



Worthing Borough Council

Retail Study Update 2010

125 Old Broad Street
London
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Catchment Area Map
RECAP Model - 2010

1. Introduction

Background

- 1.0 Worthing Borough Council is currently preparing a Local Development Framework (LDF) to replace the existing Local Plan which was adopted in September 2003. The main document of the LDF is the Core Strategy, which sets out the spatial vision and strategic policies for the area up to 2026, including strategic sites for development within the Borough that will deliver social and economic regeneration.
- 1.1 In 2005, DTZ was commissioned by Arun District Council, Chichester District Council and Worthing Borough Council (hereafter referred to as the 'Coastal Districts') to prepare a retail study. The study was intended to act as an evidential base to assist in the preparation of the LDFs for each local authority area. Amongst other considerations, the 2005 study provided an indication of the likely future capacity and market demand for new retail floorspace and the broad development opportunities in the various local authority areas.
- 1.2 This 2010 update study focuses on retailing in Worthing Borough and provides the update of retail capacity within Worthing Borough, but not within the wider Coastal Districts area.
- 1.3 The 2005 retail study forecast retail capacity in the Worthing area of between 6,500 and 12,000 sqm (net) of new comparison goods at 2009, rising to 14,000 to 26,000 sqm (net) in 2013, rising to 38,000 sqm by 2017. The report forecast capacity for Worthing Town Centre of 23,000 sqm (net) up to 2013 rising to 38,000 sqm (net) by 2017. At the time of the 2005 report, there was no surplus spend identified to support further convenience goods.
- 1.4 The 2005 study concluded that the town centre lacked a 'retail heart' as neither the Guildbourne Centre or Montague Street possessing the necessary critical mass or quality of retail to anchor the town's comparison goods offer. The study did however identify that there was at the time both market demand and anticipated economic growth to support a significant quantum of new comparison goods retailing in the town centre over the forecast period.
- 1.5 The Union Place car park site was identified in the 2005 study as the best opportunity to accommodate the capacity and market demand, if the development could come forward with a frontage onto Chapel Road, and being fully integrated with the possible redevelopment of the Guildbourne Centre, to create a strong retail circuit. The study concluded that the comprehensive development of Union Place could provide the retail heart missing from Worthing town centre.
- 1.6 A Retail Core Development Brief was adopted in April 2008. The brief provides details of the proposed Union Place site, its planning context and sets the vision and objectives, design principles and delivery mechanisms for the new retail core. The Council remains committed to the delivery of a new retail core for the town.

Objectives

- 1.7 The Worthing Borough Core Strategy is required to be informed by up to date evidence base justifying the policies and creation of a new 'Retail Heart'. DTZ has therefore been commissioned by the Council to update the 2005 Coastal Districts Retail Study in respect of the Worthing district.
- 1.8 The main objectives of this study are to:
- Assess the existing health of Worthing Town centre;
 - Review of the impact of changing market trends, particularly as a result of recent economic conditions; and
 - Provide an indication of future retail capacity and market demand for new retail floorspace in Worthing.

Basis of 2010 study

- 1.9 The 2010 update study has not been subject of a new household interview survey, but the 2005 survey data has been updated, as well as all key inputs and assumptions concerning population and expenditure growth, special forms of trading and new commitments since 2005. Section 5 gives details.
- 1.10 For reference, the update applies to survey zones 1-7 (covering Worthing's catchment area) as defined by Table 1.1 and figure 1.1 of the 2005 Report.

Report Structure

- 1.11 This report has been prepared in the context of current and emerging national, regional and local planning policy so that it can be used to inform and support the Local Development Framework.
- 1.12 This report is set out in the following sections;
- **Policy and Regeneration Context** – provides an update to the retail and regeneration context since the 2005 report, based on a review of national, regional and local planning policies with relevant regeneration documents.
 - **Market Trends and Demand** – an assessment of the key trends driving market demand in the retail sector in Worthing. We also provide commentary on the impact of the changing market demand as a result of current market trends.
 - **Town Centre Health check** – examines the relative strengths and weaknesses of Worthing town centre drawing on a variety of Key Performance Indicators (KPIs) as set out in PPS4.
 - **Prospects for Retail: Capacity Assessment** – assesses the potential capacity for new convenience and comparison goods retailing for the period up to 2026 using DTZ's RECAP Forecasting Model.

- **Summary and conclusions** - Draws together our findings and conclusions.

1.13 This report should be read in conjunction with the appendices, which comprise the more detailed supporting evidence, and commentary on the health checks and survey updates.

2. Policy and Regeneration Context

2.1 This section provides a summary of the planning policy and regeneration context relevant to the future growth and development of retail development in Worthing.

National Planning Policy Context

2.2 The 2005 report was undertaken in the context of the then recently adopted PPS6: '*Planning for Town Centres*' (March 2005). National Planning Policy for retail (and other forms of 'town centre' development) is now set out in Planning Policy Statement 4: '*Planning for Sustainable Economic Growth*' (December 2009).

2.3 PPS4 reiterates the now well established 'town centres first' principle that new development for retailing and other defined uses should, wherever possible, be located in existing town centres. These are considered to be the locations most accessible by public transport and where one trip can serve several purposes, therefore reducing the overall need to travel and improving sustainability and by improving facilities for non-car users to improve social inclusion.

2.4 PPS4 seeks to promote the vitality and viability of town centres through new economic growth and increased consumer choice and retailer competition, offering a wide range of services to raise the quality of life and prevent social exclusion.

2.5 Local Planning Authorities are required to set out a strategy for the management and growth of centres as part of their overall economic strategy. This should set flexible policies, define a network and hierarchy of centres, define the extent of the centres.

2.6 PPS4 retains the requirement for the sequential approach to development. A practice guide has specifically been produced in relation to this matter, '*Planning for Town Centres: Practice Guide on Need, Impact and the Sequential Approach*' (2009). It requires that the local evidence is informed by the identification of any deficiencies in the provision of local convenience shopping and that it assesses the capacity of existing centres to accommodate new town centre development.

2.7 The guidance note also identifies that a key component of the town centre strategy is the identification of sites to accommodate new development, which includes opportunities to expand the centre and opportunities for redevelopment and replacement of existing, outdated facilities.

2.8 The assessment of 'need' should be undertaken in both a qualitative and quantitative manner;

- Quantitative need is conventionally measured as expenditure capacity, which is the balance between the turnover capacity of existing facilities and the available expenditure in any given area.
- Qualitative need includes more subjective measures, including consumer choice, distribution of facilities and the needs of those living in a certain area.

- 2.9 PPS4 identifies that positive planning for retail development has many benefits, particularly when they are pursued as part of an overall strategy, which is contained in development plan documents. In drawing up town centre strategies, local authorities are required to have a clear understanding of the scale and quality of existing provision of retail and other town centre uses, the network and role of centres, their vitality and viability and the change in these provisions over time through a 'health check' process.
- 2.10 Sequential testing is a key requirement of PPS4 and the identification of suitable sites for the location and growth of town centre (retail) uses. These uses are therefore directed to the town centre as a first priority, to meet the overall sustainability aspirations of PPS4. Where there is a requirement for these uses to be located elsewhere, they will need to be considered under the sequential approach.
- 2.11 This updated report has been undertaken in accordance with the provisions of the guidance set out in PPS4.

Regional Planning Policy and Regeneration Context

- 2.12 Regional Planning Policy is set out in the South East Plan (Regional Spatial Strategy - 2009). This document seeks an urban focus for development in the region and states that... *“the development of dynamic and successful town centres is central to the achievement of sustainable development in the South East.”* The Plan seeks to create sustainable communities and deliver long term economic growth.
- 2.13 The overall aspirations of the RSS are to promote viable and vital town centres, as set out in PPS4. The RSS defines a hierarchy of centres, in which Worthing is identified as a Primary Regional Centre. Development is not limited to these identified centres, but they should form the priority for the delivery of town centre uses. Local authorities should seek to determine the appropriate quantum of growth for these centres through the delivery of the Development Plan Documents.
- 2.14 The plans produced by Local Authorities should consider (Policy TC2):
- i. the need to support the function and viability of pre-eminent town centres to accommodate change and growth within each sub-regional strategy area
 - ii. the need to assess the capacity to accommodate change and growth in such areas
 - iii. the need to respect the historic character, environment and cultural value of existing town centres
 - iv. the need to ensure safe, secure and attractive environments for people to live, shop and work
 - v. the need to promote new investment of an appropriate scale, in particular in vulnerable centres in need of regeneration
 - vi. the need to support sustainability objectives, including the role of regional hubs, taking account of the impact on traffic and the need to minimise reliance on the car/lorry and promote public transport accessibility

- vii. the potential impact on the vitality and viability of town centres
- 2.15 Worthing falls within the Sussex Coast Sub-Region as identified in the RSS, which compared with the South East average has higher levels of multiple deprivation, lower levels of GVA, lower earnings, higher levels of unemployment, lower rates of business formation, a poorer qualified workforce and an aging population. It faces a number of particular challenges, including reduction of deprivation and social exclusion through sustainable development.
 - 2.16 Worthing's designation as a Primary Regional centre, part of the strategic network of centres promoted by the regional strategy, identifies it as a location for major retail development and other dynamic, complimentary uses; employment, housing, cultural and social.
 - 2.17 The Regional Economic Strategy (2006 – 2016) is produced by the South East England Development Agency (SEEDA). It sets the framework for economic prosperity and states that the vision for the South East is to... *"be a world class region achieving sustainable prosperity."* This will be achieved through maintaining global competitiveness, undertaking smart growth which does not compromise the ecological footprint and by seeking sustainable economic prosperity which supports quality of life.

Local Planning Policy

- 2.18 The current statutory Development Plan comprises the Worthing Local Plan 2003, the saved policies of which still apply for development control purposes, along with the South East Plan 2009. The Local Plan sets out policies for retail hierarchy and identifies Worthing as one of the most important shopping centres in West Sussex
- 2.19 Many of the 2003 Local Plan policies no longer apply as many of the aspirations for Worthing town centre have moved forward through the masterplanning of the town centre through the Worthing Regeneration Masterplan. The masterplan sets the vision for how the Borough should develop and includes a specific retail strategy which seeks to promote high quality cohesive development which will transform the town's retail offer by developing modern new retail space to strengthen the existing retail area around Montague Street, Warwick Street and Brighton Road in order that it may provide a multi-dimensional offer including quality high street retail and distinctive independent retailing.
- 2.20 The general retail position from the Local Plan still applies, which is that Worthing area has a wide variety of shopping centres, which include the town centre, three district shopping centres and fourteen smaller local shopping parades. For the district centres, the main focus is retail whereas greater flexibility in uses is identified as appropriate for keeping the smaller shopping centres and parades vibrant. The town centre is identified as being important for tourism and recreational uses, businesses other than shops and a variety of other uses.
- 2.21 The Local Plan shopping chapter also states that the Council will operate a more flexible policy towards change of use of units in the upper floor of the Guildbourne Centre to address its recent decline. A flexible approach will also be applied to the secondary area of the shopping centre, which includes Montague Street and the west of Crescent Road, the southern part of Portland Road, Brighton Road and much of Chapel Road.

- 2.22 The Local Development Framework will supersede the Local Plan, the first document of which is the Core Strategy. This was submitted to GOSE in 2007, but subsequently withdrawn for amendments. A revised version is currently being produced, which was consulted upon in June 2009. It is the intention that this document is considered at Public Inquiry in autumn 2010.
- 2.23 The Core Strategy (2009) seeks to deliver the aspirations for Worthing as set out in the South East Plan. It identifies the network of centres as Worthing town Centre and the district centres at Broadwater and Goring as considered by this report. The aim of the Core Strategy is to direct the appropriate type and scale of retail provision to each of these areas, which should include cafes and restaurants and leisure offer, whilst protecting independent operators making specific provision, such as bakers and butchers.
- 2.24 The Core Strategy seeks to strengthen the retail offer through the creation of the 'retail heart' around the Guildbourne Centre and Union Street car park to attract quality new retail offer.
- 2.25 The overall improvements to the retail offer will be achieved through:
- Developing a new retail heart to the centre of Worthing;
 - Encouraging retail, commercial and leisure uses in the secondary areas;
 - Safeguarding the retail character and function of areas;
 - Encouraging convenient, accessible local shops and facilities;
 - Ensuring retail facilities are accessible by a range of means of transport;
 - Ensuring new developments are of high quality design.

3. Market Trends and Demand

- 3.1 Since the 2005 report there has been considerable change in the global and UK economy and the property market. These changes have impacted on the retail expenditure levels, the liquidity of capital to undertake new retail led development schemes, and retailers desire for new accommodation. We describe below some of the key market trends and the implications for retailing in Worthing.

Retail Expenditure

- 3.2 Since the late 1990s, there has been very substantial growth in retail expenditure on comparison goods. Over the period 1998 to 2008, Pitney Bowes 'Retail Expenditure Guide 2009/2010' indicates that per capita expenditure on comparison goods in the UK grew at an annual average of 6.6% in real terms. This is above the historic long term trend (1978 to 2008) of 4.9% pa, and well above the ultra-long term trend (1964 to 2008) of 3.9% pa. In 2002, growth actually hit 9.4%.
- 3.3 For convenience goods, the average annual growth has been much less, at 1.2% pa over the period 1998 to 2008. Even this is significantly above the long term trend of 0.4% pa and the ultra-long term trend of 0.2% pa. In addition, there has been some population growth. Over the period 2001 to 2008, for example, the UK population grew by almost 4%; and the accession of countries in Eastern Europe to the EU, appears to have accelerated growth as a result of increased immigration (although recent commentators have suggested that immigration is now falling, due to the recession).
- 3.4 The combined effect of population growth and growth in per capita expenditure has seen substantial increases in total retail expenditure, and hence sales, particularly for comparison goods. However, as recent events have shown much of this retail 'boom' was substantially debt-financed.
- 3.5 At the end of 2007 the 'credit-crunch' initiated a global economic downturn. As a result, the UK economy has suffered a severe recession, which continued throughout 2009. Commentators expect that growth in per capita expenditure during 2010 on both convenience and comparison goods will be around zero, and we have taken account of this in our retail capacity forecasts.
- 3.6 Oxford Economics (in Pitney Bowes 'Retail Expenditure Guide 2009/10') forecast that over the period 2008 to 2010, growth in per capita expenditure on convenience goods will average - 0.8% pa, and on comparison goods - 2.7% pa. For the period 2008 to 2014, they forecast average growth of 0.5% pa and 1.6% pa respectively; and for the period 2008 to 2019, 0.6% pa and 2.9% pa respectively. Our use of these growth rates is explained below. These growth rates are well below the long and ultra-long term trend rates indicated above. It means that over the medium term, there will be less expenditure available to support new retail floorspace than in the last 10 years; and hence the capacity for new floorspace will be reduced.

