

# Retail Evidence Study

on behalf of South Downs National Park Authority

July 2016



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Planning

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## 1.0 Introduction

- 1.1 Nexus Planning (Nexus) was commissioned by the South Downs National Park Authority (SDNPA) in March 2016 to undertake a Retail Evidence Study for South Downs National Park Authority.
- 1.2 The purpose of the study is to inform the emerging town centre and retail policies of the South Downs Local Plan which will set out a broad development strategy over the period to 2032. This is the first local plan to be produced by the SDNPA since their National Park designation in 2011.
- 1.3 Due to existing evidence available for other centres and the nature of town centres within the SDNP, this Retail Evidence Study relates solely to the market towns of Midhurst and Petworth and the village centre of Liss.
- 1.4 The approach adopted by Nexus has been refined to reflect the latest Government guidance provided in the National Planning Policy Framework (NPPF) (March 2012) and National Planning Practice Guidance (NPPG) (2014).
- 1.5 The aims and objectives for this Study include the following:
  - I. Provide a comprehensive assessment as to the existing vitality and viability of Midhurst, Petworth and Liss. Use this up-to-date and proportionate evidence base to underlay the two town centre and retail policies in the South Downs Local Plan, including a qualitative assessment for the need for new floorspace in Midhurst and Petworth. This includes an assessment of:
    - Diversity of uses
    - Proportion of vacant street level property;
    - Impact of tourism;
    - Retailer representation;
    - Pedestrian flows;

- Perception of safety and occurrence of crime
  - Accessibility; and
  - The state of the town centres environmental quality.
- II. Produce an update to the existing evidence base through an update of population and retail expenditure data to provide an updated quantitative assessment of the need for new retail floorspace in Midhurst and Petworth;
- III. Provide the SDNPA with an understanding of the key drivers of the retail economy in small market towns and likely future trends;
- IV. Review the emerging policies of the South Downs Local Plan in relation to town centres and retail, including the proposed town centre boundary and primary and secondary shopping frontages proposed for Midhurst, Petworth and Liss and the capacity of Petworth and Midhurst to accommodate new town centre development; and
- V. Support the retail work of Petworth and Liss Neighbourhood Development Plan (NDP) Groups within the SDNP.

## Structure of Report

1.6 This report is structured as follows:

- **Section 2** acknowledges the up-to-date position in respect of relevant national, regional and local planning policy as it relates to retail;
- **Section 3** sets out the context for the Retail Evidence Study by detailing analysis of key current and future retail trends both Nationally and for market towns;
- **Section 4** provides a synopsis of the vitality and viability of Midhurst, Petworth and Liss;
- **Section 5** details our assessments of the current and future population and expenditure levels within the Study Area;
- **Section 6** provides our analysis and recommendations in respect to the quantitative and qualitative need for further convenience and comparison goods retail floorspace within Midhurst and Petworth. We also provide an analysis on the emerging retail policies in the emerging local plan and our assessment on the town centre boundaries and primary and secondary frontages for the three centres.

## 2.0 Planning Policy and Context

### Introduction

- 2.1 This Retail Study provides evidence that will support and inform the production of the South Downs National Park Authority (SNDPA) Local Plan. As such it is important to analyse and understand how adopted and emerging national planning documentation impacts upon Local Plan policy, in particular those policies that relate to retailing in Midhurst, Petworth and Liss.

### National Planning Policy Framework (NPPF)

- 2.2 The National Planning Policy Framework (NPPF) was published in March 2012, coming into force with immediate effect for plan-making and development management decisions. Subsequent to this, the National Planning Policy Guidance (NPPG) was produced and published on 6 March 2014 as an online tool to support the implementation of the NPPF.
- 2.3 The NPPF is unashamedly pro-growth with a “presumption in favour of sustainable development”. It effectively instructs decision makers to make positive decisions and support development unless there are clear adverse environmental, social and/or economic impacts. It is the NPPF that provides the national guidance against which all planning applications should be considered.
- 2.4 The NPPF directly addresses economic development and acknowledges how planning can proactively drive and support economic development and in turn deliver homes, business, industrial units, infrastructure and thriving local places that England needs. Further, the NPPF emphasises that every effort should be made to objectively identify and then meet business development needs.
- 2.5 The NPPF stresses the Government’s commitment to securing economic growth in order to create jobs and prosperity. Paragraph 17 asserts the planning system should do everything it can to support sustainable economic growth. Additionally, Paragraph 19 explains significant weight should be placed on the need to support economic growth through the planning system and that planning should operate to encourage development and not act as an impediment to sustainable growth. Paragraph 20 details that local planning authorities should plan proactively to meet the development needs of business and support a “21<sup>st</sup> century economy”. Further to

this, Paragraph 21 explains that investment in business should not be over-burdened by the requirements of planning policy.

- 2.6 To ensure the continued vitality of town centres, Paragraphs 23 to 27 of the NPPF promote and support new development and investment within the settlement boundaries of town centres, recognising that town centres are the heart of communities. Where town centres are in decline, the NPPF directs local planning authorities to plan positively for their future to encourage economic activity.
- 2.7 The NPPF recognises the need for local authorities to promote the vitality and viability of their towns and cities through the promotion of competition and growth management. Specifically, Paragraph 23 of the NPPF provides guidance for local planning authorities in drawing up Local Plans, it indicates that they should:
- a. Recognise town centres as the heart of their communities and pursue policies to support their viability and vitality;
  - b. Define a network and hierarchy of centres that is resilient to anticipated future economic changes;
  - c. Define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations;
  - d. Promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of town centres;
  - e. Retain and enhance existing markets and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive;
  - f. Allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites;

- g. Allocate appropriate edge-of-centre sites for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, set policies for meeting the identified needs in other accessible locations that are well connected to the town centre;
  - h. Set policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres;
  - i. Recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites; and
  - j. Where town centres are in decline, local planning authorities should plan positively for their future to encourage economic activity.
- 2.8 Furthermore, Paragraph 24 requires local planning authorities to enforce a sequential approach when assessing planning applications for main town centre uses that are not in an existing centre or in accordance with an up to date Local Plan. To do this local authorities should require applications for main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out-of-centre sites be considered. When reviewing edge of centre and out-of-centre proposals, they should give preference to accessible locations well connected to the town centre.
- 2.9 Paragraph 26 specifies that local planning authorities should require an impact assessment for retail, leisure and office development outside of town centres which are not in accordance with an up to date Local Plan and if the development is over a proportionate, locally set threshold. Where there is no locally defined threshold, the default threshold will be 2,500 sq m. The impact assessment should assess – (1) the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal, and (2) the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to five years from the time the application is made.

- 2.10 Notwithstanding this, paragraph 116 of the NPPF sets out the approach local planning authorities should take to development in National Parks. Consideration of major developments in these areas should be refused except in exceptional circumstances and where it can be demonstrated they are in public interest. Consideration of such development should include an assessment of;
- the need for the development, including in terms of any national considerations, and the impact of permitting it, or refusing it, upon the local economy;
  - the cost of, and scope for, developing elsewhere outside the designated area, or meeting the needs for it in some other way; and
  - any detrimental effect on the environment, the landscape and recreational opportunities, and the extent to which that could be moderated.
- 2.11 In summary, the NPPF endorses a 'town centre first' approach to all retail activity (including leisure). It stipulates that where retail and leisure proposals cannot be accommodated within, or, adjacent to the town centre applicants have to demonstrate through the application of dual impact test and the sequential test that the development will not impact negatively upon the vitality and viability of town centres. Furthermore, NPPF guidance clearly outlines that the South Downs National Park location, including impact on the local economy, needs to be taken into consideration when determining any planning applications for major retail development.

### **Ensuring the Vitality of Town Centres Planning Practice Guidance**

- 2.12 National Planning Practice Guidance (referred to as the NPPG) entitled 'Ensuring the Vitality of Town Centres' was published in March 2014 and replaced the previous Planning for Town Centres Practice Guidance. The online tool provides a succinct synopsis of how retail and main town centre planning policy should be applied in practice.
- 2.13 In short, the specific objectives of the NPPG remain similar to those of its predecessor. For example, it directs local planning authorities to plan positively and support town centres. In addition to setting out objectives that aim to generate local employment, promote competition within and between town centres, and create attractive and diverse places for users.

- 2.14 In addition to the enforcement of a 'town centre first' approach in order to meet local needs, the NPPG sanctions this should be delivered through a positive vision or strategy which is communicated through the development plan. In summary, local authorities should use development plan documents, policies and supporting guidance documents to address the following matters:
- a. The appropriate and realistic role, function and hierarchy of town centres in the area for the duration of the plan period. This should involve an audit of the vitality and viability of existing town centres and their ability to accommodate new development;
  - b. Encapsulate a clear vision for the future of each town centre and the most appropriate mix of uses;
  - c. Ability for the town centre to accommodate the scale of assessed need through new development;
  - d. Timeframe for the delivery of new retail floorspace;
  - e. Any other complementary approaches which are necessary or appropriate to enhance the town centre to deliver the vision for its future; and
  - f. How the car parking provision can be enhanced in order to encourage town centre vitality.
- 2.15 Of specific relevance to this Retail Study, Paragraph 005 categorises a series of key indicators to be used when assessing the health of a centre over time. It is these indicators that we have based our health checks of the vitality and viability of the centre of Midhurst Petworth and Liss on, as set out in detail in Section 4 of this Report.

#### **The Portas Review - An Independent Review into the Future of Our High Streets**

- 2.16 The Portas Review was published in December 2011 and since that time has been referenced as a key guiding document for town centre planning policy and regeneration efforts. The Review was undertaken by Mary Portas, as an independent adviser and retail expert, and assessed, on behalf of central Government, the state of Britain's high streets and town centres.

- 2.17 The review provided a critical assessment of the factors contributing to a third of high streets degenerating or failing. In addition, to analysing the reasons why over the previous decade out-of-town retail floorspace had increased by 30% while in town floorspace had actually shrunk by 14%. As part of the Review Portas made 28 recommendations, including actions that Government, businesses and other organisations should take in order to bring back life into their high streets and town centres. Portas put out a challenge to re-imagine them as social hubs, not only just for shopping but also for learning, socialising and fun.
- 2.18 The Government published a response to the Portas Review in March 2012. The response acknowledged that in retort to the challenges being faced by the UK high street, including out-of-centre retail development and online retailing, the high street must provide something new and different for its visitors. As part of this response, the Government acknowledged a number of recommendations, including:
- i. Introduction of Town Teams (defined by Portas to be visionary, strategic and strong operational management teams for high streets) – Town Teams should not restrict their imagination;
  - ii. Funding for pilot areas (known as Portas Pilots) which are judged to have the best concepts town centres and high streets improvements;
  - iii. A £10 million High Street Innovation fund allocated to councils in areas blighted by empty voids,
  - iv. Support for a new National Market Day to be held on 23 June; and
  - v. £500,000 investment into the development of new Business Improvement Districts.
- 2.19 It is interesting to look back on this response now, given a number of these recognised initiatives are no longer being actively pursued by the Government.
- 2.20 In summary, the Government's response sought to encourage local planning authorities to adopt inspirational thinking in order to ascertain concepts for town centre enhancement and improvement. The overriding goal local authorities were tasked with is to induce their residents back into the town centre, in both the daytime and night-time hours. However, given on-going

challenges and competing priorities for both the Government and local authorities a number of the schemes are not currently considered feasible.

### **The Environment Act (1995)**

2.21 The Environment Act (1995) sets out two key purposes for National Parks in England and Wales:

1. To conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and
2. To promote opportunities for the understanding and enjoyment of the special qualities of the National Park by the public.

2.22 In pursuing these purposes, Section 62 of the Act places a duty on the National Park Authorities to;

- Seek to foster the economic and social well-being of the local communities within the National Park.

2.23 Where there is irreconcilable conflict between the statutory purposes, greater weight should be given to the purpose of conserving and enhancing the natural, wildlife and cultural heritage of the area comprised in the National Park.

### **National Park Vision and Circular 2010 (DEFRA)**

2.24 The *National Park Vision & Circular* (2010) does not contain specific guidance on town and village centres, but does recognise that the communities of our national parks are an absolutely critical ingredient to the sustainability of the parks themselves, and that NPAs must give significant weight to socioeconomic interests.

### **Permitted Development Rights in the South Downs National Park Authority**

- 2.25 Over the past few years the Government has supported the nation's town centres by adopting flexible policies that allow the diversification of town centre units. These changes intend to secure the redevelopment and reuse of premises and diminish long term vacancies.
- 2.26 In May 2013 changes were made to the Town and Country Planning (General Permitted development) Order 1995 in response to the Portas review's recommendation to make it easier to convert surplus space in order to provide for the effective reuse of town centre units. The May 2013 amendments provided for a period of three years during which the change of use of B1 offices to C3 residential used could take place without the need for formal planning permission. Under this order, applicants are simply required to apply for a prior approval notice from the relevant local planning authority.
- 2.27 The 2013 Order also provided for the temporary change of use (for up to two years) of uses falling within Use Classes A1, A2, A3, A4, A5, B1, D1 and D2 to uses falling within Classes A1, A2, A3 and B1. Prior approval for this type of use would be given when it related to no more than 150 sq m of floor space and the temporary provision has not formerly been relied on.
- 2.28 In April 2014, permitted development rights were further extended to provide certain additional changes of use without the need for formal planning permission. The changes introduced two new classifications of permitted development for commercial premises, as follows:
- a. Change of use from Use Class A1 to a 'deposit taker' (Comprising banks, building societies, credit union and friendly societies) and
  - b. Change of use from Use classes A1 and A2 to C3 (residential).
- 2.29 Further extensions came into force on 4<sup>th</sup> April 2016. The key changes introduced by the 2016 Order include:
- a. Removal of the 31<sup>st</sup> May 2016 deadline altogether, thereby making the permitted rights permanent; and
  - b. Allowing laundrettes to change to residential uses.

- 2.30 There are certain restrictions as to where and when the permitted development rights can be exercised. Most notably, the change of use must relate to no more than 150 sq m of floor space. There are also a range of exclusions which apply to permitted development rights in England these include protected areas known as '**article 2(3) land**' which is identified within the 2015 Order (Schedule 1, part 1) as land that covers;
- Conservation Areas;
  - Areas of Outstanding Natural Beauty;
  - **National Parks;**
  - The Broads; and
  - World heritage sites.
- 2.31 There are other land areas known as '**article 2(4) land**'. Article 2(4) is identified in Schedule 1 part 2 as land within a National Park, the Broads or certain land outside the boundaries of a National Park.
- 2.32 There is also '**article 2(5) land**' which is land excluded from permitted development rights allowing the change of use of a property from class B1(a) office use to class C3 residential until 30<sup>th</sup> May 2019. Areas exempt from office to residential change of use include Liss Parish under the Local Planning Authority Area of East Hampshire District Council. The map for the Liss exemption area (map 1.31) can be seen in Appendix A.
- 2.33 Due to its National Park status SDNPA is covered by **article 2(3)** and **article 2(4)** with the Parish of Liss also covered by **article 2(5)**.
- 2.34 **Therefore, as outlined in Schedule 1 Part 3 of the 2015 Order (Change of use) South Downs National Park as a whole (including Midhurst, Petworth and Liss) is excluded from the permitted use of Class M 'Retail or betting office or pay day loan shop to dwelling houses'. (Subject to conditions).**

- 2.35 **Furthermore, the Permitted use of Class O ‘Offices to Dwelling Houses’ is excluded from the Parish of Liss as it is covered by article 2(5). Midhurst and Petworth are however not excluded.**

#### **South Downs Development Plan**

- 2.36 Since its designation as a National Park in 2011, the SDNPA has been preparing its first Local Plan which will replace existing planning policies across the National Park. Until this is adopted the ‘Development Plan’ for the SDNPA consists of the saved policies of the inherited local plans and 5 Joint Core strategies. Saved plans of relevance to this retail study include The Chichester District Local Plan First Review (1999) covering Midhurst and Petworth, and The East Hampshire Local Plan Second Review (2006) and Joint Core Strategy (2014), which covers Liss.
- 2.37 Paragraph 215 of the NPPF explains that due weight can be given to relevant policies in the Saved Plans for Chichester and East Hampshire, according to their degree of consistency with the NPPF. The closer the policies in the Local Plan are to policies in this national Framework, the greater the weight that may be given.

#### The Adopted Local Plan First Review Chichester (1999)

- 2.38 The Local Plan outlines that within the District there is a hierarchy of shopping centres ranging from Chichester (which has a large variety of shops) to smaller villages with just one shop. The District Planning Authority will support proposals which maintain and improve the existing shopping centres.
- 2.39 The Local Plan considers Midhurst and Petworth (along with Selsey and East Wittering) to have centres with a reasonable range of shops that cater for the day to day needs of local residents as well as tourists to some extent.
- 2.40 The plan goes on to say that it is important that the attraction to these centres for shopping is maintained and their commercial viability sustained. Favourable consideration will, therefore be given to new retail development in these centres, particularly if it improves the range of shops and commercial viability.

- 2.41 Saved Policy S6 '***East Wittering, Midhurst, Petworth and Selsey Shopping Centres***' outlines that development within established shopping centres which would result in improvement to the attractiveness and economic viability of the centre will be permitted if they comply with the Built Environment and Transport Policies of the plan and where they conform to the shopping function of the centre concerned. Where sites for appropriate development cannot be found within the centres of these settlements, consideration will be given to proposals on edge-of-centre sites. The loss of significant existing ground floor retail floorspace will be refused.

East Hampshire Local Plan Second Review (2006)

- 2.42 The Plan outlines that the strategy for town centre development is based on a hierarchy of centres. The two market towns of Alton and Petersfield are the largest and most important centres and can be classified as having 'town centres'. The Forest Centre, Whitehill/Bordon is a second tier 'district centre'. Local centres comprise the larger centres of Liphook and Grayshott and the smaller centres of Clanfield, Four Marks, Horndean, Liss and Chaklet Hill/High Street.
- 2.43 The plan includes three town centre specific policies including;
- Policy TC3 '*Development in Town and Village Centres and Retail Development*' – where town centre, village centre and/or retail development is permitted a planning obligation may be negotiated with the developer to provide improvements to the town or village centre, where it is directly related to the development;
  - Policy S3 '*Primary Shopping Frontages*' – proposals for non-retail uses at ground floor level in the primary shopping centres of Clanfield, Four Marks, Grayshot , Horndean, Liphook, Liss and Whitehill/ Bordon will not be permitted if they would result in the continuous frontage of two or more non-retail uses;
  - Policy S5 '*Local and Village Shops*' - proposals to develop or expand small scale retail facilities (Class A1 use) providing for the daily shopping needs of a local community within the settlement policy boundaries and within the settlements in the countryside will be permitted, provided there are no adverse impacts in terms of local amenity, access and parking.

East Hampshire Joint Core Strategy with South Downs (2014)

- 2.44 Since the designation of the National Park, the SDNPA has been working to adopt Joint Core Strategies with some local authorities. The Joint Core Strategy for East Hampshire was prepared in 2014 and outlines a sustainable hierarchy of settlements based upon a number of factors including the broad range of services and facilities. The hierarchy is considered to be made up of five levels as follows;
- Level 1 – Market Town;
  - Level 2 – Large Local Service Centres;
  - Level 3 – Small Local Service Centres;
  - Level 4 – Other settlements with a settlement policy boundary; and
  - Level 5 – Rural villages.
- 2.45 Liss is considered to be a ‘Small Local Service Centre’ and the Core Strategy outlines that although Liss will be an important transport hub (due to its railway station), its growth will be constrained by its inclusion within the National Park and by its proximity to the internationally protected Wealden Health SPA.
- 2.46 Policy CP7 of the Core Strategy ‘*New Retail Provision*’ outlines that provision will be made for a limited amount additional retail floorspace in the Town Centres of Alton and Petersfield. There is scope for up to 23,000 sq m (gross) retail floorspace in a new town centre at Whitehill and Bordon out of which up to 16,000 sq m (gross) could come forward in the Plan Period. Small scale retail development opportunities will be allowed for in other centres.
- 2.47 Supporting text goes on to say that the Local Centre of Liss should be sustained to ensure it provides basic food and grocery shopping, supported by a choice and range of comparison shops selling lower order comparison goods as well as a range of non-retail services and community uses. Opportunities for small scale (infill) development to provide additional shop premises may be appropriate.

### Emerging Policy – South Downs Local Plan

- 2.48 The South Downs Local Plan is the first local plan to plan for the National Park as a single entity. It will shape growth and new development up until 2031 and on adoption the policies will replace all the saved local plan and core strategy policies inherited by the SDNPA including the Chichester and East Hampshire Local Plans referred to above.
- 2.49 The first 'issues and options' consultation of the plan was carried out in Spring 2014. This was followed by the 'Preferred Options' consultation, which was carried out in Autumn 2015. Current timescales for the local plan preparation suggest that a publication version will be consulted on in Autumn 2017 with examination in early 2018 and adoption mid-2018.
- 2.50 The emerging plan proposes the following hierarchy for town and village centres with the National park:
- **Market Town Centre:** Lewes, Midhurst, Petesfield and Petworth
  - **Larger Village Centre:** Liss
  - **Smaller Village Centres:** Alfriston, Ditchling, Fernhurst and Findon
- 2.51 The emerging plan outlines that the 'town centres' in the market towns of Petersfield, **Midhurst, Petworth** and Lewes are the principal retail and service centres. These towns serve the largest communities and essential services and facilities as well as those for the surrounding rural area.
- 2.52 The plan goes on to say that 'larger village centres' such as **Liss** contain a good range and number of shops capable of meeting most day to day needs of residents. These shops are more than purely neighbourhood significance and draw in some shoppers from nearby smaller communities. Liss is the only 'larger village centre' in the National Park.
- 2.53 There are two main policies relating to retail included in the emerging Local plan:
- Strategic Policy SD29: '*Towns and village Centres*' outlines that development proposals for town centre development that comply with other relevant policies will be permitted

where they promote and protect the hierarchy as outlined above. The policy goes on to outline that:

- I. development proposals for retail and town centre uses will be supported providing that they are compatible with the size, scale and historic nature of the town or village centres;
- II. the loss of use Class A will not be supported within primary shopping frontages;
- III. other appropriate uses within the town centre will be supported including tourism, cultural and leisure as long as they do not harm the retail function of the town centre; and
- IV. development that supports the evening economy, particularly for visitors/ tourists will in principle be supported.

