

Heritage Lottery Fund

New ideas need old buildings



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Foreword

New ideas need old buildings



Historic buildings and the historic quarters of our major towns and cities are the very places where new ideas and new growth are most likely to happen.

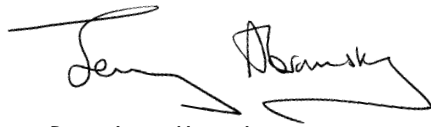
The research we publish in this report shows that the commercial businesses based in the historic buildings of our major cities are more productive and generate more wealth than is the average for all commercial businesses across the whole economy.

For us in the heritage sector this is not surprising. The research findings back up an idea about economic development that has been understood for some decades – that innovation, new products, new services – indeed, new economic growth – flourish best in cities possessing a good stock of historic, distinctive buildings. New ideas need old buildings. Why is this? For many reasons. New businesses can set up in older buildings with lower risk because of lower costs. Older buildings are suitable for a huge variety of business use. They have character and colour, so creating the distinctive leisure quarters of cities and an atmosphere that fosters creativity. All of this forms to create a ‘mosaic’ of economic activity that is attractive to workers, visitors and to business owners alike – a rich diversity of use from which the new ideas that economic development depends upon can flow.

At the Heritage Lottery Fund we have been able to play a part in ensuring the historic parts of our towns and cities are best placed to fulfil their economic potential. We have invested over £2.5billion in building restoration, repairs and modernisation. A quarter of all our Heritage Grants projects involve the re-use of historic buildings. Our Townscape Heritage scheme has been running since 1998, providing a total of £228million to urban regeneration.

But – as we make the slow recovery from the most painful economic downturn of the last 50 years – we felt we needed to do more. This is our reason for launching, in April 2013, our new Heritage Enterprise programme, designed primarily for enterprising community organisations to help them rescue neglected historic buildings and return them to a viable productive use.

I believe the opportunities for heritage to make a major contribution to our future economic wellbeing are now being realised and taken more seriously. We were able to demonstrate links between heritage and tourism in our previous *Investing in Success* report. This new work makes the case for another of the important ways that heritage is a force for economic progress across the UK.



Dame Jenny Abramsky
Chair

“The exterior builds an expectation of the quality of the goods inside.”

Fashion Boutique
Lincoln

“Every client comments positively on the building; it attracts visitors and word of mouth discussion.”

Estate Management Services
Manchester City Centre

“The historic premises are intrinsically linked to the operation and appeal of the business – don’t think this restaurant could relocate to another site.”

Restaurant
Soho

“Interesting premises are particularly useful in attracting design industry clients.”

Design Agency
Bristol, Clifton

Old buildings and innovation



This is a marvellous report and one of the first that is showing what we all instinctively know. Old buildings resonate deeply, especially for those who have new ideas or want to be innovative. That is why world-wide thousands of old buildings, some ordinary, some extraordinary, some quirky and some grand have been put to new use. Think of the houses, shops, warehouses, breweries; train, bus or fire stations; cement, coal, textile, tobacco or steel factories; old markets or military barracks that have been transformed into retail emporia, culture or experience centres, incubators and company breeding grounds and as hubs for wider urban regeneration. Why do they resonate? It took me a long time to encapsulate my view of their overall essence. At their best historic buildings become:

- **Places of anchorage:** They exude memory and reflect the patina of ages in an age where the thirst for novelty increasingly erases our past. There is a yearning for us to feel viscerally a sense of lineage. Knowing where we come from helps give confidence to think through where we might be going. Change is the mantra of our age and so can feel hectic and unconsidered. Heritage fosters stability and helps slow things down and in trying to be creative in a speeding world we also need places to cultivate reflection.
- **Places of connection:** Done well old buildings act as a catalyst for us to connect in multiple ways. By working in or living with heritage the patterns of our past show us possible routes to our futures. This becomes most inspiring when high tech is blended into old physical structures. You sit in a historic building and are virtually linked to the wider world like a seamless thread. It is not surprising therefore that advanced knowledge based companies find this combination compelling.

- **Places of possibility:** By sparking curiosity old buildings trigger the exploratory instinct and so open our imagination from which creativity, invention and innovation can emerge. Our antennae are sharpened. Dull, faceless and homogenous settings by contrast close us in. Emotionally they can feel empty and lifeless and so we become drained of energy and motivation.
- **Places of learning:** Old buildings grab attention and so help create concentration. This encourages conscious and unconscious learning. Again not surprisingly some of the best learning happens in historic buildings that are adapted to new requirements. But incidental learning happens even when we pass clusters of historic buildings simply walking down a street or when we sit in an old café.
- **Places of inspiration:** Finally there is a visionary dimension since the heritage we have kept embeds and embodies ideals and aspirations that people, cultures and civilizations have made and continue to make.

So there we have it. Older buildings often have spaces that are unusual, stimulating and encourage flexible use. The old and the new are great partners. All these attributes do not always come together in one single building. Yet seen collectively with an eagle eye view the potential power of heritage seeps through. Great historic places have a mix of qualities. They are both ordinary and extraordinary. They are familiar, warm and feel stable so you can relax and feel at home. Yet they can surprise and reveal the unexpected.

A handwritten signature in black ink that reads "Charles Landry".

Charles Landry
March 2013

Author of the Art of City Making and The Creative City:
A toolkit for urban innovators

Research findings

This report summarises the results from the first ever, comprehensive research that has been undertaken on the business occupation of historic buildings in the UK. We have worked with Oxford Economics and property market experts, Colliers International, to assess the economic impact of the commercial activity that takes place in historic buildings.

The research uses data from English Heritage, Historic Scotland, Cadw and the Department of Environment Northern Ireland on listed buildings, which has been matched with a detailed dataset that provides information about the business occupation of all buildings throughout the UK.

In the analysis we looked at what types of businesses are more likely to be based in a listed building and how this differs to the overall pattern of commercial businesses in the UK. The research shows that, in the historic places we surveyed, there is a greater propensity for businesses to be working in the most highly productive parts of our economy – professional services and the creative and cultural sector. It also shows how independent retail and leisure businesses seek to cluster in historic areas of towns and cities – adding to the distinctive sense of place which is key to success in attracting successful businesses. And it shows that historic buildings are particularly attractive to new business start-ups, especially in the creative and cultural sector.

Above all, it shows how important historic buildings are in the commercial life of this country:

- We estimate there are over 130,000 businesses operating in listed buildings in the UK.
- In our major cities, historic buildings have a greater concentration of businesses linked to the creative and knowledge economy than across the UK as a whole.
- The areas of cities where there is a higher density of listed buildings also have a higher concentration of businesses linked to the creative and knowledge economy.
- Listed buildings are far more likely to be occupied by the types of independent non-branded business that give places a sense of distinctiveness, authenticity and diversity.
- Listed buildings are highly attractive to entrepreneurs and start-up businesses in the creative and cultural sector. Creative industry businesses based in historic buildings that we surveyed for the research included a very high proportion of start-ups – with over 60% established in the last three years.
- Listed buildings are three times more likely to be used as a fashion retail shop than non-listed.
- Historic buildings are highly suited to a great variety of uses. Listed buildings originally built as everything from housing to political clubs are now used for a wide range of manufacturing activities from publishing to jewellery and clothing factories – whilst former industrial heritage buildings have been re-used for residential, office, retail and leisure.
- Across the UK, the businesses based in listed buildings are highly productive and make an estimated annual contribution to UK GDP of £47 billion and employ approximately 1.4 million people. This represents 3.5% of the UK's 'gross value added' (GVA) and 5% of total UK employment. Not all historic buildings are listed – adding the non-listed would make these figures even higher.
- In the places we surveyed, a commercial business based in a listed building generates an average of £308,000 in GVA per year – 4.4% higher than the average for all commercial businesses across the UK. Rather than being a drag on productivity, listed buildings attract businesses in the most productive sectors of the economy.
- The 'heritage premium' associated with the occupation of these listed buildings – the extra GVA they generate over and above the amount generated by an equivalent number of businesses in non-listed buildings – is £13,000 per business per year.

