



## **Ashby-de-la-Zouch and Coalville Town Centres Assessment of Retail Operator Demand**

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# 1 INTRODUCTION

- 1.1 This report has been prepared by Peter Brett Associates on behalf of North West Leicestershire District Council (the 'District Council'). The purpose of this assessment is to consider operator demand for retail property within the town centres of Ashby-de-la-Zouch ('Ashby') and Coalville. The findings of our assessment are to be used to inform the future development of relevant local planning policy within the District to ensure that such policy helps to meet objectively assessed needs and supports the vitality and viability of the District's town centres.
- 1.2 The remaining sections of this report are structured as follows:
- in Section 2, we consider the wider context for our assessment, taking account of the existing health of the two town centres, identified retail floorspace requirements over the District Council's plan period, recent developments in the retail market and national studies of the future prospects for town centres;
  - Section 3 contains our assessment of operator demand based on published data for recent transactions and available retail property, and our consultations with local property agents; and
  - in Section 4 we provide a summary of our findings and our recommendations as to how the District Council can plan positively for the regeneration and growth of its town centres.

## 2 CONTEXT AND ISSUES

- 2.1 In this section we set out the context for our assessment having regard to the existing health of the town centres at Ashby and Coalville, and wider economic and technological changes that have impacted on the retail property market in recent years.

### The Health of the Town Centres

- 2.2 The latest health-checks of the town centres at Ashby and Coalville were undertaken as part of the 2012 update of the North West Leicestershire Retail Study (published in March 2013). We summarise below the findings of these health-checks which remain relevant given the limited amount of new investment in the two centres over recent years.

#### Ashby Town Centre

- 2.3 The 2012 retail study found that Ashby Town Centre displayed good signs of vitality and viability. It had a good diversity of town centre uses, including a 'suitable sized' foodstore, and a good mix of national multiples and independent retailers. Whilst the national multiples present within the centre were towards the lower end of the market, this was balanced by higher-end independent retailers. The environmental quality of the town centre was considered to be strong and the vacancy rate low (the 2012 study found a vacancy rate of 6.3 per cent, compared to a national average of 13.7 per cent at that time).

#### Coalville Town Centre

- 2.4 The 2012 study found that whilst Coalville Town Centre was meeting day-to-day convenience and comparison shopping needs, there were a number of areas of concern. These included:
- the absence of a large foodstore to support trade within the town centre;
  - the poor quality of the comparison goods offer, which was orientated towards the 'value' end of the market, and several qualitative gaps in the comparison retail offer, particularly in terms of clothing and footwear;
  - a relatively high vacancy rate (which at the time of the 2012 study was 16.7 per cent compared to a national average of 13.7 per cent); and
  - the small size and dated nature of many of the commercial units within the town centre, particularly on Hotel Street and High Street.

### Forecast Retail Floorspace Requirements

- 2.5 The North West Leicestershire Retail Capacity Study Update was published in February 2015. It forecast that over the development plan period to 2031, there would be no expenditure capacity to support additional convenience retail floorspace within the District. However, it found that there would be capacity for between 3,000

sq. m and 15,700 sq. m of comparison retail floorspace over the same period, depending on whether existing retail commitments are implemented.

## Economic Context

- 2.6 The prolonged downturn in the economy had a number of clear effects on the retail landscape in the UK, with a series of high-profile retailers entering administration, and a general trend towards discount retailers increasing their representation; both in the comparison goods sector (for instance, Poundland, 99p Stores and Wilko) and the convenience goods sector (most notably the continued expansion and strong trading performance of retailers such as Aldi and Lidl).
- 2.7 The downturn also negatively impacted consumer spending though this has recovered in recent years as a result of economic growth, increasing employment and, more recently, low inflation/modest wage growth. Since early 2013 there has been a return to sustained growth in retail sales volumes, however sales values have been depressed by heavy discounting and persistent price deflation.
- 2.8 Falling sales values have particularly affected the convenience goods market which has performed less well than the comparison goods market. Experian<sup>1</sup> data shows that expenditure per head on convenience retail goods declined every year between 2006 and 2014 (though this is forecast to moderate from 2015). Expenditure per head on comparison retail goods has been more resilient, only declining in 2009 and growing robustly since 2013.

## Key Trends in the Retail Market

- 2.9 The market context for town centres, and retail in particular, is evolving. The role of the town centre is not as clearly defined as it has historically been, and indications are that the town centres which have best weathered the recent economic downturn (discussed further below) are those which have a diverse range of uses. In this section we discuss the key changes in the retail market that are considered likely to have impacts on demand for retail property in the District's town centres. These include:
- the polarisation trend;
  - growth of multi-channel retailing; and
  - restructuring of the convenience goods sector.

### Polarisation Trend

- 2.10 The 'polarisation trend' refers to the preference for comparison (non-food) retailers to concentrate trading activities within larger schemes in larger retail centres. Retailers recognise that greater efficiency can be achieved by having a strategic network of large stores offering a full range of their products, rather than a network of smaller-format stores that are only able to offer a limited range of products.

