

A Community Infrastructure Levy for Swindon

Local Retail Market Review And Local Retail Policy Overview

**By
Swindon Borough Council**

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Executive Summary

To gain an understanding of the current retail market conditions for Swindon a review of retail development activity and an assessment of retail monitoring data held by the Council was undertaken.

This review concluded that:

- The downturn in the economy has had a significant impact on retail activity in Swindon, particularly in the Town Centre since late-2007 resulting in the loss of presence of several high street retailers, a significant rise in retail unit vacancy rates and a marked increase in the number of low-quality and discount stores occupying prime unit locations.
- There is a clear and significant difference between the retail vacancy rates in the Town Centre and those within the rest of the Borough. The vacancy rates for the Town Centre at 18% in 2011 are more than double those for the rest of the Borough at 7.3% in the same year. The evidence suggests that the vacancy rates for Swindon's Town Centre are likely to continue to rise.
- In reviewing retail development activity covering applications submitted since 2007 and development proposals implemented Swindon has seen a mix of retail development proposals across the Borough reflecting different aspects of the retail market. This activity establishes that only one significant retail development has been completed in the Town Centre during the period 2007-11. This development contains modern, purpose-built retail units that remain unoccupied in a primary retail frontage location.
- There has been limited activity within local centres that lie at the heart of the existing community they serve. This has supported the regeneration of those environments, focussing on the redevelopment and/or refurbishment of existing units thus upgrading the quality of the retail offer.
- Swindon has witnessed significant retail activity associated with the food retail sector since 2007. Out of five retail permissions issued, the latest of which was granted in December 2012, four sites have been constructed and the retailers trading. Swindon has been the subject of renovation and refurbishment and redevelopment projects at recognised Retail Park locations.
- In the granting of outline planning permission for the new communities of Commonhead and Tadpole Farm in 2011 and 2012 respectively, when added to the three local centres already permitted in 2005 for the new community of Wichelstowe, outline planning permission is now in place for 5 of the 9 new local centres proposed to serve all the new communities planned.

The review of the objectives of the Local Plan 2026 establishes that:

- The delivery of the plan's objectives in respect of retail is heavily reliant on prioritising retail development activity within the Central Area, and in particular the Retail Core.
- There is a requirement for limited retail provision in new local centres to support the sustainability of Swindon's new communities
- Local centre regeneration should be promoted to meet the local need arising from the growth in population within Swindon's existing communities.

In conclusion, it is appropriate for Swindon to consider retail as a type of development that could be liable for a CIL charge. Furthermore, given that the delivery of the Local Plan's retail objectives is primarily reliant on the expansion and upgrade of the quality of retail offer in the Central Area, it is appropriate for retail viability testing to be considered on a geographical basis as not all forms of retail provision will come forward in all areas of the Borough and may be subject to differing levels of viability.

1. Purpose

- 1.1. The purpose of this document is to provide an overview of:
- a) Current retail market conditions in Swindon based on vacancy rates;
 - b) Recent retail related development activity within the Borough; and
 - c) The emerging Local Plan priorities for retail-led development
- to support the approach to retail rate setting proposed within Swindon's Draft Charging Schedule.

