

Oxford Street and Oxford Circus Projects

Full Business Case - Case for Change

Supporting Evidence Annex

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1. Introduction

This note presents the full supporting evidence in setting out the case for change for the Oxford Street and Oxford Circus Projects. It is intended to be read alongside the business case document.

2. Economic Importance of Oxford Street

The economic importance of Oxford Street to the City of Westminster and Greater London region is vast, with the area containing a high concentration of retail, hospitality and professional services premises and jobs, which together attract millions of people to the area. Based on 2021 footfall analysis, Oxford Street and Regent Street were ranked first and third amongst top shopping destinations in the world with recorded footfall of 72,700 and 56,900 respectively¹.

Westminster supported the employment of over 750,000 workers in 2021, and while the Covid-19 pandemic showed a drop in total employment, this has since recovered (Figure 1).



Figure 1. Employment Data for Westminster

Source: ONS Business Register and Employment Survey (2021)

¹ BNP Paribas: Pan European Footfall analysis 2021-2022

Table 1. Job Density (number of jobs per resident aged 16-64)

	Oxford Street Area ²	Westminster	London	Great Britain
2018	21.18	4.29	1.02	0.86
2019	21.83	4.35	1.03	0.87
2020	20.86	3.93	0.99	0.84
2021 (Estimated)	21.94	4.92	0.88	N/A

Source: ONS Business Register and Employment Survey (2021), ONS Census 2021

When accounting for job density³, Oxford Street is estimated to have a significantly higher job density compared to the wider Westminster constituency, London and across Great Britain (Table 1). Oxford Street sits within Westminster has a nationally significant job density and international reputation as leisure and retail destination. However, as shown in Figure 2 below, there is also a high proportionate of employment in other sectors.

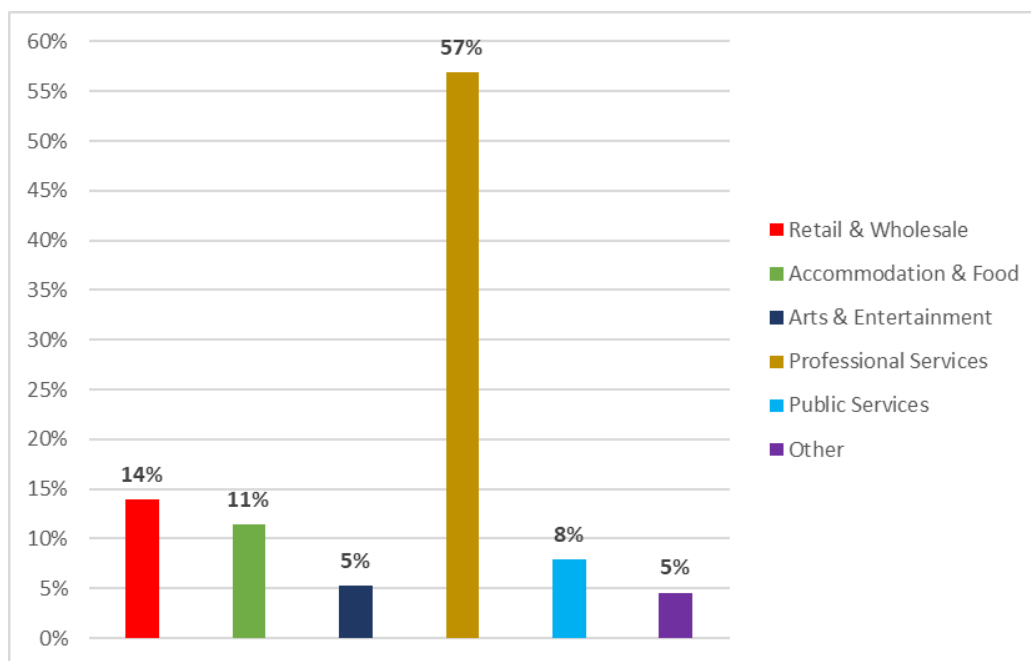


Figure 2. Breakdown of employment by sector in the Oxford Street Wider Area⁴

Source: ONS Business Register and Employment Survey (2021)

As shown in Table 2⁵, in 2019 it was reported that the Oxford Street wider area generated approximately £22.75 billion in Gross Value Added (GVA) annually, compared to £72.4 billion for Westminster as a whole. This represents approximately 30% of Westminster’s total GVA whilst constituting <10% of the total area. In addition, the contribution represents approximately 5% of the whole of London. This has remained consistent in the long term

² Estimated using MSOA Westminster 011 and Westminster 013, assuming 2021 Census working-age population

³ Job density referring to the number of jobs per a given area

⁴ Estimated using MSOA Westminster 011 and Westminster 013

(between 1998 to 2019) indicating the sustained importance of Oxford Street to local and national economy.

