realm</td>
<td>Continue with Streets Ahead and accelerate the strategy to address</td>
<td>DSD</td>
</tr>
<tr>
<td></td>
<td>the area up to the University of Ulster.</td>
<td></td>
</tr>
<tr>
<td>Tourism and Conferences</td>
<td>Support the development of new conference facilities, ideally within</td>
<td>DSD, BCC</td>
</tr>
<tr>
<td></td>
<td>the city centre.</td>
<td></td>
</tr>
<tr>
<td>Tourism and Conferences</td>
<td>Continue to promote the development of the Cathedral Quarter and</td>
<td>DSD, NI Tourist Board, BCCM, BCC</td>
</tr>
<tr>
<td></td>
<td>the Laganside (including Queens Quay) for leisure and cultural</td>
<td></td>
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<tr>
<td></td>
<td>activities.</td>
<td></td>
</tr>
<tr>
<td>Sector</td>
<td>Task</td>
<td>Responsibility</td>
</tr>
<tr>
<td>--------</td>
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</tr>
<tr>
<td>Transport</td>
<td>Develop a co-ordinated managed car parking strategy for the city centre, to help make its retail and leisure destinations easier to visit.</td>
<td>DSD, DRD Roads Service, DOE</td>
</tr>
<tr>
<td>Transport</td>
<td>Continue to support the introduction of a Belfast Rapid Transit system, to help encourage a modal shift away from private car use.</td>
<td>DSD, DRD Roads Service, DOE</td>
</tr>
</tbody>
</table>
2 Introduction

Instructions

2.1 Deloitte was instructed by the Department for Social Development (DSD) to review and update its Urban Regeneration Potential Study (“URPS”) for the Belfast Metropolitan Area. The previous URPS was prepared by GVA Grimley and published in March 2006.

2.2 Our instructions were set out in the DSD’s commissioning letter of 20 April 2011 and in its Terms of Reference dated 4 May 2012 and in summary were to:

- Undertake a review of DSD’s existing regeneration studies and policies
- Undertake a wider desk top review of emerging regeneration initiatives, having specific regard to other UK regional cities
- Undertake a desktop analysis of the economic, physical and social needs and potential of Belfast
- Identify potential drivers to optimise Belfast’s regeneration potential, having regard to:
  - economy, employment and education
  - retail, housing, leisure and tourism
  - environment, regional growth, social cohesion and wider development
- Undertake a local market assessment focussing on the public and private sector appetite to deliver city centre regeneration
- Undertake an assessment of planned and proposed development within the city centre and its wider impact on the city centre
- Identify comparable cities within a retail led regeneration context and compile an overview of the retail pipeline and developer commitments
- Undertake SWOT analysis to benchmark Belfast city centre against comparable cities

2.3 Our remit also included preparing an updated Retail Capacity assessment, to be read alongside the URPS. This has been prepared by our sub-consultant JW Planning and is being issued in tandem with this report.

Purpose of the Report

2.4 The purpose of this report is to provide DSD with a broad strategic evidence base to help it update and shape its regeneration policies for Belfast city centre.

2.5 It highlights existing and potential market growth sectors, structural economic strengths and weaknesses and discusses the role that DSD can continue to play in promoting the rejuvenation of the city centre.

2.6 In conjunction with the updated Retail Capacity assessment, the URPS is also intended to help DSD review its approach to promoting retail led regeneration, particularly in the context of its proposed “Development
Scheme” to support retail led regeneration of the North East Quarter of Belfast city centre (Royal Exchange). The report is not, however, intended to offer any comment on the viability of the Royal Exchange proposal.

Methodology and Extent of Investigations

2.7 In accordance with the Terms of Reference, the URPS is a desktop review of existing policies, reports and data sets, insofar that they relate to the regeneration of Belfast city centre.

2.8 The Terms of Reference did not require any consultation with third party stakeholders, with DSD reiterating this during the course of the engagement. In preparing this report, we have therefore relied upon the following:

i). A desktop review of various publically available property market, socio-economic and regeneration publications;

ii). Existing DSD regeneration studies and masterplan publications in respect of Belfast city centre;

iii). Publically available census data;

iv). Property market data provided by EGi, Costar Focus and various third party property agents; and

v). Oral enquiries with property agents.

2.9 A bibliography is included at Appendix 1.

2.10 The information contained in this Report has been obtained from DSD and third party sources that are clearly referenced in the appropriate sections of the Report. Deloitte has neither sought to corroborate this information nor to review its overall reasonableness. Further, any results from the analysis contained in the Report are reliant on the information available at the time of writing the Report and should not be relied upon in subsequent periods.

Structure

2.11 This report is broken down into a number of sections, assessing both the prevailing socio-economic context and also reviewing in detail the core sectors which we consider are likely to underpin Belfast city centre’s development over the next decade. In summary, these are:

- The Knowledge Economy
- Offices
- Tourism and Leisure
- Residential
- Creative Industries
- Retail

2.12 As with the previous URPS, we have also sought to benchmark Belfast against what we consider to be comparable UK regional cities. The 7 benchmark cities referred to throughout this report are:

- Bristol
- Glasgow
- Leeds
- Liverpool
- Manchester
- Sheffield
- Newcastle
2.13 These cities have been selected on the basis that like Belfast, they serve a wider regional hinterland; have post-industrial economies; contain large student populations; and have all sought to promote retail led regeneration over the past decade.

2.14 The URPS concludes by advocating five principal “Drivers for Growth” and sets out a number of recommendations for DSD to consider, both in respect of promoting retail led regeneration and also in terms of updating its broader policy aspirations.

Limitations on Use

2.15 This report has been prepared for DSD and on the understanding that it will be made publically available on DSD’s website. All copyright and other proprietary rights in the report remain the property of Deloitte LLP and any rights not expressly granted in these terms or in the Contract are reserved.

2.16 No party other than DSD is entitled to rely on the URPS report and / or the accompanying Retail Capacity Study for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

2.17 The information contained within this report is provided to assist DSD with preparing its evidence base for a Development Scheme for Royal Exchange. The report makes use of a range of third party data sources. Whilst every reasonable care has been taken in compiling this report, Deloitte cannot guarantee its accuracy.

2.18 Neither the whole nor any part of this Report nor any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval as to the form and context in which it may appear.
3 Policy Context

Introduction

3.1 The core policy document which underpins DSD’s current regeneration strategy is the Regeneration Policy Statement (RPS), which is summarised below, with a review of DSD’s wider policy documents is included at Appendix 2.


3.2 The Regeneration Policy Statement (RPS) provides the guiding policy framework and sets out DSD’s wider objectives for the regeneration of Belfast City Centre. For the purposes of the URPS, Belfast City Centre is as defined on Table 3:

Table 3
3.3 The overall aim of the RPS is to strengthen Belfast City Centre as a premier regional shopping destination providing a high quality safe urban environment, attractive to investors, employees, residents and tourists.

3.4 The RPS objectives that are most relevant to the URPS are, to:

- Enhance the role of the City of Belfast;
- Support and strengthen the City Centre as the premier regional shopping destination;
- Promote the physical renewal of Belfast City Centre;
- Create a high quality, sustainable and vibrant urban environment, to attract inward investors and potential future residents;
- Build on the City Centre’s rich historic character;
- Promote access and linkages;
- Promote urban economic development at key locations and on suitable sites throughout Belfast City Centre;
- Promote urban economic development;
- Encourage the growth of the creative industries;
- Establish a 21st Century economy, well placed to compete with other European cities; and
- Promote Belfast as a premier European City.

3.5 The RPS contains 5 core themes, which reflected DSD’s plans and priorities at that time:

- Retail
- Office / Business
- Tourism / Leisure
- Connectivity / Public Realm
- Reinforcing City Communities

3.6 The RPS places a strong emphasis upon retail led regeneration, stating:

“The re-emergence of Belfast City Centre as the premier shopping destination in the province is at the heart of the Department’s regeneration policy for the City Centre”.

3.7 The RPS states that DSD’s objectives for retail led regeneration will focus upon the Main Shopping Area (MSA). The RPS identifies four Shopping Quarters within the MSA (North East, North West, South East and South West and sets out its plans and priorities for each one.

3.8 It gives direction on phasing, sequencing and design of new retail led regeneration to maximise benefit to the wider City Centre. The priority for future retail development sequencing was South East first, followed by North West and North East.
South East Quarter (Victoria Square)

3.9 The South-East Quarter was identified as being the priority location for a major retail led regeneration. This was the basis for DSD promoting a Development Scheme and Vesting Order to enable the development of Victoria Square, which subsequently opened in 2008.

North East Quarter (Royal Exchange)

3.10 The North East Quarter proposed retail led scheme at Royal Avenue/Cathedral Way, which formed the basis of a subsequent masterplan and ultimately the proposed Royal Exchange development, which was granted planning permission in September 2012.

North West Quarter (the Northside)

3.11 In relation to the North West Quarter, the RPS proposed that Masterplan should be produced to establish the best possible land use for the area.

3.12 DSD subsequently prepared a masterplan for the North West Quarter, divided into two elements (Part 1 covering the area around Castlecourt and Part 2, the land within the Press Library Quarter and Carrick Hill). The North West Quarter Masterplan Part 2 formed the basis of the Northside Urban Village Regeneration Framework, published in May 2009.

3.13 Key elements of the Northside Urban Village Regeneration Framework include, the promotion of “an evening economy to attract creative industries, social economy enterprise, tourism, cultural and arts development; and “the creation of a high quality public space at the junction of Little Donegall Street and Library Street”.

3.14 DSD is currently consulting on a design proposal for Library Square and has recently invited expressions of interest from developers for the wider Northside area.

South West Shopping Quarter (the Westside)

3.15 The RPS states:

“The Department believes that this area of the city centre remains vibrant and does not anticipate bringing forward any comprehensive development scheme for this area at present.”

3.16 Recognising that whilst a comprehensive development for this area was unlikely, DSD subsequently promoted a masterplan for this Quarter to help guide smaller scale regeneration proposals. This masterplan is titled the “Westside Regeneration Masterplan” and was published in September 2009.

Belfast City Centre Urban Regeneration Potential Study (2006)

3.17 The 2006 Urban Regeneration Potential Study (URPS 2006) was prepared by GVA Grimley and as with this update, included an analysis of:

- Audit of existing regeneration information;
- Analysis of research and identification of priority issues;
- Assessment of policy context;
- Consideration of economic future;
• Assessment of market by sector;
• A detailed analysis of the retail market;
• Identification of key drivers for change; and
• Consideration of land supply/capacity issues in the city centre.

3.18 The URPS 2006 identified the following key opportunity areas:

• Belfast was under performing as a regional retail driver;
• The city image was not attracting high quality retail;
• There was significant capacity for growth in the supply of high quality office stock;
• The city centre needed further enhancement as a tourism / leisure destination;
• Further city centre living should be encouraged;
• There was capacity for growth in the cultural and creative industries; and
• The quality of public realm was poor.

3.19 Since the URPS 2006, the following key developments have been completed:

<table>
<thead>
<tr>
<th>Development</th>
<th>Area</th>
<th>Principal Uses</th>
<th>Date Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Titanic Visitor Attraction</td>
<td>Titanic Quarter</td>
<td>Museum / leisure and conference venue</td>
<td>2012</td>
</tr>
<tr>
<td>The Metropolitan Arts Centre</td>
<td>City Centre</td>
<td>Performance space and leisure</td>
<td>2012</td>
</tr>
<tr>
<td>Belfast: Streets Ahead Phase 1</td>
<td>City Centre</td>
<td>Public Realm</td>
<td>2011</td>
</tr>
<tr>
<td>The Obel Tower</td>
<td>Langanside</td>
<td>Residential and offices</td>
<td>2011</td>
</tr>
<tr>
<td>Belfast Metropolitan College</td>
<td>Titanic Quarter</td>
<td>Further Education</td>
<td>2011</td>
</tr>
<tr>
<td>The Boat</td>
<td>Laganside</td>
<td>Residential and offices</td>
<td>2010</td>
</tr>
<tr>
<td>Saint Anne’s Square</td>
<td>City Centre</td>
<td>Residential, hotel and restaurants</td>
<td>2009</td>
</tr>
<tr>
<td>Victoria Square</td>
<td>City Centre</td>
<td>Retail, residential and leisure</td>
<td>2008</td>
</tr>
</tbody>
</table>

3.20 In light of these developments and having regard to prevailing market and economic conditions, our study addresses whether the key opportunity areas identified in the URPS 2006 remain valid.
4 Socio Economic Context

Introduction

4.1 This section contains an analysis of the economic, physical and social factors that have shaped the city to date, the key issues and deficiencies within the current provision and an analysis of the drivers for development.

Economy

4.2 Prior to the economic downturn in 2008, Belfast was performing relatively well against a range of indicators – between 1998 and 2008, the city's Gross Value Added (GVA), which is a commonly recognised measure of regional economic success and prosperity, increased by 25%$^{10}$. $^{10}$Belfast City Council (BCC) – Research into the Competitiveness of Belfast (2011)

Recession Impact

4.3 The 2008 recession had a major impact on all sectors of the economy in Northern Ireland, and the economic landscape in Belfast changed considerably within a very short space of time:

4.4 Between 2008 and 2011, all private sectors within Belfast experienced a contraction in GVA, with the largest falls occurring in the construction sector and financial and business services sectors.

4.5 Unemployment in Belfast almost doubled since the beginning of 2008 to 11,700 in December 2011$^{11}$. $^{11}$BCC – Research into the Competitiveness of Belfast (2011)

4.6 In the periods 2007-2009 and 2009-2011, the number of jobs in the Belfast District Council area fell by 1,865 (0.9%) and 632 (0.3%) respectively$^{12}$. $^{12}$Department of Enterprise, Trade and Investment (DETI) – NI Census of Employment (September 2011)

4.7 The number of confirmed redundancies in the Belfast Local Government District (LGD) area rose from 363 in 2008 to almost 1,500 (1474) in 2009. The number of redundancies remained high in 2010 and 2011 – 623 and 663 respectively. Between January 2012 and September 2012, the number of confirmed redundancies was 715 – 41.2% of all confirmed redundancies in Northern Ireland$^{13}$. $^{13}$DETI – NI Redundancies Statistics (September 2012)

4.8 The number of business registrations in Belfast fell by approximately one third in 2009, with the largest falls occurring in the financial and business services sectors$^{14}$. $^{14}$BCC – Research into the Competitiveness of Belfast (2011)

4.9 In 2010, there were 542 business closures in Belfast – this is compared to a figure of 418 in 2007$^{15}$. $^{15}$BCC – Research into the Competitiveness of Belfast (2011)

Current challenges

4.10 Along with the rest of the UK and wider European and global economies, Belfast continues to face challenging and difficult economic conditions. On-going economic difficulties include: the Eurozone crisis, the continuing instability in world financial markets and the stagnant growth and continuing rises in

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$^{10}$Belfast City Council (BCC) – Research into the Competitiveness of Belfast (2011)
$^{11}$BCC – Research into the Competitiveness of Belfast (2011)
$^{12}$Department of Enterprise, Trade and Investment (DETI) – NI Census of Employment (September 2011)
$^{13}$DETI – NI Redundancies Statistics (September 2012)
$^{14}$BCC – Research into the Competitiveness of Belfast (2011)
$^{15}$BCC – Research into the Competitiveness of Belfast (2011)
unemployment in the UK. A period of ‘jobless recovery’ has been forecast for the Belfast economy, where it is estimated that employment in Belfast will not reach pre-recession levels until 2017\textsuperscript{16}.

4.11 The Northern Ireland Executive has set itself the challenge of rebuilding the economy in the aftermath of the recession and rebalancing it towards the private sector in the context of a constrained public sector expenditure position.

4.12 The United Kingdom government’s deficit reduction plan however, has led to a significant reduction in the level of funding available to the Northern Ireland Executive.

4.13 The outcome of the United Kingdom Spending Review for Northern Ireland was announced on 20\textsuperscript{th} October 2010. It set out the Northern Ireland Executive’s Departmental Expenditure Limit for the four year period from 2011-12 to 2014-15. Northern Ireland’s settlement resulted in a real terms reduction in resource Departmental Expenditure Limit of 8%, and a real terms reduction in capital Departmental Expenditure Limit of 40% by the end of the four year Spending Review period to April 2015. As a result, funding availability for new projects from Government departments is likely to be severely restricted.

**Types of investment that will add value to the local economy**

4.14 In 2011, Belfast was ranked 45\textsuperscript{th} out of 46 European cities in relation to ‘economic balance’ or diversity, and this was largely attributed to the size of the city’s public sector\textsuperscript{17}. Belfast is heavily reliant on the public sector – as of September 2011, 35% of jobs in the Belfast District Council area were in the public sector\textsuperscript{18}.

4.15 In order for the city to develop a more resilient economy, encourage sustainable growth and limit exposure to risks, there is a need to rebalance the economy and move away from this reliance on the public sector to having a more mix of public and private sector jobs and activity. There is a need to grow the private sector which would also create new employment opportunities within the city, and encourage its resilience.

**Role of the indigenous industry in economic future (including social economy)**

4.16 A good mix of small and large retailers is essential for any successful town or city. A combination of large multiples/chain stores and indigenous retailer enterprises, can add distinctiveness to a city and diversity.

4.17 The Belfast City Centre Management (BCCM) Vacant Units report for October 2012\textsuperscript{19} states that 43% of the retail offer within Belfast city centre was independently owned (rather than part of a multi-national company), with several streets (e.g. Castle Street, Little Donegal Street) being solely populated by independent retail. Money spent by retailers with localised supply chains that employ local people has a greater domestic economic impact than money spent in a supermarket or national chain.

4.18 The local economy has a strong small sized enterprise base. In 2011, 95.8% of businesses in Belfast District Council area were small enterprises (less than 50 employees) whereas only 3.5% were medium sized enterprises (50-250 employees) and 0.9% were large sized enterprises (250+ employees)\textsuperscript{20}.

\textsuperscript{16} BCC – Research into the Competitiveness of Belfast (2011)
\textsuperscript{17} BCC – Research into the Competitiveness of Belfast (2011)
\textsuperscript{18} DETI – NI Census of Employment (2011)
\textsuperscript{19} BCCM – Vacant Units Report (October 2012)
\textsuperscript{20} DETI – Interdepartmental Business Register (2011)
Summary

Belfast continues to feel the impacts of the recession. The economic challenges currently facing the city are significant, and it will be some time before the economy returns to pre-recession levels. These issues are not unique to Belfast or indeed Northern Ireland. Belfast is in direct competition with cities across the United Kingdom, Republic of Ireland and Europe to attract finite resources, scarce finance, development appetite and high quality tenants. The city needs to be able to compete effectively with these cities and be recognised as a good place to both live and do business in.

Continuing investment in Belfast is necessary in order for it to be able to develop a modern and sustainable economic infrastructure that supports economic growth. Belfast must become a ‘business friendly’ city. Investors need to be attracted by the service that the city provides which in turn will facilitate inward investment. Any regeneration initiative must provide high quality space that encourages business growth and increases the potential of local companies. Increased private sector growth and creating a more dynamic private sector is important. Regeneration will provide a welcome stimulus to the private sector economy and in particular the construction industry. It has the potential to positively impact the local economy and help tackle unemployment and promoting social inclusion.

Employment

Employment: the opportunity to provide growth in jobs in the retail and leisure sectors

4.19 In September 2011, the Belfast District Council area accounted for 28.9% of all jobs in Northern Ireland (196,947). The city is a predominantly service-led economy, with the 2011 Northern Ireland Census of Employment stating that 92.5% of jobs in the Belfast District Council area were in the service sector, a decrease of 0.5% since 2009. This is compared to Northern Ireland as a whole where 83.1% of jobs were in the service sector, an increase of 0.3% for Northern Ireland as a whole since 2009.

4.20 Worklessness is heavily concentrated in Belfast. Figures from the 2011 Northern Ireland Labour Force Survey showed over one quarter (30.1%) of those aged 16-64 in the Belfast District Council area were economically inactive. This is 3.5% higher than the figure for Northern Ireland as a whole.

4.21 As of September 2012, the unemployment claimant rate in the Belfast District Council area was 7.8%, 2.2% higher than the figure for Northern Ireland as a whole (5.6%). The claimant count rates in the Belfast District Council area in 2011 and 2007 were 7.2% and 3.4% respectively. 85.2% of all claimants are in the 18-49 year old age category, where individuals in the 25-49 age bracket account for over half (56.4%). Individuals in the 18-24 age bracket account for over a quarter of unemployment claimants (28.6%), indicating a lack of opportunities for graduates.

4.22 Table 4 illustrates how the claimant rate has changed in the Belfast District Council area from 1998-2011 and compares this against Northern Ireland as a whole.

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21 DETI – NI Census of Employment (September 2011)
22 DETI - NI Labour Force Survey (2011)
23 DETI – NI Census of Employment (September 2011)
24 DETI - NI Claimant Count (September 2012)
4.23 Belfast has a problem with long term unemployment. As of September 2012, out of all unemployment claimants, 50.7% had been on benefits for six months or more and 26.2% for one year or more – increases of 3.5% and 2.2% respectively on the figures for the previous year. This is compared to the figures for Northern Ireland as a whole which are lower – 48.5% had been on benefits for six months or more and 25.4% for one year or more – increases of 1.7% and 1.4% respectively on the figures for the previous year.

4.24 Historical divisions and separation between communities have resulted in low levels of integration in Belfast, and this has had the effect that residents in certain parts of the city have not linked into areas of job growth.

4.25 Pockets of unemployment and deprivation within the city are concentrated in the city centre (in particular, north and west of Belfast), with the outer areas of Greater Belfast better linked into recent success/growth. Within the city, there is much variation from the unemployment rate claimant figure of 7.7%. The five wards with the highest proportion of unemployment claimants are the Water Works (17.1%), Duncairn (15.2%), Clonard (14.4%), Falls (14.2%) and Shankill (13.4%) and the five wards with the lowest proportion are Stormont (1.9%), Stranmillis (2%), Malone (2.9%), Cherryvalley (3.2%) and Finaghy (3.2%). This concentrated worklessness is predicted to persist, with Oxford Economics forecasting that by 2018, in 12 out of 51 wards, less than half of the population who can work will – only a slight improvement on the current situation.

4.26 The 2010 Northern Ireland Multiple Deprivation (NIMDM) report identified 26,095 people (16%) in Belfast Local Government District as employment deprived. This can be compared to Northern Ireland as a whole, where 13% were identified as employment deprived. Seven out of the ten most deprived wards in Northern Ireland, in terms of employment deprivation, are in Belfast. Employment deprivation is clustered in particular in the central areas of north and west Belfast. Within Belfast Local Government District, the most deprived Super Output Area was Whiterock 2 (ranked one in Northern Ireland) and the least deprived Super Output Area was Stranmillis 2 (ranked 889 in Northern Ireland).

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25 DETI - NI Claimant Count (September 2012)
26 DETI – Northern Ireland Claimant Count (September 2012)
28 Northern Ireland Multiple Deprivation Measure (2010)
Skills Profile

4.27 In relation to the skills profile within Belfast, just over one third (33.4%) of individuals aged 16-64 had qualifications above NVQ level 4 as of October 2012. However, a significant proportion of individuals aged 16-64 in the Belfast District Council area had qualifications below NVQ level 4 or indeed no qualifications at all - 20.7% and 45.9% respectively.

4.28 Sectors such as retail and leisure and tourism are important growth sectors for Belfast, as the city seeks to reduce the existing high levels of inactivity and worklessness. These sectors often provide employment opportunities at the lower end of the labour market and offer a potential entry route into employment for the lower-skilled residents.

