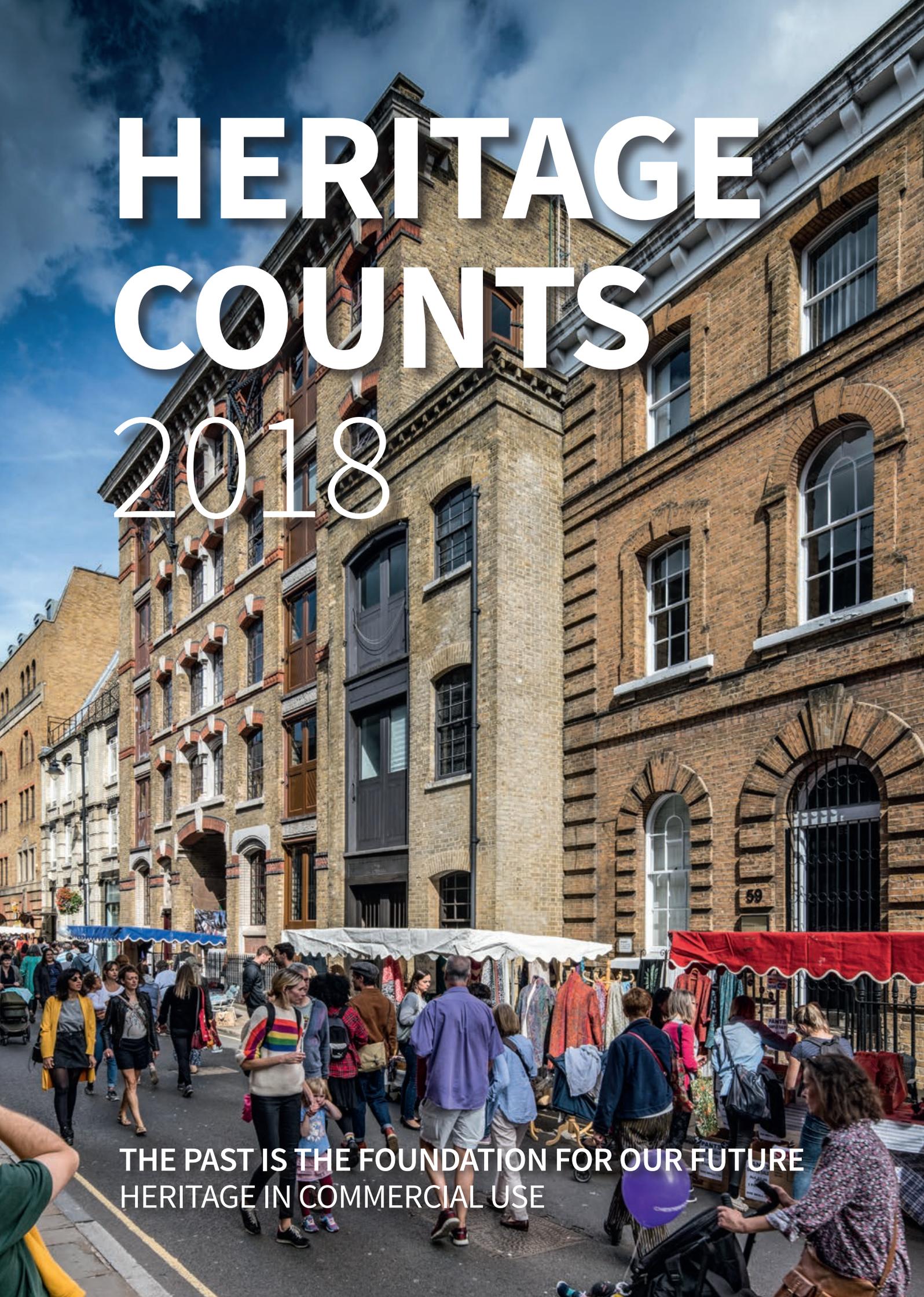


HERITAGE COUNTS 2018



THE PAST IS THE FOUNDATION FOR OUR FUTURE
HERITAGE IN COMMERCIAL USE

Businesses in listed buildings

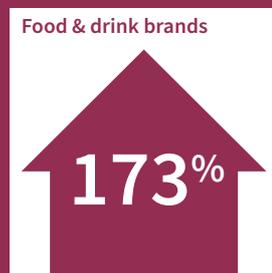
142,000

businesses operating in listed buildings across England

18%

2012-2018

Occupiers of listed buildings – Change 2012-2018



10 most prevalent occupiers of listed buildings



Heritage assets shaping the economy today

26%

of creative industries are located in conservation areas

THEY PROVIDE BETWEEN 460,000 AND 530,000 JOBS

THEY GENERATE BETWEEN 22bn & 25bn TO THE ECONOMY

2/3

of the creative industries in CAs are in London conservation areas

1. Introduction

“As cities expand rapidly, conservation and continued use of heritage can provide crucially needed continuity and stability. A city’s conserved historic core can differentiate that city from competing locations thus helping the city attract investment and talented people. In addition, heritage anchors people to their roots, builds self-esteem, and restores dignity. Identity matters to all vibrant cities and all people. In other words, the past can become a foundation for the future.” (Rachel Kyte, Vice President, Sustainable Development Network, The World Bank in G Licciardi, 2012)

The historic environment is one of the ‘capital stocks’ or ‘resources’ that businesses need to become established and to thrive. Businesses need physical capital including premises to operate from as much as they need human capital and financial capital. As technological advances drive changes in consumer behaviours and work practices, the demands on physical capital and heritage are evolving and arguably growing in importance.

Experts point to the growing importance of the concept of ‘experiential retail’ as consumers increasingly demand *“unique, curated and immersive experiences”* and not just places for routine shopping (Moore, 2018). Similarly, the workplace is no longer a static backdrop for process-based, largely routine and solitary work. It is increasingly agile and an actively curated environment, managed more like a hotel than a traditional office, with concierge-type services and generally a high level of service for workers (Ramidus, 2018).

‘Experiential retail’ and ‘agile working’ are two concepts that centre on the ability of places and premises to provide attractive and unique environments that foster community and social interaction (Deloitte, 2013). Heritage is an important means of differentiation and experiential marketing as the historic environment provides authenticity, distinctiveness and brings credibility to national and local place brands (Heritage Counts, 2016).

Through careful economic development policies driven by conservation, and through engagement with communities and entrepreneurs, heritage assets can be a powerful contributor to the competitive advantage of place and to the social prosperity of local economies.

“In today’s highly competitive environment for talent, a compelling quality of place – a community’s attractiveness to existing and future residents and workers – is a competitive advantage.”

(CAG 2017)

Our heritage is constantly evolving; accommodating the old and the new, the traditional and the contemporary, and linking the past with the future. Heritage assets in commercial use tell the story of those who came before us and of how our economies have evolved and shaped into what we see today. It is vital that we continue to tell these stories.



Bermondsey Street Festival, Bermondsey Street, Bermondsey, Southwark, Greater London © Historic England Archive

HERITAGE COUNTS 2018 RESEARCH

Heritage Counts 2018 presents new evidence focusing on the commercial use of heritage in town and city centres and in conservation areas. The evidence includes:

- A detailed examination of retail, hospitality and commercial operations² within listed buildings in 55 city and town centre locations in England. This year's research builds on evidence from 2012 ([HLF, 2013](#)) using the same method. 50 of the 55 places are comparable in 2012 and 2018.
- A survey of 509 commercial businesses occupying listed buildings examining the opportunities and challenges of locating in listed buildings. The evidence demonstrates that occupiers are overwhelmingly satisfied with their premises particularly due to the positive exterior appearance and the contribution these premises make to the surrounding areas.
- Interviews with developers who specialise in the conversion of historic buildings were undertaken to understand the main factors that contribute to the successful re-use of historic buildings.
- Research exploring and discussing the changing nature of the economy, new businesses and new work-styles. These changes are leading to fundamental changes in the occupation of commercial spaces and to the rise of so called 'agile working'.
- Analysis of an important and emerging economic sector – creative industries. The research examined a sample of 35,000 creative businesses in conservation areas.

- Detailed case study evidence from 12 conservation areas examining the growth of creative industries in place. The case study evidence demonstrates that where heritage assets become functionally obsolete, these assets can be successfully reused and adapted to accommodate contemporary businesses and work-styles.

The discussion in this document is structured as follows:

- **Section 2** presents contextual evidence of the growing importance of heritage for 'experiential retailing' through the economics of uniqueness ([Page 6](#))
- **Section 3** demonstrates the growth of commercial activities in listed buildings in 55 towns and cities ([Page 11](#))
- **Section 4** discusses the importance of the historic environment for new work-styles and workplace structures ([Page 16](#))
- **Section 5** presents evidence from an analysis of creative industries in conservation areas ([Page 21](#))
- **Section 6** presents findings from 12 case studies looking at the emergence of creative industries in conservation areas ([Page 28](#))
- Finally, the conclusions of the *Heritage Counts 2018* are presented in **Section 7** ([Page 31](#))

² Commercial uses include retail uses (comparison retail, retail services and fashion retail), eating and drinking establishments, creative industries, non-professional services and professional services. The analysis excludes uses including attractions, accommodation, sports and entertainment, education and health, public infrastructure, manufacturing and production and transport. The analysis therefore only refers to a sample of commercial activity in listed buildings.

2. Heritage, the economics of uniqueness and ‘experiential retail’

“Any good strategist will attest that the key to a successful strategy is to positively differentiate your product from your competitors, and that... efforts [to look exactly like others] are therefore wasteful and self-defeating” (John O’Brien in G Licciardi, 2012).

Our towns, city centres and high streets have witnessed unparalleled change as a result of technological advances and macroeconomic trends.