Where the research was done

We carried out the research in all parts of the UK, in 65 separate places, spread across 56 different towns and cities. These included the eight English 'Core Cities', Glasgow, Cardiff and Belfast and seven locations in London.



1 Bradford

Bradford is no longer a mighty industrial powerhouse, but the fine legacy of buildings that originated in its more prosperous past offers hope for the future.



3 London, Clerkenwell

Clerkenwell was once dominated by the monastic headquarters of the Knights of the Order of St John and today its historic built environment has found favour with professional businesses.



6 Derry/Londonderry

Derry, the City of Culture 2013, is distinguished by having the only complete city walls in Northern Ireland and by having been the first Renaissance-style planned town.

England

- Birmingham*
- _Central
- _Jewellery Quarter
- Bolton
- Bradford
- Brighton
- Bristol*
- _Central
- _Clifton
- Bury St Edmunds
- Canterbury
- Carlisle
- Cheltenham
- Colchester
- Derby
- Doncaster
- Dorchester
- Exeter
- Guildford
- Hexham
- Huddersfield
- Kingston upon Hull
- Lancaster
- Leeds*
- Leicester
- Lincoln
- Liverpool*
- _Cathedral Square
- _Central
- London
- _Borough
- _City
- _Clerkenwell
- _Islington
- _Mayfair/Marylebone
- _Soho
- _Spitafields
- Manchester*
- _Central
- _Northern Quarter

- Newcastle*
- Northampton
- Norwich
- Nottingham*
- Richmond
- Rye
- Sheffield*
- Shrewsbury
- St Albans
- St Ives
- Stafford
- Truro
- Whitby
- Winchester
- York

Northern Ireland

- Armagh
- Belfast
- Derry/Londonderry
- Downpatrick

Scotland

- Aberdeen
- Dundee
- Edinburgh
- Glasgow
- Inverness
- Perth
- Stirling

Wales

- Aberystwyth
- Cardiff
- Caernarfon
- Colwyn Bay
- Swansea

*Core city



2 Bristol

Elegant Park Street is in effect the 'high street' of the Clifton area of Bristol. Despite a steep gradient it is the West of England's King's Road.



4 Manchester

The imposing Victorian warehouses and workshops that distinguish Manchester's traditional 'Garment District' have, over recent decades, emerged as an archetypal city centre 'village'.



5 Norwich

Norwich's trading links made it England's second city in the Middle Ages and this has left a legacy of over 400 listed buildings in its city centre.



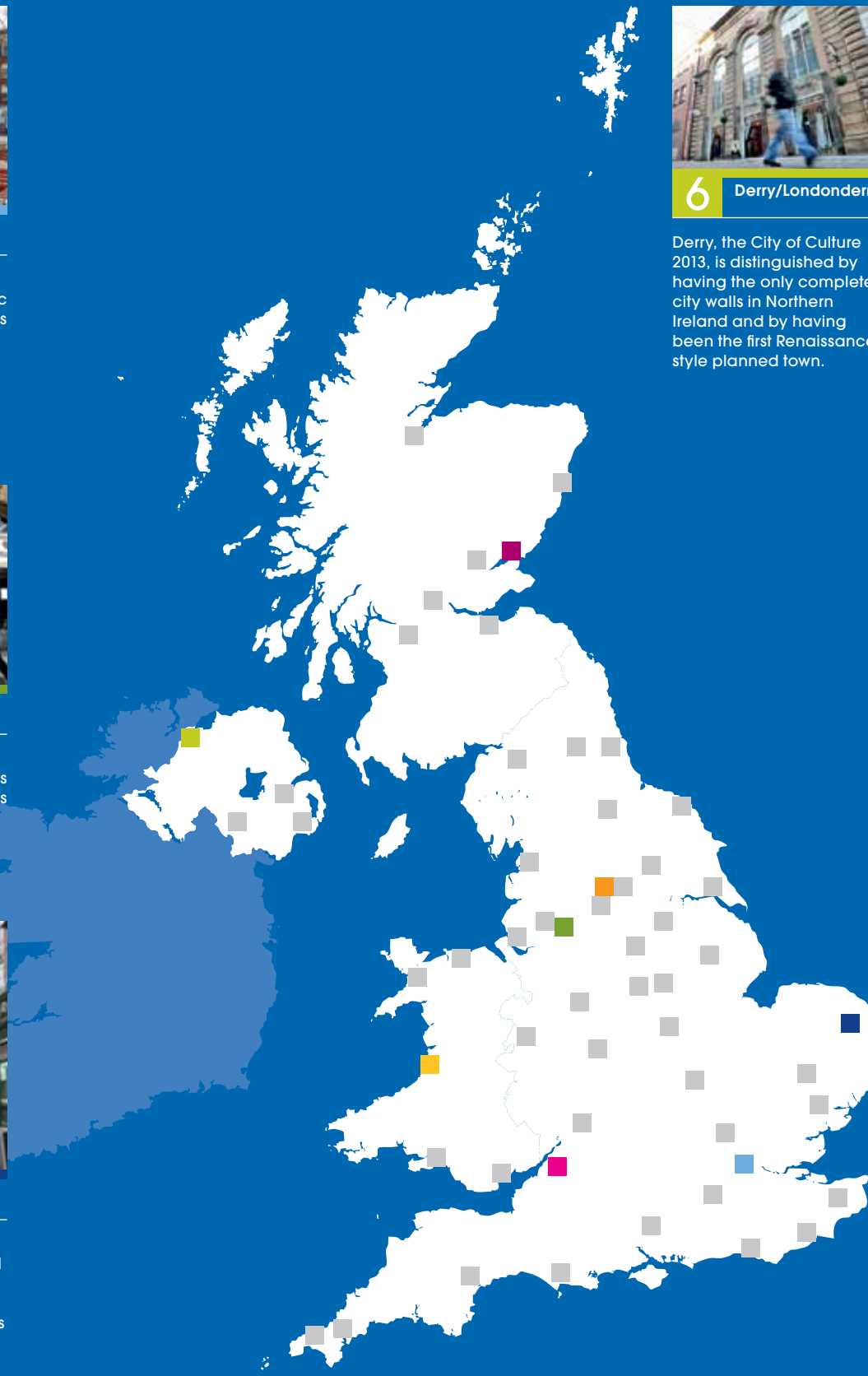
7 Dundee

Dundee, proudly overlooking the Firth of Tay and soon to host a new branch of the Victoria and Albert Museum, boasts over 360 listed structures in the city centre.



8 Aberystwyth

The *Rough Guide to Britain* calls Aberystwyth the "liveliest seaside resort in Wales ... an essential stop". This owes much to the university town's built heritage.





1 Bradford

Bradford is no longer a mighty industrial powerhouse, but the fine legacy of buildings that originated in its more prosperous past offers hope for the future. There are two concentrations of listed buildings in the city centre. The commercial core has majestic Victorian and Edwardian offices, which are still where many of Bradford's professional practices choose to be. The area is dominated by the landmark city hall, now reflected proudly in a pool built to show off its glory.

Nearby Little Germany, meanwhile, is an area of imposing warehouses built by Jewish cloth merchants, many of whom originated in Germany. This is now a place where professionals and creative industries mix with trendy bars and restaurants. Catalogue retail giant, Freeman Grattan Holdings, now, appropriately, German-owned, chose in 2012 to open its new head office, with 300 staff, in a Grade II-listed former wool warehouse here.

New ideas need old buildings

Historic buildings and economic development

“Old ideas can sometimes use new buildings. New ideas must use old buildings.”

Jane Jacobs
The Death & Life of Great American Cities

That innovation, new products, new services – indeed, new economic growth – might fundamentally depend on cities possessing a good stock of old, distinctive buildings was an idea famously coined by the American urbanist Jane Jacobs over 40 years ago.