Comment

Given the extent of deprivation in areas within Belfast, any regeneration initiative must ensure that employment opportunities are accessible to local residents of the city. The right jobs (in terms of the relevance and level of skills required) need to be made available to suit the city’s labour market and the city’s infrastructure needs to support access to these jobs. Retail and leisure and tourism are examples of two sectors that have the potential to provide employment opportunities for the lower-skilled individuals within the city.

Creating skills and attracting and retaining people with the right skills is important to the success of businesses and in turn important to the economic prosperity of a city. There is a need to improve the employability of the potential local workforce and ensure that residents have the skills and ability to enable them to access employment opportunities.

Education

4.29 Belfast is the key provider of higher and further education in Northern Ireland, with Queen’s University, the University of Ulster, and Belfast Metropolitan College all located in the city centre. A key development is the planned relocation of the University of Ulster campus into the city centre, which is due to be completed in 2018.

4.30 The higher education sector is becoming increasingly recognised as a core part of the economic infrastructure, generating employment and output, attracting export earnings and contributing to the GDP.

4.31 Other significant benefits generated by universities include:

- Universities play an important role in consumption. They attract high numbers of students to their cities – this has positive implications for consumer spending in these cities.

- Universities are a source of ideas and technologies – many of which can be exploited for economic and social benefit.

- Universities act as significant employers and purchasers in many local economies.

- Universities produce a skilled workforce that is often a crucial resource for local businesses.

4.32 Higher education's contribution to GDP is significant. In 2007/08, it contributed over £31 billion to GDP (2.3% of GDP in 2008).\(^{30}\)

4.33 One of the most important roles that universities play in the economy relates to the number of staff that they employ. At a regional level, universities are often among the largest employers in their regions. They provide skilled and relatively high paid employment and attract highly qualified people to an area, contributing to a region's capacity to exchange ideas and therefore helping to make it more competitive. The multi-faceted nature of activities in which universities engage means that they also provide employment in occupations across the entire skills spectrum.

4.34 In addition to their own output and employment, universities’ expenditure generates additional output and employment in other sectors of the economy. A 2009 Universities United Kingdom report\(^{31}\) on the impact of universities estimated that in 2007/08 for every £1 million of direct university output, a further £1.38 million was generated in other sectors of the economy and for every 100 full-time jobs created directly within universities, more than 100 other full-time equivalent jobs were generated through knock-on effects.

4.35 Higher education is recognised as central to the creation of a dynamic, innovative economy, the primary focus of the Northern Ireland Executive Programme for Government.

4.36 Queens University and the University of Ulster currently generate additional economic activity beyond their core income – it is estimated that from a combined income of almost £500m, Queen's generates an additional £400m and the University of Ulster an additional £275m in economic activity. The two universities directly employ 6,500 people, but generate at least the same again through the multiplier effect - the higher education sector is very important in supporting and sustaining employment in the region.\(^{32}\)

4.37 The impact of globalisation and the response to economic shocks, such as the current recession, can often result in the movement/relocation of key economic elements (i.e. workers and businesses). This can place a major strain on local economies. Universities are also especially important to local economies because of their stability – i.e. they do not move. Universities therefore can act as important ‘shock absorbers’ and as a stimulus to long-term growth.

4.38 In summary, universities contribute to the economic health of an area – they create skills which raise personal and average incomes, they create academic, clerical and manual jobs; and they spend money in the local community, which in turn create knock-on multiplier effects. For these reasons we consider that they have an important role to play in stimulating Belfast's Knowledge Economy.

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\(^{30}\) Universities UK – The impact of universities (2009)

\(^{31}\) Universities UK – The impact of universities (2009)

\(^{32}\) Attracting investment in Northern Ireland - Professor Tony Gallagher, Pro Vice-Chancellor, Queen’s University Belfast (2011)
Leisure and Tourism

Introduction

4.39 Belfast’s unique history, improved hotel offering and its proximity to attractions such as the Giant’s Causeway (with its new visitor centre which opened in July 2012) and recently opened Titanic visitor centre in the city have helped to distinguish it from other retail centres and enabled it to become a truly global tourism destination. Tourism to Belfast has more than quadrupled over the period 2000 to 2008, with 7.1 million visitor trips in 2008 and £436.6 million spend. The city has now established itself as a leading short-break destination.

4.40 The National Geographic Traveller magazine named Belfast as one of the world’s top destinations for 2012, describing it as ‘a Capital City of Titanic Ambition’ and ‘a capital that is redefining itself in the eyes of the world’. The Financial Times listed it as one of the ‘top 10 places in the world’ to hold a conference or major event.

4.41 Major efforts have been made over the past decade to revitalise, regenerate and renew Belfast’s tourism offering. A number of recent projects have been undertaken in the city and these have significantly boosted the city’s tourism offering – examples include: the Ulster Hall reopening (2009), the Tall Ships (2009), the City Hall refurbishment (2009), the Ulster Museum reopening (2009), St Anne’s Square and the MAC (2011), the Lyric Theatre (2011), Crumlin Road Gaol (2012), the Titanic Signature (2012), and the Gaeltacht and other quarters.

4.42 With an expanding hotel accommodation base and easy access to all the main transport networks, Belfast has firmly established itself as one of the preferred choices for many national and international events – the MTV Europe Music Awards was held in the city in November 2011 and future events to be held there include the World Police and Fire Games in 2013 and the Tall Ships, which is set to return to the city in 2015. These events have the potential to further improve visitor perceptions of Belfast, and increase the possibility of repeat visits and the likelihood of increased tourism expenditure.

4.43 The city is also a popular destination for cruise ships with over 40 vessels expected to visit the city in 2012, carrying over 75,000 passengers and crew (an increase of 32% on 2011).

Belfast Tourism Monitor Statistics

4.44 Findings from the 2011 Belfast Tourism Monitor include:

- In 2011, there were 7.86 million visitor trips to Belfast.
- The value of direct tourism spend in the city during 2011 was estimated at £401 million (an increase from 2010’s £398 million figure). The total level of spend evidenced in 2011 supported 9,032 full time equivalent jobs, based on the Cogentsi estimation of a ratio of 22.5 FTE jobs per £1 million of direct tourist expenditure. The overall impact on the Belfast economy of tourism in 2011 was estimated to have been almost £506 million.

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33 Belfast City Council (BCC) – Belfast Visitor and Convention Bureau
34 National Geographic Traveller
35 Belfast Harbour website
36 BCC – Belfast Tourism Monitor (2011)
• The Republic of Ireland market continues to be the dominant market in Belfast tourism (accounting for 82% of all out of state trips). Great Britain accounts for a further 15%. This leaves 3% of overnight visitors to the City having come from outside the British Isles.

• Out of state tourists (2.76 million) contributed £215 million or 54% of these revenues.

• In 2011, 1.33 million out of state overnight tourists visited Belfast and spent one or more nights in the city. Of this number, 529,000 were business visitors (including 95,000 conference delegates). In addition to overnight visitors, a further 1.43 million out of state tourists visited the City for a day trip.

• Day trippers spent a total of £233 million in Belfast City during 2011, £145.3 million of which was accounted for by indigenous visitors. The contribution of out of state daytrippers was £87.9m.

• The three most popular attractions for overnight visitors and daytrippers to Belfast were the city centre shopping area, Belfast City Hall and the Crown Bar. Of those who reported that they spent money on shopping during their trip to Belfast, the most popular purchase, amongst two fifths of visitors (44%) was a souvenir of their visit. A fifth (22%) of day trippers purchased shoes and clothes and around 1 in 10 (11%) purchased local foods.

• Results from a survey of cruise ship visitors to Belfast stated that the three most popular attractions were the Belfast shopping area, Belfast Bus Tour and Belfast City Hall. In terms of attractions visited, buildings and architecture were popular with almost three quarters of cruise visitors (73%) and shopping was popular with almost three fifths (58%). For every £1 spent by cruise visitors to Belfast in 2011, 46p was spent on shopping and 25p on eating out. Transport accounted for 20p in every £1 and the remaining 9p was spent on entertainment.

• In terms of the evening economy, more than half (51%) of overnight visitors ventured into the heart of the city centre during the period from 5pm to 8pm. The most popular evening activities were to go for a drink in a pub (32%) and/or to go for something to eat in a restaurant or café (18%).

• For every £1 spent by out-of-state overnight visitors in Belfast in 2011, 31p was spent on accommodation and 23p on eating out. The hospitality trade thus benefited from over half of income generated; 54p in every £1 spent. The retail trade benefited from 23p in every £1 spent, whilst spend on entertainment accounted for 17p in every £1. This leaves 12p in each £1 being spent on transport.

• For every £1 spent by out-of-state day trippers to Belfast in 2011, 41p was spent on shopping and 25p on eating out. Transport accounted for 17p in every £1 and the remaining 17p spent on entertainment.

_Survey findings_

4.45 The Belfast City Centre Management Town centre Healthcheck surveyed the general public on a number of key themes: First Impressions of the town centre, Security, Streets/Public Realm, Pedestrian Experience and Entertainment and Leisure and Tourism.

4.46 Findings from the survey for the period April 2012 – June 2012 were:

• ‘First Impressions of the town centre’ (67%), ‘Streets/Public Realm’ (63%), ‘Pedestrian Experience’ (62%) and ‘Entertainment, Leisure and Tourism’ (66%) were all rated as ‘Good’ (60-75%). All ratings have decreased from the previous survey of the November 2011 – March 2012 period – by 3% for all, except ‘first impressions of the town centre’ which decreased by 4%.

• ‘Security’ (57%) and ‘Public Facilities’ (53%) were rated as ‘Average’ (45-60%). These ratings have remained static from the survey of the previous period.
4.47 These findings demonstrate the importance of the city centre for visitors to Belfast. This is particularly the case for shopping/retail, which is a major motivator/attraction for visitors to the city and makes up a significant proportion of visitor expenditure whilst in the city.

4.48 They also demonstrate the need to improve the attractiveness of the city centre to a spectrum of visitors, not just during the day but also in the evening.

Comment:

Successful cities meet the visitor’s expectations on a set of essential facilities and attractions integral to a city visit.

Leisure and tourism is a very important growth sector for Belfast.

Shopping is a particularly important asset for tourism. It is a major motivator of both overnight visitors and day-trippers, particularly for cross border visitors.

Ambitious targets have been set to increase visitor numbers to the city (by 40%, to 2.38 million), and increase spend in the city (to £294 million) by 2014. The city cannot be complacent and it will need to continue to improve its visitor offering so that it can be seen as a leading leisure and tourism tourist destination and cater for demand.

Environment

4.49 Belfast city centre has a rich historic character and benefits from having a strong underlying street structure and a number of fine buildings and architecture. Despite this, the city centre is deficient in terms of the overall quality of its environment. It has many gap sites, areas of poor and intermittent frontage, and areas of large-scale redevelopment disrupting the existing urban grain. Much of the development undertaken in the last few decades has been insensitive towards its context, and indicates the lack of an overall city development strategy.

4.50 There are a number of rundown areas of the city that are used by tourist. For example, the North Eastern area of the city is a particularly run down area of the city. This area is frequented by tourists walking from the city centre to the Cathedral Quarter.

Public Realm

4.51 There are a number of issues in respect of the existing public realm in Belfast City Centre (outside of that covered by Phase 1 of the Streets Ahead Project):

- Belfast’s public realm has been developed in an uncoordinated fashion and, with a few notable exceptions, lacks quality and cohesion. Street furniture, including paving, lighting and columns are of a poor design and do not add to the distinctiveness of the city.

- The city centre currently operates in ‘zones’, and there is a lack of appropriate linkages between core retail areas which would otherwise encourage pedestrians to explore the historic and cultural areas of the city. There is a clear requirement for appropriate linkages to be developed which would contribute to a more integrated city centre and encourage visually seamless transition between the current zones.

4.52 In addition these issues, it is recognised that the public realm has a role to play in making Belfast a more attractive city for all of its citizens, as summarised below:
• Businesses investing in Belfast will be attracted to city centre locations in order to attract a dynamic workforce. The quality of the city centre environment is recognised as important in attracting this type of investment.

• Investment in the public realm of the city centre will help Belfast compete on both a regional and international basis for retail, leisure and business space.

• The attractiveness of the public realm is of high importance in stimulating tourism interest to Belfast and Northern Ireland.

• The public realm has an important role to play in reducing crime; specifically, improvement works incorporating improved lighting in public areas, and returning underused land and buildings to use.

• The use of high value, long lasting materials, gives a positive message to the private sector, that the area has a long-term investment future.

4.53 A number of initiatives are already in place, which are having a positive impact on the city. Physical improvements have been brought about by the Belfast: Streets Ahead programme. The aim of the programme is to deliver a world class public realm improvement scheme within the very core of Belfast city centre that will include improvements to surfacing, lighting, landscaping, street furniture and public artwork. Since July 2007, 14 public realm streets in the main shopping area of Belfast have undergone a transformation as part of Phase 1 of the Belfast: Streets Ahead Programme.

4.54 Phase 1 of the programme was completed in September 2011. Phase 2 of the programme was announced in February 2012 and it will concentrate on the area to the North, East and West of Belfast City Hall, namely Donegal Square North, East and West.

4.55 The success of the Phase 1 project has been recognised by number third party organisations, with it receiving several prestigious awards:

• RICS 2012 Regeneration Award;

• RICS (Northern Ireland) Best Regeneration Project and Best Overall Project in 2012;

• CEEQUAL Excellent Whole Project Award. A key aspect of the sustainability aspirations was to design and specify the public realm to reduce the on-going maintenance burden, providing long term benefits;

• Considerate Constructor’s award in 2009, 2010 and 2011;

• Winner of two Construction Employer Federation 2012 Awards – the Transport Infrastructure Award and the Partnering Award; and

• Winner: Commercial & Public Authority under £50,000 Award at the Association of Landscape Contractors of Ireland (ALCI) Annual Awards 2012.

4.56 The RICS’ (Northern Ireland) award was accompanied by the following statement:

“The transformation of the physical environment of Belfast through major urban improvement and renewal has created a high quality, safe streetscape, with a new identity and character attractive to investors, employees, residents and tourists. It has delivered a vibrant city centre, for residents and visitors, driving economic growth and attracting further investment.”

4.57 The project subsequently progressed to the UK RICS Awards and was announced as the winner in the Regeneration category on 19 October 2012. David Tuffin, Chairman of Judges, commented:
“The carefully considered design of the new streetscape has dramatically enhanced the experience and outlook of visitors, increased footfall and time spent. The end result has transformed the city centre and encouraged further sustainable private sector investment.”

Comment

Unattractive surroundings (i.e. streets, pavements and buildings) can make a visit to a city an unpleasant and inaccessible experience for visitors, and increase crime and the perception of crime. In order to be a place that people want to visit, Belfast city centre needs to be attractive and safe.

The public realm and streetscape in Belfast acts as the shop window for the city. The quality of the finish and materials used help to convey a strong and positive message about the city as a whole and improve the experience of visiting the city for both locals and visitors alike. In this context, DSD’s investment in its public realm strategy Street Ahead is welcome, as is the positive feedback that Phase 1 has received.

Further improvements to the public realm in Belfast has the potential to bring a number of benefits to the city:

- It engenders a sense of pride in the city.
- Facilitates the movement of people and connections between areas of the city.
- Residents perceive such areas as inclusive rather than exclusive.
- Attract potential business investment to the City, as well as employees, residents and tourists.
- Attract visitors to the city and contribute to increasing tourism.
- Plays an important role in reducing crime (via reduced dereliction, improved lighting etc.).
- Reinforce the existing shopping environment and link retail developments.

Any approach relating to infrastructure and the public realm must be planned and coordinated so that it maximises the accessibility and attractiveness of the city centre, complements any regeneration that has taken place to date and supplements the core urban design strengths of the city.
Regional Growth

Regional Growth: developing the engine of the City Centre to drive the development of Belfast as a premier European Regional Capital and through it the Province

4.58 Successful regions have strong and vibrant cities at their core. Belfast is the capital city of Northern Ireland, accounting for 15.5% of the population of Northern Ireland\(^3\). The number of younger working age adults aged 16-39 and older working age adults aged 40-64 living in Belfast Local Government District as a percentage of the population of Northern Ireland is 38% and 29% respectively – increases of 5% and 11% respectively since the 2001 Census\(^3\).

4.59 The city is the core of the Northern Ireland economy, driving much of the economic growth and sharing its wealth across the region. Regional output is commonly measured in terms of Gross Value Added (GVA). Over one quarter (29.1%) of the total GVA in Northern Ireland in 2009 was attributed to the Belfast District Council area. This reflects the concentration of economic activity within this area of Northern Ireland. Belfast District Council’s GVA per head in 2009 was £29,816 – the highest for any region in Northern Ireland. The figure for Northern Ireland as a whole was £15,249. From 1999 to 2009, the largest increase in GVA per head was recorded in this area, at 54%\(^3\).

4.60 Belfast is home to two-thirds of Northern Ireland’s largest 50 companies and half of its foreign-owned businesses\(^4\). In 2011, 28.9% of all jobs in Northern Ireland were located in Belfast. 35.5% of all service sector jobs in Northern Ireland are located in Belfast. In relation to particular industries, 60.8% of information and communication related jobs, 58.4% of financial and insurance related jobs, 47.4% of public administration and defence jobs are located in the Belfast District Council area\(^4\). These are just a few examples. Belfast District Council area also has the highest job density out of all areas in Northern Ireland – 1.35 compared to 0.74 for Northern Ireland as a whole\(^4\).

4.61 This concentration of employment and labour in the city means that it is best positioned to maximise private sector growth. The supply of office accommodation in the city and access to graduate labour should help local businesses to compete in international markets.

4.62 Belfast’s infrastructure is another reason why it is important for the entire Northern Ireland economy. It is the key provider of further and higher education, with Queens University, the University of Ulster Belfast campus and Belfast Metropolitan College located in the city centre and the University of Ulster Jordanstown campus located within 20 minutes in Jordanstown. There are also the plans to relocate the University of Ulster into the city centre due to be complete in 2018.

4.63 With an airport (Belfast City airport) and port (Belfast Port) within the city administrative boundary and another airport (Belfast International airport) within 30 minutes of the city centre, Belfast is a gateway for business visitors and tourists. The port of Belfast is Ireland’s busiest ferry port and an important fact in Belfast’s prosperity. The majority (58%) of total traffic through Northern Ireland ports came through the Belfast Port. Almost 60% of inward traffic in goods and over half of all outward traffic in goods came through the port in 2011. Over 57% of tourist vehicles (293,697) passed through the port in 2011\(^4\).

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\(^{37}\) ONS – Urban Audit IV - United Kingdom cities compared with European cities (2012)  
\(^{38}\) Northern Ireland Statistics and Research Agency (NISRA) – 2011 Census  
\(^{40}\) BCC – Investment Programme for 2011-15  
\(^{41}\) DETI – NI Census of Employment (2011)  
\(^{42}\) DETI - NI Claimant Count (September 2012)  
\(^{43}\) DETI – NI P0orts Traffic (2011)
Comment

As the region’s capital city, business, employment and infrastructure hub and largest settlement, Belfast is critical to Northern Ireland’s economic future and it needs to be at the forefront of Northern Ireland’s economic development.

Investment in Belfast will have positive benefits for the city and its economy, and also in terms of strengthening and enhancing its role as a regional capital. Its relative competitiveness and its ability to compete against other cities will also have an impact on regional prosperity.

Social Cohesion

*Social Cohesion: the development of the city centre as a catalyst to help drive the regeneration of adjacent neighbourhoods*

*Population statistics*

4.64 The 2011 Census reports that the population of the Belfast Local Government District area as of March 2011 was 280,962 (15.5% of the Northern Ireland population). This is an increase of approximately 1% from the recorded population of 276,459 at the 2001 Census – the lowest figure out of all Local Government Districts.

4.65 Since the 2001 Census, there has been a decrease in the number of people that are not of working age and an increase in the number of people of working age:

- A decrease of 13% in the number of younger people aged 0-15 in Belfast Local Government District (compared to the figure for Northern Ireland of 5%).
- An increase of 5% in the number of younger working age adults aged 16-39 in Belfast Local Government District (compared to the figure for Northern Ireland of 2%).
- An increase of 11% in the number of older working age adults aged 40-64 in Belfast Local Government District (compared to the figure for Northern Ireland of 19%).
- A decrease of 6% in the number of people aged 65-84 in Belfast Local Government District (compared to the figure for Northern Ireland of 16%).

4.66 Demographic dependency measures the economic burden on the economically active with respect to the economically inactive population. Belfast has a high demographic dependency (economic burden on the economically active with respect to the economically inactive population). For every 100 people aged 20-64, there are 70.8 people aged under 20 or over 64. It also has quite a high old age dependency (proportion of older people dependent on the younger working population), with 25.8 people aged 65 or over for every 100 people aged 20-64. This is quite high when compared to other European cities where values range from 14-32.

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44 Northern Ireland Statistics and Research Agency (NISRA) – 2011 Census
45 Northern Ireland Statistics and Research Agency (NISRA) – 2011 Census
46 ONS – Urban Audit IV - United Kingdom cities compared with European cities (2012)
Polarisation

4.67 The 2001 Census\textsuperscript{47} (figures for 2011 are not available yet) reported that 43.8% of individuals within Belfast Local Government District were from a Catholic community background and 53.1% were from Protestant and other Christian backgrounds. However, neighbourhoods within this area are highly segregated and polarised to the point of exclusiveness, with many being made up of over 80/90% of a single religion.

4.68 Within the Belfast Local Government District, Whiterock 3 Super Output Area had the highest percentage of individuals from a Catholic community background (99.2%) and Woodvale 2 had highest percentage of individuals from a Protestant/Christian background (97.4%).

Deprivation

4.69 The city lags behind the Northern Ireland averages on the main indicators of quality of life. The 2010 Northern Ireland Multiple Deprivation (NIMDM) report\textsuperscript{48} stated that over half of the 100 most deprived Super Output Areas in Northern Ireland, in terms of multiple deprivation, are in Belfast (54).

4.70 46% of the Belfast Local Government District lives in the most deprived Super Output Areas in Northern Ireland. Within Belfast Local Government District, the most deprived Super Output Area was Whiterock 2 (ranked one in Northern Ireland) and the least deprived Super Output Area was Stormont 2 (ranked 889 in Northern Ireland).

4.71 Belfast Local Government District was ranked the most deprived Local Government District in Northern Ireland in terms of the scale of income and employment deprivation, with 35% (93,511) experiencing income deprivation and 16% (26,095) experiencing employment deprivation. This can be compared to Northern Ireland as a whole, where 25% were identified as income deprived and 13% employment deprived.

4.72 Table 5 on the next page summarises the rankings of Belfast Local Government District against a number of deprivation indicators.

