

Babergh Retail Evidence Update Statement

August 2012

1. Introduction / Purpose of this Statement

A district wide Retail Capacity Study was prepared on behalf of Babergh District Council by Colliers CRE in July 2008. This forms the basis of the evidence base for retail issues in Babergh. However, changing retail trends, the economic climate and local developments, all influence the current position. This statement reviews relevant key changes, nationally and locally and summarises the findings and implications of these on the 2008 evidence. It considers changes nationally, regionally and locally to support the evidence base. It covers following:

- **Summary of National / Regional Changes and implications for Babergh**
- **Sudbury- Review of changes and implications since the 2008 Retail Evidence (Colliers CRE)**
- **Hadleigh- - Review of changes and implications since the 2008 evidence**
- **Review of implications elsewhere in the District, including Copdock and the rural areas and trends including Farm shops and Community shops**
- **Overview of implications on the 2008 Retail Evidence**

2. National / Regional Changes

Significant changes to the UK economy and retail trends have occurred over recent years. The economic recession has impacted greatly on the retail market and changes in consumer behaviour significantly influence retail patterns, as do technological advances which have been rapid and constantly emerging. In addition changes to the planning system and the introduction of the Localism Act 2011, together with the National Planning Policy Framework (March 2012), all influence the current position. A wealth of reports and reviews have emerged from various sources in response to this changing environment, including the Department for Communities and Local Government, Mary Portas Report, the Business Innovation and Skills, and the Javelin Group. The key messages from these and other reports are summarised below;

2.1 *National Planning Policy Framework (March 2012) (NPPF)*

The NPPF replaces the former guidance which related to retail issues and town centres in Planning Policy Statement 4. Section 2 of the NPPF, deals with ensuring vitality of town centres and sets out a strong policy stance for promoting town centres. This retains the focus on promoting and safeguarding the vitality and viability of town centres, recognising that they are at the heart of communities. The sequential approach to development in relation to the location of main town centre uses is also still required, directing retail, leisure and office uses to “town centres first”. Proposals for main town centre uses outside of the town centre will need to be assessed for their impact on vitality and viability (included committed and planned investment) and where they have a significant adverse effect, or the location fails the sequential test, proposals will not be acceptable. In other cases, in line with the positive stance towards economic development planning permission will be granted.

Like PPS4, (2009) the current guidance moves away from earlier emphasis of proposals having to prove a “need”, as part of the assessment for new retail development. However, in assessing “impact” which remains at the core of the policy consideration, need issues such as expenditure capacity, leakage, over-trading and potential for claw back of spending are all indicators of the potential impact on the vitality and viability. Needs assessments, if only indirectly, remain a necessary source of evidence for thorough consideration of retail proposals.

2.2 National overview / summary of changing trends and implications for retailing and town centres

Key themes in as far as they may have implications for the current position in Babergh are summarised:

- Implications as a result of the economic recession
 - Dramatic fall in property values
 - Difficulty to secure borrowing
 - Public sector funding cuts - squeezing out some key town centre facilities such as libraries, tourist information facilities and public toilets (unique and important characteristic to town centres not often provided in alternative retail centres)
 - Declining household spending
 - Many national multiple retail stores and Banks ceasing trading or reducing stores by pulling out of many town centres, leading vacant properties often in primary shopping areas of centres
- Technological advances and the impact on retail patterns
 - Significant rise in internet shopping and e-commerce- linked to increased access to home computers, improved broadband in many areas and enhanced confidence in e- security issues;
 - Rapid growth in use of mobile electronic devices – “m-commerce” with the increased availability of “apps” and consumer access to devices. (Between 2009 and 2011 growth in this retail share was 563%). It is forecast to increase from £1.3bn in 2001 to £19.3bn by 2021 (4.9% of all retail trading)
- Accessibility and Parking
 - Town centres struggle to compete with out of town centre and stores where immediate access and free parking is invariably available
 - Evidence suggests that insufficient parking, at an appropriate cost close to town centres, loses customers to other centres where these are preferable
 - Continued increase in car ownership and dependence on the private car poses a challenge to high streets and town centre locations
- Consumer Choice
 - Choice is fundamental for retail competition. It relates to cost, quality, service and ambience as well as loyalty and personal preference.
 - Customer value is difficult to assess, but very important in promoting and regenerating town centres- Smaller independent stores can offer some of the “values” that larger stores and centres can’t. Important that these are understood so can play to the strengths in town centres (Various reports including Mary Portas, Javelin Group and Understanding our High Streets (BIS) address this issue)
 - Traditional Markets making a comeback in many town centres, with many consumers keen to support local traders and producers and signing up to the principles of reducing food miles & healthy eating. Also linked to this is the upsurge of Farmers Markets (including town centre locations) and improved (up grading of Farm Shops).

