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## LIVERPOOL ONE AND THE CITY CENTRE; A 10 YEAR RETROSPECTIVE

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### THE AUTHOR:

Guy graduated from Reading University where he read Land Management, later reading European Property Investment at City University. He worked as a consultant in a planning practice for two years (Turnberry Consulting, London) straight from University, concentrating in the Sport and Education sectors, where his clients included Oxford University, Ascot Racecourse and the Rugby Football League.

He joined Grosvenor in 1999 working on Festival Place, Basingstoke and Grand Arcade, Cambridge. Upon the completion of Festival Place in 2002, Guy moved onto the Paradise Project in Liverpool, and now heads the development team responsible for site acquisitions, joint ventures, commercialisation, planning, One Park West (326 apartment residential development), relationships with funding partners and the City Council and other commercial focused areas.

Guy has moved to the North West to focus on the project and will continue to focus on the Liverpool and North West area post Liverpool ONE.

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## Introduction

I am from, and was educated, in South Wales, and in 1999 eventually arrived in London to work for the Duke of Westminster's Property Company, Grosvenor. A year later I moved to Basingstoke, quite a difference, to work on Festival Place. Three and a half years later we created a regeneration project that transformed Basingstoke from a dormitory town for London into a dominant retail and leisure destination, sitting between Reading and Southampton, to other similarly regenerated areas.

In 2002 I was shipped into Liverpool, a prospect that I dreaded, but frankly now I do not intend to leave and I am building up a business here for Grosvenor North West, finding development opportunities and showing that we can generate good properties in the North West.

## Liverpool One Overview

Back in 2002 I began working for Rod Holmes. Rod retired from Grosvenor a couple of years ago and I took over from him on the development side of Liverpool One. He is an incredible character and the real inspiration behind Liverpool One. Without Rod Liverpool One would not be happening. Rod came to Grosvenor for the Liverpool project and in 2002 the Project Team was just Rod and I. Before then he had been working the project single handed for 3 or 4 years. After 2002 we had a very tight team for a few years until eventually the team exploded and we ended up with about 45 people working on the project plus about 1500 consultants supplying various specialist services. Now we are back down to a small number of people working in a much smaller office in Liverpool yet still delivering. For example we have just signed up a Premier Inn 185 bed hotel and last year we opened a Hilton Hotel. There are a number of other loose ends to complete to make sure that the project is completely finished, but predominantly Liverpool One opened in 2008 in time for the Capital of Culture.

## Grosvenor Overview

Grosvenor is essentially a regional family owned company, although it is able to compete with the big developers such as Hammerson and Land Securities. Grosvenor takes a long-

term view but ultimately to get our bonuses every year we have to show short-term performance. However the family has been around for more than 330 years and wants to be around for the next 330. I am often told that I will not be remembered for doubling the size of the company, or doubling the amount of profit, but I will be remembered for losing them a lot of money. That is an important statement because it shows Grosvenor is looking for long term, safe, risk adverse growth so we have to perform and find growth in the right sectors.

We grew to be a world wide company in about 1950 when the company sold half of its London estate and diversified around the world in Canada, America and so on. Now Grosvenor is the only international UK based property developer. There are few similar companies that have such investments across the world. When you read our annual report you will see that we operate as far a field as Shanghai and Tokyo, we have several offices in Australia and even in Brazil we have a number of investments; we are a very diverse company.

To put Liverpool One into perspective, this is equivalent to about a sixth of the equity of our business so for Grosvenor, a huge diverse company with major investment in Mayfair, Belgravia and now Liverpool, Liverpool One was a huge undertaking. Had any other company taken it on I think they would have given up half way but not Grosvenor as our shareholder, the Duke of Westminster, takes a very long-term view. He was very close to the project and this, together with the strength of Rod Holmes, has managed to get us through it. You could find all the gossip and the bad news about our losses if you want to go delving into the press, but we stuck with it and we made it work. Liverpool One was a unique project and given the current financial crisis a project of this scale is unlikely to be repeated for some time.