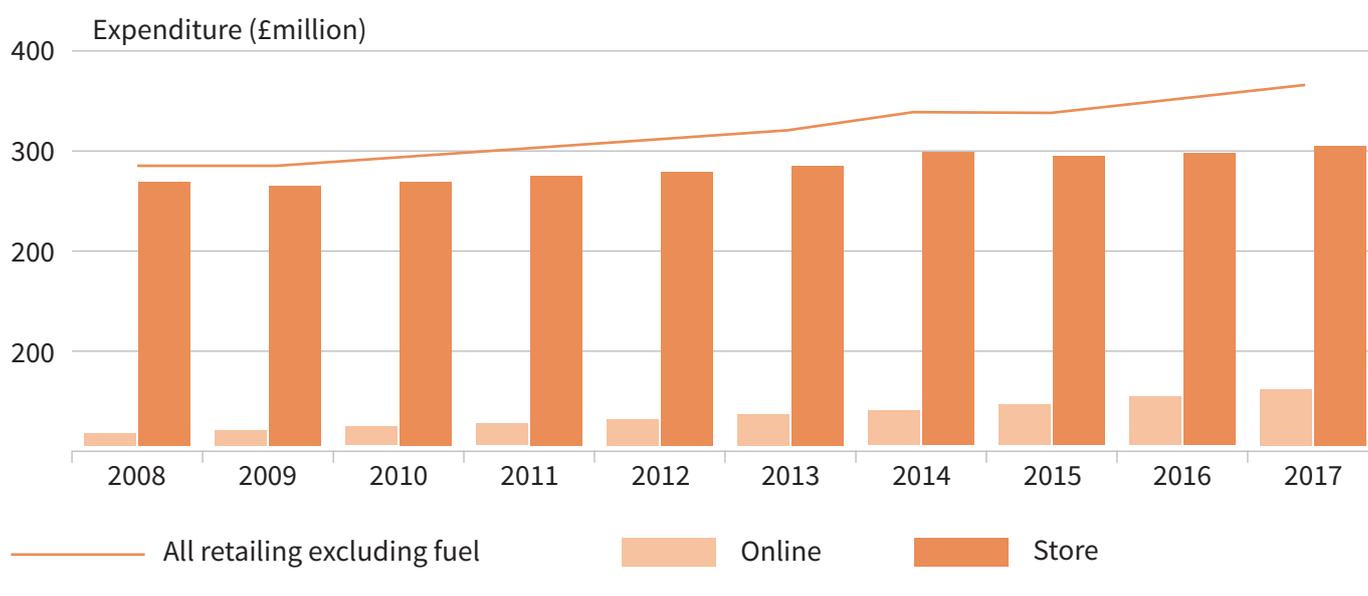
Nowhere has the impact of these forces been felt as much as in the retail and hospitality sectors in recent years. The rise of e-commerce, 4G mobile technology and tech solutions such as same-day delivery options have brought about seismic change in consumer behaviour and consequently the physical capital needs of retail and hospitality businesses.

The Office for National Statistics (ONS) reports that in the last decade, online sales have increased six-fold as illustrated in **Figure 1**. In proportionate terms the money spent online has increased from an average of 4.9% in 2008 to an average of 16.3% in 2017 (**ONS, 2018**).

This means that nearly one-sixth of every pound was spent online in 2017 (**ONS, 2018**).

Economic and market forces are challenging the economic fortunes of traditional bricks and mortar retailing, resulting in waves of store closures, rising vacancy rates and a raft of retailer administrations and failures (**Springham, 2017**). 2017 and 2018 witnessed the collapse of some of the largest and best known national retail brands including Toys R Us, Homebase, Office Outlet and Maplin to name a few. In many cities and towns, where large anchor stores once stood dominant and thriving, remain only large, shells of vacant floorspace. This is leading to very real concerns for the future of our towns, cities and high streets.

Figure 1: Annual total retail sales, store-only sales and online-only sales (2006=100); Online sales as a proportion of all retailing (2008–2017)



Source: ONS, September 2018, Comparing “bricks and mortar” store sales with online retail sales: August 2018
<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/articles/comparingbricksandmortarstorestoalineretailsales/august2018>

This decline of town centres and the high street has long been debated in the UK. Seminal research from the New Economics Foundation including the 2007 Clone Town Britain report, argued that action was needed to halt the “*creeping homogenisation of the British high street*” which was seeing local independent shops replaced by “*swathes of identikit chain stores*” (NEF, 2007). This, it was argued, was leading to indistinguishable high streets, lost local identities, disenfranchised communities and a loss of sense of place.

A steady stream of studies and reviews, most notably the government commissioned **Portas Review** of 2011 continued to predict similar patterns of decline and highlighted the growing vulnerability of town centres and high streets. The recent withdrawal of well-known household brands from towns and cities, suggests that this conjecture is now coming to fruition.

Experts suggest that town centres and high streets have to take on a new role in order to meet changing consumer demands (Moore, 2018; Deloitte, 2013). The future – it is argued- is around ‘experiential retail’ as consumers increasingly look for “*unique, curated and immersive experiences*” and not just a place for routine shopping (Moore, 2018). Within this concept, places are destinations that must provide a multifunctional mix of retail, leisure and eating services as well as provide “*emotional storytelling, sensory immersion and human connections*” in order to thrive (Moore, 2018). They must offer a social experience that cannot be replicated elsewhere – they must differentiate themselves from other places (Deloitte, 2013).

Heritage is an important means of differentiation and experiential marketing as the historic environment provides authenticity, distinctiveness and brings credibility to national and local place brands (Heritage Counts, 2016).

“In my generation as retailers, we successfully cloned every town in Britain so they all looked the same, but clearly that doesn’t work. All the towns have a heritage and history and their reason for uniqueness needs to be brought to the fore”.

Bill Grimsey, former head of Wickes, Iceland and Focus DIY, Author of Grimsey Review: *The Vanishing High Street* (BBC, 2018)



Exterior view of the tiled shop front P Galkoff family butchers shop Merseyside Liverpool. © Historic England Archive

Historic buildings, monuments and spaces shape how our towns, cities and rural areas look and feel.

They add to the unique character of places signifying the culture of places and playing an important part in shaping peoples' perceptions and authentic experiences of a place. The authenticity heritage provides is vitally important within the concept of the 'experiential retail' – O'Brien (2012) argues that the idea that creating a cultural centre by adding an art gallery/antique shop to an otherwise bland development is misguided. *"The key to successful differentiation is to build on urban assets that are unique to the city. In most cases, this will involve regeneration of historic core areas of the city in a manner that is sensitive to their cultural heritage"* (G Licciardi, 2012).

Evidence from a survey of listed building occupiers confirms that the main benefit of occupying a historic building is because it "contributes to the positive atmosphere of the surrounding area".

This is closely followed by the positive exterior appearance provided by the building.



Murrays Mill, Redhill Street, Ancoats, Manchester. Interior showing retail units within the Grade II and II* listed former stream powered cotton mill which is being converted mixed residential and commercial use. © Historic England Archive

Figure 2: The benefits of being located in a listed building



Source: Qa Research, 2018, Survey of occupiers of listed buildings.



Upper St Nicholas Street, credit: Sheila Moss King

CASE STUDY: DISS MARKET TOWN

Diss is a compact historic market town in the district of South Norfolk, built around a six-acre body of water known as ‘The Mere’. The “*Heritage Triangle*” is the name given to the £3.4m programme designed to help regenerate the old commercial heart of Diss.

The town was a royal manor at the time of the Domesday Book and subsequently developed into an important market town, trading in the wool and linen textile industries. The wealth generated led to the construction of many of the town’s surviving medieval buildings including the parish church, guildhall and warehouses. Latterly, the eighteenth and nineteenth century saw the addition of a number of fine townhouses, including the striking neo-classical Corn Hall.

The arrival of three supermarkets to the south of the town, caused a change in focus away from the old centre, albeit the supermarkets are only six minutes walking distance from the Triangle itself.

The challenge for the Heritage Triangle programme therefore was to capitalise on this ready-made footfall of over 60,000 visitors per week. A £3.4m regeneration project, funded by the HLF, Diss Town Council and Norfolk County Council, oversaw a number of projects designed to breathe new life into the heart of the town, including the Corn Hall restoration and extension to create a 21st century arts and heritage venue, the focus of the Triangle; public realm works including restoring and creating

the Mere Boardwalk & Wildlife Gardens; forming the Diss Heritage Triangle Trust to promote the Triangle, generate income to maintain investment for the future, caring for the planters, managing the garden, staging events.

Since the inception of the project in 2014, vacancy rates in the area have fallen from a high of 19% (86 retail units) to just 5% in 2018.



Before and after images. Garden from terrace June 2014; garden and new floating boardwalk on Mere, Apr 2018. © Sheila Moss King

The economics of uniqueness describes how heritage can attract residents, visitors, businesses and investment, providing places with a competitive advantage (*Heritage Counts, Heritage and the Economy 2018*).

Heritage plays an important part in shaping peoples' perceptions and authentic experiences of a place. Places that are aesthetically pleasing have an attractive power that encourages people to congregate there. The unique character of heritage assets and historic places creates the desire amongst members of the public to conserve and protect heritage for current and future generations.

The density of heritage assets is highly and positively related to the concentration of firms in a local economy. Distinctive and characterful working spaces are a 'pull' factor for businesses.

'Period' properties and historic features are highly sought after and they command a property price premium.

Investing in the historic environment generates economic returns for local places with the returns on heritage-led regeneration projects demonstrably outstripping costs.

Underused historic assets have the capacity to generate thousands of new jobs and new homes.

The future of our town centres and high streets is now one of the top priorities of national and local political agendas. In the 2018 Autumn Budget, the government announced £1.5 billion to support high streets including the £675 million Future High Street Fund (**HM Treasury, 2018**). The Fund also includes a commitment of "£55million for heritage-based regeneration, restoring historic high streets" (**HM Treasury, 2018**).

The conservation of the historic environment is such a vital instrument in the solutions for our future cities, towns and high streets.



George Ellis (Silversmiths & former cutlery works room), Sheffield, South Yorkshire. Located in the heart of Sheffield's Cultural Industries Quarter and once the workshop of a world renowned silversmith, George Ellis, 111 Arundel Street now houses an independent restaurant which celebrates locally sourced, seasonal Yorkshire ingredients. © Historic England Archive

3. Commercial occupiers of listed buildings in cities and town centres

This year *Heritage Counts* returns to research undertaken in 2012 by the Heritage Lottery Fund and English Heritage (HLF, 2013). The research was inspired by the work of Jane Jacobs and her adage that ‘new ideas need old buildings’, and was published under that title (Jacobs, 1961). The research was the first comprehensive study to look at the occupation of historic buildings by commercial businesses – hence at the relationship between the historic built environment and economic activity.

The 2018 *Heritage Counts* research replicates the method used in 2012 thus enabling an analysis of change over time in the occupation of listed buildings in 50 cities and town centres³. Indeed, this ‘tracking’ type of research can be seen as a sign of the growing maturity of economic research in the heritage sector, as it moves away from standalone studies attempting to prove or establish the scale of economic impact of heritage, to work which investigates and measures changing impact over time.