Table 2. Estimated GVA (ONS 2019⁵)

	GVA 1998	GVA 2019
Oxford Street Area ⁶	£8.17bn	£22.75bn
Westminster	£25.94bn	£72.4bn
London	£176.3bn	£468.2bn
England and Wales	£795.7bn	£1,769bn

Source: ONS 2021, UK small area GVA estimates

As outlined above, Westminster is a key location for economic activity across a wealth of sectors. The retail sector across Westminster contributes approximately 9% ⁷ of the borough’s GVA and is a major attracting factor to attract millions of people to the area. More widely, tourism brings an average of 25 million visitors (2017-2019) into Westminster, with an average yearly visitor spend of £1.7bn⁸.

Vacancy rates are also a useful indicator of economic activity. The City Plan’s Town Centre Health Check report⁹ for 2018-19 indicates that in 2017 the vacancy rate on Oxford Street was 12.25%. As of 2022, the vacancy rate has been reported by Westminster City Council as 14.5%¹⁰; likely reflecting the slight downturn from the Covid-19 pandemic.

A further factor indicating the importance of the economy in Oxford Street and Westminster, is the survival of businesses and their ability to contribute to taxes via business rates.

Oxford Street is one of the most expensive locations for high streets retail rents with rents up to £750 per square foot per year on Oxford Street (Table 4 below). This is over 2.5 times higher than London (City) and even higher than other national cities.

Table 3. High Street Annual Rental Values per square foot (2020-2021)¹¹

	Quarter 4 -2020	Quarter 1 - 2021
London West End – Oxford Street	£675	£750
London (City)	£240	£260
London West End – Bond Street	£2,150	£2,175
Manchester	£220	£220
Leeds	£140	£150

These high rental rates pose a further significant challenge for retailers as it adds additional pressure on the importance of maintaining and increasing visitor footfall to Oxford Street.

⁵ ONS 2021, UK small area GVA estimates

⁶ Estimated using MSOA Westminster 011 and Westminster 013

⁷ Estimated using ONS 2019 Regional gross value added (balanced) by industry: local authorities by NUTS1 region

⁸ <https://www.westminster.gov.uk/about-council/data/facts-and-figures-about-westminster>

⁹ City Plan 2019-2040 Town Centre Health Checks Report 2018-2019

¹⁰ WCC Vacancy Units West End, Ground floor land use 2022

¹¹ Annual rental cost of prime high street retail rents in the United Kingdom (UK), Statista 2022

3. Benefits of Public Realm

3.1 Background

This section aims to outline some of the key evidence for the benefits produced following public realm improvement schemes.

Town and city centres continue to face competition from online and out-of-town retailers. Providing an 'experience' for shoppers can be created by improving the attractiveness of the walking environment.

Evidence suggests that community improvements (e.g. better air quality, access to good schools, better transport connectivity) creates more attractive places to live and consequently inflates house prices. Similarly, the available evidence suggests public realm improvements will also result in higher residential and commercial prices¹².

Wider economic benefits from public realm improvements are typically excluded from monetised benefits, but can include:

- Increased pedestrian movements (footfall)
- Uplifting the sales and rental property market (retail, commercial, residential)

Other benefits of public/urban realm improvements include:

- Increasing inclusion and reducing inequality
- Improved safety
- Encouraging physical activity
- Reducing noise and local air pollution
- Improving local image and perceptions

Market prices can be uplifted as public realm improvements make urban centres more attractive spaces for visitors and subsequently businesses.

The links between public realm and wider benefits have been widely researched and include the following general findings:

- The public have demonstrated a willingness to pay for improved public realm spaces¹³;
- Health benefits and user experience (journey quality) can be significant; with some schemes reporting BCR's exceeding 30 in the wider literature¹⁴;

¹² What Works Centre for Local Economic Growth. 2014. Briefing – Public Realm.

https://whatworksgrowth.org/public/files/Policy_Reviews/14-11-20-Public-Realm-Briefing.pdf

¹³ Buchanan and Gay 2009. Making a case for investment in the public realm.

<https://www.icevirtuallibrary.com/doi/pdf/10.1680/udap.2009.162.1.29>

¹⁴ Living Streets 2011, Making the Case for Investment in the Walking Environment: A review of the evidence

<https://www.livingstreets.org.uk/media/1394/2011-making-the-case-full-report.pdf>

- Return rates on public spending and scheme BCRs can be higher for projects involving walking and cycling compared to other transport schemes¹⁵;
- Street improvements can increase the amount of dwell time (i.e., standing, waiting, and sitting) by 96%¹⁶.

