

Core Strategy Partial Review City Centre Action Plan

City Centre Retailing
Background Paper

August 2013



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This background document accompanies the Submission Documents and outlines some background in relation to the section on retail. This document is not on deposit for consultation and is background evidence.

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1. Introduction

1.1 Purpose of the document

1.1.1 The City Centre Action Plan includes 3 policies covering retail issues:

- Policy AP 5 – Supporting existing retail areas
- Policy AP 6 – Extension of the Primary Shopping Area
- Policy AP 7 – Convenience retail

1.1.2 This paper provides evidence in order to support the retail policies in the City Centre Action Plan and in particular the target for retail floorspace to 2026. It also supports the Core Strategy Partial Review which includes the reduced retail floorspace targets.

1.2 Structure of the document

1.2.1 The paper is set out as follows:

- The National Planning Policy Framework
- Sub regional guidance
- Core Strategy & Inspectors Report
- GVA Retail study
- City centre masterplan
- How the policy has emerged
- Justification of the policies:
 - Reduction in comparison retail target
 - Development in the Primary Shopping Area
 - The extension of the Primary Shopping Area and area of search
 - Convenience retail
 - Allocations
- Conclusions

1.2.2 This document is a background document to the City Centre Action Plan and Core Strategy Partial Review.

2. The policy framework

2.1 National guidance

2.1.1 Guidance on retail issues is set out in the National Planning Policy Framework (NPPF). It includes a section on 'Ensuring the vitality of town centres' which states that 'planning policies should be positive, promote competitive town centre environments and set out policies for the management and growth of centres over the plan period' (paragraph 23). For retail development, the following definitions apply:

- Town centres - areas defined on the local authority's proposal map, including the primary shopping area (PSA). For Southampton city centre, 'in centre' refers to the area within the PSA as shown on the Policies Map.
- Edge of centre - a location well connected and within 300 metres of the PSA
- Out of centre – a location which is not in or on the edge of a centre but not necessarily outside the urban area

2.1.2 In accordance with paragraph 23, local planning authorities are required to:

- define the extent of town centres and PSA, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations;
- promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of town centres;

- retain and enhance existing markets and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive;
- allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres;
- undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites for town centre uses.

2.1.3 Paragraph 24 states that local planning authorities should require applications for main town centre uses to be located in town centres, then in edge of centre locations. Only if suitable sites are not available should out of centre sites then be considered. A sequential test should be applied to planning applications for main town centre uses that are not in an existing centre with preference be given to accessible sites that are well connected to the town centre. Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale.

2.1.4 In addition to a sequential test, paragraph 26 states that an impact test should be required for a retail development outside of town centres not in accordance with an up-to-date plan over a locally set floorspace threshold. The test should show the impact on investment (existing, committed and planned) in nearby centres and the impact on town centre vitality and viability, including local consumer choice and trade, for 5 years from the application (10 years for major schemes)

2.1.5 Paragraph 27 states that where an application fails to satisfy the sequential test or is likely to have significant adverse impact on one or more of the above factors, it should be refused.

2.1.6 Local planning authorities are required to set out the strategic priorities for the area including strategic policies to deliver the provision of retail development (Paragraph 156) and to have a clear understanding of business needs, working closely with the business community, local authorities and the Local Enterprise Partnership (paragraph 160).

2.1.7 Planning Policy Statement 4 'Planning for Sustainable Economic Growth' was replaced by the NPPF. However the supporting Practice Guidance 'Planning for Town Centres' was not cancelled and will remain until replaced by new guidance. This covers need, impact and the sequential approach. It supports a proactive approach; identifying needs and ensuring suitable sites are identified to meet current and anticipated future needs for town centre uses.

2.2 Sub regional guidance

2.2.1 The South Hampshire Strategy (October 2012) provides a framework for development in the sub-region. Although not a statutory plan it helps meet the statutory duty to co-operate and will inform and support local plans. It was produced by the Partnership for Urban South Hampshire (PUSH) with close involvement by the local authorities in the sub-region.

2.2.2 The Strategy refers to evidence from 2005 (DTZ South Hampshire Town Centres Sub-Regional Study) which forecast that 280-425,000 square metres of additional comparison goods floorspace could be needed in South Hampshire between 2011 and 2026. The DTZ study set out a range of comparison goods growth scenarios for Southampton from 105,700 to 158,900 sq m (130,000 – 200,000 sq m gross). DTZ commented on this range in their 'Addendum Report on retail capacity and health check issues for Southampton City Centre' which provided an updated retail evidence base for the Core Strategy examination in public. They report noted that the credit crunch and subsequent economic downturn have impacted on retail spending, internet sales have continued to rise and committed development has further reduced capacity since the 2005 study.

- 2.2.3 The South Hampshire Strategy acknowledges that the economic downturn, closure of major retail chains and growth in internet shopping is likely to result in lower levels of need than the original DTZ figures (2005). However there is still a need for significant retail growth in city and town centres to cater for future population and expenditure growth. They also identified the need to 'claw back' trade from out of centre locations and to plan for medium and long term expansion given the long lead-in times for central area schemes (paragraph 5.6).
- 2.2.4 Policy 10 identifies Southampton and Portsmouth as Regional City Centres and the appropriate locations for major comparison goods retail developments. For Southampton, the strategy states that the local plan should expand shopping to enhance the city's regional role, consolidate the existing primary shopping area and integrate the redevelopment of the major city centre sites to the west with an expansion of the retail area westwards in the medium/longer term.

