

Report to Sustainable Development Panel
19 September 2018
Report of Head of Planning
Subject Retail Monitor 2018

Item

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Purpose

To report the findings of the 2018 Norwich Retail Monitor.

The Retail Monitor is the council's monitoring report advising of vacancy rates and changes of shop type across the city. Monitoring ensures that the council can measure the implementation of policies on retail monitoring and consider whether to implement them in a more flexible manner or to take an alternative approach taking into consideration market demands and trends.

Recommendation

To note the findings of the 2018 Retail Monitor.

Corporate and service priorities

The report helps to meet the corporate priority "A prosperous and vibrant city" and the service plan priority to implement the local plan for the city.

Financial implications: None directly

Wards: All wards

Cabinet member: Councillor Stonard – Sustainable and inclusive growth

Contact officer(s)

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Background documents

None

Report

Introduction

1. This report presents the findings of the 2018 Retail Monitor.
2. The Retail Monitor is the council's monitoring report advising of vacancy rates and changes of shop type in the city. Regular monitoring ensures that the council can assess the implementation of its retail policies and gauge their effectiveness.
3. The monitor is based on a survey of the city's retail offer carried out in June 2018. This report updates members from the last monitor produced in June 2016.
4. The revised National Planning Policy Framework (NPPF) was published in July 2018 (NPPF 2018). It states in paragraph 85 that planning policies and decisions should "support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation".
5. The NPPF also requires local plans to define a network and hierarchy of centres and promote their long-term vitality and viability by allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters.
6. Policy 19 of the Joint Core Strategy (JCS – adopted 2011, with amendments adopted 2014) sets out the network and hierarchy of centres which will apply in greater Norwich, as follows:
 - Norwich City Centre, a regional centre serving a wide catchment and providing a wide range of interdependent activities including retailing, leisure, employment, culture, arts and tourism. JCS Policy 11 (Norwich City Centre) states that Norwich city centre's regional centre role will be strengthened and that the retail, cultural and leisure facilities offered in the city will be expanded and enhanced through intensification of retail uses in the primary retail area and its expansion if necessary. The policy also promotes the strengthening of specialist shopping areas in secondary areas of the city centre.
 - Large District Centres (LDCs) at Anglia Square/Magdalen Street/St. Augustine's and at Riverside. JCS Policy 19 promotes the strengthening of the large district centres.
 - District Centres such as Bowthorpe, Aylsham Road and Plumstead Road are groups of shops containing at least one supermarket or superstore and a range of non-retail services. JCS 19 also supports the essential role of district and local centres (below) in meeting everyday shopping needs.
 - Local Centres, such as Grove Road, provide a range of small shops of a local nature (for example a small supermarket, newsagent, pharmacy), serving a small catchment.
7. The Development management policies local plan adopted in December 2014 (the DM plan) provides the detail to enable the strategic aims above to be implemented and to protect the vitality and viability of centres. This is done through policies DM20 and DM 21 which apply specific thresholds for retail uses in each retail area of the city.

8. These policies are also supported by the Main town centre uses and retail frontages supplementary planning document which was adopted concurrently with the DM plan.
9. An updated retail study to assess Norwich's current retail needs was produced in December 2017 by GVA to inform the emerging Greater Norwich Local Plan (GNLP). This advocates continued support and growth of the comparison goods retail offering, commercial leisure and other 'main town centre uses' in Norwich City centre, including growth in retail floor area in the city.

Main findings of the 2018 Retail Monitor

10. The Norwich City Centre Shopping Floorspace Monitor and Local and District Centres Monitor (June 2018) is attached as Appendix 1. It is widely reported that the retail sector faces challenging times, which is supported by increased vacancy rates since the last survey, however the picture varies considerably across the city as illustrated in the table below (which appears as Table 9 in the Retail Monitor).