- Demographic changes and influences
 - Increase in older population in some areas may lead to rise in spending on particular sector including food and drink and health and leisure activities / products.
 - Demographics of an area effects consumer patterns and requirements.
- Overall projected trends
 - Town centre trading will continue to decline, with other types of shopping including out of town, e-shopping and m-commerce taking an increased share of any growth
 - Town centres need to exploit opportunities to rise to the challenge and reflect the changing worlds of retailing and offer unique selling points which play to the strengths of the town centres and their communities
 - Understanding consumer attitudes particularly to values other than costs is key to the future role of town centres
- Local Authorities to consider opportunities through planning and regulatory powers to support town centres in the future
 - Business rates and financial incentives
 - Car parking
 - Planning policies

3. Sudbury- review of Changes and Implications since 2008 evidence

In reviewing the retail position in Sudbury, significant changes which have implications for the evidence, together with any significant impacts reflected in recent health check or other change of circumstances are summarised in this section.

3.1 Convenience Goods

The 2008 Retail Evidence (Colliers CRE) indicated that there was a need for an additional 2012 sqm (net) floor space provision for convenience goods (projected up to 2021). Since 2008, this position has changed with the granting of planning permission for a new Sainsbury's Store on Cornard Road in Sudbury. The 3716 sqm store will provide net floor space of 2601sqm for convenience shopping. It is currently under construction and is anticipated to be open for trading in November 2012. Based on the need identified in the 2008 Retail Evidence by Colliers CRE, this creates a calculated potential over provision of nearly 600sqm. The impact and implications on the vitality and viability of the town centre, as a result of this proposal were thoroughly debated as part of the planning application process, with the conclusion being, that due to the existing level of over trading and likely potential claw back from other locations, there would be no significant adverse impact on the town centre. Sudbury is the largest urban centre in Babergh and as such will see further growth. The 2008 evidence (Colliers CRE) projected the needs until 2021, which will have reflected the committed growth in the existing Local Plan. The additional growth proposed in the Core Strategy for Sudbury and surrounding area up to 2031, will not have been reflected in the need identified in the 2008 evidence by Colliers CRE. However, it is likely that the additional 850 dwellings proposed for this area in the Core Strategy will be catered for through the existing possible over provision, rather than resulting in additional need. Further assessment of this would be necessary should new proposals come forward in the future.

3.2 Comparison Goods

The 2008 Retail Evidence (Colliers CRE) identified a significant need for additional comparison goods floor space in Sudbury with a need for 15,300sqm up to 2021. It suggested that in line with the sequential approach, this should ideally be provided within the town centre. Since July 2008, additional comparison goods floor space is now committed in Sudbury to following the granting of planning permission for a number of proposals. These are summarised below:

- Sainsbury's Store (Cornard Road) Comparison goods floor space as part of larger food store- 1115sqm
- Wickes- Non Food Retail Warehouse, Northern Way Sudbury 2181 sqm

Although both of these commitments are located on out of town centre sites, they will contribute to the floor space supply for the town of Sudbury and its catchment area. Sainsbury's is currently under construction and Wickes DIY has planning permission (subject to signing of a 106 Agreement).

Together these proposals will provide an additional 3296sqm (net) comparison goods floor space which will reduce the identified need to approximately 12,000sqm, based on the need projected up to 2021 identified by the Colliers CRE Retail Evidence 2008. It remains the case that further provision of comparison goods in Sudbury is sequentially preferred in the town centre. This may be partially met by mixed use opportunities on site such as Hamilton Road, if development comes forward. Town centre expansion may also be appropriate, which would need further consideration when future planning documents are prepared. This appears an appropriate response both to the changing needs of a growing town and to the need to retain a competitive trading position in relation to numerous larger town centres relatively nearby. The Core Strategy includes a commitment to provide an additional 11,000 sqm of comparison goods floor space by 2021, which is likely to be facilitated by land allocations in a future Development Plan Document.