- 3.7 As a result of falling consumer spending and difficulties of gaining credit, a number of well-known retailers have gone into administration including Woolworths and MFI. Furthermore, since 1998 there has been price deflation in comparison goods, largely owing to globalisation and outsourcing of manufacturing to China. The Pitney Bowes/Oxford Economics price index for comparison goods in 2008 was 19.3% below its 1998 peak. This has helped to maintain consumer spending. However, competition for scarce resources as a result of the rapid growth of the Chinese economy, and those of some other nations, may well end this trend once world economic growth resumes.

Retail Sales Densities

- 3.8 Since the end of the economic recession in the early 1990s, a substantial amount of new retail floor space has been developed. Much of it has been in the form of food superstores and retail warehouses, located on out-of-centre sites. Town centre development has been mainly in large and medium sized towns – the top 100 or so retail centres by size in the country.
- 3.9 However, provision of new floor space has not everywhere matched growth in expenditure, with the result that (until the recent recession) sales densities have been rising in town centres, and in retail warehouses. Sunday trading and extended weekday opening hours have enabled existing floor space to absorb substantial growth during the ‘boom’ years. Sales of higher value goods as incomes have risen, which do not necessarily need more space for storage, display and sale (and may need less owing to the trend for miniaturisation), has also resulted in higher sales densities. In practice, town centre sales densities have proved to be highly elastic, and the concept of ‘overtrading’ needs to be applied with some caution, particularly in town centres.
- 3.10 Convenience goods sales densities in food stores have also grown for most of the main retailers in recent years. Between the years 2000/01 and 2007/08, Asda has shown a rise in convenience goods sales density of 29.6%, and Morrison’s has risen by 25.2%. However Sainsbury’s has risen by only 0.5% and Tesco by 11.1%. Co-ops, Iceland, and Marks & Spencer have all shown modest rises in their convenience goods sales density, of between 3.7% (M&S) and 9.2% (Iceland). Prior to its takeover by the Co-op, Somerfield had shown a substantial rise of 34.5%, probably mainly due to divesting its poorly performing KwikSave stores. Waitrose has shown good growth of 13.9%.
- 3.11 The sales densities for the hard discounters are subject to a greater degree of estimation than those for the above mentioned retailers, and apparent trends over time are less reliable. It is notable that these increases in convenience goods sales densities have occurred at a time when many superstores have been extended. This suggests that store extensions increase the attractiveness of stores, such that extended stores trade better than before the extensions.

Shopping Centre Development Pipeline

- 3.12 As at March 2007 shortly before the start of the ‘credit crunch’, the UK shopping centre development ‘pipeline’ comprising schemes of over 50,000 sq ft gross with planning permission or under construction totalled 3.62 million sq m. This is higher than had been seen since the early 1990s. The majority of this was expected to be delivered in existing town and city centres between 2008 and 2011. Most of this floor space was in large schemes in the larger centres.

- 3.13 However, in 2008 many of the planned developments became financially unviable as development values fell, largely due to a downturn in the property market. Loan finance for retail development also largely dried up. As a result, almost all developers of schemes which had not started on site postponed or scaled back the development, re-configured masterplans, or sought extensions of time to planning permissions so their schemes can be implemented when the market recovers. There are a number of examples of schemes with planning and CPO consented, but where construction has not yet started as a result of viability issues.
- 3.14 Retail schemes that have not been built yet have to potential for delay and/or reconfiguring plans. However, some of those that have recently opened or are nearing completion are facing a difficult early life as letting prospects have become difficult. It is not surprising that because of the economic slowdown, there are fewer schemes now in the pipeline.
- 3.15 However, lengthy development cycles for town centre schemes mean that preparations need to continue now, in terms of getting supporting planning policies in place, so as to ensure delivery of new schemes in time to benefit from the next upswing in the retail development cycle, as the economy recovers from recession.
- 3.16 Even before the onset of the economic downturn, there were comparatively fewer schemes committed or under construction in smaller town centres and district centres. It is often more difficult to make development financially viable in smaller centres, owing to lower rental values for retail floor space there. Furthermore, the traditional ‘anchor’ stores, such as Debenhams, House of Fraser and John Lewis will often only consider acquiring the right stores, in the right locations and on their terms – which have tended to be the larger and successful town and city centres (although all keep their trading formats under review). There are other retailers, such as Next, Primark, Top Shop, River Island, H&M, New Look, which can be very significant ‘secondary anchors’ but these too are cautious in the current market.
- 3.17 This is not to say there has been no development in the smaller centres. For example, in 2009 the ARC centre opened in Bury St Edmunds anchored by a Debenhams store in a joint venture between the Council (which DTZ advised) and Centros Miller.
- 3.18 We have seen a long term trend towards polarisation of comparison goods retailing into the largest town and city centres. Thus, whereas in 1971 the 200 largest centres in the country accounted for about 50% of all comparison goods sales, by 1996, this proportion has risen to about 75%¹. There is little evidence since that this trend has halted or been reversed. Indeed, much of the ‘pipeline’ or recently opened space for new shopping centres described above is in the larger centres, e.g. Westfield London, Stratford City, Birmingham Bull Ring, Liverpool One, Leicester Highcross, Bristol Cabot Circus, and Belfast Victoria Centre.
- 3.19 As a medium sized centre, in order to succeed Worthing has to ensure it creates a clear planning framework for a new town centre scheme, demonstrates there is retail capacity (as set out later in this report), takes steps to resolves potential issues such as land and site assembly, takes advantage of the current downturn to plan early so that it is at the front of the next wave of development, and shows clear commitment to a scheme in order to create confidence in the investment and development community.

¹ Sources: Census of Distribution 1971, and ‘National Survey of local Shopping Patterns 1996’ Hillier Parker.

- 3.20 It is too early to say at what point town centre development will become viable again or indeed what the nature of the next wave of retail led schemes will be. However, given the long lead in times of town centre schemes, it is likely that the earliest a retail heart scheme could be delivered in Worthing would be 2016 and potentially significantly longer.
- 3.21 What is clear is that at the point of delivering and opening a new scheme we will be facing a very different economic and retail landscape as by their nature these are very dynamic forces. For example, whilst it is helpful to review current gaps in the retail offer by the time any developer is seeking agreement to lease with a retailer there may well be a whole new range of retailers which currently simply do not exist.
- 3.22 However, reflecting on the last round of town centre developments there are some reasons to expect that the next round will need to consider medium and smaller towns more favourably.
- most of the larger centres have now seen major new retail led development and the market will have to consider the next level down in the retail hierarchy;
 - there are some signs that the investment lot sizes and costs of the big schemes built over the last 10 years may not be duplicated due to their risk profile and the need to assume high and fast rental growth to deliver required profits;
 - Smaller simpler schemes, potentially anchored by a range of stores, or a food retailer, leisure, civic uses etc may fit better physically into smaller centres and be more manageable in terms of development finance;
 - Greater certainty in the planning environment as DPD documents are increasingly adopted around the country, thus reducing planning risk and cost; and
 - Growing acceptance by local authorities that town centres schemes cannot fund all planning obligations and requirements if they are to be viable and deliverable.
- 3.23 Lastly, what has also been clear from the last round of retail led mixed use development in our towns and cities, is that in most cases they have brought significant and demonstrable regeneration and benefits in physical, economic and community terms.

Retail Warehouses

- 3.24 There have been a number of high profile failures amongst retail warehouse operators as a result of the recession, including MFI, Land of Leather, Rosebys, Borders; and closure of underperforming retail warehouses by JJB Sports. As a result, the national vacancy rate for retail parks has risen from 8.3% in 2007 to at least 15% in 2009, resulting in up to about 300,000 sq m of vacant retail warehouses. Nevertheless, there remains some demand nationally for new retail warehouses from retailers, and support for this format from developers and investors – where planning permission can be obtained.
- 3.25 The range of retailers wishing to trade from retail parks continues to widen, well beyond the traditional 'bulky goods' furniture, floor coverings, electrical goods and DIY goods retailers. Retailers seeking retail park stores now include Next, Asda (with its Asda Living format), H&M Hennes, Debenhams, Arcadia Group, Boots, New Look, River Island, Argos.

- 3.26 Perhaps partly as a result of the weakened value of the pound, some continental and USA retailers are now starting to enter the market for retail warehouses in the UK. Examples include Kitchen House, Seats & Sofas, JYSK, Homesense. John Lewis has also announced its intention to develop a chain of up to 50 stores of about 5,000 to 7,000 sq m gross, selling homewares, many of which are likely to be on retail parks. Marks & Spencer has opened a homewares and food store in a retail warehouse at Cardiff, and plans to roll out this format more widely.
- 3.27 At the same time, the former PPG6, PPS6 and now PPS4 have imposed the sequential approach, which theoretically makes it more difficult to expand the supply of retail park stores. As a result, there is pressure for relaxation of bulky goods conditions on existing retail warehouses (often incrementally on a unit by unit basis), extension of existing retail parks and subdivision of large stores. This includes pressure for food retailing to be allowed from retail warehouses which have fallen vacant due to the recession, to help satisfy the main food retailer's desire for new superstores.

Internet Shopping

- 3.28 Internet and other forms of online shopping have increasingly becoming a major feature of the retail landscape. Verdict estimated that in 2008, online spending accounted for approximately 6.4% of all retail expenditure (having grown by 25.0% during the year)². They forecast that this will rise to 10.0% by 2013. Based on their work, we calculate that in 2008, 4.1% of all food and grocery sales were via online shopping, and 8.3% of all comparison goods sales.
- 3.29 Some of the recent growth has been at the expense of traditional non-store sales, in particular mail order shopping. However, Verdict estimated in 2008 that *'four out of five online purchases are made at the expense of another retailer.'* Internet spending has not been isolated to so-called 'easy to mail' goods. Many consumers admit to browsing products on sale in 'high street' stores, before ordering the same goods online at discounted prices.
- 3.30 In order to combat the browsing but not buying phenomenon, increasing numbers of traditional retailers are 'internet price matching' as well as diversifying their channels of product distribution to embrace the internet in parallel with continuing store sales. Many trusted brands which also have traditional 'bricks and mortar' stores are now embracing 'clicks and mortar'. This is also the case with the major food retailers, all of which (apart from Morrisons) have internet shopping channels, and in some cases sourced from local stores (e.g. Tesco).
- 3.31 The recession has given a boost to online shopping by offering traditional retailers the potential for cost savings. Verdict comment, *'Unfavourable economic conditions are forcing retailers to scale back their physical portfolios, but by investing in their online operations they can reach a wider customer base.'* Thus for example, John Lewis has only a small number of department stores, but by means of John Lewis Direct can cover the entire country.
- 3.32 The opportunity to reach a wider customer base also applies to small independent retailers as to national multiples, and perhaps more so. An independent specialist retailer located in low cost accommodation in a small market town or a secondary shopping area, for example, can build a substantial business by means of the internet.

² 'UK e-Retail 2009', Verdict Research Limited, May 2009

- 3.33 The impact of internet shopping varies between different retail sectors. Verdict estimates that in 2008, the lowest penetration was in health and beauty goods (2.7% of all retail spending), and the highest, music and video (39.9%) and electricals (19.4%). Food and grocery stood at 4.1% in 2008, forecast by Verdict to grow to 4.7% by 2013 (with much being sourced from superstores rather than central warehouses, so contributing to local store sales). In the medium term, the growth will also be uneven. For example, digital downloads have transformed the music and video industries. Thus the 'high street' retailer of recorded music, Zavvi, was forced to close in 2008. Indeed, Verdict expects that internet sales of music and video will soar to 70.1% of all retail sales in this category of goods by 2013.
- 3.34 Verdict now expects continued strong growth, albeit with a flattening of the trend as the online market matures, a substantial part of which will be at the expense of traditional retail shops and stores, despite traditional retailers embracing multi-channel selling. When the recession ends, Verdict predicts a '*a jump in big-ticket purchases online*' owing to deferred replacements, leading to growth in online sales of furniture and floor coverings (which so far have achieved low online market penetration). The trend to online retailers offering free delivery will also help growth.

Implications for Worthing

- 3.35 There are a number of implications of the above trends for retailing and retail development in Worthing, which are summarised below.
- 3.36 As a result of the recession, there may well be increased pressure for new discount supermarkets in the Borough. Such stores, being much smaller are easier to accommodate than new full-range superstores; and more of them in the Borough would increase competition notwithstanding moves by the superstore operators to introduce lines of lower priced products. They could therefore in principle be supported; together with proposals for other new foodstores – for which a need has been demonstrated and subject to the PPS4 impact tests and the sequential approach, and to local land use and site planning considerations.
- 3.37 Apart from foodstores, new retail development generally is likely to be limited for at least the next two or three years as a result of reduced retailer demand and financial viability.
- 3.38 This is not to say nothing is happening in the retail development and investment world. There now appears to be a growing amount of capital available to invest in existing shopping centres which are prime or where there are opportunities to work the asset. Developers however, remain very cautious given the greater risks associated with the development process, but there are some early signs that some are looking again at stalled schemes, looking to value re-engineer them to try and achieve viability, re-negotiating planning consents and obligations. The industry is also lobbying government hard to action initiatives such as TiF's and ADZ's to release new revenue streams.
- 3.39 We are also aware that proactive local authorities in the wider Worthing area are looking afresh at their town centres as part of the LDF process. Centres competing with Worthing will be likely to experience the same conditions, thus new competing destinations will not come forward as quickly whilst the downturn continues. However, it will be important to continue preparations for any new retail provision needed in the Borough so that it can be brought to the market in time for the next economic upswing – especially if any large housing allocations go ahead as planned.

