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# Redcar & Cleveland Borough Council

REDCAR AND CLEVELAND STRATEGIC RETAIL, LEISURE AND OFFICE STUDY UPDATE  
AUGUST 2011 - VOLUME 1

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PREPARED BY

COLLIERS INTERNATIONAL

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## EXECUTIVE SUMMARY

1. The report consists of two volumes. Volume 1 (this volume) comprises the Consultant's Report, whilst Volume 2 contains a number of Appendices which provide technical information relating to the statistics and forecasts that have been used, together with comprehensive information on existing centres and retail floorspace throughout the Borough. It also contains the detailed quantitative retail floorspace need tabulations (spreadsheets) with separate series on convenience goods, non-bulky comparison goods and bulky comparison goods.
2. Following an Introduction (Section 1), Section 2 describes the key retail, leisure and office property trends in the UK and draws on recently published data as well as the results of in-house research. The purpose of the review is to provide a wider context to the study of Redcar and Cleveland.
3. In Section 3 the planning policy context to the study at the national, regional and local levels is described.
4. Section 4 introduces the methodology for assessing the need for additional retail floorspace within Redcar and Cleveland. The sources of data are identified, the methodology of the 'model' is described and the key assumptions are explained.
5. In Section 5 consideration is given to the present scale and location of retailing provision throughout the sub-region and, drawing largely on the results of the household telephone survey, the current patterns of shopper behaviour for convenience goods and non-bulky and bulky comparison goods shopping are examined. We estimate that Redcar and Cleveland as a whole retains 59% of all retail expenditure with 41% leaking out to competitor centres. For convenience goods, the Borough retains an impressive 89% of locally generated expenditure. However, the position is rather different in relation to comparison goods with the Borough retaining only 38% and 36% of non-bulky and bulky goods respectively.
6. In Section 6, we focus on the retail sector within Redcar and Cleveland Borough and describe and review the current 'health' of the Borough's town, district and local centres. We conclude that a large amount of work has already been undertaken to improve the retail offer across the Borough. Nevertheless, there is a need to further improve the quality of the retail stock in Redcar Town Centre in order for it to attract retailers to the town. Guisborough District Centre has the potential to improve its offer and there is a need to consolidate its appeal as a market town and quality destination. Marske and Saltburn District Centres appear to be in a reasonable condition and as such should aim to maintain and/or enhance their offer so as to secure additional customers. Loftus and Eston, however, are in need of further pro-active management, refinement, development or consolidation.

7. Section 7 describes our approach to quantifying the need for (any) additional convenience goods and non-bulky and bulky comparison goods floorspace within Redcar and Cleveland Borough as a whole and its sub-areas (zones). The assessment is carried out for the (agreed) forecast years of 2016, 2021 and 2026.
8. In Section 8 we present our analysis of the need for additional leisure uses within Redcar and Cleveland Borough and its town, district and local centres. We conclude that leisure trips of Borough residents are undertaken much less frequently than for shopping, whilst the Borough retains fewer leisure trips than shopping trips. Furthermore, by combining the latest national forecasts of growth of the different leisure activity markets with local information on frequency and destination of consumer leisure visits, and the existing supply of leisure facilities, we identify those particular leisure uses which are most appropriate for the Borough and its constituent centres.
9. Section 9 considers the office market in the Borough. We conclude that Redcar and Cleveland is a tertiary office location in terms of the wider North East market. The current supply of office space appears more than sufficient to satisfy demand over the next five years. Enterprise Zone status for three sites in the Borough may help to contribute a much needed boost to commercial demand for office space, in which case there may be scope for some new development.
10. Lastly, Section 10 sets out the conclusions to the study and presents the results of our retail floorspace needs assessment. If a traditional 'constant market shares' approach is adopted then we conclude that there is (after commitments) no quantitative need for any additional retail floorspace (convenience goods or non-bulky/bulky comparison goods) in the Borough as a whole through to 2026. However, under alternative and more realistic scenarios we believe there is the potential for up to 4,400 sq m gross of new non-bulky comparison goods floorspace in Redcar Town Centre (by 2026) and a need for further food store provision in East Cleveland – to reduce the considerable leakage of main food trips to West Cleveland – and at the proposed Low Grange Farm District Centre. We also set out our recommendations to the Council on the most appropriate policy direction for inclusion in the LDF and suggest a suitable Monitoring Framework for assessing future retail trends and centre performance.



# 1. INTRODUCTION

## STUDY CONTEXT

- 1.1 Redcar and Cleveland Borough is a unitary authority created in 1996, following the break-up of the County of Cleveland. It is located south of the Tees estuary in North East England and serves diverse communities including deprived urban areas, affluent towns, former mining villages, coastal resorts and moorland within the North Yorkshire National Park.
- 1.2 The Borough forms part of the Tees Valley economic area, which also comprises the unitary authorities of Darlington, Hartlepool, Middlesbrough and Stockton-on-Tees. The Borough currently has a population of around 138,000 and its main settlement is the resort town of Redcar.
- 1.3 In many respects the Borough is geographically and functionally self-contained; the River Tees and North Sea form boundaries on two sides, whilst the North York Moors acts as a natural barrier to the south. However, to the west the Borough merges into the suburbs of Middlesbrough, whilst Stockton-on-Tees lies immediately beyond with its major out of centre retail parks (eg. The Teesside Shopping Park) acting as major draws to Redcar residents.
- 1.4 Redcar and Cleveland Borough has been the subject of rapidly changing national retail, leisure and office market trends over the past 20-30 years, as well as more localised impacts on the economy. The economic recession and continuing economic fragility has undermined high streets throughout the country including those within the Borough, although Redcar town centre is showing positive signs of 'fighting back' with a recent spate of shop lettings.
- 1.5 Against this retail and economic background, Redcar and Cleveland Borough Council is well advanced in the preparation of its Local Development Framework (LDF), with the Core Strategy and Development Policies DPD's being adopted in July 2007.
- 1.6 The Core Strategy contains a range of policies setting out the strategic framework for the future development and regeneration of the area and defines a retail hierarchy for the Borough's town, district and local centres.
- 1.7 PPS 4: Planning for Sustainable Economic Growth (published in December 2009) sets out the national policy framework for economic development, including town centre development. PPS 4 requires local authorities to have a robust evidence base to underpin the preparation of their LDFs'.

1.8 In the preparation of the Redcar and Cleveland LDF Core Strategy, the Council commissioned a Strategic Retail, Leisure and Office study in 2006. However, the Council has decided to commission an **update** study for the following reasons:

- the original study is five years old;
- the UK economy has experienced a severe downturn (recession) which was not foreseen back in 2006;
- the Borough has witnessed a number of changes in retail provision over the past five years; and
- the new PPS 4 specifies a range of new requirements which must be met.

1.9 This update study is intended to inform the production of a strategy and supporting policies for retail, leisure and office development across the Borough, and is designed to take into account, and be complementary to, other Council strategies and regeneration projects in the Borough.

## TERMS OF REFERENCE

1.10 The Consultants Brief for the Redcar and Cleveland Strategic Retail, Leisure and Office Study Update set out the detailed requirements of the Council. These are as follows:

- to undertake research to establish convenience and comparison retail expenditure and main leisure use patterns within the Borough, including the level of leakage of spending to neighbouring authorities;
- to identify any deficiencies in the provision of local convenience shopping and other facilities which serve *peoples'* day-to-day needs;
- to identify opportunities for future retail, office and leisure development based on future needs – to include the night time economy, bringing upper floors and empty properties back into productive use and identifying potential development sites using the sequential approach;
- to assess future expenditure growth for a period of 15 years, broken down by five year periods;
- to establish defined catchment areas for each centre in the Borough, including the level of expenditure retention;
- to indicate a threshold which the Council should set with regard to requiring a developer to submit a retail impact assessment, based on the likely impact upon existing centres;

- to review the boundaries of existing centres and suggest changes, where appropriate;
- to identify boundaries for the proposed district centre at Low Grange Farm, South Bank;
- to identify primary and secondary frontages within the Borough's centres, as appropriate; and
- to provide a framework for monitoring the viability and vitality of centres based on PPS 4 indicators.

1.11 In addition, the Brief indicates that the update study should:-

- cover all the Borough's town, district and local centres as defined by the LDF Core Strategy<sup>1</sup>;
- cover the town centre uses of retail, leisure and offices;
- review the retained approach set out in policies 'saved' from the Local Plan as well as the Council's interim hot food takeaway policy; and
- take into account the wider strategic context and other relevant plans and strategies, including the Regeneration Masterplan.

1.12 Lastly, the Brief requests that the study should be prepared in a format which:

- enables Council officers to readily assess future planning applications for town centre uses; and
- should be capable of being readily updated in the future to reflect changes in the market and the functionality of the Borough's centres.

## STUDY APPROACH

1.13 In preparing this report, Colliers International and The Retail Group have utilised their broad expertise of retail planning and experience gained in undertaking many other town centre studies for local authorities throughout the UK. Specifically, the study seeks to combine experience in terms of:

- Research and Economics
- Planning
- Market Knowledge

<sup>1</sup> Policy CS18.

- Consumer/Market Research

and as such the study seeks to blend detailed research with relevant commercial and planning expertise.

1.14 Although some data was available prior to the commencement of this study, it soon became clear that a substantial body of **new** information was required in order to satisfactorily meet the objectives in a robust manner. This new data falls into two broad categories as follows:-

- we undertook a telephone **survey** of 1,000 households living throughout Redcar and Cleveland Borough and its shopping hinterland;
- we have incorporated the very latest and most reliable **statistics** available in relation to the following;
  - existing retail floorspace of centres and shops throughout the Borough<sup>1</sup>;
  - details of retail floorspace and leisure schemes in the development pipeline within the Borough<sup>2</sup>;
  - existing population totals for the Borough, survey area and constituent sub-areas (zones) and projections of population to 2026<sup>3</sup>; and
  - estimates of average consumer retail expenditure per head for small areas (zones), and forecasts of growth in such expenditure within Redcar and Cleveland Borough and its shopping hinterland<sup>4</sup>.

1.15 In addition, we have examined published research from a wide range of third party organisations in order to incorporate into the retail needs assessment the latest data and forecasts on:

- the level on non-store retail sales, including consumer spending over the internet;
- the changing floorspace efficiency (average store productivities) of existing retailers; and

<sup>1</sup> Colliers International has generated this data from a range of sources, including the latest annual centre monitoring surveys carried out by Redcar and Cleveland Borough Council.

<sup>2</sup> This information is provided by Redcar and Cleveland Borough Council.

<sup>3</sup> Calculated by Colliers International based on ONS population projections.

<sup>4</sup> This data is sourced from Experian.

- appropriate existing and future benchmark average sales densities for different categories of goods.

## STRUCTURE OF THE REPORT

- 1.16 This report consists of two volumes. Volume 1 (this volume) comprises the Consultants Report, whilst Volume 2 contains a number of Appendices which provide technical information relating to the statistics and forecasts that have been used, together with comprehensive information on existing centres and retail floorspace throughout the Borough. It also contains the detailed quantitative retail floorspace need tabulations (spreadsheets) with separate series on convenience goods, non-bulky comparison goods and bulky comparison goods.
- 1.17 In terms of this volume (the main report), Section 2 describes the key retail, leisure and office property trends in the UK and draws on recently published data as well as the results of in-house research. The purpose of the review is to provide a wider context to the study of Redcar and Cleveland.
- 1.18 In Section 3 we describe the planning policy context to the study at the national, regional and local level.
- 1.19 Section 4 introduces the methodology for assessing the need for additional retail floorspace within Redcar and Cleveland. The sources of data are identified, the methodology of the 'model' is described and the key assumptions are explained.
- 1.20 In Section 5 we consider the present scale and location of retailing provision throughout the sub-region and, drawing largely on the results of the household telephone survey, examine the current patterns of shopper behaviour for convenience goods and non-bulky and bulky comparison goods shopping. Using this information we quantify the retail trading performance of Redcar and Cleveland Borough as a whole and that of Redcar town centre. The major competitor destinations to those centres in Redcar and Cleveland Borough are identified and their retail offers are compared.
- 1.21 In Section 6, we focus on the retail sector within Redcar and Cleveland Borough and describe and review the current 'health' of the Borough's town, district and local centres. The assessment is supported by an audit of existing retail floorspace throughout the Borough. Out of centre retail provision in the form of retail parks, retail warehouses and supermarkets/superstores is also covered.
- 1.22 Section 7 describes our approach to quantifying the need for (any) additional convenience goods and non-bulky and bulky comparison goods floorspace within Redcar and Cleveland Borough as a whole and its sub-areas (zones). The assessment is carried out for the (agreed) forecast years of 2016, 2021 and 2026.

- 1.23 In Section 8 we present our analysis of the need for additional leisure uses within Redcar and Cleveland Borough and its town, district and local centres. Our approach combines results from the household telephone survey with published market research and our own audit of existing leisure provision.
- 1.24 Section 9 considers the office market in the Borough. The existing stock of office floorspace is estimated by location and use class, as is recent take-up and current availability. The future demand for office space is then discussed.
- 1.25 Lastly, Section 10 sets out the conclusions to the study and presents our recommendations to the Council on the most appropriate policy direction for inclusion in the LDF.

## 2. RETAIL, LEISURE AND OFFICES: TRENDS AND NATIONAL CONTEXT

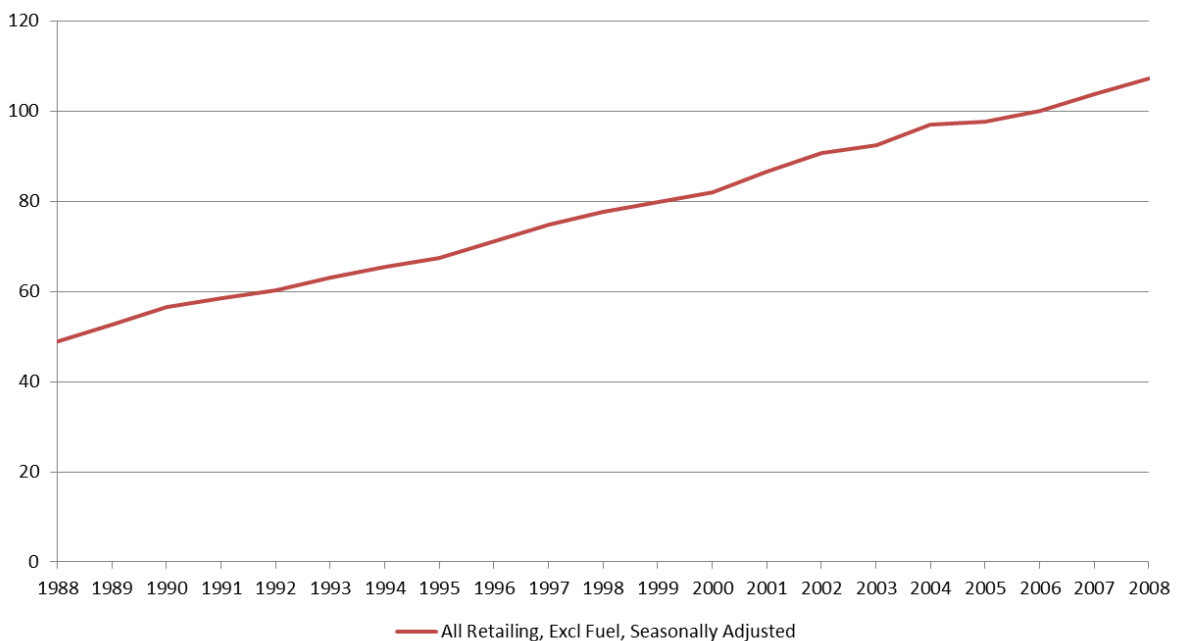
### INTRODUCTION

- 2.1 It is useful to set the shopping, leisure and office markets within Redcar and Cleveland Borough in the context of long term national trends. Retailing, leisure and offices are all dynamic sectors and the way they evolve will have important implications for all parts of the UK, including for Redcar.

### RETAILING - PERIODS OF RAPID CHANGE

- 2.2 From the mid 1980's until relatively recently, the UK retailing industry underwent a radical transformation. Fired by a growing volume of consumer spending, a considerable economic boom occurred. Between 1988 and 2008, for example, retail spend rose by 220% (**Figure 2.1**). This rapid increase was due to the easy availability of credit, a booming housing market and increasing consumer confidence, which translated into consumer expenditure.

**Figure 2.1 Retail Sales Index, 1988-2008 (2006=100)**

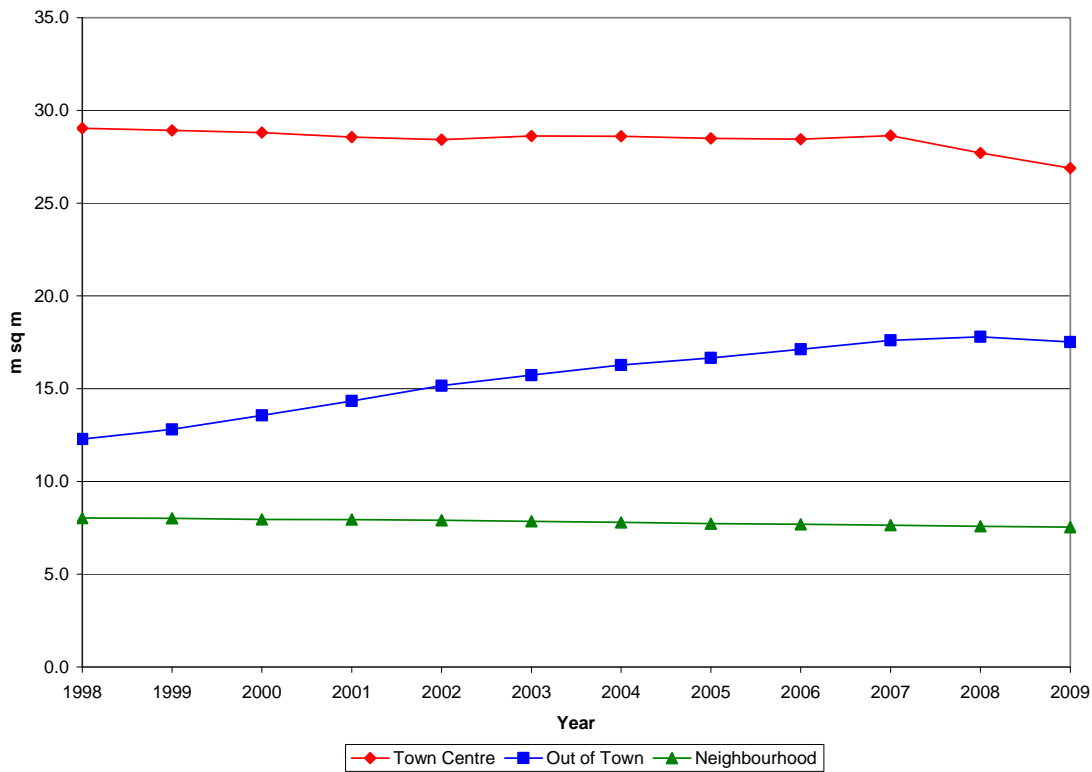


Source: ONS, 2011

- 2.3 This general buoyancy and healthy consumer demand was underpinned by important changes on the supply side, notably:-
- the advance of superstores and multiple retailers;
  - achievement of larger economies of scale;
  - introduction of attractive new store designs and systems of product presentation; and
  - superior systems of stock control and replacement.
- 2.4 A new generation of consumers was courted by new retailers focusing heavily on design and market segmentation (e.g. Next, Tie Rack and The Body Shop). The aggressive expansion of new retailers added further pressures to a widespread demand for a limited resource, i.e. prime sites on the high street and in shopping centres. However, this was confined almost entirely to large towns and cities, rather than smaller centres.
- 2.5 The 1980s and 1990's also saw a period of financial deregulation. High Street sites were in competition and eagerly acquired by such service providers as banks, building societies and estate agencies.
- 2.6 All these market changes put upward pressures on the level of shop rents as a consequence of the "race for space". Between 1984 and 1988 rents nationally increased by over 60%. This large increase was vastly in excess of the underlying growth in retail sales and consumer expenditure (25% and 23% respectively). As retailer demand continued to fuel rental growth, new shopping developments in town centres and out of centre became viable. This took the form of both major centre schemes, retail parks and smaller "courtyard" developments, sometimes in secondary locations in the larger centres.
- 2.7 Between 1987 and 1996 the quantity of out of centre floorspace in the UK grew by over 87% (an increase of almost five million sq m), whereas the equivalent figure for in-town retail floorspace showed a growth of only 0.7% (less than 0.2 million sq m). Thus in floorspace terms virtually the whole of the net additional growth in the UK retail sector between 1987 and 1996 was out of centre. During this time migration of the main out of centre sectors from the high street created space into which the more traditional high street retail uses expanded. By the end of 2000 out of centre shopping accounted for 27% of total retail space and 28% of retail sales, with both these figures rising to 34% and 31% respectively by 2009. **Figures 2.2 to 2.4** overleaf summarise changes in the quantum of retail sales and retail floorspace by physical location over the past decade and the relationship between the two indicators (sales densities).

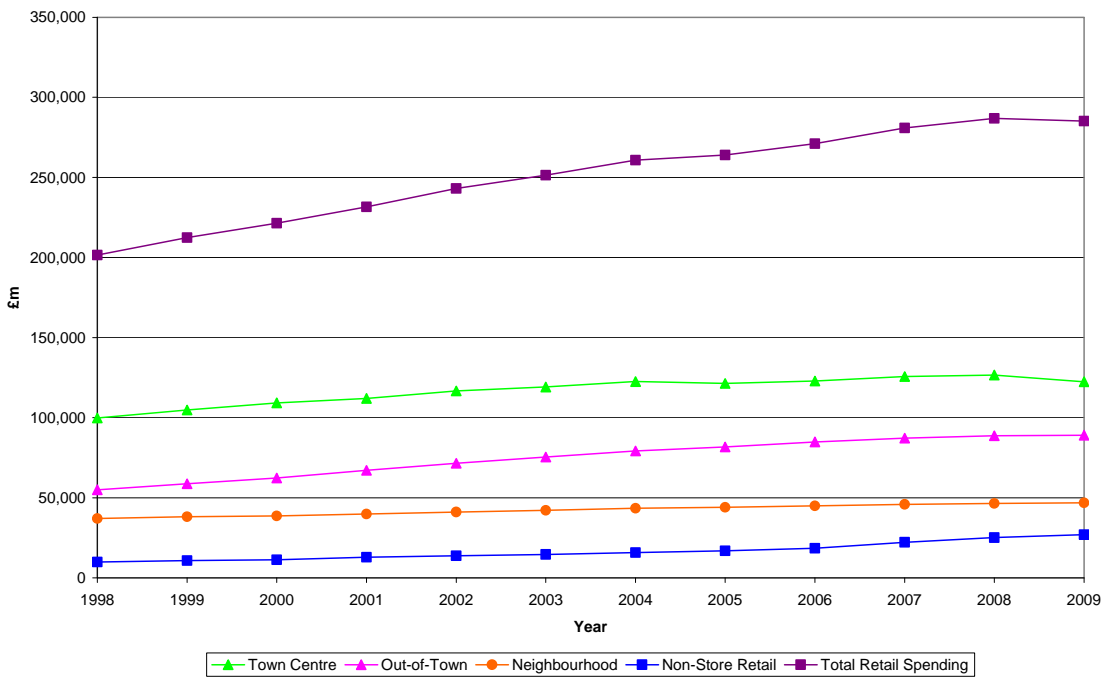


**Figure 2.2 Retail Floorspace by Location, 1998-2009**



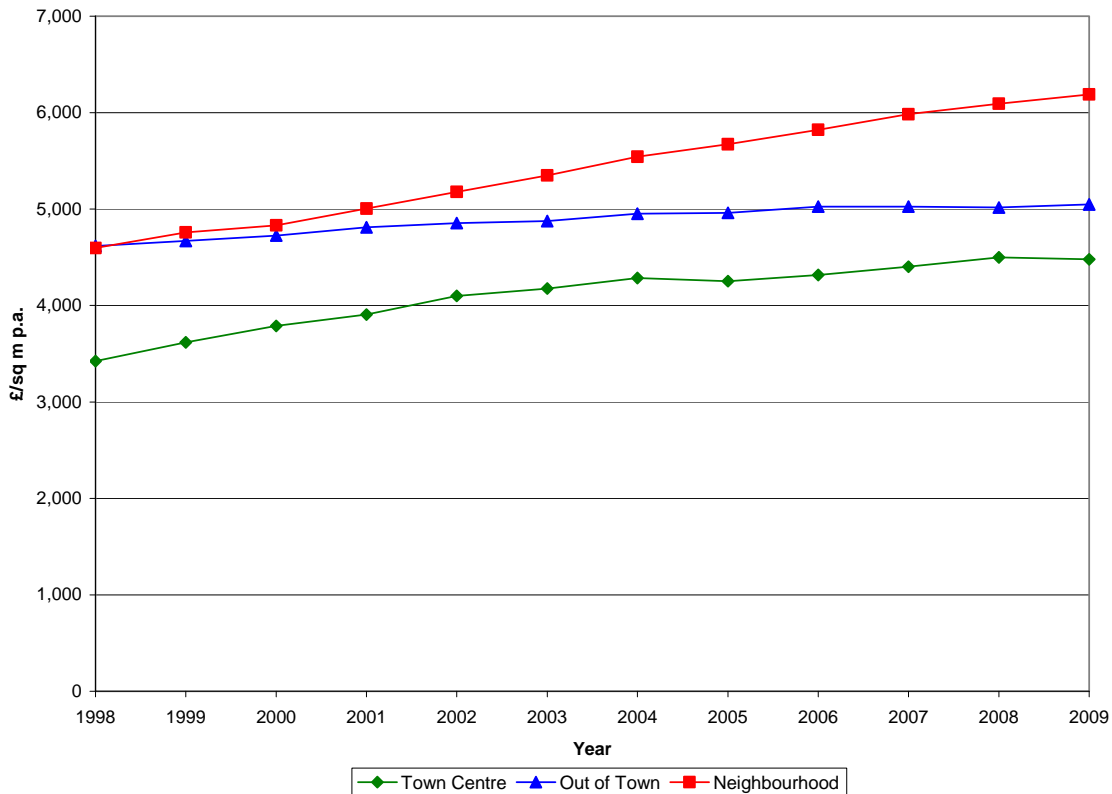
Source: Verdict, UK Out of Town Retailing, October 2010.

**Figure 2.3 Retail Sales by Location at Current Prices, 1998-2009**



Source: Verdict, UK Out of Town Retailing, October 2010.

**Figure 2.4 Retail Sales Densities by Location at Current Prices, 1998-2009**



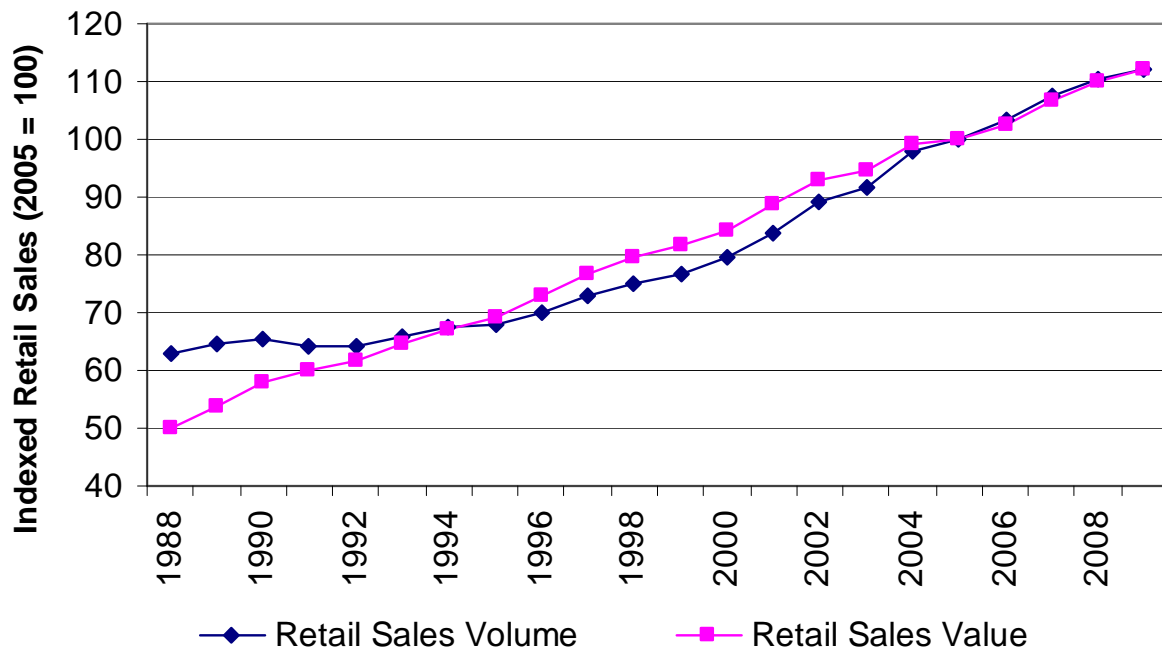
**Source:** Verdict, UK Out of Town Retailing, October 2010.

2.8 In relation to high street retail the 1980s and 1990s saw an increasing concentration of shopping provision within the UK's largest city and town centres. By 2000, for example, the top 100 locations accounted for an estimated 36% of (town centre) floorspace and 58% of sales.

### EARLY 1990s RECESSION

2.9 The results of the onset of the recession at the end of the 1980s / early 1990s are well documented - a virtual standstill in retail sales and a sharp decline in the fortunes of high street stores. From 1989 to the end of 1992, the general trend in retail sales at constant prices (ie. discounting for inflation) was static (see **Figure 2.5** overleaf) in marked contrast to the expectations on which some retailers' business plans at the time was based.

Figure 2.5 Retail Sales Values vs Volumes, 1988 - 2009



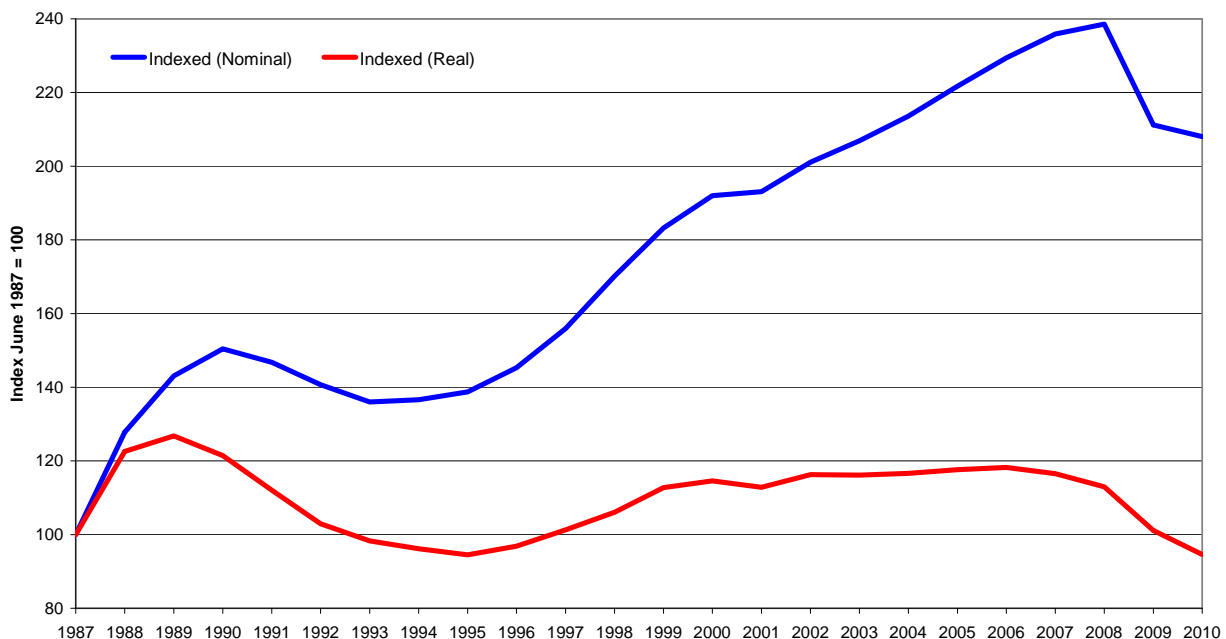
Source: Experian Forecast, August 2010.

2.10 High rents and low sales resulted in many retailers (multiples and independents) having a particularly difficult time. Some retailers closed down or down-sized their holdings considerably. This period also saw the growth of the “discounters” (food and non-food) as consumers became very cost conscious. In addition, charity shops proliferated as landlords tried to recoup lost income from voids arising from the downturn. This period was characterised as being very much a tenants market as occupiers had substantial negotiating clout resulting from the downturn.

## RETAIL EVOLUTION SINCE THE MID 1990s

2.11 From 1996, until relatively recently, growing consumer confidence had led to increasing retail spend, which in turn encouraged retailers to expand with strong competition for prime sites and a resultant increase in prime rents (see **Figure 2.6** overleaf). Although prime rents rose each year from 1993-94 to 2007/08, in real terms (i.e. after taking inflation into account) values remained lower than those achieved more than a decade earlier. In absolute terms, the average GB prime rent rose from £592 per sq. m in 1987 to £883 per sq. m in 1990 before falling back to £797 per sq. m in 1993. Since then, the average rent increased annually to reach £1,400 per sq m in May 2008 before declining once more to £1,227 per sq m in May 2010.

**Figure 2.6 Great Britain Prime Rental Performance, Nominal & Real Values (June 1987 to June 2010)**



*Source: Colliers International*

- 2.12 The general confidence in retail markets since 1996, until quite recently, has been the result of a buoyant national economy, resulting in increasing consumer affluence and confidence. Positive economic indicators included a growth in Gross Domestic Product (GDP), relatively low inflation and falling unemployment. This confidence in the economy saw improvement in rents across all property sectors. Property also witnessed a significant increase in investment from institutional investors.
- 2.13 Retailers responded to these emerging consumer needs by focusing more on the establishment of larger shops that were able to provide the full range of their products at a competitive price. According to Verdict, high street stores are now 25% larger than a decade ago as retailers such as Marks & Spencer and Next strive to expand floorspace to accommodate broader ranges and services. Typically, these new “mega” shops are located in the larger “quality” regional centres where catchment populations are considerable and affluent, and where retailers can maximise market share through a more focused branch network.
- 2.14 Retailing is also becoming more and more about branding and specialisation. The retail generalists, such as W H Smith and Boots, are finding it difficult to maintain market share, especially as the supermarkets move increasingly into non-foods. The buying power of these operators now enables them to undercut most high street retailers on price.

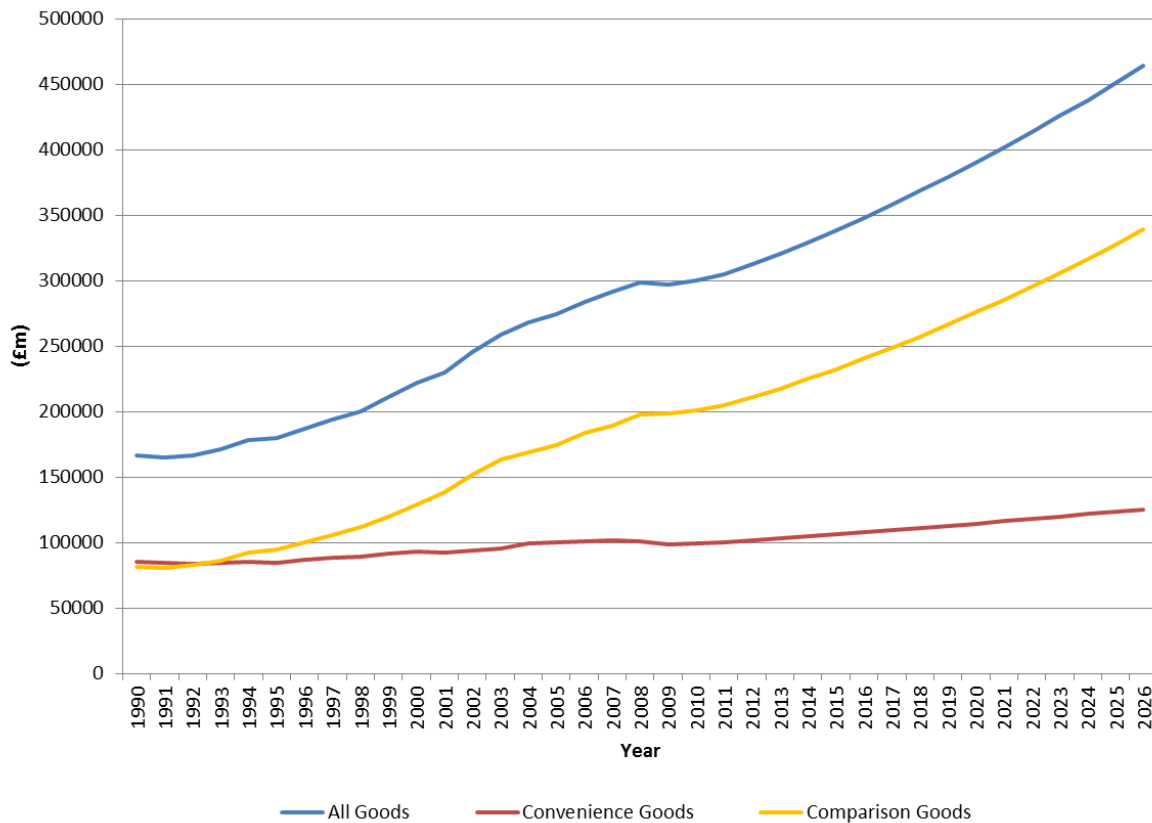
- 2.15 There is also a growing element of convergence between retailing and leisure. Both retailing and leisure have a developing synergy so that the shopping trip is now increasingly seen as a “day out” rather than a regular routine or chore. An example of this trend is the shopping trip which in itself is undertaken as a leisure activity. This is particularly well illustrated by the new breed of factory outlet centres which have opened throughout the UK, where research which we have undertaken shows that up to 75% of visits are essentially leisure based trips and are “net additional” to regular visits made to the high street.
- 2.16 There has been growing pressure and competition from café, snack bar, restaurant and licensed retail operators (e.g. JD Wetherspoon), responding to the trend of people choosing to eat out more regularly and contributing to the concept of the evening economy.
- 2.17 In key centres, international retailers have also been very active. The best example of this is central London, where locations such Oxford Street, Bond Street and Regent Street have attracted an influx of major names including Armani, Donna Karan, Louis Vuitton and Gianni Versace. However, demand from overseas retailers has also been healthy in a number of the other major regional centres such as Manchester, Glasgow and Leeds.

## OUT OF TOWN RETAILING

### FOOD

- 2.18 Food retailers continued to expand through the recession of the early 1990s, particularly in out of centre locations. The slow growth in convenience goods expenditure (illustrated in **Figure 2.7** overleaf) contributed to the expansion plans of food retailers by forcing them to fight for market share and to benefit further from economies of scale. The logic appears to be that to increase market share and profits, there is a need to increase floorspace.

**Figure 2.7: Consumer Retail Expenditure by Goods Type for the UK (Constant 2006 Prices), 1990 to 2026**



**Source:** Experian Forecast, August 2010

**2.19** In the past, increasing floorspace was achieved mainly through new superstore development, especially out of centre. However, with government planning policy curtailing opportunities out of centre, the major operators are increasingly looking to extend their existing stores. Extensions are used to accommodate non-food ranges which have lower sales densities (than food) but generate better margins. Larger stores also enable food store operators to diversify into services or to accommodate in-store service use concessions (e.g. coffee shops, dry cleaners, shoe repairers and photographic processing).

**2.20** Smaller store formats have been devised by a number of major food store operators and this has also spearheaded the movement back to town centres. An example of one of the new formats is Tesco with its “Metro” and “Express” concepts. The promotion of town centre living, along with the growth in one person households as well as an increasingly ageing population, has created a market for in-town supermarkets.

**2.21** The growth in the number of larger superstores (**Table 2.1** overleaf) has been at the expense of smaller supermarkets and other food specialists. The net effect of the expansion of the superstores has been a loss of more than 36,000 food shops over the past 13 years.

**Table 2.1 Total Grocery Store Numbers by Retail Type, 1997-2010**

Year	Superstores	Supermarkets and Smaller Grocers	Food Specialists	Off-Licenses & Tobacconists	All Stores
1997	1,084	34,438	41,493	27,667	104,682
1998	1,117	33,766	39,407	25,691	99,981
1999	1,150	33,586	37,996	22,480	95,212
2000	1,180	33,228	36,157	20,756	91,321
2001	1,235	33,040	34,240	19,208	87,723
2002	1,292	32,785	33,155	17,644	84,876
2003	1,319	32,523	30,856	16,349	81,047
2004	1,351	32,423	28,963	14,194	76,931
2005	1,385	32,288	28,244	13,373	75,290
2006	1,434	32,138	27,750	12,540	73,862
2007	1,463	31,953	27,123	11,760	72,298
2008	1,490	31,857	26,309	11,125	70,781
2009	1,513	31,729	25,467	10,546	69,255
2010	1,539	31,666	24,856	10,019	68,080
<b>% Change 1997-2010</b>	<b>+42</b>	<b>-8</b>	<b>-40</b>	<b>-64</b>	<b>-35</b>

*Source: Verdict, UK Out of Town Retailing, October 2010.*

## NON-FOOD

**2.22** Following many years of rapid growth, the out of town retail warehouse sector suffered a down-turn at the end of the 1980s. By the mid 1990s it had recovered and the market remained strong through to around 2005. This 10 year renaissance derived from a series of innovations which, when combined, created the modern purpose-built retail park. Schemes built in the early 1980s began to be examined critically and some were redeveloped or extended. Free-standing (“solus”) units started to become outmoded. Some units were reduced in size from that typically required by DIY operators to meet the new range of retail warehouse or “showroom” occupiers.

**2.23** The retail warehouse market continues to segment as it matures. Prime rents are generally paid for space on purpose built retail parks which are accessible by a large catchment population and which benefit from an “open” (non food) retail planning consent (the first tier - “superprime”). In other locations, premiums can be paid by a wider range of retailers (typically for smaller retail warehouses) – on parks having such a planning consent (the second tier). With the increased use of planning

conditions to restrict the use of out of town retail warehouses to “bulky goods”, a third tier has developed in investment terms.

2.24 During recent years there has been a polarisation in the retail warehouse market between bulky goods (weak demand) and open A1 (relatively healthy demand). There is currently a huge total of second hand space on the market and most of this is bulky goods restricted and often large and difficult to sub-divide. The weak bulky goods market is typified by major events such as the collapse of Courts at the end of 2004, which resulted in 70,000 sq m gross of vacant space coming onto the market, and the down-sizing of B&Q. Added to this are the residual units from the more recent collapse of Allders, Furnitureland, Durham Pine, Textile World, MFI etc. and on-going disposals from a number of other retailers. Running in parallel there has been the development of new retail warehouse floorspace that has never been occupied.

## E-TAILING

2.25 In 2002, the value of online retail spending was just £3.8 billion, representing 1.6% of all UK retail sales. By 2008, however, it had grown to £18.4 billion (6.4%). Online sales have therefore risen rapidly to become an integral part of the UK retail market, and in many cases it is now the strength of retailer's online sales that is helping to counter the weaker in-store performance.

2.26 Consumer confidence in online retailers has risen as shoppers have tested out the internet and found websites increasingly easy to navigate, credit card use to be secure and delivery to be convenient and reliable. The ease of comparing the price of goods and services has also led sales to soar, as has the increasing availability and falling price of broadband.

2.27 It is important to note that not all of the growth in online sales impacts directly on spend available to the high street. Nevertheless, online sales are now well beyond the point where growth is simply cannibalisation of more traditional home shopping formats. E-tailing is therefore now capturing more of the consumer spend that previously flowed to bricks and mortar retailing.

2.28 This implies that internet sales are drawing trade away from the UK's high streets. In practice, however, some retail operators run both traditional and online operations; for example, Argos and Tesco. Therefore, internet shopping does not necessarily mean high street retailers are losing out. In the case of some retailers, electronic orders are fulfilled out of existing stores, so growing online sales may even increase the need for retail property in certain cases.

2.29 The forecasts for e-tailing suggest that online sales will continue to increase rapidly over the next five years, after which rate of growth is expected to slow. Perhaps of more importance to retailers is the expectation special forms of trading (mainly internet shopping) is expected to capture an increasing share of all retail goods sales, rising to around 12.6% by 2016 according to Experian. Experian expects

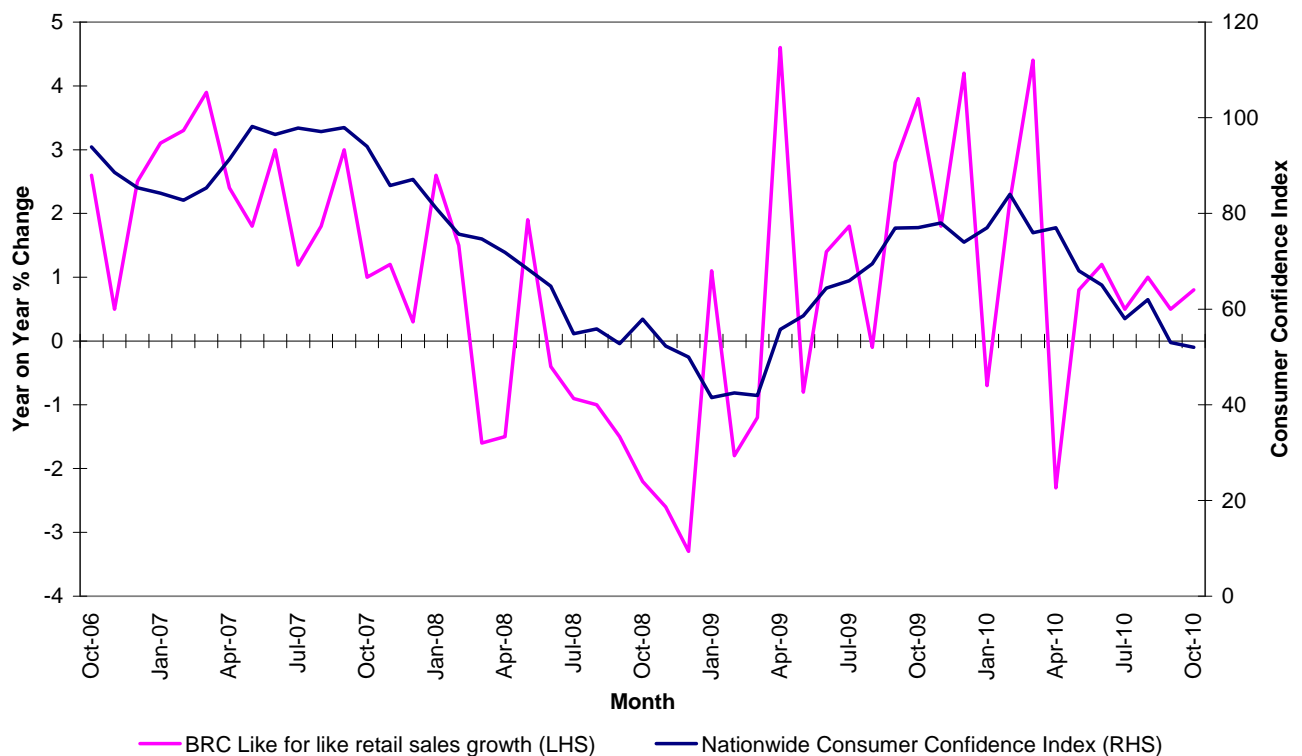


e-tailing to follow the s-curve profile of a slow start, rapid take-off (the present position) and an eventual plateau. They expect the market share of e-tailing as a proportion of total retail to stabilise from 2016 onwards.

## THE CREDIT CRUNCH AND ITS EFFECTS ON THE RETAIL ECONOMY

- 2.30 The year, 2008, was one of the most turbulent years for the global economy in history, primarily caused by the US sub-prime mortgage market, whereby banks around the world were exposed to bad debts.
- 2.31 The actual start of the “credit crunch”, however, can be pinpointed to 9<sup>th</sup> August 2007 when investment bank BNP Paribas closed two of its funds because it could not value the assets in them. This was followed in September 2007 by the collapse of Northern Rock and the biggest run on a British bank in more than a century.
- 2.32 Throughout 2008 a number of major events rocked the UK and global economy. On 15th September, Lehman Brothers became the first major bank to collapse with the warning that more would follow. This was followed by one of Britain’s biggest mortgage lenders Bradford and Bingley being nationalised and the government taking control of £50bn worth of mortgages and loans. In an unprecedented move six central banks around the world including the Bank of England, US Federal Reserve and European Central Bank all cut interest rates by half a percentage point on October 8<sup>th</sup>. This came hours after the UK government announced details of its rescue package for the banking system including a cash injection of £50bn and the offering up to £200bn in short-term lending support. Days later the government announced further plans to save the British banking system by effectively nationalising three UK banks, RBS, Lloyds TSB and HBOS injecting a total of £37bn of taxpayers’ money into them. 2008 saw the FTSE 100 fall 31.3%, the biggest decline in its history.
- 2.33 As a result of the economic downturn, the retail sector also took a severe battering. A string of high profile retailers went into or filed for administration including MFI, Land of Leather, Zavvi, and most significantly Woolworths, resulting in a number of changes on the high street.
- 2.34 Consumer confidence fell sharply over 2008 (see **Figure 2.8** overleaf) despite efforts by the government to get consumers spending. VAT was cut from 17.5% to 15% at the end of November 2008 in an attempt to instil some confidence, whilst in March 2009 the latest in a line of interest rate cuts saw the Bank of England base rate set at 0.5%, the lowest in its history.

