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BUSINESS

High street crisis: Chill wind blows for Oxford St as lights go out

London's iconic shopping destination needs to reinvent itself to survive

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Debenhams announced a £40m makeover of its Oxford Street store by the award-winning artist Ned Kahn in late 2013. The drab concrete exterior was to be covered with 185,000 aluminium panels that would ripple like water in the wind.

Richard Cristofoli, then marketing director, spoke of creating a building worthy of the “iconic” international shopping destination. Seven years on, the futures of both department store and London retail mecca are in doubt.

Last week Debenhams, now in administration, announced it would not reopen its Oxford Street store after the lockdown. Only 100 yards away, John Lewis is converting part of its store into offices. By Oxford Circus Tube station, the landmark Topshop store is also up for sale after its owner Arcadia collapsed into administration.

The mass retreat raises questions over whether Oxford Street will ever recover its former golden status after the pandemic. Even when shops were open last month, footfall was 55% lower than at the same time in 2019, according to the New West End Company, which represents 600 retailers. Now, about 35% of Oxford Street's shops is said to be available to let.

Oxford Street tends to appeal to tourists and office workers. With international travel not expected to return to pre-pandemic levels until at least 2023, according to Airbus, and workers being encouraged to stay at home, low footfall is likely to persist for some time. “What we've seen with Covid is the localisation of shopping, with fewer people making trips to central London,” said Jonathan De Mello, a partner at the consultancy CWM.

The mile-and-a-half strip of central London has been synonymous with shopping and fashion since the late 19th century. John Lewis opened a small shop there in 1864. Selfridges started in 1909. By 2013 the street's annual retail sales had moved above £5bn.

However, even before Covid the tide had been turning. A combination of high business rates — the New West End Company said retailers on Oxford Street, Bond Street and Regent Street pay £1bn in rates — and expensive upward-only rents have dented profits. The removal of VAT relief at the beginning of this month, which allowed tax-free shopping for non-EU tourists, may push international travellers to European destinations such as Paris.

Some retailers have also suffered self-inflicted wounds. While Selfridges has invested £300m in its Oxford Street site, others are in retreat. John Lewis hopes to stem losses by renting out up to three floors of its store. Critics suggest the move is ill-thought out. “They've lost the plot,” said an industry source. “Why give up floor space on Oxford Street when Selfridges is hoovering up every little bit it can get? To do that shows they're not

confident about the brand.”

According to Jace Tyrrell, chief executive of the New West End Company, Oxford Street needs to reinvent itself post-Covid. Part of the solution to empty space will be entertainment. The former BHS store has been split into a Swingers crazy golf centre and a food hall, with a smaller area for retail. Tyrrell hopes that global brands such as Netflix or Snapchat will pop up in an attempt to reach new consumers. Microsoft’s “experience” hub-cum-store on the site of the old Benetton by Oxford Circus is one such example. Tyrrell says: “The entertainment, media and AI space is the future.”

A former chief executive of one of Britain’s biggest department stores said more chains would downsize, giving more retail space over to restaurants, technology labs and other offerings. He said they would also demand more help from property owners. “Landlords need to wind their necks back in and realise that upward only rents aren’t going to work forever,” he said. “They need to share the pain.”

Sam Foyle, an adviser at the estate agency Savills, suggested local government could help. “Brands want to use Oxford Street as a showroom but they need Westminster council to be more forward-thinking,” he said. “The council has turned down planning applications for double-height shop fronts and electric signage in the past without good reason.”

Some believe the area will eventually recover. Crossrail will stop at Bond Street and Tottenham Court Road, increasing footfall, and £150m is being spent on regeneration by Westminster council.

“The last thing I would do is bet against Oxford Street,” said John Bason, finance director of Associated British Foods, which owns Primark. “Do I lament the loss of a big Debenhams store? Hell yes, but I don’t think we will see the total eclipse of Oxford Street. Is Selfridges going to go? I doubt it.”

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Debenhams spent £40m revamping its Oxford Street store

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