Chinatown Economic Development Study

Produced for
Westminster City Council

By
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and
Partnership Solutions

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1. Introduction

The purpose of this study is to assess the state of the current economic, social and cultural standing of London’s Chinatown and to consider its importance and contribution to the wider London and UK economy.

The study was commissioned by Westminster City Council with funding from the London Development Agency.

Extensive data collection and compilation of findings have been undertaken by Page Reference with further data collection and final report writing being undertaken by Partnership Solutions.

The key objectives of the study were:

1. Analysing the current state of the Chinatown economy;
2. Analysing the importance and contribution of Chinatown to Central London;
3. Identifying the threats posed by non Chinese or East Asian businesses and the impact that these businesses would have on the character of the area;
4. Identifying opportunities for businesses with a Chinese or East Asian character to grow in the area; and
5. Identifying and recommending actions by different agencies to support the Chinese and East Asian community and the likely consequences if such actions are not pursued.

The study area for the purposes of this report is shown in figure 1 below. It covers the area that lies between Soho to the north and Leicester Square to the south and includes areas along the following streets: Shaftesbury Avenue, Rupert Street, Rupert Court, Wardour Street, Lisle Street, Dansey Place, Horse & Dolphin Yard, Newport Place, Little Newport Street, Newport Court, Gerrard Street, Gerrard Place and Charing Cross Road.

Figure 1. Map of study area

2. Methodology

A combination of primary and secondary data was collected for the purposes of the study as follows:

2.1 Primary data

2.1.1 Stakeholder interviews

By way of introduction to the study, semi-structured interviews were carried out with a community worker, a business employee and a business owner. The interviews covered objectives 1, 2 and 3 and were carried out using a set of themes, which acted as a guide to the discussion (see appendix 1 for the full list of interview themes). These interviews were used to determine the design of the business survey.

2.1.2 Business survey

The business survey was undertaken via a hard copy questionnaire, which was hand delivered to all 181 ground floor businesses – this excluded the fire station on Shaftesbury Avenues and 10 vacant properties. Businesses on upper floors were not surveyed due to time constraints on the project.

The questionnaire was collected following reminders to some businesses and of the 181 distributed, 73 were completed and returned, which is a return rate of 40%.

The survey gathered information on the business type and performance, staffing and perceptions of the area (see appendix 2 for the full questionnaire).

2.1.3. Consumer street survey

An on-street survey of consumers was undertaken to assess their views, attitudes and priorities for Chinatown (see appendix 3 for the full questionnaire). There were 60 random consumers surveyed on Sunday 7th March 2004, between 11am and 3pm, at four key entry points into Chinatown (Gerrard Street, Newport Court, Lisle Street and Wardour Street).

2.1.4 Community consultation

Two presentations were given as part of the project, one to the Chinatown Steering Group and the other to the West End Group (WEG), a group of senior Council officers. The purpose of this was to present interim findings to the groups for feedback so that it could be incorporated into the final report.

2.2. Secondary data

2.2.1 Literature review

A literature review was undertaken to assess the body of knowledge currently available. Although some useful information was gathered, it found that considerably more research has been carried out on Chinatowns in America than in the UK, and only limited recent information was available for the UK.

2.2.2 Land use data

Data was gathered on land use both on ground floors and upper floors. The main sources of data were the 1990 Land Use survey, 1997 and 2002 CAZ Experian GOAD survey, Westminster City Council GIS data and a visual survey of the area.

2.2.3 Property market data

Property market data was sourced from a variety of property market monitor sources including EGi, Focus and published property data from a number of the central London managing agents.

2.2.4 Visitor and usage data

Comparative data on visitor and usage details for the central London area was sourced via a range of websites including Visit London and GLA Economics, much of which then signposted on to further data available from alternative sources.

3. Economic analysis of Chinatown

The economic analysis of the Chinatown area has been assessed through a number of key economic measures, as follows:

1. Land use data
2. Property market data
3. Visitor and usage figures

To ensure that these measures are considered in context, comparative data for the central London region has been applied where possible.

3.1 Land use data analysis

Chinatown is a unique shopping and entertainment area in Central London. It is a mixed-use area serving tourists, visitors, shoppers, workers, and local residents.

Its unique character and central London location attract a significant number of visitors to the area on a daily basis. It is in close proximity to Leicester Square underground station, Piccadilly Circus, the Trocadero Centre and several cinemas and theatres. The area extends approximately 400m east to west and by 100m north to south. Chinatown's location between other Central Activity Zone (CAZ) areas encourages linkage between other various shopping, entertainment and leisure attractions.

Chinatown specialises in Chinese/East Asian stores and restaurants. It does not, therefore, offer as much variety of shopping compared to other CAZ areas. Due to the high proportion of Class A3 restaurants, Chinatown is a strong evening attraction for tourists and visitors.

3.1.1 Ground floor uses – diversity of uses from 1990 to 2004

Figure 2 shows that Chinatown has a significantly high proportion of Class A1 and A3 uses. The majority of Class A3 uses are restaurant/cafes with several bar/pubs and three takeaways. The majority of A1 Retail uses are Independent and Convenience traders and the majority of Independent traders are gift shops. Chinatown has two health centres, one reflexology centre and one nightclub.

Figure2 The diversity of uses represented in Chinatown

Class Use	1990[i]		1997[ii]		2002[iii]		2004[iv]	
	Unit	%	Unit	%	Unit	%	Unit	%
A1 Retail	75	43.1	61	35.7	64	34.7	67	36.1
Convenience	20	11.5	14	8.2	18	9.8	19	10.3
Departmental	0	0.0	0	0.0	0	0.0	0	0.0
Independent	41	23.5	22	12.7	29	15.8	30	16.1
International	0	0.0	0	0.0	0	0.0	0	0.0
National retailers	3	1.7	2	1.2	3	1.6	3	1.6
Specialist Independent	11	6.3	23	13.5	14	7.6	15	8.1
A2	10	5.7	3	1.7	12	6.5	8	4.3
A3	65	37.4	76	44.4	96	52.1	96	52
Restaurant/Café	57	32.7	n/a		81	44.0	82	44.1
Bar/Pub	6	3.4	n/a		12	6.5	11	5.9
Takeaway	1	0.6	n/a		1	0.5	1	0.5
Restaurant Takeaway	1	0.6	n/a		2	1.1	2	1.1
Sui Generis	3	1.7	2	1.1	2	1.1	2	1.1
Vacant	20	11.5	27	15.8	7	3.8	10	5.4
Arts/Culture	1	1.7	1	0.6	1	0.5	1	0.5
Health	0	0.0	1	0.6	2	1.1	2	1.1
TOTAL	**174**	**100**	**177**	**100**	**184**	**100**	**186**	**100**

[i] 1990 Land Use Survey
[ii] 1997 CAZ Experian GOAD survey
[iii] 2002 CAZ Experian GOAD survey
[iv] Mapping done in this study

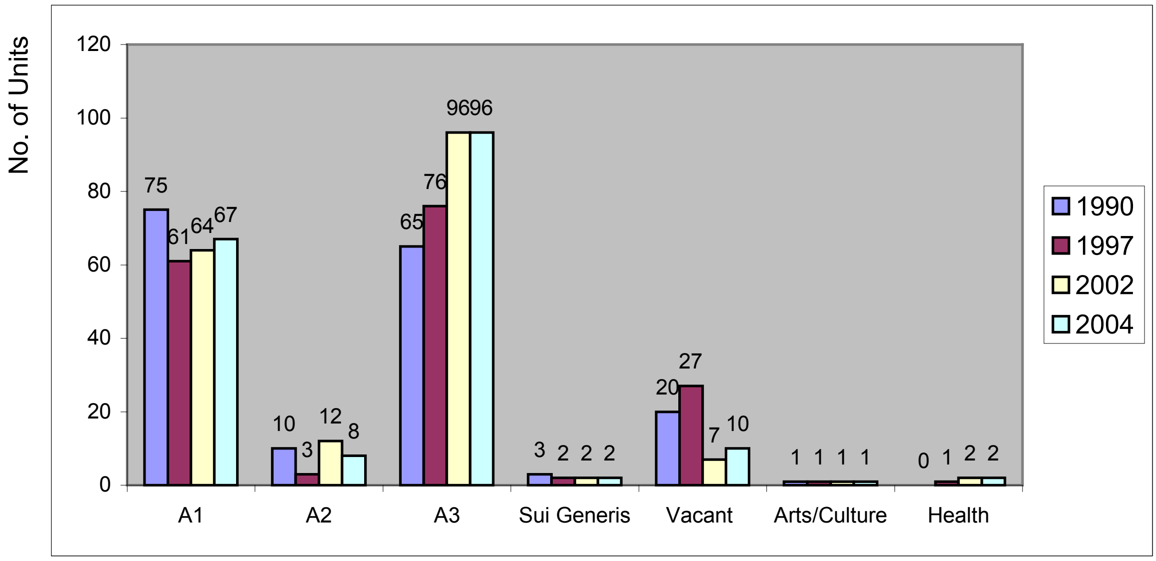
3.1.3 Ground floor uses – number of units by use class from1990 to 2004

In terms of retail uses (A1 uses), Chinatown has a high proportion of Independent (30 units), Convenience (19 units), and Specialist Independent (15 units) businesses in 2004, which has been the continuous trend from the previous years. There has been a small proportion of National Retailers over the years, and this too has remained reasonably constant.