**Figure 2.8 Retail Sales -v- Nationwide Consumer Confidence**

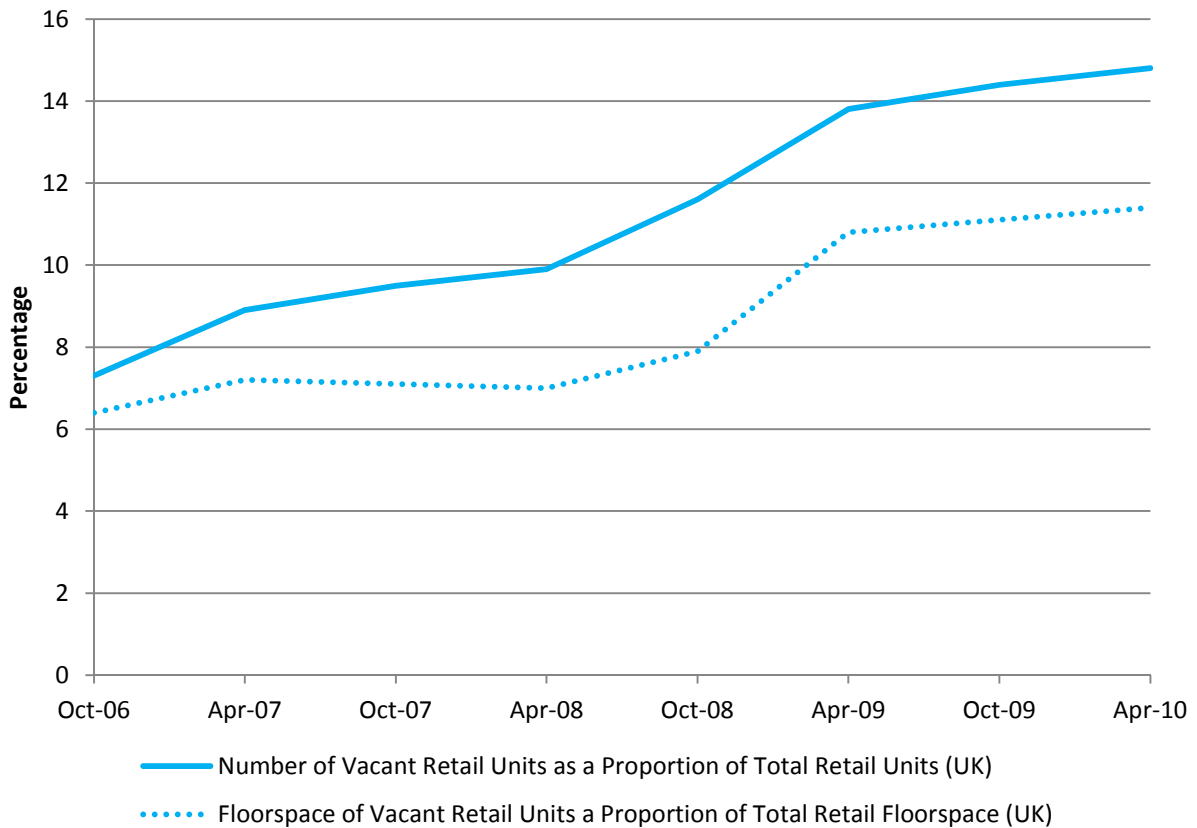


**Source:** British Retail Consortium / Nationwide Buildings Society

**2.35** Confidence in the retail sector remained weak throughout 2009 and into 2010, although sales held up better than many forecasters predicted. The food store operators and value retailers in particular bucked the trend and continued to perform well.

**2.36** Due to the economic downturn, vacant retail floorspace across the country has risen steadily for the past four years and is around double what it was in 2006 (see **Figure 2.9** overleaf). There are recent signs that the rate of growth in voids may be slowing, but future trends will depend largely on economic conditions and consumer retail expenditure growth. Our in-house research (based on a sample of 15 sample and town centres) has shown that rising vacancy rates are now being driven entirely by the obsolescence of secondary space, with void floorspace in prime shopping areas already falling, albeit slowly.

**Figure 2.9 Increase in UK Retail Vacancy Rates, October 2006-April 2010**



**Source:** Colliers International

## CURRENT MARKET CONDITIONS AND OUTLOOK

- 2.37** The UK has experienced the worst economic recession since the 1930s. Although GDP figures indicate that the country has recently moved out of recession the recovery is expected to be long and fragile. The Coalition Government’s measures to drastically reduce the deficit, which included an increase in VAT to 20% in January 2011, and huge public spending cuts, are expected to further dampen consumer retail expenditure in the immediate term of 2011 and 2012.
- 2.38** The recession took a heavy toll on the **high street** with capital values for some retail properties falling by up to half, eradicating many investors equity and making banks the owners of many shopping centres and high streets. However, the large number of retail failures during late 2007/early 2008 has largely been stemmed and although there may be further casualties, occupier demand has been surprisingly buoyant. The key issue is the terms upon which retailers are prepared to take a unit.
- 2.39** Landlords these days are often prepared to keep units occupied almost on any terms, encouraged to do so by the Government’s implementation of full vacant rate payments. Rent free periods and/or

incentives equal to two or three years are commonplace with there being extreme examples of five or even six years free being accepted. Short term leases on a turnover basis are often being entered into but at least the occupancy of a unit helps maintain vibrancy and a feeling of well being in the nation's high streets and shopping centres.

2.40 In the **out of town retail market**, vacancy has increased significantly in recent years as a result of a series of administrations, particularly during 2008/09 (eg. MFI, Land of Leathers and Allied Carpets). This caused rents to fall (up to 40% in some instances), the first significant reverse in the out of town market since its emerged 30 years ago. Many of these voids remain unlet, especially on the more difficult bulky goods retail parks. Accordingly, rental levels can no longer be held up by incentives and landlords are having to adopt a more pragmatic (flexible) approach to keep parks occupied. However, this does mean that there are attractive opportunities for existing retailers and new retailers to expand.

2.41 The out of town sector is currently experiencing the lowest level of retail warehouse development ever seen. From a high of 440,000 sq m developed in 1997, 2010 will only see 46,000 sq m built. New construction has been hit in recent years by rising yields, and increasing build costs, but the major factor has been that active retailers have been able to source better terms taking existing vacant properties.

2.42 However, as the lack of a development pipeline combines with the take up of existing units, the super deals are beginning to dry up and retailers are turning to developers to deliver the space they need. Mothballed schemes are being dusted down in readiness for a new wave of construction. We expect 90,000 sq m of new retail warehouse space to come on stream in 2011, double the level of this year.

2.43 The **food store sector** remains healthy despite the economic downturn with like for like sales growth being achieved. The big four operators – Tesco, Sainsburys, Asda and Morrisons – continue to do well, whilst the likes of Waitrose and the Co-op also seek to expand market share through the acquisition of existing stores or new store openings. Convenience stores, in particular, are generating a lot of activity as retailers seek new formats and new ways of securing extra trading space without having to wait the typical three to five year timescale required to open a main store. The discounters are also expanding on the back of changing consumer food shopping preferences with more emphasis being placed on value.

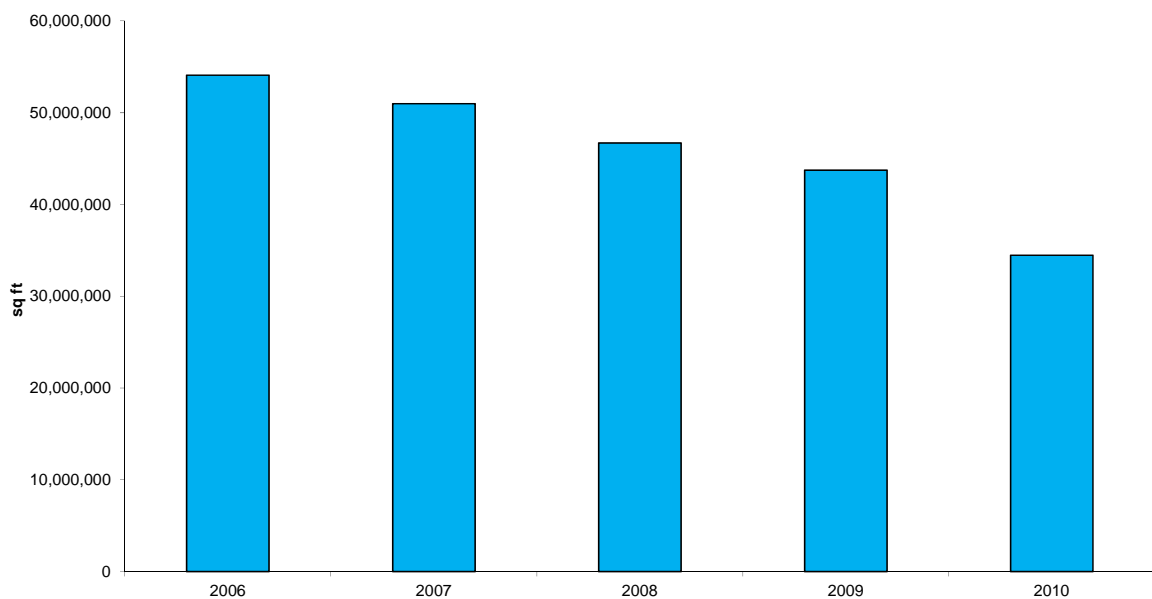
2.44 In terms of the UK **shopping hierarchy**, Central London and the large dominant in and out-of-town regional centres, together with the much smaller market towns are faring the best as they did back in the economic downturn of the early 1990's. Discount retailers and those with very strong brands are also trading much better than those occupying the middle market who cannot appeal on price and/or quality in an evermore discerning market. Retailers with an effective website also continue to trade well despite the adverse economic conditions.

2.45 Whilst 2007 and 2008 were the years of yield weaknesses and falling capital values, 2009 was characterised by a decline in retail rents. Our data indicates that the Great Britain average prime retail

rent fell by 12.2% during the year to May 2009, the biggest annual fall since we began our rental series in 1987. This average figure masks a big variation in performance with many centres experiencing much larger rental falls of up to 55%. Rents fell by a further 1.5% over the year to May 2010 and are expected to slip back even more over the next 12 months.

**2.46** **New retail development** has slowed right down – only 230,000 sq m of new shopping centre floorspace opened in 2010 - whilst the longer term pipeline has slipped back from five million sq m in 2008 to 3.2 million sq m today (a fall of one-third) (see **Figure 2.10**). However, only 11% of this pipeline is under construction, so the majority may be subject to delay or cancellation, reducing the pipeline even more. This will place a significant break on new retail accommodation over the next few years which, combined with an expected recovery in occupier demand, could lead to a relatively quick contraction of concessions and a steep rise in rents in around two to three years time in prime areas and/or key centres.

**Figure 2.10 Total Amount of Floorspace in the UK Shopping Centre Development Pipeline October, 2006-October 2010**



**Source:** Colliers International

**2.47** For many secondary shopping locations, however, the return to buoyancy may be more difficult to achieve. The larger regional centres are capturing that once a month ‘big shop’, with the convenience stores and the supermarkets catering for the majority of consumers local needs. Whilst market towns serving rural catchments will continue to prosper, those middle market locations which offer neither convenience, inexpensive parking or the full consumer experience will face a struggle to maintain their current levels of vitality and viability.

## MEDIUM TO LONG TERM TRENDS

2.48 In the medium to longer term the UK retail property market is likely to be impacted by a number of important national trends, the most important of which are:-

- the potential effect of internet shopping – e-tailing in the UK has grown rapidly in recent years. Economic forecasters expect its rate of growth to level-off in around five years time. However, should these forecasts prove wrong and spending on-line continues to gather pace in the medium to longer term, this will clearly divert even more spending away from ‘bricks and mortar’ shops to the detriment of all city and town centres;
- a rapidly ageing population – by 2016 it is estimated that there will be 2.1 million fewer people aged under 40, but 3.5 million more people over 40 years of age;
- a declining share of consumer expenditure – although disposable incomes have risen every year for more than a decade, the proportion of expenditure which is spent on retailing goods has fallen from 38.3% in 1997 to 34.4% in 2007 and is expected to fall to 31.3% by 2012; and
- an increasing proportion of retail activity is becoming concentrated in the largest towns and cities – in the 1960's it took 200 retail locations to account for 50% of all UK non-food sales but today this same proportion of turnover is channelled through less than 80 retail centres and the number is forecast to decrease even more.

## LEISURE

2.49 The concept of the out of town leisure park, anchored by a multiplex cinema and bringing together a range of leisure and restaurant uses, evolved rapidly during the 1990s. Like the retail sector, large sites of 4.0 ha (10 acres) or more have typically been sought with a catchment of about 250,000 people in a 20 minute drive time. However, new government planning policy is also beginning to have an impact on the leisure sector, particularly in relation to the sequential approach to site location.

2.50 In recent years the leisure property sector has seen a period of consolidation and this trend is expected to continue, although the public appetite for the “leisure offer” continues to grow. Expansion in the cinema, bowling and bingo sectors is generally highly selective and is beginning to encompass smaller market towns. In relation to health and fitness clubs the focus is now on smaller wellness and/or spa facilities, either associated with hotels or as stand alone operations.

2.51 A number of city centre based urban entertainment centres have opened over the past decade (e.g. The Light, Leeds; and The Cornerhouse, Nottingham) in which leisure occupiers largely tap into urban dwellers, office workers and students. This is creating a polarisation effect with the established out of

town leisure park, which retains a more family orientated customer base. A more recent consumer trend is the move towards active leisure pursuits and developers are responding by promoting ski slopes and five a-side football operations.

## OFFICES

- 2.52** The UK office market has undergone a period of turbulence since the collapse of the internet boom in 2000. London and the South East in particular, have experienced sharp volatility in terms of demand, supply and occupational costs. Although key regional commercial centres across the UK tend to track performance of London and the South East closely, they do so with significant lag times. Nevertheless, major commercial centres such as Birmingham, Manchester, Leeds, Edinburgh and Glasgow have exhibited equally volatile conditions driven as they are by major contributions from the offices sector to regional output.
- 2.53** The year 2005 heralded a significant upturn in demand throughout the South East of England and central London specifically, generating marked positive rental growth throughout 2006, as demand for office space returned. In the regions the uplift was slower to emerge but the past five years has seen a consolidation of Birmingham, Manchester and Leeds as the key regional office hubs, with strong occupier representation from financial and business services sectors of a regional, national and international derivation, the key economic drivers.
- 2.54** City centre locations in established centres have become the first point of call for major office based employers, in order to recruit and retain skilled personnel in an increasingly competitive environment. A more stringent planning regime (office development is now categorised as a town centre use by PPS 4) has further exerted pressure on new development, favouring centralised locations nearer to transport hubs and major centres of population. These issues, along with the economic downturn, have been a major contributor in the decline of the out-of-town business park. Those developed in the 1980s and early 1990s such as Green Park and Thames Valley Park in Reading and Stockley Park in Heathrow, are suffering higher than average void rates as occupiers turn their attentions to more accessible, modern and purpose built accommodation in city and town centre locations.
- 2.55** Urban business parks, such as Chiswick Park, Brindleyplace in Birmingham, Salford Quays and the emerging King's Cross development in central London, are prime examples of the movement of occupiers back into the core locations. All have excellent transport links be they rail, road or air and offer a modern workplace environment that provide a wealth of on-site facilities for workers as well as being in close proximity to major city centre retail and cultural offerings. Strong occupier representation from the financial and business services sector underlines the key targets for modern office space.

- 2.56 The financial and business services sector has been and remains the main driver of demand for office space over the past decade. The service sector was a key component of economic resurgence in 2006 and 2007, whilst the downturn in take-up for office space from 2008 onwards was exacerbated by the retrenchment in demand from this same sector. Secondary regional locations have also suffered significantly of late due to the service sector slump.
- 2.57 That said, increasing occupational costs in the London office market throughout the past decade in real and nominal terms, have helped to raise questions amongst occupiers as to whether non-core functions can be efficiently and economically relocated to areas where overheads might fall considerably. The Government's Lyons review, which conducted an independent study into the scope for relocating a substantial number of public sector activities from London and the South East of England to other parts of the United Kingdom, was a prime example of such thinking.
- 2.58 In practice, few significant relocations occurred as a result of the Lyons and Gershon reviews. Notable examples such as the National Lottery to Birmingham were isolated occurrences. Although recent Central Government pronouncements suggest a renewed commitment to relocate jobs to the regions, to date there has been little significant action, save for redundancy programmes which are serving to reduce the public sector headcount across the UK as a whole.
- 2.59 Grade A space shortages look set to grow as funding constraints have served to put a brake on new development and the recycling of older and redundant stock. Such shortages in established and oversubscribed central business district (CBD) locations may in fact help to push occupiers toward more innovative occupational solutions. This could involve relocation outside the CBD and hence reinvigoration of less fashionable and undervalued peripheral locations.

## SUMMARY

- 2.60 The retail, leisure and office sectors have been subject to significant changes when looked at over the medium term. The recent economic downturn has added to the dynamic. These shifts and trends should not be ignored. Retail and Leisure operators are constantly monitoring changing trends in fashion and demographics so that they can adapt to changes in consumer demand. In relation to offices, the general performance of the economy, and in particular the key financial and business services sector, drives the demand for space. These continual changes have important implications for property and business location, which in turn are related to policy. Local authorities should therefore regularly monitor the retail, leisure and office sectors in order to ensure that their policies are both up to date and appropriate.



## 3. PLANNING POLICY CONTEXT

### INTRODUCTION

3.1 This section describes the planning policy context to the assessment of retail, leisure and office uses within Redcar and Cleveland Borough and its main centres. Existing planning guidance and policy at the national, regional and local levels is reviewed.

### PLANNING POLICY STATEMENT 4: PLANNING FOR SUSTAINABLE ECONOMIC GROWTH

3.2 PPS 4 was published on 29 December, 2009. It sets out the Government's national planning policies for economic development. PPS 4 also helpfully provides definitions relating to the hierarchy of centres and types of retail location and development – these are reproduced in **Appendix 1**.

3.3 Economic development includes development within the B Use Classes, public and community uses, main town centre uses and other forms of development which achieves at least one of the following objectives:

- provides employment opportunities
- generates wealth; or
- produces or generates an economic output or product.

3.4 Of most relevance to this study are the **town centre uses** to which town centre policies apply. These uses are defined as comprising:

- retail development;
- leisure, entertainment facilities, and the more intensive sport and recreation uses;
- offices; and
- arts, culture and tourism development.

3.5 The Government's overriding objective is sustainable economic growth. To achieve this, its objectives for planning for urban areas are to:

- build prosperous communities by improving the economic performance of cities, towns, regions, sub-regions and local areas, both urban and rural;
- reduce the gap in economic growth between regions, promoting regeneration and tackling deprivation;
- deliver more sustainable patterns of development, reduce the need to travel, especially by car and respond to climate change; and
- promote the vitality and viability of town and other centres as important places for communities. To do this, the Government wants:
  - new economic growth and development of main town centre uses to be focused in existing centres;
  - competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres; and
  - the historic, archaeological and architectural heritage of centres to be conserved and, where appropriate, enhanced.

3.6 At the local level, PPS 4 states that the evidence base should:-

- be informed by regional assessments (likely to be revoked in full through the Localism Bill);
- assess the detailed need for land or floorspace for economic development, including for all main town centre uses over the plan period;
- identify any deficiencies in the provision of local convenience shopping;
- assess the existing and future supply of land for economic development; and
- assess the capacity of existing centres to accommodate new town centre development taking account of the role of centres in the hierarchy and identify centres in decline where change needs to be managed.

3.7 PPS 4 requires that when assessing the need for retail and leisure development local planning authorities should:-

- take account of both quantitative and qualitative need for additional floorspace;
- give special weight to meeting qualitative deficiencies in deprived areas, although any benefits in respect of regeneration and employment are material considerations rather than elements of qualitative need;
- have regard to relevant market information and economic data, such as population levels, forecast expenditure and improvements in retail sales densities; when assessing quantitative need; and
- consider whether the choice of shopping, leisure and local services is adequate, particularly in deprived areas, in the assessment of qualitative need; and to take into account the degree to which shops may be over-trading and whether competition and retail mix should be improved.

3.8 PPS 4 advises that the need for new office floorspace should be assessed but recognises that the approach to be taken must necessarily be less comprehensive<sup>1</sup> and also proportionate to the importance of the issue. The Practice Guidance states local need assessments for office floorspace should be informed by regional assessments and take into account market demand and, where appropriate, identify suitable development opportunities.

3.9 Local authorities are required to set out a strategy for the management and growth of their centres. This should include setting flexible policies:

- defining a network and hierarchy of centres;
- defining centre boundaries and primary shopping areas and, where appropriate primary and secondary frontages; and
- consider setting floorspace thresholds for the scale of edge-of-centre and out-of-centre development which should be subject to an impact assessment.

3.10 PPS 4 also states that local authorities should proactively plan to promote competitive town centres and provide consumer choice by:

- supporting a diverse range of uses;
- planning for a strong retail mix;
- supporting shops, services and other small scale economic uses in local centres and villages;

<sup>1</sup> Due to less detailed and reliable information being available and greater diversity and change in the sector over time.

- identifying sites for new development where a need has been identified;
- retaining and enhancing existing markets and, where appropriate, re-introducing or creating new ones; and
- taking measures to conserve and, where appropriate, enhance the established character and diversity of centres.

3.11 In identifying sites to accommodate the need for main town centre uses, PPS 4 advises that local authorities should:-

- base their approach on the identified need for development;
- identify the appropriate scale of development;
- apply the sequential approach to site selection;
- assess the impact of sites on existing centres; and
- consider a range of factors including physical regeneration benefits, employment creation and inclusion.

3.12 Government policy also requires that local authorities manage the evening and night-time economy of town centres, by encouraging a diverse range of complementary uses and by setting out the number and scale of new leisure development they wish to encourage.

3.13 Lastly, PPS 4 advises that Councils should use their annual monitoring report to keep under review:

- the network and hierarchy of centres;
- the need for further development; and
- the vitality and viability of centres.

## DRAFT NATIONAL PLANNING POLICY FRAMEWORK

3.14 The Government intends replacing PPS 4 (and other Planning Statements) with a new National Planning Policy Framework (NPPF). A Draft NPPF was published in July 2011. A consultation exercise on the draft is currently taking place with an end date of 17 October, 2011. A finalised NPPF is likely to be published early next year.

3.15 A plan-led system is central to the draft NPPF, provided the 'local plan' is up to date and in general conformity to the NPPF. If plans are not up to date, then there will be a 'presumption in favour of

sustainable development'. However, no guidance is given on how cities, towns and villages should develop in the most sustainable way.

- 3.16 The draft NPPF does not provide an economic rationale for focusing economic development in city and town centres. Local authorities are advised to 'prefer' town centres for shops and leisure, but it is vague on the best locations for other uses, albeit the draft does recognise that high trip-generating uses should be located where 'need to travel will be minimised and use of sustainable models will be maximised'.

### THE NORTH EAST OF ENGLAND PLAN: REGIONAL ECONOMIC STRATEGY TO 2016

- 3.17 The Regional Economic Strategy (RES) for the North East was published in 2006. It seeks to provide the underpinning economic conditions necessary to achieve the regions vision. The RES:
- outlines the region's main economic development priorities;
  - analyses the strengths, weaknesses, threats and opportunities facing the region;
  - provides a framework for the region's public, private and voluntary and community sector organisations to deliver actions for greater and sustainable prosperity; and
  - provides information on the region and its economy and the key relevant Government policies for developing the region.

### THE NORTH EAST OF ENGLAND PLAN: REGIONAL SPATIAL STRATEGY TO 2021

- 3.18 The Regional Spatial Strategy (RSS) for North East England was published in July 2008, and replaced all of the policies in the Tees Valley Structure Plan (2004), the Durham County Structure Plan (1999) and the Northumberland County and National Park Joint Structure Plan First Alteration (2005)<sup>1</sup>.
- 3.19 Redcar and Cleveland Borough falls within the coverage of the North East RSS except for that part of the Borough which extends into the North York Moors National Park. This rural area is covered by the Yorkshire and The Humber RSS (May 2008).
- 3.20 The RSS sets out a long-term strategy for the spatial development of the North East of England. Some of its policies have an end date of 2021, but the overall vision, strategy and general policies are intended to guide development over a longer time-scale.

<sup>1</sup> Except Policy S5 (Green Belt) in the Northumberland County and National Park Joint Structure Plan First Alteration.

3.21 The RSS states that the Tees Valley Conurbation comprises of the contiguous built up areas of Stockton, Middlesbrough and Redcar. In turn, the conurbation forms part of the Tees Valley City Region, which also includes the districts of Darlington, Hartlepool and Sedgefield. The RSS defines Sunderland, Darlington and Middlesbrough as sub regional centres in terms of retail and leisure uses.

3.22 In relation to the main town centre uses which are the subject of this study, the RSS lists a number of relevant policies as follows:

- Policy 25 Urban and Rural Centres

*“Local Development Frameworks and planning proposals should ensure that:*

- in the Conurbations and Main Settlements development of retail, commerce; entertainment, leisure, community, cultural and religious facilities, recreation, education, health services, business, public services and other high trip generating uses are focused within defined urban centres commensurate with their scale, function, environmental capacity and ability to be served by transport modes other than the car;*
- within the Tees Valley City-Region the majority of new retail and leisure floor space should be located in Middlesbrough (Sub-Regional Centre) and Darlington (Sub-Regional Centre). Hartlepool, Stockton and Redcar will continue to have an important role in servicing their hinterlands;*
- in other centres, additional retail, commerce; entertainment, leisure, community, cultural and religious facilities, recreation, education, health services, business, public services development should be consistent with their scale and function to maintain and enhance their health and vitality;*
- where a need for retail-led regeneration has been identified for Regeneration Towns and for Rural Service Centres, retail and leisure development may be allowed above the scale that would be required for the centre to maintain its role; provided that it would support the sustainable regeneration of these centres without compromising the vitality and viability of other town centres; and*
- the design of development in centres should contribute to the creation of sustainable communities and be in harmony with and enhance the built environment.”*

- Policy 27 Out of Centre Leisure Developments

*“Proposed regional and sub-regional scale leisure developments will need to be considered and justified through the sequential approach (Policy 4) and locational strategy (Policy 6) of the Regional Spatial Strategy. Local Development Frameworks should ensure that leisure developments are of an appropriate scale in relation to nearby settlements, and should not make provision for new out-of-centre leisure developments unless there are demonstrable benefits that would contribute to the sustainable growth of the local economy.”*

- Policy 16 Culture and Tourism

*“Strategies, plans and programmes and planning proposals should promote culture and tourism, including provision for sport and leisure and the resources which support these, by:*

- improving the first impressions gained by visitors arriving and passing through the Region, including supporting environmental improvements to gateways and transport corridors;*
- ensuring that the development of culture, sports, leisure, recreation and tourist facilities and attractions protects, invests in and enhances and maintains the Region’s natural, built and heritage environments, and that adverse effects on internationally designated nature conservation sites are avoided or mitigated;*
- ensuring that the planning and development of cultural, sports, leisure, recreation and tourism facilities of regional or sub-regional significance is taken forward in a coordinated way, including working across local authority boundaries;*
- encouraging cultural, sports, leisure, recreation and tourism developments that benefit the local economy, people and environment within diminishing the attractiveness of the place visited;*
- ensuring that the identification and development of cultural, sports, leisure, recreation and tourist facilities is guided by the principles of sustainability and information on market demand, including maximising opportunities to travel by means other than the private car;*
- ensuring all major cultural, sports, leisure, recreation and tourism attractions and services are accessible by a range of transport modes to improve links to develop the Region as an integrated visitor destination; and*

*- encouraging the creation of concentrations of cultural, sports, leisure, recreation and tourism related development within sustainable locations to contribute to wider regeneration objectives.”*

- **Policy 19 Office Development Outside of City and Town Centres**

*“City and town centres will be preferred locations for major office development which is not ancillary to other uses.*

*Proposals for this form of office development, other than those already allocated in existing adopted development plans, will only be approved at Key Employment Locations, if it can be shown that –*

- in order of priority, they cannot be accommodated in a city or town centre, in an edge of centre location, or at other brownfield mixed-use locations*
- and any such proposal will not put at risk the strategy set out in any approved Local Development Document for a city or town centre, or Master Plan for a major brownfield mixed-use development.*

*This policy is not intended to restrict small scale developments.”*

3.23 The North East of England Plan RSS is currently part of the development plan, but is likely to be revoked through the Localism Bill.

## **THE NORTH EAST RETAIL AND LEISURE STUDY, FEBRUARY 2011**

3.24 This study was prepared by DTZ for One North East. It was originally intended to inform the proposed Regional Strategy. The study embraces four key stands of work:

- a review of trends and leisure;
- quantitative analysis and forecasting of future retail capacity in comparison goods retailing for the North East region over a 20 year period;
- qualitative analysis – assessing the performance and capacity of many of the region’s key town centres and highlighting gaps and opportunities in those centres to which future policy may respond; and



- identification of spatial policy implications.

3.25 However, DTZ authors stress that the study is ‘a strategic exercise’ and that ‘the results should not be used as a substitute for detailed retail studies at the local level’. Moreover, DTZ state that the results should not be used ‘as the sole evidence in determining planning applications’. The recommendations are primarily concerned with matters ‘that have inter-local authority significance’. Therefore, given that this report is more up to date and is focused purely on Redcar and Cleveland it effectively supercedes the North East Retail and Leisure Study for use within the Borough.

## REDCAR AND CLEVELAND LOCAL DEVELOPMENT FRAMEWORK<sup>1</sup>

3.26 In July 2007, Redcar and Cleveland Borough Council adopted the first two Development Plan Documents (DPDs) in its LDF – the Core Strategy and Development Polices. In January 2008, the Council published its adopted Low Grange Farm Supplementary Planning Document (SPD), which sets out its expectations and requirements for the development of a site at Low Grange Farm in South Bank, The SPD expands on the polices contained in the adopted Local Plan and DPD’s in the LDF. Each of these documents is now summarised.

### CORE STRATEGY DPD

3.27 The Core Strategy provides the vision and strategy for the future of Redcar and Cleveland Borough and sets out the strategic polices to help deliver that vision.

3.28 Policy CS18 Town, District and Local Centres is of most relevance to this study. It defines a hierarchy of centres for use in the LDF and these are set out in **Table 3.1** overleaf, where they are cross-referenced with the settlement classification also presented in the Core Strategy.

<sup>1</sup> The Redcar and Cleveland LDF excludes that part of the Borough within the North York Moors National Park. This area, which contains around 1% of the Borough’s population, will be covered by a LDF prepared by the National Park Authority.

**Table 3.1: LDF Retail Centre Hierarchy and Settlement Classification**

Retail Centre Hierarchy <sup>1</sup>	Settlement Classification <sup>2</sup>					
	Conurbation	Rural Service Centre	East Cleveland Towns	Service Villages	Villages	Unclassified
Town Centre	Redcar	-	-	-	-	-
District Centre	Eston Marske South Bank (proposed <sup>3</sup> )	Guisborough	Loftus Saltburn	-	-	-
Local Centre	Dormanstown Normanby Nunthorpe Park Avenue, Redcar	Enfield Chase, Guisborough	Brotton Skelton	Carlin How New Marske	-	-

Notes:

- (1) As defined in Policy CS18 of the Core Strategy.
- (2) As defined at Paragraph 3.6 of the Core Strategy.
- (3) Proposed new District Centre at Low Grange Farm.

### 3.29

Policy CS18 states that:

- *“Development proposals for town centre uses will be focused within the town and district centres. The scale and type of development will reflect the centres existing and proposed function and its capacity for new development. A proposal for a town centre use will be required to follow the assessment approach set out in PPS 6<sup>1</sup> in terms of need, scale, sequential approach to site selection, impact on other centres, including those beyond the Borough boundary, and accessibility.*

*The vitality and viability of the town and district centres will be maintained and, where appropriate, enhanced. Measures will include:*

- a) Safeguarding the retail character and function of the centre;*
- b) Enhancing the appearance, safety and environmental quality of the centre;*
- c) Encouraging diversity of uses within the centre and the provision of a wide range of retail, leisure, social, education, arts, cultural, office, residential and commercial uses;*
- d) Promoting the re-use of vacant buildings; and*
- e) Maintaining and enhancing access to the centre by sustainable modes of transport, and encouraging multi-purpose trips.*

<sup>1</sup> PPS 6 has now been superseded by PPS 4, which was published on 29 December, 2009.

*The role of local centres in the Borough will be maintained and strengthened to better serve the local communities.*

*Neighbourhood shops located outside the Borough's centres will be protected where they are important to the day-to-day needs of local communities".*

## **DEVELOPMENT POLICIES DPD**

- 3.30 The Development Policies DPD sets out a number of detailed policies which aim to deliver the Core Strategy. These are of most relevance to applicants seeking to develop land and buildings in the Borough and need not be summarised in this report.

## **LOW GRANGE FARM SPD**

- 3.31 The purpose of this SPD is to explain to potential applicants and other interested parties, the Council's expectations and requirements for the development of the site at Low Grange Farm in South Bank.

- 3.32 The Low Grange Farm SPD area covers approximately 46 hectares and is mainly vacant grassland. It lies between the A66 to the north, the A1085 to the south, Normanby Road to the west and Church Lane to the east.

- 3.33 The overall vision for the site is to create a development which will become the focal point for a mixed and balanced community. It will include a range of house types and tenures, and access to good shopping opportunities and enhanced health and social care, other community services, and recreation and leisure facilities.

- 3.34 In terms of retail, it is envisaged a new district centre covering around 8.5 hectares will be built, which will be of sufficient scale to accommodate a range of retail units providing shops, services and other facilities, together with a new food store sufficiently large to act as an anchor for the district centre. The Core Strategy identifies the location of the district centre as adjoining the Normanby Road and A1085 junction in the south west corner of the site.

## **REDCAR AND CLEVELAND LOCAL PLAN**

- 3.35 The existing Redcar and Cleveland Local Plan was adopted in June 1999. The Planning and Compulsory Purchase Act 2004 introduced RSS to replace Structure Plans and LDF's to replace Local

Plans. The Act also made provision to save Local Plan policies until they are replaced by policies in LDFs<sup>1</sup>.

3.36 The adoption of the Core Strategy and Development Policies Development Plan Documents in the LDF meant that many Local Plan policies were deleted on 19<sup>th</sup> July, 2007.

3.37 A number of Local Plan Policies continue to be saved until they are replaced by the emerging Communities and Economy DPD. The most relevant of these are as follows:

#### Policy IND 3 General Industry, Business and Warehousing

*“Land will be reserved primarily for general industry, business uses or warehousing (as defined in classes B2, B1 and B8 of the Town & County Planning (Use Classes) Order 1987 in the following locations as identified on the Proposals Map:*

- a) *Trunk Road, Dormanstown, Redcar*
- b) *Skelton Industrial Estate extension, Skelton*
- c) *South of Blackett Hutton, Guisborough (B1 Uses only)*
- d) *Kirkleathan Street, Redcar (B1 Office/Research and Development only)*
- e) *Garden Centre Site, Redcar (B1 Uses only)*
- f) *North of Middlesbrough Road, Guisborough (B1 Offices/Research and Development Only).”*

#### Policy SH3 Prime Shopping Area in Redcar Town Centre

*“A prime shopping area is designated in Redcar Town Centre (as shown on the Proposals Map) within which continuous retail frontages will be sought and only retail outlets (Class A1) will be permitted in ground floor premises.”*

#### Policy SH7 Food and Drink Uses in Shopping Centres

*“Proposals for Class A3 (Food and Drink) uses in shopping centres will normally be approved.*

*However, in assessing all proposals for such uses, account will be taken of:*

<sup>1</sup> A subsequent direction issued by the Secretary of State permitted ‘saved’ policies to be extended beyond their original expiry date of 27<sup>th</sup> September 2007.

- a) *The likely impact on the character and amenity of the general area as a result of noise, disturbance, litter, smell or visual intrusion;*
- b) *The proximity of residential property. Such uses should not adjoin residential properties (including residential accommodation unconnected with the business on the upper floors of premises);*
- c) *The need to resist Sunday opening and restrict late-night opening to no later than 11.30pm in certain instances where activity associated with the proposed use late at night or on a Sunday would be harmful to the general character of the area;*
- d) *The means of venting the premises. No application shall be considered without details of external chimneys and flues; and*
- e) *The impact of the proposal on highways safety.”*

#### **Policy SH8 Food and Drink Uses in Late Opening Zone, Redcar**

*“Proposals for Class A3 (Food and Drink) uses in the ‘late opening zone’ in Redcar town centre will normally be approved.*

*However, in assessing all proposals for such uses, account will be taken of:*

- a) *The likely impact on the character and amenity of the general area as a result of noise, disturbance, litter, smell or visual intrusion;*
- b) *The proximity of residential property. Such uses should not adjoin residential properties (including residential accommodation unconnected with the business on the upper floors of premises);*
- c) *The means of venting the premises. No application shall be considered without details of external chimneys and flues; and*
- d) *The impact of the proposal on highways safety.*
- e) *Opening hours will be limited by condition, with the latest opening time being no later than 3.00am.*

#### **Policy SH9 Amusement Centre in Redcar and Saltburn**

*“Amusement centres and arcades within the seaside visitor centres of Redcar and Saltburn will normally be permitted only in the esplanade entertainment area in Redcar between West Terrace and Moore Street and the pier at Saltburn.”*

### Policy SH10 Amusement Centres in District Centres

*“The development of amusement centres and arcades will normally be approved in the District Centres though not in Conservation Areas or where they would be likely to adversely affect residential amenity.”*

### Policy SH12 Retail Development on Industrial Estates

*“Retail development will only be permitted on existing industrial estates, or on the existing and proposed industrial estates and business use areas identified under policies IND 3 and IND 4, where it involves:*

- 1) Stores for the sale of bulky goods which cannot be accommodated in existing Town or District Centres or on the edge of such centres; or,*
- 2) Retailing ancillary to and inextricably linked with a business or industrial use where the main use would be inappropriate in a town centre; or*
- 3) Small scale retail uses providing a local service to those working in an industrial area. Total floorspace in any one unit should not exceed 200 sq m of A1, A2 or A3 use.*

*But only where*

- a) The traffic generated by the proposal can be satisfactorily accommodated on the local highway network; and,*
- b) The site can provide adequate car parking and servicing and is accessible by choice of means of transport.*

*Retailing other than that described in criterion 3) above will not be permitted on the following industrial estates:*

- a) Kirkleatham Business Park*
- b) Imperial Park*
- c) Skelton*
- d) Middlesbrough Road, Guisborough”*

### POLICY L6 Major Leisure and Housing Development at Majuba Road, Redcar

*“Land at Majuba Road, Redcar as defined on the Proposals Map, is allocated for major leisure and linked housing development. Retail or food and drink units incidental to the main leisure use may be permitted.”*

## OTHER POLICIES

3.38 On 17<sup>th</sup> July 2008 Redcar and Cleveland Borough Council adopted an Interim Policy on Hot Food Takeaways. This Policy, which applies to all the Borough’s defined Town, District and Local Centres (reproduced in full at **Appendix 8**) aims to:

- Avoid a concentration of hot takeaways in any particular area;
- Secure contributions from new takeaways for street cleaning and litter collection; and
- Ensure that takeaways do not affect residential amenity.

3.39 The new policy was introduced to maintain an appropriate balance of uses in centres to maintain their vitality and viability, particularly during the day (when hot food takeaways are closed) so that centres continue to serve the retail and other needs of local communities.

## REDCAR AND CLEVELAND REGENERATION MASTER PLAN

3.40 Currently underway in Redcar and Cleveland is a private sector-led 15 year strategy to regenerate the Borough creating new jobs, businesses, homes and attracting investment. Figures quoted include; 14,617 new jobs, 610 new businesses, £4.5 billion private investment and £291.15 million public investment.

3.41 Specific developments in Redcar include new quality residential development along the seafront, renewal of the seafront with a new promenade and an iconic ‘Vertical Pier’. Redcar’s seaside location is a recognised asset and the circa £40m Seafront Regeneration aims to deliver large-scale seafront improvements to revitalise this asset.

3.42 Already being delivered as part of this regeneration is the creation of the new ‘Redcar Leisure and Community Heart’, including leisure pool, fitness suite, dance and performance space and multi-use sports hall, library and Council offices. Also being delivered is a Creative Industries Centre, ‘The Hub’, located between the town centre and the seafront. This 35,000sq.ft. building aims to provide managed offices, workshops, studios and public spaces.

3.43 The overall regeneration plans are extensive and many proposed developments and improvements remain in the pipeline.

## REDCAR TOWN CENTRE RETAIL REGENERATION STRATEGY

3.44 In July 2010 The Retail Group presented their findings and strategy presentation 'Redcar Town Centre Retail Regeneration Strategy'. This report was the conclusion of a three-month multi-work stream research study. The study looked at the current retail offer of the town centre, the needs of the various key customer groups (i.e. local residents, visitors, workers, students, tourists, etc.) and produced a gap analysis that identified the appropriate range and mix of future retail needs for the town centre.

3.45 The study did not include a traditional quantitative retail needs assessment. Instead it focussed on the qualitative need of the Redcar consumer driven by the lifestyle and demographic profile.

3.46 The study identified a number of key weaknesses in the town centre and made detailed recommendations for improvement. These included:

- Broader range of more appropriate shops
- Improved full day part and family catering offer
- Improved linkages to the seafront and leisure offer
- Improved functionality and customer facilities such as signage, routing, parking and toilets
- The creation of larger shop units
- A stronger town centre "loop" / circuit
- Improved visibility between key elements of the town's offer
- A stronger focus on the whole family
- Improved range of events including seafront, market and concessions

3.47 Whilst the research and report was targeted at producing a future vision for Redcar town centre, it also helped provide a series of clear actions to help deliver the vision.

3.48 The detailed consumer and operator surveys completed in the study also helped in the formulation of this report.

## SUMMARY

3.49 Current retail planning policy in Redcar and Cleveland Borough is broadly consistent with Government guidance in that it promotes a town centre first policy and adopts the sequential approach to site selection, whilst also seeking to support local centres and neighbourhood shops.



3.50 In practice, however, the application of this policy has not prevented some erosion of retail vitality and viability at a number of the Borough's centres, including Redcar (see Section 6). Impact has manifested itself largely as a result of stiff competition from retail centres located outside the Borough, primarily Middlesbrough and the Teesside Shopping Park (in Stockton). In addition, the out of centre Cleveland Retail Park, which was extended in 2006, although retaining a significant amount of retail expenditure within the Borough also draws trade away from established town and district centres within the Borough.

3.51 Moreover, the impact of external and out of centre competition on established town and district centres within the Borough continues to be felt, perhaps even more so, as a result of increasing car ownership (producing greater levels of shopper mobility), the national trend towards a greater concentration of shopping trips at the larger and more attractive centres, and the recession and on-going downturn, which has depressed overall levels of consumer retail expenditure.

## 4. RETAIL NEED: DATA SOURCES AND ASSUMPTIONS

### OBJECTIVES

- 4.1 A major objective of this study is to estimate the need for additional **retail** floorspace within Redcar and Cleveland Borough through to 2026. The assessment has been undertaken for the following categories of retailing – convenience goods, non-bulky comparison goods and bulky comparison goods.
- 4.2 Although the assessment of retail floorspace need is necessarily detailed and relatively complex, we have at all stages sought to achieve transparency in our calculations. We have followed a traditional approach to estimating retail floorspace need and have incorporated the latest published data and the results of a specially commissioned household survey. This should ensure that our assessment is up to date, comprehensive and robust.
- 4.3 Section 7 of this report describes our approach to quantifying retail floorspace need, whilst we present the results of the assessment, together with our retail planning policy recommendations, in Section 10. In this section, we introduce the methodology, summarise the role of the household telephone survey and (for convenience) set out in one place the main assumptions and definitions which we have used and our principal sources of data.

### RETAIL NEED METHODOLOGY

- 4.4 The need for additional retail floorspace within a centre (or area) is dependent on the future relationship between the demand for and supply of space, ideally after taking into account the extent (if any) of any over/under trading that is occurring at the base year. The demand for floorspace is then determined by assessing the likely growth in the volume of consumer retail expenditure, while an assessment of floorspace supply involves quantifying the extent to which proposed changes in the location, quality and quantity of retail floorspace will meet the forecast increases in expenditure. Any monetary shortfall of supply relative to demand in the future indicates there is the need for more retail floorspace in quantitative terms. The scale of additional retail provision is then determined by converting any excess of consumer expenditure (or headroom expenditure) into a retail floorspace need by applying appropriate sales densities. In practice, because shopping patterns are complex and vary for different types of goods, the methodology utilises survey data to determine base year shopping patterns.

4.5 Our methodology for estimating retail floorspace need is presented diagrammatically in **Figure 4.1** (overleaf). The key steps are set out below.

#### **STEP 1 CATCHMENT AREA DEFINITION**

4.6 The catchment area should be defined with regard to the study objective. For this study it covers Redcar and Cleveland Borough and its shopping hinterland.

#### **STEP 2 ANALYSE CONSUMER DEMAND**

4.7 This involves multiplying population by consumer retail expenditure per head for the base and forecast years. This should include resident population, but also, where it is likely to occur, any in-flow retail expenditure from residents and tourists living outside the survey area.

#### **STEP 3 ANALYSE RETAIL SUPPLY**

4.8 This step comprises an assessment of the turnover of the retail floorspace stock at the base year. This will involve a household survey to estimate the actual retail turnover of centres and stores, and a comparison with estimated benchmark turnover.

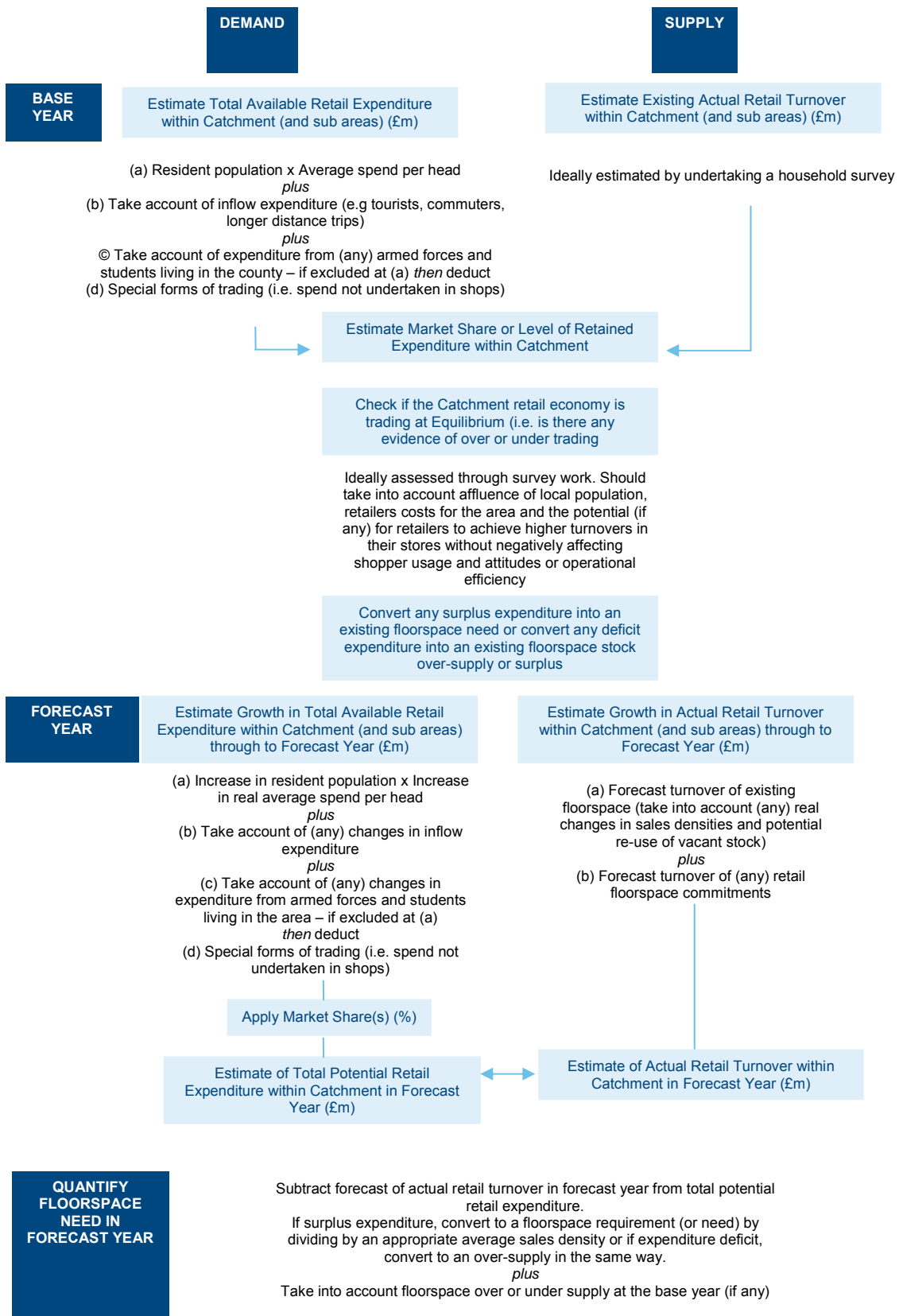
#### **STEP 4 RETAIL DEMAND VS RETAIL SUPPLY AT THE BASE YEAR**

4.9 At this stage, the adequacy of the existing retail provision is assessed. For example, if actual turnovers assessed in Step 3 exceed the benchmark turnovers, it could be argued that the floorspace is over-trading and, therefore, there may be an existing need for additional retail floorspace. Alternatively, if actual turnovers are less than benchmark levels then the floorspace may be assumed to be under-trading, signalling a potential over-supply of existing retail floorspace. PPS 4 defines any base year over or under trading as being a component of qualitative need.