- 3.40 In line with national trends, the main food retailers are pressing ahead with their move into comparison goods sales in spite of the economic downturn. Any large store extensions could soak up additional expenditure, or put pressure on Worthing Town Centre (if located out-of-centre), depending on how quickly the country recovers from the recession.
- 3.41 It may be possible for Worthing Town Centre to attract new retailers to large stores if these could be provided at relatively low cost, for example on the Guildbourne Centre site. In such a town centre location, there would be no need for bulky goods conditions, so retailers selling non-bulky goods might potentially be attracted. The key will be low cost space, with good car parking and public transport access in close proximity. However, we recognise that a low cost retail park format might not provide the high quality and mixed use development which would meet the Council's aspirations for the future of the town centre.
- 3.42 As polarisation of comparison goods retailing into the largest town and city centres continues, smaller centres are increasingly seeking to differentiate themselves from the 'clone' high streets in order to attract customers. Maintaining historical features, encouraging independent retail areas, and facilitating easy parking or better public transport links are just a few of the ways that small to medium sized centres such as Worthing can distinguish themselves from larger centres.
- 3.43 Secondary shopping in the Borough (i.e. the non-prime retail areas of Worthing Town Centre, and the small district and local centres) will need continuing support, if it is to survive and prosper in this climate. The recommendations set out in the National Retail Planning Forum (NRPF) report referred to below should be applied wherever possible; to improve the prosperity of secondary shopping, and help retain its important function of providing specialist goods and services and contributing to retail diversity in the town centres and throughout the Borough.
- 3.44 The rapid growth in online shopping means that existing retailers should be encouraged to establish their own transactional websites, linked together to form a Worthing Town Centre web-ring, accessed via a portal site for the town centre. Diversification of their channels of distribution in this way will enable them to tap into a much larger potential market than their local geographical catchment area alone. Clearly, this will be more practicable for some retailers than for others, but some of the specialist retailers in the Borough should be well able to achieve increased sales by this method. Many specialist retailers have achieved sales on a national basis via the internet and telephone shopping channels.

Retail Demand

- 3.45 The level of demand from retail and service businesses for representation in a centre is a good indicator of its overall commercial viability. Generally speaking, the higher the level of demand, the more attractive the centre is for new investment and development. This higher demand can also have a positive resulting effect on lowering vacancy levels and raising prime zone A rental values.
- 3.46 It is important to note that demand for new retail floorspace can also be generated by existing retailers seeking to relocate elsewhere (within a centre or in an edge-of-centre or out-of-centre location). This may be as a result of the premises being too small for their requirements or because the 'retail gravity' and footfall in the centre have changed as a result of development elsewhere.

- 3.47 To inform the assessment of market demand, we have drawn from the 'Retail Focus Reports' produced by property Intelligence Plc³. These Focus reports monitor changes in demand for retail representation across 1000 UK centres and are widely used to benchmark the changing health and status of retail locations.
- 3.48 We have also used the PROMISlive report for Worthing⁴. This identifies that in January 2010, there were 19 reported requirements in Worthing. Worthing has a slightly higher than average level of demand for a town of its size and status. The demand in Worthing is similar to the level experienced in 2005.
- 3.49 DTZ property database provides evidence of retailers currently seeking premises in Worthing. Of the 23 units being sought, the majority of these (13) are seeking premises of between 2,000-10,000 sq ft, of which 9 are happy for the premises to be in any retail use. 6 are seeking small units of less than 2,000 sq ft and 3 are seeking large units from 20,000 sq ft, up to 150,000 sq ft.
- 3.50 The size and configuration of the existing retail units in Worthing is however one of the key constraints to meeting this demand. There is a recognised under provision of modern, appropriately sized retail accommodation, particularly as a result of the tight knit street pattern and location in a Conservation Area.

Retailer evidence

- 3.51 We have contacted or tried to contact each of the major food retailers to ask their requirements for new foodstores or extensions to stores in each town.
- 3.52 From our knowledge and conversations with the main food retailers we understand that the current provision of space is generally suitable for existing retail requirements, but that options exist around the town for extension to meet additional need.
- 3.53 One of the six major retailers commented on their Worthing store being a successful branch and one which will continue to be monitored for potential expansion in the short term with the possibility of accommodating additional non-food sales or petrol.
- 3.54 We note that a planning application has been submitted for an extension to the existing Morrison's store (formerly Co-op) at Newlands Road.

³ Town FOCUS Report on Worthing (10th March 2010)

⁴ PROMISlive Worthing Retail Report (10th March 2010)

Secondary retail areas

- 3.55 Research published in November 2004 by the National Retail Planning Forum in the report 'The Role and Vitality of Secondary Shopping – A New Direction' concluded that over the previous 10 years, there had been a significant change in secondary shopping. In such locations, the number of retailers had declined, but the number of service businesses had increased. The result was that in general, shop vacancy rates in secondary shopping areas had fallen – although there were specific pockets of decline and high vacancy, usually easily explicable by locational factors; such as being separated from the remainder of the town centre by a busy access road. The research also concluded that secondary shopping areas are much more diverse in their composition than prime retail areas, and are heavily dependent on independent businesses.
- 3.56 A number of recommendations were put forward for enhancing the prosperity of secondary shopping areas. In summary, these focused on:
- Creating a coherent pedestrian environment through breaching barriers to easy pedestrian movement, introducing new pedestrian flow generators, and improving linkages with the prime retail areas;
 - Managing change to non-retail uses where appropriate;
 - Creating financially viable developments through introducing new value generators to form mixed use schemes;
 - Improving the public realm through new investment;
 - Supporting independent businesses by providing low cost business support services;
 - Applying asset management principles and niche marketing;
 - Using new methods of leasing, so as to improve landlord control of repairs and maintenance;
 - Obtaining specialist advice on the impact of proposed new retail developments;
 - Evolving more sophisticated planning policies for change of use;
 - Applying town centre management;
 - Ending differential pricing under which the major food retailers charge higher prices in their small local stores than in their car-accessed superstores;
 - Applying the sequential approach and controlling development;
 - Undertaking further research on a number of related topics.

4. Worthing Town Centre Health Check

4.1 This section reviews the vitality and viability of Worthing town centre and Broadwater Road and Goring Road District Centres. In measuring the vitality and viability of town centres PPS4 identifies a number of key indicators that should be considered, these being:

- diversity of main town centre uses;
- the amount of retail, leisure and office floorspace in edge-of-centre and out-of-centre locations;
- the potential capacity for growth and change of centres in the network;
- retailer representation and intentions to change representation;
- shopping rents;
- proportion of vacant street level property;
- commercial yields on non-domestic property;
- land values and the length of time key sites have remained undeveloped;
- pedestrian flows;
- accessibility;
- customer and residents view's and behaviours;
- perception of safety and occurrence of crime;
- state of the town centre environmental quality.

4.2 These factors have been used as the basis for our investigations in so far as data has been available.

Overview – Worthing Town Centre

4.3 Worthing town centre retail (A1, A2, and A3) floorspace is estimated by GOAD at 1.11 million sq ft (100,000 sq m). It has broadly the expected volume and quantity of retail provision, given the size and affluence of the shopping population, however the quality and range of provision does not reflect the town's sub-regional status.

4.4 Most of the retail layout is linear in nature, with the prime pitch in the town being located along Montague Street and South Street and managed shopping located within the Montague Centre and Guildbourne Centre.

Diversity of Uses and Retailer Representation

4.5 Worthing consists a range of uses, which reflect its designation as a Town Centre in the Local Plan (2003) and Primary Regional Centre in the RSS. Table 4.1 below summarises the mix of retail and service uses as recorded by GOAD in their survey of Worthing Town Centre in November 2008.

Table 4.1 – Diversity of uses in Worthing Town Centre

Retail Trade Groups	No of units	Floorspace (sq m)	Floorspace (sq ft)	Percentage of Total
Convenience	33	13,250	142,600	9
Comparison	270	57,350	617,800	39
Food and Drink	107	17,520	188,300	12
Services (A2)	95	11,590	124,100	8
Leisure/community facilities	25	14,980	161,100	10
Offices (B1)	35	12,980	139,700	9
Warehouses/ Depots (B2/B8)	2	630	6,800	0.5
Vacant	66	10,800	116,200	7
Transport and car parking	n/a	8070	86,700	5.5
TOTAL	633	147,170	1,583,300	100

4.6 Our observations are as follows:

- The centre of Worthing has a lower than average proportion of comparison goods based on the UK average figure of 50%. The low level of convenience goods however is reflective of the regional rather than local importance of this centre.
- There is a broad range of both national and local retail provision and a wide comparison goods offer in Worthing Town Centre but overall, the quality and range of retail offer does not reflect the sub-regional status of the town.
- The centre has a strong service offer, with 95 units comprising a range of services including both national and local providers.
- There is a wide food and drink offer, ranging cafes, bars, take-aways and restaurants.

Convenience Shopping

4.7 The centre includes a variety of convenience retailers that serve local need. These include the Waitrose on the High Street, Somerfield and Iceland. There are a number of other small independent convenience stores including butchers, fishmongers and greengrocers.

4.8 GOAD estimate that there is 13,250sq m (gross) convenience goods floorspace in Worthing Town centre. This is a growth in provision since the 2005 report. The figures indicate that convenience good retailing accounts for around 9% of the total retail floorspace, and as per 2005, is slightly below the national average. This can be explained by the fact that this is a larger centre and its retail offer is more typically dominated by non-food stores.

4.9 The 2005 report noted that the Waitrose was the most popular store, accounting for just over half of the town centre market share. There have been no notable openings to detract from.

4.10 There are no permanent markets in the town. There is a general market every Wednesday and a farmer's market every 4th Saturday of the month, along with various specialist markets.

- 4.11 Two foodstore commitments were identified in the 2005 report;
1. Safeway, High Street (application reference 03/00160/OUT). It understood that this application was implemented as part of the change in ownership of the store, which now is a Waitrose.
 2. Tesco, West Durrington (application reference 99/00274/FUL) – implemented and opened in 2010.
- 4.12 Morrison's has submitted a planning application to extend its existing store at Newlands Road.

Comparison Shopping

- 4.13 Non-food retailing accounts for approximately 39% of total floorspace in Worthing town centre. This is no change since the 2005 report. It has a wide comparison retail offer which covers a variety of goods, including clothing, gift shops, jewellery, books, telephones, eyewear and health and beauty. It has been identified as having an over average representation of furniture and book shops, charity shops, second hand shops and DIY and home improvement shops.
- 4.14 There are a number of national multiple retailers, including; Debenhams, Next, Mothercare, BHS, Marks and Spencer and Boots as well as local, independent comparison goods retailers. Worthing has a high proportion (circa 70%) of the key national retailers found in larger town centres (as defined by Focus).
- 4.15 Worthing also has a Beales department store.
- 4.16 In terms of fashion retailing, the PROMISLive report 2010 highlights that Worthing has a lower than average provision of medium and upper middle fashion provision and a heavier weighting towards discount provision.

Services

- 4.17 The centre has a strong service function, with a high proportion of service based non-retail uses, including a range of national banks, real estate agents and a large number of local service functions such as hairdressers and beauty salons.
- 4.18 There is a relative under provision in some areas, such as dry cleaners and launderettes, and in hotels and other leisure facilities such as nightclubs. This is probably as a result of the many of these functions being located outside the GOAD defined town centre, in the sea front and wider urban area.

Food and Drink

- 4.19 The provision of eating and drinking facilities is only slightly below the national average of 14%. The nature of facilities reflects Worthing's regional influence and tourist role. The 2005 report however highlighted the under provision of quality food and drink establishments and it remains our view that an improvement in the overall quality of offer would help to strengthen the economy.
- 4.20 There is a range of cafes and coffee shops, including national multiples such as Costa coffee and local independent providers. This also applies to take-aways, as there is a MacDonalds, KFC and Wimpey alongside local take-aways and in particular fish and chip shops. There is also a broad range of restaurants.

Entertainment

- 4.21 Worthing benefits from 2 small cinemas, a theatre and an extensive number of public houses. The evening economy offer for families is limited.
- 4.22 There are a number and range of restaurants, including some good independent operators. There is also a growing cafe culture. It is understood that there is ongoing demand from these uses.
- 4.23 Further cinema provision is also intended to be delivered through the Teville Gate development. There is some limited theatre provision.
- 4.24 Health and fitness provision is limited, with only small operators in the town centre. There is also a bingo hall and a bowling alley.

Community Facilities

- 4.25 Worthing has advice centres, job centres and tourist information. There are also Council offices, a public library and a number of places of worship available.

Vacant Street Level Property

- 4.26 Vacancies (expressed as a proportion of total outlets) provide a good indication of relative health of centres. Large numbers of empty properties, particularly long term vacancies can point to problems with the town centre's vitality and viability and a lack of significant investor confidence and market demand. Vacant units can also have a negative impact on the town's shopping environment and its attractiveness to shoppers and visitors.
- 4.27 According to the available GOAD data from November 2008, Worthing centre has 66 vacant units at ground floor level, equating to approximately 7% of the total ground floor space. This is below the national average of 9.5%. The centre is therefore exhibiting relatively manageable levels of vacancy, considering the challenging market conditions. This provides opportunities for new businesses to locate in the centre and for existing businesses to move and upgrade premises as required.

- 4.28 The majority of vacant units are spread along Montague Street, Warwick Street and Union Place. Around Montague Street, the majority of vacant units are between 50-100 sqm (with one much larger unit at 1060sq m). The vacant units around Warwick Street and Warwick lane tend to be a similar size, the largest being 170sq m. The two vacant units around Union Place are much larger, at 330 and 1050 sq m respectively.
- 4.29 It may be that these smaller units are vacant as a reflection of the impact of the current difficulties smaller retailers have experienced in the market place due to challenging economic conditions and as a result of the focus of the area on its regional designation.
- 4.30 Importantly this data shows that there has been little change in either the convenience or comparison goods retail floorspace since 2005 and indeed that the vacancy rates have remained reasonably steady at around 7%. This confirms the view that little retail development has been brought forward since the 2005 report.