In terms of professional and financial services (A2 uses), there has been a variation since 1990 but given that the actual number of units is low in the context of the overall mix of the area this is of little real importance to the overall balance of uses. In 1990 there were 10 Class A2 units, in 1997 there were 3 Class A2 units. In 2002 this figure rose to 12 units, a substantial increase in comparison to1997. This figure dropped however in 2004 to 8 Class A2 units.

In terms of food and drink uses (A3 uses), the area has seen an increase since 1990. In 1990 there was 65 units, in 1997 there were 76 units, and then in 2002 this figure increased significantly to 96 units and has since remained constant.

Figure 3 Number of Units by Class from 1990 to 2004



3.1.3 Uses on all floors 2004

A survey of uses on all floors throughout the Chinatown area was undertaken using Westminster City Council GIS data from 2004. This analysis enables a more detailed understanding of the uses across the various floors of the premises within the area and indeed the level of vacancies in properties.

The categories of use shown in the following charts are as follows:

A1- shops, retail warehouses, hairdressers, travel and ticket agencies, post offices, sandwich bars
A2 - banks, estate and employment agencies, professional and financial services, betting offices
A3: restaurants, pubs, snack bars and cafes, wine bars, shops for sale of hot food, taxi or vehicle hire businesses, amusement centres
B1: offices not within A2, research and development, studios, high tech, light industry
D1: clinics, health centres, non residential education and training centres
D2: cinemas, music and concert halls, other sports and leisure uses, bingo halls, casinos
Resid: residential
Vacant
Other: other uses includes storage and where uses are unknown

The following charts show a breakdown of uses by floor.

