



# Retail and Town Centre Study 2016

PREPARED FOR

**COLCHESTER BOROUGH COUNCIL**

DECEMBER 2016



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# 1. Introduction

- 1.1 Colchester Borough Council has commissioned Cushman & Wakefield (CW) to prepare a new and up-to-date Retail and Town Centre Study for the Borough (hereafter the 'Study'). It replaces the Retail Update 2013 prepared by NLP.
- 1.2 The purpose of this Study is principally to consider the qualitative and quantitative needs for development over the period to 2033; how such needs should be accommodated; and a realistic strategy for growth and improvement. Our work will inform the new Local Plan, helping to guide planning policies and decisions on planning applications.
- 1.3 The Study is prepared in the context of a number of events and forecasting parameters, including:
  - Current economic conditions;
  - The impact of consumer habits and expectations on the retail landscape; and
  - Increasing competition from shopping destinations outside Colchester Town Centre.
- 1.4 It provides the Council with a sound evidence base for plan-making in accordance with paragraph 23 of the National Planning Policy Framework ('Framework'), which promotes competitive town centres<sup>1</sup> and requires local planning authorities to positively plan for growth over the plan period.
- 1.5 For ease of reference this Study is set out as follows:
  - Section 2: Trends in Retail and Commercial Leisure
  - Section 3: Qualitative Assessment – Colchester Town Centre
  - Section 4: Qualitative Assessment – District Centres
  - Section 5: Basis of Retail Capacity Forecasts
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<sup>1</sup> The Framework (Annex 2) defines town centres as: 'Area defined on the local authority's proposal map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area. References to town centres or centres apply to city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in Local Plans, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres.'

## 2. Trends in Retail and Commercial Leisure

### Introduction

- 2.1 This section reviews the latest trends in the retail sector, including commercial leisure, and their implications for the Borough and Colchester Town Centre in particular.
- 2.2 It is well-known that the retail sector is in a period of rapid change. According to the British Retail Consortium (BRC), the sector nationally employs over 3 million people<sup>2</sup>. However the new and emerging trends – augmented by cost pressures (e.g. the introduction of the National Living Wage) and subdued growth in consumer expenditure – could result in as many as 900,000 fewer jobs in retailing by 2025<sup>3</sup> as greater focus is placed on the productivity of people and retail space<sup>4</sup>. Another important factor is the recent rise in the cost of importing goods, caused by the falling value of the pound (post ‘Brexit’ vote). This is likely to result in higher prices as retailers pass the cost rises to consumers<sup>5</sup>.
- 2.3 C&W research<sup>6</sup> found that national retailer demand was strong in H1 2016 (pre ‘Brexit’ vote), led primarily by food and ‘value’ fashion retailers, although there was some positive activity from mid and mass market retailers. The major regional cities and top market towns continue to benefit from the migration of demand from supply starved locations in London and the South East. The market has seen several new entrants recently, but established retailers such as Holland & Barrett, Joules and Paperchase are among the most active and are looking for opportunities to expand. The out-of-town retail sector is seeing rising footfall against declines in other sectors, with a wide range of retailers reporting expansion plans and new store formats.
- 2.4 The uncertainty over the longer term implications of the ‘Brexit’ vote is affecting confidence. Whilst demand from occupiers and investors is forecast to remain steady in prime markets, second tier and secondary markets (Colchester Town Centre falls within this bracket) are expected to see more selective demand in H2 2016, as occupiers and investors continue to re-assess risk.
- 2.5 Against this background, we outline below the national trends in the retail sector and the implications for town planning and development in the Borough. To that end, we consider the following factors:
- The growth of internet shopping;
  - Retailer polarisation (and downsizing);
  - Consumer expenditure;
  - Changing store formats;
  - Increasing importance of commercial leisure uses;
  - Mix of uses including the balance between multiple and independent retailers; and
  - Providing a high quality experience and environment.

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<sup>2</sup> Retail 2020 – What our people think (May 2016), BRC.

<sup>3</sup> Retail 2020 – Fewer but better jobs (February 2016), BRC.

<sup>4</sup> Retail Trends 2016 – Redefining convenience, Deloitte.

<sup>5</sup> The Guardian (12 October 2016).

<sup>6</sup> C&W UK Retail Market Snapshot (Second Quarter 2016).

### ***The growth of internet shopping***

- 2.6 Internet shopping has experienced rapid and significant growth since the late 1990s.
- 2.7 Cushman & Wakefield Research estimate that almost 15% of all retail sales will be conducted through online channels this year (2016), equating to more than £42.4 billion. Whilst the rate of online retail sales is slowing, they are forecast to reach £62.7 billion by 2020.
- 2.8 Information for the UK published by Pitney Bowes<sup>7</sup> forecasts that total non-store, including online, sales of comparison goods (i.e. non-food) will increase from 18.9% in 2015 to 22.7% by 2021. In terms of convenience goods, Pitney Bowes predict a relatively modest increase in such sales from 7.2% in 2015 to 8.4% by 2021.
- 2.9 The UK retail market has a dynamic landscape and internet shopping is not the only channel available to consumers. The market has an established multi-channel network meaning consumers purchase goods, wherever and whenever they want, through a combination of:
- In-store;
  - Online;
  - Mobile; and
  - Tablet.
- 2.10 While it is difficult to accurately predict how these factors may continue to impact on retailer portfolios in terms of the quantum of retail space, we summarise below some of the possible implications for town planning and development:
- Some of the larger retailers are increasingly focusing on a smaller number of core locations for their store portfolios, where they can have flagship-type stores and attract the most affluent and extensive catchments (as considered below).
  - Online retailers, such as Amazon, have started to open 'physical' stores in order to drive sales and create brand awareness as they are faced with an increasingly competitive online marketplace. That said, the boost of such retailers pursuing bricks-and-mortar growth is unlikely to account for more than 10% of total retail space in prime locations<sup>8</sup>.
  - Some retailers, such as foodstore operators, operate online sales from their traditional stores and thus the growth of internet shopping does not necessarily mean a pro-rata reduction in the need for retail space.
  - While the larger, national and international retailers are investing in online retail channels, this is not necessarily the case with small, independent retailers and high street businesses. According to the 'Digital High Street 2020' report<sup>9</sup> the internet has created 'digital economy' demands and opportunities, which should be embraced by all retailers and businesses and, importantly, town centres if they are to be successful and compete. The extent to which town centres develop their digital capabilities, and other solutions such as traffic management, is likely to have spatial implications for high streets.
  - Retailers will not only have to continue to adapt their online retail channels, but adapt their distribution and logistics infrastructure to meet the demands of increased

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<sup>7</sup> Retail Expenditure Guide 2014/15 – Broad Definition and Central Case, Oxford Economics (Table 3.1).

<sup>8</sup> Property Week (21 April 2016).

<sup>9</sup> 'Five-year plan for high street rejuvenation', The Planner, RTPI (10 March 2015 edition).

home delivery and collection methods (a likely consequence of which is a reduction in retail space requirements).

- Greater collaboration between retailers in terms of sharing retail space (such as the Sainsbury's and Argos case example discussed below), and between shopping centre landlords and their retailer tenants in the provision of collection points and/or lockers<sup>10</sup>. Innovative collection arrangements are also being introduced at railway stations and other public places (i.e. not on the traditional high street) in response to the convenience-based demands of consumers.

- 2.11 Retailers are restructuring their organisations in response to 'omnichannel' retailing, designing their businesses around consumer personalisation and experience rather than by channel<sup>11</sup>. To this end, the town centres that can offer a wider, all-round experience to shoppers and other users are likely to be better positioned than others in terms of countering the challenges of internet shopping and its associated implications for town centres. The multi-channel environment is also an opportunity for town centres, in that retailers are pioneering and requiring retail space (e.g. Amazon, retail space sharing between Sainsbury's and Argos) albeit in new formats.
- 2.12 Attractions such as a good quality leisure offer will also help town centres, as considered below. Other attractions may include a good quality independent retail offer and/or a public realm with good quality seating and other street furniture. Essentially, however, it is shops that attract shoppers and therefore the priority for the Council should be retaining (and attracting) as many shops – together with catering and other leisure uses – as possible in this changing retail landscape.

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<sup>10</sup> 'Alive and Clicking', Modus, RICS (January 2015 edition).

<sup>11</sup> Retail Trends 2016 – Redefining convenience, Deloitte.

### ***Retailer polarisation (and downsizing)***

- 2.13 The retail sector is ever-evolving, with retailers entering and exiting the market on a regular basis. Some of this change is due to the spate of retailer administrations since the economic downturn (with Comet, Game, Habitat, JJB Sports and Woolworths to name a few), leaving major voids within town centres and retail parks<sup>12</sup>. More recently (inter alia) BHS, Austin Reed and American Apparel have filed for administration. BHS occupied typically large, prominent stores (164 in total) and its failure in particular will have major challenges for landlords and town centres in terms of how this retail space will be re-utilised.
- 2.14 A further significant, recent change has been the strategy of new retailers entering the UK market and their approach to store expansion and coverage. This change is driving demand in a smaller number of larger, prime locations and at a time when there is an overall reduction in multiple retailer representation across the UK.
- 2.15 New international retailers are still entering the UK market; however they are increasingly selective about their store coverage. Major retailers to enter the UK in recent years include Hollister, Forever 21, Victoria's Secret, J.Crew and Aeropostale. Such retailers have, or are seeking, stores in London (often a flagship store with multiple satellite stores) and the next 10-15 major cities including the likes of Glasgow, Liverpool and Manchester. At this point, they have looked to increase their geographical spread across Europe (to similarly major cities) as opposed to achieving more concentrated coverage in the UK. This contrasts with the typical strategy of international retailers 15-20 years ago, when they would seek greater coverage across the UK before moving to the next market.
- 2.16 These strategies can be witnessed in the example of the upmarket fashion retailer Banana Republic and its parent company, Gap (more of a mid-market retailer). Banana Republic opened its first UK and European store in 2008 with a flagship offering on Regent Street, in the heart of the West End of London. Since then, only an additional eight stores have been opened; six of which are in prime retail areas of London. The other two stores are in prime regional shopping locations, namely Bath and Manchester's Trafford Centre. By comparison, Gap opened its first UK store in London in 1987. Since then, it has opened over 140 additional stores in the UK; this equates to around five stores per year.
- 2.17 This example illustrates the wider trend of polarisation between prime retail locations and the more secondary locations. Most existing, major retailers in the UK either have exited or are in the process of exiting large numbers of non-prime stores; so as to concentrate on stores with larger, more affluent catchments and better prospects to benefit from the multi-channel environment. The recent announcement that Marks & Spencer is set to close (or downsize) over the next five years up to 30 stores, focusing on smaller stores in under-performing towns and shopping centres, is a stark reminder of this<sup>13</sup>. This structural change has been driven considerably by the impact of the recession and the growth of internet shopping. In addition, there is a significant quantum of secondary/ tertiary retail space on the UK's high streets that – as predicted by the BCSC<sup>14</sup> back in 2012 – is no longer fit for purpose for modern multiple retailers.

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<sup>12</sup> EGi (12 May 2016) report that around 46,000 UK shops are currently vacant, with a third having been empty for more than three years.

<sup>13</sup> Property Week (7 November 2016).

<sup>14</sup> The Rise and Rise of Multi-Channel Retailing (BCSC, 2012) estimated that almost 20% of UK retail space could be surplus to modern retailer requirements in its current form.

- 2.18 Service-based retail uses (i.e. financial services, travel agents) have also seen a gradual contraction in store numbers since the onset of the recession, and the continued growth of internet alternatives which provide convenient access to online banking and holiday price-comparison websites. For example, Thomas Cook closed 149 stores in the 12 months from September 2011 to 2012 and this downsizing has continued throughout the travel agency sector, with a reported 45% year-on-year rise in closures in April 2014<sup>15</sup>. This form of structural change has consequences for footfall and consumer spending, most notably in the secondary locations which are more dependent on retail-related service uses.
- 2.19 The trend towards right-sizing has led retailers and investors to target the most defensible (and therefore high-demand) locations, where footfall and consumer spending is most resilient to economic changes. This is now affecting more and more larger centres, as retailers become increasingly selective and polarise towards fewer, prime retail locations. We consider that Colchester Town Centre falls within the bracket of a town centre at risk from such trends.

### **Consumer expenditure**

- 2.20 Historical trends, particularly since the late 1990s, indicate that there has been substantial growth in retail expenditure. MapInfo Brief 08/02 indicates that per capita expenditure on comparison goods in the UK increased between 1997 and 2007 at an annual average of 6.7% in real terms. This growth fuelled the development of new retail floorspace, including major out-of-centre retail parks. For convenience goods, expenditure growth has historically been considerably less at 1.1% per annum over the same period (1997 to 2007).
- 2.21 Retail sales volumes slowed as a result of the economic downturn. According to Pitney Bowes<sup>16</sup>, *'total spending on convenience goods fell in real terms in 2009 and comparison goods spending practically ground to a halt as the recession took hold.'*
- 2.22 By July 2015, based on ONS figures, the volume of retail sales had increased (like-for-like) for the 28<sup>th</sup> consecutive month<sup>17</sup>. This was due to the combined effects of robust economic growth, low inflation and improving labour market conditions. The growth was fuelled by non-food stores at 4.7%, with household goods standing out at 13.8%. Homewares, furniture and flooring also performed strongly as a result of rising disposable incomes, housing market activity growth and record consumer confidence levels. More recently, however, the uncertainty around 'Brexit' has served to dilute consumer confidence in the UK and therefore retail sales<sup>18</sup>.

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<sup>15</sup> BBC News (14 April 2014).

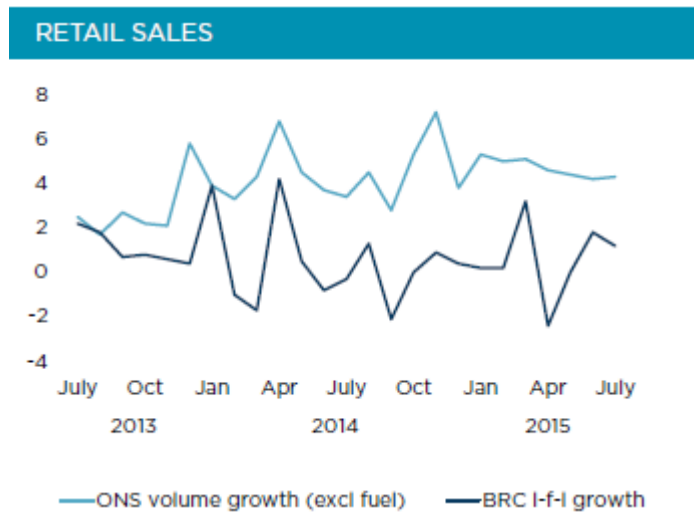
<sup>16</sup> Retail Expenditure Guide 2012/13.

<sup>17</sup> UK Shopping Centre Development Report (September 2015), Cushman & Wakefield.

<sup>18</sup> Retail Week (26 February 2016).



**Figure 1 – Retail sales volumes (July 2013-2015)**



Source: UK Shopping Centre Development Report (September 2015), Cushman & Wakefield.

- 2.23 Like the retail market, the commercial leisure sector has seen significant growth in expenditure terms since the 1990s. Whilst not immune to the impact of the economic downturn, leisure spending fared relatively well as eating out and other leisure activities have become an important lifestyle choice and a priority for many consumers over other areas of spending. UK leisure spending is forecast to increase at an annual average rate of 1.3% during 2018-2022 and 1.4% during 2023-2035<sup>19</sup>.

### **Changing store formats**

- 2.24 Retailing is changing, with new formats emerging in recent years as an alternative to traditional retail space; much of which is now surplus to requirements. Modern multiple retailers demand flexible, more efficient retail space of a sufficient size to showcase their brand(s) in prime retail locations. This is largely in response to the growth of internet shopping and the increased importance of a multi-channel offer, including the use of smart phone technology (i.e. Apps) and social media (e.g. Facebook, Twitter, Instagram, Snapchat). Much of the redundant retail space is in commercially secondary or tertiary shopping areas in large centres, or in smaller town and district centres.
- 2.25 Retailers are increasingly refurbishing their existing stores to accommodate click-and-collect services, whereby customers can collect and return their goods ordered online. Major retailers such as Argos, John Lewis, Marks & Spencer and Next – as well as smaller, specialist retailers like Hobbycraft and Specsavers – are incorporating click-and-collect services into their stores, thus cutting out the expensive ‘final mile’ of delivery. Mintel Retail Rankings 2014 reports that one in eight online purchasers now use some form of collection service; while the RICS ‘Modus’ journal<sup>20</sup> predicted that 2015 would see, for the first time, sales of goods brought online but collected in-store outstrip home deliveries.

<sup>19</sup> Experian Retail Planner Briefing Note 13 (October 2015).

<sup>20</sup> ‘Alive and Clicking’, Modus, RICS (January 2015 edition).

- 2.26 In a further development, designed to reflect changing shopping habits and the increasing focus on e-commerce, Argos have introduced digital-concept stores; where tablets replace the traditional catalogues and paper forms. Some of these new stores have opened as concessions within existing Sainsbury's superstores<sup>21</sup> while Sainsbury's recently opened its first 'department store' format featuring Argos (in addition to a Foodhall, Starbucks, Lloyds Pharmacy and Explore Learning Centre) at Nine Elms, London<sup>22</sup>.
- 2.27 Major retailers, for example Next, are opening new all-product out-of-centre store formats, providing a substantially expanded range of comparison goods (often including but not limited to clothing and footwear, furniture and soft furnishings, domestic appliances and DIY goods) and surface level car parking. Such stores, which require extensive showroom floorspace, enable the retailer to showcase their full range of products. These can be purchased online and collected via click-and-collect services. Meanwhile, John Lewis has opened smaller store formats with the click-and-collect option for their full range of products in locations such as Exeter, York and Ipswich. The same is true of House of Fraser in Aberdeen and Liverpool.
- 2.28 A key trend in the grocery sector in recent years is the strong performance and growth of the hard discounters such as Aldi and Lidl, which have fuelled the 'price war' with mainstream operators. Combined, Aldi and Lidl currently command a UK market share of around 10.4% according to Kantar Worldpanel (April 2016); and this is set to increase with the two retailers having built more than 100 stores in the last year<sup>23</sup>.
- 2.29 The growth of smaller convenience store, or C-store, formats (such as Tesco Express and Sainsbury's Local) is another key trend, driven by the customer's demand for convenience and, in turn, operators seeking to enhance their market shares of 'top up' food shopping in a highly competitive environment. Marks & Spencer have opened 75 Simply Food stores in the last year and recently announced plans to expand its C-store opening programme on the back of increased profits<sup>24</sup>. The retailer is also looking to roll out its 'Food to Go' format across London in the first instance, selling just sandwiches, salads, and hot and cold beverages<sup>25</sup>. This follows Sainsbury's launch of their 'micro' C-store format in Holborn, London; approximately half the size of a typical Sainsbury's Local store<sup>26</sup>.
- 2.30 The grocery sector has also been forced to react to changing shopping habits, in particular the decline of 'bulk' food shopping as customers shop around for best value and/or undertake more frequent top-up food shopping trips. This has prompted the main operators to reconsider their growth strategies, as the hard discounters continue to threaten and impact on their market shares. They are focusing on C-store format representation and improvements to existing superstores as opposed to opening new superstores (Tesco, for example, confirmed in early 2015 that it was abandoning 49 superstore developments and has since built just 4 stores<sup>27</sup>). In-store improvements include refurbishment programmes and a focus on better customer service, in addition to alternative complementary uses such as restaurants. This is discussed further below.
- 2.31 The UK's high streets have seen an increase in the number of pop-up shops since the economic downturn. This concept enables retailers, usually independents, to lease retail space on a short-term basis. Whilst temporary, such shops can generate interest and

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<sup>21</sup> EGi (30 January 2015).

<sup>22</sup> Property Week (29 October 2016).

<sup>23</sup> EGi (16 April 2016).

<sup>24</sup> Property Week (25 May 2016).

<sup>25</sup> Property Week (14 May 2016).

<sup>26</sup> Retail Week (14 October 2015).

<sup>27</sup> EGi (16 April 2016).

activity in an area and are particularly popular for seasonal items (e.g. Christmas gifts, Halloween costumes, or fireworks). They are also often attractive solutions for landlords, providing flexibility and the ability to deflect some of the costs to the temporary tenant.

- 2.32 In part, changing store formats (i.e. larger and more modern floorplates) have enabled many non-food retailers to achieve improvements in the productivity and efficiency in the use of floorspace – thereby increasing retail sales densities. Other key drivers in this respect include extended opening hours, the growth of internet and multi-channel retailing, and the sale of higher value goods which do not necessarily need more space for storage and display.
- 2.33 The growing market of food and drink uses (as considered below) has also seen operators open new larger, family-friendly formats. Higher consumer leisure spending, as eating out becomes an increasingly important lifestyle choice for many, has driven this trend and is being exploited by operators – in and out of town – as they seek to enhance their market share in this very competitive marketplace.

