EALING LDF EXAMINATION - MATTER 10 RETAIL
JAMES GUEST (Rep No 66)

1 Retail and the Neighbourhood Centres

There needs to be greater clarification of the role of Neighbourhood Centres in the Development (Core) Strategy and of the support that will be provided to neighbourhood retail by the local plan over its fifteen year life.

It would be helpful if the map in the Development (Core) Strategy could be modified so that it displays the footprint of the Neighbourhood Centres and Designated Shopping Frontages. The dots on the current map are misleading and fail to represent the significance of these retail locations to local residents.

The attached UDP map:

EAL8 – Volume 2 – Map 10 Shopping and Town Centres

provides a much clearer and more informative representation of the subject than Map 6 in the Development (Core) Strategy.

Many of these neighbourhood retailers are operating at or near the margin of financial failure and the planning process, especially in the post National Planning Policy Framework period, could do much to guide those usage classes that would be acceptable to the local community and identify those where there is an oversupply. In effect, a local needs test.

The quantum of retail in nearby town centres, including Ealing Town Centre, also has a bearing on the success of the neighbourhood centres. An oversupply of retail space is likely to have a knock-on effect on the surrounding retail locations.

2 Underlying Retail Pressures

The viability and volume of local retail is contingent on both national and local factors.

Nationally these include:

- Global and National economic changes mean that the decades of year-on-year retail growth are over for good
- Disposable income has, and will continue to, shrink.
- Redundancy, especially public sector, is beginning to hit many two income families.
- An aging population is shifting consumption away from the highly acquisitive 25 to 45 year olds who fuelled the high street growth of the last three decades
- Alternative forms of Internet retail have come of age, e.g. John Lewis
- High Street retail is concentrating into fewer and larger centres, e.g. Westfield White City and Stratford, Brent Cross, West End, Kingston, Croydon & Blue Water. Shoppers want an extensive and full range choice if they are to spend serious money
- Clone Towns, with their branch outlets offering restricted product ranges cannot compete with the largest retail centres. Compare the relatively poor selection at

M&S in Ealing with the footprint and product range on offer at the Kew Retail Park, White City or Oxford Street.

- Excellent access by car, plus convenient parking, is a prequisite for retail success, as demonstrated by Kingston.

Locally the pressures include:

- Ealing Town Centre has always served a local catchment area that is roughly bounded by the River Brent, the A4 and the North Circular. See map in Tibbalds Report (BS13, page 23)
- Road access to Ealing is atrocious, which means that residents who live beyond the River Brent drive to more accessible shopping centres elsewhere.
- Parking in Ealing Town Centre is a disincentive to shoppers.
- Increasing shop vacancies, many occupied by short term lets.
- Landlords have taken Ealing Town Centre "down market", virtually all the middle market brands have left
- Middle market shoppers are attracted to centres with a large number of middle market shops, not just the token number likely to be provided eventually in Dickens Yard. Compare the brands on offer in Richmond or Chiswick with those on offer in Ealing Town Centre
- The West London Retail Needs Survey (EB 27) contains appendices which compare the retailers that have outlets in each of the local shopping centres. Since these were prepared more of the mid-market retailers have left Ealing.
- The competing centres are nearby and highly accessible. Westfield White City is only minutes away by tube.
- Compared to Richmond, Ealing lacks a critical mass of wealthy residents. See GLA ward wealth statistics. Many of Ealing's larger family properties (e.g. Woodville estate) have been subdivided. Many richer families have moved out or died. Those that are left shop elsewhere.
- The retail projections contained in both the West London Retail Needs Survey (EB 27) and the Joint West London Retail Needs Survey Update (EB 28) contain a number of methodology flaws which means that it disproportionately applies the shopping patterns of retired and post 45 year old females to the wider population. This is set out in the second appendix.
- Residents of the new developments are/will be highly mortgaged and have limited disposable income.
- Residents of the new developments and will need to work elsewhere to pay for their housing. They will socialise with work colleagues near their place of work and shop at larger centres on their way home. So only limited consumption expenditure will be spent in Ealing.

3 Further Information

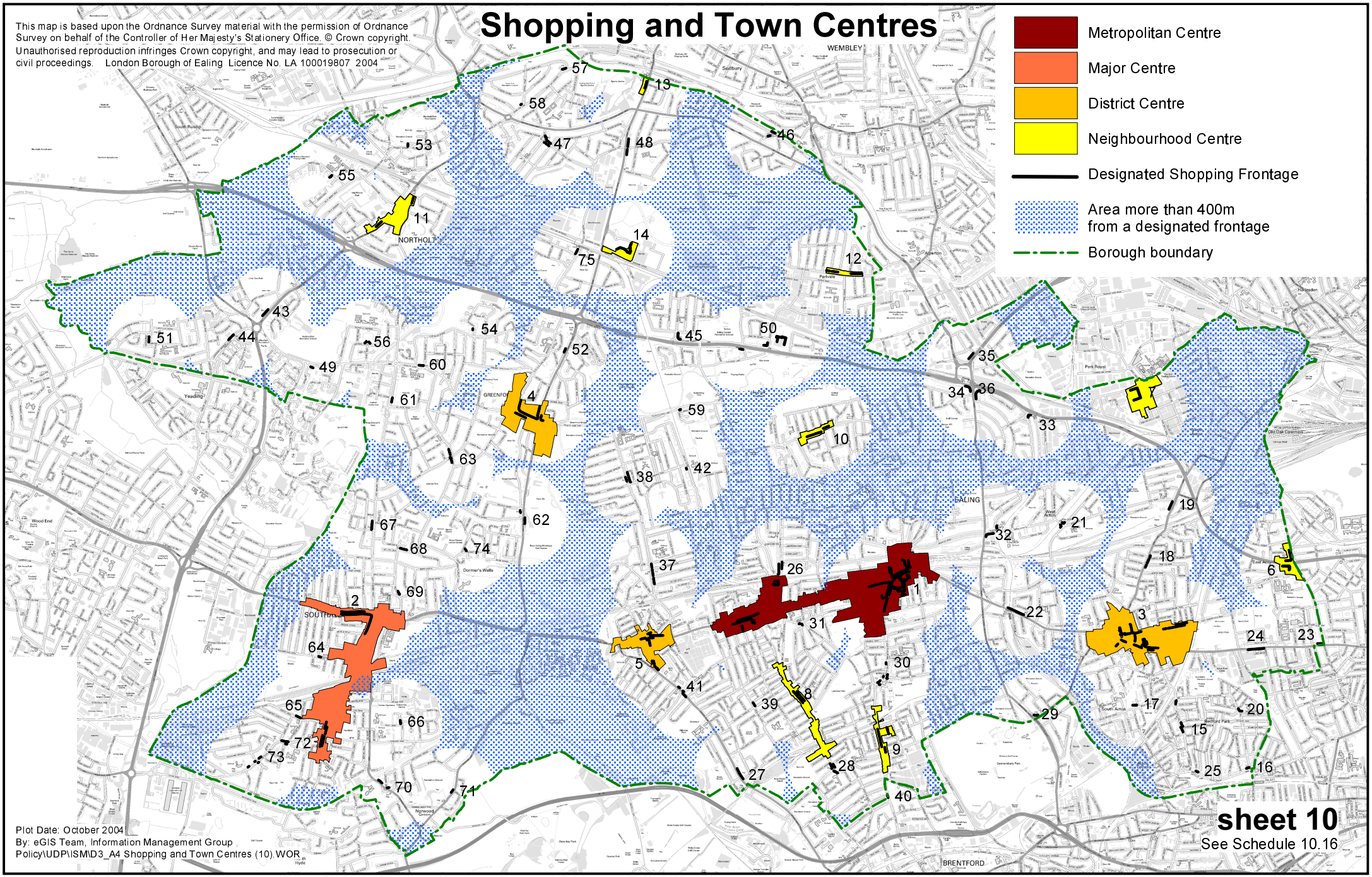
Two appendices are attached to this submission.

The first is a highly informative **Retail Trends** update that was prepared by **GVA**, one of the leading retail property consultancies. While this was prepared in the spring of 2011, before the latest economic news, it contains a number of valuable insights.

The second is a copy of the retail submission to the Arcadia planning Inquiry and which examines a number of local issues in greater detail.

James Guest
October 2011

Shopping and Town Centres



Plot Date: October 2004
By: eGIS Team, Information Management Group
Policy\UDP\ISM\D3_A4 Shopping and Town Centres (10).WOR

sheet 10

See Schedule 10.16

Public Inquiry into the called in planning application for :

Demolition of existing buildings and erection of 7 buildings Block A North - 2/6/7 storeys, A South - 1/2/4/6/8 storey with basement, B 2/5/7/8 storey, C - 3/5/11 storey, D - 2/3/9/10/11/12 storey, E 2/3/9/10/11/12 storey and F 19/25/26 storeys containing approximately 17,279 square metres of retail shops (Use Class A1), 1,363 square metres of cafes/restaurants (A3), 490 square metres of offices (B1(a)), 1,861 square metres of leisure facilities (D2) and 567 residential units, provision of 2 basement floors containing 352 car parking spaces (of which 230 are for the residential element including 16 spaces for the car club and 60 disabled spaces and 122 are for the retail and commercial uses including 7 disabled spaces), parking for 631 cycles (567 for the residential use and 64 for the retail and commercial uses), servicing area and plant and equipment with vehicular access off Springbridge Road, pedestrian accesses off Springbridge Road, Haven Green and The Broadway, landscaping, formation of areas of public realm, amenity space for the residential uses and ancillary works

at :

Arcadia Centre (all), 9 - 29 (consecutive) and 36 - 42 (consecutive) The Broadway
1 - 10 (consecutive) Central Chambers 1 - 4 (consecutive) Haven Place Flower Haven Springbridge Road, land over the Railway between Springbridge Road and Central Chambers and car park adjacent to Haven Green. EALING

Proof of Evidence

RETAIL ISSUES

JAMES GUEST

FCA, MBA,

on behalf of

SAVE EALING CENTRE (SEC)

Planning Inspectorate reference : APP/A5270/V/09/2097739

London Borough of Ealing reference : P/2007/4246

ARCADIA INQUIRY – RETAIL PROOF

1. Introduction

1.1 My name is James Guest. I have been a resident of Ealing for 20 years. I am a Chartered Accountant by profession with an MBA from Manchester Business School. I have a background in business analysis and strategic planning and have spent many years working for multinational companies.

1.2 This Proof examines the claims made by the Applicant and the Council that this application will contribute to the Regeneration of Ealing Town Centre.

1.3 In their 'Overall Conclusion' on page 7 of the Planning Committee Report (CD_) , the Council's Planning Officers' advised members that,

> "On balance, it is considered that the scheme would deliver a number of significant regeneration benefits to Ealing Town Centre which would outweigh all other material considerations."

1.4 In the overview paragraph 5.5 of their Statement of Case (CD_) the Applicant states,

> "It will further demonstrate that the development will provide significant benefits for Ealing and will help to revitalise the Metropolitan Town Centre."

1.5 The extent to which these wide-ranging claims are supported by the Retail aspects of the planning application is considered below.

2. Significance of Retail

2.1 While the Applicant and Council describe the planning application as one which should be approved because of its claimed regeneration benefits for the wider town centre, the only significant non-housing use the development contains is for retail. There is no mention of the other uses indentified in the planning guidelines for this site, nor those identified in Government planning guidelines. In the absence of other uses, this proof therefore concentrates on the proposed retail use.

2.2 According to the planning application, retail will be the second largest use after housing on the Arcadia site. In addition to its relative ranking as a use, the absolute volume of space

allocated to retail and related uses is substantial and amounts to over 20,503 sqm.[1] A total which includes a stepwise increase of over 50% in the retail floorspace on this large and most central of all Ealing's town centre sites.

2.3 The location of the Arcadia Site means that it serves as the gateway to the town centre for visitors arriving by tube, rail or bus. The success, or failure, of the Arcadia site will determine the reputation of Ealing. With retail and related uses occupying all the ground floor, first floor and some of the upper basement levels, the overwhelming impression on the visitor will be that this is a Retail development. The success of the proposed retail units will therefore be critical to perceptions of the success of the development and the wider town centre.

3. Existing Uses on the Site

3.1 With the exception of the existing Arcadia shopping centre, this site has evolved organically in response to the demands of the marketplace. Over time, a department store left and purpose designed retail units have taken its place. A music hall became a cinema and, following competition from television, the site now serves as WH Smith. Across much of the site ground floor retail uses have been complemented by service businesses and offices located on the upper floors. Today's uses reflect the tried and tested requirements of its shopper catchment area. They also embrace a wide mix of the uses endorsed as desirable by the Government planning guidelines for town centres.

4. Information provided with the Planning Application

4.1 Very little tangible information has been provided in support of the retail proposals contained in the planning application. What there is can be summarised as,

- that the proposed replacement and additional floorspace on the Arcadia site will primarily serve a similar catchment to the current centre.

[1] Retail (A1/A2) 17,279 sq m, Restaurant and Café Use (A3) 1,363 sq m, Leisure – Health and Fitness Club (D2) 1,861 sq m. Applicant's Statement of Case paragraph 4.4

- reliance placed on Ealing's titular status as a Metropolitan town centre, without considering how Ealing Broadway operates as a retail location,

- an unsubstantiated projection (CD_)[2] that between 12,973 sqm and 17,632 sqm of additional comparison goods floorspace will be required by 2016.

5. The Retail Context

5.1 The scale and significance of the retail proposed for the Arcadia site means that it should be subject to a careful and considered examination in order to ensure that it will contribute to, rather than detract from, the economic sustainability of the town centre. This section sets out some of the issues which need to be considered when performing that evaluation.

Regeneration based on Retail

5.2 The continued reliance by Local Authorities on retail-led regeneration projects has been questioned by leading independent retail experts. Their view is that many multiples have over extended and need to exit around 27% of their stores. Interview extracts are attached as Appendix 1.

Vacancy Levels

5.3 Vacancy levels have been rising across the town centre and pre-date the economic downturn. National multiples have withdrawn from both West Ealing and Ealing Broadway. Many of these departures have been from Ealing's most modern retail units. They are not restricted to retailers in secondary frontages. The rebuilt Daniels department store, with a floorspace of some 3,500 sqm, remains boarded up. The group chief executive of five high street multiples which have withdrawn has stated, "We wouldn't be coming out if we were making money. Ealing has not been a particularly buoyant market" While some vacant units have been let on short term leases to retailers offering clearance products, the underlying level of vacancies is significant and could be indicative of structural problems

[2] Applicant's Retail Statement, October 2008, paragraph 5.58

within the west London retail economy rather than the current recession. Further information on vacancy levels is contained in Appendix 2.

Shopper Catchment Area

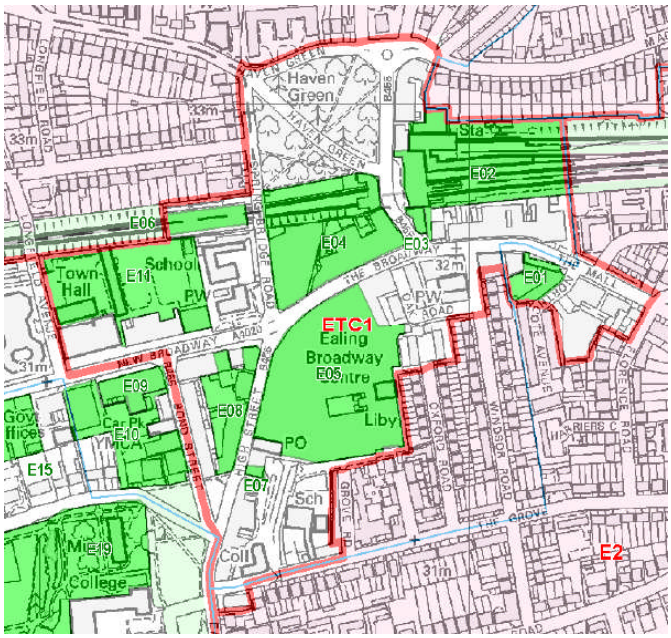
5.4 The Applicant has stated that the new shops will primarily serve a catchment area broadly similar to that of the existing centre. The Council's research confirms that this is an extremely localised area and noticeably more compact than those of other Metropolitan shopping centres. Within this localised area, the town centre was attracting 53% of the comparison goods expenditure of the residents in central Ealing and 46% of those in Hanwell.

5.5 With such a localised catchment area, and relatively high pre-existing local market share, it is difficult to see how sufficient additional retail expenditure will be attracted to the new retail units on the Arcadia site to ensure their viability. Further information on the shopper catchment area and the related wealth catchment area is attached as Appendix 3.

Zones within the Metropolitan Town Centre

5.6 Both the Council and Applicant refer to Ealing's status as a metropolitan town centre. It has become increasingly apparent that the town centre operates as three distinct zones, namely West Ealing, Uxbridge Road Office Quarter, and Ealing Broadway.

Ealing Broadway Zone of Metropolitan Town Centre



Source: LDF Scrutiny Panel report, 8th December 2008

5.7 The retail floorspace of the Ealing Broadway zone amounts to 66,000 sqm, a total which is only marginally greater than the floorspace in nearby Richmond.