\textsuperscript{47} Northern Ireland Statistics and Research Agency (NISRA) – 2001 Census
\textsuperscript{48} Northern Ireland Multiple Deprivation Measure (2010)
Table 5: Summary of deprivation indicator rankings in Belfast Local Government District

<table>
<thead>
<tr>
<th>Deprivation Indicator</th>
<th>Number of SOAs in the top ten most deprived</th>
<th>Most deprived Super Output Area in Belfast Local Government District</th>
<th>Least deprived Super Output Area in Belfast Local Government District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>6</td>
<td>Whiterock 2 (1)</td>
<td>Stranmillis 2 (889)</td>
</tr>
<tr>
<td>Employment</td>
<td>7</td>
<td>Whiterock 2 (1)</td>
<td>Stranmillis 2 (889)</td>
</tr>
<tr>
<td>Health</td>
<td>9</td>
<td>Whiterock 2 (1)</td>
<td>Stranmillis 2 (889)</td>
</tr>
<tr>
<td>Education, Skills and Training</td>
<td>10</td>
<td>Shankill 2 (1)</td>
<td>Malone 1 (890)</td>
</tr>
<tr>
<td>Working age adults</td>
<td>8</td>
<td>Shankill 2 (1)</td>
<td>Stranmillis 2 (890)</td>
</tr>
<tr>
<td>Proximity to services</td>
<td>0</td>
<td>Glencolin 1 (301)</td>
<td>New Lodge 3 (890)</td>
</tr>
<tr>
<td>Living environment</td>
<td>7</td>
<td>Waterworks 3 (2)</td>
<td>Stormont 1 (842)</td>
</tr>
<tr>
<td>Housing quality</td>
<td>0</td>
<td>Botanic 1 (26)</td>
<td>Ballymaccarrett (888)</td>
</tr>
<tr>
<td>Housing access</td>
<td>6</td>
<td>Duncairn 1 (1)</td>
<td>Stranmillis 2 (876)</td>
</tr>
<tr>
<td>Outdoor physical environment</td>
<td>10</td>
<td>Woodstock 3 (1)</td>
<td>Stormont 1 (572)</td>
</tr>
<tr>
<td>Crime and disorder</td>
<td>5</td>
<td>Botanic 3 (1)</td>
<td>Stormont 1 (837)</td>
</tr>
</tbody>
</table>

*Source: Northern Ireland Multiple Deprivation Measure (2010)*

4.73 The table shows that concentrations of deprivation within the city are unevenly spread and significant gaps still exist between the most affluent areas and the most deprived. In eight out of the eleven indicators, the most deprived ward in Northern Ireland was located in Belfast Local Government District. On the other hand, in three out of the eleven measures, the least deprived ward was also located in Belfast.

4.74 For two indicators, the ten most deprived wards in Northern Ireland were all located in Belfast Local Government District. For eight indicators, over half of the ten most deprived wards were located in Belfast Local Government District.

**Comment**

Belfast faces a number of significant economic and social problems and challenges. Any investment must seek to ensure that opportunities are made available to and accessible to local residents; otherwise the economic and social conditions will continue to undermine Belfast's prospects of sustainable growth will continue.
Transport

Transport: recommendations in relation to BMTP and Rapid Transit.

Transport network

4.75 Divisions during the Troubles meant that the majority of demand was for transport into the city centre rather than circular/orbital. Belfast is radial in form, with arterial roads linking neighbourhoods in the north, south, east and west quadrants of the city with the city centre. These neighbourhoods have been physically isolated and fragmented from the city centre by roads infrastructure such as the A3 and the Westlink and geographical features such as the River Lagan and Cave Hill. Examples include:

- The Westlink has severed the communities of West and North Belfast from the city centre;
- The M3 has caused considerable severance between North Belfast and Laganside; and
- The River Lagan acts as a divide to the north and east.

4.76 These physical barriers have resulted in the development of ‘shatter zones’\textsuperscript{49}, leftover space, derelict land and buildings and out of context, poorly structured development. They have also further limited the ability to improve connections between areas within the city.

Public transport

4.77 Public transport provision is essential to Belfast’s position as the social, cultural and economic centre for Northern Ireland. Translink is Northern Ireland’s integrated bus and rail public transport company. The Translink Metro network routes extend from the city centre outwards in a ‘spoke’ fashion and there is a lack of orbital routes around the city to connect these ‘spokes’ – see Table 6. The current road and rail infrastructure has had the effect of severing the city centre from surrounding areas. There is also a very high level of use of taxis in the city, often seen as a cheaper alternative than public transport.

Table 6: Belfast Metro Network

\begin{center}
\includegraphics[width=\textwidth]{transport_network.png}
\end{center}

\textit{Source: Translink website (2012)}

\textsuperscript{49}Belfast Metropolitan Area Plan (BMAP) Urban Design Framework
4.78 44.8% of households in Belfast Local Government District do not have access to a private car and therefore rely on public transport. This is the highest figure for any Local Government District in Northern Ireland and significantly higher than the figure for Northern Ireland as a whole of 26.3%. There are significant variations across Belfast – 32.8% in east Belfast, 49.2% in north Belfast, 34.1% in south Belfast and 50.9% in west Belfast. This percentage rises in certain areas of Belfast to over 70% – 74.8% in Shankill, 74.5% in New Lodge, 72.8% in Shankill and 72% in Crumlin wards 50.

4.79 Connectivity to public spaces and opportunities (jobs) within areas with low levels of car ownership depends heavily on good public transport. The current public transport service in Belfast often does not connect people to jobs. As a result, individuals without access to private transport in areas of poor public transport connectivity are further disadvantaged and cut off from the opportunities, such as the ability to access the labour market. These factors have combined to have the impact of increasing polarisation and exacerbating deprivation in certain areas in Belfast.

4.80 The current road network in Belfast city centre results in significant conflicts between buses and other traffic, causing delays to buses and problems of maintaining reliable services in both peak and off peak periods. It is important that avoidable traffic is not allowed to build up whilst allowing for necessary and unavoidable commercial traffic and managing it in a city-friendly manner.

4.81 Elements such as a badly planned transport infrastructure can make shopping an unpleasant and inaccessible experience for visitors and small pavements and busy road can make streets unsafe for users.

Car parking

4.82 Parking provision within the city centre needs to be adequate for the successful operation - notably the retail operation - of the city centre.

4.83 At present, there is no overall strategy for managing car parking in the city centre, with a number of private and public car parks surrounding the retail core. A number of these car parks are well used, although the volume of sites given over to this use results in a fragmentation between the city core and neighbouring residential areas. Examples include the surface car parks around Bankmore Street, Queens Quay, and the Northside (Frederick Street, Little Donegall Street and Carrick Hill).

4.84 Whilst usage of city centre car parks is high, there is evidence to suggest that a lot of this capacity is being used by longer stay customers (e.g. office workers) rather than short stay visitors (e.g. shoppers).

4.85 We consider that there is a requirement for a city wide parking strategy, which would review the scope to provide strategically located managed car parks around the main office and retail areas. Such a strategy could help to locate car parks in areas where there was scope to increase footfall along routes into the city centre.

4.86 The high level of usage of city centre car parks also offers the potential for them to be considered as a potentially lucrative means of revenue generation, whether managed by DRD Roads Service or potentially outsourced as a package to a third party provider.

Current transport plans in Belfast

4.87 The Belfast Metropolitan Transport Plan (BMTP) 2005-2015 (BMTP) identifies the need for new investment in Belfast's transport system following years of under-investment. The plan sets out target improvements

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50 Northern Ireland Statistics and Research Agency (NISRA) – 2001 Census
for the city’s transport network by 2015. These include measures such as introducing a network of quality bus corridors, introducing orbital bus routes, and creating a bus priority on the strategic highway network.

4.88 Translink and the Department for Regional Development (DRD) working together with the Strategic Investment Board (SIB) have identified the potential to create a world class public transport hub for the city of Belfast.

Summary:

In order to be a place that people want to visit, Belfast city centre needs to be accessible.

An effective public transport infrastructure is essential and therefore the design and appropriateness of Belfast’s public transport network needs to be carefully considered in the context of developing the city.

There is a need for more cross-radial/circular public transport routes to reduce the physical severance within the city, connect deprived areas in the city centre (in particular, the north and west of Belfast) to other areas of the city and open up access to public spaces and employment opportunities across the city.

A coherent car parking strategy for the city centre also needs to be considered; both to address the fragmentation of residential communities brought about by in part a proliferation of surface car parks and also to ensure that the main shopping and leisure areas are readily accessible to visitors who may otherwise consider going to out-of-town destinations.

Conclusion

4.89 Over the last two decades, Belfast city centre has witnessed significant economic growth, investment and regeneration.

4.90 Belfast has an important role to play in driving growth, economic success and competitiveness. The regeneration of Belfast city centre is necessary to enable the city to realise its full potential. It will help reinforce its position as an international city and regional capital and strengthen its position so it can compete with other rival/peer European cities.

4.91 Any potential regeneration project must not only deliver physical regeneration, but also allow for wider economic and social benefits to be realised. It must also build on the good foundations already in place in the city.
5 Office Market

Commercial Space

5.1 The core office district within Belfast is to the south and south east of City Hall and is centred on Alfred Street, Adelaide Street and Bedford Street.

5.2 The Belfast office market has become increasingly polarised. There is significant over-supply in of non-prime office accommodation, with agents estimating the quantum of vacant office space at approximately 1 million sq ft. However, Grade A office space is undersupplied, and is set to reduce further due to the absence of any development activity over the past few years.

5.3 Agent sentiment is currently very negative about the potential for any further office developments in the current market as the low rental level and lack of funding makes any scheme unviable. This is in the face of over 2.5 million sq ft of offices with planning permission as shown on Table 7.

Table 7: Proposed Office Developments

Source: CBRE, Deloitte analysis and Northern Ireland Planning Portal
Market Overview

5.4 The oversupply of secondary accommodation is compounded by structural weaknesses in the Belfast commercial market, brought about by an over reliance upon the public sector. Whilst the public sector has helped to reduce unemployment levels within the city, it does not offer a sustainable basis to grow the commercial property sector, particularly in the context of the prevailing macro economic conditions. Indeed the public sector is significantly contracting their office requirement, as part of a wide-scale cost reduction programme, which will result in additional vacant space.

5.5 However, there are some initial indications that the Belfast market may be starting to re-position itself towards the private sector. The Titanic Quarter, which is master planned to ultimately deliver 180,000 sq m of business/ office/ R&D floor space, has already managed to attract occupiers such as Citi Group and is targeting high-tech and financial services related industries with leases signed by companies such as Kana and Fidessa, Consilium Technologies and Ciena.

5.6 Despite some significant deals, such as Allen & Overy’s recent occupation of 41,200 sq ft of Obel, Donegall Quay, the majority of the requirements are smaller at c.20,000 sq ft.

5.7 Whilst current market conditions do not favour speculative office development, the low rents in Belfast relative to other UK regional centres make it a highly affordable location for footloose occupiers, subject to them being able to find suitable accommodation.

5.8 As a further potential boost to competitiveness, the Northern Ireland Assembly is currently lobbying Treasury to devolve powers for controlling corporation tax.

5.9 Should a lower corporation tax regime be implemented, the Belfast market would appear to offer a favourable location for occupier demand over the longer term, particularly when its lower than average rents, a healthy supply of modern office accommodation and a skilled workforce are taken into account. However, the high level of existing and planned supply is likely to continue to restrict the scope for additional speculative office development.

5.10 The prime end of the office market performed better than was expected in 2011. Take up was more than 25,000 sq m (269,103 sq ft) over the period, boosted by a combination of new entrants and the expansion and relocation strategies of existing occupiers, taking advantage of the relatively attractive terms and incentives on offer. Importantly, the public sector accounted for only 9% of take up in 2011, down by at least half from the number of deals in a typical year prior to 2011.

5.11 There is an emerging scarcity of Grade A office stock in the Belfast market and for this reason, prime rental values have held steady at approximately £12.50 per sq ft during 2012. Whilst attractive to occupiers, rents at this level are too low to support speculative office development, which presents a significant supply side risk to Belfast.

5.12 The rental level for secondary stock is sub-£10.50 per sq ft, and the increasing availability of older office accommodation is likely to force rental values for secondary office buildings further downwards over the course of the next 12 months.

5.13 The quality of vacant office accommodation that is available to let will continue to deteriorate until such time as a rental premium is achievable for refurbished accommodation.

Office – Rent Benchmarking

5.14 Office rents in Belfast have undergone the largest decrease out of all the comparative cities, and are now 84% of the 2007/8 peak.
5.15 The current headline rental level of £12.50 psf is evidenced by recent lettings to Allen and Overy and Citi Group and is half as level of that demanded in the other cities, as illustrated in Table 8.

Table 8: Prime office rents and yields

<table>
<thead>
<tr>
<th>Prime Rent 2012</th>
<th>Belfast</th>
<th>Bristol</th>
<th>Glasgow</th>
<th>Leeds</th>
<th>Liverpool</th>
<th>Manchester</th>
<th>Newcastle upon Tyne</th>
<th>Sheffield</th>
</tr>
</thead>
<tbody>
<tr>
<td>£12.50</td>
<td>£27.50</td>
<td>£27.00</td>
<td>£24.00</td>
<td>£18.00</td>
<td>£20.00</td>
<td>£29.00</td>
<td>£20.00</td>
<td>£19.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Top Rent as % Peak</th>
<th>84%</th>
<th>100%</th>
<th>95%</th>
<th>92%</th>
<th>90%</th>
<th>100%</th>
<th>91%</th>
<th>88%</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Prime Yield 2012</th>
<th>7.50%</th>
<th>6.50%</th>
<th>6.00%</th>
<th>6.75%</th>
<th>7.50%</th>
<th>6.00%</th>
<th>7.25%</th>
<th>7.25%</th>
</tr>
</thead>
</table>

Source: CBRE, BNP Paribas and Deloitte research

**Investment Performance**

5.16 The Belfast office market performed strongly over 2011 with a total return of 3.4% y/y. This is comfortably higher than the 1.5% y/y average return for the comparable cities.

Table 9: Belfast Office Returns

<table>
<thead>
<tr>
<th>Year</th>
<th>Income Return</th>
<th>Capital Growth</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>-8.00%</td>
<td>2.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2010</td>
<td>-3.00%</td>
<td>2.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2011</td>
<td>7.00%</td>
<td>2.00%</td>
<td>7.00%</td>
</tr>
</tbody>
</table>

Source IPD (2012)

5.17 This total return was driven by a high income return of 9.4% y/y which was stronger than all other comparable cities.

5.18 The negative capital value movement shown in Table 9 of 5.5% y/y is attributed to a large negative yield impact of 5.8% y/y as equivalent yields increased from 8.1% to 8.6% during 2011 and rental value remained more or less stable. This fall was experienced in all the comparable cities with an average value fall of 5.0% y/y. Only London produced positive capital growth of 7.2% y/y in 2011, due to a positive yield impact of 2.8% y/y combined with a strong rental growth of 6.7% y/y. Liverpool suffered the largest fall in values mainly due to a large negative yield impact of - 10.6% y/y.

5.19 Overall, Belfast offices produced an above average performance in 2011. However, significant outward shifts in yields suggests that risk has grown in this sector and investors may demand higher annual returns before exposing themselves to the Belfast office market. This is part is a reflection of investors pricing in

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51 Before incentives such as rent free have been accounted for
the risk associated with over rented properties, as well as poor consumer sentiment and outlook fears for many occupiers.\textsuperscript{52}

\textbf{Comment:}

The negative growth in capital values over the past few years can be largely attributed to investors accounting for over rented properties within the Belfast market and also a reduction in the number of high net worth individuals and private property companies, who had previously driven much of the local investment demand.

Whilst the current performance of the office sector is significantly weaker than at the peak of the market, the lack of availability of Grade A accommodation means that over supply is not a current threat. However, the combination of a limited amount of supply and weak investment conditions does present a structural weakness to Belfast, particularly in respect of its ability to offer accommodation to on a speculative basis. This limits the scope to present Belfast as a competitive location for footloose companies to locate to, despite prime rents being lower.

\textsuperscript{52} IPD/ University of Ulster Northern Ireland Commercial Property Report. December 2012
6 Tourism and Leisure Market

Hotel Market

6.1 As of December 2010, the Belfast Hotel stock was as follows:

Table 10: Belfast Hotel Stock

<table>
<thead>
<tr>
<th>District</th>
<th>Hotel Premises</th>
<th>Hotel Rooms</th>
<th>Hotel Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>29</td>
<td>3,088</td>
<td>6,450</td>
</tr>
</tbody>
</table>

Source: DETI Northern Ireland Hotel, B&B and Guest House Occupancy Survey (March 2011)

6.2 As Table 11 illustrates, a high proportion of hotels within Belfast are located within the city centre, with particular concentrations to the south of City Hall and within the Cathedral Quarter. There is very limited existing hotel provision on the east bank of the Lagan, with the only existing accommodation being a 171 bedroom Premier Inn and a 22 bedroom “apart hotel” within the Titanic Quarter (numbers 6 and 7 on Table 11).

Table 11: Central Belfast Hotels
6.3 As Belfast has developed into a tourist and business destination, the city’s hotel offer has improved markedly. Radisson, Malmaison and the five-star Merchant Hotel have opened within the city, adding to the Hilton and Jury’s Inn chains which were already present.

6.4 There are a number of potential hotel developments in the pipeline, including a proposed 250 bedroom hotel on College Court which McAleer and Rushe have an extant planning permission for; a proposal to convert the former National Bank on High Street into a 68 bedroom hotel and the inclusion of a boutique hotel within the Royal Exchange Scheme. There are also aspirations to deliver a 4* hotel within the Titanic Quarter, by converting the former Harland & Wolff Headquarters Building.

6.5 Local agents have suggested that the hotel market in Belfast is now saturated at the 3* and above level. These views appear to be supported by the latest occupancy rates data for the city, as set out in Table 12.

Table 12: Room and bed space occupancy rates, January – September 2009/10

<table>
<thead>
<tr>
<th>City</th>
<th>2009 Room</th>
<th>2009 Bed-space</th>
<th>2010 Room</th>
<th>2010 Bed-space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>65%</td>
<td>46%</td>
<td>59%</td>
<td>44%</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>60%</td>
<td>43%</td>
<td>57%</td>
<td>41%</td>
</tr>
</tbody>
</table>

6.6 As Table 12 illustrates, there was a 9% decline in Belfast hotel room occupancy levels in 2010 from the preceding year. Belfast did however continue to out perform the Northern Ireland occupancy rate average.

6.7 It is worth noting however that despite the apparent adequate provision of hotel accommodation within Belfast, it nonetheless lags behind other UK regional centres in terms of hotel provision (see Table). Table 13: Hotel Provision (2008 figures unless otherwise stated)

<table>
<thead>
<tr>
<th>City</th>
<th>Approximate Number of Hotel Rooms</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>3,088</td>
<td>2010 figure (source DETI Northern Ireland Hotel, B&amp;B and Guest House Occupancy Survey)</td>
</tr>
<tr>
<td>Birmingham</td>
<td>13,743</td>
<td>11 hotels in planning</td>
</tr>
<tr>
<td>Cardiff</td>
<td>4,252</td>
<td>3 new hotels being built</td>
</tr>
<tr>
<td>Dublin</td>
<td>17,000</td>
<td></td>
</tr>
<tr>
<td>Edinburgh</td>
<td>6,604</td>
<td></td>
</tr>
<tr>
<td>Glasgow</td>
<td>11,380</td>
<td></td>
</tr>
<tr>
<td>Liverpool</td>
<td>3,447</td>
<td>A further 694 expected to be developed during 2008</td>
</tr>
<tr>
<td>Manchester</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Source: Belfast Convention Centre Feasibility Study (2008)</td>
</tr>
</tbody>
</table>

6.8 Belfast City Council’s Tourism Strategy 2010 – 2014 also identifies the need for further hotel investment to cater for its targeted growth in visitor numbers:

“The needs analysis carried out for accommodation in the city indicates a requirement of 850 new rooms if the target of 20% increase in nights is to be achieved by 2013. Lower growth of 15% or 10% means requirements of 471 or 129 additional rooms. Source markets will help determine the
accommodation type. For example, European visitors to Ireland have a preference for Guest House/B&B accommodation. The current market pause means forecasts of need are on hold.”

**Conference Market**

6.9 Belfast City Council is also exploring options to deliver a new conference centre at Waterfront Hall, having identified the following weaknesses with the existing provision\(^{53}\):

- There is insufficient exhibition space available on site. Exhibition space requirements range from 1,500 sq/m to 5,000 sq/m (3,000 delegate conference);
- The exhibition space that is available is split over 3 levels, which is not appropriate for the majority of exhibitions;
- There is a lack of appropriate sized breakout space at the venue;
- There is no banqueting facility available on site, which some associations prefer. As with exhibitions, in the past the Waterfront has offered St George’s Market as a potential location for exhibitions, but as it is a separate building a short distance from the plenary sessions this has been poorly received.

6.10 The Council also commissioned research in 2008\(^ {54}\) which demonstrated how Belfast was lagging behind other major UK centres. Since that study, no new conference space has been delivered in Belfast since then, we do not anticipate that its popularity as conference destination will have improved markedly.

6.11 In light of these weaknesses, the City Council is currently undertaking feasibility work to enhance the conference provision within the city centre.

**Restaurant / Leisure Uses**

6.12 Belfast City Centre has been traditionally under represented by both restaurant/café and bars/pubs operators. In particular, the night time economy has been weak.

6.13 A further constraint is imposed by the licensing regulations which are more akin to the Republic of Ireland than the rest of the UK. Operators seeking to open in Belfast are first required to buy a licence which a number of parties including the police, City Council, local businesses and local residents are able to place objections. The constraints this imposes has meant that a number of national operators have traditionally been put off opening in Northern Ireland. This issue should however be resolved with the proposed Street Café Licencing Legislation.

6.14 Within Belfast, the main location for leisure uses has traditionally been in the Queens University area to the south of the city centre and the ‘Golden Mile’ / Great Victoria Street and Dublin Road. This trend is now starting to change with increased demand from leisure operators seeking to open within the city centre.

6.15 Victoria Square has been particularly successful in attracting new restaurant operators to the city centre including Gourmet Burger Kitchen, Nandos, Pizza Express and Waggamma, with rents of £30-50 psf being achieved.

6.16 The Cathedral Quarter has developed in popularity as a restaurant destination and its role as a hub for leisure activities has been bolstered, both by the Merchant Hotel and recent opening of the St Anne’s Square development, which has just under 20,000 sq ft of new retail/restaurant space (now fully let),

\(^{53}\) Belfast City Council (2012) *Funding for Exhibition and Conference Facilities at Belfast Waterfront Hall*

\(^{54}\) Cited in 2012 *Funding for Exhibition and Conference Facilities at Belfast Waterfront Hall* paper
residential space and also the Metropolitan Arts Centre (MAC), which includes two theatres, three major visual art galleries and a dance studio.

6.17 The Laganside area has been less successful in attracting restaurants and café uses, a weakness that DSD has recognised in its masterplan for Queens Quay.

**Comment:**

Whilst such recent developments are encouraging, we consider that there remains scope for further structural improvement of the city centre’s leisure offer. In particular, there is a need to better integrate the developments that have been brought forward around the River Lagan and Cathedral Quarter with the rest of the city centre.

The present low quality environment of the North East Quarter presents a significant barrier to creating a seamless high quality link between Donegal Place / Victoria Square and the various Laganside initiatives.
7 Residential Market

House Market

7.1 Like much of the UK, Northern Ireland enjoyed a sustained period of property growth with the residential market hitting its peak in 2007. House prices in Belfast soared in 2007, reaching a peak average price of £227,967 and annual growth of 39.6% in 2007. Since then the residential property market has experienced quite a sudden and dramatic cool down. House prices in Belfast fell by over 47% between 2007 and 2010. A University of Ulster House Price Survey reported that house prices in Belfast stood at £138,131 in Q3, 2010.

7.2 As the following table illustrates, the drop in average property prices has been most acute in Belfast over the Q2 2012 period, when compared against the benchmark cities.