For Jacobs, writing at a time when wholesale redevelopment of great swathes of cities was being planned and carried out on both sides of the Atlantic, this was a vital message which was not being properly understood. To her, the reasons old buildings were so important, were – and remain – multiple. They are adaptable, and available in the different scales, sizes and compositions that start-up and growing businesses need. They can often be taken on easily and quickly. They are cheaper to occupy than new build and so are attractive to innovative, risky businesses that need to keep costs down. And they provide character and interest for companies wanting to carve out a distinctive image.

More recently Jacobs was given extensive credit in the work of US economist Richard Florida. The ‘creative economy’ theory that Florida developed updated many of Jacobs’ ideas. And he similarly underscores the importance of heritage districts and buildings for economic growth.

Florida describes the importance of historic buildings as a primary location for businesses working directly within the creative economy. But, as importantly, he also emphasises the role that independent retail and leisure businesses play in creating the vibrancy and buzz which in turn is a key attractor of these new economy companies – and it is again historic buildings that those independent and locally distinctive businesses gravitate towards.

2 Bristol, Clifton

Elegant Park Street is in effect the “high street” of the Clifton area of Bristol. Despite a steep gradient it mixes an eclectic range of independent shops with niche fashion boutiques, anchored in the middle by the long-established mini department store, the Bristol Guild.

Shop research shows that there are three times more independent businesses than familiar brands occupying listed buildings. The shops are mixed with many restaurants, coffee shops and bars. The peaceful Georgian terraces that lead off Park Street also greatly appeal to professionals. A quarter of listed buildings here are occupied by accountants or lawyers, and a further 15% by architects or web designers. The combination of professionals, Bristol University students and residents create the kind of city environment to which many areas aspire.



“Our older industrial age cities are potentially cauldrons of creativity ... filled with just the sorts of warehouses, factories, and other buildings that can become the figurative garages where start-ups are incubated. We can only succeed if we look at them as opportunities and not blights. Such investments are win-win-win propositions: they reinvigorate our older centres, take the pressure off the new ones and result in a stronger system of cities overall.”

Richard Florida
The Rise of the Creative Class

We think these are ideas about the relationship between heritage, innovation and economic development that need greater exposure in the UK debate about economic recovery today.

There have been recent calls for the country to renew its key infrastructure, as a route back to growth and as an investment in the future. Often this infrastructure is thought of solely in terms of transport networks or communications technology. Getting this infrastructure right is vitally important. But investing in our future is also about making sure we make better use of the assets we already have – that are the product of previous generations’ ‘new ideas’.

We need a greater emphasis on measures that enable historic buildings to be brought back into use.

- Historic buildings are a key asset in the economic growth story. This is a long-established theory in the US, now supported by UK evidence.
- Cities should protect and look to utilise their stock of historic buildings – or they will find themselves losing out to others that do so, in attracting the growing businesses that will drive UK economic recovery.
- There are signs this is widely understood by local government, planners and developers – hence the use of historic buildings in core cities regeneration for example. But there is more to be done – our research found a 36% vacancy rate for industrial historic buildings.

Heritage Lottery Fund is responding with our new Heritage Enterprise programme. But we want the debate to continue – what more can both public and private sector do to tap the great potential for economic development of our historic buildings and townscapes that this research reveals?

How the research was done

The research was carried out in five steps:

- 1 Establishing the types of businesses that occupy a large sample of listed buildings in 56 towns and cities across the UK.
- 2 Comparing these uses with the pattern of use within non-listed buildings – both across the UK and within each of the sample places. This gave us our key measure used in the analysis – the ‘propensity to occupy’ indicator. This compares the frequency that listed buildings are occupied by different types of business, with the frequency in non-listed buildings.
- 3 Undertaking a telephone survey of over 200 businesses in listed buildings in 15 different locations showed why the patterns of use described above materialise.
- 4 Using reasonable assumptions to aggregate up from this sample to give estimates of the total number of different types of business occupying all listed buildings in the UK.
- 5 Using economic data on business classification to generate estimates of the total output and employment that is generated by businesses occupying listed buildings.

The data assembly on business occupation was undertaken by combining several datasets:

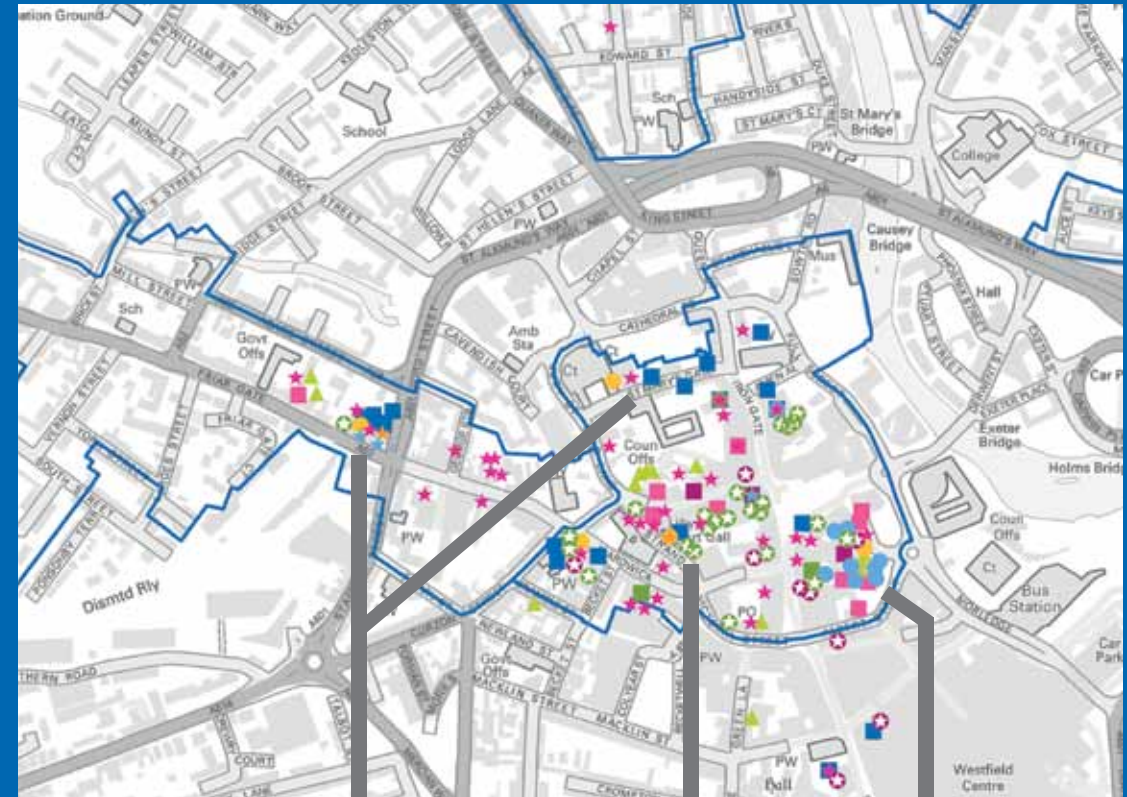
- The National Heritage Lists for England, Scotland, Wales and Northern Ireland, which provide the location of every listed structure in the country.

Key to Derby

| | |
|----------------------------------|-------------------------------|
| ■ Charity retail | ▲ Fashion Branded |
| ■ Comparison retail Branded | ▲ Fashion Independent |
| ■ Comparison retail Independent | ■ Professional services |
| ● Convenience retail Branded | ● Non professional services |
| ● Convenience retail Independent | ★ Retail services Branded |
| ★ Creative & culture | ★ Retail services Independent |
| ★ Eating & drinking Independent | — Conservation Area/Border |

Maps contain Ordnance Survey Data
© Crown Copyright and Database right 2012

The map shows the individual businesses of different types in listed buildings in Derby city centre. It shows how businesses cluster together and how the nature of the heritage in an area can have a major impact on the pattern of clustering. Derby’s historic Cathedral Quarter is different from the rest of the city centre in having a variety of business uses, most of them unique. There are groupings within it, which are shaped by the nature of the buildings and townscape. This makes the Cathedral Quarter the most diverse and interesting section of the city centre.