## The Contents of this Paper

This paper will deal with why Grosvenor got involved with Liverpool One, what the potential was and how we did it and how we animated the project and made it an interesting scheme. Also I will deal with the variety of the scheme (it has something for everybody), the delivery of the project, funding, how it is trading, the management of the completed project, the opening of the scheme and the accolades we have won.



Liverpool 1999



When I arrived in 2002 Liverpool was a very sad place with an incredibly shrunken retail centre that once traded incredibly well but did no longer. There were under-trading shops, derelict shops and shops turned into offices. The office district had encroached into the retail heart of the city, buildings that were then vacant were being knocked down and turned into surface car parks. As an aside I think surface car parks are the worst possible use of land known to man. People use them from 9.30 and they close at 5.30. I came up from London and was used to being in the office until late but here you had to leave the office before 5.30, take the car out of the car park and park in the street because if you left the office at 7 the car would be locked in for the night in a most insalubrious part of town, because that is what the city centre then was.

Yet people still came to Liverpool to shop, either out of habit or because they had no private transport, and the main shops traded very well. HMV, Top Shop and John Lewis for example all traded incredibly well, overtraded in fact, so, down the line, when it came to compulsory purchase we had to over compensate because the shop was overtrading. And the real big traders who left, such as Habitat, said they would never come back to Liverpool but I am proud to say that Habitat are back in the city once again. Looking back to 2002 I cannot quite believe what we have achieved.

We used to get the Grosvenor Board up from London and say to them that one of the reasons you are here is that when people come out of the train station and see St George's Hall, you have sold them Liverpool. Many people have a prejudice about Liverpool but when they walk out of Lime Street Station and see St George's Hall this disappears. Some visitors used to say they would fly up and we would tell them the service is terrible and you do not want to be picked up at Speke. So we would pick them up from the station and walk them past almost every listed building in Liverpool as we took them to our new office.

Regionally there have been 2 major changes between 1971 and now. These are the Trafford Centre in Manchester and Cheshire Oaks Factory Outlet Shopping Centre in the Wirral. Cheshire Oaks got built because of a loophole in the law and in my view, obliterated Liverpool because it gave people an opportunity to park free in surface car parks and stroll to the shops for cheap fashion with good labels. Then the Trafford Centre built on the other side of the catchment area obliterated that side of the retail area too

## Liverpool One Selection Process

In the late 1990s Liverpool City Council were approached by Cushman and Wakefield who said you must do something about the state of Liverpool and identify the amount of retail capacity needed to enable the city to be an effective and sustainable model for retail provision. The conclusion was that around a million square foot of retail space was needed.

The city then went out to a number of potential partners and eventually chose Grosvenor. This was due mainly to our track record of commitment to projects and because when we say things we do them. Plus we do not have shareholders, only one shareholder, and what he says goes with the business. We did not have to submit anything financial but had to submit principles, retail ideas, and a framework around which it could be made to work.

**Retail destinations**  
National ranking trends, 1971-2004

Rank	1971	1989	2002	2004
1	London - West End	London - West End	London - West End	London - West End
2	Glasgow	Glasgow	Glasgow	Glasgow
3	Liverpool	Birmingham	Leeds	Birmingham
4	Birmingham	Manchester	Nottingham	Leeds
5	Edinburgh	Edinburgh	Cardiff	Nottingham
6	Manchester	Leeds	Cardiff	Manchester
7	Nottingham	Nottingham	Nottingham	Nottingham
8	Leeds	Cardiff	Nottingham	Cardiff
9	Cardiff	Nottingham	Nottingham	Nottingham
10	Sheffield	Cardiff	Nottingham	Nottingham
11	Sheffield	Cardiff	Nottingham	Nottingham
12	Nottingham	Cardiff	Nottingham	Nottingham
13	Cardiff	Cardiff	Nottingham	Nottingham
14	London	Liverpool	Nottingham	Liverpool
15	Nottingham	Nottingham	Nottingham	Nottingham
16	Nottingham	Nottingham	Nottingham	Nottingham
17	Nottingham	Nottingham	Nottingham	Nottingham
18	Nottingham	Nottingham	Nottingham	Nottingham
19	Nottingham	Nottingham	Nottingham	Nottingham
20	Nottingham	Nottingham	Nottingham	Nottingham



This is the league table of the top 20 retail destinations in the UK in 1971, 1989, 2002 and 2004. It shows the decline of Liverpool from the third best trading retail destination in the UK down to 17 in 2002. In 2004 Liverpool's status rose slightly in anticipation of what was to come. And this was before we had spent any money apart from Rod's salary. It is much better now, as we shall soon see.

