

Report by DTZ

for



Loughborough Retail & Leisure Study 2003

VOLUME 1

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SECTION 1: INTRODUCTION**STUDY OBJECTIVES**

- 1.1 DTZ was commissioned by the Borough of Charnwood Council in March 2003 to carry out a retail and leisure study for Loughborough Town Centre to feed into the preparation of the Town Centre strategy and to help inform the review of the Local Plan. The main objectives of the study are as follows:
- To advise on the capacity for retail and leisure development within Loughborough town centre between 2003 - 2008 and up to 2013.
 - To advise on a vision for the future role of Loughborough town centre in the longer term.
 - To advise on any measures that will be required to achieve the above vision.
 - To advise on the potential impact of new retail and leisure floorspace on existing units within the town centre.
 - To advise on current shopping and leisure habits across the Borough, as well as perceptions of Loughborough as a retail and leisure destination.
 - To advise the Council on understanding the value of their town centre assets.
- 1.2 This Volume 1 report sets out DTZ's main findings and recommendations. This is underpinned by the more detailed appendices contained in Volume 2.

STUDY CONTEXT

- 1.3 The university town of Loughborough dominates the Borough of Charnwood. It is the largest town in the Borough and the main location for a variety of uses and activities, including shopping, leisure and employment. The other centres in the Borough include Shepshed, Sileby and Syston, although they are all subordinate to Loughborough in terms of the scale and quality of their retail and leisure offer. Nevertheless, they perform a crucial convenience and service role for their local catchment populations.
- 1.4 Loughborough town centre benefits from strong road and rail transport links and it serves an affluent, mobile and largely rural catchment. The town benefits from a growing resident and student population and it has also secured new investment and development over recent years. However, its catchment and market share is being eroded by the growth of higher order city and town centres outside Charnwood Borough - namely Nottingham, Leicester and to a lesser extent Derby – as well as other out-of-centre shopping and leisure facilities, particularly Fosse Park.

STUDY APPROACH

- 1.5 In order to address the key objectives of the study in a robust and comprehensive manner, we have carried out the following key strands of research: -
- **Changing Town Centres (Section 2)** – Describes the key planning and property market trends that have driven the changes in Britain’s urban, retail and leisure landscape over the last two decades. Amongst other issues, it highlights DTZ’s view on the rise of ‘e-commerce’ and the potential implications for the future of retailing and the high street.
 - **Town Centre Healthcheck (Section 3)** – Analyses the strengths and weaknesses of Loughborough town centre benchmarked against neighbouring and comparable UK centres. It also identifies the potential opportunities for growth and the likely threats to its long term vitality and viability.
 - **Household Survey (Section 4)** – Examines shopping and leisure patterns across the Borough and beyond, as well as people’s perceptions of the Loughborough town centre as places to live, shop, work and visit.
 - **Market Demand for Retail (Section 5) and Leisure (Section 7)** – Reviews the demand for new retail and commercial leisure space in Loughborough from key businesses in the context of national and regional trends.
 - **Retail Capacity Assessment (Section 6)** – Assesses the potential capacity for new convenience, comparison and “bulky goods” retailing across the Borough and specifically in Loughborough town centre between 2003-2013 (and 2016) using DTZ’s *Re:Map* Model.
 - **Town Centre Futures (Section 8)** – Draws together the research findings to set out robust and market-facing strategic options for the future development and growth of the town centre as part of the wider strategy and Local Plan Review.
- 1.6 The appendices set out in Volume 2 comprise the more detailed supporting evidence underpinning DTZ’s findings and recommendations. This includes the full household survey tabulations, Goad Summary reports and the *Re:Map* retail capacity tables.

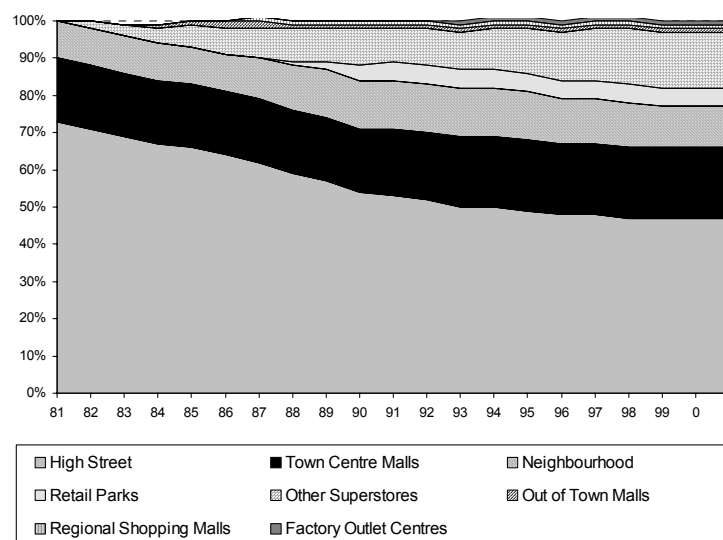
SECTION 2: CHANGING TOWN CENTRES

- 2.1 This section describes the dynamic changes in the urban, retail and leisure landscape over the last two decades and how this is impacting on the vitality and viability of the UK's town and city centres. This review summarises the more detailed commentary set out in Appendix 5.

The Rise of Out-of-Centre Shopping & Leisure Destinations

- 2.2 Britain's urban, retail and leisure landscape has changed dramatically over the last twenty years. At the beginning of the 1980s town centres were the focus for most retail and leisure activity and the dominance of the high street went largely unchallenged. However, by the dawn of the new millennium there has been a profound shift in the geography of new retail and leisure development, such that town centres are now no longer the first choice for a range of shopping, leisure, entertainment and employment activities.
- 2.3 This shift in investment and spend away from town centres to out-of-centre locations has been driven by a combination of dynamic economic, social, demographic and property market trends. Investors and occupiers responded to (and fuelled) these changes through the 'four waves' of retail decentralisation, beginning with food superstores and retail warehouses in the 1980s, followed by freestanding regional shopping centres and factory outlets during the 1990s. DTZ research shows that the High Street's market share of total UK retail floorspace fell from 73% to 47% between 1981 and 2001 (see Figure 2.1). Currently it is estimated that out-of-centre shopping facilities account for approximately one-third of all UK retail spend.

Figure 2.1 Total UK Retail Space – Market Share (%)



- 2.4 Over the last decade the commercial leisure industry has also been one of the fastest growing sectors of the UK property market (see Appendices 5 and 14 for a more detailed commentary on the key trends and changes in market demand). This growth has been underpinned by the dramatic growth in leisure spend and fuelled by a select number of leisure activities, particularly

multiplex cinemas and the health and fitness industry. As with the 'four waves' of retailing, most of this new commercial leisure development has been in predominantly out-of-centre locations. New formats and attractions have also emerged that combine a mix of leisure, A3 and retail uses and draw visitors from a much wider catchment area. Examples include Star City in Birmingham, Festival Leisure Park in Basildon and Xscape in Milton Keynes.

- 2.5 The rise of these new retail and leisure destinations over the last two decades has largely been paralleled by the decline of many of Britain's town and city centres. The poor investment, management and marketing of the traditional high street, has further "pushed" consumers, investors, businesses and occupiers to out-of-centre locations.

The new Millennium ... the urban renaissance!

- 2.6 Against this background of town centre decline and out-of-centre expansion, there was a significant shift in Government thinking and policy in the 1990s. The planning system has been strengthened, particularly through the publication of a series of Planning Policy Guidance Notes – PPG1 ('General Policy & Principles', 1997), PPG6 ('Town Centres & Retail Development', 1996) and PPG13 ('Transport', 2002). The 2000 Urban White Paper entitled '*Our Towns and Cities: The Future – Delivering an Urban Renaissance*' also sets out the Government's plans for urban renewal over the next decade and provides another explicit statement of their intent to reverse town centre decline. Towns and cities are now central to delivering the Government's main policy objectives of sustainable development and high quality urban design, particularly through the mixing of land uses.
- 2.7 At the heart of the guidance in both PPG6 and PPG13 are the 'need' and 'sequential' approaches, which have significantly curbed the growth of new out-of-centre retail and leisure developments over recent years. In brief PPG6 states that adopting a sequential approach means that the first preference should be for town centre sites, "*...followed by edge-of-centre sites, district and local centres and only then out-of-centre sites in locations that are accessible by a choice of means of transport*" (para 1.11). Both PPG6 and PPG13 place the onus on developers to demonstrate that all potential town centre options have been assessed if edge-of-centre or out-of-centre locations are being proposed for new development. In his February 1999 speech Mr. Richard Caborn confirmed that a sequential approach to identify suitable sites should only be carried out if 'need' has been established. He added that: "*...if there is no need for further developments, there will be no requirement to identify additional sites*". Appendix 5 provides a more detailed commentary on the interpretation of these key 'tests'
- 2.8 Although there is new optimism, new visions and new designs for town centre, research shows that there is increasing polarisation in investment and market shares between the top shopping locations and the smaller towns and centres. For example, the top 100 shopping locations in the UK account for approximately half of the total floorspace in the pipeline and they are also

the main focus for market demand. This is illustrated in the East Midlands by the significant new investment and development planned and proposed for the major city centres of Nottingham, Leicester and Derby. Although Loughborough is to benefit from the new Rushes development, it still faces a strong challenge to its role and market share.

The growth of E-Commerce

2.9 Over the last five years the growth of the Internet has had a significant impact on the way people live, work and shop. Not surprisingly there are many different views and forecasts as to the potential impact of the Internet and 'e-commerce' on the High Street and also, ultimately, on how we shop as a nation. The following provides DTZ's view, based on a synthesis of our own and other research, as to the potential impact of 'e-commerce' on the retail and leisure landscape (see Appendix 5). The research indicates that: -

- The UK has the largest number of active adult Internet users in Europe.
- This usage is forecast to increase to 60% by 2005.
- Some 14.4 million people shopped online in Britain during 2002, spending £8bn (equivalent to a 4% market share of total UK retail spend).
- Although forecasts differ, online sales in the UK are predicted to reach between 10% - 12.5% of total consumer spend by the end of the decade.

2.10 The potential impact on the retail and leisure sectors, and more specifically on the vitality and viability of Britain's High Street, is difficult to predict. Nevertheless, the research would seem to indicate that over the short to medium term the future of the high street is not under significant pressure. The reasoning is that the Internet cannot fulfil the leisure and social needs of retailing and therefore its impact is unlikely to threaten the future of town centres. Nevertheless, in a rapidly changing marketplace, it is important to plan for potential change, as the impact over the long term could be significant. Thus the better managed and marketed the centre is, the less vulnerable it will be to the growth of the Internet. The best way to ensure against any impact is to offer a range of complementary, non-retail attractions. Smaller and medium-sized centres, such as Loughborough, that offer a high level of convenient shopping facilities, niche goods, leisure and tourist attractions are likely to be more resilient to these technological changes. Inevitably, there will be increasing polarisation of prime and secondary property within centres and between towns. Therefore centres need to diversify their role in order to be resilient to changing future circumstances.

2.11 In conclusion, it is hard to accurately assess the extent to which 'e-commerce' will impact on the high street, as no clear trends have emerged. Nevertheless, it has already impacted on the business strategies of key retailers and sectors, and in certain cases this has manifested itself on the high street by speeding up the trend towards the closure of banks, travel agencies and post offices. Planning and managing change on the high street due to the impact of the internet and new technological advances represents a major challenge to all town centres in the future. The role of town centre management will become ever important, as it will be necessary to build even closer partnerships between key stakeholders to meet the challenges ahead and to

identify opportunities for using the new technology to promote and market town centres in more innovative ways.

Summary

- 2.12 The retail and leisure markets have been the subject of some profound changes over recent years. The mix of social and economic conditions which prevailed in the 1980s has triggered the arrival of a much more mobile and discerning consumer seeking not just value for money, but also increased choice in terms of goods, shopping and leisure environments and experiences.
- 2.13 These conditions continue to impinge on the nature and location of today's retail and leisure provision. Consumer loyalty has become a vital ingredient in the success of town centres, retailers and leisure operators. Increasingly, shopping locations have to be able to fulfil the role of a destination location. This means providing a wide range of shopping and leisure facilities able to attract and retain the interest of the entire family. In return such schemes benefit not only from much wider catchment areas, but also increased footfall, spend and substantially longer shopping trips.
- 2.14 It is evident, however, that whilst town centre development has increased over the last twenty years, the successive waves of out-of-centre investment have squeezed the market share of the traditional high street. There is also growing evidence of polarisation between centres in regions, with the larger more dominant centres benefiting from increase investment and development, as well as between prime and secondary/tertiary locations on the High Street. As a result, the larger cities and towns have continued to outperform the smaller and medium-sized centres in terms of average rental growth. The emergence of 'e-commerce' over recent years also represents a major challenge to the future vitality and viability of the high street, which will increasingly need to adapt and diversify its role to differentiate itself from the physical and virtual competition.
- 2.15 It will be demonstrated in the next section that Loughborough, a medium-sized centre in the East Midlands is facing increased competition from larger neighbouring centres, such as Leicester and Nottingham. This competition for market share is also increasing due to the major new investment planned for these regional centres and others, including the planned extension of the Eagle Centre in Derby and the Broadmarsh Centre in Nottingham

SECTION 3: LOUGHBOROUGH TOWN CENTRE: 'HEALTH CHECK'

- 3.1 This section examines the strengths and weaknesses of Loughborough town centre, benchmarked against the neighbouring centres in the region. It will also help to identify any potential threats to Loughborough's continued vitality and viability and highlight the opportunities for growth. The analysis is based, where possible, on the key performance indicators (KPIs) set out in Figure 1 of PPG6.

CHARNWOOD BOROUGH: CENTRE & POPULATION PROFILE

- 3.2 Loughborough is the largest town and principal employment centre in the Borough. It serves a relatively affluent, highly mobile and largely rural catchment. The town also benefits from its proximity to the University, which leads to a significant inflow of students and increased spend during term time. Its environment and retail offer has also been improved by new investment over recent years, and is set to benefit in Autumn 2003 following the opening of the Rushes to the north of the town centre. The market is also a major attraction and draws a significant number of visitors to the town.
- 3.3 Within Charnwood Borough there are also several smaller centres – namely, Syston, Sileby, Quorn and Shepshed – which are subordinate to Loughborough in terms of the scale and quality of their retail offer. They are largely service and convenience-based centres catering for the needs of their local resident populations. It is therefore important that their roles are maintained and enhanced.
- 3.4 The following highlights some of the key characteristics of the Borough's population based on DTZ's in-house demographic and socio-economic Geographic Information Systems (GIS), as well as information provided by the Council:
- Charnwood Borough's population has risen from 141,000 in 1991, to over 153,000 in 2001.
 - The University significantly boosts the Borough's population and economic performance. According to the Council's figures there were some 11,900 students within the Borough in 2001 (over and above the resident population), of which the vast majority (10,100 students) lived in the Loughborough urban area.
 - The age profile broadly matches the national average. There are slightly higher proportions of 15-24 year olds and 35-54 year olds, which reflects the impact of the University, and an under-representation within the 65+ age group.
 - The Borough's population is relatively affluent. Over 77% of households are classified as ABC's, compared to only 70% nationally. Car ownership is also above average, with over 76% of households having access to a car compared to 66% nationally.

- 3.5 However, Loughborough town centre's catchment and market share has been impacted over recent years by the sustained growth of higher order retail centres outside the District - particularly Nottingham and Leicester. For example, the findings of the household survey confirm that Loughborough's catchment is largely concentrated within the core urban area and it has a more limited trade draw outside of this area, due to the attraction of Leicester to the south and Nottingham to the north (see Section 4).

SCALE OF SHOPPING PROVISION

- 3.6 DTZ has compared the relative scale and quality of Loughborough's retail and leisure offer with a number of 'neighbouring' centres in the region. The results of the DTZ household survey confirm that Leicester and Nottingham are the main shopping and leisure attractions in the region for residents living in Charnwood Borough, particularly outside of Loughborough's urban area.
- 3.7 DTZ has also selected a number of 'benchmark' centres that have a similar profile to Loughborough. These centres have been selected on the basis of their national rankings and scale of provision, or because they represent 'aspirational' centres that have significantly improved their rankings over recent years. The 'benchmark' centres are:
- Chesterfield.
 - Coventry.
 - Guildford.
 - Lancaster.
 - Reading.
 - Wolverhampton.
- 3.8 Each of these centres are above Loughborough in the retail rankings and many have experienced an increase in their status and attraction due to major new retail investment and development (e.g. Reading). The centres also have significant student populations, making them comparable to Loughborough. For example Wolverhampton is an example of a city centre whose renaissance has been largely fuelled by the growth of its leisure offer and evening economy, to meet the growing needs of its youth and student population. Of all the centres both Chesterfield and Lancaster probably provide the most realistic benchmark centres for Loughborough to aim for in terms of the scale of their retail and leisure offer.
- 3.9 Table 3.1 compares and contrasts the size of Loughborough's retail offer against the neighbouring and benchmark centres⁽¹⁾. We also take account of the significant positive impact that the new Rushes development will have on the quantum and quality of Loughborough town centre's floorspace. This new scheme, to the north of the town centre, is being developed by Metrobrook and is scheduled to open in Autumn 2003. It will comprise over 19,000 sq.m gross

⁽¹⁾ Size and provision within the centres is based on town centre audits conducted by Experian. These audits provide a consistent source by which to benchmark the relative size and status of centres, although there are number of caveats regarding the methodology. For example, although Experian measure the upper floorspace in shopping centres, they do not always measure above the ground floor area of department and variety stores and other uses on the high street.

of retail and leisure floorspace and recent pre-lets include Big W, LA Fitness, TK Maxx, JJB Sports and JD Wetherspoon.

Table 3.1						
Retail Floorspace & Outlets in Neighbouring Centres ⁽¹⁾						
		Total Gross Space (m ²)	Total Outlets	Gross space per outlet (m ²)	Total Multiples ⁴	Multiple space as % of total gross space
	Loughborough	71,895	395	182	143	55%
	Loughborough 'Post-Rushes'	91,814	412	222	160	62%
Neighbouring Centres	Coalville	45,278	185	247	71	38%
	Leicester	198,156	900	220	354	62%
	Hinckley	48,467	274	176	88	59%
	Mansfield	80,138	385	208	162	65%
	Melton Mowbray	40,548	253	160	80	50%
	Nottingham	247,314	1,163	212	500	61%
	Nuneaton	81,150	332	244	144	73%
Benchmark Centres	Chesterfield	60,786	371	163	169	68%
	Coventry	119,516	526	227	267	70%
	Guildford	96,291	525	183.4	304	68%
	Lancaster	78,341	445	176.0	165	58%
	Reading	172,224	626	275.1	339	76%
	Wolverhampton	141,513	690	205.1	265	61%
Source: Experian Goad Centres Database (Summary Report definition)						
Notes: ⁽¹⁾ Includes convenience, comparison, service and vacant ground floor space in town centres and all shopping centre space;						

3.10 The main findings identified by the table are as follows:

- Loughborough is significantly smaller than both Nottingham and Leicester in terms of total floorspace and multiple provision.
- The Rushes development will raise it above both Mansfield and Nuneaton in terms of its total retail and leisure space.
- Loughborough has the lowest multiple representation as a proportion of total space than all the neighbouring and benchmark centres, apart from the smaller centres of Coalville and Melton Mowbray. However, its provision will increase following the opening of the Rushes.
- The average gross space per outlet in Loughborough is lower than for Nottingham, Leicester, Reading, Wolverhampton, Coalville, and Coventry. This indicates that Loughborough currently has an under-provision of the larger, more modern units, generally demanded by retailers (this profile will also change following the development of the Rushes).

CHANGING STATUS

- 3.11 The ranking of town and shopping locations is commonly used to assess their relative status at the national and regional level. The Experian *Retail Centre Ranking* is widely used and quoted. It is based on a variety of key indicators (including multiple presence, scale of retail floorspace and vacancy levels) to generate a “vitality score” (the methodology behind the rankings is described in more detail in Appendix 3).
- 3.12 Table 3.2 illustrates the changing status of Loughborough town centre between 1998 and 2002 compared with some of the neighbouring centres across the region and the benchmark centres. The table confirms the dominance of Nottingham (ranked 4th in 2002) and Leicester (16th) as national and regional shopping locations. It also illustrates the more limited role and attraction of Coalville and Melton Mowbray, which both fall outside the top 300⁽²⁾.

Table 3.2 Changing Status of Centres							
	Centre	Verdict 'Top 100' Ranking	UK Experian Ranking				
			1998	2000	2001	2002	Change 1998-2002
Neighbouring Centres	Loughborough	N/A	160	195	163	161	-1
	Coalville	N/A	428	338	353	N/A	N/a
	Leicester	17	20	8	10	16	+4
	Melton Mowbray	N/A	255	280	302	N/A	N/a
	Nottingham	5	4	3	3	4	0
Benchmark Centres	Chesterfield	N/A	174	170	138	107	+67
	Coventry	36	37	46	56	53	-16
	Guildford	23	17	16	20	16	+1
	Lancaster	N/A	176	123	114	126	+50
	Reading	11	25	13	21	9	+16
	Wolverhampton	55	37	70	48	37	+14
Source: Goad Experian Rankings and Verdict Research, full copies of the Experian rankings can be found in the Appendix.							

- **The Risers.** Six centres have improved their position since 1998 - Chesterfield (+67), Lancaster (+50), Reading (+16), Wolverhampton (+14), Leicester (+4) and Guildford (+1). In all cases these rises are a result of new investment and development. For example, Reading's rise is largely explained by the Oracle shopping centre, which comprises two department stores and a cinema. Chesterfield has also risen significantly following the opening of the 17,650 sq.m Vicar Lane Shopping centre in 2000 which comprises several large multiple stores.

² Please note that the coverage of the Experian ranking has changed significantly since 1998. In 2002 only the top 250 centres were monitored, which explains why the recent positions for Melton Mowbray and Coalville are not available. The most recent 2003 rankings only covered the top 50 centres. It therefore has limited use in tracking the changing status and attraction of those centres outside of the top 50, including Loughborough.

- **The Fallers.** Only two centres have fallen in the rankings over the four-year period, namely Coventry (-16) and Loughborough (-1). Coventry's fall reflects the lack of major new development in the city centre over the last few years and the impact of the Touchwood Court shopping centre in Solihull. However, Loughborough's slight fall masks the fact that it has managed to claw back its 1998 position following its fall in the rankings to 195th in 2000. This significant rise of 34 places up to 2002 is mainly explained by the development of Regent Place.

- 3.13 Verdict's *Top 100 UK Shopping Centres* also provides another useful indicator of the relative status and attraction of centres (see Table 2.2). This ranking uses similar performance indicators to Experian, but also takes account of other key factors, such as catchment size, parking provision, affluence levels and the level of out-of-centre competition. Verdict's research shows that Loughborough is not ranked as a top 100 centre, whereas Nottingham (5th), Reading (11th), Leicester (17th), Guildford (23rd), Coventry (36th) and Wolverhampton (55th) are all top performing centres.
- 3.14 In summary, Loughborough is a top 200 centre and its status has been relatively stable over recent years. Furthermore, the opening of the Rushes will significantly increase the town's retail space and multiple representation, leading to a rise in its overall ranking. Nevertheless, the lessons from other centres (such as Coventry) show that town and city centres need to keep improving the quantity and quality of their retail and leisure offer if they are to maintain and enhance their overall attraction and status. This is particularly the case for Loughborough, as it will face increased competition for market share from other neighbouring centres in the region, particularly Nottingham and Leicester.