3.3 Out of Town Retail Park Provision

The 2008 Retail Evidence (Colliers CRE) included the existing out of town provision in the assessment of Comparison Goods floor space. In this respect, very few changes have occurred other than a few units having changed operators, within the same use class and / retail line, including Focus now being occupied by B&Q. No extensions or additional provision has been established or is committed on Shawlands Retail Park, or Woodhall Business Park, other than those referred to above. Therefore the evidence regarding supply remains the same as that identified in the 2008 evidence (Colliers CRE).

3.4 Sudbury Town Centre Health Check and recent changes

The Town Centre Health Checks are partly updated annually. These provide the detailed floor space occupancy information and illustrate fluctuations and changes and provide an overall picture of the health of the town centre at a given time. In the current economic climate, change to the retail market is very fluid with many retailers forced to close or reduce the number of stores if they are national multiples. Despite the national retail economic downturn, Sudbury town centre is considered to be fairing reasonably well overall. Below is a summary of the vacancy rates in the town with comparable rates for 2008.

2008 overall vacancies (units)	4.96% (none within the primary area)
2011 overall vacancies (units)	5.24% (1 within the primary area)
2012 overall vacancies (units)	5.59% (1 within the primary area)

This shows fluctuations, with a slight decline in the overall occupancy rate. However, the proportion of vacancies remains well under the national average, which is closer to 15% vacant units. It is also worth noting that since the town was surveyed in April / May 2012, one of the larger vacant stores in Sudbury is now occupied by the national multiple – Sports Direct so the actual vacancy rate will now be lower than the 5.59% identified. It is also evident that almost all of the losses of retail units in Sudbury during the last 4 years have been national operators who have ceased High Street trading altogether such as Woolworths, or reduced the number of stores nationally pulling out of a large number of locations, such as Marks and Spencer's Simply Food. It is also the case that all of these losses have been immediately taken up by other operators, again often by national multiple stores, including Iceland, who reinvested in Sudbury when the opportunity of a larger unit became available. With a few exceptions the independent retailers, particularly in the primary shopping area, are retaining their position in the town centre.

In line with the national trend for increased popularity of local markets, Sudbury continues to support a large, twice weekly, Market on Thursdays and Saturdays and a Once a month a Farmer's Market in St Peter's Church, centrally located in Market Hill.

Although suffering to some extent as a result of the economic recession, the overall performance of Sudbury Town centre appears to be reasonably good, with the more recent Health Check indicating that it is in a good state of health.

3.5 Findings from other Studies or Evidence since July 2008

A number of other studies have been carried out for Sudbury since July 2008, which provides more detail of changes, retail performance, and potential future opportunities. Much of this is to support the Supplementary Planning Document (SPD) for the Hamilton Road Quarter (HRQ) which is allocated in the Adopted Local Plan (Policy SD06) for redevelopment of a mixed use scheme including retail, an improved bus station and other potential uses such as leisure, commercial and residential (potentially on upper floors).

Retail Study - September 2011 Jones Lang LaSalle

In March 2010, the Council adopted an SPD for the Hamilton Road Quarter in Sudbury, which provides a framework for a mixed-use town centre development. Further macro and micro retail studies have been prepared to consider potential viability issues associated with potential development on the site, in accordance with the adopted SPD. Stage 1 of this work provides a Retail Study setting out a review of Sudbury as a retail centre. It includes some elements also covered in the town centre health check, and goes on to further interpretation and analysis of the current performance of the town and implications for future performance and growth. Its overall conclusions are summarised below:

- Sudbury is currently a strong retail centre, which responds well to its local catchment demands. In Javelin's 2010 national 'Venuescore' retail ranking, the town ranked 310th among all town centres included in this ranking system (not all town centres are included). More significantly, it improved its ranking over time, rising from 352nd in 2005 to its current (2010) position. This has been achieved without the aid of new floorspace development and is testament to the fact that the town has been able to maintain a healthy retailer line-up. Other centres that have been unable to do this have seen their respective rankings drift. That said, conditions in the UK retailing market remain very difficult, but the above evidence points to Sudbury weathering the storm better than many other centres.
- Sudbury is a balanced town centre where local traders and national multiples blend together seamlessly. This is borne out both qualitatively and quantitatively. The breakdown is that 55% of the retail floor space is occupied by national or regional operators with 45% occupied by independent traders.