#### **STEP 5 CHANGES IN RETAIL DEMAND AND RETAIL SUPPLY THROUGH TO THE FORECAST YEAR**

4.10 This step projects forward total available expenditure in the catchment area and the turnover of existing and committed retail floorspace. In simple terms, the difference between the forecast totals of available expenditure and retail turnover gives a measure of the need for additional retail floorspace. If there is an expenditure surplus, this is converted into potential floorspace by dividing by an appropriate sales density. Similarly, if there is an expenditure deficit, a floorspace over supply may exist.

**Fig. 4.1 Quantitative Retail Methodology**



## THE HOUSEHOLD TELEPHONE SURVEY

### OBJECTIVES OF THE SURVEY

- 4.11 The household survey performs an important role in the assessment of retail floorspace need<sup>1</sup> since it provides important information on the pattern of shopping activity throughout Redcar and Cleveland Borough and the surrounding area. As such, it forms the foundation upon which the retail need estimates are built.
- 4.12 A major aim of the survey is to generate quantitative data on consumer retail expenditure flows between areas or zones (where people live) and retail centres (where they spend their money). This has been carried out for the following three types of shopping:-
- convenience goods;
  - non-bulky comparison goods; and
  - bulky comparison goods.

### DEFINITION OF SURVEY AREA

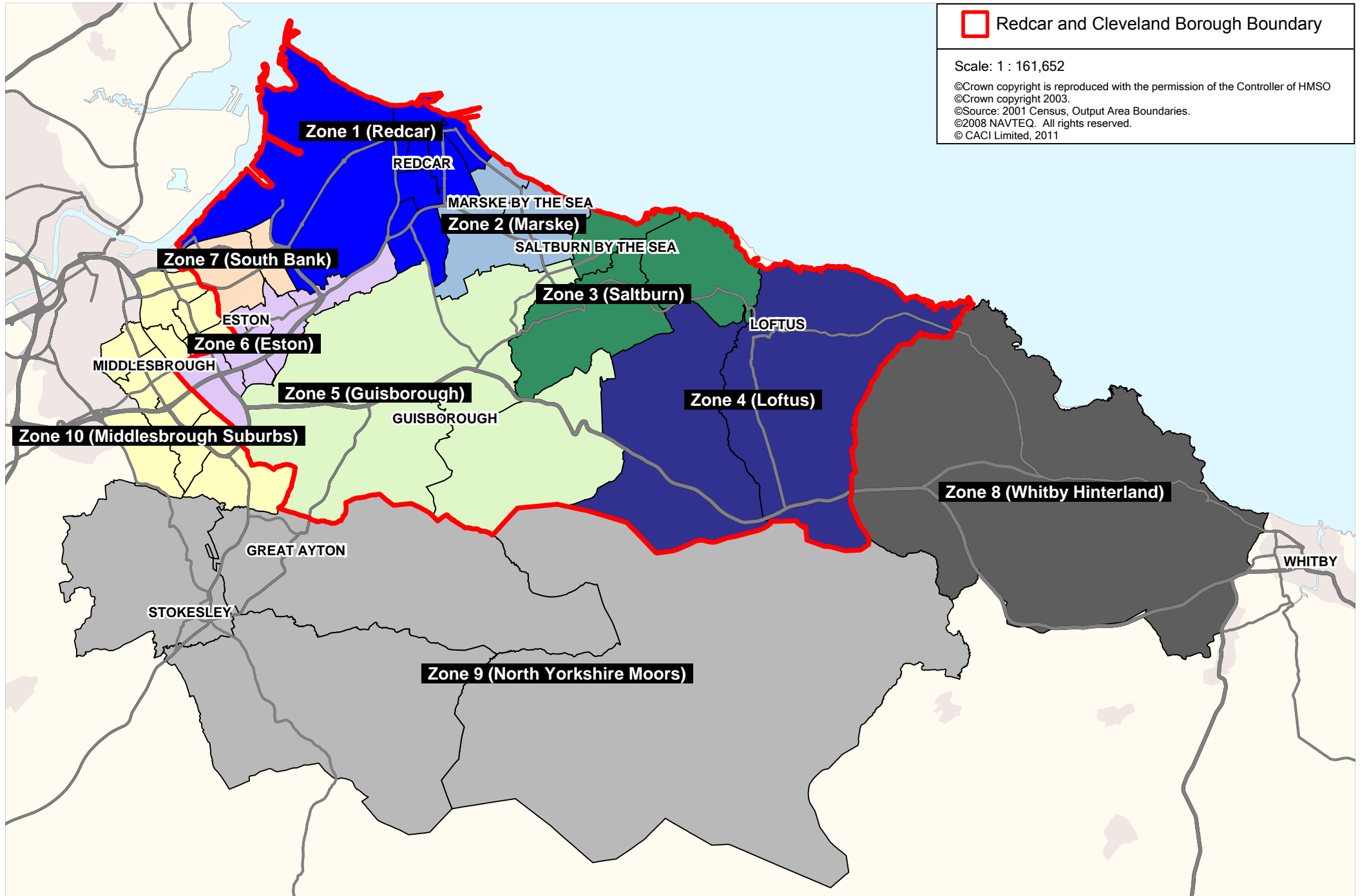
- 4.13 We reached agreement with Redcar and Cleveland Borough Council on the outer boundary of the household survey area. The survey area is shown in **Figure 4.2** overleaf. It has been drawn to encompass the shopping catchment areas of all centres within the Borough. The household survey was carried out during February/March, 2011.

### DEFINITION OF EXPENDITURE ZONES

- 4.14 For the purpose of sampling and analysis, the survey area has been divided into 10 zones. These zones are defined on the basis of ward boundaries and each zone comprises one or more wards. In broad terms they relate to natural shopping activity areas on the ground and to the size and location of retail centres.
- 4.15 **Figure 4.2** also shows the locations and general configuration of the 10 zones throughout the survey area. These were agreed with the Council prior to the survey being carried out. Zones 1 to 7 inclusive cover Redcar and Cleveland Borough, whilst zones 8 to 10 inclusive cover its shopping hinterland.

<sup>1</sup> The household survey also provides information on consumer trip patterns in relation to a range of leisure activities (see Section 8).

Fig. 4.2 Household Telephone Survey - Definition of Ten Zones



## SAMPLING

4.16 In consultation with the Council an overall target sample of 1,000 completed interviews was agreed which equates to 100 interviews per zone. Within each of the 10 zones the interview sample was drawn randomly and therefore in proportion to the distribution of population. This ensures the results of the survey for each zone reflect the density of population on the ground. At the analysis stage of the survey, individual zone samples are then weighted to their appropriate representation within the survey population to produce an overall result which is representative of the survey area as a whole. Without this weighting, the less densely populated zones would have a disproportionately large effect on the overall survey results, contrary to their population size. The whole principle of weighting therefore allows the characteristics of less densely populated zones to be represented without the unnecessary cost of a grossly inflated sample. **Appendix 2A** provides a more detailed statistical synopsis of the sampling methodology and the degree of confidence which can be attributed to the survey results.

## THE SURVEY QUESTIONNAIRE

4.17 The survey questionnaire was drafted in consultation with Redcar and Cleveland Borough Council and its agreement was obtained prior to the commencement of interviewing. A copy of the survey questionnaire is reproduced in **Appendix 2B**.

## SURVEY ANALYSIS AND RESULTS

4.18 In so far as we use the survey results to inform our assessment of retail floorspace need, the key data which the survey generates is the percentage market share (in terms of expenditure) of towns and other centres/stores within each of the 10 zones. This is analysed separately for convenience goods and non-bulky and bulky comparison goods shopping. Using this quantitative information, it is possible to build-up a detailed picture of existing shopper behaviour within the survey area as a whole. In particular, the data allows the existing catchment areas and retail turnovers of centres within Redcar and Cleveland Borough to be determined for each broad category of goods.

## PRINCIPAL DATA SOURCES

4.19 The retail need assessment which we present in Section 7 utilises four major sources of data. The data sources are as follows:-

#### **Data on shopping trips patterns and consumer retail expenditure flows**

**Source:** We have incorporated the results from a specially commissioned household telephone survey carried out during February/March, 2011. This has been described at paragraphs 4.11 to 4.18 above.

#### **Data on population and population projections**

**Source:** The Council requested that we use the latest available Office for National Statistics (ONS) populations and population projections for the study. These are the ONS 2009 mid-year estimates by ward and the ONS 2008-based sub-national population projections for local authority areas. **Appendix 3** describes our methodology to estimating the base year zone populations and projections through to 2026.

#### **Data on consumer retail expenditure per head**

**Source:** Bespoke data on average convenience goods and non-bulky and bulky comparison goods expenditure per head for 2009 has been derived from Experian for the resident population living within each of the 10 zones. The expenditure categories are defined at **Appendix 4A** whilst the spend per head data by category of goods and zone is set out in **Appendix 4B**.

#### **Data on existing retail floorspace**

**Source:** Retail floorspace data for town, district and local centres within Redcar and Cleveland Borough has been estimated by Colliers International from the Council's 2010 (Town and District Centres) and 2011 (Local Centres) monitoring surveys. For out of centre retail parks we have used information provided by our in-house retail warehouse database, and for supermarkets and superstores we have used information published by the Institute of Grocery Distribution. The detailed retail floorspace audit – an important element of our report – is set out in full in **Appendix 5**. Existing retail floorspace is disaggregated between convenience goods, non-bulky comparison goods and bulky comparison goods and also by location and zone.



## INTERPRETATION AND DEFINITIONS

4.20 In addition to the principal sources of data, there are a number of further definitions, assumptions and forecasts which we have adopted throughout this study. Although many are referred to again in Section 7, we hope that grouping them together below will assist the reader in understanding the technical analysis which follows.

### STUDY CENTRES

4.21 In this study, at the request of the Council, we assess the need for additional retail floorspace for:

- Redcar and Cleveland Borough as a whole
- Sub-areas of the Borough (seven in total<sup>1</sup>)

### COMPOSITION OF MAIN RETAIL GOODS CATEGORIES

4.22 In this study, in order to address the requirements of the Brief, we undertake separate retail need assessments for convenience goods, non-bulky comparison goods and bulky comparison goods floorspace. **Appendix 4A** defines the detailed types of goods which comprise each goods category. It should be borne in mind that retail goods categories are not the same as planning use classes definitions.

### BASE YEAR

4.23 We adopt a base year of 2011, which is when the household telephone survey was carried out that established the base line pattern of shopper behaviour and consumer retail expenditure flows.

### FORECAST YEAR

4.24 Redcar and Cleveland Borough Council has requested that we forecast retail floorspace need to 2026. We also provide 'interim' need totals at 2016 and 2021 (five year periods).

### PRICE BASE

4.25 All monetary figures in this report are given in **constant 2009 prices**. This is the price base for the consumer expenditure per head data obtained from Experian.

<sup>1</sup> These seven areas are consistent with the seven household survey zones within Redcar and Cleveland Borough. Each zone relates to a defined Town or District Centre (see **Table 3.1**).

## FUTURE GROWTH IN CONSUMER RETAIL EXPENDITURE PER HEAD

4.26 Future spending levels have an important bearing on the need for additional retail floorspace. The assumptions used are therefore critical to the validity of the overall assessment and it is vital that up to date, realistic and robust sources are used.

4.27 In this study, we adopt the latest available (August 2010) UK expenditure forecasts published by Experian. These are set out in full at **Appendix 4C** and incorporate the move by the Office of National Statistics (ONS) in 2003 to an annual chain linking approach to producing constant price economic aggregates. These forecasts take into account the major downturn in the UK economy.

4.28 Experian’s expenditure forecasts are estimates of future spending based on an economic model of disaggregated consumer spending. They differ from expenditure projections published by Experian (and also Pitney Bowes<sup>1</sup>) that are estimates of future spending based on the extrapolation of past trends. Experian advise that when carrying out longer term retail need assessments, the use of forecasts is preferred to projections, particularly given the UK’s present position in the economic cycle. This is because all of the projections extrapolate past time periods, characterised (in the main) by buoyant economic growth, whereas the UK has recently experienced economic recession and any recovery is still fragile and uncertain. Thus the use of projections is likely to materially over-state the growth in consumer retail expenditure over the coming years, whereas forecasts will better reflect the weaker economy and the current fall in spending levels. Experian recommend, therefore, that:-

- “economic forecasts are to be preferred over the projections for planning for future demand growth”.

4.29 Following the advice of Experian, we therefore adopt their latest UK wide expenditure per head forecasts through to 2027. These forecasts, which are at constant prices, are set out in **Table 4.1**.

**Table 4.1: Expenditure Per Head Growth Forecasts (% Per Annum)**

Goods Category	Time Period						
	2008	2009	2010	2011	2012	2013-17	2018-27
Convenience Goods	-1.6	-2.9	0.3	0.0	0.4	0.8	0.9
Non-Bulky Comparison Goods	1.9	-1.2	0.9	1.1	2.5	2.6	2.8
Bulky Comparison Goods	6.9	0.5	-0.5	1.3	2.4	2.8	3.0
All Comparison Goods	3.7	-0.6	0.4	1.2	2.4	2.7	2.9

**Source:** Experian Forecasts, August 2010. Retail Planner Briefing Note 8.1. See **Appendix 4C** for full details.

<sup>1</sup> Previously known as MapInfo.

## IN-FLOW EXPENDITURE

- 4.30 By extending the household telephone survey area to well beyond Redcar and Cleveland Borough (see **Figure 4.2**), the objective was to capture virtually all trips made into the Borough for shopping purposes. This approach is borne out by the pattern of market shares generated by the household survey. Even for Redcar trade penetration falls off rapidly in the more distant zones due to competition.
- 4.31 Nevertheless, we do anticipate that some spending will occur in the Borough from people living outside the survey area. This inflow expenditure consists of two components: spend from **residents** living just beyond the survey area and spend from **tourists/visitors**.
- 4.32 In relation to resident based inflow expenditure we assume that, given its close proximity to the Middlesbrough urban area, the major Cleveland Retail Park/Skippers Lane out of centre development in zone 7 will attract some spend from outside the survey area for non-bulky and bulky comparison goods. However, we assume no resident inflow spend to any other centre. The resident inflow expenditures are set out in our needs model reproduced at **Appendix 7**.
- 4.33 Given that a number of the centres in the Borough are coastal resorts and visitor destinations, we have also sought to quantify the inflow spend from tourists. Our analysis is based on the latest available STEAM statistics and is set out in full at **Appendix 6**.

## SPECIAL FORMS OF TRADING AND E-TAILING

- 4.34 It is normal practice in the preparation of retail need studies to make deductions from the consumer retail expenditure per person figures adopted to allow for expenditure by 'special forms of trading' (SFT). This is retail expenditure that does not take place in shops, such as that via mail order houses, door to door salesmen and stalls and markets. It also includes spending using digital TV and over the internet.
- 4.35 Recent evidence suggests that e-tailing sales are increasing as a proportion of total retail expenditure, although perhaps not at the rate many commentators forecast at the height of the dot.com boom. Much of the initial growth in e-tailing was achieved through the cannibalisation of retail expenditure on traditional catalogue-based mail order. However, with this source almost 'exhausted', further gains in e-tailing have fed directly through into an increase in retail sales through SFT. Accordingly, we feel it is prudent to take this into account in our retail need assessment.
- 4.36 In preparing this study, we have examined a wide range of published material on the subject of e-tailing. However, in our view, the most appropriate and up to date research paper available on the topic has been prepared by Experian<sup>1</sup> and this is reproduced in full in **Appendix 4D**. This paper takes into

<sup>1</sup> Source: Experian Retail Planner Note Briefing Note 8.1, August 2010.

account the new methodology for calculating the value of internet sales announced by the Office for National Statistics (ONS) in February 2010, which resulted in a large increase in estimated internet retail sales and their share of the total retail market. The upward revision reflects the inclusion in the new methodology of all sales made over the internet by individual businesses using information derived from the monthly ONS Retail Sales Inquiry (RSI<sup>1</sup>).

4.37 Experian note that after a slow start, the UK now appears to be in the rapid growth phase of the spread of e-tailing, although growth is expected to begin to plateau from around 2016. The company publish separate projections of the future market share for SFT (including e-tailing) through to 2027 for convenience and comparison goods shopping.

4.38 It must be stressed that the Experian forecasts are only estimates, since it is very difficult to predict precisely what will happen, particularly over a long time frame. Moreover, Experian themselves note that:-

*“the non-store retailing figures include supermarkets and other retailers that source internet goods sales from store space”.*

4.39 For this reason, the ‘headline’ rate for share of non-store retailing is likely to be over-stated if the focus, as in this report, is purely on physical shop units. This is particularly the case for convenience goods, where a number of major operators, including Tesco, supply a proportion of the goods purchased online direct from their stores. To reflect these operational factors, Experian have published a parallel series of SFT forecasts that are adjusted for internet sales from stores. Experian SFT forecasts are set out in **Table 4.2**. In this report, we adopt these ‘adjusted’ forecasts.

**Table 4.2 Estimated Share of Consumer Retail Expenditure Accounted for by Special Forms of Trading**

Year	Convenience Goods		Comparison Goods	
	SFT (%)	SFT (Adjusted for sales from stores)	SFT (%)	SFT (Adjusted for sales from stores)
2009	6.4 (A)	3.2	10.0 (A)	7.5
2011	8.1	4.0	12.6	9.5
2016	9.6	4.8	13.9	10.4
2021	10.1	5.0	13.6	10.2
2026	10.7	5.3	13.3	10.0

**Source:** Experian (A = actual. All other figures are Experian estimates and forecasts).

<sup>1</sup> The RSI covers 5,000 businesses in Great Britain accounting for 95% of the retail sector in terms of turnover.

## TURNOVER ALLOCATION FOR EXISTING RETAIL FLOORSPACE

- 4.40 It would, in our view, be wrong to assume that all of the increase in available retail expenditure within the survey area is available to support additional retail floorspace. This is because it is appropriate that some of the forecast growth in expenditure should be allocated to existing retailers because the evidence confirms that existing retail shops, in general, achieve real and necessary gains in sales productivities year on year. Rising sales densities are driven by a number of factors including growth in floorspace efficiency and changes in trading hours, net to gross ratios and the mix of goods. Rapidly rising costs also mean existing retailers must grow their sales densities in real terms to remain viable.
- 4.41 Consequently, to avoid making a turnover allowance for existing retailers would, in our view, lead to a “double-counting” of future available retail expenditure and thus an over-estimation of the need for additional retail floorspace (ie. the consumer spend required by existing retail floorspace would be used to justify the need for new retail floorspace).
- 4.42 Experian has recently published a Retail Planner Briefing Note which provides their latest forecasts for changes in retail sales densities. This is set out in **Appendix 4E**. The forecasts take into account likely changes to the stock of retail floorspace, which is Experian’s “recommended” method. The forecasts are summarised in **Table 4.3**, and show declines from 2009 to 2011, prior to a return to positive average growth from 2012 through to 2027.

**Table 4.3 Retail Sales Densities: Forecasts (% Per Annum)**

<i>Goods Category</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013-17</i>	<i>2018-27</i>
Convenience	-3.4	-1.3	-0.5	0.0	0.4	0.5
Comparison	-0.5	0.4	1.5	2.3	2.2	2.3

*Source: Experian, Retail Planning Briefing Note 8.1, August 2010.*

- 4.43 Experian further advise that for centres where there is a material over-trading at the present time, it is likely that the potential for real gains in sales productivity in the future will be less than the UK averages set out in paragraph 4.42. Similarly, in centres where there is currently significant under-trading, there is likely to be potential for gains in sales productivity in excess of the national average. However, if the monetary effects of (any) over-trading and under-trading in the base year are fully taken into account in the retail assessment – as is the case in this study – then it brings the centre retail economies into a retail equilibrium position akin to the UK average and consistent with Experian’s forecasts on the growth in store productivities. This link is important and has been established in discussions we have had with Experian. Consequently, it is perfectly reasonable to apply the Experian store productivity forecasts set out in Table 4.3 to the benchmark turnovers of existing convenience and non bulky and bulky comparison goods floorspace within the centres in Redcar and Cleveland Borough.

## BENCHMARK TURNOVERS

4.44 In order to assess the scale of any over or under trading of the existing retail floorspace stock in centres at the base year (2011), we compare estimated actual retail turnovers, which are derived from the results of the household telephone survey, against estimated benchmark turnovers. This assessment is carried out separately for non-bulky and bulky comparison goods, and convenience goods floorspace. The turnover estimates are derived by multiplying sales floorspace by appropriate average sales densities. The sales densities are built-up using published statistics on company average sales densities as applied to major stores<sup>1</sup>, professional judgement and comparable evidence gleaned from similar studies prepared by ourselves and other consultants. The benchmark turnovers feed through into our assessment of retail floorspace need (**Appendix 7**).

## FORECAST SALES DENSITIES

4.45 Sales density measures the relative efficiency with which floorspace is used by retailers to convert sales floorspace into retail turnover. We use forecast sales densities to convert the available residual headroom expenditure at each of the forecast years into a need for additional retail floorspace.

4.46 In considering what are the most important sales densities to use it is necessary to bear in mind the following:-

- that sales densities relating to new stores or retail developments (which will open in the future) are likely to be higher than those which apply to all of the existing convenience goods floorspace stock in a centre at the base year (2011);
- that sales densities vary widely between different goods categories - being generally higher for convenience goods floorspace; and
- that sales densities for both convenience goods and comparison goods will increase over time due to the real increases in store productivity which we apply to all retail floorspace (see paragraph 4.42).

4.47 In selecting what we consider to be the most realistic sales densities to adopt, we have had regard to the characteristics of the retail economies of the centres in Redcar and Cleveland Borough, as well as published sources which give the average sales densities for leading retail operators.

4.48 Our assumed sales densities for converting available headroom expenditure into a need for additional floorspace are set out in **Table 4.4** overleaf.

<sup>1</sup> For example, as published in UK Retail Rankings 2010, Mintel.

**Table 4.4 Assumed Forecast Sales Densities (£ psm net)**

Goods Category	Base Year	Forecast Years		
	2011	2016	2021	2026
Non-Bulky Comparison goods	4,000	4,465	4,990	5,595
Bulky Comparison Goods	2,500	2,790	3,120	3,495
Convenience Goods	8,000	8,130	8,325	8,535

**Note:** The sales densities are higher in 2016, 2021 and 2026 because they include appropriate real increases in store productivities as set out in Table 4.3.

## NET TO GROSS RATIOS

4.49 Where actual gross and net floorspace figures have been sourced we have used them. However, where it has been necessary to convert from gross to net (or vice versa) we have used the following net to gross ratios for retail floorspace:-

- Convenience goods                      65:100      All locations and formats
- Non-bulky comparison goods            65:100      Town, District and Local Centres  
    90:100      Retail Warehouses (Out of Centre)
- Bulky comparison goods                 65:100      Town, District and Local Centres  
    90:100      Retail Warehouses (Out of Centre)

## METRIC CONVERSION

4.50 Where necessary, we have converted square feet into metres (and vice versa) using the following formulae:-

$$1 \text{ sq m} = 10.764 \text{ sq ft}$$

$$1 \text{ sq ft} = 0.093 \text{ sq m}$$

## VAT

4.51 Expenditure and sales/turnover data used throughout the retail need assessment includes VAT.

## 5. SHOPPING PATTERNS AND EXPENDITURE FLOWS

### INTRODUCTION

- 5.1 The main purpose of this section is to quantify shopper behaviour and to determine the **present** retail trading performance of Redcar and Cleveland Borough as a whole, and Redcar Town in particular, in relation to non-bulky and bulky comparison goods and convenience goods shopping. We also identify centre dominance across the sub-region.
- 5.2 The assessment draws on the results of a household telephone survey which was carried out during February/March 2011 within Redcar and Cleveland Borough and its shopping hinterland. In addition, we refer to retail floorspace, population and consumer expenditure data. The sources of this information have already been described in Section 4.
- 5.3 Using the survey results, we also identify the main characteristics of consumer behaviour for non-bulky and bulky comparison goods and convenience goods shopping within the Borough and surrounding areas.

### CATCHMENT AREA DEFINITION

- 5.4 The main objective of the household telephone survey was to obtain comprehensive information on consumer shopping trip patterns and expenditure flows for non-bulky and bulky comparison goods and convenience goods shopping within the sub-region. Our approach permits the following important assessments to be carried out:-
- for any given local area (or zone) or major centre we are able to not only estimate its retail turnover, but also identify where these sales originate from across the sub-region;
  - for any given local area (or zone) we are able to not only estimate the amount of available expenditure, but also identify the volume and source of in-flow expenditure and the volume and destination of out flow expenditure.



5.5 Within the survey area as a whole, we sought to determine the catchment area of Redcar<sup>1</sup> for non-bulky and bulky comparison goods and convenience goods shopping using survey data on consumer retail expenditure patterns. Our analysis permits the core, primary, secondary and tertiary catchments (where they exist) to be determined. For the purpose of this study, we have adopted the following definitions:-

- **core catchment:** comprises those zones from which a town attracts the **majority** of generated expenditure (i.e. **more than 50%**);
- **primary catchment:** comprises those remaining zones from which a town attracts **25% or more** of generated expenditure;
- **secondary catchment:** comprises those remaining zones from which a town attracts **10% or more** of generated expenditure;
- **tertiary catchment:** comprises all remaining zones from which a town attracts **5% or more** of generated expenditure.

5.6 Beyond the tertiary catchment, the detailed survey results show that Redcar attracts even smaller amounts of consumer retail expenditure from additional zones. Such expenditure flows will account for a very low proportion of Redcar's turnover and can, for most analytical purposes, be ignored. We have therefore excluded these zones from our definition of the town catchment area in this section, although such flows (as well in-flow as expenditure to the survey area) are taken into account in the retail floorspace need assessment (Section 7).

## REDCAR TOWN CATCHMENT AREA

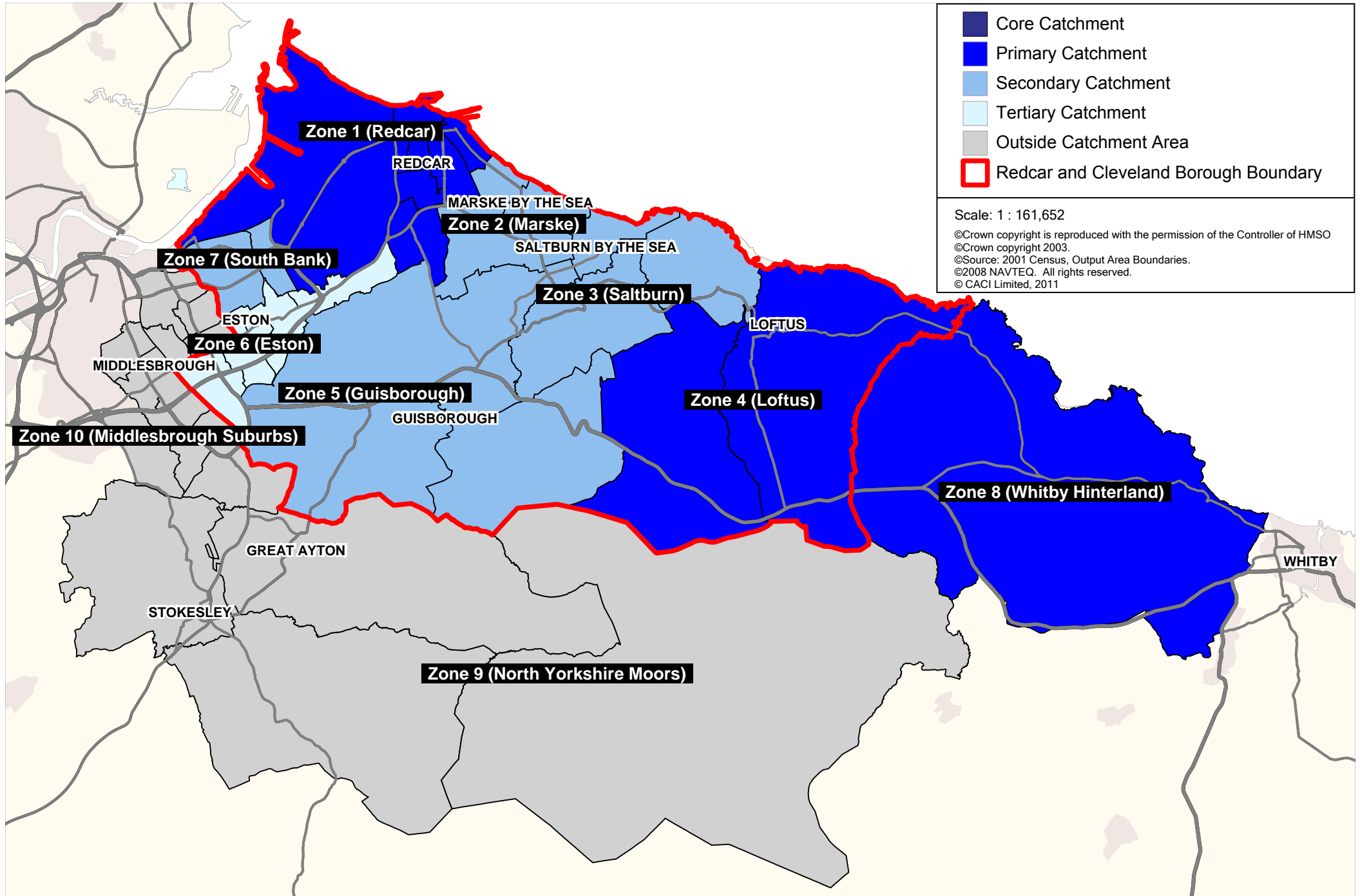
5.7 We now turn to defining the comparison goods and convenience goods shopping catchment areas for Redcar using the results of the household survey (and the catchment methodology set out at paragraph 5.5). It should be borne in mind in the following analysis that zones are dealt with in their entirety, although in practice parts of a zone may actually fall within the retail influence of a different town/centre to that being described.

### NON-BULKY COMPARISON GOODS

5.8 Redcar's catchment area for non-bulky comparison goods shopping is defined in **Figure 5.1** overleaf. The map shows that the town is not strong enough to generate a core catchment, but produces a primary catchment area extending along the coast embracing zones 1, 4 and 8. Interestingly, Redcar's

<sup>1</sup> Primarily town centre shopping, but also includes out of centre retail provision in the town.

Fig. 5.1 Definition of Redcar Catchment Area: Non Bulky Comparison Goods



trade penetration falls off in zones 2 and 3 (Marske and Saltburn) before increasing again in zones 4 (Loftus) and further east (zone 8, Whitby Hinterland). This pattern of shopper behaviour appears to reflect a tendency for consumers to ‘trade up’ to their nearest (by drive time) bigger centre for non-bulky comparison purchases. For residents of zones 4 and 8 this is Redcar, but consumers in zones 2 and 3 trade-up to Middlesbrough and/or the Teesside Retail Park.

- 5.9 Redcar’s secondary catchment encompasses zones 2, 3, 5 and 7 to the east and south of the town. Zone 6 comprises Redcar’s tertiary catchment. The two remaining zones outside of the Borough fall outside of the town’s catchment; zone 9 (North Yorkshire Moors) and zone 10 (Middlesbrough suburbs).

### BULKY COMPARISON GOODS

- 5.10 Redcar is again too weak to produce a core catchment area for bulky comparison goods shopping (**Figure 5.2** overleaf). However, its primary catchment extends eastwards along the coast and includes zones 1 (Redcar), 3 (Saltburn) and 4 (Loftus). The town’s trade penetration tails off in zone 2 (Marske), probably for the same reason as for non-bulky comparison goods. Redcar’s tertiary catchment covers a single zone (zone 8, Whitby Hinterland), whilst zones 5, 6, 7, 9 and 10 all fall outside the town’s catchment. The considerable attraction of the Cleveland Retail Park/Skipper Lane, constrains Redcar’s trade draw south of the town.

### CONVENIENCE GOODS

- 5.11 Convenience goods representation in Redcar is sufficiently strong for it to generate a core catchment within zones 1 (Redcar), 2 (Marske) and 3 (Saltburn), whilst its primary catchment extends further east to embrace zones 4 (Loftus) and 8 (Whitby Hinterland). (See **Figure 5.3** overleaf). Redcar fails to generate a secondary catchment area for convenience shopping, whilst zones 5, 6 and 7 (to the south of the town) constitutes the town’s tertiary catchment. Two zones fall outside of Redcar’s catchment altogether: zone 9 (North Yorkshire Moors) and zone 10 (Middlesbrough suburbs).

## CATCHMENT AREAS OF OTHER CENTRES

- 5.12 For the smaller district and local centres within Redcar and Cleveland Borough, it is of no surprise that the catchments which are generated are generally more localised.
- 5.13 In relation to non-bulky comparison goods, for example, none of these centres generate a core catchment, whilst only Guisborough produces a primary catchment within its own zone 5. Marske, Loftus and South Bank generate within their own zones secondary catchments, meaning they lie within the shadow of larger trading destinations. Saltburn and Eston are too small to generate any kind of catchment, even in their own local areas.

Fig. 5.2 Definition of Redcar Catchment Area: Bulky Comparison Goods

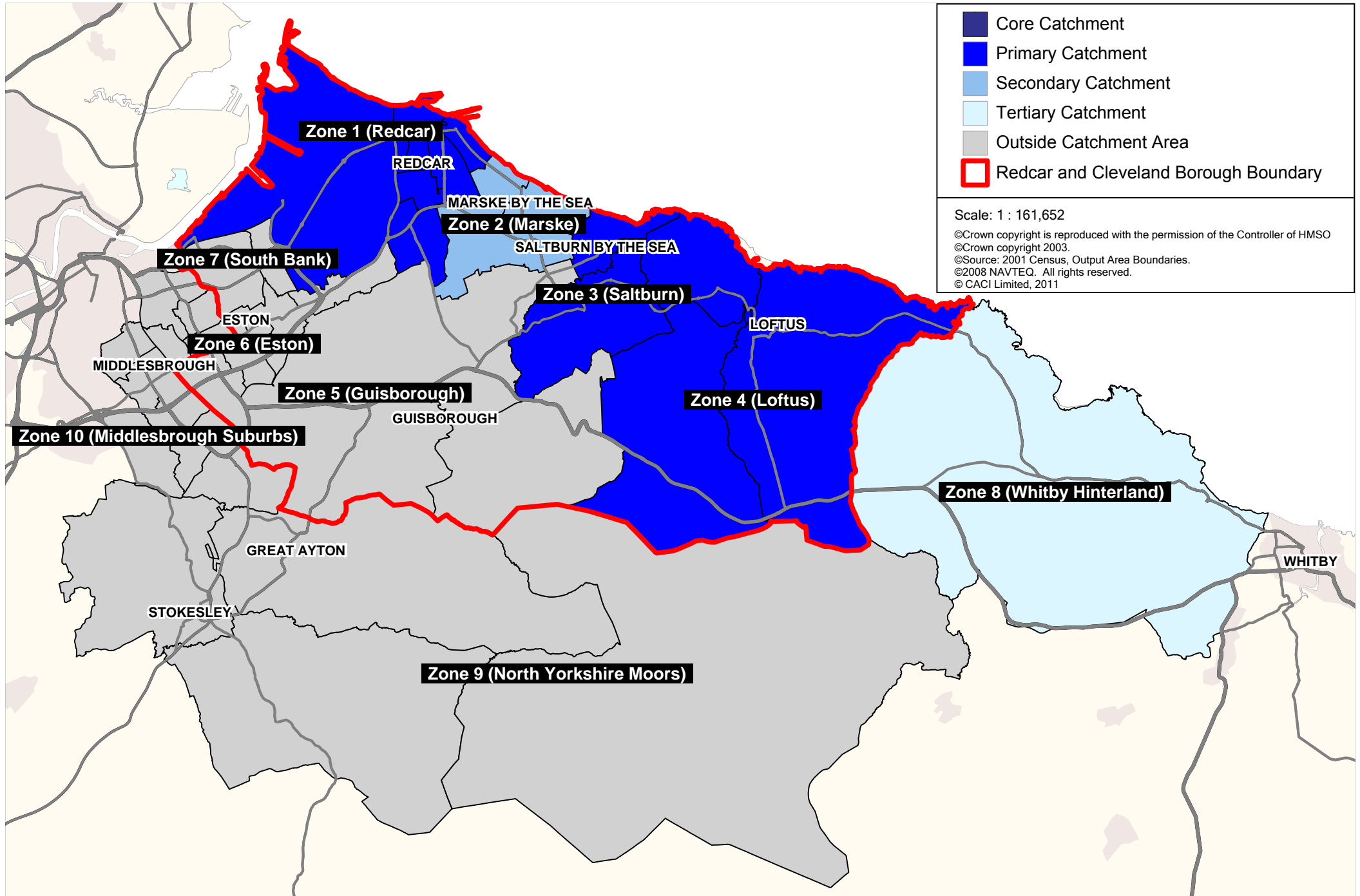
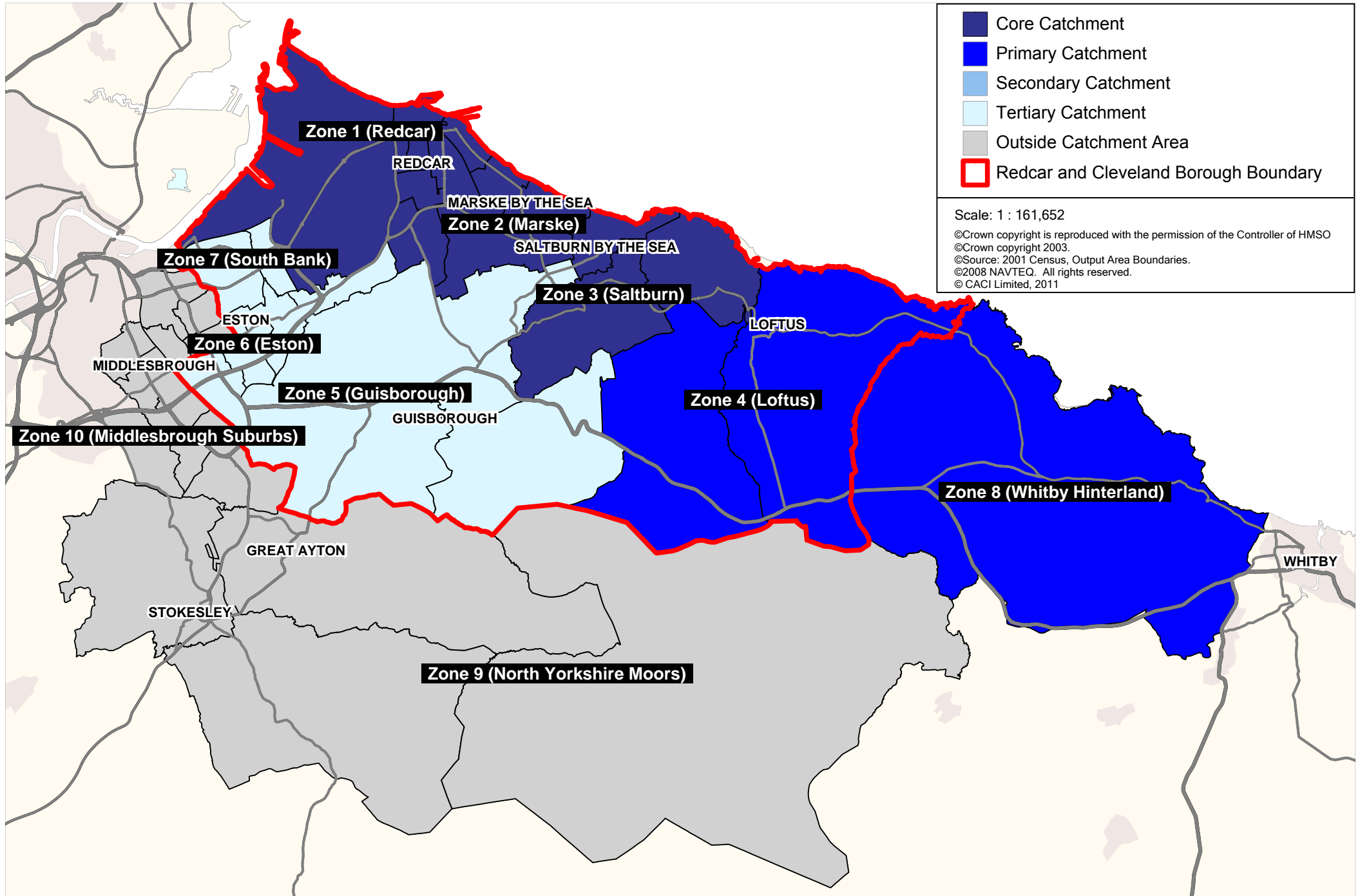


Fig. 5.3 Definition of Redcar Catchment Area: Convenience Goods



5.14 The smaller centres exert even less retail influence in relation to bulky comparison goods, reflecting their limited floorspace provision in this category. None of the centres generate core or primary catchments, whilst Marske, Loftus, Guisborough and South Bank produce secondary catchment areas. Saltburn and Eston do not generate any form of catchment.

5.15 For convenience goods, the smaller district and local centres do much better, reflecting the fact that this form of shopping tends to be undertaken more locally. Guisborough and South Bank both generate core catchments within their own zones, whilst Saltburn produces a primary catchment in its local area. In relation to the remaining centres, Marske and Loftus generate secondary catchments locally, whilst Eston's offer is too limited to produce any form of catchment. The key catchment area details for the district and local centres in Redcar and Cleveland Borough are summarised in **Table 5.1**.

**Table 5.1 District and Local Centres: Types of Catchment Generated Within Own Zones**

<i>Centre and Zone</i>	<i>Non-Bulky Comparison Goods</i>	<i>Bulky Comparison Goods</i>	<i>Convenience Goods</i>
<i>Marske (2)</i>	Secondary	Secondary	Secondary
<i>Saltburn (3)</i>	-	-	Primary
<i>Loftus (4)</i>	Secondary	Secondary	Secondary
<i>Guisborough (5)</i>	Primary	Secondary	Core
<i>Eston (6)</i>	-	-	-
<i>South Bank (7)</i>	Secondary	Secondary	Core

**Source:** Household Survey, 2011 (Colliers International).

## ASSESSMENT OF THE REDCAR BOROUGH RETAIL ECONOMY AS A WHOLE

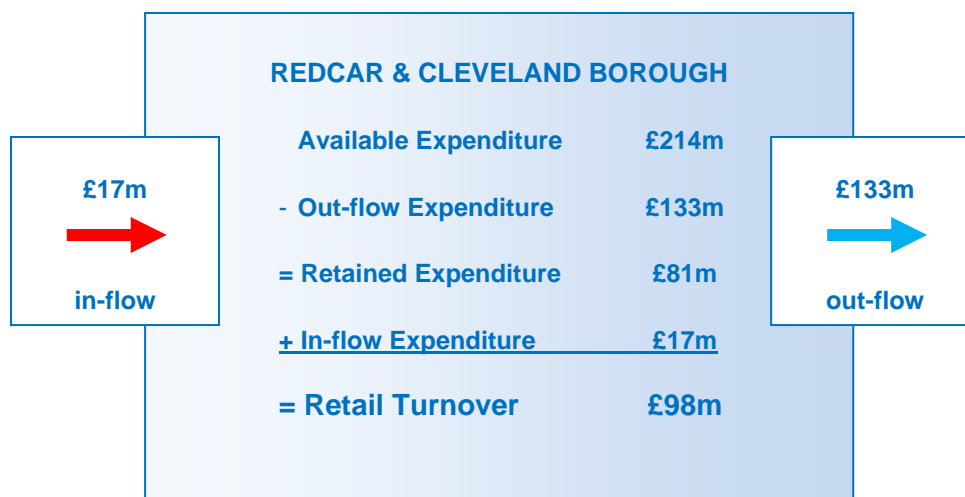
5.16 Using the results of the household survey, we first consider the retail trading characteristics of Redcar and Cleveland Borough as a whole in relation to non-bulky and bulky comparison goods and convenience goods shopping at the base year of 2011. In particular, we are able to determine the volume of expenditure in-flows and out-flows to and from the Borough for each category of goods.

5.17 By relating the scale of these expenditure in-flows and out-flows to the known 'pool' of available expenditure generated within Redcar and Cleveland Borough, we are able to estimate the present (2011) retail turnover of the Borough by category of goods. In addition, by expressing turnover as a proportion of available expenditure, the level of expenditure 'retention' can be estimated.

## NON-BULKY COMPARISON GOODS

5.18 The household survey indicates that of the £214 million of non-bulky comparison goods expenditure generated by the residents of Redcar and Cleveland Borough some £133 million leaks out to centres in adjoining areas (**Figure 5.3**). Thus the borough retains £81 million of its non-bulky comparison goods spend, which equates to a retention rate of 38%. To this total, the Borough attracts an estimated in-flow of £17 million<sup>1</sup>, which results in an annual non-bulky comparison goods turnover of £98 million.

**Figure 5.3: Redcar and Cleveland Borough: Retail Trading Characteristics: Non-Bulky Comparison Goods, 2011**

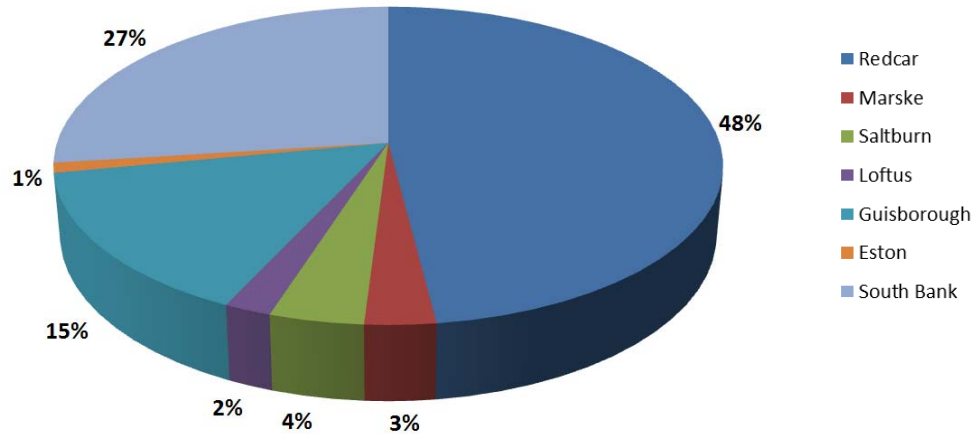


Source: Colliers International

5.19 The total non-bulky comparison goods turnover of the Borough may be broken down by location as set out in **Figure 5.4** overleaf. The figures indicate that Redcar currently accounts for 48% of the Borough's non-bulky comparison goods sales, whilst the South Bank area (the Cleveland Retail Park) captures a market share of 27%. All remaining locations together attract 25% of trade.

<sup>1</sup> Inflow spend to Redcar and Cleveland Borough comprises of three components:- (a) £5.0 million of inflow spend from residents living in the survey area (but outside the Borough) (b) £2.4 million of inflow spend from residents living just outside the survey area (we assume all flows are to the South Bank zone (the Cleveland Retail Park); and (c) £9.4 million from tourists.

**Figure 5.4: Redcar and Cleveland Borough: Non-Bulky Comparison Goods Turnover Disaggregated by Location\*, 2011**



\*Includes in-centre and out-of-centre retail floorspace.