5.8 Shared Intelligence, the Council's most recent regeneration consultants, have recommended in their April 2009 report (CD_) that the Council should,

> "Review assumptions about Ealing's position in London's retail hierarchy in light of the opening and impact of Westfield Shopping Centre. Further work is required to establish the case and the preferred approach."

and

> "Consider the evidence for the continued designation of Ealing as a metropolitan town centre and the realism of aspirations for further retail growth."

The Tibbalds report(CD_) observes,

> "Ealing is not therefore performing its role in the context of London's network of centres"

5.9 The issue of Ealing's designation as a metropolitan town has a major bearing on how the Council and Applicant believe the retail aspects of this planning application should be evaluated. The designation appears to be cited as justification for a development of this scale. However, Ealing does not function as a homogeneous metropolitan centre. The application should therefore be assessed against the impact it will have on the far smaller Ealing Broadway zone of 66,000 sqm in which it will be located. More information on the configuration, zones and operation of Ealing town centre is contained in Appendix 4.

Competing Shopping Locations, including White City

5.10 Ealing is surrounded by a number of nearby competing shopping destinations. Some are visited for shopping trips, while others as an adjunct to the daily commute to and from work. Where these shops are located in a larger location than Ealing, e.g. Oxford Street or Brent Cross, they offer both a wider and more up-market range of products than can be found at a suburban location.

5.11 This competition from outside Ealing has been exacerbated by the recently opened, extremely large, shopping centre at White City. With approaching 300 mid-to-up market shops, coupled with major anchor stores provided by House of Fraser, Debenhams, Marks & Spencer and Next, the impact on Ealing will be substantial. White City is highly

accessible to Ealing by tube, bus and car. The Central Line journey time is just 15 minutes. The routes of many of the buses serving Ealing and Acton have been altered to include the shopping centre's new bus station. The relative size of White City, and it's inclusion of 'flagship' branches by many retailers means that a substantial proportion of the comparison goods expenditure by Ealing residents can be expected to transfer from Ealing to White City.

5.12 It is difficult to see how the proposed retail development and expansion on the Arcadia site will be able to offer meaningful competition to White City, the West End or Brent Cross. It could be argued that only a White City can compete with a White City. If so, why add additional retail capacity in a town centre which exhibits an increasing number of shop vacancies and is only 15 minutes away from one of the largest shopping centres in Europe.

Market Positioning of Retailers and Shopping Centres

5.13 Retail specialists emphasise the importance of a "critical mass" of similarly market positioned shops as a means of attracting both customers and retailers.

5.14 Historically Ealing town centre provided a range of shops including a number of mid-market retailers such as Laura Ashley and Russell & Bromley. In recent years the mid-market multiple retailers have left, to be replaced by down market "value" retailers such as TK Maxx and Primark. There has also been a growth in the number of charity and one pound outlets.

5.15 The Tibbalds Report (CD_) commented prior to the opening of White City,

> "When benchmarked against other competing West London Centres, such as Richmond, Kingston and Brent Cross, there is a clear 'quality gap' in Ealing's choice of high-end fashion and specialised retail offer." (paragraph 2.5.4)

5.16 Legal & General, the owners of Ealing's Broadway Shopping Centre, have observed:

> "The Ealing Broadway Shopping Centre and Westfield perform very different functions. **Ealing Broadway is a particularly good example of a convenience shopping location that is able to trade well for this specific type of activity**. By contrast, Westfield is seeking to establish itself as a destination shopping centre. As such, we consider the relationship between the two centres to be more

complementary than competitive." (Helen Gordon, Director Legal & General, Property Week 28th November 2009 - SEC 5-2).

5.17 With the overriding preponderance of down market "value" retail in Ealing town centre, it is difficult to see how adding retail capacity in close proximity to 'value' retailers will be successful in attracting mid-market tenants.

Shopping Patterns of Ealing Residents

5.18 The West London Retail Needs Study documents the shopping patterns of Ealing residents. There appears to be a strong relationship between where people live and where they shop. There also appears to be a relationship between income level and shopping destination. These relationships are set out in Appendix 5.

5.19 It has not been demonstrated how the replacement and expanded retail provision on the Arcadia site will succeed in attracting residents away from their pre-existing out-of-borough shopping destinations.

6. Retail Growth Projections

Applicant's statements

6.1 The Applicant has provided minimal evidence to justify the significant expansion in retail floorspace on the Arcadia site.

6.2 In the October 2008 edition of their Retail Statement (CD_) they stated,

> "With regards to retail capacity, the study notes that Ealing needs to increase the quantum, quality and diversity of its existing retail and leisure offer if it is to sustain its position in the retail hierarchy. There is considered to be capacity to support between **12,973 sqm net and 17,632 sqm net of additional comparison floorspace up to 2016** in Ealing ..." (page 22, paragraph 5.58)

6.3 In their earlier May 2007 Retail Statement (CD_) they quoted a significantly lower range of growth projections,

> "… the Ealing Town Centre retail study (prepared by GVA Grimley 2007) which identifies capacity for an **additional 2,140 to 14,928 sqm of comparison retail floorspace within the centre at 2016.**" (page 21, paragraph 4.8)

6.4 Both growth projections are based on the West London Retail Needs Study (CD_), which was based on fieldwork conducted in 2006 and published in the spring of 2007. The lower projections in the earlier 2007 Retail Statement are taken directly from Table 6 of Appendix 14 of the WLRNS. The higher numbers in the later 2008 Retail Statement were the result of a supplementary modelling exercise conducted in May 2007 at the request of Council officers' and published in GVA Grimley's Ealing Town Centre: Property Market Futures – Supplementary Report (CD_), January 2008, paragraph 2.26.

6.5 It should be noted that the projection of demand for an additional 17,632 m2 is based on an annual growth rate of 4.3%. It is perhaps unfortunate that this figure was included in the Retail Statement (CD_) prepared by GVA Grimley in October 2008 as the report they prepared the previous January states

> "more recent forecasts produced by Experian Business Strategies (EBS) in November 2007 for comparison goods expenditure **indicate a lower growth rate of 3.8% per annum**." (Property Market Futures – Supplementary Report, January 2008, paragraph 2.24)

6.6 The divergence between these two projections, which are based on the same study, is indicative of a number of concerns that selective use has been made of the retail projections in order to justify the increase in retail floorspace on the Arcadia site.

6.7 The Experian advice referred to above dates from November 2007, some eighteen months ago. Since them there has been a substantial reduction in retail activity with many retailers experiencing zero or negative growth. While positive growth is expected to return in time, the expectations is that it will not return to the levels of recent years or those modelled in the WLRNS.

6.8 An additional concern is that the WLRNS projections are based on a number of overly optimistic assumptions. These concerns are set out in Appendix 6 which identifies a number of factors which have contributed to the overstatement of the Council's retail growth projections. These are summarised in the following table.

Overstatements of the Demand for Floorspace in the Retail Growth Projections for Comparison Goods

Assumption	Impact on Demand for Retail Floorspace in Ealing Town Centre
Restating growth rate at 3.0% p.a. rather than 3.8% or 4.3%	Zero demand for additional floorspace
Restating growth rate at 2.5% p.a.	4,300 sqm of surplus floorspace
Allowance for permanent loss of shoppers due to lengthy reconstruction of Arcadia site	None
Zero Vacancies in town centre	Substantial vacancies exist, including Daniels department store at 3,500 sqm which has not reopened
Unsubstantiated 18% uplift to growth projections	Retail floorspace growth overstated by 3,800 sqm
Understatement of internet shopping percentage	Retail floorspace growth overstated by 2,200 sqm
White City – reverse assumption in 2008 Retail Statement that Acton residents will be attracted back to shop in Ealing	Retail floorspace growth overstated by 6,805 sqm
White City – 5% point switch from Ealing to White City by residents of central Ealing	Retail floorspace growth overstated by 3,400 sqm
White City – 10% point switch from Ealing to White City by residents of central Ealing	Retail floorspace growth overstated by 6,900 sqm

6.9 When the WLRNS model is recalculated with less optimistic assumptions it is apparent that a substantial surplus of comparison goods floorspace will exist in 2016. This conclusion is validated by a reality check of the vacant and 'to let' floorspace which exists in the town centre. In these circumstances it seems inappropriate to approve a planning application which includes the construction of a significant amount of additional retail floorspace.

Local Development Framework observations on Retail Projections

6.10 It is evident from the reports presented to the Council's LDF Scrutiny Panel that a number of concerns exist over the robustness of the Council's retail projections.

6.11 Shared Intelligence, a firm of consultants who were engaged to advise on the LDF core strategy, recommended that the Council:

> "**Review the evidence base for retail, commercial and residential demand across the Borough** and assess how overall demand may be distributed across

the Borough's localities." (Ealing LDF Core Strategy Review: Integrating LB Ealing's Regeneration Ambitions (CD_) , April 2009, paragraph 5.13)

In one of their presentation overheads they posed the questions:

"Is the Economic Development Strategy up to date?

- **Impact of the recession?**
- Impact of Crossrail?"

6.12 Following the completion of the consultant's fieldwork, Council officers prepared a report titled "LDF Evidence Base & Monitoring Process" (CD_). This was presented to the 25th March 2009 meeting of the LDF Scrutiny Panel. A traffic lights approach was adopted to identify the status of each item in the report, with **RED** status being allocated to "**those areas where urgent action is required**."

RED status was awarded to two Retail tasks, which are:

"Conduct new local Town Centre health checks, review annually & ensure compliance with PAS requirements."

"Consider how to update/refresh retail needs/capacity data & ensure compliance with PAS."

7. Design and Retail

7.1 As noted in PPS 6 (CD_), paragraph 2.19, design is critical to the success of a retail location. A number of serious concerns exist over the design of the retail aspects of the Arcadia development. They include; the design of the frontages, the height and bulk of the buildings, shade, the absence of 'weatherproofing' and the exposed nature of the pedestrianised shopping area, the absence of direct public access to nearly all the upper retail floors, and access for shoppers with disabilities. These are set out in more detail in Appendix 7.

7.2 The development needs to be redesigned to eliminate these weaknesses, which in their current form are likely to affect adversely the success of the retail units.

8. Transport and Retail

8.1 Transport issues are inextricably linked to the success, or failure, of a retail location. They are one of the major determinants of the shopper catchment area. Council research indicates that many local residents are already shopping in the town centre. This means that additional shoppers will need to travel from further away. The Applicant is proposing a significant expansion in the retail floorspace on the Arcadia site. This in turn will depend on road born shoppers, as is the case in Kingston and Uxbridge. Yet the road network around and within Ealing is perceived as being congested. Transport issues are a precursor to retail expansion, not an afterthought, and should be resolved before new retail developments are considered. The significance of different modes of transport on shopper expenditure is set out in Appendix 8

9. Planning Context

9.1 While Ealing Council's retail growth projections were prepared as recently as 2007, considerable concern exists as to their validity. As noted in section 6 above, the projections were prepared using out-of-date annual growth rates and a number of optimistic assumptions. If the projections were to be recalculated using today's growth rates and less optimistic assumptions, they are likely to result in zero or negative growth.

9.2 The extent of the multiple overstatements in the Council's retail growth projections means that they should be viewed as out-of-date for the purpose of assessing planning applications involving an increase in retail floorspace.

9.3 PPS 6 (CD_), paragraph 3.12, sets out the procedure to be followed where the needs assessment in a Local Planning Authority development plan is out-of-date. The Inspector is requested to ask that the increase in retail floorspace contained in the planning application is assessed against an up-to-date needs assessment for the town centre.

10. Conclusion

10.1 While retail will constitute the dominant public use on the Arcadia site, minimal information has been provided to support both this choice of use and the proposal by the Applicant to substantially increase the volume of retail floorspace.

10.2 In the absence of information in the planning application, this proof has reviewed the operation of the town centre as a retail location and the Council's retail projections. A number of concerns have emerged, which can be summarised as:

- Ealing is experiencing structural problems as a retail location which pre-date the recession, these are manifested by the departure of mid-market multiples and the arrival of value outlets,
- the number of vacant units is increasing,
- the arrival of White City poses an exceptional challenge to Ealing because of its scale, the market positioning of its retailers, and its proximity,
- Ealing has an extremely localised catchment area.

10.3 Headline floorspace estimates from the Council's retail growth projections have been cited by the Applicant in support of their proposal. A closer examination of these projections has reveals that the percentage growth rates used in them are excessive and no longer valid. In addition, a number of key assumptions are highly optimistic and have resulted in the overstatement of demand for retail floorspace. If the projections were revised to reflect more realistic assumptions, they would show zero demand for additional retail floorspace at best, and the need to manage a significant reduction in floorspace at worst.

10.4 Against this background, the construction of additional retail floorspace can be expected to add to Ealing's problems, rather than ameliorate them. The likely consequence will be difficulties in letting the retail units on the site, with some remaining vacant and others being let to value orientated down-market tenants.

10.5 Where tenants can be found it is probable that some will be induced to move from premises elsewhere in Ealing. This would merely transfer the problem of vacant retail units from the Arcadia site to other locations, with adverse consequences for the wider town centre.

10.6 While the Council has been advised to seek to differentiate Ealing from competing centres, there is nothing in the planning application to indicate that the retail units on the Arcadia site will achieve this objective. The defects in the design of the retail areas will add to the challenges facing retailers on this site.

10.7 The central location of the Arcadia site, facing Ealing's transport gateway, means that any redevelopment proposals must be certain to succeed. Failure would have adverse consequences not just for the site, but for the whole town centre.

10.8 Every issue which has been examined has raised concerns and demonstrated that the retail proposals have been insufficiently thought through. If the intention is to ensure an economically sustainable retail development, then this proposal fails to achieve that objective. The current retail proposals, far from contributing to the regeneration of the town centre, will exacerbate its problems. For these reasons the Inspector is asked to recommend to the Secretary of State that consent for the development should be refused.

ARCADIA INQUIRY – RETAIL PROOF

LIST OF DOCUMENTS CITED

Core Documents

CD	ODPM / DCLG	Planning Policy Statement 6: Planning for Town Centres
CD	GLA	London Plan
CD	London Borough of Ealing	Planning Committee Report - 17th December 2008
CD	London Borough of Ealing	Annual Monitoring Review 2008
CD	London Borough of Ealing	LDF Specialist Scrutiny Panel Report, 25th March 2009, LDF Evidence Base & Monitoring Process (Agenda Item 10)
CD	London Borough of Ealing & Groundwork West London	West Ealing Neighbourhood Regeneration Strategy, April 2001
CD	London Borough of Ealing	Shopping and Centres: LDF Background Report 2, September 2005
CD	CB Hillier Parker	Ealing Strategic Centre Development Strategy, November 1999
CD	Francis Tibbalds & Partners	Ealing Metropolitan Centre Spatial Development Framework, 2008
CD	GVA Grimley	West London Retail Needs Survey, including Appendices
CD	GVA Grimley	Ealing Town Centre: Property Market Futures – Supplementary Report, January 2008
CD	Shared Intelligence	Ealing LDF Core Strategy Review: Integrating LB Ealing's Regeneration Ambitions, April 2009
CD	Glenkerrin / GVA Grimley	Statement of Case, March 2009
CD	Glenkerrin / GVA Grimley	Arcadia Planning Application – Retail Area Schedule
CD	Glenkerrin / GVA Grimley	Retail Statement, October 2008
CD	Glenkerrin / DP9	Retail Statement, May/September 2007

Save Ealing's Centre Documents

SEC 5-1	Property Week	'That Sinking Ealing' article, 28th November 2008
SEC 5-2	BBC News website	'We're not making any money', July 2008
SEC 5-3	BBC File on 4	'Urban Regeneration', transcript of programme transmitted on 8th & 13th July 2008
SEC 5-4	Photographs	Unoccupied rebuilt Daniels department store
SEC 5-5	Photographs and Plans	Unoccupied retail units in Ealing town centre
SEC 5-6	Photographs	Other retail developments
SEC 5-7	Accent Marketing & Research	Town Centres Survey 2003-4
SEC 5-8	John Lewis	Road transport and Kingston Store
SEC 5-9	Kingston Council	Town Centre road map

ARCADIA INQUIRY – RETAIL PROOF

APPENDICES

APPENDIX

1 - Regeneration Based on Retail

2 – Retail Vacancy Levels

3 – Ealing's Shopper Catchment Area

4 – Metropolitan Centre

5 – Shopping Patterns of Residents

6 – Projections of Present and Future Retail Demand

7 – Design Issues

8 – Transport and Parking Issues

ARCADIA INQUIRY – RETAIL PROOF

APPENDIX 1 - REGENERATION BASED ON RETAIL

App 1.1 Extract from the transcript of a BBC radio programme on urban regeneration (SEC 5-3), in which leading independent specialists caution against retail led regeneration and advise that many high street multiples need to 'jettison' a significant portion of their shop portfolios. One of them also warns that there has been a stepwise change in retailing and that the growth rates of the last ten years will not return.

INTERVIEWER: "But those town centres are becoming increasingly difficult for retailers. File on 4 has been told big high street names are already shedding significant numbers of stores as the downturn bites. Professor Barry Gilbertson is a member of a Bank of England committee, set up to advise the Governor about what's going on in the property market. As a partner in PriceWaterhouseCoopers, Professor Gilbertson began last year to advise some retailers about re-structuring. Although the names of the stores are confidential, the figures are clear enough."

GILBERTSON: "What we found was, looking at those eight national retailers, who between them had something over two thousand stores, was that on average they needed to jettison, sell or re-let something like 27% of their portfolios. That's something in the order of 550 shops coming onto the market."