MANAGED SHOPPING CENTRES

- 3.15 The provision of managed shopping malls provides another good indication of the relative strength and quality of a centre's retail offer. Research shows that managed shopping centres account for only a small proportion (10%) of Loughborough's total good floorspace, particularly when compared with its main competitors Nottingham (55%) and Leicester (39%). Each of the benchmark centres also have at least two large managed shopping centres and these typically account for over 50% of the total retail space.
- 3.16 Carillon Court is currently the main shopping mall anchoring Loughborough's retail offer. It is a single level centre, which opened in 1973, and comprises some 6,506 sq. m gross of retail space. The main anchor tenants are Littlewoods (1,210 sq. m) and Boots (1,500 sq.m.), and other tenants include Next, Dixons, WH Smith, Game and Evans. However, this 1970's development lacks the larger units that modern retailers generally demand. It could, therefore, be vulnerable to the potential relocation of businesses to larger units in new town centre, edge-of-centre and out-of-centre locations. The opening of the Rushes will significantly increase the town centre's managed shopping space.

MIX OF RETAIL & SERVICE BUSINESSES

- 3.17 Detailed analysis of the mix of uses in a centre can also help to identify any potential weaknesses and/or gaps in its retail and service offer, particularly when benchmarked against similar centres and the national average.
- 3.18 The following provides a summary analysis of the diversity of uses in the main study centres based on the mix of floorspace (Table 3.3) and outlets (Table 3.4). Table A1 (Appendix 4) provides a more detailed analysis of gaps in provision by retail category compared with the national average for over 1,100 UK centres covered by Experian Goad.
- **Convenience offer** – Loughborough has an under representation of convenience goods outlets (7.5%) and floorspace (12.3%) compared with the national average. The main multiple food stores in Loughborough town centre are the J.Sainsbury edge-of-centre store and Somerfield. There is also an under representation of greengrocers, fishmongers, off-licenses, CTNs and convenience stores in Loughborough.
 - **Comparison offer** – Loughborough is ranked third out of the eleven centres in terms of its provision of comparison good outlets (54.4%), but ninth in terms of floorspace (59.8%). This is explained by the high number of small outlets in Loughborough, although this deficiency will be partly addressed by the Rushes development. Loughborough has a relative under-provision of jewellers, charity shops and DIY/hardware stores.
 - **Department and variety stores** - There is an under-representation of department and variety stores in Loughborough. The independent Loughborough Department Store has recently closed and Littlewoods is one of the only major variety stores in the town centre. The quantity and quality of Loughborough's department and variety floorspace is significantly below that of other competing centres within the region (see Table A2, Appendix 3). For example, both Leicester and Nottingham have a wide choice of anchor stores, including Debenhams, Allders, John Lewis, House of Fraser, Fenwick's and Marks and Spencer. Most of the centres identified also have at least one variety or department store (including Marks and Spencer) to anchor their shopping offer.
 - **Service businesses and A3 uses** – Loughborough compares favourably with the other centres in terms of its representation of service business outlets and space overall. However, it does have an over-provision of Building Societies. There is an under-representation of A3 uses within the town centre, when compared to other centres. These figures are based on the perceptions of floorspace attributed to each business type, in particular there are very few multiple bars and/or restaurants, with the exception of the fast food chains such as McDonalds and KFC. However, the Rushes will introduce a number of major national bars and restaurants operators to the town centre. The introduction of these is likely to counteract the under provision of A3 use within the centre.

Table 3.3
Retail Mix By Outlets at 2001 (%)

		Neighbouring Centres				Benchmark Centres						
Retail Category	Loughborough	Coalville	Leicester	Melton Mowbray	Nottingham	Chesterfield	Coventry	Guildford	Lancaster	Reading	Wolverhampton	UK
Convenience	7.6	9.7	7.0	9.9	6.2	9.3	9.1	5.1	4.9	4.95	8.41	9.2
Comparison	54.4	49.7	49.9	50.6	52.9	48.5	45.4	63.2	55.7	52.88	47.97	49.1
Service Businesses	28.1	30.3	25.9	29.6	26.4	29.1	27.6	23.8	28.8	26.68	24.64	29.1
Miscellaneous	1.5	2.2	3.0	0.8	2.0	1.6	4.4	2.3	1.1	2.24	2.17	1.5
Vacant &/or Under Construction	8.3	8.1	14.2	9.1	14.8	11.5	13.5	5.5	9.4	13.26	16.81	11.0
Grand Total (%)	100	100	100	100	100	100	100	100	100	100	100	100
Total Outlets	395	185	900	253	1163	375	526	525	445	626	690	N/A

Source: Experian Goad Summary Reports and Goad Explorer

Note: Figures may not sum due to rounding.

Table 3.4
Retail Mix By Floorspace at 2001 (%)

		Neighbouring Centres				Benchmark Centres						
Retail Category	Loughborough	Coalville	Leicester	Melton Mowbray	Nottingham	Chesterfield	Coventry	Guildford	Lancaster	Reading	Wolverhampton	UK
Convenience	12.3	10.2	4.5	18.0	3.6	11.2	8.9	3.6	9.9	3.9	9.9	14.4
Comparison	59.3	64.0	64.9	51.5	63.4	61.2	54.8	67.9	62.8	70.6	60.3	54.7
Service Businesses	19.1	15.4	18.6	20.9	18.6	20.1	20.0	21.6	20.7	17.1	18.3	20.3
Miscellaneous	1.6	1.5	2.4	0.4	1.3	1.1	3.2	1.2	1.6	1.3	1.5	1.5
Vacant &/or Under Construction	7.5	9.0	9.6	9.2	13.1	6.4	13.2	5.8	5.0	8.5	9.9	8.5
Grand Total (%)	100	100	100	100	100	100	100	100	100	100	100	100

Source: Experian Goad Summary Reports and Goad Explorer

Note: Figures may not sum due to rounding.

RETAILER REQUIREMENTS

- 3.19 The level of demand from retail and services businesses for representation in a centre provides another broad indication of its relative vitality and viability. The *Retail Focus Reports*, produced by Property Intelligence Plc, monitor the changes in business demand across over 1,000 UK centres. This dataset is widely used to benchmark the changing health and status of retail locations.
- 3.20 Table 3.5 shows the changes in the number of retailer requirements for Loughborough and the other neighbouring and benchmark centres since 1999. Loughborough is currently ranked 144th, with 43 requirements and has improved its ranking from 170th in 1999, although it has fallen back from 129th in 2002. Appendix 3 also provides a full list of the key operators with requirements for Loughborough according to the 'Retail Focus' report.

Table 3.5 Level Of Retailer Requirements											
		Neighbouring Centres				Benchmark Centres					
Date	Loughborough	Coalville	Leicester	Melton Mowbray	Nottingham	Chesterfield	Coventry	Guildford	Lancaster	Reading	Wolverhampton
Apr99	36 (170)	5 (554)	115 (20)	12 (340)	153 (9)	55 (104)	97 (38)	153 (9)	44 (140)	142 (12)	69 (66)
Apr 00	34 (166)	9 (416)	103 (25)	15 (303)	159 (6)	44 (125)	86 (41)	131 (13)	41 (142)	129 (14)	63 (74)
Apr 01	37 (159)	7 (508)	103 (29)	16 (313)	153 (8)	42 (138)	69 (63)	163 (6)	51 (112)	125 (15)	53 (103)
Apr 02	51 (129)	6 (586)	122 (28)	15 (349)	180 (6)	60 (100)	88 (50)	188 (4)	54 (118)	172 (10)	69 (81)
Apr 03	43 (144)	8 (551)	117 (29)	19 (310)	165 (7)	58 (105)	84 (53)	177 (4)	52 (120)	160 (10)	70 (71)

- 3.21 Loughborough is ranked below Leicester, Nottingham and the other benchmark centres in terms of total requirements. Chesterfield and Lancaster are more comparable to Loughborough in terms of size and character, but they are still ranked 105th and 120th respectively. However it should be noted that the *Retail Focus* dataset can only provide a snapshot of demand at any point in time. It is not comprehensive, as it does not take account of the potential increase in business interest that arises from the intensive marketing of new and emerging development opportunities in centres.

SIZE OF SHOP UNITS

- 3.22 This health check has already indicated that, in common with many other medium-sized towns, a high proportion of the shop units in Loughborough are relatively small and do not, therefore, meet the modern day requirements of multiple retailers. This is confirmed by Table 3.6 which

shows that Loughborough, along with other smaller centres, all have a higher proportion of units under 232 sq. m (2,500 sq. ft).

- 3.23 In contrast, Leicester, Reading and Coventry all have a higher representation of medium-sized and larger outlets. These centres have all recently benefited from new investment and shopping centre development, which has provided larger units in more attractive town centre environments. DTZ estimate that the Rushes development will also have a positive impact on the town centre in terms of increasing the number of medium-sized and large shop units.

Table 3.6					
Size of Outlets					
		Less than 232m² (2,500 sq.ft.)	Between 233-929 m² (2,500-9,999 sq.ft.)	More than 930 m² (10,000 sq.ft.)	Total (%)
	Loughborough	82.5	14.2	3.3	100
	Loughborough 'Post-Rushes'	80.2	15.6	4.2	100
Neighbouring Centres	Coalville	75.7	19.5	4.9	100
	Leicester	78.8	17.1	4.1	100
	Melton Mowbray	84.6	14.2	1.2	100
	Nottingham	78.07	19.2	2.8	100
Benchmark Centres	Chesterfield	86.1	12.0	1.9	100
	Coventry	78.7	17.5	3.8	100
	Guildford	78.9	18.7	2.5	100
	Lancaster	84.7	13.0	2.2	100
	Reading	73.2	23.2	3.7	100
	Wolverhampton	81.6	15.8*	2.6	100
	UK Base	83.4	14.1	2.6	N/a
Source: Experian <i>Goad Centres Database (Summary Report definition)</i>					
Notes: ⁽¹⁾ Includes convenience, comparison, service and vacant ground floor space in town centres and all shopping centre space;					

VACANCY LEVELS

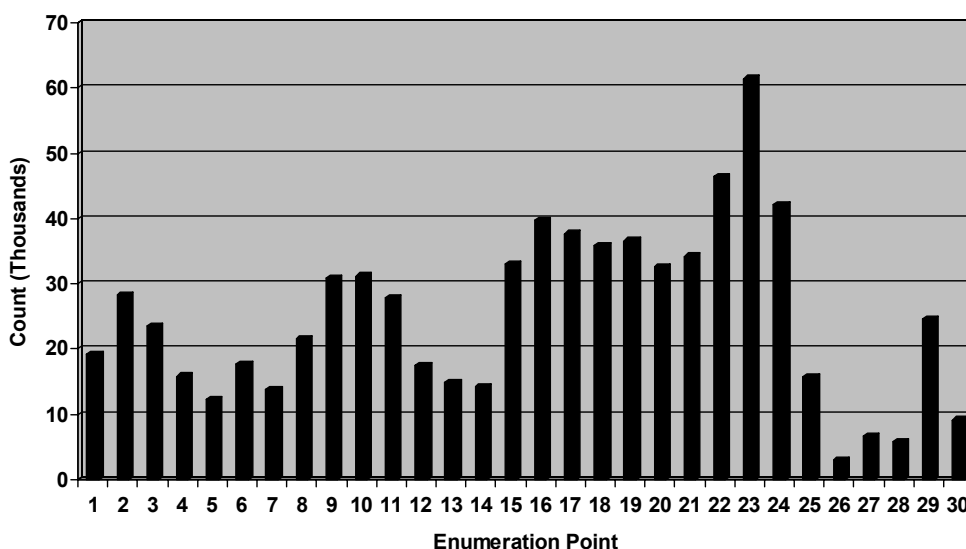
- 3.24 Vacancy rates are also widely used to monitor the changing health of centres. Table 3.3 illustrated that vacancy levels in Loughborough (7.3% of total outlets) are below the national average of 10.9% and are also lower than the main regional centres – Nottingham (14.8%), and Leicester (14.2%). It also compares favourably against the other benchmark centres, although Lancaster (5%), Guildford (5.5%) and Chesterfield (6.4%) all have lower vacancy levels.
- 3.25 More detailed analysis of the distribution of these vacant premises across the town centre indicate that there are very few vacancies within the primary shopping area of the town (see Appendix 4). The main concentration of vacancies occur within peripheral shopping areas and particularly around the Rushes redevelopment area. DTZ predict that vacancies will fall in this area following the opening of the Rushes in late 2003. Over the longer term, however, the new scheme will alter the town's retail gravity and pedestrian flows, and this could result in a

potential increase in vacancies in secondary/tertiary shopping streets located furthest away from the Rushes.

PEDESTRIAN FLOWS

- 3.26 Pedestrian footfall counts provide a further barometer of a centre's attraction and the strength of its shopping area. For the purpose of this analysis DTZ has used the standard pedestrian flowcounts conducted by PMRS (Pedestrian Market Research Services Limited) across thirty survey points in Loughborough town centre during May 2003. Whilst there are a number of caveats with regard to the interpretation of these surveys, particularly in terms of how changes in the weather can impact on total flows from one year or week to another, they nevertheless do provide a consistent source.
- 3.27 In 2003 Loughborough town centre generated an average weekly footfall of approximately 25,000 people. The table and plan in Appendix 4 provide a more detailed analysis of the footfall levels across the town centre. The PMRS survey confirms that pedestrian flows are lowest in the secondary and tertiary shopping areas, particularly Swan Street and Baxter Gate. Figure 3.1 shows that the highest footfall was recorded outside WH Smith in Carillon Court (point 23), followed by Taboo Ladies wear (point 24), Next (point 22), HSBC (point 10) and Dolland & Aitchison (point 9). All of these individual stores are situated in the prime shopping area centred around the Market Place and Carillon Court. However, DTZ predict that pedestrian flows around the centre could alter following the opening of the Rushes, as this will inevitably pull more people to the north of the town centre.

Figure 3.1: Pedestrian Flowcounts by location (see Appendix 4)



RENTAL LEVELS

- 3.28 Prime Zone A rental levels in Loughborough currently stand at an estimated £75 per sq. ft (Table 3.7). This is significantly lower than all the neighbouring and benchmark centres identified, apart from Melton Mowbray. Nevertheless rents in Loughborough have risen by over 15% between 1998 and 2002, although this is below the +20% growth achieved by Nottingham over the same period.

Table 3.7 Prime Zone A Rental Levels (£ per sq.ft.)			
		Summer (1998)	Summer (2002)
	Loughborough	65	75
Neighbouring Centres	Coalville	N/A	N/A
	Leicester	170	200
	Melton Mowbray	45	45
	Nottingham	180	225
Benchmark Centres	Chesterfield	85	90
	Coventry	150	140
	Guildford	200	205
	Lancaster	85	90
	Reading	200	225
	Wolverhampton	115	125
Source: DTZ, Property Intelligence Plc, various			

OUT-OF-CENTRE RETAILING

- 3.29 Most of the out-of-centre retailing in Loughborough is concentrated at the edge of the town centre (see Table A3, Appendix 2). The main schemes are: -
- **Regent Place Retail Park** – opened in 2000 and is located on Broad St / Derby Rd, to the north west of Loughborough town centre. It has over 6,200 sq m of floorspace and has good links to the town centre and the edge-of-centre Sainsbury's store. The key tenants are Currys, Carpet right, Miller Bros, Carphone Warehouse, Powerhouse, SCS and KFC;
 - **Willowbrook Retail Park** – this smaller scheme is located on Derby Road and opened in 1985. It is an out-of-town retail park and comprises Homebase, Tiles R Us, Halfords, Allied Carpets and MFI.
- 3.30 There are also a number of stand-alone outlets around the town including Wickes and Staples on Belton Road, and Focus on Derby Road. The most recent opening is the new B&Q Warehouse on Jubilee Drive and the former B&Q site is now occupied by Staples. The large out-of-centre convenience stores in the Borough include Tesco and the Safeway store, along with Aldi on Belton Road (see Appendix 4).

- 3.31 There are a number of large retail parks outside Loughborough that compete with Loughborough's own out-of-centre offer. The findings of the household survey (Section 4) indicate that the main draw is towards Leicester, where there are several large retail parks, including Fosse Park. This retail park is easily accessible from Loughborough and incorporates a mix of food, 'bulky' and more traditional high street retailers, such as ASDA, Marks and Spencer, BHS, Currys, McDonalds and Next

RETAIL & LEISURE INVESTMENT

- 3.32 The new Rushes development which will open to the north of the town centre in Autumn 2003 is a major new investment in the town's retail and leisure offer and will significantly improve its overall status and attraction. There is also considerable new investment and development planned for the other major neighbouring centres in the region, particularly Nottingham, Leicester and Derby city centres:

- **Leicester** – Continued investment and innovative marketing campaigns are helping Leicester to overcome the competition posed by other major regional cities and out-of-town shopping centres. As part of the Leicester Regeneration Company's masterplan, there are proposals for the Shires West scheme, which will create two levels of new shopping and leisure facilities. This will comprise modern units for many well known high street retailers, a major new department store in a landmark building fronting onto Vaughan Way and an atrium fronting the proposed new public square. Other uses include a selection of restaurants and cafés, smaller specialist shops, a new food store, entertainment facilities (possibly including a cinema complex) a new public square and affordable residential accommodation. A planning application from Hammerson Plc and Hermes is expected in summer 2003, with the development scheduled to open for 2008/2009. In addition, there is a £40 million proposal to expand the existing number of shops and new leisure facilities at the Haymarket Shopping Centre.
- **Nottingham** – The Victoria Centre comprises over one million square feet of retail space. Outline planning consent was also granted in November 2002 for the enlargement of the Broad Marsh shopping centre from its current size of 44,227 sq.m. to a total gross lettable floorspace of 120,300 sq.m. on 3 main trading levels. The retail element would include two department stores, a supermarket, shop units, financial and professional services, a foodcourt, leisure uses and restaurants.
- **Derby** – The major outstanding planning permission relates to the redevelopment and extension of the Eagle Centre, to comprise a total lettable floorspace of 68,000 sq. m, located on two different levels and served by 7-8 levels of car parking. The scheme is currently subject to a Section 106. The CPO public inquiry for the scheme will commence later in 2003 and although there is no scheduled opening dates, DTZ estimate it will commence trading in 2008. The Riverlights scheme will also involve the redevelopment of the existing city centre bus station. This will create a new leisure facility, to include a new multiplex, family entertainment centre, health & fitness club, hotel and restaurants totalling 18,580 sq. m.

PARKING & ACCESS

- 3.33 One of the main aims of the Borough Council is to reduce the reliance on travel by car throughout the town. Several areas of the town centre have been pedestrianised (namely Market Place/Street and Churchgate), but beyond these areas the centre is largely car-dominated and the A6 also forms a barrier between the northern and southern areas of the town. There are five main gateways to the town, but these are largely car-dominated and do little to 'announce' the arrival into the centre.
- 3.34 Loughborough has a relatively good parking provision. There are over 2,000 spaces in several surface and multi-storey car parks across the town centre and the Rushes development will also provide a further 440 spaces.
- 3.35 Although access to the centre by alternative modes of transport is relatively good, the rail station is located some three-quarters of a mile to the north of the town centre. The major junctions and vacant properties along the route to the town centre do not make this an attractive gateway.

Diversity of Uses and Environment

- 3.36 Over the last five years the quality of the environment in Loughborough has improved significantly. The most visible change is the pedestrianisation of the market place, Market Street and the cattlemarket. This, along with the introduction of new street furniture, has significantly improved pedestrian movement across the centre and helped to increase dwell times. Other significant changes to the quality of the town centre and shopping environments include: -
- Improvements to public facilities, such as toilets, and the introduction of CCTV cameras to help improve safety across the centre.
 - The extension and refurbishment of the Sainsbury's store and the upgrade of the Carrillon Court Shopping Centre.
 - The development of the Rushes Centre will also greatly improve the centre's retail and leisure mix.
 - Queens Park is easily accessible from the Market Place, cattlemarket and Devonshire Square and the potential redevelopment of the outdated and unattractive Devonshire Square area could further improve the linkages between the town centre and the park (see Section 8).
- 3.37 The town centre also has a number of other significant 'attractions' which draw people into the town centre both during the day and evening.
- The Town Hall on the market place provides restaurant facilities as well as a gallery and theatre.
 - The popular Thursday and Saturday markets have been expanded and extended into Market Street. Comprising approximately 150 traders the market sells a wider variety of

foods, clothing and homewares. The popular farmers market also sells locally grown organic produce.

- The Curzon cinema, in close proximity to the town hall, is a popular venue and at the time of writing DTZ understand that a planning application has been submitted to extend the cinema as part of a wider mixed use development.
- Queens Hall on Granby Street has also been refurbished to provide a museum for the town.
- The pedestrianised area of Church Walk, leading to the area around the All Saints Church, also comprises a number of smaller independent and niche businesses.
- The Charnwood leisure centre, to the south of the park provides a wide range of facilities, including swimming pool, gym, café, squash courts and a sports hall.

SUMMARY

3.38 DTZ's healthcheck and benchmarking analysis has highlighted a number of its key strengths and weaknesses as well as the potential threats to its future vitality and viability and the opportunities to meet these challenges:

- Charnwood Borough Council's population is relatively affluent, but Loughborough's market share and catchment has been impacted over recent years by the sustained growth of higher order retail centres outside the district, namely Nottingham and Leicester.
- Loughborough lacks a major department and variety store to anchor its retail offer.
- Loughborough has improved its position in the national rankings between 2000 and 2002, rising from 195th to 161st due principally to the Regent Place development.
- Vacancy levels are below the UK average and also below the recorded levels in Nottingham and Leicester. The vacancies are mostly concentrated in secondary and tertiary shopping areas.
- The Rushes will increase the supply of modern large units in the town centre and will attract many new major new national retail and leisure operators.
- Loughborough has a good mix of out-of-town retail warehouses and foodstores. The main concentration of bulky goods retailing is in Regent Place Retail Park with over 6,000 sq. m floorspace. This site also has the advantage of being at the edge of the town centre with good links to the town.
- There is a lack of quality A3 restaurants, bars and cafés in the town centre. Loughborough does however have a number of attractive leisure destinations, namely the Town Hall theatre and cinema.

- The “gateways” and routes into the town are poor and do very little to announce arrival into the centre.

