



Report

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Southampton & Eastleigh Retail Study

Southampton City Council & Eastleigh Borough Council

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1. Introduction

- 1.1 In December 2010, GVA was instructed by Southampton City Council and Eastleigh Borough Council to build on previous studies undertaken on behalf of the Councils and the Partnership for Urban South Hampshire (PUSH). The document will inform retail planning in Southampton and Eastleigh during the period up to 2026 in accordance with guidance set out in PPS4: 'Planning for Sustainable Economic Growth' (December 2009). This study provides a robust and sound evidence base to inform the Councils emerging Local Development Framework (LDF) and to assist in reaching conclusions on shorter term proposals for the development of town centre uses.
- 1.2 The scope of the study therefore is to provide up to date advice on the need and capacity for new retail development across the study area up to 2026, identify qualitative deficiencies in existing provision, and advise the Councils on how to best meet any identified need. This is informed by a detailed up to date health check assessments of Southampton city centre and Eastleigh town centre.
- 1.3 Our approach draws on the recommendations of the Good Practice Guidance on Need, Impact and the Sequential Approach, produced by GVA in conjunction with the DCLG, to accompany PPS4. We have adopted a transparent approach, where the key steps of our analysis, data inputs and assumptions are clearly set out and justified. In accordance with the Good Practice Guidance, our approach is also underpinned by household telephone survey data to establish shopping patterns, town centre catchments and market share estimates for both comparison and convenience goods retailing.
- 1.4 This study will examine Southampton and Eastleigh's capacity for new convenience and comparison floorspace over the period between 2011 and 2026 and provide an update of previous capacity projections. It will be a key piece of evidence to inform the preparation of LDF documents such as the Southampton City Centre Action Plan and Eastleigh Core Strategy. As part of this study we have also assessed the town and district centres of Shirley, Portwood, Bitterne, Woolston and Lordshill in Southampton and Chandler's Ford and Hedge End in Eastleigh and consider capacity and scope for additional convenience retailing these centres. We have not, as part of this study, undertaken detailed health checks of these centres or considered their function in terms of comparison goods shopping.

Structure

1.5 This report draws together the results of our research, incorporating the findings of the detailed survey-based technical analysis and health check assessment. The report is structured as follows:-

- **Section 2** summarises the national, regional and local planning policies relevant to retail planning in Southampton and Eastleigh;
- In **Section 3**, we consider national trends in the retail sector, and in particular the implications of the recent recession and the economic outlook going forwards specifically in relation to previous estimates of population and expenditure growth;
- **Section 4** reviews the sub-regional context and in particular the influence of competing centres in the wider sub-region, and potential changes in influence in the future;
- **Sections 5, 6 and 7** presents our qualitative assessment of the role and performance of Southampton and Eastleigh town centres and provides a broad overview of the smaller shopping centres in the Boroughs and out-of-centre shopping provision.
- **Section 8** sets out our approach and methodology underpinning our quantitative analysis building on the results of the household survey;
- In **Sections 9 and 10** we present our capacity forecasts for additional convenience and comparison goods floorspace in the Southampton and Eastleigh, taking account of recent/committed developments and the economic climate up to 2026;
- Finally **Section 11** draws the analysis together and sets out the conclusions and recommendations in respect of the key policy considerations, the current health and composition of Southampton and Eastleigh town centres and the need and opportunities for future growth.

2. Policy Framework

- 2.1 This section sets out the key points of relevance from policy changes since the previous retail capacity assessments, focusing specifically on retail planning and policies for Southampton city centre and Eastleigh town centre. This latest national, regional and local policy framework provides the context for our study.

National Policy

PPS4: Planning for Sustainable Economic Growth (December 2009)

- 2.2 Planning Policy Statement 4 (PPS4) was published in December 2009 and replaces Planning Policy Statement 6: Planning for Town Centres, which informed the earlier studies. The central message of PPS4 is the need for a more proactive approach to securing new investment in centres, and achieving more sustainable patterns of development. The Government's key objective for town centres is to promote their vitality and viability by:
- Focusing new economic growth and development of main town centre uses in existing centres and remedying deficiencies in provision in areas with poor access to facilities;
 - Allowing competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres which allow genuine choice to meet the needs of the entire community (particularly socially excluded groups).
- 2.3 The statement advises that Local Planning Authorities (LPAs) should plan positively for growth and development by assessing the need for further main town centre uses and ensure there is capacity to accommodate them (taking account of the role of centres in the hierarchy); and to identify any deficiencies in the provision of local convenience shopping and other facilities which serve people's day-to-day needs. In assessing need for retail and leisure development LPAs should take account of both quantitative and qualitative need, giving additional weight to the latter in deprived areas.
- 2.4 In assessing quantitative need for retail and leisure development LPAs should have regard to relevant market information and economic data, including a realistic assessment of

population and future growth, forecast expenditure and forecast improvements in retail sales density. In assessing qualitative need LPAs should assess whether provision and distribution of shopping, leisure and local services allows genuine choice to meet the needs of the whole community (particularly those in deprived areas), in light of the objective to promote vitality and viability of town centres and the application of the sequential approach. LPAs should also take into account the degree to which shops may be overtrading and whether there is need to increase competition and retail mix.

- 2.5 PPS4 states that, in planning for centres, local planning authorities should set out a strategy for the management and growth of centres over the plan period, setting flexible policies allowing centres to respond to changing economic circumstances. LPAs should define the network and hierarchy of centres that is resilient to anticipated future economic changes to meet the needs of their catchments. Choices should be made about which centres will accommodate any identified need for growth in town centre uses, considering their expansion where necessary and the need to avoid an over concentration of growth in centres. Identified deficiencies in the network of centres should also be addressed, giving consideration to the appropriateness of designating new centres; reclassifying existing centres; planning for extensions; or scope for consolidation.
- 2.6 In addition to defining the extent of the primary shopping area for their centres, LPAs are encouraged to distinguish between primary and secondary frontages (defined in Annex B of PPS4). Having regard to the need to encourage diversification of uses in town centres as a whole, PPS4 states that primary frontages should contain a high proportion of retail uses, while secondary frontages provide greater opportunities for a diversity of uses. Where frontages are identified, the appropriate local development documents should include policies that make clear which uses will be permitted in such locations.
- 2.7 PPS4 encourages LPAs to proactively plan to promote competitive town centre environments and provide consumer choice by:
- supporting a diverse range of uses (including complementary evening and night-time uses) which appeal to a wide range of age and social groups;
 - planning for a strong retail mix so that the range and quality of the comparison and convenience retail offer meets the requirements of the local catchment area, recognising that smaller shops can significantly enhance the character and vibrancy of the area;

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- supporting shops, services and other important small scale economic uses in local centres and villages;
 - identifying sites in the centre, or failing that on the edge of the centre, capable of accommodating larger format developments where a need for such development has been identified;
 - retaining and enhancing existing markets and, where appropriate, re-introducing or creating new ones, ensuring that markets remain attractive and competitive by investing in their improvement;
 - taking measures to conserve, where appropriate, and enhance the established character and diversity of their town centres.
- 2.8 LPA should identify an appropriate range of sites to accommodate at least the first five years identified need. Sites for main town centre uses should be identified through a sequential approach to site selection giving preference to locations in appropriate existing centres in the first instance, followed by edge-of-centre locations and out-of-centre sites, with preference given to those that are more accessible or have a higher likelihood of forming links with an existing centre.
- 2.9 The impact of proposed locations for development on existing centres will also need to be assessed by the LPA, taking into account impact considerations set out in Policy EC16 which include impact on town centre vitality and viability; in-centre trade/turnover; investment in centres; delivery of development on allocated sites; and any locally important impacts on centres identified by the LPA.
- 2.10 In the determination of planning applications for main town centre uses that are not in a centre and not in accordance with an up to date development plan, PPS4 requires applicants to demonstrate compliance with the sequential approach and impact assessment taking into account the impact considerations set out in Policy EC16. Assessments of impact should focus on the first 5 years after the implementation of a proposal and should be proportionate to the scale, nature and detail of the proposed development.
- 2.11 Policy EC17.1 directs LPAs to refuse planning permission where an applicant fails to demonstrate compliance with the sequential approach or the proposal is likely to lead to a significant impact. Judgements about the extent and significance of any impacts should be informed by the development plan (where this is up to date) or recent local
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assessments of the health of town centres and any other published local information e.g. a town centre or retail strategy.

PPS4 Good Practice Guide (December 2009)

- 2.12 The Good Practice Guide is a government document published alongside PPS4. It does not constitute a statement of Government policy, but forms guidance to support the interpretation of town centre policies set out in PPS4.
- 2.13 Of most relevance to this study is the advice directed towards assisting LPAs in adopting a more proactive approach to planning for town centres, and particularly the role of evidence in the plan making process to identify the need for new development and inform the preparation of proactive town centre strategies. Central to PPS4 Policy EC1 the guidance sets out alternative approaches to assessing and identifying quantitative and qualitative needs for retail and other town centre uses. Building on the assessment of needs, the practice guidance explains how LPAs can plan positively and promote new retail-led and other town centre uses through their LDFs; setting out the 'tools' needed to prepare effective town centre strategies, including how to identify appropriate locations, and how to assess the effects of alternative policy options and specific proposals.
- 2.14 Having identified and evaluated the various policy options, LPAs should develop a clear vision and strategy for the network of centres, and strategies for individual centres where appropriate. In terms of the LDF, this is likely to include clear guidance on the appropriate scale and form of new development involving main town centre uses; allocation of sites to meet identified need; identification of the extent of key development opportunities; a clear statement of the approach to be taken to bringing forward development and the LPAs attitude to other competing developments.
- 2.15 It is added that strategies for individual centres can be prepared at any time but they should be incorporated into the LDF at the earliest opportunity. This is likely to be important where key site allocations are involved, either through strategic allocations in the Core Strategy, or through sites allocated in an Area Action Plan or other document. Promoting town centre strategies through the LDF process ensures that the evidence base which underpins the strategy will be properly tested. A strategy which has been progressed through the LDF process, and been subject to effective public and stakeholder consultation and tested through independent examination will ensure that

proposals must be determined in accordance with the plan unless material considerations indicate otherwise.

- 2.16 When preparing their LDFs, LPAs should identify what they regard as the Primary Shopping Area (PSA) to provide clarity to applicants about the policy status of different sites. 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.
- 2.17 LPAs should also identify an appropriate 'town centre boundary' within which they should seek to locate other main town centre uses. It may also be appropriate to define other areas within the town centre but outside the PSA where specific uses are encouraged e.g. specialist retail, offices bars/restaurants etc. In addition to defining the PSA and town centre boundary, where LPAs identify a need for new development to accommodate main town centre uses, they should allocate sites which are suitable, viable and likely to be available within a reasonable timescale to accommodate such needs.

Regional / Sub-Regional Policy

- 2.18 On 6th July 2010 the Secretary of State for Communities and Local Government announced the Government's decision to revoke Regional Strategies so that they no longer formed part of the development plan. This decision was challenged by CALA Homes and this challenge was supported by the High Court in November 2010.
- 2.19 The Court of Appeal has clarified that the Government's abolition plans should not be a factor in plan-making decisions and development plan documents must therefore be in general conformity with the relevant regional strategy.

South East Plan

- 2.20 The South East Plan policy objectives for town centres and retail include the sustainable growth of a balanced network of centres which complement each other whilst being self sufficient in terms of employment provision, retail, leisure and culture. A strategic network of centres is outlined for the South East in Policy TC1. Southampton is categorised as a

Primary Regional Centre, and also a Centre for Significant Change. Eastleigh is identified as a Secondary Regional Centre.

- 2.21 Policy TC2, which relates to new development and redevelopment in town centres, states that Centres for Significant Change (e.g. Southampton) are expected to undergo the most significant change across the range of town centre uses during the plan period and proactive, integrated strategies for their development will be particularly important. Major retail developments, and other town centre uses of a large scale, should be located in these centres. However, LPAs should consider whether there is a need to re-balance the network of centres to ensure that it is not overly dominated by the largest centres. Authorities should also consider whether there are areas where investment should be stimulated in town centres with deficiencies, deprived areas, or areas that will undergo significant housing and employment growth.
- 2.22 Policy TC3 states that no need has been identified for any further out-of-centre regional or sub-regional shopping centres or large-scale extensions to such centres during the period to 2026. The role and regeneration of existing centres should not be undermined by an intensification of out-of-centre development.
- 2.23 Within the South Hampshire Sub Regional Strategy Area, the priority is for sustainable economic growth and urban regeneration. Policy SH4 outlines the strategy for main town centres in the sub-region, which is to develop centres' individual character and complementary roles.
- 2.24 In Southampton, the city should expand its retail, leisure, office, employment and cultural facilities through the consolidation of the existing primary shopping area, integrating redevelopment of the major city centre sites to the west (in the medium term to 2016) and the possible expansion towards the waterfront (in the longer term to 2026). In Eastleigh, the priority is to accommodate identified capacity through redevelopment of the town centre to provide high density, high quality retail, leisure and office employment schemes.

South Hampshire Town Centres: Sub Regional Study (March 2006)

- 2.25 In March 2006, DTZ on behalf of the Partnership for Urban South Hampshire (PUSH) undertook a need and capacity assessment across the sub-region and developed a strategy for town centre uses. The main centres in the PUSH area included Southampton, Eastleigh, Portsmouth, Fareham, Gosport, Southsea and Havant. Southampton was

identified as the dominant centre within the sub-region and considered a healthy and viable city centre. Eastleigh was found to be a compact town centre, dominated by the Swan Centre and the main foodstores (Tesco and Sainsbury's), which help generate trips and market share for the town centre. Eastleigh was considered to be 'punching below its weight' in the network of centres and would benefit from new investment and development of its retail offer.

- 2.26 Indicative comparison goods floorspace capacity forecasts (using mid-range values) identified capacity in Southampton in the region of 19,400-29,100 sqm net between 2005-2011; 43,900-65,900 sqm net between 2005-2016; 72,400-108,800 sqm net between 2005-2021; and 105,700-158,900 sqm net between 2005-2026.
- 2.27 In Eastleigh indicative comparison goods floorspace capacity forecasts (using mid-range values) identified capacity for 3,600-5,600 sqm net between 2005-2011; 7,500-11,200 sqm net between 2005-2016; 11,800-17,700 sqm net between 2005-2021; and 16,800-25,300 sqm net between 2005-2026.

PUSH Economic Development Strategy (November 2010)

- 2.28 In November 2010, DTZ on behalf of the Partnership for Urban South Hampshire (PUSH) undertook a review of the previous economic strategy, in light of the impact of the recession on the sub-region. The document sets out the context for economic growth and specifies priority actions up to 2026.
- 2.29 The report highlights that one of the key sectors to focus on to achieve the economic strategy is the 'underpinning quality of life and place' to ensure that South Hampshire is a great place to live and work. The retail sector is crucial to the sub-region, providing around 50,000 jobs to residents and providing a range of shops available to both residents and visitors. The quality of the retail offer plays a significant role in the tourism and visitor economy in South Hampshire.
- 2.30 More specifically, the Strategy finds that there are further opportunities to develop the retail offer of Southampton, so that the centre serves the population of the sub-region as a whole, as well as visitors from outside the sub-region. The retail sector plays a role in the ambitions of the Strategy to deliver thriving cities and PUSH is committed to supporting city centre regeneration to support the delivery of this.

Southampton City Council

Southampton Core Strategy (January 2010)

- 2.31 Southampton's Core Strategy was formally adopted by the Council on 20 January 2010 and sets out planning policy for the city. Southampton is recognised as a major city within central southern England and the Plan's policies seek to build on its role as the region's economic, social and cultural driver. The Core Strategy sets out the city centre and retail policy in Section 4. We highlight the key policies below.
- 2.32 One of the main spatial visions for Southampton is for a growing regional centre for economic growth and as a social and cultural hub with a thriving night time economy focused on the city centre (130,000 sqm gross additional comparison shopping floorspace). This vision will be delivered through several strategic objectives (S), including S3 which is to create a vibrant, high quality regional city centre that is the focus for major retail; tourism; leisure; cultural and office investment and connects with the waterfront.
- 2.33 There are two specific policies which aim to maintain the vitality and viability of the city centre. Policy CS1 outlines the city centre approach to enhance the centre's regional status. Major development will be focused within the defined city centre (as outlined on the Proposals Map). Development in this area will be informed by a City Centre Action Plan (currently being developed), and will include:
- a Major Development Quarter in the west of the city centre and other development sites;
 - approximately 130,000 sqm (gross) of comparison retail floorspace;
 - 322,000 sqm (gross) of office floorspace;
 - further leisure/cultural/hotel development (including restaurants, bars, cinema, events area, cultural quarter); and
 - approximately 5,450 new dwellings.
- 2.34 There are several specific initiatives to enhance the city including a public realm improvement of the QE2 Mile linking the city centre to the waterfront; improved public transport facilities, including the central railway station; and the creation of a cultural quarter in Northern Above Bar.

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- 2.35 The major development quarter is a strategic site to the west of Portland Terrace, the West Quay Mall and Western Esplanade, north of the port and south of the railway. Policy CS2 outlines policy specifically for the major development quarter, an area earmarked for major commercial intensification. A mix of uses is anticipated across the quarter including retail, offices, leisure, hotel, cultural, tourism, residential and community uses. The focus of retail development will be within the city centre's existing primary shopping area first. Retail development outside the primary shopping area but within the major development quarter will be facilitated through the City Centre Action Plan if it can be demonstrated that:
- It is part of a coherent expansion of the primary shopping area, linked to the existing primary shopping area by good/clear pedestrian links and lined where possible by 'shop' windows; and
 - There is a need for the development which is unlikely to be met within the existing primary shopping area. This test will be judged by looking at additional needs from 2005, through to both five years ahead (from the determination of a planning application), and through to 2026.
- 2.36 Policy CS2 also sets out that the City Centre Action Plan will provide more detailed guidance on the phasing, layout and extent of the expansion. However the need for retail expansion of the primary shopping area in the major development quarter is unlikely to occur before 2016.
- 2.37 The network of town and district centres within the authority area are outlined in Policy CS3. Southampton city centre is identified at the top of the hierarchy of centres. Shirley town centre is identified below the city centre, but above the four district centres of Portswood, Bitterne, Woolston and Lordshill. The town and district centres meet the week to week needs for their areas of the city. There is also a network of local centres which cater for day to day needs.
- 2.38 At the centres of Shirley, Portswood and Bitterne the aim over the LDF period is to maintain the health of these centres, improve the street scene and successfully integrate local facilities. At Lordshill there will be a comprehensive redevelopment to improve its design and expand the range of services to serve the north west of the city and the neighbouring areas. The priority for Woolston is to ensure that the adjacent Centenary Quay redevelopment complements and enhances the centre and to make improvements to the street scene.
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- 2.39 Policy CS3 continues to outline further retail policy for the centres, to ensure that non-residential development serving a city wide or sub regional catchment will be focused on the hierarchy of centres with the sequential approach. In line with national planning policy, the Council have set a threshold for edge-of-centre and out-of-centre developments (including retail, warehouse clubs, leisure or hotel uses) over 750 sqm gross will be subject to the sequential approach.
- 2.40 In terms of retail capacity figures, the Council anticipate that 130,000 sqm gross comparison floorspace will be developed in the city centre between 2006 and 2026. It is estimated that 55,000 sqm gross is likely to be delivered by 2016 and that 75,000 sqm gross will be delivered between 2016 and 2026.

City Centre Action Plan (draft 2007)

- 2.41 The Southampton City Centre Action Plan (CCAP) is currently being developed by the Council. Once complete, the document will form part of the Local Development Framework and will have Development Plan Document status. In April 2007, the Council published the first draft of the CCAP Issues and Options Paper. It is anticipated that the CCAP Preferred Approach will be available for public consultation in the summer of 2011.
- 2.42 The Issues and Options Paper outlined options for the key development sites in Southampton city centre. The main development sites that were considered in the document include the retail core (Bargate, Debenhams, Marlands Shopping Centre and Above Bar Street), the Major Development Quarter (including West Quay Retail Park), Central Station, Old Town, Waterfront, Fruit and Vegetable Market and Brunswick Square, Cultural Quarter and Royal Pier.

Southampton and Eastleigh, Convenience Retailing: Joint Capacity Assessment (June 2006)

- 2.43 The Convenience Retailing: Joint Capacity Report assessed capacity for future convenience retail provision. In Southampton the Study identified potential for up to an additional 2,200-8,300 sqm net convenience floorspace between 2006 and 2026. This was based on existing market shares, with no claw back from out-of-centre locations in Eastleigh Borough. A greater level of capacity was identified for Eastleigh, in the region of 6,100-18,600 sqm net arising between 2006 and 2026. The report does not identify potential locations for convenience developments, but recommends that new floorspace

should be directed to town centre locations in the first instance, in line with national planning policy.

Southampton City Centre Health Check (2008/2009)

- 2.44 The latest City Centre Health Check provides a detailed analysis of the vitality and viability of Southampton City Centre. Key findings from the report include the diversity of uses in the city were comparison retail (64%), leisure uses (9.4%), financial services (4%). The report also found a high proportion of vacant units (11%). In terms of retail ranking (Experian 2008 Retail Ranking) indicates that Southampton had slipped from 7th between 2001/02 and 2003/04 to 15th in 2008/09. Continued investment in Southampton including the development of Ikea on West Quay Road and the potential development at Watermark West Quay (outline permission has since been granted in February 2010) indicates that Southampton will continue to maintain its regional position.

Eastleigh

Eastleigh Borough Local Plan Review 2001-2011

- 2.45 Eastleigh Borough Council adopted the Local Plan Review in May 2006. The document sets out planning policy for the area. Only policies saved under the Secretary of State's Direction in May 2009 (which include the majority of planning policies) now remain in force until they are replaced by the Council's approved Local Development Framework (LDF) Policies. The Local Plan sets out its retail policy in Section 8, 'Town and Local Centres'. We highlight the key saved policies below.
- 2.46 The main objectives of the Plan are to sustain and enhance the vitality and viability of its town, district and local centres, reduce the need to travel by car and to maintain an efficient, competitive and innovative retail sector, by focussing new development firstly in town and local centres. The hierarchy of centres in the Borough include the town centre of Eastleigh, district centres of Hedge End and Fryern, Chandlers Ford and eight village and local centres and twelve neighbourhood parades. Hedge End also provides a concentration out-of-centre retail provision within the Borough.
- 2.47 Policies 125.TC and 126.TC set general development principles for retail development in Eastleigh town centre. An overall framework for development in the Eastleigh shopping area (as defined on the Proposals Map) is outlined in policy 127.TC.

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- 2.48 In order to promote development, specific proposals for development are supported by individual planning policies. The first of these proposal sites is the Core Retail Area at the surface level car park adjacent to Tesco on Southampton Road. Policy 128.TC states that there is an extant permission for the development of a multiplex cinema on the upper floors of the car park but that the ground floor is currently under utilised. The policy supports the extension of the Swan Centre to the east to provide, amongst other criteria, retail or leisure use that will attract a high number of customers. This policy has been fulfilled with the development of Swan Centre leisure scheme which opened in 2010.
- 2.49 The second specific proposal policy is for the block to the north of Wells Place. Policy 129.TC supports the redevelopment of the site to provide retail, or if not commercially viable, leisure uses on the site. At Leigh Road (Policy 130.TC) development of leisure and cultural uses will be supported (restaurants, cafes and galleries). At Romsey Road (Policy 131.TC) leisure and cultural uses are not considered suitable, but change of use to accommodate office, residential or hotel uses will be considered acceptable. At East of Upper Market Street/Bus Station, Policy 132.TC promotes the comprehensive redevelopment of the site.
- 2.50 Within the district centres, local centres and neighbourhood parades, development of retail and town centre uses or community uses will be permitted (Policy 133.TC). In edge-of-centre or out-of-centre locations, applications for over 500 sqm retail floorspace will be required to consider a sequential approach to site selection. For proposals over 2,500 sqm an impact assessment will be required. Policy to restrict out-of-centre development is outlined in Policy 134.TC.
- 2.51 The Plan sets out policies to restrict the change of use within town and district centres. Policy 136.TC states that within the core shopping zone in Eastleigh, no change of use that would result in the loss of A1 floorspace will be permitted. Within the primary zone of town and district centres the aim is to maintain a mixture of national multiple and independent retailers (Policy 137.TC). Within secondary areas of town and district centres, change of use to A2, A3, A4, A5 or leisure or cultural uses will be permitted.