Rents

- 4.31 Rental levels provide an indication of a town's overall attraction and viability as a shopping centre. Worthing was identified as having benefitted from a rise in Prime Zone A rents between 1993 – 2005. The rental value is considered to have risen from £1,076 - £1,130 per sq m in 2005 to £1,237 per sqm in 2008⁵.
- 4.32 The PROMIS live report⁶ indicates however that prime rents in Worthing may have dropped since this time to around £1,054 per sq m, which is lower than the 2005 assumptions. This is in line with the dropping rental values in other major towns considered by the PROMIS report.
- 4.33 In 2005, these figures were relatively lower than surrounding benchmark centres, which is considered to be as a result of the lower quality of units, which are not servicing the demand for modern, large units, which is challenging to deliver in the historic environment of central Worthing.
- 4.34 In 2005, the rental values in Broadwater Road and Goring Road were identified as being between £269 - £323 per sq m.

Yields

- 4.35 Yields are an expression of the markets evaluation of risk and return. It assesses the ratio of rent income to capital value. The higher the yield the lower the capital return which will usually mean a less attractive centre in which to invest. Prime rental yields in Worthing were around 4.5-5% in 2005, which was deemed relatively low as a result of the lack of quality retail units in the prime shopping area
- 4.36 Deals in 2007/ 2008 indicated yields of between 5-6%, which shows a weakening since some rise since 2005 in line with national standards, but still relatively low levels.

⁵ FOCUS report (10th March 2010)

⁶ PROMISlive Worthing Retail Report (10th March 2010)

- 4.37 In autumn 2009, prime yields were up at around 7.25%, showing no change from the previous six months, compared with a pattern of generally inward shift in yields in the majority of PROMIS centres.

Accessibility

- 4.38 Worthing is located 11 miles west of Brighton, 20 miles east of Chichester and 59 miles south of London. Road connections to and from the town are good. The A24 provides a direct link northbound to London and the A27 is the major east west route along the coast.
- 4.39 Worthing town centre is an accessible location, served by a rail station and bus routes, but the public transport provision is limited during off peak periods. The rail station is located to the north of the town centre alongside Teville Gate and provides services to London (in approximately 1 hour and 20 minutes) and the surrounding coastal areas. The rail station is disabled accessible, but there are limited drop off and pick up facilities available.
- 4.40 There are a number of car parks (13 around the town), both at street level and multi-storey in and around Worthing town centre. The GOAD study highlights those in the town centre, including Guildbourne Shopping Centre (circa. 650), Buckingham Road (circa. 350), Marine Parade (400) Marine Place (30). As with the 2005 study, the 400 spaces at Teville Gate have been excluded due to their distance from the primary shopping area.
- 4.41 Worthing Borough Council's 'Where to Park' document (2008) identifies nearly 2,000 car parking spaces in NCP car parks around Worthing town Centre (even excluding the 394 spaces at the Teville Centre). The 2005 household survey identified perceived accessibility as being a problem for the centre, in particular car parking and bus route availability. Data is not available as to how the costs have changed over this time, which was another key consideration of respondents to the householder survey in 2005.
- 4.42 Respondents in 2005 also raised concerns over accessibility by bus. Worthing Borough Council provides information, through West Sussex County Council as to the bus services serving Worthing town centre. The most recent guide was an update for Winter 2009/10 and provides detail of routes and frequency of bus services. This helps to raise the profile and accessibility of the services, but no data is available as to whether the frequency and range of services has increased since concerns were raised in 2005.
- 4.43 Worthing Borough Council is involved in promoting cycling as a means of transport, currently undertaking a trial of joint route sharing between cyclists and other modes of transport. The emerging results may result in increased cycle facilities, increasing accessibility to Worthing and around the town by sustainable modes of transport.
- 4.44 Improvements might also be made to the signage and links around the centre of Worthing and to the interchanges between modes of transport to facilitate accessibility.

State of the Environment

- 4.45 Worthing town centre is the main retail centre of Worthing. It is the largest centre in the area and has a relatively modern environment. The overall feel and quality of the environment is capable of improvement. The primary retail frontages are pedestrianised and the modern Montague Centre is a small, but attractive semi-covered centre. There is reasonable street furniture and planting.
- 4.46 The retail units themselves are largely traditional, older style units within the central retail area (South Street and South Place) which leads down to the seafront. The Edwardian Royal Arcade is an attractive covered arcade comprising small retail stores.
- 4.47 Montague Street is the prime retail location and has more modern units than the South Street area and is the location for some of the town's medium and larger stores, including; BHS, Marks and Spencer and New Look.
- 4.48 Overall the town is an attractive place to visit, but is in need of modernisation to improve its attraction. This should be undertaken in the context of the historic character of the town and seafront area

Land Values and Vacancy of key sites

- 4.49 There are three significant developments in the pipeline for Worthing, which could provide additional retail development.
1. Teville Gate Site: A revised planning application is anticipated mid 2010 for the mixed use redevelopment of the Teville Gate site;
 2. Development site of the Grafton Centre site, which will include some retail space, leisure and residential uses, but has not yet been developed
 3. Site incorporating Guildbourne Centre/Union Place which is the proposed new "retail heart" for the town centre. As part of the masterplanning of the town centre, 34,000 sq m of retail floorspace was proposed to be delivered.
- 4.50 Residential land retains good values in the area, reflected in the number of residential schemes in recent years, with more in the pipeline, the sales values for which have been good as a result of demand from along the coast.

Pedestrian Flows

- 4.51 There is no specific data available for this indicator, however the pedestrian accessibility of the town centre and quality of the public realm have both been subject of consideration in the Worthing masterplan. The masterplan incorporates a detailed public realm strategy which focuses on improving both accessibility and quality of the public realm. Although the primary retail centre benefits from being pedestrianised it has been identified for improvements which will be of benefit to the future of the town centre.

Perception of Safety and Occurrence of Crime

- 4.52 Worthing Borough Council takes a pro-active approach to the prevention of crime, through a range of initiatives, including the Safer Communities Team, Crime and Disorder Reduction Partnership, and the Community Safety Team. The town centre has a safe feeling by day as a result of its busy environment.
- 4.53 The town centre is relatively well lit. There is little evidence of CCTV and the safety of the centre could be improved through increased provision.

Potential Capacity for Growth

- 4.54 The retail layout is linear in nature, with the prime pitches located in Montague Street and South Street. The managed shopping provision is less than would be expected in a town of this size. The size and configuration of the retail units is one of the key constraints of Worthing as a retail location, they are generally in a tight knit street pattern in a conservation area, which makes the provision of modern, appropriately sized retail units challenging in the town centre.
- 4.55 Worthing Borough Council as required by the Planning and Compulsory Purchase Act (2004) produces an Annual Monitoring Report⁷. The latest of these identifies that there were 1,331 sqm (gross) commercial use completions in the town centre during the monitoring period April 2008 – March 2009. In net figures, this equated to 55 sqm A1 retail, 8 sqm A2 and no net additional leisure. This demonstrates the limited levels of development being undertaken in the town at present.

Customer Views and Behaviour

- 4.56 The DTZ 2005 report identified that customers chose to shop in Worthing because it was near to home or work and as a result of its pleasant shopping environment and good choice of stores. More and cheaper car parking were the most important identified features identified which would improve the centre.
- 4.57 The respondents also sought; more department stores and more or improved shopping centres and covered centres. It was considered that both of these aspects should be considered in the context of what the centre could reasonably be capable of delivering. There is no more up to date and available data at the time of preparing this report.

Overview – Broadwater Road

- 4.58 Broadwater Road is a District Centre and does not therefore have the scale of offer of Worthing town centre. There is therefore also limited health check data available.

⁷ Worthing Borough Council Annual Monitoring Report (December 2009)

Diversity of Uses and Retailer Representation

4.59 Broadwater Road consists of a range of uses. There is circa 12,300 sqm retail floorspace (which demonstrates a small increase since 2005). The centre is the largest of the two district centres within the Borough (the other being Goring Road). Table 4.2 below summarises the mix of retail and service uses as recorded by GOAD in their survey of Broadwater Road in November 2008.

Table 4.2 – Diversity of uses in Broadwater Road

Retail Trade Groups	No of units	Floorspace (sq m)	Floorspace (sq ft)	Percentage of Total
Convenience	8	1,540	16,700	13
Comparison	31	5,100	55,000	41
Food and Drink	9	1,390	15,100	11
Services (A2)	17	2,820	30,200	23
Leisure/community facilities	1	710	7,600	6
Offices (B1)	3	310	3,200	3
Vacant	5	430	4,700	3
TOTAL	74	12,300	132,500	6

4.60 Based on our analysis of the data, our observations are as follows:

- Broadwater Road has a lower than average proportion of comparison goods based on the UK average figure of 50%. This is reflective of its district centre nature.
- Most of the retail provision is local rather than national.
- The centre has a strong service offer, with 17 units comprising a range of services including both national and local providers.

Convenience Shopping

4.61 The centre includes convenience retailers that serve local need. These include the Tesco Express on Broadwater Street West and Co-op (previously Somerfield) on Cricketers Parade. There are also a bakers and fishmongers and a number of small local convenience stores.

4.62 We estimate that there is around 12,300 sq m convenience goods floorspace in Broadwater Road. This is a growth in provision since the 2005 report. The figures indicate that convenience good retailing accounts for around 13% of the total retail floorspace, which is close to the national average of 11%,

4.63 This provision meets the needs of local residents, however as in 2005, there is still no representation of grocers, delicatessens, frozen food outlets, off-licences or health food stores.

Comparison Shopping

- 4.64 Non-food retailing accounts for approximately 41% of total floorspace in Broadwater Road. This is relatively high given its district centre designation. Of the top 20 stores, only four are usually found in smaller centres and of these, and since the demise of Woolworths, none of these are found in Broadwater Road.
- 4.65 Broadwater Road continues to exhibit higher than average proportions of sports, charity and furniture shops and has not diversified in any significant manner since 2005. The limited range of services does not mean that the centre is any way 'unhealthy', it is simply a reflection of its district nature.
- 4.66 Broadwater does not have the critical mass or quality of retail to support a major department or variety store. Woolworths was the only representative in this category in the 2005 report, which is no longer applicable.

Services

- 4.67 Service provision amounts to 23% of the outlets in Broadwater, this is low compared to the average figures for the area. There is particularly limited service provision of building societies, leisure services, photo processing and video-rental.
- 4.68 The majority of provision is through banks, hairdressers and beauticians and estate agents. A higher level of provision and broader range would help in boosting the vitality and viability of this district centre.

Food and Drink

- 4.69 The provision of eating and drinking facilities has risen since 2005, when it was identified as being considerably below average. The provision is still mostly local (with the exception of Dominos Pizza and Perfect Pizza). There is also a high provision of A5 takeaway outlets.
- 4.70 The provision indicates that the centre is capable of attracting people both day and night, which is positive for its vitality and viability.

Entertainment

- 4.71 There are two public houses in Broadwater, but limited other entertainment facilities.

Community Facilities

- 4.72 Broadwater has a place of worship and a medical centre, but limited other community facilities.
- 4.73 The centre is however close to Broadwater Green, which is a large recreation ground including cricket pitch, pavilion and public conveniences, which hosts a number of fetes and charity events throughout the year.

Vacant Street Level Property

- 4.74 Vacancies equate to fewer than 7% of units, which is lower than 13% recorded at 2005 and more in line with the national average, which is a positive reflection of the health of this centre.
- 4.75 The majority of vacancies are around Broadwater Street West and Broadwater Boulevard, which is consistent with the 2005 findings.

Rents

- 4.76 In 2005, the rental values in Broadwater Road and Goring Road were identified as being between £269 - £323 per sq m. We do not have any more up-to-date information on these figures.

Yields

- 4.77 The yields around Broadwater Road and Goring Road were 6.5-7% in 2005. We do not have any updated information.

Accessibility

- 4.78 Broadwater benefits from both off street and on-street car parking. It is well served by buses and a large proportion of people walk to this centre.
- 4.79 The nature of the retail provision means that people rarely purchase and carry home bulky goods and it is located in close proximity to the surrounding residential areas.

State of the Environment

- 4.80 Broadwater Road is a linear centre with traditional units. The Cricketers Parade and Broadwater Boulevard are 1960s developments, set back from the main High Street.
- 4.81 There are wide pavements and seating areas, particularly around the open areas of Cricketers Parade and Broadwater Court. The centre as a whole, although outdated, is a pleasant place to shop.

Land Values and Vacancy of key sites

- 4.82 We are not aware of any major undeveloped sites in the centre which are key to its future development.

Pedestrian Flows

- 4.83 There is no specific data available for this indicator.

Perception of Safety and Occurrence of Crime

- 4.84 There is no specific information available for this indicator; however the area feels safe to visit.

Potential Capacity for Growth

4.85 There is no particular evidence of significant pipeline development in this centre.

Customer Views and Behaviour

4.86 There is no evidence for this indicator.

Overview – Goring Road

4.87 As with Broadwater Road, Goring Road is a District Centre and does not have the scale of offer of Worthing town centre. There is therefore limited data available as to retail ranking, historic data etc.

Diversity of Uses and Retailer Representation

4.88 Goring Road consists of a range of uses. There is circa 10,000 sqm retail floorspace (which represents no change since 2005). It is comparable, but slightly smaller than Broadwater Road. Table 4.3 below summarises the mix of retail and service uses as recorded by GOAD in their survey of Goring Road in November 2008.

Table 4.3 – Diversity of uses in Goring Road

Retail Trade Groups	No of units	Floorspace (sq m)	Floorspace (sq ft)	Percentage of Total
Convenience	6	1,710	18,500	17
Comparison	28	4,090	43,800	41
Food and Drink	8	1,180	12,600	12
Services (A2)	24	2,710	29,100	27
Leisure/community facilities	1	20	300	0.1
Offices (B1)	1	30	300	0.2
Vacant	3	270	3,000	2.7
TOTAL	71	10,010	107,600	100

4.89 Based on our analysis of the data, our observations are as follows:

- Goring Road has a lower than average proportion of comparison goods based on the UK average figure of 50%. This is reflective of its district centre nature.
- Most of the retail provision is local rather than national.

Convenience Shopping

4.90 The centre includes convenience retailers that serve local need. These include the Co-op, Alldays and an Iceland on Goring Road. There are also a bakers and a number of small local convenience stores.

- 4.91 We estimate that there is around 1,710 sq m net convenience goods floorspace in Goring Road. This is a small growth in provision since the 2005 report. The figures indicate that convenience good retailing accounts for around 17% of the total retail floorspace, which is somewhat above the national average of 11%, but reflects the local nature of provision at this centre.
- 4.92 This provision meets the needs of local residents, however as in 2005, there is still no representation of grocers, delicatessens or butchers, but there is a broader range of businesses than found at Broadwater Road.

