

Watford Retail Study

Watford Borough Council

November 2010

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1. INTRODUCTION

- 1.1 In February 2010, GVA Grimley was instructed by Watford Borough Council to undertake the Watford Retail Study to inform retail planning in the Borough in accordance with guidance set out in PPS4: 'Planning for Sustainable Economic Growth' (December 2009). This study provides a robust and sound evidence base to inform the Council's Local Development Framework Core Strategy and to assist in reaching conclusions on shorter term proposals for retail and leisure development.
- 1.2 A key output of this study will be the analysis of change in the Watford Town Centre since the previous studies were undertaken in 2005 and 2007; the strengths, weaknesses, opportunities and threats of Watford town centre; and patterns of expenditure leakage to competing centres in the sub-region. This study will identify current and future needs and establish Watford's role in the sub-region.
- 1.3 The scope of the study therefore is to provide up to date advice on the need and capacity for new retail development in the town centre up to 2026, identify qualitative deficiencies in existing provision, and advise the Council on how and where to meet any identified need. As per the Council's Brief, we have focused our study on the main centre of Watford. We have undertaken a thorough audit of the current status of key retail provision in the centre and provide detailed information on the likely future demand for retail floorspace up to 2026. The study does not cover the choice of locations for local neighbourhood centres or address how they are performing, or the detailed planning of Watford town centre itself.
- 1.4 Our approach draws on the recommendations of the Practice Guidance on Need, Impact and the Sequential Approach, produced by GVA Grimley in conjunction with the DCLG, to accompany PPS4. We have adopted a transparent approach, where the key steps of our analysis, data inputs and assumptions are clearly set out and justified. In accordance with the Practice Guidance, our approach is also underpinned by the use of an up-to-date household telephone and in-centre surveys to establish current shopping patterns, town centre catchments and market share estimates for both comparison and convenience goods retailing.

Structure

- 1.5 This report draws together the results of our research, incorporating the findings of the detailed survey-based technical analysis and our qualitative health check assessment. The report is structured as follows:-
- **Section 2** summarises the national, regional and local planning policies relevant to retail planning in the Borough;

- In **Section 3**, we consider national trends in the retail sector, and in particular the implications of the recession and more cautious economic outlook specifically in relation to previous estimates of population and expenditure growth;
- **Section 4** reviews the sub-regional context and in particular the influence of competing centres in the wider sub-region, and potential changes in influence in the future.
- **Section 5** presents our qualitative assessment of the role and performance of Watford town centre in accordance with the key health check indicators outlined in PPS4. We also provide an overview of the main out-of-centre convenience and comparison retailing in the Borough;
- **Section 6** sets out our baseline capacity projections for additional convenience and comparison goods floorspace in Watford, taking account of recent/committed developments and current economic conditions up to 2026;
- Finally **Section 7** draws the analysis together and sets out the conclusions and recommendations in respect of the key policy considerations, the current health and composition of Watford town centre and the need for future floorspace arising in Watford town centre.

2. POLICY CONTEXT

2.1 This section sets out the key points of relevance from the national, regional and local policy framework, focusing specifically on town centre strategy policy formulation and the management of growth and change.

PPS4: Planning for Sustainable Economic Growth (December 2009)

2.2 The central message of PPS4 is the need for a more proactive approach to securing new investment in centres, and achieving more sustainable patterns of development. The Government's key objective for town centres is to promote their vitality and viability by:

- Focussing new economic growth and development of main town centre uses in existing centres and remedying deficiencies in provision in areas with poor access to facilities;
- Allowing competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres which allow genuine choice to meet the needs of the entire community (particularly socially excluded groups).

2.3 The statement advises that local planning authorities (LPAs) should plan positively for growth and development by assessing the need for further main town centre uses and ensure there is capacity to accommodate them (taking account of the role of centres in the hierarchy); and to identify any deficiencies in the provision of local convenience shopping and other facilities which serve people's day-to-day needs. In assessing need for retail and leisure development LPAs should take account of both quantitative and qualitative need, giving additional weight to the latter in deprived areas.

2.4 In assessing quantitative need for retail and leisure development LPAs should have regard to relevant market information and economic data, including a realistic assessment of population and future growth, forecast expenditure and forecast improvements in retail sales density. In assessing qualitative need LPAs should assess whether provision and distribution of shopping, leisure and local services allows genuine choice to meet the needs of the whole community (particularly those in deprived areas), in light of the objective to promote vitality and viability of town centres and the application of the sequential approach. LPAs should also take into account the degree to which shops may be overtrading and whether there is need to increase competition and retail mix.

2.5 PPS4 states that, in planning for centres, regional and local planning authorities should set out a strategy for the management and growth of centres over the plan period, setting flexible policies allowing centres to respond to changing economic circumstances. LPAs should define the network

and hierarchy of centres that is resilient to anticipated future economic changes to meet the needs of their catchments. Choices should be made about which centres will accommodate any identified need for growth in town centre uses, considering their expansion where necessary and the need to avoid an over concentration of growth in centres.

- 2.6 Identified deficiencies in the network of centres should also be addressed, giving consideration to the appropriateness of designating new centres; reclassifying existing centres; planning for extensions; or scope for consolidation. The need for any new, expanded or redeveloped out-of-centre regional or sub-regional shopping centre, or any significant change in the role or function of centres should be considered at the regional level.
- 2.7 In addition to defining the extent of the primary shopping area for their centres, LPAs are encouraged to distinguish between primary and secondary frontages (defined in Annex B). Having regard to the need to encourage diversification of uses in town centres as a whole, PPS4 states that primary frontages should contain a high proportion of retail uses, while secondary frontages provide greater opportunities for a diversity of uses. Where frontages are identified, the appropriate local development documents should include policies that make clear which uses will be permitted in such locations.
- 2.8 PPS4 encourages LPAs to proactively plan to promote competitive town centre environments and provide consumer choice by:
- supporting a diverse range of uses (including complementary evening and night-time uses) which appeal to a wide range of age and social groups;
 - planning for a strong retail mix so that the range and quality of the comparison and convenience retail offer meets the requirements of the local catchment area, recognising that smaller shops can significantly enhance the character and vibrancy of the area;
 - supporting shops, services and other important small scale economic uses in local centres and villages;
 - identifying sites in the centre, or failing that on the edge of the centre, capable of accommodating larger format developments where a need for such development has been identified;
 - retaining and enhancing existing markets and, where appropriate, re-introducing or creating new ones, ensuring that markets remain attractive and competitive by investing in their improvement;
 - taking measures to conserve, where appropriate, and enhance the established character and diversity of their town centres.
- 2.9 LPAs should identify an appropriate range of sites to accommodate at least the first five years identified need. Sites for main town centre uses should be identified through a sequential approach
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to site selection giving preference to locations in appropriate existing centres in the first instance, followed by edge-of-centre locations and out-of-centre sites, with preference given to those that are more accessible or have a higher likelihood of forming links with an existing centre. This study has not been required to assess such sites.

- 2.10 The impact of proposed locations for development on existing centres will also need to be assessed by the LPA, taking into account impact considerations set out in Policy EC16 which include impact on town centre vitality and viability; in-centre trade/turnover; investment in centres; delivery of development on allocated sites; and any locally important impacts on centres identified by the LPA.
- 2.11 In the determination of planning applications for main town centre uses that are not in a centre and not in accordance with an up to date development plan, PPS4 requires applicants to demonstrate compliance with the sequential approach and impact assessment taking into account the impact considerations set out in Policy EC16. Assessments of impact should focus on the first 5 years after the implementation of a proposal and should be proportionate to the scale, nature and detail of the proposed development.
- 2.12 Policy EC17.1 directs LPAs to refuse planning permission where an applicant fails to demonstrate compliance with the sequential approach or the proposal is likely to lead to a significant impact. Judgements about the extent and significance of any impacts should be informed by the development plan (where this is up to date) or recent local assessments of the health of town centres and any other published local information e.g. a town centre or retail strategy.

Good Practice Guide: Need, Impact and the Sequential Approach (December 2009)

- 2.13 The Good Practice Guide is a government document published alongside PPS4. It does not constitute a statement of Government policy, but forms guidance to support the interpretation of town centre policies set out in PPS4.
- 2.14 Of most relevance to this Study is the advice directed towards assisting LPAs in adopting a more proactive approach to planning for town centres, and particularly the role of evidence in the plan making process to identify the need for new development and inform the preparation of proactive town centre strategies. Central to PPS4 Policy EC1 the guidance sets out alternative approaches to assessing and identifying quantitative and qualitative needs for retail and other town centre uses. Building on the assessment of needs, the practice guidance explains how LPAs can plan positively and promote new retail-led and other town centre uses through their LDFs; setting out the 'tools' needed to prepare effective town centre strategies, including how to identify appropriate locations, and how to assess the effects of alternative policy options and specific proposals.
- 2.15 Having identified and evaluated the various policy options, LPAs should develop a clear vision and strategy for the network of centres, and strategies for individual centres where appropriate. In terms

of the LDF, this is likely to include clear guidance on the appropriate scale and form of new development involving main town centre uses; allocation of sites to meet identified need; identification of the extent of key development opportunities; a clear statement of the approach to be taken to bringing forward development and the LPAs attitude to other competing developments.

- 2.16 It is added that strategies for individual centres can be prepared at any time but they should be incorporated into the LDF at the earliest opportunity. This is likely to be important where key site allocations are involved, either through strategic allocations in the Core Strategy, or through sites allocated in an Area Action Plan or other document. Promoting town centre strategies through the LDF process ensures that the evidence base which underpins the strategy will be properly tested. A strategy which has been progressed through the LDF process, and been subject to effective public and stakeholder consultation and tested through independent examination will ensure that proposals must be determined in accordance with the plan unless material considerations indicate otherwise.
- 2.17 When preparing their LDFs, LPAs should identify what they regard as the Primary Shopping Area (PSA) to provide clarity to applicants about the policy status of different sites. In defining the PSA, it may be appropriate to take into account the anticipated future role of the centre, and in particular the scope for growth and expansion. In centres where major expansion is planned, it may be appropriate to indicate where the PSA is likely to be extended to, having regard to the potential for achieving effectively integrated new development.
- 2.18 LPAs should also identify an appropriate 'town centre boundary' within which they should seek to locate other main town centre uses. It may also be appropriate to define other areas within the town centre but outside the PSA where specific uses are encouraged e.g. specialist retail, offices bars/restaurants etc. In addition to defining the PSA and town centre boundary, where LPAs identify a need for new development to accommodate main town centre uses, they should allocate sites which are suitable, viable and likely to be available within a reasonable timescale to accommodate such needs.

Regional Policy

East of England Plan Regional Spatial Strategy (May 2008)

- 2.19 Regional policy is set out in the East of England Plan Regional Spatial Strategy. The RSS was submitted to the Secretary of State in June 2006 and the Government's Proposed Changes were published for consultation between December 2006 and March 2007. Further Proposed Changes were subsequently published in October 2007 followed by an extended consultation period. The Plan was formally adopted on 12th May 2008.
- 2.20 The Plan describes the polycentric nature of centres in the region, which predominantly comprise small and medium sized towns surrounded by a rural hinterland. The RSS notes the importance of thriving, vibrant and attractive centres as fundamental to sustainable development and encourages

local development documents to define the role of centres and include a strategy to manage change and promote a healthy mix of uses. The spatial strategy focuses development on a group of urban areas, termed 'Key Centres for Development and Change'. These centres are viewed as providing the region's key focal points for multi/inter-modal transport, retailing and other commercial activities, administration and tourism. Watford is identified as a Key Centre for Development and Change.

- 2.21 Watford is identified as a Regional Centre in the retail hierarchy (Policy E5) and is the focus for major new retail development and complementary town centre uses consistent with the size and character of the centre and its role in the regional structure. Competing centres, Hemel Hempstead, St Albans and Welwyn Garden City are identified as Major Town Centres which are another focus for appropriate new retail development. Below this level, the RSS states that local development documents should identify a network of local, district, neighbourhood and village centres.
- 2.22 The RSS adopts a specific sub area policy approach to address matters which cannot be resolved at the local level. The plan defines four policy areas: the Cambridge Sub Region, Essex Thames Gateway, Haven Gateway and the London Arc. The London Arc Sub region comprises Watford and the districts of Broxbourne, Dacorum, Hertsmere, St Albans, Three Rivers, Welwyn Hatfield in Hertfordshire and Brentwood in Epping Forest, Essex.
- 2.23 The vision for the London Arc Sub Region retains a general restraint on development in the green belt and promotes urban regeneration and greater sustainability within built up areas. Exceptions to the approach to restrict green belt development are made for Hemel Hempstead, Welwyn Garden City and Hatfield where strategic green belt reviews are to be undertaken to permit these new towns to develop further as expanded Key Centres for Development and Change. The strategy states that other towns in the London Arc should retain and develop their existing individual roles within the polycentric settlement pattern. Provisions should be made for development within built-up areas where compatible with the retention and enhancement of centres' distinctive characters and identities.
- 2.24 Policy LA4 sets out the strategy for Watford as a Key Centre for Development and Change which puts the focus on continued strong economic performance; continuing regeneration and renewal in order to make the most of urban capacity; and the expansion of higher order services along with a greater reliance on public transport. Key elements of this strategy are the consolidation and strengthening of the town's role as a Regional Centre for retail and other higher order services and achieving better public transport connectivity and the enhancement of the town as an interchange centre linking rail networks with surrounding suburban areas.
- 2.25 It should be noted that since the general election in May 2010 Regional Spatial Strategies (RSS) have been downgraded with no immediate replacement been put in place as of yet by the CLG. Communities secretary Eric Pickles has firstly confirmed through a letter sent to all local authorities the government's pre-election commitment to rapidly abolish RSSs in order to return decision making

powers on housing and planning back to local Councils. A subsequent letter dated 6th July has been sent out by the DCLG revoking RSSs with immediate effect.