#### Retail Impact Assessments

Policy SD29 goes on to outline that 'retail impact assessments' will be required for development outside of the defined market town or larger village centre boundary where the proposal exceeds the following threshold;

- I. Market Town: 750 sq m
- II. Larger Village: 500 sq m
- III. All other Locations: 150 sq m

Development proposals that fail the sequential test or would have an unacceptable adverse impact on the vitality and viability of the market or village centres will be refused.

- Development Management Policy SD51: '*Shops outside centres*' outlines the importance of shops and garden centres outside market town or village centres in drawing local trade, as well as visitors from afar, into the immediate community. However it is recognised that sometimes they can lead to increased traffic in tranquil areas and that garden centres often detract from their primary purpose of 'selling plants'. Policy outlines that development proposals for small convenience stores that comply with other relevant policies will be permitted where they:

- I. Have a net sales area less than 150 sq m, and
- II. Meet the everyday shopping needs of the local community.

The SDNPA will safeguard existing retail units (A1, A2, A3) outside centres that are fit for purpose, from development proposals for non-retail uses. Evidence of robust marketing (of at least 12 months) will need to be submitted alongside any application.

The Policy goes on to outline specific criteria in relation to proposals for farm shops and garden centres.

- 2.54 It is important to note that the emerging South Downs Local Plan will be producing a town centre boundary map (including primary and secondary frontages) for the market town of Midhurst. The boundary maps for Petworth and Liss will be produced as part of their Neighbourhood Plans.

### **Neighbourhood Plans**

- 2.55 The Neighbourhood Plans for both Petworth and Liss are being prepared in line with the emerging Local Plan and include policies on their town centre and retail functions.

#### Petworth Neighbourhood Plan

- 2.56 In 2014 Petworth Town Council started work on their neighbourhood plan led by a Steering group comprising Councillors, residents and community representatives. A Baseline Report was produced (November 2014) identifying key issues within the town and a public consultation on these issues (including retail, housing, leisure facilities, transport and the local environment) was carried out in 2015. Further options to the plan will be consulted on in June 2016.
- 2.57 The Petworth Steering Group includes a '*Retail Working Group*' who, going forward, will produce specific retail policies to be included In the Neighbourhood Plan.

### Liss Neighbourhood Plan

- 2.58 Liss Parish Council started work on their Neighbourhood Plan in 2014. The Neighbourhood Plan has been prepared by a Steering Group made up of a cross section of the community.
- 2.59 The Pre-Submission Draft Plan (March 2016) outlines that Liss is a distinct centre containing various retail uses and services that are well used by the local community. However, it is recognised that some of the recent development is unattractive and not in keeping with the character of the village centre.
- 2.60 The Neighbourhood Plan includes the following relevant policies;
- Policy 17 – ‘*The Village Centre*’ outlines that development within the village centre must;
    1. Contribute to the vitality and viability of the centre, in order to enhance it as an attractive place providing good local services for the village;
    2. Provide appropriate retail uses or facilities and services that support the village community;
    3. Make a positive contribution to the character of the street scene; and
    4. Must comply with other policies of the Neighbourhood Plan.
- 2.61 The Draft Liss Village Neighbourhood Plan is being consulted on from March 2016 to May 2016 and the plan will need to contain a village centre boundary map.

### **Evidence Base**

- 2.62 The ‘*Chichester Retail Study update 2010*’ produced by DTZ for Chichester District Council forms part of the current evidence base and includes retail capacity forecasts for the four small towns in Chichester District rolling forward to 2026. The study identifies the following conclusions for Midhurst and Petworth:
- **Midhurst** – A vital and viable small town centre which is functioning well to serve the day to day needs of the local population and visitors. It has an attractive historic environment,

and provides a reasonable range of local shops and services appropriate to the small size of the town's population. In particular, it has a good range of food and drink establishments. DTZ concluded that there is forecast capacity for a small amount of additional comparison goods retail floorspace. This is however not sufficient to support a substantial retail development.

- **Petworth** – An attractive historic town centre, which is viable within the limitations of its small size and specialised retail role as a centre for antiques. DTZ conclude that the existence of only one small supermarket is a weakness that is reducing the potential local expenditure and identified specific need for another foodstore (150 - 200 sq m).

### **Conclusion**

- 2.63 The NPPF recognises and stresses the importance of promoting vitality and viability of town centres through a 'town centre first' approach to development and through a '*defined retail hierarchy*'. Town centres play an essential contributing role in the nation's economy as well as acting as the heart of local communities.
- 2.64 South Downs National Park Authority is currently preparing their first Local Plan. Once adopted the emerging plan will replace various local plans across the District.
- 2.65 The emerging South Downs Local Plan sets out a hierarchy of centres within the National Park, identifying Midhurst and Petworth as 'larger Towns' and Liss as a 'larger Village'. Specific retail policies within the existing and emerging plan relate to promoting and protecting this hierarchy. Whilst complying with the NPPF's aims to promote town centres, the emerging local plan is careful to protect and enhance the special qualities of the SDNP in line with its purposes and duty.

### 3.0 Current and Emerging Retail Trends

- 3.1 Nexus has reviewed recent research completed by a number of retail research providers, including but not limited to; Colliers International, Office for National Statistics (ONS), Experian, and Verdict. Through analysis of this research we can ascertain information on recent trends and future forecasts for the UK retail market. Additional research has also been undertaken on trends within rural areas. This includes looking into trends within National Parks and Market Towns that specifically relates to the centres of Midhurst, Petworth and Liss.

#### Current Retail Picture - UK

- 3.2 Since the 1950's, the UK retail market has changed significantly and in general, experienced expansive growth. The level of growth is resultant of several influencing factors. These factors include;
- a. A population with higher disposable incomes;
  - b. The popularity of obtaining fiscal credit;
  - c. New (digital) technologies; and
  - d. An overall increase in the resident population's standard of living.
- 3.3 The above influencing factors directly relate to key retail trends that are currently being experienced nationally including:
- **Growth in Sales:** Since 2013 the economy has been slowly regaining momentum and clawing back the retracted spending that was experienced from 2008 – 2013 during the recession. The most recent release from the Office of National Statistics (ONS) on Retail Sales (published in May 2016<sup>1</sup>) identified that May 2016 represented the 30<sup>th</sup> consecutive month for growth of retail sales UK wide. This is supported by Colliers who in their August 2015 Retail Report recognised that since Quarter 1 2011, household spending has steadily increased each year<sup>2</sup>. Following 2.3% year-on-year growth in Quarter 1 2015, growth in household spending is at the pre-recession levels of 2006 and 2007.

<sup>1</sup> Statistical Bulletin: Retail Sales May 2016

<sup>2</sup> 'Midsummer Retail Report': Colliers 2015

- **Focus Back on Town Centre:** During the 1990's there was a notable shift to the development of out of town shopping malls leading to the steady decline of the high street. However, in the last five years 2016 circumstances have changed dramatically and recent reports, including those published by Colliers, Verdict, PwC, provide a more positive picture for high street retail. In their Midsummer Retail Report, Colliers declare that high streets are 'no longer dead or dying'. Representative of this is the fact that in 2014 investment into high street assets jumped by circa 30% to £2.39 billion. A shift in National Planning policy as also contributed to focusing development back towards town centres with National Planning Policy Framework (NPPF) (2012) seeking a 'the town centre first approach'.
- **Rise of E-tailing:** The popularity and increased availability of the internet, as well as growing confidence of consumers in making purchases online, has led to a distinctive change in the way goods and services are purchased, (This is discussed in more detail later in the chapter).
- **Increasing Consumer Expectations:** The constant evolution of consumer and provider expectations are a response to a number of dynamic factors including; change in population characteristics, increased car ownership, changes in national planning policy and digital advances. Consumers are now seeking more from their shopping experience, which is constantly forcing retailers to pursue new and innovative development proposals.
- **High Levels of Vacancies:** The average UK rate of vacant retail shopping pitches as at March 2016 was identified by Experian as 11.3%<sup>3</sup>. The rate of vacancies is described by Colliers as being 'stubbornly high' as it is not typical or reflective of the total economic or retail climate. Colliers explains that in light of recent advances in the performance of the UK economy it should have improved a lot more against its 2012 peak of 16.3%. Colliers identify that prime unit vacancy rate sits around 7.5% while non-prime is as high as 17%<sup>4</sup> suggesting that it is non-prime units driving this high level of vacancies. It is therefore considered that the incessantly high average vacancy rate, despite improving economic conditions is representative of increasing demand for high quality units and diminishing demand for secondary premise in smaller locations.

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<sup>3</sup> Experian 2013

<sup>4</sup> Colliers, August 2015

### **Trends in Convenience Retailing**

3.4 A 2015 study by Retail Economics reported that spending on food accounted for 40% of all retail spend nationwide<sup>5</sup>. As a consequence, trends in food retailing have a significant influence on retail trends in general.

3.5 Instability currently prevails in the food retailing market and supermarkets are most affected. Numerous supermarket chains are currently in the process of consolidating their assets; selling stores, pulling construction programmes, and letting go of sites already with planning permission.

### Food Retailing Back into the Town Centre

3.6 Changes in national planning policy guidance (NPPF – 2012 and NPPG -2014) has introduced a 'Town Centre First' approach which has considerably reduced the number of out of town supermarkets bringing them back to the heart of the town centre.

3.7 In doing so food and grocery retailers have adopted alternative methods of retailing in order to maintain market share and capture as many sales as possible. These include:

- Lower cost product ranges;
- Provision of broader product range, including diversifying into financial and insurance products, petrol and other convenience goods;
- Flexible models, including smaller format units in town centres (Sainsbury's Local, Tesco Express, Morrisons M Local Stores now My Local);
- Extended and 24 hour opening hours, including Sundays;
- Investing in branding and marketing; and
- Home delivery service.

3.8 Growth figures in sales in food and grocery within UK town centres are evidence that food and grocery stores are reasserting their presence within the town centre. Verdict Research

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<sup>5</sup> UK Retail Sales', Retail Economics March 2016

identified that sales made in UK town centres on food and groceries has developed from 16.9% in 2006 to 24.2% in 2013<sup>6</sup>.

### The Rise of the Food Discounter

- 3.9 In 2013, Mintel reported that the recession, along with a period of high inflation, impacted on consumer behaviours and the wider dynamics of grocery retailing. Consumers who have less disposable income are likely to seek out food and grocery items that are offered at the lowest price, or more importantly, food and groceries which represent the best value for money<sup>7</sup>. Therefore, in order to attract shoppers, food retailers have to compete not just on price points but by also offering the best in high quality good value products.
- 3.10 It is therefore clear that the food sector is facing a number of unique structural challenges, which is causing issues for food operations and subsequently restricting growth in this sector.
- 3.11 While the food retail market is still generally described as struggling, up-to-date March 2016 research produced by Retail Economics showed that grocery sales are continuing with their recent run of better performance with sales up 1.5%, year-on-year, the strongest since February 2014. March 2016 sales represented the third consecutive month of growth<sup>8</sup>.
- 3.12 One of the overriding challenges comes from the intense price competition created by the key food discounters (Aldi and Lidl), which are taking market share away from the big four grocers (Tesco, Sainsbury's, Morrisons, Asda)<sup>9</sup>. Retail Economics describes that they have attacked the heartland of UK grocery by undercutting the 'big four' with highly competitive prices and investing in more premium produce. This approach has broadened Aldi's appeal to more affluent customers. In the same way, Lidl has adopted an aggressive growth programme including ambitious store expansion. To date, the strategy has achieved what it has intended by growing Lidl's market share.
- 3.13 In late 2015, reports on Lidl and Aldi's success suggested their joint share of groceries market doubled to 10% in just three years<sup>49F</sup>. Even so, Tesco remains the UK's largest supermarket with a 27.9% market share, while Sainsbury's has 16.6%, with Asda on 16.4%. Followed by – Morrisons 10.8%, The Co-operative 6.3%, Aldi 5.6%, Waitrose 5.2%, and Lidl 4.4%<sup>10</sup>.
- 3.14 It is therefore predicted the food and grocery market will remain fiercely competitive, meaning retailers will be forced to keep their sales margins as compressed as possible.

<sup>6</sup> Economic and Social Research Council and the University of Southampton, March 2016

<sup>7</sup> Food and Drink Retailing, Mintel, March 2013

<sup>8</sup> UK Retail Sales, Retail Economics, March 2016

<sup>9</sup> UK Food and Grocery, Retail Economics, September 2015

<sup>10</sup> BBC online, 17<sup>th</sup> November 2015

### The Rise of Local 'Top – Up' Shopping

- 3.15 The UK food market has been shaped in recent years by the broad change in shopping habits with many customers opting to complete smaller but more frequent grocery shops. Fewer households now complete the traditional once-a-week “big shop”. In their March 2015 report, the University of Southampton (published as part of an Economic and Social Research Council Study) predicts that forecasts for 2019 will see the convenience store grocery sector account for almost a quarter (24.1%) of total UK grocery sales up from 21.4% in 2014<sup>11</sup>.
- 3.16 An additional demand-driven factor shaping the UK food retail market relates to consumers' desire to purchase locally sourced food. A 2013 Ethical Consumers Market Report<sup>12</sup> provides evidence to suggest that the number of shoppers specifically looking to buy local produce increased from 15% in 2005 to 42% in 2012. Of particular note, the survey found more than 40% of local shoppers said they were prepared to pay a premium for locally produced foods.
- 3.17 To summarise, the competitive nature and price driven market for food and grocery retailing continues to force supermarkets to adapt and seek out how they can do things differently in order to attract consumers.

### **Trends in Comparison Retailers**

- 3.18 The comparison retail sector saw the biggest drop in trade during the 2008 – 2013 economic recession. The Economic and Social Research Council, in their March 2015 report, attribute the drop in sales to two corresponding factors – (1) consumers' general reluctance to spend on comparison 'big-ticket' items, and (2) the fact comparison retailers are often more susceptible to online price comparison. In recent years, consumers are growing more confident in making online purchases of comparison goods meaning town centre sales continue to suffer in consequence. The strong performance of comparison online retailing is supported by reports showing high levels of year-on-year growth in the sector.
- 3.19 When evaluating the current trends influencing the performance of the comparison retail market it is important to recognise the physical shift that is evident in town centres nationwide. The number of comparison retail units present in UK high streets is decreasing. This trend is evident when reviewing Experian data which identifies that in August 2015 the comparison

<sup>11</sup> Economic and Social Research Council and the University of Southampton, March 2015.

<sup>12</sup> Ethical Consumer Research Association, 2013

sector accounted for 32.1%<sup>13</sup> of all town centre units, dropping from 33.4% in 2011<sup>14</sup> (during the recession) and 47.4% in 2006<sup>15</sup> (before the recession).

- 3.20 The recent liquidation of British Home Stores (BHS) in April 2016, further illustrates the struggles facing comparison retailers. Reports on the reasons for the failure of BHS identify the following issues facing the company – (1) the internet, (2) international competition, (3) the on-going impacts of the recession and (4) their failure to keep up with the demands of consumers for innovation in retailing<sup>16</sup>.
- 3.21 In summary, comparison retailing is fuelled by fierce competition, in particular that made possible by the internet. Companies operating in the comparison market need to fight for their sales through adapting to the new and modern desires and needs of the consumer, and most importantly acknowledge the fact they are likely to compare prices over the internet.

### **Neighbourhood Shopping**

- 3.22 Limited retail research is available on national trends and forecasts addressing the performance of “neighbourhood parades”, as defined by the Department for Communities and Local Government (DCLG)<sup>17</sup>.
- 3.23 The very term for neighbourhood shopping areas often varies making it difficult to track and predict trends. Illustrating this point is the fact that what research is available makes reference a myriad of terms; ‘*neighbourhood retailing*’, ‘*parades of shops*’, ‘*local centres*’, ‘*local shops*’, ‘*convenience retailing*’, and ‘*secondary retailing*’. Nexus consider the best place to start is the report produced by DCLG entitled ‘Parades of Shops - Towards an understanding of performance and prospects’, in which they explain that for the purposes of consistency they adopt the terminology of ‘neighbourhood parade’. The justification being based on the predominance of a locally focused role. In addition to the fact that, in many cases, the original core functions for ‘shopping’ has become differentiated.
- 3.24 The DCLG explain most neighbourhood parades offer a diverse and complementary occupier mix, providing essential goods and services which are, in most cases, highly valued by the resident community they serve. Neighbourhood parades tend to be dominated by convenience stores. Verdict estimate that almost 55.0% of neighbourhood level retail expenditure is in convenience stores, with an estimated 70.0% taking account of other food-

<sup>13</sup> Experian Goad August 2015

<sup>14</sup> WYG 2011

<sup>15</sup> GVA Grimley, 2006

<sup>16</sup> Mary Portas, the Guardian Online, April 2016

<sup>17</sup> DCLG, 2012

based outlets. In these locations, convenience retail stores are typically found alongside local service outlets including pubs, takeaways, personal services (Nail and Hair Salons) and niche operators.

- 3.25 Research suggests that the share of retail market spend in neighbourhood parades has been relatively stable over the past ten years and this is generally reliant on the fact that they serve a very vital role in the provision of local needs to a local catchment<sup>18</sup>. Accordingly, very little physical change has occurred on these types of parades.
- 3.26 In terms of the type of uses typically found in neighbourhood centres, in consequence to the average needs/desires of a shopper coming to such a centre, convenience remains the dominant retail type. Illustrating this point, the DCLG outline that 70% of expenditure in neighbourhood centres is taken by food based retailers, including convenience stores<sup>19</sup>. Neighbourhood retailing as a whole is predicted to grow but it is expected that there will remain considerable pressure on independent shops. Supporting the success of neighbourhood shops is the desire of consumers to do a lot less shopping in terms of volume but on a much higher frequency. In particular it is those neighbourhood parades that are close to transport hubs and links that are benefiting the most, as workers often shop close to home and on their way back from work.

### **Growth of E-tailing**

- 3.27 The rise of “E-tailing” has significantly altered the way in which the average consumer makes purchases across multiple sectors. Between 2008 and 2014, online sales as a proportion of total retail spend (excluding fuel) rose by more than 2.5 times – from under 4.7% in June 2008 to 11.7% in mid-2015 (as reported by the Office for National Statistics (ONS)<sup>20</sup>. The most recent data from the Office for National Statistics (ONS) on Retail Sales (published in March 2016)<sup>21</sup> identified that the amount spent online accounted for 13.2% of all retail spending (excluding fuel), a further increase from the previous year.
- 3.28 In the current retail environment, reports on “E-tailing” suggest it accounts for one in every five to ten pounds that are spent in the UK. To keep up with the spending patterns of the typical consumer, almost all retailers now have an online presence. Over time online shops are becoming more and more advanced and easy to use. This supports the growing attraction for consumers to make their purchases online.

<sup>18</sup> BIS Research Paper No.118, Department for Innovation and Skills, December 2014

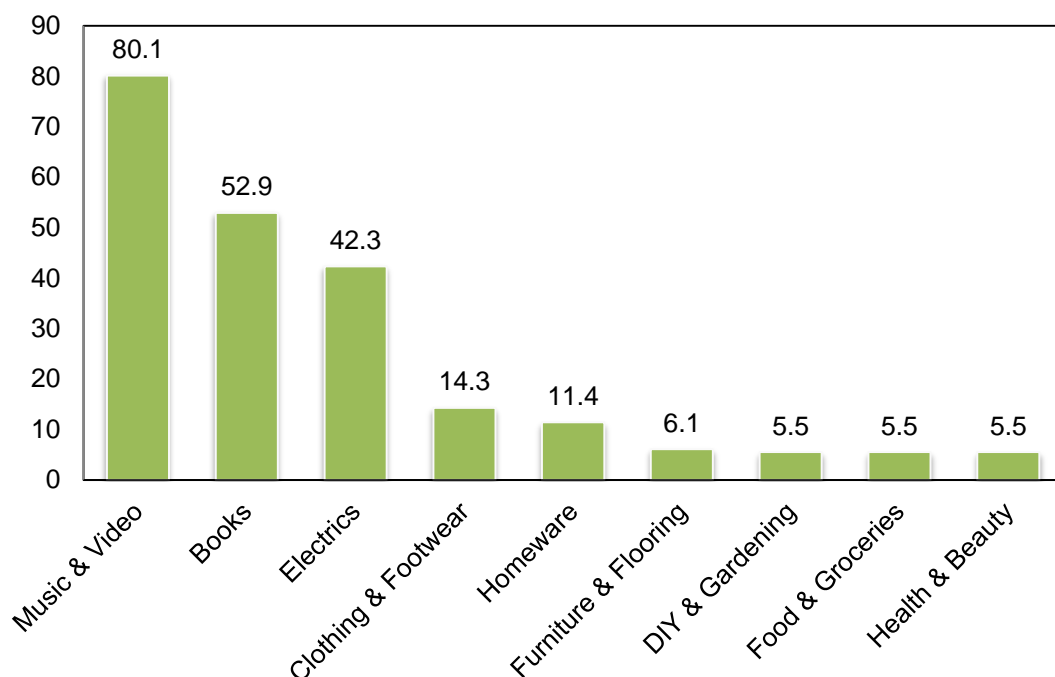
<sup>19</sup> 'Parades of shops,' Department for Communities and Local Government, 2012

<sup>20</sup> 'Retail Planner Briefing Note 13' Experian, October 2015

<sup>21</sup> Statistical Bulletin, Retail Sales ONS, March 2016

3.29 It is important to acknowledge that there is a substantial variation between the kinds of purchases that are most likely to be made online. The Office for National Statistics (ONS) report that 4.4% of all food purchases were made online in March 2016, whereas 11.5% of all 'textile, clothing, and footwear' purchases and 8.8% of 'household good purchases' were made online. Figure 3.1 illustrates the penetration of online sales by sector based on 2013 data. Most notable is the large proportion of music and video, books and electrics that are purchased online.

