

TURNING THE TIDE: SEASIDE REGENERATION

REPORT 2020





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Foreword

“Coastal restoration must start with bricks-and-mortar investment”

Over the past decade Folkestone has reinvented itself, becoming a leading example of successful coastal town regeneration. Once a small fishing community, Folkestone transformed in the nineteenth century with the arrival of railways and steamships. Here passengers from the Orient Express would make their crossing to the continent, inspiring Agatha Christie to write her famous novel while staying at the Grand Hotel. That era left an architectural legacy of great Victorian townhouses in Folkestone’s west end, with breathtaking views across the English Channel.

However, like many coastal resorts across the country, the town began to decline in the 1970s. More people took their holidays by plane to Spain, rather than ferry to France. The opening of the Channel Tunnel also accelerated the demise of Folkestone’s shipping port, which closed in 2001.

Thanks to the visionary intervention from the district council and local businesses and investors, we have seen a raft of major developments that have taken Folkestone in a new direction.

The Roger De Haan Charitable Trust has led the physical transformation of the harbour and old town areas into a vibrant Creative Quarter, providing affordable workspace for local artists and creative businesses, as well as new bars, cafés and restaurants. Thanks to the work of the arts organisation Creative Folkestone, this area has also become the home for major cultural events, such as the Triennial Arts Festival. The Triennial has made Folkestone a fixture on the world map of contemporary public art, with permanent installations from Tracey Emin, Antony Gormley and Cornelia Parker.

New sports facilities have also been created by the Shepway Sports Trust at the Three Hills Sports Park, and with the soon to be completed F51 urban sports centre, a world-leading concept with a multi-storey indoor skate park and climbing facility.

The area has also been a major beneficiary of the High Speed 1 rail link from Kent into London – a journey that now only takes 53 minutes, enabling more frequent and faster links to the capital. The district council is also leading efforts to deliver the Otterpool Park Green Town development, which includes 8,000 new homes over the next 30 years; and the Folkestone and

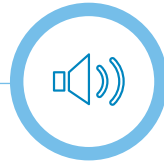


Seafont Harbour Company, formed by Sir Roger De Haan, has been granted planning permission to build more than 1,000 new homes on the seafont. Now is a great time to be part of the next chapter in Folkestone’s story.

Seaside towns across the UK continue to face uncertainty. Revitalising local economies will be even more important in the wake of the coronavirus pandemic, which is set to affect coastal communities more acutely than others. In Folkestone we have proved that reinvention is possible, and the existing built environment plays a pivotal role. We have used our rich history to remind investors of the merits of the town, creating innovative and exciting urban environments for young and old. Creation of jobs for locals, affordable workspaces for entrepreneurial businesses and a true sense of identity has transformed Folkestone’s fortunes. 🌟

Damian Collins, MP for Folkestone and Hythe

“ In Folkestone we have proved that reinvention is possible, and the existing built environment plays a pivotal role. We have used our rich history to remind investors of the merits of the town, creating innovative and exciting urban areas



Many seaside towns are caught in a sustained cycle of decline, borne out of historic drops in demand for traditional domestic beach holidays. The proliferation of low-cost foreign package holidays has fundamentally undermined the viability of the local economies on which many coastal industries were once built. Economic stagnation, physical disinvestment and social challenges feed into and reinforce each other in complex ways.

In this special EG investigative report, we reveal that seaside towns are more likely to be deprived than other areas of England, suffering from a myriad of unfavourable economic measurements; for example, suppressed earnings, an imbalanced housing market, a weak labour market, increased numbers of benefit claimants, higher levels of crime and poor standards of education. As a result, their overall contribution to the UK's GVA has decreased annually since 2000. Suppressed activity from new business and investors has added to reduced commercialisation in many destinations, while some have managed to slowly turnaround their fortunes, reinventing in the face of physical obsolescence, dereliction and outdated infrastructure.

In recent months, a secondary challenge has emerged. The implications of the global lockdown in reaction to the coronavirus pandemic look set to hit seaside communities harder than most. The challenge is twofold: a short-term crisis is presented by the shutdown of a majority of seaside enterprises; and a longer-term issue will centre on how these communities manage to bounce back.

The role of real estate in a coastal renaissance is of utmost importance if the current government is to meet its "levelling-up" agenda. Many coastal communities feel they have been left behind politically and economically through the austerity measures that followed the global financial crisis, highlighted by the fact that more than 90% of English coastal authorities voted to leave in the 2016 European Union referendum. Social inequality in these areas can be directly attributed to the stagnation of their core industries, such as fishing, shipbuilding and port activities, the challenges of seasonality and domestic tourism. Regeneration of seaside towns and coastal economies is made even more difficult by their relative remoteness and distance from major cities.

Both private and public regeneration experts working to revive struggling seaside towns are thus left with a set



James Child
Head of retail
and industrial
research, EG

Introduction

Turning the tide: seaside regeneration

Data analysis reveals the deprivation facing many coastal towns, but it also highlights the huge potential for targeted investment and regeneration

of complex and intertwining questions:

- How do coastal communities shake-off the legacy of disinvestment and reinvent their offer to tourists, residents, businesses and investors?
- What can seaside towns do to ready themselves for emerging markets, economies and growth sectors?
- In the wake of the coronavirus and the affects it will have on coastal industries and employment sectors, how can communities avoid succumbing to economic obsolescence in the future?
- What is the role of real estate in securing the future of these destinations, and what are the distinct opportunities that present themselves for those invested in the built environment?

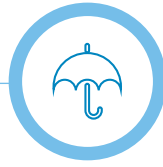
We will analyse and interpret these challenges and opportunities, drawing on data from Radius Data Exchange and other sources to examine in detail how the nexus of real estate, private and public sector intervention, and local entrepreneurialism is at the heart of putting seaside towns on a more sustainable and prosperous path. 🌟

“The nexus of real estate, private and public sector intervention, and local entrepreneurialism is at the heart of breaking the cycle of decline and putting seaside towns on a more sustainable and prosperous path



Deprivation in the nation

Coastal destinations lag behind inland towns on most measures of social and economic deprivation. Analysis of the latest ONS data reveals the extent of the challenge facing these markets



Seaside communities are suffering some of the worst levels of socio-economic deprivation in the UK. The barometers or “indices” of deprivation, defined by the Office for National Statistics and based on data from English local authorities, reveal a widening gap between coastal communities and the rest of the country in terms of earnings, employment, health and education.

Drilling down into the aggregated data, we find that seaside towns have higher levels of deprivation on six out of the seven government measures, ahead of those of their respective local authorities and against a benchmark average for the rest of England. In all cases, the higher the score or number, the higher the level of relative deprivation.

Overall Index of Multiple Deprivation

The first measurement in which this is reflected is the Overall Index of Multiple Deprivation (IMD), a score which is given as an aggregate of the seven other deprivation variables.

Of our 40 seaside towns chosen for this investigation, the average IMD score stands at 33.18, well ahead of the national average of 19.60. However, for a more rounded and proportional analysis we need to consider some elements which may sway the data.

A national average includes major cities and commuter towns, which are disproportionately less affected by deprivation, not to mention the regional imbalances between London and the South East and the rest of the UK. To counterbalance this, we have included a local authority average throughout the investigation. This considers the varying levels of deprivation across the towns’ specific local geographies. It is likely that some adjacent towns, coastal or not, will be less or more deprived than those which we are looking to evaluate. These act as a valuable point of comparison.

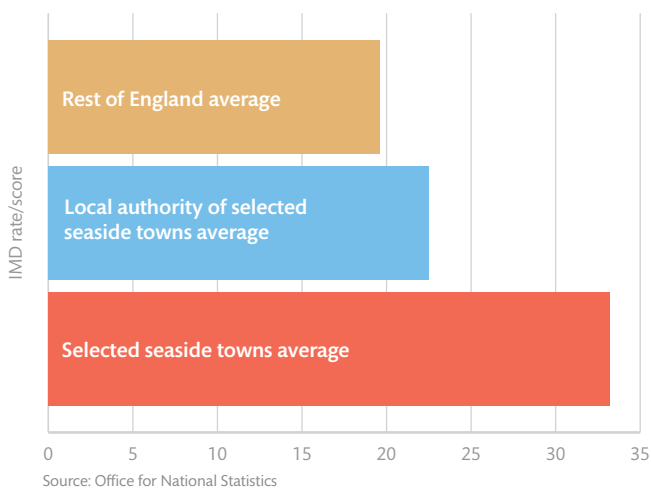
Seaside towns post considerably increased scores for Living Environment deprivation, defined both by indoor and outdoor environmental measures allied with quality of life and wellbeing; and Education, Skills and Training deprivation, which is categorised by the lack of attainment and skills in the local population, in both children and adults. Both of these measures are significantly higher than the local authority score and the national average.

Conversely, the third domain in the chart below shows that seaside towns have lower barriers to accessing housing and services. However, as we will find out, this is due to a coastal housing market driven by excess supply, rather than demand, with house prices falling some way behind the inland national averages.

The third chart below highlights the other domains which are included in the ONS statistics. Both Income and Employment scores, which measure the proportion of the population experiencing deprivation relating to low income, and the proportion of the working-age population in an area involuntarily excluded from the labour market, are on average higher than their neighbouring towns in local authorities as well as the national average.

Income in seaside destinations has been defined by the types of jobs that are available in those areas; typically low-skilled roles,

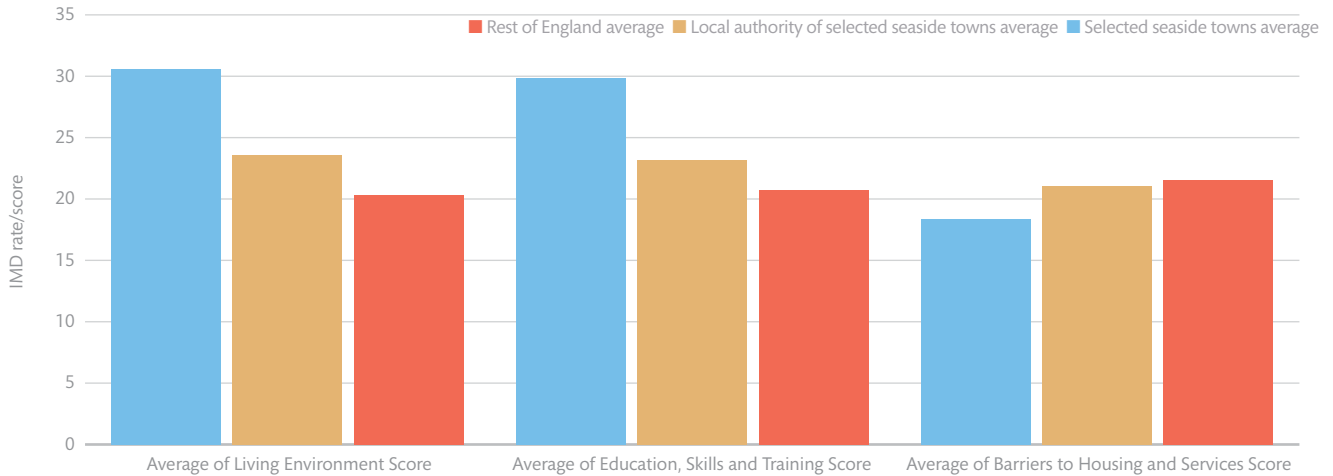
Overall Index of Multiple Deprivation score



Data shows seaside towns are significantly more deprived than England as a whole and more deprived than neighbouring towns within their local authorities



Deprivation indicators for seaside towns versus their local authority average and the rest of England



Source: Office for National Statistics

34%

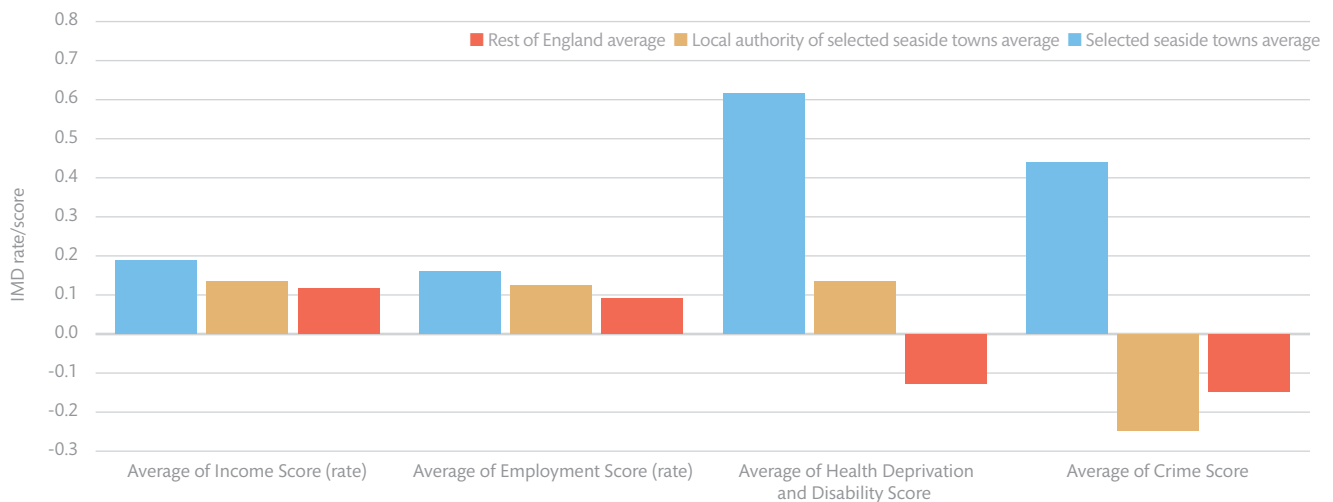
Difference between Living Environment deprivation indicators on the coast and inland national average

normally with seasonality, and therefore cyclical claims for benefits – all of which are propped up by poorer access to new job roles, as geographical and infrastructure barriers to new employment opportunities entrench these areas in a cycle of deprivation.

