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PRIMEYARC (FORMER DEBENHAMS), GREAT YARMOUTH

FUTURE: DEPARTMENT STORES

UNITED KINGDOM & REPUBLIC OF IRELAND

NOVEMBER 2021

EXECUTIVE SUMMARY

Headlines have been written and re-written about upheaval in the high street over the past few years. Many have focused on department stores, once the darling of the high street, but now painted as an outdated concept of yesteryear. The shift away from bricks and mortar stores was taking place long before COVID took hold of our high streets, but the pandemic has certainly accelerated their dynamic shift. E-commerce in the UK is estimated to have grown by 46% in 2020 alone¹. Whilst customers are gradually returning to high streets (and food stores in particular), around 25% of spending on all goods, which shifted online during the pandemic, is likely to remain there.

So, the general public has voted with their feet (fingers?) But is it all doom and gloom? Business is incredibly resilient to change and for every well-heralded story of a BHS or Debenhams closing, there are a multitude of examples of the green shoots of recovery. It is clear that our high streets and town centres will not survive in the same guise as they have in years gone by, but is this a bad thing?

Resilient Town Centres and the Housing Agenda

We are amidst a housing crisis and, in many cases, large brownfield department store sites represent excellent opportunities for high-density development, combining a range of interesting commercial and community uses at ground-floor level. Indeed, the rapid growth in out-of-centre retail parks and shopping centres during the 1990s and 2000s was a reaction to the perceived issues of accessibility, parking costs, environmental attractiveness and lack of choice in our town centres. Does the freeing up of large department store space provide opportunity to address these issues and, armed with greater footfall from a residential population, afford our town centres an unprecedented opportunity for public realm enhancement, new and creative uses and experiences which might serve to re-attract visitors to these centres? Are town centres shifting towards being spaces to meet and greet, socialise and live? Many commentators remind us that this was the original function of our town centres and that we are simply coming full circle.

¹ Office for National Statistics, January 2021

What do the numbers look like?

Department store space could well be at the forefront of this shift and in this report we take an in-depth look at what has happened on the ground, and how spaces are being reimagined. We examine the fortunes of the 917 department stores which existed in the UK and Republic of Ireland prior to the collapse of BHS in 2015, and analyse on a regional basis the location of those which remain open (47%) and the extent of vacancy, re-occupation, or redevelopment for those which have closed (53%).

Reuse, repurpose or redevelop

Our Study shows that whilst 24% of department stores are vacant with no current plans for redevelopment, a larger number (29%) have either already been re-occupied or are subject to active planning applications for their repurposing. Reuses include art galleries, community spaces and experience destinations, such as Flip Out, a trampoline and adventure park experience and Inflata Nation, an indoor inflatable theme park.

Individual retailers have also spotted opportunity where others have fallen away. Our research has found that 18% of department stores have changed hands since 2015, with B&M (20 units), Primark (16), Sports Direct (14) and Next (11) being the most active re-occupants. There are also a range of emerging retail occupiers bringing forward new concepts for these spaces and we examine Lumley Shopping Plaza in Skegness in greater detail later in this report.

We also examine the spatial element to these changes; is there a particular size of unit which is most attractive for redevelopment? Our research suggests there is.

The regional picture

Finally, we examine the spatial element to the department store picture, analysing 13 regions within the UK and Republic of Ireland to explore which areas have been hardest hit by department store closures. Our research shows that the vast majority of regions now have less than half the department stores they did in 2015, with only Northern Ireland, Republic of Ireland and Greater London bucking this trend. In terms of redevelopment and/or repurposing, the most active areas are the South East, the North West and Greater London.

Town centres historically were places for people to meet up, to trade, to exchange ideas, to find work, to relax and be entertained, and also places for people to live.

They weren't dominated by fashion retail chains and commercial land use as they are today...

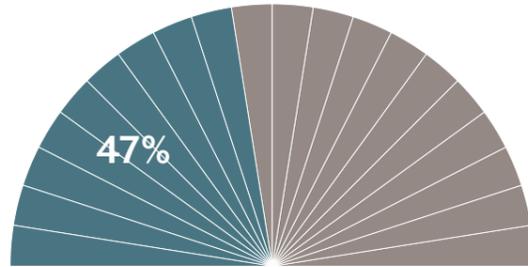
Office for National Statistics, January 2021



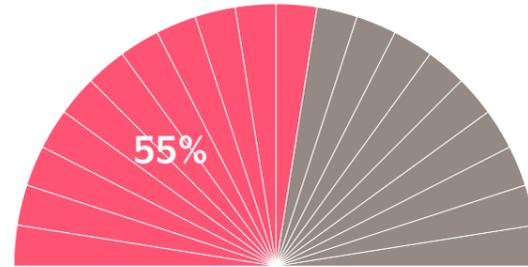
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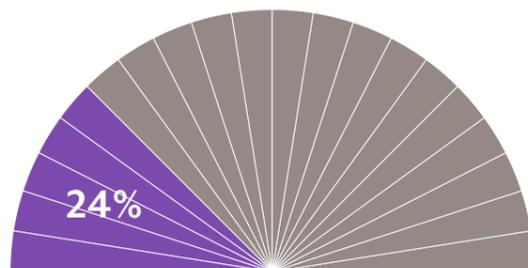
KEY FIGURES



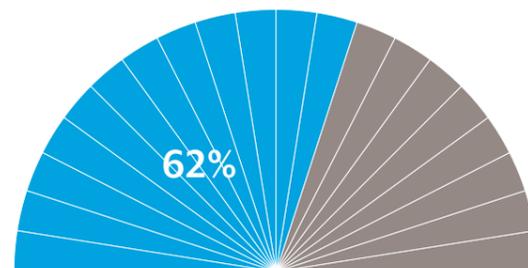
47% of department stores open in 2015 are still in operation



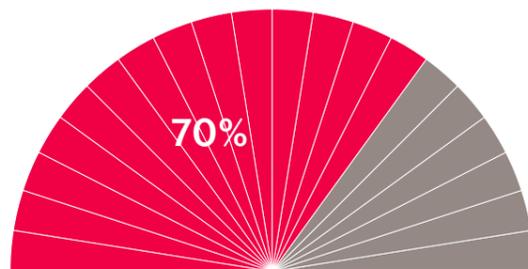
55% of department stores that have closed since 2015 have either undergone redevelopment or have redevelopment plans in place



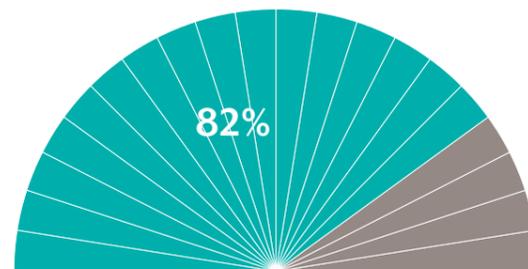
24% of 2015 department stores are currently vacant without redevelopment plans



The biggest redevelopment use is retail, with 62% of redevelopment plans involving exclusive use for retail



The East Midlands is the worst affected region, with 70% of their 2015 department stores no longer in operation



The Republic of Ireland has fared the best, as 82% of their 2015 department stores are still in operation

INTRODUCTION

Nexus Planning are retail and town centre specialists. We provide the full range of retail planning services to local planning authority and private sector clients, including advising on site specific proposals and the compliance of planning applications for retail and other main town centre uses.

We work closely with our colleagues in Nexus Research & Analytics, a team of demographers, economists and social policy researchers who have a strong track record in preparing and presenting research and evidence for the public and private sectors.

We have worked in over 200 town centres in the past five years, and are therefore uniquely qualified to offer advice on the changing trends in retail and leisure, as well as to shine a light on how the industry is likely to evolve over the coming years. In recognition of our work, we were delighted to be awarded RTPI 'Planning Consultancy of the Year' in 2020.

Department stores have long served as the bedrock of the traditional retail experience, responding to changing fashions and trialling new formats and concessions. They occupy a significant land holding in key locations, anchoring a number of high streets and town centres across the UK. Changes arising from the closure of a department store such as John Lewis or House of Fraser can have significant consequences on local high streets, as can the eventual reuse, repurposing or redevelopment of the site.

We were therefore interested in analysing how these important high street assets have changed and evolved over recent years, most significantly since the high profile collapse of BHS in 2015. Building on our existing relationship with Experian, we commissioned data on stores occupied by the nine largest department store operators in the UK, each of which operated 10 or more units at the time of the assessment.

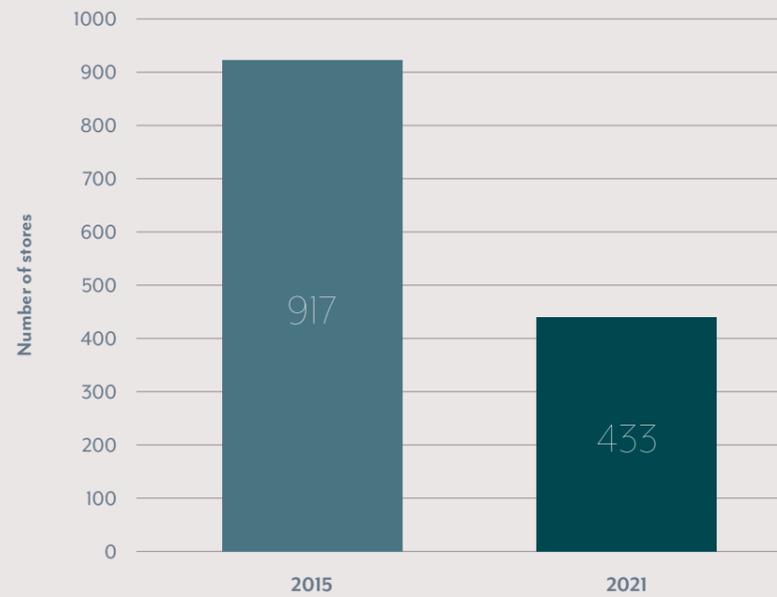
- Beales
- BHS
- Debenhams
- Dunnes
- Harvey Nichols
- House of Fraser
- John Lewis
- Marks & Spencer
- T J Hughes

We sourced information for 2015 (the last year in which BHS was fully operational) and 2021, which we reviewed and updated. This data provided insight into how department stores have changed over the last six years in terms of use, occupiers and redevelopments. Through database analysis and GIS modelling, we identified trends across these categories, and gained an understanding into how these trends varied spatially across the UK.

NUMBER AND CURRENT USE OF DEPARTMENT STORES

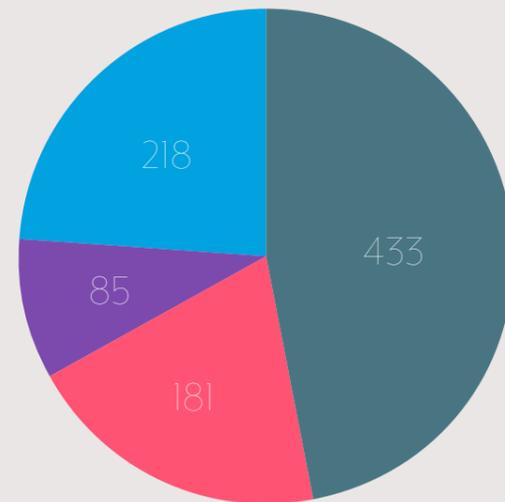
Number of Department Stores 2015 vs 2021

In 2015, there were 917 department stores in operation in the UK and Republic of Ireland. In 2021, 433 (just under half) of these stores were still operating as department stores.



Current Use of 2021 Department Stores

Of the 484 stores no longer operating as department stores, 181 stores (19.7%) are being used for other purposes e.g. retail, leisure, offices etc. There are 85 stores (9.3%) which are vacant with pending redevelopment plans, while 218 stores (23.8%) are vacant without plans for redevelopment.



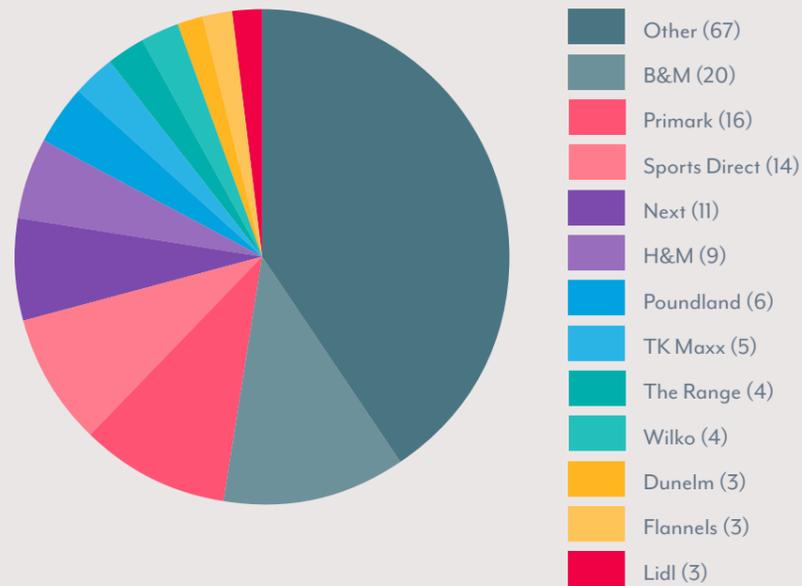
- Department Stores (433)
- Other: Retail, Leisure, Offices (181)
- Vacant (with plans pending) (85)
- Vacant (without plans) (218)



NUMBER AND CURRENT USE OF DEPARTMENT STORES

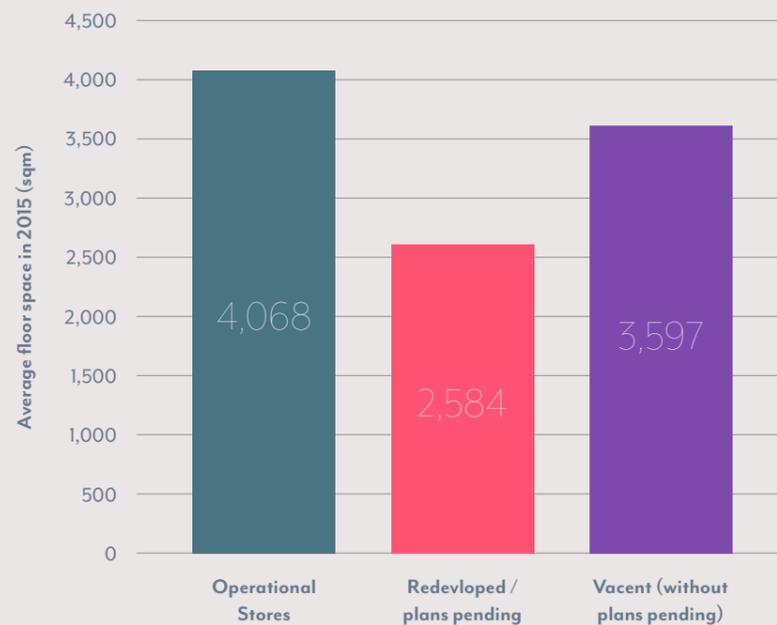
Current Occupiers of Former Department Stores

Of the 917 department stores that were operating in 2015, 165 are now occupied by other retailers. The main retailers operating out of these department stores are: B&M (20), Primark (16), Sports Direct (14), Next (11) and H&M (9).



Average 2015 Floorspace by Current Use

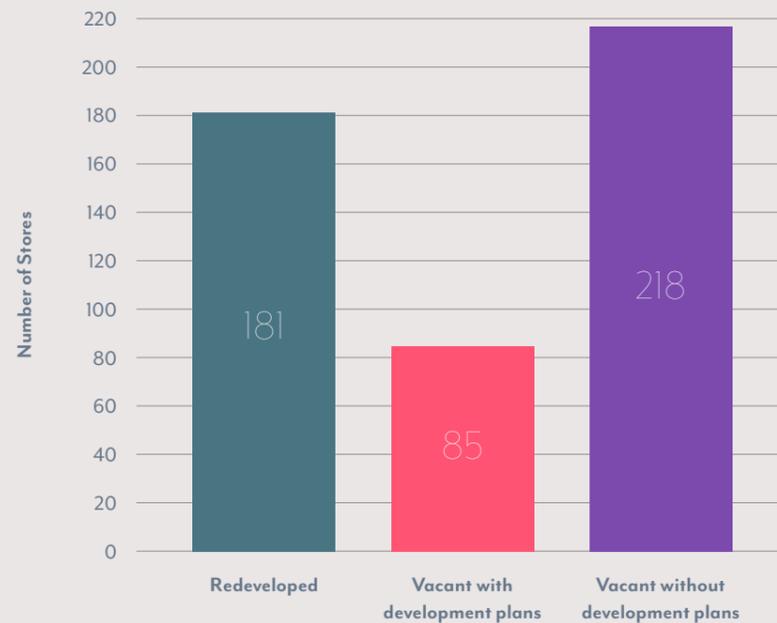
Premises still operating as department stores had the highest average floorspace of all uses, at 4,068 sqm. Vacant stores without development plans had an average floorspace of 3,597 sqm. Former department stores, which have already been redeveloped for other purposes or have development plans in place, had the lowest average floorspace, at 2,584 sqm.



