Retail Impact and Factors affecting Vitality and Viability of Town Centres

Background

For some while, Accessible Retail (AR) has expressed concern at planning policy regarding the control of retail development set out in PPS6. In particular, AR believes out-of-centre retail is viewed simplistically as a threat to town centres. As a consequence, planning policy fails to consider other factors which could threaten town centres, or recognise that in some cases there is a complementary role for certain forms of retail development in locations outside town centres where it would not harm the vitality and viability of centres. In short, planning policy does not adequately recognise that there is not only one model only for town centres based on a full range of retail outlets, but a range of models with functions such as culture, tourism or evening entertainment complementing other primary activities.

In addition, whilst supporting the objective to enhance and protect town centres and their promotion as preferred locations for retail development, AR believes that a more balanced overall approach is needed in PPS6 in which recognition is given also to the role played by the retail industry in providing for wider economic and competitiveness benefits. These benefits are: enhancing customer choice through the provision of a range of shopping services; the promotion of an efficient, competitive and innovative retail sector; the importance of taking account of qualitative need in securing these aims; and the contribution made by out of centre retailing to the UK economy in terms of GDP growth, lower prices and enhanced employment opportunities.

To try and widen the debate ahead of the next review of PPS6, AR has commissioned GVA Grimley to undertake a major research study to identify the factors and circumstances which lead to town centre growth or decline which, for the first time, will provide a holistic assessment of the health of town centres. Out-of-centre development is an important factor in this assessment, but other important factors need to be considered so that a complete picture can be formed of town centre vitality and viability and planning plicies framed accordingly.

The Scope of the Report

As this issue has not been looked at directly before, the research has been split into two parts. The first part (this report) examines the field of published research and together with some original data analysis and short case studies seeks to identify possible factors affecting the health of town centres. The second part (planned to be undertaken later this year) will then examine the operation of these factors in more detail in a representative sample of town centres with a view to identifying a set of principles which can inform policy in the next review of PPS6.

This part of the research comprises three sections – an overview of relevant trends over the last 30-40 years, the identification of key issues and lastly overall conclusions. The areas covered in the overview are: economic trends; planning and development trends; car ownership and transport trends; retailer trends; and property market trends. Key issues identified are: the physical effect on town centres of town centre development; the effect/impact of major town centre development on neighbouring town centres; the effect of retailer trends on town centres of different size; and the effect of internet and non-store trading. The case studies considered include: the Black Country Centres; Newcastle; Colchester; Lincoln; Brighton; Mansfield; Swindon; and some smaller centres.

Conclusions

Overall, the case studies, literature review and the other analysis demonstrate that the vitality and viability of town centres is a complex issue and the factors that affect town centres are not solely confined to the effects of out-of-centre retailing. Whilst the PPS6 indicators (e.g. rental values/growth, retailer demand, vacancy rates, representation of multiple retailers etc) are important, they are no more than indicators and can only tell part of the story. They could easily be misinterpreted and incorrect conclusions could be derived from their use, if considered in isolation and not within the local context. Equally clearly shown by the research is that out of centre retailing has had an important and necessary role to play in meeting the demand for retail floorspace.

First, the huge growth in per capita expenditure, particularly for comparison goods, over the last two decades has meant that some edge and out-of-centre retail development has been inevitable and its effects on town centres has been masked by the overall growth in expenditure. It is not just the large increase in retail (plus leisure and office) floorspace that would have had to be accommodated, but also the associated infrastructure, in particular the new roads and car parks to facilitate the growth in car use. The new retail development needed as a result of this huge growth in expenditure could not realistically all have been accommodated in town centres without massive change to town centres that would have been physically very difficult and disruptive to achieve.

Second, in a competitive and expanding retail environment, retailers are constantly altering their floorspace requirements including changes in the size and design of stores. Also, consolidation within the retail sector has seen a decline in the number of businesses, but growth in the size of businesses demanding larger sized stores. These changing retailer requirements have been evident in all sectors and have posed major problems for town centres which has again meant some edge or out-of-centre development has been inevitable to meet this demand. In particular, edge or out-of-centre development has been necessary to provide the large display areas required by many bulky goods retailers, a trend which has benefitted town centres by freeing up space for other more intensive retail uses.