INTERVIEWER: "And these are big players on the high street, are they?"

GILBERTSON: "Oh, they're names that you would absolutely know, you'd know every single one of them. I can't tell you their names because it's done in a confidential business way obviously. If we try to extrapolate those percentages across the number of retailers who had maybe ten or twenty or fifty or a hundred stores, what might happen during the course of 2008 if just 10% of those retailers got into difficulty? You end up with something like 2,700 shops coming onto the market during the course of 2008."

INTERVIEWER: "Up for sale?"

GILBERTSON: "Up for sale, up for rent. For high streets particularly it means the lights are going out."

HYMAN: (Richard Hyman, strategic advisor to Deloitte, is a retail sector specialist) "We're looking at a UK retail industry that has reached a state of physical maturity that we've never seen before. There's far more footage, far more capacity out there than there's ever been before, and demand is relatively flat. And in the meantime there is more capacity coming on stream in the way of shopping centres and floor space. And then on top of that, as if things weren't bad enough, we've got this wonderful thing called online retailing. At the moment it's taking about £15 billion worth of sales a year. That represents about 5% of total retail sales that would have been spent in stores."

INTERVIEWER: "Do you think local and indeed central Government understands the way the market has matured, the way in which you describe it's matured, because we find there's still a rush to try to get shopping centres built in towns and cities up and down the land?"

HYMAN: " I don't think that there is a sufficient understanding at all."

INTERVIEWER: "Boom time for shopping is over then, is it, notwithstanding the current conditions?"

HYMAN: "The kind of growth that we've seen in retailing over the past ten years or so is a thing of the past in my view. It's not going to return."

Source: transcript of BBC Radio 4 programme "File on 4" – "Urban Regeneration", transmitted on 8th and 13th July 2008 (SEC 5-3)

ARCADIA INQUIRY – RETAIL PROOF

APPENDIX 2 – RETAIL VACANCY LEVELS

App 2.1 The proposed expansion in floorspace on the Arcadia site needs to be assessed against the background of retailer flight from Ealing following the opening of the Westfield White City Shopping Centre (White City).

App 2.2 The circumstances which led to the departure from Ealing Broadway Shopping Centre of the Arcadia Group of shops (i.e. Dorothy Perkins, Miss Selfridge, Top Shop, Top Man, Wallis and Burtons) a year ago are set out in the article, "We're not making any money" on the BBC website. (SEC 5-2) in which the Chief Executive of Arcadia is quoted as saying:

> *"We wouldn't be coming out if we were making money. Ealing has not been a particularly buoyant market."*

App 2.3 Months later branches of the same outlets were opened at the nearby Westfield White City Shopping Centre, some 15 minutes away by Central Line tube from Ealing.

App 2.4 The implications for Ealing of the opening of the Westfield White City Shopping Centre were set out in the Property Week article 'That Sinking Ealing' on 28th November 2008 (SEC 5-1) which stated

> *"Despite other shopping centre owners' insistence that their schemes will be robust to the threat of Westfield, independent researchers are not so positive."*
>
> *"Westfield's proximity to Hammersmith, Fulham and Ealing, and its strong transport links could lead to smaller centres suffering, says Jonathan de Mello, director of property consultancy Experian. 'The impact will be very pronounced, he says. In the cases of Ealing and Kensington, retailers have even moved out in anticipation of the opening."*

App 2.5 A further indication of local trading conditions was the closure of Beales, Ealing's last department store, during 2007 and its replacement by the down market "value" retailer Primark.

App 2.6 Prior to this Ealing's other department store Daniels had closed for redevelopment and expansion, only to fail to reopen despite the assurances given when planning

approval was granted for a mixed development including housing on the upper floors. According to Ealing Council's latest LDF Annual Monitoring Report (CD_) this redevelopment included 1,048 m^2 net of additional retail floorspace, resulting in a total retail floorspace of some 3,500 sqm which remains unoccupied. Photographs of this development are contained in document as SEC 5-4

App 2.7 In recent years there's been a progressive departure of multiple retailers from the West Ealing zone of the metropolitan centre. Prominent departures include: Marks & Spencer, WH Smith and Dixons. Even MacDonald's have closed.

App 2.8 The Council's LDF Monitoring Report confirms the stepwise increase in Ealing town centre vacancies from a baseline of 4% to 5% across the years 2004 to 2006 to 11% in 2007

App 2.9 These departures, which preceded the economic downturn, are likely to be indicative of structural problems with the prospects for retailing in Ealing.

App 2.10 Worsening trading conditions in the last year have contributed to a fresh wave of departures including Woolworths and Dolcies and have resulted in an accelerating number of vacant units across the town centre, some of which have been let to short term tenants. In addition to the vacant units and short term lets, a number of occupied premises have been placed with agents in the hope that buyers can be found for their leases. Photographs of vacant town centre shops are contained in document as SEC 5-4

App 2.11 It is probable that the total of vacant and available retail space in the town centre already exceeds the incremental floorspace which will be delivered by the Dickens Yard and Arcadia developments. It is therefore difficult to accept that there is genuine demand for any additional retail floorspace in the town centre.

App 2.12 An additional concern is the likelihood of retailer relocation within Ealing from existing premises elsewhere in the town centre to the new units in the Arcadia and Dickens Yard developments. There is the risk that in order to achieve occupancy developers may seek to attract retailers from elsewhere in the town. The LBE "Proof of Evidence" to the Dickens Yard Compulsory Purchase Inquiry stated:

"I accept that there could be some relocation of existing retailers into the Scheme."

App 2.13 It would seem reasonable to expect similar relocations from elsewhere in the town centre to the proposed Arcadia development, especially in view of the number of units and volume of retail floorspace which the Applicant will be seeking tenants for.

APPENDIX 3 – EALING'S SHOPPER CATCHMENT AREA

App 3.1 In the October 2008 edition of their Retail Statement (CD_) the Applicant refers to the shopper catchment area of the proposed development. They state:

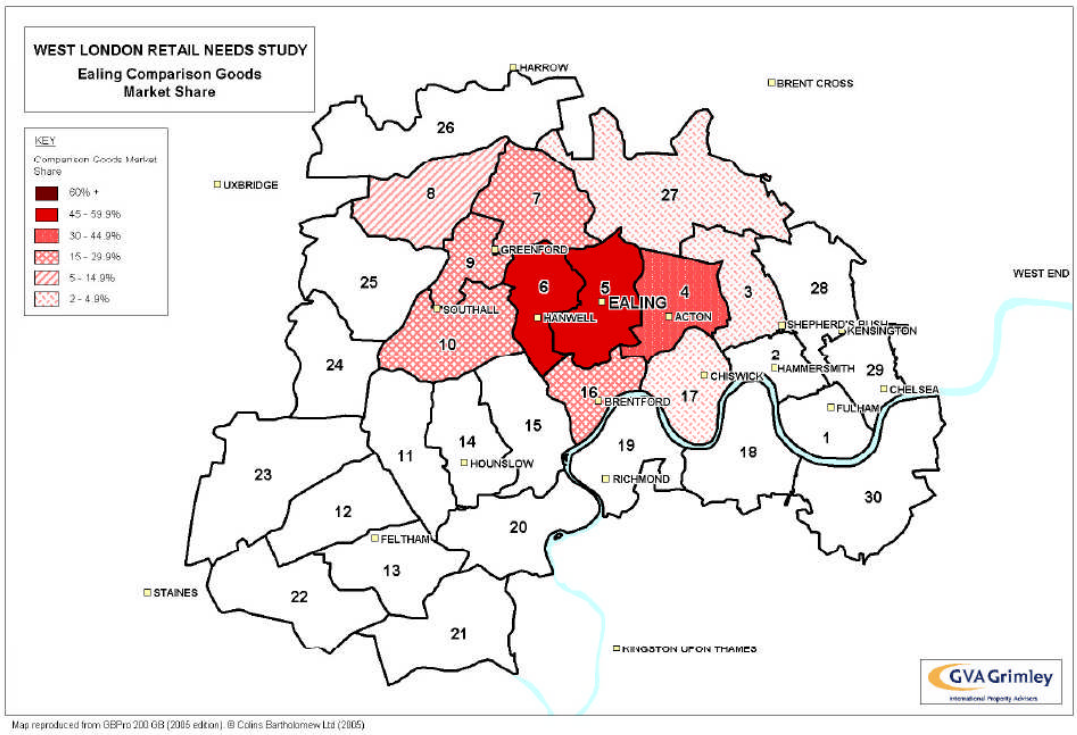
> "It is anticipated that, by improving the retail offer within Ealing Metropolitan Centre, the proposed Class A1, A2 and A3 floorspace **will primarily serve a similar catchment area to the current centre**; better serving the needs of the local population and clawing back spend which is currently lost to centres outside of the Borough. However it is acknowledged that a secondary function of the proposal will be to improve the draw of Ealing Metropolitan Centre in West London." (paragraph 4.9)

App 3.2 The Retail Statement also states:

> "The West London Retail Needs Study also found that **Ealing's catchment was not as wide as other London Metropolitan Centres** such as Bromley, Croydon, Romford and Kingston. This partly reflects the level of competition from other shopping locations in West London, but also, reflects the fact that the scale and quality of Ealing's retail and wider town centre offer is falling behind other Metropolitan Centres, many of which have experienced significant new retail development and investment over the last decade." (paragraph 2.9)

App 3.3 A visual appreciation of Ealing's localised shopper catchment area can be gained from the map included in the West London Retail Needs Study and reproduced on page 23 of the Tibbalds Report (CD_).

App 3.4 According to this map, and its supporting table, some 53% of the comparison goods expenditure by the residents of central Ealing (zone 5) is spent in Ealing metropolitan town centre, along with 46% of the residents of Hanwell (zone 6).

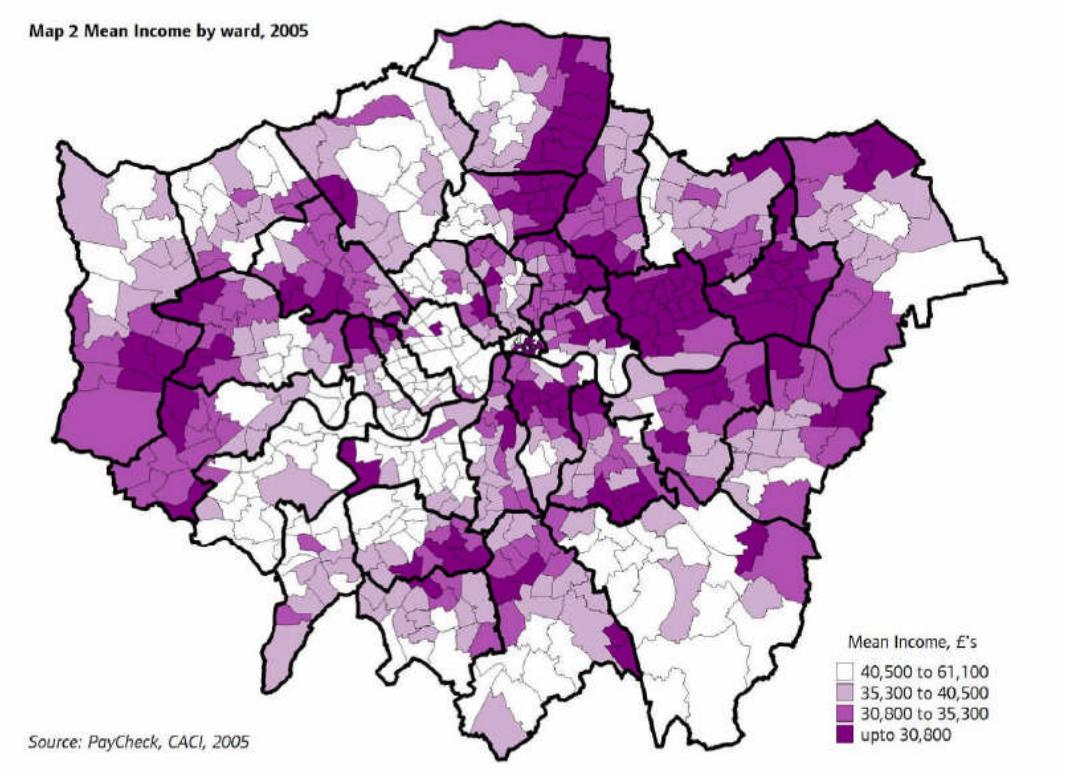


App 3.5 The restricted nature of Ealing's shopper catchment area indicates that residents of the study zones outside Ealing's immediate town centre already have established shopping destinations which exclude Ealing town centre. Issues which underpin these choices are discussed below.

Ealing's Wealth Catchment Area

App 3.6 There is a perception that Ealing town centre is surrounded by a hinterland of wealthy residents who would switch their comparison goods shopping to Ealing overnight, providing some new shops were built. It is therefore probably helpful to gain an appreciation of extent of this hinterland.

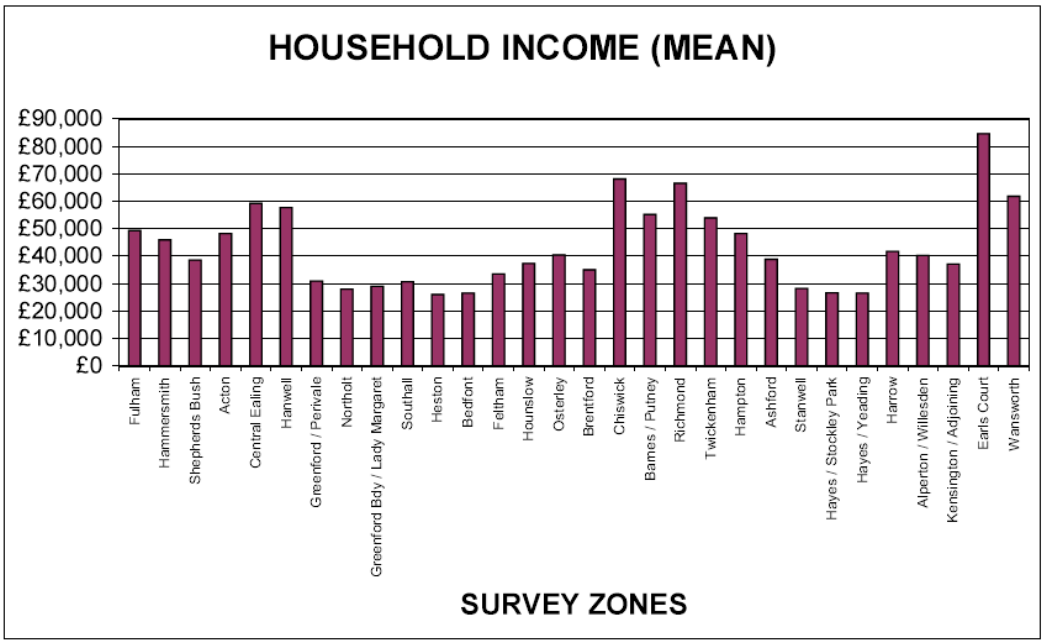
App 3.7 Two accessible sources of information exist. Firstly the Greater London Income by ward statistics, and secondly the income information contained in the West London Retail Needs Study.



App 3.8 The Income by ward statistics demonstrate that wealth in Ealing is extremely localised and concentrated amongst the residents of the five wards shaded white on the above map, after which it drops off quite sharply. It is broadly congruent with the shopper catchment area mapped by the West London Retail Needs Study. There therefore seems little, if any, prospect of attracting high spending shoppers to Ealing from those who live more than a short distance from the town centre.

App 3.9 The analysis of the statistics which accompany this map provides an indication of Ealing's relative wealth. When one ranks all the wards in Greater London by households with an income £50,000 and above, as a proxy for up-market shoppers, one encounters 10 wards in Kensington & Chelsea and 8 in Richmond-upon-Thames before one reaches Ealing's richest ward of Ealing Broadway. This suggests that Ealing is far less wealthy, in absolute terms, than other locations.

App 3.10 The statistics used in the West London Retail Needs Study corroborate this understanding of the distribution of Household Income in West London.



App 3.11 It will be noticed that of the 7 study zones in the Borough of Ealing, Acton (zone 4), Central Ealing (zone 5) and Hanwell (zone 6) are markedly wealthier than the four zones to the west, namely Greenford, Northolt, Lady Margaret and Southall.

App 3.12 This dichotomy in household income is likely to have a significant impact on the differing shopping expectations and patterns of their residents.

ARCADIA INQUIRY – RETAIL PROOF

APPENDIX 4 – METROPOLITAN CENTRE

App 4.1 Ealing has historically been classified as a Metropolitan Centre in the London shopping hierarchy. This is meant to mean that it is one of the largest shopping centres in Greater London.

App 4.2 Successive editions of the London Plan (CD_) have set out the criteria for classifying town centres. Annex 1 to the 2008 edition states:

> **Metropolitan Centres** (11 in number)
> mainly in the suburbs,
> serve wide catchment areas covering several boroughs and
> offer a high level and range of comparison shopping.
> They typically have over 100,000 square metres of retail floorspace, including multiple retailers and department stores.
> They also have significant employment, service and leisure functions
>
> **Major Centres** (35 in number)
> characteristic of inner London, such as Brixton, Putney or Camden, are also important shopping and service centres,
> often with a borough-wide catchment.
> They are typically smaller in scale and closer together than those in the Metropolitan category.
> Their attractiveness for retailing is derived from a mix of both comparison and convenience shopping.
> Some Major centres, which have developed sizeable catchment areas, also have some leisure and entertainment functions.

