- Norwich City Council is in good shape to serve the city.

This report addresses the first four aims.

The report also helps to implement the adopted local plan for the city and supports the delivery of the emerging Greater Norwich local plan's policies.

The report helps to meet the business and the local economy objective of the

Introduction

1. This report presents the findings of the October 2023 Norwich City Centre Shopping and Town Centre Floorspace Monitor & Local and District Centres Monitor.
2. The Norwich City Centre Shopping and Town Centre Floorspace Monitor & Local and District Centres 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. Previously the main purpose of the reports has been to measure vacancy rates for retail (formerly Use Class A1) and to provide data on the total amount of retail floorspace within the city centre. However over the past few years it has been identifying both locally and nationally that there is a need for greater flexibility to allow our high streets to evolve in order for them to thrive. This is reflected in recent changes to government policy and within the policy approach set out in the emerging Greater Norwich Local Plan. The scope of the Monitor now also looks at all town centre uses.
3. The Monitor is based on a survey of the city's retail and town centre offer carried out in October 2023. This report updates members from the last retail Monitor which was produced in October 2022. The October 2022 report showed a significant reduction in shop vacancy rates for shop floorspace and units and it showed that other than within the secondary retail area, the city was moving in a positive direction. With vacancy rates down and footfall up overall it was felt that Norwich had recovered very well from the pandemic and in particular the strength and resilience of Norwich's independent retailers was acknowledged.

Main findings of the 2023 Retail Monitor

4. The Norwich City Centre Shopping and Town Centre Floorspace Monitor and Local and District Centres Monitor (October 2023) is attached as Appendix 1. The main findings of the monitor are set out below.

   City Centre

   a. The vacant available retail *floorspace* in the city centre is 15.9% which is quite a significant increase from October 2022's figure of 12.2% but is comparable to March 2022's figure where 15.0% of available floorspace was vacant. Today's vacancy rates are however very high compared to a pre pandemic figure of only 5.5% and is the highest vacancy rate that we have seen in the plan period. Prior to the pandemic the highest figure was 12.4% in 2010 which compares to the lowest figure of 4.2% which was experienced in 2014. City centre retail vacancy rates 'as a proportion of all retail floorspace' have also increased from 14.2% in October 2022 to 16.9% in October 2023. The pre pandemic level was 10.0%.

   b. The percentage of vacant *units* in Norwich's city centre has however continued to decrease year on year from 14.7% in October 2020 to 12.3% in October 2023. Over the past 12 months it has fallen from 12.6% to 12.3%. This fall of 0.3% is better than the decrease in vacancy rates that has taken place nationally. In H1 2022 (first half of 2022) national retail vacancy rates stood at 15.4% whereas in H1 2023 (first half of 2023) they had decreased by only 0.1% to 15.3% (Local Data

Company, September 2023[1]). Norwich therefore still compares favourably to the average GB retail vacancy rate although direct comparisons are difficult due to methodological difference between surveys and due to surveys covering different areas.

c. In terms of all town centre uses, vacant floorspace currently stands at 17.0% (up from 15.4% in October 2022 and 16.2% in July 2021) and vacant units remains unchanged at 13.0% (but down from 15.2% in July 2021). Compared to retail only this is now only 0.1% higher for floorspace (compared to 1.2% higher in 2022) but 0.7% higher for units (compared to 0.4% higher for units in 2022).

d. Overall the amount of retail floorspace in the city centre continues to decrease although the rate by which it is decreasing has slowed since the previous monitoring period. Between October 2022 and October 2023 it reduced by 1,954 sqm which is a 0.9% decrease. This compares to a reduction of nearly 6,000 sqm between July 2021 and October 2022 (2.9%). The total number of retail units also reduced from 947 in October 2022 to 938 in October 2023 which is a 1% decrease. Between July 2021 and October 2022 the number of retail units decreased by 2.5%.

e. The loss of retail has largely been due to changes of use to other town centre uses rather than to residential or due to demolition. In particular over the past 12 months the loss can largely be attributed to the change of use of two former shops within the Castle Quarter, one to an NHS wellbeing hub and the other to a virtual reality and gaming centre.