That is a view of some of the shops we had to work with and the slightly over 42 acres that we ended up acquiring, launching and building Liverpool One on. It was predominantly either surface car parks produced from the demolition of Council Offices or Chavasse Park. The Park is interesting because it was a big bombsite left after the war and was only turned into a park, as there was no other better use for it. When we came to excavate the park to build our four layers of underground car park we had many archaeological issues including finding intact all the basements of the pre war buildings. The existing buildings were predominately low rise and predominately post war. There were no listed buildings and the oldest building in the city centre was the Bluecoat School. There were a lot of surface car parks.

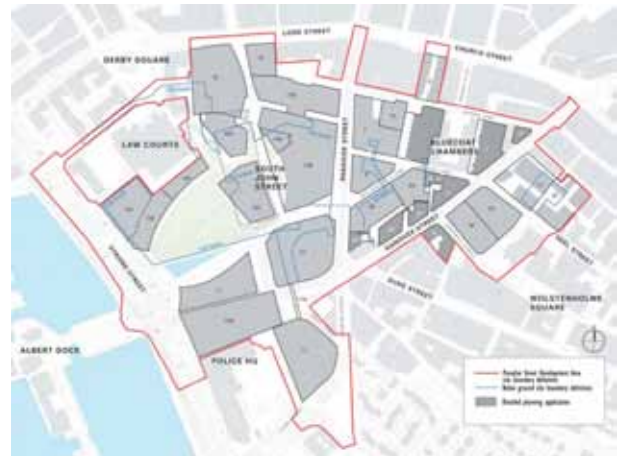
We had some interesting neighbours with the Merseyside Police Headquarters on one side and, possibly, the largest law courts outside London on the other. Overall it was a tricky site but the trickiest thing of all was the 275 land interests that we had to acquire in order to develop the site. There was no single landowner. When we won the job in 1998/99 we had to start thinking about how we were going to deal with the largest city centre CPO in recent years. Highway CPOs often have similar huge numbers but this was different as values were so high. Our range of compensation was from £200 for a palm reader through to £43,000,000 for Top Shop/Top Man. There were about 20 others over £10,000,000 and many small interests all to be carefully and individually settled. Amazingly, even with 275 acquisitions, we have only been to the Land Tribunal once and I am endeavouring not to back again.

The case Grosvenor submitted to the City Council for the selection process did not include master plans or viability exercises but principles such as connectivity and how Liverpool One fitted in with the city and replaced that huge void in the city centre.



Liverpool One sat between the retail heart, the business district, the Rope Walks (a regeneration area where rope used to be made on the streets) and the water fountain on the Albert Dock, the focal point of a 1980s regeneration. Nobody went into this 40-acre site before 9 o'clock in the morning or after 5.30 at night. It became a complete void in the middle of

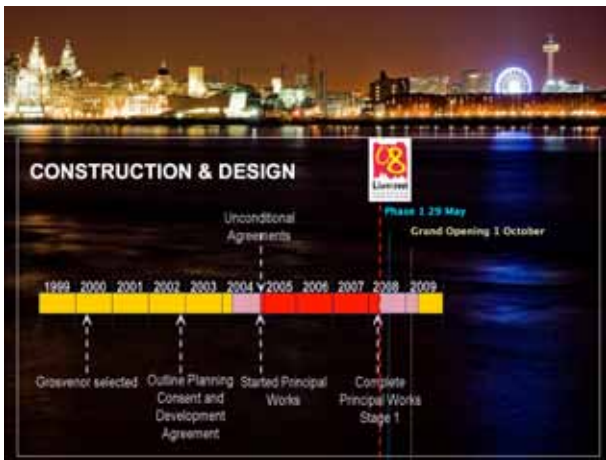
Liverpool and huge change was needed to bring the area back into use.