Comparison Shopping

- 4.93 Non-food retailing accounts for approximately 41% of total floorspace in Goring Road. This is relatively high given its district centre designation. Of the top 20 stores, only four are usually found in smaller centres and one of these (Boots) is found in Goring Road.
- 4.94 There is a good range of comparison provision for the scale of this centre, which includes furniture, jewellers, clothing and charity shops, some of which are multiple retailers. This does not seem to have diminished since 2005 and represents the relatively strong vitality and viability exhibited by this centre.
- 4.95 Goring Road does not have the critical mass or quality of retail to support a major department or variety store.

Services

- 4.96 Service provision amounts to 27% of the outlets in Goring Road; this is low compared to the average figures for the area.
- 4.97 There is a reasonable range of service provision, including banks, building societies, hairdressers and beauticians and estate agents. A higher level of provision and broader range would help in boosting the vitality and viability of this district centre.

Food and Drink

- 4.98 The provision of eating and drinking facilities has risen since 2005, when it was identified as being considerably below average. The provision is still dominated by A5 (takeaways) however and there is very limited restaurant offer.
- 4.99 The provision indicates that the centre is capable of attracting people both day and night, which is positive for its vitality and viability; however there is the potential for improved quality and diversity of provision.

Entertainment

- 4.100 There is one public houses in Broadwater (the Toby Carvery), and a health club on Wallace Parade. There are limited other entertainment facilities.

Community Facilities

4.101 There are no community facilities identified.

Vacant Street Level Property

4.102 Vacancies equate to fewer than 5% of units, which is slightly higher than the 3% recorded at 2005 but still significantly below the national average of 7%, which is a positive reflection of the health of this centre.

Rents

4.103 In 2005, the rental values in Broadwater Road and Goring Road were identified as being between £269 - £323 per sq m. We do not have any more up-to-date information on these figures.

Yields

4.104 The yields around Broadwater Road and Goring Road were 6.5-7% in 2005. We do not have any updated information.

Accessibility

4.105 Goring Road has two car parks, however these are associated with the Toby Carvery and Iceland store, so have limited accessibility. There is also limited on-street car parking. Although the majority of trips will not result in bulk buying and the centre serves local residents, this level of provision is low.

4.106 Goring Road is also served by local bus routes.

State of the Environment

4.107 Goring Road is a linear centre with traditional units, like Broadwater Road. The centre has a mixture of older style architecture and 1960s development. The more modern areas are set back from the main road, which gives a more open feel to the centre and provides more car parking.

4.108 The centre as a whole, although outdated, is a pleasant place to shop.

Land Values and Vacancy of key sites

4.109 We are not aware of any major undeveloped sites in the centre which are key to its future development.

Pedestrian Flows

4.110 There is no specific data available for this indicator.

Perception of Safety and Occurrence of Crime

4.111 There is no specific information available for this indicator, however the area feels safe to visit.

Potential Capacity for Growth

4.112 There is no particular evidence of significant pipeline development in this centre.

Customer Views and Behaviour

4.113 There is no evidence for this indicator.

5. Quantitative Need for Retail Development

Introduction and Background

- 5.1 In 2005, DTZ was commissioned by Arun District Council, Chichester District Council and Worthing Borough Council (hereafter referred to as the 'Coastal Districts') to prepare a retail study. The study was intended to act as an evidential base to assist in the preparation of the Local Development Frameworks (LDFs) for each local authority area. Amongst other considerations, the 2005 study provided an indication of the likely future capacity and market demand for new retail floorspace and the broad development opportunities in the various local authority areas. This update study focuses on retailing in Worthing Borough and this section provides the update of retail capacity within the Borough, but not within the wider Coastal Districts area.
- 5.2 As was noted in the introductory section to this study, Worthing Borough Council is currently in the process of preparing a Local Development Framework (LDF) to replace the existing Local Plan which was adopted in September 2003. The main document of the LDF is the Core Strategy, which sets out the spatial vision and strategic policies for the area up to 2026, including strategic sites for development within the Borough that will deliver social and economic regeneration. It is important therefore that the Council has a robust retail evidence base at the forthcoming Examination later this year to support its strategy for the town centre and Borough as a whole, and a key part of this evidence base is an up-to-date set of retail capacity forecasts, particularly in the light of changed economic conditions.
- 5.3 The 2005 Coastal Districts Retail Study included a detailed set of forecasts of the quantitative need for additional convenience and comparison goods retail floorspace in the three local authority areas, for the period up to 2017. Those forecasts were prepared during a period of strong economic growth and before the recent recession started. They therefore do not take account of the recession, which has significantly reduced retail expenditure; meaning that most of the retail capacity forecasts in the 2005 Coastal Districts study are likely to be optimistic. The new retail capacity forecasts set out in this report therefore supersede and replace those in the 2005 study.
- 5.4 We have considered the latest available data in updating the 2005 retail capacity forecasts. The output from this forecasting work is a set of forecasts of the capacity for additional retail floorspace, both for convenience and comparison goods, in various centres in the Borough, at 5-yearly intervals from 2010 to 2026. These forecasts take account of recent changes in retail expenditure and the potential for improvement in the productivity (sales density) of existing shop floorspace. Based on the forecasts, we advise the Council as to the amount of additional retail floorspace which will be supportable in future years.
- 5.5 In this section, we examine the current retail performance of Worthing town centre, the District and Medium Size Local Centres, and the out-of-centre food store and retail warehouses located within the Borough of Worthing.

- 5.6 We have also assessed the quantitative expenditure capacity available to support further floorspace within the study area. This study, therefore, includes the preparation of updated forecasts of the capacity for additional retail floorspace in the Borough, which will be supportable by increases in the population and expenditure of the catchment area residents and visitors. In this section, we describe our RECAP Retail Capacity Forecasting Model, and set out our forecasts of the additional retail floorspace which will be supportable by growth in available expenditure in the period up to 2026.

The DTZ RECAP Model

- 5.7 The retail capacity update has been prepared using our RECAP retail capacity forecasting Model, which has evolved over a number of years for retail capacity forecasting. One of the main inputs to the RECAP Model is the data on shopping patterns derived from the household interview survey. Thus the data from the earlier DTZ commissioned household survey, and which was a key input into the then Re:Map model, has been fed into the RECAP Model. The RECAP Model allocates available retail expenditure for convenience and comparison goods from each catchment Zone to the various centres in the Borough, on the basis of the results of the household interview survey. It then compares inflowing expenditure (and hence retail sales) with existing shop floorspace to assess the capacity for additional floorspace, taking account of growth in population and expenditure and future changes in retailers' sales densities.
- 5.8 The effectiveness of the various existing forecasting methods varies considerably. Conventional gravity models base the extent of the trade draw of different centres on their size, and on theoretical measures of attractiveness and accessibility. In reality, other important factors, including the type and quality of retailers, shoppers' perceptions, the level of parking provision, and the retail environment, can also influence the trading pattern.
- 5.9 Forecasts based on driving time isochrones to determine catchment areas rely heavily on assumptions and judgement rather than measures of the actual pattern of shopping visits from residential areas to shopping centres, food stores and retail warehouses. Overall market share based methods are inherently unreliable because they rely on estimates derived from one location being applied to another with different catchment area characteristics; and because the result depends substantially on the assumptions about the extent of the catchment area in each location.
- 5.10 To overcome these and other problems of such approaches, DTZ uses its RECAP retail capacity forecasting Model. The main difference between this approach and conventional gravity models is that the RECAP Model uses the results of a Household Interview Survey (HIS) to inform our view of shopping patterns in the catchment area. By this means, it is possible to model more realistically existing flows of catchment area expenditure to town centres, food stores and retail warehouses; as the basis for predicting the existing and future capacity for further retail development. Using the 2005 household interview survey to inform

shopping patterns for convenience and comparison goods, our work updates key data inputs used in the 2005 Coastal Districts Retail Study to prepare new capacity forecasts for convenience and comparison goods for Worthing Borough, which supersede and replace those in the 2005 study. In doing so, we have updated the following variables:

5.1

- Population growth
- Per capita expenditure forecasts
- Expenditure growth rates
- Allowance for Special Forms of Trading (SFT)
- Existing retail floorspace
- Retailers' and town centre sales densities
- Committed retail developments

5.11 In summary, the RECAP Model uses the results of a Household Interview Survey (in this case the survey designed by DTZ in April 2005, as described in more detail below) as guide to the 'baseline' scenario, using a conventional and widely accepted step by step approach, to complete the following tasks:

- Calculate the total amount of convenience and comparison goods expenditure which is available within the 7 survey Zones comprising Worthing Borough's catchment area, and forecast future growth in this expenditure;
- Allocate the available expenditure to each town centre and non-town centre main food stores and retail warehouses, using the results of the Household Interview Survey of shopping patterns (Coastal Districts Retail Study, 2005) as a guide; so as to obtain estimates of current sales and forecast future sales in each; and
- Compare the estimated sales in the town centre and non-central main food stores and retail warehouses with existing floorspace (and in the case of main food stores and retail warehouses, with sales based on estimated company average performance); so as to assess the current trading performance of each shopping destination, and the capacity to support further growth in floorspace, allowing for already committed developments.

5.12 The RECAP Model is a useful tool for retail planning and has been used and refined in a large number of retail studies on behalf of public sector clients. In particular, forecasts made using the method on which the RECAP Model is based have been accepted by Planning Inspectors and the Secretary of State at many Public Inquiries. The Model has been used to prepare the expenditure and retail capacity forecasts set out in this report.

5.13 When using the RECAP Model capacity forecasts as a guide to future planning policy, it is also important to remember that the further ahead the forecasting date, the less certain the forecast. Thus the forecasts for 2016 are more reliable than those for 2021 and 2026. In particular for these later dates, we suggest that forecasts such as these should be treated with

some caution, since they only indicate the broad order of magnitude of retail capacity at those dates, if all of the forecast trends occur. For this reason we recommend that the forecasts should be reviewed and revised at regular intervals (of not more than about 5 years) in the light of events, based on a new Household Interview Survey of shopping patterns, to take account of the effects of any development that has occurred in the meantime. Furthermore, the long term growth in the use of internet shopping is as yet unknown (although it has to a substantial degree been taken into account in this report), and reinforces the need to revise the forecasts of retail floorspace capacity well in advance of 2016.

- 5.14 Whilst a full update of the retail study and a new household interview survey would provide the most robust retail evidence, we consider that the household interview survey that underpinned the 2005 study is still sufficiently reliable for the purposes of updating the capacity forecasts.
- 5.15 The detailed RECAP Model tables are set out in **Appendix 2**, and this section should be read in conjunction with that Appendix.

Principal Data Inputs

Catchment Area and Household Interview Survey

- 5.16 The retail capacity forecasts within this report replace the DTZ Coastal District Retail Study capacity forecasts of September 2005. In line with PPS4 (December 2009) requirements to use the most up-to-date survey data, we have used the April 2005 Household Interview Survey (commissioned by DTZ) to inform our retail capacity forecasts. As already noted above, whilst a new household interview survey of shopping patterns would have provided a current assessment of shopping patterns in Worthing's catchment area, in practice we consider that the results of the 2005 survey still provide a reasonably realistic basis to guide Worthing Borough Council's work on the Core Strategy.
- 5.17 The catchment area for the 2005 DTZ commissioned Coastal Districts study was defined by reference to postcodes districts and because of the need to encompass three separate local authorities was necessarily drawn quite widely (equating to 10 separate survey Zones). The current study focuses on Worthing, and analysing from where Worthing attracts its market shares for different categories of retail goods, we consider that the catchment area can be defined by Zones 1 – 7 from the original survey area. A catchment area map is provided in **Appendix 2**). This area extends to Havant to the west; towards Crawley to the north; and to Newhaven in the east. Zone 6 forms the central Worthing Zone.
- 5.18 The results of this survey can be found within the 2005 Coastal Districts Retail Study. The telephone interviews took place during April 2005 across 10 Zones. The survey Zones were determined by the population distribution across the whole survey area, in combination with other critical factors, such as transport, access and local authority boundaries. The 1,000 telephone interviews were initially divided equally between each Zone and were then weighted according to the underlying population profile. The results of the survey provide a reasonably

detailed picture of where the residents of the catchment area shop for main food and top up convenience goods shopping and for comparison goods shopping.

Catchment Population

- 5.19 Updated population forecasts for each of the 7 Zones were provided by a Pitney Bowes Report on the catchment area in March 2010. The forecasts are trend based growth forecasts meaning that they project the forward population on the basis of historical growth. They do not, however, take account of significant 'above trend' growth (such as a major strategic housing development). In order to more accurately reflect the profile of housing growth within the Worthing Borough area, we have had regard to the Adopted South East Plan (May 2009), which identifies a requirement for a total of 4,000 net additional houses in the Borough between 2006 – 2026; effectively equating to 200 dwellings per annum. The population figures in Zone 6 have been amended accordingly.
- 5.20 The resulting catchment area population forecasts by Zone are set out in RECAP Model Table 1 in **Appendix 2**. Table 1 shows the population of the core Worthing area (Zone 6) increasing from 108,184 in 2010 to an estimated 117,648 by 2016. A long term trend projection shows that the population could reach 130,755 by 2026. In terms of the catchment area as a whole, Table 1 also shows the population increasing from 896,118 in 2010 to an estimated 945,948 by 2016. A long term trend projection shows that the population could reach 1,026,332 by 2026. This is an increase of 14.5% over the period 2010 to 2026.
- 5.21 It is worth noting that the forecasts in this study differ very slightly from those in the 2005 Coastal Districts study. The equivalent figures for 2010 were slightly higher in the 2005 study, but thereafter the population figures for our forecasting dates of 2016, 2021 and 2026 are slightly higher in the current update. This probably reflects the explicit allowance we have made in respect of housing numbers for Worthing set out in the South East Plan (SEP – May 2009).

Forecasting Dates

- 5.22 We have prepared base year estimates of retail sales as at 2010 (the current year). Our forecasts have been prepared for the years 2016, 2021 and 2026. This provides two further forecasting dates than originally set out within the 2005 Coastal Districts Retail Study. However, as indicated above, the longer ahead of these forecasts should be treated as a broad guide only, and reviewed and updated well before that date.