2. Current Retail Market Conditions in Swindon

- 2.1. Since 2007/8 the downturn in the economy has had a significant impact on retail activity on the High Street nationally, including the collapse of many retail chains e.g. Woolworths, Comet, JJB, Jessops, Clinton Cards, GAME, HMV, Zavvi.
- 2.2. Swindon's Town Centre has been particularly affected by the economic downturn in two ways. The total collapse of companies whose presence on the High Street has been lost forever has reduced the retail offer available. In addition, the retail offer has been further compromised in terms of both quality and choice as a result of the decision of other retail companies choosing to rationalise their retail activity through shop closures in Swindon. Throughout this time Swindon has also witnessed a substantial increase in the number of discount stores competing for the lower end of the retail market.
- 2.3. Through the assessment of retail unit vacancy rate data there is an ability to monitor the spatial impact of the economic downturn on retail activity across the Borough. The outputs have the ability to provide justification with respect to setting a CIL for retail in Swindon based on geographical zoning.
- 2.4. Using data starting from 2006, up to and including that published for July 2011 provides a basis for comparison with retail vacancy rates during the height of the market.
- 2.5. The Swindon retail vacancy rate data is contained within a number of tables set out in **Appendix 1**. For comparative purposes as well as providing an overview for the Borough as a whole (see Table 1), the three following tables (Tables 2, 3 and 4) separate out vacancy rates by specific area reviewing the Central Area Action Plan (CAAP) area, the CAAP Town Centre boundary only (excluding Old Town) and for designated centres outside the CAAP area.
- 2.6. The data establishes the following assumptions:
- (i) The impact of the economic downturn on the retail sector in Swindon fed through slowly throughout 2008 but has had a significant impact on the comparison sector particularly.

- (ii) 2009 reflected a marked increase in vacancy rates across the Borough as a whole with an increase of approximately 4% in vacancy rates in one year Boroughwide.
- (iii) Since 2010 vacancy rates in the rest of Borough locations have shrunk from their high point yet interestingly are slightly higher than the pre-economic downturn figures of 2007.
- (iv) The vacancy rates for the CAAP Area in 2011 at 15.7% (and within this the Town Centre at 18%) are double those for the rest of the Borough at 7.3%. This is suggestive of the fragility of the comparison goods high street retail sector.
- (v) The evidence suggests that the vacancy rates for Swindon's Town Centre are likely to continue to rise.

3. Recent retail activity in Swindon

- 3.1. Since the economic downturn in late 2007, retail development in Swindon has been very limited.

Town Centre Retail

- 3.2. The Town Centre retail schemes that have been built or have gained planning consent since 2007 are listed below;

- *S/09/400 BHS redevelopment*
The redevelopment of the BHS site has recently been completed and has provided seven modern retail units to replace those older units demolished. Of the 7 units that were built, 3 remain unoccupied. Of the occupiers, three are companies that have relocated shops from other units in the Town Centre.
- *S/10/0846 Regents Circus*
Granted planning permission in July 2011, the redevelopment of the former Swindon College site will deliver an early phase in Swindon's Central Area regeneration proposals. The scheme incorporates an A1 food store at 4613sq/m, alongside a cinema, A3 restaurants at 2659sq/m, B1 office development and a new car park. The permission is the subject of a subsequent planning application with respect to variation to some of the original planning permission conditions. This is pending determination at the time of production of this report.
- *S/11/0614 Union Square (Phase 1 S/11/1567)*
Permission has been granted in outline for this primarily office-led development to the east of Swindon's Retail Core and incorporates consent for up to 13,471sq/m of new retail floorspace including A1, A2, A3, A4 and A5 uses.

The first phase of the development was granted permission in full independently of the outline and is currently under construction. This incorporates no retail floorspace. Phase 1 is underpinned by HCA funding.

The outline application was the subject of an open book financial appraisal that determined that given economic viability considerations it would not be possible for the development to provide a comprehensive mitigation package from the outset. Planning permission was granted with an accompanying section 106 legal agreement containing obligations requiring contributions to be made to support off-site infrastructure improvements in the event that the schemes longer term economic viability improves.

No Reserved Matters approval is in place for any subsequent phases beyond Phase 1.

- 3.3. In addition to the developments outlined above, one other significant permission exists which is located outside the Town Centre at the Outlet Village north of the railway line. This permission S/12/0866 dated 6th December 2012 granted consent for alteration, conversion and extension to the existing Outlet Centre (*incorporating building 11 known as the Long Shop*) to provide new retail floorspace (approx. 4,500sq.m) and reconfiguration and internal improvements to the existing retail areas and associated works. This permission was granted as a consequence of a complex planning history dating back to 2005. The 2012 consent has yet to be implemented.