REDEVELOPMENT OF FORMER DEPARTMENT STORES

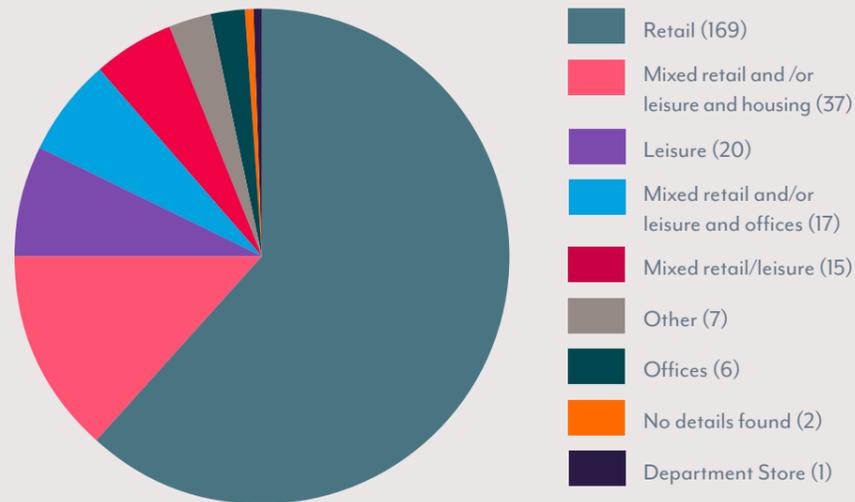
Redevelopment of Former Department Stores

In total, 484 department stores are no longer in operation. Of that total, 181 (37.4%) of the premises have already undergone redevelopment and now serve other purposes. The other 303 stores are currently vacant. Of these, 85 have redevelopment plans in place, while the other 218 stores are without plans. A further 8 department stores, which are currently still in operation, have redevelopment plans in place.



Redevelopment Plans

There are 274 former department stores that have either undergone redevelopment or have development plans in place. The majority of redeveloped department stores are now being used for retail. Smaller numbers of stores are being used for leisure, housing and retail, or a mix of these three. One department store still operates as a department store, but as part of a different chain following redevelopment.



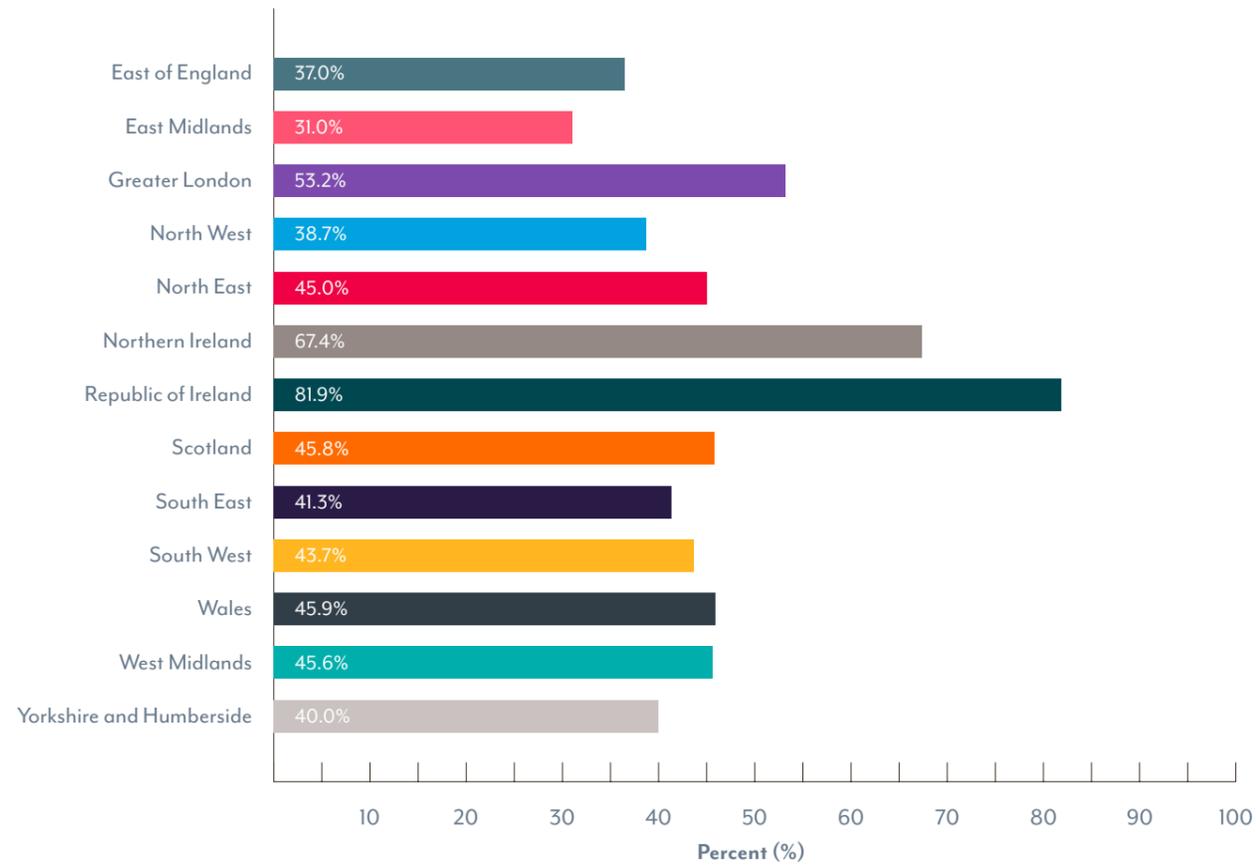
**JOHNNIE WALKER EXPERIENCE,
PRINCES STREET**

A new multi-million pound visitor attraction promoting Scotch whisky in a former department store
Source: Diageo

FUTURE:
DEPARTMENT STORES
REGIONAL ANALYSIS

REGIONAL ANALYSIS

% of 2015 Department Stores still in Operation



Greater

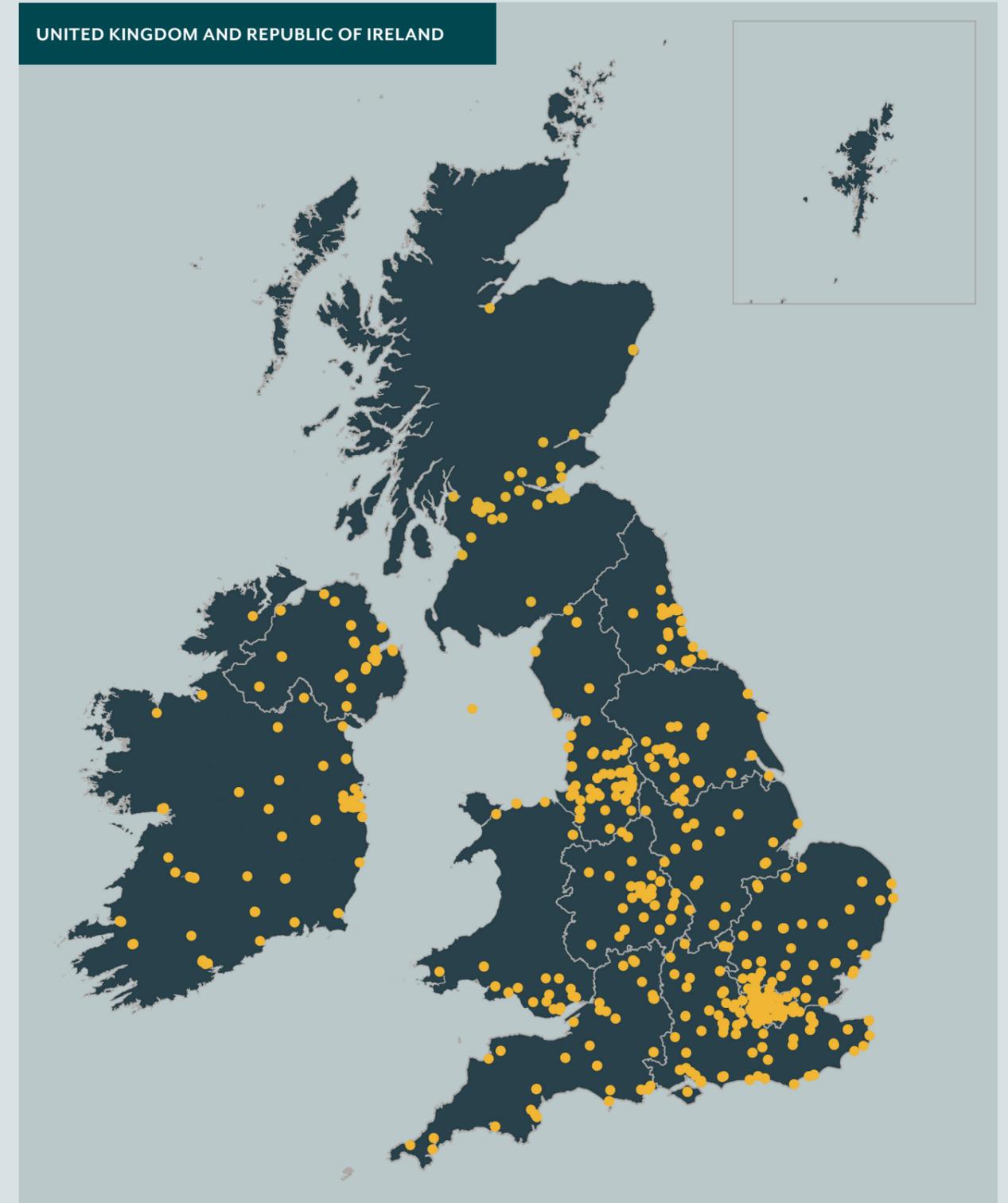


Different regions of the UK have been affected by department store closures to varying degrees.

As seen in the graph displaying the percentage of 2015 department stores still in operation, the Republic of Ireland, Northern Ireland and Greater London regions have seen the fewest closures.

The regions with the most department store closures are the East Midlands, the East of England and the North West.

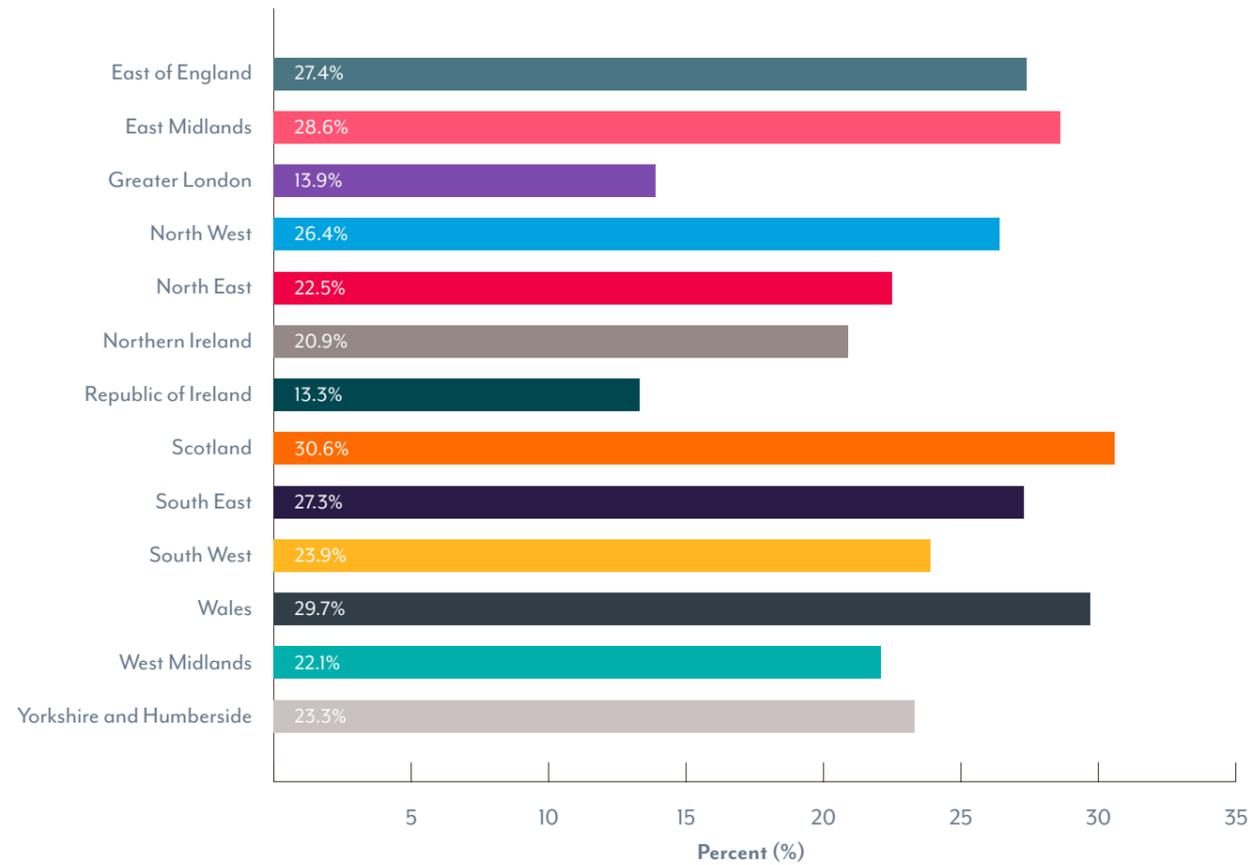
Department Stores – 2015 Position



● Trading Department Stores (2015)

REGIONAL ANALYSIS

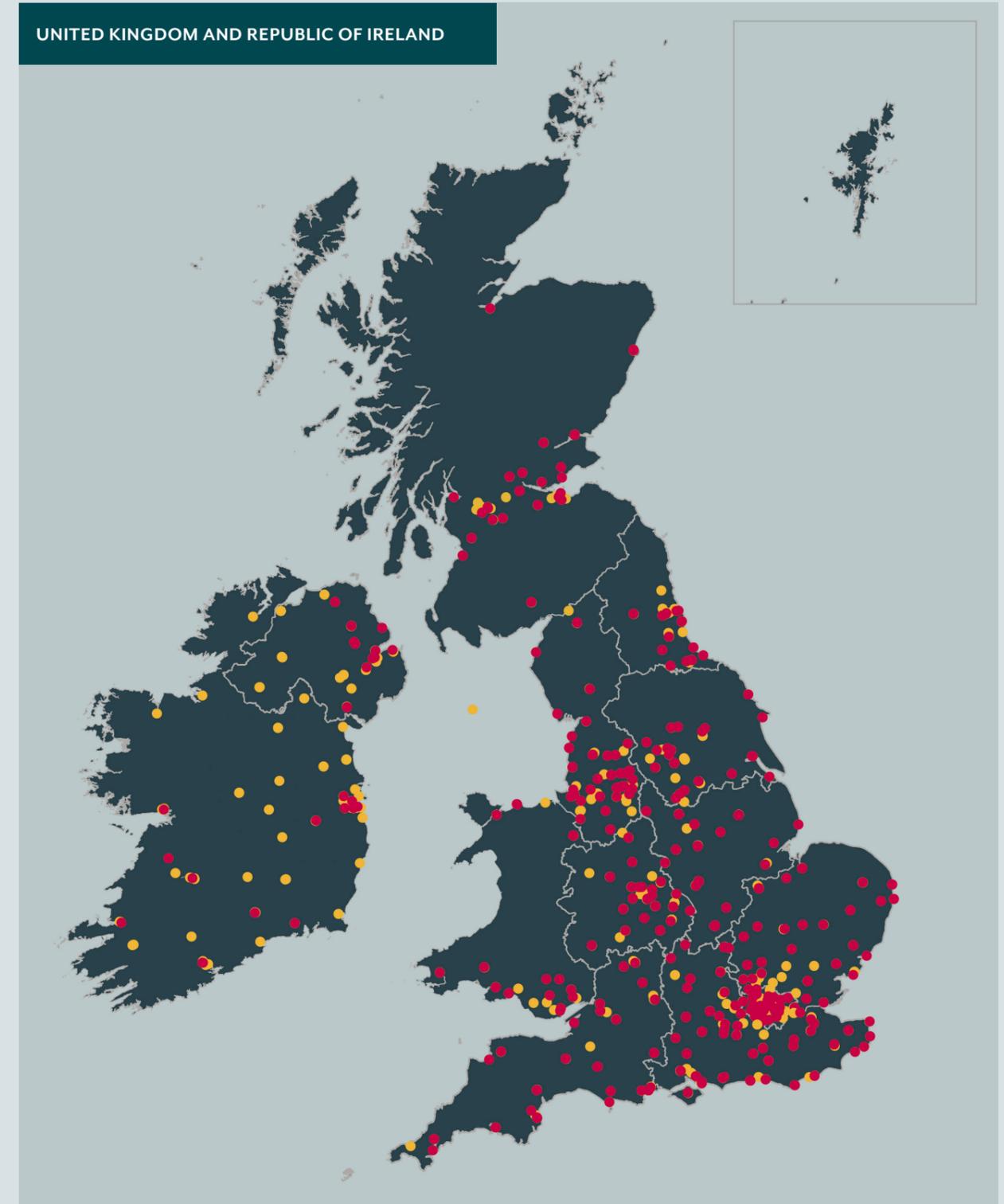
% of 2015 Department Stores now Vacant (without plans pending)



The regions with the fewest vacant department stores (without plans pending) are the Republic of Ireland, Greater London and Northern Ireland.

Scotland, Wales and the East Midlands have the highest percentage of vacant department stores (without plans pending).