**Figure 3.1 | Online Sales Penetration by Sector % (2013 data)**



Source: Verdict and SAS – How the UK will shop: 2013

3.30 The popularity of making online purchases is predicted to not only continue but to grow. Experian predict that by 2020 online (non-store) purchases will account for 17.8% of total retail expenditure, rising to 19.9% in 2035<sup>22</sup>. This is a significant increase in contrast to the March 2016 Office for National Statistics (ONS) figure of 13.2%. However, it is important to

<sup>22</sup> Experian, March 2015

recognise that the significant leaps in online sales observed each year from the mid-2000s, which occurred as a result of an increasing internet user base, will no longer be the key contributing factor. The fact that 88.5% of the UK population are internet users (or 57.3 million people); meaning growth in the “new internet users” will not be much lower<sup>23</sup>. Nevertheless, growth is expected to be maintained, although through new technology such as mobile phones and tablets.

- 3.31 The rise in popularity of ‘click and collect’ is another example of online influenced sales resulting in visits to a physical store. According to Verdict, 68% of online shoppers in the UK make use of ‘click and collect’ services<sup>24</sup>. Deloitte predicts that at 2015 the number of ‘click and collect’ locations will reach half a million, representing a 20% increase from 2014<sup>25</sup>.
- 3.32 In summary, the rise of the online retail world is undeniable. As the influence of “E-Commerce” continues to accelerate, we can expect retailers to react and start prioritising how they will make sure the relationship between real world retail stores and their online presence become more integrated.

### **Characteristics of Retail in Rural Areas**

- 3.33 Whilst the national trends outlined above are important and will have an influence upon the future of retailing within the South Downs, there is a need for this study to put these trends into a rural context and set out some of the key issues for National Parks, rural market towns and villages.
- 3.34 For the purpose of this chapter it is important to outline that in the emerging South Downs Local Plan, Midhurst and Petworth are referred to as ‘Market Towns’ and Liss a ‘Larger Village Centre’.
- 3.35 By definition a market town is the term for a key settlement which presently or historically had the right to host public markets at stated times. Although many still hold regular markets, their role has changed significantly, with many now functioning as visitor centres, employment bases or commuter settlements<sup>26</sup>. Market towns occupy a distinctive category in the geographic structure of England, their notable geographical features often relate to being surrounded by farmland, having a market place where roads meet in the town centre and/or acting as a bridging point over rivers.

<sup>23</sup> Statistical Bulletin Retail Sales, ONS, March 2016

<sup>24</sup> Verdict Retail Online, May 2016

<sup>25</sup> The Deloitte Consumer Review (2015) – Digital Prediction 2015

<sup>26</sup> Market Towns - fit for future – Rural Services Network 2012

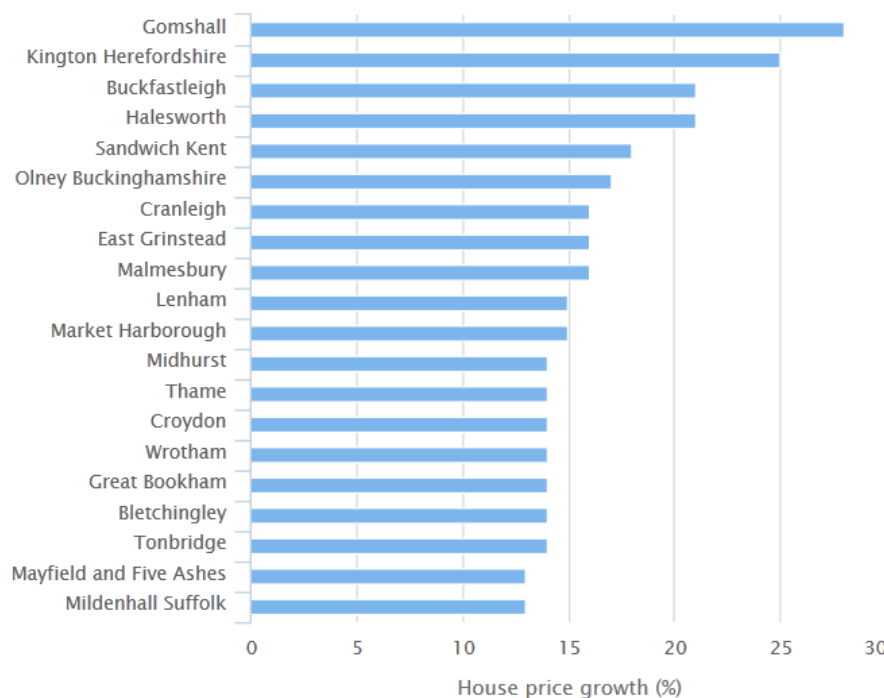
- 3.36 The Commission for Rural Communities (CRC) confirm that there is currently no agreed Government method for separating market towns from other urban areas. Under existing urban-rural definitions, settlements with populations of over 10,000 are classified as “urban”, the CRC says. This has meant there is very limited research on market towns.
- 3.37 The economic downturn had a notable impact on market towns. A study by ‘Action for Market Towns’<sup>27</sup> in 2009 looked at how the loss of any national multiples present in market towns (such as Woolworths) had notable impacts on other independent retailers, with shop closures leading to increased vacancy rates throughout rural centres. Nevertheless, the impact of the recession on market towns / rural centre was seen to be balanced out slightly by the increased trend of people holidaying in the UK during the recession.
- 3.38 More recent research shows though, that we are working towards a ‘village revival’. A recent report by Strutt and Parker<sup>28</sup> suggests ‘creeping trends’ reveal that people are increasingly locating towards rural areas. The ‘Housing Futures’ report released by Strutt & Parker (2016) shows that more than 20% of people planning on moving home would like to live in a village, 14% a market town and only 12% either a big city or a suburb. The report outlined that ease of access is an important issue for respondents intending to move to rural locations, with 60% wanting to be able to walk to shops, 48% to local transport and 45% to medical facilities. This also reflects attractive lifestyle changes such as the increase of ‘working from home’ as well as the rising popularity of ‘top up shopping’.
- 3.39 In April 2015, Knight Frank reported that a wave of people were cashing in on the high values and high demand for homes in London and moving out to the home countries. This is also being exacerbated by the increase of Londoners in search of a second home<sup>29</sup>. This is reflected in the increasing house prices within market towns. Figure 3.2 shows British market towns with the greatest house price rises from 2013 – 2014, illustrating how sought-after the tag “market town” has become.

<sup>27</sup> Market Towns: How are they responding to the recession, and what future support is required? 2009- Action for Market Towns/ Centre for Local economic Strategies

<sup>28</sup> The Village Revival Housing futures 2016

<sup>29</sup> The Daily Telegraph – ‘Britain’s Most popular market Towns’ 2<sup>nd</sup> April 2015

**Figure 3.2 | British Market Towns with the Greatest House Price rises 2013-2014**



Source: Telegraph online, April 2015

- 3.40 Of particular note is the growth of house prices in Midhurst, which has seen house prices rise by 14%. The above is backed up by research from Lloyds Bank in 2015, which showed that the average price of a property in a market town was £25,000 above the national average.

#### Impact of Tourism in National Parks

- 3.41 England's National Park Authorities have commissioned studies utilising the Scarborough Tourism Economic Activity Monitor (STEAM) to estimate the volume, value and impact of tourism activity. From this information it is apparent that the profile of visitors varies across all national parks with the latest available estimates indicating 46 million visits to the South Downs every year.<sup>30</sup>
- 3.42 Figures show that the profile of visitors varies significantly across the national parks. Whilst the majority of parks have a high proportion of staying visitors, the South Downs is mainly visited for day trips, reflecting the accessibility of the South Downs from much of south east England.

<sup>30</sup> Valuing England's National Parks: Cumulus Consultants Ltd and ICF GHK 2013

- 3.43 Tourism related sectors such as accommodation and catering are important in the local economies of all of England's national parks. However, the overall economic significance of tourism and recreation is greater than this, as money spent by visitors also supports retailing and other activities, as well as services that support the tourism sector. Tourism also helps to support important local community services.
- 3.44 However, as outlined above the majority of visitors to the South Downs are day trippers. This is particularly reflected in the market towns of Midhurst and Petworth where there is limited long-stay and self-catering accommodation, with several bed and breakfasts recently closing down due to the lack of demand. This inevitably has an impact on comparison spend as well as food and drink services within the centre. This is also emphasised by the offerings from both market towns. Within Midhurst the most popular event is the Polo at the Cowdray Park Polo Club which ordinarily is a day time event with attendees heading home afterwards. The Cowdray Ruins is also a popular tourist destination. However, as it is only open weekends and bank holidays (not including the winter months) a day trip is more of an attractive option.
- 3.45 Tourism is also an important part of Petworth's economy. Petworth House (owned by the National Trust) attracts thousands of tourists each year. However, the biggest draw to Petworth is the wealth of Antique shops within the centre, which again, attracts day visitors.
- 3.46 In summary, although there are several tourist attractions within the market towns of Midhurst and Petworth, the tourism sector is largely revolved around the daytime market, with fewer numbers staying overnight, which leads to a low tourism spend on both convenience and food and drink spend in both towns.

#### Retail Trends in Rural Areas

- 3.47 Key identified trends specific to rural / market towns include:
- **Lack of Multiple Retailers** - Historically there has been a spatial shift in the location of comparison shopping with purchases becoming increasingly concentrated in larger centres<sup>31</sup>. This has also led the role of multiples to become more dominant and to a challenge in market towns in 'maintaining retail competitiveness'. In convenience shopping it is also apparent that the big four major supermarkets are taking an increasing share of expenditure and becoming a determining factor in the success of a centre. This can lead to leakage of trade due to residents of market towns out shopping and the reliance of 'top up' shopping where people tend to go for small-scale food shopping trips

<sup>31</sup> Market Towns: Roles Challenges and Prospects (2007)

or more basic service trips. The lack of national multiples present in rural centres/ market towns is reflected by the plethora of independent stores with many supplying niche comparison goods that would often require a 'special trip' (e.g. antiques).

- **Rise of Charity Shops** - As part of the economic downturn the UK saw a rise in the number of charity shops in the high street. With reports outlining that Britain's credit crunch triggered a 30% increase in the number of charity shops in the high street<sup>32</sup>. This trend has been exaggerated in market towns particularly due to the loss of many national multiples. Midhurst residents have recently raised concern in relation to their growing number of charity shops in the market town centre. In September 2015, the chairman of Midhurst Council affirmed that the presence of 6 charity shops is 'not seen to be appropriate for a town trying to encourage individual shops'. It is very hard to control the take up of charity shops as in most cases the change of use from a retail unit to a charity shop does not require change of use. Furthermore, it is an attractive and cheap option for landlords who can have vacancies taken up as well as avoid paying the business rate.
- **Working Patterns** - As outlined by Rural Cumulus Consultants<sup>33</sup> the amount of self-employed residents in National Parks (19%) is nearly double the national figure (10%). These working patterns lead to more localised expenditure patterns with consumers able to pop into their local rural centres for day to day small purchases.
- **Fewer Businesses** – The report also identifies the very low presence of businesses within National Parks. Although South Downs has the largest number of businesses of all National Parks (most likely due to its large size and high population) they are generally small, employing fewer than half the number of employees of an average business in England. Furthermore, data from the Office of National Statistics from 2013 outlined that retail jobs made up just 7% of the overall jobs in national parks compared to 9% as a national average. The lack of businesses within the National Park, who would ordinarily attract an inflow of spend from their workforce, impacts on the expenditure available to local retailers.
- **Trends in Mobility** - The impact of increased car ownership coupled with irregular public transport adds to the challenge of trade within market towns. Due to the inability to 'bulk buy' within Market Towns, this can lead to residents travelling further afield for their larger weekly shop.

<sup>32</sup> This is money article – 17<sup>th</sup> August 2017

<sup>33</sup> Valuing England's National Parks: Cumulus Consultants Ltd and ICF GHK 2013

- **Lack of space** - Due to the layout of most historic Market Town / rural centres they do not have the space available to match modern requirements (e.g. footprints of units/ size of frontages), particularly for convenience stores. This leads to potential expenditure being lost to out of town supermarkets.
- **Rise of E-tailing** - As outlined in detail previously in the chapter, recent years have seen the significant rise of Internet shopping. In rural locations this particularly relates to online food shopping and reports suggest that while the general retail food market suffered, the number of online food purchases rose by 11.3% year-on-year to August 2015<sup>34</sup>. In 2014 research from the Citizens Advice Bureau found that 91% of people living in rural areas, with access to the internet, are now shopping online regularly. This is a much higher figure than people residing in other areas and reflects limited choice of goods, distance to shops and improvements in online delivery services<sup>35</sup>. Recently online shopping preferences have shifted, and more Britons, frustrated with inconvenient delivery slots, are collecting their purchases in person. According to Verdict, 68% of online shoppers in the UK make use of 'click and collect' services<sup>36</sup>.

## Conclusion

- 3.48 The retail market has experienced significant changes in recent years. The prevailing retail environment continues to be volatile and unstable. In response to the unpredictability those operating in the market are forced to adapt quickly or otherwise face failing profits.
- 3.49 Following the economic downturn (2008 – 2013), 2016 has brought a return to economic conditions more akin to pre-recession times. The evolution of e-tailing continues to impact on the high street however the retail industry are increasingly embracing innovative Omni-channelling strategies, that are not restricted but supported by online-influenced sales, this provides an opportunity for town centres to regain some of the custom they have lost.
- 3.50 It is apparent that different retail trends are visible in rural market towns / villages. Prominent factors include the impact of tourism; the lack of multiple retailers; and an above average reliance on e- tailing. Although some rural towns were seen to suffer during the recession, particularly due to the loss of any present national multiples which often acted as anchor stores, they too are considered to be on the rise with a 'rural life' increasingly sought after as

<sup>34</sup> UK Food and Grocery, Retail Economics September 2015

<sup>35</sup> BBC News: 19<sup>th</sup> December 2014

<sup>36</sup> Verdict Retail Online, retrieved on 2 May 2016

well the increased trend of 'top up shopping' which is the life-line for many shops throughout rural centres.

- 3.51 In the next chapter we explore how the above trends have affected the market towns of Midhurst and Petworth and the village of Liss within the South Downs National Park.

## 4.0 Vitality and Viability Assessment

### Introduction

- 4.1 This section of the report details our assessment of the vitality and viability of the market towns of Midhurst and Petworth as well as Liss Village Centre. Midhurst and Petworth are two of four market towns situated within the South Downs National Park, both acting as principal retail and service centres providing vital services to the surrounding rural area. Liss is smaller than Midhurst and Petworth and in the emerging South Downs Local Plan is referred to as a 'Larger Village Centre'.
- 4.2 The towns and villages of the National Park are one of its special qualities. The character and appearance derive from the historic properties and beautiful surroundings. Midhurst and Petworth are attractions in themselves and are often visited for cultural and leisure purposes which will inevitably support the vitality and viability of the retail function of both market towns.

### Assessment of Key Retail Centres

- 4.3 The National Planning Policy Framework (NPPF) of March 2012 states that local planning authorities should:
- a) Set out policies for the management and growth of town centres over the plan period;
  - b) Recognise town centres as the heart of their communities; and
  - c) Pursue policies to support their viability and vitality.
- 4.4 While the NPPF does not provide a list of criteria to be used to assess the health of a centre, the Government's 'Ensuring the Vitality of Town Centres' Planning Practice Guidance (PPG) of March 2014 provides a helpful set of indicators. Further, the PPG explains these indicators should be monitored on a regular basis in order to judge the health of a centre and its performance over time.
- 4.5 Nexus undertook site visits in March 2016 to assess the health of Midhurst, Petworth and Liss. All site visits were undertaken by the same individual to ensure that an unbiased assessment was attained.

4.6 Below is a list, and accompanying brief descriptions, of the indicators that have been used by Nexus to complete their assessment of the health of Midhurst, Petworth and Liss. It is important to note that due to the size and nature of the centres not all indicators will be applicable. Therefore the health of the centres was assessed by only the relevant measures.

- **Diversity of Uses** – Data on the diversity of uses in the market towns of Midhurst, Petworth and Liss was collated during the retail surveys completed by Nexus in March 2016. The collected data includes number, type and quantum of floorspace provided.
- **Proportions of Vacant Street Level Property** – Vacant properties were identified during the March 2016 Retail surveys.

The volume of vacant floorspace within a town centre can provide an indication of how a town centre is performing. However, it is important to acknowledge that some degree of vacancy is inevitable and indeed desirable. Some ‘churn’ is expected in the market as units alter and change, as new businesses come in, and others leave. In this context, vacant units can be found in even the strongest of town centres.

Equally, a low vacancy rate does not necessarily mean a town centre is performing well as the quality and performance of the occupied units may be relatively poor. For example, if a town centre is dominated by a high number of charity shops, paying low rents, while it may have a low vacancy rate, the town’s overall performance is likely poor and the town is probably facing decline.

- **Commercial Yields on Non-Domestic Property** – Whilst this can be an indicator of town centre performance over time, data on commercial yields is not publically available for the centres of Midhurst, Petworth and Liss.
- **Customers’ Views and Behaviour** – This retail study does not include a revised household telephone survey and will rely on updating existing data.
- **Retailer Representation and Intentions to Change Representation**- Information on the current strength of centres, retailer representation and retailer requirements have been derived from Experian Goad and Javelin Venuescore UK Shopping Venue Score Ranking.

Due to the size of the Centres, Goad and Venuescore information was only available for Midhurst. Conclusions on the retail representation of Petworth and Liss were reached

from analysing existing published sources, observations from the March 2016 site visit as well as Stakeholder Interviews.

- **Commercial Rents** – Data on commercial trends is not available at this time for Midhurst, Petworth or Liss.
- **Pedestrian Flows**- Nexus observed general footfall and pedestrian flows during the sites visits to Midhurst, Petworth and Liss in March 2016.
- **Accessibility**- Consideration of access to and around each centre was informed by the Nexus site visit. This was in addition to a desktop review of data, including access to public transport and parking facilities.
- **Perceptions of Safety and Occurrence of Crime** – General perceptions of safety were gathered during the site visits and from a review of existing data.
- **State of Town Centre Environmental Quality** – Consideration of the quality of the buildings and public realm in each of the centres was informed by Nexus's site visits to each of the centres.

### **Stakeholder Engagement**

- 4.7 On April 29<sup>th</sup> 2016 Nexus undertook stakeholder engagement with local representatives from each centre. This included a meeting with the Midhurst Town Centre Manager, Midhurst Town Councillors, Petworth Neighbourhood Plan Retail Working Group and the Liss Neighbourhood Plan Working Group.
- 4.8 The following topics were covered during these meetings; the vitality and viability of the town centre, vacancies, mix of retail, parking, street environment, crime and safety and the role of the emerging Neighbourhood Plans.
- 4.9 Feedback from the stakeholder meetings was used to inform the following assessment of the three centres.

### **Sub Regional Hierarchy**

- 4.10 A Location Plan illustrating the Study Area relative to the mains settlements is shown in Appendix 2.
- 4.11 Figure 4.1 below illustrates the position of the sub-region's principal centres based on the Venuescore UK shopping rankings 2014-15. Previous years scores (2005 and 2010) are also included to provide an indication of any changes in the centres.
- 4.12 Venuescore's index ranks 2,711 retail values within the UK (including town centre, stand – alone malls, retail warehouse parks and factory outlet centres) based on the strength of their current retail provision. Towns and major shopping centres are graded using a scoring system taking into account the presence of multiple retailers in each location.
- 4.13 Due to their size, Midhurst is the only centre to feature in the rankings. Competing surrounding destinations have been included in the table for comparison purposes.

**Figure 4.1: Comparison of Venuescores for SDNP market centres**

Centre	Classification	2005 Rank	2010 Rank	2014-2015 Rank	Market Position Classification	Market Position Index (Average 100)
Chichester	Regional	114	115	84	Upper Middle	124
Petersfield	Major District	435	424	403	Upper Middle	113
Lewes	Major District	568	512	569	Upper Middle	118
<b>Midhurst</b>	<b>Local</b>	<b>1,838</b>	<b>1,721</b>	<b>2,146</b>	<b>Middle</b>	<b>106</b>
Liphook	Local	N/A	2,416	2,306	Middle	92
Borden	Local	N/A	N/A	2,557	Lower Middle	89

Source: Venuescore

- 4.14 The rankings in Figure 4.1 illustrate that Venuescore classifies Midhurst as a 'Local Centre'. In the 2014/2015 survey, Midhurst was ranked 2,306th of all the centres, dropping 308 places since 2005.
- 4.15 Chichester (Regional Centre) gained 30 places from 2005 – 2015 and Petersfield (Major District Centre) gained 32 places. Interestingly, Lewes (Major District Centre) gained 56 places from 2005 – 2010 but dropped 57 places from 2010 – 2015. Neither of the smaller Local Centres, Liphook and Borden, were included in the 2005 Venuescore survey. Borden did not appear in the 2010 survey, but between 2010-2015 Liphook gained 110 places.
- 4.16 Midhurst is therefore the only centre outlined above to have dropped in the rankings during that period. This reflects a loss of national multiples within the town centre, possibly counter-balanced by an increase in service units.
- 4.17 The following commentary outlines Nexus assessment of the health of Midhurst, Petworth and Liss, in line with the above indicators from the NPPF. The conclusions are derived from observations undertaken on the site visits undertaken in March 2016.