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<sup>1</sup> Experian Retail Planner Briefing Note 13 (October 2015)

- 2.11 The economic downturn and the growth in online shopping have further reinforced the need for retailers to have fewer stores. The polarisation trend is also driven by consumers, who have become more discerning and are increasingly prepared to travel further afield to larger centres with a wider or better quality offer. Comparison goods expenditure has therefore becoming increasingly concentrated in a smaller number of larger centres.
- 2.12 The implications of this for town centres is that many retailers have sought to downsize their portfolio of stores and withdraw from smaller centres, for example by way of non-renewal of expiring leases. This trend has matured over the last decade and is reflected in higher vacancy rates in smaller centres, decreasing rental values and, in many cases, lower footfall.
- 2.13 The rise of discount retail operators, which was further encouraged by the economic downturn and constrained consumer spending, has mitigated some of the impacts of the polarisation trend with many of these operators, such as Wilko or B&M, taking space in smaller town centres that was formerly occupied by mid-market comparison retailers. Whilst this has served to moderate the vacancy rate it has significantly re-orientated the comparison goods offer of many centres, further concentrating it at the lower end of the market and away from the important clothing and footwear sub-sector.
- 2.14 The developments described above are evident in many small town centres, including those within the District. However, some smaller centres have been able to respond to the polarisation trend by diversifying their town centre offer, particularly through accommodating higher quality independent retailers and developing a strong food and drink offer. Markets and similar alternative forms of retail are also increasingly popular, with low entry costs to growing numbers of new types of market traders, and a consumer appetite for 'events' based shopping with a strong leisure angle. Those centres that can be seen to have benefited from these trends tend to serve more affluent catchments, are located in larger urban areas or already benefit from an inflow of expenditure as established tourist destinations.

## Growth in Multi-Channel Retailing

- 2.15 It has been widely documented that online shopping has increased at a rapid pace in recent years, particularly in the comparison goods sector. Online shopping is perceived to offer a number of significant advantages over 'traditional' town centre shopping, including: lower prices as there are lower operating overheads for online retailers; a wider variety of choice; and the ability for customers to easily search out bargains, including second hand goods.
- 2.16 Overall, internet sales have been rising much more rapidly than general retail sales in recent years and this is reflected in increasing market shares for special forms of trading (SFT). Experian's forecast market shares for SFT show steady rises from a current figure of 14.3 per cent in 2016 to 17.8 per cent in 2020 (with rates higher in the comparison goods sector than in the convenience goods sector). However, Experian considers that at the turn of the next decade, growth in online shopping is expected to 'moderate markedly', rising to 19.4 per cent by 2030.



- 2.17 While many retailers have sought to scale back on physical retail space, their online operations allow them to reach a much wider customer base. Nevertheless, this competition is not as straightforward as 'online shopping versus town centres' as new technologies are promoting integration between the two shopping channels. The forecast growth in online spending does not equate to a redundant future for 'bricks and mortar' stores. There is a role for physical outlets to act as 'showrooms' for online retailers and to maintain or improve the visibility of retail brands.
- 2.18 The growth in the 'click and collect' method of online shopping is a relatively new trend, but one which looks set to play an increasingly important role in future years. Like 'showrooming', it is also one where an online presence can be used to drive footfall and trade at physical outlets. The click and collect concept is such that a customer orders and pays for the desired product online, and then collects the product from the nearest branch of the retailer in question. This approach is being rolled out by an increasing number of retailers. Recent research by the British Retail Consortium indicates that 60 per cent of click and collect transactions result in an additional purchase in the store.
- 2.19 Recent trends indicate that major retailers are becoming more willing to embrace the challenge posed by online and mobile technology by putting into place technology such as click and collect, better mobile websites, free in-store Wi-Fi, or in-store technology points where a customer can order a product online which may not be available within the store. This may be particularly applicable for smaller town centres where many retailers' stores are quite small and may not be able to carry the full product range.
- 2.20 Experian now provides adjusted market share figures for SFT to account for the impacts of multi-channel retailing on demand for retail floorspace. This reflects the rise of click and collect (whereby customers order products online and collect them in store) and also the fact that many retailers service online orders by 'picking' items from within their existing retail stores rather than from warehouses (this is particularly the case for foodstore operators). Both these activities help to support demand for retail floorspace. The adjusted SFT rates suggest a market share of 9.2 per cent in 2016, rising to 11.4 per cent in 2020 and 12.4 per cent in 2030 (i.e. markedly lower than overall SFT rates set out above at paragraph 2.16). These 'adjustments' are greater in the convenience goods sector than the comparison goods sector, reflecting the higher proportion of convenience sales that are effected through stores.
- 2.21 It is therefore clear that there is still a significant role for 'bricks and mortar' stores, but the evidence suggests that traditional town centres will need to become increasingly multi-functional in order to remain vital and viable.