Derby’s main concentration of professional practices in the buildings that were the commercial heart of Victorian Derby

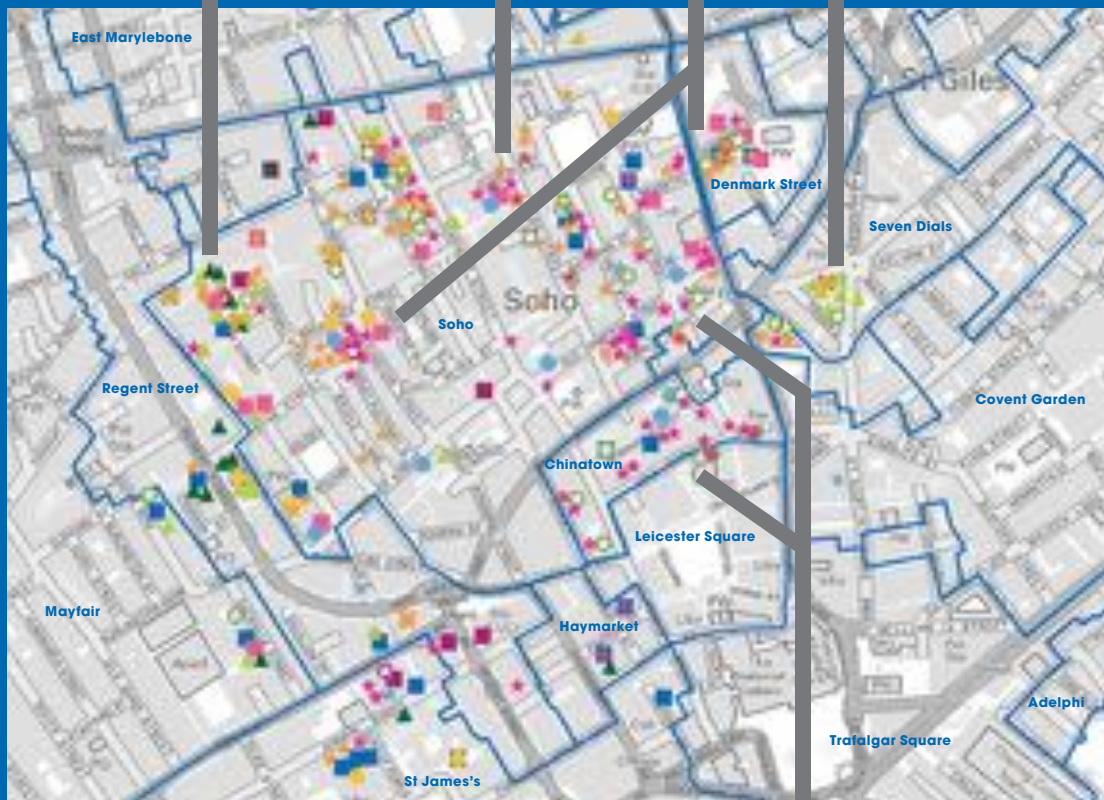
Retail services congregate in listed buildings away from the main covered shopping centre (Westfield)

Derby’s main concentration of independent shops, with main restaurant quarter adjoining

Grouping of independent and niche branded fashion boutiques in Carnaby area, just away from Regent Street and Oxford Street

Intensive clustering of creative industries with professional services and many places to eat and drink

Independent fashion cluster



Restaurant quarters dominated by unique businesses

Key to Soho, London

| | |
|----------------------------------|-------------------------------|
| ■ Charity retail | ▲ Fashion Branded |
| ■ Comparison retail Branded | ▲ Fashion Independent |
| ■ Comparison retail Independent | ■ Professional services |
| ● Convenience retail Branded | ● Non professional services |
| ● Convenience retail Independent | ★ Retail services Branded |
| ★ Creative & culture | ★ Retail services Independent |
| ★ Eating & drinking Independent | — Conservation Area/ Border |

The map shows the individual businesses of different types in listed buildings in London's Soho. It is perhaps the most intense, vibrant and diverse heritage quarter in the World. That comes from the way in which the heritage in different sections is being used, by developers and through a natural process, to create pockets of business activity of different natures. The extreme diversity of use and character gives the area its tremendous allure.

Maps contain Ordnance Survey Data
© Crown Copyright and Database right 2012

- A list of all the non-residential uses that take place in buildings, called PointX, which is collated by Ordnance Survey. PointX data groups business uses into nine sets – accommodation; eating and drinking; attractions; commercial services; retail; education and health; manufacturing and production; public infrastructure; sport and entertainment; transport. Within these sets a very detailed descriptor for each business is given – there are several hundred of these categories.

In theory, it ought to be possible to match these two datasets automatically, using geographic signifiers common to both. However, in practice, the data needs to be checked manually to ensure the information about the use of a particular building is accurate.

For this reason, it was way beyond the scope of the research to analyse every single listed building in the country. Instead we adopted a sampling approach, which we carried out in two stages.

Commercial business uses

This gathered data on the four PointX business categories of: accommodation; eating and drinking: commercial services and retail.

We analysed these business uses within 56 cities and towns. In London we looked at seven different locations, from the West End to the City fringe. In Bristol, Birmingham, Liverpool and Manchester we looked at both the central business district and a centre fringe district. In these locations we collected data on the commercial business use of all listed buildings within 500m of a centre point.

The total number of listed buildings in commercial use, captured through this approach, was over 5,000, with over 12,000 businesses found to be occupying these buildings. These businesses were re-categorised to give a clearer overview, using the following scheme:

| Business category | Description |
|--------------------------------|---|
| Retail | |
| Comparison retail | Shops like bookshops, furniture stores, department stores and electronic goods where consumers are comparing the price and quality of different products and brands |
| Fashion retail | |
| Convenience retail | Mainly food shops and newsagents |
| Retail services | Eg. retail banks, cleaning, repair businesses, travel agents |
| Leisure | |
| Eating & drinking | Restaurants, pubs and cafés |
| Commercial services | |
| Professional services | Engineering, legal, property and financial advice |
| Creative & cultural industries | Advertising, architecture, design, publishing, marketing, photography, tv and music production |
| Non professional services | Admin, office, building contractors, taxis |

The categories of fashion, and eating and drinking were further sub-divided into branded and non-branded businesses – chains and independents.

Manufacturing and production

Separately, we analysed all the listed buildings used for a fourth of the PointX sets – manufacturing and production.

This was done by gathering data for all the manufacturing and production businesses that occupy listed buildings in 36 cities and towns in England: the places analysed in the rest of the research minus the small towns.

As an extension to this part of the analysis we also looked at the occupation of all listed buildings that were originally constructed for manufacturing purposes across the whole of England to determine the proportion of these that are used today.



3 London, Clerkenwell

Clerkenwell was once dominated by the monastic headquarters of the Knights of the Order of St John and today its historic built environment has found favour with professional businesses. One in four of the area's listed buildings now house architect's offices and one in five other professional service providers.

Clerkenwell gained its current character in the 19th Century, when it became a hub for brewers, distillers, printers and clock makers. Most of the factories closed or moved out in the first half of the 20th Century, but the buildings they left behind, with their large windows and loft style character, have proved ideal for architects and other businesses that treasure light, character and reasonable rent. Bars and restaurants also now thrive in this environment occupying a further fifth of the listed premises. It is a part of the capital where uniqueness reigns.

4 Manchester, Northern Quarter

The imposing Victorian warehouses and workshops that distinguish Manchester's traditional "Garment District" have, over recent decades, been adopted by those who prefer variety in their lives. Anchor attractions like Affleck's Palace, a haven for off-beat contemporary shopping, and the Manchester Craft and Design Centre, define its personality.