- Qualitatively the independents and multiples bring some welcome uniqueness and diversity, further emphasized by the extent of the dispersed nature of these and intermingling of independents with multiple traders. This is likely to be a positive factor contributing to the low vacancy rate in the town.
- Just 5.9% (July 2011) of retail units were vacant, with this equating to just 2.3% of Sudbury's retail floor space. This is significantly lower than the reported national average at the same time of 14.5%.

Retail Study Stages 2 (February 2012) and 3 (May 2012) - Jones Lang LaSalle

Stages 2 and 3 of the retail work by Jones Lang LaSalle considered more detail regarding the development potential and market interest in principle in Sudbury and in particular in redevelopment opportunities on the HRQ site. Stage 3 interprets the findings further, reflecting viability considerations, together with some scheme visioning to indicate potential options for further consideration. Key findings from these studies confirm a preference for a combined retail/leisure led scheme on the HRQ site offers best potential to attract inward investment and identified early potential interest from a number of key national retail and leisure operators which would inevitably lead to others to follow if these anchor interests were secured.

4. Hadleigh- review of Changes and Implications since 2008 evidence

In reviewing the retail position in Hadleigh, significant changes which have implications for the evidence, together with any significant findings reflected in recent health check or other change of circumstances are summarised in this section.

4.1 Convenience Goods

The 2008 Retail Evidence (Colliers CRE) concluded that there was an identified need in Hadleigh for an additional food store with a net convenience floor space requirement of 1020 sqm, suggesting that a store up to 1500 sqm gross floor space was required. The Babergh Local Plan (2006) allocated a site for a convenience store, which was the subject of a planning application on behalf of Tesco's. Since July 2008 a number of changes have occurred which impact on the evidence presented at that time.

Tesco's

A planning application submitted in 2008 for a 2500 sqm store on the site allocated in the Local Plan was refused (by Babergh's Development Committee on 6th July 2011 for reasons related to the design of the proposed development). As part of the application process the retail impact of the proposed Tesco store was thoroughly considered and included evidence submitted on behalf of Tesco's and a review of that evidence on behalf of the Council by Nathaniel Lichfield and Partners. The overall conclusions of these, however, concurred with the level of previously identified quantitative need (as identified in BDCs retail study), although some variations of detail in the assessments apply. The conclusion being that a store of not more than 1550 sqm (net) including 15% ancillary comparison goods would not have significant harmful impact on the vitality and viability of the town centre.

Buyright's

The out of town store Buyright's was trading in 2008 and indicated in the evidence as providing an estimated approximate split of 20% convenience goods and 80% comparison goods (although was probably subject to some variation over time). During 2012, this store

ceased trading temporarily, and a development is currently being implemented to provide an entirely new Morrison’s food store, with part of the building trading as QD, this latter element is already open. Due to the previous unfettered planning permission and use of the building, planning permission was not required for this proposal, although an application has currently been submitted for minor extensions, involving a front porch entrance area, which has no impact on the shopping floor space.

4.2 Comparative Assessments of Retail Floorspace Provision for Hadleigh at Buyright Store

The table below summarises the differences between the 2008 Colliers CRE Retail Study position and that taking into account the recent changes in relation to the former Buyright store.

	July 2008 (Based on Colliers CRE Study)	July 2012 (Based on Morrison’s / QD Development)
Gross total floor space sqm	6588 (est.)	6485
Net total floor space sqm	5929 (est.)	4029
Convenience Floor space (net)	1186 (est.) (20%)	2000 (50%)
Comparison Floor space (net)	4743 (est.) (80%)	2029 (50%) (Incl. an approx 10% allowance for ancillary comparison goods within Morrison’s) (QD =1800)

Based on the convenience goods retail floor space provision figures used by Colliers CRE in the 2008 the changes as a result of the Morrison’s / QD development result in a net gain of 814sqm. This assumes 10% of Morrison’s trading area (approx 200sqm) is ancillary comparison goods.