As a result of these two influences, by the early/mid1990's most new retail development was outside town centres, with only 14% occurring in town centres. Since then, as a result of pro-town centre policies, non town centre development has been more restricted with town centre development now estimated to be accounting for over 40% of new retail development. However, even with a pro-town centre planning policy and considerable restrictions on non town centre development, at least half of new retail development is occurring in edge or out-of-centre locations indicating that there are no suitable town centre sites available to accommodate identified needs and adverse harm to town centres is considered unlikely to occur.

Where edge-of-centre developments are immediately adjacent to the primary shopping area and effectively extend it, then rather than potentially harm the town centre it may positively improve it overall. Other edge-of-centre developments not immediately adjacent to the primary shopping area may, if well integrated with the town centre, also benefit the town centre. Whether the impact of such development is positive or negative is dependent on the scale of development and the extent to which it complements rather than completes with the town centre.

Similarly, with out-of-centre developments, not all out-of-centre developments will necessarily have an adverse effect on town centres. This effect will vary depending on the size and nature of the development. An open A1 scheme full of clothing retailers (a fashion park) is likely to have a very different impact on a town centre than a bulky goods scheme of the same size. This is not specifically recognised in planning policy, although it should be clear in an impact assessment. However, where an open A1 planning permission was achieved many years ago (when planning policy was less restrictive than it now is), the conversion of a bulky goods retail park into a fashion park would not be subject to the same controls as a new development and need, impact and town centre vitality and viability will not be considered. This could cause problems for town centres.

The size and location of out-of-centre foodstores also affects town centres differently depending on the size of the town and its retail function. For larger towns and historic towns edge or out-of-centre foodstores may be the best solution, providing there is a quantitative need justification for additional development. For smaller towns they could be damaging, if not well integrated with/linked to the town centre, but also if the scale of the store permitted means it will be a very large foodstore, offering the full range of comparison goods and services now typically found in such stores. In such cases, these stores thereby compete with town centres on all fronts, which is a growing threat to smaller town centres in particular.

As the above conclusions make clear, some edge and out-of-centre development has been inevitable and necessary. It is the scale, composition and location of that development which is important. Planning policy now reflects this through the need and impact tests and the sequential site assessment tests, but these tests apply only to edge and out-of-centre development, not to town centre development as new town centre development is expected to enhance the town centre overall. However, new development in one town centre can sometimes adversely affect neighbouring town centres, depending on the scale and frequency of development. In some cases this impact can be just as important as the effect of edge or out-of-centre development. This is an under-researched subject and not well understood, but it is now recognised in PPS6, where the scale of new development schemes in town centres is referred to as requiring impact considerations.

The competition that town centres face, therefore, whether from each other or from edge or out-of-centre development, means there is a need for full time and persistent pro-active positive planning/management of town centres to allow them to grow and respond to change and be as attractive to shoppers as possible. Active town centre management should encompass a wide range of factors including new development, the consideration of mixed uses and recognition of the importance of leisure, the types of shops, physical condition of buildings, urban design and last but not least the location, accessibility, cost and amount of car parking and public transport. Town centres must react to change, but they should also anticipate change and plan for change accordingly. This may often mean long term planning, site assembly and initiation of new development and other physical changes to the appearance of town centres to keep them attractive to retailers, shoppers and investors.

Reflecting this, the study shows that successful town centres have evolved by broadening their appeal and becoming more than just shopping centres. Service and leisure uses have expanded to make retailing more enjoyable and so extend the length of a shopping trip (and the amount spent) and created an evening economy as well as a daytime economy. Growth of town and city centre residential accommodation and employment uses and the growing realisation of the benefits of mixed use development to the success of town centres has also helped to increase local spending and the general vitality and viability of centres. The successful town centres of the future will be much more than just shopping centres.

In summary, the first part of the research project shows that there is an important role for edge and out-of-centre retail provision where such development cannot or should not be accommodated in town centres. A large variety of factors impact on the vitality and viability of town centres, with not all town centres affected equally. Whilst, edge and out-of-centre development will affect some town centres more than others, it is only one of many factors that potentially affect town centres and these developments alone cannot be blamed for all of the problems faced by town centres. The second part of the study planned for later in 2008 will look at a range of town centres in detail with a view to identifying generic impacts which can be incorporated into planning policy.