Appendix 3: Aspinall Verdi Market Report

Market Report

Derby Retail Study

Derby City Council

Derby City Council

January 2019

Private and Confidential

Quality Assurance

Date	31 January 2019
Version	V13
Filename and path	S:_Client Projects\1709 Derby Retail & Town Centre Study_Nexus Planning_Reports\190405 Derby Retail and Town Centre Study_v12.docx
Checked by	
Authorised by	

Limitation

Aspinall Verdi

Contents

Executive Summary

Report

1	Introduction	6
2	National Market Overview	8
	Retail	9
	Leisure	13
3	Derby City Centre - Retail	16
	High Street Retail	17
	Intu Shopping Centre	21
4	Derby City Centre – Leisure	22
	Food & Beverage - Market Activity	22
	Hotels - Market Activity	26
	Urban Leisure Space - Market Activity	30
5	New Retail Development	33
	Uttoxeter New Road	36
	College Retail Park	36
	Former Fireplace Workshop	36
	Former Derbyshire Royal Infirmary	37
	Castleward Masterplan Area	38
	Friar Gate Goods Yard	38
	Summary	39
6	Derby City Centre - Office Supply	40
7	Derby City Centre – Residential Development	44
	Sales Values	45
	Rental Values	48
8	Conclusions	51
	Retail Summary	51
	Leisure Summary	52
	Office Summary	53
	Residential Summary	53
	Key Outcomes	54

Tables & Figures

Table 1.1 - Structure of Report	6
Figure 2.1 - The Deloitte Consumer Tracker Q1 2018	8
Figure 2.2 - Wage Growth versus Inflation	9
Figure 2.3 - Anticipated Space to be Lost to Collapses in 2018	10
Figure 2.4 - Retail Take-Up by Year	11
Figure 2.5 - Applications for New Retail Space by Location	12
Figure 2.6 - Applications for Change of Use from Retail to Other Uses	13

Figure 2.7 - Food & Beverage Lettings by Share of Total Retail Deals (%) 13
Figure 2.8 - Variation Between Lowest & Highest Menu Options (£) 14
Figure 3.1 - Area of Research 16
Figure 3.2 – Occupational Leasehold Deals for High-Street Retail Space 17
Figure 3.3 – High Street Retail Space Available to Let 18
Figure 3.4 - Breakdown of New Stock by Total Floorspace (Sqft) 18
Figure 3.5 - Freehold Deals for High-Street Retail Space 19
Figure 3.6 - Investment Sales for Retail Space 20
Figure 3.7 - Occupational Leasehold Deals in Intu Shopping Centre 21
Figure 4.1 - Existing Supply of F & B Space 22
Figure 4.2 - Food & Beverage Lettings in Derby, by Location 23
Table 4.1 - Food & Beverage Lettings in Derby 23
Figure 4.3 - Evolution of UK Hotel Supply 27
Figure 4.4 - Hotel Room Openings by Region and Class (Q1-Q3 2018) 28
Figure 4.5 - Overnight Accommodation in Derby by Type 28
Figure 4.6 - Urban Leisure in Derby City-Centre 31
Figure 5.1 – Live Planning Applications including Retail Uses 33
Figure 5.2 – Retail (A1-A2) Change of Use Applications, Derby City Council 33
Table 5.1 - Live Planning Applications (Excluding Local Centres) 34
Figure 5.3 – Former Fireplace Workshop, Wyvern Retail Park and Derby Triangle 37
Figure 6.1 – Derby City-Centre's Commercial Make-Up (Left) vs National Average (Right) 40
Figure 6.2 - B1 Office Availability, Property Link 40
Table 6.1 - B1 Office Availability by Location and Grade of Space 41
Figure 6.3 - Breakdown of Grade B Office Supply 42
Figure 7.1 - House Price Index for Apartments and Maisonettes, by Area 45
Figure 7.2 - DE1 Zoopla Area Stats 46
Table 7.1 - Sold Price Data for New Apartments in Derby City Centre (Since 2017) 46
Table 7.2 - Asking Prices for 1-Bed Apartments 47
Table 7.3 - Asking Prices for 2-Bed Apartments 48
Table 7.4 - 1-Bed Monthly Rents (£) between April 2017 and March 2018 48
Table 7.5 - 2-Bed Monthly Rents (£) between April 2017 and March 2018 49
Table 7.6 - Asking Rents for 1-Bed Apartments 50
Table 7.7 - Asking Rents for 2-Bed Apartments 50

Appendices

Appendix 1 – The Grimsey Review 2, 2018

Appendix 2 – Residential Completions and Commitments

1 Introduction

1.1 AspinallVerdi has been appointed as sub-consultants to Nexus Planning on a Retail and Centres Study to support the preparation of Derby City Local Plan Part 2. A distinct, but complementary element of the wider study is to consider the appropriate approach to future planning policy and related matters in the City Centre in the context of the retail assessment findings. This report provides the market context to that advice. **It should be noted that the planning and property market research was carried out during the spring and summer of 2018.**

1.2 Derby City Local Plan Part 1, which was adopted in January 2017, sets out the strategic growth priorities for the period 2011-2028. This includes a requirement for 11,000 new homes to be built within the city and identifies 199 hectares of new employment land. There are also a further 7000 new homes planned around the edge of the city in the Derby Urban Area.

1.3 Part 2 of the Local Plan provides an opportunity for Derby City Council to expand upon the principles of Part 1 through the identification of non-strategic development opportunities and the creation of detailed development management policies to promote and shape development proposals.

1.4 This report provides strategic level market advice and commentary with respect to how a number of projects and sites can be incorporated into the planning and related regeneration strategies for Derby City Centre. In so doing the report will contribute to advice on:

- the decision making of Derby City Council in the local plan process;
- the planning application decision making; and
- the direction of travel up to and beyond 2028 in terms of capitalising on the growth and regeneration potential of Derby.

1.5 The structure for the remainder of this report is as follows:

Table 1.1 - Structure of Report

Chapter	**Overview**
Chapter 2 – National Market Overview	Summarises the current state of the retail and leisure markets more generally to provide some context for the City-Centre analysis.
Chapter 3 – Derby City Centre, Retail	Analysis of deals done and current availability for A1 retail in Derby, with a comparison between the high-street and Intu Shopping Centre. We also consider live planning applications which incorporate retail.

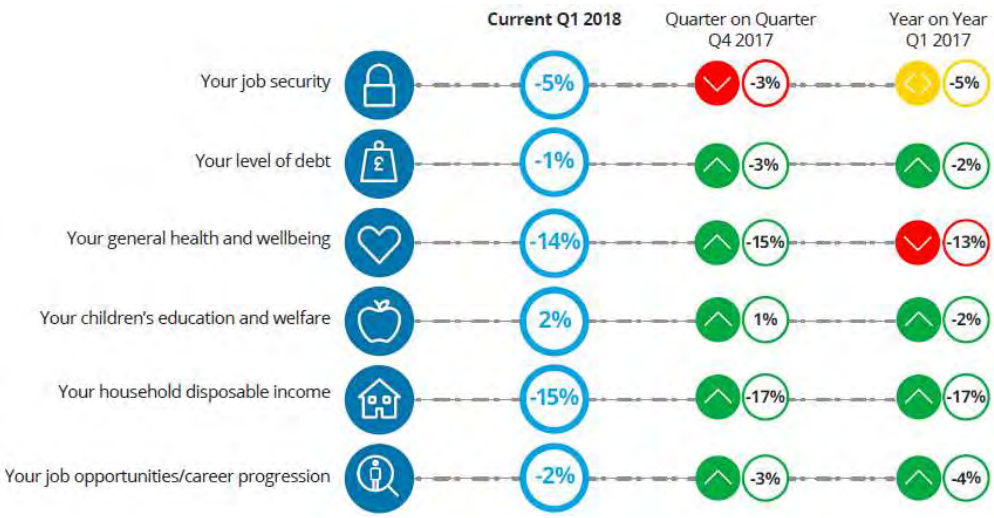
Chapter	Overview
Chapter 4 – Derby City Centre, Leisure	Analysis of deals done and availability of leisure space within Derby City-Centre, this is broken down into food and beverage, hotels and 'urban leisure' i.e. traditional and civic leisure as well as more active forms of leisure such as trampoline parks.
Chapter 5 – Conclusions	Summary of the market paper and recommendations which feed into the main report.

2 National Market Overview

2.1 Using secondary research sources, this section provides an overview of the national retail and leisure markets to give some context to the analysis at a city-centre level.

2.2 When considering the performance of the retail and leisure sectors, it is useful to understand the wider economic trends and the Deloitte Consumer Tracker[1] provides an overview of consumer spending confidence. The figure below shows that aside from education and welfare of children, consumer confidence is low with disposable income, health and wellbeing and job security, key concerns

Figure 2.1 - The Deloitte Consumer Tracker Q1 2018



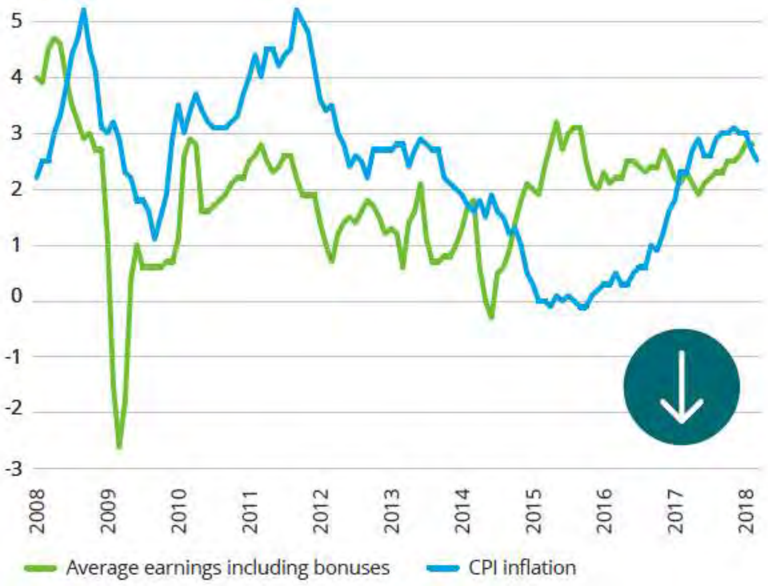
Source: Deloitte Consumer Tracker Q1 2018

2.3 The infographic above shows that disposable household income is the biggest concern to consumers. Figure 2.2 below shows that there has been an extended period of low wage growth with rising prices. The graph does suggest however that inflation is falling again and this will favour the consumer. However, forecasters are cautious about suggesting this will result in an increased spend and therefore anticipate the market will remain a tough place to operate amidst uncertainty and challenges revolving around:

- Business rates
- National Living Wage and pension costs
- Import and export costs
- Value of the pound
- Rise of online shopping
- Brexit ?

[1] The Deloitte Consumer Tracker Q1 2018

Figure 2.2 - Wage Growth versus Inflation



Source: Thomson Reuters, The Deloitte Consumer Tracker Q1 2018

Retail

2.4 Market Research reports and the media are predicting 2018 to be 'the year of the Company Voluntary Agreement' (CVA[2]). Negative headlines related to retail have been commonplace in both national newspapers and property journals.

2.5 Concern for the high-street in particularly has led to the former Wickes and Iceland Chief Executive Bill Grimsey to produce a second review looking at the challenges facing high street and town centres. The document which was published on July 4th 2018 (see Appendix 1) follows an earlier review in 2013 which made recommendations relating to:

- Government leadership and intervention
- Using change of use rights to improve vacancy within centres
- Business Rates
- Car parking strategies
- Introducing compulsory requirements from operators and developers

2.6 Much of the above is unchanged but the new Grimsey report makes twenty-five recommendations relating to:

- Smarter use of technology – in particular, provision of broadband and Wi-Fi to connect work places and enable more flexible working.

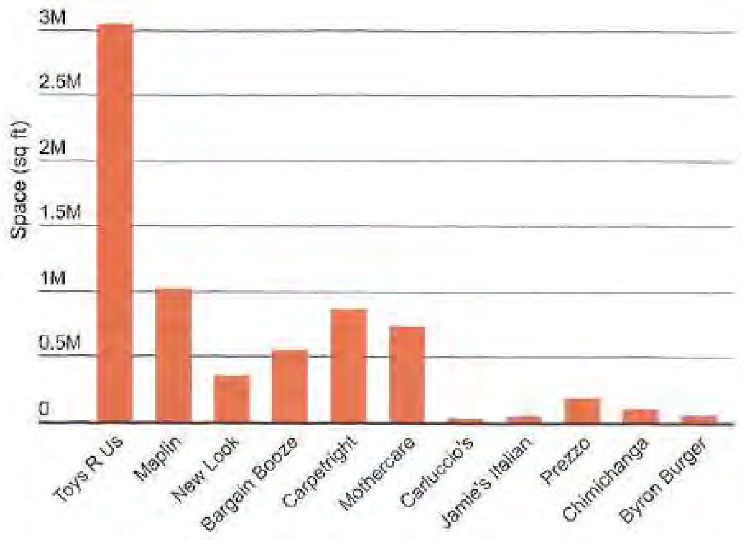
[2] A CVA is a legally binding agreement with creditors to enable a proportion of a company's debts to be paid back over time

- Creating a more supportive environment for retail to work through (*inter alia)* encouraging a better mix of complementary uses; improving the use and availability of data; and the creation of events teams to drive footfall.
- The role of government and planning – by revisiting the business rates tax; giving local authorities more autonomy and *(inter alia)* encouraging more change of use.

2.7 The key message to come out of the latest Grimsey review is that the identity of a typical town-centre has and is changing and it is one in which retail has a less significant role to play as it cannot compete with the convenience and experience of out-of-town shopping parks or online retail.

2.8 The challenges facing the retail market can be evidenced by the amount of floorpsace being vacated. EG (Estates Gazette) having reported[3] a total of 6.7 million sqft of space closing across 724 stores as of Spring 2018 and more is anticipated to close in 2018 as shown below by Figure 2.3 – note that 75% of this vacated space is to be on the high street[4]. We note that of those shown below Toys R Us, Maplin and Prezzo have all vacated Derby.

Figure 2.3 - Anticipated Space to be Lost to Collapses in 2018



Source: EG Data – Retail and Leisure Spring 2018, Page 11

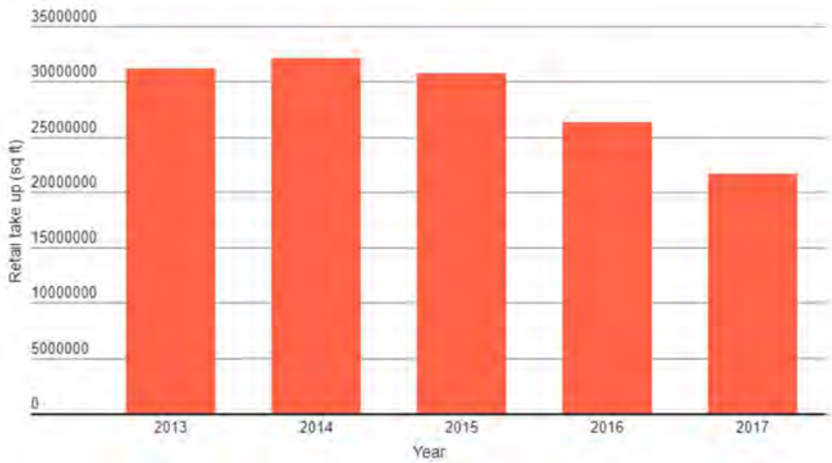
2.9 This follows a challenging period for the retail sector with the closure of British Home Stores (BHS) in 2016. This year there is further uncertainty with three other large department stores in Debenhams, House of Fraser and Marks and Spencer announcing store closures. With the number of large former 'anchor tenants' failing, it suggests that there is a weakness in the

3 https://www.egi.co.uk/news/high-street-armageddon-or-opportunity/
4 Estates Gazette, Retail & Leisure Spring 2018 - Pretty vacant, or is empty space filling up? Page 11

traditional retailing model of large stores on a long leasehold basis paying premium rental values for the privilege of a prime location.

2.10 With stores closing, there is also a negative trend in terms of retail space being taken up. The graph below produced by EG[5] shows that since 2014 retail take-up has decreased year-on-year and in 2017 specifically dropped 18%. The leisure market is discussed shortly, but EG note that over a quarter of retail space was taken up by the food and beverage (F & B) sector which has experienced growth.

Figure 2.4 - Retail Take-Up by Year



Source: EG Radius Data Exchange

2.11 There are numerous factors influencing the rapidly changing retail landscape. Economic instability is at the forefront with inflation, wage growth and increasing costs to retailers' (such as business rates, rents and imports / exports) all important in addition to consumer confidence (spend) and changing consumer preferences (i.e. reduced delivery times and convenience of online retailing).

2.12 EG have reported[6] the following trends:

- Total retail sales in the UK are above 2008 pre-recession levels but dropped off in 2017
- Share of retail spend moving online in 2007 was at 4.4%, this is now at 19.7%
- 21% fewer retail leasehold deals completed in 2017 from 2016

2.13 The Q2 2018 RICS[7] UK Commercial Property Market survey results also show the downturn across the retail sector is intensifying, identifying the following trends:

[5] https://www.egi.co.uk/news/the-data-behind-the-grimsey-review/
[6] https://www.egi.co.uk/news/high-street-armageddon-or-opportunity/
[7] RICS UK Commercial Property Market Survey Q2 2018

- Tenant demand declined marginally at a headline level during Q2 with a net balance reading of -8%, the weakest since 2012;
- 70% of respondents expect investors to scale back exposure to the retail sector;
- Stores in secondary locations display particularly negative rental and capital value projections and prime retail rents are anticipated to either fall or remain flat across the board over the next twelve months; and
- Set against the steep decline in demand, availability of retail space rose sharply over the quarter with 46% of respondents noting an increase, representing the broadest pick-up reported going back to 2009.

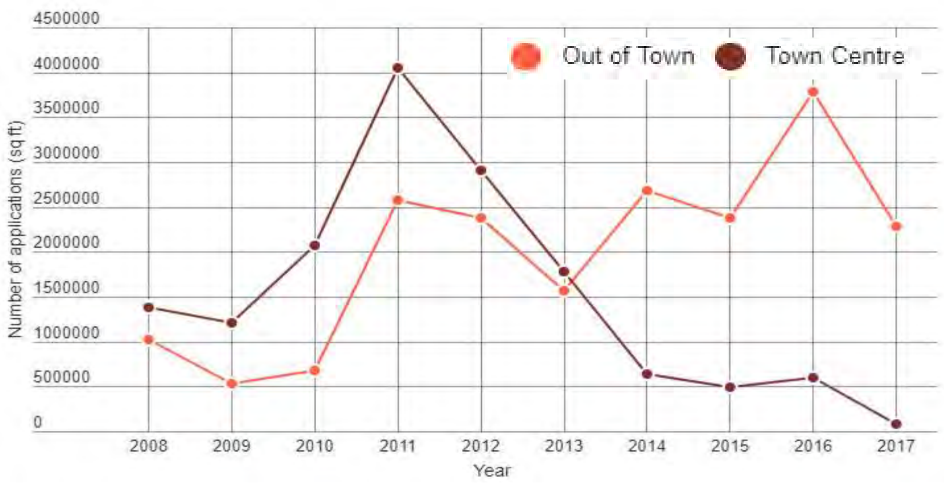
2.14 With store closures there is opportunity and there are operators seeking to expand particularly from the fashion and value sectors with much of the space left by BHS being taken by retailers such as Primark. It should be noted that the former BHS unit remains vacant in Derby.

2.15 There are also examples of online retailers moving to the highstreet such as Missguided and existing high street retailers expanding such as JD Sports and Zara. Furthermore, Colliers are forecasting an increase in consumer spending in the second half of the year due to a recent reduction in inflation and increases in real wages[8]. Therefore, whilst there are reasons for concern within the market, there are examples of growth.

However, the general picture is one of consolidation and in a city-centre context, retail as a use class is becoming less significant. Figure 2.5 and Source: EG Radius Data Exchange

2.16 Figure 2.6 show that applications for new retail space are down in town and city centre locations and that applications for changes of use are on the increase.

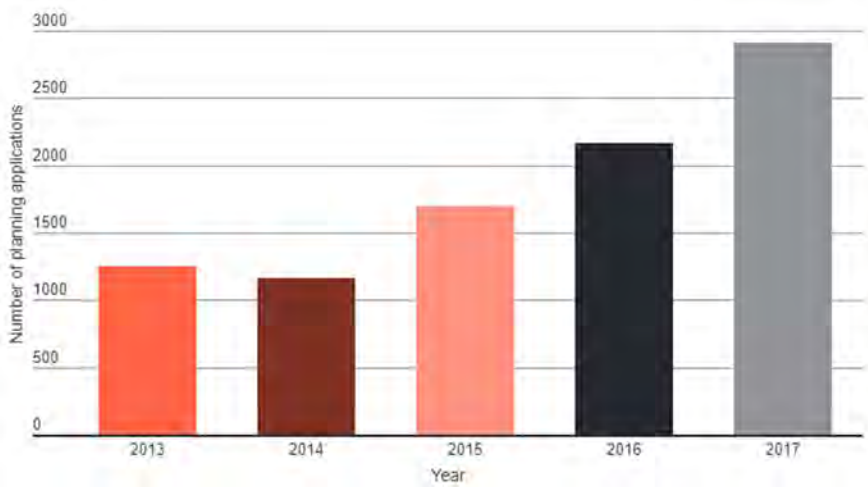
Figure 2.5 - Applications for New Retail Space by Location



[8] Colliers International, National Retail Barometer, Spring 2018

Source: EG Radius Data Exchange

Figure 2.6 - Applications for Change of Use from Retail to Other Uses

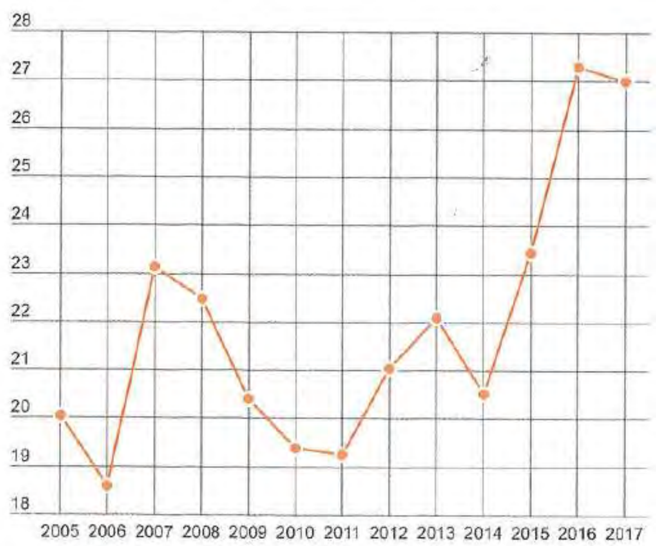


Source: EG Radius Data Exchange

Leisure

2.17 As highlighted above, the Food and Beverage (F & B) market has experienced growth and has been seen as a potential solution, at least in part to the high street retail market[9] primarily due to changes in consumer spending patterns, with discretionary spend (non-essentials) moving from physical items to experiences. The figure below shows that the number of retail lettings to F & B operators since 2014 has increased exponentially.

Figure 2.7 - Food & Beverage Lettings by Share of Total Retail Deals (%)



[9] EG 'Leisure is not a superhero but it has powers', Retail & Leisure Spring 2018, Page 10

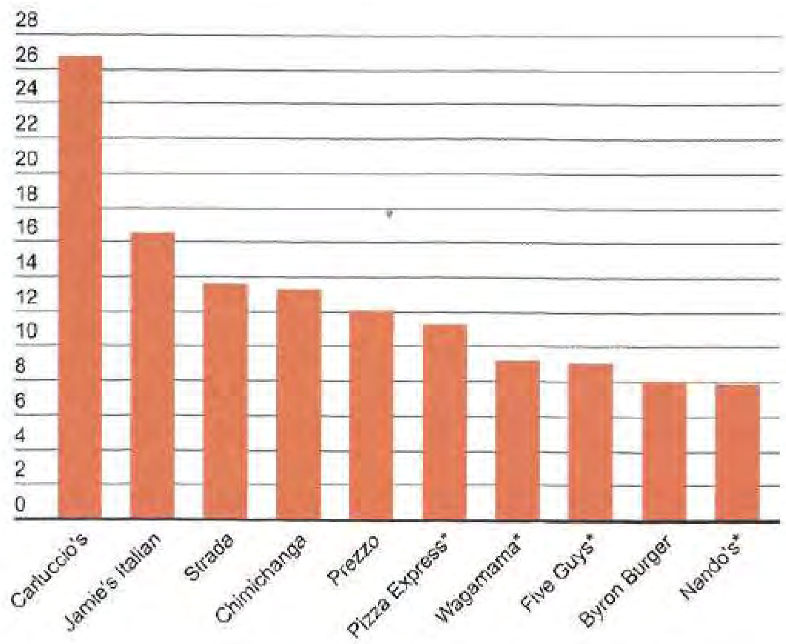
Source: EG Data – Retail and Leisure Spring 2018, Page 8

2.18 However, the figure above does indicate a slow-down in deals between 2016-2017 and as with high street retailers, EG have also noted a number of F & B operators now closing stores:

- Prezzo – 64 sites totalling 200,000 sqft of space
- Jamie's Italian – 12 sites closed totalling 91,000 sqft of space
- Byron Proper Hamburgers – 19 sites closed totalling 60,000 sqft of space
- ChimiChanga – 33 sites closed totalling 136,000 sqft of space
- Strada – 11 sites closed totalling 35,000 sqft of space
- Carluccio's – 12 sites closed totalling 36,000 sqft of space

2.19 The growth of the market has arguably been its downfall with the majority of operators above suffering due to competition and the cost and variety of their offering as shown by the figure below produced by EG.

Figure 2.8 - Variation Between Lowest & Highest Menu Options (£)



*denotes high performers

2.20 The F & B sector is also faced with current market challenges which retailers are generally facing (i.e. economic uncertainty, rising business rates, growing import and export costs and the increase in the National Living Wage).

2.21 Whilst the F & B sector may have reached its peak, there are other leisure sectors still active and expanding. Fleurets (Chartered Surveyors) have reported[10]:

- A 37% increase in revenue for Everyman Cinemas – the operator opened three sites within a year and exchanged contracts on nine further sites
- There has been a 28% growth in the ten-pin bowling market since 2012
- A 24.3% increase in revenue for Gym Group who have plans for 15-20 new units in 2018
- Large transactions taking place in the hotel market nationally with total investment in 2017 reaching £5.4 billion
- Projected spend on all leisure activities is up 17% in comparison to five years ago, demonstrating the sectors potential growth

[10] Fleurets, UK Leisure Sector Q1 2018

3 Derby City Centre - Retail

3.1 Our property market report has been produced in conjunction with a Retail Capacity Study undertaken by Nexus Planning. Interim findings of the capacity study suggest:

- Comparison goods concentrated around the Intu Shopping Centre (favoured by national multiples)
- Percentage of convenience stores is lower than the national average, there is capacity for development outside of the city-centre
- Vacancy has increased to 13% which is above the national average of 9.3%
- Capacity for additional leisure floorspace, albeit there is sufficient provision of traditional leisure offering of cinemas and bowling

3.2 Our property market assessment focuses on deals done and availability using Estate Gazettes Radius Exchange. Figure 3.1 shows the area of research and the evidence is broken down into two categories (high-street retail and Intu Shopping Centre) to provide comparison.

3.3 The time frame for the deals done analysis is a 12-month period from 1st June 2017. It should be noted that the data recorded during this period with Estates Gazette (EG) is not a conclusive list of all transactions to have taken place.

Figure 3.1 - Area of Research

Source: Estates Gazette Radius Exchange

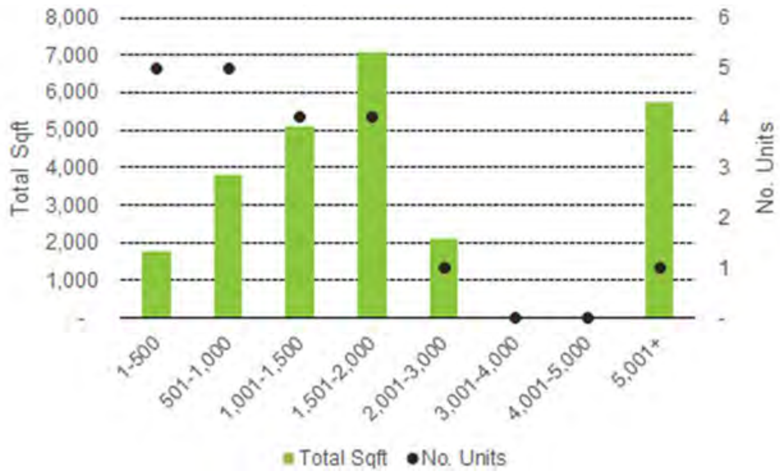
High Street Retail

3.4 This section deals with evidence gathered from high-street retail units and is broken down into leasehold, freehold and investment activity.

Leasehold

3.5 On the demand side, over the last twelve months (i.e. since 1st June 2017) there has been a total of 25,617 sqft of lease deals relating to A1 space registered with EG. Figure 3.2 breaks down the take-up of the 26,115 sqft into floorspace ranges and shows that the majority of leasehold transactions have been for 1-2,000 sqft units with limited demand for units over 2,001 sqft.

Figure 3.2 – Occupational Leasehold Deals for High-Street Retail Space



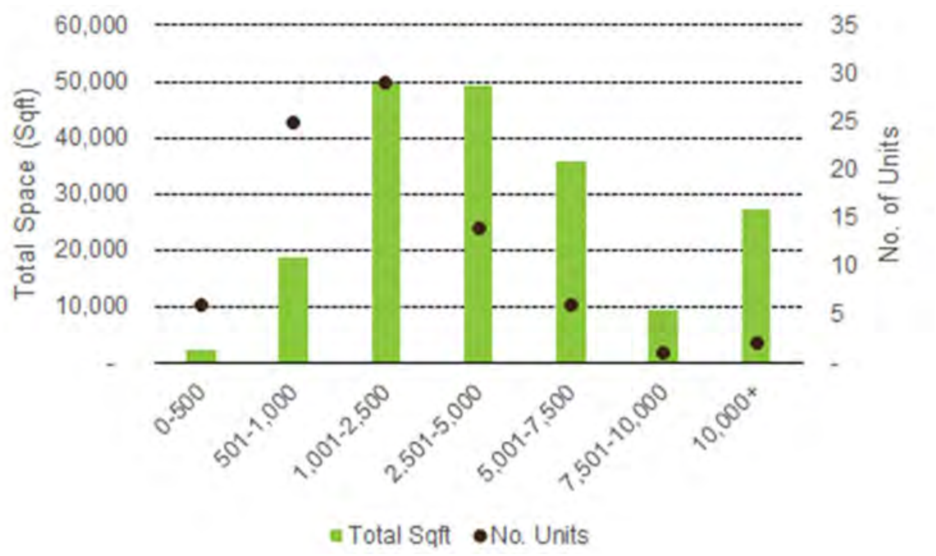
Source: AspinallVerdi using Estates Gazette Radius Exchange

3.6 The majority of space taken up is second-hand, with just 1,300 sqft of newly refurbished space let over this period on EG. The refurbished unit did not achieve a rental value premium over the second-hand stock with its £15.00psf rent being the average over this period. In terms of a headline rent, we note that units have asked for upwards of £29.55 psf but the highest achieved rent is £22.26 psf for a small 539 sqft basement and ground floor unit in Friar Gate. This £ psf should not be taken too literally as the size of the unit can inflate the price and our consultation with stakeholders has indicated that units are hard to let in the Cathedral Quarter with concessionary rents being agreed as low as £13.00 psf to national retailers.

3.7 In terms of lease lengths, we note from this information that the average length is 5.6 years, with the longest leases being 10 years – these were all taken by hair and beauty operators (x 3). We note from our consultations that there is a concern this sub-market is becoming saturated.

3.8 With regards to supply, in total there is 192,200 sqft of high-street retail space available to let in Derby (as defined by Figure 3.1). Figure 3.3 breaks down availability of this space by size of unit and demonstrates that the majority of space available currently is between 500-2,500 sqft. This floorspace range is where demand has been strongest as shown above in Figure 3.2.

Figure 3.3 – High Street Retail Space Available to Let



Source: AspinallVerdi using Estates Gazette Radius Exchange

3.9 Of this stock, there is approximately 75,000 sqft of new or refurbished space and the Figure 3.4 below shows the breakdown of this in terms of whether it is in the development pipeline, under construction or currently available. Of the units which are currently available (c 23,000 sqft), there are nine units (c 11,400 sqft) situated on The Boulevard, Liversage Street in Castleward and four larger units at Riverlights totalling sqft 26,000.

Figure 3.4 - Breakdown of New Stock by Total Floorspace (Sqft)

Source: AspinallVerdi using Estates Gazette Radius Exchange

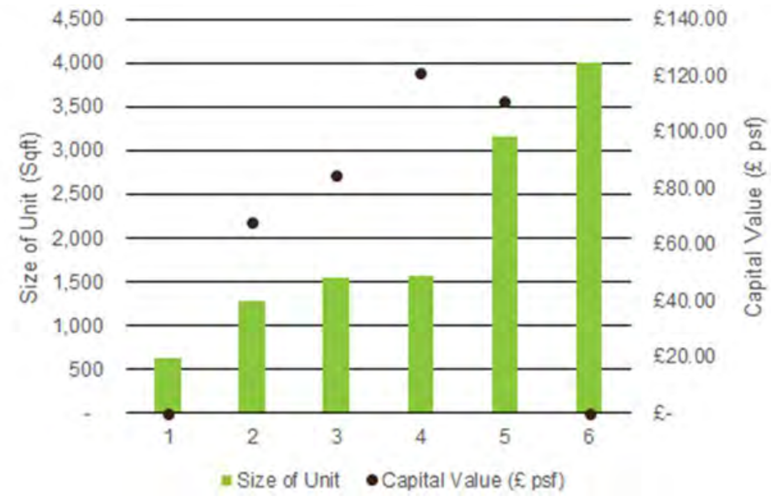
3.10 The headline quoting rent for new or refurbished stock is £22.65 psf for an 861 sqft ground floor refurbished unit which is located in St Peters Churchyard. Given its location just off St Peters Street, this is a good indication into prime rents for high-street stock in Derby City-Centre.

