

# Solihull Town Centre Strategy

## Direction Paper No. 1

Development and Property

June 2006

Prepared by GVA Grimley LLP



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# 1 Introduction

## Purpose of Direction Paper

- 1.1 This Directions Paper draws together the key findings from a review of baseline documents and GVA Grimley's property market knowledge relevant to the operation of the Development and Property Market in Solihull.
- 1.2 The paper is structured as follows:
- **Section 2:** Planning policy;
  - **Section 3:** Socio-economic profile;
  - **Section 4:** A comprehensive analysis of the area's property market; and
  - **Section 5:** Key messages and directions for the study emerging from this paper.
- 1.3 This Directions Paper is one of six papers that form a robust evidence base for the Solihull Town Centre Study. The other papers are:
- 2. Retail Policy Considerations;
  - 3. Town Centre Health Check
  - 4. Public Sector Assets;
  - 5. Movement and Accessibility; and
  - 6. Urban Design Analysis.

## Context

- 1.4 Solihull town centre is about 1.3 km (1 mile) north-west of Junction 5 of the M42 and just over 6.4 km (4 miles) south-west of Birmingham International Airport and the NEC. It is 12.8 km (8 miles) from the centre of Birmingham and 22.4 km (14 miles) from Coventry.
- 1.5 The town is extremely accessible (as Figure 1.1 shows) being located in close proximity to the strategic highway network (M6/M42/M40), the International Airport and Birmingham International Rail Station on the West Coast line to London Euston. The town also has a direct rail link to London Marylebone as Chiltern trains stop at Solihull en route from Birmingham Snow Hill.



**Figure 1.1: Location of Solihull Borough**



Source: Solihull Council website

1.6 Solihull Town Centre is a focus of retail, leisure and other facilities and supports significant employment numbers (around 14,000). Key land uses include:-

- About 80,640 sqm (868,000 sqft) of retail floorspace with the centre ranked 46th by the British Council of Shopping Centres;
- 30% (54,000 sqm) of that is within Touchwood Court (which opened in 2001) and contains many of the very highest quality comparison goods operators, anchored by a John Lewis department store;
- A wide variety of restaurants and bars and a growing evening economy;
- The Town Centre offers 100,000 sqm of office accommodation, mainly along Homer Road and Princes Way; and
- Three major hotels;

1.7 In terms of vitality and viability indicators the centre appears to be strong for the following reasons:

- Vacancy rates are low;
- There is a diversity of use;

- National multiple representation is good;
- Pedestrian flows in most areas of the centre appear strong; and
- The quality of the built environment is generally high.

1.8 Nonetheless, the potential for growth or change, and issues around the accessibility of the centre by a choice of means of transport, may affect the ability of the centre to maintain its vitality. Further information on the vitality and viability of the Town Centre is covered in Directions Paper No. 3 which addresses retail policy issues including vitality and viability indicators.

1.9 Wider limitations in the town (and the sub-region) will be key to the future development prospects and longer term growth of Solihull town centre as follows:

#### **Borough wide**

- Proposals for a second runway at Birmingham International Airport in the future leading to an increase in international routes as part of the Airport Expansion Master Plan – such expansion would be a major boost to the local economy and will increase the accessibility of the sub-region to wider international markets;
- Extension of Birmingham and Blythe Valley Business Parks – both these sites are identified as Regional Investment Sites (RIS) and as a result of this status do primarily target a different market e.g. blue chip companies, to the town centre office market. Notwithstanding this there may be a cross over with some users who could locate in either an out of town Business Park or Town Centre location;
- Residential led regeneration plans in North Solihull as part of the Eastern Corridor Housing Market Renewal Area and City region Growth Point Initiative; and
- The NEC gained the backing of Sandwell Metropolitan Council and Birmingham City Council as the proposed location for a Casino in the Midlands in conjunction with the Las Vegas operator MGM Grand. The Government recently backed other bids and regions instead of the NEC as locations for either a Super or smaller Regional Casino for the UK. Despite this Solihull remains on the list as a potential location for a smaller Casino. Depending on where this is located in the Borough it remains a threat to Solihull town centre as such a development could (due to the scale of these operations) be a key competitor with the retail, leisure and restaurant offer in Solihull.

1.10 All of the above will inevitably contribute to further increased pressure on the road network which currently suffers from congestion at peak periods. This is a big issue for Solihull. There are no major schemes proposed in the Local Transport Plan (LTP) to address this issue in relation to the town centre. Strategic initiatives such as the East Birmingham-North Solihull

Quality Bus Network; Red Routes Network; Minworth-Chelmsley Wood Link Road and the M42 Active Traffic Management Measures and the Transport Innovation Fund (TIF) proposals will have some limited, but short lived, impact on congestion, but in the longer term other initiatives, possibly including demand management measures, will need to be considered. Further discussion on transport issues is provided in Direction Paper No. 5.

### **Solihull Town Centre**

1.11 Planned development in the town centre will also impact upon and further raise the profile of the town. The outcomes of the study will set the framework within which these schemes will come forward. Potential future developments include:

- A second phase of development of the Touchwood shopping centre; and
- The revitalisation of Mell Square by Morley Fund Management in partnership with the Council.

1.12 The next section of the report summarises planning policies relevant to this Directions Paper.

## 2 Planning Policy

- 2.1 A select review of relevant economic and planning policies has been undertaken. This is provided at Appendix 1. A more detailed planning policy review has been undertaken to accompany Directions Paper 2 – Retail Policy Considerations, in Appendix 1.
- 2.2 The key findings relevant to this Directions Paper are summarised below:

### **Delivering Advantage – The West Midlands Economic Strategy, AWM (RES, 2004)**

- The region generally suffers from skill gaps in management, development and leadership roles. Solihull, in contrast has a higher proportion of such skills (this is considered further in the socio-demographic profile in Section 3);
- Shortage of affordable housing in the south-east of the region. Solihull displays a major contrast in wealth between the north and south of the borough. Hence in areas such as Knowle with high house prices, there is a lack of low cost housing, an issue that planning policy will have to address; and
- In the West Midlands manufacturing is continuing to decline therefore we would expect lowering demand for industrial premises for these kinds of activities. On the other hand, there is evidence of considerable high technology/knowledge-based business activity in the Coventry, Solihull and Warwickshire (CSW) sub-region which is leading to a different type of demand for B1 offices e.g. start up units and research and development facilities.



### **Driving the Sub-Region Forward - The Coventry, Solihull and Warwickshire Economy, 2003/04 (CSWP)**

- The sub-region's economy has transformed markedly over the past thirty years with the decline in traditional manufacturing and huge growth in service employment;
- The sub-region's population is becoming more diverse, with ethnic minority residents accounting for a larger proportion of the total population. This has influenced the economic profile of the sub-region;
- Labour market trends locally have mirrored national trends: economic activity amongst men has fallen and risen amongst women; the number of residents in full-time work has fallen, but part-time employment has risen; unemployment has fallen, whilst self-employment has increased;
- Manufacturing accounts for a declining proportion of jobs in the sub-region, but is still a vitally important wealth-generating sector. The sector locally is facing up to the challenges brought by modernisation and globalisation;
- The performance of the sub-regional economy is now much more dependent on European and global trends;
- The Coventry Solihull Warwickshire sub-region has high proportions of both businesses and employment participating in the knowledge economy. However, the southern parts of the sub-region are more heavily involved in these knowledge-based activities;
- There has been a change in the nature of inward-investment enquiries in recent years towards a much wider range of types of investment in the sub-region. Coventry Solihull Warwickshire maintains a good portfolio of quality sites for development; and
- Lack of access to broadband in many rural areas can act as a barrier to growth and needs to be tackled.

### **North Solihull Strategic Framework 2005**

- 2.3 This document sets out the vision and regeneration objectives for North Solihull and the plan for development and change. It also outlines the delivery and implementation strategy to take the proposals forward. This document has been adopted as Supplementary Planning Guidance, supplementing and consistent with, the 'saved' development plan policies within the Local Development Framework (LDF).

- 2.4 The plan vision has been articulated in a manner which is consistent, and conforms with the Regional Spatial Strategy (RSS) and the current UDP. There are four strands which make up the vision:

- Quality of life and choice;
- An engaged and active population;
- A place of first class connections; and
- A distinctive character defined by open space.

### **Community Strategy 2003-2013**

- 2.5 Solihull Metropolitan Borough Council (SMBC) has produced a Community Strategy which outlines how it will make Solihull a better place for its community over the next 10 years. It sets out key indicators including educational achievements, population profile, economic prosperity indicators, life expectancy etc. Key objectives for the Borough are:

- To make it good to live in for everyone;
- To offer opportunities for learning and creativity;
- To value children, young people and family life;
- To make it safe from crime and disorder;
- To create jobs and encourage enterprise;
- To create a place where people enjoy good health;
- To respect difference and diversity;
- To make it inclusive and community focused; and
- To promote caring towards others.