Department Stores 2015 and 2021 position



● Trading Department Stores (2021)

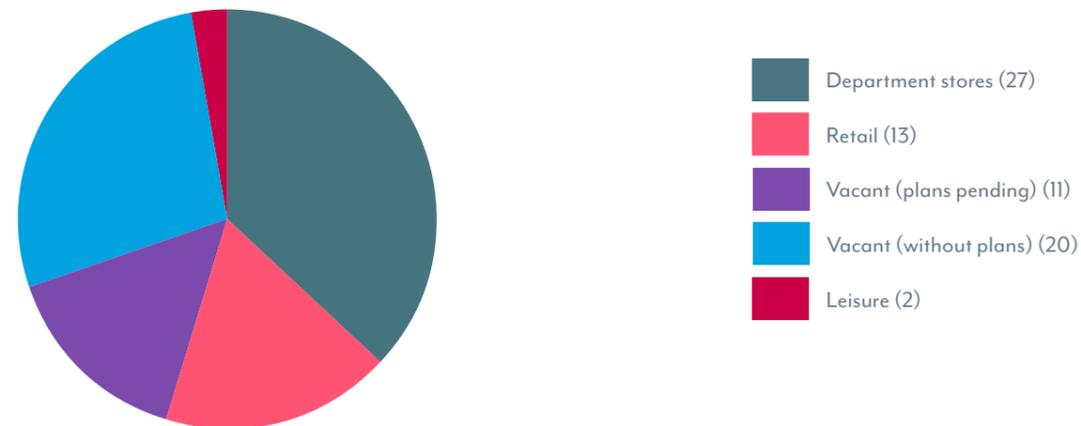
● Closed Department Stores (2021)

EAST OF ENGLAND

Overview

Total 2015 department stores	73
% of 2015 department stores still in operation	37.0%
% of 2015 department stores now vacant without pending plans	27.4%
Population	6,269,161
Number of people to each department store	374,276
2018 GDHI per head (£)	22,205
Median age	41.8

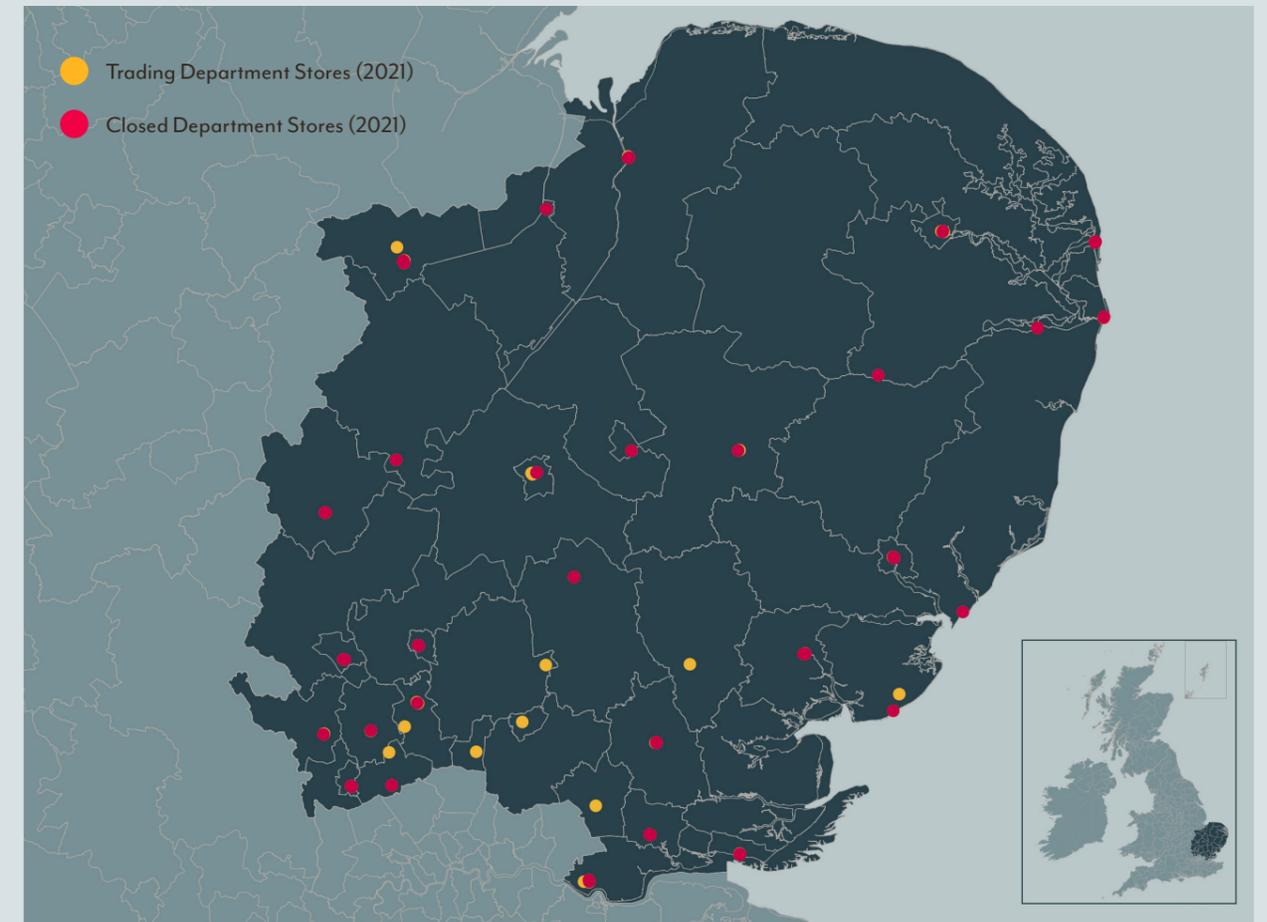
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Residential rules

In 2015, the East of England hosted 73 department stores. However, by 2021 this figure reduced to just 27, which represents a 63% reduction. The 46 department stores closures included BHS (13), Debenhams (13), Beales (9), Marks & Spencer (9), and John Lewis (2).

Of the 46 closed department stores, 20 (43.4%) remain vacant with no apparent plans for redevelopment. However, 26 stores (56.5%) have been either redeveloped/reoccupied (15) or benefit from pending plans for redevelopment (11).

Of the redeveloped/reoccupied units, the new inhabitants include brands such as B&M, Costa, Flannels, H&M, Joules, TK Maxx, Marks & Spencer Simply Food, Peacocks, Poundstretcher, Primark, PRIMEYARC (an art space in Great Yarmouth) and Sports Direct.

This region is one of the standouts for regeneration that embraces mixed-use schemes, with a diverse range of exciting opportunities in the pipeline.

The old Debenhams store in Basildon now forms part of a major redevelopment that seeks to transform the Eastgate Shopping Centre into the 'Eastgate Quarter'. A pending outline planning application has been submitted for a collection of mixed-used facilities including retail, hospitality and 2,800 homes (including build to rent, open market sale, student accommodation, later living and co-living).

The old Marks & Spencer store in Basildon also forms part of a larger regeneration scheme for Basildon Town Centre which is to deliver iconic landmark towers. The wider site is subject to a pending hybrid planning application for the refurbishment and extension of the existing buildings to provide a variety of retail and commercial uses at ground, first and second floors, as well as up to 495 residential units in four towers above (23 storeys).

In St Albans, a former BHS benefits from outline planning permission for a 130-bed hotel, and pub at ground floor. More beds are planned for Chelmsford with the old BHS store transforming into a 70-bed Travelodge with retail use on the ground floor.

The old Marks & Spencer unit in Peterborough benefits from planning permission for a change of use to create 98 residential flats through part demolition, conversion of upper floors and construction of additional floorspace (including an additional upper storey).

Over in Stevenage, an empty BHS store benefits from planning permission for partial demolition and erection of an 11 storey building comprising of one ground floor commercial unit and 250 apartments. Permission is also being sought for 27 flats above ground floor retail space for an empty Debenhams store in Welwyn Garden City.

Lidl is set to move into a bigger space within its current home of Borehamwood Shopping Park. The value supermarket chain is reconfiguring the former Debenhams store in the same park.

EAST MIDLANDS

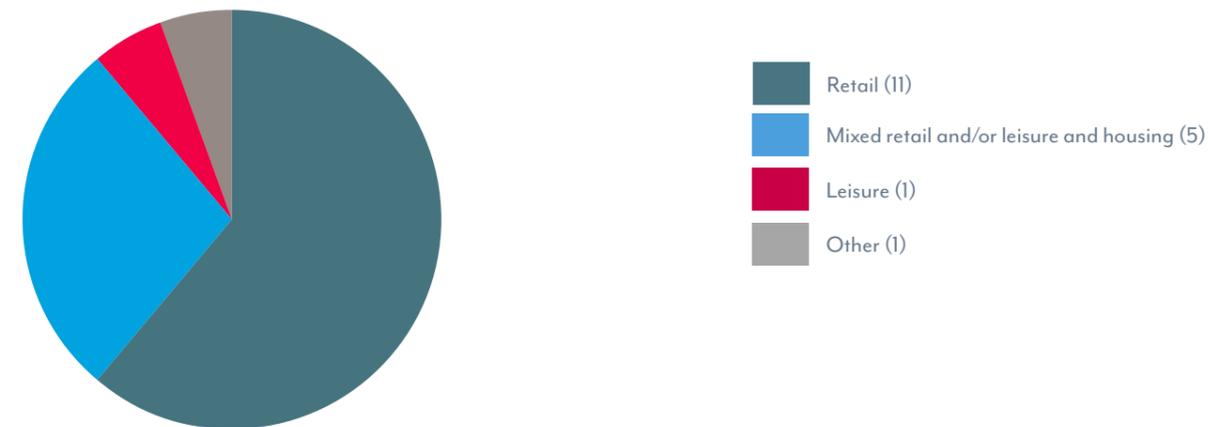
Overview

Total 2015 department stores	42
% of 2015 department stores still in operation	31.0%
% of 2015 department stores now vacant without pending plans	28.6%
Population	4,865,583
Number of people to each department store	232,191
2018 GDHI per head (£)	18,277
Median age	41.4

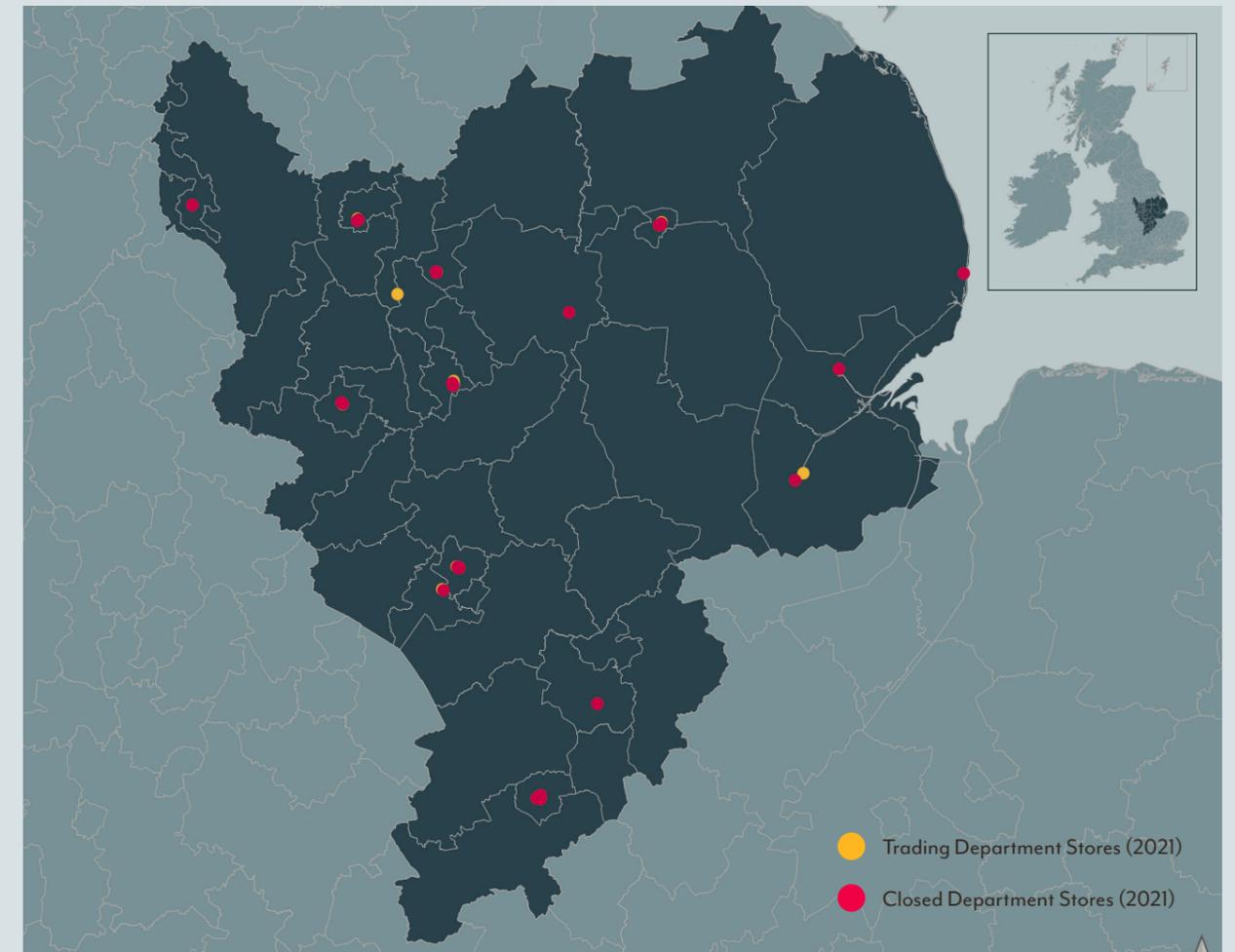
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Land of opportunity

In terms of department store closures, our research shows the East Midlands to be the hardest hit of all the regions in the UK and Ireland. Only 31% of the department stores that were in operation in 2015 remain as department stores. Of the region's 42 department stores, 30 have either changed hands to another retailer (11), are vacant with pending plans (7), or are vacant without any pending plans (12).

That said, the East Midlands is also a land of opportunity, boasting one of the highest proportions of redevelopment plans in flight. The redevelopment of a former Marks & Spencer store in Nottingham's Lister Gate will see a mixed-use development comprising of purpose-built student accommodation over ground floor retail come forwards. Similarly, a former Debenhams in The Drapery in Northampton is also being redeveloped for purpose-built student accommodation.

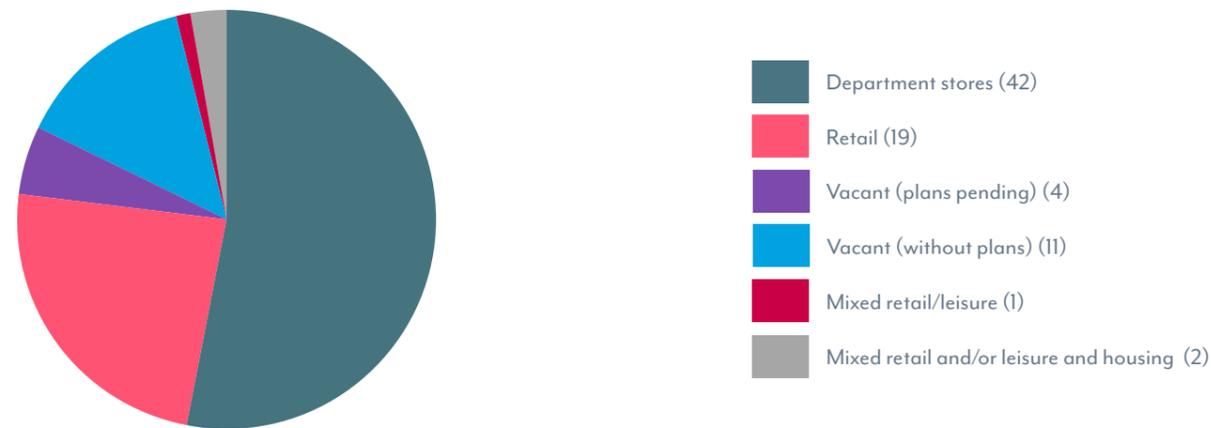
The region has also been a popular spot for other retailers to pick up former department stores, with Leicester proving particularly attractive. USC, Zara and Primark have re-occupied two former BHS stores and a House of Fraser store in the city. Similarly, Northampton has seen former BHS and Dunnes stores re-occupied by The Range and B&M.

