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bradshaw

The economic and reputational impact of the regeneration of The Piece Hall

SEPTEMBER 2019

REPORT FOR THE PIECE HALL TRUST

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“Halifax is full of character and hidden beauty. The Piece Hall is symbolic of its hidden and great worth. The skyline of Halifax, its churches, chapels, mills and warehouses, is something never to be forgotten and gives Halifax its identity.”

Sir John Betjeman

**Chris Walker, Founder,
ChamberlainWalker Economics**

Chris is an experienced economist and thought leader specialising in public policy. He has a strong track record of managing analytical programmes producing robust analysis. He has authored a number of influential reports covering housing, planning and local growth policy.

Chris was Head of Housing, Planning and Urban Policy at the think tank Policy Exchange (2014-16). Chris led a programme of work covering housing supply and the planning system.

Before Policy Exchange, Chris was a Senior Economic Adviser in the Government Economic Service. His civil service career spanned 12 years across a number of Departments, including HM Treasury. At the Department for Communities and Local Government he led the affordable housing analytical programme which contributed to a successful £3bn bid in the 2013 Spending Review, as well as the analysis and modelling for the Right to Buy policy.

Chris has an MSc in Economics from York University and a BA in Economics from Reading.

**Paul Chamberlain, Founder,
ChamberlainWalker Economics**

Paul is a respected economist with extensive experience of delivering high profile projects at national and local levels. He has played a key role in all the major housing and planning policy reforms of the last decade.

Paul was a Senior Civil Servant and Deputy Director of Analytical Services at the Department for Communities and Local Government. He also worked in a number of other policy and analytical roles as a member of the Government Economic Service. From 2015-16 Paul headed a team of analysts responsible for devolution (Strategic Economic Plans), integration (Casey Review) and appraisal (including the Department's financial scrutiny committee).

Paul has a MSc in Economics from Kent University and was a Policy Fellow at Cambridge University's Centre for Science and Policy from 2012-2014.

**Tom Lees, Managing Director,
Bradshaw Advisory**

Tom is a recognised expert in reputation management, corporate communications, and policy development.

From 2015-2019 he was the Global Head of Corporate Affairs at the £2bn consultancy and construction company, Mace Group. Prior to this he worked for NYSE listed Jacobs Engineering, former Secretary of State for Health, Rt Hon Baroness Virginia Bottomley DL, and the Rt Hon Michael Gove MP when he was Secretary of State for Education.

He has an MSci in Theoretical Physics from University College London.

1. EXECUTIVE SUMMARY

The Piece Hall closed for transformation in 2014 with around £22m of funding provided by the Heritage Lottery Fund, Calderdale MBC, the Garfield Weston Foundation and The Wolfson Foundation. The vision was for it “to become an internationally admired, widely visited and highly successful attraction in its own right...[and] be the key driver in the wider economic regeneration of Halifax and Calderdale.”

Given that vision for The Piece Hall, we were commissioned to produce an independent report using a number of HM Treasury Green Book and other official approaches to measure the direct and indirect economic impact alongside the reputational impact of the regenerated heritage asset, since it reopened in August 2017. **Every £1 spent a year operating The Piece Hall contributes at least £5.30 a year to the local economy**, £3.30 directly and £2.00 indirectly, as measured by genuinely additional Gross Value Added (GVA). Including one off effects and ignoring additionality the figure is £1 generating £14 for the local economy.

A summary of findings is on the next few pages.

Direct economic impact

Economic activity

There are two main areas of economic activity within The Piece Hall site. The first is that from The Piece Hall’s own operations including direct employment and the events it puts on, the second is that generated by tenants. The Piece Hall’s tenanted shops support 107 jobs. With £37,000 Gross Value Added (GVA) assumed for each job, the average for retail jobs in Calderdale, **this suggests The Piece Hall directly generates GVA of at least £4 million a year in the retail sector.** This will not capture all of the GVA - including supply-chain effects through to wholesale - which is likely a significant addition.

All in all, **The Piece Hall is likely to contribute GVA of at least £7.2 million a year through its direct employment, events it hosts and by providing space for start-ups and small businesses to operate**, with the expectation that this GVA figure will rise in the years ahead.

Every £1 spent on The Piece Hall generates at least £5.30 for the local economy



Asset value

Taking into account increased rental incomes and the additional space created thanks to the capital investment works, **we suggest an appreciation in market property value of The Piece Hall of perhaps +£6-8 million this year compared to pre-2014, potentially rising to +£10-12 million in four years' time. This is a one-off effect.** Again, it does not include the appreciation in (or conservation of) heritage value versus the counterfactual or the improved amenity value of the public space including from the courtyard.

Indirect economic impact

Economic activity

In the two years since the reopening of The Piece Hall, 11.2 million shoppers passed through the Woolshops. Using a “difference in differences” approach, had footfall numbers followed national or regional trends, that figure would have been 10.1 million. This means that **The Piece Hall's regeneration is largely responsible for boosting the Woolshops footfall by around 1 million shoppers** in the two years since it reopened.

On an assumption of 70% to 90% attribution of the rise in footfall to The Piece Hall and using Office for National Statistics spending data means we can estimate the possible impact of The Piece Hall's regeneration on the Woolshops. Taking attribution into account as well as possible displacement effects, we estimate the net impact on the local economy of The Piece Hall's regeneration on the Woolshops is +£2.5 million to +£6.5 million a year. **Taking the central point of this estimate, we could say that The Piece Hall's regeneration has boosted the local retail economy by +£4.5 million a year.**

Asset values

Spatial differences in property prices can infer amenity benefits, though it is necessary to control for multiple factors influencing the housing market – so as to isolate the impact of The Piece Hall's regeneration. The “difference in differences” approach involves comparing a treatment group (locality of the regeneration site) and control group (further away but comparable neighbourhood) before and after treatment (regeneration).

Exploratory analysis undertaken for this study suggests the possibility of positive property price effects (a premium of up to 11%) in the immediate areas around The Piece Hall, indicatively adding £9 million to £13 million to property values as a one-off effect. This is just residential values and does not cover potential increases in commercial property values (i.e. offices and shops).

“I was made redundant and decided to follow my childhood dream of setting up my own shop. We've had two amazing years, thrived and built a loyal customer base thanks to The Piece Hall's history, culture and wow factor.”

Mark Richardson, Owner, Loafers – a Piece Hall tenant

Visitor numbers

The direct economic impact of The Piece Hall will ultimately derive from its visitors who shop and dine there as well as attend its events. This pays for salaries and rents. **There have been over 5 million visitors to The Piece Hall since it reopened, with 2.4 million during its first year and 2.6 million during its second.**

Many visitors to The Piece Hall are local – residents of Calderdale. Indeed, from a sample of 46,000 visitors to ticketed events at The Piece Hall over the last 12 months showed 66% were local.

A significant minority, 34%, are from further afield including 31% domestic visitors (800,000 people) and around 3% overseas visitors¹. Although 3% sounds small, it amounts to 80,000 potential overseas visitors over the last two years.

Reputation

We commissioned bespoke polling from Survation (British Polling Council member) and looked at Google search data to assess the reputational impact of the regenerated Piece Hall. The results clearly show a positive public perception with around 9 out of 10 Yorkshire adults believing it is important for Halifax's economy and reputation. This statistic is consistent across the different political parties. Google trends data also shows an increase in search traffic of +756% since The Piece Hall reopened on Yorkshire Day 2017. This means in terms of search volume The Piece Hall is only slightly behind York Minster.

Social value

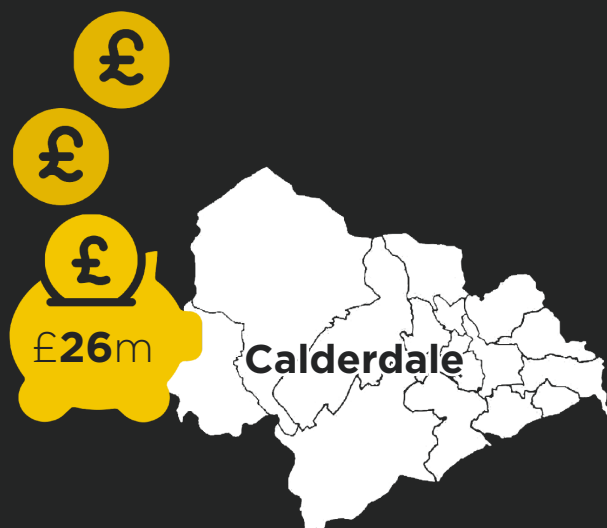
We assessed the social value of The Piece Hall through the value non-local visitors place on it using the recognised 'travel cost' method, supplemented with other contextual information. We apply this to non-local visitors having to incur travel costs to visit The Piece Hall. There will be further social value from local residents though some value is capitalised into local house prices. **We calculate a net social value derived from visitors to The Piece Hall of £4 million a year.**

Cost of 'mothballing' The Piece Hall

The Piece Hall is operated by an independent trust who was granted a 125 year lease. The building is 127% more expensive to run than initial forecasts by Calderdale MBC in 2012, this means that for the foreseeable future the Trust will make an operating loss and will require additional ongoing financial support. Decision makers could choose to 'mothball' The Piece Hall and run it as a civic building. The estimated cost for this per year to Calderdale rate payers would be between £500-800,000² a year, with the additional 'cost' to the economy of around £12m a year of lost growth in today's prices.

¹ No UK postcode recorded

² The Piece Hall Trust Board Paper produced by PwC, March 2019



...of economic benefit has been added to the local economy since The Piece Hall reopened

Table 1: Summary of local economic impacts assessed

| | Type | Before TPH renovation | After TPH renovation | Change (gross impact) | Change after displacement, substitution (net impact) within local economy | Change (net impact) attributed to TPH regeneration |
|--------------------------------------|--------------------------|-----------------------|----------------------|--|---|--|
| <i>Economic activity:</i> | | | | | | |
| - retail GVA within TPH | Use value – direct | £2.2 million p.a. | £4 million p.a. | +£1.8 million p.a. | +£1.3 million p.a. | +£1.3 million p.a. |
| - retail GVA nearby / within HX1 | Use value – indirect | £72 million p.a. | £79.2 million p.a. | +£7.2 million p.a. | +£5.4 million p.a. | +£4.5 million p.a. |
| - other GVA within TPH (e.g. events) | Use value - direct | £1.6 million p.a. | £3.2 million p.a. | +£1.6 million p.a. | +£1.6 million p.a. | +£1.6 million p.a. |
| <i>Social value:</i> | | | | | | |
| - non-local visitors | Use value | £7.75 million | £14.0 million | +£6.25 million | +£6.25 million p.a. | +£4.0 million p.a. |
| <i>Asset values:</i> | | | | | | |
| - The Piece Hall site | Use value - direct | Unknown | Unknown | +£6 million to +£8 million (one off) | N/A | +£6 million to +£8 million (one off) |
| - House prices nearby / within HX1 | Non-use value - indirect | Unknown | Unknown | +£12 million to +£15 million (one off) | N/A | +£9 million to +£13 million (one off) |

2. BACKGROUND

The Piece Hall is a unique part of the UK's industrial heritage and history. Built in 1779 the Grade I listed asset is ranked by Historic England as being within the top 2% of buildings noted for their architectural and historical interest within the UK. It is also ranked in Historic England's top ten Industry, Trade & Commerce places that help tell "A History of England". It is undoubtedly a unique part of our history that Halifax and Calderdale is lucky to have.