3.11 This can be compared to the vacant units on Castleward Boulevard which is a peripheral location outside of the core area where 743 sqft units are available to let for c £14.00 psf on a Full Repairing and Insuring (FRI) lease. However, given that second-hand units within the Cathedral Quarter (more prime) are being let at a lower rate then perhaps the asking rent is too high given the location and current vacancy rate. We discuss the Castleward Masterplan Area further under chapter 5.

Freehold

3.12 In terms of freehold deals for high-street retail space, we are aware of four transactions totalling 10,275 sqft of second-hand accommodation. Figure 3.5 shows the capital value psf achieved excluding units 1 and 6 which are unknown. We note that the two highest values have been for units on St Peters Street (Unit 4) and East Street (Unit 5) which would be considered prime locations in terms of high-street retail space within the city-centre compared to Hall Street (Unit 2) and Green Lane (Unit 3). Hall Street is located off London Road (A6) in the fringe of the study area near Crewton. It is therefore a tertiary location and the rental value is not a useful comparable for city-centre retail. The property on Green Lane is in close proximity to the city-centre, however it is in a secondary retail location away from the main footfall.

Figure 3.5 - Freehold Deals for High-Street Retail Space



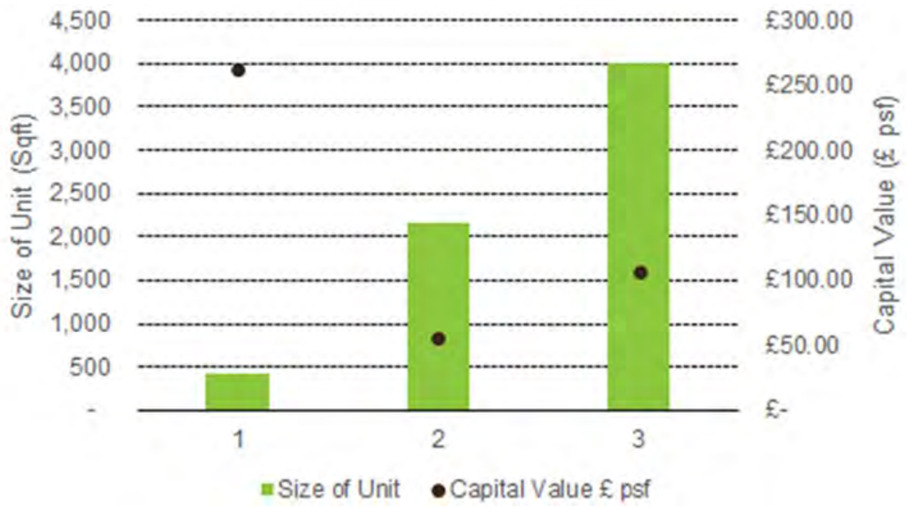
Source: AspinallVerdi using Estates Gazette Radius Exchange

Investment

3.13 Figure 3.6 summarises the three investment deals which have been registered on EG since June 2017 for second-hand retail space in Derby. All three units are situated within city-centre, Unit 1 is small 420 sqft hairdressers on Curzon Street which was acquired for £110,000 (£262.00 psf) – clearly the size of the unit has inflated the capital value psf, with the other units transacting between £55.50-£107.45 psf:

- 59 Wardwick – 2,162 sqft general retail acquired for £120,000 (£55.50 psf)
- 37 East Street – 4,002 sqft general retail acquired by Askew Properties Limited for £430,000 (£107.45 psf) at a 9.30% yield.

Figure 3.6 - Investment Sales for Retail Space



Source: AspinallVerdi using Estates Gazette Radius Exchange

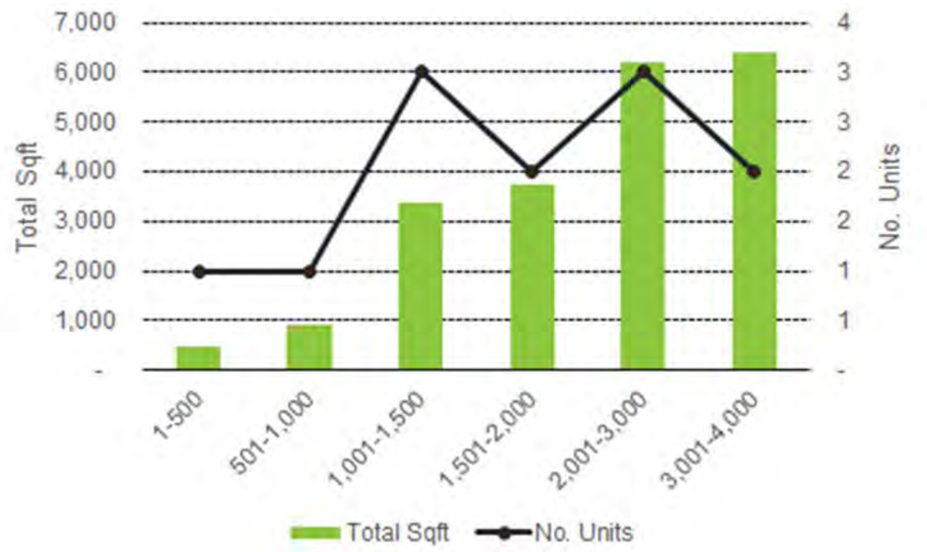
3.14 To support the lower value range, we note from EG that there are seven high-street retail investment opportunities in Derby at the time of this market research and these units are marketed between c. £70.00-£180.00 psf. At the top of this range is a 1,547 sqft second-hand unit on Albert Street which is currently let to a charity shop operator at £28,500 per annum who have just under two years left on their lease. This unit is available for £280,000 and provides a net initial yield of 10%, which is broadly in line with the 9.30% yield for 37 East Street discussed above. This property was tenanted by Blacks Outdoor Retail at a rent of £40,000 per annum at the time of the deal.

Intu Shopping Centre

3.15 The main shopping centre in Derby City Centre is Intu. We have classified shopping centre units separately to enable comparison between Intu and the high-street.

3.16 Figure 3.7 shows take-up of space through leasehold deals over the same time frame (i.e. since June 2017). In total there has been 21,084 sqft of general retail space taken up or re-let in Intu Shopping Centre, which is slightly less space overall than on the highstreet but when considering the extent of the highstreet this demonstrates a greater volume of market activity within the shopping centre. In comparison with the high-street deals, space taken-up within the Intu Shopping Centre has been for larger units between 1,000-4,000 sqft. It should be noted that there has been additional take-up with the F & B market but we discuss this later (see leisure).

Figure 3.7 - Occupational Leasehold Deals in Intu Shopping Centre



Source: AspinallVerdi using Estates Gazette Radius Exchange

3.17 It is also interesting to note from the data available that the average lease length within Intu is 8.5 years compared to 5.6 years on the high-street and that the shortest tenancy in Intu is 5 years in comparison to 1 year on the high-street. The retailers which have taken or re-signed leases in Intu are more established brands such as Timberland, Cath Kidson and Lush which is perhaps a factor in this trend.

3.18 In terms of rental values, it is difficult to distinguish between the shopping centre and the high-street given that there is limited evidence registered on EG, however the centre would be anticipated to achieve a premium. We note that a 1,204 sqft unit which has been let was quoting £16.61 psf and in terms of current availability, there are three units totalling 5,344 sqft available with rents ranging between £10.00-£50.00 psf. However, we note that the unit available at £50.00 psf has been on the market for over 800 days suggesting that this rent is unrealistic.

4 Derby City Centre – Leisure

4.1 This chapter looks at the leisure market in Derby City-Centre. Our property market assessment will focus on deals done and availability using Estate Gazettes Radius Exchange. The analysis is focused on the area shown above in Figure 3.1 and the evidence is broken down into the following categories:

- Food and beverage
- Hotels market
- Entertainment or active leisure space

4.2 The time frame for the deals done analysis is 18 months i.e. since 1st January 2017. It should be noted that the data recorded during this period with Estates Gazette (EG) is not a conclusive list of all transactions to have taken place.

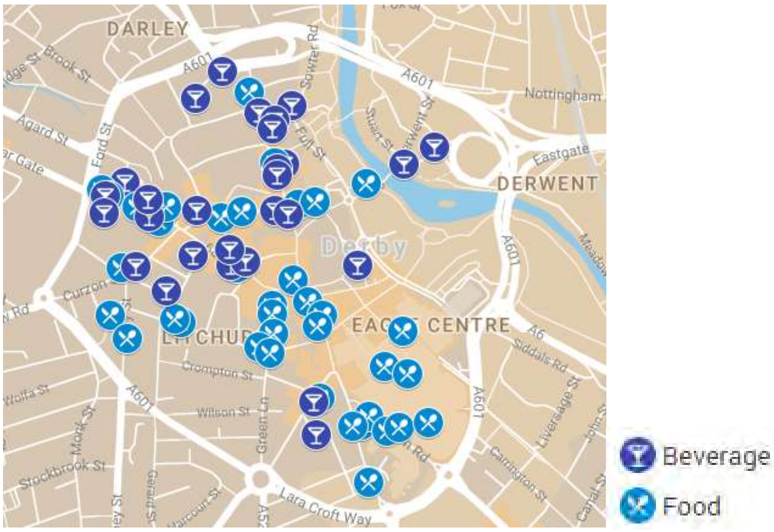
Food & Beverage - Market Activity

4.3 This section deals with the F & B sector, classified as:

- A3 – Restaurants and Cafes
- A4 – Drinking Establishments
- A5 – Hot Food Takeaways

4.4 The figure below provides a general idea of the distribution of the F & B sector across the city-centre, there is a clear concentration of A3 / A5 uses within and surrounding Intu and a predominance of A4 space within the Cathedral Quarter.

Figure 4.1 - Existing Supply of F & B Space



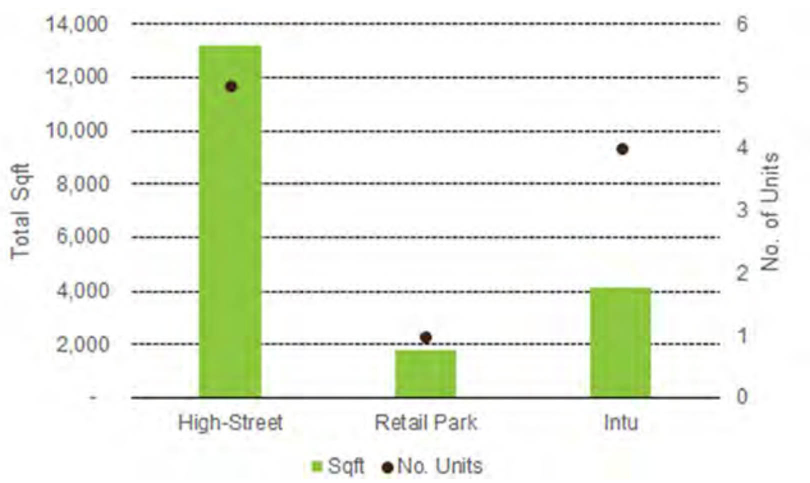
Source: Google My Maps

4.5 The above uses all have permitted changes of use back to A1 (Shops) or A2 (Professional and Financial Services). This makes it difficult to be completely accurate in data analysis using EG as it depends upon how the deal is registered on the system i.e. A1 unit may be let indicating take-up of such space, but this could be to an F & B operator who seeks a change of use to A3/4/5 or vice versa. We have sought to interrogate the data as much as possible to provide a clear picture of supply and demand for the respective types of retail and leisure space.

Leasehold

4.6 Since the start of January 2017, we are aware of a minimum 16,188 sqft of space being taken up by F & B operators across the study area[11]. Figure 4.2 breaks this down by where the units have been let i.e. high-street, retail park or Intu. It shows in floorspace terms that take-up has been greater on the high-street over retail parks or Intu. This is consistent with the wider market whereby F & B has been seen has a potential solution to issues with high-street closures of A1.

Figure 4.2 - Food & Beverage Lettings in Derby, by Location



Source: AspinallVerdi using Estates Gazette Radius Exchange

4.7 Table 4.1 summarises the above providing lease and tenant information where possible and suggests that lease lengths in this sector are generally longer than for A1 retail, this could be down to fit out costs being greater for such operators.

Table 4.1 - Food & Beverage Lettings in Derby

Property	Date	Size (Sqft)	Rent (£ psf)	Lease Length	Tenant
16 Sadler Gate	10/07/17	Unknown	Unknown	10 Yrs	Dog & Moon

[11] Note - there have been two deals, one on the high-street and one in Intu where we are not aware of the floorspace (sqft)

Property	Date	Size (Sqft)	Rent (£ psf)	Lease Length	Tenant
Sadler Gate Bar	13/09/17	2,969	£6.06	10 Yrs	Bunk
The Spot, London Road	15/09/17	1,540	£15.58	10 yrs	Gelato Divino
11-12 Friar Gate	15/12/17	7,400	£7.17	Unknown	Unknown
624 Osmaston Road	07/02/18	1,295	£15.44	20 yrs	Pizza Hut
Unit 3, Wyvern Retail Park	22/12/17	1,800	Unknown	Unknown	Soul Coffee
Unit SU175-176, Intu Derby	27/07/17	1,960	Unknown	Unknown	Starbucks
Unit 11, Intu Derby	31/10/17	507	£29.59	Unknown	Franks Corndogs
Unit 177B, Intu Derby	15/08/17	1,686	Unknown	Unknown	Heavenly Desserts
Unit 223/225, Intu Derby	15/08/17	N/A	Unknown	Unknown	Five Guys

Source: AspinallVerdi using Estates Gazette Radius Exchange

4.8 It also demonstrates that there has been a mixture of independents (including pop-ups), local, national and international operators taking up space within the Derby F & B market. The independent and local operators above are:

- Dog and Moon – independent situated in the Cathedral Quarter and has taken on a 10-year lease at £35,000 per annum.
- Bunk – local Nottingham and Derby based F & B operator also situated in the Cathedral Quarter have taken a 10-year lease. The property was available to rent from 20,000 per annum but was let at £15,000 (£5.00 psf) and was stair-cased up to £18,000 per annum in year 8 (£6.00 psf).
- Franks Corndogs – independent pop-up operator which has now left its temporary pitch in Intu having replaced Bagel Nash.

4.9 Other than Franks Corndogs, the other operators to have taken up space in Intu have been national operators such as Heavenly Desserts and Five Guys and they are examples of F & B operators which have been expanding their portfolios nationally.

4.10 In terms of supply, according to EG there is 26,708 sqft of F & B space available to let across five units in Derby with rents ranging from £4.55-£12.00 psf. This is comprised of:

- 2,200 sqft A4 public house on Burton Road which is in a peripheral, secondary location outside of the city-centre to the south of the A601.

- 2,919 sqft A4 public house in Friar Gate which is available on a 10-year lease at £35,000 per annum at £12.00 psf.
- 3,765 sqft A5 hot food takeaway unit on Curzon Street which is available to let at £8.00 psf or purchase on a freehold basis for £87.65 psf.
- 6,281 sqft of A4 accommodation within a Grade I listed building within the Cathedral Quarter which is available at £8.00 psf. We note that this has been on the market since early 2017.
- 11,543 sqft A4 licensed accommodation available to let at £4.55 psf. We understand that the property which has previously been used as a nightclub forms part of the Colyear Street Hotel and entertainment complex and has been left vacant for some period of time. We understand this market is struggling generally, and that subject to land assembly, this unit will form part of any scheme delivered in the Becket Well regeneration area.

4.11 Outside of Intu, the Cathedral Quarter is considered the prime location for F & B operators. Evidence of this CWC Group's proposals for St James Yard. The plans which have been submitted to the Council are for the refurbishment and change of use of the former tram sheds to provide two new F & B venues.

4.12 From the list above the 6,281 sqft of A4 space within a Grade I listed building provides the best opportunity for an operator in terms of proximity to other operators and uses which would generate footfall i.e. Turtle Bay, Revolution, Derby Museum & Art Gallery and Derby Central Library. From our consultations, there has been a suggestion that the night time drinking offer needs improving and diversifying with brands that will attract an older market than students.

Freehold

4.13 The only evidence of an occupational freehold deal in Derby city-centre during the study period is for The Douglas Bar on Normanton Road. This was sold in September 2017 for its asking price of £175,000. This A4 public house with private living quarts is situated on the A601 ring-road and was in poor condition at the point of sale.

4.14 In terms of availability, The Station Inn near Derby Midland Station is currently for sale. This benefits from a better location and Fleurets are marketing the character pub which has a trade kitchen and 80-person function room from £220,000 (£56.30 psf).

Investment

4.15 Since January 2017, we are aware of two investment deals to have taken place within this sector from EG records:

- Blackrock Investments Limited acquired The Slug and Lettuce on Iron Gate for £2.17 million reflecting a yield of 6.1% in June 2017.

- Derby City Council acquired a 1,604 sqft unit in A3 use on City Road in September 2017 for £150,000 (£93.50 psf) as part of their 'Our City Our River' flood alleviation project.

4.16 On the supply side, there is an opportunity to acquire a property on Wardwick in the Cathedral Quarter for £850,000. The 2,581 sqft A4 class unit has four bedsits on the upper floors and generates an annual rental income of £70,000 reflecting an 8.2% yield. We note however that this opportunity has been on the market since early 2016 suggesting there is a lack of appetite for investment in this sector.

4.17 In addition to the above opportunity, the former Post Office building on Victoria Street which totals 22,259 sqft has been available since mid-2016. This was previously the Post House Restaurant before closing. The ground and basement of this property is currently occupied by an A4 retailer with the first and second floors in use as offices. The quoting price for this is £1.15 million and would be sold with vacant possession. The property is marketed as an attractive leisure opportunity with scope for change of use to residential, hotel, student, retail or commercial.

Hotels - Market Activity

4.18 The hotel / overnight accommodation market is specialist, and it is challenging to analyse at a city-centre level in Derby given the pace of market activity and availability of data.

4.19 We have done a search of deals done and current availability and have only found one piece of evidence. This relates to the Rangemoor Park Hotel which is situated on Macklin Street near the Becket Well regeneration site. This 28-bed hotel has been marketed for by Eddisons via price on application since early 2016, the hotel is considered as suitable in its existing use or as a residential redevelopment opportunity (we understand there is an application for change of use submitted). Whilst this property has been on the market for some time, the opportunity does not really lend itself to any of the operators which are expanding in the market. If and when a scheme was to come forward on the Becket Well site, then this would present a more attractive proposition for either a small hotel or residential development.

4.20 With limited evidence, our approach has been to look more broadly at the existing evidence base and market reports which consider the performance of this sector and whether such trends resonate with Derby.

4.21 The D2N2 Local Economic Partnership produced a Visitor Accommodation Strategy in June 2017[12]. In relation to Derby City-Centre, this concluded that:

- No immediate potential for additional 3 or 4 start hotels in Derby due to comparatively low achieved room rates and price driven weekend demand.

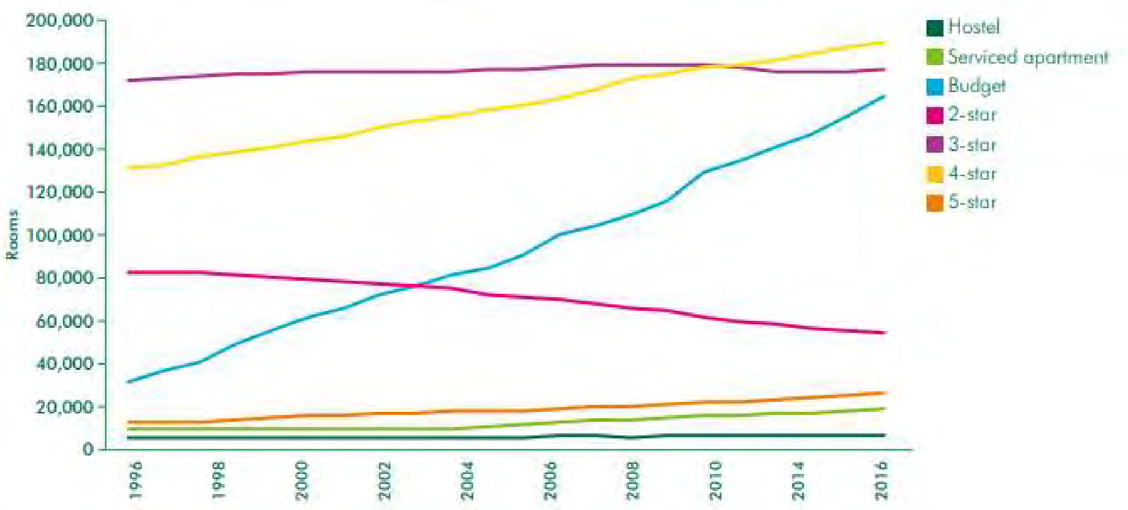
[12] D2N2 Visitor Accommodation Strategy, Hotel Solutions Development Consultancy, June 2017

- Positive, flexible and enabling planning framework to support future development of hotel and visitor accommodation.
- Longer term focus on developing a higher quality and more diverse hotel offer in Derby

4.22 In 2017, Knight Frank reported a successful year for the UK hotel sector with growth driven through increasing average room rates. Whilst the economy has tightened consumer spending (particularly on retail goods), the weaker pound has resulted in record numbers of overseas visitors arriving in the UK[13]. Furthermore, with UK residents generally tightening their spending and the cost of travelling abroad increasing, Knight Frank suggest there has been a growth in demand for short-term trips and staycations in regional cities. Arguably, if Derby were to tap into this market it needs to improve its cultural and leisure offering.

4.23 The largest expanding sector of the hotel market has been the budget operators, which accounted for 50% of all new UK hotel supply in 2016 and was predicted to have a 26% market share by the end of 2017[14]. The figure below demonstrates the substantial growth of this sector over time, as well as the emergence of serviced apartments since the early 2000s.

Figure 4.3 - Evolution of UK Hotel Supply

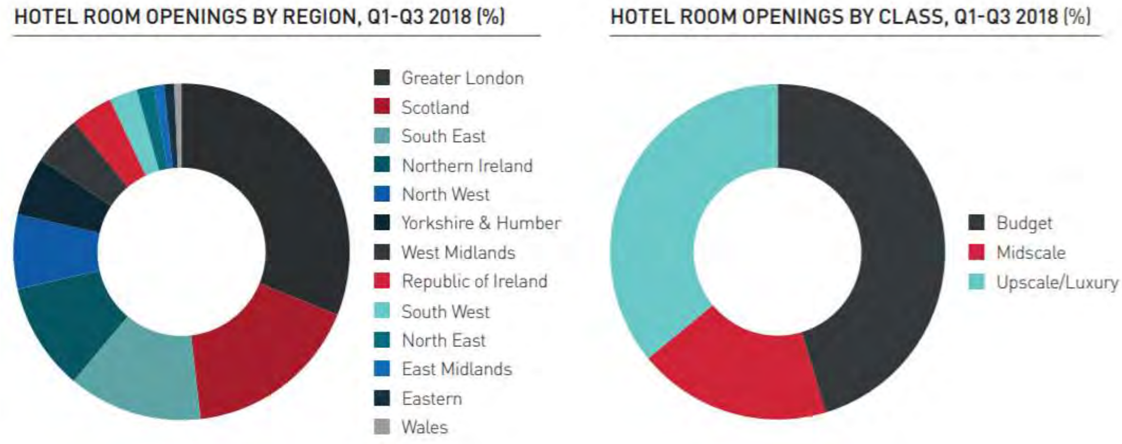


Source: CBRE Alternative Property Prospective, H1 2018

4.24 Figure 4.4 shows that up to Q3 2018, hotel room openings in the East Midlands have been limited in comparison to regional competitors the West Midlands, Yorkshire & Humber and the North West. It also suggests that the growth has continued within the budget sector and that there has been increased activity at the luxury end of the market.

[13] Knight Frank - UK Hotel & Leisure Market Overview, Spring 2018
[14] Knight Frank – UK Hotel Development Opportunities 2017

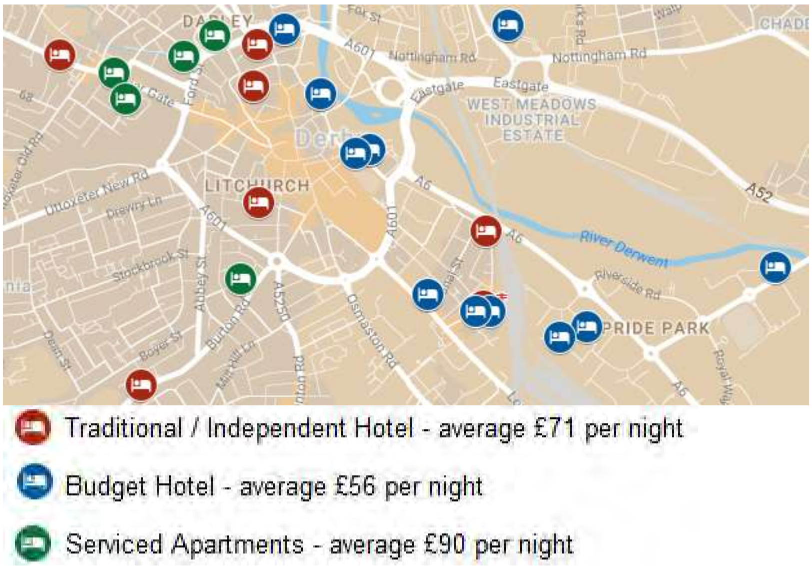
Figure 4.4 - Hotel Room Openings by Region and Class (Q1-Q3 2018)



Source: Lambert Smith Hampton

4.25 PwC's UK hotel market forecast states that budget hotel expansion has helped boost occupancy rates which are up 0.3% to 76% in the regions, and a further 12,000 rooms are predicted to be delivered in the regions during 2018[15].Figure 4.5 shows Derby's existing provision of overnight accommodation by type i.e. traditional hotel / inn, budget operator or serviced apartments. We have categorised the hotels on business model and price but that does not mean some of the traditional, independent hotels are not competitive on price with the likes of Travelodge and Premier Inn.

Figure 4.5 - Overnight Accommodation in Derby by Type



Source: Google My Maps

[15] PwC 2018 UK Hotels Forecast

4.26 It can be seen from the above that the budget sector is active in Derby, with all of the main operators active and offering a slightly cheaper average room rate than the more traditional / independents:

- Hallmark Hotels
- Holiday Inn
- Holiday Inn Express
- Jurys Inn
- Premier Inn
- Travelodge

4.27 However, within the traditional / independent hotel market we note that the majority of hotels are 3 stars or less and that Derby does not have a luxury 5-star hotel which would clearly create a new market (in terms of pricing) in the city. The closest upmarket offering is the Cathedral Quarter hotel which is rated 4 stars.

4.28 In Derby, the serviced apartment market is the most expensive form of accommodation on average and also has a good presence in the city. This is a growing sub-sector[16] primarily driven by business users and clearly Derby benefits from having a number of large employers such as: Rolls Royce, Toyota Motor Manufacturing, Bloor Investments and Bombardier Transportation.

4.29 The key brands which dominate the serviced apartment market are StayCity (17% share), SACO (10% share) and Marlin Apartments (7% share). Of these operators, only SACO have accommodation in Derby on Friar Gate with the other two operators either focus on London only or on cities with a large business and tourism market i.e. Manchester, York and Edinburgh.

4.30 Whilst the UK hotel market had a successful 2017, there is uncertainty in the market with rising operational costs (including business rates) posing a challenge akin to the one currently being experienced by the retail market. There is also the uncertainty related to Brexit and how this will impact the economy, free movement of labour and consumer confidence[17].

4.31 We are not aware of any existing proposals for new hotels in Derby City Centre at present. The viability of new hotels is determined by the trading potential of the scheme (i.e. a function of occupancy and room rates that can be generated). This is dependent upon the business model, location and competition in the vicinity. One of the key performance indicators within the hotel sector is occupancy, which is of course in addition to revenue potential. In order to generate operator demand, there must be tangible consumer demand (either business or tourism) which can be generated through bringing more people into Derby via new employment or leisure-led (re)development.

[16] Investment volumes have grown c. five times from £89m in 2010 to £486m as of May 2018 (JLL Serviced Apartments 2018)
[17] Knight Frank - UK Hotel & Leisure Market Overview, Spring 2018

4.32 We have engaged with two upscale hotel operators to explore whether they are interested in Derby City Centre as an opportunity to bring forward a hotel. We have had initial positive discussions with both companies in terms of their interest. It is suggested that at present Derby is considered a price sensitive market and the average daily rate is not sufficient enough to support the development of an upscale or upper upscale hotel. However, both of the operators have upper midscale brands where they consider a scheme could work. Albeit, the development viability is considered to be marginal and it is likely that without the average daily rate increasing. It has been suggested that Local Authorities elsewhere are enabling hotel schemes to come forward due to their ability to manage development risk and borrowing potential. Intervention may be need to bring forward a quality hotel development.

4.33 In terms of suitable sites, we understand through consultation that requirements are driven by:

- Proximity to other development,
- Visibility and ease of access,
- Proximity to demand generators and footfall.

4.34 With general vibrancy in terms of complimentary uses important, the preference of the brands interested is to be situated close to Intu. This means that the remaining land at Riverlights is one opportunity to explore or perhaps as part of a wider mixed-use scheme at Becket Well.

4.35 The brands identified would seek up to a 150-room hotel at circa 56,500-65,000 sqft (5,250-6,000 sqm).

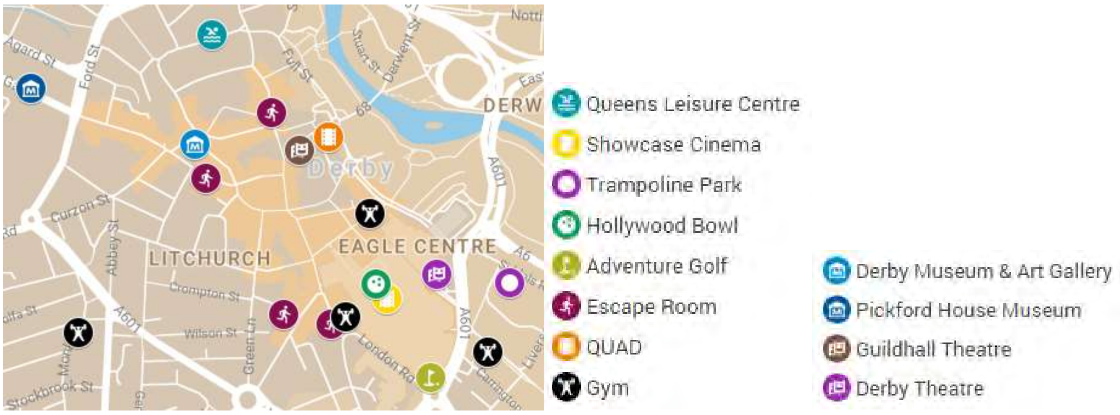
Urban Leisure Space - Market Activity

4.36 For clarity, we have considered the following types of uses as urban leisure:

- Beer Pong / Crazy Golf Bars
- Cinemas
- Health & Fitness i.e. gyms & fitness centres
- Escape Rooms
- Museums & Galleries
- Ten-pin Bowling
- Theatres / Performance Venues
- Trampoline Parks

4.37 We have done a search for deals done and availability of space for such uses but as with hotels, these are niche markets and evidence is limited. Therefore, we have approached it in a similar manner to the hotel summary above and where possible, been specific to Derby. Figure 4.6 shows the existing supply of ‘urban leisure’ space. We understand that there is a live planning application for another ‘adventure golf’ use on Babington Lane in the city-centre.

Figure 4.6 - Urban Leisure in Derby City-Centre



Source: Google My Maps

4.38 The figure above shows that Derby has a mix of more traditional 'urban' leisure through its museums and theatres, but also a presence of more modern leisure with cinemas, bowling and a recent addition to the Intu Centre – Adventure Golf. We understand that as a result of expanding its leisure offer (including F & B) footfall has improved in ntu. This is a trend which is evident elsewhere, and is being driven by consumers' appetite for experience over physical items[18]. The importance of the city's leisure offer has been something echoed by the stakeholders we have consulted as part of this market research.

4.39 Nexus Planning have found that Derby is generally well provided for in terms of cinema and ten pin bowling alleys. However, it does have a lower than average provision of leisure service units generally, with 20.6% of total floorpsace in such use in comparison to 24.7% nationally.

4.40 There are opportunities within the pipeline and others to be explored which could result in more 'urban leisure' space within Derby and these are discussed in greater detail within the following chapter. However, clearly the Silk Mill which is part of the Derwent Valley Mills World Heritage Site is set to re-open in 2020, will showcase Derby's history and is an attraction that will help drive footfall in the surrounding area.

4.41 Another important asset to bring back into use is the Assembly Rooms because Derby City-Centre lacks a performance venue or events space with the Derby Arena being situated out at Pride Park. The Assembly Rooms however, occupies a prominent city-centre location overlooking the Market Place and therefore bringing this back into use would greatly assist the vitality and vibrancy of the wider area with the footfall generated from visitors to such an attraction. This was also the overwhelming view of the stakeholders we consulted, along with the view that

[18] CBRE reported a 10.2% increase in the UK for spending on entertainment in 2017 and a 3.6% increase on Cinema Box Office (CBRE UK Leisure Trends, March 2018)

the delivery of some form of leisure space on the Becket Well site is imperative to the future of the city-centre.

Leasehold

4.42 There is a lack of evidence relating to leasehold deals or availability for D2 space. However, we understand that a 14,447 sqft unit occupied by a trampoline park operator (Bounce) was put on the market at £9.34 psf before the lease was extended by this operator. This unit was one of three which were advertised on a leasehold or freehold basis by commercial surveyors Salloway. We understand that there has been demand for the small warehouse unit but the showroom (6,764 sqft) which has planning for D2 use is still available and consideration is being given to demolishing this unit and creating a surface car park. This is perhaps an indication that there is minimal demand for further D2 use in this location, particularly given the presence of Anytime Fitness, Gala Bingo and Bounce.