Major centres normally have over 50,000 square metres of retail floorspace

App 4.3 Concern has existed for some years that Ealing no longer meets the criteria of a Metropolitan Town centre. In particular,

- it no longer possesses a department store whereas in the past it had two. Both Daniels on the Uxbridge Road and Beales, ex Bentalls, in Ealing Broadway are now closed. Nearby Richmond, which is defined as a smaller Major centre, still has a department store operated by House of Fraser,

- Ealing's shopper catchment area is extremely localised and fails to extend much beyond the central Ealing wards, and
- the market positioning of those multiples present in Ealing is down market compared to those in other Metropolitan and some Major shopping centres. The Tibbalds report describes this as a 'clear quality gap',
- mainstream multiple fashion retailers who are present in other similarly sized shopping centres have either withdrawn from or never opened outlets in Ealing.

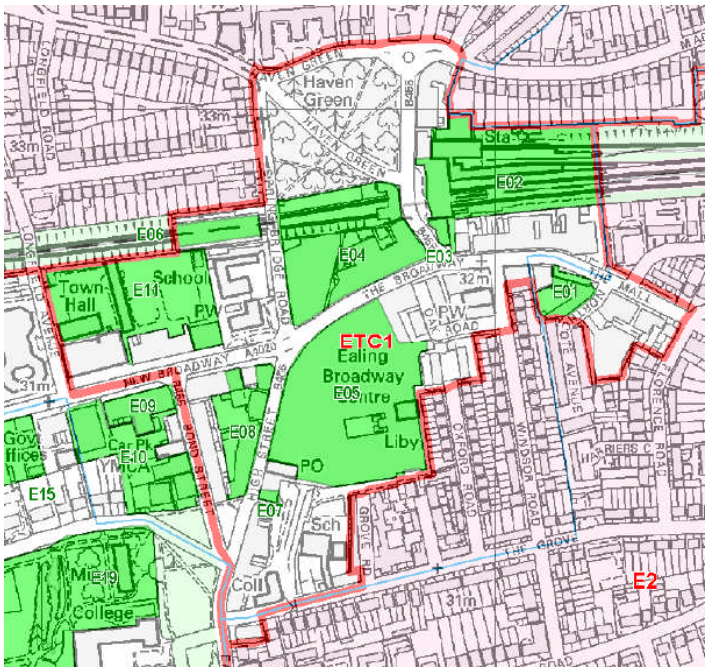
App 4.4 The elongated and ribbon nature of Ealing Metropolitan Town Centre raises further concerns as to the way in which it operates. The boundaries of Ealing are not compact in the way that centres, such as Kingston's and Uxbridge's are.

App 4.5 The geography of the metropolitan centre nature means that Ealing Council officers have had to subdivide it into three distinct zones for planning purposes. These are:

- Ealing Broadway,
- Uxbridge Road Office Quarter, and
- West Ealing.

These zones are set out on the maps presented to the 8th December 2008 meeting of Ealing's Local Development Scrutiny Panel.

Ealing Broadway Zone of Metropolitan Town Centre



Source: LDF Scrutiny Panel report, 8th December 2008

App 4.6 The supporting LDF papers describe Ealing Broadway as "the prime shopping locality in Ealing Town Centre" and attribute a retail footprint of only 66,000 m^2 to it. It should be noted that this amount of floorspace is materially less than the GLA threshold of 100,000 m^2 for a metropolitan town centre and only marginally greater than the 58,000 m^2 which exists in the notably more successful nearby Richmond town centre. While Richmond still possesses a department store, unlike Ealing, it has been allocated the more junior classification of 'Major Centre' in the London retail hierarchy.

App 4.7 The Tibbalds Report (CD_) comments,

> "Ealing town centre is unusual in that it is divided into two distinct and very different areas, namely Ealing Broadway and West Ealing, separated by a range of other key town centre uses (predominately offices) along Uxbridge Road. As a result, the eastern (Ealing Broadway) and western (West Ealing) ends of Uxbridge Road are characterised by their own distinct commercial offer, catchments and built form." (paragraph 2.5.1)

It also states,

> "In terms of overall comparison goods offer this provision **falls significantly behind all other London Metropolitan Centres and a number of 'Major Centres', including Camden Town, Walthamstow, Kensington High Street, Lewisham, Streatham and Wimbledon in terms of its total floorspace.** Ealing is not therefore performing its role in the context of London's network of centres." (paragraph 2.5.4)

and,

> "Over time West Ealing has evolved as a more value-led shopping destination, underpinned by its food and convenience offer, …" (paragraph 2.5.5)

App 4.8 Tibbalds summarise the disparate activities which comprise the metropolitan town centre in the following map on page 21 of their report:

Fig. 2.10: Land Use characteristics (roles and functions) within the Metropolitan Centre.

App 4.9 The concerns that Ealing Metropolitan Town Centre does not operate as single integrated town centre are echoed in the following Council and Council commissioned reports.

> "Consultation undertaken for the strategy and analysis undertaken by CB Hillier Parker revealed that West Ealing has a clear role as a **distinct neighbourhood centre**, with a strong convenience and discount durable goods offer, as well as a strong trade draw for textiles and furnishings, carpets and furniture, and domestic electrical appliances." West Ealing Neighbourhood Regeneration Survey, London Borough of Ealing & Groundwork West London, (CD_) April 2001, paragraph 8.3)

> "There is an issue as to whether the Metropolitan centre functions as one centre or as two distinct centres namely Ealing Broadway and West Ealing which are its constituent parts." (Shopping and Town Centres, London Borough of Ealing, (CD_) September 2005, page 15)

> "Review assumptions about Ealing's position in London's retail hierarchy in light of the opening and impact of Westfield Shopping Centre. Further work is required to establish the case and the preferred approach." (Ealing LDF Core Strategy Review – Integrating LB Ealing's Regeneration Ambitions, Shared Intelligence, (CD_) April 2009, paragraph 5.12)

> "Consider the evidence for the continued designation of Ealing as a metropolitan town centre and the realism of aspirations for further retail growth." (Ealing LDF Core Strategy Review – Integrating LB Ealing's Regeneration Ambitions, Shared Intelligence, April 2009, paragraph 5.22)

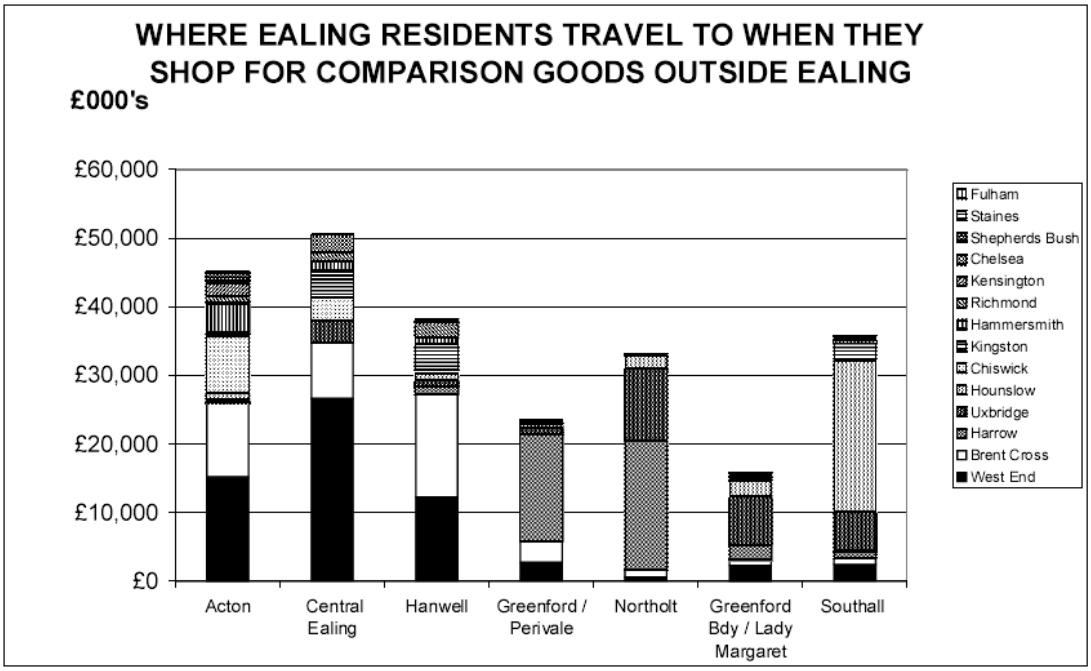
App 4.10 It is apparent that considerable doubt exists as to whether Ealing truly operates as a metropolitan centre. Care therefore needs to be taken when considering arguments which are justified solely on the nomenclature 'metropolitan centre' rather than Ealing's underlying economic activity and prospects.

ARCADIA INQUIRY – RETAIL PROOF

APPENDIX 5 – SHOPPING PATTERNS OF RESIDENTS

App 5.1 The West London Retail Needs Study (WLRNS) (CD_) commissioned a telephoned survey in 2006 which identified the shopping patterns of the residents of the Borough.

App 5.2 The out-of-Borough shopping patterns by the Borough's residents are summarised on the following chart, which has been prepared from the table in Appendix 4 of the WLRNS. This research pre-dated the opening of the Westfield White City Shopping Centre in October 2008.



App 5.3 When they shop outside the Borough the residents in the study's eastern most, and wealthiest, three zones favour the West End and Brent Cross when they shop outside the Borough, with some interest in Kingston, Richmond and Chiswick. Residents of the less wealthy study zones to the west of the River Brent favour Harrow, Uxbridge and Hounslow.

App 5.4 There appears to be a positive relationship between the wealth of residents and the locations where they shop, for example the residents of Central Ealing shopping in the West End, Brent Cross, Kingston and Chiswick.

App 5.5 The prominence of John Lewis, and the locations where it has stores, was a feature of the market research shopper responses. With stores at Oxford Circus, Sloane Square, Brent Cross and Kingston it is difficult to see how Ealing residents can be lured away from these retail destinations.

App 5.6 The market research also appeared to indicate a strong positive relationship between where they live and the shopping locations they visit. The residents of Greenford/Perivale favour nearby Harrow, residents of Northolt patronise Harrow and Uxbridge. Those of Lady Margaret, on the western boundary of the Borough, favour Uxbridge, while the residents of Southall overwhelmingly shop in nearby Hounslow and to a lesser extent Uxbridge.

App 5.7 It appears that transport issues exert significant influence over the selection of the out-of-borough shopping locations visited.

App 5.8 In the case of the four western study zones, the centres visited are more accessible than Ealing town centre. There are repeated references to road congestion in the Tibbalds Report and other surveys conducted by Ealing Council. There are major constraints on vehicle movement along the east-west A4020 Uxbridge Road. The 'bottle necks' imposed by the western region main line crossing the Uxbridge Road at the 'Iron Bridge', together with the constriction of Hanwell town centre, effectively isolate Ealing town centre from the residents of the western portion of the Borough.

App 5.9 Accessibility also influences the shopping patterns of the residents of the northern portions of the study's easternmost three zones. Their choice of Brent Cross is influenced by the scale and quality of the comparison goods offer available there, along with the relative ease with which they can reach the A40 and A406 north circular.

App 5.10 The Westfield White City Shopping Centre opened after the above research was conducted. While this centre may draw some of the expenditure which was being spent in the West End or at Brent Cross it is inconceivable that it will not also draw a significant level of spend from Ealing town centre, especially in view of the withdrawal of many mid market retailers from Ealing.

App 5.11 Commuting patterns means that many Ealing residents have the opportunity to shop either near where they work or on their journeys to and from work. The emergence of dual earner householders will have exacerbated this trend to shop outside Ealing.

App 5.12 It has been suggested that the residents of the new large housing developments on this site and at Dickens Yard will generate significant retail expenditure in Ealing. While there may be some increase in convenience spend, although the impact of internet food shopping and the associated home deliveries needs to be taken into account, it is difficult to justify a similar increase in comparison shopping.

App 5.13 Emphasis has been placed on the high PTAL scores of these sites. The implication is that the occupants are likely to commute to work outside Ealing town centre, probably via Ealing Broadway Station. The configuration of the majority of the flats in the Arcadia development suggests that they are intended for occupation by adults rather than family groups. 473 of the 567 units are described as Studio, 1-bed or 2-bed, according to the table on page 138 of the Committee Report. 488 of the units are designated for full market price sale, while a further 24 are described as Intermediate. The combination of the restricted number of rooms in the flats and their likely sales price means that many, if not all, will be occupied by two income earners. The nature of the local employment market in Ealing means that most of these new residents will travel to work outside Ealing. The same pattern of comparison shopping near, or on the commute to and from, where they work will apply to these new residents as much as it does to existing ones, which would mean that little additional comparison shopping would be generated for Ealing town centre.

ARCADIA INQUIRY – RETAIL PROOF

APPENDIX 6 – PROJECTIONS OF PRESENT AND FUTURE RETAIL DEMAND

App 6.1 The Arcadia site lies at the heart of Ealing Broadway. It is also directly opposite the major transport gateway to Ealing, i.e. Ealing Broadway station. The success and economic sustainability of the proposed two to three floors of street level retail across the development will have a major impact on the vitality and prospects of the wider town centre. Vacant units, or shops let to down market tenants, would exacerbate the growing perception amongst shoppers that Ealing town centre has moved, and is continuing to move, downmarket. The challenge of reversing this trend will be exacerbated by the Applicant's proposal to increase the retail floorspace on the Arcadia site by 50%.

App 6.2 The supply of and demand for retail shops will have a major bearing on the letting of these units to mid market tenants. If there is an excess of units and floorspace, the Developer will be faced with the option of either leaving units empty or of accepting down market occupant, which would risk alienating prospective mid-market tenants. Ealing has already tenant flight by mid-market retailers including Laura Ashley and Russell & Bromley. It would be unfortunate if the significant expansion of retail floorspace on the Arcadia site contributed to a replay of this experience.

App 6.3 Much therefore depends on the retail growth projections which the Applicant and Council have cited in support of the Retail, and therefore Regeneration, element of the planning application. This section therefore examines the following issues which have a direct bearing on the retail growth projections in more detail:

- Percentage growth rate(s)
- Construction sandpit
- Vacancies baseline assumption
- Age profile used to quantify shopping patterns
- 18% uplift
- Internet Shopping
- Impact of White City
- Shopper segmentation in projections

ARCADIA INQUIRY – RETAIL PROOF

Percentage growth rate(s)

App 6.4 The WLRNS retail projections were prepared in early 2007 under materially different trading conditions from those that exist now. They only model two growth scenarios, namely annual growth rates of 3.8% and 4.3% a year in real terms (i.e. after excluding the impact of price inflation). This bears no relationship to current and foreseeable trading conditions of zero or even negative retail growth reported in the media.

App 6.5 A comparison of the 3.8% and 4.3% growth projections suggests that an annual growth rate of 0.5% equates to demand for an additional 4,300 square metres of floorspace by 2016. This suggests that **if the annual growth rate dropped to just 3.0% there would not be enough demand to support any increase in retail floorspace. If the growth rate dropped below 3.0% vacancies can be expected.**

App 6.6 Guidance from retail specialists indicates that they are now using **zero growth rates for 2009 and 2010, rising to 1% in 2011, and then peaking at 2.5% thereafter.** The view is that the 3.8% to 4.3% growth rates of 2006 and 2007 have gone forever. This approach is consistent with, or possibly more optimistic than, the results reported by retailers.

Disruption due to Demolition and Construction

App 6.7 No allowance has been made in the growth projections for the disruption and loss of trade which will result from the lengthy period, lasting a number of years, of demolition and construction on the Arcadia site.

App 6.8 No allowance has been built into the projections for consumers finding and then adopting alternative shopping destinations such as White City, Kingston, Richmond and Uxbridge. Former Ealing shoppers will have many years experience of shopping in larger and/or more up-market centres, with a greater choice than will be offered by a “regenerated” Ealing.

App 6.9 Once alternative shopping patterns are established, especially for mid-to-up market comparison goods, they are likely to be retained into the future. It seems unlikely that Ealing will retrieve all of this lost expenditure in the short term, if at all.

App 6.10 There are therefore **strong grounds for scaling down the growth projections for the years in which demolition and construction will take place and also building in an allowance for the permanent loss of business to other locations due to changed shopping patterns**.

Vacancies Assumption

App 6.11 The growth projections are based on the **assumption that all retail floorspace is fully occupied and that there are no vacant units.** The argument is that retail growth therefore has to be accommodated in newly constructed retail floorspace.

App 6.12 The widespread number of vacant shop units across both Ealing Broadway and the wider Metropolitan Town Centre suggests that there already is a surplus of retail floor space in Ealing.

App 6.13 A circumstance which is exacerbated by the 3,500 m^2 of boarded up retail space in the rebuilt Daniels department store and the recently approved addition of some 10,000 m^2 on the Council owned Dickens Yard site behind the Town Hall.

App 6.14 Even if the WLRNS growth projections were valid, **there already is an excess of vacant retail units which would more than absorb any additional consumer spending**.

Age profile used to quantify shopping patterns

App 6.15 The WLRNS calculates total expenditure according to where people live and then reallocates it to the shopping locations they visit. The reallocation is based on the results of a telephone survey.