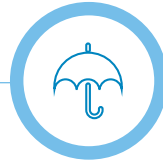
This cultivates the conditions for increased scores in the additional domains of Health and Disability deprivation – the impairment of quality of life through poor physical or mental health – and Crime, which measures the risk of personal and material victimisation at a local level. These two dimensions of deprivation are particularly exacerbated by the rest of the domains analysed, accentuating the vicious circle of socio-economic decline in seaside towns.

The table on page 7 shows the 40 towns in isolation, with the data sorted by most deprived to least deprived on the average of IMD score. Blackpool tops the ranking as the most deprived

Deprivation indicators for seaside towns versus their local authorities and the rest of England



Source: Office for National Statistics



Deprivation levels in 40 prominent English seaside towns

Seaside town	Average of Index of Multiple Deprivation scores	Average of Income scores (rate)	Average of Employment scores (rate)	Average of Education, Skills and Training scores	Average of Health Deprivation and Disability scores	Average of Crime scores	Average of Barriers to Housing and Services scores	Average of Living Environment scores
Blackpool	65.8	0.4	0.3	53.0	2.2	1.8	12.6	56.5
Great Yarmouth	56.9	0.3	0.3	71.1	1.2	1.3	19.1	31.9
Margate	56.5	0.3	0.2	60.6	1.2	1.6	23.2	31.7
Torquay	55.9	0.3	0.3	39.2	1.2	1.5	24.6	43.9
Lowestoft	53.5	0.3	0.2	57.0	1.2	1.1	12.7	42.2
Skegness	50.5	0.3	0.2	58.8	1.2	0.7	14.9	33.4
Weston-super-Mare	50.0	0.3	0.3	41.9	1.3	1.3	17.0	21.7
Scarborough	49.7	0.3	0.2	49.9	1.1	1.0	16.2	55.8
Morecambe	48.4	0.3	0.2	38.2	1.3	1.0	12.0	49.2
Clacton	48.0	0.3	0.2	52.2	1.3	1.0	18.6	18.7
Hastings	45.8	0.3	0.2	33.7	1.0	1.1	26.9	40.2
Weymouth	43.7	0.2	0.2	42.0	1.3	0.8	25.6	35.3
Sefton	43.0	0.2	0.2	22.9	1.5	0.7	15.8	48.9
Southend-on-Sea	41.6	0.3	0.2	36.0	0.9	1.2	21.8	28.4
Bridlington	39.8	0.2	0.2	32.4	0.8	0.8	16.4	35.7
Penzance	37.7	0.2	0.2	23.1	0.7	0.2	18.4	43.6
Newquay	37.0	0.2	0.2	23.9	0.9	0.6	17.6	36.6
Folkestone	35.9	0.2	0.2	34.0	0.6	0.8	20.0	27.3
Ryde	33.4	0.2	0.2	27.0	0.5	0.6	14.5	41.6
Whitby	32.7	0.2	0.2	37.0	0.9	-0.1	17.5	35.5
Brighton	27.1	0.1	0.1	14.4	0.5	0.4	26.3	38.7
Bognor Regis	26.8	0.1	0.1	32.0	0.7	0.5	27.4	20.3
Bournemouth	26.1	0.1	0.1	19.3	0.5	1.0	25.4	34.3
Ilfracombe	25.9	0.1	0.1	26.6	0.7	-0.6	23.3	34.5
Worthing	25.3	0.1	0.1	20.3	0.2	0.4	18.1	45.5
Bexhill	24.6	0.2	0.1	18.1	0.4	0.0	22.8	21.9
St Ives	23.2	0.1	0.1	16.1	0.1	-0.3	19.0	39.6
Eastbourne	22.0	0.1	0.1	22.0	0.2	0.1	19.0	18.1
Teignmouth	21.7	0.2	0.1	17.8	0.0	-0.2	14.2	27.4
Dawlish	21.5	0.1	0.1	25.6	0.1	-0.5	18.6	30.2
Deal	19.1	0.1	0.1	20.9	-0.1	0.1	17.8	13.3
Minehead	19.1	0.1	0.1	25.3	0.1	-0.3	15.6	17.9
Falmouth	18.5	0.1	0.1	15.5	-0.1	-0.4	19.9	29.2
Burnham-On-Sea	18.4	0.1	0.1	19.2	0.2	-0.4	16.1	14.3
Hythe	18.2	0.1	0.1	14.0	0.1	-0.5	20.5	14.0
Exmouth	16.8	0.1	0.1	16.3	-0.3	-0.1	9.5	27.5
Whitley Bay	14.0	0.1	0.1	4.7	0.2	0.3	7.9	12.9
Whitstable	13.1	0.1	0.1	8.0	-0.3	0.6	13.1	18.7
Swanage	12.9	0.1	0.1	14.2	0.0	-0.7	17.7	16.6
Sidmouth	7.4	0.1	0.1	9.6	-0.9	-1.0	17.9	11.6
England average	21.5	0.1	0.1	21.6	-0.0	-0.0	21.7	21.7

town, with an IMD rating of 65.8 points, followed by Great Yarmouth, Margate, Torquay, Lowestoft and Skegness, which all post scores of more than 50 points. Blackpool has the unenviable position of finishing top in five of the seven domains, scoring particularly high on Crime, Health and Education.

The differences between these seaside destinations and the national averages are striking. There is no doubt that coastal economies have cause to feel on the fringes of the growth. Years of underinvestment and austerity have compounded the reversing fortunes of these tourist economies – and they are now

set to face a new challenge in the fallout from measures to control coronavirus.

Throughout the following chapters we will investigate the minutiae of the deprivation domains, ascertain the risks facing seaside towns beyond the aftermath of Covid-19 and what can be done to breathe energy into these historic yet, in many cases, troubled communities. Using Radius Data Exchange, we will demonstrate that regeneration of real estate is the driving force behind urban renewal and acts as the catalyst to wider socio-economic revitalisation in seaside towns. 🌟



Real estate on the coast

Analysis of the commercial real estate market over the past decade paints a picture of coastal towns trapped in a Catch-22 – regeneration is needed to attract investment, but investment is needed to enable regeneration



Commercial real estate is one of the most important pillars of the UK economy. The industry generates £101.2bn of economic output annually, equivalent to 7% of the national total, and is fundamental in not only providing the necessary platforms for enterprise to expand and thrive, but also in shaping the wider environment in which we live, work and play. The creation, refurbishment or repurposing of real estate can inject renewed energy into towns, cities and regions.

From investigating the granular detail of the jobs market and infrastructure of seaside towns it should come as no surprise that the occupier markets are dictated by the properties and businesses that are already entrenched.

Since 2010 more than one-fifth of all new commercial tenant transactions in coastal local authorities have been for retail premises, increasing since 2015 despite the headwinds seen on the high street and against the national trend. In contrast, office lettings have struggled to breach the 10% mark during the same 10-year period, indicating both the reticence of occupiers to launch their businesses from seaside locations and the relative weakness of the workforce compared to urban centres.

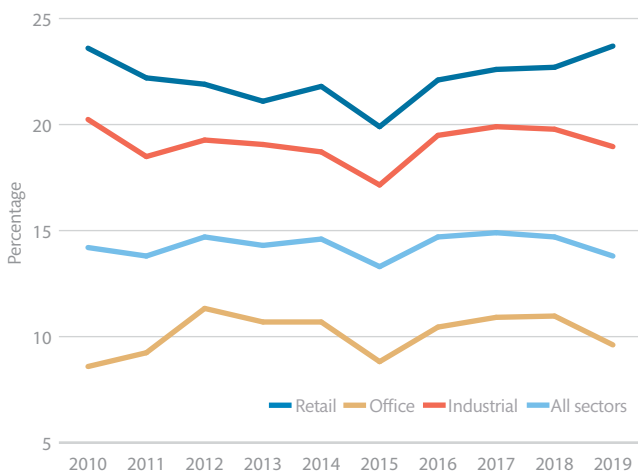
A combination of weak socio-economic indicators means it can be a challenge to generate interest from occupiers in real estate at seaside destinations. As a result, transactional volumes across all commercial real estate sectors in coastal authorities falls below the national average.

Suppression in the occupier market has a knock-on effect on investor intent. Supply and demand dictate rental tone and therefore the scope of potential returns for investors.

Real estate is a lucrative asset class for institutional investors such as pension funds, insurance companies and sovereign wealth funds, and this makes large-scale regeneration projects possible. Investment into real estate projects is vital to the health of our towns and cities. Investing in real estate is the catalyst for urban regeneration and renewal. It generates social capital and creates happier, healthier and more sustainable places in response to our changing work cycles and lifestyles.

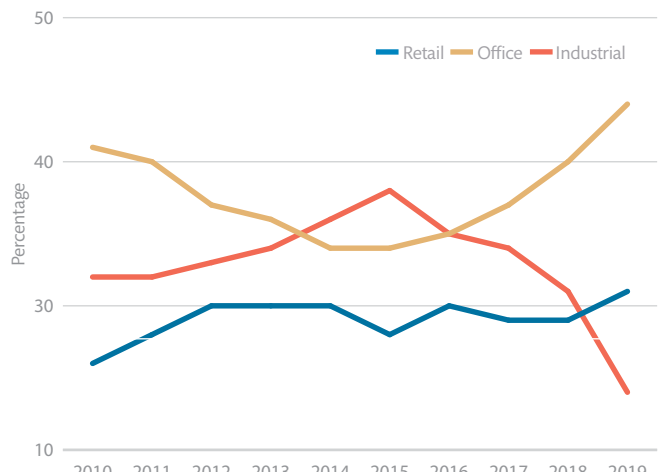
5.8% Proportion of national commercial real estate investment targeted at coastal areas in 2019

Commercial real estate lettings in coastal authorities as a percentage of all national activity



Source: Radius Data Exchange

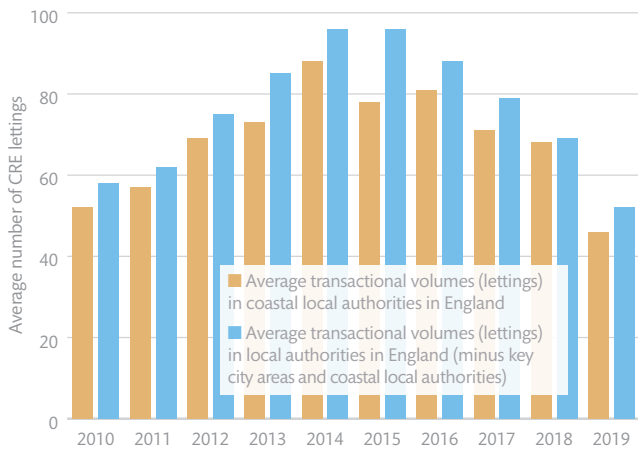
National leasing trends: percentage of all take-up by sector



Source: Radius Data Exchange



How commercial leasing activity in coastal areas compares with inland locations



Source: Radius Data Exchange

Encouragingly, investment numbers across all sectors as a percentage of the rest of England have seen an uptick in the second half of the past decade, benefiting from increased activity in the industrial and logistics sectors and still a large amount spent in the retail and leisure sectors, reflective of both occupier demand and the make-up of the built environment of seaside economies.