### ***Increasing importance of commercial leisure uses***

- 2.34 There has been a twenty-fold increase in the number of UK coffee shops over the past 17 years (to more than 4,200) while the number of fast-food outlets has tripled (to more than 8,700)<sup>28</sup>.
- 2.35 Retail space alone is no longer enough to attract consumers to a centre. The increased importance of leisure uses in terms of anchoring town centres and major new shopping centres has become apparent in recent years. This is due in part to subdued growth in retail sales, the growth of internet shopping and the polarisation of retailers to fewer, prime locations. There are also fewer retailers to fill the voids left by others, following the spate of retailer administrations since the economic downturn. Importantly, the growing importance of leisure uses further reflects changing consumer habits and needs as they seek experiences as much as retail goods.
- 2.36 This structural change in the retail landscape has highlighted the need to provide shoppers and other users with alternative, non-retail attractions and, ultimately, a high quality experience. One cannot visit a leisure attraction (such as a bar, cafe or restaurant) over the internet. In light of their ability to increase dwell time and thus consumer spending, such attractions are forming an increased proportion of floorspace in the most successful and prosperous centres.
- 2.37 Retail schemes now have more space allocated to commercial leisure – restaurants, cinemas, bowling alleys. To illustrate this point, Trinity Leeds shopping centre opened in Spring 2013 with 34% of total floorspace dedicated to leisure uses<sup>29</sup> including a cinema and a range of food and drink uses. Originally, only 12% of total floorspace was due to be occupied by leisure uses; however this increased due to soaring demand from operators. A third of the units in the new Birmingham Grand Central scheme are occupied by leisure uses, while the regeneration plans for Intu Broadmarsh shopping centre in Nottingham envisage a cinema plus around 25% of total floorspace dedicated to food and drink uses. In addition, British Land has recently announced plans for a 330,000 sq ft leisure 'dining and entertainment' hall extension of Sheffield's Meadowhall shopping centre; to include

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<sup>28</sup> EGi (19 May 2016).

<sup>29</sup> Cushman & Wakefield Research (April 2016).

restaurants, a cinema, a new café court, a gym, and other indoor and outdoor leisure space<sup>30</sup>.

- 2.38 All this marks a considerable shift from retail to leisure uses within major new shopping centres. Whilst rents for leisure uses are typically lower than those achievable for retail uses, the owners of shopping centres (such as Land Securities in the case of Trinity Leeds) are recognising the value of providing leisure uses in order to create an all-round experience for shoppers.
- 2.39 Furthermore, according to Goad Centre Reports, the average proportion of floorspace dedicated to leisure uses (namely A3-A5) within centres across the UK has increased from 9.52% in 2008 to 12.63% in 2015; whilst the average proportion of such units has increased from 14.82% to 17.09% over the same period. By comparison, Colchester Town Centre's A3-A5 offer is currently 13.26% of the total floorspace (higher than the UK average) and 15.8% of the total number of units (lower than the UK average)<sup>31</sup>.
- 2.40 There is evidence that consumers are spending more discretionary expenditure on eating out. Compared to say the early to mid-1990s, eating out is no longer seen as such a luxury item. The options in the marketplace for mid-market and higher-quality 'chain' dining have soared in recent years, particularly with the advent of television chefs and their branded restaurant chains. Some of the major chains that have emerged in recent years, as the branded element of the market has grown substantially, include:
- Fast Casual Dining – e.g. PieMinster; Pret-A-Manger; Yo! Sushi; Chop'd.
  - Casual Dining – e.g. Prezzo; GBK; Leon; Giraffe.
  - Premium/ Fine Dining – e.g. Jamie's Italian; Gaucho; Chaophraya; Bumpkin.
- 2.41 While in-store cafes are a long-standing feature of many larger stores (such as department stores and food/non-food superstores) retailers, recognising the importance of a strong in-store catering offer, are increasingly seeking to link-up with higher quality restaurant operators. Examples include John Lewis (Ham Holy Burger and Rossopomodoro), Selfridges (Aubaine and San Carlo Bottega) and Tesco (Giraffe)<sup>32</sup>.
- 2.42 In terms of the cinema sector, the emergence of digital and 3D movies has served to revitalise cinema attendances; whilst enabling operators to charge premium prices for the product. Cinemas are also incorporating 'branded' coffee shops as concessions – such as Costa in Colchester's Odeon cinema on Head Street. The health and fitness market is an increasingly important town centre use, helping to generate footfall for other uses. The no-contract, budget operators such as The Gym Group, easyGym and Pure Gym are performing particularly well; while the larger commercial operators are diversifying their clubs with the introduction of childcare and dining facilities.

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<sup>30</sup> CoStar (12 May 2016).

<sup>31</sup> Goad Centre Report – Colchester Town Centre (November 2015), Experian.

<sup>32</sup> Retail Week (27 June 2014).

### ***Mix of uses including the balance between multiple and independent retailers***

- 2.43 With many multiple retailers seeking to right-size and reduce their physical store footprint, this presents opportunities for alternative land uses. As mentioned, leisure uses are playing an increasingly important role in successful town centres in the wake of ongoing structural changes in the retail sector and changing consumer habits and needs. Other non-retail uses such as residential, office and community uses also have an important role to play in sustaining town centre vitality and viability. To that end, increasing a town centre's resident and worker population can help to create vibrancy and support other main town centre uses including retail and leisure.
- 2.44 The permitted development rights introduced by the Government since 2013 are having implications for town centres and their mix of uses, and particularly the office sector in terms of supply. The new, permanent permitted development right for office to residential conversions is the most significant in this respect. Information provided by the Council indicates that Colchester Town Centre has experienced a number of such conversions, with 33 'prior approval' consents between June 2013 and February 2016. Whilst all town centres require a balanced mix of uses, including offices, increasing the housing supply (and thus resident population) will help to support mixed and more vibrant high streets, creating activity for retail uses to be successful. That said, the town's worker population is important, especially in terms of supporting the 'lunchtime economy', while the permitted development rights will make it difficult for the Council to fully control the mix of uses and/or mitigate against any adverse impacts potentially arising from them.
- 2.45 As well as a mix of land uses, it is important to ensure that any town centre has an appropriate balance, or mix, between multiple 'chain' retailers (those trading from multiple stores with either a strong local or national presence) and independent retailers (those who tend to trade from a single store). Multiple retailers offer substantial benefits to town centres, including:
- The ability to offer to shoppers the products and goods that they require at the most competitive prices;
  - The ability to drive substantial levels of footfall, especially with department store operators (e.g. Debenhams) and popular fashion/ technology operators (e.g. Apple) which can help to support independent retailers and other town centre uses; and
  - They help to increase investment levels by providing landlords with greater security in terms of income relative to that offered by independent retailers.
- 2.46 The main issue with having too many multiple retailers is that of identity. Today, many of the UK's town centres look the same, with the same rows of shops (e.g. Boots, WH Smith, The Body Shop, Next) and no discernible difference and no character. It is important for town centres to differentiate themselves and provide a unique experience for shoppers, in order to increase their health and prosperity. A balanced mix of multiple and independent retailers should help to assist with this. As we consider in section 3 below, Colchester Town Centre currently benefits from a strong independent offer, complementing and helping to achieve a balance with the town's more mainstream attractions.

### ***Providing a high quality experience and environment***

- 2.47 An important consumer behavioural change to have had implications for retailers and town centres includes the desire for 'experience retail' – defined by the Department of Business Innovation and Skills as *'shopping experiences which are enjoyable in their own right, rather than just being about successfully purchasing a desired good'*. This recent change has been accelerated with the rapid emergence of and developments in e-commerce, which has meant that consumers are less likely to visit physical stores unless they provide an enjoyable experience<sup>33</sup>.
- 2.48 Town centres that can offer experience retail and an excellent all-round experience to shoppers and other town centre users are likely to be better positioned than others in terms of countering the challenges of the changing retail landscape. The quality of the leisure offer can be as important as the retail offer in this respect. As per the case example of Trinity Leeds considered above, the owners of shopping centres are recognising the value of providing high quality leisure uses in order to attract and create an all-round experience for shoppers.
- 2.49 Towns such as Colchester with cultural, heritage and other visitor attractions should be well placed to take advantage of consumers' demands for an enjoyable experience. Information provided by the Council confirms that Colchester attracted over six million visitors in 2014, contributing some £245m (visitor spend only) to the local economy. Some key attractions include Colchester Castle Museum, Firstsite and Colchester Zoo, while the Town Centre further acts as a 'base' for visitor attractions in the wider area (e.g. Beth Chatto Gardens, Constable Country, the Essex coastline).
- 2.50 The quality of the physical environment is another important factor to consider. Good urbanism, design and definitions of place are an essential pre-requisite in order to attract inward investment from retailers and other businesses; create opportunities for interaction and exchange; and generate growth in commercial, community and/or aesthetic value over time.
- 2.51 Whilst it is very difficult to isolate the impact of improving the local environment and providing infrastructure elements on property values, there are some examples. The Cut in Southwark, London, benefitted from a £3m public realm renovation in 2007/2008 which included:
- widening and resurfacing of footways;
  - improved lighting;
  - planting trees; and
  - new pedestrian signage.
- 2.52 Research on these improvements concluded that, as a result of the four infrastructure elements above, around £9.5m had been added to the value of private property in the area. Put simply, this is a circa 200% return on investment – thereby demonstrating the potential impact.
- 2.53 A larger scale example is The Arc in Bury St Edmunds. This circa £100m retail-led mixed use scheme included the regeneration of the town's civic core. As well as public realm improvements the scheme comprised a public arts venue, which has been important in

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<sup>33</sup> Hart and Laing, 2014.

improving the town centre experience. The result was an increase in town centre footfall, dwell time and income, with a significant uplift in revenues through car parking.

- 2.54 Funding for these initiatives is challenging. Within a closed environment of single ownership such as a shopping centre, public realm improvements can be funded through service charges. However in town centres, where ownerships can extend to hundreds of parties, the solution is far more problematic but could include pooling developer contributions by town centre developers to fund off-site public realm works; and/or designating a Business Improvement District (BID) whereby businesses pay additional taxes to fund local projects and improvements.

## Potential Impact of Trends on Colchester Town Centre

- 2.55 The importance of the retail sector to town centres should not be understated; being the key driver of activity and vital in creating the environment for other main town centre uses (and residential uses) to be successful. The trends identified above have a number of potential implications for town planning and development in Colchester Town Centre. These are summarised below:

- The retail sector, in spite of the ongoing structural changes and challenges, is and will continue to be the key driver of activity in the Town Centre and thus essential for its health and prosperity.
- The continued growth of internet shopping is likely to impact on footfall and squeeze retailers' profitability; not only national multiple retailers but also smaller, independent retailers. As discussed above, this is a nationwide issue (not borough-specific) but is very relevant to the future vitality and viability of Colchester Town Centre. E-commerce presents opportunities too, however, and the integration of 'click and collect' hubs and/or the use of digital technology should be encouraged.
- Colchester Town Centre will be constrained by the polarisation and downsizing of national multiple retailers, especially in terms of its ability to attract new such retailers. The major retailers will continue to focus representation in a small number of the UK's prime locations. While the Council should seek to retain (and attract) as many shops as possible, retailer 'right-sizing' is likely to present opportunities for alternative, non-retail land uses including leisure, office, residential and community uses – which can help to increase the resident and worker population of the Town Centre in order to support other uses.
- Alternative land uses should be complementary to the retail offer, being the key driver of activity.
- Successful town centres need scale, flexibility and a variety of store sizes in order to respond to the needs of major high street and specialist retailers, and the Council should seek to identify locations in and on the edge of Colchester Town Centre for accommodating such retail formats in accordance with the sequential approach.
- Key to attracting new modern retailers to Colchester Town Centre will be the provision of larger, flexible units – of the type that Fenwick is delivering on the High Street – in prominent and well connected town centre locations. Accordingly, the Council should consider favourably applications to amalgamate and/or extend retail

units<sup>34</sup> within primary shopping areas; and should work with its partners to positively plan for town centre development opportunities.

- Further key to attracting new modern retailers include creating the right conditions for investment, such as high quality public realm and a complementary mix of town centre uses including leisure.
- In order to prevent the loss of existing retailers and sustain as many shops as possible, Colchester Town Centre should be an attractive place to shop – whilst being more than simply a place to shop given changing consumer expectations for a high quality, combined retail and leisure experience. With its historic assets and existing leisure attractions, we consider that the Town Centre is well placed to strengthen the consumer experience and increase dwell time.
- The emergence of new store formats in out-of-centre locations, especially those being pursued by major retailers selling all-product ranges – including ‘non-bulky goods’ which, traditionally, have been sold from town centres – represent a threat to the future vitality and viability of Colchester Town Centre. This underlines the need for the Council to positively plan for town centre development opportunities and control non-central retail development including extensions and changes of use. Failure to do so will threaten the future vitality and viability of the Town Centre.
- It will be important to control the growth of commercial leisure/ food and drink uses outside Colchester Town Centre, given their increased importance for sustaining town centres and anchoring new schemes. There is a major role for such uses, including family-orientated catering, in order to create choice and increase dwell time in the Town Centre. New food and drink uses in non-central locations, of a type and scale which would compete with and undermine the role and status of the Town Centre, should be resisted by the Council. Failure to do so will potentially ‘soak up’ operator demand and threaten the delivery of new retail-led developments (which are increasingly dependent on complementary food and drink uses) in the Borough’s principal centre.
- It will be increasingly important for the existing mix of independent retailers in the Town Centre to provide a high quality, distinguished offer. In the context of multi-channel retailing, such retailers should also be encouraged to establish their own transactional websites and/or marketing campaigns so as to expand their potential market and thus profitability.
- The provision of convenient and affordable town centre car parking is key in order to better compete with non-central shopping destinations, which are accessible by car and served by free surface level car parking.
- New representation in the grocery sector is likely to be focused on C-store formats and the hard discounters, in response to changing shopping habits.

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<sup>34</sup> Subject to the provisions of the development plan and other material considerations.



## 3. Qualitative Assessment – Colchester Town Centre

### Introduction

- 3.1 This section examines the vitality and viability of Colchester Town Centre, based on the healthcheck indicators set out in the national Planning Practice Guidance (PPG)<sup>35</sup>, and considers its qualitative needs.
- 3.2 Policy CE1 of the Core Strategy sets out Colchester’s retail hierarchy, with Colchester Town Centre identified at the top. Policy CE2a promotes the Town Centre as a prestigious regional centre.
- 3.3 A key indicator of the relative health of a centre is its retail ranking over time. Figure 3.1 below indicates the current status of Colchester Town Centre relative to surrounding and/or competing centres. Each centre is assessed (by CACI Retail Footprint) having regard for all factors affecting performance, including the quality and quantity of retail provision, centre function and level of competition. This methodology allows each centre to be scored relative to one another and provides a useful barometer of a centre’s status and performance.

**Figure 3.1 – Retail rankings**

Centre	2015 Rank	2012 Rank	Change (2012-2015)
Colchester	59	51	-8
Tollgate	432	669	+237
Turner Rise	927	1,261	+334
Peartree Road	2,585	2,196	-389
Tiptree	2,493	2,492	-1
West Mersea	3,312	3,654	+342
Wivenhoe	3,112	3,720	+608
Chelmsford	79	71	-8
Ipswich	56	47	-9
Braintree	487	630	+143
Freeport Designer Outlet Village, Braintree	136	127	-9
Lakeside	40	40	0

Source: CACI Retail Footprint (2012 and 2015)

- 3.4 The retail rankings show a decline in Colchester Town Centre’s status and performance since 2012. On the face of it, this may reflect the lack of inward investment (i.e. new major retail development and/or retailer representation) over this period. Another contributing factor is likely to be the relative improvement of similarly-ranked centres across the UK and, importantly, centres that directly compete with Colchester Town Centre for retailers and shoppers. To this end, whilst the analysis set out above indicates no relative improvement in some of Colchester’s main competing centres such as Chelmsford<sup>36</sup> and Braintree’s Freeport Designer Outlet Village, CACI Retail Footprint confirms Tollgate’s significant rise in the retail rankings (from 669 in 2012 to 432 in 2015). This reflects the increasing strength of retail provision at Tollgate and its function as an attractive shopping destination. We would expect the new leisure-based scheme at Stane Park, once open, to further enhance Tollgate’s attractiveness as a shopping destination and thus its status and performance. It is notable that some of the Borough’s other centres –

<sup>35</sup> ‘Ensuring the vitality of town centres’ section.

<sup>36</sup> The 2015 retail rankings do not account for the new John Lewis anchored town centre scheme, which is likely to enhance Chelmsford’s status and performance.

including Turner Rise, West Mersea and Wivenhoe – have also experienced a significant rise in the retail rankings since 2012, albeit they remain well below Colchester Town Centre and Tollgate.

- 3.5 Colchester Town Centre has also declined steadily in PMA's hierarchy (currently ranking 48 compared to 35 in 2005). PMA attribute this to retailer administrations and closures in particular, with the town experiencing:

*'a significant decline in the higher scoring, middle and upper middle fashion retailers, as provision in Colchester town centre has shifted towards lower quality, value/mainstream retailers. At the same time, many multiple retailers have been considering their locational strategies and implementing store rationalisation programmes. Given the town's relatively distant location in a largely rural area, supported by a catchment population of comparatively modest affluence, some operators may prefer to trade from more dominant, strategic centres.'*

- 3.6 Whilst retailer polarisation (and downsizing) is not a Colchester-specific issue, as mentioned at section 2 of this Study, it does highlight the fragility of the retail sector in towns like Colchester; and the Town Centre's decline in both the CACI Retail Footprint and PMA retail rankings is significant in this respect. With major retailers looking to consolidate their space requirements into a smaller number of prime locations, Colchester Town Centre's declining status and performance makes it vulnerable and at risk in terms of its ability to attract and retain investment. The reality of lease expiries of the next few years, which would enable retailers to easily exit poorer or under-performing locations, further underlines this potential risk to the vitality and viability of the Town Centre.

## Healthcheck

- 3.7 Colchester Town Centre's main shopping area is focused on two shopping centres: Culver Square and Lion Walk. Smaller, more secondary shopping centres are Priory Walk (situated between Queen Street and Long Wyre Street) and St John's Walk (off St John's Street). High Street includes a number of important retailers and non-retail uses, while Sir Isaac's Walk/ Eld Lane – bordering the town's Roman Wall – provides a row of small scale units predominantly occupied by independent retail businesses. The wider Town Centre comprises a mix of retail and other main town centre uses.

## Diversity of uses

- 3.8 Figure 3.2 below sets out the composition of ground floor uses in Colchester Town Centre based on the latest survey undertaken by Experian Goad. The analysis focuses on a number of use categories, as defined in the Experian Goad Category Report, namely:
- Comparison Retail (e.g. clothing and footwear, furniture, jewellery, electrical goods, toys);
  - Convenience Retail (e.g. butchers, bakers, supermarkets);
  - Retail Services (e.g. dry cleaners, hairdressers and beauticians, travel agents);
  - Leisure Services (e.g. cafes, bars, restaurants);
  - Financial & Business Services (e.g. banks, estate agents); and
  - Vacant.

**Figure 3.2 – Diversity of ground floor uses, Colchester Town Centre**

Use Categories	Units (count)	Units (%)	Floorspace <sup>37</sup> (sq. m)	Floorspace (%)
Comparison Retail	241	36.7	53,856	44.9
Convenience Retail	49	7.5	7,618	6.3
Retail Services	93	14.2	7,953	6.6
Leisure Services	141	21.5	26,505	22.1
Financial & Business Services	64	9.7	10,322	8.6
Vacant	69	10.5	13,778	11.5
TOTAL	657	100	120,032	100

Source: Experian Goad Category Report (November 2015).

<sup>37</sup> Floorspace (sq. m) is Experian Goad gross floorspace.

3.9 The main findings from the analysis include:

- Colchester Town Centre has a reasonably strong representation of Comparison Retail floorspace, accounting for 44.9% of total floorspace (or 36.7% of total units). The dominance of Comparison Retail is to be expected in a centre the size of Colchester because, typically, the larger the centre the higher the proportion of floorspace attributed to this category. The majority of the town's Comparison Retail floorspace is located within Culver Square and Lion Walk shopping centres and, to a lesser extent, along High Street.
- Given the increasing role and importance of food and drink uses, and to some extent representing the town's cultural/ tourist attractions, Leisure Services account for the next highest proportion of units and floorspace (21.5% and 22.1% respectively). Provision is somewhat dispersed throughout the town centre, although small clusters of food and drink uses can be found along parts of High Street and Head Street (near the Odeon cinema) in particular.
- Unsurprisingly, the Convenience Retail offer is relatively modest with 7.5% of total units and 6.3% of total floorspace. Whilst there may be opportunities for new provision including town centre format convenience stores, thereby helping to improve consumer choice, this category is unlikely to become much more dominant.
- Retail Services account for 14.2% of the total number of units in Colchester Town Centre; but only 6.6% of total floorspace (indicating that such uses, as expected, occupy smaller-sized units in the town centre).