The evidence submitted by Martin Robeson on behalf of Tesco’s (to support the Tesco store planning application of 2008), suggested that the allowance of 1186sqm for convenience floor space at Buyrights (Colliers CRE) was an over estimation and a more accurate actual provision figure would have been 400sqm. Nathaniel Lichfield in response, on behalf of the Council agreed that 400sq m was a more accurate estimate. Based on this significantly smaller trading area of 400sqm (just 6.7% of the total net floor space), the net gain in convenience floor space as a result of the Morrison’s / QD proposal would represent a net gain of 1600sqm. This does not take into account whether this difference may also imply other variations between the evidence, for example differences in over trading figures or expenditure predictions.

4.3 Implications

The changes in actual convenience goods retail floor space provided in Hadleigh since the July 2008 Colliers CRE evidence appear to suggest that the identified need for convenience floor space projected to 2021 as an additional 1020sqm, will largely be met by the difference in the trading floor space in convenience goods provided as a result of the Morrison’s / QD proposal compared to that formerly provided by Buyright’s alone. Based on Colliers CRE estimated figures, the net gain of 814sqm floor space now provided leaves an unmet need of 206sqm.

This does not take into account any changes in need which may be evidenced by expenditure capacity and leakage patterns. If an updated position were necessary to challenge or verify this identified level of need, further detailed assessments would be required.

A further consideration, reflected in both Colliers CRE Evidence and Nathaniel Lichfield, is the need to limit the increase in retail floor space provided in Hadleigh, to remain representative of its place in the overall retail hierarchy (in planning terms). The suggestion for an appropriate floor provision level by both evidence studies was no more than 1500sqm net increase. The above assessments also deal exclusively with quantitative need (in relation to floor space provision).

It is recognised that the NPPF refers still to assessing needs in terms of scale (implying mainly quantitative needs) as well as “competitive town centres” and “customer choice” and a “diverse retail offer”. Accordingly the consideration of *qualitative* retail floor space need remains a valid planning consideration, although as such, this is not dealt with in the above evidence assessment update.

Comparison Goods

The 2008 Retail Evidence (Colliers CRE) indicated that there was no need for additional floor space in comparison goods in Hadleigh and in fact projected Hadleigh to continue to have an over provision of 800sqm floor space in 2021, based on existing provision, trading level, expenditure growth and available spend.

The implications of the changes to the former Buyright store outlined above do, however, imply a potential need for more comparison goods floor space. The table above illustrates the comparative floor space provision, suggesting that the net difference in comparison floor space provided by the QD/Morrison’s development is 2714 sqm, when compared to the estimated provision of 4743 from the Buyright store in 2008. Given that the 2008 (Colliers CRE) Retail Evidence indicated an over provision of 800sqm, the revised position suggests a comparison goods floor space requirement of 1914sqm. This need simply reflects the difference in the floor space supply between the Buyright store and the QD/Morrison’s development. Other considerations, including, expenditure potential, quality issues and customer choice are not reflected in this update.

Hadleigh Health Check- Updated position

The town centre health checks are partly updated annually. They provide the detailed floor space occupancy information and illustrate fluctuations and changes and provide an overall picture about the health of the town centre at a given time. In the current economic climate, change in the retail market is very fluid, with many retailers forced to close or reduce the number of stores if they are national multiples. As a small market town defined as a local centre in the retail hierarchy, there is a high proportion of independent retailers, with very limited presence of national multiples. The fluctuations and trends in vacancy rates in Hadleigh compared with 2008 are summarised below:

2008 overall vacancies (units)	4.96% (none in the primary shopping area)
2011 overall vacancies (units)	2.46% (none in the primary shopping area)
2012 overall vacancies (units)	7.84% (1 unit in the primary shopping area – larger unit 355sqm)

This shows a marked decline between 2008 and 2012, which is further emphasised by a few of the recent vacancies being larger units, with one as large as 355sqm closing recently. Some new independent retail operators have also opened in the last 12 months, with a former travel agent now occupied by an independent toy shop retailer. Despite the overall decline in occupancy of units, Hadleigh remains comparatively healthy when compared to other towns and the national average (approximately 15% vacancy rates). As with Sudbury, a local market also remains popular and is situated in the market place on Friday and Saturday. Although very limited in size, the market has a focus on specialist food sales and this will supplement some of the gaps in retail offer in the High Street, such as fishmongers, as will mobile outlets that visit the town on a regular basis.