f. Over the past monitoring period there has been a significant reduction in the amount of floorspace under construction/refurbishment although at nearly 2,000sqm it is still relatively high which indicates that investment is taking place. Currently 11 retail units are under construction/ refurbishment which compares to 13 units (4,108 sqm) in October 2022 and 5 units (514sqm in March 2022).

g. Since the October 2022 survey Norwich has continued to lose national chains from the city centre and the loss of Wilko in particular has had a significant impact upon vacant floorspace. Several new chains however have recently opened. In previous years we have reported how resilient Norwich's independent shops have been, particularly within the secondary retail area and the Magdalen Street Large District centre. Nationally independents have started to struggle (see para 21 of main report) and within Norwich there is some concern that Norwich's independent sector is being impacted by economic factors.

Primary retail area

h. Within the Primary retail area vacant available floorspace currently stands at 16.8% which is a 4.6% increase on 2022 rates where 12.2% of available floorspace was empty. This is also a significant increase in the percentage of vacant floorspace from before the pandemic when vacancy rates were at an extremely low rate of 4.1% in October 2019. Vacancy rates did improve between March 2022 and October 2022 (reduced from 15.0% to 12.2%) which indicated that the primary retail area had started to recover from the pandemic but rates have gone up again which may be a result of the cost of living crisis but for Norwich

[1] Local Data Company, "H1 2023 retail and leisure trends analysis" (September 2023)

can at least in part be attributed to the recent closure of Wilko (which at 5,600sqm has a very significant impact upon floorspace vacancy rates). The percentage of vacant retail units in the Primary Area has decreased from 12.6% in October 2022 to 11.3% in October 2023.

i. Most of the primary area retail frontage zones are performing reasonably well in terms of their retail function although there are now two frontage zones where the retail frontage is below the minimum threshold set out in policy (Castle Quarter and Timberhill/Red Lion Street).

Secondary retail area

j. Retail vacancies remain very high in the secondary retail area and have continued to creep up. In terms of vacant floorspace it now stands at 25.4% and vacant units at 12.1%. This high vacancy rate is primarily due to the closure of Toys R Us in April 2018 and the closure of a further unit in the Cathedral Retail Park in July 2021. If the cathedral retail park is omitted from the secondary retail area altogether vacant floorspace would be 9.7%, vacant available floorspace would be 7.1% and vacant units would be 11.2% which is well below the national average of 15.4% and would be one of the lowest in the city centre. This shows that the secondary retail area (excluding the Cathedral retail park) is still performing well in providing independent retail diversity and by adapting it appears that it has remained relatively resilient.

Large District Centres

k. In the Large District Centres, vacant floorspace rates have increased from 5.6% to 8.7% but this remains lower than in July 2021 when 9.1% of floorspace was vacant. This is a low figure for a shopping area which does not form a central part of the city's retail offer. The vacancy rate at Riverside has increased from 4.9% to 9.6% for floorspace and from 8.5% to 11.8% for units. Magdalen Street, Anglia Square and St Augustine's Large District Centre has also seen an increase in vacant floorspace from 6.3% in October 2022 to 7.9% in October 2023. The number of vacant units has increased from 12.1% to 13.1%. This is still relatively competitive when compared to the GB national average retail vacancy rate of 15.3%.

Rest of centre

l. In the rest of the city centre (streets outside the defined areas), vacant available floorspace has increased marginally from 10.0% in October 2022 to 10.2% in October 2023. This is around 5-6% lower than the city centre averages and therefore presents a relatively positive picture. Historically available vacancy rates have been fairly high in the rest of the city centre with for example in 2014 vacancies being 18.3%. The percentage of vacant retail *units* in the rest of the city centre reduced from 15.8% to 15.6%.

District and Local Centres

m. Vacancy rates in the ten existing district centres have increased slightly from 5.6% in 2022 to 6.0%in 2023. Vacancy rates in the 28 local centres have also increased from 7.1% to 7.4% over the same period but this is still low compared to vacancy rates in 2021. Vacancy rates vary considerably within each of the district and local centres but overall the centres have a much lower average vacancy than the city centre. This would suggest that the neighbourhood centres are continuing to be robust and vibrant and to offer an appropriate range of local services and facilities, with food stores being most important to their success. During the pandemic people started to shop locally and this seems to be continuing.