It has emerged as an archetypal city centre 'village' where many live and work, surrounded by interesting shops and places to eat, drink and stay. This is the Manchester where individuality reigns. Half of the commercial uses in listed buildings are shops and, in contrast to the nearby city centre, 80% of them are independents. The same is true of the bars and restaurants, accounting for 17% of the commercial uses in listed buildings. They are joined by many professionals' offices with a slant towards those in the creative industries, offering a heady mix that has been central to the city's revival.



New ideas need old buildings

The business use of historic buildings

Through the research we found that there is a clear propensity of certain types of business to occupy historic districts and buildings in our major towns and cities.

The historic quarters of cities are more frequently occupied by businesses in the creative and cultural sector and the professional services sectors. To an even greater extent, they are occupied by the type of independently distinctive shops, cafés, bars and restaurants that create the atmosphere which attracts creative businesses and that creates an environment where new ideas thrive.

Furthermore, we found that historic buildings are being adapted for new production and manufacturing use – this is not just a 'service economy' story.

And the people that run businesses from listed buildings are clear about the importance of heritage to them – because of the size of space they provide, because of the ambience and distinctive identity they offer and because the costs of occupation are right for their type of work. Historic buildings are seen as a great place to start businesses.

Business use of listed buildings v. non-listed

The table on page 22 shows the number of businesses in each category that we found occupying the listed buildings in the 56 cities and towns. This is then compared to the distribution we would expect to find, in an equivalent number of non-listed buildings, based on the UK pattern of business types. By looking at the difference between them, we can calculate a measure, in percentage terms, of the greater or lesser 'propensity to occupy' a listed building for each of the business categories:

- A listed building is three times more likely to be used as a fashion retail outlet than a non-listed building.
- Eating and drinking businesses are 79% more likely to be found in a listed building than in a non-listed.
- Professional service businesses are 30% more likely to be found in a listed building than a non-listed.
- Creative and cultural industries are 13% more likely to be found in a listed building than in a non-listed. This difference is particularly pronounced in England, where it is as high as 29%.

Propensity of business types to occupy listed and non-listed buildings

| | Research sample - number of businesses in listed buildings | Across the UK - number of businesses in equivalent set of non-listed buildings | Difference (%) |
|--------------------------------|--|--|----------------|
| Fashion retail | 1,555 | 514 | +203% |
| Eating & drinking | 2,720 | 1,517 | +79% |
| Professional services | 1,926 | 1,479 | +30% |
| Creative & cultural industries | 668 | 589 | +13% |
| Comparison retail | 1,935 | 1,793 | +7% |
| Retail services | 2,081 | 2,420 | -15% |
| Non professional services | 1,037 | 2,382 | -57% |
| Convenience retail | 616 | 1,831 | -66% |

The graphs overleaf show how listed building use differs to the UK pattern for various types of place. We grouped each place in the research into one of: London Central or Fringe, Core City Central or Fringe, Small City/Large Town or Town. The overall pattern of use is similar across these – but with some notable differences, such as the very strong over-representation of creative and cultural industries in the fringe areas of London and the core cities; of professional services in central London, of fashion retail everywhere – and of eating and drinking places (often historic pubs) everywhere except central London and the fringe areas of core cities.

The distribution of creative and cultural businesses showed some of the greatest variation. Compared to the UK average, these types of business occur more than twice as frequently in listed buildings within some predictable places such as Clerkenwell, Spitalfields and Borough in London, but also several areas of the English core cities including Bristol Clifton, central Liverpool, Birmingham Jewellery Quarter and Manchester Northern Quarter.



5 Norwich

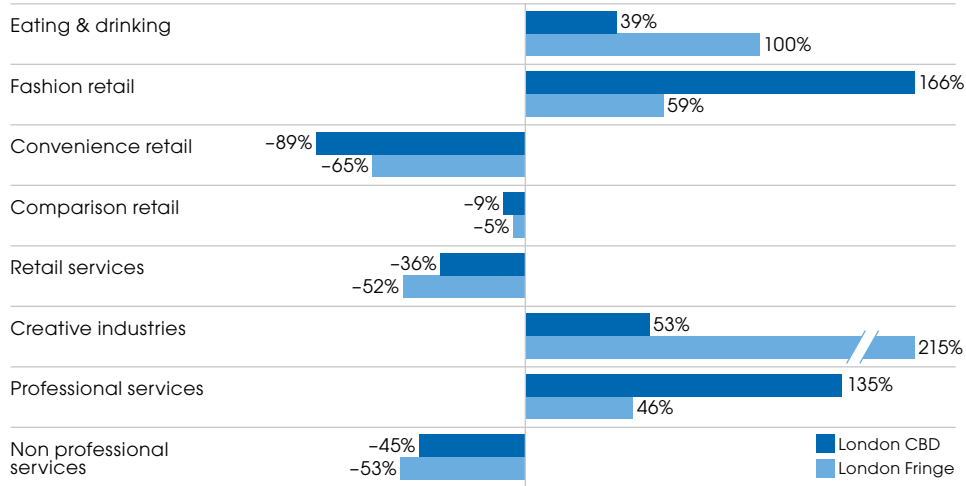
Norwich's trading links made it England's second city in the Middle Ages and this has left a legacy of over 400 listed buildings and 70 other listed structures in its city centre. This dense heritage environment has created much more diversity in the shopping offer than that found in other cities.

Some 55% of the businesses occupying listed buildings are independent shops, while only 6% are branded retail premises. A further 20% of city centre listed buildings house places to eat or drink. There are 43 hairdressers and beauty salons occupying listed buildings in the city centre, many grouped together on streets like Orford Hill and Bridewell. It seems that historic buildings tend to be of the size that suits this type of business, also providing a pleasant, relaxing environment!

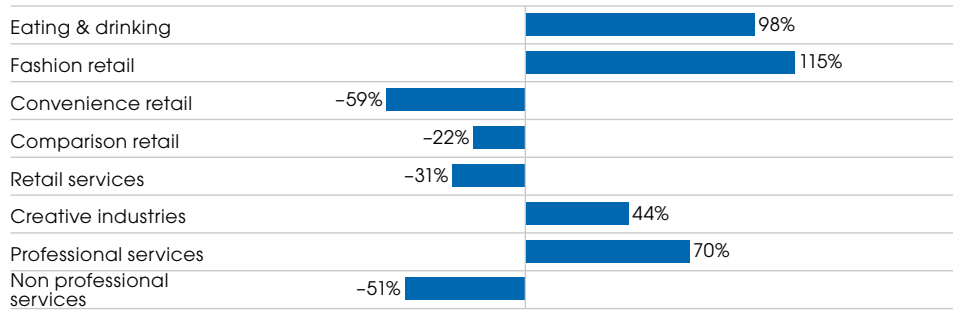
Business occupation of listed buildings compared to non-listed

These charts show, for each type of place, the percentage difference between the distribution of businesses occupying listed buildings, and the UK distribution. A positive percentage figure indicates this business type is over-represented in the listed buildings of these places, compared to the UK picture; a negative percentage that it is under-represented.