Figure 4 Uses at basement level

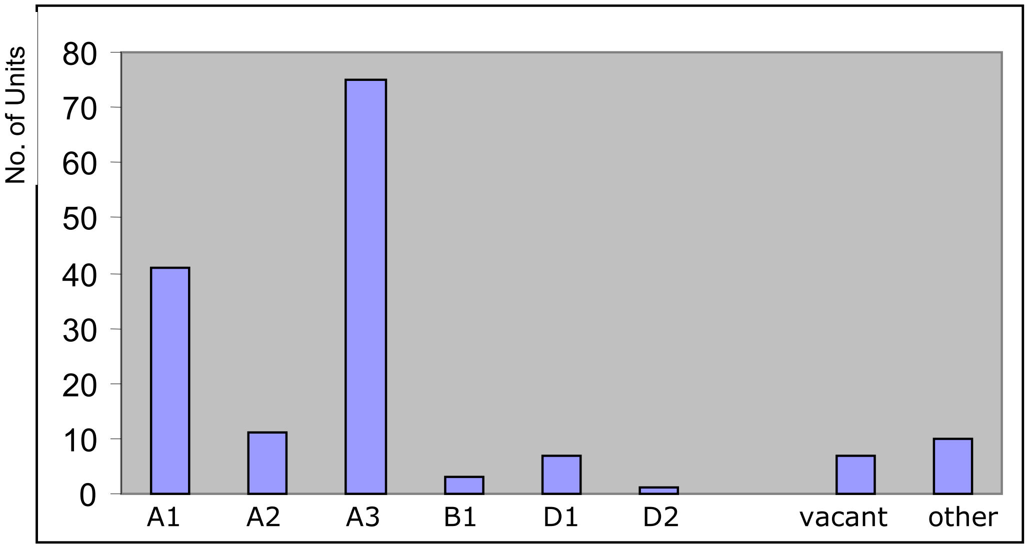


Figure 5 Uses at ground floor level

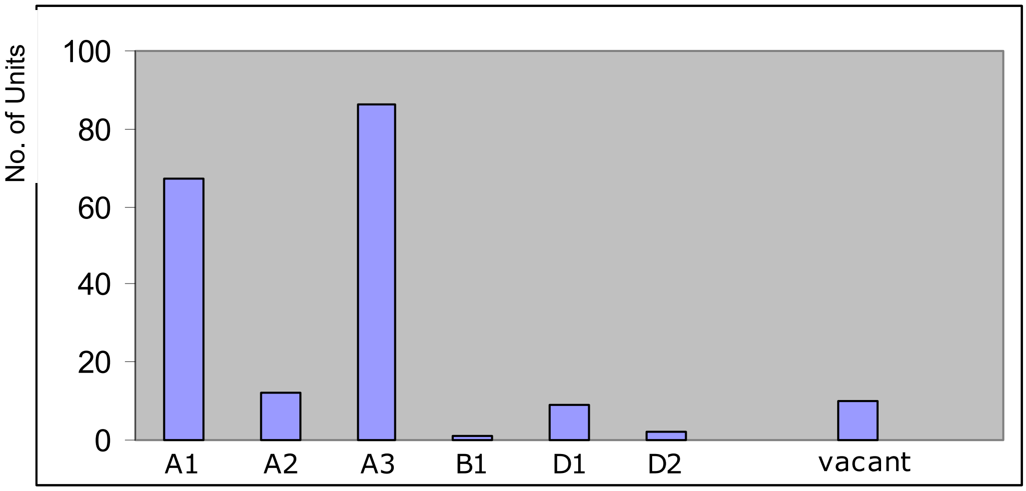


Figure 6 Uses at first floor level

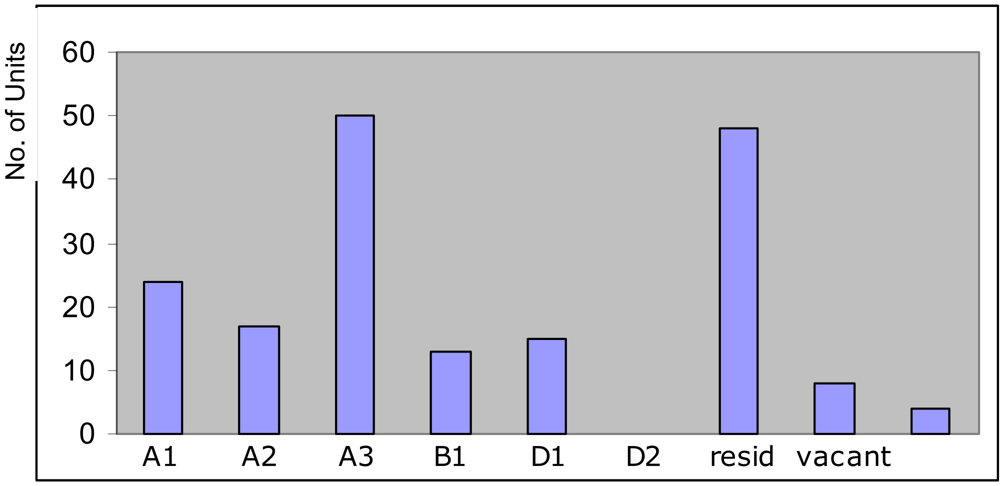


Figure 7 Uses at second floor level

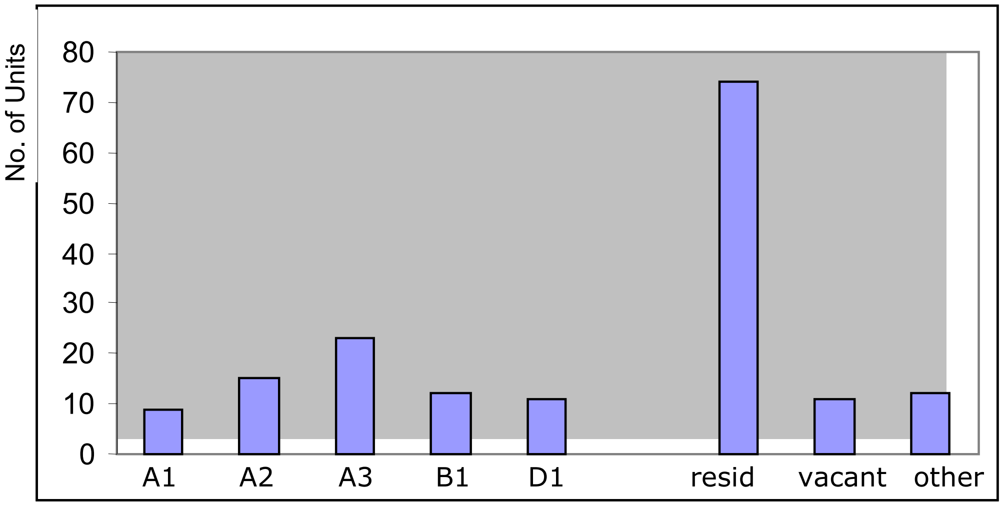


Figure 8 Uses at third floor level

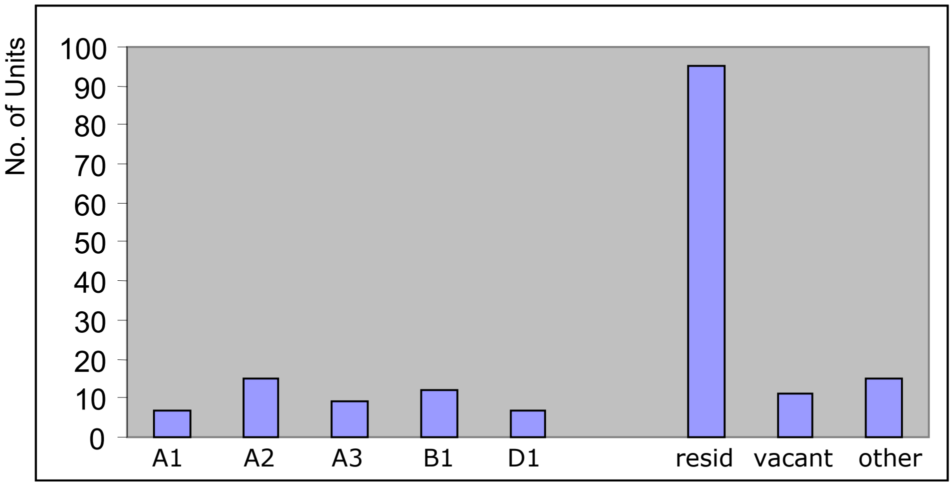


Figure 9 Uses at fourth floor level

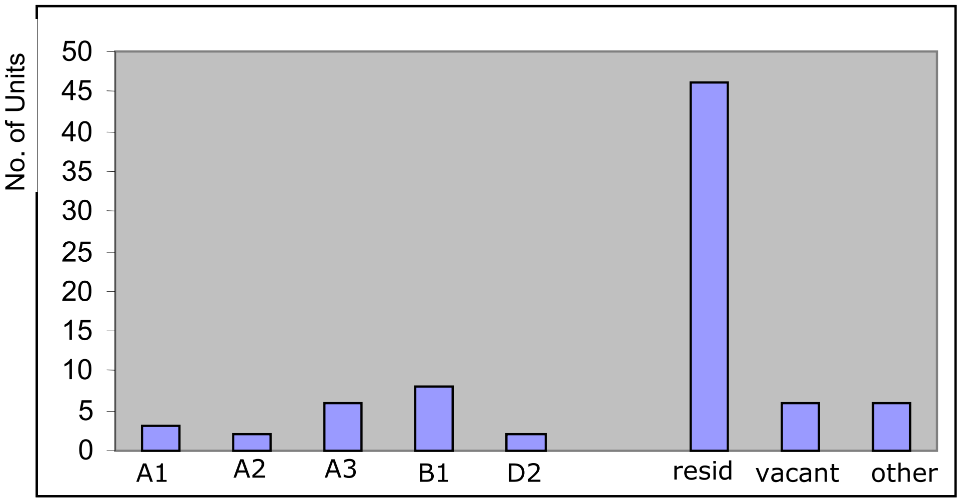
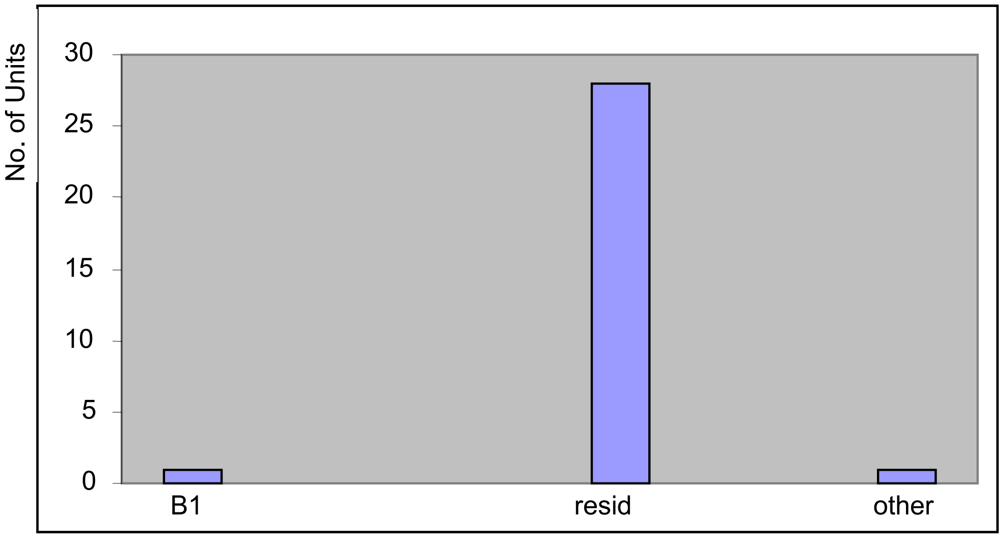


Figure 10 Uses at fifth floor level



In terms of the breakdown of uses across the area, the predominant uses are A1 with 17%, A3 with 28% and residential with 32% of the total number of units. The vacancy figure is only 6% of the total. It should be noted however, that these percentages are based on number of units as opposed to actual floorspace.

With respect to the spread of these uses across the Chinatown area, there is a broad spread of A1, A2 and A3 throughout the basement and ground floors of all the main streets. Residential uses inevitably occupy the upper floors, predominantly in Shaftesbury Avenue and Charing Cross Road. As for the vacant units there is no obvious pattern to this, but they are mainly confined to upper floors.

3.2 Property market data analysis

Given that the data from the business survey shows the majority of businesses occupy their units as tenants, it is useful to investigate the pattern of land ownership within the area.

From researching data on EGi and Focus it is clear that a large amount of the property assets within Chinatown area are in the hands of only a few owners. Shaftesbury is one of the primary owners within the area, and their ownership within Chinatown amounts to 27% of their overall property portfolio according to their 2003 Annual Report. In addition, Shaftesbury own a share in Warnford Investments who own a number of properties within the area. This demonstrates the importance of Chinatown to their overall business. Other ownership within the area appears to be in the hands of only a few companies (Golden Land Investment, who bought WCC property in the mid 1990s, Waller Investment Trust, Family Leisure Limited, Jade Champion Limited, Whitbread and BT).

It is difficult to get precise market data on the rental trends within the Chinatown area as none of the market monitoring companies or managing agents break their data down to as local as Chinatown. In most cases, as the closest achievable is 'West End' or 'Soho' but this does not reflect the values in Chinatown well due to its 'enclave' nature. Nevertheless, individual rental deals sourced via EGi and Focus, albeit predominantly in the office sector, suggest a healthy demand and fairly stable rental levels over the last five years.

In relation to demand for A3 uses, Shaftesbury's Annual Report (2003) quotes that their restaurant portfolio in Chinatown is fully let with unsatisfied demand for both extensions of existing businesses and for new ventures. This demonstrates a confidence in the market at the current time, which appears stronger than the standard market monitors for the West End, which have reported a slow down in demand and fall in rents during 2003.

3.3 Visitor and usage figures

Data on visitor and usage details for Chinatown and the central London area was sourced via a range of websites including Visit London and GLA Economics, much of which then signposted on to further data available from alternative sources, together with visits to the London Visitor Centre and specific enquiries of coach tour operators.

London's Chinatown is ideally located to attract tourists because it is near Theatre land, Piccadilly, Soho, Leicester Square and other major tourists attractions.

Tour operators often use Chinatown as a drop-off point for tourists to eat during lunch times and to a lesser extent during early evenings. The results of a telephone poll of three well established tour operators -Gulliver, Miki Travel and Japan Travel Bureau - found that the number of coaches used to drop-off tourists in Chinatown ranged significantly from a total of 25 coaches to 5 coaches a day during the summer months. However all companies reported that the number of coaches used is significantly reduced in the winter months.