Evidence also extends to an international context although this has been disregarded due to the relevance to the Oxford Street Programme.

Furthermore, while some of the presented evidence is reflective of a pre-Covid era, the lessons and evidence are likely still relevant.

3.2 Footfall

Many studies have reviewed the evidence of the impact of an improved pedestrian environment directly on pedestrian footfall. In 2006, Whitehead and colleagues estimated footfall to increase by an average of about a third (32.3%)¹⁷.

While projects do vary, improvements have found between 25-30% increase in pedestrian movement. In Oxford, pedestrianisation was just a part of the scheme as measures focused on reducing car trips to the town centre¹⁸.

Table 4. Example projects demonstrating footfall benefits

Location	Scheme outline	Outcome
Wanstead, London ¹⁵ <small>Error! Bookmark not defined.</small>	Improvements to the high street including pavement resurfacing, accessible crossings, street lighting, decluttering of street furniture, improvements to street furniture and installation of CCTV.	122% increase (at night) 75% increase (winter after darkness)
Kensington, London ¹⁹	High street redevelopment including road markings, traffic signals, additional pedestrian crossings, pavement widening, additional planting, cycle parking, removal of street clutter.	7% increase
Piccadilly, Stoke-on-Trent ¹⁵	Increase pedestrian friendliness – widening footpaths, improving path surfaces, installation of seating and tress, new businesses opened.	30 % increase
Sheffield ¹⁵	Peace gardens re-construction, reconfiguration outside Town Hall, increasing pedestrian space.	35% increase

¹⁵ Living Streets 2019, The Pedestrian Pound <https://www.livingstreets.org.uk/media/3890/pedestrian-pound-2018.pdf>

¹⁶ Carmona, M., Gabrieli, T., Hickman, R., Laopoulou T., Livingstone N., (2017) “Street appeal: the value of street improvements” Progress in Planning.

¹⁷ Whitehead, T *et al*, 2006. The Effect of Urban Quality Improvements on Economic Activity. Journal of Environmental Management 80 (1) p.1–12.

¹⁸ Parkhurst. 2003. Regulating cars and buses in cities: the case of pedestrianisation in Oxford. <https://onlinelibrary.wiley.com/doi/pdf/10.1111/1468-0270.00410>

¹⁹ Public Health England Healthy High Streets https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699295/26.01.18_Healthy_High_Streets_Full_Report_Final_version_3.pdf

Altrincham, Manchester ¹⁵	Improved streets and crossing points	25% increase between 2010-2017
Exeter ¹⁴	Traffic management (including pedestrian and shared space), improving pavement quality, public art, seating, tree planting and lighting	30% increase 2002-2010
Oxford ¹⁸	Pedestrianisation and traffic rerouting	9% increase

3.3 Property Market

In London, a study using the Pedestrian Environment Review System (PERS) audit tool was used to evaluate the walking environment. Stated preference surveys indicated every increase (in scoring terms) of plus 1 equated to an average of 5% increase in flat prices in 2005 (£13,600)¹ and a 4.9% increase in retail rents (£25/square metre per year)²⁰. This demonstrates pedestrian willingness to pay for a higher quality of street environment. Local residents were willing to pay via council tax or rental increases and public transport users through higher fares.

While willingness to pay is one method of valuing the public realm, observing housing markets following completion of public realm improvements can also indicate actual market responses. For example in London, improvements to Kensington High Street generated a 12.9% increase in the sale prices of flats located within 200m of the scheme.

Outside of London, more local schemes have been observed to generate 10% rental increases as evident at St Anne’s on the Sea (Table 5).

Table 5. Example Projects Demonstrating Property Market Benefits

Location	Scheme outline	Outcome
Kensington, London ^{14 21}	High street redevelopment including road markings, traffic signals, additional pedestrian crossings, pavement widening, additional planting, cycle parking, removal of street clutter	12.9% increase (flat sale prices within 200m of the scheme)
Sheffield ¹⁵	Peace gardens re-construction, reconfiguration outside Town Hall, increasing pedestrian space	Increase £1.60-£2.40/sq. ft. rental value
St Anne’s on the Sea, Lancashire ¹⁵	Square refurbishment involving seating, landscaping, public art	10% rental increase
Exeter ¹⁴	Traffic management (including pedestrian and shared space), improving pavement quality, public art, seating, tree planting and lighting	Increase £5/sq. ft.