Local Centre Retail – Existing Communities

- 3.4. The Council has targeted existing local centres in need of renewal and investment in Swindon's urban area, for redevelopment;
- *S/05/2655 Cavendish Square*
Planning permission was granted in November 2005 for mixed-use redevelopment of the area known as Cavendish Square in Park South. This redevelopment included demolition of existing 1960s built retail units, refurbishment of those units retained and construction and replacement of retail units alongside residential development which has upgraded the quality of the local centre environment. Development is substantially complete.
 - *S/SP/09/1367 Marlowe Avenue*
Planning permission was granted in October 2009 for a replacement local centre comprising 4 ground floor retail units on land adjacent the existing local centre. A separate planning permission was granted in outline (S/SP/09/1368) for the demolition of the existing local centre retail floorspace to reuse this land for residential purposes. In August 2010, detailed permission for the residential development was given reserved matters approval under S/RES/10/0704. The complementary proposals are complete and occupied.

Local Centre Retail – Swindon's New Communities

3.5. Swindon's new communities will be served by local centres incorporating retail development;

- *S/02/2000 Wichelstowe*
Outline permission for major town expansion to create a new community at Wichelstowe was granted under S/02/2000 in May 2005. Approval has been given under reserved matters (S/RES/11/0117) for the construction of a new local centre for the residents occupying the first phase, at East Wichel. This mixed-use local centre will provide retail floorspace capable of accommodating multiple units including an opportunity for a small food convenience store.

The local centre to support the residents of the subsequent phases of Middle Wichel and West Wichel can be granted detailed approval through the submission of reserved matters applications.

- *S/10/0842 Land at Commonhead*
The outline planning permission granted on appeal in March 2012 makes provision for the construction of a new local centre to support the future residents of this community. Detailed permission for this can be achieved under the approval of reserved matters.
- *S/11/1588 Tadpole Farm*
The outline planning permission granted in September 2012 makes provision for the construction of a new local centre to support the future residents of this community. Detailed permission for this can be achieved under the approval of reserved matters.

Out of Centre Retail

3.6. Swindon has witnessed retail development proposals and activity at a number of out of Town Centre locations across the Borough since late 2007, primarily located adjacent to significant transport corridors;

- *S/11/0989 Land at Latham Road/Thamesdown Drive*
A new convenience retail food store, occupied by Aldi, has recently been constructed with 1,508sq/m of floorspace.
- *S/10/0104 Former Skurrays, Drove Road*
A new convenience retail food store, occupied by Aldi, has recently been constructed with 1,405sq/m of floorspace following demolition of a car showroom.
- *S/08/2385 Lidl, Barnfield Road*
Planning permission S/08/2385 granted permission for the construction of up to 4,497sq/m of A1 retail floorspace. To date, one of the three units has been constructed and is occupied by Lidl (1,573sq/m).

- *S/11/0769 Former Rodbourne Arms, Cheney Manor Road*
A new retail convenience food store, occupied by Farmfoods, has recently been constructed providing 743sq/m of retail floorspace.
- *S/12/0831 Morrisons, Eldene Drive*
Planning permission was granted in December 2012 under application S/12/0831 for a retail convenience food store of 2,533sq/m and three non-food retail units, led by Morrisons.
- *Mannington Retail Park*
Several permissions have been granted and implemented for demolition and redevelopment and/or retail unit refurbishment at Mannington Retail Park which occupies two self-contained sites fronting Great Western Way separated by Wootton Bassett Road. Works under these consents (including S/COND/10/0168, S/10/0539, S/10/1208) are substantially complete.

3.7. The nature of the retail development activity outlined above indicates that this type of activity may continue subsequent to the adoption of the Local Plan to 2026.