- 2.26 From discussions with Watford Borough Council we understand that the Council intends to maintain the approaches to development set out in the policies E5 and LA4 of the regional strategies and will build this into the strategic objectives for the emerging Core Strategy.

Watford District Plan 2000 (December 2003)

- 2.27 The Watford District Plan 2000 is the Borough's local plan and was adopted by the Council in December 2003. As a result of the changes to the planning system which were introduced by the Planning and Compulsory Purchase Act 2004, local and district plans expired on 27 September 2007 unless 'saved' in whole or in part by the Secretary of State. As a result, approximately 70% of Watford's District Plan was 'saved' in 2007 and continues to be used as the basis on which all development control decisions are made. Relevant 'saved' policies are summarised below.
- 2.28 Shopping and retail development is considered in Chapters 7 and 8 of the District Plan. The overall direction of policy is in accordance with PPG6 (the relevant national policy guidance at the time the District Plan was being prepared). Emphasis is placed on the maintenance and enhancement of the town centre's retail character, environmental quality and role in order to meet demand for the diversity of shopping needs in the town.
- 2.29 Policy S1 seeks to ensure that new retail development in the town centre adds to the retail character, viability and vitality of the town centre and contributes towards its overall enhancement. Retail warehouse developments are acceptable in principle in the Lower High Street Policy Area in accordance with Policy LHS1. Other areas which are acceptable locations for retail development are identified as North Watford Shopping Centre, secondary retail frontages outside the town centre and local shopping frontages identified in the Plan, provided they are of an appropriate nature and scale. Any proposals for retail development outside these areas will need to fulfil the requirements of PPS4 outlined above.
- 2.30 Policy TC1 sets out the framework for a town centre strategy seeking to safeguard the town centre's vitality and viability. The town centre strategy, prepared by the Council in conjunction with other stakeholders, should provide the framework for the future management and development of the town centre, the Lower High Street and Civic Core and will be a material consideration in the determination of planning applications.
- 2.31 Policy LSH1 establishes a number of criteria which must be met for development proposals in the Lower High Street to be considered acceptable. For retail developments, the proposal must not be able to be accommodated within or is inappropriate to be located within the town centre and will complement existing retail facilities in the town centre.

Watford Local Development Framework (LDF)

- 2.32 The Local Development Framework (LDF) is a suite of planning documents which are currently being prepared and will eventually replace the District Plan 2000 as the basis upon which development control decisions will be made. Key emerging and adopted documents in the LDF are summarised below.

Core Strategy Preferred Options (February 2008)

- 2.33 The Core Strategy Preferred Options report was originally published for consultation in February 2008. The final draft is due to be published for consultation during the first half of 2011 with a view to it being adopted in late 2011. The Core Strategy is one of the most important documents in the LDF. It sets out planning policy and a vision for Watford up to 2021 as well as the broad principles and proposals for development necessary to achieve the vision. The Preferred Options report does not set out specific policies, but instead indicates a broad direction in which the Council intends to drive policy forwards.
- 2.34 Policy directs retail development towards Watford town centre, primarily within a 'Shopping Quarter' to support the town centre's role as a regional shopping centre; in defined shopping frontages; and, to a lesser degree within the town's 'Cultural Quarter', which is to be located within the northern part of the town centre. The strategy seeks to improve Watford's shopping offer in terms of quality and diversity, with particular emphasis on smaller and more specialised shopping and more local 'top-up' shopping is encouraged.
- 2.35 'Watford Junction is identified as a policy area in which high-quality mixed-use development is to be located, including residential uses with strong links to North Watford Shopping Centre supported by retail development on the St Albans Road frontage. Lower High Street is also identified as an area for new retail development as part of a wider mixed-use scheme, but policy will limit the amount of floorspace to that already provided.
- 2.36 A network of Neighbourhood Centres is to be established, that will serve as the focus of appropriate uses which meet the local community's day-to-day needs e.g. community facilities, small-scale employment and local shopping provision. A wider retail hierarchy across the Borough is also to be established. Establishing an appropriate sequential approach, retail development will be directed into the primary shopping frontages in the town centre in the first instance, with lower order centres considered in accordance with national guidance.

Watford Town Centre Study (December 2005)

- 2.37 The Watford Town Centre Study was prepared in 2005 to establish a vision for the town centre and feed into the preparation of the LDF, specifically the Watford Town Centre Area Action Plan, which commenced preparation in March 2010. In accordance with the RSS's expectations of Watford, the

Town Centre Study considers the potential future of role of the centre within the local and regional context to establish a clear vision and appropriate approach to development that will meet the wider aspirations for the town centre.

- 2.38 The overarching vision for Watford emerging from the Town Centre Study seeks the introduction of a new heart at the centre of the High Street and improvement in the existing function of the town as a regional centre for retail, employment, leisure and civic services. Several design principles are set out which feed into the Masterplan for the town centre. The Masterplan divides the centre into three areas – the Parade and environs, Watford’s Living Heart and the High Street Station area.
- 2.39 The Parade, located between the main retail areas of the town centre and the Civic Core, is described as being the centre of Watford’s club culture and, as such, is quiet in the daytime and busy in the evenings and nighttimes. Instead this area should be a thriving and vibrant part of the town centre at all times and in seeking to achieve such a transformation, the Masterplan proposes an improved comparison and convenience retail offer, some residential development and centrally relocated car parking.
- 2.40 The ‘Living Heart’ is described as already succeeding in retail capacity as a regional destination and there is potential to extend the retail core with complimentary development that will ensure that Watford maintains and enhances its attraction for shopping, leisure and entertainment.
- 2.41 The High Street Station area is described as a low quality environment generally lacking in character and traffic dominated. This area is considered to require strong intervention to create a sense of place as a strategically important gateway into the town centre from the south.
- 2.42 The Masterplan proposes eight development sites with the objective of introducing more town centre uses, improving the quality of building stock and the quality of the environment. The eight sites and their objectives are summarised below:
- i) **1-3 Derby Road** - location for residential-led mixed-use development with retail/office uses on the ground floor;
 - ii) **Beechen Grove** - identified for residential development;
 - iii) **Charter Place** - identified for a retail-led mixed-use development including leisure uses, a market facility and car parking;
 - iv) **Exchange Square** - identified for a new retail-led mixed-use development with residential, retail, car parking and space for a small external specialist market;
 - v) **TJ Hughes Store** - identified for a mixed-use retail/residential development with façade retention;
 - vi) **Palace Theatre square** - identified for a new public space dedicated to the entrance to the Theatre;
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- vii) **Market Street specialist retail edge** - identified for new specialist retail with a mixture of residential and hotel development above;
- viii) **New edge to St. Mary's Churchyard** - identified for residential development.

Summary

- 2.43 National planning policy guidance provides the framework for developing Development Plan town centre policies, which should be tailored to the specific, local circumstances of Watford. The overarching policy thrust is to sustain and enhance the vitality and viability of existing centres, wherever possible and to plan positively.
- 2.44 The East of England Plan seeks to create a balanced network of thriving, vibrant and attractive centres. In pursuit of this goal, it encourages local development documents to define the role of centres and include a strategy to manage change and promote a healthy mix of uses. The plan focuses development on a group of urban areas – 'Key Centres for Development and Change' – viewed as the main focal points for multi/inter-modal transport, retailing and other commercial activities. Watford town centre is identified as such a centre and should therefore be the focus for new retail developments and complementary town centre uses.
- 2.45 At local level, current adopted policy seeks to enhance and maintain the town centre's retail character, environmental quality and role. As part of this, it seeks to ensure that new retail development is focused primarily into the town centre and enhances the vitality and viability of the centre.
- 2.46 The emerging local policy position maintains this approach with a strategy that divides the town centre into a different 'quarters' in order to better manage its strategic growth. Additionally, a network of neighbourhood centres is to be established that will serve as the focus of appropriate uses which meet the community's day to day needs. The Watford Town Centre Study offers more specific guidance as to the focus and form of future development in the town centre and identifies specific sites for development. This study will add to the Council's existing evidence base and provide the most up-to-date advice on the potential for further retail growth in the town centre.

3. NATIONAL RETAIL TRENDS

- 3.1 To put our assessment of the quality of existing provision and the need for additional floorspace in Watford into context, it is relevant to consider the wider economic and social trends likely to influence retailing in the Borough. This section therefore examines key trends and drivers for change in the retail industry and outlines those of particular relevance to Watford drawing from a range of published data sources, including research by Verdict Analysis, Mintel, Experian and the New Economics Foundation.

Demographics

- 3.2 Over the last 15 years the UK population has increased by 3.9 million to 61.8 million, which is a rate of approximately 0.44% per annum amounting to a total increase of 6.7% over 15 years. The number of households has also increased over the same period and at a greater rate (11.5% over 15 years). The average household size has however decreased from 2.46 people per household in 1994 to 2.36 people per household in 2009, as decreasing family sizes and instances of divorce are becoming more common¹.
- 3.3 The population is forecast to continue growing. The total fertility rate (TFR) in the UK has risen each year since 2001 and was last recorded in 2008 at 1.96 children per woman, its highest level since 1973. Although the current TFR rate has not reached the natural population replacement level of 2.1 children per woman, other factors such as increased life expectancy and immigration combine to boost projected population numbers². These trends are forecast to continue and will affect spending habits, how much we spend, on what and where.
- 3.4 Over the next 20 years the 65 and over age group is expected to grow by 42.9% and the under 65s age group by only 6.4%². Older shoppers have a younger mindset than in the past, they are more fashion aware and, in recent years, more affluent as a result of general house price growth as well as income growth (but post retirement income from pensions could become a concern if they do not achieve anticipated values). They will have more time to shop, will spend more on DIY and gardening and will expect good customer service. Clearly, the economic slowdown will impact upon disposable income and pension pots with more cautious spending patterns in the immediate future.
- 3.5 Younger shoppers will have higher education fees to pay, will experience higher housing costs, they will be more computer literate and spend more on-line, and will spend more on entertainment/leisure so they may have less to spend in the retail sector.

¹ Office of National Statistics, 2009. Figures have been interpolated between 1991 & 2001 to account for 2001 Census data

² Office of National Statistics, 2009.

Income & Expenditure

- 3.6 Incomes and expenditure grew strongly during the last 20 years, with retail expenditure growing faster than incomes. Overall, retail expenditure has increased by about 3.29% pa in real terms between 1990 and 2008, with most of this growth on comparison goods where an annual growth rate of 5.67% has been in effect between 1990 and 2008. Convenience goods spend has been growing at a much lower rate with a steady increase of under 0.86% per annum³.
- 3.7 Recent economic circumstances, however, have reversed this pattern of growth over the last two years and the pace of economic recovery is expected to affect expenditure growth until at least 2012 when it is anticipated that growth will begin to approach a more normal level. The rapid deterioration in the economy's performance during the final months of 2008 has had far-reaching implications for available income and, consequently, expenditure. The outputs from this Study take into account these events and the recession. Experian report as follows:
- "The UK economy is recovering from the severe recession of 2008/09, but growth is patchy and risks of relapse persist. Domestic demand is restrained by high unemployment and rising under-employment, a lacklustre outlook for investment, pressure on public finances and the weight of household debt"⁴*
- 3.8 Verdict reported that economic deterioration was rapid with the fourth quarter of 2008 seeing a year-on-year decline of 1.5% - one of the sharpest contractions in economic growth since the early 1980s. 2009 brought a sharp contraction in activity and more recent reports suggest that 'growth will be lacklustre. However, as GDP growth improves through 2012 onwards, retail expenditure should also benefit'⁵.
- 3.9 Growth projections used in retail studies and supporting retail statements for planning applications should therefore respond to the most up to date advice in respect of the most recent economic expectations. Advice in the Good Practice Guide on Need, Impact and the Sequential Approach recommends that growth rates should generally adopt a conservative level of growth in order to reflect the inherent uncertainty in economic forecasts, and the cyclical nature of the retail sector.
- 3.10 There are two main accepted approaches for forecasting per capita expenditure growth. The first is based on an extrapolation of trends and the second is based on forecasts using an econometric model of past trends and other economic variables. Due to the retail expenditure boom in the latter half of the 1990s and the first half of the 2000s and the major economic recession which followed, there are significant differences between these two approaches.