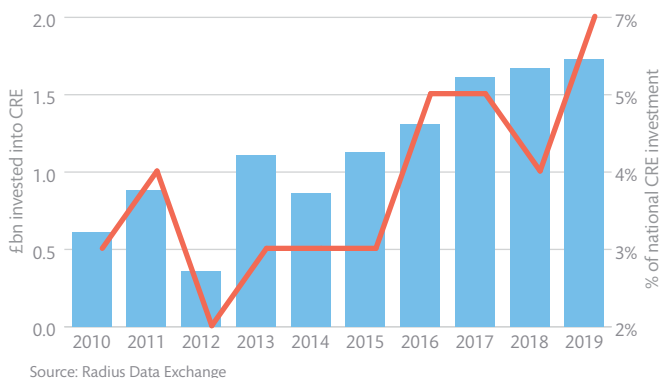
In the later stages of the decade the public sector has stepped in and a fresh hope for regeneration has emerged in the shape of more active local authorities.

Despite having their funding slashed by 49% since 2011, according to a report by the National Audit Office, many local authorities have drawn on capital reserves and debt to start buying up commercial real estate within and outside their own jurisdictions. As well as kick-starting regeneration plans, these assets have also provided a source of income at a time when budgetary constraints have exacerbated the effects of austerity for many seaside towns.

Approximately £7.5bn has been spent on commercial real estate by local authorities since the trend started in 2013,

“On average, inland local authorities have been willing to pay £25.3m for a real estate asset, compared to £18.8m by those on the coast. Those prices reflect relative values and yields, as well as highlighting the fundamentals of supply and demand

How commercial real estate investment in English coastal locations has increased over the past decade

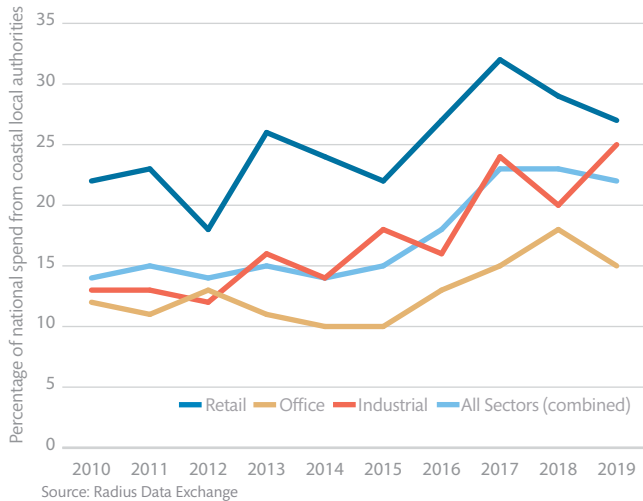


Source: Radius Data Exchange





Commercial real estate investment in coastal areas as a percentage of national activity (2010-2019)



according to Radius Data Exchange analysis. Increasing sharply in 2016 and taking advantage of a private market mired in post-referendum malaise.

Average spending on individual assets in fringe coastal authorities falls behind their inland counterparts too. In central urban areas some authorities have invested heavily in the prime office markets, others in prime and secondary retail malls, for example.

Many seaside towns and coastal communities are without such assets in which to invest. On average, inland authorities have been willing to pay £25.3m for an asset (across all commercial real estate sectors) compared to £18.8m by the coast. The prices paid are reflective of relative values and yields as well as supply and demand. The real estate market lags considerably when compared to the rest of country, boiling down to the comparative shortfall in attractive assets for purchase. Reduction of capital stymies urban renewal.

Councils up and down the country have had different motives in their pursuit of real estate assets. Some for increased revenue, others for regeneration, and those who aspire to both. The ongoing coronavirus pandemic may obstruct local authority investment in the short term as councils look to shore up their local economies rather than create new revenue streams.

The data reflects a real estate market that is still at odds with the national averages, both in terms of new occupier activity and

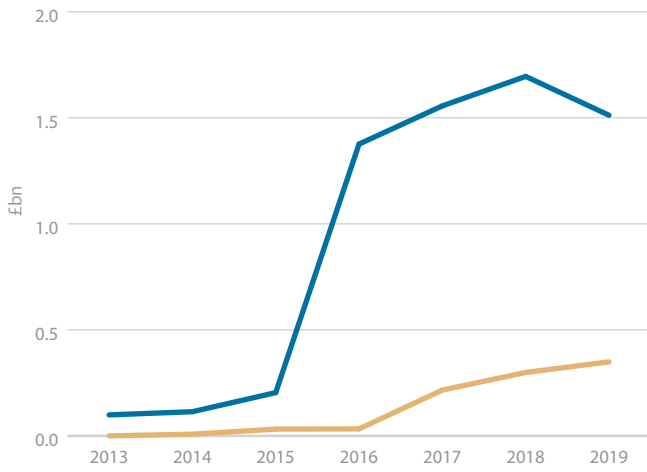
Commercial real estate investment in English coastal local authority areas (2010-2019)

Twenty authorities with highest level of investment	Amount invested (2010-2019)	Average of Index of Multiple Deprivation score (for combined local authority)
Brighton and Hove	£1,050,448,033	21.0
Plymouth	£785,127,572	26.4
Bath And North East Somerset	£634,993,552	12.1
Cornwall	£603,506,022	23.3
North Somerset	£557,072,428	15.9
North Tyneside	£513,351,150	22.1
Sunderland	£508,841,040	30.6
Bournemouth, Christchurch and Poole	£475,301,955	17.9
Dorset	£360,143,581	15.6
Sefton	£351,666,444	27.3
Blackpool	£337,215,584	45.9
Southend-On-Sea	£313,394,151	21.7
Medway	£279,124,464	23.8
Portsmouth	£275,455,792	26.8
Northumberland	£224,732,755	21.9
Wirral	£203,021,521	29.4
East Riding Of Yorkshire	£174,484,637	15.8
South Tyneside	£118,332,606	31.5
County Durham	£102,964,048	27.4
Isle Of Wight	£85,967,878	23.3

Twenty authorities with lowest level of investment	Amount invested (2010-2019)	Average of Index of Multiple Deprivation score (for combined local authority)
North Devon	£6,790,000	20.8
South Lakeland	£6,728,700	12.2
Sedgemoor	£6,698,098	21.5
Barrow-in-Furness	£5,796,500	31.6
Adur	£5,459,534	17.7
Lancaster	£5,412,720	24.7
Copeland	£5,378,000	25.2
East Suffolk	£5,034,681	20.1
Stroud	£4,972,717	10.8
Scarborough	£4,528,820	26.1
East Lindsey	£4,274,449	29.7
Great Yarmouth	£3,965,600	32.4
South Holland	£3,657,000	18.0
Wyre	£3,258,270	22.1
North Norfolk	£2,896,779	21.1
Boston	£2,743,271	22.9
Gosport	£2,400,000	20.0
Castle Point	£2,020,500	16.8
Allerdale	£1,865,622	22.7
Torridge	£1,160,200	23.0



Local authority investment into commercial real estate (2013-2019)

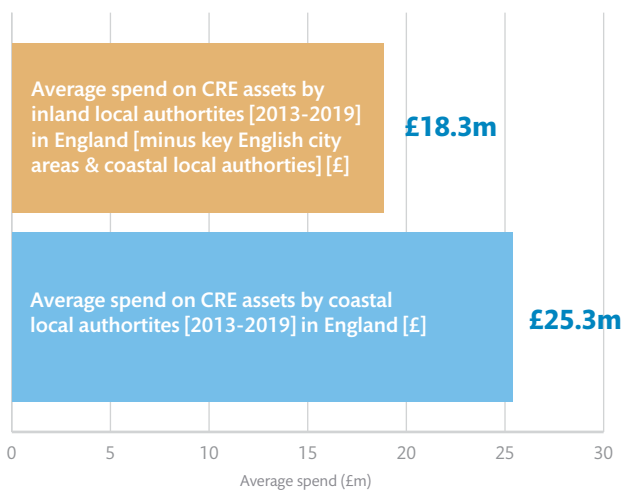


Source: Radius Data Exchange



“A focus away from solely city centre-based investment will release both public and private funds into wider rural geographies of the UK, sparking the transformation needed to galvanise a revival of seaside towns

Average spend by local authorities on individual CRE assets (2013-2019)



Source: Radius Data Exchange

investment spend. It is true that the built environment in many seaside towns has been designed around a set of very particular economic activities. It will be harder for these destinations to escape the visible architectural shackles which dictated their growth patterns. The spiralling social deprivation deters domestic migration, fresh entrepreneurialism and enterprise, as well as potential investment, which would aid the renaissance of many locations.

Real estate underpins the foundations of regeneration. A focus away from solely city centre-based investment will release both public and private funds into wider rural geographies of the UK, sparking the transformation needed to galvanise a revival of seaside towns.

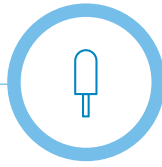
However, as we have seen, it is not just the bricks and mortar of seaside towns which are in need of renewal. The indices of deprivation point to a series of socio-economic variables which have been affected by a built environment and culture of place which have languished in the past. Decades of urban decay have cultivated many of these symptoms of decline, yet real estate can act as a spark for reform. In the following chapters we will show how the recent history of these destinations has entrenched these ailments and how real estate can remedy some of these ills. 🌟



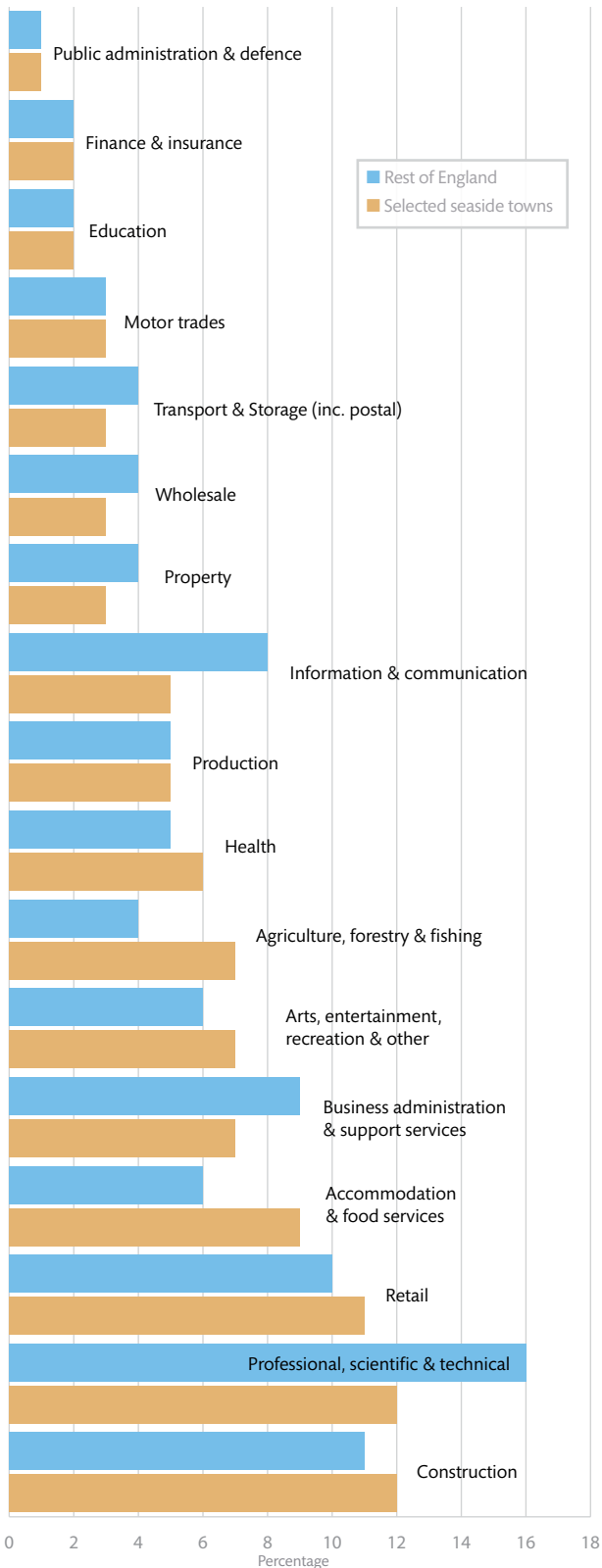
Employment: all at sea?

With employment in coastal towns dominated by low-skilled seasonal work in the leisure and hospitality sectors, they have been hit particularly hard by the coronavirus lockdown





Percentage of UK workforce by specific enterprise



Source: Office for National Statistics

Many seaside towns have become trapped in a complex and self-reinforcing cycle of decline stemming from the collapse in demand for traditional domestic holidays.

The shrinkage of the tourist trade from the 1960s has fuelled increases in unemployment, falls in house prices and related imbalances in the housing market and, over time, community instability and deep pockets of deprivation.

The heady days of the seaside holiday have become entrenched in the British myth of the industrial revolution. Mass domestic tourism had been the lifeblood of coastal towns across the country. Places like Margate, Southport, Blackpool and Skegness grew their economies exponentially from the late Victorian period.