## **Midhurst**

- 4.18 Midhurst is one of four market towns in the South Downs National Park. It is an attractive historic town that caters for the needs of locals and also draws visitors from elsewhere, particularly to The Cowdray Estate, which is located in close proximity to the town centre. The Cowdray Estate is famous for Cowdray House, which offers different events and activities during the summer months.
- 4.19 Both the castle on St Anns Hill and the ruins of Cowdray are 'Scheduled Monuments'.
- 4.20 There are two clear distinct areas to the town centre; the linear principle street (North Street), and the 'historic core', consisting of the Market Square and surrounding roads.



**North Street (A272)**



**Historic Core**

### **Diversity of Uses/ Retail Representation**

- 4.21 There are a limited number of national multiples located in the town centre. Those present are located on the main high street (North Street) and include Boots, Tesco's, Pizza Express, Prezzo, Natwest, Halifax. Boots and Tesco's are both included in the top 31 'Major Retailers' as defined by Goad. Budgens is the largest supermarket in the Town Centre and is located on Bepton Road. There have been no additional national multiples since the previous retail study carried out by DTZ in 2010.
- 4.22 The Nexus Planning Retail Survey (completed in March 2016) identified a total of 134 'retail' properties in the town centre, making up a total floorspace of 15,010 sq m (gross).
- 4.23 The results of the retail survey allow the diversity of uses within the town centre to be assessed (by quantum type and floorspace). The findings are set out in Figure 4.2 and compared against UK averages as well as the results from the DTZ Chichester Retail Study Update (2010). The services have been split to reflect the categories in the 2010 study, so meaningful comparisons may be made. It should however be noted that comparisons cannot 100% be relied on due to the unidentified categories DTZ used for the service sector. Nexus has therefore estimated these.

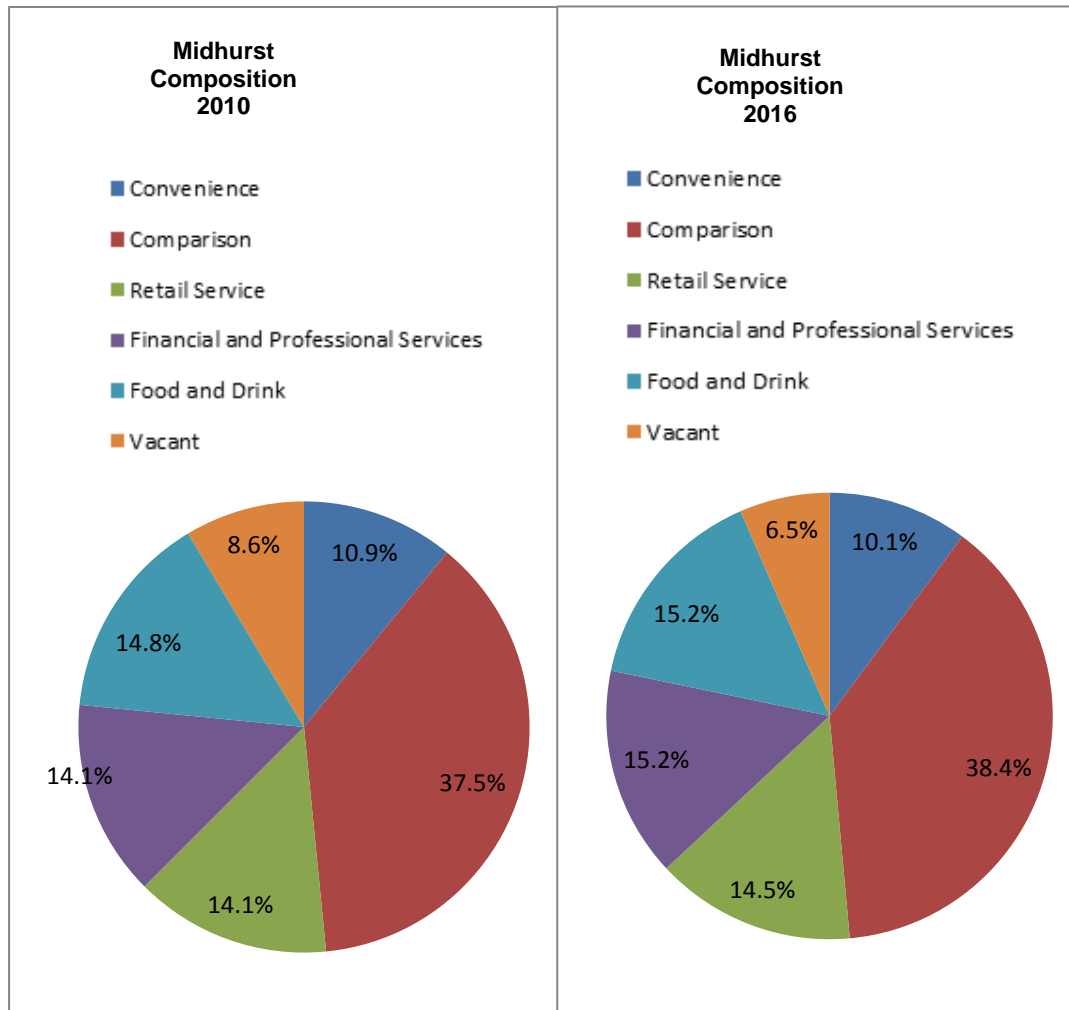
**Figure 4.2: Midhurst Town Centre Composition (March 2016)**

	Units (No.) 2010	Units (%) 2010	Total Floorspace (%) 2010	Units (No.) 2016	Units (%) 2016	Total Floorspace (%) 2016	Units UK Avg. (%) 2016	Floorspace U.K Avg. (%) 2016
<b>Convenience</b>	14	10.9	18.8	14	10.1	23.3	8.6	15.2
<b>Comparison</b>	48	37.5	36.4	54	38.4	33.6	32.1	35.9
<b>Retail Services</b>	18	14.1	8.0	20	14.5	9.7	14.3	7.5
<b>Financial and Professional Services</b>	18	14.1	12.4	17	15.2	12.7	10.7	8.1
<b>Food and Drink</b>	19	14.8	15.1	20	15.2	23.3	22.7 *	23.5 *
<b>Vacant</b>	11	8.6	9.1	9	6.5	6.3	11.3	9.2
<b>Total</b>	128			134				

*\*includes leisure services*

4.24 The pie charts in Figure 4.3 illustrate the change in town centre composition since 2010 and clearly indicate there has been very little to no change over the last 6 years.

**Figure 4.3: Midhurst's Town Centre Composition 2010-2016**



- 4.25 A plan illustrating the location and use of each unit in Midhurst town centre (as defined by Experian Goad is provided in Appendix C.

### **Convenience Goods**

- 4.26 The Nexus Retail Survey showed that convenience stores currently occupy 23.3% of floorspace for convenience goods, a total of 14 units. Whereas the percentage of convenience stores in Midhurst is 1.5% above the UK average, the floorspace is 5.1% lower than the UK average. This suggests that convenience stores in Midhurst occupy smaller than average units, with the exception of Tesco Extra (located on North Street) and a larger Budgens supermarket on Bepton Road, both of which occupy relatively larger units.

- 4.27 There are 12 other smaller convenience stores including delicatessens', butchers, bakers and confectioners. The number of convenience units has remained the same since 2010. However, notable changes include the loss of a butcher (Jefferson's Butcher) to a furniture store and the loss of a green grocer (The Cherry Green Grocer) to a sportswear shop.
- 4.28 We note that Chichester District Council marketed land for a new Waitrose store in Midhurst. The 1,627.3 sq m (18,000 sq ft) unit, which was proposed on land adjacent to the new Grange Leisure Centre, had a good level of local support, with a public exhibition held in January 2015. A planning application was due to be submitted in Spring 2015. However plans stalled in September 2015 due to what Waitrose described as a 'well documented changed in trading conditions'. The likely reasons for Waitrose's change of mind are reviewed in the 'Recommendations Chapter' of this report.

### **Comparison**

- 4.29 There is a reasonably wide variety of comparison goods retail offer in Midhurst. The comparison offer is dominated by independent retailers, reflecting Midhurst's mid-market status and in particular the historic nature of the town. These include high end furniture stores (Violet Designs, The Country Brocante), clothes shops (Arnage, Stepping Out, Me and Maya, Pandora, Black Sheep, Charles Rising), Jewellers (J.E. Allnutt & Son, Antony Lodge, Paul Young) and gift shops (Artichoke, Something Different, Open Country, Seventh Heaven).
- 4.30 Comparison retailers occupy 54 units in Midhurst, making up a total of 38.4% of the overall units. This is higher than the UK average of 32.1%. In terms of floorspace, comparison units occupy 33.6% of floorspace, which is lower than the UK average. Again this reflects the smaller than average size of comparison units available within Midhurst.
- 4.31 When considering these results against the 2010 data, the number of units has increased by 6 units. The increase in units includes the addition of a furniture store, framing shop, wicker shop, interior store, sports shop and a clothes shop.
- 4.32 Since 2010, there has been the addition of two charity shops (4 Sight and St Wilfred's Hospice). There are now a total of six Charity Shops in the centre, including Age UK, British Heart Foundation, Cancer Research UK and Macmillan Charity Shops. It is recognised that a plethora of charity shops may harm the economy of a town such as Midhurst where independent retailers are particularly important. However, it is very hard to control the take up of charity shops. Although they produce a 'change of fascia', the change of use from retail unit

to a charity shop does not require a 'change of use'. Furthermore, it is an attractive option for landlords who can have vacancies taken up and also avoid paying business rates.

### **Services**

4.33 Midhurst has a good service presence which occupies 44.9% percent of the overall units. This figure is slightly lower than the UK average of 47.7%.

4.34 For the purpose of this study and in order to make comparisons with the previous Chichester Retail Study Update Figures from 2010, services have been split into three categories; retail services; financial services and food and drink. These different services are discussed below.

#### Retail Services

4.35 Midhurst has a total of twenty retail services including ten health and beauty units. Other retail services include drycleaners, travel agent and undertakers. The percentage of retail units in Midhurst is 14.5%, which is very similar to the UK average of 14.3%.

#### Financial Services

4.36 Midhurst has a high percentage of financial services, which has increased by 1 unit since 2010. Several financial service units have changed hands since 2010, often replaced by other financial services including PMO Legal Services Limited, Small Business Service Support and South Downs Property Solutions Estate Agent, all of which occupy previously vacant units.

4.37 Proportionally speaking, retail and financial services are fairly important to Midhurst town centre. This is not unusual to see in a market town.

#### Food and Drink

4.38 There is a fairly extensive food and drink offer in Midhurst including cafes, restaurants and hot food takeaways.

4.39 Most of the units are independent cafes, however there are several branded units including Costa, Pizza Express and Prezzo. Since the Chichester Retail Study Update carried out in 2010, Loch Fyne has closed down and been replaced by 'Seven Fish'.

4.40 There are also three pubs located in Midhurst, the Swann Inn, the Wheatsheaf and the Brick Layers Arms, as well as two hotels (Spread Eagle and the Angel).

- 4.41 The percentage of food and drink units has remained fairly static from 2010 and 2016 with the increase of one unit. Notably, a new bar/ café has opened as part of the new Grange Leisure Centre.

### **Community Facilities**

- 4.42 The most notable community facility in Midhurst is the 'Grange Community Centre'. The new community centre opened in 2014 on the 'Old Grange Site' and replaces the Old Grange Leisure Centre which had become dilapidated. The new scheme includes a multi-purpose sports hall, gym, dance studio, community hall, health suite, registrar office, bar and café and public library
- 4.43 The development also included a new 303-space car park, an increase of 70 spaces from the previous car park.

### **Vacancies**

- 4.44 From the retail study undertaken in March 2016, approximately 1,079 sq m of vacant floorspace was identified across nine units in the centre.
- 4.45 This overall figure has since reduced and several vacant units have recently been taken. It is particularly notable that several units were vacant along West Street, off the main High Street. On Nexus's site visits these vacancies made a noticeable impact on the street particularly due to the narrow nature of West Street. It was apparent though that works are being undertaken to some of these vacant units and it is understood that new leases have already been agreed on most units and they are therefore not actually available. Recently approved planning applications for West Street are outlined below;

- Midhurst Walk – West Street – Rebuild of existing first floor extension, internal alterations and new roof light on ground floor (SDNP/15/05398/LIS) (Approved Dec 2015) - rebuild existing first floor extension and minor works to ground floor (SDNP/15/05580/FUL) (Approved Dec 2015) Proposal to carry out structural repair work to the building and a new shop front – decision due end of April, (SDNP/16/01218/FUL);
- Rainmac Ltd – Change of use from offices (used in association with sales area) to rear of ground floor and storage on first floor to 3no. self-contained flats. (SDNP/15/03843/FUL) (Approved Nov 2015); and
- 6 West Street – Change of use from offices (B1) to retail (A1) (SDNP/15/02134/FUL) (Approved August 2015).

### **Tourism**

- 4.46 The main tourist attraction in Midhurst is the Cowdray Park Estate. The estate features the Cowdray House ruins, which was largely destroyed by a fire in 1973. The ruins were stabilised in 2005 and have been open to the public since 2007.
- 4.47 The estate is also home to the Cowdray Park Polo Club, one of the leading polo clubs in the UK. Over 450 polo matches are held at the park each year including the highlight event 'Jaeger-LeCoultre Gold Cup' for the British Open Championship.
- 4.48 Although there are several events / attractions within Midhurst Town Centre, these tend to mainly attract local visitors who are likely to visit on a day trip. Day trips are also related to the nature of events such as the Polo at the Cowdray Park Polo Club, which takes place in the day time with the majority of attendees heading home afterwards. Furthermore, the ruins at Cowdray Estate are only open on weekends and bank holidays (not including the winter months) therefore a day trip is more of an attractive option.
- 4.49 In summary, the tourism section is fairly fragmented in Midhurst which leads to a low spend on both convenience and food and drink services. This is further reflected by the lack of long-stay and self-catering accommodation within the centre. Furthermore, several Bed and Breakfasts have recently closed/ are closing, including 'The Town House Guest House' along West Street which is up for sale.



**Vacant units along West Street**

### **Office/ Dwellings**

- 4.50 Throughout Midhurst, runs of shops are punctuated with offices and dwellings, which impacts on the town centre cohesion but gives a varied and attractive character. At the Stakeholder meeting it was noted that a particular concern was the potential loss of office to residential via permitted development rights and the impact this will have on the market town.

### **Pedestrian Flows**

- 4.51 During site visits to Midhurst, Nexus was able to observe the footfall and pedestrian activity across the Town Centre. A high level of pedestrian activity was evident along the principle road of North Street, particularly where the national multiples are located, both along the west side of North Street (where Costa Coffee, Tesco and Pizza Express are located) and the east side of North Street. The east side of North Street where national multiples, Boots Chemist and Barclays Bank are located appeared to have the greatest level of pedestrian activity, particularly due to the location of North Street car park.

Notably there was a lower footfall in the Market Square area. This was confirmed by Stakeholders who noted that due to the towns layout, many visitors were unaware this area even exists.

### **Accessibility**

- 4.52 Midhurst benefits from good accessibility by car located approximately 12 miles north of Chichester, 10.5 miles east of Petersfield, 7 miles west of Petworth and 8.5 miles south of Haslemere. The A286 is the main thoroughfare connecting the town with Chichester to the south and Haslemere to the north.
- 4.53 Midhurst does not have a railway station and the closest stations are Liphook (8 miles north west) and Liss (9 miles north). There are however 32 bus services running through Midhurst. The services connect the town with surrounding settlements including Guildford, Haslemere, Chichester and Petersfield with other villages in between.
- 4.54 During the Nexus site visit it was apparent that the majority of users arrived by car with the presence of through traffic particularly visible along North Street. There is marked on-street parking along North Street as well as the following car parks:
- Post Office Road Car Park (40 spaces);
  - Grange Road Car Park (303 spaces);
  - North Street Car Park (173 spaces); and
  - Budgens Car Park (100 spaces).
- 4.55 On the day of the site visit there was a lot of vehicle activity, particularly down North Street. The North Street Car Park and Post Office Car Park (Grange Road) were both at capacity however there were a fair number of spaces available in the Grange Road Car Park.

### **Markets**

- 4.56 A weekly market returned to the historic Market Square in May 2014. This was held every Friday and included stalls from local greengrocers and family butchers. This proved a success in bringing life back to the historic core of Midhurst, as well as providing trade for Cockburns Tea rooms. However, the Market has ceased in August due to difficulty in getting longer term commitment from stall holders. However the Market Square does host around 3 speciality markets a year and a range of plans

- 4.57 A monthly market is held at the Grange Centre on Saturday from 8.20am to 2.00pm including furniture, antiques, cakes, pastries, dairy products and plants.

### **Perception of Safety**

- 4.58 Crime for the area of Midhurst and Eastbourne is 'Low' according to UK Crime Stats. The centre felt safe at the time of our site visits.
- 4.59 Natural surveillance from pedestrian activity is high along North Street, particularly in front of the restaurants and cafes where seating areas spill out onto the high street. The addition of a number of pubs and hotels, particularly in the Market Square area, helps the centre maintain a degree of activity in the evening.
- 4.60 CCTV is located in the following locations in the Town Centre;
- Capron House;
  - North Street car park;
  - Lamberts Lane;
  - North Street Central;
  - Market Square;
  - Bepton Road;
  - PO car park; and
  - Grange Centre car park.
- 4.61 Considering the size of the centre, there is good CCTV coverage. There is a lack of CCTV around the 'Historic Core' however; it is considered that due to the historic nature of the area it would be out of context. Furthermore, surrounding residential properties and the church provide plenty of natural surveillance in this area.
- 4.62 There is good street lighting along North Street from the Grange Centre right down to the Midhurst Methodist Church and beyond. Again, more infrequent street lighting is found in the 'Historic Core', although wall lighting can be seen sporadically. This is less of an issue in this area as the pubs and hotels create night time surveillance.

**Figure 4.4: Crime Statistics for Midhurst**

Year	Anti-Social Behaviour	Criminal Damage and Arson	Shoplifting	Total Crime
2015	129	37	8	331
2014	163	33	14	396
2013	160	39	21	403

*N.B. The above figures represent crime within the whole of Midhurst, not just the town centre. Figures may not add to total crime due to other forms of crime not included within the table.*

*Source: Crime statistics: UK Crime Stats*

- 4.63 Figure 4.4 shows that overall; crime has reduced in Midhurst between 2013 and 2015 by seventy-two incidents. Anti- social Behaviour has dropped from 2013 – 2015 by thirty-one incidents and Criminal Damage and Arson has dropped by two incidents. Of particular interest is shop lifting which has reduced by thirteen. These improvements are likely to suggest an overall increased feeling of safety within the centre.

#### **Environmental Quality**

- 4.64 Midhurst Town Centre is sited in a Conservation Area. The townscape offers a historic environment that is reflected by the Market Square known as the 'historic core', which the settlement originally grew up around.
- 4.65 The historic core consists mainly of Church Hill and Market Square, where the widths of the Roads vary in nature. Due to its constrained layout, the historic core exhibits an unusual degree of separation from later phases along North Street.

- 4.66 There are no pedestrianised areas in Midhurst, but North Street is a wide road with wide pavement space offering a good quality environment particularly in the daytime where seating areas spill out front of cafes. This leads to increased vitality of the area and a vibrant atmosphere. Benches and seating areas are also visible in the Market Square area encouraging activity.



**Photos illustrating the environmental quality of Midhurst Town Centre**

## Summary

- 4.67 There are a high percentage of independent retailers in the town centre with very few National Multiples. Concern has been raised in relation to the number of charity shops in the centre and the impact this will have on the economy of the town. Due to lower business rates this has proven a popular option.
- 4.68 The Cowdray Estate attracts many tourists to Midhurst and to the Cowdray Ruins and polo events at Cowdray Park Polo Club. However, due to the nature of these events and the

accessibility of Midhurst from southeast England, there are very few overnight stays. This inevitably impacts on the convenience and food and drink spend within the town centre.

- 4.69 The layout of the town centre means the 'Historic Core' feels isolated from the main high street. This is reflected in the low footfall that was experienced in this area at the time of the site visit. Several vacancies down West Street also contributed at the time of the survey to reducing the vitality of the area. These are however being refurbished.
- 4.70 Changes since the 2010 study include the new Grange Leisure Centre development and the 'backing out' of Waitrose from the Grange Site, reflecting the trends of convenience stores nationwide.
- 4.71 However, as illustrated in Table 3.2, since the 2010 study there has been very little change in the composition of retail units in Midhurst Town centre, reflecting the steady retail market in the centre.