³ ONS, Consumer Trends June 2009

⁴ Experian Retail Planner 8.1 (August 2010)

⁵ Verdict Datamonitor, July 2010, UK Retail Futures 2014: Retail and the Economy

- 3.11 Trend growth rates have, until recently, been influenced by the spending boom of recent years (until 2007). Trend line forecasting, based on these historic trends, incorporate booms and busts since the 1960s and therefore provide a flat rate average over long and ultra long-time periods. These are no longer appropriate for short-term retail projections given the current slow-down in the economy. The period up to 2016 will be affected noticeably by the recession and the weak upturn that is likely to follow due to the severe spending cuts and taxation increases planned.
- 3.12 On this basis we are advised to use the economic forecasts prepared by MapInfo/Oxford Economic Forecasting and Experian Business Strategies which take into consideration current and future economic instability. Where there are differences between Experian and Oxford Economics, an average of their forecasts is adopted. Evidently, these forecasts affect the growth rates used for our retail capacity forecasting and have subsequent implications on the levels of floorspace town centres can sustain in the short-to-medium term, i.e. up to 2016.
- 3.13 Non-store retail sales, excluding e-tailing, are expected to decline over the next ten years, but this will be more than offset by the growth of e-tailing, resulting in overall growth in non-store sales in absolute and percentage terms. E-tailing is increasing strongly by both bricks and mortar retailers and non-store virtual retailers, but the rate of growth now seems to be slowing.
- 3.14 Experian published a note on 'non-store retailing' in March 2010 setting out revised estimations of Internet retail sales which are much higher than previously expected. These estimations are based on revised ONS data which adopts an improved methodology of all sales made over the Internet covering 95% of the retail sector in terms of turnover. The ONS series previously suggested in mid-2009 that Internet sales were 3.5% of total retailing sales, but the revisions now suggest the figure is nearly double this. In their note, Experian provide forecasts to 2026 which take into account the impact of broadband technology, speed of access to the Internet, problems of delivery and receipt of goods when away from home at work etc.
- 3.15 The impact of growth in e-retailing on future demands for retail floorspace is an important consideration and has been factored into the forecasts set out later in this report. Factors such as the processing of online grocery orders by retailers such as Tesco in local stores, and the potential use of shops as showrooms and/or collection points may mean that the growth in Internet sales will not necessarily lead to an equivalent reduction in floorspace requirements. See the subsection on Internet shopping and e-tailing below for more information.
- 3.16 According to Verdict, customers are becoming more selective in their purchasing habits as they become more concerned about the economic outlook. With rising living costs, disposable incomes are being squeezed, and as a result customers are shopping around more to find the best possible value. Increasingly retailers are finding it harder to please customers and across all sectors, retailers are converting fewer customers into main users and shoppers are less loyal to their main stores. Such circumstances will have implications on retail capacity forecasting, particularly over the short-term.
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- 3.17 Consumer spending is likely to remain weak over the coming months. Taxes are rising to pay off substantial government debt, wage growth is slowing and unemployment is rising; consumers are prioritising debt reduction; these factors are expected to combine to offset any advantages from falling inflation and ensure that spending will remain low. However there will be pockets of growth as the weak pound encourages increased tourism activity⁶.

Sales Efficiency

- 3.18 In undertaking retail capacity and impact assessments it is generally accepted that an allowance should be made for growth in the turnover 'efficiency' (or 'productivity') of existing retail floorspace to reflect retailers' ability to improve their productivity. This increased efficiency helps maintain the vitality and viability of town centre businesses.
- 3.19 An efficiency growth rate represents the ability of retailers to increase their productivity and absorb higher than inflation increases in their costs (such as rents, rates and service charges) by increasing their average sales densities. The application of a turnover 'efficiency' growth rate is a standard approach used in retail planning studies and PPS4 also advocates the use of "a realistic assessment of...forecast improvements in productivity in the use of floorspace"⁷.
- 3.20 Although hard quantitative evidence is limited, comparison businesses in particular have, over time, increased sales densities by achieving improvements in productivity in the use of floorspace. PPS4 (EC1.4.c.iii) requires that quantitative need assessments have regard to a realistic assessment of such improvement. Analysis of past data is difficult as sales densities increases have been affected by changes in the use of retail floorspace over the last 20 years, with higher value space-efficient electrical goods replacing lower value space intensive goods, the growth in out-of-centre retailing, a number of one-off events like Sunday-trading and longer opening hours and the very strong growth of retail expenditure relative to the growth in floorspace.
- 3.21 Evidently, in the current economic climate many retailers have struggled to increase or even maintain sales density levels and, together with other financial problems, have led retailers into closure, such as Woolworths and Adams. With the expectation of weaker expenditure growth in the future, sales density growth is also expected to decrease. Drawing on advice from Experian, for comparison goods, we are now incorporating an efficiency growth rate of 1.0% per annum in the period 2010 to 2015 and 2.0% per annum between 2015 and 2020. For convenience goods we have incorporated an efficiency growth rate of 0.1% per annum between 2010 and 2015, and 0.3% per annum post 2015.

⁶Verdict Research: "UK Sectors Summary Q4, 2009"

⁷PPS4, Paragraph EC1.5.c.iii

Employment

- 3.22 Between 1998 and 2007 retail expenditure has increased by approximately 5.5% per annum, but retail employment has increased much more slowly. Over the same period total employees in retail employment in Great Britain have increased from 2.63 million to 2.76 million, an increase of 0.5% per annum. However, this growth has been made up mostly part time employment. Full time equivalent (FTE) employment has increased very little⁸.
- 3.23 Over the next 15 years Experian Business Strategies expect a 13% increase in FTE employment in the retail sector with a slightly higher increase in part time employment. Evidently, this needs to be monitored in the forthcoming years based on the slow down in the economy and corresponding growing levels of unemployment with significant consequences for available retail expenditure and retail sector employment positions⁹.

Size of Units

- 3.24 The growth of multiple traders and increased competition between companies has meant that the retail structure is increasingly dominated by large companies requiring larger shop units. Shopping centres and out-of-centre development that has been able to accommodate this demand for larger sized units (typically 500-2,000 sqm or larger) have grown in importance, reinforcing the trend of higher order centres and out-of-centre retailing growing in relative importance (i.e. polarisation in the retail hierarchy).
- 3.25 The growth in the size of stores has caused a contraction in the number of shop units and consumer choice. This is particularly evident in the food sector, with a marked decline in the number of smaller and more specialist food retailers (greengrocers, butchers, fishmongers, bakers etc), and a large increase of superstores. This is indicated by Verdict Research which shows a 5.5% reduction in the total number of convenience stores between 1998 and 2008, as space is concentrated into a smaller number of larger stores.
- 3.26 Over the same time period the number of superstores (>2,323 sqm net) has increased by 39%; food specialists and off licences/tobacconists have also declined - by 32.9% and 56.6% respectively. These trends may well weaken in the future due to possible market saturation of large foodstores and concerns over lack of competition due to the market dominance of a few key multiples¹⁰.
- 3.27 Out-of-town store sizes have also increased in size between 1998 and 2008, over the period average out-of-town store sizes have increased from 1,939 sqm by 5% to 2,037 sqm¹¹. Average town centre

⁸Annual Business Enquiry, 2009

⁹Experian, FTE Employment Levels, Retailing (SIC 2003 code 25)

¹⁰Verdict Research, Datamonitor: "UK Food & Groceries Retailers 2009"

¹¹Verdict, Datamonitor: "UK Out-of-Town Retailing 2009"

retail store sizes increased slightly between 1998 and 2008, rising from 183 sqm to 193 sqm, an increase of 5.5%¹².

Foodstores

- 3.28 Due to the restrictions on developing large new foodstores, there has been growth in the number of applications for the extension of existing foodstores and an adjustment in the composition of floorspace within existing stores over the last ten years. There has been an increased emphasis on the sale of comparison goods at the expense of convenience goods, as expenditure growth rates for comparison goods are much higher than for convenience goods and profit margins are greater, although sales densities are often lower.
- 3.29 This trend poses an increasing threat to smaller centres, as larger foodstores will increasingly sell a wider product range of day-to-day convenience and comparison goods and services. According to Verdict, comparison goods floorspace in the larger format stores of the top four grocers now accounts for averages of between 18% (Morrisons) and 40% (Asda) of net retail floorspace¹³.

Internet Shopping / e-Tailing

- 3.30 Internet sales are growing rapidly and affecting how and where we shop, although the growth rate slowed markedly in 2008. In the early days of Internet retailing, back in the late 1990s, growth was due to the emergence of virtual retailers. Things have moved on in recent years and recent research indicates that much of the growth in Internet sales has been from sites of established retailers (e.g. Tesco, Argos, John Lewis etc.), who are creating “virtual outlets” to expand their market shares of retail spend.
- 3.31 In 2008 there was an increase of 1% in the number of Internet users to 35.4 million people, and an 18.1% increase in online shoppers to 26.7 million shoppers. As technology continues to improve, it will fuel further growth in the market. Overall the Internet shopper population is forecast to grow by approximately 50% between 2007 and 2012. In addition to this increase the amount of money the average Internet shopper is spending online is also increasing, average online spend per person rose by 5.8% between 2007 and 2008¹⁴.
- 3.32 High street retailers have particularly benefitted from the growth of Internet shopping as their brand are widely recognised and trusted by consumers. They also benefit from greater buying power, which means they are often able to offer discounts. Price-comparison sites have also increased the trend towards price cutting on the Internet, particularly in relation to small electrical products, CDs and software.

¹²Verdict Research, Datamonitor: “UK Town Centre Retailing 2009”

¹³Verdict Research: “Grocery Sales Analysis Sheet”, 2008

¹⁴Verdict Research, “e-Retail Storms Ahead Through the Recession”, June 2009

- 3.33 Despite this growth, e-tailing still only accounts for a fraction of total sales for mainstream retailers in the UK. Furthermore, sales on the Internet have to some extent been a switch from mail order and for some retailers (e.g. Tesco) involve sales from retail rather than warehouse floorspace. Even where sales are from warehouses, retail floorspace may still be required to fulfil a showroom function. In addition there are a growing number of signs that the Internet is beginning to mature and enter a new, more subdued phase of growth. Growth in the number of shoppers in 2008 was strong, but significantly less than growth seen in 2007¹⁵.
- 3.34 Verdict predicts a significant alteration in the products and sectors which consumers shop for online coming out of the recession. It is anticipated that the recession will leave a lasting impact on consumer attitudes towards spending and with the advantage of low price and added convenience, the Internet is expected to become even more attractive to shoppers. The offer of cheaper connections and other incentives expect to see the take up rates of less affluent shoppers achieve substantial growth. Verdict also anticipate significant growth in older shoppers (55+) which will eventually become a crucial target for retailers; particularly as within 10 years Internet-adept 35-44 year olds will move into the 55+ demographic, taking their Internet shopping habits with them.
- 3.35 As a consequence of this growth, there will continue to remain reasonable pressure on the traditional brick and mortar retailers in the UK's town centres. Shoppers are able to select their own retail mix online and shopping centres will need to compete with this choice, which is not only driven by price and range, but also service and expertise. Town centres will increasingly have to provide a shopping 'experience' that the Internet is unable to match. In accordance with PPS4, the emphasis should be on the overall town centre experience, the mix of uses, and not just the retail offer.

Shopping & Leisure

- 3.36 Due to increased affluence and mobility, and the rise of the Internet, shoppers no longer merely shop to satisfy 'needs', they increasingly shop to satisfy 'wants' as well. Retailing in the higher order centres and the more attractive smaller centres is changing and arguably becoming more of a quasi leisure experience. Leisure spending growth is continuing to outstrip that of retail, and despite the economic slowdown, at the moment consumers seem to be willing to continue spending on leisure.
- 3.37 Quality restaurants, coffee shops, cafes and bars, as well as health and fitness centres and multiplexes in larger centres, are therefore important to attract shoppers and encourage longer stays and higher spending. Better integration of retail and leisure facilities mutually benefits both sectors. Pedestrianised streets and covered retail areas are also important in attracting shoppers, as is the overall attractiveness of the town centre, along with good accessibility and car parking.
- 3.38 A number of factors have helped drive the growth of leisure provision in town centres. Planning policy is important as is the fact that urban living is fashionable. Town centres can offer consumers a much more vibrant atmosphere in which to eat and drink and they also offer a much wider choice of

¹⁵Verdict Research, "e-Retail Storms Ahead Through the Recession", June 2009

leisure venues, allowing more spontaneous decisions. For bars, restaurants and health & fitness clubs, the attraction of the town centre is 'daytime trade' and the ability to capitalise on proximity to businesses and shoppers.