According to a Calderdale MBC Cabinet report in January 2012 The Piece Hall was in "spiralling decline³" with falling numbers of visitors, difficult trading conditions and a deteriorating building.

The proposed solution was a jointly funded scheme from Calderdale MBC and the National Lottery Heritage Fund for The Piece Hall to be at the centre of new Cultural District in Halifax town centre. The vision put forward at that time (and agreed by the Cabinet and Council) was for The Piece Hall:

"To become an internationally admired, widely visited and highly successful attraction in its own right...[and] be the key driver in the wider economic regeneration of Halifax and Calderdale."

With the political leaders at the time stating:

Cllr Tim Swift MBE, Leader of the Council and Labour Group

"A revitalised Piece Hall will be a magnet for visitors, offering a spectacular heritage attraction and public space and excellent leisure and retail business opportunities. This will be of huge economic benefit to the town and to Calderdale as a borough.

We put a great bid together and the HLF's decision confirms what Calderdale people have always known – that The Piece Hall is a national treasure and a huge asset to the region.⁴"

Cllr Stephen Baines MBE, the then Leader of the Conservative Group

"The Piece Hall transformation, along with other developments in the town, will help Halifax strengthen its civic pride, its confidence, and its reputation as a business district, and will help to attract further investment.⁵"

A consultation exercise was carried out by Wafer Hadley in September 2011 to discover what people wanted from The Piece Hall (TPH) post-regeneration.

The 'asks' that came through most strongly from that research report was a desire to make better use of the space, bringing the building to life through events and festivals, more independent/specialist shops and finding ways to fill all of the units.

³ Calderdale MBC Report to Cabinet, January 2012

⁴ Huge fillip for Halifax as its noblest building gets £7 million, The Guardian, July 2012

⁵ Huge fillip for Halifax as its noblest building gets £7 million, The Guardian, July 2012

An independent Trust was established “with full control”⁶ and given a 125 year lease as “a vital prerequisite for the long-term success” of The Piece Hall post the capital works.

At the time of the CMBC Cabinet decision it was expected that the regenerated Piece Hall would make an operating loss for a number of years post-opening (largely due to starting from a standstill position) but would start to generate a wider positive effect for Halifax and Calderdale immediately. In addition to those initial expectations, there was a delay in opening the scheme of 16 months, moving the opening date back from April 2016 to August 2017, and decisions that impacted operations of the building were taken during the capital project which have had a knock on effect on Trust finances and will have an ongoing impact.

Projections for the running costs of The Piece Hall post regeneration were presented to the full council at the time of the funding decision in 2012. The Trust also commissioned PwC in 2017, before the building reopened, to provide their view on operating cost predictions. In retrospect, there are some significant discrepancies between those projections and reality, for example:

In their last Annual Accounts, The Piece Hall Trust reported it had 57 full-time and 32 part-time staff. These staff numbers for the

Table 2: Selection of itemised cost forecasts (2012 v Actual)

| Item | CMBC Predicted Cost (Per Year) | Actual Cost (Per Year) |
|------------------------------------|--------------------------------|------------------------|
| Insurance | £36,700 | £58,010 |
| Security Guards | £11,600 | £67,000 |
| Electricity | £11,370 | £45,412 |
| Business Development and Marketing | £36,900 | £152,962 |

first year of operation have since fallen to 23 full-time permanent staff and 11 part-time staff (alongside employees of The Trading Rooms and The Piece Hall Deli) which is in line with what you would expect for a heritage asset of this size. Numbers of employees have fallen due to TPH moving on from a start-up phase to one of more ‘normal’ operation. Perhaps a useful comparison is with Square Chapel who have 65 full-time employees.

The level of security costs were not fully understood in 2012 as they are now, which resulted in a mis-estimated forecast of £11,600. Given average UK salaries and taking into account employer’s national insurance and pension payments you can see that at the time this would only equate to one person covering two day shifts a week. This misestimate has since been exacerbated

by the understandable need for additional security post the Manchester Arena bombing. Electricity costs are substantially higher than forecast due to a difference between the expected heating system and thermal performance of the building versus reality and the business development and marketing budget was nearly five times less than reality which was likely due to poor estimating of the cost and effort required for The Piece Hall to become “internationally admired”.

⁶ Calderdale MBC Report to Cabinet, January 2012

These discrepancies mean that the operating costs of The Piece Hall are far higher than originally anticipated. In total operational terms the costs are as follows:

Table 3: Forecast income and operating costs

| Item | CMBC Forecast (Per Year) | PwC Forecast (Per Year) | Actual figure (Per Year) |
|------------------------|--------------------------|-------------------------|--------------------------|
| Income | £1,030,000 | £1,215,000 | £1,639,522 |
| Forecast V reality | 59% underestimate | 35% underestimate | - |
| Operating costs | £1,045,000 | £1,951,000 | £2,373,216 |
| Forecast V reality | 127% underestimate | 22% underestimate | - |

Although it is clear to see that the initial forecasts presented in 2012 were quite distant from reality, it's important to remember that forecast and projections are just that. Plans have to reflect the actual reality of the building and running costs. This was understood at the time, with David Renwick the Director for the North of England at the National Lottery Heritage Fund saying: "we ask all our projects to come up with a clear business plan to access funding. We knew at the time, that The Piece Hall's plan would need further refinement once it was operating due to its unique nature. Some of the original cost projections projections have been shown as unrealistic in hindsight.

However, the success of the scheme has been obvious since reopening, with an incredible space, an engaging programme and clear wider benefits."

On the plus side, CMBC anticipated that 1.6 million visitors a year would visit the building post-regeneration, but in reality, over 5 million visitors have been to The Piece Hall since it reopened. This is 56% more than forecast and possible evidence of successfully raising its profile and hosting events beyond expectations which then increased operating costs.

Given that The Piece Hall is a unique historical Grade I listed building and one of the few remaining cloth halls in the world, maintaining and operating such a building while keeping it free to enter is a time consuming and constant undertaking.

Keeping The Piece Hall **free** to enter
costs Calderdale residents the
equivalent of...



Given the reason for the investment in The Piece Hall was for it to be a catalyst for wider growth and regeneration in Halifax and Calderdale - rather than directly being a generator of a cash surplus itself - we have used the latest economic modelling techniques as suggested by HM Treasury, the Ministry of Housing, Communities and Local Government and others, custom polling from Survation and interviews with key individuals to measure the effect of regenerating The Piece Hall.

3. ECONOMIC CONTEXT

Today, finance and insurance is the biggest sector of Calderdale's economy (£916m) and is marginally larger than manufacturing (£849m)⁷. These two sectors combined account for just under 40% of Calderdale's economy. Building on an already strong historic legacy in finance (Halifax Bank), in recent years the economy has further transitioned towards finance, insurance and services and away from manufacturing. In 2001 manufacturing was by far the largest sector, accounting for nearly a quarter of the local economy, finance and insurance ranked 3rd, accounting for 10% of the local economy. Since then, the finance and insurance sector has grown by over 200% in nominal terms, whereas manufacturing has grown by only 40%.

Unfortunately, the Office for National Statistics does not have a sector category for tourism or visitor economy. However, the effect of The Piece Hall's regeneration is likely to be felt in the local economy through a combination of the real estate (mainly rentals) and retail/wholesale trade sectors, which produce £496m and £484m worth of gross value added respectively in today's money with 1,250 and 13,000 employee jobs respectively. These are the third and fourth largest sectors of Calderdale's economy, accounting for just over 20% of the local economy. The retail and wholesale sector has broadly stood still since 2001 – it remains the fourth largest sector with similar growth levels to the local economy overall – despite the loss of the Suma wholesale food collective from Dean Clough Mills at the start of the period.

However, real estate has been in relative economic decline, falling from being the second largest sector to the third largest having grown only 30% in nominal terms and shrunk in real terms. It is a sector that has suffered and dragged down economic growth in Calderdale.

⁷ Measured by gross value added (GVA) in current prices, 2017

Table 4: Calderdale's economy: top 4 sectors in 2001 & 2017 by GVA, current prices

| | 2001 | 2017 |
|----------------------------|-------------------------------|-------------------------------|
| First | Manufacturing £606m | Finance & insurance £916m |
| Second | Real estate £377m | Manufacturing £849m |
| Third | Finance & insurance £297m | Real estate £496m |
| Fourth | Retail, wholesale trade £276m | Retail, wholesale trade £484m |
| Total (top 4) | £1,556m | £2,745m |
| Total (all sectors) | £2,592m | £4,774m |

Still, Calderdale today is relatively prosperous. In broad terms, taken across the main economic indicators such as gross value added (GVA), jobs, earnings, Calderdale's economic prosperity is close to average compared to West Yorkshire overall. It is more prosperous than any of its neighbouring local authorities straddling West Yorkshire and the eastern parts of Lancashire and Greater Manchester.

Calderdale is a diverse area with some of the most deprived communities in the country and some of the most affluent according to the index of multiple deprivation⁸. Its residents are slightly older than the national average with worse health outcomes, and 23.8% of residents have no qualifications compared to the national average of 22.5%⁹.

However, Calderdale has a higher job density (0.88 jobs per working age resident) than any of its local authority neighbours (2nd is Burnley, 0.80) and higher than West Yorkshire overall, 0.83. Unemployment is correspondingly low at 3.4% - a rate bettered only by Rossendale (2.7%) amongst its neighbours - and lower than West Yorkshire overall at 4.2%. GVA per head is £22,800, again higher than any of its neighbouring local authorities (2nd is Burnley, again) and similar to West Yorkshire overall at £23,000. Average full-time earnings of those working in Calderdale are also higher than any of its neighbouring local authorities, at £606 per week (full time) though slightly lower than West Yorkshire overall, £624.

Calderdale's relative economic growth in recent times has also been good. GVA has grown 84% in nominal terms since 2001, better than any of its neighbouring local authorities and better than West Yorkshire's 72%. GVA per head has also grown sufficiently to nearly close the historic gap with the rest of West Yorkshire.