The direction of travel of vacancy rates and retail floorspace in Norwich since 2016

Area	Available vacant floor space	All vacant floor space including refurbishment	Number of vacant Units	Overall Floor Area	Overall units
City Centre	↑	↑	↓	↓	↓
Primary Area	↓	↑	↓	↑	↓
Secondary Area	↑	↑	↑	↓	↓
Large District Centres	----	↑	↑	↑	↑
Rest of city centre	↓	↑	↑	↓	↓
District Centres	N/A	N/A	↑	N/A	↓
Local Centres	N/A	N/A	↓	N/A	↑

Key

↑ = increase

↓ = decrease

Red = Moving in a negative direction

Green = Moving in a positive direction

Grey = No change

11. Full details of the 2018 survey are set out in Appendix 1. Key findings include:

- Vacant floorspace in the city centre has continued to rise since the last survey; it is now at 7.3% from 2016's figure of 5.8%. Although vacant floorspace has been increasing since 2014, it remains at a lower level than at its height in 2010 (12.4%).
 - Conversely, the number of vacant units in the city centre has decreased slightly to 10.8% from 2016's figure of 11.3%; this also compares favourably to a national city centre average of 11.2% (Local Data Company, June 2018)
 - The percentage of vacant units in the primary area is 9.8%. This is a marked improvement from the 14% vacancy rate in the primary area in 2016.
 - Most of the primary area retail frontage zones are performing reasonably well in terms of their retail function with all of them being within their recommended minimum percentage rate of A1 retail, however six of the seven monitored frontages have seen a reduction in the proportion of shops in the retail frontage since 2016, whilst Castle Mall has remained constant. Castle Mall is, however, currently experiencing a high level of long term vacant A1 retail units (26%).
 - Retail vacancies have increased in the secondary retail areas since 2016. In terms of vacant floorspace this has been the most dramatic rise, from 2.8% in 2016 to 17.7% in 2018. This can be attributed to the closure of some large scale national retailers, most notably Toys R Us in Cathedral Retail Park which had a significant floor area for a single retailer.
 - In the large district centres, vacancy rates have increased slightly when taking account of units vacant and under refurbishment; however, if considered as a proportion of retail floor space excluding space being built or refitted, the vacancy rate has remained constant at 5.4% since 2016. This vacancy rate is low when compared with the situation at the start of the plan period in 2008;
 - In the rest of the city centre (streets outside the defined areas), vacant unit rates have risen steeply since 2016. Vacant floor space has decreased. This suggests that the larger units are faring well but that the smaller units are struggling to find and retain retailers. This pattern is in complete contrast to the situation in 2016; and
 - Vacancy rates in the ten existing district centres have increased on average to 11.7% from 9.6% in 2016. Vacancy rates in the 28 local centres have remained constant at 7.5% since 2016. Vacancy rates vary considerably within each of the district and local centres but overall the centres continue to be relatively robust and to offer an appropriate range of local services and facilities, with food stores being most important to their success.
12. The 2018 monitoring figures suggest that the retail performance across the city remains relatively robust and competitive; however, it is apparent that vacancy levels have continued to increase marginally in all areas either in floorspace or unit number terms, except for Local Centres which have, overall, enjoyed a decrease in vacant units at the same time as increasing the overall number of units.
13. Secondary retail areas in the City Centre have experienced the poorest performance with regards to A1 retail, with overall increased vacancy both in

floorspace and unit number terms, whilst also decreasing in size in terms of number of units and floorspace.

14. While the majority of changes identified do not appear to be especially significant year-on-year, there have been some significant rises in vacancy, most notably in Secondary Areas mentioned above. These changes will continue to be monitored closely to inform emerging policies and guidance. The city has seen a trend of rising vacancies and reduction of A1 floor-space and unit numbers. The 2016 report concluded that there were “*small but meaningful changes across the city*” and the 2018 survey shows a gradual continuation of this pattern. As noted in the 2018 Retail Monitor at Appendix 1 (paragraph 11) the retail industry has been undergoing “dramatic structural changes” in recent years partially driven by technology, which may have ongoing impacts for the viability of some retail businesses.
15. There is a trend of a condensing retail offering within the city centre, bringing the focus to the Primary Areas. There is also a recognisable trend of a move away from A1 retail uses to service and leisure type uses; this is a pattern seen nationally and is not peculiar to Norwich.
16. Over recent years, the government has made a substantial number of changes to permitted development rights, many of which affect A1 retail space. As such, smaller A1 retail units can change to other uses (such as professional and financial services, residential, leisure, restaurants and schools) on a permanent or temporary basis with either no planning permission or prior approval only. Monitoring of changes between 2016 and 2018 show no significant trends in such changes of use but it will be important to continue to assess the impact of such changes in future monitoring reports.
17. It is therefore important that the council investigates other possible ways to cultivate and support the retail offer of Norwich, potentially working in partnership with relevant organisations including Norwich BID.

APPENDIX 1

NORWICH SHOPPING FLOORSPEACE MONITOR 2018