Summary

- 3.39 Incomes and expenditure have shown strong growth over the last 20 years, with retail expenditure growing faster than incomes. This has seen corresponding increases in sales densities within existing retail floorspace, which has also been driven by factors such as high value space efficiency and longer opening hours. Crucially, the recession will have an impact on the retail sector, and growth forecasts will need to reflect recent publications from Experian Business Strategies.
- 3.40 The composition of town centres has changed through new development, with a growing number of companies requiring larger shop units to meet their shop format ratios. This has again favoured the larger centres which generally have the space to meet such retailer requirements. This is particularly noticeable in the convenience sector, which has begun to offer an increasing supply of comparison goods in the larger foodstores, in addition to the traditional product offer; such stores therefore require more retail floorspace. The dominance of such foodstores has led to current concerns about market dominance and the lack of competition.
- 3.41 As competition from the Internet increases, town centres need to offer a quality destination where people want to spend time and gain access to facilities not available on the web. There has been a continued polarisation towards larger centres and the provision of larger stores in these centres. Where smaller centres have been unable to diversify their offer or create niche markets and a mix of retail, leisure and service facilities they have suffered.

4. SUB REGIONAL CONTEXT

- 4.1 This section examines the retail performance of Watford town centre in the context of the retail network across the wider sub-region. Our analysis draws on the household telephone survey results and other data (including PROMIS, Javelin Retail Rankings, the Focus Property Intelligence database, the Valuation Office Authority and EGi) to identify the main retail offer and floorspace provision in each competing centre, and the extent to which this is likely to change and influence shopping patterns in the region in the future.
- 4.2 The household telephone survey highlights that the main centres that compete with Watford include Harrow, Hemel Hempstead and St Albans, and to a lesser extent Brent Cross, High Wycombe, Welwyn Garden City and Central London. The location of each centre in relation to Watford and the extent of the telephone survey area is illustrated on Plan 1.
- 4.3 We have assessed the rank of each competing centre using Javelin's Venuescore 2009. This dataset provides an up-to-date ranking of UK shopping venues across a number of key indicators – scale, market positioning, fashionability and age positioning of the retail offer. The score attached to each operator is weighted to reflect their overall impact on shopping patterns. For example, anchor stores such as John Lewis, Marks & Spencer and Debenhams receive a higher score than unit store retailers to reflect their major influence on shopping patterns.

Table 4.1: Benchmarking of Centres

Centre	Rank Score 2008	Rank Score 2009
Central London (West End)	9	15
Watford	37	41
Brent Cross	140	159
Hemel Hempstead	134	133
Harrow	107	118
St Albans	130	146
Uxbridge	103	97
High Wycombe	135	79
Milton Keynes	40	36

Source: Javelin Venuescore 2009

- 4.4 It is evident from Table 4.1 that London (West End) has the highest rank position reflecting its strength as a renowned international shopping destination. It has the 9th highest score in the UK, after places such as Leeds (5), Liverpool (6) and Nottingham (7). Watford is ranked relatively high at 41st place, although its position has fallen slightly since 2008. In comparison Brent Cross is ranked 140th which is somewhat lower than other outer-London shopping centres such as Bluewater and

Lakeside which are ranked 29th and 71st, respectively. Watford also has a higher rank than Harrow which is ranked at 118th. St Albans and Hemel Hempstead are similarly ranked at 146th and 133rd which reflects their less dominant position in the sub region.

- 4.5 Shopping patterns derived from the household telephone survey allow us to calculate the amount of comparison goods expenditure that each competing centre draws from within the survey area. This indicator takes into consideration the strength of the retail offer as well as the centres' accessibility and distance from Watford. The total expenditure leading to these centres is set out in Table 4.2 below, and illustrated on Plan 2 with the full assessment set out within Appendix 5.

Table 4.2: Study Area Comparison Goods Trade Draw: Key Competing Centres

Centre	£(000s)	Market Share (%)
Watford	£854,390	30.8%
Harrow	£174,047	6.3%
Brent Cross	£159,126	5.7%
Hemel Hempstead	£144,271	5.3%
St Albans	£139,988	5.0%
High Wycombe	£83,944	3.0%
Central London	£73,978	2.7%
Welwyn Garden City	£65,106	2.3%
Uxbridge	£27,118	1.0%
Milton Keynes	£6,675	0.2%
Luton	£3,310	0.1%
Westfield	£1,912	0.1%

Source: Household Telephone Survey, March 2010 / Note: it is unclear from the household survey results whether people have stated that they use Westfield in their 'Central London' response. The full turnover of Westfield may therefore be higher from the study area.

- 4.6 It is evident that Watford is the most dominant centre in terms of comparison goods drawing circa £854.4m of comparison goods expenditure (30.8%) from within the survey area. This is a strong performance and demonstrates Watford's influence over the survey area (Plan 3). Harrow, Brent Cross and Hemel Hempstead are Watford's closest rivals drawing c.£174m (6.3%), c.£159.1m (5.7%) and c.£144.3m (5.3%) from the survey area, respectively. St Albans draws c.£140m (5.0%) although other competing destinations including High Wycombe, Welwyn Garden City and Central London are less influential, each drawing less than 3% from the survey area. Plans 4-10 show the comparison goods trade draw of the competing centres from each zone in the household telephone survey.
- 4.7 The above centres (including Watford) are capturing 62.5% of the available expenditure in the catchment area. The remaining 37.5% is directed towards smaller local shopping facilities, other towns (such as Borehamwood, Aylesbury and Edgware) and the strong network of retail warehouse provision both within the study area and beyond.

Profile of Competing Centres

- 4.8 We assess below the profile of each of the key competing centres:-
- 4.9 **Harrow** is located approximately 12km to the south of Watford and not surprisingly draws the majority of its trade (88%) from its location zones (Zones 15 and 16). The centre has no influence on Watford's Borough's zones which is likely to be as result of the town's standard, mass market offer with there being very few specialist retailers or quality fashion/clothing retailers.
- 4.10 The centre's main shopping provision, which comprises around 99,800 sq m gross of retail floorspace is centered around St. Ann's Shopping Centre which is largely fashion-based and accommodates a range of standard national multiples including Marks & Spencer, HMV, WH Smith, Bhs and Primark. The number of retailer requirements is well below the demand in Watford, with 63 identified in Watford compared with 31 in Harrow. We understand there are no major retail schemes in the pipeline in Harrow which are likely to attract shoppers away from Watford.
- 4.11 **Brent Cross** is an out-of-centre shopping complex situated approximately 21.7 km to the south-east of Watford, easily accessible via the M1 motorway. Plan 6 illustrates the extent of Brent Cross' influence over the survey area.
- 4.12 In November 2009, the London Borough of Barnet resolved to grant outline planning permission for the Brent Cross Cricklewood regeneration scheme involving the creation of a new town centre and 27,000 new jobs, 7,500 new homes and associated infrastructure covering a 151 hectare site. The development is set to provide circa 61,000 sqm gross additional retail floorspace, some of which will comprise an extension to the Brent Cross shopping centre. It is a complex and ambitious regeneration scheme which will be developed over a twenty year period, with construction programmed to commence in 2014. The application was supported by the Mayor of London and has recently been given the green light (June 2010) by the new Communities secretary Eric Pickles who has chosen not to call in the project.
- 4.13 The expansion of Brent Cross has potential to increase its influence over Watford's catchment area, particularly given that it is within easy range of Watford by car. It will be important for Watford to also enhance its offer in order to compete effectively in the face of growing competition.
- 4.14 **Hemel Hempstead** is located approximately 13.7 km to the north-west of Watford and is defined, below Watford in the regional hierarchy, as a major town centre. It is also identified in the East of England Plan (2008) as a key centre for development and change. The extent of Hemel Hempstead's influence over the Borough is illustrated on Plan 4 and shows the centre's dominance within its core catchment zone (Zone 10) but also relatively limited influence over surrounding zones and Watford Borough's catchment area.
- 4.15 Hemel Hempstead comprises approximately 70,876 sqm gross of retail floorspace which is generally concentrated within the Marlowes Shopping Centre and along the pedestrianised high street. The
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Marlowes shopping centre, which originally opened in 1990, comprises c.26,662 sqm gross and is anchored by Marks & Spencer, Wilkinson and New Look. The most recent Experian Goad survey (November 2008) shows that the centre has a vacancy rate broadly in line with the national average.

- 4.16 Hemel Hempstead has benefited in the last five years by the opening of the Riverside shopping centre at the southern end of the main retail area. The development, which opened in November 2005, is anchored by Debenhams alongside other typical high street retailers such as Next, H&M and HMV, together with new restaurants and a 110-room hotel. There are however a number of vacant units in the scheme which, as we understand, have never been let.
- 4.17 The centre ranks lower than Watford in the Venuescore rankings and achieves lower rental levels for prime retail floorspace (£700 per sqm compared to Watford's £2,906 per sqm). Retail yields in 2008 are also higher in Hemel Hempstead (6%) compared to Watford's (5.25%) and in May 2010 Focus recorded 26 retailer requirements for the centre compared to 63 for Watford.
- 4.18 There are no major retail schemes confirmed in the development pipeline for Hemel Hempstead. However, there are long-standing aspirations for the regeneration the town centre and proposals were being formulated for Waterhouse Square. Progress on the scheme has been affected by the economic recession and in January 2010 the developer, Thornfield, went into administration which has created further uncertainty over its future. There is currently no formal planning permission in place for the scheme which has potential to involve c.20,900 sqm gross retail floorspace including unit shops, a supermarket and A3 uses alongside a mix of offices, residential units and a performance venue.
- 4.19 **St Albans** is located approximately 14.8 km to the north-east of Watford. Like Hemel Hempstead, the centre is defined as a major town centre in the East of England Plan. The extent of St Alban's influence over the survey area is illustrated on Plan 5.
- 4.20 The centre comprises c.73,839 sqm gross retail floorspace which is focussed in and around the centre's two shopping centres (The Maltings and Christopher Place) and along Market Place and Chequer Street. The centre has above average comparison shopping provision, including several higher end, quality retailers, and below average vacancies. The centre also has a vibrant market offer with a twice-weekly market along St Peters Street in addition to a monthly Farmers Market which adds to the vibrancy of the centre.
- 4.21 The centre ranks lower than Watford in the Venuescore rankings and achieves lower rental levels for prime retail floorspace (£1,399 per sqm compared to Watford's £2,906 per sqm). Notwithstanding this, prime retail rents in St Albans have increased by approximately 8% between 2005 and 2009 whereas in Watford prime rents have fallen by 11% during the same period.
- 4.22 The retail yield in St Alban's was recorded at 5.5% in 2008 which only marginally higher than Watford's 5.25%. Yields in both centres have improved by 0.25% since 2005. In May 2010 Focus
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recorded 70 retailer requirements for St Albans which again is marginally greater than 63 requirements for Watford.

- 4.23 There are no major retail schemes confirmed in the development pipeline for St Albans although we understand there are pre-application discussions surrounding proposals for the Civic Centre car park site in the town centre. The Council in partnership with Henry Davidson for a new leisure development comprising a cinema multiplex and complementary A3 uses.
- 4.24 **High Wycombe** is located over 30 minutes distance from Watford and has very little influence on shopping patterns within the Borough's zones (Plan 7). We understand there are no major comparison retail development proposals in the pipeline for High Wycombe, however the centre has recently benefited from the opening of Eden Shopping Centre in March 2008.
- 4.25 The shopping centre incorporates the former Octagon Shopping Centre and the scheme totals 660,000 sq ft (530,000 sq ft of which is retail), with M&S and House of Fraser being the key anchors. The latter incorporates several designer brands which are likely to have increased the centre's attraction to the more affluent residents in the surrounding area and those who would previously have targeted the John Lewis in Watford. The opening of the shopping centre is reflected in the rise in the centre's Javelin rank position from 2008 to 2009 (from 135 to 79).
- 4.26 Reflecting the prominence of **Central London** as a shopping destination and accessibility from Watford, the capital city has some influence over the Borough. However, as illustrated by Plan 9, this influence is wide-spread and relatively dilute across the survey area. There are some schemes in the pipeline for Central London, but these are unlikely to significantly alter existing shopping patterns or increase overall influence over the survey area.
- 4.27 In addition to the above, the new Westfield Shopping Centre at White City opened on 30th October 2008. The centre comprises circa 150,000 sqm net floorspace and includes five anchor stores (Debenhams, Marks & Spencer, House of Fraser, Next, and Waitrose), 265 retail units as well as a range of food and drink outlets and other service and leisure facilities. The centre will be in direct competition with Brent Cross when this is fully developed, and being new as well as larger, is likely to have attracted some shoppers away from Watford's catchment.