3.10 The composition of uses in Colchester Town Centre set out in Figure 3.2 above is notably different to the analysis presented in the Retail Update 2013. Whilst some changes would be expected, the two sets of analysis (at 2013 and 2015 respectively) suggest that total Comparison Retail floorspace has decreased by over a third from 84,800 sq. m gross to 53,856 sq. m gross. It would further suggest, inter alia, that the total number of units in the town centre has increased from 619 to 657 (despite no major retail development) over the same period. We consider that these 'changes' most likely reflect a different survey area covered by Experian Goad (the source of both datasets) rather than significant changes in the extent and composition of the town centre's retail and service uses. On this basis, we afford little consideration to the differences between the two sets of analysis.

## Vacancy rates

- 3.11 As shown in Figure 3.2 above, which is based on the latest Experian Goad Category Report for Colchester, in November 2015 there were 69 vacant units in the Town Centre; a vacancy rate of 10.5% as a proportion of the total number of units. The overall quantum of vacant floorspace in Colchester Town Centre is 13,778 sq. m (11.5% of total floorspace).
- 3.12 During our inspections we identified that the vacant units are relatively dispersed throughout the Town Centre. Particular concentrations can be seen at Priory Walk shopping centre and along Red Lion Walk (between High Street and Lion Walk shopping centre). Further vacant units are scattered along High Street, Long Wyre Street (including the former Co-Op department store), Queen Street and Sir Isaac's Walk/ Eld Lane.
- 3.13 With the exception of the former Co-Op department store, and the former BHS store at Lion Walk (to be occupied by Primark in 2017), the vacant units are relatively small scale, typically measuring 50-200 sq. m gross.
- 3.14 We do not consider it particularly helpful to compare vacancy rates in Colchester Town Centre with national averages, given that these include shopping centres and much smaller centres including district/ local centres. However, for comparative purposes, we have considered in Figure 3.3 below vacancy rates in some of Colchester's main surrounding and/or competing centres.

**Figure 3.3 – Vacancy rates**

Centre	Units (count)	% of Total Units	Floorspace <sup>38</sup> (sq. m)	% of Total Floorspace
Colchester	69	10.5	13,778	11.5
Chelmsford	57	11	11,269	10.1
Ipswich <sup>39</sup>	112	20.2	28,177	22.3
Braintree	24	9.8	3,382	8.3

Source: Experian Goad.

- 3.15 This analysis shows that Colchester Town Centre sits between Chelmsford and Braintree in terms of vacancy rates as a proportion of the total number of units (10.5% compared with 11% and 9.8% respectively). However the Town Centre has a higher proportion of vacant floorspace (11.5%) relative to both Chelmsford (10.1%) and Braintree (8.3%). Figure 3.3 indicates substantial vacancies in Ipswich Town Centre and we would caution that Experian Goad's survey<sup>40</sup> coincided with the refurbishment works to the town's main shopping centre, thereby limiting the relevance of this comparison.
- 3.16 The Retail Update 2013 reported Colchester Town Centre's vacancy rate at 12% and, on the face of it, the fall in vacancy rates is encouraging in the context of retailer administrations and closures. However, as mentioned previously, we would caution that the two sets of analysis (at 2013 and 2015 respectively) are not based on a like-for-like survey area and thus there is little merit in comparing any 'changes' since 2013. A more relevant

<sup>38</sup> Floorspace (sq. m) is Experian Goad gross floorspace.

<sup>39</sup> We would note that latest Experian Goad survey of Ipswich Town Centre (October 2015) coincided with refurbishment works to the town's main shopping centre – Buttermarket. The level of vacancies identified is therefore likely to be over-stated to a degree.

<sup>40</sup> October 2015.

consideration, in our view, is the quality of retailers occupying previously vacant units or replacing other (former) town centre retailers; and/or the degree of changes of use from A1 retail to non-A1 (i.e. service-orientated) retail. We consider these factors below.

## Retailer representation and demand

### Representation

- 3.17 The town centre's fashion offer predominantly comprises middle market operators such as New Look, River Island and Next. According to CACI Retail Footprint, the mass market accounts for 54.9% of provision in Colchester Town Centre (up from 50.7% in 2012).
- 3.18 PMA report that the provision of upper market operators is relatively low for such a centre, and this is supported by CACI Retail Footprint which indicates that the town's premium market has contracted since 2012 (from 21.9% to 20%). This points to an under-representation of higher end comparison goods retailers in the town centre, the presence of which can greatly enhance a centre's attractiveness to consumers and influence the extent of its catchment area.
- 3.19 Colchester Town Centre includes 24 of the 29 'major retailers' defined by Experian Goad, as shown in Figure 3.4 below, which they consider to be key attractors and therefore most likely to improve the attraction of a centre for consumers<sup>41</sup>. These are predominantly concentrated within the Culver Walk and Lion Walk shopping centres, although there are exceptions including Argos (Long Wyre Street), Wilkinson (St John's Walk) and Sainsbury's (Priory Walk).

**Figure 3.4 – Existing major retailers, Colchester Town Centre**

Department Stores	Mixed Goods Retailers	Supermarkets	Clothing	Other Retailers
Debenhams Marks & Spencer	Argos Boots TK Maxx WH Smith Wilkinson	Sainsbury's Tesco (Express)	H&M New Look Next Primark <sup>42</sup> River Island Topman Topshop	Carphone Warehouse Clarks Clintons HMV O2 Superdrug Vodafone Waterstones

Source: Experian Goad Category Report – Cushman & Wakefield Update (October 2016).

- 3.20 Not all of these major retailers occupy high quality accommodation. For example, both Marks & Spencer and Next operate from somewhat dated and constrained stores. The same applies to Sainsbury's at Priory Walk.
- 3.21 The town centre is represented by a reasonably strong choice of other national multiple retailers. Around half (50.2%) of these can be categorised as Comparison Retail, reflecting the role and function of Colchester Town Centre in the retail hierarchy. Leisure Services, including 'chain' bars and restaurants, account for almost a quarter (23.2%) of total multiple

<sup>41</sup> The notable exclusions include House of Fraser, John Lewis, Waitrose, Burton and Dorothy Perkins.

<sup>42</sup> Scheduled to open in the former BHS store in 2017.

provision in the town centre<sup>43</sup>.

- 3.22 Fenwick<sup>44</sup> is situated at the western end of High Street. This department store, which has recently been extended and refurbished, is a major shopping attraction and includes fashion-orientated concessions such as All Saints, Boss, French Connection, Hobbs, Joules and Ted Baker. Other fashion-orientated multiple retailers (i.e. those not defined as 'major retailers' by Experian Goad) present in the town centre include Superdry, Schuh, Monsoon and Accessorize. Non-fashion multiple retailers include Iceland, Poundland, Paperchase, Ernest Jones, Millets and The Body Shop.
- 3.23 Some 381 of Colchester Town Centre's 588 occupied shop units<sup>45</sup> (64.8%) are operated by independent retail businesses according to Experian Goad which, in our judgement, is an appropriate balance and helps to differentiate the town centre from others. The independent sector performs an important role, selling (inter alia) clothing, gifts, jewellery, and arts and crafts. These shops – particularly along Sir Isaac's Walk/ Eld Lane and the streets and passages between High Street and the town's main shopping centres – are established components of Colchester's overall retail offer.

### ***Demand***

- 3.24 Future retail development and investment in the town centre in terms of type, scale and location will be substantially influenced by the interest of retailers (and/or leisure operators) moving into, re-locating or expanding there. As set out in section 2 of this Study, second tier markets such as Colchester Town Centre are faced with increasingly selective demand, driven by the polarisation of retailers towards a smaller number of prime locations and, more recently, the cautious outlook following the 'Brexit' vote as retailers re-assess risk.
- 3.25 Figure 3.5 below sets out the retailers and leisure operators with published requirements for representation in Colchester. It is important to note that this list, sourced from a national database of property requirements in the retail sector, relates to Colchester as a whole (i.e. they are 'blanket' requirements and do not necessarily or exclusively relate to the Town Centre). The list should therefore be interpreted with some caution. Further, not all retailers register their requirements on one or more national databases; while the list only provides a broad indication of market interest at a particular point in time. For example, it does not allow for the significant uplift that may occur through planning permission for a new retail development. In addition, we would caution that the decisions of retailers to invest in competing shopping destinations is very likely to affect the level and nature of market interest in Colchester Town Centre.

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<sup>43</sup> Experian Goad Category Report (November 2015).

<sup>44</sup> Formerly named Williams & Griffin.

<sup>45</sup> Based on Figure 3.2 above (i.e. total town centre floorspace minus vacant floorspace).

**Figure 3.5 – Registered retailer demand, Colchester**

Name	Type	Minimum Size (sq. ft)	Maximum Size (sq. ft)
HSL	Sofas	2,000	4,000
Sofology	Sofas	10,000	15,000
Ponden Home	Homeware	2,000	3,000
Pets at Home	Pet	3,000	15,000
Rush Hair	Hairdressers	800	1,500
Red5	Toys	1,000	
Select	Budget Fashion	3,000	5,000
Cards Direct	Greeting Cards	1,200	2,000
Farmfoods	Frozen Foods	6,000	8,000
Starbucks	Coffee	1,500	2,000

Source: *The Requirement List* (accessed October 2016).

- 3.26 Notwithstanding the limitations of this analysis, the list set out in Figure 3.5 shows that there is potentially limited demand from retailers and leisure operators seeking representation in Colchester Town Centre (and Colchester generally). More significantly, those identified are not of a type that are capable of substantially improving the town centre’s offer, while some (e.g. Pets at Home and the sofa/ furniture stores) are typically not suited to town centre locations.
- 3.27 The retailer make-up of the town centre has changed in recent years and continues to evolve, reflecting in part the dynamic nature of the sector. However, market activity also helps to identify the ‘direction of travel’ in terms of the quality of the centre’s retail offer and therefore its attractiveness to consumers. Recent closures in the town centre include BHS (Lion Walk), GAP (Culver Street West), Burton and Dorothy Perkins (High Street)<sup>46</sup>, while it is understood that planned closures include Karen Millen (Sir Isaac’s Walk) and Oasis (High Street). On the face of it, these closures are significant<sup>47</sup> and point towards a potential reluctance of key retailers to continue investing in the town centre.
- 3.28 Some of this space is being re-occupied by Primark (former BHS store) and Metro Bank (former Burton and Dorothy Perkins store). We consider that the new Primark (scheduled to open in 2017) will be a positive for Colchester Town Centre, particularly in terms of attracting footfall. However – together with the recent fashion retailer closures set out previously – it underlines the shift towards value/ mainstream retailers<sup>48</sup> in the town centre. The introduction of Metro Bank along High Street (replacing Burton and Dorothy Perkins) further points towards a more service-orientated offer within the main shopping area.
- 3.29 The town’s food and drink offer is reasonably well established with a variety of ‘chain’ and independent operators. However it lacks focus, as mentioned previously, and the part committed part proposed scheme at the St Botolph’s Quarter off Queen Street should have a positive effect in this regard. It includes a (committed) new Curzon three-screen cinema together with A3/A4 units and a (proposed) mixed use development comprising a hotel, student accommodation and seven A3/A4 units. It is further understood that ‘chain’ restaurants – namely Las Iguanas and Wagamamas – are seeking representation on High Street close to the Fenwick department store.

<sup>46</sup> Both are ‘major retailers’ defined by Experian Goad.

<sup>47</sup> With the exception of BHS following administration and UK-wide closures in 2016.

<sup>48</sup> As reported by PMA.



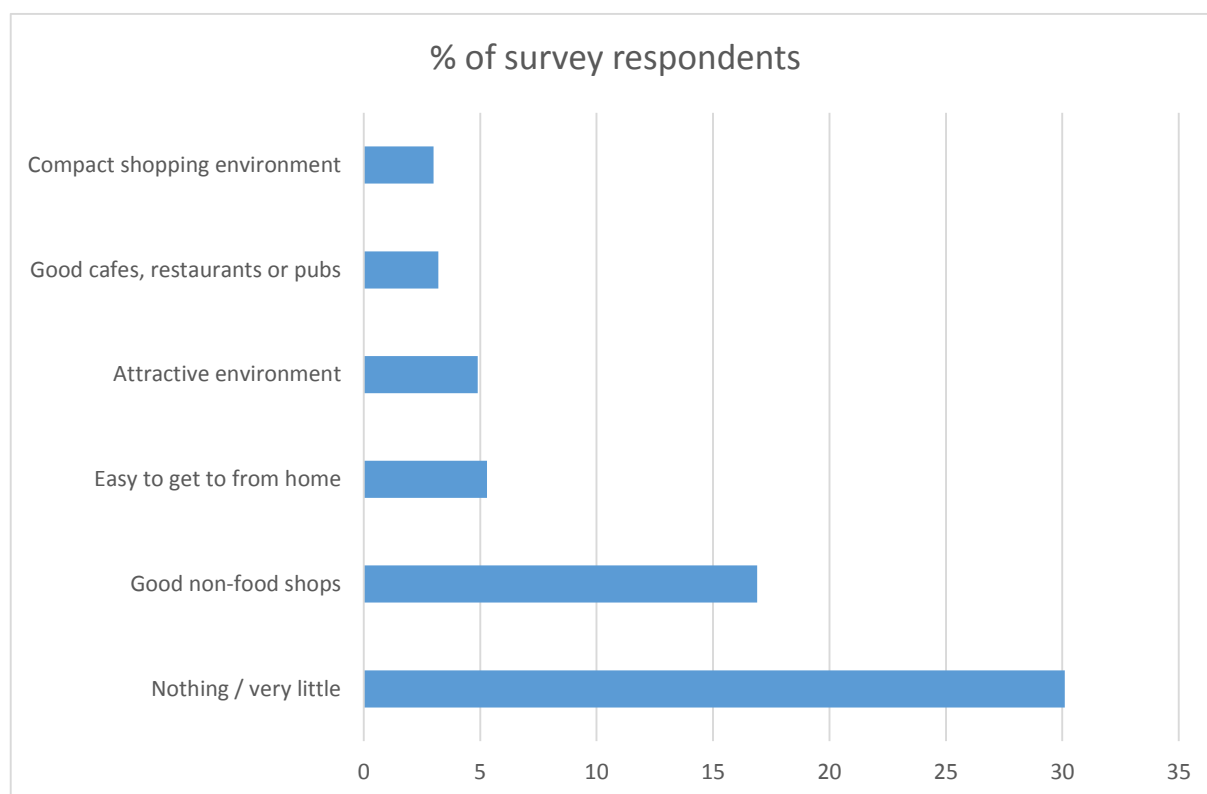
## Commercial rents and yields

- 3.30 The level of rent which retailers are prepared to pay for retail space in a centre is an indication of the perceived strength of that centre. PMA report that, as at mid-2016, prime Zone A rents in Colchester Town Centre were £170 per sq. foot (psf). This is approximately 3% above the pre-recession peak of £165 psf; however, the O2 (Lion Walk) letting in October 2012 achieved a headline rent of £174.50 psf.
- 3.31 PMA further report that:
- Culver Walk in Lion Walk shopping centre achieves the highest Zone A rents at around £170 psf, although estimates show some variation due to the lack of recent lettings/ market evidence.
  - Culver Square shopping centre is achieving around £135 psf Zone A, falling to around £60-65 psf Zone A fronting Sir Isaac's Walk.
  - Elsewhere in the town centre, Priory Walk is achieving Zone A rents in the region of £30-40 psf and High Street (both ends) around £45-50 psf. PMA indicate that rents at the centre of High Street are likely to be slightly higher.
- 3.32 In terms of commercial yields, which are an indicator of investor confidence in a centre (with lower yields indicating higher investor confidence in future rental growth), PMA report that prime retail yields in Colchester Town Centre were circa 6.25% at mid-2016, which is consistent with the level reported in late 2015/ early 2016.

## Customers' views and behaviours

- 3.33 The 2016 household interview survey asked a number of specific questions about where respondents shop (i.e. their shopping behaviours). The survey results are provided at Appendix A and indicate that few consumers in Colchester Borough – including the town's immediate catchment (Zone 1) – do most of their main food shopping in the town centre. Non-central provision, particularly the Sainsbury's superstore at Tollgate, dominates in terms of the Borough's main food shopping destination.
- 3.34 As expected for a centre the size of Colchester, it secures substantial market shares of comparison goods expenditure from the catchment area. To this end, the town centre's comparison goods shopping offer is particularly strong in terms of *clothing and footwear and books; jewellery and watches; china, glassware and kitchen utensils; recreational and luxury goods*. The main competing destinations in this respect – according to the household interview survey – include Chelmsford (town centre), Braintree (town centre and retail parks), Clacton-on-Sea (town centre and retail parks) and Tollgate. Further consideration for the relative strength of particular comparison goods sub-categories in Colchester Town Centre is provided under the *Retail Sector Analysis* at section 6 of this Study.
- 3.35 Information on consumers' views on Colchester Town Centre has also been obtained from the results of the 2016 household interview survey. This includes the likes and dislikes of respondents who use the town centre for shopping and services.
- 3.36 Figure 3.6 below shows what users of the town centre like the most about Colchester for shopping and services. While some 30.1% indicated that they like nothing or very little about the town centre, 16.9% of users identified the good non-food shops. Other main 'likes' include easy to get to from home (5.3%) and the town's attractive environment (4.9%).

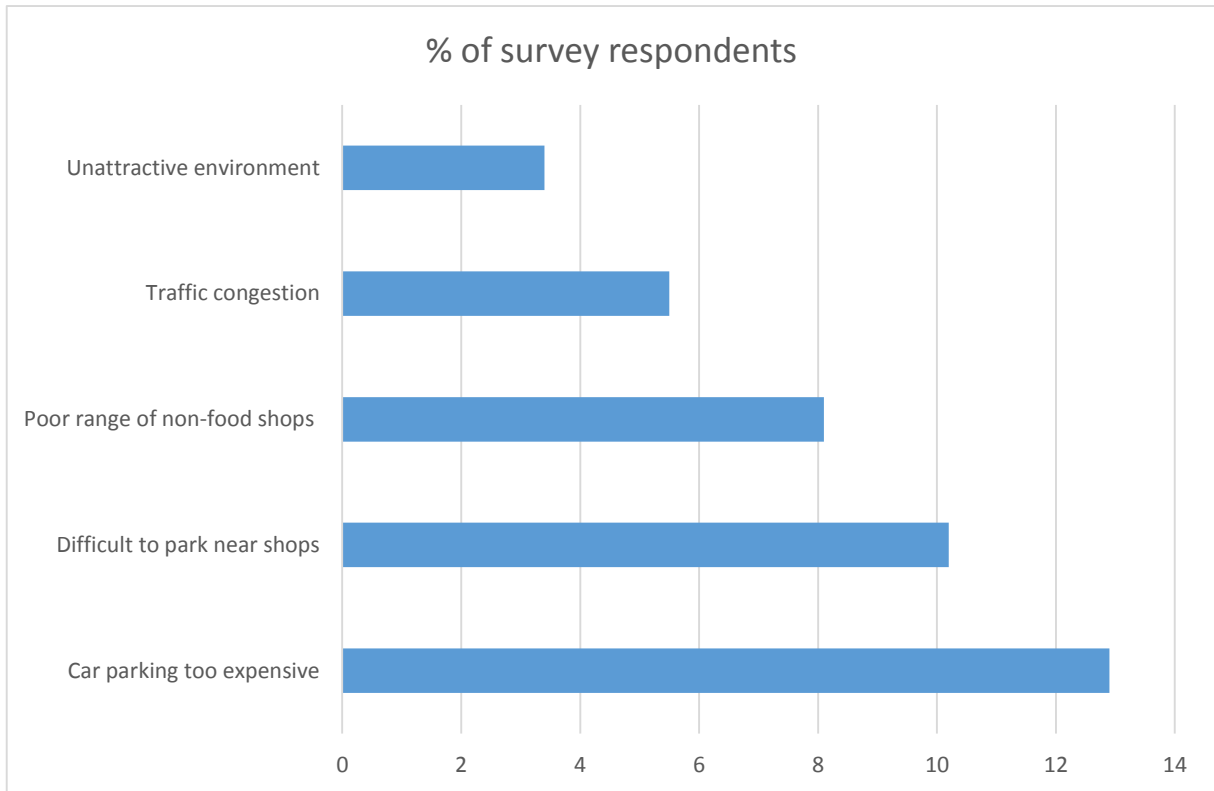
**Figure 3.6 – Main likes about Colchester Town Centre**



Source: 2016 household interview survey for Colchester Borough.

3.37 Figure 3.7 below shows what users of the town centre dislike the most about Colchester for shopping and services. Car parking is a notable dislike about Colchester Town Centre, with 12.9% expressing the view that parking is too expensive and a further 10.2% stating that it is difficult to park near shops. Some 8.1% of users consider that the town centre has a poor range of non-food shops.