2.6 The Community Strategy raises the following key points:

- The high percentage of knowledge-based businesses in the area are an opportunity upon which to draw;
- Solihull has higher relative numbers employed in the management, development and leadership sectors which could attract more companies into the area;
- Shortage of affordable housing is an opportunity which developers must tackle in delivering more mixed community schemes;
- Continuing rapid growth in development activity and productivity;
- Manufacturing has to meet challenges of modernisation and globalisation;
- The sub-region is more dependent on European and global trends therefore attracting international companies will be important to the success of the economy;
- It will be important to retain a good portfolio of quality sites for investment and development, to which inward investors will be attracted;
- Improvements to internet access in rural areas will help make businesses more sustainable; and
- The Community Strategy is vital to creating "One Vision" for Solihull for the future, and making it a great place where people can live, work and enjoy leisure time.

2.7 The next section reviews the socio-economic profile for Solihull Borough as this influences the property take-up and supply in the area.

### 3 Socio-economic Profile

- 3.1 This section provides a brief overview of the socio-economic characteristics of the Borough of Solihull, covering factors including demographics, socio-economic classifications, employment and unemployment rates, housing tenure, car ownership and educational attainment.

#### Population

- 3.2 The urban area has a population of 94,753, while the district as a whole has a population of 199,517 (2001 Census). This equates to just under 8% of the total population of the West Midlands which stands at just in excess of 2.5 million (2001 Census). As a comparator Birmingham's population is just under 1 million at 977,087 (38% of the West Midlands total population). In Solihull there is a slightly greater population of females (51.6%) compared to males (48.4%).
- 3.3 In terms of age range, the largest proportion of the population is present in the 30-44 years cohort (21.8%) and the lowest the 20-29 years cohort (9.1%). This could suggest a trend of young adults moving away from the area for work or study (with high house prices a major factor in this), but those of 30+ years settling down in the area once they have established careers and are able to afford to live in the Borough.

#### Socio-economic classifications

- 3.4 The following data indicates that there are high percentages of higher and intermediate managerial/administrative/professional workers in Solihull (27.2%) and in supervisory clerical junior managerial/administrative/professional occupations (30.9%) than in Birmingham and the West Midlands as a whole. This indicates an affluent population.

**Table 3.2 – Socio Economic/ Approximated Social Grades (2001 Census)**

	<b>AB: Higher/ intermediate managerial</b>	<b>C1: Supervisory, clerical, junior manager</b>	<b>C2: Skilled manual</b>	<b>D: Semi-skilled / unskilled</b>
Solihull	27.2%	30.9%	12.9%	14.3%
Birmingham	17%	26.3%	14.6%	21.5%
West Midlands	16.9%	26.2%	16.4%	21%



## Employment

- 3.5 Solihull is seen as an attractive place to both live and work. This is reflected in the following table, which identifies an increase in the number of people employed in the Borough.
- 3.7 This increase will be due in part to the opening of the Touchwood Centre in 2001 and new office developments along Princes Way and at the Borough's Business Parks, which all grew in size during this period.

**Table 3.3 – Employment Growth in Solihull between 1998 and 2003**

	1998	2003	Number Change	% Change
Solihull	92,736	105,245	12,509	13.49

Source: Annual Business Inquiry 2005

## Unemployment

- 3.8 In October 2005 overall unemployment within the Borough of Solihull was 1.8% compared to 5.7% for Birmingham as a whole, and 3.3% for Coventry. (Data from JUVOS Small Area Unemployment Statistics) However, there is quite a variation within Solihull. The highest areas of unemployment are in the North of the Borough with Chelmsley Wood (4.8%), Smith's Wood (4.6%) and Fordbridge and Kingshurst (4.3%). In the south, Dorridge and Hockley Heath with 0.5% is one of the lowest areas of unemployment, followed closely by Knowle (0.6%) and St Alphege (0.6%).

## Housing Tenure

- 3.9 In the urban area, 81% of residents are owner-occupiers indicating a relatively prosperous population. This is high compared to the data for Birmingham (62.3%) and the West Midlands average (68.1%). This is due to the high numbers of professionals and executives that live in the Solihull borough.
- 3.10 The largest proportion of home ownership in Solihull is in St Alphege, Shirley South and Elmdon, whilst the lowest is in Chelmsley Wood and Smith's Wood. It follows that there is a large percentage of local authority rented accommodation in Chelmsley Wood, Smith's Wood and Kingshurst and Fordbridge. (Census, 2001 data).

## Car Ownership

- 3.11 Solihull Borough has the highest level of car ownership in the region as Table 3.4 below indicates.

**Table 3.4 – Car Ownership (2001 Census)**

	One Car	Two Cars	Three Cars	Four or more Cars
Solihull	40.1%	30.5%	5.9%	1.9%
Birmingham	41.7%	16.3%	2.7%	0.8%
West Midlands	42.5%	19.4%	3.4%	0.9%

- 3.12 This is reflective of the relative prosperity of the area with a large number of residents employed in managerial and professional jobs (see Table 3.2).
- 3.13 Knowle and Meriden have the highest levels of households with four or more cars and vans, while Meriden and St Alphage have high levels of households with access to 3 cars. There are high numbers of households in Elmdon and Lyndon with one car while many in Chelmsley Wood and Smith's Wood do not have access to a car or van. (Census, 2001 data).

### Summary of key issues

- 3.14 The following key issues have been derived from this section of the report:
- The sub-region has a diverse population;
  - The smallest age cohort is the 20-29 age group i.e. students and young professionals, with the largest being the 30-44 age group which indicates that a proportion of the above may return to the town for work and to live. (affordability of housing is a key determining factor);
  - Labour market trends mirror national trends – full time work has fallen, part time has risen, unemployment has fallen whilst self-employment has increased. There may be opportunities here to help with business start-ups, and to further encourage an entrepreneurial environment;
  - Nearly 30% of those employed are in higher professional and management occupations;
  - Unemployment overall in the Borough is low compared to Birmingham and the wider region, however there are variations with areas of higher unemployment to the North of Solihull;
  - There is a high percentage of owner-occupiers, and there are issues of a lack of affordable housing in certain areas of the Borough; and

- Solihull has the highest level of car ownership in the region, which contributes to the high levels of congestion in the Town Centre.

3.15 The next section provides an analysis of the property market in Solihull.



## 4 Property Market Analysis

### Introduction

- 4.1 This section provides a comprehensive review and evaluation of the property market in Solihull town centre and the surrounding Borough. It considers retail, office, leisure and residential markets.

### Context

- 4.2 The physical or spatial capacity of a centre may constrain its property market potential. A clear example is the brake that was placed on the expansion of Birmingham City Centre until the "concrete collar" was broken by the actions of the City Council. In the case of Solihull, the centre is also tightly bound by housing to the north-west and south-east and by offices to the south-west. Land-use is more mixed to the north-east, although includes the extensive site of the Solihull Hospital and also Solihull School. A conservation area covers part of the town centre. These constraints will need to be tackled in this study, if Solihull is to optimise its potential.
- 4.3 Opportunities for consolidation or new development may exist within and adjacent to the area defined generally by Homer Road, Lode Lane, Warwick Road and Church Road/New Road but largely depend upon redevelopment (e.g. Mell Square) or relocation (e.g. municipal uses along Homer Road). Whilst there may be significant opportunities in these general locations, they may only be capable of being realised in the medium to long-term, and will be dependent upon pro-active initiatives by the local authority.
- 4.4 In relation to transport and movement issues, High Street, Drury Lane and Mell Square are pedestrianised. The main centre car parks are at Touchwood Court, Lode Lane and Warwick Road. The railway station and bus interchange are located on Station Approach/Blossomfield Road, supported by an approximately 600 space car-park. The walk from Station Approach to the town centre is rather circuitous and involves crossing busy roads and intersections. A further car-park lies on Monkspath Hall Road on the far side of the railway line. The distance between this car-park and the centre is less than from Station Approach, although the pedestrian link (adjacent to the Holiday Inn) towards the edge of Touchwood Court is indirect and narrow.
- 4.5 In the absence of any clear strategy based on increasing road capacity to and around the town centre, improving the role and use of public transport will be particularly important in achieving the consolidation and/or growth of the centre. However, the lack of convenient, direct pedestrian links between the bus and rail stations as currently located may limit the extent to which public transport can contribute to the "capacity" of the centre. Congestion at



peak periods also make access by car more difficult, potentially reducing its attractiveness for commercial development.

4.6 The retail property market in Solihull is considered first.

## **Retail Market**

### **Sub-Regional Trends**

4.7 The Roger Tym Regional Centres Study (2005) suggests the following trends in the retail market across the region:

- An increase in comparison goods shopping;
- More than half of new retail floorspace is being built in out-of-centre locations;
- Town centre schemes have long gestation periods
- A more proactive approach may be required to facilitate development which should flow from PPS6; and
- Larger town centres are becoming stronger at the expense of smaller and weaker ones, driven by retailers' driving economies of scale.

4.8 The implications of these trends need to be taken into consideration in this Study and are considered more fully in Direction Paper No. 2.

### **Local Catchment Area**

4.9 According to the Promis Live Retail Report 2006, Solihull's primary catchment area encompasses the densely populated south eastern part of the West Midlands conurbation, and extends south and westwards into rural Warwickshire (beyond the M40/M42 to include Henley-in-Arden and Ullenhall) and north as far as the M6 and Marston Green. Its main competing centres are Birmingham, Coventry and Leamington/Warwick.