**Source:** Colliers International.

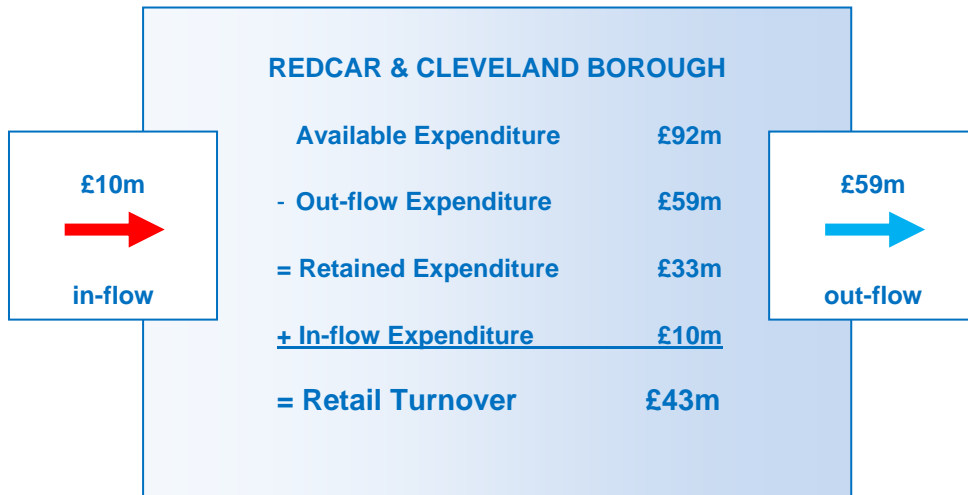
## BULKY COMPARISON GOODS

5.20 For bulky comparison goods, the household survey indicates that £59 million of the available spend of £92 million currently leaks out of Redcar and Cleveland Borough to competing centres. (Figure 5.5 overleaf). Thus £33 million of locally generated bulky comparison goods expenditure is retained within the Borough, equating to a retention rate of 36%. Adding to this an estimated in-flow spend of £10 million<sup>1</sup> produces an estimated annual bulky comparison goods turnover for the Borough of £43 million.

<sup>1</sup> Inflow spend to the Borough comprises of two components: (a) £7.9 million of inflow spend from residents in the survey area (but outside the Borough) and (b) £1.8 million inflow from residents living just outside the survey area (we assume all flows are to the South Bank zone – Cleveland Retail Park).



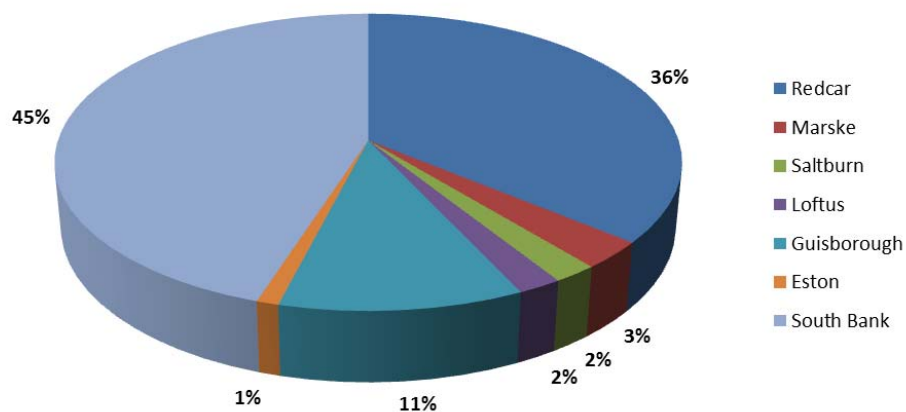
**Figure 5.5: Redcar and Cleveland Borough: Retail Trading Characteristics: Bulky Comparison Goods, 2011**



Source: Colliers International

5.21 **Figure 5.6** disaggregates the total bulky comparison goods turnover of the borough by location. The South Bank area (Cleveland Retail Park) accounts for 43% of overall turnover, whilst Redcar captures 36% of trade. The remaining locations have a combined market share of 18%.

**Figure 5.6: Redcar and Cleveland Borough: Bulky Comparison Goods Turnover Disaggregated by Location\*, 2011**

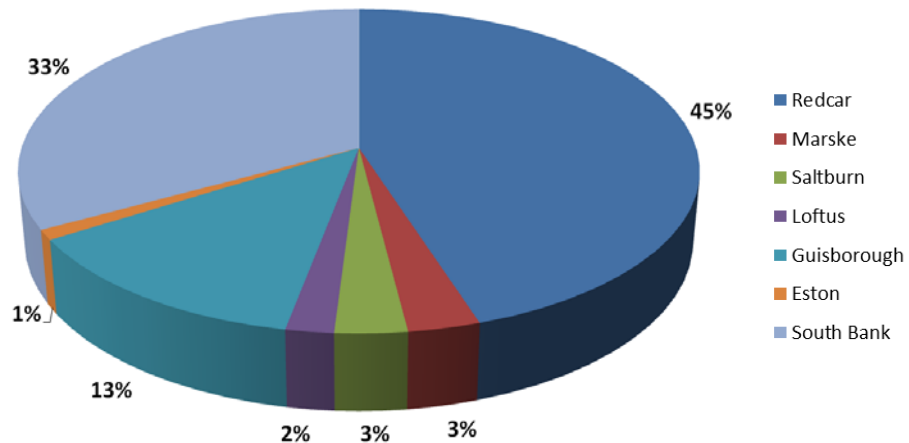


\*Includes in-centre and out-of-centre retail floorspace.

Source: Colliers International.

5.22 Combining the non-bulky and bulky comparison goods turnovers indicates that Redcar and Cleveland Borough has a total comparison goods turnover of £141 million, of which almost 80% is generated by just two retail destinations; Redcar (45%) and South Bank (the Cleveland Retail Park) (33%). Guisborough, with a market share of sales of 13%, is a distant third. (See **Figure 5.7**).

**Figure 5.7: Redcar and Cleveland Borough: All Comparison Goods Turnover Disaggregated by Location\*, 2011**

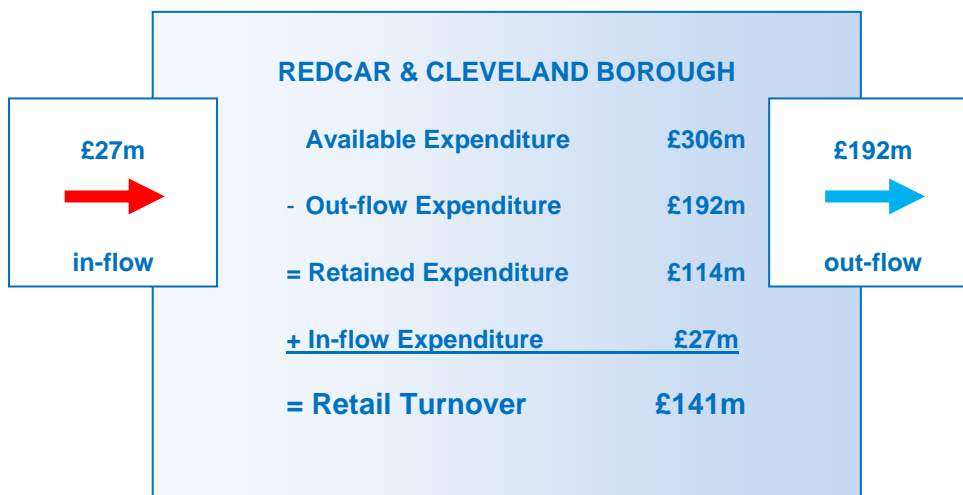


\*Includes in-centre and out-of-centre retail floorspace.

**Source:** Colliers International.

5.23 **Figure 5.8** summarises the consumer retail expenditure patterns for Redcar and Cleveland Borough in relation to all comparison goods. Overall, 37% of all comparison goods expenditure generated by households within the Borough is spent within the area, whilst 63% leaks out to competitor centres/stores.

**Figure 5.8: Redcar and Cleveland Borough: Retail Trading Characteristics: All Comparison Goods, 2011**

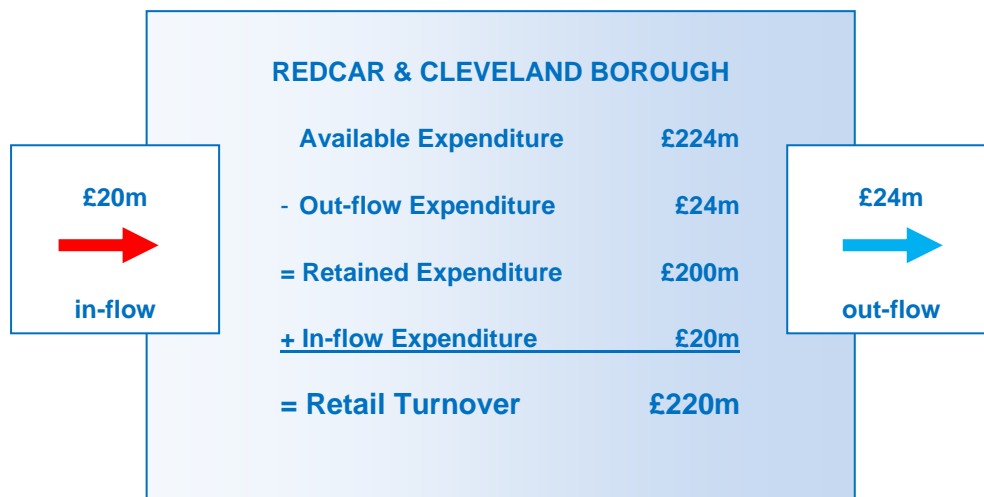


**Source:** Colliers International

## CONVENIENCE GOODS

5.24 In relation to convenience goods (**Figure 5.9**), we estimate that Redcar and Cleveland Borough currently attracts an estimated in-flow of £20 million, but that some £24 million leaks out to competitor centres/stores in other areas. Therefore, the Borough is a net exporter of £4 million of convenience goods spend. Moreover, the figures indicate that the retail floorspace stock in the Borough currently retains around 89% of the convenience goods expenditure generated within the area and has an estimated convenience goods turnover of some £220 million.

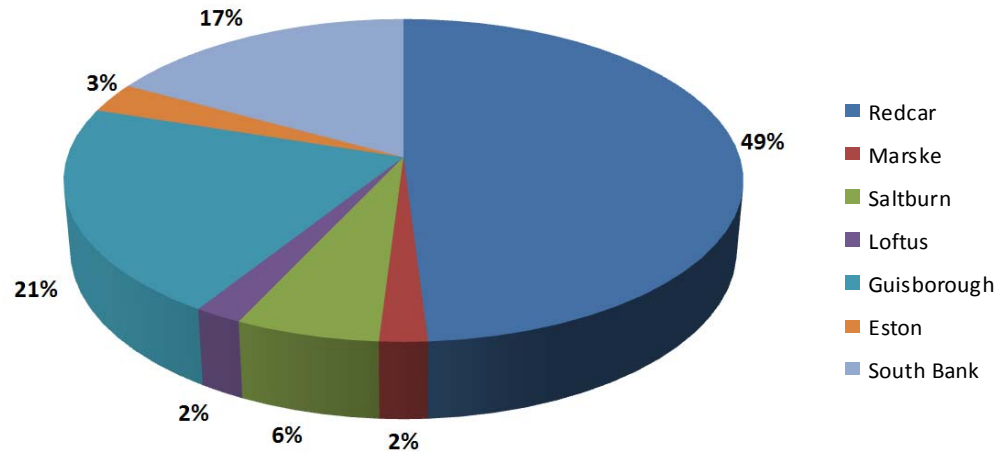
**Figure 5.9: Redcar and Cleveland Borough: Retail Trading Characteristics: Convenience Goods, 2011**



*Source: Colliers International*

5.25 In **Figure 5.10** overleaf, the convenience goods turnover of the Borough is disaggregated by location. This confirms that Redcar accounts for almost half of the Borough's convenience goods trade, with Guisborough and South Bank (Asda) capturing 21% and 17% of sales respectively. All remaining centres/zones attract just 13% of turnover between them.

**Figure 5.10: Redcar and Cleveland Borough: Convenience Goods Turnover Disaggregated by Location\*, 2011**

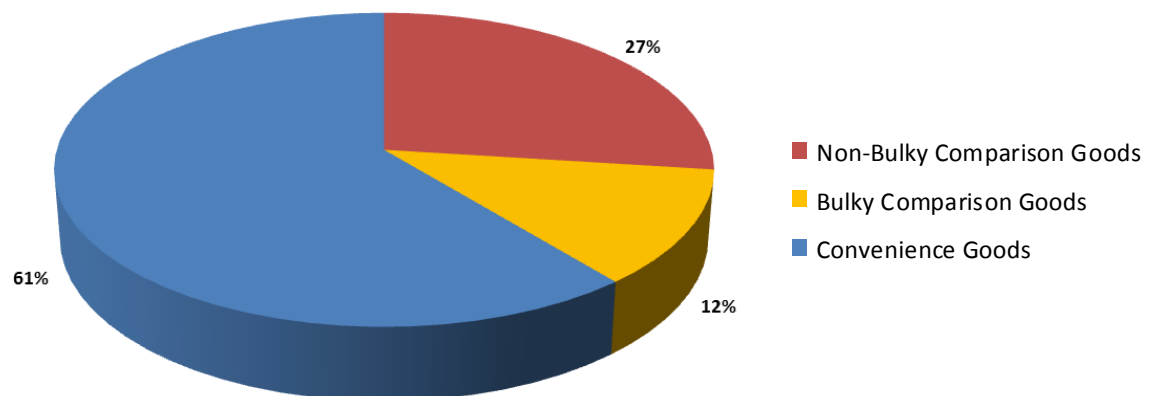


\*Includes in-centre and out-of-centre retail floorspace.

**Source:** Colliers International.

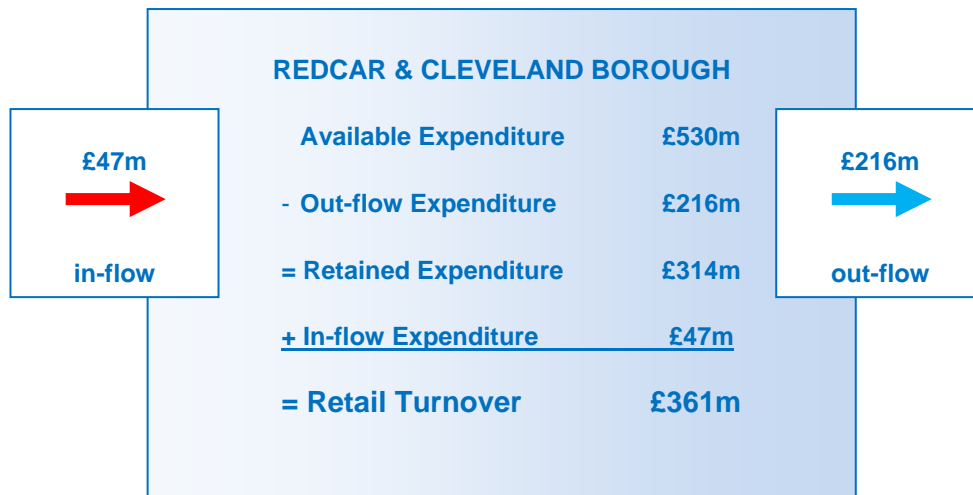
5.26 Combining the convenience and comparison goods categories indicates that Redcar and Cleveland Borough has an estimated total retail turnover of £361 million, of which 39% relates to comparison goods shopping (comprising 27% for non-bulky and 12% for bulky goods) and 61% to convenience goods (see **Figure 5.11**). Overall, 59% or £314 million of the total retail expenditure generated by households within the Borough is spent within the area, whilst 41% or £216 million leaks out to competitor centres. (see **Figure 5.12** overleaf).

**Figure 5.11 Redcar and Cleveland Borough: Retail Turnover Disaggregated by Category of Goods, 2011**



**Source:** Colliers International

**Figure 5.12: Redcar and Cleveland Borough: Retail Trading Characteristics: All Goods (Convenience and All Comparison Goods), 2011**



Source: Colliers International

## CENTRE DOMINANCE

5.27 Centres or retail locations which capture the largest single share of available comparison goods or convenience goods expenditure within a zone we describe as being **dominant** within that area. **Figures 5.13, 5.14, and 5.15** show centre dominance across the survey area for non-bulky and bulky comparison and convenience goods shopping respectively. The maps provide a good visual indication of the relative strengths of centres across the entire survey area for each category of goods.

### NON-BULKY COMPARISON GOODS

5.28 Middlesbrough dominates seven of the 10 zones across the survey area, including four of the seven zones within Redcar and Cleveland Borough, for non-bulky comparison goods shopping (see **Figure 5.13** overleaf). The remaining three zones in the Borough (zones 1, 3 and 4) are dominated by Redcar, Teesside Retail Park and Guisborough respectively.

### BULKY COMPARISON GOODS

5.29 Bulky comparison goods shopping across the survey area is dominated by just five centres. The most dominant is Middlesbrough, which attracts the largest share of spend in four of the 10 zones, all within Redcar and Cleveland Borough. Teesside Retail Park dominates three zones, including zone 5 (Guisborough) within the Borough. Redcar, South Bank (the Cleveland Retail Park) and Whitby each capture the largest share of expenditure from a single zone (see **Figure 5.14** overleaf).

Fig. 5.13 Town Dominance Map: Non Bulky Comparison Goods

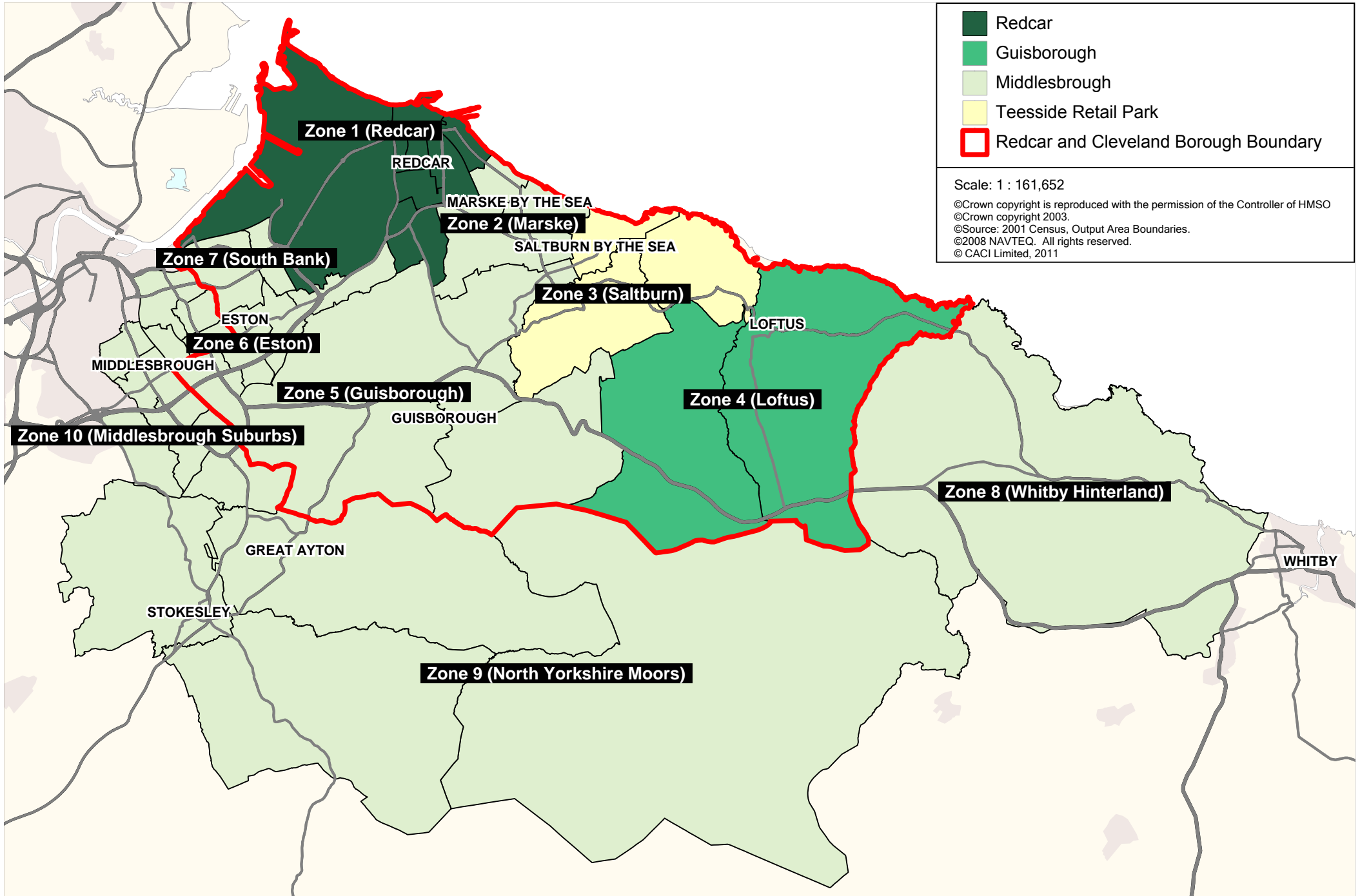


Fig. 5.14 Town Dominance Map: Bulky Comparison Goods

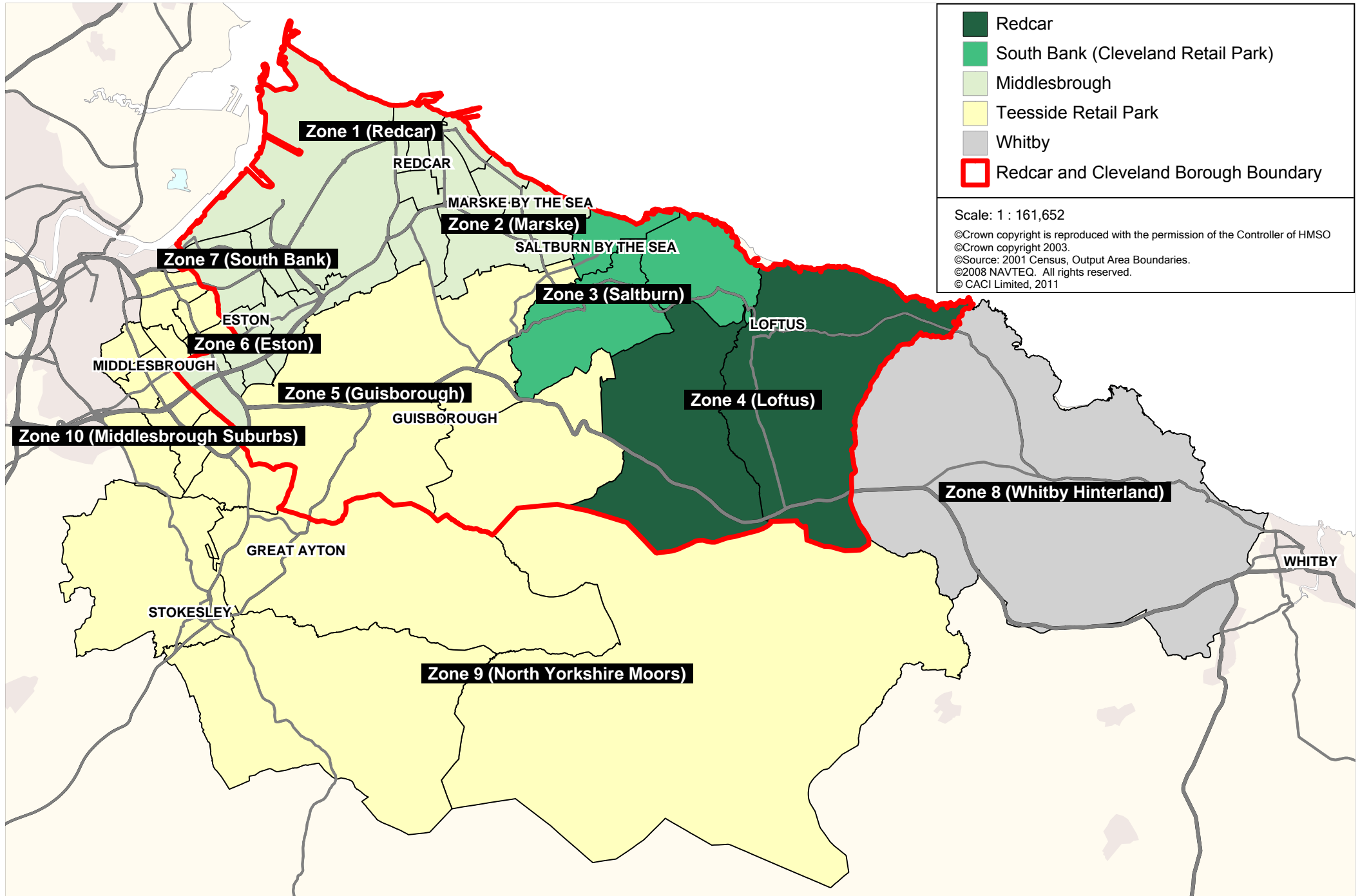
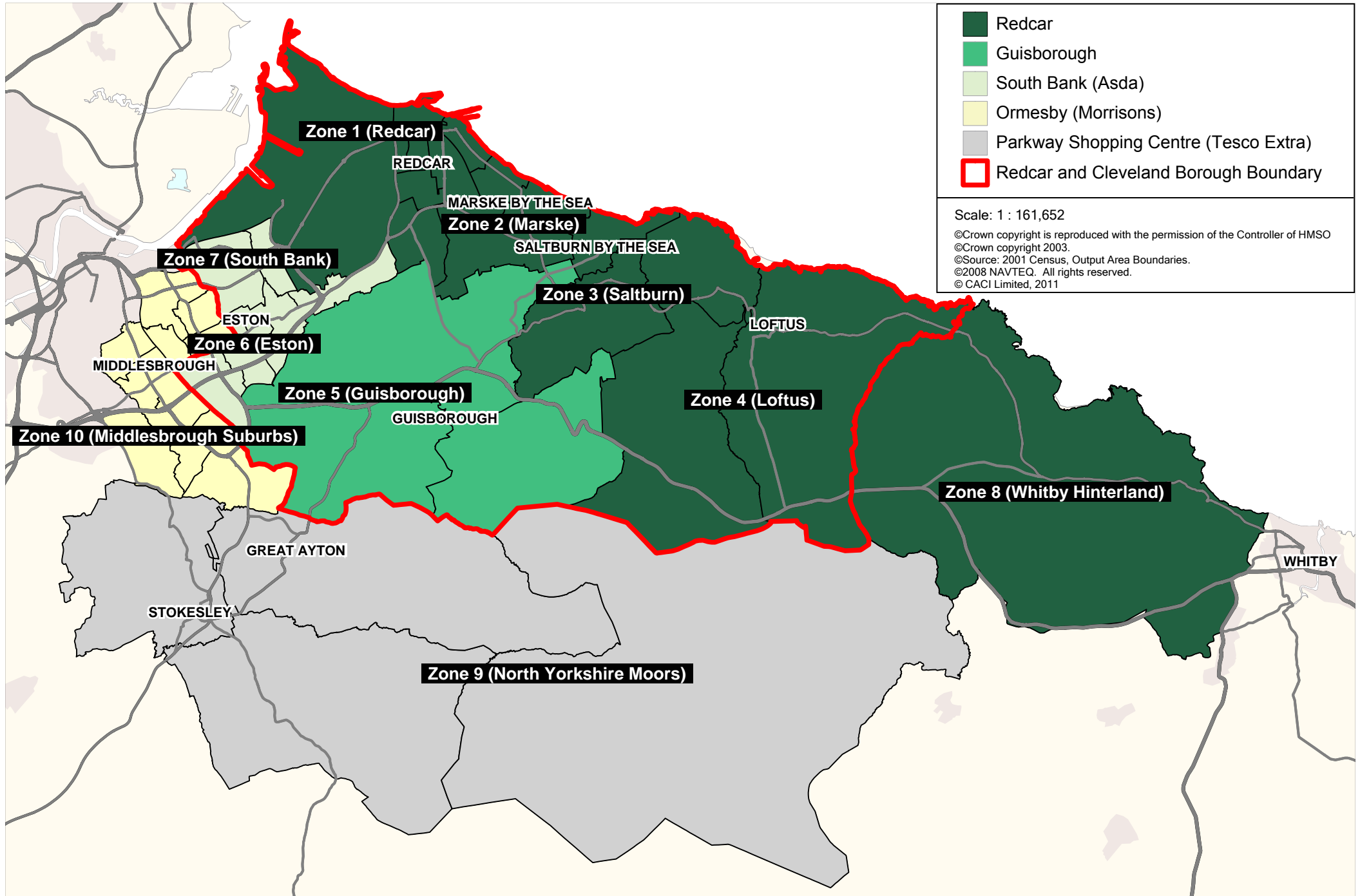


Fig. 5.15 Town Dominance Map: Convenience Goods





## CONVENIENCE GOODS

5.30 Convenience goods shopping is normally undertaken more locally than that for comparison goods, but this is not the case in Redcar and Cleveland Borough. Redcar is a major dominating force, capturing the largest share of spend in all five coastal zones, including zone 8 (Whitby Hinterland) outside of the Borough. Of the three remaining zones within the borough, South Bank (Asda) dominates two and Guisborough one (its own zone 5). (**Figure 5.15**)

## CHARACTERISTICS OF SHOPPER BEHAVIOUR

5.31 Information on shopper characteristics is drawn from the household telephone survey. **Appendix 2** describes the survey methodology and sampling, and includes a copy of the survey questionnaire.

### NON-BULKY COMPARISON GOODS

5.32 The household telephone survey<sup>1</sup> confirms that non-bulky comparison goods shopping is undertaken relatively infrequently by survey area residents. On average, more than 60% of households undertake their main trips monthly or less often.

5.33 For the survey area as a whole, 58% of households choose their main centre because it is convenient and close to home. For Redcar the proportion is marginally higher at 59%. The only other significant reason given is good choice of shops/wide range of goods, 29% overall and 25% for Redcar. In contrast, 52% of households choose to shop at the Cleveland Retail Park because of the good choice of shops/range of goods.

5.34 Some 81% of households within the survey area use a private car to undertake their main non-bulky comparison goods shopping (70% as a driver and 11% as a passenger). In comparison, 16% travel by bus, 2% walk and 1% use the taxi/train. For Redcar, 81% of households (again) use their car whilst 13% of shoppers use the bus and 5% walk. Not surprisingly, all users of the Cleveland Retail Park travel by car, whilst the proportion for Middlesbrough is 77%, although 23% use the bus.

5.35 Across the survey area as a whole, 99% of households start their shopping for main non-bulky comparison goods from home, whilst just 1% begin from work. For those households travelling from home to their main non-bulky comparison goods shopping destination, 40%, on average, take 15 minutes or less, 53% 16 to 30 minutes and 7% more than 30 minutes. These are relatively long journey times, and reflect the spaced out locations of the centres within Redcar and Cleveland Borough, and the

<sup>1</sup> The text is based on the results of the household telephone survey undertaken to inform the study. The survey area covers zones 1 to 10 as shown in **Figure 4.2**.

longer travelling distances to larger retail destinations outside. For trips to Redcar, 42% take up to 15 minutes, 53% take 16 to 30 minutes and the remaining 5% more than 30 minutes, therefore indicating close to average journey times.

- 5.36 Households gravitate more towards Middlesbrough for Christmas and other special occasion shopping. The town is the 'normal' main centre for 53% of survey area shoppers, but this increases to 62% for 'special' trips. In contrast, Redcar loses its attraction for special occasion shopping a little; its share dropping to 8% from its normal 10%.

### BULKY COMPARISON GOODS

- 5.37 Some 81% of survey area households visit their main centre for bulky comparison goods shopping monthly or less often. This compares with 60% for non-bulky comparison goods indicating that shopping for bulky items - as one may expect - is undertaken less frequently.

- 5.38 As for non-bulky comparison goods shopping, convenience of location is the most important reason for choosing which centre to visit, although, at 56% of households, the proportion is marginally lower. A good choice of retail goods/stores is the second ranked criteria (32%). For Redcar, 50% of shoppers who use it as their main centre visit because of convenience, with 29% doing so due to the quality and range of shops/goods.

- 5.39 Overall, 89% of main trips for bulky comparison goods shopping are undertaken by car, a higher proportion than for non-bulky comparison goods. Most of the remaining journeys are made by bus (6%).

- 5.40 For the survey area as a whole, 99% of households carry out their main shopping for bulky comparison goods from home. The proportion for Redcar is also 99%.

- 5.41 Some 34% of households in the survey area take 15 minutes or less to reach their main location for bulky comparison goods from home, whilst 57% take 16 to 30 minutes and just 9% more than 30 minutes. Travelling times are therefore, on average, broadly similar to those for non-bulky comparison goods. For Redcar, the average travelling times are 41% (up to 15 minutes), 42% (16-30 minutes) and 17% (more than 30 minutes).

### CONVENIENCE GOODS

- 5.42 Some 67% of convenience goods main shopping trips take place during the week (Monday through to Friday) with 47% being carried out during the day and 20% in the evenings. In comparison, only 12% are undertaken at weekends, whilst 21% of households vary their pattern of main food shopping.

- 5.43 The location of a store close to home is the main reason influencing the choice of main food shopping destination in 75% of households. A wide choice of products available is the second ranked reason, but this scored only 10% followed by good prices/value for money with 8%. Significantly, free/ease of parking is mentioned by just 1% of households.
- 5.44 The most common frequency of carrying out a main food shop is once a week (57% of households), whilst an additional 40% undertake such trips even more frequently. Shopping for convenience goods is therefore undertaken much more often than for non-bulky and bulky comparison goods.
- 5.45 Around 87% of survey area residents use a private car for their main food shopping (71% as driver), whilst 8% walk, 4% travel by bus and 1% use a taxi/cycle/train.
- 5.46 Overall, 95% of main food shopping trips originate from home with 5% from work. For trips beginning at home, 78%, on average, take 15 minutes or less, 21% between 16 and 30 minutes and just 1% more than 30 minutes. The importance of convenience of location for food shopping is reflected in these travel times, which are, on average, significantly less than for either non-bulky or bulky comparison goods.
- 5.47 On average, some 25% of households in the survey link their main food shopping trips with another form of shopping. The food stores which generate the highest levels of linked trips are generally those located within town centres (eg. Morrisons, Guisborough 30%) and Morrisons, Redcar 27%, whereas those located out of centre perform badly in this respect (eg. Sainsburys, Guisborough 9% and Asda, South Bank 3%). The types of shop/service visited most frequently on a linked trip are clothing stores (25%); financial outlets (21%); chemists (20%); footwear shops (17%); the post office (14%); specialist food shops (14%); and DIY/hardware/garden products (12%).
- 5.48 The survey also sought information on visitation rates to street markets/market stalls. Overall, c.60% of households said that they never visit markets, whilst 40% do. Of those making visits, 18% said they visit weekly or more often, 13% fortnightly, 44% monthly and 25% less than once a month. There appears to be a huge geographical variation in visitation rates across the survey area. Within the Redcar area (zone 1), 93% of households visits markets, whilst in South Bank (zone 7) the proportion falls to just 4%. Overall, for respondents that visit markets, 21% mainly do so to buy food items, 4% to buy mainly non-foods and 75% to purchase a mix of food and non-food items.

## SUMMARY

- 5.49 This section has focused on existing shopping patterns and quantified the trading performance of Redcar and Cleveland Borough as a whole and its main towns. Overall, the Borough retains 59% of its retail expenditure, with 41% leaking out to competitor centres. However, this credible performance masks a huge variation in retention between the main goods categories.

- 5.50 For convenience goods, the Borough retains an impressive 89% of locally generated expenditure, which indicates that the current supply of food stores is adequately meeting demand, albeit this form of shopping is normally undertaken more locally. In relation to non-bulky and bulky comparison goods shopping, however, the position is rather different; the Borough (even with the Cleveland Retail Park) retains only 38% and 36% of spend respectively, with almost two-thirds leaking out to competing centres. The national trend of increasing concentration of trips and spend at the largest centres, coupled with close and substantial competition at Middlesbrough and the Teesside Retail Park, are the major causes of the high levels of leakage.
- 5.51 Within the Borough, Redcar is the dominant shopping destination, capturing 47% of all retail sales, although 63% of its turnover is convenience shopping, with just over one-quarter in non-bulky comparison goods.
- 5.52 The survey results provide evidence of many households in the Borough 'trading-up' to their nearest larger centre for non-bulky comparison goods shopping. This means that residents of Redcar look to Middlesbrough, whilst those in somewhere like Loftus look to Redcar.

# 6. RETAIL OVERVIEW AND COMPARATIVE ASSESSMENT

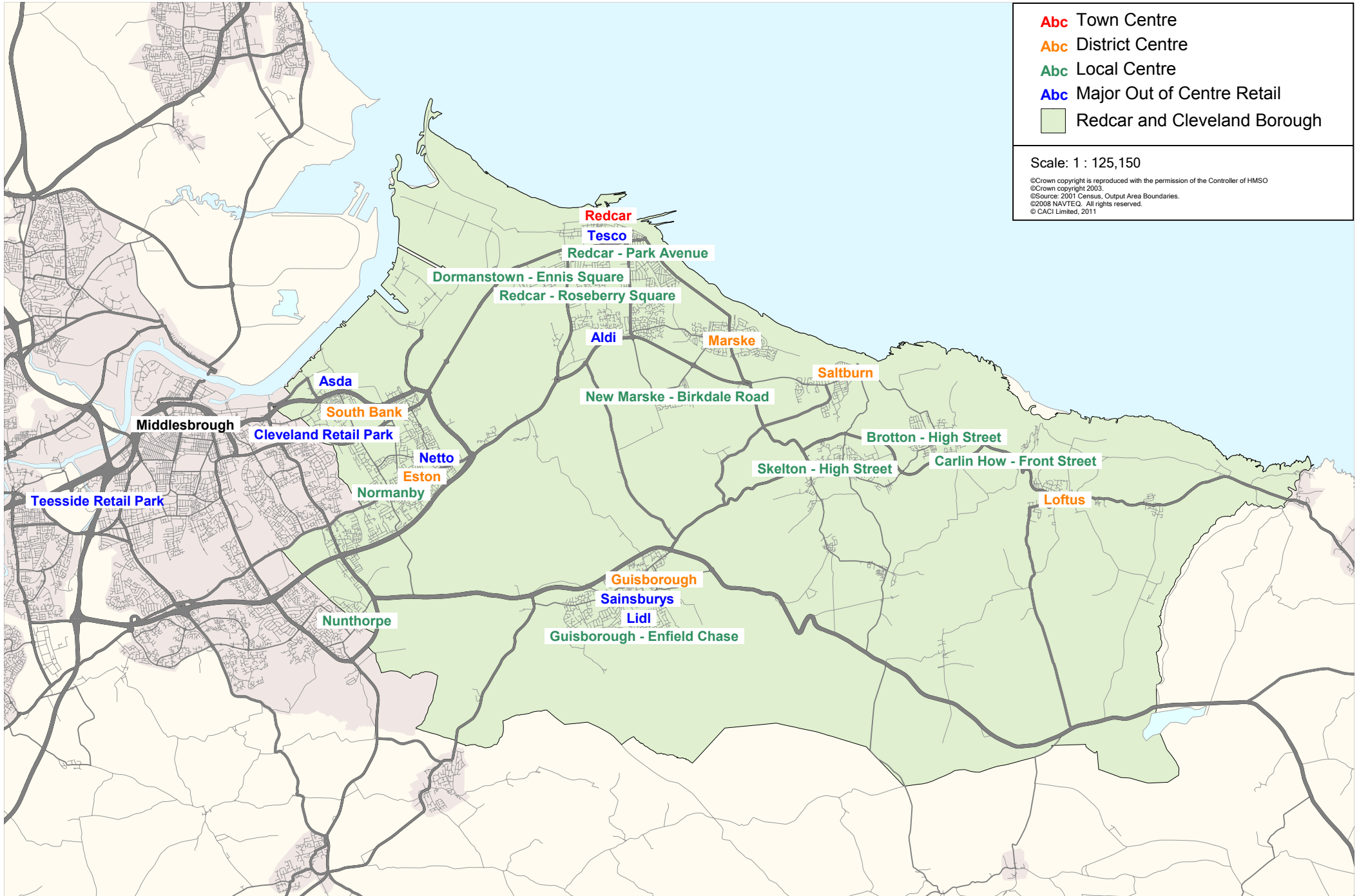
6.1 In this section we examine the retail hierarchy within Redcar and Cleveland Borough and consider the role and performance of its town, district and local centres, as well as out of centre retailing. The assessment draws on data from a wide range of sources as well as our own observations. The aim is to provide a context to the detailed quantitative modelling of retail floorspace need (Section 7). Although the Brief does not require formal health check's to be undertaken, we nevertheless provide an indication of the current health of each centre.

## THE BOROUGH SHOPPING HIERARCHY

6.2 **Figure 6.1** overleaf shows the locations of the town, district and local centres within Redcar and Cleveland Borough as identified by the Council in its Core Strategy. These are as follows:

- *Town Centre* - *Redcar*
  
- *District Centres* - *Eston*  
 - *Guisborough*  
 - *Loftus*  
 - *Marske*  
 - *Saltburn*  
 - *South Bank (proposed at Low Grange Farm)*
  
- *Local Centres* - *Brotton, High Street*  
 - *Carlin How, Front Street*  
 - *Dormanstown, Ennis Square*  
 - *Guisborough, Enfield Chase*  
 - *New Marske, Birkdale Road*  
 - *Normanby*  
 - *Nunthorpe*  
 - *Redcar, Park Avenue*  
 - *Redcar, Roseberry Square*  
 - *Skelton, High Street*

**Fig. 6.1 Location of Defined Town, District and Local Centres and Major Out of Centre Retail (> 1,000 sq m gross)**



- 6.3 A map of each centre is reproduced in **Appendix 9** (we refer to these again in Section 10).
- 6.4 The 'town centre' in Redcar and Cleveland Borough is naturally Redcar, which is located towards the western end of the Borough. It is relatively close to the much larger retail destination of Middlesbrough, whilst the large out of centre Teesside Retail Park (in Stockton) is not much further away. The Cleveland Retail Park is even closer and is located within the Borough close to its boundary with Middlesbrough. Redcar town centre therefore continues to suffer from extensive, nearby retail competition.
- 6.5 The remaining five existing 'district centres' within the Borough (as identified by the Core Strategy) are geographically dispersed with Marske, Saltburn and Loftus located east of Redcar on the coast, whilst Guisborough and Eston are located inland. A sixth District Centre is proposed at South Bank (Low Grange Farm). This centre has already been discussed in Section 3, but is considered in more detail in Section 10.
- 6.6 There are 10 smaller Local Centres distributed around the Borough. Three are located within the urban areas of larger centres – Park Avenue and Roseberry Square at Redcar, and Enfield Chase at Guisborough - whilst the others are the foci of small settlements in their own right.
- 6.7 Below the tier of local centre there are a number of smaller parades and 'corner shops' located throughout the Borough. These primarily provide services and cater for top-up food shopping needs.
- 6.8 Redcar and Cleveland Borough also contains a range of out of centre retail warehouses – primarily at the Cleveland Retail Park (Skippers Lane) - and food stores. The household survey indicates that these attract trade from much of the Borough and even further afield.
- 6.9 We now describe the retail economies of Redcar town centre and the remaining district and local centres, prior to focussing on out of centre retail provision in the Borough.

## REDCAR TOWN CENTRE

- 6.10 A series of reports prepared by The Retail Group during 2010<sup>1</sup> focused in-depth on the retail economy of the town centre and there is no need to repeat this information here. Nevertheless, in order to properly assess the future need for retail floorspace in the Borough as a whole, there is a requirement to

<sup>1</sup> Redcar Regeneration Strategy: To Identify a Bespoke Strategy for Redcar Town Centre, The Retail Group, June 2010; Redcar Town Centre Retail Regeneration Strategy, July 2010 and Redcar Retail Opportunities, The Retail Group, November 2010.

consider Redcar town centre alongside other centres and out of centre retailing. We therefore provide an overview of the town centre’s retail performance and take the opportunity to up-date key statistics.

6.11 Redcar benefitted from the £26 million Regent Walk retail development in 2002 and this new scheme pushed the town centre almost 70 places up the UK VenueScore<sup>1</sup> retail centre ranking as shown in **Table 6.1**. Since then Redcar has successfully retained its position, despite stiff competition from other centres and out of centre developments.

**Table 6.1 UK Retail Rankings, 2001-2010, Redcar and Guisborough vs Selected Competing Centres**

Centre	Rank of Centre in UK Hierarchy				Change in Rank 2001-2010
	2001	2005	2007	2010	
Redcar	277	210	202	201	+76
Guisborough	775	827	886	628	+147
Cleveland Retail Park (Skippers Lane)	n/a	1514	1231	1674	-160 <sup>1</sup>
Middlesbrough	37	54	33	45	-8
Teesside Retail Park	828	445	400	317	+511

**Notes:**

(1) Change in rank position since 2005

n/a: not available

Source: Javelin Group (UK Shopping Venue Rankings).

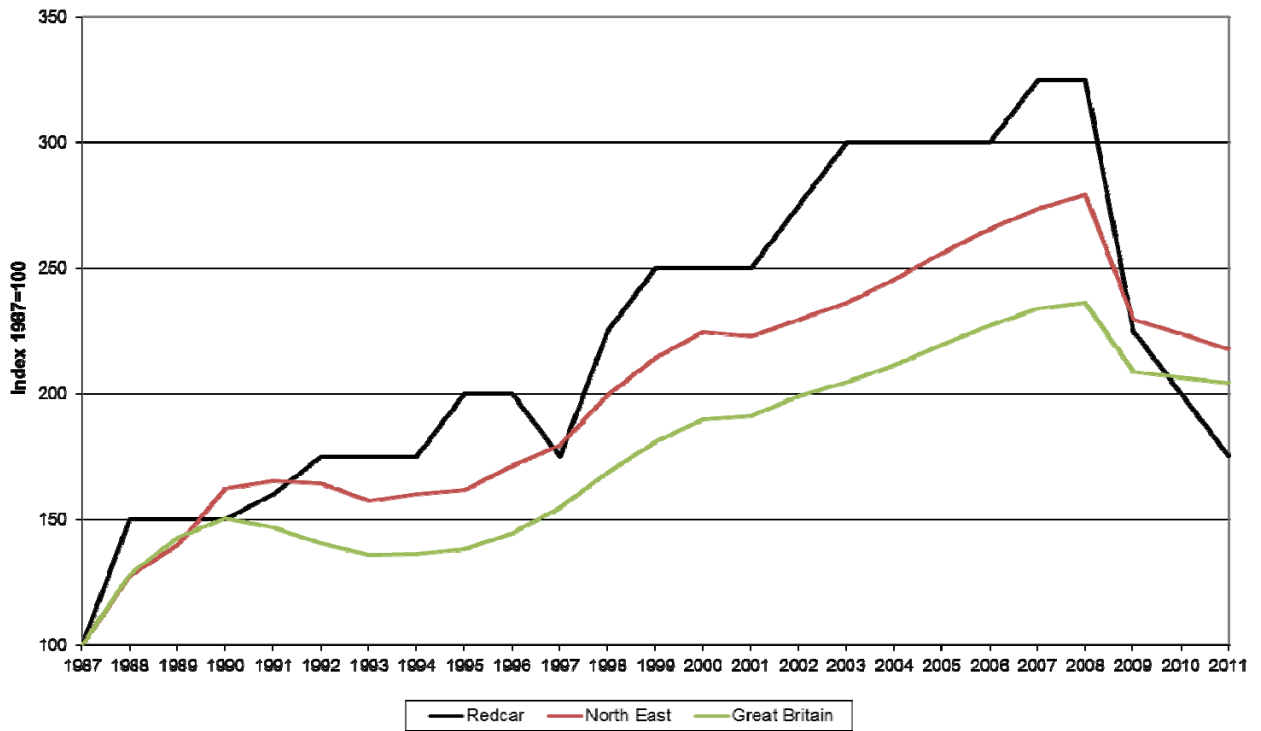
6.12 **Table 6.1** also confirms that Middlesbrough (Redcar’s principal retail competitor) remains in the ‘top 50’ leading retail destinations in the UK, despite slipping a few places over the past few years. The current 150+ position performance ‘gap’ between Redcar and Middlesbrough is substantial and highlights the massive gulf that exists between their respective retail offers and, given the close proximity of Middlesbrough to Redcar, the considerable influence this competitor centre has on the shopping behaviour of residents in Redcar and Cleveland Borough.

6.13 Turning to prime retail rents, **Figure 6.2** overleaf compares Redcar town centre’s performance since 1987 against that of the North East region as a whole and Great Britain (GB). The figures indicate that Redcar outperformed the North East and GB through to 2008, but over the past three years has underperformed.

<sup>1</sup> The retail offer of each centre (or shopping venue) in the UK is evaluated using a straight forward scoring system which takes account of the presence in each location of multiple retailers, including anchor stores, fashion operators, non-fashion multiples and food stores. The score attached to each operator is weighted to reflect their overall impact on shopping patterns. (eg. premier department store, 20 points down to small ‘other’ multiple, 1 point).