**Figure 3.7 – Main dislikes about Colchester Town Centre**



Source: 2016 household interview survey for Colchester Borough.

### *Pedestrian flows*

- 3.38 There is no published data on pedestrian footfall in Colchester Town Centre. At the time of our town centre inspections we observed relatively higher footfall within the town’s main shopping area, close to the key retail attractions. There was generally more activity at Culver Square, which benefits from the dwell time opportunities created by the limited outdoor seating/ dining in this location, and along High Street close to Marks & Spencer and the taxi rank.
- 3.39 Unsurprisingly, pedestrian footfall tailed off towards the more peripheral areas of the town centre, where there is reduced quality in the retail offer and few substantial attractions.

## Accessibility

- 3.40 Information derived from the 2016 household interview survey indicates that almost three-quarters (73.7%) of respondents who do most of their main food shopping in Colchester Town Centre usually travel by car as driver/ passenger. A further 11.7% usually travel by car using Park & Ride services, whilst 6.8% walk and 4.8% travel by bus. The non-food travel responses indicate slightly less dependence on the private car (64.5% as driver/ passenger and 8.9% using Park & Ride services) and a higher propensity to travel by bus (14.6%) or walk (9.2%).
- 3.41 Colchester Town Centre is bordered to the west and south by the A134, which serves the principal vehicular routes into the town centre. High Street/ East Street is another important vehicular route from the east. We consider the town centre to be well served in terms of car parking, with notable provision at St John's Car Park (645 spaces) and St Mary's Car Park (617 spaces). Further town centre car parking is provided at a number of predominantly smaller, surface level car parks. There are also Park & Ride services operating to/from Junction 28 of the A12.
- 3.42 Based on the results of the 2016 household interview survey, which asked respondents what they like and dislike about Colchester Town Centre, 12.9% consider car parking to be too expensive. Some 10.2% of respondents stated that it is difficult to park near shops, while a further 5.5% cited traffic congestion. Just 5.3% of respondents said that their main 'like' about the town centre is its ease of access to/from home.
- 3.43 Colchester Town Centre is served by two rail stations. Colchester Town rail station is located approximately 200m from St Botolph's Street to the south of the Town Centre, providing links with local communities across the Borough and beyond (including London Liverpool Street). The main rail station, Colchester, is located approximately 1.5km to the north of the town centre and serves a number of destinations (including London Liverpool Street, Ipswich, Norwich and Clacton-on-Sea), with highly frequent bus services available into the town centre as well as connecting rail services to Colchester Town rail station.
- 3.44 A number of bus stops serve the town centre, with frequent services to/from Colchester bus station (Osbourne Street) and along St John's Walk, High Street, Head Street and Queen Street.
- 3.45 The pedestrianised areas of Colchester Town Centre are focused largely on Culver Square and Lion Walk. There are numerous passages (e.g. Culver Walk, St Nicholas Passage) connecting High Street with these shopping centres, which comprise a high proportion of the key shopping attractions. Sir Isaac's Walk and Eld Lane, running east-west to the south of Culver Square and Lion Walk, are both pedestrian-friendly routes and help to support the retail circuit in this part of the town centre.

## Environmental quality

- 3.46 As considered in section 2 above, the quality of a centre's physical environment is an important pre-requisite of attracting investment and providing shoppers and other users with a positive all-round experience.
- 3.47 Colchester Town Centre has, on the whole, a generally pleasant environment owing in part to its historic setting and buildings. The town centre comprises a number of distinct shopping areas. The headline findings from our town centre inspections include:
- The outdoor, purpose-built Culver Square and Lion Walk shopping centres offer a reasonably high quality shopping and built environment. They comprise the majority of the town's large, modern shop units. They are pedestrianised and relatively clean, however the degree of connectivity between them is relatively poor and creates an incoherent retail circuit.
  - High Street is the town's traditional main shopping street. It is a busy, linear route for both vehicles and pedestrians; the former detracting somewhat from the quality of the shopping environment. Nonetheless, High Street includes a number of attractive buildings (such as the Town Hall) and some key retailers including Fenwick, Next and Marks & Spencer.
  - Narrow streets and passageways connect the High Street with the main, outdoor shopping centres (including Pelham's Lane and Red Lion Walk). These are generally well maintained and make a positive contribution to the town's environmental quality.
  - Sir Isaac's Walk and Eld Lane offer a pleasant shopping environment in a historic setting. The route is reasonably pedestrian-friendly and has good connections into the town's main shopping centres.
  - In contrast to Culver Square and Lion Walk, the Priory Walk shopping centre is tired and dated and, in our view, requires significant investment in its shopping and built environment. It is a key pedestrian 'link' into the core shopping area from the east including the St Botolph's Quarter, but it currently presents a poor perception of the town centre and its general health.
  - The same applies to St John's Walk shopping centre, in our view, and would benefit from investment. The route from the St John's multi-storey car park, through the indoor shopping centre, across St John's Walk, and into the core shopping area is particularly poor.
  - The pedestrian route between the Town Centre and Colchester Town rail station has benefitted from the 'Fixing the Link' initiative. We consider that other key gateways into the town centre, such as from surrounding town centre car parks, could also be improved so as to enhance the visitor perception of the town centre.
- 3.48 Further observations on the quality of the environment can be drawn from the results of the 2016 household interview survey. It found that 4.9% of respondents consider the town's attractive environment to be their main 'like' about Colchester Town Centre. However, the main 'dislikes' include unattractive environment (3.4%) and dirty streets (2.6%).

## Perception of safety

- 3.49 Based on crime statistics sourced from the Essex Police website, Figure 3.8 below shows the number of crimes reported in 'Colchester Town' between July 2012 and July 2016.

**Figure 3.8 – Number of crimes, Colchester Town Centre**

Year	2012	2013	2014	2015	2016
Number of Crimes	393	391	265	363	334

Source: <https://www.police.uk/essex/39/crime/> (accessed October 2016).

- 3.50 The number of crimes reported in Colchester Town has remained relatively consistent year-on-year since 2012, with only a slight decrease recorded in 2014. Most recently, the main type of crime within the area was anti-social behaviour, followed by violence and sexual offences, shoplifting and other theft.
- 3.51 Based on the results of the 2016 household interview survey, 1.8% of respondents who use Colchester Town Centre the most for shopping and services considered a lack of safety/security to be their main 'dislike' about the town centre.

## Conclusions and Qualitative Needs

- 3.52 On the basis of the foregoing, Colchester Town Centre clearly performs an important role and function as the Borough's principal shopping destination. It further performs important wider town centre, non-retail functions through the provision of day-to-day services and leisure, cultural and community uses. We consider that the town centre, as a whole, is relatively healthy at present.
- 3.53 However our work has identified some weaknesses and areas for improvement in the town centre, which threaten its relative health and attractiveness. In our view, these threats are real, particularly in the light of the challenges and trends affecting town centres like Colchester as considered at section 2 of this Study.
- 3.54 The headline findings from our detailed qualitative (healthcheck) assessment can be summarised as follows:
- The town centre has a reasonable range of shops for its size, although there is evidence that the quality of the retail offer is weakening through recent fashion retailer closures.
  - Two sets of published retail rankings indicate the decline of the town centre's status and performance in recent years. This is significant, particularly in the context of the increasing polarisation (and downsizing) of major retailers to a smaller number of prime locations, and puts at risk the town's ability to attract and retain investment.
  - Vacant shop units are typically small scale and mainly located in the more secondary shopping areas, while the Town Centre has a higher proportion of vacant floorspace relative to both Chelmsford and Braintree (but less than Ipswich).
  - There is a qualitative need for modern, larger units to provide 'prime' space for retailers looking to locate to or re-locate within the town centre.

- The results of the 2016 household interview survey show that Colchester Town Centre attracts expenditure from a wide area, particularly on comparison goods.
- The town centre is a highly accessible location by all modes, served by strategic bus and rail stations, although car parking is a problem (in terms of its convenience and affordability) and threatens the town's appeal to shoppers and other users.
- It generally has a good quality shopping environment; however, we consider that the retail circuit within the main shopping area is somewhat incoherent and could be improved.
- The town's leisure offer lacks focus and, being increasingly important in terms of enhancing dwell time and a centre's attractiveness to consumers, there is an opportunity for improvement at the St Botolph's Quarter in particular.

3.55 It is important that Colchester Town Centre sustains and improves its retail offer, and other attractions, in order to maintain its position at the top of the Borough's retail hierarchy and ensure its vitality and viability. Key to this will be the achievement of new development and investment in the Town Centre, as considered later in the Study.

## 4. Qualitative Assessment – District Centres

### Introduction

- 4.1 This section provides an overview of the health and role of the Borough's district centres. Our more detailed analysis is set out at Appendix B and has been informed by audits carried out in September 2016. Where possible we have drawn on the key healthcheck indicators set out in the national PPG<sup>49</sup>. The available baseline evidence is not as detailed for some of the centres as for Colchester Town Centre, however.
- 4.2 Colchester's retail hierarchy, as defined by Policy CE1 of the Core Strategy, identifies eight district centres with two classifications as follows:
- Rural District Centres – Tiptree; West Mersea; and Wivenhoe.
  - Urban District Centres – Tollgate; Turner Rise; Peartree Road; Highwoods; and Greenstead Road.
- 4.3 Each of these district centres has its own characteristics. They all contain at least one foodstore or food/non-food superstore; however, their respective non-food (comparison goods) and service-based functions differ considerably. Typically, the currently defined Rural District Centres contain a wider range of non-retail uses such as services and community facilities; whereas the Urban District Centres (albeit to varying degrees) are stronger comparison goods shopping destinations and are lacking in terms of service-orientated functionality.
- 4.4 We therefore consider that Policy CE2b of the Core Strategy – which broadly supports an enhanced range of uses and only new retail development which caters for local needs and does not compete with Colchester Town Centre – is an appropriate and positive strategy for the Borough's district centres. Such an approach seeks to ensure that they better serve the day-to-day needs of their local communities. To this end, we do not consider that any of the Borough's district centres require substantial new retail development in order to ensure their vitality and viability. Enhancement through non-retail uses, such as services and community facilities, is much more important and thus an appropriate 'retail' strategy. This approach further respects the objective for a balanced network and hierarchy of centres across the Borough (as required by the Framework).

### Tiptree

- 4.5 Tiptree (approximately 10 miles to the southwest of Colchester Town Centre) is dominated by Tesco and Asda superstores. Tesco in particular – given its closer relationship with the core shopping area focused along Church Road – is an important anchor to the centre. According to the market share evidence, Tiptree's substantial convenience goods shopping offer principally serves the western parts of the Borough (namely Zone 6).
- 4.6 The centre includes a wider range of retail, service and community uses including a library. Key retailers include Iceland and Boots, while there are several independents. There were two vacant units at the time of our site inspection. It is situated within a substantial residential area and is reasonably well served by bus.
- 4.7 Overall, we consider that Tiptree performs an important role in terms of serving predominately

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<sup>49</sup> 'Ensuring the vitality of town centres' section.



localised shopping and service needs, and it is a vital and viable centre.

## West Mersea

- 4.8 West Mersea (approximately 10 miles to the south of Colchester Town Centre) includes a modest range of retail, service and community facilities (i.e. Post Office, library, leisure/ community centre). Key retailers include Boots, Tesco Express, Co-Op and Spar. Reflecting its localised nature, the market share evidence indicates that the centre principally draws trade from its immediate catchment (namely Zone 3). West Mersea also has a tourist/ holidaymaker function, which is likely to help support its retail and other facilities.
- 4.9 The centre's retail offer is somewhat dispersed but relatively distinct owing to the diversity of independent retailers. It has a substantial walk-in catchment and is reasonably well served by bus.
- 4.10 Overall, we consider that West Mersea is a vital and viable centre within the limitations of its small scale and localised nature. The mix of uses and the high level of occupancy would suggest that it serves an important role in the retail hierarchy.

## Wivenhoe

- 4.11 Wivenhoe (approximately four miles to the southeast of Colchester Town Centre) has a limited range of retail, service and community facilities (i.e. Post Office, library, hair/ beauty salon). Key retailers include Boots, Co-Op and One Stop. Thus the centre has a convenience-based function, principally serving the day-to-day needs of the local community, and this is reflected by the market share evidence.
- 4.12 The centre has an attractive 'rural' character and is reasonably well served by bus and rail. However there was limited pedestrian activity at the time of our site inspection, perhaps not helped by the fragmented nature of the shopping environment.
- 4.13 Overall, we consider that Wivenhoe is a vital and viable centre within the limitations of its small scale and localised nature. The mix of uses (albeit very limited) and the high level of occupancy would suggest that it serves an important role in the retail hierarchy.

## Tollgate

- 4.14 Tollgate is located in Stanway (approximately three miles to the west of Colchester Town Centre) and is the largest of Colchester's district centres. It has evolved from a predominantly 'bulky' retail park into an established shopping destination with a substantial range of multiple comparison goods retailers (such as Next, Argos, Sport Direct, Boots and Currys & PC World), a Sainsbury's food/non-food superstore, and a number of food and drink uses. The new Stane Park development will further enhance Tollgate's role as a leisure-based destination.
- 4.15 The market share evidence demonstrates that Tollgate continues to exert a significant influence over shopping patterns across the catchment area, which extends well beyond Colchester Borough, securing substantial market shares of comparison goods expenditure from all catchment zones. This underlines the strength and attractiveness of Tollgate as a shopping destination and confirms its sub-regional function.
- 4.16 The centre is easily accessible from the local and strategic road network, including London Road (A1124) and Junction 26 of the A12. It has extensive surface level car parking. It is served by bus but does not have a rail station.

- 4.17 Overall, we consider that Tollgate performs successfully to the degree that it substantially competes with Colchester Town Centre for comparison goods expenditure. Its role and function as a district centre would be enhanced through the introduction of new services and/or community facilities, as opposed to further new retail (and leisure) development.

## Turner Rise

- 4.18 Turner Rise is situated less than one mile to the north of Colchester Town Centre, off the A134. The centre comprises an Asda superstore and a retail park with multiple retailers focused predominantly on the 'value' end of the market (i.e. Poundland, Home Bargains, Dunelm, Iceland). According to the market share evidence, the Asda superstore principally serves the central and northern parts of the Borough, securing convenience goods expenditure from Zone 1 (and to a lesser extent Zone 2) in particular. The centre's comparison goods offer, however, draws trade from the wider catchment area. It also includes some food and drink uses.
- 4.19 The centre is well served by bus and is relatively close to Colchester rail station. It is highly accessible by car.
- 4.20 Overall, we consider that Turner Rise is performing well, largely underpinned by the Asda superstore and a 'value' focused comparison goods retail offer. Its role and function as a district centre would be enhanced through the introduction of new services and/or community facilities, as opposed to new retail development.

## Peartree Road

- 4.21 Peartree Road (approximately three miles to the southwest of Colchester Town Centre and close to Tollgate) comprises a group of retail parks and terraces. The main retailers are Co-Op<sup>50</sup> and Poundstretcher, focused on Fiveways Retail Park, with the wider retail area predominantly characterised by 'bulky' trade outlets. The market share evidence indicates that few consumers do 'most of' their convenience and/or comparison goods shopping at the centre. However, the extent and type of provision (and the high level of take-up) would suggest that it performs an important shopping function, likely involving consumers travelling and doing 'some' of their shopping at Peartree Road, perhaps for occasional bulky goods.
- 4.22 The centre further comprises leisure uses (i.e. children's soft play, gymnastics club, gymnasiums). It is reasonably well served by bus and at the time of our site inspection, there was one vacant unit.
- 4.23 Overall, we consider that Peartree Road is performing well albeit is lacking in terms of services and/or community facilities. Its role and function as a district centre would be enhanced through the introduction of such uses, to complement the existing retail and leisure attractions.

## Highwoods

- 4.24 Highwoods (approximately two miles to the northeast of Colchester Town Centre) includes a Tesco Extra superstore. Based on the market share evidence it is the Borough's second most popular main food shopping destination, securing trade from Zones 1, 2 and 3 of the catchment area in particular. The superstore has an element of comparison goods floorspace and a limited range of in-store concessions (i.e. café, print shop, optician,

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<sup>50</sup> Includes a small Boots chemist.

pharmacy). Highwoods further comprises a Post Office and a doctor's surgery.

- 4.25 The centre is situated within a substantial residential area and is well served by bus.
- 4.26 Overall, it is considered that this district centre caters well for the main food shopping needs of the surrounding communities. It also has a limited but important service-based role and function.

## Greenstead Road

- 4.27 Greenstead Road comprises a Tesco superstore less than one mile to the east of Colchester Town Centre. It principally serves a localised catchment, securing convenience goods expenditure from Zone 3 (and to a lesser extent Zone 1) in particular.
- 4.28 The centre is well served by bus and rail. However, the vehicular approach is somewhat congested.
- 4.29 Overall, we consider that Greenstead Road performs well – within the clear limitations of its retail composition (i.e. Tesco only) – in terms of serving the main food shopping needs of the local community.

## 5. Basis of Retail Capacity Forecasts

### Introduction

- 5.1 For the retail capacity forecasting in this Study, we have used our RECAP retail capacity forecasting Model. The RECAP Model is an empirical step-by-step model, based on the results of the 2016 Colchester household interview survey of shopping patterns as its method of allocating retail expenditure from catchment zones to shopping destinations. It is therefore not a theoretical gravity model, but is based on consumer responses about actual shopping patterns. It is also a growth allocation model; which allocates growth in expenditure to shopping destinations based on shopping patterns indicated by the household interview survey, and informed professional judgements about how these will be likely to change in the future as a result of committed or potential new retail developments.
- 5.2 We have modelled the following shopping destinations:
- Colchester Town Centre;
  - Tollgate;
  - Turner Rise;
  - Peartree Road;
  - Highwoods;
  - Greenstead Road;
  - Tiptree; and
  - Non-central stores in Borough<sup>51</sup>.
- 5.3 The RECAP Model forecasts the expenditure-based capacity for additional retail floorspace in the following way:
- Calculate the total amount of convenience and comparison goods expenditure which is available within the 9 zones comprising the catchment area;
  - Allocate the available expenditure to the Borough's shopping destinations (based on the results of the 2016 household interview survey of shopping patterns); so as to obtain estimates of current sales and forecast future sales in each shopping destination;
  - Compare the estimated sales in the Borough's shopping destinations with existing floorspace; so as to assess the current trading performance of each shopping destination, and the capacity to support further growth in convenience and comparison goods floorspace; and
  - Assess the potential impact on sales and capacity forecasts of any future changes to the measured 2016 pattern of market shares; specifically higher market shares in Colchester Town Centre arising from committed and planned new retail development.
- 5.4 The RECAP Model (like any other forecasting model of this type) is an exploratory tool, rather than a prescriptive mechanism. Thus the resulting forecasts serve as a realistic guide to planning policies and decisions on planning applications. Separate capacity forecasts have been prepared for Colchester Town Centre and other shopping destinations in order to assist the Council with developing a preferred strategy and formulating policies for new retail development.

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<sup>51</sup> Including stores outside of the defined town/ district centres.

- 5.5 When using the retail capacity forecasts as a guide to future planning policies, it is also important to remember that the further ahead the forecasting date, the less certain the forecast. Thus the forecasts for 2018 are more robust than those for 2033. In particular for 2028 and 2033, 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 this date, if all of the forecast trends occur. There are also particular uncertainties in the UK and global economies at the present time; for which there is very little precedent. The future outlook is therefore a matter of some conjecture. Furthermore, long term growth in the use of internet shopping is unknown (although an assessment has been made in this Study) and reinforces the need to revise the forecasts of retail floorspace capacity before 2021.
- 5.6 We describe below the principal data inputs, the scenarios assessed, and the format of the RECAP Model tables.

## Principal Data Inputs

- 5.7 The principal data inputs (and assumptions) used for this Study have been obtained from reliable sources and are as up-to-date as possible; while our interpretation and analysis of such data is based on our professional judgements, in the light of our extensive experience of retail capacity forecasting. The retail capacity forecasts set out and described below are compliant with the Framework and accompanying Guidance; and comprise a robust retail evidence base for the emerging Local Plan.

## Catchment Area

- 5.8 For this Study, the catchment area is informed by the results of the most recent previous household interview survey for Colchester (September 2012), together with those of recent household interview surveys undertaken for surrounding local planning authorities (e.g. Braintree District Council in October 2015). This catchment area was divided into 9 catchment zones. A map of the catchment area showing these 9 zones is included at Appendix C. These zones were defined having regard to the results of previous surveys in order to obtain the most robust and cost-effective sampling specification.
- 5.9 Appendix D sets out details of the postcode sectors comprising each of the 9 catchment zone, as adopted for the purpose of this Study.

## Base and Forecasting Years

- 5.10 The new household interview survey was undertaken in September and October 2016, and we have used 2016 as our base year for the forecasts. The RECAP Model therefore provides estimates of the current retail sales in each of the Borough's shopping destinations as at 2016. As instructed by the Council, we have prepared capacity forecasts for the years 2018, 2023, 2028 and 2033, so as to cover the forthcoming plan period.