<table>
<thead>
<tr>
<th></th>
<th>Belfast</th>
<th>Bristol</th>
<th>Glasgow</th>
<th>Leeds</th>
<th>Liverpool</th>
<th>Manchester</th>
<th>Newcastle upon Tyne</th>
<th>Sheffield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average house price</td>
<td>£159,925</td>
<td>£221,659</td>
<td>£131,619</td>
<td>£170,930</td>
<td>£132,401</td>
<td>£149,752</td>
<td>£174,693</td>
<td>£165,649</td>
</tr>
<tr>
<td>Detached</td>
<td>£301,122</td>
<td>£408,343</td>
<td>£212,767</td>
<td>£298,419</td>
<td>£239,937</td>
<td>£275,067</td>
<td>£308,817</td>
<td>£275,195</td>
</tr>
<tr>
<td>Semi-detached</td>
<td>£153,627</td>
<td>£254,431</td>
<td>£138,435</td>
<td>£160,058</td>
<td>£165,519</td>
<td>£175,389</td>
<td>£179,268</td>
<td>£159,398</td>
</tr>
<tr>
<td>Terrace</td>
<td>£91,538</td>
<td>£209,953</td>
<td>£150,084</td>
<td>£129,177</td>
<td>£95,332</td>
<td>£128,364</td>
<td>£171,340</td>
<td>£128,133</td>
</tr>
<tr>
<td>Flat</td>
<td>£108,458</td>
<td>£184,327</td>
<td>£115437</td>
<td>£120,649</td>
<td>£122,428</td>
<td>£131,280</td>
<td>£118,053</td>
<td>£116,859</td>
</tr>
<tr>
<td>Annual Change</td>
<td>-13.7%</td>
<td>+4.4%</td>
<td>+4.2%</td>
<td>+0.2%</td>
<td>+4.3%</td>
<td>-1.4%</td>
<td>+9.1%</td>
<td>+5.0%</td>
</tr>
</tbody>
</table>


City Centre Living

7.3 City centre living is a relatively recent phenomenon within the UK. Over the past couple of decades thousands of people have moved back into the heart of large cities and city centre living has become a highly visible part of urban life.

7.4 This trend is evident in many centres and has been particularly apparent in Manchester, Liverpool, Birmingham, Leeds and Glasgow which all experienced rapid re-population of their respective city centres over the past decades.

7.5 Table 14 shows the increase in population between the 2001 and 2011 for central census areas.

55 BCC - Research into the Competitiveness of Belfast (2011)
56 Centre for Cities
Table 14: Population increase in city centre (2001 – 2011)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2011</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bristol</td>
<td>1,742</td>
<td>4,006</td>
<td>130%</td>
</tr>
<tr>
<td>Leeds</td>
<td>1,693</td>
<td>10,321</td>
<td>510%</td>
</tr>
<tr>
<td>Liverpool</td>
<td>1,519</td>
<td>7,883</td>
<td>419%</td>
</tr>
<tr>
<td>Manchester</td>
<td>1,496</td>
<td>4,626</td>
<td>209%</td>
</tr>
<tr>
<td>Newcastle</td>
<td>1,528</td>
<td>1,794</td>
<td>17%</td>
</tr>
<tr>
<td>Sheffield</td>
<td>1,418</td>
<td>4,302</td>
<td>203%</td>
</tr>
</tbody>
</table>

Note: Some modification of the previous Output Areas and Super Output Areas has taken place where significant population size changes have occurred since 2001 making like-for-like comparisons difficult. This data is for indicative purposes only.

7.6 In contrast the population in the Belfast LGD grew from 277,391 in 2001 to 280,962 in 2011, representing a population growth of only 1.29% over this period. The census information for Belfast only goes down to LGD level and as such, direct statistical comparison with the UK cities is not possible.

7.7 However, over the past 20 years there has been a general trend of migration out of Belfast to outlying areas and neighbouring settlements, which has resulted in a slow decline in population density. This decline was highlighted in a paper commissioned by Belfast City Council in 2006, which noted how Belfast had suffered a 4% population decline between 2000 and 2004, whereas Newcastle, Cardiff, Leeds and Manchester had all achieved population growth of between 1% and 4% over the same period.

7.8 This was in part attributed to the relative lack of international immigration into Belfast in comparison to most UK centres but in addition to factors such as the attractiveness of the city centre as a place to live. This has in part helped to contribute towards a trend to move out from the city centre to suburban areas and settlements outside of the city boundary. Table 15, below, provides a comparison of population density change across Belfast, its surrounding areas and Northern Ireland as a whole.

Table 15: Population Density Comparison (number of people per square kilometer)

<table>
<thead>
<tr>
<th>Location</th>
<th>1991</th>
<th>2008</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>2,672.3</td>
<td>2,447.8</td>
<td>-8.4</td>
</tr>
<tr>
<td>Carrickfergus</td>
<td>410.3</td>
<td>495.2</td>
<td>+20.7</td>
</tr>
<tr>
<td>Castlereagh</td>
<td>723.5</td>
<td>778.9</td>
<td>+7.66</td>
</tr>
<tr>
<td>Newtownabbey</td>
<td>505</td>
<td>549.1</td>
<td>+8.73</td>
</tr>
<tr>
<td>Lisburn</td>
<td>226.1</td>
<td>256.9</td>
<td>+13.6</td>
</tr>
<tr>
<td>North Down</td>
<td>906.3</td>
<td>975.4</td>
<td>+7.62</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>118.4</td>
<td>130.7</td>
<td>+10.38</td>
</tr>
</tbody>
</table>

Source: Belfast City Council (2009) Belfast: a profile of the city 2009 - 2010

7.9 Whilst the overall urban population has experienced a period of decline, the underlying population structure indicates a relatively youthful composition. Belfast also has a large student population of approximately 30,000.

Drives for City Living

7.10 The growth of city centre living has been driven by an interplay of political, demographic, economic, social and cultural forces. The major influencing factors are summarised below:

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57 Belfast City Council (2006) The Development Brief: Population Change in Belfast
• **Public policy** - Since the late 1970s successive UK governments and local authorities have attempted to encourage migration of people and employment towards large cities. This has been encouraged through planning frameworks which have shaped development in the city centre, and regeneration funding which has subsidised the development of city centre housing market and associated infrastructure.

• **Demographic factors** – The changing population structure towards a growing number of single households has increased demand for city centre living.

• **Economic restructuring** – The shift of the UK’s economy towards the service sector increased the share of employment within city centres from 51.9% between 1991 and 1998 to 58% between 1998 and 2003. At the same time the decline in the manufacturing sector meant that a large supply of cheap ex-industrial land became available for redevelopment.

• **Housing market** – The prolonged rise in house prices following the crash of the early 1990s made residential schemes in the inner city increasingly attractive to the property developers.

• **Social factors** – The expansion of higher education expansion, along with factors such as falling crime rates have increased demand for city centre living.

• **Cultural factors** – City centre living has become fashionable in many cities as greater affluence allows spending on leisure and cultural activities.

7.11 In recent years, there have been a number of high profile schemes completed within the city centre in recent years which have helped reposition the city centre as a desirable place to live and demonstrate the city’s potential for high quality urban living. New developments around Laganside and within Titanic Quarter have helped bring activity to these declining areas. As well as these developments, there have been a number of schemes within the city centre core, most notably at Victoria Square, St Anne’s Square and within Belfast ‘Westside’.

7.12 Despite this, city centre living never achieved the same scale of level of sustainability as other comparable cities, and experienced a larger downturn following the economic crisis. There is a perception that for a capital city, Belfast has not been able to attract the city centre residential community that a city of its stature should hold.

7.13 There are several factors which contribute to this:

• The introduction of city centre living took place later than other cities such as Manchester and Liverpool, where the centres began to repopulate as early as the 1980s. The concept never became as fully established before the economic crisis caused the housing market to crash in 2008.

• Belfast lacks the economic base to attract and maintain a large city centre population. Without jobs to go to, students and city centre residents are not inclined to stay in the city. In addition, despite improvements, the city centre leisure offering and night time economy – one of the main attractions for city centre residents – is not yet strong enough to encourage city living.

• There is evidence of an ‘absence of community’ in many of the new residential developments in the city centre. There is also a lack of ‘psychological access’ to many of the new urban spaces by traditional residential communities.

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58 Centre for Cities
In line with national conditions, the city centre residential market was severely affected during the economic crisis, with prices falling and demand softening. This has been particularly acute in Belfast due to the overprovision of central residential developments created by attractive historic yields and a ready supply of investor/syndicate finance prior to the recession.

**Impacts**

7.14 City centre living can have a positive catalytic effects on city centres, and on the wider city. Importantly, city centre living can be part of a virtuous cycle of improvements and has played an important role in transforming the fortunes of many cities.

7.15 However, city living is both a consequence and a cause of urban regeneration and reflects a city’s economic performance more than it drives it. As a consequence, city centre living is more viable and more likely to generate significant positive regeneration benefits if the city has a strong labour market and an economy that is performing well.

7.16 A number of key implications of city centre living are summarised below:

- City centre living can intensify agglomeration economies, and thereby improve a city’s economic performance. It can enhance the city’s fundamental advantage of density proximity and variety by improving the skills base of the labour market, and aiding the flow of people and ideas between closely located firms.

- City centre living helps to enhance the locality. This can be through a number of routes such as by improving the quality of the built environment, increasing vibrancy, reducing car use (and associated reduction in congestion and pollution) and improving safety/crime rates.

- City centre living is a means for local authorities to increase their revenues by building their local tax base in inner city areas.

- City centre living increase the demand for city centre services such as bars, cafes and restaurants. However, the overall spending power of residents is small in comparison to the city centres’ daytime populations.

- It can aid supply of skilled labour and help to attract and retain highly-skilled graduates.

- The improved urban environment can in turn help reinforces external perceptions of the city centre, and can perpetuate a positive cycle of improvement by stimulating further investment.

- Many policymakers have suggested that city centre living could stimulate depressed housing markets elsewhere in the city, although this point is frequently contested.

- Debates surrounding the social implications are often far more contentious with some arguing that gentrification can provide positive effects of increasing diversity, and vibrancy with others emphasising the negative effects of displacement, social exclusion and loss of character of a region.

**Type of housing appropriate to Belfast city centre**

7.17 A balanced portfolio of property, both in cost and tenure type, is needed, to encourage city living and attract (and retain) graduates, families and essential workers into the city.

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59 Centre for Cities
7.18 Residential developments must be desirable and the correct environment must be created so that people feel that they have a residential ambience and a ‘sense of place’, rather than a retail ambience. This will involve improving other aspects of city centre living in line with current and future users. Examples include providing high quality green spaces, public transport accessibility and high quality accommodation. Improving connectivity is critical in order to attract new citizens to the city and also to make city living a lifelong option for existing residents. Transport infrastructure must continue to be upgraded, including vital airport links to the city.

Growth potential – student living

7.19 Whilst levels of demand are significantly lower than the peak in 2007, development of a high quality residential product will play a key role in helping to further restructure the economy of the city centre.

7.20 Areas with particular growth potential are the Northside and the North East Quarter. At present, these under utilised areas form a barrier between the retail core and surrounding residential areas and are not fulfilling their potential to generate additional urban vitality.

7.21 The University of Ulster’s planned city centre campus expansion will bring additional energy to the northern end of the city centre and subject to planning considerations, there is a strong possibility that developers will seek to promote student living in the vicinity. This should not be regarded as a threat; population growth in city centres such as Sheffield, Leeds and Liverpool has been driven in part by new city student residences. Properly managed, student living can help contribute to the overall vitality of the city centre. However, it will be important to ensure that if student residences are permitted, they are delivered alongside other residential tenure types to ensure that the city centre has a balanced residential community.
Summary

Ensuring that the Belfast city centre is an attractive place to live must be a key consideration in any plans for the city and the wider region. City centre living is important – a city centre without a residential element runs the risk of lacking activity outside of main working hours, being perceived as threatening and unsafe and lacking the demand to support a range of cultural and leisure activities.

Attracting people back into the city to live would help to create a city that functions and generates wealth outside working hours. It is important that the quality and nature of any residential development in the city centre is planned and controlled.

Successful city centre living initiatives are those which are delivered in tandem with a larger package of measures that encourage economic development.
8 Creative Industries

Introduction

8.1 Whilst Creative Industries are not a traditional core economic area sector, they have been an area of significant growth over the past decade and form an important component of the Government's wider economic strategy. Belfast City Council has also identified the Creative Industry sector as being a potential driver of economic growth.

8.2 In light of the above and in the context of Belfast’s Higher and Further Education Sectors, discussed in the previous section, we consider that Creative Industries warrant specific examination within this study.

What Are Creative Industries

8.3 The Department of Culture, Media and Sport (UK) defines creative industries as:

“…those industries that are based on individual creativity, skill and talent. They are also those that have the potential to create wealth and jobs through developing intellectual property”.

8.4 The industry is broadly comprised of three subsectors: Design; Media; and Expressive. These subsectors encompass a diverse range of employers, with a few examples including architects; web designers; software designers; graphic designers; publishers; and fashion designers.

8.5 The UK creative industries outperform every other European state and in the 21st century they have moved to the centre stage of the UK economy. Creative industries are now comparable in size to the financial services sector60.

8.6 Creative London – In London alone, creative industries generate some £21bn each year an employ over half a million people. Not only is London the acknowledged leader in creative industries in the UK, and the major draw for creative industries talent, it is also recognised as (arguably) the global leader in stimulating economic performance from within the creative industries.

8.7 A Belfast City Council report61 commented that the creative industries sector has been left behind in Northern Ireland. In addition, it commented that Northern Ireland has a poor record in relation to innovation, which has implications for its potential to sustain and grow the economy. The creative industries are closely aligned to the innovation process.

8.8 In Northern Ireland the creative industries are currently a growth sector; employment levels are increasing, turnover is growing and the sector has pride and confidence in its creative capabilities for the future.

8.9 A SWOT analysis has been developed for Northern Ireland’s creative industry and is summarised below:

61 Belfast City Council (2011) Creative Industries Sector Review
Importance of Creative Industries to Belfast

8.10 Whilst in Northern Ireland as a whole creative industries may be an undeveloped sector, in Belfast they are growing sector.

8.11 According to Belfast City Council\(^\text{62}\), approximately 55% of creative industries businesses in Northern Ireland are based in Belfast:

- 35% are within the design sector
- 61% are from the media sector
- 4% are from the expressive sector

8.12 Belfast shows a concentration of creative industry companies, with the following postcodes having the most significant representation:

- BT9 – 16%
- BT7 – 14%

\(^{62}\) Belfast City Council (2011) *Creative Industries Sector Review*
8.13 49% of businesses in the sample are limited companies. Belfast has a lower incidence of sole trader creative businesses than the rest of the region, at 28%, compared with 35%.

8.14 Design accounts for c.50% of creative industry businesses for both Belfast and rest of Northern Ireland. Media industries were much less prominent outside Belfast, and expressive industries were much more prominent outside Belfast, at least in relation to media related creative activity.

8.15 68% of the Belfast companies consulted are micro-businesses with less than 10 employees. Outside Belfast, 82.5% of responses were from businesses with less than 10 employees. The analysis confirms the extent to which creative industries are currently dominated by micro-businesses, with the majority of these employing less than 5 people.

8.16 The City Council’s study identified the following potential threats to Creative Industries over the next few years:

- Economic downturn;
- Being too small;
- Increased competition;
- Taxation;
- Funding and the issue of retaining staff if funding is lost; and
- Small companies are being forced out of public sector tendering.

8.17 A further weakness is an identified skills gap, with responses to the City Councils’ study including:

- Belfast – 78% of respondents stated that there were skills gaps in their current staff.
- 46% of Belfast respondents stated that there were immediate training needs in various creative specific as well as general business management areas.
- Rest of NI – 48% of respondents stated that there were skills gaps in their current staff.

8.18 Recruitment was identified as a key barrier to growth for businesses within the sector, particularly Belfast based businesses.

8.19 The majority are micro-businesses. They are fairly inward looking in relation to markets currently served and their development needs are complex. These needs also very according to location, with development needs of Belfast based businesses markedly different from those businesses located elsewhere in Northern Ireland.

8.20 The Support Plan for Creative Industries suggests one element with a foundation in property that will help to overcome the sector’s short-term income generation within the local markets – a Creative industries hub:

“we understand that there are already plans for a music hub in the Cathedral Quarter, but the idea of a city centre creative hub is seen as something very desirable by the sector. It would also certainly help to build Belfast’s reputation as a high end creative industries city”.
Potential Growth Opportunities

Provision of new accommodation

8.21 The supply of easy-in, easy-out serviced office accommodation within Belfast is limited, with the most recent figures we have indicating that there is less than 100,000 sq ft of commercial provision by seven providers in the city centre63. Outside the city centre only LEAs supply such accommodation and their accommodation is largely full.

8.22 As at June 2009, the LEAs in Belfast provided 413,400 sq ft of business accommodation at rental levels between £5-7 per sq ft and a 95% occupancy rate – the lowest figure reported by LEAs in Belfast in several years and is a reflection of the current economic conditions.

8.23 There are a range of business support initiatives, including:

- **Blick Shared Studios Ltd**, which describes itself as ‘a wee creative hub nested at 51 Malone Road’ which has 10 tenant businesses.
- **The Oh Yeah! Centre** which proposes to offer business incubation to music and related businesses and which currently can offer accommodation but no business support.
- **Craft Northern Ireland**, which offers its *Making It Programme* across Northern Ireland with two placements in Belfast.

8.24 In **Appendix 3**, we have set out details of examples of some of the initiatives other cities have implemented to help support creative industries and which we consider could serve as useful precedents for Belfast.

Belfast Media Hub

8.25 We are aware that the BBC is considering its accommodation options for Belfast, which could potentially help create a new “media hub”. Whilst details of this are still at a preliminary stage, we consider that this is an exciting opportunity for Belfast.

8.26 In terms of location, we consider that there would be significant benefit in locating a media hub either in or adjacent to the Cathedral Quarter. This would help complement the emerging cluster of creative industries and media functions within that area and also link in with the University of Ulster.

Comment:

Creative industries are an important growth sector both in the UK context and also within Belfast. We consider that it is important for Belfast’s future regeneration plans to be based upon a broad base and also to focus on areas of strength. The city has been able to develop its reputation in this field in recent years, as demonstrated by HBO’s studios in the Titanic Quarter and the strong representation of creative industries in Belfast compared to the rest of Northern Ireland.

In order to build upon this, it will be important to help support this sector further, both through investment in training and also in creating the right environment. The promotion of a media hub in the city centre, with links to local Further and Higher Education providers, would be a welcome development. We also consider that there is scope to increase the amount of space available for start up enterprises, which for viability reasons, is likely to need the support of either the public sector or a major private sector anchor.

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63 Belfast City Council (2009) *Review of Business Accommodation and Business Incubation*
9 Retail Market

Overview

9.1 A city’s retail market is vital, as it attracts not only tourists but regular trade from residents and day trippers.

9.2 Belfast is the largest retail centre in Northern Ireland with a primary catchment population of 1.8 million and 7.1 million visitors each year.²⁴

9.3 The city benefits from a lack of similar competing urban centres within close proximity. The nearest alternative major retail centres are Londonderry (70 miles) and Dublin (100 miles), with the city of Lisburn and Sprucefield Shopping Centre being only nine miles from Belfast.

9.4 The most significant in town development proposal within the BMAP area is Royal Exchange, which was granted planning permission in September 2012.

9.5 Sprucefield Centre Ltd, a joint venture between Australian property firm Westfield and Northern Ireland developer, Snoddons - previously submitted a planning application seeking to enhance its retail offer of Sprucefield through a 50,000 sq m expansion comprising 19 retail stores anchored by a John Lewis department store. Following Minister’s Attwood’s announcement that the Department of Environment was releasing its decisions on those parts of BMAP relevant to the Sprucefield planning application in advance of the final adoption of BMAP, Sprucefield Centre Ltd withdrew its application in February 2013.

9.6 The prime retail area in Belfast is located along Donegall Place and Royal Avenue and extends into CastleCourt shopping centre. The larger stores such as Marks and Spencer and Boots are located to the South, with Castlecourt anchored by Debenhams to the north. The Victoria Square shopping centre, which opened in March 2008, is a retail-led, mixed use urban regeneration scheme in the centre of Belfast. It comprises nearly 63,000 sq metres of retail floorspace on two covered streets, anchored by a House of Fraser flagship department store, and includes a multi-screen cinema, two-level food court, restaurant terrace, apartments, two-level basement parking and a glass viewing dome which is visible from many parts of the city. Inside the dome there is a viewing platform which is a visitor attraction.

9.7 There are three smaller retail arcades in Belfast city centre: Donegall Arcade, Queens Arcade and The Spires Centre. These provide a mix of local retailers. Beyond the core area the quality of retail provision deteriorates and is characterised by secondary multiples and independents.

Economic Context

9.8 In this section, the URPS is placed in the context of the current economic environment. This section therefore examines key trends and drivers for change in the retail market and outlines those of particular relevance to Belfast drawing from a range of published data sources.

9.9 The study has been prepared in a period of weak economic environment, in marked contrast to the previous URPS, which was prepared in 2006 during a period of economic growth and stability.

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²⁴ BCC – A Profile of the City (2010)
9.10 Over this period, the retail landscape has undergone significant changes as many well known retailers have ceased trading or downsized operations considerably. According to the Local Data Company, almost 15,000 shops in UK town centres closed between 2000 and 2009 with a further 10,000 closing in 2010 and 2011. The number of retailers entering administration in the first quarter of 2012 increased by 15% to 69 compared with 60 in the same the same period of 2011. Those companies that have survived face increasing operational costs and are forced to react to changes in consumer behaviours and technological advances. This will inevitably result in major downsizing of retailer store numbers over the medium to long term as many retailers urgently re-evaluate and streamline their store portfolios. Although the outcome will vary markedly depending on the retailer’s category but reductions by as much as 30% 40% are foreseeable over the next 3-5 years.

9.11 The deliverability of major retail schemes has also been affected with many being suspended or abandoned as developers seek to reduce risks. For example, schemes in Sheffield (Sevenstone scheme) and Bradford (Westfield Development) have all been postponed due to a scarcity of funding and developers turning their attention to managing their existing assets or looking at other formats and locations. This has had a knock-on effect on the retail development pipeline, with a limited amount of new space forecast over the next 2 – 3 years (see Table 16).

Table 16

<table>
<thead>
<tr>
<th>Year</th>
<th>Development Pipeline (000 sq ft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>1,000</td>
</tr>
<tr>
<td>2014</td>
<td>2,000</td>
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<tr>
<td>2015</td>
<td>3,000</td>
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<tr>
<td>2016</td>
<td>4,000</td>
</tr>
<tr>
<td>2017</td>
<td>5,000</td>
</tr>
<tr>
<td>2018</td>
<td>6,000</td>
</tr>
<tr>
<td>2019</td>
<td>7,000</td>
</tr>
<tr>
<td>2020</td>
<td>8,000</td>
</tr>
</tbody>
</table>

Source: Verdict: UK Town Centre Retailing 2012

9.12 In response to this, local authorities are increasingly taking a proactive role in supporting such developments, with Sheffield City Council having used its Prudential Borrowing Powers to help fund land assembly and having also recently set up a £45 million ring-fenced TIF (Tax Increment Financing) to help support implementation of the Sevenstone scheme. Further details of other initiatives being adopted by UK public authorities are provided in Section 12.

**Consumer Spending**

9.13 Both household incomes and expenditure grew strongly during the 20 years prior to 2007, which supported growth and development in the retail sector. However, the recent economic downturn has reversed this pattern of growth and consumer spending has retrenched significantly. It declined 3% in 2009 and a further
0.6% in 2010 as public sector spending cuts, structural unemployment and high consumer debt serve to reduce disposable income and undercut consumer confidence. After taxes and inflation, the real spending power of UK consumers last year suffered the biggest decline in over 20 years. In addition to this, it is probable that at some point interest rates will rise which will lead to a further adjustment in consumer’s retail expenditure.