2.3 Core Strategy and Inspectors Report (and the Core Strategy Partial Review)

- 2.3.1 Core strategy CS 1 'City centre approach' stated that the city centre will be the focus for development to enhance its regional status, and that this will include approximately 130,000 sq m (gross) of comparison retail development (see text in Appendix 1 with proposed changes). Paragraph 4.4.6 in the supporting text explains that this target is a broad long term guide which will be monitored over time. This policy is revised in the Core Strategy Partial Review (and City Centre Action Plan) with the target reduced to 100,000 sq m.
- 2.3.2 Policy CS 2 identifies a major development quarter (MDQ) in the west of the city centre (now renamed as the major development zone, MDZ, to avoid any confusion with other quarters). Retail uses will be directed to the existing primary shopping area (PSA) first but will be facilitated by a coherent PSA expansion into the MDZ if needed looking 5 years ahead and to 2026. The City Centre Action Plan will provide further guidance on the phasing, layout and extent of expansion. There is unlikely to be a need for expansion until 2016 at the earliest. The supporting text to CS 2, paragraphs 4.4.14 – 15 and Table 1, illustrate there are likely to be insufficient sites in the existing PSA to meet retail needs through to 2026, and that therefore the policy facilitates the expansion of the PSA into the MDZ, subject to the tests set out. The table provides broad guidelines which will need to be monitored.
- 2.3.3 The Core Strategy policies were supported by the City Centre Retailing Background Paper (December 2008).
- 2.3.4 In the Core Strategy Inspector's report, the Inspector supported the policy as set out above. In doing so he clearly stated that policies CS 1 and 2 were, in general terms, consistent with national and regional policy at that time (paragraph 4.1).
- 2.3.5 The Inspector took into account the economic downturn, vacancies in the PSA and the Watermark WestQuay and IKEA proposals (paragraph 4.6). He also considered that, notwithstanding demonstrable long term need for retail expansion, there was a clear risk of over ambitious / premature expansion that would reinforce a drift in the focus of the centre. This would be to the detriment of other parts of city centre like Bargate, East Street and High Street, where weaknesses needed to be addressed as part of the PSA first approach. In the light of all of this he recommended the lower retail target i.e. 130,000 sq m (paragraphs 4.5 - 4.7).
- 2.3.6 He felt the Core Strategy must address westward city centre expansion over the plan period, in the light of PPS 6, and the South East Plan (the guidance at that time). Retail expansion should only be permitted when there is a genuine need which cannot be met

in the PSA, which is likely to be in the longer term towards the end of the plan period. In the light of vacancies, sites in the PSA, and the economic downturn this is unlikely to be before 2016 at the earliest. The Core Strategy MDZ is a strategic preferred area deemed suitable in principle for mixed use retailing, rather than an allocation as such (paragraphs 4.10 – 4.13).

- 2.3.7 The Inspector recognised the MDZ is in a highly sustainable location adjacent to the PSA and Central Station which can consolidate the city centre. Provided it is phased according to need, following incremental increases in the PSA first, the MDZ is fully capable of providing for long term growth which cannot be met in the PSA. This will help maintain Southampton's position in the regional hierarchy, with a 21% market share in Southampton, and claw back some out of town trade without materially harming other parts of the city centre or other centres (paragraph 4.14).
- 2.3.8 He concluded that policies CS 1 and 2 provided a suitable long term policy framework for a realistic level of growth to enable the Action Plan to manage and phase redevelopment in the MDZ and elsewhere over the plan period without harm to the city centre or other centres (paragraph 4.16).

2.4 GVA Retail Study (2011)

- 2.4.1 The Southampton & Eastleigh Retail Study (July 2011) was produced by the consultants GVA for Southampton City Council and Eastleigh Borough Council. This study was designed to provide up to date advice on the need and capacity for new retail development up to 2026, identify qualitative deficiencies in existing provision, and advise the councils on how to best meet any identified need. The study updated the previous work completed by DTZ; the South Hampshire Town Centres Study (2005) and the Addendum Report on Retail Capacity and Health Check issues for Southampton City Centre (2009).
- 2.4.2 Part of the study was a health check assessment of Southampton city centre. The most recent Experian Goad survey (February 2010) had identified 245,350 sq m of ground floorspace for retail trade and service across 589 units (paragraph 5.2). GVA found that the city centre had an above average representation of comparison retailers, around 42% of all units, and the proportion of convenience and service units was below the national average (paragraph 5.4)
- 2.4.3 The study identified four managed shopping centres in the city centre; WestQuay; The Marlands; Bargate Shopping Centre (subsequently closed and boarded up); and the East Street Shopping Centre (now with planning permission for a Morrisons superstore). The consultants identified a strong comparison shopping function in the city centre and high representation from multiple retailers. They identified an above average vacancy rate but noted this was concentrated in more peripheral areas, in particular in the Bargate and East Street Shopping Centres and the now demolished former Tyrell & Green building (paragraph 5.36). They also state that 'vacancy levels in the main shopping areas of West Quay and Above Bar Street are low' (paragraph 5.37).
- 2.4.4 Retailer requirements had more than halved since a peak in 2006. The centre's national rank position, based on the number of requirements for retail units, fell from 17th to 31st position. Rents and yields had also fallen (paragraphs 5.39 – 5.44). However the study also noted that rents remain significantly higher than Portsmouth, Winchester and Salisbury and that 31st remains a strong ranking position.
- 2.4.5 The forecasts for future comparison retail in the study generally support the Core Strategy target for city centre growth. The study forecast an increase in the baseline turnover over the period to 2026 (from £1,131m in 2011 to £1,331m in 2016, £1,667m by 2021 and £2,086m by 2026, paragraph 10.10). This was based on a constant market

share; a fixed share of South Hampshire's market and assumed no growth in the internet and no claw back from out of centre. It showed an increase in turnover as a result of growth in population and expenditure. It was noted that the city centre draws from an extensive catchment area and that the offer also encompassed West Quay Retail Park and IKEA, given their close proximity to WestQuay shopping centre.