By the middle of the last century broad swathes of the population, including a significant proportion of working-class families, could afford a summer holiday. The introduction of paid leave, as well as increasing wages, meant more workers could afford to loosen their purse strings.

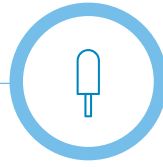
Seaside towns expanded and adapted to meet this growing demand, though the trend was reversed with the increased affordability of low-cost package holidays, meaning those same people could now travel internationally.

The impact was profound in many ways. Facilities and skills which had evolved to serve the local economy were less needed and the economic purpose on which many had been built was in rapid and steep decline. By the 1990s the decline of many seaside towns was so stark that they had become stigmatised. Tabloid headlines such as "Costa del Dole" painted a grim picture of stagnation and dependency, knocking local confidence further and doing little to attract households or investors.

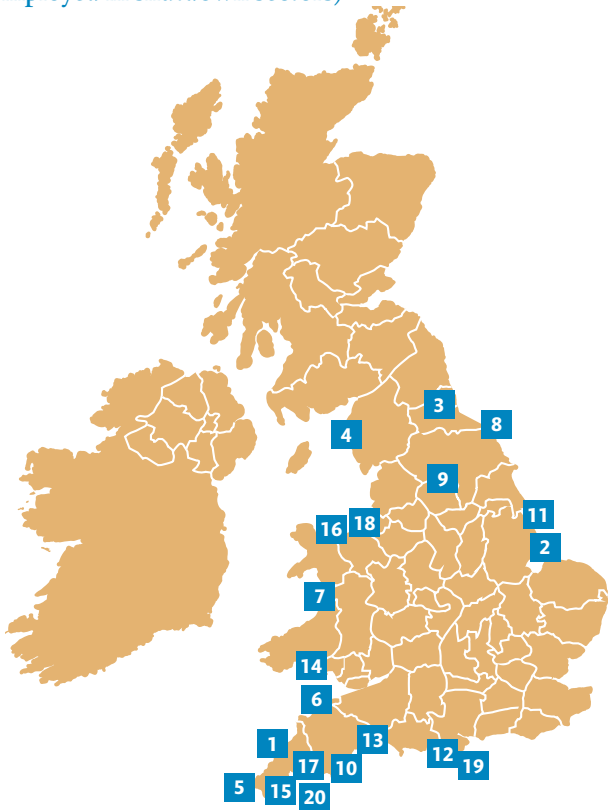
The local workforce of seaside communities could rely less

56% Percentage of Newquay's workforce employed in industries shut down by coronavirus





Towns with greatest economic exposure to Covid-19 across England and Wales (percentage of population employed in shutdown sectors)



	Percentage of workforce employed in industries shut down due to coronavirus
1	Newquay (coastal) 56.2%
2	Skegness (coastal) 54.7%
3	Whickham 52.8%
4	Cleveleys (coastal) 48.2%
5	St Ives, Cornwall (coastal) 48.0%
6	Minehead (coastal) 48.0%
7	Aberystwyth (coastal) 47.1%
8	Whitby (coastal) 46.9%
9	Ilkley 44.7%
10	Kingsteignton 44.5%
11	Mablethorpe (coastal) 44.5%
12	Swanage (coastal) 44.2%
13	Sidmouth (coastal) 43.4%
14	Porthcawl (coastal) 43.0%
15	Penzance (coastal) 42.2%
16	Llandudno (coastal) 40.9%
17	Falmouth (coastal) 40.6%
18	Kimmel Bay (coastal) 39.8%
19	Sandown (coastal) 39.6%
20	St Blazey 39.3%

Source: Centre For Towns

and less on the previously booming hospitality and catering trades, which often gave many people entering the jobs market their first roles. The most common employment opportunities in seaside towns comprise construction (12.4%), professional, scientific and technical (12%), retail (11.2%), accommodation (9.1%) and administrative support services (7.4%).

Across the rest of England the biggest sectors for employment are: professional, scientific and technical (16%), construction (11.2%), retail (9.6%), business administration and support services (8.7%), and information and communication (7.9%).

Covid-19 has had damaging effects for many workers and businesses in these sections of the economy. The UK Business Register and Employment Survey indicates that there are four market sectors which are particularly exposed to the government shutdown and are most likely to reopen gradually, suffer financial hardship for longer, and face a lack of consumer confidence around health and safety. They are: accommodation, arts and leisure, non-food retail, and pubs and restaurants.

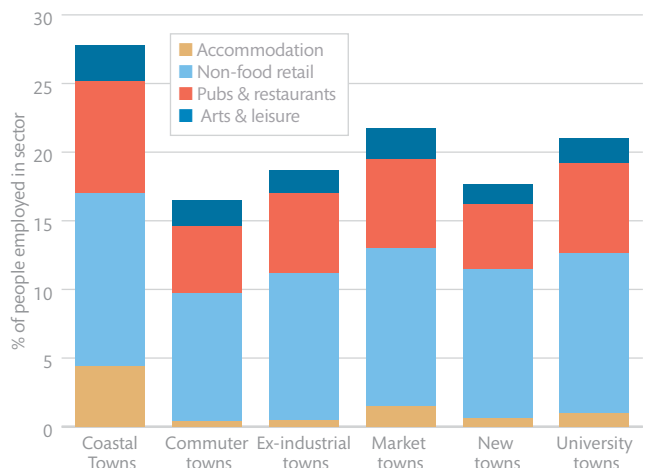
According to Centre For Towns' recent report *The effect of the Covid-19 pandemic on our towns and cities*, seaside towns feature prominently in the top 20 English and Welsh towns affected by coronavirus, in terms of current employment stalling. Small coastal towns dominate the list.

According to the research, 28% of employees in coastal towns are in sectors covered by the shutdown. Geographical isolation and dependency on job sectors typically deemed low-skilled are especially bad news for coastal communities, perhaps only comparable with the former industrial towns which lost their primary industries in the latter stages of the 20th century, and

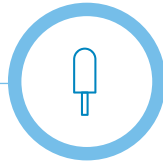
28%

Percentage of employees in coastal towns in sectors hit by coronavirus shutdown

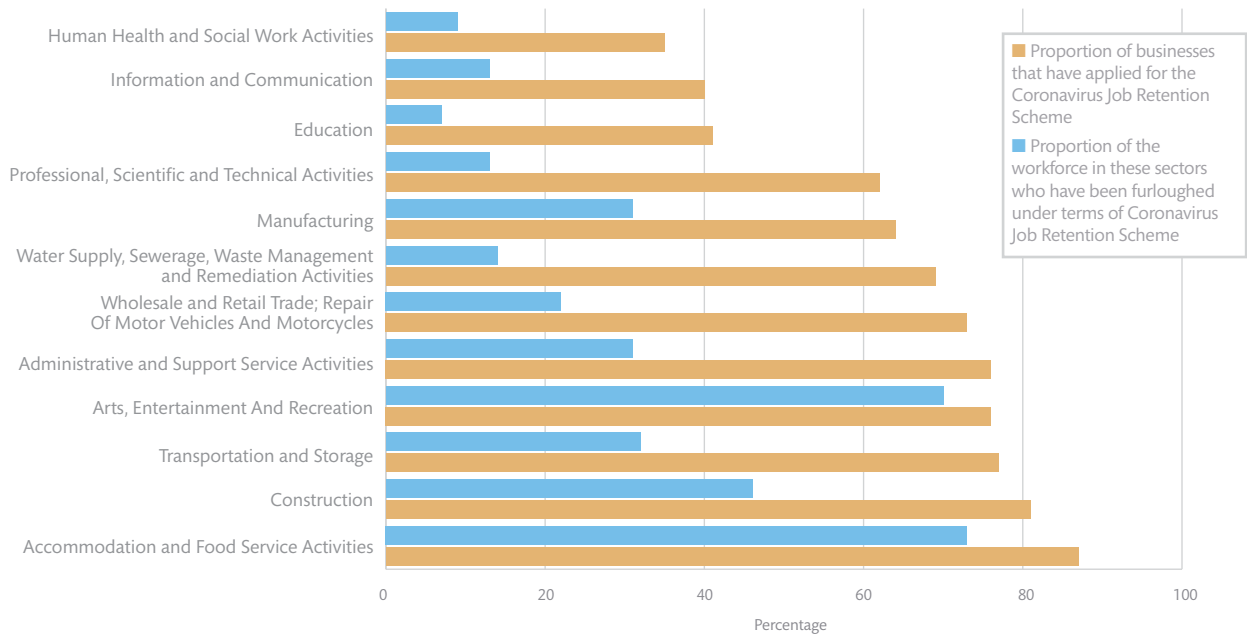
People employed in at-risk sectors by type of town



Source: Centre For Towns



Proportion of businesses applying for the Coronavirus Job Retention Scheme and proportion of workforce furloughed



Source: Office for National Statistics

some way ahead of commuter towns, which stand to be least affected by lockdown.

The resilience of a place is often determined by the existing strength of the local economy, therefore some places are more resilient to the effects of Covid-19 than others.

Coastal and former industrial towns lack the requisite resilience to cope well with the effects of Covid-19. Many already suffer from economic decline, social isolation, a lack of investment, under-employment and poor social wellbeing. Covid-19 can be expected to exacerbate these challenges.

Most seaside towns are heavily reliant on tourism in the summer months, with a large proportion of their workforce employed in hotels, B&Bs and the travel industry. Information released on the Coronavirus Job Retentions Scheme (CJRS) at the start of May revealed that “accommodation and food” (87%) was the sector with the highest share of firms applying for support, followed by “construction” (81%) and “transport and storage” (77%). With 28% of seaside towns’ workforce being employed in accommodation, arts and leisure, non-food retail, and pubs and restaurants, the proportion of businesses applying for the CJRS and therefore number of staff furloughed, will be higher in coastal communities than the rest of the country.

The composite nature of these types of roles leaves seaside communities exposed not just to the ongoing pandemic and its aftermath, but up to this point has allowed economic stagnation to take hold. Over-reliance on certain industries has left coastal towns vulnerable to minor changes in consumer demand. The residual bricks and mortar of these destinations embodies the stagnation of economies throughout time, with a redundant built environment making structural change and the creation of new employment opportunities more difficult.

Data compiled by the Annual Population Survey, Jobcentre Plus and the UK Business Register and Employment Survey highlights in more detail how the relatively weak employment market is affecting other workforce-related variables.

On average, local authorities along the coast have marginally higher levels of benefits claimants (2.6% compared to 2.7%) but a slightly lower level of unemployment (3.8% to 3.9%) than the rest of England’s inland authorities.

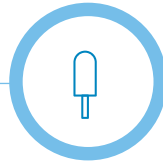
This dynamic can be explained in part by the stop-start nature of employment opportunities in seaside towns. Employment is inherently seasonal, meaning that the spring through to autumn are more likely to yield a continuous stream of employment opportunities as piers, amusement arcades and hotels boom with footfall. The flip side is that employment grinds to a halt during the fallow months, increasing the number of claims for unemployment benefits.

As a result, coastal areas make up four of the top 10 local authorities with the highest level of unemployment, and five out of the top 10 for percentage of claimants of universal credit.

The number of jobs available to seaside residents is lower than in the rest of the country too. The jobs density ratio stands at 0.78 (which is expressed as number of jobs per resident), and is significantly lower than the average for England (0.87). This gives an accurate measure of how many opportunities are available for local workers in any local authority, excluding the variable of commuting patterns, by looking at working population size against local employment opportunities.

Demographics play an important part in the economic health of a community. The UK’s ageing population is most pronounced in coastal local authority areas and this also influences the local employment market.

UK cities have a high concentration of jobs, a high population



Labour market indicators: top 10 English local authorities for highest unemployment, most benefits claimants and lowest job density

	Claimant (Universal Credit / Job Seekers' Allowance) (%)	Unemployment rate (%)	Jobs density ratio (ages 16-64)
England	2.50%	3.90%	0.87
Coastal local authority average	2.60%	3.80%	0.78

Local Authority	Highest unemployment rate (%) [Oct 2018- Sept 2019]
Hartlepool (coastal)	8.4
Birmingham	7.8
Middlesbrough	7.1
South Tyneside (coastal)	7.0
Sunderland (coastal)	7.0
Nottingham	6.9
Kingston upon Hull (coastal)	6.6
Wolverhampton	6.5
Stockton-on-Tees	6.2
Chesterfield	6.0

Local Authority	Highest claimant rate (%) [Oct 2018- Sept 2019]
Hartlepool (coastal)	6.6
Birmingham	5.9
South Tyneside (coastal)	5.7
Wolverhampton	5.5
Blackpool	5.3
Thanet (coastal)	5.2
Middlesbrough	5.2
Burnley	5.1
Great Yarmouth (coastal)	5.1
Hastings (coastal)	4.6

Local Authority	Lowest jobs density ratio (jobs per resident) [Oct 2018- Sept 2019]
Lewisham	0.40
Waltham Forest	0.47
Redbridge	0.47
Haringey	0.48
Gedling	0.48
Barking and Dagenham	0.49
Gosport	0.50
South Tyneside (coastal)	0.51
Greenwich	0.55
Redcar and Cleveland (coastal)	0.56

density, and high land and property prices, all of which cause older people seeking to maximise their residential amenity and quality of life to look elsewhere. By contrast, coastal economies generally have fewer jobs, a lower population density, relatively low property prices, yet boast attractive natural and built environments, all of which attract those moving towards retirement.

