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North Tyneside Council

Retail and Leisure Study

Executive Summary



December 2011

EXECUTIVE SUMMARY

Introduction

1.1 The purpose of this study is to provide an up-to-date and robust evidence base on retail and leisure needs and also consider needs in the arts, culture and tourism sectors, to inform the emerging Core Strategy. Our work is based on the latest available data inputs and the findings from a new household survey of shopping patterns.

1.2 Below, we set out the principal findings from the various lines of research and analysis that informed our study. Thus we summarise the findings of our performance analyses of the Town and District Centres, current shopping patterns in the convenience and comparison retail sectors, patterns of spending on leisure and cultural facilities, key quantitative and qualitative needs, the need for additional commercial leisure, arts, culture and tourism uses, our recommendations with respect to the network and hierarchy of centres, our recommendations as to the suitability of existing town centre boundaries and primary shopping frontages and we provide our recommendations on whether it is necessary to set a local floorspace threshold in North Tyneside, and what that threshold should be.

Performance Analyses

1.3 We have undertaken a 'performance analysis' (commonly referred to as a 'health check') of each of the Borough's four defined Town Centres and the various District Centres. As well as providing the base position for the future monitoring of the vitality and viability of the Town and District Centres, the exercise identifies the key strengths of the centres, their deficiencies and areas that would benefit from improvement.

North Shields Town Centre

1.4 Most of the health check indicators suggest that North Shields is not a particularly strong town centre. We note that:

- North Shields has experienced significant slippage in the retail rankings;
- there has been worsening retail rents and yields, diminishing levels of operator interest and rising vacancy levels in the town centre;
- the comparison retail offer is limited and focused on the discount end of the market;
- the property offer throughout the town centre is out-dated and out-moded; and
- some quite attractive areas are undermined by others in need of significant intervention.

1.5 More positively, the town centre has a reasonably varied convenience retail offer and footfall levels appear to be rising.

1.6 Our overall assessment is that if the retail offer cannot be improved, for instance through the redevelopment of the Beacon Centre, then it is likely that the position of North Shields in the sub-regional retail hierarchy will deteriorate further.

Wallsend Town Centre

1.7 The findings from our performance analysis of Wallsend suggest that the town centre is in decline. In particular we note:

- Wallsend has fallen significantly in the national retail rankings and weekly footfall is declining;
- the town centre lacks a main food anchor and there are key deficiencies in the comparison retail offer;
- retail rents and yields have deteriorated and vacancy levels have been rising;
- retail units are dated and in poor physical condition; and
- the quality of the physical environment is poor.

1.8 Our overall assessment is that Wallsend Town Centre has been in long-term decline. Re-introducing a town centre foodstore anchor and improving the quality of the comparison retail offer through a comprehensive re-development incorporating the Forum Shopping Centre would go a long way towards reinvigorating the town centre.

Whitley Bay Town Centre

1.9 Our performance analysis suggests that Whitley Bay is a reasonably healthy centre. However, we note the following:

- the elongated form of the town centre disperses the shopping provision over too wide an area;
- the Primary Shopping Area requires strengthening whilst careful consideration should be given to the future role of more peripheral retail areas in the town centre; and
- the town centre's retail offer does not fully reflect the relative affluence of its catchment area.

1.10 Whitley Bay performs a dual function as both a retail centre and a seaside resort. A key challenge is to tackle the negative perceptions of the evening economy; the potential of the Spanish City site as a leisure attraction forms an important components of this strategy.

1.11 The strong independent retail sector provides Whitley Bay with a unique appeal. Building on this strength and providing a more consolidated retail offer and an improved physical environment along the seafront would enable Whitley Bay to better realise its full potential as a thriving and prosperous destination for tourists and shoppers alike.

Killingworth Town Centre

1.12 Killingworth Town Centre comprises the purpose built Killingworth Shopping Centre. The centre includes a good mix of retailers but does not include some of the uses normally associated with a traditional town centre. However, as a destination for convenience and comparison goods for local residents, it performs quite well.

District Centres

1.13 Our performance analyses of the eight District Centres[1] suggests the following:

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[1] Tynemouth is not defined as a District Centre in the adopted UDP, but it will become a defined District Centre int eh forthcoming Core Strategy.