There are approximately 142,000 businesses in listed buildings in town and city centres across England. This includes retail, hospitality, accommodation, entertainment and commercial operations in listed buildings in town and city centres across England.

Retail occupiers are the largest subsector occupying listed building nationally.

Figure 3: Occupiers of listed buildings, England⁴

Comparison Retail – Independent	19,082	13%
Retail Services – Independent	16,246	11%
Fashion – Independent	11,688	8%
Convenience Retail – Independent	4,136	3%
Total Independent Retail:	51,151	36%
Comparison Retail – Branded	3,585	3%
Retail Services – Branded	8,402	6%
Fashion – Branded	4,925	3%
Convenience Retail – Branded	1,637	1%
Total Branded Retail:	18,550	13%
Charity Retail	1,616	1%
Total Retail:	71,317	50%
Eat and Drink – Independent	21,626	15%
Eat and Drink – Branded	4,754	3%
Total Eat and Drink:	26,380	19%
Creative Industries	7,559	5%
Non-Professional Services	9,418	7%
Professional Services	19,772	14%
Total Commercial:	36,749	26%
Accommodation	3,575	3%
Entertainment	3,823	3%
Place of Worship	376	0%
Total Uses:	142,221	100%

Source: **Colliers 2018a**

³ 50 of the 55 towns and cities examined are comparable between 2012 and 2018.

⁴ Convenience goods: Broadly defined as food, drinks, tobacco, newspapers, magazines, cleaning materials, toilet articles. Comparison goods are all other goods not classified as convenience goods – consumers purchase these relatively infrequently e.g. household appliances, cars, etc.

* **Note:** the definition of creative businesses in the data above is different to the official definition of creative industries according to DCMS.

The number of business operations in listed buildings has increased since 2012. The number of businesses occupying a listed building has increased by 18% since 2012. In the same time business occupation of non-listed buildings has increased by 29% in part reflecting the finite stock of heritage assets.

Figure 4: Occupation of listed buildings in 50 places, 2012 and 2018

	2018	2012	Change
	LISTED		
Independent Retail	3,762	4,609	-18%
Branded Retail	1,549	611	154%
Charity Retail	100	107	-7%
Independent Eating/Drinking	1,921	1,981	-3%
Branded Eating/Drinking	635	233	173%
Creative Industries	790	629	26%
Non-Professional Services	1,042	674	55%
Professional Services	2,554	1,621	58%
Total	12,353	10,465	18%

Source: [Colliers 2018a](#)

The increases reflect macroeconomic conditions in 2012 and in 2018. It is now six years since the original research was undertaken - at that time, the UK economy was emerging from the deep financial crisis and recession of 2008/09, consumer spending was depressed and business investment low. The nation was also locked in the grip of tough austerity measures with deep public sector cuts and an uncertain economic outlook.

Since 2012 the economy has gradually returned to growth however remains sluggish amid Brexit uncertainty ([IFS, 2018](#)). Economic activity has been varied across the country – with London returning to growth relatively quickly after the recession, whilst conditions remained depressed in other regions ([ONS, 2018](#)). More recently stronger growth has been recorded in areas of the North and Midlands, which are now beginning to grow closer to the rate of London and the South East ([ONS, 2017](#)). While public sector spending cuts are set to continue in the short term, the government recently announced that the “*era of austerity is finally coming to an end*” with public spending projected to grow 1.2% above inflation from 2020 ([HM Treasury, 2018](#)).

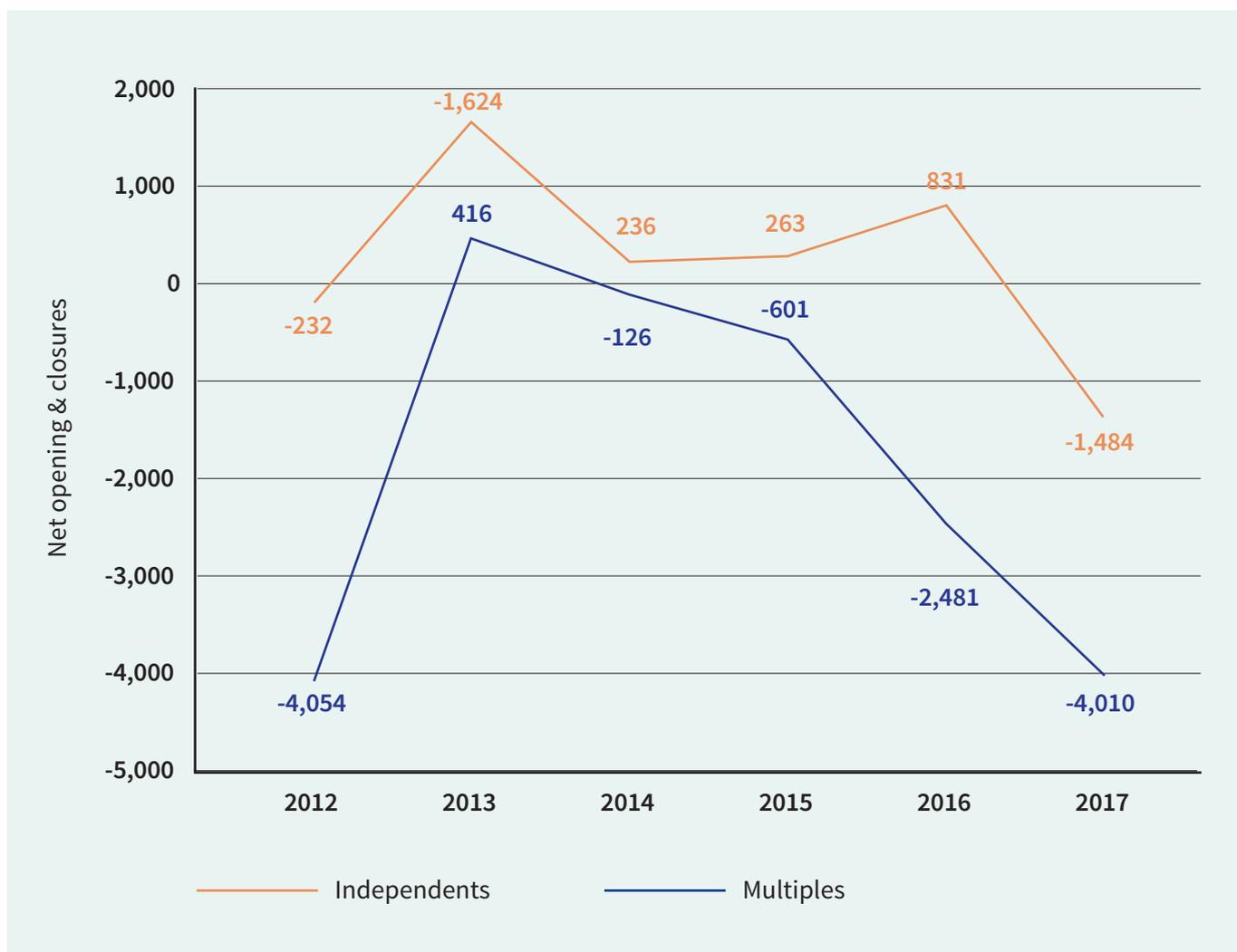


Exmouth Market, Clerkenwell, London. © Historic England Archive

Independent businesses are more likely to occupy listed buildings. Independent retail and hospitality sectors are the largest occupiers of listed buildings in the sample of 55 towns and cities and particularly in London’s central business district and small towns. A fashion shop, in particular, is almost twice as likely to be in a listed building than in a non-listed building in central London. Independent eating and drinking establishments in listed buildings are 39% more likely to be found in listed buildings than non-listed buildings.

According to the Local Data Company (LDC), independent businesses are particularly important in the current retail environment as national brands continue to consolidate by reducing the number of shops, leaving behind vast amounts of empty floorspace ([Local Data Company, 2018](#)). Research has revealed that 102 BHS stores remain empty nearly two years after the high street chain collapsed, and only 29% of the 164 stores which were closed have been re-let or sold ([British Property Federation, 2018](#)). Empty spaces correlate with low economic prosperity (see [Figure 5](#))

Figure 5: Occupation of listed buildings in 50 places, 2012 and 2018



Source: LDC Retail and Leisure Trends Report 2017/18, June 2018

The LDC monitors over 300,000 independent shops across 1,300 towns and shows that in each year since 2013 there has been a net increase in the number of independents, up until 2017 when they exhibited a net loss for the first time since 2012 ([Local Data Company, 2018](#)). In contrast however multiples have exhibited an on-going and more severe net loss each year since 2014.

There has been a surge in branded retail and eating and drinking establishments occupying listed buildings. Branded retail and branded eating and drinking establishments, while less likely to be located in a listed building than in a non-listed building, still occupy a substantial proportion of listed buildings – 13% and 3% of all listed buildings respectively ([Colliers, 2018a](#)).

Branded eating and drinking establishments occupying listed buildings are increasing at a significant rate – between 2012 and 2018 they increased occupation

by 173%. Nationally take-up amongst eating and drinking establishments is growing in towns and cities, meanwhile shops selling comparison goods (e.g. bulky white goods, electronics, books) continue to exit towns and cities ([British Property Federation, 2018](#)). Cafes & tearooms and coffee shops are the top 4th and 5th type of new business opening between 2012 and 2017 ([Local Data Company, 2018](#)). Barbers are the top ranking sector.

Equally branded retailers in listed buildings increased by 154% between 2012 and 2018 ([Colliers, 2018a](#)).

Branded pubs are the most prevalent occupiers of listed buildings. Pub brands are by far the largest occupiers of listed buildings with Greene King and Marstons being the most prevalent brands of all types located in listed buildings. This is closely followed by large coffee chains like Caffè Nero, Starbucks Coffee and Costa occupying listed buildings in several towns.