## Catchment Population

- 5.11 The starting point for the population forecasts was a report, dated September 2016, commissioned from Pitney Bowes on the current and projected future population of each catchment zone. These population forecasts cover the period up to 2026; and we have therefore extrapolated them to 2028 and 2033 by trend projection. The result is that for the

catchment area as a whole the population is expected to increase from 486,000 in 2016 to 554,636 by 2033, which is an increase of about 14%.

- 5.12 The 9 catchment zones adopted for the purpose of this Study are based on postcode geography and do not match local authority administrative boundaries. They cover and extend beyond Colchester's local authority boundary to reflect shopping patterns in the catchment area (i.e. the area from which the Borough's shopping destinations capture significant market shares of available expenditure).
- 5.13 We acknowledge the planned Garden Communities within Colchester Borough and the adjacent boroughs of Braintree and Tendring, which we understand will provide for around 2,500 new homes towards the end of the plan period (2033). The Council should undertake further work, in due course, to consider the likely effect of this and the overall scale of 'Garden Communities' growth on forecast retail capacity in the Borough.
- 5.14 For the avoidance of doubt, we have not made any specific allowance for 'Garden Communities' growth in our population forecasts to 2033. This is because the population forecasts derived from Pitney Bowes are sufficient to account for this.

### Price Basis

- 5.15 All monetary values in this Study are in constant 2014 prices, unless otherwise stated, so as to exclude the effects of price inflation. Price conversions, for both comparison and convenience goods, from other price bases have been undertaken using Table 3.1 of 'Retail Expenditure Guide' 2015/2016 (Pitney Bowes & Oxford Economics).

### Per Capita Expenditure

- 5.16 For this Study, we obtained from Pitney Bowes a report setting out estimated average per capita expenditure on convenience and comparison goods in each catchment zone for the years 2013, 2014 and 2015, together with forecasts for 2020, 2025 and 2026. These estimates and forecasts take account of differences in average per capita expenditure on convenience and comparison goods from zone to zone. We have used these figures as the basis for our base year (2016) estimates and new forecasts. For the forecasting years of 2018 and 2023 we interpolated between the Pitney Bowes figures; and for our forecasting years of 2028 and 2033 we applied trend extrapolation to the Pitney Bowes figures. The resulting estimates and forecasts of per capita expenditure on both convenience and comparison goods, including expenditure on Special Forms of Trading, are set out in the top half of RECAP Model Table 2 in Appendix E.
- 5.17 The forecast growth in per capita expenditure in RECAP Model Table 2 is specific to the catchment area, and does not apply national average growth forecasts to the local catchment area base figures. Use of local growth forecasts is expected to be more reliable, as stated by Oxford Economics in the Pitney Bowes report for the catchment area:

*'The forecasts are taken from Oxford Economics published UK Macroeconomic forecasts and the local level estimates are modelled using various elements of the Economics Regional and Local forecasting services together with additional ONS data. The result is much more targeted to the prospects for a particular locality than simply taking the latest expenditure estimates for the area and growing them in line with national trend-based projections for the appropriate category of goods. This is partly because our consumer spending forecasts enable us to take account of changes in the underlying forces driving different elements of consumer spending in a much more sophisticated way than simply*

*extrapolating trends. However, equally importantly, Oxford Economics' regional forecasts allow us to take account of how underlying differences in economic performance in different parts of the country are likely to affect relative spending power in different locations.'*

### **Special Forms of Trading (including internet shopping)**

- 5.18 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 retail shops<sup>52</sup>. RECAP Model Table 2 shows the growing deductions which we have made. The bottom half of RECAP Model Table 2 shows forecast growth in per capita expenditure on convenience and comparison goods in each catchment zone, after deducting expenditure on SFT at the rates indicated in the table.
- 5.19 The combined effect of the forecast growth in population and in per capita expenditure is that (after deducting expenditure on SFT) we expect total catchment area expenditure on comparison goods to increase by about £1,234m (about 79%) over the period 2016 to 2033; as set out in RECAP Model Table 3 in Appendix E. This compares with growth in total catchment area population of around 14% over the period. Thus only a small proportion of the growth in catchment area expenditure on comparison goods is accounted for by forecast growth in population. This means that the comparison goods floorspace capacity forecasts are particularly insensitive to population growth assumptions, principally because:
- Any population growth is likely to be only a very small proportion of total catchment area population (and its available expenditure); and
  - The expenditure arising from any population growth is likely to be attracted by a number of shopping destinations (as shopping patterns vary greatly), therefore having only a small effect on capacity forecasts in any individual centre.
- 5.20 The comparison goods floorspace capacity forecasts are much more sensitive to the assumptions about growth in per capita expenditure, however, especially in the later part of the forecasting period. This is because, as per capita expenditure increases over time, more expenditure becomes available to support new floorspace. The substantial increase in forecast expenditure on comparison goods indicates that a need for additional comparison goods retail floorspace will grow substantially to 2033 (particularly in the middle and later parts of this forecasting period). However, this should be reviewed at regular intervals over that period.

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<sup>52</sup> Importantly, we have excluded from the results of the 2016 household interview survey (and therefore our retail capacity forecasting) the 'SFT' responses, so as to avoid double-deductions that would otherwise under-state total available expenditure in the catchment area.

## Shopping Patterns in the Catchment Area

- 5.21 For this Study, we designed and commissioned a new household interview survey of shopping patterns in the catchment area – the results of which are included at Appendix A. It covered the area shown on the map in Appendix C which was divided into the 9 catchment zones shown on that map. A total of 1,200 interviews were undertaken for us by NEMS Market Research in September and October 2016. These interviews were divided between the 9 catchment zones approximately in proportion to the population of each zone; but with adjustments to ensure that not less than 100 interviews were undertaken in any zone, and to optimise confidence limits within the budgeted limit of 1,200 interviews. Within each zone, the interviews were distributed as far as practicable in proportion to the distribution of population within the zone.
- 5.22 We are confident that the number and distribution of interviews (by catchment zone) has produced results that are sufficiently reliable for the purpose for which the household interview survey was designed. Further details of the sampling specification for the household interview survey are set out in NEMS Market Research’s technical report included at Appendix D.
- 5.23 The survey asked questions about households’ shopping habits for main food and top-up food (i.e. convenience goods) shopping. The survey also asked questions about households’ shopping habits for 8 different sub-categories of comparison goods shopping. These categories were closely matched to the international COICOP categories of retail expenditure to ensure compatibility with the RECAP Model. We combined the results of Questions 4 to 11 of the household interview survey to provide weighted average market shares of all comparison goods expenditure which are attracted to each shopping destination, using weights according to the amount of expenditure on each of these 8 sub-categories of comparison goods. These are set out in RECAP Model (Scenario 1) Table 7 for Colchester Town Centre, Table 15 for Tollgate, and so on. The weighted averages are then corrected as described below, rounded to the nearest integer, and set out in RECAP Model (Scenario 1) Table 8 for Colchester Town Centre, Table 16 for Tollgate, and so on.

## Market Share Corrections

- 5.24 The household interview survey provides a detailed picture of where households in each of the 9 catchment zones do ‘most of’ their shopping for convenience goods and the 8 different categories of comparison goods. This is common practice for a survey of this nature, since it is not practical to ask respondents to quantify how much they spend on convenience goods and the various categories of comparison goods, and where and how often. Thus the results of the household interview survey do not directly indicate actual expenditure flows, but are the best available data to use as a proxy for modelling retail expenditure flows from residential areas to shopping destinations. However, like all such surveys, this means that its results cannot be applied uncritically in the RECAP Model. Thus for example, in our extensive experience, such surveys (undertaken by ourselves and by other consultants) tend to over-emphasise comparison goods shopping in large centres, and under-represent it in small centres<sup>53</sup>. The main reason is because in a small sample survey, the probability of interviewing the small number of people who use small centres is much less than the probability of interviewing the much larger number of people who use larger centres.

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<sup>53</sup> This is confirmed by the now revoked DCLG ‘Practice Guidance’ which states, ‘Also, surveys that use simple questions about where people shop, provide answers that relate to trips and not spending flows. They can also overstate the importance of the larger centres and stores, and can understate the smaller and less frequently visited stores.’ (Appendix B, paragraph B.34).



- 5.25 It is therefore sometimes necessary to introduce market share correction factors; so as to transfer expenditure in the Model from one or more locations to others, to balance (or calibrate) the Model and make it represent reality more accurately. This is not uncommon, and has been necessary in this case for some of the shopping destinations for comparison and/or convenience goods market shares.
- 5.26 These market share corrections do not alter the centres or retail parks themselves in any way, but are simply a means of calibrating the Model to make it as realistic as possible a representation of actual expenditure flows. There is an approximate correlation between centre size and average sales density, with larger centres generally having higher sales densities than smaller centres (and hence higher shop rental values). This experience, together with our inspections of each of the centres modelled, has informed our judgements about the market share corrections needed to make the RECAP Model a realistic representation of sales in the Borough's shopping destinations.
- 5.27 Thus for Colchester Town Centre, for example, use of the comparison goods market shares from the 2016 household interview survey without correction would result in an unrealistically high sales density for the town centre. Respondents to the survey were asked where they do 'most of' their shopping for the 8 categories of comparison goods. However, we consider that the uncorrected survey results have over-estimated the scale of expenditure in Colchester Town Centre (and under-estimated it in some of the Borough's smaller centres). We have therefore decreased the survey-indicated comparison goods market shares for every catchment zone by the market share correction factor of 90% indicated in the header to RECAP Model Table 8 for Scenario 1 and Table 76 for Scenario 2 (i.e. we have decreased them by 10% from the no-change default factor of 100%), in order to make the Model represent reality more accurately. In terms of convenience goods market shares in Colchester Town Centre, we have increased the survey-indicated market shares by the correction factor of 120% (i.e. we have increased them by 20% from the no-change default factor of 100%). In our professional judgement, it is not uncommon that household interview surveys under-state convenience goods shopping in large town centres such as Colchester given that they do not usually contain full-range food superstores (as comparison goods shopping is their principal function).
- 5.28 As with Colchester Town Centre, the uncorrected survey results for Tollgate result in an unrealistically high average comparison goods sales density. As well as the over-representation of actual expenditure flows due to it being a large and very attractive centre, we consider that some respondents to the household interview survey are likely to have answered 'Stanway' or 'Tollgate' or 'the retail park near Tollgate' when actually they meant Peartree Road, which is very close to Tollgate but probably less prominent in the minds of shoppers. Such responses would have been coded by the interviewers as 'Tollgate', thus inflating that centre's market shares, whilst depressing the market shares of Peartree Road. In order to make the Model represent reality more accurately, therefore, we have decreased the survey-indicated comparison goods market shares for every catchment zone by the market share correction factor of 75% indicated in the header to RECAP Model Table 16 for Scenario 1 and Table 79 for Scenario 2 (i.e. we have decreased them by 25% from the no-change default factor of 100%). In terms of convenience goods market shares in Tollgate, whilst we consider that the Sainsbury's superstore is likely to be trading above 'company benchmark' average sales density, we have decreased the survey-indicated market shares by the correction factor of 80% to reflect reality more accurately.
- 5.29 Adjustments for other shopping destinations modelled are indicated in the equivalent RECAP Model tables. In the case of Non-central stores in the Borough, we consider that the survey-indicated comparison goods market shares do not require correction, as the resulting sales density is realistic for (non-food) retail warehouses. In other cases, we have

increased the comparison goods market shares, for those centres where the survey-indicated market shares result in unrealistically low sales<sup>54</sup>. These corrections to the survey-indicated market shares are our professional judgement, in the light of centre inspections (to understand how each centre performs from a qualitative perspective, the level and type of retailer representation, etc.) and our experience with undertaking a large number of such studies over many years. We therefore consider that the RECAP Model realistically represents the current patterns of shopping in the Borough's shopping destinations, and provides a reliable basis for forecasting future comparison goods floorspace capacity.

- 5.30 Some market share corrections have also been necessary for convenience goods, additional to those previously described for Colchester Town Centre and Tollgate. When judged against 'benchmark' sales densities of the retailers and in the light of our experience elsewhere, we consider that the survey results over-represent use of Tesco Extra at Highwoods, and the three Aldi discount supermarkets and Waitrose out-of-centre. Conversely, they under-represent use of Asda at Turner Rise, Co-op at Peartree Road, and the supermarkets in Tiptree. We have therefore applied the market share corrections in order to balance the Model realistically. In the case of Greenstead Road, no correction was necessary, as the survey results indicated that the Tesco superstore is trading at close to its 'benchmark' level, which is realistic for that store.
- 5.31 Again, these market share corrections simply calibrate the RECAP Model to represent current trading patterns as accurately as possible. On this basis, we consider that the Model also provides a reliable basis for forecasting future convenience goods floorspace capacity.

### *Visitor Expenditure on Comparison Goods*

- 5.32 We have adopted the assumption that expenditure on comparison goods in Colchester Town Centre by visitors who live outside the 9 catchment zones amounts to 1% of expenditure by catchment area residents. This allowance for visitor expenditure would therefore account for spending arising from cultural, business trips etc. We consider that this is realistic for the town centre – given the wide catchment area covered by the household interview survey and RECAP Model.
- 5.33 For Tollgate we have assumed that comparison goods expenditure by visitors who live outside the 9 catchment zones amounts to 0.5% of expenditure by catchment area residents. Again, this takes into account the extensive catchment area covered by the household interview survey (and the market share evidence available from it) and the RECAP Model.
- 5.34 For all other shopping destinations modelled, we have made no allowance in the RECAP Model for visitor expenditure on comparison goods, as these have more localised catchments.
- 5.35 For clarity, we have not allowed for visitor expenditure on convenience goods when modelling any of the Borough's shopping destinations, given that such shopping trips are usually localised in nature.

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<sup>54</sup> In some cases, households may not do 'most of' their shopping for certain comparison goods sub-categories at a particular centre but do 'some of' it, and thus the survey (which asked where they do 'most of' their shopping for the 8 categories of comparison goods) is likely to under-represent comparison goods shopping in that centre.

## Existing Shop Floorspace

- 5.36 We have obtained the details of existing shop floorspace in the Borough's centres from a number of reliable sources including Experian Goad, IGD, Trevor Wood Database and Valuation Office Agency. For each shopping destination we have made an allowance for lower and upper (including mezzanine) floors, based on our site inspections, as required. We have used these figures in our RECAP Model.

## Committed Developments

- 5.37 We have included in the RECAP Model the new retail floorspace expected to result from a number of committed developments. These include the following:
- Primark occupying the former BHS store, Lion Walk (Colchester Town Centre<sup>55</sup>);
  - Lidl, Gosbecks Road (Non-central stores in Borough<sup>56</sup>); and
  - Sainsbury's occupying the B&Q Extra store, Lightship Way (Non-central stores in Borough<sup>57</sup>).
- 5.38 Also in Colchester Town Centre, there is currently a substantial amount of vacant retail floorspace. We have included a proportion of the vacant such floorspace in RECAP Model Table 12 as committed development for comparison goods floorspace<sup>58</sup>; on the assumption that a high proportion of it will be reoccupied for retail use over the plan period. Thus we have assumed that, of the total vacant A1 retail floorspace<sup>59</sup>, 60% would be comparison goods retail; and that 50% of this floorspace is sufficiently 'prime' to be reoccupied.
- 5.39 For Tollgate, we have included the currently vacant, former Seapets unit in the Model as committed development for comparison goods floorspace (refer to RECAP Model Table 21).

## Growth in Sales Densities

- 5.40 For comparison goods floorspace, we have assumed that both existing and new floorspace will increase its sales density by 2.5% per annum from 2016 onwards. This allocates a substantial proportion of the forecast growth in expenditure to existing shops and stores to help ensure their continued vitality and viability, before new floorspace becomes necessary.

## Scenarios Assessed

- 5.41 We have assessed two scenarios for new strategic retail development, as set out and described below.
- 5.42 **Scenario 1** – the baseline scenario, in which we assume that the 2016 pattern of market shares of convenience and comparison goods shopping in the Borough's shopping destinations indicated by the household interview survey (corrected as described above) remains unchanged throughout the forecasting period to 2033. The implicit assumption in

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<sup>55</sup> See RECAP Model Table 12.

<sup>56</sup> See RECAP Model Table 74.

<sup>57</sup> See RECAP Model Table 74.

<sup>58</sup> We have not assumed any committed development for convenience goods floorspace given the role and function of the town centre in providing principally for comparison goods shopping.

<sup>59</sup> Excluding the currently vacant, former BHS store which is to be reoccupied by Primark in 2017.

this scenario is that any new retail development in these shopping destinations does not change the market shares of expenditure attracted from the catchment area.

- 5.43 Scenario 1 is conservative, because it assumes that new retail development in Colchester Town Centre will be unable to change shopping patterns and increase the market shares of catchment area expenditure attracted by the Town Centre. However, new retail development of the scale represented by the long-standing Council objective for Vineyard Gate (in particular) would be likely to make the Town Centre more attractive to shoppers from the catchment area.
- 5.44 **Scenario 2** – in which we take account of the Primark commitment in Colchester Town Centre at 2018 increasing the town centre’s market shares of comparison goods expenditure; and allow for substantial further new retail development in Colchester Town Centre, increasing its market shares of catchment area comparison goods expenditure further from 2023 onwards. Also in Scenario 2, the potential growth of expenditure at Tollgate (after allowing for the existing retail floorspace there to grow its sales in real terms from ‘benchmark’ levels) is transferred to Colchester Town Centre.
- 5.45 Scenario 2 is therefore specifically designed to test the concept of diverting growth in trade (above an allowance for growth in expenditure in the existing stores) from Tollgate to Colchester Town Centre; and the resultant capacity for new town centre comparison goods retail development to support it. This scenario demonstrates the practical implications of this growth transfer, consistent with the Council’s retail strategy and the Framework (paragraph 23) requirement for a network and hierarchy of centres. However in the absence of a designed scheme or schemes in the town centre with defined retail content which could be tested, at this stage our assumptions about increased town centre market shares in this scenario are necessarily conceptual.
- 5.46 We accept that other committed development in Colchester would be likely to alter the pattern of market shares to some extent, most notably Sainsbury’s replacing the B&Q Extra at Lightship Way, and Lidl at Gosbecks Road (which is now open for trading). The effects of such changes are likely to be fairly diffused amongst the existing centres and out-of-centre stores, and not sufficient to necessitate modelling them in a separate scenario. However we comment further, in Section 6 below, in relation to our forecast retail capacity for all the centres and out-of-centre retailing in Colchester combined.
- 5.47 We would further note that retail capacity forecasts have not been prepared for the Borough’s neighborhood or local centres, or the smallest district centres (namely West Mersea and Wivenhoe). This is primarily because they do not feature notably in the results of the household interview survey – which asked where respondents do ‘most of’ their shopping for convenience goods and each category of comparison goods. As a result, there is no reliable data available on the (very small) market shares of catchment area expenditure which they attract. We are aware of the committed new 2.500 sq m GIA foodstore in a North Colchester neighbourhood centre<sup>60</sup> as part of an urban extension, and any further new retail development in such centres is likely to arise from population and expenditure growth, as opposed to the transfer of expenditure growth from other shopping destinations.

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<sup>60</sup> Application ref. 121272.

## Format of the RECAP Model Tables

- 5.48 The RECAP Model Tables for Scenarios 1 and 2 are set out in Appendix E. For Scenario 1, Tables 1 to 5 set out the population and expenditure forecasts for the catchment area. Tables 6 to 13 are the Scenario 1 tables for Colchester Town Centre. Tables 6 and 7 show the pattern of market shares of expenditure on each category of convenience and comparison goods respectively attracted from the catchment area, as indicated by the household interview surveys before correction. Table 8 shows the corrected market share patterns for all convenience and comparison goods expenditure in the town centre. Table 9 shows the amounts of expenditure on each comparison goods sub-category attracted, and the amounts of all comparison goods. Table 9 is the product of Table 5 and Table 7. Table 10 sets out forecast retail sales for both convenience and comparison goods, on a zone-by-zone basis and overall. Table 11 accounts for the sales capacity of existing main food and convenience goods shops in the town centre, and Table 12 sets out the committed town centre developments and their expected sales levels (for both convenience and comparison goods). Table 13 brings together the expenditure attracted, existing floorspace and committed developments, to arrive at the retail capacity forecasts for Colchester Town Centre. It also shows the overall market shares of total catchment area expenditure on convenience and comparison goods which are shown as attracted by the town centre.
- 5.49 Tables 14 to 22 are the Scenario 1 tables for Tollgate. These tables follow the same arrangement as the tables for Colchester Town Centre; however an additional table is included (Table 20) indicating 'benchmark' comparison goods sales in the existing retail stores, warehouses and main foodstores.
- 5.50 The tables for Turner Rise, Peartree Road, Highwoods, Greenstead Road and Non-central stores in Borough follow the same arrangement as the tables for Tollgate.
- 5.51 The tables for Tiptree follow the same arrangement as the tables for Colchester Town Centre.
- 5.52 The RECAP Model tables for Scenario 2 are simpler. For Colchester Town Centre these are Tables 76 to 78, and are the same as Tables 8, 10 and 13 respectively in Scenario 1. For Tollgate these are Tables 79 to 81, and are the same as Tables 16, 18 and 22. Tables 76 (Colchester Town Centre) and 79 (Tollgate) show the revised comparison goods market shares from 2018 to account for the Primark commitment, and from 2023 onwards to reflect the concept of transfer of market shares of expenditure from Tollgate to Colchester Town Centre to support new retail development
- 5.53 The RECAP Model is completed by summary Tables 82 to 84. Table 82 shows the (corrected) market shares attracted in 2016 by each of the shopping destinations modelled for each of the 8 comparison goods categories. This provides the basis for the *Retail Sector Analysis* described below. Tables 83 and 84 show the patterns of combined market shares (as corrected) for all comparison goods, attracted by Colchester Town Centre and Tollgate respectively in Scenarios 1 and 2. Table 84 for Scenario 2 shows how these combined market shares for all comparison goods are expected to increase from 2018, and further from 2023, as a result of the conceptual growth transfer scenario (from Tollgate to Colchester Town Centre).