Investment

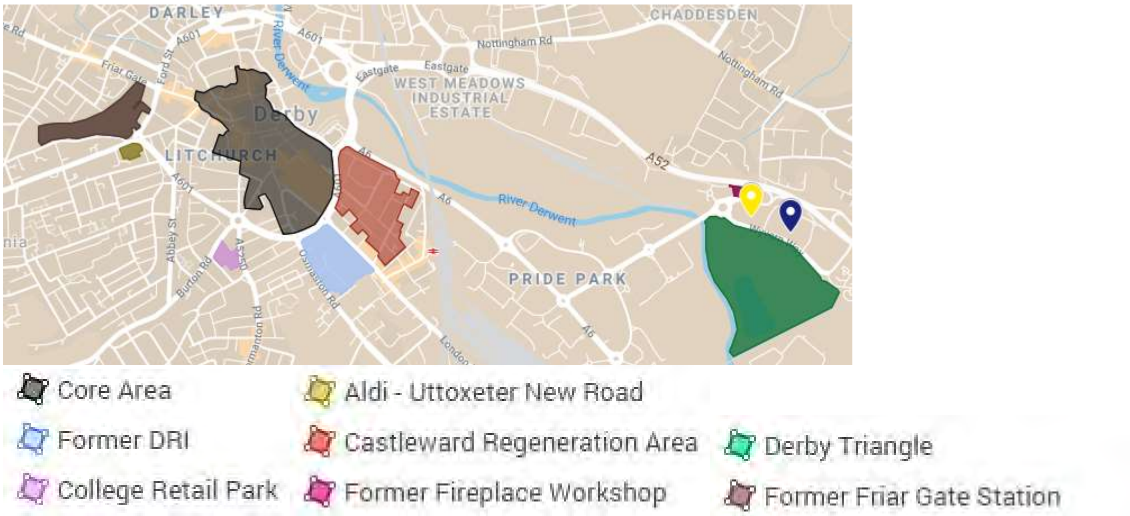
4.43 There is very limited evidence of investment activity for urban leisure space within Derby over the data capture period. There are two deals we are aware of are for assets out of the city-centre:

- The Odeon Cinema at Meteor Retail Park on Mansfield Road sold for £18.6 million
- 3,858 sqft shed on East Service Road which is let on a 10.5-year lease at £4.63 psf to Choices Health Club was acquired for £1 million (£259 psf) at a yield of 7.8%.

5 New Retail Development

5.1 Figure 5.1 highlights on a map where there are current live planning applications which include an element of retail (excluding any in local centres). This shows that the potential schemes (discussed in more detail shortly) are situated outside of the core retail area (as in Policy AC2).

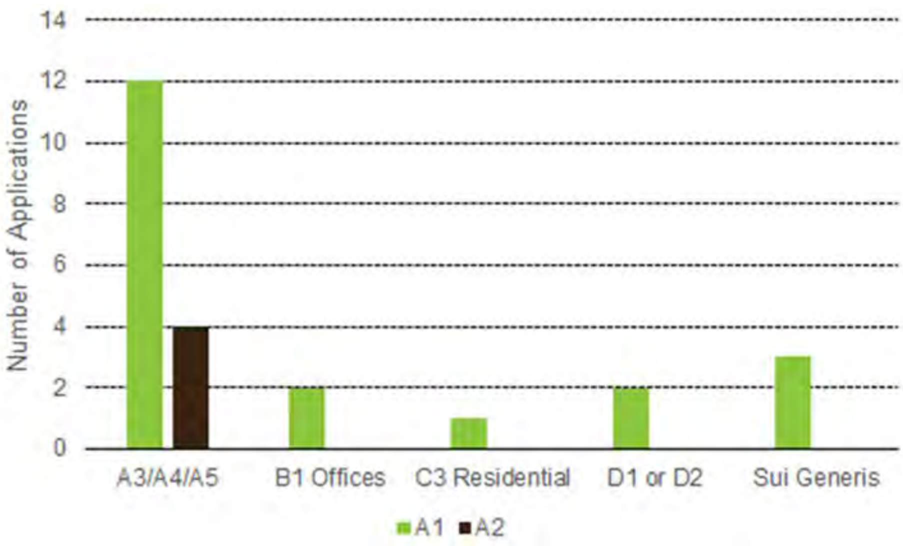
Figure 5.1 – Live Planning Applications including Retail Uses



Source: Google My Maps

5.2 This is a trend we highlighted in the national market overview with retail applications increasing outside of centres; and change of use applications from retail to other uses increasing within town-centres. Figure 5.2 below shows that from the start of 2017, there has been 24 change of use applications with the majority going to the F & B sector.

Figure 5.2 – Retail (A1-A2) Change of Use Applications, Derby City Council



Source: Derby City Council Planning Portal

5.3 Table 5.1 below details the retail proposals shown on the above map and we discuss these below. Please note that as these are live planning applications then the status is likely to change over time and therefore this information should not be relied upon without clarification.

Table 5.1 - Live Planning Applications (Excluding Local Centres)

Scheme Name	Developer / Landowner	Description	Status
Uttoxeter New Road	Speeds Limited	Erection of foodstore (Use Class A1) for Aldi (02/18/00286)	Awaiting Decision
College Retail Park, Normanton Road	Wheatcroft Land Limited	Erection of 7 retail units (Use Classes A1/A2/A3/A5 and D2) and formation of associated car parking (11/17/01426)	Granted
Former Fireplace Workshop	London Metric / Clowes Developments	Full planning permission (12/17/01643) for development of class A1 retail use (including ancillary café) and A3 / A5 restaurant including drive thru. This will be occupied by M&S Food, Nandos and Starbucks.	Awaiting Decision
Former Derbyshire Royal Infirmary	Nightingale Derbyshire Limited	Construction of (01/17/00030) up to 500 dwellings (Class C3 and Class C2) and for 1,000 sqm (max) Class A1 (shops); 500 sqm (max) Class A3 (restaurants & cafes); and 1,100 sqm (max) Class B1(a)(offices)/A2 (financial & professional services); and for Class D1/D2 (non-residential institutions/assembly and leisure) Class A4 (drinking establishments) plus associated works.	Awaiting Decision
Castleward Masterplan	Compendium Living	Outline application (05/12/00563) with details of phase 1 to comprise development of Castleward, involving demolition of buildings, residential development (up to 840 dwellings), retail (Use Class A1), restaurant/cafes	Granted Conditionally

Scheme Name	Developer / Landowner	Description	Status
		(Use Class A3), offices (Use Class B1), hotel (Use Class C1), non-residential institutions (Use Class D1), assembly and leisure (Use Class D2), school (Use Class D1), community centre, (Use Class D1), bingo hall (Use Class D2), alterations to vehicular accesses, formation of boulevard and pedestrian crossing and refurbishment of public realm.	
Land at Former Friar Gate Station and Goods Yard	Clowes Developments UK Limited	Application for new-build residential, new petrol filing station and conversion of existing buildings to form supermarket (A1); mall (A1, A2 and A3); A3/A4 café, drinking or restaurant; business space (B1) and a heritage centre (03/11/00246).	Granted Conditionally

Uttoxeter New Road

5.4 Aldi has a revised planning application in for their Uttoxeter New Road site, this is a standalone development of convenience retail space. We understand there may be issues with this scheme from a design and access perspective given its proximity to a busy roundabout connecting the A601 with the A516.

5.5 Nexus Planning have identified capacity for additional convenience goods floorspace, but with this and other proposals then this demand could be met.

College Retail Park

5.6 The College Retail Park on Normanton Road has is anchored by a 15,000 sqft Aldi store which has recently been delivered (as phase one) and is now operational.

5.7 The particulars for this scheme indicate that a number of operators have signed up as tenants for the additional comparison retail units which are under construction (19,340 sqft) including Subway, Greggs and William Hill. However, we note from EG that there are still six units available (at £20.00 psf) totalling 8,250 sqft of accommodation.

Former Fireplace Workshop

5.8 The Former Fireplace Workshop proposal includes a Marks & Spencer Food, Nandos and Starbucks. This scheme is located next to the A52 and the junction for Pride Park and adds to the already established Wyvern Retail Park (see Figure 5.3 below).

5.9 However, it should be noted however that both Maplin and Toys R Us have closed their stores at this Wyvern Retail Rark. We are also aware that Carpetright have closed a number of stores[19] and Mothercare but that at present both have not made it onto their respective closures list.

5.10 Whilst there are potential vacancies at Wyvern Retail Park, it is considered that the implications of these closures should have no bearing on the decision made with regards to the Former Fireplace Workshop planning application (12/17/01643), particularly because this space is not likely to be attractive to Marks & Spencer, Nandos and Starbucks primarily due to size.

5.11 We also note that BlackRock who own the retail park have made an application (05/18/00743) to change the use from A1 to D2 gym/health and fitness centre. This is a trend which has happened elsewhere, along with dividing units up and making them smaller and less costly for operators as a key issue facing the big box retailers is operational costs such as business rates.

[19] https://www.bbc.co.uk/news/business-43737262

Figure 5.3 – Former Fireplace Workshop, Wyvern Retail Park and Derby Triangle

Source: Google My Maps

5.12 As well as gym operators expanding and moving into retail parks, the low value and fashion brand markets have also seen growth with the likes of Home Bargains and B & M opening new stores, including the former taking the old Currys PC World unit at Wyvern Retail Park.

5.13 As is highlighted in Figure 5.3, there is also the Derby Triangle in the pipeline, which is an employment-led mixed-use site being brought forward by St Modwen. The site has planning permission (subject to a section 106 agreement) for 72,464 sqm / 780,000 sqft of offices, warehouses and industrial space as well as a pub, restaurant and car showroom with links to existing road and motorway network. Clearly given the existing retail proposals and the uncertainty at Wyvern Retail Park then any retail or leisure space within the Triangle development should be ancillary. We understand that the application includes up to 2,000 sqm / 30,000 sqft gross of A1 accommodation.

Former Derbyshire Royal Infirmary

5.14 In comparison with the other proposals, the retail and leisure element of the Former Derbyshire Royal Infirmary is more ancillary with the scheme being residential led. We consider this to be the right approach given the current market conditions and high level of retail vacancy within the city-centre and in neighbouring Castleward. This site provides an opportunity to bring forward a substantial amount of residential development which will help drive footfall in the city-centre given its proximity to the Core Area and Osmaston Road which leads to St Peters Street.

Castleward Masterplan Area

5.15 More ancillary retail and leisure space is also the case with the Castleward proposal that is residential led and includes 840 residential units across the masterplan area. Within the planning application there is up to a maximum 56,500 sqft of ground floor A1, A3 or B1 uses. However, an element of retail has been delivered within the first phase of development but the retail units have struggled to be let with over 11,000 sqft currently vacant.

5.16 In the current market, secondary retail locations such as Castleward Boulevard are more likely to attract local independent operators. Typically, key requirements for such operators are going to be affordability (rent and business rates) and occupational terms (i.e. a short lease or licence). In the short term, it may be worth exploring temporary uses on flexible terms to generate activity and interest in the location. This would enable the Castleward area to become established, and as more residential and potentially office development comes forward, the boulevard would benefit from increased footfall.

5.17 Clearly with vacancy an issue within the core area and in Castleward, any new proposals for comparison retail in this location and indeed within the city-centre and its fringes should be considered carefully. The Council should focus on a city-centre first policy and ensure that vacancy is addressed within the city-centre before delivering more space on the periphery.

Friar Gate Goods Yard

5.18 The Friar Gate Goods Yard is a prominent regeneration site on the western fringe of the city-centre adjacent to the Cathedral Quarter and is considered a future opportunity in the Council's Delivery Plan. Planning permission has been granted conditionally for a substantial mixed-use scheme which includes residential, retail and leisure uses. This includes a foodstore and we understand that there has been a further application made on a neighbouring parcel of land (also former Friar Gate Goods Yard) for a Lidl (08/18/01214).

5.19 The work undertaken by Nexus suggests there is capacity over the plan period for the delivery of additional convenience goods floorspace. The location of the convenience goods retail needs to be carefully considered. With the planned growth of residential accommodation in the city centre, it may be appropriate to consider a more central location. It must be noted that the smaller discount food operators end to seek sites which provide on site car parking and tend to be mono-use.

5.20 Ultimately, the Friar Gate Goods Yard site is a key regeneration opportunity at an important gateway site and the Council should encourage the redevelopment of its vacant and underutilised sites. However, it must monitor the existing commitments and planned developments elsewhere in considering the uses brought forward here in line with the projections made by Nexus in terms of capacity.

Summary

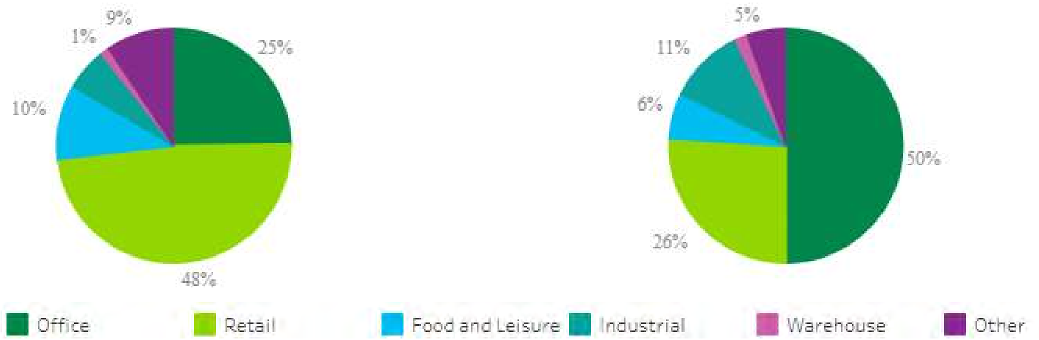
5.21 The live planning applications including retail are all outside of the Core Area. The majority of proposals are anchored by convenience retail for which Nexus Planning have identified capacity for, albeit this will be met if the applications come forward. The comparison retail space is largely ancillary, with the largest floorspace being taken by F & B operators. We have evidenced a number of change of use applications for city-centre space from A1 / A2 retail, largely to A3/A4/A5 or F & B. This and the change of use to offices, residential and leisure should be encouraged to rebalance the mix of the city-centre.

5.22 The following two chapters look at the city centre office and residential markets from a high level.

6 Derby City Centre - Office Supply

6.1 An abundance of retail space and a lack of office accommodation is considered to be a sign of weaker city-centres according to research by Centre for Cities. Figure 6.1 shows that Derby has half the supply of office accommodation and nearly double the retail supply in comparison with the national average. However, clearly the majority of Derby's office accommodation is situated out of the city-centre at Pride Park and space in the city-centre has dwindled as a result of permitted development rights enabling conversion to residential. Centre for Cities recommend that cities with such a make-up should focus on creating a better environment for firms and reducing their reliance upon retail.

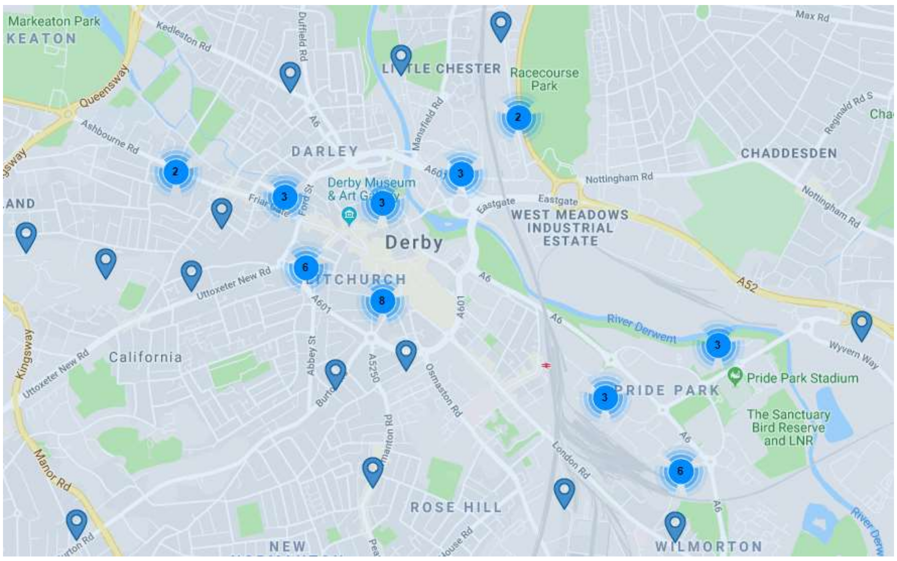
Figure 6.1 – Derby City-Centre's Commercial Make-Up (Left) vs National Average (Right)



Source: Centre for Cities, Valuation Office Agency 2018 (www.centreforcities.org)

6.2 Figure 6.2 shows the current availability of B1 space advertised on Estate Gazettes Property Link database. The single pins represent one individual unit, whilst the numbered icons suggest there is more than one unit available within that location.

Figure 6.2 - B1 Office Availability, Property Link



Source: Property Link

6.3 The figure above includes Grade A, Grade B/C and serviced office accommodation and we tabulate this information below (excluding serviced offices) in terms of floorspace and quoting rents comparing the grade of space and its location i.e. city-centre and Pride Park.

Table 6.1 - B1 Office Availability by Location and Grade of Space

Grade A	Total Space (Sqft)	Average Rent £ psf
City-Centre	80,824*	£18.50
Pride Park	29,653**	ROA
Total	**110,477**	**£18.50**

*this relates to the Cathedral Green scheme which is yet to be delivered

**this relates to the Locomotive Way scheme which is yet to be delivered

Grade B/C	Total Space (Sqft)	Average Rent £ psf
City-Centre	102,843	£7.85
Pride Park	114,600	£16.99
Total	**217,443**	**£11.15**

All	Total Space (Sqft)	Average Rent £ psf
City-Centre	183,667	£11.21
Pride Park	144,253	£16.99
Overall Total	**327,920**	**£12.98**

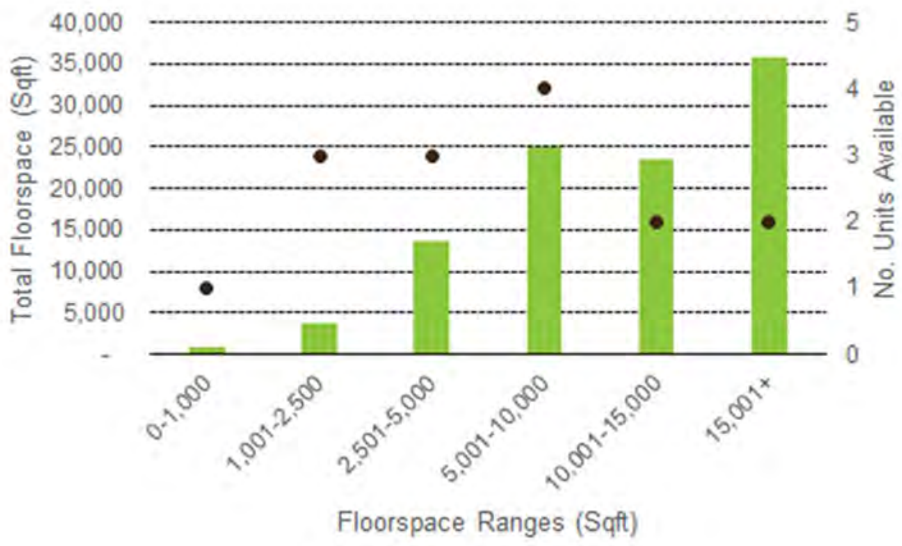
Source: Property Link

6.4 Whilst there is a large amount of total floorspace available, clearly c. 110,500 sqft of space is Grade A accommodation which is yet to be built reducing the existing overall supply of space to 217,443 sqft of Grade B/C.

6.5 It can be seen from the table above that rents (£ psf) are on average greater for space in Pride Park which would be considered the ‘prime’ office location in Derby. This is where there is a greater supply of Grade-B office accommodation and the majority of this space is comprised of smaller units up to 5,000 sqft. The quality of offer here generally exceeds that available in the city-centre.

6.6 Within the city-centre, there is a broader range of supply in terms of size of units (see Figure 6.3). There are a number of larger units within Laurie House ranging between 6,000-18,000 sqft. This office block is attached the NCP St Peters Quarter car park and forms part of the Becket Well regeneration area. If this office space were to be redeveloped, then there would be a reduction in Grade-B/C city-centre availability by c. 54,000 sqft before any new stock was added back.

Figure 6.3 - Breakdown of Grade B Office Supply



Source: Property Link

6.7 In total floorspace terms the data appears to suggest there is a healthy supply of office accommodation in the city-centre and at Pride Park, but there is a real shortage of quality stock and this is a view echoed by agents Gadsby Nichols in the latest Commercial Market Survey[20].

6.8 This is particularly the case in the city-centre as Pride Park and Derby's 'out-of-town' office market is where the majority of activity is and this is where the larger employees have tended to locate themselves. New supply within the city-centre has tended to come through managed workspace schemes (either new-build or refurbishments) led by Connect Derby.

6.9 In terms of other serviced office accommodation, there are a number of facilities marketing space and suites which we list below. Where the information is available it seems that prices range between £260-£420 per person per month:

- St Peters Church Yard (City-Centre) — units between 55-1,980 sqft
- Wilson Street (City-Centre) — units between 55-275 sqft
- Green Lane (City-Centre) — units between 55-165 sqft
- Pinnacle Way (Pride Park) — units between 55-175 sqft
- St Christophers Way (Pride Park) — units between 188-408 sqft

[20] RICS UK Commercial Market Survey Q2 2018, page 5

- Mallard Way (Pride Park) units between 55-605 sqft

6.10 It is important to increase the levels of office occupiers within the city centre core. SME occupiers are likely to prefer managed workspace or lower cost space which can be provide at affordable and flexible terms.

6.11 Equally some consideration and effort, needs to be made in order to attract larger floorplate occupiers, some of whom could be potential relocations from Pride Park and new occupiers. Such occupiers would be attracted by the access to amenities in the city centre and indeed good access to public transport. Provision of floorplates between 7,000– 10,000 sqft could be considered and buildings which are capable of multiple occupation.

6.12 We are aware of the Councils proposals to bring forward 34,000 sqft of Grade A accommodation at Bold Lane. This is a positive step by the Council who will sell the land to be designed and built by Jensco Group and take a long-lease on the property with an option to purchase the freehold at the end of the lease. This delivery model means the Council do not have the risk of development but have provided security to the developer by taking a long-lease. We anticipate the Council will then seek occupiers throughout the construction process.

6.13 Utilising the above model, and any other Council land ownerships to bring forward office schemes should be encouraged within the central business district.

7 Derby City Centre – Residential Development

7.1 This section provides a high-level overview of the city centre residential development market in Derby. The purpose of this is to understand trends in the market and demonstrate the level of activity within the city centre.

7.2 We have been provided with information from a local agent which shows that over 1,000 units were delivered between 2016-2017 and understand that there is more than 2,000 planned up to 2021 (see . Completed schemes are a combination of office to residential conversions, new-builds and student residential developments including:

- Roman House, Friar Gate – a former Local Authority owned office which was sold and refurbished to provide 125 studio apartments comprised of 1 or 2 bedrooms.
- Cathedral Green, Full Street – a new-build apartment scheme comprising of 36 units and a Premier Inn. This scheme set new levels of sales values which were in the order of £250 psf.
- Cathedral Court, Cathedral Road – a new-build 7 storey development of 350 student apartments.

7.3 In terms of forthcoming and potential developments, we highlight some schemes of note below:

- Forester House – the former job centre in Derby has planning permission for 59 flats and is currently being marketed by FHP Property Consultants from £1.75 million which equates to c £30,000 per unit.
- Garibaldi Site – a development of c. 100 apartments in the North Riverside Masterplan Area, a demonstration that there is market interest east of the Derwent in the city centre.
- Phoenix Street – another proposed development within the North Riverside Masterplan Area on the edge of the city. If determined and delivered, it would be the tallest residential tower in Derby if delivered, totalling over 200 units across 17 storeys.
- Two Friar Gate Square – a further 220 new student units contributing towards the growing student residential offering in the north west of the city.

7.4 The above list is focused on apartment schemes and therefore excludes some larger schemes such as the former Derbyshire Royal Infirmary site and phase two at Castleward. These schemes are very proximate to the City Centre, but just on the edge. These schemes are important, because they will increase the population which resides within walking distance of the City Centre, generating footfall and demand within the centre for different uses.

7.5 The above demonstrates that there is market activity within the city centre for both apartments and houses in suitable peripheral locations. The office to residential permitted development rights has opened up a number of opportunities for investors and developers to bring forward apartments, and such schemes are generally easier to deliver from a viability perspective given the favourable cost versus value ratio (where the opportunity is right). In lower value areas, office to residential permitted development has been the main route to delivering apartments within centres.

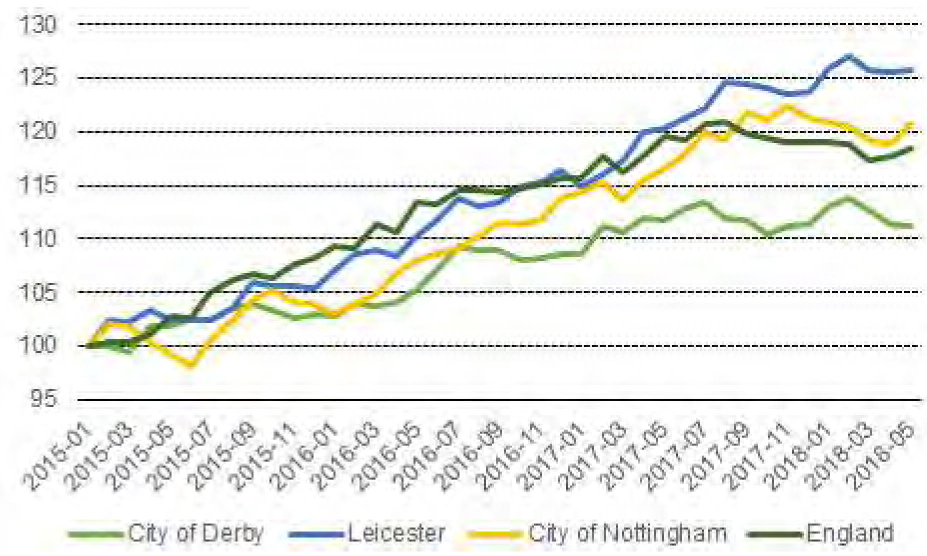
7.6 However, encouragingly in Derby there have been examples of new-build student residential and apartments for sale within the city centre. In addition, we note a number of planning applications for Private Rented Sector (PRS) schemes which mirrors a wider trend being seen across the Country. In terms of viability, the PRS model offers a 'de-risked' alternative to apartments for sale on the open market because the PRS block(s) can be forward sold to an investor. In comparison to market sale apartment schemes where units are sold over a period of time, running on post completion, thus presenting significant market risk which at the present time means that funding such schemes is challenging.

7.7 The rest of this chapter looks at the residential apartment market in terms of sales values and rents from a high level to provide some context to the development activity discussed above.

Sales Values

7.8 The figure below shows the price change for apartments / maisonettes across the geographical areas since the Land Registry rebased its indices in 2015. The House Price Index is a useful measure of comparing price change and it shows that Leicester has outperformed the City of Nottingham and the City of Derby. However, the general direction of travel across all of the geographic areas is upwards. It should also be stated that this graph will include data from second-hand sales as well as new-build schemes, and therefore this will have a negative impact upon the rate of growth depending upon the quality of second-hand stock.

Figure 7.1 - House Price Index for Apartments and Maisonettes, by Area



Source: Land Registry

7.9 Figure 7.2 provides a more focused view on the city centre and its fringes (DE1) and supports the upward trend presented above from the Land Registry data with a 22% growth in value for flats over a 5-year period. We note that the average price paid for a flat in DE1 is c. £115,500 over the last 5-years compared to an average of £86,300 across the same period in the City Council authority area. As would be anticipated, values for flats within the city centre achieved a premium over those in more fringe locations such as Allenton, Chaddesden, Cavendish, New Normanton and Osmaston.

Figure 7.2 - DE1 Zoopla Area Stats

Source: Zoopla

7.10 In addition to location, it would be anticipated that new-build or refurbished apartments would command a premium over second-hand apartments. We have undertaken an analysis of sold prices for new apartments with Derby City Centre using Land Registry and cross-referencing the addresses with the Energy Performance Certificate register for floor areas. The table below summarises on average the unit sizes and sales values (absolute and £ psf) of four schemes.

Table 7.1 - Sold Price Data for New Apartments in Derby City Centre (Since 2017)

Scheme	Av Size (Sqft)	Av Price Paid	Av £ psf
Bramble Court	379	£85,995	£228
Norman House	438	£85,346	£195
Prosperity House	566	£116,549	£206
Castleward Court	710	£149,075	£210
Minimum	**323**	**£60,000**	**£174**
Average	**549**	**£112,883**	**£206**
Maximum	**883**	**£165,000**	**£255**

Source: Land Registry

7.11 The overall average price since January 2017 is marginally lower than the Zoopla average price paid over a 5-year period. This is partly down to values plateauing slightly (as shown by Figure 7.1) but is largely driven by the size of units within this dataset, as the majority would be classed as studio or 1-bed apartments based on national space standards. In comparison, the Castelward Court scheme which has delivered larger 2-bed units (66 sqm) has achieved a much higher average sales price given the usual premium paid for larger properties.

7.12 We have also undertaken a high-level analysis of asking prices on Rightmove for 1-bed and 2-bed new-build or refurbished 'city centre' apartments which are currently available. The two tables below suggest that asking prices for new-build apartments are priced above what has been achieved for the respective property types since the start of 2017. However, we note that both Norman House and Prosperity House were office to residential conversions and therefore it would be expected that complete new-build schemes would achieved a premium given that there is more flexibility within the design to achieve a better quality finish.

Table 7.2 - Asking Prices for 1-Bed Apartments

Scheme	Area	Asking Price	Lease Length	Yearly Costs*	Parking	Comment
Kings Crescent	Cathedral Quarter	£ 100,000	125 Years	£ 1,124	Yes	High quality finish - completing Q2 2019
Castleward	Southern Fringe	£ 115,000	Unknown	Unknown	Yes	Phase one of new development
Kings Crescent	Cathedral Quarter	£ 127,500	125 Years	£ 1,405	Yes	High quality finish - completing Q2 2019
Green Lane	St Peters	£ 145,000	Unknown	Unknown	No	Grade II Listed Church Conversion
Kings Crescent	Cathedral Quarter	£ 150,000	125 Years	£ 1,794	Yes	High quality finish - completing Q2 2019
Minimum		**£ 100,000**				
Average		**£ 127,500**				
Maximum		**£ 150,000**				

* annual ground rent + service charge costs

Source: Rightmove

7.13 We have tried to provide a spread across different areas of the city, and therefore there are three second-hand apartments within the table below. These are from relatively new schemes and as can be seen from the Weavers Point development, the asking price is higher than units being sold in Castleward. A factor in this could be the lease length, which provides the purchaser with greater security of tenure than a 125-year lease (which is becoming more common).

Table 7.3 - Asking Prices for 2-Bed Apartments

Scheme	Area	Asking Price	Lease Length	Yearly Costs*	Parking	Comment
Stuart Street	Riverside	£ 140,000	Unknown	Unknown	Yes	Second-hand property
Castleward	Southern Fringe	£ 142,950	Unknown	Unknown	No	Phase one of new development
Stuart Street	Riverside	£ 149,950	Unknown	Unknown	Yes	Second-hand property
Castleward	Southern Fringe	£ 150,000	Unknown	Unknown	No	Phase one of new development
Castleward	Southern Fringe	£ 151,950	Unknown	Unknown	Yes	Phase one of new development
Weavers Point	Northern Fringe	£ 159,950	997	£ 1,740	Yes	Second-hand property built in 2016
Green Lane	St Peters	£ 169,000	Unknown	Unknown	No	Grade II Listed Church Conversion
Kings Crescent	Cathedral Quarter	£ 185,000	125	£ 1,840	Yes	High quality finish - completing Q2 2019
Kings Crescent	Cathedral Quarter	£ 280,000	125	£ 4,533	Yes	Penthouse with high quality finish - completing Q2 2019
Minimum		**£ 140,000**				
Average		**£ 169,867**				
Maximum		**£ 280,000**				

Source: Rightmove

7.14 Given the relatively small sample, it is difficult to distinguish whether there is any value differentiation across the city. However, we consider that any premium achieved with respect to new or refurbished apartments is going to be driven by:

- Location i.e. amenities in vicinity and proximity to transport
- Aspect and setting i.e. quality of shared space within a scheme
- Specification and finish e.g. Green Lane and Kings Crescent schemes
- Parking availability
- Security of tenure - lease length and annual costs associated with that
- Re-sale or letting potential

Rental Values

7.15 For a broader overview, the Valuation Office Agency captures record monthly rents across administrative areas. Table 7.4 and Table 7.5 below shows the data captured for the East Midlands and the three key regional urban areas (Derby, Leicester and Nottingham). This shows that the median rent for 1 and 2-bed properties in Derby is lower than the East Midlands average, as well as Leicester and Nottingham.

Table 7.4 - 1-Bed Monthly Rents (£) between April 2017 and March 2018

Region	Mean	Lower Quartile	Median	Upper Quartile
East Midlands	462	395	450	525
Derby Urban Area	445	385	425	495

Region	Mean	Lower Quartile	Median	Upper Quartile
Leicester Urban Area	458	395	450	525
Nottingham Urban Area	516	425	495	563

Source: Valuation Office Agency

Table 7.5 - 2-Bed Monthly Rents (£) between April 2017 and March 2018

Region	Mean	Lower Quartile	Median	Upper Quartile
East Midlands	568	490	550	635
Derby Urban Area	549	475	525	615
Leicester Urban Area	550	353	575	650
Nottingham Urban Area	638	495	550	700

Source: Valuation Office Agency

7.16 As mentioned within the sales value analysis, broader overviews will capture evidence from more fringe and peripheral locations that will bring down the mean / median rents. It would be anticipated that as will sales values, apartments within the city centre would command a rental value premium.

7.17 Looking more specifically at the DE1 postcode, we note from Zoopla that the average asking rent for a 1-bed apartment (from a sample of 57) is £468 per calendar month (pcm), which is greater than the mean / median for the East Midlands. In terms of 2-bed apartments within DE1, the average asking rents exceeds the upper quartile for the East Midlands at £707 pcm (from a sample of 72).