This shows how the site is shaping up. Strand Street is an interesting road as it is effectively the equivalent of the M6 motorway running through the city centre and separating the Albert Dock, one of the biggest tourist destinations of the city centre, from the rest. To restore connectivity the obvious thing was to build a tunnel for pedestrians, but we found that there was a main high-pressure sewer from Manchester running underneath the Strand so an underpass was not possible. And as we had already established that people would not use bridges Rod and the excellent Master Plan Team BDP had to come up with another solution. This was the simple idea of building a high quality road crossing near to the Hilton Hotel using high quality materials and at-grade crossings and it works. Huge amounts of people travel across the Strand six-lane motorway going to the city centre and there have not been any accidents so far. Drivers have learned that to get into Liverpool you have to take extra time. The solution is pedestrian orientated and that is important.

Another principle of Rod and the Master Plan Team was that we are not building a shopping centre. Liverpool One was not to be an anonymous mass plonked down in the city centre like the Trafford Centre. It is important to understand that this was the most important principle of all. Grosvenor has done loads of shopping centres over the years, some good and some bad, but when one part of the shopping centre becomes obsolete you cannot take that little bit out, knock it down and rebuild it as it is part of a single structure. You have to take the whole lot out and start again and so the whole shopping centre gradually becomes obsolete bit by bit until it is viable to knock down the scheme. What Liverpool wanted was a series of 30 different individually designed buildings by 30 different architects, so it feels like a new city centre in the city centre and not like a shopping centre. It is generally open to the air but with a few arcades that are covered with weather protection. But the principle is that there are 30 different buildings. For example building 6 houses Waterstones on the upper floor with part of a hotel above that and a number of different retailers on the ground floor. If that building becomes obsolete because of either a building defect or it becomes just not fit for purpose, that single building can be knocked down and rebuilt. However the quality that we have built in and the very strict maintenance regime we have

imposed, both at the insistence of the funders, will mean long life spans and so we hope we will not be digging the streets up in 5 years time and so on.



The scheme was built in extra quick time too. In 1999/2000 when we won Liverpool One and we did not know then that in 2003 Liverpool would enter and win the European Capital of Culture designation for 2008 so we had to get the project completed in time for that. Developers always hope to get things done, and then when they have to get them done, it becomes a very different challenge. So this accelerated timetable was a huge challenge. We knocked down our first building in 2004 and the project was pretty much fully opened in October 2008 after over a billion pounds of investment over 42 and a half acres. The outline timetable achieved was

- 1999 Grosvenor selected
- 2001 Master Plan prepared, planning application made
- 2002 outline planning consent for our master plan achieved
- 2003 CPOs prepared and approved
- 2004 Started getting building contracts in place and acquiring the land
- End 2004 and 2005 Funding in place, start work on site
- Planned 3-year build
- 2008 First phase of half the scheme opened in May and the other half opened in October.

Of course with such a big site it was not possible, in 2005, to just close down the whole area and “start work on site”. For example we had to relocate the BBC Radio Merseyside and this involved building a new BBC studios, finishing and fitting out before we could move them across and then take possession of their old building to knock down. There was an operational fire station on site, and we had to find them a site, build them a new fire station, get it operational and move them across too. Plus there were a number of decants to be done to make this development happen.

## Public consultation



Public consultation was very important and when Grosvenor says consultation we mean consultation. At this point Rod moved up to Liverpool to ensure that the people got fully involved in the project. If someone wrote to the local paper saying “Grosvenor are not listening to me as a consultee” then whether it was true or not Rod would personally approach that person and say, “Right if you are that serious about it you start coming to our development design workshop with your views.” He wanted them fully involved and to buy into the project. The next consultation meeting would then involve the usual 30 people sitting around the table plus the one who had complained about the consultation process with the result that he or she got fully involved and in the end said, “Sorry I was completely wrong, and I think that you have considered this (whatever the problem was) and I completely understand it now.” We gave everybody a chance to become fully involved. We had staff from the University, students from the University who wanted to get involved, we had bystanders, and indeed anybody who wanted to come along to the development workshops on a Wednesday could sit in and join in the process.