- Battle Hill District Centre is a new purpose built shopping centre that provides a good level of provision for local top-up shopping and service sector needs.
- Forest Hall District Centre is generally a pleasant and attractive centre with a good level of provision for local top-up shopping needs and service-sector requirements.
- Longbenton District Centre provides a reasonable level of provision for local top-up shopping needs and contains some service uses, although the centre may benefit from a broader mix of comparison uses and a higher quality of convenience retail.
- Monkseaton District Centre is a pleasant and attractive centre providing a good mix of retail uses which cater for local top-up shopping needs and it also includes a range of more specialist shops and service sector uses. The centre may benefit from seeking to consolidate its retail provision along Front Street.
- Northumberland Park is a generally healthy centre meeting local shopping needs. As the population of the area increases following the occupation of new housing there may be a need to expand retail provision at the centre.
- Preston Grange District Centre essentially amounts to a Morrisons store and a few retail and service sector uses which primarily cater for local residents' needs rather than fulfilling a wider role.
- Tynemouth District Centre is a healthy centre with a historic character and strong tourist market. The convenience, comparison and service uses meet local shopping needs and whilst also catering for the needs of visitors.
- Whitley Lodge District Centre is reasonably healthy, serving a localised client base, although some of the retail units now appear dated and would benefit from some enhancement works.

Current Shopping Patterns

Comparison Goods Shopping Patterns

1.14 Overall, 53 per cent of the £497m of comparison goods expenditure available to residents of the Overall Catchment Area (OCA) is retained by town, district and other centres, retail parks and freestanding stores located in the catchment area. The main comparison retail destination within the OCA is Silverlink Shopping Centre, which secures £105m (21 per cent) of the residents' comparison goods expenditure. The Borough's four town centres are also important destinations for comparison shopping within the OCA, and collectively account for a further £83m (17 per cent) of the comparison goods expenditure available to residents of the OCA. Spending in other centres, retail parks and stores within the OCA accounts for a further £76m (15 per cent) of residents' comparison goods expenditure.

1.15 Our analysis of the seven categories of comparison goods also shows that the retention rate is relatively modest in the important clothes and shoes sub-sector, at 46 per cent. Moreover, just under two thirds of expenditure retained in this sub-sector is spent in out-of-centre retail parks and stores within the OCA. This is an important piece of evidence which suggests the need to promote quality developments in town centre locations, targeted at higher value comparison retailers.

Convenience Goods Shopping Patterns

1.16 Overall, 89 per cent of the convenience goods expenditure available to residents of the OCA is retained by town, district, village and other centres, retail parks and freestanding stores located in the OCA. Thus, as might be expected, there is less strategic expenditure leakage than in the comparison sector, because convenience shopping is generally undertaken on a more localised basis.

1.17 The highest individual convenience market shares within the OCA are achieved by Asda at Whitley Road in Benton, and the Morrisons stores in Preston Grange District Centre and Killingworth Town Centre. With the exception of the Wallsend zone, there are no parts of the catchment area where there is an acute localised deficiency in convenience goods provision. Whilst residents in the Wallsend zone are also served by foodstores in the surrounding areas, we consider that given its status as a defined Town Centre a priority for the Council should be to enhance the convenience retail provision in Wallsend Town Centre.

Patterns of Spending on Leisure and Culture

1.18 Spending on leisure and cultural activities by North Tyneside's residents largely occurs in Newcastle City Centre, Silverlink Shopping Park and Royal Quays. Within the 'restaurants and cafés' and 'pubs, bars or nightclubs' categories, Newcastle City Centre is the most popular destination, although Whitley Bay, Tynemouth and North Shields all play important roles. Expenditure on cinemas is dominated by Silverlink Shopping Park and spending on family entertainment is largely directed to Royal Quays. Newcastle City Centre is the predominant destination for spending on 'theatres/concerts' and 'museums & art galleries', although Whitley Bay plays a small role in respect of the 'theatres/concerts' category. Spending on the 'bingo/casinos/bookmakers' category is limited, with Wallsend and Newcastle City Centre the most popular destinations. Trips to 'health and fitness' facilities are typically undertaken locally.