## **Petworth**

- 4.72 Petworth is an attractive historic market town located 6 miles east of Midhurst and 14 Miles north east of Chichester. The town is probably best known as the location of the stately home 'Petworth House', a National Trust property that attracts many tourists to the area. Petworth also has a strong reputation for its wealth of antique shops, with up to 30 located in the Town Centre.
- 4.73 None of the 31 top major retailers (defined by Goad) are located in Petworth. However, there are four national multiples located in the town centre including Co-op, Lloyds Pharmacy, Savills (estate agent) and Natwest.

### **Diversity of Uses**

- 4.74 The Nexus Planning Retail Survey (March 2016) identified a total of 92 'retail' units located in the town centre. The results are set out in Figure 4.5 and are compared against UK averages as well as the results from the 2010 study.

**Figure 4.5: Petworth Retail Composition**

	Units (No.) 2010	Units (%) 2010	Units (No.) 2016	Units (%) 2016	Units UK Avg. (%) 2016
<b>Convenience</b>	11	14.1	6	6.5	8.6
<b>Comparison</b>	36	46.2	54	58.7	32.1
<b>Retail Services</b>	11	14.1	7	7.6	14.3
<b>Financial and Professional Services</b>	6	7.7	7	7.6	10.7
<b>Food and Drink</b>	10	12.8	10	10.9	22.7*
<b>Vacant</b>	4	5.1	8	8.7	11.3
<b>Total</b>	78		92		

*N.B See below vacancies section for further information.*

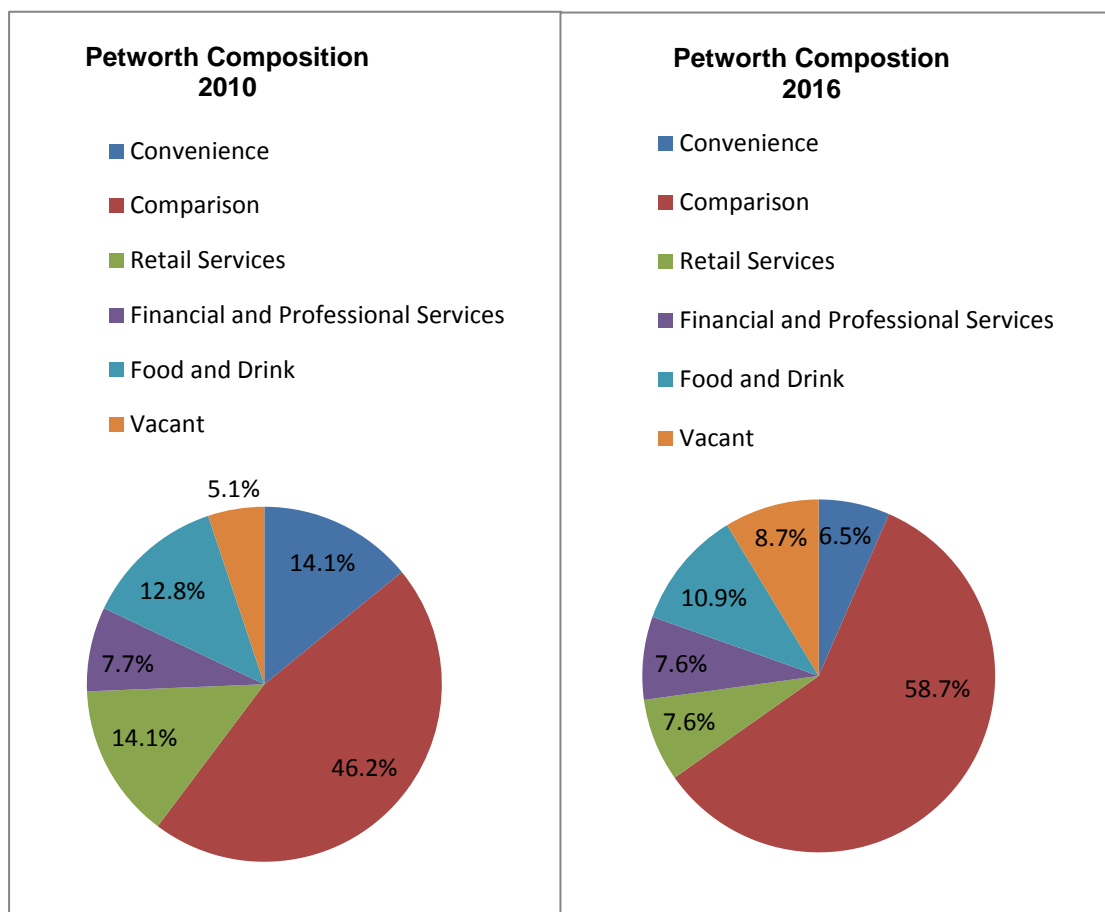
*\*includes leisure services*

4.75 Due to the smaller scale of the town, Petworth has not been subject to an Experian Goad survey. Therefore, no information is available on floorspace for our assessment of the units.

4.76 Figure 4.5 illustrates that the total number of retail units differs between 78 and 92 units from 2010 - 2016. We are not able to verify the survey area for the 2010 report as no plan was included. However; it is likely that the retail units were measured within a smaller area and not within the whole of Petworth Town Centre. For the purpose of this study, Nexus has assessed the whole of the Town Centre and therefore have included more retail units. Notwithstanding this, since the last study it is clear that there has also been a small increase in retail units as a result of the sub-division of units and changes of use.

4.77 Figure 4.6 clearly illustrate the change in town centre composition since 2010.

**Figure 4.6: Petworth's Town Centre Composition 2010-2016**



### Convenience

4.78 Considering its size, there are very few convenience stores located in Petworth (total of 6). These include a bakery, two delis, an off-licence and Co-op.

- 4.79 Petworth only has one supermarket 'Co-op' which is located in the Market Square adjacent to the Town Hall.
- 4.80 The proportion of convenience stores has decreased by 7.6% since 2010.
- 4.81 A farmers market is held at Golden Square every month.

### **Comparison**

- 4.82 The amount of comparison units has increased since 2010. Comparison goods account for approximately 58.7% of the retail units in the town centre. This is significantly higher than the UK average of 32.1%, which is reflective of Petworth's large number of antique stores. Petworth also has a large proportion of independent 'high end' boutique style shops that largely sell high-end goods. The amount of comparison units has increased by 12.5% since 2010.

### **Services**

- 4.83 There are 24 service units located in Petworth town centre, contributing to 26.1% of the total retail units. This is nearly half of the UK average of 47.7%.
- 4.84 For the purpose of this study and in order to make comparisons with the previous Chichester Retail Study Update Figures from 2010, services have been split into three categories; retail services; financial services and food and drink. These different services are discussed below.

#### Retail Services

- 4.85 Retail services in Petworth currently make up 7.6% of overall units, which is significantly less than the UK average of 14.3%. The number of retail services has dropped from 11 to 7 units since 2010. This is reflective of the niche market within Petworth and the increasing presence of antique shops, which have taken up more units since 2010.

#### Financial Services

- 4.86 For its size, Petworth has a large amount of financial services. These include four estate agents, an insurer, a solicitors and a bank.

### Food and Drink

- 4.87 The amount of food and drink units in Petworth town centre (10) has remained the same since 2010. These include independent high quality cafes and restaurants, the largest being 'the Linconfield Restaurant and Bar'. There is one pub 'The Star' and several hot food takeaways including a Chinese, Indian and fish and chip shop. Notably there are no branded food or drink units. However, the independent high quality cafés compliment the high-end retail offer as well as contributing to Petworth's tourist offer.

### Leisure and Community/ Tourism

- 4.88 Leisure facilities in Petworth include the popular tourist attraction 'Petworth House'. Community events are often held at Linconfield Hall and the churches.
- 4.89 Petworth House (owned by the National Trust) attracts thousands of tourists each year. However, the biggest attraction is the wealth of antique shops within the centre that are mainly visited by day-trippers seeking to make a 'special purchase'.
- 4.90 Furthermore, Petworth is also well known for accommodating an array of festivals including:
- The Petworth Festival;
  - Petworth Literacy Festival; and
  - Petworth Fringe Food Festival.

### **Dwellings**

- 4.91 As with Midhurst, dwellings and offices intercept the majority of the retail units adding to the picturesque image of the town centre.

### **Vacancies**

- 4.92 There were seven vacant properties noted on the site visit, an increase of three since the 2010 DTZ Study. However, we note that several of these vacant buildings have recently been purchased by developers with others currently under development, including a pending planning consent at Swann House. Furthermore, the three units that are currently available are up for sale as an entire property. Therefore the vacant ground floor retail units are not being marketed meaning that currently there are no retail units available to rent in Petworth Town Centre.

### **Pedestrian Flows**

- 4.93 On the site visit the Market Square was fairly busy, particularly around the Co –op supermarket. The narrower side streets however were a lot quieter with much lower footfall. This was emphasised by the lack of visibility down these roads.
- 4.94 At the time of the site visit, there was a lot of activity around the Star Pub with people gathering and sitting out the front. This contributed towards a vibrant atmosphere in the Market Square.

### **Accessibility**

- 4.95 Petworth is located approximately 14 miles north east of Chichester and 6 miles east of Midhurst. The road network from Petworth connects to London via the A3, A24 or M23. Roads that pass through Petworth include the A238, which runs from the A24 to the A3 at Milford; and the A285, which runs from Petworth to Chichester. This means that higher volumes of traffic can be experienced passing through the centre of the town. This was evident on the site visit carried out by Nexus in March 2016. The high volumes of traffic and narrow roads can make it particularly difficult for vehicles and cyclists to navigate around the town centre.
- 4.96 Petworth does not have a train station. However; Pulbrough Station is located 5.5 miles south east, and Haslemere 10.7 miles north west of Petworth. All have regular train services to London. There are ten local bus services from Petworth, including routes to Billingshurst, Horsham and Chichester City Centre.
- 4.97 Currently there are two public car parks in Petworth, the Sylvia Beaufoy Car Park (72 spaces) and the Pound Street Car Park (482 spaces), which is Petworth's main town car park. There are also a number of on street parking spaces, including spaces surrounding the Market Square for short stays within the centre. At the time of the site visit it was evident that these spaces were well used and there were few available spaces.

### **Perception of Safety**

- 4.98 Crime for the area of Petworth is 'Low' according to UK Crime Stats.
- 4.99 CCTV is found in the following locations in the Town Centre:
- Village Square;

- Pound Street Car Park north;
- Pound Street Car Park south; and
- Sylvia Beaufoy Car Park.

- 4.100 Due to the narrow nature of some of the smaller roads, natural surveillance is fairly low. The centre felt safe on the time of the site visit.
- 4.101 The statistics shown in Figure 4.7, taken from 'UK Crime Stats' show that overall crime has decreased within Petworth from 2013 – 2015. Of particular interest is shoplifting, which has more than halved from 2013 – 2015, reflecting the feeling of safety in the town centre.

**Figure 4.7: Crime Statistics for Petworth**

Year	Anti-Social Behaviour	Criminal Damage and Arson	Shoplifting	Total Crime
2015	151	42	3	417
2014	161	42	8	469
2013	145	58	7	431

*N.B. The above figures represent crime within the whole of Petworth, not just the town centre. Figures may not add to total crime due to other forms of crime not included within the table.*

*Source: Crime Statistics: UK Crime Stats*

### **Environmental Quality**

- 4.102 During the site visit it was evident that the streets, buildings and public areas are clean and well maintained.
- 4.103 Traditional style lighting contributes towards the historic environment as well as the narrow cobbled roads. The majority of the pavements are very narrow which could potentially be an issue for pedestrians, particularly for wheelchairs and prams.

## Summary

- 4.104 Overall, we consider Petworth to be a well-maintained and attractive town, which is functioning particularly well for such a small centre.
- 4.105 The centre has a very high percentage of comparison units, which reflects the high presence of antique stores, and bespoke furniture stores, which Petworth is famous for.
- 4.106 Petworth has many visitors due to Petworth House and the number of day festivals. A significant number of day visitors to the centre are also seeking a high-end antique or furniture purchases.
- 4.107 Compared to the UK average, Petworth has a very low percentage of convenience stores with the small Co-op being the principle supermarket. The need and demand from locals for better food shops and supermarkets was reflected in the Petworth Residents Vision Survey where more than a quarter (27.2%) of respondents thought that 'Petworth had a basic selection of shops' and during 'open comment' questions often mentioned the need for 'more or better food shops and supermarkets', as well as 'the need for a greater variety or range of stock'. Therefore, the presence of one supermarket only may be considered a weakness that could be contributing to the loss of local expenditure.
- 3.52 Due to the constrained nature and historic layout of the centre, appropriate sites that do not compromise listed or protected buildings are hard to find within the centre.

## Liss

- 3.53 Liss is located 3.3 miles north east of Petersfield, 16 miles north west of Petworth and 8 miles north west of Midhurst on the A3. The village of Liss is by far the smallest of all three centres and in the emerging Local Plan is defined as a 'larger village'. It has a village centre which grew up around the existing train station and a level crossing dissects Station Road to the west of the village centre. The village centre consists of a high street leading up to the striking 'Whistle Stop Pub' where the road forks off in two directions.

West Liss was the original settlement before the current centre built up around the railway and is separated from Liss by the railway line. Although it has a pub and a couple of retail units, it is not within the village centre boundary for Liss so has not been included as part of this assessment.

### Diversity of Uses

- 3.54 The Nexus survey (March 2016) identified a total of 38 retail units in Liss including two of the 31 major Retailers (Boots and Tesco) as defined by Goad and the results are set out in Figure 4.8 and are compared to the UK average.

**Figure 4.8: Retail Composition for Liss**

	Units (No.) 2016	Units (%) 2016	Units UK Avg. (%) 2016
Convenience	6	10.5	8.6
Comparison	11	28.9	32.1
Retail Services	11	28.9	14.3
Financial and Professional Services	1	2.6	10.7
Food and Drink	6	15.8	22.7
Vacant	5	13.2	11.3
Total	38		

*\*includes leisure services*

- 4.108 Due to the small scale of the village, Liss has not been subject to an Experian Goad survey. Therefore no information is available on floorspace and our assessment of the units is based on our site visit. Furthermore, due to a lack of available studies, we were unable to compare our findings with past data.

### **Convenience**

- 4.109 Liss has a high percentage (10.5%) of convenience stores, compared to the UK average of 8.6%. There are four convenience stores in total including newsagents, bakery and an off-licence. Tesco Extra is the only supermarket in Liss and is located along Hill Brow Road. The supermarket also has a supplementary post office facility.
- 4.110 From speaking with stakeholders it is clear that in recent years several convenience stores have left the village. This has included the loss of a green grocer, which the locals attribute to the arrival of Tesco.
- 4.111 Liss does not have a regular market however in the past several indoor craft market events have been held at the Triangle Community Centre.

### **Comparison**

- 4.112 Liss also has a fairly high percentage of comparison units (28.9%), which is just below the UK average of 32.1 %. There are a mix of units ranging from two florists, gift shops and a pharmacy. As with Petworth, the majority of the shops are independent retailers.

### **Services**

- 4.113 There are a total of 18 service units in Liss contributing to 47.3% of the overall units. This is very similar (just 0.4% lower) to the UK average. This reflects the high percentage of retail services present in the village centre.

### Retail Services

- 4.114 Liss has a very high presence of retail services (14.6%), nearly twice the UK average, including two hairdressers (Just for you and Saskia) and beauticians (Serenity Beauty). Other services include a dry cleaners and taxi services.

#### Financial and Professional Services

- 4.115 'Chapplins of Liss' is the only financial and professional service in the village. It is important to note that there is no bank located within the Village Centre. The closure of the last bank was raised as a concern at the stakeholder meeting and is considered to force residents to go elsewhere for their day-to-day shopping.

#### Food and Drink Services

- 4.116 The food and drink offer is 6.9% below the UK average and limited to an Indian restaurant (Sha manzil Tandoori) and the Turtle Bean Café, which is located in the heart of the village centre. There are also a couple of hot food takeaways. There is one pub in the village centre 'The Whistle Stop' which offers food and drink.
- 4.117 A new wine and beauty bar has very recently opened in a unit that was vacant at the time Nexus site visit was carried out.

#### **Leisure and Community**

- 4.118 There are a number of leisure, sporting and community services in the village of Liss, for example the Triangle Community centre offers many activities and the Parish Hall also offers community space. The Whistle Stop also has an outbuilding, which includes a small bowling ally, and children's play area.
- 4.119 Liss Village has a good offering of health facilities with Liphook and Liss Surgery and the River Kelsey family medical practice located at opposite ends of the village.

#### **Vacancies**

- 4.120 Unlike Midhurst and Petworth, the vacancy rate in Liss is higher than the UK average with five vacant units in total. A concentration of three vacant units is adjacent to Sha Manzil Tandoori at the entrance of the village. The other vacant units on the other side of the railway line feel segregated and are in a less desirable location. This was confirmed at the stakeholder meeting where it was acknowledged that these three units had been vacant for a long period of time.
- 4.121 However, as with Midhurst and Petworth, it is notes that there are several pending planning permissions for the vacant units by the railway line including 71 Station Road. Therefore the majority are not being actively marketed as retail units to let.

- 4.122 Furthermore, at the time of the site visit, several occupied units remained closed during the day, which contributed to a decline in footfall and the overall vitality of the centre.



**Group of vacant units the other side of the railway line in Liss**

### **Offices and Dwellings**

- 4.123 There are very few offices located in the village centre and on the site visit it was noted that a number of housing developments are being built around the village centre.
- 4.124 The increase in house building is attributable to the general need for more housing and the commuter links offered from Liss station into London.

### **Pedestrian Flows**

- 4.125 On the day of the site visit, the largest footfall was seen along Station Road outside the Turtle Bean café. There was also a fairly large footfall where the main high street 'forks' outside the Whistle Stop Pub and where the national multiples Boots, Tesco Express, Co-op and Betfred are located.
- 4.126 There was a notably lower footfall towards the Triangle Centre.

### **Accessibility**

- 4.127 Liss has a train station offering services to both Portsmouth and London Waterloo. However, the station is fairly small and for most of the day there is only one train each way every hour.
- 4.128 There is one bus service from Liss going to Petersfield and Alton.

4.129 The B3006 runs through Liss Village Centre and can be accessed off the A3, which runs south to Portsmouth (through Petersfield) and north to Guildford (beyond Liphook and Haslemere).

4.130 There is on street parking throughout Station Road as well as 4 car parks;

- Station Road Car Park (free-Council owned);
- Village Centre Car Park (free-privately owned),
- Hillbrow Car Park (free-Council owned); and
- Liss Station Car Park (free-Council owned).

4.131 Free car parking is particularly important to the centre as it sets the village aside from the nearby town of Petersfield and may potentially persuade locals to visit Liss for their day-to-day goods. Village shopkeepers operate on low profit margins and are very dependent on the frequent local shoppers who may “pop in” daily for essential items, often while on the school run of station run. This type of shopper is unlikely to pay for parking. The Station Car Park is little used due to the charges incurred.

4.132 On the day of the site visit there were plenty of available parking spaces.

The level crossing, that dissects the west of Station Road, influences the ease of use of the centre. On the day of the Nexus site visit, regular tail backs were witnessed from the level crossing, which is undoubtedly a deterrent and can cause significant inconvenience for people travelling through the village centre.

#### **Perception of Safety**

4.133 No crime statistics were available from UK crime stats for the centre and limited information was available on the location of CCTV. However, upon the site visit the centre felt safe.

#### **Environmental Quality**

4.134 Overall Liss has a historical feel with traditional lighting and signage. The village has been ‘broken up’ by new retail units / buildings, particularly to the north of Station Road which are more modern looking and tend to make the centre feel slightly disjointed.

- 4.135 Benches and wide pavements (particularly in front of Tesco's and Boots) encourage activity. The outside seating area of the Whistle Stop Pub also contributes positively to the vitality of the centre.
- 4.136 The streets are mostly clean and tidy however some of the buildings are unkempt which contributes negatively to the character of the area.



**Some buildings in Liss were run down and unkempt**

### Summary

- 4.137 For its size, Liss has a healthy representation of national multiples. However, Liss is also the only centre to have more vacancies than the UK average. This is particularly notable beyond the railway line where there is a concentration of three vacant units. They feel very segregated from the town centre and taking into account their long-term vacancies, and segregation from the town centre, potentially offer a better location for other use classes.
- 4.138 Conversations with local stakeholders confirmed that in recent years the centre has been impacted by the loss of several small convenience stores including a green grocer.
- 4.139 The centre has an above average representation of retail services. Notwithstanding this, the recent closure of the centre's only bank was raised as a concern at the stakeholder meeting and is believed to force drive residents to go elsewhere for their day-to-day shopping.
- 4.140 Easy commuter links to London are attracting new development, which along with the arrival of new services, such as the wine bar and beauty bar may help to support the centre and stem any decline seen in the past few years.

## 5.0 Retail Capacity Modelling

### Introduction

- 5.1 We identify below how we assess the current population and available convenience and comparison retail expenditure within the Study Area, as well as the methodology for forecasting the available expenditure across the plan period. This data has informed our quantitative model of available retail capacity, along with the market share data which we go on to discuss in further detail at Paragraph 5.2 below.

### Defined Study Area

- 5.2 A key task of this Study is to review the previous findings relating to shopping patterns within the local catchment area for Midhurst and Petworth, most notably the household surveys that informed the DTZ Chichester Retail Study Update produced in 2010. As agreed with the Authority, and given the relative lack of retail development across the South Downs National Park Authority Area, and the lack of any significant shifts in the make-up of the centres, we consider the 2005 and 2007 household telephone surveys that informed the previous DTZ Study to be a suitable data source for establishing the market shares of retailers.
- 5.3 Nexus has adopted Zone 3 of the previous DTZ Study as a suitable Study Area that broadly covers the catchment area of residents that may be attracted to Midhurst and Petworth's retail offer. Figure 5.1 below shows the definitions of the Study Area by postal sector, whilst Figure 5.3 overleaf shows the geographical extent of the Study Area (also shown in Appendix B).