4.10 The southern and eastern part of the catchment is predominantly rural and includes Knowle. The estimated shopping population is 191,000, which is below the average for the Sub Regional Centres. It is projected to have below average growth in population over the period 2004-09.

4.11 Solihull town centre is located on the fringe of the West Midlands Conurbation to the west of the Borough, and is considered as a town centre (of sub-regional importance) owing to the volume and quality of its comparison and convenience retail offer. It is the administrative and commercial centre for Solihull Borough, and contains the main Council administration functions and extensive private office space.

- 4.12 The structure of the centre's retailing is loosely orientated around the linear pedestrianised High Street with the (recent) Touchwood Shopping Centre lying to the south and the 1960's Mell Square development to the north. Extensive office (and hotel) development is found beyond this, to the south and north, with Solihull railway station located to the west on the Chiltern line to London.
- 4.13 The High Street, Mell Square and Touchwood Shopping Centre make up the primary shopping area, with the prime pitch considered to be the Crescent Arcade Mall within Touchwood. Secondary frontages are found on Station Road and Poplar Road, to the west of the main retail area. Further information is provided in the Retail Policy Directions Paper No.2.

#### Rents

- 4.14 Retail rents for Zone A properties in Solihull in June 2005 were £205 per sqft, which was an increase from the year before of £5. Retail rents stayed at £200 per sqft from June 2001 - June 2004. (Focus – Colliers CRE). This compares with £325 per sqft in Birmingham. At the end of 2005 Promis gives a rent figure of £195 psf Zone A – a fall from the middle of the year.
- 4.15 Non-prime areas of the centre, while still considered part of the primary frontage, achieve Zone A rental values of circa £150/sqft. The highest rents on the High Street are achieved for those units on the southern side in between the entrances to Touchwood, which typically range between £140 and £145/sqft Zone A. Top rents in Mell Square are understood to be in the region of £130-£150/sqft Zone A. (Source: PROMIS). The prime pitch within Solihull is now considered to be Crescent Arcade mall within Touchwood, which is dominated by fashion retailers including FCUK and H&M.
- 4.16 A snapshot of currently available retail properties is provided in Table 4.1, below:

**Table 4.1: Current Availability of Retail Properties**

Location	Agent	Size (sqft)	Rental Value (per annum)
Mell Square	Gooch Suncliffe Whale	6,800sqft	£275,000
Mell Square	Gooch Suncliffe Whale	5,500sqft	£125,000
Drury Lane	Alston Noch	550sqft	£18,500
Station Road	Andrew Thompson and Co	733sqft	£34,500

Source: GVA Grimley, 2006

- 4.17 Our market information indicates that Zone A rents in Shirley and Chelmsley Wood are in the range £30-£50 psf. There is very little data available for Knowle as a result of very few transactions having taken place recently.

## Yields

- 4.18 As of December 2005 (latest available data) yields in Solihull were set at 4.25%, whereas Birmingham is at 5%. This was reflective of the availability of good covenants and high quality premises. This has declined from 5% in June 2005 and 5.75% the previous year. A private investor deal in August 2003 had a yield of 6.5% on High Street. The decline in yields will give an increase in capital values of property.
- 4.19 Solihull town centre is subject to strong investor confidence, given its consistently low commercial yields. Of note is that Solihull has performed better than centres higher up in the retail hierarchy, most notably Birmingham City Centre. This suggests that from a commercial property point of view, Solihull represents a low risk, high performing centre. This underpins current investment/developer interest from Morley and Bovis Lendlease.
- 4.20 Shirley is currently averaging yields of 6%. This should be expected given its lower order status as a district centre. An indicative yield achieved in Knowle is 5.26% on Station Road, (March 2006), which indicates a relatively low risk and a well performing centre from an investment point of view.

## Solihull Town Centre

### *Diversity of Uses*

- 4.21 Focus provides a list of the top 20 retailers present in the town centre. Tables 4.2 and 4.3 indicate those which are present in the town centre and conversely those which are not:

**Table 4.2: Top 20 retailers present in the town centre**

Rank	Retailer	Rank	Retailer
1	Boots	9	Next
2	Marks and Spencer	10	Dixons
3	Argos	11	Superdrug
4	Woolworths	17	HMV
6	John Lewis	18	Dorothy Perkins
7	WH Smith	19	Rosebys
8	BHS	20	Waterstones

*Source: FOCUS (ORC Data Services)*



**Table 4.3: Top 20 retailers NOT present in the town centre**

Rank	Retailer
5	Debenhams
12	Lloyds Pharmacy
13	Wilkinson
14	Co-op Department Stores
15	Littlewoods
16	New Look

Source: FOCUS (ORC Data Services)

- 4.22 Town centre floorspace in Solihull increased significantly in the period 2000-2005 owing to the opening of Touchwood Shopping Centre (developed by Lend Lease) and the completion of an extension to Beatties Department Store.
- 4.23 The completion of Touchwood Court has very significantly improved the quality and quantity of comparison goods shopping in the town centre. This scheme opened in September 2001. Touchwood is a 60,409 sqm (650,000 sqft) retail/leisure centre incorporating CineWorld, John Lewis, Gap and H&M.
- 4.24 The number of retail units within Solihull town centre increased by 41% between 2000 and 2005 to a total of 307 units equating to 80,640sqm (868,000 sqft), largely due to the completion of Touchwood Shopping Centre. The respective increase in floorspace during this period was 52%.
- 4.25 During the period 2000 to 2005 the role of Solihull town centre has evolved to become more focussed on comparison goods, with a particular emphasis on fashion. This can be largely attributed to the opening of Touchwood Court.
- 4.26 Solihull is home to a Sainsbury's, Superdrug and Marks and Spencers in the town centre and a large Morrisons is located on the edge of the town centre. Asda are proposing to open a store in Shirley late 2007 (part of the Shirley Advance scheme). Tesco are however represented outwith the town centre (at Robin Hood and Monkspath) with Waitrose just outside Shirley main centre.
- 4.27 Solihull is seen as the second best centre outside Birmingham City centre in the region for clothes and footwear shopping, because of the Touchwood Centre. Solihull has taken over this spot from Sutton Coldfield, which is followed by Merry Hill. 52% of residents from Sheldon and Hall Green visit Solihull, highlighting the fact that Solihull dominates the local catchment area.



- 4.28 The comparison goods spend of the centre is £357,256,833, whilst the core convenience goods spend is £178,118,808 (Promis 2006). The December 2005 Tym & Partners Study gives a comparison goods turnover of £485,700,000. (Convenience retailing in this context is defined as the provision of everyday essential items, including food, drinks, newspapers/magazines and confectionery. Comparison retailing is the provision of items not obtained on a frequent basis. These include clothing, footwear, household and recreational goods). The following table identifies the regional retail hierarchy in terms of comparison goods turnover.

**Table 4.4: Retail Hierarchy**

Strategic Centre	£m	Strategic Centre	£m
Birmingham	1876.74	Solihull Town Centre	485.70
Merry Hill Shopping Centre	699.73	Worcester	438.52
Coventry	692.65	Shrewsbury	418.26
Henley in Arden	643.47	Walsall	372.26
Wolverhampton	581.87	Telford	344.41

Source: West Midlands Regional Spatial Strategy – Regional Centres Study, December 2005

- 4.29 The Tym study classes Solihull as “medium” in terms of degree of competition and choice for catchment residents.
- 4.30 Of the service category, which makes up 28% of the total, which is just below the UK percentage of 32%, 9% are restaurants, cafes and fast food. This is below the UK average of 14% which perhaps indicates an opportunity for diversification. However there are greater percentages of travel agents, banks, financial services & building societies and estate agents, than the UK averages. Solihull could cope with more restaurants/ cafes.

#### *Mell Square*

- 4.31 Touchwood Court may have had an impact on the quality of shopping in Mell Square (37,160 sqm), although Mell Square retains a number of key multiple high street retailers and services (e.g. Beatties, BHS, Boots, M&S, Sainsburys, WH Smith, Woolworths and the Post Office). Mell Square was completed in December 1965 and its appearance is starting to become tired and dated.
- 4.32 There has been a qualitative decline in Mell Square in terms of environment and retailer representation. Solihull MBC as freeholder of the Mell Square “block”, and Morley Fund Management as long leaseholder, have recently entered into a Memorandum of Understanding under which both parties have agreed, for a period of 12 months, to work

together on proposals for the refurbishment, extension and/or, possibly, the redevelopment of all or part of Mell Square, assisted by Benoy.

- 4.33 As part of this redevelopment it has been suggested that the Post Office's sorting and depot functions on Mell Square may be relocated from its current location to an out of centre location. The Post Office would be keen to retain a 'front office counter service' in the town centre. Land in close proximity to the rail station is a possible candidate. Such a relocation would provide an increase in development land in Mell Square.

#### *Morrisons*

- 4.34 Morrisons currently occupy a large site on the edge of Solihull Town Centre including a large car park fronting Warwick Road. The Benoy proposals for Mell Square have also given consideration to extending the retail area to encompass this site. The plans focus upon retaining the current Morrisons unit but developing the car park. Car parking would be provided on upper floors, above the store and the new development. The site would incorporate a mixture of uses including residential.
- 4.35 Whilst this would create significant development value, make better use of this site and significantly improve this key gateway into Solihull it can at this stage only be seen as aspirational. Morrisons are yet to be consulted on this. At this stage any development here can only be seen as a long term option.