Quantitative Retail Needs

Comparison Retail Sector

1.19 The Council is currently consulting on a range of housing and population growth options to its emerging Core Strategy. The Council's 'increased growth' option, is set out as 'Option 1' in its consultation leaflet of October 2011, and corresponds with the forecasts of population change which underpin our first set of retail capacity spreadsheets, which are based on a total population increase of approximately 24,400 persons, or 12.1 per cent, over the entire study period. We have also tested a 'stable growth' scenario whereby the population within the OCA instead increases by approximately 14,800 persons, or 7.4 per cent, between 2011 and 2027, which accords with growth 'Option 2' of the Council's consultation leaflet. In this scenario, population growth is assumed to be constant over the study period.

1.20 We have also undertaken two sensitivity tests of changes to the level of comparison goods expenditure retention in the Borough up to 2027. The first is based on a constant level of expenditure retention (53.2 per cent), and in the second we assume that the aggregate retention rate can be improved to 58.0 per cent by 2016, remaining at 58.0 per cent thereafter.

1.21 The retention rate achieved in the comparison sector by existing shops and centres in North Tyneside, of 53.2 per cent, is reasonably good, given the close proximity of North Tyneside to Newcastle. Nevertheless, we consider that there is clear scope to claw-back some of the expenditure that currently leaks outside of the OCA. Furthermore, our analysis of current shopping patterns in North Tyneside confirms that the out-of-centre Silverlink Shopping Park attracts more comparison expenditure than all of North Tyneside's four town centres combined. We therefore recommend that one of the Council's key policy aspirations should be to attain an improvement in the overall comparison sector retention rate by attracting additional expenditure to town centre locations, in order to encourage more sustainable patterns of shopping and bolster the vitality and viability of North Tyneside's centres.

1.22 Table 1.1 below shows the quantitative need in the comparison goods sector, based on the Council's population growth 'Option 1'. Under the constant expenditure retention scenario, there is capacity for approximately 6,000 sq.m of additional comparison sales area floorspace across the Borough in the period to 2016, rising to 14,100 sq.m in the period up to 2021, and around 25,100 sq.m in the overall study period up to 2027. Under the rising expenditure retention scenario, there is capacity for approximately 12,100 sq.m of additional comparison retail floorspace in the period up to 2016, rising to 21,100 sq.m in the longer-term period up to 2021 and, more indicatively, 33,200 sq.m in the period up to 2027.

Table 1.1 Quantitative Needs in the Comparison Goods Sector

Period	Floorspace Requirements (sq.m net)	
	Scenario 1 Constant Retention	Scenario 2 Rising Retention
2011 - 2016	6,034	12,058
2011 - 2021	14,138	21,057
2011 - 2027	25,069	33,172

1.23 Table 1.2 below shows the quantitative need in the comparison goods sector based on the Council's population growth 'Option 2'. Under the constant retention scenario, there is capacity for approximately 11,900 sq.m of additional comparison sales area floorspace across the Borough in the period to 2021, rising to around 21,300 sq.m in the overall study period up to 2027. Under the rising expenditure retention scenario, there is scope for around 18,600 sq.m of additional comparison floorspace in the period to 2021, and approximately 29,000 sq.m in the period up to 2027.

Table 1.2 Quantitative Need in the Comparison Goods Sector under the 'Option 2' Population Growth Scenario

Period	Floorspace Requirements (sq.m net)	
	RTP Scenario 3 Constant Retention and Option 2 Population Growth	RTP Scenario 4 Rising Retention and Option 2 Population Growth
2011 - 2016	5,137	11,080
2011 - 2021	11,910	18,626
2011 - 2027	21,293	29,053

1.24 Under both the constant and rising expenditure retention rate scenarios, the comparison floorspace requirements arising under the Option 2 population growth scenario (RTP Scenarios 3 and 4) are slightly lower than those identified under the 'Option 1' population growth scenarios (RTP Scenarios 1 and 2), reflecting the smaller pot of comparison goods expenditure available to residents of the OCA as a result of the lower rate of population growth forecast in North Tyneside over the study period.