⁸ Index of multiple deprivation, Calderdale Dataworks, accessed: August 2019

⁹ Office for National Statistics, 2011 Census Data

**Table 5: Calderdale's relative economic performance 2001 & 2017
by GVA per head, current prices**

| | 2001 | 2017 |
|-----------------|---------|---------|
| Calderdale, WY | £13,472 | £22,788 |
| Bradford, WY | £12,942 | £18,757 |
| Kirklees, WY | £12,077 | £17,502 |
| Oldham, GM | £11,080 | £18,033 |
| Rochdale, GM | £11,328 | £16,211 |
| Rossendale, Lan | £10,229 | £14,247 |
| Burnley, Lan | £12,816 | £21,938 |
| Pendle, Lan | £14,625 | £18,258 |
| West Yorkshire | £14,790 | £22,988 |

However, the average wage of those working in Calderdale has slipped from being comfortably above the West Yorkshire average in 2001 to slightly below it in 2018. Average wage growth has also been slower than in neighbouring local authorities. This reflects a story of growth through jobs (including part time) rather than earnings growth – sadly, earnings growth in Calderdale has been relatively anaemic. This may also reflect Calderdale's dramatic sectoral shifts during the last 20 years or so which are amongst the most dramatic in West Yorkshire.

These high-level economic metrics are either not recent enough or provide insufficient level of granularity to detect a discernible Piece Hall effect following its renovation and reopening. However, the indications from other sources relating to these sectors are that The Piece Hall has had a positive effect on the retail and wholesale trade sector as well as the real estate sector. Again, these are significant sectors and as such their success or otherwise will have a strong bearing on Calderdale's economic growth and prosperity. Additionally, there is evidence that The Piece Hall has had a dramatic positive impact on the reputation of Halifax and has been a draw for many visitors to the area.

4. TOURISM AND VISITORS

Domestic visitors

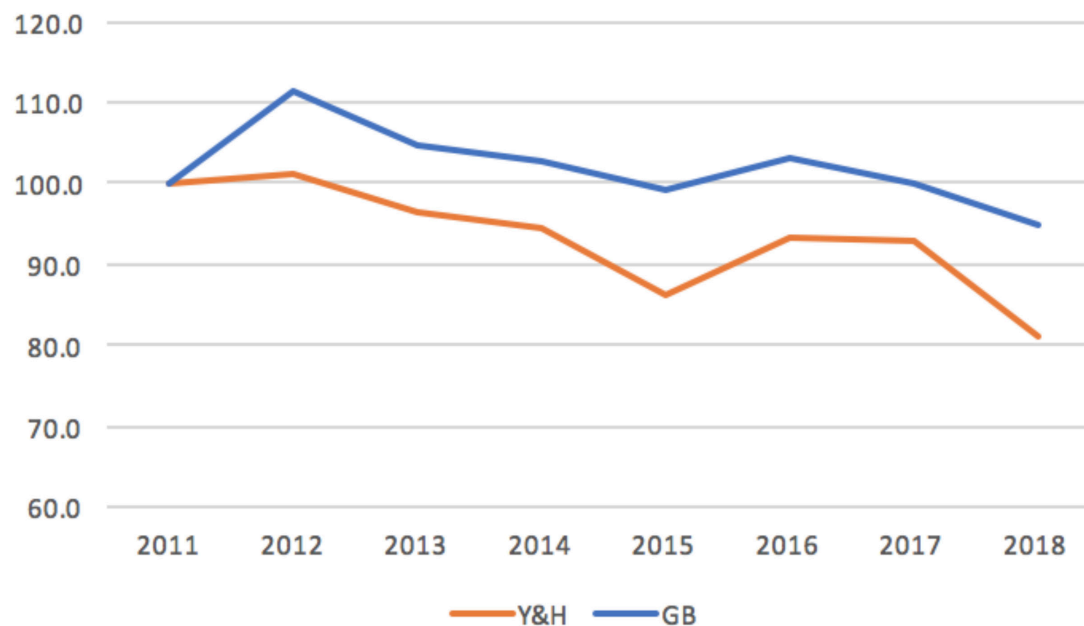
Visitors to Great Britain and its regions are mostly domestic (i.e. a GB resident). In pure volume terms, visitor numbers are overwhelmingly dominated by day trips. Broadly, Yorkshire has a 10% national share of domestic visitors (day and overnight combined).

There were nearly 130 million day visits by domestic visitors to or within Yorkshire and The Humber in 2018 (1.4 billion day visits were made nationally). Unsurprisingly, being day visits, around three quarters of these were from within The Yorkshire and The Humber itself. Around 6 million of these are estimated to be visitors to Calderdale, which we will discuss more later.

There were nearly 10.5 million overnight visits by domestic visitors to or within Yorkshire and The Humber in 2018 (119 million day visits nationally), staying an average of three nights. Nearly 30% of these were from within The Yorkshire and The Humber, a far smaller share than day-trippers as expected.

Both to and within Great Britain and Yorkshire and The Humber, domestic visits have been on a downward trend since 2010 (overseas visits, in contrast, have been on the rise). Day visits to Yorkshire and The Humber especially have fallen more markedly than the national picture (nearly 20% down vs 5% down respectively):

Chart 1: Domestic day visitors by destination, 2011-18 (2011 = 100)¹⁰



¹⁰ A methodological change occurred in 2016, the pre-2016 numbers have been adjusted retrospectively by GBTS to make a consistent series

The domestic figures, from the Great Britain Tourism Survey¹¹, only go down to the regional level so are insufficiently granular to enable us to look at what is happening with visitor numbers to Calderdale.

However, the Cambridge Tourism Economic Impact Model has a facility to provide local authority level estimates using algorithms. This inevitably means a greater-degree of uncertainty and lower levels of confidence than with the purely survey-based numbers. Sadly, the estimates are only available to 2017 at the time of writing.

Table 6: Calderdale visitors, Cambridge model estimates from survey-based

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2013-16 change | 16-17 change |
|----------------------------|-----------|-----------|-----------|-----------|-----------|----------------|--------------|
| Overnight trips – domestic | 302,000 | 298,000 | 309,000 | 281,000 | 271,000 | -7% | -3.5% |
| Day trips* | 5,899,000 | 5,640,000 | 5,567,000 | 6,298,000 | 6,437,000 | NA | +2% |

*series methodology revised from 2016, previous years not comparable ¹²

Table 7: Yorkshire & The Humber visitors, survey-based

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2013- 16 change | 2016- 17 change |
|----------------------------|------------|-----------|------------|-----------|------------|-----------------|-----------------|
| Overnight trips – domestic | 10,000,400 | 9,465,000 | 11,320,000 | 9,290,000 | 10,693,000 | -7% | +7% |
| Day trips* | 134m | 131m | 120m | 149m | 149m | NA | 0% |

*methodology revised from 2016, previous years not comparable ¹³

¹¹ A methodological change occurred in 2016, the pre-2016 numbers have been adjusted retrospectively by GBTS to make a consistent series

¹² Ibid

¹³ Ibid

Calderdale has struggled to attract domestic overnight trip visitors which are down since 2013 and the last year data is available (2016) in contrast to the Yorkshire and The Humber overall. However, daytrip visitors¹⁴, by far the dominant force, are up since 2016 in contrast to the national and regional picture, albeit marginally.

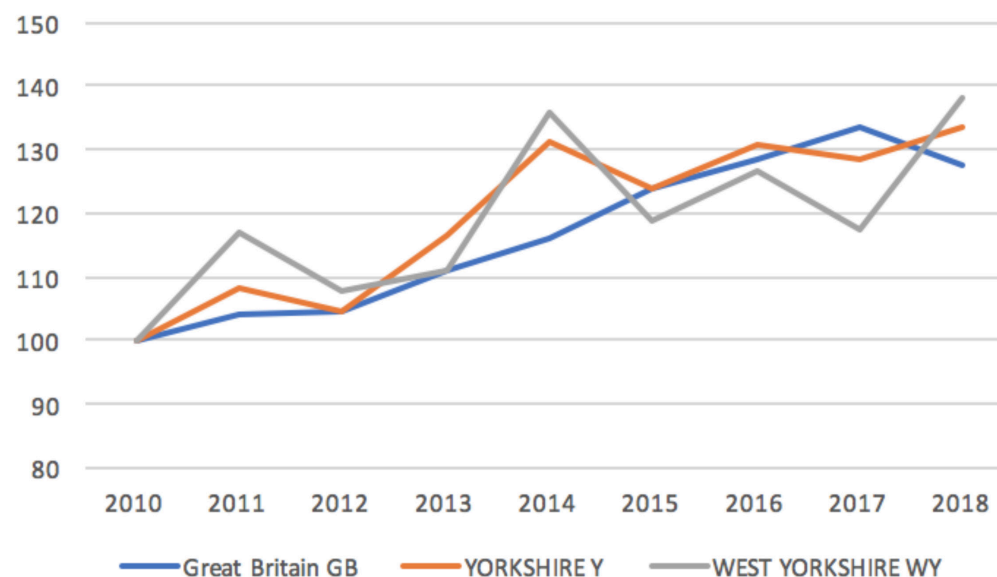
Combining overnight and day trips, Calderdale appears to have done relatively better since 2016 compared to its historical trend but not significantly better than regionally. The data are too erratic and data points too few (post TPH opening) to draw definitive conclusions.

Overseas visitors

There were 1.4 million overseas visitors to Yorkshire in 2018, staying an average 7 nights. This is out of 32.7 million to Great Britain, so less than a 5% national share.

In contrast to domestic visitors, international visitor numbers to West Yorkshire, Yorkshire overall, and Great Britain have been rising strongly since 2010:

Chart 2: Overseas visitors by destination, 2010-18 (2010 = 100)



The 1.4 million visits to Yorkshire is up from just over 1 million in 2010 and +33%. This is similar to the +28% nationally. West Yorkshire visitor growth was strongest with numbers up from 420,000 to 578,000, +38%.

However, since 2016, overseas visitor numbers to Great Britain and Yorkshire are barely changed, whereas to West Yorkshire they are up 9 per cent – itself largely driven by a 29 per

¹⁴ Measured on a consistent day trip series

¹⁵ 2011 Census

Table 8: Visitors by destination in 2010, 2016 and 2018 ('000s)

| | 2010 ('000s) | 2016 (vs 2010) ('000s) | 2018 (vs 2010) ('000s) |
|------------------------|-----------------|---------------------------|---------------------------|
| England | 25,659 | 32,970 (+28%) | 32,734 (+28%) |
| Yorkshire | 1,043 | 1,362 (+31%) | 1,392 (+33%) |
| West Yorkshire | 420 | 531 (+26%) | 578 (+38%) |
| Leeds | 213 | 331 (+55%) | 344 (+62%) |
| Bradford | 99 | 98 (-1%) | 98 (-1%) |
| Other WY (inc Halifax) | 112 | 110 (-2%) | 142 (+27%) |

The 'other' West Yorkshire destinations are outperforming West Yorkshire overall since 2016, which itself is outperforming Yorkshire and England. This is consistent with local causal effects emanating from 'other' destinations from 2017 such as a Piece Hall effect, but again the data are too erratic and data points too few (TPH post-opening) to draw definitive conclusions. They only hint at something happening. The static and relatively poor performance of West Yorkshire

beyond Leeds, namely Bradford and 'other WY' between 2010-16, against a backdrop of strong national and regional growth during this time, is also notable and is consistent a 'turnaround in fortunes' narrative for other settlements in West Yorkshire since. The Cambridge model also suggests similarly for Calderdale specifically; that Calderdale has outperformed the wider region – in this case Yorkshire & The Humber– in 2017 when compared to 2016.