- 2.4.6 The GVA study estimates that there was 114,459 sq m net comparison retail floorspace in Southampton city centre. It projects baseline capacity to support 1,837 sq m net additional floorspace by 2016; increasing to 29,893 sq m net by 2021; and 61,491 net (81,988 sq m gross) by 2026 (not taking into account IKEA and Watermark WestQuay). These represent increases on the existing comparison retail floorspace of 1.6% by 2016; 26.1% by 2021; and 53.7% by 2026.
- 2.4.7 The GVA study also assessed the need for additional convenience retail in the city centre. Based on existing market shares, with continuing significant outflows to 'out of centre' stores, GVA calculate a small capacity in the city centre. Turnover was forecast to increase from £37.4m to £45.1m by 2026 (paragraph 9.6 and appendix 3; table 35), floorspace was forecast to increase by 587 sq m by 2026 (table 9.11). This study states that, although quantitative capacity for significant additional convenience goods floorspace was not identified 'there is scope for the city centre to increase its market share, and hence notional capacity for additional floorspace' (paragraph 9.81). This is due to significant outflows to 'out of centre' stores and the quality of the current provision.
- 2.4.8 The redevelopment of the East Street Shopping Centre for a Morrisons superstore was not included in these calculations as it did not have permission at the time of the study. However the study comments on the proposal from Morrisons for a purpose built supermarket. It noted that the East Street shopping centre was a site identified in the health check as being in need of improvement and a development opportunity and is within the Primary Shopping Area (paragraph 9.71). The study states that 'additional foodstore provision can only be beneficial to the city centre in terms of enhancing the choice and quality of the foodstore offer, reducing the need to travel to other stores situated further afield as well as helping to bring forward sites within the PSA which are in much need of regeneration' (paragraph 9.74). The study notes that the need for more convenience floorspace is 'consistent with the Council's aim for the city centre to be served by two major food stores, one in the east and one in the west' (paragraph 9.75)

2.5 City Centre Master Plan

- 2.5.1 The council appointed a team led by David Lock Associates to produce a City Centre Master Plan to set out the vision for development and investment in the city centre. The Master Plan sets out a vision for Southampton based on 7 themes; these included 'A Great Place to Shop'. This sought to maintain Southampton's position as a major shopping destination, to diversify its offer and to develop complementary leisure, cultural and arts attractions.
- 2.5.2 The proposals to deliver this included; creating a more rounded retail offer and an extended retail circuit; renewing and modernising older retail premises with new development and redevelopment of existing shopping centres; developing niche and speciality retailing; improving local convenience shopping; and eventual redevelopment of the retail parks for multi-level retail and leisure developments.
- 2.5.3 The Master Plan illustrates way in which the Core Strategy floorspace targets could be delivered in Southampton. Some of the key proposals are in the CCAP as site allocations including the redevelopment of Asda / Marlands shopping centre and of West Quay Retail Park. The plan however has a longer time frame than the City Centre Action Plan. The Master Plan includes ambitious proposals for the remodelling of the city centre that are not likely to be delivered before 2026. For example, the redevelopment of the eastern

side of Above Bar, creating a link through to the Central Parks, which is not included in the CCAP.

2.6 Conclusions

- 2.6.1 From this overview of policy and the GVA Retail Study, the key issues for the City Centre Action Plan to address are:
- a. The overall scale of growth in the city centre
 - b. The ability of the primary shopping area to accommodate this growth
 - c. The extension of the primary shopping area and its phasing
 - d. Convenience retail growth

3. **Emerging CCAP, SEA/SA and comments received**

3.1 Issues and Options Paper (April 2007)

- 3.1.1 The CCAP Issues and Options paper was produced prior to the adoption of the Core Strategy (and the GVA study). It was structured around a series of questions on the DTZ and Donaldsons studies; the general approach proposed to retailing; the existing primary and secondary shopping frontages and potential changes; and on convenience retailing.
- 3.1.2 Respondents stated the importance of a primary shopping area first approach to accommodating retail growth. A phased approach to retail growth was supported. There were mixed responses on expansion in the Major Development Quarter (now 'Major Development Zone'); concerns were raised about the potential impact on existing areas whilst other respondents stated the potential of the area due to its size and location.

3.2 Preferred Approach (January 2012)

- 3.2.1 The Preferred Approach paper included draft policy wording and supporting text in order to get detailed comments and changes at an early stage in the production of the CCAP. There were three policies on retail; Policy 4 Supporting existing retail areas, Policy 5 Major retail development outside the Primary Shopping Area, and Policy 6 Convenience retail.
- 3.2.2 Many of the issues raised at the Issues and Options stage were also raised at the Preferred Approach stage. There was continuing support for Policy 4 and protection for existing primary and secondary frontages. Additional comments emphasised the importance of complying with national policy and suggested rewording policy 5 to clarify the detailed approach. There was also a suggestion that the comparison retail figures should be reduced. Specific comments on policy 5 were as follows:
- 3.2.3 Aviva life & Pensions UK – supports westwards extension of the PSA with flexibility about timescales. Questioned how the existing needs provided by for West Quay and Mountbatten Retail Parks are to be provided in future. Further work should be carried out to determine the area of search.
- 3.2.4 Hammerson – supports town centre first approach with rewording of policy to clarify approach and include reference to the GVA study. Objects to the extent of the PSA, policy on retail development outside the PSA and the lack of an exceptions test for adjoining non-A1 units
- 3.2.5 LaSalle – suggested that the City Industrial Park is suitable for retail uses. Objects to criteria to demonstrate need for additional retail growth and map of retail circuit

- 3.2.6 John Lewis – supports focus on existing PSA, requests clarification about the approach to retail expansion outside the PSA, objecting to the redevelopment of the existing retail warehouses and adjacent areas
- 3.2.7 Gavin Marsh – concerned about greatly expanding retail space
- 3.2.8 Business Solent – supports the retail policy (subject to concerns about a major food store)
- 3.2.9 Comments on policy 6 included concerns about locations identified which are outside the PSA and comments on specific sites and schemes.

3.3 Sustainability Appraisal (SA/SEA)

- 3.3.1 Sustainability Appraisals were undertaken on the Issues and Options, Preferred Approach plans and Proposed Submission plans. These identified both positive aspects of the retail policies and uncertain effects.
- 3.3.2 The Sustainability Appraisal accompanying the Proposed Submission paper undertook a detailed assessment on policies AP 6 Extension of the Primary Shopping Area and AP 7 Convenience Retail due to the number of uncertain effects identified in the preliminary assessment. Uncertain impacts identified included flooding (as the proposed PSA extension is in flood risk areas); road congestion and pollution due to lorry and vehicle movements; and impacts on local products and smaller shops due to competition from superstores. These could be partly addressed by improving sustainable travel choice to the area and addressing flood risk.
- 3.3.3 The detailed assessment also identified the high likelihood of positive impacts on improving accessibility and enhancing services and facilities and improving the efficiency in land use through the re-use of previously developed land and existing buildings. Other positive impacts were noted on air pollution and employment. Although the Sustainability Appraisal did not assess the alternative of locating development outside the city centre, the provision of food stores close to where people live would minimise the need to travel.

3.4 Proposed Submission

- 3.4.1 The Proposed Submission CCAP incorporated a number of changes in response to the comments made.
- 3.4.2 Policy 4 Supporting existing retail areas (now policy AP 5) and supporting text:
 - a. further detail on development control requirements for active frontages and food and drink uses
 - b. addition of a new supporting paragraph on the impact of online shopping
 - c. further text supporting markets
- 3.4.3 Policy 5 Major retail development outside the Primary Shopping Area (now policy AP 6 Extension of the Primary Shopping Area) and supporting text:
 - d. policy redrafted and title changed to clarify approach
 - e. more information on the area of search, link with National Planning Policy Framework and tests to be used when assessing proposals
- 3.4.4 Policy 6 Convenience retail (now policy AP 7) and supporting text:
 - f. Policy and supporting text redrafted to state convenience retail needs are met (at least until the long term) by the two existing and recently approved superstores in the Primary Shopping Area
 - g. policy text amended for proposals outside the PSA to include reference to sequential approach and lack of adverse impact on the PSA

- h. supporting text on western superstore redrafted to clearly state how to assess proposals and reference to Station Quarter removed

3.5 Local Plan Review policies to be replaced

- 3.5.1 No Local Plan Review retail policy will be replaced in full as they also apply to sites outside the city centre. Although most of the city's primary retail frontage is located in the city centre, there is also primary retail frontage in Shirley town centre. There are secondary retail frontages in Shirley town centre and the district centres in addition to the city centre.
- 3.5.2 Within the city centre however, Local Plan Review policies REI 3 Primary Retail Frontages and REI 4 Secondary Retail Frontages will no longer be applied.
- 3.5.3 The Local Plan Review policies REI 7 Food and Drink Uses and REI 8 Shopfronts will still be applied in the city centre alongside new CCAP policies.

4. Justification for the policy

4.1 Reduction of the comparison retail target

- 4.1.1 The Core Strategy target of about 130,000 sq m retail floorspace 2006-2026 was based on the South Hampshire Town Centre study by DTZ for PUSH (2005). (This target was reduced by the Inspector from the 130,000 – 200,000 sq m of comparison retail floorspace proposed in the Submission version of the plan). The target was a broad long-term guide to be monitored over time. It was considered in the GVA Retail Study (2011) which sought to inform the planning for retail development in Southampton (and Eastleigh) to 2026.
- 4.1.2 The GVA study (2011) estimated a baseline capacity of 61,491 sq m net retail floorspace from 2011-2026 (a net figure, not including IKEA or Watermark WestQuay). When an equivalent gross figure was calculated over the plan period and these additional developments were added in, the figure for gross comparison floorspace 2006-2026 was 113,753 sq m, slightly below the Core Strategy figure. This figure was calculated using information from early in the recession and revised calculations now produce a gross comparison retail floorspace figure of just over 100,000 sq m (table 2). The Core Strategy Partial Review and CCAP targets are therefore reduced to 100,000 sq m.
- 4.1.3 The revised target of 100,000 sq m gross comparison retail floorspace covers the period 2006-2026. This includes 35,500 sq m floorspace at IKEA which is now trading. The remaining figure to be delivered in the city centre is therefore 65,000 sq m, 2013 - 2026.
- 4.1.4 The comparison retail floorspace figures in the CCAP and Core Strategy Partial Review are based on updated information and revisions to the GVA study figures (see tables 1 and 2 below). These comprise commitments in the city centre and forecasts of special forms of trading (SFT) – non store sales including internet retailing. The assumptions on growth and turnover underlying this target have remained the same and are set out in the notes under table 3. These include expenditure growth increasing over the plan period following a weak upturn in the short to medium term (to 2016).
- 4.1.5 The forecast is based on GVA's projections expenditure growth. Changes since 2009 and short term projections have shown that this growth was too optimistic. However this is balanced out as the forecasts are before any 'claw back' of out of centre expenditure (and by the high internet sales proportions used). The forecasts are therefore robust.

Table 1 Changes to GVA study figures

	GVA study (to 2026)	Revised figures (to 2026)
Total expenditure	£5,464.63m (10.5% SFT)	£4,884.59 (20% SFT)
Commitment Watermark WestQuay; floorspace	18,340 sq m	2,765 sq m
Commitment Watermark WestQuay; turnover	£142.373m	£21.46m
Total sales from commitments	£144.924m	£24.02m

4.1.6 The GVA study used Experian forecasts of 10.5% SFT (from 2016). Since the GVA study was produced internet retailing has continued to grow and Verdict Research reports that internet retailing reached 14.3 % by 2012. Retail trends show a shift from store only purchases to ecommerce and multichannel sales. This is expected to continue. The revised comparison floorspace target therefore increases the proportion of SFT from 10.5% to 20% to reflect current retail trends.

4.1.7 Whilst the shift away from store only purchases reduces the available expenditure for physical stores (from around £5,500m to £4,900m to 2026), ecommerce can be complementary. In addition to online sales delivered direct, ecommerce also covers multichannel retail sales which combine store and internet use. Examples include 'click and collect' and ordering in store for delivery to home. As a regional retail centre with a strong comparison retail offer with a range of stores and retail formats, Southampton is well placed for multi-channel retail.

4.1.8 The commitments identified in the GVA study included 18,340 sq m comparison floorspace for Watermark WestQuay. As phase 3 of WestQuay, this was originally planned as a retail-led extension of the existing shopping centre. However the focus of the scheme has shifted over time towards leisure and food and drink uses. The planning permission granted for Watermark WestQuay (13/00464/OUT) reflects this shift with a maximum of 18,500 sq m floorspace and a minimum 4,000 sq m for both retail and restaurant uses (classes A1-A5) plus an additional 500 sq m maximum in retail kiosks. As the scheme primarily seeks to enhance the food and drink offer of WestQuay, it is understood that the majority will be in A3-A5 use and the likely A1 floorspace is 2,765 sq m. Table 1 uses this lower figure in the calculations of the total sales from commitments.

4.1.9 IKEA is included within the calculations as it is a major retail development built since 2006 and is now within the extended Primary Shopping Area.

Table 2 Revised calculations of retail floorspace since GVA study

	To 2026
Total available expenditure (20% SFT)	£4,884.59
Market share (within survey area)	33%
Survey area residents spending	£1,611.913
Inflow at 15%	£241.79m
Total retail spending	£1,853.7m
Sales from existing floorspace	£1,463.291m
Sales from commitments	£24.02m
Residual expenditure	£366.394
Sales per sq m	£7,763
Capacity sq m net	47,197 sq m
Capacity sq m gross @ 75%	62,930 sq m
IKEA floorspace	35,348 sq m
Watermark WestQuay expected floorspace	2,765 sq m
TOTAL	101,043 sq m

- 4.1.10 The calculations above have been updated to reflect retail trends and changes to schemes. The reductions in the retail floorspace target are also in response to difficult economic circumstances with customers' declining disposable incomes, low confidence and reluctance to spend. However there are challenges in forecasting longer term retail conditions as the impact of retail trends and improving economic conditions will vary significantly between retail areas. GVA identified that Southampton city centre had a strong comparison retail provision with the number and floorspace significantly above average, a presence of key multiple retailers and low vacancy levels in the main shopping areas.
- 4.1.11 The success of the high street in the future may depend on a wider offer including service, leisure and entertainment, residential and office uses in addition to retailing (Retail Futures 2018, Centre for Retail Research). Over the longer term the leisure offer of schemes such as the Cultural Quarter, Watermark WestQuay and Royal Pier will provide extra draws. Significant new residential and office development is also planned for the city centre. New developments will be accompanied by transport and the public realm improvements to help improve the city centre's attractiveness.
- 4.1.12 The floorspace target set out in table 2 is based on a constant market share, but the impact of new development and city centre's strong retail base may increase this market share both from within its core catchment area and from areas outside. This 'claw back' is likely to happen as planning policies prevent the construction of new out of centre retail floorspace which would be required to maintain the current proportions. This could help offset any changes in the assumptions underlying the calculations or further increases in non-store ecommerce. All these factors could affect the amount of floorspace delivered in Southampton city centre to 2026.

4.2 Development in the Primary Shopping Area

- 4.2.1 The approach of the CCAP retail policies is to support the existing primary shopping area (PSA) which is comprised of primary and secondary retail frontages and to plan for the extension of the PSA over the course of the plan period.
- 4.2.2 The GVA study reported that overall comparison retail provision in Southampton is strong with comparison retail floorspace significantly above the national average. This study suggests that it may be partly attributable to the large modern format retail units in the WestQuay shopping centre which has over 70,000 sq m of retail floorspace. There are also a high proportion of multiple retailers in the city centre and the department store offer is strong. The study noted that although there is a reasonably high level of vacant units these tend to be small scale units and clustered in problem areas such as the Bargate and East Street shopping centres (and the now demolished former Tyrell & Green building). The study states that 'vacancy levels in the main shopping areas of West Quay and Above Bar Street are low' (paragraph 5.37).
- 4.2.3 Table 3 below shows the potential of sites within the existing PSA and changes since 2006. It is based on Table 1 in the adopted Core Strategy but uses revised figures and sites. IKEA is now complete and the PSA is being extended to include the store. Phase 1 of Watermark West Quay is expected to be completed by 2016. Although schemes are not currently progressing on the remaining sites, they are included as they might come forward before 2026 and the principle of retail development on these sites would accord with policy. This is consistent with the cautious and robust approach taken to the expansion of the PSA. Appendix 2 includes further information on the sites.
- 4.2.4 The floorspace figures are generally those in the Donaldsons City Centre Capacity report (2007). The exception is the Bargate Centre site where floorspace figures are from the last scheme by Parkridge. This scheme was worked up in 2008 but not progressed as the

company went into receivership. This updates the previous Core Strategy figure which was based on initial discussions with Parkridge.

Table 3: City Centre Expansion

(a)	(b)	(c)		(d) (=b - c)
Time period	Overall Comparison Retail Need	Sites Likely to be Delivered Wholly Within Existing PSA D = Donaldsons, MP = Master Plan		Need outside Existing PSA
	Sq m	Site	Size (Sq m)	Sq m
2006 - 16	30,300	IKEA	35,348	None
		Watermark WestQuay (phase 1)	2,765	
		Total	38,113	
2006-21	63,600	Sites above	38,113	25,487
		Total	38,113	
2006- 26	100,000	Sites above	38,113	42,473
		Above Bar St / Bargate St	2,420	
		Bargate Centre / Hanover Buildings / Queens Way	4,875	
		West Quay 3 Eastern Site Part of East of Castle Way site	420	
		Above Bar St / Civic Centre Rd Part of Above Bar West	5,445	
		Above Bar St / Pound Tree Lane Part of Above Bar Parkside	6,254	
		Total	57,527	

(b) is based on: Southampton and Eastleigh Retail Study (2011) GVA. Retail need is derived from the following assumptions / scenarios:

Expenditure growth: 0.4% - 3.7% per annum

Turnover density growth: 1.2% - 2% per annum

Turnover density on new floorspace: £6,000 / sq m - £7,763 / sq m

(c) largely based on: Southampton City Centre Capacity Study 2007 – Donaldsons.

All figures are additional gross retail floorspace. Net is 80% of gross floorspace.

4.2.5 Some of these sites were also identified as specific sites or parts of sites in the City Centre Master Plan. The total amount of new retail floorspace identified in the Master Plan for the Heart of the City and Old Town quarters (which covers the vast majority of the PSA) was 165,000 sq m. Although this is higher than the final Core Strategy target of 130,000 sq m, the majority of new floorspace was focused on the westwards expansion into the Major Development Quarter. This included sites in the area of search for the expansion of the PSA. The capacity identified in the sites in the existing PSA differed significantly from the Donaldsons report; for two sites the redevelopment modelled in the Master Plan involved a loss of retail floorspace. As the Master Plan is a visionary development and investment framework and includes sites with little prospect of being delivered, it was decided to continue to use the Donaldsons report figures.

4.2.6 A cautious approach has been taken to the expansion of the PSA. There are two determinants to the delivery of new retail floorspace within the PSA: the inclusion of retail sites and their capacity to deliver new retail floorspace. Due to the economic climate, schemes in the PSA have or are experiencing delays. In order to minimise the need outside the existing PSA caused by these delays, schemes are included which may not deliver new retail floorspace in the PSA by 2026. A positive approach is also taken to the amount of new retail floorspace than can be delivered on sites. The appropriate floorspace figures and sites to use were discussed and agreed with colleagues in City Development.

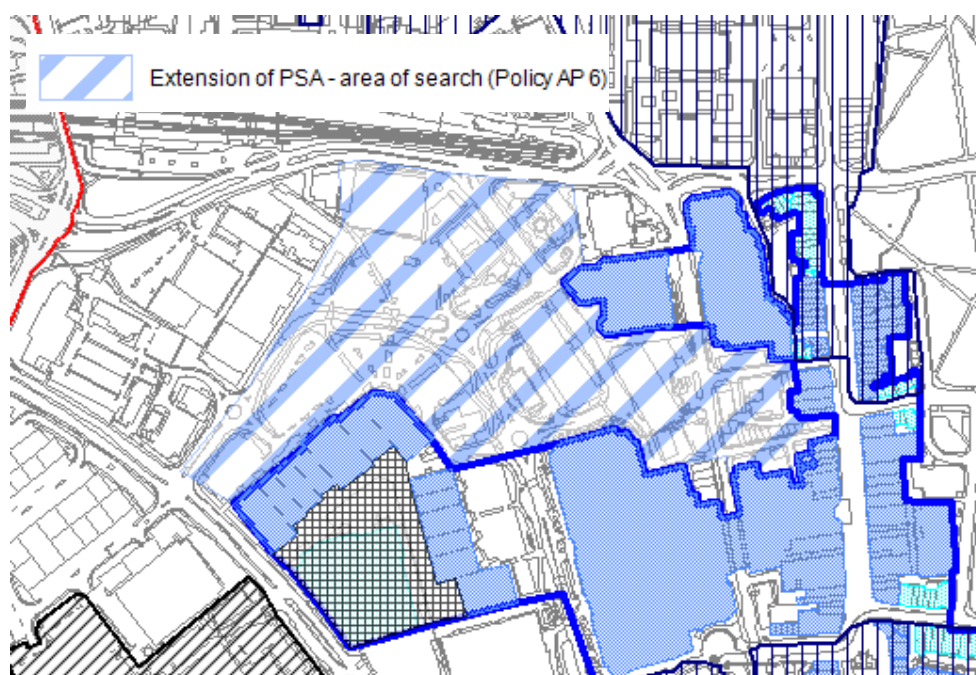
4.2.7 Table 3 shows that although there is scope for expansion within the existing PSA, this cannot meet the revised need of 100,000 sq m. This is despite our approach to maximise capacity in the existing PSA. Retail needs will be met to 2016, however no further retail developments are expected 2016-2021. Despite identifying a number of developments that may come forward 2021-26, the quantum of development will not meet the identified needs therefore the CCAP plans for the extension of the PSA by 2026.

4.3 The extension of the PSA and the area of search

4.3.1 The CCAP sets criteria under which extension would be supported. The policy sets two criteria – firstly that proposals are in the defined area of search and provide a coherent extension; and secondary that there is a need which is unlikely to be met within the existing PSA. The policy states that it is expected that the second criterion will support expansion in the period 2021-2026. It could support moderate expansion from 2016-2021. This will be subject to ongoing monitoring.

4.3.2 Table 3 shows that the need for comparison retail by 2016 will be met by IKEA and Watermark WestQuay and there is no need outside the existing PSA for this time period. It is expected that most of the schemes in the existing PSA will deliver development later in the period (or after 2026). The impact of low levels of retail development in the medium term will be an increasing need outside the existing PSA.

4.3.3 The CCAP sets out the criteria for the expansion of the PSA and the likely timescales when these criteria will be met. Significant retail expansion is not expected until 2021. It is expected that initially the increasing need after 2016 will lead to vacancies being re-occupied. It could lead to a small degree of overtrading in existing stores before new retail development is delivered.



Map 1: Excerpt from Policies Map showing the area of search for the extension of the PSA

4.3.4 Map 1 shows the area of search identified for the expansion of the PSA. In accordance with paragraph 23 in the NPPF, local planning authorities are required to assess the need to expand town centres to ensure a sufficient supply of sites. The Practice Guidance to PPS 4 still remains in place where it is consistent with the NPPF. Paragraph 6.12 in the Practice Guidance suggests that 'in defining the PSA, it may be appropriate to take into account the anticipated future role of the centre, and in particular the scope for growth

and expansion. In centres where major expansion is planned, it may be appropriate to indicate where the PSA is likely to be extended to, having regard to the potential for achieving effectively integrated new development'.

- 4.3.5 The Practice Guidance helps determine whether a site falls within the definition of edge of centre (and therefore may be considered as an appropriate location for an extension of the PSA). This includes whether a site is well connected to and within easy walking distance of the existing PSA. It also states that account should be taken of local circumstances, for example, physical factors of local topography and barriers, such as crossing major roads and car parks; perceptions including the safety of the route; and functional links between the existing centre and adjacent attractions. This is consistent with the NPPF approach (paragraph 24) to determining edge of centre and out of centre proposals where preference should be given to accessible sites that are well connected to the town centre.
- 4.3.6 The area of search for the expansion of the PSA extends north from the WestQuay shopping centre and West Quay Retail Park boundaries towards the Central Station. Most of the area identified is currently car parking; largely open areas of surface parking for the Retail Park. This area is well connected with informal routes across the car parks in addition to footpaths and cycle paths. The redevelopment of these sites will improve the formal links with the existing PSA and transport infrastructure including the Central Station. It will also address the local topography and the change in levels from Western Esplanade up to Portland Terrace. The area of search does not extend beyond major roads or physical barriers; its northern boundary is Western Esplanade and the boundary to the west is the edge of the electricity substation and Harbour Parade.
- 4.3.7 The NPPF includes a sequential test to assess retail proposals outside centres. The area of search shows where the next sequentially preferable retail sites are located after sites in the existing PSA. The policy will meet the NPPF requirement and sites within the area of search will therefore not be required to undertake a sequential test.

4.4 Convenience retail

- 4.4.1 Policy AP 7 sets out the approach to convenience retail. The Local Plan Review summarised the White Young Green Study findings on convenience retail but did not include a specific policy. A convenience retail policy is included in the CCAP as a reflection of the need identified in the GVA study and the number of enquiries received recently for convenience retail uses in the city centre.
- 4.4.2 The GVA study (2011) assessed the need for convenience retail floorspace in the city centre and the quality of the current provision. It found that city centre convenience shopping function is limited with below average turnover according to the survey which supports the study. Based on existing market shares, with continuing significant outflows to 'out of centre' stores, GVA calculate a small capacity in the city centre over and above the existing provision. The study also identifies the potential for a larger need in the longer term in order to increase the city centre's market share.
- 4.4.3 The Asda superstore is the largest existing convenience retail store in the city centre. Other stores such as Lidl, Marks & Spencers, Co-operative and smaller format Tesco and Sainsburys stores are generally much smaller scale. Existing city centre superstores and convenience stores play an important role in meeting the top-up / basket shopping needs of students and workers in the city centre in addition to performing a more limited role for regular main-food shopping (with the exception of Asda). Whilst the retail study indicates that the Asda superstore is under performing based on company average, it acknowledges that the turnover figures are likely to be understated as this top-up shopping role was not fully captured by the household survey.

- 4.4.4 Since the publication of the GVA study and the Preferred Approach paper, permission has been granted for a Morrisons superstore in the East Street shopping centre (5,534 sq m gross floorspace). The CCAP Preferred Approach policy sought to deliver at least two new superstores; one in the east and one in the west of the city centre. With this recent permission, the convenience retail need for the city centre is met within the existing PSA. The proposed Submission policy updates the policy to clearly state this.
- 4.4.5 Policy AP 26 MDZ – North of West Quay Road now sets out the policy for the Asda site. The Asda store is within the primary shopping area and the policy combines the Asda site with the Marlands shopping centre on the other side of Portland Terrace (together known as Above Bar West). No change to Asda is anticipated until the longer term and therefore this is a flexible policy for either a major retail anchor store or another retail/leisure use to maintain the vitality of this part of the shopping area. In accordance with policy AP 26, development should provide ground floor retail frontages and a new route through the site from Above Bar Street.
- 4.4.6 Proposals for major convenience retail development outside the PSA will be subject to the impact and sequential tests as set out in the National Planning Policy Framework (NPPF). Major development is defined as 750 sq m (gross) or greater. Policy AP 7 states that, after the PSA, the next preferable location is in the identified area of search (with good links to the PSA). Policy AP 6 clarifies that major convenience retail floorspace outside the existing PSA will be subject to an impact test in addition to a sequential test.
- 4.4.7 The NPPF paragraph 23 sets out how local planning authorities should promote competitive town centre environments. These include retaining and enhancing existing markets and re-introducing or creating new ones. Policy AP 7 supports small scale and specialist local food shopping including food markets across the city centre.

4.5 Allocations

- 4.5.1 The CCAP includes a number of site allocations which are either retail-led or may include an element of retail development, see table 4.

Policy	Within existing PSA?	Retail uses
AP 22 MDQ - Station Quarter	No	Ancillary retail uses
AP 23 MDQ - Western Gateway	No	Ancillary retail uses
AP 24 Mayflower Park and Royal Pier	No	Speciality retail and small scale convenience retail
AP 25 East Street Centre and Queens Buildings	Yes	Retail-led mixed use development supported. Superstore supported in East Street Shopping Centre
AP 26 MDQ - North of West Quay Road	Mostly within existing PSA	Watermark WestQuay – mixed use including retail, food / drink or leisure uses; Above Bar West (Asda / Marlands) - include a major retail anchor store or other retail/leisure use; Harbour Parade – retail expansion, food / drink and leisure uses.
AP 27 Town Depot	No	Ancillary retail
AP 28 Fruit & Vegetable Market	No	Small scale retail
AP 29 Bargate sites (East of Castle Way, Bargate Shopping Centre and Hanover Buildings)	Yes	Retail-led mixed use redevelopment
AP 30 Albion Place and Castle Way car parks	Yes	Mixed use development in a lightweight structure (site is on top of Town Walls and will be new open space)

AP 31 144-164 High Street	Yes	Retail-led mixed use redevelopment
AP 32 Northern Above Bar	No	Small scale retail
AP 34 St Mary's Road	No	Small scale retail
AP 35 Dukes Street, Richmond Street and College Street	No	Ancillary retail
AP 36 Ocean Village	No	Ancillary retail
AP 37 St Mary Street and Northam Road	No	Small scale retail-led mixed use development supported (partly secondary retail frontage but outside of PSA)

Table 4: Allocations including retail development

4.5.2 The sites above are comprised of both developments within the existing PSA and those in edge of, or out of, centre sites. For sites outside the existing PSA and the area of search, the policies note the appropriate type of convenience retail development i.e. ancillary or speciality uses. Although policy AP 7 states that small scale convenience retail will be supported throughout the city centre, this type of use is included within the allocation for clarity.

4.5.3 A background paper has been produced to show the deliverability of the site allocations in the PSA. This looks at each site individually, including the retail sites in table 4, and considers their commercial deliverability looking at existing uses, land interests, progress to date and when schemes are likely to be delivered.