App 6.16 A closer examination of the supporting market research tabulations attached to the WLRNS reveals a substantial difference between the age profile of residents, according of government statistics, and the age profile of those surveyed by the

market research. This is particularly significant for comparison goods shopping where expenditure is disproportionally incurred by the 25 to 44 year old age group.

App 6.17 In the case of the Central Ealing (survey zone 5), the following are major differences exist between the age profile of the telephone market research sample and that of the census data.

Age	Census (1)	WLRNS Sample (2)	Difference	Comment
Age 25 to 44	48.9%	25.0%	23.9%	Sample understates the spending power and pattern of this age group
Age 45 to 64	25.0%	44.2%	(19.2)%	Sample overstates the spending power and pattern of this age group

(1) = Appended to this Appendix

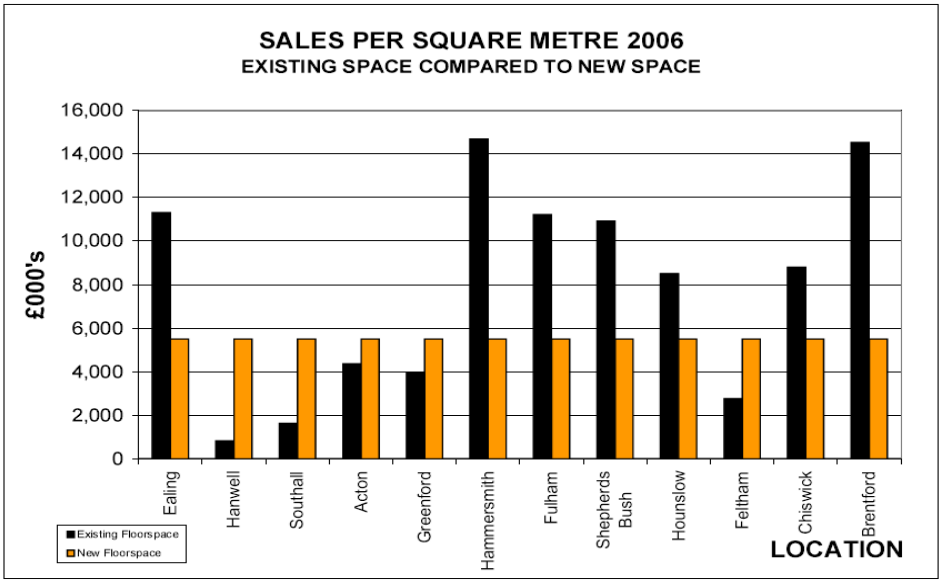
(2) = WLNRS Appendix 5, page 56

App 6.18 This means that the total spend of all ages of residents in survey zone 5 has been disproportionately allocated according to the spending patterns of the 45 to 64 age group. A probable consequence of this is that the WLRNS overstates expenditure at shopping locations within Ealing and understates expenditure at shopping locations outside Ealing. For, not only do the under 45's spent more on comparison goods than their older fellow residents, they are more likely to be in employment and to therefore take advantage of the opportunity to shop where they work or along the route of their journey to and from work.

App 6.19 The scale of this misallocation problem is indicated by the sales per square metre calculations in Appendix 13 of the WLRNS. Table 12 reports two very different sales values, one for sales from existing floorspace and one from new floorspace. In the base year of 2006, the values for Ealing Town Centre are £11,297 and £5,500 respectively. At first sight this suggests that new retail space is only half a productive as existing floorspace. Closer examination suggests that the £5,500 value is likely to be a reasonable estimate and that the problems lie in the assumptions and calculations which resulted in the overstated £11,297. It therefore **appears that the shopper expenditure value used to calculate existing expenditure may have been double what was actually being spent in Ealing town centre.**

App 6.20 This is corroborated by an examination of the projections for other town centres where the estimates for sales per square metre from existing and new retail space are broadly similar. In the case of Richmond the results are £4,978 (existing) and £5,000 (new), while those for Southwark are £4,755 (existing) and £5,500 (new)

App 6.21 The problems in the WLRNS with the calculation of sales per square metre of existing comparison goods floorspace are indicated by the following chart, which has been calculated from the values in Appendix 13, Tables 10, 11 & 13



App 6.22 It therefore appears that while the telephone sample was of some use in giving a broad indication as to where residents shop, the sample size and more importantly its age profile was inadequate to provide an acceptable calculation of the expenditure in each town centre.

18% uplift

App 6.23 The WLRNS increased the projection of comparison goods spend in Ealing town centre by 18% in order to account for expenditure by visitors from outside the WLRNS survey area. This is referred to in paragraphs 10.26 to 10.28 on pages 71 to 72 that report. The purpose of the uplift is to quantify the additional floorspace which would be needed to cater for the more distant visitor to Ealing.

App 6.24 The uplift was based on the results of a 'face-to-face' In Centre survey. The results are contained in Appendix 4 of the WLRNS. A review of the market research

tabulations has raised considerable concerns as to the quality of the market research which has been used to justify this substantial uplift in sales. These include the following.

- Day Survey was Conducted (page 19)
  Ealing was surveyed on just two days, compared to Chiswick and most other centres, which were surveyed across four days. In addition, probably the two most unrepresentative days, Monday and Tuesday were chosen for the Ealing survey. Again compare to the days selected in Chiswick and the other centres. It is disappointing that only two days and such unrepresentative days were allowed to be chosen for the Ealing survey.

- Location Points of Survey (pages 31 & 32)
  All 100 of the Ealing interviews are recorded against the category, "Specific location points not used". This is extremely vague and suggestive of a lack of rigour by the market research sub-contractor.

- Social Economic Group and Employment Status (page 21)
  The respondents surveyed in Ealing record a higher percentage in social groups D & E and as either unemployed or retired, than for Chiswick or the In Centre Survey Total as a whole.

  These results are unlikely to be representative of Ealing shoppers in the pre-Primark days.

- Age of Respondents (page 20)
  The Ealing survey included a higher percentage in the 18-24 and 65+ categories than Chiswick or the Survey total.

- Car Ownership (page 20)
  The survey reported 77% of respondents as either not owning or not having the use of a car. This is virtually the reciprocal of the results for Ealing in the 2001 census. Again, compare Ealing to Chiswick and the Survey total.

- Respondent Income (page 20)
  A disproportionate number of Ealing respondents reported a household income of between £0 and £15,000. Again compare the income bands to those for Chiswick and the Survey Total

- Main and Subsidiary reason for Visit (pages 1 – 4)
  The answers to these questions suggest that only a limited number of visitors were Comparison Shopping. The disproportionately high 50.5% who answered "Nothing Else" to the subsidiary question (page 4) is telling.

App 6.25 While the concept of uplifting sales projections for visitors from more distant locations would be valid if the purpose of their journey was to shop in Ealing, the quality of and results from this market research fails to justify an uplift.

App 6.26 It is also difficult to justify the expenditure rate used for the uplift. For, while the base level of expenditure in Ealing town centre reflects the income level of surrounding residents, the respondents to the 'face-to-face' survey were disproportionately drawn from: socio economic groups D and E, those on low incomes, and the very young and very old. If the quality of the survey had justified an uplift to the base projection, then it should have been at an expenditure level which more accurately reflected that of the respondents, rather than the higher expenditure level of Ealing residents.

App 6.27 The uplift used in the WLRNS survey could be highly significant to the projections of the demand for additional retail floorspace in Ealing town centre. Based on the information contained in Appendix 13, tables 16 & 23, it appears that the uplift has resulted in £25,361,000 of sales being added to the Ealing town centre comparison goods projections for 2016. When divided by the 2016 value of £6,704 sales per square metre this equates to **unsubstantiated demand for 3,783 m^2 of retail floorspace.** This would be a material increase in floorspace and a matter of concern if, as appears likely, the underlying shopper demand does not actually exist.

Internet Shopping

App 6.28 The WLRNS projections were prepared in early 2007 and incorporated 10 percent deduction for comparison goods internet sales. Following the expansion of internet trading, more recent projections have been calculated with a 12.5 percent deduction.

App 6.29 The implications of the higher rate on the sales of comparison goods in Ealing town centre would be to reduce sales by at least £14,991,675 (£599,667 * 2.5%), which at sales of £6,704 per square metre **equates to a reduction in the demand for floorspace of 2,236 m^2**.

Impact of White City

App 6.30 The projections in the WLRNS were prepared some eighteen months before the opening of the nearby Westfield White City Shopping Centre in October 2008.

App 6.31 The WLRNS retail projections sought to reflect the competitive challenge of White City by modifying the shopping patterns of the residents of the survey zones. The impact on Ealing town centre is reflected in the following table. The left hand column shows the percentage of the comparison goods expenditure of each residential zone which was spent in Ealing in 2006 (i.e. before White City opened) while the middle column shows the estimated percentage of spend in Ealing in 2011 (i.e. after White had opened). The right hand column shows the reduction in the percentage of each residential zone's expenditure in Ealing.

Residential Zone	Percentage of the Comparison Goods expenditure of the residents of each zone spent in Ealing		
	2006 Pre White City	2011 Post White City	Reduction
4 – Acton	40%	24%	**-16%**
5 – Central Ealing	53%	53%	
6 – Hanwell	46%	46%	
7- Greenford / Perivale	21%	21%	
8 – Northolt	9%	9%	

Source: WLRNS Appendix 13, Table 15

App 6.32 It will be noted that while a 16 percentage drop was forecast for the residents of Acton (zone 4) as they switched some of their expenditure from Ealing town centre to White City, absolutely no change in shopping patterns was predicted for the residents of Central Ealing (zone 5). This is surprising as White City is only 15 minutes away by Central Line tube and also on a number of direct bus routes. In addition, it also has parking for 4,500 cars and is easily assessable, via the A40, to the residents of north Ealing.

App 6.33 The switch of just **5 percentage points** of the expenditure of Central Ealing (zone 5) residents from Ealing town centre to White City would result in a **reduction in the demand for retail floorspace in Ealing of 3,400 m^2**, while a **10 percentage point switch would free up 6,900 m^2 of retail floorspace** in Ealing town centre.

App 6.34 It is inexplicable that no allowance has been built into the WLRNS for the residents of Central Ealing (zone 5) switching some of their comparison goods expenditure from Ealing town centre to White City.

App 6.35 It is even more inexplicable that the Council is prepared to countenance the argument that the incorporation of retail floorspace in the Arcadia and Dickens Yard developments will be sufficient to attract the residents of Acton (zone 4) back to Ealing town centre and away from White City. These residents live midway between White City and Ealing town centre. At one location they have the offer of some 300 mid-to-up market shops and three department stores. A quality and scale which will dwarf anything Ealing could offer, even if the developers' most optimistic aspirations were to become a reality.

App 6.36 The reality is that even more residents may switch their shopping away from Ealing, resulting in an even greater surplus of retail floorspace.

Shopper segmentation in projections

App 6.37 The WLRNS retail projections are calculated using an averaged per capita spend for each survey zone, which is then multiplied by the total population of each zone.

App 6.38 The model does not disaggregate either the per capita spend or population numbers by type of shopper. There is no shopper segmentation along the lines described earlier in this proof.

App 6.39 This means that it is not possible to quantify the expenditure of a particular category of shoppers and then compare it to the shops and retail floorspace which would have the greatest appeal to them.

App 6.40 In the absence of this focused sophistication it is highly likely that Ealing town centre, including the new developments, will end up with a miss-match between its shops and its shoppers. As a result many key, and relatively recession proof, shoppers will continue to shop at other locations including Richmond and Chiswick.

App 6.41 Meaningful shopper segmentation, along the lines of those offered by CACI's ACORN or Experian's MOSAIC, should be an urgent priority for anyone who is truly committed to the regeneration of Ealing town centre and whose interests extend beyond facilitating the construction of large private sector housing developments.

POPULATION YEAR GROUPS IN WEST LONDON RETAIL NEEDS SURVEY ZONE 5

CENSUS DATA PER COUNCIL WEB SITE

	TOTAL for six wards		Cleveland		Ealing Broadway		Ealing Common		Hanger Hill		Northfield		Walpole	
0-4 years old	4,479	5.7%	1,003	7.1%	551	4.4%	556	4.3%	716	5.1%	837	6.7%	816	6.4%
5-15 years old	8,440	10.7%	2,085	14.7%	1,146	9.1%	1,187	9.3%	1,594	11.4%	1,208	9.7%	1,220	9.6%
16-24 years old	8,836	11.2%	1,607	11.3%	1,480	11.7%	1,577	12.3%	1,531	10.9%	1,276	10.2%	1,365	10.8%
25-44 years old	31,362	39.8%	4,840	34.1%	5,378	42.6%	5,253	41.0%	5,163	36.9%	5,259	42.1%	5,469	43.1%
45-64 years old	16,024	20.3%	2,981	21.0%	2,549	20.2%	2,616	20.4%	3,080	22.0%	2,445	19.6%	2,353	18.5%
65-74 years old	4,683	5.9%	849	6.0%	640	5.1%	797	6.2%	948	6.8%	764	6.1%	685	5.4%
75+ years old	4,968	6.3%	814	5.7%	890	7.0%	818	6.4%	978	7.0%	688	5.5%	780	6.1%
	78,792	100.0%	14,179	100.0%	12,634	100.0%	12,804	100.0%	14,010	100.0%	12,477	100.0%	12,688	100.0%
Year Group calculation														
5-15 years old / 11 year groups			189.5		104.2		107.9		144.9		109.8		110.9	
16-24 years old / 9 year groups			178.6		164.4		175.2		170.1		141.8		151.7	
Average			184.0		134.0		142.0		158.0		126.0		131.0	

POPULATION & PERCENTAGES RESTATED EXCLUDING 0-17 YEAR OLDS (To the West London Retail Needs Survey basis)

18-24 year old														
16-24 year old, per above			1,607		1,480		1,577		1,531		1,276		1,365	
less: two year groups			-368		-268		-284		-316		-252		-262	
	7,086	11.1%	1,239	11.6%	1,212	11.4%	1,293	12.0%	1,215	10.7%	1,024	10.1%	1,103	10.6%
25-44 years old, per above	**31,362**	**48.9%**	**4,840**	**45.1%**	**5,378**	**50.4%**	**5,253**	**48.7%**	**5,163**	**45.4%**	**5,259**	**51.7%**	**5,469**	**52.6%**
45-64 years old, per above	**16,024**	**25.0%**	**2,981**	**27.8%**	**2,549**	**23.9%**	**2,616**	**24.3%**	**3,080**	**27.1%**	**2,445**	**24.0%**	**2,353**	**22.6%**
65-74 years old, per above	4,683	7.3%	849	7.9%	640	6.0%	797	7.4%	948	8.3%	764	7.5%	685	6.6%
75+ years old, per above	4,968	7.7%	814	7.6%	890	8.3%	818	7.6%	978	8.6%	688	6.8%	780	7.5%
	64,123	100.0%	10,723	100.0%	10,669	100.0%	10,777	100.0%	11,384	100.0%	10,180	100.0%	10,390	100.0%

APPENDIX 7 – DESIGN ISSUES

App 7.1 Design is critical to the success of a retail development. A well designed development stands some chance of attracting shoppers. A poorly designed centre will discourage all but the most 'captive' of shopper audiences. The role of design is even more important were there are a number of competing shopping locations within close proximity of each other.

App 7.2 Design also contributes to the market positioning of a shopping location. While a well designed destination should be capable of attracting mid-to-up market shoppers and retailers, a poorly designed one will almost certainly end up relying on a down-market price sensitive 'value' market product offer, especially if there are easily accessible mid-to-up market alternative centres nearby.

App 7.3 Nearby examples of shopping locations which appeal to mid-to-up market shoppers and retailers include: Richmond, Chiswick, Kingston, Wimbledon Village, Westfield White City and Brent Cross. Of these, the first four have retained and in some cases reinstated their Victorian and Edwardian built environments, while the last two are extremely large purpose built regional shopping centres. None of them manifests the appearance of a 1960's new town shopping precinct.

App 7.4 A number of useful examples exist of where new developments have been dovetailed into an existing and historic town centre. These include the Quinlan Terry development in Richmond, the Charter Quay in Kingston and The Chimes in Uxbridge where a new shopping centre was inserted behind a pre-existing façade. In all cases, these developments respected the facades, height and mass of the buildings which surround them. Photographs of sample developments are contained in the document SEC 5-6)

App 7.5 The Council's most recent regeneration consultants, Shared Intelligence, have emphasised the importance of differentiating Ealing's retail offer in order to,

> "mitigate the impact of competition from Westfield." (Ealing LDF Core Strategy Review: Integrating LB Ealing's Regeneration Ambitions, April 2009, paragraph 3.16)

It is difficult to see how the design of the retail component of Arcadia will make a positive contribute to this aspiration.

A number of specific concerns exist with the design, which are set out in the following paragraphs.

Design of Frontages

App 7.6 The designs proposed for the exterior and interior street and pedestrian frontages are mundane. They could be "anytown", anywhere. There is nothing which reflects the character of Ealing or quality shopping districts such as Richmond, Chiswick, Wimbledon Village, or Marylebone High Street.

App 7.7 None of the existing street frontages have been retained. This contrasts with Uxbridge, where the High Street frontage was retained and enhanced by infill vernacular styled social housing when The Chimes shopping centre was developed.