#### *Secondary Retail Locations*

- 4.36 In relation to out-of-centre retail provision, the two main retail parks in the Borough are the Solihull Retail Park (June 1995) and Sears Retail Park (opened March 1994). Both are modern retail warehouses. The former is a large development (16,729m<sup>2</sup>) selling predominantly bulky goods from twelve units and anchored by B&Q and MFI. The latter is 8,873 sqm and incorporates Comet, Homebase and JJB Sports. Other secondary shopping is found on Station Road and Poplar Road.
- 4.37 There may be some impact on shopping from internet users, particularly as parts of the Borough are relatively wealthy and increasingly likely to have internet access. Although, internet/catalogue shopping only makes up 2p in every pound of shopping in the main retail locations in Birmingham, it is a growing industry.
- 4.38 The UDP, adopted February 2006, describes how the town centre has emerged as a major retail centre within the region and has successfully attracted investment in new and existing retail stores. It does not however contain any town centre specific policies; an omission that will be addressed in the emerging Local Development Document for the area, which will be informed by this study.



*Vacancies*

- 4.39 There are currently 11 vacant units in Solihull town centre (Experian GOAD, Dec 05). The current level of vacant property amounts to 2,140sqm, which equates to 2.65% of total gross floorspace. This is significantly lower than the national average vacancy rate of 10.12%, and is a strong indicator of the town centre's viability. It is noted that there are no vacant units within Touchwood, which again re-asserts the development's role as the town's prime shopping area. The average size of the vacant units is 194 sqm (2,090 sqft), which is comparable to the overall average of all units in the centre 263 sqm (2,830sqft). Vacant units are fairly limited in the town indicating a profitable centre with strong underlying demand.

*Demand*

- 4.40 The Focus database (March 2006) indicates strong demand from retailers seeking representation in Solihull town centre, with a total of 95 requirements (note this excludes requirements for out-of-town representation). With the exception of a short term fall in requirements in 2001 (which coincides with the opening of Touchwood) and 2006, overall retailer interest has steadily increased year-on-year since 2000. The database suggests that demand is mainly from comparison retailers (which reflects the centre's existing characteristics), and includes Debenhams and TK Maxx. However, of note is that 23% of requirements are for restaurants/bars/cafes/fast food, which is significantly higher than the existing provision (9% of all units). This is an interesting feature and will need to be taken into account in proposals for growth of the existing centre.

**Retail Developments in Solihull Borough**

- 4.41 This sub-section briefly covers the pipeline developments in the Borough and the role of competing centres. Further and more detailed information is available in the Retail Policy Directions Paper No.2.
- 4.42 The closest centres to Solihull are Shirley (3 miles), Hall Green (3.5 miles), Knowle (4 miles), Sheldon (4.2 miles) and Acocks Green (4.4 miles).
- 4.43 Solihull's principal competitor is Birmingham City Centre, but also within easy reach are Coventry, Sutton Coldfield, Leamington Spa, Stratford Upon Avon and Redditch. For local shopping trips Acocks Green and Shirley are popular.
- 4.44 In relation to the wider context within which the centre functions, Solihull is a generally prosperous and affluent Borough (with the exception of the area covered by the North Solihull Strategic Framework) and housebuilding activity is strong. The Borough's location relative to the M42, M40, M6 and M5 corridors supports a number of major employment developments which, in turn, support a range of shopping, administrative and other functions in the town centre and aid the centre's strategic accessibility.

- 4.45 There is only a small amount of out of town retail development in the pipeline. At Monkspath, OTIUM Leisure and B & Q have submitted an application for a 178,000 sqft retail warehouse including a garden centre.
- 4.46 This analysis is interesting in that the Study area includes two vastly contrasting centres. Solihull, on the one hand, is in the top ten shopping centres in the region, whilst Chelmsley Wood is within the bottom ten shopping centres.
- 4.47 Chelmsley Wood town centre is now over 30 years old and is in need of substantial modernisation, improvement and investment to strengthen its position as the main focus for the north of the Borough and to take full advantage of its inclusion within the North Solihull Regeneration Zone. It is the third largest shopping centre in the Borough and serves a local catchment area. There is a distinct difference between immediate catchment area of North Solihull and the town centre, which will need to be reflected in their respective development strategies in the emerging Local Development Framework (LDF).
- 4.48 In respect of the Borough's other centres Shirley is a linear centre close to the Borough's boundary with Birmingham City. The centre accommodates a good range of convenience, comparison and service uses serving a local catchment population. "Shirley Advance" is promoting a major town centre scheme in the centre. On Haslucks Green Road in Shirley, Solihull Borough Council alongside a number of other developers propose a mixed development including a 6,505 sqm (70,000 sqft) Asda store and 11,710 sqm (126,000 sqft) of shops and restaurants. On Stratford Road Tesco has been granted permission for a 1,858 sqm (20,000 sqft) mezzanine floor extension.
- 4.49 The UDP highlights that Shirley town centre, while providing a range of services for its immediate catchment area, remains vulnerable to increasing competition from out-of-centre retailing in, or near, the A34 corridor. It is, however, the second largest shopping centre in the Borough in terms of retail floorspace and functions. Shirley dropped out of the top ten local centres in the Birmingham area in 2004, but the 'Shirley Advance' proposals will help address this loss of status. Shirley Advance are aiming to strengthen and consolidate the retail market in Shirley Town Centre.
- 4.50 The following are the key messages from the review of the retail property market of Solihull:

#### **Summary of Key Messages**

- Zone A rents of around £205 per sq.ft and a yield of 4.25% in the town centre.
- Solihull attracts shoppers from a wide catchment area and has a comprehensive representation in terms of top 20 retailers.



- High levels of demand for vacant space (which is in limited supply).
- A thriving town centre core anchored by Touchwood, John Lewis and Beatties.
- Strong out of centre provision.
- Generally prosperous town centre with surrounding district centres; Chelmsley Wood requires major improvements to survive; Shirley whilst declining relatively remains a more viable district centre. New proposals will assist both centres in terms of viability.
- A potential second runway at Birmingham International Airport would extend the retail capacity at the airport;
- Potential relocation of some of the Post Office 'back functions' to an out of centre site – would provide a larger developable area in Mell Square;
- Potential development of a Touchwood Phase 2; and
- Possible long term plans for redeveloping the Morrisons site, but keeping the current occupier as the anchor tenant.

4.51 The next section considers the office property market in Solihull.

### **Office market**

#### **Sub-Regional Trends**

4.52 The Roger Tym Regional Centres Study (2005) suggests the following trends in the office market across the region:

- Occupier requirements are becoming more sophisticated in terms of the accessibility, efficiency and sustainability of buildings and locations;
- Increasing importance of access to an appropriate pool of labour;
- The impact of IT changing working practices and creating a more flexible working environment; and
- Outsourcing of UK call centre activity.

## **Solihull Borough**

### *Business Parks*

4.53 There are two office led business parks within Solihull:

- Blythe Valley Park; and
- Birmingham Business Park

4.55 These two parks are allocated as Regional Investment Sites (RIS) in the Inspectors Report of the Solihull Replacement UDP 2006. A 21 ha (8.5 acres) extension of Blythe Valley Park is proposed. They predominately target 'blue chip companies' and target a different market to the town centre.

### *Central Solihull*

4.56 There has been no recent development activity in Central Solihull due to a lack of potential sites and hesitancy in the market as a result of the over-supply of out of town office accommodation.

4.57 Traditionally Solihull town centre traded at comparable rentals to Birmingham City Centre, but now is held back by the Business Parks market (even though they target a different market, this is more a perception rather than market reality). A report undertaken by Donaldson's during 2004 suggests a significant increase in the number of second hand buildings becoming available. There has been no speculative development of new offices in the town centre since the completion of Taylor Woodrow's development on Princes Way in January 2002.

4.58 This is a key point for this Study. The office market in Solihull needs to offer a defined 'product' to be able to compete successfully with its quality business parks (not the RIS sites as different market). Any potential growth of the town centre that this Study seeks to identify could be the catalyst for identifying what form this 'product' could take.

4.59 As part of a long term development and growth strategy consideration has to be given to development opportunities in the town centre. The Council currently occupies a number of office premises in the town, which could, in the future, be relocated or downsized to accommodate growth of the town's retail core e.g. Phase 2 Touchwood expansion. Such development would be seen as a longer term opportunity. Direction Paper No.3 considers this potential in further detail.

