Does restricting big-boxes help independent retailers?

It seems obvious that restricting out-of-town big boxes should help central city retailers. So planning guidance that restricts their entry not only protects the green belt but also helps revitalize town centres. And it should also help independent retailers to boot. Right?

As is so often the case, unfortunately, life is not that simple. A fascinating new paper by Raffaella Sadun suggests that in England, restricting out-of-town big boxes can actually hurt independent retailers. Why? Because big chains appear to have substituted out-of-town boxes for smaller stores in city centres that more directly compete with those independent retailers.

Of course, this can’t tell us about the overall effects on town centre vitality or on the environment. But it does remind us that the law of unintended consequences means that there is a crucial role for careful research in evaluating these effects. SERC researchers are intending to look at some of these issues in the near future. It will be interesting to see what we find.

Posted by Prof Henry G. Overman on Friday, September 26, 2008

No comments: