

# STRATEGIC PLANNING FOR RETAILING IN METROPOLITAN AREAS THE UK EXPERIENCE

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I have spent more than 30 years working with various local authorities in the West of Scotland, including the former Strathclyde Regional Council. During that time I have acquired considerable experience in dealing with proposals for large retail development. My current consultancy work has a similar focus.

## 1.0 NEED FOR RETAIL PLANNING

1.1 The need for retail planning in the United Kingdom has been driven by various changes in the operating practices of the retail industry that have occurred over the last 35 years. In the late 1960's, rising car ownership levels conferred an increase in personal mobility beyond that provided by public transport. At the same time, traffic congestion became a major problem in town and city centres. The retail industry in the United Kingdom responded to these changes by seeking to locate stores outwith established shopping centres in towns and cities. Out-of-centre sites and premises were cheaper to acquire or lease than their town centre equivalents; they could accommodate large single storey buildings and extensive car parks; and were accessible by less congested parts of the highway network. All of this led to tension between the retailers and property developers and the land use planning system.

1.2 Other changes within the retailing industry added to this tension including:

- concentration of ownership by means of corporate takeovers;
- the move by the big retailers to ever larger store formats that required to be supported by equally large car parks;
- the inability of independent retailers, who tended to be located in established centres, to compete with big retailers with shops and stores throughout the country; and
- a significant growth in comparison goods spending.

1.3 The impact of these changes on the vitality and viability of the established shopping centres was of such a scale that retail planning became an important issue for national and local government. Over the last thirty years, Central

in power. In the 1970's, the approach was to protect town and city centres as far as possible from the impact of out-of-centre retailing. Whereas in the 1980's, a more relaxed view of out-of centre retailing was taken. The outcome was not only an increasing number of food superstores and retail warehouse parks in out-of-centre locations, but the development of large out-of-town centres of 100,000 m<sup>2</sup> or more that sold the full range of non-food goods previously only sold by shops in the established centres.

- 1.4 During the 1970's and 1980's, local authorities approached the implementation of national policy in varying ways. Some were content to allow the development of out-of-centre retailing. Others took a firmer approach by controlling the amount of retail floorspace developed outwith established centres and promoting new retail development in, or on the edge, of existing centres. Many of the out-of-centre locations are performing strongly because they are patronised by car-owning households with higher levels of disposable income. One retail analyst estimates that by 2005, one third of all retail sales in the United Kingdom will be attributable to out-of-centre floorspace.
- 1.5 During the 1990's there was a reaction to the effect that out-of-centre retailing was having on many town and city centres. Consequently, national retail planning policy in the United Kingdom at present is constraining the amount of floorspace being developed in out-of-centre locations. If the trend over the last thirty years were allowed to continue, town and city centres would only account for one third of retail sales by 2030. Although town and city centres have many roles and provide a variety of services, retailing is a significant component of their attractiveness to residents and visitors alike. Diminution of their retailing function would have a considerable effect on their overall attractiveness. Given that the configuration of the public transport network is focussed on the central area of towns and cities, a diminution of the retail function would also result in fewer opportunities to make multi-purpose trips without using cars. The trend to out-of -centre, car-orientated centres also reduces the quality of shopping available to the less mobile, more disadvantaged sections of the community. Consequently, national retail planning policy in the United Kingdom at present is constraining the amount of floorspace being developed in out-of-centre locations on the grounds that it is not consistent with the concept of Sustainable Development

- 1.6 In order to respond to the pressures from the retail industry and develop the appropriate responses in land use plans, planners had to develop specialised survey and analytical techniques. These techniques are aimed at eliciting and analysing the information necessary to assess proposals put forward by retailers and measuring the well being of town and city centres.

## **2.0 DATA SURVEYS**

- 2.1 With regard to the collection of data, the following are important:

- expenditure per capita on convenience (mainly food and drink) and comparison (non-food) goods;
- the shopping habits of the population;
- the amount of retail floorspace in town and city centres and in out-of-centre locations; and
- the sales performance of centres and stores.

### **Expenditure Per Capita**

- 2.2 Up until 1999, a commercial company published estimates of retail spending per capita on convenience and comparison goods for all parts of the United Kingdom. This allowed the calculation of available expenditure in defined catchment areas. This information is now becoming dated and constitutes a serious information gap in the retail planning process.

### **Shopping Habits**

- 2.3 The usual means of obtaining information about shopping habits is to undertake a sample postal household survey at set intervals, for example every four years. Questionnaires will elicit information about where the household shops for convenience and specified types of comparison goods, how much they spend, what mode of travel they use when shopping and the characteristics of the household. The latter information is required to ensure the sample is representative.