Figure 6: Largest brand occupiers of listed buildings in 55 towns and cities

Convenience Retail		Comparison Retail		Eat and Drink	
Greggs	14	WHSmith	9	Greene King	24
Tesco Express	7	Roly's Fudge Pantry	7	Marstons	22
Warrens	5	Specsavers	6	Caffè Nero	21
Londis	4	Waterstone's	6	Mitchells & Butler	19
Patisserie Valerie	4	Amplifon	5	Stonegate Pubs	17
Sainsbury's Local	4	Mr Simms	4	Starbucks Coffee	15
Retail – Fashion		Paperchase	4	Nicholson's Pubs	14
Monsoon	11	Charity Retail		Wetherspoon	14
Jigsaw	7	Oxfam	8	Shepherd Neame	12
The Edinburgh Woollen Mill	7	British Heart Foundation	5	Costa	11
Karen Millen	6	Age UK	4	Pizza Express	11
TM Lewin	6	Retail Services		Loch Fyne	9
White Stuff	6	Santander	17	Subway	9
Clarks	5	Countrywide	15	Fullers Pub	8
Country Casuals	5	Lloyds	15	Pret A Manger	7
Goldsmiths	5	NatWest	14	ASK	6
Hobbs	5	Barclays	11	McDonald's	6
Jaeger	5	Royal Mail	10	Zizzi	6
Joules	5	Timpson	10	Cote	5
Mint Velvet	5	HSBC	9	Prezzo	5
Office	5	RBS	8	Slug & Lettuce	5
Pandora	5	Toni & Guy	8	Tokyo Industries	5
Phase Eight	5	TSB	8	Turtle Bay	5
Warehouse	5	Savills – Smiths Gore	7	Realpubs	4
Crabtree & Evelyn	4	Yorkshire Bank	7	Yates's	4
French Connection	4	Co-operative Bank	6	Young's	4
Gap	4	Martin & Co	6	Entertainment	
H & M	4	Nationwide	6	Ladbrokes	14
H Samuel	4	Mail Boxes Etc	5	Coral	10
Jones Bootmaker	4	O2	5	Betfred	9
Molton Brown	4	The Carphone Warehouse	5	William Hill	7
Moss Bros	4	Bridgfords	4	Professional Services	
Oasis	4	STA	4	Hays	15
Russell & Bromley	4			Adecco	4
Superdrug	4			Manpower	4
Sweaty Betty	4			Office Angels	4
Whistles	4			Randstad	4
				Relate	4
				The Best Connection	4

Source: [Colliers, 2018a](#)



The Apple Tree Public House (Grade II listed), Warner Street, Clerkenwell, London. © Historic England Archive

While brands are growing occupiers, independents in listed buildings are declining.

The occupation of listed buildings has grown since 2012 except amongst independent retailers (down by 18%) and independent eating and drinking establishments (down by 3%).

The evidence suggests that independent businesses are at risk of being squeezed out of listed buildings as brands increasingly occupy these spaces. It also alludes to a continuation of the Clone Town Britain phenomenon with the future of heritage assets across several towns and cities increasingly interlaced with the fortunes of individual brands.



The Albert (Grade II listed), Victoria Street, London, © Historic England Archive

4. New work-styles and new workspaces: Agile working in the historic environment

The structural changes in the occupation of commercial space are not limited to the retail sector. Within commercial office sectors technology enabled knowledge work has wrought major changes in how workers and employers engage with one another and the space they need and occupy.



Entrance to Canada House, Chepstow, Manchester. The Grade II listed former textile warehouse was acquired by LJ Partnership who have transformed it into a modern workplace featuring a coffee bar, a facility for events, presentations and film screenings, and an environment conducive to co-working and networking. © Karl Creaser

Growing numbers of firms are no longer tied to traditional office environments. Today, businesses must be capable of continuously adapting to changing market conditions; they must be fleet of foot and flexible ([Ramidus, 2018](#)). Businesses are adopting new corporate structures achieved through flatter, leaner and more agile organisational structures and business processes. They are adopting 'agile working' practices reflecting the increasing popularity of agile project management, an iterative approach to planning and guiding project processes that is especially prevalent in the software development industry.

Using technology as a key enabler, 'agile working' involves a more mobile and collaborative work-style; it involves working in a variety of settings: the office, at home, at client/partner premises and on the move. Laptops, tablets and smart phones in many organisations now barely distinguish between personal and business use, and in growing numbers of businesses there is a 'bring your own device' approach ([Ramidus, 2018](#)). Similarly with telephony: fewer and fewer workers have a traditional desk phone; and it is likely that this once indispensable piece of office equipment will disappear altogether during the coming decade.



View of former Wallis department store tea room with murals of famous opera scenes, now an IT department. Oxford Circus, Westminster, Greater London. © Historic England Archive

As work-styles are changing so too are workplaces

– they are becoming more stylised, attractive (in the sense of attracting workers to them) and experiential. The workplace is no longer static backdrop for process-based, largely routine and solitary work. It is increasingly an actively curated environment, managed more like a hotel than a traditional office, with concierge-type services and generally a high level of service for workers (Ramidus, 2018). The ‘experiential workplace’ requires spaces that are conducive to socialising, to learning and fostering a sense of belonging.

Office buildings are becoming ‘less generic’ and increasingly multi-purpose. They instead work harder to provide choice and flexibility for the individual and the firm. Landlords are designing and managing buildings not only as multi-let spaces, but also as multi-use spaces. The flexible space market is playing an increasingly important role providing agility and flexibility for larger corporate organisations as well as small, modern, knowledge-based businesses, who wish to match the quality of space and service enjoyed by larger organisations (Ramidus, 2018).

Flexible office markets can also provide temporary, or project space, on less onerous terms than those offered by traditional leases. Data from Savills shows that serviced office take up across the UK continued

to gain momentum in 2017 with the full year figures standing at 2.9 million sq ft, reflecting a 157% increase on 2016 (Savills, 2018). Regional markets outside of London and the M25 saw “unprecedented growth levels with serviced office take-up totalling 436,063 sq ft in 2017, representing a YOY increase of 406%” (Savills, 2018).

Another significant trend, especially in cities, is “office campuses”. These are large workspace developments, with multiple buildings, that are constructed with a view to creating a strong sense of place and personality, one that is attractive to people who might potentially work there. They pay particular attention to pseudo-public realm and ground-floor space, both being privately-owned and managed and carefully curated. Well-known examples are Kings Cross and Paddington Central in London.

“The office is “becoming less a place to go to work on a set of prescribed tasks, and more somewhere to visit and interact with colleagues”

(Ramidus, 2015).

CASE STUDY: TOFFEE FACTORY, NEWCASTLE UPON TYNE



Toffee Factory sits within the Ouseburn Valley area of Newcastle near the Quayside. Newcastle City Corporation purchased the land in 1872 to build a two-storey sanatorium for imported cattle. By the turn of the century the buildings stood unused, and Newcastle Corporation set out to find an alternative use. In 1906, it approved a request from sweet maker Maynards to lease some of the space. The firm extended its leases and grew on site. However, the site once again fell into disuse in the late-1950s when the factory ceased production. In 1993 the site was badly damaged by fire, and the building shell lay derelict until it was transformed into the Toffee Factory in late 2011.

The site was sensitively refurbished to provide high quality, contemporary serviced office space for a range of digital and creative businesses, from start-ups in a shared workspace to larger offices for established companies. All offices have raised floors with internet, telephone and power points located in floor boxes. Toffee Factory can also provide a postal address and telephone answering service.

Space is available via an “annual easy-to-read licence which allows for two months’ notice at any point, providing a highly flexible working environment”. Costs are inclusive of heating

and electricity. Offices are accessible 24/7/365, and occupiers are able to “grow or shrink your business within the building at short notice, even taking on temporary project space as it is needed. Increasingly, people need greater flexibility than just a fixed office in a building”. Toffee Factory is now home to over twenty digital and creative businesses.

Toffee Factory is within walking distance of the city centre and mainline rail station with good transport links by road. Ouseburn has a unique community feeling of its own with pubs and places to eat on the doorstep. There is even accommodation at the neighbouring hotel. Meeting rooms are available to hire for internal companies for free. Toffee Factory also has an Event Space for external hire with a fixed projector and seating for up to 70 people.

The development has won three RIBA North East Awards: “The derelict Toffee Factory, with trees growing out of its ruined shell, has been reincarnated as a managed work space for the creative industries” becoming a landmark in the regeneration of the Ouseburn Valley.

Source: **Ramidus, 2018**

We gratefully acknowledge the help of Customer Service Administrator Ruby Glover in preparing this case study. Image courtesy of Garrod Kirkwood.

Heritage has an important role in accommodating the new work-styles and workspaces. Physical heritage assets evolve over time responding to the different requirements of occupants taking on new appearances, accommodating new uses and performing new functions. The Winkley Estate, for example, in the Old Bethnal Green Road Conservation Area is a group of workshops and houses completed in 1904, originally housing craftsmen and artisans who were able to rent a home and a workshop. Remarkably the Estate has survived – it has survived the WWII Blitz which badly damaged parts of the Estate as seen on London County Council’s bomb maps; it survived the post war slum clearance programme which redeveloped large areas around the conservation area, creating the present townscape. The Estate also survived the industrial and social decline of the area in the 1970s and 1980s which led to the dissolution of long standing local communities, environmental blight and poverty. However, by the 1990s perceptions of the area gradually began to change as large parts of the East End were regenerated. The Winkley Estate today provides shops, workshops and ‘co-working’ and shared office spaces popular amongst small start-up businesses. In particular, creative industries have reclaimed the Estate as the original design of the Estate is very well suited to such activities, and thus to their re-establishment in the same buildings. While many of the original trades left the area in the post war period, the Estate has since returned to something like its original purpose without major physical change (Colliers 2018b).

Heritage is a positive contributor to Public Realm and the ‘ambiance’ of an area. Evidence shows that public realm is becoming increasingly important to many occupiers as they seek to create and reinforce a sense of community and belonging. Indeed anecdotal evidence from creative businesses based in the conservation areas found that the primary reason for them being located there was “*ambiance of the area*” (Colliers, 2018e). Equally evidence from the listed building owners’ survey 2018 demonstrates the importance of the ‘ambiance’ (Qa Research, 2018).

England’s built heritage is renowned for its aesthetic value, its beauty and character and thus its contribution to the “*ambiance*” of an area (Heritage and Society, 2018). The local diversity of styles and materials, the quality of its craftsmanship and its compelling sense of longevity make historic buildings and structures an attractive part of the built environment.

Analysis undertaken for the British Council by Ipsos Mori in 2014 confirms this (British Council, 2014). The research found that amongst international survey respondents culture and heritage are overwhelmingly the main factor contributing to the UK’s attractiveness (British Council, 2014). This applies equally amongst business visitors, tourists or students; amongst people who had or had not visited the UK; amongst those who had and those who had not done business with the UK (British Council, 2014).