GREATER LONDON

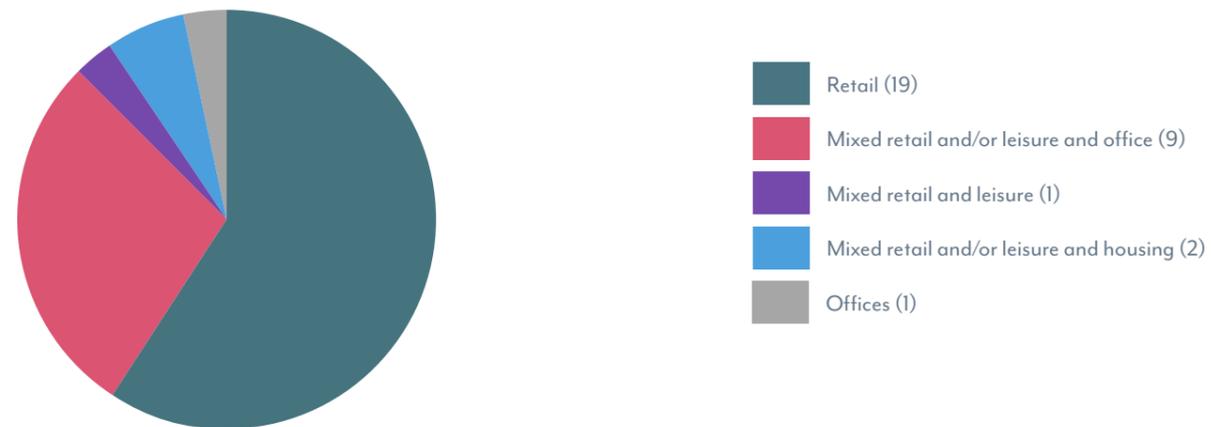
Overview

Total 2015 department stores	79
% of 2015 department stores still in operation	53.2%
% of 2015 department stores now vacant without pending plans	13.9%
Population	9,002,488
Number of people to each department store	214,345
2018 GDHI per head (£)	29,362
Median age	35.8

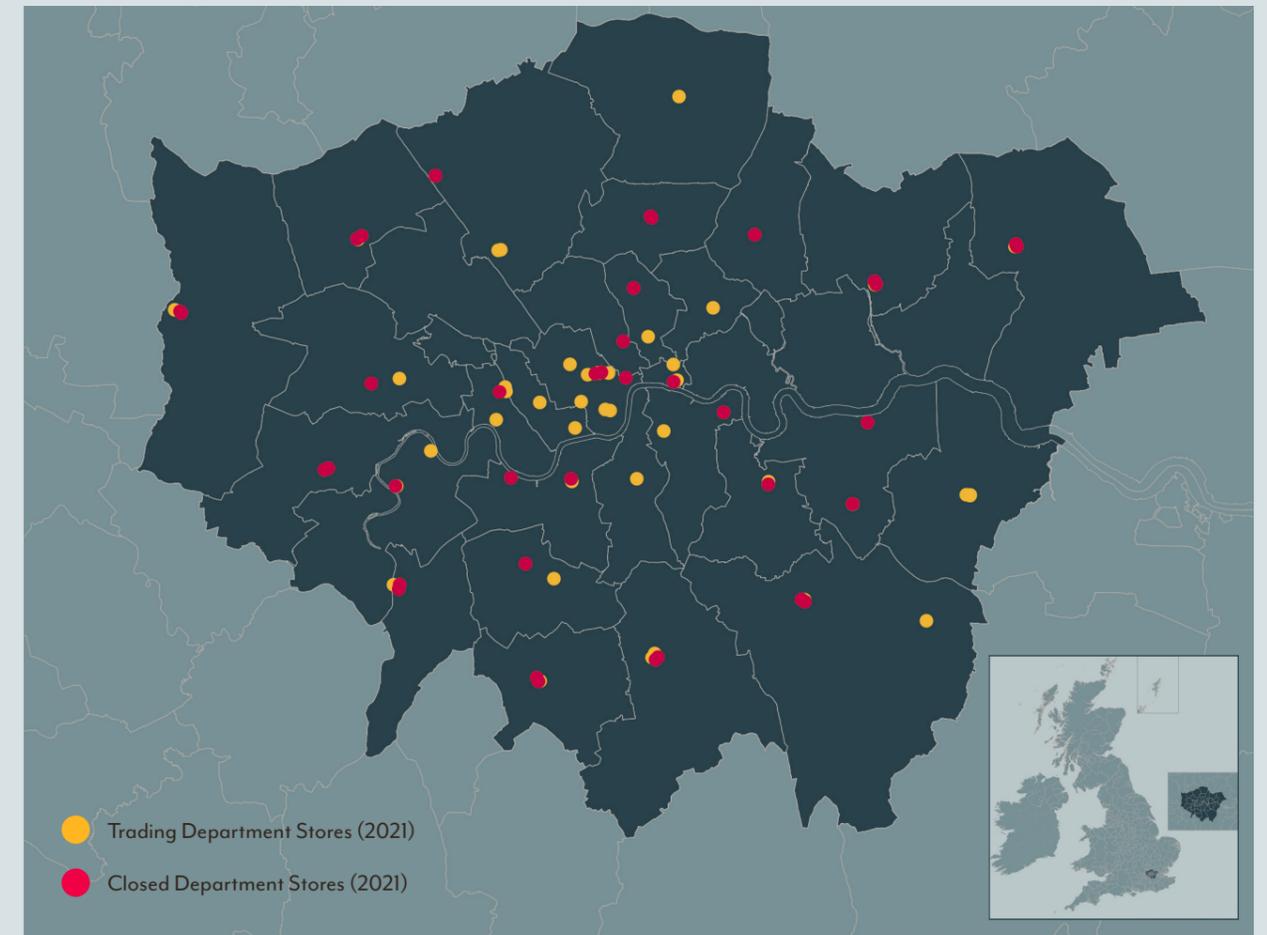
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Pick n Mix of new use sees properties filling up

There were 79 department stores operating in Greater London in 2015. Six years later, this number has reduced to only 42 still trading in the department store guise, a loss of just under 50%. However, it's not all doom and gloom with just under 14% of the vacant units currently remaining without an alternative retail or other use, or without plans underway to reuse.

The tally of stores once occupied by operators who have ceased trading is 27 – a number comprised of either Debenhams (13) and BHS (14). All 13 of the BHS units now have an alternative use. With the closure of Debenhams stores being a more recent occurrence, the majority of these remain largely vacant. However, two of the vacated Debenhams stores are now in alternative retail use with plans in progress to redevelop or reuse a further two of the 14 stores.

Of the 13 BHS units from 2015, all have been re-let to alternative operators, ranging from H&M, The Range and Primark. The former BHS unit on Oxford Street has been split into several units and current uses include Reserved, the Polish High Street fashion retailer, and Swingers, an indoor crazy golf venue which incorporates street food vendors and cocktails.

A number of department stores operating in Oxford Street have plans to downsize the retail space currently available. Planning permission is being sought to convert the upperlevels of some of the stores into office space.

Other exciting opportunities for former department stores include the iconic Arding and Hobbs building by Clapham Junction Station, which was the home of Debenhams until its closure. In November 2020, plans for redevelopment were granted for a hotel, retail and leisure, offices and community floorspace.

Plans for the former House of Fraser, located a short distance from Monument Station in the City of London, includes a restaurant and gym operator, with the first two anchor tenants bringing this building back to use.

NORTH EAST

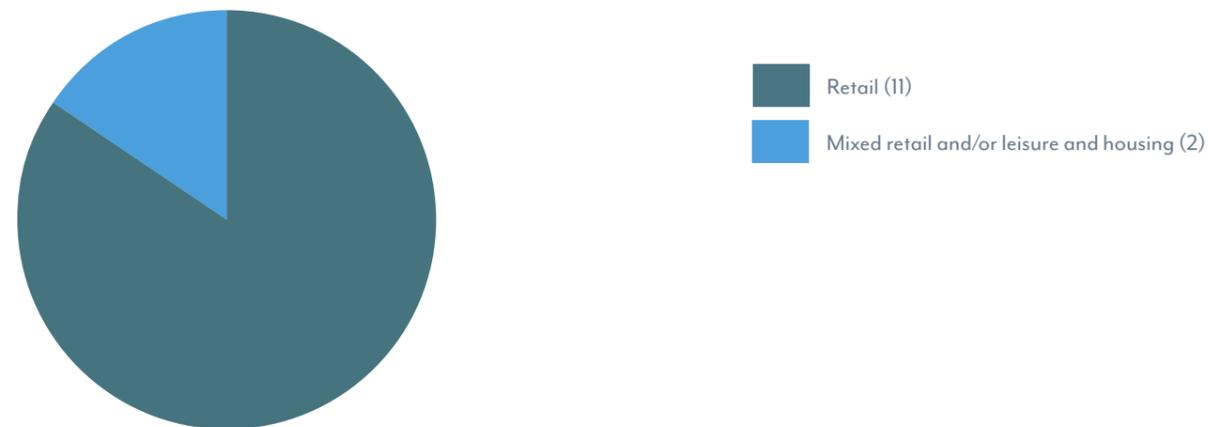
Overview

Total 2015 department stores	40
% of 2015 department stores still in operation	45.0%
% of 2015 department stores now vacant without pending plans	22.5%
Population	2,680,763
Number of people to each department store	148,931
2018 GDHI per head (£)	16,995
Median age	41.7

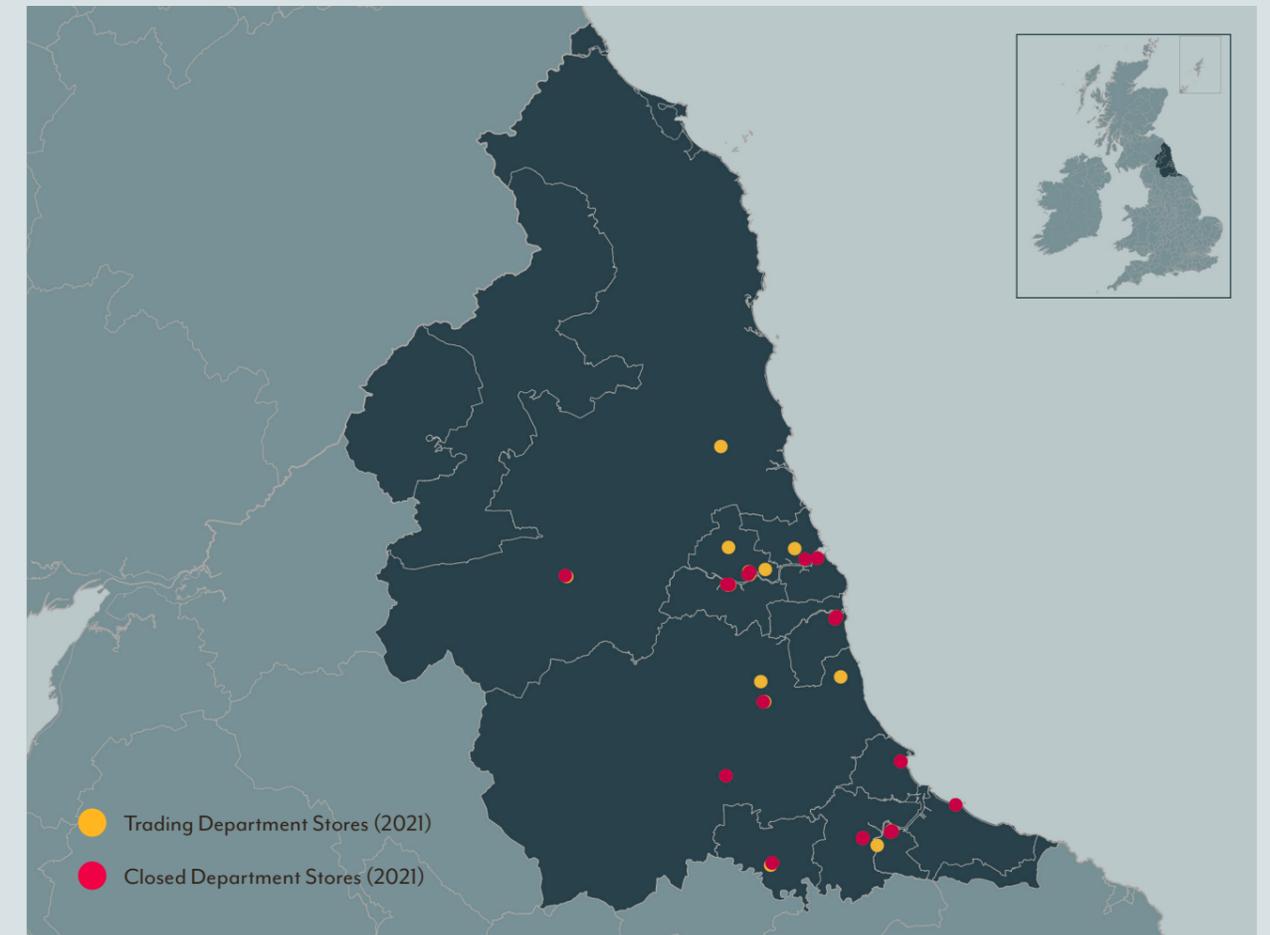
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Accommodating students and retailers giving new leases of life

The North East has historically supported a comparatively modest number of department stores due to the region being generally less densely populated than many other parts of the country.

In 2015, a total of 40 department stores traded from the region, which, by 2021 had dropped 55.5%. In total, 22 stores were closed, comprising of BHS stores (7), Debenhams (6), Marks & Spencer (5), Beales (3) and TJ Hughes (1).

It appears though, things are starting to bounce back. Of these former department stores, 13 have been re-occupied by mainly a range of affordable retail chains that have spotted opportunities where others have fallen away. B&M leads the way, taking four stores (Darlington, Hartlepool, Redcar and South Shields), with Sports Direct, H&M and three independent retailers occupying the remaining stores.

Two sites are the subject of redevelopment proposals.

A change of use planning application has been submitted for a former Marks & Spencer store in Durham's Silver Street to convert the upper floors to student accommodation comprising 58 flats, with the ground floor remaining as retail use (currently occupied by the Yorkshire Trading Company).

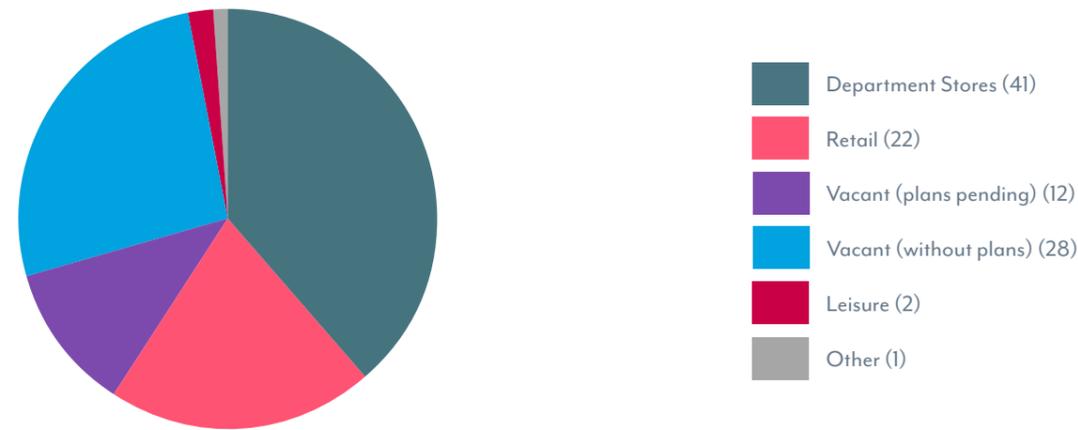
Planning was granted in December 2019 for a second proposed redevelopment scheme for the former Beales store in Newgate Street, Bishop Auckland. New life for this building is dual - retail at ground floor level and the change of use for the upper floors to accommodate 27 apartments.

NORTH WEST

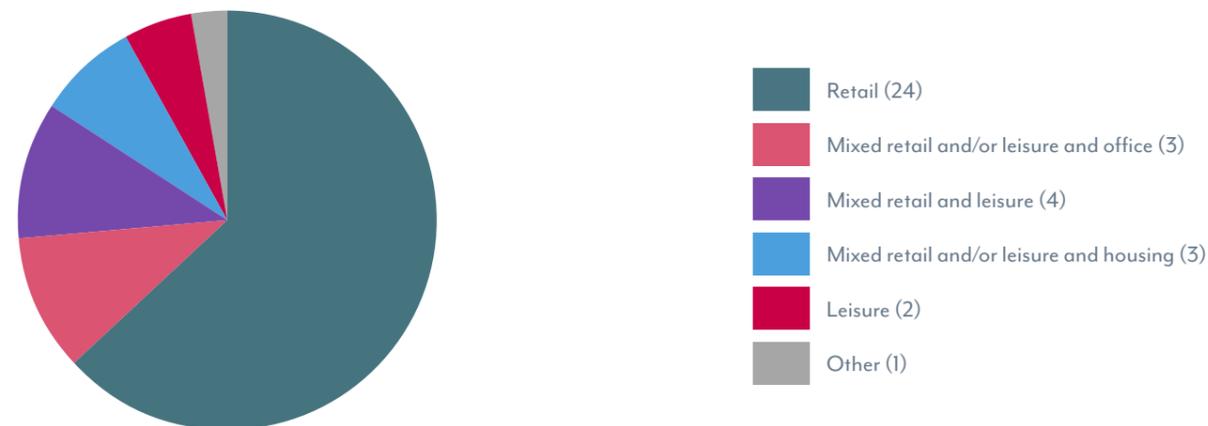
Overview

Total 2015 department stores	106
% of 2015 department stores still in operation	38.7%
% of 2015 department stores now vacant without pending plans	26.4%
Population	7,367,456
Number of people to each department store	179,694
2018 GDHI per head (£)	18,362
Median age	40.3

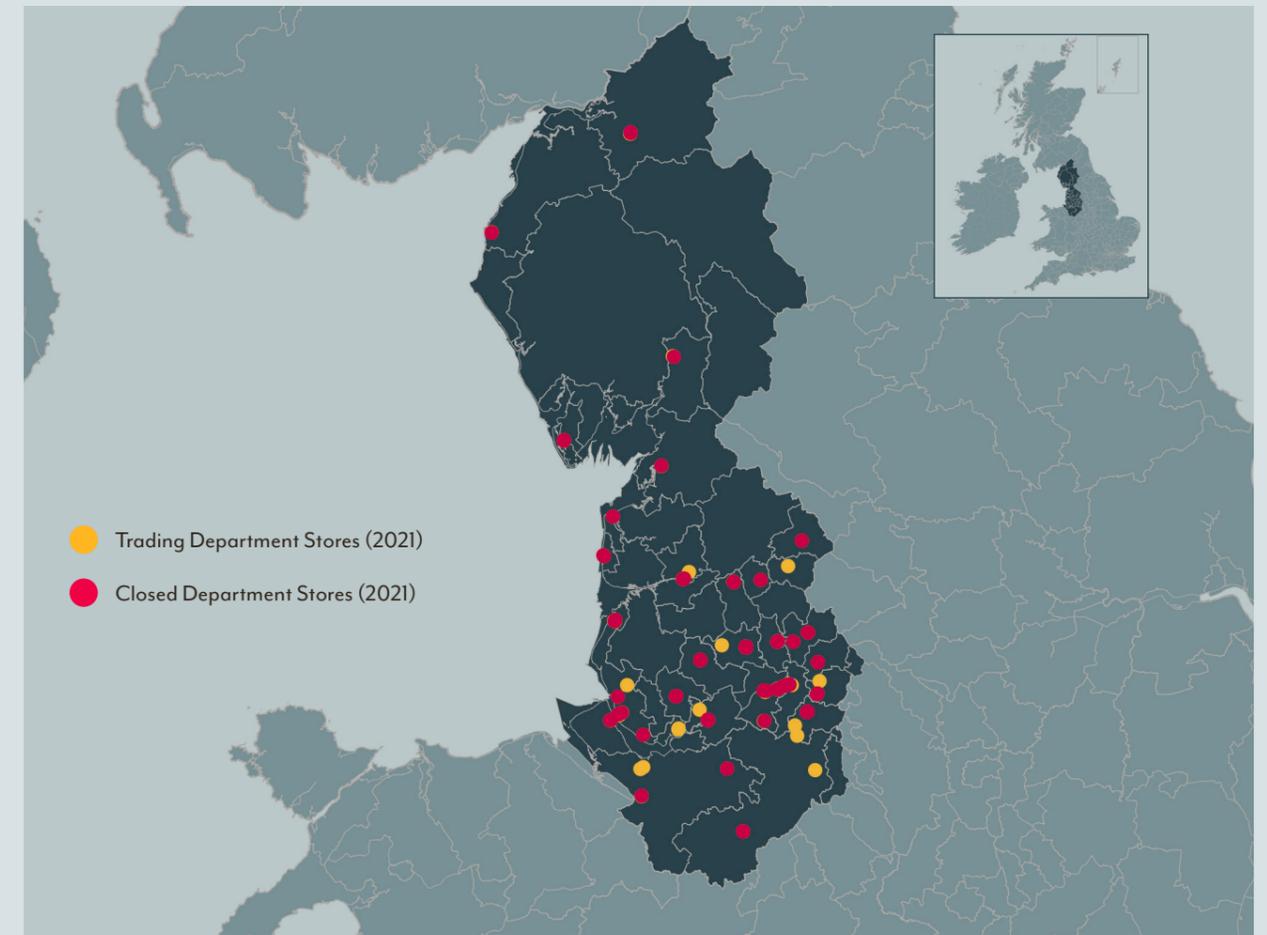
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Innovative repurposing spanning bustling cities to small town centres

Manchester and Liverpool City Centres have already grown considerably in the past few decades, supporting a wide range of retail and leisure formats. This is evident through the extent of their evening economies and the early adoption of large format 'competitive socialising' concepts. However, large department stores have until recently remained at the heart of the offer of both city centres.