App 7.8 The submitted designs for Arcadia are unacceptable and should be revisited in order to achieve a low rise quality presence which is compatible with the architecture of the town centre. The existing Broadway frontages should be retained and incorporated into the development

Height and Bulk of Buildings on the Development

App 7.9 The height and bulk of the proposed buildings above and surrounding the shopping units will be overpowering and unacceptable. Shoppers will recognise that they are visiting a densely packed housing project, and not a retail development. This can only be a disincentive to shoppers.

App 7.10 The proposed buildings massively exceed the scale of the surrounding Victorian and Edwardian buildings and frontages, which are favourably commented on by Tibbalds (CD_) in their report on Urban Design and Public Realm. This repeatedly refers to the low rise building heights of Ealing Town Centre. On page 20 it identifies the following positive Key Issues:

- "A number of historic buildings remain within Ealing Broadway Centre, which gives the area a strong and distinctive character."
- "Predominant building heights of two to four stories help engender a human and intimate scale of development."

Shade

App 7.11 The height of the blocks means that the interior pedestrianised areas will be in shade for all or much of the day. Shade, coupled with the height of the buildings will contribute to a gloomy environment at street level. This is bound to make the proposed retail units appear unattractive to potential shoppers, who have the choice of spending their money in other retail centres.

App 7.12 The shop fronts on either side of the pedestrian ramp between blocks A and B will be in shade for much of the day. The shop fronts along the north side of block B will be in shade at all times.

App 7.13 Shade will detract from the success of the retail element of the development.

App 7.14 The retail aspect should either be redesigned to allow vastly more sunlight to penetrate to street level and the shop frontages, or the retail component of the development should be reduced and shops should be withdrawn from the sunless interior frontages.

Wind and Rain

App 7.15 The lack of 'weather proofing' of the shopping areas is a major design defect.

App 7.16 The main axis of the pedestrian space within the development follows the West-East axis of the prevailing wind and rain.

App 7.17 The Springbridge Road entrances to the two pedestrian lanes, one between blocks A north and A south and the other between blocks A north and block D, will funnel westerly wind and rain at ground level into the central Haven Court, after which the wind and rain will exit to the east of the development alongside the base of tower

block F and directly into the faces of pedestrians leaving the reconfigured post Crossrail station.

App 7.18 The current design of the pedestrianised area within the development will be inhospitable to shoppers whenever there is a modest westerly wind and/or it is raining. This is bound to detract from the chances of establishing successful and well patronised quality shopping location.

App 7.19 It is a matter of record that when Ealing Broadway Shopping Centre was refurbished in 2002-5, the most prominent enhancement was the construction of an extensive glazed awning around its central square in order to provide shoppers with some protection from the weather. A similar improvement was made during the refurbishment of the Brunswick Centre near Russell Square in central London. In this case a permanent fabric canopy was constructed in front of the shops facing the central pedestrianised square.

App 7.20 In Uxbridge, the open spaces in the Pavilions Shopping Centre were glazed over to provide a weather-proof atrium. When The Chimes Shopping Centre was designed, it was enclosed from its inception.

App 7.21 A similar approach to providing shoppers with protection from the elements was followed when the Bull Ring was reconstructed in Birmingham and when the new Cabot Circus shopping centre was constructed in Bristol.

App 7.22 The exposed nature and configuration of the pedestrianised spaces in the Arcadia development is a major design defect, if these spaces are intended to host successful retail activities. The current proposals either need a fundamental redesign to improve their weather-proofing, or the retail element should be withdrawn from them.

Access to Upper Retail Floors

App 7.23 The planning application includes a supporting schedule which sets out the floor spaces of the proposed retail units. (CD_)

App 7.24 This schedule suggests that the majority of retail units will be configured over two floors, with the public entrances on only one of the two floors. In the case of the units along the southern and northern frontages of block B, block A (north) and block C, the public entrances appear to be on the lower of each unit's sales floor.

App 7.25 No information has been provided to indicate how shoppers, especially those with mobility needs, will be able to progress from the lower to the upper sales floors. As floorspace of units is evenly divided between the upper and lower sales floors, only half of each unit's floor area would be directly accessible to the public. This contrasts with other shopping locations, such as The Chimes in Uxbridge and the existing Arcadia Centre in Ealing, where galleried access outside the shops on the upper level means that all retail floorspace is directly accessible from the public realm.

App 7.26 No information has been provided with the application to demonstrate the relative attractiveness to shoppers and tenants of sales floors with direct public access, compared to those which do not. It would be unfortunate if approaching half the retail floorspace on the Arcadia site is relatively unattractive to shoppers because it lacks direct access from the public pedestrian areas.

Disabled Access

App 7.27 The development has presented itself as offering 'modern' retail units. If this is to be the case it would seem advisable that all the retail floorspace should be designed so that it is accessible to shoppers with mobility requirements, including users of shopmobilty and personal battery 'buggies'.

App 7.28 This is likely to become an increasingly important requirement as the population ages and an increasing proportion of consumers will have mobility needs.

App 7.29 Accessibility to the floors of retail units which do not have direct ground level access should be revisited, to maximise their direct accessibility from public space and to ensure that they are fully future proofed to provide 100% access for shoppers reliant on battery buggies and other mobility aids.

App 7.30 The public areas within the development include numerous changes in ground level. In a number of locations the change in level is achieved by flights of steps. It appears that all the north-south pedestrian routes rely on steps to accommodate the changes in ground level. This will severely curtail access to and through the development for those with mobility requirements including adults accompanying children in pushchairs and buggies.

App 7.31 While some of the north-south pedestrian routes include lifts alongside some of the flights of steps, the provision of these is inadequate. One of the objectives for the site is to improve the permeability between Haven Green, to the north, and The Broadway, to the south and to provide access to the central shops. It is therefore essential that every effort is made to ensure ease of access for all members of the community, including those with mobility requirements. The introduction of north-south ramp access across the site would represent a major improvement over the lifts which are currently proposed.

App 7.32 It is understood that the developers are proposing to allocate some of the basement car parking spaces to residents and visitors with mobility needs. It is unclear which parking bays it is proposed to allocate for this purpose. It would be helpful if the Applicant could provide details as to the bays proposed and the routes it is intended that the occupants of these vehicles will follow to reach both the public and the residential areas of the development.

Design Overview

App 7.33 Ealing cannot win a retail “arms race” with White City. Sophisticated and subtle strategies will be needed to regenerate the town centre. At the heart of them will be the design of the built environment for the retail. It is essential to learn from the success of centres such as Richmond or Chiswick and the planning strategies of local authorities such as the City of Westminster and Kensington and Chelsea that have thriving shopping centres. These centres have evolved with the aid of policies based upon an understanding of the spatial characteristics that makes these places special locations where people wish to visit, live and work. To achieve this it is important that developments are fully inclusive and of an appropriate urban density that maintains the uniqueness and established scale, character and identity of Ealing town centre.

APPENDIX 8 – TRANSPORT AND PARKING ISSUES

App 8.1 There is a major inconsistency between the quantum of retail floorspace proposed for the Arcadia site and transport issues.

App 8.2 Transport issues are inextricably linked to the success, or failure, of a retail location. They are one of the major determinants of the shopper catchment area.

App 8.3 GVA Grimley have identified three main subdivisions of transport catchment areas based on the mode of travel, which they define as:

- Walk-in catchments,
- Drive-time catchments, and
- Public transport accessibility.

App 8.4 Transport for London commissioned research on spending patterns according to mode of travel, from Accent Market Research. This was published in the July 2004 report 'Town Centres Survey 2003-4' (SEC 5-7) which identified the following weekly and visit expenditure for the larger London suburban centres:

Mode of Travel	Average expenditure	
	Per Visit	Per Week
Car	£56	£47
Bus	£34	£61
Train/tube	£38	£42
Walk	£30	£88

Source: Accent Report, Page 15, Table 11

App 8.5 The difference in expenditure according to the frequency of visit is informative. While car born shoppers spent more per visit, £56, this drops to £47 when expressed as spend per week. The reverse is true of shoppers who travel by bus or walk, where multiple visits per week mean that average spend per week is significantly above spend per visit.

App 8.6 This suggests that consumer expenditure can be attracted to a town centre providing it is prepared to accept a relatively localised catchment area based mainly

on shoppers who travel by bus or walk. The challenge comes when a town centre wishes to attract a greater volume shoppers and additional shopper expenditure.

App 8.7 Research suggests that an 'expansionist' approach to can only be achieved by accommodating a significant number of car born shoppers. The Accent report referred to above identified that car born shoppers spend substantially more per visit than those who travel by other means of transport. It also included the following quote:

> "The respondent from Kingston … did not want to see any reduction in car users visiting Kingston as this would discourage the provision of goods for car-borne trade which distinguished Kingston from nearby neighbourhood district centres."

And drew the following conclusion:

> "Respondents thought that retailers were keener to see shoppers visiting by using cars rather than by public transport – it was believed recognised (sic) that car-borne shoppers were likely to have higher disposable income and that bus users were limited by how much they could spend and by how much they could carry."

App 8.8 The importance of car born shoppers to larger retail locations with a wide catchment area is emphasised by the article downloaded from the John Lewis website and attached as SEC 5-8

This includes the following statements:

> "The John Lewis Partnership first expressed interest in the Horsefair site in 1970, but this was conditional on the road system being developed to counter Kingston's reputation for congestion. Plans failed to materialise and the company looked elsewhere."
>
> "A solution was eventually reached in 1986, when the GLC`s highway powers passed to Kingston upon Thames, who single-mindedly pursued the re-shaping of the town's road system. This included pedestrianising the town centre and building a dual carriage relief road."

App 8.9 An indication of the extent of the reconstruction of the road network in Kingston town centre is provided by the map attached as Document SEC 5-9.

App 8.10 It is apparent that in order to attract car born shoppers a town centre must be easily accessible by road and contain a level of car parking which is acceptable to shoppers and retailers. These requirements are prerequisites. It would counter-productive for a town centre to increase retail floorspace without first resolving any constraints which exist. In the absence of an integrated long term master plan it would be easy to end up with an excess of retail floorspace, which is either left vacant or let to down-market tenants.

App 8.11 Capacity constraints in the road network surrounding, and within, Ealing town centre currently limit the car-born shopper catchment area to one bounded by Hanwell in the west, the A40 to the north, the A406 South Circular to the east, and the A4 to the south. The WLRNS shopping patterns analysis demonstrates that residents who live outside this area can and do visit retail locations, such as Harrow, Hounslow and Uxbridge, which are more accessible to them than Ealing Broadway.

App 8.12 While some surplus shopper car parking spaces exist within the Town Centre, their relatively inaccessible location on the current one-way system, coupled with an inappropriate charging regime, acts as a disincentive to potential visitors to the town centre. The proposal to locate the access to Arcadia's basement car park on the same northbound leg of Ealing's one way system as the underused Springbridge Road car park is unlikely to prove attractive to potential shoppers

App 8.13 There are structural transport problems which constrain the number of car-born shoppers able to visit Ealing town centre. Just adding further retail floorspace within the town centre will not enable more car-born shoppers to reach it. Without additional car-born shoppers there won't be the custom to sustain the additional retail floorspace proposed for the Arcadia site and vacancies are likely to result.

Shopper Drop-off Points

App 8.14 Other retail developments, including Dickens Yard and Westfield White City include taxi and private car drop-off and collection points for shoppers.

App 8.15 The absence of this essential street level feature may well be indicative that the developers have not placed a high priority on developing the retail element of what is overwhelmingly a residential development.

Thought Leadership

Retail trends

Spring 2011

Executive summary

This research examines key retail trends (past and future) and looks at how these have shaped the retail sector and will continue to do so in the future. We explore the implications for the sector and town centre development in light of these trends and ask how realistic or achievable is the 'town centres' first approach.

Expenditure growth: Over the last 15- 20 years (up to the recession) retail expenditure growth, especially non-food expenditure growth, was exceptionally strong, driven largely by high rates of borrowing, low inflation/interest rates and strong house price inflation. The recession corrected such unsustainable growth and the next 10 years will see much weaker expenditure growth.

Online spending per head is predicted to grow by around a third by 2014 and this growth, coupled with weaker overall expenditure growth and increased trading efficiency and higher sales densities, will have implications for the quality and quantity of floorspace needed in town centres.

Development activity: The last decade saw an exceptional amount of retail development, particularly town centre development. This stopped dramatically with the recent recession with a much lower level of new construction than during the previous recession.

Weaker expenditure growth, retailer demand and rental growth, plus pressures on development costs and difficulties in obtaining finance will all impact on development viability and development activity. This, coupled with the Coalition Government's market led approach to new development, may weaken the town centre first approach which has been Government policy for the last 14 years.

Town size: In the years 1960-2009 the greatest amount of space, 3.6 million square metres (sqm), was built in large towns with populations of 100-250,000. Over the last decade towns of 75-100,000 people have seen the most development proportionately, with 0.18 sqm built per person. Towns of less than 50,000 people have seen much lower levels of development activity, with only 0.045 sqm of space built per person. Weaker expenditure growth plus the growth of on-line sales will accentuate the pattern of polarisation and will pose even more challenges to smaller towns.

Changing customer and retailer demands: The retail sector is constantly evolving due to changing customer demands. Notable trends have been the consolidation of retail businesses, the diversification of retailers into new areas and the demand for larger modern units – a potential problem for smaller or more historic town centres which will intensify. Smaller towns may have to reinvent themselves and opt for a different role in the future.

Population changes: The last four decades have seen the UK's population grow at an accelerating rate. Strong growth is expected over the next 20 years, with a particular focus on the eastern and southern parts of the country.

The number of people aged 65-84 is expected to grow by 42% over the period 2011-2031, with a 100% increase projected in the number of over 85s. The 'grey pound' will become increasingly significant in retail terms, leading to greater spending on leisure activities. The strain of supporting an ageing population could also reduce overall consumer expenditure growth.

Mobility: Increased car ownership has given consumers the ability to travel further to larger retail centres and to buy more per trip. Out-of-centre facilities, with free parking, have gained at the expense of town centres generally. Further growth in car ownership is only likely to be marginal, so transport factors may have a less dramatic impact in the future, but congestion, parking charges and an attractive shopping environment will be key factors for town centres.

Conclusions

The trends discussed have helped shape our town centres and will continue to have implications for town centre retailing in the future. The outlook for town centres will depend on how some of these trends 'pan out' and possible combinations of different trends. In the short-medium term development viability is likely to remain constrained and major new town centre schemes will be limited. In the longer term, the trends mentioned will shape the amount, type and location of new space required.

Local authorities need to be wary of these trends and how they might affect their individual town centres. Lower retail expenditure growth and the threat from the internet may mean less retail development is required in the future, or even less total space in some centres, or that retailers will utilise the space they have in different ways. Mobility, accessibility and parking will remain key factors and authorities cannot afford to alienate car borne shoppers. Maintaining some sort of individuality within a town will also be key to avoid the 'sameness of many town centres' and providing for an ageing population with different shopping and leisure requirements will become increasingly important.

The multitude of land ownerships in most town centres makes effective action difficult but not impossible. Innovative solutions will be needed, although even the most proactive authorities may struggle to reverse the effect of some of these trends. Their aspirations have to be realistic, soundly based, and supported by a clear understanding of how new investment will be delivered in this more challenging economic climate. There may also need to be acceptance that some changes are permanent and rather than trying to reverse them, town centres need to evolve and develop a new focus/role within the retail hierarchy.

Introduction

Given the Government's stated policy objective for sustainable economic growth and its commitment to town centres first, this research examines the prospects for town centres and the challenges they face based on recent and ongoing trends.

PPS4 'Planning for Sustainable Economic Growth' continues to promote town centres as the preferred location for new retail development. This has been the steer of planning policy since 1996 and until recently, the scale of the town centre development pipeline appeared to support the claims of success. However, with many town centre projects stalled, and much of the growth in consumer spending being channelled to retail parks and online sales, these claims may prove premature, especially in some smaller town centres.

This piece of research examines key retail trends (past and future) and looks at how these have shaped the retail sector and will continue to do so in the future. We explore the implications for the sector and town centre development in light of these trends and ask how realistic or achievable is the 'town centres' first approach.

Retail trends – past & future

Retail spending growth

The last 40 years (1968 – 2008) have seen retail expenditure per head grow at 2.8% pa. This is higher than consumer expenditure per head growth at 2.4% pa, which was more in line with overall economic growth. As incomes have risen, greater proportions have been spent on retail goods and in particular on comparison or non-food goods, fuelling the demand for retail floorspace.

Growth in spending per head on comparison (non-food) goods has been exceptional. Chart 1 shows it accelerating from an average of just under 3% pa during the 1960s and 1970s to just over 4% pa in the 1980s, 5.5% pa in the 1990s and 6% pa from 2001 to 2007. In contrast spending on food has grown at a slow, steady rate of c.0.5% pa.

The very strong growth in non-food expenditure per head, until the onset of recession, was underpinned by numerous factors including a lower tax burden, low inflation/interest rates, lower levels of savings and higher borrowing. Price deflation also boosted non-food spending, with cheaper imports from China/the Far East, coupled with competition from the internet forcing down prices. Total spending was also reinforced by strong population growth.