Figure 7: Factors of attractiveness as rated by different interest groups

Question: Which if any, of the following characteristics particularly contribute to making a country attractive to you?

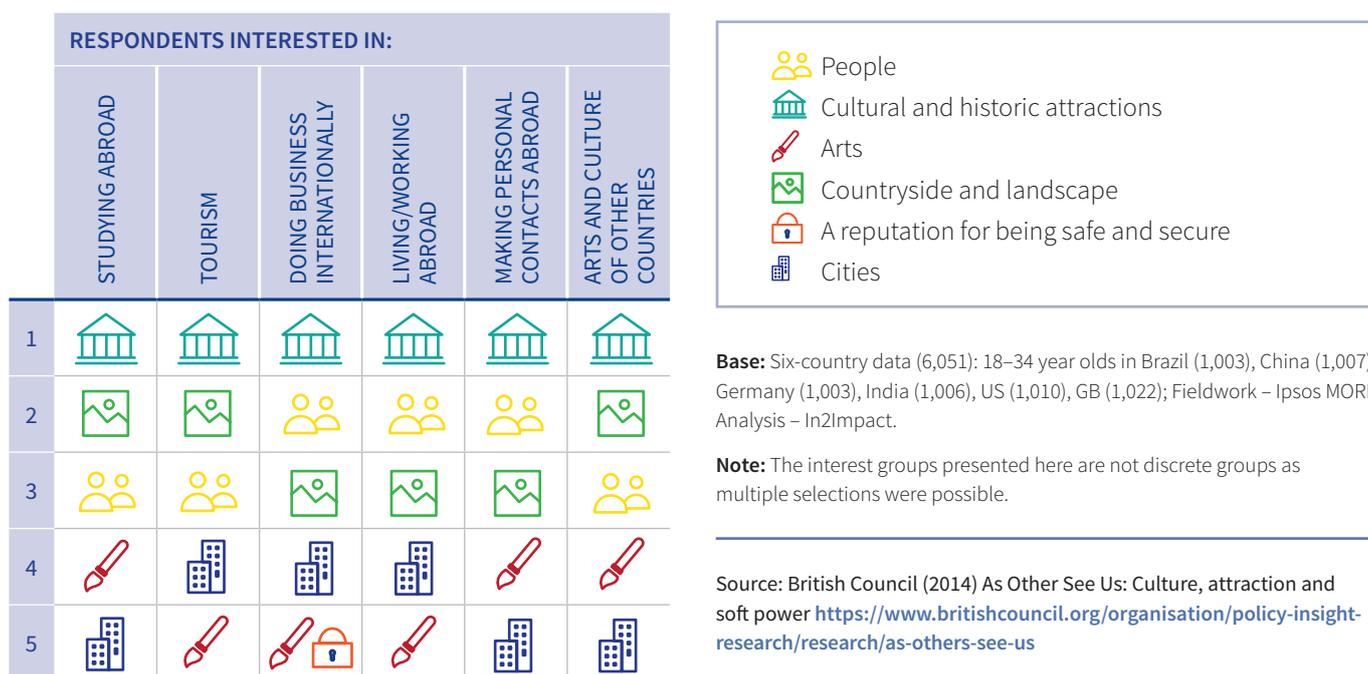
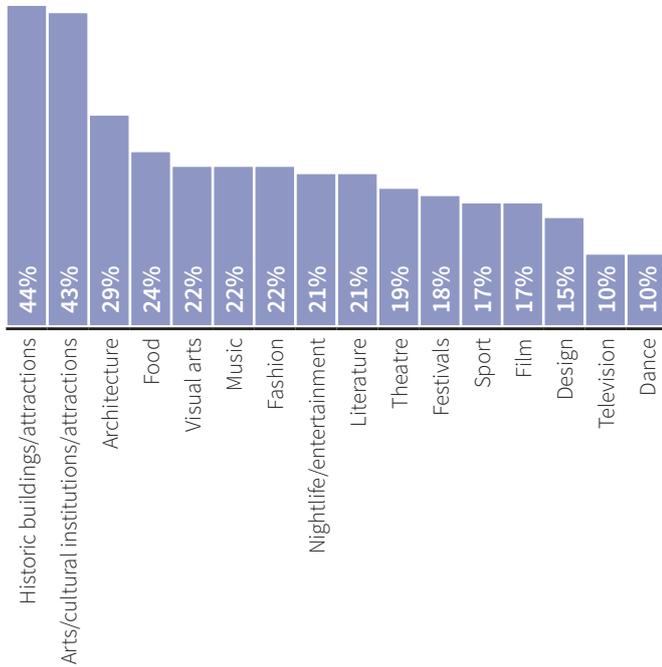


Figure 8: How people rank the UK's arts and cultural assets

Question: Thinking about specific aspects of arts and culture in the UK, which, if any, of the following particularly contribute to making the UK attractive to you?



Base: Five-country data (5,029); 18–34 year olds in Brazil (1,003), China (1,007), Germany (1,003), India (1,006), US (1,010), Fieldwork December 2013 – January 2014 Data presented here is weighted to relevant national populations. Source: Fieldwork – Ipsos MORI; Analysis – In2Impact.

Source: British Council (2014) *As Other See Us: Culture, attraction and soft power* <https://www.britishcouncil.org/organisation/policy-insight-research/research/as-others-see-us>

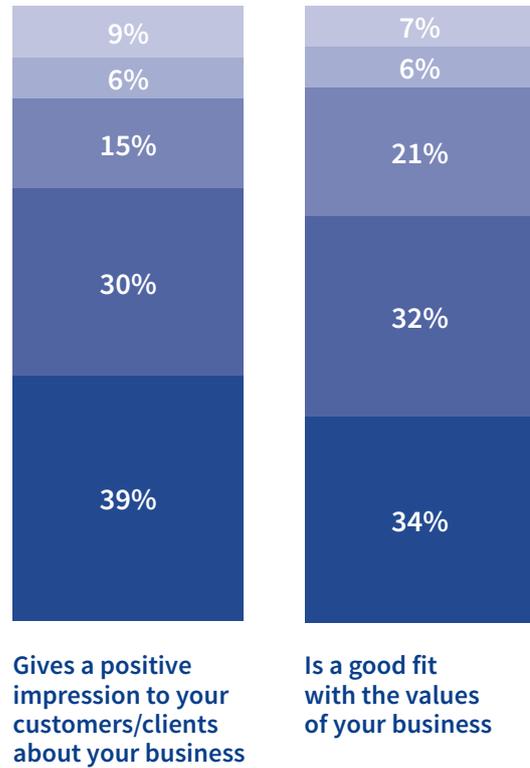
Physical attributes of heritage. The ability of heritage assets to accommodate modern agile business spaces depends on the physical characteristics of the heritage asset. For example buildings designed for industrial use generally adapt well to contemporary employment uses due to the space configuration including the shape, layout and floorplates. Structural heights are also a crucial factor as generous floor to ceiling heights are often attractive and provide opportunities such as for mezzanine insertion.

Interviews with developers including David Panton, founder of Acme Studios, shows the importance of the physical attributes of factories for example, which are rectangular buildings with high ceilings and windows that can be subdivided to create large, private open plan spaces (Colliers, 2018d). Air handling and environmental controls and accessibility are also critical factors that affect the suitability of historic buildings to accommodate modern uses (Ramidus, 2018).

Management attributes. Agile workspaces in historic buildings require actively curated environments. The value and comparative advantage of historic buildings is likely to arise from the ‘cache’ or branding appeal of these often unique and characterful assets (Ramidus, 2018). The attractiveness of historic assets lies in their rarity value, physical position and general appearance. They can often present a stark alternative to corporate office buildings which can be used to express the brands that occupy them.

A survey of commercial occupiers of listed buildings indicates that for over two thirds of occupiers (69%) historic buildings provide a positive image to customers and clients.

Figure 9: Heritage and brand appeal amongst occupiers of listed buildings 2018



Great benefit 5 4 3 2 1 No benefit

Source: Qa Research, 2018, Survey of occupiers of listed buildings

In order to further understand how arts and culture contribute to the attractiveness of the UK, respondents were asked to identify, from a predefined list, different aspects of arts and culture which particularly contribute to making the UK attractive to them. As Figure 8 shows, historic buildings and attractions are by far the most frequently identified aspects.

5. Re-use of historic buildings: Creative industries in conservation areas

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The *Heritage Counts 2018* research also looks in more depth at creative businesses as new occupiers of historic buildings. This sector has seen spectacular growth in the recent past with Gross Value Added (GVA) increasing by more than a third between 2010 and 2015, twice the rate of the UK economy (DCMS, 2017). About 1.9 million people are estimated to be employed in the sector which is dominated by small enterprises, with about 90% having four or less employees (DCMS 2018). This has led many to seeing creative industries as a crucial component of future economic prosperity, particularly in cities and large towns.



The Paintworks, Bristol. © Historic England Archive

The *Heritage Counts 2018* research mapped creative industry businesses based in 9,600 conservation areas across England using DCMS' definition of creative industries and Companies House data⁵. The findings show that there are 261,100 creative companies in England, excluding those recorded as being dormant and not having filed accounts. Of these 67,500 or 26% are located in conservation areas. Using economic estimates of employment and GVA associated with these businesses it is estimated that creative businesses operating in conservation areas employ between 460,000 to 530,000 staff and generate economic output between £22bn and £25bn per year (Colliers, 2018c).



The Paintworks, Bristol. Originally dating back to 1850, Phoenix Wharf was formerly a paint and varnish factory for approximately 100 years before manufacturing ceased and fell into decline. Today, the site has been redeveloped into Bristol's cultural quarter, with many historic industrial buildings being converted into studio and exhibition space. ©Historic England Archive

It should be noted that these figures do not include creative industry businesses clustering in historic, but not designated historic areas. For example, there is a creative industries cluster in the area to the south of Liverpool city centre called the Baltic Triangle, that is not a designated a conservation area, but contains a significant number of historic industrial buildings.

⁵ The DCMS definition of creative industries is grouped into nine categories: Advertising and Marketing; Architecture; Crafts; Design; Film, TV, Video, Radio, Photography; IT, Software and Computer Services; Publishing; Museums, Galleries, Libraries; Music, Performing and Visual Arts.