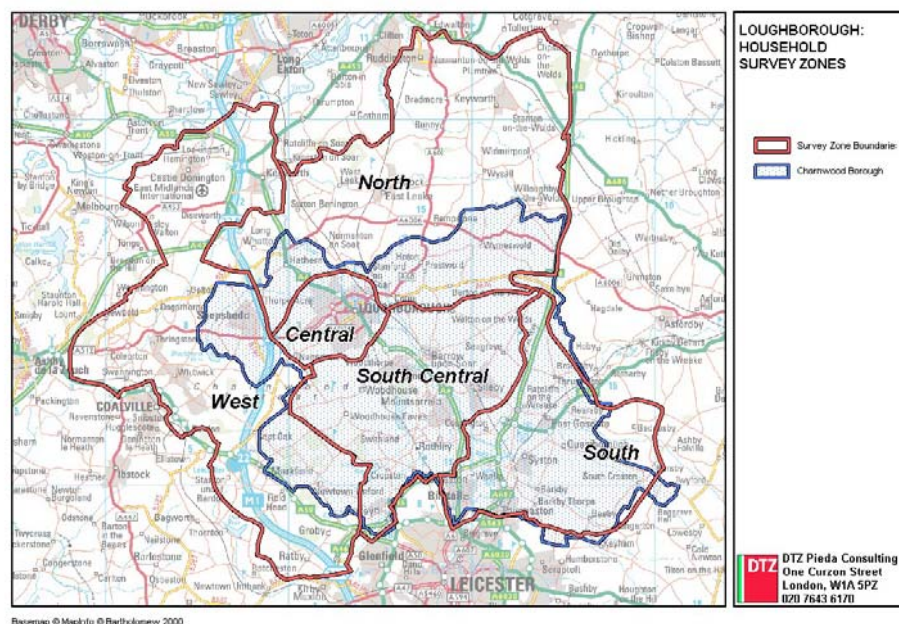
3.39 Overall Loughborough is a centre that is maintaining its position in the national and regional hierarchy. The opening of the Rushes in Autumn 2003 will also help the centre to enhance its overall competitive position. However DTZ believe investment is needed elsewhere in the town centre to raise the attraction of the centre as a whole. Without continued investment and creative planning and management of the town centre, there is a potential danger that some of the more peripheral shopping areas will be vulnerable to declining vitality and viability, and that there will be an increase in the relocation of retailers from smaller high street stores. For example, at the time of writing Woolworths had also closed their existing store on Market Place, in advance of the opening of Big W as part of the Rushes development.

SECTION 4: HOUSEHOLD SURVEY: HEADLINE FINDINGS

- 4.1 This section reviews the key findings of the household survey and the full tabulations are set out in Volume 2 (Appendix 1). The survey results provide a robust and comprehensive picture of shopping and leisure patterns across the Borough. They also provide a more detailed picture of the current strengths/opportunities and weaknesses/threats facing Loughborough town centre, as well as the potential gaps in its current retail and leisure offer.

METHODOLOGY

- 4.2 DTZ commissioned an independent market research company - *Q2A Research and Marketing* - to carry out 750 household telephone interviews across eight zones between 29th March and 8th April 2003.
- 4.3 The survey zones were selected on the basis of population distribution across the whole survey area, but also take into account other critical factors such as the transport network. The zones cover Charnwood Borough, and extend into the districts of Rushcliffe; Hinckley and Bosworth to the west; and parts of Leicestershire to the north. These 'outer areas' were included to help determine Loughborough town centre's wider attraction and trade draw.



- 4.4 Of the 750 interviews, over half (430) were conducted in the Charnwood Borough area (Central, South Central and South zones). The results of the surveys have subsequently been weighted by Q2A to reflect the characteristics of the underlying population in each survey zone, as follows:

Table 4.1: Household Survey - Distribution of Interviews by Zone		
	Population at 2000	No. of Interviews
Central (Area 1)	49,082	170
North (Area 2)	36,208	120
South Peripheral (Area 3)	42,168	130
South Central (Area 4)	42,283	130
West (Area 5)	63,985	200

4.5 The main findings of the household survey are set out below.

Food Shopping

4.6 When asked where they usually carried out their main food shopping purchases the respondents identified the following stores: -

- Tesco, Loughborough (18%)
- Sainsbury, Loughborough (11%)
- Tesco, Beaumont Leys (10%)
- Local stores, (10%)
- Morrisons, Coalville (9%)
- Asda, West Bridgeford, (5%)
- Safeway, Loughborough (4%)

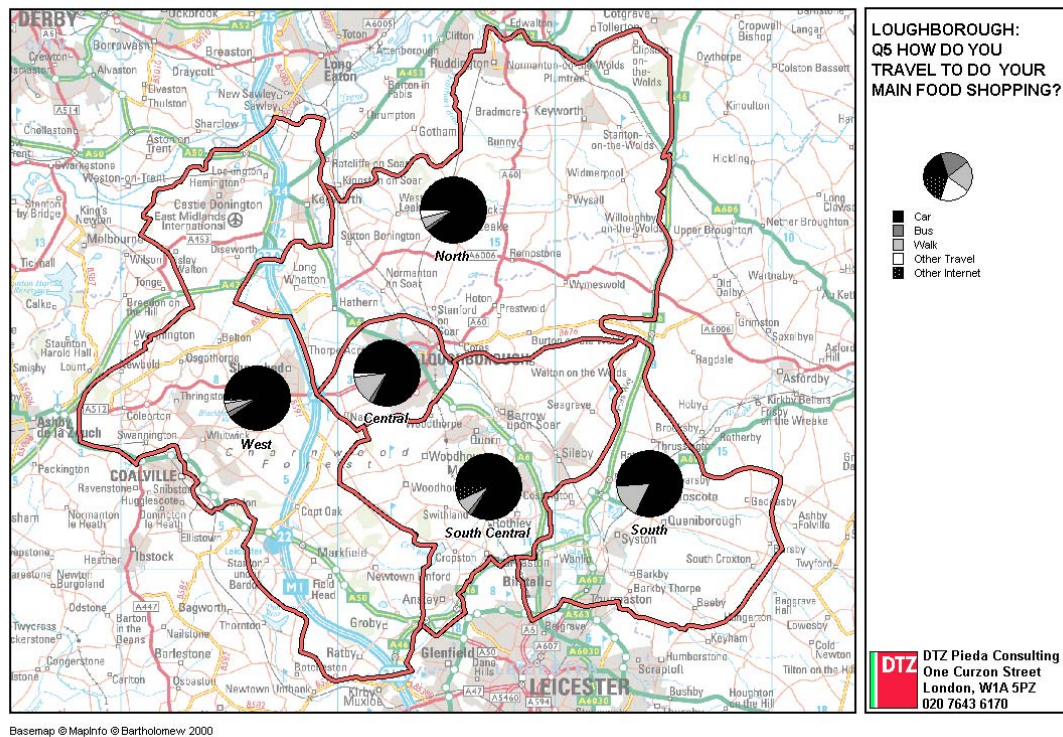
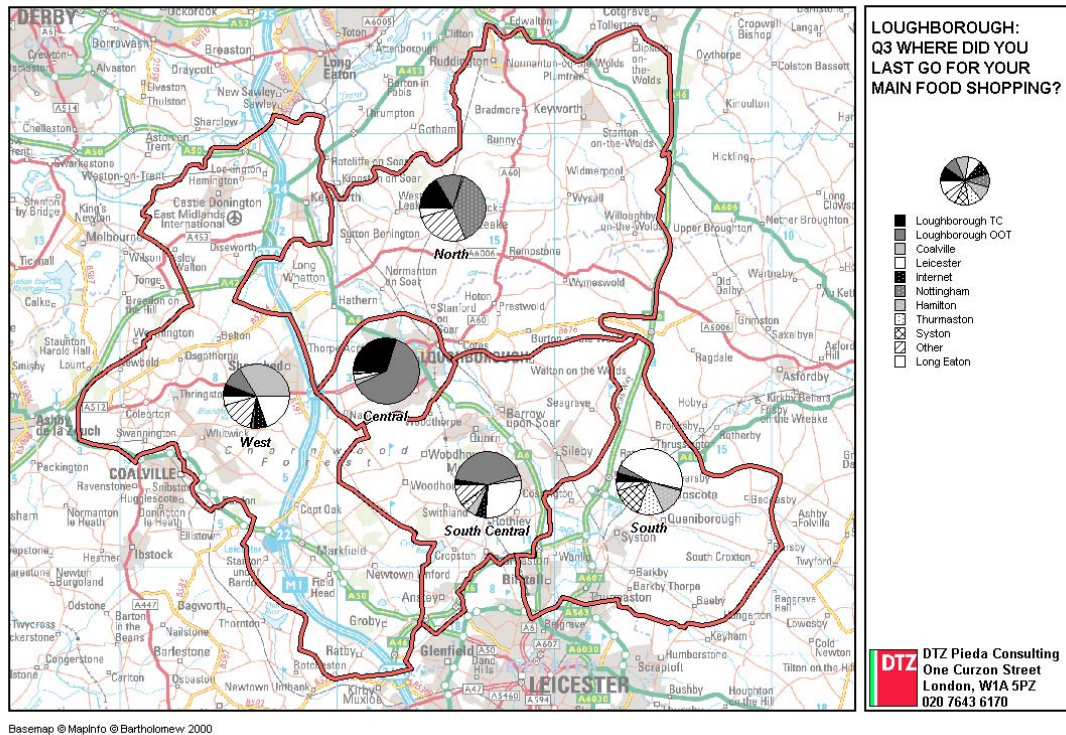
4.7 Within the Central Zone over 90% of respondents last shopped in one of the Loughborough stores for their main food purchases. Of these 55% visited the out-of-town stores (i.e. Tesco and Safeway) and 25% shopped in the J.Sainsbury store on the edge of the town centre. Only 2% of respondents indicated that they visited the town centre stores (i.e. Somerfield and Iceland).

4.8 The Loughborough stores also achieve a high market share from within the South Central Zone, attracting over 45% of those interviewed. The majority (35%) also usually shopped in the out-of-town stores, with the remaining 10% shopping at the edge / in-town stores.

4.9 Over 80% of respondents in each zone carry out their 'bulk' food shopping by car. A higher proportion walk to their nearest store in the Central (14%) and South Central (17%) zones, this is because these zones are largely urban areas and more stores are accessible by foot. The remaining zones are largely rural so people generally need to travel further (either by car or public transport) to reach a reasonable sized store.

4.10 With regard to 'top-up' shopping, approximately 37% of all respondents did not carry out additional food shopping trips. Of the remainder, the majority visited local convenience stores. Although a higher proportion walk to their local stores (41%) than for 'bulk' food shopping, nearly half (47%) still travel by car. The most popular stores identified were:

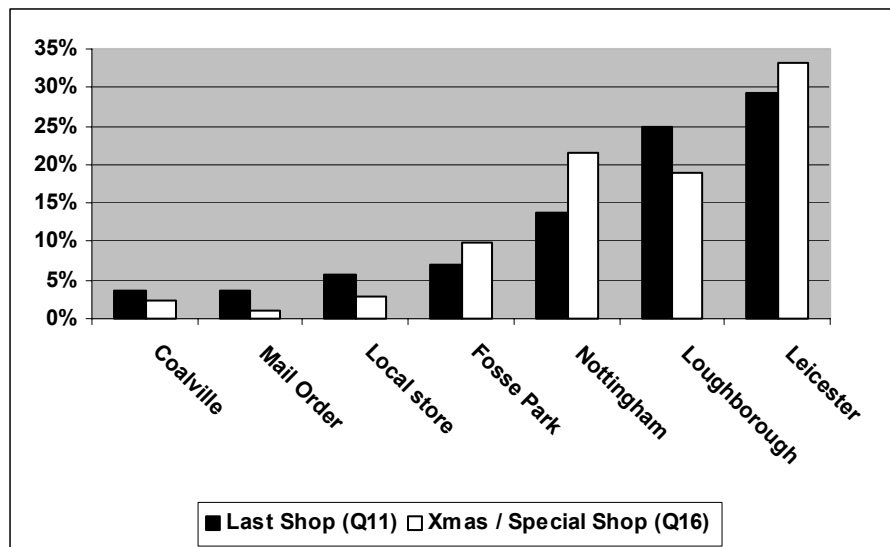
- Local Stores (31%)
- Local Stores, Loughborough (5.10%)
- Sainsbury, Loughborough (3.7%)
- Local Store, Syston (2.9%)
- Safeway, Loughborough (2.9%)
- Somerfield, Barrow on Soar (2.6%)
- Morrisons, Coalville (2.2%)
- Co Op, Shepshed (2.1%)



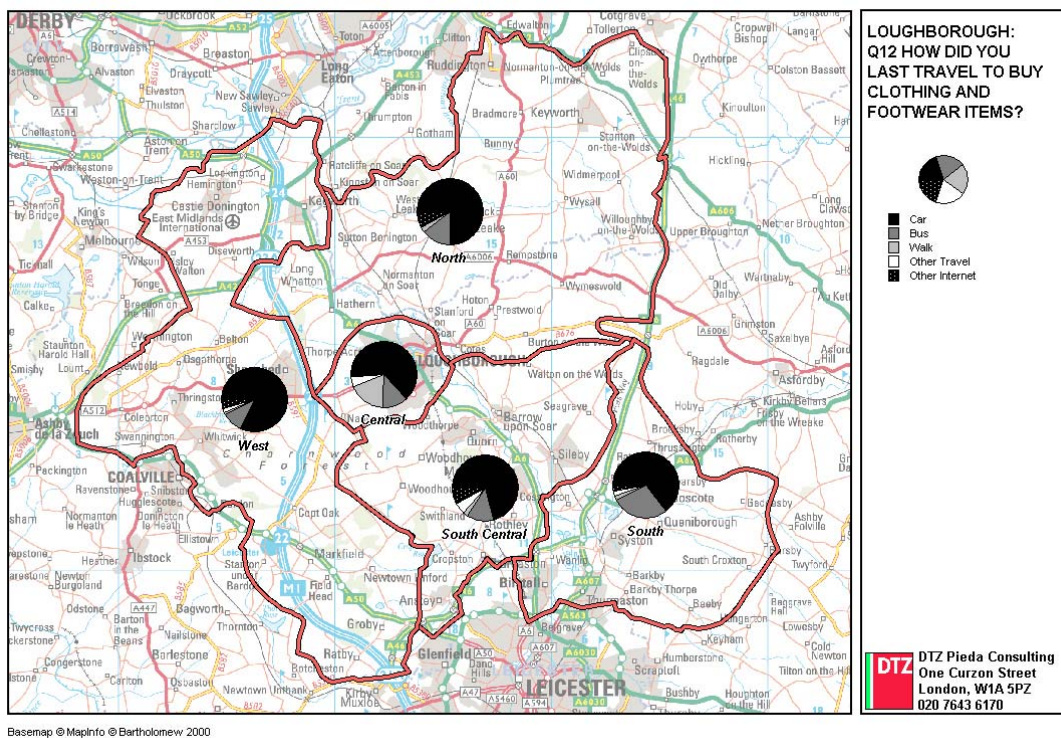
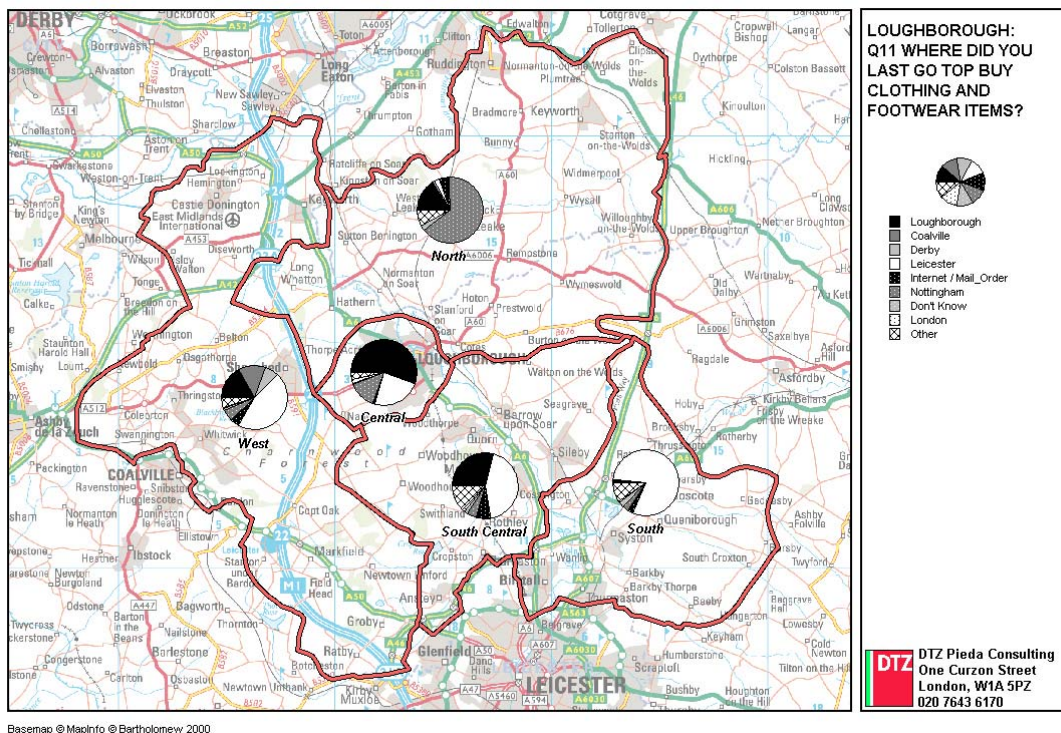
Fashion and Special Occasion Shopping

4.11 Figure 4.1 and the plans on the next page illustrate where people last shopped for clothing, footwear and special occasion shopping. They key trends identified are briefly described below:

Figure 4.1: Where people usually shop for clothing & footwear items



- Approximately 25% of all respondents last shopped in **Loughborough town centre** for clothing and fashion items (there is limited clothing and footwear provision outside the town centre). The town centre had the highest penetration within the Central Zone (drawing 55% of all trips) and a strong market share within the South Central Zone (20% of trips).
- The influence of **Leicester** on shopping patterns is illustrated by the fact that 30% of all respondents (a higher proportion than for Loughborough) last shopped in the city centre for fashion items. Leicester's penetration was highest in the South Zone (75%), followed by the West (50%) and South Central (50%) zones.
- Some 16% of all respondents last shopped in **Nottingham**. The highest penetration was in the North zone, where over 60% of respondents travel to the City Centre for their fashion purchases.
- Despite its relatively large size **Derby** has a more limited market share of clothing and footwear market from within each of the zones, only 2% of all respondents last shopped there, the highest penetration was in the West zone with 7% of those surveyed last shopping there.
- **Mail Order** emerges as a relatively important medium for clothing & footwear purchases, with 4.2% of respondents indicating they had last purchased fashion items via mail order or the Internet.



- The majority of respondents (typically between 55% - 65%) travelled by car from each zone to carry out their main clothing and fashion shopping trip. In the Central Zone, however, this figure was just under 50%, reflecting the fact that the town is also accessible by other modes of transport.
- In terms of frequency of trips, 34% shop for fashion items at least once a week, 35% shop once or twice a month, and 31% less than once a month.

4.12 For Christmas and special occasion shopping Leicester's market share increased from 30% to 45%. Nottingham's share also increased from 16% to 22% across all zones. In comparison Loughborough's market share falls from 25% to 19%, and its share within its core Central Zone also falls markedly from 55% to 46%. This increase in Leicester's and Nottingham's shares reflect the fact that they have a greater critical mass of floorspace and businesses than Loughborough. People are therefore willing to travel further to these centres because of the choice and quality of the stores and products.

4.13 In summary, the results of the survey clearly underline the fact that Loughborough's catchment and market share is being squeezed to the north by Nottingham and to the south by Leicester, particularly for special occasion and Christmas shopping trips, with a significant leakage of shoppers and spend flowing outside the Borough.

Main Attractions

4.14 Based on previous research, DTZ has identified the main drivers of town centre attraction as being convenience, accessibility, the quality and 'critical mass' of shops, the environment and parking provision. This is confirmed by the findings of the household survey, which asked the main reasons why respondents last visited their preferred shopping centre for fashion purchases:

- Close to home (33.7%) / Close to work (8.9%)
- Choice of clothing/fashion shops (13.6%)
- Nothing in particular (11.3%)
- Choice of department store (4.8%)
- Nice shopping environment (4.1%)

4.15 The responses of those who last shopped in **Loughborough** confirmed that convenience to where they live (63%) and work (5%) is the main reason for visiting. This explains Loughborough's strong market share within its core Central Zone and the more limited draw from outside the urban area. The other main reasons for shopping in Loughborough included:

- Nothing in particular (6%)
- Easy parking (4%)
- Choice of clothing / fashion shops (4.8%)
- Nice shopping environment (4%)

'Bulky Goods' Shopping

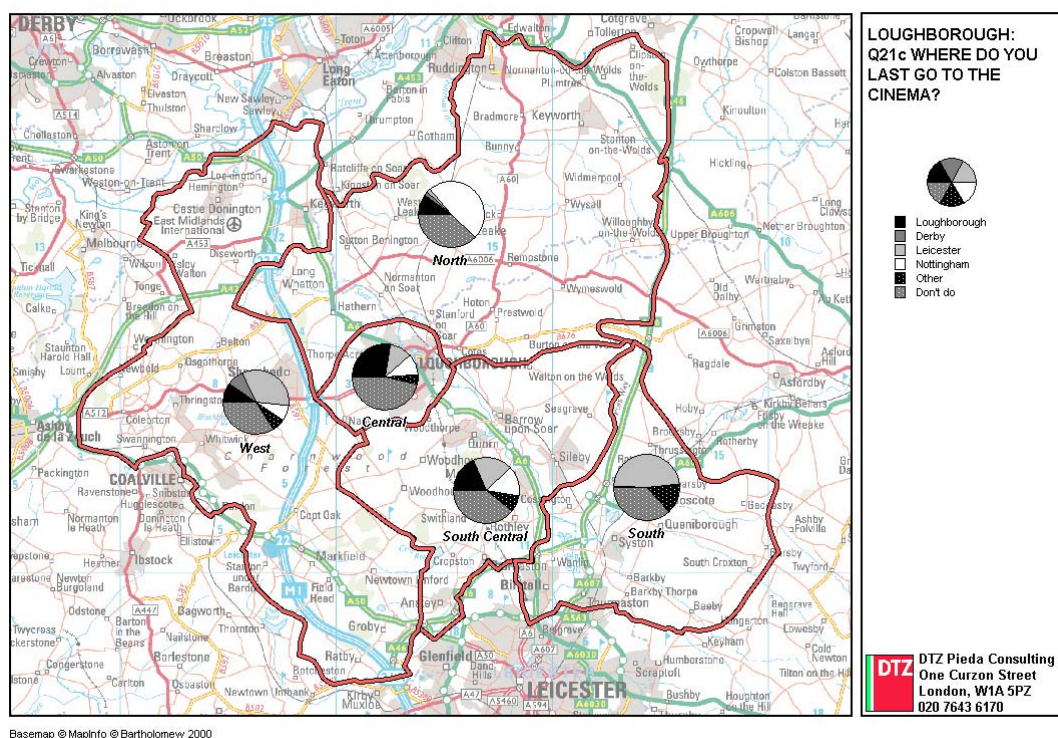
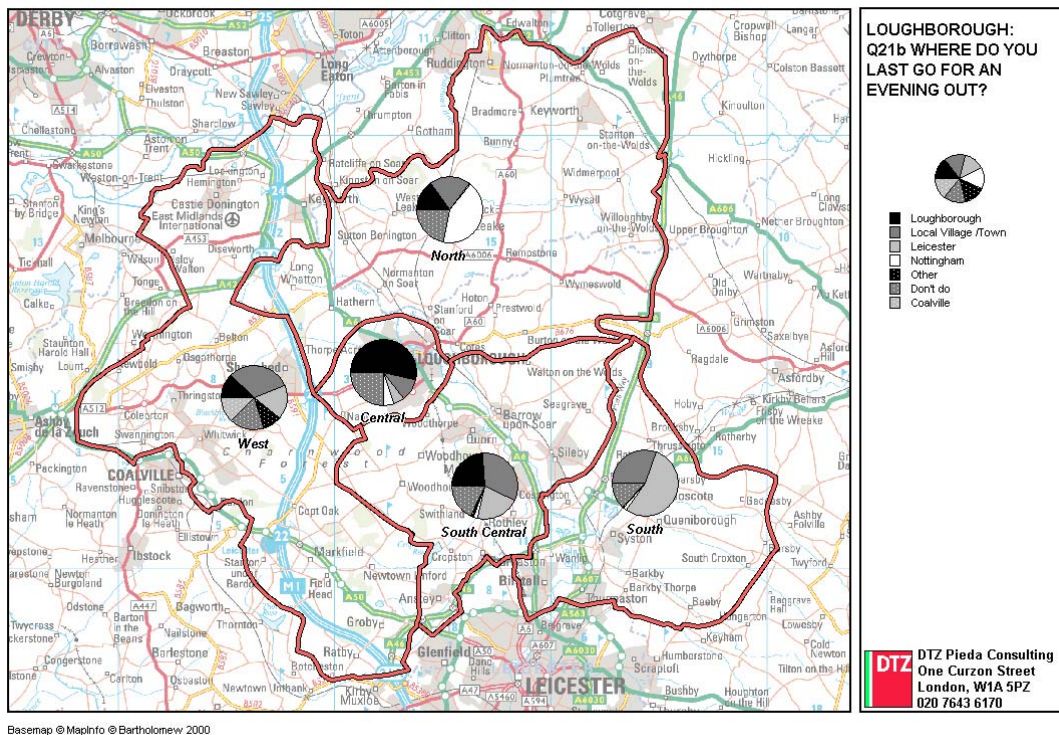
- 4.16 Respondents were asked where they last shopped for 'bulky goods' items (i.e. furniture and carpets, DIY and household goods, large and small electrical goods). Loughborough's town centre and edge-of-centre stores emerge as popular destinations for different types of 'bulky goods' purchases. The results show that:
- 30% of respondents visit Loughborough for furniture, carpets &/or small electrical goods purchases (e.g. TV, Hi-Fi, etc.);
 - 45% visit for DIY/Hardware good purchases; and
 - 30% visit for large electrical goods (e.g. fridges, freezers, etc.).
 - Nearly 45% of respondents within the central zone shopped in Loughborough for bulky goods.
- 4.17 Both Nottingham and Leicester also achieved significant market shares across the study area. For example Nottingham accounted for 20% of all trips and Leicester attracted some 30% of bulky goods trips.

Financial Uses and Other Services

- 4.18 Nearly 40% of all respondents visit Loughborough town centre to use a bank or building society and 25% use a local branch. The two main nearby cities, Leicester and Nottingham accounted for 19% of trips;
- 4.19 Although less than 1% of all respondents use telephone banking, nearly 6% use the Internet. Internet banking had the highest penetration rate in the South central zone, where over 12% of respondents said they used internet banking. Telephone banking was also more popular within this zone with over 1% using this method of banking

Leisure Uses

- 4.20 Over 25% of respondents stated that they would normally visit their local town or village for an evening out. Of the remainder, 21% last visited Loughborough, 20% went to Leicester and 8% to Nottingham. Nearly 20% said that they did not go out in the evening. The main trends identified are highlighted below:
- Nearly 40% of those surveyed said that they did not go to the **cinema** at all. Within each of the zones this figure varies between 33% and 46%. Leicester was the most popular cinema destination (attracting 24% of total respondents), followed by Nottingham (15%) and Loughborough (13%).



- In terms of frequency, less than 2% of all respondents visited the cinema at least once a week (although 6% in the South Central went once a week). The majority (20%) went at least once a month and a further 20% went at least once every two months;
- **Gyms and Health clubs** seem a less popular leisure activity with the majority of respondents. Less than 40% in each zone said that they visited a gym regularly. Those who did use gym facilities used local facilities.

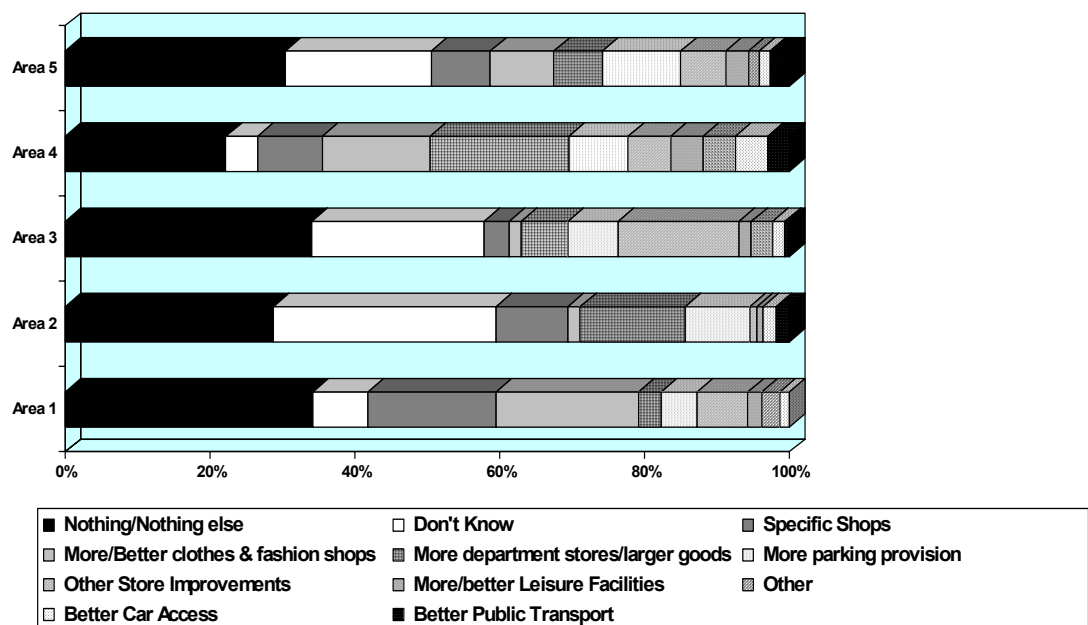
Suggested Improvements to Loughborough Town Centre

4.21

Respondents were also asked what three improvements to Loughborough could make them visit the town centre more often. Over half of the respondents either thought that no improvements would persuade them to visit more frequently, or could think of no improvements. The remainder identified the following initiatives: -

- A department store and larger shops (9.5%);
- A Marks and Spencer store (8.4%);
- More parking (6%);
- More clothes and fashion stores (6%);
- More quality / designer shops (3%)

Figure 4.2: Suggested improvements to Loughborough town centre by survey area



Summary

- 4.22 The responses to the 750 household telephone interviews conducted across Charnwood Borough and beyond revealed a number of interesting trends with regard to shopping and leisure patterns: -
- Loughborough is the most popular destination for daily and main food shopping. People rarely travel very far to carry out their food shopping.
 - Loughborough is a relatively popular destination for fashion and other comparison goods shopping, particularly within its core Central Zone, but there is still a significant leakage of shoppers and spend to larger neighbouring centres.
 - Loughborough's convenience to home and/or work is the main reason why people shop in the centre.
 - Nottingham and Leicester are popular shopping destinations. Their market share of trips and spend increase significantly for Christmas and special occasion shopping.
 - There is a relatively strong demand for a major department or variety store to anchor the town's retail offer.
 - Loughborough is a relatively popular evening distribution, drawing 21% of respondents, followed by Leicester (20%) and Nottingham (8%).
- 4.23 Overall the survey confirms that Loughborough is a popular destination for residents living with the urban area. However its market share and catchment is being squeezed by Nottingham to the north and Leicester to the south, and there is consequently a significant outflow of shopping trips and spend from the Borough area.

SECTION 5: PROSPECTS FOR RETAIL: MARKET DEMAND

- 5.1 This section sets out our assessment of the market demand for new retail space in Loughborough town centre, based on DTZ's day-to-day involvement in the sector. To provide the context for our market demand and capacity assessments we also briefly describe some of the key trends that are driving changes in the retail industry and how this is being manifested in terms of the scale, quality and location of new retail investment. Appendix 6 (Volume 2) provides a more detailed commentary on the key trends.

CONSUMER DEMAND

- 5.2 There is growing evidence that consumer confidence and spending is slowing (see Appendix 6 for a more detailed commentary). The latest official figures show a slowdown in retail sales growth and footfall. This slowdown, which is leading to more difficult trading conditions for retailers, is partially attributed to growing concerns over household debt which has grown significantly over the recent past as a result of low interest rates, low unemployment and relatively high house price inflation. This debt burden and the increase in savings which is expected as a result, is likely to mean that private consumption will be less buoyant over the short term. This will be further exacerbated by the cooling housing market that is expected to deter the large volume of mortgage equity withdrawal that has helped to underpin the consumer market. Notwithstanding this relative slowdown, household expenditure growth is expected to remain positive over the medium term.

MARKET DEMAND: NATIONAL TRENDS

- 5.3 As Section 2 highlighted, the retail sector is one of the most dynamic sectors of the UK economy and is subject to constant change. The rising affluence of households, combined with changes in lifestyle and demographics, are changing the shape of consumer demand. At the same time operators and investors increasingly have to roll out more flexible and exciting retail formats and concepts to capture market share.
- 5.4 The main property market trends driving demand in the convenience and comparison goods sectors across the UK are briefly reviewed below. This summary is based on a more detailed analysis of national trends and market demand set out in Appendix 6.

(i) Convenience Goods Retailing

- 5.5 The opportunities for major quantitative increases in Britain's convenience goods floorspace in the future appear limited. This is due to the more restrictive planning policy climate and the fact that spending on food represents a shrinking proportion of total household expenditure. The forecast growth in grocery spending is also minimal (+0.1% per annum), meaning that there is less consumer demand for food at the national and local level.

- 5.6 Nevertheless, the major grocery retailers are still aggressively seeking to increase market share through a variety of business strategies to help drive up profit margins and sustain long-term growth in the highly competitive grocery sector. Some of the key initiatives adopted include the following: -
- Price differentiation and discounting;
 - New store openings and extensions;
 - Takeovers and mergers;
 - A return to the high street;
 - Growth of convenience ('c-store') formats;
 - Product diversification and specifically the expansion of non-food retail space;
 - Increased commitment to Internet shopping.
- 5.7 Whilst the major grocery retailers are continuing with new store openings and extensions, albeit on a smaller scale than before, the main thrust of business strategies over recent years has been to try and differentiate themselves from their competitors and to open up new markets, particularly in the higher margin fashion, electrical and homeware sectors. The need for greater flexibility, a key requirement of the sequential test, has also resulted in new smaller store formats, such as the Tesco 'Express' convenience stores, which are linked to petrol filling stations, as well as a return to the high street through the Tesco 'Metro' and Sainsbury's 'Local' formats. It is likely that these smaller store formats will be rolled out to smaller and medium-sized centres in the future, particularly following the move by Tesco (and other operators) into the 'c-store' format following its purchase of T&S stores.
- 5.8 The UK grocery sector is currently entering a period of consolidation, as illustrated by the current "battle for Safeway", which could allow one of the existing players to extend their geographical coverage and market share. Moreover, there are a number of major foreign grocery operators who are not currently represented in what is Europe's third largest food market, and this may lead to further consolidation in the future.
- 5.9 These trends would seem to indicate that the major demand over the next 5–10 years will be for extensions to existing stores to carry a wider range of non-food goods. At the other end of the scale, there is likely to be increased demand from smaller convenience ('c-store') operators and discounters as they seek to extend their representation in smaller and medium-sized towns. This trend could benefit smaller surrounding centres such as Mountsorrel, Shepshed, Sileby and Syston, as it could lead to high profile retailers such as Tesco and Sainsbury (or even M&S Simply Food) targeting centres that they would not have previously considered.

The retailer requirements list compiled by DTZ, informed by the 'Focus' and 'Pipnet' datasets, indicates that there are currently no requirements from major food retailers – although we note that in 2001 Heron Frozen Foods were actively seeking premises within Loughborough.

(ii) High Street Retailing

5.10 Retailer demand for space in prime town centre locations remains relatively strong, demand is less despite the impact of the recent economic downturn. From our more detailed analysis of market demand in Appendix 6 we have identified the following key national trends which we consider could shape retailer requirements at the strategic and local level over the medium term: -

- Market analysts predict strong growth for the **department store** sector, as the mixed goods nature of the business and the multi-segmented market will help to insulate it against any downturn in retail spending. Most of the major city centres have been targeted for expansion, although some operators (such as Debenhams and Alders) are targeting medium-sized centres.

There are currently no departments store operators actively seeking premises within Loughborough town centre. However, we understand from sources at the Council that an Marks and Spencer is taking 20,000 sq. ft of space in The Rushes for a food store. DTZ believe that once the Rushes opens a department store operator may re-evaluate Loughborough as a key shopping location.

- Modern retailers are also demanding **larger unit sizes**, as this allows them to be more flexible with their space and display a wider range of goods in a more customer-friendly environment. The development of the Rushes in the town centre caters for the large size of units retailers are demanding, often trading from two or more levels. It will increase the number of larger units in the town centre, with 6 of the 16 units over 465 sq. m (5,000 sq. ft) in size and a further 3 units in excess of 1,800 sq. m (20,000 sq. ft) trading over two floors. These larger units will provide sufficient floorspace to meet the demand from modern retailers and should help to reduce the need for major retailers to target more flexible units and sites in out-of-centre locations. However, it could also lead to existing retailers vacating their smaller high street stores to take space in the Rushes. For example, DTZ understand that Next are currently considering several options to relocate from Carillon Court to larger premises within the town centre and Woolworths has recently closed its store on Market Place in advance of the opening of Big W in the Rushes. The flexibility of unit sizes across the town centre as a whole should therefore be improved to prevent further relocations and help to secure its future vitality and viability.

DTZ's review of local market demand indicates that there are some 8 retail businesses with requirements for stores of over 5,000 sq. ft in Loughborough, including Textstyle World, Argos, Multiyork, TK Maxx, Bargain Madness, Next, Hennes and Brantano (see Appendix 7).

- The increased polarisation in the retail market between value retailers at one end of the spectrum and the more expensive brands at the other is also set to continue. Research shows that the **value-fashion retailers** (such as Matalan and TK Maxx) have doubled their market share of the clothing sector between 1995 – 2001, and strong growth is forecast up to 2006. Matalan, which had previously concentrated on out-of-centre locations, is now targeting town centre sites and the smaller value-fashion specialists (such as New Look, Primark and Peacocks) are also looking at low-cost city centre sites, market towns and secondary shopping centres in large urban areas, where overheads are relatively low. This represents a significant opportunity for centres such as Loughborough.

DTZ's review of retailer requirements indicates that a number of discount operators have requirements for premises in Loughborough as follows (see Appendix 7):

- Matalan have a requirement for a retail warehouse-type store of between a 25,000–50,000+ sq. ft.
- TK Maxx have recently met their requirement for a store in Loughborough after securing a pre-let for a 25,000 sq.ft. gross unit within the Rushes.
- Big W has also secured a large 75,000 sq.ft. gross unit within the Rushes.
- Bon Marche, Brantano and Ethel Austin also have requirements.

(iii) Out-of-Centre Retailing

5.11 Retail warehouse expenditure growth is forecast to rise to around 3% over 2003 following relatively sluggish growth of just under 2% in 2002. Looking further forward, over the medium term, retail warehouse expenditure is expected to continue to outperform total consumer spending. Market demand in the more traditional 'bulky goods' retail warehouse sector remains strong, driven by significant activity amongst the DIY, furniture, carpets and electrical goods retailers. Despite the tighter planning restrictions, developers are still pushing ahead with applications and development to try and meet the high levels of demand. The key trends are briefly described below and are considered in more detail in Appendix 6: -

- **DIY and hardware** – This has been the best performing sector over recent years and analysts predict that growth will remain strong up to 2005, as it is argued that falling confidence in the housing market will result in fewer transactions and more people investing in their homes. This is also the most consolidated 'out-of-centre' sector and is dominated by just four key players – B&Q, Focus, Wickes and Homebase. All four are rolling out larger 'category-killer' stores, as well as smaller stores, targeted at edge-of-centre and even town

centre locations. They are also introducing 'mezzanine' floors in some stores as a means of extending the floorspace, often without the need for planning permission.

There is currently limited demand from DIY retailers looking for representation in Loughborough. We note that the four of the main national key multiples are all currently trading from out-of-centre locations, namely B&Q, Homebase, Focus and Wickes. DTZ consider there will be limited demand for new facilities, given the current provision.

- **Electrical Goods Sector** – The constant stream of new products, innovations and technology has fuelled the growth of this sector over recent years. All the major retailers – Dixons/Currys Group and Comet – have expansion plans. The smaller players in the market, particularly in the computer and mobile phone sectors, have been hit by more difficult trading conditions over recent years, which could lead to increased consolidation. However, despite the slowdown in consumer spending in the first half of 2003, DTZ consider that demand should be stimulated by new product developments, such as digital television and the growing demand for widescreen sets. It is expected that PC demand will also increase with the wide usage of broadband and digital photography. The mobile phone market is also expected to pick up with the increased take-up of 'third generation' phones and of picture messaging. Nevertheless, it is a highly competitive market and Powerhouse – the UK's third biggest electrical retailer – is in administrative receivership and has recently closed almost half of its 223 stores, including its Loughborough store. The company's downturn has been explained by its smaller stores and the fact that it did not break in to the fast growing PC sector.

There is limited demand from electrical retailers for representation in Loughborough. Three of the key players (Dixons, Currys and Miller Brothers) are currently present within Loughborough. Although Powerhouse has recently closed its store, Jessops are reportedly seeking a presence in the town.

- **Furniture and Carpets Sector** – Analysts also predict strong growth for this sector over the next five years. However the market leaders – MFI, Ikea, DFS and Courts – will face increased competition from other retailers, particularly department and variety stores, leading to increased consolidation across the sector. Both MFI and Ikea are looking to expand their out-of-town store portfolio, although Ikea is also considering edge-of-centre sites because of the tighter planning restrictions. Allied Carpets is also planning a return to the high street and has targeted 20 locations across the UK. This sector is one of the most cyclical of all and, with consumer spending growth slowing, it may experience more difficult trading conditions in the short term.

There is currently a limited demand from out-of-town operators looking for space in Loughborough. The main interest is from Multiyork Furniture and Topps Tiles. Only MFI and Magnet are currently trading within the town, which suggests that there may be potential to increase this sector's representation.

- 5.12 A new wave of high street retailers are also looking to expand out-of-town in order to reach new customers and increase market share. These include Early Learning Centre, Argos, Borders, HMV, Boots the Arcadia Group and Clinton Cards. Many of these high street retailers have requirements for smaller units, which is leading to the sub-division of standard retail warehouse units where there are no planning conditions in place. The major department and variety stores are also actively targeting out-of-centre locations. For example,
- **Marks & Spencer** has announced plans to trial two new superstore concepts selling furniture, soft furnishings and homeware goods.
 - **Boots** has also kick started their edge of town expansion plans, with plans to double its representation over the next three years, and
 - **Next** is pressing ahead with its plans to open more larger out-of-centre stores, which would appear to confirm that the smaller town centre store is vulnerable.
- 5.13 The strength of demand from retailers for space in out-of-town locations, coupled with a continuing shortage of new supply, has resulted in above average rental growth. This, in turn, has placed pressure on other retail sectors that have been unable to generate the level of sales densities required to sustain these higher rents. Recent casualties include value/discount retailers such as Brunswick Shoes, Textile World and What Everyone Wants, all of whom have been put into administration. Nevertheless, because of restricted levels of supply, the units released by these closures were immediately purchased by other retailers looking to expand, including Belgian shoe retailer Brantano.
- 5.14 In summary, the out-of-centre retail market has evolved from low-cost and narrow-margin formats, to higher cost and wider-margin structures, similar to those on the high street. As planning permissions become increasingly harder to obtain, so developers, investors and retailers also have to be more innovative and flexible about how they extend their businesses. As a result a new generation of retail parks and stores are emerging that are very different from earlier developments. Operators are increasingly looking to add value to their retail offer, rather than simply *'pile-it-high and sell-it-cheap'*. For example, retailers are experimenting with leisure and A3 uses, often by introducing mezzanines into existing stores, and landlords are also looking to invest and asset manage their portfolios of retail parks through improved design, branding and tenant mix strategies.

SUMMARY

- 5.15 DTZ research shows that retailer demand remains relatively stable across all retail sectors, despite the slowdown in consumer spending and economic activity. In town centre locations the strongest growth in demand is coming from the value sector. In out-of-town locations occupier interest has been driven by both the 'bulky goods' sector as well as fashion retailers.
- 5.16 In Loughborough, unlike many other local medium-sized towns across the UK, there are a number of potential sequential sites that could accommodate new retail and mixed use development in either town centre or edge-of-centre locations (see Section 8). DTZ strongly recommend that the Borough Council identify new town and edge-of-centre sites for new retail and leisure development, to help prevent the potential growth of out-of-centre retailing.

SECTION 6: PROSPECTS FOR RETAIL: CAPACITY ASSESSMENT

- 6.1 This section summarises the key findings of DTZ's broad quantitative retail capacity assessment (see Appendix 8 for a more detailed commentary). To meet the objectives of this study we have modelled the potential capacity for new convenience and comparison goods retailing within the Borough up to 2016, although our analysis has specifically focused on Loughborough town centre as it is the Borough's main shopping location.
- 6.2 It is important to state at the outset that current planning policy guidance stresses that town centre, edge-of-centre and local centres should be the first choice for all new retail and leisure development (see Section 2 and Appendix 5). In accordance with PPG6, and specifically the 'sequential' test, we have necessarily assumed that the optimum location for new 'bulky goods' floorspace should be in, or on the edge of, existing town centres, provided that suitable and viable sequential sites are available. In the context of PPG6, it is also incumbent upon developers and occupiers to be more flexible and innovative in the scale, design and layout of new retail and leisure proposals. The key issue to be considered is whether the 'class of goods' can be sold from one or more town centre sites, rather than being constrained by the retail format (retail warehousing for example).

DTZ *Re:Map* : BASE YEAR ASSUMPTIONS

- 6.3 DTZ has developed the *Re:Map* model specifically to forecast the potential capacity for, and impact of new retail floorspace. DTZ *Re:Map* is based on a conventional manual step-by-step approach which is both transparent and robust, in accordance with advice set out in PPG6. Its main advantage is that the sensitivity of the key assumptions can be tested at all stages in the analysis.
- 6.4 The key inputs to the model are estimates of a centre's and/or store's market share (*i.e. the proportion of spending in the defined study or catchment area which is currently attracted to the existing retail floorspace*) and trade draw (*i.e. the proportion of a centre's and/or store's turnover derived from outside the study area*). In this case our market share assumptions are informed by the household survey commissioned specifically for this study. The survey results provide a broad indication of the pattern of shopping for convenience and comparison goods across the study area and specifically which centres and/or stores people normally visit to purchase fashion, 'bulky goods' and food items.
- 6.5 The main assumptions and workings of the DTZ *Re:Map* approach are set out in more detail in Volume 2 (Appendix 8). The base year for our assessments is 2003 and Table 6.1 describes some of the more critical inputs to the model.

Table 6.1

DTZ Re:Map - Base Year Assumptions

Study Area:	<p>The study area has been divided into two zones - the Central and Outer Zones.</p> <p>This covers all the Borough Council area and is broadly equivalent to a 15 minute off-peak drive time around Loughborough town centre.</p>
Average spend & forecasts:	<p>The output of the <i>TargetPro</i> dataset (formerly know as URPI <i>Illumine</i>) indicates average convenience goods spend per capita levels in 2000 (at 2000 prices) of £1,469 in the Central Zone (increasing to £1,473 by 2003) and £1,465 in the Outer Zone (rising to £1,470 by 2003). Average spend on comparison goods is estimated to be £2,217 in the Central Zone (rising to £2,465 in 2003) and £2,357 in the Outer Zone (rising to £2,621 by 2003). Please note that the information derived from <i>TargetPro</i> does not include student population and spend.</p>
Population & forecasts:	<p>The Central Zone population is estimated to be 49,896 at 2003. We assume it will increase in line with the +0.55% per annum projected by Charnwood Borough for 2000 – 2016, based on the 1996 mid-year ONS District projections (ONS 2001).</p> <p>The Outer Zone population is estimated to be 187,361. This comprises some areas outside of the Borough, including Rushcliffe BC and North West Leicestershire BC. We assume that the population in these neighbouring local authority areas will increase by +0.24% and +0.47% per annum respectively based on the ONS Shire projections (2001) and have adjusted the growth forecasts accordingly.</p> <p>Please note that Scenarios 1-3 (comparison goods) and Scenario 1 (convenience goods) exclude student population and spend growth.</p>
Existing & committed floorspace:	<p>Comparison goods floorspace figures for Loughborough are based on Council estimates. Convenience floorspace estimates are derived from a variety of sources, including IGD, Goad and local authority figures. The local authority has provided all retail warehouse and pipeline floorspace data.</p>
Market share estimates:	<p>Market shares are informed by the results from the household interview survey (described in Section 4), and specifically the cross-tabulation of the questions on where people shop for convenience goods (for both “bulk” and “top-up” food items) and comparison goods (for both “fashion” and “bulky goods” items) and how much they spent on their last shopping trip. Please note that the market shares of the study centres have been adjusted by DTZ to allow for a higher market share on special forms of trading (SFT) as indicated by recent market research (see below). The forecasts also do not take account of the potential uplift in market shares and trade draw following the opening of The Rushes.</p>
Special forms of trading:	<p>We assume that 7.6% of comparison goods spend and 3.2% of convenience goods spend is on SFT (<i>i.e. spend which does not take place in shops, such as vending machines, mail order and Internet shopping</i>). The market share for comparison goods is based on previous research conducted by the 'Unit for Retail Planning Information' (URPI), whilst convenience goods SFT estimates are derived from MapInfo.</p>
Trade draw:	<p>We assume that no convenience goods turnover is drawn from outside the study area. Given Loughborough's size and function, we estimate that comparison facilities within the town draw approximately 5% of their total sales from outside the study area and retail warehouses will also draw 5%. Please note that we have not modeled the potential impact of the Rushes on trade draw.</p>
Comparison goods turnover estimates:	<p>Based on the assumptions outlined above, we estimate Loughborough town centre achieves a base year turnover of £112.5 million in 2003 (at constant 2000 prices), which is equivalent to an average sales density of approximately £4,527 per square metre (sq.m) or £421 per square foot (sq.ft.). The outputs of the model also indicate that the existing retail warehousing is achieving an average sales density of £2,594 sq.m (£241 per sq.ft.), based on a total turnover of £66.1m.</p>
Convenience goods turnover estimate:	<p>The town centre and out-of-centre food stores in Loughborough are estimated to be achieving a total turnover of £139.9 million in 2003 (at 2000 prices), which is equivalent to an average sales density of £11,723 per sq. m. Based on the household survey results, we calculate that over two-thirds (£91.5m) of this turnover stems from the out-of-centre foodstores, namely Tesco and Safeway.</p>

6.6 For the purpose of our retail assessment, we have also tested the following critical assumptions relating to trading conditions at the base year and the turnover “efficiency” of existing floorspace up to 2016: -

- **“Equilibrium”** - we have assumed that Loughborough’s retail market is in equilibrium at 2003 and that the existing town centre and stores are trading at around average turnover levels. This is a conventional approach in retail assessments, as without more detailed local business turnover figures, it is inherently difficult to ascertain whether centres and stores are under-trading or over-trading.
- **“Efficiency”** – For existing comparison goods retailers in Loughborough town centre only we allocate a proportion of the forecast growth in spend to allow for the increased “efficiency” of existing floorspace. This is a standard approach used in retail studies and it is generally assumed that retail businesses need to grow at between 1.0% - 1.5% per annum in real terms to remain commercially viable. It is argued that this growth allows businesses to maintain their current trading performance and customer service through new investment, and therefore helps existing town centres to maintain their vitality and viability in accordance with policy guidelines.

SCENARIO TESTING

6.7 DTZ do not believe that there is one simple or single solution to quantifying capacity. In order to test the sensitivity of the outputs of the DTZ *Re:Map* model to critical changes in the key inputs (such as turnover ‘efficiency’ rates and market share/trade draw levels) we have modelled four different growth scenarios for **comparison goods** ⁽¹⁾:

- **Scenario 1a & 1b: ‘Baseline’** – Assumes that the base year market shares remain constant over the forecast period, up to 2016. We also test the impact of two different annual “efficiency” growth rates of 1% (Scenario 1a) and 1.5% (Scenario 1b) for existing and new town centre and retail warehouse floorspace (see Appendix 9);
- **Scenario 2: ‘Decline’** – As additional new retail floorspace comes on stream in other centres across the region (particularly Nottingham and Leicester), it is likely that Loughborough will be experiencing a decline in its existing market share over the forecast period. This second scenario therefore tests the potential impact of neighbouring centres on Loughborough, assuming a minimum 10% decline in the town centre’s potential market share (see Appendix 10). Although we accept that the Rushes scheme will help Loughborough to maintain and increase its market share and possibly trade draw over the short to medium term, this scenario does help to demonstrate the longer term impact of competing centres and facilities on Loughborough’s relative attraction and performance.

⁽¹⁾ Please note that whilst the *ReMap* model does forecast the potential capacity for town centre and ‘bulky goods’ floorspace, it does not disaggregate the base year spend estimates or forecasts by the different retail categories as we do not believe this is supported by the current planning policy agenda. Also the changes in the retail industry over the last decade mean that ‘bulky goods’ retailing occur in both town centre and out-of-centre locations.

- **Scenario 3: 'Growth'** – This scenario models the potential for Loughborough to increase its attraction through new retail development and investment. For the purpose of this study we examine the potential market shares required to support up to approximately 9,000 – 10,000 square metres of additional new net retail space in the town centre up to 2016, over and above any existing commitments (particularly the Rushes). This scale of development is, we believe, the minimum necessary to support a commercially viable new mixed use scheme, anchored by a major new space user (see Appendix 11).
- **Scenario 4: 'Student Population and Spend'** – This final scenario takes account of the potential impact of the Borough's large and growing student population on the forecast floorspace capacity estimates. It is our understanding that the 1991 census (from which the *MapInfo* base year population estimates are derived), was undertaken during the Easter vacation and therefore does not take into account Loughborough's student population. If this is the case, then the average student spend on comparison and convenience goods (albeit below the average for the Borough's residents), will inevitably increase Loughborough's potential turnover at the base year and will also add to the demand for new floorspace across the Borough and particularly within the town centre. Although, we accept that including student spend within a capacity exercise is an unconventional approach, and we are not aware of other studies where this has been undertaken, we have nevertheless appended Scenarios 4a and 4b (based on the different turnover 'efficiency' assumptions) to demonstrate the impact (albeit limited) that student spend and growth has on the base year turnover and capacity assessments (see Appendix 12).

6.8 For **convenience goods** retailing we have only tested a '*baseline*' scenario in which the 2003 market shares (derived from the household survey) are held constant over the forecast period (see Scenario 1, Appendix 13). We also model the potential impact of student spend on convenience goods floorspace capacity (see Scenario 2, Appendix 13).

6.9 The following commentary summarises the key findings of the DTZ *Re:Map* capacity assessment for comparison, convenience and 'bulky goods' retailing.

RETAIL CAPACITY ASSESSMENT: COMPARISON GOODS RETAILING

6.10 DTZ has tested three different capacity scenarios for comparison goods retailing ⁽¹⁾ based on 'constant', 'declining' and 'growing' market shares. The findings of these three different scenarios are briefly described below.

Scenario 1a and 1b: 'Baseline' Scenario

⁽¹⁾ Please note that this represents gross comparison goods floorspace only and excludes allowances for convenience floorspace (this will be examined latter), service and A3 businesses (such as cafés, restaurants).

- Assume no changes in Loughborough town centre's base year market share of 43% up to 2016.
- Assume 5% trade draw from beyond the study area up to 2016 for Loughborough town centre and for Loughborough's retail warehousing.
- Assume turnover "efficiency" growth rate of 1% (Scenario 1a) and 1.5% (Scenario 1b) for existing and new town centre/retail warehouse businesses.
- Assume a net to gross floorspace ratio of 70% for new town centre floorspace and 80% for retail warehouse floorspace.

- 6.11 In Scenario 1 (Appendix 9) we have modelled the potential capacity for new comparison goods floorspace in Loughborough town centre up to 2016 assuming that all the key inputs to DTZ *Re:Map* (i.e. market shares and trade draw levels) remain constant over the forecast period.
- 6.12 This "constant" baseline scenario provides a useful benchmark against which to model the potential changes in Loughborough's comparison goods retail market. We accept, however, that holding market shares constant over a 10-15 year period is an unrealistic trading scenario. This is because retailing is a dynamic sector and town centre performance (as measured by changes in turnover and market share) can fluctuate dramatically dependent on changes in the location, quantity and quality of new retail floorspace across catchment areas, as well as the impact of new management and marketing initiatives. The dynamic changes in the retail landscape over the last two decades, as well the emergence of new trading formats (such as retail warehouses, factory outlets and 'e-tailing'), clearly underline the difficulties involved in forecasting the optimum type, scale and location of future new retail floorspace.
- 6.13 For the purpose of our analysis we have assumed floorspace "efficiency ratios" of 1.0% (Scenario 1a) and 1.5% (Scenario 1b) for all town centre floorspace to test the sensitivity of the outputs of the DTZ *Re:Map* model. The analysis indicates a 70% growth in demand (i.e. population and spend), which is higher than the estimated growth in the supply of new net comparison goods floorspace of approximately 24% (which will come on stream once the Rushes begins trading in Autumn 2003).
- 6.14 Table 6.2 sets out our forecasts of the potential capacity for new floorspace in Loughborough town centre up to 2006 based on the different 'efficiency' ratios. The key findings are described below: -

Table 6.2 Scenarios 1a & 1b: Potential capacity for new town centre and 'bulky goods' floorspace (gross), 2008 – 2016 (Assume 'efficiency ratio' of 1.0% & 1.5% per annum)			
(Gross square metres)	2008	2013	2016
Loughborough Town Centre:			
- Scenario 1a (@1% per annum)	5,000	11,300	15,200
- Scenario 1b (@1.5% per annum)	4,000	9,100	12,100
Option A: Town Centre – 'Bulky Goods' Retailing (@£5,000 per sq.m.):			
- Scenario 1a	2,500	5,700	7,800
- Scenario 1b	2,000	4,500	6,200
Option B: Out-of-Town – 'Bulky Goods' Retailing (@£2,500 per sq.m.):			
- Scenario 1a	5,100	11,300	15,600
- Scenario 1b	3,900	9,000	12,300
Source: DTZ <i>ReMap</i> , (Appendix 9), Stage 7			
Notes: 'Bulky Goods' floorspace capacity is based on the residual expenditure derived from existing edge and out-of-centre facilities.			

- According to DTZ *Re:Map* (Stage 7) there is a residual comparison good expenditure of between £36.2 -£43.3 million in 2013, rising to £52.0- £61.3 million by 2016 (please note that all figures have been rounded up).
- Assuming an average sales density for new town centre floorspace of £5,000 per sq.m in 2003, this translates to a broad potential capacity for new town centre retailing (i.e. excluding retail warehouse floorspace) of between 12,100 - 15,200 sq.m at 2016.
- Given that the Rushes scheme will comprise an estimated 17,000 sq.m gross (11,870 sq.m net) of comparison goods retailing when it opens in Autumn 2003, it will inevitably 'soak up' all the estimated quantitative need for additional new major comparison goods floorspace for the town centre up to 2016.

6.15 However, in accordance with PPG6 and the sequential test, DTZ also advise that any potential residual expenditure for new retail warehouse floorspace over the forecast period should be directed towards town centre and then edge-of-centre locations in the first instance. On this basis we estimate that there is between £30.4m (Scenario 1b) and £35.9m (Scenario 1a) of additional comparison 'bulky' goods spend that could be accommodated within the town centre in 2016. This assumes that sequentially suitable sites have been identified in town centre and/or edge-of-centre sites as part of the Local Plan review (this is examined in more detail in Section 8).

6.16 There is some debate, however, as to whether 'bulky goods' retailers trading from town centre and/or edge-of-centre locations will trade at the higher average sales densities achieved by high street retailers. Although evidence is scarce, this will clearly impact on the overall floorspace capacity forecasts. We have therefore tested two different trading scenarios depending on

whether this residual expenditure and floorspace is located in town centre or out-of-centre locations:

- **Option A: Town centre 'bulky goods' retailing** – In the first scenario we assume that new floorspace opening in town centre locations will trade at a higher average sales density of £5,000 per sq.m. On this basis we estimate that there is capacity for between 6,200 – 7,800 sq.m of additional 'bulky goods' town centre floorspace by 2016. This therefore increases the overall potential capacity for new town centre floorspace to between 18,300 sq.m and 23,000 sq.m gross at 2016. After taking account of the Rushes development, which will comprise an estimated 17,000 sq.m gross of comparison goods retailing, this results in a final capacity forecast for the town centre of between 1,300 – 6,000 sq.m gross at 2016. On this basis, there is clearly limited potential for new town centre floorspace, over and above the Rushes development.
- **Option B: Out-of-centre 'bulky goods' retailing** - In the second scenario we assume that no sequential sites are available within the town centre and that any new 'bulky goods' retailing will trade at a lower average sales density of £2,500 sq.m. This results in a higher capacity for between 12,300 - 15,600 sq.m of new retail warehouse floorspace by 2016.

6.17 However, in the context of PPG6, DTZ advise the Council that if new retail warehousing is located in or close to the town centre then the impact on the vitality and viability of the town centre as a whole will need to be examined. One policy measure to minimise the potential impact on high street retailing is to place planning conditions on any retail warehouse proposals to restrict future developments to the sale of bulky goods only.

Scenario 2: 'Decline' in Loughborough town centre's market share

- This hypothetical scenario tests the potential impact of new and extended shopping facilities on Loughborough's relative attraction and performance, assuming the Rushes has no impact on the town's market share and trade draw.
- Assume Loughborough's market share falls to 39% within the Central Zone by 2016 and to 7% in the Outer Zone, due to increased competition from new developments and investment in neighbouring authorities;
- Assume the town centre's trade draw from beyond the study area remains constant at 5% to 2016 similarly trade draw for retail warehousing facilities remains constant at 5%.
- Assume increased market share of 'special forms of trading' from 7.6% in 2003 to 12% by 2016 due to the forecast growth of shopping on the Internet.
- Test turnover "efficiency" growth rate of 1.5% for existing and new town centre floorspace and 1% for retail warehousing;
- Assume a net to gross floorspace ratio of 70% for new town centre floorspace and 80% for retail warehouse floorspace;

- 6.18 The second ('worse case') scenario assumes that there are no future improvements to Loughborough's retail offer (and also excludes the impact of the Rushes on Loughborough's market share and trade draw levels). Although a hypothetical scenario, it does help to show the potential impact of the increased competition from other neighbouring centres in the region, particularly Nottingham and Leicester (see Appendix 10). We believe that if there is no investment in Loughborough's shopping offer and environment, then it is reasonable to assume that its market share could fall by a minimum of 10% from within the Central and Outer Zones by 2016.
- 6.19 For the purpose of this scenario, we also assume that the market share of '*special forms of trading*' (driven by the growth in 'e-tailing') will increase up to 2016. Although forecasting is inherently difficult, we have nevertheless tested a growth in the market share of '*special forms of trading*' from 7.6% to 12% between 2003-2016. As shopping from home via the Internet becomes easier, it is inevitable that this will impact on traditional forms of retailing. Based on our own forecasts and literature reviews (see Section 2), DTZ consider that the main impact will fall on specific sectors of the market (i.e. books and music) and retail formats (such as retail warehousing), whereas those town centres which offer a mix of uses and attractions will be better placed to maintain market share.
- 6.20 We forecast that Loughborough town centre's total turnover could be constrained to £147.5m in 2013 and £155.7m in 2016. This compares with Scenario 1, which calculated a forecast turnover potential of £168.8m in 2013 and £190.6m in 2016. In other words, there would be an impact on its total forecast turnover of 12.6% (-£21.3m) in 2013 and 18.3% (-£34.9m) in 2016. This would represent a significant impact on the town centre and could undermine the vitality and viability of a number of businesses and shopping locations, leading to closures and increased vacancy levels.
- 6.21 To conclude, Scenario 2 clearly demonstrates that it is not a viable option for the local authority to "*do nothing*" in Loughborough town centre. The continued decline in the town centre's market share due to a lack of new investment will (even over the short term) have an adverse impact on its overall vitality and viability. Nevertheless, the scale, attraction and performance of the Rushes should help to minimise the impact of competing shopping locations on Loughborough town centre over the short to medium term.

Scenario 3: 'Growth' in Loughborough's town centre market share

- Identifies the level of growth in Loughborough's market shares needed to support additional High Street-type floorspace of up to 10,000 sq. m net.
- To achieve this we estimate that the town centre's market share would need to increase from 43% to 50% within the Central Zone between 2003 – 2016, and from 11% to 16% in the Outer Zone;
- We also assume that trade draw from beyond the study area would need to increase from 5% in 2003 to 8% by 2016, to reflect the increased attraction of the town centre's retail and leisure offer.
- Assume stable market share of 'special forms of trading' of 7.6% through to 2016.
- Assume no impact from new development elsewhere in the region.
- Test turnover "efficiency" growth rate of 1.5% for existing and new town centre floorspace and 1% to retail warehousing;
- Assume a net to gross floorspace ratio of 70% for new town centre floorspace and 80% for retail warehouse floorspace;

- 6.22 In this scenario (Appendix 11) we have tested the potential market share and trade draw levels required to sustain up to 10,000 sq.m net of new comparison goods retailing in the town centre by 2016, over and above the proposed Rushes development (i.e. 11,870 sq. m net).
- 6.23 In the context of other major new investment and development either opened or committed in neighbouring centres across the region, we believe that this 'critical mass' of retail floorspace will be necessary help Loughborough town centre maintain and enhance its overall vitality and viability. This scale of new retailing is, we believe, the minimum needed to support a major new space user as anchor as part of a mixed use town centre development. It will also help Loughborough 'claw back' some of the market share it is forecast to lose to new shopping facilities across the region.
- 6.24 The forecast uplift in market shares and trade draw are not unreasonable if a commercially viable development, anchored by a major space user, can be accommodated in Loughborough town centre without an adverse impact on the town's overall vitality and viability. Based on the relative size and affluence of its catchment population and the fact that it is the dominant centre within its mainly rural catchment, we believe Loughborough has the potential to attract new investment over the longer term and to claw back the increasing proportion of shoppers and spend that will inevitably flow to the larger, more attractive centres in the region.
- 6.25 Table 6.4 sets out the additional capacity for new retail floorspace forecast for Loughborough town centre at 2008, 2013 and 2016.

Table 6.4 Scenario 3: Potential capacity for new 'town centre' comparison goods floorspace (gross), 2008 – 2016 (Assume 'efficiency ratio' of 1.5% per annum)			
	2008	2013	2016
Loughborough Town Centre - Capacity			
- <i>Residual Floorspace (net sq.m.)</i>	6,500	14,890	20,750
- <i>The Rushes (net sq. m)</i>	11,870	11,870	11,870
Residual Net Floorspace (sq.m.)	-5,370	3,020	8,880
DTZ <i>ReMap</i> , Table 3 (Appendix 11), Stage 7			

6.26 Based on the higher market share and trade draw assumptions, we forecast there is the potential capacity for approximately 20,750 sq.m net of new floorspace in the town centre at 2016. However, 11,870 sq.m net of this floorspace capacity will be taken up by the Rushes development, which is scheduled to open at the end of 2003. This leaves a residual floorspace of approximately 8,800 sq.m net (12,600 sq.m gross) at 2016.

6.27 The critical issue for the local authority to determine is whether there is a site (or sites) in the town centre capable of accommodating a mixed use scheme comprising approximately 8,800 sq.m net of comparison goods retailing, along with a mix of other floorspace (possibly including service businesses, A3, residential, leisure and office uses). Even if sites are available, it will be necessary to assess whether Loughborough's existing infrastructure, particularly parking and access, is capable of supporting this increase in retail floorspace. An assessment of the potential impact on the vitality and viability of the town centre as a whole will also need to be undertaken. This study examines the potential opportunity sites in Section 8, although this is a matter for the local plan to examine and consider in more detail any future planning strategy.

RETAIL CAPACITY ASSESSMENT: CONVENIENCE GOODS RETAILING

- Assume no changes in Base Year market shares and trade draw levels up to 2016;
- Assume 'equilibrium' at the Base Year;
- Assume no turnover "efficiency" growth rate;
- Assume a net to gross floorspace ratio of 65%.

6.28 The baseline scenario (Appendix 13) assumes that all the key inputs to DTZ *Re:Map* (i.e. market shares and trade draw levels) remain constant over the forecast period. As for comparison goods retailing, we accept that this could be an unrealistic assumption given the dynamic nature of the grocery sector, although this scenario does provide a useful benchmark and baseline case to model the future need for additional convenience provision.

- 6.29 Table 6.5 summarises the output of the retail capacity assessment. It shows that there will be a total capacity for an additional 1,400 sq.m gross of convenience goods retail floorspace in the Borough at 2016 (including both town centre and out-of-centre spend). Although we assume 'equilibrium' at the Base Year, we accept that there may be some pent-up capacity based on the average national company sales of the main foodstores represented in Loughborough, benchmarked against their derived average sales. Nevertheless, we believe the Asda store at Thurmaston, which has a total convenience goods sales area of 2,787 sq.m, will 'soak' up this forecast capacity. We therefore conclude that there is no quantitative 'capacity' for additional new food retailing in the Borough over the study period.

Table 6.5 Potential capacity for new convenience goods floorspace, 2008 – 2016			
(Gross square metres)	2008	2013	2016
<i>Loughborough Town Centre Stores</i>	0	300	500
<i>Loughborough Out of Centre Stores</i>	300	600	900
TOTAL 'CAPACITY':	300	900	1,400
DTZ ReMap, Table 1 (Appendix 9), Stage 7			

- 6.30 The results of the quantitative capacity assessment do not necessarily mean that there is not the opportunity for qualitative improvements to Loughborough's food retailing provision, provided that there is no adverse impact on the vitality and viability of the town centre as a whole in accordance with the tests for new development set out in PPG6. For example, there may be opportunities for discount operators and/or other new trading formats (e.g. Tesco Express and 'c-stores') in some town centres. However, we accept that this may be contrary to John Prescott's recent Parliamentary Statement in April 2003 in which he stated that qualitative need should only be considered as a material consideration when determining new retail planning applications.
- 6.31 In summary, DTZ advise that any new foodstore developments should be located in or on the edge of Loughborough town centre, or within other district centres, to help increase the range and choice of food shopping to the local population. This new development should satisfy the sequential test and should have no adverse impact on the vitality and viability of existing centres, in accordance with PPG6.