Eastleigh Core Strategy (draft)

- 2.52 Eastleigh Borough Council is currently preparing its Core Strategy. An Issues consultation paper was published in September 2008. No specific retail or town centre policies were considered at this early stage of the production of the Core Strategy. We understand that

Eastleigh Borough Council will publish the Issues, Options and Preferred Approach stage of the Core Strategy at the end of 2011. The Examination in Public is scheduled for February 2013 and it is anticipated that the Core Strategy will be adopted in September 2013.

Eastleigh Town Centre Retail Study Update (2008)

- 2.53 In 2008, DTZ published a Town Centre Retail Study Update for Eastleigh, as an update to the 2006 Southampton and Eastleigh Joint Convenience Capacity Study. In addition to updating the capacity forecasts for convenience goods, DTZ were asked to examine the need for comparison goods floorspace in Eastleigh town centre, which had not been examined as part of the 2006 Study.
- 2.54 The Study examines whether there are any sites in or on the edge of the town centre which could accommodate the forecast need for additional convenience and comparison goods floorspace. The Study concludes that the only opportunities for new retail development within the town centre itself are existing vacant space; or redevelopment of existing retail uses with higher density retailing. In the case of edge-of-centre and close out-of-centre sites, the study identified two sites: i) the Recreation Ground and ii) Barton Park. The Recreation Ground is dismissed on this basis that it is very unlikely to be made available for new retail development, and should not therefore be considered a practical possibility for accommodating the forecast need. The potential for Barton Park is examined in more detail.
- 2.55 The report considers two development scenarios. Scenario One is a baseline scenario which assumes that there will be no change in the corrected market shares of available expenditure attracted from the catchment area to 2021. Scenario Two considers the impact of the development of a new food/non-food superstore (9,800 sqm gross / 6,860 sqm net), and new town centre format shops and stores (7,120 sqm gross / 5,340 sqm net) in or on the edge of Eastleigh town centre at 2016, which would attract market shares of convenience and comparison goods expenditure.
- 2.56 In Eastleigh town centre, convenience retailing under Scenario One indicates potential for a small increase in convenience floorspace. Scenario Two assesses the impact of a new food/non foodstore and new town centre format shops in or on the edge of Eastleigh. This scenario would result in some reduction in the market shares of existing shops in Eastleigh and also reduced market shares of convenience goods expenditure attracted to main food stores in Chandlers Ford. As a result there would be modest over supply of

convenience goods floorspace in Eastleigh by 2016 and 2021 which would result in a significant adverse impact on Eastleigh town centre.

- 2.57 With regard to convenience retailing under Scenario One, the study identified capacity to support 400 sqm net additional convenience goods floorspace in Chandlers Ford by 2021. Under Scenario 2, on the basis that significant market shares would be redirected from Chandlers Ford to a new superstore in Eastleigh, the Study indicates that there will be an over-supply of convenience goods floorspace in the region of 900 sqm net at 2016, falling to 500 sqm net at 2021.
- 2.58 The Study concludes that overall capacity for new convenience goods floorspace in Eastleigh is limited, and a large superstore could only be developed if one of the existing food retailers in Eastleigh town centre was to relocate out of the centre.
- 2.59 In respect of comparison goods, the capacity figures for Eastleigh under Scenario One indicate capacity of up to 6,300 sqm net additional comparison goods floorspace by 2021. These figures are less than the amount of vacant retail units in the town centre which would absorb some of the forecast growth in capacity.
- 2.60 Under Scenario Two, there should be sufficient expenditure by 2016 to support the re-use of the existing Tesco or Sainsbury's stores for comparison goods retailing, if either of these retailers was to occupy the potential new superstore. By 2021, this capacity increases further. There would also be capacity for up to 8,450 sqm net new comparison goods floorspace in or on the edge of the town centre by 2016, rising to 10,000 sqm net by 2021, if forecast trends occur. However, some of this would come at the expense of the reduced capacity in Eastleigh town centre as existing.
- 2.61 The comparison capacity forecasts indicate that there is insufficient expenditure to support both the substantial redevelopment of the existing town centre and large scale new comparison goods retail floorspace at the Barton Park site in the period to 2016. The Study advises that only if the redevelopment of the town centre is demonstrated not to be financially viable, or not practicable for other reasons, should new comparison goods retail development be pursued at Barton Park.

3. National Trends

- 3.1 To put our assessment of the quality of existing provision and the need for additional floorspace in Southampton and Eastleigh into context, it is relevant to consider the wider economic and social trends likely to influence retailing in the study area. This section therefore examines key trends and drivers for change in the retail industry and outlines those of particular relevance to Southampton and Eastleigh drawing from a range of published data sources, including research by Verdict Analysis, Mintel, Experian and the New Economics Foundation.

Demographics

- 3.2 Over the last 15 years the UK population has increased by 3.9 million to 61.8 million (2009 mid-year estimate); a rate of approximately 0.44% per annum amounting to a total increase of 6.7% over 15 years. The number of households has also increased over the same period but at a greater rate (11.5% over 15 years). The average household size has however decreased from 2.46 people per household in 1994 to 2.36 people per household in 2009, as decreasing family sizes and instances of divorce are becoming more common¹.
- 3.3 The population is forecast to continue growing. The total fertility rate (TFR) in the UK has risen each year since 2001 until recently. It was last recorded in 2009 at 1.94 children per woman, which represents a small decrease from 1.96 in 2008 which was the highest level recorded since 1973. Although the current TFR rate has not reached the natural population replacement level of 2.1 children per woman, other factors such as increased life expectancy and immigration combine to boost projected population numbers². These trends are forecast to continue and will affect spending habits, how much we spend, on what and where.

¹ Office of National Statistics, 2009. Figures have been interpolated between 1991 and 2001 to account for 2001 Census data

² Office of National Statistics, 2010.

- 3.4 Over the next 20 years (2010-2030) the 65 and over age group is expected to grow by 42.8% and the under 65s age group by only 6%². Older shoppers have a younger mindset than in the past, they are more fashion aware and, in recent years, more affluent as a result of general house price growth as well as income growth (but post retirement income from pensions could become a concern if they do not achieve anticipated values). They will have more time to shop, will spend more on DIY and gardening and will expect good customer service. Clearly, the economic slowdown will impact upon disposable income and pension pots with more cautious spending patterns in the immediate future.
- 3.5 Younger shoppers will have higher education fees to pay, will experience higher housing costs, they will be more computer literate and spend more on-line, and will spend more on entertainment/leisure so they may have less to spend in the retail sector.

Income and Expenditure

- 3.6 Incomes and expenditure grew strongly during the last 20 years, with retail expenditure growing faster than incomes supporting strong growth and development in the retail sector. Overall, retail expenditure increased by about 3.29% pa in real terms between 1990 and 2008, with most of this growth on comparison goods where an annual growth rate of 5.67% had been in effect between 1990 and 2008. Convenience goods spend had been growing at a much lower rate with a steady increase of under 0.86% per annum³.
- 3.7 Recent economic circumstances have however, reversed this pattern of growth and the pace of economic recovery is expected to affect expenditure growth until at least 2012 when it is anticipated that growth levels will begin to approach more normal levels. The rapid deterioration in the economy's performance during the final months of 2008 had far-reaching implications for available income and, consequently, expenditure. The outputs from this study take into account these events and the effects of the recession. Experian report as follows:

"The UK economy is recovering from the severe recession of 2008/09, but growth is patchy and risks of relapse persist. Domestic demand is restrained by high

³ ONS, Consumer Trends June 2009

*unemployment and rising under-employment, a lacklustre outlook for investment, pressure on public finances and the weight of household debt*⁴

- 3.8 Verdict reported that economic deterioration was rapid with the fourth quarter of 2008 seeing a year-on-year decline of 1.5% - one of the sharpest contractions in economic growth since the early 1980s. 2009 brought a sharp contraction in activity and more recent reports suggest that 'growth will be lacklustre. However, as GDP growth improves through 2012 onwards, retail expenditure should also benefit'⁵.
- 3.9 Growth projections used in retail studies and supporting retail statements for planning applications should therefore respond to the most up to date advice in respect of economic expectations. There are two main accepted approaches for forecasting per capita expenditure growth. The first is based on an extrapolation of trends and the second is based on forecasts using an econometric model of past trends and other economic variables. Due to the retail expenditure boom in the latter half of the 1990s and the first half of the 2000s and the major economic recession which followed, there are significant differences between these two approaches.
- 3.10 Trend growth rates have, until recently, been influenced by the spending boom of recent years (until 2007). Trend line forecasting, based on these historic trends, incorporate booms and busts since the 1960s and therefore provide a flat rate average over long and ultra long-time periods. These are no longer appropriate for short-term retail projections given the current slow-down in the economy. The period up to 2016 will be affected noticeably by the severe recession and the weak upturn that is likely to follow due to the severe spending cuts and taxation increases planned.
- 3.11 The growth projections used within this report have therefore responded to advice in respect of the use of forecast growth rates based on consumer expectations. The use of such rates is supported by the latest Experian's Retail Planner Briefing Note 8.1 (August 2010) which sets out that:

⁴ Experian Retail Planner 8.1 (August 2010)

⁵ Verdict Datamonitor, July 2010, UK Retail Futures 2014: Retail and the Economy

'We believe that because of the significant constraints on economic activity over the next few years....and the slower growth forecast for consumer spending in the longer term, it is appropriate to use the forecast growth rates...rather than either the long-term, medium term or ultra long-term trends'.

- 3.12 On this basis we are advised to use the economic forecasts prepared by Pitney Bowes and Experian Business Strategies which take into consideration current and future economic instability. Where there are differences between Experian and Pitney Bowes, an average of their forecasts is adopted. Evidently, these forecasts affect the growth rates used for our retail capacity forecasting and have subsequent implications on the levels of floorspace town centres can sustain in the short-to-medium term, i.e. up to 2016. It should also be acknowledged that, over the short to medium term at least, the growth rates adopted by this study are lower and more conservative than those adopted by previous assessments.
- 3.13 Non-store retail sales (e.g. mail order, vending machines, markets, road-side stalls), excluding e-tailing, are expected to decline over the next ten years, but this will be more than offset by the growth of e-tailing, resulting in overall growth in non-store sales in absolute and percentage terms. E-tailing is increasing strongly by both bricks and mortar retailers and non-store virtual retailers, but the rate of growth now seems to be slowing.
- 3.14 Experian published a note on 'non-store retailing' in March 2010 setting out revised estimations of Internet retail sales which are much higher than previously expected. These estimations are based on revised ONS data which adopts an improved methodology of all sales made over the Internet covering 95% of the retail sector in terms of turnover. The ONS series previously suggested in mid-2009 that Internet sales were 3.5% of total retailing sales, but the revisions now suggest the figure is nearly double this. In their note, Experian provide forecasts to 2026 which take into account the impact of broadband technology, speed of access to the Internet, problems of delivery and receipt of goods when away from home at work etc.
- 3.15 The impact of growth in e-retailing on future demands for retail floorspace is an important consideration and has been factored into the forecasts set out later in this report. Factors such as the processing of online grocery orders by retailers such as Tesco in local stores, and the potential use of shops as showrooms and/or collection points may mean that the growth in Internet sales will not necessarily lead to an equivalent reduction in floorspace

requirements. See the subsection on Internet shopping and e-tailing below for more information.

- 3.16 According to Verdict, customers are becoming more selective in their purchasing habits as they become more concerned about the economic outlook. With rising living costs, disposable incomes are being squeezed, and as a result customers are shopping around more to find the best possible value. Increasingly retailers are finding it harder to please customers and across all sectors, retailers are converting fewer customers into main users and shoppers are less loyal to their main stores. Such circumstances will have implications on retail capacity forecasting, particularly over the short-term.
- 3.17 Consumer spending is likely to remain weak over the coming months. Taxes are rising to pay off substantial government debt, wage growth is slowing and unemployment is rising; consumers are prioritising debt reduction; these factors are expected to combine to offset any advantages from falling inflation and ensure that spending will remain low. However there will be pockets of growth as the weak pound encourages increased tourism activity.⁶
- 3.18 On the basis of uncertainty over current forecast levels of growth in expenditure we strongly recommend that the capacity forecasts set out in Section 7 are updated at appropriate intervals to reflect updates to expenditure and population projections, and to build in the impact of new development and commitments over time.

Sales Efficiency

- 3.19 In undertaking retail capacity and impact assessments it is generally accepted that an allowance should be made for growth in the turnover 'efficiency' (or 'productivity') of existing retail floorspace to reflect retailers' ability to improve their productivity. This increased efficiency helps maintain the vitality and viability of town centre businesses.
- 3.20 An efficiency growth rate represents the ability of retailers to increase their productivity and absorb higher than inflation increases in their costs (such as rents, rates and service charges) by increasing their average sales densities. The application of a turnover

⁶Verdict Research: 'UK Sectors Summary Q4, 2009'

'efficiency' growth rate is a standard approach used in retail planning studies and PPS4 also advocates the use of "a realistic assessment of...forecast improvements in productivity in the use of floorspace"⁷.

- 3.21 Although hard quantitative evidence is limited, comparison businesses in particular have, over time, increased sales densities by achieving improvements in productivity in the use of floorspace. PPS4 (EC1.4.c.iii) requires that quantitative need assessments have regard to a realistic assessment of such improvement. Analysis of past data is difficult as sales densities increases have been affected by changes in the use of retail floorspace over the last 20 years, with higher value space-efficient electrical goods replacing lower value space intensive goods, the growth in out-of-centre retailing, a number of one-off events like Sunday-trading and longer opening hours and the very strong growth of retail expenditure relative to the growth in floorspace.
- 3.22 Evidently, in the current economic climate many retailers have struggled to increase or even maintain sales density levels and, together with other financial problems, have led retailers into closure, such as Woolworths and Adams. With the expectation of weaker expenditure growth in the future, sales density growth is also expected to decrease. For comparison goods, we are now incorporating an efficiency growth rate of 1.2% per annum in the period 2011 to 2016 and 2.0% per annum post-2016. For convenience goods we have incorporated an efficiency growth rate of 0.2% per annum between 2011 and 2016, and 0.3% per annum post 2016.

Employment

- 3.23 Between 1998 and 2007 retail expenditure has increased by approximately 5.5% per annum, but retail employment has increased much more slowly. Over the same period total employees in retail employment in Great Britain have increased from 2.63 million to 2.76 million, an increase of 0.5% per annum. However, this growth has been made up mostly part time employment. Full time equivalent (FTE) employment has increased very little⁸.

⁷PPS4, Paragraph EC1.5.c.iii

⁸ Annual Business Enquiry, 2009

- 3.24 Over the next 15 years Experian Business Strategies expect a 13% increase in FTE employment in the retail sector with a slightly higher increase in part time employment. Evidently, this needs to be monitored in the forthcoming years based on the slow down in the economy and corresponding growing levels of unemployment with significant consequences for available retail expenditure and retail sector employment positions⁹.

Size of Units

- 3.25 The growth of multiple traders and increased competition between companies has meant that the retail structure is increasingly dominated by large companies requiring larger shop units. Shopping centres and out-of-centre development that has been able to accommodate this demand for larger sized units (typically 500-2,000 sqm or larger) have grown in importance, reinforcing the trend of higher order centres and out-of-centre retailing growing in relative importance (i.e. polarisation in the retail hierarchy).
- 3.26 The growth in the size of stores has caused a contraction in the number of shop units and consumer choice. This is particularly evident in the food sector, with a marked decline in the number of smaller and more specialist food retailers (greengrocers, butchers, fishmongers, bakers etc), and a large increase of superstores. This is indicated by Verdict Research which shows a 5.5% reduction in the total number of convenience stores between 1998 and 2008, as space is concentrated into a smaller number of larger stores.
- 3.27 Over the same time period the number of superstores (>2,323 sqm net) has increased by 39%; food specialists and off licences/tobacconists have also declined - by 32.9% and 56.6% respectively. These trends may well weaken in the future due to possible market saturation of large foodstores and concerns over lack of competition due to the market dominance of a few key multiples¹⁰.
- 3.28 Out-of-town store sizes have also increase in size between 1998 and 2008, over the period average out-of-town store sizes have increased from 1,939 sqm by 5% to 2,037 sqm¹¹.

⁹ Experian, FTE Employment Levels, Retailing (SIC 2003 code 25)

¹⁰ Verdict Research, Datamonitor: "UK Food and Groceries Retailers 2009"

¹¹ Verdict, Datamonitor: "UK Out-of-Town Retailing 2009"

Average town centre retail store sizes increased slightly between 1998 and 2008, rising from 183 sqm to 193 sqm, an increase of 5.5%¹².

Foodstores

- 3.29 Due to the restrictions on developing large new foodstores, there has been growth in the number of applications for the extension of existing foodstores and an adjustment in the composition of floorspace within existing stores over the last ten years. There has been an increased emphasis on the sale of comparison goods at the expense of convenience goods, as expenditure growth rates for comparison goods are much higher than for convenience goods and profit margins are greater, although sales densities are often lower.
- 3.30 This trend poses an increasing threat to smaller centres, as larger foodstores will increasingly sell a wider product range of day-to-day convenience and comparison goods and services. According to Verdict, comparison goods floorspace in the larger format stores of the top four grocers now accounts for averages of between 18% (Morrisons) and 40% (Asda) of net retail floorspace¹³.

Internet Shopping / e-Tailing

- 3.31 Internet sales have grown rapidly and affect how and where we shop, although the rate of growth slowed markedly in 2008. In the early days of Internet retailing, back in the late 1990s, growth was due to the emergence of virtual retailers. Things have moved on in recent years and recent research indicates that much of the growth in Internet sales has been from sites of established retailers (e.g. Tesco, Argos, John Lewis etc.), who are creating "virtual outlets" to expand their market shares of retail spend.
- 3.32 In 2008 there was an increase of 1% in the number of Internet users to 35.4 million people, and an 18.1% increase in online shoppers to 26.7 million shoppers. In addition to this increase the amount of money the average Internet shopper is spending online is also

¹²Verdict Research, Datamonitor: "UK Town Centre Retailing 2009"

¹³Verdict Research: "Grocery Sales Analysis Sheet", 2008

increasing, average online spend per person rose by 5.8% between 2007 and 2008¹⁴. As technology continues to improve, it will fuel further growth in the market. Overall the value of e-Retail is estimated to be £26,361 million in 2011, with an annual growth rate of 14%¹⁵.

- 3.33 High street retailers have particularly benefited from the growth of Internet shopping as their brand are widely recognised and trusted by consumers. They also benefit from greater buying power, which means they are often able to offer discounts. Price-comparison sites have also increased the trend towards price cutting on the Internet, particularly in relation to small electrical products, CDs and software.
- 3.34 Despite this growth, e-tailing still only accounts for a fraction of total sales for mainstream retailers in the UK. Furthermore, sales on the Internet have to some extent been a switch from mail order and for some retailers (e.g. Tesco) involve sales from retail rather than warehouse floorspace. Even where sales are from warehouses, retail floorspace may still be required to fulfil a showroom function. In addition there are a growing number of signs that the Internet is beginning to mature and enter a new, more subdued phase of growth.
- 3.35 Consistent with wider retail trends, growth in e-Retail declined in 2009 as a result of the recession reducing consumer demand. Austerity cuts on the spending ability of the most prolific online shoppers (35-44 year olds) also had an impact on reduced demand during this period. New arrivals to the on-line market, such as Gap, H&M and Zara which all launched online sales in 2010, are expected to encourage more spend online. However, whilst boosting growth, the arrival of these retailers will mainly act as an intensifier of competition. Overall, growth in online shopping is set to slow down significantly as the channel matures and competition increases¹⁶.
- 3.36 Whilst overall growth is expected to slow down significantly compared to the acceleration of previous years, Verdict predicts that in 2011 shoppers will still increasingly turn to the internet to save time and money and for convenience. Savvier shoppers will use voucher codes and cash back sites which will further boost online sales in 2011. A further driver of

¹⁴Verdict Research, "e-Retail Storms Ahead Through the Recession", June 2009

¹⁵Verdict Research, "Retail Futures H1 2011 - e-Retail", March 2011

¹⁶Verdict Research, "Retail Futures H1 2011 - e-Retail", March 2011

growth in e-Retail will be improving the functionality of websites to enhance the shopping experience, including new ways to pay such as one-click payments, which will encourage shoppers to spend more online.

- 3.37 Social shopping and networking through the capabilities of Facebook and other social media sites will maximise customer recommendations, increase customer loyalty, drive traffic and increase spend online. Improved delivery and returns procedures, in terms of greater flexibility, adaptability and accuracy will encourage e-Retailing through features such as 'click & collect'. Online sales in 2011 are also likely to be boosted through an increased role in M-commerce (mobile commerce). Smartphones, iPad and Tablet devices will see shopping applications improved and mobile optimised websites becoming the norm.
- 3.38 Despite more modest levels of growth in online shopping, there will continue to remain reasonable pressure on the traditional brick and mortar retailers in the UK's town centres. Shoppers are able to select their own retail mix online and shopping centres will need to compete with this choice, which is not only driven by price and range, but also service and expertise. Online shopping has driven expectations of convenience and service upwards and customers are expecting more from in-store ambience to tempt them to make a purchase¹⁷. Town centres will increasingly have to provide a shopping 'experience' that the Internet is unable to match. In accordance with PPS4, the emphasis should be on the overall town centre experience, the mix of uses, and not just the retail offer.

Shopping and Leisure

- 3.39 Due to increased affluence and mobility, and the rise of the Internet, shoppers no longer merely shop to satisfy 'needs', they increasingly shop to satisfy 'wants' as well. Retailing in the higher order centres and the more attractive smaller centres is changing and arguably becoming more of a quasi leisure experience. Leisure spending growth is continuing to outstrip that of retail, and despite the economic slowdown, at the moment consumers seem to be willing to continue spending on leisure.

¹⁷Verdict Research, "How Britain Shops: Overall 2011", March 2011

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- 3.40 Quality restaurants, coffee shops, cafes and bars, as well as health and fitness centres and multiplexes in larger centres, are therefore important to attract shoppers and encourage longer stays and higher spending. Better integration of retail and leisure facilities mutually benefits both sectors. Pedestrianised streets and covered retail areas are also important in attracting shoppers, as is the overall attractiveness of the town centre, along with good accessibility and car parking.
- 3.41 A number of factors have helped drive the growth of leisure provision in town centres. Planning policy is important as is the fact that urban living is fashionable. Town centres can offer consumers a much more vibrant atmosphere in which to eat and drink and they also offer a much wider choice of leisure venues, allowing more spontaneous decisions. For bars, restaurants and health and fitness clubs, the attraction of the town centre is 'daytime trade' and the ability to capitalise on proximity to businesses and shoppers.
- 3.42 The leisure industry has enjoyed buoyant market conditions over the last decade as a result of growing levels of disposable incomes and low unemployment. Much of the growth has been fuelled by an increase in the number of 'cash-rich, time-poor' consumers who have been prepared to pay a premium price for convenient services in order to save time. Leisure time has become a precious commodity to consumers and in order to maximise free time, consumers have often combined leisure activities as part of an overall going out experience. The range of leisure choices has also grown considerably leading to an increase in competition in the industry.
- 3.43 The recession has brought many challenges for the leisure industry. On one hand, the industry is considered to be particularly exposed to the economic downturn due to the discretionary nature of leisure expenditure, but contrary to this leisure activities remain an important lifestyle choice for many consumers and who will prioritise leisure over other areas of spending.

Out-of-Centre Retailing

- 3.44 Retailers are increasingly expanding out-of-town as it offers lower rents, better space and in most cases, free parking. According to Verdict, out-of-town is the only channel which has seen store numbers increase consistently since 2000. Indeed, out-of-town store

numbers have increased year-on-year over this period with the exception of 2009 when it was hit by the collapse of MFI and Land of Leather as the start of the downturn impacted on the housing market¹⁸.

- 3.45 Retailers are increasingly seeking an out-of-town presence for its advantages over town centres. For example, in 2010 John Lewis opened its first 'at home' store in an out-of-centre retail park in Poole. Since then, the retailer has opened three other 'at home' stores and plans several others during 2011. Other retailers including H&M and Primark are also reported to be seeking to expand their portfolio in out-of-centre locations.
- 3.46 However, simultaneously the increase in vacancies in town centre locations as a consequence of the recession has also had the effect of re-directing the attention of other retailers such as New look away from out-of-centre locations highlighting a preference for town centre locations where suitable accommodation is available to meet retailer needs.

Summary

- Incomes and expenditure have shown strong growth over the last 20 years, with retail expenditure growing faster than incomes. This has seen corresponding increases in sales densities within existing retail floorspace, which has also been driven by factors such as high value space efficiency and longer opening hours. Crucially, the economic crisis has had an impact on the retail sector, and growth forecasts will need to reflect recent publications from Experian Business Strategies.
- The composition of town centres has changed through new development, with a growing number of companies requiring larger shop units to meet their shop format ratios. This has again favoured the larger centres which generally have the space to meet such retailer requirements. This is particularly noticeable in the convenience sector, which has begun to offer an increasing supply of comparison goods in the larger foodstores, in addition to the traditional product offer; such stores therefore require more retail floorspace. The dominance of such foodstores has led to current concerns about market dominance and the lack of competition.

¹⁸ Verdict Research, 'UK Town Centres 2011'

- As competition from the Internet increases, town centres need to offer a quality destination where people want to spend time and gain access to facilities not available on the web. There has been a continued polarisation towards larger centres and the provision of larger stores in these centres. Where smaller centres have been unable to diversify their offer or create niche markets and a mix of retail, leisure and service facilities they have suffered.
- Leisure spending growth is continuing to outstrip that of retail, and despite the economic slowdown, at the moment consumers seem to be willing to continue spending on leisure. The mix of uses in a town centre is vital to offer choice to shoppers, and quality restaurants, coffee shops, cafes, bars and other leisure facilities are all important to encourage frequency of visit and longer stay times.
- Town centres are continuing to face competition from out-of-centre retail locations as retailers seek to take advantage of lower rents, better space and in most cases, free parking. Whilst several retailers have recently expanded their out-of-centre portfolio, there are others who have re-directed their attention away from out-of-centre locations and taking advantage of arising vacancies town centre locations.
- Whilst the recession has now ended, the economic growth outlook remains weak and fragile in the UK. Beyond 2011 however gradual improvements are expected.

4. Sub-Regional Context

- 4.1 This section examines the retail performance of Southampton and Eastleigh in the context of the retail network across the wider sub-region and identifies key changes since previous studies. Our analysis draws on the results of the recent household survey and the latest information from a variety of other data sources (including PROMIS, Javelin Retail Rankings, the Focus Property Intelligence database, the Valuation Office Authority and EGi) to identify the main retail offer and floorspace provision in each competing centre, and the extent to which this is likely to change and influence shopping patterns in the region in the future.
- 4.2 Results from the household telephone survey show the main competing centres which have an influence over shopping patterns within the survey area include Portsmouth (including Gunwharf Quays), Fareham, Newport, Winchester, Gosport, Salisbury, Romsey, Bournemouth, Waterlooville, Whiteley and Chichester. The out-of-centre retail provision, particularly within Eastleigh Borough (e.g. at Hedge End), is also a significant competitor.
- 4.3 Summary tables showing the performance indicators for each centre are included in Appendix 1a. The rank of each centre has been derived from Javelin (Venuescore 2009). Javelin Group's Venuescore provides an up-to-date ranking of UK shopping venues across a number of key indicators – scale, market positioning, fashionability and age positioning of the retail offer. The score attached to each operator is weighted to reflect their overall impact on shopping patterns. For example, anchor stores such as John Lewis, Marks and Spencer and Debenhams receive a higher score than unit store retailers to reflect their major influence on shopping patterns. The aggregate score for each venue is called its Venuescore.
- 4.4 Shopping patterns derived from the telephone survey allow us to calculate the amount of comparison goods expenditure that each centre draws from within the study area. This indicator considers the strength of the retail offer as well as the centres' accessibility and distance from Southampton and Eastleigh. The total expenditure leaking to these centres is set out in Table 4.1 below, and illustrated on Plan 3.

Table 4.1: Study Area Comparison Goods Trade Draw¹⁹

Centre	£ (000s)	Market Share (%)
Southampton City Centre (inc. retail parks)	£983.4m	33.2%
Eastleigh Out-of-centre	£268.7m	9.1%
Portsmouth (including Gunwharf Quays)	£261.7m	8.8%
Fareham	£202.5m	6.8%
Newport	£172.1m	5.8%
Winchester	£154.7m	5.2%
Eastleigh Town Centre	£89.0m	3.0%
Southampton Out-of-centre	£61.1m	2.1%
Gosport	£55.8m	1.9%
Salisbury	£43.1m	1.5%
Romsey	£28.7m	1.0%
Bournemouth	£23.1m	0.8%
Waterlooville	£16.9m	0.6%
Whiteley	£13.4m	0.5%
Chichester	£12.5m	0.4%
Other ²⁰	£576.2m	19.4%

Source: Household Telephone Survey, 2011 (Q.14 and Q.17-20)

- 4.5 Results from the survey show that Southampton city centre retains approximately £983.4m of comparison goods expenditure (33.2%) from within the survey area, and as such is the dominant centre within the study area. Portsmouth is the main rival city centre location with a market share of 8.8% (£261.7m) across the survey area. This is considerably lower than Southampton.
- 4.6 In comparison, Eastleigh draws a relatively small proportion of comparison retail expenditure from the study area, approximately £89m, which equates to 3% market share. This is significantly lower than the turnover of out-of-centre provision in the Borough, £268.7m, which equates to a market share of 9.1%; the second highest market share after Southampton City Centre.

¹⁹ These market shares are not directly comparable with the 2006 PUSH Study as the extent of the survey areas differ.

²⁰ Includes various destinations both within Southampton and Eastleigh Boroughs and beyond the Borough boundaries.

- 4.7 Eastleigh town centre's market share is also lower than the market shares achieved by Portsmouth, Fareham and Winchester and highlights the competition Eastleigh faces, not only by Southampton, but also by other higher order centres located beyond the survey area.

Profile of Key Competing Centres

- 4.8 We now consider the profile of the six main competing centres which achieve over 1% market share in the survey area.

Portsmouth

- 4.9 Portsmouth is located approximately 29km south east of Southampton city centre and 31km south east of Eastleigh town centre. Retail floorspace in Portsmouth city centre is predominantly concentrated around the pedestrianised section of Commercial Road, Cascades Shopping Centre and Arundel Street. The trade draw of Portsmouth outlined in Table 4.1 includes Gunwharf Quays as part of Portsmouth's retail offer. Gunwharf Quays is an outlet shopping centre located at Portsmouth Harbour located approximately 1.5km south west of Portsmouth city centre. The city centre has a total retail floorspace of approximately 94,238 sqm and Gunwharf Keys comprises c. 52,070 sqm.
- 4.10 The most recent Experian Goad reports (January and February 2010) show that Portsmouth city centre (including Gunwharf Quays) has a below average vacant retail floorspace. According to Focus there were 15 retailer requirements for Portsmouth in March 2011, which is lower than the 29 identified for Southampton, but higher than the 3 identified for Eastleigh. Portsmouth city centre also ranks below Southampton in the Venuescore / Javelin rankings (rank 98 compared to 14 for Southampton), but ranks higher than Eastleigh which is ranked 243rd. Portsmouth has historically had lower prime zone 'A' rents and also slightly higher yields than Southampton, whilst Portsmouth has had higher prime zone 'A' rents (£1,722 per sqm) and lower yields (at 5.5%) than Eastleigh.
- 4.11 Portsmouth is the main rival shopping destination for Southampton and Eastleigh, however, overall the city does not attract a higher market share than Southampton. Portsmouth does however, attract a greater market share than Eastleigh (8.8% compared to Eastleigh's 3%), which is to be expected considering the relative scale of the two centres. Portsmouth has the dominant market share in Zone 24, the east of the study area.

The centre is less influential outside of this catchment area, but still has a small share in Zones 19 and 21, east of Hedge End.

- 4.12 The current pipeline development scheme in Portsmouth is the redevelopment of the Northern Quarter, the former Tricorn Centre which was demolished in 2004. The site has full planning consent for approximately 92,900 sqm gross of retail and leisure floorspace. The scheme was intended to be completed in 2010, however due to the recession the scheme has been delayed, and the Council and developer have extended the development agreement to 2015. We understand that revised plans for the scheme are likely to be submitted. We anticipate that Portsmouth will continue to pose the strongest competition and if the Northern Quarter development does go ahead, this could result in Portsmouth strengthening its market share, particularly in the eastern part of the study area.

Fareham

- 4.13 Fareham town centre is located between Southampton and Portsmouth, approximately 22km south east from Southampton city centre and 24km south east from Eastleigh centre. The centre comprises approximately 72,285 sqm retail floorspace, this is larger than Eastleigh town centre, but smaller in scale compared to Southampton. The main retail areas of the town centre are located along West Street. There are two managed shopping centres situated on the pedestrianised section of West Street; Fareham Shopping Centre and Market Quay. Fareham Shopping Centre first opened in 1976 and was refurbished and extended in 2009. Market Quay is a somewhat smaller shopping centre and opened in 2004. Key retailers in the town include Marks and Spencers, Wilkinson and Bhs.
- 4.14 The most recent Goad Category Report for the town in February 2010 found that Fareham has a slightly above average level of vacant floorspace. Fareham has a Venuescore / Javelin ranking of 214, which is slightly higher than Eastleigh. In terms of prime zone 'A' retail rents (£1,346 per sqm) and prime retail yields (at 6.5%) Fareham is performing more strongly than Eastleigh, although not as strongly as Southampton. Fareham has a reasonable influence over shopping patterns in the east of the survey area, in particular it draws significant proportion trade from Zones 24 and 19, as well as a degree of trade from Zones 18, 20 and 21.

- 4.15 The main pipeline town centre scheme is the erection of a Tesco supermarket on Quay Street. Planning consent has been granted for the store and we understand that the supermarket is currently being constructed. The supermarket has permission for a gross external floor area of 6,215 sqm (net sales floorspace approximately 3,900 sqm), of which, no more than 30% of the net retail floor area is permitted for the sale of comparison goods.

Newport

- 4.16 Newport is located on the Isle of Wight, approximately 30km by land and sea from Southampton and 41km from Eastleigh. Newport is one of the largest centres in the Isle of Wight. Key shopping areas in the town include High Street, St James Street and Holyrood Street. The main retailers in the town centre include Bhs, Robert Dyas and Somerfield. Newport town centre has a total retail floorspace of approximately 86,090 sqm. In terms of vacant units, the centre is performing strongly, well below the national average of vacant floorspace.
- 4.17 Newport has a Venuescore / Javelin ranking of 256th, which is lower than the ranking of Southampton and Eastleigh. Newport outperforms Eastleigh in relation to prime zone 'A' rents (£646 per sqm) and prime retail yields (at 6%), although Southampton performs more strongly than both centres in terms of rents and yields. Our survey area extended into the Isle of Wight, and it is Zone 28 where the centre of Newport is the dominant centre, drawing 86.2% of trade from this Zone. Unsurprisingly the centre has no trade draw from any of the other Zones which are all located on the mainland. Despite the location of Newport, the centre still manages to achieve a total trade draw of 6% from the survey area. We are not aware of any major retail commitments in Newport town centre.

Winchester

- 4.18 Winchester is located approximately 10km north of Eastleigh and 20km north of Southampton. Key shopping areas in the town include The Brooks Shopping Centre and pedestrianised High Street. The main anchors include Marks and Spencer, Debenhams and Sainsbury's. Winchester currently combines a total floorspace of approximately 67,733 sqm. The centre has a below average amount of vacant floorspace and is ranked 141st by Venuescore/Javelin.
- 4.19 Winchester has higher prime zone 'A' retail rents (£1,615 per sqm), lower retail yields (at 5%) and 21 retailer requirements. Winchester attains a good trade draw from the north of

the survey area, particularly in Zone 25, where it draws 48.1% of all trade in this zone. The centre also performs strongly in Zones 13 and 23 in the north of Eastleigh, and performs relatively well in Zones 9, 11, 12 and 14.

- 4.20 Pipeline developments in Winchester include Silver Hill, which is the area adjacent to the bus station. The site currently has planning permission for a mixed use development comprising retail, offices and residential. Work on the site has currently stalled, with the original developers going into administration. The Council anticipates that work is scheduled to start on the site in 2013, following compulsory purchase order of the land required. The scheme has permission for a total retail floorspace of 10,168 sqm (gross external area). Once implemented this scheme could potentially enlarge Winchester's trade draw, especially from the zones surrounding and including Eastleigh (Zones 13 and 23).

Gosport

- 4.21 Gosport is a small centre situated on the western side of Portsmouth Harbour, located approximately 29km south east from Southampton and 36km from Eastleigh. Main shopping areas in the centre include the pedestrianised High Street and Stoke Road. Key retailers in the town include Morrisons and Waitrose. The town centre has a total of retail floorspace of approximately 31,600 sqm which is smaller in size than Eastleigh. Vacant retail floorspace in Gosport is above the national average.
- 4.22 Due to the size of the centre there is limited other data available on its current performance. Gosport draws a total of 1.9% trade from the survey area. Trade draw is strongest in Zone 24 (5.4%) but the centre also draws some trade from Zones 15 and 16.

Salisbury

- 4.23 Salisbury is a medieval city located approximately 37km to the north-west of Eastleigh and Southampton. The city centre features distinctive historic buildings including Salisbury Cathedral and is a popular destination for tourists. Three managed shopping centres within the city centre (Old George Mall, The Maltings and Cross Keys Mall) contribute to the good mix of comparison, convenience and service units.
- 4.24 Salisbury city centre has a Venuescore / Javelin ranking of 59th, which is lower than Southampton but higher than Eastleigh. Prime zone 'A' rents are relatively strong (£1,292 per sqm), performing more strongly than Eastleigh, but at a lower level than Southampton.

Yields in Salisbury are at 6%, once again falling between the two centres. There appears to be less demand in Salisbury city centre than Southampton with 14 retailer requirements registered for Salisbury in March 2011.

- 4.25 The survey results indicate that Salisbury is the dominant centre in Zone 26, drawing 45.9% of trade from the eastern survey zone. Salisbury also draws a smaller proportion of trade from Zones 3, 5-6, 12, 16, 22-23, 25 and 27.
- 4.26 We are aware that full planning consent has been granted for the redevelopment of the Sainsbury's store in the Maltings shopping centre. In addition, the Maltings / Central Car Park site is likely to be identified as a strategic allocation in the emerging Wiltshire Core Strategy. In addition to the redeveloped Sainsbury's, the site is considered appropriate for a department store and other comparison shopping units with the potential for a total of 40,000 sq m of retail floorspace (gross). This has potential to enhance Salisbury's current performance and competitiveness in the wider sub-region which could increase its influence over Eastleigh and Southampton's catchments.

Summary

- In terms of the sub-regional context, the household survey has identified Portsmouth, Fareham, Newport, Winchester, Gosport and Salisbury as the main competing centres to Eastleigh, and to a lesser degree Southampton.
- It is evident that Southampton is the dominant centre and is performing well in terms of the scale and quality of its retail offer, rents and rank position, drawing a third of comparison trade draw within the survey area. Southampton's strongest competitor is Portsmouth, as the survey results indicate that it captures the next highest expenditure from the study area, although with a significantly smaller market share of 9%. Portsmouth may increase its competitiveness over the LDF period if the Northern Quarter development goes ahead.
- As a smaller centre Eastleigh faces strong competition from higher-order centres and there is a risk that if the centre does not enhance its own retail offer that the town's catchment and market share will be further eroded.
- We consider that it is appropriate for Southampton to strengthen its leading role in the sub-region. We also consider it necessary for Eastleigh to continue to promote new retail investment and development in town centre to ensure it remains competitive in

response to the strengthening of Southampton as well as other centres in the wider sub-region.

5. Southampton City Centre Health Check

- 5.1 In this section we present up-to-date qualitative health check analysis for Southampton city centre. Our health check assessment has been carried out in line with the Town Centre Health Check Indicators set out in PPS4 which measure the vitality and viability of the centre. Our findings are set out below.

Diversity of Uses

- 5.2 The Experian Goad survey of Southampton city centre (Central) (February 2010) identifies a total of 245,350 sqm of ground floorspace for retail trade and services, across 589 units. This information is drawn from the most recent 'category report' produced by Experian Goad which provides a detailed breakdown of uses within the following categories: convenience, comparison, service (including retail services, leisure services and financial and business services) and vacant.
- 5.3 The Goad survey covers an extensive area including the core retail provision at West Quay Shopping Centre in the centre; the traditional retail offer of Above Bar Street and the Marlands Shopping Centre in the north; the retail warehouse provision at West Quay Retail Park and Mountbatten Retail Park to the west; and the more secondary retail areas including Bargate Shopping Centre, East Street and the High Street to the south and east of the city. Throughout this section these areas are collectively referred to as Southampton city centre, although later in this report we consider these distinct retail areas in more detail.
- 5.4 Table 5.1 below highlights the composition of Southampton city centre's retail and service offer by the number of units, compared to the average of all UK centres. It is evident that whilst the centre has an above average representation of comparison retailers, the proportion of convenience and service units in the city is below the national average. Comparison retailing is clearly dominant over other uses in the city, comprising approximately 42% of all units. There are four managed shopping centres in the city centre, and the proportion of total managed retail floorspace is high. We look at each retail category in further detail below.

5.1 Southampton City Centre Retail Composition by Number of Units

Retail Category	No. of Units	% of Total	UK Average (%)	Variance
Convenience	32	5.43	8.75	-3.32
Comparison	249	42.28	33.60	8.67
Service	217	36.84	46.00	-9.16
Vacant	91	15.45	11.64	3.81
TOTAL	589	100	100	-

Source: Experian Goad Category Report, February 2010

- 5.5 In terms of the more detailed breakdown of convenience goods provision, it is evident that the city centre has relatively limited provision in terms of butchers, fishmongers, frozen foods, greengrocers, grocers and delicatessens, markets and off-licenses. There are several bakeries in the centre, although according to Experian, these too are marginally under-represented suggesting a qualitative deficiency in the range and presence of more specialist goods food retailers.
- 5.6 There is however above average provision of confectionary, tobacco and news retailers and there are several supermarkets/convenience stores identified in the centre. These include the large Asda superstore adjacent to the Marlands shopping centre; Lidl on the High Street; a Tesco Express and several Co-op/Welcome convenience stores. These stores collectively offer a variable range of goods and could therefore, to a degree, compensate for the more limited provision of other specialist traders such as butchers and grocers.
- 5.7 Reflecting the small-scale of existing provision, Experian indicate that there is below average proportion of convenience retail floorspace in the city centre. The figures show that convenience floorspace in the city centre is approximately 10% below the national average. This is outlined in Table 5.2.
- 5.8 Overall, comparison retail provision in Southampton is strong. The overall number of comparison units is approximately 9% above the national average. In floorspace terms, current comparison retail provision is also significantly above average (+22%). The high level of floorspace may be partly attributed to the large modern format retail units provided within the West Quay Shopping Centre, although it may also be accounted for by the large retail warehouse units in the west of the centre (e.g. West Quay Retail Park).

5.2 Southampton City Centre Retail Composition by Floorspace (sqm gross)

Retail Category	Floorspace (sqm)	% of Total	UK Average (%)	Variance
Convenience	11,418	4.49	14.50	-10.01
Comparison	151,469	59.55	37.15	22.40
Service	66,491	26.14	38.55	-12.41
Vacant	24,972	9.82	9.80	0.01
TOTAL	254,350	100	100	-

Source: Experian Goad Category Report, February 2010

- 5.9 Closer analysis indicates that clothing retailers are represented exceptionally well, with provision of men's, women's, children's and general clothing categories all above average. Other categories which are also well represented include jewellery, footwear, telephones, toiletries and toy shops. Those sectors which not as well represented include chemists, florists and hardware.
- 5.10 Service uses in Southampton account for approximately 37% of all units, which is 9.16% below the national average. Service uses also accommodate a much lower than average proportion of the total floorspace, although this is not necessarily a negative indicator. Closer analysis indicates that below average representation of retail banks, legal and financial services, health and beauty salons, opticians and dry cleaners. This reinforces the centre's role as a comparison shopping destination as apposed to a service centre.
- 5.11 Leisure services in Southampton are generally consistent with the national average, with a strong representation of restaurants, cafes, bars and nightclubs, hotels and sports and leisure facilities. Fast food takeaways are currently under represented, although this is not a negative indicator as such uses in town centres are often considered to be less desirable.
- 5.12 The main focus of leisure provision in the city is located in an edge-of-centre location to the west of West Quay Shopping Centre. Within Leisure World are a number of main leisure attractions such as a 13 screen Odeon cinema, Grosvenor Casino, nightclubs (including Jumpin Jaks and Oceana) as well as restaurants including ASK and Frankie and Benny's.

Retailer Representation

- 5.13 The presence of multiple retailers in a centre can enhance the appeal of that centre although a strong independent sector is also important to add to the overall diversity of the retail offer. In February 2010, Experian identified 317 multiple retailers in Southampton city centre. This is a high proportion, equating to over half of all retail and service units (54%). Experian also identified 181 independent retailers in the city, which is less than a third of all units (31%). The remaining 15% of all units were identified as vacant.
- 5.14 Closer analysis reveals that the number of multiple retailers within the convenience sector is below average. Multiple comparison retailers account for the highest proportion of multiple retailers dominating the city, with 73% of all comparison units occupied by multiple retailers. This leaves few units available for independent retailers, the presence of which would help create a more distinctive offer.
- 5.15 There is a wide provision of multiple clothing retailers such as H&M, Next, Karen Millen, New Look, Zara, Gap, Matalan, TK Maxx, Peacocks, Burton and Topshop. Other key multiples include Ikea, Boots, Argos, Waterstones, Currys Digital, Toys R Us and HMV. Department store offer in Southampton is particularly strong, and includes John Lewis (key anchor of the West Quay Shopping Centre), Marks and Spencer, Debenhams and BHS.
- 5.16 In terms of major foodstore retailers in the city centre, the largest supermarket in the centre is the Asda at Marlands Shopping Centre. There is also a Lidl on the High Street, and several other operators, including Tesco and Co-op which operate small-scale convenience stores.

City Centre Composition

- 5.17 The city centre can be broadly divided into four distinctive areas: Central (West Quay Shopping Centre); Northern (Above Bar Street, The Marlands Shopping Centre and Asda); Western (West Quay Retail Park and Mountbatten Retail Park); and South/East (the Bargate Shopping Centre, East Street, East Street Shopping Centre and the High Street).

Central Area

- 5.18 The whole of the West Quay Shopping Centre is designated as primary retail frontage in the adopted Proposals Map. West Quay is a modern shopping centre which opened in 2000. Comprising a total retail floorspace of c.74,320 sqm gross, the shopping centre has

dramatically increased the supply and quality of retail floorspace in the city centre. West Quay is split over three floors, with a food terrace on the top floor.

- 5.19 A multi-storey car park with a capacity of approximately 1,000 spaces is connected to the west of West Quay, accessible by a pedestrianised footbridge across Harbour Parade. There is also multi-storey car parking beneath the shopping centre, also accessible on the western side of the centre. The topography of the site and the design of the shopping centre mean that on the west side the multi-storey car park is at ground level with shopping levels above, and on the eastern side of the shopping centre, the middle shopping level leads directly on to street level at Above Bar Street.
- 5.20 At the time of our site visit, we found the shopping centre to be busy, with a notably high footfall around midday. We also found that the vacancy level in West Quay is very low, we only identified one vacant unit during our site visit, the former Monserrat clothing store. Low vacancy rates would suggest that the shopping centre is meeting the needs of modern retailers.
- 5.21 West Quay benefits from a very high quality shopping environment. The shopping centre has been designed and built to a high specification and is clearly well maintained. West Quay benefits from a range of different shop unit sizes, allowing retailers to trade from large modern format shops, as well as smaller retail units. The centre offers a pleasant environment in which to shop and provides the highest quality retail offer in the city.
- 5.22 The centre is predominantly comparison retail dominated. Many of the retailers are mid-high end retailers such as All Saints, John Lewis, Gap, Apple, Hollister, Karen Millen, French Connection, Swarovski and Coast. Restaurants and cafes are also high street chains including Nandos, Pizza Hut, McDonalds and Café Giardino.
- 5.23 West Quay shopping centre is largely dominated by multiple retailers. There are over 90 retail units in the shopping centre, and only a small number of these retailers are independents. Whilst the dominance of multiples in West Quay does provide a strong high street retail offer, the centre lacks the complementary offer that distinctive independent retailers can provide. The high proportion of multiples does mean that the centre lacks a truly distinctive character and as a result is very similar to other large shopping centres across the country.

Northern Area

- 5.24 Above Bar Street runs north to south, between West Quay Shopping Centre and the Marlands Shopping Centre. At the southern end the West Quay Shopping Centre opens on to a pedestrianised section of Above Bar Street. The street has the character of a traditional high street, with retail units extending on each side of the road. The pedestrianised section extends the offer of high street comparison retailers found in West Quay, although retailers are generally mid-low range. Retailers include Bhs, TK Maxx, Peacocks, Primark, Boots and JD Sports. The quality of the environment is reasonably good and benefits from the wide pedestrianised area containing good provision of seating and trees. The street is also the location of the German Christmas Market. Retail units are well maintained and have a consistent appearance, with the majority of shop fascias and signage at the same level.
- 5.25 The northern section of Above Bar Street offers a wider variety of retail and service operators, including some independent retailers. Shops and services in this location include banks, opticians, travel agents, opticians and hair and beauty salons. Unit types vary more in style and lack the consistency found in the pedestrianised section. Although traffic has access to this street, this does not appear to restrict pedestrian movement. Cycle parking and bus stops are prevalent along the length of the street. However, the quality of the buildings and the shopping environment generally deteriorates at the northern end of Above Bar Street.
- 5.26 The Marlands Shopping Centre, also referred to as The Mall, is the second largest shopping centre in Southampton. Situated at the northern end of Above Bar Street, the shopping centre opened in 1991. Anchored by Matalan, there are c.60 retail units in the centre, including The Disney Store, Krisp, Shoe Zone, Poundland, West One and Hawkins Bazaar and service retailers including Starbucks and Costa Coffee. The Marlands has a different offer to the central area, with a higher number of lower end/discount operators and several independent retailers, offering goods such as jewellery, books, gifts, clothing and computer games which complement provision elsewhere in the city. There are several vacant units within the centre, the majority of which are located on the first floor which appears to experience lower levels of footfall. Overall however the Marlands provides a good shopping environment and is generally well maintained.
- 5.27 An Asda supermarket is located to the west of The Marlands Shopping Centre, across Portland Terrace. The supermarket opened in 1989 and has a net sales area of 3,630 sqm.
-

There are six small retail units by the check out area, including a phone shop, sewing shop, Fuji Film Express, a tanning shop, a barbers and a Chinese medicine shop. In store, there is an extensive range of non-food goods on offer, including the clothing range George, which contributes to approximately 20% of the total floorspace. Other in store services include a pharmacy, cafe and bakery. There are 25 checkouts, of which 8 are self service. The 1980s building appears dated, especially internally, and the format of the store does require modernisation.

Western Area

- 5.28 There are two main retail parks in the western area, Mountbatten Retail Park and West Quay Retail Park, as well as stand-alone stores.
- 5.29 Mountbatten Retail Park is situated in the north west of the city centre (outside the primary shopping area), close to Southampton Central railway station. The retail park opened in 1995 and has a total floorspace of approximately 4,540 sqm gross and around 200 pay and display parking spaces. There are six retail units which are currently occupied by Allied Carpets, Carpetright, Dreams, PC World, Majestic Wine and Home Living. To the west of Mountbatten Retail Park are several hotels (Novotel, Ibis and Etap), and restaurants (McDonalds and TGI Fridays). Directly to the east of Mountbatten Retail Park is a large Toys 'R Us and Babies 'R Us store, with a floorspace of approximately 3,940 sqm gross and car park of 300 spaces. The store is also close to the train station, and a direct route from the station to the city centre, cuts along the side of the retail unit.
- 5.30 West Quay Retail Park is situated to the south of Mountbatten Retail Park and opened a year later, in 1996. The retail park, which is situated within the primary shopping area, forms a V shape and currently has 13 units, which include a mix of retailers. Retailers include Staples, Halfords, Boots, Brantano, Tesco Homeplus, Mothercare World/Early Learning Centre/Clarks Shoes, Furniture Village, JD Sports, First Choice, Next Home, Argos, ScS and JJB Sports. The Retail Park comprises a total floorspace of 17,016 sqm gross and is served by 700 pay and display car parking spaces. West Quay Retail Park faces the West Quay Shopping Centre, which is accessible along Harbour Parade via lifts operating from multi-storey car parks. An Ikea store opened in February 2009 to the rear of the West Quay Retail Park. The store has an approximate floorspace of 31,300 sqm gross and is also served by a multi-storey car park with 900 parking spaces.

South/East Area

- 5.31 The southern area provides more secondary areas of retail. The High Street is separated from Above Bar Street by the historic Bargate, the remains of the main entry into the Old Town. Multiple retailers include Superdrug, Tesco, Argos, Natwest and Lidl. The remaining units on the High Street are mainly comprised of independent retailers, cafes, restaurants, pubs and offices. There are a high number of vacancies dispersed along the High Street. Improvements to the streetscape, including new paving and seating enhance the overall appearance of the street, however, the high level of vacancies and low footfall in this part of the city detracts from this.
- 5.32 Bargate Shopping Centre evidently has problems with vacancies. Situated just off Bargate, the shopping centre is split across two levels. Our site visit identified that only a few units in the centre appeared to be occupied and trading. One being the Sega Park amusement arcade as well as a few independent clothing stores on the lower ground floor. The shopping centre is somewhat dated, and the lack of investment and trading units in the centre results in an unappealing shopping environment.
- 5.33 Along East Street are a number of smaller retail units which provide a good range of multiple retailers (Game, Subway, Co-op, Holland and Barrett, Sony, Millets and Specsavers) as well as independent retailers (opticians, beauty salons, cafes, jewellery shops, takeaways and household furnishings). Shops on East Street appeared to be trading well at the time of the site visit, with reasonable levels of footfall. The street has narrow pavements in comparison to the rest of the city centre and the street has parking on both sides of the road, restricting movement between different sides of the street.
- 5.34 Debenhams department store is located at the eastern end of East Street in Queens Buildings. Although of dated appearance and a reasonable distance from the main shopping areas of West Quay and Above Bar Street, the Debenhams store does provide the usual concessions and appeared to be trading well. East Street Shopping Centre is located adjacent to the Debenhams building and contains small retail units, almost all of which are vacant. East Street Shopping Centre has a poor quality environment and does not currently contribute to the retail offer of the city.

Vacant Retail Property

- 5.35 As outlined in Tables 5.1 and 5.2 above, the number of vacant units in the city centre is above average, with approximately 15% of all retail and service units in the centre identified as vacant. However, since Experian's survey was undertaken in February 2010, the former Tyrell & Green building which has been identified as vacant has been demolished.
- 5.36 Interestingly the amount of vacant floorspace in the city centre is in line with the national average, representing approximately 10% of the total floorspace in the city centre. This figure will actually be lower following the demolition of the former Tyrell & Green building which accounted for approximately 3,660 sqm gross of vacant floorspace identified in Table 5.2.
- 5.37 These figures can in part be explained by the generally small-scale of vacant units which are prevalent in the city. Vacancy levels in the main shopping areas of West Quay and Above Bar Street are low. The highest vacancy levels are generally in the south of the city in the managed shopping centres of Bargate Shopping Centre and East Street Shopping Centre, the High Street and the in the north of the centre on the upper level of the Marlands Shopping Centre. In Bargates and East Street Centres there are a high number of vacant units, although, again, the majority of these units are generally small-scale.

Retailer Requirements

- 5.38 Table 5.3 below sets out the number of retailer requirements for Southampton, together with the relative movement in its rank order, over the period 2005 - 2010.

Table 5.3: Southampton ranking of Retailer Requirements

No. of Requirements	Ranking (1 st highest)	Date
70	31	January 2010
71	29	April 2009
-	-	April 2008*
144	17	April 2007
147	18	April 2006
130	27	April 2005

Source: Focus Property Intelligence, January 2011

*Data not available

- 5.39 It is evident that retailer requirements have over halved since a peak of 147 in 2006 to 70 in 2010, although this is generally consistent with national trends and reflective of the recent recession. The centre's rank position has also decreased over the same period from 17th to 31st which would suggest that the centre is not performing as well, relative to other major centres. Notwithstanding the marginal fall in rank, 31st remains a strong ranking position.
- 5.40 In January 2011, we identified 29 retail requirements for Southampton city centre including 20 comparison retailers including Nokia, Bose, GUL, Warren James, Charles Clinkard, Weird Fish and Virgin Media), two convenience retailers (Millies Cookies and Greggs) and seven service operators (including Oporto, Headmasters, Yoko Garraspa and Trailfinders). In total, retailers require between 2,866 sqm and 4,362 sqm of retail floorspace in Southampton (Table 5.4).

Table 5.4: Southampton Retailer Requirements

Retail Category	No. of Units	Min. Floorspace (sqm gross)	Max. Floorspace (sqm gross)
Convenience	2	98	158
Comparison	20	2,188	2,926
Service	7	580	1,278
TOTAL	29	2,866	4,362

Source: Focus Property Intelligence, January 2011

Retail Rents and Yields

- 5.41 The level of rent which retailers are prepared to pay for retail space within a centre is an indication of the perceived strength of a centre (although factors such as the availability of floorspace have an impact on rental value). In 2009, Prime Zone A retail rents in Southampton were at the same level as 2006.
- 5.42 Table 5.5 illustrates that since 2000, rents in Southampton have gradually increased up to a peak in 2007 / 2008 of £4,037. The recent downfall in the economy is likely to have contributed to the 6.69% fall in Prime Zone A Rents between 2008 and 2009. As demonstrated by Table 5.5, other centres in the wider sub-region have also experienced a fall in Prime A rents. Despite such a fall, Southampton is still achieving significantly higher rental levels than Portsmouth, Winchester and Salisbury.

Table 5.5: Prime Zone A Rents in Southampton (£ per sqm)

Centre	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
S'hampton	£2,530	£2,422	£2,422	£2,691	£3,229	£3,498	£3,767	£4,037	£4,037	£3,767
Portsmouth	£1,722	£1,615	£1,668	£1,722	£1,884	£1,883	£1,937	£2,045	£2,045	£1,722
Winchester	£1,292	£1,292	£1,399	£1,453	£1,453	£1,453	£1,614	£1,668	£1,722	£1,614
Salisbury	£1,076	£1,076	£1,076	£1,184	£1,184	£1,291	£1,345	£1,399	£1,399	£1,291

Source: Colliers CRE, 2009

- 5.43 The commercial yield on non-domestic property is an indication of the confidence of investors in the long term profitability of the town centre. The yield on property investment represents the return (in the form of rent) on capital to an investor. As property investments do not usually produce a fixed income (i.e. rents are reviewed according to market conditions, and the terms of the property's lease), the greater the prospect of future rental growth, the lower the initial yield which an investor would be prepared to accept. Conversely, a higher yield reflects the lower expectation of future rental growth prospects. Yields are therefore an indicator of expectations of the general economic prospects for a town centre.
- 5.44 Valuation Office data highlights that yields in Southampton have decreased from 5% in 2002 to 4.5% in July 2008. This suggests that despite the economic instability, Southampton has managed to maintain and increase investor confidence over the period between 2002 and 2008 and the 4.5% yield is lower in comparison to other competing centres in the immediate area (e.g. Portsmouth - 5.5%, Winchester – 5% and Salisbury – 5.75%).

Accessibility

- 5.45 Southampton is located on the south coast and benefits from good accessibility from the M3 and M27 motorways which provide good links between the Portsmouth to the east and Winchester and Basingstoke to the north. By car, Winchester is a 20 minute drive away and Portsmouth is a 30 minute drive. The city is only approximately 75 miles drive from London.
- 5.46 Southampton train station is situated to the north west of the city centre, approximately a ten minute walk to West Quay Shopping Centre. The main pedestrian route between the station and the city centre weaves through the retail warehouse parks in the west of the centre and is not clearly signposted. We consider that there is potential to improve

signage to and from the train station. From Southampton Central train station there are regular trains to Portsmouth, London (Waterloo and Victoria), Cardiff, Manchester, Weymouth and Poole.

- 5.47 Bus services connect the city centre to other centres in Southampton including Shirley, Portswood, Woolston and Bitterne. Nightbus Services operate between the city centre and the district and local centres including Chandlers Ford, Eastleigh, Botley, Hedge End, Totton, Bitterne and Lord's Hill.
- 5.48 Southampton International Airport is located in the north of the city and is easily accessible by train, with its own station at Southampton Parkway. Flights are available from the airport to UK and European destinations.

Environmental Quality

- 5.49 As outlined above the quality of environment varies across the city centre. West Quay Shopping Centre provides a very high quality, modern shopping environment which is attractive and well maintained. Remains of historic city walls are scattered throughout the centre and add character to the overall environment. The traditional shopping streets of Above Bar Street and High Street provides more traditional style buildings, which generally sit well together.
- 5.50 The retail warehouse units in the west of the centre are modern and well maintained. In the peripheral areas of the centre (north Above Bar Street, south High Street and East Street) there is considerable scope to improve the quality of shop fronts. Bargate and East Street shopping centres are two areas of obvious concern. Both centres have high vacancy rates and are poorly maintained and neglected.
- 5.51 There is evidence of investment in the streetscape, particularly along the pedestrianised parts of Above Bar Street and High Street. These improvements are part of a major Council investment in the city centre public realm know as the 'QE2 mile'. Pavements are wide and generally well-maintained throughout, although there are areas where improvements could be made (for example East Street). The city centre does not seem to have any particular problem in terms of litter or graffiti.

Customer Views and Behaviour

5.52 The household telephone survey undertaken in January 2011 provides an in-sight into customer views of the city centre. The key findings of the surveys are outlined below:

- 24% of telephone survey respondents most often visit Southampton city centre for day out shopping, compared to 14% that most often visit Portsmouth. The centre's attraction as a 'day out' destination is also reinforced by the frequency in which they decide to visit. The survey indicates that just 2% respondents visit everyday, whilst 10% visit once a fortnight; 19% once a month and 19% once every 3 months.
- Telephone survey respondents gave positive feedback in relation to the city centre's good range of chain stores and independent stores, the compact layout and the indoor shopping malls.
- The telephone survey identifies key dislikes of Southampton relate to difficulties parking and traffic congestion, poor lighting, the centre being too busy, a lack of character and the quality of the city centre environment.
- Respondents to the telephone survey suggested they would be more likely to shop or visit Southampton more often if there was cheaper or easier parking, improved layout of the centre and making it easier to get around on foot and more independent shops.

Development Opportunities and Commitments

5.53 The Southampton City Centre Action Plan Issues and Options draft (2007) outlines a number of potential development opportunity sites in the city centre. Key sites which offer the potential for the development of main town centre uses (retail, cultural and leisure) include existing retail areas and a significant expansion area to the west of the city centre, the Major Development Quarter.

5.54 Development sites 1 and 2 relate to the Bargate, Debenhams and East Street Shopping Area. The options for the redevelopment of the site include the redevelopment of the Bargate shopping centre to restore the historic city walls and create a niche upper market retail offer. There are redevelopment opportunities to accommodate an anchor store and links to St Mary's which is currently blocked by the East Street Shopping Centre. As the retail focus of the city centre shifts westwards, there is the opportunity for the East Street shopping centre to be redeveloped for mixed use, possibly including a foodstore.

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- 5.55 In the north of the city centre, development sites 3, 4 and 5 are located at the Marlands and Above Bar Street. The CCAP issues and options, also identifies opportunities to link to the Major Development Quarter and create a key entrance point to the north of the Marlands shopping centre. High rise development may be suited to this location.
- 5.56 The Major Development Quarter extends from Southampton Central rail station in the north to Southern Road and Solent Road in the west and Herbert Walker Avenue in the south. The main vision for the quarter is to redevelop the currently low density buildings and promote more intensive, higher quality, buildings, streets and spaces. If needed further retail space should be located close to the existing primary shopping area, subject to the sequential approach in accordance with PPS4. Leisure and offices uses will be located further outwards, with the potential to include some residential development. The quarter will be developed in phases, with consideration for the overall area.
- 5.57 More specifically, sites 6-11 are designated as West Quay 3 or Watermark West Quay. The sites are allocated in the Local Plan Review for a mix of uses including retail, food and drink, offices, residential and leisure (including a multi-purpose sports / leisure facility, ice rink and potentially a casino). Several sites within this area are at an advanced stage of planning (see paragraph 5.60 below). Links to Bargate can be improved between this new mixed use area through the redevelopment of blocks 10 and 11.
- 5.58 At West Quay Retail Park and surrounding sites, 12, 13, 15 and 16 could also form part of an extension to the primary shopping area. This includes the potential redevelopment of the Asda site. The Ikea also discussed in the CCAP issues and options, has already been developed and opened in 2009.
- 5.59 Site 17 is located to the west of West Quay Road and is currently occupied by the City Industrial Park and Leisure World complex. The options document identifies the site as potential for the development of an office quarter.
- 5.60 Existing development commitments in Southampton city centre are outlined below:
- At Northern Above Bar there is an application pending for the redevelopment of the Former Tyrell and Green Building for the development of a Cultural Quarter with new arts facilities alongside residential units.
 - At Watermark West Quay, outline planning permission was obtained in February 2010 for the mixed use development of the site between Harbour Parade and Portland
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Terrace, to the south of West Quay Shopping Centre. This application has also been known as West Quay 3. The redevelopment site is 3.94 hectares and includes extensions to the West Quay Shopping Centre of a maximum of 34,700 sqm (Classes A1, A2 and A3), hotel, residential and cinema. The site has been divided into six development zones, each with distinct uses. These include the cinema; the residential tower; the retail block; the retail extension; the Plaza and; the Park. We understand that construction has started on an adjacent hotel development, but work has yet to commence on Watermark West Quay.

Summary

- Our analysis of Southampton indicates that, at present, the centre is performing well in relation to a number of the PPS4 town centre health check indicators although there is clearly scope for the centre to further enhance overall provision and to maintain its competitiveness in the sub-region.
- Southampton city centre is dominated by multiple retailers and could enhance its current offer by attracting high quality independent retailers. The centre has a very strong comparison retail offer, but the convenience and service offer could be enhanced to complement this.
- Southampton also has a reasonably high level of vacant units, although those are generally small in scale and constrained and tend to be clustered in problem areas such as Bargates and East Street shopping centres. These areas are however, recognised for their development potential by the CCAP Issues and Options paper (2007).
- Despite the recent economic difficulties, prime rents and yields in Southampton have remained strong. Retail requirements in the centre have decreased, although this may be partly attributed to the effects of the recession which has affected retailing in centres across the country and is therefore not solely an issue isolated to Southampton.
- Over the LDF period Southampton has significant opportunity to further enhance and broaden its retail offer, particularly with opportunities to expand the primary shopping area into the Major Development Quarter. This will have to be carefully managed to ensure that existing problems areas, e.g. Bargates and East Street shopping centres are also carefully managed in response to any shift in activity.

6. Eastleigh Town Centre Health Check

- 6.1 In this section we present up-to-date qualitative health check analysis of Eastleigh town centre. As with Southampton, our health check assessment has been carried out in line with the Town Centre Health Check Indicators set out in PPS4 which measure the vitality and viability of the centre. Our findings are set out below.

Diversity of Uses

- 6.2 Eastleigh town centre is relatively compact with the main retail provision located on Market Street, Leigh Road, High Street and the Swan Centre, a managed shopping centre to the south of the town.
- 6.3 The Experian Goad survey of Eastleigh town centre (March 2010) identifies a total of 55,742 sqm of ground floorspace for retail trade and services, across 220 units. This information is drawn from the most recent 'category report' produced by Experian Goad which provides a detailed breakdown of uses within the following categories: convenience, comparison, service (including retail services, leisure services and financial and business services) and vacant.
- 6.4 Table 6.1 below highlights the composition of Eastleigh town centre's retail and service offer by the number of units, compared to the average of all UK centres.

6.1 Eastleigh Town Centre Retail Composition by Number of Units

Retail Category	No. of Units	% of Total	UK Average (%)	Variance
Convenience	15	6.82	8.75	-1.93
Comparison	80	36.36	33.60	2.76
Service	96	43.64	46.00	-2.37
Vacant	29	13.18	11.64	1.54
TOTAL	220	100	100	-

Source: Experian Goad Category Report, March 2010

- 6.5 It is apparent that Eastleigh has a reasonably good mix of retail uses which, in unit terms, are more or less in line with the national average. The overall number of convenience retail units is marginally below average, however this masks the fact that two of these units

are occupied by supermarkets (Sainsbury's and Tesco Metro) which in themselves offer a good range of convenience products. There is also an Iceland foodstore amongst other small-scale convenience provision.

- 6.6 The Sainsbury's located on Leigh Road / Upper Market Street is the largest foodstore in the town. The store opened in 2005 and has a net sales area of c.1,932 sqm, with 12 standard checkouts and 6 self service. The store's offer includes a bakery, pharmacy, deli and butcher counter, and we estimate that the store also comprises approximately 5% comparison goods floorspace. Car parking is available to the rear of the store (approximately 80 spaces), as well as car parking above the foodstore itself (approximately 200 spaces).
- 6.7 The Tesco Metro is a smaller supermarket (net sales area c.1,382 sqm) located in the Swan Centre, which opened in 1989. The Tesco Metro offer includes a bakery, and a hot and cold delicatessen. The Iceland supermarket is of a much smaller scale again and located on the High Street. The store also opened in 1989 and has a net sales area of c.489 sqm.
- 6.8 Closer analysis reveals that Eastleigh has a reasonable variety of other convenience outlets including butchers, confectionary, tobacco and news, greengrocers and health food shops. Our site visit also found that a new delicatessen has also opened on the High Street since the Experian survey in March 2010. The centre's convenience offer is further enhanced by a local market held on Leigh Road, which is held on Thursdays and Saturdays and offers a wide variety of goods, including fruit and vegetables and butchers. This is not taken into account in Experian's analysis.
- 6.9 Reflecting our analysis above, in floorspace terms (see Table 6.2), the centre comprises above average convenience goods floorspace, which is largely attributable to the large supermarkets.

6.2 Eastleigh Town Centre Retail Composition by Floorspace (sqm gross)

Retail Category	Floorspace (sqm)	% of Total	UK Average (%)	Variance
Convenience	10,758	19.30	14.50	4.80
Comparison	17,113	30.70	37.15	-6.45
Service	20,950	37.58	38.55	-0.97
Vacant	6,921	12.42	9.80	2.61
TOTAL	55,742	100	100	-

Source: Experian Goad Category Report, March 2010

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- 6.10 Overall in terms of unit count, comparison retail provision in Eastleigh is above average (+2.76%), however in terms of floorspace the level of comparison retail provision is below average (-6.45%) reflecting the predominantly small scale of individual units. Areas within Eastleigh with a strong comparison goods offer are the Swan Centre and Market Street.
- 6.11 The centre has a reasonable variety of comparison retailers on offer. There is particularly good representation from retailers selling electrical goods, hardware and household goods, stationers and telephones and accessories. There is a noticeable concentration of charity shops in the town, the majority of which are located in the High Street.
- 6.12 There are several women's clothing retailers, however the number of men's clothing retailers is below average. There is no representation from comparison retailers specialising in the sale of antiques, music, DIY, cycles and accessories, carpets and vehicle sales, although this is generally consistent with the current scale and function of the centre.
- 6.13 Service uses in Eastleigh represent the majority of retail and service units (96 units), although this is still below average (-2.37%). The majority of service units are located on the High Street which offers a number of restaurants, takeaways and hairdressers. Financial and business services have a good representation in Eastleigh, with above average representation of financial services, property services (estate agents) and retail banks. There is good provision of retail services such as travel agents and opticians but limited provision of health and beauty salons and dry cleaners.
- 6.14 In terms of leisure services, Eastleigh benefits from a new leisure development on the east of the Swan Centre. The development opened in 2009, and offers a wide range of leisure facilities including a 20 lane AMF Bowling Alley and a nine screen Vue Cinema, alongside a variety of restaurants. There are several multiple restaurant operators trading from the leisure development including Nandos, Frankie and Bennys, Prezzo and Coffee Republic. The quality of the leisure development is high and is likely to serve as a key attractor to the town centre, providing a pleasant environment during the day and evening.
- 6.15 Overall, Eastleigh offers reasonable provision of leisure facilities, including The Point theatre/arts centre, particularly for a town of its size. There is below average representation of fast food takeaways, although this is considered a positive indicator as a high presence of such uses can be detrimental to a centre's vitality. Overall retail
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provision could be better enhanced and there is potential for additional restaurant and café facilities to occupy the remaining vacant units in the new leisure development.

Retailer Representation

- 6.16 The presence of multiple retailers in a centre can enhance the appeal of that centre although a strong independent sector is also important to add to the overall diversity of the retail offer. In March 2010, Experian identified 125 multiple retailers and 66 independent retailers in Eastleigh town centre. Multiple retailers represent 57% of all units whilst independents represent 30% of all units; and the remaining 13% are vacant.
- 6.17 Multiple comparison retailers account for the highest proportion of multiple retailers in the town centre with 70% of all comparison units occupied by multiple retailers. Key multiple retailers in the town include TK Maxx, Peacocks, Savers, Argos, Burton, QS, Poundland, Superdrug, New Look, Dorothy Perkins and Robert Dyas. The main convenience provision is through chain supermarkets, Sainsbury's, Tesco and Iceland. Independent retailers have the strongest representation in service units (39% of total units). In particular there are a high number of independent restaurants and hairdressers.

Vacant Retail Property

- 6.18 As outlined in tables 5.6 and 5.7 above, the number of vacant units in Eastleigh is 1.54% above the national average, with approximately 13% of all retail and service units in the centre vacant. The amount of vacant floorspace in the centre is also above average, representing approximately 12% of total floorspace in the town.
- 6.19 There appears to be no obvious clusters of vacant units or problem areas in the town although there are slightly more vacant units distributed along High Street (six units in total) than in any part of the centre. Our site visit found that three units in the new leisure development identified as vacant by Goad in March 2010 are now occupied by new operators including Prezzo, Coffee Republic and the Loft bar. This suggests that the new, modern accommodation in Eastleigh has been successful in attracting some new operators to the centre. There are however still some vacant units in the complex which are yet to be taken up.
- 6.20 Closer analysis of the existing stock of vacant units indicates that the majority (50%) are relatively small in scale (<100 sqm gross). Approximately 30% of vacant units range

between 110-140 sqm gross; whilst just 20% range between 240-620 sqm gross. The largest vacant units (c.620 sqm gross) is situated in the new leisure development.

Retailer Requirements

- 6.21 Table 6.3 below sets out the number of retailer requirements for Eastleigh, together with the relative movement in its rank order, over the period 2005 - 2010. Retailer requirements in Eastleigh have fallen by 30 from a peak of 36 in 2006 to 6 in 2010. The town's rank position has dramatically fallen over the same period from 227th to 626th.
- 6.22 The number of retailer requirements have decreased nationally due to the recession, and reflecting this the number of recorded requirements in 2010 are at the lowest recorded level since 2005. However, these figures suggest that Eastleigh has been struggling to continue to attract new retailers to the town and indicates that Eastleigh is not performing as well, relative to other centres.

Table 6.3: Eastleigh ranking of Retailer Requirements

No. of Requirements	Ranking (1 st highest)	Date
6	626	January 2010
11	322	April 2009
-	-	April 2008*
35	236	April 2007
36	227	April 2006
27	272	April 2005

Source: Focus Property Intelligence, January 2011

*Data not available

- 6.23 In January 2011, we identified 3 retail requirements for Eastleigh. These include an unidentified retailer requiring between 186 sqm and 372 sqm, 3 Mobile and Keygrove Chartered Surveyors (both with undisclosed unit size requirements).

Retail Rents and Yields

- 6.24 In 2009, Prime Zone A retail rents in Eastleigh had fallen to levels previously achieved in 2003. Table 6.4 below shows that since 2000 rents in Eastleigh had increased from £484 to a peak of £699.7 in 2007/2008. The recent downfall in the economy is likely to have significantly contributed to the 23% fall in Prime Zone A Rents between 2008 and 2009.

Table 6.4: Prime Zone A Rents in Eastleigh (per sqm)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
£484	£484	£538	£538	£592	£592	£646.8	£699	£699	£538

Source: Colliers CRE, 2009

- 6.25 Valuation Office data indicates that yields in Eastleigh decreased from 7.5% in 2002 to 7% in 2007, before rising again slightly to 7.25% in July 2008. This suggests that despite the economic instability, Eastleigh has managed to maintain investor confidence over the period between 2002 and 2007, but that this confidence faltered slightly in 2008. The 7.25% yield is of a similar level in comparison to other competing centres, of a similar scale and function.

Accessibility

- 6.26 Eastleigh is situated to the north of Southampton and the south of Winchester and the town has good accessibility. The M3 motorway connects Eastleigh to these centres, and by car Southampton and Winchester are approximately a 15 minute drive away. The town is also around 30 minutes drive from Basingstoke, also via the M3.
- 6.27 By rail, Eastleigh has regular connections to the surrounding centres of Southampton, Poole, Portsmouth, Romsey, Salisbury and Brighton. There are also two train services per hour to London Waterloo. Eastleigh train station is well situated in relation to the town centre, only a couple of minutes walk away. Signage to and from the station is good.
- 6.28 There is a bus station directly next to Sainsbury's supermarket providing local buses. Bus services connect Eastleigh to the centres of Southampton, Portswood, Swaythling, Fair Oak, Romsey, Bishops Waltham and Winchester.
- 6.29 Eastleigh town centre is also in close proximity to Southampton International Airport, which is one train stop away from the station at Southampton Parkway.

Environmental Quality

- 6.30 The environmental quality in Eastleigh is generally good. The centre displays some characteristics of a market town, especially on Thursdays and Saturdays when the street market is held along Leigh Road. The pedestrian section of Leigh Road is attractive and benefits from good quality paving.

- 6.31 The traditional shopping streets of Market Street and High Street are generally well maintained and the wide pavements create a pleasant shopping environment. Glass roof shelters extend from some buildings to cover sections of the pavement and provide cover from inclement weather. Shopfronts on these streets are of varying quality.
- 6.32 The Swan Centre offers the highest quality shopping environment in the town which is clearly well maintained. The more recent leisure development in the east of the Swan Centre further enhances the quality of the street scene here, with a distinctive external curving staircase providing access to the restaurants, bowling alley and cinema. There do not appear to be any obvious problems with litter or graffiti in any part of the centre.

Customer Views and Behaviour

- 6.33 The household telephone surveys undertaken in January 2011 provide an in-sight into customer views of the town centre. The key findings of the surveys are outlined below:
- Telephone survey respondents gave positive feedback in relation to the town centre's good range of chain and independent stores, the compact layout, good/free parking, the indoor shopping malls, attractive shopping environment, the leisure facilities and the markets.
 - The telephone survey identifies key dislikes of Eastleigh relate to the length and inconvenience of the journey to the town centre, the lack of non-food stores, difficulties parking, lack of independent shops and the poor quality of the environment.
 - Respondents to the telephone survey suggested they would be more likely to shop or visit Eastleigh more often if there were more non-food stores and more department stores, cheaper and easier parking, more independent and unusual shops and more higher end stores.

Development Opportunities and Commitments

- 6.34 We are not aware of any major retail development commitments in Eastleigh which have planning permission. However, there is an identified potential opportunity site for additional retail provision on the Barton Park site, previously highlighted in Section 2.
- 6.35 Barton Park is a large industrial estate to the east of the train station and is divided into two parts (east and west) by a Public Safety Zone for Southampton Airport, in which no new

buildings are likely to be permitted. The western side of the site is primarily edge-of-centre and this area has been previously identified in the Retail Study Update (2008) as the closest site to the town centre capable of accommodating additional retail development (subject to the development of a high quality pedestrian link across the railway).

- 6.36 The potential for retail uses at the site has been previously assessed in the Eastleigh Retail Study Update (2008). The Study considered the implications for Eastleigh town centre, of a food/non-food superstore development alongside town centre format comparison shops on the site. As highlighted in section 2, the findings indicate that there would only be sufficient convenience goods expenditure to support a new foodstore if one of the existing main food stores (Sainsbury's or Tesco) were to relocate out of the town centre to operate the new store. In terms of comparison retail, the 2008 study identified insufficient capacity to support substantial town centre redevelopment (in place of the re-located foodstore) and new comparison goods retail floorspace at Barton Park in the period up to 2016.

Summary

- Our analysis of Eastleigh indicates that, at present, the centre is performing reasonably well in relation to a number of the PPS4 town centre health check indicators.
- Eastleigh has a reasonably good mix of convenience, comparison and services units which is considered consistent for a centre of Eastleigh's scale and function. There is also a good mix of multiple and independent retailers which adds to overall diversity of the town centre's shopping offer.
- The centre has a particularly strong convenience shopping offer with two supermarket anchors located either end of the main shopping streets. Other small-scale provision and the twice-weekly local market complement the centre's main foodstore offer.
- The centre's overall vacancy rate is marginally above the national average, although there are no obvious concentrations of vacant units which could pose a development opportunity. Our analysis indicates that the majority of available units are generally small in scale and are unlikely to be suitable to accommodate modern comparison retailer requirements. There are also some vacant units in the new leisure development, which offer larger more modern accommodation. The fact that these have yet to be occupied, would suggest that market demand for floorspace in

Eastleigh is currently low. This is consistent with the few retailer requirements identified for the centre.

- It is also apparent that Eastleigh has struggled to remain competitive during the recession, and as a result the number of retailer requirements and level of prime rents have decreased and yields have increased.
- There are aspirations to further enhance retail provision in the town centre and the potential opportunity for retail development to the east of the town centre on the Barton Park site has been previously explored. We consider the potential opportunities for the town centre, taking into account our latest capacity forecasts, in more detail later.

7. Other Shopping Provision

- 7.1 As part of our assessment we have also broadly reviewed other shopping provision in both Southampton and Eastleigh, specifically in relation to convenience goods. In terms of comparison goods, we have also reviewed out-of-centre retail warehouse provision in the Boroughs.
- 7.2 As highlighted in Section 2, and illustrated on Plan 2, there is a network of town and district centres beneath Southampton city centre and Eastleigh town centre. In Southampton, Shirley town centre is identified below the city centre, but above the four district centres of Portswood, Bitterne, Woolston and Lordshill. In Eastleigh, there are two district centres: the Fryern Centre, Chandler's Ford and Hedge End.
- 7.3 These centres vary in terms of their size and range of retail offer, however they all benefit from at least one foodstore which contributes towards serving the convenience shopping needs of their respective catchment areas. It is not within the scope of this study to assess the overall health of these centres or to assess comparison shopping provision within these centres. Instead, we focus on the current convenience goods provision within these centres which is summarised below and illustrated on Plan 4.
- **Shirley Town Centre** – anchored by a c.3,685 sqm net Sainsbury's on Redcar Street. Other convenience goods provision includes a Co-op, Tesco Express, Iceland and Lidl.
 - **Portswood District Centre** – anchored by a c.1,633 sqm net Waitrose store. Other provision includes a Co-op amongst other local, independent stores. There are also proposals for a new Sainsbury's to be developed as part of a retail-led mixed use scheme on the bus depot site immediately to the north of the centre.
 - **Bitterne District Centre** – located towards the south-east of Southampton, Bitterne is anchored by Sainsbury's although the retailer currently operates out of two large units in the centre. The c.1,994 sqm net store on Bitterne Road, is predominantly dedicated to the sale of convenience goods, whilst the store on West End Road sells predominantly comparison goods.
 - **Woolston District Centre** – Woolston is the smallest district centres in Southampton and is currently served by two Co-op stores. The larger of the two Co-op stores is located on the corner of Obelisk Road and comprises c.1,144 sqm net. The centre will soon

benefit from a further new foodstore (c. 2,574 sqm net) being delivered as part of the residential led mixed use development of the former Vosper site at the edge of the centre, known as Centenary Quay.

- **Lordshill District Centre** – located towards the north of Southampton, Lordshill is anchored by a large Sainsbury's foodstore comprising c.4,187 sqm net. Aside from a newsagent, there is no other convenience goods (and little other retail) provision in the centre. Sainsbury's have recently extended and refurbished their store. However the wider environment of the centre is characterised by a '1970s style' design dominated by car parking / access roads, with poor pedestrian public realm, and poor integration with surrounding communities. The Council have appointed David Lock Associates to produce a master plan. They are currently investigating options, with Sainsbury's, to improve the centre. This will include options to expand the scale of retailing in the centre as well as re-providing the community uses to support the District Centre.
- **Fryern Centre, Chandler's Ford District Centre** – Chandler's Ford is anchored by a c.2,135 sqm net Waitrose on Oakmount Road. There is also a c.769 sqm net Co-op foodstore in the Fryern Centre precinct.
- **Hedge End District Centre** – the centre is anchored by a small Co-op foodstore comprising c.641 sqm net and a Budgens store comprising c.718 sqm net.

Out-of-centre Foodstores

7.4 In addition to the above we have also identified five out-of-centre foodstores which are also performing a key function in serving the convenience shopping needs of those living within the survey area. These are as follows:

- **Tesco, Tebourba Way (Southampton)**
- **Sainsbury's, Toll Bar Way, Hedge End (Eastleigh)**
- **M&S Foodhall, Toll Bar Way, Hedge End (Eastleigh)**
- **Tesco Extra, Bursledon (Eastleigh)**
- **Asda, Bournemouth Road (Eastleigh)**

7.5 The location of these stores is also illustrated on Plan 4.

Retail Warehouse Provision

- 7.6 Retail warehouse provision is broadly distributed across Southampton and Eastleigh with noticeable concentrations in Southampton City Centre and at Hedge End in Eastleigh, as illustrated on Plan 5.
- 7.7 In Southampton City Centre, there are two retail parks: West Quay and Mountbatten, a standalone Toys R US and Ikea, as discussed in section 5. Outside the City Centre there are two concentrations of retail warehousing:
- **Millbrook Road** is located next to the Millbrook flyover, at the junction between the A3024 and the A35 Tebourba Way. There are two retail warehouse units occupied by Homebase and Comet.
 - Other retail warehouse provision is located on **Winchester Road**, to the north east of Shirley. There are five retail warehouse units here, occupied by Halfords, Currys, Pets at Home, The Range and Wickes.
- 7.8 Retail warehouse provision in Eastleigh is predominantly located around Hedge End and Junction 7 of the M27, where there are approximately 18 retail warehouse units which include retailers such as B&Q, M&S, Wickes, Currys, Homebase and PC World amongst others. A full list of retailers is provided in Table 21, Appendix 6.
- 7.9 In addition to Hedge End, there are two other retail parks in Eastleigh:
- **Channon Retail Park** is located off Woodside Avenue to the west of Eastleigh town centre. The Retail Park comprises four units occupied by Halfords, Comet, Pets at Home, Matalan. There is also a B&Q on the opposite side of Woodside Avenue.
 - **Chestnut Avenue Retail Park** is located to the south of Chandler's Ford district centre, in close proximity to the Asda on Bournemouth Road. The retail park comprises three units occupied by Homebase, Dreams and Nevada Bob.
- 7.10 There is also a standalone retail warehouse unit located on School Lane, again close to Chandler's Ford District Centre, which is occupied by Peter Green.
- 7.11 Plans 8 and 9 illustrate the influence of retail warehouse provision across the survey area. It is evident that retail parks in Eastleigh draw from a wide catchment and benefit from a particularly strong market share in Zones 14, 16-18 and 20-22. Retail Warehouse provision
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in Southampton appears less influential however this does not take into account the draw from the City Centre retail parks as these have been combined with the City Centre's overall trade draw, as discussed in more detail in the following section.

Summary

- There are several smaller centres in Southampton and Eastleigh which are serving the more local, day to day needs of local residents in their catchments areas. The majority of these centres are anchored by large local stores, e.g. Sainsbury's and Waitrose. Although others offer smaller scale provision, e.g. Co-op in Hedge End and Woolston.
- There are two key new foodstore developments coming forward in Woolston and Portswood, alongside large scale residential development, which will further contribute towards meeting local needs in these areas.
- There is considered to be reasonable provision of retail warehousing across both Boroughs. In Southampton, provision is predominantly focused within the city centre. In Eastleigh, there is a notable concentration at Hedge End which has a relatively strong influence over shopping patterns across the Borough and the wider area.

8. Quantitative Methodology & Data Inputs

8.1 We have used a conventional and widely accepted step by step methodology, consistent with best practice, which draws upon the results of the household telephone survey of existing shopping patterns to model the existing flow of available expenditure to Southampton and Eastleigh's key centres and identified out-of-centre retail provision. In order to develop the baseline position, we have:

- Calculated the total amount of convenience and comparison goods expenditure which is available within the postcode areas comprising the Southampton and Eastleigh survey area;
- Allocated the available expenditure to the convenience and comparison goods shopping destinations, based on the household telephone survey of shopping patterns, so as to provide estimates of current sales and forecasts of future sales;
- Compared the total expenditure attracted to each shopping destination with current retail floorspace to assess sales densities in each shopping destination.

8.2 Building on the baseline position, we have explored the capacity for further convenience and comparison goods retail floorspace within Southampton and Eastleigh. In addition to the baseline projections, we have also tested two scenarios based on alternative population projections over the plan period. This is discussed in more detail below.

Data Inputs

Survey Area and Household Survey

8.3 In order to provide detailed factual information on shopping patterns in Southampton and Eastleigh, we commissioned a new household telephone survey covering 2,600 households. GVA designed the survey questionnaire in consultation with the Councils and NEMS Market Research Company – who undertook interviewing and data processing in January 2011. The survey area, shown on Plan 1, is broken down into 28 zones. Whilst there is some degree of overlap between zone boundaries and the local authority boundaries, Zones 1-5, 8 and 15-17 broadly relate to Southampton and Zones 13-14 and 18-23 broadly relate to Eastleigh.

- 8.4 The survey results identify shopping habits of households for both convenience and comparison goods. Where necessary, the survey results have been re-based to remove certain responses, such as "internet", to ensure consistency with categories excluded in the expenditure projections. For convenience goods, the household telephone survey included questions on main food and top up food shopping. The results of the two types of food expenditure were then merged through the application of a weight, which reflects the estimated proportion of expenditure accounted for by each type.
- 8.5 For food we used a 75%/25% food/top-up food weighting. This forms a composite pattern of convenience spending, expressed as a market share for each destination centre or foodstore for each survey Zone. The survey also includes five questions on specific comparison goods types, which coincides with Experian Business Strategies definitions of comparison goods expenditure. The retail modelling exercise uses the weighted averages of the household survey responses for each goods type based on the proportion of per capita spend on that goods type. This process establishes pattern of residents spending for each Zone in terms of the following types of goods:
- clothing and footwear;
 - furniture, floor coverings and household textiles;
 - DIY and decorating supplies;
 - domestic and small electrical appliances (tv, hi-fi, radio, etc);
 - personal goods (jewellery, glassware, books, stationary, gardening, pet related products, recreational and sporting goods).

Estimates of Population

- 8.6 The baseline population estimates and forecasts were drawn from the Experian e-marketer in-house system. This provides estimates of population based on trendline projections and the 2001 census for small, localised areas. A further adjustment has been made to Eastleigh's baseline projections to better reflect variations in anticipated growth across the Borough.
- 8.7 Overall, the baseline population of the survey area within Zones 1-28 is currently 1,106,352. This is forecast to increase to 1,151,725 by 2016, to 1,203,340 by 2021 and 1,256,000 by 2026. This equates to an overall growth of 13.5% across the whole survey area.

Population Scenarios

- 8.8 In addition to the baseline, we have tested alternative population scenarios which take into account lower levels of anticipated growth in Southampton and variations in planned housing development in Eastleigh.
- 8.9 For Southampton, Experian's population projections are higher than those used in the previous 2005/6 Study. Arup have looked in more detail at Southampton's population figures as part of their work on the Council's infrastructure study and whilst slightly lower, Arup's forecasts broadly support Experian's figures rather than DTZs. We have therefore applied Arup's marginally lower forecasts as a sensitivity test.
- 8.10 The scenarios are as follows:
- **Scenario 1** – Baseline figures for Southampton (Zones 1-5, 8 and 15-17) reduced by 0.1% at 2011; 1.5% at 2016; 3.5% at 2021 and 5.3% at 2026 to reflect growth forecasts prepared by Arup. Baseline figures for Eastleigh (Zones 13-14 and 18-23) with development focussed on the Hedge End area (Zone 21)
 - **Scenario 2** – Baseline figures for Southampton (Zones 1-5, 8 and 15-17) reduced by 0.1% at 2011; 1.5% at 2016; 3.5% at 2021 and 5.3% at 2026 to reflect growth forecasts prepared by Arup (no change from Scenario 1). Baseline figures for Eastleigh (Zones 13-14 and 18-23) with development focussed on the Eastleigh area (Zone 23).
- 8.11 The detailed breakdown of population by zone under each scenario is provided in Table 1, Appendices 4, 5, 7 and 8.