Price Basis

- 5.23 All monetary values in this report are in 2008 prices, unless otherwise indicated.

Per Capita Expenditure

- 5.24 We obtained from Pitney Bowes average per capita expenditure on convenience and comparison goods in the catchment area in 2008. The average per capita expenditure for the catchment area as a whole before deducting expenditure on special forms of trading is £2,006 for convenience goods and £3,168 for comparison goods. These base figures are set out in RECAP Model Table 2 in **Appendix 2**. Table 2 indicates the breakdown of the comparison goods figure into the six different categories of comparison goods expenditure covered by questions in the Household Interview Survey.
- 5.25 The base figures for the year 2008 in Table 2 have been increased to allow for actual and expected growth over the forecasting period to 2026. These increases are based on the forecasts by Oxford Economics set out in Table 3.3 of 'Retail Expenditure Guide 2009/2010' by Pitney Bowes, and are thus compatible with the 2008 figures. Oxford Economics' forecasts are for the periods 2008 to 2010, 2008 to 2014 and 2008 to 2019. They take account of the recent recession, and forecast slow but accelerating growth in the next few years. We have therefore interpolated them for our base year of 2010 and intermediate forecasting date of 2016. For our longer term forecasts to 2021 to 2026, we have projected forward the forecast by Oxford Economics. In doing so, we have assumed that after 2019, growth in per capita convenience goods expenditure will have reached the average for the ten years preceding the recession, of 1.2% pa⁸; and for comparison goods growth will have again reached the pre-recessionary ultra-long term rate for the period 1964 to 2008 of 3.9% pa.
- 5.26 This growth profile assumed indicated the growth rates set out in Table 5.1 and used in RECAP Model Table 2. We consider that these growth profiles are realistic. However, periodic review of the forecasts will enable the assumed growth rates to be adjusted as necessary in the light of actual growth in overall per capita expenditure, and the forecasts revised accordingly.

Table 5.1: Average annual growth in per capita expenditure

Period	Average Annual Growth Rate	
	Convenience Goods	Comparison Goods
2008 to 2010	-0.8%	-2.7%
2008 to 2015	0.4%	1.6%
2008 to 2020	0.7%	3.3%
2008 to 2025	0.9%	3.5%
2008 to 2030	1.0%	3.6%

Source: Pitney Bowes/Oxford Economics 'Retail Expenditure Guide 2009/10', with interpolation and projection by DTZ.

⁸ For convenience goods, Pitney Bowes 'Retail Expenditure Guide 2009/2010' indicates that 'The most statistically robust estimate of trend growth calculated is for the period 1998-2008 when the annual growth rate averaged 1.2%'.

Special Forms of Trading

- 5.27 We have made deductions from the per capita expenditure figures supplied by Pitney Bowes to allow for expenditure via special forms of trading (SFT). This includes mail order, vending machines, party plan retailing, on-line shopping via the internet or interactive TV, and expenditure at temporary market stalls, and is therefore expenditure not made in or available to retail shops.
- 5.28 Over the past decade forecast growth in internet sales has provoked some debate. This new and quickly evolving market has made it inherently difficult to predict the future growth of SFT market shares – as such our latest assumptions differ from those set out within the 2005 Coastal Districts Retail Study. RECAP Model Table 2 shows the growing deductions which we have made, based on information for the UK published by Verdict on growth in internet shopping and forecast trends. Table 5.2 below shows Verdict's estimates for the proportion of all retail sales in the UK in 2008 accounted for by internet shopping, and its trend-based forecasts for 2013. This shows the proportion of sales taking place via the internet growing substantially over the 5 years to 2013. For some categories of comparison goods, the internet proportion is already substantial and is expected to become much more so. Based on these, we have judged the deductions for SFT shown in RECAP Model Table 2. Our deductions:
- Assume a flattening of the growth trend after 2013;
 - Allow for the fact that some internet purchases of food are sourced and delivered from food stores rather than separate warehouses (and should therefore be included in the Model);
 - Allow for the fact that internet shopping sales are included in the retail sales densities of some retailers which operate multi-channel retailing;
 - Allow for internet shopping to supplant traditional mail order retailing to some degree; but include other SFT apart from the internet, in particular sales from temporary markets such as Farmers' Markets and other periodic street markets.

Table 5.2: UK Internet Shopping Estimates and Forecasts

Goods Type	Online sales as proportion of all UK retail sales (%)	
	2008	2013
Food & grocery	4.1	4.7
Comparison goods:		
Music & video	39.9	70.1
Electrical goods	19.4	35.4
Books	15.5	29.8
Homewares	8.3	11.6
DIY & gardening goods	4.2	4.7
Clothing & footwear	5.7	11.5
Furniture & floor coverings	3.9	5.1
Health & beauty	2.7	4.9
Other comparison goods	5.0	10.0
All Comparison Goods	8.3	14.7

Source: 'UK e-Retail 2009', Verdict Research Limited, May 2009

- 5.29 The combined effect of the forecast growth in population and in per capita expenditure (minus SFT expenditure) is that we expect total catchment area expenditure on convenience goods (set out in Table 3 in **Appendix 2**) to increase by about £517m (30%) over the period 2010 to 2026; and total catchment area expenditure on comparison goods to increase by £2,422m, effectively doubling over the same period. This compares with growth in total catchment area population of 14.5% over the period. Thus, around 48% of growth in catchment area expenditure on convenience goods is due to expected growth in population; but a smaller proportion (approximately 15%) of the growth in catchment area expenditure on comparison goods is accounted for by forecast growth in population. This means that the retail capacity forecasts for convenience goods are only moderately sensitive to the population growth assumptions. For comparison goods, the capacity forecasts are very insensitive to the population growth assumptions and much more sensitive to the assumptions about growth in per capita expenditure, particularly in the later part of the forecasting period.

Shopping Patterns in the Catchment Area

- 5.30 As indicated above, in 2005 a Household Interview Survey of shopping patterns was commissioned by DTZ in the Coastal Districts catchment. We have used the results as a key input to our RECAP Model. Within the RECAP Model we have combined the results of the question about main food shopping with those of the question about top up food and convenience goods shopping, to provide a weighted average market share of total **convenience goods** expenditure in each Zone which is attracted to main food stores and other convenience goods shops in each of the town and district centres observed within this study (Table 5, **Appendix 2**). These weighted averages are then rounded to the nearest integer and used (with a market share correction factor described below) in Table 7 (**Appendix 2**) to indicate the pattern of attraction of convenience goods expenditure to shops and stores in Worthing town centre. A similar approach has been used for the main food stores in District and Medium Scale Local Centres (Tables 13 and 15). We have also modelled

the non central stores in Worthing (Tables 21 and 23). At this stage we would point out that whilst West Durrington is classified in the Adopted Local Plan (2003) and in the Proposed Submission Core Strategy – March 2010 as a District Centre, for the purposes of capacity modelling to ensure a consistent approach to that adopted in the 2005 Coastal Districts Study, it has been included in the non central category.

- 5.31 In the case of **comparison goods**, for Worthing town centre we have applied the results of the Household Interview Survey for each of the six categories of comparison goods, weighting the market shares for each according to per capita expenditure on each category (as indicated by Pitney Bowes); to provide a weighted average market share of all comparison goods expenditure which is attracted from each Zone by shops and stores in the town centre. The market shares for each individual goods category and the weighted averages are set out in Table 6; the final column (weighted average), of which is rounded to the nearest integer, and applied (with the market share correction described below) in Table 7 to indicate the market shares of all comparison goods expenditure attracted from each Zone by shops in Worthing town centre. Similar tables apply to the other comparison goods shopping destinations of district centres and medium scale local centres (Tables 14 and 15) in **Appendix 2**. We have also modelled the out of centre stores in Worthing (Tables 22 and 23). As noted above in respect of convenience goods modelling, we have treated West Durrington as a non central location for the purposes of retail capacity forecasting.

Market Share Corrections

- 5.32 In some cases we have deemed it necessary to apply market share correction factors to the results of the 2005 Household Interview Survey. The market share correction factors correct anomalies which occur as a result of respondents' interpretation of the Household Interview Survey questions. They also take account of some key changes in the retail provision since the survey was undertaken in April 2005. The application of the correction factors bring sales densities of shops and stores to more realistic levels than those which are obtained from applying uncorrected results of the Household Interview Survey. In broad terms, the scale of adjustments is similar to those that were applied in the earlier 2005 Coastal Districts study.
- 5.33 In the case of **convenience goods** we have adjusted market shares to take account of any new stores/change in occupation that have opened since 2005, based on their likely income generation.
- 5.34 Market shares have been increased for Worthing town centre by applying a market share correction factor of 270% (from the default 'no change' factor of 100%) (RECAP Model Table 7). Similarly, market shares have been adjusted for District and Medium Scale Local Centres by applying a correction factor of 350% (RECAP Model Table 15). In both the town centre and district centres, the Household Interview Survey did not adequately reflect the presence and likely trading patterns of the food stores. The adjustments we have made provide for a more accurate assessment of shopping patterns. Our visits to the stores concerned have also informed these judgements.

- 5.35 Conversely, market shares have been decreased for Worthing non-central stores, by applying a correction factor of approximately 75%. During the preparation of this study the replacement Tesco Extra store at West Durrington opened (February 2010). Although not now technically a commitment as it has now opened, we have treated it as such for the purpose of capacity modelling. (RECAP Model Table 29). This is explained in more detail below.
- 5.36 In the case of **comparison goods**, using the results of the household interview survey for Worthing town centre in the RECAP Model without adjustment would result in an unrealistically high sales density for the town centre, which would be significantly above the sales densities which we have estimated in other town centres of similar size. There is an approximate correlation between centre size and average sales density, with larger town centres generally having higher sales densities than smaller centres. This is the main reason why shop rental values are higher in larger centres than in smaller. To arrive at average sales densities for Worthing town centre which are broadly in line with those we would expect for a town centre of this size therefore, we have reduced accordingly the market shares indicated by the household interview survey.
- 5.37 We have similarly made adjustments to the market shares from the survey for the non-central stores in Worthing. Again, having visited all the retail warehouses concerned we are satisfied that the adjustments we have made provide a more accurate assessment of the shopping patterns for these stores as a group.
- 5.38 The wording of the questions also means that all such surveys tend to over-represent shopping in larger centres and under-represent it in the smaller centres. In addition, the limited sample sizes of all such surveys mean that they do not pick up all users of the smaller centres, because of the lesser numbers of such users than users of the larger centres. We have therefore applied market share correction factors to the district centres and medium scale local centres in order to arrive at realistic sales densities for these smaller centres, so as to rebalance the RECAP Model between the large and small centres, and make it represent reality more accurately.

Visitor Expenditure

- 5.39 For **comparison goods** shopping we have allowed for 5% additional expenditure to account for the net inflow of expenditure in Worthing town centre by visitors who live outside the catchment area covered by the Household Interview Survey. We have also allowed for a 2% increase in expenditure to account for visitor expenditure on **convenience goods**. Based on our experience of undertaking studies in similar centres, we feel that this is a realistic level of net additional expenditure from visitors.

Existing Shop Floorspace

- 5.40 For main food stores in Worthing town centre, district centres and medium size local centres, and non-town centre main food stores, we have used updated floorspace data published by the Institute of Grocery Distribution (IGD), supplemented where necessary with information from Experian Goad and from Worthing Borough Council's latest surveys of the various centres. For example, details of the shops and stores in Worthing are set out in RECAP Model Table 10 (town centre), Table 18 (district centres and medium size local centres) and Table 26 (non-central).
- 5.41 For comparison goods floorspace we have used the results of the most recent Experian Goad surveys, together with the latest centre surveys from Worthing Borough Council. To this we have included upper floors where appropriate (e.g. department stores) and added the net comparison good sales area in the relevant main food stores. The resulting total comparison goods shop floorspace in Worthing town centre is estimated as 55,683 sq m net. This figure is included in RECAP Model Table 12, **Appendix 2**.
- 5.42 Using the same sources we estimate that collectively the District and Medium Size Local Centres have a net comparison goods floorspace of 11,083 sq m.
- 5.43 In the case of the main retail warehouses that we modelled for non-central Worthing, we have cross referenced floorspace data used in the 2005 Coastal Districts study with more up to date data from Worthing Borough Council including details of mezzanine floor installation in some of the retail warehouses since 2005. The resulting total comparison goods shop floorspace in these stores is estimated to be 15,631 sq m net. As appropriate, we have excluded retail warehouse floorspace used for trade and other non-retail sales (e.g. Halfords).

Sales Densities for Main Food Shops and Retail Warehouses

- 5.44 For the existing main food stores in Worthing town centre and the non-central stores, we have applied estimated company average space allocations and convenience goods sales densities based on information published by Verdict Research Limited. In the case of retail warehouses, we have used estimated company average sales densities obtained from The UK Retail Rankings 2008, published by Mintel. Where these are not available for individual operators, we have made our own estimates, based on the figures for similar companies and retail sectors in Retail Rankings. The 'benchmark' company average sales densities are set out in Tables 10, 18, and 27 respectively.

Development Scenarios Assessed

- 5.45 We have assessed two scenarios for in order to assess the retail capacity position within the study centres. The three scenarios are as follows:

1. **Scenario 1** – The ‘baseline’ scenario, which assumes that there will be no change in the market shares of available expenditure attracted from the catchment area throughout the period to 2026.
2. **Scenario 2** – This scenario is based on the potential for Worthing town centre to increase its trade retention for comparison goods, especially within the core Worthing Zone catchment (Zone 6). The Proposed Submission Core Strategy (March 2010) identifies a number of town centre opportunities, the principal one of which is the redevelopment of the Guildbourne Centre, incorporating additional retail floorspace in Union Place. According to GVA Grimley’s ‘Supporting the Retail Sector in Worthing Town Centre (October 2009):

‘The Retail Core Development Brief (2008) sets out the preferred approach to redevelop the existing Guildbourne Centre as part of a comprehensive redevelopment scheme. The underlying driver is the achievement of retail circuits, integration with the existing retail areas, and the enhancement of the existing town character. The development will provide for up to 34,000 sq m of retail floorspace anchored by a new department store/anchor store, with the remaining space being predominantly comparison goods with ancillary convenience and cafe, restaurant and bar uses.’ (3rd bullet point on page 17)

This scheme has the potential to claw back some of the local expenditure that currently goes elsewhere, thus increasing sustainability through decreasing the need/desire for residents to shop elsewhere. Scenario 2 modestly increases market shares attracted by Worthing town centre from 2016 onwards to explore the likely effect of a substantial town centre development. In addition, whilst not technically within the town centre, the latest proposals for the Teville Gate redevelopment are expected to provide a distinctive mixed use Gateway to the town centre and are likely to include an element of retail floorspace.