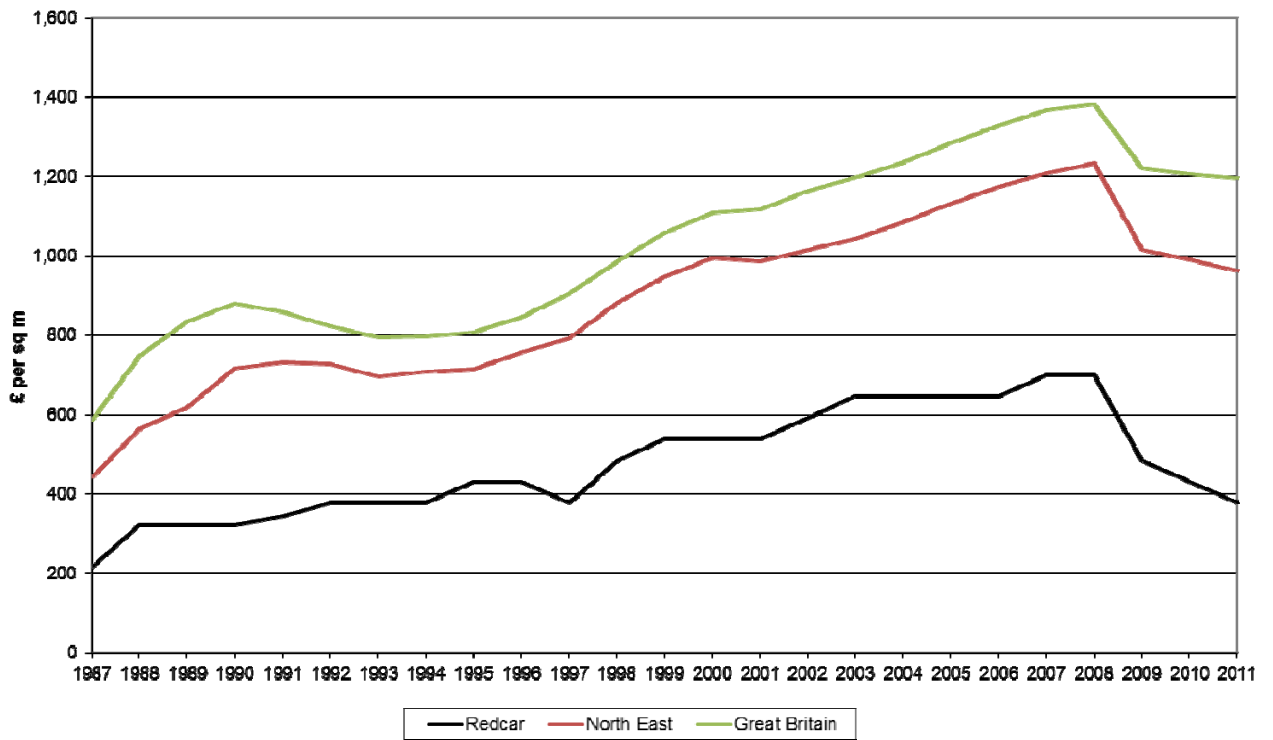
**Figure 6.2: Prime Retail Rental Performance: Redcar Town Centre vs North East Region vs Great Britain, 1987-2011 (Index 1987 = 100)**



*Source: Colliers International*

6.14 **Figure 6.3** overleaf shows changes in absolute prime rents for Redcar town centre, the North East and GB. This shows that Redcar’s rents have mirrored both regional and national trends, but at a much lower level. The steeper rental decline in Redcar in recent years is again evident.

Figure 6.3: Prime Retail Rents: Redcar Town Centre vs North East Region vs Great Britain, 1987-2011



Source: Colliers International

6.15 Redcar town centre’s rental performance since 1987 is compared to that of its major competitor in **Figure 6.4 overleaf**. Significantly, Redcar outperformed Middlesbrough from 1987 through to 2010 and has dipped below its competitor only during the past 12 months.

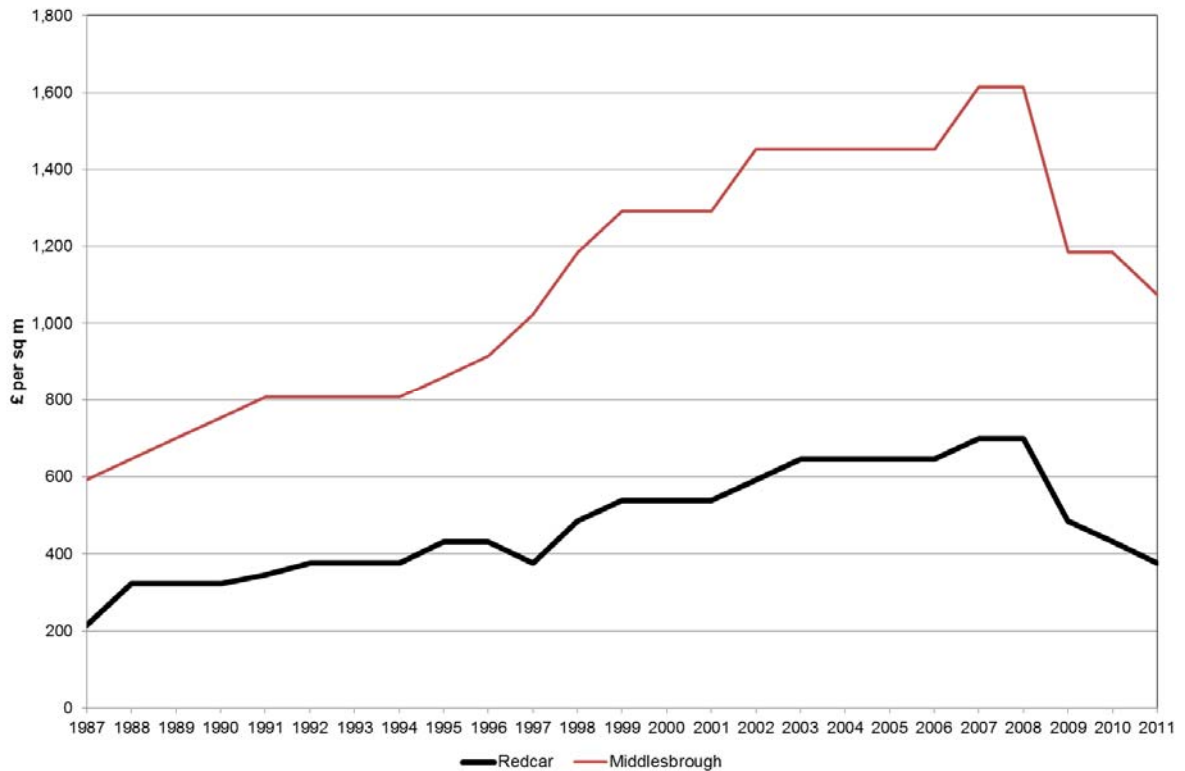
**Figure 6.4: Prime Retail Rental Performance: Redcar Town Centre vs Middlesbrough Town Centre, 1987-2011 (Index 1990 = 100)**



Source: Colliers International

6.16 **Figure 6.5** overleaf shows the changes in absolute prime retail rents in the two centres since 1987. Redcar's prime rent rose from £215 psm in 1987 to a peak of £700 psm in 2007 and 2008, before falling back to just £377 psm at mid 2011 – the same level as in 1997. In comparison, rents in Middlesbrough have continually been well above those in Redcar. They peaked at £1,615 psm in 2007 and 2008, but have since slipped to £1,076.

**Figure 6.5: Prime Retail Rents: Redcar Town Centre vs Middlesbrough Town Centre, 1987-2011**



*Source: Colliers International*

6.17 Although the VenueScore data shows that Redcar is managing (to date) to retain its broad UK retail rank position, the commercial rental evidence confirms that the town’s retail rents (which are broadly indicative of retailer demand) are low and have struggled to keep pace with either national trends or its closest competitor over the past 25 years. Moreover, the immediate outlook also appears challenging with the new Government having addressed the huge fiscal deficit by raising VAT and cutting back on welfare benefits. In addition, the significant planned reduction in public sector expenditure may hurt Redcar particularly hard, given the town’s reliance on public sector employment.

6.18 Of course, the Council is well aware of many of these trends and the weakness of the town centre’s retail economy. Accordingly, a range of initiatives and programmes have already been put in place under the wider Redcar Regeneration Programme and also directly as a result of the pro-active work of the Towns Centre manager. Moreover, the recently completed Redcar Regeneration Strategy<sup>1</sup> sets out a series of recommendations that, if implemented, should play a major role in enhancing the town centre as a retail and leisure destination.

<sup>1</sup> Redcar Regeneration Strategy: To Identify a Bespoke Strategy for Redcar Town Centre, The Retail Group, June 2010.

6.19 We estimate that Redcar town centre contains just under 25,000 sq m net of retail goods floorspace, of which some 17,400 sq m (70%) is estimated to trade in comparison goods, with most of this comprising non-bulky goods. (See **Table 6.2**). In addition, there is a wide range of service uses, including cafes, bars and restaurants.

6.20 The town centre accounts for around 28% of currently occupied retail sales floorspace within the Borough. For convenience goods, the town centre's proportion of sales floorspace stock in the Borough is 25% and for non-bulky and bulky comparison goods is 40% and 17% respectively. The district and local centres account for 26% of the Borough's total retail floorspace stock, which means almost half is located out of centre in retail warehouses and food stores.

**Table 6.2 Distribution of Occupied Retail Sales Floorspace in Redcar and Cleveland Borough as a Whole, July 2011**

Location	Convenience Goods		Non-Bulky Comparison Goods		Bulky Comparison Goods		All Retail Goods	
	Sq M Net	Col %	Sq M Net	Col %	Sq M Net	Col %	Sq M Net	Col %
Redcar Town Centre	7,340	25	12,480	41	4,877	17	24,697	28
District and Local Centres	10,798	37	8,795	29	3,045	11	22,638	26
Out of Centre Retail Warehouses	0	0	8,310	27	20,041	72	28,351	32
Out of Centre Food stores	10,799	38	892	3	0	0	11,691	14
<b>TOTAL (Redcar and Cleveland Borough)</b>	<b>28,937</b>	<b>100</b>	<b>30,477</b>	<b>100</b>	<b>27,963</b>	<b>100</b>	<b>87,377</b>	<b>100</b>

Source: Colliers International

6.21 Drawing on the detailed retail floorspace data prevented at **Appendix 5, Table 6.3** overleaf summaries the distribution of existing occupied retail floorspace stock in Redcar by location and category of goods. Overall, 70% of retail floorspace in Redcar (zone 1) is located in the town centre, with 5% in the three Local Centres of Dormanstown (Ennis Square), Park Avenue and Roseberry Square and the balance of 25% out of centre. For non-bulky comparison goods, however, the town centre is the dominant location, accounting for 98% of the town's stock, whereas in relation to bulky comparison goods more than half of the town's provision is located out of centre in retail warehouses.

**Table 6.3 Distribution of Occupied Retail Floorspace in Redcar, 2011**

<i>Location</i>	<i>Non-Bulky Comparison Goods (Col%)</i>	<i>Bulky Comparison Goods (Col%)</i>	<i>Convenience Goods (Col%)</i>	<i>All Retail Floorspace (Col%)</i>
Town Centre	98	47	98	70
Local Centres	2	1	2	5
Out of Centre	0	52	0	25
<b>Town as a Whole</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

*Source: Colliers International*

6.22 In terms of the **quality** of retailers currently trading in Redcar town centre, the breakdown between “premium”, “mass” and “value” (as described by CACI<sup>1</sup>) is relatively close to the average for all GB centres in the relevant class, although Redcar has slightly fewer ‘value’ retailers (and more ‘mass’ retailers). The figures are set out in **Table 6.4**.

**Table 6.4 Redcar Town Centre: Quality of Retail Offer**

<i>Location</i>	<i>Premium Retailers (Row%)</i>	<i>Mass Retailers (Row%)</i>	<i>Value Retailers (Row%)</i>
Redcar Town Centre*	3	54	43
Middlesbrough Town Centre	12	57	31
<b>GB</b>	<b>1</b>	<b>48</b>	<b>51</b>

\*Redcar is classified by CACI as a ‘Value Metropolitan Town’.

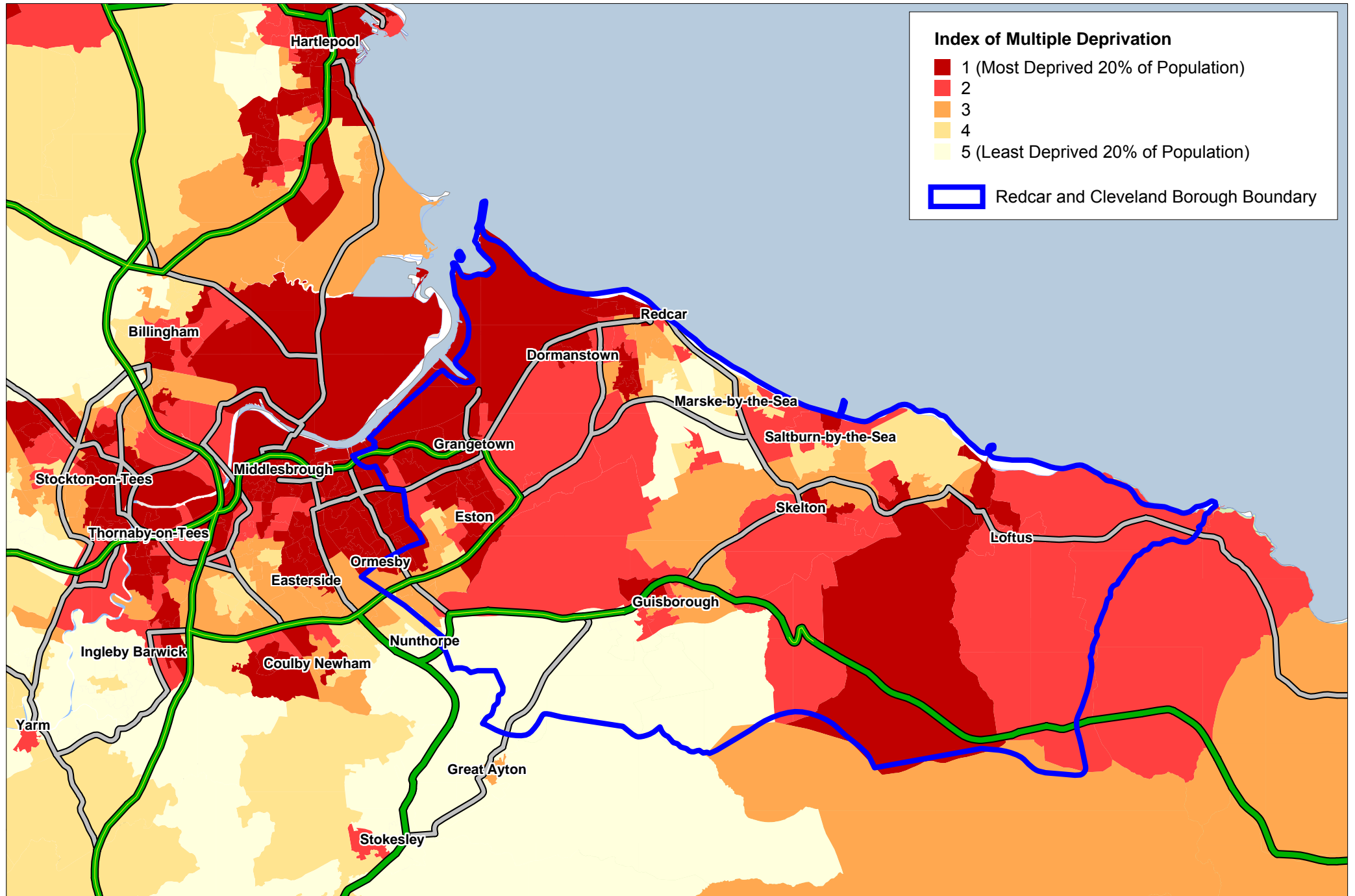
*Source: Colliers International*

6.23 However, when compared to the major competing centre of Middlesbrough, Redcar’s retail offer is lower on ‘premium’ stores and higher on ‘value’ retailers.

6.24 Redcar’s bias towards ‘mass’ and ‘value’ retailers is a reflection of the profile of its residents and wider catchment population. For example, **Figure 6.6** overleaf shows that many of the people living in the Redcar area are in the most deprived 20% of the UK population. Indeed, most of the population of Redcar and Cleveland Borough falls within the most 40% deprived, with small pockets around Marske and Saltburn and the moorland area to the south of Guisborough being the main exceptions.

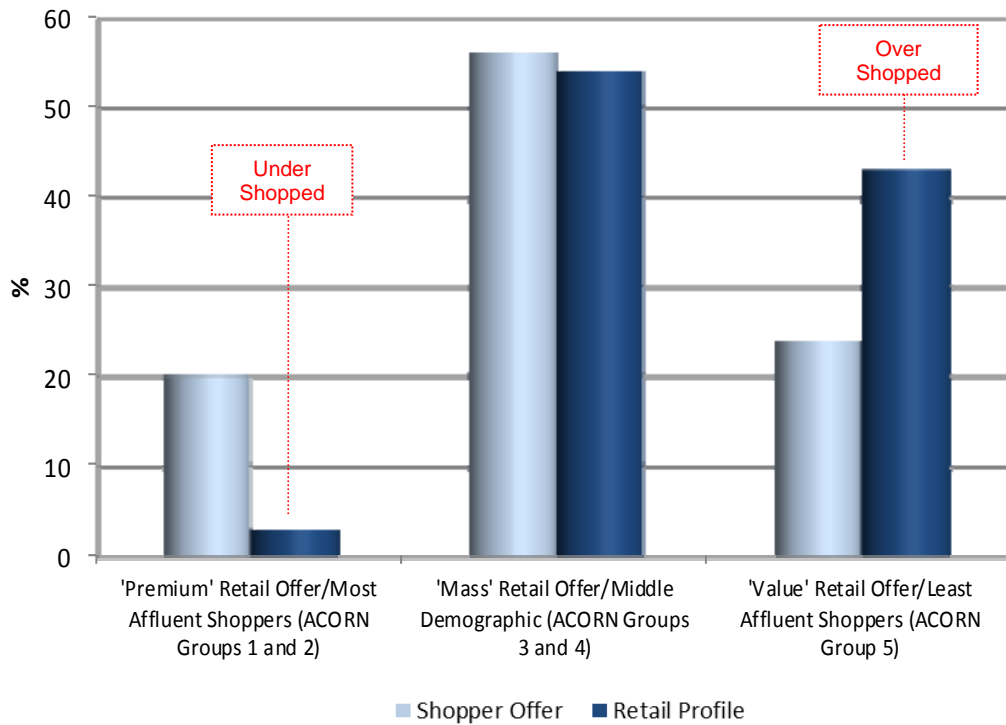
<sup>1</sup> CACI has given each retail fascia a quality allocation – premium, mass or value. This is based on a combination of market knowledge, fascia turnover and shopper perception. Examples are: Value – Poundstretcher; Mass – WHSmith and Premium – House of Fraser.

Fig. 6.6 Redcar - Index of Multiple Deprivation (ONS, 2007)



6.25 Although there has been a marginal improvement in the quality of retail offer since 2005<sup>1</sup>, the scope for further alignment with its shopper demographics is highlighted by **Figure 6.7**. This demonstrates that Redcar continues to have too few 'premium' stores and too many 'value' retailers, even taking into account the catchment area demographics.

**Fig. 6.7: Redcar Centre: Retail Offer vs Shopper Demographics**



**Source:** Colliers International/CACI

6.26 The 'town centre' has 231 units classified as A1 use (shops) according to the Council's 2010 Redcar Town Centre survey.

6.27 The major retail areas are the High Street between West Terrace, Moore Street and Regents Walk. Outside of these pedestrianised areas additional retail provision can be found on Queen Street, Milbank Terrace, Station Road and High Street East (not pedestrianised).

6.28 Redcar's selection of national multiples is located along High Street and Regents Walk. They include M&S (outlet store and food hall), Boots, WH Smith, Store 21 (recently opened), Argos, Burtons, Dorothy Perkins, New Look and Peacocks.

6.29 The High Street more or less runs parallel to the Esplanade. The Esplanade is occupied principally by traditional seafront amusements and the occasional rear entrance to the major high street stores. It will

<sup>1</sup> According to CACI, in 2005 Redcar town centre had 0% 'premium' retailers, 59% 'mass' retailers and 41% 'value' retailers.



also house the new Vertical Pier and Hub developments as part of the major on-going seafront regeneration works.

- 6.30 Regents Walk is at a right angle to the High Street and leads directly to the Morrisons store and main town centre car park. The balance of car parking is on-street or more remote from the immediate town centre.
- 6.31 The pro-active Town Centre Management team has been responsible for a highly regarded shop front and signage initiative and in reducing the overall number of vacant units in the town centre.
- 6.32 There were 38 vacant A1 retail units in the town centre according to the Council's 2010 Annual Monitoring Report. Since then Store 21 and Herbert Brown have opened, whilst Millets and Officers Club have closed (as a result of national closures).
- 6.33 The non-pedestrianised area of the High Street (the west end of it) is dominated by licensed premises. This area suffers from a disparate quality feel. However, it does accommodate the town's market (which is planned to be improved) and a good selection of on-street parking.
- 6.34 The 2010 Town Centre Retail Strategy identified a number of aspects for improvement in the town centre including the provision of bigger/larger unit sizes, improved catering, more family focused facilities, and improved retail circuit, better integration with recognised footfall drivers and the seafront. The future of the town centre is discussed further in Section 10.
- 6.35 **Table 6.5** summaries a range of statistics in relation to Redcar Town Centre.

**Table 6.5: Redcar Town Centre Vital Statistics**

Catchment area	Borough wide residents, inflow workers & visitors
Customer profile	Value to mass market shoppers, daily needs and value focused
Town Centre (A1) units	231
Total town boundary units	402
Town centre vacant units	38 (current vacant units 35)
Town centre prime shopping area	71 units (8 vacant – decreasing trend)
Food & drink units in town centre area	72 units (27 take-away)
Redcar late opening zone	170 units (42 food & drink units)

*Source: Redcar and Cleveland Borough Council: 2010 Annual Monitoring Report*

- 6.36 In summary, we conclude that despite the impact of the economic downturn, the retail economy of Redcar Town Centre is holding-up reasonably well and arguably better than many may have expected. Although prime rents have fallen back quite significantly since 2008, which is generally indicative of

weak retailer demand, the town has managed to retain its national retail ranking, and on the back of proactive Town Centre management has reduced the level of vacancy.

- 6.37 Unlike a number of towns around the UK, Redcar is not 'failing' and indeed offers the potential to 'bounce back' in the future through a better alignment of retail accommodation and stores with commercial and shopper demand. The wider town and seafront regeneration programmes should boost visitor numbers over the medium term, and underpin any 'retail' recovery. We focus further on the future for retail in Redcar in Section 10.
- 6.38 The Redcar Town Centre Retail Regeneration Strategy Report identified a number of issues with Redcar Town Centre in relation to its 'functionality' (i.e. ease of use for shoppers). With the exception of the Morrison's car park, the town centre parking is made up of small car parks and 'on street' facilities. These are not clearly badged as shopper parking and can easily be missed.
- 6.39 The signage for the town centre and signage / routing to car parks is also an aspect in need of improvement if Redcar is to continue to appeal to its shoppers and retain visits to the town centre.
- 6.40 The signage/welcome to the town centre and its parking and customer facilities all play a key role in its accessibility. The report identified functionality including parking and signage as key areas for improvement.
- 6.41 Redcar would appear to have positive accessibility, with the dominant Morrisons car park, visible bus stops, nearby railway station and pedestrian access for local residents. However, the Redcar Town Centre Retail Regeneration Strategy Study identified parking as an area for improvement, particularly signage for parking. The town centre is poorly signposted from the railway station and the bus stops on West Terrace can prevent clear visibility of the retail offer. We are aware that Redcar is popular with the disabled community given the 'flat' shopping experience. Although many accessibility features are in place they need further attention to turn them into real assets.

## DISTRICT AND LOCAL CENTRES

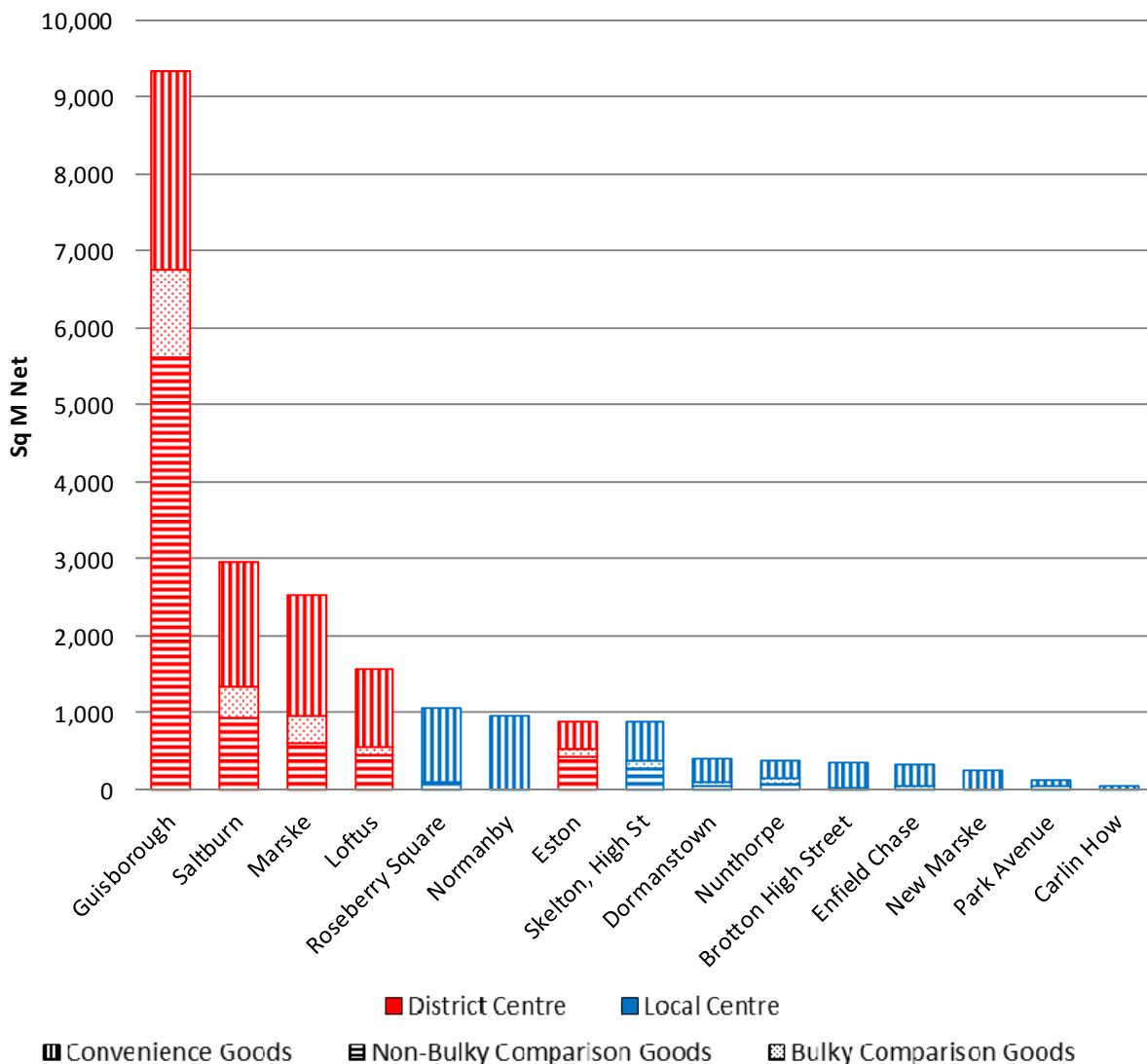
- 6.42 The Core Strategy identifies 15 existing district and local centres in Redcar and Cleveland Borough, plus the proposed District Centre at South Bank (Low Grange Farm). We now review the retail economics of each of the District Centre's and provide a 'round-up' of the smaller Local Centres. **Figure 6.8** overleaf ranks the District and Local Centres according to their totals of occupied retail floorspace (as at 2011), disaggregated between convenience goods and non-bulky and bulky comparison goods. The sizes of centres are broadly consistent with their rank in the hierarchy, although Guisborough is by a significant margin the largest District Centre.

6.43 Before focusing on individual centres and assessing their current levels of vitality and viability (through summary health checks), it is useful to consider how they have evolved in retail terms as a group over the past decade, since this places our assessments into context. We are able to do this by analysing the detailed centre audit data collected by the Council each year since 2001.

### GUISBOROUGH DISTRICT CENTRE

6.44 Guisborough has the feel of a good quality small town and is the second largest retail centre in the Borough (see **Figure 6.8**). It is identified within the RSS and Core Strategy as a Rural Service Centre. Guisborough sits around eight kilometres south of Redcar town centre and whilst its residents visit Redcar they also look to shop in Middlesbrough and Teesside Retail Park via the easy access offered by the A171/A174 networks – as evidenced by the household survey.

**Fig. 6.8 Estimated Retail Sales Floorspace of Town, District and Local Centres, Disaggregated Between Convenience Goods, Non-Bulky and Bulky Comparison Goods (as at July 2011)**



Source: Colliers International.

- 6.45 In terms of convenience goods, Guisborough is anchored by a Morrisons supermarket, whilst out of centre there is Sainsbury's, Lidl and even a Co-op convenience store – which is part of a petrol filling station beside the A171.
- 6.46 The town centre has a limited selection of national multiples and many better quality independents. Multiple operators include Clarkes, M&Co, Clinton Cards, Superdrug, Boots, Ponden Mill, Dorothy Perkins and Stead & Simpson.
- 6.47 Chaloner Street has a selection of interesting independent shops including ladieswear, outdoor goods, cafés and quality hair and service providers. The quantum and quality of the health and beauty outlets in the town centre indicates a mid market customer base.
- 6.48 The town centre benefits from a pleasant environment and does not have the immediate look of a town in recession. Moreover, Guisborough has risen 147 places in the national rankings since 2001, although from a very low position (see **Table 6.1**). Nevertheless, the household survey indicates that the town is currently under-performing in terms of retail sales and there are a number of high profile vacant units.
- 6.49 Guisborough is identified as having 114 A1 units and 181 commercial units in the town centre, significantly above the quantum in the other district centres (**Table 6.6** overleaf). There are a number of vacant units in highly visible locations which creates a perception of a level of vacancy higher than the actual level. Guisborough benefits from an established market on two weekdays and a Saturday, which draws shoppers into the town centre from a wide area.
- 6.50 Whereas the evidence suggests that Redcar town centre is performing better than may be expected, Guisborough is underperforming and falls short of what may be anticipated given the overall 'look' of the town, its market role and visitor appeal. The close proximity of major retail destinations at Middlesbrough and Teesside Retail Park combined with greater local shopper mobility and affluence may be contributory factors.

**Table 6.6: Guisborough District Centre: Vital Statistics**

Catchment area	Guisborough built area and outlying villages along A171/A173 and towards Redcar
Customer profile	Value and mass market positioning, some quality aspirational shoppers
Town Centre (A1) units	114
Town centre vacant units	10
Total commercial units	181 units
Food & drink units in town centre area (A3-A5)	29 units (10 take-away) – recent decline in food and beverage units – back to 2001 levels)

*Source: Redcar and Cleveland Borough Council: 2010 Annual Monitoring Report*

6.51 On street parking and smaller peripheral car parking is an asset for Guisborough and improves its accessibility. The local bus services, bus stops and ease of pedestrian access also improve the overall accessibility. Nevertheless, the town could benefit from clearer shopper parking signage and a review of charging regimes. The latter may help to increase customer flow and dwell times.

**SALTBURN BY THE SEA DISTRICT CENTRE**

6.52 Saltburn is a district centre that is also a holiday and day trip destination. It has many buildings of Victorian splendour and it sits at the ‘end of the line’ on the Darlington to Saltburn railway. It is located some eight kilometres east of Redcar, along the coast.

6.53 The railway station bisects the two main retail areas along Milton Street and Station Square/Station Street. Milton Street accommodates local specialist and tourist shops, including the impressive Art Bank gallery and studio. This is also the shortest route to the seafront. It also has the main car park and the entrance to the large (for the town) J Sainsbury store – formally Somerfield.

6.54 Station Street contains Boots, Cooplands (baker), banks and a Sainsbury Local convenience store. Dundas Street has a number of convenience shops and food/catering outlets. There are very few empty units in the centre (**Table 6.7** overleaf).

6.55 Saltburn benefits from a centrally located anchor store (Sainsburys), a more affluent local catchment population and its role as a small holiday resort. These factors are reflected in its retail economy – low voids and a reasonable trading performance, particularly in comparison goods.

**Table 6.7: Saltburn District Centre Vital Statistics**

Catchment area	Local resident base and inflow from Brotton, Skelton & Loftus. Additional day trip visitors and holiday makers
Customer profile	Value to mass market, visible good quality residential in Saltburn
Town Centre (A1) units	43
Town centre vacant units	3
Total commercial units	75 units
Food & drink units in town centre area (A3-A5)	12 units (4 take-away) – increasing trend in F&B)

*Source: Redcar and Cleveland Borough Council: 2010 Annual Monitoring Report*

6.56 Saltburn benefits from strong accessibility with parking on street and beside the food store. The train station is ideally located and given the immediate resident base many shoppers will arrive on foot.

#### MARSKE DISTRICT CENTRE

6.57 Marske by the Sea is located on the coast midway between Redcar and Saltburn. The centre is separated from Redcar by a 'Green Wedge' as set out in the Core Strategy.

6.58 The centre appeals to its local resident base, which is more affluent than most of the Borough. It is a popular location due to its easy access, parking and local schools. The district centre is formed around a square, albeit with roads through it! There are a few vacant units although it does not feel 'in recession'.

6.59 The offer is anchored by a small Co-op Food store (with some parking) and a Sainsbury Local outlet. There is also a large pharmacy (local operator), two hardware stores and a selection of service operators and cafes. **Table 6.8** overleaf summarises the key retail statistics for Marske.

**Table 6.8: Marske District Centre: Vital Statistics**

Catchment area	Local resident base and some from south and east of Redcar
Customer profile	Mass to low mid market customer base
Town Centre (A1) units	32
Town centre vacant units	3
Total commercial units	51 units
Food & drink units in town centre area (A3-A5)	7 units (4 take-away) – fairly consistent level in F&B

*Source: Redcar and Cleveland Borough Council: 2010 Annual Monitoring Report*

6.60 Parking can be an issue in Marske, thereby reducing its accessibility. It operates as a convenience centre and all aspects should support this convenience. The parking facilities may need reviewing as the population continues to grow in line with continued residential development.

### LOFTUS DISTRICT CENTRE

6.61 Loftus is located within East Cleveland on the A174, just under half way to Whitby from Redcar. Beyond it there are a few very picturesque coastal villages such as Staithes. Its customer base is potentially the immediate hinterland villages as well as its own local residents.

6.62 The centre is showing visible signs of being in long term decline. It has the highest vacancy rate in the Borough and the largest number of ‘poor’ units. However, the presence of two small Co-op food-stores, pharmacies, convenience and other shops indicate a reasonable level of customer retention and sales performance for those units still trading.

6.63 The traffic dominated environment, long linear layout and compromised parking do not add to its appeal and ease of use. Further decline in Loftus will leave its residents and those in nearby villages with little choice but to travel over relatively long distances for basic everyday needs.

6.64 It is clear that the area considered for retail frontages needs to be consolidated as there is no longer sufficient expenditure available to support the original scale of the centre. However, consolidation should be done in conjunction with a plan to improve the public realm and ease of use. Simply reducing the retail area will not increase customer usage of this district centre. (We return to these issues in Section 10). The key retail statistics for Loftus are set out in **Table 6.9** overleaf.

**Table 6.9: Loftus District Centre: Vital Statistics**

Catchment area	Local area residents and users of A174
Customer profile	Mass to low mid market
Town Centre (A1) units	47
Town centre vacant units	13 (additional 13 are poor)
Total commercial units	73 units
Food & drink units in town centre area (A3-A5)	10 units (4 take-away) – gradual decline in F&B)

*Source: Redcar and Cleveland Borough Council: 2010 Annual Monitoring Report*

**6.65** Through traffic and weak car parking signage leads to reduced accessibility in Loftus. As such, signage and availability of nearby parking may need stronger promotion.

### **ESTON DISTRICT CENTRE**

**6.66** Eston is currently the only district centre to the west of Redcar, although a new district centre is proposed at Low Grange Farm, South Bank. (Described further in Section 10).

**6.67** Although Eston is within Redcar and Cleveland Borough, it feels like it is part of the urban built up area of Middlesbrough. As such it offers a very different experience to its local residents/catchment.

**6.68** The district centre is looking tired and dated. We understand however, there are proposals for an extensive refurbishment/redevelopment to improve its quality.

**6.69** There are a limited number of shop units anchored by a small discount food-store. Over half the units have A3-A5 classification with over a third of units being take-away food-stores. The closed daytime fascias on some of these units further compounds the poor perception of this as a district centre, which is underpinned by high vacancy rates. Summary retail statistics for Eston are set out in **Table 6.10** overleaf.

**6.70** Given the nature of its location and customer base, it may be appropriate to allow additional food-store space – expansion of existing and new stores to help generate more visits. Inevitably, it will be a centre with lots of take-way demand; however, it may be possible to insist on stay open provisions and/or include day time oriented offers.



**Table 6.10: Eston District Centre: Vital Statistics**

Catchment area	Built up area immediately around Eston district centre, limited geographic spread
Customer profile	Mass to Value local residents
Town Centre (A1) units	26
Town centre vacant units	6 (additional 7 are poor)
Total commercial units	59 units
Food & drink units in town centre area (A3-A5)	15 units (10 take-away) – static trend in F&B

**Source:** Redcar and Cleveland Borough Council: 2010 Annual Monitoring Report

6.71 Eston benefits from good pedestrian access, although access by car is more limited.

### LOCAL CENTRES

6.72 The Council's Core Strategy identifies 10 local centres from Brotton, Skelton and Carlin How in the east, to Enfield Chase (Guisborough), Nunthorpe and Normanby in the south and Dormanstown, Park Avenue and Roseberry Square in Redcar. New Marske is located immediately inland from Marske District Centre. The locations of the centres are shown in **Figure 6.1**, whilst **Figure 6.8** ranks the centres according to their size (occupied retail floorspace).

6.73 Redcar and Cleveland is a Borough with many different physical assets from urban areas bordering Middlesbrough to a rural hinterland and costal fringes. Its local centres are a diverse mix and are planned to serve day to day needs of local residents.

6.74 There are a number of initiatives underway to improve facilities and shop fronts in a number of the local centres. We also understand there are proposals for additional retail provision in the Brotton and Skelton areas (see Section 10).

6.75 Although the local centres have not been reviewed in detail, their retail floorspace provision has been factored into our detailed assessment of future retail capacity (Section 7). The 'principal' retail offer in the local centres are food stores, many of which are small Co-op, giving a recognised level of quality and range.

## QUALITATIVE OVERVIEW OF CENTRES

- 6.76 In considering qualitative issues at centres across the Borough, we have concentrated on those locations that have a comparison goods retail offer, rather than those that are convenience and service provider oriented.
- 6.77 The Redcar resident customer base is made up of principally mass to mid market residents. As such, there is the potential to improve the quality and market positioning of the offer in many product categories including fashion, footwear, home, and household.
- 6.78 There is the need for a stronger range of national multiple retailers and for larger retail units.
- 6.79 The food, beverage and catering offer has to be improved to offer greater variety and choice for all the family.
- 6.80 There is significant detail already available on the future strategy for Redcar as a result of The Retail Group's 2010 Redcar Town Centre Retail Regeneration Strategy Report.
- 6.81 In regard to the other larger District Centres, Guisborough has the potential for a better quality offer more in keeping with its historic market town appeal. However, the additional operators are likely to be more local / regional in origin at this stage.
- 6.82 Saltburn can continue to evolve its eclectic mix of local specialists, although the Sainsbury's store may well provide a catalyst for a limited number of better quality multiples. It is likely that these will be service and convenience oriented.

## OUT OF CENTRE RETAILING

- 6.83 Out of centre retail provision has expanded rapidly in Redcar and Cleveland Borough over the past 15-20 years. Today 46% of the Borough's retail floorspace stock is located out of centre, with the proportion for bulky comparison goods (72%) far exceeding that of non-bulky comparison goods (30%) and convenience goods (38%). (See **Table 6.2**). The locations of the principal retail parks and food stores are shown in **Figure 6.1**.
- 6.84 In relation to convenience goods shopping, there are 15 main out of centre food-based stores in the Borough<sup>1</sup> (see **Appendix 5A** for full details), of which three are superstores. These 15 stores provide 11,691 sq m of sales floorspace, of which 8% is estimated to be for comparison goods (within the Asda

<sup>1</sup> Assuming the Core Strategy hierarchy of centres and boundary definitions.

at South Bank). As shown in **Figure 6.1**, all of the larger centre food stores are located in the western half of the Borough, with the exception of the Sainsbury's at Saltburn.

6.85 Turning to comparison goods, there is c.29,000 sq m net of provision out of centre in the Borough (see **Table 6.2**), of which by far the greatest concentration (more than half) is at the Cleveland Retail Park in the far west (see **Appendix 5A** for full details). Around 30% of non-bulky comparison goods floorspace in Redcar and Cleveland Borough is now located out of centre, whilst the comparable figure for bulky comparison goods is 72%.

## COMPETING CENTRES

6.86 Middlesbrough town centre is the dominant centre in the sub-regional retail hierarchy. It is a major destination for the Borough's residents, as demonstrated by the responses to the household survey, and accounts for a significant proportion of the comparison goods expenditure leaking out of Redcar and Cleveland Borough.

6.87 The town centre offer includes major anchor stores such as Debenhams, Marks & Spencer, Bhs, New Look, Primark, TK Maxx, TJ Hughes, Boots and Wilkinson's and shopping centres including The Mall, Hill Street and Captain Cook Square, which contain a mix of regional and national multiple operators.

6.88 In neighbouring Stockton-On-Tees, there is the Teesside Retail and Leisure Park. This is a substantial out of centre retail destination offering a plethora of major high street retail names in large out of town formats. Retail brands include Marks and Spencer, New Look, Next, River Island, Republic and WH Smith. The Park is easily accessed from the A66/A19 intersection. The combination of recognised retail brands, easy access and parking, plus the leisure and catering (which includes multi-screen cinema, bowling, Pizza Express and Frankie & Benny's) also with easy access and free parking makes this a popular shopping and leisure destination for Redcar and Cleveland Borough residents, particularly those living in the Greater Eston, Redcar and Guisborough areas, which are closest to the Park.

## SUMMARY

6.89 Redcar and Cleveland Borough contains two dominant retail locations; Redcar town centre and the out of centre Cleveland Retail Park. There are five existing district centres and a sixth is proposed at Low Grange Farm, South Bank. In addition, there are 10 smaller local centres. The size of the Borough's centres in retail floorspace terms is broadly consistent with the retail hierarchy set out in the Core Strategy.

- 6.90 A large amount of work has been undertaken to improve the retail offer across the Borough and considerable effort is being allocated to plan future improvements.
- 6.91 Although Redcar has the benefit of a town centre strategy to underpin future actions, it does need to improve the quality of its retail 'stock' in order to attract suitable retailers to the town.
- 6.92 Guisborough District Centre has the potential to improve its offer and there is a need to consolidate its appeal as a market town and quality destination. Marske and Saltburn District Centres appear to be in a reasonable condition and as such should aim to maintain and/or enhance their offer so as to secure additional customers – both residents and visitors. Loftus and Eston, however, are in need of further pro-active management, refinement, development or consolidation.
- 6.93 Out of centre retailing has expanded considerably in Redcar and Cleveland Borough over the past 15-20 years, and now accounts for almost half of the Borough's total retail floorspace stock. The provision of food-based stores and retail parks is concentrated in the western half of the Borough (close to Middlesbrough), and therefore perform a useful role in helping to retain locally generated expenditure within the Borough.
- 6.94 The Borough is multi-faceted in its retail centres and as such requires many different approaches to on-going management of these centres.

# 7. RETAIL FLOORSPACE NEED: METHODOLOGY AND ASSESSMENT

## OBJECTIVES

- 7.1 This section describes our approach to estimating the need for additional convenience goods and non-bulky and bulky comparison goods floorspace within Redcar and Cleveland Borough and its sub-areas (key centres<sup>1</sup>).
- 7.2 In line with PPS 4<sup>2</sup>, the quantitative analysis incorporates an important element of qualitative need, which is the extent to which existing shops may be over trading or under trading at the present time. We consider this to be a realistic approach to adopt, since it reflects the variability in the present trading performance of the different goods categories across the Borough and its centres.
- 7.3 The quantitative assessment provides the following information:-
- Estimates of total available retail expenditure within Redcar and Cleveland Borough (and sub-areas) at the base year of 2011 and the forecast years of 2016, 2021 and 2026;
  - Estimates of the retail turnover likely to be 'retained' by each sub-area (centre) at the forecast years;
  - Estimates of "headroom" expenditure and therefore retail floorspace need within Redcar and Cleveland Borough, its sub-areas (centres) at the forecast years; and
  - Retail floorspace need disaggregated into convenience goods and non-bulky and bulky comparison goods retail floorspace.
- 7.4 Towards the end of the section, we also consider qualitative retail need and how the different 'qualitative' factors may also influence the need for further retail provision in Redcar and Cleveland Borough.

<sup>1</sup> Each of our defined sub areas or zones relates geographically to an individual defined Town or District Centre (see **Figure 4.2**).

<sup>2</sup> Policy EC1.4d.

7.5 The results of this quantitative and qualitative retail need assessment inform our retail planning policy advice to Redcar and Cleveland Borough Council, which is set out in Section 10.

## APPROACH TO QUANTIFYING RETAIL FLOORSPACE NEED

7.6 Our broad approach to estimating the need for additional retail floorspace (set out in detail at **Appendix 7A**) comprises of seven main steps, which in aggregate cover the three main stages of analysis:

- (i) Forecasting consumer demand;
- (ii) Forecasting retail supply; and
- (iii) The conversion of (any) surplus retail expenditure into a retail floorspace requirement.

7.7 We have sought to provide an analysis that is transparent and which, at the same time, seeks to be robust. The assessment is also presented in a way that enables it to be updated in the future as more up-to-date statistics become available and the emerging pattern of shopping activity becomes more established.

7.8 We carry out separate retail need assessments for non-bulky comparison goods, bulky comparison goods and convenience goods. Each is supported by a number of tables (spreadsheets) which are reproduced at **Appendices 7B, 7C and 7D** respectively. The assessments refer to a number of key assumptions which have already been discussed in Section 4, and are reproduced as **Appendices 4A to 4E** inclusive. The description that follows applies equally to the separate non-bulky and bulky comparison goods assessments. The results are discussed in Section 10.

7.9 We begin with an assessment of the need for additional comparison goods floorspace.

## NON-BULKY AND BULKY COMPARISON GOODS NEED ASSESSMENT

### **STEP 1: CALCULATE TOTAL AVAILABLE EXPENDITURE IN THE SURVEY AREA**

7.10 The household survey area is shown in **Figure 4.2** and is defined to encompass the shopping catchment areas of all the centres within Redcar and Cleveland Borough. Within this area the quantum of available comparison goods expenditure is derived by multiplying (resident) population by average annual expenditure per head (see **Appendix 4B** for the Experian spend per head data). This calculation is carried out for each of the 10 zones which comprise the survey area.

- 7.11 Population figures by zone and for the survey area as a whole are set out in **Appendices 7B** (non-bulky comparison goods) **and 7C** (bulky comparison goods), **Table 1**. In addition to estimates for 2011 (the base year), population projections for the design years of 2016, 2021 and 2026 are also included.
- 7.12 **Appendices 7B and 7C, Table 2** give the average annual expenditure per person on non-bulky and bulky comparison goods respectively for residents living in each of the 10 zones comprising the survey area. These figures have been obtained from Experian. We have projected the per person expenditure estimates forward to the forecast years of 2016, 2021 and 2026 by adopting Experian's latest available 2009 – based expenditure per head forecasts as published in August 2010 (see **Appendix 4C**).
- 7.13 At **Appendices 7B and 7C Table 3** we make deductions to the per person expenditure estimates to account for retail expenditure which does not take place in shops such as that on mail order shopping, door to door salesmen and market and road-side stalls. This form of expenditure also includes e-tailing and is generally known as “special forms of trading” (SFT).
- 7.14 In presenting expenditure forecasts through to 2026, we are aware that there are currently a number of electronic shopping formats which, should they become widely established, could reduce significantly the proportion of retail expenditure that is now spent in conventional shops. We have reviewed the recently published research on the future growth in **e-tailing** expenditure (Section 4) and concluded that SFT is likely to increase as a proportion of total consumer retail expenditure over the next five years before levelling off. This important assumption is built into our retail need assessment. However, we would stress that this assumption should be reviewed from time to time, since, were it to change significantly, it could have a material impact on future levels of retail floorspace by either reducing or increasing the need for additional shopping provision.
- 7.15 Our estimates of total available comparison goods expenditure at the base year (2011) are set out in **Appendices 7B and 7C, Table 4** for non-bulky and bulky comparison goods respectfully. Forecasts are also given for the forecast years of 2016, 2021 and 2026. The increases in available expenditure are due to the real growth in comparison goods expenditure per head and the projected increase in population.

## **STEP 2: APPLICATION OF “MARKET SHARES” TO DETERMINE AMOUNT OF RETAINED EXPENDITURE**

- 7.16 As a consequence of increases in the volume of consumer expenditure per head running in tandem with population growth, we estimate that the “pools” of available non-bulky and bulky comparison goods expenditure within the survey area will increase significantly between the base year (2011) and the (latest) forecast year of 2026.