Available Expenditure in the Survey Area

- 8.12 The Experian e-marketer system provides estimates of the per capita expenditure for convenience and comparison goods in 2009 prices. We have made deductions for special forms of trading (SFT) which represent expenditure not available to spend in the shops, i.e. internet and catalogue shopping based on the most up to date information provided by Experian. The respective deductions assumed for convenience and comparison goods are set out in Table 2 in Appendices 3-8. We have applied individual per capita expenditure figures across each survey Zone to provide a more detailed understanding of available expenditure in different parts of the catchment area.

- 8.13 As explained in Section 3, we have applied growth rates for comparison goods of 0.4% for the period 2009 to 2010; 1.2% for the period 2010 to 2011; 2.9% pa from 2011 to 2016; and 3.7% pa from 2016 onwards. For convenience goods we use growth rates of 0.3% between 2009 and 2010; 0% between 2010 and 2011; 0.6% pa from 2011 to 2016; and 0.7% pa from 2016 onwards. These growth rates are based on the latest economic forecasts published by Pitney Bowes (Retail Expenditure Guide 2010/11) and Experian Business Strategies (Retail Planner 8.1). Where there are difference between Experian and Pitney Bowes, an average of their forecasts has been adopted.
- 8.14 We expect more growth will take place on comparison goods as opposed to convenience goods as the scope to purchase more food is more limited than the scope to purchase non-food goods. These assumptions take into account current economic circumstances and the recession and demonstrate the levels of growth expected as a consequence over the period to 2026.
- 8.15 Taking these considerations into account, we have generated expenditure by Zone to highlight variations across the survey area and grown them accordingly to 2016, 2021, and 2026; 5 year forecasting periods as required by PPS4. Table 3, Appendix 3, applies per capita expenditure within each Zone to baseline population forecasts, which indicates that total available convenience goods expenditure within the survey area is currently £1,994m. This is forecast to growth to £2,116m by 2016; to £2,284m by 2021; and to 2,460m by 2026. This equates to an overall growth of £465m (23%) between 2011 and 2026 (Table 3, Appendix 3)
- 8.16 Table 3, Appendix 6, sets out the total available comparison goods expenditure within the survey area by again applying per capita expenditure within each Zone to the baseline population forecasts. This indicates that total available expenditure within the survey area is currently £2,963m. This is forecast to grow to £3,487m by 2016; to £4,368m by 2021; and to £5,465m by 2026. This equates to an overall growth of £2,502m (84%) between 2011 and 2026.

Floorspace Data

- 8.17 The comparison and convenience floorspace data used in our modelling has been drawn from a range of data sources including the Institute of Grocery Distribution (IGD), Southampton City Council, Eastleigh Borough Council, the Trevor Woods retail warehouse database and Experian Goad town centre category reports. Our floorspace assumptions

for the foodstores include, where appropriate, an adjustment to identify the proportion of purely convenience goods floorspace. Most superstores include a proportion of non-food floorspace; we have adjusted the net floorspace to identify the proportion of sales space allocated for convenience goods. These accords with the expenditure data and the expenditure assumptions used.

9. Convenience Goods Capacity Forecasts

- 9.1 In this section we estimate the current performance of convenience retail provision in Southampton and Eastleigh as the basis for forecasting the need for additional convenience goods floorspace to the period 2026, incorporating the interim years of 2016 and 2021. The capacity tables accompanying this assessment are attached in Appendices 3-5.

Convenience Goods Shopping Patterns

- 9.2 Addressing the city, town and district centres and out-of-centre provision across Southampton and Eastleigh in turn, we have reviewed shopping patterns and the performance of existing convenience goods floorspace. Using the composite market shares derived from the household telephone survey and baseline expenditure estimates, we have calculated the convenience goods turnover of the main convenience provision in the two Boroughs.
- 9.3 The analysis reviews the performance of the main foodstores identified by the household telephone survey, by comparing each with sales based upon estimates of company average. The survey can underestimate the turnover of single stores on the basis that they may not be the regular destination for main food shopping but instead receive a large number of shoppers who visit infrequently for which would not be identified by the survey. For example, M&S and Waitrose in particular, tend to be understated. In these circumstances individual forecasts should be treated with caution, and wherever possible should be corroborated by other sources.
- 9.4 Overall the combined turnover of identified convenience goods provision²¹ across Southampton and Eastleigh is approximately £609.6m which equates to 31% of turnover generated within the whole survey area. Within their respective administrative boundaries, Southampton retains c.56% of expenditure generated within Zones 1-5, 8 and 15-17; whilst Eastleigh retains c.76% of convenience goods expenditure generated within

the Borough (Zones 13-14 and 18-23). Taking into account cross-border flows i.e. expenditure generated within Southampton's zones which is spent in stores in Eastleigh Borough and visa versa, we estimate that existing stores within the Boroughs achieve a combined retention of 75% across Zones 1-5, 8 and 13-23. This is a very strong level of retention.

- 9.5 A more detailed discussion of individual centres/convenience stores is set out below. The individual trade draw patterns for each centre is provided in Appendix 3 (Tables 4-15 and 18-23).

Southampton City Centre

- 9.6 In total we estimate that the convenience stores in Southampton City Centre have a current turnover in the region of £37.4m which is significantly below our estimate based on company average (c.£68.9m). Our analysis indicates that the Asda adjacent to the Marlands Centre is not performing particularly well. We estimate that the store has a turnover in the region of £20.7m which is less than half our estimate based on company average (£44.2m).
- 9.7 Based on our observations, the store is relatively dated by modern standards and does not benefit from very good visibility from the road network or particularly good integration with the town centre. However, the store was busy at the time of our site visit and is well-placed to serve the top-up shopping needs of students and office workers in the surrounding area. In view of this, we believe that the store's top-up/basket shopping role has not been fully captured by the household survey and therefore the survey-derived turnover is likely to be understated.
- 9.8 Other convenience stores in the City Centre are generally smaller in scale and include the M&S foodhall in West Quay, the Tesco Express and Lidl on High Street and several Co-op convenience stores located across the centre. We estimate that these stores have a combined turnover in the region of £16.7m which, again, is below our estimate based on company average (£19m). However, again, it is likely that the household survey has

²¹ Listed in Tables 32 and 33, Appendix 3. There will be additional spend going to local stores in the area which has not been factored into our assessment.

underestimated the performance of these stores, particularly as they are likely to be performing more of a top-up food shopping role as opposed to a regular main-food shopping function. Other factors such as workforce and visitor spend are also likely to contribute to the overall turnover of these stores.

- 9.9 Tables 4 and 5 in Appendix 3 set out the city centre's market share allocation which indicates that the centre core catchment generally comprises Zone 1 and to a lesser degree Zone 3. Table 9.1 highlights the centre's draw in terms of main-food and top-up food shopping within these zones.

Table 9.1: Southampton City Centre Convenience Goods Trade Draw – Core Catchment

	Zone 1	Zone 3
Main-Food	47.9%	9.5%
Top-up	50.7%	8.6%
Combined Market Share	48.6%	9.3%

Source: Table 4, Appendix 3

- 9.10 Evidently, existing provision within the city centre is performing an important role in Zone 1 in terms of both main-food and top-up food shopping. The centre's main food shopping function is largely attributable to the Asda at the Marlands centre which attracts 33% of main-food shopping trade in Zone 1.
- 9.11 Other identified convenience stores in the centre (e.g. M&S, West Quay and Lidl, High Street) attract the remaining 14.9% of main-food shopping spend in the centre, indicating a degree leakage of main-food shopping spend (52.1%) to other destinations. This is considered somewhat unusual for a centre of Southampton's status but may be reflective of the rather limited main foodstore provision in the centre and the fact that the Asda at the Marlands is somewhat dated and unappealing as a main-food shopping destination.
- 9.12 The centre's overall influence within Zone 3 is more limited although this reflects the proximity of competing provision, notably within Shirley town centre as well as the out-of-centre Tesco at Tebourba Way.

Shirley Town Centre

- 9.13 We estimate that convenience stores in Shirley Town Centre have a combined turnover of £51.9m. This is largely attributable to the Sainsbury's on Redcar Street which is trading very

well with an estimated turnover of approximately £39.2m. This is significantly above our estimate based on company average sales (c.£27.2m). The Lidl on Church End is also performing above expectations, with an estimated turnover of £4.5m.

- 9.14 Other stores in the town centre, which includes a Tesco Express, Iceland and Co-op do not appear to be trading as well, although given that these stores are likely to be predominantly performing a top-up food shopping function, it is possible that the household survey has underestimated the performance of these smaller stores.
- 9.15 In addition to the foodstores listed above, there is a range of smaller, specialist foodstores (e.g. greengrocer, butcher, baker etc.) which also contribute to the centre's overall convenience offer. It is not within the scope of this Study to identify and assess the turnover of these smaller stores, but we acknowledge that they will also contribute towards the overall turnover and performance of the centre. This point is also relevant to other district centres, assessed below, with the exception of Lordshill.
- 9.16 Tables 6 and 7 in Appendix 3 set out Shirley's market share allocation which indicates that the centre's core catchment comprises Zones 2 and 3, and to a lesser degree Zone 5.
- 9.17 Table 9.2 highlights the centre's draw in terms of main-food and top-up food shopping within its core catchment. Evidently the centre is clearly performing a vital role, serving both main-food and top-up shopping needs of its core catchment.

Table 9.2: Shirley Town Centre Convenience Goods Trade Draw – Core Catchment

	Zone 2	Zone 3	Zone 5
Main-Food	40.4%	41.0%	20.3%
Top-up	62.5%	60.0%	26.2%
Combined Market Share	45.9%	45.8%	21.8%

Source: Table 6, Appendix 3

Lordshill District Centre

- 9.18 Lordshill District Centre has an estimated turnover of £38.8m which is entirely attributable to the Sainsbury's store. This is a good performance and indicates that the store is trading marginally above our estimate based on company average (£37.8m).
- 9.19 Closer analysis indicates that the centre is drawing the majority of its trade from Zones 5, 6 and 7. Table 9.3 highlights the centre's draw in terms of main-food and top-up food

shopping within these Zones. The centre achieves the highest market share in Zone 7 (its location Zone) where it is evidently serving both a main-food and top-up shopping function. The centre also achieves a high market share in Zone 6, which is largely attributable to main-food shopping and to a lesser degree, top-up food shopping.

Table 9.3: Lordshill District Centre Convenience Goods Trade Draw – Core Catchment

	Zone 5	Zone 6	Zone 7
Main-Food	18.1%	52.0%	69.8%
Top-up	18.4%	17.4%	63.6%
Combined Market Share	18.2%	43.4%	68.3%

Source: Table 8, Appendix 3

- 9.20 Reflecting the location of Zone 5, between Lordshill and Shirley town centre, there is a degree of overlap between the core catchments of the two centres. Notwithstanding this, Lordshill is clearly contributing towards serving main-food and top-up shopping needs of those residing within this zone.

Portswood District Centre

- 9.21 Portswood District Centre has an estimated turnover of £47.3m which is significantly above our estimate based on company average (£28.2m). This is largely attributable to the Waitrose on Portswood Road which is exceeding expectations with an estimated turnover in the region on £36.9m compared to our estimate based on company average (£17.5m). Other stores in the centre, which include a Co-op, Iceland and Farmfoods, are generally performing in line with expectations.
- 9.22 As we would expect, the centre achieves the highest market share within its location zone, Zone 4. The centre also achieves a reasonable market share in Zone 8.
- 9.23 Table 9.4 highlights the centre's draw in terms of main-food and top-up food shopping within these zones. Evidently the centre is clearly performing a core function in terms of both main-food and top-up food shopping within its immediate catchment.

Table 9.4: Portswood District Centre Convenience Goods Trade Draw – Core Catchment

	Zone 4	Zone 8
Main-Food	49.5%	12.5%
Top-up	55.6%	26.6%
Combined Market Share	51.0%	16.0%

Source: Table 10, Appendix 3

Bitterne District Centre

- 9.24 Bitterne District Centre has an estimated turnover of £39.4m which again exceeds expectations compared to our estimated based on company average turnover - £28.1m. Again, this is predominantly attributed to the Sainsbury's on Bitterne Road which has an estimated turnover of £34.8m – a strong performance. The household survey indicates that the store is drawing the majority of its turnover from Zones 15 (20%), 16 (26%) and 17 (10%) although its influence across other zones is generally more limited.
- 9.25 Table 9.5 highlights the combined trade draw of convenience goods provision within the district centre and its role in terms of both main-food and top-up food shopping within its core catchment.

Table 9.5: Bitterne District Centre Convenience Goods Trade Draw – Core Catchment

	Zone 15	Zone 16	Zone 17
Main-Food	25.8%	26.1%	14.4%
Top-up	18.8%	32.5%	1.6%
Combined Market Share	24.1%	27.7%	11.2%

Source: Table 12, Appendix 3

- 9.26 Evidently the centre is performing a key role in respect of both main-food and top-up food shopping within Zones 15 and 16. The centre also draws a proportion of trade from Zone 17, although this is largely for main-food shopping. This could suggest there is currently a lack of suitable main-food shopping provision in Zone 17.

Woolston District Centre

- 9.27 Woolston District Centre has an estimated turnover of £11.1m which is almost entirely attributed to the Co-op on Obelisk Road. Based on the company average we estimate that the Co-op should have a turnover in the region of £11m so in this respect the store is

trading in line with expectations. Other smaller-scale provision in the centre however does not appear to be performing as well with an estimated turnover of £0.2m based on the survey results.

- 9.28 As we would expect, the centre is currently drawing the majority of its trade from its location zone, Zone 17. As highlighted by Table 9.6, the centre is evidently performing an important top-up food shopping role for both Zones 16 and 17 although its attraction in terms of main-food shopping is more limited, particularly given the proximity of the Sainsbury's in Bitterne and the out-of-centre Tesco at Bursledon which both attract main-food shopping trade from Zone 17. It is likely that the provision of the new foodstore at Centenary Quay will claw back some of these main food shopping trips to Woolston, which will in turn increase the centre's market share.

Table 9.6: Woolston District Centre Convenience Goods Trade Draw – Core Catchment

	Zone 16	Zone 17
Main-Food	4.5%	14.4%
Top-up	10.4%	34.9%
Combined Market Share	6.0%	19.5%

Source: Table 14, Appendix 3

Eastleigh Town Centre

- 9.29 Based on the results of the household survey we estimate that the convenience stores in Eastleigh Town Centre have a turnover in the region of £48.8m. Our analysis indicates that the Sainsbury's on Leigh Road is performing broadly in line with expectations with an estimated turnover of £23.7m compared to our estimate based on company average (£23.6m). The Tesco in the Swan Centre is also performing well with an estimated turnover of £21.1m which exceeds our estimate based on company average (£17.7m).
- 9.30 The results of the household survey indicate that the centre is largely drawing trade from Zones 14 and 23, and to a lesser degree, from Zone 13.
- 9.31 Table 9.7 sets out the centre's overall convenience goods market share in these zones and the trade draw in terms of main-food and top-up food shopping.

Table 9.7: Eastleigh Town Centre Convenience Goods Trade Draw – Core Catchment

	Zone 13	Zone 14	Zone 23
Main-Food	19.4%	58.9%	37.5%
Top-up	10.9%	77.9%	23.8%
Combined Market Share	17.3%	63.7%	34.1%

Source: Table 18, Appendix 3

- 9.32 Our analysis indicates that the centre is performing an important role in respect of both main-food and top-up food shopping within Zones 14 and 23. It is also attracting a reasonable proportion of main-food shopping trips from Zone 13, although its overall influence in this zone is more limited given the proximity of competing provision at Chandler's Ford and the out-of-centre Asda on Bournemouth Road.

Fryern Centre, Chandler's Ford District Centre

- 9.33 Fryern Centre, Chandler's Ford District Centre has an estimated convenience goods turnover of £29.5m which is a strong performance. The main convenience goods provision in the centre is the Waitrose on Oakmount Road which we estimate is currently turning over c.£21.1m. This is considered a good performance and only marginally below company average (£22.8m). The Co-op on Winchester Road is also performing well with an estimated turnover of £7.7m compared to £7.4m based on company average.
- 9.34 The household survey results indicate that these stores are largely drawing trade from Zones 9 and 13. Table 9.8 sets out the centre's overall convenience goods market share in these zones and the trade draw in terms of main-food and top-up food shopping.
- 9.35 Evidently the centre is currently serving both main-food and top-up food shopping needs within its core catchment. The centre does however compete with other nearby provision, notably the out-of-centre Asda on Bournemouth Road.

Table 9.8: Chandler's Ford Convenience Goods Trade Draw – Core Catchment

	Zone 9	Zone 13
Main-Food	22.3%	27.3%
Top-up	30.4%	56.1%
Combined Market Share	24.3%	34.5%

Source: Table 20, Appendix 3

Hedge End District Centre

- 9.36 Hedge End District Centre has an estimated convenience goods turnover of c.15.8m which is a strong performance compared to our estimate based on company average - £13.2m. The main convenience provision in the centre is the Co-op (formally Somerfield) on Lower Northam Road which has an estimated turnover of £12.8m which is almost double its company average (£6.2m). Table 9.9 highlights the centre's trade draw from its core catchment – Zones 20 and 21.

Table 9.9: Hedge End District Centre Convenience Goods Trade Draw – Core Catchment

	Zone 20	Zone 21
Main-Food	17.4%	15.5%
Top-up	70.2%	33.3%
Combined Market Share	30.6%	20.0%

Source: Table 22, Appendix 3

- 9.37 As we would expect, the centre is currently drawing the majority of its trade from its location zone, Zone 20. The centre is evidently performing an important top-up food shopping role for both Zones 20 and 21 although its attraction in terms of main-food shopping is more limited, particularly given the proximity of the out-of-centre Sainsbury's off Tollbar Way.

Out-of-centre Convenience Stores

- 9.38 Our analysis of the household telephone survey has identified the trade draw and catchment areas of the principal out-of-centre foodstores in Southampton and Eastleigh:

Tesco, Tebourba Way

- 9.39 The Tesco foodstore situated off Tebourba Way is the only large out-of-centre foodstore located within Southampton City's administrative area. We estimate that the store currently has a turnover of approximately £39.8m, which equates to 14% of the combined turnover of the out-of-centre foodstores (£289.5m).
- 9.40 Based on this turnover, and with a net convenience goods sales area of 3,609 sqm, the sales density of the store is approximately £13,005 per sqm net. This sales density is lower than the level based on Tesco's company average sales density (£13,510 per sqm net), and indicates that the store is performing below company expectations.

- 9.41 However we understand that there is a Certificate of Lawfulness (ref: 07/00220/LDCE/1552) which allows the installation of a 1,957 sqm gross mezzanine floor in the existing store. Based on our understanding of how Tesco utilise mezzanine floorspace we would anticipate that the additional floorspace would, in the most part, be used for the sale of non-food items and complementary uses such as a café.
- 9.42 This has therefore not been factored in as a commitment as part of our convenience capacity forecast. Clearly, however the installation of the mezzanine floorspace is likely to increase the store's overall attraction and could therefore increase its market share.

Sainsbury's & M&S, Tollbar Way

- 9.43 The Sainsbury's and M&S stores are situated in Hedge End Park which is adjacent to Junction 7 of the M27 and within the administrative boundary of Eastleigh Borough Council. Hedge End Park is a relatively modern retail complex with a vast area of free car parking. Within the immediate surroundings there are several retail parks which complement the foodstore offer.
- 9.44 The Sainsbury's store comprises c.4,763 sqm net convenience retail floorspace and an estimated convenience goods turnover of approximately £81.1m which equates to 28% of the combined turnover of the out-of-centre foodstores (£289.5m). This suggests a very strong performance in comparison with the estimated company average (£61.5m). The household survey indicates that the store's core catchment comprises Zones 20-23, from which it draws c.52% of its turnover. However, its overall influence extends well beyond this as demonstrated by Table 24, Appendix 3.
- 9.45 The M&S Foodhall situated within the M&S store adjacent to the Sainsbury's is less influential and according to the household survey is not performing to expectation with a more modest turnover of approximately £2.6m. However, for reasons stated previously, it is possible that the survey has under-stated the overall performance of this store as it appeared to be busy and performing well at the time of our site visit.

Tesco, Bursledon

- 9.46 The Tesco Extra in Bursledon is the largest out-of-centre store in Eastleigh. Situated off Hamble Lane in the south of the Borough the store is in close proximity to Junction 8 of the M27. The store is also situated very close to the border between Southampton and Eastleigh.

- 9.47 Based on the results of the household survey, we estimate that the store has a current turnover of £84.7m, which equates to 29% of the combined turnover of the out-of-centre foodstores (£289.5m).
- 9.48 Based on this turnover, and with a net convenience goods sales area of 4,948 sqm, the sales density of the store is approximately £17,109 per sqm net. This sales density is much higher than our estimate based on Tesco's company average sales density (£13,510 per sqm net), and indicates that the store is performing significantly better than company expectations. Closer analysis indicates that this store has a strong core catchment comprising Zones 15-18 and 24 from which it draws 89% of its trade.

Asda, Bournemouth Road

- 9.49 The Asda store off Bournemouth Road is situated towards the northern parts of Eastleigh Borough, within relatively close proximity to Chandler's Ford district centre. The store comprises c.4,841 which is similar in scale to the Tesco Extra at Bursledon.
- 9.50 We estimate that the Asda has a current turnover of approximately £81.2m, which equates to 28% of the combined turnover of the out-of-centre foodstores in Southampton and Eastleigh. This is a strong performance compared to our estimate based on company average, £72.3m. Closer analysis indicates that the store has a relatively extensive influence and draws trade from across most of the survey area (with the only exception of Zones 19 and 28). As we would expect, the store has a noticeably stronger influence over its immediate catchment with a market share of 48% in Zone 9 (its location Zone).

Baseline Convenience Goods Capacity Forecasts

- 9.51 We have examined the capacity for further convenience goods floorspace for Southampton and Eastleigh up to 2026, incorporating the interim years of 2016 and 2021. It is important to note that capacity forecasts become increasingly open to margins of error over time and should be updated over the LDF period – ideally every 5 years.
- 9.52 In accordance with the Councils' brief, we have assessed capacity for additional convenience goods provision within the following areas:
- Southampton City Centre;
 - Eastleigh Town Centre;
 - Southampton West (comprising the district centres of Lordshill, Shirley and Portswood);

- Southampton East (comprising the district centres of Bitterne and Woolston);
- Eastleigh North (comprising Fryern Centre, Chandler's Ford district centre); and
- Eastleigh South (comprising Hedge End district centre).

9.53 In order to ensure our capacity forecasts are as up to date and robust as possible we have taken into account any new convenience goods developments already coming forward in the identified sub-areas as a result of existing planning permissions. In terms of the convenience commitments we have considered, they include the following schemes provided by the Councils:

- New retail floorspace at 165 St Mary Street, Southampton City Centre (186 sqm net);
- New foodstore and unit shops at the former Vosper site, Woolston (Southampton East) (2,574 sqm net); and
- Redevelopment of Portswood Road bus depot for a new Sainsbury's foodstore (Southampton West) (3,539 sqm net).

9.54 These convenience retail commitments have a combined convenience goods floorspace of 6,299 sqm net. We have estimated the turnover of each commitment which is then removed from the residual expenditure identified in the capacity modelling for the relevant sub-area.

