The UK High Street During Economic Crisis

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Abstract

UK high streets have adjusted in complex, and as yet not fully understood ways, to the global economic crisis of 2007-09 and the sharp deterioration in UK consumer confidence during late 2007/early 2008. Moreover, that adjustment has taken place alongside decade-long transformations resulting from implementation of a ‘town centres first approach’ to retail planning policy.

Although there have been attempts to fill some of these gaps in knowledge by a specialist commercial research consultancy – Local Data Company – no academic studies have yet reported. This paper rectifies that position, providing evidence from 259 town centres and high streets in four regions. In each of these we have Goad/Experian retail composition survey data for both the pre-crisis period (2006-07) and for the period (Q4 2008-2009) following the plunge in UK consumer confidence.

After considering dimensions of the centres’ differential adjustment to economic downturn, the paper takes retail vacancy rate as a key indicator of a centre’s economic health, and models change in those rates between the two periods.

A theoretically well-supported but parsimonious model containing just seven explanatory variables accounts for almost 40% of the variance. Conclusions drawn from this model in part parallel those suggested by LDC. Notably, a north-south divide in the performance of UK retail centres, and greater resilience of smaller compared to larger centres. However, our analysis significantly extends available knowledge - in particular offering insight into the effects of:

(a) diversity of a centre’s retail structure in the pre-recession period, measured by the proportion of small independent local stores – a characteristic consistently suggested as beneficial by UK trade organizations representing small retailers;

(b) entry into centres of smaller-format ‘new generation’ corporate food stores – stores recent research suggests help anchor and maintain the vitality of retail centres.

Although often portrayed as polar opposites within popular debate, our analysis shows this not to be the case. Indeed retail centres that have survived the impacts of economic crisis most successfully are characterised by both diversity and corporate food store entry. These are new findings of considerable importance to intense policy debates currently focused on the future of UK high streets.