Table 9: Calderdale visitors, Cambridge model estimates from survey-based

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2013-16 change | 16-17 change |
|----------------------------------|--------|--------|--------|--------|--------|-------------------|-----------------|
| Overnight trips – overseas | 45,700 | 47,900 | 47,800 | 52,100 | 58,800 | +14.0% | +13% |

Table 10: Yorkshire & The Humber visitors, survey-based

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2013-16 change | 16-17 change |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-------------------|-----------------|
| Overnight trips – overseas | 1,213,000 | 1,367,000 | 1,290,000 | 1,340,000 | 1,410,000 | +10.5% | +5% |

4. DIRECT ECONOMIC IMPACT

The direct economic impact of The Piece Hall will ultimately derive from its visitors who shop and dine there as well as attend its events. This pays for salaries and rents. There have been over 5 million visitors to The Piece Hall since it reopened, with 2.4 million during its first year and 2.6 million during its second, the annual rolling average rising:

Table 11: Visitors to The Piece Hall, 2017Q3 to 2019Q2

| Year to | Visitor numbers |
|-----------------|-----------------|
| 2018Q2 | 2,355,538 |
| 2018Q3 | 2,427,739 |
| 2018Q4 | 2,429,086 |
| 2019Q1 | 2,517,796 |
| 2019Q2 | 2,607,525 |
| Pre-2014 (est.) | 1,425,000 |

Many visitors to The Piece Hall are local – residents of Halifax or wider Calderdale. Indeed, from a sample of 46,000 visitors to events at The Piece Hall over the last 12 months showed 66% were local (residents of Halifax

or Calderdale). 34% are from further afield including 31% domestic visitors (800,000 people) and around 3% overseas visitors.¹⁶ Although 3% sounds small it still amounts to 75,000 potential overseas visitors.

Table 12: Visitors to The Piece Hall by place of residence

| Place of residence | Percentage |
|-------------------------------|------------|
| Local resident | 66% |
| Domestic but not-local | 31% |
| <i>of which:</i> | |
| Bradford | 9.5% |
| Kirklees | 8% |
| Leeds | 3.5% |
| Manchester | 2% |
| Overseas | 3% |

¹⁶ No UK postcode recorded

Again, the Cambridge model estimates there were 6.8 million visitors to Calderdale in 2017 (2018 not yet available). Most of these 6.4 million were domestic day-trippers and so it is day-trippers that are likely to be driving the 800,000 or so domestic but not-local visitors to The Piece Hall each year and hence having the most impact on the local economy, even accounting for the longer stays of overnight trippers and overseas visitors and their spending on local accommodation and going out. That is why the day trip numbers are so important.

Visitor numbers prior to the renovation, pre-2014, were estimated at 1.425 million a year, though there is little-known about the breakdown of visitors at that time.¹⁷ The 2.6 million in the latest year therefore represents an increase of well over a million.

Asset value

The Piece Hall has a book asset valuation of £50 million (indeed it is insured for £60 million though this is an estimated rebuild cost, not a market valuation of itself). It is hard to place a market valuation on The Piece Hall because much of its intrinsic value is as a heritage asset and historic public space with amenity value, including as a thoroughfare.

However, a market value can be placed on aspects of The Piece Hall operating in the market. Easiest is the tenanted retail space where a valuation can be derived through the rental and service charge yield which is currently £400,000 net per annum.¹⁸ A net rental yield of 4 per cent would for example imply a property market value of the tenanted space of £10 million, whilst one of 5 per cent would imply only £8 million.

There is paucity of rental income data pre-2014, but we do have business rate data. The change in business rate revenue can be a proxy for the change in potential rental value before and after the restoration. This implies a roughly 25 per cent increase in rental value post restoration in nominal terms. This in turn equates to as much as a £2 million increase in property market value if a £10 million current valuation is assumed.

In addition, net rental income from the restaurant and catering (e.g. Trading Rooms restaurant and Caygill function room) is forecast at nearly £200,000 this year rising to £300,000 in four years' time.¹⁹ Taking the current figure implies a property market valuation of perhaps £4 million to £5 million, again assuming net rental yields of 4% to 5%. These facilities did not exist previously and so are arguably 'additional value'.

Asides amenity value, the courtyard is forecast to generate income of around £40,000 this year rising to £100,000 in four years' time. Taking the forecast, this de-facto net rent implies a property market valuation of perhaps £800,000 to £1 million. This forecast income was virtually non-existent before the renovation of The Piece Hall implying an increase in property market value of a similar magnitude. Imputed market rent from the courtyard as an event space, however, is difficult to derive and not included in the estimate.

All in all, this identifies an appreciation in market property value, imputed from market rents or de-facto rents, of perhaps +£6 million to +8 million this year compared to pre-2014, potentially rising to +£10 million to +12 million in four years' time (one-off effect). Again, this does not include the appreciation in (or conservation of) heritage value versus the counterfactual or the improved amenity value of the public space including from the courtyard.

¹⁷ Wafer Hadley Report, September 2011

¹⁸ The Piece Hall Trust Business Plan, July 2019

¹⁹ Ibid

Table 13: Retail metrics

| | Before | After |
|--------------------------------------|----------------------------|---------------------------------|
| Shops & Cafes | approx. 30 | approx. 40 |
| Retail space utilisation | 50%-75% | +90% |
| Rent per sq foot | ? | £24.50 psf |
| Rental income p.a. | ? | £400,000 |
| Business Rate revenue | approx £110,000 – £120,000 | approx £140,000 - £150,000 |
| Implied retail property value | ? | approx £8 million - £10 million |

Economic Activity

As previously mentioned, there are two main areas of economic activity within The Piece Hall site. The first is that from The Piece Hall's own operations including direct employment and the events it puts on. The second is that generated by tenants.

The Piece Hall directly employs the equivalent of 37 FTE staff, with an average salary of around £29,000 and £43,000

when staff costs such as employer NIC and pension contributions are included – this is likely to capture much of the GVA in a non-profit organisation and transcend direct employment, events they run, the arts, entertainment and recreation and retail and wholesale sectors. However, these jobs are supported by external funding, so it is unlikely that the per job GVA contribution is £43,000 (or more) because subsidy is implicit and because the operation is currently loss-making. Income receipts from

commercial operations are expected to be around £3.2 million in the current year and projected to rise to £4m within 4 years²⁰ – from tours & workshops, tenant rents, events and enterprises income - this may be the best approximation of the GVA generated by The Piece Hall's own operations. GVA is market concept – namely the contribution to the market economy - so it does not include social value and such like.

²⁰ consolidated cash flow summary The Piece Hall Trust Business Plan, July 2019

We do not have commercial operation income receipt data from before the renovation, but we assume it was around half, or £1.6 million. This is part of the evidence base that could and should be firmed up. The impact of the renovation is therefore assumed to be +£1.6 million per year with no displacement from other parts of the local economy given The Piece Hall's unique offering within it.

The Piece Hall's tenanted shops support 107 jobs (full time equivalent). With £37,000 GVA assumed for each job, the average for retail jobs in Calderdale, this suggests The Piece Hall directly generates GVA of around £4 million a year in the retail and wholesale sector. This will not capture all of the GVA - including supply-chain effects - which is likely many multiples higher all in all. We later estimate the GVA of the Woolshops and wholesale supply chains at £79.2 million a year - the Woolshops has a similar number of shops, though dominated by larger chain stores as opposed to independents, and with well over double the footfall of The Piece Hall. The data we do have from the tenants inside The Piece Hall also suggests average spend is around £20 to £39 per person, less than the estimated average spend in the Woolshops as probably to be expected. But without knowing footfall in The Piece Hall's tenanted shops and average spend, or the total spending, it is not possible to accurately calculate the total GVA generated by The Piece Hall's tenanted shops.

We know that tenant occupancy of The Piece Hall before its renovation was around a half. We would also expect turnover and GVA to be roughly in proportion to visitor numbers. We take the proportion of visitors pre-2014 compared to those post 2017 (around 55%) to provide a rough estimate of jobs and GVA pre-2014, namely 59 jobs with the same £37,000 GVA each. This gives a rough estimate for GVA pre-2014 of £2.2 million a year. This gives a gross impact of +£1.8 million. We assume a low displacement of 25% from nearby shops given the independent and unique nature of the shops at The Piece Hall to give a net impact to the local economy of the renovation on The Piece Hall's retail GVA of +£1.3 million per year.

All in all, The Piece Hall directly is currently likely to contribute GVA of at least £7.2 million per year, through the two main areas – through direct employment, events they run and the activities of their retail tenants – described, with the expectation it will rise in the years ahead. A very high-level estimate is that The Piece Hall contributed GVA of around £3.8 million per year before its renovation, implying a gross renovation effect of +£3.4 million per year. Netting off displacement of retail from other parts of the local economy the net impact on GVA of the renovation The Piece Hall is estimated at +2.9 million per year.

“We had a high street shop elsewhere in Calderdale that we sadly had to close as footfall was poor. We stumbled onto a unit in The Piece Hall and have never looked back. We’ve since expanded twice and are doing well thanks to The Piece Hall’s pull.”

Simone Sargent, Owner, Al's Emporium – a Piece Hall tenant

5. INDIRECT ECONOMIC IMPACT

Economic Activity

There are a number of sites around The Piece Hall that could be used as a barometer of its impact on the economic activity the surrounding and wider area since reopening in Summer 2017. The Woolshops shopping centre is an ideal candidate because of its location and its large size as Calderdale's only major shopping centre. Other obvious candidates could include shops on the High Street, or possibly other visitor attractions that have a complementary offering to The Piece Hall.

Located next to The Piece Hall, the Woolshops is a large retail offering of around forty shops and cafes, predominantly well-known high street brands such as Boots, Costa Coffee, Game, Marks & Spencer, River Island, Superdrug, Topman and WHSmith. It is the only major 'shopping centre' in Calderdale and Marks & Spencer chose to keep its store open in Halifax while closing its Huddersfield store.