1.25 We therefore suggest that, if the Council proceeds with growth Option 1 in the Core Strategy, it should work towards a requirement for up to 12,100 sq.m of additional comparison sales area floorspace in the 2011 to 2016 period, rising to 21,100 sq.m in the period up to 2021 and, more indicatively, 33,200 sq.m in the longer term period up to 2027. If the Council proceeds with its growth Option 2, we recommend that the Council work towards a slightly lower requirement for up to 11,100 sq.m of additional comparison sales area floorspace in the period 2011 to 2016, rising to 18,600 sq.m in the period up to 2021, and 29,100 sq.m in the period up to 2027. The Council should direct this new floorspace to town centre locations – in accordance with the thrust of national planning policy – rather than an alternative strategy of permitting further large-scale retail development in out-of-centre locations.

1.26 The proposed delivery of new larger, high quality units in Wallsend Town Centre will enable the centre to address key deficiencies in its existing retail offer, and help to improve the Borough's overall level of expenditure retention. Further high-quality comparison retail development in North Tyneside's other town centres would also be desirable, although market conditions are clearly challenging at present.

Convenience Retail Sector

1.27 We have also undertaken two sensitivity tests for establishing the convenience retail needs in the Borough up to 2027. The first scenario is based on a constant level of expenditure retention (at 88.5 per cent), and in the second scenario we assume that the aggregate retention rate can be improved to 92.5 per cent by 2016, remaining at 92.5 per cent thereafter.

1.28 Table 1.3 below shows the quantitative need in the convenience goods sector arising under the Council's population growth 'Option 1'. The constant expenditure retention scenario, generates capacity for approximately 400 sq.m of additional convenience sales area floorspace within North Tyneside in the period up to 2016, rising to 1,900 sq.m in the period to 2021, and around 3,600 sq.m in the overall study period up to 2027. Under the rising retention rate scenario, there is capacity for approximately 1,600 sq.m of additional convenience retail floorspace in the period to 2016, rising to 3,200 sq.m in the period up to 2021 and, more indicatively, 5,000 sq.m in the longer-term period up to 2027.

Table 1.3 Quantitative Needs in the Convenience Goods Sector

Period	Floorspace Requirements (sq.m net)	
	RTP Scenario 1 Constant Retention	RTP Scenario 2 Rising Retention
2011 - 2016	436	1,642
2011 - 2021	1,926	3,201
2011 - 2027	3,630	4,984

1.29 Table 1.4 below shows the quantitative need in the convenience goods sector based on the Council's population growth 'Option 2'. This shows that if the level of expenditure retention remains constant, there is capacity for approximately 1,100 sq.m of additional convenience sales area floorspace across the Borough in the period to 2021, rising to around 2,400 sq.m in the overall study period up to 2027. If the level of expenditure retention can be improved, there will be a positive residual for approximately 2,300 sq.m of additional convenience floorspace in the period to 2021, and around 3,700 sq.m in the period up to 2027.

Table 1.4 Quantitative Need in the Convenience Goods Sector under the 'Option 2' Population Growth Scenario

Period	Floorspace Requirements (sq.m net)	
	RTP Scenario 3 Constant Retention and Option 2 Population Growth	RTP Scenario 4 Rising Retention and Option 2 Population Growth
2011 - 2016	78	1,267
2011 - 2021	1,106	2,344
2011 - 2027	2,371	3,669

1.30 As with our comparison retail capacity forecasts, under both the constant and rising expenditure retention rate scenarios, the convenience floorspace requirements arising under the Option 2 population growth scenario (RTP Scenarios 3 and 4) are slightly lower than those identified under the 'Option 1' population growth scenarios (RTP Scenarios 1 and 2).

1.31 Whilst the current level of convenience expenditure retention achieved by the catchment area, of 88.5 per cent, is already high, we consider that there is scope for a modest improvement. In particular, the retention rate would improve if the proposals for the development of a new foodstore in Wallsend Town Centre were implemented. We consider it a sound policy aspiration for the Council to seek to increase the overall level of convenience expenditure retention, because food shopping should be undertaken on as localised a basis as possible. We therefore recommend that the floorspace requirements arising under the rising retention scenario should be used to inform North Tyneside's emerging Core Strategy.