5. Conclusions

5.1.1 The three retail policies in the CCAP provide a framework to guide retail development in the city centre. There is a focus on supporting the existing primary shopping area and expanding retail development within the area. However, it is recognised that the PSA does not have the capacity over the longer term to support the level of retail development needed. The CCAP therefore includes a policy on extending the PSA with appropriate controls to phase and manage this and how to address proposals outside the existing and proposed PSA. The policy on convenience retail clearly sets out the approach for assessing proposals and the current situation in the city centre.

Appendix 1 Core Strategy policy CS 1 (with revisions from Core Strategy Partial Review)

Policy CS 1 – City Centre Approach										
Link to City of Southampton Strategy objective(s): SO3 – A dynamic business environment SO4 – An attractive, sustainable and stimulating environment SO5 - Imaginative arts and cultural opportunities SO6 – A unique sense of place	Link to Core Strategy Strategic objective(s):									
	S2	S3	S4	S7	S8	S10	S13	S14	S16	S20
<p>Southampton city centre, as defined on the Proposals Map, will be the focus for major development to enhance the city’s regional status. A City Centre Action Plan will be prepared to identify sites and policies to promote and co-ordinate high quality development. A distinctive sense of place will be created, drawing on and linking to the city’s heritage, parks and waterfront. Development will include:</p> <ol style="list-style-type: none"> 1. A major development quarter in the west of the city centre (see Policy CS 2) and a wide range of other development sites; 2. Approximately 100,000 130,000 square metres (gross) of comparison retail floorspace (see Table 1 and Policy CS 2); 3. At least 110,000 322,000 square metres (gross) of office floorspace 4. Further leisure / cultural / hotel development, for example: restaurants, bars, cinema, events arena, cultural quarter and events to attract visitors. 5. Approximately 5,450 dwellings. <p>Specific initiatives include:</p> <ul style="list-style-type: none"> • the public realm improvement of the QE2 Mile linking the city centre to the waterfront • enhanced public transport facilities including at the central railway station • the creation of a cultural quarter in Northern Above Bar. <p>Developer contributions may be sought to mitigate the impacts of development on, and improve links to, surrounding residential communities and to support the provision of infrastructure in accordance with Policy CS 25.</p>										

Appendix 2 Sites within the Primary Shopping Area

Sites	Justification for site inclusion and floorspace
IKEA	Built and occupied with 35,348 sq m floorspace
Watermark WestQuay (phase 1)	Reflects the planning permission granted (13/00464/OUT) & likely A1 floorspace
<p data-bbox="130 416 443 443">Above Bar St / Bargate St</p> <p data-bbox="130 474 384 501"><u>Estimated floorspace</u></p> <p data-bbox="130 506 504 533">Donaldsons site 3 (2,420 sq m)</p>	<p data-bbox="646 416 1422 566">These units are south of WestQuay Shopping Centre to the corner of Bargate Street. Although not an allocation in the CCAP, their redevelopment could provide an expansion of the WestQuay shopping centre incorporating City Wall House. The extra floorspace is delivered through the change to A1 retail.</p>
<p data-bbox="130 602 571 658">Bargate Centre / Hanover Buildings / Queens Way</p> <p data-bbox="130 689 384 716"><u>Estimated floorspace</u></p> <p data-bbox="130 721 504 748">Parkridge scheme (4,875 sq m)</p> <p data-bbox="130 752 564 779">Donaldsons sites 6&7 (10,674 sq m)</p> <p data-bbox="130 784 564 840">Master Plan buildings 67-70, 73, 79 (loss of 4,625 sq m)</p>	<p data-bbox="646 602 1422 752">Bargate Shopping Centre is currently empty and boarded up. There has been interest in the redevelopment or refurbishment of the shopping centre and its surroundings. The extra floorspace reflects the opportunities of a comprehensive redevelopment including surrounding units.</p>
<p data-bbox="130 878 497 934">West Quay 3 Eastern Site Part of East of Castle Way site</p> <p data-bbox="130 965 384 992"><u>Estimated floorspace</u></p> <p data-bbox="130 996 480 1023">Donaldsons site 2 (420 sq m)</p> <p data-bbox="130 1028 564 1084">Master Plan building 78 (1,181 sq m gross)</p>	<p data-bbox="646 878 1422 1028">May come forward after the Watermark WestQuay and Bargate centre redevelopments. Existing units are largely A1 uses on the ground floor. Small amount of extra retail reflects the capacity of the site as a number of new occupiers have recently relocated to these units and there is a low amount of vacancies.</p>
<p data-bbox="130 1124 504 1180">Above Bar St / Civic Centre Rd Part of Above Bar West</p> <p data-bbox="130 1211 384 1238"><u>Estimated floorspace</u></p> <p data-bbox="130 1243 504 1270">Donaldsons site 5 (5,445 sq m)</p> <p data-bbox="130 1274 611 1330">Master Plan buildings 61-63 (loss of 661 sq m)</p>	<p data-bbox="646 1124 1422 1274">Units in front of Marlands on Above Bar (and could involve the redevelopment of Marlands Shopping Centre). These are a mix of A1 and food and drink uses with some existing 2 storey A1 units. The extra floorspace reflects the opportunities of a comprehensive redevelopment and change of use to A1.</p>
<p data-bbox="130 1370 523 1426">Above Bar St / Pound Tree Lane Part of Above Bar Parkside</p> <p data-bbox="130 1458 384 1485"><u>Estimated floorspace</u></p> <p data-bbox="130 1489 504 1516">Donaldsons site 4 (6,254 sq m)</p> <p data-bbox="130 1520 616 1576">Master Plan building 64 (571 sq m gross – nb. covers all of Above Bar Parkside)</p>	<p data-bbox="646 1370 1422 1520">Units opposite Marlands Shopping Centre, largely existing retail and food and drink uses. A1 retail units are ground floor only. The extra floorspace reflects the opportunities of a comprehensive redevelopment and change of use to A1 on 2 storeys.</p>