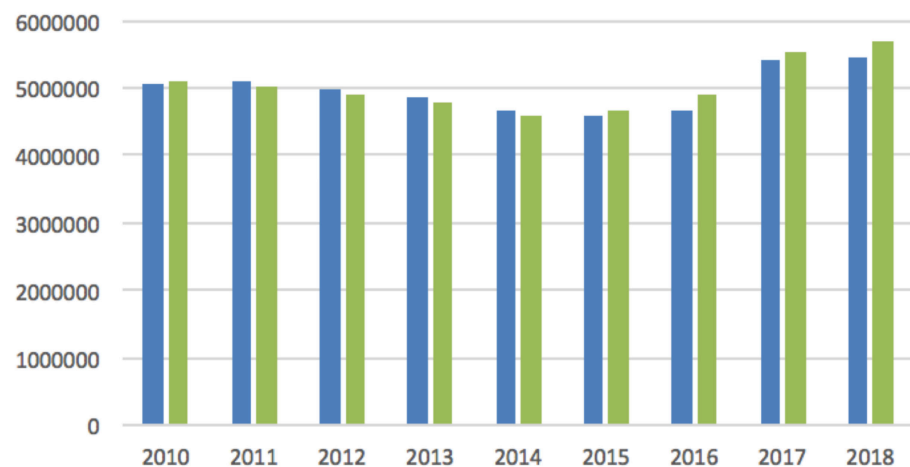
Footfall data provided by Savills (who manage the Woolshops) shows that around 5 million shoppers a year passed through the Woolshops' doors since 2010, on average. But, like many shopping centres and highstreets throughout the country, the Woolshops has faced fierce competition from the growth in online shopping. There was a discernible decline in annual footfall from around 2012, from the 5 million mark to around 4.6 million in 2014 and 2015 (though with a slight blip in 2016 calendar year, see chart 1).

However, Woolshops footfall then increased markedly in 2017 to 5.4 million with The Piece Hall reopening half way through that year. This level was sustained in 2018 and the numbers in 2019 are on course to be higher still (chart 1, green bars are forward-looking).

"We are consistently in the top ten of 130 shopping centres and in contrast to most places we have seen significant positive growth in footfall which is largely due to The Piece Hall."

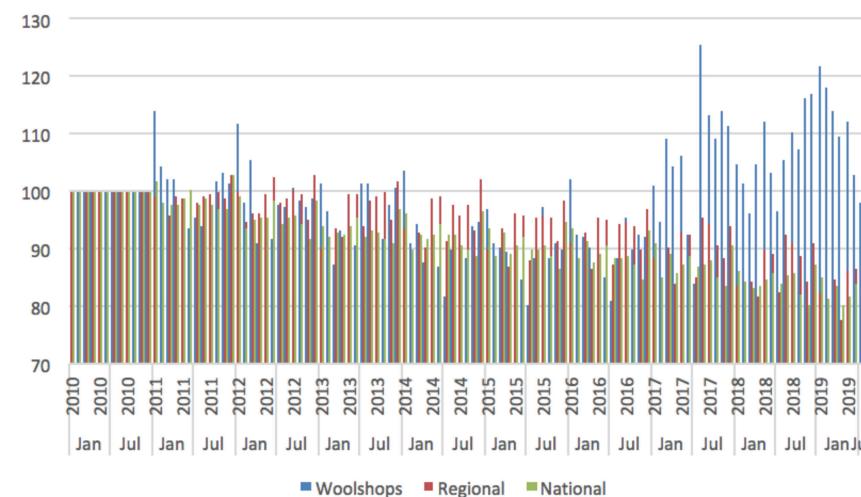
**Jason Gregg, Centre Manager,
Woolshops Shopping Centre**

Chart 3: Annualised footfall – Woolshops, 2010 to 2018²¹



What is so stark is the timing of this rebound when looking at the monthly data. The Woolshops monthly footfall closely tracks national and regional footfall trends during the whole period of 2010-16 but then diverges strongly from 2017 when, the subsequent increase in Woolshops footfall runs counter to changes nationally and regionally. Chart 2 shows the monthly footfall numbers and the Woolshops, regional and national indices with 2010 = 100. Pictorially, these are virtually indiscernible from one another until 2017, from which point Woolshops' monthly footfalls (blue volume bars) rise above the others.

Chart 4: Monthly footfall – Woolshops vs regional and national monthly averages (2010 = 100)²²



This strongly suggests that:

- there is a local causal effect (or more than one effect) boosting shopper numbers from 2017 (raised blue volume bars). This almost certainly includes the reopening of TPH in August 2017, post-renovation.
- the closure of TPH in January 2014, pre-renovation, had little or no bearing on shopper numbers to the Woolshops during 2014-16 (no depressed blue volume bars), as further evidence that it is the renovation of TPH that is important.

²¹ Savills

²² Savills

We can be confident of the presence of a local causal effect (or indeed more than one). The reason we cannot say unequivocally that TPH alone caused the increase in footfall is because other local causal effects may have been at play, for example, Square Chapel arts centre reopening following its £6.6m renovation in Spring 2017 (full opening Summer 2017) or the Marks and Spencer's remaining open while the one in Huddersfield closed.

Separating out these 'local causal effects' is challenging. But intuitively, The Piece Hall, being located both directly next to the Woolshops, having such a high footfall itself and its own retail offer, which means attracting visitors drawn to retail generally, suggests the regenerated Piece Hall is the largest and most significant factor at play.

There is evidence of some local causal effects from before The Piece Hall reopened, indeed as early as January 2017 (again chart 2), but the divergence is fuller and more sustained from August 2017. Again, this suggests possible multiple local causal effects but with The Piece Hall effect dominating and being most significant.

In the greater scheme of things, there is likely to be a degree of displacement of shopping activity from surrounding areas (for example, Huddersfield in Kirklees).

Some additionality is possible, nonetheless from international visitors. The nature of this geographical displacement is an important consideration from the 'Calderdale' or 'Kirklees' perspectives. Intuitively, online retail displacement due to The Piece Hall is likely to be modest at best.

In the two years since the reopening of The Piece Hall (August 17 to July 19), 11.2 million shoppers passed through the Woolshops. Had footfall numbers followed national or regional trends, that figure would have been 10.1 million. This means that The Piece Hall is largely responsible for boosting the Woolshops footfall by around a million shoppers in the two years since it reopened.

This increase of around 10 per cent compares to other schemes. For example, evidence from the Derby Partnership Scheme in Conservation Areas (PSiCA) shows that while average footfall on high streets around the nation dropped by 26 per cent between 2008 and 2013, the Derby PSiCA areas saw footfall growth of between 12 per cent and 15 per cent over the same period. The PSiCA project offered grants for the sympathetic renovation of historic shop fronts.²³

Retail Gross Value Added

According to the ONS, the average UK household spent £573 a week in the financial year 2018, including £183 a week on items associated with spending in shops (including online) and restaurants, such as food & drink including alcohol and tobacco, clothing and footwear, household goods and services (including durable or white goods), and eating out.²⁴

The average Yorkshire and Humber household spends about 6% less than the UK average, according to the latest 3 years' worth of data²⁵, which implies around £172 per week in shops and restaurants. It is thought that around a fifth of all spending is now online, which implies the average Yorkshire and Humber household spends around £138 a week in shops, cafes and restaurants. The average person also shops on average 1.6 times a week implying £86 per shop and, with 2.4 people per household on average implies about £36 per person per shop.

²³ Heritage and the Economic (2018), Historic England <https://historicengland.org.uk/research/heritage-counts/heritage-and-economy/>

²⁴ <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/financialyearending2018>

Assuming this average spend for the Woolshops across 5.5 million shoppers a year suggests turnover just shy of £200 million a year. The associated retail and wholesale GVA associated with this would be around £79.2 million assuming a retail and wholesale mark-ups in the order of 33 per cent and 25 per cent respectively. Triangulating, this £79.2 million compares to Calderdale's total retail and wholesale GVA just shy of £500m (see economic context section). The £79.2m specifically for the Woolshops may be on the high side if the £36 spending is 'spread out' i.e. also includes spending in other shops nearby to the Woolshops including on Halifax's high street (and indeed within The Piece Hall), in other words visiting multiple shopping sites over a single 'shopping visit'. The lack of data means that we can only acknowledge this or make assumptions about the level of this wider shopping. Then there is displacement of shopping activity both within Halifax and Calderdale and more widely beyond Calderdale (because spending in the economy is 'fixed' so if it goes up in location A it will go down in location B or C). Again, there is a paucity of quantitative evidence around the magnitude of these displacement effects but they inevitably exist.

In similar fashion, we can apply the above to the 500,000 person a year rise in footfall to the Woolshops since The Piece Hall's reopening to arrive at a GVA impact estimate of up to £7.2 million per annum gross. Making assumptions around displacement will enable us to consider potential net GVA impacts: so with just 10% displacement from shops within Calderdale and 90% from shops outside it, the net impact to Calderdale's economy would be £6.5 million a year. But with 50% displacement the net effect would be £3.6 million a year. These assumptions can be underpinned by more qualitative evidence: the Woolshops is the only real 'major shopping centre' in Calderdale, the nearest then is in Huddersfield outside Calderdale (i.e. displacement yes, but not within Calderdale). However, Elland and Hebden Bridge inside Calderdale also have retail offers, though are far less substantial (i.e. some displacement within Calderdale). This would suggest most displacement will happen from neighbouring local authorities. The evidence also suggests a lack of displacement from Halifax high street because the evidence is that footfall has risen across the town centre by 16%.²⁶

A net impact of the increased footfall at the Woolshops has contributed an additional £3.6 million to £7.2 million to Calderdale's GVA per year. This estimate seems reasonable, but a wide range is necessary to convey the uncertainty involved in providing an estimate given the data available and it is assumption-based.