**Figure 5.1 | Definitions of Study Area**

DTZ Study Zone	Postcode Sectors
Zone 3	GU27 3, GU28 0, GU28 9, GU29 0, GU29 9, GU30 7, GU31 5, RH14 0, RH20 1

### Study Area Population

- 5.4 Nexus Planning has utilised in-house data sourced from the Experian Micromarketer G3 system to calculate the baseline population data (2015 estimates).
- 5.5 Experian's population dataset utilises the 2011 Census release, projected forward by Experian (using growth rates derived from Office for National Statistics population projections

and current age and gender estimates, which are accepted as the industry standard basis for long term retail planning).

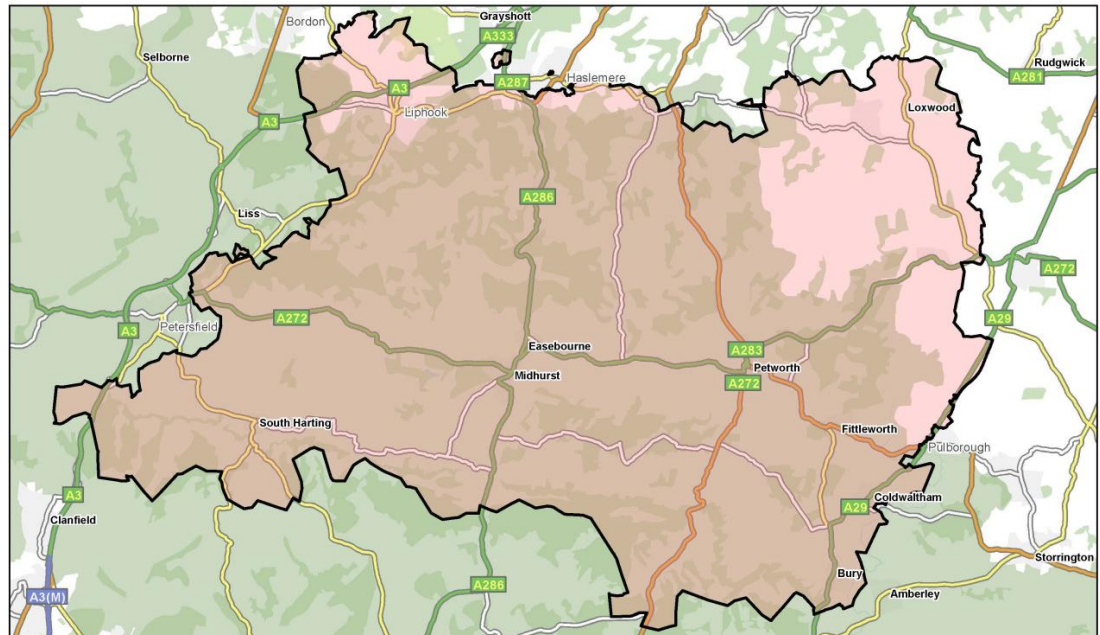
- 5.6 We have taken a base date of 2016 (the year of the Study), and then projected population and retail expenditure forward to 2021, 2026 and 2031 in accordance with the South Downs National Park Authority Area's emerging Local Plan and NPPF guidance.
- 5.7 At 2016, the defined Study Area is estimated to contain a resident population of approximately 47,482, rising by 11.6% to 52,977 at 2031 (equating to 5,495 additional residents over the assessment period).

**Figure 5.2 | Population across the Study Area**

Zone	2016	2021	2026	2031
3	47,482	49,281	51,150	52,977

Source: Experian Micromarketer G3

**Figure 5.3 | Survey Area**



Source: Study Area based on the following post code sectors from the Chichester Retail Study update, DTZ (June 2010):  
Zone 3 | GU27 3, GU28 0, GU28 9, GU29 0, GU29 9, GU30 7, GU31 5, RH14 0, RH20 1

1:150,000

## Retail Expenditure

- 5.8 Retail expenditure data (in the form of convenience and comparison goods expenditure per capita) has also been sourced from the in-house Experian Micromarketer G3 system. The data takes account of the socio-economic characteristics of the local population to provide local consumer expenditure calculations. Experian is a robust source of population and expenditure data that is widely used for calculating retail capacity across the industry.
- 5.9 Expenditure data from Experian is provided at a base year of 2014 in 2012 prices (as is every subsequent monetary value) and has been projected forward using per capita growth forecasts derived from the latest Experian Planner Briefing Note 13 (October 2015).

**Figure 5.4 | Retail Expenditure Forecasts**

Year	Convenience growth rates	Comparison growth rates
2014	-1.8%	5.5%
2015	-0.2%	5.3%
2016	0.1%	3.2%
2017	0.3%	2.9%
2018	0.1%	3.0%
2019	0.1%	3.0%
2020	0.1%	3.0%
2021	0.1%	3.0%
2022	0.1%	3.0%
2023	0.1%	3.2%
2024	0.1%	3.2%
2025	0.1%	3.2%
2026	0.1%	3.2%
2027	0.1%	3.2%
2028	0.1%	3.2%
2029	0.1%	3.2%
2030	0.1%	3.2%
2031	0.1%	3.2%

Source: Table 1a, Experian Retail Planner Briefing Note 13, October 2015

- 5.10 As identified in Figure 5.4 above, Experian forecasts suggest that convenience goods expenditure has fallen in 2014 and (to a lesser extent) 2015, as a result of a trend towards more price conscious shopping patterns and the growth of high street discounters such as Lidl and Aldi, as discussed in further detail in Section 3. Marginal growth is now anticipated in the convenience goods sector with a consistent 0.1% growth per annum forecast over the period 2018-2031.
- 5.11 Comparison expenditure is shown to have risen by 5.5% and 5.3% in 2014 and 2015 respectively, before levelling off between 2018 and 2022. Experian forecasts a steady growth of 3.2% per annum over the period 2023-2031 as comparison retailers incorporate newer technologies, innovations and formats (including 'click and collect') in order to respond to the increasing competition from internet shopping.
- 5.12 Experian note that long term forecasts should be treated with caution and subject to regular reviews, given the wide range of factors that can impact on the broader economy.

## Non-Store Retailing or Special Forms of Trading

- 5.13 Special forms of trading (SFT) are defined by Experian as sales via the internet, mail order, stalls and markets, vending machines, door-to-door and telephone sales, including online sales by supermarkets, department stores and catalogue companies and are discussed in detail in 'Growth in E-Tailing (or E-Commerce)' in Section 3.
- 5.14 Experian Retail Planner Briefing Note 13 (October 2015) provides estimated forecasts of internet and other SFT, which allows for us to 'strip out' any expenditure that survey respondents indicate are made by SFT and utilise Experian's recommendations. This ensures that the proportion of SFT accounted for in our modelling increases in line with Experian forecasts as opposed to remaining constant at current levels.

**Figure 5.5 | 'Adjusted' Special Forms of Trading Market Share Forecasts**

Year	Adjusted Convenience SFT from Stores	Adjusted Comparison SFT from Stores
2016	3.0%	12.4%
2021	4.4%	15.0%
2026	5.1%	15.0%
2031	5.8%	14.0%

Source: Appendix 3, Experian Retail Planner Briefing Note 13, October 2015

- 5.15 It is noted that many stores offer online sales, but source goods from regular store's stock as is often the case for convenience goods, where employees will carry out online orders from store's shelves each morning before they open to the general public. These orders are then delivered by dedicated vans at each store and as such the online expenditure is attributed to tangible stores. Experian provides 'adjusted' figures, cited above at Figure 5.5, which make an allowance for these online sales derived from individual stores so as to ensure that the expenditure is counted as 'available' spend within the Study Area.

## Convenience Goods Expenditure

- 5.16 Projecting forward available expenditure per capita and population growth for each survey zone in 2016, 2021, 2026 and 2031, we are able to estimate the total available convenience and comparison goods expenditure.

**Figure 5.6 | Total Available Convenience Goods Expenditure across the Study Area**

2016	2021	2026	2031	Growth 2016-2031
£118.7 m	£122.2 m	£126.6 m	£130.8 m	£12.1 m

Source: Table 2a, Appendix D

- 5.17 As identified in Figure 5.6 above, in 2016 it is estimated that the resident population of the Study Area spent £118.7m on convenience goods, which is expected to increase by £12.1m (10.2%) to £130.8m by 2031. Across the Study Area, this total available convenience expenditure is split across two sub-categories, with 75% of spending attributed to main food shopping trips and 25% attributed to 'top-up' shopping trips (based on Nexus assumptions).

## Comparison Goods Expenditure

- 5.18 Experian provides expenditure estimates divided into eight sub-categories of comparison goods, to allow for more detailed investigations of available expenditure. Bulky goods categories include 'DIY', 'Electrical' and 'Furniture', while non-bulky goods are made up of 'Books, CDs and DVDs', 'Chemist Goods', 'Clothing & Footwear', 'Small Household Goods' and 'Toys and Recreational Goods'.

**Figure 5.7 | Total Available Comparison Goods Expenditure across the Study Area**

2016	2021	2026	2031	Growth 2016-2031
£180.9 m	£210.9 m	£255.8 m	£311.9 m	£131.1 m

Source: Table 8, Appendix D

- Applying the increases in population and comparison goods expenditure per capita, Figure 5.7 above estimates that the resident population of the Study Area generated £180.9m of comparison goods expenditure in 2016, rising to £311.9m in 2031 (an increase of £131.1m).

### Summary

- 5.19 The Study Area has a resident population of 47,482 at 2016, rising to 52,977 by 2031. It is estimated that, at 2016, the population generates £118.7m (convenience goods) and £180.9m (comparison goods) of resident expenditure, which is expected to increase to £130.8m and £311.9m (respectively) at 2031.
- 5.20 The base data in this presented above is utilised, in conjunction with our analysis of the market shares of retailers across the Study Area below, to inform our subsequent analysis of retail expenditure capacity.

## **Shopping Patterns**

### Introduction

- 5.21 The previous DTZ Chichester Retail Study Update 2010 utilised data from two household telephone surveys (dated 2005 and 2007) across a wider Study Area of nine zones. The data pertaining to the market shares of stores within Zone 3 (which has been adopted as the Survey Area of this Study) was derived from a 2005 household telephone survey undertaken by DTZ for the West Sussex Coastal Districts Retail Study, with the exception of comparison good spending in Petworth, which was not picked up by the 2005 survey. This is a limitation of household telephone surveys which do not typically question residents on their antique shopping habits and, as such, may have underestimated the market share of Petworth's comparison goods provision as the centre primarily focusses towards antiques retailers.
- 5.22 As previously noted, we are satisfied that the shopping patterns that result from the 2005 household survey provides a realistic indication of the market shares of retailers in the Study Area as there have not been any substantial new retail developments in the area since that time. As such, the data provides the basis of the calculations of the retail expenditure at each retail destination by extrapolating the total available expenditure provided by Experian MMG3.
- 5.23 For comparison goods shopping patterns in Petworth, we have undertaken a benchmark exercise in order assess the anticipated turnover of each comparison goods retailer using average 'sales densities' (turnover per sq m) from Mintel Retail Rankings at Table 9, Appendix D.

## Study Area Shopping Patterns

**Figure 5.8 | Study Area Market Share by Destination (%)**

Destination	Convenience Expenditure			Comparison Expenditure
	Main food	Top-up	Overall	
Midhurst	14	8	<b>13</b>	<b>10</b>
Petworth	5	5	<b>5</b>	<b>5</b>
Total Study Area	19	13	18	15

Source: Appendix D

- 5.24 The Study Area shopping patterns identify that 19% of the total convenience goods expenditure and 15% of the total comparison goods expenditure generated within the Study Area was spent at stores in Midhurst and Petworth.
- 5.25 Midhurst is shown to retain a total of 13% of all convenience expenditure across the Study Area, likely due to the presence of the small Budgens and Tesco Express, while Petworth retains 5% of convenience expenditure primarily through the Co-op foodstore at Market Square. The importance of independent traders in each centre is also apparent.
- 5.26 With regards to comparison goods, 10% of Study Area expenditure is spent at facilities in Midhurst, while 5% is spent in Petworth. This reflects the limited comparison goods offer in Petworth, which has established a niche as a destination tailored toward retailers specialising in antiques and other furniture and household goods.

## **Retail Capacity**

### Introduction

- 5.27 One of the key aims of this Study is to provide recommendations on the capacity for new retail floorspace over the plan period to 2031. We would caution long term projections as the UK economy is volatile and external national and international factors can influence the wider performance of the economy, which can have trickle down effects on local shopping patterns. One such example has been the trend toward convenience discounters (such as Lidl and Aldi) in response to the period of economic downturn between 2008 and 2013.

5.28 We would also note that an identified retail capacity across the Study Area does not necessarily equate to justification for new retail floorspace in and of itself (especially in out-of-centre locations), and any such development would be required to be assessed in line with national policy in terms of impacts on the vibrancy and vitality of town centres, the potential to prejudice to emerging town centre developments and the sequential 'town centre first' approach to site selection alongside the need to reflect the purposes and duty of the National Park.

5.29 Detailed quantitative retail capacity tables are enclosed at Appendix D.

### Methodology

5.30 Retail capacity modelling follows a consistent, robust methodology which incorporates a number of various assumptions and datasets:

### **Expenditure (£m) - Turnover (£m) = Surplus or Deficit (£m)**

5.31 Experian MMG3 census software is used to provide localised expenditure per capita per annum for various forms of retail spending. These figures are then projected forwards on the basis of population growth, changes in expenditure over time and Special Forms of Trading (SFT) such as internet shopping.

5.32 The turnover of existing convenience retailers across the Study Area is calculated on the basis of average sales densities, or turnover, per square metre. Various retail planning sources such as Verdict UK Food & Grocery Company Briefing Reports and Mintel Retail Rankings provide average (or benchmark) sales densities for national multiple retailers.

5.33 The surplus or deficit equates to the difference between the available retail expenditure across the Study Area and the turnover of the existing facilities within the Study Area. If the total turnover is greater than the available expenditure then the model would identify an oversupply of retail floorspace, whilst a surplus of expenditure would suggest capacity for additional retail floorspace.

5.34 Once the surplus or deficit of expenditure is calculated, it is then presented in floorspace figures (using average sales density assumptions) in order to demonstrate the findings within a 'real world' context. Often surplus figures are presented under a number of different scenarios representing various retailers. For example, considering convenience spend, discount retailers (such as Aldi and Lidl) operate at a lower sales density than the 'big 4' (Tesco, Asda, Sainsburys and Morrisons).

### Capacity for Future Convenience Goods Floorspace

- 5.35 For robustness, when assessing the capacity for new convenience retail floorspace we adopt a constant market share assumption i.e. that Midhurst and Petworth will continue to attract their current share of all convenience goods expenditure across the Study Area.
- 5.36 In addition to allowing for growth in retail expenditure over the plan period, we utilise data provided within the Experian Retail Planner Briefing Note in order to take account of forecast growth in efficiencies in retailers trading (for example, through the adoption of new technologies and more efficient use of available floorspace). Floorspace efficiencies are estimated to have a greater impact on comparison retailers than convenience retailers over the plan period as the rise of food discounting continues to subdue projected efficiencies in turnover of existing convenience retail floorspace.
- 5.37 We go on to make a number of statistical assumptions through the quantitative capacity exercise in order to account for a number of variables:
- Utilising a 'goods based' approach, we strip out expenditure for non-food comparison goods such as clothing, household goods, CDs, DVDs and other media that are now commonly sold at major foodstores. These assumptions are made in line with floorspace figures sourced from Verdict UK or, where data is not available, Nexus professional judgement based on site visits.
  - We also make assumptions as to the gross to net sales floorspace of each store, again utilising planning application details where available, or Nexus professional judgement.
  - Finally, we consider whether foodstores are likely to attract any additional 'inflow' from outside of the Study Area. Based on the localised nature of convenience food shopping and the limited offer of convenience retailers in Midhurst and Petworth, it is unlikely that these convenience destinations draw a significant amount of trade from outside of the Study Area. We also consider that the impact of the self-catering tourist trade is minimal in this area; confirmed in our discussions with local stakeholders
- 5.38 We then go on to calculate the anticipated turnover of the convenience goods operators on the basis of the published company sales data, referred to as 'benchmark' turnover. 'Benchmark' turnover is calculated from UK average 'sales densities' (turnover per square metre) from sources such as Verdict UK Food & Grocery Company Briefing Reports and Mintel Retail Rankings. By comparing the turnover estimates derived from the findings of the

household survey (total available expenditure distributed on the basis of each destinations market share) to the benchmark turnovers, we are able to establish where stores are trading above (overtrading) or below (undertrading) company averages. We provide a detailed assessment of this benchmark exercise measuring the performance of convenience retailers at Table 4, (Appendix D).

- 5.39 On the basis of the household survey, we identify that convenience stores within Midhurst and Petworth turnover an estimated £20.8m, significantly higher than the benchmark turnover of £10.5m at 2016. This overtrade equates to £10.2m of additional expenditure across the Study Area, or 96.9% above company averages.
- 5.40 Tying the methodology together, Figure 5.9 below identifies a surplus expenditure of £10.9m in 2021, rising to £11.7m in 2026 and £12.6m at 2031 taking account of increases population, expenditure and floorspace efficiencies.

**Figure 5.9 | Convenience Goods Surplus in South Downs Study Area**

Year	Study Area Expenditure (£m)	Study Area Derived Turnover (£m) <sup>1</sup>	Benchmark Turnover (£m) <sup>2</sup>	Surplus Expenditure (£m)
2016	118.7	20.8	10.5	10.2
2021	122.2	21.4	10.5	10.9
2026	126.6	22.1	10.5	11.7
2031	130.8	22.9	10.5	12.4
Study Area Market Share (%)		17.5		

<sup>1</sup> Assumes constant market share claimed by South Downs facilities at 17.5% from Study Area

<sup>2</sup> Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 13 (October 2015)

Source: Table 5, Appendix D

**Figure 5.10 | Convenience Goods Floorspace Capacity in South Downs Study Area**

Year	Surplus Expenditure (£m)	Floorspace Capacity (sq m net)	
		Min <sup>1</sup>	Max <sup>2</sup>
2016	10.2	800	1,000
2021	10.9	800	1,100
2026	11.7	900	1,100
2031	12.4	1,000	1,200

<sup>1</sup> Average sales density assumed to be £12,502 per sq m (rounded) based on the average sales density of the leading four supermarkets as identified by Verdict 2014

<sup>2</sup> 50% of residual expenditure assumed to be consumed by leading four supermarkets (£13,018/sq m) and 50% assumed to be consumed by discount operators (£7,635 per sq m) as identified by Verdict 2014 and Mintel 2015. This equates to £10,327/sq m.

Source: Table 6, Appendix D

- 5.41 As shown in Figure 5.10 above, using average sales densities to cater for minimum (a large supermarket operator) and maximum (a combination of discount foodstores and larger supermarket operators) scenarios, we calculate that there is capacity for between 800 sq m and 1,000 sq m convenience goods floorspace at 2016, rising to between 1,000 sq m and 1,200 sq m at 2031 based on constant market share.

#### Capacity for Future Comparison Goods Floorspace

- 5.42 The methodology for calculating capacity for comparison goods floorspace differs from that used to model capacity for convenience goods floorspace. The principle reason for this is that we adopt the approach that comparison goods retailers across the Study Area are trading 'at equilibrium' at 2016 (which adopts the survey derived turnover) and examine capacity by measuring the growth in available expenditure to 2031.
- 5.43 We also make the assumption that Midhurst derives 10% of additional turnover from visitors and commuters outside of the Study Area. There is also an anomaly with the previous household survey results which we have had to correct in respect of Petworth. The survey did not pick up comparison goods expenditure in the town as there were no obvious categories to cover the antiques trade, on which the town is particularly dependent. Therefore we have applied a manual adjustment to the Petworth market share to reflect a correction of this anomaly. This additional expenditure equates to £11.4m of additional turnover, or 41.1% of additional expenditure.

**Figure 5.11 | Comparison Goods Surplus in South Downs Study Area**

Year	Study Area Expenditure (£m)	Study Area Derived Turnover (£m) <sup>1</sup>	Surplus Expenditure (£m)
2016	180.9	27.6	0.0
2021	210.9	32.2	4.6
2026	255.8	39.1	11.4
2031	311.9	47.7	20.0
Study Area Market Share (%)		15.3	

<sup>1</sup> Assumes constant market share claimed by South Downs facilities at 15.3% from Study Area

<sup>2</sup> Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 13 (October 2015)

Source: Table 11, Appendix D

5.44 We estimate that comparison goods retailers within the Study Area currently turnover £27.6m, or 15.3% of available comparison goods expenditure in the Study Area. We adopt a constant market share, assuming that the performance of comparison retailers within the Study Area continues to be commensurate with its current market share. This would see a total turnover of £47.7m by 2031.

5.45 Taking account of inflow, population and expenditure growth and forecast floorspace efficiencies, we identify a surplus expenditure of £4.6m at 2021, rising to £11.4m by 2026 and £20.0m at 2031.