9.55 In order to translate residual convenience good expenditure into floorspace we have assumed that mainstream foodstore operators would aim to achieve an average sales density of approximately £10,000 per sqm net. As is our normal practice, we have not prepared low and high sales density capacity forecasts; rather we have focussed on the capacity available to support main foodstores. If smaller operators and discounters came forward the amount of capacity would be greater as they achieve a lower sales density. For example, Lidl currently have a sales density of £2,987 per sqm.

9.56 Table 9.10 illustrates the convenience goods capacity identified in each sub-area based on constant market shares and taking into account the commitments identified above. We have also identified 'Other' capacity arising within Southampton and Eastleigh based on the performance of the out-of-centre stores, many of which are currently overtrading. This is a residual capacity figure and where possible, should be redirected towards existing centres in the first instance.

Table 9.10: Baseline Capacity Forecasts for Convenience Goods (sqm net)*

Centre / Sub Area	2016	2021	2026
Southampton City Centre	53	339	630
Southampton East	-3,757	-2,751	-1,721
Southampton West	-3,328	-3,025	-2,668
<i>Southampton 'Other'</i> (See Note A)	240	577	937
TOTAL Southampton	-6,792	-4,860	-2,822
Eastleigh Town Centre	243	516	787
Eastleigh North	117	265	401
Eastleigh South	42	105	177
<i>Eastleigh 'Other'</i> (See Note A)	1,303	3,153	5,136
TOTAL Eastleigh	1,705	4,039	6,502

Source: Tables 35-40, Appendix 3 *(2011 base date)

Note A: Forecast does not allow for any improvement in sales efficiency of out-of-centre floorspace.

- 9.57 Our analysis has identified a notional oversupply of convenience goods floorspace in Southampton East and Southampton West. However, this reflects the scale of existing commitments, specifically the new foodstore developments, coming forward in Woolston and Portswood, and does not take into account the potential for these new stores to increase market share through claw back of trade currently going elsewhere.
- 9.58 Furthermore, whilst the above capacity forecasts are presented on a Borough by Borough basis it should be recognised that neither is a closed system and to a degree the identified surplus capacity arising in Eastleigh could be met by new foodstore provision in Southampton.
- 9.59 We have broadly examined the likely trade draw patterns of the new foodstore developments coming forward in Woolston and Portswood.
- 9.60 The development of a 2,574 sqm net modern foodstore in Woolston will significantly enhance the centre's convenience goods offer, particularly in terms of main-food shopping. Based on existing shopping patterns within the centre's core catchment (Zones 16 and 17), we anticipate that that the new store will attract those residents within the catchment area who are currently travelling further afield (e.g. to Tesco Extra, Bursledon,

Sainsbury's, Tollbar Way and Sainsbury's Bitterne) to satisfy their main food shopping needs.

- 9.61 Based on our analysis we believe there is potential for the new store to increase the centre's overall market share in Zone 16 from 6% to 26%; and in Zone 17 from 19.5% to 66%. By way of claw back, we would expect the new store to divert significant proportion of trade currently drawn to the out-of-centre Tesco Extra, Bursledon and, to a lesser degree, the Sainsbury's Tollbar Way. We would also anticipate a degree of claw back from existing stores in Bitterne, Portswood and Shirley, although not sufficient to adversely impact on these centres.
- 9.62 In Portswood, the development of a 3,539 sqm net Sainsbury's store will add to the centre's current convenience shopping offer which includes a Waitrose. Based on our analysis of existing shopping patterns we would anticipate that the new store would help capture those residents within the centre's core catchment (Zones 4 and 8) who are currently choosing travel to other foodstores situated further afield (e.g. Asda, Bournemouth Road and Tesco, Tebourba Way).
- 9.63 Based on our analysis we believe that the new store will increase trade retention in the area and reinforce its market share in the centre's core catchment area, particularly in Zone 4. We estimate that, by way of claw back, the new store could potentially increase Portswood's market share in Zone 4 from 51% to 76%; and in Zone 8 from 16% to 45%.
- 9.64 We estimate that majority of trade to support the new store will be diverted from existing out-of centre stores (e.g. Asda, Bournemouth Road; Tesco, Tebourba Way; Sainsbury's Tollbar Way; and Tesco, Bursledon). We would also anticipate a degree of claw back from existing stores in Shirley, Bitterne, Chandler's Ford and also existing store's within Portswood, although not sufficient to result in a adverse impact on the vitality and viability of these centres.
- 9.65 The anticipated effects of the new stores in Woolston and Portswood on existing shopping patterns and current market shares will affect the distribution of capacity arising over the plan period. Table 9.11 below provides a revised set of capacity figures based on notional changes in market share as a result of the new foodstore developments in Woolston and Portswood.

Table 9.11: Revised Capacity Forecasts for Convenience Goods (sqm net)*

Centre / Sub Area	2016	2021	2026
Southampton City Centre	10	295	587
Southampton East	215	724	1,310
Southampton West	48	1,300	2,557
<i>Southampton 'Other'</i> (See Note A)	-400	-119	174
TOTAL Southampton (See Note B)	-127	2,201	4,628
Eastleigh Town Centre	230	553	882
Eastleigh North	71	260	452
Eastleigh South	42	105	177
<i>Eastleigh 'Other'</i> (See Note A)	-4,637	-3,067	-1,392
TOTAL Eastleigh (See Note B)	-4,295	-2,150	119

Source: Tables 35-40, Appendix 3 *(2011 base date)

Note A: Forecast does not allow for any improvement in sales efficiency of out-of-centre floorspace.

Note B: There are variations in the total amount of capacity identified in Tables 9.10 and 9.11. This is due to variations in available expenditure across the survey area and our assumption in respect of Note A.

- 9.66 On the basis that new foodstore developments in Woolston and Portswood will draw expenditure back into existing centres, in contrast to the baseline forecasts presented in Table 9.10, we estimate greater notional capacity arising 'in-centre' and less capacity arising in 'Other' locations. The revised forecasts in Table 9.11 present a much more balanced distribution of 'in-centre' capacity and negative capacity to support new floorspace in out-of-centre locations.
- 9.67 The planned foodstore developments in Woolston and Portswood will enhance the overall convenience offer and improve the degree to which these centres meet the needs of their catchments. The estimated redistribution of market shares as a result of these developments will support more sustainable shopping patterns and a more balanced network of centres across Southampton and Eastleigh.
- 9.68 Based on the redistribution of market share there is also scope, over the medium-long term, to support additional floorspace in existing centres over and above the proposed stores in Portswood and Woolston. There is also scope for the redevelopment or enhancement of facilities at Lordshill district centre.

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- 9.69 Whilst there is less notional capacity arising in Southampton city centre, this reflects the survey-derived performance of existing stores. As previously highlighted, it is likely that the household survey has underestimated the performance of existing stores in the city centre and therefore the capacity arising in the centre is also likely to be understated.
- 9.70 There is global capacity in Southampton to support new foodstore provision over the medium to long term and there is certainly scope for the city centre to increase its market share, particularly in Zone 1, by way of clawing back trade currently drawn to other centres/stores beyond its catchment. This would, in turn, increase notional capacity to support new convenience floorspace in the centre.
- 9.71 We understand from the Council that there is interest from a number of supermarkets who are keen to secure representation in the city centre. Morrisons has been named as the preferred occupier for a new purpose-built supermarket as part of proposals for the redevelopment of East Street shopping centre – a site identified in our health check as being in need of improvement and a development opportunity. Other medium scale supermarket proposals could also emerge on other development sites in the city centre, e.g. Bargates.
- 9.72 For development control purposes these sites are located within the Primary Shopping Area (PSA) as defined on the proposals map and, in PPS4 terms, are therefore an appropriate location for retail development. In addition to regenerating the sites, such development would enhance the city centre’s main foodstore provision.
- 9.73 Existing main foodstore provision in the city is currently limited to the Asda at the Marlands Centre which, as previously highlighted, is somewhat dated and likely to be performing more of a top-up food shopping function. The introduction of new foodstore provision in the city centre could have the effect of stimulating investment in the Asda store as the retailer responds to growing competition.
- 9.74 Alternatively new foodstore provision could precipitate Asda’s closure if the store does not improve its attraction. In any event, 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.
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- 9.75 Furthermore in the longer term, in line with the potential to increase the city centre's market share, there is likely to be a need for more convenience floorspace overall in the city centre than at present. This will need to be monitored but would be 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. Any edge of centre proposals will be considered further against PPS4 tests.
- 9.76 There is also incremental capacity to support additional convenience goods floorspace in Eastleigh town centre. Given the physical constraints of the town centre and the important role of the existing foodstore anchors, this capacity may be most appropriately accommodated through extensions to the existing stores or small-scale infill developments. This is discussed in more detail in Section 11.

Population Scenario Implications on Capacity

- 9.77 Table 9.12 sets out the capacity forecasts under population scenarios 1 and 2. These forecasts are based on current shopping patterns derived from the household survey and do not reflect any potential redistribution of market shares.

Table 9.12: Capacity Forecasts for Convenience Goods (sqm net) Scenarios 1 & 2*

Centre / Sub Area	2016		2021		2026	
	S1	S2	S1	S2	S1	S2
Southampton City Centre	1	2	204	206	410	412
Southampton East	-3,923	-3,926	-3,183	-3,190	-2,430	-2,438
Southampton West	-3,397	-3,398	-3,203	-3,205	-2,959	-2,962
Southampton 'Other'*	197	197	465	465	752	752
TOTAL Southampton	-7,122	-7,125	-5,717	-5,724	-4,227	-4,236
Eastleigh Town Centre	242	297	513	663	778	1,017
Eastleigh North	114	114	258	258	389	389
Eastleigh South	84	40	215	99	314	168
Eastleigh 'Other'**	1,306	1,235	3,162	2,982	5,023	4,844
TOTAL Eastleigh	1,746	1,686	4,148	4,002	6,504	6,418

Source: Tables 2-7, Appendix 4 and 5 *(2011 base date) **See Note A above.

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- 9.78 Evidently, the lower population growth rates applied to Southampton's zones under both scenarios further reduces available spend with the effect of increasing the notional oversupply of floorspace.
- 9.79 Marginal variations in the level capacity identified within Southampton under Scenarios 1 and 2 also arise as a result of sensitivities relating to population growth within Eastleigh i.e. where existing convenience goods provision in Southampton is currently drawing an element of trade from either Zones 21 or 23 in Eastleigh Borough.
- 9.80 As highlighted previously, the population scenarios tested in Eastleigh's zones (specifically Zones 21 and 23) are geographical as opposed to numerical in the sense of overall population growth. For example, over the period between 2011 and 2026, the overall uplift in population growth from the baseline scenario is identical under both scenarios (c.3,800) however the Zones affected by growth and the periods at which they are affected differ between the two scenarios resulting in marginal variations in identified capacity in the different sub-areas as well as on a global basis.
- 9.81 Under Scenario 1 there is marginally greater capacity arising in Eastleigh South reflecting the focus of 'greenfield' housing growth on Hedge End & Botley (Zone 21). Whereas, under Scenario 2 there is marginally greater capacity generated by Eastleigh town centre and Eastleigh's 'other' provision reflecting the focus of 'greenfield' housing growth on Fair Oak, Bishopstoke & Horton Heath (Zone 23). The Council should take into account the sensitivity of growth on overall capacity and ensure that future convenience goods needs are adequately met in areas of significant housing growth.

Summary

- Our analysis of current convenience shopping patterns indicates that the majority of centres are performing a key role in terms of both main-food and top-up food shopping. Reflecting Southampton city centre's higher order comparison function, its convenience role is more limited and existing main food provision is not performing as well as expected. In contrast Eastleigh town centre is performing very strongly as are the majority of other district centres.
- There is a degree of overlapping catchments between centres although the greatest competition faced is by the out-of-centre foodstores. Particularly those in Eastleigh.

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- Notwithstanding this, there are new developments coming forward on the edge of Woolston and Portswood which will help re-direct trade currently drawn to out-of-centre locations, back into the centres and help support a more balanced network of centres across both Boroughs.
 - Based on current market shares and taking account of existing commitments we have identified a notional oversupply of floorspace in Southampton under the baseline scenario. However, reflecting scope for claw back through the re-diversion of trade back into Woolston and Portswood and the subsequent redistribution of market shares, we anticipate a more balanced distribution of 'in-centre' capacity and negative capacity to support new floorspace in out-of-centre locations.
 - We have not identified quantitative capacity for significant additional convenience goods floorspace in Southampton city centre, although there is scope for the city centre to increase its market share, and hence notional capacity for additional floorspace. There is also a qualitative argument to support new, modern foodstore provision on the basis that existing main foodstore provision (i.e. Asda, Marlands Centre) is somewhat dated and is not fully meeting the main-food shopping needs of its catchment resulting in a reasonable level of leakage to other stores located further afield. There is currently retailer interest in the city centre and opportunities to deliver new, modern foodstore facilities which would increase competition, enhance consumer choice, and support more sustainable shopping patterns.
 - There is also scope for some additional convenience goods floorspace in Eastleigh town centre. However, given the physical constraints of the centre and the important role of the existing foodstore anchors, this may be most appropriately accommodated through extensions to existing stores or small-scale infill developments.
 - Our population scenario testing indicates that, subject to population growth and the focus for new housing, the overall level of capacity forecast could be marginally less than that identified by the baseline analysis. This should be acknowledged in planning for any additional provision, particularly in Eastleigh.

10. Comparison Goods Capacity Forecasts

- 10.1 In this section we estimate the current performance of comparison retail provision in Southampton and Eastleigh as the basis for forecasting the need for additional comparison goods floorspace to the period 2026, incorporating the interim years of 2016 and 2021. The capacity tables accompanying this assessment are attached in Appendices 6-8.

Comparison Goods Shopping Patterns

- 10.2 We have assessed the main comparison goods shopping destinations within the Boroughs, notably Southampton city centre, Eastleigh town centre and the out-of-centre retail provision, by reviewing shopping patterns and the performance of existing comparison goods floorspace. Using the market shares derived from the household survey and the baseline expenditure estimates, we have calculated the comparison goods turnover of Southampton city centre, Eastleigh town centre and the out-of-centre comparison retail floorspace. It is not within the scope of this study to identify or assess the comparison retail performance of the district centres.
- 10.3 The individual centres and key out-of-centre retail destinations are discussed in more detail below. The individual trade draw patterns for each centre / retail destination is provided in Appendix 6 (Tables 4-19).

Southampton City Centre

- 10.4 We have used the results of household telephone survey to estimate the current market share of Southampton city centre (Table 4, Appendix 6). It is evident that the city centre draws from an extensive catchment which covers all zones across the survey area. The city centre's core catchment broadly covers those zones which comprise the City's administrative area, including Zones 1-8, 15 and 17. Within these zones Southampton city centre attracts 42-51% market shares²².

²² Does not include the retail parks or Ikea.

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- 10.5 In its secondary catchment (excluding the outer Zones 24-28), the centre has a market share of between 14%-35%. In the outer zones the centre achieves market shares between 3% (Zone 28 - the Isle of Wight) and 27% (Zone 27).
- 10.6 We have also analysed the trade draw of the West Quay Retail Park and Ikea which, given their proximity to the West Quay Shopping Centre, form a further component of the city centre's overall shopping offer. As demonstrated in Table 6, Appendix 4, the city centre's retail warehouse provision also has an extensive catchment, drawing from all zones across the survey area.
- 10.7 Overall we estimate that the city centre has a comparison goods turnover from the survey area of £605.5m whilst the West Quay Retail Park and Ikea have a combined turnover from the survey area of £377.9m. In total therefore we estimate that, based on the trade draw from the survey area, the city centre has a comparison goods turnover of £983.4 equating to an overall market share of 33.2% across the entire survey area.
- 10.8 Reflecting the city centre's attraction as a regional shopping destination, it is also necessary to factor in a degree of inflow from beyond the survey area. Consistent with the South Hampshire Town Centres: Sub Regional Study (March 2006), we have estimated an inflow of 15% from beyond the survey area. This equates to a total estimated comparison goods turnover of £1,131m.
- 10.9 We estimate that the existing comparison good floorspace in Southampton city centre (including West Quay and Ikea) is currently 114,459 sqm net and based upon the level of turnover identified (including inflow), it therefore has a sales density of £9,880 per sqm. There is no definitive benchmark to indicate whether this may signify that the city centre is over or under trading. However, in our experience the city's estimated sales density is certainly at the upper end of the range we would expect to see for a centre of Southampton's status. This could indicate demand or latent capacity over and above our forecasts (presented below) and scope for new growth to dilute sales without significantly impacting on existing floorspace.
- 10.10 The baseline turnover of Southampton city centre is forecast to increase over the period to 2026 as a result of growth in population and expenditure. Based on a constant market share, we estimated that the turnover of Southampton will increase to £1,331m by 2016; to £1,667m by 2021; and £2,086m by 2026.
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Eastleigh Town Centre

- 10.11 We have identified that the main market share attracted to Eastleigh town centre is derived from the town centre's location zone, Zone 14 (41%) and its adjacent zone, Zone 23 (28%). Eastleigh town centre's secondary catchment includes Zones 9 (13%) and 13 (18%) and to a lesser extent Zones 10 (7%), 20 (7%) and 22 (8%). The centre is generally less influential over other zones across the survey area where it attracts market shares of between 0% - 4%.
- 10.12 Based on the identified pattern of trade drawn from the survey area, we estimate that Eastleigh town centre currently has a turnover of £89m. This baseline turnover is forecast to increase to £104.2m by 2016; to £129.3m by 2021; and to £160.2m by 2026.
- 10.13 We estimate that Eastleigh has a total comparison goods floorspace of 13,001 sqm net. Based upon a turnover of £89m this equates to a sales density of £6,849 sqm net which is considered a good performance for a centre of Eastleigh's scale and retail offer.

Out-of-Centre Retail Provision

- 10.14 We have identified the market share drawn to the main retail warehouse destinations and stand alone units in Southampton City and Eastleigh Borough identified in Section 7 and illustrated on Plan 5.
- 10.15 Based on the survey results the out-of-centre retail warehousing in Southampton (concentrated on Millbrook Road and Winchester Road), has a combined turnover of £61.1m which equates to a market share of 2.1% across the whole survey area. The turnover of these stores generally exceeds expectations based on company averages, which suggests stores are currently trading well.
- 10.16 In Eastleigh, there is particular concentration of retail warehousing at Hedge End in addition to two other retail parks (Channon Retail Park and Chestnut Avenue Retail Park) and a Peter Green furniture store located in the north of the Borough. Based on the survey results, we estimate that out-of-centre retail floorspace in Eastleigh achieves a combined turnover of £271.5m. However, the majority (87%) of this turnover is attributed to the retail warehousing at Hedge End which we estimate has a turnover in the region of £235m. This is very high and clearly exceeds the turnover generated by Eastleigh town centre.

Baseline Comparison Goods Capacity Forecasts

- 10.17 In assessing capacity for future comparison goods floorspace, we have assumed that the efficiency with which existing town centre floorspace is being used will increase over time. Drawing on the latest advice published by Experian and Pitney Bowes, we have assumed an annual growth in existing sales per sqm net of 1.2% between 2011 and 2016; increasing to 2% pa beyond 2016. On the basis that there is no policy protection for out-of-centre floorspace, we have not allowed for any increase in sales efficiency for existing out-of-centre provision within Southampton and Eastleigh. However, that is not to say that out-of-centre provision could not increase its turnover per sqm.
- 10.18 We have also factored in a number of commitments for additional comparison floorspace in Southampton city centre and Eastleigh town centre and at the out-of-centre retail parks which are likely to be delivered over the period to 2026. These commitments include:
- Watermark West Quay, Southampton City Centre (c.18,340 sqm net);
 - New auction building at 20-34 Northam Road, Southampton City Centre (c.786 sqm);
 - Land at 26 Southampton Road, Eastleigh Town Centre (c.111 sqm net); and
 - Installation of a mezzanine floor within the Pets at Home unit, Winchester Road (OOC)
- 10.19 The combined floorspace of commitments in Southampton city centre is 19,126 per sqm. As set out in Table 22, Appendix 6, we estimate that these in-centre commitments could potentially generate a turnover in the region of £118.9m by 2016. There is also a commitment for a mezzanine floorspace in the existing Pets at Home unit on Winchester Road which we estimate could turnover in the region of £0.7m by 2016.
- 10.20 In Eastleigh we estimate that the single commitment identified on Southampton Road could generate a potential turnover in the region of £0.6m by 2016.
- 10.21 Table 10.1 below illustrates the baseline comparison goods capacity for Southampton and Eastleigh. These figures are based on constant market share and take account of the above commitments but do not take into account the utilisation of existing vacant floorspace.

Table 10.1: Baseline Capacity Forecasts for Comparison Goods (sqm net)*

Centre	2016	2021	2026
GLOBAL (Southampton & Eastleigh)	14,758	64,351	122,526
Southampton City Centre	1,837	29,893	61,491
Eastleigh Town Centre	1,723	4,154	6,848
<i>Southampton/Eastleigh 'Other' (see Note C)</i>	<i>11,198</i>	<i>30,304</i>	<i>54,188</i>

Source: Tables 23-24, Appendix 6 *(2011 base date)

Note C: Forecast does not allow for any improvement in sales efficiency of out-of-centre floorspace.

- 10.22 It is evident that even after taking into account the planned extension to the West Quay shopping centre, there is significant surplus capacity arising in Southampton city centre by 2021. This is based on constant market share and therefore does not take into account the potential for the centre's market share to increase over the plan period in response to major planned new developments coming forward. As a broad indication, a scheme comprising 20,000 sqm net comparison goods floorspace with an estimated turnover of c.£120m, could potentially increase the centre's overall market share by 2% in 2026. This would in turn increase notional capacity to support new floorspace in the centre.
- 10.23 There is also a reasonable amount of capacity arising as a result of the performance of the out-of-centre stores in Southampton and Eastleigh. Where possible this capacity should be directed towards existing centres in the first instance, in accordance with PPS4 and the sequential approach. Improvements in sales efficiency of existing out-of-centre provision could also absorb some of this capacity and therefore we do not consider that there is any need to plan for additional out-of-centre retail floorspace.
- 10.24 We have not separately identified bulky/non-bulky goods capacity, however in qualitative terms we consider that there is currently reasonable choice and provision of bulky-goods retail warehousing across both Southampton and Eastleigh. On this basis, there is no apparent need or justification to allocate sites to accommodate additional out-of-centre bulky-goods provision. This does not however preclude future proposals involving additional bulky-goods floorspace from coming forwards. Any such proposal should be judged on its own merits in accordance with PPS4.

- 10.25 As with convenience goods, we have also tested the sensitivity of the baseline comparison capacity forecasts based on the population scenarios 1 and 2. The outcome of our analysis is presented in Table 10.2.
- 10.26 Evidently overall capacity arising in Southampton is marginally reduced under both scenarios reflecting lower rates of anticipated growth across the City's zones. In Eastleigh, we identify marginally higher levels of capacity arising in the town centre under Scenario 2, which reflects the focus of 'greenfield' housing growth on Fair Oak, Bishopstoke & Horton Heath (Zone 23). Under Scenario 1, reflecting the focus of growth in Hedge End and Botley, we identify marginally greater capacity arising over the short-medium term as a result of the enhanced performance of the out-of-centre retail provision in the Borough, notably at Hedge End.