### Rental Levels

- 4.54 Prime office rents in Solihull in July 2005 were £20 per sqft, compared to £27.50 in Birmingham. These rents have been at the same rate since May 2002. (Data from Focus – King Sturge). Donaldson’s 2004 report suggest a lower rent of £18 per sqft for second hand/high quality offices and £15 per sqft for second hand/lower quality.
- 4.55 The Tym’s study assesses the office hierarchy on two indicators: namely total office employment and floorspace. Solihull is in the third level in the office centres hierarchy, alongside Walsall, Telford, Leamington Spa, Henley and Dudley.
- 4.56 Solihull town centre is relatively compact, with the majority of office stock concentrated along Warwick Road to the north, New Road to the east and Homer Road and Princes Way to the west. Princes Way, completed in 2002 was Solihull’s first new town centre office development in over a decade, developed by Taylor Woodrow. It is around 70,000 sqft. The town centre largely accommodates a number of small to medium sized business service firms.
- 4.57 Solihull town centre’s office market is often analysed together with the M42 Business Park market even though they target different markets, although its trends and characteristics are, in practice, more closely allied with the Birmingham city centre office market.
- 4.58 We believe that the discount of over £6 per sqft between prime office rents in Birmingham city centre and Solihull town centre is at an all time high. There is evidence that occupiers are showing signs of concentrating on town centre locations, particularly those with the benefit of a skilled workforce and excellent amenities and communications. Solihull is therefore well placed to benefit from this demand and a further uplift in rental levels over the next three years.
- 4.59 Supply of speculative accommodation in the vicinity has increased over the last five years in anticipation of better demand and therefore an increase in rental value. With demand expected to improve, we anticipate that the supply of new speculative buildings will reduce in the short to medium term.
- 4.60 The majority of developers of new build business park scheme are quoting rents ranging from £20.00 per sqft – £22.50 per sqft. There is also a considerable amount of evidence available that suggests second-hand space in key locations is now achieving rents in the region of £18.00 per sqft - £19.00 per sqft.



### **Yields**

- 4.60 GVA Grimley market knowledge indicates yields of 5.5% in December 2005. This has declined from 6.25% in December 2004 and 6.5% in the previous year, reflecting a relatively buoyant market.

### **Office Occupiers**

- 4.61 Utility firms are some of the largest office occupiers in Solihull and there is a clear concentration of HQs in the area. The largest is Transco who have a number of large offices in the town centre and out of town, but the recent merger with National Grid will mean that 1,000 staff relocate to Warwick.
- 4.62 There are few major business service firms in the town – Taylor Woodrow have long had a presence and npower are also present in the town centre. Blythe Valley Business Park is home to Ove Arup and Centrica, amongst others. There are a large number of computing and telecoms firms with offices on the (non RIS) out of town business parks e.g. Orange, Fujitsu and Hutchison 3G.

### **Demand**

- 4.63 Take up has been relatively slow, with pre-lets and purpose builds being relatively important over the last 5 years to end 2004. The recent absence of pre-lets and purpose builds reflects weak demand from high-tech firms that had been important in the area, as well as continued high availability, in part due to increased speculative development, and, in part, due to released space, providing choice for those occupiers still looking to move. Over the last 4 years to the 4<sup>th</sup> quarter of 2005, there have been no deals over 100,000 sqft, 6 deals 50-100,000 sqft and 15 deals 25-50,000 sqft.
- 4.64 Demand for offices in Solihull is currently low as a result of the general downturn in economic conditions with take-up almost 60% below the long-term average. The M42 corridor has suffered specifically from a fall in demand within the telecom and technology sector, which previously accounted for a significant proportion of total take-up in the area.
- 4.65 The fall in demand has resulted in increased incentives to attract occupiers but rents have remained relatively stable. Rents for new offices are currently in excess of £215/sqm (£20.00/sqft) and refurbished second hand offices are achieving £194/sqm (£18.00/sqft). Lower rents of around £161/sqm (£15/sqft) are being achieved for poorer quality second hand offices. Incentives of 6-12 months rents are likely for leases of up to 5 years, with larger rents-frees of up to 2 years on leases for 10 years or more.



- 4.66 There is current demand for freehold offices from smaller occupiers requiring up to 500 sqm (5,500 sqft) of accommodation. Typically, these occupiers will require self-contained buildings, but multi-occupancy buildings where individual floors are offered on a freehold basis may also be attractive and is not currently available in Solihull.

### **Supply**

- 4.67 Office developments (out of town) in Solihull and Birmingham totalled 4.7million sqft at the end of 2004 (Promis Office report, 2006). In recent years there has been development of business parks in greenfield locations, and development along the M42 corridor.
- 4.68 The limited availability of sites have restricted development in the town centre. As a result most development, and hence stock is concentrated out of town. Birmingham Business Park is the largest and most established out of town location. Office occupiers here include IMI Properties, Hutchison 3G and Orange. To the south of this, the Birmingham International railway station and NEC – Trinity Park (Allianz Cornhill, BT and 3i) and Birmingham International Square (Fair Isaac and Robert Half) are two smaller office parks.
- 4.69 Blythe Valley Park has been the focus of recent development activity, this offers complementary supply to Birmingham Business Park. A new office location has emerged to the north of Blythe Valley Park, in a mixed industrial and office area along Highlands Road.

### **Planned Development**

- 4.70 The largest scheme with consent is Birmingham Business Park where a further 1 million sqft of offices could be developed. Blythe Valley also has an allocation in the UDP for a major extension. Solihull town centre is small and capacity constrained, limiting the level of development activity in this location. There is just one scheme with permission here comprising 36,000sqft. This is clearly a matter which this study will have to address.

### **Wider Area**

- 4.71 Chelmsley Wood does not have a recognised office market although the old hospital site was sold for office uses. North Solihull is palatable to the market only because of macro location and trade off based on the success of Birmingham Business Park. Knowle is seen as pleasant but not a destination for larger occupiers. It is more of a small parochial market as per Henley etc with several small new build mews office schemes in recent years.

### **Summary of key messages**

- 4.72 The following are the key messages from the review of the office property market of Solihull:

- Lack of development within the town centre due to an absence of potential sites and oversupply of out of town office accommodation (M42 and other Business Parks).
- In terms of supply, there has been development of business parks in greenfield locations and along the M42 corridor e.g. Blythe Valley Park and Birmingham Business Park. This provides high quality locations and although targeted at a different market to the town centre, there are for some companies those that are able to trade in both locations.
- Town centre locations are attracting more occupiers but Solihull needs to define its office 'product' to be able to develop its own market and compete effectively with the (non RIS) out of centre Business Parks.
- The Council offices (and Police station) could provide a longer term development opportunity e.g. through relocation/downsizing.
- The Solihull town centre is often analysed together with the M42 Business Park market, although in reality it is more closely allied with the Birmingham city centre office market.
- Utility firms and HQ's are the largest occupiers.

4.73 The next sub-section reviews the leisure property market in Solihull.

### **Leisure market**

4.74 The Roger Tym Regional Centres Study (2005) suggests the following trends in the leisure market across the region:

- It has benefited from the continued growth in household disposable income and final consumption; and
- Expenditure on leisure services is forecast to grow by 1.5% per capita per annum in the period 2003-2013. Much of this growth will be absorbed by restaurants, cafes and bars, which currently account for three fifths of total spend on leisure. One of the key changes is the new regime of casinos under the Gambling Act 2005 and the proposals for such a Casino at the NEC. However, increased spending on gambling may offset expenditure in other leisure and retail sectors.

### **Restaurants, cafes and takeaways**

4.75 The Donaldsons report on the "Triangle Site" on the corner of Princes Way, Homer Road and Station Road (August 2004), indicated that the site does not appear to be a definitive "pitch" for licensed leisure use and that the key locations within Solihull is Touchwood and, to a limited extent, on the north side of Station Road. This is unusual for a town centre of the size



of Solihull. Touchwood has created a destination for cinema and food and beverage offers and incorporates a Leisure and Lifestyle Village that is anchored by a five-screen cinema and food court. Within Touchwood, the A3 offer currently includes Tiggi's, La Tasca, TGI Fridays, Yellow River Café, Nando's, Pizza Hut and Must.

- 4.76 Outside Touchwood, current representation within Solihull town centre includes Zizi on Poplar Road, McDonalds, Fat Cat and Café Rouge on High Street, the Town House on Warwick Road and Shades of the Raj, Shimla Pinks and Jade Wok on Station Road.
- 4.77 The number of restaurant/bars in the town centre is currently limited and significant operator interest exists due to the perception that Solihull town centre is not at full capacity in relation to A3 uses. This is reflective of the affluent catchment area and the size of the town centre. Current live restaurant requirements could include Ask, Tootsies, Dexters Grill and Bar, Bistro Live, Fornovivo and Food Nation. Licensed premises could include Mitchells and Butlers, Barracuda and Luminar Bars.
- 4.78 Rental values for A3 uses in the location of the Triangle Site are estimated to be in the region of just below £20 per sqft for space between 2,500 sqft and 4,000 sqft. For space between 1,000 sqft and 1,500 sqft the estimated rental values may exceed £20 per sqft.
- 4.79 Solihull has around 10 restaurants/bars in the town centre, including TGI Fridays, La Tasca, Metro Bar & Grill and Café Rouge, chains that are located in Birmingham and around the UK. There are also numerous cafes in the town centre and generally in Solihull. Throughout the Borough there are a variety of restaurants, cafes, take-aways, public houses, etc.
- 4.80 There is therefore a reasonable variety and mix of cuisine available. Shirley has a selection of Chinese, Indian, Thai and Italian restaurants, while Knowle and Dorridge have several Indian restaurants as well as well as English, European and Knowle has a branch of Loch Fyne Seafood Restaurant. (Local Life Solihull website 2006)

### **Cinemas**

- 4.81 The Touchwood retail/leisure centre located on the High Street is home to a Cineworld Multiplex Cinema. There was a UCI Cinema Complex on Stratford Road, Shirley which has now closed.
- 4.82 The Roger Tym and Partners Regional Centres Study identifies that there are two cinemas within 15 minutes drive of the centre, and representing 17 screens. They know that a population of 280,394 is within 15 minutes drive-time, while there is a population of 1,365,211 for screens within 25 minutes drive away. They calculate that there is a required population of 340,000 for screens within 15 minutes, therefore Solihull has a deficit of facilities for a



population of 59,606. Based on 20,000 people per cinema screen, this means a further 3 screens are needed.