We have undertaken a high-level review of Rightmove for asking prices relating to newer or recently refurbished apartments to provide an idea of prime rental values in the city centre. Table 7.6 below summarises the asking rents for newer, better quality 1-bed apartments and it can be seen that all of these are situated within the Cathedral Quarter. The table also demonstrates that furnished apartments and / or those with allocated parking spaces command a premium up to £625 pcm. This trend also applies to the 2-bed apartments (see Table 7.7) where the top end rent for a high-specification furnished apartment is £1,450 pcm. However, the majority of furnished units are available between £650-£800 pcm.

Table 7.6 - Asking Rents for 1-Bed Apartments

Scheme	Area	Type	Asking Rent (£ pcm)		Furnishing	Parking
Cordery Court	Cathedral Quarter	Market	£	450.00	Unfurnished	No
Beckett Street	Cathedral Quarter	Market	£	550.00	Unfurnished	No
Willow House	Cathedral Quarter	Market	£	550.00	Part-Furnished	No
Norman House	Cathedral Quarter	Market	£	575.00	Unfurnished	Yes
Friary Street	Cathedral Quarter	Market / Student	£	575.00	Unfurnished	Yes
Norman House	Cathedral Quarter	Market	£	595.00	Unfurnished	Yes
Friary Street	Cathedral Quarter	Market / Student	£	600.00	Furnished	No
Friary Street	Cathedral Quarter	Market / Student	£	625.00	Furnished	No
Minimum			**£**	**450.00**		
Average			**£**	**565.00**		
Maximum			**£**	**625.00**		

Source: Rightmove

7.18 Table 7.7 also shows that there is a broader supply of newer and better quality 2-bed apartments across the city centre.

Table 7.7 - Asking Rents for 2-Bed Apartments

Scheme	Area	Type	Asking Rent (£ pcm)		Furnishing	Parking
Prosperity House	St Peters	Market	£	525.00	Unfurnished	No
Prosperity House	St Peters	Market	£	550.00	Unfurnished	No
Prosperity House	St Peters	Market	£	575.00	Unfurnished	Yes
Willow House	Cathedral Quarter	Market	£	595.00	Unfurnished	No
Brookbridge Court	Northern Fringe	Market	£	640.00	Unfurnished	Yes
Beckett Street	Cathedral Quarter	Market	£	650.00	Unfurnished	No
Brook Street	Northern Fringe	Market	£	650.00	Part-Furnished	Yes
Prosperity House	St Peters	Market / Student	£	650.00	Furnished	No
Babington Court	St Peters	Market	£	695.00	Furnished	No
Friary Street	Cathedral Quarter	Market / Student	£	700.00	Unfurnished	Yes
Stuart Street	Riverside	Market / Student	£	710.00	Furnished	Yes
Friary Street	Cathedral Quarter	Market / Student	£	725.00	Furnished	No
Friary Street	Cathedral Quarter	Market / Student	£	750.00	Unfurnished	Yes
Stuart Street	Riverside	Market	£	775.00	Furnished	Yes
Lodge Lane	Northern Fringe	Market	£	795.00	Unfurnished	Yes
Prosperity House	St Peters	Market	£	795.00	Furnished	No
Friary Street	Cathedral Quarter	Market / Student	£	800.00	Furnished	No
Burleigh Mews	Cathedral Quarter	Market	£	1,450.00	Furnished	Yes
Minimum			**£**	**450.00**		
Average			**£**	**661.72**		
Maximum			**£**	**1,450.00**		

Source: Rightmove

8 Conclusions

8.1 Within this chapter we briefly summarise the findings from the retail and leisure market research and provide some key outcomes which are explored more fully with other study outputs.

Retail Summary

8.2 Derby's retail offer is dominated by Intu Shopping Centre, this is where the majority of national multiples are located and where we have evidenced longer leases are being taken, in comparison high-street deals have primarily involved more local or independent retailers which have taken-up space on much shorter time horizons. In terms of rental values, there is limited evidence of rents obtained in Intu and therefore a comparison is not possible.

8.3 Nexus Planning have identified that retail vacancy in Derby City-Centre has increased and currently stands at 13% above the national average of 9.3%. Our research indicates that there is currently 192,200 sqft of space available to let in Derby including 75,000 sqft of new or refurbished accommodation which is divided up primarily between space along Castleward Boulevard and at Riverlights. These new schemes are struggling to attract tenants given the uncertainty within the retail market and a lack of footfall given that the units are in peripheral locations.

8.4 In terms of future retail development currently in the pipeline, this is clearly concentrated outside of the Core Area which mirrors a broader national trend along with the change of use within the centre from A1 to other uses. The change of use from A1 to other uses could be encouraged within the city-centre given the high vacancy rate, as long as deemed complimentary to the surroundings bringing new uses into the high-street space can help drive footfall.

8.5 As discussed in the market overview, it is evident that nationally the retail market is facing a period of significant change and therefore Derby is not alone in its challenges. This is being caused by a number of issues from inflation, wage growth, rising costs including business rates and changing consumer preferences with the proliferation of online shopping and fundamental aspiration for convenience. The experience of shopping in centres cannot compete with out-of-town or online from a convenience perspective, particularly when factoring in the additional time and cost of car parking or travel. Therefore, with retail being less dominant within city-centres, thought needs to be given to appropriate alternative uses and leisure is such a use – we discuss this market below.

Leisure Summary

8.6 This chapter has given consideration to the F & B market, hotels and 'urban leisure' space i.e. civic and more active leisure offers. Whilst the retail market has experienced difficulties nationally, as discussed above the leisure market in particular the F & B sector has seen a period of growth.

8.7 Derby's F & B offering is split largely between Intu which is primarily home to the larger national multiples, although these do have a presence across the city and in the Cathedral Quarter. However, this is an area where there are more local or independent operators and we have identified a number taking up space within the Cathedral Quarter such as Dog & Moon and Bunk.

8.8 This suggests the cities F & B offer is growing and diversifying and this is a trend consistent with the wider F & B market which has occurred alongside traditional A1 uses closing as discussed in the market overview section. However, the sustainability of this growth has started to be question with a number of casualties within the F & B sector (as discussed earlier) and we note that Prezzo have left their Friar Gate restaurant.

8.9 The casualties within this sector have been relatively similar operators which fail to provide a unique offer, struggle from competition and are not flexible on price which deters consumers. Consumer culture is currently being driven by experience as well as convenience and therefore it is operators which offer a more unique product which are successful. An example in Derby being Bustler Market in Derby which is a monthly temporary independent food market which has been considered a success locally and made use of otherwise vacant floorpsace in the Riverlights scheme. It is considered that the City Council should seek to support and encourage the growth of its local and independent F & B offer as well as encouraging 'meanwhile uses'.

8.10 In terms of hotels, this is a difficult market to analyse specifically at a city level. The sector more generally has been performing well, however it too faces challenges with Brexit looming and increasing operational costs. Currently, Derby's hotel offer is comprised of a mix of traditional / independent, budget and serviced apartments. The budget and serviced apartment market having driven growth in this market nationally and Derby has capitalised upon this with an example being phase one of Riverlights accommodating two budget operators. However, there is a lack of luxury hotel accommodation in Derby City-Centre as such operators tend to focus on key cities with both a substantial tourist attraction, but also a strong office market. Were the city to see a growth in its tourism and leisure offer, as well as more office-led development then this is a potential market to be exploited.

8.11 Arguably the most important form of leisure space is what we have referenced as 'urban leisure'. With consumer spending patterns changing to focus more on experiences than physical items, there has been a growth within this market and Derby itself has seen a number of new urban leisure operators moved in such as:

- Multiple Escape Rooms
- Adventure Golf in Intu
- Bounce in Castleward

8.12 This is of course in addition to the provision of cinemas and ten-pin bowling alleys for which Nexus have identified there is no further demand for.

8.13 The 'Civic' urban leisure offer is also important, and the city already has a number of important assets such as: Derby Theatre, Guildhall Theatre, QUAD, Pickford House Museum and Derby Museum & Art Gallery. There are however further opportunities to explore the city's cultural and event space offer with the Silk Mill renovation due to complete in 2020; the potential to bring back the Assembly Rooms; and the Becket Well regeneration area which is a key site in the city-centre with the potential to deliver a major scheme that could revitalise this area of Derby.

Office Summary

8.14 We have only undertaken a high-level review of existing office supply available through Estates Gazette Property Link. However, this research has been supplemented with our stakeholder consultations and it is clear that Derby City-Centre lacks a vibrant office market.

8.15 The evidence from the current availability of space indicates that there is a lack of quality office accommodation within the city-centre. In terms of quality of space and rental levels (£ psf), Pride Park is where the better accommodation is and where tenants will pay a higher rent. This location also has the benefit of being close to Derby Midland station, which is often a draw to employers. This further emphasises the importance of better connecting the station with the city-centre.

8.16 It is considered amongst stakeholders and is clarified by research from Centre for Cities, that with employment uses in city-centres comes additional benefits such as a greater residential population and higher retail and leisure spend. Therefore, improving the city's office offer is imperative, and finding a way to deliver the Cathedral Green and Bold Lane schemes is important to address this imbalance and help realise a priority of City-Centre Masterplan.

Residential Summary

8.17 We have undertaken a high-level review of the city centre residential market utilising Land Registry, Rightmove and Zoopla as well as agent consultation.

8.18 Whilst from both a sales value and rental value perspective Derby slightly underperforms 'on average' in comparison with Leicester and Nottingham, the city has experienced a sustained period of value growth over the past 5 years. This has been driven by a number of office to residential conversions and a number of new-build schemes including the Cathedral Green development which has achieved in excess of £250 psf and is situated within the popular Cathedral Quarter, which is an emerging residential city centre location.

8.19 We are aware of a number of schemes in the pipeline across the city centre, including two private rented sector schemes north of the riverside. This is a growing sector nationwide, and as highlighted can overcome issues with viability where these is investor demand for a large number of units.

8.20 We consider that encouraging residential development within and around the city centre is vital to the future growth and sustainability of Derby because increasing the population density within the city will help generating footfall and demand within the centre for retail and leisure uses. It will enable the evening economy to become more sustainable and add vibrancy into the evening.

8.21 We would comment however that proposals for residential use through permitted development should be of high quality. The Council could consider introducing an Article 4 Direction to restrict the scope of the rights if there is concern over the quality of proposals or loss of employment space for example. There are a number of precedents across the Country where key employment locations have been protected in this way. A case will need to be made in terms of the concentration of employment space.

Key Outcomes

8.22 Evidently, the way we see a city-centre is changing and such places therefore have to re-invent themselves and the Local Plan provides an opportunity for the Council to consider how the City Centre can adapt to these new challenges.

8.23 Key findings from this market paper are therefore:

- Role of high-street retail is changing – approach to management of this needs to be more flexible to accommodate bringing different uses into the centre which encourage footfall.
- Applications for new retail development are in out-of-town locations, but the Council needs to consider these applications carefully and the implications that they have on the city-centre which must remain the priority. The role of the sequential test is important and clearly where uses can be accommodated within the city-centre, or close to it, then proposals for new accommodation should be resisted.
- Change of use applications for A1 and A2 uses should in principal be encouraged and a relaxation of the frontages policy (which is no longer a requirement in the NPPF) on the main high street may help generate additional vibrancy and vitality, but this must be done carefully to ensure the uses proposed are suitable.
- Importance of bringing complementary uses into the city-centre:

- Offices – a strong office market helps with the vibrancy and vitality of a city-centre as workers have spending power and drive footfall.
- Residential – as with offices, more residential in city-centres means more people on the streets and more spending potential. This could include student accommodation. Viable residential does however bring with it the challenge of accommodating scale in the city-centre.
- Leisure - explore meanwhile uses, diversify cultural offer, use public assets and promote events within the city-centre that will give people a reason to visit.

8.24 In our consultation with local stakeholders, office; residential and leisure uses are seen as important in reviving the city-centre and generating footfall. This is in addition:

- Bringing more of the University into the city-centre;
- Introducing more flexibility planning policies which encourage change of use (i.e. frontages policy);
- Improve the management of public realm;
- Capitalise on assets such as the Market Hall;
- Create more events / family attractions; and
- Address issues with car parking – availability, cost and ease of use i.e. paying by phone were all mentioned.

Appendix 1 – The Grimsey Review 2, 2018

THE GRIMSEY REVIEW 2

"It's time to reshape our town centres"

The Team

Retailer Bill Grimsey **Research and Data** Matthew Hopkinson **Risk Analyst** Nick Hood **Technology** Eva Pascoe **Public Sector and Regeneration** Chris Shellard **Property and Regeneration** Jackie Sadek **Professor of Services Marketing, Edge Hill University** Kim Cassidy **Officer Roeselare Government** Vanessa Dehullu **Communications Consultant** Matt Baker
All of the authors have given their time freely to produce this document

Editor Siobhán Crozier

METHODOLOGY AND SCOPE

This review is fact-based and evidence is fully referenced, together with a number of interesting case studies. Examples of good practice have been sourced from industry leaders, trade bodies, local authorities and extensive social media engagement. The response has been overwhelming. We have tried to cover all aspects of commercial and social activity impacting on town communities and not just focused on shops. We have identified what has changed in five years and reached conclusions based on where we are today and what might happen in future, driven primarily by technology and innovation.

Cover The illustration on the front cover was commissioned during a visit to Stockton-on-Tees from Julia Powell, founder of incubator company Just Believe, located in the Fountain Shopping Mall, home of the local authority-sponsored Enterprise Arcade

Contents

04 Foreword
06 Key findings
07 Barriers to progress
08 Recommendations
10 Conclusion
12 Financial Risk in the Retail Sector
23 Planning and Governance
32 High Street Digital Retail
42 Case studies
56 Authors' biographies
58 Appendices
62 References and Acknowledgements

Foreword

The Grimsey Review, an alternative Future for the High Street, was first published in 2013 and we were clear that we wanted it to be a living, breathing document that would inspire change. Not an academic review gathering dust.

What's been encouraging is that, despite our high streets continuing to face enormous challenges and requiring seismic change to help them adjust to 21st century demands, there were many places where our rallying call was answered. The most successful example was in how it captured the imagination of the mayor of a medium-sized town called Roeselare in West Flanders, Belgium. Our review was used as a blueprint to start on a journey to transform the place – and today Roeselare is reaping the benefits from the plans put in place by Kris Declercq, the town's visionary mayor. We also found an example of a pro-active council in Stockton-on-Tees lead by a visionary chief executive, Neil Schneider.

There are still far too many places, however, where that journey has yet to begin.

I had this in mind just before Christmas 2017 when the BBC invited me to comment on the health of the UK's High Streets five years on from the Portas and Grimsey high street reviews. When I came off air I thought it would be a good idea to revisit the first review in order to see what has changed since then, what has worked, what hasn't worked, where we are today and what we should do now to improve our high streets and town centres. I contacted many of the original co-authors, added a couple of other experts to the team and early in January 2018 we embarked upon a journey to produce *The Grimsey Review 2*.

The Tipping Point

We did not predict that our timing would coincide with a period when so many high-profile retailers would fall into administration or undertake financial restructuring through Company Voluntary Arrangements (CVAs). Household names are rapidly disappearing and barely a week passes when another major chain has not announced it will be downsizing, shutting hundreds of stores and putting thousands of jobs at risk.

These are casualties from a sector that as a whole contributed £194 billion to UK economic output (11% of the total), measured by Gross Value Added. In 2016, the sector employed 4.9 million people (20.5% of the UK total) and consisted of 374,000 businesses (15.5% of the UK total). These figures are significantly higher than their equivalents at the time of our last review suggesting that things had improved until the first quarter of 2018.

The dramatic structural changes to the retail industry that have occurred over the last five years, brought about by the convergence of changing consumer behaviour driven by technology, an archaic business rates system and the prevailing economic conditions were very much predicted in our first review. Other new and unforeseen factors like Brexit have exacerbated problems with a weaker pound and the subsequent pressure on retail prices.

The number of and type of shops being occupied in our towns has continued to change and at a quicker rate. The fundamental structure of Britain's town centres has changed from goods transaction to one of consumption of food and experiential services including health and beauty.

The Technology Revolution

It is now obvious that we are at the beginning of enormous social and economic change. The Fourth Industrial Revolution will be the most disruptive period any of us has ever known, as we continue to witness a blurring of the real world with the technological world.

As home to the original Industrial Revolution, it took policy makers in the UK the best part of a century to respond to the major skills challenge and introduce universal education. We cannot afford to make the same mistakes and fail to prepare our communities for a major technological challenge.

The technology revolution that's upon us right now is going to continue to seriously affect our high streets and town centres. If we don't act now, current models will no longer have any real purpose and be consigned to the dustbin of history.

But if we recognise what technological disruption means to existing models and recalibrate our high streets and town centres so they are resilient to change then there are very good grounds for optimism.

Homo-Sapiens Social Animals

By becoming gathering points for whole communities, which also offer a great experience facilitated by technology and incorporating health, entertainment, education, leisure, business/office space and shops at the heart of a thriving community hub, every high street and town centre can have a positive future.

This observation was centre stage in our first review and our research has shown we have to go further, faster and double down on a commitment to embed this change. It is a pity we have lost valuable time to develop a scalable methodology to manage this transition. But with the right political will and determination there is still time to give communities a chance to thrive.

Without this political will, which needs to manifest itself in the form of a new, powerful form of localism where the promise of a fundamental shift of power away from Westminster is finally realised, we are leaving a vacuum that will most likely be filled by big tech companies.

The irony should not be lost that the very tools of mass communication the tech companies helped create has contributed greatly to the atomisation of society, which has seen social isolation reach epidemic levels, especially amongst the younger generation.

Yet right now companies like Apple are looking to rename their shops as "Town Squares" where people go for a great experience and to interact with other people. We can and must do the same thing with our high streets and town centres. If Apple gets it, why can't we?

The wholesale change needed to revitalise our town centres and give them a fighting chance of survival will only come, however, when there is an acceptance that the old order of things is crumbling before our eyes. We still rely on old models that are not fit for the 21st century and this is holding back change. For example, in the north-west 5.7% of all stores have been vacant for more than three years – this is redundant stock and needs repurposing.

The tipping point can be hard to reach but we need a greater determination to question the way we do things and embrace the whole community. For example, Business Improvement Districts (BIDS) are by definition set up to improve businesses not necessarily communities. In Scotland they have started testing Community Improvement Districts (CIDs), which by definition embrace all stakeholders in the area. This is a good first step.

Political Will

You will see from the extent of our research that we have tried to produce a comprehensive evidence-based review. We have not allowed too much, if any, room for opinion to creep into our findings. It has led to some extremely heated debates at times and kept some radical ideas from finding their way into this review. We see this as a good thing since it prevents improbable or perhaps impractical recommendations overshadowing the important tasks that desperately need tackling.

At the outset we identified that our primary target audiences would be central and local government while recognising that our work will be relevant to property developers, regeneration professionals, trade associations, retailers, landlords, investors, think tanks/pressure groups and anyone concerned about place-making and communities.

In our first review we acknowledged: *"One thing is certain. The high street and town centre landscape has irrevocably changed and there is no point clinging on to a sentimental vision of the past. We have to start planning for a bold new world."* What we have seen during our research this time is that some very good initiatives have been put in place up and down the country over the last five years. These need to be celebrated.

Nevertheless, there is a lack of an independent evidence-based organisation in England and Wales to help towns recognise, react to and realise the opportunity that the current changes bring. There is a fundamental need for a scalable common methodology that will produce unique and different plans to give every high street and town centre the best possible chance to flourish. This time around we will push even harder to make this happen.

KEY FINDINGS

Four specific key findings were established that have been used to shape a series of 25 recommendations

1 There is a need for all towns to develop plans that are business-like and focused on transforming the place into a complete community hub incorporating health, housing, arts, education, entertainment, leisure, business/office space, as well as some shops, while developing a unique selling proposition (USP).

2 The key to success is outstanding, talented and committed **leadership**. Whether this is elected mayors with the mandate and authority to get on with the job, or local government bringing all stakeholders, including the community to develop and implement a plan for the location, strong leadership and vision are essential.

3 The curating of a place based on its distinct heritage is multi-dimensional and complex but should feature strongly when developing the "offer": Why would people want to live, work, play, visit and invest in the "place"? What does it stand for?

4 Where we see genuine high street innovation, best practice is often not shared and far too many agencies remain in silos. There is a need for Economically Rational Areas to be established that can draw on the examples of Scotland and Wales to get things done. An independent body (not a membership organisation) is needed to support, question and signpost for local authorities and act as a driver for stakeholder support.

BARRIERS TO PROGRESS

Before examining the recommendations, it is important to note areas that act as major barriers to progress. We have avoided recommending solutions to these but would recommend that central government carry out serious independent reviews of these issues to find a better way forward.

1 Business Rates have grown into a massive tax collection vehicle for government (circa £29bn annually of which retail represents almost one third – £8bn). This colossus has grown and grown, it does not reflect the additional costs to provide services to those businesses any more. It is a complex property and services tax that has spawned an entire industry of lawyers, advisors, appeal courts and other specialists. The Valuation Office Agency (VOA) has also grown accordingly, without the data structure or technology to service the increasing demands placed upon it. There is now a very strong case for replacing it with an alternative tax and this should be seriously considered.

2 The complex layers of local government are confusing and overly bureaucratic; parish, town, district and county councils, each with different remits and different ownership of public realm, frequently throw up red tape that often prevents progress. Can it be simplified to empower local communities so that they can manage their own "place" more effectively?

3 Financing change has become a major issue as many local authorities are becoming increasingly "entrepreneurial" with local community assets to plug budget gaps and survive let alone finance investment in a regeneration plan. What is the best way to do this?

Recommendations

Create a more supportive environment

1 **Establish** an empowered organisation or Town Centre Commission under strong, established leadership through the local authority for each town centre, with a defined remit to build a 20-year vision/strategy for their unique place. Ensure that this vision is underpinned by a comprehensive business/place plan.

2 **Create a national** independent organisation, similar to Scotland's Towns Partnership, to capture and share best practice from towns online for Town Centre Commissions to access. This could be hosted by the Local Government Association (LGA) but would need central government endorsement. Work such as this review, the recent LGA *Revitalising Town Centres* handbook, academic research, investment models and case studies could all be accessed, as well as information and advice on how to build an evidence base and how to write a town plan supported by a network of experts that the organisation co-ordinates.

3 **Accept** that there is already too much retail space in the UK and that bricks and mortar retailing can no longer be the anchor for thriving high streets and town centres. They need to be repopulated and re-fashioned as community hubs, including housing, health and leisure, entertainment, education, arts, business/office space and some shops.

4 **Embed libraries and public spaces** at the heart of each community as digital and health hubs that embrace smart technology.

5 **Establish common** key performance indicators to measure the economic and public health of each town. Link the reporting through a data dashboard to provide independent, objective and current data on performance. Data gathered by the town needs to be delivered in Open Format (Open Data) so it can be shared.

6 **Set up a National Urban Data** knowledge portal to support the implementation of data platforms for high streets and town centres. A shared dashboard (cloud-based) with a town Data Portal-as-a-Service should be piloted.

7 **Local authorities** should establish events teams to manage a comprehensive programme of activities that complement the Town Centre Commission Plan by driving footfall to local high streets.

Government and planning

8 **Accept that there is no confidence**, in business rates, it is accelerating shop closures in many towns and is an outdated and unfair tax that needs a major overhaul. An immediate independent review should look to replace it with either a land/area/property value or sales tax.

9 **Give local authorities powers** to introduce penalties and incentives for landlords of commercial properties that are left empty for more than 6-12 months. Review the existing property use class system to increase flexibility and look to establish a change of use to make the asset productive.

10 **Introduce clear high street** assets ownership accountability by establishing a landlord register for each town to be able to trace the owner of every single property and engage them in the health and wellbeing of the place.

11 **Enable the change of use process** through new legislation to be used to convert entire sub-high streets to residential or other uses within the agreed town plan and relocate successful independent businesses to the main commercial centre.

12 **Connect planning applications**, and in particular new developments, to the business plan for each town and ensure that developments fit within the criteria set by the Town Centre Commission Plan.

13 **Give local authorities ultimate power** in granting planning permission in line with the Town Centre Commission Plan. Remove the appeal and authority of the Planning Inspectorate to override decisions.

14 **Give local authorities powers** to introduce incentives and penalties to prevent the process of "land banking" for future speculative developments.

15 **Local authorities should appoint high quality design teams** to create and enhance spaces for civic and social use. Design should celebrate the historic character and local identity with high quality streets and public realm.

16 **Create a flexible planning framework** to unlock the potential of areas by encouraging SMEs and making it easy to pilot new business concepts at low risk. The Fountain Arcade in Stockton-on-Tees offers a great example where the local authority is providing conditions to incubate new businesses at low risk.

17 **Review Compulsory Purchase Order** (CPO) provision and make it more straight forward for Local Authorities to enforce a CPO in order to benefit the Town Centre Commission Plan.

18 **Review and amend the planning use** class system legislation to enable greater flexibility of building use and also to distinguish between the specific use of logistics warehousing used for direct retail sales.

19 **Create a nominal maximum charge** (£1) for the first two hours of parking in town centres, while introducing 30 minutes free parking in high streets with no paid extension option.

20 **Review and evaluate** future use and relevance of out of town shopping parks, prepare a plan to bring unwanted space back into use to benefit the community in line with the Town Centre Commission Plan, while applying a Town Centre First policy and calling for no further out of town development.

21 **Local section 106** income or any planning gains should be used to support the delivery of the Town Centre Commission Plan.

22 **Establish a review** of the Business Improvement Districts (BIDs) process, which have relevance in big urban conurbations but needs more scrutiny in smaller towns. Consider replacing them with Community Improvement Districts (CIDs) embracing all the stakeholders, occupiers, owners and service providers in an area including the local authority.

Smarter use of technology

23 **BT and Virgin Media,** the major beneficiaries of SuperConnected Cities £150m funding between 2014 and 2016, need to offer a Town Digital Package to ensure ongoing digital transformation to the top 13 cities and all 1,048 UK high streets in smaller towns.

24 **Install LED lights in street lamps** to improve the quality of light on the street, while minimising costs. The lamps will also provide iwmproved security as they can include CCTV cameras and integration with police systems for fast response.

25 **Provide free public wifi** and well-connected workplaces that support flexible working patterns and attract freelancers to high streets and town centres.

Conclusion

For as long as I can remember our high streets have been synonymous with innovation. The UK was home to the world's first department store, we introduced the world's first high street cash point and we have an enviable history of developing phenomenally successful global retail brands.

From Harding, Howell & Co of the 18th century to Selfridges in the 20th century, the history of the UK high street is one of creativity, prestige and pioneering firsts. For centuries the British high street has been a world leader, but that position is now under serious threat, as we struggle to adapt to 21st century challenges.

That is not to say British retailers have lost their innovative spirit. The entrepreneurial dynamism that drives our sector continues to burn brightly. But retailers are no longer operating in an environment which supports and nurtures innovation. The opposite is now true: the UK high street has become an enemy to innovation.

Tender green shoots of innovation are frequently strangled at birth. Saddled with the highest property taxes in the developed world through business rates, firms are given no room to grow. It's little wonder that this is the one thing that unites everyone across the business spectrum, from sole traders and startups to supermarket giants and major retail chains. It's a tax that's universally hated because it's unfair, archaic and out of control.

Small businesses have struggled most recently with the weight of increases from a business rates system that should be questioned. Rosa Ashby, a florist in Witney, has witnessed many of her fellow independents go bust and she has recently been hit with a rise in rates of over 40%. She is struggling to survive despite persistently lobbying her MP for help. She is one of thousands up and down the country being hammered by this tax.

For years government has ignored common sense cries to bring this behemoth under control and so deeply entrenched is the injustice of this tax that it's spawned an entire industry of lawyers, advisors, appeal courts and other specialists. This army is bleeding the high street dry, feasting on people's livelihoods like vultures on carrion.

Everyone from the humble shopkeeper to the Governor of the Bank of England now recognises the unfairness of this tax and it has permanently damaged our high street. It's not only sent countless businesses to the wall but ultimately ensured we've lost sight of what our high street is about.

For Treasury bureaucrats it seems like our high street only represents a cash cow that can be squeezed ever more aggressively. That thinking also appears to be predominant in far too many local authorities. To the bean counters, the high street means one thing only – shops to tax. Yet our high street has always been first and foremost about community. The hustle and bustle, convivial hubbub and optimistic energy and creativity of high streets has always been about people coming together to share, succeed and have fun.

Commerce and community can coexist and thrive in a managed high street ecosystem. They rely on each other. But a perfect storm of disruptive technology changing consumer behaviour, over-development by national retailers and Treasury greed over-taxing small businesses has caused colossal damage to a fragile ecosystem.

Sadly, placemaking and community building have become anathema to those in central and local government who have a stranglehold over our high street. The secret behind centuries of success has been forgotten and we've gone from Agora to empty shops and deserted town centres. The economic squeeze on local authorities has led them to search for developments often using public realm to generate income.

While the rest of the world is trying to foster a supportive policy environment for high streets to thrive, we're letting the lifeblood of our communities drain away.

In Japan the Machinoeki movement is creating thousands of human stations. Complete with resting places and information points, they are bringing people together, reducing car dependency and making high streets more liveable by encouraging human interaction.

In Los Angeles one of the first things Mayor Eric Garcetti did when he took office in 2013 was launch a 'Great Streets' programme. Recognising streets are the city's largest public asset, he's delivered substantial investments, built partnerships with communities and provided mayoral grants to transform an underutilised asset into vibrant spaces that reflect the unique character of their communities.

Arguably, the great strength of this is the diversity of people he's bringing together for public design workshops. From volunteers, graphic designers and community organisers, to students, families and youngsters, everyone is having their say on reimagining LA neighbourhoods as intergenerational, safe spaces.

In Stockholm, where they have the highest number of startups per person in Europe, they continue to benefit from establishing a public body to deliver an enviable fibre-network that ensures all companies and 95% of households are connected.

"The philosophy behind it is that access to fibre is a strategic utility. We see it like other infrastructure, like water or bicycle roads," says Karin Wanngård, Stockholm's mayor.

And in Belgium, the Mayor of Roeselare has introduced many of the ideas from our first review in 2013 and created more green spaces, fined landlords who left shops empty, provided cheap rents for new businesses and developed a comprehensive high street plan.

All of these examples have one thing in common: strong local leadership working hard to create a balanced high street ecosystem with a unique identity. I'm afraid that the majority of mayors and civic leaders in the UK, with the exception of a few fine examples, have utterly failed to meet this challenge.

This is hardly surprising, as the UK's embrace of devolution is still in its early days and we are struggling to adjust from being one of the most centralised countries in the Western world.

But we have to adjust and adapt. Fast.

When we published our review in 2013, we warned that a crisis was unfolding on the high street and bold action was needed. Thousands of retail jobs have been lost since – and the response by politicians has been abject. Some 28,000 retail jobs have already gone this year alone and names like BHS, Austin Reed, Toys R Us, Staples, Banana Republic and Maplin have all disappeared in the past couple of years. A further 40,000 jobs are predicted to go by the end of the year.

It is no exaggeration to say that unless drastic action is taken, things are going to get worse. There has been too much timid tinkering in the margins by Westminster and local government. Politicians need to finally break free from dangerous doctrinaire thinking and ditch outdated articles of faith.

Professor Laura Vaughan from the Bartlett School of Architecture at UCL, argues: "Well-designed high streets can be seen as a public health asset. They can provide public space that is inclusive of people from all backgrounds and ages - and accessible to people of all levels of mobility; they can provide a centre for people to gather, to feel relaxed and to connect with others socially. They are therefore important both for physical and for mental wellbeing."

New thinking, fresh leadership and ambitious initiatives need to be embraced.

If we don't then communities will pay a heavy price and a key part of our national character will be lost. We will no longer be a nation of shopkeepers and Britain will be a lot poorer as a result.

Bill Grimsey, July 2018

Financial Risk in the Retail Sector

Retail businesses are a vital component of the economy. The value of the UK's retail sector comes close to the total expenditure by government.

This section of our review begins with an overview of the financial and economic contribution of the sector and reflects on changes that have occurred over the last five years. We consider changes in the nature and composition of businesses operating in the high street and releveant changes in footfall, brought about by consimer spending patterns.

The huge significance of the retail sector is confirmed by research conducted for this review by Company Watch, which shows that 53,792 companies are currently registered at Companies House claiming to be in the retail trade. They employ assets totalling £187bn, borrow over £41bn and have a combined net worth of £63bn. The retail supply chain in the agricultural, manufacturing and wholesale industries consists of another 99,821 companies. Overall, the retail sector and its supply chain deploy assets of just over £1 trillion, borrow £206bn and have combined net worth of £507bn. This is almost the same as the UK government's total spending of £606bn in fiscal year 2017.

The overall contribution to the economy is illustrated by data included in the latest parliamentary briefing paper on the retail sector, which was published in March 2018. It shows that in 2017, the retail sector as a whole contributed £194 billion to UK economic output (11% of the total), measured by Gross Value Added. In 2016, the sector employed 4.9 million people (20.5% of the UK total) and consisted of 374,000 businesses (15.5% of the UK total).

These figures are significantly higher than when *The Grimsey Review* was published in 2013.

The five years since the review have been remarkable for the steady fall in numbers of formal insolvencies, not just in the retail sector but across the economy as a whole. Despite the damage caused to our financial sector by the global crisis and the impact of government austerity measures, it has proved remarkably difficult to go bust. Most pundits attribute this to the extended period of ultra-low interest rates and the cautious attitudes of secured lenders like the high street banks. With their collective image so tarnished following the credit crunch, banks seem no longer able as freely as in the past to cull unviable borrowers, for fear of further reputational damage. Another factor relevant to retailers has undoubtedly been the gung-ho attitude of consumers, apparently willing to continue to rack up unsustainable levels of personal debt.

In the five years prior to our last review, there were 11,858 retail insolvencies. In the five years since, failures have dropped by over a third to just 7,640 (see Appendix 1). The number declined each year until 2017, when there was a small but significant increase of 8%. Anecdotal evidence suggests that 2018 may well show a further increase, as the steep rise in business rates for many retailers, with the recent fall in consumer confidence, bites into the top and bottom lines of retailers' earnings.