The outward migration of younger age groups to urban centres, combined with the selective repopulation of many of England's rural areas with older age groups mean that the rural and coastal population is simultaneously growing and ageing.

Analysis shows that the top 10 most populous local authority areas for residents over the age of 65 are all on the coast. The average percentage share for this age band is 24% for all coastal authorities, compared to the national average of 18%.

While not all economically inactive, an increased proportion of retired residents does limit the percentage of the active workforce in a local area. The brain-drain effect and outward migration of a younger, more aspirational workforce can work against attempts to put a flag in the sand for attracting new enterprise.

However, the "grey pound" is strong and a local community can benefit from a demographic that is asset and cash-rich. Because of these niche age-based economies, jobs can be created in the health, care and social sector, for example.

Retention of skilled young workers both living and working in coastal towns can help power up local economies. The ability for a seaside town to retain these assets can attract businesses and investment to regional areas, therefore increasing productivity. Creating a built environment that benefits this cohort can have a galvanising effect on the economy. Real estate has the capacity to repurpose and regenerate places to make them vibrant and engaging communities, ones in which younger residents want to live, work and play. 🌊

Top 10 local authorities with highest proportion of adults over the age of 65 (mid-2019)

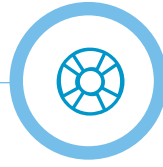
Local authority	Total population	Aged 65+	Percentage of population 65+
North Norfolk	104,837	34,772	33%
Rother	96,080	30,886	32%
East Devon	146,284	44,415	30%
East Lindsey	141,727	42,539	30%
Tendring	146,561	43,702	30%
New Forest	180,086	52,707	29%
Dorset	378,508	110,049	29%
Arun	160,758	46,384	29%
South Lakeland	105,088	29,936	28%
Isle of Wight	141,771	40,186	28%
COASTAL AVERAGE	-	-	24%
UK AVERAGE	-	-	18%



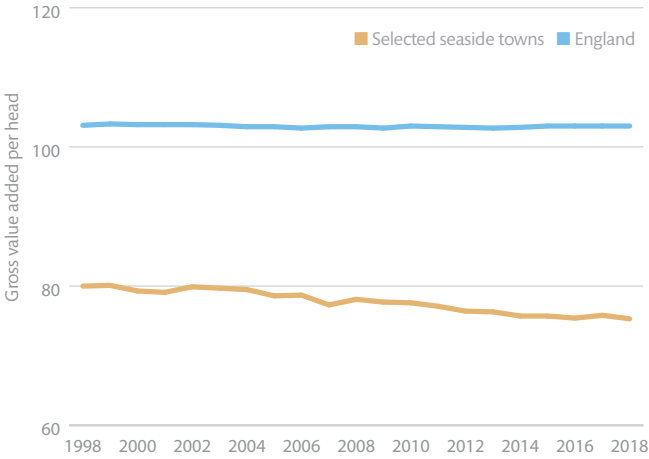
Upskilling coastal communities

Coastal economies are typically characterised by a low-skilled workforce that is ill-equipped for modern information-based businesses, making upskilling an imperative for growth





Gross value added (balanced) per head indices 1998-2018



Source: Office for National Statistics



After a decade of austerity which has left many coastal economies on the brink of collapse, there are serious concerns that the national lockdown caused by the coronavirus pandemic might serve as the final nail in the coffin for precariously balanced towns.

At the time of writing, the Bank of England has warned that the coronavirus pandemic will push the UK economy towards its deepest recession on record, with the economy on course to shrink by 14% this year (based on lockdown being relaxed in June). While UK growth is expected to rebound in 2021 by 15%, the size of the economy is not expected to get back to its pre-virus peak until the middle of next year.

The freeze in activity could hit the UK tourist trade if lockdown eats into the latter stages of the summer holiday season. One window of lost revenue would be catastrophic for many hoteliers, B&B owners and amusement park operators.

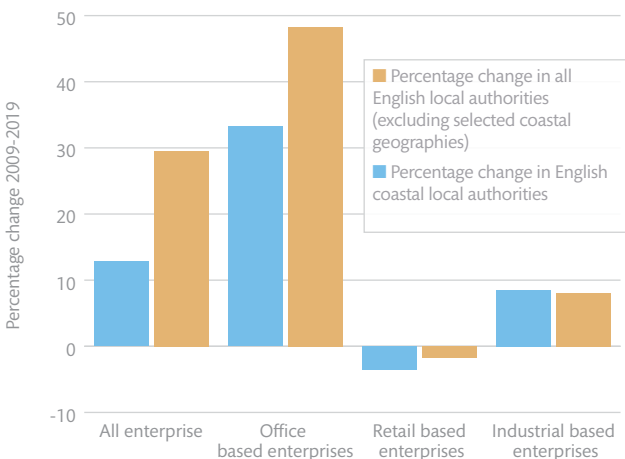
According to the Office for National Statistics, while national gross value added has remained unremarkable but steady, it has progressively decreased since the global financial crisis of 2008 in selected seaside destinations.

Since 2009 there has been a 29% increase in new businesses across English local authority areas, compared to 13% in coastal areas, signalling the relative attractiveness of inland locations for those setting up new enterprises. Coastal towns simply cannot compete with the infrastructure and skills base of central urban locations. This makes it difficult for productivity in coastal areas to increase at the pace required – and in some cases it goes into reverse.

In addition, wage stagnation has been felt hardest in more deprived communities – the hourly median average pay for residents in seaside towns was 15% below the national average last year. Data from the Annual Survey of Hours and Earning shows that in 2019, 92% of people in English coastal authorities earned below the average national hourly median wage.

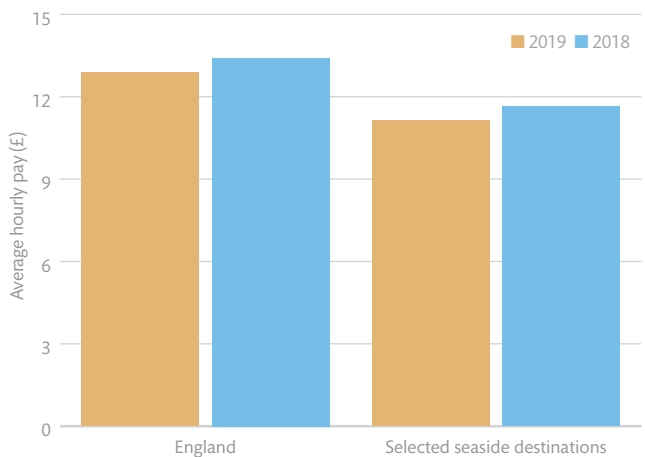
An issue that seaside economies will face in the future will be how to upskill employees who are forced to exit industries which

Percentage change in number of business enterprises in English local authorities (2009-2019)

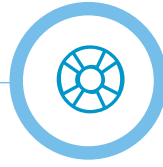


Source: Office for National Statistics

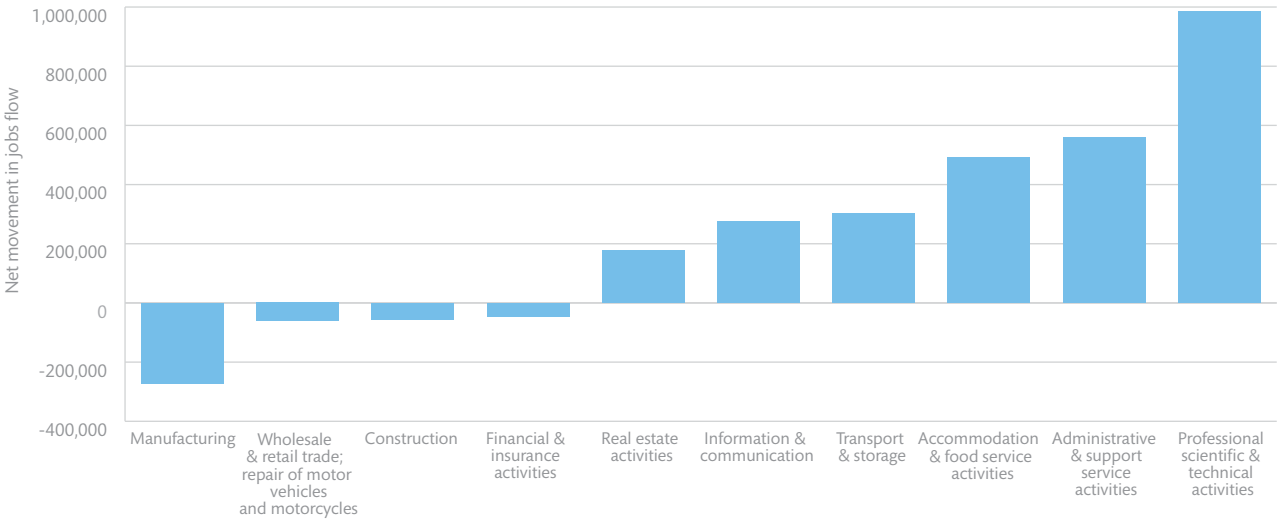
Hourly median average pay in seaside destinations versus national rates



Source: Office for National Statistics



Change in volume of jobs in the UK by sector (2007-2019)



Source: Office for National Statistics

are no longer viable. This failure to upskill has been a factor in the UK lagging in terms of its output. As a nation we have slowly moved toward a services-based office economy, moving through decades of de-industrialisation, gearing up towards an increase in automation of tasks and some roles. As such, a shift in the skills base is required to cope with the new roles expected to come. This serves as an opportunity to create a more productive UK plc; “high-skilled” jobs must be more evenly distributed across the country, including seaside towns.

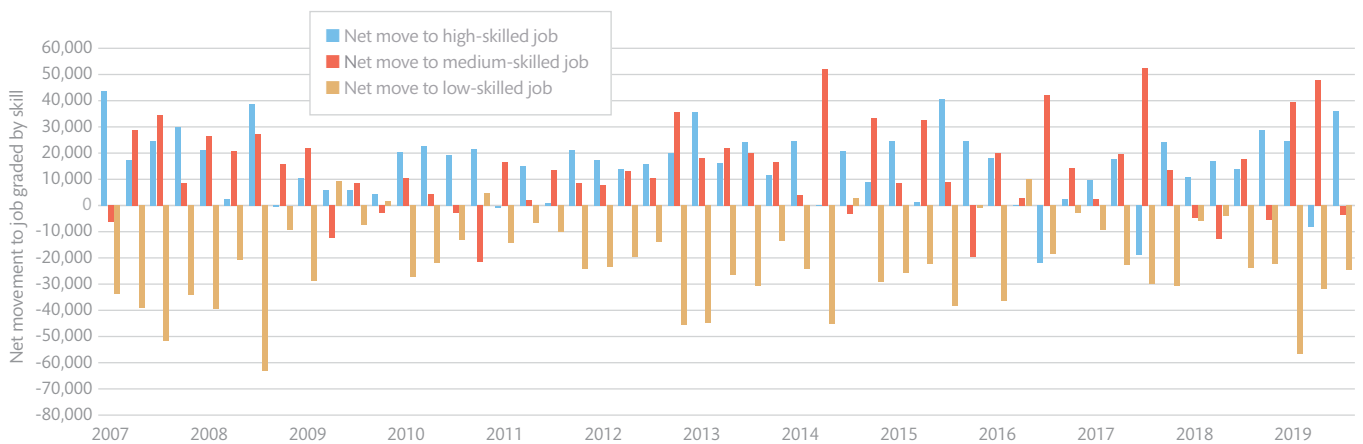
Since the final quarter of 2009, net flows away from “low-skilled” jobs totalled almost 823,000, while net movement to “medium-skilled” or “high-skilled” employment topped one million over the same time period.

To put that in context, UK jobs as whole increased by 4.3 million during that 10-year-period to 35.7 million; so net

“upskilling” movements affecting around 1.8 million jobs is not a gargantuan proportion of the overall workforce. But it is indicative of the wider shift we have seen over a number of decades pointing to the UK improving its overall capability level and shifting towards a greater quantum of office-based employment across a variety of business sectors.