### Leisure centres

4.83 The principal Council-owned leisure facility in Solihull is Tudor Grange Sports Centre (including the Norman Green Centre). A new leisure centre to replace the existing facility is planned to commence in 2006, pending contractual agreement and legal negotiations. Facilities will include:

- A 25 metre, 8-lane competition main swimming pool;
- Teaching/Learner Pool;
- Diving/ Multi-Use Pool with adjustable floor;
- Multi-purpose Sports Hall (4 badminton courts);
- Expressions Fitness Gym;
- Dance & Exercise Studio;
- Health Suite - sauna; steam room; Jacuzzi; treatment rooms; relaxation area;
- 3 Court Indoor Tennis Centre;
- 8 Lane Synthetic Athletic Track;
- Grass Pitch and Full Size All Weather Pitch;
- Crèche;
- Cafe Bar;
- Meeting Room; and
- Club Room.

4.84 Below is an image of the proposed centre.



4.85 The Borough also provides leisure activities at Clopton Crescent Sports Centre, North Solihull Sports Centre, Solihull Ice Rink, David Lloyd in Shirley, Pavilion Golf & Leisure Centre, Solihull Racquets & Healthtrack Club in Shirley and Viva Health and Leisure Club. There is also Fitness First and Living Well gyms amongst many other smaller gyms. There is also a Virgin Active Gym at Blythe Valley Business Park.

## Hotels

4.86 There are three hotels in Solihull town centre as follows:

- **RAMADA JARVIS**, The Square;
- **RENAISSANCE HOTEL**, 651 Warwick Road; and
- **HOLIDAY INN HOTEL**, 61 Homer Road.

4.87 The Moat Manor is just out of town and there are numerous, mainly privately owned smaller hotels, outside the town centre.

4.88 A potential second runway at Birmingham International Airport would extend the retail capacity at the airport, but would be a boost to the wider leisure and property market overall.

4.89 The following are the key messages from the review of the leisure property market of Solihull:

### Summary of key messages

- Good access to the motorway network, proximity to the NEC and Birmingham Airport and an affluent catchment area, make Solihull a prime location for more hotels;
- There is a reasonable offer of restaurants, bars and cafes but these could be improved, and more high quality restaurants established;
- There is a large number of leisure facilities; and
- Leisure is an area, which has great potential to be developed more in the future.

4.90 The next section covers the residential property market in Solihull.

## Residential market

4.91 House prices in Solihull are well above the regional and national averages. The HBOS regional summary gives a standard price of £160,832 for residential property in the West Midlands, which represents a +0.8% quarterly change and +2% annual change. This is roughly on a par with the UK standard price of £169,901, a +2.1% quarterly change and +5.1% annual change. Over the last ten years Flats and Maisonette properties in the West Midlands have seen the strongest growth, increasing by 240% from £35,436 in Q4 1995 to £120,510 in Q4 2005.

**Table 4.5 shows the change in house prices in Solihull between 2004 and 2005**

Area	Average House Price 2004 (£)	Average House Price 2005 (£)	% Change 2004-2005
Solihull	260,366	251,585	-3%

Source: Halifax House Price Index, Fourth Quarter 2005 Report, West Midlands

- 4.92 Therefore compared to the West Midlands average property prices in Solihull are around £100,000 higher. The Promis average house price in Solihull, 2004/05 is £227,832, which represents a 12.5% increase on the previous years.

**Table 4.6: House prices for different types of properties**

	Solihull	Birmingham	West Midlands
<b>Average Cost</b>	£218,597	£160,341	£150,789
<b>Detached</b>	£343,451	£266,018	£307,292
<b>Semi-detached</b>	£200,503	£148,037	£151,263
<b>Terraced</b>	£161,738	£120,263	£123,852
<b>Flat</b>	£155,268	£121,625	132,236
<b>Change in last quarter</b>	-5.1%	-0.5%	-0.9%
<b>Change in last year</b>	-3.8%	2.5%	3.6%
<b>Sales</b>	856	23081	3873

Source: BBC website, 2006

- 4.93 Table 4.6 shows that the Solihull averages are higher than for the West Midlands and Birmingham averages for all types of properties. In Solihull the prices are 5.1% lower than the last quarter and 3.8% lower than last year, while the West Midlands and Birmingham figures have increased on last year.
- 4.94 Within the B91 area of Solihull property prices ranged from £389,616 to £743,605 for the roads with the highest average price. For the roads ranked by the lowest average price the range was £139,589 to £170,507.
- 4.95 This highlights the great variations in house prices between areas in Solihull. A 3 bedroom semi-detached property in Chelmsley Wood is around £140,000, while the equivalent in Knowle is around £250,000 or more. Knowle is a very affluent area with high house prices, people like living there given its "village" character.
- 4.96 Given the high house prices in Solihull, affordability of housing is a real issue. The 2004-05 Annual Monitoring Report for Solihull MBC identified a need to review the affordable housing policy to address the issues of affordable housing supply from windfall sites and changes in national planning policy guidance on affordable housing provision in rural settlements.



4.97 A key trend in the area around Solihull town centre is the redevelopment of the sites of large detached houses to accommodate high density flats. There is a high demand for these units and the question exists over whether some of this demand could be transferred to 'city living' style apartments in Solihull town centre. Miller Homes are currently constructing apartments on the Warwick Road, opposite the multi-storey car park and there are apartments on Blossomfield Road. Apart from this Solihull town centre has no 'city living' market to speak of. An issue for the town centre strategy will be whether such a market could be created as part of a policy to diversify the town centre 'offer' from retail and commercial uses. Despite this it must be noted (although not in the town centre) that Dickens Heath local centre does offer residential apartments in 'City Living' style.

4.98 The following are the key messages from the review of the residential property market of Solihull:

**Summary of key messages**

- Solihull has a relatively buoyant market outlook over the long term.
- Solihull house prices are around £100k higher than the average for the UK and the West Midlands for all types of properties.
- There are Borough-wide variations however, with much lower prices present in Chelmsley Wood and Shirley, compared to the more affluent areas of Solihull and Knowle.
- There is a lack of affordable housing in much of Solihull Borough, which may restrict under 30s from staying in or moving into the area. This also makes it harder for first time buyers to get onto the housing ladder in the area.
- Is there potential for a 'city living' housing market in the town centre.

4.99 The next section summarises the main points arising from the earlier analyses; issues that will help shape this study's response to the challenges facing Solihull town centre into the future.

## 5 Key Implications of the Emerging Town Centre Strategy

- 5.1 This section summarises the key messages from this Directions Paper. These messages provide some key pointers as to the issues and opportunities the study faces in tackling development and property market considerations in the draft town centre strategy.

### Retail

- Continuing demand and interest from operators and developers for development (land and built floorspace) in the town centre to undertake major schemes. This is due in part to the 'commercial' success of the town centre from a property angle and the perception a strengthening retail market in the town;
- The development of Touchwood has heightened the perception that Mell Square is becoming tired and is starting to show its age albeit the 'Touchwood effect' has generally improved Solihull's and indeed Mell Square's overall attractiveness to shoppers;
- Whilst improvements to Mell Square can be addressed Touchwood raises issues about future expansion which has property implications for Solihull Council which owns the property adjacent;
- The relationship between Mell Square and Touchwood and creating an attractive linkage between the two developments;
- Mell Square to remain as a complementary provision to Touchwood; and
- The linkage between the Morrison site and the Post Office site at Mell Square. The Morrison's store does not provide an attractive gateway to Solihull along Warwick Road. The Post Office may seek to relocate some of their 'sorting' functions to a site on the town's periphery – this would aid in the creation of a gateway between the two sites.

### Offices

- There is a need for Solihull town centre to define its office 'product';
- That clarity is provided to companies of the different market that the M42 corridor sites serve, compared to Solihull town centre; and
- The key issue is land assembly in the town centre i.e. the provision of quality sites.

## Leisure

- There is a need to enhance the 'evening economy' in Solihull. The provision of quality bars and restaurants would help achieve this objective;
- A potential second runway at Birmingham International Airport would be a boost to the local economy and property market overall; and
- Demand also exists for stand alone commercial health and fitness related uses (not located within hotels).

## Residential

- This market sector has a key role in helping to deliver some of the growth discussed above;
- Although the City Living market is in its infancy in Solihull, new town centre residential would help diversify the town centre 'offer' and relates well to an enhanced 'evening economy' role;
- Residential development may take pressure of sites adjoining the town centre;
- Residential development as part of mixed use schemes could provide greater value to make development schemes more financially viable; and
- The town centre is currently dominated by use of the private car, residential development in the town centre may help achieve an element of modal shift.