This is in marked contrast to the environment in which the previous report was produced, in which consumer spending grew by approximately 5% per annum for much of the decade preceding the financial crash. Factors which helped to support this growth, namely the persistent growth in house prices and availability of cheap credit, are no longer present.

As consumers seek to increase savings and reduce household debts unnecessary expenditure has been curtailed and the general sentiment of consumer cautiousness will remain for the near future.

**Internet shopping / e-tailing**

Internet retailing has grown rapidly over the past decade, and is having major implication on the retail market. According to the Office of National Statistics internet sales were estimated to account of 8.5% of all retail spending (excluding automotive fuel). As an indication of growth rate, ONS estimated that average weekly internet sales values stood at £505.1 million in July 2012, an increase of 14.2% when compared with July 2011.

This growth of online sales has affected how and where we shop, and served to weaken demand for traditional store based retail. According to Deloitte research, the proportion of spends captured by the high street has fallen by 6.9% since 2000, with a further 2.5% decline forecast by the end of 2014. Part of this spend has migrated to out of town schemes, but both are impacted by online retailing which has substituted or cannibalised sales that were previously made from store based retail provision. Converted to a physical equivalent, current online sales are calculated to represent in excess of 60 million square feet of retail floorspace.

The growth of consumer spend on internet retail is due to convenience, lower prices and greater choice offered to customers. Growth has also been facilitated by technological improvements with increasing use of smartphones, tablet devices, shopping application and social media sites radically altering consumer experiences and behaviour. As internet retailing has matured internet retailing has shifted from a market dominated by virtual retailers to established retailers (e.g. Tesco, Top Shop and John Lewis). These large brands benefit from being widely recognised and trusted by consumers and from greater buying power which enables them to be more competitive in the market place. These companies see online operations as a more efficient means of reaching a far broader customer base and have responded by investing huge amounts to create ‘virtual outlets’ to expand their market share of retail spend.

Despite the strong growth, e-tailing still only accounts for a fraction of total sales for mainstream retailers, with physical retail space accounting for approximately 72% of the total volume of sales for non-food sectors. In addition, recent estimates predict that growth in online shopping is set to slow down as the market matures becomes more saturated and competitive. Nevertheless, online shopping will continue to exposed retailers to extreme competitive pressure. The increased choice and convenience has also driven consumer expectations of the retail industry upwards. Retailers have had to react to this choice by

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65 Pitney Bowes September 2009
66 ONS Statistical Bulletin Retail Sales July 2012
67 Deloitte: The Changing Face of Retail: Rightsizing the Retail Estate
improving the quality of service and expertise, and by providing a shopping experience that the internet is unable to supply.

**New Market Entrants**

9.21 Whilst a number of those retailers who were unable to respond fast enough have struggled, others have continued to find growth opportunities by expanding into new channels and geographies, and have increased sales and market share as a result. In particular, several major UK department stores have pursued aggressive expansion, opening new stores in areas where there is a gap in the market. For example, John Lewis has signed to open new stores in Birmingham, Exeter, Leeds and Stratford, whilst Debenhams have opened stores in Wakefield and Newbury. These operators have also increasingly had to consider new formats, including smaller in town units and out of town sites, in response to supply constraints.

9.22 In addition, with the globalisation of retail, many international retailers have been looking outside of their domestic markets with a view to expanding internationally. For example, a significant number of US retailers have entered the UK market, reflecting the importance of the UK (and London) as a strategic Global retail market; US brands such as Hollister, Forever 21 and Victoria Secrets are now established, following earlier arrivals of Gap, Abercrombie & Fitch and TK Maxx. New brands are also eyeing the market including J Crew and Pinkberry.

**Changing Retailer Requirements**

9.23 With the arrival of new entrants, technological improvements and changing market conditions the role of the store needs to evolve to both suit retailer requirements and attract consumers.

9.24 An important trend is that the structure of retail provision is increasingly dominated by companies requiring large floorplates. This has been driven by competition between companies and the efficiency gains of operating a strategic network of large stores offering a full product range rather than multiple smaller units. It is also driven by consumers who are more discerning and increasingly prepared to travel greater distances for higher order retail provision. Shopping centres and city centres with modern stock able to accommodate this demand have grown in importance, reinforcing the polarisation between higher order centres and secondary centres. Unless cities react, these changes will potentially render large amounts of secondary and tertiary retail space obsolete.

9.25 Retailers are seeking to re-define the store concept into an embodiment of the brand and a ‘destination’ for consumers where one can do much more than simply browse and transact. This is particularly evident for new entrants which seek to establish Flagship stores. These retailers are only drawn to the most premier retail pitches, and as a consequence secondary and tertiary destinations or those unwilling to embrace market changes are likely to fall further behind the market leaders.

9.26 This trend has considerable implications for Belfast City centre which, with the exception of Castle Court and Victoria Square has a small supply of new shops with large floor areas well suited to modern-day requirements.

**Belfast Retail Market**

9.27 Along with the UK retail market more generally, retailers in Belfast have had to adapt to economic pressures and a changing consumer market. However, within Ireland there is little doubt that Belfast has fared better than many other towns in the region and the Republic of Ireland more generally, where the economy is one of the hardest hit within the European context.
Nevertheless, the impact of the poor retail environment is evident in each of the following measures which describe the health of the retail market in detail.

**Retail ranking**

In 2009, Experian ranked Belfast as 14th in 2009. This is well below other regional centres such as Glasgow, Manchester and Edinburgh, which were ranked 1st, 2nd and 4th respectively in 2009. Belfast's ranking was expected to decline to 17th in 2010.

Belfast was ranked 26th in its list of top 50 UK retail centres in the Retailvision 2011 survey. This is well below other regional centres such as Manchester, Glasgow and Edinburgh, which were ranked 1st, 2nd and 8th respectively. In terms of the number of premium retail centres, Belfast was ranked 18th in its list of top 30 premium retail centres. The city has 43 premium stores (8.6% of all stores in the city centre). This is well below other regional centres such as Manchester, Glasgow and Edinburgh, which were ranked 1st, 5th and 6th respectively.

Whilst Belfast's current retail ranking is relatively low, it is important to note how important Victoria Square has been in lifting it from a previously even lower base, with the 2003 Northern Ireland Retail Research Report citing Belfast's Experian ranking as 50th. We consider that this demonstrates the benefits that promoting a major retail led regeneration can bring.

**Survey of Belfast Businesses**

A recent survey of Belfast businesses revealed that many faced tough trading conditions in 2010 – more than two fifths (44%) experienced a decline in business compared with previous years (49% in 2009 and 38% in 2008). 2010 appears to have been worse than expected for quite a number of businesses. In the 2010 study, only 12% expected to see a decline in demand over 2010, and the 2011 study revealed that 44% actually experienced a decline in 2010. Similar to the previous two studies, the biggest reported challenge stated by more than half of all businesses (53%) over 2011 was expected to be the economy and a general lack of business activity (53%). In rating Belfast as a place to do business, 64% of those interviewed gave Belfast a score of 7 or more out of 10 (compared to 65% in the 2010 study and 73% in the 2009 study).

Positive reasons for the rating of Belfast as a place to do business included its location, transport links, population and the development and regeneration of the city. Less positive justifications for low scores included the high rates and rents, the economy and poor sales as well as lack of support. One in twenty (5%) reported they would be ‘quite’ or ‘very’ likely to relocate their business out of Belfast in the next 12 months.

In relation to shopping in Belfast, a 2009 NITB Visitor Experience Study conducted by Northern Ireland Tourist Board stated that the choice of retailers was not very unique to NI and “opportunities to buy local craft/produce could be improved”.

**Pedestrian movements and footfall/counts**

In October 2011, footfall in footfall in UK high streets fell by 4.7%. Footfall in Northern Ireland fell by 5.5%.
Pedestrian counts taken by Belfast City Centre Management revealed that during weekdays, Royal Avenue South, Donegall Place and Chichester Street all recorded considerably higher pedestrian levels than during the Saturday count. This is assumed to be because of the high presence of offices in these areas. Each of the other streets monitored recorded higher or similar footfall levels on Saturday, when compared with weekday counts. These latter streets are likely to contain a greater retail element, hence their increased activity on Saturdays.

Vacancy Rates

The British Retail Footfall and Vacancies monitor for October 2012 reported that the vacancy rate for Belfast was 18.7%. This figure remains substantially higher than both the Northern Ireland and UK average compared to the UK average.

Several reasons have been cited for this high vacancy rate.

- It reflects the closure of a number of retail units located in prime locations due to the administration of retailers – e.g. Birthdays/Clintons, Game, Peacocks and JJB Sports.

- Retailers have now adopted very stringent criteria when assessing new store opening. Re-occupation of former space is not a certainty if footfall and floorspace conditions fail to match store requirements. With retailers being more selective and requiring less space, secondary stock and parts of the city will likely become physically and locationally obsolete for multiple retailers. This has served to reduce the level of demand for retail units within Belfast city centre.

The high level of business rates in prime locations is a significant issue affecting retailers. A report by Lisney states:

“We now have a situation where the level of business rates bears no relation to the commercial realities of retail rents, or the trading performance of the retailers”.

In some cases, this has had the impact of pushing tenants towards other locations where rates are lower (e.g. Arthur Street, Ann Street and Arthur square). Jack Wills and Le Creuset are examples of this.

Belfast City Centre Management is attempting to minimise the impact of this high vacancy rate with various schemes such as removing fly-posting and dressing the frontage of vacant shop units to improve the aesthetic qualities of the city centre and thus the shopping experience.

Retail Mix

The success of any retail destination is dependent on the cross-section of tenants within that location. It is important that Belfast’s retail offering is unique to Belfast, in order to differentiate itself from other destinations.

Independent retail

Independent retail has an important role to play, as it enables Belfast to offer something different and unique to its consumers and helps to differentiate the city’s retail offering from that of other cities.
According to the July 2012 BCCM Vacant Units report\textsuperscript{76}, a significant proportion (43%) of the retail offering in Belfast city centre was made up of independent retail, with several streets being populated solely by this type.

\textit{Multi-national retail}

Given Belfast’s regional role, there is potential to attract a greater number of retailers - for example, large multi-national retailers and/or Department Stores.

\textbf{Retail Geography}

The Belfast Urban Area Plan (2001) identified a Main Shopping Area (MSA) within Belfast City Centre. As set out in DSD’s Regeneration Policy Statement (RPS) for Belfast the MSA can be divided into four Shopping Quarters: North East; North West; South East; and South West.

The regeneration of the MSA has been phased, with the development of Victoria Square in the South East Quarter brought forward as the first major retail scheme. Following the opening of Victoria Square, redevelopment of the North East Quarter (NEQ) has been identified by DSD as the next priority area.

The primary shopping pitches and the prevailing market conditions are summarised below:

\textbf{Victoria Square}

The opening of Victoria Square in 2008 has helped to extend the city centre retail offer to the east. The scheme was the first recent phase of retail-led mixed use regeneration in Belfast and has been instrumental in addressing over thirty years of underinvestment in the city centre. The scheme has helped close the gap on other UK cities by significantly improving the retail offer within Belfast and attracting several upper-mid market retailers to the city for the first time.

The shopping centre is anchored by House of Fraser (new to Belfast) and provides approximately 420,000 sq ft of retail (98 units) with occupiers including the likes of Clockwork Orange, Tommy Hilfiger, Coast, River Island, All Saints, Reiss, Apple and H&M. Topshop is the second anchor at the scheme taking 40,000 sq ft of space. Odeon cinema also took 40,000 sq ft of the scheme and opened in June 2008.

The scheme currently has a vacancy rate of approximately 20\textsuperscript{77}. This is partly due to the failure of a number of occupiers including Optical Express, La Senza and Zavvi. The remaining vacant units are predominantly those located in areas of weaker prominence where footfall is lower at the periphery of the scheme. Nevertheless, Victoria Square has been successful at attracting a number of high profile fashion retailers to Belfast including Ted Baker, Reiss, LK Bennett and Hollister and greatly improved the fashion offering in the city centre.

Rents at Victoria Square have been quoted at £230 psf Zone A although we understand large incentives have been given to attract new retailers and to get existing retailers to relocate within the city centre. This marks a reduction from the original quoting rent of £250 psf Zone A.

\textsuperscript{76} British Retail Footfall and Vacancies Monitor (June 2012)
\textsuperscript{77} Belfast City Centre Management (2012) \textit{Belfast City Centre Vacant Units Report October 2012}
Prior to the development of Victoria Square and the implementation of the public realm improvements, Castle Lane, Arthur Street, Arthur Place and Ann Street were characterised as having a poor quality retail environment and lower end occupiers.

However, the area has seen a resurgence in popularity as an important retail destination. This is due to the pitch acting as a key pedestrian route between Victoria Square, Castle court and Donegall Place, traditionally the prime retail pitch. Both the vacancy rate and quality of occupiers has undergone a positive change in the face of extremely challenging market conditions.

The cheaper rents and lower business rates have attracted brands including Jack Wills, Cath Kidson and White Stuff which are priced out of the prime locations. The tone of Zone A rents on Arthur Street are £90 psf following a letting to Le Creuset and Jack Wills in Q4 2011 - their first stores in Northern Ireland.

While the in-mover tenants have improved the general retail offer, the age and configuration of the units along this stretch have restricted its ability to maintain the quality offer found at the prime retail pitches. As a result the quality of occupiers remains mixed.

To the north of Castle Lane, the retail offer along Castle Place and Rosemary Street has been enhanced with the refurbishment and extension of the Gallery (formerly Donegall Arcade) in 2009, with the development now accommodating a new TK Maxx store as well as HMV and Currys digital.

Donegall Place has historically been the prime retail destination in Belfast. The street comprises a wide semi-pedestrianised road with large shop units. Major occupiers include Marks & Spencer, Next, Zara and New Look.

Donegall Place has been particularly impacted by recent high street causalities with JJB sports, Clinton Cards and Peacocks, and continues to experience a cluster of vacancies at the southern end of the pitch. Retailer demand for the area has also been in decline as more high-end stores such as Orange and Monsoon relocated east towards Victoria Square, enticed by the higher footfall generated by the centre.

Rents on Donegall Place have fallen from a high of £300 psf Zone A in 2008 to around £150 psf Zone A in current market conditions.

There have been a number of notable inmovers over 2012 including Tresspass and Chopstix Restaurant which took units previously occupied by Monsoon and Body Shop respectively. However, the quality of the retail offer has declined as cut price chains have taken over vacant units. Recent in-movers include Poundworld and KFC.

Royal Avenue is located to the north of Donegall Place. There are a number of large units to the south end of the street occupied by Tesco Metro and Primark. However the quality of retail provision falls away rapidly to the north of the street which is dominated by low-end independent retailers.

Vacancies have increased on Royal Avenue over the past year with Argos and Everwell Natural Therapies both vacating units.
**Castle Court**

9.64 Castle Court opened in 1990 is located in the North West Quarter of the city with prominent frontage onto Royal Avenue. The centre is anchored by a Debenhams department store over two floors and also has a number of high street fashion multiples, including Gap, Laura Ashley and Wallis. The overall tenant mix within Castle Court has more of a lower mid-market tone than Victoria Square and this has been maintained since its opening.

9.65 A number of retailers within the scheme have been particularly hard hit by the recession. Units have recently been vacated by Game, Clinton Cards, and Priceless Shoes. Other units have been let on a temporary or short term basis.

9.66 Overall the scheme is well established and remains popular with shoppers and experiences strong footfall.

**Fountain Street**

9.67 The retail offer on Fountain Street has remained largely unchanged from the previous URPS report in 2006. There have been some noticeable entrants into the Belfast market with the arrival of Fat Face, Jacks of London, a large Café Nero and a major New Look unit with a frontage also onto Donegall Place.

9.68 A comparison using Goad plans shows that there was one vacant unit at the time of the last study, whereas the latest plan shows two vacant units, both at the weaker northern end of the street.

9.69 The DSD public realm strategy has made striking differences to the aesthetic quality of the street by reducing the amount of on street servicing, which previously impacted upon the retail environment prior to the introduction of bollards.

9.70 In terms of rental values, there has been a significant reduction in rents along Fountain Street from their 2008 peak, when “Zone A” rents of up to £100 psf were being achieved. Prevailing rents along Fountain Street are now considered to be in the order of £70 psf. This rent reduction can be attributed to both the economic slow down, which has impacted the retail market significantly and also the opening of Victoria Square which has moved the focus of retail in the city centre away from Donegall Place.
Investment Performance

9.71 Belfast retail returns rebounded strongly in 2009 and 2010; however values fell back in 2011 to 4.3% y/y, endemic of the slowdown in the UK property and retail markets.

Table 17: Belfast Retail Returns

<table>
<thead>
<tr>
<th>Year</th>
<th>Income Return</th>
<th>Capital Growth</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>5%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>2010</td>
<td>10%</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>2011</td>
<td>5%</td>
<td>0%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source IPD (2012)

9.72 The weak return in 2011 was driven entirely by capital values which receded by 3.2% y/y. Despite the fall in capital values, total return remained positive due to a strong income return of 7.7% y/y.

9.73 Income as a proportion of the capital value increased due to systemic over-renting of property with leases signed prior to the 2008 crash. This provides a relatively high return for investors entering the market, but also provides a high level of risk as when rents revert to market value returns will decrease significantly. As such, investors will remain cautious over 2013; despite strong total returns between 2009 and 2011.

9.74 Investors looking at the Belfast retail market are likely to remain focused on prime, well-located assets with strong covenants. These assets have weathered the recent financial crisis far better than secondary assets, and provided there are no further serious shocks, should provide stable income returns for investors over the long-term. Assets on secondary pitches such as the northern end of Royal Avenue will be subject to less investor interest.

9.75 There was a small volume of retail investment transactions carried out in Belfast city centre. The most notable recent high street transaction was the Argos store at William Street South which was bought off market by Scottish Widows Investment Partnership. The property benefits from 12 years unexpired to Argos and was bought for £5.8 million which equates a NIY of 7.0%.

9.76 The performance of the Belfast retail market was the second weakest of the IPD comparable cities, and was outperformed by Bristol, Glasgow, Leeds, Liverpool, and Manchester. Only Newcastle had a weakest performance with total returns of -4.6% y/y.

Comparison with the previous URPS

9.77 In comparison to the market conditions reported in the previous URPS, there has been a significant reduction in prime rents in Belfast city centre, with prime investment yields having weakened by approximately 150 basis points, as illustrated in the table below.

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78 IPD/ University of Ulster Northern Ireland Commercial Property Report. December 2012
### Table 18: Summary Table: comparison of 2006 and 2012 URPS reports

<table>
<thead>
<tr>
<th></th>
<th>2006 (£ psf)</th>
<th>2012 (£ psf)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Rent (Zone A)</td>
<td>£275</td>
<td>£150</td>
</tr>
<tr>
<td>Prime Yield</td>
<td>4.75%</td>
<td>6.25%</td>
</tr>
</tbody>
</table>

Source: URPS (2006) and Deloitte research

### Conclusion

9.78 Belfast city centre currently faces significant issues in terms of high vacancy rates and low levels of footfall in certain areas and there is an urgent need to take action to reverse these trends.

9.79 Faced with these threats the city centre needs not only respond to change but also plan for change. Aligned to this, proactive city centre management is key to maintaining a healthy and vibrant civic core.

9.80 Retail development is a key regeneration tool, and it has the potential to deliver significant economic and social benefits to Belfast. Some of these potential benefits are detailed below.

**Improved shopper experience and return of footfall and spend to the city centre:**

9.81 The improved range and choice of retail offering will consolidate and complement the existing shopping area in Belfast and enable the city to strengthen its role as a leading regional shopping centre. It will also increase Belfast's presence on the UK and European retail map and will give it a further boost in attracting shoppers, tourists, conferences and investors and hence increasing visitor spend and footfall.

9.82 The quality, quantity and diversity of retail provision is important, and any retail development should aim to attract a good range and quality of retailers that is appropriate to its location. In relation to retail provision, this mix should include European and international brands, whilst safeguarding Belfast's well-established independent retailer market.

9.83 A flagship anchor store can bring significant benefits to a retail development in terms of not attracting only trade to a development, but also influencing the remaining tenant mix and having a beneficial effect on the letting of the remainder of a development.

9.84 Any retail development needs to be link in and connect with the surrounding areas in the city and improve accessibility.

9.85 In considering appropriate locations for retail developments in Belfast city centre, a number of factors should be taken into consideration, such as footfall and the surrounding tenant mix.

9.86 Provision of retail will need to be structured in order to ensure maximum regeneration benefit for the city centre and city as a whole.

**New job opportunities:**

9.87 Retail is a key employment creator. The sector provides employment opportunities to a wider range of individuals, including those on a low income and ethnic and minority groups.

9.88 The Royal Exchange planning application indicates that the scheme should create approximately 1,000 jobs during the construction phases and 2,000 once complete. Owing to its proximity to areas of high
unemployment in the immediate environs of the city centre fringes there is an opportunity to try and match jobs to these areas.

**Case Study – Cityworks Hull**

Cityworks Hull is a social broker which assists unemployed people source training to make themselves more employable and works on behalf of businesses across numerous sectors so they can meet their labour needs.

The Cityworks Group emerged into its current form after seven years of growth, initially developed with the aim of meeting the needs of the job market across Hull and the wider economic region while championing local tradesmen and up-skilling the available workforce.

The Group worked closely with developer HBG through the building of the £200 million St Stephen’s Shopping Centre, placing local people in construction jobs. Following the success of the scheme retailers then asked the company to assist in recruiting staff for the shops.

**Improved pride of place:**

9.89 Local residents have a greater sense of community pride and shared ownership in the area. The positive survey findings reported in the recent Post Project Evaluation of the Phase 1 Public Realm Strategy are indicative of the civic pride benefits that can be derived from investment in the city centre.

**Better quality of life for local residents:**

9.90 Retail can benefit the resident population of an area, by providing them with improved access to a wider range and choice of retail facilities. Residents also benefit from reduced time and cost to travelling to shops.

**Movement into an area:**

9.91 People move into an area as a result of the regenerating effect of the retail development. This is particularly relevant to Belfast in the context of promoting the city centre as a “neutral space”.

**Improved perception and public image:**

9.92 Improvements in the physical quality of an area (infrastructure, built environment and public realm) can enhance an individual’s perception of an area and reduce crime and fear of crime.

**Enhanced evening economy:**

9.93 Evening activities are an important element of a city because they draw people into the area and extend its vitality and vibrancy beyond normal working hours and make the centre a more attractive place to live.

9.94 Generation of a night time economy in the city is important, and this will involve consideration of mixing retail led development with leisure, residential and office uses.

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79 Deloitte (2012) *Belfast Streets Ahead: Post Project Evaluation of the Belfast Streets Ahead Phase 1 Project*
Comment:

The economic climate has stalled retail-led development as a combination of issues including poor business and consumer confidence, the reluctance of banks to finance schemes, increasing construction costs, shifts in yields and lack of retailer demand have effectively put a number of schemes on hold. These planned yet stalled developments are adversely affecting some high streets, as retailers adopt a ‘wait and see’ stance to opening new stores. As a result, affected towns have seen an increase in vacancy rates and continued decline of the town centre. The longer that retail development plans remain uncertain, the more severe the problem may become.

The development of new retail destinations can have a major effect on the health of existing town centres by shifting the centre of retail gravity within a city or town centre. While redevelopment can significantly improve the retail provision in the town, there are stretches outside the centre which have become increasingly run down. For high street investors, the impact of large scale development can be detrimental to their investment as there may be parts if the town that become physically and locationally obsolete as demand shifts away from the existing pitch to the new centres.