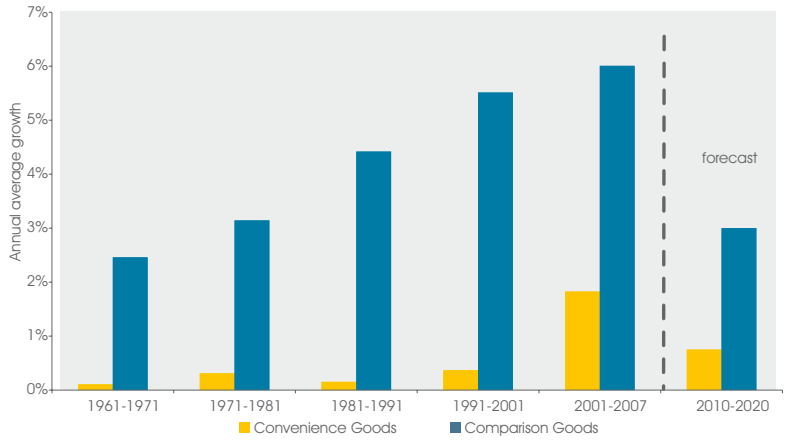
Many of these trends were unsustainable and the debt fuelled boom eventually led to a major recession. This has resulted in much weaker non-food expenditure growth, which even turned negative in 2009. Growth in food spending has been more resilient.

The next five years are set to see major cuts in public sector spending and employment, plus tax increases to reduce the huge annual budget deficit and public debt. This is likely to mean a relatively weak economic upturn and for the retail sector weaker income and expenditure growth for many years. This will be reinforced by the ageing population and pension concerns.

Outlook

- Recent forecasts by Experian expect non-food expenditure per head growth to average about 2.5% pa over the next five years and about 3% pa over the next 15 years. These rates are much lower than recent and longer term trends but are more in line with overall growth in the economy.
- Less development will be needed as a result of weaker expenditure growth. In some towns a contraction in retail space may be inevitable. Greater polarisation between centres will be inevitable.
- In many towns, development viability will remain a problem for some years due to weaker expenditure and rental growth, making new development more difficult, particularly for complex sites in multiple ownership.

Chart 1: Expenditure per head



Source: Pitney Bowes/MapInfo/URPI Information Briefs 09/02, 06/02, 93/3, 83/1, Experian, GVA

The internet and online shopping

The need for physical space in the retail sector and the way retail space is used has been affected by the rising popularity of online shopping. Whilst the retail market overall has contracted during the recent recession, online expenditure has continued to grow by some 15% pa to £21.2bn in 2009 (Verdict, 2010).

Low cost, high speed internet access in more UK homes has led to increasing numbers of adults shopping online, with some 29.6 million forecast to do so in 2010 (nearly 60% of the adult population). This is almost triple the figure from 2004. Further growth in online shoppers will be limited as the numbers of computer literate adults, or those with broadband internet access approach saturation point.

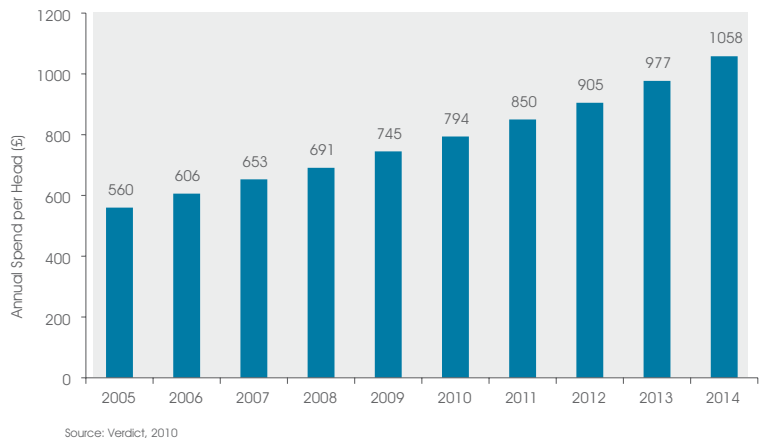
As customers have gained familiarity and confidence in a service which is often cheaper and more convenient than traditional methods of shopping, levels of online spending have risen. Chart 2 overleaf shows that by 2014 online expenditure per head is forecast to grow by a third.

Selling directly to the customer cuts out expensive overheads such as rent and staffing costs. This keeps prices low, which has helped to increase online sales during the economic downturn.

E-tail has penetrated certain retail sectors more than others impacting significantly on music and video sales in particular. Currently over half of the sector's products are purchased online. With consumers now able to download music and video files directly, in-store purchases are expected to continue declining, with online expenditure set to account for 70% of the market by 2013. The increase in illegal downloading has also exacerbated the sector's in-store sales decline.

Other retail sectors have not been as greatly affected, with online spending on goods such as clothing and footwear and food/grocery items growing at a slower, steadier rate, as consumers prefer to examine goods in person before purchasing, but even here attitudes are changing.

Chart 2: Online shoppers' annual spend per head



Source: Verdict, 2010

Outlook

- If on-line sales continue their rapid expansion and expenditure per head growth remains weak, net spending in shops may show hardly any growth while it will still be necessary to improve the quality of stock. This will have implications for quality of floorspace needed and the vitality of existing centres, particularly when sales density increases, due to increased trading efficiency, are allowed for.
- Most forecasters anticipate that the growth in online sales will slow as access to broadband reaches saturation within the next few years. But if this doesn't happen and online sales continue to grow strongly as shoppers become more and more familiar with shopping on line, this would cause serious problems for town centres and retail parks alike.
- With continued strong growth of online shopping the role of bricks and mortar retailing will evolve with shops becoming more like showrooms and collection points for on-line sales. This will lead to further evolution of retailers' branch networks.
- The internet will never completely replace the experience of shopping and the desire of shoppers to touch and feel products before buying them, but it will have to be made more enjoyable and exciting to compete with the convenience and lower cost of online shopping.

Planning policy evolvement to PPS4

National retail planning policy has evolved in response to the shift of new development from in-town to out-of-town during the 1980s and early 1990s. Concerns led to PPG6 in 1996 and PPS6 in 2005, placing greater emphasis on town centres and the requirement for all non-central development proposals to pass stringent tests on need, scale, accessibility, site availability and impact.

The new policy PPS4 (2009) whilst retaining/strengthening other tests, removed the 'need test' as a separate test in the assessment of new proposals. Town centres remain the principal focus for retail developments with impact assessments now the key test for retail proposals in non-central locations.

PPS4 also advocates the need to plan appropriately for new development through the local development framework and much of the analysis work required to assess a retail planning application is also vital in providing an evidence base to plan for retail need.

Town centre health checks are an important tool within the planning and development framework as they provide a wealth of information which can:-

- enable the vitality and viability of a town centre to be monitored,
- provide the base from which any potential need can be identified, both in terms of the quantitative need for new retail floorspace and also the qualitative need for improvement,
- be used to test the significance of any potential impacts from proposed retail development.

Outlook

- The coalition government will look at ways of encouraging retailer efficiency and promoting competition between retailers to keep inflation low and improve consumer choice. This may mean encouraging more development and weakening PPS4 controls on the location of new development. This could put pressure on town centres.
- If the coalition government favours a market led approach to new development and considers that town centres have been relatively unaffected by out-of-centre development, PPS4 controls may be lessened to encourage new development, particularly in edge-of-centre locations with good links to the town centre. The trend to edge and out-of-centre development would be reinforced if town centre development viability is weak due to high costs and weak expenditure and rental growth.
- Increasing competition by allowing more development could mean more foodstores and reinforce their expansion into non food areas. Depending on the location of new development, this could have ramifications for town centre vitality and viability.

Retail stock and development trends

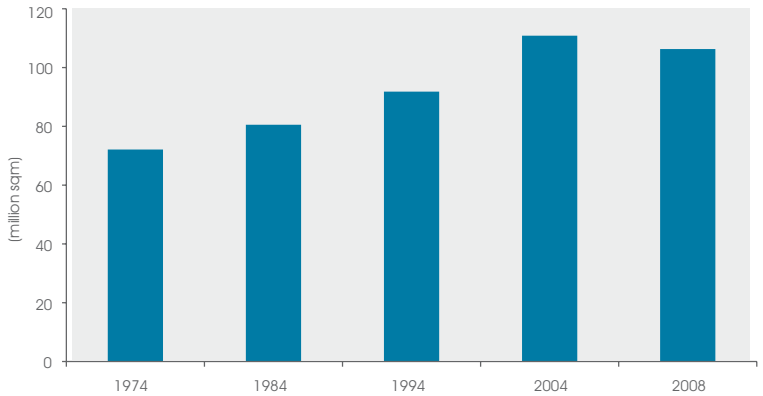
Retail stock in England and Wales has grown steadily over the last 40 years. Between 1971 and 2004 the total stock increased by 54% from 72.1 million sqm to over 110 million sqm. Direct comparisons with more recent figures are not possible due to definitional changes. Chart 3 shows the pace of development has accelerated with strongest growth 1994-2004 (+21%) compared with growth of 12-14% over the previous two decades.

Data from the ODPM/DCLG and BCSC showed how the location of new retail development in England has shifted, with the proportion of new space built in town centres decreasing from 64% in the mid 1970s to just 14% in 1994. By 2005, with the tightening of planning policy, 30% of new space was built in town centres and the BCSC predicted that it would reach c.40% by 2010/11. If edge-of-centre developments (within 300m of the primary shopping frontage) are included the respective figures are 23% in 1994, around 40% by 2005, and an estimated 50% by 2010/11.

The last decade saw an exceptional amount of town centre development, almost 50% greater than in each of the previous two decades, with numerous major schemes such as the Bullring in Birmingham, Liverpool One, and St David's 2 in Cardiff. In part this was due to the pro-town centre planning policies (PPG6 / PPS6) and in part due to the huge growth in comparison (or non-food) retail expenditure over the latter half of the 1990s and in the 2000s.

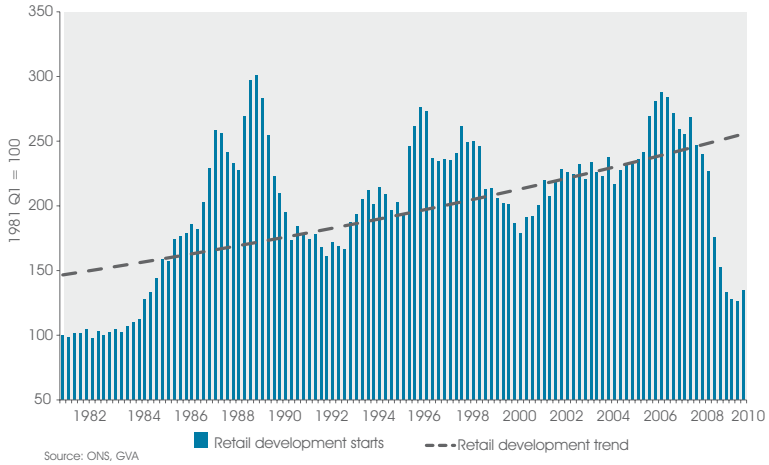
Strong retail expenditure growth, increased retailer demand, rental growth and lower interest rates resulted in lower investment yields, strong capital value growth and improved development viability. This coupled with the banks willingness/enthusiasm for property lending, encouraged a high level of development activity.

Chart 3: Retail stock in England & Wales



Source: ODPM Commercial & Industrial Floorspace Stats

Chart 4: New construction orders (constant prices) - 12 month total



Source: ONS, GVA

But when the recession came, investment yields increased dramatically, rental values declined and development activity collapsed as chart 4 shows. New construction orders for retail at the end of 2009 were, in constant price terms, only 35% of their level two years previously, and lower than in the previous recession despite the UK economy being nearly 50% larger. Major town centre schemes have stalled and there is now only one due for completion in 2011 (Westfield, Stratford) and few major schemes scheduled to open in 2012.

Outlook

- Can town centre development activity return to the levels seen in recent years? Developers now face difficult decisions with viability constrained and likely to remain so for some time. Retailer demand, rental growth and consumer confidence will remain weak, and development costs will be under pressure due to planning gain requirements by cash strapped local authorities and sustainability issues.
- The challenge for major retail led town centre schemes is their size which makes them costly and lengthy to implement. Will the future see developers opting for smaller, less risky schemes, or development in phases, or will they simply look to redevelop existing assets, or lower cost development solutions in non-central locations?
- The difficulty of obtaining bank finance is likely to persist, putting pressure on the public purse to help finance schemes. Without this many stalled schemes may never get off the ground, however with budget cuts, public funding will also be constrained for the foreseeable future.
- What are the options for local authorities then? Edge and out-of-centre development, with lower development costs and lower operating costs, will remain attractive for developers and retailers. Despite PPS4, can local authorities simply ignore this and risk losing developments to neighbouring towns? With the problems of financing town centre schemes, local authorities may find edge-of-centre development, if well planned and linked in with the town centre, offers the pragmatic solution for achieving new development.
- Much will depend on how planning policy responds to the post recession environment and the stance taken by the coalition government. If it favours a more market led approach to new development, PPS4 controls may be weakened to encourage new development and increase competition. This may open the doors for more non-central development, particularly on edge-of-centre sites.

Development activity by size of town

PPS4 continues to promote town centres as the focus for development activity. Using the EGi shopping centres database (which covers all schemes of over 50,000 sq ft (4,645 sqm)), town centre development activity has been tracked from 1960 to the end of 2009. The analysis includes all schemes, both new builds and extensions, and includes projects which were already under construction in 2009. London is excluded from the analysis.

Retail development has fluctuated over the past five decades with 1.4 million sqm built in the 1960s, between 2.2 million and 2.9 million sqm built per decade during the 1970s, 1980s and 1990s and then 4.2 million sqm built between 2000 and 2009.

Over the last 50 years, the greatest amount of development, totalling nearly 3.6 million sqm, took place in larger towns with urban populations of 100,000 - 250,000. This equated to 26% of all new town centre retail space. A similar amount of space was built overall in the smallest sized towns (<50,000 people), although with significantly more towns of this size, in terms of space built per person it equates to only 0.15 sqm, compared with 0.57 sqm per person in the larger towns.

Towns in the two largests size bands have consistently contributed 45%-50% of the total development in each decade. Nearly all of the largest towns had new development during the 2000s and overall twice as much town centre space was built over the last ten years compared with the previous ten.

Analysis of the average amount of retail space built per person shows that over the last decade medium sized towns (75,000-100,000 people) have seen the most with 0.18 sqm built per person. This compares with 0.13-0.16 sqm per person built in towns of over 100,000 people. The figures show the concentration of development in the medium-large towns with smaller towns seeing much lower levels of development activity (0.045 sqm per person in towns of less than 50,000 people).

Outlook

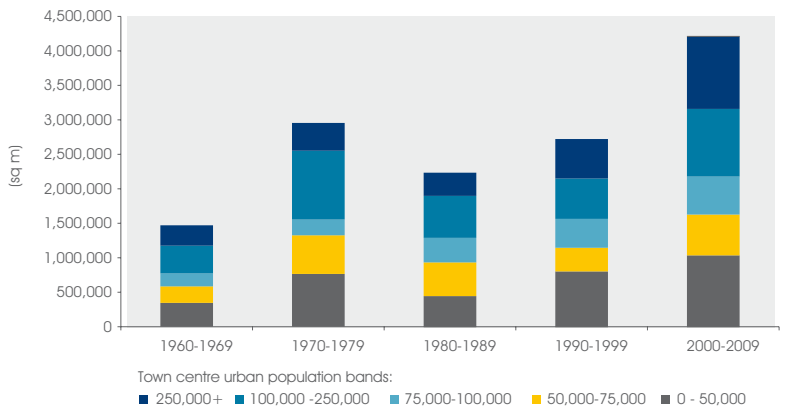
- The major retailers increasingly favour the larger towns. With strong investor demand for prime town centre retail schemes and with the recent fall in prime yields development viability may soon return. But even in prime towns simpler schemes with lower costs will be the order of the day.
- In smaller, more secondary towns, weak retailer demand, weaker retailer covenants, shorter leases and/or break clauses, and the threat from on-line sales may cause yields to remain high and development viability to remain poor, threatening the future of these towns. While market towns and local centres will be supported by their convenience and services offer, the ongoing pattern of polarisation will pose even more challenges to the mid sized, secondary towns.

Town centre retail development activity, 2000-2009

Town Size Band (Urban population)	Total Space Built (sqm)	% Towns with Development	Space built per person (sqm)
0 - 50,000	1,027,462	3.7%	0.05
50,000-75,000	592,084	42.9%	0.07
75,000-100,000	551,082	57.1%	0.18
100,000 -250,000	993,064	82.0%	0.16
250,000+ (excl. London)	1,051,661	93.8%	0.16

Sources: EGi, GVA

Chart 5: Town centre retail development by decade



Source: EGi, GVA (Figures include schemes under construction but exclude London)

Retailer trends

The retail sector is dynamic and constantly changing in response to consumers' demands. One key trend has been the consolidation of the market into fewer, larger retail businesses, as the table shows. The number of small retail outlets employing less than 10 staff has declined dramatically (-53%), contrasting with 5,837% growth in outlets employing more than 100 staff.

Multiple retailers now tend to dominate the core shopping areas of most UK towns giving rise to the term 'clone towns'. The recent recession however has hit the retail market hard with the collapse of numerous 'big' names such as Woolworths, MFI, Rosebys, Zavvi, Borders, Dolcis, Virgin, Faith, Land of Leather and Allied Carpets.