CASE STUDY: THE BALTIC TRIANGLE

The Baltic Triangle is a section of the hinterland of Wapping and Queens Docks in Liverpool. This historic industrial area has numerous maritime connections, getting its name from the many companies trading with the Baltic countries having a base in the area. Evidence still survives of this in the Grade II* Swedish Seaman's Church and the Baltic Fleet pub, Grade II. It is part of the buffer zone of the city's World Heritage Site. The whole area was heavily bombed during WW2. There was some post-war re-building and these, plus the older industrial buildings, help shape the character of the Triangle.

The area is today described as *"a magnet for creative and digital industries thanks in part to large industrial warehouses being available at affordable rates"*. Chris Green, Operations Manager, Baltic Creative CIC

One of the new companies instrumental in developing the area as a creative and digital hub is Baltic Creative – a Community Interest Company. Established in 2009 with support from the City Council, they took long term leases on around 18 former warehouses and industrial premises across 4 main blocks.



Liverpool's smallest Cocktail bar and Cains Brewery, Baltic Triangle.
© Karl Creaser



Baltic Creative Hub. © Karl Creaser

They have gradually converted a series of their buildings into small units (often sheds inside larger premises) and rent these out exclusively to digital and creative industries. These generally employ up to 25 people, often moving to larger premises as they develop.

All of Baltic Creative's spaces are currently fully let. They now serve over 150 companies and manage over 118,000 sq. ft. of space. Demand is strong – with 250 enquiries from people wanting to rent space in 2018 alone and currently 80 new companies on their waiting list. Their tenants employ around 500 people, growing by around 8% annually. The 2017 annual report shows that GVA to the Liverpool City region of the SMEs at Baltic Creative is £8.35 million pa. Baltic Creative have plans for a Phase 2 Tech Hub by 2021 which would provide a further 40 workspaces.

The economic success of the Baltic Triangle has meant that the area has expanded across Parliament Street to include the historic former Cain's Brewery (Grade II) and adjacent streets. Baltic Creative has recently renovated the disused canning warehouse behind the brewery into another series of innovative spaces for digital and creative industries. Again the units are fully let and the area is thriving. The old brewery itself is being converted into a range of eclectic bars, markets, artist's workshops, and design studios – a hugely popular local attraction.

Through a data matching exercise, a sample of 35,000 businesses both registered and operating in conservation areas was examined in detail. The result is an analysis of creative industries in conservation areas by region, by absolute number, by density, by occupation and by sub-sector.

A more diverse mix of creative industries in conservation areas. Figure 10 shows the sectoral distribution of creative industries in conservation areas and nationally. This shows that IT and computing is the largest creative sector nationally and while it is also the case within conservation areas, IT related companies form a substantially lower proportion of creative industry companies in conservation areas (Colliers, 2018c).

Creative industry businesses are often more diverse in conservation areas than in non-conservation areas, with a greater concentration of music performing and visual arts sectors and film, TV, video, radio, photography sectors (Colliers, 2018c).

Creative industries are highly concentrated in few conservation areas. Creative industries are concentrated in a small proportion of conservation areas. 87% of the studied creative industry businesses are located in just 20% of conservation areas (Colliers, 2018c). London accounts for two thirds of the creative industry companies located in conservation areas.

This is similar to national trends which show that between 2011 and 2016, London was still the place with the most new creative businesses, reaching a total of 90,753 in 2015–16 (NESTA, 2017).

Figure 10: Sectoral distribution of creative industries in conservation areas

	England minus CAs	Conservation Areas	Difference %
IT, Software and Computer Services	52%	37%	-14%pts
Music, Performing and Visual Arts	12%	17%	+5%pts
Film, TV, video, radio, photography	12%	16%	+4%pts
Advertising & Marketing	7%	10%	+2%pts
Publishing	5%	7%	+2%pts
Architecture	5%	6%	+1%pts
Design	6%	6%	0%pts
Museums, Galleries, Libraries	0%	1%	0%pts
Crafts	0%	1%	0%pts
Total:	100%	100%	0%pts

Source: (Colliers, 2018c)

Evidence mapping the current location of creative industries confirms that creative sectors are focused in London and the South East (Bernick et al, 2017). Location quotients compare a sector’s employment share in a local area with that sector’s share in national employment. A value greater than 1 suggests an area is relatively specialised in a sector. Figure 11 demonstrates just how concentrated creative industries are in the UK.

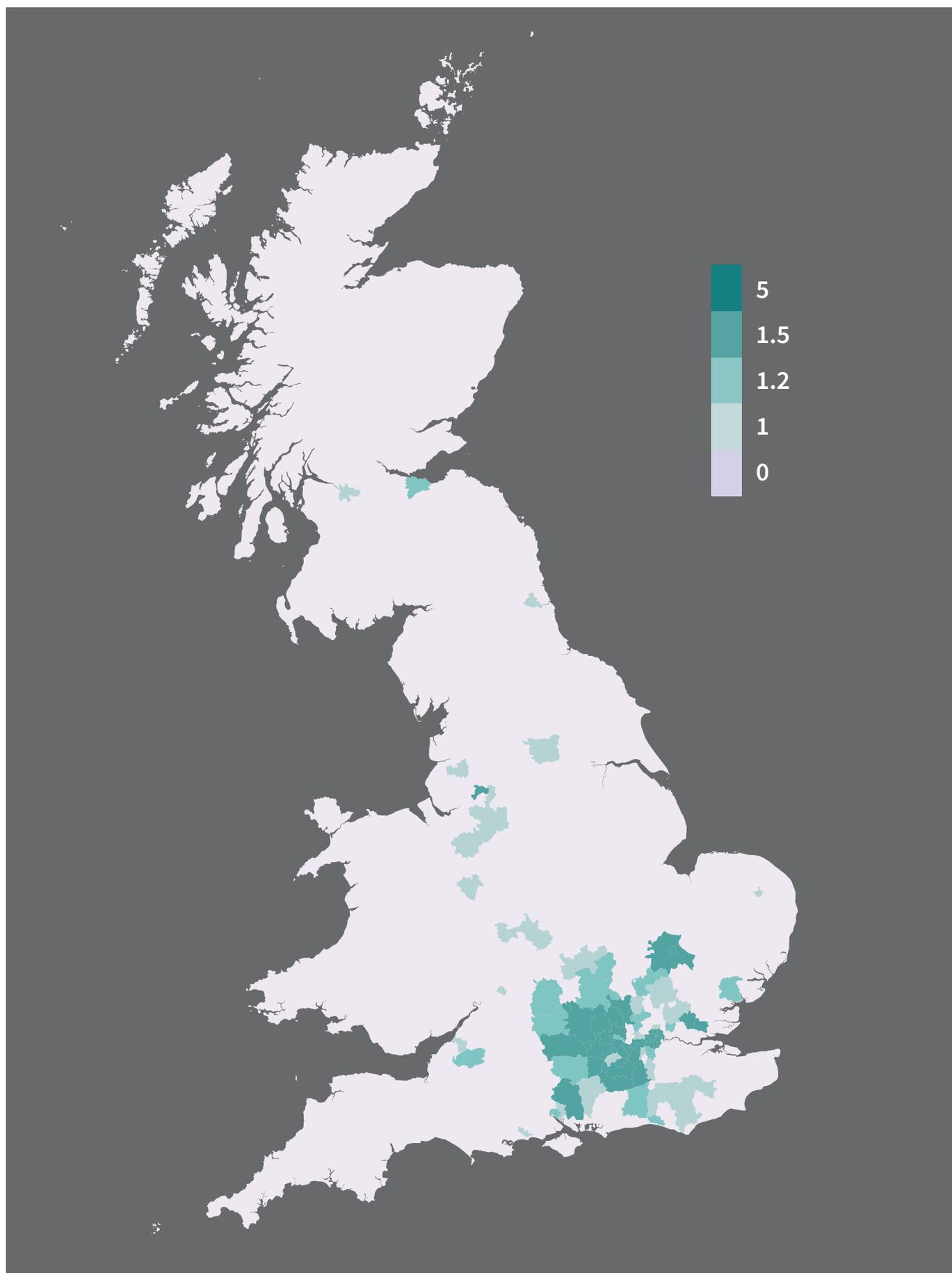
IT related creative industry businesses are the most dispersed amongst conservation areas. Other creative industry sectors are more concentrated in certain conservation areas, Crafts and Film especially so (Colliers, 2018c).

There are in London, dominant clusters of media related businesses in Charlotte Street; design and

architecture related businesses in Old Bethnal Green Road; IT related businesses in Moorfields; craft-related businesses in Hatton Garden; publishing in Haymarket, and performing arts in Chinatown/Covent Garden/Seven Dials (Colliers, 2018c).

The cities of Brighton and Hove, Bristol and Bath form striking clusters outside London. There are also dense creative industry clusters in Manchester and Liverpool. There are notable design-orientated clusters in the Harrogate and Royal Leamington Spa conservation areas; Advertising and Marketing in conservation areas in Manchester, Leeds and Cheltenham; Architecture in conservation areas in Cambridge and Newcastle; Film etc. in Bristol and Nottingham; Music etc. in Sheffield, Liverpool and Brighton and Hove (Colliers, 2018c).