Further, it is unlikely we can attribute 100% of the growth in the Woolshops footfall to The Piece Hall, even if it is likely that we can attribute more than 50% of the rise, as mentioned above. An assumption of 70% to 90% attribution could be made to illustrate the possible Piece Hall effect specifically on the Woolshops. Taking attribution into account, **the net impact of The Piece Hall (or Piece Hall effect on retail) within this would be £2.5 million to £6.5 million a year based on the assumptions outlined.**

²⁵ Ibid
²⁶ Calderdale Metropolitan Borough Council

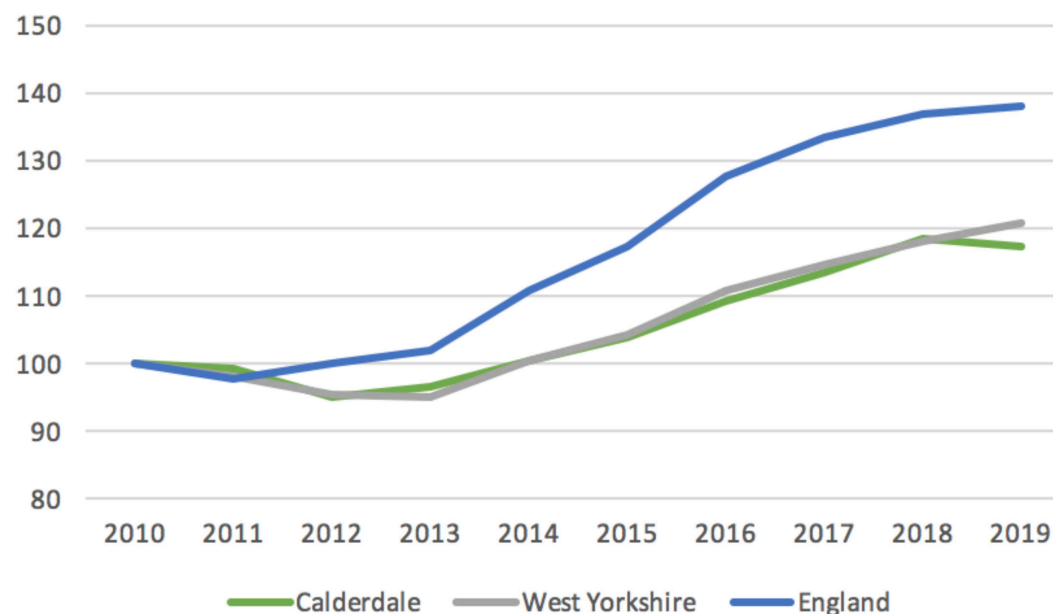
Asset Values (regeneration effect)

Regeneration schemes such as The Piece Hall often deliver significant benefits to local residents. In economic terms, these benefits are ‘externalities’ – i.e. not captured in the market value of the regeneration site itself. HM Treasury’s Green Book suggests a number of approaches for measuring economic benefits, including “willingness to pay”.²⁷ A higher willingness to pay for improved local amenity benefits, as a result of the regeneration, can be inferred from spatial variation in property prices (house prices). Rising property prices in the locality of the regeneration site relative to further away (but comparable) neighbourhoods would be reflective of a higher willingness to pay. This section examines the evidence of impact on the local property market to evaluate the possibility of significant local amenity benefits from the regeneration of The Piece Hall.

Context

- The average house price in Calderdale in June 2019 was £142,569, 10% below the average in West Yorkshire (£157,979) and 40% below the average in England (£246,728).
- House prices have increased since 2010 – the average house price in Calderdale rising 17%, similar to West Yorkshire (20 per cent) but much less than England (38 per cent).
- Over the last year the average house price in Calderdale fell by 1.4%, compared to growth in West Yorkshire (2.6 per cent) and England (1%). Meanwhile the volume of transactions in Calderdale appears to have stabilised, in contrast with falls in the rest of the county of West Yorkshire and England.

Chart 5: Average house prices (June 2010 to June 2019)²⁸



²⁷ <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

²⁸ Land Registry

There is considerable variation in house prices and housing market performance across the borough, illustrated by the map below. The map shows median house prices

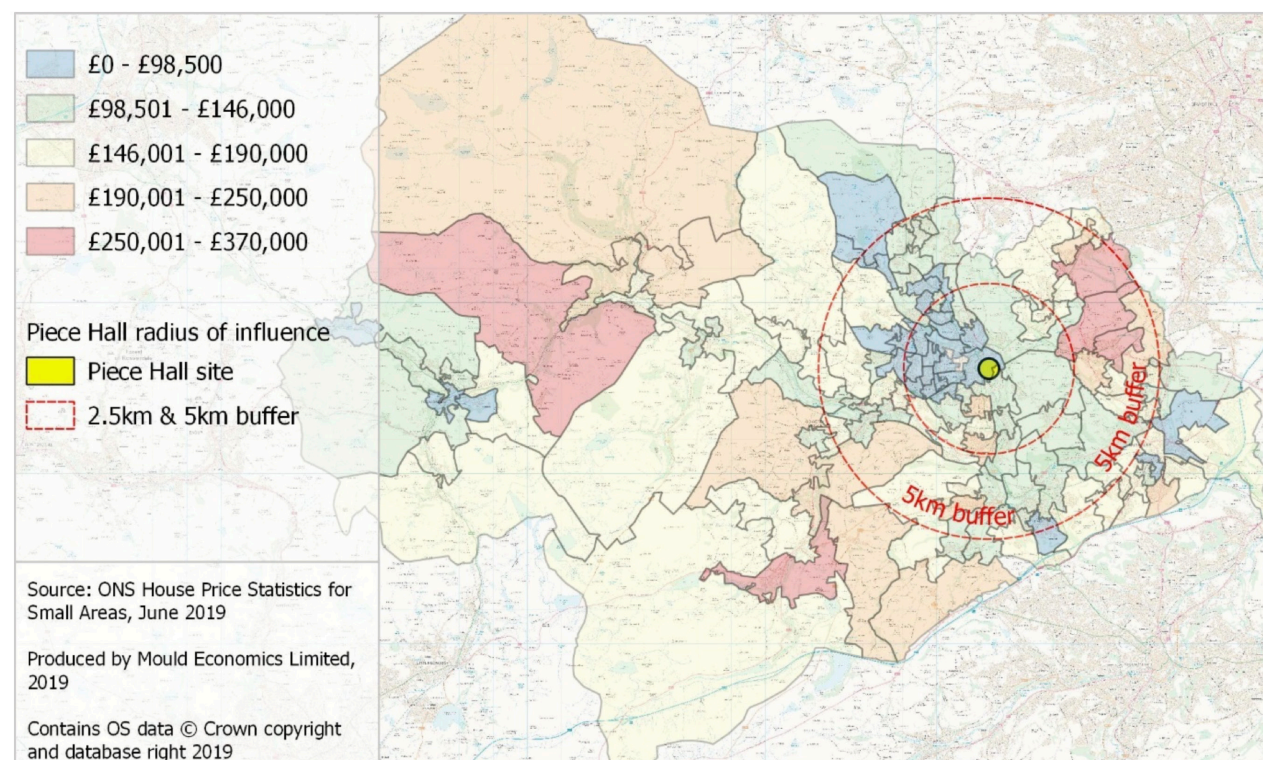
by Lower Layer Super Output Area (LSOA).²⁹ The Piece Hall site is in a low value market (shaded blue), marked yellow and surrounded by red concentric circles of 2.5km and 5km

Calderdale Council identifies nine housing sub-markets which reflect different tenures and housing market characteristics across the borough. The Council's annual housing market statement (January 2019) designates these sub-markets into four performance categories, ranging from "very hot" (zone A) to "cold" (zone D).^[1] Zone B ("hot") includes the town centre (HX1 postcode area):

"Although Zone B has higher average prices than Calderdale as a whole, there has only been a modest rise in the price paid for housing since 2012 and the price paid for apartments has fallen. The amount of property for sale dropped steeply after 2012 but has since rallied."

Even within sub-markets there is variation in house prices. So whilst zone B is overall classified as "hot", property values vary significantly. A large portion of the town centre comprises Lower Layer Super Output Areas with median house prices below £98,500. This can be seen in the figure above – the blue areas to the North and West of The Piece Hall within the first concentric circle (2.5km buffer zone).³⁰

Chart 6: Median house prices by Lower Layer Super Output Area in Calderdale to end December 2018



²⁹ A Lower Layer Super Output Area (LSOA) is a geographic area. Lower Layer Super Output Areas are built from groups of contiguous Output Areas and automatically generated to be as consistent in population size as possible, and typically contain from four to six Output Areas. The Minimum population is 1000 and the mean is 1500. There is a Lower Layer Super Output Area for each POSTCODE in England and Wales.

³⁰ <https://www.calderdale.gov.uk/v2/sites/default/files/Housing-Market-Statement-2019.pdf>

Impact of regeneration

Spatial differences in property prices can infer amenity benefits, though it is necessary to control for multiple factors influencing the housing market – so as to isolate the impact of the regeneration. The difference-in-differences method involves comparing a treatment group (locality of the regeneration site) and control group (further away but comparable neighbourhood) before and after treatment (regeneration). The method is recommended by the What Works Centre for Local Economic Growth.³¹

In practice, a thorough investigation is time-consuming and beyond the scope of this study, but the subsequent analysis indicates the possibility of significant localised price effects indicative of amenity benefits from the regeneration of The Piece Hall.

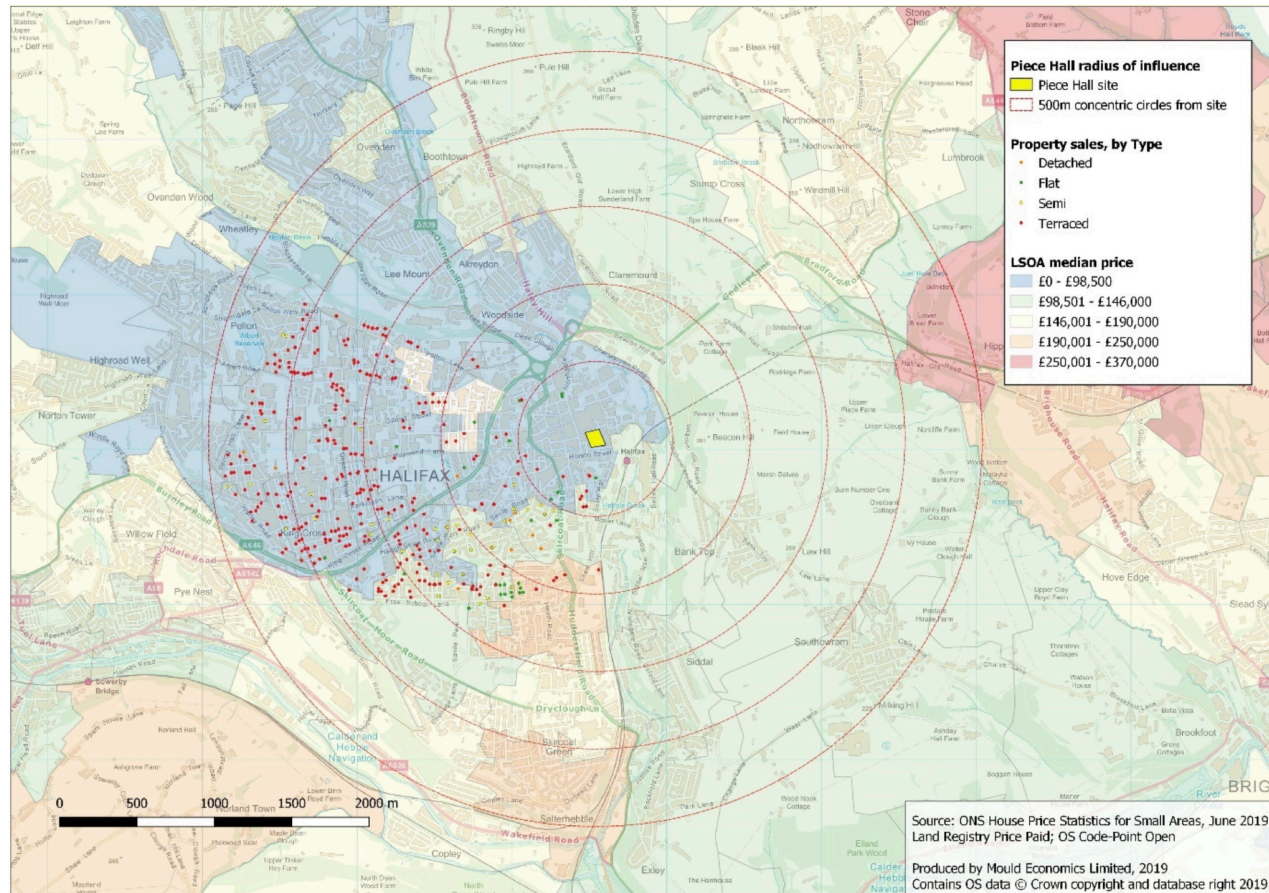
Further examination is recommended as part of a longer-term study (enabling larger sample sizes).