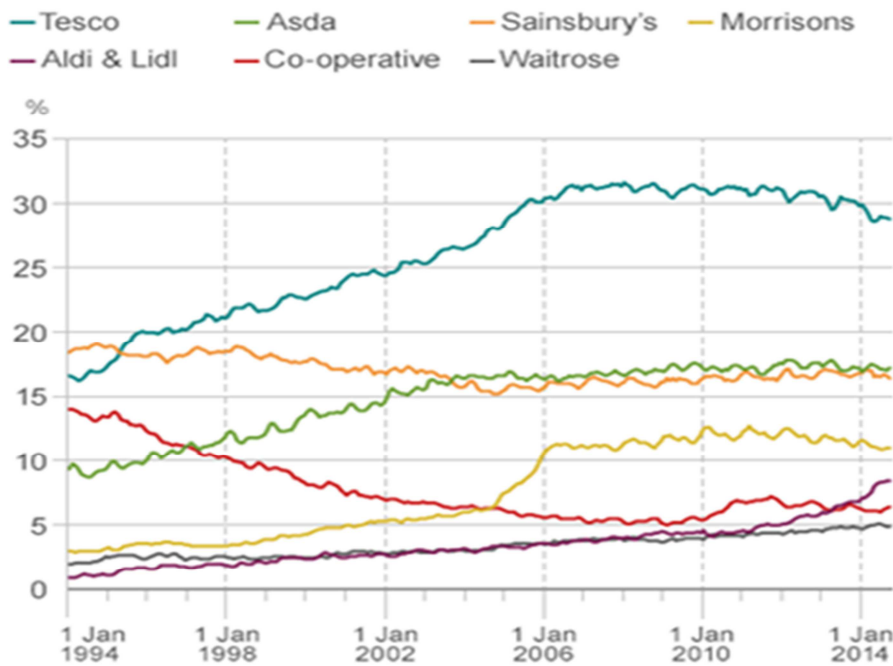
## Restructuring of the Convenience Goods Sector

- 2.22 Prior to and during the economic downturn the convenience goods sector became a key driver of growth in the retail sector, with the 'Big Four' supermarket operators (Asda, Morrisons, Tesco and Sainsbury's) that have traditionally dominated the market, building and operating increasingly larger stores and expanding the range of services that they provide (particularly in terms of comparison goods). Whilst many of

these larger stores were built outside of town centres, new large-format foodstores also often served to anchor redevelopment schemes within centres.

- 2.23 However, over recent years the market dominance of the 'Big Four' has been increasingly challenged, both by higher-quality operators (such as Waitrose and Marks & Spencer) and value, mid-size retailers (primarily Aldi and Lidl). In particular, the value retailers have posted significant year-on-year growth and have emerged as important forces in the convenience goods market (see Figure 2.1). These retailers are expected to continue to take market share from the Big Four supermarket operators in future years.

**Figure 2.1 UK Convenience Retailers Market Share 1994-2014**



Source: Kantar Worldpanel

- 2.24 Large foodstores (i.e. stores with a net retail area of at least 25,000 sq. ft/2,300 sq. m) have historically been the primary driver of growth in the convenience goods sector. However, there has been an increasing move by convenience goods operators in recent years away from opening larger-format stores towards smaller supermarkets and establishing a network of 'top up' convenience goods shopping facilities (sometimes referred to as 'c-stores'). These are often located in town centres, or district centres/neighbourhood shopping parades. Verdict considers that the proportion of convenience goods floorspace which will be accounted for by 'smaller stores' will have increased from 37.6 per in 2007 to 41.6 per cent by 2017.
- 2.25 Tesco Express, Sainsbury's Local, and Waitrose have significantly expanded their store numbers in recent years. Indeed, both Sainsbury's and Tesco now have more c-stores than large supermarkets. As a result of both increased competition and a move to smaller format stores, Tesco announced in early 2015 that it would be closing 43 unprofitable stores, the majority of which were larger stores, and that that the company would abandon the development of a further 49 'very large' foodstores. Morrisons, which has faced particularly strong competition from value retailers,

announced 28 store closures in 2015 and early 2016 (it also disposed of 140 c-stores to refocus on its core business).

- 2.26 By way of comparison, Aldi intends to open 80 new UK stores in 2016 and Lidl has plans to open almost 50. Store formats are also evolving with new Aldi stores now providing more floorspace and Lidl seeking to introduce new facilities such as in-store bakeries. In contrast, the likes of Tesco and Sainsbury's are seeking to incorporate concessions into their portfolio of very large foodstores. Tesco has a deal with the Arcadia group to introduce names such as Burton and Dorothy Perkins into some of their stores, whilst Sainsbury's takeover of Argos is intended to introduce Argos concessions into many of its larger stores.