A key trend during these difficult economic times has been the strong growth at the value end of the retail market. Primark and Matalan, along with numerous 'pound' shops and value grocers such as Lidl and Aldi have all thrived in recent years. Other retailers such as Tesco, Asda, Sainsburys, Morrisons, Marks & Spencer and Waitrose have also launched 'value' ranges to compete for this growing sector of the market.

Competition and the fight for market share is driving many retailers to branch out beyond their standard/traditional retail offer to appeal to a wider audience. This is most evident amongst the grocers with the top four (Asda, Morrisons, Sainsbury and Tesco) branching out extensively into non-food markets. As the table above shows, significant proportions of their superstores are now dedicated to non-food ranges.

The fight for increased market share is not restricted to food retailers, with DIY stores offering wider ranges of soft furnishings, Next offering home furnishings/furniture and Boots offering toys, children's clothing, greetings cards, cameras and photo goods. Several retailers, including Asda, Tesco and Wilkinson have also launched their own catalogue services for non-food items to compete with the likes of Argos, offering home delivery or in-store collection.

With wider product ranges, demand has grown for larger stores. New store formats have also emerged, e.g. Asda Living, Tesco Homeplus, Next Home, Debenhams Desire stores and John Lewis at Home. In the current climate this has enabled some of these retailers, such as John Lewis, who have struggled to find the right space in town centres, to look at out-of-centre locations.

At the other end of the spectrum, food retailers keen to capitalise on the local convenience market, have developed smaller store formats to sit on high streets or in smaller shopping centres (e.g. Tesco Metro/Express). This trend has helped retailers increase market share in areas where planning policy would prevent the development of their larger format stores.

These trends all illustrate how the retail sector has evolved. Growth in the size of retail businesses, combined with expanding product ranges and new business formats has led to changes in the types of stores retailers are demanding and the locations they are prepared to trade in.

Retail stores by number of employees ('000s stores)

	Employment Size Group				
	0-9	10-19	20-49	50-99	100+
1971	432.1	27.7	9.6	2.1	1.5
2007	203.4	15.3	11.3	3.2	86.5
Change	-53%	-45%	17%	57%	5,837%

Source: ABI Division 52, Outlet Data

Proportion of non-food floorspace in supermarkets

	Asda	Morrisons	Sainsbury	Tesco
% of Non-food flrsp	48.8%	28.6%	33.2%	40.8%

Source: Verdict UK Grocery Retailing 2009 (Datamonitor). Figures are representative of main store format, i.e. superstores

Outlook

- Retailers will continue seeking larger, modern units. They no longer require stores in every town and the focus will be on the prime markets/larger towns and cities where suitable space can be accommodated.
- What is the future for small/medium towns? Retailers will focus efforts on the top 50-100 locations and aim to achieve all their turnover from large stores in these centres, and use multi-channel retailing such as the internet to fulfil other customer needs.
- This will compound the problems experienced by smaller traditional/historic towns which will find it increasingly difficult to meet retailers current space requirements. The only solution is to find more innovative designs or consider other options such as opening the door to edge and out-of-centre retailing. Or will smaller towns have to change focus and opt for a different role moving forward?
- Stores will no longer be simply points of sale, but will increasingly function as show rooms and/or collection points for internet orders, unless town centres can reinvent themselves with a more exciting offer and integrated leisure facilities to make the shopping trip more enjoyable and more of a quasi leisure experience.
- With town centre developments stalled, retailers are again turning their focus to out of centre locations and once they have moved out of centre will they go back? With retailers such as John Lewis, who would previously have anchored major town centre schemes, developing formats which enable them to trade from an out-of-centre location, is the future for town centre development under threat?
- Local authorities will face a difficult dilemma in circumstances where a retailer cannot be accommodated in a town centre. Do they allow them to move out-of-town, which could

threaten the viability of future town centre schemes, or risk losing them to a competing town, and thus not have them at all?

Rental value growth

In-town sectors have seen a lower rate of rental growth than retail warehouses over the last 20 years, as new supply has been constrained by planning policy (chart 6). However, in the recent recession, the performance of in-town and out-of-town retail property was almost identical, but over the last 12 months performance is diverging again.

Interestingly, in-town sectors have tended to under-perform retail warehouses during cyclical upturns, but performance has tended to be more similar during downturns. Within town centres, standard (high street) shops have underperformed in-town shopping centres and this trend is likely to continue.

Since the start of the recent recession town centre rental values have fallen by about 10% on average, but this masks wide divergence at the local level. In central London, for example, prime rental values have increased slightly (significantly in Bond Street), whereas in some cities such as Birmingham, Leeds and Manchester they have decreased by nearly 20% and in others such as Cardiff and Plymouth they have fallen by as much as 35%.

The table shows long-term rental performance in real terms (by stripping out RPI inflation to account for the varying inflation environments over the last 20 years). Retail warehouses have seen a very strong trend rate of growth of more than 2% pa above inflation over the period, compared with in-town shopping centres where growth has been in line with inflation, and standard (high street) shops, which have seen a decline in real terms of -0.7% pa.

Outlook

- Retail warehousing is now a more 'mature' sector, and is unlikely to see the degree of out-performance going forward that it experienced over the last 20 years. The restrictions on out-of-town development and the focus on revitalising town centres is expected to continue, although there may be changes to planning policies. So supply constraints are likely to remain and this would mean continued out-performance for out-of-town retail property over the long term, although by a lower margin than in the past.
- Stronger rental growth in out-of-centre locations will increase investor demand and put downward pressure on yields and upward pressure on capital values. This will enhance development viability relative to town centre sites and increase pressure to permit more edge and out-of-centre development.

Chart 6: Retail rental value growth

Source: IPD Annual Index

Average rental growth in real terms

	1 year	5 years	10 years	20 years (trend rate)
Standard (high street) shops	-9.3%	-2.7%	-1.4%	-0.7%
In-town shopping centres	-8.0%	-2.1%	-0.6%	0%
Retail warehouses	-8.2%	-2.2%	0.3%	2.1%

Sources: IPD, GVA

Demographics

National population growth

In 1971, the UK population was just under 56 million. Nearly forty years later it has risen to just over 62.5 million - an average annual increase of 0.3%. However, the population has been growing at an accelerating rate. Between 1971 and 1991 the average growth rate was 0.14% pa, which is significantly lower than the 0.45% pa average between 1991 and 2010. Over the next 20 years (2011–2031) the population is forecast to grow even faster (0.66% pa).

Regional population growth

The latest ONS sub-national population projections reveal that the population in each Government Office Region is forecast to rise between 2008 and 2018. As chart 7 overleaf shows, the East of England is projected to be the fastest growing region, increasing by 10% (0.96% pa). Other high growth regions include Yorkshire and the Humber, London, East Midlands, South West and South East, which are all projected to increase by at least 8% over the same period.

The North East and North West regions in contrast are projected to show relatively low actual growth, of 4% and 3.5% respectively. Population forecasts for the other parts of the UK (2008-2018) show population increasing by 6.8% in N.Ireland, 4.7% in Wales and 3.7% in Scotland.

Local population growth

Local level projections over the same period (2008-2018), suggest only eight of the 354 local authorities in England will see a fall in population, with five of these being located in the North West.

By contrast, the local authorities with the highest projected growth of up to 15%-19%, tend to be in the southern half of England, (in the South East, East and South West regions).

Marked disparities can occur between local authorities within the same region, due to differences in land availability or local policies, and as localities become increasingly or decreasingly appealing or affordable over time. For example in Greater Manchester and Cheshire strong growth is expected in Manchester (over 25% between 1998 and 2018), Salford and Trafford, whereas in Cheshire low growth is expected in most local authorities, with a marginal decline expected in Chester and Ellesmere Port & Neston.

Changing age structure – an ageing population

Advances in healthcare and medicine mean people are living much longer, a trend that will continue for the foreseeable future. Between 1971 and 2011, the number of UK inhabitants aged over 85 almost tripled from just under 0.5 million to 1.45 million. Looking ahead, the number of people in this age bracket is expected to more than double to almost 3 million by 2031. The number of 65 to 84 year olds is also expected to rise considerably (+42%) over the same period (see chart 8).

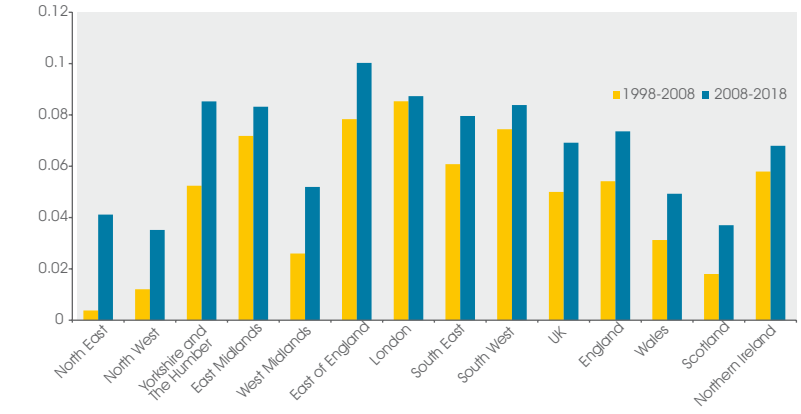
In contrast, the number of UK inhabitants aged 15 to 24 has not changed greatly over the last 40 years, with approximately the same number today (8.2 million) as in 1971 (8.1 million). Over the next decade, the number of people in this age group is expected to drop 8.5% to 7.5 million, before showing signs of starting to increase again.

Although the fertility rate in the UK has increased year-on-year since 2001, in 2008 it was 1.96 children per woman, remaining just below the natural replacement level of 2.1. This helps in part to explain the imbalance between age group numbers.

Outlook

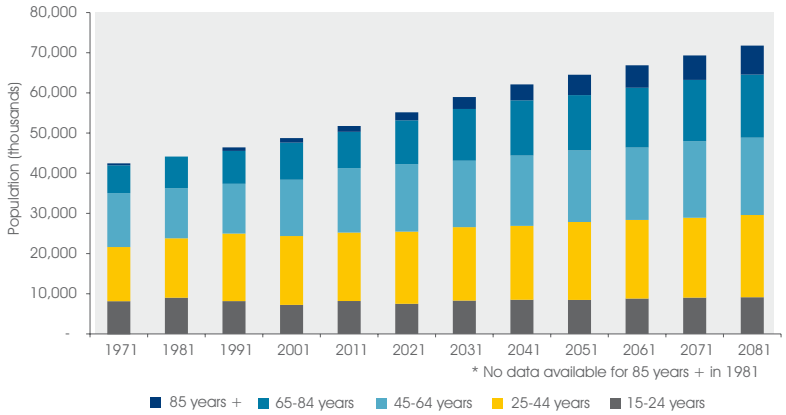
- In terms of the impact for the retail sector, increased life expectancy and immigration combine to add to the UK's 'top heavy' age structure, something which will continue to affect not only levels of expenditure per head but also its composition.

Chart 7: Estimated (1998-2008) and projected (2008-2018) percentage change in population in England (by Government Office Region), Scotland, Northern Ireland & Wales



Source: ONS, Welsh Assembly Government, General Register Office for Scotland, Northern Ireland Statistics and Research Agency

Chart 8: UK population breakdown by age range



Source: ONS, 2009

- Older people's purchasing habits are different, with a preference to spend money on leisure activities/holidays, with less on consumer products. This could be significant for the retail sector. The financial burden of supporting an ageing population will also place a further strain on the working generation, potentially reducing disposable income levels and therefore overall consumer expenditure.
- Retailers will need to adapt to the new 'grey market', a market often ignored in the past. It is likely that we see new formats and stores evolve specifically catering for older consumers. Older shoppers tend to favour smaller shops and independent retailers which are original, and provide quality products and strong customer service. They will tend to favour towns with good accessibility, which are not congested, and have an attractive environment where the retail experience is combined with good eating and drinking leisure facilities. Retailers will need to satisfy wants rather than needs.
- The growth of silver surfers on the internet is another important consideration, as these shoppers move away from traditional mail order/catalogue businesses. As we age mobility problems may make shopping more difficult and certain retailers have cited 'silver surfers' as the fastest growing sector of internet users, with them now making up a large proportion of online customer bases.

Mobility

Retail expenditure over the past 60 years has been significantly affected by improvements to public transport links and the rise in car ownership. The latter in particular, means greater distances can be travelled more easily and quickly, giving consumers better choice and the ability to purchase larger volumes of goods per trip than would be possible on public transport. Sixty years ago, more than 85% of UK households were without a car; today it is only a quarter.

Currently, approximately 45% of households own one car, 24% have two cars and 6% have three or more cars (see Chart 9). The growing numbers of multiple car households, as well as the general rise in car ownership, has greatly improved shopper mobility. This has fundamentally altered shopping patterns.

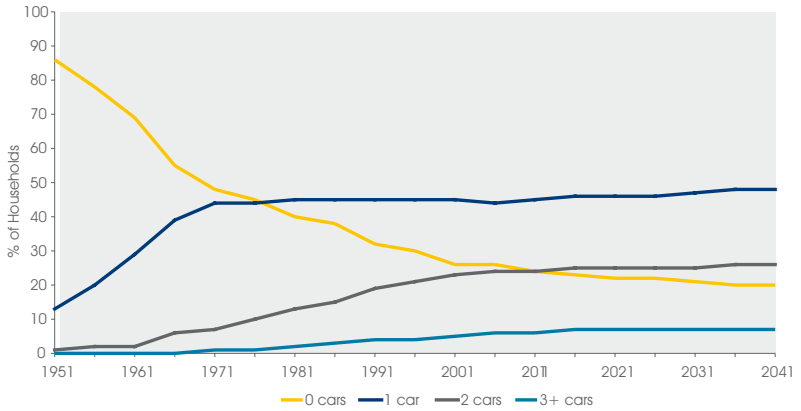
Convenience shopping is no longer about walking to the local shops it is typically undertaken by car at big supermarkets (bulk trips) and for comparison shopping, people are prepared to travel to visit bigger centres or retail parks.

These trends have increasingly favoured the larger, more distant, towns over the smaller nearby towns and out-of-town lcoations, with plentiful free parking, over town centres, with more constrained and costly parking, reinforcing the polarisation within the retail market.

Outlook

- The Department for Transport predicts that the proportion of households in the UK which do not own a car will continue to fall at a slow and steady rate to around 20% in 2041. There will be marginal growth in levels of car ownership until c.2036 when it appears that saturation of the market may occur.
- Mobility should be a less significant trend for the future as the same growth rate will not be experienced as in the past. Nevertheless, use of the car will remain crucial for shopping and towns that try to deter car usage will suffer. Car borne shopping is intrinsic now and policies to reduce car traffic to town centre schemes will be detrimental to town centre schemes that are in competition with easily accessible out-of-centre locations with ample free parking.
- Town centres that have an attractive shopping environment, with a good range of shops, and are accessible, with convenient inexpensive car parking, will prove successful.

Chart 9: Car ownership (1951-2041)



Source: National Travel Survey, Department of Transport, General Lifestyle Survey (Longitudinal) Office for National Statistics, 2008

Conclusions

- Town centres have suffered from the severe recession with falling rental values and higher vacancies and they will suffer from its aftermath. Government spending cuts and tax increases to reduce the annual budget deficit and high level of debt, will have a lasting effect on employment, income and consumer spending in towns where there is currently a high level of public sector employment. Personal levels of debt, which remain high, will gradually reduce and this will further affect retail spending growth.
- Retailers will also be affected by continuing strong price competition, intensified by the effect from internet based spending. They will look to reduce costs and will demand modern shops that meet their size and layout requirements. All these factors potentially threaten some centres, particularly smaller town centres, and will require town centres to be more proactively managed and maintained.
- Town centre retail turnover will be under pressure for many years to come and this will affect rental and capital value growth and hence the viability of new development. This will threaten some large town centre schemes which are dependant on expensive land assembly, high front-end infrastructure costs, complex design, high development costs, lengthy development timescales and the need for pre-letting to major space users.
- For some town centres, lower growth in expenditure, changing shopping habits and the concentration of shopping in the larger centres may mean that no new development will be viable or that a contraction in the size of the town centre may be required.
- Recognition that some of these trends may be permanent and not just temporary 'blips' is important as where the decline of a centre is already underway, the solution may lie in the form of a managed decline with conversion or redevelopment to other uses. It might be that some high streets/towns will never go back to being major 'retail destinations'. This does not mean they have no future, they simply need to determine a different role/new focus for themselves going forward.
- The appeal of out-of-centre development (foodstores and retail parks) will increase relative to town centre development as development costs will be lower, rental and capital values will show stronger growth and the accommodation of large space users will be easier than in constrained town centre sites. Local authorities will have to be increasingly vigilant about the amount, composition and scale of out-of centre development, and be much more proactive over their town centres.
- Local authorities need to be wary of the trends mentioned in this bulletin such as mobility, accessibility and car parking, the sameness of many town centres, lower expenditure growth and the threat from the internet, the ageing of the population and how this will affect shopping and leisure activities in town centres. The multitude of land ownerships in most town centres makes effective action difficult but not impossible. Even the most proactive authorities may struggle to reverse the effect of some of these trends. Their aspirations have to be realistic, soundly based, and supported by a clear understanding of how new investment will be delivered in this more challenging economic climate.

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