Exploratory econometric analysis

The difference-in-differences method is tested for HX1 (the regeneration site is HX1 1RE) and terraced properties only – the dominant property type (sample sizes of other property types are too small). Transacted terraced properties are delineated by 500m buffer zones around the regeneration site up to 2.5km – with the outer zone (2-2.5km) serving as the control group.

³¹ https://whatworksgrowth.org/public/files/Methodology/16-06-28_Scoring_Guide.pdf

Chart 7: Calderdale housing market zones – designated by housing market performance



Econometric tests suggest price effects of up to 11 per cent relative to the control group following the regeneration in 2017.

In other words, a positive effect of the regeneration on inner zone house prices compared to the outermost zone (zone 5) within the HX1 postcode area.

The results are only indicative and subject to a number of caveats. The results are just about statistically significant at the 90 per cent level and alternative model specifications do not confirm the price effects.³² A fundamental issue is small sample sizes and difficulties controlling for the various factors affecting house prices.³³

³² Statistical significance indicates that an occurrence (in this case a positive price effect) was probably the result of a causative factor (the regeneration) and not simply a chance result. Statistical significance at the 10% level indicates a 1 in 10 probability that the result can be ascribed to chance.

³³ The preferred model controls for floorspace and habitable rooms. Location is captured by distance from the regeneration site (buffer zones) whilst property type is confined to terrace

The value of regeneration

As noted, further work is needed to establish the impact of the regeneration on local property prices, with the benefit of further transactions data (currently the number of transactions since 2017 is too small to be able to control adequately for the various factors affecting house prices).

Nevertheless, the exploratory analysis undertaken for this study suggests the possibility of positive prices effects (a premium of up to 11 per cent), which if confirmed could be worth several million pounds - indicatively £9 million to £13 million (one-off effect).

The Piece Hall premium has increased property values by...



Capitalised in local house prices the benefits accrue to property owners, largely owner-occupiers but also landlords (a higher willingness to pay by private renters, which increases the expected future stream of rental revenues and improves the value of a property). This means there is a property value dividend for the Council's investment in The Piece Hall.

This estimate of an 11% boost to local (HX1) house prices is in line with other studies and estimates, given the distinctiveness of The Piece Hall. For example:

- Academics at the London School of Economics surveyed over 500 residents in 48 conservation areas to gather information on 'attractiveness' and 'distinctiveness'. In conservation areas deemed to be distinctive, the authors found on average a positive price effect of approximately 10 per cent compared to over conservation areas. This rises to 12 per cent in the 'most distinctive' conservation areas.³⁴
- An analysis of over 1 million house sales between 1995 and 2010 showed that properties in conservation areas sell for 23 per cent more on average than other houses. Even when location, property features and other factors affecting house prices are adjusted for, a price premium of around 9 per cent was still found.³⁵

³⁴ Heritage and the Economic (2018), Historic England <https://historicengland.org.uk/research/heritage-counts/heritage-and-economy/>

³⁴ Ibid

6. SOCIAL VALUE

Heritage has a value beyond the economic value we have outlined so far. Heritage has cultural, social and environmental values as well as an economic value.

Many of the benefits obtained from heritage are not supplied by the market and so do not have a market value (i.e. do not have a monetary value). This is because heritage has the qualities of a 'public good'. It usually confers positive externalities (i.e. value) to the public and not just the private owner. For example, a grand historic house will confer positive benefit to those people walking past it and looking up admiringly and, bar the private owner erecting a vast hoarding around the building, the public cannot be excluded from this enjoyment. This element of public benefit will not be captured in the market price of the house. Aspects of learning are also not captured by the market. These are examples of what economists call 'social value'.

Social value is a concept used by economists to encompass the value of goods and services not traded in the market, such as the aspects of a historic building of the sort described.

The economic techniques used to capture non-market value, or social value, usually revolve around revealed preference where values are inferred from behaviour and stated preference which, simplistically, asks people how much they value things through a survey. Contingent valuation is an example of the latter. Revealed preference is often considered more reliable than stated preference and is broadly to be used where it can be (stated preference has wider application but is less reliable).³⁶

Two examples of revealed preference techniques include 'hedonic pricing' and the 'travel cost method'. Specifically, we have chosen to use 'travel cost method' to assess social value, though we used hedonic pricing in the previous section to assess the impact on local house price values in HX1 postcode of The Piece Hall specifically.

³⁶ A third technique is the subjective well-being approach, though this is less evolved

³⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

The HM Treasury Green Books states:

"Sometimes it is possible to identify the implied value of non-market goods from other decisions people make where prices are available. This gives a revealed preference – the value revealed as a result of people's actions. Hedonic pricing is an example of this approach. For example, the relationship between house prices and levels of environmental amenity, such as peace and quiet, may be analysed in order to assign a monetary value to the environmental benefit.

Another example is the travel cost method, which involves estimating the costs people incur in order to consume a non-market good such as a recreational site."³⁷

We assess the social value of The Piece Hall through the value non-local visitors place on it and to do this we use the travel cost method, supplemented with other contextual information. We apply this to non-local visitors having to incur travel costs to visit The Piece Hall. There will be further social value from local residents visiting the site, though some of this will be captured by the house price (regeneration) effects already covered.

Earlier, we estimated that 34% of visitors to The Piece Hall are not local residents of the town or Calderdale. Again, with around 2.6 million visitors a year that implies around 875,000 'non-local' people a year in all, with around 80,000 overseas visitors. We use off-peak day return rail fares from the key towns and cities where non-local domestic visitors reside, as well as car use costs at 45 pence per mile to arrive at assumed travel cost. We also assume a travel cost of £100 per overseas visitor (mainly the cost of a return flight). These figures ideally require further refinement but they are likely to provide a reasonable estimate of the average per visitor travel cost, which is estimated at £13 to £16 accordingly.

We note that per head travel costs are likely to be lower for families with one or two children who are visiting by car - for example, a family of four driving from Bradford would incur a travel cost of just over £2 each (£8.10 / 4) instead of £3.80 each for a rail fare.

As supplementary to the travel cost method, heritage organisation membership fees can

be used – in addition to travel costs – to assess the value heritage-lovers place on being able to visit heritage sites or historic buildings. These values may not apply to everyone, however, as they will clearly be higher for those that value heritage more than the average person. They are presented merely as context:

Table 14: Travel costs – non-local visitors to The Piece Hall

| | % visitors | Train (rtn) | Car (rtn) 4 passengers | Flight (rtn) | Total |
|---------------------------|------------|-------------|------------------------|--------------|-----------------|
| Bradford | 9.5 | £3.80 | £2.05 | - | £2.00 - £3.80 |
| Kirklees | 8.0 | £4.50 | £1.60 | - | £1.60 - £4.50 |
| Leeds | 3.5 | £6.90 | £4.20 | - | £4.20 - £6.90 |
| Manchester | 2.0 | £10.50 | £7.00 | - | £7.00 - £10.50 |
| Other UK | 8.0 | £16.00 | £13.00 | | £13.00 - £16.00 |
| International | 3.0 | - | - | £100.00* | £100.00 |
| Total or weighted average | 34.0 | - | - | - | £13.00 - £16.00 |

Table 15: Heritage organisation membership fees

| | National Trust | English Heritage |
|--|----------------|------------------|
| Annual fee | £72 | £37 |
| Average annual visits per member - assumed | 6.0 | 3.7 |
| Implied value per visit | £12 | £10 |

Table 16: Social value of TPH to its visitors

| | Annual visits | From outside the area | Average travel cost per visitor | Total |
|---------------------------|---------------|-----------------------|---------------------------------|---------------------------|
| Post-July 2017 | 2,600,000 | 875,000 | £16 | £14.0 million p.a. gross |
| Pre-January 2014 | 1,425,000 | 485,000 | £16 | £7.75 million p.a. gross |
| Increase since re-opening | +1,175,000 | +390,000 | £16 | +£6.25 million p.a. gross |
| Attribution | | | | 63% |
| Total | | | | +£4.0 million p.a. net |

A further complication with The Piece Hall is that visitors are not necessarily there just to see The Piece Hall. They may be there to see other attractions in Halifax or to use the local shops, for example in the Woolshops or on the High Street. For example, a report for Historic England estimated that around 63% of day visitors cite being able to visit an historic building or monument as the sole reason or a very important reason for their visit.³⁸ The polling for this report also suggests a similar number. We use this percentage as the attribution factor to those visiting The Piece Hall to calculate the value visitors place on it.

We calculate a net social value derived from visitors to The Piece Hall of just shy of £4 million per annum, accordingly: (see left)

³⁸ Heritage and the Economic (2018), Historic England <https://historicengland.org.uk/research/heritage-counts/heritage-and-economy/>

“Being neighbours to The Piece Hall is undoubtedly a benefit to Square Chapel. Our proximity to such an important heritage building has also played a significant role in us being able to access some important grant funding and sources of revenue.”

David McQuillan, Director of Square Chapel

7. IMPACT ON REPUTATION

Measuring reputation is a notoriously difficult task, but what is widely accepted is that reputation is important and has an influence on peoples' decision making. To try and determine the impact of The Piece Hall's regeneration on Halifax and Calderdale's reputation we have taken two approaches.

The first is bespoke and representative polling of Yorkshire commissioned with Survation to determine awareness and the perceived benefits of the regeneration, the second is looking at Google search data trends globally pre and post regeneration. Given that over 90% of global search requests are made via Google, it is a good proxy for people's interest in a given attraction or topic.

Polling

We commissioned Survation to interview a representative sample of 1010 Yorkshire adults over the period of 6-12 August 2019. Survation is a member of the British Polling Council and Market Research Society. Survation was the most accurate polling company in 2017 General Election with a polling error of less than 1%.