London's economic recovery, following the impact of terrorism and SARS in particular, is continuing according to the monitors published by GLA Economics (July 2004). Of importance to Chinatown, the number of passenger journeys by bus and tube has been continuing to rise during 2004 and although gradually slowing the annual rate of growth against 2003 figures is still at 10%.

In terms of tourism activity the annual growth of overseas visitors to the UK remained high at 9.5%, and the footfall index made a strong recovery by the middle of the year , albeit still only comparable with the same time last year. In addition, London hoteliers continue to enjoy an uplift in business, with occupancy rates sitting at 83.1% in June 2004, which is significantly outperforming other regional centres.

Tourist literature

As part of the research a visit was made to the Britain and London visitor centre, which is London's tourist information bureau, to find out the extent to which Chinatown is promoted and represented in the literature to domestic and overseas visitors. In the available literature there was little mention and on the rare occasion where there was mention of Chinatown the emphasis was entirely on food, usually in the form of promoting a very limited number of restaurants in the form of adverts. There was also no specific mention of Chinatown as an area that tourists should visit although it is marked as a landmark on a few tourist maps of London.

Amongst the literature collected there was a leaflet about Green Street in East London; it is marketed as the "Asian fashion capital of Europe". This leaflet promotes the four main elements of Green Street, these being cloth, jewellery, garments and food.

The availability of literature that Chinatown businesses had to give out to tourists was also investigated and it was found that there was no literature available and tourist information was usually given out verbally by staff, who were often not aware of the wide range of activities available to participate in and around London.

Internet searches for tourist information

In many of the tourism websites searched Chinatown was mentioned, as a location to visit, mainly as a place to eat Chinese food, this is understandable as restaurants dominate Chinatown. Apart from that there is limited information available for tourists on Chinatown.

From the Internet searches that were carried out it was also found that in the Chinatowns of Liverpool and Manchester there are guided tours, which incorporate Chinatown into their itinerary. In London there are a few companies that specialise in ethnic London tours and it includes an eating and shopping tour of Chinatown.

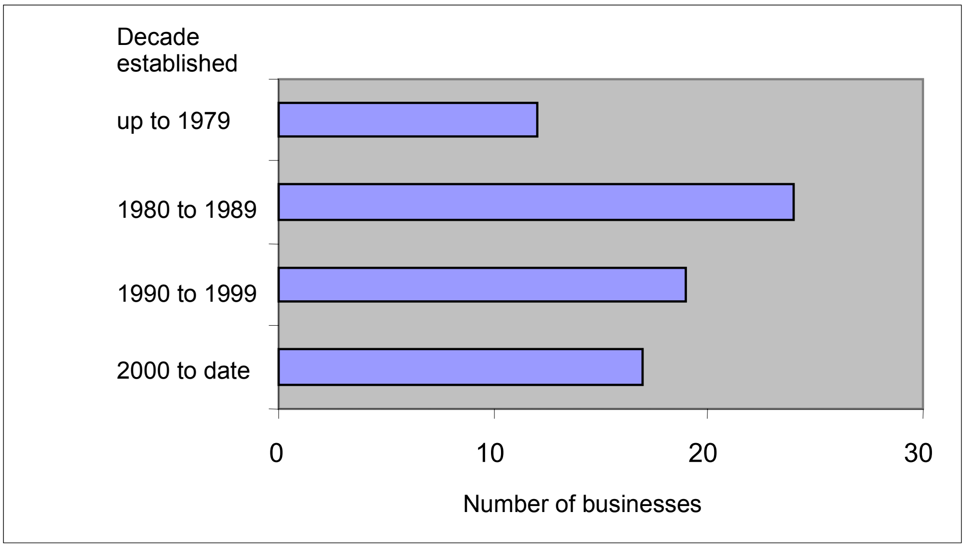
4. Business survey findings

The business survey findings are based upon 73 questionnaire responses, which represents a 40% sample of the ground floor businesses.

4.1 Establishment of business

Businesses were asked to state the year in which their business had been established. These findings have been collated into four periods as demonstrated in the following graph. It is interesting to note that there has been a steady stream of new businesses entering the area over the past four decades. However, there is also a sense of longevity to many of the businesses, with nearly 50% of respondents having been trading in the area for more than 15 years.

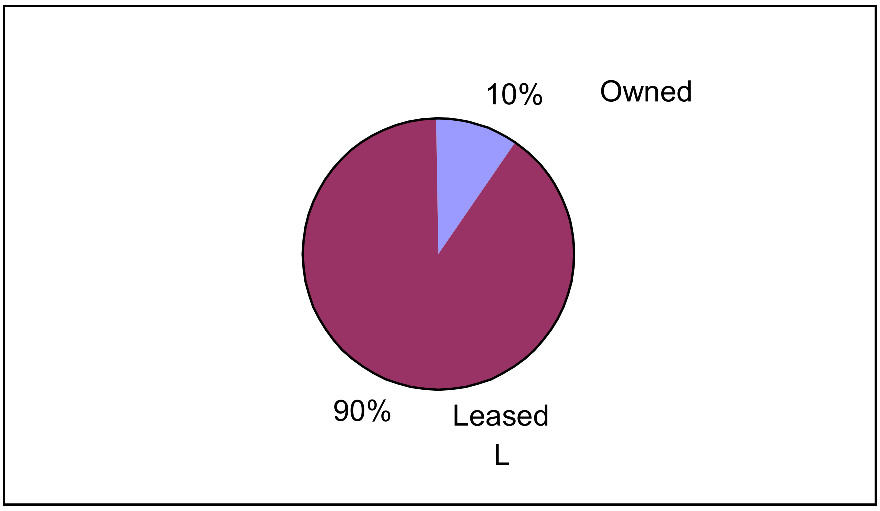
Figure 11 The decade businesses were established



4.2 Tenure of property

Businesses were asked to indicate whether their property was owned or leased.

Figure 12 Tenure of property



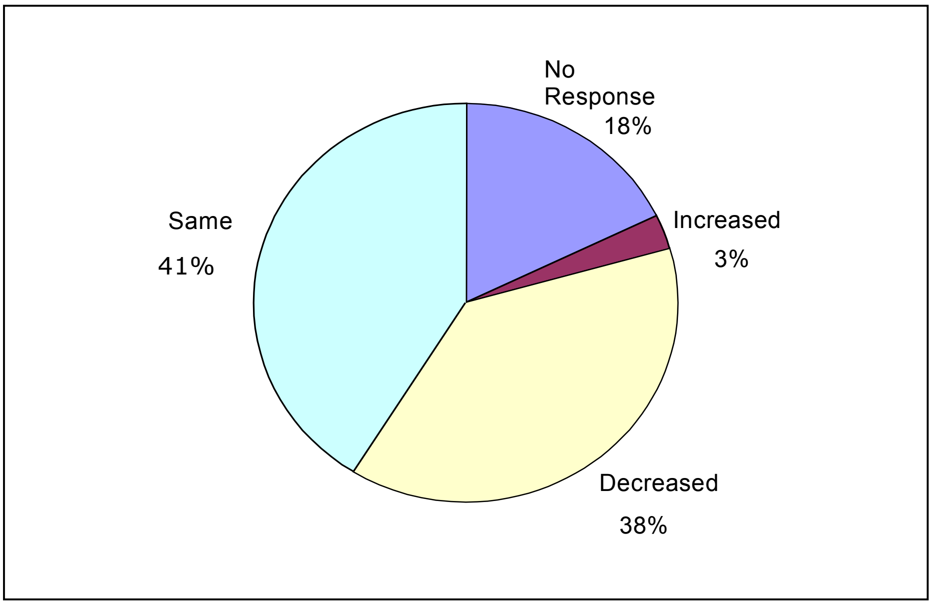
From the sample, it is clear that the vast majority of the businesses are tenants of their property as opposed to owner occupiers. This is reflected later in the survey through comments regarding the factors affecting the performance of their business, when references are made to the high rents and rates charged in the area and this inevitably makes the businesses more sensitive to market conditions.

4. 3 Employment

Rates of employment are an important indicator of the health of the Chinatown economy. As it can be seen from the chart below only 3% of respondents had an increase in the number of staff they employ. While 41% have kept the same amount of staff and 38% have decreased their staffing levels, this could be an early indication that business in Chinatown is beginning to suffer as a result of the recent interest rate increases and the increasingly competitive environment in which they operate.

Figure 13 Employment in Chinatown

Since the business survey was undertaken there have been changes in the immigration checking procedures, which were implemented in June 2004.



According to the 2001 Census there are approximately 220,082 Chinese people in England representing 0.45% of the total population in England. The 2001 Census also showed that 9% of the population were non-white and the Chinese population represented about 5% of the Black and Minority Ethnic (BME) population in England.

