

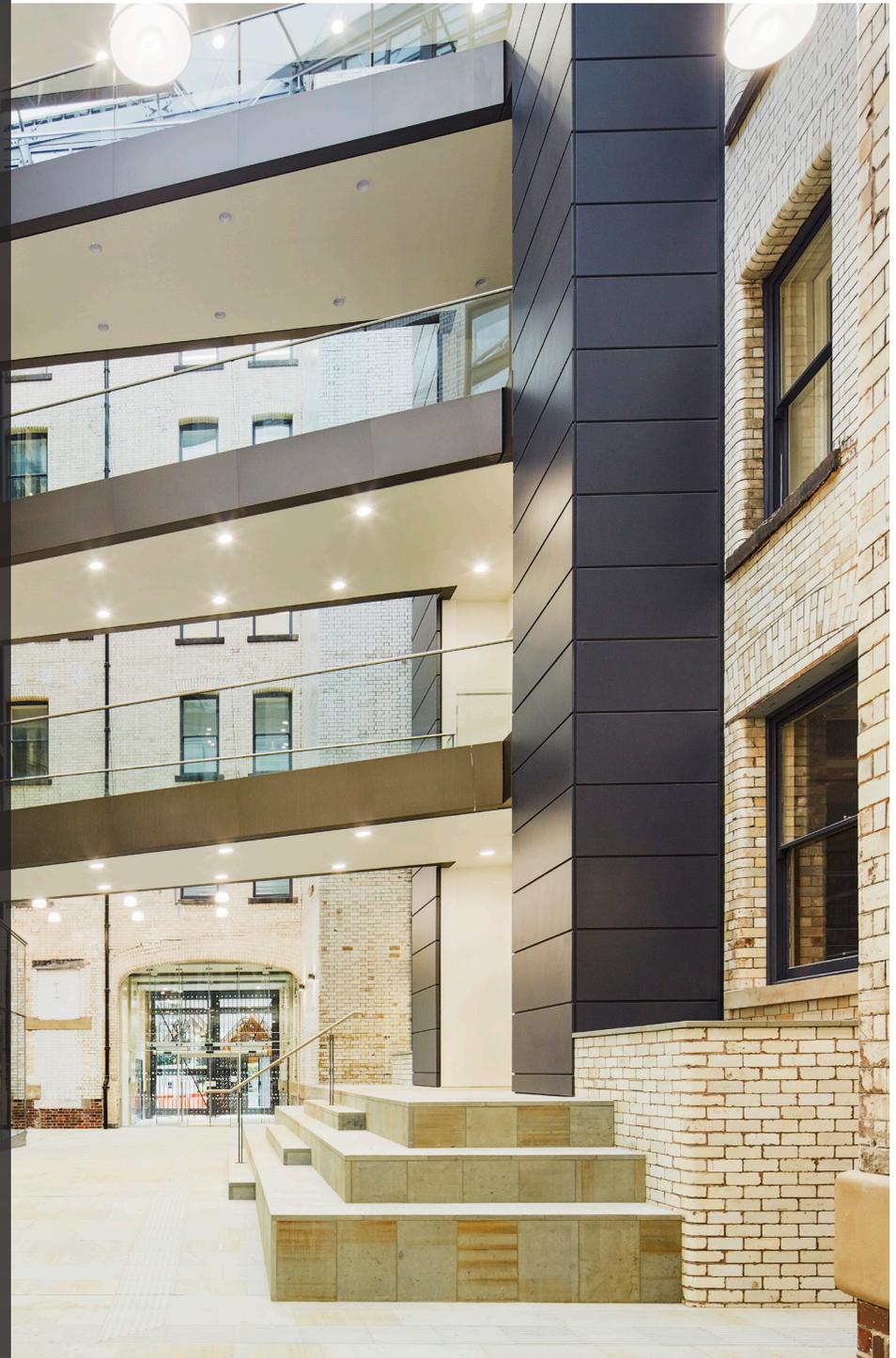


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WORKMAN PROJECTS

# Repurposing – no longer a compromise

As the economy begins to wake up from its long covid slumber, the opportunity for investors to innovate has never been greater. There are now more opportunities presented by a reviving market and real estate can now summon up the energy to respond with increased confidence. When it comes to repurposing, the mood is changing. What was once seen negatively as tackling obsolescence, is now viewed positively through a regeneration lens.



# REPURPOSING – NO LONGER A COMPROMISE

## Scale up for a broader outlook

Repurposing, previously the domain of small, local and temporary usage, is now far bigger and broader. Repurposing is now often associated with multi level department stores, entire retail parks or office blocks. Regardless of the scale the drivers are the same.

The goal is relevant use, reacting to consumer demands so that town centres can once again buzz. The breadth of demand is wide, with festoon lighting and food at one end of the high street, with a new build residential tower at the other.

The idea of complementary uses is not new, but where hospitality used to be the bedfellow of retail, now it may include residential or work space as well. This concept sits behind initiatives such as Hammerson's City Quarters, where shopping destinations transcend pure retail and begin to morph into neighbourhoods providing homes, workspace, hotel and accessible public realm.

## Align demand with vacant sites

The trend towards massing residential around retail shows no signs of slowing. Demographic trends tells us housing demand in urban locations will not be met until 2030 at the earliest and land banks occupied by retail provide opportunities for central housing and diversification away from retail mass.

The relationship between filling a void and demand for a location is blurred. When it comes to repurposing, it's difficult to gauge what comes first. Demand for edgy, stripped back leisure space is rising, but is the void creating the demand for repurposing, or is the demand already present in the market, looking for a home?

Department store conversion in St Helens, Merseyside



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## Assess the practicalities

The practicalities and technical considerations of the redundant building must be at the heart of any repurposing project. How to prepare a shell unit or empty space is difficult: some occupiers may take a unit as is and trade from day one, others may enhance the structure, install dock levelers or add a roof terrace. From a practical perspective, the demand must inform the specification, as speculative repurposing could prove both wasteful and expensive.

Here, it is vital to understand the asset. How flexible is the space? Are there any easy wins to be gained, such as installing drainage while the unit below is vacant? Will the load-bearing capacity of a retail shed floor work for last mile distribution? Targeted upfront studies give valuable insight and can aid marketability. De-risking by filling gaps in knowledge need not be expensive or time consuming, it's more a case of having access to the right advisors and possessing a practical mind-set.

Benchmark data is becoming more accessible. For example, repurposing an ex-Debenhams in a prime shopping centre into smaller units may cost around £100/ft. Access to the expert knowledge of teams who routinely deliver these types of projects allows for an early appraisal of the site, reducing wasted time and expediting the process.

Leisure scheme redevelopment in Darlington, County Durham



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## Exceed institutional standards

The investment market is though unforgiving. Repurposing projects need to be institutionally sound, with minimum investor expectations met or exceeded. Fire risk, sustainability and social responsibility must play their part. Residential conversions must meet or surpass minimum space standards: modern slums are no-one's idea of a suitable replacement for empty retail.

It is clear that institutional investment considerations may carry a financial premium but in the longer term these are fundamental to liquidity. Without the basics in place, the asset will not reach full potential value, so it is worth spending time to work through puzzles that repurposing presents.

## Looking ahead

So as the market begins to pick up pace, the appetite to take space will hopefully begin to outweigh the need to mitigate for voids.

Repurposed space will be seen as part of the broader institutional asset class rather than a quick fix, and standards will increasingly be benchmarked against corporate governance aspirations.

The past negative connotations of repurposing are rapidly being replaced with the positive associations of enlivenment, renewal and regeneration with demand playing its part.



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