A further indication of rising insolvency trends comes from statistics for major retail failures compiled by the Centre for Retail Research [Appendix 2]. Its focus is not just on the number of major failures, but also their impact on stores and employees. Looking once more at the five-year period preceding our last review, the data shows that there were 202 major failures, affecting 19,693 stores and 184,324 employees. This period was dominated by the demise of Woolworths, which contributed significantly to these numbers. From 2013 to 2017, the number of major failures was broadly similar at 191, but only 7,421 stores and 82,655 employees have been affected. Even allowing for the impact of Woolworths, the implication is clear. Since the clear-out of outmoded high street giants following the global financial crisis, we are now seeing the culling of smaller national and regional brands.

Financial Pain for Retailers is intensifying

Here too, there is evidence that the financial pain for retailers is intensifying sharply in 2018 and that the latest crop of collapses is once more affecting larger chains. In just over five months there have been 25 major failures, compared to 44 for the whole of 2017. Worse still, the number of stores affected is already 42% up on the whole of 2017. With the announcement of the House of Fraser proposed CVA, the number of staff (including concession staff) impacted has shot up to 28,001. This means that this year is already the worst for staff since 2012 and of course these numbers do not include the employees impacted by the store closure programmes of many retail giants such as M&S.

The prime driver in this insolvency surge is a basketful of property issues faced by many retailers, who are being forced to recognise that their bloated store portfolios are no longer sustainable in the current economic conditions on the high street. Quite apart from over-rented stores on inflexible long leases, the biggest negative property factor is the savage rise in business rates. It is no accident that one of the casualties of the House of Fraser turnaround plan is its flagship Oxford Street store. The 2017 rates revaluation hiked its rateable value from £5.73m to £9m, raising the annual business rates burden on the site by £1.62m at a stroke. This is just an extreme example of the rates rises, which are destroying or destabilising thousands of retail businesses up and down the country.

An interest rate rise hangs in the air like the sword of Damocles. Fortunately, economic weakness seems likely to push any rate rise back to autumn 2018 at the earliest, but sooner or later, the costs of servicing debt will rise. Research by Company Watch published in early 2018 looked at the possible effect of this scenario on around 1,600 leading retailers. Even if base rates only doubled from 0.5% to 1.0%, this would push another 62 larger retailers into its Warning Area.

Further research by Company Watch commissioned for this review, based on the latest published accounts of retailers, confirms yet again the frailty of the retail sector [Appendix 3]. This shows some improvement in the financial health of retail companies since our last review. Their average financial health score (H-Score®) out of a maximum of 100 has risen marginally from 39 to 40 in five years. Nevertheless, the sector remains significantly less secure than the economy as a whole, where the average health score is around 50.

The Company Watch research also highlights the number of retailers in the Warning Area with a health score of 25 or less. Here too there has been some progress since 2013, when a startling 47% of retailers were in this zone of financial vulnerability. Now the percentage has fallen to 44% – but this still represents 23,588 retail companies at heightened risk of failure.

Supply chain pain and zombies

Two important points emerge from this research. The first is the varying fortunes of the retail sector and its supply chain. **In contrast to the improvement for retailers, both the average health score and the Warning Area percentages for retail suppliers have deteriorated over the last five years.** Their average health score has fallen sharply from a near normal 48 to a worrying figure of only 42 out of 100. The percentage of suppliers in the Warning Area has shot up from 32% to 40%.

The conclusion must be that retailers have reacted to the pressures they face by shifting at least some the burden down the supply chain.

The second finding highlights the degree to which financial risk is concentrated among smaller, independent retailers. Company Watch divided the retail companies covered by its analysis between those with gross assets of over and under £20k. Despite similar small improvements in the financial health of smaller companies, the fact remains that they have an average health score of just 27 out of 100, compared to 42 for larger traders. Equally, there are 64% of smaller retailers in the Warning Area compared to 41% of larger ones.

Over some 20 years, approximately 25% of the companies in the Company Watch Warning Area have failed or undergone major financial restructuring within three years. This indicates that some 6,000 retailers will fail between now and 2020. In the supply chain, there may be as many as 10,000 failures. The carnage among the many, even smaller and less financially viable, unincorporated retailers not covered by this research, will be even greater.

A final measure of financial vulnerability in the sector comes from Company Watch research into 'zombie' companies, those with liabilities at least £5k greater than their assets [Appendix 1]. The good news is that the number of retail zombies has almost halved over the last five years, falling to just over 10,000 in mid-2018. The bad news is that between them they still have negative equity of £1.9bn – a potentially huge hit for their creditors.

The Company Watch research reflects the financial position as shown by the latest published accounts of companies, which will predominantly cover accounting periods ending in the second half of 2016 and the first half of 2017. This does not yet reflect the huge impact of the rise in business rates – 12 months further on, the financial picture could be much darker.

Logistics load shifts

Although we have highlighted the adverse fortunes of the retail supply chain over the past five years, the logistics sector deserves special mention within it. This is an industry, which had flourished as retail expanded both by adding physical stores and promoting online. Consumers have demanded to be ever more indulged with home deliveries and same day service. We now have clear evidence from Company Watch analytics that both the road transport and warehousing sub sectors have seen their financial positions deteriorate inexorably and sharply in recent years.

Two years ago, the average Company Watch health score for road transport companies was already fairly sickly at only 43 out of 100. Last year it had dropped to 41 and is now a very worrying 39, down 10% over three years. A similar picture of decline applies to warehousing businesses. Two years ago, their average health score was a relatively secure 46 out of 100. Last year it had fallen to 44; now it is 40. This is a drop of 15% in three years. These figures do not yet reflect the impact of this year's rapid rise in retail failures and store closures, which are likely to hit some logistics businesses hard.

Efficient storage and slick delivery infrastructure are essential for modern retailers, especially those who are benefiting from getting the mix of bricks and mortar and online experience right. It has taken a very long time to develop such vital tools; their loss would be catastrophic for the retail sector.

Data and further evidence

It is reported that 90% of the world's data was created in the last two years alone. In a single minute, Amazon makes $260,000 of sales, 4.14m YouTube videos are watched, 3.5m texts are sent, 3.6m searches are Googled, 47,000 posts are Instagrammed, and 46,000 Uber journeys are made. In 2017 on Singles Day in China, Alibaba saw 357,000 transactions a second.

The form and function of cities and towns across the world has had to change as a result but their composition, identity and ability to change have evolved in different ways. One golden thread connects them all – they are communities of people who create economic value to the place where they live. The level of economic health determines the volume and value of the people that occupy it and from this, money flows into the local economy and creates the need for shops, bars, restaurants, cinemas, clubs and other consumer facing businesses.

The city of Preston, Lancashire, introduced a form of guerrilla localism where public spend is kept as close to home as possible – widely reported by Aditya Chakrabortty in *The Guardian* – with the hope of regenerating the economy locally.

Over time, every town and city in the country has developed as a shopping destination, with changes evolving as to how and where we shop. Supermarkets arrived when the London Co-Operative Society opened on 12 January 1948 in Manor Park, east London [MoneyWeek]. In 1976, Brent Cross was the first out-of-town shopping centre and later, larger malls were developed. Fosse Park, near Leicester, opened in 1989 with 12 stores and now has 39, with another 12 to follow from a £135m extension. The internet went live on 6 August 1991, then the first e-commerce transaction took place on 11 August 1994, when Dan Kohn sold a CD of Sting's *Ten Summoner's Tales*. [FastCompany.com].

All this shows there is no one cause of these changes but revolution in the form and function of places, driven by consumer behaviour, enabled through technology and a connected global economy.

Under pressure

A summary of facts and figures from our research

TIGHTER MARGINS

- **COSTS** (+2.9%) for retailers are rising faster than sales growth (+1.9%)
- **RETAIL SALES** have risen by 12.7% in the last five years
- **RETAIL INTERNET SALES** have nearly doubled to 18% and are likely to grow to 30% of all retail sales by 2030

PROPERTY MARKET

- **THE UK** has an oversupply of shops, currently 10% but based on current trends this is forecast to rise to 20% (c100,000 shops)
- **WHILE VACANCY RATES** have marginally improved to 11% from 12%, the number of units vacant in the long-term is growing, with around 14,000 shops empty for more than three years
- **NEW DEVELOPMENTS** have added more shops to the stock in the last five years but based on planning applications, this is forecast to slow significantly
- **LARGE CITIES** are becoming increasingly dominant as destinations
- **RENTS HAVE FALLEN** significantly in the last five years, on average by 23% excluding London, with increasing polarisation between London and the rest of the country
- **THE SPEED OF CHANGE IN RENTS** and the complexity of ascertaining a passing rent is not aligned to the current business rates and therefore, there is a need for change
- **LEASE LENGTHS HAVE REDUCED** significantly to an average of seven years and will continue to do so, creating increased churn and greater uncertainty among investors, which will have an impact on investment decisions

HIGH STREETS

- **STORES REMAIN** a fundamental part of the customer journey, whether in research, as showrooms or fulfilment
- **85% OF SPEND** touches a physical store
- **OCCUPATION** of town centre units have shifted from comparison goods to services and food and beverage
- **TRADITIONAL ANCHORS** – banks, post offices and department stores – have closed for good
- **EVERY YEAR** for the last five in town centres, chain retailers have shut more shops than they have opened
- **INDEPENDENT SHOPS** in town centres account for 65% of all stores and have grown and contracted since 2013 but in 2017 there was a net loss of 1,483 shops (-0.49%)
- **FOOTFALL IN TOWN CENTRES** has decreased every year since 2013 and in the last 10 years, has fallen by 17%

RETAIL PARKS

- **THE NUMBER AND OCCUPATION OF RETAIL PARKS** has increased every year since 2013 – currently there are more than 1,400
- **PLANNING APPLICATIONS** for out-of-town developments have been five times greater than those for in-town
- **DESPITE ITS DECLINE** in town centres footfall has increased in retail parks
- **THE URBANISATION OF POPULATIONS**, reduction in car ownership among younger people, reduction in retailer portfolios and growth of urban mega malls and smaller town shopping centres, is likely to mean that 50% of the current retail park stock will become redundant by 2035

MANAGEMENT AND INVESTMENT

- **THE NUMBER OF BIDS** has doubled since 2013 but there is debate around their cost and impact in smaller towns
- **COUNCILS** are increasingly investing public money in commercial real estate and acquiring significant retail assets in their towns

Economic evidence

Data is critical to places as 'what gets measured gets done'.

Since 2013 the costs of running shops has increased – and the Brexit vote has brought further rises. Inflation, exchange rates, wages, utilities, transport, and factors such as the apprenticeship levy, have all contributed to a significant operating cost for retailers. Meanwhile, shops close and internet sales grow, along with other sectors in towns, such as food and drink, entertainment and services.

Offline costs increase

In 2017 costs rose by 2.9% compared to the previous year [Retail Economics]. Retail sales increased by 1.9%, the lowest annual growth rate since 2013 [ONS].

Additionally, the rise in business rates is the most controversial. At 42% of taxes, the business rate burden is more than three times greater than that of corporation tax at 12%, a tax on profits. In light of the data, this gap between business rates and corporation tax will continue to widen.

Online sales grow

From 2013 to 2017 the annual value of retail sales in Great Britain grew from £360 billion to £406 billion, an increase of 12.7% [Statista]. During the same period of increases in the volume and value of retail sales, prices dropped, creating further issues for retailers.

Internet sales as a proportion of retail sales increased from 10.4% in 2013 to 17.9%. Such sales are likely to peak at 30% by 2025. In 2017 42% of John Lewis' sales were reportedly online. According to Kantar Worldpanel, 20% of all clothing sales are online and they forecast this to rise to 25%. Results from Next in March 2018 reported store sales were down 7.9%, while online was up 9.2%.

Retail sales growth by sector shows variances between food, health and beauty, and comparison goods. The rate of growth of these traditional comparison products is less than half that of health and beauty but more importantly, is below the inflationary costs associated with operating the business and creating more pressures on profit margins. Traditional comparison goods shopping no longer takes place in shops but primarily, online with the store acting as the showroom or even delivery centre.

Consumer spend rises

The consumer price index (CPI) measures changes in the price level of market basket of consumer goods and services purchased by households. Retail Economics forecast that prices will start to fall, decreasing inflationary pressures on household incomes – and creating more spend for goods and services. CACI forecast that UK comparison goods spend will rise from £223bn in 2017 to £330bn by 2026, of which 69% will be in store and 31% online.

Wage growth is a key measure for determining future spend on goods and services. Retail Economics forecasts wage growth will outstrip inflation, which in turn will improve the level of consumer spending.

The Asda income tracker is a useful benchmark for consumer disposable income and shows average spending power rising from £158 per week in 2013 to £198 per week at the beginning of 2018. [Asda/CEBR],

More destinations, fewer shops

More than 1,000 cities and towns across the UK have a population of 1,300 people or more, according to The Geographist. The Local Data Company (LDC) physically surveys towns across Great Britain and tracks 1,048 towns and cities. In addition to these places there are approximately 1,300 retail and leisure parks of more than three units and 850 shopping centres with 10-plus units. Overall the LDC tracks over 550,000 retail and leisure properties across Great Britain. Of these 65% are independents, which we define here as SMEs with fewer than five shops.

In five years 2,214 (-0.89%) occupied retail and leisure units have been lost from 1,048 towns with 50 or more units LDC data shows, equating to two shops per town.

Forty towns have lost 10% or more of their occupied shops (maximum loss is 18% = Gateshead) 50 (5%) towns have experienced no change in their shop numbers.

450 (43%) towns experienced an increase in numbers of occupied shops with growth in 72 towns of 10% or more.

From 2013 to 2017 LDC data shows that 18% of towns lost 10% or more of their chain retailers. One in four towns saw a rise in chain stores in this period and 4% of these towns saw a growth of 10% or more. The overall trend shows that chain retailers are exiting town centres at their fastest rate. Data from 2017 compiled for PwC by LDC show that chain retailers have shut up stores at their fastest rate since 2010 with a net loss of 1,700 shops in the top 500 town centres.

From 2013 to 2017 LDC found that 41% of towns experienced a net loss in independent stores, with 5% experiencing a loss of one in ten. More than half of towns – 55% – saw an increase in independents, with 16% seeing 10% or more.

Comparison goods exit towns

The last five years has seen the relentless decline of traditional shops selling comparison goods, products that can often more conveniently be bought online – bulky white goods, electronics, books and increasingly, fashion and footwear. Nearly 9,000 stores of this type have shut in the last five years, over 5% of the stock; the trend is continuing and if Q1 2018 is anything to go by, accelerating.

Additional closures in this period include Toys 'R' Us, Maplin, East, New Look and Mothercare. According to the Centre for Retail Research the number of stores already affected, after less than six months of 2018, is already 42% higher than for the whole of 2017.

Across Britain's towns the number of shops opening has reduced by 11.4% since 2013 and the closure rate has increased by 1.1% [LDC]. The take-up is as a result of growth in eating and drinking – coffee shops, and not the result of more traditional shops opening. **The fundamental structure of Britain's town centres has changed from goods transaction to one of consumption of food and experiential services, including health and beauty.**

Mixed picture for malls

Town centres have experienced a net loss of stores across all retail and leisure uses. Shopping centres have suffered but this sector shows massive polarisation between the mega malls such as Westfield London, Trinity Leeds, Liverpool One, Buchanan Galleries and St David's Cardiff, and the more challenged, such as the Ellesmere shopping centre, Manchester, the Concourse in Skelmersdale and the Dolphin centre in Poole, with vacancy rates above 20%.

Retail parks are the only location type that has seen strong growth in their number, also in the take-up of retail and increasing leisure and service businesses, resulting in an increase in the additional retail offer in out-of-town centres.

In 2013 the change in market demand and planning decisions became apparent, with the balance moving in favour of out-of-town retail destinations. This, in part, was as a result of a significant increase in applications, with 60% in the last 10 years coming in the last five years, showing the investor appetite for this asset class. With the decline in chain stores, the growth of retail parks and the predicted change in car ownership, the number of redundant retail parks could be as high as 50% by 2035.

The changing high street

The number of and type of shops being occupied in our towns has continued to change and at a greater velocity from the first Grimsey Review in 2013. The traditional anchors of many town centres such as banks, clothing shops and pubs have been closing hundreds of outlets and in the case of banks nearly 2,500. Where these shops have been taken over, they are being filled by health and beauty businesses – nail salons, tattoo parlours and barbers – all offering experiences rather than just products.

The change in food delivery is also reflected in these numbers where fast food delivery outlets have been replaced by the likes of Just Eat, Deliveroo and Uber Eats as alternative business models, leveraging existing restaurants with eat-in and eat-out facilities.

The saturation of the discount market by pound shops is also illustrated with a loss of 327 stores, with more closures forecasted. LDC's latest report on the sector noted discounters as having the biggest drop in their Compound Annual Growth Rate (CAGR) in 2017, to 2% from a five-year period average of 5.1%. Conversely, convenience stores, which increase by 1,185 stores since 2013, saw their CAGR rise to 4.9% from their five-year average of 3.2%. Supermarkets saw a slight drop to 0.7% from a five-year average of 1.2%.

The race for space has ended and supermarkets are now seeking to optimise what they have through acquisition (Sainsbury's Argos), as well as partnerships with high street brands such as Next, Dixons Carphone, Arcadia, Timpson and Costa. The latest move by Sainsbury and Asda to merge could result in the much needed closure of many stores easing the pressure on the over supply of superstore space.

BUSINESS TYPE	Net change in stores 2013-17
Tobacconists/e-cigarettes	**2,090**
Barbers	**2,066**
Beauty salons	**1,599**
Cafe & tearoom (independents)	**1,384**
Convenience stores	**1,185**
Hair & beauty salons	**986**
Coffee shops (chains)	**981**
Nail salons	**944**
Restaurants & bars	**941**
Takeaway food	**902**

Figure one: Top 10 business types opening 2013-17 [LDC]

BUSINESS TYPE	Net change in stores 2013-17
Banks & other financial institutions	**-2,405**
Pubs & inns	**-1,931**
Clothes - women	**-1,588**
Newsagents	**-1,357**
Travel agents	**-1,229**
Post Office services	**-1,087**
Shoe shops	**-861**
Chemists / toiletries	**-698**
Fashion shops	**-698**
Cheque cashing	**-686**

Figure two: Top 10 business types closing 2013-17 [LDC]

Vacancy rates

Overall vacancy rates have decreased since 2013 from 12.3% to 11.1%, driven by the change in vacant shops (retail) and food and beverage or entertainment outlets (leisure). Retail vacancy peaked in 2012 at 14.6%, so has improved by 3.5%. Leisure vacancy has increased from 7.5% to 7.9%, a marginal improvement from its peak of 8.2% in 2016. Both numbers illustrate an oversupply of space – too many stores. As at February 2018, LDC recorded that 49,203 retail and leisure premises lay empty. To envisage the scale, Sheffield has 913 retail and leisure units, according to LDC, so this equates to more than 53 Sheffields having no occupied shops.

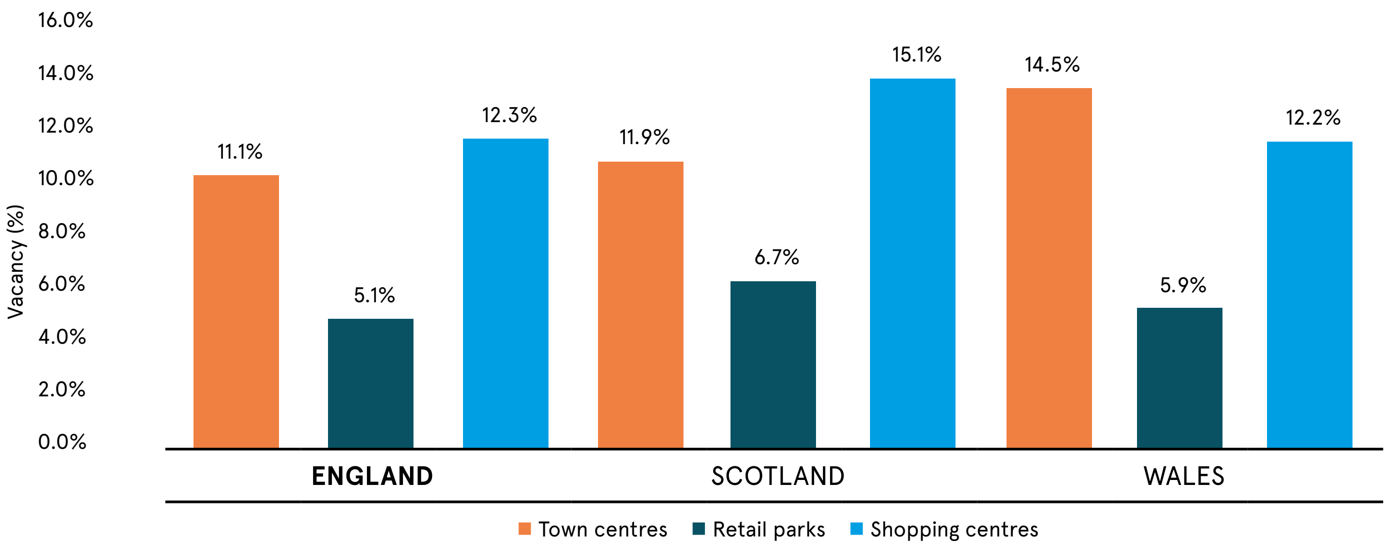


Figure three: 2017 vacancy rates by location and country [LDC]

The persistence of vacancy measures the duration that a shop unit remains empty, with no trading business. LDC's six-monthly updates present a clear picture as to the volume and duration of vacancy up and down the country. Short term vacancy can be a good thing and be as a result of redevelopment, growth and innovation. Shops that have remained vacant for more than two years normally indicate decline, malaise and wider issues within the location. There is significant variance, in some cases three times greater, between the north of the country and the south in terms of the volume of vacancy and its duration. **Take for example the north-west, where 5.7% of all stores have been vacant for more than three years – this is redundant stock and needs repurposing.**

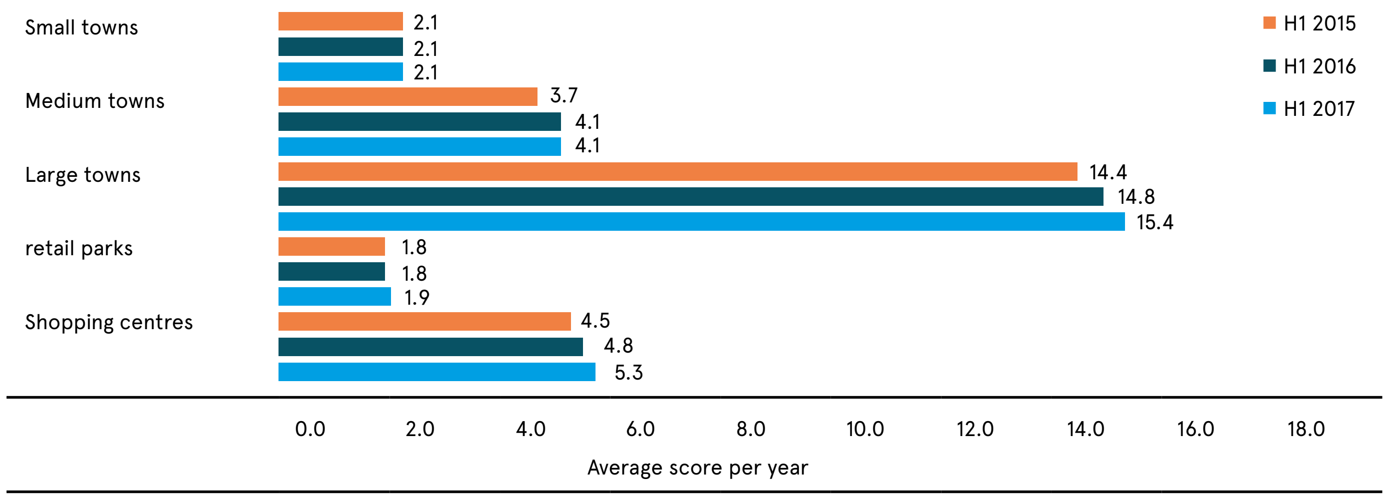


Figure four: Persistence of vacancy by region as at June 2017 [LDC]

Dominant locations

In 2013 LDC partnered with Morgan Stanley to create a health index that brought together multiple data points, in order to deliver an indexed score against five main asset types. So that places can be tracked over time, the index brings together population catchment, spend, vacancy rates, persistence of vacancy, anchor retailers, diversity of offer and other data that are an attractor or detractor. Location types have changed over time. Small towns – defined as convenience led and having fewer than 200 shops – are not changing. Large towns and cities are strengthening, as are shopping centres, yet retail parks until now have tended to be shopping focussed and therefore, have not scored as well as towns and shopping centres. This is changing, as this report shows.

Rents fall – but not in London

Colliers International track average Zone A, the front, or trading area of shops, in prime locations, generally the town centre or high street. Colliers' data shows that since 2008, rents for every region bar two, central London and outer London, have fallen. While rents in London have risen by an average of 66% since 2008, they have fallen in Wales and the north-east by over 30%. The average outer London rent in 2017 was £111.75 per square foot versus £63.60 psf in Wales. Excluding central and outer London, the average Prime Zone A rent for all other regions was £77.73. While the high street is more complex as a retail destination in terms of form, function and ownership it has the lowest rental levels. While on retail parks, rents have increased by 46%, on average, high street rents declined by 8% and 12% in shopping centres.

This decrease can impact both investor appetite to create 'product' (physical space) but also indicates a considerable drop-off in demand for space. James Childs from EGi reports that take-up in the retail sector dropped by 21% to 21.6 million sq ft, of which a quarter of this space is for the food and beverage sector.

During this period the data also shows the length of leases reducing from 8.7 years to 7.8 years. This creates greater flexibility but also at the same time greater uncertainty for investors with shorter and in some cases lower income streams. For example, Next have 240 (45%) of their store leases coming up for renewal in the next three years, according to Verdict.

Slowdown in planning applications

In the previous review one recommendation covered change of use on buildings; the opportunities, benefits and willingness to do so varies up and down the country. According to James Childs of EGi change of use applications for existing property peaked at a five-year high in 2017 with nearly 3,000 applications. Conversions from retail to complete residential are up 8% year-on-year, bringing an additional 12,674 residential units from 1,423 applications to the market. From 2013 to 2017 the number of such applications has increased from 57 in 2013 to 451 in 2017, up by nearly 800%.

Applications for new retail parks have dropped 60% year-on-year, as developer interest cools after a record 2016, according to EGi data. In 2017 developers in the UK applied for permission on a total of 13 such sites in the UK, a significant fall from the previous year's total of 33, but slightly up on the 10-year average. As a result, permission rates for these schemes has also plummeted some 53% in terms of the amount of space (sq ft) getting the green light.

The EGi data also shows that since 2013, the development appetite for town centres has plummeted and until 2016, out-of-town flourished but appears to have now peaked.

The current focus of development in the retail and leisure sectors appears to have moved from new sites to the extension of existing sites and the creation of mega malls. Cushman and Wakefield report that of new space in shopping centres 52% was extensions of the 1.7 million sq ft delivered in 2017. The recent extension to Westfield London which added 740,000 sq ft (+39%) makes it the largest shopping centre in Europe. Based on planning data supplied by EGi this is likely to change back to new space in 2021.

Council investment in real estate

Since 2015 councils' appetite to invest in real estate has increased from virtually nothing to over £12,000,000 in some years. The consensus is that this is happening to help councils derive future income, at a time when their borrowing costs are at an all-time low. Also, sale prices are down due to uncertainty in the market regarding the future of physical retail, especially in challenged town centres.

Business improvement districts

Every year since 2013, 30 new business improvement districts (BIDs) have come into being. A number are supported by the government's BID loan fund, an initiative by the Ministry of Housing, Communities and Local Government (MHCLG) to assist with development of new BIDs in town and city centres in England. To date, 24 loans totalling £782,135 have been granted.

BIDs have had many successes, especially in large cities where budgets are much higher. Increasingly, the role and value of the BID is being challenged by the retailer levy payers, due to the rising costs they face. Many might see a further increase in levy contributions since the recent business rates review. Some of the more marginal BIDs, such as Morecambe, might become untenable due to a reduction in levy income, following the lowering of business rates in their area.

Falling footfall

While the UK population has grown by c0.7% per year, the number of people visiting high streets up and down the country has fallen by 17%, according to Springboard. Instore footfall, according to Ipsos, fell by nearly 7% between 2016 and 2017. The only location type to see consistent positive growth has been footfall on retail parks.

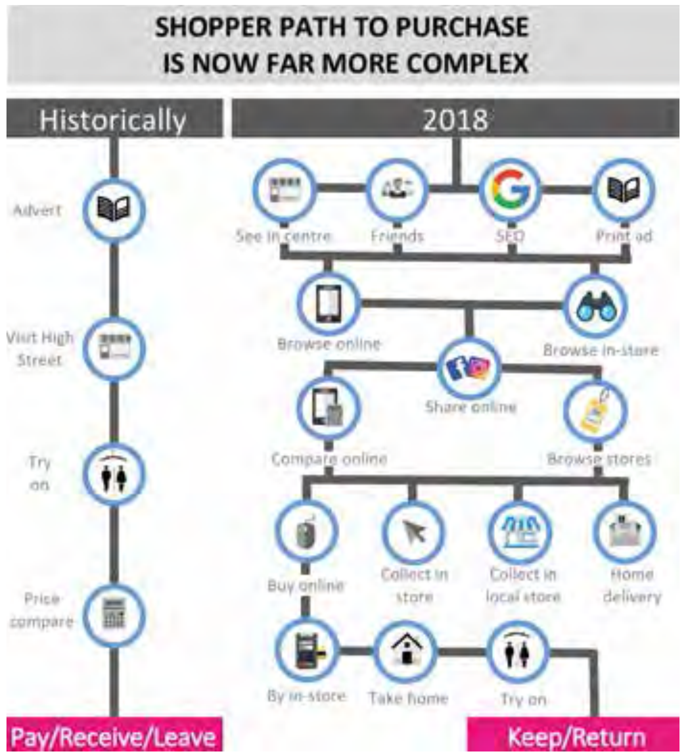


Figure five: Shopper path to purchase [CACI]

Consumer choice

CACI research shows that 85% of spend touches a physical store and that over 30% of online spend touches a store. Their role is an important one but the form and function of shops needs to continue to evolve in order to stay relevant to this multi-approach customer journey. CACI research shows that online purchases are returned at a rate five times greater than store purchases. In clothing and fashion this return rate can be as high as 40% – a significant problem for retailers. The consumer journey is significantly more complex in 2018 than in 2013.

The CACI pictogram [Figure five] set out the straightforward consumer journey of shopping in times before online channels were available. It is compared with the complexity of current routes, opportunities, options and influences.

This presents challenges but amid the complexity, there is a wealth of data and evidence freely available, which might guide the journey of retailers in adapting their businesses to survive and thrive. The data is there also for policy-makers to shape strategy and legislation in ways which support rather than hamper the retail industry.

The data shows a significant oversupply of shops along with continuing development of new shops, albeit at a slower rate. The nature of places – be it consumer behaviour, the role of a store, the structure of a property transaction or the interrelationship of uses within a town – is more complex than it has ever been. As such a common approach and understanding from all is how places will be managed for the benefit of all and to enable them to be the community hubs they once were.

Data is critical to places as 'what gets measured gets done'.

This section of our review has highlighted the continued and growing importance of retailing to the economy. The sector appears to contribute more than it did five years ago despite the fact that it looks structurally very different. Evidence suggests that there are likely to be more retailers going out of business moving forward due to bloated store portfolios, business rates and potentially rising interest rates. We predict that big chains will continue to pull out of town centres and independents will remain particularly susceptible to financial risk. Supply chains are being negatively impacted by the demise of retailers. We have seen a change in the types of business occupying the high street with the appearance of more food and experiential services. Consumer spending patterns are changing with footfall down. Vacancy rates remain high.

Planning and governance

Planning policy helps and enables change – but is not a driver for delivering action.

This section of our review deals with the roles of central and local government. It cites some examples of emerging good practice from pan regional working (or national, in the case of Scotland). It deals with town planning, the housing crisis – and the opportunities presented for the revitalisation of our town centres to respond.

Later in this section, we will set out the financial context in recognition of the budgetary constraints in which local government is having to operate.

This review argues that local authorities are key to the regeneration of their town centres. They are the obvious and rightful custodians of their place, best positioned to creatively lead a revival of their local town and city centres. But it is also clear that rational economic areas, with devolved powers and focused leadership, can develop the strategic response to support the financial and social health of their towns and high streets. Scotland and Wales have national government, metropolitan regions in parts of England see local authorities banding together with the leadership of an elected mayor.

Planning policy

The emerging National Planning Policy Framework (NPPF) has embraced most of the recommendations in the first *Grimsey Review.*

But policy is evolved from current analysis, with little evidence that it has undertaken significant evaluation of the future impact of a rapidly changing environment.

The Grimsey Review in 2013 highlighted the importance of a Town Centre Commission plan to include the transformation of town centres into hubs of diverse community activity. Each would have a unique, evidence-based business plan with a long-term vision, shared by stakeholders and the wider community.

According to the Planning Inspectorate, 103 out of 455 local authorities do not have an up-to-date local plan.

While current and emerging planning policy places greater emphasis on promoting the vitality and viability of town centres, there is no real analysis of the nature and pace of change – or the urgency of a collective response.

How many local authorities have by now produced a local development scheme (LDS) and to what degree do they reflect the emerging planning policy on town centres in the draft NPPF? Local policy is always playing catch-up with ever-evolving national policy. Planning authorities are required to publish an LDS, setting out milestones in their plan-making process, and the timetable to maintain an up-to-date plan. Since the 2004 Act was introduced, several councils have failed to meet the deadlines – or 23%, according to the Planning Inspectorate in May 2018.

The draft NPPF fails to demonstrate understanding of the likely pace of change in town centres.

It directs local authorities to take a positive approach to town centre growth, management and adaptation. Planning policies should define a network and hierarchy of town centres and promote long-term vitality and viability. Local authorities should look 20 years ahead.