Chinese people tend to be concentrated in London and the larger cities, such as Manchester and Liverpool, similar to other BME communities in England. The 2001 Census indicated that there are 80,201 Chinese people in London, which represents 36% of all the Chinese people in England. The Census did not take into account Chinese asylum seekers, students or illegal immigrants.

Chinatown does not keep immigrant Chinese from assimilating into mainstream society, but instead provides an alternative means of incorporation into society that does not conflict with cultural distinctiveness.

In Chinatown, ethnic employers use family ties and ethnic resources to advance socially. For many immigrants, low-paid menial jobs provided by the enclave are expected as a part of the time-honoured path to upward social mobility of the family.

The catering trade is an important sector of the Chinese economy in Britain, and new immigrants from mainland China (legal and illegal) have been the main source of labour for more than 10 years. They have filled the gaps left by diminishing migration from Hong Kong, Singapore and Malaysia, and by second generation Chinese, born and educated in this country, who have moved away from the catering business. The recent changes in the immigration checking procedures have resulted in a recruitment crisis that spreads from London Chinatown across the country. Business owners are faced with the threat of two years in jail and heavy fines for employing illegal workers and as a result hundreds of illegal workers have been sacked. A business owner commented that:

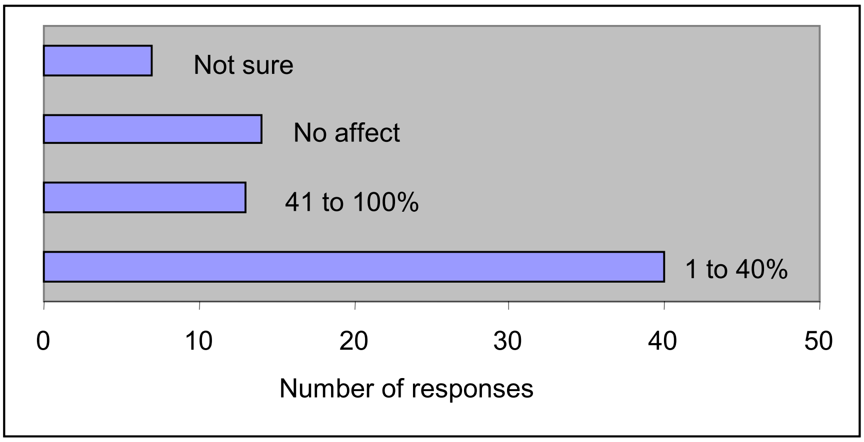
> *"The demand for labour always exceeds supply, we used to recruit from Hong Kong but many of us now choose undocumented workers because they are cheaper."*

Illegal workers get an average of £2.50 an hour, whereas authorised workers receive an average of £3.40 per hour, which is still much lower than the National Minimum Wage of £4.50. Mainland Chinese now make up to 70% of the catering workforce and they are badly discriminated against and are often assumed to be illegal workers. Chinatown is a very competitive environment and restaurant owners search for cheaper alternatives to stay competitive. Immigration checking has led to staff shortages and this is likely to hinder economic growth in Chinatown.

4.4 Threats to business in Chinatown

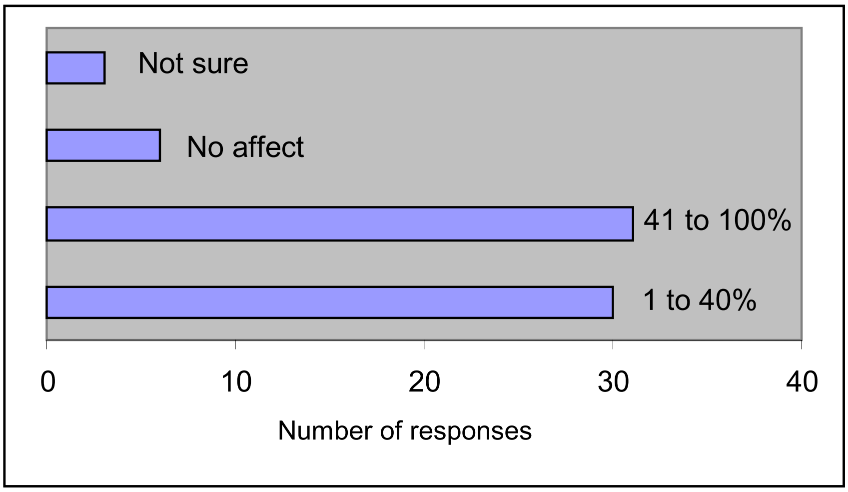
The businesses were asked to rate the affect that Foot and Mouth, SARS, congestion charge and threat of terrorism have had on their profits.

Figure 14 Affect of Foot and Mouth



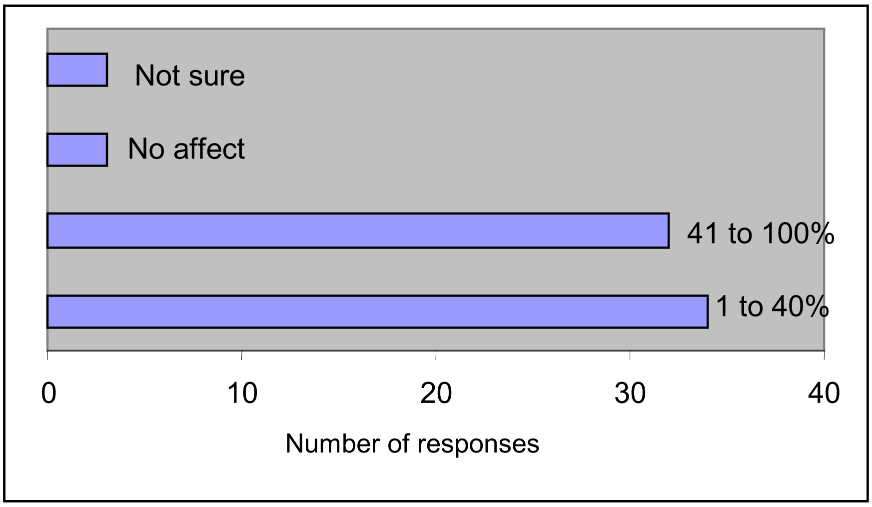
Over half of the respondents felt that Foot and Mouth had up to a 40% impact on profits. In comparison to SARS, the negative media portrayal of Foot and Mouth Disease was sustained over a shorter period of time, this was due to collective community action to limit the damage that was done, in the form of a demonstration to the then Ministry for Food and Fisheries (MAFF), media articles, lobbying of central government and complaints against the negative media coverage.

Figure 15 Affect of SARS



There were 60 of the 73 respondents (83%) believed that SARS had an impact on profits, and of these 31 believed it was more than 40% impact. Respondents took the view that SARS was a medium-term factor that had affected their profits and that business had picked up as SARS has not been in the news as much recently. The effects of SARS were more profound when initial outbreaks received international media attention. This caused panic and paranoia about mass contamination of food. Although media stories come and go, whether it be SARS or Foot and Mouth Disease, they do have a profound effect on businesses in Chinatown. Unfortunately, businesses currently have no recognised means of responding to such events as a collective voice.

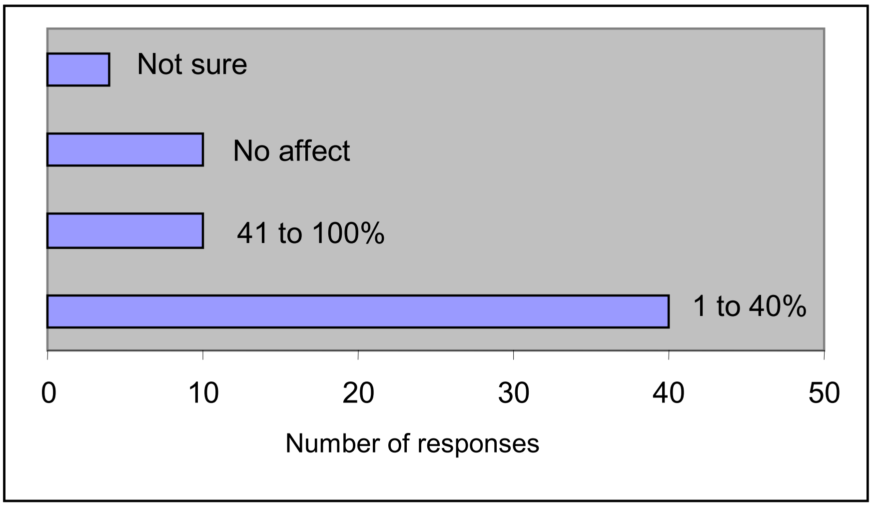
Figure 16 Affect of Congestion Charge



Of the 73 responses, 66 (90%) felt that the congestion charge had affected their profits, and of those 32 believed that the impact was greater than 40%. Respondents felt that the Congestion Charge had a medium to long-term effect on their profit levels, when compared to the other factors shown.