Summary

- 4.28 The household telephone survey shows that Watford, in terms of comparison goods shopping, is the most dominant centre in the survey area;
- 4.29 It is evident that Harrow, Hemel Hempstead and St Albans are the main centres competing with Watford although, reflecting their position within the regional hierarchy, they are evidently less dominant and generally draw trade from a more localised catchment;

- 4.30 Brent Cross, High Wycombe, Welwyn Garden City and Central London are less influential over the survey area and draw minimal trade from the Borough's zones. Aside from Brent Cross, there are no significant retail developments in the pipeline that may have potential to change shopping patterns or increase their influence over Watford's core catchment. Development at Brent Cross is likely to increase its competitive edge and could when fully developed threaten Watford's dominant position in the sub region.

5. WATFORD TOWN CENTRE HEALTH CHECK

- 5.1 This section sets out our qualitative assessment of Watford town centre, based on the viability and vitality indicators in PPS4. Watford is identified as a Regional Centre and a Key Centre for Development and Change in the East of England Plan. The town is situated approximately 30 km to the northwest of Central London within the bounds of the M25 motorway.
- 5.2 Watford's high street is one of the longest in Britain and the town offers a broad range of retail, leisure, cultural and civic facilities. The centre is considered a key regional shopping location and benefits from two managed shopping centres – the Harlequin Centre which opened in 1990/1991 and Charter Place which opened in the 1970s. These centres accommodate a large number of multiple retailers which complement the diverse retail offer of the main High Street.
- 5.3 Charter Place is an open two storey shopping centre which is accessed from mid-way down the main High Street. Its age means that it is somewhat dilapidated in appearance. This is reinforced by its juxtaposition with the newer and more pristine Harlequin Centre. Charter Place has approximately 40 units and is anchored by Top Shop, Wilkinson and New Look. The shopping centre also houses a covered market which operates on Tuesdays, Saturdays and Sundays. The market offers a diverse range of goods and includes stalls selling convenience items such as fruit and vegetables, fresh meat and fish alongside comparison goods including clothing, music and jewellery.
- 5.4 The Harlequin Centre is an indoor shopping mall which is accessed from Charter Place at its northern end and the High Street at its southern end. Access is also gained mid-way through the centre via Queen's Road. The centre boasts approximately 148 shops over two levels and is anchored by John Lewis, Marks & Spencer and Bhs. Other sizable units are occupied by Primark, WH Smith and Boots. The remaining retailers span a broad spectrum of multiple comparison and leisure retailers.
- 5.5 Having been designed and built during the 1980s, the majority of retail units within the Harlequin Centre are relatively small (less than 400 sqm) by modern retailer standards. Indeed, the market trend for larger format stores is demonstrated by the relocation of New Look from the Harlequin Centre to their current unit in Charter Place which extends to approximately 1,600 sqm. Where feasible, units within the Harlequin Centre have been combined to create larger outlets e.g. Next on the first floor (c.740 sqm). However changes in floor levels across the centre make combining units more difficult. Other efforts to create larger units have included the replacement of the Food Court to allow a new unit comprising c.840 sqm, presently occupied by Zara; and the extension of the scheme over Queens Road to create a c.500 sqm unit for Republic.
- 5.6 The District Plan defines retail frontages in the town centre. The Prime Retail Frontages include Charter Place, High Street (from Exchange Road down to Queen's Road/King Street. Secondary
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shopping frontages are defined along High Street to the south of Queen's Road/King Street and north of Exchange Road; Queens Road; King Street; Market Street and Clarendon Road (up to Beecham Grove). Local policy also defines three conservation areas in the town centre and designates Charter Place as a Key Development Site.

- 5.7 Watford town centre has two supermarkets – a Sainsbury and an Iceland. Sainsbury is located to the east of the High Street at the northern end of the town centre. As well as food, it sells clothing, toys, jewellery and hot food from its 5,340 sqm gross of floorspace. It also has a delicatessen, a bakery, a fish counter and a butcher. Iceland is situated just north of Sainsbury and has 1,000 sqm gross floorspace.

Diversity of Uses and Retailer Representation

- 5.8 The Experian Goad Category Report for Watford (November 2009) identifies a total of 149,239 sqm gross of retail floorspace. Table 5.1 sets out the composition of Watford's retail offer, in terms of floorspace and units. The vacancy rate has been updated following our site visit in March 2010.

Table 5.1: Watford Retail Composition by Number of Units

Retail Category	No. of Units	% of Total	UK Average (%)	Variant (%)
Convenience	24	5.54	8.84	-3.30
Comparison	176	40.65	34.00	6.64
Service	177	40.88	45.81	-4.93
Vacant	56	12.93	11.17	1.76
Total	433	100	100	-

Source: Experian Goad Category Report, November 2009 / GVA, 2010

Table 5.2: Watford Retail Composition by Floorspace

Retail Category	Fl sp (Gross)	% of Total	UK Average (%)	Variant (%)
Convenience	13,861	9.29	14.46	-5.17
Comparison	81,513	54.62	37.39	17.23
Service	41,184	27.60	38.57	-10.98
Vacant	12,681	8.50	9.47	-0.98
Total	149,239	100	100	-

Source: Experian Goad Category Report, November 2009 / GVA, 2010

- 5.9 Comparison retailers have a strong presence in Watford, with above average representation both in terms of units and floorspace. This is largely attributable to the size and retailer mix of the Harlequin Centre, as well as the presence of four large department stores – John Lewis, Bhs, Marks & Spencer and TJ Hughes. There is also a large Primark. This mix of department and variety stores is indicative of the broader mix of comparison retailing. A wide cross section of the market is catered for from the lower end (Primark, TJ Hughes, Bhs, New Look, Wilkinson) to the mid-market (Marks & Spencer, Top Man, Gap, H&M, Oasis, River Island) through to the higher end (John Lewis and Bang

- & Olufsen). Despite this mix, there is a perceptible weighting towards middle and particularly lower end retailers.
- 5.10 By contrast, Watford's town centre convenience provision is less comprehensive. Sainsbury's is the main supermarket in the town centre, comprising 5,340 sqm gross retail floorspace. The foodstore offers a broad range of convenience goods including in-store delicatessen, bakery, fish counter, butcher and a hot food counter. It also stocks a selection of comparison goods including books, music, clothing, toys and electrical goods. On the day of our site visit it appeared to be trading well and busy.
- 5.11 Also represented in the centre are Iceland and M&S Simply Food which forms part of the Marks & Spencer store. According to Experian Goad, the convenience retail provision is below the national average both in terms of units and floorspace. In terms of the more detailed breakdown of provision, Watford town centre has a below average representation of bakers, butchers, fishmongers, grocers and convenience store retail units. Conversely, there is above average representation of CTNs and shoe repairers/key cutters.
- 5.12 There is also a large Tesco Extra at Waterfields Way approximately 300m south of the town centre boundary, which has not been taken account of by Goad. The store which opened in 1988 has a floor area of 7,821 sq m net and provides a good range of non-food products including electrical items, clothing and cd/books. Although the Tesco store, which is nestled in between a mix of other retail warehouse units, effectively competes for trade with the town centre, it does also compliment the town centre's convenience offer and does provide opportunities for linked trips.
- 5.13 The mainstream retail offer is complemented by the Watford Market at Charter Place, which operates on Tuesdays, Fridays and Saturdays. Stalls sell a wide range of food and non-food goods, including fruit and vegetables, fresh meat, fresh fish, clothing and footwear, jewellery, electrical goods, refreshments, DVDs and CDs. There are also a number of stalls offering repair services as well as cafés with seating. It is a busy and bustling environment catering for the lower end of the market.
- 5.14 Watford's retail service provision is below the national average in terms of units and floorspace. The current offer mainly comprises health and beauty operators, bars, cafés, fast food takeaways and restaurants. There is a concentration of cafés, clubs, bars and pubs at the northern end of the town centre, although they are also several of such uses located along Clarendon Road, Market Street and King Street and along the main High Street. There is a broad mix of independently-owned businesses and multiple operators such as Chicago Rock Café, McDonalds, Yate's, O'Neills, Walkabout, Subway, Nandos and Pizza Express.
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Table 5.3: Watford Town Centre Leisure Composition by Number of Units

Leisure Use	Number of Units	% of Total
Bars & Wine Bars	12	13%
Bingo & Amusements	5	5%
Cafes	14	15%
Casinos & Betting Offices	6	6%
Theatres & Concert Halls	2	2%
Clubs, Disco, Dance & Nightclubs	4	3%
Fast Food & Take Away	21	22%
Hotels & Guest Houses	3	3%
Public Houses	8	8%
Restaurants	19	20%
Sports & Leisure Facilities	1	1%
TOTAL	95	100

Source: Experian Goad, November 2009 / GVA , 2010

- 5.15 In addition to the cafés, bars and restaurants, Watford has a number of leisure facilities. There is the Watford Central Leisure Centre just north of the town centre, a Sports Academy leisure centre above the Chicago Rock café on the High Street, a Mecca Bingo on King Street, and the Palace Theatre on Clarendon Street.

Retailer Demand

- 5.16 As of May 2010, 63 requirements for Watford were identified including several multiple comparison operators such as Esprit, Zara, Peacocks, TK Maxx, Laura Ashley, Majestic Wine, Strada, Fonehouse, Billabong and Hawkin's Bazaar. There are also several more specialist and boutique-like operators with requirements in the centre, for example, Butlers (homewares), Polarn O Pyret (childrenswear), Magnolia (jewellery) and Joy (clothing).
- 5.17 In total, operators require between 21,980 sqm gross and 42,995 sqm gross of retail floorspace in Watford (Table 5.4). A detailed list of requirements is included in Appendix 1.

Table 5.4: Retailer Demand

Retail Category	No. of Units	Min. Floorspace sqm gross	Max. Floorspace sqm gross
Comparison	42	10,087	22,455
Convenience	2	243	511
Service	19	11,650	20,029
Total	63	21,980	42,995

Source: Focus Property Intelligence, March 2010

- 5.18 There are just two requirements for convenience goods floorspace in the centre (Ditsch and Majestic Wines), however this may not be truly representative as the main grocery retailers rarely register their requirements on the national database because of competition for sites. Indeed, we understand

from the Council that there has been recent interest from Sainsbury's, Waitrose, Tesco, Morrisons and Aldi which indicates that there is a much stronger level of demand for convenience floorspace in Watford than implied by the Focus database alone.

Shopping Rents & Commercial Yields

- 5.19 The level of rent which retailers are prepared to pay for retail space within a centre is a useful indication of the perceived strength of a centre (although factors such as the supply of floorspace have an impact on rental value). Table 5.5 demonstrates that in 2009, Prime Zone A retail rents in Watford had fallen marginally to the lowest level recorded since 2001 when they were £2,691 per sqm. Since 2000 rents in Watford gradually increased, peaking at £3,337 per sqm in 2007 and 2008, representing an overall growth of 17% between 2000 and 2008.

Table 5.5: Prime Zone A Rents in Watford

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
£2,852	£2,691	£3,014	£3,068	£3,122	£3,283	£3,283	£3,337	£3,337	£2,906

Source: Colliers CRE, 2009

- 5.20 The recent decline in the economy is expected to have been instrumental in the 12.9% fall in rents between 2008 and 2009 which is consistent with national trends. One of the legacies of the recession is that retailers are very reluctant to continue paying rents in line with 2007/2008 levels and will be exerting pressure on Watford's landlords to reduce rents, particularly if there are break-clauses and rent reviews. However, Watford still has the third highest average rental levels out of the competing centres after Brent Cross and Central London.
- 5.21 Valuation Office data highlights that yields in Watford remained static at 5.5% between 2000 and 2008 although there was a gradual improvement in 2008 when yields were 5.25% (Table 5.6). Watford is therefore seen as a reliable investment location. However, it should be noted that the VOA records on which this analysis is based only go up to July 2008 and therefore do not take account of the yield movement that took place in the latter half of 2008 due to the recession.

Table 5.6: Commercial Yields (%) in Watford

2000	2001	2002	2003	2004	2005	2006	2007	2008
5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.25%

Source: Valuation Office Agency, Property Market Report, July 2008

Vacant Retail Property

- 5.22 The proportion of vacant retail property is a key indicator of the relative vitality and viability of a centre. However, it is not an absolute measure and must therefore be treated with caution as vacancies can arise in even the strongest performing of centres. Conversely, the absence of any vacancies, or very low vacancies, can be an indicator that the demand for retail space is outstripping

the current supply. This can often restrict new and existing retailers from securing new or enhanced representation.

- 5.23 Table 5.7 depicts the vacancy rates for November 2009, as updated by GVA Grimley in March 2010 and shows that Watford has a slightly high number of vacant units, with 2% above the national average. However, this is not reflected in terms of floorspace, as it has a slightly lower level of vacant floorspace than the national average.