Little is said about the importance of employment growth and enterprise workspace. Creative industries flourish in town centre locations, yet space for economic activity is decreasing. Workspace is being lost because permitted development rights allow conversion to residential use, without submitting a planning application.

The focus on housing growth, with new government powers to intervene on targets, will inevitably relegate the importance of transforming town centres. Residential growth requires community infrastructure – essential, as it will have a significant impact on the quality of life for new and existing residents.

Councils' response to Grimsey recommendations

As part of our research, we sent a Freedom of Information request to 350 local authorities, to ascertain whether they had adopted as policy and practice any of the recommendations from The Grimsey Review in 2013. A total of 276 councils responded and were able to demonstrate that some progress had been made. We found examples of good practice and innovation from councils around the country.

There was little evidence that local authorities had embraced the concept of a Town Centre Commission. There were numerous other structures but with little or no power to effect change.

While many town centres have short term plans, BIDs are required to produce a five-year plan. Only 23% of town centres had produced a 10-year plan.

There was little support for a policy to locate public sector buildings in the town centre with 27% of respondents having adopted the concept.

Many local authorities were enthusiastic about establishing a community hub in the town centre, 25% of respondents had implemented the recommendation or were planning a facility for the future.

There is some support for small business, by way of grant aid, 13% of respondents were providing business loans. However, over 55% of respondents were providing rate relief to charity shops.

The provision of affordable space in malls for small traders was available in 7% of the areas who responded. It is recognised that not all local authority areas have shopping malls.

Regular town centre health checks to assess performance were carried out by 60% of respondents.

Southwark Council has an economic wellbeing strategy for 2017-22, setting out its ambitions under the theme of thriving town centres and high streets, with area visions for existing and new town centres set out in the New Southwark Plan, which is under development. The council has invested in local initiatives to bring new community facilities and resources to its town centres. Southwark's workplace strategy has consolidated the workforce in two town centre hubs.

Wigan Council is among those respondents who are striving to improve the town centre. The Wigan Life Centre is a good example of an active community hub and there are several other life centres in the borough.

Warrington Council has committed £100m to regenerate its town centre and is considering the development of a community hub. Conwy Council is building new public service offices in its town centre.

Tameside Council has a 10-year plan which actively encourages the location of public buildings in town centres. **The results of our FoI are in the table below.**

	Yes	%	No	%	N/A	%	No answer	%
Has your authority set up a town centre commission?	6	2.37	260	102.8	4	1.6	6	2.4
Has it established a 10-year plan?	58	22.92	187	73.9	26	10.3	5	2.0
Do you a have a policy to locate public sector buildings in the town centre?	27	10.67	242	95.7	3	1.2	4	1.6
Have you established the concept of a community hub for your town centre?	63	24.90	201	79.4	4	1.6	8	3.2
Does your council provide loans to small companies?	32	12.65	40	94.9	2	0.8	2	0.8
Does your authority subsidise business rates for charity shops?	140	55.34	134	53.0	1	0.4	2	0.8
Does your authority require malls to provide affordable space for small traders?	19	7.51	214	84.6	40	15.8	3	1.2
Does your town centre have a process to carry out regular health checks to assess performance?	153	60.47	111	43.9	6	2.4	6	2.4

Effective leaders deliver change

The growth of city economic areas with elected (metro) mayors having devolved powers may be the key to reviving town centres and transforming them into a treasured community asset. Economic area planning is now established in London, Scotland, Wales and Northern Ireland. Mayors have been elected for Greater Manchester, the West Midlands, Cambridgeshire and Peterborough, Tees Valley, Liverpool City Region (Liverpool also has a mayor for the city as a borough), and the West of England. Sheffield City Region – the combined authority for Barnsley, Doncaster, Rotherham and Sheffield, elected its first mayor in 2018.

In 2017, the Mayor of Manchester launched an ambitious initiative for delivering improvements in town centres, aiming to establish mayoral development corporations (MDCs), with grants to kickstart development and compulsory purchase order (CPO) powers to unlock sites.

Through his Town Centre Challenge, the mayor invited all councils across Greater Manchester to nominate a town to take part. As a political priority, he will work with each council and key stakeholder to unlock the potential in town centres. A new Greater Manchester Spatial Plan will support the initiative, setting out powers to establish MDCs, the use of CPOs and mayoral grants.

In the West Midlands, the elected mayor wants to simplify the planning process and introduce business rate relief. His commitment to create a Future High Streets Taskforce will look at how high streets can be maintained as lively centres of community activity. The mayor also wants to provide free wifi and promote town centre business clubs.

The draft London Plan is comprehensive on town centres, adopting the principle of Town Centre First, rather than out-of-town development. It emphasises the social benefit of town centre activity and endorses the notion of a community hub. It also advocates town centre health checks.

The plan emphasises the importance of economic development in the town centre, which would be complementary to retail. It is critical that employment space located centrally is not lost to housing.

Town centres should be the main focus for Londoners' sense of place and local identity; being managed to create sustainable, healthy, walkable neighbourhoods with the Healthy Streets Approach.

Each town centre should have a strategy produced in partnership at the local level, inclusive and representative of the community. Regular town centre health checks would inform strategic and local policy and implementation.

Strategies should consider the social benefits of high streets and town centres, especially formal and informal networks that support communities, with regard to commercial and social activity that serves particular groups.

When adopted, the *London Plan* will provide an excellent policy framework for boroughs. But will the GLA provide resources and leadership to translate policy into action?

Leadership with collaboration – Scotland leads the way

Scotland is a nation of towns, home to over half its population, they are residential areas but also important social and economic hubs. Scotland is the most advanced part of the UK for combining policy with action and creating a support infrastructure.

Scottish institutions have fostered the notion of collaboration to support the revival of town centres. The Scottish Towns Policy Group (STPG) brought together all the key interests to focus on the future. It is argued that this would not have happened without devolved government.

STPG's major policy paper in 2011 set out the case for evidence-based development rather than off-the-shelf solutions. The Fraser Review endorsed this by recommending that a demonstration project should show how data can be collected and shared.

This level of research and evaluation provides a wealth of knowledge and information about what works in transforming town centres. Clearly, the Welsh government is adopting much of the methodology pioneered in Scotland in seeking to improve its towns. The degree to which this could be replicated in English regions could be a starting point for elected mayors.

The power of Scotland's model is the collaboration between policy makers, consultants, academics and the Scottish government, which places town centres high on the agenda.

There was an absence of data about town centres and the acceptance of a need for action based on a clear understanding of the health of town centres. A tool was developed to collect consistent and rigorous data across nearly 500 Scottish towns with a population of more than 1000. Locally produced audits would also be carried out, looking at both qualitative and quantitative data. This is generating interest around the UK, particularly among London boroughs.

A Town Centre Network

When anyone embarks on work to save a failing town centre there is a tendency to start from scratch. *With some valiant exceptions, there is little in the way of institutional memory.* Town centre managers tend to be a divided and isolated community of practitioners, trying to do things without a huge amount of support.

Studies and research documents are available to inform and support people wishing to devise a robust plan to regenerate their town centres and manage them for the future. A number of organisations are involved in this work in various ways – there is systemised knowledge in use. A number of useful case studies of success in town centre regeneration could be mined for a helpful starting point as to what to do in a similar place – authorities around the country are already downloading the Town Centre Toolkit devised by Scotland's Towns Partnership. While we worked on the 2018 Grimsey Review, we received hundreds of case studies, suggestions and ideas. *There is a huge amount of warm feeling, goodwill and energy out there. And there is knowledge and good practice but currently, no obvious place to hold all of this for future reference.*

It is proposed that all of this information should be held in a central resource, in an accessible, inexpensive, web-based format, possibly hosted by the Local Government Association (LGA), with the endorsement of central government and all organisations involved. Work such as this review, the recent LGA handbook, *Revitalising Town Centres*, various investment models and case studies could all be accessed; as well as information on how to build an evidence base and a framework of how to write a town plan. And a network of practitioners could guide and mentor newcomers to this arena.

Towns need coherent plans

Exactly what is required to manage change in each place will be complex and unique, depending on the size and location of each town centre. Central to our recommendations is that councils should take ownership of their town centres and facilitate the production of a robust plan, the town plan or city plan. This will require a holistic approach, responding to – but not getting bogged down in – issues such as parking, antisocial behaviour or business rates.

The town plan must take account of the shops still operating but it must explicitly not be predicated on retail, or retail alone, as the central activity for the future. We just have too many physical shops.

Heritage is an important asset – but a plan for the future should not hark back to any golden era.

Local leadership is vital

The success of any town centre regeneration plan relies on there being one leader, a competent and inspiring figure, the go-to person, accountable and responsible to all, working transparently with a partnership of stakeholders.

It is beyond our scope here to debate local government reorganisation or the right models of leadership – but the multi-tiered nature of local government in England presents major risks to some of the town centre regeneration work across the country.

As we saw in Roeselare, Belgium, ideally, it is the mayor who would actively lead the work in any town centre. But if this office is not in place, there needs to be one person who has the respect and support of all local government organisations involved – an elected member, senior public sector official or business person – who is immediately identifiable to stakeholders, local businesspeople and the public. With a robust town plan and clarity as to who is leading it, there can be no room for duplication and inefficiencies or blurred lines of accountability.

No action without evidence

Each town centre needs to define a new purpose for a future predicated on economic activity and social discourse. Each will need to balance the functions it serves, including employment, commercial, leisure, community, healthcare, education and housing.

Councils can do this through various tools, including long-term master planning, proactive use of CPO powers and land assembly. Key to success is a strong evidence base, meaningful engagement with stakeholders and embracing new technology – a strategic approach, not centred on single issues.

Planning zones

Every town centre should identify its core, where economic activity will be focused. New residential development should be allowed only in the non-core area, with the exception of bringing empty space above retail units into residential use.

The town plan should be underpinned by a spatial master plan and then firmly grounded in the formal local plan (statutory planning instrument) for any council area.

Master planning and design

Every town centre needs a master plan, derived from the Town Centre Commision Plan. Each will be different, and ideas as to how to put a master plan in place can be drawn from the Town Centre Network.

A design team should be commissioned to deliver this master plan, to include both quality design and proposals for a palette of materials and colours. All new developments in any town centre should create a sense of identity, which enhances the town's historic character and creates an impact and sense of arrival.

This spatial strategy then underpins the Town Centre Commision Plan, the business plan for the town.

To define design principles, architects and planners from Allies and Morrison hosted a workshop with HTA and members of *The Grimsey Review* team. Discussions ranged over Amsterdam, Melbourne, Time Square in New York, considering intensification and the British resistance to dense, inner-city environments.

The workshop also looked at intensity of use and how to make commercial space affordable to start-ups – a Brazilian tyre shop becomes a bar at night, an Irish bookshop functions as community centre. The flexibility and affordability of new retail units for independent local businesses, not chains, is a necessity.

Each of the practices has had success in projects where the local community felt that their council did not listen or tried to impose change. Architects and planners can be viewed as neutral, consulting the community and helping to effect renewal from the ground up. They also noted a revival of civic pride and renewed energy in political leadership at local levels.

PRINCIPLES FOR A THRIVING TOWN CENTRE

- Understanding the historic context – what are the drivers in the historic growth of the centre in relation to the wider settlement and broader area?
- Celebrating the setting and character – what makes the place special, both the historic environment and the area's role and retail identity in terms of specialist, traditional or niche roles and offer?
- Exploring how people identify with their high street/town centre – their aspirations for its future role and how it could build meaningfully on the past.
- Knowing the economic trajectory – developing a brief and strategy that responds to wider economic trends, understanding the position of the centre in relation to others in the retail hierarchy.
- Creating an agile framework which fosters resilience and adaptability – strategies need to be sufficiently flexible to respond to shifting market conditions and structural forces.
- A joined-up approach to transport and movement – to create a welcoming arrival experience.
- A balanced mix – niche and mainstream shops alongside services, businesses, leisure activities and new homes, creating vibrancy and diversity of activity across the day and through the seasons.
- Creating spaces for civic and social use – and encouraging better quality streets, spaces and "third spaces", popular with local people and visitors.
- High quality design which works with heritage – to maintain the overall identity of town centres, particularly where they have a special setting or historic character. New development should be carefully integrated, using adaptation, infill, redevelopment and extension.
- Targeting the experience economy – centres need to appeal to younger and older people and create a vibe.
- Innovative approach to leases – town centres might adopt a WeWork approach of short-term, rolling three-month leases with minimal upfront costs, encouraging startups and less conventional retail. Meanwhile strategies and interim uses can also play a key role in setting the context for future change.
- Embracing diversity – retailers are broadening their offer, they can be adaptive, savvy, inventive and there are pioneers who point the way.
- Town centres need to continuously adapt and enhance the commercial, civic, education and leisure offer to remain prosperous and relevant to communities. It is increasingly important to also integrate residential uses that diversify the local housing offer but also extend the hours of activity throughout the day and evening.

But what could this look like?

Ben Derbyshire, president of RIBA and chair of HTA, emphasises the importance of public space: “The public realm of our town centres is critical in creating successful and prosperous places. It offers the connective space for activities to draw people and it forms the social spaces we crave. Public realm will always offer what online retailing cannot: a social experience and the opportunity to meet others in a well-tempered environment, designed to bring urban and natural worlds into a harmonious relationship, capable of sustainably supporting human wellbeing.”

These examples of HTA’s recent work exemplify the importance of public space.

CAMBERWELL UNION, a former industrial estate next to Burgess Park in Southwark is being transformed into a mixed-use creative quarter. It demonstrates the shift of lower employment density uses further into the hinterland of London, while we intensify these sites with residential, commercial and employment uses in a high quality public realm.

GREENFORD GREEN also a former employment site in Ealing, is being redeveloped among semi-detached homes to provide a mid and high-rise buy-to-rent community with a range of mixed-use facilities for the future residents and adjacent community. Uses will include office space, primary school, cafes, shops, small supermarket and range of high quality amenity space, set within a lush landscape beside the canal.

In Medway, **ROCHESTER RIVERSIDE** is being redeveloped adjacent to the historic Rochester town centre and along the riverfront with 1400 new homes. A range of new, mixed uses will complement the high-speed rail station and new station square as well as the Creekside setting, linked to an enhance riverfront walkway. Town centre uses will include hotel, primary school, nursery, offices, shops, cafes, restaurants, community space and health hub.

At home in town

The current housing crisis in the UK, with the resultant focus on housing growth, with new government powers to intervene on targets, provides a massive opportunity to promote the importance of transforming town centres.

Residential growth requires supporting community infrastructure, notably functioning town centres, which will have a significant impact on the quality of life for new and existing residents.

There is a major role to be played by local authorities, acting in partnership with MHCLG, Homes England and inward investors, to encourage development of new homes in town centres. There should be a sequential approach – wherever possible, space should be made available for economic and employment uses, first and foremost, in the central activity zone of a town centre. In secondary areas, stock should be converted to residential, with unused service yards and other interstitial spaces given over to new-build residential. In all town centres, there is significant potential to create additional homes above shops, on or around the high street.

The potential for residential development in our town centres is a win-win proposition. It would make a major contribution to the housing crisis, while responding to the change in working patterns, connectivity and consumer habits. Homes in town centres serve to increase footfall and increase demand. The obvious response to any town with a falling footfall, particularly one seeking an evening economy, is to build more homes.

There is no one prescription for residential building in any town centre. It is contingent upon a decent master plan and design brief – but there is a hierarchy of desirability: Homes in empty spaces above shops are always desirable and should be encouraged. Landowners and landlords should be incentivised to give over redundant upper floor spaces to well-planned and well-designed residential units.

Opportunities for new housing development in poorly used spaces: infill sites, underused car parks, redundant service yards, should be identified through the master planning process.

Permitted development rights to allow homes to be formed from redundant retail stock can be encouraged, as long as these are outside the core.

New residential development should only be co-located with evening economy uses when sufficient thought is given to management of potentially conflicting uses. Within the core, permitted development rights would only be accorded to conversion for economic uses (offices or workshops).

Curating the business mix

At a detailed level, councils have some powers, although perhaps not all that we would want, to determine the mix of town or city centre businesses and other activities to ensure sustainability, boost footfall, support animation, promote public health and ensure that the community is served.

Lessons can be learnt from the management of more successful private-sector-owned spaces, where owners ruthlessly and professionally curate their spaces. While this is obviously far more difficult when there is a multiplicity of ownerships, local authorities need to work with their own base of landowners and operators to emulate good practice.

New uses for old retail stock will serve to protect the remaining retail. Local authorities should creatively facilitate complementary uses for the existing outlets in their town centres. Working with colleagues in other public services, councils should be enabling the take up of old retail space for education uses, such as libraries, or health uses, dialysis centres or MRI scanner provision.

Shaped by the past, trapped in the present, threatened by the future – local authorities' capacity to deliver change

There appears to be a more supportive planning policy environment, five years on from the first Grimsey Review. The Scottish Government, West Midlands Combined Authority and Greater Manchester understand clearly the need for leadership to translate policy into action. But how many other local authorities will have the capacity and resources to manage change?

Austerity has had a severe impact on the capacity of local government to find additional resources for non-statutory functions. A National Audit Office report in March 2018 concludes: "Financial pressure has increased markedly since our last study. Services other than adult social care are continuing to face reducing funding despite anticipated increases in council tax. The scope for local discretion in service provision is also eroding even as local authorities strive to generate alternative income streams."

The Financial Times reported a survey by the Local Government Information Unit and *Municipal Journal*, which found that nearly half of councils in England have run down their financial reserves in the past two years, eight out of 10 fear for their financial stability, with many struggling to cope with a pincer movement of cuts to central government funding and rising social care costs.

Most local authorities have developed a strategy to maximise income, including increasing council tax revenue through housing growth, increasing business rate income by supporting economic development, and maximising the benefits of assets to produce new income streams.

This approach has led to the growth of arm's length companies and asset backed vehicles with some form of public private sector partnership. Town centre properties are often in multiple ownership and require a progressive planning framework, to support a land assembly strategy with the potential for CPO. The development partner procurement process can be quite onerous, with high costs for competing private sector interests.

Should councils purchase assets?

There has been much debate in recent months as to whether local authorities should buy distressed retail assets. There seems to be a variety of motivations as to why local authorities would wish to do this – but they should get the best advice available.

Strategically taking out the one or two key shop units that underpin a town, through purchase of freehold or taking up leases, and animating these with startup businesses or pop-up shops, could send a massive signal, and be crucial to the turn around. But tired old 1970s and 1980s shopping malls are on the market for a reason. The retail property industry is never sentimental – they are divesting themselves of these assets simply because they are no longer good business.

Local authorities should not be the repositories of liabilities. We have too many shops, and there are few local authorities with the skill set to run a shopping centre.

However, if a local authority has a robust plan to repurpose these buildings for education or health purposes, or some other community or economic use, that might be a very good use of public money. As ever, a robust and commercially sustainable plan is needed. Local authorities need good and impartial advice, which could hopefully be found at the Town Centre Network.

Much more work needs to be done with institutional investors in town centres. It may be that, with government support, they could be encouraged to switch their ownership of underperforming shopping centres to town centre residential uses, such as the private residential sector.

How can local authorities finance regeneration plans?

The overall financial outlook for local government continues to be extremely challenging. There have been very significant real terms reductions in funding since 2010, and the government's current plans indicate that reductions will continue through to 2022/23. Local government will increasingly be financed by council tax, business rates and other local sources of income, with revenue support grant from the government phased out. Increasingly the focus for local authorities will be on growth, change and prosperity. This will reflect both the reliance on locally-raised sources of finance, and also the impact on life chances and resilience in local communities. Councils need to be creative and commercial in enabling change, working with partners, using assets and borrowing powers judiciously to make returns in financial and socio-economic terms.

Utilising growth in tax revenues and land value to fund enabling investment will remain an important component. Previous tax-increment finance-type schemes such as the new station at Brent Cross, London, will evolve as the funding regime changes and business rates become under the sole ambit of local and regional government. This may allow smaller scale schemes to be delivered by councils working with partners, without the need for government approval. In the London context business rates for 2018/19 are pooled under a pilot scheme, with £50m top-sliced to fund investment schemes which will enable, amongst other things, growth in the business rate product. Approaches such as this are likely to become increasingly common. They may ultimately work alongside joint ventures which also allow value growth to be captured and leveraged.'

Parking pleas

Parking is one of the most fraught issues in town centres and is frequently cited by businesses as a cause for poor performance. Local authorities are often the parking providers and manage on-street parking. Each town needs a customer-led parking strategy, catering to the different needs of workers, visitors and local residents. Local authorities could seek best practice through the Town Centre Network. New technology offers opportunities to provide streamlined parking by helping locate available spaces, providing cashless payment and flexible durations of stay. The British Parking Association supports the Positive Parking Agenda, a programme inspired by its local authority members, aiming to change the way parking is perceived nationally "improving access to services and the economic vitality and vibrancy of town centre and high streets".

Business rates

It is important to note that the business rate model is not broken across all sectors, and still works well for offices, logistics and distribution uses. However, it does not work in the retail sector and was held in large part responsible for the 12,000 independent shop closures last year alone.

The government has announced that, by 2021, English local authorities will retain 75% of the business rates they accrue. This is an update on the local government finance settlement of 2015. The reform was intended to be fiscally neutral. The package involves the main local government grant being phased out, and additional spending responsibilities devolved to local authorities. This will allow them to take discretionary decisions on business rate reductions or exemptions.

Business rates are classified as a central government tax, but they are levied on non-domestic properties by local authorities and in 2016/17 raised £29bn in England. The tax is levied as a proportion (the multiplier) of the market rateable value as estimated by the Valuation Office Agency; the multiplier is increased in line with RPI inflation each year. The Budget announced that indexation would switch to CPI inflation from April 2020. From 2013, local authorities have retained around 50% of business rates. Reforms mean the remaining 50% of would also be retained. There is evidence to suggest that the current business rate in the retail sector is no longer fit for purpose and a major review is required to identify other forms tax that can replace business rates in a fairer simpler way such as a sales tax.

In the immediate future, Local authorities will be given powers to cut business rates, while mayoral authorities will be given the power to increase business rates to fund infrastructure projects, provided that they have the support of the local business community via an agreed process. As in the current business rates system, there will also be a need for redistribution via a top-up and tariff system.

In conclusion this section of our review shows that although there is an NPPF, it is not working effectively as it does not account for potential future changes in the sector nor does it provide space for enterprises to flourish. Our FoI request revealed that although some councils had adopted GR1 recommendations only a few have appointed a Town Centre Commission to steer the planning process. Little has been done to encourage enterprise development. Local leadership appears to hold the key to success moving forward. The role of Mayor looks promising in helping to revitalise places. The Scottish case offers real insights in terms of planning and Governance. Parking and Business rates remain as substantial barriers to success.

High Street Digital Retail

Tipping point or digital transformation?

New standfirst: Bricks and mortar retail locations seem to be driving headlong towards commercial oblivion, having lost out to digital shopping channels and apparently with nobody at the wheel. Virtual reality (VR) shopping is coming – but are we ready? This section considers the complex range of challenges – and opportunities – facing retailers, high streets and town centre management, as a consequence of technology.

When the first internet cafe opened in London in September 1994, offering customers internet access for £2.50 per hour, the physical retail environment was put on notice. Virtual commerce had arrived. It allowed Londoners to walk in, pick up their email, buy books from a cyber bookshop, and surf the net.

The physical and virtual worlds have been merging ever since. Now in 2018, shoppers are increasingly buying their physical goods online, while visiting the physical shopping locations for services such as hairdressers, barbers, nail-bars and coffee shops. This trend has accelerated since the first *Grimsey Review* in 2013. Over 17% of consumers now shop online at least some of the time, compared to just 5% back in 2013. Habits have been changing rapidly, as new technology offers cheaper online alternatives to high streets and retail parks, driven in particular by the rapid growth of smartphone ownership.

How can town management support the transition to experience retail? In this section we evidence conclusions from our research to address the question.

Office for National Statistics (ONS) figures for 2017 indicate that online retail has increased its share of the market to 16.9%, weakening traditional shopping destinations. These purchases are not incremental sales but a shift to a more convenient and increasingly cheaper digital channel.

Data portals – insights, not hindsight

What you can measure you can manage, so it is a priority to establish local data dashboards to gather, analyse and present high street or town centre data to the decision makers and stakeholders.

Information on pedestrian flow and cyclist numbers from footfall sensors for anonymous urban data collection can be used to improve local transport, cycling and parking access, helping to grow the local economy while keeping pollution low.

Combining footfall with open data sources, integrating local transport and data on new retail stores or closures is required to improve value to the town assets. This can help to identify gaps in service and create local models of the economy, using AI-assisted high street planning.

Collaboration and knowledge sharing

Collaborating with existing data portals in London, Bristol, Scotland or Wales to leverage expertise will help to improve local decision-making processes. A new urban knowledge portal centre would provide technical support for the implementation of data platforms for the high street or town centre. This would serve all centres with a shared dashboard and operate as a local Data Portal as a Service.

Digital connect upgrade

Building on the success of the SuperConnected Cities programme, the next phase is enhancement of 4G where there are gaps in public provision, moving forward to 5G and full fibre for the commercial and retail space, including convenience stores, as these have become common in high streets. Innovative funding models, leveraging the future income stream, must be provided for infrastructure investment, incentivising landlords to supply Space as a Service to tenants. A connected town package must ensure ongoing digital transformation of the top 13 cities and all 1,048 UK high streets in smaller towns – as the major beneficiaries of SuperConnected Cities funding, BT and Virgin Media should engage in constructing town wifi and fibre infrastructure.

Cycling and pedestrian data

Planning of new locations of services is needed for cyclist commuters, such as installing bike hire racks, day-time bike storage and cyclist-counting sensors. Cycling is growing rapidly – but cyclists are not prioritised by town management teams or retailers.

Parking by sensors

For quicker access and a less pollution-heavy search for parking spot, town centres need to install sensors on parking spots that connect to local parking apps, which signal where spaces are available. Sensors should have time functions to alert both traffic wardens and drivers when the pre-paid time is running out. This will minimise the risk of fines while also improving the flow of cars on short-term parking spots.

Joint digital marketing campaigns

People love taking and sharing selfies. By working together on marketing activity to create interesting events or occasions, retailers can offer fresh backgrounds where people will want to take selfies. These are then freely disseminated across social media, via Instagram and Twitter, with the hashtags used by residents or visitors promoting local attractions and retail, driving fresh footfall to tourist sites, leisure venues or shops.

Enhancing digital security

Installation of LED lights in street lamps to improve the quality of lighting on the street, minimises costs and provides the additional benefit of improved security, when CCTV cameras and integration with police systems can be incorporated.

Flexible workspaces for freelancers

Free public wifi attracts freelancers to high streets and town centres, supporting flexible working patterns with Skype-friendly work places. Cafes can support short-term stays but fast broadband and modern meeting rooms are necessary for a modern collaborative workspace, driving more footfall for traditional shopping locations.

Encourage rebel retail

As the curated mix of retail and service is emerging, following data insights and AI high street models, space is needed to pilot new retail or service concepts. Flexible planning must support reconfiguring of a store to join with its neighbours to form a larger unit, offer a pop-up on upper floors of office buildings or a mix of office-cum-pop-up to underpin the adaptive high street.

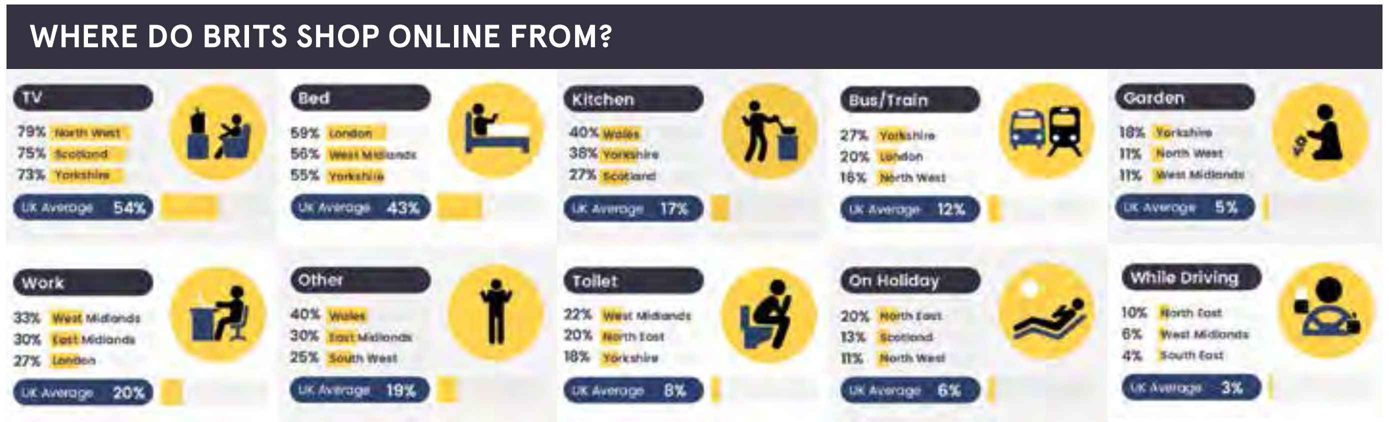
The evidence

Free wifi in shops has been driven by growth in smartphone use, faster connection speeds, sharp falls in data costs and the rapid enlargement of locations where it is possible to benefit from good quality, free internet connectivity – 24/7.

At the end of 2012, fewer than 36 million UK mobile phone users had a smartphone, representing 44% average penetration. Since then, ownership has accelerated to 53% by 2013, 75% in 2016 and a 83% in 2017. Young adults lead the uptake, with reports showing that the penetration rate for 18-24-year-olds had reached almost 95% by the end of 2017.

Smartphone ownership among all age groups follows the same pattern as for online shopping, with those aged 25-34 doing nearly all their shopping for goods and services online, while over-65s predominantly use physical locations, either unwilling or unable to seek better bargains online.

Where we use the web



Lingerie Insight, Study of How British Consumers Shop On-Line, 2018

Online shopping was not much fun until 4G but since 2013, it has improved dramatically. UK users have increased their fixed broadband data usage from 8GB per connection in 2008 to 97GB in 2015 and then 132GB in 2016.

Ease of download with 4G, its connection stability and general quality of the experience have improved to the point where people see online shopping as being seamless. UK consumers lead the world in their passion for on-demand TV and Netflix; they are among the heaviest users of catch-up TV tools. Sofa time has become dual-screen shopping time as people simultaneously watch TV and use mobile devices; surveys report that 53% now shop while watching TV. Multitasking consumers even use time on the toilet to browse and order those bare necessities, with 22% of West Midlands shoppers showing a preference for shopping “on the bog” and 18% of Yorkshire consumers choosing the loo over a visit to the shops.

Town centre footfall has been falling by about 10% every three years since 2009, as consumers move to showrooming from stores then shop from the sofa. The remaining footfall in shopping locations is increasingly window-shopping rather than purchasing.

How the web stole Christmas

The increase in sales is particularly visible in December as gift buying has shifted online. December 2014 was the first £1bn retail sales month, while in 2016 sales reached £1.5bn and then almost broke the £2bn barrier in December 2017, including Black Friday. According to Google Search, ‘Cheap Xmas Gifts’ is the leading keyword search every November as online retailers fight to win over shoppers.

UK consumers used to make 200 shopping trips per year, peaking pre-Christmas. Now the average household receives more than 250 home deliveries per year – higher if there is a teenager or a mum in the household.

SuperConnected Cities

Back in 2013 technology – in the form of widely accessible public internet and footfall sensors – was just arriving on the retail scene. The Grimsey Review recommended the UK-wide adoption of free wifi in physical shopping locations.

Following the launch of £150m of investment through the SuperConnected Cities initiative, eight UK cities benefited from the installation of fast broadband and public wifi in 2014.

The aim was to network traditional shopping areas and support free internet access for towns, shops, attractions and events. More than a thousand buildings were equipped with free public wifi and 14,000 small businesses received a broadband grant. Buses, trains and trams were wired up and by 2015, investment of multi-millions had created internet exchanges and cloud computing centres in Cardiff, Brighton, Newcastle, Bristol, Edinburgh and Derby. In 2016 this programme was extended to a further 28 cities in the UK. Social media activity and local marketing followed.

From 4G to 5G

The overall feedback from the SuperConnected Cities programme was very positive. Integrated digital marketing programmes for local retail and attractions under dedicated BID Instagram accounts or just "jumping on a hashtag" led to increased vibrancy and word of mouth about the unique features of each location.

An auction in April 2018 awarded new spectrum to four bidders, with final awards dividing up residual 4G, enhancing bandwidth and allowing some initial 5G preparation bandwidth to become available.

Fewer than 2m free public wifi hotspots were available to the public in 2011. By the end of 2017, that had grown to 80-86% of wifi support across the country, with quality of reception rated in the 85-90% range, meaning that almost everyone can shop online at any time. With the exception of some rural areas, the quality and availability of a mobile signal is ubiquitous in 2018. The shop-in-your-pocket has become not just a luxury but a basic expectation.

Physical shopping locations with free public wifi soon benefited from a new trend for posting selfies from shopping trips or 'food porn' from interesting dining locations on city hashtags, creating grassroots marketing of food venues and stores.

Trouva.com, a leading UK upmarket homewares e-commerce platform, has promoted 300 bricks and mortar boutiques via their Instagram, Facebook and Twitter activity, bringing new shoppers to the stores, as well as driving online traffic via localised digital push campaigns.

Cycling and walking

In the five years since publication of The Grimsey Review, areas like Manchester Market Street, Hammersmith and Holborn Mid Town BID have piloted visitor footfall measurements to generate data on the flow of people past shops, helping landlords and retailers to get an improved understanding of their performance.

The Danish architect and urban design consultant, Jan Gehl, has championed the concept of walkable cities by instigating measurement of cyclists and pedestrian flow in Copenhagen. His base premise is that car metrics are not the only factor. Anonymous footfall counting of pedestrians and cycles in traditional shopping areas should be added to the tools used by town management teams.

Where sensors were installed, the footfall pattern showed hourly tracking evidence of whether the anchor tenant is really attracting the gross of the footfall. These techniques also help to identify and understand "zero intent footfall', prevalent among millennial 'showroomers'. Cyclists tend to be low spenders in traditional high street shopping areas because safe bike parking racks outside stores are something of a rarity.