## Design

We also had to have interesting buildings and with 30 architects you are bound to get some interesting buildings and this is an example of probably the most unusual building, our problem child of Liverpool One.



This is the Piers Gough of CZWG Bling building in Hanover Street and it is worth a visit. The building was called site 9 but when it was finished and the hoarding was taken down and became known as the Bling Building. Apparently Herbert the hairdresser had been collaborating to create the building with the architect and when the building was opened to view if you stand up and look at the cladding the words “bling, bling, bling” have been incorporate there in gold and we are still not quite sure how this happened.

## Construction



The build of this project was phenomenal; there will never be a build like it. We set up contracts with Laing O’Rorke, an excellent company. I worked with Laing on Festival Place Basingstoke so knew them well. The team there do as they say and I rarely I compliment contractors because usually they are a nightmare. The contract did cost us a lot of money and Laing O’Rorke was expensive but we got excellent service from them. When realised that Liverpool One was too big for by one contractor we brought in Balfour Beatty, Mansells and Dave McLean and a whole host of other contractors. At one time we had 22 tower cranes on site and these were a testament to how seriously the project was taken by Laing O’Rorke. Each crane was new, and they were brought in from Italy. In the early days Fathers for Justice climbed up the cranes, touched one of the sensors and closed down the crane. A Laing O’Rorke director drove down to Italy to pick up a new sensor as the crane could not run without it. The crane was out of action for 3 days.

## Animation

Having built out 42 acres of retail with 100 shops, 30 bars and restaurants, and 3000 car parking spaces, how will people find their way around? And as it is a new scheme, how will you make people come back? The found the best way to let people find their way around was not to change the streets; every single street of Liverpool One is in exactly the same place as the street was before we started the transition process. Hanover Street, Peters Lane, Paradise Street and South John Street are all in the same place. So after the gates closed, and demolition started in 2004, and the hoardings came down in 2008 people knew that although new huge buildings has appeared, people knew the streets and the streetscape.



But we built 5 districts in Liverpool One. We built one for high street fashion, we built an area for children, we built a foody area, we built a park and family leisure area, we built a leisure/fitness orientated area, and we built residential areas. We tried to make sure that tenants mix worked. A team of 27 worked on leasing and tenant mix making sure that tenant mix was consistent. Therefore we did not roll over if a retailer tried to insist on a particular location. We said no, to fit in with out tenant mix this is where you need to go. The dominant retail areas were around Debenhams and John Lewis. The latter has been in Liverpool for many years and we built them a new John Lewis, the biggest outside London. They act as one anchor and at the other end of the street is Debenhams, the other anchor.



**Anchor Stores – John Lewis & Debenhams**

South John Street was not really a street but a tarmac surfaced piece of land running through the edge of the park. We turned it into a very unusual street; it now is an urban street with three layers on it, a very unusual prospect. And right at the very top is the leisure terrace overlooking the park.



Here are some images from the scheme. Liverpool Football Club opened a lovely store in Liverpool One but Everton wanted to do better. Its store is called, as you can see, everton two, and its address is Everton 2, Liverpool 1.

Paradise Street is the location for large space users and is a very high street type offer. We had a real coup when Apple and CULT opened stores here along with other big named high street brands.

Peter's Lane is high fashion, Manesty's Lane is more homewares though again high level retailing with Habitat finally coming back into the city. The Terrace, dominated by the large Odeon and linked in with 30 bars and restaurants, generates some quite incredible stories about the amount of trade done. There is one buffet type operation with customers queuing up out of the shop from about 4.30 – 5 o'clock every day trying to get in. They have got 2 floors of retailing and 2 floors of covers in there. It is difficult to get in there, and other Liverpool One restaurants because of the queues. Restaurants are a real success story.