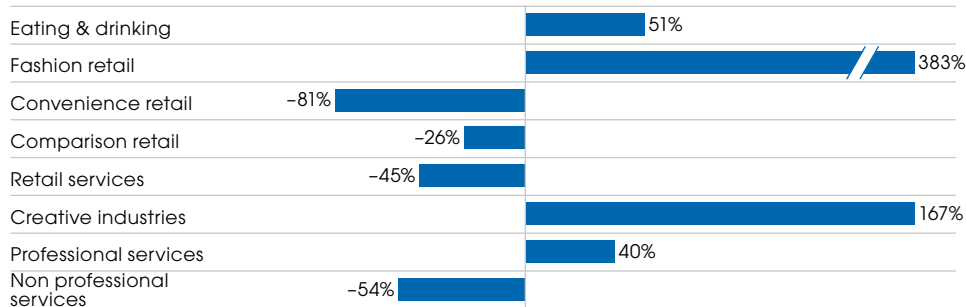
1. London CBD and fringe %



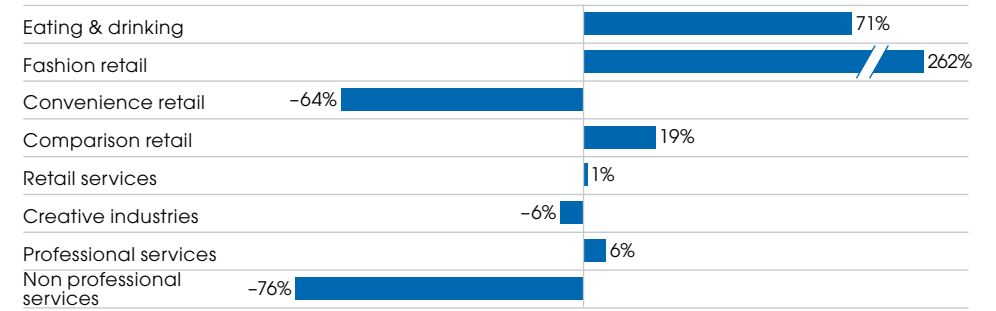
2. Core city CBD %



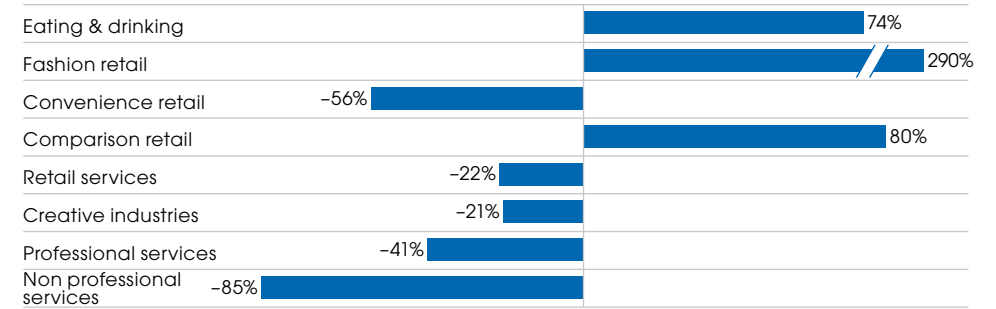
3. Core city fringe %



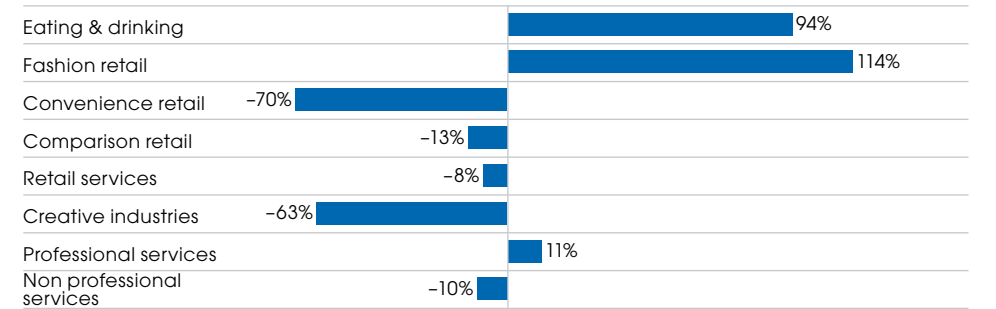
4. Small city/Large town %



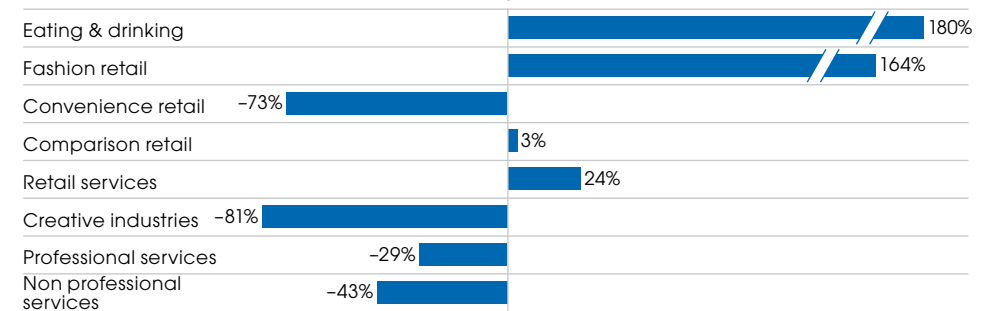
5. Town %



6. Scotland %



7. Wales %



Independent v. branded outlets in listed buildings

For the retail and leisure uses we were interested to see if historic buildings conform to the general perception, discussed in the December 2011 *Portas Review of High Streets*, that British town centres are “identikit”, with the same range of shops in each. This may be true of high streets, but the study demonstrates that it is definitely not true of listed buildings. In the places we looked at the proportion of independent businesses in both listed and non-listed buildings was very high – but especially so in listed buildings where it touched 90% for several categories.

Research places: independent businesses

| | Independent businesses in listed buildings (%) | Independent businesses in non-listed buildings (%) |
|--------------------|--|--|
| Fashion retail | 78% | 56% |
| Eating & drinking | 90% | 78% |
| Comparison retail | 88% | 61% |
| Retail services | 94% | 60% |
| Convenience retail | 83% | 78% |

Business use of listed buildings by type of place

We looked at the variation by place in more detail by comparing the business occupation of listed and non-listed buildings in the same place.

For London, in the central areas we looked at – Mayfair/ Marylebone and Soho – the only business types that we found more frequently in listed buildings are professional services and comparison retail. Other types of retail eating and drinking and creative industries are similarly distributed in listed and non-listed buildings, with convenience retail and non professional services far less frequently found in listed buildings. Outside the West End – the City of London, Islington, Clerkenwell, Spitalfields and Borough – restaurants and bars are particularly found in listed buildings, although creative industries tend to be found as frequently in both listed and non-listed buildings.

However, a closer look at the data sheds greater light (see table above). For a start, creative businesses in these parts of London are 11% of the total business base – 12% if the City is excluded – compared to less than 5% for the UK economy as a whole.

London creative business occupancy

| | Mayfair | Soho | City of London | Clerkenwell | Islington | Spitalfields | Borough | London |
|---|---------|-------|----------------|-------------|-----------|--------------|---------|--------|
| All buildings | | | | | | | | |
| Total no. business occupiers | 2,375 | 3,556 | 2,063 | 1,931 | 725 | 1,275 | 757 | 12,682 |
| Total no. business occupiers – creative | 135 | 430 | 54 | 437 | 62 | 91 | 138 | 1,347 |
| Creative (%) | 6% | 12% | 3% | 23% | 9% | 7% | 18% | 11% |
| Listed | | | | | | | | |
| Total no. business occupiers | 370 | 370 | 369 | 230 | 113 | 106 | 118 | 1,676 |
| Total no. business occupiers – creative | 30 | 40 | 10 | 55 | 7 | 10 | 12 | 164 |
| Creative (%) | 8% | 11% | 3% | 24% | 6% | 9% | 10% | 10% |
| Non-listed | | | | | | | | |
| Total no. business occupiers | 2,005 | 3,186 | 1,694 | 1,701 | 612 | 1,169 | 639 | 11,006 |
| Total no. business occupiers – creative | 105 | 390 | 44 | 382 | 55 | 81 | 126 | 1,183 |
| Creative (%) | 5% | 12% | 3% | 22% | 9% | 7% | 20% | 11% |

Secondly, there are three places where creative businesses form a particularly dominant part of the economy – Soho, Clerkenwell and Borough. All of these are parts of the city with highly distinct and historic urban environments. The one surprising finding, perhaps, is the greater propensity of creative businesses based in Borough to occupy non-listed buildings. However, this area has a relatively low ‘heritage density’ with only 97 listed structures in the sample, compared to – for example – 176 in Clerkenwell.