RETAIL CAPACITY ASSESSMENT: THE STUDENT 'FACTOR' (SCENARIOS 4a AND 4a)

- 6.32 DTZ has also tested the potential impact of the growing student population on the sensitivity of the retail capacity outputs. It is our understanding that the 1991 census (from which the *MapInfo* base year population estimates are derived), was undertaken during the Easter vacation and therefore does not take into account Loughborough's large and growing student population. DTZ believe that students will generate a quantum of food and non-food expenditure that could increase the turnover potential of the existing floorspace stock at the base year and will also increase the capacity for new retail floorspace over the forecast period.
- 6.33 For the purpose of this assessment we have therefore remodeled the 'baseline' scenario to take account of student population and spend. The results of the ReMap model are set out in Scenarios 4a and 4b of Appendix 12 (the two different scenarios reflect the different assumptions as to turnover 'efficiency'). The following text and tables summarise the main assumptions and key steps in the analysis:
- **Base year population & growth** – Information from the 2001 census indicates that there are 10,083 students living in Loughborough's urban area (i.e the Central Zone) and a further 1,775 students in Charnwood Borough (for the purpose of our analysis we assume that these all live within the Outer Zone). We have forecast a 3% per annum increase in the student population based on recent national research undertaken by the Higher Education Statistics Agency. On this basis we estimate that the total student population in Charnwood Borough could increase from approximately 14,500 in 2003, to 21,300 by 2016 (+47%).
 - **Average spend estimates** – There is limited information on student expenditure. We have therefore based our estimates on the findings of the '*Student Income and Expenditure Survey*' undertaken by Department of Education & Skills (DfES). The survey found that, on average, students spent 18% of their available expenditure on food, bills and household goods during 1998/1999, which equated to approximately £970 per person per annum. We have therefore assumed that Loughborough's students spend approximately 30% of the average spend on convenience goods and 20% on comparison goods. In 2003 we therefore estimate that the average student spends £442 per annum on food and £493 per annum on non-food items in the Central Zone and £441 and £524 respectively in the Outer Zone.
 - **Total available spend** – Based on these assumptions Table 6.6 shows that Loughborough's students could be contributing an additional £7.2m of comparison goods spend at the base year (of which £6.2m is within the Central Zone), benchmarked against Scenarios 1 – 3, rising to £16.7m across the study areas by 2016 (of which £14.4m is in the Central Zone).

Table 6.6 Forecast growth in comparison goods spend (with & without students), 2003 – 2016			
(£ million)	2003	2013	2016
Central Zone:			
- Excluding Student Population	£123m	£185.1m	£209.2m
- Including Student Population	£129.2m	£197m	£223.6m
Outer Zone:			
- Excluding Student Population	£491m	£734.3m	£828.6m
- Including Student Population	£492m	£736.2m	£830.9m
Note: Forecast based on the "ultra long term" annual growth rate of 3.6% for comparison goods spending up to 2016			

- Base year turnover** – We assume that the additional £7.2m of student spend on comparison goods at the base year is flowing to existing town centre and out-of-centre businesses across the study area and beyond. We do not assume that this additional spend represents pent-up capacity at 2003. This results in an uplift in our base year turnover estimates for Loughborough's town centre and retail warehouse businesses. For example, the DTZ ReMap model indicates that student spend could increase the town centre's base year turnover from £112.5m to £115.5m and the retail warehouse turnover from £66.1m to £67.3m. This results in a modest increase in the town centre's average sales density from £4,527 per sq. m (without students) to £4,644 per sq. m (with students) at 2003.
- Turnover growth estimates** – Assuming constant market share and trade draw levels over the forecast period, we estimate that Loughborough town centre's comparison goods turnover will increase to £197.4m in 2016, which is some 3.6% higher than the £190.6m forecast excluding student spend. Similarly, we forecast that Loughborough's retail warehousing will achieve a combined turnover of £114.7m in 2016, which is higher than the £111.8m forecast without student spend.
- Residual spend** – For Scenario 4a we forecast that the residual spend available for new town centre floorspace in 2016 is £64.7m (this is higher than the £61.3m excluding student spend). The forecast residual spend for retail warehousing is £37.3m at 2016 (compared with £35.9m without student spend). For Scenario 4b the residual spend falls to £55.2m including student spend (the fall is due to the higher 'efficiency' ratio of 1.5% per annum assumed, compared with £52m excluding students. For retail warehousing the respective figures are £31.8m (with students) and £30.4m (without students) at 2016.
- Town Centre comparison goods capacity** – We forecast that student spend will generate the capacity for an additional 700-900 sq.m of new town centre comparison floorspace by 2016 (see Table 6.7). If we assume in policy terms that all new retail warehouse floorspace should be located either in or on the edge of the town centre, then we estimate there is capacity for an additional 200-300 sq.m in 2016 over and above the original forecast, which excluded student spend.

- **Out-of-centre comparison goods capacity** – As Table 6.7 also shows, we forecast that the additional student spend will generate the capacity for between 12,900 – 16,200 sq.m gross of 'bulky goods' retailing by 2016 (assuming a lower average sales density of £2,500 per sq.m), which is slightly higher than the 12,300 – 15,600 sq.m forecast without student spend.

Table 6.7 Scenarios 4a and 4b: Potential capacity for new town centre and 'bulky goods' floorspace (gross), 2008 – 2016 (Assume 'efficiency ratio' of 1.0% & 1.5% per annum)			
(Gross square metres)	2008	2013	2016
Loughborough Town Centre:			
- Scenario 1a (@1% per annum)	5,300 (5,000)	11,900 (11,300)	16,100 (15,200)
- Scenario 1b (@1.5% per annum)	4,200 (4,000)	9,600 (9,100)	12,800 (12,100)
Town Centre: 'Bulky Goods' Retailing (@£5,000 per sq.m.):			
- Scenario 1a	2,800 (2,500)	5,900 (5,700)	8,100 (7,800)
- Scenario 1b	2,100 (2,000)	4,700 (4,500)	6,400 (6,200)
Out-of-Town: 'Bulky Goods' Retailing (@£2,500 per sq.m.):			
- Scenario 1a	5,200 (5,100)	11,800 (11,300)	16,200 (15,600)
- Scenario 1b	4,100 (3,900)	9,400 (9,000)	12,900 (12,300)
Notes: 'Bulky Goods' floorspace capacity is based on the residual expenditure derived from existing edge and out-of-centre facilities.			

- 6.34 For **convenience goods** we forecast that the student population will generate £5.4m of residual spend in the town centre and £7.7m for out-of-centre stores at 2016, compared with the £2.5m and £6m estimated without student spend. This translates into a capacity for 1,100 sq.m gross of town centre convenience goods floorspace at 2016 and 1,100 sq.m for out-of-centre space. The respective capacity estimates without student spend are 500 sq.m and 900 sq.m.
- 6.35 The above assessments demonstrate that whilst Loughborough's students do contribute a significant amount of retail spend within the Borough, and particularly in the town centre itself, this does not result in a significant level of additional floorspace in capacity terms.

SUMMARY

- 6.36 In conclusion, whilst there is capacity for Loughborough town centre to increase the scale and quality of its comparison goods retailing up to 2016, this will be met through the development of 'The Rushes'. We also forecast that there is no quantitative capacity for major new convenience goods floorspace over the study period.
- 6.37 The total forecast capacity for non-food retailing will largely depend on whether sequentially preferable town centre sites can be identified to accommodate a comprehensive mixed use scheme, which can also incorporate the capacity identified for 'bulky goods' retailing. If this 'bulky goods' floorspace cannot be accommodated in town centre or edge-of-centre sites, it will inevitably lead to increase demand for out-of-centre floorspace in existing and/or new locations that will be difficult to resist in policy terms.

SECTION 7: PROSPECTS FOR LEISURE: DEMAND & CAPACITY ASSESSMENT

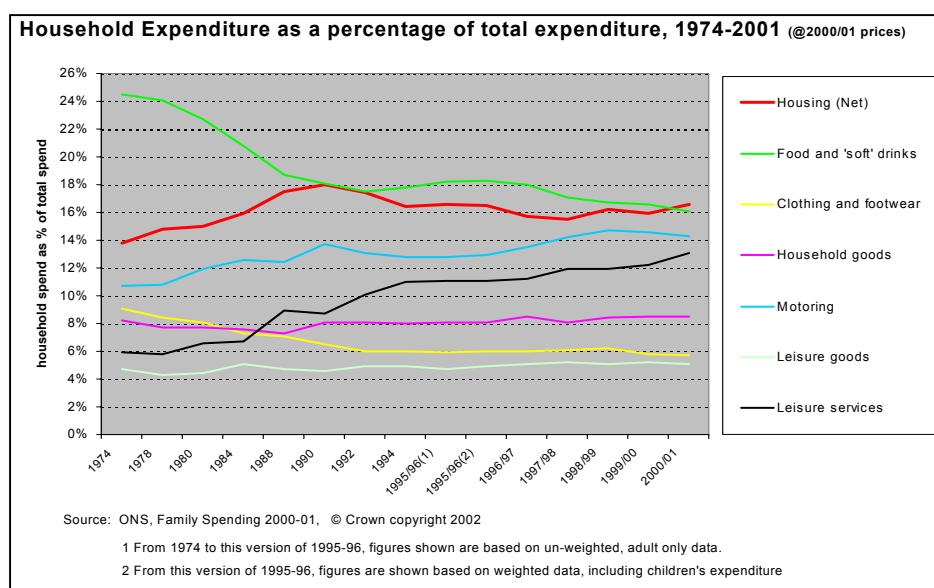
7.1 This section provides a brief commentary on the national trends in leisure spending and market demand, and how these trends are manifesting themselves in terms of business demand for representation in Loughborough. It also examines the prospects for growth in Loughborough's leisure sector over the short to medium term, based on identified 'gaps' in the marketplace and participation levels.

1. CONSUMER DEMAND

7.2 Although most property market analysts have tended to focus on the dynamic changes in retail spend and development since the 1980s, leisure is currently the most rapidly expanding sector of the economy. Even on the basis of a fairly restricted definition, the "free-time" or leisure industries are estimated to contribute around one-quarter of the national output (GDP) in the UK. For example, the recent Mintel *'British Lifestyles Report'* indicated that spending on out-of-home entertainment has increased by 29% in real terms (i.e. taking out inflation) between 1991 and 2001.

7.3 The 2000/2001 'Family Expenditure Survey' (FES), conducted by the Government's Office for National Statistics (ONS), also shows that total average weekly household spend on leisure goods and services (£70) represents the largest item for the household budget, higher than housing, food and motoring (see Appendix 14 for a more detailed analysis of the 'FES' results). Furthermore, spend on leisure services (including holidays, visits to the cinema, theatre and sports events), as a proportion of total average household spend, has increased its market share dramatically from 6% in 1974 to 13% in 2000/01 (see Figure 7.1). This growth has largely been at the expense of spend on food and non-alcoholic drink, which has experienced a reduction in its market share from 24% to 16% over the same period.

Figure 7.1



- 7.4 Since the turn of the millennium, however, Britain's economy has been on a roller-coaster ride. The terrorist attacks of September 11th 2001 and the Iraq War have further exacerbated the prolonged downturn in domestic and international economies. As a result, the FTSE has plummeted in value and there has been a significant impact on consumer, investor and business confidence in the retail and commercial leisure sectors.
- 7.5 Although the UK economy has avoided deep recession, many commentators have voiced concerns about the sustainability of the so-called "two-speed" economy, in which weak global demand, domestic manufacturing and private sector investment, are being off-set by strong consumer spending fuelled by low interest rates, rising housing prices and unprecedented levels of personal debt. This apparent dependence of consumer spending growth on ever growing indebtedness suggests that UK consumer spending would be extremely vulnerable to rising unemployment (which is anticipated) or even small rises in interest rates (which are possible).
- 7.6 Despite the underlying economic conditions, relatively high rates of growth in leisure spend, coupled with the offer of relatively long leases, has made the leisure industry an attractive destination for investment funds. There is, however, evidence of structural change and consolidation in many of the key leisure markets which will impinge on the demand for space and the performance of the sector over the medium term. This is summarised below.

2. MARKET DEMAND

- 7.7 Growth in the leisure sector has primarily been driven by a select number of leisure activities since the early 1990s, principally multiplex cinema and leisure park developments. The following commentary sets out our analysis of the prospects for growth in the leisure sector, based on the current activities and business strategies of the major players in the market place (see Appendix 14). We also examine the potential demand for representation in Loughborough based on our analysis of the *Retailer Focus* datasets, produced by Property Intelligence Plc., and our own more detailed discussions with key national and regional operators across all the major leisure sectors.

Leisure Parks & Urban Entertainment Centres

- 7.8 Despite strong growth during the second half of the 1990s, the development of leisure parks has slowed in recent years, including in the East Midlands. The FEC market is currently in a period of consolidation, with a number of the key occupiers not seeking to expand their operations. DTZ do not believe that Loughborough town centre currently offer the necessary 'critical mass' required by operators of major new leisure parks or Urban Entertainment Centre.

Cinemas

- 7.9 Whilst the cinema industry has been main driver of the commercial leisure growth in both the town centre and out-of-centre markets, there is an increasing body of research to suggest that the cinema market is becoming more mature and that saturation is fast approaching in a number of locations. Although market experts have predicted a limited growth in the cinema market over the next few years, there nevertheless is evidence that some of the smaller cinema operators are targetting medium-sized and smaller town centres.

DTZ has contacted a number of the leading cinema operators. Five of the largest operators (including Warner Village, Odeon and Showcase) have indicated that they have no current requirements for the area, mainly because of the town's proximity to existing facilities in Leicester and Nottingham and its relatively small catchment. The main demand is likely to come from smaller operators. For example, Cine-UK Ltd have put on hold any future acquisitions due to the company's pending sale, but they may consider Loughborough as a location in the future. This would seem to confirm the limited demand by major operators for a new cinema in the town centre. However, at the time of writing, we understand that the current owners of the Curzon Cinema are seeking to redevelop their existing six screen cinema on the Cattle Market.

Health & Fitness Clubs

- 7.10 The downturn in the economy over the last 18 months has impacted on the health & fitness industry. Many of the major players are scaling back their more ambitious expansion plans and analysts predict increased consolidation across the sector. Nevertheless, the UK has some way to go before it matches membership levels in America.
- 7.11 Over recent years there has also been a marked shift in the location and format of new health and fitness clubs, due mainly to the changes in planning policy guidance outlined in Section 2 (also Appendix 5). Health and fitness operators are increasingly targeting town centres and mixed-use schemes in town centre locations. They can help to create a wider range of activity, particularly in evenings and at weekends. More flexible planning policies will therefore need to be introduced which help to encourage an element of such uses within or on the edge of town centres.

The Focus dataset and DTZ's assessment of the market has indicated that there is a limited demand for new health and fitness clubs, particularly since LA Fitness have recently committed to a unit within the 'The Rushes' development. The increased consolidation and uncertainty in this sector is reflected by the fact that no other operators are currently looking for representation in Loughborough.

Hotels

- 7.12 The hotel industry has suffered badly over the last two years from the impact of the foot-and-mouth crisis, a slowing of the economy and growing global instability. Nevertheless the 'budget hotel' sector remains a major potential growth area and the main operators are actively seeking locations in town centre and edge-of-centre locations. Many chains are continuing with their expansion plans, despite more pessimistic forecasts for the long term.

There are two hotel operators who have expressed an initial requirement for representation in Loughborough. The first is Granada who operate brands such as Travel Lodge, Forte and Posthouse and would need approximately 20,000 sq. ft (0.18 ha). The second is Whitbread who run the Travel Inn, Swallow Hotel and Marriott Hotel chains and would prefer a 50-bedroom hotel with an attached restaurant (i.e. Brewers Fayre). This would ideally be located in an edge of centre site, along an arterial road, and would need approximately 0.4 hectares.

Pubs

- 7.13 Changes in the Use Classes Order, the relaxation of licensing hours and the growth of drinking and eating out as a leisure activity has fuelled significant changes in the pub and restaurant sector.
- 7.14 Following a period of intense activity and consolidation, experts predict that just 2/3 companies could emerge to dominate the sector over the next 5-10 years. Some market experts believe that because of changes in fashion, boredom with high street brands and a dip in consumer confidence, there will be a resurgence of "community pubs". One other potential area for growth is the "gastro-pubs", as the food offer has emerged as a particularly strong driver of success in the pub industry, and has resulted in more varied menus to cater for different tastes and the growing female market. The decline in the industry has had more of an impact on the smaller independent operators, with many ceasing trade as a result of increased pressure from their financial backers.
- 7.15 Considering the importance of the student population to Loughborough economy, DTZ believe that there are opportunities to expand the evening economy in the town centre. However, we note that the Council will need to consider the negative externalities that this may cause on amenity to the local population and the creation of dead frontages during normal trading hours.

The *Focus* report identified requirements from four pub operators seeking representation in Loughborough, namely Hardys & Hansons, Livingstones, Springbok Bars and Walkabout Bars. There is also an underlying demand for representation in Loughborough from other major operators. These include Whitbread who have a requirement for a number of their brands, including Brewers Fayre, Brewsters, Slug & Lettuce and Bar Med. We also found that Firkin have a requirement for one of their Firkin branded pubs. Considering the inflow of students to the town, we believe that there is an opportunity to increase the evening economy provision.

Restaurants and Cafés

- 7.16 During the 1990s the large breweries and leisure operators also moved into the restaurant sector. Over recent years, however, the established brands and companies such as Chez Gerard, Garfunkles, Café Uno and City Centre Restaurants have all experienced a decline in their market value. The benefactors are likely to be independent multiples that will move away from branded products. Nevertheless, those brands that combine quality with value, such as Pizza Express and Ask Pizza, have performed well. The booming coffee sector has also been experiencing a period of consolidation, following a number of years of rapid expansion.

The *Focus* report highlighted a modest demand for café, restaurant, bar and fast food operators for representation in Loughborough. There are currently seven businesses that have expressed an interest in taking space in the town centre, including McDonalds, Millie's Cookies, Pizza Hut, Pizza Express, Rio Coffee Bars, Tchibo, Café Nero and Subway.

Nightclubs, Casinos & Gambling

- 7.17 The nightclub industry has been hit by the growth in High Street bars with late licenses. According to the Mintel '*British Lifestyles Report*' total consumer spending in nightclubs is down almost a fifth during the last five years. The loss of revenue has mainly impacted on the smaller independent clubs that previously used to be the places where people went for a late night drink. The larger multiple club operators have been less affected by the late night bars as they offer something completely different.
- 7.18 Market experts forecast strong growth for the gambling industry, due principally to the proposed changes forwarded by the *Gambling Review Body* (otherwise referred to as the 'Budd Report'). The Government's initial response to the Budd Report would seem to suggest that it will comply with many of the recommendations although deregulation legislation is likely to be delayed until after the next election. The main outcome of this overhaul of gambling legislation will be an increase in the number and size of casinos. Market experts forecast an increase from 123 to 450 venues and casinos of up to 7,432 sq.m. (80,000 sq.ft.) are anticipated. Further to this Gala have just announced that they are seeking to take advantage of the anticipated gambling legislation deregulation, where they plan to build eight 'Las Vegas' style casinos in the UK, which will include landmark building comprising about 9,290 sq. m (100,000 sq. ft).
- 7.19 One of the likely changes is the introduction of resort casinos, which may help to regenerate some of Britain's declining resort towns. The most advanced is Blackpool, where the local authority is promoting a vision to reinvent and re-brand the town as a Las Vegas-style destination.

3. LEISURE 'CAPACITY' ASSESSMENT

7.20 The leisure industry is a complex sector and, in contrast to the retail market, is relatively poorly researched. There are no widely accepted methods for forecasting the quantitative capacity for new forms of leisure development and there is limited statistical evidence detailing the potential growth in leisure expenditure for specific leisure sectors, such as cinemas and health and fitness clubs. Therefore, forecasting the potential changes in the demand and take-up of space within the leisure sector is fraught with difficulty. The overall nature of demand in the leisure industry is most unusual because it comprises so many different activities, each of which has the potential for extraordinary rates of growth and decline, much more so than in the retail sector. A classic example of this has been the rise in cinema admissions since the mid-1980s and the fluctuations in the popularity of tenpin bowling and bingo.

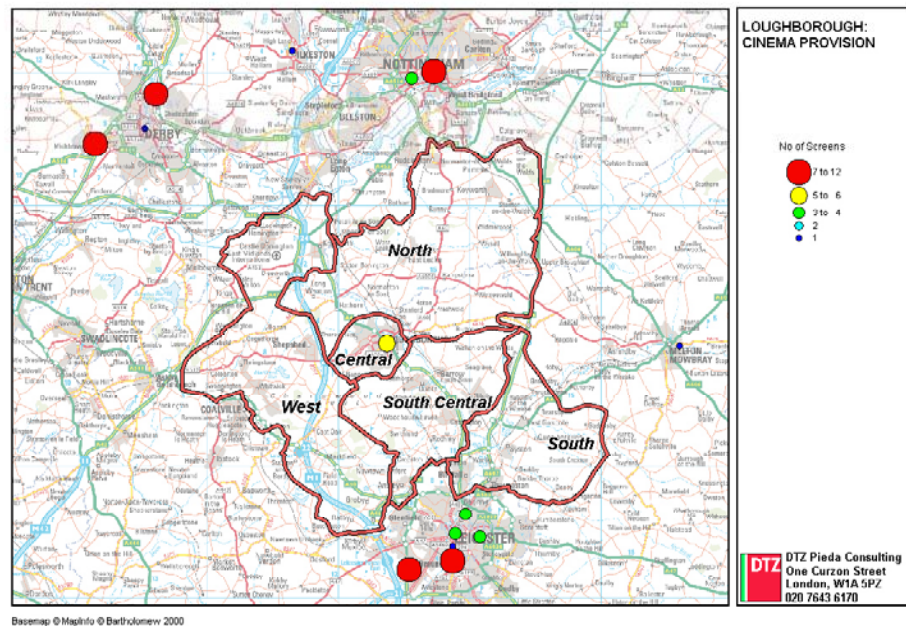
7.21 In order to provide a robust assessment of the potential for new leisure provision for Loughborough town centre over the next 5–10 years we have therefore drawn on a variety of different sources of information and research, including: -

- The findings of the household surveys conducted by DTZ to identify the current use of cinemas and health & fitness clubs in Loughborough, and highlight whether there are any potential 'gaps' in the geography of provision.
- The dedicated leisure datasets produced by CACI for Loughborough town centre, which compare the market share of different leisure activities with the national average. This includes socio-economic data, which helps to establish the nature and scale of demand in the town (see Table 3, Appendix 15).