Summaries and conclusions

5. Retail floorspace vacancy rates have increased in all areas of the city centre between October 2022 and October 2023; however, the total number of vacant units has continued to reduce. High vacancy rates (for both floorspace and units) were experienced in July 2021 which was unsurprising given the challenging circumstances faced by retailers and the October 2022 report showed how well Norwich recovered and bounced back from this very difficult period which was very encouraging.

6. Nationally retailers are now experiencing further economic challenges brought about by the cost of living crisis, and Norwich has unfortunately seen a number of closures as a result. Notwithstanding this Norwich has however continued to see investment and whilst some multiples and independent have ceased trading, others have opened within the past couple of years.

7. Norwich's independent retailers have historically been very resilient and this can be shown by the low (albeit increasing) vacancy rates within both the secondary retail area (when excluding the Cathedral Retail Park) and the Magdalen Street, Anglia Square & St Augustine's LDC where vacant floorspace rates are 9.7% and 7.9% respectively. This is lower than the primary shopping area and low when compared to a national average retail vacancy rate of 15.3%. However as reported by the Local Data Company, nationally independents have experienced the worst recorded net change for the sector since records began. Rising energy prices, muted consumer spend, high borrowing costs, staffing challenges, the end of business rates relief schemes, mounting supply costs and making repayments on COVID-19 loans drive nearly 21,000 independents across the country to close their doors for good in H1 2023. It will be interesting to see how this sector performs within Norwich over the coming year.

8. This monitoring report now also looks at all town centre use vacancy rates as well as retail. Nationally leisure vacancy rates are lower than retail and whilst it is difficult to compare due to different methodologies of collecting and analysing data, the overall vacancy rate for the city centre does increase slightly when other town centre uses are taken into account although there are quite significant discrepancies between the primary and secondary retail areas and the large district centre and rest of centre.

9. In terms of the total amount of retail floorspace within the city centre, it is continuing to decrease although the rate at which it is decreasing has slowed. Within this monitoring period 1,943 sqm of retail floorspace was lost which is a 0.9% decrease. This now means that since 2008 Norwich city centre has lost around 9.2% of its retail provision. The retail however is generally not being lost to residential or being demolished; instead the city is experiencing diversification and with the floorspace generally changing to other town centre uses. Given the changes to the Use Classes Order and the General Permitted Development Order and the future change in policy approach that will hopefully be brought into force in the coming months

through the GNLP it is anticipated that this trend will continue, but we just do not yet know at what rate.

10. Although this runs counter to the aims of JCS policy 11 (to increase the amount of retailing in the city centre), it can be regarded as in support of the policy's aim to increase other uses such as the early evening economy, employment and cultural and visitor functions to enhance vitality and viability. Furthermore the JCS should hopefully be superseded in the coming months by the GNLP which takes a much more flexible approach. It also conforms to paragraph 85 of the NPPF which allows for diversification in order to respond to changes in the retail and leisure industries and the Avison Young "Greater Norwich Town Centres & Retail Study Update" (December 2020) which sets out that there is an oversupply of comparison goods retail floorspace in Norwich which may mean that some units need to be repurposed to other town centre uses.

11. The retail sector both nationally and within Norwich has experienced a lot of challenges in recent years brought about by changing consumer behaviour driven by technology and prevailing economic conditions and as a result of the pandemic. Whilst it is likely that these challenges will have ongoing impacts for the viability of some retail businesses, the past couple of years has shown how resilient the majority of our businesses are. Vacant floorspace has increased over the past 12 months and whilst some multiples and independents have ceased trading within Norwich, there is clearly investment happening with new chains arriving.

12. It is also encouraging how footfall has returned to pre pandemic levels. Furthermore with so many improvements taking place to the public realm, this should enhance the shopping and leisure experience and make it easier for people to get around and enjoy their time within the city.