When traditional shopping locations lose a significant chunk of the footfall attractors – in the shape of the big fashion, footwear and kids-wear brands (1,374 such stores closed in 2017 alone) – independent stores are unlikely to be able to sustain the buying footfall. Many shopping venues are approaching this tipping point with increasing velocity. Earlier in this review we predict that some 6,000 retailers are likely to fail within the next three years, further impacting the viability of their surviving high

street and retail park neighbours, and the footfall already damaged by the relentless closure of banks and post office branches.

Parking penalised

Access to high streets and town centres has been hampered since 2013 by an increasingly harsh parking enforcement regime, driven by the impact of central government austerity measures on local authority finances. The number of penalty charge notices – or parking tickets – continues to rise, with a million more issued in 2017 than 2016. The situation has reached crisis point, as shoppers who cannot cycle in, or who are in areas badly served by public transport, abandon traditional high streets and town centres in favour of out-of-town retail parks. High street visitors rate access as their top criteria and good access correlates with average spend increases of between 35% and 38%.

New road sensors for car parking in Roeselare, Belgium, were installed following *The Grimsey Review.* This system allows 30 minutes free parking, after which the sensors send an automatic alert to traffic wardens. This is a simple but highly convenient way of managing short access, allowing people to pick up from convenience and specialist food stores or visit a post office. It also saves money on paying patrolling traffic wardens.

A sensor pilot is under way in Roeselare through the Cleverciti network, allowing drivers to use an app to find the nearest empty parking space. But in the UK only Westminster and Cardiff are conducting sensor trials on a limited basis.

Instead of supporting access, local authorities have pushed for more fines by delegating parking control to private companies. This is one of many reasons why consumers are moving online.

The technology of the Internet of Things (IoT) is now available, so that finding a non-polluting way of parking fast is almost resolved, bringing automated slot spotting and sensor-based alerts to warn of the risk of a fine.

Electric vehicles

Town centres and retail parks have been slow to respond to the increase in electric vehicles, with current estimates that 4,500 electric cars are being sold each month. The failure to respond to the need for more electric charging points is a lose-lose strategy. Drivers and passengers, waiting for cars to charge up, would surely spend money in local cafes and stores in the meantime.

Blending online with offline

Enhanced customer service through Click & Collect, as we predicted in The Grimsey Review, results from the successful blend of online and offline. Current forecasts predict that Click & Collect will be used for over £9.6bn of retail sales by 2022.

Debenhams has created a Click & Collect offering which combines with Personal Shopper appointments in the pilot store in Stevenage. Selfridges, Topshop and smaller brands on Trouva.com also report that Click & Collect has been a turning point for maintaining and increasing their footfall.

Fashion and footwear have benefited considerably from Click & Collect as a store traffic driver. Beyond those categories, the service has developed more at local points where customers prefer to pick up the parcel from their newsagent or near-home commuter rail station.

Try Order Return

Fashion stores are adapting to digitally savvy customers, piloting new formats of Try Order Return (TOR). This offers the customer the option to view clothes instore but to order for home delivery as the full stock range is not carried onsite, just a few examples in each size. When the customer receives the item but is still not happy, they can return the product to the store to exchange. The financial advantage is in reducing inventory levels – TOR reduces substantially the number of delivery vans visiting shops – so is also environmentally friendly.

New retail concepts

Stores like Lush, Tiger, Missguided or Sephora that are focusing on providing customers with a multi-sensory personal experience are currently enjoying success – self-service from larger units is part of the recipe. In Lush, customers can mix their own organic facemask or make a bath bomb. Millennials are quite happy doing just that and Lush has grown sales through digital marketing to drive customers into experiential stores – by encouraging their inner beauticians.

AR drives footfall to furniture stores

Pokemon Go was launched in 2016, inviting players to find, catch and train Pokemons. The creatures appear as if they are in the player's real-world location such as their street or garden using augmented reality technology (AR).

This game opened the door for homeware companies to help customers visualise a chair or desk in the context of their own room. Led by Ikea and Made.com, playful AR options are gaining traction not just with millennials.

Lowe and Anthropologie in the US are leading these developments. Game-loving millennials have the ability to play with digital overlays and toy shops also started deploying AR to show kids completed Lego or Minecraft visualisations. AR is emerging as a part of a new toolkit to bring shoppers back to stores.

Shopping in VR

Virtual worlds are coming and the full virtual reality (VR) shopping experience is emerging. Once the number of frames per second matches what the eye is accustomed to and minimises the feeling of unsteadiness present in current VR shops and games, it is possible to use an interactive glove or haptic grabbing gestures and then drop the product into their virtual basket, as in Dior's VR experience.

5G will be needed for full haptic shopping in VR but the spectrum auction in the UK has just been completed, bringing VR shopping options nearer.

“Premises for stylish cafes and town centre flexible workspaces are still under-supplied”

Cafe working in the freelance revolution

The Grimsey Review predicted in 2013 the growth of freelancers and remote workers contributing their spending to traditional shopping locations, using cafes and flexible workspaces.

Improved broadband and the acceptance of remote working means that more people have moved to a flexible working regime, only coming to towns for meetings or to work two or three days per week in shared work spaces that are springing up in so many town centres.

Flexible workspaces have grown from 2% of office space in 2015 to 7.5% in 2017. Three quarters of this capacity is outside London, so this is very much a national pattern, according to Cushman & Wakefield. Forecasters expect these types of working environments to account for 12.5% of office space by 2020. Flexible workspaces will need broadband upgrades, requiring landlords to act more as service and infrastructure providers, developing 'Space as a Service'.

Local shopping venues, close to where the flexi-worker lives, and those in bigger cities to which they travel, will benefit from these new work patterns. Spending by these types of visitors feed into cafes and collaborative work places like Office Group, WeWork or Second Home, but also hairdressers, gyms, convenience stores and a host of other shops. The revenue of the UK's coffee shops is expected to reach £4.9bn a year by 2020, a significant proportion of which will come from flexi-workers.

Premises for stylish cafes and town centre flexible workspaces are still under-supplied. Research by the Retail Practice has highlighted a whole range of locations, including Lincoln, Aylesbury and Bicester, which have failed to create sufficient capacity for this important cohort of new users.

Affordable shared workspace is one of the urgent priorities for improving high street and town centre density and attraction as a work destination. Each location needs a local policy for supporting flexible workspaces as well as new, innovative retail concepts to serve the emerging freelance audience. The optimal increase in office space density needed can be worked out from the new footfall measurement data, using local high street and town centre sensors.

Retail tech security

High streets and town centres are experiencing a wave of new crimes, including the snatching of phones by moped riders, as well as other violent crimes against visitors and their property. Notably, UK BIDs nationally prioritise safety. According to CACI research this year, if customers feel safe, they spend 24% more when they shop.

Shopping centres and retail parks have responded with increased CCTV coverage, scanners and private policing but traditional high streets must step up to protect shoppers and reduce their fear of crime. New technologies are emerging for better safety, while keeping budgets tight.

Number plate recognition systems are commonplace, but few are connected to local high street dashboards.

Upgrading the integration, improving CCTV networks to include facial recognition, is a vital element of improving public safety, particularly as fast bandwith networks can be utilised to serve local business. New laws are expected to clarify the use of facial recognition technologies.

Town dashboards

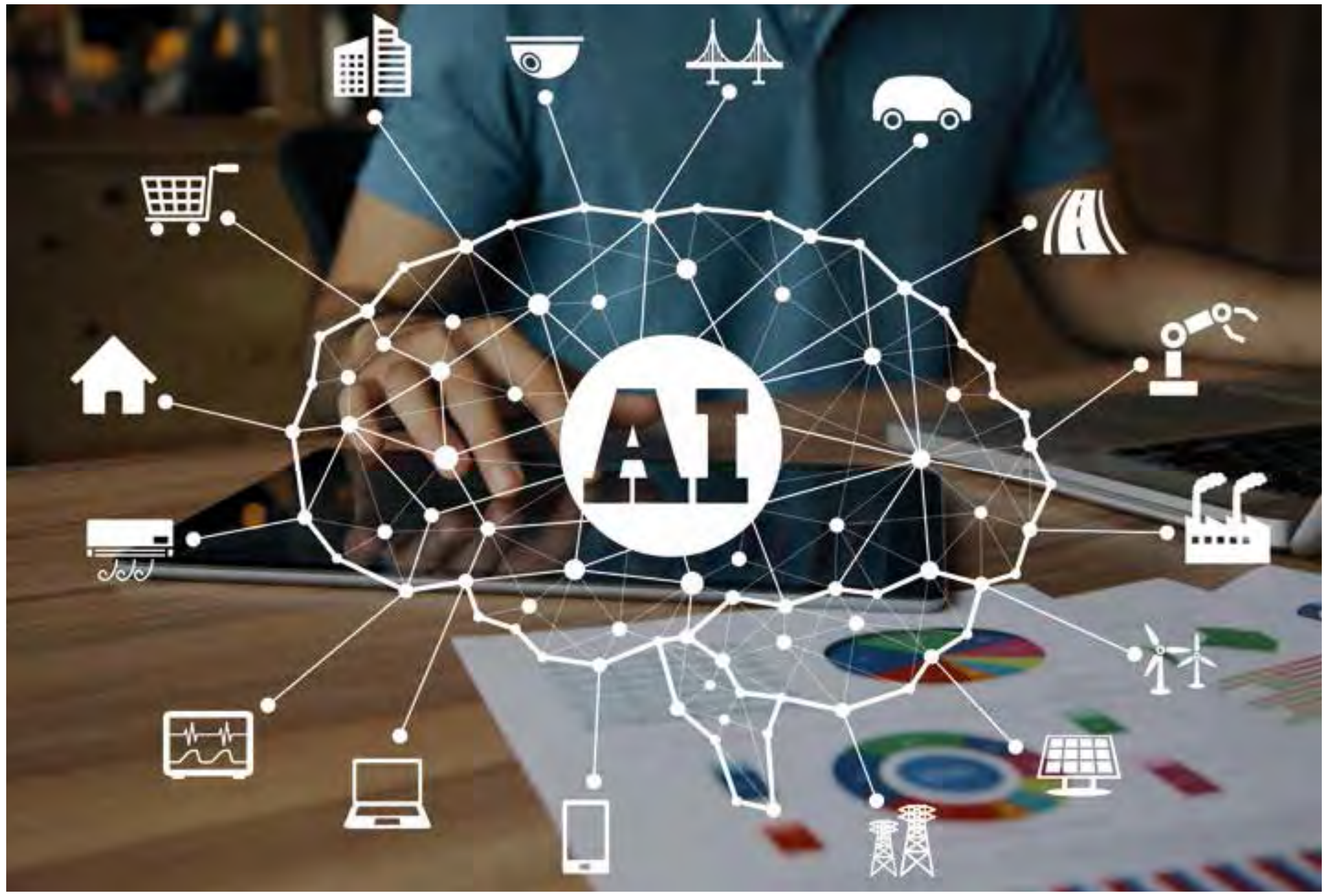
In 2013 we called for local plans supported by a business plan and local data dashboards, to support decision makers, to get local legitimacy and bring local stakeholders on board.

Great progress has been made in creating high street and town centre dashboards in Scotland and in Wales, the data portal, InfoBaseCymru.net. The Understanding Scottish Places project initiated by the *Fraser Report*, led by Professor Leigh Sparks and research fellow Anne Findlay, resulted in development of an online platform which tracks numbers of local retailers in a retail diversity index per town. Information on how local people get to work in towns is helpful for retail, high street or town centre planning. This database currently pulls data from ONS and other national databases. To be a helpful tool for repositioning local shopping locations it needs frequent updates.

Wales has a density challenge in that it has 170 towns or high street locations, but well above the UK average number of smaller settlements with retail clusters that serve populations of fewer than 25,000 people. These clusters are often disconnected from each other, resulting in high delivery costs. Such places are populated by high numbers of retired local people with low retail spend, which makes creating a viable high street offer for those centres increasingly challenging.

England does not have its own high street or towns dashboard, although Open Data Bristol is a live dashboard and Manchester is planning to follow suit. Manchester BID is also subscribing to Springboard camera-based footfall counters to benchmark local footfall against the UK average high street or town centre. London has developed a data portal, London Datastore, run by the Office for Data Analytics, which is a collection of extracts from existing national datasets.

The Consumer Data Research Centre (CDRC) with Local Data Company data, provides analytics such as to which areas have more propensity to turn to online retail fully or partially.



AI in high street design

Data portals are expensive, regardless of whether the data is bought from private providers or as with Hammersmith and Fulham Council installing its own footfall sensors. Existing portals do not provide comprehensive datasets that would give the local high street or town manager the opportunity to identify the weak points and what can be improved. BIDs use Springboard but with limited benchmarking, only against 4,000 retailers. A low-cost solution would entail collaboration on a shared cloud-based, national data portal infrastructure, to which the town management teams can subscribe.

Humans have had a fair go at solving the high street puzzle, but now AI is the planner's new little helper. As noted by PropAI (Slumbers), AI-supported Visual Search has the ability to analyse any photo of a section of the high street and let AI search to find similar locations for comparison. PropAI is creating a framework to use AI to develop commercial Space as a Service, with adaptive use of telecoms.

Initially used for security purposes, Hartford in the USA is using the video data and AI from BriefCam for retail planning, transport enhancements, design of bike paths and public transport improvements. Advances in AI have shown that it is possible to analyse a satellite image of any high street or town centre and generate a new proposed location that retains the key features of the original sample.

A new type of AI, called generative adversarial networks, can create new models from underlying visual photos, recreating whole patterns from partial data. A small sample of high street image analysis can help to create a whole location. That model – aided with exact local demographics, past and current success of particular local stores, typical store conversion per retail category, frequency of weekly or monthly visits – could support modelling for optimal store mix planning. Dynamic modelling of physical shopping spend patterns over a decade could provide a forecast of the implications as the current population ages or moves according to typical age-related move patterns. As the cost of data storage continues to drop, AI and Machine Learning will be available as a plug in, a service with the value underpinned by the data from the high street or town centre.

Today town management teams can choose to manage decline – or to create the best retail and service environment, comparable with the best physical shopping locations in the UK.

Case Studies

ROESELARE, BELGIUM

Passionate leadership and a clear plan

ROESELARE IS A SMALL TOWN in the heart of West Flanders. It has a population of 62,000 and a reputation for high quality food production, manufacturing and retail.

IN 2014, faced with the prospect of declining footfall and store closures, brought about by the growth of online and convenience retailing, the head of the department of economic development and the town centre manager began to look externally for ideas to revitalise the town. Inspiration came in the form of a presentation of *The Grimsey Review* at a meeting for civil servants in Ostend. Mayor Kris Declercq and his team took the recommendations in the review, tailored them to the Roeselare context and set about developing a plan to transform the town.

THE PLAN

THE TEAM DESIGNED A PLAN to ensure that Roeselare would maintain and develop its position as the leading, 'smart' shopping city in Flanders. It consisted of seven core ambitions and 50 specific actions, contributing to the revenue growth of local traders and ensuring a sustainable future for the city centre. In October 2015, 300 retailers, councillors and politicians attended a launch event, where Bill Grimsey was invited to bring the recommendations to life. As a symbol of commitment to the plan, the retailers and councillors present placed their signatures on a plaque, still displayed in the council offices.

Roeselare's catchment numbers 200,000 and since 2008, the population has grown by 8.6%, with unemployment running at 6.5%. Growth of the economy is at 2.7%, with 7760 active companies. There are 400 shops with a vacancy rate of 8.3%.

Architecture: B2Ai, Belgium Photography: Klaas Verdru

The seven ambitions

1 An inviting public domain Transforming all public libraries into ARhus, a knowledge centre in the centre of the town. Like the original library, ARhus is as a meeting place for the community. In addition, it is now a thriving centre for knowledge exchange, providing resources and training for citizens and companies to enhance and develop their IT knowledge skills and capabilities. It offers access to health services for citizens, with training on how to do blood pressure tests and use 3D glasses.

Developing and enhancing public spaces – the town's squares (Marketplace, Polenplein, Botermarkt and Coninckplein) are a key feature and since 2015, have been upgraded. Designers focused on reducing visible parking areas, introducing more green space and providing uniform terraces and additional seating for visitors. Two streets have also been upgraded. Citroenstraat (Lemon Street) illustrates how clever design has been used to create a distinctive identity for this area.

Creating an aesthetically pleasing, clean and healthy environment – a series of measures in the plan aim to ensure the basic cleanliness of the central shopping area. These include upgrading public toilets with clear digital signage for improved access. Traders receive fines for neglected window displays and excessive display of vacant use notices. The local authority has the power to fine citizens up to €300 for antisocial behaviour such as littering.

2 Support for traders The B(L)OOMS programme is a series of tax redemptions and financial support designed to stimulate trade, encouraging traders to get maximum use from town centre space. Retailers receive funding of up to €15000 for merging two commercial buildings. A refund on property tax is allowed for new retail outlets in the centre, amounting to 75% in the first year, 50% in the second and 25% in the third. A refund of €15000 is available to retailers who move their business into town. Funding of up to €7500 is available to organisations which open a second retail unit in the centre, or for living above a retail shop. A recent initiative was added to encourage residential development above shop space, with up to €7500 towards renovation costs. All funds are provided by the Flemish government.

3 Smarter shopping Actions include a move to introduce free Wifi in the city centre and the appointment of a city innovation manager. Development of a Citie app offers access to information about parking, shop opening hours and a loyalty scheme with rewards linked to shopping and leisure facilities.

The introduction of digital innovations to improve the instore shopping experience include a touch and go hands free shopping app, allowing customers to shape their shopping experience through their smartphone and interactive dressing rooms.

4 City of experiences Building on the town's heritage, Koers, the traditional cycling museum, was transformed into an interactive themed destination, with live video projection of cycling events, showcasing local and national heroes, and including a new bar and restaurant. The museum runs an educational programme to teach children how to cycle safely. It also hosts the tourist information office.

An opportunity to showcase fresh local products occurs every Friday when the local church, under council control, hosts a covered farmers' market with bar and children's workshop. The Lokaal brings together producers who sell fresh and locally crafted products. The farmers pay a small fee to cover staffing, IT and marketing costs, to sell meat, fish, vegetables and fruit straight from the farm. The on-site children's workshop educates the community about healthy food, nutrition and sustainable consumption. The Lokaal market also organises events such as BBQs and music. It offers picnic baskets for use outside the church on the new, car-free square.

A co-ordinated series of events is considered a critical mechanism to ensure support and enthusiasm from residents. Themed events on national celebrations are popular, as are those which require residents to visit the centre to participate. A Valentines' Day event consisted of the distribution of 'love ribbons' to shoppers. Each had to write something on the ribbon, a message for a loved one, hang the ribbon on a bridge and leave their co-ordinates behind, with prizes of romantic restaurant meals awarded to eight winners.

With the aim to enhance ambience and atmosphere, a central music system was set up in the ARhus, with eight speakers in the central market through which a co-ordinated music schedule was played. Sustainable lights were also installed, improving the shopping area.

5 **Accessible to all** Research showed adjustments were needed to make the centre more accessible for parents with children and people whose mobility is impaired, either physically or visually. Promenades were widened and the number of fixed terraces limited. Locations were made attractive to children and young people, with the introduction of play and sports facilities.

Digital signage was introduced to show parking availability and included in the Citie app, while a live roadworks scoreboard also alerts shoppers to potential delays. A more recent innovation has been shop-and-go, a 30-minute sensor, facilitating short-term parking in the city centre. This has proved to be particularly popular with residents.

6 **Collaboration between stakeholders** Action includes support for networking events for traders, who have the opportunity to join Bizlocator, a matchmaking service which promotes new business opportunities and vacant space.

7 **Co-ordinated marketing** A city marketing plan includes a central calendar, promoting all major initiatives and events a year in advance.

EVALUATION OF SUCCESS

- **The mayor** and his economic development team measure the success of the plan against a clear set of key performance indicators. These include changes in footfall, shop vacancy rates and patterns of use, as well as increased use of community facilities, such as ARhus and the Lokaal.
- **Community facilities** have been a resounding success, with visitors to ARhus rising from 24,000 in 2013 to more than 36,500 in 2017. The Lokaal also regularly attracts traders and residents. The B(L)OOMS programme has been very popular with 28 approved long-term applications, including 18 from new retailers and four to merge commercial buildings. There have been 11 pop-ups in the two years since 2016. The increase in shop vacancy rates has stabilised over the last three years, footfall trends are also positive.
- **Success would not have been possible** without the passion and commitment of the town's leaders. The mayor and head of economic development are both involved in monthly reviews of progress on all actions associated with the plan. Although the seven ambitions remain, the actions to deliver are constantly revised and updated to accommodate changes in the rapidly evolving place landscape. It is also clear that the plan has been financed, not by new money, but by better and more co-ordinated use of existing funds.
- **When the Grimsey Review team** visited in April 2018, Roeselare, Mayor Kris Declercq told *ITV News*: "It is good that a city like us has found inspiration in the UK to see how the same problems can generate creative solutions. We're doing well, we're doing better than other cities in Flanders, but still it's a challenge every day. But by mixing measures, like subsidies, like giving investment incentives, we've seen in one-and-a-half years more than 28 new shops."
- **Many of the initiatives** share a common characteristic. They enable citizens to develop new skills and knowledge, underpinned by the belief that there is always something new for everyone to learn. The role of the town as a community hub enables this learning to take place.
- **As the plan** has been implemented over a relatively short period, the process of monitoring success is ongoing. The results to date suggest an optimistic future for the town and its citizens.

STOCKTON-ON-TEES

How to create a community hub

STOCKTON-ON-TEES is a market town in County Durham, north-east England. The town has a population of around 105,000 and the borough totals 238,000. Like Roeselare, Stockton is a regeneration success story, where a town management team has implemented many of the recommendations in the original *Grimsey Review*.

ACCORDING TO NEIL SCHNEIDER, CHIEF EXECUTIVE OF STOCKTON-ON-TEES BOROUGH COUNCIL:
"The vision for Stockton was to develop a big outdoor community centre. In our plan we wanted to capitalise on the area's unique history and heritage, support a wide range of retailers and businesses, and improve the connections to the attractive riverside. By developing safe evening and leisure opportunities in interesting spaces, we wanted to ensure that people don't come to Stockton just to shop! We really wanted to create a community hub destination."

From vision to plan

Nine years ago, this vision was captured in a town centre prospectus. Determined not to compete with the existing shopping centres but to complement them, the plan focused on creating a different type of place, drawing on history and heritage, with investment in community facilities and public realm.

A number of features underpin the planning and development process, which have contributed to the development of a community hub.

Firstly, a commitment to developing a high quality and artist-led solution, incorporating artworks and functional pieces that refer to the town's history and community and give a distinctive and authentic sense of place. A design plan was devised by the in-house design team at Stockton-on-Tees Borough Council, who subsequently won the 2016 Urban Design Group's National Public Sector Urban Design Award for their project. Landscaping and engineering works have incorporated artwork and bespoke features that ensure the designs are unique to the town and rooted in the history and achievements of its residents.

The High Street plinth, housing the Stockton flyer, is an automation combining material and form consistent with the Georgian architecture, with a daily event of movement and sound. It celebrates Stockton's place in railway history, where George Stephenson launched the world's first passenger service on the Stockton and Darlington Railway.

A more recent cultural investment has been the refurbishment of the Globe, a 3000-capacity music and entertainment venue. With the support of Heritage Lottery funding, the theatre – which once hosted the Beatles – will be restored to its former glory. Along with the refurbished Georgian Theatre, both venues will make a major contribution to the growth of the evening economy.

The strong collaboration between the arts community and the council is highly valued. Annabel Turpin, CEO of the Stockton Art Centre (ARC), says: "I am always confident that the council will support our initiatives, however innovative and unusual."

Secondly, there is a commitment to celebrate and share the town's cultural heritage with the community through an extensive programme of events. The council has invested in an 11-strong events support team, who have organised around 90 events. These include; the Stockton International Riverside Festival, which draws 100,000s of visitors; town centre tours, exploring the Peculiar Past of Stockton through a musical walking tour; a specialist market programme; and high-profile music and sporting events.

Thirdly, there is a commitment to invest in creating thriving communities within walking distance of the town, as well as in the centre, entailing measures to ensure the area is an attractive place to live. At Northshore, the Vivo and Whitewater Glade developments now provide more than 200 contemporary homes along the riverside.

Large-scale demolition and redevelopment of older housing stock is almost complete at West End Gardens and Norton Glade provides modern homes within easy reach of the town centre. Townscape Heritage funding has been used to convert the upper floors of buildings in the heart of town. These developments provide modern, diverse and affordable homes for families, which attract people who had not previously lived in the area. The council has also invested in its library and leisure facilities in the town centre.

Space for growth

Alongside these successful community development initiatives, the council has taken major steps to support and incubate retail and business ventures within the town and Enterprise Arcade is one of the most successful ventures. The council used Heritage Grant funding to transform a former department store into affordable, low-risk space for startup retail businesses to trade in a high street environment. Businesses can also get free specialist advice for startup ventures, so that viability can be tested before moving into a larger, permanent location, avoiding the risk of long-term leases or high rents. Onsite management offers advice on how to manage stock, financial management, window dressing or negotiation with suppliers. Since 2011, Enterprise Arcade has hosted 59 businesses, of which 32 continue to trade independently, with 10 located elsewhere in the town centre.

Drake The Bookshop, a regional winner in the 2018 Independent Bookshop of the Year awards, had benefited from six months trading in the arcade. Co-owner Richard Drake now trades in the centre of Stockton but found the earlier experience to be invaluable: "I was keen to develop a social arm to my business, which is why the Enterprise Arcade was particularly good. It provided a low-cost venue to build key relationships," he says.

In addition to incubators for retail or service providers, two purpose-built spaces for digital and creative startups operate in the heart of Stockton and the riverside. Fusion Hive and Digital House provide modern office space for entrepreneurs. Gloucester House and Beaumont House have provided further office space in renovated heritage buildings, creating space for more than 30 businesses.

Support for businesses

And there are other forms of support. The council has introduced business growth initiatives to ensure Stockton town centre attracts and supports all retailers, including a retail grant scheme to encourage businesses to occupy previously vacant premises. A 50% reduction of rates is available for two years and a shop frontage scheme supports new signage or general improvements to the retail outlet. A dedicated retail support service offers shop owners or managers mentoring and startup advice on everything from merchandising and window displays to training, and finding the right suppliers.

The development of an accredited training programme for would-be market traders is endorsed by both the National Association of British Market Authorities (NABMA) and the National Market Traders Federation (NMTF). NABMA CEO, Graham Wilson, says: "Stockton's markets are among the best in the country and the council is to be congratulated on the work they are now doing to improve trader skills. Markets face many challenges in the modern retail environment and initiatives like this will help us to be better equipped to deal with these challenges. Stockton is leading the way leading the way in helping traders. I hope others will follow."

Challenges to success

As with Roeselare, it is clear that success here has been achieved largely through the efforts of a proactive council with passionate leadership and a team that works closely together to make change happen. A key contributor has been the Business Improvement District (BID), established in May 2016. Although made possible initially by the support of local businesses, the BID leaders are quick to acknowledge the importance of the community focus to their role and activities.

For the council, a key indicator of success continues to be the Ipsos MORI survey of changes in citizens' perceptions. There was a substantial improvement in 2015 when 83% of respondents cited a liking for the town centre, compared to 69% in 2011. Public perception continues to improve. In 2016, the town's regeneration achievement was recognised with the Rising Star award in the Great British High Streets competition.

Despite this success, the council's chief executive acknowledges that significant challenges remain: "There is too much empty retail space and property owned by absent landlords who appear content to do little but wait for the next big retailer to arrive," says Neil Schneider. "Then there are the failings of permitted planning development and local planning decisions being overturned on appeal, complexity and timescales associated with compulsory purchase and unequal distribution of national funding to support art and culture."

Common themes emerge

Community involvement

A key message from *The Grimsey Review* in 2013 was the acknowledgement that local people have an important role to play in developing communities and their passion, knowledge and commitment should be captured and managed. The call for evidence for this review has provided many examples of strategies that have been successful in mobilising this enthusiasm.

As one respondent commented: "We engaged with the community from the start and let them share our vision and plans so they feel part of the town once more. When businesses support the community, community supports the businesses. We need to give people a place they are proud to live in but also develop that desire to keep it thriving. It's about bringing businesses, people and places together."

These two examples illustrate how place leaders have successfully captured the views of traders and residents.

Bishopthorpe Road Traders

This high street in York appears to have reversed the national trend of store closures and declining footfall. In 2008, a fifth of the shops lay empty. But by 2013, *The Times* had put the Bishy Road area at number nine in its top 20 list of cool places to live in the country. And in 2015, it won the Great British High Street award.

Today Bishopthorpe Road hosts a thriving community of cafes, restaurants and traditional retailers – of 80 businesses, 90% are independents – and attracts thousands of visitors on a regular basis; street parties and events are well attended. According to Johnny Hayes, local councillor and co-owner of the kitchenware shop, success has largely been achieved by pulling together the resources, passion and commitment of the traders in the Bishopthorpe Road Traders' Association. It has a website and membership structure to co-ordinate and mobilise the resources of the businesses.

Johnny acknowledges, "You don't need to have a formal constitution to work together," but the association ensures clarity about how things should be done and guarantees traders a say on an ongoing basis. "At our first meeting we had 30 members and we now have over 100, so we must be doing something right. Bishopthorpe Road Traders' Association was formed to protect a unique street in York from the worst of the recession. Our actions are not just about making money. It's about giving something back."

Growth board appoints commission

In December 2015, Rushcliffe Borough Council established a strategic growth board to help ensure effective delivery of housing and economic growth. The board provided an important forum for the leader in relation to the Economic Prosperity Committee and local enterprise partnership – D2N2 – the LEP for Derby, Derbyshire, Nottingham and Nottinghamshire.

The strategic board was supported by local growth boards which developed their own work programme and action plan to respond to particular local needs and issues. The West Bridgford Growth Board has a particular focus on sustaining the economic prosperity of the town centre and in particular, the principal retail areas of Central Avenue, Gordon Road and Tudor Square. In order to understand the issues from the user perspective, three West Bridgford Commissioners were appointed to provide external expertise and importantly, independence. Their remit was to directly seek the views of local residents, businesses and community groups and deliver a focused, transparent and informed report to help steer the work and vision of the growth board.

The resulting West Bridgford Commissioners report has provided a rich source of quantitative and qualitative evidence, which is now being used by the council and its partners to support the development of strategic, policy and operational actions and sustain the economic vibrancy of the town centre.

Creating the plan

The Grimsey Review highlighted the importance of having a methodology and timetable to enable local authorities to produce a town centre business plan, identifying clear timelines as well as capital and revenue costs and benefits. The evidence review uncovered some excellent examples of detailed planning.

Bringing the plan to life

Market Rasen Town Council's Three-Year Vision is defined around five strategic priorities. Firstly, a focus on the environment and heritage, with the aim of making Market Rasen an attractive place to live in, work in and visit. Secondly, health and wellbeing, to address poor health outcomes and social vulnerability. The focus on leisure and culture has the aim of giving people of all ages a wide choice of music, entertainment, theatre and live events. Highlighting development and the economy is an aim to ensure Market Rasen develops the housing, business and commercial capacity for its future growth and helps to address skills deficits. The fifth priority is transport and access, with the aim of influencing responsible bodies and transport providers to deliver a good quality and affordable service for residents and businesses.

The council's strategic vision sits within the context of West Lindsey District Council's economic growth strategy. Market Rasen Town Council's strategic priorities support the district council's ambitions: for example, the focus on showcasing the town's architectural heritage and creating a buzz in the town with live events, both support West Lindsey's ambition to create a strong visitor economy, attracting visitors and serving the needs of the local community.

Crucially, the vision is a live document and forms the basis of the town council's essential engagement with its community. It gives a framework and reference points for a meaningful dialogue with all the council's stakeholders. A structured programme of engagement and listening events with residents and the wider community is ongoing.

According to The Grimsey Review, each plan should also recognise and celebrate difference with a unique selling proposition and vision, based on the heritage of the place. Many examples illustrate how success had been achieved through making explicit links to culture, history and heritage, often through careful and creative event management. Bassetlaw District Council recently received a £1.28m grant from the Heritage Lottery Fund, boosted to approximately £2.3m with funds from the council and local businesses, to enable empty buildings and sites to be brought back into use and linked to the towns Pilgrim history. Gainsborough is another example of a market town which has capitalised on a rich heritage in developing its vision for regeneration.

Linking heritage to growth

Gainsborough is a traditional market town, 20 miles north of Lincoln. It has a population of 21,000 and an economic pull from Scunthorpe, Doncaster and Lincoln. The town has an ambitious growth plan, with its population predicted to rise to 30,000 by 2036, supported by the development of 4,350 new homes. As well as a commitment to new housing, the plan is focused on heritage-led regeneration.

In the medieval period Gainsborough developed as an inland port, bringing steady growth. The medieval influence is reflected in the built assets of the town centre. Gainsborough has a history of engineering and manufacturing, becoming a centre of production in the Victorian era. Structural changes in the national economy have led to severe deindustrialisation in the town. This has left a legacy of brownfield land along the riverfront, some of which has been developed into housing. To address deindustrialisation and deliver housing-led economic growth, West Lindsey District Council launched an ambitious INVEST prospectus for Gainsborough, supported by an £18m public sector fund in 2016. This includes a heritage-led master plan to regenerate the town's historic fabric, which will subsequently act as the catalyst to the wider renaissance of the town centre.

Actions to capitalise on heritage assets include conversion of the Grade II-listed Marshall's Yard at the eastern end of the town in 2008, which established Gainsborough as a sub-regional retail destination.

In Gainsborough Town Centre Conservation Area, there are two Grade I-listed buildings – Gainsborough Old Hall and All Saints Church – two Grade II* buildings, Elswitha Hall and the former county court, together with various clusters of Grade II-listed buildings. These assets represent a significant opportunity for heritage-led regeneration.