Those who live and work in more deprived areas are more at risk of falling behind. A combination of such deprivation and chronic underinvestment has created an environment in which enterprises are unlikely to embed themselves without incentivisation. Seaside towns need to embrace a new purpose and direction in order to develop the skills needed for a more productive economy. Their current make-up of low-skilled workers in the retail and hospitality sectors does not lend itself to growing economies. 🌱

UK job movement by skill grade (Q4 2009–Q3 2019)



Source: ONS Labour Force Survey Flow Estimates



A place by the sea

High supply and low demand created conditions for migration of vulnerable and transient households to the coast. Could a fresh approach to the built environment help improve social cohesion?





Seaside housing markets have reliably shadowed national peaks and troughs but have remained well below the national average in terms of sale price per square foot.

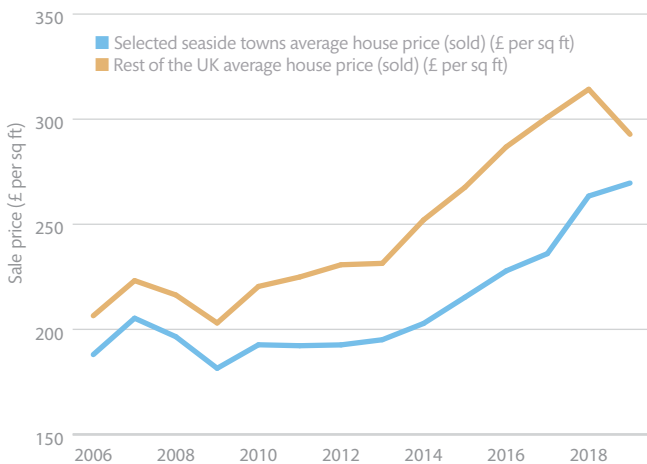
The over-supply of hotel and bed & breakfast rooms led to a spate of subdivisions of surplus space by private landlords, primarily into bedsits or one-bedroom flats. Combined with the already low housing demand, this opened swathes of residential space for low-income and in many cases benefit-recipient single-occupant households. This has resulted in a sharp increase in council tenants being relocated from central urban locations to deprived seaside communities.

The unique design of seafront hotels – multiple storeys, little space at the front or back – has made them less attractive to potential buyers, and more difficult to convert into family homes. The unique architecture specific to seaside towns, such as promenades and piers, is costly to run and maintain. A loss in local revenues will affect the ability of communities to maintain these assets, or to invest in repurposing them.

Some seaside towns have thus become destinations for vulnerable and transient households. Some were attracted by the supply of cheap accommodation in a relatively pleasant location; others were “encouraged” to relocate by placing authorities, which could easily find low-cost accommodation. As a result, house prices have remained consistently below national averages.

“The over-supply of hotel and bed & breakfast rooms led to a spate of subdivisions of surplus space by private landlords, primarily into bedsits or one-bedroom flats, occupied by single-occupant local-authority tenants

Average sale price for UK homes (2006-2019)



Source: Land Registry

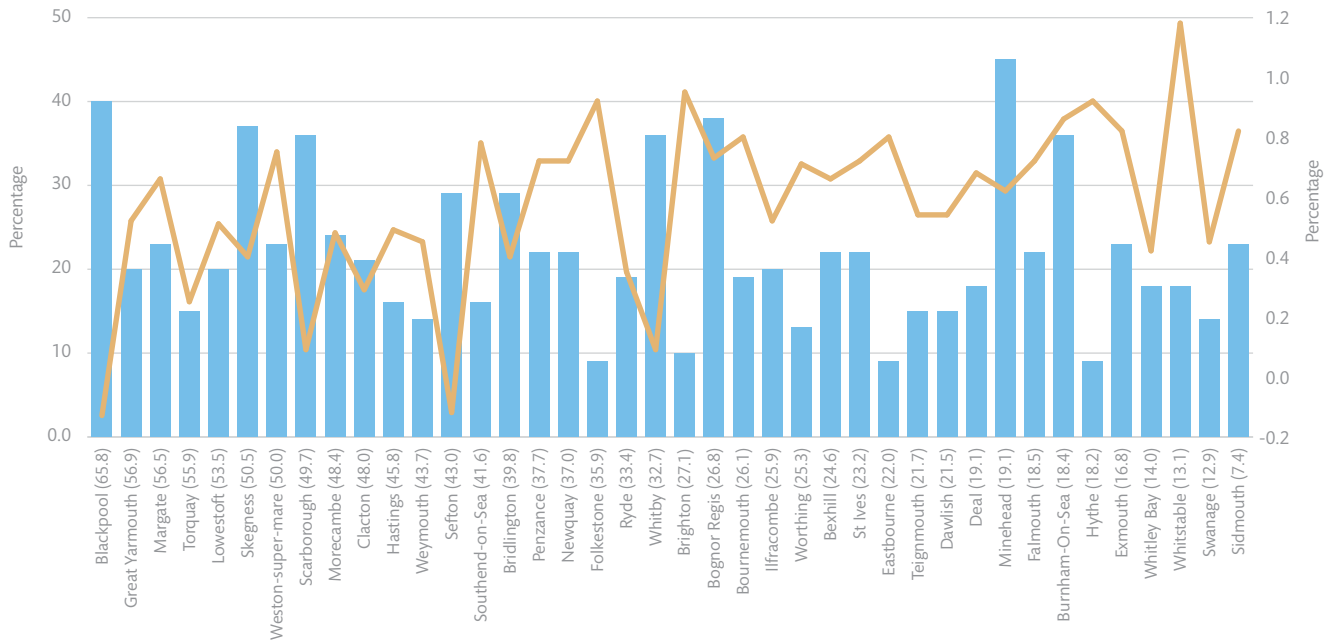
Such conditions have also seen a rise in national insurance number registrations from EU nationals in the past decade, introducing another transitory group into an already transient population of placed children and adults, benefit claimants and others drawn by cheap rented accommodation. Analysis of data from the Department for Work and Pensions and the ONS shows that there has been an increase in EU migration into towns which rank as more deprived than others, allied with a slower increase in overall population size during that period, which indicates that deprivation festers and embeds itself into these communities the longer it remains unchallenged.

This can be best expressed by comparing these variables against the indicators of how deprived some seaside towns are. The chart on page 23 plots the deprivation level in each of the 40 seaside towns – the larger the data point, the higher the overall average Index of Multiple Deprivation. This supports the view that, broadly speaking, more deprived communities have seen a higher rate of EU migration and a shallower increase in overall population size.

An increase in new arrivals from Europe to seaside towns spiked



Seaside town deprivation levels: comparing increases in migrant national insurance registrations from the EU in respective local authorities and increases in overall population in respective local authorities



Source: Office for National Statistics

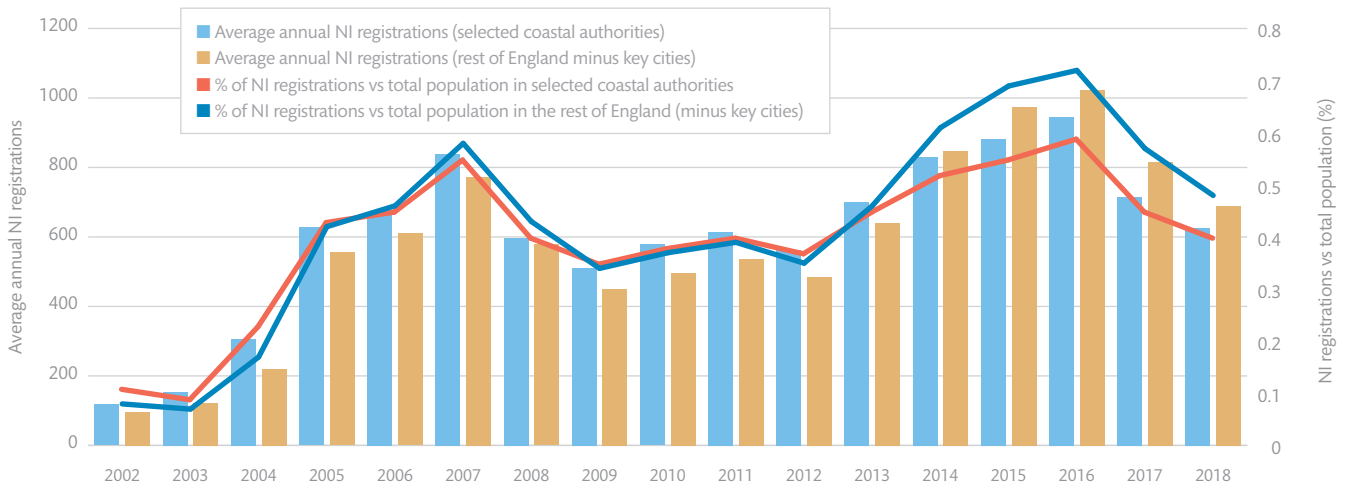
dramatically in the early 2000s, followed by an easing during the recession through to around 2013, when the flow of NI registrations began to increase at a greater rate throughout the UK due to increased employment opportunities and relative economic decline in countries such as Spain and Italy.

A combination of these deprivation factors along with the erosion of social cohesion contributed to the fact that nine out of 10 coastal local authorities voted to leave the European Union in the 2016 referendum.

These factors contribute to the overall health of any destination

and in most respects the data indicates that seaside towns are suffering from the symptoms of mass deprivation and stagnant local economies, which are preventing an organic cultural and commercial rebirth. While real estate can have little effect on the rate of international migration patterns, it can serve to create the platforms for increased social cohesion. Be that through adequate housing or employment opportunities, for example, much of the social inequality and strife could be eased with injection of fiscal and placemaking support from the real estate industry. 🏡

National insurance registrations from EU nationals



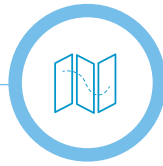
Source: Department for Work and Pensions / Office for National Statistics



Location, location, location: victims of topography

Their remoteness and positions at the edges of the country were once the key to their success, but now the UK's coastal havens are finding themselves economically handicapped by geography





Seaside towns' location on the periphery of the country places them on the fringe of the economy, creating not only a host of socio-economic problems but also barriers to economic prosperity for their communities.

Core industries such as domestic tourism, fishing, shipbuilding and port activities, and the challenges of seasonality are all features which work to define a coastal destination.

Seaside towns are often held hostage to their geography and topography. The characteristics which once made them desirable holiday destinations, such as remoteness and distance from busy urban environments, have become a handicap in terms of their future development.

The growth of railway infrastructure helped people reach these outposts throughout the nineteenth and twentieth centuries, and coincided with favourable working conditions and rising disposable income boosting their accessibility for millions of potential tourists.

Holiday and coastal resorts were severely affected by the Beeching cuts in the 1960s, which identified 2,363 stations and 5,000 miles of railway lines for closure. The report recommended closing almost all services along the coasts of north Devon, Cornwall and East Anglia, aside from Norwich to Great Yarmouth. As part of the government's ambitions to distribute wealth, opportunity and enterprise more evenly throughout the UK, in January 2020 ministers promised a £500m "Beeching reversal" war chest. The numbers seem to suggest that the figure touted might only be enough to reverse 25 miles of redundant track, though repeated announcements from government since the start of the decade shore up a belief that the extension of rail infrastructure is at least on a future roadmap.

For seaside towns this would inject some enterprise into areas which have been paralysed by inactivity – in place of a sparse motorway and road network, railways remain the most likely mode of transport to infiltrate these relatively remote areas.