Of the 106 department stores recorded in the North West in 2015, 18 (or 17.0% of the stock) were occupied by Debenhams, and a further 23 (or 21.7%) were occupied by BHS.

Manchester's exciting plans for the former Debenhams on Market Street – a local landmark – demonstrate the potential offered by historic retail premises, subject to market demand. Planning permission was granted in 2020 for a four-storey extension with a new shopping arcade at ground floor level. The upper floors will be turned into offices, with the intention to bring 'life back to long underused parts of the building'.

Another historic building, the former House of Fraser on Deansgate in Manchester, is also set for a revamp. Plans were approved in summer 2021 for the Grade II listed Kendal Milne building to be converted into extensive office and retail space. The plans also include the adjoining Fraser Building, which will be demolished and replaced with a 14-storey block made up

of office, retail and leisure floors, along with a public space at Southgate. The Art Deco Kendal Milne building started life as a department store, but the recent switch to mixed-use reflects the growing need to look at viable, alternative uses to protect the future of buildings.

Of the 23 BHS stores in the North West (2015), 14 have been re-let to alternative operators, ranging from B&M, Primark, Wilko and Sports Direct. The former BHS on Lord Street in Liverpool now houses Roxy Ball Room – a social gaming venue. This emphasises the reuse potential of larger commercial premises for alternative purposes where the catchment and market are suitable – in turn, diversifying the offer of centres and retaining active frontages at street level.

It's not just city centres that have been impacted by department store closures. Our research shows there have been a series of positive steps to repurpose and reuse department stores in smaller town centres.

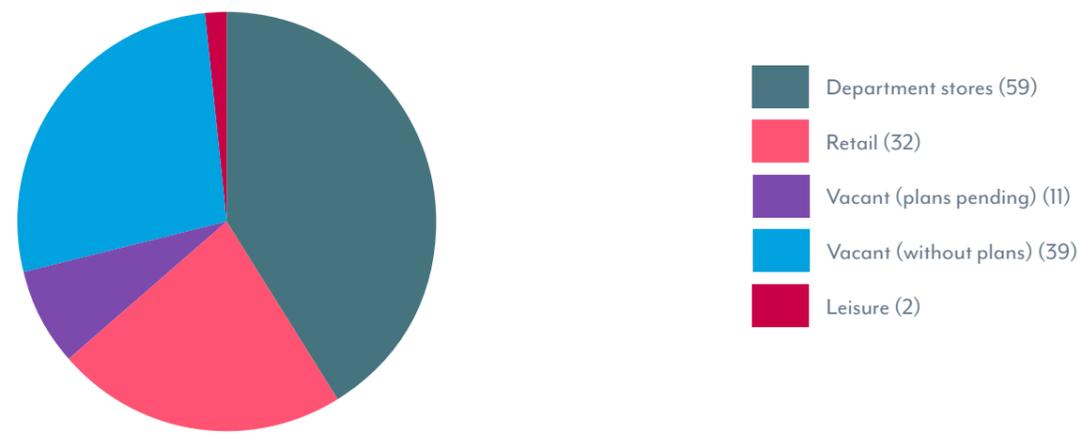
Within Bolton, for example, the former Beales has been internally subdivided and re-let to Slaters and a leisure operator. Whilst the former BHS and Debenhams units in Bolton remain vacant, an extant planning permission incorporates the BHS unit as part of the comprehensive redevelopment of the wider Crompton Place Shopping Centre site. Within Oldham, the former BHS unit has been subdivided and is now occupied by Next and B&M. The Oldham Debenhams unit remains vacant, but is incorporated within the Council's planned redevelopment of Spindles Shopping Centre - seeking additional non-retail uses, including flexible workspace.

SOUTH EAST

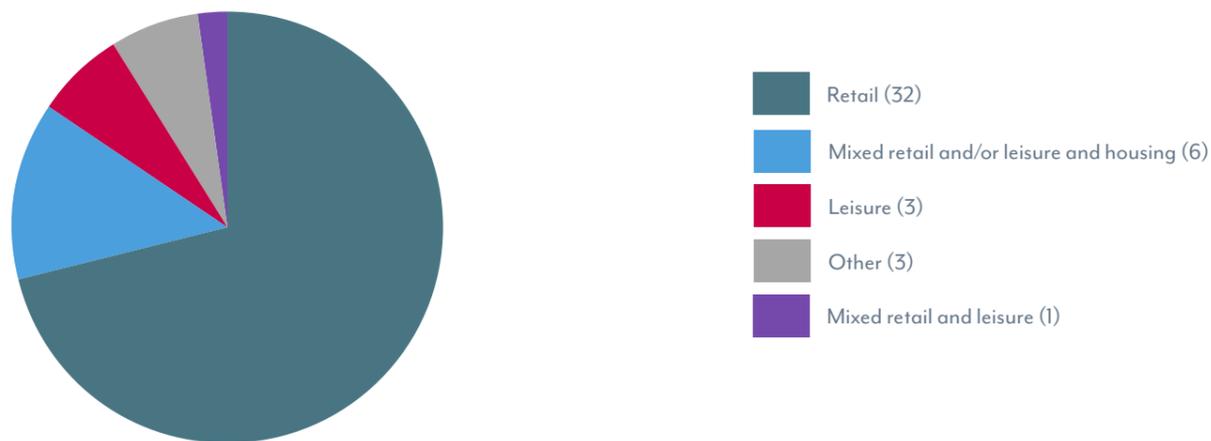
Overview

Total 2015 department stores	143
% of 2015 department stores still in operation	41.3%
% of 2015 department stores now vacant without pending plans	27.3%
Population	9,217,265
Number of people to each department store	156,225
2018 GDHI per head (£)	24,318
Median age	41.9

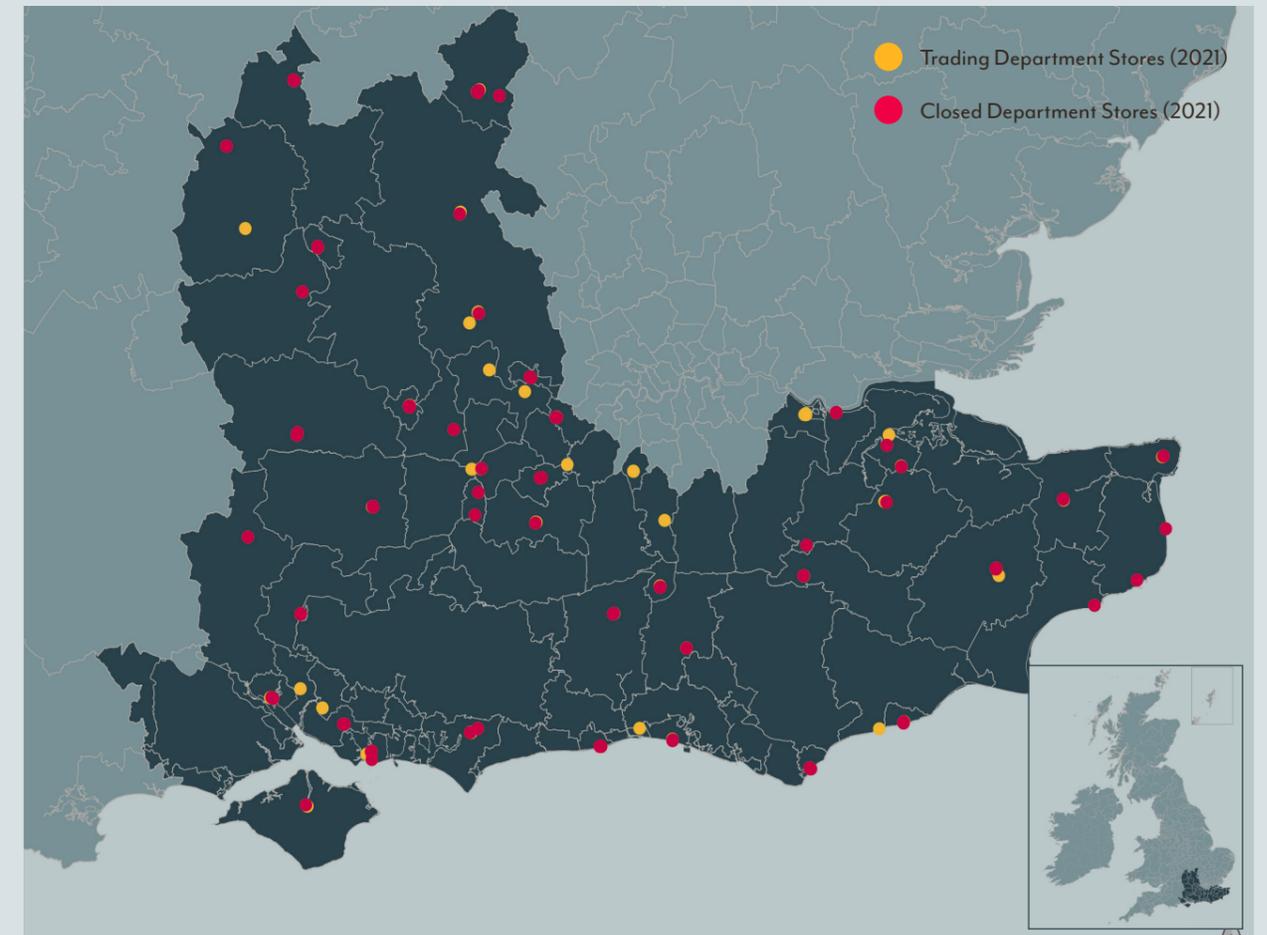
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Diverse new high street offerings flipping through the South East

In 2015, 143 department stores were recorded in the South East, but by summer 2021 this number had reduced to 59 trading department stores, a loss of 58.7%. Of these, 32 were occupied by Debenhams, and a further 30 were occupied by BHS. Of the 30 BHS units, only six remain vacant, one of which has planning permission for a mixed-use development of the site. Having only finally closed their doors in May 2021, the Debenhams stores remain largely vacant, however, planning permissions for seven of the stores have been granted, or were progressing at the time this research was undertaken.

It is hoped that the redevelopment plans for the former Debenhams site in Southsea will kick-start regeneration plans for the area. Earlier this year, Portsmouth councillors approved plans to transform the site into 134 flats – with a GP surgery, dental practice and other commercial units on its ground floor. As part of the scheme the upper four floors of the existing building will be developed into 98 flats. A new three-storey block will be built at the rear following the demolition of outbuildings, to contain 36 homes.

Of the 30 BHS stores from 2015, an encouraging 24 (80%) have been re-let to alternative operators, ranging from B&M, Primark,

Next and Sports Direct. The former BHS unit on Friars Square in Aylesbury is now home to Flip Out – the UK’s largest adventure park franchise, majoring in trampolines and inflatables. Stretching over 45,000 square feet, the building has cost over £1 million to refit and is likely to generate 75 new jobs. However, Flip Out’s latest venture is a different offering made up of a synthetic ice rink, bumper car track, interactive mini golf and football, ninja tag, and a 10,000 square foot assault course. This change of use from department store to leisure activity points towards the future uses of our high streets.

In 2015, nearly 20% (28) of the department stores located in the South East were found in the seven cities within the region (Brighton, Canterbury, Chichester, Oxford, Portsmouth, Southampton and Winchester). In 2021, this number has reduced by two-thirds to only 9 (32.1%) stores still operating as department stores, a further 35.7% are either in reuse as alternative retail uses, or have plans pending to change use.

Outside of the cities, department stores have fared slightly better with 42.5% still in use and a further 30% being used for alternative retail, leisure or with plans to change in the future underway, with a number of mixed-use developments being planned.

SOUTH WEST

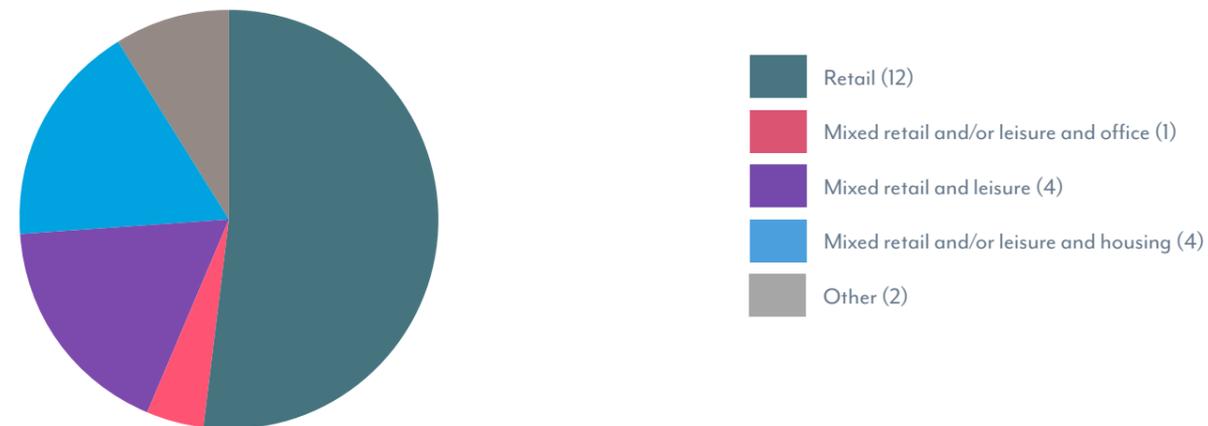
Overview

Total 2015 department stores	71
% of 2015 department stores still in operation	43.7%
% of 2015 department stores now vacant without pending plans	23.9%
Population	7,367,456
Number of people to each department store	5,659,143
2018 GDHI per head (£)	20,907
Median age	44.1

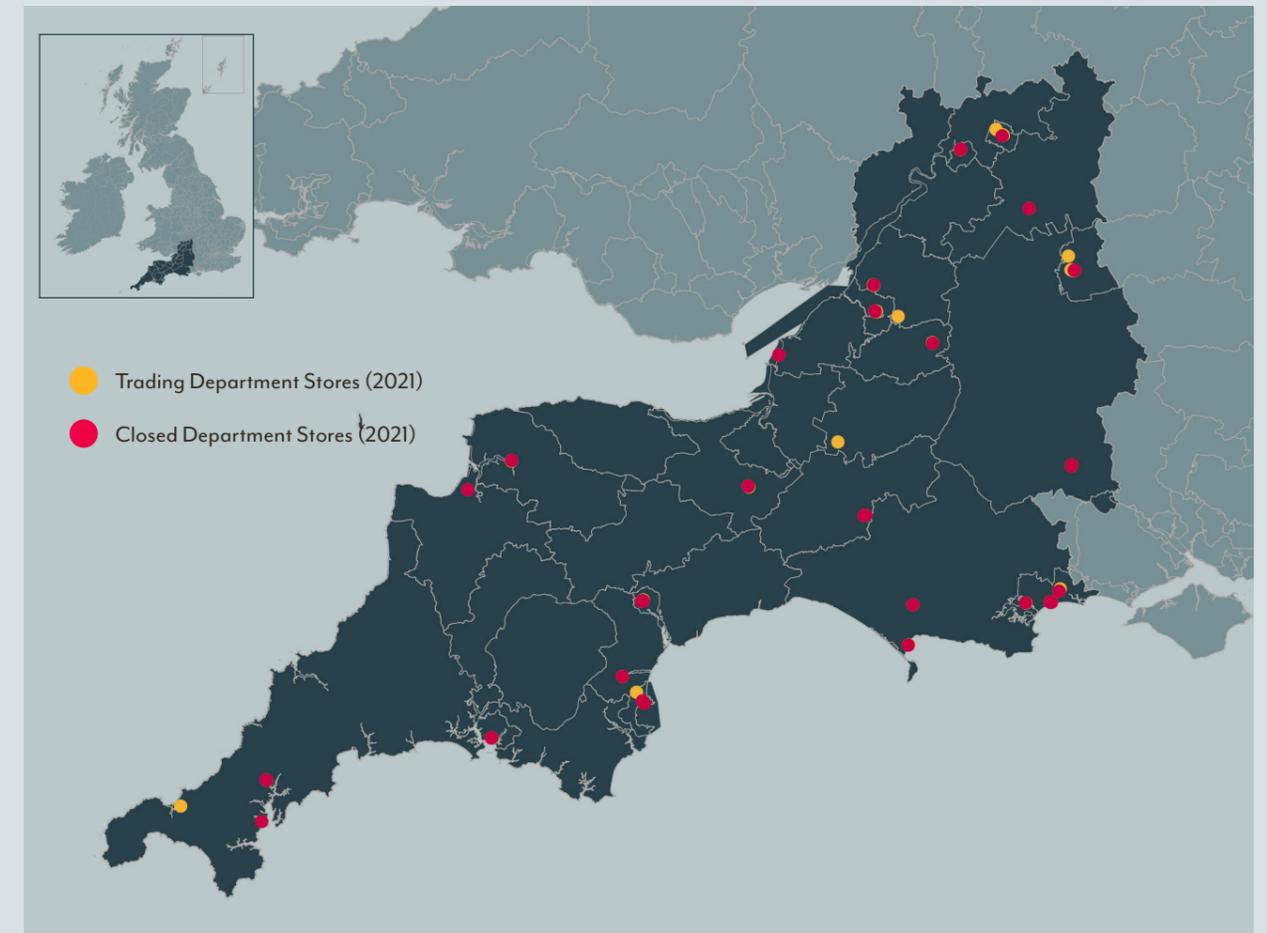
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Eat, sleep, drink...repeat

Since 2015, 56% of the 71 department store fascias which operated in the South West have since changed hands, now lay vacant, or are enjoying a new life as something completely different. Unlike many other areas of the country, multiple department store vacancies within the same centre are not commonplace. Only Bournemouth currently suffers from more than one closure (Beales and Marks & Spencer). Notably, larger cities such as Bristol and Exeter have retained all but one of their department stores.