Figure 11: The relative location of creative industries



Source: Sandra Bernick, Richard Davies and Anna Valero (2017) Industry in Britain: an atlas <http://cep.lse.ac.uk/pubs/download/cp513.pdf>

Figure 12: Conservation areas with the largest number of Creative Industry Companies

	Conservation Area	Local Planning Authority	Reg	CI Companies
1	Bloomsbury	Camden	Lon	580
2	Soho South	Westminster	Lon	543
3	Shoreditch	Hackney	Lon	406
4	Bath	Bath	West	396
5	Hatton Garden East	Camden	Lon	275
6	Marylebone	Westminster	Lon	268
7	Mayfair	Westminster	Lon	248
8	Regent Street	Westminster	Lon	218
9	Central	Cheltenham	WM	210
10	Jewellery Quarter	Birmingham	WM	205
11	St. Albans	St. Albans	East	195
12	Harley Street	Westminster	Lon	191
13	Central	Cambridge	East	185
14	Clerkenwell Green	Islington	Lon	185
15	Bayswater	Westminster	Lon	178
16	Charlotte Street	Camden	Lon	171
17	Regent's Canal	Hackney	Lon	163
18	Kingsland	Hackney	Lon	158
19	Covent Garden	Westminster	Lon	153
20	Portman Estate	Westminster	Lon	153
21	Seven Dials (Cov Gdn)	Camden	Lon	146
22	Clifton	Bristol	West	143
23	Muswell Hill	Haringey	Lon	133
24	Royal Leamington Spa	Warwick	WM	127
25	Maida Vale	Westminster	Lon	125
26	Harrogate	Harrogate	York	123
27	Central	Newcastle	NE	118
28	City Centre	Norwich	East	118
29	Bermondsey Street	Southwark	Lon	117
30	Strand	Westminster	Lon	114
31	St James's	Westminster	Lon	105
32	Oxford Gardens	Kens & Chelsea	Lon	104
33	Tunbridge Wells	Tunbridge Wells	SE	103
34	Crouch End	Haringey	Lon	102
35	Whiteladies Road	Bristol	West	102
36	Belsize Park	Camden	Lon	99
37	Graham Rd & Mapledene	Hackney	Lon	99
38	Bricklane & Fournier St	Tower Hamlets	Lon	98
39	Wandsworth Common	Wandsworth	Lon	96
40	Barnsbury	Islington	Lon	93
41	Central Historic Core	York	York	92
42	Leeds City Centre	Leeds	York	90
43	Duncan Terr & Colebrooke Row	Islington	Lon	89
44	Highgate	Haringey	Lon	89
45	Camden Town	Camden	Lon	87
46	Castle Street	Liverpool	NW	87
47	Brunswick Town	Brighton & Hove	SE	86
48	Moorfields	Islington	Lon	86
49	Borough High Street	Southwark	Lon	85
50	Hat & Feathers	Islington	Lon	80
51	City & Queen Square	Bristol	West	77
52	King's Cross	Islington	Lon	76
53	Ladbroke	Kens & Chelsea	Lon	76
54	Cotham & Redland	Bristol	West	73
55	Lace Market	Nottingham	EM	72
56	Kensington	Ken & Chelsea	Lon	71
57	Pimlico	Westminster	Lon	71
58	North Laine	Brighton & Hove	SE	70
59	De Beauvoir	Hackney	Lon	69
60	Stroud Green	Haringey	Lon	69
61	Westbourne	Westminster	Lon	69
62	Hertford	Hertfordshire	East	68
63	King's Cross & St Pancras	Camden	Lon	68
64	Chester City Centre	Ches W & Chester	NW	67
65	Valley Gardens	Brighton & Hove	SE	67
66	Hampstead Garden Suburb	Barnet	Lon	66
67	Hampstead	Camden	Lon	65
68	Stevenson Square	Manchester	NW	64
69	Digbeth, Deritend Bordesley High Street	Birmingham	WM	62
70	Fitzjohns Netherhall	Camden	Lon	61
71	Northwold & Cazenove	Hackney	Lon	61
72	City Docks	Bristol	West	60
73	Bedford	Bedford	East	59
74	Ravenscourt & Starch Green	Hamm & Fulham	Lon	59
75	Rosebery Avenue	Islington	Lon	59
76	South Hampstead	Camden	Lon	59
77	Lewes	S Downs NPA	SE	58
78	Berkhamsted	Dacorum	East	57
79	Duke Street	Liverpool	NW	57
80	St John's Wood	Westminster	Lon	56

Source: (Colliers, 2018c)

Figure 13: Proportion of creative industry companies by type and in top 20 cities/towns outside London

Conditional formatting shows with an above average specialisation in each creative sub sector.

City or Town	Conservation areas in Top 300	Region	Advertising & Marketing	Architecture	Crafts	Design	Film, TV, video, radio, photography	IT, Software & Computer Services	Publishing	Museums, Galleries, Libraries	Music, Perf & Visual Arts
1 London	174	Lon	11%	6%	1%	5%	22%	25%	8%	1%	20%
Top 20 Cities/Towns outside London											
1 Bristol	12	West	9%	6%	1%	5%	21%	35%	5%	0%	18%
2 Brighton & Hove	10	SE	8%	4%	1%	7%	13%	35%	6%	1%	26%
3 Bath	1	West	9%	9%	1%	7%	8%	38%	11%	2%	17%
4 Birmingham	5	WM	11%	6%	18%	6%	9%	35%	5%	1%	11%
5 Manchester	7	NW	17%	9%	0%	6%	9%	36%	4%	1%	18%
6 Cheltenham	1	WM	13%	5%	0%	7%	4%	25%	7%	0%	11%
7 St Albans	1	East	10%	4%	1%	6%	12%	49%	9%	1%	9%
8 Leeds	4	York	19%	11%	1%	5%	7%	38%	7%	2%	11%
9 Cambridge	1	East	4%	10%	0%	4%	5%	42%	12%	3%	19%
10 Liverpool	3	NW	8%	13%	0%	4%	13%	27%	4%	1%	31%
11 Newcastle-upon-Tyne	3	NE	10%	11%	0%	6%	10%	38%	5%	2%	18%
12 Sheffield	4	York	4%	7%	1%	6%	12%	36%	6%	1%	27%
13 Royal Leamington Spa	1	WM	18%	5%	0%	9%	3%	45%	4%	0%	16%
14 Harrogate	1	York	24%	15%	2%	9%	4%	31%	5%	0%	10%
15 Norwich	1	East	14%	8%	0%	6%	15%	22%	8%	1%	25%
16 Tunbridge Wells	1	SE	14%	7%	2%	8%	17%	36%	8%	0%	10%
17 York	1	York	8%	8%	0%	4%	8%	37%	7%	7%	23%
18 Nottingham	1	EM	10%	10%	0%	8%	21%	25%	6%	1%	19%
19 Herford	1	East	12%	9%	0%	6%	16%	31%	7%	0%	19%
20 Chester	1	NW	9%	9%	0%	7%	6%	45%	10%	1%	12%
Total:			11%	7%	2%	6%	11%	37%	6%	1%	18%

Source: (Colliers, 2018c)

CASE STUDY: DIGBETH AND DERITEND, BIRMINGHAM

The Digbeth / Deritend Conservation area lies just to east of the present-day centre of Birmingham. It covers 2.67 km² and contains 12 statutorily listed buildings and 42 others on the local list. The area was urbanised in the fourteenth century, and by the sixteenth century metalworking became the dominant local industry. In the first half of the 19th century the back-lands were infilled with densely packed artisan housing and small workshops. In the mid-nineteenth century the area was transformed by the railways with the first main line from London, to Curzon Street Station in 1838. In the later 19th century local industry, still primarily metal-working, was on an increasingly large scale and became strongly linked to the new motor industry.

The first half of the twentieth century saw large factories and canal warehouses replace housing and small workshops. Digbeth's character as an industrial suburb, separated from the adjacent city centre was reinforced by mid-twentieth century traffic engineering.



The Custard Factory, Scott House, Gibb Street, Birmingham, West Midlands. Detail of entrance with signage. © Historic England Archive



Branding Photography. The Custard Factory, Gibb Street, Digbeth, Birmingham, West Midlands. General view of mixed use redevelopment with people walking down the street. © Historic England Archive

However, from the 1970s the decline in British manufacturing left many buildings and sites in the area vacant. One such building, the derelict Bird's Devonshire Works was, from 1993, refurbished and extended, with grant aid, to provide studios, galleries, shops and offices. The Head Office building was completed in 1993, and was fully let immediately by over 100 companies employing 1,000 people. Now the 'Custard Factory', it extends over 15 acres, incorporating the historic former Deritend Library, and houses some 400 businesses with a focus on creative and IT/digital industries, forming the heart of a creative quarter. Tenants have been attracted by the creative environment and being part of a community that has a sense of identity. Its developer has since taken over nearby Fazeley Studios, creating similar accommodation which includes offices for TV production, and creative workspaces. Other industrial buildings in the area were also converted amid a growing appreciation of the architectural and historic qualities of former industrial areas; including The Bond, Fazeley Street (1988) and The Arch, Floodgate Street (1992-1998) which are now offices.

6. The emergence of creative industries in 12 conservation areas

The *Heritage Counts 2018* research has examined creative industry clusters in twelve conservation areas, four in London (Bermondsey Street, Seven Dials, South Shoreditch and Old Bethnal Green) and one each in the other eight regions (Central Cheltenham; City Centre Norwich; Cultural Industries Quarter, Sheffield; Digbeth-Deritend, Birmingham; Friar Gate, Derby; Ramsgate; Lower Ouseburn Valley, Newcastle upon Tyne; Smithfield, Manchester). Most of them currently have large clusters of creative industry companies; two or three have more potential as creative industry hubs than current reality (Colliers, 2018c).

There are some conservation areas where creative industries gathered largely as a result of market forces, and those where the public sector had to play a more active role in helping the cluster to emerge. The four London case studies all represent circumstances where the market has been the main driver. Assessment of rents, which are the key determinant of viability, in a selection of the case

study areas shows a chasm between the London areas and the regions. It explains why the market operates without need for much public sector intervention there; private sector developers are able to make a profit without assistance. Nevertheless the rental evidence gathered, shows that average rents are substantially lower for space in historic buildings than for all buildings.

Figure 14: Rents in case study areas

Case Study Area	Estimated Current Average for new lets for the area (psqft pa)	Actual Rents in Historic Buildings		
		Number Identified	Average	Versus Average for area
Seven Dials, Camden	£70	46	£44	-37%
Bermondsey Street, Southwark	£50	44	£37	-26%
South Shoreditch, Hackney	£47	24	£36	-24%
Smithfield, Manchester	£18			
Ramsgate, Thanet	£16			
Cultural Industries Quarter, Sheffield	£15			
Friar Gate, Derby	£14	6	£10	-33%
Digbeth, Deritend Bordesley High Streets (DDBHS)	£13			

Source: Colliers 2018c

The public sector did ultimately play a major role in the London conservation areas by preventing demolition of historic buildings and by investment in public realm. Campaigning by local activists in the 1970s and the 1980s played a critical role in prompting the public sector to do so and securing the survival of old buildings in locations, like South Shoreditch and Bermondsey Street, that now form intense groupings of creative industries and have, therefore, played such an important role in establishing London's image as one of the most vibrant and creative cities in the world.

Large creative industry clusters have sometimes resulted from the work of determined entrepreneurs that have realised the potential of large former industrial or warehouse buildings as creative industry hubs. The Custard Factory in Birmingham is a primary example. Other examples nationally include the Tobacco Factory in Bristol, Biscuit Factory in Ouseburn, Newcastle, and Tea Building in Shoreditch.