**Figure 2.2 'C store' formats operated by Tesco and Sainsbury's**



## Relevant Research

- 2.27 Since the recent economic downturn a considerable number of independent studies have been published which consider the future role and function of town centres, including the use and management of retail property. The most notable reports and studies include the following:
- The Portas Review (2011)
  - The Grimsey Review (2013)
  - Redefining the Shape and Purpose of Town Centres - Beyond Retail (2013)
  - 21<sup>st</sup> Century High Streets - British Retail Consortium (2013)
  - Digital High Street 2020 Report - Digital High Street Advisory Board (2015)
- 2.28 The key messages from each of these studies are summarised below.

### The Portas Review

- 2.29 In May 2011, retail expert Mary Portas was appointed by the Government to lead an independent review into the future of the high street in response to the decline of town centres nationally, seen as a consequence of reduced spending on the high street. The report supported the call to strengthen planning policy in favour of 'town centre first' and included 27 separate recommendations to tackle the further decline of the high street.
- 2.30 The core recommendations included measures to strengthen the management of high streets, improvements to the business rates system, reducing car parking charges, placing greater onus on landlords to proactively manage their assets or face

the use of compulsory purchase powers by local authorities, and to increase community involvement in town centres.

- 2.31 The Government published its formal response to the Portas Review in 2012, which accepted virtually all of the recommendations and secured funding for 24 'Portas Pilot' towns to trial the recommendations. The Government established the Future High Street Forum to implement Portas' recommendations and provided funding to establish business improvement districts (BIDs) and a 'Future High Street X Fund' (renamed the High Street Renewal Fund) to reward bodies delivering innovative plans to rejuvenate their town centres.

## The Grimsey Review

- 2.32 Bill Grimsey, the former managing director of DIY chain Wickes and food retailer Iceland, published his report 'The Grimsey Review: An alternative future for the High Street' in 2013 as an 'alternative response' to the recommendations of the Portas Review. The report made a total of 31 wide-ranging recommendations, including encouraging more people to live in town centres, appointing a High Streets Minister, and freezing car parking charges for a year.

## Beyond Retail: Redefining the Shape & Purpose of Town Centres (2013)

- 2.33 Arising from the key recommendations in the Portas Review, the Government supported the establishment of an industry 'task force' to analyse retail property issues relating to town centres. The findings of the task force were presented in the 'Beyond Retail' report.
- 2.34 One of the report's key observations was that the trend towards market polarisation has resulted in three broad types of town centre offer: strong centres with a wide retail and leisure offer; convenience food and service-based centres with an element of fashion and comparison goods; and, localised convenience and everyday needs-focused centres.
- 2.35 The report made a number of recommendations, including:
- strong and dynamic leadership, led at the local authority level but with business and community involvement, to bring about long-term change in town centre functions;
  - undertaking bold, strategic land assembly, to assemble redevelopment opportunities of scale and worth;
  - providing greater flexibility in the planning system to enable redundant retail premises to be converted to 'more economically productive uses';
  - considering the mechanisms to address funding gaps to encourage local authorities to commit to long-term planning for town centres;
  - taking advantage of technology to assist in marketing, driving footfall, and assisting independents; and
  - reviewing the business rates system.

## 21st Century High Streets

2.36 In 2013, the British Retail Consortium published the second '21st Century High Streets' report as an update to the original report published in 2009. The 2013 report set out key policy recommendations to help secure 'flourishing 21st Century high streets' under six key topics:

- 'A unique sense of place' - local partnerships, local authorities and retailers were encouraged to create a brand for the town centre to engender consumer loyalty through differentiation and informative marketing.
- 'An attractive public realm' - local partnerships and local authorities were encouraged to actively manage the public realm creating attractive public spaces.
- 'Planning for success' - local authorities should develop a clear strategic vision focused on the role of the town centre and co-operate with neighbouring authorities to maintain viable and complementary retail destinations.
- 'Accessibility' - local authorities should manage accessibility holistically and responsively and should provide adequate parking to assist in driving footfall.
- 'Safety and security' - local police should work with retailers to better understand the impacts of retail crime to promote town centres as safe, secure and effectively managed trading locations.
- 'Supportive regulatory and fiscal regimes' - central government should reform the Business Rate Multiplier to reduce the cost of operating and investing in town centres.

## Digital High Street 2020 Report – Digital High Street Advisory Board

2.37 The Digital High Street Advisory Board was established following the work of the Future High Streets Forum to consider the revolutionary impact of digital technologies on the future success of high streets. The wide-ranging recommendations proposed in the report has two overall aims, namely:

- To increase footfall and expenditure in town centres - to improve store turnover and to increase vitality and viability of town centres.
- To reduce costs of operating and investing in town centres – to improve store turnover and to level the playing field between physical 'bricks and mortar' and online retail businesses.