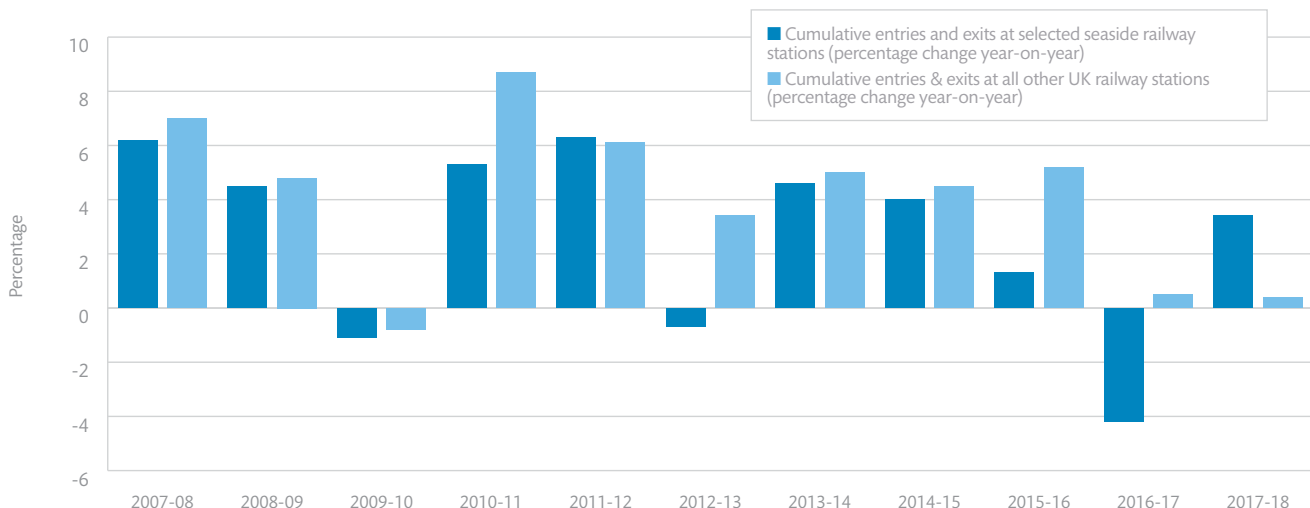
Data collected from the Department of Transport and the

Average commuting times to nearest major cities and estimated railway usage

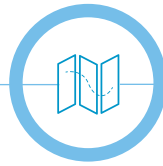
	Average commute times	Percentage change (entries and exits to railways stations) 2006-2019
Average commute time from seaside railway stations to nearest major city	77 minutes	36.41%
Average UK commute times by national rail to nearest major city	65 minutes	59.37%

Source: Department for Transport / TUC / Office of Road and Rail

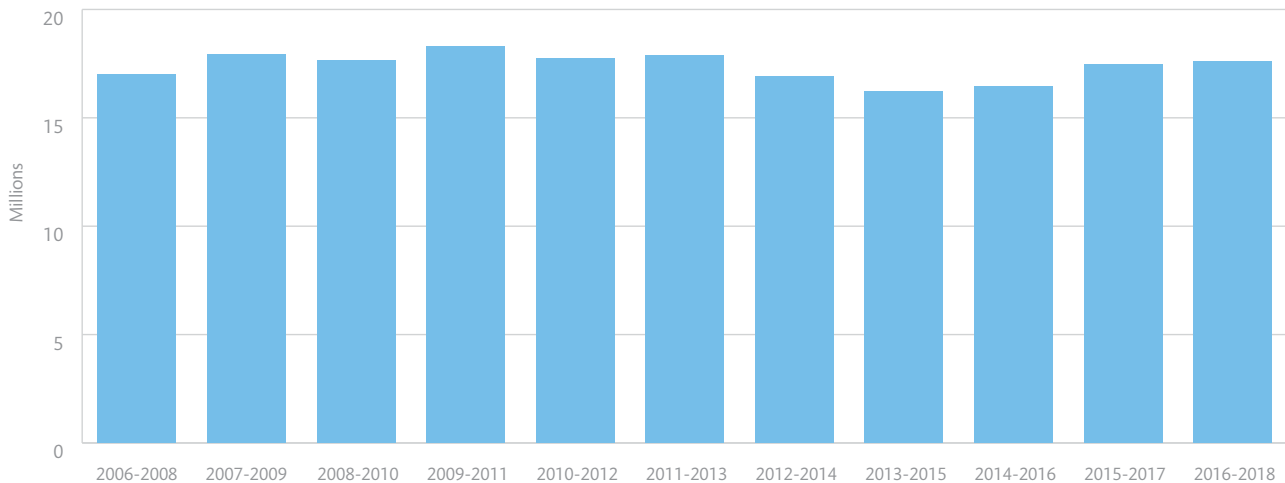
Railway station usage (percentage change year-on-year) 2007-2019



Source: Office of Rail and Road



Domestic holiday trips to UK coastal towns 2006-2018



Source: Great Britain Tourism Survey 2018

Trades Union Congress shows average commute times from seaside towns are unsurprisingly longer than the national average, taking into account both distance commuted and time of journey (short journeys in from suburban towns to cities can still take a long time due to frequency of stops and age of infrastructure). As such, the percentage increases in railway usage have been more apparent in urban and geographically centralised areas, with more people commuting into cities for work and fewer people commuting out for leisure.

The cumulative number of entries/exits from railway stations, as measured by the Office of Road and Rail, shows how seaside connectivity has fared in the face of a national increase of passengers using the railway network in the past 10 years. On average, annual increases of passenger numbers reached 2.7% at our selected seaside railway stations, or their closest geographical equivalent. This compares to a 4.1% increase throughout the rest of the UK. While there are variables to take into account, such as bustling city centres being in the data, it does at least highlight another area where seaside towns are becoming increasingly remote due to more limited infrastructure.

Many coastal communities are poorly connected to major employment centres, such as larger towns or cities, compounding the difficulties faced by residents in finding work. Not only do they lack local job opportunities but travelling further away for employment is problematic.

These variables highlight how important it is for these fringe economies to benefit from an injection of capital for travel infrastructure, spearheaded by large-scale real estate regeneration projects, which would open new doors for local investment.

There are hopes that beyond the coronavirus pandemic the UK's seaside towns can harness the surge of localism and



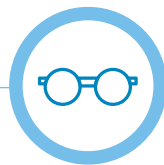
community spirit that has arisen since the lockdown, while potentially benefiting from the decrease in holidaymakers heading overseas. Domestic tourism may see a revival if the conditions for safe travel allow it and the public's concerns around health and safety are met. Uncertainty in the economy has historically affected the tourism industry as a discretionary spend declines, but domestic tourism could benefit as the cost of holidaying abroad becomes more expensive.

Data provided by the Great Britain Tourism Survey suggests that there has been a surge in domestic holiday trips, with an uplift from the period around the EU referendum in 2016. This will not be the panacea for many towns, but relighting the embers of domestic holidays will do no harm in what is likely to be a very tough 2020 for many. 🍷



What comes next?

A range of government funds and initiatives are targeting the regeneration of coastal towns, but it's not just about increasing tourism – these areas could be at the forefront of a new green industrial revolution



It is clear from the evidence that it will not be a case of “back to the future” with seaside towns. Revitalisation will not come from a romantic clamour for times gone by, but a renewed and streamlined approach by each place to forge a new economic and social identity. Fostering a unique proposition based on tradition and history will attract entrepreneurs and businesses in search of something that links to the past but creates something new and unique for the future.

Economic diversification is of utmost importance. Seaside communities must recognise the value of moving away from an economy solely based on tourism. The built environment can help forge these new identities by engaging with communities and constructing the foundations that mean places become attractive places to live, work and play.

Improving skills among residents of seaside communities will enable a smoother transition into the workplace and encourage businesses to set-up in coastal geographies, which in turn will help to stem the brain-drain of talent to major cities by giving younger residents a reason to stay in their home town. At present, a skilled workforce is either absent or ageing and in need of renewal. Unemployment and other indices of deprivation are often compounded by education and skills deficiencies, which can be alleviated by securing greater employment mobility and security.

Determined action will be necessary to support vulnerable households and restore stability to some of the most deprived neighbourhoods in the country, supporting greater cohesion between different communities in areas of high transience.

Improving accessibility and connectivity is crucial. Sub-optimal connections (such as inadequate rail connections and single-carriageway roads) can limit the potential for investment in economic diversification. Improved transport links could boost the economic fortunes of many seaside towns, helping to convince entrepreneurs and businesses that they are able to maintain links to major UK cities, attracting skilled professionals and drawing in additional tourists.

The role of the built environment in addressing these existing issues is paramount; the industry has a vital role to play in supporting new and legacy projects, injecting enterprise and infrastructure into areas currently stifled by economic malaise. But real estate can go further by providing the physical infrastructure necessary to support emergent green economies.

Green economies could be a way that coastal areas use their topography to their benefit at last. The isolation from centralised city locations, which has served to keep them on the fringes of economic growth since the decline of mass domestic tourism,



£2.4bn

Export target for Offshore Wind Sector Deal by 2030

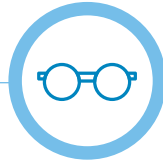
£557m

Funds for wind farms under Contract for Difference

may be a benefit as the UK looks to invest heavily in a “green industrial revolution”.

Coastal geographies have fantastic natural resources which should be utilised. The UK is already one of the top five investors into renewable energy sources per capita in the world, spending \$100 per head on offshore and onshore wind, solar, hydro and biomass energy production, according to UN Environment

“Real estate has a vital role to play in supporting new and legacy projects in areas stifled by economic malaise. But it can go further by providing the physical infrastructure necessary to support emergent green economies



research. In fact, renewable energy sources provided more electricity to UK homes and businesses than fossil fuels for the first time in Q3 2019, according to research by Carbon Brief, after the renewables electricity mix in the UK rose to 40%. It is the first time that electricity from British wind farms, solar panels and renewable biomass plants has surpassed fossil fuels since the UK's first power plant fired up in 1882.

Decarbonisation and the investment into renewable energies should be allied to a deliberate attempt to equalise employment opportunities throughout the country. Places like seaside towns, some of which are searching for an identity, could do worse than adopt a new industry to attract fresh employment opportunities, entrepreneurialism and inward and outward investment. Much of this will depend on government and fiscal support.

The Offshore Wind Sector Deal was implemented in March 2019 with the goal to produce 30GW of electricity (expected to represent 30% of the UK's electricity needs) from offshore wind farms in the UK by 2030. This deal has also set a target of supporting 27,000 jobs and £2.4bn per annum of exports by 2030. Government has paved the way for future deployment of offshore wind farms by committing £557m for the future Contract for Difference auctions and policy support for offshore facilities, but also by creating the pipeline for future wind farms.

In November 2018, the Ministry of Housing, Communities & Local Government set up a Coastal Revival Fund, pledging almost £1m to restore coastal landmarks and bring economic

growth to communities up and down the British coast. The fund has provided £7.5m to help 184 areas bring coastal heritage assets back into economic use since 2013. From 2018 to 2019, more than £3.8m of Coastal Revival Fund cash has been awarded to 92 successful projects.

Securing the future of heritage is important. It insulates tradition and history of place as well as entrenching the myths surrounding the iconic built environment on which many seaside towns are built. But beyond preservation of architecture, investment impetus is needed to grow new economies as well.

The Coastal Communities Fund was introduced in 2012. It aims to support the economic development of coastal communities by promoting sustainable economic growth and jobs so that people are better able to respond to the changing economic needs and opportunities of their area. Since then, £228m has been spent on supporting 359 projects across the UK.

In the most recent progress report, published in 2017, the Coastal Communities Fund said that 60% of funds awarded had supported tourism and hospitality projects, suggesting that the focus is on propping up existing economies, as opposed to investing in innovative new business ventures.

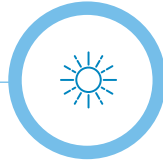
Of that funding allocation budget, 60-70% has been awarded to support property or infrastructure-related projects, which suggests that the majority of the funding to date will have been spent on the refurbishment of real estate and architecture, with a goal to increase domestic tourism once again. 🌞

“Seaside towns, some of which are searching for an identity, could do worse than adopt a new industry to attract fresh employment opportunities, entrepreneurialism and inward and outward investment



Opportunities for real estate investors

With vision, collaboration and investment, rundown seaside towns can turn themselves around in a relatively short timeframe. Here we consider some of the success stories and how they did it



Despite the symptoms of deprivation suffered by many seaside destinations, there have been some measurable success stories in recent years. Some towns are now hotbeds for culture, art, media and businesses, providing employment opportunities and salaries to match their nearest cities. Terms like “Shoreditch-on-Sea” and “Silicon Beach” fly in the face of more derogatory references to “Dismaland” and “Costa del Dole.”

These serve as important examples to those invested in the built environment, showcasing how it is possible to turnaround the fortunes of ailing local economies, and create successful, vibrant hubs of commerce.

Margate is a prime example of embedding arts and culture. The Turner Contemporary opened in a big glass box on the seafront in 2011 and this has snowballed into the creation of a “Creative Quarter” with collaborative spaces supporting local artists, and many of the town’s independent shops now have an artistic feel. Dubbed “Costa del Dole” at the turn of the 2000s, Margate was named one of the 15 best places to live in the country by *The Times* in 2017, signalling its turnaround.

Over the past decade Bournemouth has undergone an astonishing transformation from an antiquated retirement town to a tech hub on the south coast. Tapping into a booming digital economy, it has been able to combine its geographical appeal, with an emerging industry and access to talent from the local university. The sector employs 15,763 people and is worth £352m a year to the local economy, according to Tech Nation.

Newquay in Cornwall has had a different path to redemption. The town was blighted by antisocial behaviour as it developed a reputation for stag and hen-dos, becoming the party capital of the South West. While this pumped money into the economy, it also meant that other tourists stayed well away after hearing stories of public disorder. The transformation of Newquay has been quiet but major.