5.2 A separate Direction Paper, No. 4 on Public Sector Assets has been produced. The Public Sector assets has an important role in the emerging Town Centre Strategy as this holds the key to the improvement of Mell Square and Touchwood expansion where Solihull Metropolitan Borough Council are the freehold landowner.

5.3 This paper needs to be read in conjunction with the other five Direction Papers, which will underpin the Solihull Town Centre Strategy.



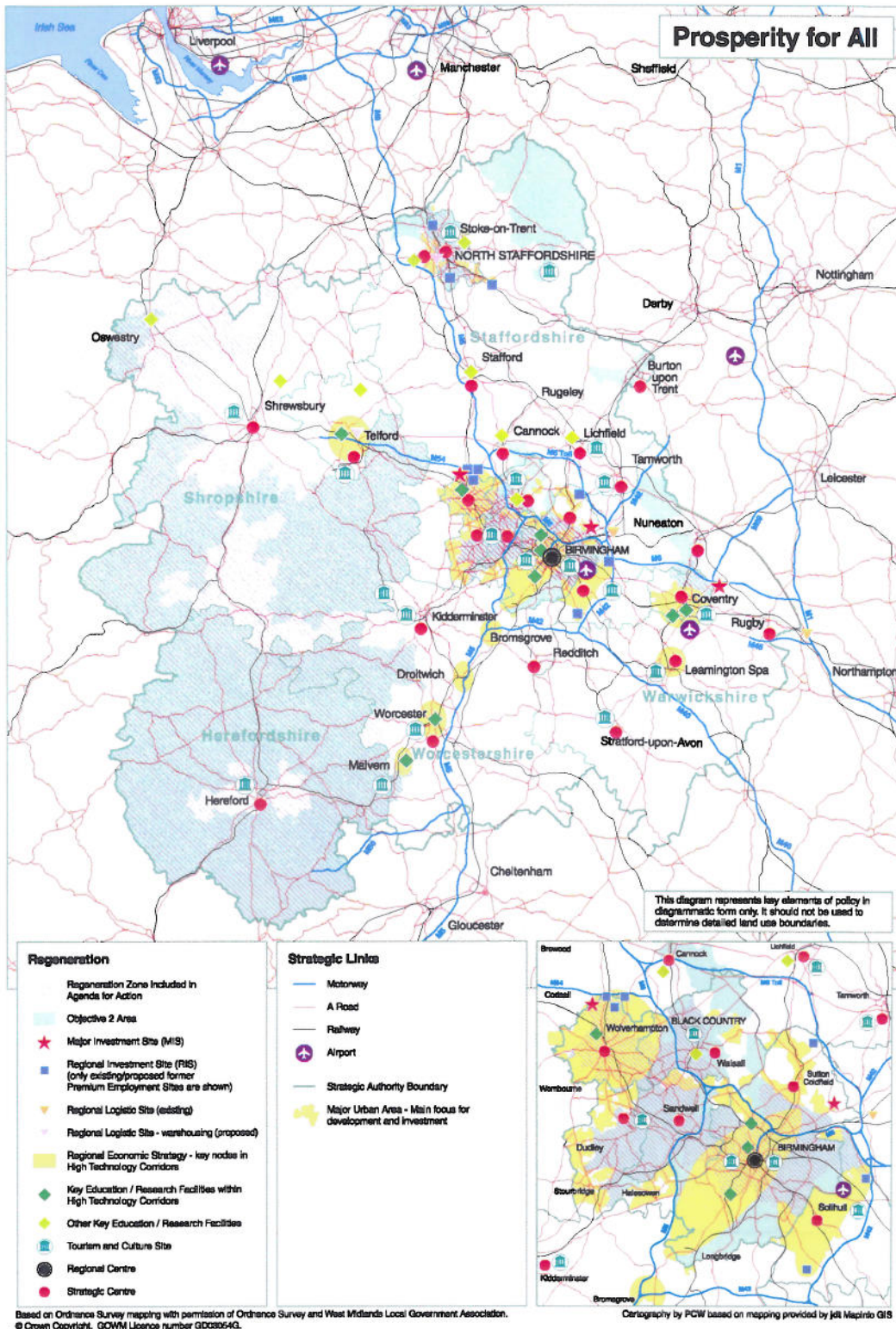
## Appendices

## Appendix 1: Planning Policy

## Appendix 1: Planning Policy

The West Midlands Regional Spatial Strategy indicates that Solihull is a strategic centre. Figure A1 shows the designations set out in the RSS.

**Figure A1: RSS Designations in the West Midlands**





## **'Delivering Advantage' – The West Midlands Economic Strategy, AWM (RES, 2004)**

Solihull is also within the Regional Economic Strategy area. The Regional Economic Strategy (RES) covers the period 2004 – 2010 and focuses upon the following objectives:

- Develop a diverse and dynamic business base – this supports businesses to enable them to succeed in a globally competitive marketplace;
- Promoting a learning and skilful region – this aims to raise basic and higher level skills in the region's workforce;
- Creating the conditions for growth – this seeks to provide the transport, property and communications infrastructure without which private firms and individuals will choose to invest elsewhere; and
- Regenerating communities – this seeks to provide deprived communities with training, employment and cultural opportunities.

The delivery mechanism for achieving these objectives as reflected in the RES are Regeneration Zones, High Technologies Corridors and business clusters. The purpose of the Regeneration Zones (RZ's) is as follows:

- To increase and safeguard local jobs;
- Generate investment opportunities through company relocation/ retention;
- Recycle dilapidated properties and brownfield sites;
- Improve business performance and opportunities within the RZ
- Assist and represent under represented communities; and
- Promote the right skills and training with a programme of learning opportunities.

The long-term aim of the High Technology Corridors (HTC's) which includes Solihull is to create and sustain high value-added, technology-led jobs, which will lead to a diverse and dynamic business base in the region.

North Solihull is included in the East Birmingham and North Solihull Regeneration Zone, which had a population of 404,000 in 2001.

Table A1 shows forecasted changes by 2010 in (a) employment levels and (b) GVA, without High Technology Corridor activities.

**Table A1: HTC changes in employment levels and GVA by 2010**

High Technology Corridor	Change in employment levels by 2010	Change in GVA by 2010
Coventry, Solihull, Warwickshire	4% increase	23% increase

Source: RES. 2004

RES identifies the following challenges facing the region, which will need to be considered when looking at Solihull town centre.

#### 1. Challenges for Developing a Diverse and Dynamic Business Base

##### **The Enterprise Challenge**

The region is ranked only fifth in the UK in respect of business startups, and self-employment is below national average. Currently many businesses of all sizes have no idea what is on offer in terms of support and have no relationship with the complex pattern of business support agencies available to them. There are significant gaps in access to finance for business start-up, growth, restructuring and transition for the range of businesses from the very small to those in the middle market.

##### **The Manufacturing Challenge**

The West Midlands is the heart of UK manufacturing. Manufacturing makes a larger contribution to our economy than it does in any other UK region. Over 20% of West Midlanders in employment work in the manufacturing sector, compared with just over 15% nationally. It is also fundamental to the culture and social fabric of many areas. However, employment continues to decline in manufacturing, especially in low value-added sectors, and sectors facing low-cost overseas competition or over-capacity in international markets. Our challenge with manufacturing is to ensure that low value-added sectors modernise and move up the value chain and the region as a whole must diversify into more high-technology based activity.

##### **The Innovation Challenge**

The region has a strong heritage of innovation, and a well-developed support network for companies. The West Midlands is at the top of the league of innovating regions, with 52% of companies reporting innovative activity. However, we lag well behind London, the South East and the East in terms of research and development in business, government and higher education. Our challenge is to build on our companies' innovative potential by working together to increase and exploit research and development, promoting creative talent and developing an innovative and market-led culture. Success will be measured by further improvement in the number of businesses which successfully innovate.



### **The Environmental Challenge**

Our environmental economy is large and diverse. We estimate it employs more than 90,000 people in the private, public and voluntary sectors. Increased environmental performance has proved cost effective for business. A high quality environment is vital for tourism development, inward investment and overall quality of life. Our challenge is to work together to utilise available opportunities to ensure that economic development enhances, and is in turn enhanced by, the environment.

### **The Visitor Economy Challenge**

The region has a robust, diverse visitor economy which provides a valuable springboard for growth. The business tourism market is strong and we have a wide range of internationally and nationally recognised leisure tourism attractions. Opportunities abound to provide diverse cultural experiences. The challenge for these businesses is to improve the quality of their product and their marketing, and to address weaknesses in the skills of the workforce to meet sophisticated market needs. Our challenge is, through partnership, to develop our visitor economy as a powerful force for economic development and for regeneration in urban and rural economies.