## Potential Implications for Ashby and Coalville Town Centres

2.38 The trends in the retail sector and research papers summarised in this section have a number of potential implications for town centres within North West Leicestershire. We summarise these implications as follows:

- Both Ashby and Coalville are small town centres that have suffered from the polarisation trend and the withdrawal of mid-market operators over a prolonged period. As a result, their comparison goods offer is now smaller and more orientated toward the lower end of the market (particularly in the case of Coalville)

which limits their ability to compete with higher-order comparison-led centres. As such, the two town centres mainly serve day-to-day shopping needs (as confirmed by the 2012 retail study).

- The growth of online retailing is also likely to have had a negative impact on retailer representation and expenditure within the town centres. However, going forward there may be opportunities to benefit from multi-channel retailing to drive footfall within the two centres and sustain existing retailer representation. This may require attention to accessibility to serve click and collect facilities, and improvements to digital infrastructure (such as the work undertaken in Hinckley Town Centre<sup>2</sup>).
- It is evident that the town centres have been impacted to some extent by the expansion of the 'Big 4' convenience retail operators (with the extension of the existing Tesco at Ashby) and also by the rapid expansion of discount food retailers (that have representation outside the town centres in both settlements). In Coalville, we note that the recent retrenchment of the 'Big 4' has undermined two town centre redevelopment schemes, including the redevelopment and expansion of the Belvoir Shopping Centre.
- Though outside the scope of this assessment, we note that the commercial leisure sector in the UK is growing and that the NPPF encourages local planning authorities to have strategies that will provide an appropriate balance of retail and non-retail uses within their town centres. In light of the recent raft of permitted development changes (GPDO 2015) which introduce further flexibility within A Class Uses, having a robust and up-to-date evidence base on retail and leisure matters is particularly important in order to support locally-formulated policy solutions.

2.39 In terms of demand for retail property, it is unlikely that there will be any significant interest from mid-market national comparison retailers in either of the town centres within the short to medium term (i.e. within the next 10-15 years if current market trends persist). However, they may be better placed to accommodate demand from discount retailers in both the convenience and comparison sectors, especially if the centres can capitalise on the potential opportunities provided by the growth of multi-channel retailing. The findings of the 'Digital High Street' and 'Beyond Retail' reports may therefore be particularly relevant to the future development of the two town centres.

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<sup>2</sup> See more details at [https://www.atcm.org/townteamuploads/tt\\_case\\_study\\_-\\_hinckley](https://www.atcm.org/townteamuploads/tt_case_study_-_hinckley)



### 3 RETAIL OPERATOR DEMAND

3.1 In this section we set out our assessment of operator demand based on our analysis of published property data for Ashby and Coalville town centres, together with the findings of our consultations with local property agents. We also provide a summary of retail property that is currently available in the two town centres.

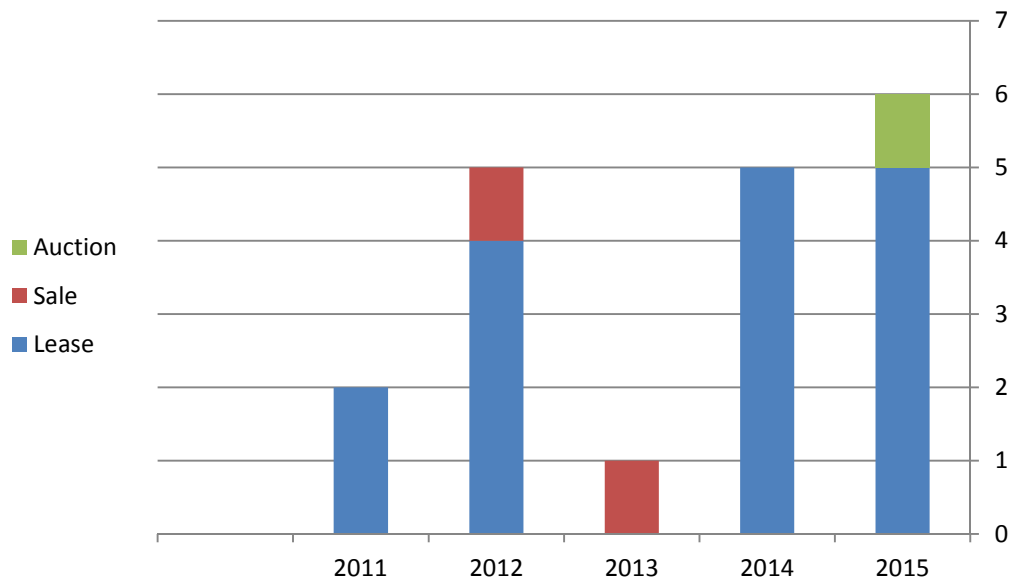
#### Retail Property Transactions

3.2 We have accessed published data on retail property transactions in Ashby and Coalville town centres from Estates Gazette. The data presented below analyses property transactions within the town centres over the past five years in terms of the number and type of transactions, as well as the commercial rents achieved. This provides a good indication of historic patterns of demand for retail property within the two town centres.