Tackling the antisocial behaviour came first, banning problem daytime drinking and restricting happy hours. This gave new businesses confidence to set up in the town, and Newquay has benefited from a booming outdoor water sports industry. It is perhaps the ultimate example of turning geography from a disadvantage to an advantage.

A similar story has played out in Exmouth in Devon. With tourism in perennial decline, the town’s seafront started to become a derelict monument to times gone by. Plans have been mooted for a new entertainment and leisure complex but have yet to get off the ground. Instead a local community group “Save Exmouth Seafront” helped develop more appropriate plans



15,763

People employed in Bournemouth’s tech sector

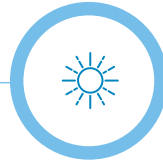
£352m

Annual value of tech sector to Bournemouth’s economy

which would be widely accepted by the residents. At the heart of this newly designed plan is a rapidly increasing trend towards healthy living and fitness in the surroundings of a beautiful natural environment. At the core of the £18m scheme is what will be one of the best water sports centres in the country.

Hastings in East Sussex was labelled the third most deprived seaside town in Britain in 2014 and has based its remarkable turnaround on its existing built environment. The council

“Margate is a prime example of the value of embedding arts and culture. Dubbed ‘Costa del Dole’ at the turn of the 2000s, the Kent town was named one of the 15 best places to live in the country by *The Times* in 2017



outlined a vision based on the renaissance of its historic old town, with culture at the heart of its future identity and regeneration, delivering long-term economic and social benefits for its residents. By 2021 the council expected Hastings to be a town where people wanted to love, work, visit and invest in. In 2018 the town was awarded the accolade of “Best Walking Neighbourhood” in the UK by the Ramblers Association, following the refurbishment of the pier, which had been almost destroyed by fire in 2010.

Making the most of traditional culture and history is a great base on which to build new enterprise. For example, North Shields in Tyne & Wear was once a thriving fishing town but, like much of the fishing industry, has suffered in recent decades. As industrial port buildings were closed and abandoned, traditional fishmongers have been replaced with restaurants and bars to create a booming day and night-time economy at Fish Quay.

Folkestone in Kent has been cited as one of the greatest success stories in turning around seaside towns. Its historically thriving port was out of step with the introduction of container shipping at the onset of the 20th century, so it reimagined itself as a traditional tourist destination on the south coast. The opening of the Channel Tunnel in neighbouring Dover acted as a

proverbial nail in the coffin, rendering Folkestone’s previously prosperous channel ferry service largely redundant in the 1990s. In 2003 the seafront theme park was shuttered and demolished, signalling the end of the domestic tourism on which Folkestone had come to rely.

At the same time, the Creative Foundation, a visionary arts charity dedicated to producing and enabling talent to thrive, was formed. Recently rebranded as “Creative Folkestone”, it has a remarkable record of success and looks after five projects: Folkestone Artworks, Folkestone Book Festival, Creative Quarter, Folkestone Triennial and Quarterhouse. It has also launched a Future Folkestone initiative to address the migration of young residents to London by investing in projects that aim to reverse the brain drain while simultaneously using that impetus to entice new tech businesses to the area.

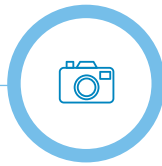
Redundant historic buildings have been repurposed to draw in tourists interested in history, culture, the arts and fine dining. The harbour arm still embraces the town’s working fishing fleet, and has become a pivotal point in the town’s regeneration. Independent shops running along the pier give it its unique selling point, with its reputation growing as renovation continues. 🍷

“The Future Folkestone initiative is addressing the migration of young residents to London by investing in projects that aim to reverse the brain drain while simultaneously using that impetus to entice new tech businesses to the area



A postcard to the future

Coronavirus has created a fiscal black hole for the UK's finances, but pushing ahead with coastal investment and regeneration initiatives has the potential to speed the recovery and revitalise communities



With those measured successes it is important that, given the recent pandemic, the long-term vitality of seaside towns across the UK is not ignored. Continued fiscal support from the private and public sector will be essential in the immediate aftermath of the coronavirus crisis.

In 2010 the Conservative-Liberal Democrat coalition government imposed its austerity policy on the UK in defiance of most economists. Austerity is not the single root of deprivation in seaside towns, but it has helped to establish a cycle of socio-economic decline.

Even before the coronavirus outbreak began, average real wages had once more fallen below their 2008 peak in what has been described as a lost decade for living standards. There are fears that despite the government's unprecedented interventions with the Coronavirus Job Retentions Scheme and a tranche of £330bn loans to businesses to shore-up the UK economy, the fiscal black hole and change in consumer behaviour could be catastrophic for precariously balanced towns if the UK returns to austerity economics.

The state has a vital investment function to ensure deprived communities retain access to goods and services. The age of austerity stripped many communities of vital amenities and increased inequality throughout the UK. Lack of investment also exacerbated national productivity stagnation.

The response to the coronavirus has demonstrated the state's ability to successfully intervene – a political strategy which had been shunned in the wake of the global financial crisis in 2008. Austerity slowed the recovery, stifled productivity and trashed public investment where it was needed most.

This must not be repeated in the wake of Covid-19. Towns are already in the midst of negotiating changing consumer habits and adapting to new technological and market realities in the wake of the altering high streets and modes of work. Real estate is still working to adapt to changing retail and office-based realities, all of which will be exacerbated in the short term by the coronavirus. For the built environment, the longer term fallout of the pandemic will be determined by consumer habits either returning to "pre-Covid norms" or embracing "the new normal".

Before the outbreak, the government had promised substantial spending, focused on public investment to restore the UK's crumbling infrastructure and level-up the struggling UK regions. This spending has had to shift to help businesses and the public navigate this crisis, not just in the short term, but to mitigate long-term lasting damage that would result from extensive business failures and mass unemployment.



35%

OBR estimate of how much UK economy could shrink as a result of Covid-19

To avoid repeating the decade of lost productivity and increased inequality, and instead build a balanced economy, investment and new job creation must be spread more evenly throughout the UK. A more even geographic spread of employment opportunities, in this case into seaside towns and coastal communities, can be the starting point for a regional regeneration renaissance. The role of real estate in this journey must be to deliver best-in-class built environments for those aspects to flourish. Opportunities are abundant for those willing to invest. 🌟

“A more even geographic spread of employment opportunities can be the starting point for a regional regeneration renaissance. The role of real estate in this journey must be to deliver best-in-class built environments



Concluding thoughts

Drawing on all the elements discussed in this report, it is clear that many of the UK's seaside towns suffer from an unfortunate set of shared problems. Economic inertia, physical disinvestment and a myriad of social challenges feed into and reinforce each other in complex ways to create pockets of deep-rooted deprivation.

These variables coalesce to damage the socio-economic health of places, which has ultimately led to reduced activity from innovative enterprises and investors, compounding to decrease commercialisation in many towns. Although some have managed to revive their fortunes, reinventing in the face of physical obsolescence, dereliction and outdated infrastructure, these are currently the outliers.

The challenges faced by communities locked in a spiral of decline were accentuated by the decade of austerity and have now been magnified by the need to navigate and survive the coronavirus pandemic.

The regeneration and reanimation of these places will be defined by experts in the private and public sectors. As a key pillar of the UK economy, commercial real estate's contribution to this process will aid the eventual renaissance of struggling seaside towns.

Our key findings, conclusions and viewpoints are disclosed in this section.

Our data analysis has shown how the problems, challenges and potential remedies for deprived coastal towns coalesce around a series of recurring themes. So what have we learnt?





The built environment

Radius Data Exchange analysis highlights that commercial leasing and investment activity in seaside towns tracks well below national averages. Retail leasing remains the dominant driver of growth on the coast, while office transactions lead the way throughout the rest of the UK. This reflects the relative lack of enterprise in many struggling coastal locations.

Encouragingly, investment into real estate in coastal destinations has increased year-on-year since 2014, surging from 1.5% of all real estate investment into the UK to 6% in the years since 2012, and local authorities on the coast have also begun to inject capital into their assets as access to cheap debt has become a way of revitalising property in their areas.

Occupier and purchaser activity are not the only bellwethers by which real estate's impact on communities can be measured. In seaside towns it is often the case that the aesthetics or architecture of place hark back to a bygone era, but this can also act as the catalyst in modern urban renewal. History, tradition and culture can complement the positive turnaround for seaside destinations as they search for new cultural identities.

Investment into the curation of local economies lies with the real estate sector. The opportunities are abundant for those with the tenacity to work with existing buildings to create new, vibrant communities with refreshed identities. Urban renewal projects can act as a catalyst for wider economic regeneration, as seen with the number of success stories along the UK's coastline in the past decade.

Deprivation

Analysis of the various indices of deprivation highlights how ingrained the cycle of socio-economic decline has become. The indices of deprivation show comparisons of earnings, employment, health and education data in local authorities across England, and indicate that there is a widening gap between coastal communities and the rest of the country. These facets of economic stagnation must be reversed if seaside towns are to free themselves from the spiral of decline.

A decade of austerity and disinvestment has served to pile pressure onto places already subject to poor health and living standards, high levels of crime, low income and employment opportunities below the national average, which have damaged the social cohesion of seaside economies.

Employment, economy and productivity

Many coastal communities feel left behind, ousted to the fringes of economic growth in the wake of their declining industries. Mass domestic tourism had been the lifeblood of coastal towns, along with fishing, ports and shipbuilding. With these industries in decline, it is clear that the future of these places will not be built around their historic strengths.

Instead, local economies will have to build around new enterprise and innovation. The workforce of seaside towns is disproportionately weighted towards the tourist industry, be that accommodation, food and beverage, or retail. With these roles in decline, it rests with government to upskill the employment base of these towns to support the growth of new industries. With the UK aiming to achieve net zero carbon by 2050, there will be greater impetus for rolling out renewable energy capabilities nationwide. Coastal communities can benefit from the inevitable boom that will be generated by such investment in national infrastructure, using their advantageous geographies to harness that growth.

Upskilling the resident workforce to compete with other towns and cities will increase the UK's national productivity, which has failed to increase in any meaningful way since the global financial crisis.





Retaining talent

In order to create the foundations for vibrant new economies in seaside towns it will be important that as well as upskilling the current workforce, towns are able to keep hold of their best and brightest. Enabling these communities to better themselves will create a stronger link of retention, and by retaining talent, stronger localised economies will continue to evolve.

This will prove beneficial especially in coastal communities. We have explored how current transport infrastructure does not lend itself to commuting, given the distances to central urban employment hubs. Therefore, upskilling residents is more likely to result in a localised expert employment base.

The brain drain to other cities and towns does not only affect areas on the coast, but it is exacerbated by the various socio-economic and infrastructural issues that are present. Creation and delivery of fit-for-purpose working environments will incubate the necessary infrastructure to facilitate employee retention.

Learning lessons

Despite the negative headwinds there are some genuine success stories of seaside locations that have managed to turn themselves around. Some have relied on the storied traditions of their past, embellishing and incorporating these stories into their new joined up vision. Others have used what once were disadvantages and turned them into advantageous opportunities, typically defined by using their geographies and natural resources.

Most share common themes to varying degrees, which have seen them fall behind the rest of the UK. Most of these have been articulated throughout this investigation. Their transitions into vibrant places will also involve following key idiosyncratic propositions. All of which run through the success stories of those that have already made that evolution.

Towns must create a clear and shared identity supported by investment into local and regional infrastructure. They must implement improved digital connectivity, incubating skills in residents that will evolve to engender economic growth. And they should ensure that they play to their strengths; maximising their unique selling points, which can still be a huge driver in economic stimulus, while moving away from redundant sectors of business and employment.

Future-proofing

The coronavirus pandemic looks set to hit seaside communities harder than other areas of the UK. The challenge is twofold: a short-term crisis is presented by the shutdown of a majority of seaside enterprises; and a longer-term issue will be how these communities manage to bounce back from the brink, given their existing status.

It is important that in the eventual aftermath of the pandemic the long-term vitality of seaside towns across the UK is not ignored, that fiscal support from the private and public sectors remains in the immediate aftermath of the coronavirus crisis.

To avoid repeating the decade of lost productivity and increased inequality, investment and new job creation must be spread more evenly throughout the UK to create a more balanced economy. A more even geographic spread of employment opportunities, in this case into seaside towns, can be the starting point for a regional regeneration renaissance.

Short-term navigation of coronavirus is vital, but long-term succession planning is needed if government is to reverse the insidious socio-economic stagnation which has befallen the UK's seaside towns in recent decades. Real estate is perfectly placed to offer the physical foundations for this rebirth; stakeholders should be primed to harness these opportunities, and to become part of that journey to create new legacies for the UK's seaside towns. 🌊