5. Retail Evidence Considerations outside the town centres

5.1 Copdock Mill Retail Park

As well as covering Sudbury and Hadleigh, the 2008 Retail Evidence (Colliers CRE) also included the position in relation to the Copdock Mill Retail Park. At that time a total of 11,188sqm (net) of comparison goods floor space was provided through a range of out of town comparison goods stores, including an allowance for the proportion of comparison floor space within the Tesco's store. The provision at this retail park in 2012 remains largely unchanged, other than that as a result of the granting of planning permission for a mezzanine floor for the amalgamation of the Curry's and PC World stores, if the agreed proposal is implemented, this will provide a net gain of approximately 1,100sqm of comparison floor space. A planning application is currently being considered for a proposal to vary a condition for the use of the existing PC World Unit to allow the sale of goods currently restricted by condition including, food, drink, confectionary, toiletries, cleaning products and toys by another operator (B&M Home-style). This application is yet to be determined. Further increase or intensification of retail floor space in this location is unlikely to receive planning support in principle, in order to protect the town centre vitality and viability of Ipswich and Hadleigh and to safeguard the protection and provision of local facilities within residential neighbourhoods on the edge of Ipswich. The Core Strategy includes reference to this in Policy CS11.

5.2 Rural Areas

Babergh has many towns and villages which cater for small scale or specialised retail needs in the district. Data on retailing outside of town centres and retail parks is very limited. However, in a rural district, it is important to recognise the role that such provision has and the contribution it makes to the provision. Although it is not possible to quantify this, there are a number of developments and trends which are relevant to retail provision and patterns in Babergh.

The role of Farm Shops has changed considerably in recent years, and those within Babergh are no exception. The small scale roadside farm shops, (little more than a shed selling produce directly from an adjoining farm) have almost disappeared, with a notable increase in expanded up-market farm shops which are tailored to "local food produce", high end gastro products and often combined with a wider visitor / tourist function. Many, such as Assington Farm Shop, Wheldons Farm Shop (Cornard Tye), Hollow Trees Farm (Semer), Hall Farm Shop & Restaurant (Stratford St Mary), the Suffolk Food Hall and Jimmy's Farm (both at Wherstead) include a restaurant/cafe and other retail sales or interests / attractions such as plants or farm trails. Some of these larger farm shops also host/or support monthly Farmers' Markets, which go to a number of larger villages to boost the retail trade, footfall and offer, including Lavenham and Long Melford. Farmers' Markets also reach out to the more rural communities across Babergh including Harkstead and Hartest. Seasonal and themed markets are also increasingly popular with many locations

hosting French and Italian markets at various times of the year. A further unquantified retail supply for comparison shopping is through the many garden centres that are located on the edge of towns and in many of the rural settlements. Increasingly, the retail offer at garden centres extends into a range of comparison goods which is not quantified in any assessments within, or outside the town centre. Often planning consents, may restrict the proportion and type of sales permitted at such outlets, for many reasons including vitality and viability of other centres and sustainability issues. Although not quantified, it is recognised that the majority of garden centres, particularly the larger ones, cater for a wider retail market.

Many of the villages have lost village shops and in particular post offices in recent years. Some have responded to the decline in rural convenience stores by the community pulling together to establish “Community Shops”. In Babergh successful shops of this kind have been established in Monks Eleigh, Polstead, Sproughton and Stutton.

Community shops not only provide a valuable local retail service, they also provide an important social focus, a meeting place and drop off and pick up points for parcels and other local services outside of the village location, such as dry cleaning and other services such as Wi-Fi connections.