Notable redevelopment proposals include the former Debenhams store in Bournemouth, where plans were approved in 2020 for a gallery, restaurant and rooftop bar. Developers have also been quick to repurpose former department stores in Exeter, with the former Debenhams store in Princesshay being converted to a retail, cinema and a bar/restaurant above ground floor retail, and the former House of Fraser store on High Street being converted to a boutique hotel ('Hotel Indigo') and restaurant/bar. Along similar lines, the former BHS store in Torquay has planning permission and is being converted to a multiplex cinema, while the former BHS store in Salisbury has an unimplemented permission for a new hotel.

In terms of re-occupations, Wilko has taken former BHS stores in Swindon and Truro, while Bargain Buys now occupies former BHS stores in Exeter and Taunton. Notably, having lost BHS in 2015, Bargain Buys has also recently vacated the same unit on North Street - highlighting the challenge of operating larger department store format footprints in centres outside the major cities.

WEST MIDLANDS

Overview

Total 2015 department stores	68
% of 2015 department stores still in operation	45.6%
% of 2015 department stores now vacant without pending plans	22.1%
Population	5,961,929
Number of people to each department store	192,320
2018 GDHI per head (£)	18,222
Median age	39.6

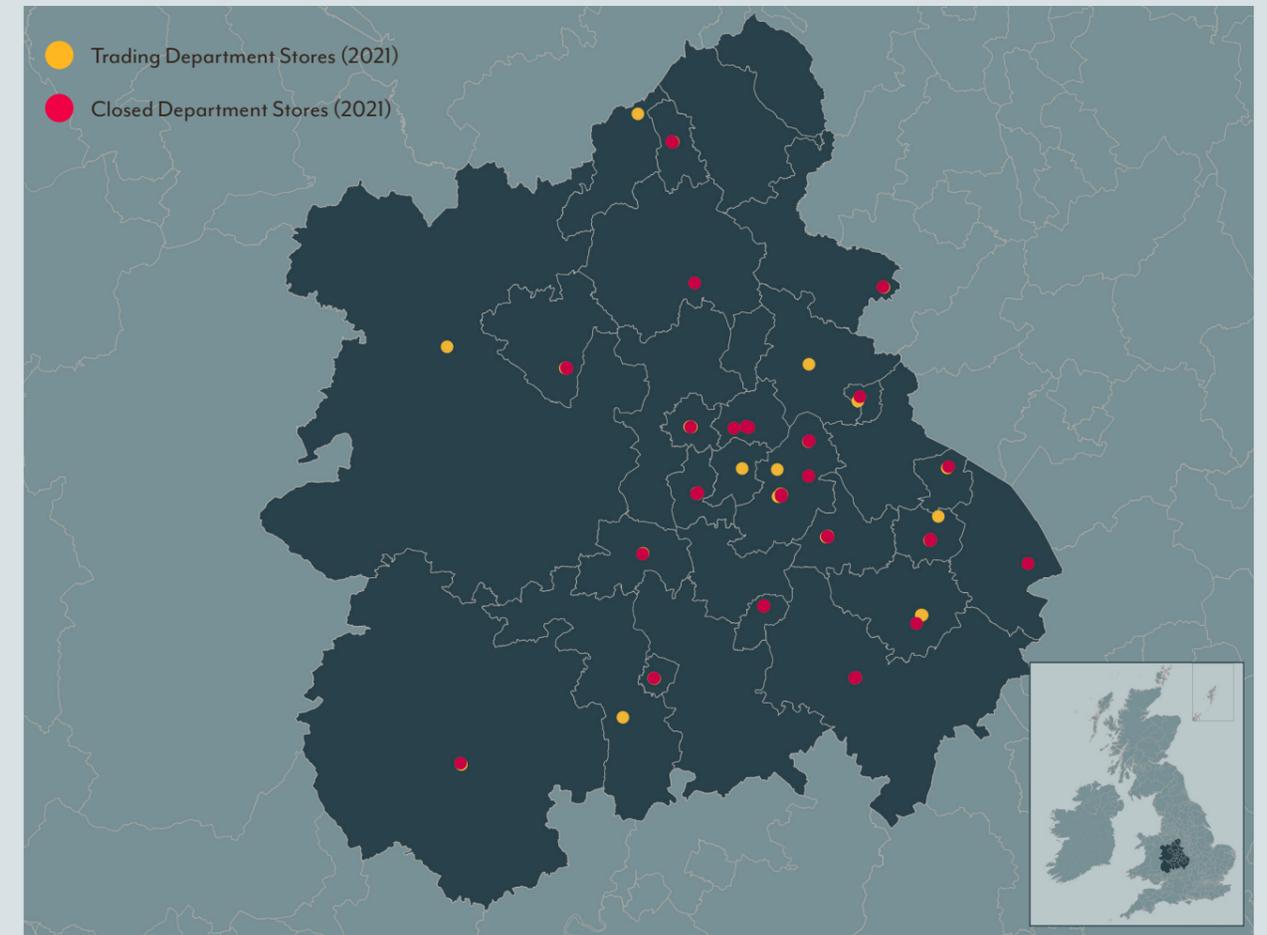
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Retailers snapping up empty department stores

Within the West Midlands, the principal centre Birmingham was home to six department stores back in 2015. Two were occupied by BHS, which have now been re-let to H&M and WHSmith. The other stores were occupied by Debenhams, Marks & Spencer, Harvey Nichols and House of Fraser. In 2021, just the Debenhams and Harvey Nichols stores remain vacant. However, recent reports have indicated that Marks & Spencer is due to relocate to the former Debenhams in the Bullring.

As of 2015, the West Midlands region as a whole comprised 68 department stores, broken down into: 28 Marks & Spencer stores (including four of the chain's outlet stores); 14 BHS; 15 Debenhams; and one John Lewis store. The remainder were occupied by Harvey Nichols, Dunnes and TJ Hughes. In total across the region, 72% of the department stores identified in 2015 remain operational (either by the previous recorded department store operator, or by a new, alternative operator).

Looking forward to 2021, 24 Marks & Spencer units are still occupied, although the store at The Fort is now occupied by Flannels, the unit in Rugby is occupied by Yum Yum World (a multi-purpose family leisure centre) and the former Outlet at Junction 10 Retail Park in Walsall now occupied by Boundary Mills. Four Marks &

Spencer stores remain vacant - Sutton Coldfield, Redditch, Stafford and Walsall, with no current permissions or redevelopment plans in the public domain.

Interestingly, the former Marks & Spencer unit in Stafford was subject to an application for demolition and redevelopment to provide for a new three-storey building to include both commercial and residential uses. Permission was refused in November 2020 on scale, access, design and internal reconfiguration grounds and no further applications have subsequently been made following the refusal.

Of the 14 BHS units in 2015, nine have subsequently been re-let, all to different operators including Next, H&M, WHSmith, B&M and Primark. The former BHS in Stratford-upon-Avon, located on Bridge Street in the town centre, is subject to an extant planning permission for the change of use to a hotel to provide 170 bedrooms and ancillary gym, restaurant, bar area and an additional restaurant in the Listed Building. In addition to the former BHS unit, permission has also been granted to redevelop the former Debenhams unit on Wood Street to create six new Class E units at ground floor, with an 80 bed hotel on the upper floors.

YORKSHIRE AND HUMBERSIDE

Overview

Total 2015 department stores	60
% of 2015 department stores still in operation	40.0%
% of 2015 department stores now vacant without pending plans	23.3%
Population	5,526,350
Number of people to each department store	230,265
2018 GDHI per head (£)	17,665
Median age	40.2

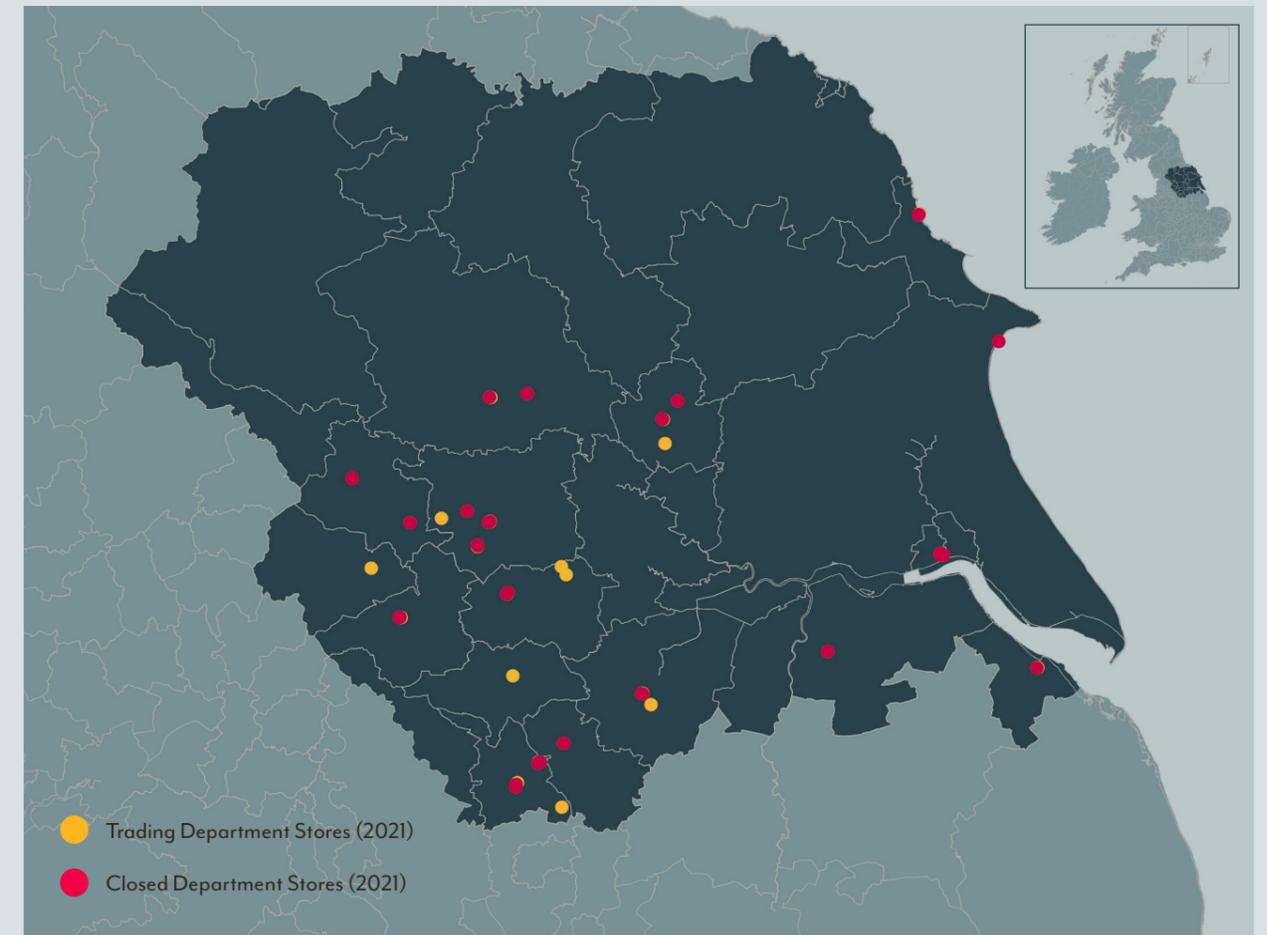
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



The future is mixed-use

Yorkshire and the Humber accommodated 60 department stores in 2015, with just over a third of these located within the regional centres of Leeds and Sheffield.

The number of department stores across the region diminished by 60.0% over six years, with 24 stores continuing to trade in 2021. The breakdown of stores lost to the region comprise: BHS (13), Debenhams (10), Marks & Spencer (9), House of Fraser (2). Beales, Dunnes, John Lewis and TJ Hughes each lost one store.

The most high profile of these losses is the John Lewis store at Barkers Pool in Sheffield, which had occupied the site since 2002. The loss of John Lewis from Sheffield was perhaps somewhat unexpected given a recent commitment to continue to trade from the site and the continuation of its business elsewhere. Sheffield City Council owns the freehold of the premises and is currently considering the most appropriate future use for the unit.

Of the department stores that have ceased trading, 20 remain vacant, nine accommodate different types of retail operators, two accommodate convenience goods retailers, and one has been re-occupied by an amusement arcade.

Of the 12 stores that have been re-occupied, 10 accommodate national multiple operators, while two are independents - the former Debenhams in Leeds, is now an amusement arcade, and the former BHS in Scunthorpe is now a market.

Many of the department store premises that remain vacant in the region are in secondary locations.

There are some notable projects breathing new life into areas of Hull and Bradford, in particular. An outline planning application for the proposed redevelopment of a former Hull BHS (Jameson Street) was approved in 2019. The project is a far cry from a department store, comprising an ice rink, offices, residential and a car park. Over in Paragon Square, planning permission has been granted to turn the ground floor of a former House of Fraser into an 'artisan' food hall and coffee shop.

Meanwhile, Bradford is set to get a contemporary public market - spanning three-storeys and a public square - that will take over a former Marks & Spencer site, and is designed to cater for a broad spectrum of the community.

NORTHERN IRELAND

Overview

Total 2015 department stores	43
% of 2015 department stores still in operation	67.4%
% of 2015 department stores now vacant without pending plans	20.9%
Population	1,895,510
Number of people to each department store	65,362
2018 GDHI per head (£)	17,340
Median age	39.2

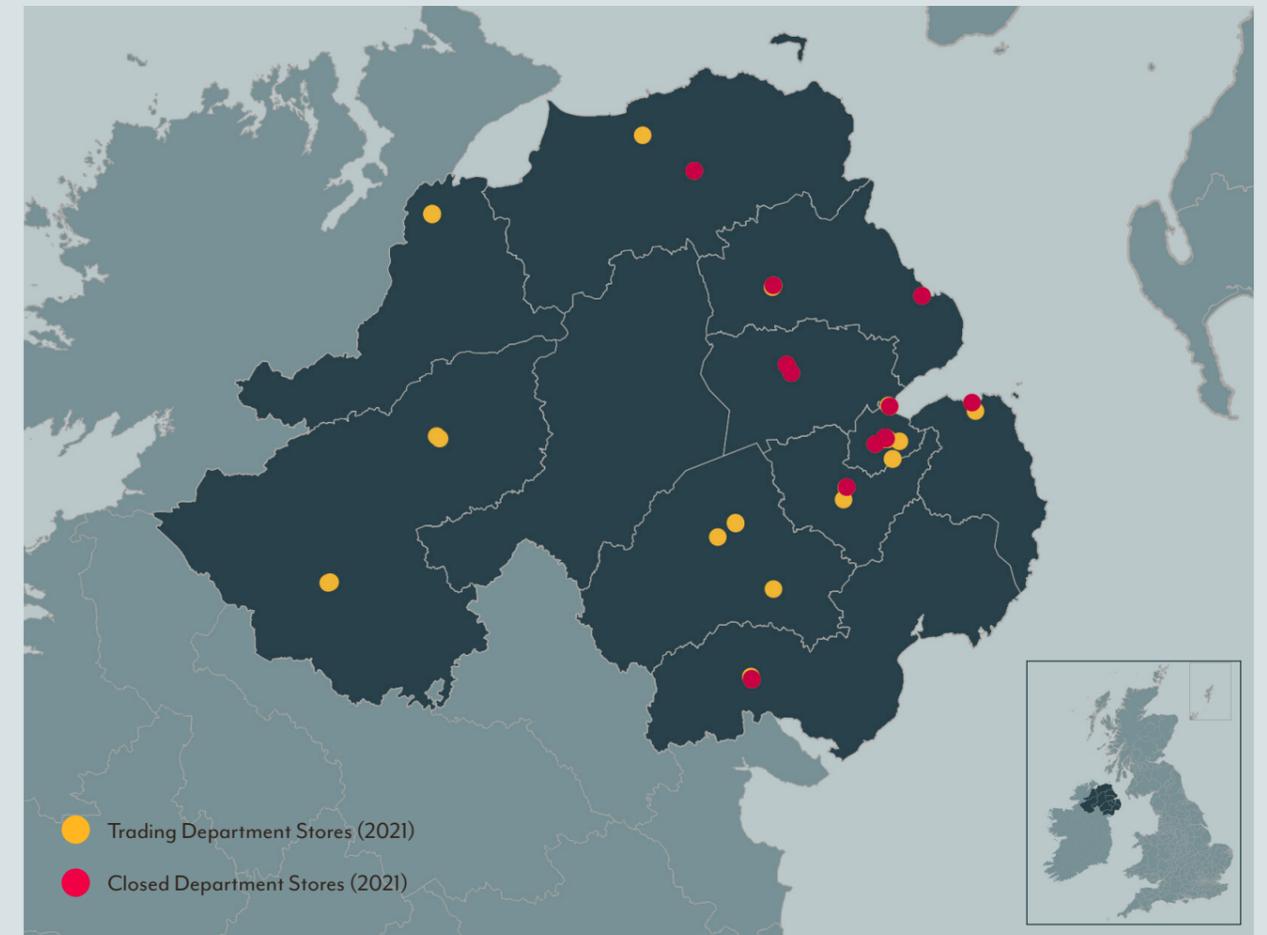
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Love affair with department stores alive and well

Northern Ireland has fared significantly better than the remainder of the UK with 67.4% of the department stores operating in 2015 still trading now, suggesting that the use of the department store format is still popular. In contrast to the rest of the UK, the stores are less likely to have changed to an alternative retail use, with only a former Marks & Spencer now trading as Sports Direct and Primark having taken over a former BHS store.