4. Swindon Borough Local Plan to 2026

- 4.1. The emerging Swindon Borough Local Plan 2026 Pre-Submission Document (December 2012) '*the Local Plan*' sets out the Council's approach to retail development in the Borough.
- 4.2. Retail development proposals in Swindon are to be assessed on a hierarchical basis with the priority given to the Central Area. *Policy EC3: The Role of the Centre and Town Centre Uses* outlines a defined hierarchy of centres in order of preference and priority as follows:
1. Swindon Town Centre;
 2. Edge of Town Centre;
 3. District and Primary Rural Centres;
 4. Local Centres
- 4.3. Policy EC3 is further amplified by *Policy SC1: Swindon's Central Area* that contains more detail with respect to the location and scale of retail development in the plan period. Policy SC1 directs the focus of retail-led development to the Town Centre Primary shopping area (Retail Core). The policy supports the development of at least 53,700sq/m net of additional comparison retail floorspace in this location. The expansion of the Town Centre's retail provision is considered to be a fundamental aspect of the Local Plan as it will help underpin sustainable development during the plan period. This is important not only to meet the needs of Swindon's existing communities, but to provide for the needs of its new communities.

Swindon's Existing Communities

- 4.4. *Policy SC2: Swindon's Existing Urban Communities* establishes the Council's approach to the regeneration of targeted areas in need of renewal and investment, in particular local centres. Any regeneration proposal that focuses on a local centre is likely to impact upon existing retail provision.
- 4.5. It is likely that future local centre redevelopment proposals would reflect the principles of recently consented and implemented schemes. These schemes that have been implemented incorporate demolition of existing retail units and their replacement with units that offer alternative retail provision contained within modern buildings, often accommodating a net increase in overall floorspace to serve the day-to-day needs of the local community. Future redevelopment of existing centres is likely to focus on providing a small-scale convenience retail food store and further retail uses including A1, A2, A3, A4 and A5 where appropriate.

Swindon's New Communities

- 4.6. The Local Plan identifies five strategic sites that have been called the 'New Communities' (Wichelstowe, Commonhead, Eastern Villages, Tadpole Farm and Kingsdown). The New Communities will all be served by new local centres and in the case of the Eastern Villages, a new District Centre.
- 4.7. Each Local Centre is proposed to deliver up to a maximum of 1,000sq/m of retail floorspace each with an 80/20 split in favour of convenience floorspace. It is expected that they will come forward as mixed-use buildings with residential on the upper floors. The central local centre in Wichelstowe is an exception to this as it will also contain a food store with 2000-2500sq/m floorspace (*Policy NC1: Wichelstowe*).
- 4.8. Under *Policy NC3: New Eastern Villages – including Rowborough and South Marston Village Expansion*, provision is made for a maximum of 12,000sq/m of retail and complementary uses, of which no more than 20% should be comparison goods. This will comprise an anchor food store with no more than 10,000sq/m floorspace and 1,000sq/m of other small scale retail and complementary uses within the District Centre, with the remaining 1,000sq/m being distributed across the Local Centres.

5. Conclusion

- 5.1. The review of retail market conditions, along with the assessment of the Local Plan's objectives in respect of retail, establishes that it is appropriate to undertake viability testing of retail to determine the ability to set differential rates for retail based on a geographical zoning approach given the scale of retail development proposed for the Central Area. The evidence also determines that it is appropriate to be testing different types of retail including comparison, convenience and retail warehousing within different areas of the Borough.

- 5.2. Whilst the emphasis for rate setting should focus on future retail development proposed to support the delivery of the Local Plan's objectives, a review of recent retail activity in the Borough can act as a guide to identify local retail market trends that have the potential to continue. The anticipated retail activity in Swindon is broadly identified in the table under **Appendix 2**.
- 5.3. Recent retail activity has extended across different aspects of the retail market in Swindon. Only one significant retail development has been completed in the Town Centre since 2007, within which three units have yet to be occupied. There has been a little activity focussed on the regeneration of existing local centres. The most noticeable retail development activity is associated with food stores and the improvement of retail provision at Retail Park locations. For these reasons, it is appropriate to be viability testing different types of retail development based on the locations in which they are likely to come forward.
- 5.4. The review indicates that the viability of retail, especially in the comparison goods sector within Swindon's retail core, is particularly fragile and the vacancy rate trends clearly reflect a considerable difference in occupancy levels with vacancy rates in the Town Centre at 18% in July 2011, a level that is more than double that for units within the rest of the Borough (7.3%). This is reflected in the loss of presence of several high street retailers, a significant rise in retail unit vacancy rates and a marked increase in the number of low-quality and discount stores occupying prime unit locations.
- 5.5. Outline permission has already been granted for three of the five of Swindon's new communities (Wichelstowe, Commonhead and Tadpole Farm). Thus, the retail requirements of these new communities could be unaffected by CIL retail rate setting as the proposals are capable of being brought forward through reserved matters approval under the framework of the existing consents.
- 5.6. In conclusion, it is appropriate for Swindon to consider retail as a type of development that could be liable for a CIL charge. Furthermore, given that the delivery of the Local Plan's retail objectives is primarily reliant on the expansion and upgrade of the quality of retail offer in the Central Area, it is appropriate for retail viability testing to be considered on a geographical basis as not all forms of retail provision will come forward in all areas of the Borough and may be subject to differing levels of viability.

