

Big guns turn their sights on south London regeneration

Regenerating Croydon's Whitgift Centre involves a number of development challenges. But they don't phase Westfield and Hammerson, which have a track record of creating successful schemes in London.

When south London's largest retail scheme is finally added to their portfolios, Hammerson and Westfield will dominate all corners of the UK's capital.

Westfield has east and west covered with its Westfield London and Westfield Stratford schemes, while Hammerson has the growing Brent Cross centre in the north. The last piece of their combined puzzle is the development of the Whitgift Centre in Croydon, being carried out by their joint venture the Croydon Partnership.

On 16 September, at least one major hurdle in the path to domination was cleared as the secretary of state for communities and local government, Greg Clark, approved a compulsory purchase order (CPO) for the Whitgift Centre and surrounding land. The allocation of the CPO had been contended by a number of tenants, and a public enquiry took place in February and March this year.

However, though gaining the CPO was a "very significant milestone" for the scheme, according to Robin Dobson, director of retail development at Hammerson, it is just "one of a number of hurdles that need to be overcome".

Impressive support

At 139,355 sq m of retail and leisure space, the planned new Whitgift Centre is large enough to bear comparison to Westfield London, Westfield Stratford and Brent Cross (see box), and improvements in the wider area will have a big impact. Though the scheme does have its objectors, as any scheme of this size surely would, support for the Whitgift development has been impressive since it was first announced. Croydon Council has given its full support, as has the mayor's office and the Greater London Authority (GLA).

"The great thing about the project is there is recognition at all government levels that something needs to be supported not just with words but with action," says John Burton, Westfield's development director, referring to the relative swiftness of the CPO approval given it was election year. "From a

Whitgift development: Key facts

Total area The full development will provide about 185,806 sq m of retail and leisure space, the Whitgift Centre comprises 139,355 sq m

Planned timeline On site during Q4 2016, opening in 2020

What's planned Outline planning for more than 300 shops and leisure operators, including a multi-screen cinema

Flagships So far John Lewis and Marks & Spencer – the Centrale centre opposite already has House of Fraser and Debenhams

Catchment The likely shopper population could increase by 40% to reach 2m people by 2021 due to improving transport links, including rail and tram improvements

Nearest competing scheme Intu Bromley, 43,014 sq m

London and GLA perspective, Croydon is one of the highest priorities in the reinvigoration of south London. The area has unfortunately suffered from years of a lack of investment, so much of the infrastructure, buildings and fabric is showing its age. In a city like London, if a scheme isn't at the top of its game it won't be attractive to anyone looking to live or invest there."

The JV – a 50:50 partnership – is planning to spend more than £1bn to redevelop the existing centre and surrounding area, which includes the Centrale shopping centre. Dobson is confident that the return on investment, not just for the developers themselves, will be worth it and will attract further investment.

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"Compare this to the level of investment we've made in other cities such as Birmingham and we know that that level of investment has the ability to transform a location," explains Dobson. "They become catalysts for further growth."

Since the Croydon Partnership was formed in 2013, quickly followed by the acquisition of 25% interest in the Whitgift Centre, a number of investments in the area have been announced from other property companies. It's fair to say that the prospect of a redeveloped retail hub in the town centre has played its part in attracting further investment. The borough's Croydon Vision 2020 – a regeneration plan comprising more than £5bn of public and private sector investment, which could create 23,594 jobs and 8,359 new homes by 2031 according to the council – has gained momentum and several residential and office schemes are already coming out of the ground.

Next stages

Now the CPO has been granted, there are a number of stages that need to take place for the Whitgift Centre to come to fruition.

"We're still targeting to be on site in late 2016," says Dobson. "But while the CPO for Whitgift was a very important milestone and allows us to move forward in land assembly there are still a number of stages. Discussions to have with other landowners for example, the preletting process and working up the next level of design and procurement."

Neither Dobson nor Burton want to give the impression it will be plain sailing from here to completion. "Now we need to deliver quite a technically complex scheme, because it's not greenfield at all," says Burton. "We have to deliver it under the restrictions imposed by a living city, with businesses that need to continue to trade and people who need to live."

The complexity of the scheme is why the JV deemed a CPO was necessary, explains Burton. About 900 interests needed to be acquired for the scheme to go ahead. "The

great majority have and will be achieved through negotiation," he says. "We've got agreements with most major landowners such as the Whitgift Foundation. I don't think we'll have to resort to the full force of the CPO to get what we need."

One next step is to submit a detailed planning application. In terms of design, both Westfield and Hammerson have good track records, though there are significant limitations imposed by such a central location, such as original facades to maintain. Both directors say that while the Whitgift Centre will have the "energy" of previous schemes, neither is a "cookie cutter" developer and it will reflect the changing needs of consumers.