1.32 Accordingly, we recommend that if the Council proceeds with population growth Option 1 in its emerging Core Strategy, it should work towards a requirement for up to 3,200 sq.m of convenience sales area floorspace in the 2011 to 2021 period, rising, to 5,000 sq.m in the period to 2027, over and above the existing retail commitments in the Borough. If the Council proceeds with its growth Option 2, we recommend that it should instead work towards a lower requirement for up to 2,300 sq.m of additional convenience sales area floorspace in the 2011 to 2016 period, rising to 3,700 sq.m in the period up to 2027.

Key Quantitative Retail Needs

1.33 We consider that the indicative floorspace requirements we have identified in this study under the rising expenditure retention scenario provide a very useful starting point for the assessment of individual planning applications. However, the floorspace requirements that we have identified should be treated as indicative guidelines. It will be necessary to carefully consider the merits of individual proposals as and when they arise, taking account of factors including the specific operator, likely sales densities, local 'need' factors, the scale of the proposal (in accordance with the requirements of PPS4), and so on.

Assessment of Qualitative Needs

1.34 Taking into account the findings from the household survey, our performance analyses of the Town and District Centres and the five indicators of qualitative need listed in the PPS4 Practice Guidance, we have identified a particular qualitative need for:

- a new supermarket or food superstore in Wallsend to widen consumer choice and provide more sustainable shopping patterns;
- the provision of additional modern retail units in Wallsend and North Shields Town Centres to meet the requirements of 'high street' comparison retailers. The lack of choice in certain key categories of comparison goods, such as clothing and footwear, is a major deficiency in the town centre retail offer across North Tyneside, which is resulting in a high level of expenditure in out-of-centre locations; and
- the provision of some further national retailers within Whitley Bay Town Centre, with priority given to filling larger vacant units.

1.35 The qualitative needs identified above must be addressed in order to improve the performance of North Tyneside's town centres and better meet the need of the Borough's residents in a more sustainable way.

Need for Other Town Centre Uses

Commercial Leisure

1.36 Spending on leisure and cultural activities by North Tyneside's residents largely occurs in Newcastle City Centre, Silverlink Shopping Park and Royal Quays. Within the 'restaurants and cafés' and 'pubs, bars or nightclubs' categories, Newcastle City Centre is the most popular destination, although Whitley Bay, Tynemouth and North Shields all play important roles. Expenditure on cinemas is dominated by Silverlink Shopping Park and spending on family entertainment is largely directed to Royal Quays. Newcastle City Centre is the predominant destination for spending on 'theatres/concerts' and 'museums & art galleries', although Whitley Bay plays a small role in respect of the 'theatres/concerts' category. Spending on the 'bingo/casinos/bookmakers' category is limited, with Wallsend and Newcastle City Centre the most popular destinations. Trips to 'health and fitness' facilities are typically undertaken locally.

1.37 The leisure services expenditure available to residents of the OCA is predicted to grow by between £27.3m and £34.4m in the period 2011 to 2016, rising to between £68.6m and £81.9m and to between £128.6m and £148.8m in the longer term periods up to 2021 and 2027, respectively, depending on which growth option is used. On the basis of current spending levels, some 63 per cent of this spending growth will go to eating and drinking establishments, 11 per cent will go on cultural services, around 6 per cent will be spent on recreational and sporting services, and some 5 per cent will be spent on games of chance.

1.38 However, how this growth might be expended locally depends very much on what opportunities the market supplies. Capturing a sizeable proportion of this growth in expenditure – as well as clawing back expenditure currently lost to leisure destinations outside the Borough – will be vital to the future health of North Tyneside's centres. In particular, the provision of a wider and more appealing choice of restaurants, cafés and pubs/bars in Wallsend would support the growth of an evening economy in the centre, and it would enhance access to such facilities for the town's residents.

1.39 We have undertaken a broad assessment of the scope for additional commercial leisure facilities in North Tyneside, which takes into account how current patterns of spending might change if significant improvements to the Borough's leisure offer were to take place. There appears to be significant scope for the development of a mix of restaurants, pubs and bars across North Tyneside over the next decade or so. The potential to attract a new multiplex cinema, bowling facility or bingo club appears to be more limited, both in qualitative and quantitative expenditure capacity terms.