- 7.17 However, only a proportion of this growth in consumer expenditure will be spent within Redcar and Cleveland Borough and is available to support new retail floorspace in the area. This is because competitor centres also lay claim to the same growing “pool” of expenditure. This requires us to quantify the “market share” of Redcar and Cleveland Borough (and its sub-areas/centres) within each of the 10 survey zones.
- 7.18 Existing “market shares” for non-bulky and bulky comparison goods shopping have been derived from the household telephone survey carried out during February/March, 2011. The survey provides useful information on the geographical extent of catchment areas and trade penetration around existing centres by quantifying the pattern and volume of retail expenditure flows from each of our defined zones (where people live and money is generated) to a range of centres and out of centre stores (where people spend their money)<sup>1</sup>.
- 7.19 In addition, and of **critical** importance, our assessment also takes into account the distribution and volume of locally available consumer expenditure (or spending power) so as to ensure that **our retail turnover estimates are balanced against available retail consumer expenditure**.
- 7.20 The base year (2011) patterns of “market shares” generated by the non-bulky and bulky comparison goods provision within Redcar and Cleveland Borough are presented in **Appendices 7B and 7C, Table 5**. The “market shares” are then applied to the 2011 “pools” of available comparison goods expenditure for each zone (as set out in **Table 5**). **Appendices 7B and 7C, Table 6** give the monetary amounts of non-bulky and bulky comparison goods expenditure flowing to centres/sub-areas within Redcar and Cleveland Borough by zone. The addition of these expenditure totals for each of the 10 zones gives the total amount of spend flowing to each sub-area and centre from the survey area as a whole. We also make allowances – where appropriate - for resident and tourist inflow expenditure from outside the survey area. (See **Appendix 6** for full details of how the visitor inflow spends have been estimated).

### STEP 3: DETERMINE WHETHER THE EXISTING RETAIL ECONOMY IS TRADING AT EQUILIBRIUM

- 7.21 At this stage of the assessment we consider whether the existing non-bulky and bulky comparison goods retail economies of centres within Redcar and Cleveland Borough are broadly trading at equilibrium or not. This is important because if the amount of consumer retail expenditure flowing to a centre in relation to the stock of available retail floorspace is high and this appears to be causing problems to retailers and/or shoppers, then the centre’s retail offer may be described as over-trading. Conversely, if the expenditure flows are low relative to available retail floorspace, then this can result in under-trading of the present retail offer.

<sup>1</sup> In just a few instances, we have made minor adjustments to the markets shares of smaller centres in order to take into account the under-estimation of expenditure flows to them by the survey.



7.22 If over-trading is occurring in a centre then it is commonly assumed that the turnover in excess of the equilibrium position is potentially available to support new shopping provision. If this occurs, then this element of expenditure should be added to the headroom expenditure which we later estimate from the future growth in the retail economy. Conversely, if a centre is under-trading at present, then it is also logical to deduct the amount of turnover shortfall relative to the equilibrium position from the defined headroom expenditures associated with the future growth in the retail economy. (PPS 4 defines any over or under trading at the base year as a component of qualitative need).

7.23 The problem with this kind of analysis is determining whether a centre is trading in equilibrium or not. There are two principal difficulties. First, retailers need to achieve a certain trading level to be viable. However, this trading level varies substantially for individual retailers and for the same retailers for different centres across the UK, reflecting differences in type of business, profit margins, site, costs (eg. rents), size, financial structure and other factors. Without detailed financial data on all individual traders in a centre it is virtually impossible to determine what the average equilibrium trading level is. The second major difficulty is that even if it can be proven that a centre is trading above its retail equilibrium position, this does not automatically mean that problems associated with over-trading occur; these may include retailer operating difficulties, in-store congestion, over-busy streets leading to pedestrian safety and security problems, and congested car parks.

7.24 In estimating whether centres in Redcar and Cleveland Borough are in retail equilibrium at present in relation to non-bulky and bulky comparison goods shopping, we have been handicapped by the unavailability of sales floorspace and trading data on individual shops in each centre. Nevertheless, we have attempted to be as robust as possible, since material conditions of over or under-trading in the base year do suggest there is an under or over-supply of retail floorspace already. In theory, in order to provide an accurate “benchmark” average sales density for a centre, one would require knowledge of the appropriate sales per square metre of each shop comprising the centre. Since this information is not available, we must derive broad estimates based on a range of criteria including:-

- published company average sales per sq m for individual retailers;
- the breadth and depth of retailers in a centre;
- the number of multiple traders present;
- the size of a centre (retail floorspace) and its position in the retail hierarchy;
- rental levels; and
- comparable sales density estimates adopted for centres elsewhere in the UK.

7.25 Our benchmark comparison goods turnover estimates for centres within Redcar and Cleveland Borough are set out at **Appendices 7B and 7C, Table 6**.

7.26 For **non-bulky** comparison goods shopping, the results of the household telephone survey suggest that the existing retail floorspace in the Borough as a whole is currently under-trading a little, indicating that actual turnover is below “benchmark” sales levels. This estimated expenditure “deficit” is deducted from the forecast headroom expenditures later on in the assessment. In relation to **bulky** comparison goods shopping, we estimate that the existing stock of retail floorspace within the Borough is also under-trading at the base year of 2011. This spend “deficit” is therefore also deducted from the forecast headroom expenditures.

#### **STEP 4: CALCULATE GROWTH IN RETAINED EXPENDITURE THROUGH TO THE FORECAST YEARS**

7.27 Having determined the base year (2011) “market shares” and levels of retained non-bulky and bulky comparison goods expenditure within Redcar and Cleveland Borough as a whole and each sub area (centre), we use the principle of market shares to calculate how much more spending or trade the Borough (and sub areas) could expect to attract (or support) in the future as a result of the forecast growth in the pool of available catchment area expenditure.

7.28 In our main assessment, we adopt the traditional approach of using ‘constant market shares’. This is the approach used in the previous (2006) Strategic Retail, Leisure and Office Study and provides an appropriate base line against which to estimate need under a range of alternative scenarios – this further analysis is carried out in Section 10.

7.29 Constant market shares is based on the principle that the retail economy of the Borough (and each sub-area) will retain its existing (2011) level of attraction relative to competing areas and centres through to 2026. It therefore provides an estimate of the quantum of additional non-bulky and bulky comparison goods floorspace that will be required in the Borough (and each sub area) to maintain its presents role and attractiveness through to 2026.

7.30 Adopting the constant market shares approach, for each of the forecast year we therefore apply the same market shares as those determined by the household survey at the base year (2011). The unadjusted market shares are set out in **Appendices 7B and 7C, Table 7**, for non-bulky and bulky comparison goods expenditure respectfully. These unadjusted market shares are applied to the increased “pools” of available comparison goods expenditure in each zone. The calculations for the forecast years of 2016, 2021 and 2026 are set out in **Appendices 7B and 7C, Table 8, 11 and 14**. Due to the increase in demand (as a result of rising population and consumer expenditure per head), the assessment produces at 2016 higher retail turnover potentials for each centre than in the base year (2011). Similarly, the turnover potentials for each centre are even higher for the forecast years of 2021 and 2026.

## STEP 5: DETERMINE LEVEL OF POTENTIAL HEADROOM EXPENDITURE AT THE FORECAST YEARS

- 7.31 It would be wrong to assume that all of the increase in turnover potential within the centres in Redcar and Cleveland Borough will be available by the forecast year(s) to support additional non-bulky and bulky comparison goods shopping. This is because some of the forecast growth in expenditure must be allocated to existing retailers because the evidence confirms that they increase their sales productivities in real terms over time.
- 7.32 In **Appendices 7B and 7C, Table 9** the turnover allocations for existing retailers are deducted from the 2016 non-bulky and bulky comparison goods turnover potentials for each sub-area (centre). These calculations produce estimates of residual turnover potential for each sub-area (centre). The base year (2011) turnovers are then subtracted from the 2016 residual turnovers to determine the potential non-bulky and bulky comparison goods headroom expenditures available in each sub-area (centre) at the forecast year. Similar analyses are carried out at the forecast years of 2021 and 2026 in **Appendices 7B and 7C, Tables 12 and 15** respectively.

## STEP 6: DETERMINE LEVEL OF RESIDUAL HEADROOM EXPENDITURE AT THE FORECAST YEARS

- 7.33 **Appendices 7B and 7C, Table 10** sets out our calculations to estimate the residual headroom expenditure for the sub areas (centres) in Redcar and Cleveland Borough at the forecast year of 2016 for non-bulky and bulky comparison goods floorspace. The same assessments are carried out for the forecast years of 2021 and 2026 in **Tables 13 and 16** respectively. These headroom expenditures give the forecast totals of expenditure available to support additional retail floorspace before commitments are taken into account and adjustments are made to reflect any over/under trading at the base year.
- 7.34 The next step is to make appropriate deductions in headroom expenditure to account for the quantum's of retail expenditure which are likely to be soaked up by non-bulky and bulky comparison goods floorspace commitments within Redcar and Cleveland Borough (commitments are retail developments in the pipeline, which are either under construction or have planning consent). From information supplied to us by the Council, we have produced a schedule of relevant commitments within the Borough (these are set out in **Appendix 5D**). The schedule also gives our estimates of the forecast retail turnover of each commitment at each of the forecast years.
- 7.35 The forecast turnovers of commitments are then deducted from the headroom expenditure totals at the forecast years of 2016, 2021 and 2026. The calculations are set out in **Appendices 7B and 7C, Tables 10, 13 and 16** for non-bulky and bulky comparison goods respectively. The resulting headroom

expenditure totals give the amount of spending available post commitments to support additional retail floorspace. In PPS 4 terms, these totals represent the quantitative need for additional retail floorspace in Redcar and Cleveland Borough at each of the forecast years.

7.36 Lastly, we take into account the estimated over/under trading within the sub areas (zones) of Redcar and Cleveland Borough at the base year (2011). PPS 4 defines over-trading as a component of the qualitative<sup>1</sup> need for additional retail development.

7.37 We therefore use the over/under trading estimates determined at **Appendices 7B and 7C, Table 8** to “adjust” our headroom expenditure totals. In practice, if a sub-area (centre) is estimated to be under-trading at the present time, this will reduce the quantum of headroom expenditure at the forecast years since some of the growth in expenditure is set aside to bring the existing stock in a sub area (centre) up to a retail equilibrium trading position. Alternatively, if a centre is over-trading, this will increase the quantum of headroom expenditure at the forecast years since the “surplus” sales are assumed to support additional retail floorspace. **Appendices 7B and 7C, Table 10** set out our calculations for making these adjustments to the 2016 headroom expenditures for non-bulky and bulky comparison goods. **Tables 13 and 16** repeat the calculations for the forecast years of 2021 and 2026.

7.38 The final residual headroom expenditure totals for Redcar and Cleveland Borough at the forecast years of 2016, 2021 and 2026 are set out in **Appendices 7B and 7C, Tables 10, 13 and 16** for non-bulky and bulky comparison goods respectively. These residual expenditures enable the quantitative and qualitative need for additional retail floorspace in the Borough to be estimated.

## STEP 7: ESTIMATE NEED FOR ADDITIONAL RETAIL FLOORSPACE AT THE FORECAST YEARS

7.39 In our view these residual headroom expenditure totals are important because they provide an estimate of the amount of potential turnover which will be available to Redcar and Cleveland Borough and its centres by 2016, 2021 and 2026. In Section 10, we describe the last step of the assessment, which is to convert these residual headroom expenditures into requirements for additional non-bulky and bulky comparison goods floorspace. However, the output of this last step is dependent on the application of average sales densities and these, in practice, can vary enormously depending on the type of development that is proposed. We would therefore recommend that appropriate weight is attached to the **residual headroom expenditure** totals, since these are not open to the same levels of interpretation as are the retail floorspace requirements set out in Section 10.

<sup>1</sup> PPS 4 Planning for Sustainable Economic Growth, Policy EC1.4d (ii).

## CONVENIENCE GOODS NEED ASSESSMENT

7.40 Our retail need assessment for convenience goods floorspace follows the same approach as that for non-bulky and bulky comparison goods. The detailed calculations underpinning the analysis are reproduced in full in **Appendix 7D, Tables 1 to 16** inclusive.

### STEP 1: CALCULATE TOTAL AVAILABLE EXPENDITURE IN THE CATCHMENT AREA

7.41 At **Appendix 7D, Tables 1 to 4** inclusive, the total available convenience goods expenditure by zone is determined for the base year (2011) and the forecast years of 2016, 2021 and 2026. The analysis incorporates Experian's latest available 2009 estimates of average annual spending per head on convenience goods within each zone, together with their latest expenditure growth forecasts. We again exclude expenditure by "special forms of trading", although the allowance is much less than for comparison goods shopping.

### STEP 2: APPLICATION OF "MARKET SHARES" TO DETERMINE AMOUNT OF RETAINED EXPENDITURE

7.42 Using the results of the household telephone survey we derive the base year (2011) market shares of centres within Redcar and Cleveland Borough within each of the 10 zones<sup>1</sup>. This assessment is set out in **Appendix 7, Table 5**. Applying the market shares to the total "pools" of available expenditure within each zone in the base year (2011) (**Table 6**), gives the monetary flows of consumer spending from each of the 10 zones to each sub-area within the Borough. Unlike for comparison goods, we do not make any allowance for resident in-flow expenditure from shoppers living outside the survey area. This is because trips for convenience goods shopping are undertaken frequently and locally, whilst the Government's sustainability objectives are intended to reduce longer distance car journeys for food shopping. We do, however, assume inflow spend on convenience goods from tourists (see **Appendix 6** for details). The addition of the flows from each zone, plus the tourist expenditure, gives the total estimated convenience goods turnover of each sub-area at the base year of 2011.

### STEP 3: DETERMINE WHETHER EXISTING RETAIL ECONOMY IS TRADING AT EQUILIBRIUM

7.43 For convenience goods shopping, we now replicate the analysis carried out earlier in relation to non-bulky and bulky comparison goods, and calculate the extent of any over or under-trading within the sub areas (centres) in Redcar and Cleveland Borough at the base year (2011). In estimating the equilibrium convenience goods retail turnover in the base year we have taken into account the overall quantity and

<sup>1</sup> This involves grouping together the expenditure flows to individual named food stores in order to establish the overall market share of a centre and/or sub area.

quality of the existing retail offer. Our benchmark turnover is based on published sales densities for major retailers and professional judgement, and takes into account the quality of the existing stores and the demographics of the area. **Appendix 7D, Table 6** confirms that, on our estimates, existing convenience goods floorspace in the Borough as a whole is under-trading at the base year (2011).

#### **STEP 4: CALCULATE GROWTH IN RETAINED EXPENDITURE THROUGH TO THE FORECAST YEARS**

7.44 As for non-bulky and bulky comparison goods, we adopt constant market shares for Redcar and all remaining sub areas (centres) in the Borough. This provides our baseline assessment against which attractive scenarios are tested in Section 10. **Appendix 7D, Table 7** therefore re-states base year market shares which are later applied to the pools of available expenditure at each of the forecast years. These calculations are set out in **Tables 8, 11 and 14** for the forecast years of 2016, 2021 and 2026 respectively.

#### **STEP 5: DETERMINE LEVEL OF POTENTIAL HEADROOM EXPENDITURE AT THE FORECAST YEARS**

7.45 At **Appendix 7D, Tables 9, 12 and 15** we determine the levels of potential headroom expenditure within the sub areas (centres) of Redcar and Cleveland Borough at the forecast years of 2016, 2021 and 2026. As for non-bulky and bulky comparison goods, it is necessary to set aside a little of the expenditure growth for existing retailers to account for their real gains in sales productivity over time.

#### **STEP 6: DETERMINE LEVEL OF RESIDUAL HEADROOM EXPENDITURE AT THE FORECAST YEARS**

7.46 **Appendix 7D, Table 10** sets out calculations to estimate the convenience goods residual headroom expenditure for the sub-areas (centres) in Redcar and Cleveland Borough at the forecast year of 2016. Identical assessments are carried out for the forecast years of 2021 and 2026 in **Tables 13 and 16** respectively. These headroom expenditures are the totals of money available to support additional convenience goods provision in the Borough prior to taking into account commitments and the estimated over/under trading at the base year.

7.47 **Appendix 5D** provides a schedule of convenience goods commitments and their estimated turnovers at the forecast years. These turnovers are deducted from the headroom expenditure totals at the forecast years of 2016, 2021 and 2026 (**Appendix 7D, Tables 10, 13 and 16** respectively). The resulting headroom expenditures give the quantum of spending available to support additional convenience goods floorspace post commitments. In PPS 4 terms this represents the quantitative need for additional retail provision in the Borough.

7.48 The calculations at **Appendix 7D, Tables 10, 13 and 16** also show the scale of adjustments made within each sub area (centre) to reflect the estimated over/under trading at the base year (2011). The final adjusted residual expenditure totals represent the quantitative and qualitative need for additional retail floorspace in the Borough.

## STEP 7: ESTIMATE NEED FOR ADDITIONAL RETAIL FLOORSPACE AT THE FORECAST YEARS

7.49 In Section 10 we convert these adjusted residual headroom expenditures into retail floorspace requirements (Step 7) but, as with non-bulky and bulky comparison goods, these floorspace estimates are entirely dependent on the average sales density applied to the floorspace, which for convenience goods floorspace can vary significantly according to the operator. For this reason, we therefore recommend that appropriate weight is attached to the forecast quantum of residual expenditure available at the forecast years in relation to convenience goods.

## QUALITATIVE RETAIL NEED

7.50 PPS 4 states that in assessing the need for retail development it is necessary to take account of both the quantitative and qualitative need for additional retail floorspace. Qualitative need is defined by PPS as<sup>1</sup>:

- assessing whether the current provision and distribution of shopping allows genuine choice to meet the needs of the whole community, particularly those living in deprived areas, in light of the objective to promote the vitality and viability of town centres and the application of the sequential approach.
- taking into account the degree to which shops may be overtrading and whether there is a need to increase competition and retail mix.

7.51 The Practice Guidance published in support of PPS 4<sup>2</sup> sets out five factors which should be examined under qualitative need, although it states that any such assessment is – unlike for quantitative need – ‘subjective’. These are as follows:

- Deficiencies or ‘gaps’ in existing provision
- Consumer choice or competition
- Overtrading, congestion and over-crowding of existing stores

<sup>1</sup> PPS 4 Policy EC1.4d.

<sup>2</sup> Planning for Town Centres: Practice Guidance on Need, Impact and the Sequential Approach (paragraph 3.10)

- Location specific needs such as deprived areas underserved markets, and
- The quality of existing provision.

## GAPS IN EXISTING PROVISION

7.52 Redcar and Cleveland Borough has an established retail hierarchy and a well dispersed network of centres. As a result, there are no material 'gaps' in retail provision within the Borough in relation to non-bulky and bulky comparison goods shopping. Although East Cleveland has less provision, the small size of its centres and relatively low population makes it commercially unlikely that multiple shopping can be attracted to any extent, whilst Redcar and the Cleveland Retail Park are readily accessible for this type of shopping.

7.53 Food shopping, however, is carried much more frequently than comparison goods shopping and therefore it is important that both main trip and top-up food shopping can be carried out locally, which reduces the need to travel by car over longer distances on a regular basis.

7.54 Although Redcar and Cleveland Borough has a wide range of smaller convenience stores which serve all areas of the Borough, the larger main food stores are, with the exception of Sainsburys at Saltburn, concentrated in the west. This means many of the residents of East Cleveland travel west to Guisborough and Redcar to carry out their weekly food shop. Accordingly, there is a 'gap' in East Cleveland for an additional main food store provision.

7.55 We assess the potential need for further food store provision in East Cleveland in Section 10. The Practice Guidance states that a 'gap' analysis may form an important component of a needs assessment, although it is of limited value when considered in isolation as it takes no account of demand or expenditure capacity. For example, where a new store development is on an edge of centre or out of centre site, care must be taken where there is insufficient quantitative need and/or the proposal may undermine investment or harm the vitality and viability of nearby centres.

## CONSUMER CHOICE

7.56 The government is strongly committed to promoting consumer choice and competition as part of its approach to town centre development. Healthy town centres need to have:-

- critical mass;
- a diversity of retail development;
- a good mix of different types of multiple and independent retailing; and
- a range of tourism, leisure and cultural activities.



7.57 We consider that Redcar does not currently adequately fulfil its 'town centre' role within the Borough and there are important qualitative deficiencies in its non-bulky comparison goods shopper offer in particular. The potential for adding to the quantity and quality of its comparison goods retail offer is assessed in Section 10.

7.58 In relation to convenience goods shopping, we feel there is already a wide choice of food stores within the Borough. These provide not only strong competition between different operators but also good competition between operators in different market segments (eg. superstores, discount stores and local convenience stores).

### OVER-TRADING

7.59 The PPS 4 Practice Guidance states that the extent to which the turnover of existing stores significantly exceeds benchmark turnover may be a qualitative indicator of need. However, over-trading can also be considered as an indicator of quantitative need; this is when there is an imbalance between demand (ie available spend) and supply (ie. existing floorspace capacity). For this reason, we have taken into account any imbalances as part of our assessment of quantitative retail floorspace need in Redcar and Cleveland Borough.

7.60 In relation to convenience goods shopping, we conclude that the Asda at South Bank is the only food store currently over-trading in the Borough. This suggests there may be a qualitative, as well as a quantitative need for additional food store provision in the South Bank/Eston of the Borough. We consider the potential for providing another main food store in this area in Section 10.

7.61 The results of the household survey also indicate that no centre within the Borough is materially over-trading at the present time in either non-bulky or bulky comparison goods. This suggests that over-trading is not a factor of qualitative need for comparison goods floorspace.

### LOCATION SPECIFIC NEEDS

7.62 National policy encourages local planning authorities to promote social inclusion and address deficiencies in the existing network of centres. This is especially important in areas where there is deprivation. **Figure 6.6** (Section 6) maps deprivation across the Borough and its hinterland. This shows that deprivation is fairly widespread in the Borough and in the Redcar area in particular. Accordingly, given Redcar's role as 'town centre' for the Borough, there appears to be strong qualitative need to improve the range, choice and quality of shopping in the town centre.

## THE QUALITY OF EXISTING PROVISION

- 7.63 The PPS 4 Practice Guidance recognises that assessing the quality of existing provision is highly subjective. However, it cites the key indicators of quality being the age, condition, size and layout of current retail facilities and whether they continue to meet operators requirements and consumer expectations.
- 7.64 The Practice Guidance also states that evidence of poor quality provision is high vacancy rates and significant expenditure 'leakage' of trade to other (more distant) centres. This report has clearly demonstrated that this is precisely what Redcar town centre is suffering from. It is important that Redcar continues to provide modern, quality retail and other facilities in order to remain competitive, innovative and efficient.
- 7.65 We consider the potential need for providing additional non-bulky comparison goods shopping provision in Redcar town centre to meet both a qualitative and quantitative need in Section 10.

## SUMMARY

- 7.66 The purpose of this section has been to describe in quantitative and qualitative terms our approach to assessing the need for additional retail floorspace within Redcar and Cleveland Borough through to 2026. It must be stressed, however, that any analysis over such a long time-period (15 years from the base year of 2011) may be subject to a significant margin of error (especially by 2021 and beyond), since it is based on a number of assumptions which are difficult to forecast accurately. In addition, there are two further key assumptions which have a material bearing on the forecast levels of residual headroom expenditure. These are as follows:
- **Special forms of trading** – we have arguably assumed conservative forecasts for the growth in non-store retail sales through to 2016. Thereafter, we have assumed very modest further increases in the proportion of consumer retail spend on both comparison and convenience goods by SFT. However, if actual growth were to exceed these rates, which is entirely possible, then the projected levels of retail floorspace need would be **less** than those forecast in this report. Alternatively, if SFT growth was less than we have forecast, then the retail floorspace need will be **more** than that set out in this report.
  - **Over/Under Trading at the base year** – our household survey results indicate that Redcar and Cleveland Borough is currently under-trading in non-bulky comparison goods, bulky comparison goods and convenience goods. We have taken this estimated under-trading into account in our retail floorspace need assessment; although we

accept that it is difficult to establish what the true position is. However, we do not feel it is appropriate to ignore the estimated over-supply of existing retail floorspace across the Borough as a whole. Clearly if we have over-estimated the amount of under-trading, for example, the retail expenditure need estimates will be higher than those set out in **Appendices 7B, 7C and 7D**. Conversely, if we have under-estimated the current levels of under-trading, the retail floorspace need totals will be lower.

## 8. THE NEED FOR FURTHER LEISURE DEVELOPMENT

### INTRODUCTION

8.1 As stated in Section 1, an important objective of the study is to assess the need, if any, for further leisure development in Redcar and Cleveland Borough. This issue is addressed through a consideration of the following:-

- government guidance as set out in PPS 4;
- the existing supply of leisure facilities;
- existing leisure trip patterns; and
- consumer demand for leisure – local and national.

### GOVERNMENT GUIDANCE: PPS 4

8.2 As stated in Section 3, the purpose of PPS 4 is to set out planning policies for economic development, which comprises of B Use Classes, public and community uses and main town centre uses. It is in relation to the latter category that town centre policies apply and this group of uses includes leisure along with retail, offices and arts, culture and tourism development.

8.3 PPS 4 defines the following ‘leisure’ uses as being appropriate for town centres:-

*“entertainment facilities and more intensive sport and recreation uses, such as cinemas, restaurants, drive-through restaurants, bars and pubs, night clubs, casinos, health and fitness centres, indoor bowling centres and bingo halls” (paragraph 1.7).*

8.4 An important objective of Government planning policy is for new economic growth and development of main town centre uses to be focused in existing centres, whilst it also seeks to encourage competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres.

8.5 PPS 4 states that local authorities should assess the need for all main town centre uses – including leisure – over the plan period, and to ensure that there is sufficient physical capacity (sites) in existing town centres to accommodate any new town centre development that is needed. Government policy

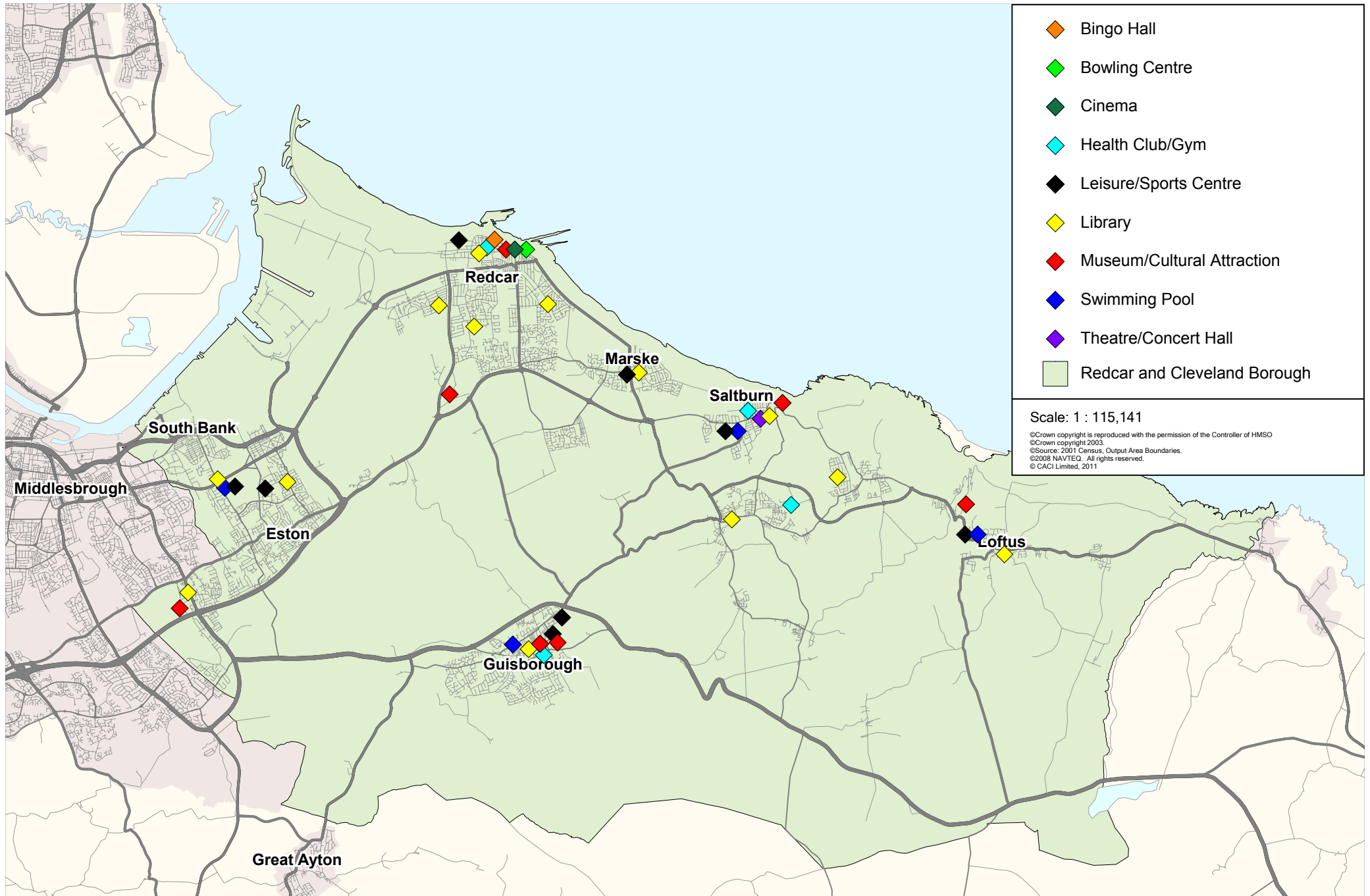
confirms that in assessing the need for additional leisure development, local authorities should take account of both quantitative and qualitative need, but give additional weight to qualitative deficiencies in deprived areas which lack access to a range of services and facilities.

- 8.6 Appendix C to the (PPS 4) Practice Guidance on need, impact and the sequential approach describes potential approaches to assessing the need for non-retail town centre uses, including leisure. The guidance makes it clear that whilst in general terms the same principles apply to leisure need assessments as to retail, there are in reality *“a number of important difficulties and constraints which mean that the approach to be taken to assessments for leisure uses cannot be the same as for retail assessments”*.

## THE EXISTING SUPPLY OF LEISURE FACILITIES IN REDCAR AND CLEVELAND BOROUGH

- 8.7 Redcar is the main location for ‘town centre’ leisure uses within the Borough, since the district and local centres are modest in size.
- 8.8 Redcar town centre contains the usual range of bars, nightclubs and take-aways, but relatively few good quality restaurants. In addition, none of the national coffee shop chains are located in the town, although a number of independent, lower quality cafes are represented. In terms of major entertainment facilities there is a cinema and bingo (within amusement arcade venues) on the Esplanade, whilst nearby a number of other ‘attractions’ cater mainly for tourists. Beyond the town centre, there is the Redcar Leisure Centre at Majubu Road, which opened in 1982, a gym in Station Road, the Kirkleatham Hall Museum and a library.
- 8.9 The five existing district centres within the Borough also contain a range of in-centre cafes, bars and restaurants, whilst all except Eston and Saltburn have branch libraries. Out of centre, Guisborough provides two leisure centres and an indoor swimming pool, whilst Saltburn is home to the Saltburn Community and Arts Association and the Saltburn Leisure Complex, which includes a swimming pool. Marske, Loftus and Eston all have their own leisure centres, with the latter two facilities containing swimming pools. In addition, the Middlesbrough Football Community Centre is located on Normanby Road, South Bank. A number of small museums are also dotted about the Borough, including Ormesby Hall and Guisborough Priory.
- 8.10 In the rural parts of the Borough there are a number of ‘country-style’ pubs and restaurants, which are popular with both local residents and visitors to the area. **Figure 8.1** overleaf shows the locations of existing key (indoor) leisure facilities within the Borough.
- 8.11 Redcar and Cleveland Borough does not contain a casino or ice rink.

Fig. 8.1: Location of Leisure Facilities in Redcar and Cleveland Borough



## LEISURE TRIP PATTERNS

8.12 In carrying out an assessment of leisure need, it is necessary to determine whether the existing supply of leisure facilities in Redcar and Cleveland Borough meets the requirements of the local residents. Therefore, the household telephone survey incorporated a number of questions on participation levels for a range of leisure activities and sought to identify the broad pattern of leisure trips across the borough and its immediate hinterland.

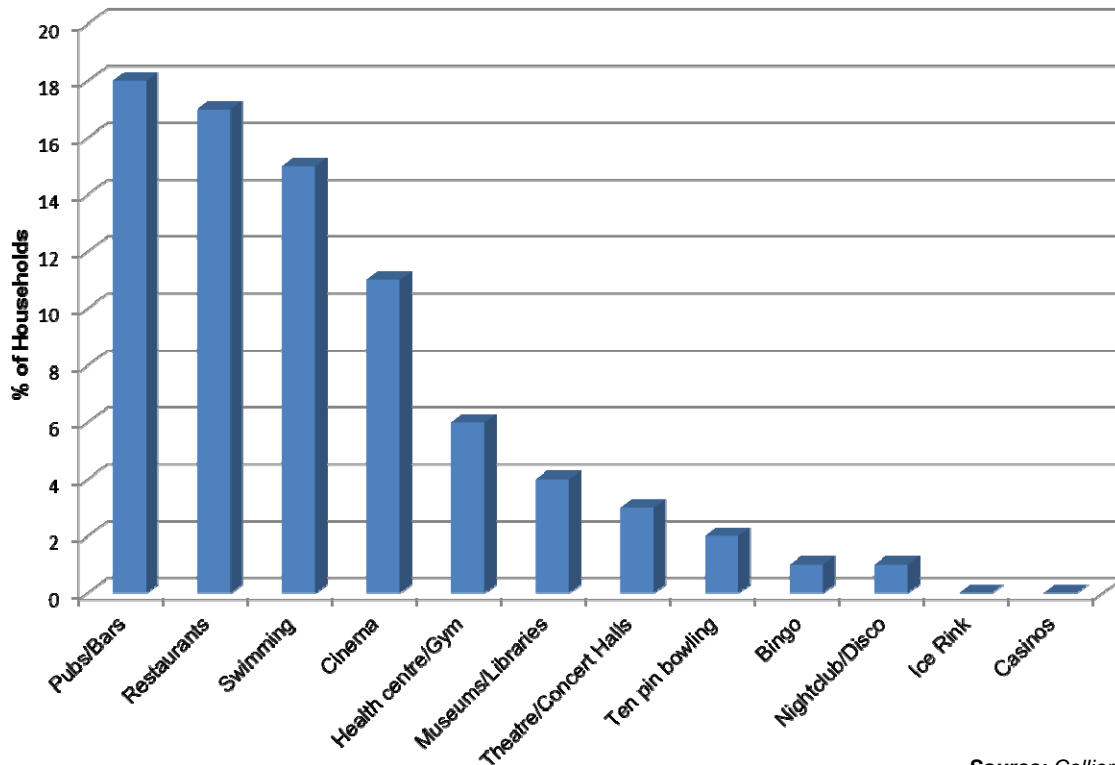
8.13 Our survey sought information on consumer behaviour in relation to 12 different types of leisure facility<sup>1</sup>. These are as follows:-

- *Cinema*
- *Ten Pin Bowling*
- *Casino*
- *Restaurant*
- *Theatre/Concert Hall*
- *Swimming Pool*
- *Pub/Bar*
- *Health Centre/Gym*
- *Ice Rink*
- *Bingo Hall*
- *Night Club/Disco*
- *Museums/Libraries*

8.14 Overall, the household survey indicates that the frequency of Borough residents in carrying out leisure activities is low in comparison to trips made for shopping purposes. Accordingly, the number of positive responses for some of the activities is quite small and the results should therefore be treated with some caution. **Figure 8.2** overleaf shows the proportion of households across the survey area as a whole that undertake each type of leisure activity monthly or more often.

<sup>1</sup> The survey did not seek data on hotels usage, since hotels are primarily used by visitors to the borough and not the local residents.

**Figure 8.2 Frequency with Which Survey Respondents Undertake Different Kinds of Leisure Activities, 2011**



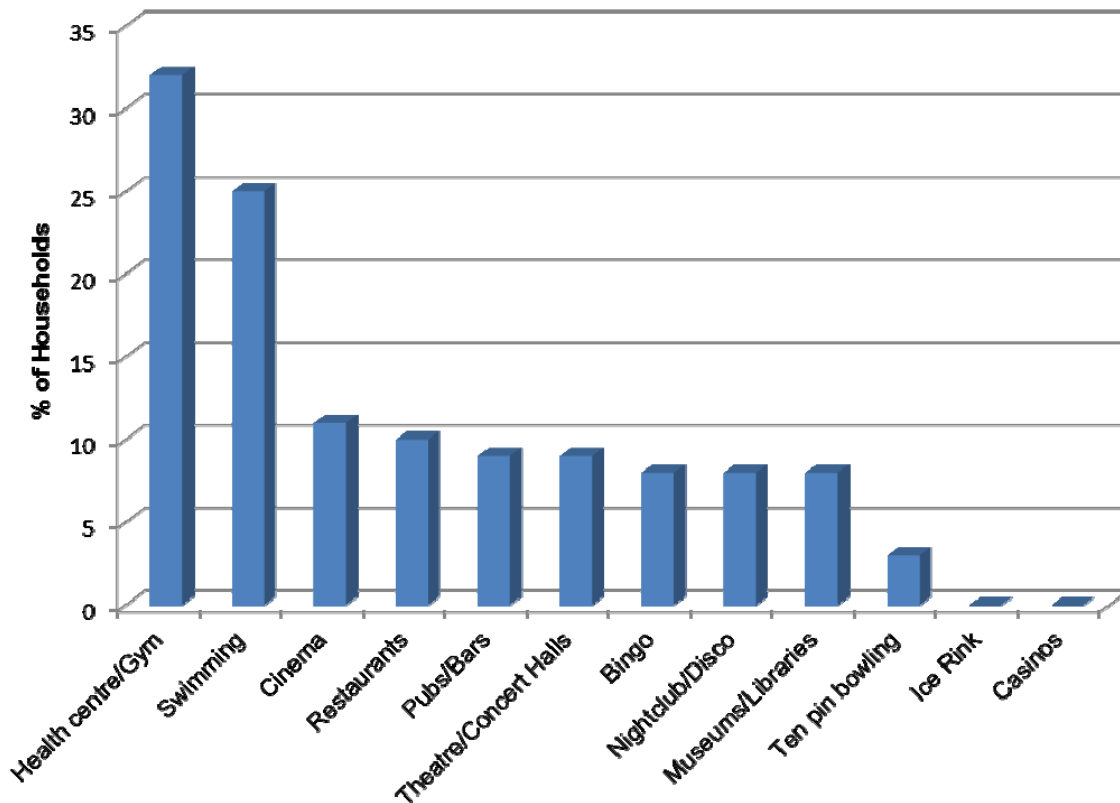
Source: Colliers International

8.15 Visits to pubs/bars is the activity carried out most frequently with 18% of households making a visit at least once a month. Visiting restaurants comes close at 17% followed by swimming, which is undertaken monthly or more often by 15% of households. Visiting the cinema is carried out monthly or more often by 11% of households, whilst the remaining eight leisure activities are undertaken regularly by 6% of households or less.

8.16 In addition to providing a general overview of leisure activity, the survey also gives an indication of the pattern of leisure trips across the survey area for the different kinds of leisure uses. An analysis of this information enables some conclusions to be reached regarding the need for certain types of leisure provision in Redcar and Cleveland Borough. **Figure 8.3** overleaf summarises the attraction of the Borough for different leisure activities across the survey area as a whole. The survey results in relation to each leisure use are now discussed.



**Figure 8.3 Proportion of Survey Respondents Choosing a Facility within Redcar and Cleveland Borough as Main Centre for Different Kinds of Leisure Activities, 2011**



Source: Colliers International

### HEALTH CENTRES/GYMS

8.17 Around one-third of participating households visit health centres/gyms located within the Borough, whilst two-thirds of trips are to facilities located outside of the Borough, mainly in Middlesbrough.

### SWIMMING POOLS

8.18 A quarter of participating households use swimming pools within the Borough including facilities at Eston, Saltburn, Loftus and Guisborough. Around 75% of trips made to pools are to locations outside the Borough, with Middlesbrough attracting around half of visits.

### CINEMA

8.19 Just over one in 10 participating households chose to visit a cinema within the Borough, with most going to Redcar and a few to Saltburn. Almost 90% of visits are to cinemas located in Middlesbrough.

## RESTAURANTS

8.20 Only one in 10 of participating survey area households cite a location within the Borough as their 'main centre' for visiting restaurants, of which around half choose Redcar and 50% other centres. Some 90% of visits to restaurants are therefore made outside the Borough.

## PUBS/BARS

8.21 Around 10% of participating households choose pubs and bars in the Borough – c.50% in Redcar and 50% at other locations. Accordingly, some nine in 10 of visits are made to pubs located outside the Borough.

## THEATRES/CONCERT HALLS

8.22 Some 9% of participating households choose the Borough as their location for visits to the theatre/concerts – all at Redcar and Saltburn. Nine in 10 visits are therefore made to venues outside the Borough, with most going to Middlesbrough.

## BINGO

8.23 Just 8% of participating households choose to play Bingo within the Borough, primarily at Guisborough. More than 90% of visits are made to bingo halls located outside the Borough, with around three-quarters going to Middlesbrough.

## NIGHT CLUBS/DISCOS

8.24 An estimated 8% of participating households visit night clubs located within the Borough. Once again, Middlesbrough is the dominant destination.

## MUSEUMS/LIBRARIES

8.25 Around 8% of participating households visit museums/libraries at a range of locations in the Borough. There are significant numbers of trips made to facilities outside of the Borough at Middlesbrough, Stokesley, Great Ayton and Whitby.

## BOWLING

8.26 Virtually all participating households visit bowling centres outside the Borough.

## CASINOS

8.27 A negligible number of households visit casinos and no trips are made within the Borough.

## ICE RINKS

8.28 There are no trips made to ice rinks and therefore none made within the Borough.

## THE NEED FOR FURTHER LEISURE DEVELOPMENT

8.29 Before focusing on Redcar and Cleveland Borough, it is important to assess the UK leisure industry as a whole. Experian publish forecasts of UK-wide leisure spending per person. Their latest (August 2010) forecasts are as follows:-

2008-09	-4.5%
2009-10	-1.5%
2010-11	+0.7%
2011-12	+1.3%
2013-17	+1.5%pa
2018-27	+1.9% pa

8.30 Thus Experian forecast a real fall in leisure spend per person from 2008 to 2010, but then forecast annual increases through to 2027. However, even when leisure expenditure picks-up after 2011, annual growth is expected to be unfavourable compared to the long term growth rate of 2.1% per annum between 1969 and 2009, and will be more in line with the 1.5% per annum achieved between 1989 and 2009.

8.31 In order to provide a greater clarity to the future for leisure, we now focus on UK revenue for different types of leisure activities. **Table 8.1** overleaf sets out the changes in consumer expenditure on selected activities since 2005, whilst **Table 8.2** overleaf forecasts revenues through to 2013.

**Table 8.1 Consumer Expenditure on Selected Leisure Activities, 2005-10 (Current Prices, £M)**

<i>Activity</i>	<i>2005 (£m)</i>	<i>2010 (£m)</i>	<i>% Change 2005-10</i>
Pubs/Bars	25,000	23,600	-5.6
Eating Out*	27,873	31,705	+13.7
Gambling	8,810	8,406	-4.6
Private Health/Fitness Clubs	2,110	2,536	+20.2
Nightclubs	1,830	1,485	-19.0
Public Leisure Centres/Pools	1,259	1,460	+16.0
Cinema	1,078	1,437	+33.3
Theatre	1,650	2,250	+36.4
Ten Pin Bowling	265	258	-2.6
Museums/Art Galleries	561	632	+12.7

*Source: Spectator Sports, UK; Mintel, December 2009.*

*\*Excluding pub catering.*

**Table 8.2 Revenue Forecasts for Principal Leisure Activities: UK Market Value, Current Prices**

<i>Activity</i>	<i>Description</i>	<i>£m (2008)</i>	<i>Forecast 2008-13 (% Change in Value)</i>
Bingo	Bingo club revenue	2,800 (2007)	-33 (2007-12)
Cinema	Revenue from admissions	1,210	+16
Health & Fitness Club	Club revenue	2,496 (2007)	+25 (2007-12)
High Street Pubs and Bars	Sales in Pubs/Bar	2,632	No change
Leisure Centre/Swimming Pools	Revenue of Leisure Centres & Swimming Pools	1,426	+10%
Nightclubs	Nightclub revenue	1,778	No change
Ten-Pin Bowling	Bowling revenue	283	+18

*Source: Leisure Pursuits, UK: Mintel, March 2009*

8.32 The forecasts set out in **Table 8.2** indicate that whilst the bingo market is expected to decline in the future, the markets for health/fitness, ten-pin bowling, cinema and swimming will grow fairly rapidly and in the main continue past trends. In contrast, the markets for bars/pubs and nightclubs/discos are expected to see little change over the coming years. Therefore, in establishing the need for new leisure facilities in Redcar and Cleveland Borough, regard should be had to the national trends in the market sizes of the different leisure uses.

8.33 However, in addition to the national context, it is clearly important to take into account local factors. First, according to the ONS, the population of Redcar and Cleveland is growing. Projections indicate that the Borough’s population is expected to increase by around 1,500 between 2011 (the base year) and 2026. Second, Experian have produced for us estimates of leisure spend per person on different leisure activities for residents in each of the seven survey zones that comprise the Borough. The spends are set out in **Table 8.3**, along with the UK average expenditure per head on each leisure activity.

**Table 8.3 Leisure Spend Per Person by Survey Zone within Redcar and Cleveland Borough, (£, 2009)**

Type of Spend	Survey Zones							UK Average
	1	2	3	4	5	6	7	
Accommodation Services	64	81	67	59	83	64	42	99
Cultural Services	232	250	238	226	244	234	200	249
Games of Chance	195	182	185	202	176	209	224	141
Hairdressing/Grooming	72	93	77	64	86	73	45	85
Recreational/Sporting	73	83	77	68	86	70	51	95
Restaurants/Cafes	975	1,072	1,017	916	1,052	987	837	1,035
<b>Total</b>	<b>1,611</b>	<b>1,760</b>	<b>1,660</b>	<b>1,535</b>	<b>1,728</b>	<b>1,637</b>	<b>1,399</b>	<b>1,703</b>
<b>Index: UK Average = 100</b>	<b>95</b>	<b>103</b>	<b>97</b>	<b>90</b>	<b>101</b>	<b>96</b>	<b>82</b>	<b>100</b>

*Source: Experian (2009 prices)*

8.34 Unfortunately some of the Experian expenditure categories are not particularly useful when focusing on commercial leisure development. However, it is clear that spend in most of the zones and on most of the leisure categories is below the UK average. The main exceptions are the higher than average spending on games of chance in all seven of the zones and the fact that residents in zones 2 (Marske) and 5 (Guisborough) spend above average on leisure as a whole.

8.35 The main drivers of local leisure spend in the future will therefore be more people, combined with real increases in leisure expenditure per person.

8.36 However, as stated previously, no growth is expected in leisure spending in the short term with annual increases post 2011 matching those of the past 20 years.

8.37 Of course, need can also arise from obvious under-provision of leisure facilities - ‘gaps’ in the local market - (see **Figure 8.1**), and market demand from leisure operators. In order to identify the specific kinds of leisure development that are most appropriate for the Borough it is necessary to draw on a

combination of national and local research. Our assessment for Redcar and Cleveland Borough is summarised in **Table 8.4**.

**Table 8.4 Assessment of Need for Leisure Development in Redcar and Cleveland Borough**

Leisure Activity	Borough Residents' Frequency of Visiting <sup>1</sup>	Redcar and Cleveland Borough's Share of Visits <sup>2</sup>	Existing Level and Pattern of Facilities <sup>3</sup>			Forecast Growth of Market in UK <sup>4</sup>	Need for Activity <sup>5</sup>	
			Sub-Regional	Redcar Town	Rest of Redcar and Cleveland Borough		Redcar Town Centre	Rest of Redcar and Cleveland Borough
Restaurant	High	Low	Good	Poor	Average	High	***	**
Pub/Bar	High	Low	Good	Average	Average	Low	**	*
Swimming Pool	High	High	Good	Poor	Good	High	***	*
Cinema	Average	Low	Good	Average	Poor	High	***	**
Leisure/Health Centre	Average	High	Good	Poor	Good	High	*	*
Bingo	Low	Low	Good	Average	Poor	Low	*	*
Nightclub/Disco	Low	Low	Good	Good	Poor	Low	*	*
Ice Rink/Skating	Low	Low	Poor	Poor	Poor	Average	*	*
Theatre/Concert Hall	Low	Low	Good	Poor	Poor	High	*	*
Ten-Pin Bowling	Low	Low	Good	Poor	Poor	High	**	**
Casino	Low	Low	Good	Poor	Poor	Average	*	*
Museums/Library	Low	Low	Good	Average	Average	Average	*	*

- Notes: (1) Frequency with which households in the survey area visit specific leisure activities.  
 (2) Redcar and Cleveland Borough's existing share of trips for each leisure activity.  
 (3) Assessment of existing supply of leisure facilities within Redcar town centre and rest of the Borough.  
 (4) Forecast growth of leisure activity in UK (source: Mintel).  
 (5) Colliers assessment of need for additional leisure development in Redcar town centre and rest of the Borough.