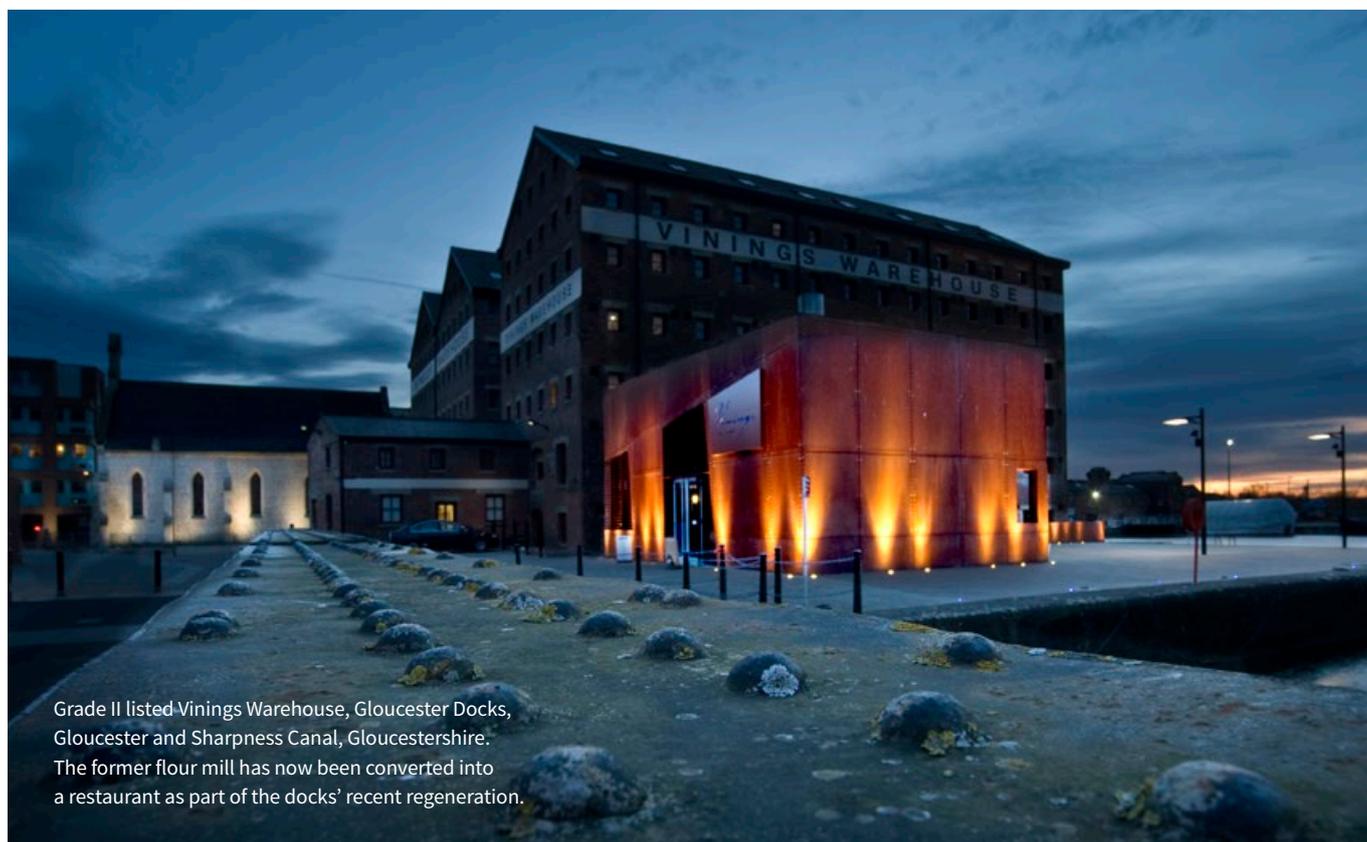
Investment in public realm and restoring historic buildings is a vital part of creating the right ambience in historic townscapes.

The research shows that the greatest concentrations of creative industries are in areas with highest rent. Many companies in creative industries are young and ambitious. They require work space that is of high quality, providing comfortable conditions and super-fast broadband. They like to be close to the amenities

of city centres and transport hubs. They often choose space in historic buildings restored with panache because it fits their self-image and the image they wish to project to customers and potential staff.

There is a sub-set of creative industries, artists and makers, for which affordability both of space to work and place to live is a critical issue. They, in past times, could acquire old buildings at low cost and convert them to studios, normally with assistance of grant funding. This is no longer a viable option in London. Most of their projects now involve provision of affordable space in new buildings that are part of residential-orientated schemes and are required by local planning authorities to compensate for loss of employment space at the site. There is large demand for studio space, especially in London, and it remains a major potential use of historic buildings outside London, albeit typically requiring grant funding to make it viable.

In the developer interviews, the point was pressed that **it is increasingly difficult, in cities, to find historic buildings with character to convert to work space**, partly because most have now been converted and partly because of competition from residential development which currently provides higher development value. The research has not, however, shown a discernible pattern of historic buildings currently used for creative industries being taken over and redeveloped for residential use.



Grade II listed Vinings Warehouse, Gloucester Docks, Gloucester and Sharpness Canal, Gloucestershire. The former flour mill has now been converted into a restaurant as part of the docks' recent regeneration.

CASE STUDY: SMITHFIELD, MANCHESTER

The Smithfield conservation area lies just to the east of the historic centre of Manchester. The conservation area covers 0.13 km² and contains 20 statutorily listed buildings. It encompasses, roughly, the north-western half of the area known as the 'Northern Quarter'. Heritage has been an important factor in enabling the regeneration of the Smithfield Conservation Area.

The 'Northern Quarter' was built up in the eighteenth century as a residential suburb with merchant's houses in the principal streets, frequently with warehouses to the rear. Ideally located between three main-line railway stations, the 'Northern Quarter' transformed by the mid-nineteenth century, into a centre of commerce where merchants finished, stored, bought and sold textiles. Houses were replaced by offices and warehouses and the first market, Smithfield – from which the area derived its name – opened in 1821. Expanding into a complex of wholesale and retail markets covering several acres, Smithfield had by 1900 become the largest in Britain.

Textile warehouses continued to be built into the 1930s, however by the end of the decade the domestic textile industry was in decline. The Smithfield area remained a major retail district until the 1970s when the area went into decline. In 1974, the last of the Smithfield Markets closed and by 1980 a quarter of the area's traders had left. Many buildings and sites became vacant leaving large parts of Smithfield derelict.

During the 1980s, the area remained in decline but gradually new occupiers began to occupy the vacant spaces – an 'alternative' indoor market based on London's Kensington Market moved into the former Affleck and Brown department store; informal nightclubs associated with Manchester's 'rave culture' and a small community of artists, makers and retailers were established.

In 1987 the area was designated as a conservation area and in 1995 Manchester City Council developed a regeneration strategy for the 'Northern Quarter'. Grant funding, including UK and EU regeneration funding, an English Heritage/HLF Conservation Area Partnership Scheme (CAPS); and developer investments have supported public realm works and some 150 building refurbishments in the Northern Quarter. The historically varied grain of the townscape, building scales, plot sizes, architectural styles, and building materials has allowed a similar variety of new development within the parameters of conservation policy. Development control and active Council involvement in regeneration have successfully retained the robust and densely urban character of the area. Today creative industries are spread throughout the area.



Oldham Street, Manchester. © Historic England Archive



28-40 Oldham street. ©Historic England

7. Conclusions

Heritage assets in commercial use form the backbone of local economies today, not only through the provision of valuable employment land and characterful premises but also through the provision of a place and space identity capturing the spirit, the culture and the stories of neighbourhoods, communities and individual premises.

Businesses increasingly attach a premium to premises and areas that provide a sense of distinctiveness, uniqueness and authenticity.

This is in part in response to changing demands for space driven by technological advances and changing consumer behaviours. ‘Experiential retail’ and ‘agile working’ are two concepts discussed in this year’s *Heritage Counts* that rely on differentiation.

Heritage is an important means of differentiation and experiential marketing as the historic environment provides authenticity, distinctiveness and brings credibility to national and local place brands (*Heritage Counts, 2016*).

The research has demonstrated that growing demand for characterful spaces has resulted in a growing number of businesses occupying listed buildings.

Since 2012 there has been a surge in the number of branded retail and branded eating and drinking businesses occupying listed buildings. On the other hand, occupation by independent businesses, currently the largest occupiers of listed buildings is declining. This suggests that while increasing demand for a finite stock of heritage assets comes with new opportunities, there are also potential risks, such as independent businesses being squeezed out of listed buildings.

The evidence gathered also points to new challenges for heritage assets given that their futures are increasingly interlaced not only with the fortunes of entire industries or sectors, but also with the fortunes of individual, corporate brands. These linkages transcend spatial boundaries as individual brands occupy listed buildings in several towns and cities across the country.

The case study evidence gathered for *Heritage Counts 2018* has clearly demonstrated the resilience of heritage. Heritage assets have evolved and those that have survived have overcome functional obsolescence, neglect and even damage. They have adapted and

continue to form the backbone of our local economies. Today the historic environment is host to many new and emerging sectors like creative industries for example – our research has shown that 26% of this growing sector is located in a conservation area.

Towns and cities must protect their historic built environment as an essential resource for existing and emerging economic activities. It is now unusual for historic buildings or areas to be subject to wholesale redevelopment, in part due to a significant reduction in the availability of grant aid to support the reuse of historic buildings in the last decade. The challenge is only partly about using historic buildings themselves and is more about creating an entire environment that is conducive to the types of individuals and organisations that work in emerging sectors.

The research provides examples of how **planning and conservation policy can combine with community engagement, the vision of developers and the entrepreneurship of creative businesses** to deliver economic growth through the regeneration of historic areas. As the focus of regeneration moves towards delivering much needed residential development, a challenging balance must be struck between conservation and new development on the one hand, and between the provision of residential and employment spaces on the other. This balance concerns the rationing of a finite resource – in this case heritage assets in commercial use – which must consider that allowing land to be allocated to the highest current use value could lead to over-consumption with no land available for future investment.

Heritage Counts 2018 concludes that as places evolve and adapt, economic development policies must consider and prioritise the historic environment and conservation policies or risk “*the frantic transformation of centuries old [...] cities into soulless agglomerations of generic architecture*” (*G Licciardi, 2012*). This does not support, sustain or promote societal prosperity.

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