

Design in a recession

How can regeneration professionals maintain a commitment to high-quality design during challenging economic times?

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Liverpool's flagship city centre regeneration scheme, Liverpool ONE, has been the subject of much adulation since it opened to the public last year. The giant retail development has won a clutch of awards for design excellence and narrowly missed out on the coveted RIBA Stirling Prize for Architecture for the BDP masterplan for the scheme earlier this year. It has also proved very popular, with a 120 per cent increase in visitor numbers to Liverpool city centre recorded in 2008.

Indeed, Liverpool ONE could be regarded as the epitome of the design-led renaissance that Labour's architecture tsar Lord Rogers envisaged when he published his seminal Urban Task Force report 10 years ago. This document marked the point when an understanding of the importance of good quality design to town and city renewal entered mainstream political discourse. Many of its ideas were enshrined in an urban white paper the following year, prompting a flurry of activity that has arguably influenced the course of regeneration since.

But if Liverpool ONE is to stand as a benchmark for other regeneration schemes at home and abroad, it is worth remembering that the project was conceived in very different times and market conditions from ones that now prevail. While the past decade or so of progress in design may well be attributable to the thinking of Lord Rogers and his cohorts, it would be equally plausible to ascribe it to the availability of cheap finance in a growing economy, as well as Grosvenor's belief in Liverpool's potential as a city.

If so, this begs some questions. Now that the good times are over, is the resurgence in good design similarly doomed? How can regeneration professionals maintain a commitment to high-quality design during the downturn and ensure that 10 years of progress is not undone?

It was to discuss these and other questions that *Regeneration & Renewal* convened a panel of designers, developers, politicians and investors in Liverpool earlier this month. The debate, chaired by *Regeneration & Renewal's* features editor

Adam Branson, began with a discussion about whether good design can positively influence the value of development.

Does good design have a value?

According to Liverpool councillor and city design champion Beatrice Fraenkel, good design has been proven to have a tangible influence on the economic value of the built environment. She cites a study she commissioned when she chaired RENEW, the North-West's centre of excellence for regeneration.

"The aim was to look at whether there was actually a measurable impact on rental values through the quality of design – because there was an assumption there may be, without the evidence base," Fraenkel explains. "This was commissioned and reported in 2007, and showed there could be an uplift of up to 20 per cent in rental values, which could be measured in terms of quality of design."

Fraenkel says that a follow-up study was undertaken earlier this year to see whether values were holding up in the face of the recession. "The real control test is to see that what we found in 2007 is still holding good when there is a real problem around

investment and rental values dropping," she says. "Another report was published a few months ago and, yes, it's showing that those buildings that are regarded as being well designed by the investor and end user are holding their values way against anything else, and that there's a gap starting to show."

Such evidence, Fraenkel says, will be important in persuading developers that as well as looking good in the short-term, a well-designed scheme can bring long-term commercial benefits. "If we want to persuade investment into design that pays off in the medium to long-term, rather than the short term, then you need some sort of evidence."

According to Matt Brook, a director of architects Broadway Malyan, the gap between well- and poorly-designed schemes identified by the research Fraenkel cites could well grow as times get harder. "There are going to be a lot of effects on design, and there's largely a view those will be negative," he says. "Actually, it could go the other way: the gap might widen and the value of well-designed products could increase. We've got a very competitive market, and in a competitive market good design becomes increasingly important."

Do developers understand the value of good design?

Why, when there seems to be such a strong correlation between good design and long-term commercial return, has there historically been so much poorly designed development? Is it because developers have traditionally taken the short view?

"Yes, in a buoyant market it was exactly that," says Brook. "It got to a point where investors would take on a project almost regardless of the quality. That says a lot for the way buildings are procured; developers don't necessarily have that interest in the long-term value of the product they're developing."

Hugh Frost, chairman of the Beetham Organization, a property firm specialising in city centre retail, office and residential schemes, confirms that this is indeed the attitude many developers have taken. "When we first moved into city centre development, we were led by the economics of whether you could get a project to stack up," he says. "The

design factor was further down the scale of priorities. One of our first city fringe developments in Liverpool was in the south docks – you look at it now and you're almost ashamed."

Frost says that this has now changed. "It's been a learning curve," he says. "As we've grown up and had to look at things in terms of real value, we've had to improve and put the design factor higher up the scale."

Two factors have driven this. One is the increasingly stringent design requirements attached by public funding bodies such as regional development agencies to payments towards regeneration schemes. Frost cites another scheme his firm undertook that required gap funding from the Northwest Regional Development Agency to complete. The first application for funding was turned down because the design was not of sufficient quality.