Within the core cities there is a clear preference of creative and cultural businesses and professional services to occupy listed buildings. Creative and cultural industries are:

- 55% more likely to be found in a listed building than in a non-listed in the central business district of the English core cities
- 15% more likely to be found in a listed building in the fringe commercial areas around core city centres

In smaller cities and large towns, leisure businesses, professional services and the creative industries all cluster in historic buildings. In towns, the pattern is somewhat different, with a greater concentration within listed buildings of retail and leisure businesses.

In Wales and Scotland the pattern is different again (comparative data for Northern Ireland is not available). Within the towns and cities we surveyed in Scotland, we found that professional services businesses were twice as likely to occupy listed buildings as non-listed, with restaurants,

6 Derry/Londonderry

Derry, the City of Culture 2013, is distinguished by having the only complete city walls in Northern Ireland and by having been the first Renaissance-style planned town. Its focus is a central square called the Diamond and the area enclosed by walls, with its grid-pattern streets offering views terminating at the city gates, creates a distinctive sense of place.

Many of the city's approximately 133 listed structures are within the walls and tend to be where professional and non professional services choose to locate. Two thirds of the businesses using listed buildings are office-based commercial practices, a half of those being professional practices. Ground floor retail units in the listed buildings are almost equally occupied by places to eat and drink and by independent shops with a smattering of branded service businesses like mobile phone shops. This balanced mix of uses helps to give the city centre its appeal.

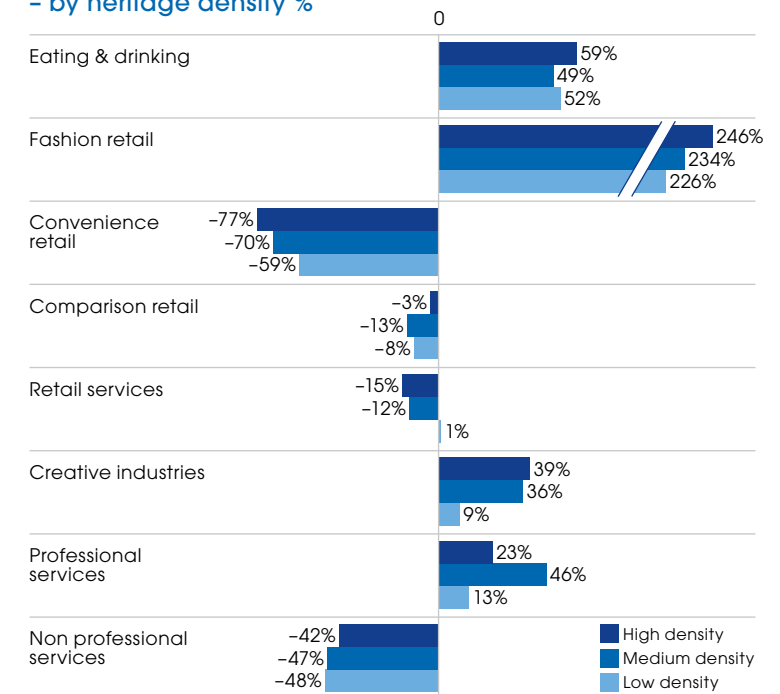


pubs and other eating and drinking establishments also found more frequently in listed buildings. But, in both countries, we didn't find that the creative and cultural sector featured as an important occupant of either listed or non-listed buildings. In Scotland, the greatest proportions of both professional services and creative and cultural businesses were found in the historic centre of Glasgow – though in neither case were these businesses found in listed buildings to any greater extent than non-listed. We also found a very high proportion of professional services within the listed buildings of Edinburgh, Dundee, Swansea, Belfast and Derry/Londonderry.

Business use of listed buildings - by heritage density

In England, we also looked at the results by the density of heritage buildings. This was to test whether areas with high concentrations of heritage buildings were likely to be occupied by particular types of business – so the historic character of the area was important for those businesses not actually occupying listed buildings as well as those that do.

Difference in business occupation with UK average - by heritage density %



In the graph above we go back to using the percentage difference between the number of businesses in each category compared to the pattern of use we would expect based on the UK distribution. It shows that, in all but two cases, the differences with the UK picture are most pronounced in the high heritage density places.

In other words, areas with the highest concentrations of heritage buildings show the greatest difference with the UK pattern, in having a greater proportion of businesses in the fashion retail, eating and drinking and creative categories.

Business use of listed buildings – the views of business

Heritage buildings play a distinctive role for businesses.

- 50% of the businesses we surveyed have been in their premises since before 2000, and two thirds were in existence before then. But companies surveyed in the creative industries were much younger. An extraordinary 60% of creative businesses in the listed buildings were established in 2011 or 2012, and 80% were set up since 2000. Historic buildings are frequently attractive to entrepreneurs and start-up businesses involved in creative industries.
- The ambience of the area is the most important consideration of all for the location decision of occupiers of historic buildings, cited by 45% as being very important and a further 38% as being important. This proves the hypothesis that the ambience created by historic townscapes is a main reason why certain types of businesses like to locate in them. It also explains why places with dense heritage environments are popular as places to visit.
- This finding is most true for businesses that have a leisure dimension and where image is important, notably places to eat and drink and fashion shops, but also, strikingly, for creative industries.
- The quality of the space occupied is also particularly important for businesses in the creative industries. This will explain why they group in certain places rather than others – it is related to the nature of the buildings there.
- The historic features of the buildings were also found to be important. It is particularly true of restaurants and bars. 60% of all places to eat and drink that were interviewed said that the historic features of the building were very important in their choice of location. 40% of the hairdressers and beauty salons and 40% of the fashion boutiques said the same. The exterior is important in this respect as well as the interior.
- The survey found that most of the space occupied in listed buildings is small, 50% being approximately 1,000 ft² or less. It proved the hypothesis that the size of space provided by historic buildings is attractive to certain types of businesses and a main reason why they often locate in

historic areas. Particular examples are the creative industries in Clerkenwell, Clifton in Bristol and Soho.

- Almost 80% of those interviewed also said that the rent was an important consideration in choice of location. The combination of small space, suiting occupiers that only need small spaces, affordable rent, presence of like-minded businesses serving like-minded customers, and ambience, both of the building itself and the area, is likely to be the mix which most affects occupation of listed buildings in urban centres.

Business use of listed buildings – for manufacturing and production

The clear message here is about the adaptability of historic buildings.

Across the English cities and towns in the research we found 1,219 listed buildings with manufacturing uses in them – and 1,179 separate manufacturing businesses. No one type of production dominates – although 20% of businesses are involved in publishing and 11% in jewellery, with 4% manufacturing furniture and 3% clothing. We then looked at the original purpose of these buildings. Although the National Heritage List doesn't record this, it is frequently clear from the title. Only about 13% of the listed buildings were originally constructed for production and manufacturing – listed buildings constructed for all sorts of original purposes have been adapted for new manufacturing and industrial use.

We also carried out further analysis by looking at all of the buildings originally built for manufacturing and production across the whole of England, to see what their current use is. Again this was done on the basis of the name on the National Heritage List – with a building included if the following was in the name/title of the building: Mill, works, workshop, factory, malting, brewery, warehouse. This produced a list of about 4,500 buildings, England-wide.

Manufacturing and production buildings have been adapted for a wide range of uses. Only 5% are still in some form of manufacturing and production – the manufacturing and production that happens in listed buildings is not a remnant of old industry.

This research also highlights the scale of the task to bring buildings back into use – 11% are recorded as vacant. The situation could actually be worse than this – the percentage breakdown only relates to buildings where we could identify a use. If we assume – as is likely – that those where a current use could not be identified are also vacant, the total vacancy rate could be as high as 36%.