Table 5.7: Vacancy Rate in Watford by Unit and Floorspace

Vacant Units	Percentage of Total Units (%)	National Average (%)	Vacant Floorspace (sqm)	% of Total Floorspace	National Average (%)
56	12.93	11.17	12,681	8.50	9.47

Source: Experian Goad, November 2009 & GVA Research

- 5.24 Our own survey of vacant units carried out in March 2010 demonstrates that the vacancy rate has lowered slightly since the Goad survey was carried out in November 2009, with the number of vacant units declining from 63 to 56. Previously vacant units have now been occupied by a range of businesses including a Polish convenience store, a £5 shop, an off licence and a party supplies shop. Most of the new occupiers appear to be operating short term interests which are likely to be on short, flexible leases.
- 5.25 One interesting example of a flexible approach by a landlord is the temporary occupation of Unit 11 in Charter Place by the Eden Centre, a community enterprise run by the Watford Town Centre Chaplaincy offering local people a place to relax and socialise. Its use is free of charge and the unit is being actively marketed.
- 5.26 There is no particular pattern of distribution to the vacancies in Watford. Vacant units are evenly dispersed throughout the town centre and span a range of sizes and qualities, from larger units on the High Street, to smaller high quality units in the Harlequin Centre, down to lower quality smaller units at the extremities of the centre.

Accessibility

- 5.27 Accessibility is a key factor when considering the health and future prospects of a centre. Ease of access and quality of parking are important factors underlying the success and attraction of a centre for customers, businesses and visitors. Watford is situated approximately 30km northwest of Central London within the bounds of the M25 motorway and benefits from good accessibility with the strategic road network and bus and rail links.
- 5.28 The town centre has limited access by car as a large area is pedestrianised or accessible only by buses. There are a total of nine car parks, providing approximately 5,140 parking spaces within or close to the town centre. This includes the Sainsbury's car park (400 spaces) and the three Harlequin Centre car parks (totalling 2,800 spaces).
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- 5.29 Watford's main bus terminal is outside Watford Junction train station. There are 78 local bus services providing links to a range of locations, including Hemel Hempstead, Maple Cross, Garston, Brent Cross, High Wycombe and Ware. Watford Junction rail station provides national links to Birmingham and the north as well as London, which is accessible within 20 minutes. Watford Junction is located approximately 15 minutes walk from the town centre. It is not obvious to new visitors how to access the town centre from the station and pedestrian accessibility could therefore be improved in this respect.

Pedestrian Flows

- 5.30 No formal up-to-date research regarding pedestrian flows is currently available. However, we have drawn upon our own observations taken on the day of our site visit in March 2010.
- 5.31 The lowest footfall was observed towards the southern reaches of the town centre, past the southern entrance to the Harlequin Centre and King Street. There is a particular concentration of restaurants, cafés and takeaways in this location and very few multiple retailers which perhaps explains the low levels of footfall during the day time. This effect was mirrored at the northern end of the town centre, along The Parade down towards the Exchange Road bridge. Again, there are a number of clubs and bars towards this end of town which cater for the evening economy rather than attracting footfall in the daytime.
- 5.32 Footfall grew much heavier from the Exchange Road bridge down to Charter Place. This is considered attributable to the pedestrianisation of this stretch of road and the increase in convenience and comparable retailers. There was a consistent concentration of shoppers around the entrance to Charter Place as visitors exited or entered the centre. Charter Place itself had relatively light footfall, especially on the upper level which was almost empty. The market was much busier, with a particular concentration of shoppers round the fruit and vegetable and fresh fish and meats counters.
- 5.33 On the High Street footfall remained heavy running south towards Queens Road. There were noticeably high levels of footfall outside Bhs, Marks & Spencer and Primark – frontages of the Harlequin Centre. Within the Harlequin Centre itself, footfall was heavy and consistent along both levels.

Environmental Quality

- 5.34 Watford town centre offers a pleasant environment in which to shop, largely thanks to its pedestrian friendly design and high quality public realm. The Parade at the northern end of the town centre is entirely pedestrianised and its wide promenade is broken up with a large pond and punctuated by regular seating and planting. A grassed area acts as a barrier between the pedestrianised area and

the busy North Road. The buildings situated at the northern end of The Parade are of historic and attractive design and are currently protected by a conservation area.

- 5.35 The provision of planting and public seating is well spaced along the High Street south of the Exchange Road bridge. Many of the buildings, particularly on the eastern side are of attractive design and act as a direct link to Watford's past, although the western frontage also boasts a particularly attractive two storey nationally listed building currently occupied by Jackson's Jewellery. The pedestrianised area ends south of Clarendon Road. Whilst the pavements here are generally narrower, there is still regular planting and public seating and widened pedestrian areas next to Charter Place. Additionally, there are regular public signs and descriptive panels which contribute towards legibility.
- 5.36 Whilst the quality of the environment along High Street slightly deteriorates in character as it runs south, there is a pleasant area of public realm around St Mary's Church, another Listed Building. Hard and soft landscaping combine to create a peaceful area of public space within the bustle of the town centre, although it did not appear to be well used on the day of the site visit.
- 5.37 The roads running off the main High Street are narrower and have little planting or seating and therefore offer a less attractive pedestrian experience. However, there are some attractive buildings, particularly along Clarendon Road which has the Grade II Listed Palace Theatre.
- 5.38 Charter Place has a slightly run-down feel to it due to its age. However, its open-air design and provision of seating supports a reasonably pleasant shopping environment. The Harlequin Centre is characteristic of a managed shopping centre and the environment is well-maintained. There is indoor greenery, seating, regular store maps, escalators, natural lighting and the environment is clean.

Customer Views and Behaviour

- 5.39 An in-centre survey of 200 shoppers was undertaken in March 2010, which included various attitudinal questions on the reasons for choosing to visit Watford town centre, frequency of visits and likes/dislikes about the centre. The key findings are summarised below.
- 74.5% of visitors classed themselves as a 'local shopper' whilst 10.5% were a 'day tripper/visitor' and 10% a 'worker';
 - The majority (32.5%) cited 'non-food shopping' as the main purpose of their visit to Watford. 28.5% cited 'browsing' and 12% cited 'food shopping'.
 - 71.5% of visitors cited Watford as their first choice destination for clothing, footwear and other non-food shopping;
 - Marks & Spencer, John Lewis, Sainsbury's and Primark were the most frequently cited stores visitors intended to visit that day;

- 70.5% of visitors do not undertake any linked trips out of the centre to other retail provision;
- Reflecting the proportion of local shoppers, 66% cited 'close to home/live here' as the reason for choosing Watford over other competing centres. 'Close to work' was cited by 13.5% whilst the 'good range of shops/services' was cited by just 5.5%;
- The majority of visitors travelled to the centre by vehicle (49%), 27.5% travelled by bus, 16% walked and 5.5% travelled by train. Just 1.5% cycled to the centre;
- Of those that travelled by vehicle, 40.8% used the Harlequin Centre car park whilst 16% were 'dropped off';
- The majority of visitors (73.5%) travelled less than 20 minutes to reach the centre whilst 18% travelled between 20-40 minutes;
- The majority (37.5%) visit the centre for shopping once a week whilst 14.5% 2-3 times a week, 13% visit once a fortnight and 12.5% visit once a month. Just 1% visit everyday. 40.5% never visit for late night shopping;
- 38% visitors cited the 'close to home' as what they like about Watford town centre. 21.5% cited the 'good range of chain/well known stores', 19.5% cited the 'good range of independent stores'; and 10.5% cited 'indoor shopping malls/arcades' as features they like about the centre;
- In terms of dislikes, the majority (33.52%) cited 'nothing/very little' although 14% cited 'traffic congestion' and interestingly, 5% cited 'lack of non-food stores';
- 26.5% indicated that 'nothing in particular' would persuade them visit to Watford more often although 13.5% cited the need to 'attract larger retailers'. 'More parking' and 'reduce cost of parking' was cited by 6% and 5.5% respectively as types of improvements that would persuade them visit to the centre more often.

Summary

- 5.40 Watford is performing strongly as a regional shopping destination and stands up well against competing centres. The town has a strong comparison retail offer and good representation from key multiple operators which are predominantly concentrated within the Charter Place and Harlequin shopping centres. The convenience retail offer is less comprehensive. There are only two supermarkets in the town centre – Sainsbury and Iceland, although there is also an M&S Simply Food within the Marks & Spencer store.
- 5.41 The mainstream retail offer is complemented by Watford Market at Charter Place which offers a range of convenience and comparison goods. The town centre offers a good mix of complementary leisure uses including several bars, restaurants and cafés, many of which are concentrated towards
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the northern and southern ends of the town centre. Other leisure facilities include a leisure centre, a Bingo hall and a theatre.

- 5.42 Key viability indicators such as rental value and yield level indicate that Watford is performing well in its regional context. Both yields and rents compare favourably with the town's competing centres and have consistently improved over the last ten years, although rents have dipped since 2008 as a result of the financial crisis.
- 5.43 Vacancy levels in Watford are broadly in line with the national average, both in terms of floorspace and numbers of units. The vacancy rate has improved slightly since November 2009.
- 5.44 The town has good accessibility by a range of modes of transport. Watford is served by national rail services, the London Underground network, local bus services and also benefits from good links to the strategic road network. Watford Junction is located approximately 15 minutes walk from the town centre and is not well signed for those pedestrians unfamiliar with the area. The town centre has limited direct access by car as much of the centre is either pedestrianised or has restricted access. There is good provision of parking within the various public car parks and parking facilities attached to the Harlequin Centre.
- 5.45 The town centre offers a pleasant shopping environment, with pedestrianised areas, good provision of public seating and planting. There is also an attractive area of public open space close to St Mary's Church. The heaviest pedestrian flows are to be found at the entrance to Charter Place next to the Exchange Road bridge and outside popular shops such as Marks & Spencer and Primark. The lowest daytime footfall is to be found at the northern and southern most ends of the town centre where there is a concentration of bars and restaurants which typically cater for the evening economy.

6. CAPACITY PROJECTIONS

- 6.1 In this section we estimate the current performance of retail provision in Watford as the basis for forecasting the need for additional retail floorspace to the period 2026, incorporating the interim years of 2015, 2020 and 2025. The capacity tables accompanying this assessment are attached in Appendices 3, 4 and 5. As previously stated, this assessment predominantly focuses on capacity arising in and around Watford town centre and not on capacity arising in the Borough as a whole.
- 6.2 We have used a conventional and widely accepted step by step methodology, consistent with best practice, which draws upon the results of the household telephone survey of existing shopping patterns to model the existing flow of available expenditure to Watford town centre and identified out-of-centre retail provision. In order to develop the baseline position, we have:
- Calculated the total amount of convenience and comparison goods expenditure which is available within the postcode areas comprising the Watford catchment area;
 - Allocated the available expenditure to the convenience and comparison goods shopping destinations, on the basis that the household telephone survey of shopping patterns, so as to provide estimates of current sales and forecasts of future sales;
 - Compared to the total expenditure attracted to each shopping destination with current retail floorspace to assess sales densities in each shopping destination.
- 6.3 Building on the baseline position, we have explored the capacity for further convenience and comparison goods retail floorspace within the Borough.

Data Inputs

Survey Area and Household Survey

- 6.4 In order to provide detailed factual information on shopping patterns in the Borough, we commissioned a new household telephone survey covering 1,600 households. GVA Grimley designed the survey questionnaire in consultation with Watford Borough Council and NEMS Market Research Company – who undertook interviewing and data processing in March 2010. The survey area is shown on Plan 1 and the full survey results are provided in Appendix 4.
- 6.5 The survey results identify shopping habits of households for both convenience and comparison goods. Where necessary, the survey results have been re-based to remove certain responses, such as “internet/mail order shopping”, to ensure consistency with categories excluded in the expenditure projections. For convenience goods, the household telephone survey included questions on main foods and top up food shopping. The results of the two types of food expenditure were then merged

through the application of a weight, which reflects the estimated proportion of expenditure accounted for by each type.

6.6 For food we used a 75%/25% food/top-up food weighting. This forms a composite pattern of convenience spending, expressed as a market share for each destination centre or foodstore for each survey Zone. The survey also includes six questions on specific comparison goods types, which coincides with Experian Business Strategies definitions of comparison goods expenditure. The retail and needs modelling exercise uses the weighted averages of the household survey responses for each goods type based on the proportion of per capita spend on that goods type. This process establishes pattern of residents spending for each Zone in terms of the following types of goods:

- clothing and footwear;
- furniture, floor coverings and household textiles;
- DIY and decorating supplies;
- domestic and small electrical appliances (tv, hi-fi, radio, etc);
- personal goods (jewellery, glassware, books, stationary, gardening and pet related products);
- recreational and sporting goods.

Estimates of Population in the Survey Area

6.7 Population estimates and forecasts were drawn from the Experian e-marketer in-house system. This provides estimates of population based on trend line projections and the 2001 census for small, localised areas. Overall, the population of the survey area within Zones 1-16 is currently 986,275. It is forecast to grow to 1,018,457 by 2015, 1,049,412 by 2020, to 1,083,595 by 2026 (Table 1, Appendix 2 and 3). Overall, the population is forecast to grow by 9.9% between 2010 and 2026 within the whole survey area.