**8.38** The information set out in **Table 8.4** summarises for a range of leisure activities the results of the household telephone survey on consumer leisure trip patterns and the latest forecasts of national market growth published by Mintel. Using these key results, together with our assessment of the existing supply of leisure facilities throughout the wider sub-region and within Redcar and Cleveland Borough, we are able to produce for each activity an overall assessment of the potential need for further leisure development in the Borough disaggregated between Redcar and the rest of the Borough. This is set out in the final column using a star system: three stars for the highest level of need through to one star for the lowest. Unlike for retail floorspace, it is impossible to quantify the need for additional leisure provision within the Borough in floorspace terms, but these results and indicators should provide a useful input into the plan process.

8.39 In assessing the need for further leisure provision within Redcar and Cleveland Borough, it is necessary to also take into account the broad hierarchy that exists in the location and network of different types of leisure facility. In our view, there are three broad tiers as follows:

- Regional Centres Most appropriate locations for Theatres/Concert Halls, Casinos and Ice Rinks.
- Sub Regional/Principal Town Centres Most appropriate locations for Bingo Halls, Cinemas, Nightclubs and Ten Pin Bowling.
- Smaller Town Centres/District Centres Most appropriate locations for Cafes/Restaurants\*, Pubs/Bars\*, Health Clubs/Gyms\*, Swimming Pools/ Leisure Centres\*, Museums/Libraries\*.

\*These uses are also appropriate for Regional and Sub-Regional/Principal Town Centres.

8.40 Many of the 'high order' leisure activities associated with regional centres are all provided in the Middlesbrough/Stockton area which adjoins, and is very close to, Redcar and Cleveland Borough. These facilities therefore serve a wide catchment area which embraces the Borough. We therefore believe that for commercial reasons no operator would seek to develop these types of leisure facilities within the Borough, particularly given that its towns (including Redcar) are relatively modest in size. We conclude that Redcar and Cleveland Borough residents have good access to these leisure attractions in neighbouring areas and that as a result there is no need to actively plan for them in the Borough.

8.41 Some, but not all, of the leisure facilities most appropriate to sub-regional/principal town centres are already provided in Redcar. The town benefits from a single screen cinema and bingo – both on the esplanade – whilst out of centre there is leisure centre at Majuba Road. In the town centre there are a number of restaurants, bars and nightclubs, plus numerous take-aways.

8.42 In light of the earlier needs assessment, it would appear that there is a need to improve the quality and breadth of the food and beverage offer in Redcar town centre, in order that a wider customer market is attracted. A greater emphasis on 'family dining', for example, would 'pull' more people into the town and lengthen average dwell times. It would also boost the evening economy and shift the focus away from the teenage/young adult market, which currently dominates.

- 8.43 In addition, there may be scope to provide a ten pin bowling centre in Redcar, whilst a modern multiplex would provide cinema goers with a better choice of films and help retain trips within the Borough (c.90% of Redcar households currently travel to Middlesbrough for the cinema). Lastly, although the town provides a public leisure/sports centre out of centre, there are no private health clubs present in which to tap into a growing market. The proposed Redcar Leisure and Community Heart on Coatham Road will improve the quality and range of health/sports facilities in Redcar and provide them towards the centre of the town. This new facility is to include a new 25 metre swimming pool which will meet the need for a pool in the town; the household survey indicates that 72% of Redcar households cited a swimming pool as the new leisure facility they would most like to see in the town.
- 8.44 Our conclusions on the need for leisure development in Redcar are therefore in line with those of the previous 2006 Strategic Retail, Leisure and Office Study, and also consistent with the Leisure assessment in the recently published North East Retail and Leisure Study<sup>1</sup>.
- 8.45 Elsewhere in the Borough, our centre audits demonstrate that the main leisure offers available within the district and local centres are pubs/bars and cafes/restaurants. However, given the considerable leakage of trips outside of the Borough for those leisure activities, there would appear to be a need to improve the quality and breadth of the offers in these towns so as to bring them more in line with what local households want.
- 8.46 Across the Borough as a whole, there is a good network of leisure centres and private health clubs/studios, whilst public swimming pools are located at Eston, Loftus, Guisborough and Saltburn. In addition, museums/libraries are to be found in many centres. (See **Figure 8.1**).
- 8.47 Although the largest town of Redcar is the ideal location for a new cinema (additional to the existing facility) and/or ten pin bowling centre, alternative locations in the Borough should not be ruled out if a commercial demand were to arise. The household survey gave a measure of support to these facilities being provided in the Loftus area in East Cleveland.

## THE HOTEL MARKET

- 8.48 The (PPS 4) Practice Guidance states that a general indication of need for hotels can be derived through 'gap' analysis, which involves identifying the geographical pattern of hotel provision and assessing any imbalances and shortfalls in the provision and distribution, whilst also taking into account national trends in the sector.

<sup>1</sup> North East Retail and Leisure Study, One North East, DTZ, February 2011.



8.49 In the UK as a whole, the economic recession caused hotel revenues to fall by 7% in 2009. This was due to decreases in both occupancy levels and room rates. However, 2010 saw a return to revenue growth, and it is estimated that some 10,000 rooms were added nationally during the year. A number of factors have contributed to a return to buoyancy in the hotel market. The fall in the value of the pound against the euro has boosted the numbers of overseas visitors to the UK, whilst more Britons are choosing to holiday at home (the 'staycation') because of the economic downturn and poor exchange rates. Moreover, the economic squeeze has forced many businesses to use 'budget' hotels for their staff, which has driven occupier demand in this segment of the market.

8.50 The latest revenue forecasts for the UK holiday sectors are set out in **Table 8.5**.

**Table 8.5 UK Hotel Revenue, Actual and Forecast, 2005-15 (£m)**

Year	Current Prices	Constant 2010 Prices
2005	10,900	13,239
2006	11,200	13,306
2007	11,407	13,118
2008	11,768	12,986
2009	10,968	11,491
2010 (F)	11,516	11,516
2011 (F)	11,889	11,344
2012 (F)	12,074	10,984
2013 (F)	12,311	10,685
2014 (F)	12,530	10,373
2015 (F)	12,864	10,158
<b>Change 2009 + 15 (15%)</b>	<b>+17.3</b>	<b>-11.6%</b>

**Source:** Mintel, *Hotels Leisure Intelligence*, November 2010.

8.51 The data shows the impact of the recent economic recession on revenue, but indicates that revenue has picked up more recently and will grow by c.17% through to 2015. However, in constant prices (stripping out RPI) the outlook is not nearly so good, with revenue expected to fall by almost 12% over the next five years. Clearly, although there are undoubtedly opportunities in particular segments of the national market and in certain areas (eg London because of the Olympics etc), the overall position is much less exciting and given the recent surge in new rooms, revenue per available room (REVPAR) is expected to be squeezed in real terms.

8.52 A hotels study was commissioned in 2008 by the Tees Valley Joint Strategy Unit<sup>1</sup> to assess future potential for hotel development across the City Region, including Redcar and Cleveland. This study concluded that:

- there is potential for a budget hotel in Redcar; and
- there is potential for a second budget hotel in Guisborough (in addition to Premier Inn), as well as a small boutique hotel.

8.53 **Figure 8.4** overleaf shows location of existing principal hotels in Redcar and Cleveland Borough. Not surprisingly, given that the Borough contains a number of coastal resorts and attractive market towns, there is a reasonable network of hotels, although many of them are of an older style and relatively small; the biggest (the Gisborough Hall Hotel) has just 70 bedrooms. Complementing the hotels are numerous private bed & breakfast establishments, as well as caravan/camping.

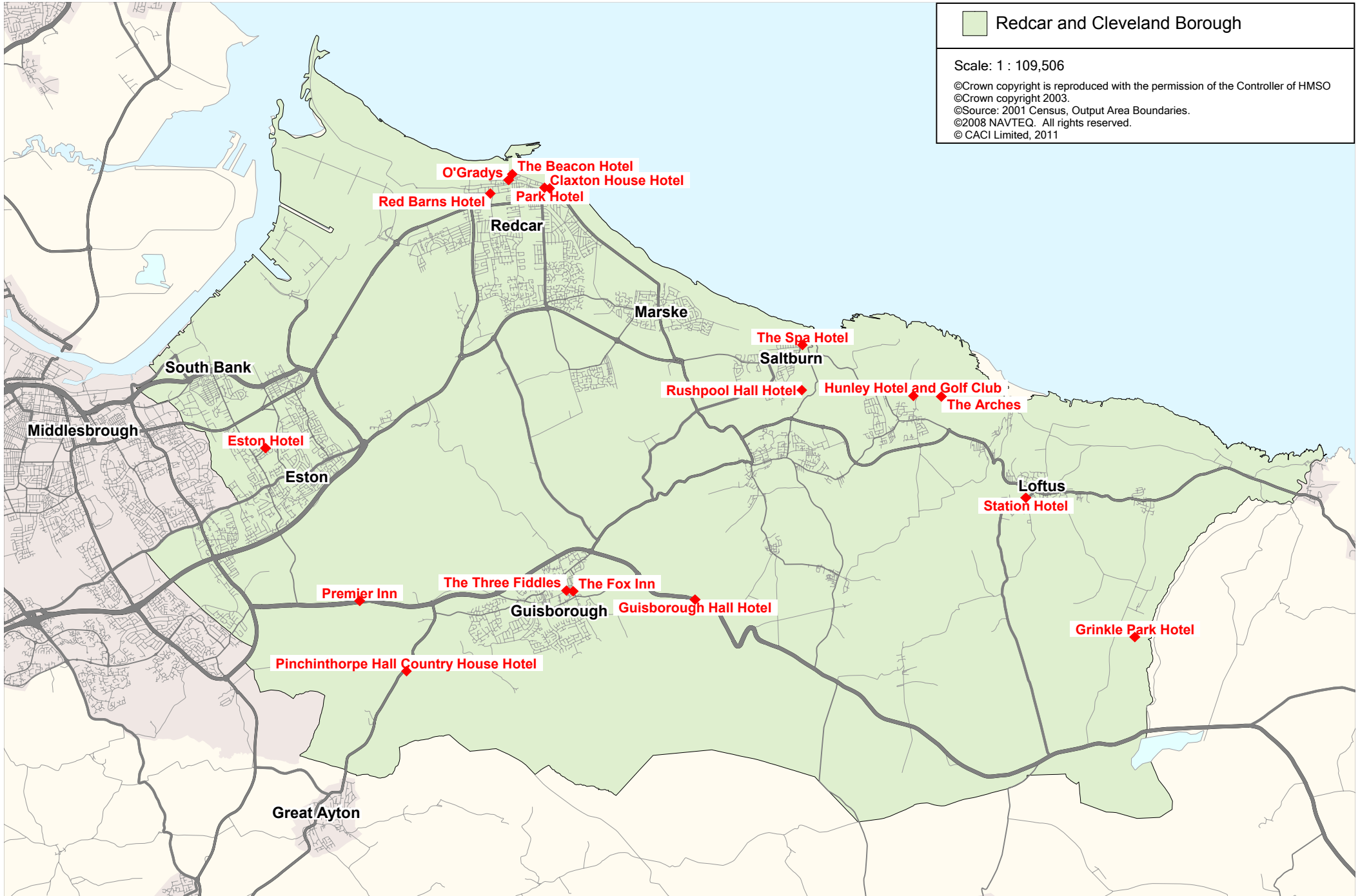
8.54 Unlike many other parts of the UK, however, the Borough has experienced very little new hotel development in the mushrooming budget sector, which, according to Mintel, now accounts for 31% of hotel users. A reason for this could be that almost 50% of all hotel stays in the UK are related to the corporate and conference sectors (Mintel), and the Borough is not a major destination for these activities. The only existing budget hotel facility is the Premier Inn located on the A171 to the west of Guisborough.

8.55 Nevertheless, we believe there is scope to provide a budget hotel in Redcar. Such a development would help service the increase in visitor numbers that are expected following the regeneration of the esplanade and the development of new attractions such as the Vertical Pier. People on leisure breaks and tour groups account for 28% and 7% of UK hotel stays respectively, according to Mintel. The anticipated rise in tourist numbers would largely mitigate the impact of a new budget hotel on existing private guest houses in the area. A new hotel would in itself bring visitors to the town centre, particularly at weekends, enliven the evening economy and give a welcome boost to restaurants, bars and shops.

8.56 Elsewhere in the borough we concur with the findings of the Tees Valley Hotel Futures Study in that there may be scope for a further budget hotel and/or small boutique hotel in Guisborough capitalising on its role as a tourist town. If any such proposals emerge, the hotels should ideally be directed towards the town centre, where the spin-off benefits to nearby businesses are likely to be maximised.

<sup>1</sup> Tees Valley Hotel Futures, Hotel Solutions, July 2009.

Fig. 8.4 Location of Principal Hotels in Redcar and Cleveland Borough



Redcar and Cleveland Borough

Scale: 1 : 109,506

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©Source: 2001 Census, Output Area Boundaries.

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## SUMMARY

- 8.57 Despite the downturn in the market brought about by the recent economic recession, leisure in broad terms is a growing market in the UK and many Councils have tapped into it in order to improve the attraction of their towns and cities through the development of new facilities, often as part of new mixed-used schemes or as planned leisure quarters.
- 8.58 Within Redcar and Cleveland Borough, however, the household survey indicates that, on average, leisure trips are undertaken much less frequently than for shopping, whilst the Borough manages to retain fewer leisure trips than shopping trips. These findings reflect a number of factors including the current impact of the economic downturn on consumer discretionary expenditure, the demographic profile of the Borough's population and the imbalance that exists between the provision of leisure facilities within the Borough and nearby Middlesbrough.
- 8.59 By combining the latest national forecasts of growth of the different leisure activity markets with local information on frequency and destination of consumer leisure visits, and the existing supply of leisure facilities, we have identified those individual leisure uses which appear to be the most appropriate for Redcar and Cleveland Borough as a whole and for towns and sub-areas within the Borough.
- 8.60 Although it is not possible to quantify the need for new commercial leisure development in the same way as for retail floorspace, our assessment has identified those uses which are most needed within Redcar and the rest of the Borough, and together with the additional retail provision that is required, these results should have an important bearing on future town centre policies in the Council's LDF.

# 9. THE NEED FOR FURTHER OFFICE DEVELOPMENT

## INTRODUCTION

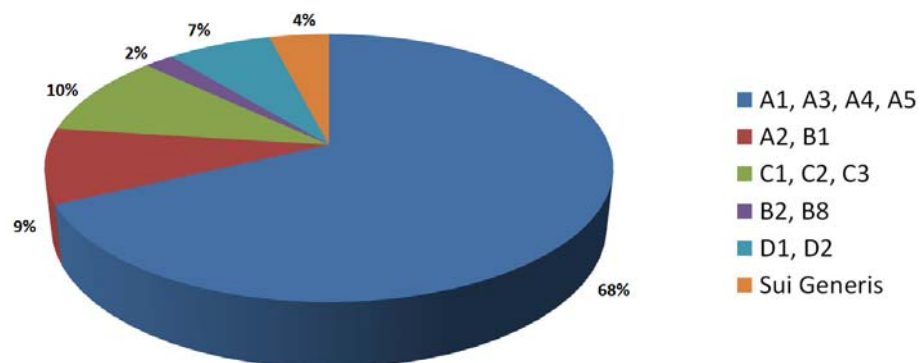
9.1 National policy advises that the need for new office floorspace over a development plan period requires assessment. The Communities and Local Government publication ‘Guide to Improving the Economic Evidence Base Supporting Regional Economic and Spatial Strategies’ outlines some key considerations for assessment of offices development and demand. These include:

- A consideration of the factors influencing the town centre economy, in particular the opportunities and constraints to office development in strategic centres
- A recognition of the difficulties of overlapping catchment areas of higher level centres within regions.

## ANALYSIS OF EXISTING STOCK

9.2 The Redcar and Cleveland office market is dominated by a number of relatively small centres which in turn contain only modest levels of B1/A2 occupation. An audit of the Borough by the Council estimates that the gross internal area of business premises, across all use classes, is 235,400 sq m<sup>1</sup>. A breakdown of this figure by use class is set out in **Figure 9.1**.

**Figure 9.1 Breakdown of Redcar and Cleveland Borough Built Space by Use Class**



**Source:** Redcar and Cleveland Borough Council

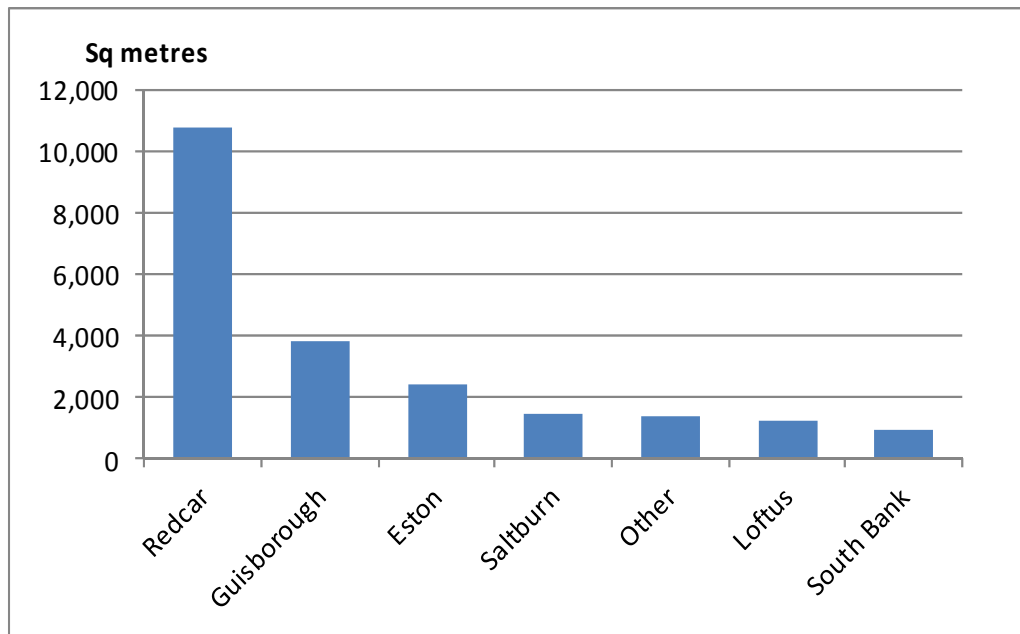
<sup>1</sup> This survey covers town, district and local centres only, and therefore excludes any out of centre business floorspace.

9.3 B1/A2 space (which includes travel agencies and post offices that are arguably more like ‘retail’ uses) accounts for just 9% of built space in the Borough’s centres. In comparison, shops and eating establishments account for 68% of total built space, over two thirds of the Borough total.

9.4 Almost half of B1/A2 space in the Borough’s centres is located within Redcar, whilst the next largest centre in terms of space is Guisborough, which accounts for 17% of built space, with Eston the third largest containing 11% of stock. These three centres are the key focus for offices occupation within the Borough.

9.5 The distribution of B1/A2 space across the Borough is shown in **Figure 9.2**.

**Figure: 9.2 Geographic Breakdown of B1 / A2 Units in Redcar and Cleveland Borough**



**Source:** Redcar and Cleveland Borough Council. Floorspace relates to town, district and local centres only.

## DEMAND

9.6 Key centres in Redcar and Cleveland Borough, in terms of total office stock, are Redcar, Guisborough and Eston. However, in terms of demand for office space and total office transaction levels the favoured locations are rather different. **Table 9.1** overleaf shows the relative activity in each of the established centres within Redcar and Cleveland Borough.

**Table 9.1 Take-up (in Sq M) of A2/B1 Floorspace in Redcar and Cleveland Borough by Location, 2005-2011.**

Centre	2005	2006	2007	2008	2009	2010	2011 to date
Redcar	474	76	0	202	1,332	0	0
Eston	0	0	0	0	59	0	0
Guisborough	0	0	83	0	87	83	0
Marske	0	0	0	0	35	0	0
Saltburn-by-Sea	0	0	0	200	0	16	0
South Bank	0	0	111	75	221	391	0
<b>Total</b>	<b>474</b>	<b>76</b>	<b>194</b>	<b>477</b>	<b>1,724</b>	<b>490</b>	<b>0</b>

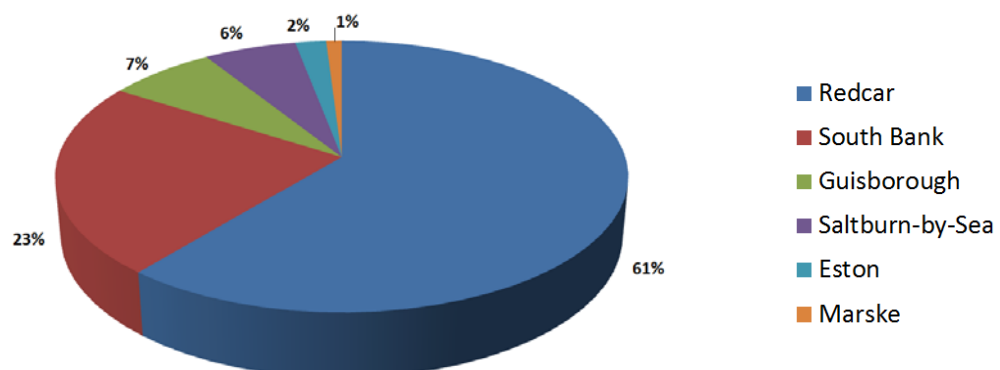
Source: Colliers International/Costar.

9.7 Redcar is the main focus for offices transactions within the Borough, although there have been no deals recorded during the past 18 months. The last significant deals were centred upon the Greensquare Scheme at Kirkleatham Business Park. During 2009, six individual office units were let to a variety of tenants with the average size of transaction being 193 sq m. The success of the first phase at the park has led to developers, Ravensworth Property Developments, drawing up plans for Phase 2, in conjunction with Tees Valley Unlimited.

9.8 Despite the apparent success of the scheme, the current void rate remains at 29%, with three further units currently being marketed, totalling 544 sq m. The lack of activity, in terms of take-up, in Redcar over the past 18 months, suggests that demand for office space has plateaued. Across Redcar and Cleveland Borough as a whole, there have been no transactions recorded in 2011 to date. Equally, in 2010, overall take-up was down by over 70%. (See **Table 9.1**).

9.9 Take-up of office space within Redcar and Cleveland Borough since 2005 has totalled just 3,435 sq ft. **Figure 9.3** shows the relative percentage breakdown in take-up by location.

**Figure 9.3 Percentage Take-up of Office Space in Redcar & Cleveland Borough, 2005-2011**

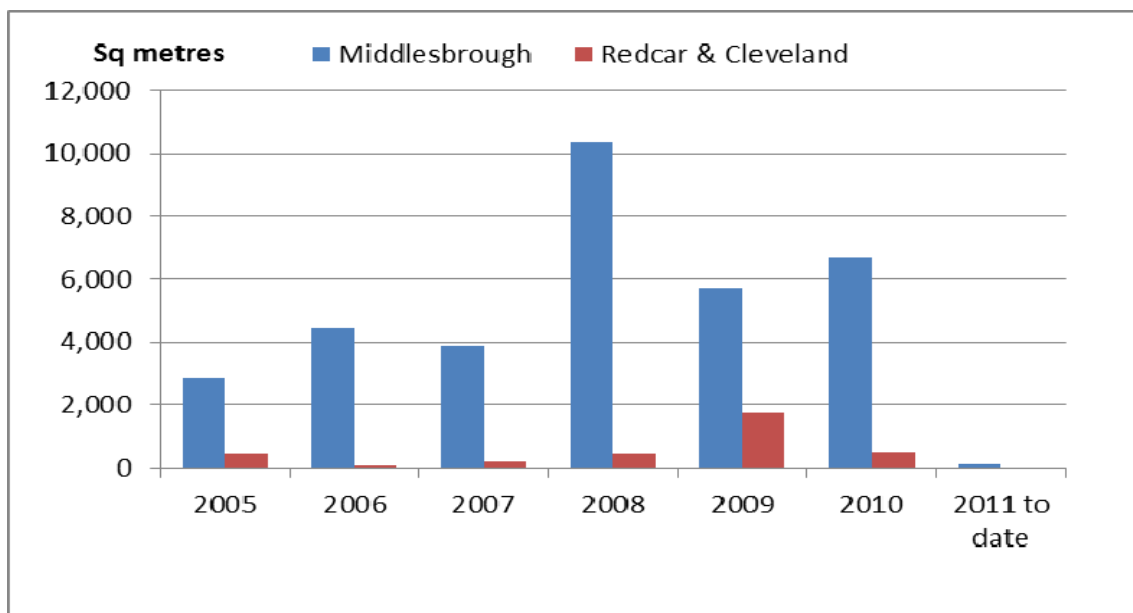


Source: Colliers International/Costar.

9.10 Average take-up by unit size in Redcar and Cleveland Borough since 2005 has been 115 sq m. This compares to a figure of 369 sq m for neighbouring Middlesbrough Borough, where total office take-up over the same period has been 34,280 sq m almost 10 times the Redcar and Cleveland Borough total. Middlesbrough Borough also recorded a rise in take-up from 2009 to 2010 of 18%.

9.11 **Figure 9.4** shows, the comparative levels of annual office take-up between Middlesbrough and Redcar and Cleveland Boroughs, since 2005.

**Figure 9.4 Annual Office Take-up: Redcar and Cleveland Borough vs Middlesbrough Borough, 2005-2011**



*Source: Colliers International/Costar.*

## CURRENT AVAILABILITY

9.12 Actively marketed office space within Redcar and Cleveland Borough currently totals 3,182 sq m. This is contained within nine separate units, three of which are available at the Greensquare scheme. Based on average annual take-up over the past six years, the total availability figure represents 5.8 years of supply.

9.13 **Table 9.2** overleaf lists those units currently available within Redcar and Cleveland Borough (as at April 2011).



**Table 9.2 Current Vacant Marketed Office Space in Redcar and Cleveland Borough**

<i>Building Park / Unit</i>	<i>Street Name</i>	<i>Location</i>	<i>Number of Units</i>	<i>Sq M</i>
Huntcliff Surgery	Bath Street	Saltburn By The Sea	2	672
Former Lexington Payne Homes	Longbeck Estate	Marske	4	342
Former Social Club	Pochin Road	South Bank	1	228
British Legion Club	Ruby Street	Saltburn By The Sea	1	311
Greensquare	Troisdorf Way	Redcar	1	185
Greensquare	Troisdorf Way	Redcar	1	185
Greensquare	Troisdorf Way	Redcar	1	185
43	West Road	Loftus	4	176
Craigton House	West Terrace	Redcar	2	898
<b>Total</b>			<b>17</b>	<b>3,182</b>

**Source:** Colliers International/Costar.

## FUTURE DEMAND

- 9.14** The recent economic downturn that has impacted strongly upon the commercial property markets across the UK, has hit the financial and business services sectors particularly hard. That said, demand for office space in Redcar and Cleveland Borough has been modest both before and after the recent recessionary period.
- 9.15** Redcar town centre currently has eight banking/building society units. This is down from a total of nine recorded in 2005. Given the recent and continuing rationalisation within the banking industry, in terms of high street representation, we would anticipate at best, a flat level of demand for banking units in Redcar. In all likelihood, we would expect further consolidation, coupled with an increase in ‘virtual’ consumer banking over the next decade leading to fewer high street banking units.
- 9.16** In terms of future B1 demand, there is little evidence to suggest that there will be any significant uplift in take-up from the wider business services sector in Redcar and Cleveland Borough. However, with Kirkleatham Business Park to be part of a new Enterprise Zone<sup>1</sup>, which will benefit from a simplified planning framework, future circumstances may change.

<sup>1</sup> The Tees Valley Enterprise Zone will include three sites in Redcar & Cleveland – Kirkleatham Business Park, Wilton International and PD Ports/South Bank Wharf.

- 9.17 The Chancellor of the Exchequer confirmed that all defined EZ's will cap business rate relief at £55,000 a year for up to five years. The Tees Valley Local Enterprise Partnership hopes to benefit further from capital allowances. This would potentially offer an extra incentive to companies wishing to locate and initiate major employment projects in the zone. If Tees Valley is successful, the move would make it a more attractive destination for potential investors than other parts of the UK.

## SUMMARY

- 9.18 In general, centres within Redcar and Cleveland Borough remain tertiary office locations in terms of the wider North East market.
- 9.19 Current supply in Redcar and Cleveland Borough appears more than sufficient to satisfy demand for office space over the next five years.
- 9.20 There appears to be little 'latent' demand for office space and no obvious constraints upon expansion for local occupiers in relation to shortage of commercial premises.
- 9.21 EZ status for three sites in Redcar and Cleveland, including Kirkleatham Business Park, may help to contribute a much needed boost to commercial demand for office space, in which case there may be scope for new development.
- 9.22 Evidence suggests that even at the current modest levels of office availability, Redcar & Cleveland Borough has sufficient ready to occupy A2/B1 space to meet likely indigenous demand for the foreseeable future.

# 10. CONCLUSIONS AND POLICY RECOMMENDATIONS

## INTRODUCTION

10.1 In this final section, we present our conclusions on the need for further retail, leisure and office development within Redcar and Cleveland Borough, and set out our policy recommendations to the Council. In addition, we address a number of more specific retail planning issues on which the Council require advice, and provide a framework for monitoring the viability and vitality of centres based on PPS 4 indicators. We begin, however, with a short overview of the local retail economy, since this has an important bearing on the study's conclusions and recommendations.

## RETAIL OVERVIEW

10.2 The retail influence of Redcar and Cleveland Borough is constrained by natural barriers – the Tees estuary to the west, the North Sea to the north and the North York Moors to the south. These physically limit the catchment areas of the Borough's retail centres and stores, yet offer little, or no, protection from the considerable retail attraction of Middlesbrough and other nearby destinations such as the Teesside Retail Park.

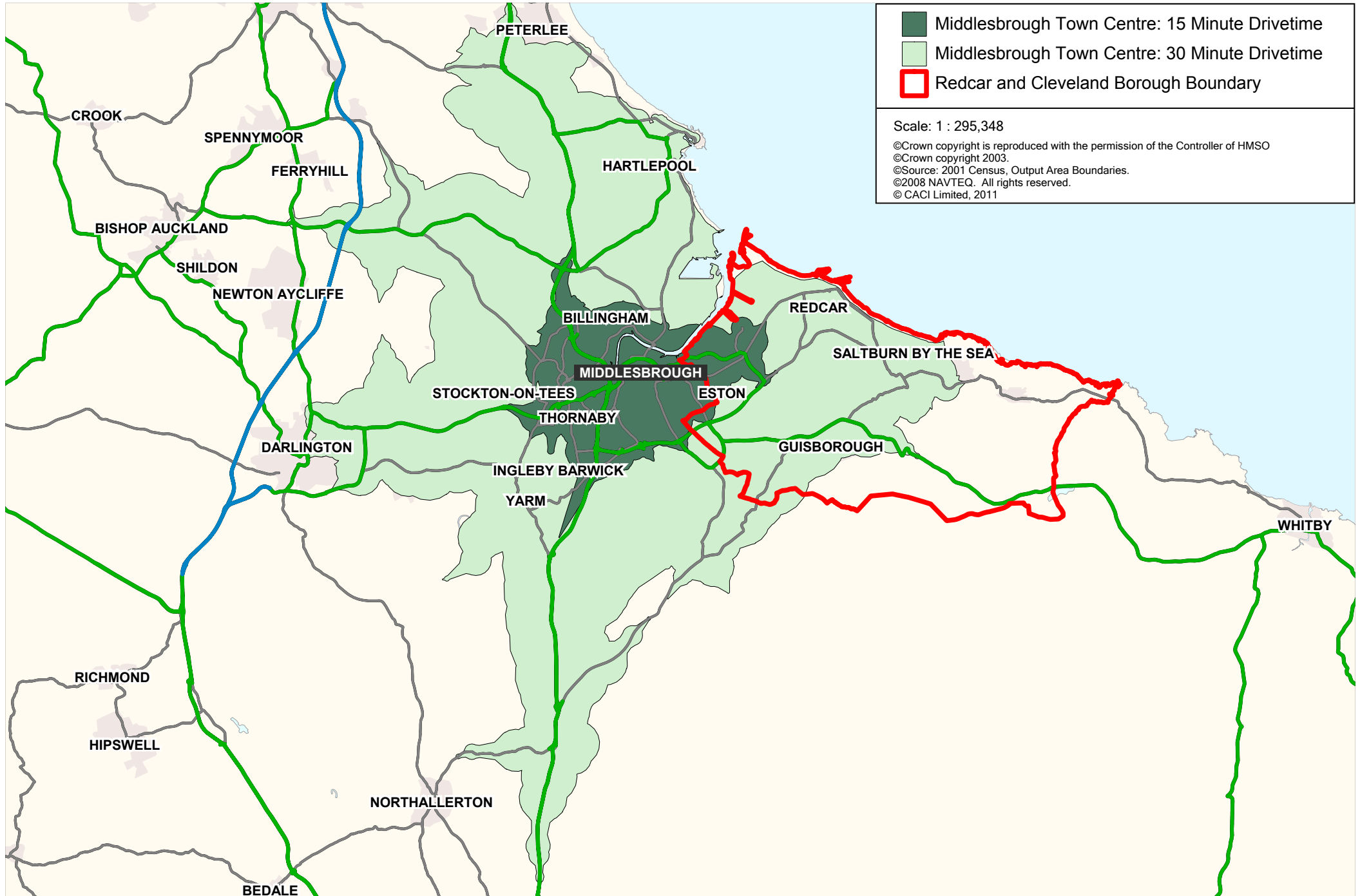
10.3 The impact of Middlesbrough on shopping patterns is particularly significant. The centre is not only considerably larger than Redcar (Redcar and Cleveland Borough's major retail location), as evidenced by it being ranked 156 places higher, but it is also located close the Borough boundary as shown in **Figure 10.1** overleaf.

10.4 The map shows the extent of Redcar and Cleveland Borough and also the 15 and 30 minute drive times around Middlesbrough town centre. The overlaps between the isochrones and the Borough boundary demonstrate that:

- a sizeable 15% of the population of Redcar and Cleveland Borough live within just 15 minutes drive time of Middlesbrough town centre;
- a significant 90% of the Borough's population live within 30 minutes of Middlesbrough.

10.5 This suggests that Middlesbrough (and other retail destinations in its wider urban area) will exert a major influence over the shopping behaviour of residents within Redcar and Cleveland Borough and Redcar itself, a conclusion borne out by the results of the household survey. To a large extent the

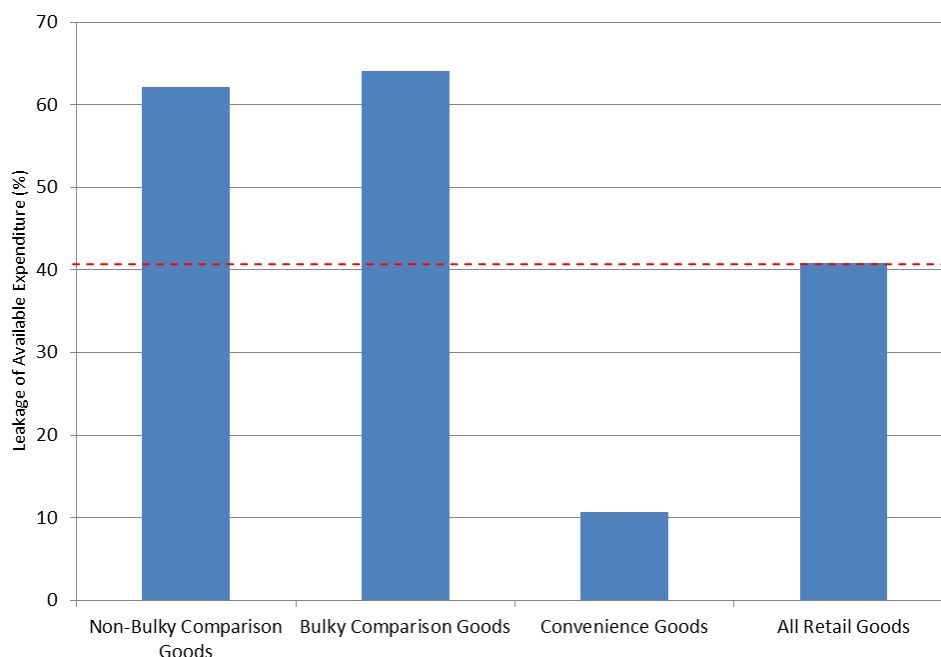
Fig. 10.1 Map Illustrating Overlap Between Middlesbrough Catchment Area and Redcar and Cleveland Borough



location and quantum of retail competition determines the current pattern of consumer retail expenditure flows identified in this study. These have been quantified and described in detail in Section 5, but it is useful to draw out the key findings once more, since they have a direct bearing on the results of the retail floorspace need assessment and, in turn, our retail policy recommendations.

10.6 For example, of the £530 million of retail expenditure generated within Redcar and Cleveland Borough, around 40% leaks out to neighbouring areas, mainly to Middlesbrough and the Teesside Retail Park. However, this overall figure masks big differences by category of goods as shown in **Figure 10.2**.

**Fig. 10.2: Leakage of Available Expenditure from Redcar and Cleveland by Category of Goods, 2011**



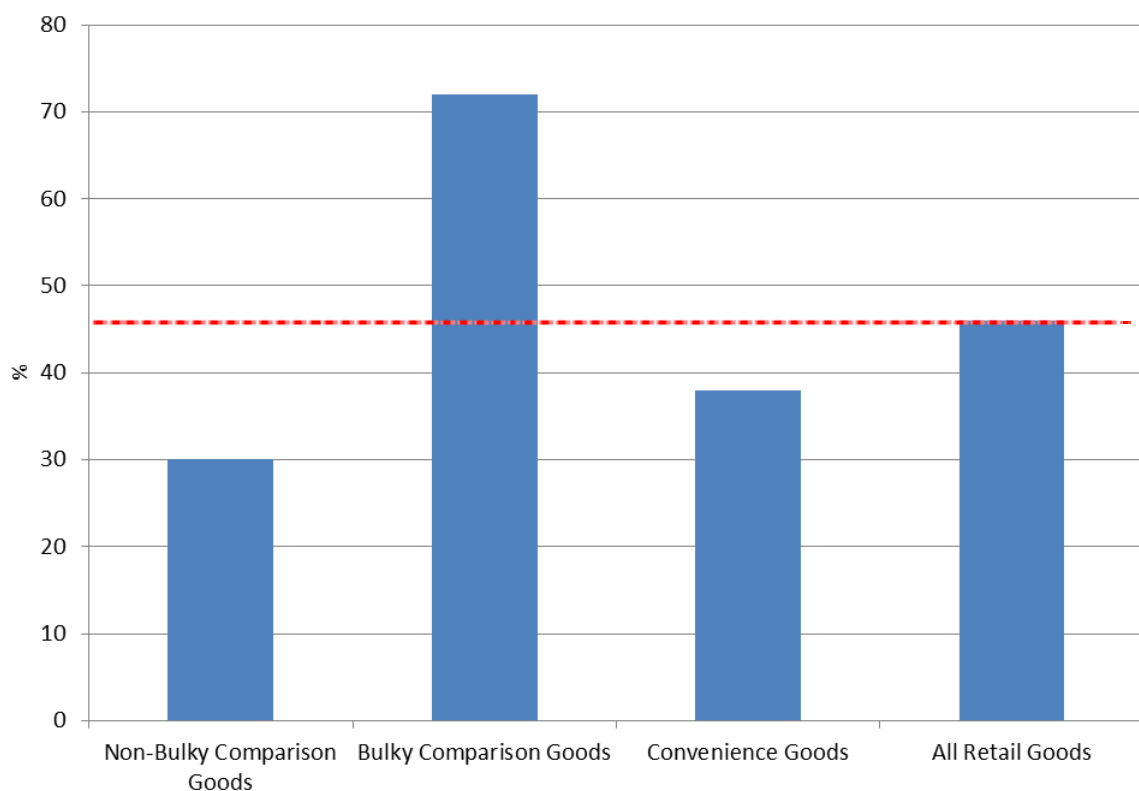
*Source: Colliers International*

10.7 The principal area of concern in relation to inter Borough flows is non-bulky comparison goods shopping which forms the ‘main stay’ of town centres, where almost two-thirds of monies generated within Redcar and Cleveland Borough is spent outside the area. In comparison, the leakage for convenience goods is very low and, in practice, stems largely from outflow in the built-up area adjoining Middlesbrough (zones 6 and 7). The leakage of bulky comparison goods is similar to that for non-bulky, but this form of retail does not normally play a crucial role in contributing to town centre viability and vitality. The Cleveland Retail Park performs an important role in contributing to the Borough’s 36% retention level in bulky comparison goods.

10.8 **Figure 10.3** overleaf disaggregates existing (occupied) retail floorspace in Redcar and Cleveland Borough by location and category of goods. Overall, almost half of the retail floorspace stock is located

out of centre<sup>1</sup>, with the proportion reaching 72% for bulky comparison goods. In relation to the all important non-bulky comparison goods category, given that 62% of such expenditure leaks out of the Borough and 30% of the floorspace servicing the retained monies is located out of centre, it is not surprising that Redcar town centre is being squeezed, whilst the trade available to the remaining district and local centres is also low.

**Fig. 10.3: Proportion of (Occupied) Retail Floorspace in Redcar and Cleveland Borough Accounted for by Edge of Centre/Out of Centre Shopping, 2011**



*Source: Colliers International*

## THE NEED FOR ADDITIONAL RETAIL FLOORSPACE

**10.9** We now present our conclusions on the need for additional convenience goods and non-bulky and bulky comparison goods floorspace in Redcar and Cleveland Borough, and then set out our recommendations to the Council.

<sup>1</sup> Includes edge of centre locations.

- 10.10 Retail floorspace need is estimated for the Borough as a whole and for a number of sub-areas. Floorspace totals are produced for the (agreed) forecast years of 2016, 2021 and 2026.
- 10.11 Due to the potential inaccuracies that come into play when preparing forecasts over very long time-periods, we recommend that some caution is exercised when interpreting the retail floorspace need figures for the later forecast years of 2021 and 2026. Nevertheless, the need totals set out in this report do provide a good indication of the broad quantum of additional shopping floorspace that should be planned for over the next 15 years.
- 10.12 The key driver of the need for additional retail floorspace in any area is the growth in consumer retail expenditure (population times spend per head). However, the approach used to estimate need (if any) in this report also takes into account a number of other factors which makes the assessment more realistic. For Redcar and Cleveland Borough these are as follows:-
- estimated under trading at 2011 (the base year) – under-trading may be described as representing a quantitative over-supply of existing retail provision;
  - an allowance for rising store productivities over time for existing retailers; and
  - retail floorspace commitments.
- 10.13 These factors individually and collectively soak up future consumer retail expenditure growth resulting in **less** spend being available to support **new** retail floorspace. This is the case in Redcar and Cleveland Borough.
- 10.14 However, in interpreting the data the Council may wish to ascertain the levels of future floorspace need resulting from the exclusion of one or more of these factors. Accordingly, the need estimates for the Borough as a whole are determined against a range of assumptions, whilst the detailed figures in **Appendix 7** will enable the Council to calculate the headroom expenditure for any given assumption and sub-category. Due to the current economic downturn, it is possible that one or more of the included retail commitments may not get built, at least by 2016. If this were to occur, then the estimated turnovers of any unimplemented planning consents should be added to the total expenditures that are available at the forecast years to support the need for additional retail floorspace.
- 10.15 For the sake of clarification, the retail floorspace need estimates represent the 'net additional' floorspace required within Redcar and Cleveland Borough (over that available in 2011) by goods category and are non-cumulative.

## THE CONSTANT MARKET SHARES APPROACH – THE ‘BASE LINE’ ASSESSMENT

10.16 It is common in carrying out a quantitative assessment of future retail floorspace need to adopt what is known as the “**constant market shares**” approach. This forms our ‘base line’ assessment. It assumes that the existing (2011) market shares (in terms of available expenditure) of Redcar and Cleveland Borough and its sub-areas (centres) are held constant through to the design years of 2016, 2021 and 2026. As a result, the quantitative assessment provides an indication of the scale and distribution of additional retail floorspace that is required (if any) to maintain today’s retail order (and relative centre attractiveness) throughout the Borough.

10.17 Later on in this concluding section, and in the light of our qualitative assessment of retail need set out at paragraphs 7.50 to 7.65 inclusive, we explore the potential retail floorspace need that may exist if different approaches to future market shares are adopted. Specifically, we address the following alternative scenarios:-

- (i) We consider the quantum of additional non-bulky comparison goods floorspace that would be required in Redcar (zone 1) for it retain a higher (yet achievable) market share of locally generated expenditure in the future;
- (ii) We examine the likely effects of the proposed new District Centre at Low Grange Farm (South Bank)<sup>1</sup> on shopper behaviour and retail expenditure flows; and
- (iii) We assess the scope for providing a new food store in East Cleveland designed to cater for the weekly (bulk) food shop.

### RETAIL NEED IN REDCAR AND CLEVELAND BOROUGH AS A WHOLE

10.18 Adopting the ‘base line’ approach to market shares described above, the retail floorspace need results for Redcar and Cleveland Borough as a whole in relation to convenience goods and non-bulky and bulky comparison goods shopping are set out in the tables below. Full details are set out in **Appendix 7**.

10.19 In relation to **convenience goods** (Table 10.1 overleaf), making an allowance for rising store productivities eats into the forecast headroom expenditure, whilst taking into account existing retail commitments (as is the convention) further reduces the expenditure available at each of the design

<sup>1</sup> The District Centre has been granted planning consent and is included in the main assessment as a retail commitment.



years to support additional retail provision. The quantum's of **quantitative** floorspace need for Redcar and Cleveland Borough as a whole are set out in Row C and are negative for each of the design years. At Row D, we also take into account the degree to which shops across the Borough as a whole may be over-trading (or under trading) at the base year (2011). According to PPS 4<sup>1</sup>, this is regarded as being a key component of qualitative need. Thus the final sets of floorspace need estimates at Row D reflect both **quantitative and qualitative** need. The assessment therefore concludes that if a 'constant market shares' approach<sup>2</sup> is adopted there is no need for any more convenience goods floorspace provision within Redcar and Cleveland Borough until well beyond 2026.

**Table 10.1: Convenience Goods Floorspace Need, Redcar and Cleveland Borough as a Whole**

Row	Assumption	2016		2021		2026	
		Available Expenditure £m	Floorspace Need Sq M Net	Available Expenditure £m	Floorspace Need Sq M Net	Available Expenditure £m	Floorspace Need Sq M Net
A	Growth in consumer retail expenditure (=a)	6.9	850	18.2	2,185	29.8	3,490
B	(a) after allowing for rising store productivities (only)	3.0	370	8.4	1,010	13.6	1,595
C	(a) after allowing for rising store productivities and commitments (only)	(43.3)	(5,325)	(39.2)	(4,710)	(35.1)	(4,115)
D	(a) after allowing for rising store productivities, commitments <u>and</u> under trading at the base year.	(64.5)	(7,940)	(60.5)	(7,265)	(56.4)	(6,605)

Notes:

Figures in brackets are negative. All figures relating to store productivities, over/under-trading and commitments are set out in **Appendix 7D**.

Figures in **red** relate to quantitative need (only) in terms of PPS 4.

Figures in **blue** relate to quantitative and qualitative need.

**Source:** Colliers International

## 10.20

For **non-bulky comparison goods** (Table 10.2 overleaf), the impact of allowing for rising store productivities is much greater than for convenience goods, and the reduction in available headroom expenditure is more substantial. However, taking into account existing commitments has a smaller

<sup>1</sup> PPS 4, Policy EC1.4 d (ii).

<sup>2</sup> This is the approach adopted by the consultants that prepared the Council's 2006 Strategic Retail, Leisure and Office study.

effect. Nevertheless, the combination of these two adjustments is to effectively eliminate the quantitative need for any further non-bulky comparison goods provision through to 2026 within Redcar and Cleveland Borough as a whole. Adding in the estimated under trading at the base year, decreases the headroom expenditure further (Row D), and this produces even larger 'surplus' totals of floorspace at each of the design years, under the adopted 'constant market shares' approach.

**Table 10.2: Non-Bulky Comparison Goods Floorspace Need, Redcar and Cleveland Borough as a Whole**

Row	Assumption	2016		2021		2026	
		Available Expenditure £m	Floorspace Need Sq M Net	Available Expenditure £m	Floorspace Need Sq M Net	Available Expenditure £m	Floorspace Need Sq M Net
A	Growth in consumer retail expenditure (=a)	13.1	2,935	30.8	6,170	51.4	9,190
B	(a) after allowing for rising store productivities (only)	0.0	0.0	2.7	540	6.3	1,130
C	(a) after allowing for rising store productivities and commitments (only)	(13.8)	(3,090)	(12.9)	(2,585)	(11.0)	(1,965)
D	(a) after allowing for rising store productivities, commitments <u>and</u> under trading at the base year.	(28.1)	(6,295)	(27.1)	(5,430)	(25.3)	(4,520)

Notes:

Figures in brackets are negative. All figures relating to store productivities, over/under-trading and commitments are set out in **Appendix 7B**.