APPENDIX 1

Swindon Retail Vacancy Rates at July 2011

The information contained in these tables is extracted from the SBC Retail Occupiers Monitoring Database that is used to inform the production of Annual Monitoring Indicators, and is based on July 2011 data.

Table 1: The overall vacancy rates for designated centres in Swindon Borough.

Year	Total Units	Occupied	Vacant	% Vacancies
2006	1468	1333	135	9.2
2007	1498	1367	131	8.7
2008	1417	1289	128	9
2009	1420	1237	183	12.9
2010	1459	1277	182	12.5
2011	1463	1282	181	12.4

(Table 1)

Table 2: The vacancy rates for the CAAP area.

Year	Total Units	Occupied	Vacant	% Vacancies
2006	941	858	83	8.8
2007	958	863	95	9.9
2008	910	812	98	10.8
2009	910	774	136	14.9
2010	958	807	151	15.8
2011	961	810	151	15.7

(Table 2)

Table 3: The vacancy rates for the CAAP Town Centre boundary only (excluding Old Town).

Year	Total Units	Occupied	Vacant	% Vacancies
2006	472	419	53	11.2
2007	486	419	67	13.8
2008	482	434	48	10
2009	482	410	72	14.9
2010	523	433	90	17.2
2011	529	434	95	18

(Table 3)

Table 4: The overall vacancy rates for designated centres outside the CAAP area.

Year	Total Units	Occupied	Vacant	% Vacancies
2006	527	475	52	9.9
2007	540	504	36	6.7
2008	507	477	30	5.9
2009	510	463	47	9.2
2010	508	470	38	7.5
2011	509	472	37	7.3

(Table 4)

It should be noted that the contents of the data does not distinguish between different types of retail or other types of uses that may be common in designated centres (including A1, A2, A3, A4 and A5).

APPENDIX 2

Anticipated Retail Activity in Swindon

The table below summarises the nature of anticipated retail activity that has the potential to come forward in the lifetime of the Local Plan to 2026.

Scenario	Type	Quantity
Town centre regeneration, expanded retail core (Demolition and redevelopment with additional floorspace)	Any retail A1-A5 inclusive Primary focus on comparison retail	Circa 54,000 sq/m net additional retail (including anything that is already consented)
Out of town supermarket provision in Swindon's new communities	District centre convenience and comparison goods plus local A1-A5 units	2x sites known - Wichelstowe, Eastern Villages
New local centres on strategic sites	Provision of smaller scale convenience grocery store and A1-A5 local centre units	8x local centres proposed (5x consented in outline)
Redevelopment at existing communities Local Centres	Local provision of small-scale convenience, and A1-A5 local centre units	None specified
Small-scale food store provision	Localised provision, smaller scale convenience stores e.g. Aldi, Lidl, Farmfoods, etc.	Recent consents could reflect a trend
Out of town Retail Parks	Comparison bulky goods	Recent consents could reflect a trend for intensification of provision at existing sites
New/expansion to existing Supermarkets (Suburban)	Convenience/comparison retail circa 5,000sq/m GIA	Recent consents could reflect a trend