Three stores currently have plans pending to change to an alternative use with plans for an office development in place for a former Dunnes in Ballymoney, along with two retail and leisure destinations having undergone planning applications in Belfast.

Omniplex Cinema Group is one of two new anchor tenants taking over the space left by the former Debenhams in Belfast, with plans for a nine-screen cinema and a licenced bar in the Castlecourt Shopping Centre.

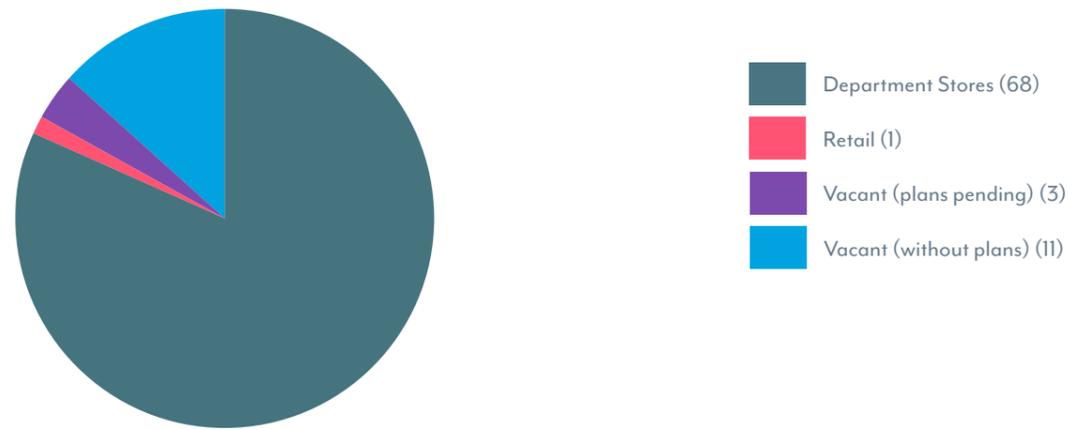
Similarly, there are plans to alter a former BHS in Castle Lane, Belfast into a number of retail units and for the upper floors to be used for a variety of purposes including a potential rooftop area for food and drink.

REPUBLIC OF IRELAND

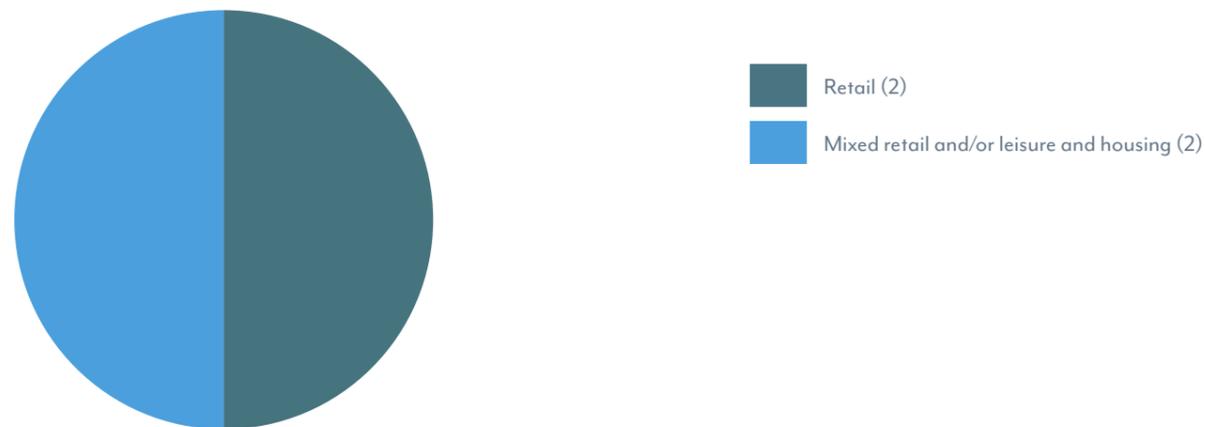
Overview

Total 2015 department stores	83
% of 2015 department stores still in operation	81.9%
% of 2015 department stores now vacant without pending plans	13.3%
Population	5,011,500
Number of people to each department store	73,699
2018 GDHI per head (€)	21,270
Median age	38.2

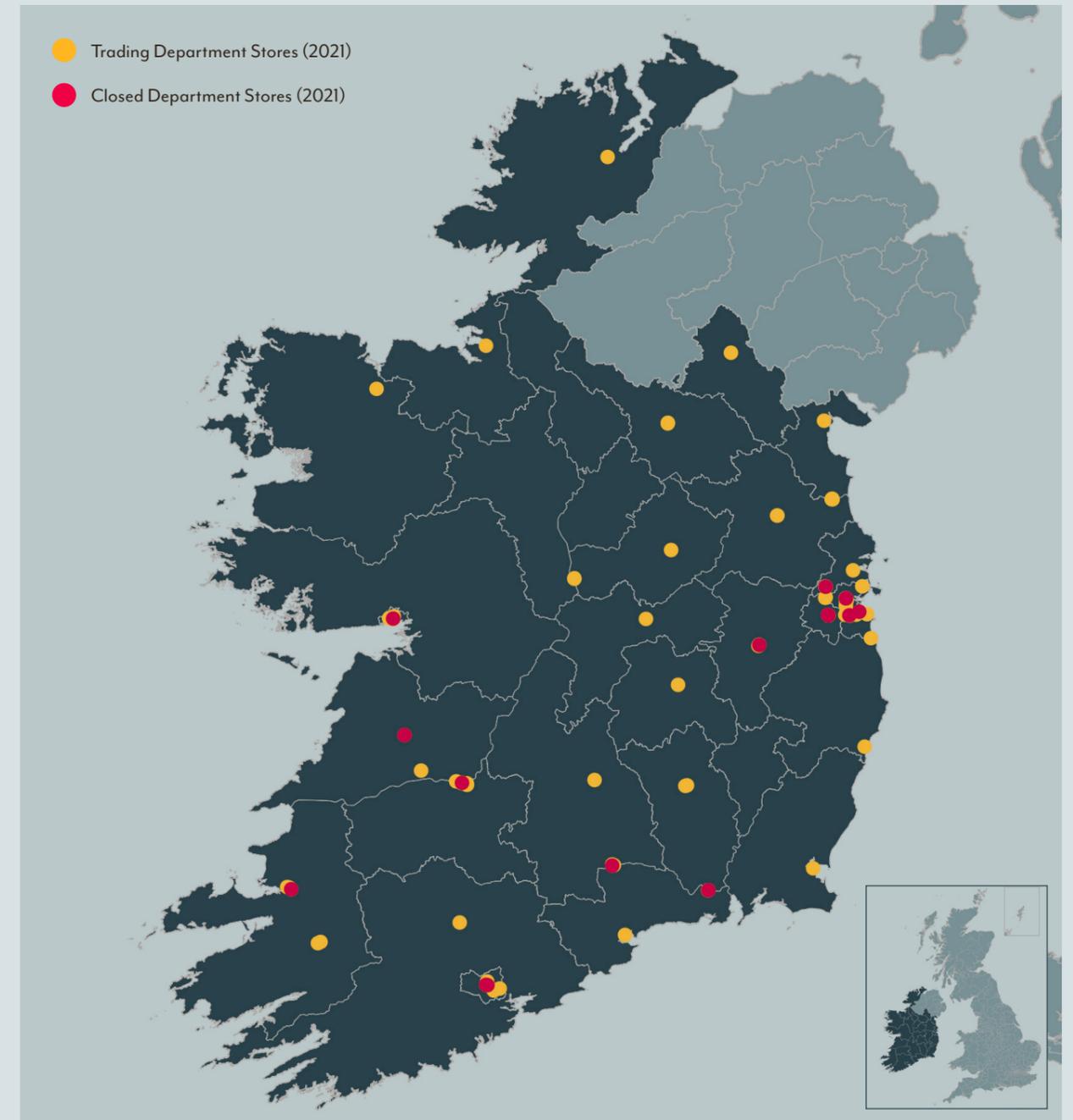
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Department stores have weathered the storm

The Republic of Ireland has fared better than any region within the UK. Just under 82% of the stores that were trading in 2015 are still operating in 2021. It should be noted that the Republic of Ireland has not been impacted by the closure of the BHS portfolio as its last store stopped trading in the 1980s.

Dunnes, which is by far the most active department store trader with 55 stores in operation in 2015, has continued to perform well, with only three stores becoming vacant in the six years until 2021. The former Dunnes in Cork has been utilised in recent times as a COVID

vaccination centre and plans have been mooted for a mixed-use redevelopment of the site.

Of the 11 Debenhams that have become vacant following the collapse of the chain, two currently have plans pending; a lease has been signed by Sports Direct in Galway and planning permission has been granted to split the store in the Frascati Shopping Centre in Blackrock into smaller retail units.

SCOTLAND

Overview

Total 2015 department stores	72
% of 2015 department stores still in operation	45.8%
% of 2015 department stores now vacant without pending plans	30.6%
Population	5,466,000
Number of people to each department store	165,636
2018 GDHI per head (£)	19,572
Median age	42.1

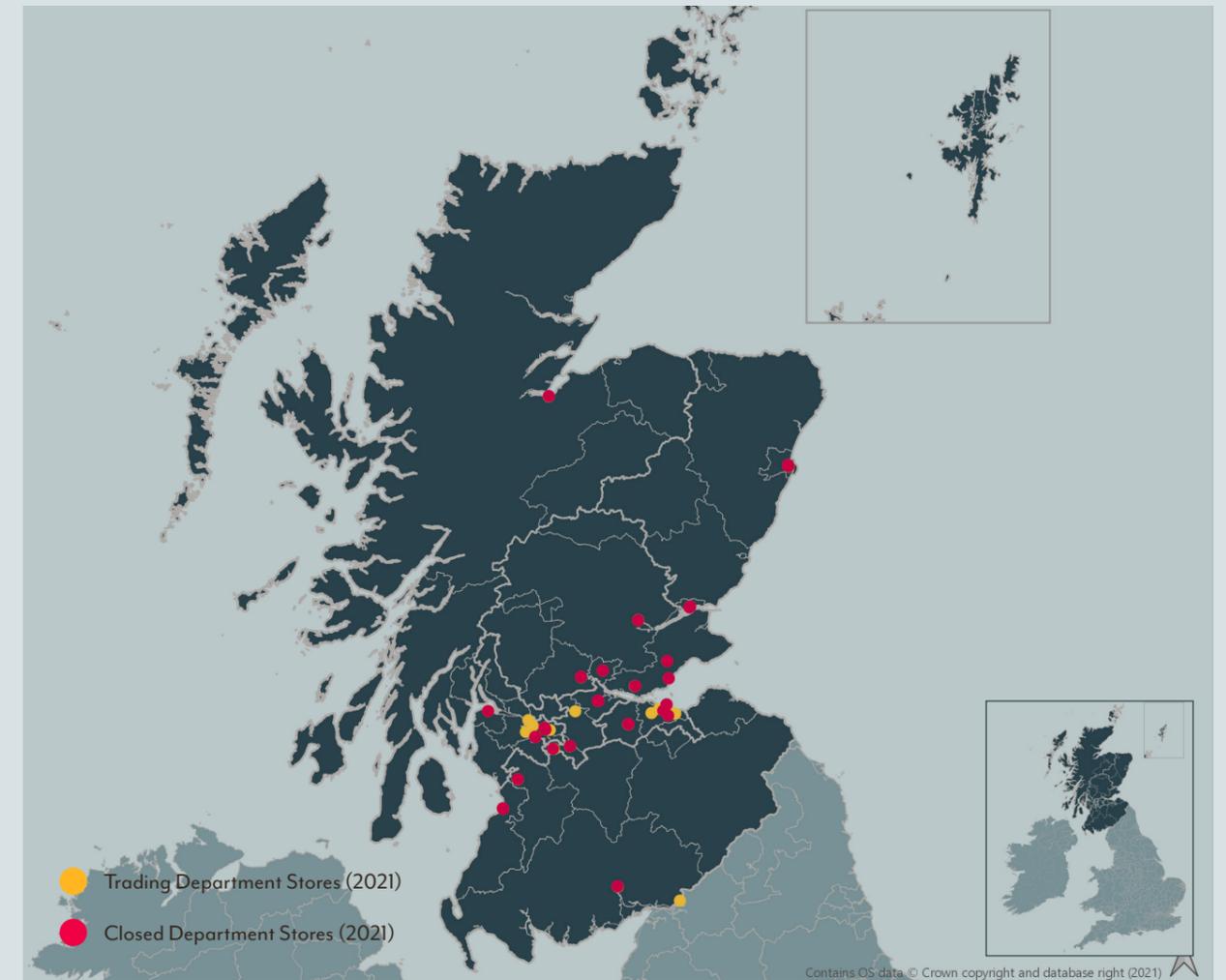
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



Closures have raised the roof on Edinburgh's Princes Street

While just under half (48.5%) of the department stores trading in 2015 are still operating under the same fascia in 2021, 50 of the 72 stores are now occupied or are the subject of redevelopment plans.

Princes Street in Scotland's second largest city, Edinburgh, has seen some of the biggest upheavals from department store closures. However, innovative developers have spotted Princes Street's location and high foot traffic as a ripe opportunity for diverse regeneration, which also appeals to the millions of tourists the city attracts each year. Planning approval for a £50 million revamp of a former Debenhams was approved in June this year. Plans include a 207-room boutique hotel and a 'hospitality hub' incorporating a restaurant and rooftop bar – set to open in 2024.

Further down the street, a former House of Fraser has been given a new lease of life by iconic whisky brand, Johnnie Walker. Recently opened (September 2021), Johnnie Walker Princes Street is an immersive whisky experience spread over eight floors of the 100-year old building, and including a rooftop bar. Meanwhile, a planning

application is being sought to refurbish and redevelop an empty BHS on Princes Street. The plans include a mix of retail and restaurants on the street and basement levels with a hotel and restaurants on the upper floors where another new rooftop space is also planned for the city.

Other cities and smaller towns have also experienced fresh change. Former department stores are being converted into offices, food and drink and leisure offerings, along with smaller retail. These include four former BHS stores in various locations - Aberdeen's Union Street, Kirkcaldy's (Fife) Mercat Shopping Centre on the High Street and in southwestern Scotland (South Ayrshire and East Ayrshire).

Similar to other regions, affordable retail chains have taken over failed department stores' properties. The discount department store chain, TJ Hughes is one of the standouts in Scotland, taking over former BHS stores in Dundee and West Dunbartonshire.