**Figure 5.12 | Comparison Goods Floorspace Capacity in South Downs Study Area**

Year	Surplus Expenditure (£m)	Floorspace Capacity (sq m net)	
		Min <sup>1</sup>	Max <sup>2</sup>
2016	0.0	0	0
2021	4.6	800	1,200
2026	11.4	1,700	2,700
2031	20.0	2,700	4,300

<sup>1</sup> Average sales density assumed to be £5,500 per sq m which Nexus considers to be towards the upper end of what could be achieved in South Downs Study Area

<sup>2</sup> Average sales density assumed to be £3,500 per sq m which Nexus considers to be towards the lower end of what could be achieved in South Downs Study Area

Source: Table 12, Appendix D

- 5.46 Figure 5.12 above utilises average sales densities for high street retailers from Mintel Retail Rankings to provide assumed minimum floorspace estimates, and average sales densities for bulky goods retailers to provide maximum comparison goods floorspace capacity estimates.
- 5.47 This available residual spend equates to an estimated comparison goods floorspace capacity of between 800 sq m and 1,200 sq m at 2021, between 1,700 sq m and 2,700 sq m at 2026 and between 2,700 sq m and 4,300 sq m at 2031.

## 6.0 Summary and Recommendations

### Context

- 6.1 In accordance with the NPPF, the specification for this study required us to assist the SDNPA with advice to underpin their evidence base in respect of retail matters. This work should focus specifically on the key communities of Midhurst and Petworth, with work on Petersfield and Lewes having already been conducted by others.
- 6.2 Our core tasks can be summarised as follows:
- i. Provision of an understanding of the key drivers of the retail economy in small market towns and likely future towns.
  - ii. Preparation of a qualitative and quantitative assessment of the need (capacity) for new retail floorspace in Petworth and Midhurst.
  - iii. Review of the emerging retail policies of the South Downs Local Plan in relation to town centre and retail, including proposed boundary definitions for Midhurst, Petworth and Liss.
  - iv. Advice on the acceptability of the proposed thresholds above which a retail impact assessment would be required.

### Key Market Drivers in Midhurst and Petworth

- 6.3 In Section 3, we outline both national trends in retail, as well as those specific to rural areas such as National Parks. Some headline conclusions from that work are that:
- Since 2013, the UK retail economy has been slowly growing again, following on from a period of sharp decline over the period 2008-2013.
  - Recent years have seen an increasing re-emphasis on town centre redevelopment, in line with Government policy on putting town centres first. Notwithstanding this, overall levels of town centre vacancies have increased, indicative of a downturn in the attractiveness of 'non-prime' floorspace.

- Concurrently, there has been a falling away in the amount of new out-of-centre floorspace proposed, particularly in the convenience sector where many of the leading names have mothballed their development programmes. The discount foodstores have, however, bucked this trend.
- The impact of the internet on retail spending continues unabated. Home delivery and click and collect services have experienced significant growth, particularly in the comparison goods sector. The internet has an increasing role to play in more rural areas.
- Market Towns in particular have suffered from a marked decline in the number of national multiple outlets. By and large, these units have not been occupied by smaller independent traders, but instead by charity shops, betting shops, or have sat long-term vacant. Unit size is often a factor. Larger units previously occupied by the likes of Woolworths are not suitable for occupation by independent traders, and landlords are cautious to implement speculative sub-division projects.
- Notwithstanding this, there is an evidenced increasing draw towards living in the countryside, with market towns proving popular and desirable destinations. Therefore, there exists a significant market, and wealthy spend, for traders to tap into. Increasingly, time-poor commuters will look towards their market towns for key services and for top-up convenience shopping. The majority of comparison goods purchases would be continued to be expected to be carried out in larger retail destinations.

6.4 The South Downs area is home to an affluent and/or rural population, many of whom commute beyond the local area. This places a greater importance on e-tailing and a propensity towards a larger number of top-up trips for convenience goods items, for those who are time-poor. This reflects itself in the composition of both Midhurst and Petworth, recognising though that each has its unique characteristics.

6.5 Midhurst has the feel of a very traditional, attractive, linear shopping street, with the addition of a beautiful market square, which feels a little divorced from the main shopping area. The town has low vacancy rates overall, but there is a feeling from some that there are too many charity shops. The comparison goods offer is largely comprised of high end clothing,

furnishings and gifts. This is reflective of the attractiveness of the town to affluent elder residents, day trippers and window shoppers. There is little by way of provision for everyday fashion items, electrical items or other more bulky items. The vast majority of local trade in these sectors would be expected to be carried out in Petersfield, Chichester or beyond.

6.6 The convenience goods sector is dominated by Budgens and Tesco Metro, with a range of supporting smaller independent stores. The centre performs a healthy top-up function for local residents. There is little attraction for main food shopping, with only Budgens offering the potential for a larger weekly shop, but even then that store is limited by its size and range. For a long while, hopes were held that Waitrose would open a unit in the town on the site adjacent to the Grange Leisure Centre. Public consultation proved enthusiastic and a planning application had been expected in early 2015. There was no planning application forthcoming though, with Waitrose withdrawing their current interest in the site. Our view is that this is unlikely to have been to do with the site itself. Instead, having conducted our own quantitative capacity assessment, we consider that it is more likely to be as a result of the marginality of the Midhurst/Petworth area for a new foodstore. With only around 10% of main food shopping being retained in the local area, the Waitrose store would have been reliant on clawing back a significant proportion of trade from afar. Whilst we consider that this would have been readily achievable (given the lack of main food offer in the area, and the relative distances currently travelled to access main food shopping), it would nevertheless have meant that Waitrose would have been reliant on a significant change of shopping patterns in order to make the store work at or above company averages. In 2008, a more space-hungry time in supermarket history, this would not necessarily have been a concern. However, all major foodstore operators have become significantly risk-averse in recent time, with many mothballing all proposals, except those in new catchment areas (e.g. urban extension locations).

6.7 Turning to consider Petworth, the town is heavily accented towards the antique sector, reflective of its appeal to day trippers to Petworth House, and to the town centre in itself. The centre is compact and highly attractive, with its undulating nature adding to its charm. The centre has low vacancy rates, and provides key functions for its local populous. It does though lack diversity in its comparison goods offer, and quantum in its convenience goods offer, with the small Co-op store providing only for top-up shopping.

## Capacity Assessment

- 6.8 Our capacity assessment is summarised fully in Section 5. In line with the Brief, we have utilised existing empirical information to project forward previously observed market share patterns to account for update population and expenditure data. We have forecast both convenience and comparison goods capacity through until the end of the Local Plan period, 2031.
- 6.9 Based on a constant market share assumption that 17.5% of convenience goods spend generated by the study area population continues to be spent within the study area, we forecast capacity for up to 1,200 sq m net of new convenience goods floorspace in the period up to 2031. This would equate to a single store of approximately 2,500 sq m gross, once a small element of comparison goods is allowed for, as well as all 'back-up area' floorspace (e.g. staff accommodation and warehousing). Or, this could equate to two smaller foodstores.
- 6.10 We would recommend that the Authority do not limit themselves one way or the other, as the practical reality is that market forces will dictate the size of store or stores which might come forwards with this overall capacity. What is clear though, is that bringing forward a main food offer with the Study Area would be highly desirable. The length of trips which residents currently make is unsustainable and limits the choice available to residents; out of kilter with the aims and objectives of the NPPG.
- 6.11 It is not part of our brief to consider specific sites which might meet the identified capacity. The already identified Grange Site in Midhurst represents an obvious opportunity site, though if a site was also identified in Petworth, we would draw little distinction between either town in terms of preference. Instead the deliverability of a foodstore is likely to be dictated by the availability of a site and the preference of retail operators, with key factors being accessibility, visibility, and the availability of car parking.
- 6.12 Turning to consider comparison goods, our assessment shows that there is capacity for between 2,700 and 4,300 sq m net of new floorspace in the period up to 2031, based on a constant market share of 15.3% of current spend. This significant capacity is largely driven by the substantial increases forecast in national comparison goods growth over the coming 15 years. However, in the case of South Downs, it is largely theoretical owing to the nature of the two key centres. Meeting this capacity would require building a development tantamount to a small retail park, which seems highly unlikely within the context of the heavily restricted town centres. Moreover, given the choice between meeting the convenience or comparison goods capacity on any potential site (e.g. the Grange site in Midhurst), we would recommend

that the Authority prefers to bring forward a convenience goods led development which, as the name suggests, would more ordinarily be expected to be met convenient to home.

## **The South Downs Local Plan**

### The Preferred Options Policy

- 6.13 Strategic Policy SD29 set out the Authority's preferred approach towards planning for town and village centres. The policy was split into five distinct sections and we summarise each below, also providing our comments relative to the work which we have undertaken.
- 6.14 The first part of this policy identifies a hierarchy of centres. Midhurst and Petworth as 'Market Town Centres', and Liss as a 'Larger Village Centre'. Specific encouragement is provided for local markets as well for independent traders.
- 6.15 Out of a total of 24 comments received on this Policy during the consultation exercise, none commented specifically on the proposed hierarchy of town centres. This proposal therefore appears uncontroversial locally, and we would also support this part of the policy as intended. Midhurst and Petworth clearly occupy a level in the hierarchy higher than Liss, which in itself has a range of provision larger than other village centres. Moreover, support for development proposals which encourage markets and independent retailers well linked to the local supply chain is clearly a sensible approach, aimed at consolidating the differentiation between these centres and more homogenised offers in urban areas.
- 6.16 The second part of the policy considers the 'Market Towns and Larger Village Centres' and sets out a range of measures to ensure that existing retailers, the historic integrity of the towns, and the amenities of existing residents, are not compromised by development proposals. Tourist, cultural or leisure uses will all be encouraged, as well as development that supports the evening economy, provided that none of these aspects are unduly compromised. The loss of Class A units on Primary Shopping Frontages will also be discouraged.
- 6.17 Again, no specific comments were received in respect of these aspects of the policy and we see no reason to amend its intent or purpose. In terms of the precise wording, we would only comment that it might be useful to outline what the intended difference is between 'size' and 'scale' at 2b). If there is no practical difference, then it may ease any ambiguity by choosing one or the other.

- 6.18 The third part of the policy concerns itself with 'Smaller Village Centres' and seeks to encourage retail development where it is appropriate to the community within which it sits, and is well related to any existing shops and services. Existing fit for purpose Class A retail uses will be safeguarded from proposals for non-retail use, with evidence of at least 12 months marketing being required to justify a change of use class.
- 6.19 The Authority received representations on the 12 month provision, with commentators suggesting that this should be extended to at least 24 months, with more guidance provided on the marketing requirements. To the best of our knowledge, there is no 'national' policy position on the length of marketing to be required in such instances, and in our experience period differ between 12, 24 or 36 months. The Authority has a difficult balancing act to perform in this respect. On the one hand, these smaller village centres will have anywhere between 5 and 10 units, and so safeguarding existing Class A units is of paramount importance. On the other hand, this also makes it essential not to stymie a vacant unit for any longer than is necessary, when beneficial redevelopment may otherwise come forwards. On balance, we find greater support for the preservation of Class A units, which might otherwise be lost to such use permanently, than any pressing need for a single residential dwelling (which would presumably be the likely alternative use). Accordingly, we would be minded to agree with the representations made, and that any marketing effort should have to demonstrate a minimum of 24 months unsuccessful marketing campaign. We recommend that the detail of any such campaign should include evidence of paper, press and website advertising, together with a log book of interest expressed (if any) and the reasons for any interested parties not pursuing the opportunity further.
- 6.20 The fourth part of the policy relates to Retail Impact Assessment Thresholds. It requires a retail impact assessment to be prepared outside of the boundary of a Market Town (above 750 sq m), Larger Village (500 sq m) and all other locations (150 sq m). The Authority has received comments to suggest that these thresholds are too low, and not supported by evidence.
- 6.21 In accordance with national planning policy, retail, office and leisure developments greater than 2,500 sq m gross proposed in edge-of-centre and out-of-centre locations will be subject to the assessment of the impact criteria set out by Paragraph 26 of the NPPF. Where appropriate though, Authorities are entitled to identify local thresholds in accordance with the following considerations identified within the NPPG ('Ensuring the vitality of town centres', Paragraph 16):

- scale of proposals relative to town centres;
- the existing viability and vitality of town centres;
- cumulative effects of recent developments;
- whether local town centres are vulnerable;
- likely effects of development on any town centre strategy; and
- impact on any other planned investment.

- 6.22 In our view, the South Downs centres are clear candidates for reduced thresholds under these criteria. The centres are small – Midhurst is known to comprise around 15,000 sq m gross floorspace and Petworth is smaller still – and so developments outside the centre boundaries of even 750 sq m would represent a significant potential threat to existing retailers. Even at this very high level of consideration, there seems justification for the lower thresholds sought. Moreover, whilst we have highlighted that each of the centres are healthy, it is equally clear that they are dependent on a critical mass of retail provision within their historic cores, not least to attract day visitors. They are therefore vulnerable to edge-of-centre and out-of-centre retail developments which might create new destinations in their own right.
- 6.23 Our view is that the thresholds proposed are therefore sensible, and that if they were to be revised, it might be downwards. It is commonplace nowadays to see thresholds as low as 300 sq m in centres larger than Midhurst or Petworth, for example. Nevertheless, we recognise that the larger centres of Lewes and Petersfield are also classified as ‘Market Town Centres’ and that the policy also therefore covers those centres. As an understanding of their vitality and viability does not form a part of our commission, we therefore consider that the existing thresholds set out in Policy SD29 are likely to be appropriate.
- 6.24 We would stress that whilst the locally set threshold would require the submission of an impact assessment for all edge-of-centre and out-of-centre developments exceeding the recommended thresholds, national guidance dictates that the impact test should be undertaken in a proportionate and locally appropriate way, commensurate to the scale of development proposed. The level of detail would typically be agreed with Planning Officers during the pre-application process in order to avoid overly onerous requirements that may otherwise restrict and delay development opportunities from coming forward.
- 6.25 The fifth and final part of the policy considers the sequential test and impact upon vitality and viability. Respondents to the draft Plan have suggested alternative wordings for the phrase “*unacceptable adverse impact*”. Our recommendation is that the wording is brought directly in

line with Paragraph 27 of the NPPG to avoid any ambiguity, which refers to “*significant adverse impact*”.

#### Proposed Boundaries and Shopping Centre Frontages

- 6.26 Chapter 2 of the NPPF aims to boost the viability of city, town, district and local centres. Paragraph 23 of the NPPF states that planning policies should be positive, promote competitive town centre environments and set out policies for the management and growth of centres over the plan period. In doing this, Planning Authorities should:

*‘Define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary shopping frontage in designated centres, and set policies that make clear which uses will be permitted in such locations’.*

- 6.27 Frontage designations are the most important mechanism for ensuring retail uses, (particularly A1 uses), are both maintained and allowed maximum opportunity to develop within the Town Centre.

- 6.28 The NPPF does not specify acceptable proportions of retail and non-retail in these frontages, as it is a matter for Local Planning Authorities to decide. Ultimately, the frontage designations should promote the vitality and viability of town centres and provide high quality and accessible retail services.

- 6.29 The NPPF ‘Annex 2’ outlines that:

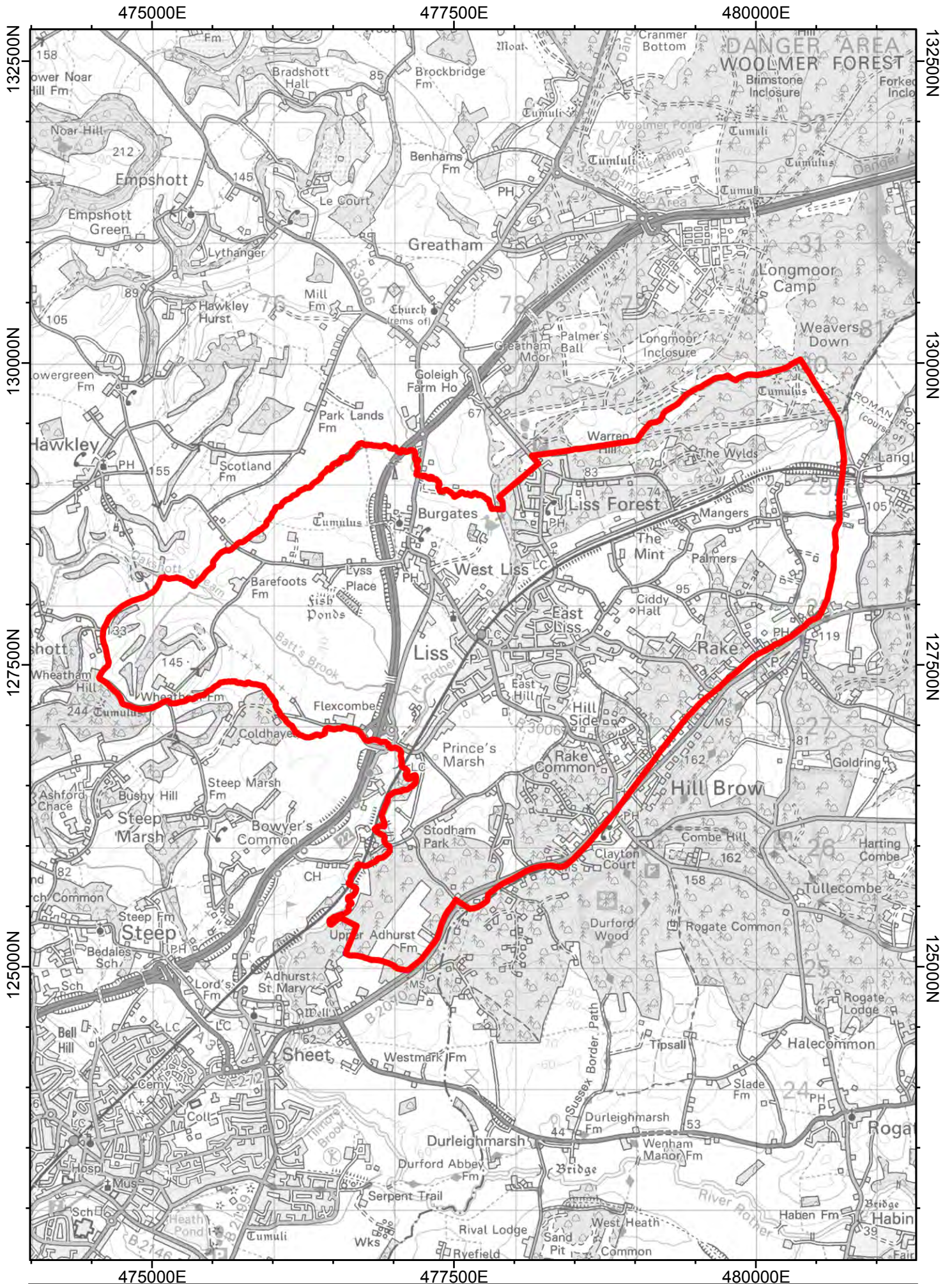
*‘Primary frontages are likely to include a high proportion of retail uses which may include food, drinks, retail and household goods. Secondary frontages provide greater opportunities for a diversity of uses such as restaurants, cinemas and businesses.’*

- 6.30 As part of this Retail Evidence Study, and in line with the original brief, Nexus has reviewed the proposed Town Centre Boundaries and Primary and Secondary Shopping Frontages for the three centres of Midhurst, Petworth and Liss. These plans, including any amendments, are included in Appendix E of this report.

- 6.31 The plans for Petworth and Liss solely include Primary Shopping Frontages. However, as Midhurst Town Centre contains nearly double the number of retail units in Petworth and Liss, and due to its larger overall size, we consider that Midhurst should be covered by both Primary and Secondary Shopping Frontages.