## 6. Quantitative Capacity for New Retail Development

### Introduction

6.1 In this section, we set out our retail capacity forecasts for each shopping destination throughout the forecasting period (i.e. 2018, 2023, 2028 and 2033), and discuss the implications of new retail development in Colchester Town Centre in particular. The convenience goods forecasts are summarised in Figure 6.1, and the comparison goods forecasts in Figures 6.2 and 6.3. We also comment on the implications for future development strategy. 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.

### Convenience Goods Forecasts

6.2 Our forecasts of the need for new convenience goods floorspace in the Borough are summarised in Figure 6.1 below. This represents the Scenario 1 forecasts (i.e. no change in convenience goods market shares throughout the forecasting period). We have not modelled an additional scenario for convenience goods shopping, given that any new retail-led development in Colchester Town Centre will predominantly comprise comparison goods floorspace and will not therefore substantially affect convenience goods market shares.

**Figure 6.1 – Summary of Retail Capacity Forecasts: Convenience Goods (sq m net sales area):**

**Scenario 1**

Location	2018	2023	2028	2033	RECAP Model Table
Colchester Town Centre	50	250	500	700	13
Tollgate	400	800	1,250	1,650	22
Turner Rise	350	750	1,150	1,550	31
Peartree Road	50	100	150	200	40
Highwoods	500	750	1,050	1,300	49
Greenstead Road	0	200	400	600	58
Tiptree	-300	-100	50	200	66
Non-central stores in Borough	-3,200	-2,800	-2,400	-2,000	75
<b>TOTAL COLCHESTER BOROUGH</b>	<b>-2,150</b>	<b>0</b>	<b>2,150</b>	<b>4,250</b>	

Source: Colchester RECAP Model 2016.

Notes:

- (a) The forecasts are 'baseline' forecasts i.e. they assume that any new convenience goods floorspace in the Borough does not change the survey-derived market shares of catchment area expenditure.
- (b) The forecasts are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.
- (c) The forecasts are for future retail capacity after allowing for the committed developments.
- (d) Floorspace figures from RECAP Model rounded to the nearest 50 sq m net.
- (e) The sub-totals and grand totals may not exactly equal the sum of their parts, owing to rounding.

6.3 Before we comment on the convenience goods retail capacity forecasts in Figure 6.1, some additional general points should be noted. First, the forecasts are all on the assumption that where retailers are shown by the RECAP Model to be trading above or below the level based on estimated 'benchmark' 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 above or below their company average sales density.

6.4 Second, the convenience goods forecasts are all on the assumption that potential new floorspace will be provided in the form of new foodstores trading at a 'generic' average sales density of £12,000 per sq m net. Whilst some grocery operators trade above this level (i.e. Asda and some smaller town centre formats), others trade below £12,000 per sq m net. Thus the format in which new convenience goods floorspace is provided will affect the amount of such floorspace which can be supported in terms of retail capacity. At this time, it is of course not possible to predict over the forecasting period the format in which potential foodstore developments might come forward. It will therefore be necessary to review the implications for retail capacity in each shopping destination when specific proposals for new stores come forward, taking account of the format of the proposed stores and their likely occupiers.

6.5 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 (namely the 'discount' operators such as Aldi) 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.

- 6.6 Fourth, although our forecasts distinguish between the Borough's town and district centres, and non-central shopping locations, this is merely for forecasting convenience and reliability. It does not mean that any capacity forecast as non-central 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-centre or edge-of-centre, in preference to out-of-centre locations, if possible. Further, new development in or on the edge of the Borough's district centres should be proportionate to the role and function of that centre, having regard for the network and hierarchy of centres, and thus it does not mean that capacity forecast for district centres should necessarily be accommodated there.
- 6.7 Figure 6.1 shows that after allowing for already committed developments, there will be limited capacity for convenience goods floorspace in Colchester Town Centre in 2023 of about 250 sq m net (increasing to about 500 sq m net by 2028 and 700 sq m net by 2033), if forecast trends occur. These capacity forecasts demonstrate that Colchester Town Centre, which has a modest role in providing for convenience goods shopping, is sufficiently represented by convenience goods floorspace; with limited growth potential over the forecasting period. However, if opportunities arise for the expansion of existing convenience goods floorspace in the town centre, these should be supported in accordance with the sequential approach.
- 6.8 The only locations with substantial capacity over the forecasting period are Tollgate, Turner Rise and Highwoods, which already contain the Borough's main superstores. There will be a significant theoretical over-supply of convenience goods floorspace in Non-central stores in the Borough, mainly as a result of the new Sainsbury's superstore replacing B&Q Extra, and the new Lidl discount supermarket. Whilst these committed developments have been included in the RECAP Model, no increases in market shares have been allowed as a result of them. In practice, we consider that they will be supportable as a result of increased market shares of catchment area expenditure attracted (i.e. 'clawback' of expenditure and impacts on over-trading stores), at the expense of some of the superstores in existing centres and existing discount foodstores.
- 6.9 Overall, after allowing for the committed developments, we conclude that there could potentially be capacity for one new medium-sized foodstore in the Borough by 2028, if forecast trends occur. The preferable location for this would be in or on the edge of Colchester Town Centre in accordance with the sequential approach, and where we have identified a lack of main foodstore provision (and thus consumer choice). This additional convenience goods floorspace might also come forward as an extension to an existing store in the Town Centre.

## Comparison Goods Forecasts

- 6.10 Our Scenario 1 forecasts of the need for new comparison goods floorspace in the Borough are summarised in Figure 6.2 below. As with convenience goods, the capacity for additional out-of-centre comparison goods floorspace has been distinguished in the RECAP Model from that in the centres merely for forecasting convenience. Again, it does not mean that forecast capacity should be accommodated in the format of out-of-centre retail warehouses. New floorspace should be located in accordance with the sequential approach, rather than in relatively low sales density retail warehouse format buildings, wherever possible. New development in or on the edge of the Borough's district centres should also be proportionate to the role and function of that centre, having regard for the network and hierarchy of centres.



6.11 Again for forecasting convenience, we have assumed that new floorspace forecast as non-central (i.e. Non-central stores in Borough) would trade at typical average sales densities for non-food retail warehouses. However, in the event that the forecast capacity or any part of it can be accommodated in town centre or edge-of-centre format developments, the capacity would be less than forecast in Figure 6.2; because town centre format retail floorspace typically trades at higher sales densities than retail warehouses. Also, if some was to be accommodated in food/non-food superstores, the capacity would be less than forecast, because their comparison goods sales densities are significantly higher than those of most retail warehouses. The summary figures in Figure 6.2 reflect this, and assume that all new floorspace forecast as non-central would trade at an average sales density representative of Colchester Town Centre.

**Figure 6.2 – Summary of Retail Capacity Forecasts: Comparison Goods (sq m net sales area):**

**Scenario 1**

Location	2018	2023	2028	2033	RECAP Model Table
Colchester Town Centre	-5,300	-1,250	2,300	4,300	13
Tollgate	5,500	7,200	8,700	9,600	22
Turner Rise	-100	650	1,250	1,650	31
Peartree Road	-150	250	650	900	40
Highwoods	100	250	400	450	49
Greenstead Road	100	200	300	350	58
Tiptree	100	350	550	650	66
Non-central stores in Borough	-2,750	-1,550	-550	50	75
<b>TOTAL COLCHESTER BOROUGH</b>	<b>-1,350</b>	<b>6,750</b>	<b>13,850</b>	<b>17,950</b>	

Source: Colchester RECAP Model 2016.

Notes:

- (a) The forecasts are 'baseline' forecasts i.e. they assume that any new comparison goods floorspace in the Borough does not change the survey-derived market shares of catchment area expenditure.
- (b) The forecasts are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.
- (c) Floorspace figures from RECAP Model rounded to the nearest 50 sq m net.
- (d) The forecasts are for new floorspace additional to committed retail developments and 'prime' vacant floorspace (in the case of Colchester Town Centre and Tollgate).
- (e) The sub-totals and grand totals may not exactly equal the sum of their parts, owing to rounding.

6.12 In RECAP Model Table 13, we estimate that the existing comparison goods floorspace in Colchester Town Centre was achieving in 2016 an average sales density of £6,379 per sq m net. This is a realistic sales density for a town centre of this size and type, having regard for its catchment and retail composition.

6.13 After allowing for existing town centre floorspace to become more efficient by 2.5% per annum from 2016 onwards (an assumption applied to all other shopping destinations modelled), Figure 6.2 shows that under Scenario 1, in which the market shares indicated by the 2016 household interview survey (as corrected) remain unchanged throughout the forecasting period, there is forecast to be a theoretical over-supply of comparison goods floorspace in Colchester Town Centre until 2023. This is principally due to Primark

absorbing growth in expenditure without (in Scenario 1) increasing the town centre's market shares. Forecast capacity rises to about 2,300 sq m net by 2028 and 4,300 sq m net by 2033, if forecast trends occur. Thus in Scenario 1, there is limited expenditure-based capacity to support significant new comparison goods floorspace in Colchester Town Centre over the forecasting period, which would otherwise enable the town centre to clawback some growth in trade from out-of-centre retail warehouses and/or from other competing shopping destinations in the catchment area. The implications of this clawback in trade are considered under Scenario 2 below.

- 6.14 Under Scenario 1, there would be significant capacity for more comparison goods floorspace at Tollgate<sup>61</sup> (about 9,600 sq m net by the end of the forecasting period). This magnitude of growth, if accommodated in or on the edge of Tollgate, would not be proportionate to the centre's role and function, having regard for the Borough's network and hierarchy of centres. It would further increase its attractiveness and catchment to the potential detriment of Colchester Town Centre at the top of the retail hierarchy.
- 6.15 The forecasts summarised in Figure 6.2 also show that there will be substantial capacity for more comparison goods floorspace at Turner Rise, albeit significantly less than forecast at Tollgate under Scenario 1. Whilst we have not modelled a growth transfer scenario for Turner Rise, the principles of proportionality and functionality should apply there too; any new retail development should be commensurate with the centre's role and function in the retail hierarchy.
- 6.16 Figure 6.2 indicates that there will be modest capacity (if forecast trends occur) for new comparison goods floorspace in the other shopping destinations modelled, while the forecast over-supply in non-central locations is likely to be eliminated following the closure of B&Q Extra to the east of Colchester.
- 6.17 In Figure 6.3 below, we set out the results of our comparison goods retail capacity forecasts under the exploratory Scenario 2. These forecasts are based on a limited redistribution of market shares of catchment area expenditure to Colchester Town Centre (principally from Tollgate<sup>62</sup>) from 25% in 2016 to 27.1% in 2018 to account for the Primark commitment, and rising to 29.6% in 2023 to allow for further new retail development in the Town Centre.

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<sup>61</sup> We estimate that the existing comparison goods floorspace at Tollgate was achieving in 2016 an average sales density of £5,495 per sq m net, while we assume that new comparison goods retail development at Tollgate would achieve a 'base year' sales density of £6,000 per sq m net (like Colchester Town Centre).

<sup>62</sup> Scenario 2 also assumes that some of the additional comparison goods expenditure secured by Colchester Town Centre will come from clawback of leakage (i.e. not all of the additional expenditure will be diverted from Tollgate).

**Figure 6.3 – Summary of Retail Capacity Forecasts: Comparison Goods (sq m net sales area):**

**Scenario 2**

Location	2018	2023	2028	2033	RECAP Model Table
Colchester Town Centre	200	12,100	16,250	18,650	78
Tollgate	2,250	-450	700	1,350	81

Source: Colchester RECAP Model 2016.

Notes:

- (a) The forecasts are based on the assumption that Colchester Town Centre increases its market shares of catchment area expenditure, as a result of new comparison goods retail development in accordance with the Council's policy objectives.
- (b) The forecasts are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.
- (c) Floorspace figures from RECAP Model rounded to the nearest 50 sq m net.
- (d) The forecasts are for new floorspace additional to committed retail developments and 'prime' vacant floorspace.

6.18 As the forecasts show, (after allowing for the Primark commitment) there would be sufficient expenditure to support a prime comparison goods retail development of about 12,100 sq m net in Colchester Town Centre by 2023. If the increased market shares at 2023 remained unchanged thereafter, capacity for additional comparison goods floorspace would rise further as a result of growth in population and expenditure; such that it would be about 18,650 sq m net by 2033. However there would be relatively little capacity for any additional comparison goods retail floorspace at Tollgate towards the end of the plan period.

6.19 These forecasts (under Scenario 2) assume a realistic growth transfer scenario i.e. an increased capacity figure for Colchester Town Centre and a reduced capacity figure for Tollgate. They explore the implications for the Town Centre of transferring, as a matter of policy and the Framework requirement for a network and hierarchy of centres, a considerable proportion of the potential growth in floorspace (after allowing for existing floorspace to increase its sales at 2.5% per annum above 'benchmark' level in real terms) at Tollgate to Colchester Town Centre at 2023.

6.20 Section 8 of this Study, below, helps to establish how the Town Centre could accommodate this level of forecast growth; principally at Vineyard Gate and, to a lesser degree, Priory Walk.

## Retail Sector Analysis (Comparison Goods)

6.21 RECAP Model Table 82 shows the 2016 market shares of expenditure on each category of comparison goods, which we estimate are secured by Colchester Town Centre and all other shopping destinations modelled from the whole catchment area. It also shows the combined market shares attracted by the Borough's shopping destinations.

6.22 Table 26 shows that Colchester Town Centre attracts by far the highest market shares of expenditure on clothing and footwear, from the 'all other comparison goods' category and, to a lesser extent, on medical and beauty products. The retention figure for clothing and footwear (40.8%) is strong for a centre the size of Colchester and is secured from a wide, sub-regional catchment.

- 6.23 Tollgate (compared with the Town Centre) attracts higher and significant market shares of expenditure on furniture and flooring, household appliances, audio-visual equipment, and hardware and DIY goods. Tollgate further attracts high market shares of expenditure on household textiles, albeit slightly less than Colchester Town Centre. Like the Town Centre, Tollgate has a far-reaching and sub-regional catchment, partly due to the speed and convenience of access by car along the A12 dual carriageway. To illustrate, it attracts significant market shares of expenditure on furniture and flooring from the most peripheral parts of the catchment area (i.e. Zone 3, 40%; Zone 9, 28.3%; Zone 4, 23.7%)<sup>63</sup>.
- 6.24 Some of the Borough's other centres have particular strengths too. Turner Rise performs very well in terms of securing market shares of expenditure on household textiles, approximately double the level attracted by Colchester Town Centre and Tollgate respectively. Peartree Road is the Borough's second most dominant shopping destination for market shares of expenditure on furniture and flooring. Non-central stores in the Borough perform very well with regards to hardware and DIY goods and, to a lesser extent, furniture and flooring (although this picture will change with the closure of B&Q Extra).
- 6.25 Unsurprisingly, the Borough's smaller centres secure their highest market shares of expenditure on medical and beauty products. Shopping patterns for these types of comparison goods are generally localised in nature, and therefore it is unsurprising that such centres perform better in this respect. Their performance regarding other comparison goods categories (for which little or no market shares are secured) reflects their size and functionality.
- 6.26 Overall, we consider that retailing in the Borough as a whole (i.e. all shopping destinations modelled) is performing in a reasonably balanced way across the comparison goods sectors. It is attracting particularly high market shares of expenditure on household textiles and furniture and flooring (and to a lesser extent hardware and DIY goods) which, in our judgement, indicates that the Borough does not need any more retail warehouses selling such goods<sup>64</sup>. Therefore it is likely that there would be increasing pressure for retail warehouses, such as those at Tollgate and elsewhere, to be 'unrestricted A1' thereby leading to much greater competition with Colchester Town Centre.

## Use and Review of the Forecasts

- 6.27 Finally, 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 Study 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, as advised above, in the light of actual population and expenditure growth, and as development proceeds and its effects become measurable.

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<sup>63</sup> See RECAP Model Table 15 for this finer-grain market share analysis.

<sup>64</sup> This is reinforced by the decision of B&Q to close their 'Extra' store on Lightship Way.

## 7. Analysis of Commercial Leisure Provision

### Introduction

- 7.1 The increasing importance of leisure uses and their role in terms of sustaining town centres and anchoring new schemes is considered in some detail at section 2 of this Study. This section therefore assesses existing and the potential for new commercial leisure provision in Colchester.
- 7.2 Whilst it is possible to undertake a baseline quantitative assessment of residents' potential future spending on leisure activities, we consider that the value of such an exercise is limited due to the highly unpredictable nature of leisure spending. We have therefore sought to assess the Borough's commercial leisure provision from a qualitative perspective.
- 7.3 In the first instance, we review the current supply of key leisure attractions in the Borough by type and location. This aspect of our work draws on Experian Goad's latest survey data and the results of the 2016 household interview survey, which asked respondents a series of leisure-based questions. We set out new hotel provision in and close to Colchester Town Centre<sup>65</sup>. We then identify the commercial leisure developments currently proposed in the Borough (specifically those with planning permission or awaiting determination), before concluding whether there are any conspicuous gaps in provision.

### Current Commercial Leisure Provision

- 7.4 Our assessment of current provision accounts for cafes (Use Class A3<sup>66</sup>), restaurants (Use Class A3), bars and wine bars (Use Class A4) and public houses (Use Class A4) in Colchester Town Centre, in addition to a number of main commercial leisure facilities across the Borough.
- 7.5 Colchester Town Centre comprises 86 units dedicated to A3/A4 leisure uses, equating to some 14,827 sq. m in floorspace terms. Figure 7.1 below shows the breakdown of such uses.

**Figure 7.1 – Current A3/A4 Leisure Provision, Colchester Town Centre**

Category (Use Class)	Floorspace (sq. m gross)	Number of Units	% of Total Leisure Floorspace	% of Total Leisure Units
Cafes (A3)	3,595	32	24.2	37.2
Restaurants (A3)	4,357	28	29.4	32.6
Bars & Wine Bars (A4)	3,140	13	21.2	15.1
Public Houses (A4)	3,735	13	25.2	15.1
<b>TOTAL LEISURE FLOORSPACE</b>	<b>14,827</b>	<b>86</b>		

Source: Experian Goad Category Report (November 2015).

<sup>65</sup> Since 2008 based on information provided by the Council.

<sup>66</sup> Although some cafes operate under Use Class A1, they still have a 'quasi' leisure-based function and therefore we have included them in our analysis.

7.6 Our general observations are as follows:

- There is almost 15,000 sq. m gross dedicated to A3/A4 leisure uses in Colchester Town Centre, illustrating that it is clearly an important component of the wider town centre offer.
- The food and drink sector in Colchester Town Centre is reasonably dispersed and characterised by a mix of independent and multiple 'chain' operators. Existing family-orientated multiple representation includes the likes of ASK Italian, Prezzo, Pizza Express, Bill's and Nando's; while it is understood that Las Iguanas and Wagamamas are seeking representation on High Street.
- The results of the household interview survey indicate that Colchester Town Centre is a popular destination for eating out, with 20% of residents in Colchester's catchment area confirming that they 'last' visited the Town Centre for such purposes. Unsurprisingly, given the relatively localised nature of eating out, a higher proportion of residents from the Town Centre's immediate catchment (i.e. Zones 1 and 3 and to a lesser extent Zones 2 and 6) undertook these trips; with residents in the more distant parts of the catchment looking instead towards other, closer destinations such as Clacton-on-Sea, Braintree or Chelmsford.
- A significant proportion of residents in Colchester's catchment area (42.7%) stated that they do not drink out. Of those that do, 10.9% 'last' visited Colchester Town Centre. The survey evidence confirms that drinking out habits are even more localised than those for eating out. To this end, a higher proportion of such trips to the Town Centre were by residents from Zone 1 and to a lesser extent Zone 3.