Cinema Provision

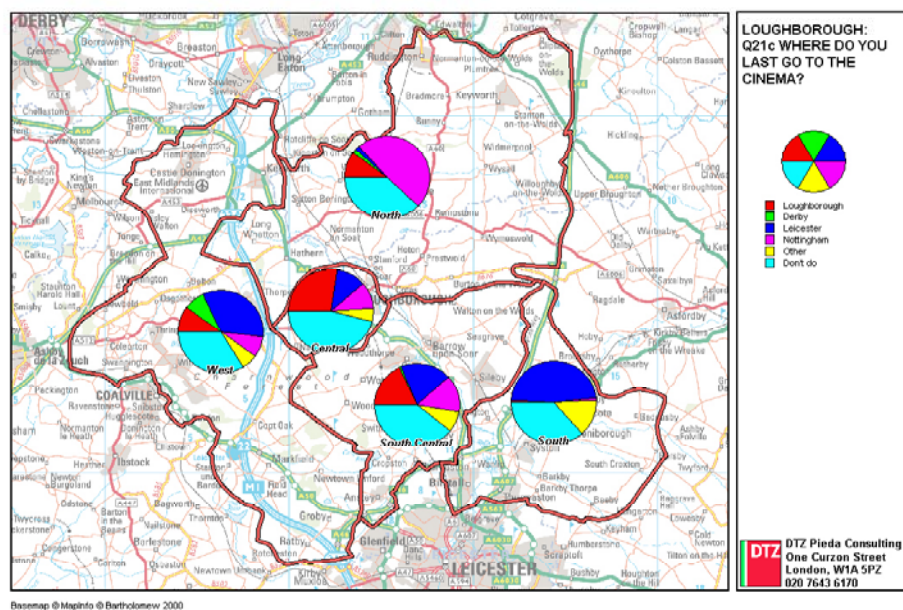
7.22 A simple analysis of the current provision and use of cinema in the study area clearly indicates that there is the potential for a new or larger cinema in Charnwood Borough, and preferably Loughborough town centre. A new cinema would help to 'claw back' those people who are currently visiting other multiplex cinemas outside the Borough, and would therefore represent a more sustainable development, whilst also helping to promote Loughborough's evening economy. The research confirms that: -

Figure 7.1



- There is an under-supply of multiplex cinemas in Loughborough and its surrounding catchment, compared with neighbouring towns and Boroughs (see Figure 7.1 and Table 1, Appendix 15). The only cinema in the Borough is the small independent 'Curzon' Cinema screen in Loughborough town centre. By way of comparison, both Leicester, Nottingham and Derby have a selection of both independents and large multiplex cinema facilities. For example, Nottingham has a 12-screen Warner Village within 2 minutes walk of the City Centre and Leicester has 12 screens at the out-of-centre Meridian Leisure Park. Each centre also benefits from a number of smaller independent operators. There is limited cinema provision to the west and south-west of Loughborough, which represents an opportunity for the town centre to capture market share in these affluent rural areas.
- The limited cinema provision in Loughborough is reflected in Figure 7.2 below, which illustrates that over half of those surveyed by the DTZ household survey in the central zone (38%) stated that they did not visit the cinema. Significantly, **Loughborough** attracted just 14% of cinema visits from respondents in the Central Zone. This was well below the market share of **Leicester** (24%) and equal to **Nottingham** (14%), but more than for Derby (2.5%).
- The CACI Participation Profile Report for cinemas indicates that 13% of Loughborough catchment resident population visits the cinema at least once a month, which is slightly below the GB average of 13.8% (see Table 3, Appendix 15). However, what this fails to show is that the majority of cinema-goers travel outside the Borough to the major out-of-centre multiplexes in Leicester and Nottingham.

Figure 7.2



- The recent Mintel report indicates that consumers from the 15–44 age bracket are most likely to visit the cinema, particularly 15-24 year olds (see Table 3, Appendix 14). There is a notable bias towards the more affluent consumers from the ABC categories. By Acorn Group it is those from the 'Rising' (which comprises affluent urbanites) and 'Expanding' (which comprises affluent executives and well-off workers) groups that are most likely to visit the cinema. A simple comparison with the Acorn profile of residents in Loughborough catchment shows that there are a high proportion of households classed within the 'Expanding' category (18% of households) compared with the GB average (10.4%), although only 6% were classified in the 'Rising' sub category, benchmarked against the national average of 9.1%.

7.23 At time of writing, DTZ are aware that the local authority was seeking to address the need for a cinema in Loughborough and were in negotiations with the owner of the Curzon Cinema off Devonshire Square to examine redevelopment options for the site.

Health and Fitness Provision

7.24 Based on DTZ's review of the health and fitness sector, and the research undertaken in this sector, it is possible to identify a number of key trends at the national level that help to inform our assessment of the potential for new facilities in Loughborough.

- Membership of health and fitness clubs has risen dramatically since the mid-1990s. Despite the downturn in the economy and recent consolidation in the sector, market experts still predict steady growth for the health and fitness sector over the longer term.

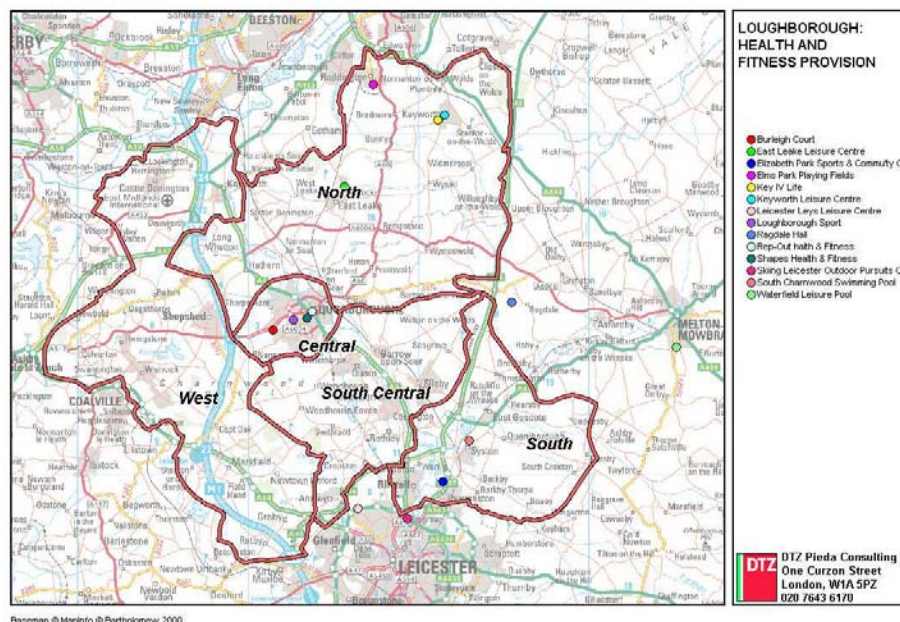
- Trends in the UK market have in the past followed North American trends. If this pattern continues, the UK has some way to go before it matches membership levels in America. For example, according to research carried out by the Leisure Database Company approximately 7% of the US population are members of private health & fitness clubs, compared with under 5% in the UK in 2001 (up from 3.2% in 1999).
- Based on membership of both private and public sector clubs, LDA research indicates a market penetration of 8.9% in the UK, compared with 13.2% in North America.

7.25 On this basis, analysts predict that UK membership levels could increase significantly by the end of the decade, which means potential for growth. Nevertheless, market share will obviously vary from club-to-club, region-to-region and amongst key sectors of the population.

7.26 Despite the bullish prospects for growth in the health and fitness sector over the medium term, the results of our research appear to indicate that, for the time being, there may be limited potential demand, above that already committed for new health and fitness facilities in Loughborough. The key findings to support this are as follows: -

- By mapping the location of health and fitness clubs across the area, Figure 7.3 below clearly shows that all the major centres of population are served by at least one public and/or private facility.

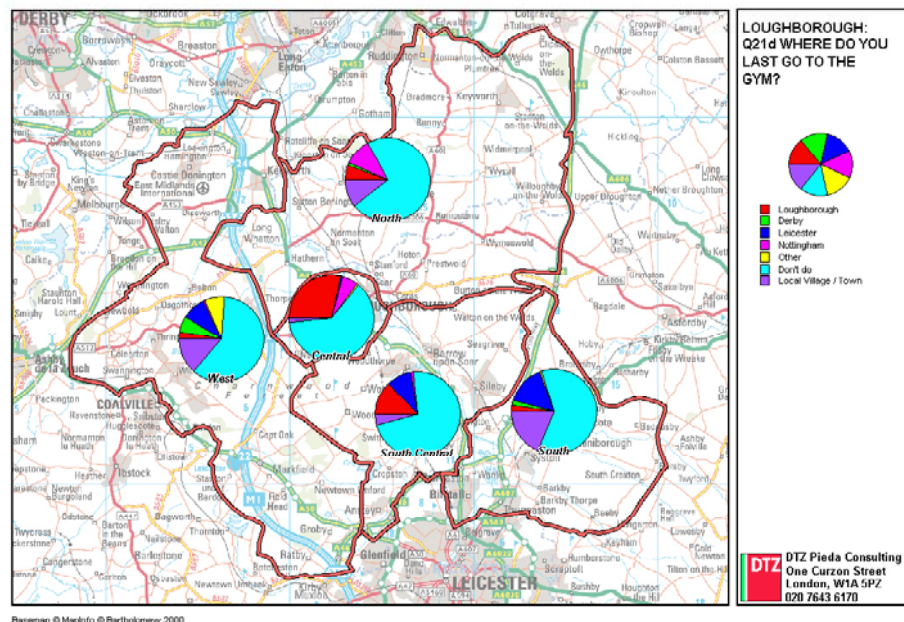
Figure 7.3



- In response to DTZ's household survey, we found that 65% of respondents in the whole catchment (Central and Outer Zone) stated that they did visit a gym, health club or leisure centre. Of the remainder, 10% used facilities in & around Loughborough, particularly Loughborough Leisure Centre and the 'Rep Out' gym. Some 10.5% of respondents also use facilities in Leicester and Nottingham. Nearly half (47%) of those

who go to the gym visit at least once a week, whilst the remainder visited less often. In terms of the central zone, Figure 7.4 below shows that approximately 28% of respondents used facilities within Loughborough, whereas more importantly 62% don't go to any facilities.

Figure 7.4



- The CACI Participation Profile Report for health and fitness indicates that 4.5% of the catchment's population are members of health clubs and 8.8% are member of gyms. This compares with the GB averages of 4.1% and 9.3% respectively (see Table 3, Appendix 15). This would seem to confirm that membership levels are currently at capacity, although benchmarked against average membership levels in the US there does appear to be potential for future growth.
- In response to DTZ's household survey, which asked people whether they were considered joining a gym or health club in the next 12-24 months, the majority 86% said that it would be very unlikely and just 5% stated that they would be likely/very likely to join.
- Finally, DTZ's assessment of market demand clearly illustrates that a number of the major operators who have been driving growth over recent years are currently in the process of consolidation. This would appear to confirm that in the short term at least, there is limited potential for new health and fitness facilities in Loughborough.

7.27

The health and fitness sector is one of the youngest, most commercially-orientated and dynamic sectors within the whole leisure industry. There is a general agreement amongst analysts that overall demand for health and fitness facilities will continue to grow over the next 5 years,

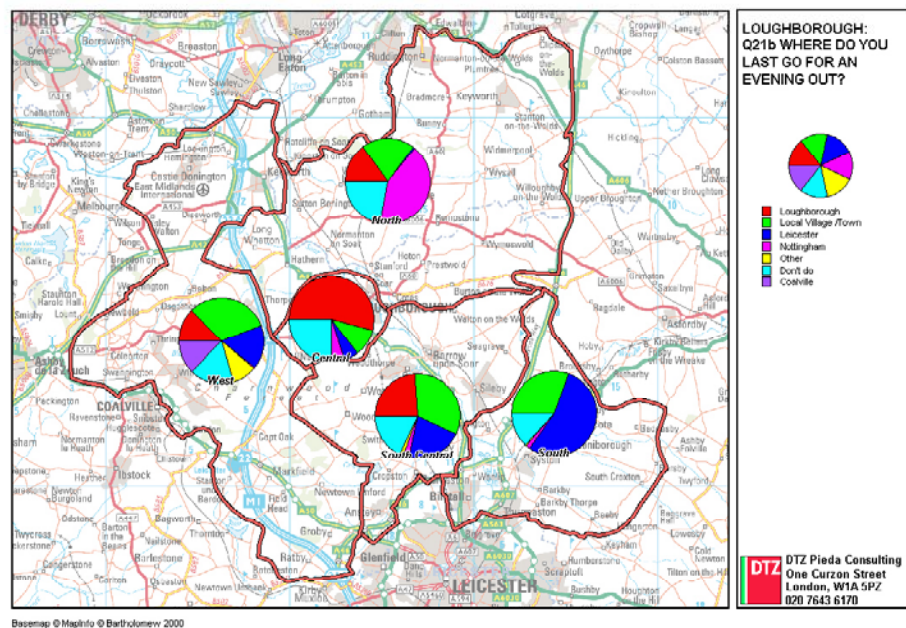
spurred on by the trend towards healthy lifestyles for all ages and abilities. However the industry is still dominated by smaller independents and remains highly fragmented. Analysts also agree that the proportion of the UK population who are members of health and fitness clubs lags some way behind the US. It is considered therefore that the market has some way to go before it is saturated, despite evidence of price competition between clubs in some towns.

- 7.28 DTZ believe that there may be potential in the future to provide for major new private health and fitness facilities in Loughborough town centre to help diversify the centre's attraction. However, this demand may be satisfied by LA Fitness who have secured a unit within the Rushes. Loughborough University also has a national (and international) reputation in sports and consequently offers high quality sports facilities on campus. Whilst the catchments in these areas are relatively affluent, the final decision to locate in these centres will obviously depend on the level of market demand from the private sector.

Restaurants and Bars

- 7.29 Over recent years the mix and quality of A3 uses in town centres has become an important barometer of their overall vitality and viability. Bars, restaurants and cafés complement the main shopping and employment functions of town centres during the day, helping to encourage dwell times and lunch time trade, and by night they can help to promote vibrant evening economies. The main findings are as follows: -

- The DTZ household survey indicated that nearly one-fifth of respondents do not normally go out in the evening to eat or drink. Of the remainder **Loughborough** (21%) and **Leicester** (20%) were the most popular destinations in the defined catchment, although Nottingham (7%) and Derby (1%) attracted a much smaller market share. Nevertheless, **local villages** or town centres attracted over one-quarter (26%) of respondents in the evening.

Figure 7.5

- Figure 7.5 confirms that over half of the respondents within the Central Zone stated that Loughborough was the main destination for going out during the evening. These findings emphasis the attraction of Loughborough as an evening destination, especially within its immediate surroundings.
- DTZ's healthcheck has identified a 'gap' in the provision of quality bars, restaurants and cafés in the town centre benchmarked against neighbouring centres in the region and comparable centres across the UK. Although the pub and restaurant sector is currently in a state of consolidation, there are a number of requirements for café and public houses operators seeking premises in Loughborough town centre.

7.30 We therefore believe that, given both the high number of requirements and the high rate of people visiting Loughborough during the evening, there may be potential scope for a new café and bar quarter which would need to be carefully and sensitively integrated into the town centre.

SUMMARY

7.31 DTZ's analysis would seem to indicate that there is not the potential over the short term to attract major new commercial leisure uses to the town centre. The health and fitness club in the Rushes development and the emerging proposal plans to redevelop the Curzon Cinema site has accounted for any potential demand. Nevertheless, DTZ believe an opportunity exists to improve and enhance the evening economy provision within Loughborough town centre, especially in terms of promoting public houses, a small to medium sized budget hotel and more quality café and restaurant type uses.

SECTION 8: TOWN CENTRE FUTURES: LOUGHBOROUGH

- 8.1 This final section draws together the main strands of the research and sets out our conclusions as to the future of Loughborough town centre. It is based on a thorough understanding of Loughborough town centre's strengths and weaknesses, as well as the future opportunities and potential constraints for growth.

SWOT Summary

- 8.2 The SWOT analysis represents the first and most important stage in the development of robust and realistic strategies for town centres. The SWOT for Loughborough town centre is based on:

- a detailed town centre appraisal and 'health check'.
- an extensive household telephone interview survey.
- an examination of key economic sectors and future trends.
- an assessment of potential quantitative capacity for additional floorspace.
- an assessment of future retail and leisure demand.
- discussions with key local, regional and national agents, developers and investors.
- discussions with key agencies involved in local economic development and regeneration in Loughborough.

- 8.3 Table 8.1 summarises some of the key challenges and opportunities currently facing Loughborough town centre. This SWOT analysis has guided the preparation of our strategy for the sustained enhancement of Loughborough town centre.

Future Strategic Options

- 8.4 The research has indicated that Loughborough's position and status as a shopping and leisure destination has remained relatively stable over a number of years. The opening of the Rushes development will further boost the attraction of the centre, although this will be counter-balanced by the increased investment and development in other major centres in the region, particularly Nottingham, Leicester and Derby.
- 8.5 DTZ therefore consider that Loughborough is at an important 'crossroads' in terms of its future vitality and viability. Further action and investment is needed to build on the Rushes development to help maintain Loughborough's role as the principal shopping, leisure and visitor destination in Charnwood Borough. Apart from the increased competition from other centres in the region, DTZ also believe there could be an increased threat to the town centre from retail and leisure operators seeking larger more modern units in out-of-centre locations. This will be difficult to resist unless the local authority takes a proactive stance and identifies suitable and viable sequential sites in town centre and edge of centre locations.

TABLE 8.1
Loughborough SWOT Analysis - Summary

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Good level of comparison (non/food) floorspace; • Diverse mix of uses; • Safe shopping environment; • Strong and loyal local catchment; • Good provision of service facilities; • Large and popular J.Sainsbury store; • High retention of convenience goods spend; • Good provision and choice of car parking; • Low vacancy levels; • Shopping anchored by Carillon Court; • Strong student population; • Popular street market; • Strong retention of DIY goods expenditure; • Strong investment by Metrobrook. • Good public transport links; • Central location of Curzon Cinema; • New Rushes development will raise status and attraction of town's retail and leisure offer. 	<ul style="list-style-type: none"> • Lack of anchor department store; • High proportion of small shops (under 250 sq. m) outside of the Rushes development; • Limited retailer requirements (post-Rushes); • Limited quality restaurants, cafés and coffee shops in town centre; • Under-developed evening economy; • Falling market share of comparison (non-food) expenditure; • Under-supply of convenience space in town centre; • Significant and growing flow of spend and shoppers to Leicester and Nottingham; • Constrained units due to historic nature of the centre – difficulty in meeting requirements of national multiples. • Poor linkages between town centre and the railway station. • Poor 'gateways' to the centre. • Severance of town centre by A6.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Variety of development opportunities in the town centre; • Improvements to streetscape and public realm; • Attractive historic buildings and links with Queens Park; • Opportunity to provide 'bulky goods' shopping facilities in close proximity to the town centre. • Opportunity to develop a leisure quarter focused on the Curzon Cinema redevelopment and Devonshire Square opportunity site. • Delivery of the Inner Relief Road will unlock large tracts of land for redevelopment and help to integrate the northern and southern parts of the town centre. • Opportunity to increase linkages with Loughborough University. • Opportunity to accommodate a new hotel, depending on demand, and increase 'urban living'. 	<ul style="list-style-type: none"> • Increased competition from new development and investment in major centres, particularly Nottingham, Derby and Leicester; • Poor linkages between existing retail stock and the Rushes, may impact on pedestrian flows and shift the town centre's retail gravity away from the prime shopping area; • Impact of internet and mail order on traditional shopping patterns. • Increased flow of leisure spend and activity to larger centres in region, particularly Nottingham and Leicester. • Increased demand for out-of-centre development. • Increased competition from new Asda at Thurmaston. • Limited capacity and demand for new comparison goods retailing post-Rushes development.

- 8.6 Amongst the various initiatives required to both maintain and raise the relative status and attraction of Loughborough, including a stronger emphasis on town centre management and marketing, there is also a need to improve, extend and enhance the town centre's retail and leisure offer. The main options for the future are considered in more detail below.
- 8.7 Recent forecasts indicate that the retail and leisure markets will be less buoyant in the short to medium term, due primarily to the impact of more unstable economic conditions on consumer confidence. Retailers gross profit margins are also forecast to be flat over the next five years in a more difficult and complex market, leading to increased consolidation and polarisation across the sector. Although these national trends will inevitably impact on local markets, our research shows that there is potential to increase and enhance Loughborough's retail offer, particularly in the comparison goods sector. The Council should therefore seek to create the right conditions for future investment/growth in order to facilitate a quick response to any change in the retail market.
- 8.8 The process of town centre regeneration is complex, requiring action on a number of fronts in a coordinated and timely fashion. Any options for the development of opportunity sites in the town centre will need to be considered in the context of the Council's long term aspirations and vision for the centre. Proposals will also need to be viewed against emerging national and local trends and the risk associated with projecting these trends. However, further to the different scenarios tested by our retail capacity assessment (Section 6), we have identified the following three broad strategic approaches that could be tested and adopted by the Council:
- **Do nothing** – the Council could leave the future development and promotion of Loughborough to the free market. Therefore, it would be left to the property market to respond to any future changes. The delivery of this approach has the lowest level of financial commitment, but given the strong demand in neighbouring centres, this approach will inevitably lead to a decline in Loughborough's current market share within the regional/local hierarchy.
 - **Maintenance of its current 'baseline' status** – Loughborough's market shares could be maintained and improved modestly to ensure that they retain their current role within the hierarchy. The aim will be to build on the centre's current strengths rather than bring about significant change. As highlighted by this report, Loughborough has modest levels of interest from national retailers and leisure operators following the 'Rushes' development. Whilst new development is the most obvious solution to attract additional retail and leisure operators, enhanced market shares can also be achieved through a variety of initiatives including the gradual improvement of the quality of retail occupiers in the primary retail area, up-grading the physical quality of commercial premises, better management and promotional activities, continued improvements to access/movement and improvements to the general environment of the town centre. This option is likely to require only modest increases to the provision of retail floorspace, and would focus more on strengthening and diversifying existing uses and premises.

- **Expand ('Growth') and change its status** – If the Council decides that the most beneficial future strategic direction for Loughborough is to significantly enhance (rather than simply maintain) its status in the light of increased competition, then it will be necessary to identify major development or redevelopment opportunities, above and beyond the Rushes development. The timing and scale of any additional development will be dependent on a number of key factors, including an increase in consumer and occupier demand, rising property values and the availability of a site or sites large enough to accommodate major development. At present there are a number of opportunities for further expansion or redevelopment within Loughborough, which could achieve the potential aims and objectives of the 'enhancement' approach. These are each discussed in more detail below.

8.9 The Council will need to decide through the Local Plan review process which option to adopt for Loughborough, before it embarks on any significant improvements or potential redevelopment. Clearly, the 'do nothing' approach will require no major action from the Council, whilst the other options will require intervention. These options will need to be tested as part of the Town Centre Strategy, which will build on the Local Plan policy context and set the broad policy for the town centre.

Commercial Realism

8.10 The survey evidence gathered as part of this study demonstrates that Loughborough currently experiences a significant leakage of non-food expenditure to competing centres such as Nottingham and Leicester City Centre, particularly from within the Outer Zone. In addition, DTZ also found that spending on 'bulky goods' is leaking to established bulky goods retailers in edge-of-centre and out-of-town locations in Loughborough as well as other major regional retail warehouse destinations (such as Fosse Park, on the outskirts of Leicester). In order to reverse this trend, one option that the Council could seek to pursue would be to plan for significant expansion of non-food retailing to provide a better range and quality of facilities that would encourage more of the catchment to shop for non-food goods within the Borough.

8.11 Whilst the expansion and redevelopment opportunities in the review of the Local Plan would outline the Council's intentions and strategic direction for Loughborough, the implementation of these opportunities is unlikely to be straight forward. As highlighted above, the desire for retailers to locate within Loughborough may be somewhat limited, particularly in the wake of the Rushes development. This is primarily a result of the current demand being met by the floorspace at the Rushes and due to the proximity of competing centres.

8.12 Based on the level of demand expressed by national multiple retailers to date, it is difficult to envisage how Loughborough could significantly expand its non-food role in the future, over and above that already being built at the Rushes. However, DTZ would stress that no established centre can afford to stand still and a strategy, that allows for no expansion will ultimately result in that particular centre's role diminishing over time.