Hanover Street

Hanover Street is interesting; it was going to be our homewares destination linking in with Habitat around the corner. But it has been incredibly difficult as it is on the fringe and the client wanted the whole area done in one go. The option of doing the nice bits and leaving the less profitable work to the end was not available. So we found it difficult on

Hanover Street and left one bit of it as the company went out of business before we had managed to complete the next bit.



TOPSHOP/TOPMAN; is their second highest trading store outside London, so trading is at huge levels.

## A change of Habitat



Opened first week in December...

"...the store has been far busier than expected and as a result they are pulling employees from their Manchester/ Chester stores."

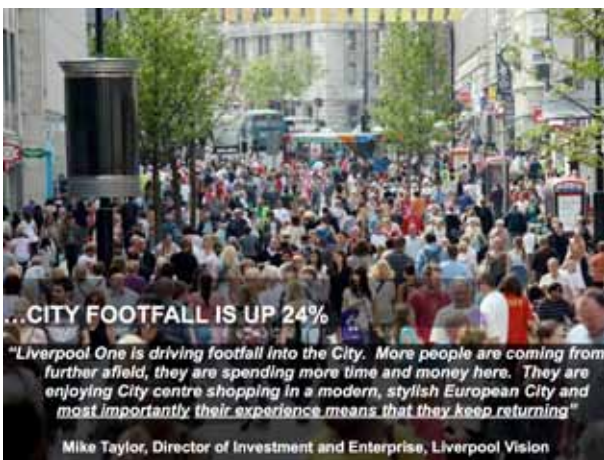
When Habitat left Liverpool they said they would never be back. After chasing them for 7 years they have returned.



Liverpool's retail offer is back up from the depths of 17 to 5th.

## The Opening

Having been effectively closed for 4 years what do you expect on your first day of trading? We purposely tried not to have a huge opening other than a Civic Opening by the Mayor. There is always a risk if you market too much you will end up embarrassing yourselves. But the press interest took over and the people flooded in. This was great for Liverpool One and the whole area. I used to get quite annoyed in the initial consultation exercises to hear people say you will attract all the spending power to Liverpool One and our shops will not survive. I always said, "You may be absolutely right but the pie will grow bigger and your share will get bigger as well." We have kept in touch with many small retailers elsewhere in the city and they have seen, especially in the homeware sector, their trade go through the roof.



You can piggy back of a good scheme like Liverpool One. Before the Albert Dock was struggling and on its knees. Now it is a fantastic place, footfall is up 48% due mainly to the critical link across Strand Street mentioned earlier.

### FUND & ASSET MANAGEMENT



Grosvenor did want to invest £1.2 billion in a single scheme. For the first few years we alone funded the project in the expectation that we would eventually resolve the funding issue. Grosvenor eventually invested £45 million of its own cash before scheme funding was resolved. And most of this initial investment was made before we had secured both detailed planning consent and a compulsory purchase

enquiry outcome. Consequently Grosvenor was already at huge risk before it went on the road to attract potential funders.

The identity of the signed up funders is shown above, a mixture of equity investors and banks. This means that not only do I have my Board of Directors to deal with but also those of four other equity investors and four banks. This is one of the biggest challenges I have had to face added to which is the City Council making sure that we are building in compliance with what they want as they ended up being the landlord of the whole scheme.

### TRADING – ACTIVE MONITORING



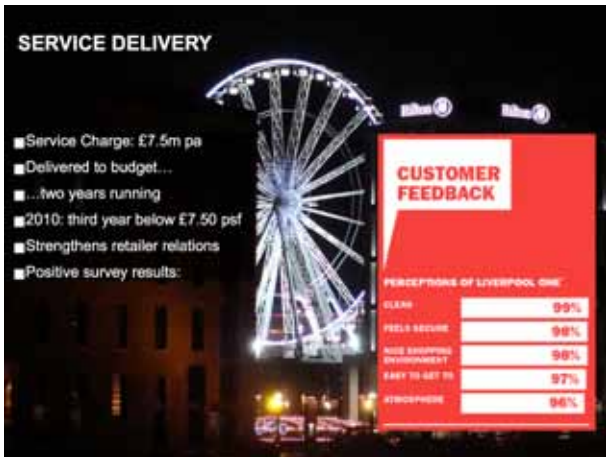
Grosvenor actively monitors trading in Liverpool One. We are linked in with every single retailer (except John Lewis) so we know at 8 o'clock, when the tills close, how each shop has traded. This has produced some amazing stories, for example Gregg the bakers, was, for a long time, taking the more trade per square foot than any other shop in the scheme.

