

manufaktura

Revitalizing Urban Centers through

RETAIL

**Retailing is being used to stimulate and perpetuate urban development in Europe as part of a holistic approach to regeneration.**



YVONNE COURT

CITIES HAVE BEEN THE CENTERS OF SOCIAL AND cultural life and played a central role in the development of Europe for centuries. They are often seen as the dynamos of the economy—necessary to maintain economic growth and a sense of community—offering employment, solving environmental problems, and providing a high quality of life. These urban areas are central to the future economic development of Europe.

Trends in retail development have also helped shape the prosperity of Europe's cities and are a component of a city's strategic development. Shopping centers are helping breathe new life into towns and cities across Europe, creating new standards of sustainable and innovative solutions to the challenges of the 21st century.

Roughly 70 percent of Europe's population lives in urban areas, making the well-being of these areas of vital importance. By 2025, more than three-quarters of

Europe's population is expected live in urban areas, and by 2050, more than 80 percent. Some parts of Europe have already exceeded this proportion, including the Scandinavian countries of Norway, Sweden, and Denmark; the U.K.; and the Benelux countries (Belgium, the Netherlands, and Luxembourg).

Shopping centers can play a major role in improving the quality of life in town and city centers. New trends in urban design have led to a more open-air approach to and variety in architectural styles, with shopping centers often incorporating a number of buildings that blend with and complement existing structures. Increasingly, the focus is on new standards of sustainable and efficient construction, plus creation of an architectural legacy and a renewed sense of civic pride and belonging.

The regeneration of land in city centers requires the intervention of the public sector and a private sector

Europe has a number of examples of derelict, underused buildings on once-prospering inner-city industrial and commercial sites that have been revitalized to create innovative destinations. In Lodz, Poland, a former textile mill site was converted into Manufaktura, a mixed-use project that incorporates both renovated and new structures that now house retail, leisure, and cultural facilities.



**For European cities facing the fading vitality of their city centers, the answer can be projects like the U.K.'s Liverpool One, which incorporates four distinct retail districts and includes 30 new and remodeled buildings designed by 20 different architects.**

investor; as a result, partnerships have become something of a buzzword in European urban regeneration. These partnerships generally involve a major mixed-use project that incorporates retail, residential, leisure, cultural, and public space, social development facilities and programs, plus transport facilities, and the like.

A number of examples of such mixed-use projects exist in continental Europe, including in Almere, the Netherlands, where the local government, working with private firms Bouwfonds MAB Development and Blauwloed Eurowoningen, developed City Centre Almere. (See "Suburban Snapshots," May 2008, page 96.) In Almere's city center, Bouwfonds MAB also has completed Stadshart, a multifunctional center with 915,000 square feet (85,000 sq m) of shopping facilities, 70,000 square feet (6,500 sq m) of office space, a hotel, 800 residential units, and 215,000 square feet (20,000 sq m) of cultural facilities, including a pop music venue, a disco, and an urban entertainment center.

The amount of retail space integrated into cities varies. Cities in France and the U.K. are facing the fading vitality of their city centers. This is being addressed with such projects as Liverpool One in the U.K., which has opened on a 42-acre (17-ha) site. (See "Betting on the Beatles' Birthplace," August 2008, page 75.) The project, developed by U.K.-based international developer Grosvenor and its partners, incorporates four distinct retail districts that include 30 new and remodeled buildings designed by 20 different architects, plus a mix of uses such as retail, residential, catering, leisure, and civic space.

Scandinavian, German, and Dutch cities have found success in maintaining the vitality of their city centers, while city centers in southern Europe seem to have suffered less from the effects of edge-of-town development than their northern counterparts. Projects have not necessarily needed to be large in order to have the effect of transforming tired sections of towns and cities.