The RPS places a major emphasis upon retail led regeneration. Whilst the current economic climate and performance of the retail sector in Belfast city centre may challenge this, we remain of the opinion that retail should continue to form an important component of an updated more multi-faceted regeneration strategy for the city centre. This is particularly relevant in the context of protecting and hopefully enhancing Belfast’s standing against other UK regional centres, which we explore in the following section.
10 Comparison City Benchmarking

Comparison Cities

10.1 The market trends and retail composition in Belfast are benchmarked against seven regional centres elsewhere in the UK in order to ascertain how Belfast both compares and competes relative to other retail centres on a wider geographical scale.

10.2 The selected cities have been considered by virtue of their comparable primary catchment area population and because they are all regional centres which have sought to redefine and position themselves over the past 20 years. The following cities are used:

- Bristol
- Glasgow
- Leeds
- Liverpool
- Manchester
- Newcastle
- Sheffield

10.3 The exercise assesses each of these centres in both qualitative and quantitative terms and helps to identify areas both where Belfast is performing well and also where there is potential for further growth and improvement.

Existing Catchment Areas

10.4 The wider Belfast catchment incorporates towns beyond the Belfast Metropolitan area such as Newtownabbey, Carrickfergus, Antrim and Downpatrick, as well as the outskirts of Bangor and Newtownards. In 2011, the total population within this area was 739,000, which represents a rise of 28,000 from 2004 and almost half of Northern Ireland's overall population.

Social Structure

10.5 The proportion of the population being classified within the ABC1 social categories within Belfast is broadly similar to the comparison centres, as shown in Table 19 below. However, Belfast has the highest recorded unemployment rate out of the seven cities.
Table 19 – Social Structure

<table>
<thead>
<tr>
<th>Centre</th>
<th>Social Structure AB 2001 (%)</th>
<th>Social Structure C1 2001 (%)</th>
<th>Social Structure C2 2001 (%)</th>
<th>Unemployment Rate September 2012 (Claimants as % population aged 16-64)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>21</td>
<td>30</td>
<td>19</td>
<td>7.5</td>
</tr>
<tr>
<td>Bristol</td>
<td>28</td>
<td>32</td>
<td>17</td>
<td>4.0</td>
</tr>
<tr>
<td>Glasgow</td>
<td>20</td>
<td>27</td>
<td>16</td>
<td>6.0</td>
</tr>
<tr>
<td>Leeds</td>
<td>23</td>
<td>29</td>
<td>18</td>
<td>4.4</td>
</tr>
<tr>
<td>Liverpool</td>
<td>20</td>
<td>28</td>
<td>17</td>
<td>6.9</td>
</tr>
<tr>
<td>Manchester</td>
<td>21</td>
<td>29</td>
<td>18</td>
<td>5.5</td>
</tr>
<tr>
<td>Newcastle upon Tyne</td>
<td>21</td>
<td>28</td>
<td>19</td>
<td>4.7</td>
</tr>
<tr>
<td>Sheffield</td>
<td>23</td>
<td>28</td>
<td>19</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Source: ONS (2001 Census)

10.6 Whilst the geographical catchment of Belfast is smaller than all but one of the seven comparison cities, the wider tourist market can help compensate for this. With the arrival of low cost airlines to Belfast, the city has been able to capitalise on promoting itself as a destination for weekend breaks. Further enhancements to the city centre will help to strengthen this market.

Retail Strength

10.7 When compared to other retail centres, Belfast is underperforming in the context of anchor store provision.

10.8 Despite an improvement in the provision of department stores with the introduction of House of Fraser in 2008, compared to other major regional centres the range and quality of major department store offer is limited, as illustrated in Appendix 4.

10.9 The provision of high street multiples (that is, retail brands with national representation) in Belfast is good relative to other major cities. However, while the city compares well with other major cities on the number of lower middle and mid-market fashion retailers, it compares less favourably on the number of high quality retailers (see table in Appendix 4).

Managed Floorspace

10.10 In the context of the seven comparison cities and according to our analysis of third party data sets, Belfast has the second lowest amount of managed retail floorspace.

10.11 There are a number of advantages related to managed floorspaces. Firstly, the landlord is able to take a strategic approach to its letting strategy, to help ensure that a complementary retail mix is provided. Secondly, managed environments tend to benefit from having high quality public realm finishes and efficient cleaning regimes, both of which are important to attracting upper-mid and high end retailers.
10.12 Our consultation with local retail agents and observation of the notable improvement in occupiers within the south east of the city centre suggests that retailers have responded positively to this, particularly as being within a non-managed environment means that they avoid paying additional service charge costs.

10.13 However, we consider that there remains scope to improve the overall management of city centre, to help the improve quality and mix of leisure and retail operators. The proposed Royal Exchange development will have an important role to play in this, as will BCCM.

10.14 In addition, we understand that DSD is exploring options for creating a Business Improvement Districts (BIDs) within Northern Ireland, with the consultation responses received last year being supportive of the proposals and the required legislation currently being progressed through the NI Assembly. The primary legislation will be followed next year in Northern Ireland by the necessary secondary legislation and guidance from the Department which will provide more detail on the setting up of a Business Improvement District.

10.15 A BID is a defined local area where, in partnership with the local council, businesses agree to pay a levy in order to fund services that will benefit the trading environment within that area. This gives local businesses the power to effect changes that will benefit them uniquely. Improvements may include additional safety/security, street cleaning, environmental initiatives or marketing events, among others.

10.16 BIDs have been established for some time in Great Britain and also in the Republic of Ireland. Northern Ireland currently does not have BID legislation. In June 2012, legislation was introduced by the Social Development Minister to allow for the creation of statutory Business Improvement Districts (BIDs) in Northern Ireland.

10.17 BIDs were mentioned in the Portas Review\(^80\) as one way in which high streets could be revitalised. A 2011 Business Improvement Districts survey found that the 112 BIDs across the country (the figure as of April 2011) had the capacity to generate total investment of around £69.1 million a year for regeneration and business development. City/Town Centre BIDs have helped to attract circa £38.8m in additional investment in the financial year 2010/11 across a total of 35 BIDs. A combined income-investment ratio for 2010/11 across a total of 35 BIDs of 1:1.07 was returned; meaning that for every £1 of BID income generated a further £1.07 was levered in additional indirect investment\(^81\).

**Development Pipeline**

10.18 A comparison we have undertaken of the development pipelines for Belfast and the seven comparison cities, based upon Property Market Analysis data, suggests that Belfast will potentially slip further behind these other regional centres (particularly Glasgow, Leeds and Liverpool), if the proposed town centre floor space with planning permission in each city is delivered.

**Retail Rent**

Table 20: Comparison of Prime Retail Rents

<table>
<thead>
<tr>
<th>Centre</th>
<th>Prime Rent 2012 (£ psf Zone A)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>£150</td>
<td>7</td>
</tr>
</tbody>
</table>

---

\(^80\) The Portas Review – An independent review into the future of our high streets (2011)

\(^81\) Nationwide – Business Improvement District Survey (2011)
**Centre** | **Prime Rent 2012 (£ psf Zone A)** | **Rank**
---|---|---
Bristol | £200 | 6
Glasgow | £260 | 2
Leeds | £210 | 5
Liverpool | £260 | 2
Manchester | £250 | 4
Newcastle upon Tyne | £300 | 1
Sheffield | £111 | 8

*Source: Deloitte Real Estate analysis*

10.19 The levels of rent which retailers are prepared to pay to locate in a centre provide an indication of the perceived strength of that centre (although other factors such as availability of floorspace also affect rental value). With the exception of Sheffield, Belfast demands amongst the lowest prime Zone A rent out of the selected comparable cities.

10.20 Prime rents in Belfast have also softened over the past years, with agents reporting that the rental tone for the prime pitch of Donegall Place is now in the order of £150 psf. This decline is more marked than in other major regional centres where demand is stronger.

**Comparison of Town Centre Retail Requirements (October 2012)**

10.21 The level of retailer requirements can be taken as a crude indicator of a city’s attractiveness for potential retailers.

<table>
<thead>
<tr>
<th>Centre</th>
<th>Town Centre Retailer Requirements (Oct 2012)</th>
<th>Town Centre Retailer Requirements Rank (Oct 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>15</td>
<td>53</td>
</tr>
<tr>
<td>Bristol</td>
<td>38</td>
<td>11</td>
</tr>
<tr>
<td>Glasgow</td>
<td>31</td>
<td>21</td>
</tr>
<tr>
<td>Leeds</td>
<td>49</td>
<td>3</td>
</tr>
<tr>
<td>Liverpool</td>
<td>30</td>
<td>23</td>
</tr>
<tr>
<td>Manchester</td>
<td>41</td>
<td>7</td>
</tr>
<tr>
<td>Newcastle upon Tyne</td>
<td>35</td>
<td>16</td>
</tr>
<tr>
<td>Sheffield</td>
<td>29</td>
<td>24</td>
</tr>
</tbody>
</table>

*Source: Egi,*

10.22 In October 2012, there were 15 reported “live” retail requirements for new space in Belfast. This is low for a city of Belfast’s size and status as a major regional centre, and far lower than the other comparison cities.

10.23 However, some of these requirements are from major fashion retailers include Anthropologie, Joules Clothing Ltd, Whistles and Sole Trader as well as A3 operators Zizzi, Starbucks Coffee, and Las Iguanas.
10.24 The number of requirements for Belfast has reduced significantly from pre-recession levels, and following the completion of Victoria Square shopping centre. However, the large disparity in retailer requirements between Belfast and the other comparable cities suggest that Belfast is lagging somewhat in being accepted as a major UK retail centre.

*Comparison of Prime Town Centre Yields Spring 2012*

10.25 The prime rental yields in Belfast are amongst the highest of all the comparable cities. This provides an indication that investors regard the city as having a higher risk and lower growth prospects than other competing cities.

<table>
<thead>
<tr>
<th>Centre</th>
<th>Prime Town Centre Yields (Spring 2012)</th>
<th>Prime Town Centre Yields Rank (Spring 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belfast</td>
<td>6.75%</td>
<td>5</td>
</tr>
<tr>
<td>Bristol</td>
<td>5.75%</td>
<td>3</td>
</tr>
<tr>
<td>Glasgow</td>
<td>5.00%</td>
<td>1</td>
</tr>
<tr>
<td>Leeds</td>
<td>5.50%</td>
<td>2</td>
</tr>
<tr>
<td>Liverpool</td>
<td>5.50%</td>
<td>2</td>
</tr>
<tr>
<td>Manchester</td>
<td>5.50%</td>
<td>2</td>
</tr>
<tr>
<td>Newcastle upon Tyne</td>
<td>5.75%</td>
<td>3</td>
</tr>
<tr>
<td>Sheffield</td>
<td>6.25%</td>
<td>4</td>
</tr>
</tbody>
</table>

*Source: Alder King, Colliers International and Deloitte Research*

**Comment:**

It is evident from our assessment that Belfast is failing to keep pace with a number of other regional centres.

Belfast is only ranked higher than Sheffield and Newcastle in the retail league tables and does not offer the same diversity and quality of provision in comparison with other centres.

In particular, Belfast lacks the same provision of quality fashion outlets or anchor stores when compared with other centres. The city also has a far lower proportion of managed floorspace.

Belfast should aim to enhance the quality of its retail offer in order to maintain and enhance its position as a major UK regional centre.
11 Comparison City Case Studies

Introduction

11.1 Expanding upon the retail benchmarking provided in the previous section, the following case studies provide a range of positive examples of retail-led regeneration in Leeds, Liverpool and Manchester, as well as the cautionary case study of the impact of the out of town regional centre of Meadowhall upon Sheffield city centre.

Leeds – the “Knightsbridge of the North”

In recent years Leeds has elevated its position in the retail hierarchy to become the primary shopping centre in the North of England. The centre contains approximately 2.21 million sq ft of retail floorspace with the prime pitch running along Commercial Street and Briggate which provide larger well configured units such as those occupied by Debenhams, Gap, House of Fraser and Zara.

The arrangement of pedestrianised streets and arcades means that the city’s retail offering is designed in a compact but easily accessible and well defined centre. The proportion of retail floorspace devoted to managed shopping centres is approximately 40% and is set to increase with the completion of Land Securities one million sq ft Trinity Quarter scheme. There are seven managed shopping centres dispersed throughout the centre, although none of these are overly dominant. Importantly each shopping centre is differentiated by the type of retail offering it provides. Prime retailers are concentrated in the Victoria Quarter, an Edwardian arcade situated between Briggate and Vicar Lane. The centre opened in 1990 (refurbished in 2002) and contains approximately 210,000 sq ft of retail floorspace. The centre in anchored by Harvey Nichols and has attracted a number of upmarket fashion retailers including Vivienne Westwood, Karen Millan, Mulberry and Louis Vuitton. At the other end of the spectrum, the Merrion Centre, build in 1963, is aimed at the budget segment of the market. The centre is approximately 290,000 sq ft of mixed use accommodation anchored by Morrisons and includes a number of independent stalls and budget high street brands, a bowling alley, a nightclub and several pubs. Following a refurbishment in 2007 the centre has attracted new occupants of Sainsbury’s and Wilkinson.

The city has a lower than average volume of mid-market retailers relative to the size of the shopping population and in comparison to other cities such as Glasgow, Manchester and Birmingham. However, this is in part explained by the large central area currently in the process of being redeveloped as part of the Trinity Leeds Scheme and that many retailers considering representation in Leeds have delayed making a commitment until they are able to assess the scheme’s impact. Nevertheless, Leeds has an established reputation as a major destination for high quality fashion retailers and has consistently enjoyed one of the highest levels of demand of all the comparable centres. A broad range of retailers have expressed interest in city centre representation including Forever 21, Zara Home, Boden, White Stuff, and Comptoir de Cotonnier.

A further major scheme being planned for Leeds is Hammerson’s Eastgate Quarters development. This was originally granted permission in 2007. Hammerson submitted an application for a revised scheme in 2011, which scales back the provision of residential but still envisages a new John Lewis and M&S, complemented by approximately 130 new unit shops and restaurants.
**Comment:**

It is evident that Belfast is failing to keep pace with Leeds (and other more successful regional centres such as Manchester, Glasgow and Bristol). In terms of rank position Belfast sits behind the majority of the UK Centres, and the gap has continued to widen in recent years. In particular, while the provision of the large national fashion multiples is good, Belfast fails to offer the same level of quality high-end fashion outlets in comparison to other centres. For example, there are no schemes in Belfast that compare with Leeds’ Victoria Quarter or more diverse retail provision offered in other major centres. As a result Belfast fails to attract spend from more affluent segment of the population and does not possess a strong reputation as a major fashion destination. To address this, Belfast needs to enhance the quality of its retail offer to maintain and enhance its position as a major retail destination.

**Liverpool – large scale city centre retail development**

The Liverpool One scheme, which comprises a £1bn regeneration project in the heart of Liverpool City Centre, is a fitting example of how a retail-led regeneration project can transform the fortunes of a city.

Prior to Liverpool One, the city suffered a period of under investment and steady decline. This decline is evident both in the competitiveness of the city’s retail offer which decreased from third among prime shopping locations in the 1970s to 17th in 1995 and by number of studies which showed that consumers preferred to shop in Manchester, Chester and Southport rather than Liverpool city centre. Liverpool's reputation as a regional shopping centre was under serious threat.

Liverpool One opened in two stages in May and October 2008 and at the time was the largest retail-led city centre regeneration scheme in Europe incorporating an area of 42 acres. The scheme comprises 36 individually designed buildings and six public realm areas providing in excess of 2.4 million sq ft of new mixed use development. The retail element is anchored by John Lewis and Debenhams, situated at opposite ends of South John Street and consists of over 160 retail units, organised within district retail districts grouped by their similar focus. The leisure element is known as Chavasse Park and includes a 14 screen cinema operated by Odeon and numerous bars and restaurants. Also included in the scheme are three hotels, new BBC broadcasting studios, three multi-storey car parks and over 600 residential units.

The scheme has been extremely successful. It has become a major shopping destination and reported an impressively high occupancy rate of 97 per cent in summer 2012. In addition the scheme has greatly improved the attractiveness and quality of the city centre. Some of these benefits are summarised below:

- It has extended the existing retail offer and attracted some 87 new brands to the city including some major retailers of Cath Kidston, Hugo Boss, Zara, Debenhams, Jack and Jones and Mango. Approximately 12 per cent of these were brand new to the north-west at the time of opening.
- The scheme has greatly enhanced Liverpool’s position as a major retail destination in the North West.
- Footfall in Church Street (a prime shopping street now linked with Liverpool One) increased by 50% in December 2008, the Albert Dock received an extra 100,000 visitors per week (representing a 48% increase) (source: Liverpool City Centre BID). The number of regular shoppers increased from circa 557,000 prior to Liverpool One to 600,000 and following completion.
- The scheme has also been a catalyst for improving the city centre by reconnecting important areas of the city (such as the Albert Docks) and facilitating further investment/ development.
Comment:

The example of Liverpool One demonstrates that retail-led regeneration can provide a catalyst for change. Nevertheless, poorly thought-out scheme can have negative impacts on the existing retail provision including reducing the sales volume of independent retailers, creating temporary vacancies as retailers relocate to the new centre, weakened retail offer in other non core areas and causing homogenisation of the city’s retail offer.

Manchester – vibrant in town and out of town offer

Manchester city centre scored at the top end of the eight comparison cities across all measures, with a Retail Provision Ranking of 2 and a Fashion Score Ranking of 1.

Manchester is illustrative of a city centre which has continued to strive despite the fierce competition from the Trafford Centre.

The Trafford Centre was opened in 1998 and is located 9km to the west of the city centre. It comprises 2 million sq ft of trading space with key anchors including Debenhams, M&S, John Lewis and Selfridges (among others).

The Centre currently attracts over 30 million visitors annually and is identified by Venue Score 2011-12 (Javelin Group) as the fourth ranked shopping centre/retail park in the UK behind Westfield (London), Bluewater (Greenhithe) and Meadowhall (Sheffield).

Manchester’s capacity to withstand the impact of the Trafford centre can be attributed to number of factors:

- Manchester’s retail market was already well established prior to the competition from the Trafford Centre. The high quality retail offer meant that the city was able to compete for both consumer spend and retailer requirements.

- Manchester has a diverse economy and a strong brand image:
  - The service sector has grown rapidly and now accounts for a sixth of employment, and contributed 45% of all GVA growth across Greater Manchester between 1998 and 2008.
  - Manchester is now Europe’s second largest media hub, and the region’s digital and creative sector is growing faster than anywhere else in the UK, outside of London.
  - Approximately 5,500 people are now employed in the city centre (excluding MediaCity) in the cultural and creative industries.
  - Greater Manchester universities have expanded rapidly and are now recognised as world class centres for research. They have a combined income of £1.4 billion, employing 18,000 staff and educating a student population exceeding 100,000.
  - The city has a world-wide reputation for sporting excellence. The city has hosted major sporting events such as the Commonwealth Games and is home to major franchises including Manchester United and Manchester City football clubs.

These factors enhance the vitality and vibrancy of the city centre, increase consumer footfall and spend and make the centre a desirable location for retailers to invest.

- Manchester has benefitted from pro-active investment in the city centre. This includes the redevelopment of a large part of the Arndale Centre and the Avenue retail component of the Spinningfields development. These schemes have enabled the city to adapt to changing market
conditions and challenges reflecting fast changing consumer demand and the store requirements of retailers.

Comment:

Despite Manchester’s success, there is evidence that the Trafford centre has had some detrimental effects on the city centre. It has cannibalised some of the retail spend and attracted retailers that would otherwise located within the city centre. However, these effects have been more pervasive on smaller centres rather than Manchester itself, and have been far more muted than in other centres such as Sheffield.

A further important characteristic of Manchester for Belfast to note, is its success in creating a diverse city centre economy, with higher education, commercial uses, residential, conference facilities, media and creative uses, all helping to support its retail and leisure functions.

Sheffield – living in the shadow of Meadowhall

Of the seven comparative cities, Sheffield had the lowest ranked retail offering over all the metrics and offers what we consider to be a cautionary take to Belfast.

Many retail reports have documented the decline of the central shopping area which is over-extended, lacks focus and is becoming run down in parts. Without the critical mass of larger destinations, or the ‘experience’ offer of more historic cities, Sheffield is failing to compete with larger urban centres such as Leeds.

Sheffield has been particularly affected by localised features which, in addition to the wider macroeconomic trends, have contributed to decline in town centre. The first of these is the pervasive effect of the Meadowhall, an out of town shopping centre which has increasingly overshadowed the town centre. Meadowhall opened in 1990 and comprises approximately 140,000 sq m of retail floorspace providing over 280 stores. The shopping centre has been successful at attracting a range of high quality mainstream retailers which are drawn by lower rents, better floor plates and free parking. These retailers’ include House of Fraser (which relocated from the city centre), Debenhams and Marks and Spencer department stores. The provision of such a large regional shopping centre in such proximity to the city centre has served to deplete the central shopping area of retail spend. Investment in the regeneration of the city centre has suffered as a result and the task of transforming the city centre in the face of such strong and increasing competition is extremely challenging.

Sheffield’s retail demise can also be considered in light of limited major retail development, with the last major scheme completing in 1989 (Orchard Square). In the absence of any pro-active investment, the existing retail provision has evolved organically through the decades without adaptation to changing consumer preferences. As a result the centre is characterised by little to no managed floor space, constricted layout, small unit sizes and poor quality of premises which fail to satisfy retailers’ requirements. This poor provision has made the centre vulnerable to competition from neighbouring centres which have pursued active development programmes. In recognition of this Sheffield City Council and developer Hammersons are exploring plans for the Sevenstone project, a major 65,000 sq m mixed use development scheme proposed for the city centre. However, the scheme has suffered a number of setbacks due to market conditions, funding, and difficulty of attracting an anchor tenant following the withdrawal of John Lewis in March 2012.

The interaction of these localised features has meant that the quality and range of retailers in the city centre is significantly short of the potential for a major regional city and there is a lack of medium and larger household names and high price fashion stores.
Conclusion

11.2 The case studies of Leeds, Liverpool and Manchester and our commentary in Section 10 show the extent to which retail and leisure led development has helped to regenerate these cities, offering both direct employment opportunities and complementing other sectors including residential, offices, education and conference functions.

11.3 These cities offer a diverse range of retail, including mid to upper mid market provision comparable to that offered in Victoria Square but also high end boutiques and a range of quality department stores which Belfast does not offer. Furthermore these cities are characterised by having distinct retail and leisure quarters, with extensive areas of managed space. We consider that this has helped create an environment that can compete with out of town regional shopping centres.

11.4 In contrast, Sheffield has not enjoyed the retail renaissance of its northern rivals. In part, this could be attributed to its historical economic structure, which traditionally relied upon manufacturing and industrial uses located outside of the city centre and with a less well developed city centre service sector than its regional counterparts.

11.5 There are some important lessons for Belfast to learn from these examples, which we refer to throughout this report, including:

- The importance of having a diverse city centre economy, with uses such as leisure, residential, higher education, creative industries and media being represented in the best performing cities
- The need to create high quality, distinctive and well managed retail environments to help compete against out of town competition
- The importance of time and phasing of development, so that ambitions to regenerate a city centre are not prejudiced.
12 Proposed Developments

12.1 There have been a number of high profile regeneration projects and city developments either completed or at various stages of planning within the city centre in recent years. A number of these schemes are looked at in more detail below.

Victoria Square

12.2 Victoria Square was the first stage in the retail led regeneration of Belfast city centre and the largest ever retail led regeneration scheme in Northern Ireland, covering over 1.8 hectares. The project developed 75,000m² of mixed use facilities; commercial, residential and leisure, creating a new retail hub in the city centre and regenerating the southern quarter of the city. The scheme was built by Multi Development UK, costing an estimated £400m and taking six years to complete, opening on 6 March 2008.