When it comes to prelets, the reputation of both developers precedes them again. "From a leasing point of view, Westfield and Hammerson have a valuable position already covering most of London," says Burton. "When you look at new market entries, retailers from the US that want to make a play overseas, for example, we can pretty much meet their requirements in one fell swoop, in all areas of the city."

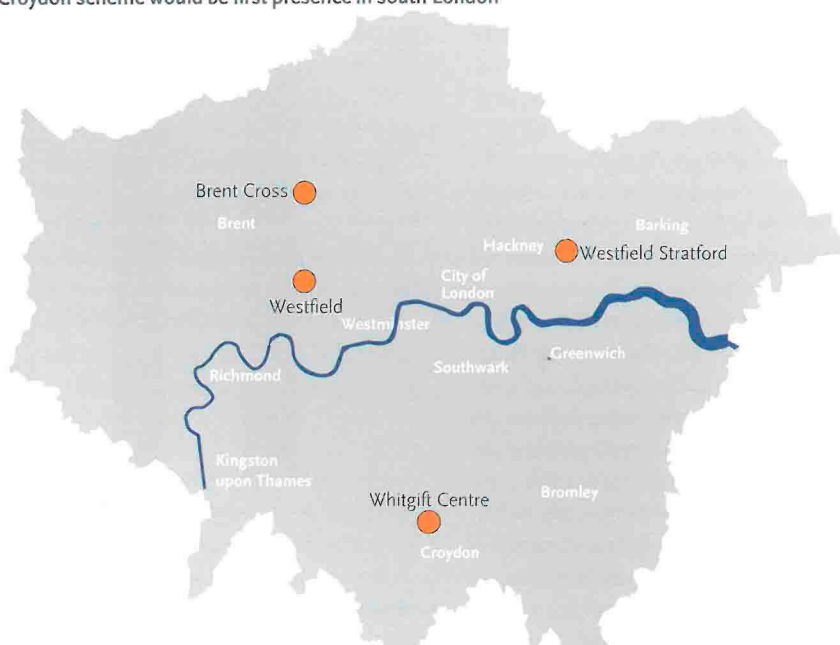
Of course, it's not just in London where Hammerson and Westfield have already made their mark. Both are also occupied with other schemes in the UK and mainland Europe.

Hammerson is currently putting about £1bn into Brent Cross Shopping Centre, which it owns with Standard Life Investments, to add around 55,742 sq m of new retail and leisure space. Like Croydon, Brent Cross has been identified by the GLA as an area to improve and the most recent government budget added further public sector investment. Elsewhere, Hammerson is also on site developing both Watermark WestQuay in Southampton and Victoria Gate in Leeds, while its second development in France, the Jeu de Paume in Beauvais, is opening shortly.

"I have two jobs," explains Dobson. "First, pushing strategic development and second, continually trying to reinvent, improve and

Westfield/Hammerson's Greater London shopping centres

Croydon scheme would be first presence in south London



expand on the offer of all our current centres. We're always looking at new opportunities whether we have a presence or not, but from a development standpoint I'm always looking at how we can extend/change what we have and put in new operators to create a wider offer. I pride our team on making sure we work closely with the public sector to find opportunities."

Italian destination

Burton has a parallel remit for Westfield, which is also developing one **which?** of its London schemes – the developer will be on site with the 74,322 sq m extension by the end of this year. It is also soon to embark on its first European scheme outside the UK in Milan where it is creating the largest retail destination in Italy – "the largest in Europe if you're not including Russia", says Burton.

Describing progress in Milan, he says: "At the moment planning is working well with local authorities and design is proceeding well. We're in dialogue with retailers – Galleries Lafayette [which signed up for an anchor store last year] defines the product. When you get someone like that it

proves beyond a doubt that there's an opportunity here. It will be a complete change of pace for the Italian market."

Westfield has "a watching brief constantly for opportunities", says Burton. "As a company, we focus on the best cities in the world. For us it's not about having a number of properties, it's about having the best properties in the best locations. Croydon has no difficulty ticking that box. We've been watching Croydon since we first came to the UK because of the opportunity."

The Whitgift Centre development appealed to Hammerson for slightly different reasons. "Both Brent Cross and Croydon are opportunities that don't come up regularly – schemes in dense areas of population, with connectivity and strong public/private sector partnerships," Dobson explains.

Both developers feel they have struck gold in the south of London and, in Burton's words, "if the two of us hadn't got together the opportunity would have been lost to us both". With the CPO in place, the race is now on to get the first spaces in the ground in a year's time for both companies to see their vision come to pass.