1.40 The quantitative 'need' for additional food and drink outlets and other commercial leisure uses that we have identified should be treated as an indicative guide. Furthermore, the leisure sector is dynamic, changing and operator-led. Thus, if an investor feels capable of attracting customers by diverting spending from other facilities, the planning system does not seek to prevent additional development, provided such development meets the tests in PPS4.

Tourist, Heritage and Cultural Uses

1.41 North Tyneside contains a number of tourist, heritage and cultural assets, ranging from its coastline to its historical heritage and cultural facilities. The annual value of tourism to North Tyneside is around £245m, with 6.1 million visitors per annum supporting nearly 4,000 jobs[2]. The key tourism and events markets for North Tyneside are day visitors, families, and people taking short breaks. Overall, the variety of recreational and cultural assets in North Tyneside make a significant contribution to the overall attractiveness of the

[2] STEAM, 2009

Borough for residents and visitors both within and outside the Borough. There is scope for North Tyneside to build on its significant assets and develop further as a year round day-visitor destination focused on family friendly and coastal activities.

Network and Hierarchy of Centres

1.42 It is important that centres are designated correctly in the retail hierarchy so as to ensure that each centre is covered by the most appropriate policy framework, and so as to help ensure the correct level of investment and funding. On the basis of our analysis, we consider that all of the town and district centres in North Tyneside continue to function as such.

1.43 We do not consider that there is justification to promote any of the existing district centres to the status of town centre. However, whilst we consider that none of the district centres should be reclassified, we do consider that district centres would be better separated into two tiers, namely 'District Centres' and 'Minor District Centres'. We do not consider that any of the district centres in North Tyneside constitutes a 'Major District Centre' and so we do not advocate separate 'Major District Centre' and 'Medium-sized District Centre' categories. This reflects our analysis of the scale, function and performance of each of the centres.

1.44 We consider that there are three centres in North Tyneside that can be classified as a 'District Centre', namely Forest Hall, Monkseaton and Tynemouth. The five centres that we consider should be classified as 'Minor District Centres' are Battle Hill, Longbenton, Northumberland Park, Preston Grange and Whitley Lodge.

Town Centre Boundaries and Primary Shopping Frontages

1.45 We recommend that the existing Town Centre Boundaries in the UDP should be tightened in the LDF to exclude areas of established residential uses and those areas which are located some distance from the Primary Shopping Area and do not function as part of the town centres.

1.46 We recommend that the Primary Shopping Frontages for the three main town centres of North Shields, Wallsend and Whitley Bay should be tightened slightly to encourage a strong and consolidated retail core in each of the town centres. The existing UDP does not define a Primary Shopping Frontage for Killingworth Town Centre. We recommend that the LDF should define this as comprising the Killingworth Centre, which forms the retail core of the town centre. Our recommendations for Secondary Shopping Frontages for the main town centres are those areas that include retail provision but also provide greater opportunities for a wider diversity of uses, such as residential. We also recommend that the LDF should define appropriate boundaries for each of its distict centres.

Local Floorspace Threshold for PPS4 Assessment

1.47 Having undertaken an assessment of a range of local factors, we recommend that the Council should adopt a local floorspace threshold in its Core Strategy of 500 sq.m gross for comparison retail floorspace, and 1,000 sq.m gross for supermarkets/foodstores (which typically include a mix of convenience and comparison retail floorspace). Applicants would therefore be required to undertake an assessment of impacts for any planning applications for retail development (including extensions) where the amount of floorspace proposed is above these thresholds.

1.48 Our analysis shows that proposals for more than 500 sq.m of gross comparison goods floorspace, or 1,000 sq.m gross for supermarkets/foodstores, are large relative to existing provision and could potentially result in significant adverse impacts on North Tyneside's defined centres. It will be particularly important to carefully consider the impacts of any further proposals that might threaten to the planned developments in the Borough's town centres. Proposals for additional retail development in edge- or out-of-centre locations could potentially undermine the delivery of the Council's aspirations for the transformation of Wallsend Town Centre.

1.49 Our analysis of all planning applications for new retail floorspace made over the last five years shows that a retail floorspace threshold of 500 sq.m gross for comparison goods and 1,000 sq.m gross for supermarket/foodstore developments is likely to apply to only a small proportion of all retail applications within North Tyneside.