12.3 Victoria Square provided employment for over 3,000 people throughout the construction phase and a further 3,000 jobs have been created in retail, security and the service industries since opening. The scheme is also considered to have included several environmental features to reduce the carbon footprint of the building.

12.4 A Post Project Evaluation (PPE) of the development was completed by Mazars which outlined a number of findings and recommended key learning points for future projects. The PPE has concluded that the scheme
is largely considered to be a success and has managed to perform strongly against targets (visitor numbers, tenant numbers, turnover, car parking etc.) and demonstrate growth, particularly in the context of a global recession and difficult economic conditions.

12.5 Some of the key learning points from the development include the following:

- The diversity of a mixed use development is critically important in order to balance out the risks associated with the prevailing economic climate;
- Streamlining the process for compulsory purchase of sites to avoid long timeframe and lead in times;
- The continued policy, as implemented on Victoria Square, of careful forward planning of demand for retail units and appropriate massing; and
- Ensure ongoing detailed research and involvement with other bodies into retail tourism.

Titanic Quarter

12.6 The Titanic Quarter comprises approximately 185 acres of former shipyard lands located on the North east fringe of Belfast city centre. The scheme is Europe’s largest waterfront regeneration development and aims to transform the area into a new mixed use quarter including business, education, offices and research and development floor space together with hotels, restaurants, cafes, bars and other leisure uses.

12.7 Major developments in the area include:

- The £44m Belfast Metropolitan College Titanic Quarter campus comprising a 21,000m², six storey complex completed in 2011.
- The Gateway building formed part of the first phase of development in Titanic Quarter and comprises two six storey and one five storey buildings providing 148,000 sq ft of office space. 120,000 sq ft of office space is let to Citi Group. The terms of the deal were not been revealed but it is understood to be paying more than the quoting rent of £12.50/sq ft. The Gateway letting is not Citi’s first in Northern Ireland. It has located 450 research and development jobs in Belfast in the last two years at the Science Quarter at Titanic Quarter, and then a further employment of 700 people by the end of 2009.
- The £97m Titanic Belfast building, opened in 2012, is designed as a Titanic visitor attraction and a monument to Belfast’s maritime heritage.
- Up to 400,000 people will annually visit the attraction.
- The Premier Inn completed in 2010 and features 120 bedrooms and onsite restaurant.
- Belfast Audi comprising 41,785 sq ft headquarters and car showroom opened in November 2010.
- The first phase of residential development in the Titanic Quarter known as the Arc (Abercorn Residential Complex) comprises 474 apartments and was completed in December 2010.
- The new £30m headquarters of the Public Record Office of Northern Ireland opened in April 2011.
City Quays

12.8 An approximately 10 hectare (25 acre) site situated to the south and west of the Harbour Office and bounded by the River Lagan to the east, known as City Quays. The site extends from the vacant Stenaline Terminal to the north to the mixed use development along Donegal Quay.

12.9 Plans were submitted by Belfast Harbour Commissioners in July 2010, for a mixed use development comprising:

<table>
<thead>
<tr>
<th>Use</th>
<th>Quantum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>120 units</td>
</tr>
<tr>
<td>Hotel</td>
<td>26,850 sq m</td>
</tr>
<tr>
<td>B1 Offices</td>
<td>123,170 sq m</td>
</tr>
<tr>
<td>Café / Restaurant</td>
<td>1,003 sq m</td>
</tr>
<tr>
<td>Small Scale Retail</td>
<td>950 sq m</td>
</tr>
</tbody>
</table>

12.10 The scheme also proposes 21,000 sq m (226,048 sq ft) of multi-storey car parking, basement car parking; open space; and related infrastructure improvements.

Sirocco Quay

12.11 Sirocco Quay is a 6 hectare (15 acres) mixed use former works site situated on the eastern bank of the River Lagan and to the south of Bridge End (A2). The Carvill Group secured outline planning permission to provide approximately 2,100 mixed tenure and affordable homes including studio apartments, family units, social housing and penthouses, as well as the following uses:

- Belfast International Convention Centre
- World Trade Centre
- 4 Star and Business Hotels
- Supermarket
- Offices
- Retail
- A3 restaurants and cafes
- Residential
- Care Home
- Car Park - 1800 spaces

12.12 The scheme also proposes a pedestrian/cycle bridge to the Waterfront Hall, and lining up the main axis of the proposed development to ensure visual connectivity with the city centre core.

12.13 There are no immediate prospects of the development proceeding however, with the Carvill Group currently in administration.

Odyssey Millennium Limited (lands between M3 and Odyssey Building)

12.14 This is a 6.96 hectare (17 acre) site, the majority of which is currently operating as a surface car park which serves the immediately adjacent Odyssey Complex and is bounded by the River Lagan to the west.

12.15 The Odyssey proposals are for a mixed-use development including a maximum of 798 residential units with associated amenity space; two hotels (up to 22,438 sqm); 47,038 sq ft (4,370 sqm of offices); 9,741 sq ft
(905 sq m) of retail and retail services; 255,546 sq ft (23,741 sq m) of leisure facilities; 16,899 sq ft (1,570 sq m) of community and cultural uses; 30,397 sq ft (2,824 sq m) of cafes/bars/restaurants; public open space; multi-storey car parking and associated works including related infrastructure improvements.

**University of Ulster York Street Campus**

12.16 The University of Ulster has recently been granted planning application for a new university campus in Belfast city centre. The aim of this project is to relocate the majority of the University of Ulster’s Jordanstown campus to the new facility in Belfast city centre from 2018.

12.17 The site for the new Belfast city centre campus will be located within the Cathedral Quarter to the north of Belfast city centre – at the intersection of York Street and Donegall Street and will:

- Be approximately 75,000 sq m in size - equivalent to the size of Victoria Square - on York Street and Frederick Street stretching up to North Queen Street.

- Consist of four interlinked buildings at York Street, Frederick Street, and Donegall Street – including a series of staggered atria along Frederick Street; and

- Have a number of entrances on York Street, York Lane, Frederick Street and will reopen York Lane which has been blocked off as an access route to the city centre.82

12.18 Table 21 below shows the site plan for the development.

**Table 21 Site plan for new University of Ulster campus**

| Block A: Existing Interpoint Building |
| Block B: Existing Playboard and York House |
| Block C: Existing Orpheus Building and Metropole Building |
| Block 82: University’s current Belfast campus |

_82 University of Ulster website (March 2012)_

**Royal Exchange**

12.19 The 11 acre Royal Exchange development is a major retail led, mixed use development proposed for the North East quarter of the city centre. The scheme was first announced in 2006, and aims to significantly enhance the retail and leisure offer within the city centre, as well as regenerate a run-down and semi-derelict area between Royal Avenue and the Cathedral Quarter.
12.20 The Leaside Investments Ltd proposal comprises a gross floor area of 127,956m2 with a single large anchor store fronting on to North Street. The scheme is designed in 11 street blocks and reuses listed and important unlisted buildings in the area. It will also link the existing main retail hubs of Castlecourt and Victoria Square and fronting onto Royal Avenue, North Street and Donegall Street. The mix of uses is described in Table 22 below:

### Table 22: Composition of Royal Exchange

<table>
<thead>
<tr>
<th>Use</th>
<th>Gross Area (m²)</th>
<th>Percentage of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchor store</td>
<td>22,588</td>
<td>18%</td>
</tr>
<tr>
<td>MSU area</td>
<td>6,426</td>
<td>5%</td>
</tr>
<tr>
<td>Shop units</td>
<td>22,010</td>
<td>17%</td>
</tr>
<tr>
<td>Cafe / restaurant / pub units</td>
<td>3,340</td>
<td>2.5%</td>
</tr>
<tr>
<td>Office area</td>
<td>11,885</td>
<td>9.3%</td>
</tr>
<tr>
<td>Residential area</td>
<td>17,854</td>
<td>14%</td>
</tr>
<tr>
<td>Boutique hotel</td>
<td>1,800</td>
<td>1.4%</td>
</tr>
<tr>
<td>Cultural arts space</td>
<td>605</td>
<td>0.5%</td>
</tr>
<tr>
<td>Service area</td>
<td>8,233</td>
<td>6.4%</td>
</tr>
<tr>
<td>Public toilet area</td>
<td>430</td>
<td>0.3%</td>
</tr>
<tr>
<td>Basement car park</td>
<td>25,040</td>
<td>19.6%</td>
</tr>
<tr>
<td>Upper-deck car park</td>
<td>7,745</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total Build Area</strong></td>
<td><strong>127,956</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

12.21 In addition, the development will create four new streets and new public squares:

- ‘Upper Lombard Street’ - running from Rosemary Street to a new square on North Street, via a new public space called ‘Church Square’ at the rear of the Presbyterian Church;
- ‘New Street’ - linking the entrance of Castle Court to a new meeting space on North Street;
- ‘Long Lane’ - connecting Lower Garfield Street to Donegall Street, providing a direct link to Talbot Street and the Cathedral Quarter; and
- William Street which will lengthen to connect to Long Lane from Writers Square.

12.22 Overall, the proposed major mixed use regeneration scheme will maximise the retail, employment, residential, cultural and heritage potential of the area. It is estimated that it will bring 3,000 jobs in total to Belfast — 1,000 for the construction phase and a further 2,000 jobs in retail and leisure upon completion.

### Commentary

12.23 The majority of these developments face a number of market and economic challenges, which make the prospects for their short term implementation slim. Key factors impacting upon their viability, include:

- Reduced levels of occupier demand in the retail and office markets;
- The threat of out-of-town development (in respect of city centre retail development);
• The limited availability of development finance for speculative development; and

• The constricted mortgage market, which is particularly impacting first time buyers.

12.24 In light of this, there is an important role for the public sector to play. Three potential drivers that we have identified, include:

• **The University of Ulster** – which has funding for its city centre development;

• **DSD** – which is promoting the *Belfast: Streets Ahead* project; and

• **The BBC** – which is reviewing its occupational requirements and could help anchor a creative hub

12.25 In addition, DSD should also be aware of some of the other proactive initiatives being pursued by public authorities in Great Britain. There has been an increase in the use of Prudential Borrowing Powers; the use of the public sector’s covenant strength; and assistance with planning and land assembly, all as a means of helping to stimulate regeneration. Some recent examples are set out below.

**Salford City Council – Greengate Embankment**

12.26 The City Council provided a rental guarantee to kick start a speculative office project by Ask Developments. The Council will guarantee 50% of the rental value of the 196,000 sq ft 101 Embankment office building which will form the first phase of Greengate Embankment, a 1m sq ft development on the site of the former Manchester exchange railway station, bordering the City Centre on the River Irwell.

12.27 The Council has no plans to occupy the building but will take a 10 year lease covering 50% of the rent. This is anticipated to cost the Council around £750,000 per annum if the building lies empty. It will be financed from Salford’s main revenue budget.

**Derby City Council – Friar Gate Square**

12.28 Friar Gate Square is the first speculative office development in Derby City Centre for 25 years. The 32,000 sq ft development is being brought forward by Lowbridge (Derby) Ltd and is expected to be completed by January 2013. The project has received approximately £3m from Derby City Council.

**Oldham Council – Oldham Town Hall**

12.29 Oldham Council are proposing to transform the derelict Grade II listed Old Town Hall converting it into a 1,000 seat 8 screen cinema and associated family leisure uses including 4 restaurants. There is a £16m public/private funding package currently being considered which is believed to comprise a mix of prudential borrowing and underwriting by the Council.

**Birmingham City Council – Palisades Shopping Centre**

12.30 The Palisades Shopping Centre in Birmingham currently forms part of a £600m revamp of the area around New Street Railway Station, due to be completed by 2015. The project (which will see the Centre rebranded as Grand Central Birmingham) is being funded by Birmingham City Council, the Department for Transport and Centro. The new development in the city centre will include a 250,000 sq ft John Lewis store on the site of the former Stevenson Tower which was demolished last year. There will also be an additional 200,000 sq ft of retail space for more than 50 premium fashion and lifestyle stores. Birmingham City Council bought the shopping centre in March 2009 for £91m from the Agora Mix Shopping Centre Fund, a property fund of Warner Estates. Agora bought the centre in 2005 for £151.5m.
Leeds City Council – City Arena

12.31 Leeds City Council is developing a new £80m concert and events arena which will be run by operator SMG Europe.

Liverpool City Council – Regeneration Liverpool

12.32 Regeneration Liverpool is a joint venture between Liverpool City Council and regeneration specialist Sigma Inpartnership Ltd which was set up in 2007 to support the City Council with their regeneration plans.

12.33 The partnership utilises the skills of local specialist partners including house builder Countryside Properties, commercial developer Neptune Developments, Plus Dane and other local housing associations. Regeneration Liverpool is a proposed 15 year relationship which in the first instance is regenerating 63 acres of the former Boot Estate in Norris Green. It sets out £200m framework of investment opportunities in Liverpool over a 10 year period.

Stockport Council – Bridgefield

12.34 Stockport Council is to borrow £9m to take over the lease of Debenhams so that it can control the town centre. The site is central to the Council’s vision for the area and will mean a major regeneration project can be unveiled later this year which is expected to include a cinema. The long lease became available after owners Ambassador Holdings went in to receivership last summer.

Manchester City Council – Central Park/Sharp Project

12.35 The 200,000 sq ft Sharp Project, completed in 2011, is a £16.5m development owned by Manchester City Council. The Council provided funding along with the North West Development Agency and the European Regional Development Fund. The Sharp Project is 75% let, home to 50 companies and created 287 full-time equivalent jobs by the end of its first full year of operation.

12.36 The City Council are now proposing to buy One Central Park as an expansion of the Sharp Project and to install a major 3D technology company’s European HQ with 240 staff. One Central Park is a 100,000 sq ft office building completed in 2005 as part of the business park development by Ask and Goodman.

12.37 One Central Park’s freehold is owned by the Homes & Communities Agency. The Council owns a 250-year lease on the building but the effective Landlord is One Central Park Ltd, a special purpose vehicle controlled by Manchester College, Manchester University, Salford University, Manchester Metropolitan University and Manchester Science Parks. The Council will by the building from the special purpose vehicle landlord, although no sum has been disclosed.

12.38 Once Central Park will become part of the Sharp Project estate. The Council’s investment proposals are aimed at establishing a “digital content ecosystem” in the city
## 13 Belfast Regeneration SWOT Analysis

### 13.1 In this section we provide a summary of the core strengths, weaknesses, opportunities and threats, which we consider Belfast’s future regeneration prospects.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Recognised as Northern Ireland’s regional capital</td>
<td>▪ Lack of high quality managed retail space</td>
</tr>
<tr>
<td>▪ Accessibility – most notably improvements in air connections</td>
<td>▪ Evening economy remains underdeveloped</td>
</tr>
<tr>
<td>▪ Competitive rental levels, particularly for offices</td>
<td>▪ Higher than NI average levels of economic inactivity and some pockets of particularly acute deprivation</td>
</tr>
<tr>
<td>▪ Skill set of local workforce</td>
<td>▪ Structural economic factors – i.e. high proportion of public sector employment</td>
</tr>
<tr>
<td>▪ Two universities, both well regarded in their respective fields</td>
<td>▪ City centre traffic management, including car parking, congestion and public transport usage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats / Constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Growth in the tourism sector</td>
<td>▪ Low city centre population growth</td>
</tr>
<tr>
<td>▪ Investment by the University of Ulster in the city centre</td>
<td>▪ Reduction in retail and office rents, as well as residential capital values</td>
</tr>
<tr>
<td>▪ Royal Exchange planning permission</td>
<td>▪ Strengthening pound</td>
</tr>
<tr>
<td>▪ Growth in media and creative industries</td>
<td>▪ Current lack of market confidence</td>
</tr>
<tr>
<td>▪ Potential review of Corporation Tax regime</td>
<td>▪ Out of town retail development proposals</td>
</tr>
<tr>
<td></td>
<td>▪ Diminishing prime office pipeline</td>
</tr>
</tbody>
</table>

13.2 Having regard to this SWOT analysis and our findings set out in earlier this report, the next section expands upon what we consider are the primary drivers for Belfast’s future growth.
14 Conclusion and Drivers for Growth

Overview

14.1 Whilst Belfast experienced a notable renaissance from 2000 to mid 2007, as evidenced by the improvement in its retail ranking, the growth in visitor numbers, investment in commercial and residential property and a general re-structuring of the economy away from its traditional manufacturing base during that period, the 2008 “credit crunch” and subsequent macro economic slowdown has negatively impacted upon Belfast’s regeneration over the past 5 years.

14.2 As highlighted within Section 4 of this report, Belfast is currently facing a number of challenges. Some of these are a reflection of the ongoing macro economic context, which includes sluggish UK wide GDP growth and the ongoing poor performance of the Eurozone economies but others are more locally based and include:

- An over reliance upon the public sector for employment;
- A polarised labour market, which includes 41.2% of the economically active population with skills at NVQ 4 and above\(^{83}\) (in comparison to Birmingham 25.3% and Leeds 31%) but also 18.8% of the population with no formal qualifications – the second worst performance out of the 64 cities in the Centre for Cities\(^{84}\) rankings; and
- A low level of innovation, when assessed upon patents per 100,000 population\(^{85}\).

14.3 In addition to these local structural issues, there is also an important role Belfast to play as a regional catalyst. This is particularly relevant when the performance of Northern Ireland is compared to other UK regions.

14.4 Whilst the level of unemployment, is below average, as Table 23 illustrates, Northern Ireland’s level of economically active persons is the lowest out of all UK regions.

14.5 There has been a significant focus upon the role of cities as drivers for regional growth, with the HM Government paper *Unlocking Growth in Cities* stating:

> “Cities are engines of growth and they will be critical to our economic recovery. However, to create the new businesses, jobs and development that the country needs, local leaders need a step change in the way which they support economic growth on the ground.”

14.6 Northern Ireland is a relatively small region, with a population of approximately 1.8 million. Despite Belfast LGD accounting for only 16% of Northern Ireland’s population, it accounts for 47% of its GVA, 34% of its businesses and 46% of its wage bill\(^{86}\).

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84 Centre for Cities (2012) Cities Outlook 2012
86 Centre for Cities (2012) Cities Outlook 2012
Furthermore, Belfast is the front door to Northern Ireland. It has two international airports, a commercial and passage sea port and two major universities. It is therefore the undisputed regional capital and as such, Northern Ireland’s key conduit for inward investment.

Table 23

<table>
<thead>
<tr>
<th>Region</th>
<th>Economically Active</th>
<th>Employment</th>
<th>Unemployment</th>
<th>Economically Inactive</th>
</tr>
</thead>
<tbody>
<tr>
<td>North East</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North West</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Yorkshire and The Humber</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>East Midlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Midlands</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East of England</td>
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<td></td>
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</tr>
<tr>
<td>London</td>
<td></td>
<td></td>
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<tr>
<td>South East</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>South West</td>
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<td></td>
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<tr>
<td>Wales</td>
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<tr>
<td>Scotland</td>
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<td></td>
<td></td>
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<tr>
<td>Northern Ireland</td>
<td></td>
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</tbody>
</table>

Source: ONS (March 2012) Regional summary of labour market headline indicators – seasonally adjusted

Having regard to both the need to address both local economic weaknesses and also to promote regional growth, we have identified a number of key drivers for change, which we consider should underpin the next stage of Belfast’s regeneration:

- Retail and leisure;
- The Knowledge Economy;
- Creative Industries and Media;
- City Centre living; and
- Tourism and conferences

Each of these drivers is looked at in more detail below.
Retail and Leisure

14.10 We highlighted in Section 2, how the Regeneration Policy Statement (RPS), places a significant emphasis upon the role of retail led regeneration within the city centre.

14.11 Since the RPS was published, Victoria Square has been completed and as we set out in Section 9, retail market conditions are currently challenging, with the reduction in Prime Zone A rental values and the increase in vacancy rates a particular concern.

14.12 This market context is liable to impact upon the viability of delivering major retail led developments within the short term. Furthermore, as indicated within the JW Planning Retail Capacity Study, there is unlikely to be sufficient surplus spend potential within the BMAP catchment to support a large retail development (i.e. Royal Exchange) for approximately another 5 years.

14.13 Against this backdrop, there may well be a temptation to suggest that a strategy of retail led regeneration should be abandoned. Whilst we do not consider that retail led regeneration should retain the level of primacy within the adopted RPS, we do consider that it is important to maintain it as part of an updated broader regeneration strategy for the city centre. This is for the following reasons:

- Belfast lags behind its regional city peers in terms of quality of retail offer. This impacts upon its image, which in turn has a bearing upon its attractiveness to inward investors and visitors.

- Belfast has a very low level of city living in comparison to most UK regional cities. Further strengthening the retail and restaurant / evening entertainment offer within the city centre is one way of enhancing its attractiveness to prospective residents.

- The case studies of Liverpool and Manchester show how retail and leisure can complement a diverse economic base, including uses such as offices, conference facilities, creative industries and media functions. We have highlighted these latter two uses as being potentially very relevant to Belfast’s future regeneration strategy.

- The University of Ulster’s proposed development is expected to significantly enhance footfall at the northern end of the city centre.

Comment

Whilst there is currently a significant amount of vacant retail space within the city centre and prime rents have dropped by approximately 40% since 2008, we consider DSD should maintain a policy commitment to promoting retail development within the city centre, as part of an updated RPS.

This is on the basis that the quality and range of retail offer within Belfast city centre is inferior to all but one of the cities we have benchmarked it against. Outside of Victoria Square, there is a very little in the way of high quality managed space to attract upper-mid and high quality retailers into the city; a weakness which is further compounded by the relatively limited department store offer.

Protecting Belfast city centre as the primary location for major retail development should over the medium to longer term also help re-enforce its role as the regional driver of the Northern Ireland economy and create an environment which is commensurate with the options footloose corporate investors and businesses are presented with in most other UK regional centres.

However, whilst retail led regeneration remains important, it must be considered as part of a broader strategy for the city centre. As detailed within this report and the Retail Capacity Study, current market demand is unlikely to support major city centre retail development within the short term (i.e. next 3-5
years). The RPS should therefore be reviewed to consider the other core sectors we have highlighted within this report.
The Knowledge Economy

14.14 As we have highlighted in Section 4, universities contribute to the economic health of an area. They have the potential to create skills, which raise personal and average incomes; they create academic, clerical and manual jobs; and they spend money in the local community, which in turn creates knock-on multiplier effects.

14.15 Belfast is the key provider of higher and further education in Northern Ireland, with Queens University, University of Ulster and Belfast Metropolitan College also located in the city centre. A key development is the planned relocation of the University of Ulster campus into the city centre, which is due to be complete in 2018.

14.16 The university development has the potential to add value to other initiatives within the city, including: the Northside Urban Village, the Cathedral Quarter redevelopment, Metropolitan Arts Centre (MAC) and the Royal Exchange retail project. All of these proposals will have a major regenerative impact on the northern part of the city and in this respect; the University of Ulster development will play a pivotal role.

Comment

Whilst not identified as a key driver in the previous URPS, we consider that Higher and Further Education should now be treated as key components of the city centre’s regeneration strategy.

The planned development of the University of Ulster campus at York Street has the potential to revitalise the city centre and wider region. We recommend that wider regeneration initiatives relevant to the proposal area, take into account the development help support the university in order to ensure that potential benefits and delivery opportunities are maximised.
Creative Industries and Media

14.17 As detailed in Section 8 of this report, the creative industries sector has been identified as a key economic growth sector, both by the UK Government and Belfast City Council.