WALES

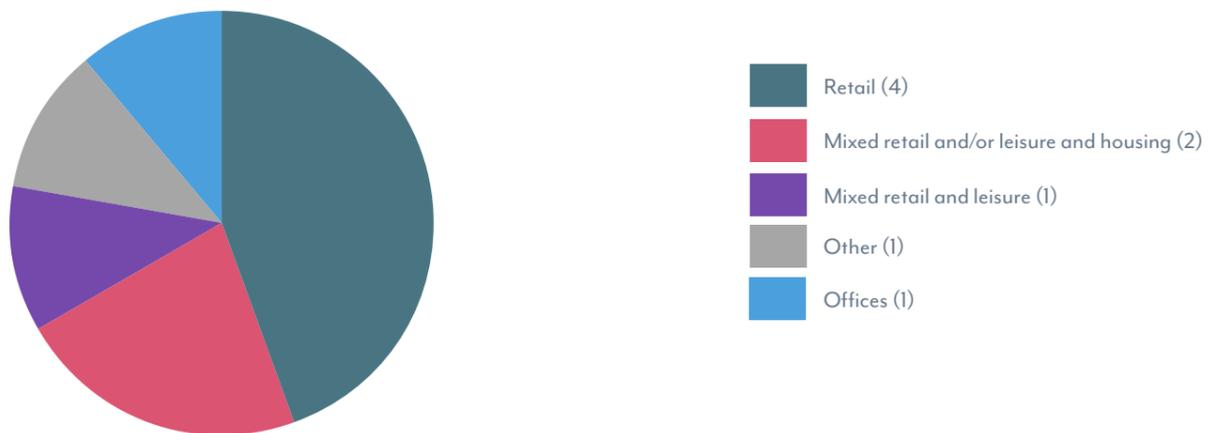
Overview

Total 2015 department stores	37
% of 2015 department stores still in operation	45.9%
% of 2015 department stores now vacant without pending plans	29.7%
Population	3,169,586
Number of people to each department store	186,446
2018 GDHI per head (£)	17,100
Median age	42.4

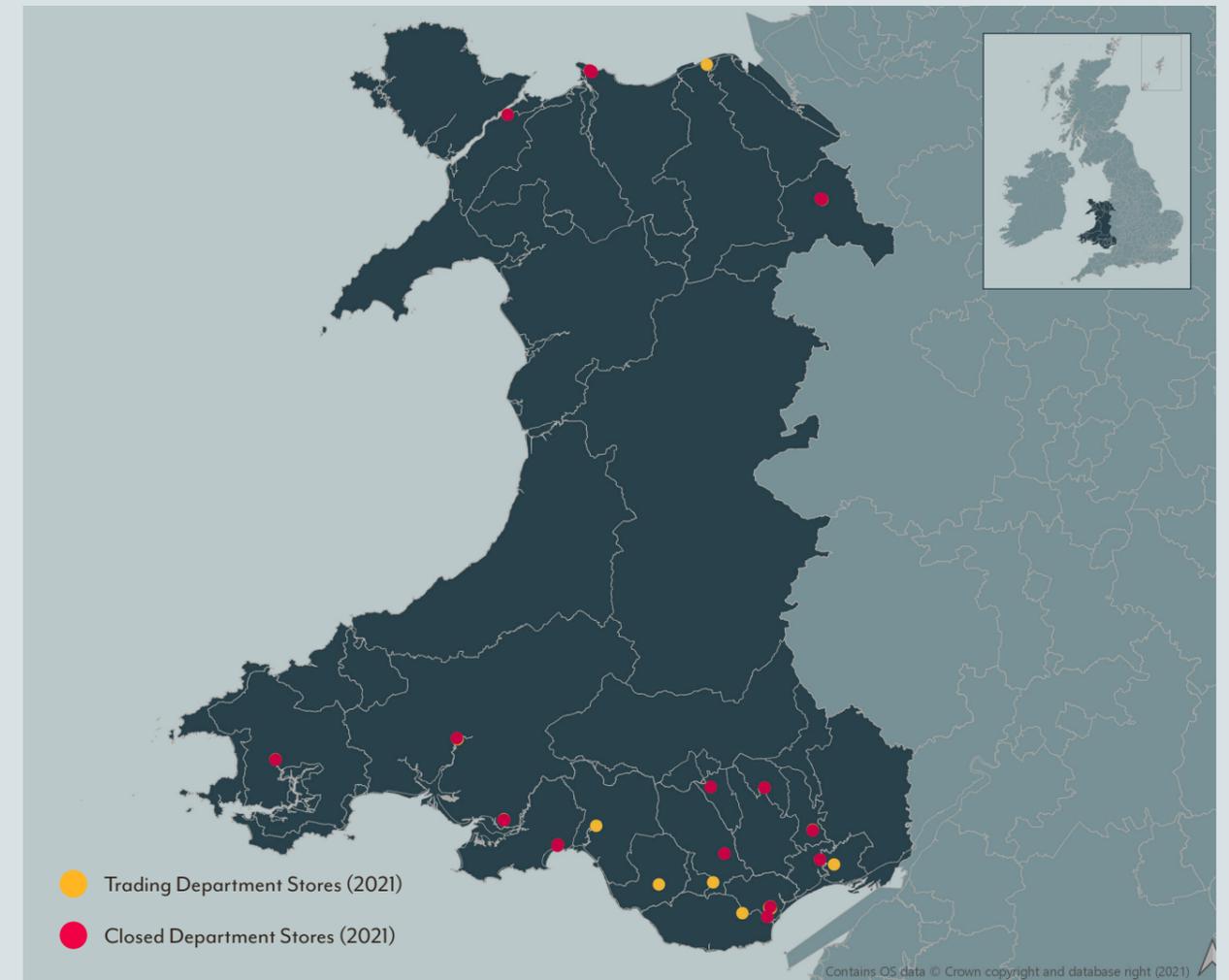
Current Use of Department Stores



Redevelopment of 2015 Department Stores



Trading vs Closed Department Stores (2021)



What's in store for Wales

While Wales has suffered department store closures, the impact in this region has not been as great as in other areas of the UK. Of the 37 department stores open in 2015, 26 are currently operating as department stores, have been converted to another business or have plans pending.

Stalwart Marks & Spencer, which has managed to retain a decent proportion of its bricks and mortar stores compared to competitors, has a dominating presence in Wales. In particular, Marks & Spencer has been buoyed by its food business throughout the pandemic. Wales' Gwynedd County has been one of the regions to benefit from the department store switching some 'full line' stores to food.

Retail still remains the most popular reuse of empty department store spaces, and similar to the trend seen in other regions, value retail chains have moved in on these vacancies across Wales. Primark has taken over two former BHS stores - Conway's Parc Llandudno Shopping Park and Carmarthenshire's Trostre Retail Park - while Home Bargains and Sports Direct have each taken over a former

BHS store in Cardiff (Cardiff Bay Retail Park) and Wrexham (Henblas Street).

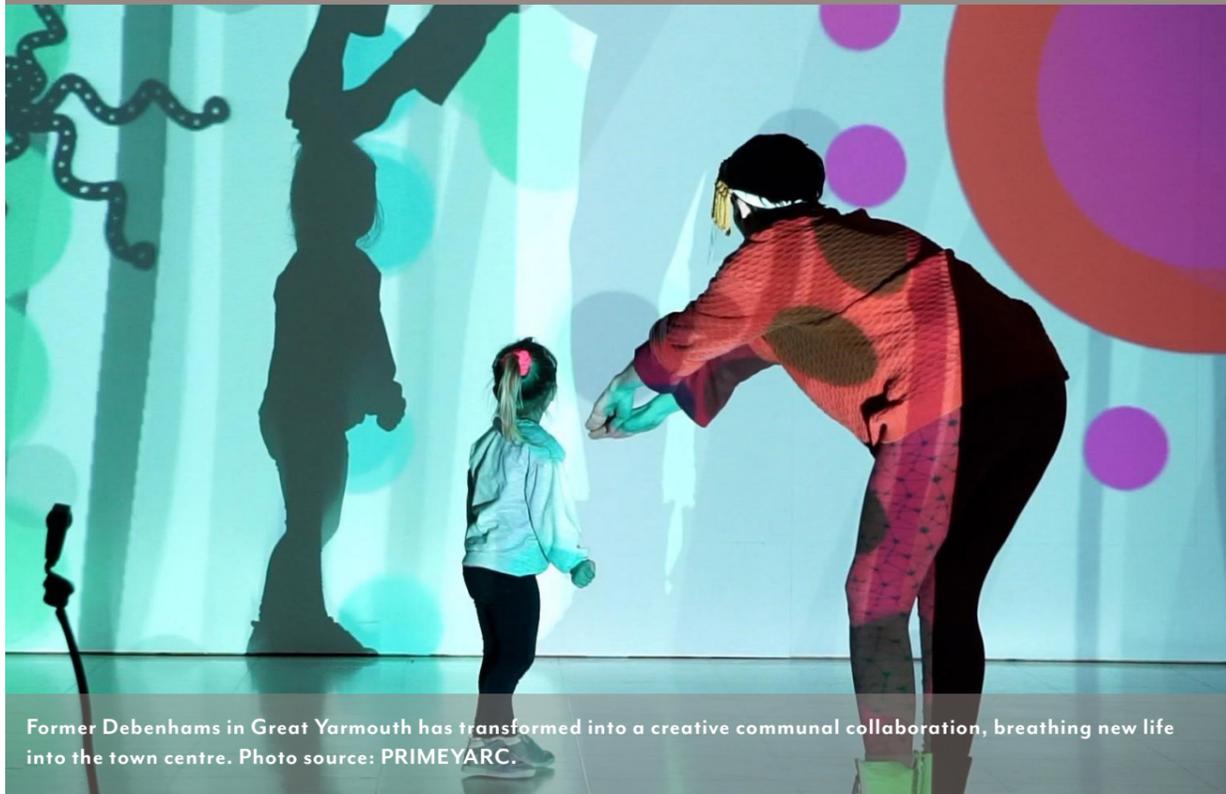
Innovative redevelopments or new uses of empty department store spaces don't appear to be a significant trend in Wales for the moment. However, given the enduring appeal of the department store concept in Wales, this in itself is not problematic.

FUTURE:
DEPARTMENT STORES
CASE STUDIES

CASE STUDY #1

PRIMEYARC (FORMER DEBENHAMS)

Location: Great Yarmouth



Former Debenhams in Great Yarmouth has transformed into a creative communal collaboration, breathing new life into the town centre. Photo source: PRIMEYARC.

Former Debenhams sees new life as creative communal collaboration

The original project is a charity working with contemporary art and cultural place-making in Great Yarmouth. In August 2020 the charity took the lease on a former Debenhams located in Market Gates Shopping Centre which they named PRIMEYARC. Since then, it has been transformed into a space for creative communal collaborations.

The former shop floor incorporates a 20,000 square foot gallery space that has hosted a painting by Jan van Huysum from the National Gallery, an exhibition by Bill Drummond (formerly of the KLF) and shown work by local artists. In addition, it provides space for community groups, workshops, artists' studios and a kick-boxing club amongst many other events and activities.

“The large scale space at PRIMEYARC has enabled us to provide opportunities for various organisations, services for different communities and allowed us to connect with new audiences. Embedding a quality cultural offer within a retail environment means that the town centre will become a richer, more vibrant and interesting place to visit - encouraging greater footfall and bringing in new people.”

Julia Devonshire, Co-Director, originalprojects

CASE STUDY #2

LOCK 29 (FORMER BHS)

Location: Banbury



Re-energising Banbury canal-side and former BHS store destination. Photo source: Lock29

Locking up local artisans in Oxfordshire

Positioned in the 30,000 square foot of the former BHS store in Castle Quay, Lock29 launched in late August 2021. Lock29 is a sustainable community destination, supporting and bringing together local artisans, in the heart of Banbury.

The venue showcases the best independent food and drink retailers. It also features a pop-up cinema for secret cinema clubs and educational activities, plus events spaces - open to the whole community.

Chris Catford, manager at Lock29, said: *“Since launching in August last year, Lock29 has changed and grown. Our edgy and independent spirit is reflected in our new additions, and we continue to partner with up-and-coming local businesses.”*

“Offering something for everyone, Lock29 celebrates everything that makes Banbury unique and will feature a dynamic space for events and activities that will open to the whole community when restrictions permit.”

Banbury Guardian

REALLY LOCAL GROUP (VARIOUS)

Location: London and South East



Pioneering developers, Really Local Group, actively seek out empty department stores to transform them into cultural hubs serving the local community. London's Catford Mews is their first project. Photo source: Really Local Group.

Embracing localism to break the mould

The brainchild of pioneering developer and operator, Preston Benson, Really Local Group is at the forefront of focusing on community collaboration and social conscience to regenerate the UK's High Streets. Well before the topic became mainstream, Preston recognised town centres were in dire need of reinvention to shore up their survival against the onslaught of online retail and changing consumer behaviour and attitudes.

Preston set out to break the mould. Delivering true regeneration and development by launching multi-use venues that are uniquely designed to embrace the culture of the surrounding area, his vision sensitively responds to the local demographic's needs and aspirations. All venues are designed to provide affordable and inclusive cultural community 'hubs', ultimately acting as a catalyst for the wider regeneration of the local area.

With two successful projects under its belt - Catford Mews (2019) in South East London and Reading Biscuit Factory (2021) - and a further five under development, each location has a cinema at its heart, along with a live entertainment space, full-service bar and food offering supporting local brands and food vendors to help boost the local economy. Many of the venues will include space for flexible working, reflecting post pandemic changes in how people will work/commute.

"Empty department stores are often the ideal location because they offer high footfall areas, convenient for the Group's target market, those living within a half a mile walking distance of our venues. Our flexible model works with these buildings' floorplates; where most developers find concrete columns and ceiling heights a burden, Really Local Group sees them as a clever way to divide these old stores and ensures they are incorporated into the design where we can. This results in 'one of a kind' venues unique to the local area – embracing localism and demolishing the identikit high street model."

Preston Benson, founder of Really Local Group

SO RESI (FORMER BHS)

Location: Ealing, London



Contemporary, shared ownership living in former BHS site, Ealing, London. Photo source: So Resi, Ealing

Stylish apartments revive former BHS

Located on a former BHS site, SO Resi has converted this former site into a collection of contemporary apartments, making urban living stylish and affordable. The development offers a choice of high-quality one, two and three-bedroom apartments with a roof terrace and stunning views of London - and is situated within close proximity to the well-connected and vibrant Ealing Broadway.

Through shared ownership, the SO Resi residence offers an achievable home buying solution allowing buyers to benefit from low deposits and ongoing affordable monthly payments.

SO Resi is the award-winning shared ownership brand of Metropolitan Thames Valley Housing and has several properties across the country.

"SO Resi Ealing is a great example of how shared ownership makes it possible to buy a new home in a great location that people could not otherwise afford."

Esaiyas Mollallegn, Head of Marketing at SO Resi, talking to Home Focus Magazine

ROXY BALL ROOM (FORMER BHS)

Location: Liverpool



Former BHS offers a potential new venue for Roxy Ball Room in Liverpool. Photo source: Roxy Ball Room

Playing ball in former BHS

Founded in 2013 by Leeds brothers, Matt and Ben Jones, Roxy Ball Rooms and Roxy Lanes are dedicated to bringing a fun nightlife experience through great gaming, beer, food and music.

There are currently seven locations across Leeds, Manchester, Nottingham, Birmingham and Liverpool. Moving into the former BHS cafe premises at Rainford Square, the venue features a nine-hole mini golf course, four full-size bowling lanes, shuffleboard, ping pong, pool and retro arcade gaming.

“Liverpool is a fantastic city and when the opportunity presented itself to take on the beautiful brick and glass building in Rainford Square we grabbed it with both hands. Our existing site in Liverpool One has really been embraced by the locals who have made it the go-to place for a fun, different night out.”

Matt Jones, managing director of Roxy Ball Room, talking to The Guide (Liverpool)

LUMLEY SHOPPING PLAZA (FORMER BEALES)

Location: Skegness



Former Beales department store becomes home to independent retailers at the new Lumley Shopping Plaza. Photo source: Lincolnshire Live

Former Beales department store becomes home to over 30 independent retailers

Opening in April 2021, the new shopping plaza, on Lumley Road, breathes new life into an iconic town centre stalwart - the historic Beales department store which was in business for 140 years, and closed its doors in early 2020. The Lumley Shopping Plaza is a fresh shopping destination geared around supporting local independent businesses and now hosts over 30 independent retailers, a garden centre, restaurant, post office, event space, and soon-to-open escape rooms.

The new development was embarked on by Indoor Retail Properties Ltd and is now run by founders, husband and wife team, Asa and Carol Cripse.

“Our traders have been really positive that the shopping plaza will help bring the high street back to life.”

Asa Cripse, co-founder of Lumley Shopping Plaza, talking to Lincolnshire World, March 2021



FLIP OUT (FORMER BHS)

Location: *Doncaster* | Image source: *Flip Out*

Caught in the net

The rapid rise of online shopping as a bare necessity during the heavy days of lockdown, is here to stay. E-commerce is estimated to have grown 46% in the UK last year with an estimated 25% of spend predicted to stay online. Interestingly, the most significant online juggernaut of them all – Amazon – has just opened its first UK non-food store, 4-Star, in Blue Water, Kent. In contrast, fast fashion retailer, Primark continues to thrive, taking up 16 former department store spaces up and down the country.

Takeout

While consumers were forced to adopt and adapt to online retail during the pandemic, we have merged the two worlds as part of our natural shopping behaviour. Consumers however still like to experience products in the flesh to feel confident they're making the right choice. Shopping is also a social pastime. Brands have recognised this, so the need for physical retail spaces which might double as interactive showrooms, think the Apple model, will remain and evolve as more brands cotton on to the advantages of 'merged' retail.

Love thy neighbour

'Being apart together' was a lockdown mantra we all became familiar with. Our community spirit soared. We became united in making sure our favourite local haunts and businesses stayed put. This local level thinking has increasingly been transported to much larger enterprises with various hyper-local community projects cropping up all over the place. Trailblazing startups like the Really Local Group (London and South East), PRIMEYARC (Great Yarmouth) and the Lumley Shopping Plaza (Skegness) have brought together a mixture of local retail, entertainment, cultural experience and food artisans under the roof of former department stores. They're not just surviving, they're thriving.

Takeout

Local councils are starting to not only recognise, but embrace the needs of their local communities, they are spotting opportunities to breathe new life into town centres, and taking risks. Tailored multi-use communal spaces, which reflect the locality rather than being clones of every other town centre, will continue to be on the rise.



SO RESI, EALING (FORMER BHS)

Location: *Greater London* | Image: *David Cabrera*

Shopping for a home

Our study found that one of the most popular uses for revived department store spaces was housing. The majority of residential conversions also incorporated a mix of retail at street level. While many of these redevelopments are relatively new, John Lewis is one traditional retailer flipping this model on its head – announcing they're turning stores into homes.

Takeout

Creating affordable housing introduces fresh, often younger residents right into the heart of our town centres – providing instant vibrant communities which require dynamic businesses and services. Forward-thinking urban councils will see the transformation of disused department stores as a neat solution to the housing crisis.

Reuse, redevelop or repurpose?

RIBA made a splash earlier in 2021 when they asked the construction sector to take more note of the carbon footprint implications of brownfield development, and advocated a 'whole life carbon (WLC)' approach. RIBA has called for a more rigorous assessment of the carbon impacts of buildings, right from the supply of raw materials and their transportation, the construction process, the use of the building, and its eventual demolition or disposal. This focus will inevitably shine brighter in the months after COP26 and department stores, by their nature of being prominent and large buildings, are expected to be increasingly subjected to assessment over exactly how they are revitalised.

Takeout

Our research shows that 13.5% of redeveloped department stores either have already been, or are proposed to be, demolished. We expect that there will be an increased level of interrogation on the necessity of demolition of existing buildings in the coming years.

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