For instance, the Entre Deux development in Maastricht, the Netherlands, has been integrated into the urban fabric of the city to provide 33 retail shops on three levels, plus residential space. (See "Retail Project Transforms Shopping District in the Netherlands," January 2007, page 24.) Feest-en-Cultuurpaleis in Oostende, Belgium, has even less retail space and also incorporates residences, but nevertheless has successfully linked Kapellestraat, the main shopping street, with Wapenplein, the city's main square.

Towns and cities in central and eastern European countries have faced two structural processes that on their face may seem diametrically opposed. On one



hand, many once-prospering inner-city industrial and commercial sites, as a result of economic changes over the past 15 years, either have become derelict or at least are currently extremely underused.

A number of examples now exist of such buildings being revitalized to create innovative European destinations. For instance, Manufaktura in Lodz, Poland, is located on the 67-acre (27-ha) site that once formed the Poznanski textile mills, which were closed in 1997. (See "Retail Regeneration," July 2006, page 168, and "A New City Heart," October 2006, page 92.) It has been developed by Apsys to form a mixed-use project comprising retail, leisure, and cultural facilities. Some 970,000 square feet (90,000 sq m) of space has been renovated and 1.02 million square feet (95,000 sq m) of new space built. Retail space at Lodz accounts for 1.2 million square feet (110,000 sq m) of gross leasable area and more than 300 tenants. (Manufaktura was one of five winners of the 2007 ULI Awards for Excellence: Europe competition.)

On the other hand, the process of suburbanization or urban sprawl is proceeding at a pace that leaves far behind anything experienced in the West. One measure of this is the large number of shopping centers that have mushroomed on greenfield sites on the outskirts of or near large towns and cities.

A number of European cities have global strategic plans combining retail development policy with other issues to achieve city goals. Among these are Dortmund, Germany; Turin, Italy; Brno, Czech Republic; and Leeds and Manchester, U.K.

Vision for Leeds 2004–2020, the city's second such strategy, was produced by the Leeds Initiative, the city's strategic partnership group led by the Leeds City Council. It sets out a long-term plan for the ongoing economic, cultural, technological, and environmental development of the entire city. Though retailing is a key part of the development of a vibrant city center, there is a sense that the jobs and wealth created there are not being shared throughout the city. The Leeds Strategic Plan, published this past July, sets out to facilitate the delivery of major developments in the city center to enhance the local economy and employment. Further developments in the city center, such as Land Securities' 1.1 million-square-foot (100,000-sq-m) Trinity Leeds shopping center, for example, due for completion next year, will build on the city's recent history of success in attracting investment.

The strategy for transportation and economic development also should be viewed in the context of shopping policy. Cities seek to provide good traffic

**Even small retail projects can help transform tired sections of towns and cities. In Maastricht, the Netherlands, the Entre Deux development, with 33 retail shops and residential space, has been integrated into the urban fabric of the city.**

Public transit interchanges offer strong potential for retail development. Złote Tarasy, a mixed-use retail and leisure center with office space that was integrated into the central railway station in the heart of Warsaw, Poland, is credited with revitalizing the entire area.



flow and access to public transit between projects. Public transport interchanges offer strong potential for retail development, as demonstrated by Copenhagen, Denmark, and Malmö, Sweden. A major project, Emporia, was planned for Malmö, combining offices, a shopping center, and housing—although this project is now likely to be postponed by Klepierre/ABT, the new owner of Steen & Strøm's Nordic shopping center portfolio. A new railway station is in the pipeline as part of the new link between the city and Copenhagen. Copenhagen also has a new subway line linking the city to Ørestad, a major mixed-use regeneration project that includes the Fields shopping center, with more than 1.1 million square feet (100,000 sq m) of space.

In Warsaw, Poland, ING's Złote Tarasy was integrated with the central railway station in the heart of the city. The 678,000-square-foot (63,000-sq-m) mixed-use retail and leisure center includes offices and a four-level underground parking garage. (See "Going to Town," November/December 2008, page 84.) The project, which is located on a former parking lot, is credited with revitalizing the entire area.