13. It is important to acknowledge that there are many changes that can now take place within retail centres without the direction of the council which include the change of use to other town centre uses but also the change of use to residential without the need for full planning permission. The added flexibility within retail centres could reduce vacancy rates and provide a wider range of amenities and services but the Council have also identified several risks associated with this. Whilst we acknowledge that retailing and town centres are currently in a state of flux, this reinforces the need to protect and promote town centres to allow them to recover and evolve in a planned manner and we are concerned that extending the use of permitted development rights to change to residential could be hugely detrimental to this. Without being able to consider the impact that the loss of town centres uses at ground floor level, we are concerned that there could be the piecemeal loss of town centre uses at ground floor level which will result in residential interspersed with town centre uses. This will not only affect the way that our high streets function but it could reduce rather than increase footfall. For this reason the Council has concern that the uncontrolled and piecemeal loss of town centre uses could be a threat to the vitality and vibrancy of our high street and it is going to be very important to continue to monitor change over the coming few years.

14. It is also important to acknowledge that Norwich, as with all cities, faces an extremely uncertain time ahead. Whilst Norwich largely recovered from the impacts of the pandemic, vacant floorspace rates have risen quite significantly over the past 12 months which may be a result of rising costs, inflation and interest rates which will have impacted both retailers and

consumers. The Local Data Company predicts that vacancy rates will rise in the second half of the year however they feel that the worst is over for consumers and with interest rates hopefully settling at the end of the year they feel that vacancy rates may fall slightly and then remain relatively stable until 2025. This seems fairly optimistic and with the challenges ahead, some shops and business will inevitable struggle and look to close stores so it would not be a surprise if vacancy rates do continue to rise over the next year.

15. Notwithstanding the above, given the circumstances Norwich has demonstrated that it remains relatively robust and is a thriving retail centre in the East of England. Whilst retail floorspace has increased over the past 12 months, the number of vacant retail units continues to fall and footfall has returned to pre pandemic levels. To maintain a thriving city centre the council may need to identify other ways to influence and cultivate the retail offer of Norwich given the potential challenges faced ahead, including working closely with Norwich BID and other key stakeholders.

Consultation

16. Due to the nature of the report, no public or stakeholder consultation has taken place. The portfolio holder has been briefed on the findings of the report.

Implications

Financial and resources

17. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2022-26 and budget. There are no proposals in this report that would reduce or increase resources. Staff time to carry out the monitor is met from existing budgets.

Legal

18. There are no legal implications.

Statutory considerations

Consideration	**Details of any implications and proposed measures to address:**
Equality and diversity	The report is not likely to affect people because of their protected characteristics.

Consideration	Details of any implications and proposed measures to address:
Health, social and economic impact	Whilst the report itself does not have any health, social and economic impacts, the findings of the retail monitor should be used to inform future planning decisions and the future direction of travel in terms of town centre and retailing policies. These could have quite significant social and economic impacts. These impacts will need to be assessed as part of the decision making process or when considering what changes will need to be made to our policies in the future.
Crime and disorder	No likely implications
Children and adults safeguarding	No likely implications
Environmental impact	No likely implications

Risk management

Risk	Consequence	Controls required
No risks have been identified in terms of the publication of this report.	n/a	n/a

Other options considered

19. None. The findings of this report support the flexible approach within the GNLP that will hopefully come forward over the next few months but does indicate that our Development Management policies are too restrictive. The government are due to make changes to the National Planning Policy Framework and are due to introduce National Development Management Policies. Until we understand more about what will be contained within the National Development Management Policies, it would be unwise to undertake a review of our DM policies. Consideration therefore needs to be given to how much weight should be applied to existing Development Management Policies in light of government policy and our emerging GNLP.

Reasons for the decision/recommendation

20. The recommendation is to note the findings and to consider what implications they have both in terms of informing planning decisions and considering the future direction of our planning policies, in particular in terms of the weight that is applied to the existing rather restrictive Development Management policies and the weight that must be applied to the GNLP policy that will hopefully be adopted soon as well as national policy. It is not recommended to make changes to the Development Management policies at this point in time as it is proposed to await the adoption of the GNLP and to see what changes are proposed nationally; however it is useful to begin discussions.

Background papers: None

Appendices: Norwich City Centre Shopping and Town Centre Floorspace Monitor & Local and District Centres Monitor (October 2023)

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