Table 10.2: Capacity Forecasts for Comparison Goods (sqm net) Scenarios 1 & 2*

Centre	2016		2021		2026	
	S1	S2	S1	S2	S1	S2
GLOBAL (Southampton & Eastleigh)	13,912	13,718	62,027	61,462	117,769	117,301
Southampton City Centre	936	892	27,401	27,297	56,940	56,942
Eastleigh Town Centre	1,733	1,853	4,183	4,532	6,862	7,480
<i>Southampton/Eastleigh 'Other' (see Note C above)</i>	<i>11,243</i>	<i>10,973</i>	<i>30,443</i>	<i>29,633</i>	<i>53,967</i>	<i>52,879</i>

Source: Tables 2-4, Appendix 7 and 8 *(2011 base date)

Summary

- Our analysis of market shares highlights the strong performance of Southampton city centre and its extensive influence across the entire survey area. The centre also has a large core catchment, generally comprising the city's administrative area.
- Reflecting its smaller scale and role in the retail hierarchy, Eastleigh has a much lower comparison goods turnover and market share penetration in the survey area. Notwithstanding this the centre has a relatively strong, albeit limited, core catchment comprising Zones 14 and 23.
- Based on the current market shares of Southampton city centre, Eastleigh town centre and the out-of-centre retail provision, and taking into account existing commitments (including West Quay), we have identified global baseline capacity to support 14,758

sqm net additional comparison floorspace by 2016. We project this will increase to approximately 122,526 sqm net by 2026 which is a significant level of capacity.

- Overall capacity in Southampton is reduced under population Scenarios 1 and 2 reflecting the lower population growth rates applied. However, for Eastleigh town centre there is greater capacity arising under Scenario 2, reflecting the focus of population growth in Zone 23. Conversely, under Scenario 1, the consequence of population growth around Hedge End and Botley has the effect of strengthening the performance of out-of-centre retail provision, notably at Hedge End.

11. Conclusions & Recommendations

- 11.1 The main objective of this Study is to provide up-to-date evidence that will support and underpin the Councils' Local Development Framework to the standard required by National Policy. The information contained within this report will also be at the Councils' disposal to assist in the future determination of relevant planning applications. This section brings together the analysis of previous sections and sets out our conclusions and key recommendations.

Policy Context

- 11.2 The Government's key objectives, published in PPS4, require LPAs to set out a strategy for the management and growth of centres over the plan period. Drawing on a sound evidence base, LPAs should identify the need for new floorspace and, where necessary, identify sites to accommodate identified need focussing on existing centres and areas of deprivation. Effective centre strategies should be prepared to bring forward new investment whilst maintaining and enhancing the vitality and viability of the existing network of centres. Any planned extensions to centres should be carefully integrated with the existing centre in terms of design.
- 11.3 At the local level, Southampton's adopted Core Strategy supports the growth of Southampton city centre to create '*a vibrant, high quality regional city centre that is the focus for major retail; tourism; leisure; cultural and office investment*'. The Council's strategy therefore seeks to focus major development within the defined city centre and indicates that development within this area will be informed by a City Centre Action Plan (CCAP). The need for new retail floorspace, based on previous retail studies, is set out in Policy CS1 as a broad guideline to indicate the quantum and phasing of new development to be planned for through the CCAP. This Study provides an updated position on need and capacity for additional retail provision in the city centre.
- 11.4 Outside the city centre, the strategy seeks to maintain the health of the network of town and district centres with specific priorities to improve the range of facilities at Lordshill and to ensure that the Centenary Quay redevelopment complements and enhances Woolston. The strategy seeks to protect existing centres by controlling retail development on the edge of centres and in out-of-centre locations.

- 11.5 The adopted Eastleigh Local Plan Review defines the policy objectives for shopping and the defined network of centres across Eastleigh. The policies in this Plan are increasingly out-of-date and certain development priorities have now been fulfilled. The Council's LDF will replace the Local Plan review as the relevant policy framework to effectively manage anticipated growth and change over the plan period. The purpose of this Study is to provide the Council with the evidence base to inform appropriate policy recommendations for Eastleigh to take forward through their LDF in order to meet the policy requirements of PPS4.

Southampton City Centre

i) Sub-regional positioning

- 11.6 Southampton is clearly the most dominant centre in the survey area, with a current market share of 33%. Relative to other competing centres in the wider sub-region Southampton performs very well in terms of the scale and quality of its retail offer, rents and rank position. Southampton's closest competitor is Portsmouth, although the centre only captures a relatively modest market share of 9% from the survey area.

ii) Current performance

- 11.7 Southampton is currently performing very well in relation to a number of the PPS4 town centre health check indicators although there is still considered scope for the centre to further improve its overall offer to ensure it maintains and enhances its city regional status.
- 11.8 The city centre has already benefitted significantly from the development of the West Quay shopping centre which opened in 2000. The shopping centre provides high quality retail and leisure units and is almost entirely let. Anchored by John Lewis, the shopping centre currently accommodates a number of high-mid range comparison retailers. The comparison-dominated retail offer is complemented by several restaurants and cafes in a dedicated leisure quarter on the 3rd floor. West Quay offers good linkages with the retail parks and Ikea located to the west of the centre and is well-integrated with Above Bar Street which accommodates a broader range of retail and service provision.
- 11.9 In contrast to its comparison shopping function, the centre has a more limited convenience shopping function. There is currently one main foodstore: the Asda at the Marlands Shopping Centre, which is relatively dated and poorly configured by modern

standards. Other provision in the centre is generally small-scale and orientated towards serving local top-up food shopping needs.

- 11.10 Outside of West Quay, Southampton has a relatively high number of vacant units, notably clustered in problem areas such as Bargates and East Street shopping centres. These areas are recognised in the CCAP Issues and Options Paper (2007) as potential development opportunity sites which could facilitate enhance and enlarged retail provision or, in the case of East Street shopping centre, give way to a mix of complementary retail, hotel, office and residential uses.
- 11.11 Despite the recent economic difficulties, prime rents and yields in Southampton city centre have remained strong. The number of registered retail requirements in the centre has fallen, although this may be partly attributed to the effects of the recession which has affected demand across the UK and is not an issue solely isolated to Southampton.
- 11.12 Over the LDF period Southampton has a significant opportunity to enhance and broaden its overall shopping offer. The adopted Core Strategy and CCAP Issues and Option Paper identify scope to expand the existing primary shopping area into the Major Development Quarter (MDQ) to the south and west of the current shopping area. This will have to be carefully managed to ensure that current problems areas at Bargate and East Street shopping centres are carefully planned for and managed to respond to the shift in focus further west.

iii) Quantitative Capacity Forecasts

- 11.13 Based on the performance of existing and committed retail floorspace in the city centre and taking into account projected baseline population and expenditure growth, we have identified limited capacity to support 53 sqm net additional convenience goods floorspace by 2016; increasing to 339 sqm net by 2021; and 630 sqm net by 2026.
- 11.14 This is, to a degree, reflective of a qualitative deficiency in existing main foodstore provision in the city centre which is limited the Asda at the Marlands Shopping Centre. As previously highlighted the store is somewhat dated by modern standards and is not fully meeting the main-food shopping needs of its catchment. Furthermore, our analysis indicates that the Asda and other smaller stores in the centre are not performing well, although we acknowledge that the household survey is likely to have underestimated the overall performance of these stores in terms of basket/top-up food shopping. Other

factors such as workforce and visitor spend are also likely to contribute to the overall turnover of these stores, which will not have been picked up by the household survey.

- 11.15 Given identified deficiencies in provision, we consider there is a qualitative argument to improve the city centre's foodstore offer and increase its overall convenience goods market share. This would, in turn, increase notional capacity to support new convenience floorspace in the centre. We have not undertaken a detail assessment of trade-draw and impact. However, our broad analysis indicates that there is scope, over and above new foodstores in Portswood and Woolston, for the redistribution of market shares to support new foodstore provision in the city centre without undermining the performance of convenience stores in the wider network of centres.
- 11.16 There are opportunities for new foodstores to come forward on sites within the defined PSA which would be appropriate for retail development. The introduction of new foodstore provision would improve choice and competition in the city centre to the benefit of the centre's resident catchment. We cannot rule out the future prospect of the existing Asda store being adversely affected by increased competition. However, competition is not in itself a planning issue and any impact on Asda would most likely be offset by the positive benefits of such development within the PSA. In the long term, given the potential for the city centre to increase its market share, there is likely to be a need for more foodstore provision overall in the city centre than at present.
- 11.17 In the case of comparison goods, we project baseline capacity to support 1,837 sqm net additional floorspace by 2016; increasing to 29,893 sqm net by 2021; and 61,491 sqm net (81,988 sqm gross) by 2026. This is a significant level of capacity over the longer-term and reflects the strong performance of existing provision in the city centre.
- 11.18 There is evident capacity in quantitative terms to support additional retail floorspace in the city centre in line with the objectives of the Core Strategy. Our forecasts take into account the planned extension to the West Quay shopping centre, and the capacity identified above is therefore over and above this development. Our forecasts do not however take into account any uplift in market share which may occur as a result of such a major scheme coming to fruition, which could, in turn, further increase capacity.
- 11.19 Our forecasts for the overall plan period (to 2026) fall short of the comparison retail floorspace planned for in the Core Strategy (130,000 sqm gross). However, on a like for like basis the difference is significantly smaller (taking account of Ikea and Watermark West

Quay). The remaining differences are due to the more conservative expenditure growth rates applied and other factors (e.g. internet, population etc).

- 11.20 Overall, our findings support and reaffirm the Council's strategy to plan for major new retail development in the city centre over the plan period. In accordance with PPS4, the Council should identify an appropriate range of sites to accommodate the identified need.

iv) Development Strategy

- 11.21 The Council has already begun to explore the potential of sites located in the defined city centre to accommodate additional retail floorspace. The adopted Core Strategy sets out broad guidelines as to how much additional comparison retail floorspace can be accommodated within the existing PSA (c.36,292 sqm gross) and, based on previous capacity forecasts, the quantum of comparison floorspace which will be provided outside the PSA.
- 11.22 Based on our baseline forecasts and, assuming that it remains a viable possibility to deliver c.36,292 sqm gross (including the extension to West Quay) within the existing PSA, we identify a surplus need of c.70,586 sqm gross floorspace which, subject to new sites coming forward in the PSA, may need to be delivered outside the PSA²³. The Council will need to keep this under review. However, given the extent of this surplus requirement, it is considered a justified approach to plan for an appropriate expansion to the existing PSA to accommodate identified need.
- 11.23 The current strategy identifies the Major Development Quarter (MDQ) located to the south and east of the existing West Quay shopping centre as an opportunity for city centre expansion. The Council recognises that the first priority for this area should be to provide the retail space which cannot be delivered within the existing PSA. Sites allocated for additional retail floorspace in this area should be located close to the existing PSA to ensure integration with the existing centre.

²³ To avoid double counting the extension to West Quay is not taken into account as a commitment.

- 11.24 The Council should also give consideration to the phasing of new development and where necessary, justify the need for any additional retail floorspace to be delivered in the MDQ, in advance of allocated sites located within the PSA. Where for example, sites located within the PSA are constrained and unlikely to come forward in the short-term.
- 11.25 In our view, it is likely that the new modern retail development in the MDQ will result in a displacement of activity further west. This will have a degree of impact on the existing shopping area, particularly those areas which are already experiencing problems e.g. Bargate and East Street shopping centres. It may be appropriate, subject to viability, to strengthen these areas in advance of major expansion into the MDQ which would help to offset overall impact.

Southampton West (Lordshill, Shirley & Portswood)

- 11.26 The Southampton West sub-area comprises Shirley town centre (Zone 3) and the district centres of Lordshill (Zone 7) and Portswood (Zone 4). These centres each benefit from a large foodstore anchor, (Sainsbury's in Lordshill and Shirley; and Waitrose in Portswood) amongst other smaller-scale provision. Sainsbury's also have a proposal for a new store in Portswood which has been taken into account as a commitment in our capacity forecasts.
- 11.27 These centres are currently performing particularly well in terms of their convenience goods trade draw from across the western part of Southampton and parts of lower Test Valley (Zones 1-8). There is some overlap between catchments, notably between Shirley and Lordshill, which both serve the convenience shopping needs of those living within Zone 5.
- 11.28 Based on current trade draw patterns, these centres generate a combine turnover of £138.1m, which equates to 7% market share across the survey area. Taking into account the performance of existing floorspace and the proposed new superstore on the edge of Portswood, as well as projected growth in population and expenditure, we have not identified any quantitative capacity for additional convenience retail floorspace in these centres over the plan period in our baseline scenario. This is not to say that there may not be potential for the redevelopment of existing stores e.g. Sainsbury's, Lordshill.
- 11.29 Whilst we have identified a notional oversupply of floorspace for the remainder of the plan period to 2026, this does not take into account any potential for Portswood to increase its

market share through claw back following the development of the new Sainsbury's foodstore on the former bus depot towards the north of the centre.

- 11.30 In reality, there is likely to be a degree of trade diversion from existing convenience goods provision in Portswood (e.g. Waitrose) which we have found to be significantly overtrading. This in itself would tend to suggest that there is a qualitative need for additional foodstore provision in the area. There is also reasonable scope for the new store to claw back of trade currently drawn to out-of-centre stores, (notably Asda, Bournemouth Road; Tesco Tebourba Way; and Tesco Bursledon) which is consistent with the core objectives of PPS4.
- 11.31 Given the need for redistribution of capacity from out-of-centre stores to existing centres, we would advise the Councils to continue to resist where possible, the development of further out-of-centre convenience retail floorspace.
- 11.32 Whilst it is not within the scope of this study to assess specific proposals, we understand that there is a Certificate of Lawfulness which allows the installation of a 1,957 sqm gross mezzanine floor in the Tesco at Tebourba Way and it is possible that Tesco may seek to exchange this for an extension to the store. In our view it is likely that any additional floorspace will be used predominantly for the sale of non-food goods. However, if Tesco do wish to extend the store it will be necessary for the applicant to satisfy the relevant tests in PPS4 and demonstrate that it will not lead to any significant adverse impacts on existing centres or recent permissions (e.g. Sainsbury's, Portswood).

Southampton East (Bitterne & Woolston)

- 11.33 The Southampton East sub-area comprises the district centres of Bitterne (Zone 15) and Woolston (Zone 7).
- 11.34 Bitterne is the larger centre of the two and benefits from a Sainsbury's anchor foodstore alongside other smaller scale convenience goods provision such as Iceland. Woolston is the smallest distinct centre in Southampton and its convenience retail offer currently comprises two Co-op convenience stores. The centre is however; set to benefit from the residential-led mixed use development of Centenary Quay, which includes a new 2,574 sqm net foodstore. This has been taken into account as a commitment in our capacity forecasts for the sub-area.

- 11.35 Based on current trade draw patterns, these centres generate a combine turnover of £50.6m, which equates to 2% market share across the survey area. Taking into account the performance of existing floorspace and the proposed new superstore on the edge of Woolston, as well as projected growth in population and expenditure, we have not identified any quantitative capacity for additional convenience retail floorspace in these centres over the plan period in our baseline scenario.
- 11.36 Whilst we have identified a notional oversupply of floorspace for the remainder of the plan period to 2026, this does not take into account any potential for Woolston to increase its market share through claw back following the development of the new foodstore on the former Vosper site towards the edge of the centre. As with Portswood, whilst there is likely to be a degree of trade diversion from existing convenience goods provision in centre (e.g. Co-op) there is also reasonable scope for the new store to claw back trade currently drawn to out-of-centre stores, notably the Tesco Bursledon and Sainsbury's, Tollbar Way.
- 11.37 Given the need for redistribution of capacity from out-of-centre stores to existing centres, we would advise the Councils to continue to resist where possible, the development of further out-of-centre convenience retail floorspace.

Eastleigh Town Centre

i) Sub-regional positioning

- 11.38 We estimate the Eastleigh currently achieves a market share of 3% from the survey area. As we would expect this is significantly lower than Southampton which achieves a market share of 33%, reflecting its higher-order shopping function and sub-regional city centre status.
- 11.39 As well as Southampton, Eastleigh is also affected by the proximity of other higher-order competing centres such as Winchester. As both Southampton and Winchester expand their retail offer and strengthen their role, Eastleigh will face increased competition. It will therefore be important for Eastleigh to seek to enhance its own retail offer in order to at least maintain current market share. In a 'do-nothing' scenario, there is a risk that the town's catchment and market share will be further eroded by growing competition.

ii) Current performance

- 11.40 Our analysis of Eastleigh indicates that, at present, Eastleigh town centre is currently performing reasonably well in relation to a number of the PPS4 health check indicators. The centre offers a relatively good mix of retail and services uses which is considered consistent with a town of its scale and function. There is also a good mix of multiple and independent retailers which adds to the overall diversity of the centre's offer.
- 11.41 The centre has a good convenience shopping offer largely attributed to the Sainsbury's on Leigh Road and the Tesco Metro in the Swan Shopping Centre. Both stores are currently trading well and are considered key attractors to the town centre. The positioning of the stores, either end of the main shopping streets, also supports the propensity for linked trips.
- 11.42 Whilst the centre's overall vacancy rate is marginally above the national average, there are no obvious concentrations of vacant units which detract from the centre or pose a potential development opportunity. Our analysis indicates that the majority of available units are generally small in scale and are unlikely to be suitable to accommodate modern comparison retailer requirements.
- 11.43 There are also some vacant units in the new leisure development, which offer larger more modern accommodation. The fact that these units have yet to be occupied, would suggest that market demand for floorspace in Eastleigh is currently low. This is consistent with the few retailer requirements identified for the centre.
- 11.44 There are aspirations to further enhance retail provision in the town centre and the potential opportunity for retail development to the east of the town centre on the Barton Park site has previously been explored. Based on the strength of competing centres in the wider sub-region and from out-of-centre provision, it will be important for the Council to be proactive in strengthening Eastleigh's role in order to at least maintain current market share, if not enhance it. How this may best be achieved is discussed in more detail below.

iii) Quantitative Capacity Forecasts

- 11.45 Based on the performance of existing and committed retail floorspace in the town centre and taking into account projected baseline population and expenditure growth, we have identified capacity to support 243 sqm net additional convenience goods floorspace by 2016; increasing to 516 sqm net by 2021; and 787 sqm net by 2026. This is a relatively

modest level of capacity which does not suggest any need for further substantial convenience goods provision in the town centre over the plan period. Instead this need is likely to be met through small-scale provision in the centre or extensions to existing stores.

- 11.46 In the case of comparison goods, we project baseline capacity to support 1,723 sqm net additional floorspace by 2016; increasing to 4,154 sqm net by 2021; and 6,848 sqm net by 2026. This is a reasonable level of capacity arising over the plan period and the Council should be proactive in planning for and identifying sites to meet this need in accordance with PPS4

iv) Development Strategy

- 11.47 Eastleigh town centre is relatively constrained in terms of expansion and existing vacant units are not considered sufficient in terms of scale or quality to accommodate the level of identified need. Opportunities for the redevelopment of existing units along Market Street and High Street are likely to be constrained by the complexities of multiple-ownership which will inhibit land assembly. PPS4 encourages local authorities to make full use of planning tools to facilitate development, including CPO. However, in order to achieve this, the Council would need to demonstrate that a scheme is viable and deliverable, particularly in the case of attracting and securing new comparison retailers to the town centre.
- 11.48 In reality, we consider there is likely to be limited scope for significant comparison retail development within the town centre. However, there may be an opportunity for further comparison floorspace to be provided as part of an extension to or redevelopment of existing foodstores in the centre.
- 11.49 We understand from the Council that Tesco has previously turned down an opportunity to extend its store in the Swan Centre. On this basis, it cannot be relied upon for such an extension to be planned for over the plan period. However, there may be an opportunity to extend or redevelop the Sainsbury's store to accommodate some of the identified capacity for both convenience and comparison goods floorspace. Such development would help strengthen the store's attraction as a key anchor and could potentially claw back trade currently leaking to out-of-centre stores in the area e.g. Asda, Bournemouth Road. Such claw back could, through increased propensity for linked trips, also deliver additional benefits to the rest of the town centre.

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- 11.50 As highlighted above, the Council have previously examined the implications of new retail development to the east of the town centre on the Barton Park site. In proximity terms, part of the site could be defined as being 'edge-of-centre'. However, the site lacks integration with the town centre, being physically separated by the railway line, and would require a new, convenient pedestrian route across the railway line to be able to support any propensity for linked trips. In this respect it is a lower priority than redevelopment of the existing town centre foodstores.
- 11.51 Consistent with the findings of the Eastleigh Retail Study Update (2008) we would strongly caution against the development of purely comparison retail floorspace on the Barton Park site as this has potential to displace the current focus of activity and could result in a significant impact on the existing shopping area in the town centre. An alternative option, which was also assessed by the 2008 Study, is for the re-location of either one of the existing foodstores to a new store on the Barton Park site. This would, in turn, release floorspace in the town centre that could be used to accommodate the identified need for additional comparison retail floorspace. However, it would also weaken the town centre by displacing an important anchor to a less central location.
- 11.52 In accordance with PPS4, the Council should be pro-active in their approach to accommodate new retail floorspace within the town centre before less central sites are considered. As highlighted above, there are realistic opportunities to accommodate new retail development within the town centre which should be thoroughly examined in the first instance, before less central sites e.g. Barton Park are considered. Only if town centre redevelopment is demonstrated not to be financially viable, or not practicable for other reasons, should new retail development be pursued at Barton Park.
- 11.53 Given the existing vulnerabilities of the town centre and competition faced by competing centres and out-of-centre provision the Council should consider carefully proposals for additional out-of-centre retail provision which could potentially undermine the vitality and viability of the town centre. In terms of bulky-goods, we have not identified any apparent need for additional bulky-goods provision. However this does not preclude future proposals involving additional bulky-goods floorspace from coming forwards. Any such proposal should be judged on its own merits in accordance with PPS4.
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Eastleigh North (Fryern Centre, Chandler's Ford)

- 11.54 The Eastleigh North sub-area comprises the Fryern Centre, Chandler's Ford district centre.
- 11.55 The Fryern Centre is a small shopping precinct situated on Bournemouth Road and includes a Co-op convenience store. Opposite the precinct, a short walk down Oakmount Road there is also a Waitrose supermarket which anchors the centre and reinforces its overall convenience goods provision.
- 11.56 Based on current trade draw patterns, the centre's convenience stores generate a combined turnover of £29.56m, which equates to 1% market share across the survey area. Taking into account the performance of existing floorspace and projected growth in population and expenditure, we have identified notional capacity to support 117 sqm net additional convenience goods floorspace by 2016; increasing to 265 sqm net by 2021; and to 401 sqm net by 2026.
- 11.57 This is a relatively modest level of surplus capacity which may largely be attributed to the strong performance of the Co-op store and to a lesser extent to the Waitrose which is marginally under trading relative to its company average. Based on current trade-draw patterns and potential for enhanced convenience foodstore provision, this capacity could be redirected towards Eastleigh town centre through claw back of trade from Eastleigh's core catchment (Zone 14).

Eastleigh South (Hedge End)

- 11.58 The Eastleigh North sub-area comprises Hedge End district centre which is situated towards the south of the Borough on the junction between Northam Road and St John's Road. The centre is anchored by a Co-op convenience store alongside other small-scale convenience goods provision. Based on our analysis of the survey results the centre is predominantly performing a local, top-up food shopping function.
- 11.59 Based on current trade draw patterns, the centre's convenience stores generate a combined turnover of £15.8m, which equates to 1% market share across the survey area. Taking into account the performance of existing floorspace and projected growth in population and expenditure, we have identified notional capacity to support 42 sqm net additional convenience goods floorspace by 2016; increasing to 105 sqm net by 2021; and to 117 sqm net by 2026.

- 11.60 Again, this is a relatively modest level of surplus capacity which may largely be attributed to the strong performance of the Co-op store which is performing well above expectations. We would expect this capacity to be met by small-scale extensions to existing provision or changes of use within the existing centre as opposed to the Council planning for any new, purpose-built development.