Frost says: "The people considering the funding said, 'We like the concept but can we have some architecture?' And that was



Valuable contribution (clockwise, from top left): Brook, Fraenkel and Gill

a turning point for us in realising that design was so important. We changed the design and that development has become one of most sought after for occupation.”

Another factor has been increased competition in the market place. “The opportunism of developers is such that if you can make something that makes a profit and you don’t have to consider design too much, you tend to be led down that road,” says Frost. “If you look at the architecture of the 1960s, supply and demand were the main factors: there was a massive demand for space and people would throw anything up. That’s changed. Supply and demand in Liverpool, both for commercial and residential space, means that you’ve got to be competitive and also be at the cutting edge of design.”

What constitutes good design?

According to Andrew Burnett, regional managing director of investment firm Panmure Gordon, the success of Liverpool ONE’s design lies in its ability to bring together the city’s different elements.

“The thing Liverpool ONE does beautifully is stitch together a lot of the disparate cultural parts of the city and some of the public realm spaces,” says Burnett. “It gives us a wonderful cultural, retail and leisure core, and is a very nice place to spend time. It also addresses a gap created by decades of under-investment in Liverpool.”

For Jim Gill, chief executive of the city’s economic development company, Liverpool Vision, this attribute carries a broader lesson on how city centre schemes should be designed. “One of Liverpool ONE’s great strengths is that it has some stunning buildings, but also a very good master-plan in the way it connects different places; within the scheme and between the rest of the city centre,” he says. “One of the things that’s important is the creation of a clear sense of place.”

Such a feat, Gill says, was achieved in Liverpool ONE because its developer, Grosvenor, has made a long-term commitment to the scheme, and so has a vested interest in ensuring its quality. “You get quality development where you get longer term thinking and a longer term sense of investment,” says Gill. “So Grosvenor’s investment in Liverpool ONE wasn’t a case of build it, sell it and get out; they saw it as an opportunity to build something of lasting value.”

This view is shared by Peter Jeffree, former head of design and architecture at retailer John Lewis, and now a consultant to the company. John Lewis, designed by John McAslan and Partners, is one of the anchor stores in Liverpool ONE, and Jeffree says the scheme shared John Lewis’s values of conceiving designs that will stand the test of time and contribute something towards their location.

“The fact that our stores will be around for 50, even 100 years, means we need to strive for enduring design quality,” Jeffree says. “As well as producing a great building that said something about John Lewis and about the city, we also wanted to contribute something to the way in which that part of the city works. And the shop does that: it helps drive footfall through the re-connected Liverpool, and does something for the city.”

For Rod Holmes, former project director of Liverpool ONE for Grosvenor, good design comes down to a series of questions he asks himself whenever approaching a scheme. These include whether buildings contribute to or enhance their surroundings; if they please and raise the spirits of their users or occupants; whether they will give a good return to the businesses that have invested in them; and whether local residents take them to heart and feel a sense of ownership. “These are complex questions and interrelated, but all add up to a successful development,” says Holmes. “If you achieve some of them, that’s pretty good; if you achieve all of them, it’s a bloody miracle.”

How can good design be safeguarded in a recession?

Holmes stresses that good design is not purely about how much is spent on a scheme and so should not necessarily be dependent on the state of the economy. Pressed on whether Liverpool ONE would have been of such a high quality had it been put together during a recession, he says: “I think so, hope so; because I’m uncomfortable with the idea that you somehow turn a switch on and get good design – we’re in a recession, so we’ll turn down the architecture. Quality doesn’t always cost: what it requires is rigour.”

For Holmes, rigour means the amount of time a developer and its design team spend up front on a scheme, addressing his key questions. Brook agrees, but has some concerns because of the recession.

“The biggest concern I’ve got is that the impact on design quality will be as much about the time design teams have on a project as about construction costs,” he says. “In a recession, one of the first things that gets squeezed is the amount of time design teams have to apply that rigour to get to the right solution.”

“Actually, the design team cost is one of the smallest costs in a project, but probably has one of the biggest impacts on the quality of the overall result and its value. There are definitely going to be implications on design quality, but they’re not necessarily going to be the obvious ones.”

High standards
(clockwise, from top left):
Frost, Burnett, Holmes
and Jeffree

Other members of the panel share this worry, but Fraenkel believes that a return to the bad old days of low-quality design should not necessarily be inevitable just because we’re in a recession. One saving factor, she says, is that town and city councils and other public agencies have over the past few years become much better at being clients.