Figures in **red** relate to quantitative need (only) in terms of PPS 4.

Figures in **blue** relate to quantitative and qualitative need.

**Source:** Colliers International

10.21

The floorspace need results for **bulky comparison goods** shopping are summarised in **Table 10.3** overleaf. Once again, allowing for rising store productivities and including existing commitments reduces the available headroom expenditures. The amounts of quantitative need for Redcar and Cleveland Borough as a whole are set out in Row C, but in fact show surpluses at each of the design years. Moreover, taking into account the under trading, which we believe is currently occurring within the Borough as a whole, generates an even more substantial quantitative and qualitative over-supply of bulky comparison goods floorspace through to 2026 (Row D) under the 'constant market shares' approach.

**Table 10.3: Bulky Comparison Goods Floorspace Need, Redcar and Cleveland Borough as a Whole**

Row	Assumption	2016		2021		2026	
		Available Expenditure £m	Floorspace Need Sq M Net	Available Expenditure £m	Floorspace Need Sq M Net	Available Expenditure £m	Floorspace Need Sq M Net
A	Growth in consumer retail expenditure (=a)	5.9	2,115	14.2	4,550	23.9	6,840
B	(a) after allowing for rising store productivities (only)	(1.2)	(430)	(1.0)	(320)	(0.5)	(145)
C	(a) after allowing for rising productivities and commitments (only)	(4.8)	(1,720)	(5.0)	(1,605)	(5.0)	(1,430)
D	(a) after allowing for rising productivities, commitments and under trading at the base year.	(22.8)	(8,170)	(23.0)	(7,370)	(23.0)	(6,580)

**Notes:**

Figures in brackets are negative. All figures relating to store productivities, over/under-trading and commitments are set out in **Appendix 7C**.

Figures in **red** relate to quantitative need (only) in terms of PPS 4.

Figures in **blue** relate to quantitative and qualitative need.

**Source:** Colliers International

## NEED DISAGGREGATED BY SUB AREA

**10.22** We now disaggregate the retail floorspace need totals for the Borough by (survey zone). Although the following analysis provides a finer level of detail, the floorspace need estimates require careful interpretation.

**10.23** First, it should be pointed out that the sum of the seven sub-area (zone) floorspace need totals equates to that for the Borough as a whole.

**10.24** For any given sub area, however, the floorspace need identified may be positive or negative. The positive totals are generated by the growth in available expenditure, combined with any localised over-trading which releases further spend to support additional floorspace (where estimated actual existing sales exceed benchmark levels). Negative totals primarily come about because of existing retail commitments (which will soak up spend) and/or material amounts of estimated current under-trading, which means stores are not attracting sufficient expenditure to trade at benchmark levels. Centres/stores that are currently under-trading are therefore assumed to have a first call on any future

growth in local area expenditure. However, in some instances the present estimated sales shortfall is so big that the increases in local area expenditure are not sufficient (after commitments) to eliminate the deficits. For these sub areas/centres, the forecast quantum of need at the design years of 2016, 2021 and 2026 remain negative; implying there will be a 'surplus' of shopping floorspace relative to available expenditure.

10.25 In practice, many of the floorspace need totals are small and do not require any specific planning actions. In addition, negative totals indicate a forecast over provision and therefore no additional floorspace is required.

10.26 The need for additional **convenience goods** floorspace is broken down by sub area in **Table 10.4** (note: the Borough-wide totals are identical to those given in **Table 10.1**). Assuming constant market shares (our baseline approach), we forecast a 'surplus' of convenience goods floorspace in every sub area at each of the design years, with the exception of Redcar (zone 1) at 2021 and 2026, where there is a very modest total of need.

**Table 10.4 Convenience Goods Floorspace Need by Sub-Area/Centre, Redcar and Cleveland Borough (Quantitative and Qualitative Need)**

Sub Area/Centre		Floorspace Need (Sq M Net)		
		2016	2021	2026
<b>Zone 1</b>	Redcar	(290)	40	355
<b>Zone 2</b>	Marske	(685)	(675)	(665)
<b>Zone 3</b>	Saltburn	(890)	(840)	(810)
<b>Zone 4</b>	Loftus	(155)	(145)	(135)
<b>Zone 5</b>	Guisborough	(680)	(525)	(375)
<b>Zone 6</b>	Eston	(1,325)	(1,320)	(1,285)
<b>Zone 7</b>	South Bank	(3,915)	(3,805)	(3,690)
	<b>BOROUGH TOTAL</b>	<b>(7,940)</b>	<b>(7,265)</b>	<b>(6,605)</b>

Figures in brackets are negative.

**Source:** Colliers International (full details at **Appendix 7C**).

10.27 Turning to **non-bulky comparison goods**, the need for additional floorspace by sub-area/centre is summarised in **Table 10.5** overleaf. Assuming constant market shares, during the course of the LDF period a modest need emerges in zones 1 (Redcar), 2 (Marske), 3 (Saltburn) and 4 (Loftus), but an over-supply of floorspace persists in zones 5 to 7 inclusive.

**Table 10.5 Non-Bulky Comparison Goods Floorspace Need by Sub-Area/Centre, Redcar and Cleveland Borough (Quantitative and Qualitative Need)**

Sub Area/Centre		Floorspace Need (Sq M Net)		
		2016	2021	2026
<b>Zone 1</b>	Redcar	(510)	(60)	380
<b>Zone 2</b>	Marske	290	320	345
<b>Zone 3</b>	Saltburn	(5)	55	120
<b>Zone 4</b>	Loftus	180	200	220
<b>Zone 5</b>	Guisborough	(1,425)	(1,295)	(1,170)
<b>Zone 6</b>	Eston	(195)	(185)	(175)
<b>Zone 7</b>	South Bank	(4,640)	(4,470)	(4,230)
	<b>BOROUGH TOTAL</b>	<b>(6,295)</b>	<b>(5,430)</b>	<b>(4,520)</b>

Figures in brackets are negative.

*Source: Colliers International (full details at Appendix 7B).*

10.28

Lastly, **Table 10.6** summarises the need for additional **bulky comparison goods** floorspace by sub-area/centre. Adopting our baseline 'constant market shares assumption, we forecast there will be a 'surplus' of floorspace through to 2026 in all zones, except zone 2 (Marske) where a very modest requirement is estimated.

**Table 10.6 Bulky Comparison Goods Floorspace Need by Sub-Area/Centre, Redcar and Cleveland Borough (Quantitative and Qualitative Need)**

Sub Area/Centre		Floorspace Need (Sq M Net)		
		2016	2021	2026
<b>Zone 1</b>	Redcar	(2,980)	(2,715)	(2,440)
<b>Zone 2</b>	Marske	215	240	265
<b>Zone 3</b>	Saltburn	(250)	(240)	(230)
<b>Zone 4</b>	Loftus	(1,100)	(1,080)	(1,070)
<b>Zone 5</b>	Guisborough	(760)	(680)	(600)
<b>Zone 6</b>	Eston	(540)	(530)	(520)
<b>Zone 7</b>	South Bank	(2,760)	(2,375)	(1,985)
	<b>BOROUGH TOTAL</b>	<b>(8,170)</b>	<b>(7,370)</b>	<b>(6,580)</b>

Figures in brackets are negative.

*Source: Colliers International (full details at Appendix 7C).*

## INTERPRETING THE 'BASELINE' RETAIL FLOORSPACE NEED ESTIMATES

10.29 The retail floorspace need estimates summarised in **Tables 10.1 to 10.6** inclusive do not take into account existing **vacant** retail floorspace throughout Redcar and Cleveland Borough. Unfortunately, there is no reliable data available on the vacant retail floorspace stock in the Borough as a whole, although our fieldwork confirms voids are relatively common in the Redcar town centre, many of the other district and local centres and, in certain locations, out of centre. In reality of course a good proportion of the currently available vacant floorspace is likely to be of secondary quality and/or located in secondary locations, and therefore unlikely to be attractive to modern retailers. For this reason, simply deducting vacant stock (even if known) from the retail floorspace need totals estimated at 2016, 2021 and 2026 would represent a worst case scenario. Nevertheless, some of the vacant floorspace is in modern, good quality units (eg. vacant out of centre retail warehouses) and this stock is eminently suitable for retailers and should be fully utilised prior to granting consent to new schemes.

10.30 In interpreting the floorspace need estimates, it should also be noted that the totals are in sq m net and represent the **net additional** retail floorspace that could be supported. Thus the sales floorspace of any occupied units that may be demolished should be added to the need totals, whilst to convert to gross **retail** floorspace, the net to gross ratios set out in Section 4, should be adopted. Moreover, the need totals relate to retail floorspace only. In practice, many new retail developments contain other uses, especially catering and other service activities. To reflect the mix of uses in new retail schemes, particularly those located within town centre locations, it is considered that, on average, c.15% to 20% of new floorspace should be set aside for non-retail activities. Clearly in applying this assumption, in practice, the Council should have full regard to the location and type of development being proposed; clearly a town centre scheme is likely to include more service floorspace than an application for an out of centre stand alone superstore, which may not have any.

## ALTERNATIVE RETAIL FLOORSPACE NEED SCENARIOS – TAKING QUALITATIVE FACTORS INTO ACCOUNT

10.31 Our quantitative retail floorspace needs assessment (described above) adopted a 'constant market shares' approach. This is the traditional methodology adopted by consultants and was that used in the 2006 retail study undertaken for the Council. Although this approach provides a sound 'baseline' for assessing need, its limitations are that the present pattern of shopper behaviour is projected to continue into the future, and that it takes no account of many of the factors associated with qualitative need. However, as we demonstrated clearly with the analysis at paragraphs 7.50 to 7.65 inclusive (Section 7), there are in fact significant qualitative need issues arising within Redcar and Cleveland Borough. Accordingly, we set out below two alternative scenarios which consist of adjusting the market shares adopted in the baseline quantitative retail needs assessment to reflect the key conclusions of qualitative

retail need; namely, the need to improve the quality and choice of the non-bulky comparison goods retail offer in Redcar town centre (Scenario 1) and the need to address specific over-trading issues and geographical market 'gaps' in the provision of food stores within the Borough (Scenario 2).

10.32 The retail floorspace need estimates arising from Scenarios 1 and 2 below, will enable the Council to better assess the likely need for, and impact of, existing retail commitments (eg. the planning consent for a new District Centre at Low Grange Farm) and any future proposals for new major retail development in the Borough.

### SCENARIO 1: INCREASE REDCAR'S ROLE AS A NON-BULKY COMPARISON GOODS CENTRE

10.33 Our view is that the provision of non-bulky comparison goods shopping is necessary to secure Redcar town centre's future vitality and viability as a retail destination. This further provision will address the qualitative need for better quality retail accommodation and retailers in the town and therefore extend customer choice. In contrast, the town already retains an extremely high proportion of convenience goods spend, whilst any additional bulky comparison goods floorspace – given the limited availability of sites – is better located out of centre.

10.34 The household survey indicates that Redcar town centre currently retains around one-third of the non-bulky comparison goods expenditure generated within its own zone (zone 1) with the vast majority leaking out of the Borough to major competitor destinations such as Middlesbrough and the Teesside Retail Park. This is a relatively low proportion, particularly given that Redcar is the only town centre in the Borough and its major non-bulky comparison goods centre. We believe that a more realistic (and achievable) target market share within zone 1 is 50%<sup>1</sup>. At **Appendix 7E** we re-run the needs assessment for non-bulky comparison goods with this adjustment being incorporated at **Table 7**. We do not feel it is appropriate to increase Redcar's market share in neighbouring zones for the purposes of assessing need, although we accept that, in practice, an 'improved' Redcar would divert some additional trade away from the Borough's smaller district and local centres.

10.35 Under our Scenario 1, the need for additional non-bulky comparison goods floorspace within Redcar town centre increases at each of the design years is set out in **Table 10.7** overleaf (Full details at **Appendix 7E**).

<sup>1</sup> This means reducing the market shares of centres outside of the Borough, since we assume that leakage is reduced.

**Table 10.7 Floorspace Need in Redcar Town Centre Following Adjustment to its Market Share in Zone 1.**

Design Year	Non-Bulky Comparison Goods Floorspace Need	
	Sq m Net	Sq M Gross
2016	1,830	2,815
2021	2,355	3,620
2026	2,870	4,415

Note: Assumes a net to gross ratio of 65:100. Figures take into account any over/under-trading in the base year, increases in store productivities and commitments.

10.36 The quantum of floorspace need set out in **Table 10.7** are those that would need to be provided in Redcar town centre for it to retain half of the available spend within its own zone at each of the design years.

10.37 In practice, the target market share could be met by providing less additional floorspace in conjunction with one or more of the following:-

- re-occupation of existing vacant units (these were excluded from the needs assessment);
- more use of upper floors and/or basements for retail;
- change of use (eg. A2 and A3 to A1);
- improvements to the quality/configuration of existing units in order to attract better retailers and increase store productivities above trend – this would soak-up some of the growth in expenditure.

10.38 We consider there is an urgent requirement to facilitate the last of these actions (see later). Accordingly, the floorspace need estimates in **Table 10.7** are the ‘maximums’ that are required in order for Redcar to reach its target market share of 50% of available expenditure in zone 1 at each of the design years.

## SCENARIO 2: RE-DISTRIBUTING CONVENIENCE GOODS EXPENDITURE

### LOW GRANGE FARM DISTRICT CENTRE

10.39 In our base line assessment, we included the recently granted planning consent for a new superstore and adjoining small retail units at Low Grange Farm as a retail commitment. The adoption of constant market shares indicated that this scheme - effectively the new South Bank District Centre – would lead to a considerable over-supply of convenience goods floorspace within the South Bank area (zone 7) at 2016 and also the later design years of 2021 and 2026.



10.40 However, in practice, a large new superstore at this location – likely to be Tesco - would retain a much higher proportion of convenience goods spend in its own zone 7 (South Bank) and also attract additional spending from the adjoining zone 6 (Eston), as well as clawback significant monies that are currently leaking out of the Borough to zone 10 (Middlesbrough suburbs) and beyond. It would also soak up the over-trading that we believe is occurring in convenience goods stores within zone 7 at the present time, particularly the Asda at South Bank.

10.41 At **Appendix 7F**, we adjust the survey derived base year (2011) market shares in **Table 7** to reflect what we consider are achievable and realistic target convenience goods market shares for future food store provision in zone 7 (South Bank). These adjustments address the qualitative need issues arising out of our analysis in Section 7, and forms part of our Scenario 2.

10.42 At 2016, for example, we now forecast there should be scope, in terms of available expenditure, to support the new superstore at Low Grange Farm in zone 7; in fact, the convenience goods retail economy is predicted to be close to retail equilibrium at that year. By the end date of 2026, we forecast that there should be scope for an additional c.500 sq m net of convenience goods shopping floorspace in the area.

10.43 It should be borne in mind, however, that although under our Scenario 2 we indicate there is likely to be sufficient available expenditure to support the recent commitment, it does have implications for existing food store provision in nearby zones; in particular, it will clawback some of the spend currently generated in zones 6 and 7 that now flows to food stores in Redcar and Guisborough (we return to this later). However, a major source of trade for Low Grange Farm will be clawing back spend that currently leaks out of the Borough from zones 6 (Eston) and 7 (South Bank). On our figures, we estimate that the new scheme will reduce convenience goods leakage out of the Borough from zones 6 and 7 from 33% (now) to just 17% - a reduction of around a half over current levels. In addition, we anticipate a new superstore at Low Grange Farm will increase in-flow convenience spend to the Borough from the adjoining zone 10 (Middlesbrough Suburbs).

#### **EAST CLEVELAND**

10.44 Our assessment of qualitative need in Section 7 identified a 'gap' in East Cleveland for the provision of additional main food store shopping. Although a number of smaller convenience stores are located in this area, together with a Sainsburys at Saltburn, many residents nevertheless currently travel to Guisborough or Redcar for their weekly food shop.

10.45 It is not surprising therefore that developers/operators have also identified this geographical 'gap' in the market. We are aware that there are two major proposals for new food stores in East Cleveland. These are as follows:

- Land at Kilton Lane, South of Brotton: an application has been submitted for an out of centre mixed use scheme comprising a discount food store, petrol filling station, care home and residential development. We understand the supermarket will have a net floorspace of 1,700 sq m gross (1,275 sq m net).
- Land at Skelton Lane Industrial Estate: a public consultation has recently been carried out for a stand alone food-based store of 2,323 sq m net and a petrol filling station. An application has been submitted to the Council. We understand the store will contain c.1,510 sq m net of convenience goods shopping (65%) and 813 sq m of comparison shopping (35%).

10.46 Our base line retail floorspace needs assessment, which assumed constant market shares, concluded there is no need for any additional convenience goods floorspace in East Cleveland. However, the above proposals suggest there may be an opportunity to provide a new large food store in this area. Although population and expenditure growth in East Cleveland does not justify the provision of an additional store (based on current spending patterns), there are other factors that may need to be taken into consideration. These are as follows:

- Other than the Sainsburys at Saltburn, there is no large food store in East Cleveland that can adequately cater for the weekly main food trip.
- Accordingly, many residents in East Cleveland travel over relatively long distances to Redcar and Guisborough to carry out their bulk food shopping.
- This pattern of shopping is unsustainable and leads to high numbers of car borne trips and CO<sub>2</sub> emissions.
- It may also lead to a leakage of comparison goods expenditure from East Cleveland, as non-food spending is likely to be undertaken in Redcar and Guisborough on the back of a main food trip.

10.47 The household survey indicates that in zone 3 (Saltburn), the location of both proposals, 52% of the locally generated convenience goods expenditure currently flows to Redcar with a further 9% going to Guisborough. In the adjoining zone 4 (Loftus), 34% flows to Redcar and 29% to Guisborough. Thus across East Cleveland as a whole (zones 3 and 4) more than 60% of locally generated expenditure on convenience goods flows to major food stores at Redcar and Guisborough.

10.48 Existing consumer retail expenditure flows therefore indicates that there is the potential for a new main food store in East Cleveland, which would clawback much of the spend currently flowing out of the area

to Redcar and Guisborough. Such a store would fill a ‘gap’ in the current provision of main food stores within the Borough as a whole.

10.49 At **Appendix 7E**, we explore the scope that exists for providing additional large food provision in zone 3 (Saltburn). At **Table 7** we make adjustments to the market shares in order to reflect the target potential shares that are likely to be achievable and realistic in the future, whilst having regard to the attractiveness to consumers of existing food stores within Redcar and Cleveland Borough and the need to ‘protect’ the retail vitality and viability of defined centres. The market share of zone 3 is increased from 33% to 65% to reflect the location of new provision locally, whilst we also expect a new main food store in the Skelton/Brotton area to attract significant levels of trade from zone 4 (Loftus). We therefore increase Saltburn’s trade penetration in this zone from 1.8% currently to 40.0%. Lastly, we envisage a new main food store in the Skelton area would also attract trade from zone 8 (Whitby Hinterland). The market penetration of Saltburn in zone 8 is therefore increased from 0% to 20%.

10.50 Under our Scenario 2, we forecast the following levels of need for additional convenience goods floorspace within zone 3 (Saltburn) at each of the design years. (See **Table 10.8**)

**Table 10.8: Floorspace Need in Saltburn/Skelton/Brotton Area (Zone 3) Following Adjustments to Market Shares**

<i>Design Year</i>	<i>Convenience Goods Floorspace Need</i>	
	<i>Sq M Net</i>	<i>Sq M Gross</i>
2016	1,350	2,070
2021	1,450	2,230
2026	1,540	2,365

Note: Assuming a net to gross ratio of 65:100

10.51 It must be stressed that these levels of need are dependent on many assumptions (including sales densities) and are indicative only. They also do not take into account any additional expenditure that may be released through a new main food store diverting sales from existing convenience shops within the local area (zones 3 and 4). If this ‘impact’ was considered to be acceptable then this would increase the floorspace need totals in **Table 10** a little. Accordingly, the need estimates in **Table 10** should not be used as a substitute for a detailed retail capacity/impact assessment of any individual proposal (and a thorough independent review of such a study). Our initial assessment does suggest, however, that there is likely to be potential for only a single additional main food store in East Cleveland and that its size should be relatively modest in order to protect the vitality and viability of defined centres within the Borough.

10.52 Since the principal economic justification for a new store in East Cleveland is expenditure clawback then the Council should be aware that this will produce a loss of convenience goods trade in Redcar and Guisborough – primarily at the large food stores in both locations. We would also flag-up the issue of clawback vs trade draw/inflow; whilst the former is arguably positive (since it retains trade locally, and reduces car borne trips and CO<sub>2</sub> emissions), these benefits may be considerably reduced if the proposed store is of a size that draws both trips and trade from over a wider area, thus potentially significantly increasing the number of car journeys.

10.53 Our assessment is that both Redcar (zone 1) and Guisborough (zone 5) as a whole are both already under-trading in convenience goods shopping against benchmark turnovers (**Appendix 7E, Table 6**). Thus the loss of trade to any new main food store in East Cleveland should be considered carefully. On our estimates, by 2026, under-trading in Redcar (zone 1) will increase from £3.8 million to £11.5 million, whilst under-trading in Guisborough (zone 5) will have risen from £6.3 million to £7.1 million. Clearly, the main impact of a new main food store in East Cleveland will be on Redcar, and in particular the Morrisons and Tesco superstores. The household survey suggests that the Morrisons currently attracts the majority of trips from residents in zones 3 (Saltburn) and 4 (Loftus) so this store could expect to bear the brunt of any trade losses<sup>1</sup>. Unfortunately, it is located within a town centre that is itself in need of regeneration and enhancement. An independent, bespoke retail impact assessment should provide further details of the likely trading effects of any new proposal and enable the Council to come to an informed decision as to the pros and cons of granting consent to any application.

## CONCLUSIONS ON THE NEED FOR ADDITIONAL LEISURE DEVELOPMENT

10.54 PPS 4 categorises many leisure facilities and hotels as town centre uses<sup>2</sup> and accordingly they should be subject to town centre policies, including those relating to need, scale, the sequential approach and impact. This approach is already adopted by the Council in its Core Strategy (Policy CS18). Moreover, we note the 2,500 sq m gross threshold for impact studies in PPS 4.

10.55 Our leisure assessment in Section 8 concluded that there is a need for a new cinema in the Borough, in addition to the existing cinema. It should preferably be located in Redcar town centre. We also identified scope for a swimming pool and a bowling centre in the town. Cafes/restaurants and pubs/bars were also considered appropriate uses throughout the hierarchy of centres, since new provision would help clawback trips made to such facilities outside the Borough and improve the diversity of centres.

<sup>1</sup> According to the household survey, the Morrisons attracts 37% and 13% of available convenience goods expenditure from zones 3 and 4 respectively, whilst the Tesco attracts 14% and 7% of spend respectively.

<sup>2</sup> See definition at paragraph 8.3 of PPS 4.

10.56 Set against this identified need, we understand that the Council has recently granted outline planning permission for a new leisure and community centre at Coatham Road in Redcar town centre. We understand that this new facility will include a 25 metre swimming pool. In addition, two further planned schemes will significantly enhance the leisure/catering provision in Redcar town centre for both residents and tourists. These are the Vertical Pier on the Esplanade and a state of the art centre for young people (My Place) to be located on Majuba Road. The completion of these schemes, which are important components of Redcar’s wider regeneration, will go a long way towards meeting the need for improved leisure facilities within the town.

10.57 In relation to hotels, we concluded in Section 8 that there was scope for providing a new budget hotel in Redcar to capitalise on the growth in visitor numbers expected following the regeneration programme and development of new tourist facilities such as the Vertical Pier. We recommend that any proposals that come forward should be directed towards the town centre in accordance with PPS 4. Elsewhere in the Borough, we feel that there may be scope for another budget hotel and/or small boutique hotel in the Guisborough area<sup>1</sup>, capitalising on the town’s role as a visitor attraction and its proximity to the North York Moors and Roseberry Topping.

10.58 Given the modest size and poor vitality and viability of a number of the centres in the Borough, we recommend that consideration is given by the Council to introducing a lower threshold for leisure impact assessments. As a guide, we suggest the following floorspace thresholds which tie in with the three broad categories of leisure facility identified earlier at paragraph 6.39.

<b><u>Use</u></b>	<b><u>Threshold</u></b>
Theatres, Concert Halls, Casinos and Ice Rinks	2,500 sq m
Bingo Halls, Cinemas, Nightclubs and Bowling Centres	1,500 sq m
Cafes, Restaurants, Pubs, Bars Health Clubs, Gyms, Swimming Pools, Leisure Centres, Museums and Libraries	1,000 sq m

## CONCLUSIONS ON THE NEED FOR ADDITIONAL OFFICE DEVELOPMENT

10.59 Existing office supply within Redcar and Cleveland Borough is modest, with more than half of floorspace located in Redcar. Most of the recent demand for office space has also been in the town, but levels of

<sup>1</sup> A Premier Inn is already located on the A171 west of Guisborough.

take-up have been low with virtually nothing since 2009. In fact, over the past five years, take-up in Redcar and Cleveland Borough has been running at only 10% of that for Middlesbrough.

- 10.60 On our estimates, actively marketed office space in the Borough represents almost six years supply and is therefore adequate to meet likely requirements for the foreseeable future based on past trends and current levels of occupier demand. The location of the new Tees Valley Enterprise Zone could have a positive impact on these figures.

## STRATEGY RECOMMENDATIONS

### PLANNING CONSIDERATIONS

- 10.61 Redcar town centre in planning terms is the principal shopping destination in the Borough. However, it is struggling to maintain historic levels of vitality and viability, voids are at a high (though reducing) level and the household survey indicates that the town's retail economy is under-trading against benchmark turnover. Accordingly, a positive policy stance should be taken towards the promotion of the town centre, in order to avoid future decline relative to competing centres (eg. Middlesbrough), which are likely to strengthen their retail offers. There is also competition with district centres in the Borough and more significantly out of centre locations (eg. the Cleveland Retail Park within the Borough and the Teesside Retail Park outside) for non-bulky comparison goods trade, which is likely to intensify as landlords manage their assets to secure increased returns. Accordingly, we recommend a strong town centre first approach in order to maximise the prospects for new development coming forward which will enable Redcar town centre to compete with larger centres elsewhere, and to control the level and type of competition with other retail facilities within the wider Borough area. This policy approach is already in place in the Council's Core Strategy Policy CS18.
- 10.62 We consider that the primary role of the town centre is the sale of non-bulky comparison goods and that it should be the leading destination for the sale of these goods in the Borough. It is the improved offer of this type of product which will enable the town centre to compete more effectively with other large centres and other provision across the Borough, and to trade in a more sustainable manner. We therefore recommend that the Council supports and/or facilitates measures aimed at enhancing the quality and quantity of the town centre's retail accommodation and retail offer. Consistent with this approach, we recommend that the Primary Shopping Area is extended to include Regents Walk, which provides an important 'shopping' pedestrian link between Morrisons and the High Street (see later).
- 10.63 Although Redcar town centre already performs a main food shopping function (eg. Morrisons on Lord Street) we do not consider this function as essential to its future vitality and viability as improved non-bulky comparison goods provision. Nevertheless, we recognise that the Morrisons, and also the edge of centre Tesco on West Dyke Road, enhance the town centre's retail offer, broadens its function, and

generate additional expenditure through linked shopping trips, which also facilitate sustainability benefits. Town centre locations also provide accessibility to large food stores for non-car users.

- 10.64 The wider Borough has a large number of other district and local centres with many offering only limited shopping facilities, including small scale and local level convenience goods. Policies at these centres should aim to maintain existing levels of retail provision and, where appropriate, encourage and facilitate new small scale retail facilities.
- 10.65 Guisborough is by a significant margin the largest district centre in the Borough, yet appears to be under-performing in retail terms. We recommend that a (new) Primary Shopping Area is designated which should help create a more vital and viable retail heart to the centre (see later).
- 10.66 Turning to out of centre, we note there is potential for the Cleveland Retail Park (and other out of centre retail warehouses) to change the nature of the goods they sell and thereby to compete even more directly with Redcar town centre and other centres for the sale of non-bulky comparison goods. Accordingly, we recommend that the sale of comparison goods on these retail parks be restricted primarily to the sale of bulky goods so as to ensure that they do not evolve further into high street comparison goods centres, which could undermine the continued vitality and viability of Redcar town centre and other centres in the Borough.
- 10.67 In planning for new (large unit) provision of bulky comparison goods floorspace to meet any future need, the Council should have regard to the policies set out in PPS 4, in particular the sequential approach to site location. However, given the primary role of Redcar town centre as a non-bulky comparison goods destination, then, in practice, out of centre retail parks may be considered to be appropriate locations for this form of large unit bulky goods shopping. We would recommend that sites on existing retail parks are fully utilised prior to allocating land for any additional parks.
- 10.68 We anticipate that there may be further pressure to convert existing out of centre bulky comparison goods stores to non-bulky goods outlets and whilst such proposals will need to be considered in accordance with national policy, we are concerned such proposals could further undermine the vitality and viability of Redcar town centre if they come forward before significant non bulky comparison goods improvements are secured in the town centre.
- 10.69 Our main 'baseline' assessment does not identify any significant quantitative need for new convenience goods stores in the Borough. However, this is predicated on maintaining 'constant market shares' through to 2026. We have considered the merits of re-distributing convenience goods trade within the Borough and the potential for clawing back leakage from outside, particularly in zones 6 and 7. This analysis suggests there is scope for the proposed Low Grange Farm District Centre and a new single main food store in East Cleveland, although this should not be too large. We recommend that the Council gives due consideration to the likely impact of any application on existing defined centres in the Borough.

## RETAIL AND LEISURE CONSIDERATIONS

10.70

Our centre audits and quantitative and qualitative research and analysis gives rise to a number of retail and leisure considerations for Redcar town centre and the district centres. These are as follows:-

### REDCAR TOWN CENTRE

- Pro-actively plan to improve the quality and quantity of non-bulky comparison goods shopping provision in the town centre
- Potential to 'combine' adjacent units to create larger stores more suitable for multiple retailers
- Increase catering provision in the town centre in line with national trends and local needs, but not additional hot food take-away units, which should not be permitted.
- Decrease vacancies - continuation of existing proactive activity
- Small scale retail development in targeted areas of the town centre – demolition and rebuild
- Capitalise on changing footfall patterns driven by new Civic Quarter and seafront activity
- Increase connectivity to seafront
- Provide more eating oriented provision (linked with less drinking in the Late Opening Zone and town centre)
- Continue policing/monitoring of take-away and closed day-time shop fronts
- Provide a new swimming pool
- Potential for a new cinema (in addition to the existing cinema)
- Potential for a bowling centre
- Potential for a new budget hotel
- Potential to reduce the boundary of the Town Centre (see paragraph 10.98 below)

### GUISBOROUGH DISTRICT CENTRE

- Permit additional catering units, albeit not take-away units or in the proposed Primary Shopping Area (see paragraph 10.94 below)
- Within the defined Primary Shopping Area permit up to 25% of units to be either quality food / catering (for on premises consumption) or other service related retail. Hot food takeaways are not to be permitted. This will help to improve the vitality and viability for a centre of this type and size, and help underpin its late afternoon and evening economy.
- Build on the existing quality public realm
- Identify opportunities to enhance the retail mix in line with customer profile



- Build on core of quality independents along Chaloner Street
- Address visible and high profile vacant units
- Introduce events programme to help create a centre that has a larger draw.
- Consider actioning a retail strategy and action plan (similar to Redcar)
- Potential for a new budget hotel and/or small boutique hotel
- Potential to reduce boundary of the District Centre (see paragraph 10.94 below)

### MARSKE DISTRICT CENTRE

- Improve pedestrian connectivity across and around the 'square'
- Potential re-development of blocks around the square to improve the quality of shops and shop fronts
- Provide further assistance to local traders to help them improve their shop fronts
- Improve public realm to facilitate outdoor seating and trading (eg. visiting market)

### SALTBURN DISTRICT CENTRE

- Improve connectivity and signage to promote both parts of the district centre (north and south of the station)
- Consider how the retail offer might be allowed to expand, not by major development but by infill developments and/or additional temporary/seasonal space
- Additional emphasis on the many local independent specialists
- Potential for a visiting weekly market in Station Square (in addition to present monthly Farmers Market)

### LOFTUS DISTRICT CENTRE

- Improvements to shopper facilities, access, movement, parking and public realm
- Consolidate retail area to create critical mass and visible impact (see paragraph 10.92 below)

### ESTON DISTRICT CENTRE

- Continue with refurbishment/redevelopment plans
- Secure development interest, if not in place already

- Consider uses to drive footfall and those that are appropriate to the local customer needs
- Encourage full day opening and broad appeal of food & beverage offer

## SPECIFIC RETAIL ADVICE

10.71 In addition to the assessment of retail floorspace need and policy recommendations presented above, the Council also required guidance on a range of specific issues (these being listed in the Brief). We now deal with each of these in turn.

### **OPPORTUNITIES FOR EXPANDING THE NIGHT TIME ECONOMY**

10.72 The Brief for this study is more broadly based than that for a dedicated Leisure and Evening Economy Study. Nevertheless, it is clear that Redcar town centre is under-provided for in regards to family entertainment and catering facilities. Although the development of the Late Opening Zone has succeeded in the containment of late night alcohol consumption at the eastern end of the town centre, its single focus has reduced usage by many Redcar residents and has resulted in other anti-social behaviour issues.

10.73 In Redcar we believe there is the requirement for a stronger food / catering provision, focusing on family oriented day and evening eating establishments. The presence of more family facilities in the eastern area of the town centre will reduce the dominance of the 'vertical drinking' establishments. We also believe there is the opportunity to link the family dining / eating to the increased tourist / visitor numbers as a result of the seafront regeneration. The logical locations for an extended night time economy offer with an 'eating' focus will be in the existing Late Opening Zone and to the west of the town centre on the connecting roads to the seafront. The Late Opening Zone can be retained as a designated area. However, the objective should be to introduce more family focused eating establishments to increase the diversity of mix and reduce the negative connotations associated with pure drinking focused Late Opening Zones. The introduction of more family catering in this area (and other parts of the town centre) will also help the Council to achieve its Purple Flag Award in due course.

10.74 The offers at the eastern end of the High Street/promenade could link to the 'fishing heritage' of the cobbles creating both a day time leisure destination and an evening eating/dining destination. Benchmarks include the seaside towns of Whitstable and Padstow. There may also be a smaller scale opportunities for enhancing the evening economy in Guisborough and some of the other district centres. This could include developing in town 'gastro pubs', which would retain more people locally.

## IMPROVED USE OF UPPER FLOORS

- 10.75 Clearly a lot of the smaller retail units across the Borough have small upper floors and in many centres these are often visibly empty. Unfortunately they do not make good secondary selling space for retailers, as the loss of space on the ground floor to provide shopper access to the upper floors makes the exercise uneconomical.
- 10.76 However, the upper floors, and in particular the windows, could be used as visible promotion spots. It may be appropriate to consider a dedicated programme of enlivening upper floor windows to help promote the ground floor businesses.
- 10.77 Another opportunity that could be exploited is the growth in health and beauty providers. These professional services can trade from first floor premises providing they have independent access.
- 10.78 The Council might also consider targeting upper floor premises for accommodation, either as small offices and/or residential. The added benefit of on-site residential communities is increased footfall and retail spend in centres, and greater usage of evening/night time facilities. We understand that the Council is to undertake a formal survey of upper floor uses.

## BRINGING EMPTY PROPERTIES BACK INTO USE

- 10.79 The existing Town Centres Management Team has achieved considerable success in 'filling' vacant units. The existing initiatives, which include a pro-active promotional campaign to attract retailers to the town, should be continued. This campaign has identified a sequence for targeting retailers suitable for empty units (or combining empty units). A key stage is to secure the support of current property owners and local agents.
- 10.80 The Redcar Town Centre Retail Regeneration Strategy has set out how the town might collectively be improved and better occupied.
- 10.81 The District Centres of Eston and Loftus have the greatest percentage of vacant units. Any proposals that may come forward to improve the quality of the retail floorspace in Eston should be supported. Loftus has two principal elements to its centre and a long linear layout. It would benefit from a reduction in its retail area and boundary (see paragraph 10.94 below). However, any reduction would need to be part of a comprehensive plan to improve the customer appeal and ease of use.

## INTRODUCTION OF POTENTIAL DEVELOPMENT SITES

10.82 These are restricted to Redcar town centre, where there is the biggest qualitative need for improved retail quality and consumer choice. Potential sites are identified on Map A in **Appendix 9** and include:

- between West Terrace and Dundas Street
- the area bordered by Station Road, Queen Street, West Terrace and Cleveland Street
- the former Iceland plot; and
- the Wilkinson block to King Street.

10.83 We do not, however, envisage large scale development along the lines of Regent Walk and Morrisons. It would be of benefit to create large footprint units, including mezzanine floors, to accommodate larger branded operators and to extend the prime retail area. Any new scheme should also aim to improve the retail circuit and links to/with the seafront.

10.84 The principal remaining retail development site within the Borough is the new District Centre at Low Grange Farm, South Bank. Planning permission has been granted for a large Tesco superstore and five adjoining units, together with proposed leisure uses and a pub/restaurant. This is in addition to the existing health centre and library which have been recently built. The Tesco scheme has been included as a retail commitment in the retail floorspace needs assessment. The location and boundary of the proposed District Centre is shown on Map D in **Appendix 9**.

## FLOORSPACE THRESHOLDS FOR RETAIL IMPACT ASSESSMENTS

10.85 National policy requires applicants to prepare impact assessments for edge of centre and out of centre retail and leisure developments over 2,500 sq m gross. However, PPS 4 (Policy EC3.1d) permits local authorities to set specific floorspace thresholds in their LDF's.

10.86 This report has demonstrated that a number of the centres within Redcar and Cleveland Borough have experienced the effects of retail competition over the past decade or so, and a major cause of this has been the cumulative impact of competing retail facilities out of centre both within and outside the Borough. As a result, a number of existing centres are currently experiencing average or poor levels of vitality and viability. As shown in **Table 6.2**, a significant 46% of retail sales floorspace in the Borough is now located in edge of centre and out of centre stores. Clearly, permitting further significant edge of centre and out of centre retail development in the Borough (particularly in non-bulky comparison goods) could impact adversely on strategies for improving centres and potential planned investment.

10.87 As a result, we recommend that the Council gives consideration to adopting in its LDF a **lower** threshold for impact assessments than the 2,500 sq m gross given in PPS 4. The relatively small size and vulnerability of many centres within the Borough supports this view. Accordingly, we feel that a threshold of 1,000 sq m gross is more appropriate where an application site is on the edge of Redcar town centre or out of centre where the nearest centre (in terms of drive time) is Redcar town centre. In edge of centre or out of centre locations where the nearest centre is a district or local centre, we recommend that the threshold is reduced even further to 500 sq m gross. These thresholds have been set at levels commensurate with the role, size and location of existing centres. We believe they represent an appropriate balance between flexibility and the requirement for applicants to demonstrate that their retail proposals will not undermine the viability and vitality of nearby centres.

10.88 Retail development within defined centres should normally be within the floorspace capacities used in LDF preparation and so it is assumed that generally no further assessments are required. However, we consider that the advice in PPS 4 on retail centre hierarchy is important and therefore suggest that any retail planning application which increases retail floorspace in any defined centre by 10% or more<sup>1</sup> should be subject to a retail impact assessment. The level of detail will depend on the nature of the scheme, the 'health' of the centre in which it is located and the proximity and character of nearby centres which may be affected.

10.89 The scope of and need for retail impact assessments should be confirmed with the local planning authority in pre-application discussions.

#### REVIEW OF RETAINED APPROACH SET OUT IN POLICIES 'SAVED' FROM THE LOCAL PLAN

10.90 In Section 3, we set out those policies 'saved' from the 1999 Local Plan. These are mainly policies dealing with specifics rather than overall strategy. Our comments on the saved retail/leisure policies are as follows:-

- **Policy SH3** – we support the continued designation of a Primary Shopping Area (PSA) in Redcar Town Centre and, in fact, recommend that it is extended to include Regents Walk (see paragraph 10.94 below). We recommend that within the enlarged Primary Shopping Area, Class A1 retail outlets<sup>2</sup> should predominate in ground floor premises. The comparison goods retail offer in Redcar Town Centre, as the borough's principal shopping area, needs to improve and grow. The PSA already contains non A1 uses and as such the emphasis for new uses should be A1. We are aware that the town centre management team are keen to improve the quality of the retail offer and have initiatives to do so. Accordingly, we

<sup>1</sup> The 10% figure is a guide and current consumer expenditure expectations might justify a lower figure.

<sup>2</sup> Other than shops, Class A1 also includes hairdressers, undertakers, travel and ticket agencies, post offices, sandwich bars, hire shops, dry cleaners and internet cafes.

recommend that no more than 10% of units within the extended PCA (including any existing non A1 units) should be non A1.

- **Policy SH7** – we believe that food and drink uses play an important role in attracting and retaining residents and visitors in town, district and local centres. Our study has identified a need for more family orientated food and beverage establishments in many of the Borough's centres, which will broaden the appeal of these centres to the consumer market. This Policy should, however, be restricted to A3 and A4 uses only.
- **Policy SH8** – we comment on policy towards Redcar's late opening zone below.
- **Policy SH9** – we support the continuation of this policy on the location of amusement centres in Redcar and Saltburn. Given the extensive seafront regeneration activity in Redcar, it may be necessary to review the boundary roads defining the location for amusement centres and arcades in Redcar. However, we recommend that they should normally only be permitted on the Esplanade. This policy might be reviewed after completion of the regeneration works.
- **Policy SH10** – we support the continuation of this policy on the location of amusement centres in District Centres. However, approvals should only be within the defined centres, but outside of defined Primary Shopping Areas.
- **Policy SH12** – we support the continuation of this policy restricting retail development on industrial estates, but recommend that applicants are requested to apply the sequential and impact tests in line with PPS 4. The Council should also retain a maximum size threshold of 200 sq m gross for any individual unit selling convenience goods in order to protect the vitality and viability of nearby town, district and local centres. All proposals for non-bulky comparison goods retailing should be resisted on industrial estates and indeed at any out of centre location within the Borough. Bulky comparison goods may continue to be permitted, where no sequentially preferable sites are available, subject to passing the impact test.

## REVIEW OF COUNCIL'S INTERIM HOT FOOD TAKEAWAY POLICY

10.91

The Council's interim policy on Hot Food Takeaways is reproduced in **Appendix 8**. In view of the conclusions of this study, particularly those relating to the existing health and trading performance of centres and the need to broaden their food and beverage offers to appeal to the 'family' market, we fully endorse the thrust of this policy across all town, district and local centres within Redcar and Cleveland Borough. Specifically, the existing policy of no more than 5% of units or two adjacent units is fully supported.

10.92 In relation to Redcar town centre, however, we believe that the Council should restrict the opening of hot food takeaways in ground level premises within the Primary Shopping Area.

### TOWN, DISTRICT AND LOCAL CENTRE BOUNDARIES

10.93 We consider it entirely appropriate that existing town, district and local centres have boundaries, since these will identify the areas which are ‘first choice’ locations for new retail, leisure and office development under the sequential approach of PPS 4.

10.94 We have reviewed the boundaries of centres as currently defined by the Council in the light of the PPS 4 centre definitions (see **Appendix 1**) and the results of this study. We recommend the Council give consideration to re-defining the boundaries of the following centres:-

- **Redcar Town Centre (Map A)** – we recommend that the existing Primary Shopping Area is extended to include Regents Walk, which connects Morrisons with the High Street.

In addition, we suggest that the Council gives consideration to reducing the footprint of the town centre by excluding the western area of the existing centre, but not the area around the proposed leisure centre. In fact, the existing town centre boundary has been extended to include the proposed leisure centre.

We do not believe that the eastern end of the high street should be removed from the town centre, since this area offers potential for redevelopment and/or an improved food offer in line with the Redcar Town Centre Retail Regeneration Strategy Study recommendations.

- **Guisborough District Centre (Map B)** – as the largest district centre, and the second largest retail centre in the Borough, we recommend that a new Primary Shopping Area is introduced. This should assist in strengthening the town’s retail economy.

In addition, we suggest that a small, mainly residential area is excluded from the definition of the District Centre.

- **Loftus District Centre (Map C)** – the current footprint of this centre is far too large to meet present consumer needs or retailer requirements; in particular, it straddles the A174 over a considerable distance. We recommend that the area of the defined district centre is reduced. Map C suggests two alternative boundaries. The smaller reduction would still leave relatively high numbers of voids and ‘poor’ shops. The bigger reduction should only be implemented in conjunction with a comprehensive programme of townscape and environmental improvements.
- **Low Grange Farm District Centre (Map D)** – the proposed boundary of the District Centre is shown on the map.

10.95 We do not recommend any further changes. Therefore, the remaining district and local centre maps replicate the existing boundaries as defined by the Council.

10.96 Maps of each town, district and local centre with the recommended (revised) boundaries identified as appropriate are reproduced in **Appendix 9**.

## MONITORING FRAMEWORK

10.97 This report has been prepared on the basis of a snapshot of the base line information available in 2011, projected forward using the best available information and techniques. The retail sector is, however, an especially dynamic one, dependent not only upon the national economic climate but also upon how particular towns are faring in respect to their neighbours. The objective of a planned approach is to ensure provision of retail facilities in accordance with the principles of sustainable development and which meet the needs of local people. It is therefore essential to monitor how centres are performing in terms of actual provision, and also whether the base line assumptions are being borne out in the future economic climate.

10.98 Accordingly, it is recommended that the following factors are monitored on a regular, if not annual, basis:-

- **Population Growth** – increasing population is one of the primary determinates of the need for additional retail floor space. It is recommended that the projection of population growth adopted in the quantitative retail floorspace assessment in this study is reviewed on a regular basis.
- **Expenditure Growth** - Estimates of expenditure per person are also important to assessing the need for new retail floorspace. Such estimates can change significantly with fluctuations in the national economy. It is recommended that levels of annual growth be reviewed on a regular basis.
- **Existing Retail Floorspace** – the quantum of existing retail floorspace is one of the key inputs into a retail floorspace needs assessment, since it is crucial in the assessment of whether the present retail economy of a centre, or store, is over or under trading (a requirement of PPS 4). This report has estimated the quantum of retail floorspace throughout the Borough, drawing on a range of sources including the Council's own annual monitoring surveys. It is recommended in future, however, that a specific retail floorspace survey be undertaken on a regular basis to more accurately measure existing in centre and out of centre floorspace. The assessment should seek to differentiate between:



- retail goods floorspace categories - split between convenience goods and non-bulky and bulky comparison goods (not just by Use Class);
  - ideally, sales floorspace should be measured or estimated;
  - retail services (eg travel agents, hairdressers, book makers);
  - banks and other financial and professional institutions;
  - pubs and restaurants (including takeaways);
  - vacancies (number and distribution broken down by former use where known).
- **Changes in Retail Floorspace** - a register of new retail planning permissions should be maintained. It should categorise development by the type of goods sold (non bulky, bulky and convenience), the gross and net floorspace, including net additional floorspace where an existing retail facility is redeveloped, and should identify any restrictions on the range of goods which can be sold.
  - **Commercial Indicators of Vitality and Viability** – it is possible to obtain other indicators of how centres are functioning, in particular rental levels, yields and retailer requirements. These indicators are notably uncertain in the current economic climate but as a generality provide an indication as to how a centre is performing over time and in comparison with other centres. A time series database should be established to allow comparison between centres on an established set of parameters over time.
  - **Shopping Patterns** – The shopping patterns identified by the (2011) household survey in this study will change over time due to improved transport facilities and the development of new shopping provision, or the improvement of existing retail facilities. The survey should therefore be updated so as to allow the impact of changes in provision to be identified. A five year review period is considered appropriate.
  - **Town Centre Healthchecks** – in order to develop and maintain an understanding of how centres are performing and changing over time, regular town centre “healthchecks” should be undertaken to augment the commercial indicators of vitality and viability. Again the key objective is to collect data on a range of indicators which can be used to undertake a time series analysis for an individual centre and allow comparison with other centres. The range of indicators on which data is collected is extensive. However, the main ones are set out overleaf. As a minimum it is recommended that data is collected on the number and types of occupiers and the number of vacancies.

### TOWN CENTRE HEALTHCHECK INDICATORS

- Diversity of town centre uses
- The amount of retail floorspace in centre, edge of centre and out of centre
- The potential capacity for growth or change of centres in the network
- Retailer representation and intentions to change representation
- Shopping rents
- Proportion of vacant street level property
- Land values
- Accessibility
- Yields
- Pedestrian flows
- Views of shoppers
- The perception of safety and occurrences of crime
- State of town centre environmental quality

10.99 As a further option, the preparation of trader plans for each centre to show the names and type of business present is also recommended. Whilst these plans can be time consuming to produce in the first instance, they can subsequently be updated quickly. Their benefit is that they provide an easily referenced pictorial record of retailers and other uses present in a centre, where they are located and how that representation changes over time. This information can greatly assist in analysing how a centre fares in the light of new competition and/or changes in planning policy, and identifies any gaps in retail provision.

10.100 Annex D of PPS 4 lists in full the indicators that should be used to monitor the health of town centres.



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