- 5.46 Scenario 1 is somewhat artificial in that it makes no explicit allowances for changes in market shares as a consequence of new developments. Despite this, Scenario 1 sets a useful baseline, with which Scenario 2 and any future retail development scenarios can be compared. Scenario 2 is more realistic in exploring the implications for shopping patterns of a substantial town centre development in Worthing town centre.
- 5.47 Scenario 2 assumes that this proposed new development effects once and for all changes in shopping patterns, which persist thereafter. In practice, some settling down and rebalancing of market shares may occur in the years following the initial impacts, as population and expenditure grows and shopping destinations find new natural levels. We have not modelled Scenario 2 for convenience goods shopping due to the fact that at this stage it is expected that the scheme is likely to comprise predominantly comparison goods retail floorspace.
- 5.48 The adjustments to market shares which we have made in Scenario 2 are our experienced professional judgements based on the location of each centre vis-a-vis the distribution of

population, experience elsewhere, and our knowledge of the local retailing geography. They have enabled us to explore the potential implications for retail capacity of realistic changes to shopping patterns.

Format of the RECAP Model Tables

- 5.49 The detailed RECAP Model Tables for all scenarios are set out in **Appendix 2**. Table 1 sets out the population forecast for each of the 7 catchment Zones. Table 2 indicates per capita expenditure, and growth in that expenditure. Table 3 shows total catchment area expenditure by Zone for convenience and comparison goods over the period 2010 to 2026. Table 4 indicates total catchment area expenditure by Zone in 2010 on each of the 6 categories of comparison goods, based on the average per capita expenditure for each category for the catchment area as a whole.
- 5.50 In Scenario 1, for Worthing town centre, Tables 5 and 6 set out the pattern of weighted average market shares of catchment area convenience and comparison goods expenditure respectively, which is attracted from the catchment area to that destination. These market shares exclude 'Don't do', mail order and internet sales responses to the Household Interview Survey. The market shares in Table 7 are based on the detailed results by goods category obtained from the Household Interview Survey in Tables 5 for convenience goods and 6 for comparison goods – after application of the market share adjustments described above. Table 8 is the product of Tables 4 and 6. It shows the attraction of expenditure on each of the 6 comparison goods categories by the town centre (taking account of the market share correction factors); together with the resulting overall market shares of such expenditure currently attracted by the town centre. Table 9 is the product of Table 3 (catchment area expenditure) and Table 7 (corrected market shares). It indicates the convenience and comparison goods expenditure attracted from each catchment Zone by Worthing town centre at each date. Table 10 sets out the sales potential of the existing main food stores at estimated company average levels. Table 11 indicates the sales potential of any committed developments in the town centre.
- 5.51 Table 12 compares the expenditure attracted by Worthing town centre and hence sales, with existing shop floorspace and the sales potential of any committed development, indicating the resulting capacity for additional shop floorspace. The top line of Table 12 (spending by catchment area residents) is taken from the bottom line of Table 9. As appropriate, an allowance is made for the average comparison goods sales density of the existing shops to increase in real terms from 2010 onwards, following the long term trend towards higher comparison goods sales densities in town centres. In Table 12, the retail capacity forecast for comparison goods is for further floorspace additional to any committed developments included in Table 11.
- 5.52 A similar arrangement of tables for Scenario 1 applies to the district and medium size local centres (Tables 13 to 20) and non-central main food stores and retail warehouses in Worthing (Tables 21 to 29 in **Appendix 2**).

- 5.53 The Tables for Worthing town centre in Scenario 2 are simpler. Table 30 indicates the revised pattern of market shares of convenience and comparison goods expenditure attracted, taking account of the committed developments outlined above (and indicated in the table heading). Table 31 is the product of Table 3 and Table 30, and indicates the revised amounts of expenditure attracted to Worthing town centre at each date. Table 32 compares this with existing and committed shop floorspace (in a similar way to Table 12 in Scenario 1) to indicate the revised capacity for additional shop floorspace in the town centre.
- 5.54 Table 39 summarises the market shares of catchment area expenditure on each sub-category of comparison goods attracted by each shopping location in the base year of 2010. Tables 40 and 41 indicate the total market shares of convenience and comparison goods expenditure attracted by all the shopping locations combined under Scenarios 1 and 2 respectively.

The RECAP Model Retail Capacity Forecasts

- 5.55 In the remainder of this section, we set out our retail capacity forecasts for Worthing town centre, District and Medium Size Local Centres, and the non-central stores in Worthing. The forecasts are summarised in Table 5.3 for Scenario 1 and Scenario 2. In setting out our forecasts, we distinguish between convenience goods and comparison goods, defined as follows:
- **Convenience goods:** Food, alcoholic drink, tobacco products, newspapers and periodicals, non-durable household goods.
 - **Comparison goods:** Clothing and footwear; household textiles and soft furnishings; Furniture and floor coverings; household appliances; audio visual equipment; hardware, DIY goods, decorating supplies; chemist and medical goods, cosmetics and beauty products; books, jewellery, watches, china, glassware and kitchen utensils, recreational, personal and luxury goods.

Table 5.3: Summary of Retail Capacity Forecasts (sq m net)

Goods/Scenario/Location	2016	2021	2026	RECAP Model Table (Appendix 2)
Scenario 1:				
<i>Convenience Goods:</i>				
Worthing town centre	700	1,350	1,900	12
District and Medium Size Local Centres in Worthing	-2	400	700	20
Non central stores in Worthing	2,550	3,700	4,650	29
<i>Comparison Goods:</i>				
Worthing town centre	12,150	25,700	39,550	12
District and Medium Size Local Centres in Worthing	2,050	4,250	6,550	20
Non central stores in Worthing	-2,400	1,150	4,750	29
Scenario 2:				
<i>Comparison Goods:</i>				
Worthing town centre	26,700	42,900	59,450	32
District and Medium Size Local Centres in Worthing	1,150	3,200	5,300	35
Non central stores in Worthing	-3,300	100	3,550	38

Source: RECAP Model Tables in Appendix 2 as indicated, rounded to the nearest 50 sq m net.

Notes: The forecasts in Table 5.3 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.

Convenience Goods

- 5.56 Before we comment on the convenience goods retail capacity forecasts in Table 5.3, some general points should be noted. First, the forecasts are all based on the assumption that where retailers are shown by the RECAP Model to be trading at above or below the level based on estimated company average levels, their sales densities will fall or rise to that company average based level. This is a conventional assumption in retail studies of this type. However, some stores may well continue to trade successfully at above or below their company average sales density. The retail capacity forecasts should therefore be seen as realistic maxima, rather than targets which must be achieved through new development.
- 5.57 Second, the convenience goods forecasts are all on the assumption that potential new floorspace will be provided in the form of new food superstores, trading at a 'generic' average sales density for such stores of £12,000 per sq m net. Some food superstore operators trade above this level (Asda and Tesco) and some below (Morrisons and Sainsbury's). Further, other types of supermarket, in particular discount supermarkets, trade at far below £12,000 per sq m net. Thus the format in which new floorspace is provided will affect the amount of such floorspace which can be supported in terms of retail capacity. If it is provided only in the form of discount supermarkets, for example, the forecast growth in expenditure would be sufficient to support substantially more floorspace than indicated in Table 5.3. It is of course

not possible to predict over a 17 year period the format in which potential food store developments might come forward. It will therefore be necessary to review the implications for retail capacity in each location when specific proposals for new stores come forward, taking account of the format of the proposed stores and their likely occupiers and sales densities.

- 5.58 Third, we have made no allowance for increases in sales densities of convenience goods floorspace over the forecasting period. This is because convenience goods sales densities have not been rising across the board over the last few years. For some retailers they have risen but for others they have fallen. However, at the next review of the forecasts, the most up-to-date sales densities should be used, so as to take account of any changes in real terms.
- 5.59 Fourth, although we have forecast capacity for additional non-central convenience goods floorspace in some cases, this has been calculated separately from that in the identified centres merely for forecasting reliability and convenience. It does not mean that any such capacity should be accommodated in the form of out-of-centre development. Rather, the sequential approach should be applied, and new developments to accommodate any of the forecast need should be located in or on the edge of the centres, in preference to out-of-centre locations, if at all possible.

Worthing town centre

- 5.60 Scenario 1, Recap Model Table 12 shows that in 2010, we estimate that the main food stores and other conveniences goods shops in Worthing town centre were achieving combined sales of £61.5m; at a combined average sales density of £8,038 per sq m net. Table 10 shows that based on estimated 2008 company average sales densities, the combined sales density of these stores in 2010 was £8,036 per sq m net. Thus, these stores as a group are estimated to be trading very much in-line with the level based on published company averages.
- 5.61 In Table 12, we have allowed for sales in the existing convenience goods shops as a group, to maintain at the level based on estimated 2008 company averages. This is a conventional approach in retail studies of this type and on this basis summary Table 5.3 above shows that there will be a small theoretical capacity for approximately 700 sq m net at 2016, to be replaced by capacity for 1,350 sq m net by 2021, and by 1,900 sq m net by 2026; largely due to expected population growth.

District and Medium Size Local Centres

- 5.62 Scenario 1, RECAP Model Table 21 shows that in 2010, stores in the district and medium size local centres the main non-central food stores in Worthing were estimated to be achieving combined sales of £32.2m; at a combined average sales density of £5,191 per sq m net. This is very slightly below the level based on published 2007 company average sales densities of £5,318 per sq m net, indicated in Table 18.

- 5.63 Using the same process as for the town centre, Table 20 allows sales in the existing convenience goods shops as a group to increase to the level based on estimated company averages. On this basis, and allowing the extant planning permission for the Lidl discount store to be developed at The Causeway, summary Table 5.3 above shows that there will be no capacity at least until 2016. Thereafter, at 2021 it is estimated that there could be capacity for about 400 sq m net, rising to 700 sq m net by 2026, if forecast trends occur.

Worthing Non-central Stores

- 5.64 For non-central stores in Worthing, RECAP Model Table 29 shows that in 2010, the main non-central food stores were estimated to be achieving combined sales of £111m; at a combined average sales density of £16,866 per sq m net. This is significantly above the level based on published 2007 company average sales densities of £12,762 per sq m net, indicated in Table 26. Thus, these stores are estimated to be trading above the level based on estimated company averages.
- 5.65 Again, using the same process as for the town and district centres, above, Table 29 allows sales in the existing convenience goods shops to fall to the level based on estimated 2007 company averages. On this basis, summary Table 5.3 above shows that there will be capacity for about 2,550 sq m net additional floorspace in 2016. In 2021 the forecast capacity for new floorspace is estimated to be 3,700 sq m net, and rising to 4,650 sq m net by 2026. These capacity forecasts have taken account of the additional convenience goods floorspace, and turnover, as a result of the replacement Tesco store at West Durrington.

Comparison Goods

Worthing town centre

- 5.66 In **Appendix 2**, Scenario 1, Table 12 (RECAP Model) shows that we estimate Worthing town centre to be achieving an average sales density for comparison goods in 2010 of about £5,504 per sq m net. Based on our retail studies of a number of other town centres, we consider that this is a broadly realistic sales density for a centre the size and nature of Worthing. On this basis, Table 5.3 shows that in Scenario 1 (i.e. constant market shares), the capacity for additional comparison goods floorspace in Worthing town centre will be about 12,150 sq m net by 2016, rising to about 25,700 sq m net by 2021 and to about 39,550 sq m net by 2026, if forecast trends occur.
- 5.67 It can be seen that these Scenario 1 'baseline' comparison goods forecasts are markedly lower than those set out within the 2005 Coastal Districts Retail Study, which identified capacity for Worthing town centre of 23,000 sq m net up to 2013 rising to 38,000 sq m net by 2017. The difference in forecast capacity is due to various differences in the forecasting inputs (as set out in the section above) and a more pessimistic economic outlook brought on by the global recession. The main factors that have affected the forecast capacity include:

- Lower actual growth since 2005 than was previously forecast;

- Lower expenditure per head growth forecasts; and
- Higher internet and other special forms of trading allowances.

5.68 When combined, these updated inputs result in lower comparison goods floorspace capacity forecasts in the 'benchmark' scenario. However, with the potential redevelopment of the Guildbourne Centre, incorporating additional retail floorspace in Union Place in the town centre, Scenario 2 explores a more realistic assumption that the town centre's market shares could increase from 2016 onwards as a result of substantial new retail development.

5.69 Presently Worthing town centre retains about 43% of comparison goods expenditure from the core Worthing Zone (Zone 6) and attracts relatively modest trade from the surrounding Zones (e.g. 24% from Zone 5 and 8% from Zone 7). From the catchment area as a whole, it attracts only 12.1% of available comparison goods expenditure. As such it is evident that much of the expenditure within the catchment area is leaking elsewhere, meaning that people travel to shop elsewhere. Scenario 2 explores the possibility of Worthing town centre retaining approximately 2.5% more expenditure from the catchment area as a whole (substantially due to retention of an additional 9% within the core Worthing Zone), thus contributing to sustainability objectives (see RECAP Model Table 30).

5.70 In Scenarios 1 and 2, we have allowed for sales in the existing shops to increase at 1.5% per annum from 2011 onwards (i.e. once economic and retail growth resumes), before forecasting capacity for additional retail floorspace in Worthing town centre. On this basis, in Scenario 2, there would be capacity for about 26,700 sq m net by 2016 rising to about 42,900 sq m net by 2021, and 59,450 sq m net by 2026. These Scenario 2 forecasts show that there should be sufficient available expenditure within the catchment area to support a substantial new comparison goods retail development in Worthing town centre by 2016. However, it is also evident that the development would need to be of sufficient size and scale to have an impact on shopping patterns and enable the retention of comparison goods expenditure that is currently leaking from the town centre.