#### **2. Challenges for Promoting a Learning and Skilful Region**

The region is failing to provide appropriate skills for its people. It has persistently been at the bottom of the national table on basic skills – 12% of the workforce have no qualifications at all, with particular problems in parts of Stoke-on-Trent, the Black Country, Birmingham, North Solihull, and Coventry (i.e. virtually every urban area in the region); the West Midlands has consistently been ranked as the lowest achieving English region in terms of NVQ level 2 qualifications. Skills levels are low just as a changing economic structure is accelerating the need for adaptation and improvement. Major skills gaps in management development and leadership have been identified across all sectors – private, public and voluntary – of the regional economy.

#### **3. Challenges for Creating the Conditions for Growth**

### **The Transport Challenge**

Despite a pivotal position in the national network providing significant location advantages, inadequacies in the region's transport infrastructure have a major negative impact on the regional economy, and adversely affect the choices people make about where to live and work. Traffic congestion is a fact of daily life in all main urban areas, with conditions throughout the day increasingly reflecting those of peak hours, a situation exacerbated by inadequate public transport. Congestion in the West Midlands 'motorway box' (M6/M42 and M5) is now a national issue with extensive delays increasingly commonplace. Accessibility to, and within, rural parts of the region, especially the west, is poor. Birmingham New Street Station is constrained by line and platform capacity and there are capacity constraints on the West Coast Main Line, particularly the two-track



line between Coventry, Birmingham and Wolverhampton. Our challenge is, through close and energetic partnership, to find innovative solutions, and create a safe, sustainable, world-class transport system which supports our regional economy.

### **The Development Sites Challenge**

Only 39% of the region's land stock for future employment use is currently available to companies and there are significant gaps in the availability of large sites across the region. Almost half of the region's employment land has remained undeveloped for more than five years. Our challenge is to ensure that Regional Planning Guidance is implemented and sites are made available to meet the needs of business and to increase investment.

### **The Housing Challenge**

Changing household needs and sizes require adjustment to housing stock to provide a full range of housing choice across the region. Parts of the region currently have poorly performing markets leading to migration, particularly in parts of Birmingham, the Black Country and Stoke-on-Trent. Some housing stock now fails to link with employment opportunities, and there is a **shortage of affordable housing**, particularly in the rural west and **south east of the region**. Our challenge is to work together to link housing quality and availability to employment opportunities.

## **4. Challenges for Regenerating Communities**

### **The Economic Inclusion Challenge**

The West Midlands is a region of contrasts with huge variations in affluence between communities, each requiring a specific approach. Of the region's 789 wards, 69 (19% of the region's population) are within the most deprived 10% in England. Parts of Warwickshire, Coventry, Solihull and Birmingham have seen rapid growth in development, activity and productivity. The majority of the rest of the region has also enjoyed some growth, but North Staffordshire and the Black Country have lagged significantly behind. Rural areas have experienced declining agricultural employment. While there has been some growth in employment in services, there remains a lack of sufficient variety and quantity of jobs or affordable housing to retain young people.

## **North Solihull Strategic Framework**

### **Context**

This documents sets out the vision and regeneration objectives for North Solihull and plan for development and change. It also outlines the delivery and implementation strategy to take the proposals forward. This document has been adopted as Supplementary Planning Guidance supplementing and consistent with the 'saved' development plan policies within the LDF.

## **Vision**

The vision is set out so that it is consistent and conforms to the RSS and the UDP. There are 4 'visions' which make up the whole vision:

- Quality of life and choice;
- An engaged and active population;
- A place of first class connections; and
- A distinctive character defined by open space

### **Quality of life and choice**

Looking to create a sustainable, inclusive and outward-looking community which can be flexible to provide a diverse needs base, to become rich in environment and culture. Building on the existing physical characteristics through distinct neighbourhoods characterised by high quality buildings and public spaces. Better safety will be created through design and better facilities. A better range in housing design, tenure, value and size will be provided. Any council owned properties would be improved as part of an integrated programme. Neighbourhood facilities will also be improved with better education, retail, leisure, community and healthcare developed in locations where everyone can access them on foot, bicycle and public transport. Much better access to public transport will also be sought.

### **An engaged and active population**

To remove existing barriers to opportunities for residents such as poor health, poverty and crime and education. New employment opportunities will be developed and better co-ordinated employment strategy will support all residents in gaining active and stable employment. Local people will also be fully engaged in the regeneration of the area.

### **A place of first class connections**

Existing connections will be reinforced and new connections especially to the airport, business park, the NEC and west and south. Residents should be able to satisfy their travel to work, shopping, leisure and healthcare needs. Improving access to the sub-regional economic will help underpin economic growth. Unlocking the labour reserve of North Solihull will help the wider sub-region

### **Distinctive character defined by open space**

Each residential community will be linked to the green open space that there is in North Solihull, through a series of well-defined safe streets including cycleways. Biodiversity will be enhanced and

protected to prevent and offset adverse environmental effects. More effective use of land through higher densities and previously developed land and buildings will be secured.

With this there are also some key themes:

- Housing;
- Transport and Movement;
- Countryside, Open Space, Green Belt and Natural Environment;
- Employment;
- Education and Training;
- Community Hubs;
- Sport, Leisure and Culture;
- Public Realm and Public Art; and
- Community Safety.

Community Hubs: at the moment it is recognised that there is a lack of 'community' in North Solihull and that there is a clear lack of provisions for children and young people. To tackle this a number of 'community hubs' would be developed on the existing community, educational, health and voluntary provision and initiatives and retail, in clusters at the heart of neighbourhoods. By clustering, communities would have a focus and residents would have a greater awareness of local services and opportunities. These would vary in according with the neighbourhoods they serve. Key components may include facilities such as youth services, childcare, education space for workshops. Management of these would be through a joint partnership group through collaborative working. Work by Fordbridge Pathfinder will form and shape the model. The Hubs will be located in existing centres and options of development types e.g. size and facilities will be discussed with the community. Such as Hub will be located in Chelmsley Wood Town Centre. This Town Centre is the retail focus and the third largest shopping centre in the Borough, but now is dated and needs modernisation. Planning permission has recently been granted for development of this town centre. It development into a hub will include a variety of activities such as retail, public assembly leisure and business and such development outside these the Hubs will be restricted, which is established by a hierarchy of centres in Solihull. Any such proposals should be directed first towards Chelmsley Wood. This area needs to strengthen the retail and service sector for North Solihull. The current vitality and viability will be protected and enhanced through better public transport access and redevelopment/refurbishment which is supported. Chelmsley Wood has great potential to be developed as a dynamic and active



town centre. Development proposals should incorporate exciting, modern and lively architecture and should relate to other parks such as Meriden Park. The Strategic Framework looks to support proposals that strengthen, maintain and enhance local centres for day-to-day shopping and other complementary and community uses. The Framework will improve local centres in conjunction with the development of the proposed

## **Council Plan Up-date 2005**

### **Context**

This document is the second and final update to the Council Plan 2003/2006 and this update should be used in conjunction with it, and are currently reviewing their objectives for 2006/2009 and these should be approved and published in April 2006. In 2001 the council set out the 'One Vision' to make Solihull a top performing authority. The review provides information on how they authority is doing. A breakdown of their achievements in 2004/2005 is also given concentrating on performance.

### **Vision/Key Objectives**

The document is split into the following areas:

- One Council One Vision
- Main Concerns for 2005/06
- A summary of achievements in 2004/05
- Annual Efficiency Statement
- Planned Major Consultations in 2005/06
- Cabinet Portfolios and Scrutiny Boards Work Programmes
- An Updated Organisational Structure

In looking at the Annual Efficiency Statement and the strategy for securing efficiency gains Local Transport would be the policy. It simply wants to ensure that current the current costs of maintaining the selected services are kept at a level below inflation; more in regards to efficiency savings.

Lists of consultations, which will be carried out in 2005/2006, have been given and split into the various key areas, which should cover all the interest groups/parties. Chelmsley Wood Town Centre

and Shirley Town Centre come under the 'SCIP8 Increase in community consultation and face to face engagement with residents in all parts of the Borough.

At the moment the Regeneration Cabinet groups is responsible for Town Centre Management and a work programme/priority area for 2005/2006 is the redevelopment of Chelmsley Wood Town Centre.

There have also been some organisational changes made to the structure of the directorate with the development of a Neighbourhood Management initiative (which covers Town Centre Management) and has a more enforcement and pro-active emphasis.

### **Original Council Plan 2003-2006** (currently under review)

In examining the original plan itself there was no mention of actual policies or plans for Chelmsley Wood. It only highlights that centres such as Chelmsley Wood have not matched the prosperity of Solihull Town Centre.

### **Community Strategy 2003-2013**

#### **Context**

The document looks at how it will make Solihull a better place for its community over the next 10 years. The document has no reference to what its status or standing is in terms of guidance. It sets out what Solihull has in terms of educational achievements, population, economic prosperity, life expectancy etc.

#### **Vision**

This document is the result of a **draft** version of 'A Place for People' which was published in July 2002 and since then through consultations the feedback and comments have helped to shape the Borough's vision

- To make it good to live in for everyone;
- To offer opportunities for learning and creativity;
- To value children, young people and family life;
- To make it safe from crime and disorder;
- To create jobs and encourage enterprise;
- To create a place where people enjoy good health;
- To respect difference and diversity;

- To make it inclusive and community focused; and
- To promote caring towards others.

Within this there are also aims, which they hope to, achieve over the next 3 years.