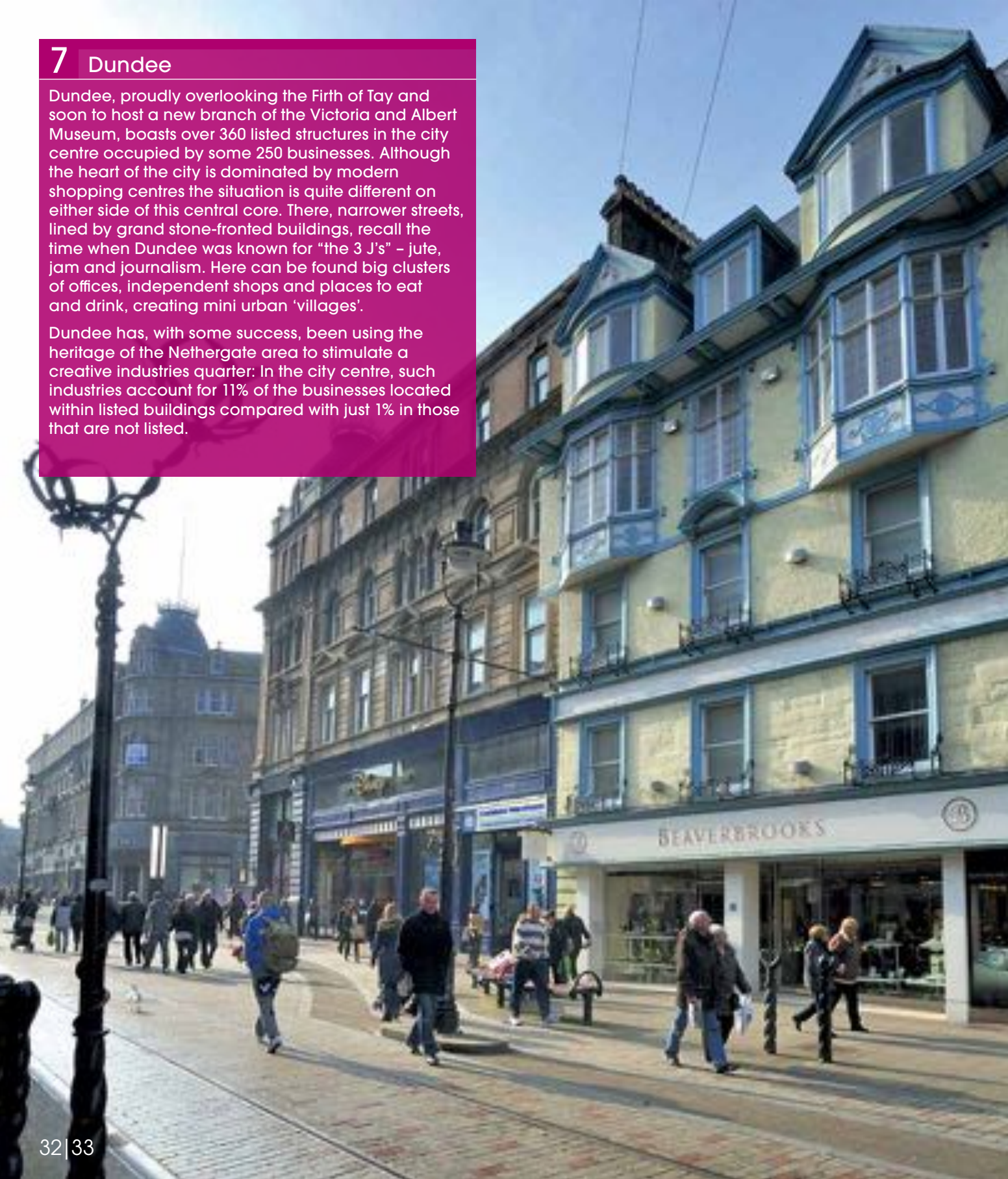
Current use of listed buildings originally built for manufacturing and production

| | |
|------------------------------|-----|
| Residential | 26% |
| Office & studio | 21% |
| Retail services | 11% |
| Retail | 8% |
| Production | 5% |
| Eating & Drinking | 6% |
| Museum & Heritage attraction | 5% |
| Non-commercial service | 1% |
| Education | 1% |
| Hotel & Hostel | 1% |
| Vacant | 11% |

7 Dundee

Dundee, proudly overlooking the Firth of Tay and soon to host a new branch of the Victoria and Albert Museum, boasts over 360 listed structures in the city centre occupied by some 250 businesses. Although the heart of the city is dominated by modern shopping centres the situation is quite different on either side of this central core. There, narrower streets, lined by grand stone-fronted buildings, recall the time when Dundee was known for “the 3 J’s” – jute, jam and journalism. Here can be found big clusters of offices, independent shops and places to eat and drink, creating mini urban ‘villages’.

Dundee has, with some success, been using the heritage of the Nethergate area to stimulate a creative industries quarter: In the city centre, such industries account for 11% of the businesses located within listed buildings compared with just 1% in those that are not listed.



New ideas need old buildings

The economic impact of historic buildings

The final stage of the analysis was to construct some economic impact indicators for the commercial business use of historic buildings.

We did this in two stages.

Firstly, we aggregated the data from the places we had studied to provide an estimate of the total number of commercial businesses based in listed buildings across the UK. In doing this we were careful to take account of the proportion of buildings used for residence and for non-commercial activities like schools and town halls. Cities and towns that we hadn't included in the survey were categorised on the basis of which places, from the research sample, they most resembled.

Secondly, we combined this aggregate picture with carefully compiled economic data on the typical 'gross value added' and the number of jobs generated by each type of business in the classification that we have used.

The key findings of this analysis were that:

- Across the UK, commercial uses in heritage buildings generate approximately £35.9 billion in GVA and over 1.3 million jobs. The manufacturing and production uses of heritage buildings generate an additional £11.1 billion in GVA and approximately 101,000 jobs.
- Manufacturing and production uses generate an average of £2.2 million in GVA and 20 jobs per business.
- All told, the businesses based in heritage buildings in the UK contribute over £47 billion in GVA and over 1.4 million jobs. This represents 3.5% of the UK's total GVA and 5% of total UK employment.

8 Aberystwyth

The Rough Guide to Britain calls Aberystwyth the “liveliest seaside resort in Wales ... an essential stop” and also “the most enjoyable and relaxed place to gain an insight into the national psyche”. These plaudits owe much to the university town's built heritage where 125 listed structures cram its centre. The pleasant atmosphere is enhanced by the compact townscape with its narrow streets.

Some 85 businesses occupy the listed buildings, half of them shops with a further 25 either cafés, bars or restaurants. It is noticeable that, whereas 17% of all uses found in non-listed buildings are familiar shop brands, there are hardly any in the listed premises. Professional practices tend, as in many big cities, to gravitate towards historic buildings and there is a strong prevalence of these businesses occupying listed buildings in Aberystwyth, double the proportion for all buildings in the town centre.

A heritage premium

Some of the attributes of historic buildings that this research has highlighted – their suitability for many different types of business and their attractiveness for new start-ups – are more about the early innovation of business ideas than the generation of super-charged revenues.

But one final question we did look into is whether or not businesses based in historic buildings generate more economic value than the average. We don't yet have a detailed enough picture of the UK pattern of use to be able to establish this – but we do have a good idea of the economic value created by the businesses in the places we researched. And we know how this compares to the average across the whole of the UK economy.

Based on our research findings, we estimated the average GVA of a business based in a listed building in one of the UK's major cities or towns is £308,000 a year, compared to an average for all commercial businesses in the UK of £295,000 – a ‘premium’ of over £13,000 per business per year, or 4.4%. The reason for this is the greater proportion of professional services and creative and cultural businesses in the historic buildings in our research – the types of business that generate the highest GVA.



Acknowledgements

Published April 2013
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With thanks to English Heritage, Historic Scotland, Cadw, Colliers International, Oxford Economics and Spirul Research.

Photography: Jenny Abramsky by Debra Hurford Brown; Aberystwyth, Bradford & Manchester images by Rizwan Mirza; Bristol & Clerkenwell images by Larry Bray; Norwich images by Peter Everard Smith; Derry image by Pacemaker Press International Ltd; Dundee image by Glyn Satterley.

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in the centre of Norwich.

Inside back cover image:
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Clerkenwell, London.