#### Property Transactions in Ashby Town Centre

3.3 Data for retail property transactions in Ashby Town Centre shows that there have been a total of 19 transactions in the period from 2011 to 2015. Figure 3.1 below shows the number of transactions that have taken place in the last five years and the proportion of lettings, sales, and sales by auction.

**Figure 3.1 Retail Property Transactions in Ashby Town Centre**

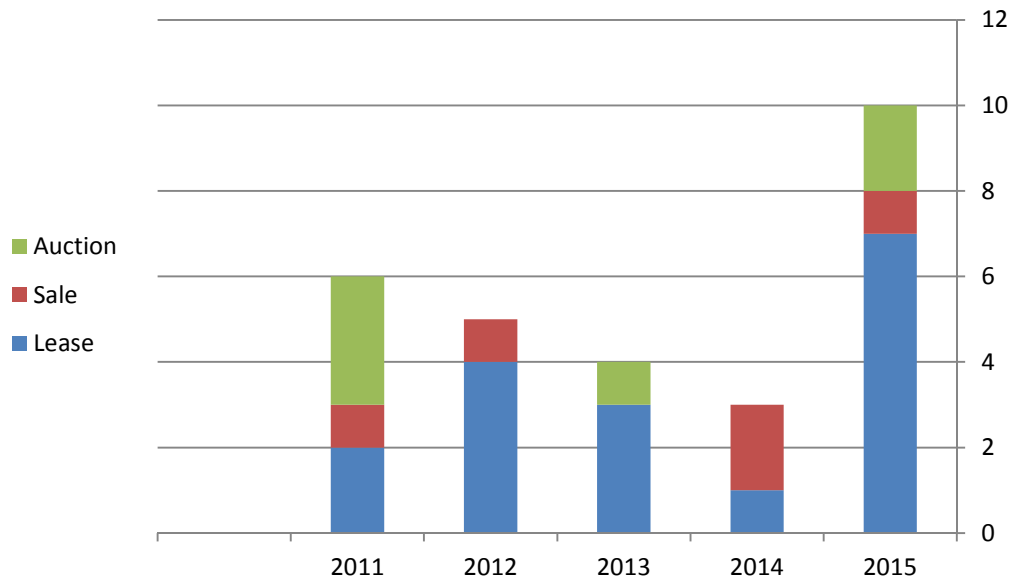


3.4 Reflecting the general layout of the town centre, just under 70 per cent of property transactions in the last five years (13 transactions in total) have related to retail premises on Market Street. A total of 16 of the transactions were lettings. The average rents achieved over the period from 2011 to 2016 for retail property within the town centre were £181 per sq. m or £17 per sq. ft (please note that these are overall rental values and differ from Zone A rents that relate to 'prime' retail floorspace and that are discussed further elsewhere in this section).

## Property Transactions in Coalville Town Centre

- 3.5 Over the past five year period there has been a total of 28 retail property transactions within the defined town centre in Coalville. These are shown in Figure 3.2 below, which also shows the number of lettings, sales, and sales by auction that occurred in each year.

**Figure 3.2 Retail Property Transactions in Coalville Town Centre**



- 3.6 In terms of the geographic pattern of transactions, approximately 40 per cent related to properties within the Belvoir Shopping Centre (11 transactions), 30 per cent to properties on Belvoir Road (9 transactions), and the remaining 30 per cent to other town centre locations (8 transactions).
- 3.7 Based on the 17 lettings that have taken place in the town centre since 2011, we calculate that the average rent achieved for retail property is £110 per sq. m or £10 per sq. ft. We note that there was considerable variation in the data and that a deal agreed in 2011 on a large amount of floorspace within the former Co-operative building significantly reduced these average figures. When this particular transaction is excluded, average rents over the period are £191 per sq. or £18 per sq. ft.
- 3.8 We note that the recorded transactions included the sale of the Belvoir Shopping Centre in May 2011, at a yield of 8 per cent, which would be in line with our expectations. This high yield indicates relatively weak investor confidence.
- 3.9 Retail property transactions within the two town centres over the past 5 years indicate that:
- There have been low levels of activity in both town centres, with an average of just under 4 transactions per annum in Ashby and between 5 and 6 transactions per annum in Coalville.
  - There are indications that activity has increased in both town centres over the past 12-18 months.



- Most transactions have comprised lettings, accounting for 84 per cent of transactions in Ashby and 61 per cent of transactions in Coalville.
- Rental values over the period have been broadly similar in Ashby and Coalville, despite Ashby being a smaller centre.

## Current Availability of Retail Property

- 3.10 There are a range of commercial properties currently on the market in both Ashby and Coalville town centres. We have collated data for available properties that have been, or are being marketed as available for, retail use within Use Class A1, to provide an overview of the existing stock.

### Ashby Town Centre

- 3.11 Table 3.1 below provides a summary of available retail property in Ashby Town Centre in terms of the number and size of available units.