Available Expenditure in the Survey Area

6.8 The Experian e-marketer system provides estimates of the per capita expenditure for convenience and comparison goods in 2008 prices. We have made deductions for special forms of trading (SFT) which represent expenditure not available to spend in the shops, i.e. internet and catalogue shopping based on the most up to date information provided by Experian. We have applied individual per capita expenditure figures across each survey Zone to provide a more detailed understanding of available expenditure in different parts of the catchment area.

6.9 As explained in Section 3, we have drawn on the latest advice published by Experian and Oxford Economics and applied a growth rate for convenience goods of -2.9% per annum between 2008 and 2009; 0.3% per annum between 2009 and 2010; 0.4% per annum for the period 2010 to 2015; and

0.7% per annum from 2015 onwards. We expect more growth will take place on comparison goods as opposed to convenience goods as the scope to purchase more food is more limited than the scope to purchase non-food goods. For comparison goods we have adopted a growth rate of - 0.6% per annum between 2008 and 2009; 0.4% per annum between 2009 and 2010; 2.5% per annum between 2010 and 2015; 3.6% per annum between 2015 and 2020; and 5.7% per annum post 2025.

- 6.10 Taking these considerations into account, we have generated expenditure by Zone to highlight variations across the survey area and grown them accordingly to 2015, 2020, 2025 and 2026; 5 year forecasting periods as required by PPS4. Table 2, Appendix 2, applies per capita expenditure within each Zone to population forecasts, which indicates that total available convenience goods expenditure within the survey area is currently £1,754m. This is forecast to grown to £1,828m by 2015; £1,941m by 2020; and finally to £2,084m by 2026. This equates to an overall growth of £329.7m (18.8%) between 2010 and 2026 (Table 3, Appendix 2).
- 6.11 Table 3, in Appendix 3, sets out the total available comparison goods expenditure within the survey area by again applying per capita expenditure within each Zone to population forecasts. This indicates that total available expenditure within the survey area under is currently £2,777m and this is forecast to grow to £3,162m by 2015; to £3,882m by 2020, increasing to £4,985m by 2026 – equating to an overall growth of £2,208m (79%) between 2010 and 2026.

Floorspace Data

- 6.12 The comparison and convenience floorspace data used in our modelling has been drawn from a range of data sources including the Institute of Grocery Distribution (IGD), the Trevor Woods retail warehouse database and Experian Goad. Our floorspace assumptions for the foodstores include, where appropriate, an adjustment to identify the proportion of purely convenience goods floorspace. Most superstores include a proportion of non-food floorspace; we have adjusted the net floorspace to identify the proportion of sales space allocated for convenience/comparison goods in our capacity assessment. These accords with the expenditure data and the expenditure assumptions used.

Convenience Goods Shopping Patterns

- 6.13 The main foodstore provision in the town centre includes the Sainsbury's, Albert Road South and the M&S foodhall in the Harlequin Centre. In addition to the in-centre provision, there is also the Tesco on Lower High Street. Other large foodstores in the Borough include the Asda at Odham's Trading Estate and the nearby Sainsbury's stores at the Dome Roundabout. These stores are defined as out-of-centre under the provisions of PPS4. Plan 10 illustrates the location of convenience stores across the Borough.
- 6.14 Overall, the Borough's main foodstores draw 14% of available convenience goods expenditure in the survey area (Zones 1-16). We have, however, also reviewed the shopping patterns of those

residents living within the Zones largely falling within the Borough boundary (Zones 1, 2, 3 and 4). This enables us to review the main flows of food shopping trips and the competition arising between town centre and out-of-centre foodstores both within and beyond the Borough. The findings are included within Appendix 2 and Table 6.1 below. It is evident that the Borough currently retains approximately 78% of available convenience goods expenditure within its zones. This is a particularly strong level of retention and indicates only marginal leakage of trade to competing provision.

Table 6.1: Convenience Goods Market Share

	Zone 1	Zone 2	Zone 3	Zone 4
Retained Expenditure (£m)	£30,089	£25,594	£31,514	£58,003
Market Share (%)	81%	81%	80%	74%

Source: Household Telephone Survey, March 2010

- 6.15 Table 6.2 demonstrates the influence of the major foodstores in the Borough, particularly the Sainsbury's town centre store, the Tesco on Lower High Street (both located in Zone 2) and the out-of-centre Asda (located in Zone 3) and Sainsbury's (located in Zone 4).

Table 6.2: Convenience Shopping Patterns in Watford

		Sainsbury's, Albert Road South	Tesco, Lower High Street	Asda, Odham's Trading Estate	Sainsbury's, Dome Roundabout
Zone 1	Main Food	29%	16%	27%	20%
	Top Up	18%	4%	7%	4%
Zone 2	Main Food	47%	28%	9%	5%
	Top Up	25%	3%	1%	3%
Zone 3	Main Food	5%	38%	16%	33%
	Top Up	0%	14%	10%	12%
Zone 4	Main Food	2%	6%	43%	30%
	Top Up	1%	4%	19%	18%

Source: Household Telephone Survey, March 2010

- 6.16 Overall the survey identifies very little leakage of convenience expenditure from the Borough's Zones. However, it is also apparent that the Borough's foodstores have very little influence over the rest of the survey area outside the Borough's core zones (Zones 1-4). The survey indicates that, in most cases, the stores draw 5% or less trade from the wider survey area. The only exceptions to

this are the Sainsbury's in the town centre which attracts 11% of trade from Zone 6; and the edge-of-centre Tesco which draws 22% expenditure from Zone 14.

- 6.17 In terms of expenditure flows within the Borough's zones (1-4), it is evident that there is only marginal leakage of trade from Watford town centre's location zone (Zone 2) to the out-of-centre foodstores located in Zones 3 and 4. The out-of-centre stores together draw approximately £3.6m (12%) of available expenditure generated within Zone 2, whilst stores in Watford town centre draw £15m (48%). This is predominantly attributed to the Sainsbury's which has a 41% market share in this zone. Consistent with the location of the Tesco on Lower High Street within Zone 2, this store draws £6.9 (22%) of available expenditure from this zone which is a reasonable market share and highlights the competition this store poses to those within the town centre boundary.
- 6.18 Not surprisingly the out-of-centre stores (Asda and Sainsbury's) have the dominant market share in Zones 3 and 4 in which they are located. Together these stores draw £16.1m (42%) of available expenditure in Zone 3 and £50.3m in Zone 4 (64%). In comparison, foodstores located in Watford town centre draw just 6% from Zone 3 and 5% from Zone 4. The Tesco at Lower High Street draws a greater proportion from Zone 3 (32%) but consistent with the location of Zone 4, its market share in this zone is just 6%.

Convenience Goods Capacity Projections

- 6.19 Our methodology estimates the overall trade draw of Watford for convenience goods based on our examination of the trade drawn to the Sainsbury's and M&S Simply Food in the town centre as well 'other' local stores in Watford which includes any smaller stores and independent outlets e.g. bakeries, healthfood stores and newsagents etc. We have also factored in trade drawn to the edge-of-centre Tesco and the two out-of-centre stores (Asda and Sainsbury's) (Table 16, Appendix 2).
- 6.20 We estimate that the Sainsbury's on Albert Road South currently has a convenience goods turnover of £36.3m which is a strong turnover compared to our estimate based on company average (£21.9m). In contrast, the results of the household survey suggest that the M&S Simply Food in the Harlequin Centre is trading below company average with an estimated turnover of £9m compared to £18.2m. It is often the case that the usage of these types of town centre stores can be somewhat underestimated by the telephone surveys which do not pick up passers by, linked trip shoppers, local employees and 'quick stop' shopping trips. Drawing on our qualitative assessment and observations from our site visit we do not believe the store is undertrading significantly.
- 6.21 It is evident that the Tesco at Lower High Street is trading relatively well with a turnover of £81.4m which represents a higher turnover compared to what we would expect the store to be trading at based on company average levels (£75.6m). The survey shows that the Asda at Odham's Trading Estate is also performing below average with a current turnover of £68.4m. Based on the company average turnover we would expect this store to have a turnover more in the region of £80m. The Sainsbury's on the other hand is trading very strongly, relative to its company average. We estimate

the store has a turnover of £56.5m which is over twice what we would expect based on company average (£26.7m).

- 6.22 Overall, the convenience provision in Watford town centre and out of centre foodstores are currently trading at £10,300 per sq m net (Table 17, Appendix 2), which is broadly in line with what we would expect the floorspace to be trading at (£10,408 per sq m net). This takes account of the balance between stores which are over/under trading as discussed above.
- 6.23 Based on population and expenditure growth, and the detailed performance analysis of existing floorspace, we believe there is some capacity to support additional convenience goods floorspace in Watford town centre. Drawing on the latest advice from Experian, we have applied an annual growth in sales efficiency of existing floorspace of 0.1% between 2010 and 2015 and 0.3% between 2015 and 2026. Our projections are summarised in Table 17, Appendix 2, which indicates that by 2015 there will be residual expenditure in the region of £6m, which is set to grow to £17.5m by 2020; £29.6m by 2025 and £31.9m by 2026. It should be noted that long-term projections should be treated with caution given the fact that margins of error increase over longer time periods, and with the recent economic recession, the future is uncertain.
- 6.24 Table 6.3 sets out our global capacity forecasts for Watford based on an average sales density for a major foodstore operator (£10,000 per sqm net). These figures do not take into consideration any commitments for convenience goods floorspace in Watford as we understand there are no significant outstanding developments with extant planning consent.

Table 6.3: Projected Residual Expenditure and Capacity in Watford

	2015	2020	2025	2026
Residual Expenditure (£000)	£6,314	£17,537	£29,609	£31,902
Capacity (sqm net)	628	1,719	2,859	3,071

Source: GVA Convenience Goods Capacity Modelling, 2010

Comparison Goods Capacity Projections

Watford Town Centre

- 6.25 It is evident that Watford town centre currently retains approximately 30.8% of available comparison goods expenditure within the survey area. Within the Borough's zones (Zones 1-4) the centre retains 66% of available expenditure which is a strong level of retention in its core catchment area.
- 6.26 Tables 4 and 5 in Appendix 3 indicate the trade draw of Watford town centre, and Plan 3 illustrates the extent of the town centre's influence throughout the survey area highlighting variations in market share. The strength of the centre's influence over Zones 1-4 is clearly evident. Outside the Borough's zones, Watford also has a strong market share in Zones 5 (47%), 6 (65%) and 14 (58%).

The centre's overall influence extends across the entire survey area although its market share is evidently more limited in the outer zones (Zones 7-13 and 15-16).

- 6.27 On the basis of current market shares, and taking into account forecast growth in population and available expenditure, we estimate that Watford town centre will have a comparison goods turnover of £968.6m in 2015 which is expected to rise to £1,185.6m by 2020 (Table 5, Appendix 3).
- 6.28 Based on an existing comparison goods floorspace of 53,532 sqm net, we estimate that the town centre currently has a substantial comparison goods sales density of £15,960 per sqm net. This is based on Experian's estimated floorspace figures for Watford which do not take into account upper levels out side of the shopping centres (Charter Place/Harlequin Centre) and we therefore believe this figure is somewhat overstated. Furthermore, Experian classify the Watford indoor market as being entirely convenience floorspace which is evidently not the case given there are stalls selling a range of comparison goods in the market. Nevertheless, the centre is evidently performing very strongly.

Out-of-centre retail provision

- 6.29 We have identified the main out-of-centre retail provision in the Borough which are illustrated on Plan 11, and listed below.
- **Century Park** – c.8,363 sqm net (Furniture Village, Comet, Currys, Hobbycraft, Halfords, Toys R Us, PC World);
 - **Colne Valley Retail Park** – c.6,551 sqm net (Allied Carpets, DFS, Carpetright, Paul Simon, Harveys/Bensons, ScS);
 - **St Albans Road** – c.5,430 sqm net (Homebase, Staples, TK Maxx);
 - **Waterfields Retail Park** – c.5,561 sqm net (Next, Mamas & Papas, Sports Direct, Boots, Argos Extra);
 - **Watford Arches Retail Park** – c.8,745 sqm net (B&Q Warehouse, Mothercare World/Early Learning Centre).
- 6.30 The above combined equates to a total retail warehouse floorspace of 34,650 sqm net. Drawing on the results of the household survey, we estimate the turnover of these stores is currently £131.8m which equates to 5% of the total available comparison goods spend in the survey area. Based on this turnover and floorspace, we estimate that retail warehouse provision in Watford has a sales density of £3,805 per sqm.
- 6.31 Closer analysis indicates that this turnover is predominantly generated by the strong performance of Watford Arches Retail Park and Century Park. We estimate the turnover of Watford Park is in the region of £53.8m which is almost entirely attributable to the B&Q Warehouse. We estimate the turnover of Century Park is in the region of £46.8m. Consistent with the types of retailers located at
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Century Park, the survey results indicated that the retail park is particularly popular in terms of DIY and decorating, domestic appliances and small electronics (e.g. tv, radio) comparison goods categories.