## Management Regime

This is taken incredibly seriously. Chris Bliss runs Liverpool One on a day-to-day basis. Chris Bliss and I worked close together on Basingstoke; he was our Shopping Centre Manager there. He then changed his career to become an engineer involved in building Liverpool One so knew the scheme inside out and has now has reverted back to managing one of the biggest city centre schemes in the UK. He understands the technical side of things, which is important, and also understands how important communications and security are too. 200 directly employed people work in Liverpool One ensuring that it is immaculate and that security is good. And on security we do not have people standing about in flak jackets guarding the streets. We have people in red coats providing guidance and directions and just trying to be helpful by picking up litter and so on. We also have a close interaction with the police just to ensure that we have a safe environment.

## Customer Feedback

We also regard customer feedback as very important and we do our best to find out what people think of us through telephone surveys, focus groups and the like.



Grosvenor constantly thinks about the future and what could be changed to make the place better. Even before the scheme was completed we worked very hard with a committed team of consultants, buying advertising, and thinking about how we were going to get people to come back into Liverpool when many of them had not been to Liverpool for 20 years. Our aim was to make sure that a trip to the city of Liverpool was considered to be “a day out”; and that is the most important thing.

I now live 45 minutes away in South Cheshire in an area where most people work in Liverpool, earn their living in Liverpool and just commute in and out. When I talk to them and say you must come to and see what we have done to the city they say, “I never to go Liverpool”, but attitudes are changing and we are now finding that people are coming up and shopping in Liverpool.

And then they also go to The Walker a most amazing place; the wow is amazing. Now my generation have all got young kids and there is a park where you can sit out and have your lunch, or you can go down to the waterfront, take the ferry across the Mersey, and lots more besides. Our big sell covers much more than just a visit Liverpool One, we are selling the whole city centre.

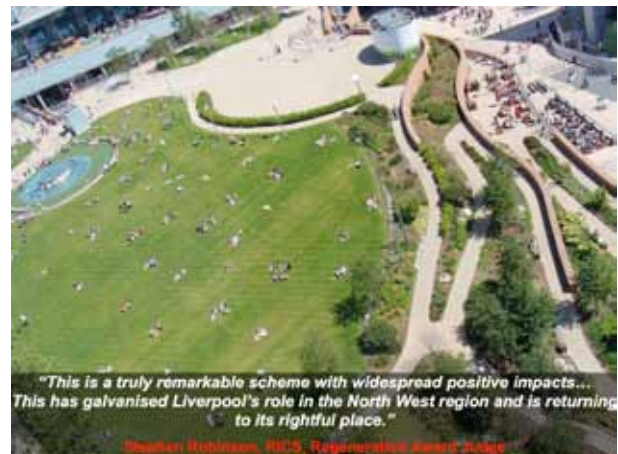
## Awards

This is an overview of what we have achieved with the highlights labelled up appropriately.



We have won awards. The Sterling Prize nomination 2009 was, “The Liverpool One Masterplan has single-handedly reversed the fortunes of the city by bringing a new social and economic vibrancy to what was 42 acres of derelict but historic buildings at its heart. The result is a vibrant and economically successful retail, leisure and mixed use quarter.” The Sterling Prize was probably one of the most exciting things we have won. Other awards include the International Conventional Shopping Centre and The British Conventional Shopping Centres Gold Awards.

They all mean a lot to Grosvenor, and to Rod Holmes, because Liverpool One was his life for 10 years.



Guy Butler,  
Projects Director, Grosvenor