7.7 We set out in Figure 7.2 below the current provision of other key leisure attractions in Colchester Town Centre<sup>67</sup>. These include:

- Cinemas;
- Bowling Centres;
- Gymnasiums/ Health Clubs; and
- Other Leisure Facilities.

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<sup>67</sup> Our list is not exhaustive of all current provision (it excludes smaller, typically independent leisure facilities).

**Figure 7.2 – Current Commercial Leisure Facilities, Colchester Borough**

<b>Cinemas</b>	<b>Location</b>
Odeon	Head Street (Colchester Town Centre)
<b>Bowling Centres</b>	<b>Location</b>
Tenpin	Cowdray Avenue
<b>Gymnasiums/ Health Clubs</b>	<b>Location</b>
Bannatyne Health Club	Grange Way
David Lloyd Leisure	United Way, Mile End
Leisure World	Cowdray Avenue
Leisure World	Brinkley Lane
Leisure World	Maypole Road
Sports Direct Fitness	Cowdray Avenue
Anytime Fitness	Haven Road
Livia Gym	Moorside
Spirit Health Club	Holiday Inn, Abbots Lane
The Gym Group	Queen Street (Colchester Town Centre)
Topnotch Health Club	Wyncolls Road
Clarice House	Kingsford Park, Layer Road
Fit 4 Less	Peartree Road
Gym 4 U	Peartree Road
Gymphobics	The Mulberry Centre, Albany Gardens, Haven Road
<b>Other Leisure Facilities</b>	<b>Location</b>
Mercury Theatre (theatre)	Balkerne Gate (Colchester Town Centre)
Headgate Theatre (theatre)	Chapel Street North (Colchester Town Centre)
Gala Bingo (bingo hall)	Osbourne Street (Colchester Town Centre)
Rollerworld & Quasar (roller skating/ quasar laser)	Eastgate Industrial Estate
Jump Street (trampoline centre)	Mason Road, Cowdray Centre
Go Bananas (children's soft play)	Mason Road, Cowdray Centre
Childsplay Adventureland (children's soft play)	Clarendon Way, North Station
Jungle Adventure (children's soft play)	Peartree Road
Colchester School of Gymnastics (gymnastics)	Brinkley Grove Road
Iceni (gymnastics)	Peartree Road

Source: 2016 household interview survey for Colchester Borough, and C&W research.

7.8 We set out below our observations regarding the extent and usage of the Borough's key leisure attractions.

## Cinemas

- 7.9 There is currently only one cinema in Colchester; the Odeon in the Town Centre. This facility has eight screens and a 1,257 seating capacity. The survey evidence indicates that 23.8% of residents in Colchester's catchment area 'last' visited this cinema, more than any other competing cinema.
- 7.10 Over half (54%) of residents in Zone 1 'last' visited the Odeon on Head Street. A lower but still considerable proportion of residents in other, more peripheral areas of the Borough also undertook such trips (e.g. Zone 2, 20.5%; Zone 3, 33.9%).
- 7.11 The extent of cinema trips currently being undertaken to destinations outside of Colchester is substantial. The most popular cinemas in this regard include Cineworld at Braintree's Freeport Designer Outlet (drawing residents from the western and to a lesser extent central parts of the Borough) and the Cineworld in Ipswich (drawing residents from the northern part of the Borough in particular).

## Bowling Centres

- 7.12 The results of the household interview survey indicate that only around 40% of residents in Colchester's catchment area visit bowling centres. This is not entirely surprising given the effect of the economic downturn on disposable incomes and the UK-wide trend of lower usage<sup>68</sup>.
- 7.13 Colchester has one bowling centre, Tenpin at Colne View Retail Park, which has 24 bowling lanes, pool tables and an amusements arcade. This is the most popular facility for residents in Zone 1 (31.8% 'last' visited Tenpin), Zone 2 (16.9%) and Zone 3 (15.8%).
- 7.14 The main competing bowling centre is Namco Funscape at Braintree's Freeport Designer Outlet, which principally attracts a limited proportion of residents from the western part of the Borough.

## Gymnasiums/ Health Clubs

- 7.15 Colchester Borough is well served in terms of gymnasiums/ health clubs. National operators such as Bannatyne Health Club, Sports Direct Fitness and David Lloyd Leisure<sup>69</sup> are represented; while Leisure World (Cowdray Avenue) has a number of pool flumes, dedicated leisure and fitness swimming pools, gymnasium, and indoor sports courts and pitches.
- 7.16 The survey evidence indicates that Leisure World is the most popular facility for residents in the central part of the Borough (e.g. Zone 1, 7.4%). A high proportion of residents in the northern part of the Borough 'last' visited Busy Body's Fitness in Manningtree (e.g. Zone 2, 9.3%). Bannatyne Health Club is the most popular facility for residents in the southern part of the Borough (e.g. Zone 3, 4.1%).

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<sup>68</sup> According to Mintel.



## Other Leisure Facilities

- 7.17 Colchester Borough further includes a range of other leisure facilities. The main attractions are identified in Figure 7.2 above and include the Mercury and Headgate Theatres and Gala Bingo in Colchester Town Centre, Rollerworld & Quasar at Eastgate Industrial Estate, and a number of children-orientated facilities and clubs.

## New Hotel Provision

- 7.18 Information provided by the Council indicates the extent and quality of new (post-2008) hotel provision in and close to Colchester Town Centre. Such provision assists in improving the attractiveness of the Town Centre for both visitors and leisure operators.

**Figure 7.3 – New Hotel Provision (post-2008)**

Hotel / Address	Rating	Number of Rooms
North Hill Hotel, 51 North Hill	3 Star	26
Star Anglia Hotel, 75 North Station Road	3 Star	27
Greyfriars, High Street	n/a	26
Blue Ivy Hotel, 4-6 North Hill	n/a	12
Premier Inn, 30 St Peter's Street	n/a	85

Source: Colchester Borough Council.

- 7.19 Figure 7.3 indicates that 176 hotel rooms have been developed since 2008 in or close to Colchester Town Centre. Of these, Greyfriars (currently not rated) is considered the best quality; while the Premier Inn budget hotel is the largest with 85 rooms.

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<sup>69</sup> David Lloyd Leisure at Mile End is relatively less established.

## Proposed Commercial Leisure Provision

7.20 Figure 7.4 below identifies the commercial leisure developments currently proposed in the Borough, specifically those with planning permission or awaiting determination.

**Figure 7.4 – Proposed Commercial Leisure Facilities, Colchester Borough**

Location	Summary of Scheme Description	Status (Application Ref.)
St Botolph's Quarter, Queen Street, Colchester Town Centre	Refurbishment of Roman House to provide three-screen D2 cinema (Curzon) and 2 no. A3/A4 units totaling 881 sq m	Extant planning permission (application 160943)
Greytown House, High Street, Colchester Town Centre	Refurbishment of Greytown House including rear extension to provide 3. A1/A3 units totaling approximately 600 sq m	Extant planning permission (application 152506)
Stane Park, Tollgate	Erection of 6 no. A3/A4 units totaling 2,296 sq m	Extant planning permission (applications 146486 and 150945)
Northern Gateway (new full application)	Erection of A3/A5 units totaling 3,808 sq m, A3/D2 units totaling 799 sq m, C1 hotel, 12-screen D2 cinema and additional D2 units totaling 3,286 sq m	Awaiting determination (application 160825)
Northern Gateway (reserved matters application)	Erection of A3 units totaling 10,400 sq m and C1 hotel	Awaiting determination (application 160623 following outline planning permission O/COL/01/1622)
Tollgate Village, Tollgate	Outline application for the development of A1 Comparison Retail (16,304 sq m), A1 Convenience Retail (1,858 sq m), flexible A1-A5 uses (5,010 sq m), flexible A3-A5 uses (950 sq m) and multiplex D2 cinema (6,690 sq m)	Awaiting determination (application 150239 and duplicate application 160868)

Source: C&W research.

7.21 We consider that the schemes with extant planning permission in Colchester Town Centre will help to strengthen the family-orientated food and drink offer, whilst the Curzon (cinema) based scheme at the St Botolph's Quarter will be a major attraction. It should also act as a catalyst for further investment at this key town centre site, which is identified elsewhere in this Study as the primary opportunity for an improved, more focused leisure offer.

7.22 It is beyond the scope of this Study to comment on the merits or otherwise of the proposed schemes currently awaiting determination.

## Conclusions

7.23 It is important that the Borough and Colchester Town Centre in particular maintains and improves its commercial leisure offer over the plan period. This is underlined by the increasing role and importance of leisure uses in terms of providing shoppers with a combined retail and leisure experience.

7.24 Our analysis of commercial leisure provision suggests:

- The Borough has an established mix of food and drink uses – and an increasingly family-orientated offer. We recommend that the priority should be further diversifying Colchester Town Centre’s food and drink offer, particularly through the continued promotion of the St Botolph’s Quarter as the primary opportunity for new provision.
- Odeon on Head Street is currently the only cinema in Colchester Borough and, on this basis, the level of cinema ‘leakage’ identified by the household interview survey is not entirely surprising. The extent of cinema trips being undertaken outside of Colchester should however be reduced, to some degree, once the new Curzon cinema at the St Botolph’s Quarter opens. That said, this new cinema will have only three screens and thus there is likely to be scope for additional cinema provision in the Borough over the plan period. Any proposals should be considered on their merits having regard for the development plan and other material considerations.
- Whilst there is only one bowling centre (Tenpin) in the Borough, the survey evidence would suggest a limited degree of leakage to destinations outside of Colchester. In addition, this sector is seeing relatively limited growth. We therefore consider there to be limited prospects, or need, for further provision over the plan period.
- Throughout the Borough there are a number of public and private gymnasiums/ health clubs. There is likely to be continued market demand for new provision over the plan period, as commercial operators look to take advantage of consumers’ lifestyle choices and increasing awareness around health and fitness. Any proposals should be considered on their merits having regard for the development plan and other material considerations.
- We do not consider that the Council needs to proactively plan for any other form of commercial leisure provision. Operator-led proposals should be considered in accordance with the development plan and other material considerations.
- Some new hotels have opened since 2008 in or close to Colchester Town Centre. We have not assessed hotel demand in Colchester but would note that demand may arise from an increase in business, retail and/or leisure uses (e.g. St Botolph’s Quarter).

## 8. Review of Potential Development Opportunities

### Introduction

- 8.1 Our retail capacity forecasts set out and described in section 6 identify a quantitative need for additional retail floorspace in Colchester Borough over the plan period. As explained, our Scenario 2 comparison goods retail capacity forecasts are more realistic and are based on a limited redistribution of market shares of catchment area expenditure to Colchester Town Centre, to support new retail development and sustain its position at the top of the Borough's retail hierarchy.
- 8.2 This section focuses on potential opportunities for new retail development (and other main town centre uses) in and on the edge of Colchester Town Centre, as agreed with the Council, namely:
- **Vineyard Gate**
  - **Priory Walk**
  - **St Botolph's**
- 8.3 We also consider the **Town Centre North West** site for office uses in particular.
- 8.4 We assess below the development potential of these town centre sites. Our assessment considers the suitability of each site to accommodate new retail development and/or other potential uses, and of what scale and form, having regard for its location. We then outline a strategy for Colchester Town Centre to accommodate the levels of retail capacity forecast under Scenario 2.
- 8.5 For the avoidance of doubt, our commentary on each site does not predetermine any particular form of development; this will be a matter for the Council (based on the provisions of the development plan and other material considerations) should proposals come forward. Further, our assessment is not informed by detailed feasibility studies to better understand the development potential of a site and its constraints; or financial appraisals to test and identify the viability of a development (although we have commented in broad terms on site-specific commercial viability factors as appropriate). It is however an appropriate basis on which to formulate the retail and town centre policies (and allocations) for the new Local Plan.
- 8.6 It is considered that identifying sites for new retail development in the Borough's district centres, capable of accommodating the Scenario 1 based magnitude of forecast capacity over the plan period, is not realistic or sustainable. This is especially true for Tollgate, where we have identified significant expenditure-based capacity for more comparison goods floorspace under Scenario 1. It would promote a scale of retail development out of scale with the role and function of a district centre, and would therefore cause harm to the Borough's hierarchy of centres and Colchester Town Centre in particular.
- 8.7 We would re-emphasise here that retail capacity forecasts are less certain the further ahead the forecasting date and therefore, the forecasts for 2028 and 2033 should be treated with some caution for plan-making purposes. It will be important that such forecasts are reviewed in due course.

## Vineyard Gate

- 8.8 The site is broadly triangular and extends to approximately 1.2 hectares. It is bound by Osborne Street to the south and Eld Lane/ Vineyard Street to the north. The town's Roman Wall abuts the site to the north, creating a substantial change of level between Eld Lane (higher) and the Vineyard Gate site (lower).
- 8.9 Notwithstanding the change of level the site is closely related with the main shopping area, including Lion Walk, which we explore further below. The site currently comprises a surface level car park and several buildings around its perimeter, most of which are vacant and/or in a poor condition. To the immediate south is the Osbourne Street multi-storey car park with approximately 600 spaces, which is an established footfall generator in this location. A short distance (less than 200m) further east is Colchester Town rail station.
- 8.10 The site is designated on the adopted Proposals Map within the Inner Core and therefore forms part of the Town Centre Core, where Policy CE2a of the Core Strategy supports new retail and related development.
- 8.11 The retail-led redevelopment of Vineyard Gate is a long-standing Council objective. The site is identified in the St Botolph's Quarter Masterplan (adopted in June 2005) as one of three key development sites, and specifically for "*prime retail development*" thereby creating "*an active and efficient extension*" of the town centre's main shopping area.
- 8.12 We consider that Vineyard Gate is the Borough's best and a prime opportunity to accommodate forecast capacity and need for new comparison goods retail floorspace (in the region of 10,000-15,000 sq m net<sup>70</sup>) with potentially some additional leisure (e.g. A3/A4) uses. The site is suitable for significant retail-led redevelopment, being well related to the town's main shopping area. It is considered that, with an innovative design solution perhaps elevating the site to the level of Eld Lane, Vineyard Gate could provide a multi-level shopping environment; and reinforce and extend the retail circuit between Lion Walk and the retail attractions further west. Such a scheme represents a significant opportunity in our view to offer larger format shop units, which would be suitable for modern, high quality retailers seeking to locate to or relocate<sup>71</sup> within the town centre. In turn, this would help to enhance the town centre's attractiveness to consumers and 'claw back' expenditure from competing shopping destinations, thereby supporting the overall vitality and viability of the town centre and its competitiveness in accordance with the key objective set out in the Framework.
- 8.13 The Council owns large parts of the Vineyard Gate site including the surface level car park and some buildings in Osbourne Street and Arthur Street. In addition, and significantly, the Council has recently purchased the former Kwik-Fit building in Osbourne Street from the Caddick Group, who had previously been unable to progress a deliverable scheme for the site. This proactive approach to land assembly will, in our judgement, fundamentally improve the prospects of achieving the Council's long-standing objective for this key town centre site.
- 8.14 Like most town centre sites, particularly in Roman towns like Colchester, "*complex design, heritage and archaeological issues*" (as identified in the 2005 Masterplan) would need to be

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<sup>70</sup> The adopted Core Strategy identifies the site for approximately 35,000 sq m net retail floorspace; however, it is not clear whether this relates to A1 (convenience and comparison goods), A1 (comparison goods only) or A1-A5 retail.

<sup>71</sup> We identify in section 3 that some of the town centre's major retailers, for example, currently occupy sub-standard stores.

addressed and overcome in order to achieve the site's regeneration. These challenges, in our view, necessitate a proactive Council role through planning policies. Importantly, they also point to the need for even greater protection against competing retail development, which could put at risk the retail-led redevelopment of Vineyard Gate.

## Priory Walk

- 8.15 Priory Walk shopping centre is situated between Queen Street and Long Wyre Street to the east of the town centre. It is anchored by Sainsbury's and has a secondary retail offer, and includes a number of vacant units. That said the centre is well connected to the core shopping area and, to this end, benefits from a strategic position between this area and the St Botolph's Quarter where, as considered separately in this section, the Council has a long-standing objective to achieve a leisure-based mixed use development.
- 8.16 The centre is designated on the adopted Proposals Map within the Inner Core and therefore forms part of the Town Centre Core, where Policy CE2a of the Core Strategy supports new retail and related development.
- 8.17 In our judgement, the centre appears tired and dated by modern standards. We consider that there is substantial potential to improve the shopping centre's public realm and retail offer, either through extensive reconfiguration and refurbishment, or by redevelopment. The redevelopment of the centre could potentially accommodate some of the forecast capacity for comparison goods retail floorspace in the Town Centre (potentially up to an additional 5,000 sq m net in our view).
- 8.18 Any scheme should make better use of the centre's linkages with existing (and potential new) retail and leisure attractions in and on the edge of the town centre. It could include provision of a larger, more modern foodstore<sup>72</sup> and other shop units in order to make the centre more attractive to the market and consumers. Such improvements would potentially act as a catalyst for further investment in this part of the town centre, such as along Long Wyre Street (where the former Co-Op department store has been a long-term vacancy), and/or help to sustain the high proportion of independent retail businesses focused along Eld Lane and nearby streets. It would also complement and support the part committed part proposed scheme at the St Botolph's Quarter (considered in further detail below).

## St Botolph's

- 8.19 The site occupies a prominent location along Queen Street on the eastern edge of the town centre. It broadly measures 0.9 hectare and comprises vacant land and buildings, including Roman House<sup>73</sup> to the west. Firstsite (Visual Arts Facility) is situated to the immediate east.
- 8.20 The St Botolph's site is considered edge-of-centre in sequential terms, being very well connected with and adjacent to the Town Centre Core on the adopted Proposals Map. To this end, the site is very close to other main town centre uses and is a short walk to/from key retailers concentrated within the town's core shopping area.

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<sup>72</sup> We consider it important to retain a foodstore element given the lack of other main foodstore provision in Colchester Town Centre, while the provision of a larger foodstore in this location could accommodate some of the forecast capacity for additional convenience goods floorspace in the later part of the plan period (as identified in section 6 above).

<sup>73</sup> The former Keddies department store.

- 8.21 The site is also a designated 'Regeneration Area' and forms part of the Council's St Botolph's Quarter Masterplan (adopted in June 2005). This promotes the site for "*new cultural, retail, residential and visitor facilities*" including a Visitor Arts Facility (which has been delivered as mentioned) and "*restaurant, café and arts related uses.*"
- 8.22 The leisure-based mixed use development of the St Botolph's site is therefore a long-standing Council objective. The Council owns the site, having assembled it over a period of years since the adoption of the 2005 Masterplan, while full planning permission has recently been approved for a new Curzon three-screen cinema at Roman House together with two ground floor A3/A4 units<sup>74</sup>. This, we understand, constitutes the first phase of the redevelopment of the wider site; with Building Partnership/ Citygrove recently selected by the Council to deliver the emerging plans for a mixed use development comprising a hotel, student accommodation and seven A3/A4 units.
- 8.23 We consider that the mixed use redevelopment of the St Botolph's site, with a focus on leisure and related uses, would significantly and positively transform this important part of the town centre. Leisure uses are performing an increasingly important role in terms of helping to sustain the principal shopping function of centres and improve dwell time, while our qualitative assessment of Colchester Town Centre has identified a need for a focused 'critical mass' of food and drink uses. In our view, the St Botolph's site represents the most suitable opportunity for such development, and is sufficiently well connected with the main shopping area to complement the town's retail offer. As considered separately in this section, improvements to Priory Walk (a key pedestrian 'link' into the core shopping area from the east) are likely to enhance the success of the St Botolph's Quarter and the propensity for linked trips. We further consider that the site offers an opportunity to better link visitor attractions, such as St Botolph's Priory/ Rowan Wall, with the core shopping area.
- 8.24 Similar to the Vineyard Gate site, we acknowledge the heritage and archaeological challenges with regenerating a site of this nature. However the recent investment from Curzon, and Building Partnership/ Citygrove who will take forward the mixed use scheme for the wider site, would indicate that there is market appetite to overcome such challenges and deliver a leisure-orientated 'quarter' in this location.

## Town Centre North West

- 8.25 The site extends over approximately 7.7 hectares on the northwest edge of Colchester Town Centre, to the north of Colchester Retail Park. It benefits from good access to the A134 and A133, the latter providing a direct link (approximately two miles) to the A12. Colchester rail station is situated circa 10 minutes' walk to the north.
- 8.26 The site has multiple ownerships. It currently comprises a range of uses, primarily commercial and (to a lesser extent) residential predominantly comprising terraced and semi-detached dwellings of standard quality. The best quality commercial space is largely clustered around the Middleborough Roundabout including The Octagon, Hiscox, Rowan House and Colwyn House. Whilst none of this is new or Grade A supply, it is well occupied. Other office provision within the area includes The Riverside Office Centre, which is based to the far northeast of the site and comprises four somewhat dated premises (with car parking).
- 8.27 The site as a whole is generally lacking in terms of amenity value and active frontages. These

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<sup>74</sup> Application ref. 160943.

are key considerations, as occupiers are increasingly demonstrating a preference for premises which, if not benefiting from a town centre location, provide the amenities of a mixed use, campus-style offer with green space and opportunities for pedestrian activity.