There were significant calls from some business owners to “cancel the congestion charge”.

Figure 17 Affect of threat of terrorism



There were 40 respondents who felt that the threat of terrorism had affected their profits by up to 40%. The impact is relatively low compared to SARS and the congestion charge, which can perhaps be explained by the fact that consumers are somewhat accustomed to living with the threat of terrorism.

4.5 Business competition

Chinese people from all over the UK in the past drove long distances to spend their free time in Chinatown, some even crossed the Channel to do so. The dynamics of Chinatown have changed. During the 1980s and 1990s, Gerrard Street lost some of its appeal in the provinces and across the Channel, as potential visitors were attracted towards the new or newly renovated Chinatowns in Manchester, Liverpool, other parts of London and even as far as Paris, Amsterdam and Florence. Queensway became the site of a thriving group of Chinese restaurants, second only to Gerrard Street. Other groups of restaurants sprang up in Victoria and Hendon.

In recent times, ‘mini–Chinatowns’ have developed around London - Colindale is an example of this growth. The area has a diverse mix of uses, which support the local community including residential, retail, medical, and financial functions, as well as restaurant uses. In other areas, Chinatowns have sprung up in places with no strong Chinese connection. Birmingham’s Arcadian Centre, built by Wing Yip and marketed as a ‘mini-Chinatown’, is a good example. It has a doctor, dentist, accountants, solicitors, travel agent, and printers who are all Chinese, and the Bank of East Asia making it a one-stop complex for the local community. These locations, which are outside Central London, are easier to access and people are able to drive to them at their leisure, as there is more easily available and cheaper parking. Availability of plentiful, free car parking facilities is one feature of these complexes, which is in stark contrast to the often limited parking facilities found in town and city centres, which also tend to be relatively expensive. For families with children, the prospect of parking difficulties is a major factor, with the distance between parking space and venue, the high cost of parking and security issues, contributing to the comparative attractiveness of out of town sites.

Recent trends indicate the average British family is a key consumer of takeaway food. In a typical week, 72% of families bought takeaways because they could not find the time to cook. Wealthier families are more likely to do this. To some extent, London Chinatown cannot be included in this trend because of its location. Therefore, it misses out on this part of the market. Practical difficulties of childcare and lifestyle ensure that levels of overall participation in eating out by family adults are considerably lower than those in the pre-family life stage. As a consequence, Chinatown again misses out on the family market – since a large majority of families would have to travel into Central London, which may be difficult with children. The general trend of consumers being 'cash-rich' and 'time-poor' has made the out-of-town sites more popular.

It is possible to illustrate the nature of Chinatown competition from the point of view of the respondents to the business survey questionnaire. The first issue is competition from non-Chinese restaurants offering related and similar products. For example, one respondent claimed:

> *"[that the] local fish and chip shops were providing traditional Chinese starters, thereby diminishing our customer base"*

Secondly, there is competition emanating from outside the area. There is a general consensus from respondents that there is a marked increase in the number of Chinese restaurants in other parts of the city. This has detracted from the appeal of the Chinatown, and consequently, has an adverse impact on trade. One owner said that:

> *"[previously, the typical] customer came by taxi, and spent money on alcohol and food, but now customers were saving on the taxi fare"*

Lastly, there is competition from other types of outlets in the restaurant market that has affected the social patterns of 'eating out'. For instance, many respondents noted that the younger generation was much more likely to be found in McDonald's or Pizza Hut, than in a traditional Chinese restaurant. Such outlets contribute to the intensely competitive environment that the owners operate in. The different competitive pressures bearing down upon Chinese restaurant owners reinforces the point that ethnic enclaves are rarely self-sustaining, and cannot be isolated from the wider economy. Regardless of local policy initiatives, trends in the wider industrial sector and the economy at large are shaping the capacity of Chinese restaurateurs to compete and survive.

In terms of the actual survey findings, businesses were asked to judge the relative impact of the four following factors –

1. Chinese/South East Asian businesses entering Chinatown
2. Non-Chinese/South East Asian businesses entering Chinatown
3. Chinese/East Asian businesses in other parts of London
4. Chinese business outside London

The responses from the questionnaire are fairly balanced in respect of the impact of the various factors above. The largest response came from those who appear to be ambivalent about the impact of non-Chinese and South East Asian businesses with 31% responding 'neither positive nor negative'.

Although there are other non-Chinese or East Asian businesses around Chinatown, the BrB bar in the middle of Gerrard Street does appear slightly incongruous. This is particularly stark because many perceive Gerrard Street as the heart of Chinatown. Nevertheless this feeling does not appear to be widely held from the survey findings and indeed there appears to a belief that as a successful business it brings life to the area, which is ultimately good for trade.

4.6 The effects of celebrations on profits

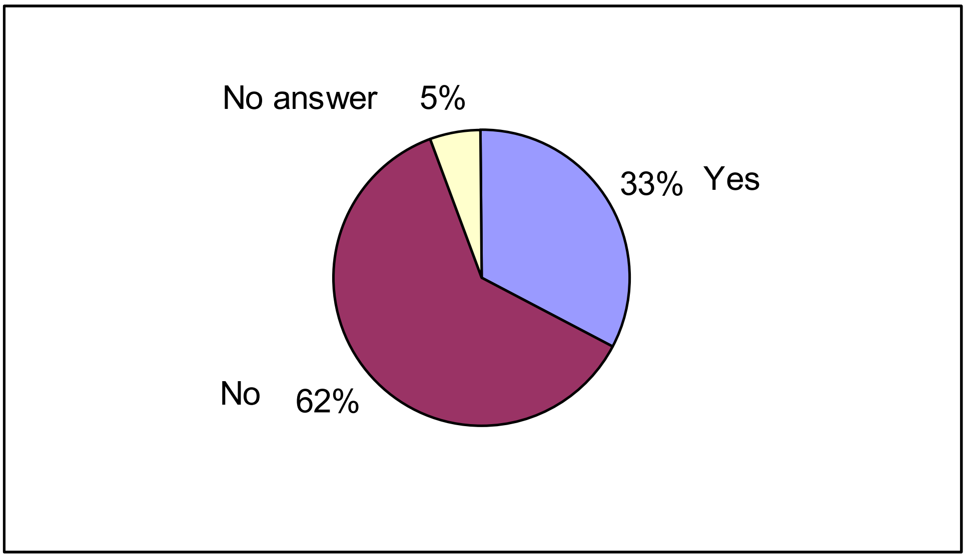
Businesses were asked to comment on the impact that they believed the various celebrations have on their profits. The response was very positive with all celebrations being considered beneficial to the Chinatown economy, especially Chinese New year with 76% of respondents judging the impact as positive or very positive. The celebrations are also a great asset to London's tourism industry.

Chinatown cultural expression through particular forms of cultural activity can make a valuable contribution to London, making it a more cosmopolitan and modern city. And it is acknowledged that there is a need for space for communities to express themselves through culture as a means of coming together, of sharing a common heritage. It is important for Chinatown to develop a cultural programme of regular events as this greatly enlivens and brings a new dimension to the area. It will also help to showcase Chinatown’s cultural diversity and attract visitors who in turn will provide work and custom for restaurants, hotels and other surrounding businesses.

4.7 Business confidence

Businesses were asked to indicate whether they would be prepared to invest more in Chinatown at the current time.

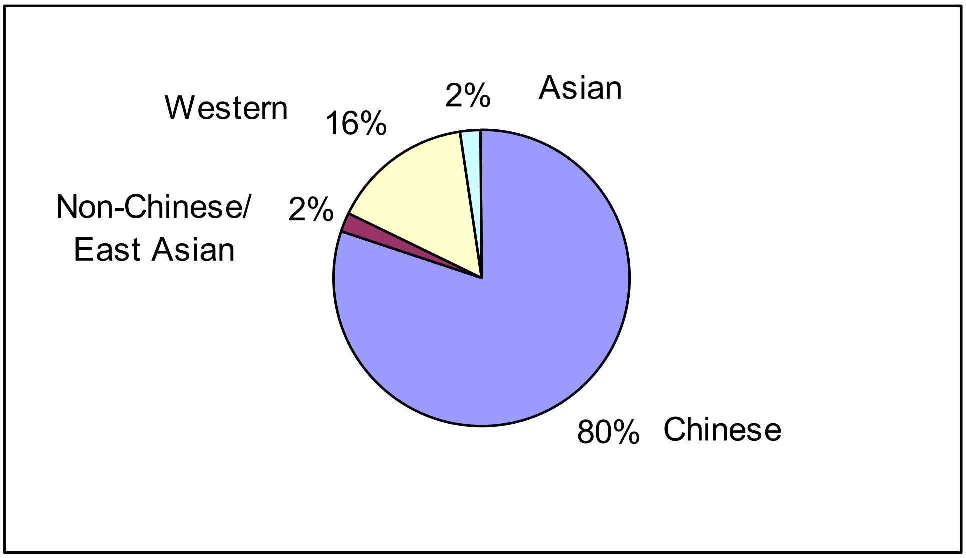
Figure 18 Willing to invest more in the area



The overall figures show that 33%, replied that they would invest more in Chinatown, which is quite high for an area of acute competition with limited opportunity for investment. However, it is also interesting to look at the split between the different ethnic groups as this clearly shows that it is the Chinese respondents that are most negative about future investment. 80%

of businesspeople that wouldn't invest were Chinese, which is higher than the overall population sample of 70% Chinese.