National and international associations are not adequately celebrated by the town: it is reputed that King Canute failed to turn the Trent Aegir – a tidal bore on the River Trent –and Richard III visited the Old Hall. The latter is associated with the Pilgrim Fathers. With the anniversary of the Mayflower in 2020, the aim for the centre of Gainsborough is to respond to this historical opportunity. The Mayflower 400 project seeks to celebrate the town's pilgrim heritage through a programme of cultural events and visitor trails, aimed at the American market.

Various grants are contributing to improvements in the town centre. West Lindsey has introduced a shopfront scheme to restore historic shopfronts and create attractive spaces for retailers, who can bid for grants available of up to £15k. A bid to the Heritage Lottery Fund to secure a Townscape Heritage Initiative for Market Place and Lord Street will result in an investment of £1.85m in the town's heritage assets, assisting in the restoration of historic shops. The Living over The Shop fund was launched in June 2018, providing incentives for owners to convert the upper floors of retail properties, to deliver more housing in Gainsborough's historic urban core.

Getting the mix right

The first conclusion in *The Grimsey Review* was the need for town centre or high street plans to encompass a complete community hub solution with housing, arts and entertainment facilities and business, sitting alongside retail. This emphasis has been reinforced by those involved in the very successful Scotland's Towns partnership.

"The key to Scotland's approach was understanding that the solution needed to look much more widely than retail and the high street. This means that energy, utilities, transport, culture, telecommunications, cycling and walking, heritage and culture, tourism, health or housing are all normally engaged when developing collaborative partnerships."

For many the key to developing the right mix of retailers and services, has been understanding the distinctive nature of their particular location and tailoring the offer accordingly. A number of research projects have used some variables to 'segment' towns, providing useful guidance for managers undertaking this task. One such study is outlined here.

Analysing footfall for meaningful segmentation

As part of the Innovate UK Bringing Big Data to Small Users project, researchers from the School of Computing and Mathematics at Cardiff University and the Institute of Place Management at Manchester Metropolitan University have used Springboard footfall data to develop a new classification of UK town and city centres. Drawing from a vast amount of raw hourly data gathered from counters located within 155 UK centres that have been operational for a period of between two and nine years, the team used K Means clustering techniques firstly, to produce four convincing signature templates and secondly, classify each of the 155 retail centres as one of the four signature types.

Comparison shopping centres tend to be located in the larger town and city centres and their monthly signatures can be identified by a footfall peak in December, coinciding with the Christmas preparation period.

Holiday towns are busier in the summer months and footfall drops right down in the winter.

Strategic Priorities and Underpinning Objectives	Activities	S,M,L	Estimated cost
1 ENVIRONMENT AND HERITAGE Making Market Rasen an attractive place to live, work in and visit. WLDC Economic Plan Priority 1	1.1	L	£300k
	1.2 Old Police Station re-development to form a town heritage and tourism information hub	L	£200k
	1.3 Showcase the Grade 2 listed Magistrates' Court and Police Station as a visitor attraction and town heritage centre. Build on the success during 2017 of Heritage Open Days and WW1 exhibition and community event.	On-going	£3k

Speciality centres seem to be a hybrid between comparison centres and holiday towns, having peaks in summer and December, although these are not as pronounced as they are in pure comparison and holiday centres.

Multifunctional centres tend to have more of a flat profile throughout all the months of the year. Multifunctional centres can be city centres, in which case they are anchoring a regional economy or small and just serving a local community or convenience catchment.

The researchers suggest that understanding towns by examining their signature type enables more sensible plans for action to be developed for those managing different classes of towns. For example, managers of speciality centres should concentrate on a mix which offers something unique and special, with heritage as the main anchor to attract visitors for a longer period. Management and marketing strategies should focus on protecting and promoting identity and positioning.

In Wales, Woods (2011) identifies a typology of towns based on population, economic activity and service function classifying towns into sub-regional centres, anchor towns, island towns and niche towns.

One type of town which appears to be prospering in the face of a downward retail picture is one focusing on offering specialised and locally sourced goods and services. Birkdale village in Southport is a good example. It is a designated conservation area which supports around 50 independent businesses, including a speciality fishmonger, butcher, chocolate and card shop as well as restaurants with an innovative fresh food offer. The emphasis in the mix appears to be offering locally sourced products and services which consumers have to be physically present to consume.

Other research has identified the broader mix of facilities needed to create a healthy high street. A report produced by Public Health England and the Institute of Health Equity considered good place-making in an urban setting. The report highlighted the need for a health-promoting retail mix but also urged place managers to consider shaping the environment to be inclusive of people from all walks of life, to be easy to navigate, to offer places with shade and shelter and places to stop and rest with cycling and walking options, low levels of noise and air pollution and a place where citizens feel relaxed and safe.

According to Professor Laura Vaughan from the Bartlett School of Architecture at UCL: "Well-designed high streets can be seen as a public health asset. They can provide public space that is inclusive of people from all backgrounds and ages – and accessible to people of all levels of mobility; they can provide a centre for people to gather, to feel relaxed and to connect with others socially. They are therefore important both for physical and for mental wellbeing."

One example cited in the report is the 'Play on the way' scheme at Marlowe shopping zone, Hemel Hempstead. The interventions here included establishing five new play areas along the high street including tightropes, water play, balancing balls and trampolines. The goal was to encourage increased footfall and dwell times by a broader range of high street users, including families. This activity is part of a larger regeneration project, which has resulted in a 64% reduction in the number of empty shops and units in the town centre.

It is widely known that older consumers are going to make an increasingly important contribution to the economy, with predictions from the ONS in 2014 suggesting that by 2037, the number of people aged 65 and over will account for nearly one in four of the total UK population. The evidence review uncovered interesting research exploring alternative design scenarios to address the needs of this group. However, little of this appears to be being trialled in practice.

Our evidence review uncovered a number of other initiatives, which appear to be contributing to an innovative and thriving retail mix.

Clicks to Bricks

Tony Boothroyd, owner of Vinyl Tap, a store in Huddersfield, appears to part of a wider trend in the retail landscape, expanding from a Clicks to Bricks business. A recent report has highlighted a number of retailers nationally who, having started as online providers, have been successfully opening, rather than closing physical stores. In Tony's case he was selling records and CDs on the internet two years before Google was even invented and described himself as a genuine pioneer of online selling but now he's back on the high street. He believes Vinyl Tap provides an authentic shop atmosphere and acts as a shop window to his online portal. A series of special promotions helps generate recognition through social media. The evidence suggests that Clicks to Bricks retailers have the advantage of having a strong consumer database and a clear view of the role the physical store plays in the channel mix. He stages live bands, cinema evenings, hosts record launches and works with local breweries and restaurants to offer joint promotional events. Tony believes his specialist business helps attract visitors to the area and contribute to Huddersfield's distinctive position and heritage.

Taxes – and incentives

The Grimsey Review recognised that taxes and incentives would be required to create a more level playing field for businesses and support the development of an appropriate community mix. The case study of Roeselare illustrates how a series of tax redemptions and financial support, in the form of the B(L)OOMS programme, has helped to stimulate trade within the town. Retailers receive support from the Flemish government if they merge buildings, bring in new business or open an additional business. Support is also available in the form of support for renovation if retail space is reconfigured for residential use.

Kirklees Council in West Yorkshire has experienced success with an initiative to bring more town centre buildings in Huddersfield into residential use. Within two years, 2,000 people had moved into the centre, supporting the belief that this would stimulate demand for goods in the remaining shops.

The issue of what series of taxes and incentives should be implemented for maximum effect is a challenge facing towns across the globe. The example below illustrates an economic stimulus policy successfully implemented by the economic development team at Upper Hutt City Council in New Zealand.

Stimulus improves retail offer

According to the economic development manager of Upper Hutt City Council, the economic stimulus policy was designed to help to attract new retail into the city centre. It was developed, based on years of feedback from the community about how best to reduce high vacancy rates. Previously the council had invested heavily in initiatives to improve the presentation of the central business district, with limited impact. The policy has been trialled over for three years and has been so successful that the council has extended it for another three years. To date, off the back of just $1.5m worth of council investment, the policy has enabled investment of more than $10m, with $6m of this being invested into the city centre alone.

Various forms of stimulus are outlined in the plan but some of the most successful have been the retrofitting grants, with money available to assist with costs associated with retrofitting an existing empty site. The grant assists with costs such as demolition work, building, electrical, plumbing, painting and flooring. The process calls for applicants to apply to the council with their business idea and supply all the documentation and quotes for the work they need to do to bring their store to an operational standard. As well as evidence of costs, applicants must also provide invoices at the end of the project. The application is presented to a council panel, who assess the merit of each application, in particular what it offers to the community. A decision is made whether or not to support the application. If approved, the council carries out due diligence to ensure the work has been carried out. The majority of applicants have received the 30k grant for shop fit-outs,if they can evidence costs of more than 70k to retrofit the site.

The policy has realised many other significant benefits. As well as creating new employment in retail within the community, it has also created significant work streams for many contractors. In 2013 a portion of the city centre Main Street had 23 vacant shops. There are currently approximately eight. Since 2013, 16 new retailers have arrived and more than 22 businesses were assisted through the economic stimulus solicy. It has made a real impact in terms of raising the quality of the retail offer.

Enthusiasm and engagement

The findings from *The Grimsey Review* recognised the importance of capturing the passion, enthusiasm and emotional responses of its residents in the development of a community. The evidence review has shown that a strategic and innovative schedule of events is often the most effective way to capture this commitment.

Johnny Hayes, the chairman of the Bishy Road Traders' Association in York attributes a large part of its success to one early event.

"It all started four years ago when we had our first street party. We were asked by a car-free-city conference held in York if we would like to trial an event on Bishopthorpe Road. The idea was to close our busy road to traffic, hold a community event and see what the impact would be. The traders all agreed and worked to arrange a street party. Within minutes of the road being closed to traffic thousands of people had filled the streets. We have held at least two street parties every year since."

As well as street parties and other events, markets have proved to be been a very successful way of capturing the emotions of the community. Borough Market in London for example is a very successful magnet for visitors. A recent report described the visitor experience: "The scents of cheese, herbs and spices, grilled meats; the sociable din of the souk; the retail visual theatre that stands comparison with the best in the world; the tactile interaction with people and products."

Buzz about a place

Joe Barrett a pioneer of the teenage market and chair of the Stockport Portas Pilot town team group, illustrates how markets and events have played a part in the regeneration of Stockport Old Town.

On Foodie Friday every month, hundreds of people come together for street food, craft ales and live entertainment from local talent in the beautiful surroundings of the Old Town.

The event has created a vibrant atmosphere in the Market Place, positively impacting the trading conditions of surrounding businesses, bars and venues. In 2016 it won the Best Pop-Up, Event or Project award at the Manchester Food and Drink Festival. Foodie Friday now has an estimated annual impact of £250,000 for the local economy in Stockport, making it incredibly important for the business community, which has also attracted additional investment into the Old Town as a result.

Foodie Friday has been so successful, that Knowsley Council has asked for help in replicating the event in Huyton over the summer.

Old Town Fringe Festival is established as a landmark annual event, bringing thousands of people to experience music, art and culture. With its creative combination of art, music and street entertainment, the festival has become Stockport's unique answer to the Edinburgh Fringe.

The festival brought world-class artists together, transforming the Market Place with colour and vibrancy, leading visitors to describe it as the Covent Garden of the North.

The Stockport Old Town Folk Festival celebrates the heritage of local folk culture through performances of folk dance, folk music and street theatre. A celebration of St George's Day, the annual event introduces the local community to the world of folk culture, involving over 300 performers of all ages each year.

The first ever Folk Festival in 2015 attracted an estimated 10,000 people over four days, with an estimated 5,000 people attending activities on Sunday.

The days of Norse invaders and knights in armour were relived when Stockport Old Town stepped back 1,000 years for the Medieval Viking Fair. There were battle re-enactments, a Viking longboat and an array of medieval stalls. Each of the three days had live music in the local church and the Market Place and more than 7,000 people visited.

A fringe festival event celebrated Christmas, including the first switch-on of a Christmas tree in the Market Place, with free mince pies, mulled wine and festive tunes on offer.

The success of the teenage market has been impressive, with over 250 Teenage Market events running in 50 locations across the UK, over the last five years, giving a free platform to more than 5000 young entrepreneurs.

The development of Foodie Friday and The Teenage Market is now overseen by a company called Market Innovations, established by Joe Barrett to bring new ideas to revitalise the markets industry in the UK.

Digital tools

Another key message from *The Grimsey Review* was the need to harness technology to improve the high street experience. Recommendations included establishing a wired town, taking steps to develop understanding of the digital capability of citizens and placing libraries at the centre of digital development. ARHus, the knowledge centre in Roeselare, which has replaced traditional libraries is an excellent example of one initiative. Others, which have been gathered as part of the evidence review, are summarised here.

Campaign increases digital influence

The #WDYT (What do you think?) campaign is a proven way for retailers, towns, and cities to collaboratively increase their digital influence to increase local footfall and sales. The campaign is being delivered by Maybe*, in association with GFirst LEP, Gloucestershire's local enterprise partnership. It is an output from the Future High Street Forum that is being delivered and funded by a private company, with towns paying to participate. One of the outputs of this activity is the UK Digital Influence Index which measures the social media output of over 150,000 retailers in over 1300 towns in the UK on a daily basis.

The ability to measure digital output by place has enabled both the impact of the campaign to be quantified and has linked it with physical data points; footfall and sales. This has enabled towns and retailers to match digital positive increases in footfall and sales to their increased digital activity. Towns and Retailers engaging in the #WDYT campaign have had a rapid and significant increase in digital influence and output. This has proven to be a catalyst that encourages retailers to accelerate their digital strategy.

The campaign stems from the belief that every place is the sum of its digital parts. Places that do not have the skills or ability to engage their customers through digital channels will have less footfall and sales. Enabling and encouraging places and retailers to think about serving their customers in new ways is key to the evolution of our high streets.

Work across 16 town centres, with a wide range of retailers has demonstrated that using this conversational approach can increase digital conversion rates by over 3% and physical footfall by over 20%. Stafford, Cheltenham and Gloucester are cited as successful case studies and the learnings here have enabled the development of a replicable and scalable process that can be repeated in every town across the UK.

Navigating place

A number of digital apps are being developed to help consumers navigate around town centres.

Gojauntly allows consumers to find, upload and share unusual walks in a particular location. The routes highlight interesting places to eat, toilets, as well as details about flora and fauna. Although town centre managers are used to providing standard maps for users, this app encourages members of the community to share their favourite routes and locations with potential visitors

HotStepper is a pedestrian navigation app that does not rely on a map. It has an augmented reality tour guide who, when viewed through the phone camera, leads you down the best walking path to a particular location. The cartoon guide brings fun to the navigation task.

Smartstreet sensor

GEO-Sense is one of a number of footfall analytics systems, which uses wireless signals to track visitor footfall. Using wifi, visitors are tagged with a unique ID and their movements tracked around a location using small, low energy access points. By utilising the unique ID, GEO-Sense also captures how often someone comes to the venue and how long they stay. It can differentiate between walking visitors and those in a vehicle and displays all this data to provide graphical, in-depth analytics. This enables an operator to know what is happening at their venue in real time. GEO-Sense requires no sign up, visitors do not have to connect to be captured and the system is completely anonymous.

Digital loyalty

Many place managers have been trialling various types of location-based loyalty schemes. Rewarding Visits had already introduced a retailer app in Sutton Coldfield, in association with the town centre's BID. Running on any tablet or mobile phone, it enables retail businesses to scan a consumer's unique code whenever they show their Sutton Card or app. Each retailer sets its own rewards and the number of trigger visits: from once for a welcome offer through to five visits for a free coffee or 10% off at the till. A scan with the retailer app records the visit, recruits the visitor to the retailer's database and enables analysis of behaviour and targeted follow-up communication.

A major challenge facing those implementing such schemes has been getting buy-in from retailers, particularly those who are part of a national chain. Getting permission from head office to take part in a local scheme, as well as the chain operated one, can be problematic.

What they share

Each of these submissions to *The Grimsey Review 2* shows that in places around the country, often with scant resources, people are working together to have ideas, defining their vision, devising and implementing plans for their town centre or high street and bringing people together. Around the country, people are determined that the shift from shops to online retailing will not mean the end of the high street or town centre, but the resurgence of the community hub.

Authors' Biographies

BILL GRIMSEY

Bill is a retired retailer with 45 years active experience. During his career he held senior director positions at Budgens and Tesco before becoming the managing director of Park'n'Shop, Hong Kong's leading supermarket chain. He was also the CEO of Wickes, the Big Food Group (Iceland and Booker) and Focus DIY. He was author of *Sold Out: Who killed the High Street* in 2012. He holds a number of non-executive director posts and led the publication of *The Grimsey Review: An alternative future for the High Street* in 2013. In 2015 he was awarded an honorary doctorate in Business Administration by the University of South West England for his contribution to retailing.

MATTHEW HOPKINSON

Matthew has worked in retail and property data for over 20 years. He established The Local Data Company as the `go to' source on Britain's retail places. He has worked with retailers, landlords, investors, local authorities and BIDs. In 2018 he co-founded Didobi, advising on data assets implementation, optimisation and monetisation. He is a visiting professor at UCL.

JACKIE SADEK

Jackie has 30 years in property development and urban regeneration, specialising in public-private sector partnerships. Founder and CEO of UK Regeneration, currently seeking to regenerate a market town with 1,500 new homes in Bedfordshire. From 2014-16, she was adviser to Greg Clark, Minister for Cities and then Secretary of State for Communities and Local Government.

KIM CASSIDY

Professor of Services (Retail) Marketing at Edge Hill University, Kim is also academic director of the National Retail Research Knowledge Exchange Centre (NRRKEC) at Nottingham Business School. Kim is passionate about maximising the impact of academic research on retailing and has worked with the Economic and Social Research Council. Her research is on customer engagement in retail.

NICK HOOD

Risk analyst Nick is with business rescue firm Opus Restructuring. He maintains informal links with Company Watch, the corporate financial health monitoring specialists. A chartered accountant and licensed insolvency practitioner for over 20 years, he was CEO of two listed companies and held senior positions in the engineering, publishing, advertising and construction sectors.

EVA PASCOE

Eva pioneered ecommerce in UK, as Arcadia Group's first director for ecommerce. She has 20 years in e-retail technologies, developing the fashion web shop for Topshop and omnichannel formats for UK and European chains. As Ecom/Shopify Plus director at The Retail Practice, she supports digital growth of online brands. Eva invests in digital fashion startups and advises on Crowdcube fundraising.

MATT BAKER

Matt has worked in business, politics, academia and journalism. He is a passionate campaigner for community led regeneration. He specialises in shaping strategic communication plans and has previously worked for a former cabinet minister and also at the Centre for Public Policy and Management at Manchester University.

CHRIS SHELLARD

Chris worked in local government for over 30 years in senior roles in regeneration, planning and social and economic policy. He was director of the Regional Centre for Neighbourhood Renewal and consultant to several local authorities. In his role as development director for Lee Valley Estates, he was responsible for delivery of Hale Village, a large mixed-use development in north London.

VANESSA DEHULLU

Team leader of the economic department of Roeselare in Belgium, Vanessa has focused on the development of the city centre, which has led her to become a retail expert by experience, helping to create the vision and an action plan to fight emptiness in shopping streets, stimulating visitor rates and boosting innovation. Vanessa is often invited as a speaker on these topics other Belgian cities.

Appendices

APPENDIX ONE

INSOLVENCY STATISTICS	2017	2016	2015	2014	2013	5 YEARS TOTAL 2013-2017	5 YEARS TOTAL 2008-2012
Voluntary liquidations	872	797	779	923	1,063	4,434	4,614
Compulsory liquidations	170	171	191	192	182	906	1,562
Administrations (Note 1)	93	61	88	73	137	452	1,160
Company voluntary arrangements	18	11	24	33	32	118	77
Personal Bankruptcies	254	264	277	391	544	1,730	4,445
TOTAL FAILURES	1,407	1,304	1,359	1,612	1,958	7,640	11,858
ALL BUSINESS INSOLVENCIES	21,662	21,267	19,512	22,236	24,577	109,254	154,262
% OF BUSINESS INSOLVENCIES	6%	6%	7%	7%	8%	7%	8%

Note 1: 2008-12 figure includes 216 Administrative receiverships
Source: The Insolveny Service

ZOMBIE COMPANIES with liabilities at least £5K greater than their assets			
Number of retail companies	10,216		20,152
Combined deficit	£1.9bn		£2.3bn
Percentage of all companies	19%		46%

Source: Company watch

APPENDIX TWO

MAJOR RETAIL FAILURES 2007 - 2018			
YEAR	NUMBER OF FAILURES	STORES AFFECTED	STAFF AFFECTED
2018 (to 7 June)	25	1,962	28,001 (note 1)
2017	44	1,383	12,225
2016	30	1,504	26,110
2015	25	728	6,845
2014	43	1,314	12,335
2013	49	2,500	25,140
2012	54	3,951	48,142
2011	31	2,469	24,025
2010	26	944	10,930
2009	37	6,536	26,688
2008	54	5,793	74,539
2007	25	2,600	14,083
TOTALS	443	31,684	309,063
2008-2012 TOTALS	202	19,693	184,324
2013-2018 TOTALS	191	7,429	82,655
ANNUAL AVERAGE 2008-2017	39	2,712	26,698

Note 1: amended to include Carpetright & New Look CVAs
Source: Centre for Retail Research

Appendices

APPENDIX THREE

FINANCIAL HEALTH OF RETAIL INDUSTRY & SUPPLY CHAIN					
SECTOR		NUMBER OF COMPANIES	AVERAGE TOTAL ASSETS	AVERAGE TOTAL BORROWINGS	AVERAGE NET WORTH
		#	£'000s	£'000s	£'000s
RETAIL	Companies with assets >£20K	46,493	4,021	883	1,369
	Companies with assets < £20K	7,299	11	1	12
	Totals for Retail	53,792	3,477	763	1,181
SUPPLY CHAIN					
Agriculture	Totals for Agriculture	17,739	1,577	212	870
Manufacturers	Totals for Manufacturers	37,331	17,496	3,394	10,226
Wholesalers	Totals for Wholesalers	44,751	3,140	760	1,032
	Supply chain Totals	99,821	8,231	1,648	4,441
	Retail industry & Supply Chain	153,613	6,566	1,338	3,300
		INDUSTRY SCALE			
		NUMBER OF COMPANIES	TOTAL ASSETS EMPLOYED	TOTAL BORROWINGS	TOTAL NET WORTH
		#	£'000s	£'000s	£'000s
	Retail	53,792	187,028,955	41,058,698	63,534,562
	Supply Chain	99,821	821,650,044	164,501,145	443,350,756
	Overall	153,613	1,008,678,999	205,559,843	506,885,318

Source: Company Watch

AVERAGE HEALTH SCORE	AVERAGE HEALTH SCORE	COMPANIES IN COMPANY WATCH WARNING AREA		
2017	2012		2017	2012
(Max 100)	(Max 100)	#	%	%
42	40	18,929	41%	44%
27	26	4,659	64%	66%
40	39	23,588	44%	47%
45	57	6,560	37%	25%
41	46	15,675	42%	35%
42	47	17,909	40%	33%
42	48	40,144	40%	32%
41	44	63,732	41%	39%

The technology chapter has accessed and used the following reference points to evidence the facts presented and the conclusions reached:

CACI report
Prof Cathy Parker, https://theconversation.com/five-ways-to-save-britains-struggling-high-streets-90362
https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/october2017
https://www.statista.com/statistics/271851/smartphone-owners-in-the-united-kingdom-uk-by-age/
https://www.emarketer.com/Article/Three-of-Four-UK-Mobile-Users-Own-Smartphones-by-2016/1009614
https://www.emarketer.com/Article/Nearly-Half-of-UK-Consumers-Will-Use-Smartphones-This-Year/1009956
Mastercard research GSMA 2018 https://www.gsma.com/mobilefordevelopment/programme/connected-women/women-continue-left-be-
hind-sizing-mobile-gender-gap-2018/
https://www.ofcom.org.uk/__data/assets/pdf_file/0029/95663/ICMR-2016-6.pdf
https://www.ofcom.org.uk/__data/assets/pdf_file/0028/98605/Pricing-report-2017.pdf
http://www.mobilenewscwp.co.uk/2017/11/16/ccs-insight-uk-mobile-data-usage-will-grow-seven-fold-2021/
http://www.thedrum.com/news/2017/02/27/three-quarters-british-population-use-second-screen-while-watching-tv-study-finds
http://www.colliers.com/~/media/files/emea/uk/research/retail/201110-footfall-focus.pdf
http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06186#fullreport
http://www.lingerieinsight.com/british-consumers-shop-online
https://www.kantarworldpanel.com/en/PR/The-rise-of-single-person-households
Association of Convenience Store submission to Grimsey Review 2
http://www.bbc.co.uk/news/business-36268324
The Retail Practice report The Era of Mobile First Shopping,see Annex 1 for details
https://www.gov.uk/government/news/superconnected-cities-scheme-helps-14000-small-businesses
http://www.dailywireless.org/2011/08/27/uk-gets-free-public-wifi-from-02-and-virgin/
https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2017/service-quality-telecoms-providers
https://www.independent.co.uk/life-style/food-and-drink/millenials-restaurant-how-choose-instagram-social-media-where-eat-a7677786.
html
http://www.maybe.xyz/retailer-blog/why-we-are-part-of-the-wdyt-collaboration
https://kingkong.com.au/how-victorias-secret-generates-an-insane-8-billion-dollars-in-sales-per-year/?utm_campaign=Submission&utm_
medium=Community&utm_source=GrowthHackers.com
https://www.citylab.com/design/2018/04/beware-smart-cities/559043/?utm_source=SFTwitter
https://www.silicon.co.uk/data-storage/bigdata/westfield-data-personalisation-shopping-215561?inf_by=5adcea18671db8e17f8b5abb
The Retail Practice, Bicester High Street http://www.theretailpractice.com/wordpress/wp-content/uploads/2013/09/Bicester-re-
port-3.9.13-FINAL.pdf
https://fashionunited.uk/news/business/fashion-retailers-who-struggled-to-stay-afloat-in-2017/2017122227387
https://www.racfoundation.org/media-centre/private-parking-tickets-surge-by-a-million
https://www.westminster.gov.uk/parking-bay-sensors
http://www.nextgreencar.com/electric-cars/statistics/
https://www.ft.com/content/7bbd9a9a-1326-11e8-940e-08320fc2a277
https://www.standard.co.uk/news/london/number-of-electric-car-charging-points-in-london-to-double-a3602891.html
http://internetretailing.net/2018/01/news-amazon-go-rise-rise-click-collect/
https://www.globaldata.com/store/report/vr0104ch--click-collect-in-the-uk-2017-2022/?utm_source=mediacentre&utm_medi-
um=pr&utm_campaign=180124a_gd_ph_rt_click_collect&utm_nooveride=1
https://www.centreforlondon.org/wp-content/uploads/2016/10/CFLJ4825_west_end_collection_essay_121016_WEB.pdf.
http://www.wdyt.org.uk/2018/02/08/what-can-you-learn-from-lush-to-increase-footfall/
http://www.wdyt.org.uk/2018/02/08/what-can-you-learn-from-lush-to-increase-footfall/
https://www.rapha.cc/gb/en/clubhouses
https://bikeworksderby.co.uk/collections/bike-servicing
http://www.broadribbcyclesbicester.co.uk/
https://www.cyclinguk.org/resources/cycling-uk-cycling-statistics
http://www.theretailpractice.com/vr-wormholes/
https://www.npg.org.uk/whatson/display/2005/defying-distance.php
http://www.cushmanwakefield.co.uk/en-gb/news/2018/01/coworking-report
https://futureproptech.co.uk/2018/04/27/real-estate-developers-need-rethink-connectivity-space-service
http://www.mintel.com/press-centre/food-and-drink/uk-coffee-shop-sales-enjoy-a-growth-high
https://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/12033580/Mapped-the-spread-of-coffee-shops-across-the-UK.
html
http://www.theretailpractice.com/wordpress/wp-content/uploads/2013/09/Bicester-report-3.9.13-FINAL.pdf
https://www.centreforlondon.org/wp-content/uploads/2016/10/CFLJ4825_west_end_collection_essay_121016_WEB.pdf
http://www.bbc.co.uk/news/uk-england-london-42987896
https://www.met.police.uk/stats-and-data/crime-data-dashboard/
http://disruptcre.com/future-tech/smart-cities-verizon-intelligent-lighting-system/
http://essays.centreforlondon.org/issues/technology/editors-introduction-technology/
https://www.burgernet.nl
https://www.ferrovial.com/en/projects/changify-app-urban-incidents/
TRP Report, Regeneration of Bicester Town
http://www.scotlandstowns.org/understanding-scottish-places
http://www.infobasecymru.net/
https://opendata.bristol.gov.uk/
https://data.london.gov.uk/loda/evaluation/
https://www.ukdataservice.ac.uk/media/604297/impactonlineshopping030316.pdf
https://your-commute.london.gov.uk/
https://www.briefcam.com/wp-content/uploads/2018/01/HPD-Case-Study.pdf
https://arxiv.org/pdf/1611.08207.pdf
https://en.wikipedia.org/wiki/Generative_adversarial_network
M Ziarkowski, MSc thesis, UCL

Acknowledgements

Financial Risk in the Retail Sector

James Child, EGi **Chris Turner and Paul Clement,** British BIDs **Dr Cathy Hart**, Loughborough University **Malcolm Fraser**, The Fraser Review (2013) **Professor Leigh Sparks**, University of Stirling **Phil Prentice**, Scotland's Towns Partnership **Barnaby Oswald and Ronald Nyakairu**, The Local Data Company **Alex McCulloch**, CACI **Chris Wade**, People and Places **Steve Norris**, Carter Jonas **Jerry Schurder**, Gerald Eve **Richard Roberts**, Altus Group **David Lonsdale**, Scottish Retail Consortium **John Parmiter**, Future High Streets **Ian Fletcher**, British Property Federation **Helen Dickinson**, British Retail Consortium **Nicola Marshall**, Market Rasen **Edward Cooke**, Revo **Polly Barnfield OBE**, Maybe* **Dr Scott Orford**, Cardiff University **Kate Nicholls**, Association of Licensed Multiple Retailers **Mark Charlton**, Colliers International **Richard Lim**, Retail Economics **Professor Paul Longley**, UCL **Dr Jonathan Reynolds**, University of Oxford **Professor Alex Singleton**, University of Liverpool

Planning and Governance

Antony Rifkin, Allies and Morrison **Alastair McDonald**, Allies and Morrison **Scott Adams**, HTA **Ben Derbyshire**, President of the Royal Institute of British Architects (RIBA) **Tessa O'Neill**, BDP **Nelson Blackley**, Nottingham Trent University

High Street Digital Retail

Polly Barnfield OBE, Maybe* **Helen Clark Bell**, Love Wimbledon BID **Jessica Learmond-Criqui,** Hampstead Team **John Hoerner**, Retail Consultant **Mandeep Singh**, Trouva **Emily Bendell,** Bluebella **Steve Hudson**, Curvy Kate Municipality of Roeselare **Sean Murray**, The Retail Practice **Antony Slumbers**, PropTech AI **Richard Sims**, Bluebella and The Fold **Priya Prakash**, Changify **Rick Robinson**, Arup, Amey **Wendy Grossman**, author, Net.wars Association of Convenience Stores **Mats Nilsson** Polarn O. Pyret UK **Ben Rogers**, Centre for London **Maciek Ziarkowski**, UCL, Urban Systems **Julien Callede**, Made.com **Kat Hanna**, Cushman and Wakefield **David Rowe**, Hydro66 Cloud Data Centres

Publication details

PUBLISHER _ Bill Grimsey vanishinghighstreet.com

EDITOR _ Siobhán Crozier siobhan@siobhancrozier.london
DESIGNER _ Tammy Kerr www.tammykerr-design.com
PRINTED BY _ Park Lane Press Ltd, Corham
IMAGE CREDITS _ Stockton-on-Tees Council, Municipality of Roeselare, David Tothill, Alex Liivet

Appendix 2 – Residential Completions and Commitments

Major (>10) Residential Completions and Commitments (04/15-12/18) in the City Centre:

Ref.	Site Name	Decision Date	Completion	Type	Number of Units
1	Weavers Point	22/01/2015	Completed March 2017	Full	35
2	Cathedral Court	05/03/2015	Completed March 2017	Full	339 student (113 counted)
3	Willow House	11/12/2014	Completed March 2017	Prior Approval	12
4	Cathedral Road/Willow Row	06/11/2017	Under Construction	Full	319 student (127 counted)
5	Agard Court	08/06/2016	Completed March 2018	Full	244 student (81 counted)
6	Roman House	06/06/2015	Completed March 2017	Prior Approval	126
7	Celtic House	15/05/2017	Under Construction	Prior Approval	52
7	Celtic House	26/06/2017	Under Construction	Prior Approval	26
8	Norman House & Saxon House	05/04/2016	Completed March 2018	Prior Approval	135
9	Forester House	24/07/2018	Not yet started	Prior Approval	59
10	Burdett House	10/03/2016	Completed May 2018	Prior Approval	12
11	St Peter's Church Yard	01/07/2016	Completed March 2018	Change of Use	14
12	St Peter's House	15/06/2015	Completed March 2018	Prior Approval	155
13	Babington Lane	07/07/2017	Not yet started	Prior Approval	77
14	Former DRI	25/07/2012	Not yet started	Outline	500
14	Former DRI	Undetermined	Not yet started	Full	786
15	Castleward PH1	08/02/2013	Completed March 2017	Full	165
15	Castleward PH2	01/03/2018	Not yet started	Full	108
15	Castleward PH2	23/05/2018	Not yet started	Full	54
15	Castleward	08/03/2013	Not yet started	Outline	Circa 500 remain in Outline
16	Audley Centre	04/06/2018	Not yet started	Full	48
17	Riverlights	29/10/2004	Not yet started	Outline	Circa 300
18	Bio House	20/12/2018	Not yet started	Full	105
19	Cathedral Green	29/04/2014	Completed March 2017	Full	46
20	The Landmark	Awaiting S106	Not yet started	Full	202
21	St James's Chambers	10/11/2015	Completed March 2018	Change of Use	22
22	Middleton House	Undetermined	Not yet started	Change of Use	77
23	Kings Crescent	24/09/2009	Under Construction	Full	48