14.18 This is a dynamic sector and one which we consider that Belfast's young and generally well educated labour market is well suited to. The commitment of HBO to the city and the preliminary proposals to create a media hub are further positive characteristics.

14.19 There is also significant potential and existing overlap between this sector and the Knowledge Economy, with scope for the city to use the strength of its higher and further education sector to help support creative and media industries. This is important both in terms of addressing the skills gap identified in Section 8 and also to help prevent the loss of graduates to competing cities.

Comment

We consider that DSD should seek to actively promote and support this sector, which the existing RPS is silent on. It has the potential to help Belfast develop a distinctive economy and also to complement other major initiatives in the city centre, including the proposed media hub and the new university campus.
City Centre Living

14.20 In contrast to the UK comparison cities referred to throughout this report, Belfast has not experienced a significant increase in city centre population density over the past decade.

14.21 We consider that this is down to a number of factors, including the relatively late arrival of market led city living schemes, which were then impacted by the economic downturn, local historical factors associated with the troubles and also the previously limited cultural and leisure offer to attract people to move to the city centre.

14.22 As detailed in Section 5, the city centre’s leisure and cultural offer has improved significantly in recent years, with enhanced cinema, restaurant and performance facilities all now available. The city centre has also managed to successfully promote itself as a neutral and shared space. The principal constraint to this use at the moment is therefore the market, with finance constraints affecting both developers and potential buyers.

14.23 The existing RPS does not explicitly address promoting city centre living but instead talks of “reinforcing city communities”. We consider that there is now scope for DSD to take a more pro-active role in promoting neutral city centre living, which has the potential to take a number of forms:

Private Market Apartments

14.24 The development of such properties will be dependent upon the ability of developers to secure finance and also occupier demand.

14.25 We consider that there is scope for the NI Government to assist with this, with the examples of the Homes and Communities Agency’s Get Britain Building scheme to support stalled developments and the English Help to Buy scheme for first time buyers serving as useful precedents.

14.26 As a more general point, we recommend that DSD reviews its RPS to provide clearer guidance on the type of private residential unit it would expect the market to deliver. Whilst any policy guidance should be accompanied by a robust assessment of housing need, which falls outside the scope of this report, DSD may wish to consider stipulating minimum unit sizes and open space provisions, to help encourage the development of accommodation suited to the owner occupier sector.

Key Worker Housing

14.27 This sector is not well developed in Belfast but is common within England. Key worker housing is targeted at employees within services such as the health sector, education and the police.

Student Living

14.28 There is a notable absence of managed student developments within Belfast, despite these having become increasingly common in university towns such as Liverpool, Leeds, Manchester and Sheffield.

14.29 The lack of managed student living in Belfast can be in part attributed to political sensitivities and also to prevailing rental values which at present make speculative development of student blocks unviable.

14.30 We are however aware that there is a growing acknowledgement that Belfast needs to review its approach to student living, with Belfast City Council having undertaken a recent review of city wide provision. With the investment that the University of Ulster is making in its central campus and the potential to increase the city centre population, we consider that this is a sector which DSD should seek to proactively engage with and help promote a strategy for managed student living.
Comment

We see city centre living as being a key component of promoting a multi-faceted strategy for developing Belfast's city centre. Whilst the RPS is largely silent on it, it is a sector that we consider DSD should seek to actively promote and support. Owing to current market conditions, Government support is likely to be required both in policy terms and also from a financial perspective.
Tourism and Conferences

14.31 The growth in visitor numbers and associated expenditure has been one of the great successes of Belfast’s renaissance over the past decade, as illustrated on Figure 31.

14.32 Whilst expenditure has dropped off over the past two years, the latest figures still show it to be significantly above pre 2008 levels. It is also important to note that visitor data for 2012 is not yet available, so the impact that the opening of the Titanic Visitor Attraction is likely to have had, is not reflected within our analysis.

Figure 24: Visitor and Expenditure Figures for Belfast

Source: Belfast Visitor & Convention Bureau

14.33 Whilst the 10 year trend is very positive, the recent decline in visitor numbers may suggest that including tourism as a key driver for regeneration is not a sustainable option. However, looking at the statistics more closely, it is interesting to note what an impact the post 2008 global economic slowdown and recession has had upon the proportion of visitors from overseas.

14.34 As Figure 32 illustrates, the proportion of over night stays has decreased from its peak of c.18% in 2008 and has stagnated around the 5-6% level over the past three years. This is a significant drop and suggests that there remains underlying potential to seek to recapture this lost market.
14.35 As detailed in Section 6, the conference offer within Belfast is currently lacking in comparison to a number of other UK centres, for example Liverpool, Manchester and Newcastle. The proposed improvement of conference facilities being promoted by Belfast City Council should therefore help address this.

Comment

Tourism now represents a significant component of the Belfast economy, generating annual expenditure in the order of £400 million plus in recent years. Whilst the level of visitor numbers appears to have stagnated in recent years, the most recent data set shows levels are still greater than were being achieved in the economic boom of 2002 – 2007.

Belfast now offers a good range of hotels and improved leisure and cultural activities. However, non UK and Ireland visitor numbers have decreased significantly in recent years and the most recent Town Centre “Health Check” data we have indicates a recent decline in visitor satisfaction with the town centre experience.

We therefore consider that there remains more to be done, both to re-capture lost European and global trade and also to ensure that the visitor experience to Belfast remains a positive one.
Summary Recommendations

14.36 As detailed both within this summary section and the main body of the report, there is a need for DSD to review and update its regeneration strategy to reflect current and emerging market trends.

14.37 The existing RPS places a strong weight upon the importance of retail led regeneration to the city. Whilst we support the continued promotion of a city centre first approach to retail development in Belfast and consider that retail should remain an important component of the city’s growth strategy, the existing RPS requires updating due to its relatively limited emphasis upon other important regeneration drivers.

14.38 We therefore recommend that DSD reviews the RPS, to particularly take account of the following five themes:

- The Knowledge Economy
- Creative Industries and Media
- Retail and leisure
- City Centre Living
- Tourism and Conferences

14.39 We consider that these sectors have the potential to successfully complement one another and in turn, offer a broader strategic basis to support Belfast’s on-going regeneration.

Implementation

14.40 Updating the city’s regeneration strategy will require input from a range of stakeholders, with a summary of our suggested initiatives summarised below:
<table>
<thead>
<tr>
<th>Sector</th>
<th>Task</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Office</strong></td>
<td>Support the development of high quality office space within the city centre and review potential financial support mechanisms to help stimulate speculative schemes.</td>
<td>DSD, NI Executive</td>
</tr>
<tr>
<td><strong>Creative industries and Media</strong></td>
<td>Support the development of a media hub in the city centre.</td>
<td>DSD, BCC, Invest NI, BBC</td>
</tr>
<tr>
<td><strong>Creative industries and Media</strong></td>
<td>Review the provision of incubator space within the city centre and work with relevant stakeholders (e.g. HE &amp; FE providers and media companies) to support the development of SMEs and start up enterprises.</td>
<td>DSD, BCC, Invest NI</td>
</tr>
<tr>
<td><strong>Knowledge Economy</strong></td>
<td>Provide support to the University of Ulster’s development proposals for the city centre and review opportunities to maximise their regeneration impacts.</td>
<td>DSD, BCC</td>
</tr>
<tr>
<td><strong>Policy</strong></td>
<td>Update the RPS and place a greater emphasis upon Belfast’s role as a regional driver for economic growth.</td>
<td>DSD, DOE</td>
</tr>
<tr>
<td><strong>Policy</strong></td>
<td>Update the RPS as a more multi-faceted strategy, with less of a primary emphasis upon retail led regeneration and greater prominence given to the Learning, Media, Living and Tourism sectors.</td>
<td>DSD</td>
</tr>
<tr>
<td><strong>Residential</strong></td>
<td>Agree on a strategy and policy basis for managed student residential developments within the city centre.</td>
<td>DSD, BCC, Universities</td>
</tr>
<tr>
<td><strong>Residential</strong></td>
<td>Proactively promote the development of balanced and sustainable residential communities in the city centre.</td>
<td>DSD, BCC, DOE</td>
</tr>
<tr>
<td><strong>Residential</strong></td>
<td>Review scope to provide financial support to stalled development schemes.</td>
<td>DSD, NI Executive, BCC</td>
</tr>
<tr>
<td><strong>Residential</strong></td>
<td>Review scope to provide financial support to first time buyers of new build schemes.</td>
<td>DSD, NI Executive, BCC</td>
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<tr>
<td>Sector</td>
<td>Task</td>
<td>Responsibility</td>
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</tr>
<tr>
<td>Retail</td>
<td>Maintain a commitment to promoting high quality retail within Belfast city centre.</td>
<td>DSD, DOE</td>
</tr>
<tr>
<td>Retail</td>
<td>Review planning zoning to establish whether some secondary and tertiary retail pitches could be promoted for other uses, with the primacy of the retail core reinforced.</td>
<td>DSD, BCC, DOE</td>
</tr>
<tr>
<td>Retail</td>
<td>Improve the branding of Belfast's retail districts and highlight the diversity of its offer.</td>
<td>DSD, BCC, BCCM</td>
</tr>
<tr>
<td>Retail</td>
<td>Support proposals to introduce Business Improvement Districts (BIDS) to Northern Ireland.</td>
<td>DSD, BCC, NI Executive</td>
</tr>
<tr>
<td>Retail / Public Ream</td>
<td>Continue with Streets Ahead and accelerate the strategy to address the area up to the University of Ulster.</td>
<td>DSD</td>
</tr>
<tr>
<td>Tourism and Conferences</td>
<td>Support the development of new conference facilities, ideally within the city centre.</td>
<td>DSD, BCC</td>
</tr>
<tr>
<td>Tourism and Conferences</td>
<td>Continue to promote the development of the Cathedral Quarter and the Laganside (including Queens Quay) for leisure and cultural activities.</td>
<td>DSD, NI Tourist Board, BCCM, BCC</td>
</tr>
<tr>
<td>Transport</td>
<td>Develop a co-ordinated managed car parking strategy for the city centre, to help make its retail and leisure destinations easier to visit.</td>
<td>DSD, DRD Roads Service, DOE</td>
</tr>
<tr>
<td>Transport</td>
<td>Continue to support the introduction of a Belfast Rapid Transit system, to help encourage a modal shift away from private car use.</td>
<td>DSD, DRD Roads Service, DOE</td>
</tr>
</tbody>
</table>
Appendix 1: Bibliography

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Appendix 2: Policy Context

DSD – Belfast City Centre North West Quarter Master Plans

- This Masterplan for the North West Quarter sets out further guidance on the proposed range, mix and location of uses for the North West Quarter (NWQ) of Belfast City Centre, to maximise the retail led physical, social and economic regeneration of the area. It constitutes supplementary guidance to DSD’s RPS for Belfast City Centre, adopted by the Department in April 2004.

- The NWQ has been split into two areas and a Masterplan has been developed for both areas – NWQ Part One Masterplan and NWQ Part Two Masterplan. Table 26 outlines the boundaries of both areas.

Table 26 NWQ Part One and NWQ Part Two

![NWQ Masterplan Map](image)

Source: DSD – Belfast City Centre North West Quarter Master Plan (Part One)


- The NWQ Part One Masterplan was adopted by DSD in August 2005 and sets out DSD’s vision for the proposed redevelopment of the Castlecourt Shopping Centre. The main objective for the Part One area is to maximise the retailed regeneration opportunity within this area.

- The Masterplan proposes a retail-led, mixed-use and dense quarter, which would create a ripple effect on neighbouring regeneration especially north of North Street – this effect is shown in Figure 18.
Belfast City Centre North West Quarter Part Two – Baseline Regeneration Issues Report (2006)

- DSD published a consultation document for NWQ Part 2 in October 2006. This report sets out the views of stakeholders in the area, identified the key socio-economic issues facing the area and provided a framework of potential actions and linkages to shape the eventual regeneration of the area.

- The document highlights the distinct lack of existing public open space/realm within the North West Quarter in particular and identifies the Library Square area/Small triangular space between the Public Library and the Belfast Telegraph, as being one of the potential ‘opportunity sites’ and locations/node/space for investment that would benefit from this investment and help remedy this shortcoming.

- In relation to the Press/Library Quarter area, the document notes that the area has a ‘rich historic urban grain’ and states that this should be protected and complemented to increase wider integration with the City Centre as a whole. However, it notes that there are “vacancies, surface parking and under utilisation of both buildings and land, which create an unattractive environment but provide opportunities for change”.

DSD – Belfast City Centre Northside Urban Village (Part Two) Regeneration Framework (2009)

- DSD adopted the Northside Urban Village Regeneration Framework (‘the Framework’) in May 2009 as supplementary guidance to the RPS. The Framework sets out proposals for the regeneration of North West Quarter Part Two Area of Belfast City Centre. DSD proposes to promote this area as the ‘Belfast City Centre Northside Urban Village’. This area comprises two distinct areas – The Press/Library Quarter and the West City Fringe.

- The Framework’s vision for the area is:
“To build on the strong historic character and rich community life of the area by encouraging the development of a high-quality urban form which complements the richness and scale of existing buildings and brings vitality to the area. Urban blocks which front onto the main streets will be strengthened and historic buildings converted for higher value uses. Building facades will be improved and a network of safe, green and attractive pedestrian routes provided to encourage economic prosperity to the area”.

- The Framework identifies a number of key principles which DSD would expect to be incorporated into regeneration proposals which are submitted. These principles include:
  - **Improved connectivity** from the city centre to adjoining residential neighbourhoods;
  - **Promotion of a mix of uses** which maximise the physical, social and sustainable economic regeneration of the area;
  - **Respecting the historic character** of the area by reflecting the old street grid and the Victorian architecture;
  - **Tackling social exclusion** through physical development addressing problems such as housing need, unemployment, ill-health, benefit dependency and educational under achievement; and
  - **Environmental sustainability** should be given regard by development proposals in the design and use of materials for construction.


- This document was published by DSD simultaneously with the Framework. Its purpose is to set out DSD’s approach to implementing the Framework, both initially in the immediate period up to 2012 and setting out the targets to be worked towards over a 10 year period to 2019.

- One of the development priorities and key strategic objectives outlined in the Plan is: ‘to create the conditions to establish the Northside as an attractive and vibrant urban village’ and one of the targets set out for achieving this is: “to develop to planning approval stage, proposals to create a new public space/square at the junction of Library Street/ Little Donegall Street”. DSD has accordingly published a design proposal for Library Square, which is currently subject to public consultation.

**DSD – Belfast City Centre North East Quarter Masterplan – Guiding Regeneration Principles and Concept Plan (2004)**

- The Belfast City Centre North East Masterplan sets out further guidance on the proposed range, mix and location of uses for the North East Quarter of Belfast City Centre to maximise the retail-led physical, social and economic regeneration.

- Masterplan advocates the development of an anchor store located between North Street and Donegall Street. Part of this proposal outlines plans to construct a side entrance to this anchor store which could create a link into the Library Quarter. One of the key benefits of the proposals set out in the North East Quarter Masterplan is:
“the potential to reinforce and improve connectivity and pedestrian linkages between the North West Quarter and Library Quarter”.

**Westside Regeneration District Masterplan (2009)**

- DSD published the Westside Regeneration District Masterplan (the Masterplan) in September 2009 as supplementary guidance to the RPS in order to maximise the physical, social and economic regeneration of the area, the Masterplan provides more detailed guidance on the proposed range, mix and location of uses that would be acceptable within the area.

- In addition the Masterplan seeks to address how any new development in the area would be incorporated into the wider regeneration of Belfast city centre.

- The Department’s vision for the area is:

  “To establish the Westside as a vibrant mixed use quarter, with an emphasis on the encouragement of new restaurants, cafes, bars and living accommodation and strengthening its role as a location for independent and specialist niche retailers.

  Reintegrating the Westside with the wider retail core is a key aim of the masterplan and is seen as crucial to ensuring that the area is not left marginalised from the significant regeneration the rest of the city centre is currently enjoying.”

- The Masterplan includes guiding development principles which provide a broad framework within which any new scheme(s) should adhere to. The principles are set out below:

  - Character preservation – reinforcing distinctiveness and identity
  - Sense of place – establishing the Westside as a destination in its own right.
  - Scale - promote development which responds to the traditional heights and rhythm of the quarter’s historic built environment.
  - Mixed use development - encouraging residential development to both increase passive security and increase round the clock vitality.
  - Promoting independent retailers - both through an enhanced urban environment and also through schemes such as Retail Therapy and the restore Programme.
  - Traffic calming – creating pedestrian priority areas and shared use streets.
  - Improved linkages - both to other quarters of the City Centre and also to West Belfast.
  - Accessibility - ensuring that the Westside is accessible to all, on an equal basis, including disabled people, older people and all of the Section 75 Groups and aligned with the principles of the Department for Regional Development’s (DRD) Accessible Transport Strategy 2009-2012.
  - Quality Public Spaces - promoting the Westside as a place to dwell in rather than just pass through.
• These principles are intended to reinforce the suitability of this area for high quality, residentially led, mixed use schemes.


• The Public Realm Strategy document contains government's proposals for development of the public realm in Belfast City Centre to achieve ‘world class’ standards in urban design, maintenance and management of the streets and public squares at the heart of the City. It outlines the need for intervention with regard to the state of the existing public realm.

“The existing condition and use of Belfast City Centre’s public realm does not fulfil its potential or come close to doing so. Investment is required in order that the economic viability of the City Centre is not compromised and indeed that it should become stronger”.

• The strategy outlines public realm improvement proposals for a number of city spaces in Belfast City Centre.

Table 28: Area covered by Public Realm Strategy

![Map of Belfast City Centre](image)

THE PAINT WORKS, BRISTOL

Description: 12 acre regeneration project on site of former Victorian paint factory. Developed by Verve Properties.

Concept: Aimed to create new, vibrant mixed-use district out of a previously derelict industrial complex. Design drew heavily from street patterns of historic town centres and aimed to attract creative occupiers within an interactive community. Developers wanted to provide a focal point and catalyst for regeneration of the surrounding area.

Specification: Phase 1 comprises 65,000 sq ft of converted buildings providing studio/office, live/work and residential space centred on cobbled streets, courtyards, a café/bar and an event/exhibition venue. It was completed in 2006 and was hugely successful with all space letting or selling purely by word-of-mouth.

Phase 2 includes 75,000 sq ft of 1920 – 1950s factories and an Art Deco former administration building. The majority let to TV production company, Endemol. Art Deco building restored into studios/offices together with an additional floor providing 7 apartments. Remainder of space made up of an iconic diner/coffee house, retail and studio/office space.

Phase 3 is the most modern element of the scheme predominantly comprising 1960/70s warehousing. This phase is essentially new-build although there is use of existing structures in part. Lay-out and concept replicates the principles of Phase 1 and 2. Intimate streets, arcades and courtyards encourage interaction and a seamless mix of uses.
**Description:** Planned development of an employment led mixed-use scheme on a 0.4 hectare industrial/office site. Matching Green has been selected by the GLA to bring forward the development of the site.

**Concept:** Site currently comprises a variety of commercial buildings from late Victorian era to mid-1950s with an existing floor area of approximately 6,400 sq m. Proposals are for the creation of a vibrant mixed-use scheme providing business space to support local small businesses (use class B1). Residential element will also be included.

**Specification:** Well-serviced workspace alongside separate residential accommodation. Redevelopment must make significant contribution to sustainable development and design excellence in the context of the Mayors London Plan.

The business space to be provided aims to support local small businesses (use class B1) and encourage them to network with one another and benefit from shared facilities.
Description: New office complex ideally suited for visual arts and multi-media based occupiers. Owned and managed by Workspace Group.

Concept: The building aims to foster an atmosphere where occupiers connect with each other easily and share and develop ideas.

Specification: 95 office studios on 4 floors ranging in size from 240 – 3,000 sq ft. 14 units have large display shop windows facing onto a central courtyard area with workspace behind. Each unit is planned to maximise light, volume and flexibility.

At the heart of the building is an enclosed café bar and restaurant where ideas can be conceived and exchanged. All units are serviced by a central reception facility and on-site security. Other innovative services provided include environmentally-friendly electric cars for hire to tenants. A gallery mezzanine provides space for artists to show their work. An 82-seat auditorium is also available for screenings and is an integral part of the building's creative atmosphere.
THE CUBE, SHEFFIELD

Description: South Yorkshire’s first bespoke live/work scheme in the heart of Sheffield’s ‘Cultural Industries Quarter’. Scheme is a special partnership between the CIQA Agency and Derwent Living. Initial building phase was available to let from late 2007.

Concept: Specially designed for those in the creative and digital sectors who require a more flexible approach to how they organise their work and home accommodation. Offers a sustainable solution by integrating the cost of business premises with affordable city-living housing costs.

Specification: Features 58 apartments with 6,000 sq ft of business accommodation on the ground floor. Also includes an extensive wild flower roof. The environmentally work space includes shared kitchen facilities, on-site management, security services, business lounge, virtual offices, lounge/breakout areas and a full range of administration services.

THE CUSTARD FACTORY, BIRMINGHAM

Description: 5-acres of riverside factories comprising a range of business space. Award-winning 1st phase home to 500 artists and small creative businesses. Still 20 years to run on the development which is the biggest project of its kind in Europe. 2nd phase now underway.

Concept: Designed to protect and nourish small arts and media businesses whilst establishing the area as the city’s key creative quarter. High concentration of creative occupiers, who are encouraged to mingle and create a dynamic and cross-pollinating community.

Specification: Affordable studio workshops complimented by a theatre café, antique shops, meeting rooms, dance studios, holistic therapy rooms, art galleries, bars and nightclubs.

Free broadband, low overheads, affordable rents, 24 access, simple and elegant space and efficient reception services.
**Leicester Creative Business Depot**

**Description:** An award-winning conversion of the former Leicester Bus Depot to provide workspace accommodation for creative businesses.

**Concept:** Leicester City Council operated the Leicester Creative Business depot directly through its Estates Departments (which also provides a number of other business workspace offerings) and lists the impact on the Depot: over 300 formal workspace enquiries; 46 tenant organisation, 40 “virtual” clients; 95% occupancy (2009); 158 jobs created or safeguarded, including 73 new jobs; partnerships created with local communities; the Depot became self financing after 18 months.

**Specification:** High quality workspaces, stimulating architecture, central location, 24-h access, along with a café and bar, meeting and exhibition space, an internal courtyard, broadband and wireless access and an intensive programme of events relevant to creative businesses.

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**Sheffield Creative Industries Quarter**

**Concept:** Sheffield is notable for the range of its investment in the development of the creative industries. This goes back over 20 years from the formation of the Cultural Industries Quarter Agency, which sought to renew a rundown area of the city centre to the recent formation of Creative Sheffield as the urban regeneration agency for the city. The City now focuses both on the cultural industries and on creative digital content and has made a range of workspaces available adjusted to needs of particular types of business. Sheffield has successfully delivered a range of accommodation offerings for the creative industries as a deliberate and leading part of its regeneration strategy for the City.
Appendix 4: Retailer Representation

<table>
<thead>
<tr>
<th>Major High Street Multiple Representation</th>
<th>Belfast</th>
<th>Bristol</th>
<th>Glasgow</th>
<th>Leeds</th>
<th>Liverpool</th>
<th>Manchester</th>
<th>Newcastle</th>
<th>Sheffield</th>
</tr>
</thead>
<tbody>
<tr>
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Source: Deloitte research
## Major High Street Multiple Representation

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Source: Deloitte research
### Major Department Store Representation

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Source: Deloitte research
“Cities are engines of growth and they will be critical to our economic recovery. However, to create the new businesses, jobs and development that the country needs, local leaders need a step change in the way which they support economic growth on the ground.” (HM Government 2011)