- 8.28 In terms of the development potential of this site to accommodate further office provision – to be read in conjunction with our Office Market Review provided at Appendix F – there is considered to be a gap in the market for modern Grade A office premises, particularly those with smaller floorplates. However the rental levels achievable in this location are unlikely to justify speculative office development without significant public sector support and infrastructure upgrades. Further deliverability challenges are summarised at Appendix F.
- 8.29 We consider that an office and residential-based mixed use scheme is the most suitable and likely opportunity for this site. To maximise the prospects for a successful commercial scheme, the quality of the public realm and the provision of amenities to cultivate a sense of place will be important, and will help to generate pedestrian activity. Based on the assumption that the developable area will not exceed 40% (or approximately three hectares) in order to allow for access, car parking and amenity, we consider that the site has the physical capacity to accommodate two-thirds commercial uses (circa two hectares), with the remainder dedicated to residential uses and other ancillary provision.

## Overview of Potential Development Opportunities and Strategy

- 8.30 Our work set out and described above has shown that:
- There will be increasing and sufficient capacity to support major new retail development in Colchester Town Centre over the forecasting period, much of which will arise from 2023 onwards<sup>75</sup>.
  - Accommodating the magnitude of forecast capacity identified for Tollgate (under Scenario 1) is not realistic or sustainable in the context of a balanced network and hierarchy of centres. It is therefore appropriate to consider the transfer the potential growth of floorspace at Tollgate to Colchester Town Centre (i.e. Scenario 2), to help achieve the Council's long-standing objective for new prime retail development.
  - There is a qualitative need to improve and regenerate areas of Colchester Town Centre. Our work has identified that the Town Centre requires new retail development and investment in order to sustain and improve its retail offer. This will require (inter alia) larger shop units to meet the needs of modern retailers, a stronger retail circuit and an improved, more focused leisure offer to support the town's principal comparison goods shopping function.
  - Meeting identified qualitative and quantitative needs will help to ensure the future vitality and viability of Colchester Town Centre and protect its position at the top of the Borough's retail hierarchy.
  - The most suitable and sustainable opportunity for substantial increases in comparison goods retail floorspace, to accommodate forecast capacity, is Colchester Town Centre and the Vineyard Gate site in particular. A new prime retail development at this site would extend and improve the retail circuit, providing modern units for retailers looking to locate to or re-locate within the town centre.
  - Priory Walk comprises a further opportunity to enhance the town's retail offer, and is potentially capable of accommodating more comparison goods retail floorspace. It also provides an opportunity to improve the quality of the shopping environment and linkages to/from the St Botolph's Quarter in this part of the town centre.
  - The St Botolph's site is the primary opportunity for an improved, more focused

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<sup>75</sup> See Figure 6.3 in section 6 above.



leisure offer as part of a mixed use development. It further provides an important opportunity to better link the town's visitor attractions with the core shopping area.

- The Town Centre North West site provides a suitable opportunity for office provision on the edge of Colchester Town Centre, most likely as part of a mixed use scheme including residential uses.

8.31 Where possible, the objective is obviously for development to be led and delivered by the private sector. However it is acknowledged that there are many issues in relation to bringing forward new town centre, particularly retail, development (especially in historic centres such as Colchester), which is slow, expensive and difficult (relative to new retail warehouses such as at Tollgate). Therefore, for the scale of identified retail needs to come forward will require a positive plan-led approach by the Council as outlined in the Framework, together with action to drive forward the process of regeneration on sites which are allocated for redevelopment. In practice<sup>76</sup> this will mean:

- Providing planning policy support in the new Local Plan; including articulating a vision and positive strategy for the regeneration of Vineyard Gate and other priority areas of the town centre, such as Priory Walk and the St Botolph's Quarter.
- Commitment by the Council to make its land ownerships available for redevelopment in partnership with other landowners and developers, and to enter into development agreements with them as necessary.
- Entering into early negotiations with potential development partners, with the aim of bringing forward new town centre development as soon as possible.

8.32 It will also mean controlling and limiting out-of-centre retail development, and inappropriate proposals in and on the edge of the Borough's district centres, which are not proportionate to the role and function of that centre. This will be necessary in order to protect the Borough's network and hierarchy of centres (in accordance with the Framework). It will also be important so as not to put at risk the Council's vision for high priority, retail-led regeneration in Colchester Town Centre. Our research and analysis has found that Tollgate is already a competitor to the Town Centre and thus, the Council should continue to seek to restrict substantially the potential expansion of retail (and leisure) floorspace in and on the edge of Tollgate. Furthermore, our qualitative assessment set out in section 5 concludes that Tollgate – and the Borough's other district centres – does not require substantial new retail development in order to ensure its vitality and viability.

8.33 We therefore recommend that the Council actively pursue continued regeneration of town centre retailing, particularly through the retail-led redevelopment of Vineyard Gate. The regeneration of other key sites such as Priory Walk and the St Botolph's Quarter should also be a priority, while the Council should support more modest increases in existing retail floorspace (e.g. through store extensions and reconfigurations) in accordance with the sequential approach.

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<sup>76</sup> As noted previously, there are recent examples of Council intervention at the Vineyard Gate and St Botolph's sites, which illustrate the proactive role that it can take to assist delivery.

## 9. Policy Recommendations

### Introduction

- 9.1 We provide below our policy recommendations, taking into account our findings and conclusions from the foregoing sections of this Study.

### Retail Hierarchy

- 9.2 In Framework terms, 'town centre' means<sup>77</sup>:

*'Area defined on the local authority's proposal map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area. References to town centres or centres apply to city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in Local Plans, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres.'* (our emphasis).

- 9.3 The Framework does not define the characteristics of city centres, town centres, district centres and local centres<sup>78</sup>; nor does it determine their respective role and function. It is for local planning authorities to fill the gaps<sup>79</sup> by meeting the criteria set out under paragraph 23 of the Framework, including 'a network and hierarchy of centres'.
- 9.4 Policy CE1 of the Core Strategy identifies, under Table CE1a, a hierarchy of centres with varying uses and scales. The identification of 'Edge of Centre Locations' above District Centres and Local Centres in the hierarchy is not consistent with the sequential approach set out in the Framework and we therefore support the removal of such locations from the hierarchy identified in the Council's Preferred Options Local Plan.
- 9.5 At sections 3 and 4 of this Study, we have assessed the relative health and role of Colchester Town Centre and the Borough's eight district centres (classified in the adopted Core Strategy as either Rural District Centres<sup>80</sup> or Urban District Centres<sup>81</sup>). We have not undertaken a full review of the Borough's local centres as part of this Study; however, they perform an important role in terms of providing small scale retail and service uses to meet the basic needs of local communities.
- 9.6 Accordingly, a three-tier hierarchy of centres is considered appropriate for Colchester Borough as follows:
- Town Centre
  - District Centres
  - Local Centres
- 9.7 Colchester Town Centre is the principal shopping destination in the Borough supported by

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<sup>77</sup> Based on the definition set out in Annex 2 of the Framework.

<sup>78</sup> However, Annex 2 of the Framework does confirm that a 'town centre' cannot be 'small parades of shops of purely neighbourhood significance', or 'existing out-of-centre developments, comprising or including main town centre uses [unless they are identified as centres in Local Plans].'

<sup>79</sup> As confirmed by the Secretary of State for Communities and Local Government on 30 June 2016 (recovered appeal APP/Y1110/W/15/3005333, paragraph 14).

<sup>80</sup> Rural District Centres are Tiptree, West Mersea and Wivenhoe.

<sup>81</sup> Urban District Centres are Tollgate, Turner Rise, Peartree Road, Highwoods and Greenstead Road.

an extensive range of non-retail facilities such as day-to-day services and leisure, cultural and community uses. It is considered relatively healthy at present, although our research and analysis has identified some weaknesses and areas for improvement to ensure its vitality and viability over the plan period; while long-standing development proposals have not come forward. Our work has also identified strong competition with the Borough's district centres (Tollgate in particular) and out-of-centre shopping destinations.

- 9.8 As such, we recommend a robust 'town centre first' approach to ensure that larger scale retail development is focused on Colchester Town Centre. This will help to strengthen the Town Centre's primary role as a sub-regional comparison goods shopping destination. Restricting larger scale development in the Borough's smaller centres and non-central locations will maximise the prospects for achieving new development in or on the edge of Colchester Town Centre, thereby enabling the Town Centre to 'claw back' comparison goods expenditure from competing shopping destinations and ensure its pre-eminence at the top of the Borough's retail hierarchy.
- 9.9 Colchester Borough has a number of district centres, each with their own characteristics and functionality. We note that the Preferred Options Local Plan proposes to de-classify Tollgate, Turner Rise, Peartree Road, Highwoods and Greenstead Road as district centres<sup>82</sup>. We do not support this proposed approach and recommend that their 'centre' status is retained. We consider that this is necessary to ensure that the Borough has a network and hierarchy of centres (as required by the Framework) capable of serving their respective areas of the Borough. It will further help to ensure that the Council, as local planning authority, can effectively plan for these centres and formulate an appropriate policy response through the new Local Plan.
- 9.10 Our assessment does not identify a qualitative need for substantial new retail floorspace in these centres in order to ensure their vitality and viability. We consider that enhancement through non-retail uses, such as services and community facilities, is more appropriate to ensure that they better serve the day-to-day needs of their local communities.
- 9.11 In conjunction with this approach (which we note is broadly consistent with Policy CE2b of the Core Strategy), the Council will need to control the range of 'high street' comparison goods which can be sold in these centres<sup>83</sup> to ensure that they do not undermine Colchester Town Centre as the Borough's principal comparison goods shopping destination.
- 9.12 We recommend that Tollgate, Turner Rise, Peartree Road and Highwoods should all be considered for reclassification as district centres in new Local Plan. Given that Greenstead Road comprises (only) Tesco, with a relatively localised main food shopping function, the Council may wish to consider its reclassification as a local centre. However, it may be more appropriate to reclassify Greenstead Road as a district centre if its main food shopping function is not compatible with the Borough's other local centres.
- 9.13 It is appropriate, in our view, to define Tollgate as a district centre to serve the local communities of the Stanway area. Notwithstanding its (recommended) district centre designation, we consider it particularly important that the Council formulate strong policies to restrict substantially its potential expansion. Our research and analysis has found that Tollgate directly competes with Colchester Town Centre for comparison goods expenditure. Further substantial comparison goods retail development at Tollgate would potentially change its position in the retail hierarchy and undermine the Town Centre's vitality and viability.

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<sup>82</sup> We acknowledge and support the classification of Tiptree, West Mersea and Wivenhoe as district centres in the Preferred Options Local Plan.

<sup>83</sup> The same applies to out-of-centre shopping destinations in the Borough.

## Future Development Needs

- 9.14 As considered throughout this Study, Colchester Town Centre should be the priority focus for the development of new retail and other main town centre uses. This strategy reflects the pre-eminence of the Town Centre at the top of the Borough's retail hierarchy and will help to ensure its vitality and viability over the plan period.
- 9.15 We do not consider that the Borough's district centres require substantial new retail development to ensure their vitality and viability. Thus, we have not assessed the potential for the district centres to expand and accommodate additional retail floorspace. Our work has shown that the future development needs of the district centres are focused on the appropriate diversification of the non-retail offer, including services and community facilities, to better serve the day-to-day needs of their local communities. Should any proposals come forward for new retail development in or on the edge of district centres, they should be proportionate to the role and function of that centre in the Borough's retail hierarchy and should not compete with Colchester Town Centre. To this end, the Town Centre should be the focus for larger scale retail development.
- 9.16 We have identified and assessed four sites in and on the edge of Colchester Town Centre suitable for and capable of accommodating new retail and other main town centre uses. These potential development opportunities are:
- Vineyard Gate;
  - Priory Walk;
  - St Botolph's; and
  - Town Centre North West.
- 9.17 Section 8 of this Study provides an assessment of the development potential of these town centre sites.

## Primary Shopping Areas

### **Colchester Town Centre**

- 9.18 Paragraph 23 of the Framework requires local planning authorities to define the extent of Primary Shopping Areas (PSA), *'based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations.'*
- 9.19 In defining primary and secondary frontages and thus a PSA, it is prudent to take into account the following principles:
- composition of uses;
  - key anchors/ attractors;
  - vacancies;
  - pedestrian footfall; and
  - levels of accessibility/ connectivity.

- 9.20 These principles have helped us to define the extent of Colchester Town Centre's PSA, based on primary and secondary frontages, as shown on the plan at Appendix G. It includes Vineyard Gate which, as considered in section 8 above, is the prime retail-based development opportunity and a natural extension to the town's retail circuit. We recommend that this PSA is adopted for the new Local Plan.
- 9.21 As noted previously, the Framework requires local planning authorities to set policies that make it clear which uses will be permitted within specific parts of a PSA. We note that the Preferred Options Local Plan, under Policy TC2, proposes (inter alia) to '*maintain at least 50% retail use on each street frontage within the Primary Shopping Area*'. We support this approach in principle; however, we recommend that separate policies for change of use are set for primary and secondary frontages. This will enable the Council to manage shopping frontages and permit only compatible retail and service uses. In particular, it will ensure that the primary frontages (comprising the key retail attractions and relatively higher footfall) are afforded greater protection against the loss of A1 retail use so as to sustain the vitality and viability of these frontages and their principal shopping function.
- 9.22 To this end:
- within the primary frontages; we consider that the Council should take a more restrictive approach to further changes of use to non-retail / service uses. We consider that a policy seeking to maintain up to 70% A1 retail use is reasonable. However, we consider that A3 (food and drink) use would be preferable to long term vacancies, if after extended marketing A1 retail use cannot be secured.
  - within the secondary frontages; we consider that the Council should afford greater flexibility for changes of use within Classes A1-A5, in order to maximise the number of occupied units and sustain a more diverse composition of uses. On this basis, we would support a policy seeking to maintain 50% A1 retail use within the secondary frontages.

### **District Centres**

- 9.23 Whilst defining PSAs for the Borough's district centres will be important, we do not consider it necessary to define these on the basis of primary and secondary frontages (or set separate policies for change of use within these frontages). This is because the overarching recommended strategy for the district centres, as described above, is their enhancement through non-retail uses including services and community facilities. This approach requires a higher degree of flexibility in order to permit such uses.
- 9.24 Moreover, in the case of centres such as Tollgate, Turner Rise, Peartree Road, Highwoods and Greenstead Road<sup>84</sup> (which typically comprise retail parks and terraces and/or standalone stores) it is not realistic to distinguish between primary and secondary frontages.
- 9.25 We therefore recommend that the Council define the PSA boundaries for each district centre in the new Local Plan primarily having regard for the extent of main retail and service uses, similar to the approach taken on the adopted Proposals Map.

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<sup>84</sup> Subject to their 'centre' status being retained by the Council.

## Sequential Test Approach

- 9.26 PSA boundaries should be the basis for applying the sequential test to planning applications for retail development that are not in an existing centre and are not in accordance with an up-to-date Local Plan (as set out in paragraph 24 of the Framework).
- 9.27 In Framework terms, 'edge of centre' means<sup>85</sup>:
- 'For retail purposes, a location that is well connected and up to 300 metres of the primary shopping area. For all other main town centre uses, a location within 300 metres of a town centre boundary. For office development, this includes locations outside the town centre but within 500 metres of a public transport interchange. In determining whether a site falls within the definition of edge of centre, account should be taken of local circumstances.'*
- 9.28 Accordingly, when applying the sequential test to planning applications for retail development, proposals that are well connected to and within 300 metres of a PSA should be considered edge-of-centre; and thus proposals that are located more than 300 metres from a PSA should be considered out-of-centre.
- 9.29 Paragraph 011 of the national PPG<sup>86</sup> states that:
- 'Use of the sequential test should recognise that certain main town centre uses have particular market and locational requirements which mean that they may only be accommodated in specific locations. Robust justification must be provided where this is the case, and land ownership does not provide such a justification.'*
- 9.30 No definition is provided in the national PPG, or the Framework, to differentiate between main town centre uses which may or may not have particular market and locational requirements. In practice, we consider that there are few main town centre uses which may have such requirements per se; and that the Council does not need to proactively plan for such. Proposals for main town centre uses should be considered in accordance with the development plan and other material considerations, having regard for the 'town centres first' approach.

## Impact Test Thresholds

- 9.31 We recommend that further work is undertaken to advise the Council on what local thresholds should be set for impact testing, when planning applications for retail development are submitted.

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<sup>85</sup> Based on the definition set out in Annex 2 of the Framework.

<sup>86</sup> 'Ensuring the vitality of town centres' section.

## 10. Conclusions and Implications for Strategy

10.1 This Study has considered the qualitative and quantitative needs for development in Colchester Borough over the period to 2033; how such needs should be accommodated; and a realistic strategy for growth and improvement. By way of an overview of the main findings, and the future implications for strategy and planning policies, we summarise our principal findings and conclusions below.

- The UK's retail landscape has been and is changing at pace. This brings challenges and opportunities. The retail sector will continue to be the key driver of town centre activity; however, second tier markets such as Colchester Town Centre are faced with increasingly selective demand. This is being driven by the polarisation (and downsizing) of retailers towards a smaller number of prime locations, primarily in response to the continued growth of internet shopping and changing consumer habits and expectations. The provision of modern and more flexible retail floorspace, and non-retail attractions such as food and drink uses to help create a better all-round experience for consumers, will be increasingly important therefore.
- Colchester Town Centre is the Borough's principal centre and highest order comparison goods shopping destination, supported by an extensive range of non-retail facilities. It is considered relatively healthy at present, although our research and analysis has identified some weaknesses and areas for improvement to ensure its vitality and viability over the plan period; while long-standing development proposals have not come forward. Perhaps significantly in this respect, two sets of national retail rankings report the relative decline of the Town Centre's status and performance in recent years.
- Colchester Town Centre is surrounded by a network of district centres, each with their own characteristics and functionality. They all contain at least one foodstore or food/non-food superstore; however, their respective non-food (comparison goods) and service-based functions differ considerably. Tollgate is the Borough's largest district centre and includes a substantial range of multiple comparison goods retailers, to the extent that it is a sub-regional shopping destination and competes with Colchester Town Centre for market shares of comparison goods expenditure.
- Our retail capacity forecasts show that there is sufficient population and expenditure growth to support additional comparison goods floorspace, including a major retail-led development, in Colchester Town Centre from 2023 onwards. These forecasts are based on a limited redistribution of market shares of catchment area comparison goods expenditure to Colchester Town Centre, principally but not exclusively from Tollgate, to allow for substantial new retail development in the Town Centre. They therefore explore the practical implications of transferring potential growth to the Town Centre, as a matter of policy and the requirement for a clear network and hierarchy of centres in accordance with the Framework.
- There is a qualitative need for new retail development in Colchester Town Centre in order to enhance its attractiveness to (and ability to retain) modern retailers, of a type that are capable of substantially improving the town centre's status and

performance.

- The best and most prime opportunity for large scale retail (and potentially some leisure) development is Vineyard Gate, which would serve to extend and improve the retail circuit to the south of Lion Walk shopping centre. This site should continue to be actively promoted by the Council and its partners. It would make a substantial contribution towards the regeneration of town centre retailing and help to ensure the pre-eminence of the Town Centre at the top of the Borough's retail hierarchy.
- Achieving this scale of retail development at Vineyard Gate will require positive planning by the Council to articulate a vision and strategy for the area, together with action to bring forward new town centre development as soon as possible. Significantly, it will also mean controlling and limiting inappropriate proposals for the expansion of Tollgate and other competing shopping destinations in the Borough; which would put at risk or substantially defer achievement of the Council's strategy for the retail-led redevelopment of Vineyard Gate in particular.
- Other development opportunities in Colchester Town Centre include Priory Walk and St Botolph's. The former has redevelopment potential and could make an important contribution towards accommodating forecast retail capacity, while the St Botolph's site is the primary opportunity for an improved, more focused leisure offer. These prominent and well connected sites, if brought forward, would certainly help to improve the future vitality and viability of the Town Centre as a whole.
- The strategy for the Borough's district centres should be focused on the appropriate diversification the non-retail offer, including services and community facilities, to better serve the day-to-day needs of their local communities. They do not require substantial new retail development to ensure their vitality and viability over the plan period. Instead, larger scale retail development should be focused on Colchester Town Centre to help strengthen its primary role as a sub-regional shopping destination.
- The Council should take into account, and apply, the policy recommendations set out in section 9 when formulating the planning policies for the new Local Plan.

10.2 This Study therefore provides the Council with a sound and Framework-compliant basis for planning policies in the new Local Plan