Major events can act as a catalyst to regeneration projects, as is the case in Lisbon, where Expo 98 closed its doors and the Parque das Nações was born. A new city was created in the old section of east Lisbon and is credited with providing a per-

manent endowment to Lisbon's urban renewal. The aim was to regenerate a run-down 815-acre (330-ha) area through construction of a residential, office, and commercial complex, due to be completed by 2010. The project is expected to bring new life to a 3.1-mile (5-km) stretch of the Tagus riverside that has been a rusting wasteland occupied by obsolete oil refineries, slaughterhouses, ammunition depots, and crumbling warehouses. When development is completed, the site will include a hospital, schools, restaurants, hotels, offices, a shopping center, a park, and a marina with moorings for 500 boats.

Adjacent to the site of the 2012 Olympics in the U.K., Westfield Group's Stratford City will be the largest retail-led, mixed-use urban regeneration project in the U.K. and is expected to emerge as a world-class example of urban regeneration. The £4 billion (\$5.9 billion) development will provide 1.3 million square feet (125,000 sq m) of retail, leisure, and entertainment facilities, offices, hotels, housing, community facilities, and landscaped public spaces.

A key theme for future development will be sustainability, though the commitment can already be seen in shopping centers across Europe. Sustainability encompasses a wide set of needs and issues to be addressed in all property activities—from design and development to operation of shopping centers. Developers are embracing sustainability in their

## The U.S. Urban Retail Model—as Viewed by Europeans

EUROPE HAS DRAWN ON U.S.-STYLE RETAIL development since the late 1970s, with both positive and negative effects. Many of the out-of-town developments that sprang up in the 1970s and 1980s duplicated the mistakes of U.S. centers from the previous decade: reliance on automobiles, single-use centers, and acres of surface parking. Culturally, some facets simply did not translate.

Food courts, for instance, perfect for an American shopper concerned with convenience and speed over quality, were out of sync with European sensibilities. Beyond these differences, complicated lease and ownership structures often meant that the centers were difficult to renovate, leaving huge retail behemoths hulking on the edge of towns.

To combat this outcome and to encourage their urban locales to regenerate, many European countries enacted legislation sharply restricting out-of-town development. The result has been a greater emphasis on urban or in-town development.

Although these projects do not have the density of Asian retail centers, they tend to be multiuse and multilevel. Retail and residential uses are almost always combined, and public transportation plays an integral role in generating the necessary foot traffic.

European retailing has long been defined by town centers that blend shops, residences, and civic uses within clearly defined borders and edges. Because they provide successful examples of navigation and prove to the rest of the world that living above a shop is a viable format, the international development community has looked to these European town centers as models for smart growth.

At the same time, European retail developers have looked to international urban retail projects to meet the challenges of the dwindling number of greenfield sites and increasing pressure to build sustainable developments.

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projects through adoption of energy-saving measures and energy-efficient systems, recycling, monitoring of energy consumption, and landscaping.

The retail industry accounts for a significant proportion of total energy consumption. According to the Carbon Trust—a not-for-profit company established by the U.K. government to help businesses and organizations move to a low-carbon economy—the retail sector is responsible for about 7 percent of total U.K. building energy consumption, emitting over 5 million tons of carbon dioxide per year. The biggest areas of energy-saving potential are heating, lighting, refrigeration, and, in larger stores, air conditioning. Disparities among European countries remain in terms of attitudes and reactions to these issues. Sustainability is undoubtedly high on the European Commission's agenda, and also on those of the International Council of Shopping Centers and other trade associations.

Both the retail and retail properties industries stand to lose market share if issues of sustainability and ethical shopping are not addressed. Intense competi-

tion in the retail sector means that any cost saving can make a real contribution to competitiveness and the bottom line. As such, energy efficiency may provide developers and retailers a good place to start on attaining those savings.

While the near future is uncertain, the retail sector will continue to provide benefits to local populations through the provision of goods, employment, and improvements to the physical environment and transportation infrastructure. Retail uses can help promote economic development in other sectors of local and regional economies and work against social exclusion. **UL**

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