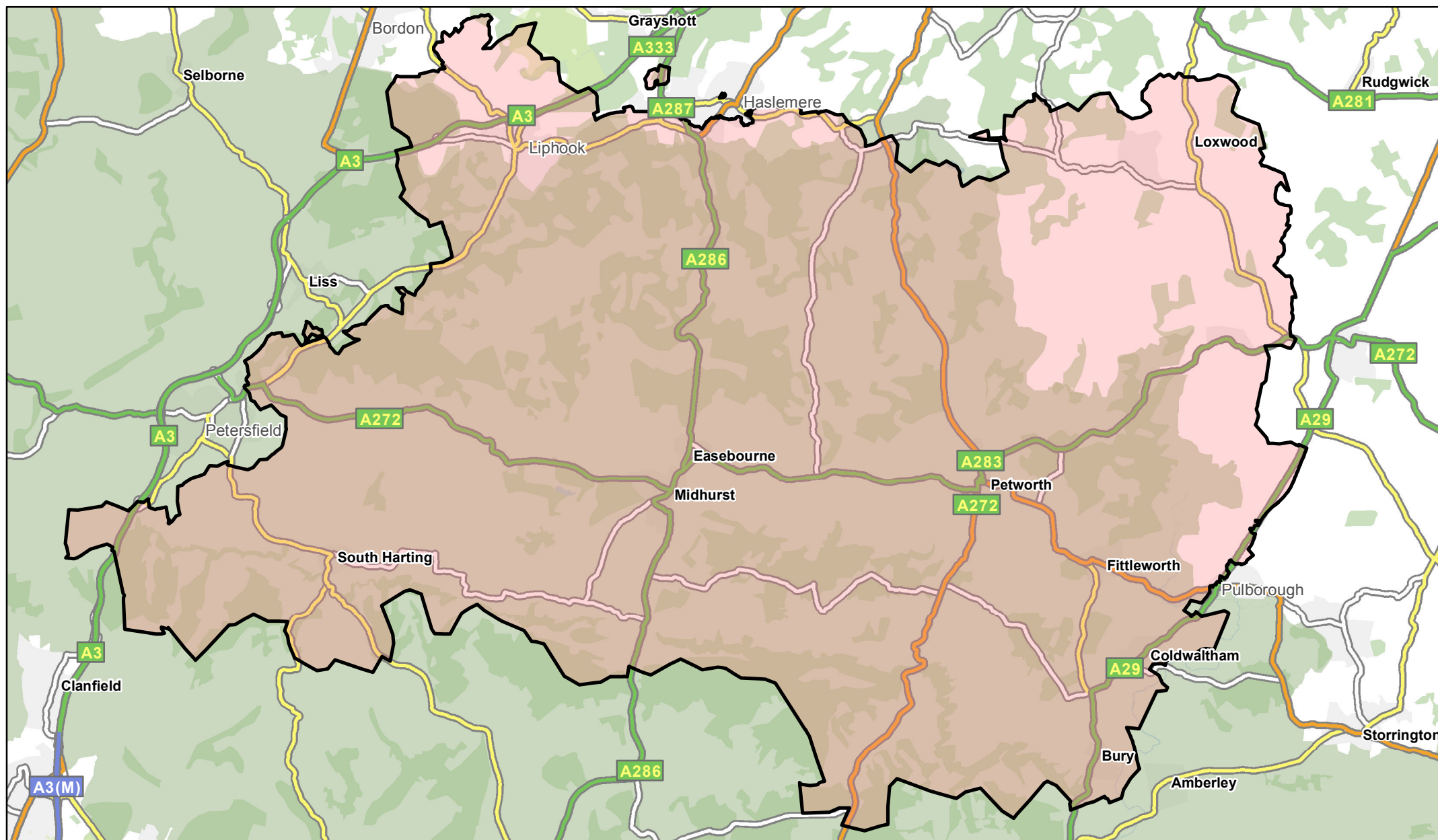
## **Appendix A | Liss article 2(5) Land Exemption Map**

# Exemption Area: Liss Parish 1:40000 Scale



## **Appendix B I** **Map of Study Area and Zones**

# South Downs National Park Authority Retail Evidence Study Survey Area

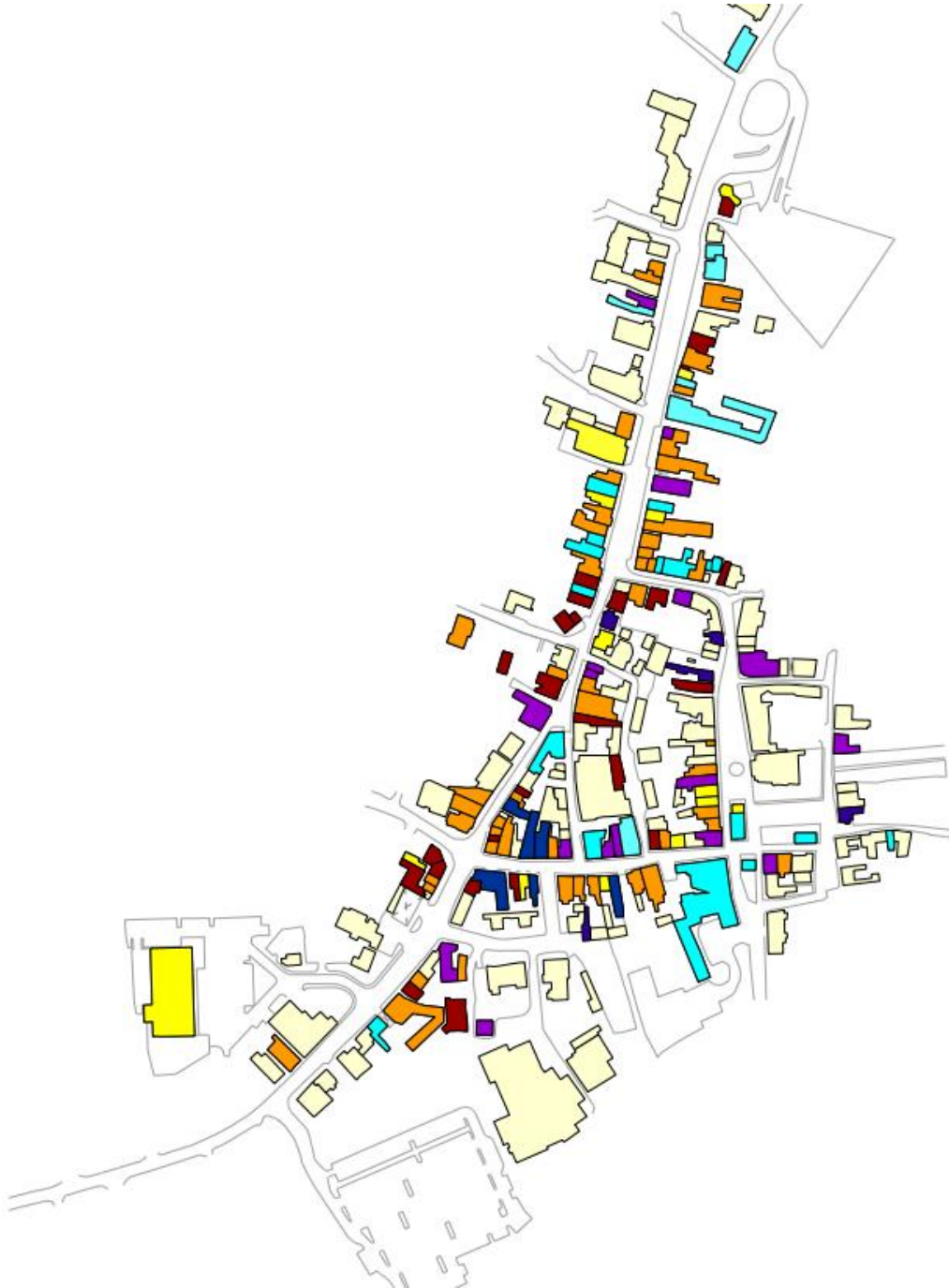


Source: Study Area based on the following post code sectors from the Chichester Retail Study update, DTZ (June 2010):

Zone 3 | GU27 3, GU28 0, GU28 9, GU29 0, GU29 9, GU30 7, GU31 5, RH14 0, RH20 1

1:150,000





Use Class	Colour Code
Vacant	Dark Blue
Comparison	Orange
Convenience	Yellow
Retail Service	Red
Food and Drink	Light Blue
Financial and Business Service	Purple

## Appendix D | Statistical Tables

**South Downs National Park Authority Retail Evidence Study**  
Nexus Planning

**Table 1: Population and convenience goods expenditure per capita**

Zone	Population				Convenience expenditure per capita (£)					
	2016	2021	2026	2031	2014 <i>inc SFT</i>	2014	2016	2021	2026	2031
<b>3</b>	47,482	49,281	51,150	52,977	2,579	2,514	2,499	2,480	2,474	2,469

**Notes:**

a. Zone based on the following post code sectors from the Chichester Retail Study update, DTZ (June 2010):

3 | GU27 3, GU28 0, GU28 9, GU29 0, GU29 9, GU30 7, GU31 5, RH14 0, RH20 1

b. Per capita expenditure derived from Experian MMG3 data (2016 report)

c. Population derived from Experian MMG3 data (2016 report)

d. Per capita expenditure projected forward using forecast growth rates taken from Table 1a of Experian Retail Planner Briefing Note 13

e. Expenditure excludes Special Forms of Trading in line with 'adjusted' allowance derived from Annex 3 of Experian Retail Planner Briefing Note 13

**2014 Prices**

**South Downs National Park Authority Retail Evidence Study**  
Nexus Planning

**Table 2a: Total convenience goods expenditure available**

Zone	Expenditure (£m)				Growth (£m)		
	Convenience				Convenience		
	2016	2021	2026	2031	2016-2021	2016-2026	2016-2031
<b>3</b>	118.7	122.2	126.6	130.8	3.6	7.9	12.1
<b>Total</b>	<b>118.7</b>	<b>122.2</b>	<b>126.6</b>	<b>130.8</b>	<b>3.6</b>	<b>7.9</b>	<b>12.1</b>

**Table 2b: Convenience goods expenditure split between main food shopping and top-up food shopping spend**

Zone	Expenditure (£m)		
	Convenience (2016)		
	Main	Top-up	Total
<b>3</b>	89.0	29.7	118.7
<b>Total</b>	<b>89.0</b>	<b>29.7</b>	<b>118.7</b>

**Notes:**

- a. Zone based on the following post code sectors from the Chichester Retail Study update, DTZ (June 2010):  
3 | GU27 3, GU28 0, GU28 9, GU29 0, GU29 9, GU30 7, GU31 5, RH14 0, RH20 1
- b. Per capita expenditure derived from Experian MMG3 data (2016 report)
- c. Population derived from Experian MMG3 data (2016 report)
- d. Per capita expenditure projected forward using forecast growth rates taken from Table 1a of Experian Retail Planner Briefing Note 13
- e. Expenditure excludes Special Forms of Trading in line with 'adjusted' allowance derived from Annex 3 of Experian Retail Planner Briefing Note 13
- f. Figures derived from multiplying per capita expenditure with population within each zone using data provided at Table 1
- g. Split of main food shopping to top-up food shopping per zone at a ratio of 75% to 25% based on Nexus Planning assumptions

**2014 Prices**

Table 3: Convenience goods shopping patterns and turnover (2016)

	Main food (%)	Top-up (%)	Main food (£)	Top-up (£)	Study Area Total (£)	Study Area Inflow (£m)	Total Turnover (£m)
Study Area							
Midhurst Town Centre	14	8	12.5	2.4	14.8	0.0	14.8
Petworth Town Centre	5	5	4.4	1.5	5.9	0.0	5.9
Sub Total	19	13	16.9	3.9	20.8	0.0	20.8
Outside Study Area							
Other destinations	81	87	72.1	25.8	97.9		
Total	100	100	89.0	29.7	118.7		

Notes:

a. Market shares for 'main' and 'top-up' shopping derived directly from Chichester Retail Study update, DTZ (June 2010)

Table 4: Benchmark convenience goods turnover

Destination	Gross Floorspace (sq m)	Net Sales Area (sq m)	Net Convenience Sales Area (A) (sq m)	Sales Density (B) (£ per sq m)	Benchmark Turnover (AxB) (£m)
Midhurst Town Centre					
Budgens, Bepton Road, GU29 9BD	-	771	655	6,500	4.3
Tesco Express, North Street, GU29 9DD	-	295	280	12,099	3.4
Local stores, Midhurst	-	765	689	3,000	2.1
Petworth Town Centre					
Co-op, Market Square, GU28 0AH	-	117	102	8,146	0.8
Total					10.5

Notes:

a. Floorspace figures derived from derived directly from Chichester Retail Study update, DTZ (June 2010).

b. Sales densities relate to the monetary turnover of each square metre of net sales area and are derived for all retailers except Budgens from Verdict UK Food & Grocery Retailers 2014. Budgens sales density assumed to be £6,500 per sq.m based on Nexus Planning judgement.

c. It has been assumed that local convenience stores sales density is an average of £3,000 per sq.m based on Nexus Planning judgement.

2014 Prices

Table 5: Estimated 'capacity' for new convenience goods facilities in South Downs Study Area

Year	Study Area Expenditure (£m)	Study Area Derived Turnover (£m) <sup>1</sup>	Benchmark Turnover (£m) <sup>2</sup>	Surplus Expenditure (£m)
2016	118.7	20.8	10.5	10.2
2021	122.2	21.4	10.5	10.9
2026	126.6	22.1	10.5	11.7
2031	130.8	22.9	10.5	12.4
Study Area Market Share (%)		17.5		

1. Assumes constant market share claimed by South Downs facilities at 17.5% from Study Area  
2. Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 13 (October 2015)

Table 6: Gross quantitative capacity for additional convenience goods floorspace in South Downs Study Area

Year	Surplus Expenditure (£m)	Floorspace Capacity (sq m net)	
		Min <sup>1</sup>	Max <sup>2</sup>
2016	10.2	800	1,000
2021	10.9	800	1,100
2026	11.7	900	1,100
2031	12.4	1,000	1,200

1. Average sales density assumed to be £13,018 per sq.m (rounded) based on the average sales density of the leading four supermarkets as identified by Verdict 2014  
2. 50% of residual expenditure assumed to be consumed by leading four supermarkets (£13,018/sq m) and 50% assumed to be consumed by discount operators (£7,635 per sq.m) as identified by Verdict 2014 and Mintel 2015. This equates to £10,327/sq m.  
3. Allows for increased turnover efficiency as set out in Table 4a Experian Retail Planner 13 (October 2015)

2014 Prices

Table 7a: Population and comparison goods expenditure per capita

Zone	Population			
	2016	2021	2026	2031
3	47,482	49,281	51,150	52,977
Total	47,482	49,281	51,150	52,977

Table 7b: Population and comparison goods expenditure

Year	Comparison goods expenditure   per capita (£m)								
	Clothes	CDs etc	Household	Recreation	Chemist	Electrical	DIY	Furniture	Total
2016 with SfT	1,105	260	971	624	141	457	292	499	4,348
2016	968	228	851	546	123	400	256	437	3,809
2021	1,088	256	956	614	138	450	287	491	4,280
2026	1,271	299	1,117	717	162	526	336	574	5,001
2031	1,497	352	1,315	844	190	619	395	676	5,888

Table 8: Total comparison goods expenditure available

Year	Comparison goods expenditure   Total Study Area (£m)								
	Clothes	CDs etc	Household	Recreation	Chemist	Electrical	DIY	Furniture	Total
2016	46.0	10.8	40.4	25.9	5.9	19.0	12.1	20.7	180.9
2021	53.6	12.6	47.1	30.3	6.8	22.2	14.2	24.2	210.9
2026	65.0	15.3	57.1	36.7	8.3	26.9	17.2	29.3	255.8
2031	79.3	18.6	69.7	44.7	10.1	32.8	21.0	35.8	311.9

Notes:

- a. Zone based on the following post code sectors from the Chichester Retail Study update, DTZ (June 2010):  
3 | GU27 3, GU28 0, GU28 9, GU29 0, GU29 9, GU30 7, GU31 5, RH14 0, RH20 1
- b. Per capita expenditure derived from Experian MMG3 data (2016 report)
- c. Population derived from Experian MMG3 data (2016 report)
- d. Per capita expenditure projected forward using forecast growth rates taken from Table 1a of Experian Retail Planner Briefing Note 13
- e. Expenditure excludes Special Forms of Trading in line with 'adjusted' allowance derived from Annex 3 of Experian Retail Planner Briefing Note 13

2014 Prices

Table 9: Benchmark comparison goods turnover (Petworth Town Centre)

Retail Offer	Gross Floorspace (sq m)	Net Sales Area (A) (sq m)	Sales Density (B) (£ per sq m)	Benchmark Turnover (AxB) (£m)
<b>Petworth Town Centre</b>				
Antique stores	3,857	2,700	2,000	5.4
Furniture stores	1,276	1,021	2,500	2.6
Hardware stores	1,222	978	1,750	1.7
Clothing stores	1,076	861	5,000	4.3
Gift shops	838	670	1,000	0.7
Textile stores	648	518	1,750	0.9
Art galleries	252	202	2,000	0.4
Jewellers	198	158	12,000	1.9
Book shops	176	141	2,500	0.4
Florists	136	109	1,000	0.1
Charity shops	120	96	1,000	0.1
Chemists	120	96	4,000	0.4
Music stores	120	96	2,000	0.2
Cobblers	66	53	2,000	0.1
<b>Total</b>				<b>19.1</b>

Notes:

- a. Gross floorspace derived from derived from Nexus Planning assessment.
- b. Net floorspace based on Nexus Planning professional judgement (generally assumed to be 70% of gross floorspace for smaller stores where not specifically known).
- c. Sales densities relate to the monetary turnover of each square metre of net sales area and arebased on sector averages from Mintel Retail Rankings 2014.

Table 10: Comparison goods shopping patterns and turnover (2016)

	Comparison goods (%)	Comparison goods (£m)	Study Area Inflow (£m)	Total Turnover (£m)
<i>Study Area</i>				
<b>Midhurst Town Centre</b>	10.0	18.1	1.8	19.9
<b>Petworth Town Centre</b>	5.3	9.5	9.5	19.1
<b>Sub Total</b>	<b>15.3</b>	<b>27.6</b>	<b>11.4</b>	<b>39.0</b>
<i>Outside Study Area</i>				
Other destinations	84.7	153.2		
<b>Total</b>	<b>100.0</b>	<b>180.9</b>		

Notes:

- a. Market shares for Midhurst Town Centre derived directly from Chichester Retail Study update, DTZ (June 2010).
- b. Market shares for Petworth Town Centre is derived from a turnover of £19.1m (Table 9) and based on an assumed 50% turnover inflow.

Table 11: Estimated 'capacity' for new comparison goods facilities in South Downs Study Area

Year	Study Area Expenditure (£m)	Study Area Derived Turnover (£m) <sup>1</sup>	Surplus Expenditure (£m)
2016	180.9	27.6	0.0
2021	210.9	32.2	4.6
2026	255.8	39.1	11.4
2031	311.9	47.7	20.0
Study Area Market Share (%)		15.3	

1. Assumes constant market share claimed by South Downs facilities at 15.3% from Study Area  
2. Allows for increased turnover efficiency as set out in Table 4b Experian Retail Planner 13 (October 2015)

2014 Prices

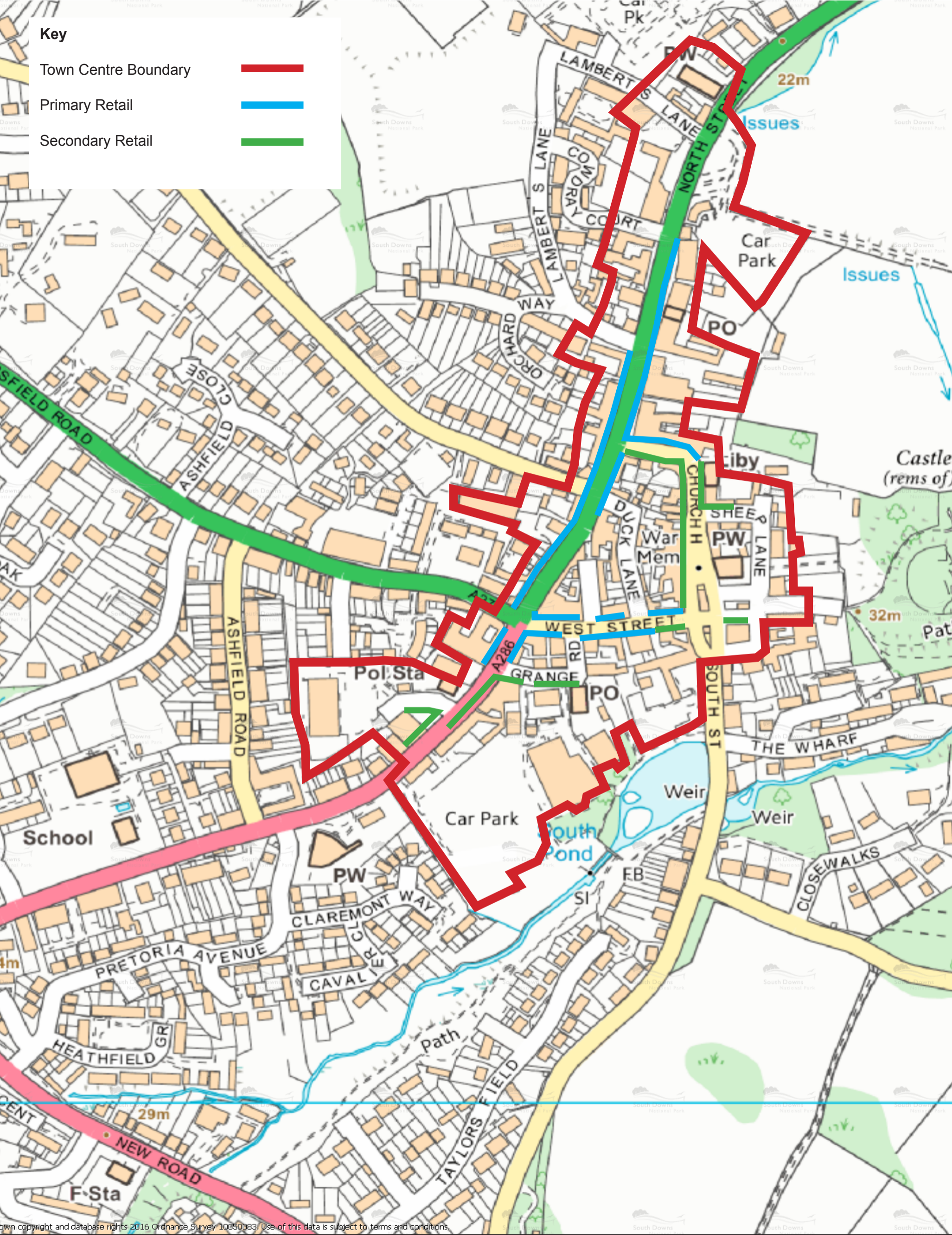
Table 12: Gross quantitative capacity for additional comparison goods floorspace in South Downs Study Area

Year	Surplus Expenditure (£m)	Floorspace Capacity (sq m net)	
		Min <sup>1</sup>	Max <sup>2</sup>
2016	0.0	0	0
2021	4.6	800	1,200
2026	11.4	1,700	2,700
2031	20.0	2,700	4,300

1. Average sales density assumed to be £5,500 per sq.m which Nexus Planning considers to be the average sales density of the higher end of what could be achieved in South Downs District  
2. Average sales density assumed to be £3,500 per sq.m which Nexus Planning considers to be the average sales density of the lower end of what could be achieved in South Downs District  
3. Allows for increased turnover efficiency as set out in Table 4b Experian Retail Planner 13 (October 2015)

2014 Prices

## **Appendix E | Town Centre Boundaries/ Shopping Frontages Plans**



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**Midhurst**