**Table 3.1 Available Retail Property in Ashby Town Centre**

Size of Property (sq. ft gross)	Number of Properties
Less than 500 sq. ft	0
500 sq.ft to 1,000 sq. ft	3
1,000 sq.ft to 2,000 sq. ft	1
Over 2,000 sq. ft	0
<b>Total</b>	<b>4</b>

- 3.12 Table 3.1 shows that there are currently only four retail properties available within Ashby Town Centre, confirming the low vacancy rate found by the Council's Retail Study Update of 2013. Three of the four properties are located on Market Street. In total, there is 4,065 sq. ft (gross) of retail floorspace available within the town centre, equivalent to 377 sq. m. Average rents sought for this floorspace are equivalent to £14 per sq. ft (though we note that this is based on a very small number of available properties).

### Coalville Town Centre

- 3.13 The number and size of available retail units within Coalville Town Centre is summarised below in Table 3.2.

**Table 3.2 Available Retail Property in Coalville Town Centre**

Size of Property (sq. ft gross)	Number of Properties
Less than 500 sq. ft	3

500 sq. ft to 1,000 sq.ft	8
1,000 sq. ft to 2,000 sq.ft	8
Over 2,000 sq. ft	4
<b>Total</b>	<b>23</b>

- 3.14 In total there are 23 available retail properties within the town centre, 16 of which are located within the Belvoir Shopping Centre. The available property provides a total of 30,138 sq. ft (gross) of retail floorspace, equivalent to 2,798 sq. m. Average rents sought for this floorspace are equivalent to £23 per sq. ft (reflecting the fact that this floorspace is more modern and capable of being used more efficiently than that available within Ashby).
- 3.15 There is a range of different sized retail properties available in Coalville, although the clear majority provide between 500 and 2,000 sq. ft of floorspace. Individual units range in size from 327 sq. ft to 2,920 sq. ft, and there is some potential to amalgamate individual units within the shopping centre to create larger units.

## Current Operator Demand

- 3.16 So as to assess existing levels of retail property demand in the town centres we have undertaken consultations with commercial property agents that are currently active in Ashby and Coalville, or otherwise familiar with local property market conditions within the District. Agents were asked for their comments in respect of existing demand for retail units within the two town centres and the nature of that demand, recent changes in levels of demand, current operator requirements and typical rents and yields for retail property within Ashby and Coalville. The agents we have consulted with include:
- FHP Property Consultants, Nottingham (joint agents for the Belvoir Shopping Centre, Coalville);
  - Wright Silverwood, Birmingham (joint agents for the Belvoir Shopping Centre, Coalville);
  - Mather Jamie, Loughborough;
  - Salloway Property Consultants, Burton-on-Trent; and
  - Roger Etchells and Company, Ashby-de-la-Zouch.

## Existing Level of Demand

- 3.17 In Coalville, agents reported a fairly constant level of enquiries in respect of vacant retail property. Some suggested that this had increased in the last 2 years, as interest in smaller town centres 'caught up' with improved economic conditions and greater levels of activity in the market. There was some comment that uncertainty over proposed retail development at Hotel Street and Whitwick Road was potentially inhibiting retail operator demand in the rest of the town centre as prospective occupiers wait to see if this development will come forward.

- 3.18 In Ashby, demand for retail property was considered to be good, though this was considered in the context of a relatively small number of vacant units and consequently low levels of turnover within the retail property market. Levels of demand were considered to have weathered the recession well and one agent remarked that demand in Ashby was being supported by good levels of housing growth within the town.

## Nature of Demand

- 3.19 Agents active in Coalville Town Centre reported that the majority of interest in retail property was from retailers as opposed to non-retail uses such as food and beverage or service operators. Interest in available units within the Belvoir Shopping Centre tended to be from national multiple operators or 'regional' operators, with the former interested in the larger spaces available. We understand that the letting of the former Farm Foods unit to a national clothing retailer is expected to be concluded shortly. Local and regional operators with interest in space tended to be interested in short-term leases that would allow them to 'trial' a presence within the town centre. Outside of the shopping centre, interest in retail property is overwhelmingly from local operators.
- 3.20 In Ashby, interest from national retail operators was described as poor. This was considered to be due to the relatively small size of the centre and that most existing units didn't meet the requirements of national operators in terms of frontage and layout. However, interest from local operators was described as strong and driven mainly by new, independent retail operators (many described as providing a 'lifestyle' offer). It was confirmed that interest in available property was primarily from retailers rather than non-retail operators.

## Turnover of Vacant Units

- 3.21 Local agents indicated that the typical 'void' period of property within the two town centres varied depending on the location of the property and its condition. For Coalville, agents indicated that on average retail property would be vacant for around two years before it was re-let, although some premises in secondary locations might be vacant for up to five years. In Ashby, the lower overall vacancy rate indicates a shorter 'void' period and agents indicated that this might typically be only six months.