District and Medium Size Local Centres

5.71 In these centres, the capacity for additional comparison goods floorspace is not surprisingly much more modest than in Worthing town centre, reflecting the much more localised retail function performed by these centres. However, they are an important element of the retail hierarchy and our forecasting assessment suggests that by 2016 there will be capacity for a further 2,050 sq m net of comparison goods floorspace, rising to 4,250 sq m net by 2021 and 6,550 by 2026, if forecast trends occur. However, these capacity figures need to be interpreted carefully as the scale of floorspace development may be significantly less than this because of the scale of comparison goods floorspace included within the replacement Tesco Extra development at West Durrington. In pure theoretical capacity terms, the oversupply of comparison goods floorspace that results from this store (see below) should, in the short term, be offset against the above capacity figures.

5.72 Additionally, if the major development in the town centre occurs then this too could have an impact on capacity in the district and medium size local centres. We have very marginally reduced the trade retention in Zone 6 at 2016 (Table 33) on the basis that the scale of town centre development, as discussed above, occurs. The modest impact on capacity levels are detailed in Table 35. That said, it is important for sustainability reasons to make adequate retail provision for each of the defined centres in locations which are readily accessible to each centre's catchment population.

Non Central Worthing Stores

5.73 Table 5.3 shows that under Scenario 1, i.e. no increases in the market shares of catchment area expenditure attracted to non-central food stores and retail warehouses in Worthing, there would be a theoretical over-supply of about 2,400 sq m net of comparison goods floorspace in 2016, principally as a result of the net additional comparison goods floorspace created by the replacement Tesco Extra store at West Durrington. Forecast capacity of 1,150 sq m net would occur by 2021, rising to 4,750 sq m net by 2026, if forecast trends occur.

5.74 It should be noted that the MFI unit at Lyons Farm is still vacant (closed 2008) and there is capacity for 2,030 sq m net of comparison goods floorspace already available, suggesting that the capacity for non central retail new floorspace is less than that suggested in Table 5.3. Additionally, in March 2010, Worthing Borough Council resolved to grant planning permission to install a first floor mezzanine providing a net additional 1,616 sq m of comparison goods floorspace. The required S106 has yet to be signed and therefore this is not a planning commitment. It is understood that the intended occupier of this unit would be 'The Range' and that the applicant is prepared to accept a restriction on the range of goods that can be sold from the unit.

5.75 It is also important to note that the capacity for non-town centre floorspace was forecast separately from that for the town centre merely for forecasting convenience. In deciding how these forecast needs should be accommodated therefore, the sequential approach should be applied as indicated in PPS4 (December 2009). This gives priority to town centre and edge-of-centre locations over out-of-centre locations. Thus some or all of the forecast capacity for additional non-central floorspace should be accommodated by means of town centre or edge-of-centre development, if a suitable site or sites exist or could be assembled. However, it should also be noted that out-of-centre capacity cannot simply be added to the town centre capacity to produce a global figure because lower sales densities have been used for out-of-centre retail floorspace. In other words, should out-of-centre capacity be delivered in the format of town centre floorspace, that floorspace will be likely to operate with a higher sales density, meaning that it will absorb more expenditure thus reducing forecast capacity.

Effects of Applying the Sequential Approach

5.76 We stress above that new convenience and comparison goods retail development for which we have forecast capacity under the heading of non-central shops and stores in Worthing

Borough should in fact be located in accordance with the sequential approach wherever possible, and in retail formats appropriate to town centre or edge-of-centre locations. For convenience goods, sales densities between retailers and store formats vary widely, and as discussed above, the format of new stores affects forecast capacity. For this reason, our forecasts are all on the basis of a 'generic' sales density for new superstores of £12,000 per sq m net. For comparison goods, town centre formats typically have higher sales densities than those applicable to retail warehouses, which we assumed for the non-central forecasts. Thus if the comparison goods capacity which we have forecast as non-central (at low sales densities) is developed in or on the edge of the town centre (at higher sales densities), the amount of comparison goods floorspace which will be required for the same level of sales will be less.

5.77 In Table 5.4, we indicate how much new convenience and comparison goods floorspace would be supportable in or on the edge of Worthing town centre, if all capacity for new convenience and comparison goods floorspace, forecast as town centre and non-central, is in fact located in or on the edge of the town centre, in town centre format shops and stores. For convenience goods, this shows rising capacity in the town centre. For comparison goods, it shows that the capacity would be increased post 2016 from that in the town centre alone indicated in Table 5.3.

Table 5.4: Worthing Town Centre and Non Central Combined Maximum Capacity (sq m net)

Scenario	2016	2021	2026
Convenience Goods (sq m net)			
<i>Scenario 1:</i>			
Worthing	3,250	5,050	6,550
Comparison Goods (sq m net)			
<i>Scenario 1:</i>			
Worthing	9,750	26,850	44,300
<i>Scenario 2:</i>			
Worthing	23,400	43,000	63,000

Source: RECAP Model Tables in Appendix 2 as indicated, rounded to the nearest 50 sq m net.

Notes:

The forecasts in Table 5.4 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts

The convenience goods forecasts assume that all new floorspace trades at a 'generic' average sales density for superstores of £12,000 per sq m net throughout the forecasting period.

Use and Review of the Forecasts

5.78 Finally, and in accordance with our usual practice, we must emphasise that all expenditure based forecasts of future shop floorspace capacity are based on imperfect data and contain a number of assumptions. Our forecasts set out in this report are based on the most up-to-date and reliable information currently available to us. However, they are intended as an indication of the likely order of magnitude of future shop floorspace capacity (if forecast trends are

realised) rather than as growth targets or rigid limits to future growth. The forecasts should be periodically revised as necessary in the light of actual population and expenditure growth, and as development proceeds and its effects become measurable.

6. Summary and Conclusions

6.1 Since the previous Retail Study for Worthing (i.e. the Coastal Districts Retail Study, 2005, prepared by DTZ), the impact of the credit crunch and the subsequent economic downturn has affected investment, development prospects, consumer demand, and future planning. However, despite using lower recent actual expenditure growth rates, more conservative future expenditure growth estimates, and stronger internet shopping growth forecasts, the new retail capacity forecasts set out in this report demonstrate that:

- Modest convenience goods floorspace capacity is evident within the Borough, and will grow as population and per capita expenditure increase over the study period to 2026. Whilst the provision of the replacement larger Tesco Extra at West Durrington means that there is no immediate and pressing requirement for further food store development in the Borough, capacity will exist at 2016 and beyond for some additional convenience goods floorspace (see Tables 5.3 and 5.4).
- Significant capacity should emerge for new town centre comparison goods floorspace over the forecasting period in Worthing town centre; which should be sufficient to support a new town centre development opening by about 2014 to 2016.

Convenience

6.2 In terms of convenience goods floorspace it is evident that there is no overriding need for new floorspace in the immediate future. The replacement Tesco Extra store at West Durrington (7,248 sq m net sales) opened in February 2010 and represents a significant improvement to the convenience goods provision in the Borough, and will need time to settle down and to achieve a mature pattern of trade. This store, and other extant planning permissions (e.g. Lidl at The Causeway), will be likely to address any need for additional convenience goods floorspace outside the town centre during the next 2-3 years. That said, modest levels of capacity for new town centre floorspace will emerge thereafter, and when combined with capacity identified in respect of non central areas (see Table 5.4), this suggests that there could be capacity of up to 3,250 sq m net of convenience goods floorspace by 2016.

6.3 Should the Local Authority consider any additional convenience goods floorspace in the Borough, it is important that any provision should be made in accordance with the sequential approach, in retail formats appropriate to town centre and edge-of-centre sites wherever possible, rather than developed as out-of-centre stores.

6.4 The format in which new convenience goods floorspace is provided will affect the amount of such floorspace which can be supported by forecast growth in expenditure, because different types of food stores trade at very different sales densities. It is of course not possible to predict over a 16 year period the format in which potential food store developments might come forward; or how the Council may wish to accommodate the need for more such floorspace. This might be provided as an extension to an existing store or in other formats, as appropriate to the centre.

Comparison

- 6.5 In the case of comparison goods, Worthing town centre currently retains a solid market share in the core Worthing Zone (Zone 6 – 67%). However, there is potential to increase this retention level and to reduce the number of shoppers in the core Worthing catchment area from travelling to competing centres, such as Brighton, Chichester and Crawley. We consider it realistic to assume that Worthing could achieve a modest net increase in market retention in its core catchment Zone (circa 7%) providing a new development is capable of delivering larger size retail units which will attract higher quality retailers, and improve the overall primary retail offer. Neither the Guildbourne nor Montague Shopping Centres at present have sufficient critical mass or appeal to fulfil this role.
- 6.6 It is clear that Worthing town centre needs to improve its range of retailing in the primary retail area and to fulfil a retail role commensurate with its '*Primary Regional Centre*' status as defined in the South East Plan (May 2009). To achieve a material market share increase, Worthing town centre would need new floorspace of an adequate quality and scale that could realistically alter existing shopping patterns. A number of potential development sites (as detailed in the Proposed Submission Core Strategy – March 2010) exist in the town centre; the principal one of which is the redevelopment of the Guildbourne Centre and incorporating additional retail floorspace in Union Place. It is understood that this could incorporate in the region of 34,000 sq m of retail floorspace. Our Scenario 2 explored how much new comparison goods retail floorspace would be supportable from 2016 onwards on the basis of a realistic increase in Worthing town centre's comparison goods market share in its core catchment area. Depending on the ultimate mix and type of retailing at the Guildbourne redevelopment, there is likely to be sufficient capacity to support such a scale of development in Worthing.
- 6.7 The resulting Scenario 2 capacity figures show that a realistic increase in market share of 7% in Zone 6, and increases of 2% in both Zones 5 and 7, would create capacity of about 26,700 sq m net sales for comparison goods by 2016, rising to about 42,900 sq m net by 2021, and further to about 59,450 sq m net by 2026, if forecast trends occur (see Table 5.3). This should be sufficient to support the likely scale of new comparison goods retail development envisaged within the Proposed Submission Core Strategy, if this opened in the period 2014 to 2016. However, this would need to be checked against the scale of development proposed, when details of the retail composition of such a scheme become available.
- 6.8 The non-central comparison goods floorspace in Worthing appears to be trading broadly in-line with company average sales densities. Forecast capacity for additional floorspace does not start to arise until post 2016. This is because of the significant net additional quantum of comparison goods floorspace included in the replacement Tesco at West Durrington and the higher sales density attributable to such floorspace, as compared to densities more typical of retail warehousing. Thereafter, forecast capacity will grow to about 1,150 sq m net by 2021 and 4,750 sq m net by 2026 if forecast trends occur, assuming such floorspace is provided in the format of low sales density retail warehouses. If provided in the town centre in a town centre format at a higher sales density, the forecast capacity would be reduced pro-rata with the increase in sales density.
- 6.9 The capacity for additional non-central comparison goods floorspace in Worthing has been forecast separately from that in the town centre merely for forecasting convenience; and any such new floorspace should be located in accordance with the sequential approach. This

indicates that any new retail floorspace in the town centre may also need to cater for 'bulky goods' categories which are not well provided for in the town.

- 6.10 In the district and small size local centres, the capacity for additional comparison goods floorspace is not surprisingly much more modest than in Worthing town centre, reflecting the much more localised retail function performed by these centres. However, they are an important element of the retail hierarchy and our forecasting assessment suggests that by 2016 there will be capacity for a further 2,050 sq m net of comparison goods floorspace, rising to 4,250 sq m net by 2021 and 6,550 by 2026, if forecast trends occur. However, these capacity figures need to be interpreted carefully as the scale of floorspace development may be significantly less than this because of the scale of comparison goods floorspace included within the replacement Tesco Extra development at West Durrington. In pure theoretical capacity terms, the oversupply of comparison goods floorspace that results from this store should be, in the short term, offset against the above capacity figures.
- 6.11 Additionally, if the major development in the town centre occurs then this too could have an impact on capacity in the district and medium size local centres. We have very marginally reduced the trade retention of the district and medium size local centres at 2016 on the basis that the scale of town centre development, as discussed above, occurs. That said, it is important for sustainability reasons to make adequate retail provision for each of the defined centres in locations which are readily accessible to each centre's catchment population.
- 6.12 In summary, we therefore consider that it is unlikely that there will be significant new comparison goods retail development in the district and medium size local centres. However, any proposals which come forward should be examined on merit, and could be supported if they are of a scale appropriate to the role and function of the centre, and can help to meet qualitative needs for new retail development.

Conclusion

- 6.13 Overall this 2010 update has shown that whilst the effects of the credit crunch and recession have had a significant dampening effect on forecast retail capacity in Worthing, a key part of the Core Strategy agenda to promote a new retail heart for Worthing town centre remains supportable by the updated figures. It is in the nature of major and comprehensively planned retail schemes that they deliver new capacity at a point in time rather than in small incremental stages. There is therefore always the need to balance the capacity notionally available at any one point in time with the overall planning objective in the public interest of securing a new scheme.
- 6.14 In practice and given current market conditions we consider that a new retail heart scheme of the type envisaged by the Core Strategy will take time to be delivered on the ground. Given the time needed to adopt the new Core Strategy policy (which we consider vital to provide investors and developer certainty), for the Council to promote and select a development partner, for heads of terms and development agreements to be signed with the preferred partner, for a major planning application to be prepared, submitted and determined, for land assembly to take place – quite possibly requiring the use of compulsory purchase powers which would be subject to a public inquiry, and for the scheme then to be constructed, we consider it unlikely that a new scheme would open much before 2016 in any event and quite possibly beyond.

- 6.15 Whilst on the face of it this is a long timescale, it is in our experience “par for the course” as such town centre schemes are complex, require true partnership, involve extensive consultation, and must be carefully planned, designed and valued to ensure they will be viable and deliverable on the ground.
- 6.16 In our experience of delivering on the ground for public and private sectors some of the largest recent schemes (e.g. Leicester Highcross, Belfast Victoria Square, ARC – Bury St Edmunds) such schemes usually take between 5 and 10 years to deliver on the ground from inception. In this light, public sector commitment is a vital component especially in a competitive environment where retailing and town centre development does not stand still.

Appendix 1 – Catchment Area Map

Appendix 2 – RECAP MODEL - 2010