- 6.32 Plan 12 illustrates the extent of the retail parks influence throughout the survey area highlighting variations in market share. It is evident that overall influence is relatively dilute but extensive across the entire survey area.

Comparison Goods Global Capacity Projections

- 6.33 In assessing capacity for future comparison goods floorspace, we have assumed that the efficiency with which existing floorspace is being used will increase over time, and we have assumed an annual growth in sales per sqm net of 1% between 2010 and 2015, growing to 2% between 2015 and 2026. Based on the performance of existing floorspace we would expect new quality floorspace to achieve at least £5,500 per sqm net, and have translated residual expenditure into floorspace on this basis. This assessment has assumed that Watford will maintain its existing market share and we have forecast the capacity for new floorspace in the years 2015, 2020, 2025 and 2026.
- 6.34 It should be pointed out that this quantitative retail need assessment is based on current market shares; i.e. it forecasts future need by virtue of growth in population and expenditure based on current shopping patterns. This forms the baseline position and informs the floorspace figures for comparison and also convenience goods (as discussed above). This assessment has not considered the scope to claw-back further trade from competing town centres and out-of-centre floorspace.
- 6.35 Table 6.4 demonstrates the breakdown of global capacity arising in the Borough at 2015, 2020, 2025 and 2026. The figures include capacity arising from existing market shares to both the town centre and retail warehouse units. Given the uncertainty over growth in comparison forecasts over the long-term, it is recommended that the Council regularly monitors and updates the position in relation to future expenditure growth, which could have a bearing on future comparison capacity projections.

Table 6.4: Projected Capacity in Watford (Global)

	2015 (sqm net)	2020 (sqm net)	2025 (sqm net)	2026 (sqm net)
Residual Expenditure (£000)	£81,374	£223,731	£416,094	£461,254
Capacity (sqm net)	14,077	35,055	59,050	64,175

Source: GVA Comparison Goods Capacity Modelling, 2010

Summary

- 6.36 Capacity forecasts are underpinned by robust survey evidence identifying existing shopping patterns and market share and catchment area of retail provision in Watford. Population projections indicate that the total population of the survey area is forecast to grow from 986,275 in 2010 to 1,083,595 in 2026 – an increase of 9.9%.
- 6.37 Existing retail provision within Watford retains a high level expenditure within the Borough both in terms of convenience goods (78%) and comparison goods (66%).
- 6.38 Watford town centre is performing very strongly in terms comparison goods shopping. The centre's influence in terms of comparison shopping extends across the survey area and is clearly strong over the core catchment area (Zones 1-4 and 6) and immediate surrounding zones (Zones 5 and 14).
- 6.39 In terms of out-of-centre foodstore provision, the Asda and Sainsbury's located towards the north of the Borough have the dominant market share in Zones 3 and 4 in which they are located. Whilst the Asda is currently trading below company average levels, the Sainsbury's is trading very strongly with an estimated turnover over twice its company average.
- 6.40 Out-of-centre retailing is performing reasonably well, although some retail parks are performing better than others. Overall, out-of-centre provision in the Borough draws 5% of available expenditure from the survey area. The influence of the retail parks is relatively low but extensive across the entire survey area.
- 6.41 Our assessment has identified a small amount of surplus capacity for additional convenience goods floorspace with 1,719 sq m net identified by 2020.
- 6.42 In the case of comparison goods, we project global capacity to support 14,077 sqm net additional retail floorspace by 2015; increasing to 35,055 by 2020 and 64,175 by 2026.

7. CONCLUSIONS & RECOMMENDATIONS

- 7.1 Overall, our examination of Watford town centre has highlighted a vital and viable centre performing very well within its current role. It provides a pleasant shopping environment, developed around a traditional high street, and a relatively strong representation of multiple retailers. Even so, our review has highlighted potential signs of vulnerability, as well as opportunities to enhance and strengthen the centre over the forthcoming LDF period.
- 7.2 Watford has a relatively compact central shopping area making it relatively easy for shoppers to navigate their way around the centre. The core retail area is centered around the Harlequin Centre which assists strong pedestrian footfall to the different shopping areas such as the High Street/Charter Place.
- 7.3 Our review of health check indicators identified a healthy centre, which was busy and vibrant on a number of visits throughout the project. More specifically, the number of comparison outlets is above the national average, the proportion of vacant units is below the national average, rents have risen in recent years, yields have remained fairly static and demand from retailers for space has increased. Respondents from the telephone survey particularly like the range of well-known/multiple retailers and good selection of independent and specialist stores. The town centre has a reasonable mix of leisure activities including a theatre, bingo club and a number of bars and restaurants. However, there is certainly scope to improve the leisure offer including additional cultural and arts facilities to provide a more family friendly shopping environment and encourage more people back into the centre in the evening.
- 7.4 Perhaps the greatest threat to Watford's long term growth and consolidation is the threat of competition from nearby shopping destinations in the sub region which are seeking to improve their shopping offer i.e. Brent Cross, whilst there is also new competition in the form of the recent development such as Westfield in West London. Retailer requirements have grown and the quality of operator is good in the centre, therefore it is important that Watford provides suitable opportunities for these retailers to occupy premises within the centre so they are not attracted to out of centre locations. This includes department store operators/higher end retailers which would substantially improve future trade retention and the popularity of the centre and reduce the threat of local shoppers choosing alternative more modern shopping destinations such as Westfield and Brent Cross, when the latter is fully developed.
- 7.5 The Council will need to be proactive in identifying sites which could accommodate the quantitative/qualitative need for new retail floorspace by examining which sites are capable of accommodating a range of business models in terms of scale, format, car parking provision and scope for disaggregation in line with Policy EC5.1 of PPS4. Local authorities are required to follow

the sequential approach to site selection by identifying sites that are suitable, available and viable in this order:

- a. Locations in appropriate existing centres where sites or buildings for conversion are, or likely to become, available within the plan period;
- b. Edge of centre locations, with preference given to sites that are or will be well connected to the centre;
- c. Out of centre sites, with preference given to sites which are or will be well served by a choice of means of transport and which are closest to the centre and have a higher likelihood of forming links with the centre.

7.6 On this basis, the Council need to explore all options in the centre before edge of centre/out of centre sites are considered for a retail floorspace allocation. In parallel, the Council will need to examine the impact of the proposed location for retail development to ensure that any proposed edge of centre or out of centre development would not have an unacceptable impact on centres within the catchment area. The assessment of sites for retail development in a centre, depending on the scale of development, will also need to take into consideration whether the retail floorspace threshold for a particular site could have an impact on other centres.

7.7 The Practice Guidance (December 2009) sets out further guidance on the allocation of sites and states that Council's should also consider the scope to expand existing centres and promote new ones. An output of this study is not to specifically examine potential sites for new development in Watford town centre or to specifically advise on the expansion of the town centre boundary. However, it is likely that there will be some additional space in the Charter Place redevelopment. Charter Place has become outdated, and the Council is in the process of establishing a joint venture with a development partner to redevelop this shopping centre for retail and other uses including a cinema.

7.8 There has also been some discussion over a residential-led scheme to the rear of Watford Junction Station which is likely to include some element of office and community uses and a proportion of retail/leisure floorspace. The proposals for the area surrounding Watford Junction will need to be carefully monitored by the Council in order to ensure that any main town centre uses, in particular retail and leisure development, proposed on the site complements rather than competes with Watford town centre.

7.9 Given the Watford Junction site's distance from the primary shopping area of the town centre we consider it unlikely that this site could realistically form an extension to the town centre boundary. However, there may be potential, depending on the nature, design and scale of development, to integrate part of the site with the existing St Albans Road district centre. The retail element of the scheme could also better serve passengers passing through the station with enhanced opportunities for eating, drinking and convenience purchases that are typically associated with transport

interchanges. Any retail development at Watford Junction will need to be assessed against the key policies of PPS4, namely impact and sequential approach.

Convenience Goods

- 7.10 Our qualitative assessment has identified a reasonable town centre foodstore offer; however, both the number and proportion of floorspace is being below the national average. However, Tesco Extra situated to the south of the centre does compliment the convenience offer, by effectively functioning as an edge of centre store. Key foodstore retailers include the Sainsbury's situated adjacent to the High Street, and a Marks & Spencer foodhall within the shop unit on High Street. Our qualitative assessment identified that both foodstores appeared busy and were trading particularly well. Marks & Spencer in particular was over-crowded on each site visit.
- 7.11 The quantitative assessment suggests, however, that town centre foodstore provision is under-performing compared to expected sales density levels. These results are not consistent with the site visits and illustrates that town centre foodstore provision is catering for top-up lunch time shopping trips day-visitors and local employees, instead of main food shopping trips. Due to their roles and catchment areas, it is likely that their strong trading performance has not been reflected in the results of the household telephone survey.
- 7.12 Nearby, in out-of-centre locations, there is a good network of major foodstores providing for main food shopping trips. The Sainsbury's store at the Dome Roundabout to the north of Watford is trading above expected company average levels, whilst the figures suggest that the Asda at Odhams Trading Estate is marginally under trading.
- 7.13 Based on the current performance of town centre, and out-of-centre convenience goods floorspace, we have identified capacity for 1,719 sq m net by 2020. It will be necessary to direct global capacity into the town centre in the first instance, in this case Watford town centre and the network of smaller centres in the Borough. If additional convenience goods floorspace is proposed, in edge or out of centre locations, the impact on the network through trade diversion will need to be carefully considered.
- 7.14 At present, we understand there are no commitments to extend existing foodstores or to provide new stores in Watford. Our assessment has identified that Watford town centre's convenience goods provision is reasonable and new development should be encouraged over the forthcoming LDF period. Due to the physical constraints of the built environment a major food superstore with associated car parking is unlikely, but a smaller scale quality foodstore, or an extension to the existing offer, could enhance the choice in retail offer and improve the vitality and viability of Watford. We recommend the Council supports proposals for new foodstore provision in the town centre over the LDF period, providing it complies with PPS4 and by helping to strengthen the town centre's offer by complimenting the existing offer.

7.15 We recommend that the relatively limited surplus capacity is, where possible, directed towards the town centre, and the Council should be careful when considering new out-of-centre foodstore proposals given their possible impact on existing retail centres. Any foodstore proposal in an edge or out-of-centre location must demonstrate that they meet the following requirements, set out in PPS4, namely :-

- That there are no more central sites for the development; and
- That there are no unacceptable impacts on existing centres.

Comparison Goods

Capacity

7.16 Driven by the anticipated growth in retail expenditure (post 2015) and growing competition in the wider sub-region, we consider there is potential to increase, improve and consolidate comparison goods retail floorspace in Watford town centre. In particular, there is a need to bring forward development proposals to stimulate demand from higher order, mainstream and quality comparison goods retailers to fill the gaps in provision. This will be important if Watford is to fulfil its role in the sub-regional hierarchy as envisaged in the RSS.

7.17 As present Watford town centre is performing at a high trading level according to the Household Telephone Survey which is consistent with the results of our quantitative analysis, For instance the town has a current turnover of c.£854m, which translates into a sales density of £15,960 per sq m net based on Experian Goad's floorspace estimates. Based on our experience elsewhere we would expect centres of this scale, composition and role to be achieving circa £6,000 per sq m net - £8,000 per sq m net. However, this high level of turnover is likely to be as a result of the draw that the John Lewis anchored Harlequin centre will have in the catchment area.

7.18 Our capacity projections identify capacity to support additional comparison goods floorspace over the forthcoming LDF period. On the basis it is able to maintain current market shares in the face of growing competition, we estimate global capacity in the region of 14,077 sq m net of comparison goods floorspace by 2015, increasing to 35,055 by 2020 and 64,175 sq m net by 2026. These figures are based on constant market shares and assume no improvement in trade draw through potential improvements in retail and offer or claw-back of spend.

7.19 At present, Watford town centre retains c.30% of total available comparison goods expenditure, but the full extent of town and out of centre retail parks retain almost 36% of total available comparison goods expenditure from within the survey area, i.e. Zones 1-16. The remaining trade is being directed towards the competing centres in the wider sub-region and smaller centre both within and beyond the survey area.

- 7.20 As previously stated, following implementation of town centre schemes in competing centres, it is possible that Watford's market share could decrease as shoppers change their shopping patterns to go to other new and improved centres. It will be critical for Watford to enhance and consolidate its role to prevent such an outcome. An improvement in market share is achievable in Watford. At present, the centre has a market share of only 31%, and if new schemes come forward with key anchor retailers, a greater range of national and higher order multiples, and new department store operators this market share could erode. Overall, Watford should be seeking to enhance its market share to enable it to compete effectively with new forthcoming centres such as Brent Cross by encouraging significant investment as envisaged in the RSS.