Figure 19 Not willing to invest more in the area



4.8 A business to business sector case study

The following case study illustrates the informal business-to-business network that exists in Chinatown. It offers some "grounding" to the facts above and illustrates the special character of Chinatown business.

Yau Brothers is the largest supermarket in the south of England (www.yaubros.co.uk), selling Chinese groceries and sundries. It has had a long association with London Chinatown, dating from the late 1970's. The relationship developed because it was the only place where certain goods could be collected; this still remains the case.

Every Wednesday and Saturday, a large van leaves Yau Brothers premises bound for London Chinatown to pick up a variety of goods, including fresh vegetables, roast ducks, cakes and buns, noodles, magazines and newspapers. Some of those goods, like the noodles, cakes and buns are manufactured in London Chinatown. Other goods, like the fresh vegetables, are flown in from Spain and China and are delivered to London Chinatown for distribution. Magazines and newspapers may enter through a similar route. London Chinatown acts, therefore, as a distribution centre - not unlike Covent Garden Market - and it is this which Yau Brothers takes advantage of.

This distribution centre is unlike others, as there is no central management (that Yau Brothers is aware of). Pick-ups and deliveries are all made on an informal basis, sometimes direct from van to van, sometimes through the main London Chinatown supermarkets, which are not averse to parcels drops, left on their premises by prior, informal arrangement.

Interestingly, Yau Brothers feels that the congestion charge has helped not just their business, but the others businesses involved as well. The charge itself has been more than offset by the ease with which vans can enter and leave the London Chinatown area. Parking, however, has become a worrying problem with tickets now inevitable every Saturday.

This function, of market distribution centre, is almost entirely an East Asian arrangement, although Yau Brothers employ non-Chinese drivers, who adapt well to the informal arrangements.

Although we have no direct evidence about the extent of the function, Yau Brothers believes that goods to and from places as far away as Manchester and Newcastle could be involved in this market trading. There are no indications that the function has declined over the years, nor are there any serious threats (e.g. out-of-town-trading) to the function.

5. Community consultation

Presentations to the Chinatown Steering Group and to Council officers were given to present interim findings for feedback to be incorporated in the final report. In addition, stakeholder interviews were undertaken that assisted in understanding the complex nature of the Chinese community.

The West End has suffered a decline in residential population since the mid sixties, residential accommodation went beyond the pocket of even the best-paid workers in Chinatown, and the employer transported many of their employees between dormitories and restaurant. Most workers travel from all over London to work in Chinatown and a large percentage who live in or near Chinatown do so in overcrowded privately rented rooms and it is common to find 3 to 4 people sharing a bedroom and in the extreme it is also not uncommon to find the practice of "hot-bedding". Chinatown demonstrates all the constraints of poor housing affordability, this creates a more difficult environment for business to grow in the Chinatown economy.

In the 60's many mutual aid groups and clansman clubs established their headquarters in Chinatown. These organisations provided the vital link between Chinatown and the wider Chinese community in London and other parts of the country. Members of these clubs travel to Chinatown to meet friends and relatives, to bring their children to Chinese schools, to use the services, and to exchange community news.

The community spirit of Chinatown for the Chinese community aroused from the concentration of social and economic activities of the Chinese rather than the residential communities. Its concentration of Chinese businesses became a service centre for Chinese community. Many Chinese go to Chinatown for professional and personal services – banking, accounting, lawyers, dentist, medicine, printer, hair stylists, bookshop, travel agents etc.

There is a lack of family residential community, with only a small number of freeholders in Chinatown. This is reflected by issues on community infrastructure for families and residents such as housing, social services, environment, health, education, youth services, and leisure & recreation which do not appear in the agenda of council and community meetings. It is encouraging that stakeholder meetings, though dealing mostly with commercial interests, do take place through a monthly Chinatown Steering Group of landlord, Police, Council and business representatives.

With the growth in Chinese older people and pensioners, many live in isolation. Many Chinese older people travel to London regularly to meet friends and families, playing games, and using services such as Chinese medical centres. The users of the Chinatown Chinese Community Centre, clansman clubs and mutual aid organisations are predominantly older people and pensioners.

It is both desirable and important to develop residential homes in and around Chinatown on affordable price. This will bring a more balanced community both in terms of composition and community facilities.

6. Consumer street survey

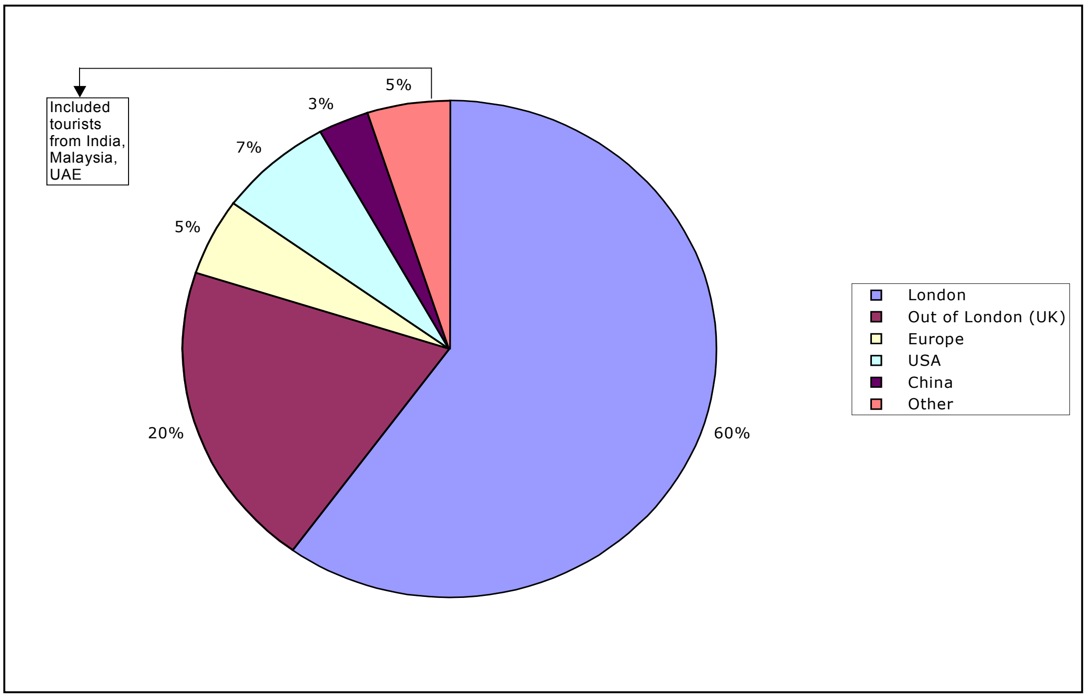
An on-street survey of consumers was undertaken to assess their views, attitudes and priorities for Chinatown (see appendix 3 for the full questionnaire). There were 60 random consumers surveyed on Sunday 7th March 2004, between 11am and 3pm, at four key entry points into Chinatown (Gerrard Street, Newport Court, Lisle Street and Wardour Street).

The findings provide a snapshot of the types of people who visited Chinatown on a busy Sunday afternoon. The data complements the business survey and it revealed that the major attraction to visitors of Chinatown is its central location with close proximity to other major shopping and tourist areas such as Oxford Street, Regent Street, and Piccadilly Circus. It acts as a convenient point for people to eat before moving on to another area of interest/attraction and it also acts as a central meeting point. Most visitors were local, but Chinatown clearly has a world reputation with 20% of people coming from international locations.

6.1 Where respondents came from

The majority of respondents were London residents (60%); tourists from abroad made up (20%) of the respondents, whilst the remainder were from outside London but still living within the UK. There was no disparity in the results taken from the four key entry points into Chinatown (Gerrard Street, Newport Court, Lisle Street and Wardour Street).