### **Retail Floorspace**

- 2.4 Information about retail floorspace is obtained from central and local government agencies and departments responsible for assessing property taxes. Information can also be obtained from planning applications. The information comes in the form of gross areas and is converted into net sales areas

### **Sales Data**

- 2.5. Information about sales performance is usually expressed in pounds sterling per square metre of sales area. For town and city centres, estimates are made by local authorities using information from household surveys. For individual stores, a number of commercial analysts provide estimates of average trading performance by retailer. These estimates are prepared using the annual accounts published by each retailer.

### **3.0 ANALYTICAL TECHNIQUES**

- 3.1 Assessment of proposals by retailers for new development requires knowledge of the availability of expenditure to support the proposals. In the case of proposals for out-of-centre development, there is also a requirement to estimate what the impact of the new development will be on established town and city centres. Two analytical techniques can be used to achieve these aims and both require the availability of the data sets described above. The two principal approaches to retail analysis are:

- retail capacity studies; and
- retail impact studies.

#### **Retail Capacity Assessment**

- 3.2 A retail capacity assessment is a comparison of the available expenditure within a defined area, usually the catchment of a town or city, and the total turnover of the floorspace in the centres and stores within the same area. A capacity assessment can be prepared for convenience or comparison retailing. It is possible to prepare an assessment of the existing situation or for some date in the future, for example the end of a plan period. Studies for future dates must take account of committed development and planning consents. The results of this type of assessment can give an indication of a shortfall or surplus of retail floorspace. Major retailers regularly undertake assessments of this type.

#### **Retail Impact Assessment**

- 3.3 A retail impact assessment is a means of estimating the effect in quantitative terms of a retail proposal on existing centres. The key elements of an impact assessment are:

- estimates of turnover of existing centres and stores within catchment of new centre/store;
- estimates of the turnover of new centre or store;
- estimate of trade diversion to new centre/store from existing centres/stores;
- calculation of the new turnover of existing centres/stores; and
- calculation of the loss of trade in existing centres/stores (as a percentage of original turnover).

3.4 It is not sufficient, however, to simply calculate loss of trade in quantitative terms. Judgements must be made about whether the estimated trade loss will be damaging to existing centres. In some centres trading will be sufficiently buoyant to withstand trade loss, whereas loss of trade could threaten the long term future of less robust centres.

3.5 Capacity and impact studies can be undertaken using computer spreadsheets. It is also possible to undertake impact assessments using retail gravity models. The data requirements for the effective operation of gravity models, however, are demanding.

#### **4.0 QUALITATIVE ASSESSMENT OF TOWN AND CITY CENTRES**

4.1 One consequence of the increasing concern about the impact of out-of-centre retailing on town and city centres was the development of a survey methodology to measure their vitality and viability. Vitality is a measure of how busy a centre is and viability is a measure of a centre's capacity to attract on-going investment. Sometimes this methodology is referred to as health check. A health check would normally measure the following:

- pedestrian flows
- shopper's opinions of the centre's attractions and weaknesses
- retailer representation;
- rental levels and yields for retail property;
- vacancy levels;
- diversity of uses;
- environmental quality;
- accessibility by all modes of transport; and
- occurrence of crime and security issues.

4.2 These surveys require to be undertaken at regular intervals in order to ascertain if centres are thriving or declining. This is particularly important for centres that are affected by competition from new out-of-centre developments.

## **5.0 FUTURE OF RETAILING IN TOWN CENTRES**

5.1 As already noted, out-of-town retailing accounts for one third of retail sales in the UK. Although town and city centres account for the greater proportion of retail sales, their dominance as retail locations has diminished over the last thirty years. One of the outcomes of the changes described in Section One is a polarisation of retail centres. Some centres, either long established retailing locations or newer out-of-town locations, are strengthening at the expense of weakening smaller town centres. The weaker centres tend to lack suitable buildings or land to accommodate new forms of retailing such as food superstores, retail warehouse parks and enclosed shopping malls. The consequence is that they have lost and are continuing to lose trade to those centres that have been able to strengthen their position through new investment in retail floorspace.

5.2 The centres that are successful in attracting new investment fall into a number of categories:

- large city centres where there is steady flow of opportunities for redevelopment or conversion of existing buildings;
- town centres that adjoin disused industrial areas that allow scope for expansion;
- centres in new towns where land was reserved for expansion of the centre; and
- new out-of-town retail locations that also have land available for expansion.

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