²⁰ CABE. 2007. <https://webarchive.nationalarchives.gov.uk/20110118111838/http://www.cabe.org.uk/files/paved-with-gold.pdf>

²¹ Public Health England Healthy High Streets https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699295/26.01.18_Healthy_High_Streets_Full_Report_Final_version_3.pdf

In addition, a further research paper focusing on London streets¹⁶, concluded that street with street environment improvements experienced:

- an uplift in office rental values by up to an additional 4% per annum;
- an uplift of up to 7.5% for retail units; and
- vacancy rates declined by up 17% per annum.

In conclusion, reviewing the literature indicates the potential for retail rents to increase between 10-30%²².

3.4 Retail Turnover

Reviewing the literature, Whitehead and colleagues estimated retail turnover could increase by 10-25%⁴. More historical evidence suggests benefits might not be immediate, but nevertheless that turnover and profit on pedestrian streets exceeded nearby trafficked streets⁸.

3.5 Wider Local Benefits

Other benefits included a reduction in vehicle volumes and speeds, improved safety and the creation of a more attractive environment. For example, public realm improvements in Ealing generated reductions in night-time violence and pick-pocketing⁷.

4. Case Studies

4.1 Sheffield

Large scale improvements focused on pedestrian movements between the station and city centre/universities. The project involved a wide package of measures involving the demolition of a tower block, reconfiguring the station entrance area (public realm, water feature, art), new pavements, accessible crossings, lighting, decluttering and improvements to street furniture²³.

The inner ring road was downgraded to a single carriageway, transferring greater space for pedestrians through wider pavements. This reduced vehicle volumes and improved the ease of movement for pedestrians through the removal of subways and the introduction of surface crossings.

²² Whitehead et al. 2006. The effect of urban quality improvements on economic activity.

²³ CIHT (2010) Manual for Streets 2: Wider Application of the Principles. Chartered Institution for Highways and Transportation, London

The opening of the Sheffield Peace Gardens and other public space improvements was shown to increase shopping visits by 35%, increasing spending by £4.2million^{7 24}. The number of additional visitors is predicted to range between 350,000-770,000 annually⁷.

More widely, CIHT reported that general pedestrian movements around Sheaf Street (near the station) increased from 3,174 to 8,700 between 2001 and 2008⁶. This represents an increase of over 170%.

In another part of the city, the remodelling of Eyre Street saw improvements for both cyclists and pedestrians. A seven-fold increase in cyclist movements was reported between the city centre and the Cultural Industrial Quarter. For pedestrians, a 40% increase was experienced in general, but made the most impact for those with mobility constraints (175% increase)²⁵.

Local rental values were reported to increase between £1.60-£2.40 per square foot¹⁵.

Improvements to Sheffield City were estimated to have created between 341 to 527 additional net jobs⁷.

4.2 Exeter

The project involved major redevelopment, including public realm improvements in the historic area of Princesshay.

The Council were able to analyse the impacts of the improvements due to ongoing annual surveys of pedestrian counts during the month of March. This revealed that the number of pedestrians visiting the improved old town increased by nearly 20% between 2006 and 2009. This represented an increase of over 20,000 visitors annually²⁶.

Rental prices increased by £5/sq. ft. between 2006 and 2008⁷.

The improvements also provided stability in rental values, while other local areas experienced decline.

5. Summary

Projects involving improvements in the walking environment, have a wider range of potential benefits despite them not being evenly distributed across the area of impact.

Increasing attractiveness of the urban area through measures such as pedestrianisation and cycling infrastructure, is likely to improve local urban centres, attracting more visitors and incentivising greater spending in the local economy. Consequently, this inflates the desire for residential, commercial and office space in close proximity to the improvement schemes.

²⁴ <https://www.gov.uk/government/publications/build-back-better-high-streets/build-back-better-high-streets>

²⁵ Sheffield City Region, 2011-2026. Transport Strategy. <http://www.syltp.org.uk/documents/Document%207%20-%20Reducing%20Emissions.pdf>

²⁶ Landscape Institute. 2011. Why invest in landscape? <https://landscapewpstorage01.blob.core.windows.net/www-landscapeinstitute-org/2015/11/WhyInvestFinalA4pages.pdf>

Potential drawbacks to urban realm schemes should also be noted. Research suggests that increases in house or commercial prices and rents could force lower economic groups or local small businesses out of the area.

In summary, potential ranges in footfall and rental value benefits are provided in Table 6.

Table 6. Summary of extended economic benefits

Benefit	Evidence range
Footfall	10 – 30% increase
Rental values	£1.60 - £5 /sq. ft. increase