Figure 20 Where respondents came from



6.2 Why were respondents in Chinatown

Over one quarter of the respondents were in Chinatown to have lunch or dim sum only; a further quarter were in Chinatown to have lunch/dim sum and to shop. However, there is some indication that visitors to Chinatown undertake shopping coupled with eating. It was quite rare that respondents were solely in Chinatown to do shopping (under 5%). Respondents who indicated (Other) entering from Lisle Street were there to use the Coral betting shop and were working in Chinatown.

6.3 What caught their eye in Chinatown

The majority of respondents considered the décor of Chinatown, the image and the likeness to China as the most outstanding features that caught their attention. By comparison 7% of the respondents considered there was nothing in particular that they felt was eye–catching about Chinatown. Some comments made by respondents were:

> *"I like the New Year Lanterns"*
>
> *"I like the street furniture – it's pretty impressive"*
>
> *"It's got a look…a theme"*
>
> *"There is an authentic look here…pagoda…phone boxes"*
>
> *"So many restaurants"*

6.4 What the respondents liked

51% of the respondents considered the atmosphere and food in Chinatown as very good and a compelling factor for them being there. The remaining responses comprised less than 5% and included the fact that Chinatown is an excellent central location, a convenient meeting point, and a place of culture.

6.5 What the respondents disliked

48% of respondents indicated in their responses that there was nothing in particular that they disliked about Chinatown. However 18% listed the unpleasant 'smell' and the 'dirty streets', and these comments came mainly from respondents living in London. Other responses that fall below 5% include lack of affordable parking, lack of space, too many people, too many sex shops and too much street crime. Some comments made by respondents were:

> *"Not enough shops selling cultural gifts and items"*
>
> *"Rubbish/dirty floor"*
>
> *"Dirty people hanging around street corners"*
>
> *"People spitting"*

These negative comments should be taken in context, since the number of references from the overall responses was very low for a city central location.

7. Findings and recommendations

The objectives of the study were set out at the start of this document and have been investigated through a variety of methods of data collection and analysis. In summarising the findings and recommendations, each of these objectives will be taken in turn.

7.1 The current state of the Chinatown economy
The predominant uses within the Chinatown area are A1, A3 and residential. A1 uses have remained fairly constant over the past decade, but A3 uses have increased since the late 1990's. Residential, inevitably is contained within upper floors of the properties with a concentration around Shaftesbury Avenue and Charing Cross Road. A good indicator of the economic state of an area is its vacancy rate, and Chinatown only has 6%, which is fairly well spread across the area with no particular pocket problems.

There is evidence of a good level demand for space within the area, particularly for A3 uses as referenced in Shaftesbury's Annual Report (2003) and demonstrated through rental levels over the past few years, which have remained stable in a difficult market.

From the business survey findings, there appears to be a reasonable level of business confidence with 33% stated they would be willing to invest more in the area. However, of the 62% not willing to invest in the area at the present time, 80% were from Chinese businesses, which is a potential concern about erosion of the 'character' of the area.

Although only limited information is available at the current time due to its comparatively recent introduction, the new immigration regulations (June 2004) present a concern to the future viability of the Chinese businesses within the area. It is clear from the survey work undertaken that much of the employment in this sector is dependent on family networks, at least in part it would seem on illegal immigrants, and indeed the rates of pay are extremely low. Therefore, if these new immigration regulations take hold and prevent the supply of low-paid workers to this industry, this is likely to have a significant impact on the businesses. Not only may they be forced to look outside their own 'family and race' for new recruits but also the costs of labour could double based on the figures gleaned through the survey.

7.2 The importance and contribution of Chinatown to central London
There is evidence from the survey findings that the 'uniqueness' of Chinatown is valued, albeit considered a bit grubby and rundown by some. It undoubtedly has a strength in the sense that its character is considered 'real' as opposed to a contrived 'theme park' approach that some of the newer mini Chinatowns have.

It is difficult to capture real evidence on the value of its offer to the rest of central London, partly due to the absence of any real 'intelligence'. There are no clear market monitors collating data on the Chinatown area in its own right and hence comparisons to neighbouring areas is difficult. Nevertheless, it is clear that given 60% of Chinatown's users are London-based according to the consumer street survey, it makes a valuable contribution to the domestic offer. In addition, there is anecdotal evidence that the informal networks that are accessed through Chinatown contribute to physical trade within London (eg. Yau Brothers case study) and may be important for London internationally.

Recommendation 1
The data collection for this study has gone some way towards starting a meaningful data source for the area, and there would undoubtedly be value in continuing this by way of annual or bi-annual health check to enable the plotting of trends over a period of time and allow for comparisons against neighbouring and competing areas.

Recommendation 2
To improve the Chinatown offer and to maintain its sustainability it should diversify from restaurants.

7.3 Threats posed by non-Chinese or East Asian businesses and the impact on the character of the area

The findings from the business survey suggest ambivalence about the impact of the non-Chinese or East Asian businesses, with 31% responding that it is neither positive nor negative.

But given the fragile state of the ethnic economy as referred to earlier, further influx of non-Chinese businesses could prove detrimental to the character of Chinatown. Not only does it potentially dilute the charm of the area, which is part of its Unique Selling Point, but it could also have an impact on rental levels due to the ability of the brewery-led bars to attract a larger customer base and hence run a more profitable business, with the ultimate outcome being higher rents. With such a large proportion (90%) of the Chinatown businesses being tenants, this leaves them considerably more vulnerable to market change than if they were owner occupiers.

Having said this, with the apparent small number of property owners within the area, there is scope to build a closer relationship between owners and tenants with the aim to seek to protect the 'Chinese' character.

Recommendation 3
To enhance the current functions of the Chinatown Steering Group by establishing a forum for property owners, managing agents and tenants to meet to focus on the needs of the area to ensure the viability of the Chinese offer.

7.4 Opportunities for businesses with a Chinese or East Asian character to grow in the area

One of the biggest obstacles to the sustainability and viability of the Chinese and East Asian businesses is the uncertainty of the future labour market. Linked to this is the absence of 'local' affordable housing for the Chinese employees and hence the time and cost impact of travelling to work from elsewhere. In addition, the findings suggest that the new generation of Chinese are moving away from the catering trade, therefore leaving only the older generations to run the business. If this is truly the case, without some positive action the problem will only get worse with an ageing labour force.

Recommendation 4
The labour market is undoubtedly a sensitive issue for Chinese and East Asian busineses, however understanding the true situation and monitoring the impact of the new Immigration regulations would be a valuable project to track the changes over the next couple of years. This could be so significant that the businesses become unviable and require special assistance, or merely close down.

Despite its well-known status as a destination in its own right, Chinatown currently has little to offer by way of a co-ordinated marketing and promotional programme. With such fierce competition for business in central London, and the recognition of 'brand' awareness in the public realm just the same as products and services there is a need to sharpen up the publicity of the area whilst being careful not to present a 'theme-park' style approach.

From the survey findings, it is clear that the various celebrations and festivals that do currently occur have a positive impact on profits.

Recommendation 5
Develop a marketing and promotional strategy that focuses on the 'Chinatown' area in a co-ordinated way and encompasses literature, festivals, and targeted promotions whilst being sure to link up with all of the key London-wide campaigns

7.5 Actions for agencies to support the Chinese and East Asian communities

It is unclear from this survey whether the local business association is reaching all Chinatown stakeholders, but for recommendation 5 above to work there would be a reliance on good communication amongst the businesses as well as with wider networks such as, for example, the Chinese Chamber of Commerce and the Chinese British Business Council.

Recommendation 6
If required following further investigation, encourage a business network in the area based on a regular acceptable communication method, whether that is by email, newsletter or meetings.

With the apparent change in the aspirations of the Chinese community in terms of career progression, there is a need to focus on ensuring some degree of progression management within the families that currently exist.

Recommendation 7
Investigate the scope for specialist business support services and training initiatives via Business Link and the Learning and Skills Council. With a more formalised approach to training and skills, and the scope for grants, this may create a firmer foundation for furtherance of the existing businesses.

Although concerns about the quality and management of the public realm did not appear as a significant priority, with only 18% making negative statements about the area in this regard, it is nevertheless worth revisiting the potential for enhancements.

Recommendation 8
In relation to the earlier points made about fierce competition and the expectation of a 'branded offer', there would be value in considering a focused clean-up and freshen-up in terms of the décor, whilst being careful to maintain its character and not to merely sanitise the area.

APPENDICES

Appendices are available upon request. Please email raustin@westminster.gov.uk or call 020 7641 2261.