## Rental Performance

- 3.22 In Coalville Town Centre, agents for the Belvoir Shopping Centre indicated that Zone A rents within that scheme were approximately £35 per sq. ft, though they could be as high as £40 to £45 for the best located space. These rents were considered to have fallen slightly in recent years and this is consistent with the findings of the District Council's earlier retail studies, which reported that Zone A rents in Coalville Town Centre were approximately £50 per sq. ft in 2008.
- 3.23 Ashby Town Centre appears to be performing better than Coalville in terms of both rents and yields. Our discussions with local agents indicate that prime Zone A rents in the town centre are between £38 and 45 per sq. ft. Whilst rents had dipped during the recession they had now returned to their previous levels. There have only been a

limited number of transactions in recent years on which to base an assessment of yields in Ashby but, in the view of local agents, these would currently stand at around 6 per cent for property within the town centre.

## Operator Requirements

- 3.24 Given the size of both town centres, there are few published operator requirements for Ashby and Coalville. However, our consultations with local agents suggest that there is interest from Poundworld for representation in Coalville, as well as number of food and beverage operators, including Burger King, Pizza Hut and Subway. There has been some interest from lower end fashion retailers Roman Originals and Pep & Co. in property at the Belvoir Shopping Centre, although these retailers are not actively pursuing representation in the town centre at this time.
- 3.25 The only named retail operator which is known to have had an interest in Ashby Town Centre is Austin Reed, though that business has recently gone into administration. Whilst no other names were given for operator requirements in Ashby, a small number of retailers were reported to be potentially interested in taking space within the town centre. As per our comments above, these are local operators, though some regional operators familiar with Ashby were also considered to be potentially interested in representation within the town centre.

## 4 SUMMARY AND RECOMMENDATIONS

- 4.1 This report has examined operator demand for retail floorspace within the town centres of Ashby-de-la-Zouch and Coalville. It has involved a review of published data and also consultations with commercial property agents that are active in the local area to provide a picture of current conditions in the retail property market. We have also considered the wider context of changes in the retail market and their potential implications for the town centres at Ashby and Coalville.
- 4.2 As a starting point, it is clear that Ashby Town Centre is performing more strongly than Coalville Town Centre in terms of indicators of vitality and viability. Ashby has a vacancy rate that is well below the national average and benefits from an attractive town centre environment. Whilst Ashby is the smaller of the two centres, its stronger performance is reflected in a more healthy level of demand for retail property, shorter void periods and better yields. However, Coalville continues to be the main focus of interest for national and regional retail operators (as opposed to overwhelmingly local demand in Ashby).
- 4.3 Significant intervention is likely to be required in Coalville in order to considerably improve operator demand and retailer representation in the town centre. We note that previous schemes that would have delivered relatively large amounts of new retail floorspace within the town centre have been frustrated by the recent restructuring of the convenience retail market. However, the Hotel Street/Whitwick Road has already been re-planned and gained planning permission for a new retail scheme that is not reliant on a large anchor foodstore. Given the existing high vacancy rate within the Belvoir Shopping Centre, it is less clear that comparison-led redevelopment or extension of this site will be viable in the short term.
- 4.4 We are more optimistic about the prospects for Ashby Town Centre. Although there is very limited demand from multiple retail operators in this location (and the existing stock of retail property is poorly equipped to meet the modern requirements of such retailers), its existing strengths mean that it is better placed to accommodate higher quality independent retailers. Local agents report reasonably good levels of interest in town centre property from these types of retailers as and when units become available.
- 4.5 It is noted that the North West Leicestershire Retail Capacity Update of 2015 found no additional expenditure capacity to support the development of new convenience retail floorspace within the district over the development plan period to 2031. However, it did find capacity for between 3,000 and 15,300 sq. m of new comparison retail floorspace, depending on the implementation of existing retail commitments.
- 4.6 Our findings in respect of retail operator demand indicate that the delivery of this floorspace could be challenging. However, it will be important that the District Council acts to encourage new development in order to support the regeneration of Coalville Town Centre in particular, and to ensure that there is not further 'leakage' of

comparison retail expenditure from the District that would reinforce the less sustainable comparison shopping patterns of residents.

4.7 We therefore recommend that the District Council gives appropriate consideration to:

- Proactively supporting the implementation of existing retail commitments in Coalville Town Centre and encouraging other in-centre proposals (including any revised scheme that is to come forward for the redevelopment of the Belvoir Shopping Centre).
- Supporting other interventions that would serve to promote investment in Coalville Town Centre and reduce existing vacancy rates, including taking forward some of the recommendations of recent national studies such as addressing funding gaps, improving accessibility and creating a stronger sense of place.
- Encouraging the development of modern retail floorspace in Ashby Town Centre, where possible. Opportunities for such development will be limited and are likely to come forward in a piecemeal fashion but could attract good levels of operator demand.
- Otherwise supporting the independent retail offer of Ashby Town Centre to encourage a high-end and more specialised comparison retail offer (which in turn might attract more good quality non-retail operators to the town centre).