“What we’ve seen in cities like Liverpool and Manchester, as they become more confident in themselves as commissioners and negotiators for what they want to have happen, is that they’ve got better at saying these standards aren’t acceptable,” says Fraenkel. “What we’ve seen as a consequence is that developers have understood what to expect from the (public sector) client and how much emphasis they’re going to be putting on quality.”

Of course, one drawback of this is that, when times are hard, developers are less likely to come forward with investment be-



cause they know what demands are likely to be made of them. In such a situation there is a danger of public bodies lowering their standards simply in order to attract investment. "It's really important now that the public sector continues to find mechanisms still to demand that level of quality and they don't weaken their position in terms of demanding design quality, even though some of the confidence about the level of investment coming might have gone," says Brook.

But Frost does not believe the strides forward made in recent years by the public sector will suddenly go into reverse. Looking back to when he first became active in Liverpool's property market, he says the city was so keen to see development that "you could present almost anything in terms of design and get it built. Whether it was buildable or had any design quality didn't really matter because so few people were interested in investing".

That situation has changed, and he says council planners have become much more astute. "And I don't think it's going to go away. I don't think planning authorities are going to start saying, 'Let's build anything just to attract investment during a time of recession.' I think quality of design is something people have come to expect."

A further factor Brook believes should stop a general decline in standards is the amount invested nationally in recent years in design review bodies. Brook sits on the Places Matter! design review panel operated by RIBA North West. "One of the things I hope will stop the switch flicking back to the situation of a few years ago is the investment by the public sector in design review infrastructure," he says. "There has been a tremendous investment in regional design review panels, and they're great because they can offer an independent view. That infrastructure is not going to go away."

What can be learned from Liverpool ONE?

According to Holmes, Liverpool ONE was conceived as a diverse urban experience: rather than be designed to one style, as with London's Belgravia, or the city of Bath, it was deliberately conceived to follow a less uniform style.

"Very early on in the process with Liverpool ONE, I said, conceptually, is this Mayfair or Belgravia? Is this of a piece, or should it be something different? Belgravia's value has been maintained over 200 years because it was one man's vision and has remained as a piece, under single ownership. Mayfair is different: it's been under the same ownership, but it's been in continual flux, and that's been its strength. So the question was, what should be done here?"

Holmes says the choice not to follow one style, but to allow Liverpool ONE to become the sum of a number of – albeit carefully planned – parts reflects the fact that there is no consensus in this country about what good design is, what is beautiful and how to measure it. Brook believes that this raises a serious point about the way in which urban regeneration schemes will be planned in the future.

While in the past the easy way to achieve a sense of place was through this single vision, Holmes says it is harder in the 21st

century to create that coherence without an overriding idea. "Liverpool ONE's been brave in taking that route and pulled it off," he says. "But there's a big question we'll have to grapple with as we move forward, because getting coherence where there's no single hand guiding things is very difficult."

For Gill, an important factor behind Liverpool ONE's success in creating a sense of place without following the Belgravia model was the fact that there was clarity from all parties involved in what the aims were. In the absence of any unifying theory of good design, such conditions, Gill says, will be an important precondition for future regeneration if a hotchpotch is to be avoided.

"The lesson learnt is that the public sector needs to set a framework for development that recognises commercial reality but is also aspirational," he says. "That way you can create certainty by being consistent and clear about what is and isn't acceptable, at the same time as pushing design as well as economic aspirations. It's also important to build a relationship with developers or occupiers; at a big scale, that happened very clearly with Liverpool ONE."

Ultimately, says Burnett, the measure of success or failure with Liverpool ONE and schemes like it will be whether they stand the test of time commercially. "We'll know if these great new design schemes have worked if the developers who built them are still in them and haven't sold them on," he says.

Equally, adds Jeffree, the key test for the scheme will be whether the public will still be visiting it in years to come. "Everyone has a choice about where to go. If you give a good service – a good experience – customers will come back. That's the test. Will people keep on coming back?"

● *A Client's Handbook to Achieving Design Excellence in the North-West* has been published by RIBA. For more information, contact Belinda Irlam Mowbray at bim@inst.riba.org



THE PANEL

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Beatrice Fraenkel is a Liverpool councillor and the city's design champion. She chairs the Mersey Care NHS Trust and Architects Registration Board.

Hugh Frost is chairman of the Beetham Organization, a developer specialising in city centre commercial and residential property.

Jim Gill is chief executive of economic development company Liverpool Vision, integrating economic and physical development, and business and enterprise.

Rod Holmes is the retired project director of Liverpool ONE. He now chairs The Mersey Partnership, the investment agency, economic development body and tourist board for the Liverpool City Region.

Peter Jeffree was head of architecture & design for retailer John Lewis until 2006. He is now a consultant architect for John Lewis.