- 8.13 The provision of additional comparison goods floorspace can take the form of both retail warehousing and 'high street' type development. We have explored potential opportunities for both forms of comparison goods retailing recognising the different trading patterns and requirements of both 'high street' retailers and 'bulky goods' operators. Our findings are outlined below.

Retail Warehouse Futures

- 8.14 In terms of the Borough of Charnwood as a whole, retail warehousing provision is located principally at Willowbrook and Regents Place Retail Parks, as well as the new B&Q warehouse on Jubilee Drive. When exploring the need and capacity for 'bulky goods' retailing in the future, we suggest that one option the Council could pursue would be to enhance the existing provision during the next plan period.
- 8.15 Based upon our hypothetical 'baseline' Scenario (1a and 1b) our forecasts indicate that the floorspace capacity at 2016 will be broadly between 6,200 sq.m and 15,600 sq.m. gross (4,900 – 12,500 sq.m net)¹. Given that there are no outstanding commitments for retail warehousing that would absorb a proportion of this capacity (along with the limited vacancies within the existing retail parks), we estimate that the Council may therefore need to accommodate up to 15,600 sq. m of new retail warehousing up to 2016 (depending on the location) to meet the forecast growth in both consumer and market demand.
- 8.16 Given the Government's political and policy commitment to the urban renaissance, and the fact that there are a number of potential development opportunity sites within the town centre, DTZ believe that the Council should pursue a strategy to focus any future new retail warehouse development on one of these sequentially preferable sites. The suitability and viability of these sites for retail warehousing are reviewed below, although DTZ recommend that more detailed development frameworks and/or development briefs are carried out to examine the likely market demand, design, access, parking and other key issues to help unlock their potential.

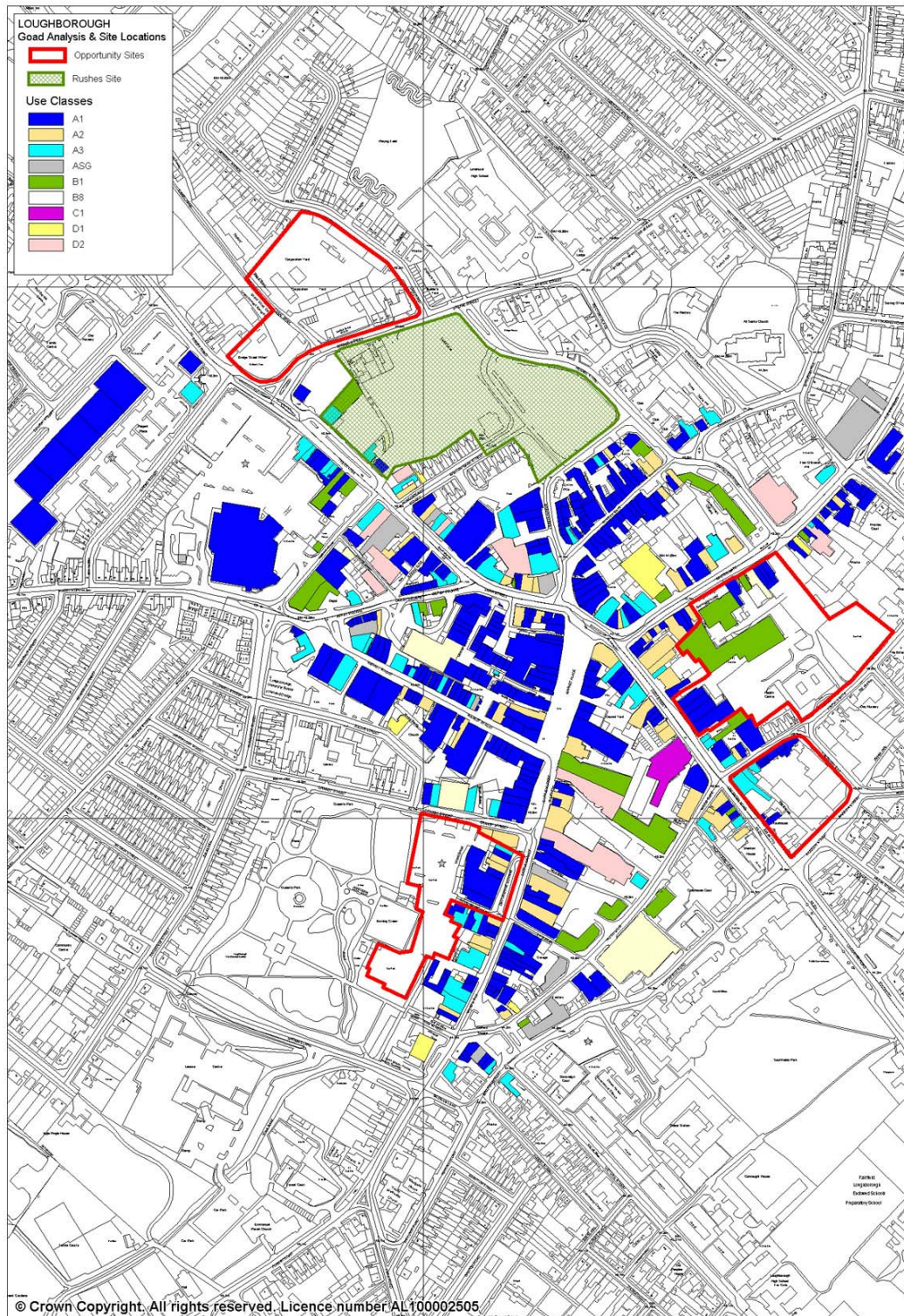
Town Centre Development Opportunities

- 8.17 Figure 8.1 shows the location of the four development site opportunities in the town centre and the diversity of land uses.
- 8.18 The figure clearly shows how the development of the Rushes in the north-west quarter of the town centre could potentially draw pedestrian activity away from the existing shopping core and significantly alter the centre's retail gravity. DTZ believe that any future strategy will need to re-balance the provision of facilities, in order that activity is spread equally around the centre.

¹ The lower forecast capacity is based on the higher 'efficiency' growth rate of 1.5% per annum and assumes that the 'bulky goods' retailing can be accommodated on either a town centre or edge-of-centre site in accordance with the sequential test (trading at an average sales density of £5,000 per sq.m). The higher floorspace capacity assumes a lower 'efficiency' rate of 1% and an average sales density of £2,500 per sq.m, and is for a more traditional retail warehouse offer in an out-of-centre location.

- 8.19 We believe that three of the identified sites - Devonshire Square, Baxtergate Hospital and Leicester Road - provide an excellent opportunity to create new quarters that will positively re-balance and reinforce the role and function of the town centre as a whole.

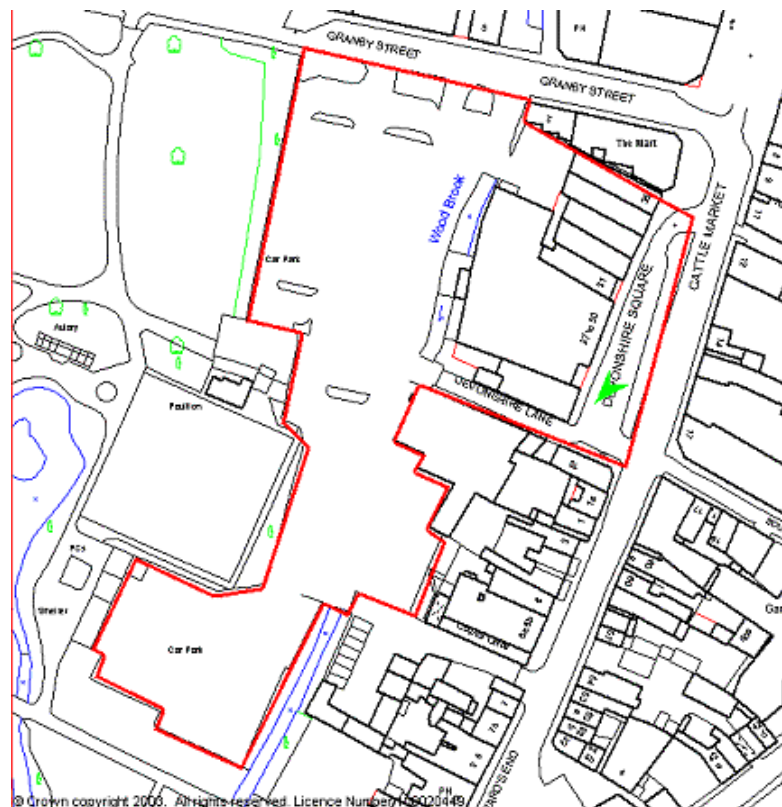
Figure 8.1: Land Uses and Development Site Opportunities



1. Devonshire Square

- 8.20 This site comprises a portion of high street frontage and Council-owned car parks to the rear that front onto Queens Park. Historically the council have promoted the site for mixed use development including retail, commercial, leisure and residential.
- 8.21 Given the overall scale of the site, we would envisage that it could accommodate a significant mixed-use scheme comprising retail, leisure, office and residential uses with associated car parking. We believe that any development on this site should also enhance links to the picturesque Queens Park.

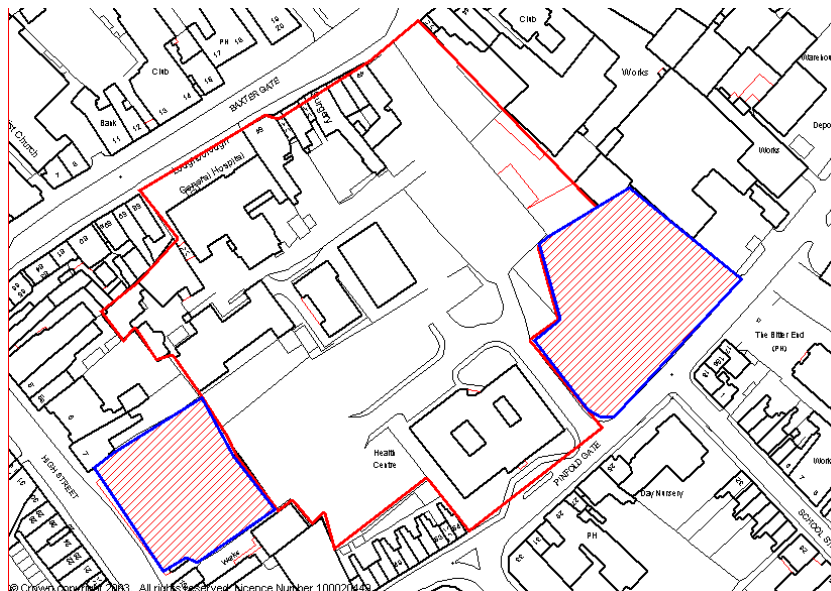
Figure 8.2: Devonshire Square Site



- 8.22 DTZ recommend that the Council prioritise the redevelopment of this site. It could also incorporate further site frontage along Granby Street, Wards End and Cattle Market, including acquiring a property known as "The Mart" to provide a prominent corner frontage. The successful redevelopment of this site would also depend on the demolition of block 29-35 Devonshire Square. This single storey building does not fit well with the existing skyline, and opportunity therefore exists to create a two to three storey development that would respect and complement the surrounding streetscape.
- 8.23 DTZ believe that the pedestrianisation of key adjoining roads will improve the quality of pedestrian access and movement in the area. However, we recognise that through traffic may have to be redirected around the development, which may have implications for the future design of the scheme. Any future development of the site will also need to be sensitively designed to be respectful to the nature of the adjoining Queens Park.

- ## 2. Baxter Gate Hospital

- Figure 8.3: Baxtergate Hospital Opportunity Site



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- 8.28 Depending on the deliverability of the inner relief road, we believe that Baxtergate's close proximity to site 3 'Aumberry Gap', presents an ideal opportunity to incorporate the two sites to create a more comprehensive town centre redevelopment scheme. If this option was adopted, then DTZ believe the Council would have to pro-actively assemble the site and as part of this process they should consider the closure of the Pinfold Gate through road.
- 8.29 We believe that the Council should look to promote a development that is physically integrated to the rest of the town centre. There is potential to acquire the existing block from 8 to 17 High Street, which is currently anchored by the Argos store. This would enable a positive frontage or access point to the scheme.
- 8.30 Depending on the Council's preferred strategy for the town centre, DTZ believe that in the short term they should prioritise the preparation of a development brief for the site.

3. Aumberry Gap Road Leicester Road Site

- 8.31 The site comprises a mixture of pre-war secondary retail, a public house and light industrial buildings to the rear. The site is approximately 0.7 ha in size and could accommodate redevelopment. It is currently an eyesore in a prominent gateway location, and is uninviting to visitors to the centre. It is poorly presented and represents an opportunity to create a gateway or landmark building to Loughborough town centre. However, the future development options for this site will inevitably be influenced by the delivery of the inner relief road.

Figure 8.4: Aumberry Gap / Leicester Road Opportunity Site

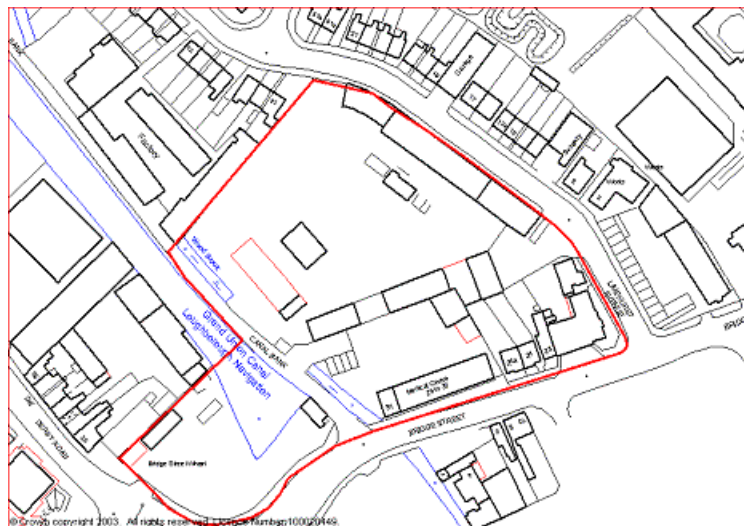


- 8.32 DTZ consider that the site could incorporate some of the identified need for new retail warehouse type development. Frontages along Leicester Road, Pinfold Gate and Barrow Street should be encouraged to physically link the site with the existing town centre. However, we also believe the provision of car parking on this site should be minimised to prevent it becoming a stand-alone development, which discourages pedestrian linkages to the rest of the town centre. The successful redevelopment of this site would require significant demolition of many of the already redundant buildings. However the layout and siting of any future premises would be dependent upon the design of the Inner Relief Road.
- 8.33 Alternatively if retail warehousing was not secured, the site could also adequately accommodate a 50-80 bedroom hotel or new residential development. DTZ's broad assessment of market demand has, for example, identified interest from Granada and Whitbread. We believe the Council should consider the site as a medium to long term development opportunity due to its position on the edge of the town. The site's implementation should only be pursued after either one or both of the opportunities at Baxtergate or Devonshire Square have been delivered. However, we also recognise that the site has the potential to be incorporated as part of the Baxtergate redevelopment.

4. Bridge Street

- 8.34 DTZ understand that this site belongs to British Waterways and Charnwood Borough Council who are current undertaking a joint venture with William Davis for a mixed use development scheme.

Figure 8.5: Bridge Street Site



- 8.35 The site represents a key opportunity within the town centre to create an attractive waterside residential development, with an element of leisure use. The site could be considered a logical extension to the Regents Place Retail Park. However, DTZ believe that any future retail development should be resisted in this location. This will facilitate the consolidation and enhancement of retailing in the rest of the town centre, south of the new Rushes development, to help rebalance the critical mass of activity.

- 8.36 We believe that the opportunity may also exist for a small 50 bedroom hotel to be located on this visually prominent site. Further to this, DTZ believe that the site would be most suitable for residential development, comprising a mix of student or medium/high density residential development.

TOWN CENTRE FUTURES

- 8.37 There are a number of opportunity sites identified by the Local Plan that could accommodate the broad capacity identified by the 'baseline' and 'growth' scenarios. Although each site has been appraised in isolation, we believe that in combination they represent a major opportunity to improve vitality and viability of the town centre. DTZ recommend that the Council should prioritise and focus on the two larger redevelopment opportunities at Baxtergate and Devonshire Square, to help rebalance the retail gravity of the town centre which has gradually shifted northwards towards the Rushes, Regent Place and J. Sainsbury foodstore.
- 8.38 The full impact of the Rushes development on retail demand in Loughborough remains unknown. Loughborough's residential population, combined with the growing student population, would support continued retail, leisure and residential development as described. To allow us to assess the viability and provide commentary on development/land values, it will be necessary for us to undertake a more detailed appraisal of each site and the demand in those sectors at a later date.
- 8.39 Planning policy guidance has reinforced the role of town centres as the most suitable location for a range of uses to ensure diversity, amenity, accessibility and sustainability. There is a broad policy consensus that new development should be concentrated in the compact functionally mixed town centre. Central to this is the requirement to integrate leisure and shopping, both as an attraction to visit a particular town, as well as an incentive to stay longer when visiting. As the former DETR (2001) research report concluded: *"To remain vital and viable (that is, successful and sustainable alternatives to out-of-centre leisure developments), town centres require constant renewing and updating of infrastructure including tourism and leisure facilities. Without this continuing investment, their competitive position will worsen, even though this may be disguised whilst growth in leisure spending is strong"*.
- 8.40 PPG6 states that diversification of uses may be the best way forward and that the vitality and viability may be promoted by a wider mix of uses that fits better with the surrounding community (para 2.6). In particular, it is recognised that different but complementary uses, during the day and in the evening, can reinforce each other, making town centres more attractive to local residents, shoppers and visitors. PPG6 states that leisure and entertainment facilities, museums and libraries, hotels and conference centres, street markets, restaurants, pubs, bars and cafés, universities and colleges all add variety (para 2.12).

- 8.41 Competition from larger regional centres will continue to impact on Loughborough and the town centre needs to respond by providing a complementary mix of uses, within a framework of strong management. People are now demanding environments with a range of offers – not just shopping, but entertainment, experiences and facilities. Future shopping patterns will be leisure and interest-led, and consumers will shop where the best experiences are on offer. This trend is already occurring in the UK where retailers such as Nike Town and JJB Sports are concentrating on entertainment, rather than just selling. Shopping centre and town centre investors and managers need to embrace these trends and be more imaginative if they are to maintain market share.
- 8.42 Loughborough's future depends on enhancing its strengths and exploiting the opportunities to create attractive and sustainable town centres. Loughborough needs to differentiate itself from its larger neighbours and provide complementary facilities, rather than trying to compete on a like-for-like basis. Its 'unique selling points' (USP) include its local heritage and character and the strength of the university. It is therefore important that new town centre development is sympathetic to the existing scale and form of the town centre's built environment. High quality urban design is integral to the development of a town centre that inspires and attracts local residents and visitors from further afield.
- 8.43 Although capacity and need for new retail floorspace has been identified, there is also a significant hurdle to overcome when marketing potential town centre development sites to the private sector. The identified town centre sites offer the distinct advantage of greater daytime usage and the potential for shared parking facilities. Notwithstanding this the private sector still perceive problems with town centre locations for major retail and leisure developments. This is because some sites are generally smaller and more expensive to assemble and develop than those in out-of-centre locations. There are also potential problems in creating satisfactory car access and parking, and security and design issues can also be a significant constraint in more sensitive historic town centre locations.
- 8.44 In Loughborough, the most significant development opportunity site which lends itself to new retail and mixed use floorspace is the Baxtergate area. New development on this site could incorporate both the larger units required by modern bulky good retailers and a major space user, along with the smaller to medium-sized units sought by most multiples and independent retailers. The location of the site will also help to reinforce the Primary Retail Area of the town centre, but it will also need to be sympathetic with the existing streetscape and built form.
- 8.45 The redevelopment and enhancement of the Devonshire Square should also be encouraged, to help reinforce the links between the Queens Park and the prime shopping area, and anchor the southern part of the town centre which could be marginalised by the opening of the Rushes to the north. The recent planning application for a new multi-screen cinema on the Cattle Market should help to improve the attraction and viability of the square, whilst also providing an anchor

to encourage the development of a potential leisure 'quarter' focused around Devonshire Square. Alternatively, there may be the potential for a major department/variety store anchor on this site to help re-balance the town centre. DTZ recommend that these options are tested more thoroughly by a planning/development brief for the site.

8.46 The long term viability of Loughborough as a place to live, work, shop, study, visit and be entertained will also depend on developing a positive image and creative marketing of the centre. In an internationally-competitive market, a strong positive image is crucial. Recent examples include projects such as developing arts, sporting venues and tourism facilities, such as top class hotels, conference centres and major new attractions. In a few cases, commercial leisure buildings have been developed as feature buildings and/or as gateways to centres. The benefits of image creation are still largely subjective and difficult to predict. Nevertheless, the evidence suggests that new publicly-supported tourist attractions, large hotels, conference centres and beacon architecture can be used to successfully change the image of town centres. Recent developments in Birmingham and Newcastle are good examples of this, and there is no reason why Loughborough could not exploit its distinct 'brands' to help market the town centre to a wider audience. The obvious example is the University, which is a major UK attraction, as well as comprising sporting and conference facilities.

8.47 Finally, there is concern as to the potential impact of 'e-commerce' and 'e-tailing' on the high street and more traditional forms of retailing and leisure pursuits. Although 'e-commerce' is very much in its infancy and is expected to grow considerably over future years, the research indicates that the main impact is likely to be on those business and retail sectors, that have been most aggressively marketed on the internet – namely books, holidays, music, and film. The response of traditional shopping centres to the challenge of 'e-commerce' could be to move further towards being perceived as a leisure activity from which consumers derive pleasure, rather than as a basic fulfilment of need. This again reinforces the potential to increase the leisure and cultural attractions in the town centre, dependent on market conditions and demand.

Conclusions and Future Actions

8.48 Loughborough town centre has maintained its status over recent years and the opening of the Rushes will provide a timely boost to its retail and leisure offer, particularly in the face of increased investment and development in neighbouring centres in the region, including Leicester and Nottingham. Although the Rushes will absorb much of the forecast capacity for new comparison goods space over the next decade, it is clear from the research that Loughborough cannot afford to stand still in terms of new investment and development, as this will inevitably lead to a decline in its overall vitality and viability.

- 8.49 DTZ believe that Loughborough is currently at the 'cross roads' in terms of the future direction it could take. Whilst the Rushes has satisfied much of the demand for large units and attracted new retailers and leisure operators to the town centre, it will also have a significant impact on existing pedestrian flows and retail gravity. Inevitably some of those areas that are located further away from the Rushes are in danger of being marginalised, leading to declining footfall and spend, and rising vacancies.
- 8.50 The challenge for the local authority is to unlock the potential of these areas, as this will benefit the overall attraction and performance of the town centre.
- 8.51 In this context the redevelopment of Devonshire Square could be a priority for the Council. It is a strategic site anchoring the southern end of the town centre, which balances the Rushes development to the north. Although a more detailed appraisal is needed to assess the viability of this site, DTZ believe it could have potential for mixed-use development, underpinned by A3 uses, to complement the potential redevelopment of the cinema.
- 8.52 In the context of the Local Plan, the Council has identified a number of strategic town centre development opportunity sites, all of which have potential for mixed-use development. Although DTZ has conducted a brief headline appraisal of the redevelopment potential of each site, we strongly recommend that the Council consider a more detailed masterplanning or development framework exercise which takes better account of the types of complementary uses and linkages between these sites. As part of this exercise we also recommend that detailed planning and development briefs be prepared to unlock the potential of these opportunity sites.