Data was weighted by Survation for age, sex, North/East/South/West Yorkshire and 2017 general election vote so that it is representative of the county. As with all polling, because only a sample of the Yorkshire population was interviewed, all results are subject to a margin of error. For example, in a question where 50% (the worst-case scenario as far as margin of error is concerned according to Survation) gave a particular answer, with the sample of 1010 adults it is 95% certain that the 'true' value will fall within the range of 3.1% from the sample result. This is sometimes referred to as a $\pm 3\%$ margin of error from the reported result, but as you can see from the full explanation it is more subtle than that.

As a result, we can say with very high confidence that the results of this bespoke polling research are an accurate representation of Yorkshire's residents.

The questions asked were designed to help us understand how The Piece Hall's regeneration had influenced Yorkshire and Halifax's reputation along with people's perceptions of how important it is to Yorkshire and Halifax's economy. We also probed awareness of The Piece Hall and the proportion of people who had visited.

“Without The Piece Hall we would just be another run down Northern town.”

**Richard Blackburn, Managing Director,
Wilby Insurance**

The headline responses to the questions asked are shown below:

Q1 - Have you heard of The Piece Hall in Halifax, West Yorkshire?

| | |
|-----|-----|
| Yes | 57% |
| No | 43% |

The results are positive for The Piece Hall across the board and range of questions asked. Overall people think the regenerated Piece Hall is important for the economy, reputation and that historic buildings should receive more taxpayer support.

Q2 - Have you visited The Piece Hall over the last two years?

| | |
|-----|-----|
| Yes | 37% |
| No | 63% |

Q3 - In your opinion, how important do you think The Piece Hall is to the following? (if 'yes' to Q1)

| | Important | Not important |
|----------------------|-----------|---------------|
| Yorkshire's economy | 66% | 34% |
| Yorkshire reputation | 75% | 25% |
| Halifax's economy | 88% | 12% |
| Halifax's reputation | 91% | 9% |

Q4 - Which of the following statements best reflects your view?

| | |
|---|-----|
| Yorkshire's historic buildings should receive <u>more</u> public funding than they do currently | 55% |
| Yorkshire's historic buildings should receive <u>less</u> public funding than they do currently | 7% |
| Yorkshire's historic buildings should receive <u>the same</u> amount of public funding as they do currently | 38% |

90% of residents...



think The Piece Hall is
important for Halifax's
economy and reputation

The Piece Hall has reached a very good level of awareness with Yorkshire residents, with nearly six out of ten respondents saying they had heard of it. This was particularly strong in West Yorkshire and slightly less strong in North Yorkshire.

According to the ONS, 4.3 million adults live Yorkshire³⁹, 37% of this population said they had visited The Piece Hall since it reopened in 2017. This equates to 1.6 million unique adult visitors from across Yorkshire. This of course does not account for people who have visited more than once during the two years. The total number of visitors to The Piece Hall since it opened on Yorkshire Day 2017 has now reached 5.2 million, which would indicate a significant number of repeat visitors and visitors coming from outside of the Yorkshire region.

The questions relating to the importance of The Piece Hall to Halifax and Yorkshire's economy found broad agreement that it is important, particularly so for Halifax with nine out of ten people agreeing. Across all political parties there are more voters who agree The Piece Hall is important to Halifax/Yorkshire's economy than do not, this is particularly strong for Yorkshire with 2017 Liberal Democrat (74%) and Labour (66%) voters, with Conservatives slightly lower (62%). In terms of Halifax's economy, 90% of Liberal Democrat voters, 89% of Conservative voters and 86% of Labour voters think The Piece Hall is important.

The views on The Piece Hall's importance to Halifax's and Yorkshire's reputation is even stronger. 75% of Yorkshire adults think that The Piece Hall's important to Yorkshire's reputation and 91% think it's important to Halifax's reputation.

³⁹ Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland, ONS, June 2019

Eight out of ten Conservative voters think The Piece Hall is important to Yorkshire's reputation and 92% of Labour and 95% of Liberal Democrats think it is important to Halifax's reputation.

Overall, 55% of people think that more public funds should be spent on our historic buildings with 38% wanting less spent. This gives a net 17% in favour of increased spending.

70% of residents...



think The Piece Hall is important for
Yorkshire's economy and reputation

Google search data

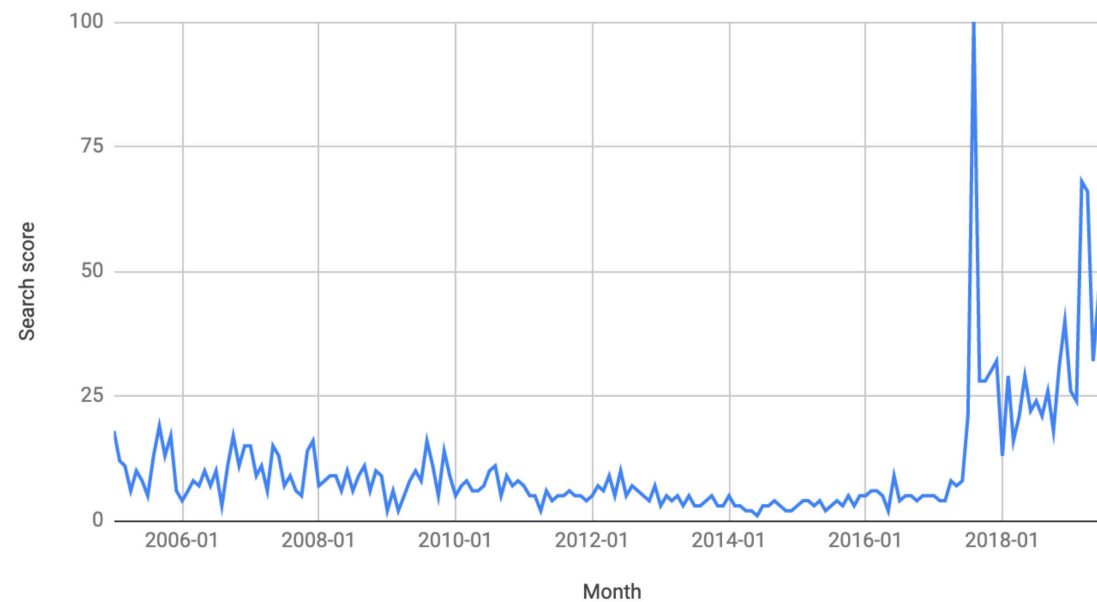
Given that over 90% of web search traffic goes through Google, it provides an excellent method of tracking the interest in something over time. Google provides anonymised search data in real time, the 'interest over time' score is a measure of the popularity of a search term versus its peak interest. For example, a score of 100 is that search term's peak popularity, the highest score can only ever reach 100. When comparing different search terms against each other the magnitude scale is equalised so that fair comparisons can be made.

We have selected a number of other Yorkshire historical or cultural attractions for comparison with The Piece Hall.

As Chart 7 shows, search traffic was largely "bumbling along" with a large spike on the day of reopening, but most importantly after this one-off large spike the trend is upward and significantly higher than before the closure and capital works.

As you can see, before the regeneration of The Piece Hall the average search score for the destination was 4.2 after regeneration this rose to a score of 36.0, which is an increase in search traffic of 8.6 times compared to pre-regeneration. This is the

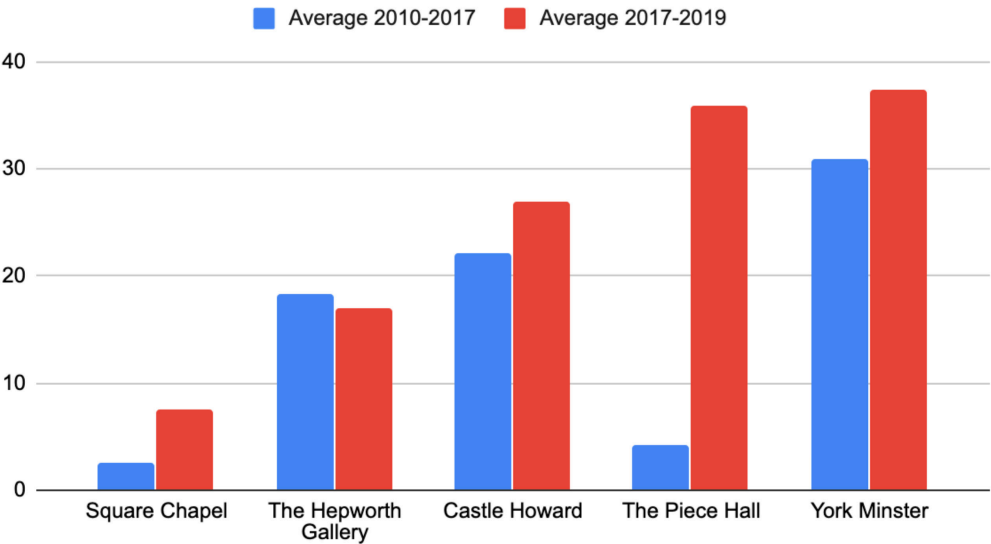
Chart 7: Google search trend data for The Piece Hall



most dramatic increase seen across the time period for any of the historical or cultural attractions we have selected for comparison and places The Piece Hall only slightly behind York Minster (36.0 versus 37.4) in terms of search traffic.

In the chart opposite, the average weekly ‘interest over time’ score for the period of August 2010-2017 is shown in blue, with the average weekly score for August 2017-2019 (the first two years of The Piece Hall’s operation) show in red.

Chart 8: Google search trend data



The 756% increase in search traffic is clearly very significant and directly attributed to the regenerated Piece Hall, the events it puts on and profile-raising public relations work.

Table 17: Change in Google search traffic over time

| Destination | 2010-17 V 2017-2019 (average yearly search traffic, % change) |
|----------------------|---|
| The Piece Hall | +756% |
| Square Chapel | +196% |
| Castle Howard | +22% |
| York Minster | +21% |
| The Hepworth Gallery | -7% |

Twice as many people search for The
Piece Hall as The Hepworth Gallery



vs.



The combination of the polling results and Google search data puts forward strong, credible and independent evidence of the positive impact The Piece Hall is having on Halifax and Yorkshire's reputation, perceived benefits to the economy and the 'buzz' it has generated about itself as a destination.

Produced by:



bradshaw

Appendix 1: interviewees

Richard Blackburn, Managing Director, Wilby Insurance

Nigel Broadbent, Head of Finance, Calderdale MBC

Stephen Bullock, Chief Operating Officer, The Piece Hall Trust

Nicola Chance-Thompson, Chief Executive, The Piece Hall Trust

Jason Gregg, Centre Manager, Woolshops Shopping Centre

Tim Lewis, Turner and Townsend

Chloe McNeill, Project Manager, Halifax Business Improvement District

David McQuillan, Director, Square Chapel

David Renwick, Director for the North of England, National Lottery Heritage Fund

Robin Tuddenham, Chief Executive, Calderdale MBC
